



CORPORATION PUBLIC COMPANY LIMITED

# **Analyst Meeting**

---

## **2Q19**



**TQM**

## **COMPANY & INDUSTRY OVERVIEW**



## COMPANY STRATEGY



## Q2/2019 OPERATING RESULT UPDATES



## Strong Operating Performance

- **13% Revenue Growth YoY** from the increase in insurance premium
- **29% Net Profit Growth YoY** from THB 95 million to THB 122 million



## Acquisition of TJN to open new sales channels

- **TQM has acquired 100% of TJN shares** to support TQM in opening car dealer channels and expanding customer base
- TJN currently have 5 car dealers with target expansion plan



## New Product Innovation with Partners

- **TQM for Lady** product innovation with Muang Thai Insurance which included:
  - TQM Motor for Lady
  - TQM Double Cancer for Lady
  - TQM Travel Insurance for Lady



## Progress Update on New Projects

- **3Q19 Financial Broker**
- **3Q19 Insurance Shop**
- **4Q19 Platform Life and Non-Life Insurance**
- **4Q19 Tax Planning**

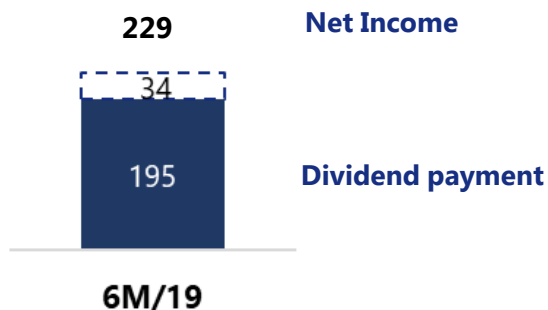


# 1H19 Paying Dividend 0.65 Baht



## Net Profit for the company

(THB Million)



### Payout (% of Net Income)

85%

## Dividend Payment

- TQM announced on 13th August 2019 that the company will pay dividend of **0.65 Baht per share with total 300 million shares**
- Total dividend payment is amounting **195 Million Baht or 85% of 1H19 Net Profit**

## Timeline



20 Dec 2018  
Listed in SET



10 May 2019  
YE2018 dividend payment  
At 0.3 Baht per share



13 Aug 2019  
Announce dividend payment  
rate for 6M 2019



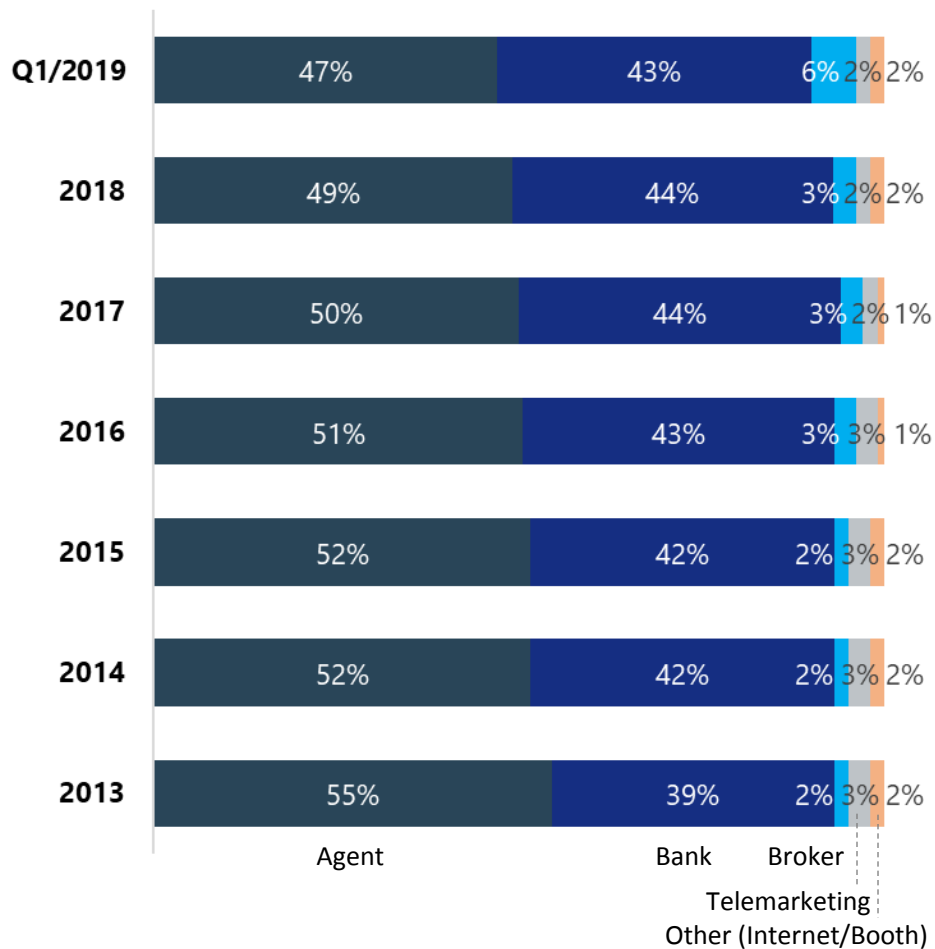
XD 28 Aug 2019



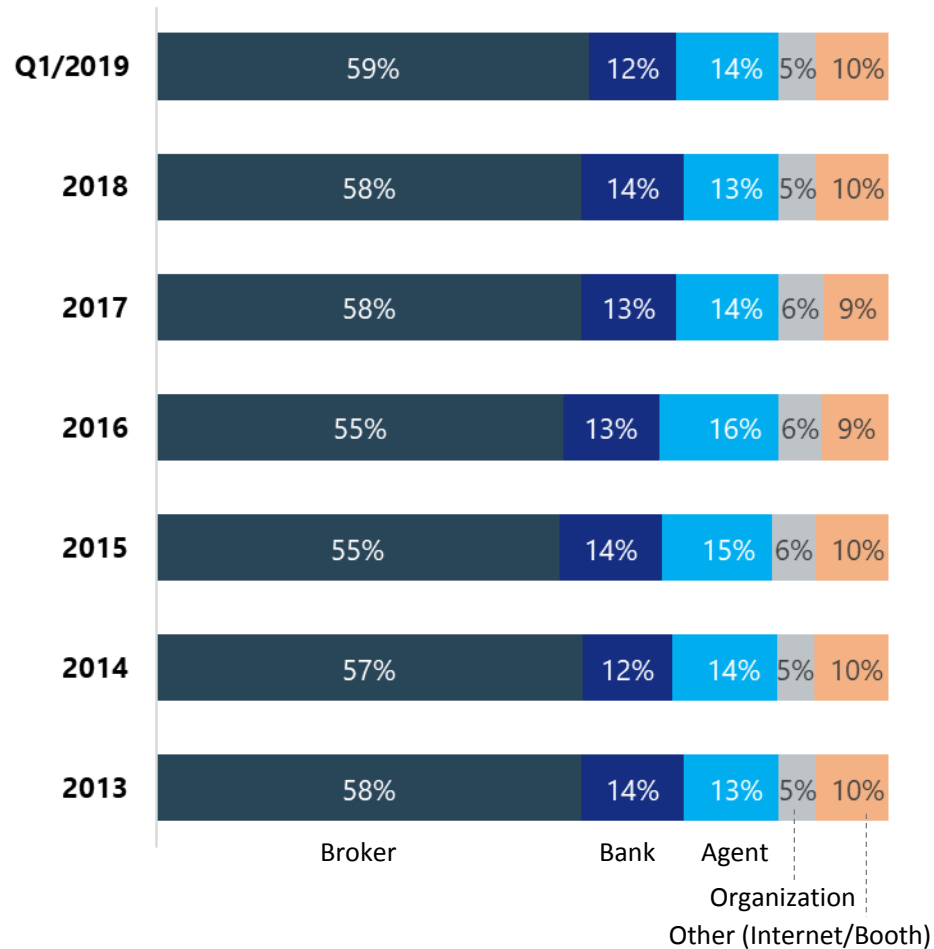
12 Sep 2019  
6M 2019 dividend payment  
At 0.65 Baht per share



## Life Insurance



## Non-Life Insurance



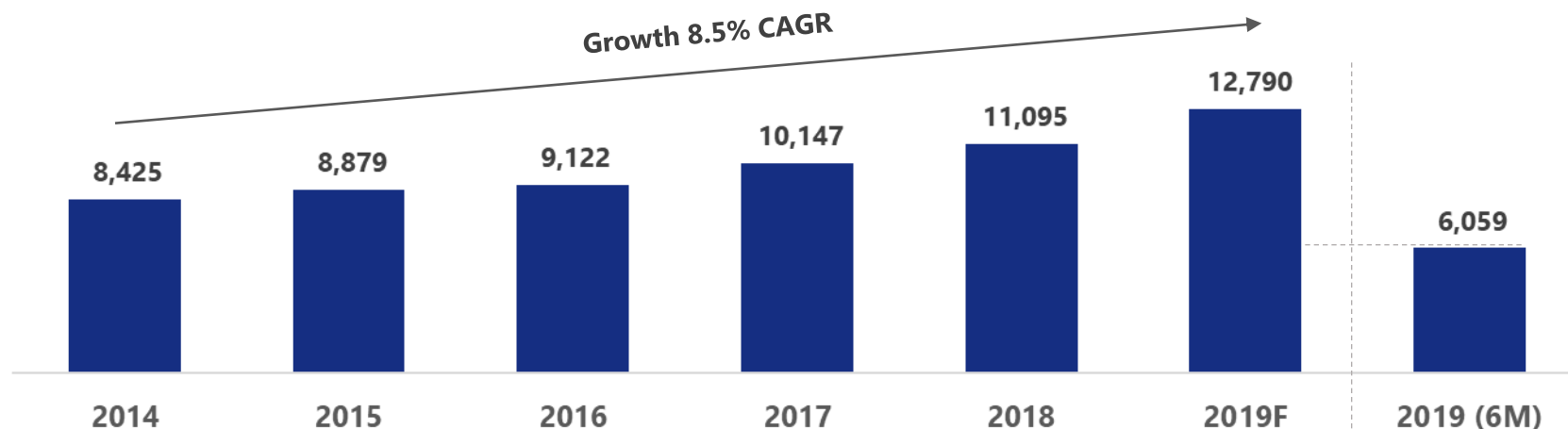
Source: Isranews, OIC, TGIA

# 5-Year Premium and GOAL 2019



## Premium

(THB million)



## Commission rate

According to Thai regulations, the commission rate could not exceed the following rate:

Type of insurance	Commission rate
Life insurance	40%*
Non-life insurance	18%*

\*Maximum rates by OIC



COMPANY & INDUSTRY OVERVIEW



**COMPANY STRATEGY**

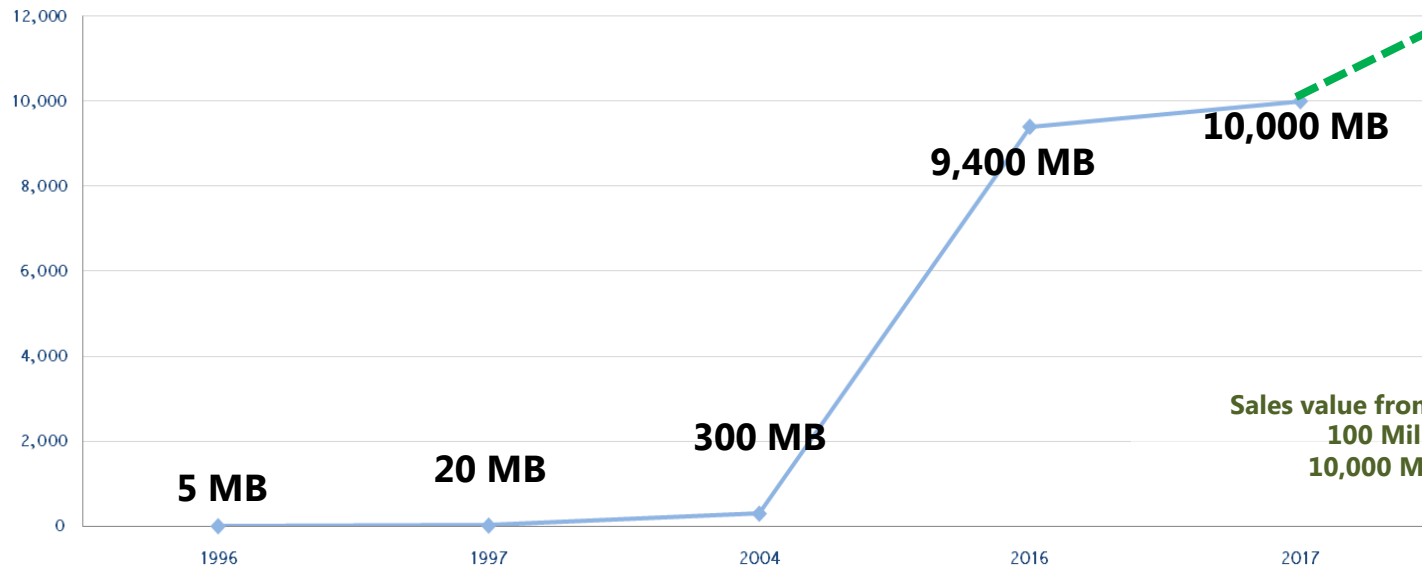


Q2/2019 OPERATING RESULT UPDATES

# TQM : Digital Transformation



Million Baht



Sales value from 5 MB to 20 MB  
100 Million baht  
10,000 Million baht







## CUSTOMER MANAGEMENT THROUGH BIG DATA

- Big data project
- Product Segmentation



## EXISTING CUSTOMER BASE CROSS SELLING

- Life insurance platform
- Non-life insurance platform
- Financial Broker



## TECHNOLOGICAL DRIVEN OPERATION

- LINE Chatbot, AI, Chat center
- Technology improvement to increase sales and minimize cost



## PARTNERSHIP ENHANCEMENT

- Affiliate/ strategic partners

## Chatbot

### Investment in Chatbot to develop an online sales channel

- 24 hour real time chatbot
- **Allow customer to obtain information and compare insurance packages and premiums**
- Customers can purchase insurance real-time online



## Big Data

### Leverage existing data to identify and deliver suitable products to customers

- Over 20 million customer data can be used to **identify customer segments and their needs**
- Existing data will allow TQM to add products that meets the customers demand increasing potential sales



## AI

### Chatbot and Big Data will iterate and develop into Artificial intelligence (AI)

- AI will enhance customers experience, and to **complete sales purchase with minimal interaction with call-center**
- AI can allow customers to **consult with the system** to obtain the most suitable insurance package



## InsurTech

### InsurTech is the future of insurance brokerage

- InsurTech will **allow technology to facilitate the full process of broker** and insurance business including:
  - Facilitate customer** in the purchasing of insurance by planning, analyzing and customizing insurance
  - Facilitating seller** in managing customer needs and maximizing the efficiency of the selling process
  - Facilitating claiming process** to be efficient through technology



# TQM Digital Transformation Roadmap



## **Short Term:** Digital Readiness

### **Objective:** Asset Transformation

- Empower employees
- Optimize operation
- Enhance customer experience

- Enabled By:**
- Strengthening internal capability
  - Streamline interaction with customers



## **Mid Term:** New Digital Adoption

- Objective:**  
Technologies Transformation
- Fully digitize operation
  - Scaleup operation
  - Product cross-selling (e.g., Life & Nonlife)

- Enabled By:**
- Automate customer service (e.g., Chatbot)
  - Digital insurance platform



## **Long Term:** System of Intelligence

- Objective:**  
Data Transformation
- Truly customer centric
  - Data-driven operation
  - Personalize customer experience

- Enabled By:**
- Automate data processing (e.g., Machine Learning, AI)

# Acquisition of TJN Insurance Broker



## Summary of TJN Acquisition

### Purpose of the deal

- Opening new sales channels: Car dealer
- Expanding customer base from TJN car dealers
- Enhancing revenue of TQM in long-term

### TQM Holding

100%

### Closing Deal Date

9 July 2019

### TJN Company profile

- Founded in 2016
- Registered capital: 5 MB
- A leading insurance broker specializes in selling luxury car insurance through car dealers

### Premium & Dealers

### TJN

- Premium/Year (2018): ~30 MB
- Number of car dealers: 5  
*(with solid expansion plan by the end of 2019)*





## TQM for Lady (Q3)



- Co-creating insurance products with Muang Thai Insurance
- Targeting the working women with 3 type of insurances including:
  - ✓ TQM Motor for Lady
  - ✓ TQM Cancer for Lady
  - ✓ TQM Travel Insurance for Lady
- Channel: Line official TQM Insurance Broker and Telesale

## Financial Broker (Q3)



- Collaborate with financial institutions to offer personal loan to TQM customers
- Revenue Model: Commission
- Channel: TQM Agents across the country
- To launch by September 2019

## Insurance shop (Q3-Q4)



- Collaborate with the partner to establish Insurance shop to expand retail customers and build TQM brand awareness
- Plan to launch insurance shops in communities nationwide
- First shop soon
- New Product Segment
- Tax Planning



COMPANY & INDUSTRY OVERVIEW



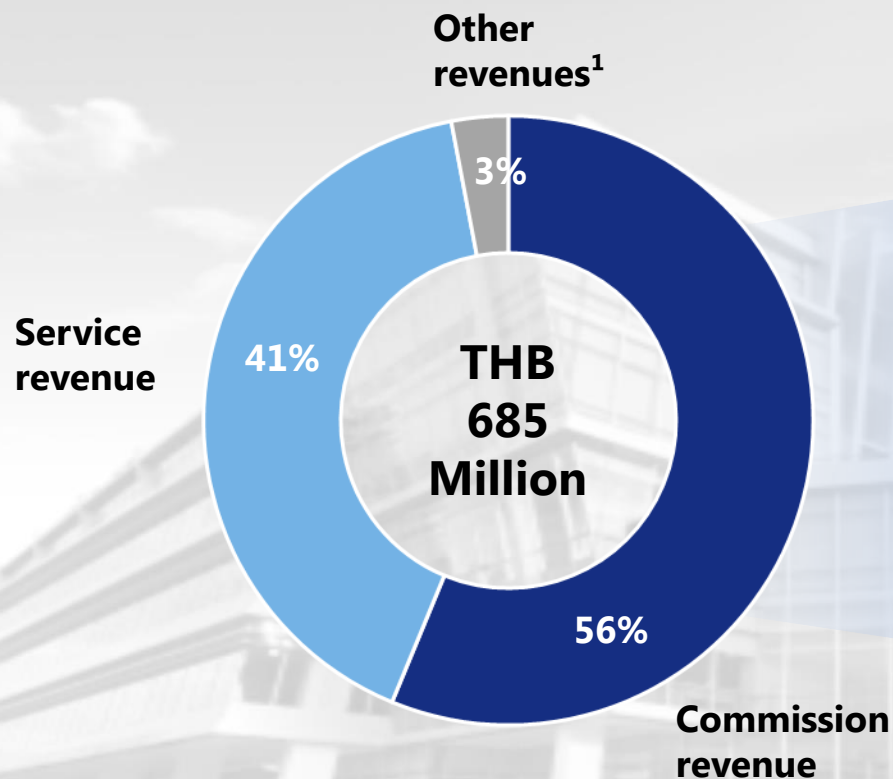
COMPANY STRATEGY



**Q2/2019 OPERATING RESULT UPDATES**



## Revenue



## Commission Revenue by Type



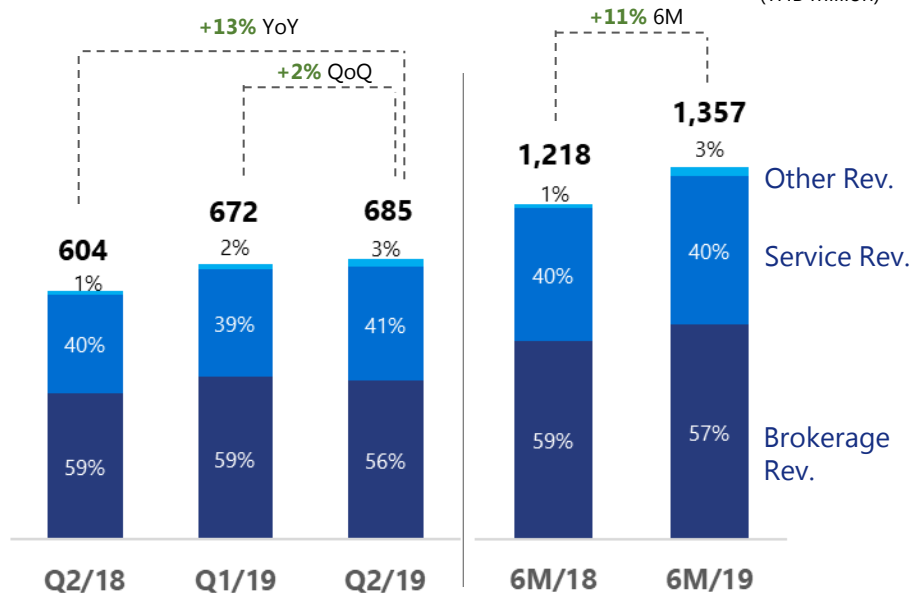
### Note

- (1) Other revenue includes interest income and others
- (2) The maximum commission rate of life insurance determined by regulation is 40%
- (3) The maximum commission rate of non-life insurance determined by regulation is 18%



## Revenue by income type

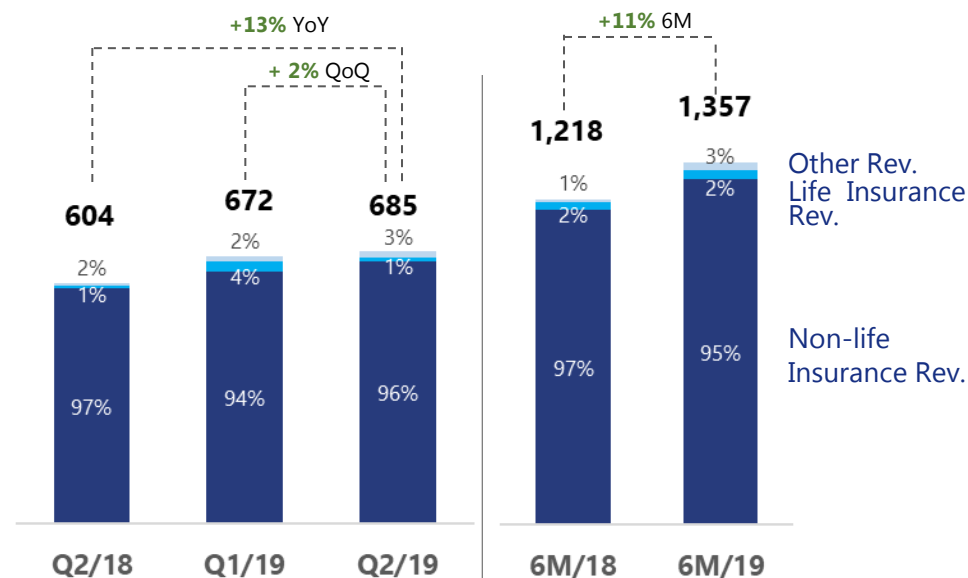
(THB million)



- **Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Operating revenue increased by THB 13 million or 2% QoQ and increased by THB 81 million or 13% YoY because of the increase in insurance premium mainly from non-life insurance.
- **6M/18 VS 6M/19:** Operating revenue increased by THB 139 million or 11% due to the increase in insurance premium mainly from non-life insurance, the increase in number of salesperson as well as greater consumer confidence.

## Revenue by business segment

(THB million)

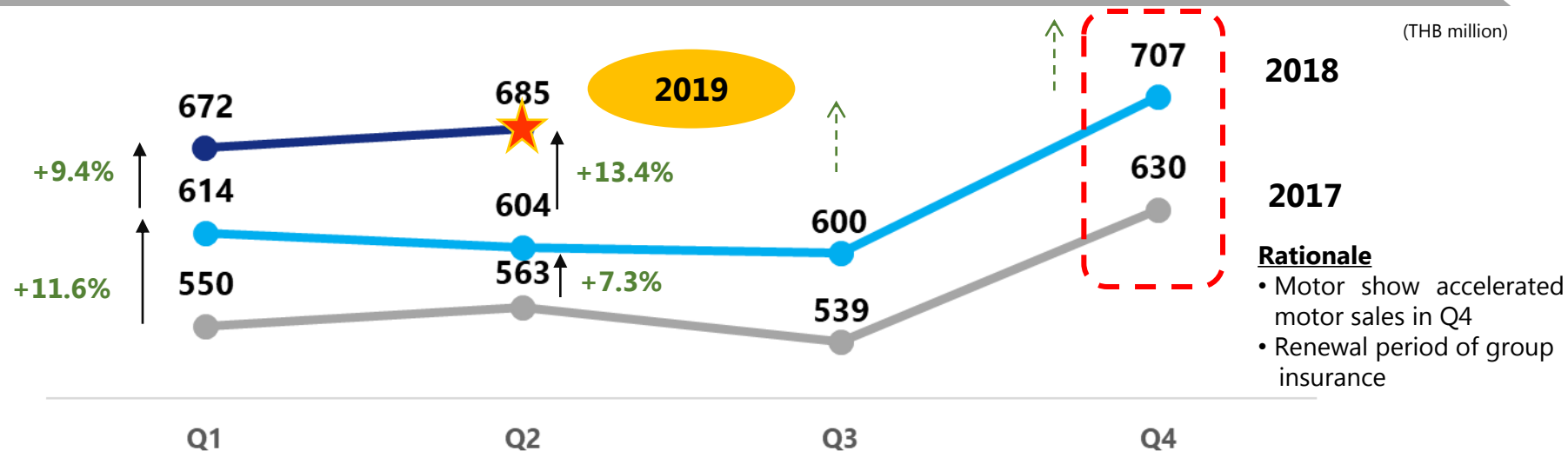


- **Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Operating revenue increased by THB 13 million or 2% QoQ and increased by THB 81 million or 13% YoY because of the increase in insurance premium mainly from non-life insurance.
- **6M/18 VS 6M/19:** Operating revenue increased by THB 139 million or 11% due to the increase in insurance premium mainly from non-life insurance and the increase in salesperson as well as greater consumer confidence.

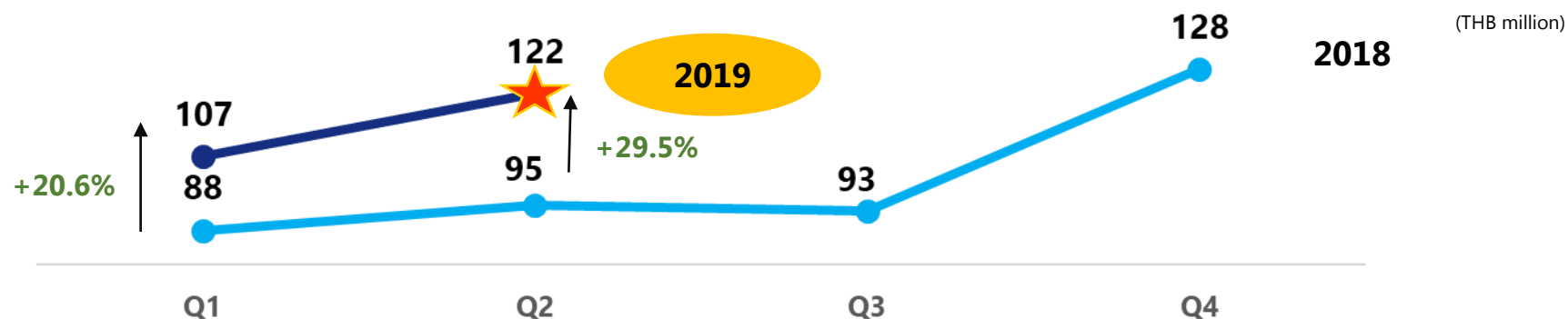
# TQM's Income Seasonality



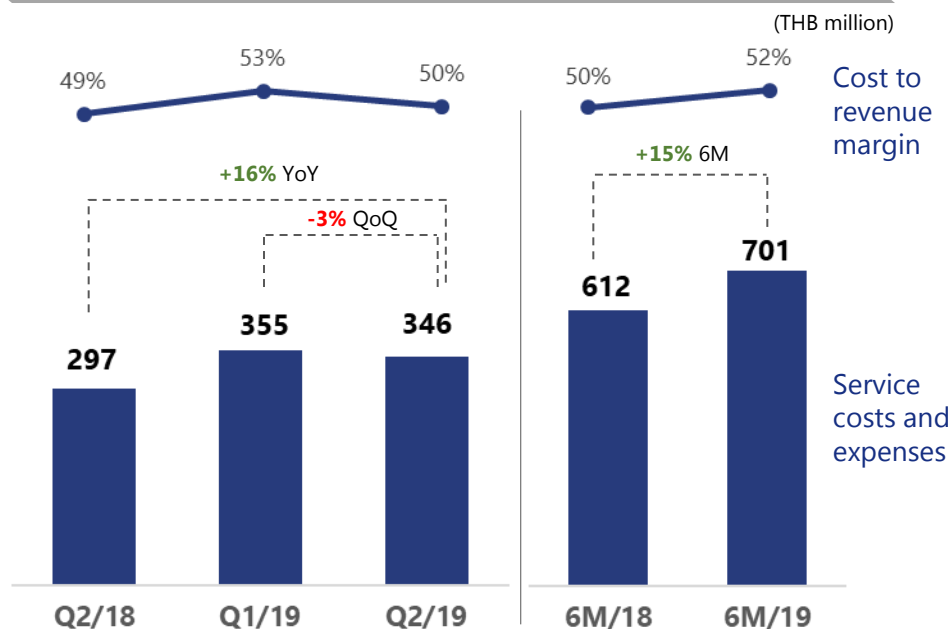
## TQM revenue by quarter



## TQM Net Profit by quarter

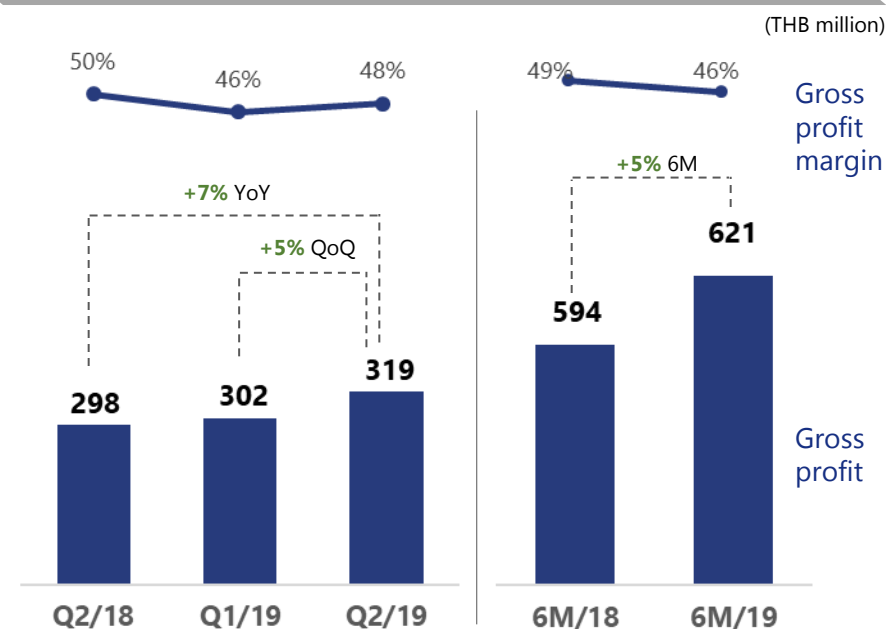


## Service costs



- **Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Service cost decreased by THB 9 million or 3% QoQ and increased by THB 49 million or 16% YoY due to the increase in salespersons to support the greater number of insurance policies during Q1/19.
- **6M/18 VS 6M/19:** Service cost increased by THB 89 million or 15% in line with an increase in operating revenue as well as the increase in 200-300 salespersons during Q1/19

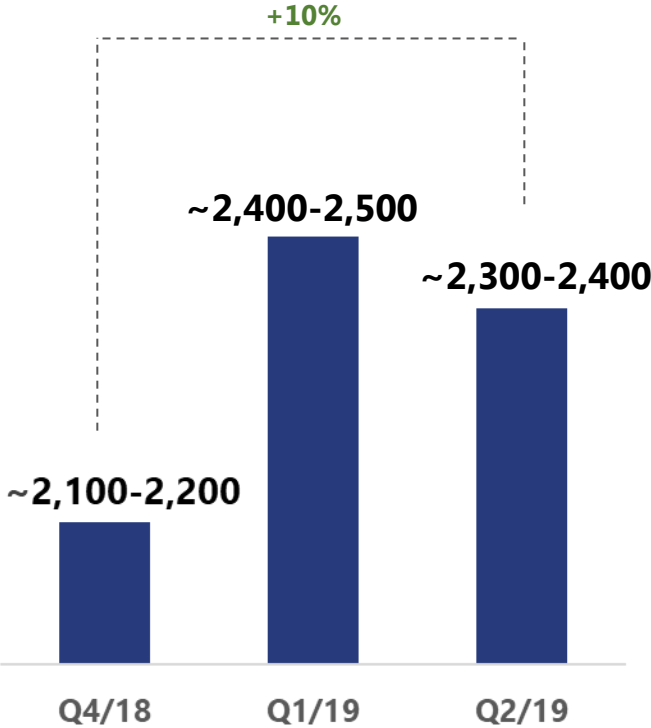
## Gross profit and Gross profit margin



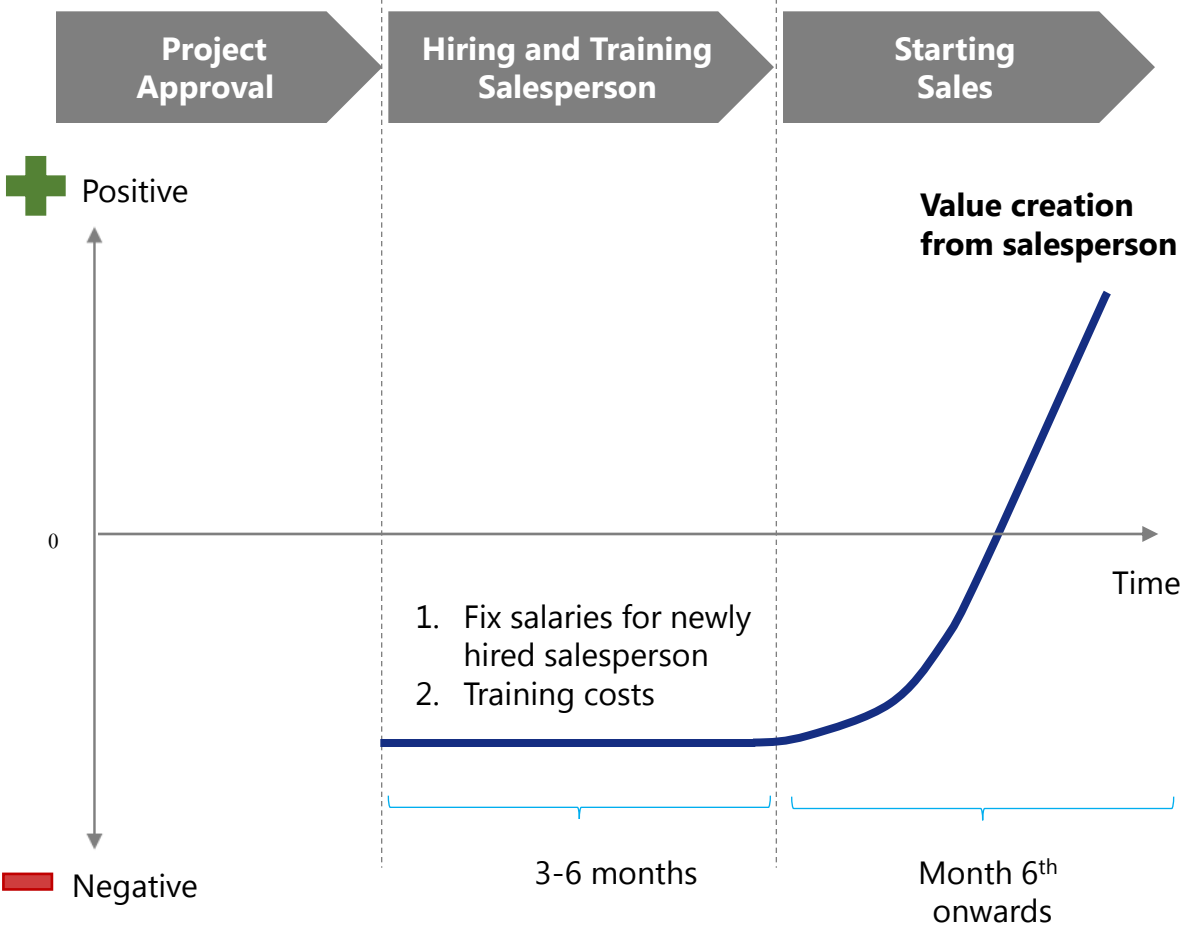
- **Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Gross profit increased by THB 17 million or 5% QoQ and increased by THB 21 million or 7% YoY due to the expansion in sales channels and the increase in salespersons to generate more revenue.
- **6M/18 VS 6M/19:** Gross profit increased by THB 27 million or 5% due to the expansion in sales channels and the increase in salespersons to support the greater number of insurance policies.



## Number of Salesperson



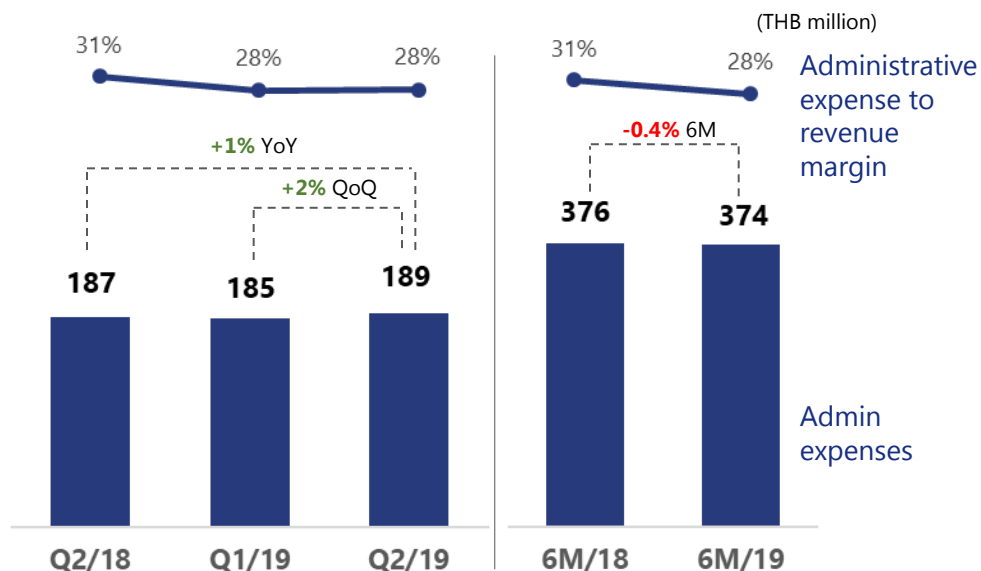
## Timeline for Value Creation



# Administrative Expenses and Net profit

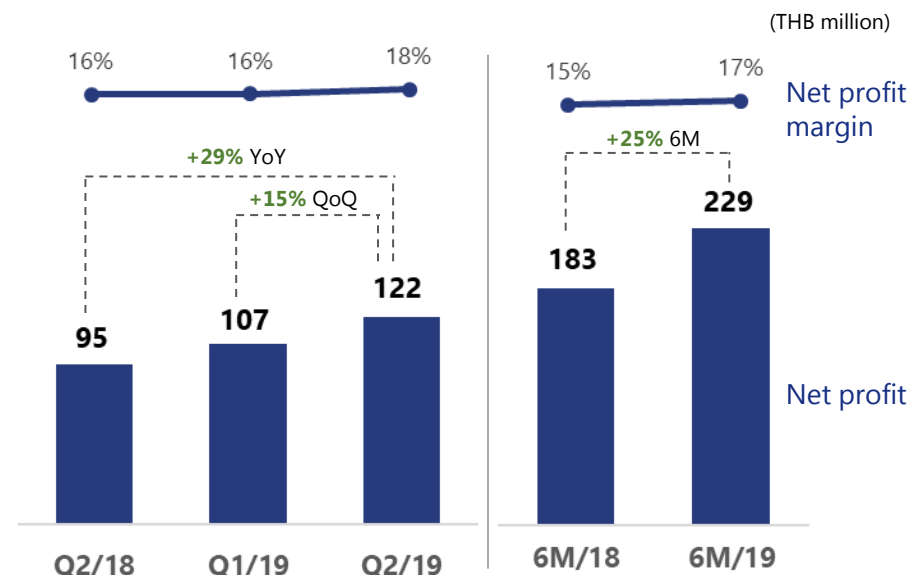


## Administrative expenses



- **Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Administrative expenses slightly increased by THB 4 million or 2% QoQ and slightly increased by THB 2 million or 1% YoY mainly due to employee benefits from the change in regulations, however, it has been fully recorded in Q2/19.
- **6M/18 VS 6M/19:** Administrative expenses decreased by THB 2 million or 0.4% due to better administrative expenses control of the company.

## Net profit and Net profit margin



- **Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Net profit increased by THB 15 million or 15% QoQ and increased by THB 27 million or 29% YoY as a result of the increase in operating revenue and the increase in other revenues from interest receivable and gain from investment. While, the company has better control on expenses which led to higher net profit.
- **6M/18 VS 6M/19:** Net profit increased by THB 46 million or 25% due to the increase in operating revenue and the increase in other revenues. While, the company has better control on expenses which led to higher net profit.

# Key Financial Highlights



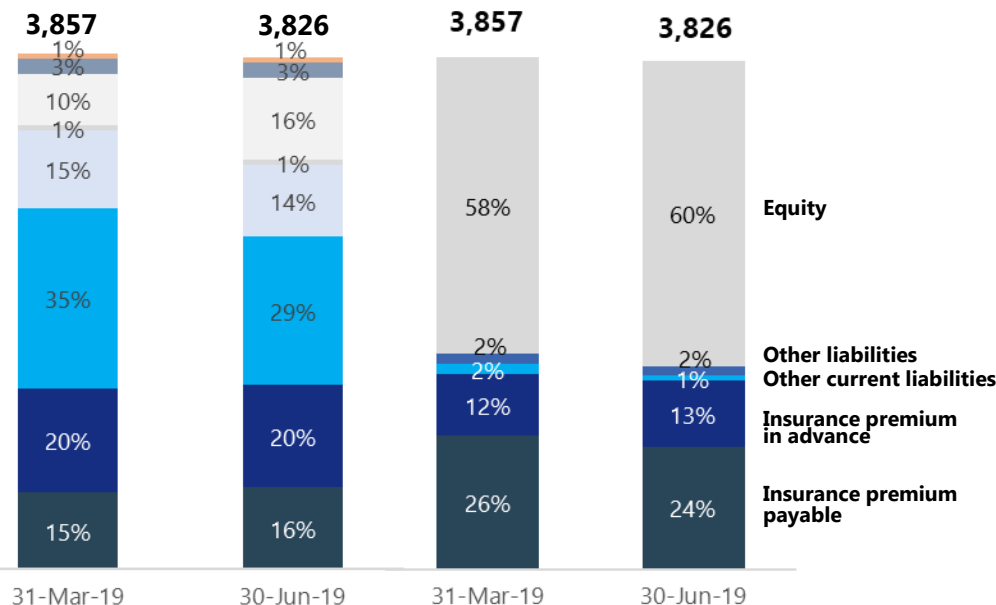
## Financial Position

(THB Million)

### Assets

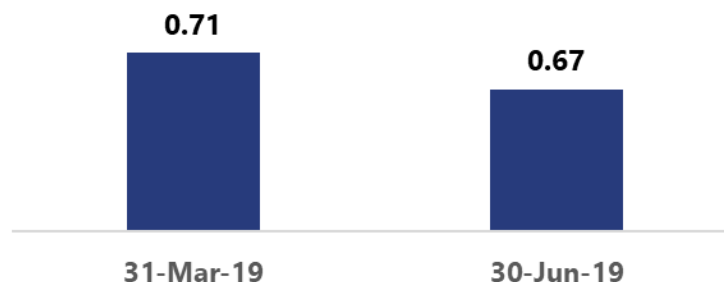


### Liabilities and Equity



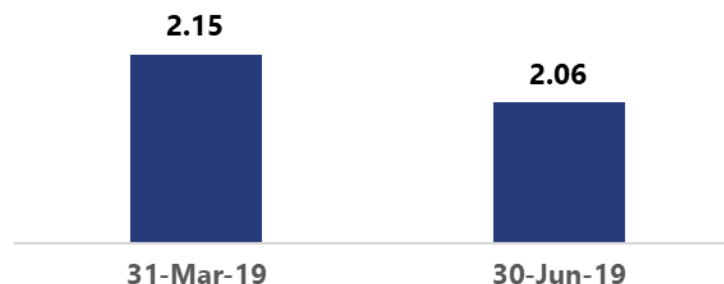
## Total D/E

(Times)



## Current ratio

(Times)



- Total assets as of 30 June 2019 were THB 3,826 million, decreased by THB 31 million or 0.8% from 31 March 2019 mainly from the decrease in current investments.
- Based on analysis on D/E ratio, TQM is considered financially healthy, as TQM did not have any interest-bearing debt and D/E ratio as at 30 June 2019 decreased from 31 March 2019 due to the decrease in payables.
- Current ratio decreased from 31 March 2019 mainly from a decrease in current investments.

# Key Financial Highlights



## Earnings per share

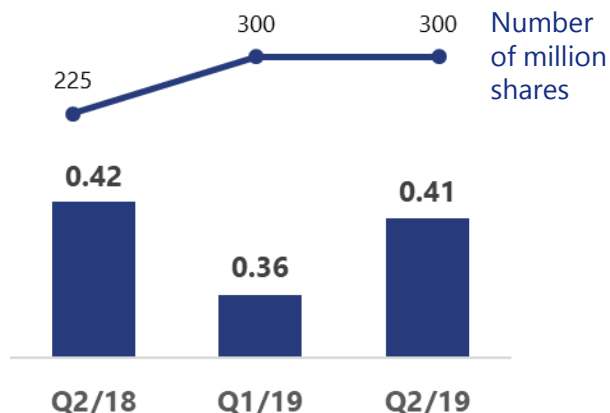
(THB/share)

## ROA\*

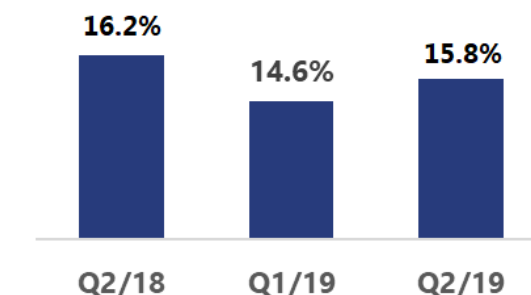
(%)

## ROE\*

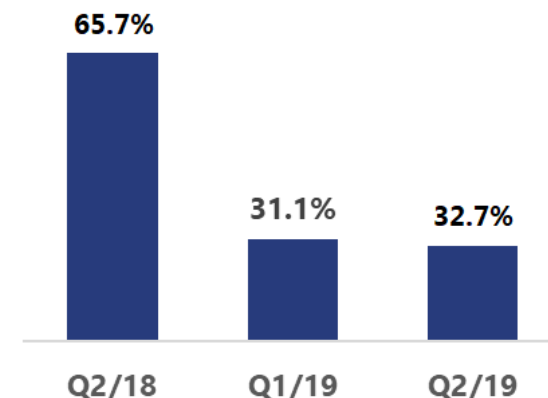
(%)



- **Q1/19 VS Q2/19 (QoQ):** EPS in Q2/19 increased by THB 0.05 per share from Q1/19, because of the increase in net profit from better operating performance.
- **Q2/18 VS Q2/19 (YoY):** EPS in Q2/19 slightly decreased by THB 0.01 per share from Q2/18, because of weighted average share calculation in 2018 and 2019 as well as the IPO in December 2018.



- **Q1/19 VS Q2/19 (QoQ):** ROA in Q2/19 increased by 1.2% from Q1/19, because of the increase in net profit.
- **Q2/18 VS Q2/19 (YoY):** ROA in Q2/19 decreased by 0.4% from Q2/18.



- **Q1/19 VS Q2/19 (QoQ):** ROE in Q2/19 increased by 1.6% from Q1/19
- **Q2/18 VS Q2/19 (YoY):** ROE in Q2/19 decreased by 33% from Q2/18, because of the increase in shareholder's equity from Initial Public Offerings (IPO).

Note: The net profit used to calculate ROA and ROE is actual 4-quarter net profit. The assets and equities are the weighted average asset and equities between the beginning and ending of the period.



CORPORATION PUBLIC COMPANY LIMITED

# THANK YOU

## **IR Contact**

**Sumrit Rongkawilit**

+662 119 8888 ext. 5234

sumrit.ron@tqm.co.th

**Rio Khundeeklai**

+662 119 8888 ext. 5009

rio.khu@tqm.co.th