

27 February 2026

Syarikat Takaful M'sia Keluarga

Solid Close

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TAKAFUL's FY25 net earnings (+2%) were within expectations. Amid the recent incidences of flooding, the group did not experience significant rise to claims which could mitigate retakaful premium repricing pressures. Still, while this may result in higher inherent risk in fire class takaful products, the group's heavier focus on its credit-related offerings should defend earnings sustainably. Maintain OUTPERFORM and TP of RM4.40.

FY25 within expectations. TAKAFUL's FY25 net profit of RM384.7m made up 99% of our full-year forecast and 103% of consensus full-year estimate.

YoY, FY25 takaful service results surged by 26% thanks to stronger demand for general takaful products (+14%) for fire and motor coverage while credit-related family takaful products (+2%) grew moderately. Despite the larger topline, net profit for the year only increased by 2% from relatively lower net investment returns in addition to higher effective taxes incurred (37.3%, +3.1 ppts).

QoQ, 4QFY25 net profit fell by 21% mainly on the back of softer investment income against a stronger fair value gains seen in 3QFY25.

Highlights. TAKAFUL continues to benefit from solid traction in its core credit-related family takaful segment, which accounts for approximately 77% of its family takaful portfolio. The recent commencement of its renewed 20-year Bancatakaful partnership with RHB Bank is already contributing to improved business momentum, particularly in mortgage-related underwriting, supported by the bank's strong retail banking franchise and steady housing loan pipeline.

On the general takaful front, management is focused on further diversifying its product mix beyond motor, which currently makes up about 56% of the general takaful portfolio. Increasing exposure to non-motor segments is intended to enhance portfolio resilience and improve risk dispersion, thereby supporting more stable underwriting performance over the medium term.

In relation to the recent flood incidents, management does not expect a material spike in claims, as existing retakaful protection remains adequate to absorb potential losses. However, the impact may be felt with a lag into FY26, as retakaful operators are likely to reprice their contracts to reflect the heightened frequency and severity of climate-related risks. This is expected to translate into higher retakaful costs for TAKAFUL, a trend that is likely to be observed across the industry.

Forecasts. We tweak our FY26F earnings slightly post-model updates. Meanwhile, we introduce our FY27F numbers.

Maintain OUTPERFORM and unchanged TP of RM4.40. Our TP is based on a 1.6x FY26F PBV. This comes at a discount against the industry average PBV of 1.8x on the back of: (i) lower net margin of <10% (vs. peers of 17%). Still, the increase in dividend prospects to c.6% could be attractive for yield seekers supported by stronger ROEs of 18%-20%. TAKAFUL's lower sensitivity to detariffication is further emphasised with the strong growth seen in its other business segments. On the other hand, its leading ROE against peers could make up for its softer performing metrics. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us.

OUTPERFORM ↔

Price : **RM3.30**
Target Price : **RM4.40 ↔**

Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	6.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	STMB MK Equity
Market Cap (RM m)	2,878.2
Shares Outstanding	872.2
52-week range (H)	3.66
52-week range (L)	3.03
3-mth avg. daily vol.	936,945
Free Float	49%
Beta	0.53

Major Shareholders

Lembaga Tabung Haji	30.8%
Employees Provident Fund	18.1%
Kumpulan Wang Persaraan	6.9%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Takaful Revenue	3,805	3,995	4,492
Takaful Results	275	276	294
Net Financial Results	-244	-251	-248
Pre-tax Profit	616	566	587
Net Profit	385	395	409
Core Net Profit	385	395	409
Consensus (NP)	-	383	400
Earnings Revision (%)	-	-1.6%	NEW
Core EPS (sen)	45.9	47.1	48.9
Core EPS Growth (%)	1.7%	2.6%	3.7%
DPS (sen)	18.5	19.0	20.0
BVPS (RM)	2.70	2.74	2.91
ROE (%)	18.4	17.3	17.3
PER (x)	7.2	7.0	6.7
PBV (x)	1.2	1.2	1.1
Net Div. Yield (%)	5.6	5.8	6.1

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Risks to our call include: (i) lower premium underwritten, (ii) higher-than-expected claims incurred, and (iii) higher-than-expected management expense ratio.

Results Highlights

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Takaful Revenue	1,054.2	902.8	16.8%	911.3	15.7%	3,804.7	3,575.8	6.4%
Takaful Service Result before Retakaful	106.6	53.9	98.0%	80.6	32.3%	326.7	276.9	18.0%
Net retakaful contracts income/(expense)	-12.9	-12.1	6.4%	-38.1	-66.2%	-51.2	-59.1	-13.3%
Takaful Service Results	93.8	41.8	124.4%	42.6	120.4%	275.4	217.8	26.4%
Net Investment Income	125.8	209.2	-39.9%	162.5	-22.6%	596.6	604.7	-1.3%
Net Takaful Financial Results	-65.2	-68.6	-4.9%	-64.0	1.9%	-244.3	-240.7	1.5%
Other Income	1.0	1.2	-21.2%	0.6	50.5%	2.8	2.4	17.7%
Other operating expenses	-7.7	-2.6	193.1%	-2.0	286.8%	-14.9	-9.3	59.9%
Profit before tax expense and zakat	147.6	181.0	-18.4%	139.7	5.7%	615.7	574.9	7.1%
Tax and zakat	-55.3	-65.7	-15.8%	-58.1	-4.8%	-229.5	-196.8	16.6%
Minority interest	-1.4	0.1	N.M.	0.5	-381.9%	-1.4	0.1	N.M.
Net Profit	90.9	115.4	-21.2%	82.1	10.8%	384.7	378.2	1.7%
Core Net Profit	90.9	115.4	-21.2%	82.1	10.8%	384.7	378.2	1.7%
Takaful Service Expense Margin (To Takaful Revenue)	89.9%	94.0%		91.2%		91.4%	92.3%	
Net Takaful Service Margin (To Takaful Revenue)	8.9%	4.6%		4.7%		7.2%	6.1%	
Effective Tax and Zakat Rate	37.4%	36.3%		41.6%		37.3%	34.2%	
Annualised Return on Equity (ROE)	16.1%	19.8%		16.8%		17.1%	20.0%	
Total Assets	18,066.1	17,811.5		16,665.8		18,066.1	16,665.8	
Total Liabilities	15,772.7	15,441.9		14,714.3		15,772.7	14,714.3	
Total Shareholders' Funds	2,260.9	2,337.2		1,951.4		2,260.9	1,951.4	
Book Value per Share (RM)	2.58	2.67		2.33		2.62	2.27	

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
NON-BANK FINANCIAL INSTITUTIONS																	
AEON CREDIT SERVICE M BHD	OP	5.87	6.25	6.5%	2,997.3	N	02/2026	69.7	86.0	-3.9%	23.4%	8.4	6.8	1.0	12.3%	28.0	4.8%
BURSA MALAYSIA BHD	MP	9.03	8.80	-2.5%	7,308.0	Y	12/2026	35.3	35.9	14.1%	1.7%	25.6	25.2	9.0	35.5%	34.0	3.8%
CTOS DIGITAL BHD	OP	0.790	0.790	0.0%	1,797.3	Y	12/2026	4.3	4.1	11.8%	-4.1%	18.5	19.3	2.9	15.9%	3.2	4.1%
LPI CAPITAL BERHAD	OP	15.30	16.00	4.6%	6,095.3	N	12/2026	96.2	99.2	4.2%	3.1%	15.9	15.4	2.5	15.6%	88.0	5.8%
SYARIKAT TAKAFUL MSIA KELUARGA BHD	OP	3.30	4.40	33.3%	2,878.2	Y	12/2026	47.1	48.9	2.6%	3.7%	7.0	6.7	1.2	17.3%	19.0	5.8%
SECTOR AGGREGATE					21,076					3.9%	7.3%	13.9	12.9	2.3	16.6%		4.8%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★	☆	
	Workforce Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★	★	
	Anti-corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Cybersecurity/Data Privacy	★	★	★		
	Digitalisation & Innovation	★	★	★	☆	
	Financial Inclusion	★	★	★	★	
	Ethical Practices	★	★	★		
	Legal & Regulatory Compliance	★	★	★		
	Customer Experience	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

- OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
- MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
- UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

- OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
- NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
- UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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