



SorGor. 24/2023

11 August 2023

**Subject:** Management Discussion and Analysis for the three-month and six-month periods ended 30 June 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 and six-month periods ended 30 June 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 86,780 million for 1H 2023 which increased by 8.9% YoY. Southeast Life Insurance PCL ("SE Life") has first year premium written of Baht 2,096 million which decreased by 18.3%. SE Life had 2.4% market share for the first year premium written and ranked No.12 in life insurance industry as of June 2023.

*(Source: Thai Life Assurance Association)*

### Non-Life Insurance Industry

The direct premium written of Thailand's non-life insurance industry for 1H 2023 was Baht 141,595 million which increased by 5.3% YoY. The key growth drivers were an increase in Motor insurance, Marine insurance and Miscellaneous insurance. Indara Insurance PCL ("INSURE") had 1.67% market share of direct premium written and ranked No 23 in non-life insurance industry compared to rank No 27 at end of June 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% YoY. For long-term leased car expected to expand by 5.0% or to be Baht 40 billion as Thailand's economy had returned to normal, increasing in private consumption and recovery of tourist industry. Southeast Capital Company Limited ("SECAP") continued to rank No. 1 in car leasing market with total of 22,534 leased cars at end of June 2023.

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

## Management Discussion and Analysis For three-month and six-month periods ended 30 June 2023

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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. The new car continued launching in market and there was also forfeit cars coming in used car market. As a result, used car operator should be prepared and adapted for upcoming circumstance.

*(Source: TMBThanachart Bank Public Company Limited, ttb analytics and Bank of Ayudhya Public Company Limited, Krungsri analytics)*

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### Financial Performance for Quarter 2/2023

<i>Unit: Million Baht</i>		Apr - Jun 2023	Apr - Jun 2022	%Change QoQ
1	<b>Total Revenue</b>	4,130	4,562	-9.5%
2	Net premium earned and Commission & brokerage income	2,343	2,721	-13.9%
3	Income from operating lease, hire-purchase and finance lease	1,123	1,405	-20.1%
4	Net Investment income	494	431	14.6%
5	Gain on financial instrument	158	-	100.0%
6	Other income	12	5	140.0%
7	<b>Total Expenses</b>	<b>(3,890)</b>	<b>(4,607)</b>	<b>-15.6%</b>
8	Underwriting expenses	(2,414)	(2,665)	-9.4%
9	Direct rental costs	(786)	(1,128)	-30.3%
10	Operating expenses	(511)	(551)	-7.3%
11	Loss on financial instrument	(17)	(138)	-87.7%
12	Finance costs	(162)	(125)	29.6%
13	<b>Profit (loss) before income tax expense</b>	<b>240</b>	<b>(45)</b>	<b>633.3%</b>
14	Tax income (expense)	(64)	179	135.8%
15	<b>Net Profit (loss)</b>	<b>176</b>	<b>134</b>	<b>31.3%</b>
16	Investment income ratio	12.0%	9.4%	
17	Operating expense ratio	12.4%	12.1%	
18	Net Profit Margin	4.3%	2.9%	
19	Basic earnings (loss) per share	0.23	0.14	

### Total Revenue

Total revenue for Q2/2023 was Baht 4,130 million, decreased by Baht 432 million or 9.5% QoQ. The revenue breakdown by segment was as follows:

- Revenue from Life insurance business** was Baht 2,375 million, decreased by Baht 261 million or 9.9% QoQ. Gross written premium was Baht 1,805 million, decreased by Baht 401 million, mainly from single premium life insurance selling through Banca channel while there was growth in group life insurance. Interest and dividend income increased by Baht 60 million. Gain on financial instrument also increased by Baht 136 million due to unrealized gain on change in fair value of investment.

## Management Discussion and Analysis

### For three-month and six-month periods ended 30 June 2023

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- **Revenue from Non-Life insurance** was Baht 666 million, increased by Baht 68 million or 11.4% QoQ resulting from reinsurance commission income of compulsory insurance. Gross written premium continued growth on both new and renew business, especially from motor and property insurance, while reinsurance cession on compulsory business was increased in order to mitigate insurance risk.
- **Revenue from Financial services business** was Baht 1,172 million, decreased by Baht 255 million or 17.9% QoQ. Sales of used cars from expired lease contracts decreased by Baht 331 million according to number of used cars sold reducing approximate by 600 units.

#### Total Expenses

Total expenses for Q2/2023 was Baht 3,890 million, decreased by Baht 717 million or 15.6% QoQ which had detail as follows:

- **Underwriting expenses** was Baht 2,414 million, decreased by Baht 251 million or 9.4% QoQ.
  - Life insurance business's underwriting expenses decreased by Baht 344 million from life reserve of new and in-force policy according to reducing in gross written premium and higher incurred claim of group life insurance.
  - Non-life insurance business's underwriting expenses increased by Baht 93 million from acquisition cost of fire insurance while incurred claim reduced.
- **Direct rental cost** was Baht 786 million, decreased by Baht 342 million or 30.3% QoQ.
  - Cost of sales of operating lease cars decreased by Baht 328 million which was align with decreasing of revenue on selling used cars.
  - Direct rental cost increased by Baht 14 million from repair and maintenance expenses.
- **Operating expenses** was Baht 511 million, decreased by Baht 40 million or 7.3% QoQ mainly due to staff expense and IT expense.
- **Loss on financial instrument** was Baht 17 million, decrease by Baht 121 million or 87.7% QoQ mainly due to unrealized gain from change in fair value of investment under Life insurance business.
- **Finance costs** was Baht 162 million, increase by Baht 37 million or 29.6% QoQ mainly from increasing in interest rate and loan principal amount to support operating leased car business growth.

#### Net Profit (Loss)

Net profit before tax for Q2/2023 was Baht 240 million, increased by Baht 285 million or 633.3% QoQ which had detail as below.

- **Life insurance business** had net profit before tax of Baht 154 million, increased by Baht 251 million QoQ from unrealized gain on change in fair value of investment and higher investment income whereas incurred claim increased and net earned premium decreased.
- **Non-Life insurance business** had net profit before tax of Baht 27 million, increased by Baht 46 million QoQ from decreasing in IT expenses and allowance for doubtful debt. The underwriting profit slightly decreased from reducing in net earned premium whereas reinsurance commission income increased according to higher reinsurance cession.

## Management Discussion and Analysis

### For three-month and six-month periods ended 30 June 2023

- **Financial service business** had net profit before tax of Baht 37 million, decreased by Baht 57 million QoQ from reducing of gain on change in fair value of derivative instrument amounting to Baht 71 million and higher finance cost of Baht 24 million while operating result of leased car business still be profit.

#### Financial Performance for 6 months period

<i>Unit: Million Baht</i>		Jan - Jun 2023	Jan - Jun 2022	%Change YoY
1	<b>Total Revenue</b>	7,850	9,398	-16.5%
2	Net premium earned and Commission & brokerage income	4,436	5,677	-21.9%
3	Income from operating lease, hire-purchase and finance lease	2,238	2,778	-19.4%
4	Net Investment income	959	851	12.7%
5	Gain on financial instrument	195	-	100.0%
6	Other income	22	92	-76.1%
7	<b>Total Expenses</b>	(7,492)	(8,850)	-15.3%
8	Underwriting expenses	(4,542)	(4,829)	-5.9%
9	Direct rental costs	(1,598)	(2,181)	-26.7%
10	Operating expenses	(1,022)	(1,298)	-21.3%
11	Loss on financial instrument	(19)	(309)	-93.9%
12	Finance costs	(311)	(233)	33.5%
13	<b>Profit (loss) before income tax expense</b>	358	548	-34.7%
14	Tax income (expense)	(90)	58	255.2%
15	<b>Profit (loss) before non-operating item</b>	268	606	-55.8%
16	Difference on de-consolidation, net	-	1,230	-100.0%
17	<b>Net Profit (loss)</b>	268	1,836	-85.4%
18	Investment income ratio	12.2%	9.1%	
19	Operating expense ratio	13.0%	13.8%	
20	Net Profit Margin	3.4%	6.4%	
21	Basic earnings (loss) per share	0.33	2.08	

# Management Discussion and Analysis

## For three-month and six-month periods ended 30 June 2023

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### Total Revenue

Total revenue for the six-month period of 2023 was Baht 7,850 million, decreased by Baht 1,548 million or 16.5% from last year. The revenue breakdown by segment was as follows:

- **Revenue from Life insurance business** was Baht 4,313 million, decreased by Baht 150 million or 3.4% from last year. Gross written premium was Baht 3,613 million, decreased by Baht 387 million, mainly from single premium life insurance selling through Banca channel while there was growth in group life insurance. Interest and dividend income increased by Baht 105 million and gain on financial instrument increased by Baht 179 million from unrealized gain on change in fair value of investment.
- **Revenue from Non-Life insurance** was Baht 1,399 million, decreased by Baht 915 million which included reinsurance commission income of insurance policy transfer from another insurance company amounting to Baht 470 million. If excluding this reinsurance commission income, revenue decreased from last year by Baht 445 million according to increasing of reinsurance cession but compensate with higher reinsurance commission income while there was growth in written premium in period.
- **Revenue from Financial services business** was Baht 2,297 million, decreased by Baht 520 million or 18.5%. Revenue from sale of used cars dropped by Baht 613 million according to number of used cars sold reducing approximate by 1,200 unit.

### Total Expenses

Total expenses for the six-month period of 2023 was Baht 7,492 million, decreased by Baht 1,358 million or 15.3% which had detail as follows:

- **Underwriting expenses** was Baht 4,542 million, decreased by Baht 287 million or 5.9%.
  - Life insurance business's underwriting expenses decreased by Baht 265 million, mainly from higher incurred claim of Group life premium and reducing in new and in-force policy's life reserve according to gross written premium decreasing.
  - Non-life insurance business's underwriting expenses decreased by Baht 25 million.
- **Direct rental cost** was Baht 1,598 million, decreased by Baht 583 million or 26.7%.
  - Cost of sales of operating lease cars decreased by Baht 603 million which was align with revenue on selling used cars decreasing.
  - Direct rental cost increased by Baht 20 million, mainly due to depreciation expense and repair and maintenance expense.
- **Operating expenses** was Baht 1,022 million, decreased by Baht 276 million or 21.3% mainly due to staff expense, tax expense and professional fee.
- **Loss on financial instrument** was Baht 19 million, decrease by Baht 290 million or 93.9% from increasing of unrealized gain on change in fair value of investment.
- **Finance costs** was Baht 311 million, increase by Baht 78 million or 33.5% from increasing of interest rate and loan principal amount.

## Management Discussion and Analysis

### For three-month and six-month periods ended 30 June 2023

#### Net Profit (Loss)

Net profit before tax for the six-month period of 2023 was Baht 358 million, decreased by Baht 190 million or 34.7% which has detail as below.

- **Life insurance business** had net profit before tax of Baht 156 million, increased by Baht 233 million from increasing of unrealized gain on change in fair value of investment and investment income, higher incurred claim and lower net earned premium.
- **Non-Life insurance business** had net profit before tax of Baht 144 million, decreased by Baht 458 million from reducing in net earned premium and reinsurance commission income.
- **Financial service business** had net profit before tax of Baht 51 million, decreased by Baht 113 million from lower unrealized gain on change in fair value of derivative instrument. Finance cost increased from higher interest rate and principal loan amount. The operating result of leased car business still be profit.

#### Financial Position as of 30 June 2023

<i>Unit: Million Baht</i>		30 Jun 2023	31 Dec 2022	%Change YoY
1	<b>Total Assets</b>	83,144	84,151	-1.2%
2	Investment assets (including Cash)	52,980	54,622	-3.0%
3	Reinsurance assets and Premiums due & uncollected	6,298	6,038	4.3%
4	Operating lease assets	12,689	12,680	0.1%
5	Other assets	11,177	10,811	3.4%
6	<b>Total Liabilities</b>	73,868	74,531	-0.9%
7	Insurance contract liabilities	50,554	50,198	0.7%
8	Borrowings	18,815	18,575	1.3%
9	Other liabilities	4,499	5,758	-21.9%
10	<b>Total Equity</b>	9,276	9,620	-3.6%
11	Share capital and premium	25,745	25,745	0.0%
12	Retained earnings	7,469	7,190	3.9%
13	Other components of equity	(23,938)	(23,315)	-2.7%

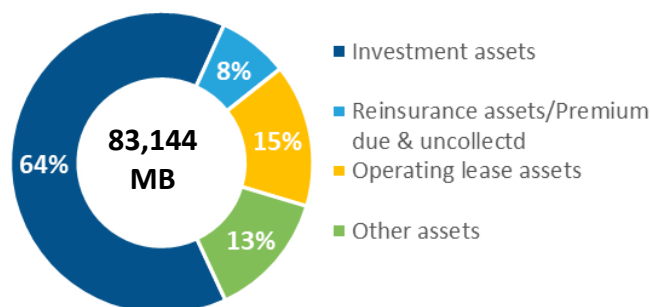
# Management Discussion and Analysis

## For three-month and six-month periods ended 30 June 2023

### Assets

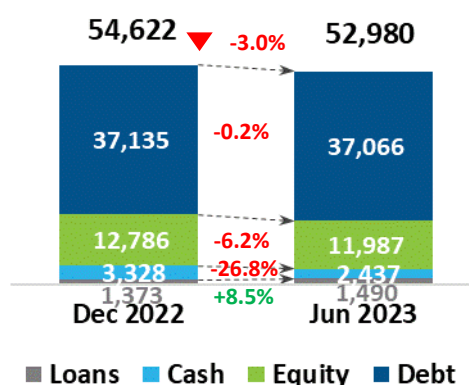
Total assets were Baht 83,144 million, decreased by Baht 1,007 million or 1.2% from last year. Major asset was investment assets which represented more than 64% of total assets.

Figure 1 : Total Assets as of 30 June 2023 by type



The investment assets decreased by Baht 1,642 million, from Baht 54,622 million to Baht 52,980 million or 3.0%, mainly from reducing in unrealized gain on fair value change as SET INDEX dropped.

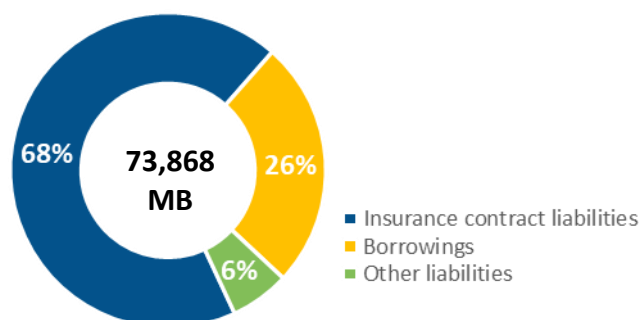
Figure 2 : Investment Assets



### Liabilities

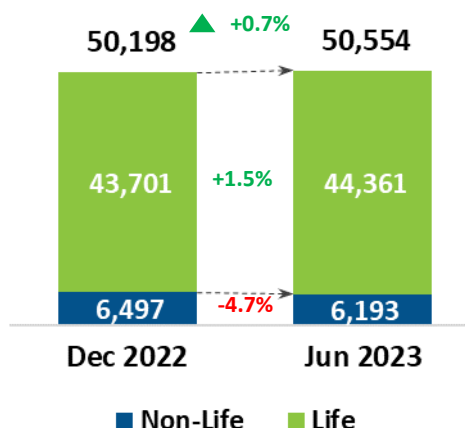
Total Liabilities were Baht 73,868 million, primarily comprising insurance contract liabilities and borrowings which represented 68% and 26% of the total liabilities respectively.

Figure 3 : Total Liabilities as of 30 June 2023 by type



Total liabilities decreased by Baht 663 million or 0.9% which was no significant changed.

Figure 4 : Insurance contract liabilities



- The life insurance liabilities increased by Baht 660 million from Baht 43,701 million to Baht 44,361 million from life-insurance reserves on new & in-force policy and higher claim outstanding amount.

The non-life insurance liabilities decreased by Baht 304 million from Baht 6,497 million to Baht 6,193 million from reducing of unearned premium reserve and reinsurance payable as settlement.



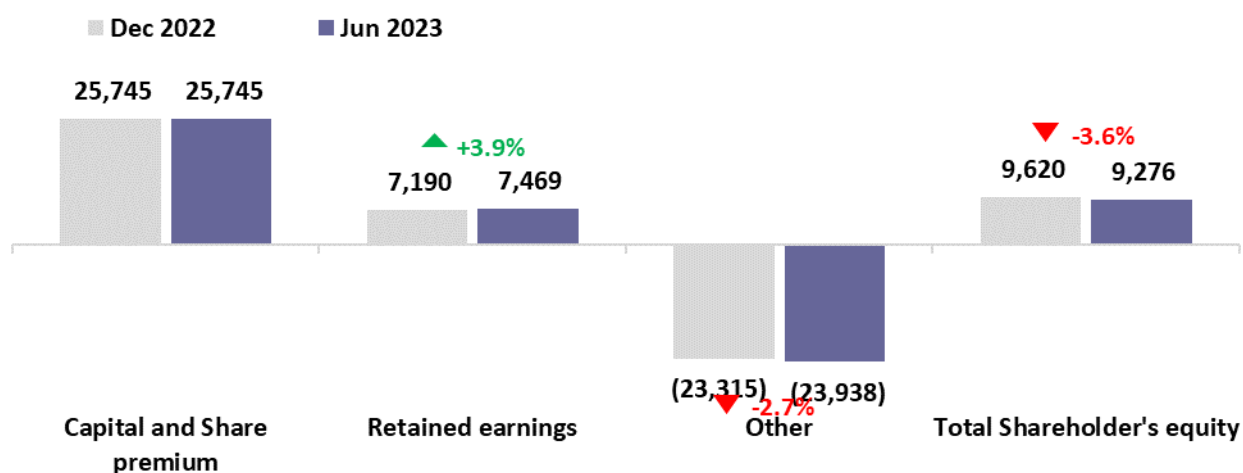
# Management Discussion and Analysis

## For three-month and six-month periods ended 30 June 2023

### Equity

Total Equity were Baht 9,276 million, decreased by Baht 344 million or 3.6%, mainly from decreasing of change in fair value of investment Baht 585 million, especially on equity of Life-insurance business according to SET INDEX dropped and increasing from net profit of the six-month period by Baht 268 million.

Figure 5 : Total Equity as of 30 June 2023 by type



Please be informed accordingly

Sincerely yours,

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