

## Tune Ins ahead of target

### Tune Ins Holdings Bhd (Sept 30, RM2.04)

**Maintain buy at RM1.99 with a fair value of RM2.40:** According to industry figures from Zurich Financial Services, Malaysia's travel insurance market is largely untapped as the penetration rate is only 10%. This is in sharp contrast to the 80% in developed nations.

Also, Malaysia's travel insurance premiums have been growing at 15% a year against the projected 10% to 12% for the Asia-Pacific region over the next five to seven years.

The Asia-Pacific travel insurance market, estimated at US\$2.8 billion (RM9.13 billion), constitutes about 28% of the global market size of US\$10 billion.

Tune Ins is different from other listed peers by way of its niche in online travel insurance, made possible via its exclusive partnership with its shareholder AirAsia Bhd. Its year-to-date online premiums have surged 38.2%, propelled by a 24% growth in policy count. This surpasses its minimum 20% growth target, which by itself

is already above the industry's 15% pace.

We are bullish on the outlook for Tune Ins' online premiums as we expect the second half (2H) to be stronger, further supported by ongoing market expansion (18 markets from 16), and AirAsia's growth in passenger numbers.

We maintain our "buy" call on Tune Ins, with an unchanged fair value of RM2.40, pegged to 22 times 2014 financial year earnings per share (EPS). This is at a premium to the target price-earnings ratios of 14 times to 19.6 times we have ascribed to its peers.

We deem Tune Ins a growth stock, for which we are projecting an EPS growth of 29% to 32% over the next two years against 5% to 17.1% for its peers. The move by Thailand — one of its key markets — to impose mandatory travel insurance could boost Tune Ins' fair value to RM2.65.

Other enhancements to our projections include potential for AirAsia India, whose contribution we have not fully accounted for. — RHB Research, Sept 30

### Tune Ins Holdings Bhd

FYE Dec (RMm mil)	2010	2011	2012	2013F	2014F
Net premium revenue	165	211	217	225	268
Reported net profit	30	49	39	63	81
Net profit growth (%)	59.2	66.1	(20.4)	60.7	29.0
Recurrent net profit	30	49	47	63	81
Consensus EPS (RM)	0.04	0.07	0.06	0.09	0.11
EPS (RM)	0.04	0.07	0.06	0.08	0.11
DPS (RM)	0.00	0.00	0.00	0.03	0.04
Dividend yield (%)	-	-	-	1.7	2.2
Return on average equity (%)	-	-	-	18.2	20.8
Return on average assets (%)	-	-	-	6.9	7.4
PER (x)	50.5	30.4	31.5	23.8	18.4
P/BV (x)	-	-	13.9	4.1	3.6

Source: Company data, RHB estimates