Corporate Update

Allianz Malaysia Berhad

(1163 | ALLZ MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

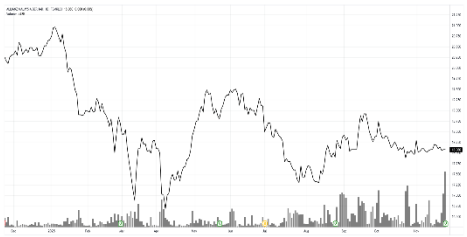
Maintain **BUY**

Unchanged Target Price **RM23.12**

3QFY25 Results Review
Better than Expected

RETURN STATISTICS	
Price @ 25 November 2025 (RM)	18.08
Expected share price return (%)	+27.9
Expected dividend yield (%)	+5.6
Expected total return (%)	**+33.4**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.2	1.0
3 months	-1.5	-0.7
12 months	-11.7	-13.2

INVESTMENT STATISTICS			
FYE Dec	**FY25F**	**FY26F**	**FY27F**
Core NP (RM m)	**843**	**864**	**887**
CNP growth (%)	9	2	3
Div yield (%)	**5.4**	**5.6**	**5.7**
Gross DPS (sen)	97.9	100.3	103.0
P/BV (x)	**1.0**	**0.9**	**0.9**
BVPS (RM)	18.2	19.6	21.1
ROE (%)	**13.9**	**13.2**	**12.6**
% Street CNP (%)	**105**	**103**	**102**

KEY STATISTICS	
FBM KLCI	1,611.74
Issue shares (m)	178.7
Estimated free float (%)	31.9
Market Capitalisation (RM'm)	3,335.0
52-wk price range	RM16.5 – RM21.0
3-mth average daily volume (m)	0.1
3-mth average daily value (RM'm)	2.1
Top Shareholders (%)	
Allianz SE	63.8
EPF Board	6.6
Kumpulan Wang Persaraan Diperbadan	3.2

Salient Points

Excellent set of earnings, above our expectations. ALLZ's previous guidance was a lot more pessimistic than the actual result.

Our Verdict

Despite guidance for more challenging quarters in 2HFY25, ALLZ seems to be holding well. We like ALLZ for its solid dividend yields, high premium growth, economies of scale advantage, and progress in combating elevated healthcare claims. A normalisation in dividend payout would be a bonus.

Valuations

An unchanged SOTP-TP of RM 23.12

AGIC: FY26F P/BV of 1.4x

ALIM: FY26F P/CE of 0.5x

Current P/BV of 0.52x is cheap, trading well under -1SD of the 10-year P/BV mean of 0.76x.

Themes

1. ▲ AGIC maintains aggressive growth of market share.
2. ▲ ALIM seems to be tackling healthcare inflation well, a core cause of share price overhang.
3. ► Uncertainty surrounding dividend payout (regulatory issues). Current dividend yields of ~5.4% are already decent – a return to normalised payout level would be a nice bonus.
4. ▼ Monsoon season floods may drive up claims and reinsurance costs.
5. ▼ Tighter competition, particularly in the General segment.

Results in a nutshell:

▲ **9MFY25's Core NP of RM695m was *Above/Above* our/street forecasts: *86%/88%* of full-year forecasts.** However, we refrain from changing our forecasts until after the results briefing.

► **No dividend announcement.**

▲ **9MFY25's Core net profit (NP) of RM695m up by 29%yoy.** The increase was largely due to the insurance revenue – which offset the worsening of every other category (insurance & reinsurance expenses, investment & finance result).

▼ **3QFY25's Core NP of RM234m down by -6%qoq.** The decline came largely from higher insurance expenses, which offset higher insurance revenue.

Analyst

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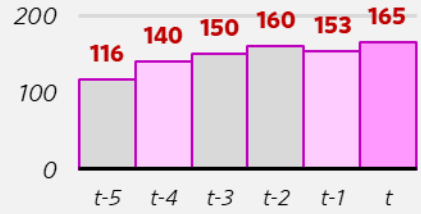
▲ **AGIC's 9MFY25's PBT of RM478m up by 23%yoy.** For the insurance service result, there was improvement: Higher insurance revenue offset higher insurance and reinsurance costs. Superior investment returns also drove the better result.

▲ **ALIM's 9MFY25's PBT of RM393m up by 15%yoy.** Despite higher net insurance finance expenses offsetting improved investment returns, a solid insurance service result helped improve results significantly.

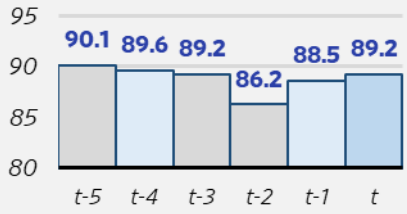
FIG 1: Quarterly Insurance Service Result Performance by Segment

1. General — Overall: ▲Strong | Qtr: +8%qoq, +19%yoy | Cum: +23%yoy

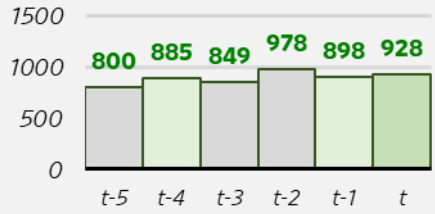
PBT (RM m)



Combined Ratio (%)



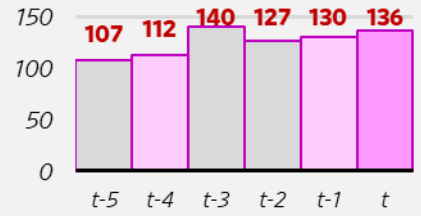
GWP (RM m)



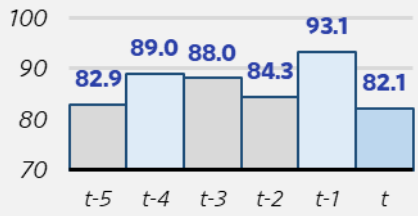
Commentary: We were expecting much weaker PBT, as management was guiding for a more competitive 2HFY25. The improvement was largely due to stronger investment returns and stability in insurance service results. However, we do note that the combined ratio has ticked upward, likely due to higher reinsurance expenses.

2. Life — Overall: ▲Strong | Qtr: +5%qoq, +21%yoy | Cum: +15%yoy

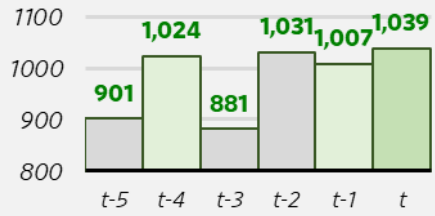
PBT (RM m)



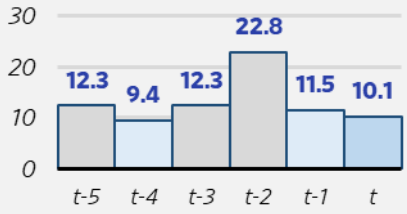
Block Persistency Ratio (%)



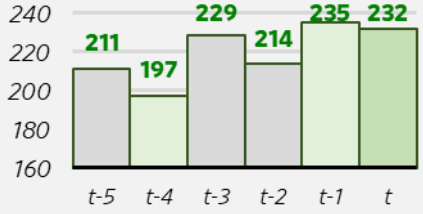
GWP (RM m)



Expense Ratio (%)



Annualised New Premium (RM m)



Commentary: Life insurance also displayed strong results.

For the insurance service result line: Stronger insurance revenue and positive reinsurance results offset increases in insurance expenses. despite the stellar investment return being dragged by high net insurance finance expenses.

Below the insurance service result line: Stellar investment return was dragged by high net insurance finance expenses.

Source: Company, MBSBR

Forecasts unchanged. Although earnings were above expectations, we refrain from altering our forecasts until after the results briefing.

Key downside risks. *(1) Higher-than-expected claims, (2) Weak premium growth, (3) Elevated reinsurance costs.*

Maintain BUY call: Unchanged SOTP-TP of RM 23.12.

(1) **For AGIC, we use a FY26F P/BV of 1.4x.**

(2) **For ALIM, we use an FY26F P/CE of 0.5x.**

FIG 2: SOTP Valuation

Companies	Equity Value (RM mil)	Equity Value basis	Multiple (X)	Valuation basis	Valuation (RM mil)
AGIC	**3,325**	FY26 P/BV	**1.4**	P/BV	**4,654**
ALIM	**5,596**	FY26F P/CE	**0.6**	P/CE	**3,358**
Total sum-of-parts					**8,012**
(÷) Diluted ALLZ Share Base (mil)					345
Fair value (RM)					**23.12**

Source: Company, MBSBR

FIG 3: Quarterly results

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Insurance revenue	1,584	1,520	1,440	10	4	4,633	4,149	12
Insurance expenses	(1,297)	(1,203)	(1,172)	11	8	(3,618)	(3,414)	6
Claims	*(911)*	*(867)*	*(829)*	*10*	*5*	*(2,553)*	*(2,412)*	*6*
Acquisitions & Admin exp	*(388)*	*(335)*	*(344)*	*13*	*16*	*(1,062)*	*(999)*	*6*
Onerous contracts	*3*	*(1)*	*2*	*56*	*<-500*	*(3)*	*(3)*	*25*
Reinsurance	(69)	(69)	(93)	-26	0	(232)	(143)	62
Insurance service result	**219**	**249**	**175**	*25*	*-12*	**783**	**592**	*32*
Investment return	545	427	304	79	28	859	1,255	-32
Net insurance finance exp	(412)	(281)	(120)	242	46	(567)	(942)	-40
Net ins & inv result	**352**	**146**	**127**	*177*	*141*	**1,076**	**904**	*19*
Other income/OPEX	(54)	(76)	(113)	-53	-30	(175)	(183)	-5
Associates	-	-	-	n.m.	n.m.	-	-	n.m.
PBT	**299**	**318**	**245**	***22***	***-6***	**901**	**721**	***25***
Tax	(64)	(69)	(62)	4	-7	(206)	(181)	14
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
Reported NP	**234**	**249**	**183**	***28***	***-6***	**695**	**540**	***29***
Core NP	**234**	**249**	**183**	***28***	***-6***	**695**	**540**	***29***
Gross DPS (sen)	**-**	**-**	**-**	***n.m.***	***n.m.***	**-**	**26.5**	***n.m.***
Core EPS (sen)	68.1	72.3	53.1	28	-6	202.0	156.5	29

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
ROE (Ann.)	**14.8**	**16.3**	**13.0**	***1.7***	***-1.6***	**14.6**	**12.8**	***1.8***
Underwriting margin	**13.8**	**16.4**	**12.2**	***1.6***	***-2.6***	**16.9**	**14.3**	***2.6***
Combined	**89.6**	**88.7**	**95.7**	***-6.1***	***0.9***	**86.9**	**90.2**	***-3.3***
Claims	57.4	57.1	57.5	-0.1	0.3	55.2	58.2	-3.0
Reinsurance	4.4	4.5	6.5	-2.1	-0.2	5.0	3.5	1.6
Expense	27.9	27.1	31.8	-3.9	0.8	26.7	28.5	-1.8

Source: Company, MBSBR

FIG 4: Quarterly results (General)

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Insurance revenue	912	886	827	10	3	2,660	2,362	13
Insurance expenses	(712)	(710)	(650)	9	0	(2,073)	(1,960)	6
Claims	*(502)*	*(504)*	*(460)*	9	-0	*(1,469)*	*(1,412)*	4
Acquisitions & Admin exp	*(210)*	*(205)*	*(190)*	11	2	*(602)*	*(545)*	11
Onerous contracts	*0*	*(0)*	*0*	89	-445	*(1)*	*(3)*	-62
Reinsurance	(77)	(50)	(75)	2	54	(205)	(103)	99
Insurance service result	**124**	**127**	**102**	21	-2	**383**	**298**	28
Investment return	79	77	63	24	2	222	184	21
Net insurance finance exp	(12)	(26)	(10)	25	-53	(64)	(53)	20
Net ins & inv result	**190**	**178**	**156**	22	7	**541**	**429**	26
Other income	1	0	2	n.m.	n.m.	2	2	n.m.
Other OPEX	(26)	(25)	(18)	46	4	(65)	(43)	51
PBT	**165**	**153**	**140**	**19**	**8**	**478**	**388**	**23**

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
Underwriting margin	**13.6**	**14.3**	**12.4**	**1.2**	**-0.7**	**14.4**	**12.6**	**1.7**
Combined	**89.2**	**88.5**	**89.6**	**-0.5**	**0.7**	**88.0**	**89.1**	**-1.1**
Claims	55.0	56.9	55.6	-0.6	-1.9	55.3	59.9	-4.6
Reinsurance	8.4	5.6	9.1	-0.6	2.8	7.7	4.4	3.3
Expense	25.8	26.0	24.9	0.8	-0.2	25.0	24.8	0.2

Source: Company, MBSBR

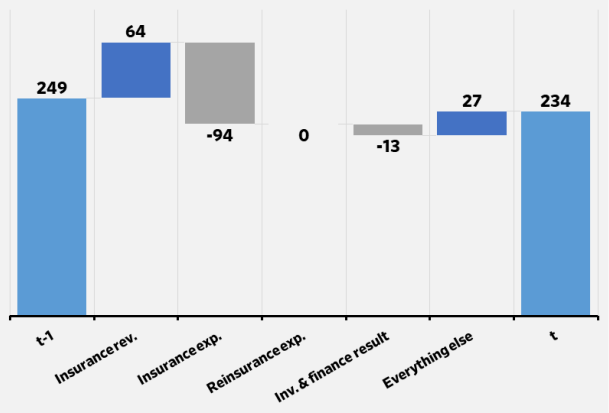
FIG 5: Quarterly results (Life)

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Insurance revenue	672	634	614	10	6	1,973	1,787	10
Insurance expenses	(583)	(528)	(522)	12	10	(1,577)	(1,453)	9
Claims	*(407)*	*(363)*	*(369)*	10	12	*(1,081)*	*(1,000)*	8
Acquisitions & Admin exp	*(178)*	*(166)*	*(155)*	15	8	*(496)*	*(454)*	9
Onerous contracts	*2*	*1*	*2*	53	274	*(1)*	*1*	-176
Reinsurance	8	(19)	(18)	-142	-140	(27)	(40)	-33
Insurance service result	**97**	**87**	**73**	33	11	**369**	**293**	26
Investment return	461	345	238	94	34	622	1,060	-41
Net insurance finance exp	(400)	(255)	(111)	261	57	(503)	(889)	-43
Net ins & inv result	**159**	**177**	**200**	-21	-10	**488**	**465**	5
Other income	0	0	0	n.m.	n.m.	0	11	n.m.
Other OPEX	(23)	(47)	(88)	-74	-51	(94)	(134)	-30
PBT	**136**	**130**	**112**	**21**	**5**	**393**	**342**	**15**

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
Block persistency	**82.1**	**93.1**	**89.0**	**-6.9**	**-11.0**	**10.9**	**10.8**	**0.1**
Underwriting margin	**14.5**	**13.8**	**11.9**	**2.5**	**0.7**	**18.7**	**16.4**	**2.3**
Combined (Estimates)	**88.9**	**93.6**	**102.4**	**-13.5**	**-4.6**	**86.1**	**90.5**	**-4.4**
Claims	60.2	57.1	59.8	0.3	3.1	54.8	55.9	-1.1
Reinsurance	(1.1)	3.0	3.0	-4.1	-4.2	1.4	2.2	-0.9
Expense	29.9	33.4	39.5	-9.7	-3.6	29.9	32.3	-2.4

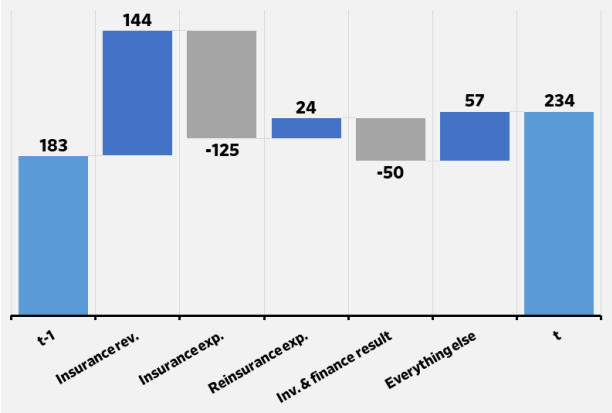
Source: Company, MBSBR

FIG 6: QoQ P/L walk (Quarterly results)



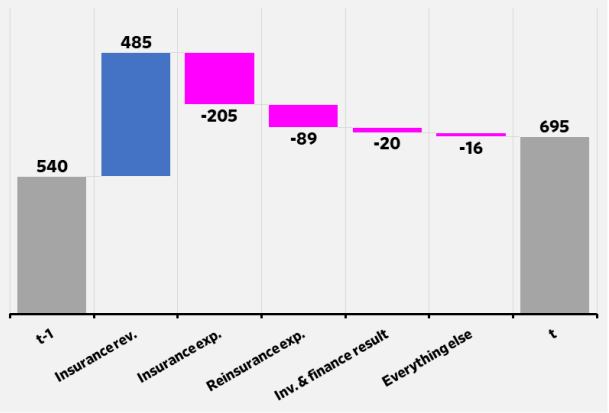
Source: Company, MBSBR

FIG 7: YoY P/L walk (Quarterly results)



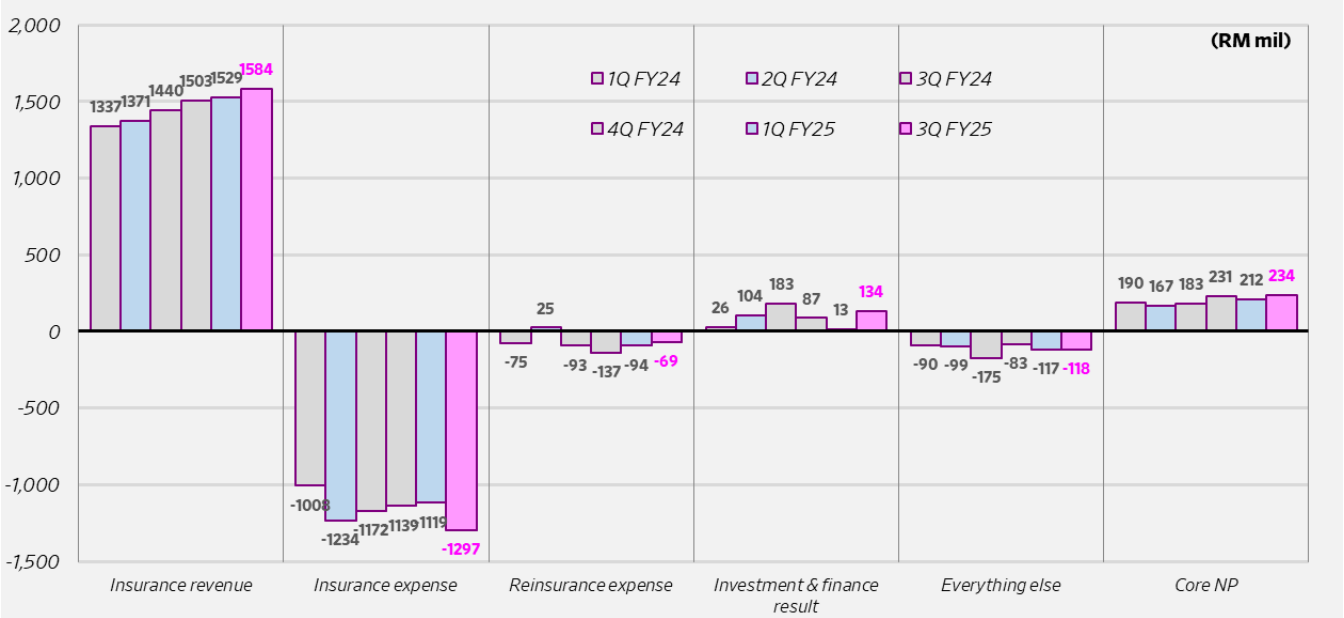
Source: Company, MBSBR

FIG 8: YoY P/L walk (Cumulative results)



Source: Company, MBSBR

FIG 9: QoQ P/L walk (Multiple Quarters)

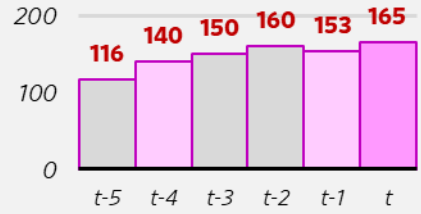


Source: Company, MBSBR

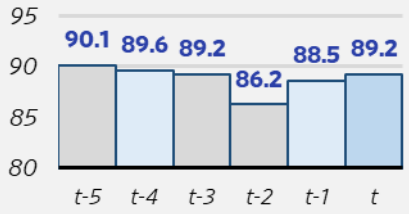
FIG 10: Quarterly Insurance Service Result Performance by Segment

3. General	Overall: ▲Strong | Qtr: +8%qoq, +19%yoy | Cum: +23%yoy

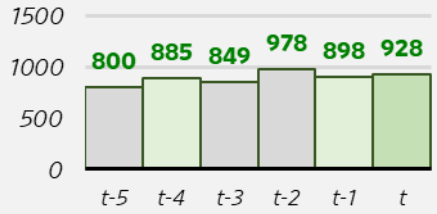
PBT (RM m)



Combined Ratio (%)



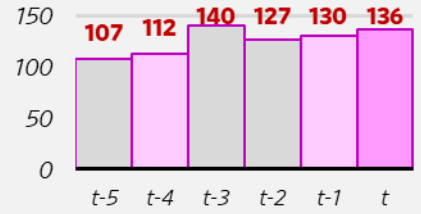
GWP (RM m)



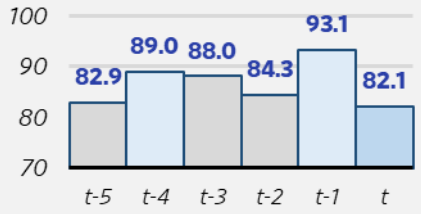
Commentary: We were expecting much weaker PBT, as management was guiding for a more competitive 2HFY25. The improvement was largely due to stronger investment returns and stability in insurance service results. However, we do note that the combined ratio has ticked upward, likely due to an uptick in reinsurance expenses.

4. Life	Overall: ▲Strong | Qtr: +5%qoq, +21%yoy | Cum: +15%yoy

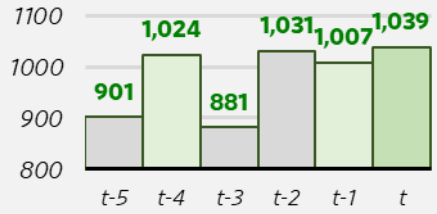
PBT (RM m)



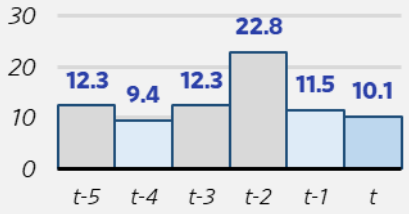
Block Persistency Ratio (%)



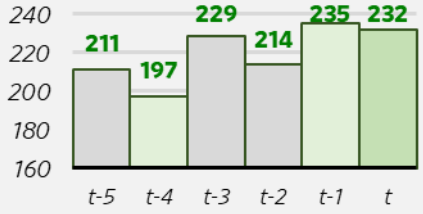
GWP (RM m)



Expense Ratio (%)



Annualised New Premium (RM m)



Commentary: Life insurance also displayed strong results.

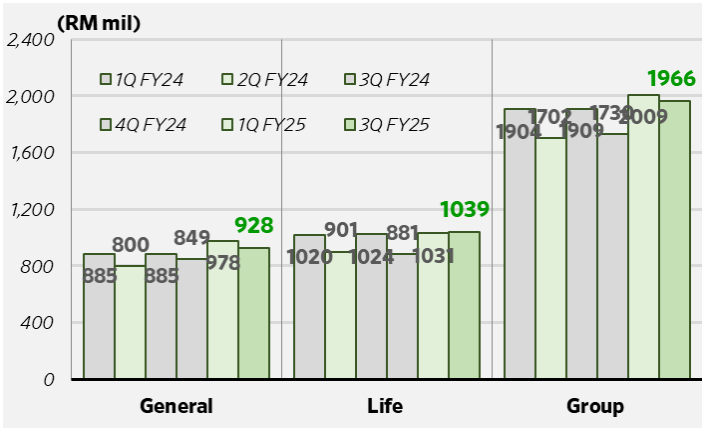
For the insurance service result line: Stronger insurance revenue and positive reinsurance results offset increases in insurance expenses. despite the stellar investment return being dragged by high net insurance finance expenses.

Below the insurance service result line: Stellar investment return was dragged by high net insurance finance expenses.

Source: Company, MBSBR

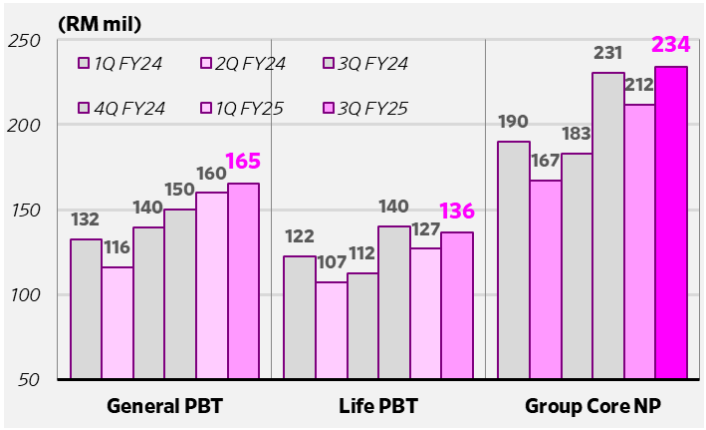
SEGMENTAL BREAKDOWN

FIG 11: GWP by Segment (Quarterly)



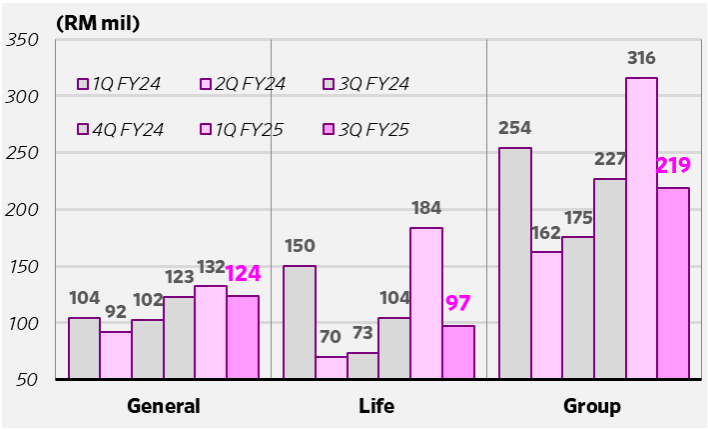
Source: Company, MBSBR

FIG 12: PBT by Segment, with Group Core NP (Quarterly)



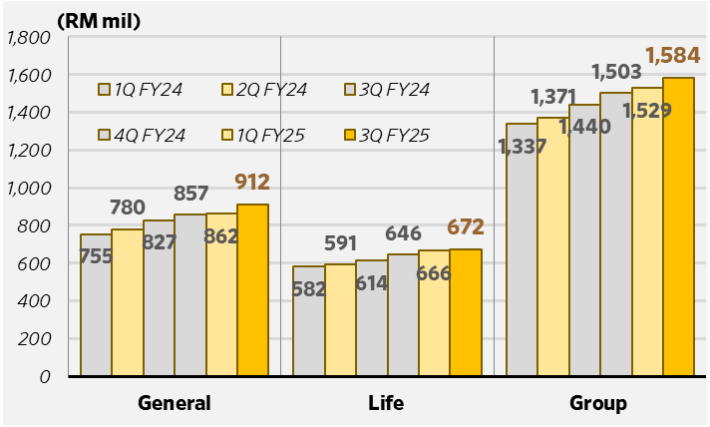
Source: Company, MBSBR

FIG 13: Insurance Service Result by Segment (Quarterly)



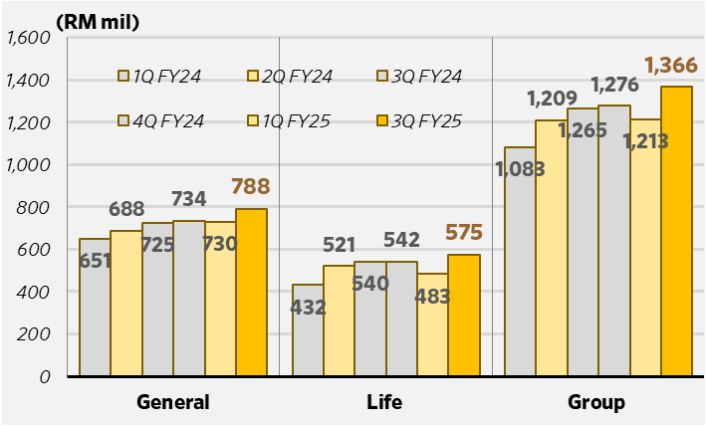
Source: Company, MBSBR

FIG 14: Insurance Revenue by Segment (Quarterly)



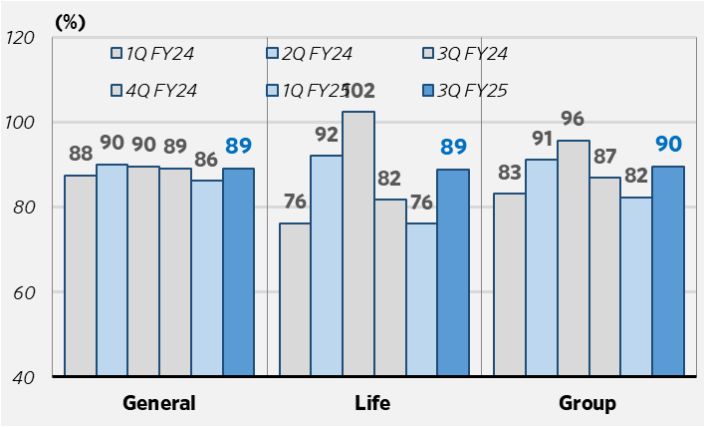
Source: Company, MBSBR

FIG 15: Insurance & Reinsurance Expenses by Segment (Quarterly)



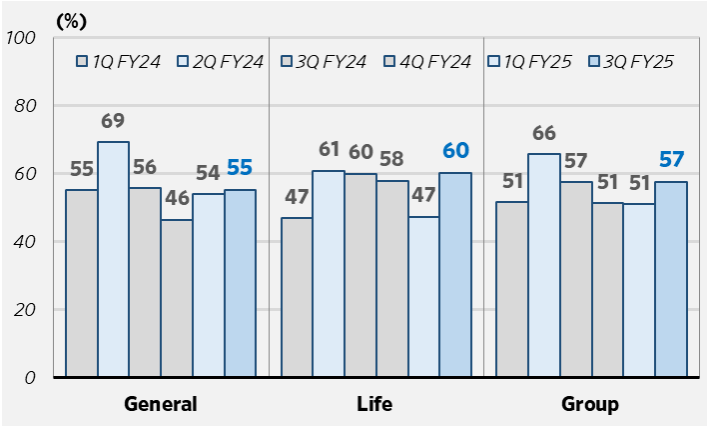
Source: Company, MBSBR

FIG 16: Combined Ratio by Segment (Quarterly)



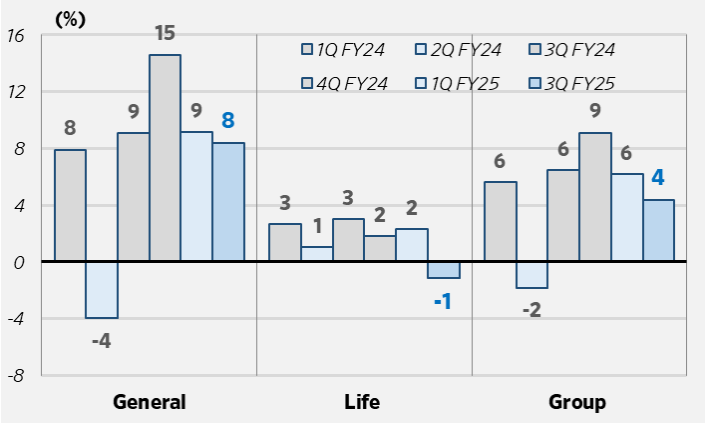
Source: Company, MBSBR

FIG 17: Claims Ratio by Segment (Quarterly)



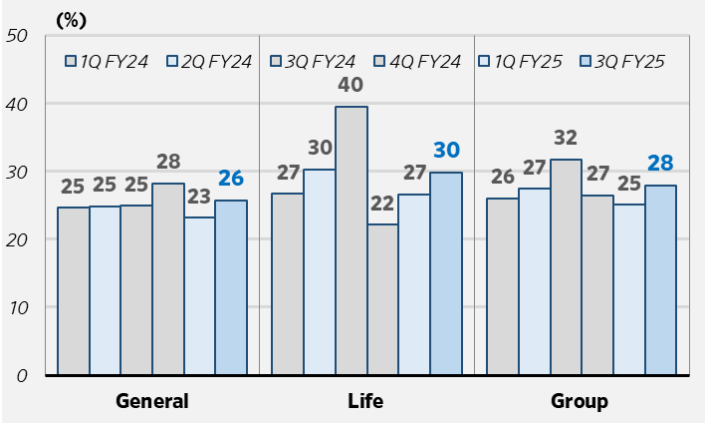
Source: Company, MBSBR

FIG 18: Reinsurance Ratio by Segment (Quarterly)



Source: Company, MBSBR

FIG 19: Expense Ratio by Segment (Quarterly)



Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Insurance revenue	4,942	5,651	6,163	6,743	7,377
Insurance service expenses	(3,897)	(4,553)	(4,794)	(5,246)	(5,741)
Reinsurance expense	(229)	(280)	(327)	(359)	(395)
Insurance service result	**817**	**818**	**1,043**	**1,138**	**1,241**
Investment return	1,142	1,577	901	865	823
Net finance result	(832)	(1,177)	(638)	(669)	(701)
Total ins, inv & financial result	**1,126**	**1,218**	**1,306**	**1,334**	**1,363**
Other income	1	5	12	11	11
Other OPEX	(170)	(217)	(217)	(217)	(217)
Associates	-	-	-	-	-
PBT	**957**	**1,005**	**1,100**	**1,127**	**1,157**
Tax	(226)	(235)	(257)	(263)	(270)
NCI	-	-	-	-	-
Reported NP	**731**	**771**	**843**	**864**	**887**
Core NP	**731**	**771**	**843**	**864**	**887**

BALANCE SHEET

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & ST funds	1,562	2,027	2,027	2,027	2,027
Investment securities	23,052	25,121	26,377	27,696	29,081
Other assets	1,308	1,341	1,274	1,412	1,619
Total assets	**25,922**	**28,488**	**29,678**	**31,135**	**32,726**
Insurance contracts	19,316	21,220	22,281	23,395	24,565
Other liabilities	1,465	1,440	1,096	955	880
Total liabilities	**20,781**	**22,660**	**23,377**	**24,350**	**25,444**
Share capital	236	241	241	241	241
Reserves	4,370	5,057	5,530	6,014	6,511
Total equity	**5,141**	**5,828**	**6,301**	**6,785**	**7,282**
Total L&E	**25,922**	**28,488**	**29,678**	**31,135**	**32,726**

FINANCIAL RATIOS

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Profitability (%)					
ROE	11.7	11.7	13.9	13.2	12.6
ROA	3.0	3.0	2.9	2.8	2.8
Combined ratio (%)	**83.5**	**85.5**	**83.1**	**83.1**	**83.2**
Claims	53.5	56.4	53.6	53.6	53.6
Expenses	25.3	24.2	24.2	24.2	24.2
Reinsurance	4.6	5.0	5.3	5.3	5.4
Growth (%)					
Insurance revenue	11.8	14.4	9.1	9.4	9.4
Insurance expense	16.4	16.9	5.3	9.4	9.4
Insurance service result	2.9	0.2	27.4	9.1	9.1
Net ins & investment result	7.6	8.2	7.2	2.2	2.2
PBT	9.5	5.1	9.4	2.5	2.6
Core NP	19.1	5.4	9.4	2.5	2.6
Valuation metrics					
Core EPS (sen)	211.7	223.2	244.2	250.3	256.8
Gross DPS (sen)	100.5	89.5	97.9	100.3	103.0
Div payout (%)	48	40	40	40	40
BVPS (RM)	14.9	16.9	18.2	19.6	21.1
Core P/E (x)	8.5	8.1	7.4	7.2	7.0
Div yield (%)	**5.6**	**5.0**	**5.4**	**5.6**	**5.7**
P/BV (x)	1.2	1.1	1.0	0.9	0.9

Source: Company, MBSBR

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(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

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MBSB INVESTMENT BANK (formerly known as MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology