



CORPORATION PUBLIC COMPANY LIMITED

3Q19 Opportunity Day

29 November 19



COMPANY & INDUSTRY OVERVIEW



COMPANY STRATEGY



Q3/2019 OPERATING RESULT UPDATES



Strong Operating Performance

- **15% Revenue Growth YoY (Q3/19) and 13% (9M)** from the increase in insurance premium
- **37% Net Profit Growth YoY (Q3/19)** from THB 93 million to THB 127 million **and 29% (9M)** from THB 276 million to THB 356 million



Significant Events in Q3/2019

- **2 Awards** from Prime minister's Insurance
- **Post Acquisition Updates:** TQM is in the process of integrating IT system with TJN



New Product Innovation with Partners

- **TQM Infinity Credit Card** - First financial product of TQM partnering with Government Saving Bank (GSB)
- **Insurance Shop** – Retail insurance shop partnering with supermarket partner and insurance company



Progress Update on New Project

- **Life Insurance Platform**
- **Salary Man Phase 2**
- **Strategic Partnership with Baania**

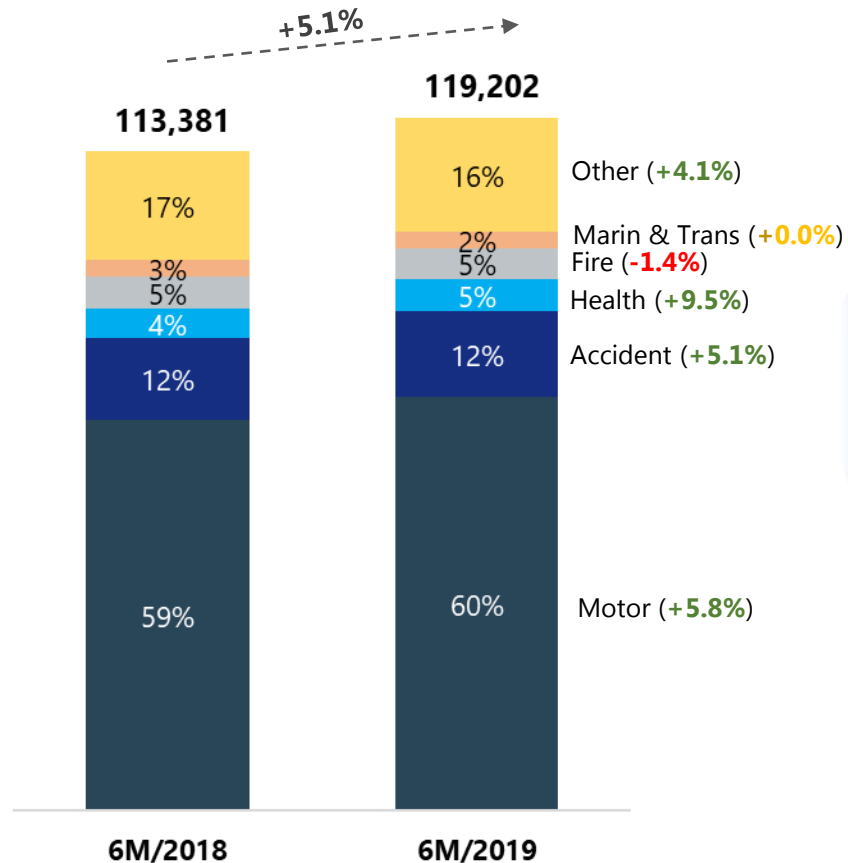


Industry Updates – First Half of 2019

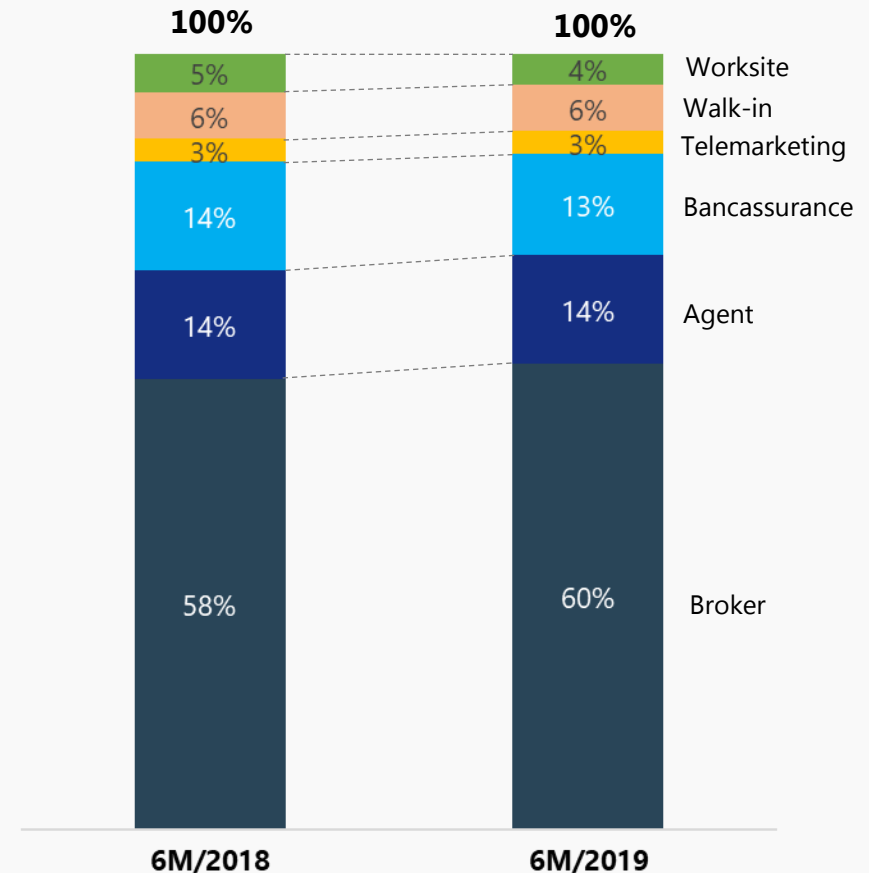


Direct Premium (Non-Life Insurance)

(THB million)



Distribution Channel Breakdown



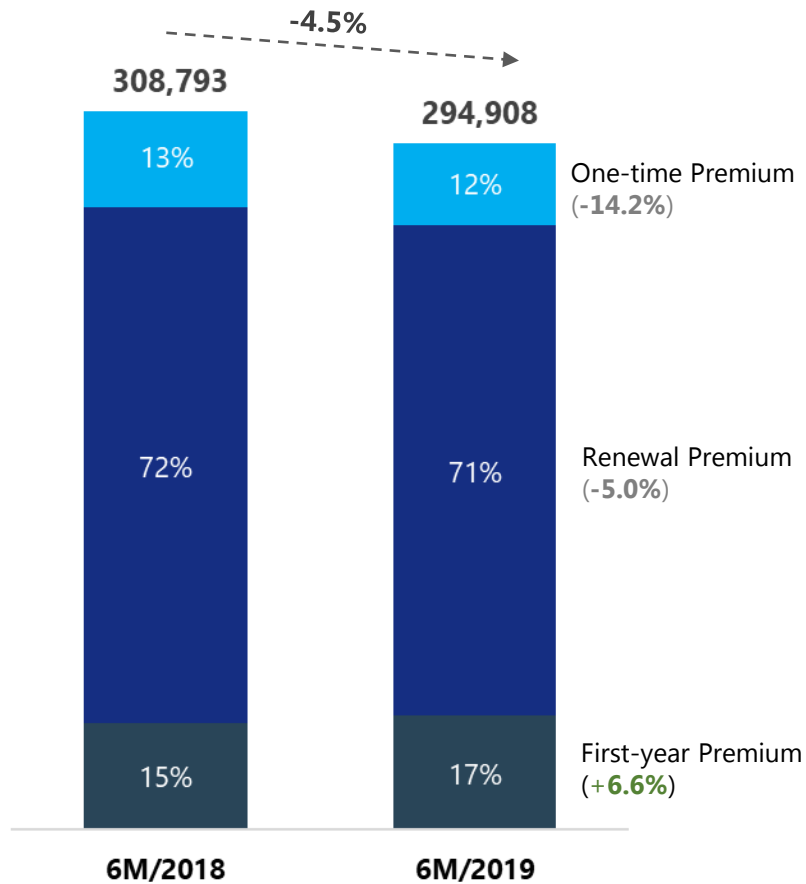
Source: OIC

Industry Updates – First Half of 2019

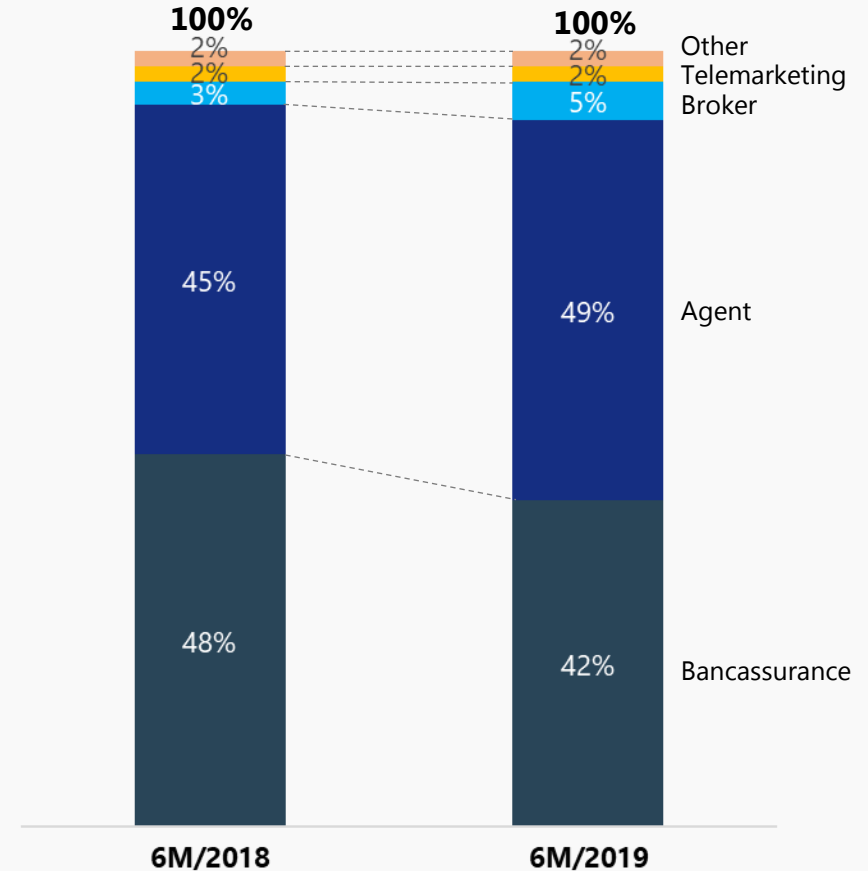


Direct Premium (Life-Insurance)

(THB million)



Distribution Channel Breakdown

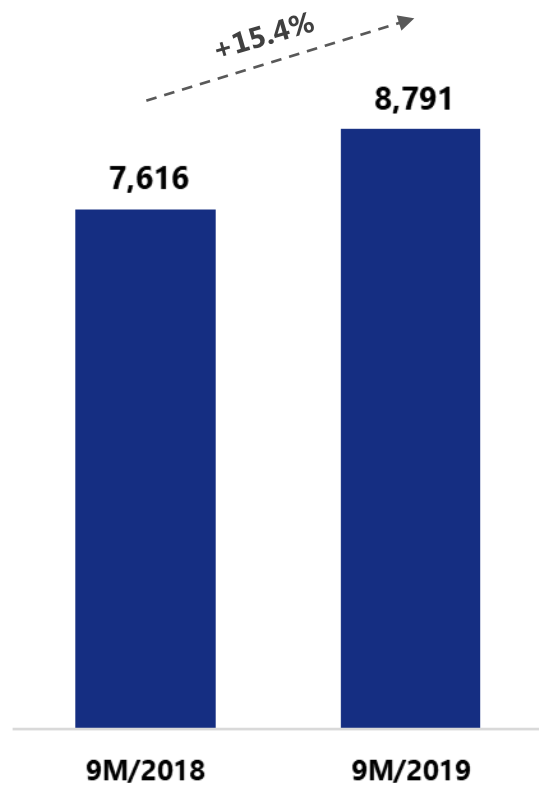


Source: OIC

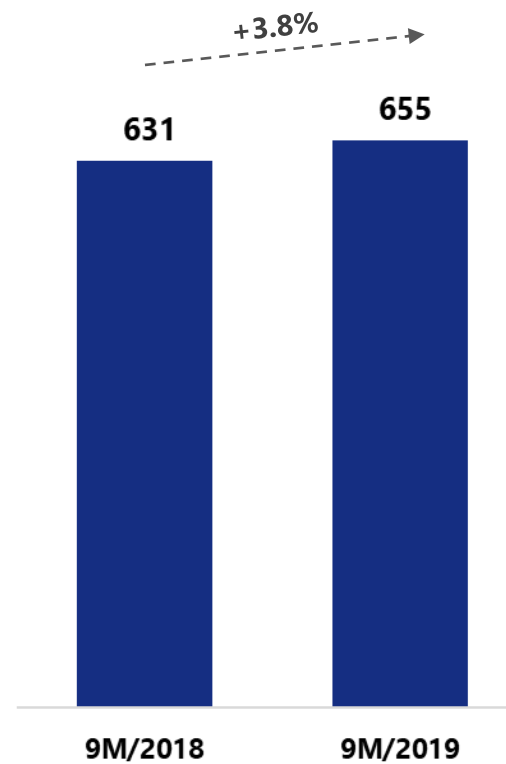
TQM Life and Non-Life Insurance Premium



TQM Non-Life Insurance Premium



TQM Life Insurance Premium



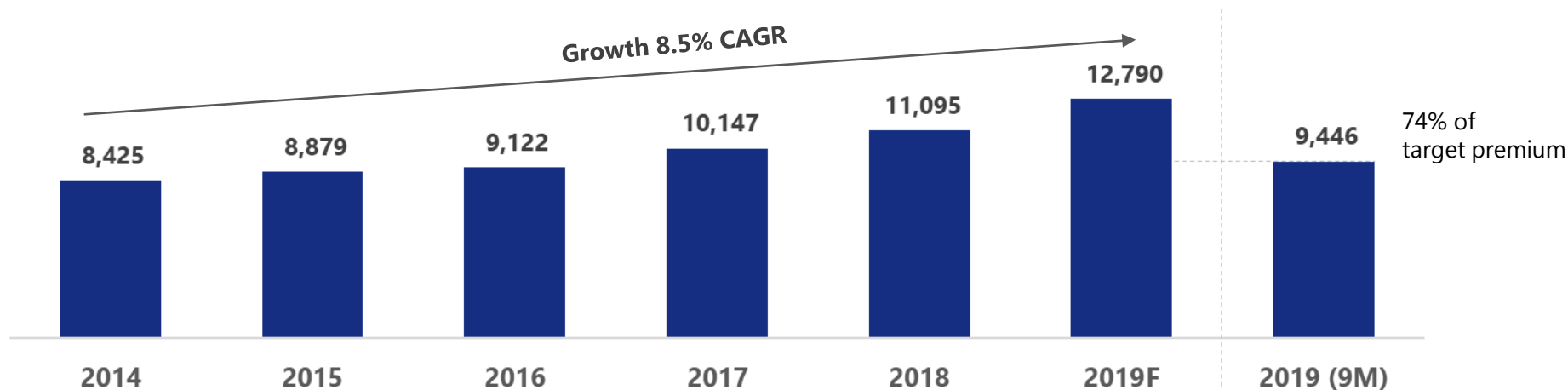
Source: OIC

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

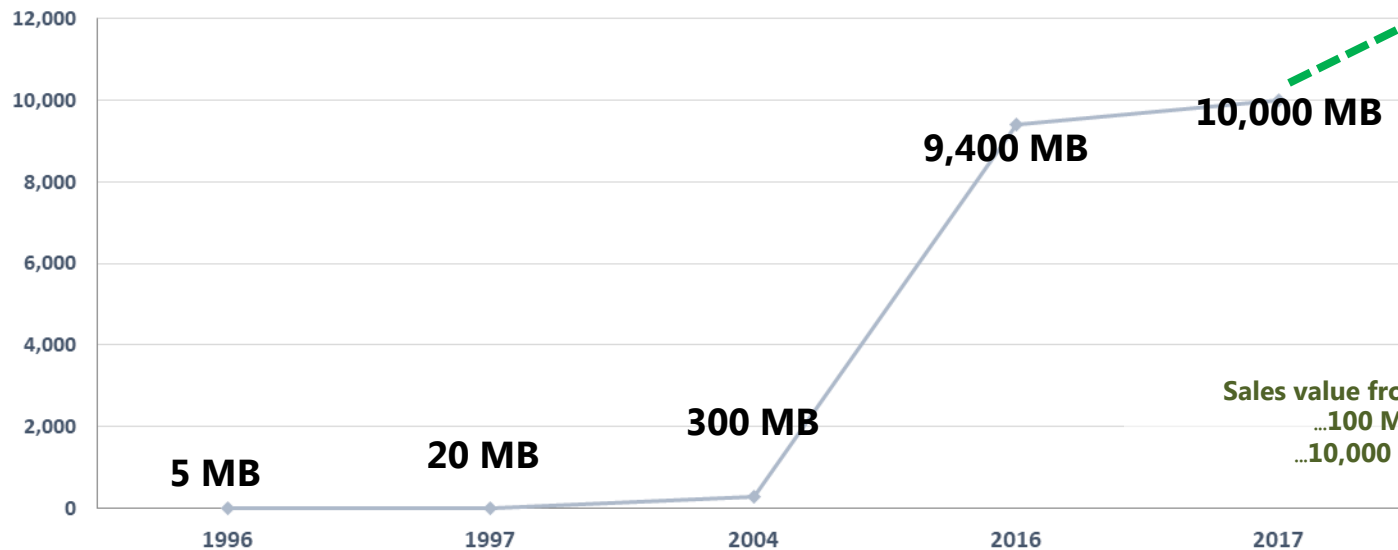


Q3/2019 OPERATING RESULT UPDATES

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
- Inorganic growth

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



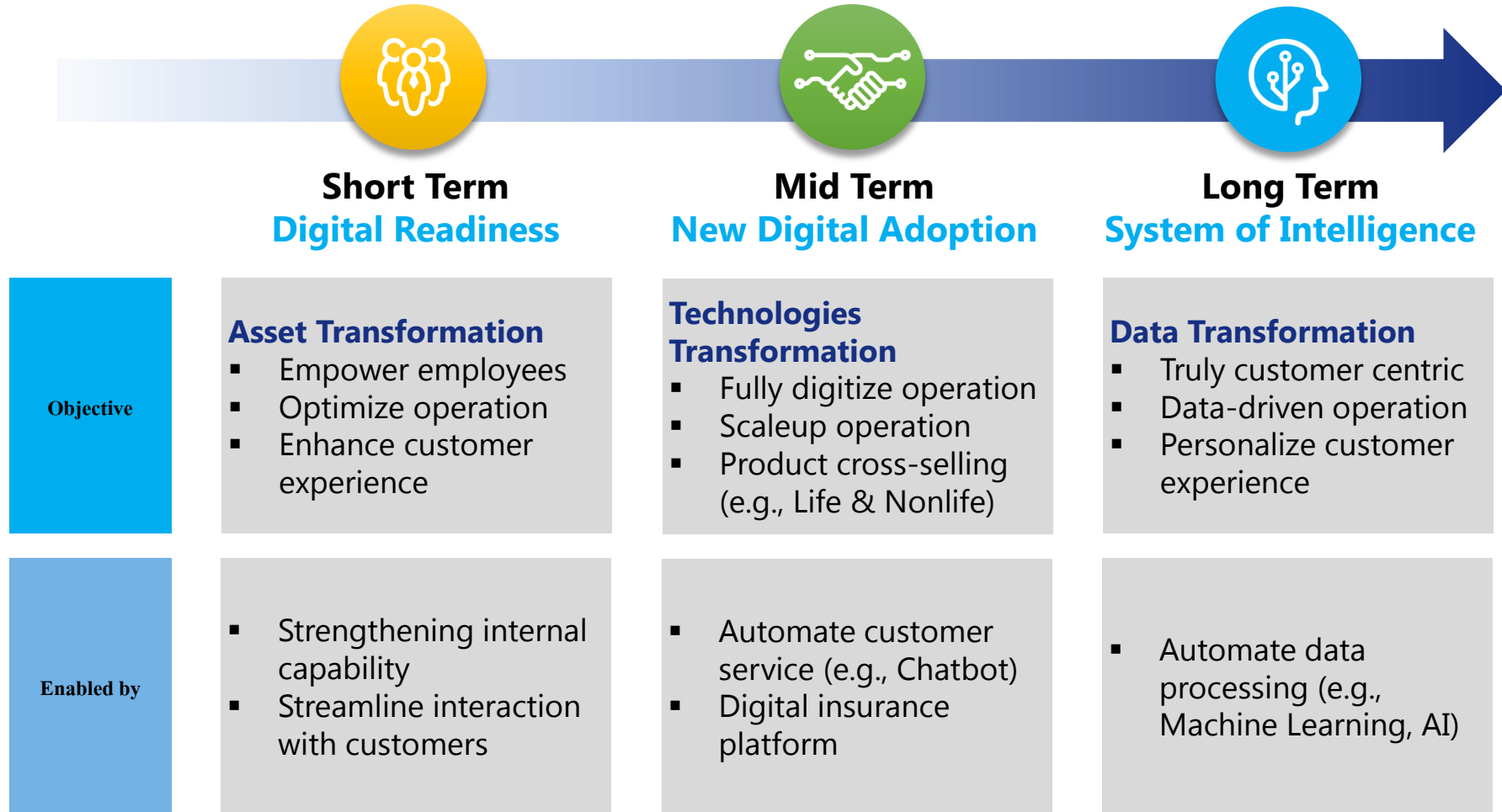
InsurTech

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



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)





Post Acquisition Update

- (1) TQM is now in the process of integrating IT systems and aligning operational practices to enhance standard of TJN. The system integration processes are expected to be completed by the end of this year.
- (2) The number of dealers and agents is expected to reach the target soon after the system integration is completed.

Project Update: TQM Infinity Credit Card



Summary of the Project



Starting Date

18 Nov 2019

Target

100,000 cards
within 2020

Channel

TQM Agent

Purpose of the project



- Cross-selling personal loan product to TQM existing customer base
- Boosting revenue from commission fee on each credit card sold

Project Details



- First co-developed financial product of TQM
- Partnership with Government Saving Bank (GSB) to offer exclusive TQM credit card



Customer Benefits



- Extra Privileges in buying TQM products
- Flexibility for customer to purchase TQM products on an installment

Project Update: Insurance Shop



Summary of the Project



Starting Date

26 Nov 2019

Product

Life Insurance

Purpose of the project



- Expanding accessibility to target customers in supermarket and community area
- Enhancing TQM brand recognition in the community area
- Overcoming complexities of selling life insurance through online and telemarketing channel

Project Details



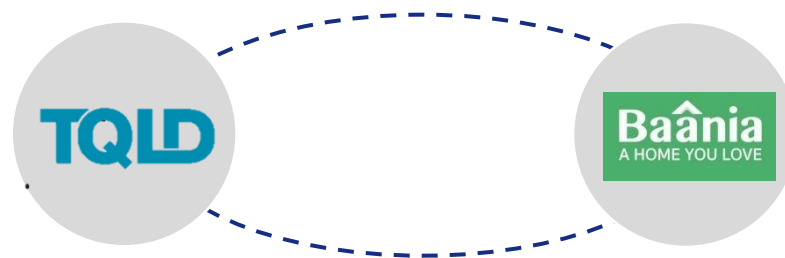
- Collaboration with supermarket partner and insurance company to set up insurance retail shop

Target Insurance Shop

- 10 branches within 2019
 - 7 branches in Bangkok Metropolitan
 - 3 branches outside Bangkok

Project Update: Baania Partnership

Summary of the Project



Project Details

- TQLD, an affiliate company of TQM, has formed a strategic partnership with Baania, a housing start-up platform, to gain access to homebuyer data

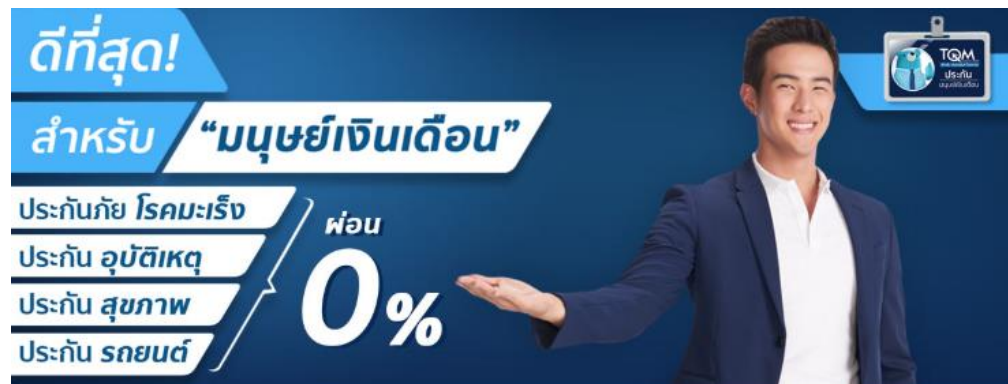
Purpose of the project

- Cross selling fire insurance to existing homebuyer customer of Baania

Project Update: Salary Man Phase 2



Summary of the Project



Project Details

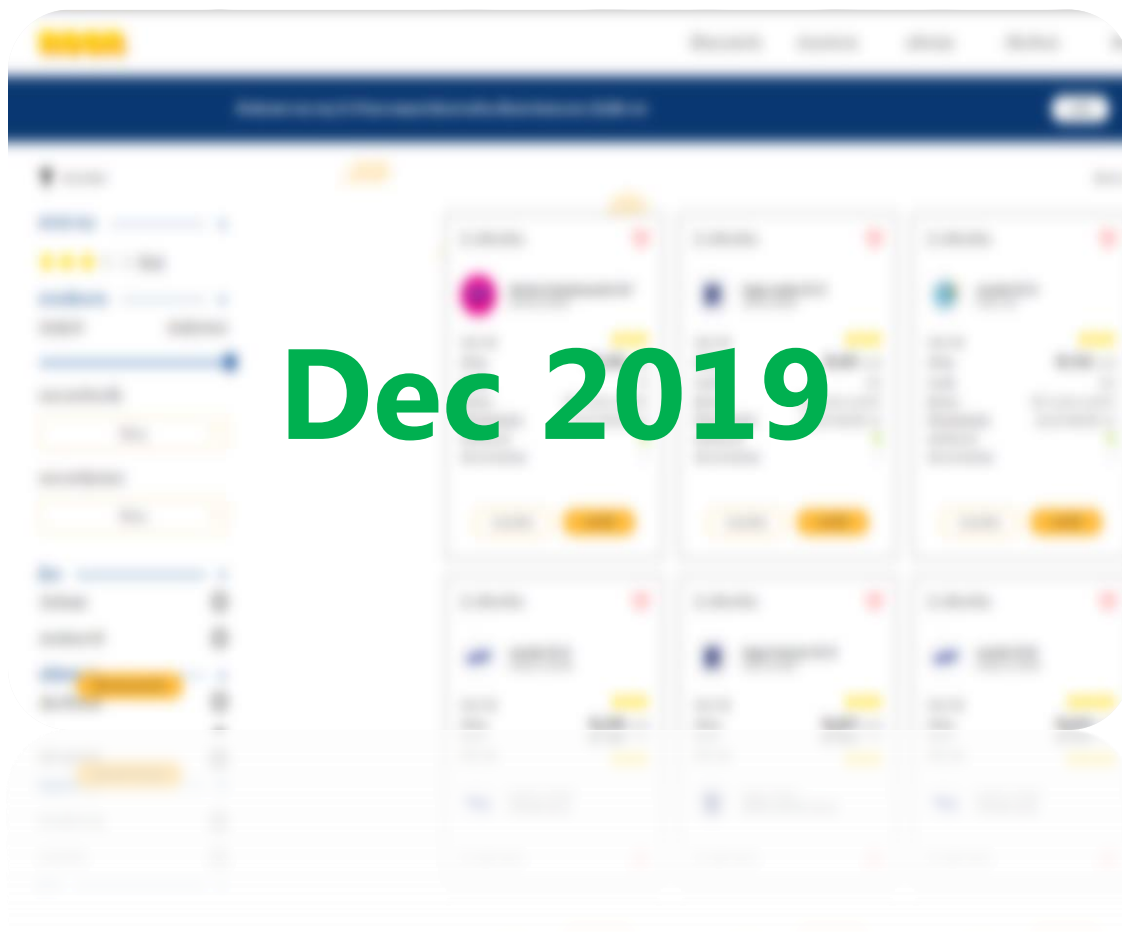
- Extended phase of co-creating insurance product with Bangkok Insurance targeting labors in industrial and agricultural sector

Purpose of the project

- Facilitate customers to purchase insurance via offering installment option



Summary of the Project



Dec 2019

Project Details

- TQM life insurance platform that allows customer to compare life insurance product online

Purpose of the project

- Boosting sales of life insurance

Prime Minister's Insurance Awards 2019



Excellent Non-Life and Life Insurance Broker



TQM's Achievements in Thailand Insurance week 2019:

- TQM was granted two awards being both excellent Non-life and Life insurance broker in 2019 by the Office of Insurance Commission (OIC)
- New digital platform under the concept of "TQM your 24/7 buddy" (TQM เพื่อนคุณ 24 ชั่วโมง) to promote health insurance policy was also launched in the event



COMPANY & INDUSTRY OVERVIEW

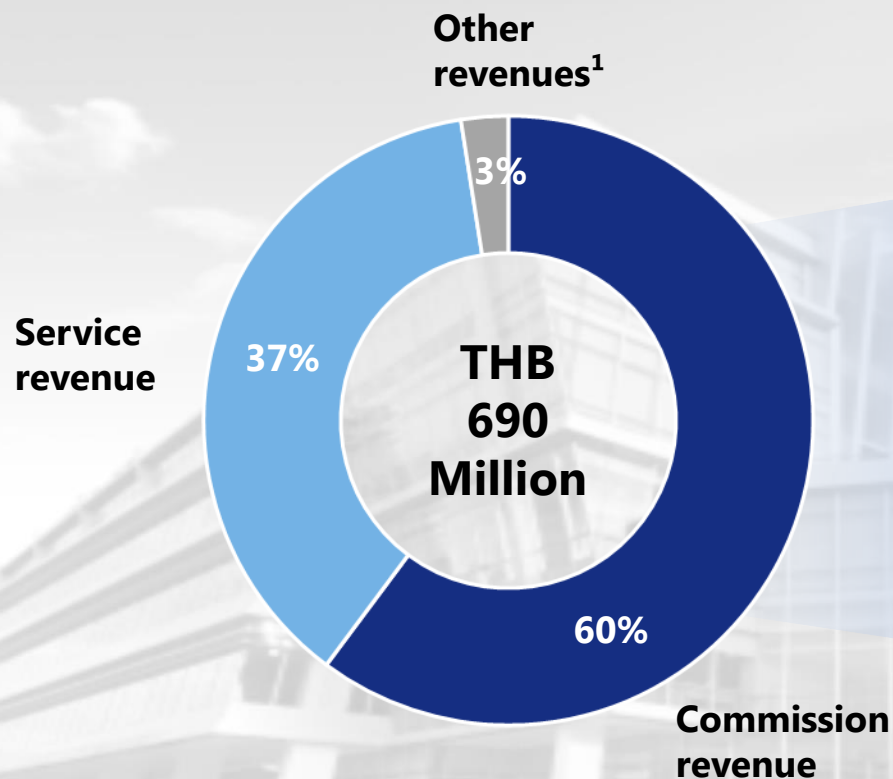


COMPANY STRATEGY

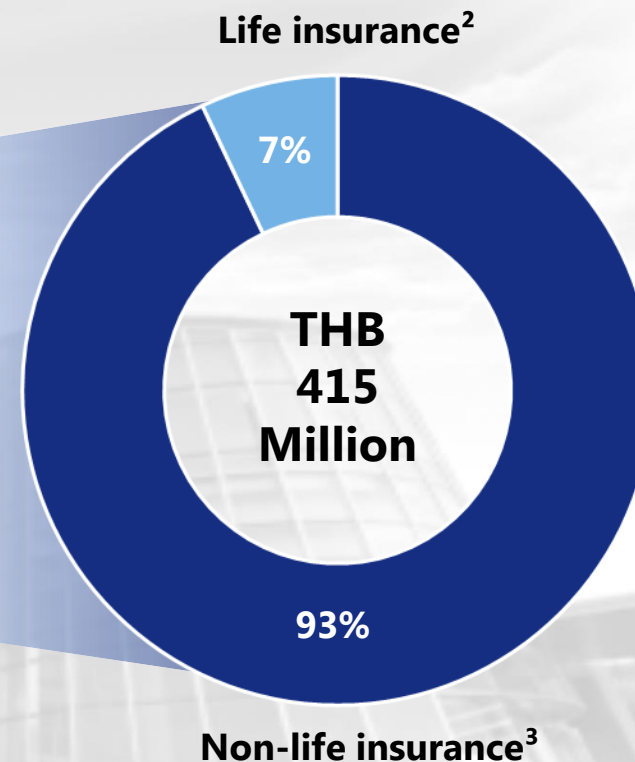


Q3/2019 OPERATING RESULT UPDATES

Revenue



Commission Revenue by Type

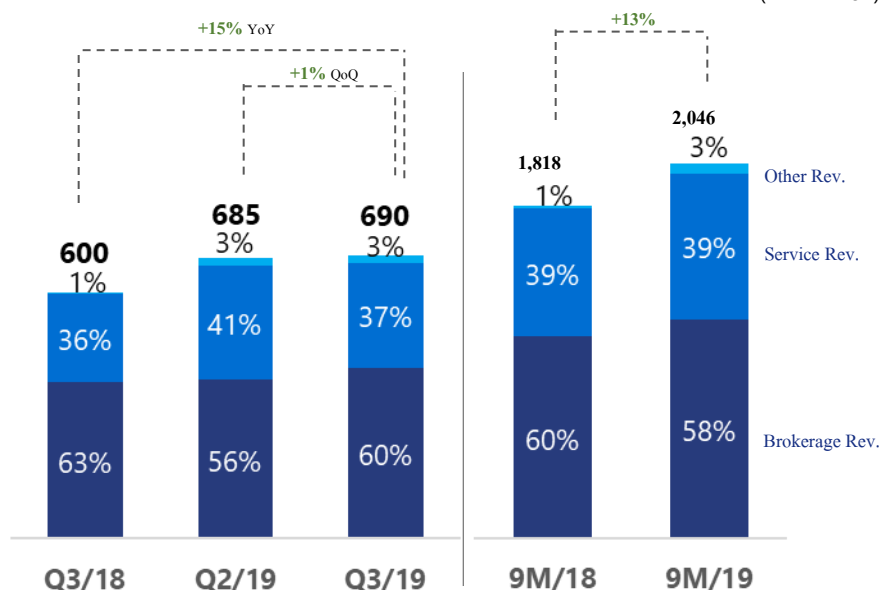


Note

- (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

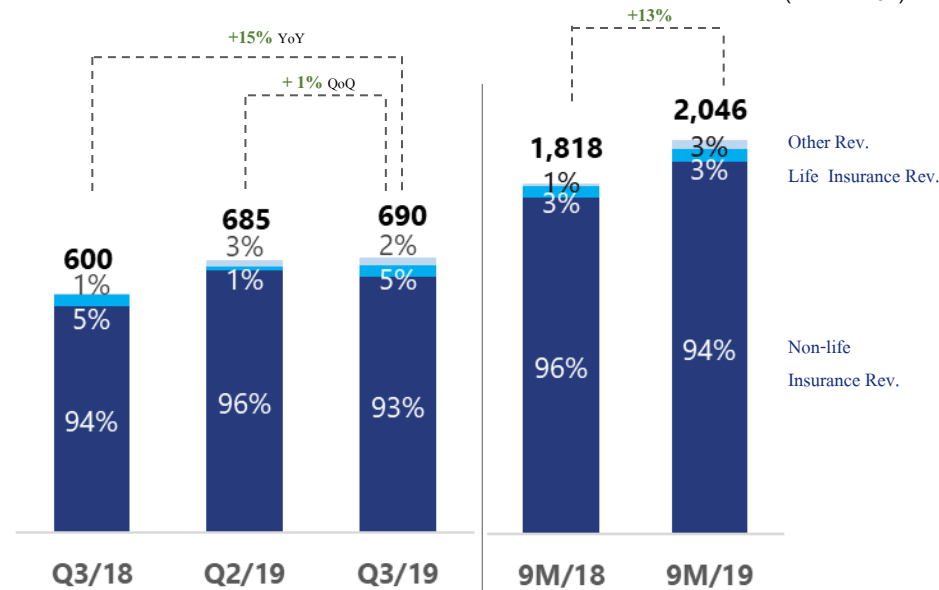
(THB million)



- **Q2/19 VS Q3/19 (QoQ) and Q3/19 VS Q3/18 (YoY):** Operating revenue increased by THB 5 million or 1% QoQ and increased by THB 90 million or 15% YoY because of the increase in commission revenue from both life and non-life insurance.
- **9M/18 VS 9M/19:** Operating revenue increased by THB 228 million or 13% 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)

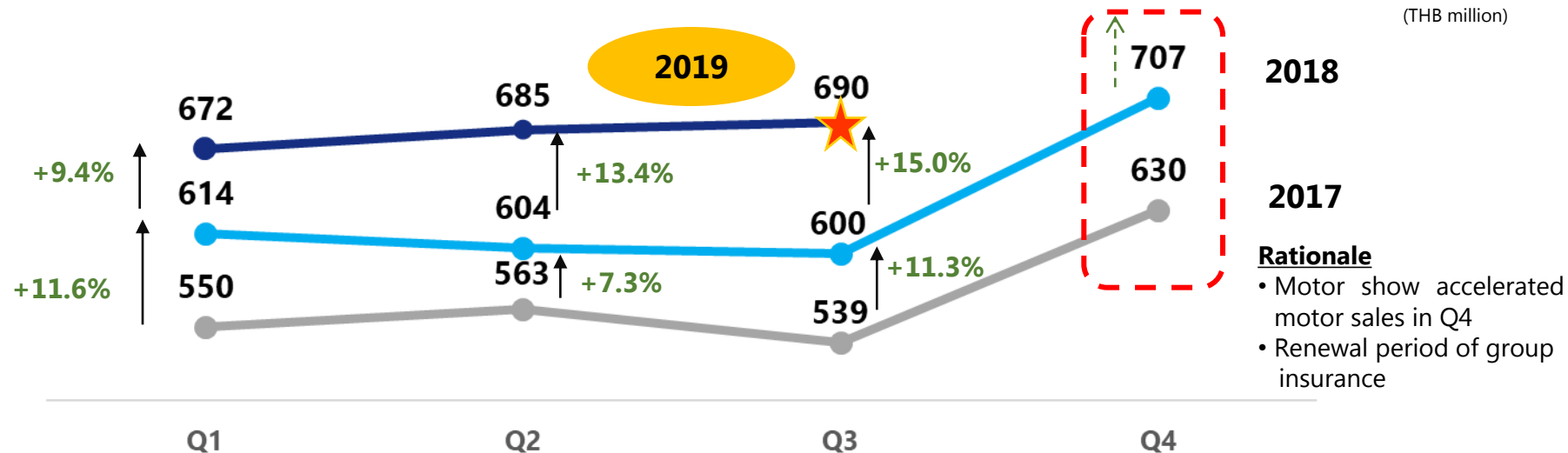


- **Q2/19 VS Q3/19 (QoQ):** Operating revenue increased by THB 5 million or 1% QoQ because of the increase in insurance premium from life insurance
- **Q3/19 VS Q3/18 (YoY):** Operating revenue increased by THB 90 million or 15% YoY because of the increase in insurance premium mainly from non-life insurance.
- **9M/18 VS 9M/19:** Operating revenue increased by THB 228 million or 13% due to the increase in insurance premium mainly from non-life insurance and the increase in salesperson as well as greater consumer confidence.

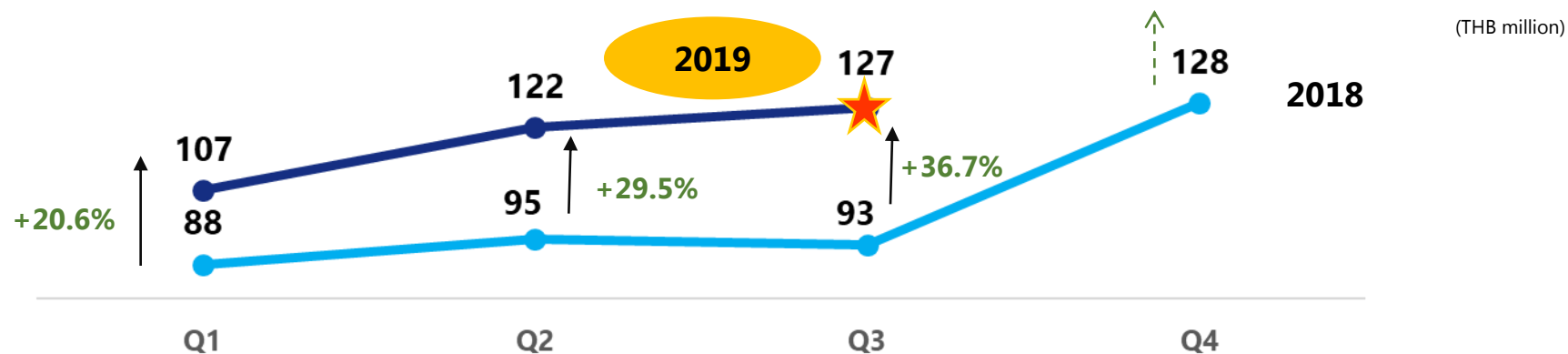
TQM's Income Seasonality



TQM Revenue by quarter



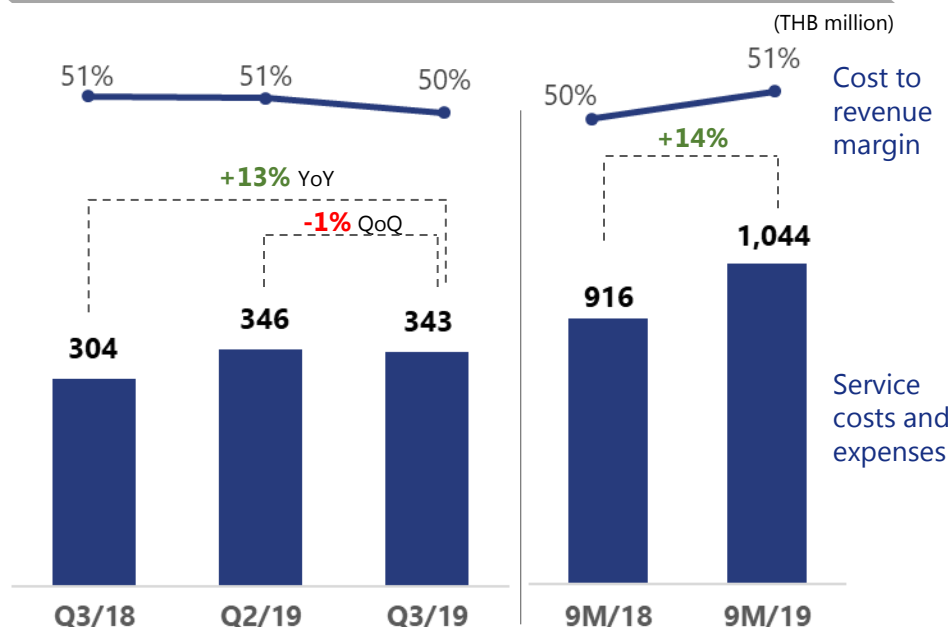
TQM Net Profit by quarter



Service Costs and Gross Profit

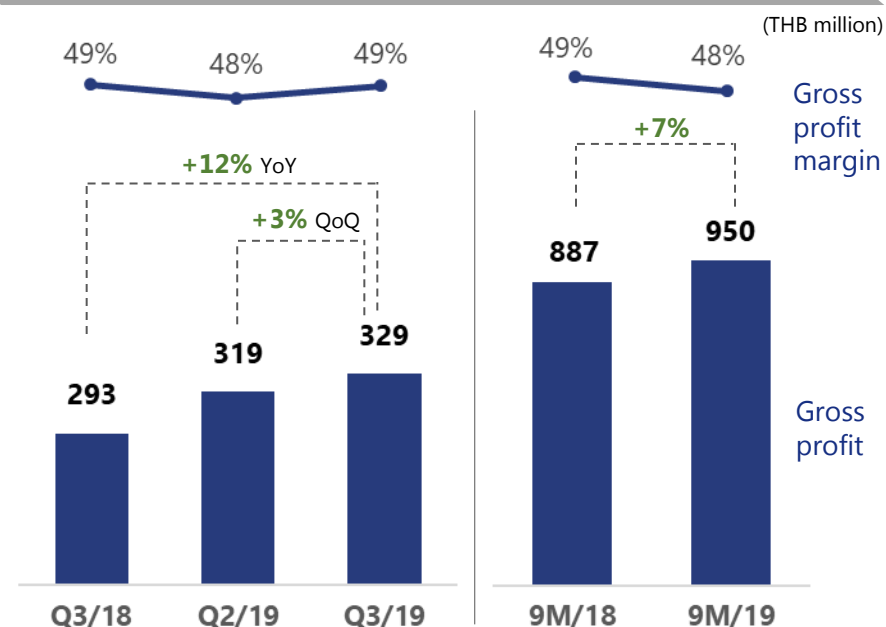


Service costs



- **Q2/19 VS Q3/19 (QoQ) :** Service cost insignificantly changed QoQ.
- **Q3/19 VS Q3/18 (YoY) and 9M/18 VS 9M/19:** Service cost increased by THB 39 million or 13% YoY and THB 128 million or 14% 9M 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

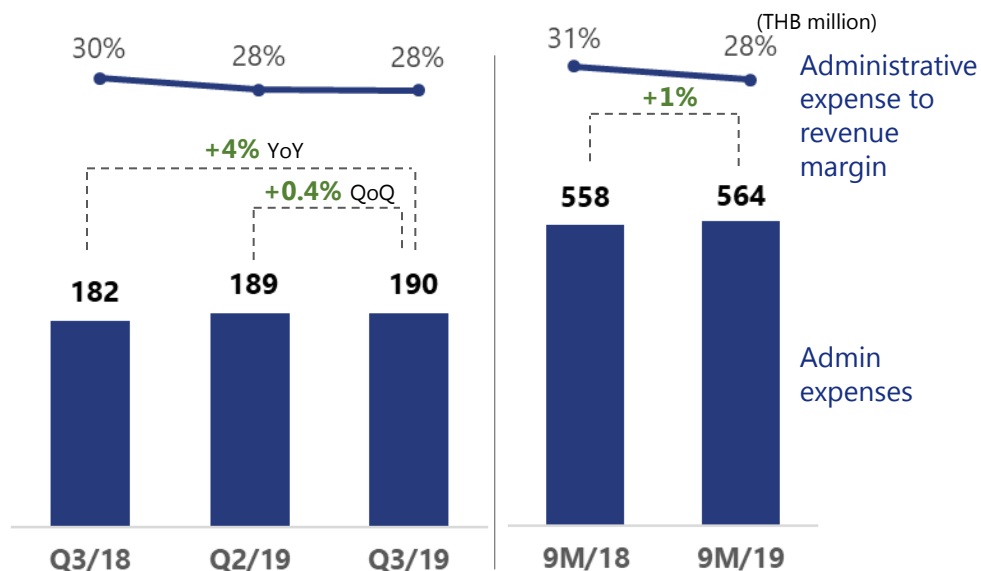


- **Q2/19 VS Q3/19 (QoQ) and Q3/19 VS Q3/18 (YoY):** Gross profit increased by THB 10 million or 3% QoQ and increased by THB 36 million or 12% YoY due to the expansion in sales channels and the increase in salespersons to generate more revenue.
- **9M/18 VS 9M/19:** Gross profit increased by THB 63 million or 7% due to the expansion in sales channels and the increase in salespersons to support the greater number of insurance policies.

Administrative Expenses and Net profit

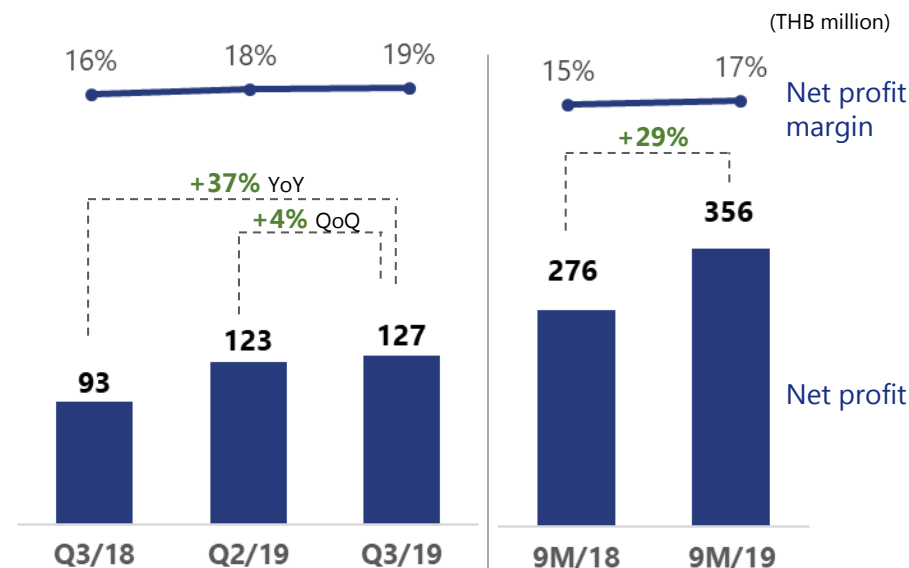


Administrative expenses



- **Q2/19 VS Q3/19 (QoQ)** Administrative expenses insignificantly changed QoQ.
- **Q3/19 VS Q3/18 (YoY) and 9M/18 VS 9M/19 (9M):** Administrative expenses increased by THB 8 million or 4% YoY and increased by THB 6 million or 1% 9M mainly due to employee benefits that have changed to 400 days according to the new financial standard.

Net profit and Net profit margin



- **Q2/19 VS Q3/19 (QoQ) and Net profit** increased by THB 4 million or 4% QoQ as a result of the increase in operating revenue and the better control on expenses which led to higher net profit.
- **Q3/19 VS Q3/18 (YoY) and 9M/18 VS 9M/19:** Net profit increased by THB 34 million or 37% YoY and increased by THB 80 million or 29% 9M due to the increase in operating revenue, the increase in other revenues and the better control on expenses which led to higher net profit.

Key Financial Highlights



Financial Position

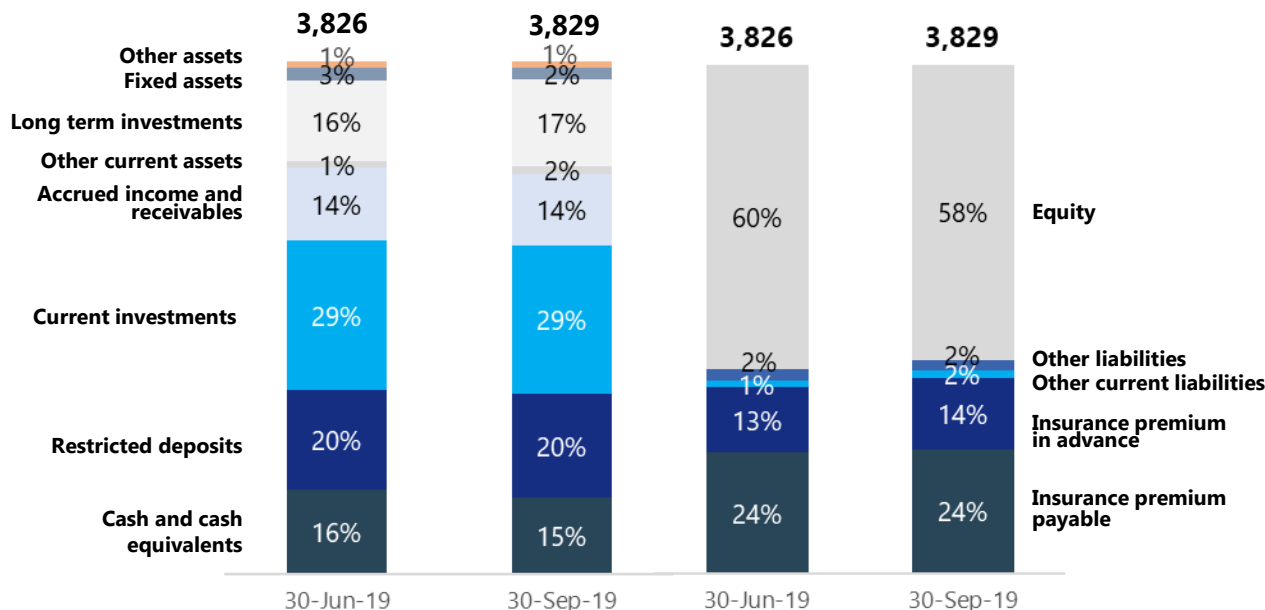
(THB Million)

Total D/E

(Times)

Assets

Liabilities and Equity



0.67

30-Jun-19

0.72

30-Sep-19

Current ratio

(Times)

2.06

30-Jun-19

1.94

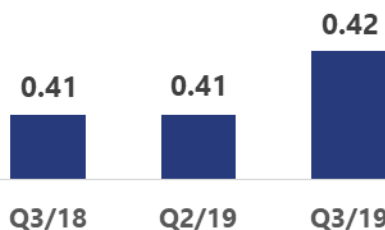
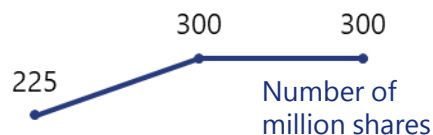
30-Sep-19

- Total assets as of 30 Sep 2019 were THB 3,829 million, slightly increased by THB 3 million or 0.1% from 30 June 2019 mainly from the increase in long-term investments.
- Based on analysis on D/E ratio, TQM is considered financially healthy, as TQM did not have any interest-bearing debt although D/E ratio as at 30 Sep 2019 slightly increased from 30 June 2019 mainly due to the increase in insurance premium in advance and insurance premium payable.
- Current ratio slightly decreased from 30 June 2019 mainly from the increase in insurance premium in advance and insurance premium payable.

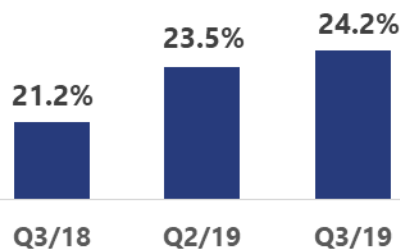
Key Financial Highlights



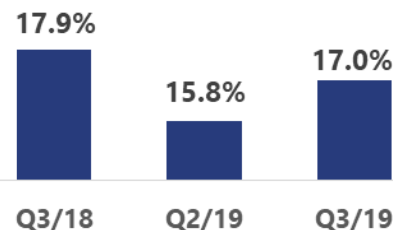
Earnings per share (THB/share) **EBITDA margin (%)** ***ROA (%)** ***ROE (%)**



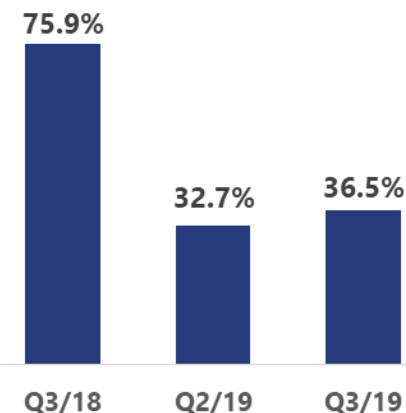
- **Q2/19 VS Q3/19 (QoQ):** EPS in Q3/19 increased by THB 0.01 per share from Q2/19, because of the increase in net profit from better operating performance.
- **Q3/19 VS Q3/18 (YoY):** EPS in Q3/19 increased by THB 0.01 per share from Q3/18, because of the increase in net profit from better operating performance while average shares increased as a result of the IPO in Dec 2018.



- **Q2/19 VS Q3/19 (QoQ):** EBITDA margin in Q3/19 increased by 0.7% from Q2/19, because of the increased GPM
- **Q3/19 VS Q3/18 (YoY):** EBITDA margin in Q3/19 increased by 3.0% from Q3/18, because of better control of administrative expenses



- **Q2/19 VS Q3/19 (QoQ):** ROA in Q3/19 increased by 1.2% from Q2/19, because of the increase in net profit.
- **Q3/19 VS Q3/18 (YoY):** ROA in Q3/19 decreased by 0.9% from Q3/18.



- **Q2/19 VS Q3/19 (QoQ):** ROE in Q3/19 increased by 3.8% from Q2/19
- **Q3/19 VS Q3/18 (YoY):** ROE in Q2/19 decreased by 39.4% 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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Q & A

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