



IFS Capital (Thailand)
Public Company Limited

IFS 218/ 2020

18st February 2020

Subject: Explanation of the Operating Results for the year ended 31st December 2019

To: The President
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited, would like to submit herewith the Audited Financial Statements for the year ended 31st December 2019 as certified by our auditor, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., and to clarify the significant variance of the operating results as follows:

(Unit : Million Baht)

	For the year ended 31 st December			
	2019	2018	Increase / (decrease)	% Change
Revenues				
Factoring Income	289.51	286.89	2.62	1
Hire Purchase Income	0.50	1.30	(0.80)	61
Finance Lease Income	17.50	19.29	(1.79)	(9)
Factoring Commission and Service Fee	104.26	99.98	4.28	4
Other Income	61.16	44.03	17.13	39
Total Revenues	472.93	451.48	21.45	5
Expenses				
Selling Expenses	20.87	22.37	(1.50)	(7)
Administration Expenses	98.39	97.67	0.72	1
Management Benefit Expenses	39.02	39.88	(0.86)	(2)
Allowance (Reversal) for Doubtful Accounts	(49.12)	5.41	(54.53)	(1,007)
Finance Cost	67.89	73.93	(6.03)	(8)
Total Expenses	177.05	239.26	(62.21)	(26)
Profit before Income Tax Expenses	295.88	212.23	83.65	39
Income Tax Expenses	64.30	46.00	18.30	40
Net Profit	231.57	166.23	65.35	39

Quarterly to Quarterly Analysis

For the 4th quarter of 2019, the Company reported a Net Profit of Baht 51.06 million, an increase of Baht 12.33 million or 32% from the same period of last year. The main reasons for the increase in the Company's Net Profit were:

- 1) Lower interest expenses of Baht 3.28 million (4Q/2019: 14.63 MB vs 4Q/2018: 17.91 MB) or a decrease of 18% mainly due to the lower bank borrowings.
- 2) Lower operating expenses of Baht of 6.90 million (4Q/2019: 38.47 MB vs 4Q/2018: 45.37 MB) or a decrease of 15% due to lower staff cost & general and administration expenses.
- 3) Lower provision for doubtful debts of Baht 6.09 million (4Q/2019: (3.03 MB) vs 4Q/2018: 3.06 MB) or a decrease of 199% due to several recoveries of NPLs.

- 4) Partly offset by lower operating income of Baht 1.22 million and higher taxation of Baht 2.73 million due to higher profit before tax and higher deferred tax expenses.

For the year ended 31st December 2019, the Company reported Net Profit of Baht 231.57 million, an increase of Baht 65.35 million or 39% from the previous year. The main reason was because the Company successfully recovered 2 major NPLs of the total amount Baht 71.25 million resulting in higher other income of Baht 13.63 million and reversal for doubtful debts of Baht 49.12 million.

As a result, the Earnings Per Share (EPS) also showed an increase to Baht 0.47 per share (FY 2018: Baht 0.34 per share) or an increase of 38%.

Please be informed accordingly.

Sincerely yours,

A handwritten signature in black ink, consisting of a vertical line on the left, a horizontal line at the bottom, and a curved line extending to the right.

(Mr. Tan Ley Yen)
Director and CEO