

IR62/006

10 May 2019

Re: Management Discussion and Analysis (MD&A) for Q1/2019 ended 31 March 2019  
To: President  
The Stock Exchange of Thailand

According to the resolution of the Board of Directors Meeting of Jaymart Public Company Limited ("the Company") No. 2/2019 held on 9 May 2019, has approved the financial statements and the operating results of the Company and its subsidiaries in the first quarter of 2019, which were reviewed by the Company's auditor. The conclusion was as follows:

### **Overview and factors affecting future operating results**

The Company operates businesses as a holding company, which mainly invests in the retail business, and conducts business together under the business model to support the growth of the Company group in the future including Fintech in Thailand.

In the first quarter of 2019, the Company had operating results according to the consolidated financial statements, with a net profit 118.3 million Baht, or an increase 163.2%, compared to the same period last year and an increase 186.4% compared to the previous quarter, which was consistent with the direction of the Company performance goals. Whereby the operating results of all subsidiaries and affiliates had a net profit, which reflected the clear performance recovery. Details of the operating results of each important business line and its trend were summarized as follows:

#### **1. Personal Loans Business**

J Fintech Company Limited, operating a personal loan business, which its performance has been improved. Whereby in the first quarter of 2019, the operating profit was equal to 9.0 million Baht, resulting from more stringent customer screening and increase of efficient collection. The average debt collection (Normal + Xday) was equal to 97.56% in Q1/2019, which was an average increase compared to the previous quarter of Q4/2018 at 96.94%.

In addition, the Company had revenue from bad debt recovery. Particularly, in Q1/2019, the Company had the amount of bad debt recovery that could be recorded as revenue equal to 13.7 million Baht, compared to the whole previous year, the total amount collected was 11.8 million Baht.

The Company's loan receivable as of ending of 1<sup>st</sup> quarter amount 3,902 million Baht and the NPL ratio stood at 5.1%.

## **2. Mobile Phone Distribution and its Accessories Business**

Jaymart Mobile Company Limited, ("JMB"), engaging in the mobile distribution business, which had a net profit in the first quarter of 2019, resulting from cooperation in becoming an exclusive partner with AIS. Whereby in Q1/2019, the Company had distributed many new mobile phones model from various brand and received good feedback from customers. For the business trend would gradually improve due to the Company had launched the 30th-anniversary promotion of Jaymart and expanded the distribution channels with lower costs such as direct sales to customers and organizing events to increase the sales.

## **3. Debt Management & Collection Business**

JMT Network Services Public Company Limited ("JMT"), operating a non-performing debt management business, which the Company holds 55.8% of shares and its operating results continues to grow with a net profit of 144.5 million Baht. In Q1/2019, there was continually increased of the net profit and might be continued due to JMT had a non-performing loan that would fully amortized investment value in the late of Q2/2019. JMT still pursue its growth objective to achieve a record high in performance for the third year continually.

## **4. Property Development Business**

JAS Asset Public Company Limited ("JAS"), engaging in real estate development business, which the Company holds 67.5% of shares and has a net profit of 0.5 million Baht, whereby its performance may gradually improve. It is due to the subsidiary has received approval from the shareholders to increase the capital, according to the shareholding proportion (Right Offering) and it is in the process of the transaction. After the capital increased, the Company shall have an appropriate capital base for business operations and the opportunity to reduce financial costs. In addition, JAS also has a condominium project that is under construction expected to transfer to some of the customers by Q4/2019, then shall be able to recognize revenue as targeted.

## 5. Direct Sale with Hire Purchase business

Singer Thailand Public Company Limited ("Singer"), engaging in the distribution of home appliances with the hire purchase system, which the Company holds 24.99% of shares, and has a net profit of 40.0 million Baht. Whereby the improved operating results are due to the quality control of hire purchase loans and its collection.

After Singer increased the capital in late April 2019, which the Company has exercised its right according to the shareholding proportion to increase capital, causing the shareholdings in Singer increased to 30.3% since Q2/2019. Such capital increase, Singer shall have more money to release the loan, such as Car for Cash, which shall increase the interest income from Q2/2019 onwards.

Financial statements and operating results of the company and its subsidiaries ended March 31, 2019, reviewed by the Company's auditor, the summary of revenue and profits detailed as follows.

	Q1/2018		Q1/2019		Change	
	MB.	%	MB.	%	MB.	%
Revenue from Sales	2,395.0	76.9%	1,828.8	66.7%	-566.2	-23.6%
Service income from debts collections and others	556.8	17.9%	724.0	26.4%	167.2	30.0%
Rental and services income	160.9	5.2%	153.0	5.6%	-7.9	-4.9%
Insurance income	0.0	0.0%	37.3	1.4%	37.3	n.a.
<b>Total Revenues from Sales and Services</b>	<b>3,112.8</b>	<b>100.0%</b>	<b>2,742.9</b>	<b>100.0%</b>	<b>-369.9</b>	<b>-11.9%</b>
Cost of Sales	2,111.5	67.8%	1,575.1	57.4%	-536.4	-25.4%
Cost of Services	189.6	6.1%	208.3	7.6%	18.7	9.9%
Cost of Rental and Services	153.6	4.9%	148.9	5.4%	-4.7	-3.1%
Cost of Underwriting	0.0	0.0%	32.6	1.2%	32.6	n.a.
<b>Total Cost of Sales and Services</b>	<b>2,454.7</b>	<b>78.9%</b>	<b>1,964.8</b>	<b>71.6%</b>	<b>-489.9</b>	<b>-20.0%</b>
Sale Promotion Income	90.0	2.9%	61.8	2.3%	-28.2	-31.3%
Other Revenues	30.1	1.0%	55.7	2.0%	25.6	85.0%
<b>Profit before Expenses</b>	<b>779.3</b>	<b>25.0%</b>	<b>908.8</b>	<b>33.1%</b>	<b>129.5</b>	<b>16.6%</b>
Selling Expenses	237.5	7.6%	222.4	8.1%	-15.1	-6.4%

	Q1/2018		Q1/2019		Change	
	MB.	%	MB.	%	MB.	%
Administrative Expenses	518.0	16.6%	341.9	12.5%	-176.1	-34.0%
<b>Total Expenses</b>	<b>755.5</b>	<b>24.3%</b>	<b>564.3</b>	<b>20.6%</b>	<b>-191.2</b>	<b>-25.3%</b>
Profit (loss) from operations	23.7	0.8%	344.5	12.6%	320.8	1353.6%
Financial expenses	99.0	3.2%	120.0	4.4%	21.0	21.2%
<b>Net Profit attributable to major shareholders</b>	<b>-187.3</b>	<b>-6.0%</b>	<b>118.3</b>	<b>4.3%</b>	<b>305.8</b>	<b>163.2%</b>

### Revenues Analysis

Total revenue from sales and services of the Company in Q1/2019 was 2,742.9 million Baht, a decrease of 369.9 million Baht, or 11.9% from the same period of the previous year. The details were as follows:

1. In Q1/2019, sales revenue was 1,828.8 million Baht, decreased from the same period of the previous year. It was due to the lower of sales in the mobile distribution business.
2. Revenue from debt collection services and other services was 724.0 million Baht, an increase of 167.2 million Baht, or 30.0% from the same period of last year, which was a result of improved collection efficiency.
3. Rental and other service income was 153.0 million Baht, a decrease of 7.9 million Baht, or 4.9% from the same period of the previous year. It was due to the closure of IT Junction branches where its performance did not meet the target.
4. Insurance income in Q1/2019 was 37.3 million Baht, which was revenue from JMT's subsidiary that invested since Q2/2018.

### Cost of Sales and Services Analysis and Profit before Expenses Analysis

In the first quarter of 2019, the cost of sales and services totaled 1,964.8 million Baht, a decrease of 489.9 million Baht, or 20.0% from the previous year. The cost of sales and services on the mobile distribution business decreased by 536.4 million Baht, or 25.4%, compared to the same period of last year, which was in line with lower sales. While, the cost of services increased by 18.7 million Baht, or 9.9%, resulting from the increase in the number of employees in the debt collection business.

The Company had a profit before expenses margin (which calculated the total sales promotion income) from the consolidated financial statements for Q1/2019 equaled to 908.8 million Baht, an increase of 16.6% compared to the same period of the previous year.

### **Selling and Administrative Expenses Analysis and Operating Profit**

In Q1/ 2019, the Company had total selling and administrative expenses of 564.3 million Baht, a decrease of 25.3%, which mainly due to a decrease in allowance for doubtful accounts from loan receivables in subsidiaries. Whereby it considered as administrative expenses in the consolidated financial statements. For operating profit in the first quarter of 2019 was 344.5 million Baht, an increase of 320.8 million Baht or 1,353.6% from the same period of the previous year.

### **Financial Cost**

The Company had total finance cost in Q1/ 2019 equivalent to 120.0 million Baht, an increase of 21.0 million Baht from the same period of the previous year. The increase in financial costs was mainly due to the cost of debentures and loans from financial institutions of the Company and its subsidiaries.

### **Net Profit**

The Company had a net profit in Q1/2019, equal to 118.3 million Baht, an increase of 163.2, representing a net profit margin of 4.3% and equivalent to 0.16 per share. This reflects a turnaround sign of group business.

### **Analysis of Financial Statement of Positions**

#### **Assets**

As of 31 March 2019, the Company had total assets of 19,214.2 million Baht, divided into current assets of 8,561.6 million Baht, accounting for 45.6% of total assets, while non-current assets were 10,652.5 million Baht, representing 56.7% of total assets. Comparing to the end of 2018, the Company had total assets decreased by 229.8 million Baht or 1.2%. Whereby the decrease of assets was due to the reduced inventory, resulting from the management of the subsidiary.

#### **Liabilities and Shareholders' equity**

As of 31 March 2019, the Company had total liabilities of 14,317.7 million Baht from 14,739.5 million Baht at the end of the year, which decreased by 421.8 million Baht or 2.9%, with significant changes in liabilities in Q1 / 2019 as follows:

1. Overdrafts and short-term loans from institutions decreased by 298.2 million Baht due to the Company and its subsidiaries returning the short-term debt to financial institutions.
2. Trade and other payables decreased by 103.6 million Baht due to the subsidiary of the Company had paid creditors who selling NPL.

As of 31 March 2019, the Company had total shareholders' equity of 4,896.4 million Baht, an increase of 191.9 million Baht, or 4.1% due to the improved operating results.

Whereby the Company had a debt-to-equity ratio of 2.46 times, which was slightly increased from the end of the year 2018 at 2.64 times.

Please be informed accordingly.

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