

29 May 2026

Syarikat Takaful M'sia Keluarga

Building for Sustainability

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TAKAFUL's 1QFY26 net earnings (+7%) met expectations, though largely supported by stronger investment income. The group continues to work towards increasing its exposure to non-credit-related family takaful products and non-motor general takaful offerings to enhance portfolio sustainability and earnings resilience. We remain optimistic that the recent renewal of its Bancatakal partnerships will continue to support growth momentum. **Maintain OUTPERFORM and TP of RM4.40.**

1QFY26 within expectations. TAKAFUL's 1QFY26 net profit of RM101m came in at 26% of both our full-year forecast and consensus full-year estimates.

YoY, 1QFY26 takaful service results dipped by 33%, though mostly attributed to a higher base of credit-related family takaful products (-15%) in the prior year, spurred by higher volumes of personal financing applications then. Meanwhile, other key family takaful (medical) and general takaful (motor, fire, personal accidents) saw higher contributions YoY. With net investment income improving by 85%, 1QFY26 net profit reported a 7% growth.

QoQ, 1QFY26 net profit rose by 11% mostly from the support of higher investment gains during the period.

Highlights. Going forward, we anticipate TAKAFUL to continue leveraging on its strong Bancatakal partnerships with RHB Bank Berhad and Bank Islam Malaysia Berhad, benefiting from their extensive retail banking franchises and financing pipelines. Notably, the group has been actively expanding beyond its traditional credit-related offerings, which still account for 60%-70% of family takaful products. with growing traction seen in the employee benefits segment, supporting portfolio diversification.

Meanwhile, within general takaful, motor products now make up 58% of the portfolio. The group remains focused on further diversifying beyond motor insurance to strengthen portfolio resilience and improve risk dispersion, which should support more stable underwriting performance over the medium term.

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

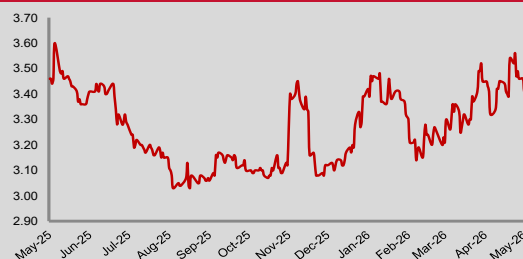
Maintain OUTPERFORM and unchanged TP of RM4.40. Our TP is based on a 1.6x FY26F PBV. This comes at a discount against the industry average PBV of 1.8x on the back of: (i) lower net margin of <10% (vs. peers of 17%). Still, the increase in dividend prospects to c.6% could be attractive for yield seekers 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.

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

OUTPERFORM ↔

Price : **RM3.42**
Target Price : **RM4.40** ↔

Share Price Performance



| | |
|---------------------|----------|
| KLCI | 1,684.93 |
| YTD KLCI chg | 0.3% |
| YTD stock price chg | 10.3% |

Stock Information

| | |
|-----------------------|----------------|
| Shariah Compliant | Yes |
| Bloomberg Ticker | STMB MK Equity |
| Market Cap (RM m) | 2,982.9 |
| Shares Outstanding | 872.2 |
| 52-week range (H) | 3.60 |
| 52-week range (L) | 3.03 |
| 3-mth avg. daily vol. | 605,460 |
| Free Float | 49% |
| Beta | 0.56 |

Major Shareholders

| | |
|--------------------------|-------|
| Lembaga Tabung Haji | 30.8% |
| Employees Provident Fund | 18.1% |
| Kumpulan Wang Persaraan | 7.1% |

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 |

29 May 2026

Results Highlights

| | 1Q | 4Q | QoQ | 1Q | YoY | 3M | 3M | YoY |
|--|--------------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|
| FYE Dec (RM m) | FY26 | FY25 | Chg | FY25 | Chg | FY26 | FY25 | Chg |
| Takaful Revenue | 977.0 | 1,054.2 | -7.3% | 980.6 | -0.4% | 977.0 | 980.6 | -0.4% |
| Takaful Service Result before Retakaful | 94.2 | 106.6 | -11.6% | 132.1 | -28.6% | 94.2 | 132.1 | -28.6% |
| Net retakaful contracts income/(expense) | -14.5 | -12.9 | 12.7% | -13.8 | 4.8% | -14.5 | -13.8 | 4.8% |
| Takaful Service Results | 79.8 | 93.8 | -15.0% | 118.2 | -32.6% | 79.8 | 118.2 | -32.6% |
| Net Investment Income | 147.9 | 125.8 | 17.5% | 80.0 | 84.8% | 147.9 | 80.0 | 84.8% |
| Net Takaful Financial Results | -62.6 | -65.2 | -4.0% | -45.0 | 39.1% | -62.6 | -45.0 | 39.1% |
| Other Income | 0.7 | 1.0 | -32.2% | 0.4 | 68.1% | 0.7 | 0.4 | 68.1% |
| Other operating expenses | -7.4 | -7.7 | -3.1% | -2.5 | 200.3% | -7.4 | -2.5 | 200.3% |
| Profit before tax expense and zakat | 158.2 | 147.6 | 7.2% | 151.1 | 4.7% | 158.2 | 151.1 | 4.7% |
| Tax and zakat | -58.2 | -55.3 | 5.2% | -56.5 | 2.9% | -58.2 | -56.5 | 2.9% |
| Minority interest | 1.0 | -1.4 | -168.5% | -0.1 | N.M. | 1.0 | -0.1 | N.M. |
| Net Profit | 101.0 | 90.9 | 11.0% | 94.5 | 6.8% | 101.0 | 94.5 | 6.8% |
| Core Net Profit | 101.0 | 90.9 | 11.0% | 94.5 | 6.8% | 101.0 | 94.5 | 6.8% |
| Takaful Service Expense Margin (To Takaful Revenue) | 90.4% | 89.9% | | 86.5% | | 90.4% | 86.5% | |
| Net Takaful Service Margin (To Takaful Revenue) | 8.2% | 8.9% | | 12.1% | | 8.2% | 12.1% | |
| Effective Tax and Zakat Rate | 36.8% | 37.4% | | 37.4% | | 36.8% | 37.4% | |
| Annualised Return on Equity (ROE) | 17.1% | 16.1% | | 17.8% | | 17.1% | 17.8% | |
| Total Assets | 18,256.0 | 18,066.1 | | 17,187.2 | | 18,256.0 | 17,187.2 | |
| Total Liabilities | 15,868.9 | 15,772.7 | | 15,025.4 | | 15,868.9 | 15,025.4 | |
| Total Shareholders' Funds | 2,356.0 | 2,260.9 | | 2,128.4 | | 2,356.0 | 2,128.4 | |
| Book Value per Share (RM) | 2.69 | 2.58 | | 2.54 | | 2.69 | 2.54 | |

Source: Company, Kenanga Research

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29 May 2026

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 | 5.96 | 6.25 | 4.9% | 3,043.3 | N | 02/2027 | 78.2 | 86.5 | 3.4% | 10.6% | 7.6 | 6.9 | 0.9 | 12.7% | 31.5 | 5.3% |
| BURSA MALAYSIA BHD | OP | 8.48 | 9.25 | 9.1% | 6,862.9 | Y | 12/2026 | 37.0 | 36.4 | 19.8% | -1.6% | 22.9 | 23.3 | 8.4 | 37.1% | 35.0 | 4.1% |
| CTOS DIGITAL BHD | OP | 0.610 | 0.830 | 36.1% | 1,387.8 | Y | 12/2026 | 4.3 | 4.1 | 11.8% | -4.1% | 14.3 | 14.9 | 2.2 | 15.9% | 3.2 | 5.2% |
| 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 | 3.42 | 4.40 | 28.7% | 2,982.9 | Y | 12/2026 | 47.1 | 48.9 | 2.6% | 3.7% | 7.3 | 7.0 | 1.2 | 17.3% | 19.0 | 5.6% |
| WELL CHIP GROUP BHD | OP | 1.34 | 2.00 | 49.3% | 804.0 | N | 12/2026 | 17.7 | 19.7 | 23.2% | 11.5% | 7.6 | 6.8 | 1.4 | 19.7% | 6.2 | 4.6% |
| SECTOR AGGREGATE | | | | | 21,176 | | | | | 7.6% | 4.3% | 12.6 | 12.1 | 2.1 | 16.8% | | 5.1% |

Source: Kenanga Research

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29 May 2026

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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