



**THAI GROUP**  
HOLDINGS

SorGor. 6/2024

27 February 2024

Subject: Management Discussion and Analysis for the year ended 31 December 2023

To: President  
The Stock Exchange of Thailand

Thai Group Holdings Public Company Limited has reported the financial performance and submitted the financial statements for the year ended 31 December 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 178,424 million for year 2023 which increased by 5% YoY. Southeast Life Insurance PCL ("SE Life") has first year premium written of Baht 5,827 million which decreased by 9% YoY. SE Life had 3.3% market share for the first year premium written and ranked No.10 in life insurance industry as of December 2023.

*(Source: Thai Life Assurance Association)*

### Non-Life Insurance Industry

The direct premium written of Thailand's non-life insurance industry for year 2023 was Baht 285,028 million which increased by 3.5% YoY. The key growth drivers were an increase in Motor insurance and All Risk insurance. Indara Insurance PCL ("INSURE") had 1.5% market share of direct premium written and ranked No 21 in non-life insurance industry compared to rank No 23 at end of December 2022.

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

### Automotive Industry

The operating leased car market industry in 2023 had approximated value of Baht 50 billion which was appraised slight decreasing by 2% - 3% from economic slow-down, lower consumer demand and tightening bank lending policy. Although short term car rental business was expanded in 2023 from recovery of tourist industry, operating leased car business still had impact from market circumstance changing throughout the year. Especially, increasing of non-performing loan impacted to continuously drop in car selling price of used car and also the interest rate increase which required companies to adapt their business models and having more screening and monitoring their customers. However, Southeast Capital Company Limited ("SECAP") continued to rank No. 1 in car leasing market with total of 23,000 leased cars at end of December 2023.

## Management Discussion and Analysis For the year ended 31 December 2023

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For used car market industry, there was approximately increasing by 25% of number of used cars flow into the auction market this year from higher non-performing car loan. This resulted in lower used car price and higher supply in used car markets. As a result, used car operator should be more selling through retail customer and big lot selling. It was expected that the used car market industry would be recovered in Q3/2024.

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

## Management Discussion and Analysis For the year ended 31 December 2023

### Financial Performance for Year 2023

<i>Unit: Million Baht</i>		Jan - Dec 2023	Jan - Dec 2022	%Change YoY
1	<b>Total Revenue</b>	17,858	19,848	-10.0%
2	Net premium earned and Commission & brokerage income	11,245	12,822	-12.3%
3	Income from operating lease, hire-purchase and finance lease	4,442	5,191	-14.4%
4	Net Investment income	1,908	1,740	9.7%
5	Gain on financial instrument	203	5	-3960.0%
6	Other income	60	90	-33.3%
7	<b>Total Expenses</b>	<b>(17,680)</b>	<b>(19,425)</b>	<b>-9.0%</b>
8	Underwriting expenses	(11,418)	(11,933)	-4.3%
9	Direct rental costs	(3,322)	(3,983)	-16.6%
10	Operating expenses	(2,243)	(2,546)	-11.9%
11	Loss on financial instrument	(18)	(439)	-95.9%
12	Finance costs	(679)	(524)	29.6%
13	<b>Profit before income tax expense</b>	<b>178</b>	<b>423</b>	<b>-57.9%</b>
14	Tax income (expense)	(74)	98	175.5%
15	<b>Profit before non-operating item</b>	<b>104</b>	<b>521</b>	<b>-80.0%</b>
16	Difference on de-consolidation, net	-	1,230	-100.0%
17	<b>Net Profit</b>	<b>104</b>	<b>1,751</b>	<b>-94.1%</b>
18	Investment income ratio	10.7%	8.8%	
19	Operating expense ratio	12.6%	12.8%	
20	Net Profit Margin	0.6%	2.6%	
21	Basic earnings per share	0.07	1.97	

# Management Discussion and Analysis

## For the year ended 31 December 2023

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### Total Revenue

Total revenue for the year 2023 was Baht 17,858 million, decreased by Baht 1,990 million or 10.0% YoY. The revenue breakdown by segment was as follows:

- **Revenue from Life insurance business** was Baht 10,843 million, decreased by 1.1% YoY. Gross written premium was Baht 9,376 million, decreased by Baht 455 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 133 million and gain on financial instrument increased by Baht 204 million from unrealized gain on change in fair value of investment.
- **Revenue from Non-Life insurance** was Baht 2,821 million, decreased by Baht 1,236 million YoY 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 766 million. Although gross written premium was growth continuously this year for both motor and miscellaneous businesses, the reinsurance cession of motor business was still high which resulted in higher reinsurance commission income. There was also increased in revenue from investment according to higher interest yield of bonds.
- **Revenue from Financial services business** was Baht 4,554 million, decreased by Baht 731 million or 13.8% YoY. While the revenue from operating lease car still continue increasing from last year, revenue from sale of used cars dropped by Baht 858 million according to number of used cars sold reducing approximate by 1,271.

### Total Expenses

Total expenses for the year 2023 was Baht 17,680 million, decreased by Baht 1,745 million or 9.0% YoY which had detail as follows:

- **Underwriting expenses** was Baht 11,418 million, decreased by Baht 515 million or 4.3% YoY.
  - Life insurance business's underwriting expenses decreased by Baht 225 million, mainly from reducing in new and in-force policy's life reserve according to gross written premium decreasing and higher incurred claim of Group life premium.
  - Non-life insurance business's underwriting expenses decreased by Baht 293 million. The acquisition cost and underwriting expense increased from business expansion whereas the incurred claim reduced.
- **Direct rental cost** was Baht 3,322 million, decreased by Baht 661 million or 16.6% YoY.
  - Cost of sales of operating lease cars decreased by Baht 740 million which was align to decreasing of revenue on selling used cars.
  - Direct rental cost increased by Baht 79 million, mainly due to depreciation expense and repair & maintenance expense.
- **Operating expenses** was Baht 2,243 million, decreased by Baht 303 million or 11.9% YoY mainly due to staff expense, tax expense and professional fee.
- **Loss on financial instrument** was Baht 18 million, decrease by Baht 421 million or 95.9% YoY from increasing of unrealized gain on change in fair value of investment.

## Management Discussion and Analysis For the year ended 31 December 2023

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- **Finance costs** was Baht 679 million, increase by Baht 155 million or 29.6% YoY from increasing of interest rate and loan principal amount.

### Net Profit (Loss)

Net profit before tax for the year 2023 was Baht 178 million, decreased by Baht 245 million or 57.9% YoY which has detail as below.

- **Life insurance business** had net profit before tax of Baht 104 million, increased by Baht 223 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 255 million, decreased by Baht 342 million from reducing in net earned premium and reinsurance commission income.
- **Financial service business** had net loss before tax of Baht 102 million, decreased by Baht 277 million from lower gain on sell of operating leased car. Finance cost increased from higher interest rate and principal loan amount.

The company has complied with tax regulation and submitted tax completely and correctly within the deadline.

# Management Discussion and Analysis

## For the year ended 31 December 2023

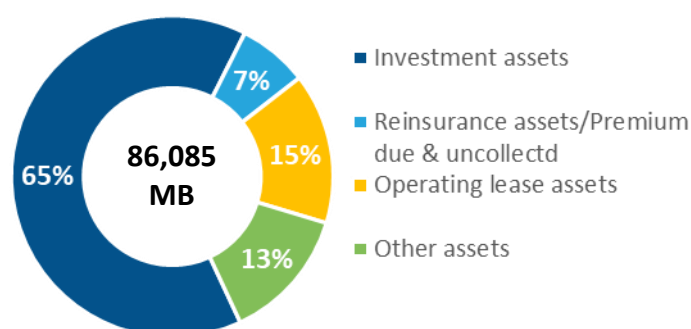
### Financial Position as of 31 December 2023

	<i>Unit: Million Baht</i>	31 Dec 2023	31 Dec 2022	%Change YoY
1	<b>Total Assets</b>	<b>86,085</b>	<b>84,151</b>	<b>2.3%</b>
2	Investment assets (including Cash)	55,436	54,622	1.5%
3	Reinsurance assets and Premiums due & uncollected	6,056	6,038	0.3%
4	Operating lease assets	13,069	12,680	3.1%
5	Other assets	11,524	10,811	6.6%
6	<b>Total Liabilities</b>	<b>77,158</b>	<b>74,531</b>	<b>3.5%</b>
7	Insurance contract liabilities	51,951	50,198	3.5%
8	Borrowings	20,085	18,575	8.1%
9	Other liabilities	5,122	5,758	-11.0%
10	<b>Total Equity</b>	<b>8,927</b>	<b>9,620</b>	<b>-7.2%</b>
11	Share capital and premium	25,745	25,745	0.0%
12	Retained earnings	7,225	7,190	0.5%
13	Other components of equity	(24,043)	(23,315)	-3.1%

### Assets

Total assets were Baht 86,085 million, increased by Baht 1,934 million or 2.3% YoY. Major asset was investment assets which represented more than 65% of total assets.

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

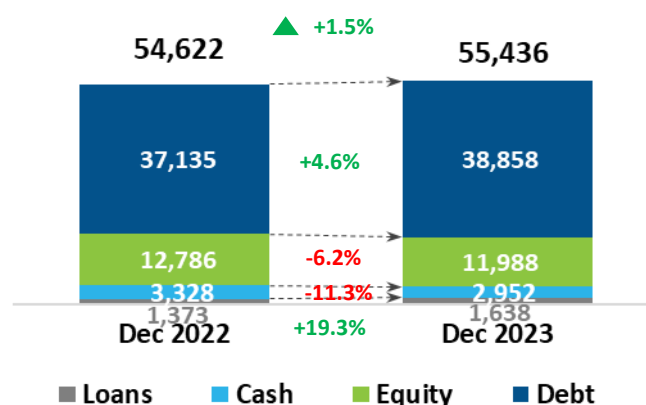


# Management Discussion and Analysis

## For the year ended 31 December 2023

The investment assets increased by Baht 814 million, from Baht 54,622 million to Baht 55,436 million or 1.5%, mainly from buying more debt investments and higher unrealized loss on fair value change in equity and debt investments due to decrease in SET INDEX and increase of government policy interest rate, accordingly.

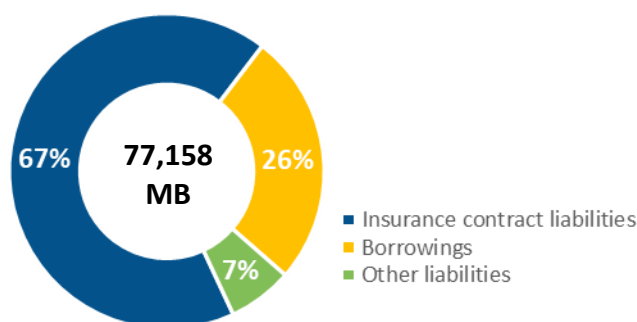
Figure 2 : Investment Assets



### Liabilities

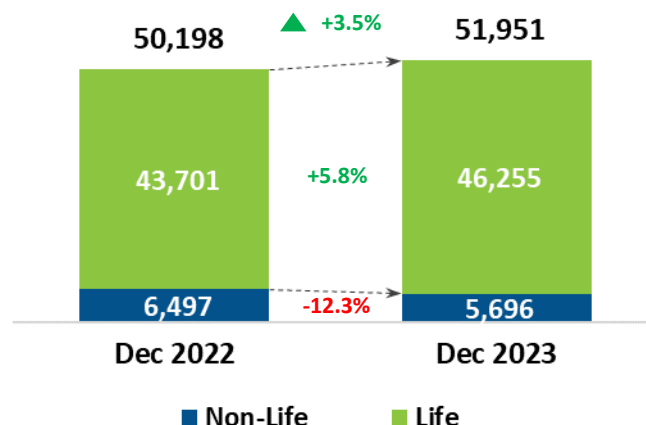
Total Liabilities were Baht 77,158 million, primarily comprising insurance contract liabilities and borrowings which represented 67% and 26% of the total liabilities respectively.

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



Total liabilities increased by Baht 2,677 million or 3.5% .

Figure 4 : Insurance contract liabilities



- The life insurance liabilities increased by Baht 2,554 million from Baht 43,701 million to Baht 46,255 million from life-insurance reserves on new & in-force policy and higher claim outstanding amount.
- The non-life insurance liabilities decreased by Baht 801 million from Baht 6,497 million to Baht 5,696 million from reducing of claim outstanding and claim reserve.

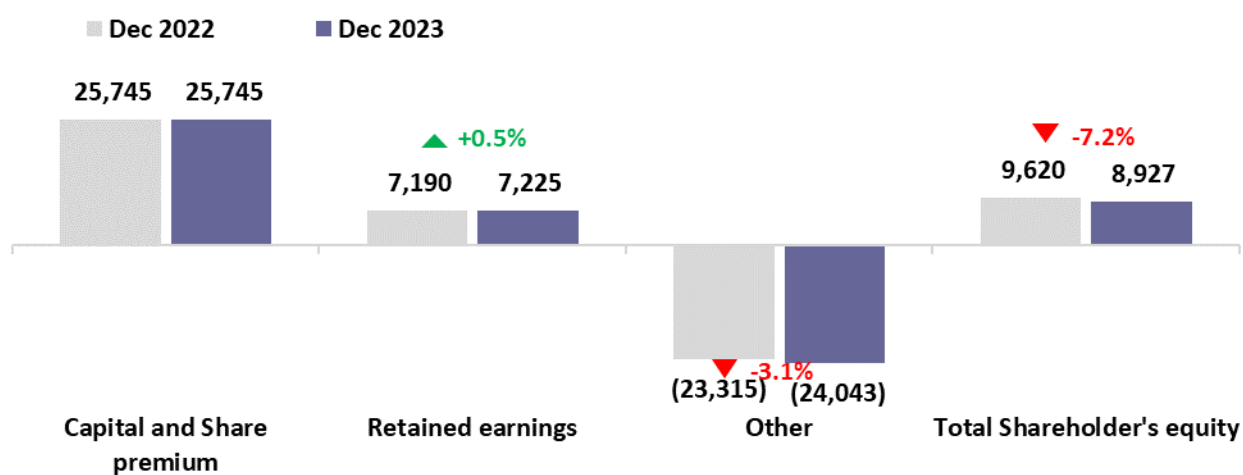
# Management Discussion and Analysis

## For the year ended 31 December 2023

### Equity

Total Equity were Baht 8,927 million, decreased by Baht 693 million or 7.2% YoY, mainly from decreasing of change in fair value of investment Baht 721 million on Life-insurance business according to SET INDEX dropped and increasing in government policy interest rate and increasing from net profit of the year 2023 by Baht 104 million.

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



Please be informed accordingly

Sincerely yours,

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