

Ref. No. 111/2562

August 14, 2019

SUBJECT : Management Discussion and Analysis ending June 30, 2019

ATTN : The President
Stock Exchange of Thailand

The Company would like to clarify the operation results for the 2nd quarter of 2019 which has variance of over 20 percent comparing to the same period of the previous year. The relevant details are as follows:-

“Net earned premium” and “Commission and brokerage income from reinsurers” total THB 520.10 million for the 2nd quarter of 2019. This is an increase of THB 55.56 million (12%) relatively to last year figure. Nevertheless, underwriting profit has fallen by THB 34.73 million, which has led 2nd quarter company’s net profit to fall to THB 0.69 million, a decrease of THB 16.05 million (96.2%).

The main factors causing a sharp fall in underwriting profit are the followings:

1. Underwriting expense has risen by THB 78.74 million (19.83 %). However, this follows an increase in gross premiums written (sales) of THB 116.18 million (25.6%). Whereas sales has risen by 25.6%, but net earned premium has only gained 12.1%. This is because long-term insurance policies contributed to a certain portion of sales growth. Earning those premiums in a given period of time would be proportionately lower than those of 1-year policies. Furthermore, underwriting expense is to be fully booked when sales is recorded, whereas premiums is incrementally earned.
2. THB 11.55 million increase in net operating expense. As a result of new law imposed on May 5, 2019, THB 10.5 million is added to employees benefit scheme, which directly affected the above-mentioned operating expense.

On the contrary, net investment income, gain on investment and fair value gains totally amount to THB 25.45 million. An increase of THB 14.08 million (123.7%) relatively to last year figure. This is due to a high rise of the stocks in SET.

Please be informed and kindly disseminate this information to the investors.

Yours sincerely,

(Mr. Somboon Fusriboon)
Managing Director