

**BUY** (From: HOLD)**TP: Bt 20.00**

(From: Bt 30.00)

Change in Recommendation

Upside : 37.9%

**2 APRIL 2025**

# TQM Alpha Pcl (TQM TB)

## Restarting the engine

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While we view TQM's renewed focus on its core insurance business positively, past investment areas are no longer a drag. As the company returns to a path of double-digit earnings growth, ROE expansion, and a dividend yield of over 7%, we anticipate an end to its valuation de-rating. We upgrade TQM to BUY with a TP of Bt20.

### Upgrading to BUY with a new TP of Bt20

We cut our 2025-27F earnings estimates for TQM to reflect higher-than-expected expenses. However, we upgrade the stock to BUY (from Hold) with a lower DCF-based 12-month TP (2025F base year) of Bt20. **First**, we see improved visibility in the growth of higher-margin non-motor insurance products, particularly in the life and housing segments. **Second**, we expect a minimal impact from weak new car sales on motor insurance revenues. **Third**, most of TQM's past investments areas have turned profitable, limiting their drag on overall group performance. **Lastly**, after a 78% de-rating from its 2021 peak, TQM's PE multiples are no longer at a premium to the SET. The company is returning to a path of double-digit earnings growth and ROE expansion, with a rising dividend yield now exceeding 7%.

### Growing and more diversified

TQM's business remains anchored in motor insurance renewals, supported by a strong renewal intention rate of over 70%. Despite a 24% collapse in domestic car sales in 2024, we expect total insurance premium growth of 3.8/4.4/ 4.9% in 2025-27. First, we foresee strong growth in life and housing insurance sales, with projected increases of 20% and 30% in 2025F, and 30% and 20% annually in 2026-27F. Second, TQM has expanded its motor insurance offerings beyond first-class renewal products. We also expect a positive impact from rising average premiums, driven by greater EV penetration, and estimate 1% annual growth in motor insurance. Lastly, the health and accident insurance segments continue to grow organically at around 5%.

### Returning to double-digit earnings growth

After two consecutive years of earnings decline, we estimate a return to double-digit earnings growth for TQM, with 12% annual growth in 2025-26F and 10% in 2027F. We also expect ROE to rebound from 29% in 2024 to 30% and above starting in 2025F. Key drivers include average insurance premium growth of 4%; higher commission rate helping offset slower growth in value-added service revenues and leading to operating leverage benefits. TQM invested in IT, expanded staff, and spent on marketing quite drastically in 2023-24. We estimate a rise in net profit margin from 22% in 2024 to 25% in 2027F.

### Past investments no longer a drag

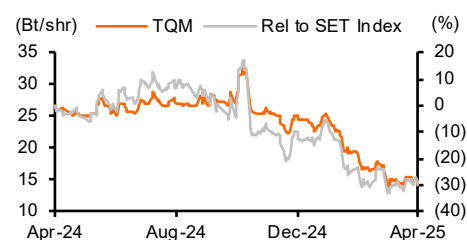
TQM operates 11 subsidiaries and affiliates, most of which were profitable last year. TJN, SureKrub, TQD, and TQC still reported losses. TQM expects a turnaround for SureKrub, TQD, and TQC in 2025, while TJN, an agent-based insurance broker, may continue to incur losses, although we expect its impact to be insignificant.

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### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	3,906	4,087	4,248	4,443
Net profit	811	908	1,015	1,118
Consensus NP	—	881	937	1,001
Diff frm cons (%)	—	3.1	8.3	11.7
Norm profit	811	908	1,015	1,118
Prev. Norm profit	—	971	1,090	1,236
Chg frm prev (%)	—	(6.5)	(6.9)	(9.5)
Norm EPS (Bt)	1.4	1.5	1.7	1.9
Norm EPS grw (%)	(0.7)	12.0	11.8	10.2
Norm PE (x)	10.7	9.6	8.6	7.8
EV/EBITDA (x)	6.5	6.1	5.6	5.1
P/BV (x)	3.0	2.7	2.5	2.3
Div yield (%)	6.6	7.3	8.2	9.0
ROE (%)	29.0	29.9	30.4	30.4
Net D/E (%)	(13.6)	(12.4)	(11.9)	(13.7)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price: (Bt) as of 2-Apr-25	14.50
Market Cap (US\$ m)	254.7
Listed Shares (m shares)	600.0
Free Float (%)	30.4
Avg. Daily Turnover (US\$ m)	0.7
12M Price H/L (Bt)	32.50/13.90
Sector	Insurance
Major Shareholder	Eternal Growth Corp Ltd 51.15%

Sources: Bloomberg, Company data, Thanachart estimates



## Growing with more diversification

TQM Alpha PCL (TQM) is the largest domestic insurance broker, with its main market focusing on renewing motor insurance policies. Its motor premium revenue normally lags domestic car sales by a year. That is, the 24% slump in domestic car sales last year poses a threat to TQM's premium sales and revenue growth. Of the total premium sales in 2024, 73% were motor, 22% were non-motor, and the remainder was life insurance.

However, we estimate TQM's overall premium sales growth to increase from 3.4% in 2024 to 3.8% this year, 4.4% in 2026F, and 4.9% in 2027F. Our belief is backed by:

### First: A new S-curve in life insurance

#### *Boosting life insurance*

TQM is sharpening its focus on its core insurance business, with life insurance identified as the next growth engine. The company aims to expand life insurance premium sales from Bt1bn to Bt5bn within five years.

After previously attempting to build its life insurance arm in-house, TQM brought in a new CEO, Mr. Krit Chitranapawong — the former Chief Alternative Distribution Officer at FWD Insurance — who brings with him over 40 years of experience across IT, banking, and insurance. His strategy centers on leveraging TQM's strong ecosystem to drive growth.

Currently, only 200 of TQM's 3,200 sales agents are licensed to sell life insurance. The company aims to cross-sell life insurance to 10% of its existing customer base (approximately 1.2m customers), focusing on affordable health insurance products. TQM plans to collaborate with top insurers to offer premiums priced 20% lower than comparable market offerings. Additionally, TQC, its third-party claims service provider, intends to play a key role in enhancing the customer experience, helping TQM differentiate itself from traditional insurance agents.

Given TQM's well-established platform and the currently low penetration of life insurance among its customers, we see ample room for growth. Despite challenges from high household debt and a sluggish economic recovery, bite-sized life and health insurance products are likely to gain traction. We expect TQM to expand sales both offline and online. Even under our conservative assumptions, we believe 20-30% annual growth in life insurance sales is achievable.

### Second: Stronger growth in housing insurance

#### *Increased public awareness of the importance of housing insurance*

To offset the absence of COVID-19 insurance, TQM has been actively promoting housing insurance through its robust online distribution platform. These efforts have paid off, with TQM now holding the largest market share in housing insurance sales via the broker channel. In 2023, TQM's housing insurance sales doubled from the 2021 level and grew a further 3% y-y in 2024.

We expect the recent worst-ever earthquake in Thailand to significantly raise public awareness of the importance of housing insurance, a segment where penetration remains low — estimated at below 30%. We also anticipate a rise in demand for all-risk housing insurance, supporting our estimate of 30% growth in housing insurance sales in 2025F, followed by 20% annual growth in 2026-27F.

Although housing insurance generates lower absolute premium volumes compared to motor insurance, it offers higher commission rates — at 23% vs. 18% for motor insurance — making it a more profitable segment for TQM.

**Third: Resilient motor insurance**

*The industry's voluntary motor insurance sales remain resilient*

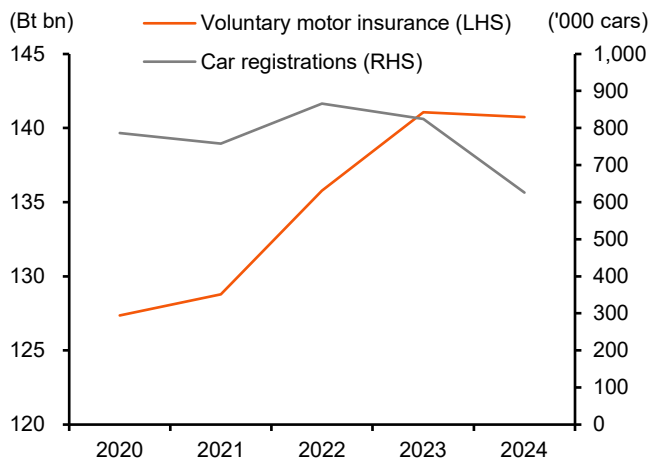
Despite a sharp 24% decline in new car registrations in 2024, the industry's voluntary motor insurance sales have remained resilient — growing at an average rate of 3.5% over 2021-23 and holding steady in 2024. This resilience has been supported by robust renewal rates and a rising average premium, driven in part by the growing penetration of electric vehicles (EVs), which typically command higher insurance premiums.

Moreover, the sharpest declines in new vehicle registrations were seen in the van and pickup truck segments, where insurance penetration is generally lower than in the passenger car segment. This suggests a more limited impact on overall insurance sales volumes, as the core insured base — particularly passenger cars — remains relatively intact.

Focusing on renewal motor insurance policies, TQM's motor insurance sales tend to lag domestic car sales by approximately one year. However, we do not expect a contraction in motor insurance premiums this year. Instead, we forecast 1% annual growth, supported by several structural factors:

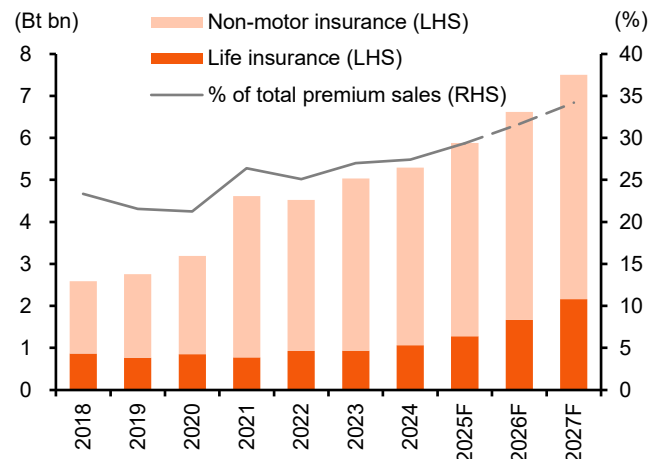
- A high renewal rate of over 70%, which stabilizes recurring income.
- Expansion into older vehicle segments and lower-class coverage, broadening the addressable market.
- A continued increase in average premiums due to a shift toward higher-value policies, including EV coverage.

**Ex 1: Car Registrations Vs. Voluntary Motor Insurance**



Source: OIC

**Ex 2: TQM's Higher Life And Non-Motor Ins. Portions**



Sources: Company data, Thanachart estimates

## Returning to double-digit earnings growth

### Solid earnings growth turnaround

After two consecutive years of earnings declines, TQM looks poised to return to a trajectory of double-digit earnings growth, and we estimate 12% annual growth in 2025-26F and 10% in 2027F. We also expect ROE to rebound from 29% in 2024 to above 30% from 2025F onward, reflecting both improving profitability and capital efficiency.

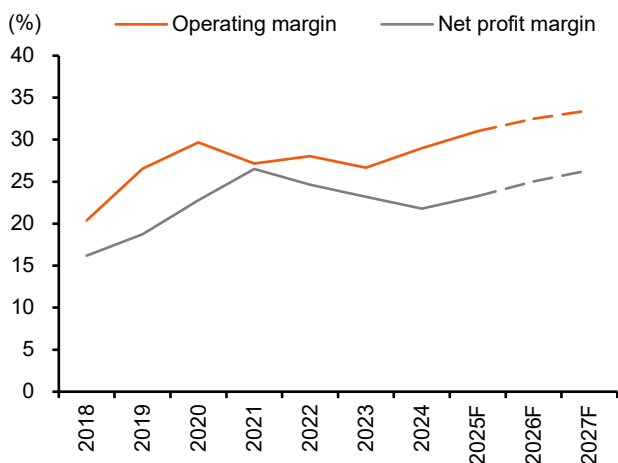
This recovery will likely be underpinned by several structural and operational drivers:

- 1) Average insurance premium growth of 4%, driven by rising demand across key product segments, including life, housing, and health insurance.
- 2) Improved commission rates, particularly from high-margin products such as housing and life insurance. This should help offset the slower growth in value-added service revenues along with a deceleration in motor insurance premium sales.
- 3) Operating leverage benefits as top-line growth begins to outpace cost increases.

In 2023-24, TQM made significant investments in digital infrastructure, staffing, and marketing to strengthen its long-term competitiveness and expand its customer base. These upfront expenses have weighed on margins over the past two years. We believe the company is now well-positioned to scale up efficiently.

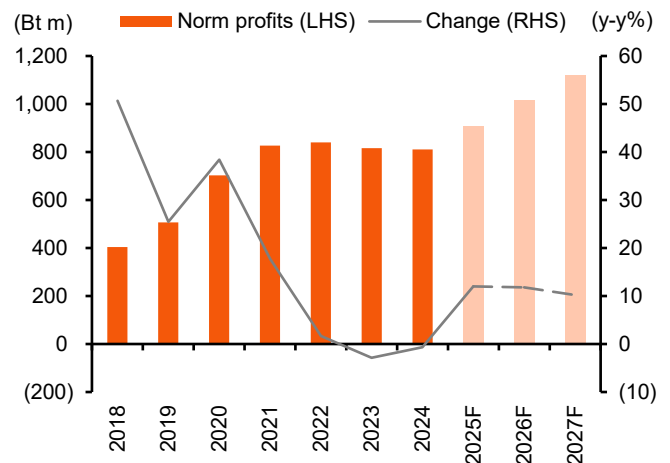
As a result, we estimate TQM’s net profit margin to rise steadily from 22% in 2024 to 26% in 2027F, driven by higher productivity, a more favorable product mix, and cost optimization following the completion of its recent investment cycle.

Ex 3: Margin Expansion



Sources: Company data; Thanachart estimates

Ex 4: Double-Digit Earnings Growth



Sources: Company data; Thanachart estimates

## Past investments no longer a drag

*The company expects a turnaround for SureKrub, TQD, and TQC in 2025*

TQM operates 11 subsidiaries and affiliates, most of which were profitable last year. TJN, SureKrub, TQD, and TQC still reported losses. The company expects a turnaround for SureKrub, TQD, and TQC in 2025, while TJN, an agent-based insurance broker, may continue incurring losses, though we expect its impact to be insignificant.

To recap, SureKrub is an online insurance broker. TQD is an in-house technology company that also offers outsourced IT and application services. This is while TQC specializes in third-party claims services.

We summarize the earnings performance of its subsidiaries and affiliates in Exhibit 5.

### Ex 5: Performance Of Subsidiaries And Affiliates

Company	Business operation	% ownership	Net Profits (Bt m)		
			2022	2023	2024
Builkone	Providing and developing business software solution	40.0	3.40	(6.70)	(0.06)
Casmatt	Providing IT and software	100.0	4.24	4.61	4.00
Easy Lending	Providing personal loan	74.0	0.23	5.57	22.66
My Group Intelligent	A leading shipping aggregator with a network of over 6,600 service points nationwide.	19.0	na	38.17	na
Surekub	Non-life insurance broker business	58.0	(4.74)	(6.10)	(9.35)
TJN insurance broker	Non-life insurance broker business	100.0	(3.49)	(5.66)	(3.67)
TQC	Providing claim service for health & accident insurance	100.0	(1.08)	(3.58)	na
TQD	Providing consultation on insurance	100.0	2.56	0.10	na
TQR TB	Reinsurance broker business	44.5	98.23	100.31	100.35
True Extra	Non-life insurance broker business	51.0	2.32	3.78	2.55
True Life	Life insurance broker business	51.0	61.06	51.35	54.95

Sources: Company data, Thanachart estimates

*We remain cautious about EL's diversification into non-premium lending products*

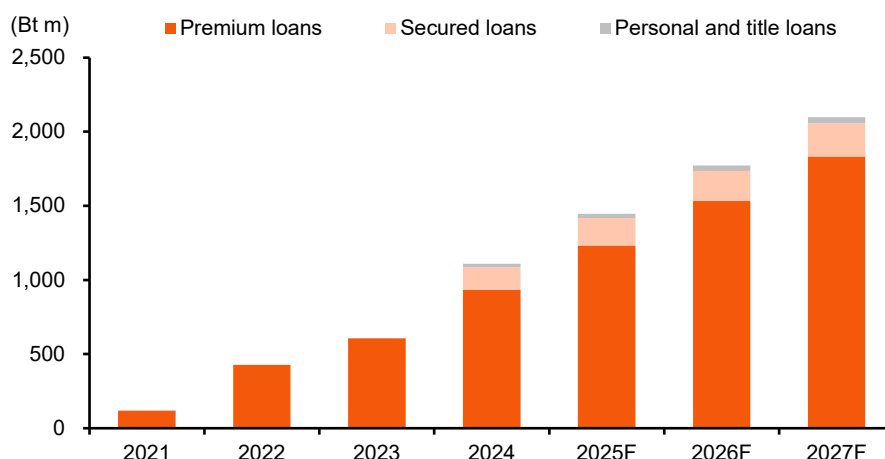
Regarding Easy Lending (EL), TQM's financial services arm, which primarily facilitates installment payments for insurance premium sales, as of 2024, premium loans accounted for 84% of EL's total loan portfolio, underscoring its close alignment with the group's core insurance operations.

We view the continued growth of premium loans positively, as it directly complements and supports TQM's core business by improving customer affordability and retention.

On the other hand, we remain cautious about EL's diversification into non-premium lending products, even though TQM has highlighted its adoption of prudent and selective lending practices. That said, the non-premium loan segment remains small and has not posed any notable asset quality concerns thus far.

Overall, we do not see any immediate risks arising from EL's operations; however, we will continue to monitor the composition of its loan book and the group's adherence to conservative lending standards.

## Ex 6: EL's Portfolio



Sources: Company data, Thanachart estimates

## Upgrading to BUY with a lower TP of Bt20

TQM advanced its investments and marketing activities in 2024. To reflect higher-than-expected expenses, we revise down our earnings estimates for TQM by an average of 8% in 2025-27F. Our DCF-based 12-month TP, using a 2025F base year, is cut to Bt20/share from Bt30 previously.

## Ex 7: Earnings Revisions

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
<b>Normalized profits (Bt m)</b>									
- New	507.23	702.00	826.62	840.28	816.27	810.87	907.90	1,014.87	1,118.27
- Old							970.91	1,089.97	1,235.60
- Change (%)							(6.49)	(6.89)	(9.50)
<b>Total revenues (Bt bn)</b>									
- New	2.71	3.08	3.50	3.59	3.68	3.91	4.09	4.25	4.44
- Old							4.02	4.21	4.42
- Change (%)							1.64	1.01	0.59
<b>Cost of services (Bt bn)</b>									
- New	1.46	1.52	1.61	1.69	1.74	1.93	1.93	1.93	1.97
- Old							1.88	1.94	1.99
- Change (%)							2.50	(0.40)	(1.28)
<b>SG&amp;A expenses (Bt bn)</b>									
- New	0.70	0.75	0.85	0.92	0.92	0.94	0.97	1.00	1.03
- Old							0.93	0.94	0.94
- Change (%)							5.19	7.27	9.39

Sources: Company data, Thanachart estimates

**Ex 8: 12-month DCF-based TP Calculation Using A Base Year Of 2025F**

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA	1,312	1,440	1,556	1,664	1,706	1,812	1,948	2,101	2,257	2,446	2,674	—
Free cash flow	976	1,074	1,175	1,265	1,296	1,384	1,494	1,618	1,745	1,898	2,082	18,467
PV of free cash flow	976	841	814	775	703	664	635	587	558	535	517	4,583
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.3											
WACC (%)	12.5											
Terminal growth (%)	2.0											
Enterprise value, incl. investments*	12,189											
Net debt (2024)	(469)											
Minority Interest	573											
Equity value (Bt m)	12,085											
No .of shares (m)	600											
<b>Target price/share (Bt)</b>	<b>20.00</b>											

Sources: Company data, Thanachart estimates

**Attractive valuation, in our view, with good growth and rising dividend yield**

However, we upgrade our rating on the stock to BUY (from Hold). Below are the investment highlights supporting our positive view:

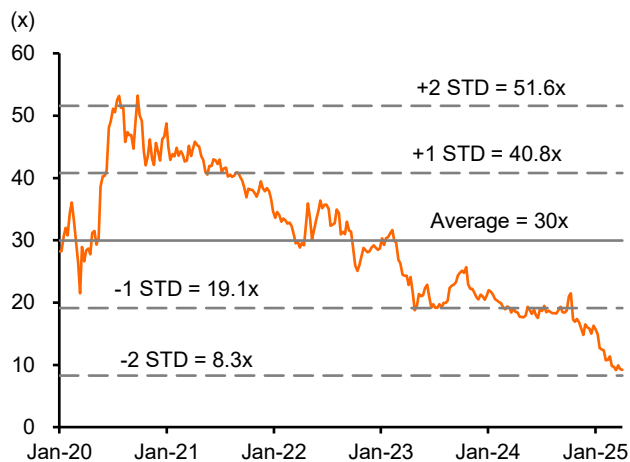
First, we foresee greater visibility and momentum in higher-margin non-motor insurance products, particularly life and housing insurance. The life segment is being revitalized under new leadership, with a clear strategy to scale premium sales significantly over the next five years. Meanwhile, housing insurance is gaining traction, aided by increased risk awareness and TQM's strong digital distribution platform.

Second, we expect a minimal impact from weak new car sales on TQM's motor insurance revenues. The business is supported by a high renewal rate of over 70%, rising average premiums (driven by EV penetration), and growing coverage for older vehicles and lower-income segments. These factors have helped stabilize the motor portfolio, even amid a sharp contraction in new vehicle registrations.

Third, most of TQM's past investments have matured or turned profitable, significantly reducing their drag on the group's performance. Strategic investments in claims services, digital infrastructure, and select financial services are now complementing the core insurance business rather than diluting profitability.

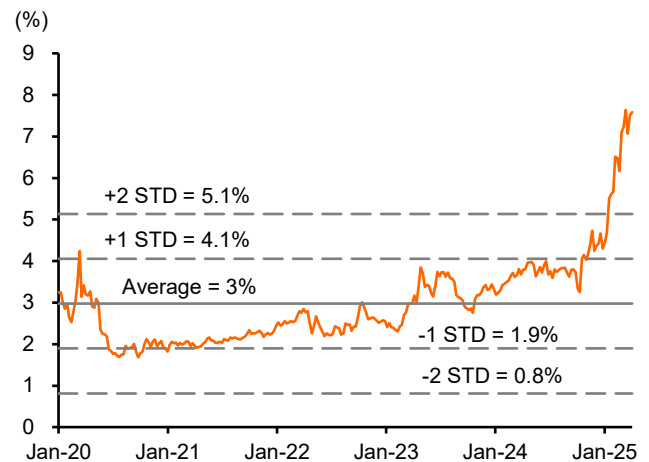
Lastly, after a substantial 78% de-rating from its 2021 peak, TQM's PE multiples are no longer at a premium to the SET, making the stock more attractively valued relative to its growth prospects. The company looks on track to resume double-digit earnings growth and ROE expansion, supported by operating leverage and a more favorable product mix. Additionally, TQM's dividend yield has risen to over 7%, offering investors a compelling total return profile.

## Ex 9: STD PE



Sources: Bloomberg, Thanachart estimates

## Ex 10: STD Dividend Yield



Sources: Bloomberg, Thanachart estimates

## Valuation Comparison

## Ex 11: Valuation Comparison With Regional Peers

Name	BBG Code	Market	EPS growth		— PE —		— P/BV —		— ROE —		— Div. Yield —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
China Life Insurance	601628 CH	China	(27.8)	8.7	13.7	12.6	1.8	1.7	12.2	12.4	1.6	1.8
China Pacific Insurance	601601 CH	China	(4.5)	6.3	7.3	6.8	1.0	0.9	12.9	12.6	3.5	3.7
Ping An Insurance Group	601318 CH	China	6.5	7.3	6.8	6.3	0.9	0.8	13.2	12.8	5.1	5.4
China Life Insurance	2628 HK	Hong Kong	(25.6)	4.6	5.5	5.3	0.8	0.7	12.0	11.6	4.0	4.3
China Reinsurance Group	1508 HK	Hong Kong	(14.0)	6.0	4.6	4.3	0.4	0.4	8.2	8.3	6.1	6.7
Ping An Insurance Group	2318 HK	Hong Kong	6.2	7.6	6.3	5.8	0.8	0.8	14.3	13.7	5.6	5.9
LPI Capital	LPI MK	Malaysia	3.7	4.9	14.5	13.8	2.2	2.2	15.9	16.1	5.9	6.1
Dongbu Insurance	005830 KS	South Korea	(4.0)	7.7	3.0	2.8	0.5	0.5	19.9	19.3	8.6	10.0
Hyundai Marine & Fire	001450 KS	South Korea	8.9	3.6	1.8	1.8	0.3	0.3	18.6	17.7	6.0	10.8
Samsung Fire & Marine	000810 KS	South Korea	3.8	5.1	7.1	6.8	0.9	0.9	12.8	12.7	6.0	6.5
Cathay Financial Holding	2882 TT	Taiwan	(11.7)	2.9	9.6	9.3	1.0	0.9	10.6	10.2	4.7	4.8
Shin Kong Financial	2888 TT	Taiwan	(34.4)	12.8	15.2	13.5	na	na	na	na	na	1.5
Bangkok Life Assurance	BLA TB	Thailand	18.4	8.2	7.1	6.6	0.6	0.5	8.4	8.3	4.1	4.2
Thai Reinsurance	THRE TB	Thailand	29.6	0.0	5.7	5.7	0.4	0.4	7.2	7.5	2.5	2.5
Thaire Life Assurance	THREL TB	Thailand	na	100.0	24.5	12.3	0.7	0.7	3.2	5.9	3.4	6.1
TQM Alpha Pcl	TQM TB *	Thailand	12.0	11.8	9.6	8.6	2.7	2.5	29.9	30.4	7.3	8.2
<b>Average</b>			<b>(2.2)</b>	<b>12.4</b>	<b>8.9</b>	<b>7.6</b>	<b>1.0</b>	<b>0.9</b>	<b>13.3</b>	<b>13.3</b>	<b>5.0</b>	<b>5.5</b>

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

Based on 2 April 2025 closing prices

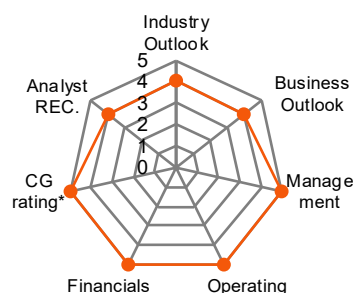


## COMPANY DESCRIPTION

Founded in 1953, TQM Alpha Pcl (TQM) is the biggest insurance broker in Thailand. TQM conducted an IPO on 20 December 2018. The group has expanded beyond the insurance brokerage business under the new company name, TQM Alpha, in 2022. The company houses three business units: 1) insurance brokerage, 2) financial solutions, and 3) a tech platform.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* No CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Solid infrastructure and strong distribution platform.
- Scale benefits.
- Production innovation know-how.
- Solid balance sheet.

### O — Opportunity

- Increased life insurance penetration.
- Online expansion.
- Expansion into neighboring countries.

### W — Weakness

- Around 70% of premium sales and revenues are from non-life motor insurance, which has a strong correlation with industry car sales.

### T — Threat

- Economic slowdown.
- Changes in regulations.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	21.58	20.00	-7%
<b>Net profit 25F (Bt m)</b>	881	908	3%
<b>Net profit 26F (Bt m)</b>	937	1,015	8%
<b>Consensus REC</b>	<b>BUY: 4</b>	<b>HOLD: 0</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- We believe we are more positive than the Bloomberg consensus on TQM's margin expansion trend. Our earnings forecasts are, therefore, higher.

Sources: Bloomberg consensus, Thanachart estimates

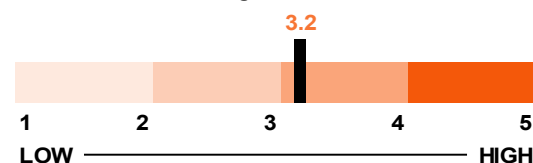
## RISKS TO OUR INVESTMENT CASE

- Slower growth of life and housing insurance sales would be the main downside risk to our call.
- Severe pricing competition would be another downside risk.
- If TQM were to execute new lending and cannot maintain asset quality to the extent that we currently anticipate, that would represent another downside risk to our call.

Source: Thanachart

TQM is the largest insurance broker in Thailand. The company prioritizes the development of insurance products that support environmental sustainability and recognizes its responsibility for consumer protection and risk diversification for individuals and their assets. We assign a score of 3.20 to TQM.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
TQM	YES	A	-	-	49.94	60.36	21.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)  
 Note: Please see third party on "terms of use" in the following back page.

**Factors Our Comments**

**ENVIRONMENT**

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign an E score of 3 to TQM. While the company has articulated a commitment to achieving carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065, these targets are relatively long-term compared to other listed companies.
- TQM has implemented internal policies to promote environmental consciousness among employees across all levels. These include initiatives to reduce paper and expand the use of digital channels — including data networks, FTP (File Transfer Protocol), and email — to facilitate document exchanges with staff, customers, and partners. These efforts have contributed to measurable reductions in paper consumption and operational costs.
- In addition, TQM has taken steps to improve waste management within its office facilities by installing waste separation bins at multiple key locations, including the Punnipa 1 Building, Punnipa 2 Building, Sangsuk Building, Nampet Building, and Morakot Building.

**SOCIAL**

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign an S score of 3.4 to TQM, reflecting the company's strong commitment to social responsibility, as demonstrated by its insurance offerings tailored to public health risks and its consistent engagement in donations and CSR initiatives.
- TQM has developed a variety of insurance products in direct response to emerging health and environmental risks affecting the Thai population. Notable examples include health insurance policies covering illnesses caused by PM 2.5 air pollution, dengue fever, and influenza.
- The company has also actively participated in community support and charitable initiatives. Examples include providing free insurance coverage to individuals experiencing adverse reactions to COVID-19 vaccines, donating 1,000 survival kits containing essential supplies to nearby communities around its head office, and offering 407 accident insurance policies to police officers from Khok Khram and Chokchai Metropolitan Police Stations, a program now in its 13th consecutive year.

**GOVERNANCE & SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- TQM's G score stands at 3.2, supported by its sustainable business model and early adoption of advanced IT capabilities. The company is recognized as one of the first insurance brokers in Thailand to have made a significant investment in insurtech.
- However, we note areas for improvement in board structure and independence. The chairman of the board, who also leads the sustainable and risk management committee, is not independent due to his status as a major shareholder. Furthermore, only five out of 12 board members are independent, which is below the ideal ratio of 2/3.
- TQM maintains an audit committee, remuneration committee, and risk management committee, in line with standard corporate governance practices.

Sources: Company data, Thanachart

**INCOME STATEMENT***Growing sales with improved margins*

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Sales	3,685	3,906	4,087	4,248	4,443
Cost of sales	1,735	1,928	1,928	1,928	1,966
<b>Gross profit</b>	<b>1,950</b>	<b>1,978</b>	<b>2,159</b>	<b>2,320</b>	<b>2,476</b>
% gross margin	52.9%	50.6%	52.8%	54.6%	55.7%
Selling & administration expenses	917	937	974	1,003	1,034
<b>Operating profit</b>	<b>1,033</b>	<b>1,041</b>	<b>1,185</b>	<b>1,317</b>	<b>1,443</b>
% operating margin	28.0%	26.7%	29.0%	31.0%	32.5%
Depreciation & amortization	231	224	153	149	141
<b>EBITDA</b>	<b>1,263</b>	<b>1,265</b>	<b>1,338</b>	<b>1,466</b>	<b>1,584</b>
% EBITDA margin	34.3%	32.4%	32.7%	34.5%	35.7%
Non-operating income	72	86	87	93	99
Non-operating expenses	0	0	0	0	0
Interest expense	(25)	(61)	(81)	(79)	(74)
<b>Pre-tax profit</b>	<b>1,079</b>	<b>1,066</b>	<b>1,191</b>	<b>1,331</b>	<b>1,467</b>
Income tax	224	215	240	269	296
<b>After-tax profit</b>	<b>855</b>	<b>851</b>	<b>950</b>	<b>1,062</b>	<b>1,171</b>
% net margin	23.2%	21.8%	23.3%	25.0%	26.4%
Shares in affiliates' Earnings	5	11	12	12	12
Minority interests	(43)	(51)	(55)	(60)	(65)
Extraordinary items	0	0	0	0	0
<b>NET PROFIT</b>	<b>816</b>	<b>811</b>	<b>908</b>	<b>1,015</b>	<b>1,118</b>
<b>Normalized profit</b>	<b>816</b>	<b>811</b>	<b>908</b>	<b>1,015</b>	<b>1,118</b>
EPS (Bt)	1.4	1.4	1.5	1.7	1.9
Normalized EPS (Bt)	1.4	1.4	1.5	1.7	1.9

**BALANCE SHEET***Growing lending business*

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
<b>ASSETS:</b>					
Current assets:	3,282	3,679	4,038	4,411	4,797
Cash & cash equivalent	1,338	1,441	1,400	1,400	1,400
Account receivables	982	1,063	1,120	1,164	1,217
Inventories	605	1,108	1,446	1,771	2,098
Others	358	67	72	77	82
Investments & loans	920	927	927	927	927
Net fixed assets	123	100	74	51	37
Other assets	1,133	997	954	909	863
<b>Total assets</b>	<b>5,459</b>	<b>5,704</b>	<b>5,992</b>	<b>6,299</b>	<b>6,625</b>
<b>LIABILITIES:</b>					
Current liabilities:	1,341	1,661	1,606	1,599	1,481
Account payables	486	499	502	502	512
Bank overdraft & ST loans	554	948	898	884	752
Current LT debt	101	24	28	27	23
Others current liabilities	200	190	179	186	194
<b>Total LT debt</b>	<b>713</b>	<b>482</b>	<b>465</b>	<b>474</b>	<b>483</b>
Others LT liabilities	131	106	106	106	106
<b>Total liabilities</b>	<b>2,185</b>	<b>2,249</b>	<b>2,177</b>	<b>2,179</b>	<b>2,069</b>
Minority interest	560	573	627	627	692
Preferreds shares	0	0	0	0	0
Paid-up capital	300	300	300	300	300
Share premium	1,607	1,607	1,607	1,607	1,607
Warrants	0	0	0	0	0
Surplus	(147)	(296)	(296)	(296)	(296)
<b>Retained earnings</b>	<b>954</b>	<b>1,271</b>	<b>1,577</b>	<b>1,881</b>	<b>2,253</b>
Shareholders' equity	2,714	2,882	3,187	3,492	3,863
<b>Liabilities &amp; equity</b>	<b>5,459</b>	<b>5,704</b>	<b>5,992</b>	<b>6,299</b>	<b>6,625</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Earnings before tax	1,079	1,066	1,191	1,331	1,467
Tax paid	(226)	(219)	(245)	(264)	(291)
Depreciation & amortization	231	224	153	149	141
Chg In working capital	(306)	(573)	(391)	(368)	(371)
Chg In other CA & CL / minorities	(53)	20	0	(50)	9
<b>Cash flow from operations</b>	<b>725</b>	<b>517</b>	<b>707</b>	<b>798</b>	<b>956</b>
Capex	(150)	(105)	(100)	(100)	(100)
Right of use	(170)	(27)	(30)	(30)	(30)
ST loans & investments	(300)	300	0	0	0
LT loans & investments	285	(7)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	79	(76)	31	57	57
<b>Cash flow from investments</b>	<b>(256)</b>	<b>86</b>	<b>(99)</b>	<b>(73)</b>	<b>(73)</b>
Debt financing	416	144	(47)	(14)	(136)
Capital increase	0	0	0	0	0
Dividends paid	(690)	(647)	(603)	(710)	(747)
Warrants & other surplus	17	4	0	0	0
<b>Cash flow from financing</b>	<b>(256)</b>	<b>(500)</b>	<b>(649)</b>	<b>(725)</b>	<b>(883)</b>
<b>Free cash flow</b>	<b>576</b>	<b>412</b>	<b>607</b>	<b>698</b>	<b>856</b>

*Healthy dividend payments*

**VALUATION**

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Normalized PE (x)	10.7	10.7	9.6	8.6	7.8
Normalized PE - at target price (x)	14.7	14.8	13.2	11.8	10.7
PE (x)	10.7	10.7	9.6	8.6	7.8
PE - at target price (x)	14.7	14.8	13.2	11.8	10.7
EV/EBITDA (x)	6.5	6.5	6.1	5.6	5.1
EV/EBITDA - at target price (x)	9.1	9.1	8.6	7.9	7.2
P/BV (x)	3.2	3.0	2.7	2.5	2.3
P/BV - at target price (x)	4.4	4.2	3.8	3.4	3.1
P/CFO (x)	12.0	16.8	12.3	10.9	9.1
Price/sales (x)	2.4	2.2	2.1	2.0	2.0
Dividend yield (%)	6.9	6.6	7.3	8.2	9.0
FCF Yield (%)	6.6	4.7	7.0	8.0	9.8
<b>(Bt)</b>					
Normalized EPS	1.4	1.4	1.5	1.7	1.9
EPS	1.4	1.4	1.5	1.7	1.9
DPS	1.0	1.0	1.1	1.2	1.3
BV/share	4.5	4.8	5.3	5.8	6.4
CFO/share	1.2	0.9	1.2	1.3	1.6
FCF/share	1.0	0.7	1.0	1.2	1.4

Sources: Company data, Thanachart estimates

**FINANCIAL RATIOS**

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
<b>Growth Rate</b>					
Sales (%)	2.7	6.0	4.7	3.9	4.6
Net profit (%)	0.9	(0.7)	12.0	11.8	10.2
EPS (%)	0.9	(0.7)	12.0	11.8	10.2
Normalized profit (%)	(2.9)	(0.7)	12.0	11.8	10.2
Normalized EPS (%)	(2.9)	(0.7)	12.0	11.8	10.2
Dividend payout ratio (%)	73.5	70.3	70.0	70.0	70.0
<b>Operating performance</b>					
Gross margin (%)	52.9	50.6	52.8	54.6	55.7
Operating margin (%)	28.0	26.7	29.0	31.0	32.5
EBITDA margin (%)	34.3	32.4	32.7	34.5	35.7
Net margin (%)	23.2	21.8	23.3	25.0	26.4
D/E (incl. minor) (x)	0.3	0.3	0.2	0.2	0.2
Net D/E (incl. minor) (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage - EBIT (x)	41.0	17.1	14.6	16.7	19.4
Interest coverage - EBITDA (x)	50.1	20.7	16.5	18.6	21.3
ROA - using norm profit (%)	15.8	14.5	15.5	16.5	17.3
ROE - using norm profit (%)	30.9	29.0	29.9	30.4	30.4
<b>DuPont</b>					
ROE - using after tax profit (%)	32.3	30.4	31.3	31.8	31.8
- asset turnover (x)	0.7	0.7	0.7	0.7	0.7
- operating margin (%)	30.0	28.8	31.1	33.2	34.7
- leverage (x)	2.0	2.0	1.9	1.8	1.8
- interest burden (%)	97.7	94.6	93.6	94.4	95.2
- tax burden (%)	79.2	79.8	79.8	79.8	79.8
WACC (%)	12.5	12.5	12.5	13.0	13.0
ROIC (%)	44.0	37.7	39.2	38.8	38.3
NOPAT (Bt m)	818	831	946	1,051	1,151
invested capital (Bt m)	2,205	2,413	2,713	3,003	3,238

Sources: Company data, Thanachart estimates

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BB - BBB - A	<b>AVERAGE :</b> A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

### Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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