



บริษัทหลักทรัพย์ เคจีไอ (ประเทศไทย) จำกัด (มหาชน)
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Ref: CSO. 026/2019

Date: 5th November 2019

Subject: Management Discussion and Analysis Quarter 3 Ending 30th September 2019

Attention: President
The Stock Exchange of Thailand

The Meeting of the Board of Directors of KGI Securities (Thailand) Public Company Limited ("the Company") No. 5/2019, held on 5th November 2019, has approved the reviewed financial statements, including the consolidated financial statements of the Company and its subsidiaries for the third quarter and nine month period ended 30th September 2019.

The Company reported consolidated profits attributable to equity holders of the parent of Baht 233 million and Baht 738 million for the third quarter and nine month period of 2019, representing decreases of 18% and 4%, compared to the same period of the previous year respectively.

The Company would like to clarify the significant reasons for the decrease in profits for the third quarter and nine month period of 2019 compared to the same period of the previous year, as follows:

The third quarter of 2019 Vs 2018

1. Revenues

The Company's revenue in the third quarter of 2019 was Baht 857 million, a decrease of 3 percent compared to the third quarter of the previous year. The significant revenue items are as follows:

1.1 Brokerage fees

The Company's brokerage fees in the third quarter of 2019 were Baht 212 million, similar to the third quarter of the previous year which were Baht 211 million.

1.2 Fee and Service income

The Company's fee and service income in the third quarter of 2019 was Baht 212 million, an increase of 22 percent compared to the third quarter of the previous year, mainly due to an increase in the Company's underwriting fees and an increase in mutual fund management fees from funds managed by ONE Asset Management Limited (the Company's subsidiary).

1.3 Interest on margin loans

The Company's interest on margin loans in the third quarter of 2019 was Baht 37 million, similar to the third quarter of the previous year which were Baht 38 million.

1.4 Gains and return on financial instruments

The Company's gains and return on financial instruments in the third quarter of 2019 were Baht 396 million, a decrease of 15 percent compared to the third quarter of the previous year, due to a decrease in the performance of the Company's wide range of investments.

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

2. Expenses

The Company's expenses in the third quarter of 2019 were Baht 565 million, an increase of 5 percent compared to the third quarter of the previous year. The majority of the Company's expenses came from employee benefits expenses, fee and service expenses, and finance costs, as follows:

2.1 Employee benefits expenses

The Company's employee benefits expenses in the third quarter of 2019 were Baht 285 million, similar to the third quarter of the previous year which were Baht 283 million.

2.2 Fee and service expenses

The Company's fee and service expenses in the third quarter of 2019 were Baht 122 million, an increase of 17 percent compared to the third quarter of the previous year, mainly from an increase in the Company's brokerage fee from securities business and in the retaining fees paid by ONE Asset Management Limited (the Company's subsidiary).

2.3 Finance costs

The Company's finance costs in third quarter of 2019 were Baht 36 million, similar to the third quarter of the previous year.

The nine month period of 2019 Vs 2018

1. Revenues

The Company's total revenues in the nine month period of 2019 were Baht 2,577 million, a decrease of 1 percent compared to the nine month period of the previous year. The significant revenues are as follows:

1.1 Brokerage fees

The Company's brokerage fees in the nine month period of 2019 were Baht 539 million, a decrease of 26 percent compared to the nine month period of the previous year, mainly from a decrease in SET and TFEX average daily trading volume.

1.2 Fee and Service income

The Company's fee and service income in the nine month period of 2019 was Baht 579 million, an increase of 13 percent compared to the nine month period of the previous year, mainly from an increase in mutual fund management fees from funds managed by ONE Asset Management Limited (the Company's subsidiary) and the Company's underwriting fees.

1.3 Interest on margin loans

The Company's interest on margin loans in the nine month period of 2019 was Baht 109 million, a decrease of 18 percent compared to the nine month period of the previous year, due mainly to a decrease in the size of the Company's credit balance accounts.

1.4 Gains and return on financial instruments

The Company's gains and return on financial instruments in the nine month period of 2019 were Baht 1,330 million, an increase of 8 percent compared to the nine month period of the previous year, due to an improved performance of the Company's wide range of investments.

The Company's gains and return 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 the nine month period of 2019 were Baht 1,650 million, an increase of 1 percent compared to the nine month period of the previous year. The majority of the Company's expenses came from employee benefits expenses, fee and service expenses, and finance costs, as follows:

2.1 Employee benefits expenses

The Company's employee benefits expenses in the nine month period of 2019 were Baht 870 million, an increase of 3 percent compared to the nine month period of the previous year, the main reason is that the Company recognized past service cost as an expense in statement of comprehensive income due to the recognition of additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate according to The Labor Protection Act (No. 7) B.E. 2562.



2.2 Fee and service expenses

The Company's fee and service expenses in the nine month period of 2019 were Baht 340 million, an increase of 6 percent compared to the nine month period of the previous year, mainly from an increase in the retaining fees paid by ONE Asset Management Limited (the Company's subsidiary).

2.3 Finance costs

The Company's finance costs in the nine month period of 2019 were Baht 107 million, a decrease of 14 percent compared to the nine month period of the previous year, mainly due to a decrease in interest paid on bill of exchange and borrowings from financial institutions.

Please be informed accordingly.

Yours Sincerely,

(Mr. Chih-Hung Lin)
Chief Operating Officer