



SorGor. 20/2023

12 May 2023

Subject: Management Discussion and Analysis for Quarter 1/2023, ended 31 March 2023

To: President  
The Stock Exchange of Thailand

Thai Group Holdings Public Company Limited has reported the financial performance and submitted Condensed interim financial statements for the three-month periods ended 31 March 2023 which has the detail as the followings.

## Industry Overview

### Life Insurance Industry

Thailand's life insurance industry reported total first year premium written of Baht 44,843.74 million for quarter 1/2023 which increased by 9.5% QoQ. Southeast Life Insurance PCL ("SELIC") has first year premium written of Baht 933 million which decreased by 3.2% QoQ. SELIC had 2.08% market share for the first year premium written and ranked No.11 in life insurance industry as of March 2023.

*(Source: Thai Life Assurance Association)*

### Non-Life Insurance Industry

Overall, the total direct premium written for Thailand's non-life insurance industry for quarter 1/2023 was Baht 73,315 million which increased by 5.3% QoQ. The key growth drivers were an increase in Motor insurance, Marine insurance and Miscellaneous insurance. Indara Insurance PCL ("INSURE") had 1.3% market share of direct premium written and ranked No 25 in non-life insurance industry compared to rank No 29 in quarter 1/2022.

*(Source: Insurance Premium Rating Bureau, Thai General Insurance Association)*

## Automotive Industry

The operating leased car market industry in 2023 expected to be Baht 51 billion or increased by 10.2% QoQ. For long-term rental expected to expand by 5.0% or to be Baht 40 billion as expecting that Thai economic would growth by 3.6% from last year with growth of 2.6% which would enhance private consumption and tourism industry. This would boost the demand on long-term car rental. However, the revenue on long-term car rental was being stable, the major car leasing company turned to emphasize on short-term rental. Southeast Capital Company Limited (“SECAP”) continued to rank No. 1 in car leasing market with total of 22,436 leased cars at end of quarter 1/2023.

For used car market industry, the EV worldwide industry was in growing trend so used EV cars in market would increase steadily. This would impact used car business to be more competitive. Additionally, the coming of new business model “Subscription” would decrease the purchasing demand on used car. As a result, used car operator should be prepared and adapted for upcoming circumstance.

*(Source: TMBThanachart Bank Public Company Limited, ttb analytics)*

# Management Discussion and Analysis For Quarter 1/2023

## Financial Performance for Quarter 1/2023

<i>Unit: Million Baht</i>		Jan - Mar 2023	Jan - Mar 2022	%Change QoQ
1	<b>Total Revenue</b>	3,735	4,843	▼ -22.9%
2	Net premium earned and Commission & brokerage income	2,093	2,956	▼ -29.2%
3	Income from operating lease, hire-purchase and finance lease	1,115	1,373	▼ -18.8%
4	Net Investment income	465	420	▲ 10.7%
5	Gain on financial instrument	52	7	▲ 642.9%
6	Other income	10	87	▼ -88.5%
7	<b>Total Expenses</b>	(3,617)	(4,251)	▼ -14.9%
8	Underwriting expenses	(2,128)	(2,165)	▼ -1.7%
9	Direct rental costs	(812)	(1,053)	▼ -22.9%
10	Operating expenses	(513)	(746)	▼ -31.2%
11	Loss on financial instrument	(16)	(179)	▼ -91.1%
12	Finance costs	(148)	(108)	▲ 37.0%
13	<b>Profit (loss) before income tax expense</b>	118	592	▼ -80.1%
14	Tax income (expense)	(26)	(121)	▼ -78.5%
15	<b>Profit (loss) non-operating item</b>	92	471	▼ -80.5%
16	Difference on de-consolidation, net	-	1,230	▼ -100.0%
17	<b>Net Profit (loss)</b>	92	1,701	▼ -94.6%
18	Investment income ratio	12.4%	8.7%	
19	Operating expense ratio	13.7%	15.4%	
20	Net Profit Margin	2.5%	9.7%	
21	Basic earnings (loss) per share	0.10	1.94	

### Total Revenue

Total revenue for Q12023 was Baht 3,735 million, decreased by Baht 1,108 million or 22.9% QoQ. The revenue breakdown by segment was as follows:

- Revenue from Life insurance business** was Baht 1,952 million, increased by Baht 121 million or 6.6% QoQ. Gross premium written was Baht 1,807 million, increased by 0.8%, mainly from group insurance premium. Interest and dividend income was Baht 449 million, increased by Baht 11.1% QoQ. Gain on financial instrument was Baht 57 million, increased by Baht 53 million due to unrealized from fair value changed on investment.

# Management Discussion and Analysis

## For Quarter 1/2023

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- **Revenue from Non-Life insurance** was Baht 734 million, comparing to Q12023 of Baht 982 million which excluded reinsurance commission income on obligation of insurance policy transferred from another insurance company amounting to Baht 470 million. Decreasing of Revenue from Non-life insurance Baht 512 million or 41% QoQ was due to increase of reinsurance ceding proportion this year.
- **Revenue from Financial services business** was Baht 1,125 million, decreased by Baht 269 million or 19.3% QoQ. Sales of used cars from expired lease contracts decreased by Baht 282 million according to number of used cars sold reducing by 600 unit, approximately.

### Total Expenses

Total expenses for Q12023 was Baht 3,617 million, decreased by Baht 634 million or 14.9% QoQ which had detail as follows:

- **Underwriting expenses** was Baht 2,128 million, decreased by Baht 37 million or 1.7% QoQ.
  - Life insurance business's underwriting expenses increased by Baht 78 million, mainly from claim of Group life premium.
  - Non-life insurance business's underwriting expenses decreased by Baht 117 million from release of claim IBNR reserve Baht 329 million whereas underwriting expense and acquisition cost increased from insurance portfolio expansion this period.
- **Direct rental cost** was Baht 812 million, decreased by Baht 241 million or 22.9% QoQ.
  - Cost of sales of operating lease cars decreased by Baht 275 million or 51.4% which was align with revenue on selling used cars decreasing.
  - Direct rental cost increased by Baht 34 million or 6.5% mainly due to depreciation expense according to the higher number of operating lease car in this period.
- **Operating expenses** was Baht 513 million, decreased by Baht 233 million or 31.2% QoQ mainly due to staff expense, bank fee and tax expense.
- **Finance costs** was Baht 148 million, increase by Baht 40 million or 37.0% QoQ mainly from increasing in interest rate and loan principal amount.

### Net Profit (Loss)

Net profit before tax for Q12023 was Baht 118 million, decreased by Baht 474 million or 80.1% QoQ. The detail was shown as below.

- **Life insurance business** had net profit before tax of Baht 2 million, decreased by Baht 18 million QoQ from higher incurred claim whereas the revenue from investment increased and net premium earned slightly increased.
- **Non-Life insurance business** had net profit before tax of Baht 116 million, decreased by Baht 504 million QoQ from decreasing in net premium earned and reinsurance commission income.
- **Financial service business** had net profit before tax of Baht 13 million, increased by Baht 56 million QoQ. This was from both interest rate and loan principal amount increasing and loss on fair value change of derivative instrument.

# Management Discussion and Analysis For Quarter 1/2023

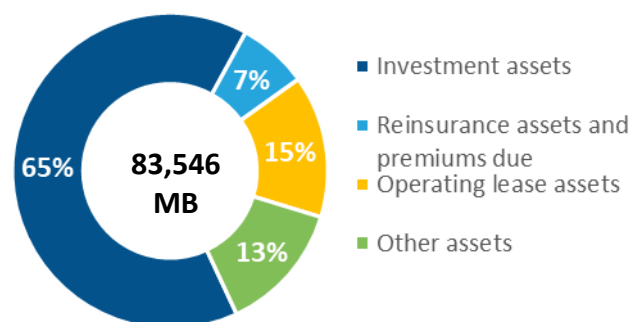
## Financial Position as of 31 March 2023

Unit: Million Baht		31 Mar 2023	31 Dec 2022	%Change YoY	
1	<b>Total Assets</b>	83,546	84,151	▼	-0.7%
2	Investment assets (including Cash)	54,014	54,622	▼	-1.1%
3	Reinsurance assets and Premiums due & uncollected	6,259	6,038	▲	3.7%
4	Operating lease assets	12,765	12,680	▲	0.7%
5	Other assets	10,508	10,811	▼	-2.8%
6	<b>Total Liabilities</b>	73,632	74,531	▼	-1.2%
7	Insurance contract liabilities	50,667	50,198	▲	0.9%
8	Borrowings	18,614	18,575	▲	0.2%
9	Other liabilities	4,351	5,758	▼	-24.4%
10	<b>Total Equity</b>	9,914	9,620	▲	3.1%
11	Share capital and premium	25,745	25,745	▼	0.0%
12	Retained earnings	7,281	7,190	▲	1.3%
13	Other components of equity	(23,112)	(23,315)	▲	0.9%

### Assets

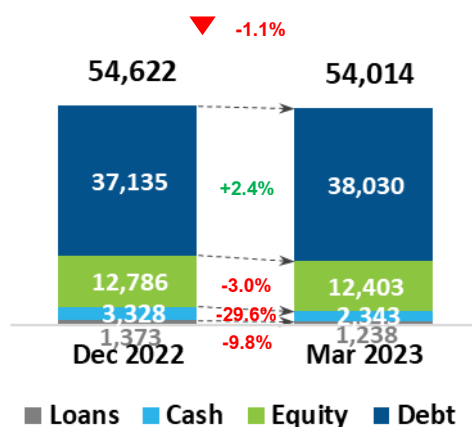
Total assets were Baht 83,546 million, decreased by Baht 605 million or 0.7% from last period. Major asset was investment assets which was more than 65% of total assets.

Figure 1 : Total Assets as of 31 March 2023 by type



The investment assets decreased by Baht 608 million, from Baht 54,622 million to Baht 54,014 million which was on significant changed.

Figure 2 : Investment Assets



## Liabilities

Total Liabilities were Baht 73,632 million, primarily comprising insurance contract liabilities and borrowings which represented 69% and 25% of the total liabilities respectively.

Total liabilities decreased by Baht 899 million or 1.2% mainly due to the followings:

- The life insurance liabilities increased by Baht 517 million from Baht 43,701 million to Baht 44,218 million from insurance reserves on new & in-force policy and higher claim incurred in this quarter.
- The non-life insurance liabilities decreased by Baht 48 million from Baht 6,497 million to Baht 6,449 million.

Figure 3 : Total Liabilities as of 31 March 2023 by type

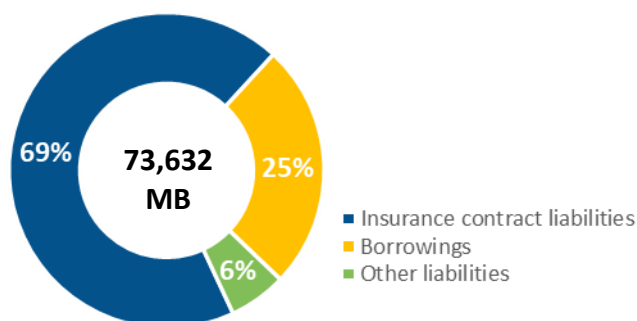
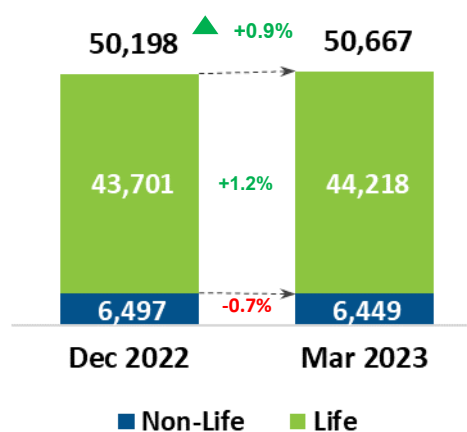


Figure 4 : Insurance contract liabilities

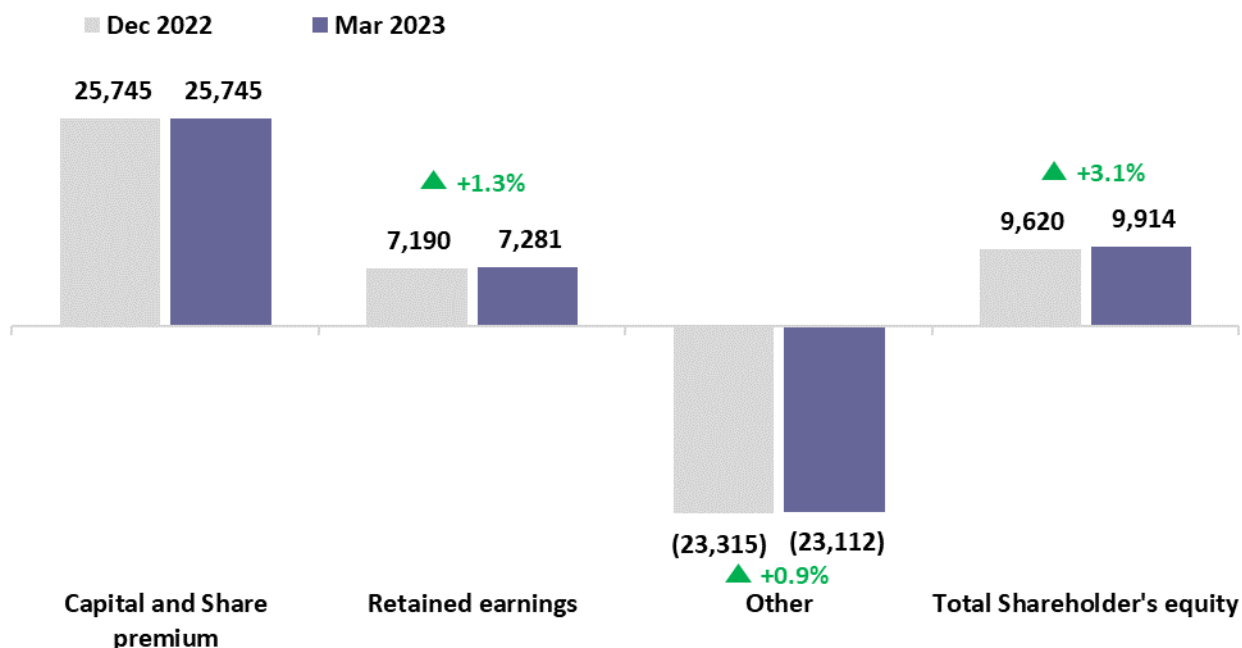


# Management Discussion and Analysis For Quarter 1/2023

## Equity

Total Equity were Baht 9,914 million, increased by Baht 294 million or 3.1%, mainly from increasing of change in fair value of investment Baht 210 million, especially on Gov bond & debentures according to lower market yield rate and also from net profit of Q12023 Baht 92 million.

Figure 5 : Total Equity as of 31 March 2023 by type



Please be informed accordingly

Sincerely yours,

- Mr. Chotiphat Bijananda -  
(Mr. Chotiphat Bijananda)  
Chairman of the Executive Board