Corporate Update

Allianz Malaysia Berhad

(1163 | ALLZ MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

Maintain **BUY**

Unchanged Target Price **RM23.74**

1QFY26 Results Review
Delayed Dividends

RETURN STATISTICS	
Price @ 25 May 2026 (RM)	20.80
Expected share price return (%)	+14.1
Expected dividend yield (%)	+4.3
Expected total return (%)	**+18.4**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.1	0.5
3 months	2.7	-2.6
12 months	11.9	0.5

INVESTMENT STATISTICS			
FYE Dec	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**954**	**972**	**1,040**
CNP growth (%)	(1)	2	7
Div yield (%)	**4.3**	**4.4**	**4.7**
Gross DPS (sen)	89.0	90.7	97.1
P/BV (x)	**1.0**	**0.9**	**0.9**
BVPS (RM)	20.1	21.9	23.9
ROE (%)	**14.5**	**13.5**	**13.2**
% Street CNP (%)	**100**	**98**	**100**

KEY STATISTICS	
FBM KLCI	1,708.50
Issue shares (m)	181.5
Estimated free float (%)	31.9
Market Capitalisation (RM'm)	3,876.8
52-wk price range	RM17.2 – RM23.3
3-mth average daily volume (m)	0.1
3-mth average daily value (RM'm)	1.7
Top Shareholders (%)	
Allianz SE	63.8
EPF Board	6.6
Kumpulan Wang Persaraan Diperbadan	3.2

Salient Points

A decent set of earnings, as forecasted. We await today's briefing for further details.

Valuations

An unchanged SOTP-TP of RM 23.74

AGIC: FY26F P/BV of 1.4x

ALIM: FY26F P/CE of 0.6x

Current P/BV of 0.59x is inexpensive, trading under -1SD of the 10-year P/BV mean of 0.76x.

Themes

1. ▲ AGIC to maintain its aggressive growth, capitalising on economies of scale and market-leading position. Having already reached its overall market share targets, AGIC's focus is now more targeted, capturing non-motor market share.
2. ▲ ALIM has also seen tremendous growth recovery, particularly in employee benefits and investment-linked product sales. Its Annualised New Business growth rate is outstripping the rest of the industry. It continues to invest heavily in all methods of distribution.
3. ▲ ALIM has been managing healthcare inflation very well, with its health loss ratios showing considerable improvement from last year. Solid take-up in co-pay products should help maintain this excellent performance.
4. ▲ Strong dividend yields. Capital constraints will likely persist as a problem (or at least delay the approval process) as ALLZ's high level of growth puts pressure on solvency.

Results in a nutshell:

► **3MFY26's Core NP of RM227m was *Within/Within* our/street forecasts: *24%/24%* of full-year forecasts.**

▲ **Dividends announced.** DPS of 35.5 sen translates to a payout of 54% for 3MFY26. This dividend was supposed to be announced in FY25, but the approval process went on longer than expected.

▲ **3MFY26's Core net profit (NP) of RM227m up by +7%yoy.** The increase was driven by higher insurance revenue, which offset the higher insurance expenses.

▼ **1QFY26's Core NP of RM227m down by -24%qoq.** The decrease was driven by weaker investment returns and a return to normalised tax expenses (as opposed to net writebacks last quarter).

Analyst

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▼ **AGIC's 3MFY26's PBT of RM154m down by -3%yoy.** Although the group saw improved revenue and lower reinsurance charges, higher insurance expenses provided the downside pressure.

▲ **AGIC's 1QFY26's PBT of RM154m up by +6%qoq.** Lower insurance expenses and higher investment returns offset higher reinsurance and net insurance finance expenses.

► **ALIM's 3MFY26's PBT of RM128m up by +1%yoy.** Higher insurance revenue and investment returns were offset by higher insurance expenses.

▼ **ALIM's 1QFY26's PBT of RM128m down by -2%qoq.** Higher insurance expenses offset improved insurance revenue and reinsurance expenses.

Forecasts unchanged. We make no changes to our earnings forecasts until tomorrow's briefing.
Key downside risks. *(1) Economic slowdown leads to weakened growth, (2) Higher-than-expected claims, (3) Further regulatory hurdles.*

Maintain BUY call: Unchanged SOTP-TP of RM 23.74.

(1) **For AGIC, we use a FY26F P/BV of 1.4x.**
(2) **For ALIM, we use an FY26F P/CE of 0.6x.**

FIG 1: SOTP Valuation

Companies	Equity Value (RM mil)	Equity Value basis	Multiple (X)	Valuation basis	Valuation (RM mil)
AGIC	**3,384**	FY26 P/BV	**1.4**	P/BV	**4,738**
ALIM	**5,696**	FY26F P/CE	**0.6**	P/CE	**3,418**
Total sum-of-parts					**8,155**
(÷) Diluted ALLZ Share Base (mil)					344
Fair value (RM)					**23.74**

Source: Company, MBSBR

FIG 2: Quarterly Results

FYE Dec (RM m)	1Q FY26	4Q FY25	1Q FY25	Yoy (%)	Qoq (%)	3M FY26	3M FY25	Yoy (%)
Insurance revenue	1,631	1,604	1,529	7	2	1,631	1,529	7
Insurance expenses	(1,241)	(1,336)	(1,119)	11	-7	(1,241)	(1,119)	11
Claims	*(856)*	*(944)*	*(774)*	11	-9	*(856)*	*(774)*	11
Acquisitions & Admin exp	*(383)*	*(404)*	*(339)*	13	-5	*(383)*	*(339)*	13
Onerous contracts	*(2)*	*12*	*(5)*	-62	-117	*(2)*	*(5)*	-62
Reinsurance	(69)	(47)	(94)	-27	47	(69)	(94)	-27
Insurance service result	**321**	**221**	**316**	2	45	**321**	**316**	2
Investment return	115	230	(113)	-201	-50	115	(113)	-201
Net insurance finance exp	(105)	(114)	126	-183	-9	(105)	126	-183
Net ins & inv result	**331**	**149**	**145**	128	123	**331**	**329**	1
Other income/OPEX	(47)	(58)	(45)	5	-19	(47)	(45)	5
Associates	-	-	-	n.m.	n.m.	-	-	n.m.
PBT	**284**	**278**	**284**	**0**	**2**	**284**	**284**	**0**
Tax	(57)	19	(72)	-21	-396	(57)	(72)	-21
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
Reported NP	**227**	**298**	**212**	**7**	**-24**	**227**	**212**	**7**
Core NP	**227**	**298**	**212**	**7**	**-24**	**227**	**212**	**7**
Gross DPS (sen)	**35.5**	**89.5**	**-**	**n.m.**	**n.m.**	**35.5**	**-**	**n.m.**
Core EPS (sen)	65.7	87.0	61.3	7	-25	65.7	61.3	7

Ratios (%)	1Q FY26	4Q FY25	1Q FY25	Yoy (ppts)	Qoq (ppts)	3M FY26	3M FY25	Yoy (ppts)
ROE (Ann.)	**14.0**	**18.9**	**13.9**	**0.1**	**-4.9**	**14.0**	**13.9**	**0.1**
Underwriting margin	**19.7**	**13.8**	**20.6**	**-0.9**	**5.9**	**19.7**	**20.6**	**-0.9**
Combined	**83.2**	**89.9**	**82.3**	**0.9**	**-6.7**	**83.2**	**82.3**	**0.9**
Claims	52.6	58.1	51.0	1.6	-5.5	52.6	51.0	1.6
Reinsurance	4.2	2.9	6.2	-1.9	1.3	4.2	6.2	-1.9
Expense	26.4	28.9	25.1	1.2	-2.5	26.4	25.1	1.2

Source: Company, MBSBR

FIG 3: Quarterly Results (General)

FYE Dec (RM m)	1Q FY26	4Q FY25	1Q FY25	Yoy (%)	Qoq (%)	3M FY26	3M FY25	Yoy (%)
Insurance revenue	918	919	862	6	-0	918	862	6
Insurance expenses	(720)	(749)	(652)	11	-4	(720)	(652)	11
Claims	*(505)*	*(528)*	*(463)*	9	-4	*(505)*	*(463)*	9
Acquisitions & Admin exp	*(214)*	*(232)*	*(187)*	15	-8	*(214)*	*(187)*	15
Onerous contracts	*(2)*	*11*	*(1)*	8	-115	*(2)*	*(1)*	8
Reinsurance	(65)	(40)	(79)	-18	62	(65)	(79)	-18
Insurance service result	**133**	**130**	**132**	1	2	**133**	**132**	1
Investment return	70	61	67	5	15	70	67	5
Net insurance finance exp	(29)	(12)	(26)	12	133	(29)	(26)	12
Net ins & inv result	**174**	**179**	**173**	1	-3	**174**	**173**	1
Other income	0	1	0	n.m.	n.m.	0	0	n.m.
Other OPEX	(20)	(34)	(14)	47	-41	(20)	(14)	47
PBT	**154**	**145**	**160**	-3	6	**154**	**160**	-3

Ratios (%)	1Q FY26	4Q FY25	1Q FY25	Yoy (ppts)	Qoq (ppts)	3M FY26	3M FY25	Yoy (ppts)
Underwriting margin	**14.5**	**14.2**	**15.3**	**-0.8**	**0.3**	**14.5**	**15.3**	**-0.8**
Combined	**87.7**	**89.5**	**86.2**	**1.4**	**-1.8**	**87.7**	**86.2**	**1.4**
Claims	55.1	56.2	53.9	1.2	-1.1	55.1	53.9	1.2
Reinsurance	7.1	4.4	9.1	-2.1	2.7	7.1	9.1	-2.1
Expense	25.5	28.9	23.2	2.3	-3.4	25.5	23.2	2.3

Source: Company, MBSBR

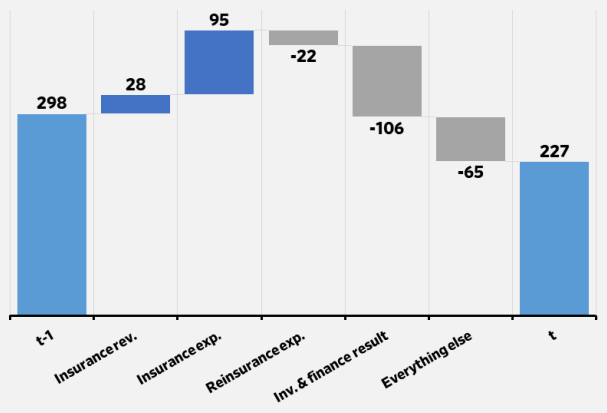
FIG 4: Quarterly Results (Life)

FYE Dec (RM m)	1Q FY26	4Q FY25	1Q FY25	Yoy (%)	Qoq (%)	3M FY26	3M FY25	Yoy (%)
Insurance revenue	713	684	666	7	4	713	666	7
Insurance expenses	(521)	(587)	(467)	11	-11	(521)	(467)	11
Claims	*(351)*	*(415)*	*(311)*	13	-15	*(351)*	*(311)*	13
Acquisitions & Admin exp	*(169)*	*(173)*	*(152)*	11	-2	*(169)*	*(152)*	11
Onerous contracts	*(0)*	*1*	*(4)*	-89	-133	*(0)*	*(4)*	-89
Reinsurance	(4)	(7)	(15)	-75	-42	(4)	(15)	-75
Insurance service result	**189**	**91**	**184**	3	107	**189**	**184**	3
Investment return	40	162	(184)	-122	-75	40	(184)	-122
Net insurance finance exp	(76)	(102)	152	-150	-26	(76)	152	-150
Net ins & inv result	**153**	**151**	**152**	1	1	**153**	**152**	1
Other income	0	0	0	n.m.	n.m.	0	0	n.m.
Other OPEX	(25)	(20)	(25)	-1	22	(25)	(25)	-1
PBT	**128**	**131**	**127**	1	-2	**128**	**127**	1

Ratios (%)	1Q FY26	4Q FY25	1Q FY25	Yoy (ppts)	Qoq (ppts)	3M FY26	3M FY25	Yoy (ppts)
Block persistency	**83.0**	**83.5**	**80.7**	**2.3**	**-0.5**	**10.2**	**11.3**	**-1.1**
Underwriting margin	**26.5**	**13.3**	**27.6**	**-1.1**	**13.2**	**26.5**	**27.6**	**-1.1**
Combined (Estimates)	**77.0**	**89.7**	**76.2**	**0.8**	**-12.7**	**77.0**	**76.2**	**0.8**
Claims	49.3	60.5	47.2	2.1	-11.2	49.3	47.2	2.1
Reinsurance	0.5	1.0	2.3	-1.8	-0.4	0.5	2.3	-1.8
Expense	27.1	28.2	26.6	0.5	-1.1	27.1	26.6	0.5

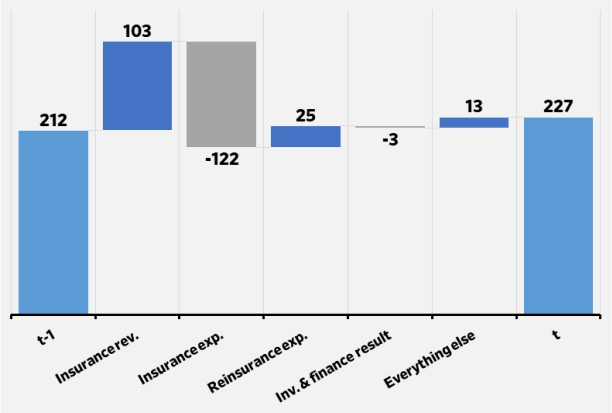
Source: Company, MBSBR

FIG 5: QoQ P/L walk (Quarterly Results)



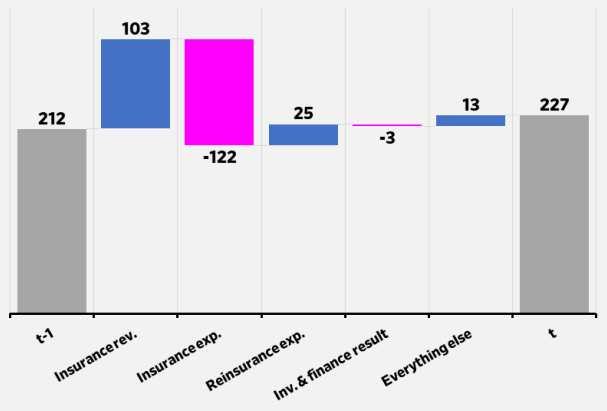
Source: Company, MBSBR

FIG 6: YoY P/L walk (Quarterly Results)



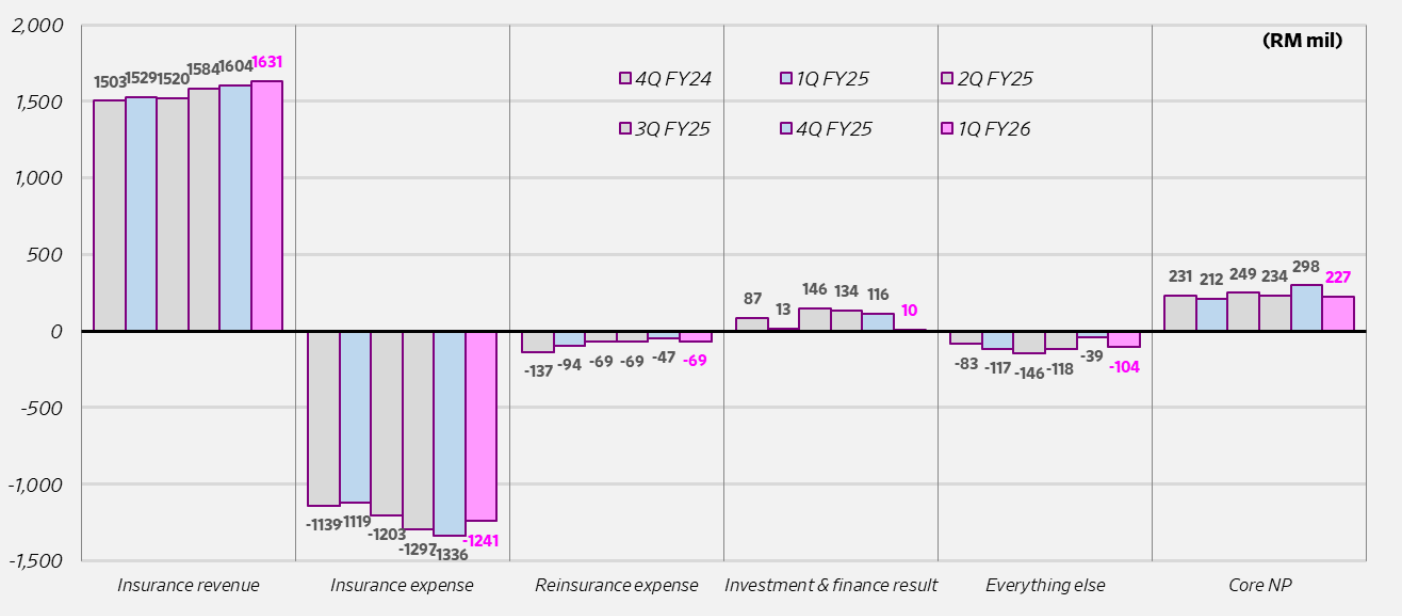
Source: Company, MBSBR

FIG 7: YoY P/L walk (Cumulative Results)



Source: Company, MBSBR

FIG 8: QoQ P/L walk (Multiple Quarters)

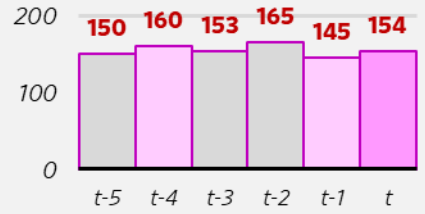


Source: Company, MBSBR

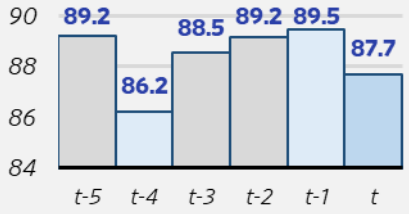
FIG 9: Quarterly Insurance Service Result Performance by Segment

1. General | Overall: ► Moderate | Qtr: +6%qoq, -3%yoy | Cum: -3%yoy

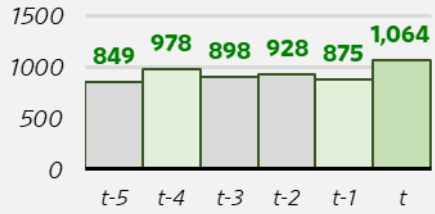
PBT (RM m)



Combined Ratio (%)



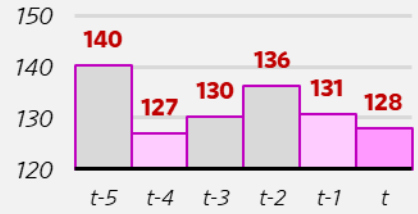
GWP (RM m)



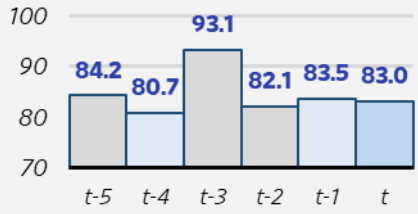
Commentary: Very strong GWP growth and a low combined ratio (both claims and reinsurance costs were well controlled) led to a moderately strong quarter.

2. Life | Overall: ▼ Weak | Qtr: -2%qoq, +1%yoy | Cum: +1%yoy

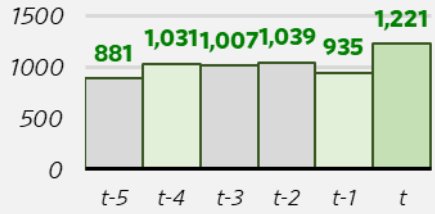
PBT (RM m)



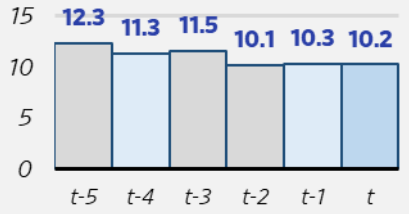
Block Persistency Ratio (%)



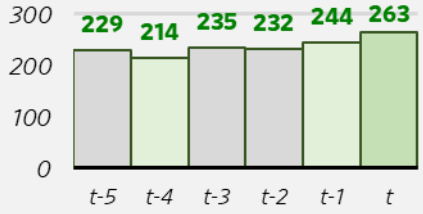
GWP (RM m)



Expense Ratio (%)



Annualised New Premium (RM m)

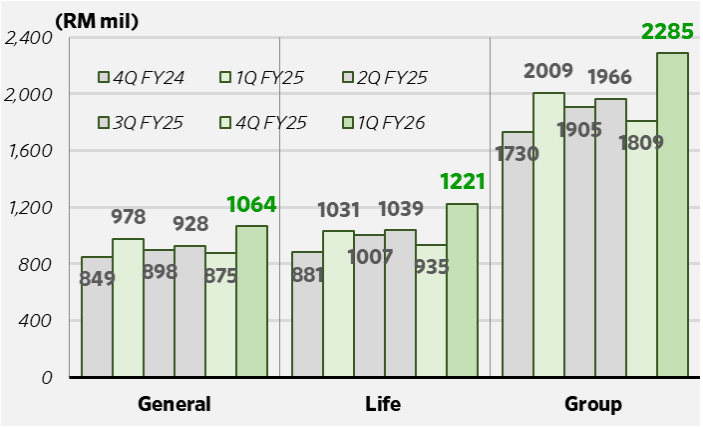


Commentary: Despite strong insurance revenue performance, weak investment returns and net insurance finance expense dragged the segment.

Source: Company, MBSBR

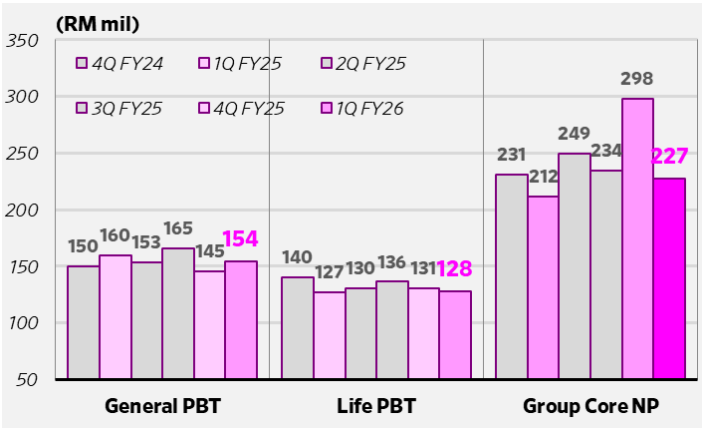
SEGMENTAL BREAKDOWN

FIG 10: GWP by Segment (Quarterly)



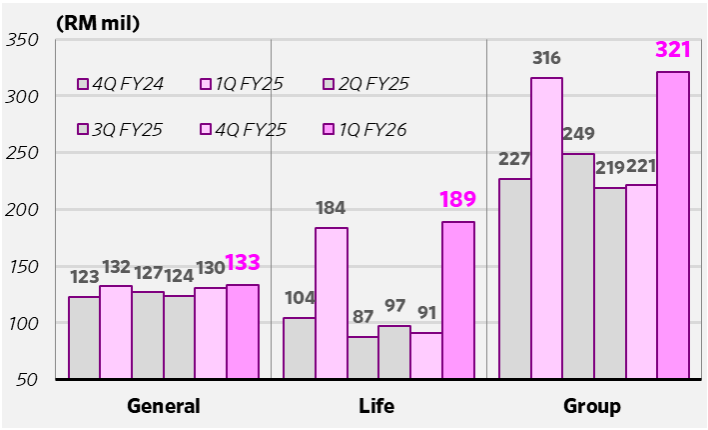
Source: Company, MBSBR

FIG 11: PBT by Segment, with Group Core NP (Quarterly)



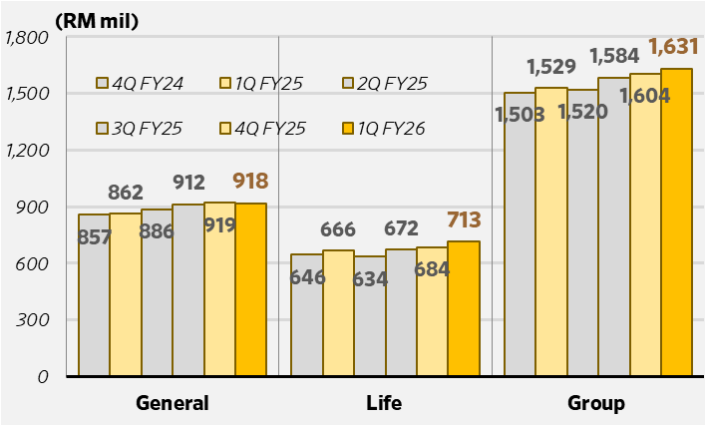
Source: Company, MBSBR

FIG 12: Insurance Service Result by Segment (Quarterly)



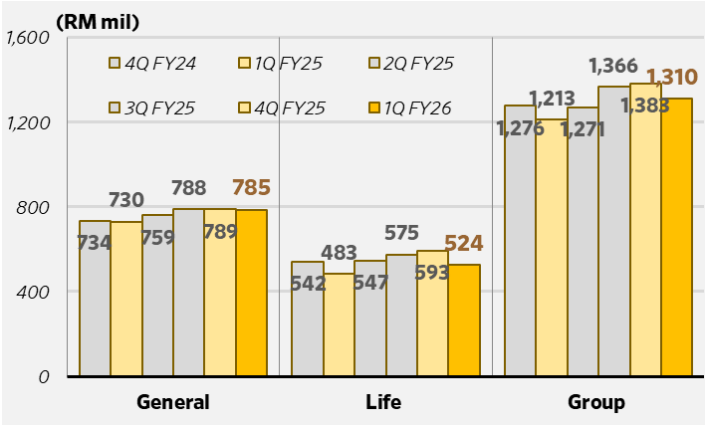
Source: Company, MBSBR

FIG 13: Insurance Revenue by Segment (Quarterly)



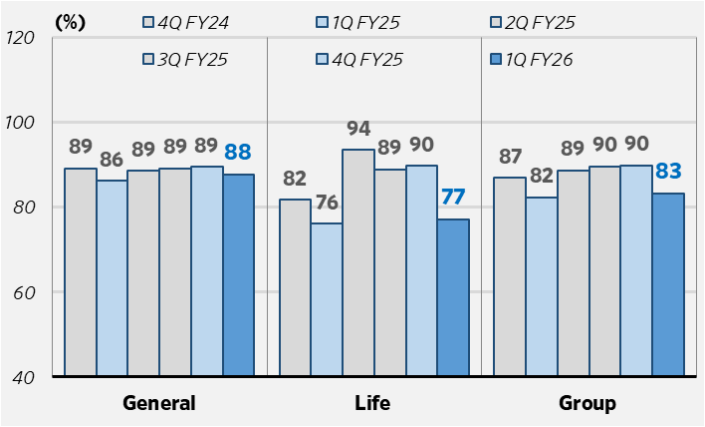
Source: Company, MBSBR

FIG 14: Insurance & Reinsurance Expenses by Segment (Quarterly)



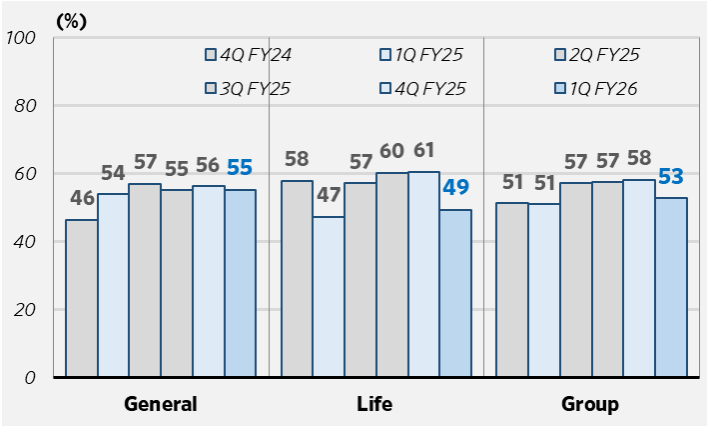
Source: Company, MBSBR

FIG 15: Combined Ratio by Segment (Quarterly)



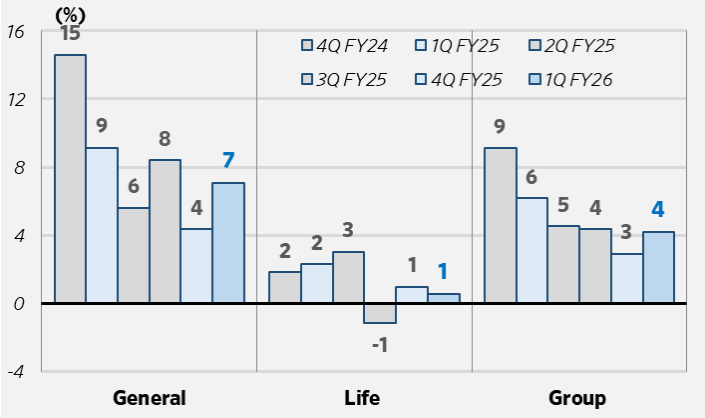
Source: Company, MBSBR

FIG 16: Claims Ratio by Segment (Quarterly)



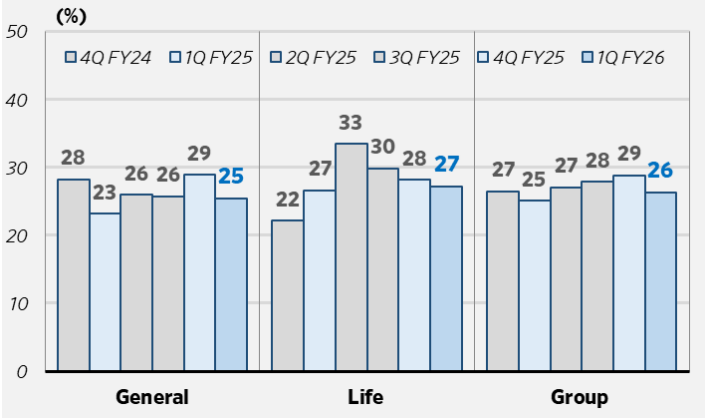
Source: Company, MBSBR

FIG 17: Reinsurance Ratio by Segment (Quarterly)



Source: Company, MBSBR

FIG 18: Expense Ratio by Segment (Quarterly)



Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Insurance revenue	5,651	6,237	6,821	7,462	8,163
Insurance service expenses	(4,553)	(4,989)	(5,562)	(6,085)	(6,656)
Reinsurance expense	(280)	(279)	(319)	(351)	(386)
Insurance service result	**818**	**969**	**940**	**1,026**	**1,120**
Investment return	1,577	1,058	1,112	1,080	1,104
Net finance result	(1,177)	(660)	(676)	(708)	(742)
Total ins, inv & financial result	**1,218**	**1,367**	**1,376**	**1,398**	**1,482**
Other income	5	26	11	11	11
Other OPEX	(217)	(228)	(228)	(228)	(228)
Associates	-	-	-	-	-
PBT	**1,005**	**1,166**	**1,160**	**1,181**	**1,265**
Tax	(235)	(207)	(206)	(210)	(224)
NCI	-	-	-	-	-
Reported NP	**771**	**959**	**954**	**972**	**1,040**
Core NP	**771**	**959**	**954**	**972**	**1,040**

BALANCE SHEET

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & ST funds	2,027	1,788	1,788	1,788	1,788
Investment securities	25,121	27,128	28,484	29,909	31,404
Other assets	1,341	1,579	1,571	1,745	1,938
Total assets	**28,488**	**30,495**	**31,843**	**33,441**	**35,130**
Insurance contracts	21,220	22,371	23,489	24,664	25,897
Other liabilities	1,440	1,837	1,448	1,240	1,020
Total liabilities	**22,660**	**24,208**	**24,937**	**25,904**	**26,917**
Share capital	241	256	256	256	256
Reserves	5,057	5,516	6,135	6,766	7,441
Total equity	**5,828**	**6,287**	**6,906**	**7,537**	**8,213**
Total L&E	**28,488**	**30,495**	**31,843**	**33,441**	**35,130**

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Profitability (%)					
ROE	11.7	12.7	14.5	13.5	13.2
ROA	3.0	4.0	3.1	3.0	3.0
Combined ratio (%)	**85.5**	**84.5**	**86.2**	**86.2**	**86.3**
Claims	56.4	55.9	55.8	55.8	55.8
Expenses	24.2	24.1	25.7	25.7	25.7
Reinsurance	5.0	4.5	4.7	4.7	4.7
Growth (%)					
Insurance revenue	14.4	10.4	9.4	9.4	9.4
Insurance expense	16.9	9.6	11.5	9.4	9.4
Insurance service result	0.2	18.5	-3.0	9.2	9.2
Net ins & investment result	8.2	12.2	0.7	1.6	6.0
PBT	5.1	15.9	-0.5	1.9	7.1
Core NP	5.4	24.4	-0.5	1.9	7.1
Valuation metrics					
Core EPS (sen)	224.4	279.1	277.7	282.9	302.9
Gross DPS (sen)	89.5	89.5	89.0	90.7	97.1
Div payout (%)	40	32	32	32	32
BVPS (RM)	17.0	18.3	20.1	21.9	23.9
Core P/E (x)	9.3	7.5	7.5	7.4	6.9
Div yield (%)	**4.3**	**4.3**	**4.3**	**4.4**	**4.7**
P/BV (x)	1.2	1.1	1.0	0.9	0.9

Source: Company, MBSBR

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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