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Syarikat Takaful Malaysia Keluarga's 3Q net profit falls on lower family takaful sales

KUALA LUMPUR (Nov 24): Syarikat Takaful Malaysia Keluarga Bhd (STMKB) saw lower family takaful product sales in the third quarter ended Sept 30, 2020 (3QFY20), resulting in its net profit declining by 26.74% to RM82.6 million, from RM112.34 million in the corresponding quarter last year.

Quarterly revenue declined marginally by 0.01% to RM753.47 million from RM753.51 million, the group said in a filing today.

The decline in revenue was mainly due to lower sales generated from its family takaful business, while its net profit was lower on account of lower net wakalah fee income, in line with slower sales from the family takaful business, STMKB said.

The family takaful business recorded gross earned contributions of RM483.7 million during the quarter, down from the RM543.7 million a year earlier, on lower sales from credit-related services amid Covid-19.

Net benefits and claims for the family takaful business declined 3% year-on-year to RM200.9 million on lower medical claims. The segment saw marginally higher investment income of RM71.5 million, against RM70.4 million previously, on higher profits from fixed-income investments.

The segment also recorded higher fair value gains of RM24.2 million, following a better equity market performance in its most recent financial quarter.

For the nine months ended Sept 30, STMKB's total net profit was down by 10.51% at RM259.27 million, from RM289.73 million in the corresponding nine months last year. Revenue declined 6.9% to RM2.18 billion from RM2.34 billion.

On its prospects, STMKB said it is adjusting to a very different market and operating landscape, as job security concerns remain high and consumer spending takes on a more cautious tone.

As such, it said it will be vigilant and cautious in managing business growth and risk profile.

“As a pioneer and early adopter of online distribution and new digital technologies in supporting our distribution channels, we are able to eliminate some sales and operational challenges faced during the Covid-19 pandemic period.

“Particularly, we have a wide range of online takaful products; customers can easily access our affordable online insurance solutions at their fingertips, especially during the Covid-19 outbreak,” it said.

“We have increased our presence in the social media to cross sell our online products, especially targeting the customers who may not have access to intermediaries for face-to-face selling,” it added.

STMKB’s shares closed 0.84% or four sen lower at RM4.78 today, giving the group a market capitalisation of RM3.97 billion. The counter saw 113,300 shares transacted.