

- Translation -

Ref: IR62/007

9 May 2019

Subject: Management Discussion and Analysis, 1st Quarter ending 31 March 2019
 Attention: President
 The Stock Exchange of Thailand

Regarding to JMT Network Services Public Company Limited (“the Company”) No.2/2019 on 9 May 2019, the resolution to certify the financial statements and performance of the Company and the Company’s for the first quarter ending 31 March 2019, which has already been examined by the Company’s auditor, the results can be summarized as follows;

Performance Highlights for Q1/2019

- ✓ Net Profit attributed to Equity Shareholders was 144.5 million Baht, increased 24.5% from the same period last year and increase 9.5% from Q4/2018. This reflects a strong new base line of net profit of the Company.
- ✓ Cash Collection was 708 million Baht, increased 37.3% from the same period last year. This was slightly decline from Q4/2018 due to the seasonal effect.

Summary of Revenues and Net Profit

Consolidated FS	Q1/2018		Q1/2019		Change	
	MB.	%	MB.	%	MB.	%
Services income from debts collection and others income	58.7	14.7%	89.9	16.4%	31.2	53.2%
Revenues from collection of purchased accounts receivable	341.0	85.2%	419.0	76.6%	78.0	22.9%
Insurance Income	0	0.0%	37.2	6.8%	37.2	100.0%
Interest income and related income	0.5	0.1%	0.5	0.1%	0	0.0%
Total Revenues	400.1	100.0%	546.8	100.0%	146.7	36.7%
Cost of Services	151.6	37.9%	197.2	36.1%	45.6	30.1%
Insurance Expenses	0	0.0%	32.6	6.0%	32.6	100.0%
Gross Profit	248.4	62.1%	316.9	58.0%	68.5	27.6%
Gain on Investment	0	0.0%	6.4	1.2%	6.4	100.0%
Other income	0.9	0.2%	5.6	1.0%	4.7	522.2%
Profit before expenses	249.3	62.3%	329.0	60.2%	79.7	32.0%
Administrative expenses	62.2	15.5%	94.4	17.3%	32.2	51.8%
Total Expenses	62.2	15.5%	94.4	17.3%	32.2	51.8%
Operating Profit	187.1	46.8%	234.5	42.9%	47.4	25.3%
Finance Cost	27.8	6.9%	41.1	7.5%	13.3	47.8%

Consolidated FS	Q1/2018		Q1/2019		Change	
	MB.	%	MB.	%	MB.	%
Tax Income	43.2	10.8%	51.7	9.5%	8.5	19.7%
Net Profit attributed to Equity Shareholders	116.1	29.0%	144.5	26.4%	28.4	24.5%

Revenues Analysis

The Company's total revenue for the first quarter of 2019 was 546.8 million Baht, which was an increase 36.7% 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 419.0 million Baht which increase from the same period last year 78.0 million Baht or increased by 22.9% This was because the Company's cash collection improvement. In the first quarter of 2019, the cash collection was 708 million Baht which is close to the cash collection in Q4/2018.
2. Income from debt collection services and other income was 89.9 million Baht or increase from the same period last year of 53.2%.
3. Insurance income was 37.2 million Baht, an increase from insurance business from subsidiary, JP Insurance.

Cost of Services and Gross Profit

The Company incurred cost of services for the first quarter of 2019 equal to 197.2 million Baht higher than the first quarter of 2017 30.1%. This was because an increasing of employee remuneration as a result of new staff hire for the distress debt expansion and consolidate cost of insurance service from new subsidiary.

The Company's gross profit for the first quarter of 2019 equal to 316.9 million Baht or represent gross profit margin at 58.0%, decreases from the same period last year. However, if consider only the debt management business the gross profit margin still perform at a level close to the same period last year which was at 61.2%

Selling and Administrative Expenses

The Company had administrative expenses for the first quarter of 2019 equal to 94.4 million Baht, which was increase by 32.2 million Baht or 51.8%.The major reason was employee salary increasing and rental revenues increases.

Finance Cost

The Company's finance cost for the first quarter of 2019 equal to 41.1 million Baht, which was increase 13.3 million Baht or 47.8% increase.

Net Profit

The Company's net profit from consolidated financial statement for the 1st quarter was 144.5 million Baht, increase 24.5% from the same period last year. The net profit is higher than Q4/2018 12.5 million Baht or increase 9.5%. An improvement of net profit from the same period last year is contributed from efficiency of debt collection and expenses control.

The trend of the net profit will improve in nearly future due to the Company expect to fully amortized the investment cost in the late of Q2/2019. Therefore, the Company will then realize revenues from the fully amortized portfolio since late of Q2/2019 onwards.

Summary of Financial Statement Position

Assets

As of the period ending 31 March 2019, the Company has total assets equal to 8,456.7 million Baht higher than the ending of the year 2018 equal to 93.3 million Baht. The current asset was 2,310.5 million Baht or 27.6% of total asset and non-current asset 6,052.7 million Baht or 72.4% of total asset. An increasing of total asset mainly from increasing in cash and cash equivalent, debt acquisition both secure non performing debt and unsecure non performing debt.

Liabilities and Shareholder's Equity

The Company's total liabilities as of the period ending 31 March 2019 was 4,835.5 million Baht lower than the same period last year 61.0 million Baht or 1.2% decrease. This was due an decreasing in trade and other payables from debt purchased.

The Company's shareholder's equity as of the period ending 31 March 2019 was 3,621.1 million Baht, increase 154.8 million Baht. Due to an increasing retain earnings increase due to the Company's net profit increase.

The Company's Interest Bearing Debt to Equity Ratio was 1.08 times decreased from the ending of 2018 which equal to 1.14 times.

Looking Forward

The performance of the Company is in line with the target of the Company. Currently, the Company possess non-performing debt more than 146,000 million Baht which represent the Company to be one of the leading debt management of Thailand.

The performance in Q1/2019 reflects a strong debt collection performance and a potential of non-performing debt portfolio under the Company management. As aforementioned, the Company owns a large size and good quality of cash collection which will be fully amortized in late of Q2/2019. As according to the business plan of amortization of non-performing debt management, after fully amortized, the Company will

then record a higher income from collection of purchased accounts receivable since late of Q2/2019 onward. The Company pursues its target to achieve a record high in earning for 3rd year consecutively and continue to create a return for the shareholders.

Thus, you have been inform for your acknowledgment

Yours faithfully,

- *Singed* -

Mr.Wongsakorn Kittitrakulkarn

Company Secretary

Mr. Panya Chutisiriwong

Investor Relations, JMT Network Services Public Company Limited