



Opportunity Day 1H 2024

**X**SPRING

# AGENDA

01

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## Financial Performance

02

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## Corporate Updates

- Krungthai XSpring
- XSpring Asset Management
- XSpring Digital
- XSpring AMC Asset Management



# Financial Performance

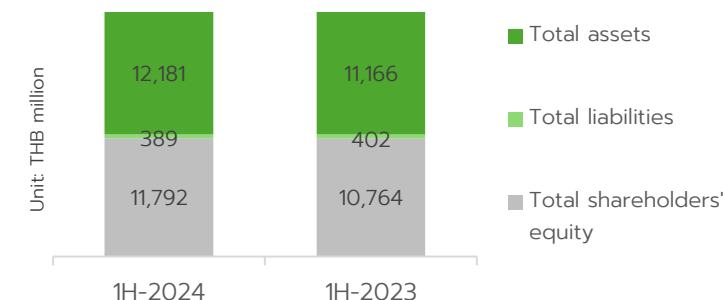
# Financial Performance

*Q2-2024 profit was negatively impacted by mark to market losses, while operations remained on track*

Unit: THB million	Q2-2024	Q1-2024	QoQ	1H-2024	1H-2023	YoY
<b>Revenues</b>						
Fees and services income	57.60	63.07	-8.7%	120.67	31.56	282.4%
Interest & Dividend income	147.31	136.73	7.7%	284.04	169.99	67.1%
Gain (loss) on investments	(35.83)	20.57	-274.2%	(15.27)	6.57	-332.2%
Other income	10.65	7.66	39.0%	18.31	9.10	101.3%
<b>Total revenues</b>	<b>179.72</b>	<b>228.03</b>	<b>-21.2%</b>	<b>407.75</b>	<b>217.21</b>	<b>87.7%</b>
<b>Expenses</b>						
Employee benefits expenses	92.13	84.99	8.4%	177.12	131.25	34.9%
Fees and services expenses	7.93	24.77	-68.0%	32.71	8.58	281.0%
Expected credit loss	21.41	25.52	-16.1%	46.93	13.39	250.5%
Other expenses	50.50	44.60	13.2%	95.10	72.24	31.6%
<b>Total expenses</b>	<b>171.98</b>	<b>179.88</b>	<b>-4.4%</b>	<b>351.86</b>	<b>225.47</b>	<b>56.1%</b>
<b>Profit (loss) from operation</b>	<b>7.74</b>	<b>48.15</b>	<b>-83.9%</b>	<b>55.89</b>	<b>(8.26)</b>	<b>777.0%</b>
Finance cost	(0.82)	(0.84)	-3.0%	(1.66)	(1.78)	6.7%
Share of profit from investments in associates	(0.20)	14.98	-101.3%	14.78	43.15	-65.7%
Income tax - income (expense)	(6.48)	(11.60)	-44.1%	(18.08)	0.77	-2450.8%
<b>Net Profit</b>	<b>0.24</b>	<b>50.69</b>	<b>-99.5%</b>	<b>50.94</b>	<b>33.88</b>	<b>50.3%</b>

- Interest & dividend income comprised the majority of revenue in 1H-2024. Fees and services income
- Conservative accounting practices led to higher expected credit losses in 1H-2024 when acquiring the new NPL portfolio
- Net profit increased 50% YoY
- Strong financial position with a robust balance sheet and minimal debt

## Balance Sheet



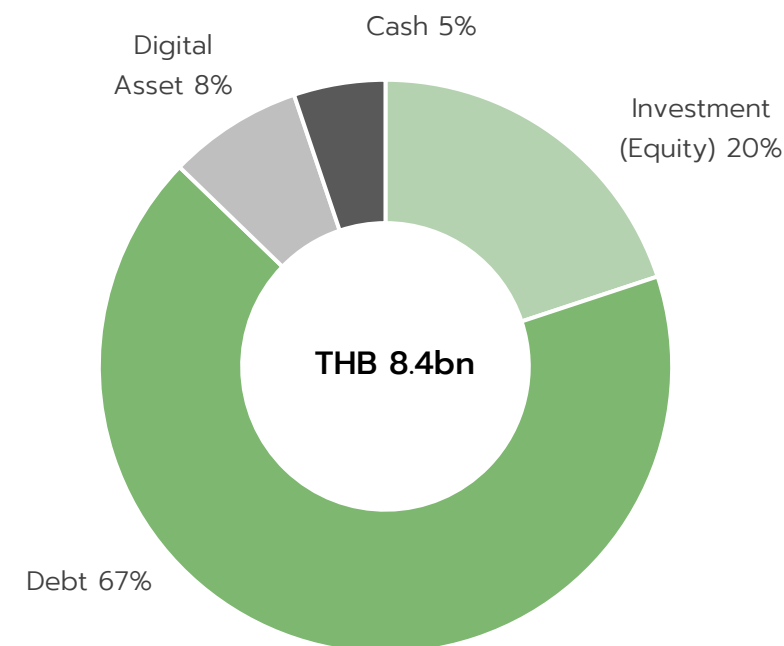
Source: XPG's Financial Statement Q2-2024

# Investment Strategy

## Investment Update

- In 1H-2024, we adhered to a cautious investment strategy, diversifying our portfolio across various asset classes
- The prevailing economic climate, characterized by bond market instability, presented opportunities for private debt growth
- To protect against potential losses, the company implemented stricter lending criteria, prioritizing hard asset collateral

### Company's Portfolio

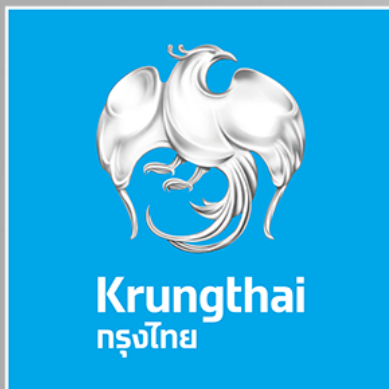






# Corporate Updates

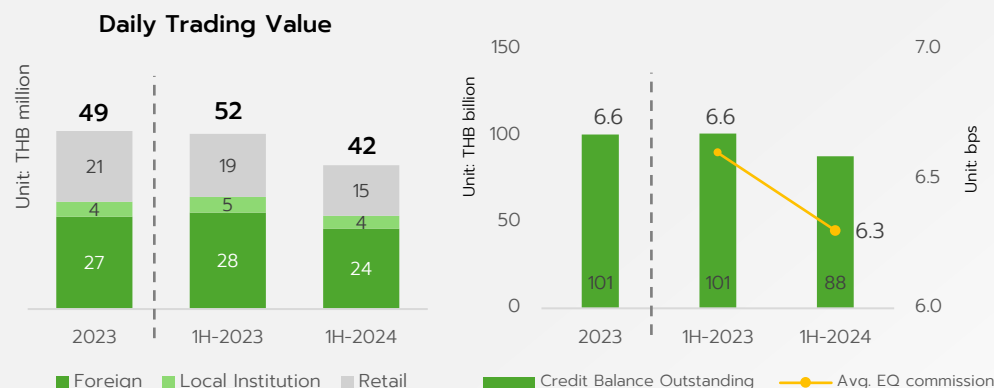




# Overview

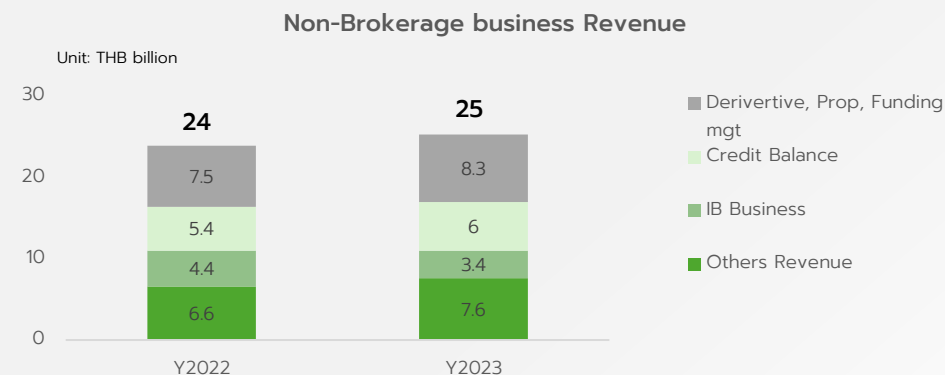
- Foreign client slightly increased in portion, but average daily trading value is dropped
- Non-Brokerage income still have significant contribution of total revenue
- The investment banking sector is experiencing considerable strain due to the unfavorable conditions in the IPO market

## Brokerage Landscape



- Daily trading value dropped 19% from 52bn to 42bn YoY
- Foreign investors still accounted for the majority of the market contribution 57%
- Average credit balance outstanding declined 17% YoY

## Non-Brokerage Landscape

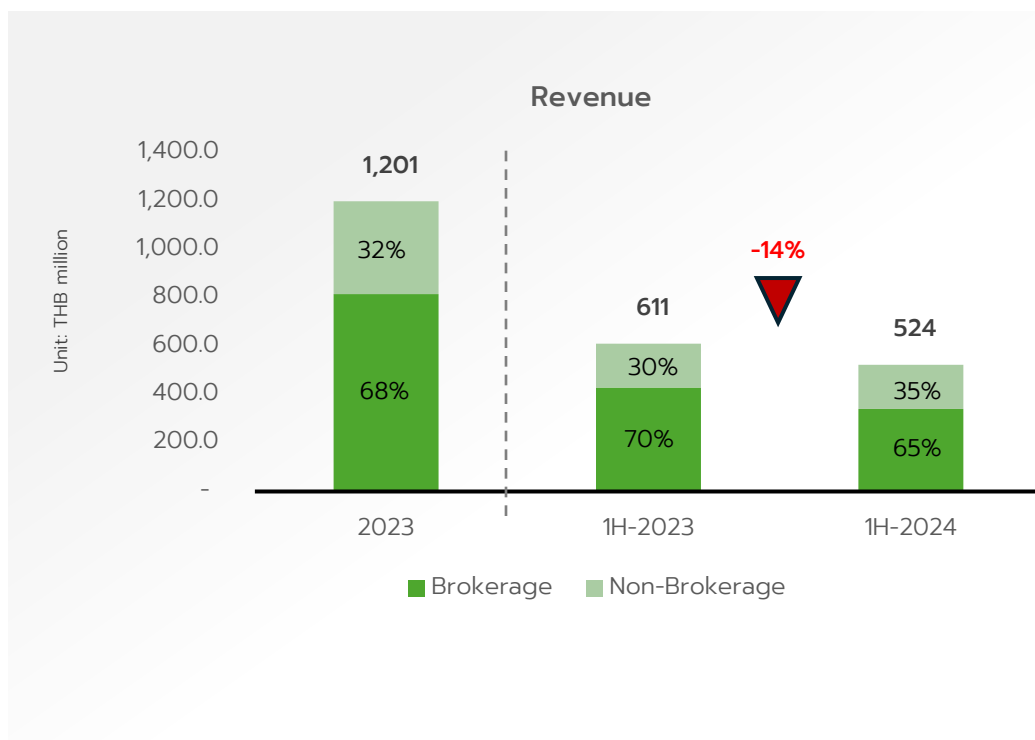


- In Q1-2024, Non-brokerage income constitutes a significant portion of the industry's total revenue (60% of total income)
- Analysts predict that non-brokerage revenue will be crucial for broker survival in the coming years



# Company Update

- Total Income decreased by 14% YoY mainly due to a decrease in brokerage fee
- IB income was mainly from underwriter fee, financial advisory, and others, respectively

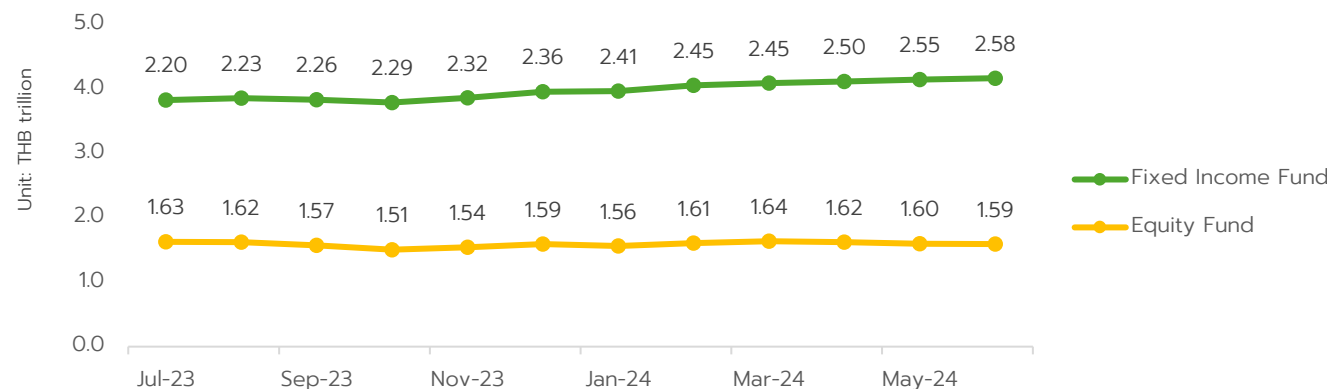


- Brokerage performance has been pressured from dipping in market's trading volume
- Brokerage Income including margin loan dropped by 21% YoY
- Non-Brokerage income was contributed by interest from margin loan and financial advisory fee
- IB Income was decreased mainly due to lower Bond Underwritings, resulting from bad market sentiment
- KTX plans to obtain a bond representative license in Q4-2024

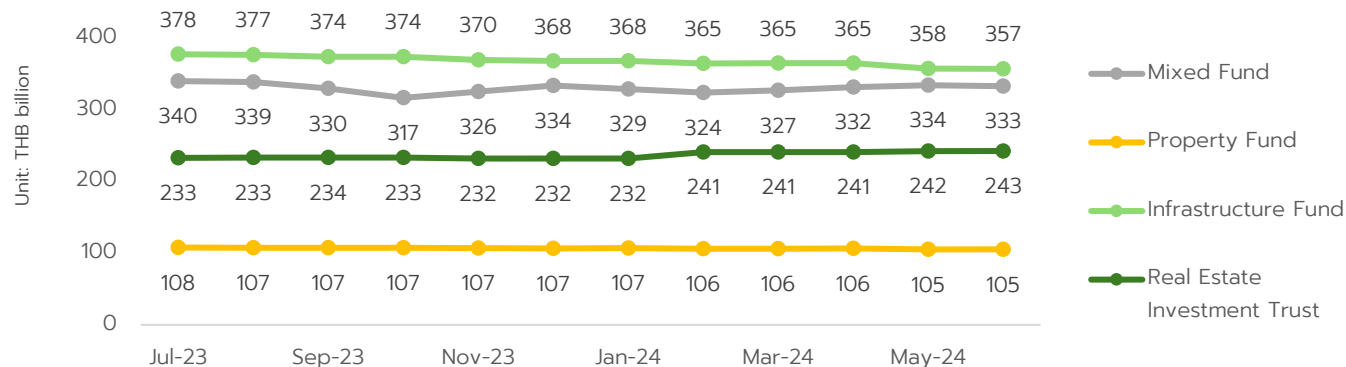


# Overview

NAV: Fixed Income Fund VS Equity Fund



NAV: Mixed Fund VS Property Fund VS Infrastructure Fund VS REIT



- The Thai stock market is expected to recover in the second half of 2024
- Global economic factors and government policies will influence Thailand's economic growth
- The Bank of Thailand may follow the Federal Reserve's lead in implementing interest rate cuts
- Investors are advised to focus on specific stocks that could benefit from interest rate cuts and economic recovery
- NAV of fixed income fund increased due to investor and asset management house launched new product for debt side
- Many asset management companies offer products that partner with well-established private equity and credit funds from abroad



# Company Update

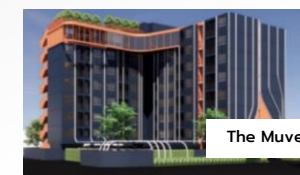


- The successful launch of new products contributed to significant growth in AUM and AUA, which increased by 46% YoY and 79% YoY respectively
- Total revenue surged by 154% YoY, driven by a new sales strategy and the successful introduction of unique products

## Products

### Differentiated investment products

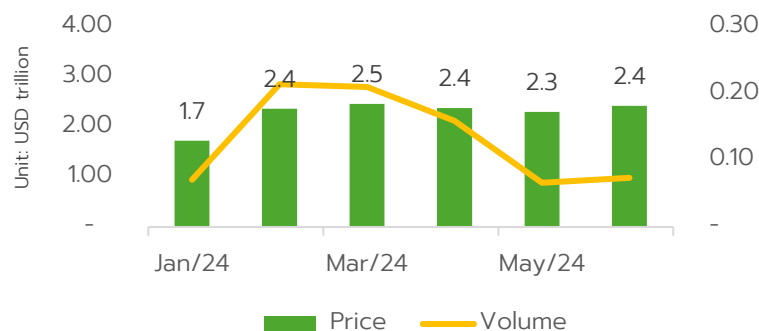
- Real Estate Private Equity (Fund raised)
  - 1H-2024 closed THB 750mn, 3 projects with project value THB 4,400mn
- X Plus → Fixed Income Fund
- Private Fund
  - Diversifying our product range to include a wider selection of alternative investments, catering to the evolving needs of our clients



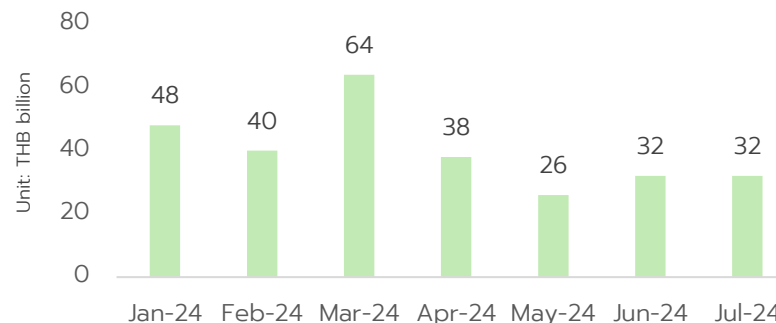


# Overview

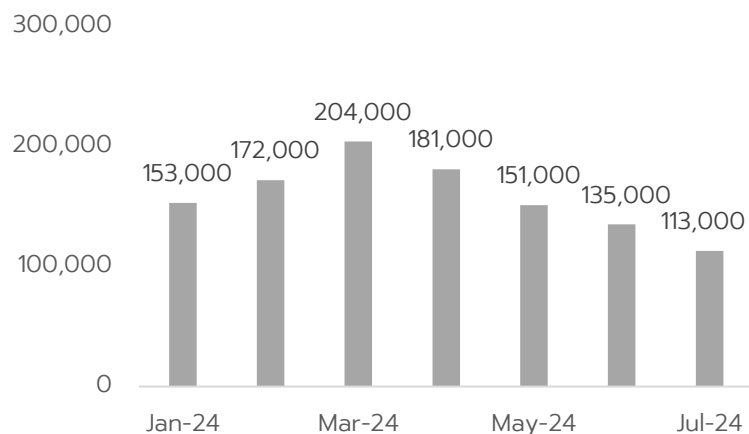
### Global Crypto Market Cap



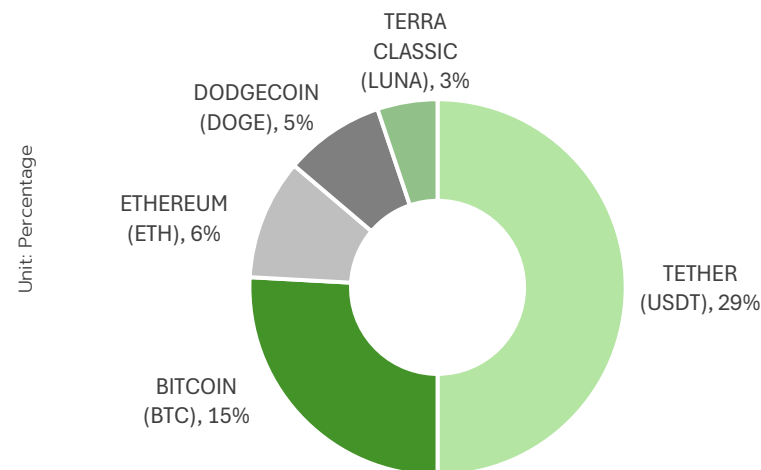
### Thailand Trading Volume



### Thailand Active Accounts



### Breakdown of Thailand Crypto Trading



- The global cryptocurrency market capitalization experienced a significant surge in the first half of 2024, reaching a new all-time high
- Institutional adoption continued growth in institutional adoption, with more traditional financial institutions and corporations investing in cryptocurrencies and blockchain technology
- The number of licensed digital asset exchanges in Thailand increased, providing more options for investors
- Thailand explored the potential applications of blockchain technology in various sectors, such as supply chain management and healthcare



# Company Update



## Broker

- Target customers  
Focus on corporate client or trader



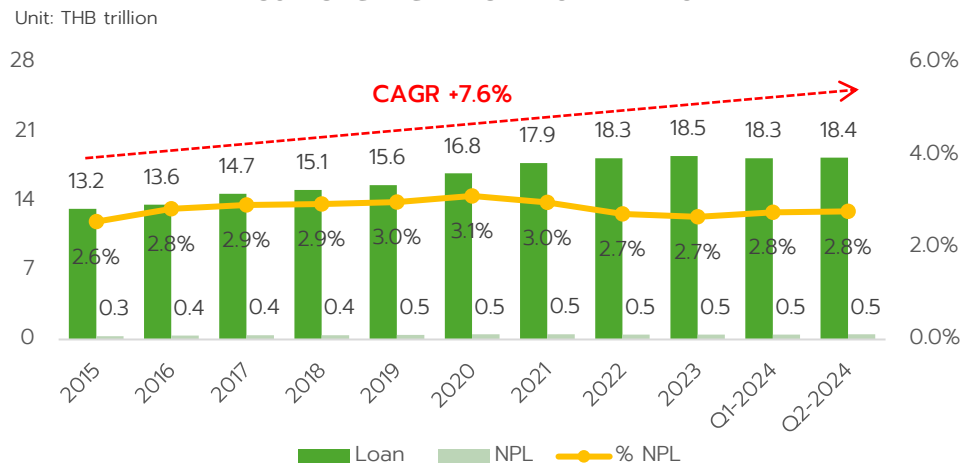
## ICO

- Customer preferences have shifted towards investment tokens that offer utility-based features
- Market uncertainty and bond defaults have led to delayed ICO launches and decreased demand for digital assets
- Focusing on a private ICO launch in Q4-2024

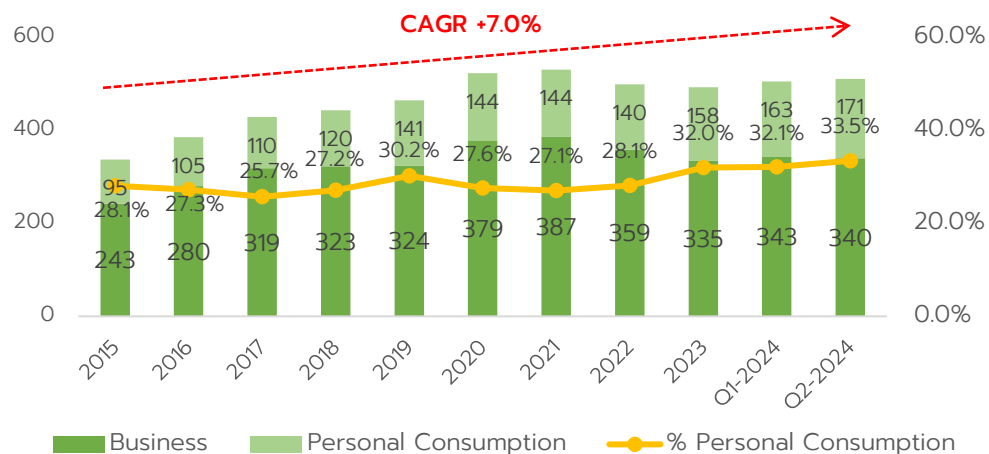


# Overview

Loan overview from 2014-Q2'2024



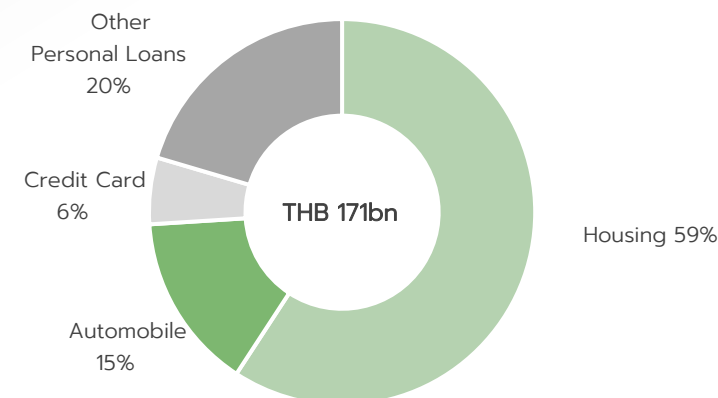
Non-performing loan from 2014-Q2'2024



Source: BOT, BangkokBiz

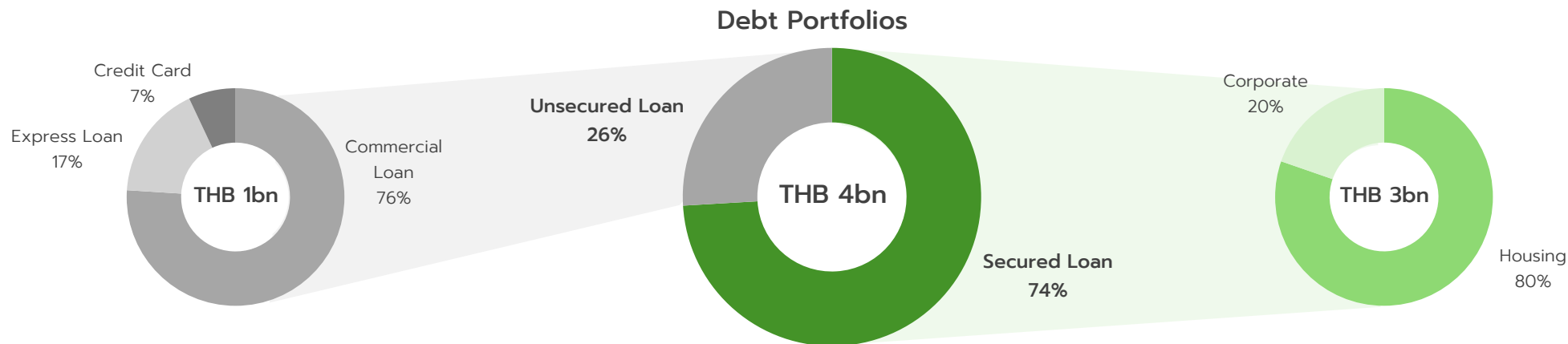
- Loan continuously grew over 10 years with CAGR 7.6%
- An upward trend was observed in the NPL ratio for personal loans, rising from 32.0% in 2023 to 33.5% in Q2-2024
- Housing will still account for the majority of NPL for personal consumption
- BOT launch policy to help debtors and required to restructure debts before they become non-performing
- GSB and BAM partnered to form Ari Asset Management with a THB 1bn investment

Non-performing loan for consumption Q2-2024

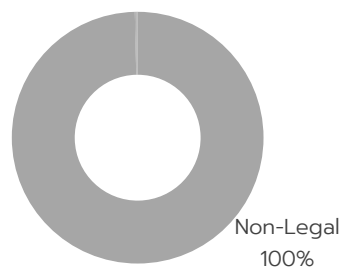




# Company Update

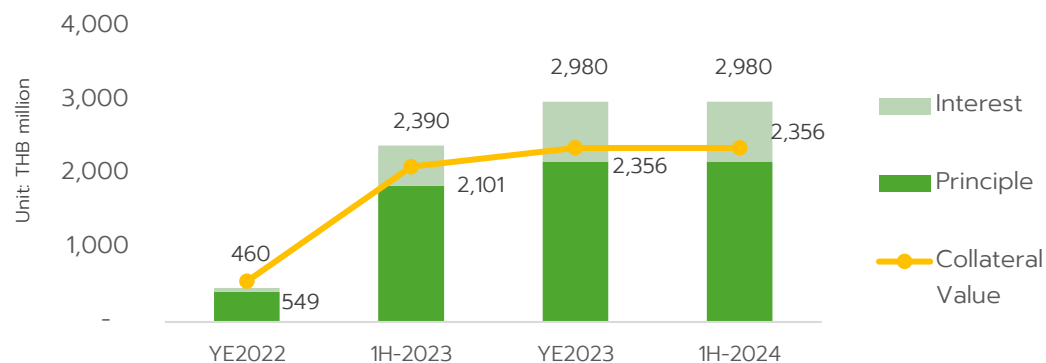


**Unsecured Debtors' Status**



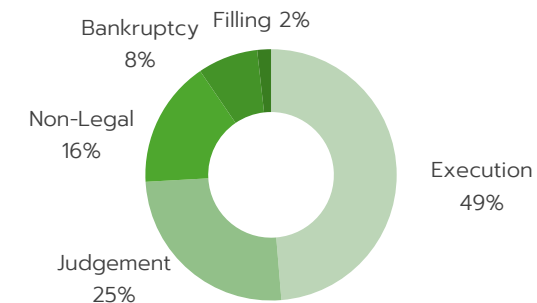
- **Implementing a debt restructuring program**

**Secured Debt Value<sup>1</sup> VS Collateral Value**



- **Collateral values have covered principle at the time of portfolio acquisitions**

**Secured Debtors' Status**



- **Expediting process to enforce collateralized assets**

# Key Takeaway

## XSPRING

- Expanding our loan portfolio with wider range of lending options
- Developing the customer-centric app



- Curated new investment products
- Strengthen non-brokerage services by planning to obtain a bond representative license in Q4-2024

## XSPRING Asset Management

- Launching new products contributed to significant growth in AUM and AUA
- Heading toward "Total wealth solutions" provider



## XSPRING AMC

- Implemented a debt restructuring program for borrowers
- Achieved higher debt and interest collection rates for the unsecured portfolio

## XSPRING Digital

- Focusing on a private ICO launch in Q4-2024
- Focusing on corporate client or trader

# THANK YOU

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