

Ref: IR6/012

13 November 2019

Subject: Management Discussion and Analysis, 3rd Quarter Ending 30 September 2019
 To : President
 The Stock Exchange of Thailand

Regarding to JMT Network Services PCL. (“the Company”) No.4/2019 on 13 November 2019, the resolution to certify the financial statements and performance of the Company and the Company’s subsidiaries for the third quarter ending 30 September 2019, which has already been examined by the Company’s auditor, the results can be summarized as follows:

The performance of the Company and the Company’s subsidiaries for the 3rd quarter of 2019, the consolidated financial statement showed a net profit of 189.6 million baht, which was an increase from the 3rd quarter of 2018 at 37.1 percent. The Company’s net profit margin stood at 27.7 percent. An increase of net profit was a result of the Company has higher revenues from collection of purchased accounts receivables and debt tracking services.

For 9-months period of 2019, the Company’s net profit was 482.6 million baht which increased 28.9 percent from the same period last year. This represents the Company’s net profit margin of 26.5 percent in 9-months period of 2019. Thus, the details of the Company group can be described as follows:

Summary of Income Statement

Highlights of Performance in Q3/2019 and 9-month of 2019

- 9 month’s total revenues growth at 36.5% and net profit growth at 28.9 which is in line with the Company’s target

	Q3/2019 MB	Q3/2018 MB	Change %	9M/2019 MB	9M/2018 MB	Change %
Services income from debts collection and others	87.9	77.7	13.1%	269.7	201.8	33.6%
Revenues from collection of purchased accounts receivables	524.9	369.3	42.1%	1,392.7	1061	31.3%
Insurance income	71.3	35.1	103.1%	153.7	67.7	127.1%
Interest income and related	0.5	0.2	150.0%	1.4	0.9	56.0%

	Q3/2019 MB	Q3/2018 MB	Change %	9M/2019 MB	9M/2018 MB	Change %
income						
Total Revenues	684.6	482.3	41.9%	1,817.4	1,331.40	36.5%
Cost of services	233.7	173.0	35.1%	660.2	480.5	37.4%
Insurance expenses	76.6	25.5	200.5%	168.8	47.7	253.9%
Gross Profit	374.2	283.9	31.8%	988.4	803.2	23.1%
Administrative expenses	104.3	77.3	34.9%	291.7	223.4	30.6%
Operating Profit	289.6	215.6	34.3%	741.9	593.0	25.1%
Finance Cost	57.8	32.7	76.7%	144.3	91.0	58.6%
Tax Expenses	47.4	46.6	1.7%	134.2	129.1	4.0%
Net Profit	189.6	138.3	37.1%	482.6	374.3	28.9%

Total Revenues

The Company's total income for the 3rd quarter of 2019 was 684.6 million baht, which was an increase from the same period for the previous year by 202.3 million baht or an increase of 41.9 percent as explained by following reasons:

1. Increased revenues from collection of purchased accounted receivables increase 155.6 million baht or an increase of 42.1 percent as a result of the Company own a higher number of fully amortized bad debt portfolio and achieve a good performance a cash collection. For 3rd quarter the Company cash collection equaled to 859 million Baht.
2. Increased income from debt collection services and other income in Q3/2019 by 10.2 million baht or an increase of 13.1 percent. This was because the Company can achieve a higher in amount of debt tracking for customers.
3. Income from insurance business in Q3/2019 was 71.3 million baht due to the subsidiary success in sale expansion.

For 9-months period of 2019, the Company's total revenue was 1,817.4 million baht which increased 486.0 million baht or 36.5 percent from the same period last year. This was because the Company can collect more from account receivables and debt tracking services income increasing.

The Company acquired non-performing loan by using the budget amount of 2,351 million bath in 9-month period of 2019.

Cost of Services

The Company incurred service costs for the 3rd quarter of 2019 equal to 233.7 million baht more than the 3rd quarter of 2018 at 35.1 percent as compare to the same quarter last year. The reason was an increasing of employee remuneration, litigation expenses related to debt collection and cost of services in insurance business. The cost of services for 9 months in 2019 was 660.2 million Baht or increased 37.4 percent due to employee remuneration and cost of services in insurance business in its subsidiary.

Gross Profit

The Company had a gross profit in consolidated financial statement the 3rd quarter of 2019 equal to 3474.2 million baht that was increase 90.3 million baht or 31.8 percent higher than the 3rd quarter of 2018. This represent gross profit margin from consolidate financial statement of 54.7 percent, excluding insurance business the Company's debt management business gross margin equal to 61.9 percent perform similar level with the same period last year.

For 9-months period of 2019, the gross profit from consolidated financial statement was 988.4 million baht which represent gross profit margin of 54.3%. If exclude insurance business the Company's business gross margin represent 60.3 percent lower than the same period last year.

Administrative Expenses

The Company had administrative expenses for the 3rd quarter of 2019 equal to 104.3 million baht, which was increase 27.0 million baht or 34.9 percent higher than the same period last year. This represents 15.2% of revenues. The reason of an increasing is the administrative expense from insurance business of new subsidiary JP insurance PLC which has administrative expenses amount of 18.8 million baht. If excluded the administrative expenses from new subsidiary the administrative expenses was 85.5 million baht or 13.9% of the revenues from debt collection.

Net Profit

For the 3rd quarter of 2019, the Company's net profit was 189.6 million baht that was 51.3 million baht or 37.1 percent higher than the same period last year. For 9 month period of 2019, the Company's net profit report at 482.6 million baht which increase 26.8 percent from the same period last year.

Assets

As of the period ending 30 September 2019, the Company had total assets equal to 9,418.1 million baht more than as the ending of 2018 equal to 1,054.7 million baht or 12.6 percent due to an increasing in investment in account receivables both secure and unsecure type of non-performing loan. This was an objective of the business to expand revenues base in future.

Liabilities & Shareholder's Equity

As for the period ending 30 September 2019, the Company had total liabilities equal to 6,179.6 million baht more than as ending of 2018 at 1,283.1 million baht or 26.2 percent due to the Company issuance the debenture to acquire non-performing portfolio. Whereas, shareholders' equity equal to 3,238.9 million baht which decrease 227.9 million baht as a result of interim dividend paid-out.

As ending of Q3/2019, the Company's total debt to equity ratio stood at 1.90 times while interest bearing debt to equity ratio was 1.70 times.

Looking forward

The Company's performance in Q3/2019 has been confirmed the new record of quarterly net profit and in line with the business target of the Company. The Company still have a positive expectation and aim to achieve a new record for the Company's performance for the third year consecutively and create a return for the shareholders.

Thus, you have been informed for your acknowledgement

Sincerely Yours,

- *Singed* -

(Mr.Wongsakorn Kittitrakulkarn)

Company Secretary

Investor Relations Department
JMT Network Services PCL.