

## Operational Summary in 3Q19

- Net profit was Bt144mn, decreasing 1.1% YoY.
- Total revenue from core business was Bt780mn, decreasing 6.2% YoY.
- Number of “Boonterm kiosk” was 130,283, increasing 0.1% YoY.
- Total average number of money transfer transactions was 32,259 transactions per day, increasing 12.4% YoY.

## Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter
	3/2018	4/2018	1/2019	2/2019	3/2019
Total transaction amount through "Boonterm Kiosk" (Bt mn)	10,506	10,442	10,337	10,430	9,943
Total number of "Boonterm Kiosk" as the period ended (Kiosk)	130,109	130,053	129,208	129,011	130,283
Total average number of money transfer transactions (per day)	28,689	30,006	30,553	31,813	32,259

In 3Q19, FSMART (or the “Company”) is still the leader in online top-up kiosk business in both total transaction amount and the number of kiosks, covering all area nationwide. The Company’s key strategy focuses on managing the kiosk location, adding new services to the system such as traffic fine payment service with the Royal Thai Police, GMM’s content selling service, SIM Card selling with electronic-Know-Your-Customer (e-KYC) service, etc., as well as offering the CRM activities, including reward points program, to increase the usage frequency on both existing and new customers.

For the operating result in 3Q19, the total transaction amount was Bt9,943mn, decreasing 5.4% YoY. However, the money transfer service, of which the Company is the banking agent for 4 banks, has been growing consistently with average of 32,259 transactions per day, increasing 12.4% YoY, as well as the e-Wallet and internet package top-up. Total revenue from core businesses was Bt780mn, decreasing 6.2% YoY. However, as a result of the costs control measurement on both service costs and administrative expenses as well as the lower financial costs, the Company’s net profit was Bt144mn, decreasing of 1.1% YoY. As at the end of 3Q19, the total number of “Boonterm Kiosk” is 130,283 kiosks, increasing 0.1% YoY, with total 21 million active subscribers and total 1.9 million transactions per day.

## Financial Statement Summary in 3Q19

### Statement of Comprehensive Income

Statement of Comprehensive Income	Q3/2018		Q2/2019		Q3/2019		%QoQ	%YoY
	Bt mn	%	Bt mn	%	Bt mn	%		
Income from rendering of top-up service for prepaid phone and receipt of online services (Commission)	346.47	41.7%	331.79	41.3%	310.09	39.8%	-6.5%	-10.5%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	481.31	57.9%	469.70	58.4%	466.66	59.8%	-0.7%	-3.0%
Advertising income	4.04	0.5%	2.71	0.3%	3.41	0.4%	25.8%	-15.6%
<b>Total revenue from core business (3 items)</b>	<b>831.82</b>	<b>100.0%</b>	<b>804.20</b>	<b>100.0%</b>	<b>780.16</b>	<b>100.0%</b>	<b>-3.0%</b>	<b>-6.2%</b>
Cost of services	(655.73)	-78.8%	(640.56)	-79.6%	(622.36)	-79.8%	-2.8%	-5.1%
<b>Gross profit</b>	<b>176.09</b>	<b>21.2%</b>	<b>163.64</b>	<b>20.4%</b>	<b>157.80</b>	<b>20.2%</b>	<b>-3.6%</b>	<b>-10.4%</b>
Service & administrative expenses	(58.49)	-7.0%	(55.10)	-6.9%	(54.81)	-7.0%	-0.5%	-6.3%
<b>Operating profit</b>	<b>117.60</b>	<b>14.1%</b>	<b>108.54</b>	<b>13.5%</b>	<b>102.99</b>	<b>13.2%</b>	<b>-5.1%</b>	<b>-12.4%</b>
Other income	59.99	7.2%	67.76	8.4%	68.61	8.8%	1.3%	14.4%
Sales profit	0.87	0.1%	0.02	0.0%	0.06	0.0%	200.0%	-93.1%
<b>Profit before finance cost and income tax expenses</b>	<b>178.46</b>	<b>21.5%</b>	<b>176.32</b>	<b>21.9%</b>	<b>171.66</b>	<b>22.0%</b>	<b>-2.6%</b>	<b>-3.8%</b>
Bank charge	(3.76)	-0.5%	(2.36)	-0.3%	(2.21)	-0.3%	-6.4%	-41.2%
Interest expenses	(11.13)	-1.3%	(8.78)	-1.1%	(7.13)	-0.9%	-18.8%	-35.9%
<b>Profit before income tax expenses</b>	<b>163.57</b>	<b>19.7%</b>	<b>165.18</b>	<b>20.5%</b>	<b>162.32</b>	<b>20.8%</b>	<b>-1.7%</b>	<b>-0.8%</b>
Income tax expense	(18.98)	-2.3%	(20.28)	-2.5%	(18.59)	-2.4%	-8.3%	-2.1%
<b>Net profit</b>	<b>144.59</b>	<b>17.4%</b>	<b>144.90</b>	<b>18.0%</b>	<b>143.73</b>	<b>18.4%</b>	<b>-0.8%</b>	<b>-0.6%</b>
Non-controlling interests of the subsidiaries	(0.83)	-0.1%	(0.35)	0.0%	(0.05)	0.0%	100.0%	100.0%
<b>Net profit - equity holders of the Company</b>	<b>145.42</b>	<b>17.5%</b>	<b>145.25</b>	<b>18.1%</b>	<b>143.78</b>	<b>18.4%</b>	<b>-1.0%</b>	<b>-1.1%</b>

### Total Revenue

Total revenue from the core business in 3Q19 was Bt780.16mn, decreasing 6.2% YoY and 3.0% QoQ, mainly from the decrease in mobile top-up value as a result of the low-season in mobile industry, the marketing campaigns to promote postpaid and e-Wallet usages, the increase in number of competitors' kiosks, and the economic slowdown, which affects middle-to-low income population's purchasing power. The details of total revenue are as follows:

**1) Income from rendering of top-up service for prepaid phone and receipt of online services (Commission)** was Bt310.09mn, decreasing 10.5% YoY and 6.5% QoQ.

**2) Income from rendering of services through online top-up machines (Service Charge)** was Bt466.66mn, decreasing 3.0% YoY and 0.7% QoQ.

**3) Advertising income** was Bt3.41mn, decreasing 15.6% YoY but increasing 25.8% QoQ,

**4) Other income** was Bt68.61mn, increasing 14.4% YoY and 1.3% QoQ, as a result of adding new services to the kiosk.

### Costs and Expenses

1) **Cost of services** in 3Q19 was Bt622.36mn, representing 79.8% of total revenues from core business, decreasing 5.1% YoY and 2.8% QoQ, as a result of revenue decrease and the Company's cost control measurement.

2) **Service & administrative expenses** in 3Q19 was Bt54.81mn, representing 7.0% of total revenues from core business, decreasing 6.3% YoY and 0.5% QoQ, as a result of the Company's service and administrative expenses control measurement.

### Profits

1) **Gross profit** in 3Q19 was Bt157.80mn, decreasing 10.4% YoY and 3.6% QoQ, as a result of declining in core revenue, kiosk improvement to support new business, and fully-depreciated kiosk maintenance.

2) **Net profit** in 3Q19 was Bt143.78mn, decreasing 1.1% YoY and 1.0% QoQ, as a result of decreasing in financial cost and tax expense, kiosk improvement to support new business, and fully-depreciated kiosk maintenance.

### Statement of Financial Position

Statement of Financial Position	31 December 2018		30 September 2019		Increase (Decrease)	
	Bt mn	%	Bt mn	%	Bt mn	%
Current assets	1,430.87	36.5%	1,295.82	36.9%	-135.05	-9.4%
Non-current assets	2,485.33	63.5%	2,215.96	63.1%	-269.37	-10.8%
<b>Total assets</b>	<b>3,916.20</b>	<b>100.0%</b>	<b>3,511.78</b>	<b>100.0%</b>	<b>-404.42</b>	<b>-10.3%</b>
Current liabilities	1,412.61	36.1%	1,272.09	36.2%	-140.52	-10.0%
Interest bearing debt	1,244.80	31.8%	1,036.34	29.5%	-208.46	-16.8%
Non-current liabilities	7.23	0.2%	13.26	0.4%	6.03	83.4%
<b>Total liabilities</b>	<b>2,664.64</b>	<b>68.0%</b>	<b>2,321.69</b>	<b>66.1%</b>	<b>-342.95</b>	<b>-12.9%</b>
Total shareholders' equity	1,251.56	32.0%	1,190.09	33.9%	-61.47	-4.9%
<b>Total liabilities and shareholders' equity</b>	<b>3,916.20</b>	<b>100.0%</b>	<b>3,511.78</b>	<b>100.0%</b>	<b>-404.42</b>	<b>-10.3%</b>

As at 30 September 2019, the Company had total assets of Bt3,511.78mn, decreasing 10.3% YoY, as a result of the Company's strategy to focus on managing existing kiosk locations, and on utilizing the fully-depreciated kiosks, which make the total assets mainly affected from the depreciation.

Total liabilities was Bt2,321.69mn, decreasing 12.9% YoY, as a result of decreasing in both short-term and long-term loans.

Total shareholders' equity was Bt1,190.09mn, decreasing 4.9% YoY, as a result of the 1Q19-3Q19 accumulated net profits of Bt438.53mn, and the interim dividend payment of Bt499.20mn.

### Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter
	3/2018	2/2019	3/2019
Current ratio	0.51	0.61	0.57
Debt to equity ratio	2.47	1.84	1.95
Interest bearing debt ratio	1.21	0.79	0.87
Return on asset	13.9%	15.5%	15.6%
Return on equity	46.0%	46.3%	47.6%

As at 30 September 2019, the Company had the current ratio of 0.57, increasing from 3Q18, as a result of the reduction in current liabilities from short-term loan repayment, and the increase in cash and cash equivalents.

Debt to equity ratio was 1.95, decreasing from 3Q18, as a result of the decrease in long-term loan and the increase in shareholders' equity.

Interest-bearing debt to equity ratio was 0.87, decreasing from 3Q18, as a result of the decrease in long-term loan and the increase in shareholders' equity.

Return on assets was 15.6%, increasing from 3Q18, as a result of the increase in asset utilization efficiency.

Return on equity was 47.6% increasing from 3Q18, as a result of the ability to maintain profitability, the Company's interim dividend payment, and the decrease in shareholders' equity from treasury stocks.

## 2019 Management Outlook

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### Targets

- Average revenue per unit (ARPU) at the end of 2019 higher than 3Q2019 (29,000 baht).
- Total transaction amount through Boonterm kiosk to grow 3-5% from 3Q2019 to 4Q2019.
- 130,000 Boonterm kiosks at the end of 2019.
- CAPEX: Bt200-300mn.

### Operations

- Efficient kiosk location management.
- To add 2 more commercial banks on the money transfer service.
- To expand services from both government and private sectors on Boonterm kiosks as a service platform for end consumers.
- To expand kiosks with SIM card selling and electronic-Know-Your-Customer (e-KYC) services.
- To start the personal loan business with initial targets on Boonterm kiosk's Master Agents (MAs) and sub-agents, MAs' employees, and FSMART affiliated companies' employees.
- To expand the number of vending machine to 4,000 machines.
- To develop the electric motorcycle charging and battery replacement station and electric vehicle charging station businesses.

For 4Q2019, the overall economy of Thailand is still likely to slow down from both internal and external factors including the decline in agricultural product prices and the lower purchasing power of the middle-to-low income population. Nevertheless, the Company still continuously increases services on Boonterm kiosk and expands to new businesses in order to increase the number of customers and expand the customer base. The Company will add 2 more commercial banks on the money transfer service additionally from the current 4 commercial banks i.e. Kasikorn Bank (KBANK), Krungthai Bank (KTB), Bank of Ayudhya (BAY) and Government Saving Bank (GSB), and new variety of services such as bank saving lottery, PA insurance, etc. The Company also focuses on expanding the kiosks with SIM card selling and electronic-Know-Your-Customer (e-KYC) services to 1,200 kiosks, as well as the vending machine to 4,000 machines by the end of 2019. (The Company has 10% shares in the vending machine operator and is responsible for its machine expansion and back office management.) The Company expects to operate the electric motorcycle charging and battery replacement service stations and electric vehicle charging stations in 2020.

At the present, Forth Smart Trading Co., Ltd., a subsidiary of the Company, has already received a license from the Ministry of Finance through the Bank of Thailand to do personal loan, nano-finance, and auto-leasing (car-for-cash) businesses. The personal loan business is expected to start by the end of 2019 with the Bt500mn credit line in the first year and to target on Boonterm kiosk's Master Agents (MAs) and sub-agents, MAs' employees, and FSMART affiliated companies' employees. These target customers have a business relationship with the Company and shall yield significantly lower default risks at the initial stage of business. The Company also plans to cooperate with business partners to further expand the loan businesses to general customers in the future.

The Company still emphasizes on strengthening the Boonterm kiosk business as well as leverages its leading position to the new opportunities, from the leader in the e-Payment service platform to the full service automated banking agent and lending service, and to the product and service distribution platform in high-growth industry through nationwide coverage intelligent kiosks, which will expand the Company's prosperity in the near future.