



บริษัทหลักทรัพย์ เคจีไอ (ประเทศไทย) จำกัด (มหาชน)
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Ref: CSO. 034/2020

Date: 3rd November 2020

Subject: Management Discussion and Analysis Quarter 3 Ending 30th September 2020

Attention: President
The Stock Exchange of Thailand

The Meeting of the Board of Directors of KGI Securities (Thailand) Public Company Limited ("the Company") No. 5/2020, held on 3rd November 2020, 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 2020.

The Company reported consolidated profits attributable to equity holders of the parent of Baht 474 million and Baht 161 million for the third quarter and nine month period of 2020, representing increases of 104% and decrease of 78%, compared to the same period of the previous year respectively.

The Company would like to clarify the significant reasons for the increase/decrease in profits for the third quarter and nine month period of 2020 compared to the same period of the previous year, as follows:

The third quarter of 2020 Vs 2019

1. Revenues

The Company's revenue in the third quarter of 2020 was Baht 1,066 million, an increase of 24 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 2020 were Baht 177 million, a decrease of 17 percent compared to the third quarter of the previous year, mainly due to a decrease in the market share of the Company.

1.2 Fee and Service income

The Company's fee and service income in the third quarter of 2020 was Baht 240 million, an increase of 13 percent compared to the third quarter of the previous year, mainly from an increase in front-end fees for funds sold by ONE Asset Management Limited (the Company's subsidiary).

1.3 Interest income

The Company's interest income in the third quarter of 2020 was Baht 46 million, a decrease of 30 percent compared to the third quarter of the previous year, mainly from a decrease in interest income on margin loans.

1.4 Gains and return on financial instruments

The Company's gains and return on financial instruments in the third quarter of 2020 were Baht 601 million, an increase of 64 percent compared to the third quarter 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 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 2020 were Baht 482 million, a decrease of 15 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 interest expenses, as follows:

2.1 Employee benefits expenses

The Company's employee benefits expenses in the third quarter of 2020 were Baht 209 million, a decrease of 27 percent compared to the third quarter of the previous year, mainly from a decrease in personnel expenses which are related to the decrease in the Company's brokerage revenue.

2.2 Fee and service expenses

The Company's fee and service expenses in the third quarter of 2020 were Baht 129 million, an increase of 5 percent compared to the third quarter of the previous year, mainly from an increase in fees paid in respect of securities trading.

2.3 Interest expenses

The Company's interest expenses in third quarter of 2020 were Baht 18 million, a decrease of 49 percent compared to the third quarter of the previous year, mainly from a decrease in interest paid on borrowings from financial institutions and interest paid on bonds issued by the Company.

The nine month period of 2020 Vs 2019

1. Revenues

The Company's total revenues in the nine month period of 2020 were Baht 1,628 million, a decrease of 37 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 2020 were Baht 637 million, an increase of 18 percent compared to the nine month period of the previous year, mainly from an increase 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 2020 was Baht 620 million, an increase of 7 percent compared to the nine month period of the previous year, mainly from an increase in front-end fees for funds sold by ONE Asset Management Limited (the Company's subsidiary) and in the Company's sales agent fees from the sale of investment units.

1.3 Interest income

The Company's interest income in the nine month period of 2020 was Baht 145 million, a decrease of 34 percent compared to the nine month period of the previous year, mainly from a decrease in interest income on margin loans and interest income from bond investment.

1.4 Gains and return on financial instruments

The Company's gains and return on financial instruments in the nine month period of 2020 were Baht 224 million, a decrease of 82 percent compared to the nine month period of the previous year, due to the extreme volatility and sharp down movement of the Thai stock market in March 2020, the Company's overall profitability on the gains and return on financial instruments was also significantly impacted in the first quarter of 2020.

However, as market volatility moved back towards more normal levels and the market started to be more positive since May 2020. Both the Company's DW business and the other trading returns have improved. As a result, the Company's gain (loss) and return on financial instruments improved from a loss of Baht (619) million in first quarter of 2020 to a gain of Baht 242 million in the second quarter of 2020, and to a gain of Baht 601 million in the third quarter of 2020. As a result, the Company's gains and return on financial instruments in the nine month period of 2020 were Baht 224 million.

2. Expenses

The Company's expenses in the nine month period of 2020 were Baht 1,433 million, a decrease of 13 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 interest expenses, as follows:

2.1 Employee benefits expenses

The Company's employee benefits expenses in the nine month period of 2020 were Baht 671 million, a decrease of 23 percent compared to the nine month period of the previous year, mainly from a decrease in personnel expenses which are related to the decrease in the Company's performance.

2.2 Fee and service expenses

The Company's fee and service expenses in the nine month period of 2020 were Baht 375 million, an increase of 10 percent compared to the nine month period of the previous year, mainly from an increase in fees paid in respect of securities trading and sales agent fees paid in respect of the sale of investment units.

2.3 Interest expenses

The Company's interest expenses in the nine month period of 2020 were Baht 61 million, a decrease of 43 percent compared to the nine month period of the previous year, mainly from a decrease in interest paid on borrowing from financial institutions and bonds issued by the Company, and interest paid on private repo business.

Please be informed accordingly.

Yours Sincerely,

(Mr. Chih-Hung Lin)
Chief Operating Officer