

| | | | | | |
|-------------|---|----------------|--------|------|------------|
| Publication | New Straits Times | Section / Page | Online | Date | 17/6/ 2022 |
| Headline | Takaful Malaysia to Further Cement Foundation in Bancatakaful, Says HLIB Research | | | | |



The bank-backed research firm continued to like the stock after hearing from STMB's new chief executive officer Nor Azman Zainal, regarding business strategies and believes that the company is in good hands.

KUALA LUMPUR: Hong Leong Investment Bank (HLIB) Research believes it is an excellent opportunity to accumulate Syarikat Takaful Malaysia Bhd (STMB) stocks on current weakness, especially for those who want a longer-term play in the bright takaful space.

The bank-backed research firm continued to like the stock after hearing from STMB's new chief executive officer Nor Azman Zainal, regarding business strategies and believes that the company is in good hands.

"STMB walked through their comprehensive plans for sustained financial performance and Malaysian Financial Reporting Standards 17 (MFRS17) impact.

"The underlying intention is to ride on existing core businesses and attempt to grow other small non-core segments without huge capital outlays.

"As for MFRS17 impact, management reiterated that earnings and book value may decline 15-20 per cent and 30-45 per cent, respectively, against MFRS4 figures. Also, the risk of cash call is limited, and STMB is still capable of maintaining 12 sen dividend-per-share (DPS)," said the firm.

To ensure consistent baseline profitability, STMB would further cement its core business foundation in Bancatakaful, the public sector home financing board (LPPSA), and employee benefit segments.

For Bancatakaful, the plan is to retain key partners and, at the same time, increase the penetration of commercial banking to preserve its market leadership.

As for LPPSA, the company plans to hang on to its number one position, and STMB will continue to leverage its strong distribution network.

Lastly, for the employee benefit segment, it intends to tap into the corporate clientele of its banking partners.

HLIB Research maintained 'Buy' on the stock with a lower target price of RM4.20 from RM4.40 previously.