

## RHB Research maintains Buy on Tune Ins, fair value RM2.15



Listing ceremony of Tune Ins in February: From left: Tune Ins Holding Bhd Chairman Razman Hafidz Abu Zarim; Tune Ins Holding Berhad Peter Miller; CIMB SI Director Tan Hong Kheng; and Tune Ins Malaysia Bhd Chairman Ng Siek Chuan.- The Starfilepic

KUALA LUMPUR: [RHB Research](#) is maintaining its forecasts for [Tune Ins](#) and fair value of RM2.15 derived from ascribing a target price-to-earnings (P/E) of 20 times to FY14 earnings per share (EPS).

It said on Tuesday this was pending [Tune Ins's](#) H1, 2013 results due later this month.

"We like the stock for its industry-beating earnings growth prospects. Future re-rating catalysts include: i) expansion into new markets, ii) overseas acquisitions, iii) more partnerships, and iv) a boost in take-up rates. Maintain Buy," it said.

[RHB Research](#) said based on the latest passenger data from AirAsia (FV: MYR3.39), it expects [Tune Ins's](#) H1, 2013 online net earned premiums to reach RM45mil to RM50mil (Q1,2013: RM22.2mil).

This should translate into an online net profit contribution of about RM25mil (Q1, 2013: RM11mil).

It said the forecast was based on the assumption of a take-up rate of 26%-32%, ii) a 50% profit margin, and iii) online claims ratio being kept at about 4%. The [AirAsia Group](#) recently reported strong Q2, 2013 on-year passenger growth - AirAsia Indonesia, with 32.6%, AirAsia Thailand (25.1%), and AirAsia Malaysia (12.4%) - while AirAsia X (FV: MYR1.65) reported a commendable 24.2% growth over the same period.

"Despite AirAsia's loss of potential business from Japan, [Tune Ins](#) is expected to see more contributions from fast-growing markets like China and Indonesia, and from new markets like Myanmar. The group is also committed to expand its market reach by having operations in as many as 18 markets by end-FY13.

"More M&As of insurance licences may also materialise as AirAsia has presence in Brunei, South Korea and Taiwan. Also, contributions from its indirect partnership with Cebu Pacific Air are expected to flow in from H2, 2013," said [RHB Research](#).