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Headline	Takaful Malaysia 1H Earning Within Expectation, Says RHB Research				

KUALA LUMPUR: Syarikat Takaful Malaysia Keluarga Bhd's (STMB) first half of 2022 (1H22) results came within RHB Research's expectations, despite higher fair value losses on its investments.

The research house said STMB had recorded a net profit of RM156.4 million in 1H22, making up 48 per cent of its and the street's full-year estimates.

The firm said gross earned contributions (GEC) for 1H22 grew by 13.6 per cent year-on-year (YoY), while the main drag on total numbers stemmed from weakness in the equity markets, which affected mark-to-market (MTM) items.

"Given the expectation of a mild rebound in the equity and fixed income markets in 2H22, we deem the overall results to be in line with our expectations," the bank-backed research firm said in a note.

Meanwhile, RHB Research said the company's 1H22 GEC growth surpassed management's previous guidance of high-single-digit growth rates for both the family and general takaful segments.

The firm said its expansion into the retail and regular contribution markets will still be a key focus area as STMB strives to add to its already solid single-contribution offerings.

"Concerns about MFRS 17 (the new accounting standard for insurance contracts) adoption have been largely priced in, which explains the weakness in its share price in the past year.

"That said, its strong fundamentals should bode well for the company as we edge closer to the MFRS 17 adoption date of January 1, 2023," it said.

RHB Research has slightly tweaked its financial year 2022 (FY22) to FY24 forecasts as it factors in the latest financials.

The research house has not imputed MFRS 17-related revisions into its overall projections at this juncture, but management has guided for a 15-20 per cent downward adjustment in FY23 net profit.

"We maintained Buy on the stocks with a lower target price of RM4 from RM4.40 previously," it added.