



บริษัทหลักทรัพย์ เคจีไอ (ประเทศไทย) จำกัด (มหาชน)  
173 อาคารเอเชีย เซ็นเตอร์ ชั้น 8-11  
ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร  
กรุงเทพมหานคร 10120 ประเทศไทย  
ทะเบียนเลขที่ 0107536000293  
โทร. (662) 658-8888  
แฟกซ์ (662) 658-8000

KGI Securities (Thailand) Public Company Limited  
173 Asia Centre Building, 8<sup>th</sup> - 11<sup>th</sup> Floor,  
South Sathorn Road, Thungmahamek Sub-District,  
Sathorn District, Bangkok 10120, Thailand  
Tel (662) 658 8888  
Fax (662) 658 8000  
Website <http://www.kgiworld.co.th>

Ref: CSO. 003/2019

Date: 20<sup>th</sup> February 2019

Subject: Management Discussion and Analysis for Year Ending 31<sup>st</sup> December 2018

Attention: President  
The Stock Exchange of Thailand

The Board of Directors meeting of KGI Securities (Thailand) Plc ("the Company"), No.1/2019, held on 20<sup>th</sup> February 2019, approved the audited financial statements, including the consolidated financial statements of the Company and its subsidiaries for the year ended 31<sup>st</sup> December 2018. In 2018, the Company achieved consolidated profits (attributable to equity holders of the parent) of Baht 1,083 million and earnings per share of Baht 0.54, an increase of 22% when compared to consolidated profits (attributable to equity holders of the parent) of Baht 887 million and earnings per share of Baht 0.45 in the previous year. The Company would like to clarify the reasons for the change in profits for 2018 compared to the previous year, as follows:

## **1. Revenue**

In 2018, the Company had total revenues, as shown in its consolidated financial statements, of Baht 3,509 million, an increase of 15 percent compared to the previous year. The details of revenues are as follows:

### **1.1 Brokerage fees**

The Company's brokerage fees in 2018 was Baht 910 million, a decrease of 1% from the previous year. The brokerage fee income consisted of brokerage fees from securities business of Baht 677 million, brokerage fees from derivatives business of Baht 233 million. The decrease in brokerage fee income was from securities business due to a decrease in SET average daily trading volume of retail investors.

### **1.2 Fees and Service income**

The Company's fee and service income in 2018 was Baht 687 million, an increase of 2% from the previous year, mainly from an increase in front-end fee income and private fund management fees for funds managed by ONE Asset Management Limited (the Company's subsidiary), and an increase in the Company's sales agent fees from sale of investment units.

### **1.3 Interest on margin loans**

The Company's interest on margin loans in 2018 was Baht 164 million, an increase of 20% from the previous year due mainly to an increase in the size of the Company's credit balance accounts during the year. As at 31<sup>st</sup> December 2018, the Company's margin loan balance was Baht 1,913 million. The Company controls the risk of such loans by establishing credit limits for clients and analyzing their financial position on an ongoing basis.

### **1.4 Gains and returns on financial instruments**

The Company's gains and returns on financial instruments in 2018 was Baht 1,738 million, an increase of 31% from the previous year, due to an improved performance of the Company's wide range of investments.

The Company's gains and returns on financial instruments were derived from a variety of activities, including, derivative warrants (DWs), over-the-counter (OTC) derivatives, investments in debt and equity securities for the Company's own account, bond dealing, and private repos and other investments.

## **2. Expenses**

The Company's expenses in 2018 were Baht 2,146 million, and represented 61% of total income. The majority of the Company's expenses came from employee benefits expenses, fees and service expenses, finance costs, and other expenses, as follows:

#### 2.1 Employee benefits expenses

The Company's Employee benefits expenses in 2018 were Baht 1,104 million, an increase of 9% from the previous year, mainly from an increase in personnel expenses which are related to the increase in the Company's revenue.

#### 2.2 Fees and service expenses

The Company's fees and service expenses in 2018 were Baht 421 million, an increase of 18% from the previous year, mainly from an increase in the Company's fees paid in respect of securities trading and futures trading, and an increase in the retaining fee paid by ONE Asset Management Limited (the Company's subsidiary) which are related to the increase in the revenue of the Company and its subsidiary.

#### 2.3 Finance costs

The Company's finance costs in 2018 were Baht 159 million, an increase of 13% from the previous year, mainly due to an increase in interest paid on bonds, structure notes and bills of exchange issued by the Company and an increase in interest expenses from securities sold under repurchase agreements.

#### 2.4 Other expenses

The Company's other expenses in 2018 were Baht 466 million, an increase of 2% from the previous year. The main other expenses were for premises and equipment, communication and information service, publication and marketing expenses, etc.

Please be informed accordingly.

Yours Sincerely,

(Mr. Chih - Hung Lin)  
Chief Operating Officer

Contact: Company Secretary Office

Tel 0 2658 8881