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Ref: IR61/009

11 May 2018

Subject: Management Discussion and Analysis, 1st Quarter ending 31 March 2018

Attention: President
The Stock Exchange of Thailand

Regarding to JMT Network Services Public Company Limited (“the Company”) No.2/2018 on 11 May 2018, the resolution to certify the financial statements and performance of the Company and the Company’s for the first quarter ending 31 March 2018, which has already been examined by the Company’s auditor, the results can be summarized as follows;

Performance Highlights for Q1/2018

- ✓ Net Profit attributed to Equity Shareholders was 116.1 million Baht, increased 58.4% from the same period last year.
- ✓ Cash Collection was 514 million Baht, increased 59.1% from the same period last year.
- ✓ The Company was able to achieve higher collection efficiency and cost control management.
- ✓ The Company purchased bad debt from financial institution in Q1/2018 1,017 million Baht.
- ✓ The Company’s Interest Bearing Debt was 0.96 times which reflect a capability for the Company to acquire more bad debt in the future.

Summary of Revenues and Net Profit

	Q1/2017		Q1/2018		Change	
	MB.	%	MB.	%	MB.	%
Services income from debts collection and others income	61.1	22.5%	58.7	14.7%	-2.4	-3.9%
Revenues from collection of purchased accounts receivable	209.2	76.9%	341.0	85.2%	131.8	63.0%
Interest income and related income	1.5	0.6%	0.5	0.1%	-1	-66.7%
Total Revenues	271.9	100.0%	400.1	100.0%	128.2	47.1%
Cost of Services	119.6	44.0%	151.6	37.9%	32.0	26.8%
Gross Profit	152.2	56.0%	248.4	62.1%	96.2	63.2%
Other income	2.3	0.8%	0.9	0.2%	-1.4	-60.9%
Profit before expenses	154.5	56.8%	249.3	62.3%	94.8	61.4%
Administrative expenses	46.6	17.1%	62.2	15.5%	15.6	33.5%
Total Expenses	46.6	17.1%	62.2	15.5%	15.6	33.5%
Operating Profit	107.9	39.7%	187.1	46.8%	79.2	73.4%

Finance Cost	16.3	6.0%	27.8	6.9%	11.5	70.6%
Tax Income	18.3	6.7%	43.2	10.8%	24.9	136.1%
Net Profit	73.3	27.0%	116.1	29.0%	42.8	58.4%

Revenues Analysis

The Company's total revenue for the first quarter of 2018 was 400.1 million Baht, which was an increase 47.1% from the same period last year. The reasons for an increasing of revenues can be explained as following;

1. Revenues from collection of purchased accounted receivables was 341 million Baht which increase from the same period last year 131.9 million Baht or increased by 63% This was because the Company's cash collection improvement. In the first quarter of 2018, the cash collection was 514.0 million Baht which increased from the first quarter in 2017 59.1.
2. Income from debt collection services and other income was 58.7 million Baht or slightly decline from the same period last year of 3.9%.

Cost of Services and Gross Profit

The Company incurred cost of services for the first quarter of 2018 equal to 151.6 million Baht higher than the first quarter of 2017 26.8%. This was because an increasing of employee remuneration as a result of new staff hire for the distress debt expansion and commission paid. However, the percentage of cost of services to revenues was declined significantly. This was because the enhancement of efficiency of collector and system.

The Company's gross profit for the first quarter of 2018 equal to 62.1% increase from the same period last year due to the revenue from from collection of purchased accounts receivable

Selling and Administrative Expenses

The Company had administrative expenses for the first quarter of 2018 equal to 62.2 million Baht, which was increase by 15.6 million Baht or 35.5%.The major reason was employee salary increasing.

Finance Cost

The Company's finance cost for the first quarter of 2018 equal to 27.8 million Baht, which was decrease 11.5 million Baht or 70.6% decrease.

Net Profit

The Company's net profit from consolidated financial statement was 116.1 million Baht, increase 58.4% from the same period last year. And increase 17 million Baht or 17% from Q4/2017. The Company was able to improve in collection efficiency and cost control management.

Summary of Financial Statement

	31 Dec 2017		31 March 2018		Change	
	MB	%	MB	%	MB	%
Cash and cash equivalents	513.4	9.8%	744.5	10.9%	231.1	45.0%
Refundable value added tax	62.5	1.2%	69.1	1.0%	6.6	10.6%
Other current asset	38.6	0.7%	33.7	0.5%	-4.9	-12.7%
Total current asset	1,171.3	22.3%	1,640.8	24.1%	469.5	40.1%
Loans receivable from purchase of accounts	3,816.7	72.7%	4,575.5	67.2%	758.8	19.9%
Other long-term investment	104.3	2.0%	104.5	1.5%	0.2	0.2%
Equipment	86.3	1.6%	93.8	1.4%	7.5	8.7%
Other Non-current asset	4,076.6	77.7%	5,166.5	75.9%	1,089.9	26.7%
Total Assets	5,247.9	100.0%	6,807.3	100.0%	1,559.4	29.7%
Trade and other payables	34.8	0.7%	697.7	10.3%	662.9	1904.9%
Current portion of debentures	99.9	1.9%	99.9	1.5%	-	0.0%
Short-term loans	139.5	2.7%	-	0.0%	-139.5	-100.0%
Other current liabilities	10.7	0.2%	75.2	1.1%	64.5	602.8%
Total current liabilities	430.6	8.2%	1,359.0	20.0%	928.4	215.6%
Debentures - net of current portion	2,084.3	39.7%	2,084.8	30.6%	0.5	0.0%
Other non-current liabilities	2,492.1	47.5%	2,551.3	37.5%	59.2	2.4%
Total Liabilities	2,922.7	55.7%	3,910.3	57.4%	987.6	33.8%
Shareholders' equity	2,325.2	44.3%	2,897.0	42.6%	571.8	24.6%
Total Liabilities and Shareholders' equity	5,247.9	100.0%	6,807.3	100.0%	1,559.4	29.7%

Assets

As of the period ending 31 March 2018, the Company has total assets equal to 6,807.3 million Baht higher than the ending of the year 2017 equal to 1,550.4 million Baht. The current asset was 1,640.8 million Baht or 24.1% of total asset and non-current asset 5,166.5 million Baht or 75.9% of total asset. An increasing of total asset mainly from increasing in cash and cash equivalent, debt acquisition both secure and unsecure debt in 1st quarter of 2018 and excess of acquisition cost over estimated value of interest acquired in net assets of a subsidiary (JP Insurance).

Liabilities and Shareholder's Equity

The Company's total liabilities as of the period ending 31 March 2018 was 3,910.3 million Baht higher than the same period last year 987.6 million Baht or 33.8% increase. This was due an increasing in trade and other payables from debt purchased and Insurance contract liabilities. The Company's shareholder's equity

was 2,897.0 million Baht, increase 571.8 million Baht. An increasing in share premium, Advance receipt of share subscription and retain earnings increase due to the Company's net earnings increase.

The Company's Interest Bearing Debt to Equity Ratio was 0.96 times decreased from the ending of 2017 which equal to 1.21 times.

Looking Forward

The Company invested in Phoenix Insurance (Thailand) Public Company Limited – subsequently change name to JP Insurance Public Company Limited (“JP Insurance”) – results the Company's financial positions statement in Q1/2018 change as a JP Insurance is a subsidiary of the Company. However, the Company still not consolidated net profit from JP Insurance in Q1/2018 but in Q2/2018.

After share acquisition in JP Insurance, as a subsidiary, JP Insurance was strengthens its financial position and ready to be one of the leading of insurance company in Thailand. The business plan of JP Insurance will utilize the resource from the Jaymart Group of Companies under Synergy strategy. And the Company plan to start an insurance business in InsurTech Business platform to enhance return to the shareholders.

Thus, you have been inform for your acknowledgment

Yours faithfully,

- *Singed* -

Mr.Wongsakorn Kittitrakulkarn
Company Secretary

Investor Relations Department
JMT Network Services Public Company Limited