Corporate Update

Allianz Malaysia Berhad

(1163 | ALLZ MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

Maintain **BUY**

Revised Target Price **RM23.34**
(from RM23.12)

3QFY25 Results Briefing
Continued Success

Price @ 26 November 2025 (RM)	18.54
Expected share price return (%)	+25.9
Expected dividend yield (%)	+5.7
Expected total return (%)	**+31.6**

Salient Points

Management's tone: Optimistic

Expect: ALLZ to continue posting excellent results.

Our Verdict

ALLZ is doing incredibly well. AGIC continues to leverage its economies of scale advantage to dominate the General insurance segment, while ALIM is managing healthcare insurance a lot better than its peers. With the capital outlook no longer as negative as before, we hope for a normalisation to higher dividend payout levels. Investment income windfall is a nice bonus.

Valuations

A revised SOTP-TP of RM 23.34 *(formerly RM23.12)*

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. ▲ While AGIC has already achieved its market share target, we think it has no issues capturing higher-yielding premium segments to maintain a high degree of profitability. They have to ability to grow GWP well-above the industry average.
2. ▲ ALIM continues to tackle medical inflation well and posts a respectable amount of growth.
3. ▲ ALLZ's economies of scale advantage keeps costs to a minimum, resulting in their combined ratio well below their peers.
4. ► 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. (Capital does not seem to be an issue.)
5. ▼ Monsoon season floods may drive up claims and reinsurance costs.

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)	**885**	**907**	**932**
CNP growth (%)	15	3	3
Div yield (%)	**5.5**	**5.7**	**5.8**
Gross DPS (sen)	102.7	105.4	108.2
P/BV (x)	**1.0**	**0.9**	**0.9**
BVPS (RM)	18.3	19.8	21.3
ROE (%)	**14.6**	**13.8**	**13.1**
% Street CNP (%)	**110**	**108**	**108**

KEY STATISTICS

FBM KLCI	1,624.50
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

Briefing Highlights:

► **This quarter is a mixed bag for ALIM.** The Group saw weaker agency new business in 3QFY25 – management attributes this to a holiday-laden September – and also more downtime for agents after an extremely successful and intense 1HFY25. Agents also seem to be distracted by "get-rich-quick" investment scheme sales instead.

Interestingly, bancassurance offerings are gaining a lot of traction, with Nov/Dec-25 figures unusually strong (the Group is usually agency-led). This mainly helps with the employee benefit business.

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▲ **Having achieved its 15% market share target, AGIC can focus on other things.** The priority is selective growth in high-margin segments (for both motor and non-motor categories). Management does mention that there are potential non-motor segments that could warrant further attention – but this will only be explored in FY26.

- ▲ **Strong growth in fire premiums, from both commercial and residential segments.** Interestingly, the main means of outreach is not bancassurance – instead, the Group is cross-selling and up-selling products to their huge existing customer base.
- ▼ **Possible slowdown in motor premium growth.** TIV this year has been weak. It will most likely affect AGIC's performance, given its very high (50%) penetration in the new car segment.
- ▼ **Too little info on EVs.** While ALLZ's mother company can provide info regarding other countries, this is not particularly pertinent when it comes to a Malaysian context. Ultimately, EV usage in other countries may not serve as a good precedent.

▲ **AGIC's expense ratio is outstripping that of industry peers – especially after OCC implementation.** After the implementation of Operational Cost Control (OCC) guidelines in CY24, ALLZ's peers' expense ratio ticked up – whereas ALLZ's expense ratio remained stagnant. (That being said, combined ratio is expected to increase in 4QFY25, in light of the monsoon season.)

► **Management believes the General Industry's GWP growth will slow to 4-4.5%yoy growth by end-CY25.** In contrast, AGIC's GWP growth could land at 8-9%.

▼ **Unfortunately, no confirmation whether the dividend payout of 30% will revert to the former, higher levels.** The Group maintains that this is subject to BNM's discretion. Hence, while ALLZ may be in a very ideal position, weaker performance from peers could still affect BNM's decision. There should not be a lag in dividend payouts this year (last year's payout was delayed due to extenuating circumstances).

- ► **RBC 2's impact on capital may not be overtly negative.** While management refrains from mentioning actual figures, the onset of RBC 2 could provide a lot of positive changes – most notably a reduction of the statutory CAR ratio requirement from 130% to 100%. There may also be a positive revamp of the Individual Target Capital Level (ITCL).

Forecasts revised: FY25F/26F/27F Core NP adjusted by +5%/+5%/+5%. To reflect higher-than-expected investment income.
Key downside risks. *(1) Higher claims as monsoon season hits, (2) Higher reinsurance costs, (3) Weaker-than-expected GWP growth.*

Maintain BUY call: Revised SOTP-TP of RM 23.34 ***(from RM23.12).*** This is to reflect altered earnings prospects and valuations.

(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 1: SOTP Valuation

Companies	Equity Value (RM mil)	Equity Value basis	Multiple (X)	Valuation basis	Valuation (RM mil)
AGIC	**3,348**	FY26 P/BV	**1.4**	P/BV	**4,687**
ALIM	**5,618**	FY26F P/CE	**0.6**	P/CE	**3,371**
Total sum-of-parts					**8,057**
(÷) Diluted ALLZ Share Base (mil)					345
Fair value (RM)					**23.34**

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	1,107	1,081	1,050
Net finance result	(832)	(1,177)	(790)	(829)	(869)
Total ins, inv & financial result	**1,126**	**1,218**	**1,359**	**1,390**	**1,422**
Other income	1	5	12	11	11
Other OPEX	(170)	(217)	(217)	(217)	(217)
Associates	-	-	-	-	-
PBT	**957**	**1,005**	**1,154**	**1,184**	**1,216**
Tax	(226)	(235)	(269)	(276)	(284)
NCI	-	-	-	-	-
Reported NP	**731**	**771**	**885**	**907**	**932**
Core NP	**731**	**771**	**885**	**907**	**932**

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	1,692
Total assets	**25,922**	**28,488**	**29,678**	**31,135**	**32,799**
Insurance contracts	19,316	21,220	22,281	23,395	24,565
Other liabilities	1,465	1,440	1,073	907	880
Total liabilities	**20,781**	**22,660**	**23,354**	**24,302**	**25,444**
Share capital	236	241	241	241	241
Reserves	4,370	5,057	5,553	6,061	6,584
Total equity	**5,141**	**5,828**	**6,324**	**6,832**	**7,355**
Total L&E	**25,922**	**28,488**	**29,678**	**31,135**	**32,799**

FINANCIAL RATIOS

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Profitability (%)					
ROE	11.7	11.7	14.6	13.8	13.1
ROA	3.0	3.0	3.0	3.0	2.9
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	11.6	2.3	2.3
PBT	9.5	5.1	14.8	2.6	2.7
Core NP	19.1	5.4	14.8	2.6	2.7
Valuation metrics					
Core EPS (sen)	211.7	223.2	256.2	262.8	270.0
Gross DPS (sen)	100.5	89.5	102.7	105.4	108.2
Div payout (%)	48	40	40	40	40
BVPS (RM)	14.9	16.9	18.3	19.8	21.3
Core P/E (x)	8.8	8.3	7.2	7.1	6.9
Div yield (%)	**5.4**	**4.8**	**5.5**	**5.7**	**5.8**
P/BV (x)	1.2	1.1	1.0	0.9	0.9

Source: Company, MBSBR

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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