



15 February 2017

LIT 2017/001

Topic Operating Result for the year 2016

To The President of the Stock Exchange of Thailand

According to the meeting organized by the Board of Directors of Lease IT Public Company Limited No.3/2017, on 15th February 2017, the financial statements and overall operations of the Company of the year 2016; ended on 31st December 2016 which has been audited by the auditors of EY office Company, were approved by the Boards. The explanations of significant operating result in accordance with the implementation of five main strategies are as followings.

Year 2016, the company can meet the commitment, by achieving the amount of A/R outstanding (Portfolio) at 1,846 million baht, total revenue at 287.19 million baht and net profit at 100.66 million baht which higher than last year by 79.05%, 50.43%, 42.88%, respectively, by using the strategies belowed.

Strategy 1: To push Factoring product. This strategy focuses on expanding its market share for Factoring by expanding new customer base. In order to increase opportunities to boost the volume of financing amount which will affect the increasing of revenue on a low risk and encourage the customer to use middlestream and upstream product for future growth.

The results for year 2016 are the following:-

1. The total revenues from Factoring product was 129.69 million baht, increased by 72.99%, compare with year 2015 which was 74.97 million baht.
2. Fee income of the opening and activating new credit line was 34.14 million baht, increased by 86.69%, compared with year 2015 which was 16.68 million baht.
3. The total financing amount of year 2016 was 5,825 million baht, increased by 49.78%, compared with year 2015 which was 3,899 million baht.
4. The outstanding of Factoring account receivables as of 31st December 2016 was 847.44 million baht, represented by 45.91% of the total account receivables.

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Strategy 2: To push Bid Bond product. Since the public sector's procurement system has developed the e-Bidding auction at the end of the year 2015, this gave more opportunity to our SME customers to join the auction. Therefore, this year the company has strategy to boost up revenue from Bid Bond product. Because if our customers win more auction, there are more chances for the company to encourage those customers to use other products to support their future projects.

The results for year 2016 are the following:-

1. The total revenues from Bid bond product was 13.59 million baht, increased by 67.78%, compare with year 2015 which was 8.10 million baht.

Strategy 3: To maintain product contribution of Project Backup Finance and Trade Finance. Since the economic situation remains unfavorable for growth, the company focuses on risk management especially for high risk products. Consequently, the company maintains product contribution of Project Backup Finance and Trade Finance at 30% of total revenue.

The results for year 2016 are the following:-

1. The total revenues from Project Backup Financing product was 95.17 million baht which accounted to 33.14% of total revenue amount to 287.19 million baht.
2. The outstanding of Project Backup Financing account receivables as of 31st December 2016 was 666.33 million baht, represented by 36.10% of the total account receivables.

Strategy 4: Target to reserve the provision of bad debt to 2.5 percent of outstanding account receivables net of collateral. As at 31st December 2016, the company has reserved a total amount of 51.83 million baht (represent 2.81 percent of outstanding account receivables). This provision, in the year 2016, amounted to 21.63 million baht, to be align with the changing of policy of presenting aging of Leasing & Hire Purchase account receivable from presenting just only receivables payment overdue by installments to presenting the whole contract of accounts receivable payment overdue. This is the company's intention to uplift the company's standard of aging classification. In consequence, the company has to add provisions to be in line with the provisions policy on aging classification. However, the company believes that there will be no problems in debtor's payment because most debtors are of public sector, which usually delays payment.

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The company has a policy of bad debt reserves classified by aging as the basic backup at 3 percent of outstanding account receivables. In year 2016, the company targeted to reserve to 2.5 percent of outstanding account receivables net of collateral. As of December 31, 2016, the company has reserved at 2.81 percent of outstanding account receivables.

Strategy 5: Policy to pay a cash dividend of not less than 50 percent of the net profit. The company paid a cash dividend for the year ending 31 December 2015 to shareholder at 0.18 baht per share, represented to 53.79 percent, on 25 April 2016. For year 2016, the board of director approved the distribution of dividend to the existing shareholders in form of cash and stock dividend at the ratio of 10 existing shares per 1 new share (of stock dividend). In case of fraction of new share (stock dividend), the company will pay cash at the rate of 0.10 Baht per share in lieu of such fraction of share. And the company will pay cash dividend at the rate of 0.0112 Baht per share. The totaling amount of dividend payment is 0.1112 Baht per share in order to the Company has sufficient cash reserves for expansion of the company in 2017.

The successful implementation of the strategy of the Company resulted to the continuous growth as the followings.

Revenues : The total revenues in year 2016 was 287.19 million baht, compared with last year which was 190.91 million baht; increasing by 96.28 million baht or 50.43 percent. The main reason was the growth of short-term credit products from the strategy No.1-3.

Expenses: The total expenses of the company in year 2016 was 186.53 million baht, comparing with 120.47 million baht last year; increasing by 66.06 million or 54.84 percent. It was seen that the acceleration rate of expenses was lower than the acceleration rate of revenues, which can be analyzed as follows:

- **Cost of sales** increased by 12.66 million baht, 13.15% of the increase of revenue (amount to 96.28 million baht), mainly due to the increasing of the financial amount, the marketing officer head count and incentive.

- **Administration Expense (Excluding allowance for doubtful accounts)** increased by 22.18 million baht, representing 23.04% of the revenue (amount to 96.28 million baht) due to the increasing of relevant tax expenses and increasing of Back Office head count.

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- The financial expenses of the company in year 2016 was 45.02 million baht or 15.68% of total revenues, comparing with 29.57 million baht of the last year or 15.49% of revenue. The Company has focus on Cost management, diversified financial services in line with the duration of the loans to customers.

Net Profit : The company outcome in year 2016 is 100.66 million baht (net profit), comparing with last year net profit of 70.45 million baht; representing 42.88 percent increase.

Total Assets: Total assets at the end of year 2016 is 1,991 million baht, increased by 819 million baht (69.88%), compared with the end of Year 2015 which has total assets of 1,172 million baht due to the increase in accounts receivable.

In year 2017, the Company has the strategies to expand the customer base and improve our service to be more efficient in order to deliver service excellence to our existing and new customers. The company intended to develop our technology information system to keep pace with the growing of today's world of financial technology. The year 2017 is another year the company believes that to grow steadily in the current economic conditions. The executive management and all employees will dedicate our competency in order that the company will be a main leader of Non-bank business with stability and sustainability, and the company intended to give back to society that will lead to sustainable growth.

Submitted for your kind acknowledgement.


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Lease IT Public Company Limited

Best regards,


(Mr. Sompon Aketerajit)
Managing Director

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