



8 May 2020

LIT 2020/013

Topic Operating Result for the first quarter of the year 2020

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.6/2020, on 8th May 2020, the Financial Statements and overall operations of the Company in the first quarter of the year 2020; ended on 31st March 2020 which has been audited by the auditors of EY Office Limited.

The Company had set strategic plans for the year 2020 as follows:

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 decrease non-performing loans (NPLs) as well. The Company has been 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.

Lease IT Public Company limited would like to report the Operation results for the three month periods ended on 31st March 2020 of the Company and its subsidiaries ("the Company") as follows:

(Unit: Thousand Baht)

	Consolidated financial statement			
	2020	%	2019	%
Revenues				
Interest income	59,621	57.43%	66,845	59.78%
Fees and service income	29,059	27.99%	36,455	32.60%
Other income	15,142	14.59%	8,526	7.62%
Total revenues	103,822	100.00%	111,826	100.00%

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	Consolidated financial statement			
	2020	%	2019	%
Expenses				
Service expenses	12,023	11.58%	11,140	9.96%
Administrative expenses	23,361	22.50%	19,716	17.63%
Bad debts and doubtful accounts	17,625	16.98%	20,918	18.71%
Total expenses	53,009	51.06%	51,774	46.30%
Profit before finance cost and income tax expenses	50,813	48.94%	60,052	53.70%
Finance cost	(26,241)	(25.27%)	(18,673)	(16.70%)
Profit before income tax expenses	24,572	23.67%	41,379	37.00%
Income tax expenses	(5,214)	(5.02%)	(8,764)	(7.84%)
Profit for the period	19,358	18.65%	32,615	29.17%

Revenues: The total revenues of the Company in Quarter 1:2020 was 103.82 million baht, compared with last year which was 111.83 million baht; decreasing by 8.01 million baht which decreasing by 7.16 percent. The decrease of first quarter's revenue is the consequence of the late disbursement of 2020's fiscal budget, which was announced on 24 February 2020.

Expenses: The Company has total expenses in Quarter 1:2020 was 53.01 million baht compared to the previous year which is 51.77 million baht, Increase by 1.24 million baht or 2.39 percentage.

Service and Administrative expenses:

Result: In the first quarter of 2020 The Company had the service and administrative expenses 35.38 million baht, compared with the previous year which was 30.86 million baht, increasing by 4.53 million baht or 14.67 percent. The increasing of the service and administrative expenses is partly from digital marketing expense to create a brand awareness, which makes 32% of new customers from the digital marketing channel in this first quarter of 2020.

Finance cost:

Result: In the first quarter of 2020 The Company has finance cost 26.24 million baht, increased by 7.57 million baht or 40.53 percentage compared with last year. As the company issued new debentures in the 4th Quarter of 2019 for 913.6 million baht in order to reserve for debentures due in the first quarter of 2020 which was 615 million baht, and to reserve for business expansion during the year 2020 – 2021, the company has higher financial costs. However, in the second quarter of 2020, the financial cost will be reduced after the repayment of the debentures.

Net Profit: The Company net profit in the first quarter of 2020 was 19.36 million baht, decreasing by 32.62 percent compared with last year net profit of 40.65 million baht, which caused by the decrease in the revenue.

Total Assets: Total assets at the end of Quarter 1:2020 is 2,631.14 million baht, decreased by 919.61 million baht, compared with last year which has total assets of 3,550.75 million baht.

The Financial reporting standards (TFRS9) that became effective in the current period :

The Company adopted these financial reporting standards (TFRS9) which the cumulative effect is recognized as an adjustment to the retained earnings. Resulting in The Company recognizes an allowance for expected credit losses on its financial assets at the beginnings, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the general approach to consider impairment of loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables, and applies the simplified approach to consider impairment of trade receivables. The new Financial reporting standards affect the company's financial statements as follows.:

1. The higher of the allowance for expected credit losses -- Due to the company has to recognizes an allowance for expected credit losses from the start of its financial assets, which means it is not necessary for a credit-impaired event to have occurred, together with considering the historical loss experiences, adjusted by present perceivable information, and determines adjustment of economic future forecast based on weighted probabilities of situations in calculating the expected credit losses. This affects the reduce in retained earnings amounted by 75.70 million baht.
2. As of 31 March 2020, the Company classified credit risk of stage 3 account receivables, (Non-Performing) from credit risk assessment of loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables, of which the book value was 583.8 million baht, which can be classified as follows:
 - 2.1 Receivables with 90 days overdue are accounted to 53.3 million baht, which the debt collection has been closely monitored.
 - 2.2 Receivables with debt restructuring are amounted to 182.0 million baht. For this group as the company has its own policy to speed up the restructuring as soon as the company finds that the debtor may not be able to repay debt by the amount stated in the contract. The debt restructuring is immediately done in order to change the method of payment and/or to reduce the amount of payment to reduce the risk of bad debt. As a result, debtors in this group were immediately classified as stage 3 (Non-Performing) in accordance with this financial standard.

2.3 Receivables under litigation which are during prosecution of civil and criminal cases as well as during court trials are amounted to 348.5 million baht. For this group, the company has a policy to use the litigation to speed up the repayment of debt and to has legal advantage in both criminal and civil cases. As a result, debtors in this group were immediately classified as stage 3 (Non-Performing) in accordance with this financial standard.

Please be informed accordingly.

Best regards,




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