Corporate Update

Syarikat Takaful Malaysia

(6139 | STMB MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

Maintain **BUY**

Unchanged Target Price **RM3.70**

3QFY25 Results Review
Solid GWP Growth

RETURN STATISTICS	
Price @ 25 November 2025 (RM)	3.12
Expected share price return (%)	+18.6
Expected dividend yield (%)	+5.1
Expected total return (%)	**+23.7**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.3	0.1
3 months	1.0	-2.5
12 months	-20.5	-21.8

Salient Points

Solid set of earnings, as forecasted.

Management's tone: Cautiously optimistic

Expect: Possible uptick in claims costs due to monsoon season.

Our Verdict

STMB's outlook is optimistic, with better dividend certainty, the possibility of tax issue resolution, and bright Family segment prospects.

Valuations

An unchanged FY26F P/BV of 1.83x

Current P/BV of 1.16x is cheap, trading well below the -1SD of the 10-year P/BV mean of 2.81x.

The company is currently trading at a forward FY26F P/BV of 1.54x with a +5.1% dividend yield.

Themes

1. ▲ Dividend outlook is bright: The Group is a lot more optimistic on capital levels now, post-RHB onboarding fee.
2. ▲ Family side's outlook is solid due to the Group's low reliance on agency-led medical premiums. Also, bancassurance partnerships have been bringing in a steady stream of mortgage premiums.
3. ▲ We think there is a high chance that the tax issue will be resolved, which should result in a large I/S writeback one-off.
4. ▼ General side should continue with weaker-than-industry growth, given management's pivot away from motor premiums.
5. ▼ Watch for higher reinsurance and claims expenses, especially with the monsoon season in full swing.

INVESTMENT STATISTICS			
FYE Dec	**FY25F**	**FY26F**	**FY27F**
Core NP (RM m)	**366**	**372**	**392**
CNP growth (%)	(4)	2	5
Div yield (%)	**5.0**	**5.1**	**5.4**
Gross DPS (sen)	15.6	15.9	16.7
P/BV (x)	**1.4**	**1.5**	**1.4**
BVPS (RM)	2.2	2.0	2.3
ROE (%)	**19.4**	**20.8**	**21.2**
% Street CNP (%)	**101**	**99**	**98**

Results in a nutshell:

► **9MFY25's Core NP of RM294m was *Within*/*Within* our/street forecasts: *80%*/*81%* of full-year forecasts.** We make no changes to our earnings forecast: A weaker 4QFY25 as the monsoon season should drive up claims.

▲ **Dividends announced.** DPS of 18.5 sen translates to a payout of 55% for 9MFY25.

► **9MFY25's Core net profit (NP) of RM294m down by -1%yoy.** Increased takaful and retakaful expenses, as well as higher tax charges, offset increases in takaful revenue and investment results.

▲ **3QFY25's Core NP of RM115m up by +38%qoq.** The quarter saw higher takaful revenue and investment returns, which offset higher takaful and tax expenses.

KEY STATISTICS	
FBM KLCI	1,611.74
Issue shares (m)	837.3
Estimated free float (%)	49.1
Market Capitalisation (RM'm)	2,712.5
52-wk price range	RM3.01 – RM4.16
3-mth average daily volume (m)	0.8
3-mth average daily value (RM'm)	2.6
Top Shareholders (%)	
Lembaga Tabung Haji	30.8
EPF Board	18.7
Kumpulan Wang Persaraan Diperbadan	6.5

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Have a look at:

▲ **Full cash dividend issued, with management affirming confidence in capital levels.** This came as a positive surprise, given previous worries about STMB's capital situation. This will be the only dividend payout this year – and there is no guidance regarding the quantum of future dividend payouts, or whether it will remain cash-only. Management comments that they are net positive capital generation – and that paying off their sukuk before the 10-year tenure is up is a possibility.

What's reassuring is that STMB's CAR is well above the industry average, despite having paid out ~RM800m in cash to renew its 20-year contract with RHB. Keep in mind, the capital figure this quarter has yet to reflect the RM500m sukuk issuance, with the Group padding out the hit to cash by selling investment instruments. It does not seem overly stressed about the onset of RBC 2 (for general insurers), which should come online by Jul-26.

► **Tax dispute still ongoing.** Despite a higher PBT relative to previous quarters, STMB's core net profit remains dragged by the deductibility of the banca-amortisation fee, which negatively affects tax. Thus far, ~RM22m has been given away via tax.

There is no fixed timeline for the resolution, though the Group remains optimistic given that its peers have successfully repealed this. If successful, the rebate could come in the form of a large I/S one-off (or at least several large payments).

▲ **Bright Family segment outlook, as the Group continues to repivot back to mortgage premiums.** STMB's Family premiums showed growth well above the industry average, due to its low exposure to agency-led medical premiums. While the Group does have exposure to medical premiums, these are in the form of employee benefits – and are thus not affected by the 10% MHIT premium pricing cap.

The Group continues to shift its portfolio back to residential mortgages, as personal financing premiums grow less tenable due to BNM's latest regulations. Their renewed partnership with RHB has led to a surge of mortgage premiums thus far.

To reiterate, the Group's CSM is split evenly between three main constituents: Personal financing, housing premiums via banks, and housing premiums via LPPSA. The shift away from shorter-tailed personal financing should slow down the release of future CSM.

► **Less optimism on General outlook: Expect slow growth to persist, as well as higher claims and retakaful charges.** STMB's General GWP growth continues to underperform the takaful industry, as it avoids growing its motor premium book too quickly, instead prioritising higher-margined non-motor premiums. Regardless, STMB's General GWP growth is still outstripping that of the conventional insurance industry, due to its far less competitive environment.

Be wary, however, of a higher claims ratio post monsoon season (9MFY25 value: 88-89%). Higher retakaful charges are also likely, though this will only materialise in FY26.

The Group continues to see much potential in the General space, particularly in chunky businesses such as MAT and marine takaful. Most other takaful providers lack the size to handle such large-ticket items.

Forecasts unchanged. We make no changes to our earnings forecasts. We think 4QFY25 will be a weaker quarter, due to the monsoon season driving up claims.
Key downside risks. *(1) Higher-than-expected claims, (2) Weaker GWP growth, (3) High reinsurance costs.*

Maintain BUY call: Unchanged GGM-TP of RM 3.70. The TP is based on an unchanged FY26F P/BV of 1.83x.
(GGM assumptions: *FY26F ROE of 20.8%, LTG of 4.0% & COE of 13.2%)*

FIG 1: Quarterly results

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Takaful revenue	903	867	976	-7	4	2,751	2,664	3
Takaful expenses	(849)	(833)	(862)	-1	2	(2,531)	(2,468)	3
Claims & other service exp	*(489)*	*(447)*	*(533)*	*-8*	*9*	*(1,359)*	*(1,433)*	*-5*
Incurred surplus	*(183)*	*(196)*	*(115)*	*60*	*-7*	*(632)*	*(455)*	*39*
Acquisition CF exp	*(182)*	*(178)*	*(169)*	*8*	*2*	*(505)*	*(451)*	*12*
Onerous contracts	*6*	*(5)*	*(10)*	*-157*	*-212*	*(1)*	*(29)*	*-96*
Others	*(1)*	*(6)*	*(34)*	*-98*	*-90*	*(33)*	*(99)*	*-67*
Retakaful	(12)	(12)	(9)	*31*	*-3*	(38)	(21)	*83*
Takaful service result	**42**	**22**	**105**	*-60*	*93*	**182**	**175**	*4*
Investment return	209	182	97	*116*	*15*	471	442	*6*
Net takaful finance exp	(69)	(65)	(52)	*32*	*5*	(179)	(177)	*1*
Net takaful & inv result	**182**	**138**	**150**	*22*	*32*	**473**	**441**	*7*
Other income/OPEX	(1)	(2)	(2)	*-19*	*-26*	(5)	(6)	*-4*
PBT	**181**	**136**	**148**	***22***	***33***	**468**	**435**	***8***
Tax	(59)	(47)	(44)	*33*	*25*	(160)	(128)	*24*
Zakat	(6)	(5)	(3)	*89*	*36*	(15)	(10)	*42*
Reported NP	**115**	**84**	**101**	***15***	***38***	**294**	**296**	***-1***
Core NP	**115**	**84**	**101**	***15***	***38***	**294**	**296**	***-1***
GWP	**1,006**	**960**	**1,000**	***1***	***5***	**3,294**	**3,005**	***10***
Gross DPS (sen)	**18.5**	-	-	***n.m.***	***n.m.***	**18.5**	-	***n.m.***
Core EPS (sen)	13.2	9.6	12.0	*10*	*37*	33.5	35.4	*-5*

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
ROE (Ann.)	**19.7**	**15.0**	**20.3**	***-0.6***	***4.7***	**16.8**	**20.0**	***-3.2***
Underwriting margin	**4.6**	**2.5**	**10.8**	***-6.2***	***2.1***	**6.6**	**6.6**	***0.0***
Combined*	**75.3**	**75.1**	**77.6**	***-2.4***	***0.2***	**70.6**	**76.5**	***-5.9***
Claims*	54.2	51.5	54.7	*-0.5*	*2.6*	49.4	53.8	*-4.4*
Reinsurance*	1.3	1.4	0.9	*0.4*	*-0.1*	1.4	0.8	*0.6*
Expense	19.8	22.1	22.0	*-2.3*	*-2.4*	19.8	22.0	*-2.2*

**The figures include income/expenses not normally found in a combined ratio. Thus, STMB's combined ratio may not be the most reliable profitability indicator.*

Source: Company, MBSBR

FIG 2: Quarterly results (Family)

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Takaful revenue	528	486	555	-5	9	1,623	1,484	9
Takaful expenses	(622)	(566)	(579)	7	10	(1,802)	(1,699)	6
Claims & other service exp	*(288)*	*(227)*	*(235)*	*22*	*27*	*(734)*	*(672)*	*9*
Incurred surplus	*(157)*	*(166)*	*(165)*	*-5*	*-5*	*(541)*	*(528)*	*2*
Acquisition CF exp	*(198)*	*(170)*	*(180)*	*10*	*16*	*(543)*	*(496)*	*9*
Onerous contracts	*-*	*-*	*-*	*n.m.*	*n.m.*	*-*	*-*	*n.m.*
Others	*20*	*(2)*	*1*	*>500*	*<-500*	*16*	*(2)*	*<-500*
Retakaful	0	0	3	-85	463	0	16	-98
Takaful service result	**(93)**	**(79)**	**(22)**	*327*	*18*	**(179)**	**(199)**	*-10*
Investment return	153	134	58	*162*	*14*	321	322	*-0*
Net takaful finance exp	(49)	(46)	(37)	*34*	*5*	(123)	(123)	*0*
Net takaful & inv result	**10**	**8**	**(0)**	*<-500*	*31*	**19**	**1**	*>500*
Other income/OPEX	0	(0)	0	*53*	*-248*	(0)	(1)	*-93*
PBT	**648**	**610**	**690**	*-6*	*6*	**2,196**	**1,991**	*10*
GWP	**648**	**610**	**690**	*-6*	*6*	**2,196**	**1,991**	*10*

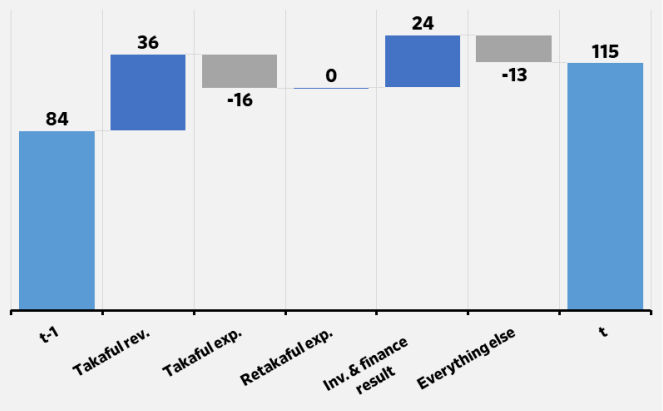
Source: Company, MBSBR

FIG 3: Quarterly results (General)

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Takaful revenue	354	351	378	-6	1	1,049	1,094	-4
Takaful expenses	(350)	(350)	(376)	-7	0	(1,039)	(1,092)	-5
Claims & other service exp	*(190)*	*(209)*	*(272)*	*-30*	*-9*	*(573)*	*(704)*	*-19*
Incurred surplus	*(26)*	*(31)*	*51*	*-152*	*-14*	*(91)*	*73*	*-226*
Acquisition CF exp	*(112)*	*(106)*	*(118)*	*-5*	*6*	*(326)*	*(364)*	*-10*
Onerous contracts	*-*	*-*	*-*	*n.m.*	*n.m.*	*-*	*-*	*n.m.*
Others	*(22)*	*(4)*	*(36)*	*-40*	*382*	*(48)*	*(97)*	*-51*
Retakaful	(10)	(10)	(9)	*9*	*1*	(31)	(26)	*17*
Takaful service result	**(6)**	**(9)**	**(7)**	*-18*	*-34*	**(20)**	**(23)**	*-13*
Investment return	17	17	13	*28*	*0*	51	42	*22*
Net takaful finance exp	(7)	(7)	(6)	*16*	*-0*	(21)	(19)	*10*
Net takaful & inv result	**4**	**1**	**(0)**	*<-500*	*357*	**10**	**(0)**	*<-500*
Other income/OPEX	0	0	0	*>500*	*72*	0	0	*160*
PBT	**4**	**1**	**0**	*>500*	*327*	**10**	**(0)**	*<-500*
GWP	**358**	**350**	**310**	*15*	*2*	**1,098**	**1,014**	*8*

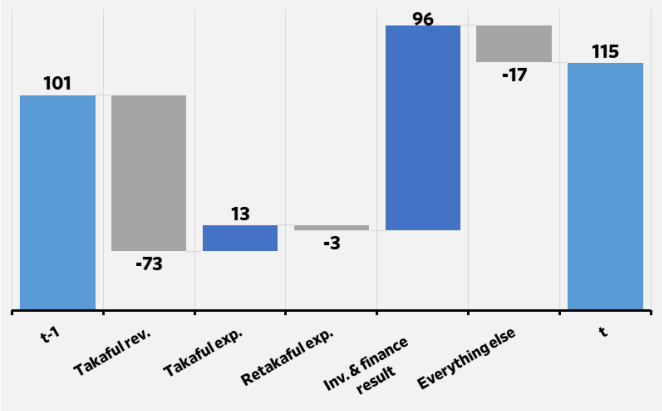
Source: Company, MBSBR

FIG 4: QoQ P/L walk (Quarterly results)



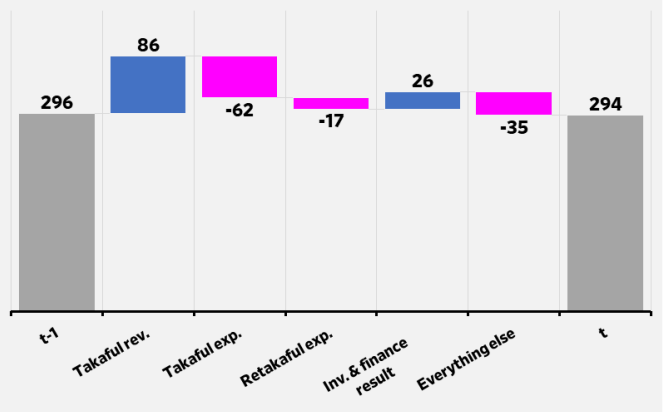
Source: Company, MBSBR

FIG 5: YoY P/L walk (Quarterly results)



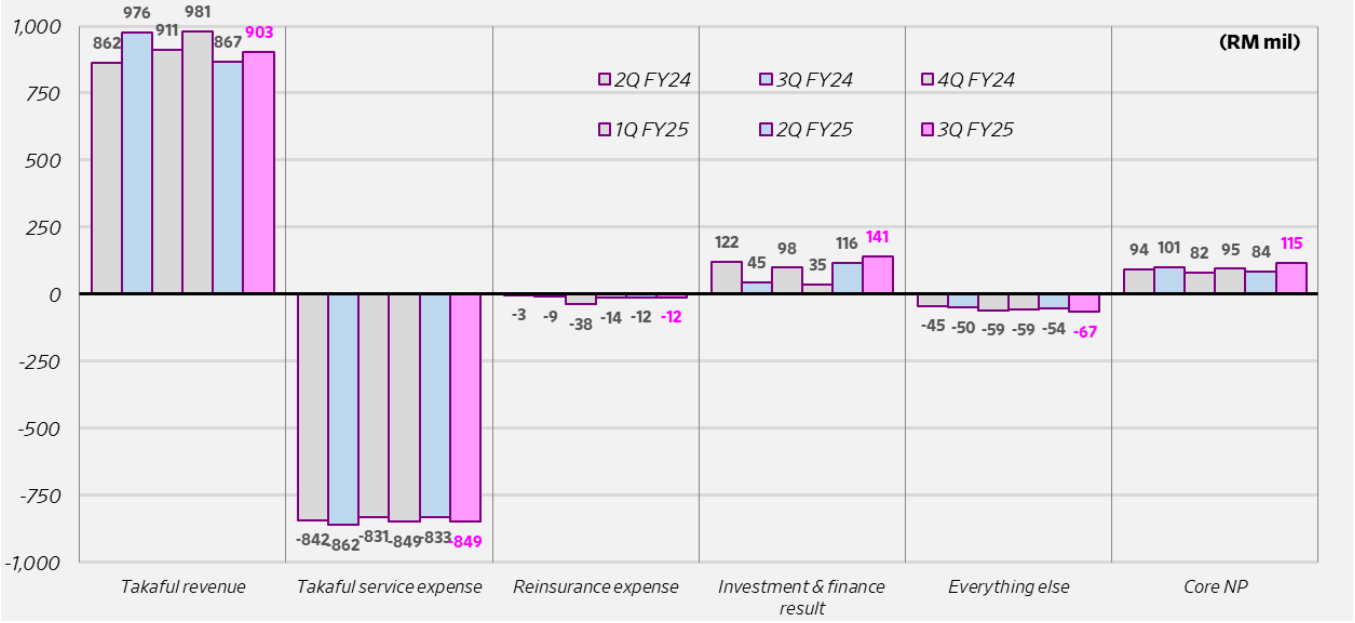
Source: Company, MBSBR

FIG 6: YoY P/L walk (Cumulative results)



Source: Company, MBSBR

FIG 7: QoQ P/L walk (Multiple Quarters)



Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Takaful revenue	2,942	3,576	4,004	4,475	5,094
Takaful service expenses	(2,839)	(3,294)	(3,710)	(4,131)	(4,706)
Retakaful expense	72	(59)	(38)	(40)	(45)
Takaful service result	**175**	**223**	**256**	**303**	**342**
Investment return	530	605	588	593	583
Net finance result	(190)	(241)	(253)	(265)	(278)
Total tak, inv & financial result	**515**	**587**	**592**	**631**	**647**
Other income	3	2	2	2	2
Other OPEX	(9)	(9)	(19)	(49)	(49)
PBT	**508**	**580**	**575**	**584**	**600**
Tax	(150)	(184)	(192)	(196)	(192)
Zakat	(10)	(13)	(16)	(16)	(16)
NCI	-	-	-	-	-
Reported NP	**347**	**383**	**366**	**372**	**392**
Core NP	**347**	**383**	**366**	**372**	**392**

BALANCE SHEET

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & ST funds	851	650	650	650	650
Takaful & Retakaful contracts	1,759	2,302	2,463	2,636	2,820
Investment securities	9,260	10,574	11,314	12,106	12,953
Other assets	2,805	3,141	3,215	3,292	3,371
Total assets	**14,676**	**16,666**	**17,642**	**18,683**	**19,794**
Takaful & Retakaful contracts	12,586	14,317	15,036	15,790	16,583
Other liabilities	376	397	725	1,127	1,200
Total liabilities	**12,962**	**14,714**	**15,760**	**16,918**	**17,782**
Share capital	241	241	241	241	241
Reserves	1,438	1,676	1,606	1,490	1,736
NCI	35	34	34	34	34
Total equity	**1,714**	**1,951**	**1,881**	**1,765**	**2,012**
Total L&E	**14,676**	**16,666**	**17,642**	**18,683**	**19,794**

Source: Company, MBSBR

FINANCIAL RATIOS

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Profitability (%)					
ROE	22.5	21.3	19.4	20.8	21.2
ROA	2.5	2.4	2.1	2.0	2.0
Combined ratio (%)	**69.5**	**71.4**	**73.2**	**72.4**	**72.2**
Claims & Expenses	71.9	69.8	72.3	71.5	71.3
Retakaful	-2.4	1.7	0.9	0.9	0.9
Growth (%)					
Takaful revenue	14.5	21.5	12.0	11.7	13.8
Takaful expense	20.3	16.0	12.6	11.4	13.9
Takaful service result	-15.2	27.6	15.1	18.1	13.0
PBT	12.0	14.2	-0.9	1.6	2.8
Core NP	22.5	10.4	-4.4	1.7	5.4
Valuation metrics					
Core EPS (sen)	39.8	43.9	42.0	42.7	45.0
Gross DPS (sen)	14.0	17.0	15.6	15.9	16.7
Div payout (%)	34	37	37	37	37
BVPS (RM)	2.0	2.2	2.2	2.0	2.3
Core P/E (x)	7.8	7.1	7.4	7.3	6.9
Div yield (%)	**4.5**	**5.4**	**5.0**	**5.1**	**5.4**
P/BV (x)	1.6	1.4	1.4	1.5	1.4

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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