

## Operational Summary in 1Q18

- Total revenue from core business was Bt842.14mn, an increase of 17.8 %YoY
- Net profit was Bt145.01mn, an increase of 10.1% YoY
- The total number of "Boonterm" was 130,404 kiosks, increased 5,751 kiosks or 30.4% YoY
- Total usage amount was Bt10,421mn, an increase of 30.3% YoY
- 25mn active subscribers and 2.2mn transactions per day

## Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter
	1/2017	2/2017	3/2017	4/2017	1/2018
Total usage amount through "Boonterm Kiosk" (Million Baht)	8,001	8,779	9,311	10,084	10,421
Total number of "Boonterm Kiosk" as the period ended (Kiosk)	100,022	110,563	119,166	124,653	130,404

In 1Q18, FSMART continued to grow dramatically and be able to maintain as the leader of online top-up machines market, both in terms of number of kiosks and total usage amount. The Company emphasizes efficient Boonterm kiosk spot. In 1Q18, the Company has installed 5,751 kiosks in order to expand point of service to cover all areas nationwide as well as launches marketing promotion through the CRM activities to collect points for luck and prize redemption in order to increase new customers and maintain regular customers. The Company has grown above the target.

The Company has installed 5,751 Boonterm kiosks in total in 1Q18, resulting in the total of 130,404 kiosks, increased 30.4% YoY. The usage amount from mobile top-up and money transfer are still growing. Other online top-up and payments are growing up such as e-Wallet top-up and bill payment. The total usage amount is Bt10,421mn increasing 30.3% YOY. The numbers of active subscribers are 2.5 mn with 2.2mn transactions per day. Total revenue from core business is Bt842.14mn increasing 17.8% YOY and net profit is Bt145.01mn increasing 10.1% YoY.

## Financial Summary

### Income Statement

Income Statement	Q1/2017		Q4/2017		Q1/2018		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	312.60	43.7%	353.01	42.4%	358.29	42.6%	1.5%	14.6%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	398.66	55.8%	475.20	57.1%	481.50	57.2%	1.3%	20.8%
Entrance fee income	-	0.0%	-	0.0%	-	0.0%	0.0%	0.0%
Advertising income	3.65	0.5%	4.61	0.6%	2.35	0.3%	-49.0%	-35.6%
<b>Total revenue from core business (4 items)</b>	<b>714.91</b>	<b>100.0%</b>	<b>832.82</b>	<b>100.0%</b>	<b>842.14</b>	<b>100.0%</b>	<b>1.1%</b>	<b>17.8%</b>
Cost of services	(535.72)	-74.9%	(658.51)	-79.1%	(658.33)	-78.2%	0.0%	22.9%
<b>Gross profit</b>	<b>179.19</b>	<b>25.1%</b>	<b>174.31</b>	<b>20.9%</b>	<b>183.81</b>	<b>21.8%</b>	<b>5.5%</b>	<b>2.6%</b>
Service & Administrative expenses	(59.91)	-8.4%	(86.99)	-10.5%	(66.14)	-7.9%	-24.0%	10.4%
<b>Operating profit</b>	<b>119.28</b>	<b>16.7%</b>	<b>87.32</b>	<b>10.5%</b>	<b>117.67</b>	<b>14.0%</b>	<b>34.8%</b>	<b>-1.4%</b>
Other income	44.82	6.3%	59.08	7.1%	61.61	7.3%	4.3%	37.5%
Sales profit	1.44	0.2%	0.61	0.1%	0.43	0.1%	-29.5%	-70.1%
<b>Profit before finance cost and income tax expenses</b>	<b>165.54</b>	<b>23.2%</b>	<b>147.01</b>	<b>17.7%</b>	<b>179.71</b>	<b>21.3%</b>	<b>22.2%</b>	<b>8.6%</b>
Bank Charge	(5.24)	-0.7%	(5.97)	-0.7%	(6.30)	-0.8%	5.5%	20.2%
Interest Expenses	(6.58)	-0.9%	(10.60)	-1.3%	(10.64)	-1.3%	0.4%	61.7%
<b>Profit before income tax expenses</b>	<b>153.72</b>	<b>21.5%</b>	<b>130.44</b>	<b>15.7%</b>	<b>162.77</b>	<b>19.3%</b>	<b>24.8%</b>	<b>5.9%</b>
Income tax expense	(22.03)	-3.1%	(9.17)	-1.1%	(19.00)	-2.3%	107.2%	-13.8%
<b>Net profit</b>	<b>131.69</b>	<b>18.4%</b>	<b>121.27</b>	<b>14.6%</b>	<b>143.77</b>	<b>17.1%</b>	<b>18.6%</b>	<b>9.2%</b>
Non-controlling interests of the subsidiaries	-	0.0%	(1.09)	-0.1%	(1.24)	-0.2%	100.0%	100.0%
<b>Net profit - Equity holders of the Company</b>	<b>131.69</b>	<b>18.4%</b>	<b>122.36</b>	<b>14.7%</b>	<b>145.01</b>	<b>17.2%</b>	<b>18.5%</b>	<b>10.1%</b>

### Total revenue

FSMART's total revenues from core business was Bt842.14mn, an increase of 17.8% YoY, mainly from the increasing number of total transactions, subscribers and the number of "Boonterm kiosk" above the target. As a result, the total usage amount through "Boonterm kiosk" has grown dramatically. Details are as follows:

**1) Income from rendering top-up service for prepaid phone and other online services (Commission)** was Bt358.29mn, an increase of 14.6% YoY, mainly from the prepaid mobile revenues.

**2) Income from rendering of services through online top-up machines "Boonterm kiosk" (Service charge)** was Bt481.50mn, an increase of 20.8% YoY, mainly from the increasing in kiosk usage, mobile top-up service and money transfer service which has continuously growth.

**3) Advertising income** was Bt2.35mn, decreased 49.0% YoY, mainly driven by advertising income from a large mobile phone operator in 2017 but the Company only had income from small and medium businesses in 1Q18. However, new income will be recognized in 2Q18 – 4Q18. The Company expects that advertising income tends to grow continuously.

4) **Other income** was Bt61.61mn, an increase of 37.5% YoY, mainly from increasing in the number of Boonterm kiosk and the growth of the total usage amount through Boonterm kiosk.

### Cost and Expenses

1) Cost of services in 1Q18 was Bt658.33mn, represented 78.2% of total revenues from core business, which increased from 1Q17 represented 74.9%, due to the acceleration to increase the number of kiosks all areas to prevent competitors entering to the market and an investment in assets in order to received privileges under investment promotion schemes granted expenditure reduction around 1.5 times. The installation of kiosk takes approximately 4-6 months for customers' awareness and regular use of service which causes income to reach the Company's standard. Therefore, depreciation cost rises over an income at the beginning period of kiosk installation. This resulted in the increase of depreciation cost proportion which is higher than the normal rate in 1Q18. However, depreciation cost proportion per core revenue is going to decrease in the next quarter of 2018.

2) **Service & Administrative expenses** was Bt66.14 mn, represented 7.9% of total revenues from core business, which decreased from last period represented 8.4%, due to effective cost control.

### Profit

1) **Gross profit** was Bt183.81mn, an increase from 1Q17 which was Bt179.19mn. Gross profit margin was 21.8% of total revenues from core business, a decrease of 25.1% in 1Q17, due to the increase of depreciation cost from expanding Boonterm kiosk.

2) **Sales profit** was Bt0.43mn, a decrease from 1Q2017 which was Bt1.44mn, represented 70.1%. In 1Q18, the Company emphasize efficient Boonterm kiosk spot, meanwhile in 1Q17 the Company accelerate to increase the number of kiosks all areas to prevent competitors entering to the market. This resulted in sale profit in 1Q17 from goods which are other parts of kiosks such as tripod, cement pedestal, coin counter etc. is higher than sale profit in 1Q18.

3) **Net profit** was Bt145.01mn, an increase from 1Q17 which was Bt131.69mn. Net profit margin was 17.2%, a decrease of 18.4% in 1Q17. This resulted from an increase of gross profit margin. The Company controls service and administrative expenses more efficiently.

### Financial Position

Statement of Financial position	31-Dec-17		31-Mar-18		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,348.32	31.7%	1,251.66	30.6%	(97)	-7.2%
Non-current assets	2,912.13	68.4%	2,837.18	69.4%	(75)	-2.6%
<b>Total assets</b>	<b>4,260.45</b>	<b>100.0%</b>	<b>4,088.84</b>	<b>100.0%</b>	<b>(172)</b>	<b>-4.0%</b>
Current liabilities	2,492.76	58.5%	2,137.90	52.3%	(355)	-14.2%
Non-current liabilities	433.70	10.2%	473.19	11.6%	39	9.1%
<b>Total liabilities</b>	<b>2,926.46</b>	<b>68.7%</b>	<b>2,611.09</b>	<b>63.9%</b>	<b>(315)</b>	<b>-10.8%</b>
<b>Total shareholders' equity</b>	<b>1,333.99</b>	<b>31.3%</b>	<b>1,477.75</b>	<b>36.1%</b>	<b>144</b>	<b>10.8%</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,260.45</b>	<b>100.0%</b>	<b>4,088.84</b>	<b>100.0%</b>	<b>(172)</b>	<b>-4.0%</b>

As at 31 March 2018, FSMART had total assets of Bt4,088.84mn, decreasing 4.0% YoY, mainly from a decrease of current assets from cash and a decrease of cash equivalents from paid-off loans.

Total liabilities as at 31 March 2018 was Bt2,611.09mn, decreasing 10.8% compared to total liabilities last year, mainly from increasing current liabilities that the Company paid off loans of Bt450mn to financial institution.

Total shareholders' equity as at 31 March 2018 was Bt1,477.75mn, increasing 10.8% mainly from net profit in 1Q18.

### Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter
	1/2017	4/2017	1/2018
Current ratio	0.52	0.54	0.59
Debt to Equity ratio	2.00	2.19	1.77
Interest Bearing Debt ratio	0.58	1.13	1.13
Return on Asset	20.3%	14.6%	13.3%
Return on Equity	45.9%	43.1%	39.5%

As at 31 March 2018, FSMART had current ratio at 0.59 which increased from a decrease of current liabilities which the Company paid off loans of Bt450mn to financial institution.

Debt to Equity ratio increased to 1.77 which decreased from 4Q17, mainly from paid-off loans and an increase of shareholders' equity that was in line with net profit of 1Q18.

Interest-bearing debt to equity ratio was to 1.13 which is in line with 4Q17.

Return on Asset stood at 13.3% which decreased from 4Q17. This resulted from an increase of assets from expanding kiosks in 2017.

Return on Equity stood at 39.5% which decreased from an increase of shareholders' equity.

## 2018 Management Outlook

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- Emphasize efficient Boonterm kiosk spot with the ARPU management more than 5% of growth from 2017
- The increasing 20,000 Boonterm kiosks nationwide to reach 144,653 kiosks at the end of 2018
- Total usage amount through Boonterm kiosk more than 20%, compared to 2017
- Expanding new target of customer by launching E-wallet application on smartphone called “Be Wallet” with the target of over 200,000 subscribers

The Company emphasize efficient Boonterm kiosk spot with the ARPU management especially mobile top-up value more than 5% of growth from 2017 and aims to increase 20,000 Boonterm kiosk to reach 144,653 kiosks nationwide at the end of 2018 and total usage amount more than 20% YoY. The Company’s plan to keep the regular customers is to provide diversified services and to develop the quality services to serve the customers’ needs. The Company offers the CRM activities to collect points for luck and prize redemption in order to increase the frequency of use.

The Company is confident that prepaid customers are cash holders. The possibility of change of customer behavior is low. The main factor of change from prepaid to postpaid is the customers’ higher income. Thus, the Company still maintains the leader position in top-up kiosk market. In 2017, the company owned 22% of the market value of Bt133,000mn, increasing 5% from 2016 which is 16% of the market value. However, at the end of 2017, the estimated prepaid numbers in the country were 70 million. The users of Boonterm kiosk were 25 million numbers, represented 35% of total prepaid numbers in the country. There is still two third of customers in prepaid market which the Company sees the opportunity in steady growth in 2018.

The Company plans to launch new services, e.g. money transfer service, bus ticket payment, utility bill payment, insurance-selling service and others and cooperates with 2 commercial banks in money transfer service. The Company’s goal is to launch money transfer service with 4 banks; Kasikorn Bank (KBANK), Krungthai Bank (KTB), Bangkok Bank (BBL) and Bank of Ayudhaya (BAY) which represents 80% of the bank market. The target is to increase revenue and new customer.

Furthermore, the Company plans to increase new customers by launching E-wallet mobile application called “Be wallet” with the target of over 200,000 subscribers. This application is a new platform for the demand from higher smartphone usage of customers who have average high income and interest in technology. The services on Boonterm kiosk are also available on Be Wallet, including additional services to support e-Marketplace called “Be Mall” and e-Commerce. Payment services including purchasing drinks from the vending machines are available on E-wallet mobile application both iOS and Android. Thus, the Company can study behavior of customer who demand for cashless payment and have an interest in technology. This group of customer is different from the group of customer who use service through Boonterm kiosk.

Last but not least, Boonterm will penetrate the core market segment of the cash market and technological ignorance. Be-Wallet will penetrate the new market segment of the cashless market and use technology to facilitate spending and payment. This will help expand the customer base and create ecological system. FSMART will have a complete database to contribute more valuable things in the future.