



# Finansia Investment Conference

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13 January 2020

**01 | TQM Top Brokerage in Thailand**

**02 | TQM 2020 Strategy in Digital Age**

**03 | The Future of Thailand Insurance Market**

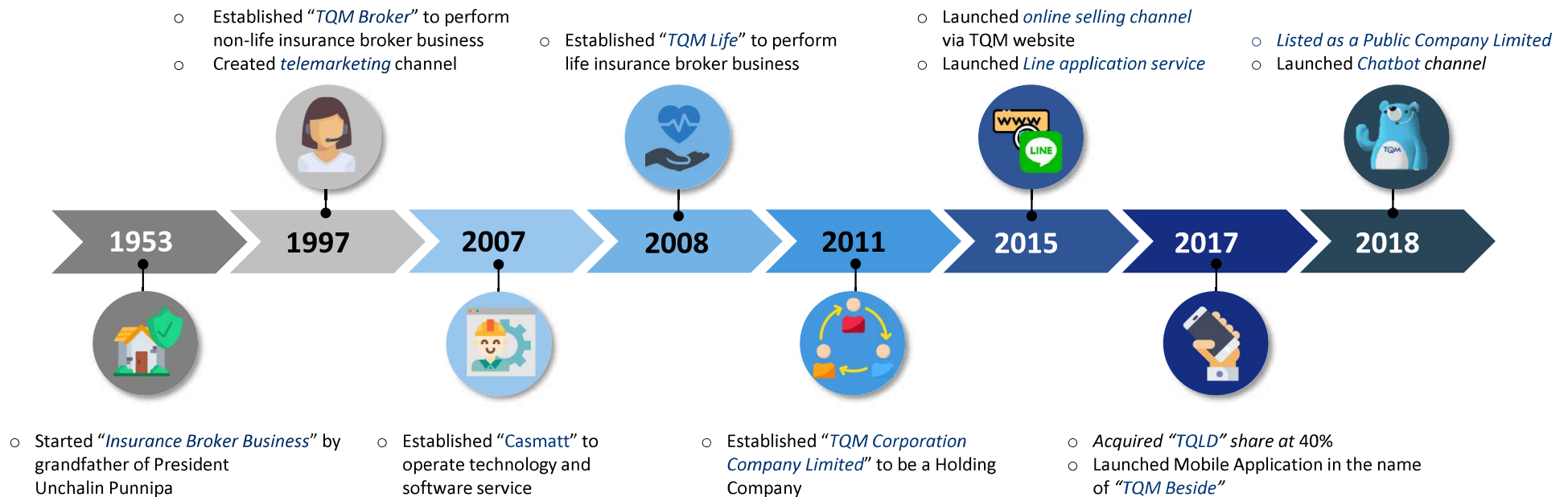
**04 | TQM 2019Q3 Operating Results**

01

TQM is the number 1<sup>st</sup>  
Broker in Thailand



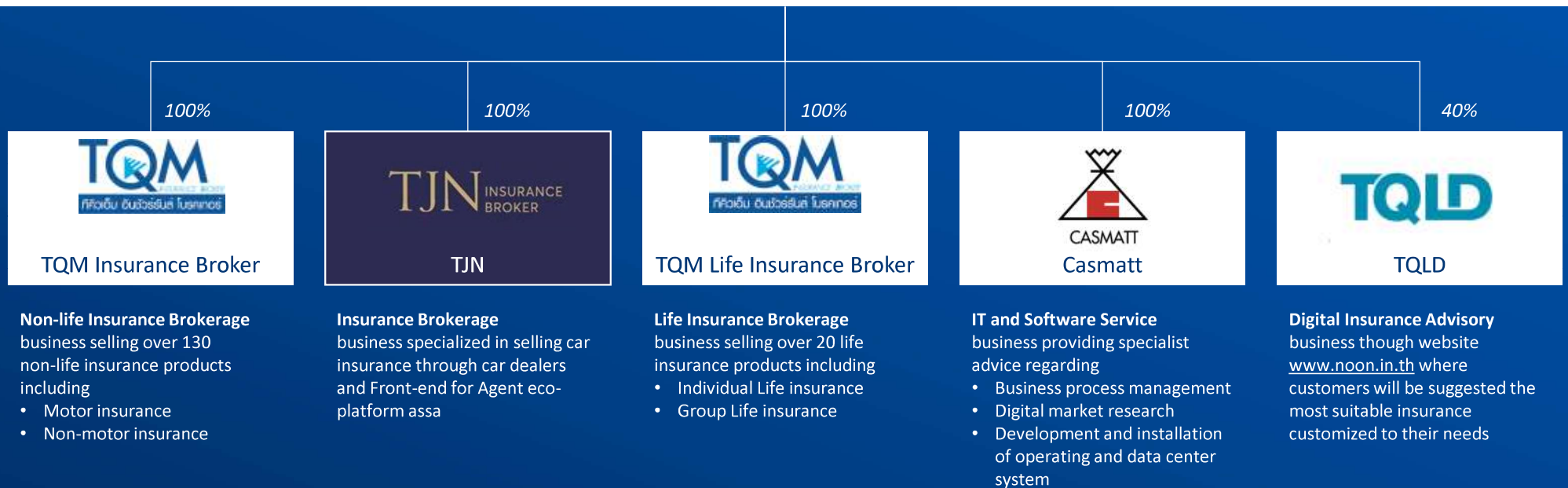
# Over 6 Decades of Delivering the Best of Service to Customers







## TQM Corporation Public Company Limited



# Shareholder Structure

Type	Percentage
Punnipa Family	60.3
Insurance Company	12.0
International Fund	9.6
Thai Fund	5.7
High Net Worth	3.9
Thai NVDR	3.4
Minority	5.1

# 2019 Capital Gain Stock

## TQM No.1



No.	Stock	Gain % (30 Dec 19)
1.	TQM*	189.5
2.	CBG	173.2
3.	AMANA	146.9
4.	JMART	117.5
5.	GULF	103.7

\*Listed 20 December 2018 at the IPO of 23.0 THB

Source : Stock Exchange of Thailand (SET)

# Five competitive advantages of TQM Business Model

Best positioned to serve end-users, insurers and regulators

1

The most comprehensive portfolio from non-life to life including exclusive products

2

Best-in-class Product Recommendation Engine and new product development to serve Thai consumers' uniqueness

3

60+ years experienced experts including legal consultants, and aftersales consulting services

4

Best Coverage in both physical branches and online channels

5

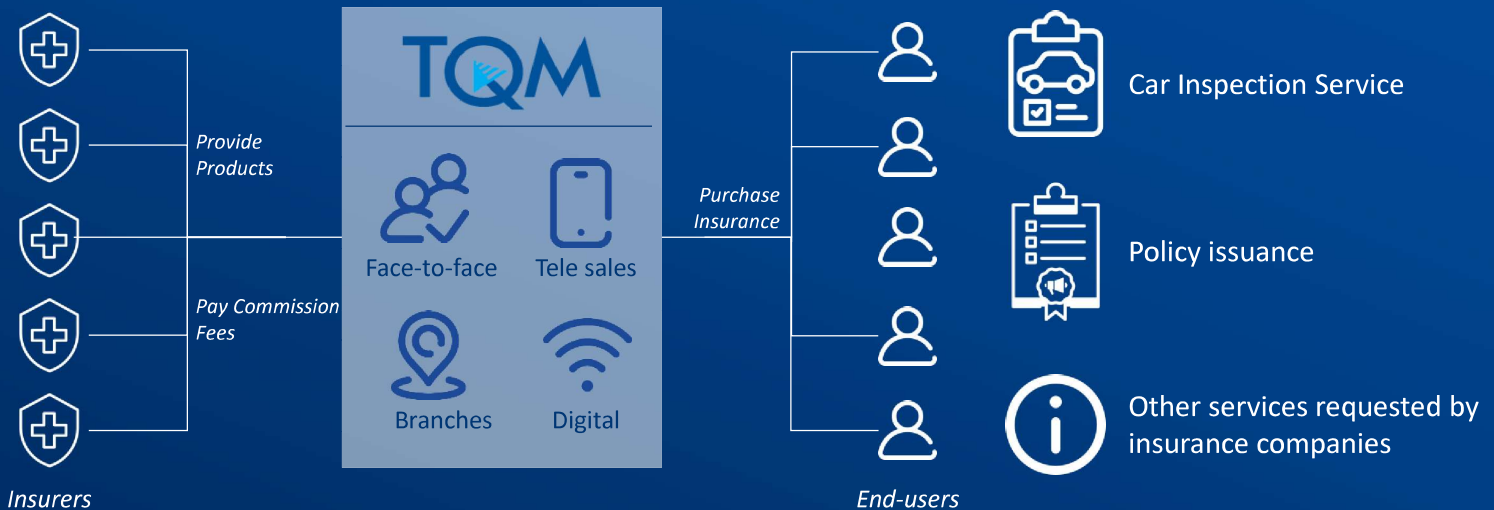
## TQM Business Model in the 2 main businesses

### 1 | Insurance Broker

TQM provides unbiased platform/channels for end-users; guaranteeing best rates, conditions, claims and after-sale services

### 2 | Service Provider

TQM provides back-end services for insurer partners in exchange of service fee



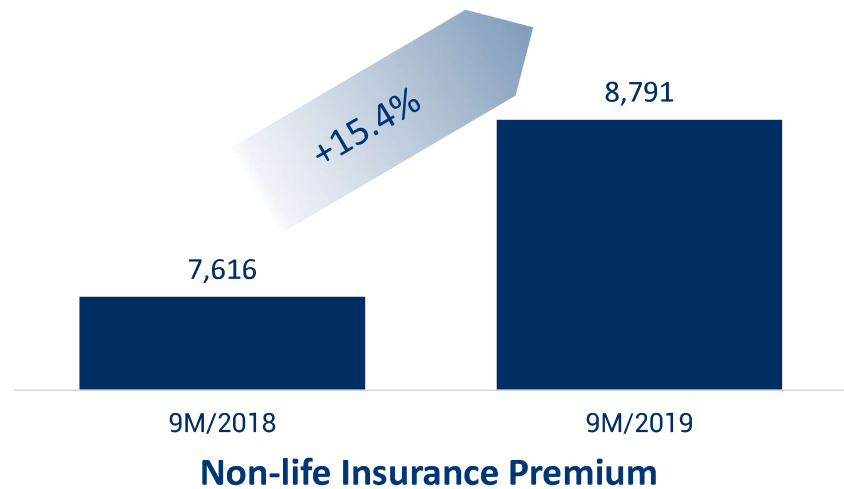
## 2019 Target is 74% Achieved in 2019 (9M), TQM Continuing Growth Opportunities



Note: Maximum rates regulated by OIC are as followed; life insurance 40%, non-life insurance 18%



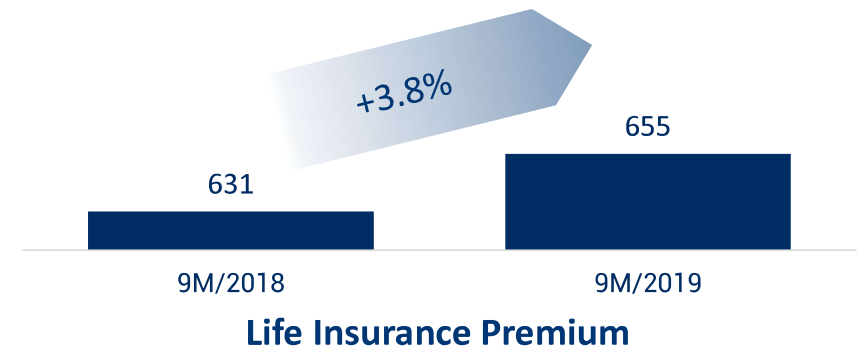
# Our outperformed in both non-life and life insurance market



Market Growth at +4.7% driven by Motor, Accident and Health



Broker Channel has gained market share from 58% to 59%



Market detracts -3.7% driven by renewal premium -4.9%



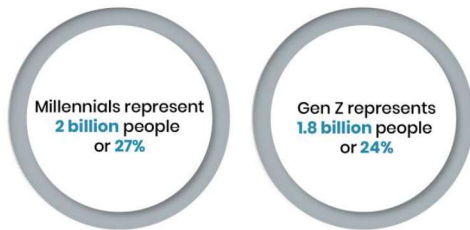
Broker Channel has gained market share from 3% to 5%

Unit: THB mn  
Source: OIC

# Perfect Storms Drive Our Business

## CHANGES and TRENDS

### Demographic Change

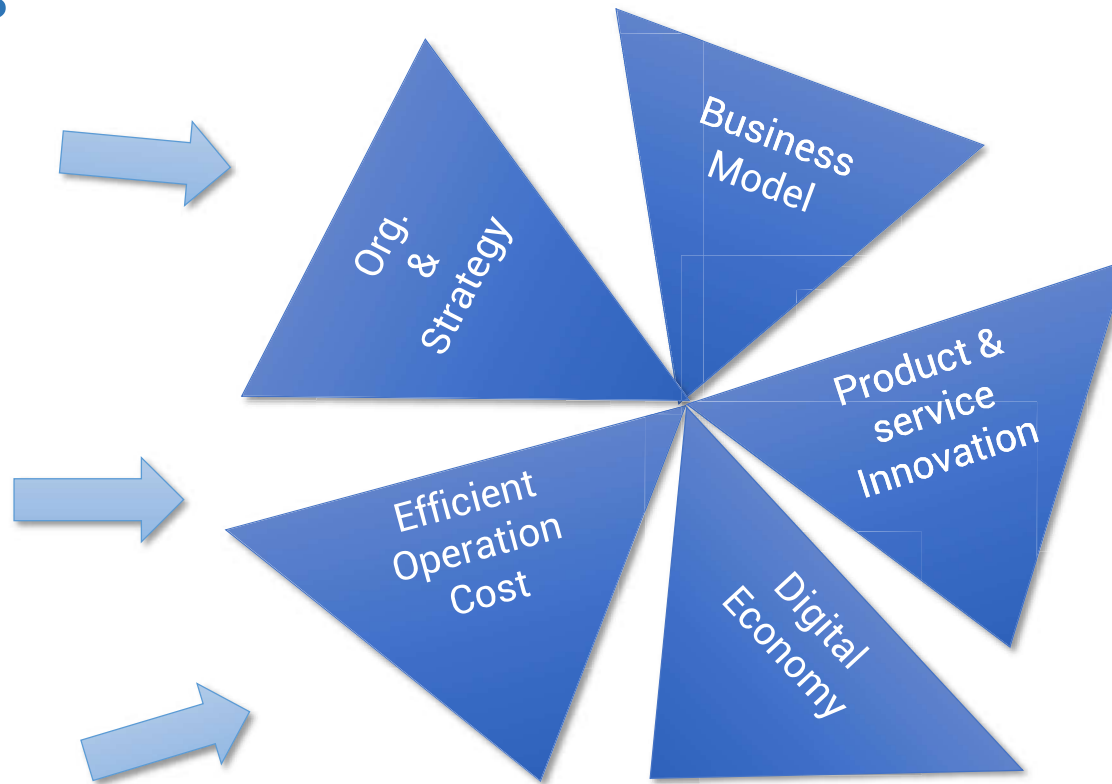


### 10 Technology Hype Cycle

Top 10 Strategic Technology Trends for 2020

People-Centric	Smart Spaces
Hyperautomation	Empowered Edge
Multixperience	Distributed Cloud
Democratization	Autonomous Things
Human Augmentation	Practical Blockchain
Transparency and Traceability	AI Security

### Unlocking Barriers



Sources: Simon, 2019; Gartner, 2019; photos from Vovworld.vn/th, 2015, startupThailand.org, 2018

# 02

## TQM 2020 Strategy In Digital Age



Digital  
Transformation  
Framework



Target  
Operating  
Model- TOM



Market and Digital  
Channels  
and Opportunities



Our Primes;  
Excellence in Non-  
life & Life Broker  
Awarded



Target Operating Models

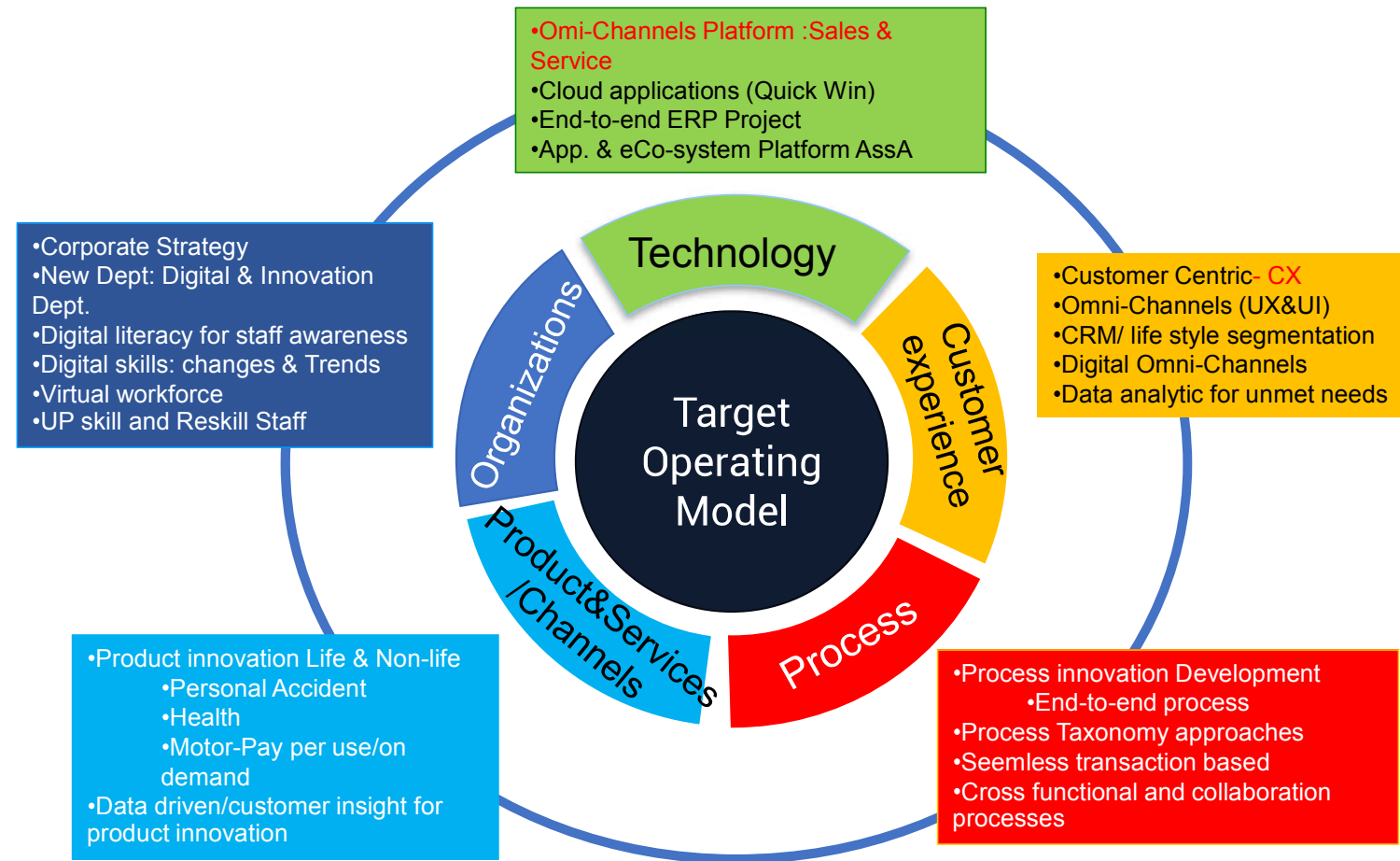
# TQM Determination In Digital Era

## Number 1 Digital Broker in Region

The screenshot displays the TQM website interface. At the top, there's a navigation bar with the TQM logo, a list of services (สินค้าประกันภัย, โพรโมชัน, บริการลูกค้า, ผู้ช่วยรถ, แพคเกจคลับ, ข่าวสารและบทความ, ติดต่อเรา, นักลงทุนสัมพันธ์), and a search bar. Below the navigation bar, a banner features four main service highlights: 1. '0%' interest rate (พร้อม 0%) with a car icon, 2. '3-day return' (มีรถใช้ระหว่างซ่อม) with a car icon, 3. '24-hour service' (บริการ 24 ชั่วโมง) with a person icon, and 4. 'Gift and discount' (กิจกรรมและส่วนลดตลอดปี) with a gift icon. Each highlight includes a brief description. At the bottom, there's a 'โปรโมชั่น' (Promotion) section with a 'เช็คเบี้ยประกัน ฟรี!' (Check insurance premium free!) button and a 'LINE ID : @tqmbroker' button. A 'zendesk chat' widget is visible in the bottom right corner.



# Digital Transformation In Actions



Source: Adopted and developed by Gowanit, 2019



# TQM 2020 Digital Channels & Marketing Strategy



## Customer Management Through Big Data

- Big data project- to understand the consumer insights.
- Product Segmentation- to design the products align with 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
- Digital Channels enhancement e.g. website, FB



## Partnership Enhancement

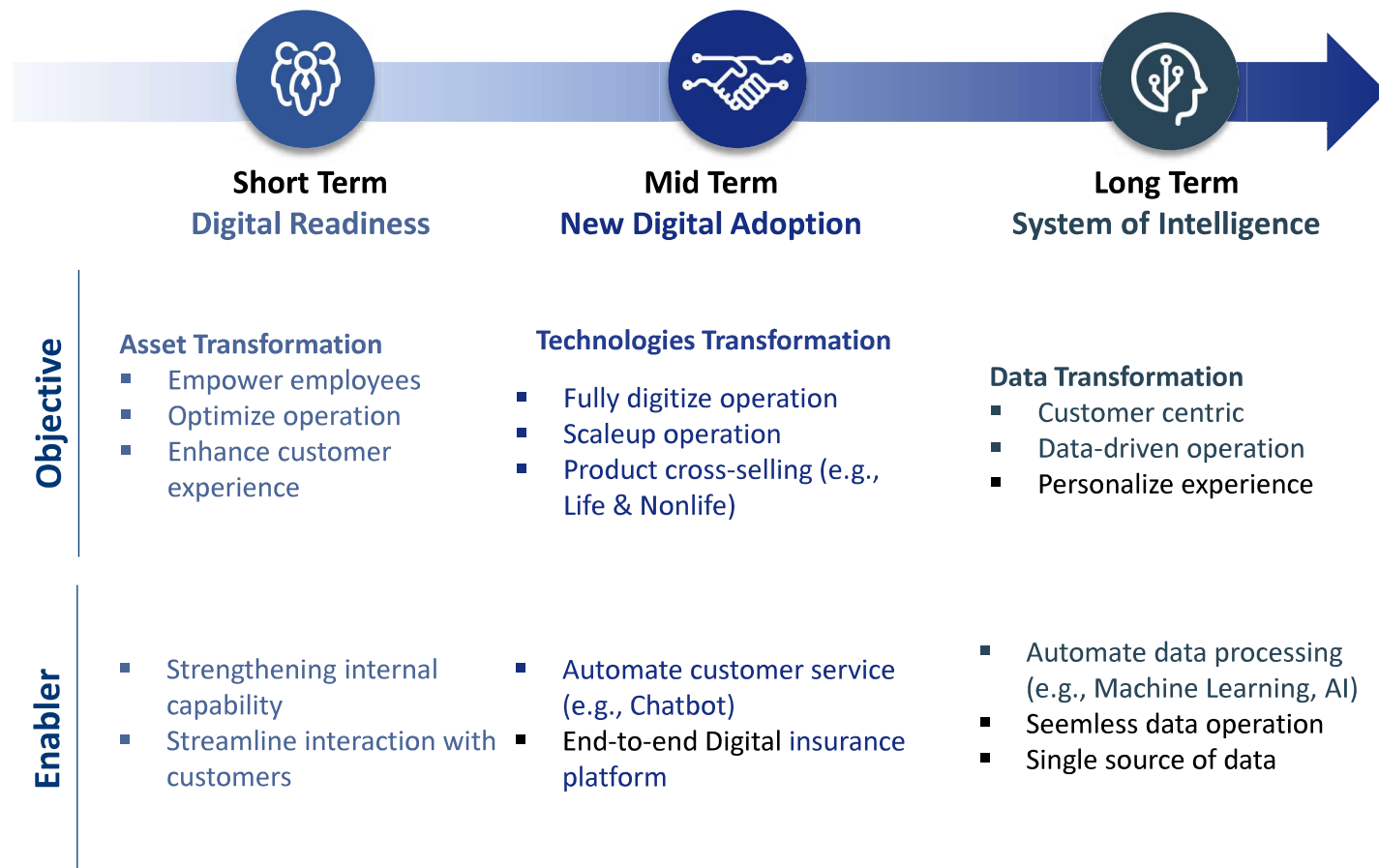
- Affiliate/ strategic partners
- Inorganic growth

**Business Model:**  
Sell sharing model



**The innovative products and  
services to serve consumers'  
unmet needs**

# Customer Centric Management Through Big Data



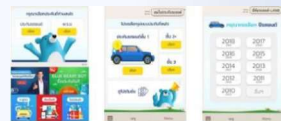


# Technological Driven Operation

## Chatbot Channels

### Investment in Chatbot to be 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, **to complete purchasing journey with minimal call center interaction with call center**
- AI will assist the customers to find the most suitable insurance package



## InsurTech

### InsurTech is the future of insurance brokerage

- InsurTech will **provide the technology and tools to simplify the process between -broker and insurance companies** including:
  - Facilitate customer** in the purchasing of insurance by planning, analyzing and customizing insurance
  - Facilitating** für customer needs and maximizing the efficiency of the selling process
  - Facilitating for **effeciency claim process**



Development Plan

# Life Insurance Platform

*TQM life insurance platform that allows customer to compare life insurance products online*

# Existing Customer Base Cross-selling both Life and Non- Life



Project objective  
*To boost life insurance sales*

Lunched  
*December 2019*



# Partnership Enhancement

## 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 innovative insurance products
- **Extended** Salaryman phase 2 of co-creating insurance product with Bangkok Insurance targeting labours in industrial and agricultural sector



## Service Partners for Customer Relationship

- **Enhancing** customer experience with TQM service
- **Retaining** existing customers by creating customer loyalty (renewing policies with TQM)
- **Simplify claim service** at TQM contact point



## Affiliate Channels Opportunities:

- **Explore** the market opportunities with partners and affiliates
- **Co-Creat**e Insurance Shop as **Sell Sharing Model** with Big C and Southeast Insurance
- **Cross- selling** fire insurance mapping with **Baania** homebuyer customer base.
- **Co-Creat**e Opportunities with the **Communities** e.g. **Airline, Retails Networks, and Enterprises.**





Excellence in Non-life & Life Broker  
Awarded

# TQM Prime of Honour to achieve awards: Excellent Non- Life and Life Insurance Broker

*TQM Business Model is divided into 2 main businesses*



- TQM was granted two awards being both excellent Non-life and Life insurance broker in 2018 by the Office of Insurance Commission (OIC event)
- 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





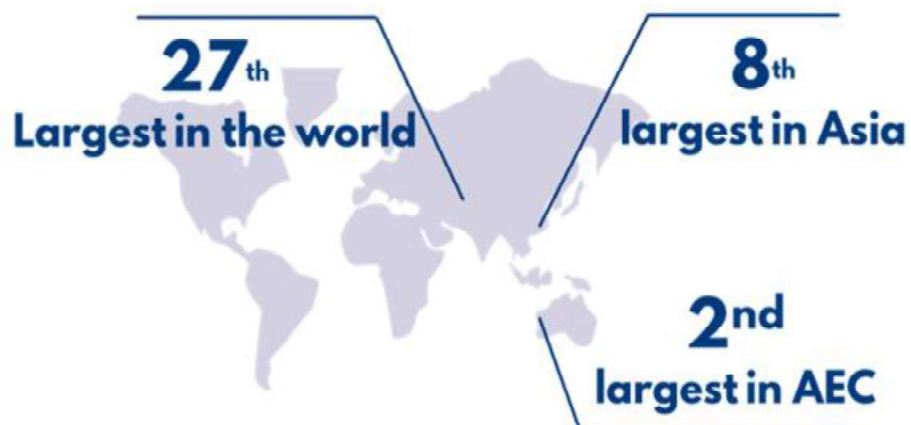
03

# The Future of Thailand Insurance Market

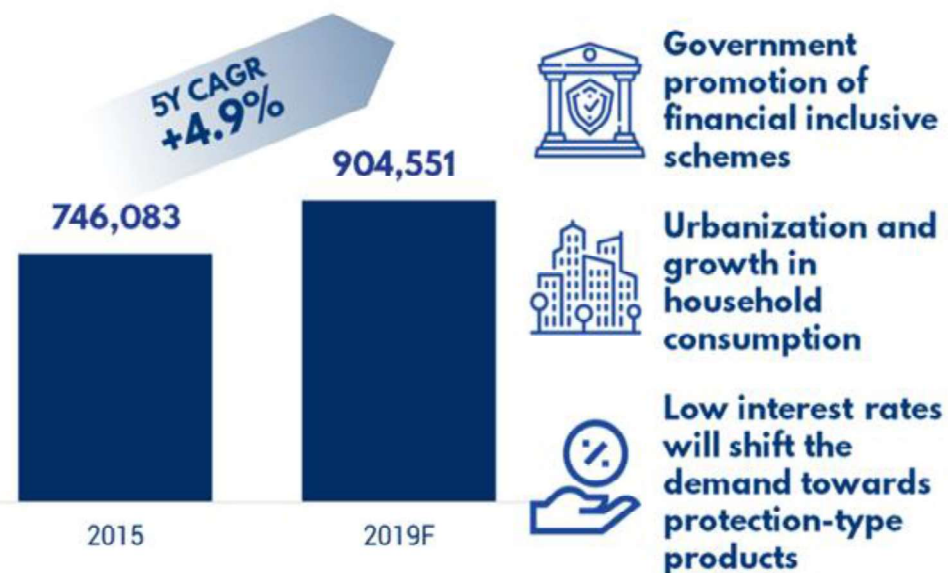


# Thailand, one of largest insurance market in Asia, is expected to accelerate its growth

## Thailand is 2<sup>nd</sup> Largest Market in AEC



## Insurance Premium growth is driven by macroeconomics



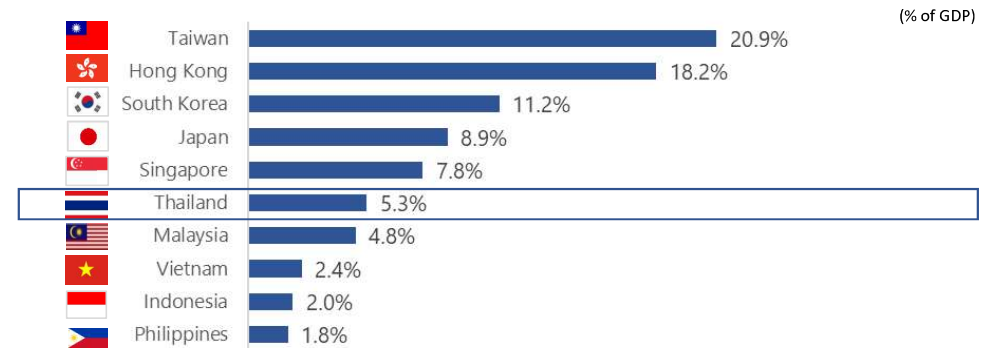
Unit: THB mn

Source: Swiss Re's market statistics, Office of Insurance Commission compiled by IPRB

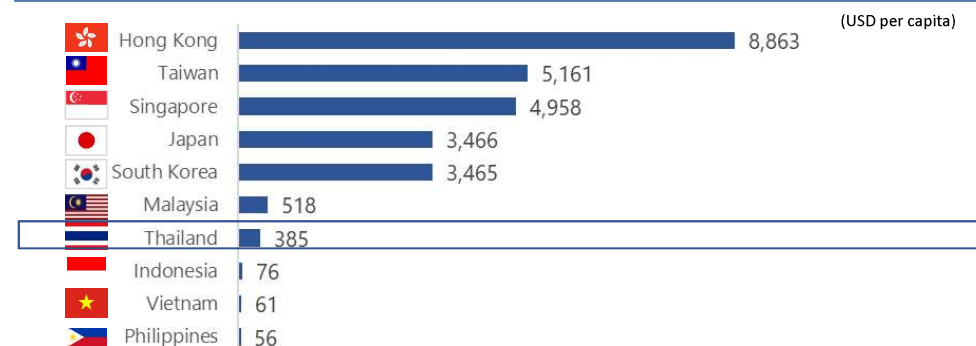


Thailand Insurance  
penetration ratio is still  
low in Asian matured  
markets

*Total insurance premium to GDP (2018)*



*Total insurance premium per capita (2018)*



Note: Total insurance premium includes non-life and life insurance premium revenues

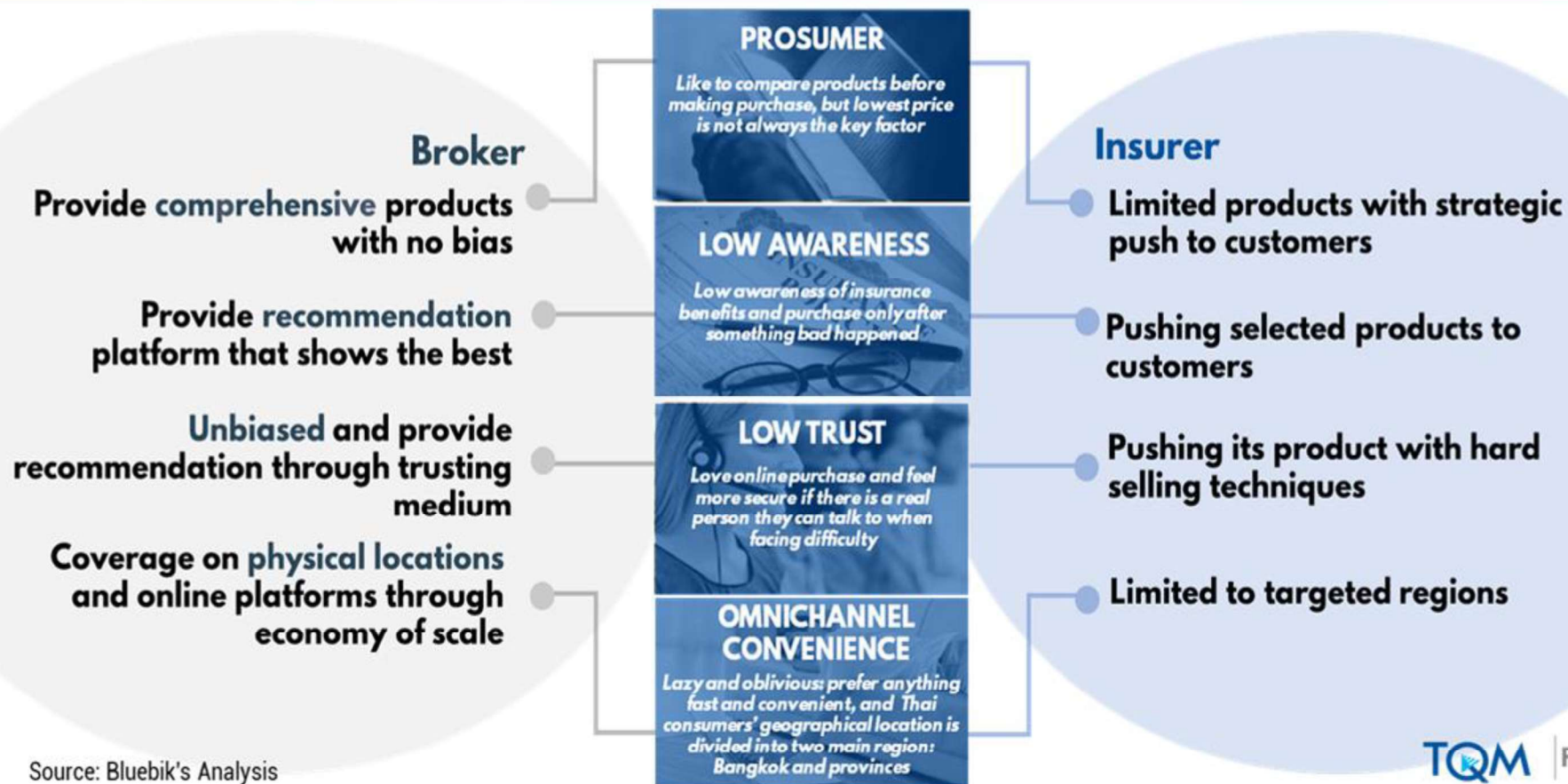




# Brokerage, a Key connecting to Unlock Low Penetration



# Brokerage is a middleman platform that could meet all of consumer needs





An aerial night photograph of a city skyline, likely Bangkok, featuring a prominent skyscraper and a river with light trails from traffic. The text "There are enormous growth opportunities in Thailand" is overlaid in white.

**There are enormous growth opportunities in Thailand**

# Thai consumers have unique needs and attitudes for insurance products resulting in a low penetration

Source: Bluebik's Analysis

## PROSUMER

Like to compare products before making purchase, but lowest price is not always the key factor

91% of Thai people use search engines to compare products before making purchase

Source: "Think Teko" Google

## LOW AWARENESS

Low awareness of insurance benefits and purchase only after something bad happened

In Thailand, only 5% of households (there are 26 million households) have home insurance as they think that their houses will never be on fire

Source: Department of Provincial Administration, Buakung Securities

## LOW TRUST

Love online purchase and feel more secure if there is a real person they can talk to when facing difficulty

53% of consumers prefer to engage with business face-to-face or over-the-phone, especially for more complicated enquiries.

Source: Businessadvice

## OMNICHANNEL CONVENIENCE

Lazy and oblivious: prefer anything fast and convenient, and Thai consumers' geographical location is divided into two main regions: Bangkok and provinces

74% of people are likely to switch brands if they find the purchasing process too difficult.

Source: Salesforce



# 04

## TQM 2019 Q3 Operating result



Outperformed  
Revenue Growth of  
15%



Strong Operating  
Performance with  
the corporate  
strategic projects



TJN Acquisition,  
Expands to Motor  
Dealers and  
penetrate to agent  
channel



Excellence in Non-  
life & Life Broker  
Awarded

Unit: THB mn

TQM

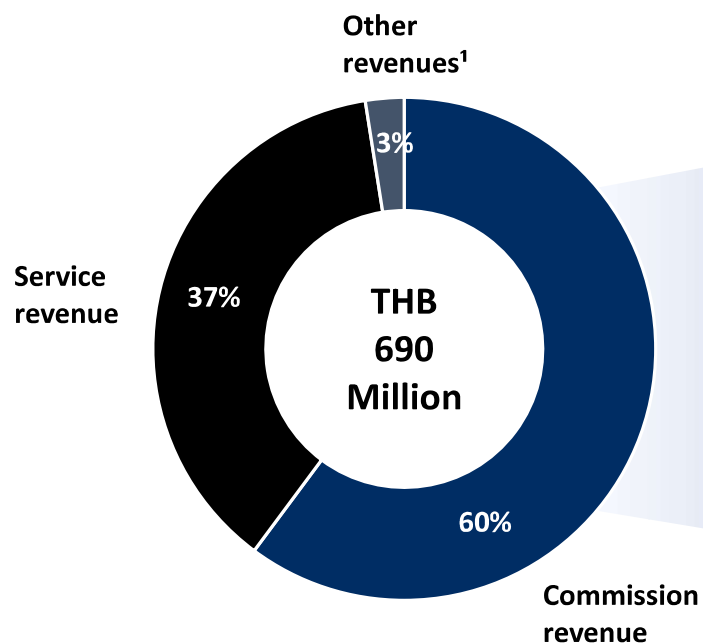
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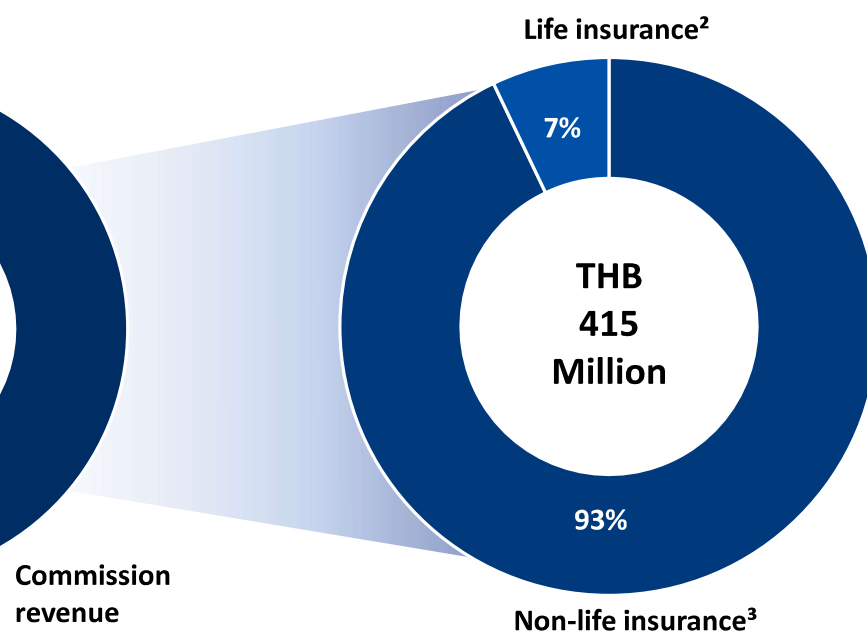
Outperformed Revenue Growth of 15%

# Q3/2019 Revenue Breakdown

## Revenue



## Commission Revenue by Type



Unit: THB mn

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%

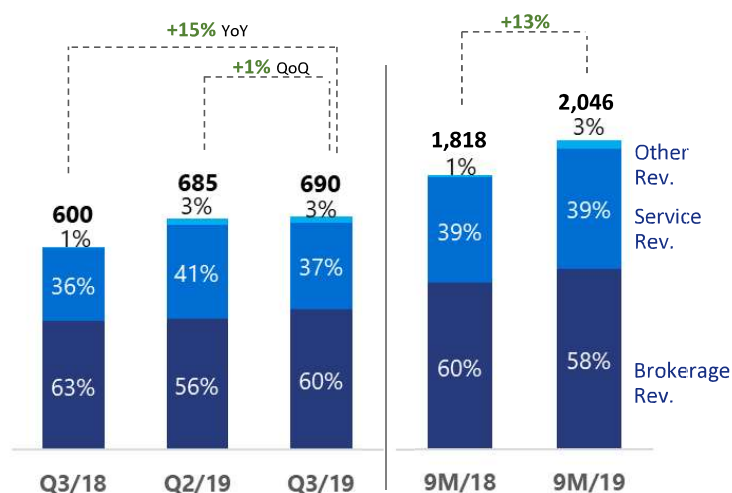




Outperformed Revenue Growth of 15%

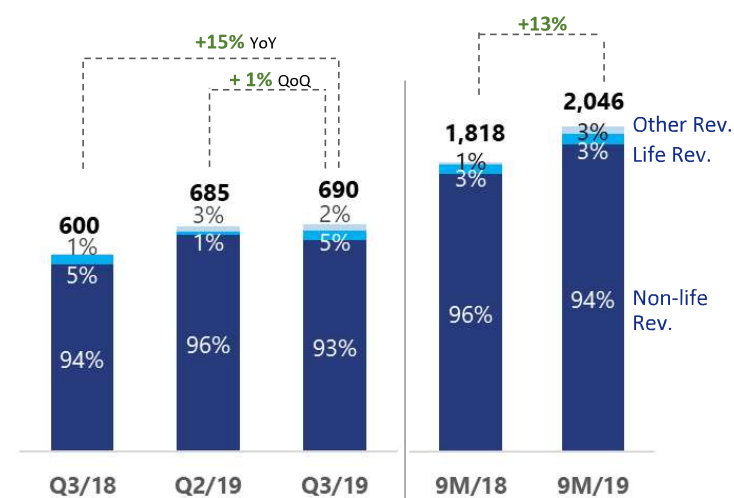
Q3/2019  
Revenue  
has grown  
15% YoY

## Revenue by Income Type



- **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.

## Commission Revenue by Type



- **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.

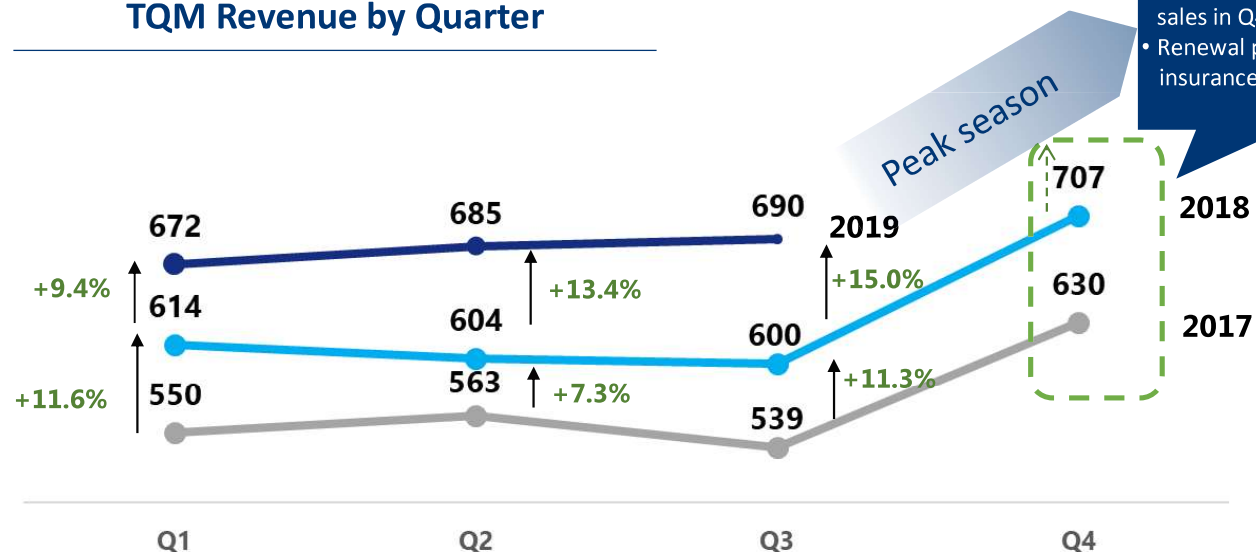
Unit: THB mn



Outperformed Revenue Growth of 15%

Revenues is expected to robust in Q4

### TQM Revenue by Quarter



- Motor show accelerated motor sales in Q4
- Renewal period of group insurance

### TQM Net Profit by Quarter

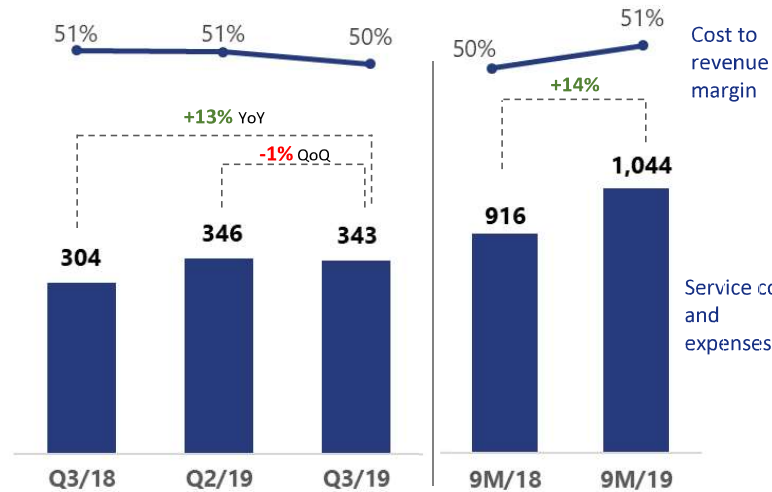


Unit: THB mn



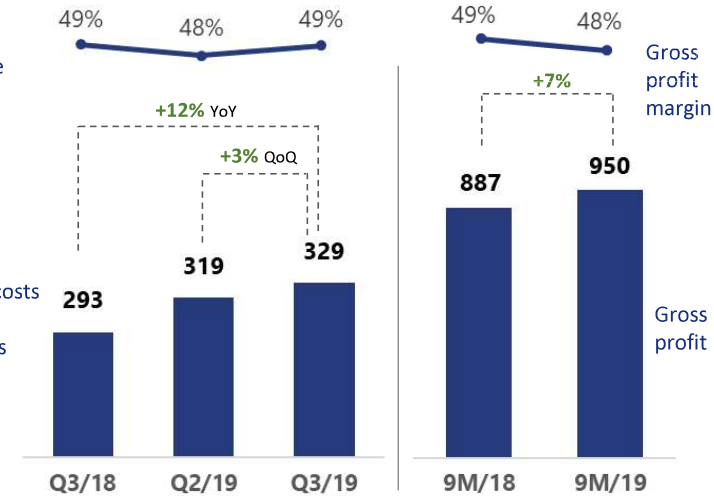
Q3/2019  
Gross profit  
has grown  
12% YoY

### 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

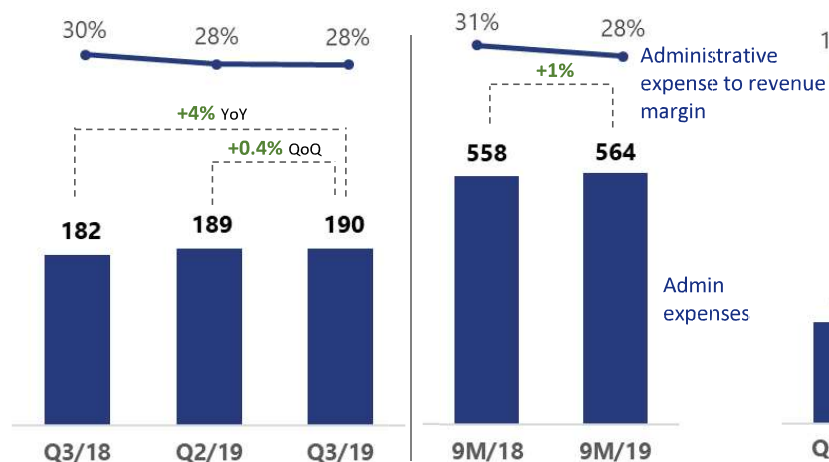


- **Q2/19 VS Q3/19 (QoQ) and Q3/19 VS Q3/18 (YoY)**: Gross profit increased by THB 10 million or 3% QoQ and increased by THB 36 million or 12% YoY due to the expansion in sales channels and the increase in salespersons to generate more revenue.
- **9M/18 VS 9M/19**: Gross profit increased by THB 63 million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



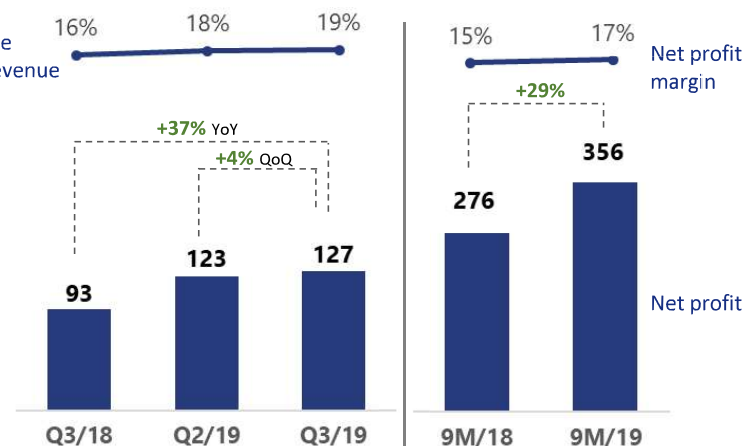
Q3/2019  
Net profit  
has grown  
37% YoY

## 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



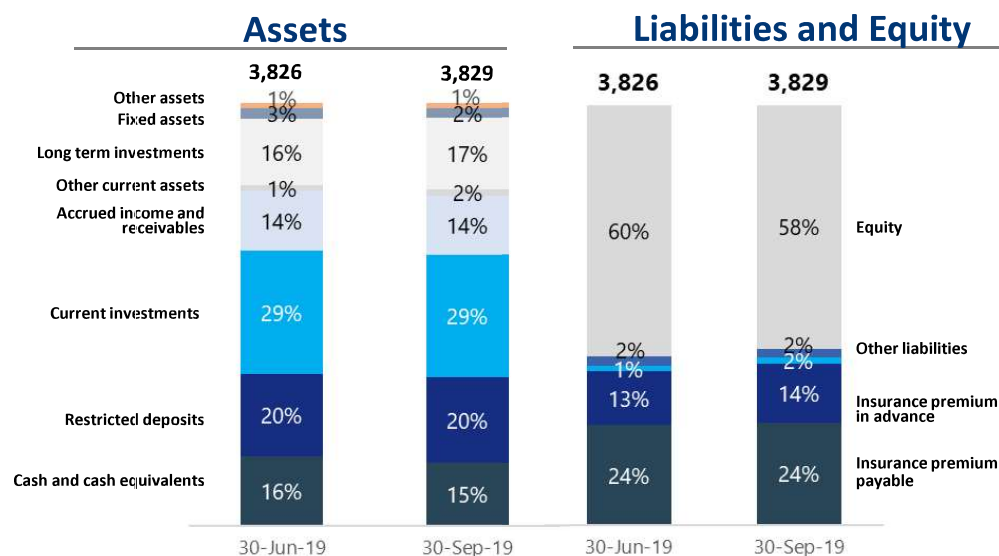
- **Q2/19 VS Q3/19 (QoQ)** and Net profit increased by THB 4 million or 4% QoQ as a result of the increase in operating revenue and the better control on expenses which led to higher net profit.
- **Q3/19 VS Q3/18 (YoY) and 9M/18 VS 9M/19:** Net profit increased by THB 34 million or 37% YoY and increased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



Strong Operating Performance

# Financial Positions Remain Solid

## Financial Positions



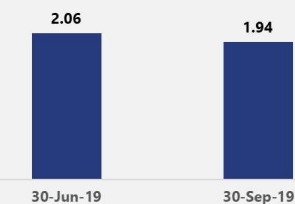
- Total assets as of 30 Sep 2019 were THB 3,829 million, slightly increased by THB 3 million or 0.1% from 30 June 2019 mainly from the increase in long-term investments.
- Based on analysis on D/E ratio, TQM is considered financially healthy, as TQM did not have any interest-bearing debt although D/E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

Unit: THB mn

## Financial Ratios



Total D/E Ratio (Times)

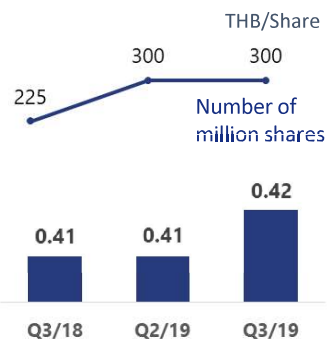


Current Ratio (Times)



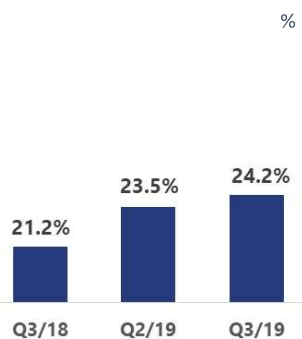
# Key Financial Ratio Highlights

## Earnings per share



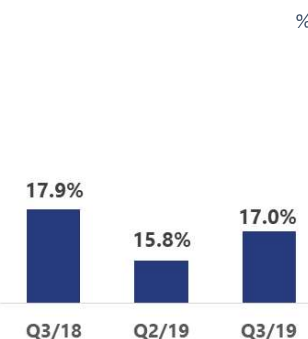
- **Q2/19 VS Q3/19 (QoQ):** EPS in Q3/19 increased by THB 0.01 per share from Q2/19, because of the increase in net profit from better operating performance.
- **Q3/19 VS Q3/18 (YoY):** EPS in Q3/19 increased by THB 0.01 per share from Q3/18, because of the increase in net profit from better operating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

## EBITDA Ratio



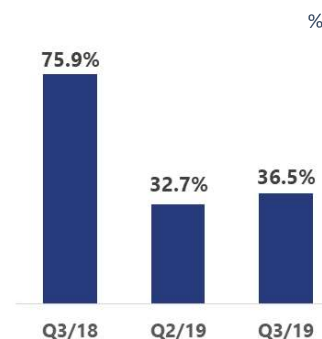
- **Q2/19 VS Q3/19 (QoQ):** EBITDA margin in Q3/19 increased by 0.7% from Q2/19, because of the increased GPM
- **Q3/19 VS Q3/18 (YoY):** EBITDA margin in Q3/19 increased by 3.0% from Q3/18, because of better control of administrative expenses

## ROA



- **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.

## ROE



- **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.





TJN Acquisition, expanded into Car Dealership

# TQM has acquired 100% of TJN to expand the new channels

## Key Deal Information

- Transaction Date: 10 July 2019
- TJN Information
  - Founded in 2016
  - A leading insurance broker specializes in selling luxury car insurance through car dealers
  - Premium/Year (2018): ~30 MB
  - Number of car dealers: 5



# TQM 2019's Journey

18 Dec  
SET Announcing  
Price-weighted 1 Jan 2020



26 Nov  
MSCI Small Cap  
Price-weighted



TJN  
INSURANCE  
BROKER

10 Jul  
Acquiring  
TJN Broker

FTSE  
Russell

21 Jun  
FTSE Micro Cap  
Price-weighted



CORPORATION PUBLIC COMPANY LIMITED

# Q & A

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## Contact

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