

No. IR61/016

13 November 2018

Subject: Management Discussion and Analysis, 3<sup>rd</sup> Quarter Ending 30 September 2018  
 Attention: President  
 The Stock Exchange of Thailand

Regarding to Jaymart Public Company Limited (“the Company”) Board of Directors’ Meeting No. 5/2018 on 13 November 2018, the resolution to certify the financial statements and performance of the Company and the Company’s subsidiaries for the 3rd quarter ending 30 September 2018 which has already been examined by the Company’s auditor. The results can be summarized as follows;

The Company’s consolidated financial statement for the third quarter in 2018 reported a net profit of 2.6 million baht more than the third quarter in 2017 at 98.0 percent and the Company’s net profit margin equal to 0.09 percent. Thus, the performance of the Company and the Company’s subsidiaries in the consolidated financial statement during the 9-month period for 2018 showed a net loss of 140.1 million baht, which calculated as a net loss margin of 23.5 percent. The details on the performance of the companies in the group can be described as follows:

### Summary of Income Statement

	Q3/2018 MB	Q3/2017 MB	Change %	9M/2018 MB	9M/2017 MB	Change %
Sales	2,101.1	2,409.4	-12.8%	6,875.1	7,187.6	-4.3%
Service income from debts collection and others	707.7	481.9	46.9%	1,881.6	1,335.2	40.9%
Rental and service income	151.4	178.8	-15.3%	467.4	531.8	-12.1%
Insurance income	35.1	-	0.0%	67.7	-	0.0%
<b>Total Revenues</b>	<b>2,995.3</b>	<b>3,070.1</b>	<b>-2.4%</b>	<b>9,291.8</b>	<b>9,054.6</b>	<b>2.6%</b>
Cost of sales	1,861.0	2,150.2	-13.4%	6,019.8	6,343.8	-5.1%
Cost of services	198.0	164.7	20.2%	575.2	442.7	29.9%
Cost of rental and services	156.4	159.0	-1.6%	469.6	469.3	0.1%
Insurance expenses	25.5	-	0.0%	47.7	-	0.0%
<b>Total cost of sales and services</b>	<b>2,240.9</b>	<b>2,473.9</b>	<b>-9.4%</b>	<b>7,112.3</b>	<b>7,255.8</b>	<b>-2.0%</b>
<b>Gross Profit</b>	<b>754.5</b>	<b>596.1</b>	<b>26.6%</b>	<b>2,179.4</b>	<b>1,798.8</b>	<b>21.2%</b>

	Q3/2018 MB	Q3/2017 MB	Change %	9M/2018 MB	9M/2017 MB	Change %
Sales promotion income	52.1	132.3	-60.6%	196.7	415.7	-52.7%
Selling expenses	263.0	222.0	18.5%	751.9	674.8	11.4%
Administrative expenses	421.2	229.4	83.6%	1,317.8	763.4	72.6%
Finance cost	-120.6	-76.1	58.5%	-331.5	-210.7	57.3%
Income tax	5.5	-47.0	-111.7%	-31.1	-109.3	-71.5%
<b>Net Profit</b>	<b>2.6</b>	<b>130.8</b>	<b>-98.0%</b>	<b>-140.1</b>	<b>394.1</b>	<b>-135.5%</b>

### Total Revenues from Sales and Services

The Company total revenues from sales and services for the third quarter of 2018 equal to 2,995.3 million baht lower than the same period for last year at 74.7 million baht or an decreased ratio at 2.4 percent. The reason of an increasing are as following;

1. In the third quarter of 2018, Sales stood at 2,101.1 million baht or an decrease of 308.3 million baht or 12.8 percent decline as compare to the same period last year. For 9-months period of 2018, the Company sales were 6,875.1 million baht or decrease 312.5 million baht or 4.3 percent. This was because the sale revenues in Singer channel decline as compare to the same period last year.
2. Income from debt collection and other services in the third quarter of 2018 was 225.8 million baht or increase 46.8%. For 9-months end, an income from debt collection and other services was 1,881.6 million baht or an increase of 546.3 million baht or 40.9 percent. Due to the subsidiaries success in a higher cash collection.
3. Income from rental and services in third quarter of 2018 equal to 151.4 million baht which decline 27.4 million baht or 15.3%. And for 9 months period of 2018 was 467.4 million baht which lower 64.4 million baht or increase at 12.1 percent

For 9-months, total revenues from sales and services were 9,291.8 million baht higher than the same period for last year at 237.2 million baht or an increase ratio at 2.60.

### Gross Profit

The Company has gross profit as in the consolidated financial statement for the third quarter of 2018 equal to 754.5 million baht, an additional 232.8 million baht or an increase of 51.6 percent when compared to the previous year. For 9-month period of 2018, the Company's gross profit was 2,069.7 million baht which increase 631.5 million baht or 43.9% increase from the same period last year. The gross profit margin improved stem from an increasing of higher margin revenues portion such as debt management business, consumer finance business and insurance business.

### **Selling and Administrative Expenses**

The Company incurred expenses in sales and administrative expenses for the third quarter of 2018 equal to 684.2 million baht, which was 232.8 million baht higher or an increase of 51.6 percent when compared to the same period last year. For 9-month period of 2018, the Company incurred selling and administrative expenses of 2,069.7 million baht, an increase of 631.4 million baht or 43.9% from the same period last year. This was because the loan provisions expense in subsidiary and employee remuneration from business expansion.

### **Net Profit**

The Company's net profit from consolidated financial statement in Q2/2018 was 2.6 million baht, a decline by 128.2 million baht or 98.9% from the same period last year.

### **Summary of Statement of Financial Positions**

#### **Assets**

As of the period ending 30 September 2018, the Company had total assets equal to 18,648.1 million baht more than at the end of 2017 2,204.5 million baht or 13.4 percent due to loans to consumers, purchased of receivables account, asset related to insurance business and property development cost in subsidiaries. Moreover, the Company's manage inventory level down to 1,300.8 million baht as compare to the end of Q2/2018 at 2,092.4 million baht.

#### **Liabilities and Shareholders' Equity**

As of the period ending 30 September 2018, the Company had total liabilities equal to 13,894.7 million baht more than the end of 2017 at 2,114.6 million baht or 15.2 percent due to the Company and its subsidiaries increase long-term loan, trade payables increase and debentures. While, the Company's shareholder's equity stood at 4,753.4 million baht which higher than the end of 2017 of 89.9 million baht.

As ending of third quarter of 2018, the Company's debt to equity ratio was 2.90 times and the interest bearing debt to equity is 2.50 times.

## **Looking Forward**

The Company will focus on business operation to improve its performance and meet with business target. The business outlook of the Company is described as following;

### **Mobile Retail Business (Core Business)**

Jaymart Mobile Co., Ltd, engages in mobile phone retail business, entering into high season of sale in Q4/2018. Mobile phone supplier launched new model and promotion for customer. Moreover, Jaymart Mobile has signed exclusive partnership with AIS, No.1 Telco operator in Thailand, to be SIM Card distributor and other services of AIS. This will help Jaymart Mobile sell mobile phone bundle with special discount mobile handset package for customer and gain revenues form revenues sharing. Jaymart Mobile and AIS both have set target together to achieve SIM subscriber target to get more customer.

### **Debt Management and Debt Collection Business**

JMT Network Services PCL will growing stronger and operates its business in line with business target and budget both debt acquisition business and debt tracking business. The performance in Q3/2018 shows a proven record of its performance. However, in Q4/2018 expect to grow even further in the performance.

### **Personal Loan Business**

J Fintech Co., Ltd, engages in personal loan business, improve its lending policy toward more high quality customer and attempt very hard on debt collection business. The performance in Q3/2018 shows a strong recovery sign. In addition, the Company diversifies its business into Factoring Business which yield a good return for the business.

### **Property Development Business**

JAS Asset PCL, operate rental space business and property development, is on process of business improvement both revenues and cost which target to gain result in Q4/2018. Moreover, for the property development for sell business, the Company target start to transfer condominium within 2019.

Thus, you have been informed for your acknowledgement.

Sincerely Yours,

- *Singed* -

(Ms. Ladda Waruntarakul)

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