

FY 2018 Opportunity Day Presentation

20 March 2019

Key Highlights

Strong Operating Performance

- **11% Revenue Growth (12M)** from THB 2.3 billion to THB 2.5 billion
- **51% Net Profit Growth (12M)** from THB 268 million to THB 404 million



Strong Support from the Market

- **Motor industry reached its highest sales in 5 years** enhancing the demand of motor-insurance



New Product Innovation with Partners

- **Oon Jai Ruk Delight** product innovation with Viriyah Insurance and BDMS group
- **Cooperation with Tourism Authority of Thailand** to develop travel insurance product



Consistent Launches of New Projects

- **Introducing Financial Broker business** line is Q2/2019 to support the purchasing of insurance
- **Big Data project will launch** in Q1/2019



Agenda



TQM

COMPANY OVERVIEW



INDUSTRY OVERVIEW AND COMPANY STRATEGY



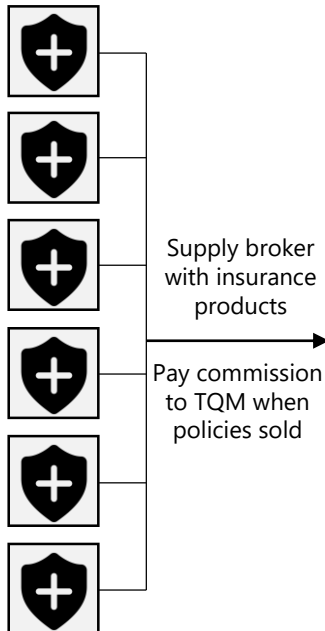
FY2018 OPERATING RESULTS

TQM works as a broker as well as a service provider

TQM Business Model

1. Insurance Broker

Insurance Companies



- Design insurance based on needs of customers



Channels

Platform for end user to search for the most suitable insurance plan



- ✓ Assess and compare coverage to get **best rates and conditions in an unbiased manner**
- ✓ Explain premiums, terms, conditions so **customers get full understanding of products**
- ✓ Ensure that after sales **service and claims are handled fairly**

End User

Purchase insurance through broker



- Search for insurance product through TQM

2. Service Provider

Services to Insurance Companies

TQM offers to provide additional back end services for partnering insurance companies for an additional fee



Car inspection service



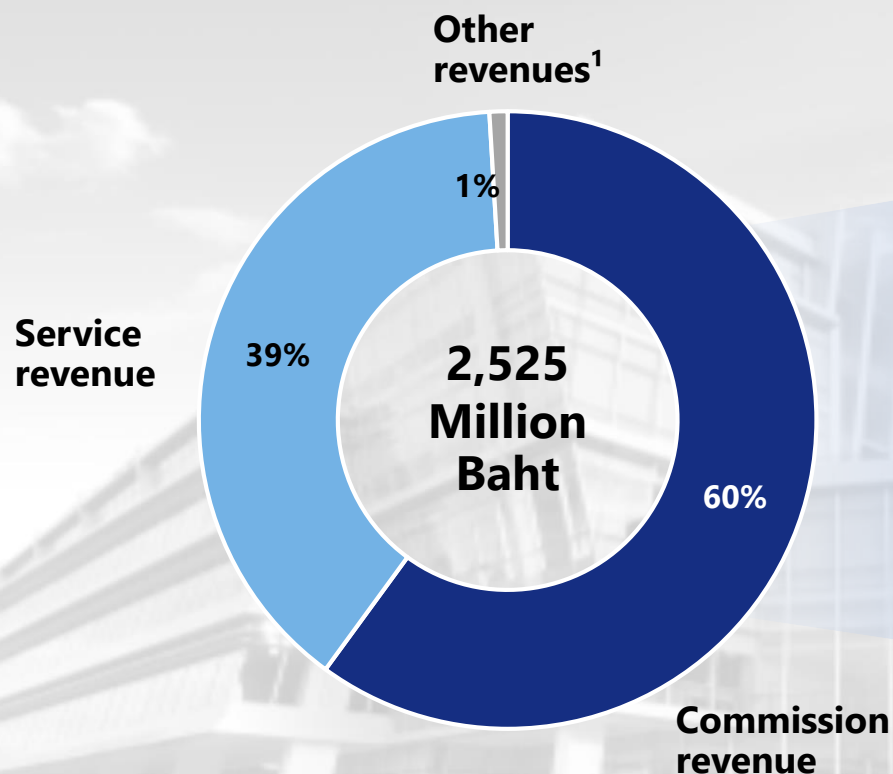
Policy issuance



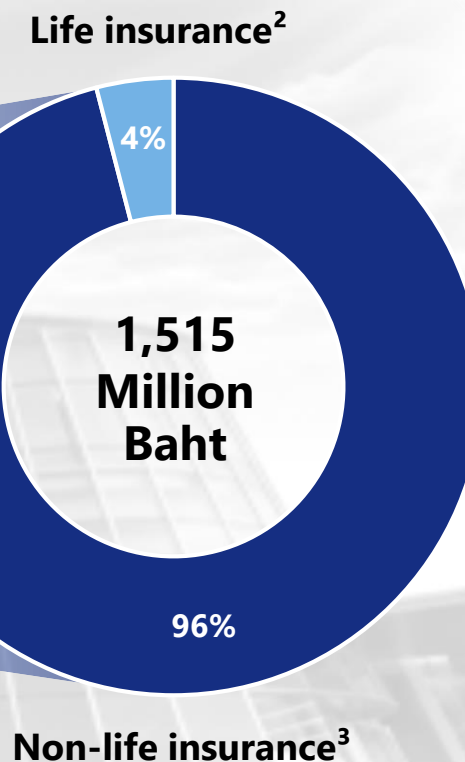
Other services requested by insurance companies

2018 Revenue Portfolio of TQM

Revenue



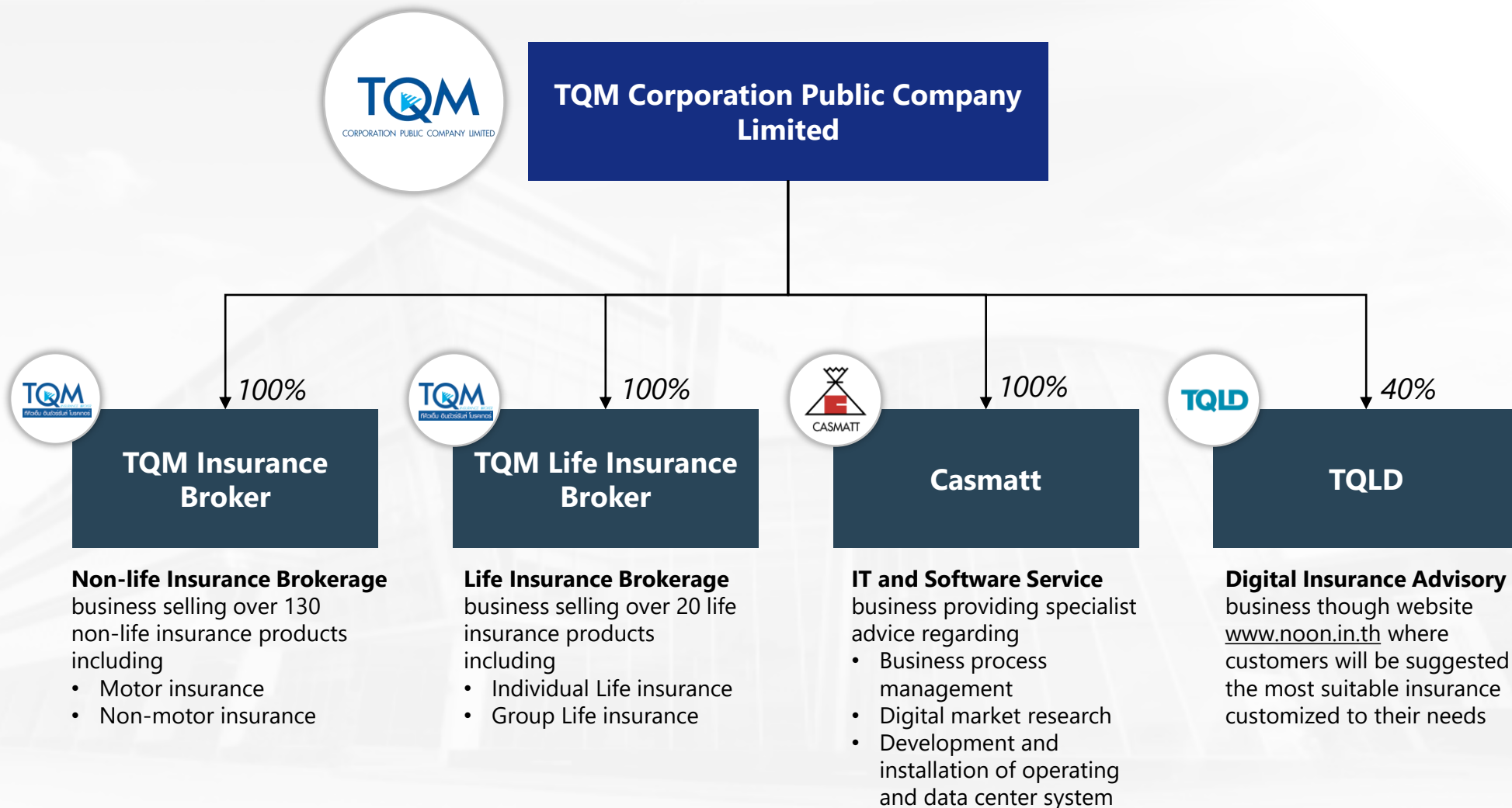
Commission Revenue by Type



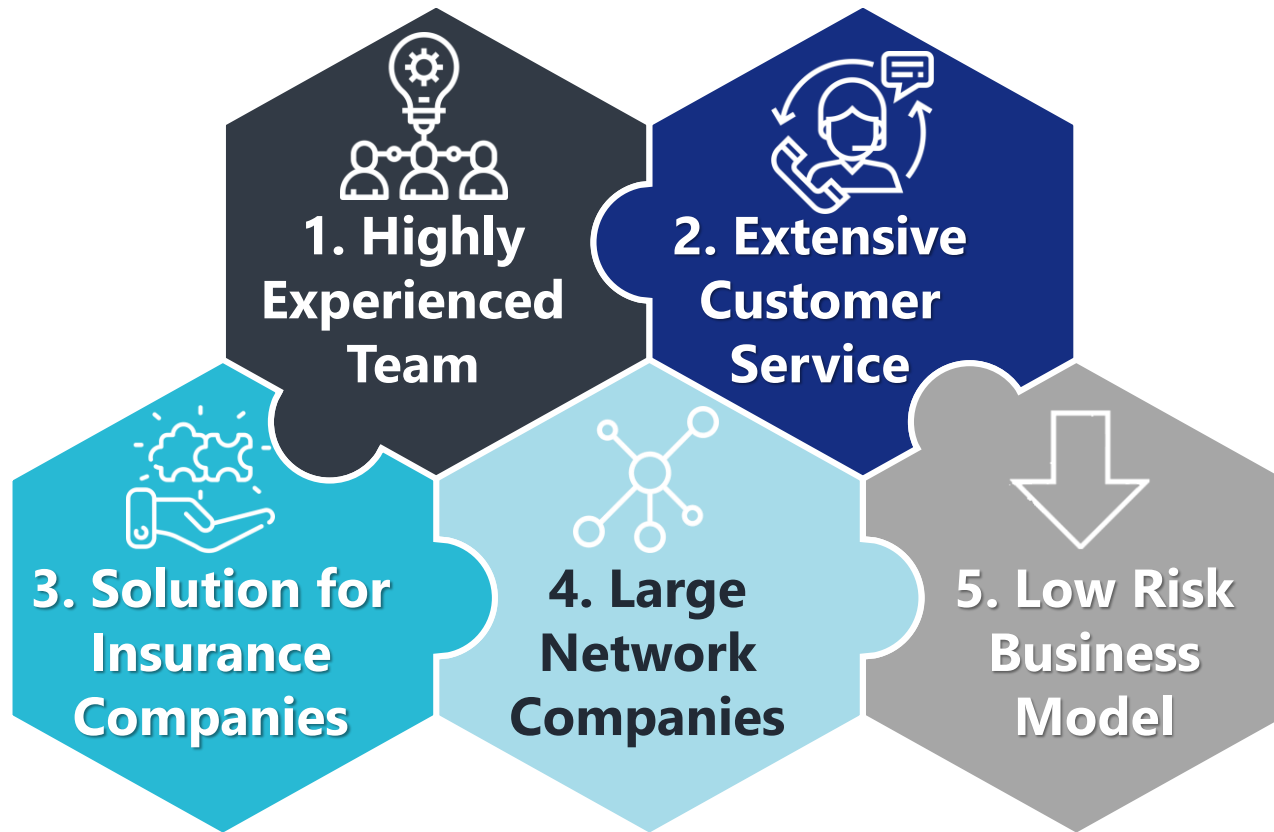
Note

- (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%

TQM at a Glance

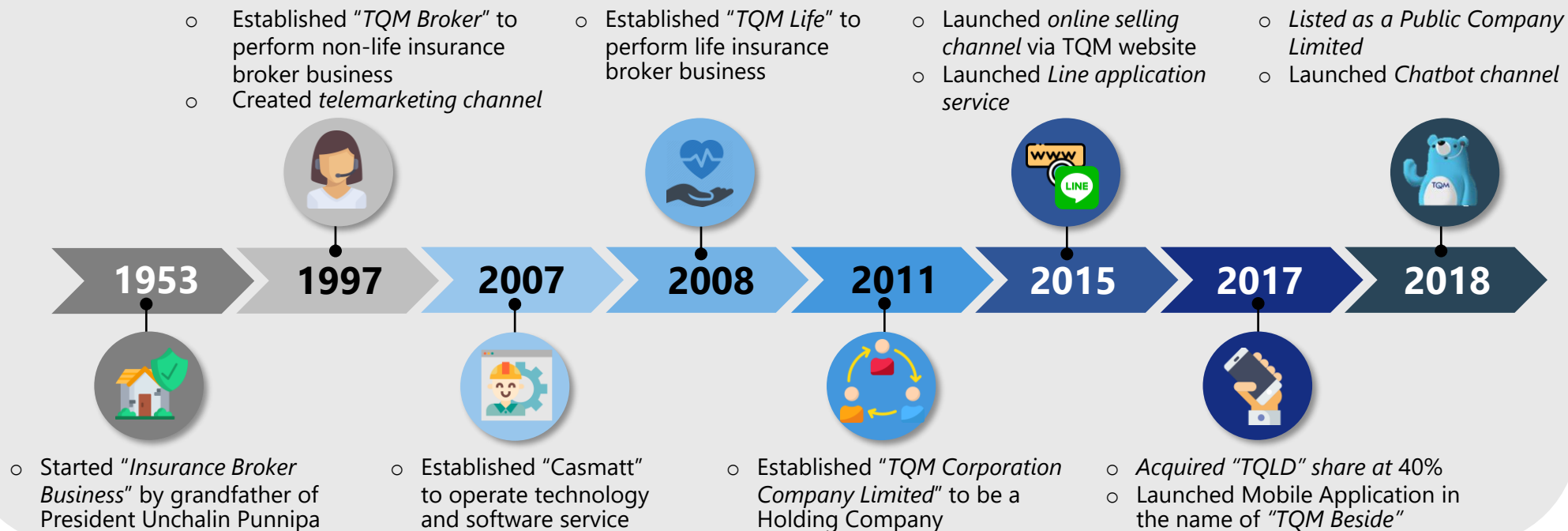


TQM Continues to Grow in Strength



1. TQM is Highly Experienced: Long Secure History with High Recognition

"With 66 years of experience in the insurance brokerage industry, the quality of service to all customers can be guaranteed"



Guarantee quality with awards from Office of Insurance Commission

- ✓ Best of non-life insurance broker (2014-2017)
- ✓ Best of life insurance broker (2014-2016)
- ✓ Best of insurance broker for 4 years (2014-2017)
- ✓ Bronze Winner from "Frank Talk Advertisement" by London International Awards

1. TQM is Highly Experienced: Supported by Highly Experienced Management Team



Dr. Unchalin Punnipa

President

- More than 20 years of experience in insurance brokerage business and TQM holding company
- Successor of TQM businesses, vision and company value

Dr. Napassanun Punnipa

Chief Executive Officer

- More than 20 years of experience in insurance brokerage industry and TQM holding company
- Developer of "Telemarketing Insurance Brokerage"
- Responsible for sale, marketing, operation, IT and other departments
- Leader in developing technology to support TQM to grow along with InsurTech trend



2. TQM has Excellent Services: Offering Services Beyond Customer Expectations



Customer service beyond expectation

Value-added services

- Legal team support
- Car borrowing service
- Recommended garages
- Recommended hospitals



Omni channel supports

- Phone call
- Online
 - Online web-chat
 - Official line account
 - Mobile application
- Face-to-face



Nationwide coverage

- 95 TQM service points and branches nationwide
- Highly accessible by all customer groups in all regions in Thailand



Professional supporting team

- 2,400+ licensed agents for communication
- 2,000+ customer support team in every region
- 24/7 available call service
- Consistent training programs



Result: 80% renewal rate from customers

3. TQM offers Solution for Insurance Companies: Benefiting from High Economies of Scale



Cost-effective solutions for insurance companies

Strong telemarketing salesforce



- **2,400+ licensed telemarketing team**
- **Guaranteed target sales** for partner insurance companies
- **Sale-support** technological system

Omni-channel sale platform



- Accessibility through **multiple sales channels** of TQM
 - Telemarketing
 - Online
 - Face-to-face

Pool of customer insights



- **1.2 million existing customer base**
- **Analytical system** to extract customer insights

Lower-cost administrative tasks



- **Economy of scale** in providing administrative services e.g. car inspection, insurance policy issuance



Continuous use of TQM services from insurance companies

4. TQM is Supported by a Large Network of Companies: Partnering with Top Insurance Companies in Thailand



PARTNERSHIPS WITH THAILAND'S TOP COMPANIES



Over 31 Non-life insurance companies

Over 14 Life insurance companies



High product varieties

- ✓ Comparing and offering **over 150 insurance products**
- ✓ **Continuous development of products** by recommending demanded products from customers to partners



Extended customer base

- ✓ Increase potential customers by **advertising** on partner's or affiliates communicating channels
- ✓ **Offer promotions** with customers and affiliates



Co-creating insurance products

- ✓ Co-creating insurance products to **capture a larger customer base** (e.g. Oon Jai Ruk Delight, Tourism Authority of Thailand)
- ✓ **Exclusive rights** to sell invented products

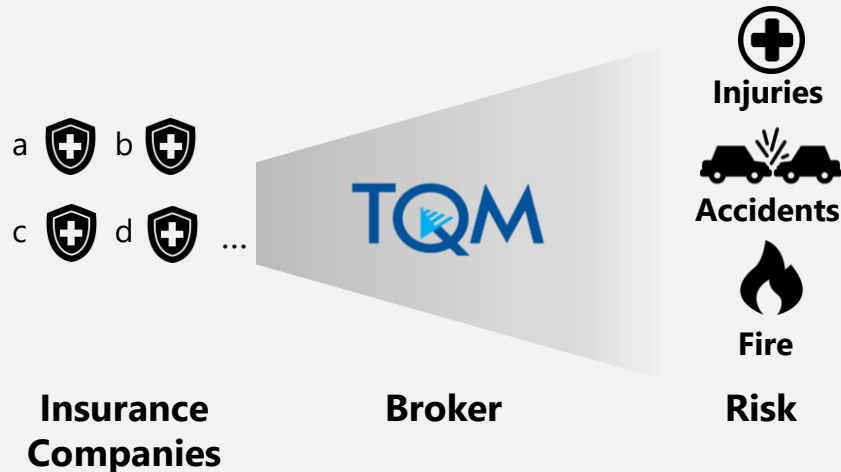


5. TQM has a Low Risk Business Model: TQM Bear Minimal Risks Compared to Other Insurance Companies



Coverage risk

The risk is covered by insurance companies, not broker



When an end user experiences an incident, the coverage shall be paid by the insurance companies. TQM as a broker shall coordinate between end-users and insurance companies to ensure that end-users may receive the coverage properly.

Customer concentration risk

Diversified customer portfolio, as TQM focuses more on retail customers



The customer portfolio mainly consists of retail clients (B2C) indicating that the customer base is diversified. This results in a lower customer concentration risk.

Agenda



COMPANY OVERVIEW



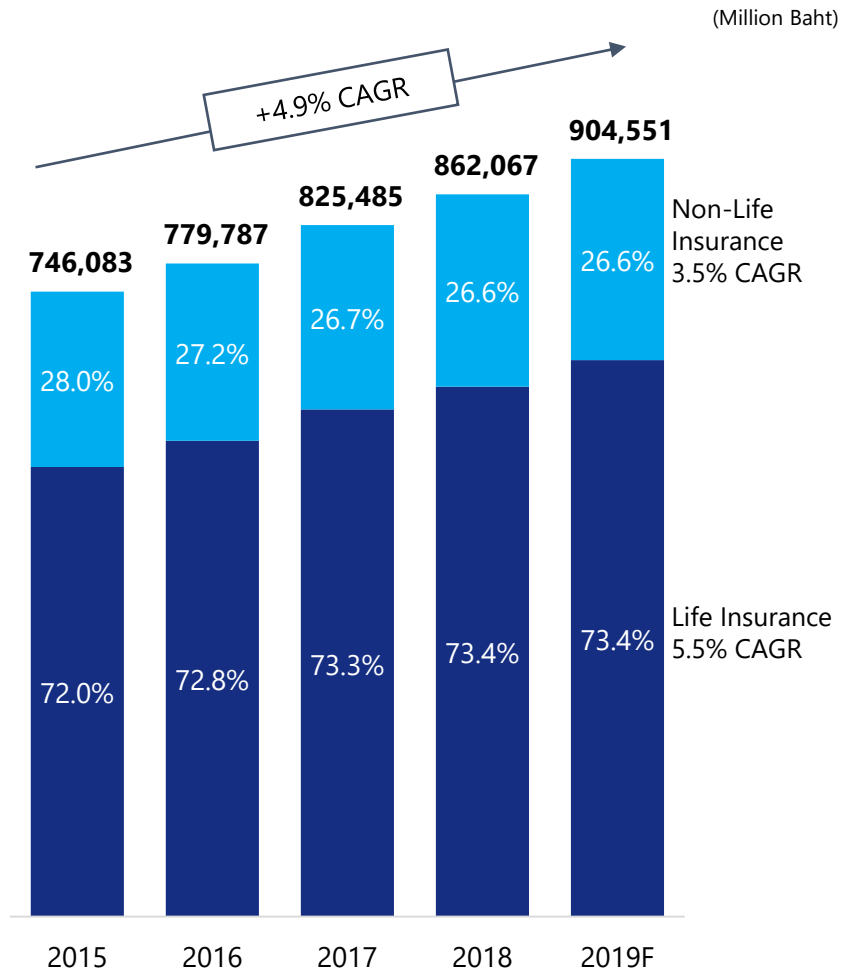
**INDUSTRY OVERVIEW AND
COMPANY STRATEGY**



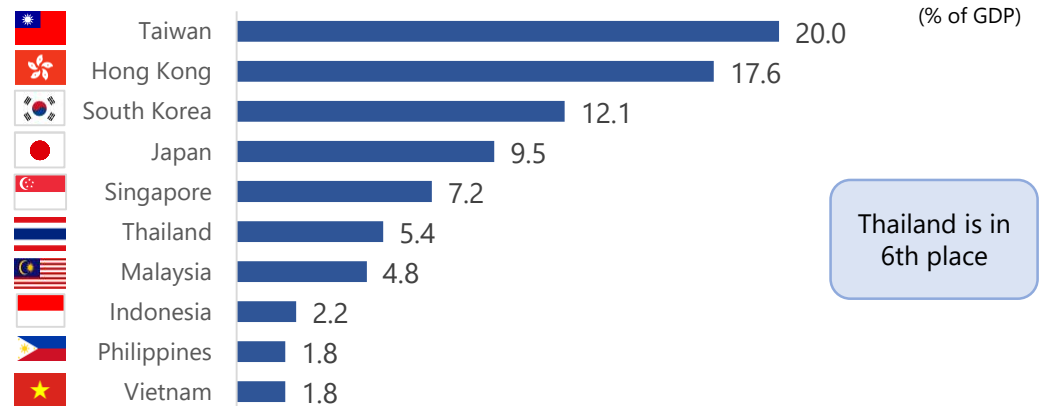
FY2018 OPERATING RESULTS

Thailand's insurance industry is growing steadily at 5% CAGR with room to grow

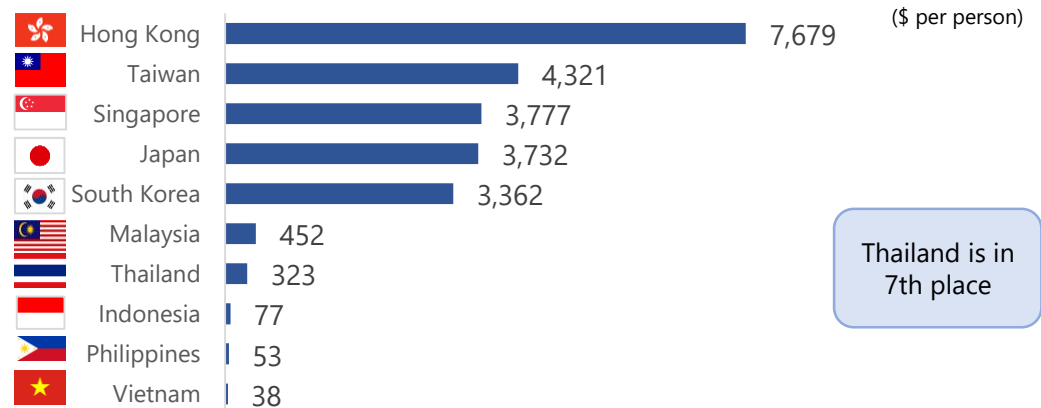
Total Thailand Insurance Premium



Insurance premium to GDP (2017)



Insurance premium per head (2017)



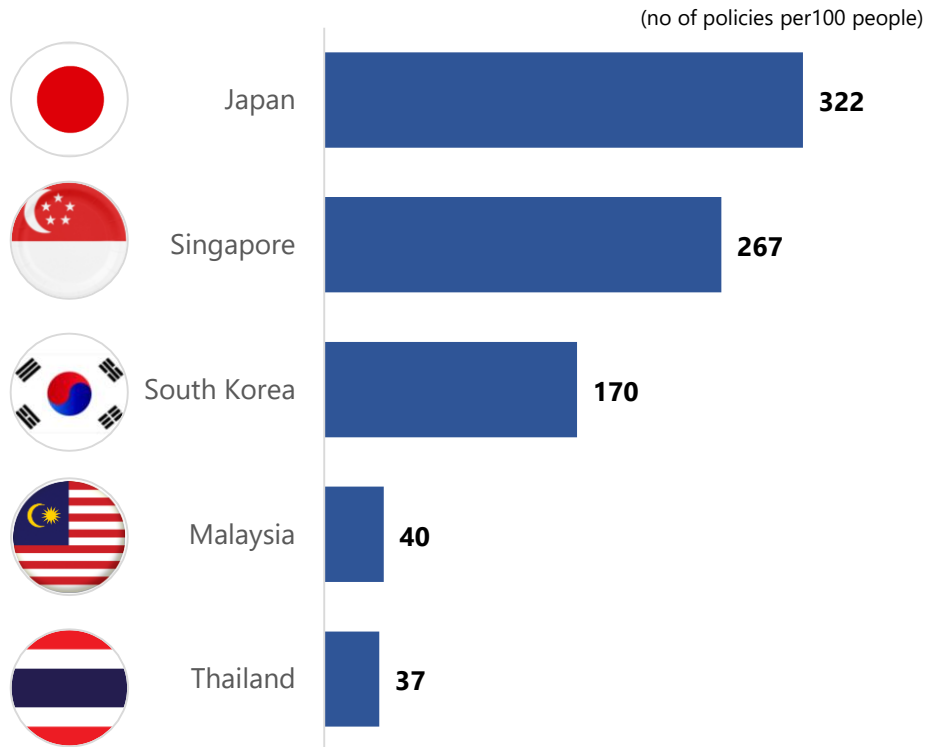
Thailand insurance industry has opportunities to grow comparing to other developed counties such as Hong Kong and Taiwan

Source: OIC, Swiss Reinsurance No.3/2017, Sigma World Insurance 2016

Both life and non-life insurance markets have high potentials to expand further

Life insurance

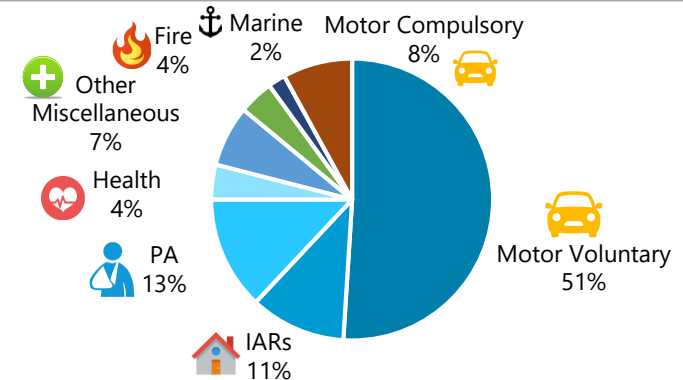
Life insurance ownership (2018)



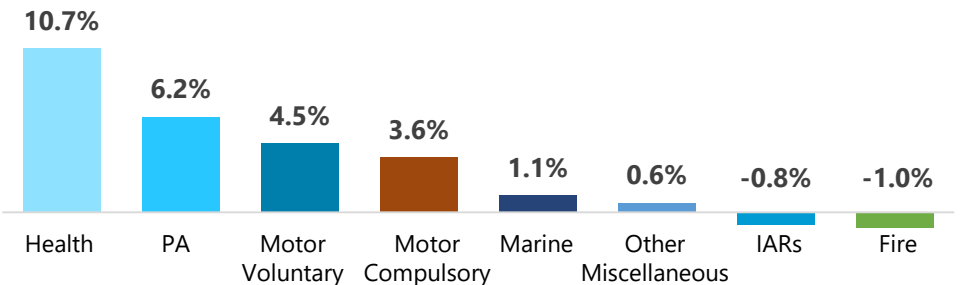
Life insurance in Thailand has large potential to grow when comparing to other developed countries in Asia as only 37% of the Thai population has life insurance

Non-Life Insurance

Thailand non-life insurance composition (2018)



Annual growth rate (CAGR) by composition between 2015-2018



Health, PA and Motor insurances (voluntary and compulsory) have been growing at the highest rates from 2015 to 2018 at 10.7%, 6.2%, 4.5% and 3.6% CAGR respectively

Source: Isranews, OIC, TGIA

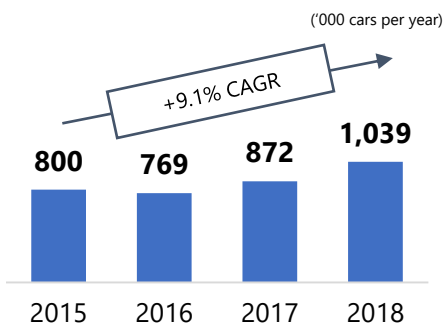
External factors also play a big role in the increase of insurance demands

Other factors promoting insurance industry

Sales of motor has increase significantly annually



Sales of Motor

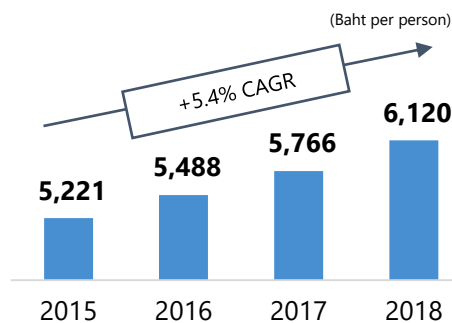


- Sales of motor has increased at 9.1% CAGR between 2015 and 2018
- Rise in number of motor will increase the demand of motor insurance both voluntary and compulsory

Spending per head in hospitals increases substantially



Spending on healthcare

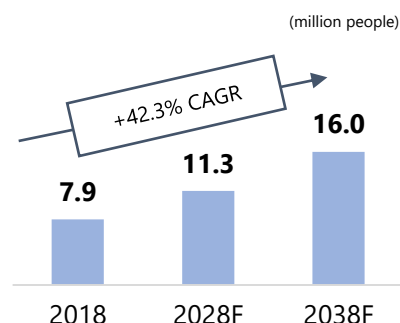


- Spending per head on healthcare in Thailand increases every year at 5.4% CAGR from 2015 to 2018
- Due to higher spending per head, more people are purchasing health insurance

Thailand will soon experience an ageing population



Ageing Population

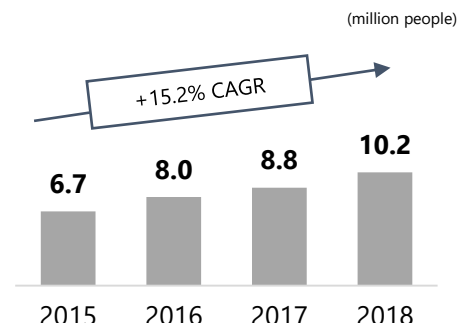


- Thailand is set to become a full-fledged ageing society within 20 years
- Elderly population is expected to grow at 47% CAGR resulting in higher demand for health and life insurance

Thai people start to view travelling as a lifestyle



Outbound tourists



- Total outbound tourism in Thailand has grown at 15.2% CAGR from 2015 to 2018
- Travel insurance demand grows with the increase in outbound travelers

Source: Marklines, Euromonitor, Thailand tourism intelligence center, BLT Bangkok, Nationalmultimedia

TQM Company Strategies



CUSTOMER MANAGEMENT THROUGH BIG DATA

- Big data project
- Product Segmentation



EXISTING CUSTOMER BASE CROSS SELLING

- Life insurance platform
- Non-motor 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

Customer Management Through Big Data



TQM believes that one of the core success of the business is to identify the needs in each customer groups and to offer the best products to the correct segments

Fulfilling the needs of the customers



Identifying customer needs

Big Data Project

Leveraging existing data to segment customers into groups and offering products according to each segment's demand under the following process:

Process:



Data Exploratory
Results and
Findings



Identified early
demographics from
the research



Segment customers
according to each
different profiles



Pilot product with TQM
post boosting and ad
targeting



Offering services to fulfill needs

Product Segmentation

Penetrate each customer groups according to the needs or behaviors including:

a. Salary man



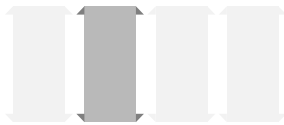
c. Oon Jai Ruk Delight



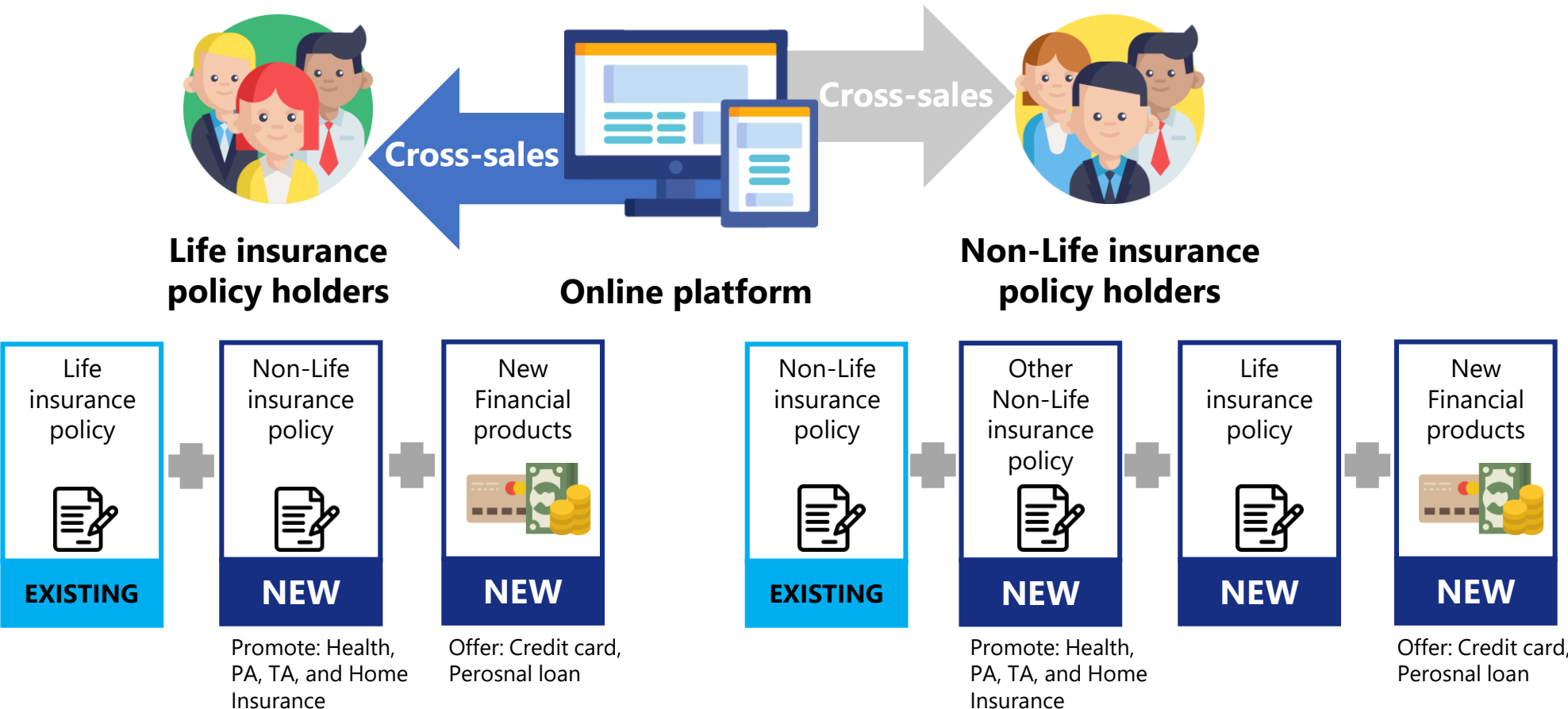
b. Motor for lady



Existing Customer Base Cross Selling



TQM believes that the current customer base can be leveraged by cross-selling additional products that would suit customers' need, including both insurance products and other financial products



Technological Driven Operation by Chatbot



TQM believes that technological advancement is essential to increase revenues and to facilitate in lowering costs

1

Leveraging technology to **decrease costs**



- ✓ Sending policies through mail
- ✓ Communicating only through call



- ✓ Sending policies through email
- ✓ Communicating through LINE, Facebook (chatbot/chat center)



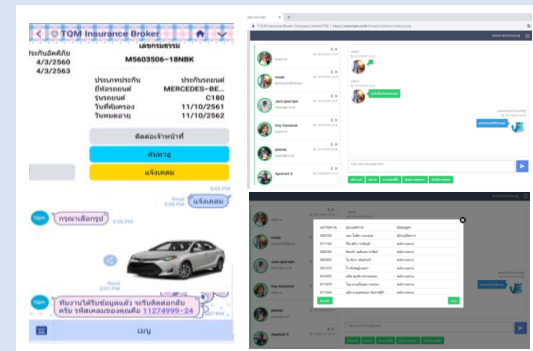
Decrease operational expense

2

Develop technology to assist customers to **enhance sales** through online channels and branches around Thailand



Offer real-time chatbot via Line Chatbot



Expand to OMNI Channel via Chat Center



Increase sales volume



Increase customer experience



Technological system to serve customers in all 95 branches

Partnership Enhancement



TQM believes that growing partnership relations in all areas is essential for TQM growth

TQM Existing Partners

Insurance Companies



- Ensuring high variety of products to customers
- Enabling higher potential for TQM to reach targeted sales
- Imposing opportunities for TQM to co-create insurance products

Customer Supporting Businesses



- Enhancing customer experience with TQM
- Retaining existing customers by creating customer loyalty (renewing policies with TQM)

Selling Channel Affiliates



- Creating opportunities by accessing markets of partners and affiliates

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





Hi Tech : Hi Touch

Agenda



COMPANY OVERVIEW



INDUSTRY OVERVIEW AND
COMPANY STRATEGY



FY2018 OPERATING RESULTS



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THANK YOU

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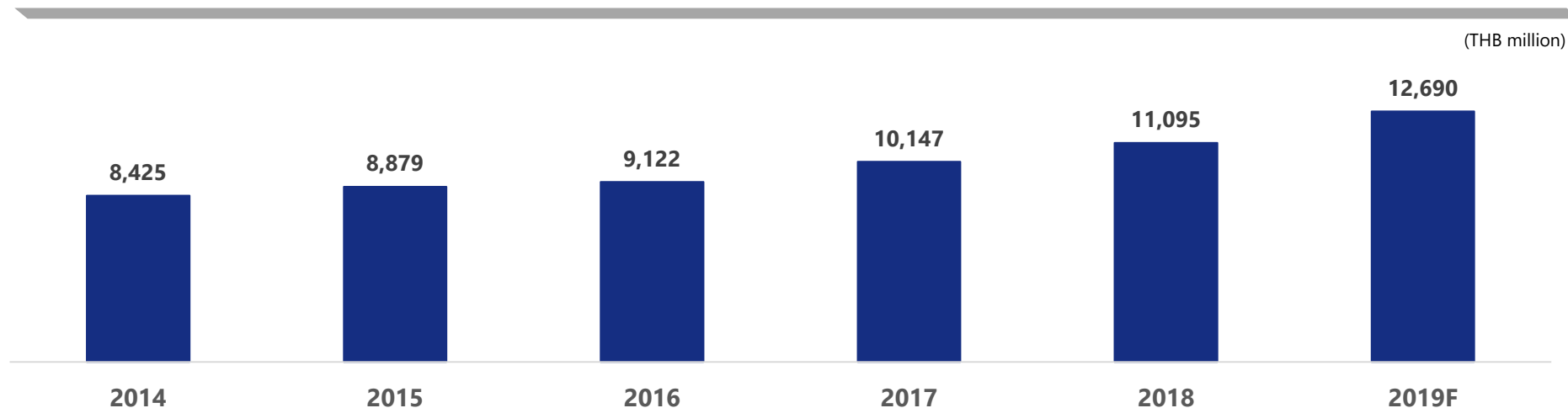
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APPENDIX

FY2018 OPERATING RESULTS

Premium increases continuously for the past 5 years

Premium



Commission rate

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

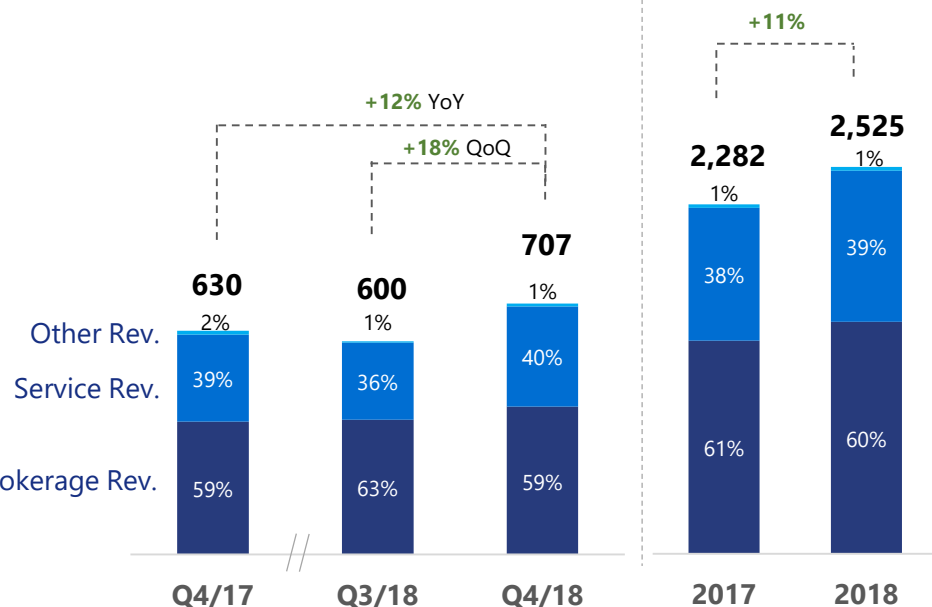
Type of insurance	Commission rate
Life insurance	40%
Non-life insurance	18%

- The major factor that contributed to an increase in insurance premium is the increase in the number of car sold, which increase continuously during the last 5 years.
- This growth in insurance premium increased brokerage revenue and service revenue to rise significantly during the past five years.

Operating Revenue

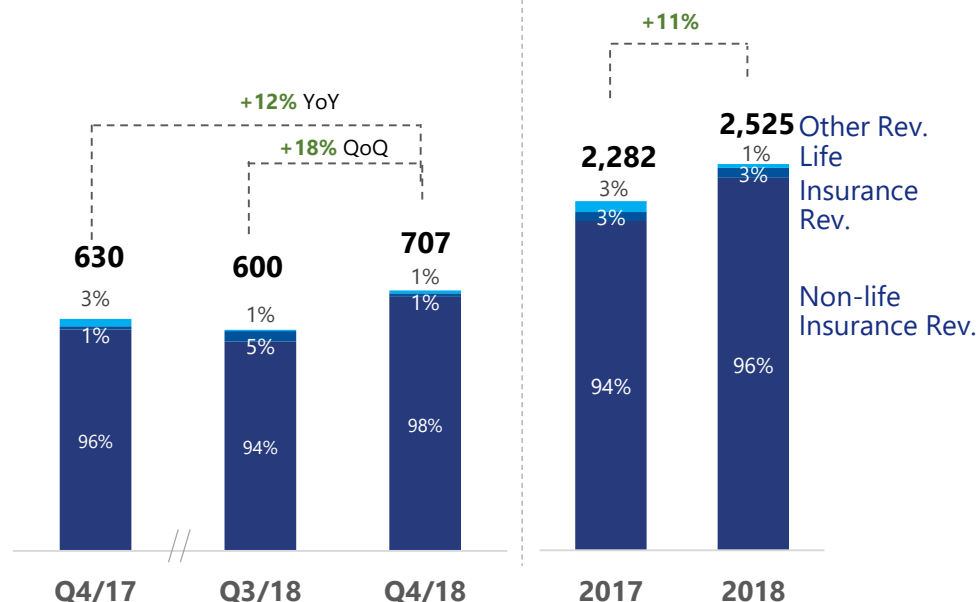
Revenue by income type

(THB million)



Revenue by business segment

(THB million)

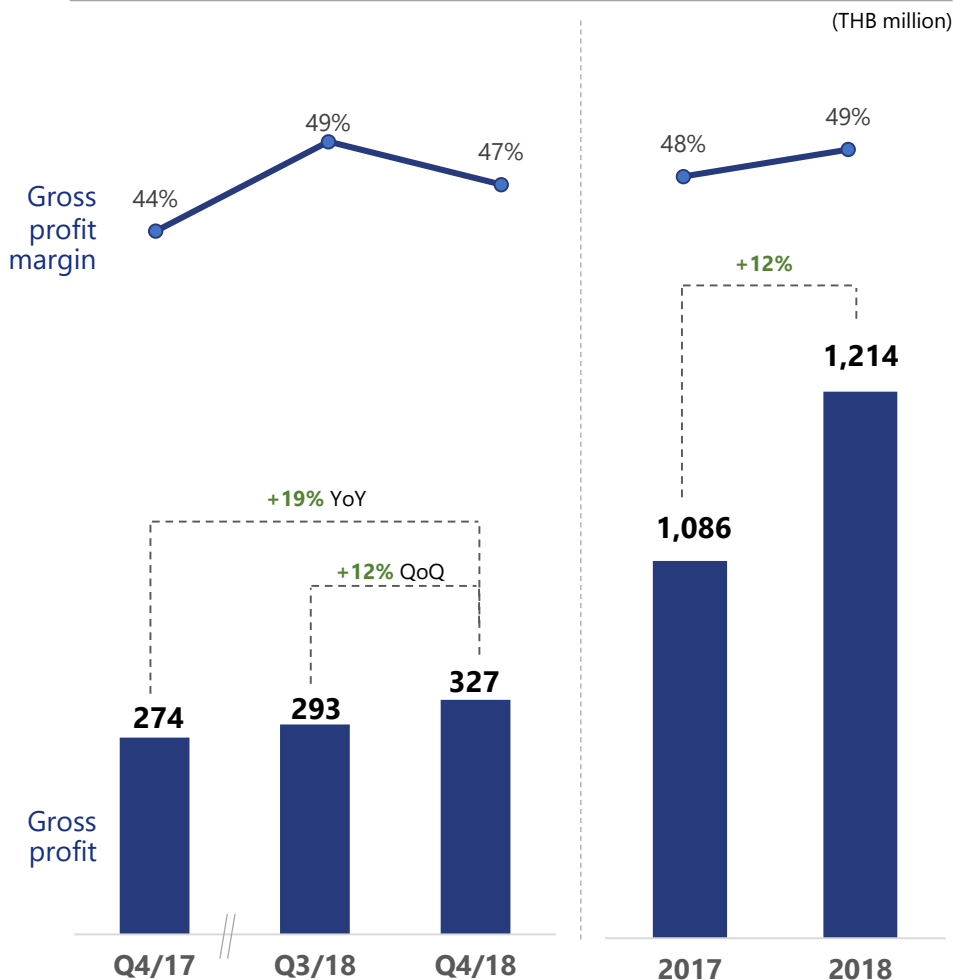


- **Q3/18 VS Q4/18 (QoQ):** Operating revenue increased by THB 107 million or 18% because of an increase in brokerage revenue and service revenue.
- **Q4/17 VS Q4/18 (YoY):** Operating revenue increased by THB 77 million or 12% due to an increase in brokerage revenue and service revenue.
- **2017 VS 2018 (12M):** Operating revenue increased by THB 243 million or 11% due to an increase in the number of cars sold, which exceeds 1 million new cars.

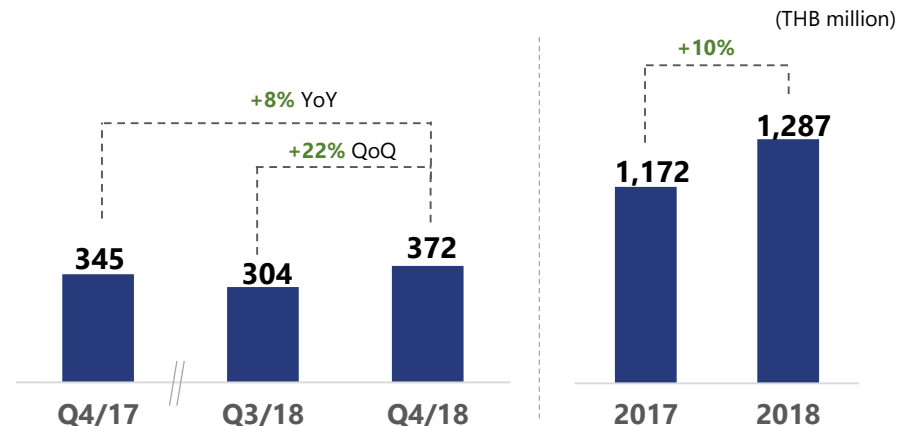
Operating revenue increased significantly, because of an increase in the number of new cars sold, exceeding 1 million new cars. This increase contributes to higher demand in non-life insurance and, hence, an increase in revenue from non-life insurance.

Gross profit, Service costs and Administrative expenses

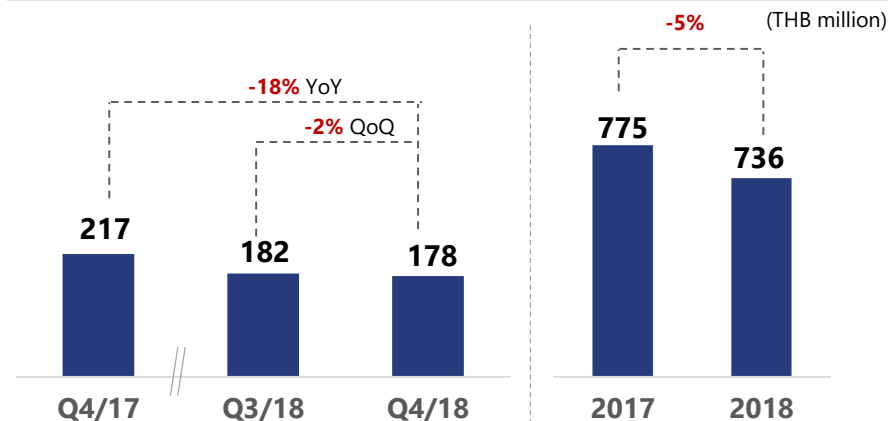
Gross profit and Gross profit margin



Service costs and expenses

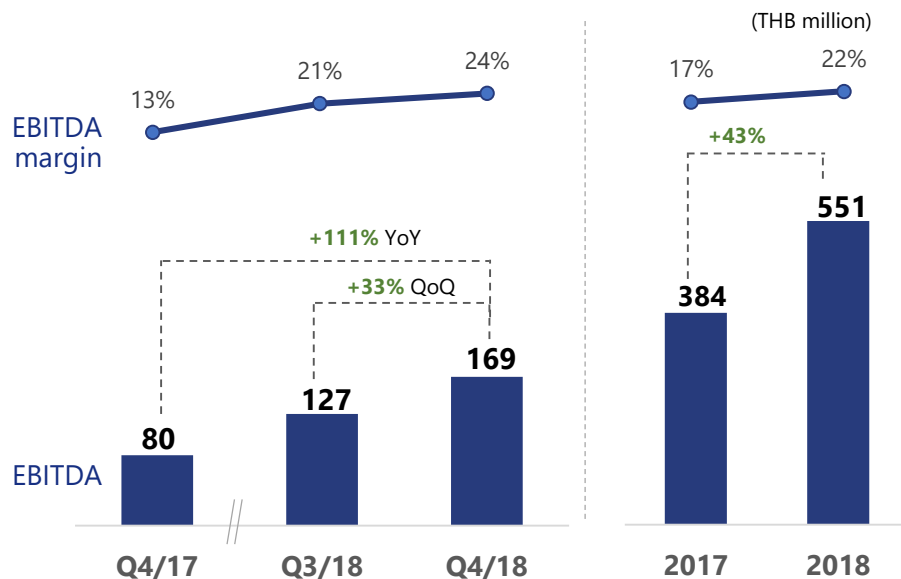


Administrative expenses



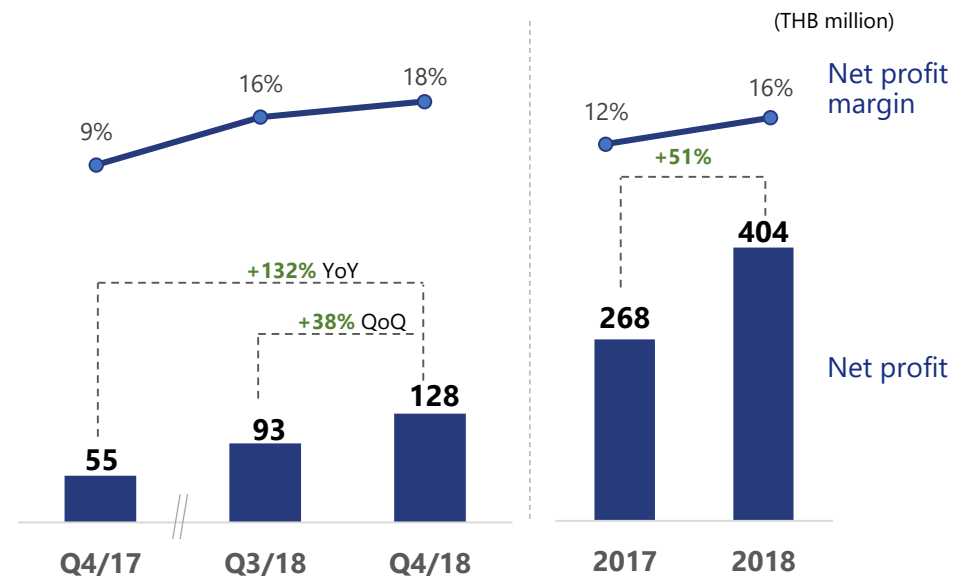
EBITDA and Net profit

EBITDA and EBITDA margin



- **Q3/18 VS Q4/18 (QoQ):** EBITDA in Q4/18 increased by THB 42 million or 33%, because of an increase in revenue and a decline in administrative expenses.
- **Q4/17 VS Q4/18 (YoY):** EBITDA in Q4/18 increased by THB 89 million or 111% from Q4/17, because of an increase in revenue and a decline in administrative expenses.
- **2017 VS 2018 (12M):** EBITDA in 2018 increased by THB 167 million or 43% from 2017, because of an increase in revenue and a decline in administrative expenses.

Net profit and Net profit margin



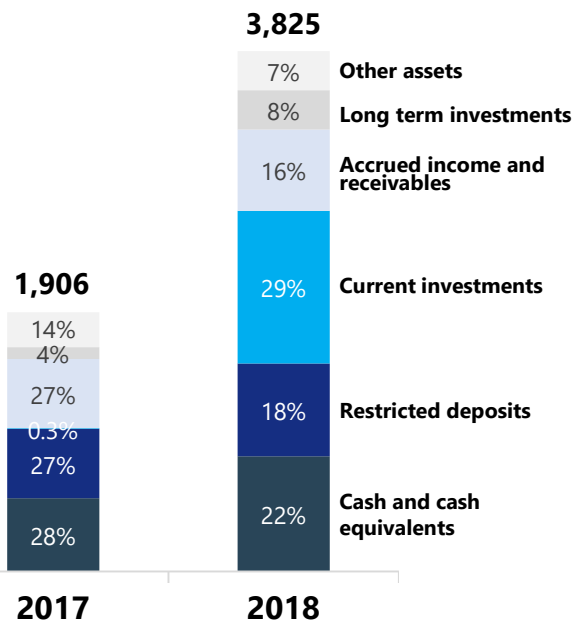
- **Q3/18 VS Q4/18 (QoQ):** Net profit in Q4/18 increased from Q3/18 by THB 35 million or 38% because of an increase in revenue and decrease in administrative expenses.
- **Q4/17 VS Q4/18 (YoY):** Net profit in Q4/18 increased from Q4/17 by THB 73 million or 132%, because of an increase in revenue and decrease in administrative expenses.
- **2017 VS 2018 (12M):** Net profit in 2018 increased significantly by THB 136 million or 51%, because of an increase in revenue and decrease in administrative expenses.

Key Financial Highlights

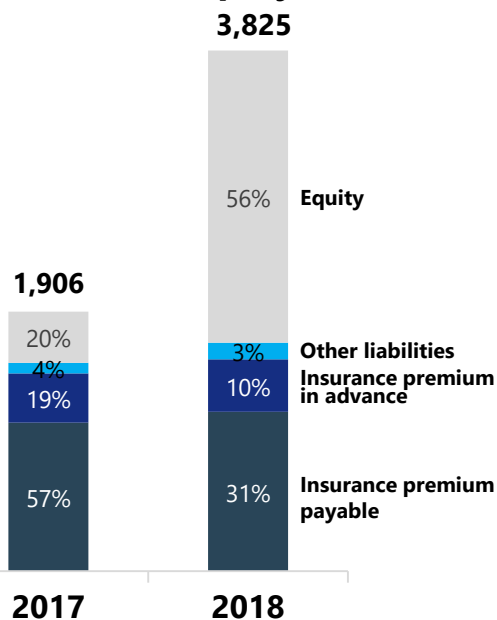
Financial Position

(Million baht)

Assets



Liabilities and Equity



Total D/E

(Times)

4.06x

2017

0.78x

2018

Cash Cycle

(Days)

2017

-14.61

2018

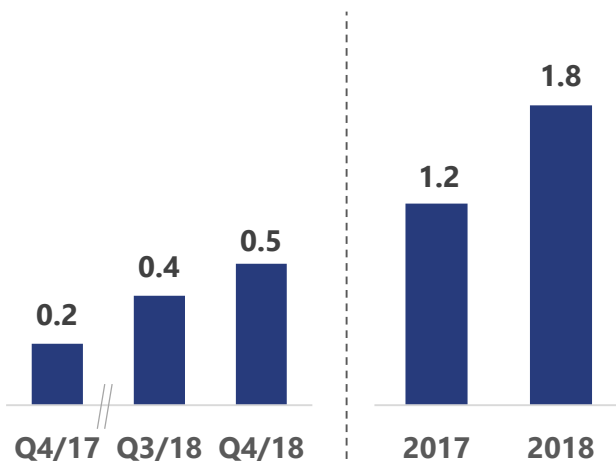
-7.09

- Total assets as of 31 Dec 2018 were 3,825 million, increased by THB 1,919 million or 101% from 2017. The increase was as a result of TQM's IPO in Dec 2018, leading shareholder's equity to rise substantially.
- The capital from IPO was partly invested in long-term assets and partly kept in form of cash and cash equivalents and current investments for future investments.
- Based on analysis on D/E ratio and Cash cycle, TQM is considered financially healthy, as TQM did not have any interest-bearing debt and had negative cash cycle. The negative cash cycle implied that TQM could collect cash before they had to pay to insurance companies, and TQM's cashflow is in strong position.

Key Financial Highlights

Earnings per share

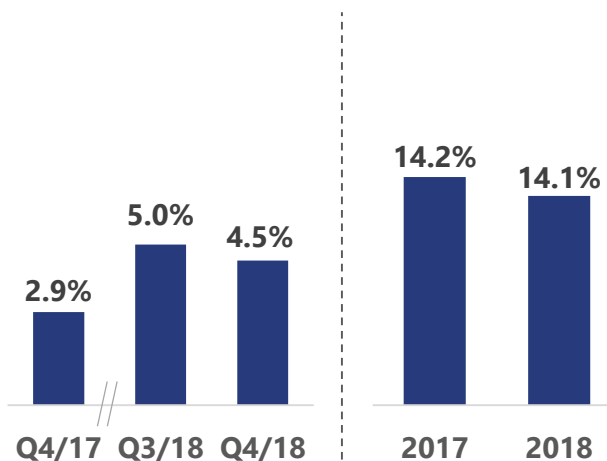
(Baht/share)



- **Q3/18 VS Q4/18 (QoQ):** EPS in Q4/18 increased by THB 0.1 per share, because of an increase in net profit.
- **Q4/17 VS Q4/18 (YoY):** EPS in Q4/18 increased by THB 0.3 per share, because of an increase in net profit.
- **2017 VS 2018 (12M):** EPS in 2018 increased by THB 0.6 per share, because of an increase in net profit.

ROA

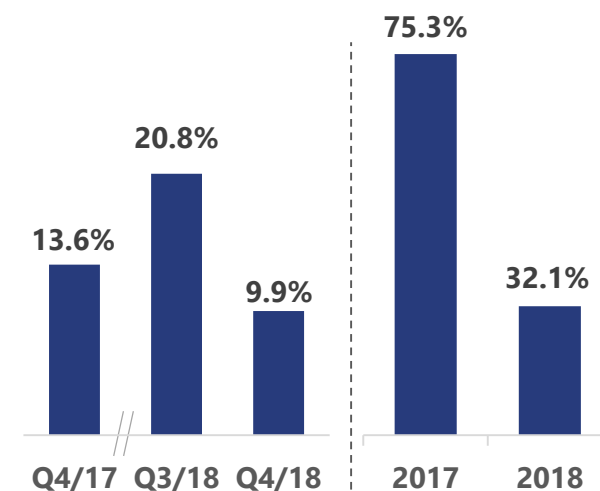
(Percent)



- **Q3/18 VS Q4/18 (QoQ):** ROA slightly decreased, because of an increase in cash received from Initial Public Offerings (IPO). However, the net profit also increased, so the ROA did not decline significantly
- **Q4/17 VS Q4/18 (YoY):** ROA significantly increased because of an increase in net profit.
- **2017 VS 2018 (12M):** ROA in 2017 slightly decreased, because of an increase in cash received from IPO. The net profit, however, increased, so the ROA did not drop significantly.

ROE

(Percent)



- **Q3/18 VS Q4/18 (QoQ):** ROE decreased to 9.9%, because of an increase in cash received from Initial Public Offerings (IPO).
- **Q4/17 VS Q4/18 (YoY):** ROE significantly decreased because of an increase in cash received from IPO.
- **2017 VS 2018 (12M):** ROE significantly decreased because of an increase in cash received from IPO.