Syarikat Takaful Malaysia
(6139 | STMB MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

Corporate Update

4QFY25 Results Review
Rapid Growth

Maintain **BUY**
Revised Target Price **RM3.95**
(from RM3.70)

RETURN STATISTICS	
Price @ 26 February 2026 (RM)	3.30
Expected share price return (%)	+19.7
Expected dividend yield (%)	+5.4
Expected total return (%)	**+25.1**

Salient Points

Solid set of earnings, as forecasted.

Management's tone: Neutral

Expect: Much smoother GWP growth for both Family and General segments.

Our Verdict

Fundamentals and growth prospects seem intact, coupled with better dividend yields here on out.

Valuations

A revised FY26F P/BV of 1.59x *(formerly 1.83x)*

Current P/BV of 1.27x is inexpensive, trading well below -1SD of the 10-year P/BV mean of 2.72x.

The company is currently trading at a forward FY26F P/BV of 1.33x with a +5.4% dividend yield.

Themes

1. ▲ A commitment to keep dividend payouts near the ~40% level implies pretty solid dividend yields. Capital levels should not be an issue.
2. ▲ Family side's growth continues to outperform that of the wider industry, due to the Group's low reliance on agency-led premiums. Its extensive bancassurance network prevents overexposure to any singular type of loan product.
3. ▲ General side has positively surprised us with its stronger-than-expected GWP growth. We were expecting ongoing rebalancing activity to drag GWP.
4. ► There's a high chance the tax rate dispute will be resolved, resulting in a more normalised tax rate. Unfortunately, no details on the timeline.
5. ▼ The increased frequency of adverse weather conditions should lead to elevated claims and reinsurance charges. So far, FY25 hasn't been so bad on this front, leading to more moderate retakaful repricing.

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.4	1.4
3 months	9.0	0.9
12 months	-1.5	-10.6

INVESTMENT STATISTICS			
FYE Dec	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**389**	**408**	**419**
CNP growth (%)	1	5	3
Div yield (%)	**5.4**	**5.7**	**5.8**
Gross DPS (sen)	17.8	18.7	19.2
P/BV (x)	**1.3**	**1.2**	**1.1**
BVPS (RM)	2.5	2.8	3.1
ROE (%)	**17.7**	**18.0**	**16.7**
% Street CNP (%)	**102**	**102**	

KEY STATISTICS	
FBM KLCI	1,740.94
Issue shares (m)	837.3
Estimated free float (%)	48.8
Market Capitalisation (RM'm)	2,948.0
52-wk price range	RM3.01 – RM3.67
3-mth average daily volume (m)	1.0
3-mth average daily value (RM'm)	3.2
Top Shareholders (%)	
Lembaga Tabung Haji	30.8
EPF Board	18.7
Kumpulan Wang Persaraan Diperbadan	6.5

Results in a nutshell:

► **FY25's Core NP of RM386m was *Within/Within* our/street forecasts: *105%/102%* of full-year forecasts.**

► **No dividend announcement.**

▲ **FY25's Core net profit (NP) of RM386m up by +2%yoy.** Higher takaful revenue offset increased takaful expense and tax charges.

▼ **4QFY25's Core NP of RM92m down by -20%qoq.** Unfortunately, the Group was unable to match last quarter's investment windfall.

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Have a look at:

▲ **No official dividend policy, but management makes it a point to keep it near the 40% level.** The level remains capital accretive, but the Group prefers to hold a bit of excess capital for growth. No confirmation as to whether the Group will start implementing higher frequency dividends.

▲ **Retakaful repricing may not be so severe this time.** FY25 did not stand out concerning the number of claims or severity, so there should be less repricing this time.

▲ **General side GWP growth positively surprises us.** FY25's GWP growth came in at 14%yoy, driven by strong fire and motor results. STMB was actually able to grow faster than the industry rate of 12.4%. We were expecting a much weaker result, given STMB's ongoing rebalancing measures in its general portfolio.

► **Details on credit-related products.** Being the market leader, STMB has a market share of 28% of new business for family takaful products. Margins for these products have been stable. If a particular type of loan is subject to adverse pressure, STMB is well diversified to prioritise a different loan segment, due to its tie-ups with a variety of banks. The Group finds personal financing products particularly attractive, due to their better margins and faster release.

► **STMB is involved in the government's RESET strategy.** They intend to launch a product (which we think will be a base MHIT product) to increase affordability among users.

Forecasts revised: FY26F/FY27F Core NP adjusted by +5%/+4%. To reflect stronger investment returns and faster general revenue growth in subsequent years. We also raise our dividend payout forecasts.
Key downside risks. *(1) Weaker-than-expected premium growth, (2) Elevated claims ratio, (3) Persistently high tax charges.*

Maintain BUY call: Revised GGM-TP of RM 3.95 ***(from RM3.70)***. The TP is based on a revised FY26F P/BV of 1.59x *(formerly 1.83x)*, to reflect altered earnings prospects and ROE-based valuations.

(GGM assumptions: *FY26F ROE of 17.7%, LTG of 4.0% & COE of 12.6%)*

FIG 1: Quarterly results

FYE Dec (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Takaful revenue	1,054	903	911	16	17	3,805	3,576	6
Takaful expenses	(948)	(849)	(831)	14	12	(3,478)	(3,299)	5
Claims & other service exp	*(525)*	*(489)*	*(394)*	*33*	*7*	*(1,885)*	*(1,827)*	*3*
Incurred surplus	*(182)*	*(183)*	*(344)*	*-47*	*-1*	*(814)*	*(799)*	*2*
Acquisition CF exp	*(212)*	*(182)*	*(133)*	*59*	*16*	*(717)*	*(590)*	*21*
Onerous contracts	*(6)*	*6*	*19*	*-130*	*-200*	*(7)*	*(10)*	*-32*
Others	*(23)*	*(1)*	*21*	*-208*	*>500*	*(55)*	*(78)*	*-29*
Retakaful	(13)	(12)	(38)	*-66*	*6*	(51)	(59)	*-13*
Takaful service result	**94**	**42**	**43**	*120*	*124*	**275**	**218**	*26*
Investment return	126	209	162	*-23*	*-40*	597	605	*-1*
Net takaful finance exp	(65)	(69)	(64)	*2*	*-5*	(244)	(241)	*1*
Net takaful & inv result	**154**	**182**	**141**	*9*	*-15*	**628**	**582**	*8*
Other income/OPEX	(7)	(1)	(1)	*399*	*381*	(12)	(7)	*74*
PBT	**148**	**181**	**140**	***6***	***-18***	**616**	**575**	***7***
Tax	(54)	(59)	(55)	*-3*	*-9*	(213)	(184)	*16*
Zakat	(1)	(6)	(3)	*-48*	*-78*	(16)	(13)	*23*
Reported NP	**92**	**115**	**82**	***13***	***-20***	**386**	**378**	***2***
Core NP	**92**	**115**	**82**	***13***	***-20***	**386**	**378**	***2***
GWP	**1,137**	**1,006**	**1,022**	***11***	***13***	**4,431**	**4,027**	***10***
Gross DPS (sen)	**-**	**18.5**	**17.0**	***n.m.***	***n.m.***	**18.5**	**17.0**	***n.m.***
Core EPS (sen)	10.5	13.2	9.7	*8*	*-20*	44.1	45.2	*-2*

Ratios (%)	4Q FY25	3Q FY25	4Q FY24	Yoy (ppts)	Qoq (ppts)	FY25	FY24	Yoy (ppts)
ROE (Ann.)	**16.3**	**19.7**	**17.0**	***-0.7***	***-3.4***	**17.1**	**19.7**	***-2.6***
Underwriting margin	**8.9**	**4.6**	**4.7**	***4.2***	***4.3***	**7.2**	**6.1**	***1.1***
Combined*	**74.5**	**75.3**	**57.8**	***16.7***	***-0.8***	**71.7**	**71.9**	***-0.2***
Claims*	49.8	54.2	43.3	*6.6*	*-4.3*	49.5	51.1	*-1.6*
Reinsurance*	1.2	1.3	4.2	*-3.0*	*-0.1*	1.3	1.7	*-0.3*
Expense	23.4	19.8	10.3	*13.1*	*3.7*	20.8	19.2	*1.6*

**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)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Takaful revenue	606	528	502	21	15	2,229	1,986	12
Takaful expenses	(639)	(622)	(536)	19	3	(2,441)	(2,235)	9
Claims & other service exp	*(289)*	*(288)*	*(215)*	*34*	*1*	*(1,023)*	*(887)*	*15*
Incurred surplus	*(161)*	*(157)*	*(228)*	*-30*	*3*	*(702)*	*(756)*	*-7*
Acquisition CF exp	*(189)*	*(198)*	*(106)*	*79*	*-4*	*(732)*	*(602)*	*22*
Onerous contracts	*-*	*-*	*-*	*n.m.*	*n.m.*	*-*	*-*	*n.m.*
Others	*0*	*20*	*13*	*-99*	*-99*	*16*	*11*	*49*
Retakaful	0	0	(16)	-101	-48	1	(0)	<-500
Takaful service result	**(33)**	**(93)**	**(51)**	-35	-65	**(212)**	**(249)**	-15
Investment return	83	153	121	-31	-45	404	443	-9
Net takaful finance exp	(45)	(49)	(46)	-3	-8	(168)	(169)	-1
Net takaful & inv result	**5**	**10**	**24**	-78	-49	**24**	**24**	-2
Other income/OPEX	(1)	0	0	-304	-411	(1)	(1)	-18
PBT	**661**	**648**	**660**	0	2	**2,857**	**2,651**	8
GWP	**661**	**648**	**660**	0	2	**2,857**	**2,651**	8

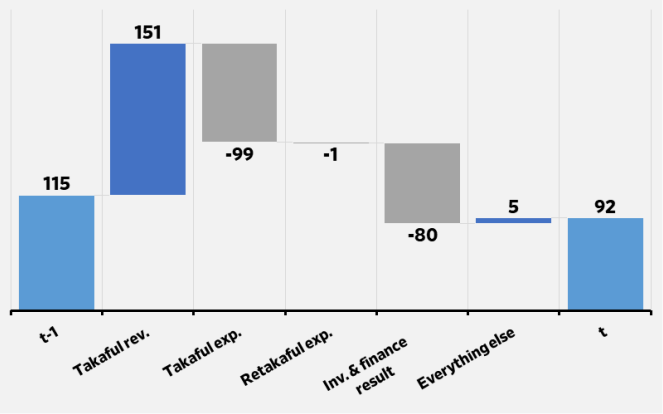
Source: Company, MBSBR

FIG 3: Quarterly results (General)

FYE Dec (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Takaful revenue	395	354	370	7	11	1,444	1,464	-1
Takaful expenses	(389)	(350)	(377)	3	11	(1,428)	(1,469)	-3
Claims & other service exp	*(224)*	*(190)*	*(152)*	*47*	*18*	*(797)*	*(856)*	*-7*
Incurred surplus	*(21)*	*(26)*	*(115)*	*-82*	*-21*	*(112)*	*(43)*	*163*
Acquisition CF exp	*(121)*	*(112)*	*(113)*	*7*	*8*	*(447)*	*(477)*	*-6*
Onerous contracts	*-*	*-*	*-*	*n.m.*	*n.m.*	*-*	*-*	*n.m.*
Others	*(23)*	*(22)*	*3*	*<-500*	*9*	*(71)*	*(94)*	*-24*
Retakaful	(10)	(10)	(9)	16	4	(41)	(35)	17
Takaful service result	**(5)**	**(6)**	**(17)**	-69	-11	**(26)**	**(40)**	-36
Investment return	17	17	16	7	-3	68	58	18
Net takaful finance exp	(7)	(7)	(7)	4	1	(28)	(26)	9
Net takaful & inv result	**4**	**4**	**(8)**	-148	1	**14**	**(9)**	-264
Other income/OPEX	0	0	0	16	-71	0	0	123
PBT	**4**	**4**	**(8)**	-149	-3	**14**	**(8)**	-272
GWP	**476**	**358**	**362**	31	33	**1,574**	**1,376**	14

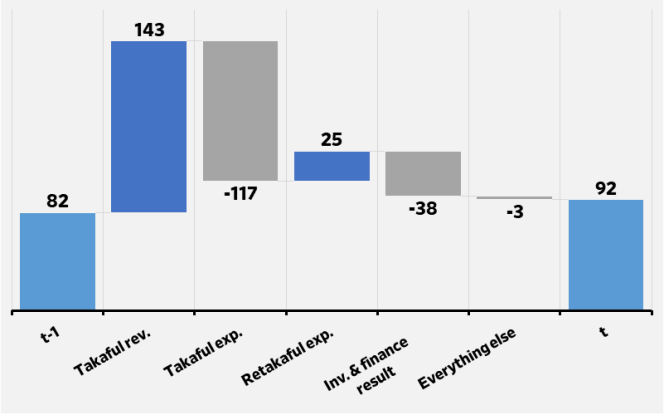
Source: Company, MBSBR

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



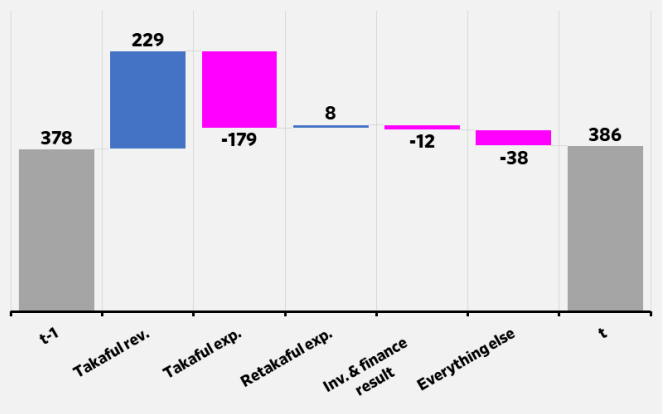
Source: Company, MBSBR

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



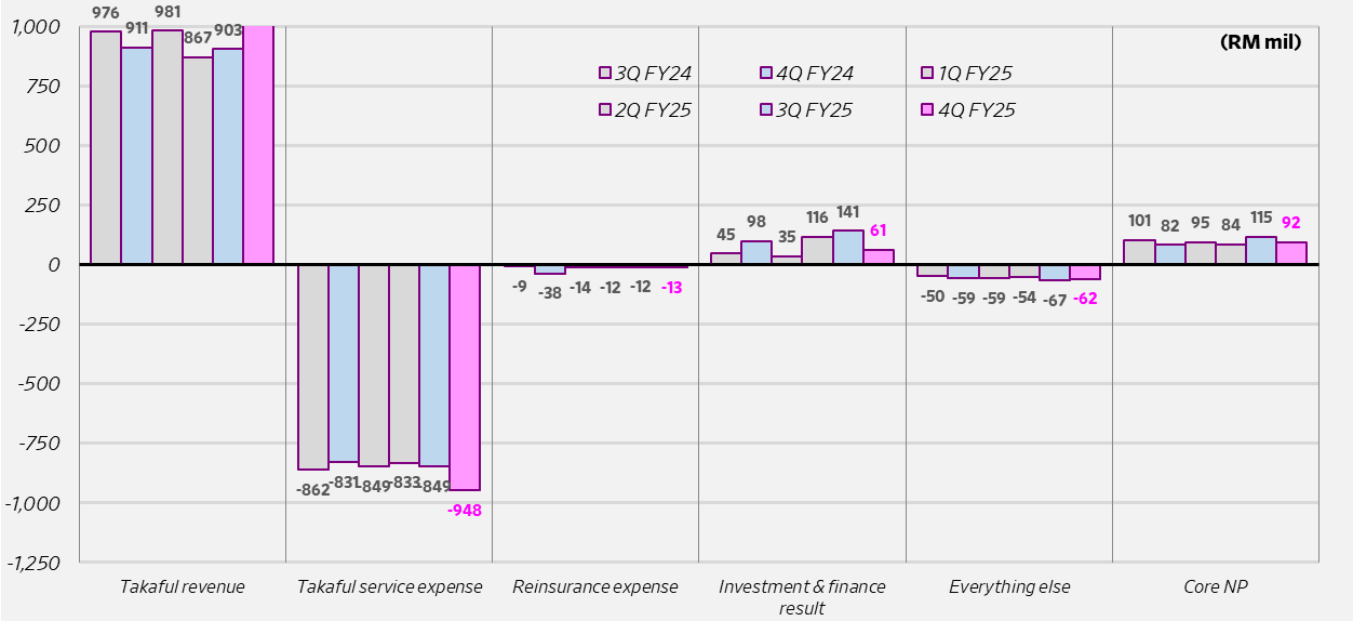
Source: Company, MBSBR

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)	FY24	FY25	FY26F	FY27F	FY28F
Takaful revenue	3,576	3,805	4,157	4,563	5,011
Takaful service expenses	(3,299)	(3,478)	(3,800)	(4,175)	(4,591)
Retakaful expense	(59)	(51)	(42)	(45)	(47)
Takaful service result	**218**	**275**	**315**	**342**	**372**
Investment return	605	597	567	581	580
Net finance result	(241)	(244)	(250)	(261)	(274)
Total tak, inv & financial result	**582**	**628**	**633**	**662**	**678**
Other income	2	3	3	3	3
Other OPEX	(9)	(15)	(15)	(15)	(15)
PBT	**575**	**616**	**620**	**650**	**666**
Tax	(184)	(213)	(215)	(225)	(231)
Zakat	(13)	(16)	(16)	(16)	(16)
NCI	-	-	-	-	-
Reported NP	**378**	**386**	**389**	**408**	**419**
Core NP	**378**	**386**	**389**	**408**	**419**

BALANCE SHEET

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & ST funds	650	1,166	1,166	1,166	1,166
Takaful & Retakaful contracts	2,339	2,588	2,770	2,964	3,171
Investment securities	10,574	11,273	12,062	12,906	13,809
Other assets	3,141	3,039	3,110	3,184	3,260
Total assets	**16,703**	**18,066**	**19,108**	**20,220**	**21,407**
Takaful & Retakaful contracts	14,354	14,804	15,546	16,324	17,141
Other liabilities	397	968	1,385	1,474	1,592
Total liabilities	**14,751**	**15,773**	**16,931**	**17,798**	**18,734**
Share capital	241	358	358	358	358
Reserves	1,676	1,903	1,786	2,031	2,283
NCI	34	33	33	33	33
Total equity	**1,951**	**2,293**	**2,177**	**2,422**	**2,673**
Total L&E	**16,703**	**18,066**	**19,108**	**20,220**	**21,407**

Source: Company, MBSBR

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Profitability (%)					
ROE	21.0	18.5	17.7	18.0	16.7
ROA	2.4	2.2	2.1	2.1	2.0
Combined ratio (%)	**71.6**	**71.4**	**72.9**	**72.7**	**72.5**
Claims & Expenses	69.9	70.0	71.9	71.7	71.6
Retakaful	1.7	1.3	1.0	1.0	0.9
Growth (%)					
Takaful revenue	21.5	6.4	9.3	9.7	9.8
Takaful expense	16.2	5.4	9.2	9.9	10.0
Takaful service result	24.7	26.4	14.5	8.5	8.6
PBT	13.2	7.1	0.8	4.7	2.5
Core NP	8.9	2.1	0.8	4.9	2.6
Valuation metrics					
Core EPS (sen)	43.2	44.1	44.4	46.6	47.8
Gross DPS (sen)	17.0	18.5	17.8	18.7	19.2
Div payout (%)	38	42	40	40	40
BVPS (RM)	2.2	2.6	2.5	2.8	3.1
Core P/E (x)	7.6	7.5	7.4	7.1	6.9
Div yield (%)	**5.2**	**5.6**	**5.4**	**5.7**	**5.8**
P/BV (x)	1.5	1.3	1.3	1.2	1.1

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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