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Headline	Syarikat Takaful 2Q Net Profit Slips on Lower Sales from Family Takaful Business				

KUALA LUMPUR (Aug 25): Syarikat Takaful Malaysia Keluarga Bhd's net profit fell 7.24% year-on-year to RM75.09 million for the second quarter ended June 30, 2020 (2QFY20), from RM80.95 million last year, mainly due to lower sales generated by family takaful business.

Quarterly revenue was also 23.37% lower at RM515.73 million, from RM672.98 million in 2QFY19, according to a filing with Bursa Malaysia today.

Family takaful business recorded gross earned contributions of RM275.78 million for 2QFY20, 40.64% lower compared with RM464.56 million for the same quarter last year, mainly due to lower sales from credit-related products as the business activities were impacted by the Movement Control Order (MCO) and the Conditional Movement Control Order (CMCO) arising from the Covid-19 pandemic.

Meanwhile, the general takaful business generated gross earned contributions of RM162.8 million, a 2.05% decline from RM166.2 million for 2QFY19, mainly due to the fire class as the business activities were impacted by the MCO and CMCO arising from the Covid-19 pandemic.

On a quarter-on-quarter basis, the company reported a 26.09% decline in net profit from RM101.59 million, while revenue slipped 43.51% from RM913.04 million. "The decrease in profit was mainly attributable to lower net wakalah fee income arising from lower sales generated from family takaful," said Syarikat Takaful.

For the cumulative six months ended June 30, 2020, Syarikat Takaful's net profit was flat (-0.41%) at RM176.67 million, from RM177.39 million last year, while revenue fell 10.2% to RM1.43 billion, from RM1.59 billion.

On current year's prospects, Syarikat Takaful said the Covid-19 pandemic and associated economic impact are posing some challenges and many uncertainties to the Malaysian economy and insurance and takaful industry.

"The group is adjusting for a very different market and operating landscape as concerns on job security remain heightened and consumers will be more cautious on their spending," said the company, adding that it is expected that economic activities will take some time to recover.

To sustain its market leading position and to support business growth and customer centricity, Syarikat Takaful said the group will continue with its innovative strategies via the implementation of its digital strategy, online solutions and digital ecosystem, expansion of its distribution capabilities, strategic partnerships with leading Islamic banks and brand awareness initiatives.

Shares in Syarikat Takaful closed five sen or 0.99% lower at RM5 today, valuing it at RM4.15 billion