



บริษัท ตรีนิษฐ์ วัฒนา จำกัด (มหาชน)

Trinity Watthana Public Company Limited

Ref. Wor Thor. Tor. 022/2020

August 13, 2020

Subject : Explanation and analysis of financial performance for the first quarter ended March 31, 2020 and the second quarter ended June 30, 2020

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 5/2020, held on August 13, 2020, has approved the reviewed financial statements for the first quarter ended March 31, 2020 and the second quarter ended June 30, 2020. The Company has postponed the submission of the reviewed financial statements for the first quarter ended March 31, 2020 due to the widespread outbreak of Coronavirus Disease 2019 (COVID-19).

The Company would like to explain and analyze the financial position and operating results for the first quarter ended March 31, 2020, the second quarter and the six-month period ended June 30, 2020 compared to the corresponding period of 2019 as follows:

	Six months ended June 30			Second quarter ended June 30		First quarter ended March 31		Change (%)	
	2020	2019	Change (%)	2020	2019	2020	2019	Second Quarter	First quarter
(Unit : Million Baht)									
Profit (Loss) before corporate income tax	(13.98)	22.83	(161.21)	117.11	20.98	(131.09)	1.85	458.16	(7,185.95)
Net Profit (Loss)	(10.80)	18.15	(159.48)	94.76	17.04	(105.56)	1.11	456.06	(9,609.91)
Earnings (Loss) per share	(0.05)	0.09	(159.48)	0.48	0.09	(0.53)	0.006	456.06	(9,609.91)

1. Operating Results for the first quarter ended March 31, 2020 and the second quarter ended June 30, 2020

Income

The consolidated income of the Company and subsidiaries for the first quarter of 2020 was Baht -2.17 million, which was decreased from Baht 120.85 million in the same period of 2019 or decreased by 101.8% whereas the Company and subsidiaries' consolidated income for the second quarter of 2020 was Baht 227.55 million, which was increased from Baht 148.79 million or increased by 52.94%. The changes in the consolidated income of the Company and subsidiaries were attributed to the following:

- 1) The securities business income increased from Baht 85.32 million for the first quarter of 2019 to Baht 124.09 million in the same period of 2020 and also increased from Baht 84.20 million for the second quarter of 2019 to Baht 99.82 million in the same period of 2020, resulted from the following:
 - An increase in a daily average turnover of SET from Baht 45,739 million to Baht 66,901 million in the first quarter of 2020 and from Baht 53,799 million in the second quarter of 2019 to Baht 70,418 million in the same period of 2020 or increased by 46.27% and 30.89% respectively. The increase in trading volume resulted from the widespread outbreak of Coronavirus Disease 2019 (COVID-19) which caused the SET index went down deeply around 600 points from 1,580 points at the end of 2019 to 1,024 points in a very short period during the first quarter of 2020 and bounced back to 1,400 points in June 2020. The subsidiary's securities brokerage fee increased from Baht 44.15 million for the first quarter of 2019 to Baht 71.47 million in the same period of 2020 or increased by 61.88% and also increased from Baht 43.15 million for the second quarter of 2019 to Baht 69.63 million in the same period of 2020 or increased by 61.37%;

- Fee and service income increased from Baht 10.49 million for the first quarter of 2019 to Baht 32.44 million in the same period of 2020 or increased by 209% as a result from underwriting business but it decreased from Baht 14.11 million for the second quarter of 2019 to Baht 11.85 million in the same period of 2020 or decreased by 16.02%;
 - Interest income from margin loan decreased from Baht 30.19 million for the first quarter of 2019 to Baht 23.43 million in the same period of 2020 or decreased by 28.85% and also decreased from Baht 39.33 million for the second quarter of 2019 to Baht 15.90 million in the same period of 2020 or decreased by 36.69% as a result from the decrease in margin loan during the period.
- 2) The Company and subsidiaries' net loss and return from investment was Baht 165.19 million in the first quarter of 2020, and net gain and return from investment was Baht 93.84 million in the second quarter of 2020 whereas in the first and second quarter of 2019, the Company and subsidiaries' net gain and return from investment was Baht 10.80 million and Baht 34.40 million, respectively. The huge loss and gain in the first and second quarter of 2020 resulted from the widespread outbreak of Coronavirus Disease 2019 (COVID-19) which caused the SET index went down deeply around 600 points from 1,580 points at the end of 2019 to 1,024 points in a very short period during the first quarter of 2020 and bounced back to 1,400 points in June 2020.
- 3) Interest income increased from Baht 12.83 million for the first quarter of 2019 to Baht 26.38 million in the same period of 2020 or increased by 105.61% and also increased from Baht 17.64 million for the second quarter of 2019 to Baht 22.31 million in the same period of 2020 or increased by 26.47% resulting from an increase in other short-term loans when compared to the same period of 2019.

Operating Expenses

The Company and subsidiaries' total expenses slightly increased from Baht 119.01 million for the first quarter of 2019 to Baht 128.92 million for the first quarter of 2020, or increased by 8.33% and total expenses decreased from Baht 127.80 million for the second quarter of 2019 to Baht 110.44 million in the same period of 2020 or decreased by 13.59%. The expenses which had significant changes include:

- Employee benefit expenses in the first quarter of 2020 amounted to Baht 73.73 million which was increased from Baht 68.61 million in the same period of 2019, or by 7.46% and decreased from 76.24 million in the second quarter of 2019 to Baht 64 million in the same period of 2020, or decreased by 16.05%. This varied in relation to the overall operating results.
- Fee and services expenses in the first quarter of 2020 amounted to Baht 15.47 million which was increased from Baht 12.94 million in the same period of 2019, or by 19.55% and decreased from 14.71 million in the second quarter of 2019 to Baht 12.96 million in the same period of 2020, or decreased by 11.92%. This decrease varied in relation to the Company's investment trading volume.
- Depreciation and amortization cost increased from Baht 3.21 million in the first quarter of 2019 to Baht 10.28 million in the same period of 2020 or increased by 220.25% and increased from 3.28 million in the second quarter of 2019 to Baht 10.39 million in the same period of 2020, or increased by 216.77% whereas other expenses decreased from Baht 18.80 million in the first quarter of 2019 to Baht 12.59 million in the same period of 2020 or decreased by 33.03% and decreased from 18.47 million in the second quarter of 2019 to Baht 9.91 million in the same period of 2020, or decreased by 46.35%. This was mainly from the Thai Financial Reporting Standard (TFRS) no. 16 re: Leases : the Company and subsidiaries was required to recognise assets and liabilities for all leases with the term of more than 12 months and amortize which caused the changes of expenses from other expenses to depreciation and amortization cost.

Net Profit (Loss)

The Company and subsidiaries' net loss were Baht 105.56 million for the first quarter of 2020 compared to net profit amounted to Baht 1.11 million in the same period of 2019 and net profit were Baht 94.76 million for the second quarter of 2020 compared to net profit amounted to Baht 45.64 million in the same period of 2019, equivalent to decrease by 9,642% and increase by 108%, respectively.

2. Operating Results for the six-month period ended June 30, 2020

Income

The consolidated income of the Company and subsidiaries for the six-month period of 2020 decreased from that of 2019 by 16.41%; that is, the Company and subsidiaries' consolidated income for the six-month period of 2020 was Baht 225.38 million, which was decreased from Baht 269.65 million. The major changes in the consolidated income of the Company and subsidiaries were the following:

- 1) The securities business income increased from Baht 169.52 million for the six-month period of 2019 to Baht 223.91 million in the same period of 2020, resulted from the following:
 - An increase in a daily average turnover of SET from Baht 49,635 million to Baht 68,617 million for the six-month period of 2020 or increased by 81.68%. The subsidiary's securities brokerage fee increased from Baht 68.36 million for the six-month period of 2019 to Baht 124.20 million in the same period of 2020 or increased by 81.68%. The increase in trading volume resulted from the widespread outbreak of Coronavirus Disease 2019 (COVID-19) which caused the SET index went down deeply around 600 points from 1,580 points at the end of 2019 to 1,024 points in a very short period during the first quarter of 2020 and bounced back to 1,400 points in June 2020;
 - Fee and service income increased from Baht 24.60 million for the six-month period of 2019 to Baht 44.29 million in the same period of 2020 or increased by 80.04% as a result from underwriting business;
 - Interest income from margin loan decreased from Baht 55.31 million for the six-month period of 2019 to Baht 39.33 million in the same period of 2020 as a result from the decrease in margin loan during the period.
- 2) The Company's net loss and return from investment was Baht 71.35 million for the six-month period of 2020 compared to net gain and return from investment was Baht 45.20 million in the six-month period of 2019. The huge loss and gain in the six-month period of 2020 resulted from the widespread outbreak of Coronavirus Disease 2019 (COVID-19) which caused the SET index went down deeply around 600 points from 1,580 points at the end of 2019 to 1,024 points in a very short period during the first quarter of 2020 and bounced back to 1,400 points in June 2020.
- 3) Interest income increased from Baht 30.47 million for the six-month period of 2019 to Baht 48.69 million in the same period of 2020 resulting from an increase in other short-term loans during the six-month period of 2020.

Operating Expenses

In the six-month period of 2020, the Company and subsidiaries' total expenses decreased from Baht 246.81 million for the six-month period of 2019 to Baht 239.36 million in the same period of 2020. The expenses which had significant changes include:

- Employee benefits expenses for the six-month period of 2020 amounted to Baht 137.73 million which was decreased from Baht 144.85 million in the same period of 2019, or by 4.92%. This decrease varied in relation to the Company's overall operating results.
- Depreciation and amortization cost increased from Baht 6.49 million for the six-month period of 2019 to Baht 20.67 million in the same period of 2020 or increased by 218.49% whereas other expenses decreased from Baht 37.27 million in the six-month period of 2019 to Baht 22.50 million in the same period of 2020 or decreased by 39.63%. This was mainly

from the Thai Financial Reporting Standard (TFRS) no. 16 re: Leases : the Company and subsidiaries was required to recognise assets and liabilities for all leases with the term of more than 12 months and amortize which caused the changes of expenses from other expenses to depreciation and amortization cost.

Net Profit (Loss)

In the six-month period of 2020, the Company and subsidiaries' net loss were Baht 10.80 million compared to net profit amounted to Baht 18.15 million in the same period of 2019, equivalent to decrease 159.48%.

3. Financial Position

Total Assets

As of 30 June 2020, the total assets of the Company and subsidiaries amounted to Baht 3,968.83 million comparing to Baht 4,403.62 million at the end of 2019, of which significant items included investments in the amount of Baht 1,036.22 million which was increased from Baht 1,010.74 million, securities and derivatives business receivables in the amount of Baht 1,427.11 million decreased from 1,785.35 million and other short-term loans amounted to Baht 949.28 million decreased from Baht 1,164.43 million. These main items represented 26.11%, 35.96%, and 23.92% of the total assets as of 30 June 2020, respectively.

Securities and Derivatives Business Receivables

As of 30 June 2020, the subsidiary's securities and derivatives business receivables in the amount of Baht 1,427.11 million included margin loan receivables in the amount of Baht 1,258.01 million decreased from Baht 1,617.59 million at the end of 2019. The subsidiary categorized its securities and derivatives business receivables in accordance with the Thai Financial Reporting Standard as performing debts in the amount of Baht 1,427.11 million, under-performing debts in the amount of Baht 1.71 million and Non-performing debts in the amount of Baht 62.08 million. In this regard. The Company has provided allowance for expected credit losses in accordance with the financial reporting standard.

Investments

The Company and subsidiaries' net investments as of 30 June 2020 were Baht 1,036.22 million, 26.11% of total assets, which was increased from Baht 1,010.74 million at the end of 2019. Out of this amount, short-term investment was Baht 830.22 million increased from Baht 690.70 million at the end of 2019. Long-term investment was Baht 181.88 million decreased from Baht 289.89 million at the end of 2019 and the remaining investment Baht 24.12 million was the investment in affiliates and joint venture which were accounted for under an equity method.

Liabilities

As of 30 June 2020, the Company and subsidiaries' total liabilities stood at Baht 2,529.02 million compared to the total liabilities of Baht 2,824.16 million at the end of 2019. The total liabilities mainly comprised of borrowings decreased from Baht 2,413.52 million at the end of 2019 to Baht 2,040.13 million at the end of June 2020 while lease liabilities amounted to Baht 88.08 million was presented in accordance with the the Thai Financial Reporting Standard (TFRS) no. 16 re: Leases, the Company and subsidiaries was required to recognise assets and liabilities for all leases with the term of more than 12 months.

Shareholders' Equity

As of 30 June 2020, the Company and subsidiaries' shareholders' equity stood at Baht 1,439.80 million compared to Baht 1,579.45 million at the end of 2019. The decrease was mainly derived from dividend payment for the year 2019 at Baht 87.64 million, and an increase in unrealized loss from investments presented in shareholders' equity amounted to Baht 40.66 million and net loss for the six-month period of Baht 10.80 million. The return on equity for the six-month period of 2020 was (1.43)% per annum comparing to 2.32% per annum in the same period of 2019.

Please be informed accordingly.

Yours faithfully,



Charnchai Kongthongluck
Director & CEO