

## Operational Summary

### 9M18 Operational Summary

- Total revenue from core business was Bt2,523mn, increasing 11.0% YoY
- Net profit was Bt441mn, increasing 5.0% YoY
- Total usage amount was Bt31,538mn, increasing 20.9% YoY
- Total average number of money transfer transactions per day was 27,330 transactions, increasing 102.9% YoY
- The total number of "Boonterm" was 130,109 kiosks, increasing 9.2% YoY

### 3Q18 Operational Summary

- Total revenue from core business was Bt832mn, increasing 5.6% YoY
- Net profit was Bt145mn, increasing 0.5% YoY
- Total usage amount was Bt10,506mn, increasing 12.8% YoY
- Total average number of money transfer transactions per day was 28,689 transactions, increasing 58.8% YoY

## Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter
	3/2017	4/2017	1/2018	2/2018	3/2018
Total usage amount through "Boonterm Kiosk" (Million Baht)	9,311	10,084	10,421	10,611	10,506
Total number of "Boonterm Kiosk" as the period ended (Kiosk)	119,166	124,653	130,404	129,948	130,109
Total average number of money transfer transactions (per day)	18,065	23,062	25,985	27,287	28,689

In 3Q18, FSMART is 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's strategy continues to focus on the efficiency of Boonterm kiosk spot as well as adding new services on the kiosks to meet the needs of the customer and also launches promotional campaigns by organizing campaigns to collect points for luck and prize redemption, which has been well received by our customers, in order to increase new customers and maintain our existing customer base. The Company is still working on plan and can achieve goals

The number of "Boonterm Kiosk" in current total is 130,109 kiosks, increasing 9.2% YoY, and it slightly increased due to relocating kiosks scheme, which the kiosks are removed from the area that generate low income to the new area that can generate higher income, and this scheme will complete at the end of this year. The usage amounts from money transfer are continually growing driven by a decrease of the number of banks' branch then customers choose to transfer the money through Boonterm kiosks higher. Other online top-up and payments are growing up such as e-Wallet top-up and bill payment, due to the Boonterm kiosks is a convenient point for making top-up and payments. The total usage amount is Bt10,506mn, increasing 12.8% YOY. The total number of money transfer transactions is 28,689 increasing 58.8% YOY. Total revenue from core business is Bt832mn, increasing 5.6% YOY, and net profit is Bt145mn, increasing 0.5% YoY.

## Financial Summary

### Income Statement

Income Statement	Q3/2017		Q2/2018		Q3/2018		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	340.95	43.3%	356.42	42.0%	346.47	41.7%	-2.8%	1.6%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	445.80	56.6%	481.87	56.8%	481.31	57.9%	-0.1%	8.0%
Advertising income	1.33	0.2%	7.52	0.9%	4.04	0.5%	-46.3%	203.8%
<b>Total revenue from core business (3 items)</b>	<b>788.08</b>	<b>100.0%</b>	<b>848.81</b>	<b>100.0%</b>	<b>831.82</b>	<b>100.0%</b>	<b>-2.0%</b>	<b>5.6%</b>
Cost of services	(604.39)	-76.7%	(664.22)	-78.2%	(655.73)	-78.8%	-1.3%	8.5%
<b>Gross profit</b>	<b>183.69</b>	<b>23.3%</b>	<b>184.59</b>	<b>21.8%</b>	<b>176.09</b>	<b>21.2%</b>	<b>-4.6%</b>	<b>-4.1%</b>
Service & Administrative expenses	(62.40)	-7.9%	(61.36)	-7.2%	(58.49)	-7.0%	-4.7%	-6.3%
<b>Operating profit</b>	<b>121.29</b>	<b>15.4%</b>	<b>123.23</b>	<b>14.5%</b>	<b>117.60</b>	<b>14.1%</b>	<b>-4.6%</b>	<b>-3.0%</b>
Other income	49.82	6.3%	63.52	7.5%	59.99	7.2%	-5.6%	20.4%
<b>Sales profit</b>	<b>1.18</b>	<b>0.2%</b>	<b>0.88</b>	<b>0.1%</b>	<b>0.87</b>	<b>0.1%</b>	<b>-1.1%</b>	<b>-26.3%</b>
<b>Profit before finance cost and income tax expenses</b>	<b>172.29</b>	<b>21.9%</b>	<b>187.63</b>	<b>22.1%</b>	<b>178.46</b>	<b>21.5%</b>	<b>-4.9%</b>	<b>3.6%</b>
Bank Charge	(6.79)	-0.9%	(5.09)	-0.6%	(3.76)	-0.5%	-26.1%	-44.6%
Interest Expenses	(7.80)	-1.0%	(11.56)	-1.4%	(11.13)	-1.3%	-3.7%	42.7%
<b>Profit before income tax expenses</b>	<b>157.70</b>	<b>20.0%</b>	<b>170.98</b>	<b>20.1%</b>	<b>163.57</b>	<b>19.7%</b>	<b>-4.3%</b>	<b>3.7%</b>
Income tax expense	(13.06)	-1.7%	(20.16)	-2.4%	(18.98)	-2.3%	-5.9%	45.3%
<b>Net profit</b>	<b>144.64</b>	<b>18.4%</b>	<b>150.82</b>	<b>17.8%</b>	<b>144.59</b>	<b>17.4%</b>	<b>-4.1%</b>	<b>0.0%</b>
Non-controlling interests of the subsidiaries	-	0.0%	0.42	0.1%	(0.83)	-0.1%	100.0%	100.0%
<b>Net profit - Equity holders of the Company</b>	<b>144.64</b>	<b>18.4%</b>	<b>150.40</b>	<b>17.7%</b>	<b>145.42</b>	<b>17.5%</b>	<b>-3.3%</b>	<b>0.5%</b>

### Total revenue

In 3Q18, FSMART's total revenues from core business was Bt831.82mn, increasing 5.6% YoY, mainly from an increase of the number of total transactions, services, subscribers and the efficient Boonterm kiosk spot management. The total revenue from core business decreased 2.0% QoQ, mainly due to the seasonal factor led to an inconvenient of using services at the kiosk of customers, farming, the slowdown of the grassroots economy and also the increasing of competitions, which has different business model from FSMART. The business model of competitions is only selling the kiosks to customer. The impact of those has occurred for a while. For this year, the Company is mainly focusing on the efficiency of Boonterm kiosk spot.

**1) Income from rendering top-up service for prepaid phone and other online services (Commission)** was Bt346.47mn, increasing 1.6% YoY, mainly from the total usage amount that increased in line with the increasing number of kiosks and new services but decreasing 2.8% QoQ, due to the kiosks relocation scheme and the impact of seasonal factor.

**2) Income from rendering of services through online top-up machines "Boonterm kiosk" (Service charge)** was Bt481.31mn, increasing 8.0% YoY, mainly from the increasing in kiosk usage, mobile top-up service and money transfer service that has continually grown but decreasing 0.1% QoQ, due to the kiosks relocation scheme and the impact of seasonal factor.

**3) Advertising income** was Bt4.04mn, increasing 203.8% YoY, mainly from the Boonterm kiosk is known by more customers and is located throughout the country. Many companies are interested in advertise their products on the Boonterm kiosks to reach their target customers. The advertising income decreases 46.3% QoQ, due to decreasing in companies' advertising expense during end of a year to accomplish their profit.

**4) Other income** was Bt59.99mn, increasing 20.4% YoY, due to the growth of the total usage amount from an increase of the number of Boonterm kiosks and new services.

#### Cost and Expenses

**1) Cost of services** in 3Q18 was Bt655.73mn, representing 78.8% of total revenues from core business, increasing when compared to 76.7% in 3Q17, mainly due to kiosks depreciation cost that increased in line with the acceleration from an increase of the number of kiosks strategy in 2017, and it increased when compared to 78.2% in 2Q18, due to kiosks depreciation cost, commission and materials cost for repairing and improving the kiosks to have full efficiency. However, depreciation cost is going to decrease due to the number of kiosks are not increase as much as last year. The depreciation cost of the kiosks is 8 years but the kiosks' usage lifetime is more than that.

**2) Service & Administrative expenses** was Bt58.49mn, representing 7.0% of total revenues from core business, decreasing when compared to 7.9% in 3Q17 and 7.2% in 2Q18, due to effective cost control as well as lower service & administrative expenses which corresponds to the strategic of emphasizing the efficiency in ARPU management. Meanwhile, the Company emphasized on agent's commission in the kiosks installation in 2017.

#### Profit

**1) Gross profit** was Bt176.09mn, decreasing when compare to Bt183.69mn in 3Q17, from kiosks depreciation cost that increased in line with an increase of the number of kiosks and decreasing of revenue. It decreased when compared to Bt184.59mn in 2Q18, due to kiosks depreciation cost, commission and materials cost for repairing and improving the kiosks. Gross profit margin was 21.2% of total revenues from core business, decreasing when compared to 23.3% in 3Q17 and 21.8% in 2Q18.

**2) Sales profit** was Bt0.87mn, decreasing when compare to Bt1.18mn in 3Q17, due to in 2018 the Company emphasize efficient Boonterm kiosk spot; meanwhile, in 2017 the Company accelerate to increase the number of kiosks all areas to prevent competitors entering to the market. This resulted in sale profit in 3Q17 from goods which are additional parts of kiosks is higher than sale profit in 3Q18. It decreased when compare to 0.88 in 2Q18, due to the kiosks relocation scheme.

**3) Net profit** was Bt145.42mn, an increase from 2Q17 which was Bt144.64mn. Since the Company controls service and administrative expenses more efficiently but a decrease from Bt150.40mn in 2Q18, due to the kiosks depreciation cost and commission; meanwhile, the Company controls service and administrative expenses are efficiency.

## Financial Position

Statement of Financial position	31-12-17		30-09-18		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,348.32	31.7%	1,256.81	32.6%	(92)	-6.8%
Non-current assets	2,912.13	68.4%	2,603.09	67.4%	(309)	-10.6%
<b>Total assets</b>	<b>4,260.45</b>	<b>100.0%</b>	<b>3,859.90</b>	<b>100.0%</b>	<b>(401)</b>	<b>-9.4%</b>
Current liabilities	2,492.76	58.5%	2,456.98	63.7%	(36)	-1.4%
Non-current liabilities	433.70	10.2%	290.75	7.5%	(143)	-33.0%
<b>Total liabilities</b>	<b>2,926.46</b>	<b>68.7%</b>	<b>2,747.73</b>	<b>71.2%</b>	<b>(179)</b>	<b>-6.1%</b>
Total shareholders' equity	1,333.99	31.3%	1,112.17	28.8%	(222)	-16.6%
<b>Total liabilities and shareholders' equity</b>	<b>4,260.45</b>	<b>100.0%</b>	<b>3,859.90</b>	<b>100.0%</b>	<b>(401)</b>	<b>-9.4%</b>

As at 30 September 2018, FSMART had total assets of Bt3,859.90mn decreasing 9.4% compared to total assets last year, mainly from the emphasizing in efficient Boonterm kiosk spot more than accelerating to increase the number of kiosks as last year, kiosks' depreciation cost and dividend payment.

Total liabilities as at 30 September 2018 was Bt2,747.73mn, decreasing 6.1% compared to total liabilities last year, mainly from decreasing in current liabilities that the Company paid off loans of Bt161mn to financial institution.

Total shareholders' equity as at 30 September 2018 was Bt1,112.17mn, decreasing 16.6% compared to total shareholders' equity as at 31 December 2017, mainly from Bt473.96mn of dividend payment, Bt187.02mn of treasury stock, and Bt439.17mn of net profit in 2018.

**Key Financial Ratio**

Financial Ratio	Quarter	Quarter	Quarter
	3/2017	2/2018	3/2018
Current ratio	0.54	0.53	0.51
Debt to Equity ratio	2.28	2.35	2.47
Interest Bearing Debt ratio	1.00	1.17	1.21
Return on Asset	18.0%	13.6%	13.9%
Return on Equity	46.8%	44.4%	46.0%

As at 30 September 2018. FSMART had current ratio at 0.51, which decreased from 2Q18, mainly from an increase of current liabilities for short-term loans from financial institution and current asset from mobile airtime expense.

Debt to Equity ratio increased to 2.47 which increased from 2Q18, mainly from a decrease of shareholders' equity from interim dividend payment; meanwhile, total liabilities decline, QoQ.

Interest-bearing debt to equity ratio was to 1.21 which increased from 2Q18, mainly from a decrease of shareholders' equity from interim dividend payment Bt234mn and Interest-bearing debt stable QoQ.

Return on Asset stood at 13.9% which increased from 2Q18. This resulted of efficiency in ARPU management and cost effective control.

Return on Equity stood at 46.0%, increasing from 2Q18, due to an increase of net profit and a decrease of shareholders' equity from interim dividend payment and treasury stock.

## 2018 Management Outlook

---

- Emphasizing efficient Boonterm kiosk spot with the ARPU management more than 5% of growth from 2017
- 130,109 Boonterm kiosks nationwide at the end of 2018 (revised down)
- Managing the total usage amount through Boonterm kiosk to more than 20%, compared to 2017
- Developing the intelligent kiosk for selling sim card and Electronic Know Your Customer service (e-KYC)
- Expanding new target of customer by launching E-wallet application on smartphone called “Be Wallet” with the target of over 100,000 subscribers (revised down)

At the current, the telco operators have launched lots of promotion campaigns to encourage customers to change their mobile phone system from prepaid to postpaid. Nevertheless, from the statistics data, over 70 million from 90 million of total mobile subscribers are prepaid mobile system, represented the market value Bt130,000mn. Although, the competition in mobile top up market is quite high, the company, in 2018, is still owned 22% of the market value.

The mobile top-up services are available in a variety of channels such as mobile applications, bank, Rom agent, top-up kiosk and others. Each channel can facilitate customers differently and customers who use prepaid mobile system can be divided into two groups. First, the customers who prefer spending by cash and second, the customers who prefer spending by e-Money. The Company emphasizes on the customers, preferring spending by cash, who live or stay around Thailand. With our efficiency system, reliability, 24 hours online services of boonterm kiosks around Thailand which can facilitate customers nationwide, it can be believed that “Boonterm” remains a growing and revenue opportunity can be seized.

In 2018, The Company emphasizes on efficient Boonterm kiosk spot with the ARPU management more than 5% of growth from 2017 and total usage amount more than 20% YoY. Therefore, the Company has revised the target of Boonterm kiosks to 130,109 for managing a relocating kiosks scheme more efficiently. Moreover, the new services are continually added on the kiosks to response more varieties of customer needed than mobile top-up service, e.g. money transfer, telephone bill payment, utility bill payment, social security 40 (3) payment, E-Wallet top up, bein sport cash card and others services. The Company plans to launch a selling sim card service on the kiosks in the end of year and continue to launch Electronics Know Your Customer (e-KYC) service for next year. As a result, the revenue structure of the Company is more diversified.

Furthermore, the Company plans to expand the customer bases from the customers who prefer spending by cash to the customers who prefer spending by e-Money by launching E-wallet mobile application called “Bewallet” ,with the target of 100,000 subscribers, which we can study behavior of customers who demand for cashless payment and are interested in technology. This plan, expanding the customer base, will support another platform of the Company that is the shopping online website (e-Marketplace) called “BeMall”.

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 response a variety of customers’ need.