



CORPORATION PUBLIC COMPANY LIMITED

Opportunity Day 2Q19

17 Sep 2019



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

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

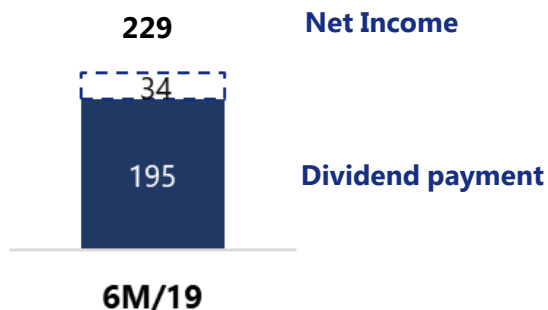


1H19 Paying Dividend 0.65 Baht



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



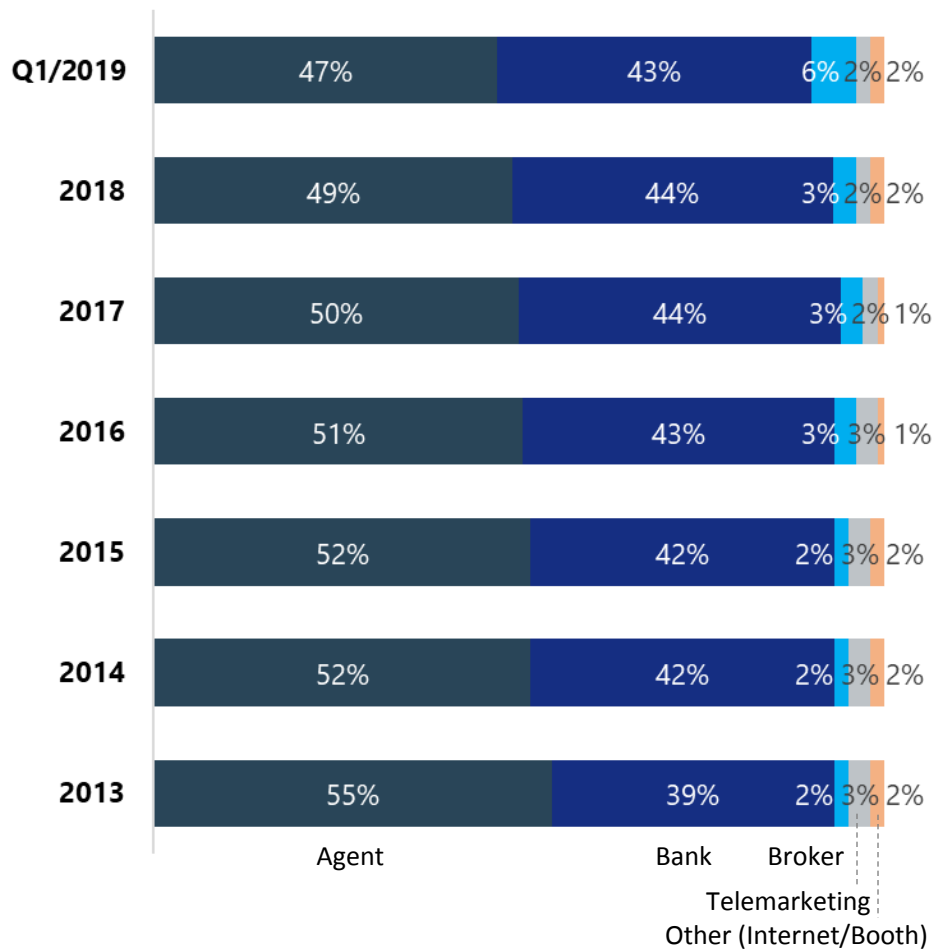
XD 28 Aug 2019



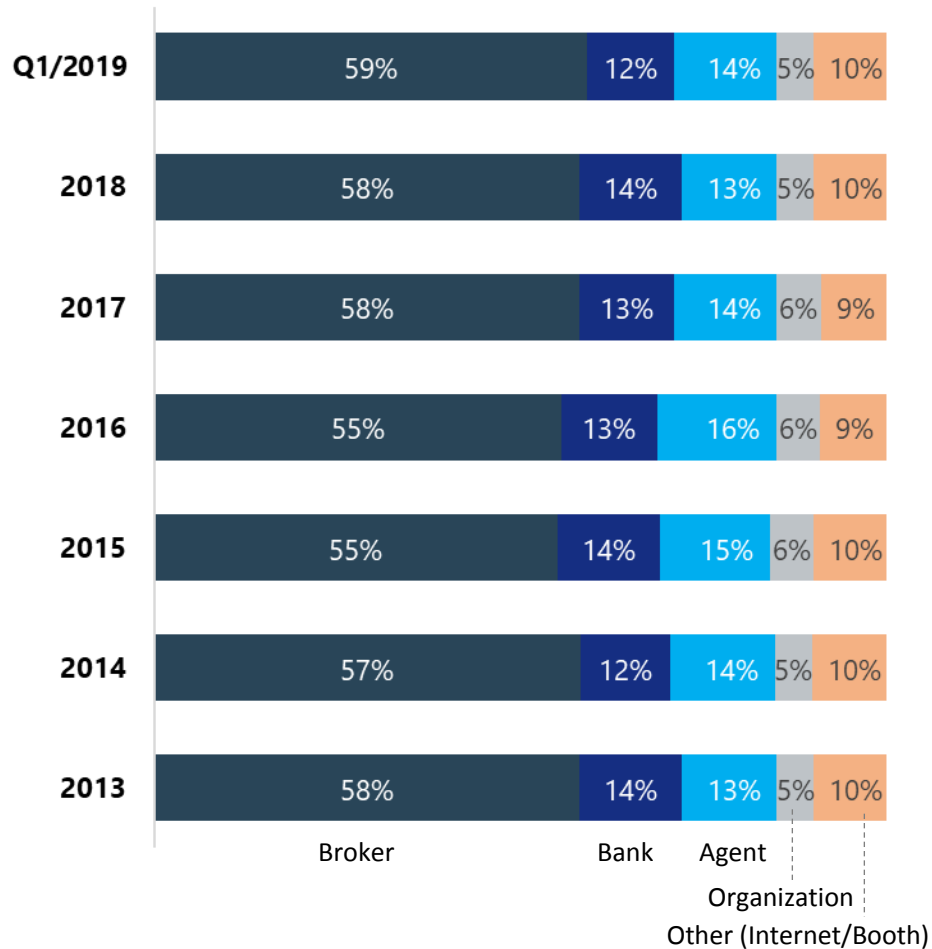
12 Sep 2019
6M 2019 dividend payment
At 0.65 Baht per share



Life Insurance



Non-Life Insurance



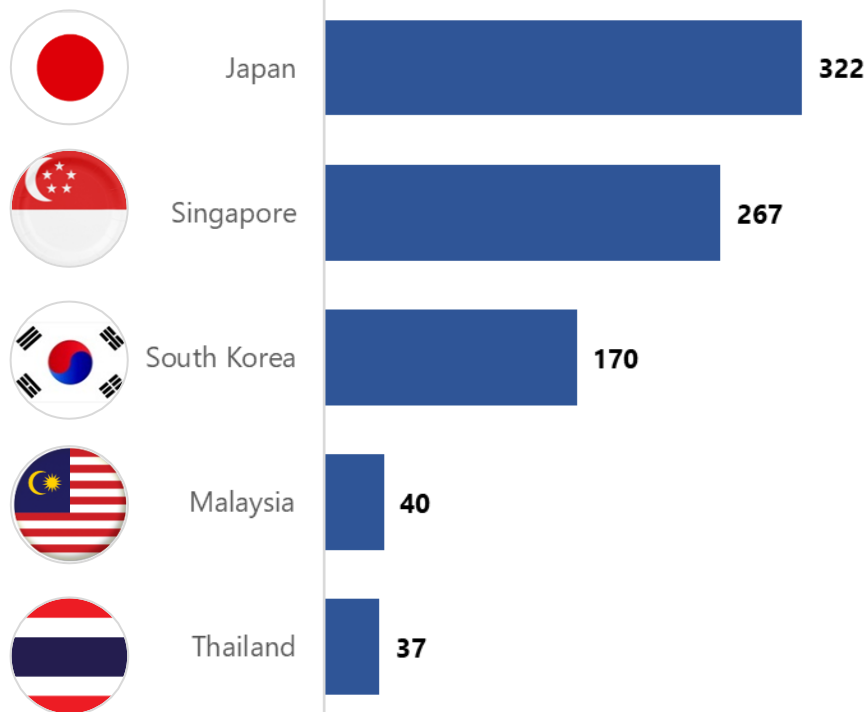
Source: Isranews, OIC, TGIA



Life insurance

Life insurance ownership (2018)

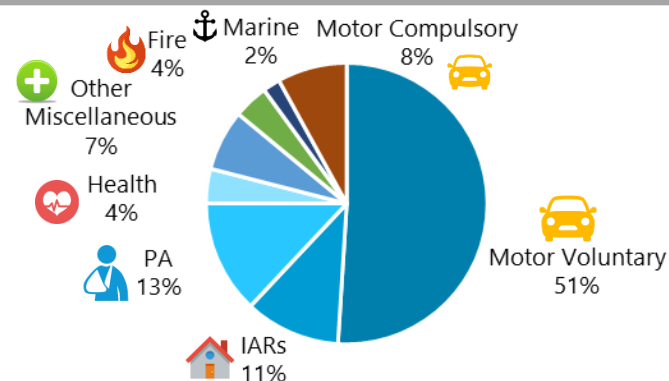
(no of policies per100 people)



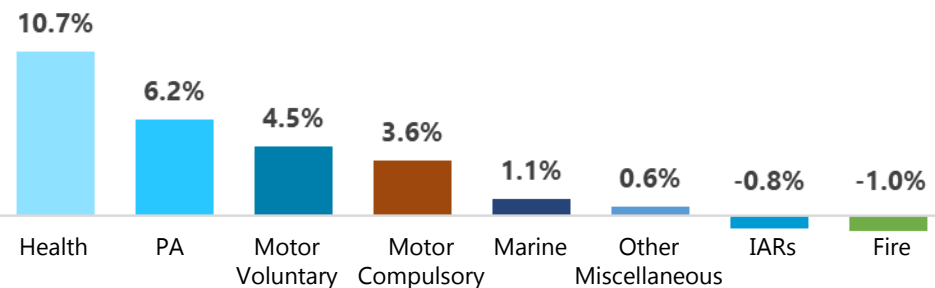
Life insurance in Thailand has large potential to grow when comparing to other developed countries in Asia as only 37% of the Thai population has life insurance

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

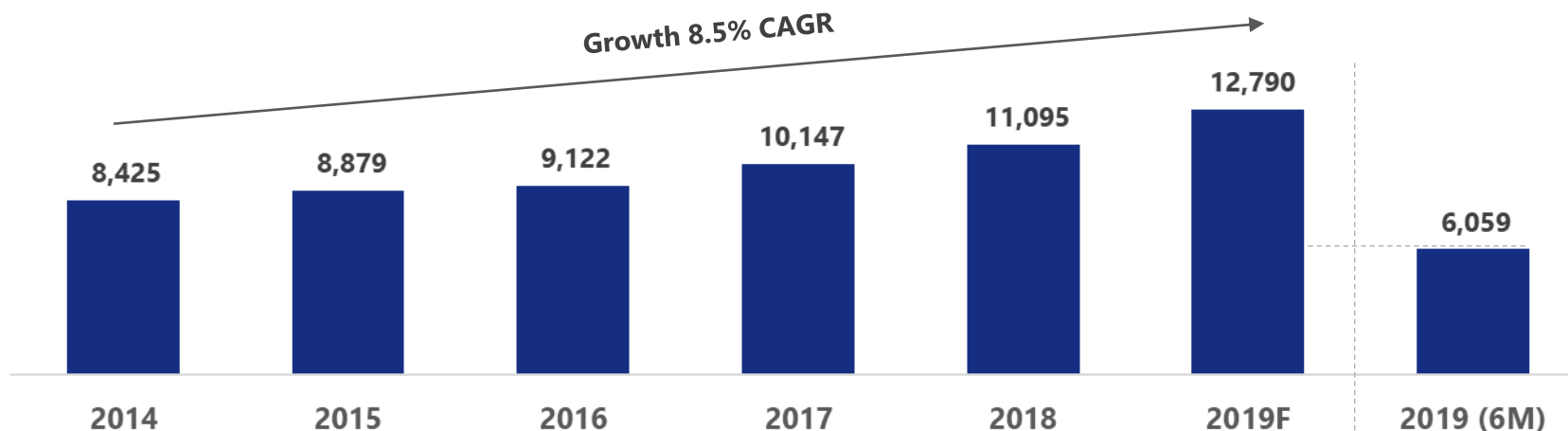
Source: Isranews, OIC, TGIA

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



SET

Kick-start Your SD Journey

#1 Get Started on Sustainability





COMPANY & INDUSTRY OVERVIEW



COMPANY STRATEGY

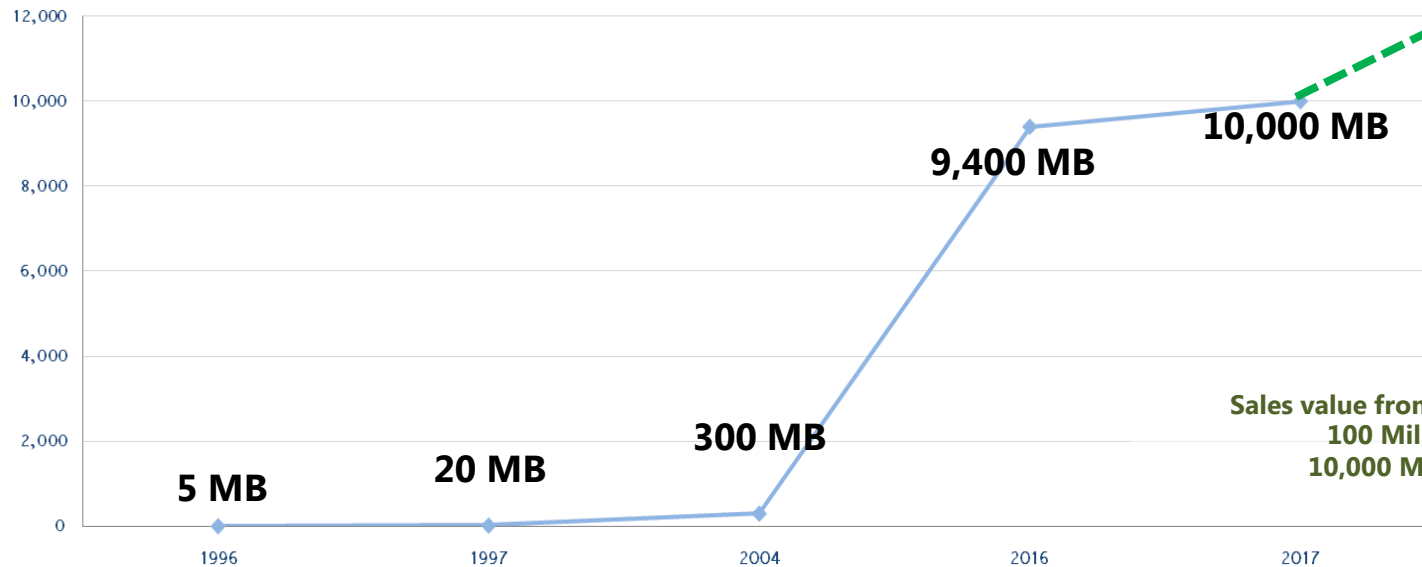


Q2/2019 OPERATING RESULT UPDATES

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)

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 (Q4)



- Collaborate with financial institutions to offer personal loan to TQM customers
- Revenue Model: Commission
- Channel: TQM Agents across the country
- To launch by Q4

Insurance shop (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

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 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



COMPANY & INDUSTRY OVERVIEW

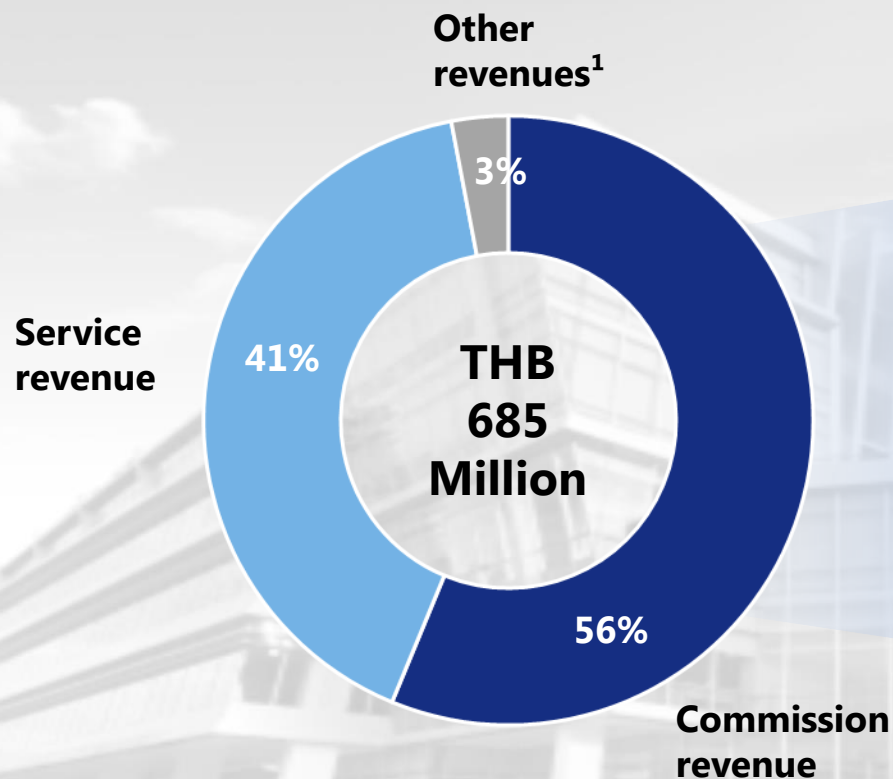


COMPANY STRATEGY



Q2/2019 OPERATING RESULT UPDATES

Revenue



Commission Revenue by Type

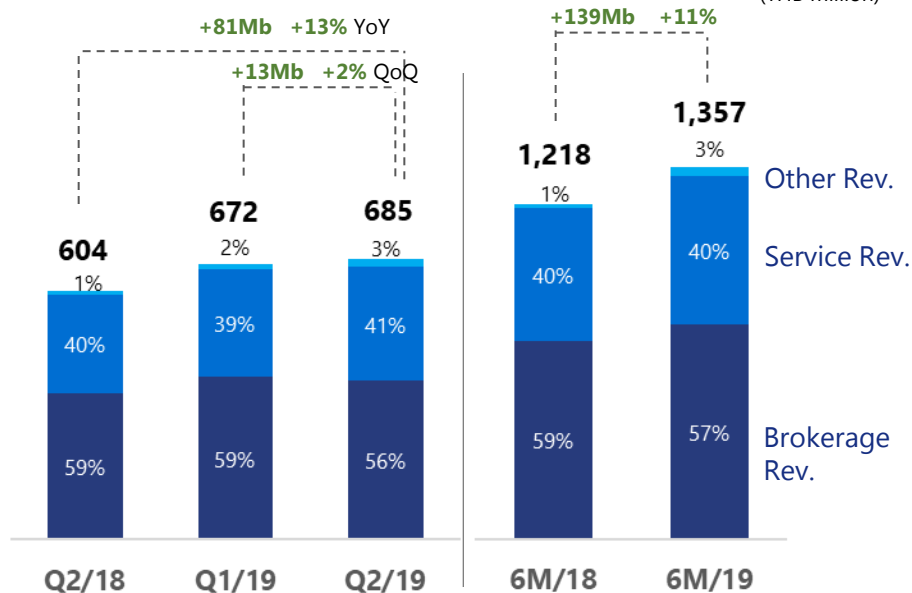


Note

- (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

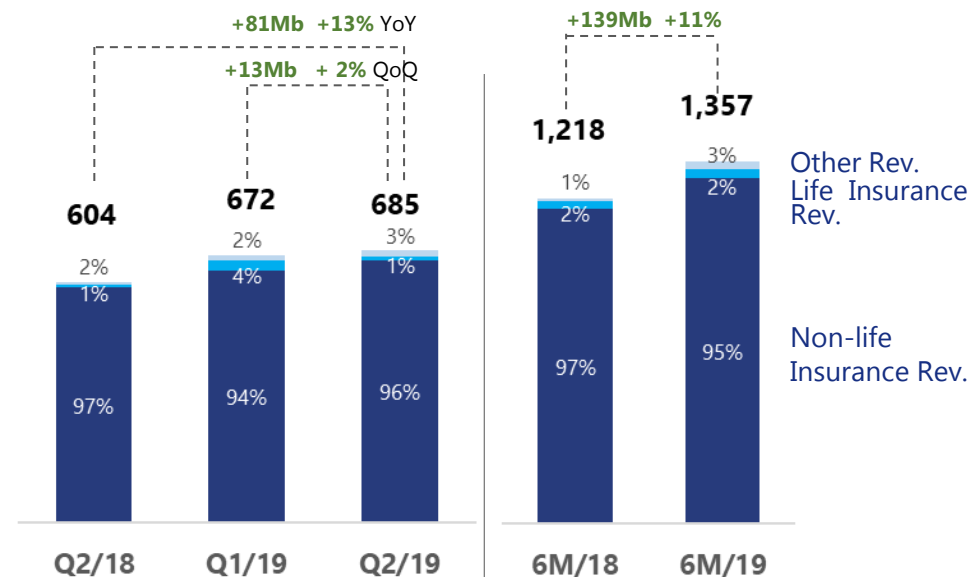
(THB million)



- **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)

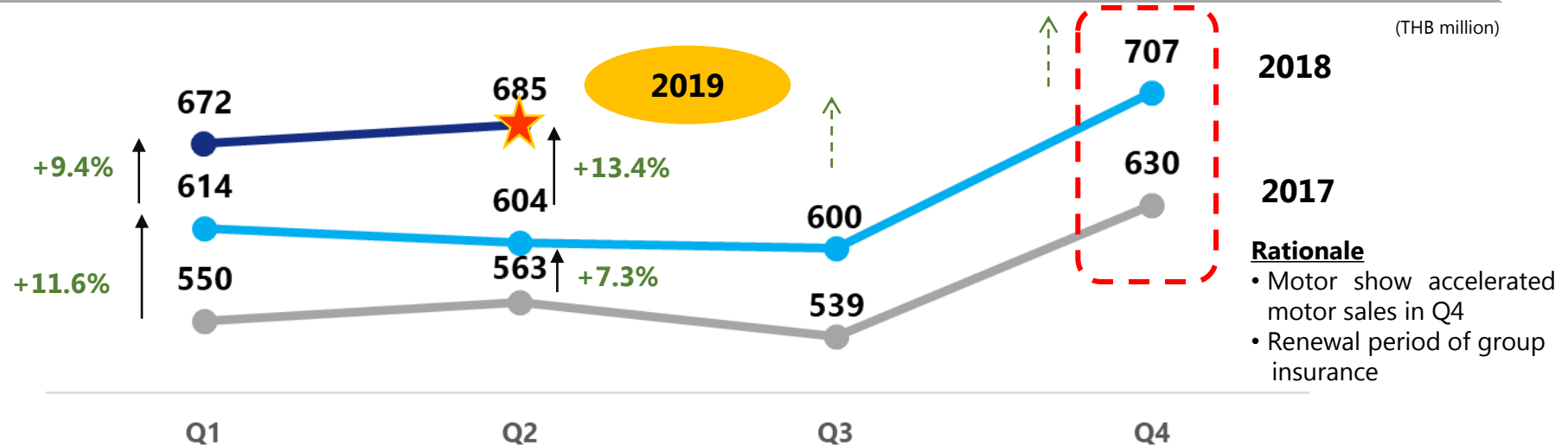


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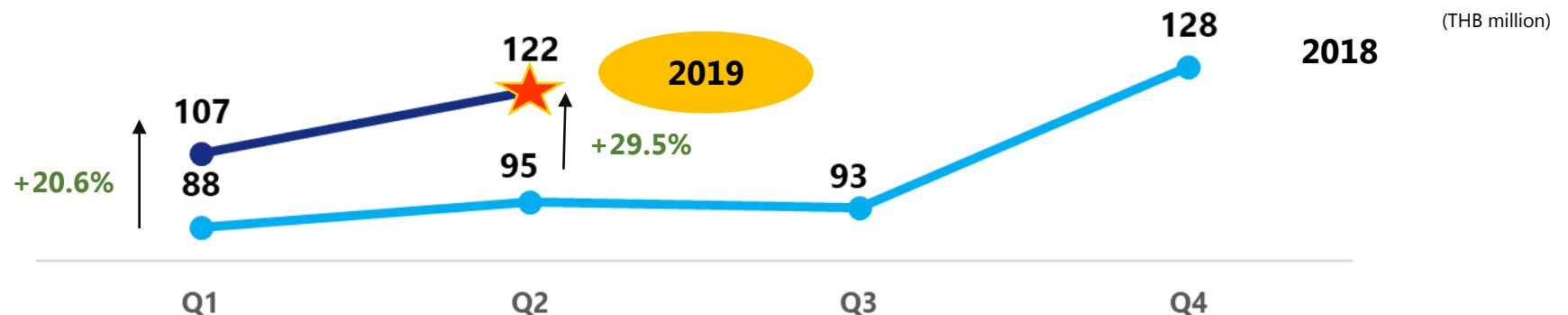
TQM's Income Seasonality



TQM revenue by quarter



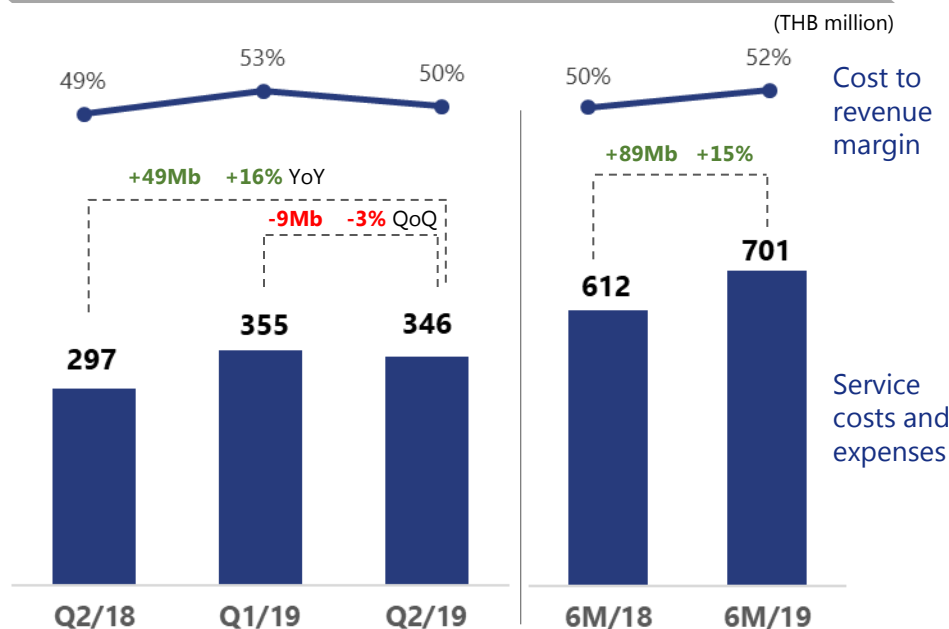
TQM Net Profit by quarter



Service Costs and Gross Profit

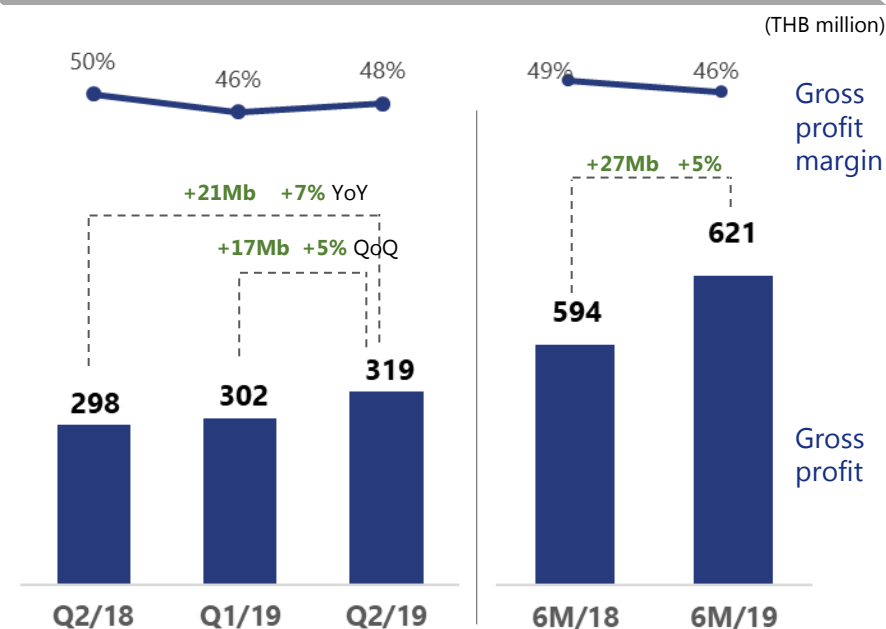


Service costs



- 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

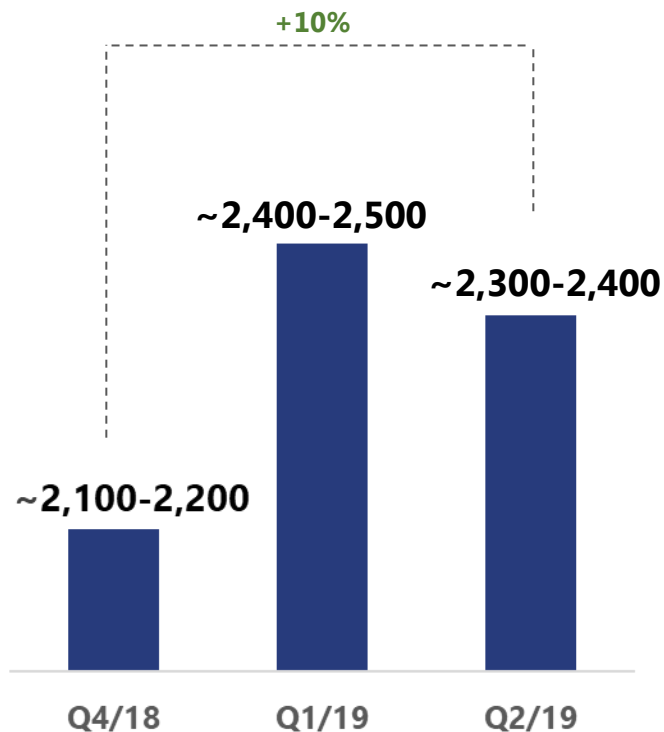


- Q1/19 VS Q2/19 (QoQ) and Q2/18 VS Q2/19 (YoY):** Gross profit increased by THB 17 million or 5% QoQ and increased by THB 21 million or 7% YoY due to the expansion in sales channels and the increase in salespersons to generate more revenue.
- 6M/18 VS 6M/19:** Gross profit increased by THB 27 million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

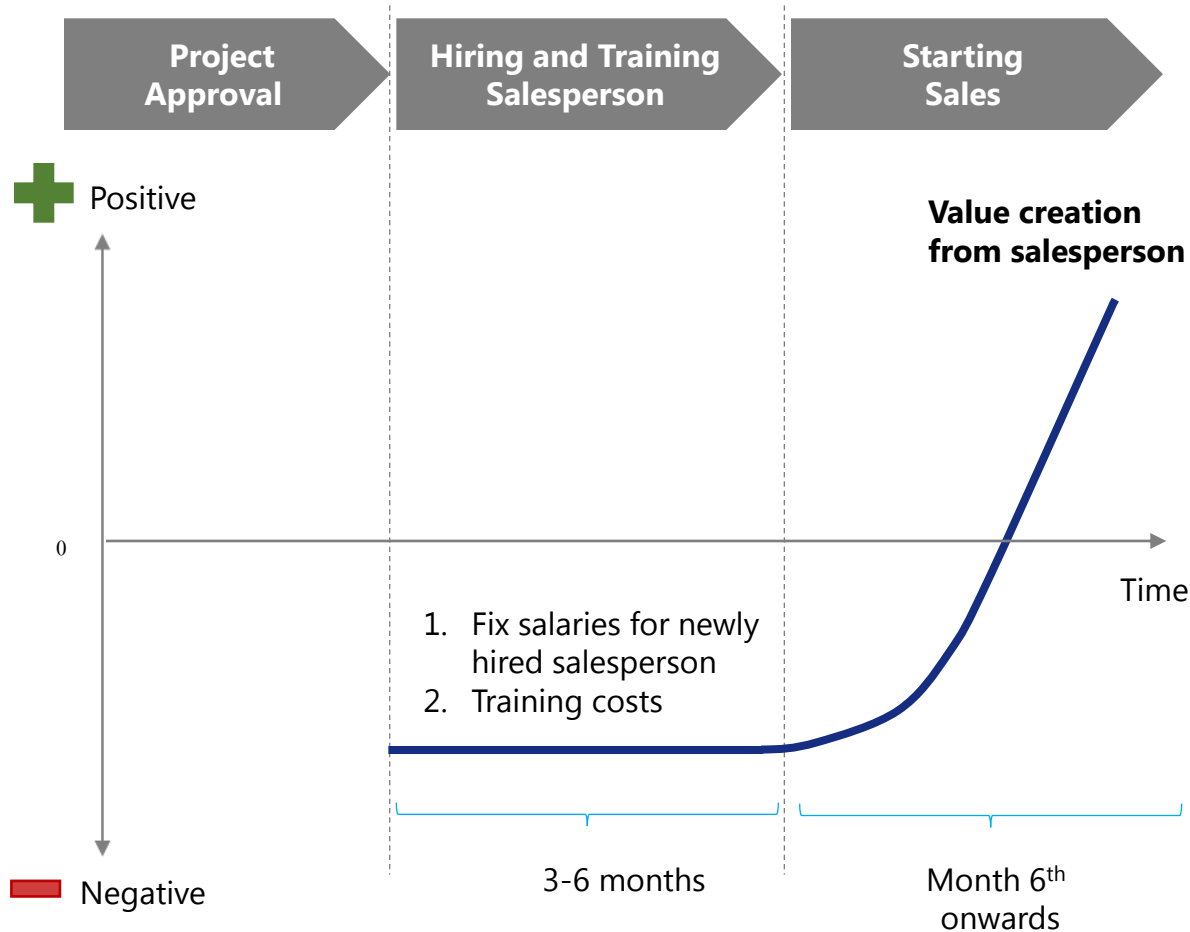
Newly Hired Salesperson



Number of Salesperson



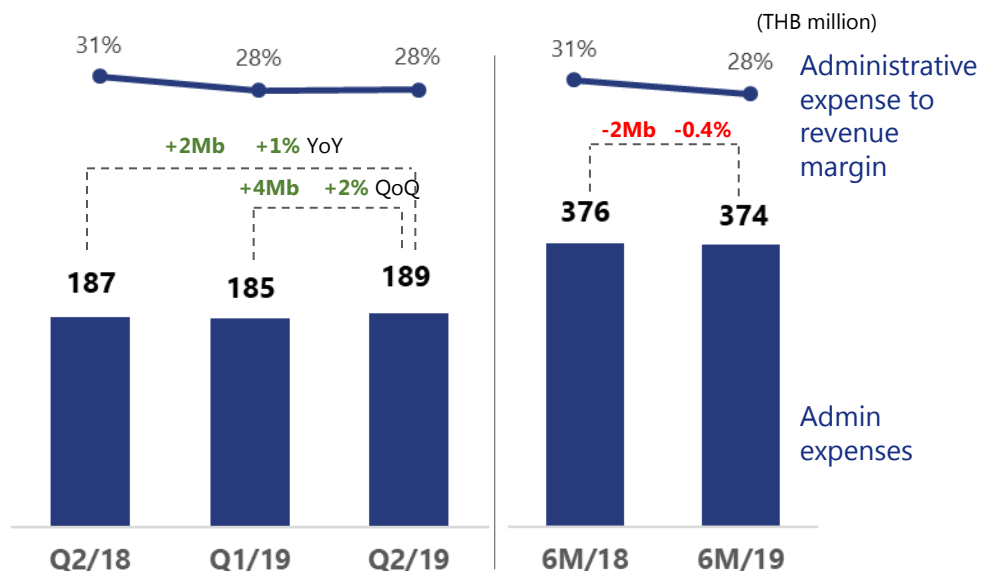
Timeline for Value Creation



Administrative Expenses and Net profit

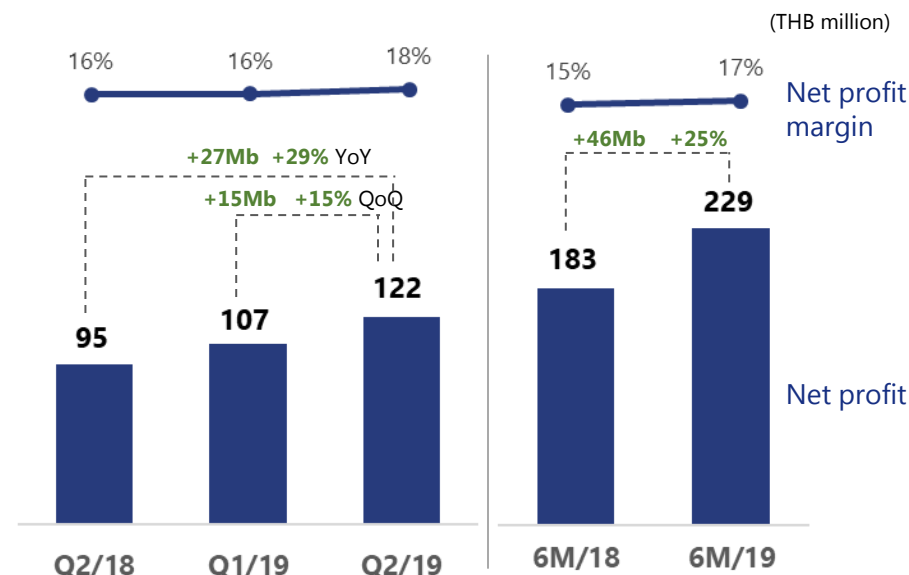


Administrative expenses



- **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



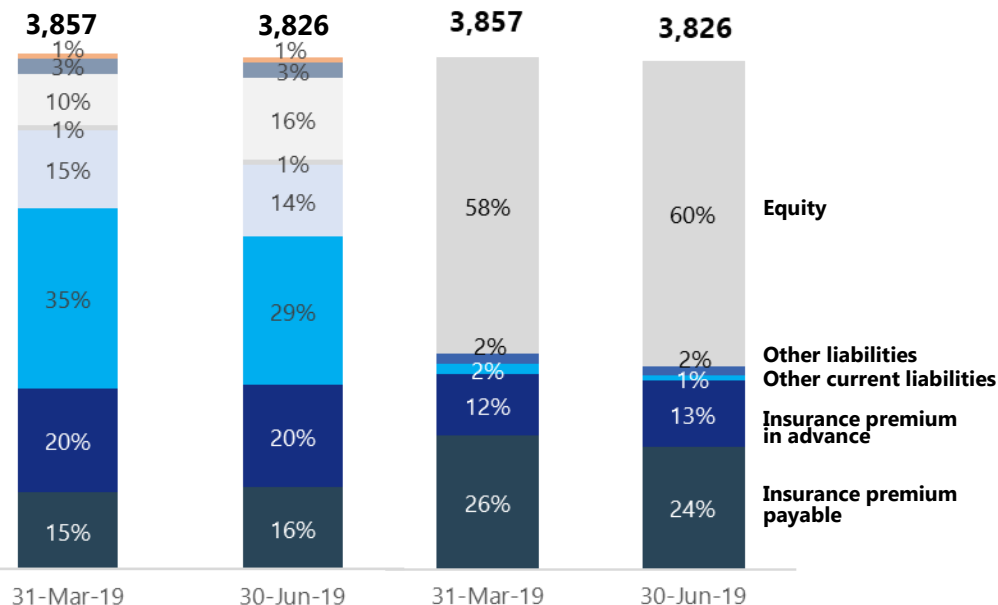
Financial Position

(THB Million)

Assets

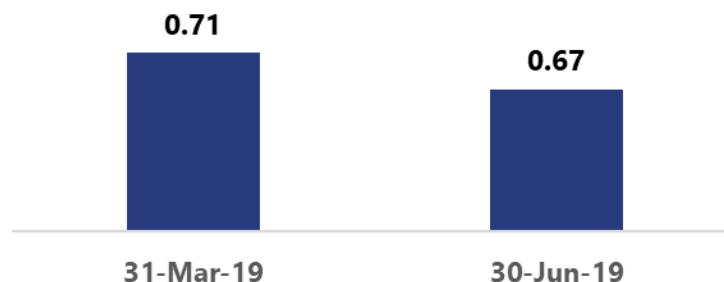


Liabilities and Equity



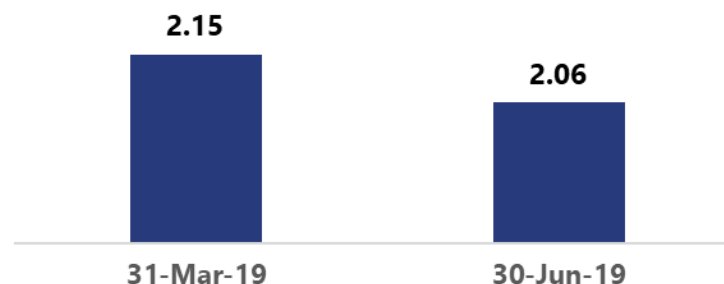
Total D/E

(Times)



Current ratio

(Times)

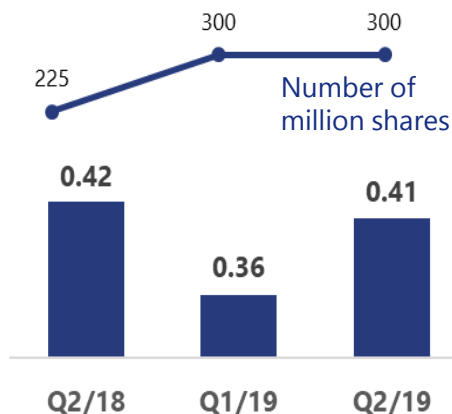


- Total assets as of 30 June 2019 were THB 3,826 million, decreased by THB 31 million or 0.8% from 31 March 2019 mainly from the decrease in current investments.
- Based on analysis on D/E ratio, TQM is considered financially healthy, as TQM did not have any interest-bearing debt and D/E ratio as at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

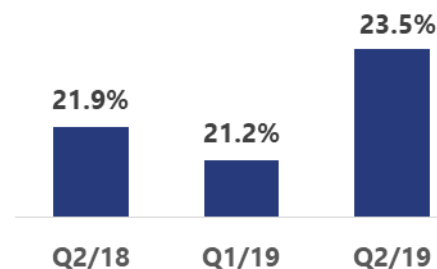
Key Financial Highlights



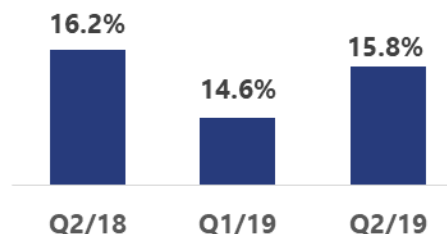
Earnings per share (THB/share) **EBITDA margin (%)** ***ROA (%)** ***ROE (%)**



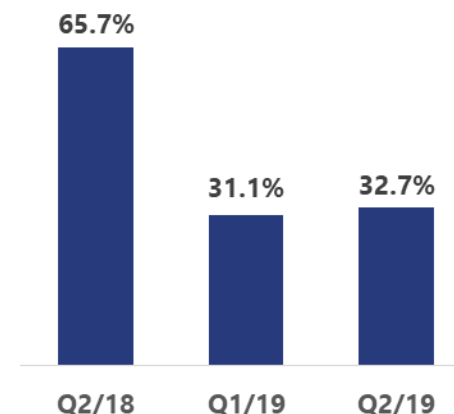
- **Q1/19 VS Q2/19 (QoQ):** EPS in Q2/19 increased by THB 0.05 per share from Q1/19, because of the increase in net profit from better operating performance.
- **Q2/18 VS Q2/19 (YoY):** EPS in Q2/19 slightly decreased by THB 0.01 per share from Q2/18, because of weighted average share calculation in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



- **Q1/19 VS Q2/19 (QoQ):** EBITDA margin in Q2/19 increased by 2.3% from Q1/19, because of increasing GPM and lower depreciation and amortization expenses.
- **Q2/18 VS Q2/19 (YoY):** EBITDA margin in Q2/19 increased by 1.6% from Q1/19, because of better control of administrative expenses and lower depreciation and amortization expenses.



- **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.



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