



**IFS Capital (Thailand)
Public Company Limited**

IFS 806/2020

6th August 2020

Subject: Explanation of the Operating Results for Quarter 2/2020

To: The President
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited, would like to submit herewith the Reviewed Financial Statements for the Quarter 2/2020 ended 30th June 2020 as certified by our auditor, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., and to clarify the significant variance of the operating results as follows:

(Unit : Million Baht)

	Quarter 2 ended 30 th June				For Six-Month Period ended 30 th June			
	2020	2019	Increase / (decrease)	% Change	2020	2019	Increase / (decrease)	% Change
Revenues								
Factoring Income	60.55	74.39	(13.85)	(18.61)	129.17	145.51	(16.34)	(11.23)
Hire Purchase Income	0.08	0.15	(0.07)	(46.13)	0.15	0.31	(0.17)	(53.45)
Finance Lease Income	3.71	4.68	(0.97)	(20.86)	7.72	8.82	(1.10)	(12.45)
Factoring Commission and Service Fee	21.06	26.41	(5.36)	(20.28)	45.99	52.00	(6.01)	(11.56)
Other Income	9.69	27.19	(17.50)	(64.35)	22.11	37.30	(15.19)	(40.73)
Total Revenues	95.08	132.83	(37.75)	(28.42)	205.13	243.94	(38.81)	(15.91)
Expenses								
Selling Expenses	4.00	6.61	(2.61)	(39.49)	9.13	11.97	(2.83)	(23.67)
Administrative Expenses	23.87	30.83	(6.96)	(22.58)	50.28	55.06	(4.78)	(8.68)
Management Benefit Expenses	10.47	10.48	(0.01)	(0.10)	18.89	18.75	0.14	0.74
Doubtful Accounts (Reversal)	3.79	(47.95)	51.74	107.90	0.38	(49.46)	49.84	100.76
Finance Cost	11.07	18.55	(7.49)	(40.35)	24.25	35.77	(11.52)	(32.20)
Total Expenses	53.19	18.52	34.67	187.17	102.94	72.09	30.85	42.79
Profit before Income Tax Expenses	41.89	114.31	(72.42)	(63.35)	102.19	171.85	(69.66)	(40.53)
Income Tax Expenses	8.31	22.88	(14.57)	(63.68)	19.90	34.38	(14.48)	(42.11)
Net Profit	33.58	91.43	(57.85)	(63.27)	82.29	137.47	(55.18)	(40.14)

Quarterly to Quarterly Analysis

For the 2nd quarter of 2020, the Company reported Net Profit of Baht 33.58 million, a decrease of Baht 57.85 million or 63% from the same period last year. The main reasons were as follows:

1) in 2Q/2019, there was the significant recovery of 2 major NPLs of total amount Baht 71.25 million (Baht 55.05 million to write-back NPLs and Baht 16.20 million to other income) but no such recoveries in 2Q/2020, resulting in lower other income of Baht 17.50 million. In addition, there was a provision for doubtful debts of Baht 3.79 million in 2Q/2020 against a reversal of Baht 47.95 million due to the recoveries.

2) revenues (both interest and fees) decreased by Baht 20.25 million due to lower business volume as a result of the impact COVID-19 on the Thai economy.

For the year-to-date ended 30th June 2020, the Company reported a Net Profit of Baht 82.29 million, a decrease of Baht 55.18 million or 40% from the same period last year, and Earnings Per Share (EPS) decreased to Baht 0.17 per share (YTD Q2/2019: Baht 0.28 per share), a decrease of Baht 0.11 per share or 39%.

Please be informed accordingly.

Sincerely yours,


(Mr. Tan Ley Yen)
Director and CEO