



SorGor. 16/2024

15 May 2024

Subject: Management Discussion and Analysis for Quarter 1/2024, ended 31 March 2024

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 2024 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 45,851 million for quarter 1/2024 which increased by 2.0% QoQ. The Company has first year premium written of Baht 971 million which increased by 4.0% QoQ. The Company had 2.1% market share for the first year premium written and ranked No.11 in life insurance industry as of March 2024.

(Source: Thai Life Assurance Association)

Non-Life Insurance Industry

Overall, the total direct premium written for Thailand's non-life insurance industry for quarter 1/2024 was Baht 72,995 million which increased by 0.4% QoQ. The key drivers were negative growth in A&H and motor voluntary. The Company had 1.3% market share of direct premium written and ranked No. 22 in non-life insurance industry compared to rank No. 25 in quarter 1/2023.

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

Automotive Industry

Economic situation in Q12024, the operating leased car market had slow down and still highly competitive. Government has delayed postponed the procurement. Moreover, the revenue of car sales has decreased by 24.6% QoQ which especially pick-up car sales decreases by 44% mainly due to tightening loan approval by financial institutions. Price war on new car as well as high volume of repossessed cars were directly affected to demand and decrease in consumer liquidity. Whilst used car market continued slowing down, number of used cars entered to auction in average 20,000 – 25,000 cars per month and still increasing due to high interest, high household debt and loan default. However, the Company continued to rank No. 1 in car leasing market with total of 23,000 leased cars at end of quarter 1/2024.

Management Discussion and Analysis For Quarter 1/2024

Financial Performance for Quarter 1/2024

<i>Unit: Million Baht</i>		Jan - Mar 2024	Jan - Mar 2023	%Change QoQ	
1	Total Revenue	4,135	3,734	▲	10.7%
2	Net premium earned and Commission & brokerage income	2,119	2,093	▲	1.2%
3	Income from operating lease, hire-purchase and finance lease	1,275	1,115	▲	14.3%
4	Net Investment income	508	465	▲	9.2%
5	Gain on financial instrument	198	52	▼	-280.8%
6	Other income	35	9	▲	288.9%
7	Total Expenses	(3,819)	(3,616)	▲	5.6%
8	Underwriting expenses	(2,078)	(2,128)	▼	-2.3%
9	Direct rental costs	(1,006)	(812)	▲	23.9%
10	Operating expenses	(503)	(512)	▼	-1.8%
11	Loss on financial instrument	(24)	(16)	▲	50.0%
12	Finance costs	(208)	(148)	▲	40.5%
13	Profit before income tax expense	316	118	▲	167.8%
14	Tax expense	(105)	(26)	▼	-303.8%
15	Net Profit	211	92	▲	129.3%
16	Investment income ratio	12.3%	12.5%		
17	Operating expense ratio	12.2%	13.7%		
18	Net Profit Margin	5.1%	2.5%		
19	Basic earnings per share	0.24	0.10		

Total Revenue

Total revenue for Q12024 was Baht 4,135 million, increased by Baht 401 million or 10.7% QoQ. The revenue breakdown by segment was as follows:

- **Revenue from Life insurance business** was Baht 2,327 million, increased by 19.2% QoQ. Gross premium written was Baht 1,647 million, increased by Baht 219 million, mainly from single premium life insurance selling through Banca channel while there was decrease in group life insurance. Gain on financial instrument was increased by Baht 140 million due to unrealized from fair value changed on investment and increase in interest income by Baht 27 million.

Management Discussion and Analysis

For Quarter 1/2024

- **Revenue from Non-Life insurance** was Baht 570 million, decreased by Baht 163 million. Gross written premium has increased by 6% QoQ from the growth in fire and miscellaneous insurance whereas compulsory motor decreased due to more competition due to decrease of unearned premium reserve from the previous period and decrease of commission and brokerage income.
- **Revenue from Financial services business** was Baht 1,548 million, increased by Baht 423 million or 37.6% QoQ. Sales of used cars from expired lease contracts increased mainly due to number of used cars sold increased by 393 unit, approximately.

Total Expenses

Total expenses for Q12024 was Baht 3,819 million, increased by Baht 203 million or 5.6% QoQ which had detail as follows:

- **Underwriting expenses** was Baht 2,078 million, decreased by Baht 50 million or 2.3% QoQ.
 - Life insurance business's underwriting expenses increased by Baht 50 million, mainly from in-force policy's life reserve according to increase in gross written premium in this quarter and decreased in incurred claim from group life business.
 - Non-life insurance business's underwriting expenses decreased by Baht 100 million due to decrease in claim incurred for motor and miscellaneous portfolio.
- **Direct rental cost** was Baht 1,006 million, increased by Baht 194 million or 23.9% QoQ.
 - Cost of sales of operating lease cars increased by Baht 191 million which was align with the increase in revenue on selling used cars.
 - Direct rental cost increased by Baht 3 million mainly due to depreciation expenses and other direct cost.
- **Operating expenses** was Baht 503 million, decreased by Baht 9 million or 1.8% QoQ mainly due to information technology expenses and staff expenses.
- **Loss on financial instrument** was Baht 24 million, increased by Baht 8 million or 50.0% QoQ mainly due to fair value for hedging account.
- **Finance costs** was Baht 208 million, increase by Baht 60 million or 40.5% mainly from increasing in interest rate QoQ.

Profit (Loss)

Profit before tax for Q12024 was Baht 316 million, increased by Baht 198 million or 167.8% QoQ. The detail was shown as below.

- **Life insurance business** had profit before tax of Baht 331 million, increased by Baht 329 million QoQ from net premium earned, gain on unrealized from fair value change on investment and investment income.
- **Non-Life insurance business** had profit before tax of Baht 37 million, decreased by Baht 79 million QoQ from decreasing in net premium earned and decrease in underwriting expenses.

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- **Financial service business** had profit before tax of Baht 184 million, increased by Baht 171 million QoQ, mainly due to gain on partial sales of investment in subsidiaries. However the profit on partial sales of investment in subsidiaries had been excluded from consolidated profit. Net profit before tax from Financial service business was gain on sell of operating car and financial cost increased from higher interest rate.

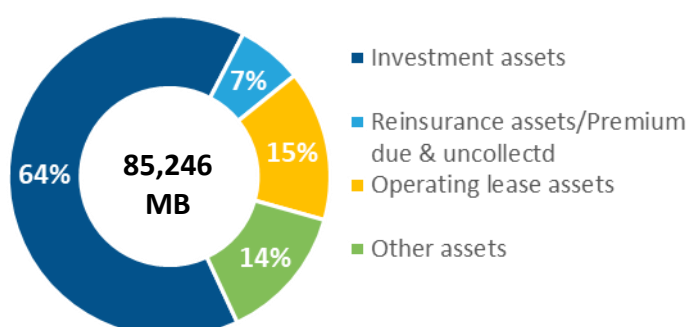
Financial Position as of 31 March 2024

<i>Unit: Million Baht</i>		31 Mar 2024	31 Dec 2023	%Change YoY	
1	Total Assets	85,246	86,085	▼	-1.0%
2	Investment assets (including Cash)	55,029	55,436	▼	-0.7%
3	Reinsurance assets and Premiums due & uncollected	5,607	6,056	▼	-7.4%
4	Operating lease assets	12,921	13,069	▼	-1.1%
5	Other assets	11,689	11,524	▲	1.4%
6	Total Liabilities	75,997	77,158	▼	-1.5%
7	Insurance contract liabilities	51,631	51,951	▼	-0.6%
8	Borrowings	19,458	20,085	▼	-3.1%
9	Other liabilities	4,908	5,122	▼	-4.2%
10	Total Equity	9,249	8,927	▲	3.6%
11	Share capital and premium	25,745	25,745	▼	0.0%
12	Retained earnings	7,587	7,225	▲	5.0%
13	Other components of equity	(24,083)	(24,043)	▼	-0.2%

Assets

Total assets were Baht 85,246 million, decreased by Baht 839 million or 1.0% from last period mainly due to decrease in investment assets and reinsurance assets and premium due.

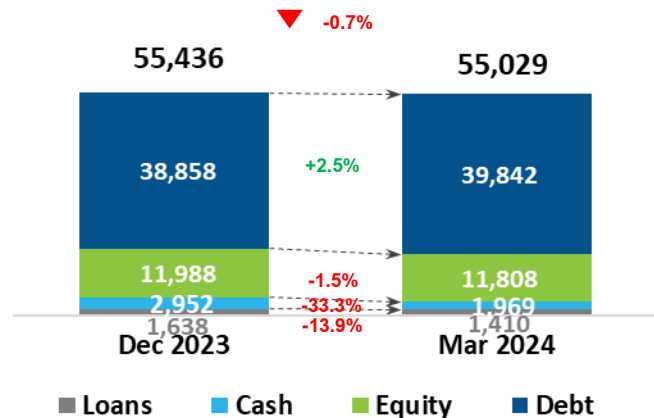
Figure 1 : Total Assets as of 31 March 2024 by type



Management Discussion and Analysis For Quarter 1/2024

The investment assets decreased by Baht 407 million, from Baht 55,436 million to Baht 55,029 million or 0.7% which due to pay out to insurance payable for non-life insurance and increase in investments from life insurance. In addition, there was increase in fair value change in investment in debt securities whilst decrease in fair value of equity following decrease in SET INDEX.

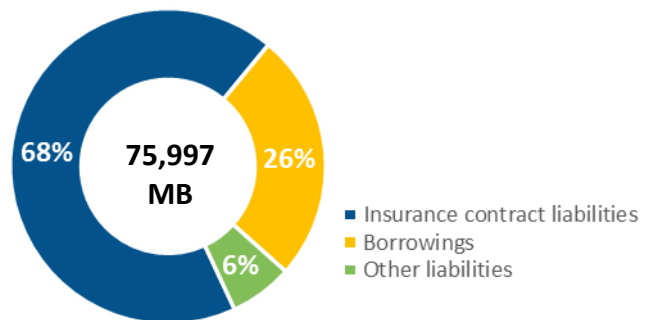
Figure 2 : Investment Assets



Liabilities

Total Liabilities were Baht 75,997 million, primarily comprising insurance contract liabilities and borrowings which represented 68% and 26% of the total liabilities respectively.

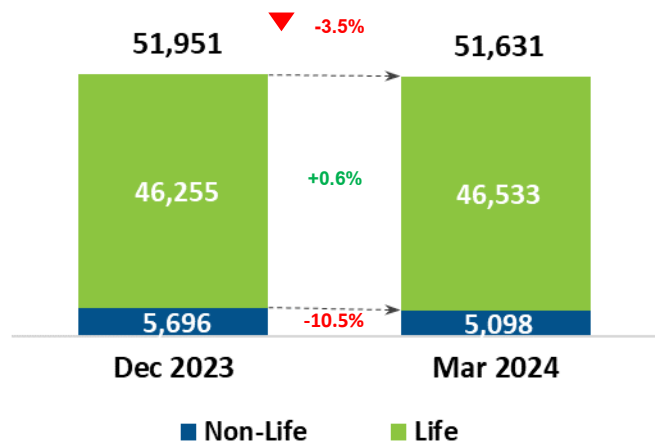
Figure 3 : Total Liabilities as of 31 March 2024 by type



Total liabilities decreased by Baht 1,161 million or 1.5% mainly due to the followings:

- Borrowing decreased by Baht 627 million from Baht 20,085 million to Baht 19,458 million mainly due from repayment to financial institution.
- The life insurance liabilities increased by Baht 278 million from Baht 46,255 million to Baht 46,533 million from insurance reserves on new & in-force policy in this quarter.
- The non-life insurance liabilities decreased by Baht 598 million from Baht 5,696 million to Baht 5,098 million from reducing of outstanding claim reserve and unearned premium reserve.
- Reinsurance payables decreased by Baht 221 million mainly due to repayment.

Figure 4 : Insurance contract liabilities

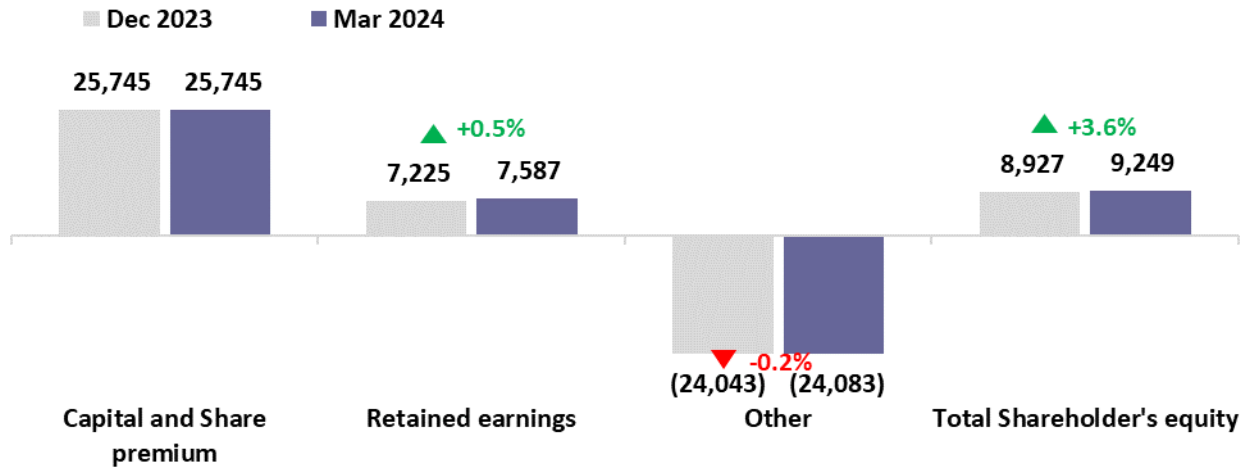


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Equity

Total Equity were Baht 9,249 million, increased by Baht 322 million or 3.6%, mainly from net profit of Q12024 of Baht 211 million and net gain on sell of land and office building of a subsidiaries amounting to Baht 76 million.

Figure 5 : Total Equity as of 31 March 2024 by type



Please be informed accordingly

Sincerely yours,

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