



บริษัท ตรีนิษฐ์ วัฒนา จำกัด (มหาชน)

Trinity Watthana Public Company Limited

Ref. Wor Thor. Tor. 026/2020

November 12, 2020

Subject : Explanation and analysis of financial performance for the third quarter ended September 30, 2020

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 7/2020, held on November 12, 2020, has approved the reviewed financial statements for the third quarter and nine-month period ended September 30, 2020.

The Company would like to explain and analyze the financial position and operating results for the third quarter and nine-month period ended September 30, 2020 compared to the corresponding period of 2019 as follows:

	Nine-month ended September 30		Change (%)	Third quarter ended September 30		Change (%)
	2020	2019		2020	2019	
(Unit : Million Baht)						
Profit (Loss) before corporate income tax	(10.12)	31.87	(131.75)	3.86	9.03	(57.27)
Net Profit (Loss)	(7.10)	26.38	(126.91)	3.70	8.22	(55.01)
Earnings (Loss) per share	(0.036)	0.132	(126.91)	0.019	0.041	(55.01)

1. Operating Results for the third quarter ended September 30, 2020

Income

The consolidated income of the Company and subsidiaries for the third quarter of 2020 was Baht 125.18 million, which was increased from Baht 118.34 million in the same period of 2019 or increased by 5.78%. The changes in the consolidated income of the Company and subsidiaries were attributed to the following:

- 1) The securities business income increased from Baht 76.86 million for the third quarter of 2019 to Baht 87.83 million in the same period of 2020, resulted from the following:
 - The subsidiary's securities brokerage fee for the third quarter of 2020 amounted to Baht 42.48 million was slightly decreased from the brokerage fee for the same period of 2019 which was Baht 42.73 million despite that a daily average turnover of SET decreased from Baht 62,275 million to Baht 56,139 million in the third quarter of 2020 or decreased by 9.85% but the retail investor volume increased contributed to the increase in brokerage fee from our retail clients;
 - Fee and service income increased from Baht 7.13 million for the third quarter of 2019 to Baht 21.58 million in the same period of 2020 or increased by 203% as a result from increasing in management fee from private fund business;
 - Interest income from margin loan slightly decreased from Baht 21.56 million for the third quarter of 2019 to Baht 20.90 million in the same period of 2020 as a result from the decrease in margin loan during the second quarter of 2020 due to the widespread outbreak of Coronavirus Disease 2019 (COVID-19) and bounced back in the third quarter.
- 2) The Company and subsidiaries' net gain from investment was Baht 5.29 million in the third quarter of 2020 dividing into gain on securities trading amounted to Baht 7.57 million, gain on derivatives trading amounted to Baht 11.25 million and dividend received from investment amounted to Baht 8.97 million compared to net loss from investment was Baht 4.52 million in

the third quarter of 2019 dividing into loss on securities trading amounted to Baht 30.34 million, gain on derivatives trading amounted to Baht 19.90 million and dividend received from investment amounted to Baht 5.92 million.

- 3) Interest income increased from Baht 18.41 million for the third quarter of 2019 to Baht 22.94 million in the same period of 2020 or increased by 24.57% resulting from an increase in other short-term loans.

Operating Expenses

The Company and subsidiaries' total expenses increased from Baht 109.31 million for the third quarter of 2019 to Baht 121.32 million for the same period of 2020, or increased by 10.99%. The expenses which had significant changes include:

- 1) The operating and administrative expenses for the third quarter of 2020 amount of Baht 107.16 million compared to Baht 93.14 million in the same period of 2019, which comprised of the following expenses:
 - Employee benefit expenses in the third quarter of 2020 amounted to Baht 75.36 million which was increased from Baht 54.06 million in the same period of 2019, or by 39.41%. This varied in relation to the overall operating results.
 - Depreciation and amortization cost increased from Baht 3.21 million in the third quarter of 2019 to Baht 8.17 million in the same period of 2020 whereas other expenses decreased from Baht 19.14 million in the third quarter of 2019 to Baht 11.28 million in the same period of 2020. 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.
 - Fee and services expenses in the third quarter of 2020 amounted to Baht 12.35 million which was decreased from Baht 16.74 million in the same period of 2019, or by 26.22%. This decrease varied in relation to the Company's investment trading volume.
- 2) The financial costs decreased from Baht 16.16 million in the third quarter of 2019 to Baht 14.16 million in the same period of 2020 in relation to the decrease in interest rate during the period.

Net Profit (Loss)

The Company and subsidiaries' net profit were Baht 3.70 million for the third quarter of 2020 compared to net profit amounted to Baht 8.23 million in the same period of 2020, equivalent to decrease by 55.04%.

2. Operating Results for the nine-month period ended September 30, 2020

Income

The consolidated income of the Company and subsidiaries for the nine-month period of 2020 decreased from that of 2019 by 9.65%; that is, the Company and subsidiaries' consolidated income for the nine-month period of 2020 was Baht 350.56 million, which was decreased from Baht 387.99 million. The major changes in the consolidated income of the Company and subsidiaries were the following:

- 1) The securities business income increased from Baht 235.77 million for the nine-month period of 2019 to Baht 302.57 million in the same period of 2020, resulted from the following:
 - The subsidiary's securities brokerage fee increased from Baht 111.09 million for the nine-month period of 2019 to Baht 166.69 million in the same period of 2020 or increased by 50.05%. The increase in brokerage fee resulted from an increase in a daily average turnover of SET from Baht 53,986 million to Baht 64,526 million for the nine-month period of 2020 or increased by 19.52% whereas the retail investor volume increased contributed to the increase in brokerage fee from our retail clients;
 - Fee and service income increased from Baht 31.73 million for the nine-month period of 2019 to Baht 65.88 million in the same period of 2020 or increased by 108% as a result from underwriting business and private fund business;

- Interest income from margin loan decreased from Baht 76.86 million for the nine-month period of 2019 to Baht 60.23 million in the same period of 2020 as a result from the decrease in margin loan during the second quarter of 2020 due to the widespread outbreak of Coronavirus Disease 2019 (COVID-19) and bounced back in the third quarter.
- 2) The Company's net loss from investment was Baht 56.89 million for the nine-month period of 2020 compared to net gain and return from investment was Baht 53.17 million in the nine-month period of 2019. The huge loss and gain in the nine-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 47.01 million for the nine-month period of 2019 to Baht 71.63 million in the same period of 2020 resulting from an increase in other short-term loans during the nine-month period of 2020.

Operating Expenses

In the nine-month period of 2020, the Company and subsidiaries' total expenses slightly increased from Baht 356.12 million for the nine-month period of 2019 to Baht 360.68 million in the same period of 2020. The expenses which had significant changes include:

- Employee benefits expenses for the nine-month period of 2020 amounted to Baht 213.09 million which was increased from Baht 198.90 million in the same period of 2019, or by 7.13%. This decrease varied in relation to the Company's overall operating results.
- Depreciation and amortization cost increased from Baht 9.69 million for the nine-month period of 2019 to Baht 28.84 million in the same period of 2020 whereas other expenses decreased from Baht 56.41 million in the nine-month period of 2019 to Baht 33.78 million in the same period of 2020. 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 nine-month period of 2020, the Company and subsidiaries' net loss were Baht 7.10 million compared to net profit amounted to Baht 26.38 million in the same period of 2019, equivalent to decrease 127%.

3. Financial Position

Total Assets

As of 30 September 2020, the total assets of the Company and subsidiaries amounted to Baht 4,484.51 million comparing to Baht 4,403.62 million at the end of 2019, of which significant items included investments in the amount of Baht 1,065.12 million which was increased from Baht 1,010.74 million, securities and derivatives business receivables in the amount of Baht 1,952.58 million increased from 1,785.35 million and other short-term loans amounted to Baht 998.72 million decreased from Baht 1,224.43 million. These main items represented 23.75%, 43.54%, and 22.27% of the total assets as of 30 September 2020, respectively.

Securities and Derivatives Business Receivables

As of 30 September 2020, the subsidiary's securities and derivatives business receivables in the amount of Baht 1,952.58 million included margin loan receivables in the amount of Baht 1,855.88 million increased 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 1,761.82 million, under-performing debts in

the amount of Baht 184.83 million and Non-performing debts in the amount of Baht 61.97 million. In this regard, The Company has provided allowance for expected credit losses amounted to Baht 61.97 million in accordance with the financial reporting standard.

Investments

The Company and subsidiaries' net investments as of 30 September 2020 were Baht 1,065.12 million, 23.75% 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 881.56 million increased from Baht 690.70 million at the end of 2019. Long-term investment was Baht 156.17 million decreased from Baht 289.89 million at the end of 2019 and the remaining investment Baht 25.40 million was the investment in joint venture which were accounted for under an equity method.

Liabilities

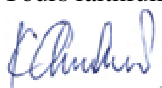
As of 30 September 2020, the Company and subsidiaries' total liabilities stood at Baht 3,054.70 million compared to the total liabilities of Baht 2,824.16 million at the end of 2019. The total liabilities mainly comprised of borrowings increased from Baht 2,413.52 million at the end of 2019 to Baht 2,724.28 million at the end of September 2020 while lease liabilities amounted to Baht 87.03 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 September 2020, the Company and subsidiaries' shareholders' equity stood at Baht 1,429.81 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 53.73 million and net loss for the nine-month period of Baht 7.10 million. The return on equity for the nine-month period of 2020 was (0.63)% per annum comparing to 2.25% per annum in the same period of 2019.

Please be informed accordingly.

Yours faithfully,



Charnchai Kongthongluck
Director & CEO