

25 February 2020

LIT 2020/004

Topic Operating Result for year 2019

To The President of the Stock Exchange of Thailand

According to the resolution of the Board of Directors Meeting of Lease IT Public Company Limited No.2/2020, on 25<sup>th</sup> February 2020, the Financial Statements and overall operations of the Company in the year 2019; ended on 31<sup>st</sup> December 2019 which has been audited by the auditors of EY Office Limited.

Lease IT Public Company limited would like to report the Operation results for year 2019 of the Company and its subsidiaries ("the Company") as follows:

(Unit: Thousand Baht)

	Consolidated financial statement			
	2019	%	2018	%
<b>Revenues</b>				
Interest income	290,930	63.72%	257,233	57.79%
Fees and service income	141,284	30.94%	156,469	35.15%
Other income	24,390	5.34%	31,398	7.06%
<b>Total revenues</b>	<b>456,604</b>	<b>100.00%</b>	<b>445,100</b>	<b>100.00%</b>
<b>Expenses</b>				
Service expenses	40,282	8.82%	29,245	6.57%
Administrative expenses	90,442	19.81%	84,177	18.91%
Bad debts and doubtful accounts	110,522	24.21%	70,504	15.84%
<b>Total expenses</b>	<b>241,246</b>	<b>52.84%</b>	<b>183,926</b>	<b>41.32%</b>
<b>Profit before finance cost and income tax expenses</b>	<b>215,358</b>	<b>47.16%</b>	<b>261,174</b>	<b>58.68%</b>
Finance cost	(83,978)	(18.39%)	(69,252)	(15.56%)
<b>Profit before income tax expenses</b>	<b>131,380</b>	<b>28.77%</b>	<b>191,922</b>	<b>43.12%</b>
Income tax expenses	(28,282)	(6.19%)	(43,076)	(9.68%)
<b>Profit for the period</b>	<b>103,098</b>	<b>22.58%</b>	<b>148,846</b>	<b>33.44%</b>

LEASE IT PUBLIC COMPANY LIMITED

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**Revenues:** The total revenues of the Company in year 2019 was 456.60 million baht, compared with last year which was 445.10 million baht; increasing by 11.50 million baht which increasing by 2.58 percent. The revenue increased slightly between 2018 and 2019 due to the fiscal 2020 bill of National Budget Act, and due to more careful credit approval process to prevent non-performing loans(NPLs) that might occur during the economic slowdown. Therefore the company has its strategy as followings;

1. Focusing on expanding to government and state enterprise projects which is stable and has lower risk than large corporate in order to reduce the risk of non-performing loans.
2. Manage concentration of portfolios by reducing industry risk to not more than 25% for each industry, which may affected the revenue somehow in the beginning of the program.
3. Focusing on decreasing construction portfolio as it is a slow-moving and high-risk business
4. Encourage growth from existing customers and maintain a strong customer base
5. Increase new customers and create brand awareness by using digital marketing.

In addition to the strategies mentioned above, the Company has focused to decreasing non-performing loans (NPLs) as well. The Company has focusing to solve, control and prevent such problems by controlling credit portfolios in each product in order to mitigate credit risk more efficiently. Moreover, the Company has reserved for doubtful accounts sufficiently.

**Expenses:** The Company has total expenses for year 2019 was 241.25 million baht compared to the previous year which is 183.93 million baht, Increase by 57.32 million baht or 31.16 percentage.

**Service and Administrative expenses:**

Result: On 31<sup>st</sup> December 2019, The Company had the service and administrative expenses 130.72 million baht, compared with the previous year which was 113.42 million baht, increase by 17.30 million baht or 15.26 percent. The increase in service and administrative expenses is because of office relocation in April 2019 and the service fees for the preparation of the Thai Financial Reporting Standards No. 9 that will be enforced on January 1, 2020, and the provision for employee benefits under the Labor Protection Act No. 7 B.E. 2019, which has set additional compensation rates for employees who have worked for more than 20 years, to receive compensation not less than the final wage of 400 days, which is effective on May 5, 2019, onwards.



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**Finance cost:**

Result: On 31<sup>st</sup> December 2019, The Company has finance cost 83.98 million baht, increase by 14.73 million baht or 21.26 percentage compared with last year, Since the company issued new debentures in the 4<sup>th</sup> Quarter of 2019 for 913.6 million baht to support the debentures due in the first quarter of 2020, resulting in higher financial costs of the debentures. However, the company has been granted credit rating at BBB-, which is the investment-grade from TRIS Rating Co., Ltd., which approved on October 31, 2019, which will result in the company increasing the ability to find alternative source of fund to support business expansion during the year 2020 – 2021 and also result in the company ability to reduce financial costs, which is expected that the initial financial costs will be reduced by about 1% per year or about 11 million baht in 2020.

**Net Profit:** The Company net profit in year 2019 was 103.10 million baht, decreasing by 30.74 percent comparing with last year net profit of 148.85 million baht, which caused by the increase in provision for bad debt to mitigate the impact of asset impairment assessments in accordance with Thai Financial Reporting Standards No. 9 and Risk management for sustainable growth.

**Total Assets:** Total assets at the end of year 2019 is 3,550.75 million baht, increased by 887.65 million baht, compared with last year which has total assets of 2,663.10 million baht.



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Key Financial Ratios

Consolidated Financial Statement as at 31<sup>st</sup> December 2019

Financial Ratio	2019
Total Assets (Unit: Million Baht)	3,550.75
Total liabilities (Unit: Million Baht)	2,418.19
Total shareholders' equity (Unit: Million Baht)	1,132.56
Total revenues (Unit: Million Baht)	456.60
Total expenses (Unit: Million Baht)	241.25
Net Profit (Unit: Million Baht)	103.10
Net debt to EBITDA ratio (x)	9.17
Interest coverage ratio : ICR (x)	1.81
Debt service coverage ratio : DSCR (x)	-0.01
Debt to equity ratio (x)	2.14
Current ratio (x)	2.33
B/E,P/N size to interest bearing debt ratio (x)	0.04
Interest Bearing Debt matured in 1 year to total interest bearing Debt (x)	0.51
Loan from Financial Institution to Total Debt Ratio (x)	0.10

Please be informed accordingly.

Best regards,



  
 (Mr. Sompon Aketerajit)  
 Managing Director  
 Lease IT Public Company Limited

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