

TUGU

PT Asuransi Tugu Pratama Indonesia Tbk.

Undervalued, Unshaken, Unmissable

- TUGU is one of the largest listed general insurance company that also consolidates reinsurance business and non-insurance related segments (rental and other business).
- The Company is currently traded <0.4x 2025E P/B despite the positive short-medium term profitability outlook.
- It has a well-diversified clients across corporation to retail, while also successfully balancing between growth and profitability.
- We initiate a BUY rating with TP of Rp 1,800 based on Dividend Discount Model (DDM) as it consistently paying dividend with ~40% payout.

The largest listed general insurance company in Indonesia

TUGU is considered one of the most prominent general insurance' company in Indonesia based on Gross Written Premium (GWP), assets as well as equity. The sizeable equity TUGU owns make it safe to absorb risk and better navigate potential industry consolidation under OJK minimum capital requirement. Furthermore, its RBC was well above 400% ensuring company's strong solvency. Despite backed up by Pertamina Group as the controlling shareholders, TUGU's exposure to its parent was considerably small meaning that it has a strong presence and securing competitive edge in the general insurance sector.

Strong financials and solid outlook

Key investment thesis for TUGU including: 1) consistent growth in core profit; 2) improving receivable collection profile; 3) very strong in solvency ratio as well as 4) prudent risk management. We expect TUGU's GWP to grow at 8-11% CAGR in the medium-term outperforming industry growth and thus possibly higher market share. Furthermore, sound risk management in underwriting is expected to result in better loss ratio making underwriting margin thicker. We anticipate +14% CAGR medium-term growth in underwriting results under circumstances TUGU can keep its loss ratio <60%.

Transitioning to PSAK 117

We also anticipate that there will be quite massive accounting adjustment in the insurance industry in 2025 given the implementation of PSAK 117. Based on the parallel run case study, with the implementation of PSAK 117 could likely to reduce profit and the size of balance sheet. TUGU has implemented this PSAK in 1Q25 and we think it is common to have some adjustment due to new accounting policy. All in all TUGU's main business in general insurance services remains strong with +8.7% YoY growth in insurance service results in 1Q25.

Undemanding valuation & high dividend yield

TUGU is currently trading at <0.4x 2025F PBV, presenting a deep discount to peers that are generally valued at >1x PBV. Its 40% dividend payout supports steady BVPS growth of ~5% annually, while the lower share price enhances dividend yield attractiveness. With ample equity buffer, TUGU is well-positioned to sustain >40% payout, which we believe would be value-accretive by improving ROE. However, key risks include a weaker macro environment that may dampen insurance demand and increase claims volatility, as well as slower-than-expected ROE improvements from underwriting or investment performance. The ongoing PSAK 117 transition may also cause short-term earnings volatility and impact investor sentiment.

Initiate BUY with TP Rp1,800

Given its strong financial outlook and undemanding valuation, we initiate a buy call on TUGU with TP of Rp1,800 per share implying ~0.6x 2025F PBV. We derived our TP based on Dividend Discount Model (DDM) with Cost of Equity (Ke) at 13.8%; terminal growth at 4% and assuming DPR at 40-50% scenario. **Key risk:** weakening macro factors and slower than expected ROE improvements.

Key Financial Highlights

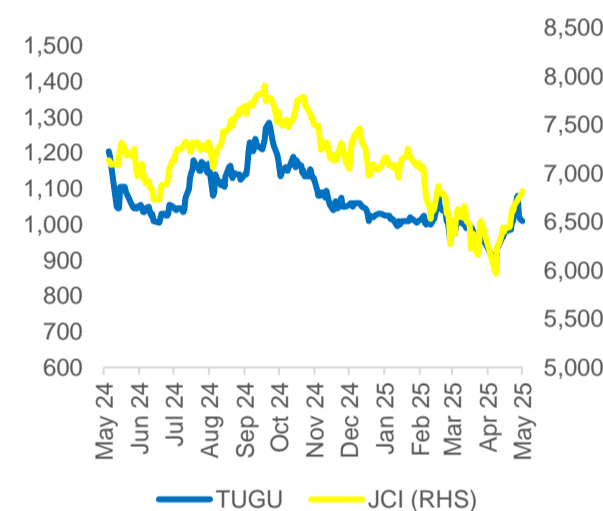
Key Metrics	2022	2023	2024	2025F	2026F
Revenue (Rp bn)	3,094	3,591	3,933	4,358	4,843
Net Profit (Rp bn)	347	1,322	701	892	1,002
EPS Growth (%)	9.6	280.9	-47.0	27.3	12.3
P/E (x)	8.88	2.74	5.23	7.17	6.39
P/BV (x)	0.34	0.35	0.35	0.60	0.58
ROE (%)	3.78	12.86	6.67	8.36	9.15

BUY

Stock Information (as of May 2, 2025)

Last Price (Rp)	1,010
Target Price (Rp)	1,800
Upside/Downside	78.2%
Market Cap (Rp tn)	3.6
52 Week Range (Rp)	1,305 – 860
Free Float	20.2%
Share Out. (bn)	3.6

Relative to JCI Performance



Shareholders

TUGU Shareholders	Percentage
Pertamina	58.50%
Public	24.19%
UOB Kay Hian Pte Ltd	15.88%
Samsung Fire and Marine Insurance Co., Ltd	5.29%

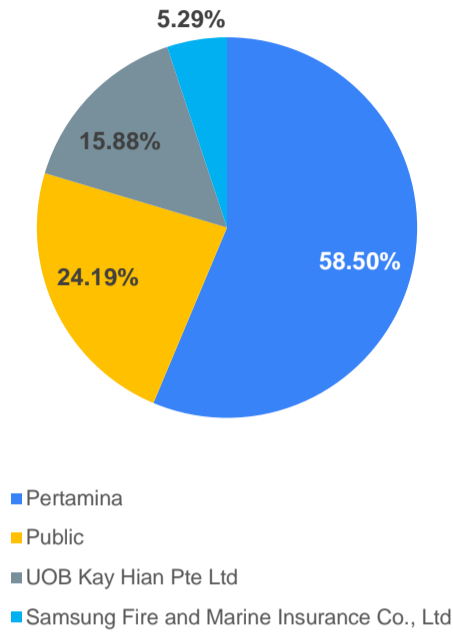
Analyst:

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COMPANY OVERVIEW

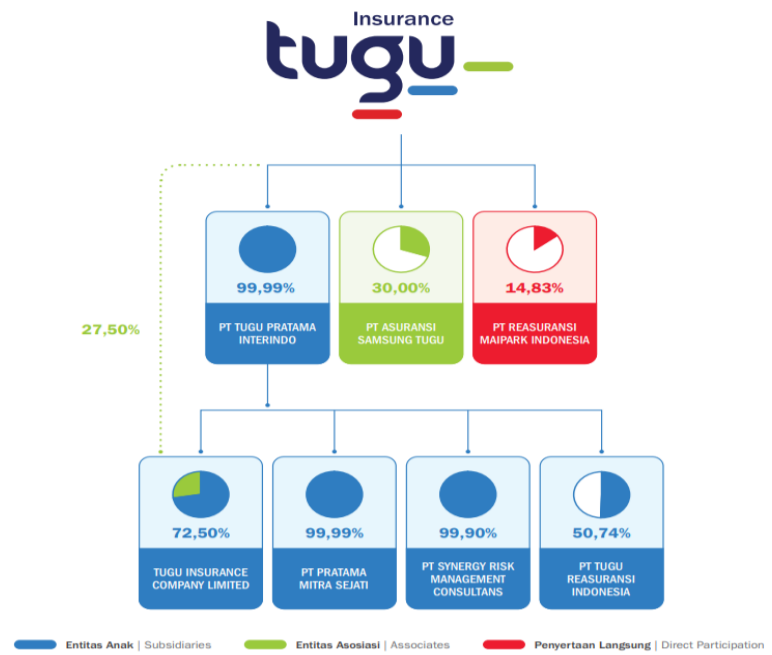
TUGU operates in the general insurance industry, offering a wide range of insurance products and services for both corporate and retail clients. As a group, TUGU consolidates three main business lines: general insurance, reinsurance (through its subsidiary TuguRe), and non-insurance businesses such as vehicle rental (Pratama Mitra Sejati/PMS) and risk survey and management consulting (Synergy Risk Management Consultants). To date, the insurance segment remains the dominant contributor to the Company’s overall performance. The Company’s controlling shareholder is the Pertamina Group, holding a 58.5% stake, while public investors own approximately 21.2%.

Figure 1. Ownership Structure



Source: Company, Ajaib Research

Figure 2. Group Structure



Source: Company, Ajaib Research

BUSINESS OVERVIEW

Although TUGU's controlling shareholder is the Pertamina Group, the Company’s business and premium income are not heavily dependent on the parent. In fact, contributions from the parent account for less than 30% of total premiums. This reflects TUGU’s well-diversified client base across state-owned enterprises (SOEs), private corporations, and the retail segment.

Within the SOE (State-Owned Enterprise) segment, TUGU will continue to promote strategic synergies. Backed by solid financial strength and global recognition—such as its consistent A- rating from AM Best since 2016—TUGU is well-positioned to secure large-scale insurance contracts that may be beyond the reach of many other insurers. This strong positioning also enhances TUGU’s potential to become a trusted partner for private, non-SOE companies.

Figure 3. TUGU's Products

Corporate Insurance		Retail Insurance	
Onshore & Offshore	Engineering	Motor Vehicle	Personal Accident
Fire & Property	Credit & Surety	Down Payment	Traveling
Marine Hull	Health	Home Fire	Fracture
Cargo	Liability	Store Fire	Mudik
Aviation	Miscellaneous	Foid Products	Personal cyber
Satelite	Personal Accident	Dengue Insurance	Gas & Lube

Source: Company, Ajaib Research

Figure 4. AM Best Rating



Source: Company, Ajaib Research

In 2025, TUGU also plans to pursue a more aggressive expansion into the retail sector. One of key initiative to be rolled out this year is digital platform accessible for retail customers to directly purchase insurance products needed without agent. We believe this could have a meaningful impact on insurance commission in a more efficient way. Furthermore, we also believe this growing product and client diversification will reduce the Company’s risk exposure to specific corporate clients or project concentrations.

In addition to strengthening its retail business, TUGU also recognizes the critical role of reinsurance in effective risk management, making the reinforcement of its reinsurance segment another key strategic focus. On the other hand, the spin-off of its sharia business unit, in compliance with OJK regulations, is also slated as part of the 2025 agenda. We believe that all these processes can proceed smoothly and be executed effectively.

The Company is also actively pursuing asset transformation initiatives aimed at optimizing returns on its portfolio. One such effort includes the divestment of underperforming assets, with the intention of reinvesting the proceeds into higher-yield, well-measured risk instruments. Currently, the Company is reportedly in the process of divesting a property asset in Hong Kong. If successful and executed at an attractive price, this divestment could generate a windfall profit for TUGU. Furthermore, the proceeds could be allocated toward business expansion, reinvestment in bonds, or other value-accretive opportunities that, in our view, would enhance shareholder value.

FINANCIAL OVERVIEW

TUGU holds several financial advantages compared to its listed peers and the broader industry. These strengths are evident across key indicators such as equity size, solvency ratio, improved receivables collectability, risk management related to FX assets & liabilities management and sustained profitability—culminating in the Company’s consistent ability to distribute dividends to shareholders.

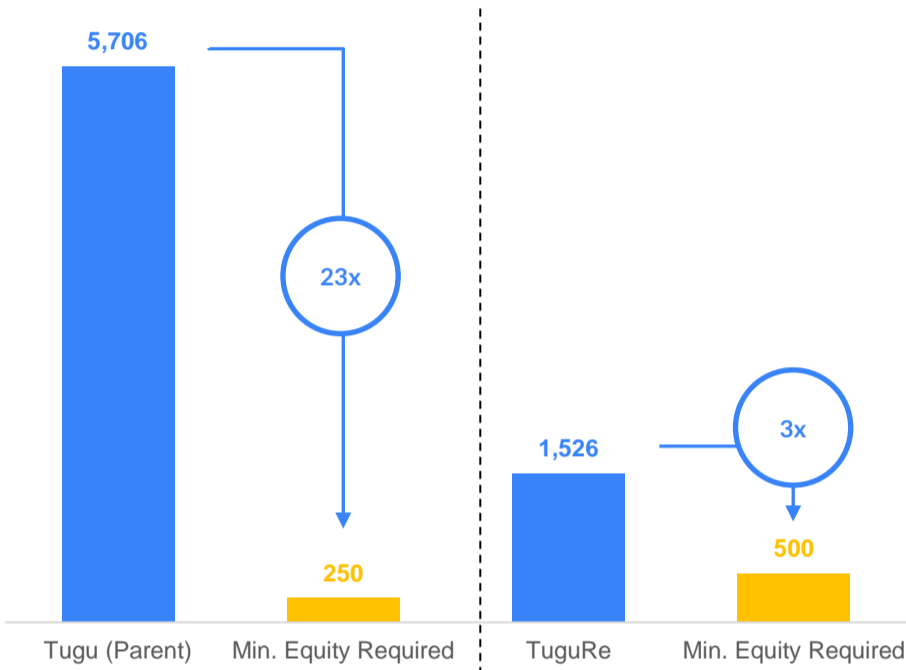
Equity

As of December 31, 2024, TUGU (parent entity) recorded equity of IDR 5.7 trillion, while its reinsurance subsidiary posted equity of IDR 1.5 trillion. This strong capital base positions TUGU as one of the largest general insurance companies in Indonesia. It also provides a strategic advantage amid the industry consolidation trend driven by OJK’s upcoming minimum capital requirements for insurance companies, which will take effect starting in 2026.

Solvency (RBC)

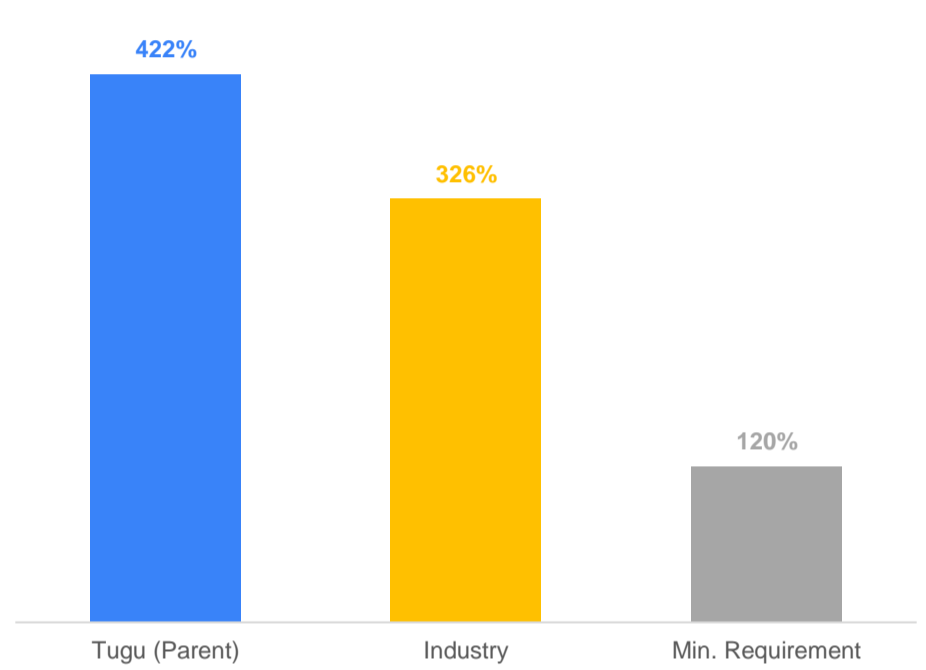
The Risk-Based Capital (RBC) ratio is a key financial indicator in the insurance industry, reflecting an insurer’s ability to meet its obligations, particularly to policyholders. TUGU’s RBC ratio (parent entity) has been consistently maintained above 400%—significantly higher than both the industry average and the OJK’s minimum regulatory requirement of 100%.

Figure 5. TUGU has equity well above OJK’s minimum requirement (Rp bn)



Source: Company, OJK, Ajaib Research

Figure 6. TUGU’s RBC well above peers and OJK’s minimum requirement



Source: Company, OJK, Ajaib Research

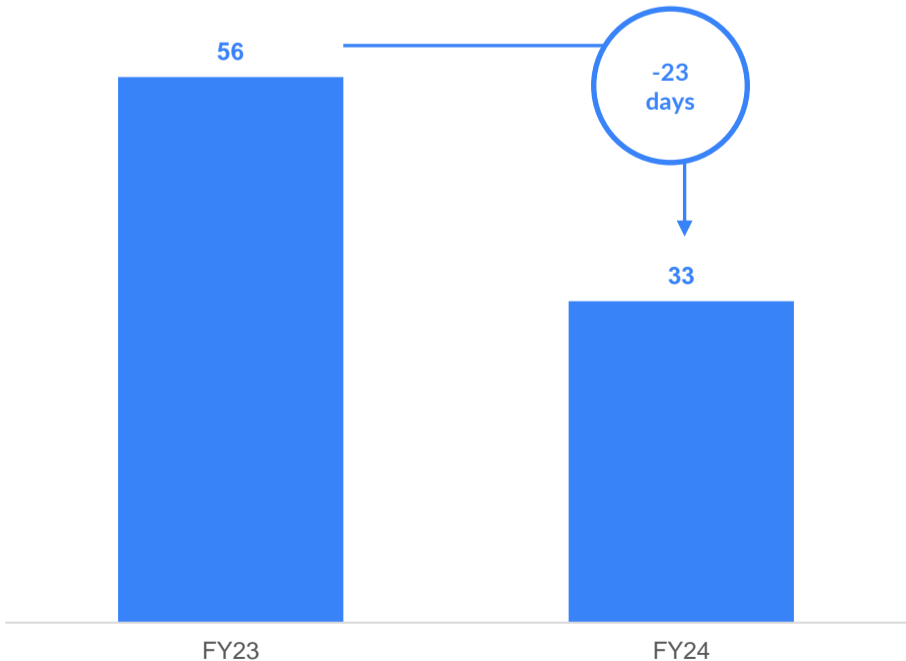
Receivables Collectability

Improving receivables collectability has remained a key priority for management. In 2024, TUGU recorded a significant improvement, with its average receivables collection period reduced to 33 days—an enhancement of 23 days compared to the previous year. This notable progress in receivables management indicates a healthier operating cash flow, in line with improved operating profitability, particularly driven by stronger underwriting margins.

FX Exposure

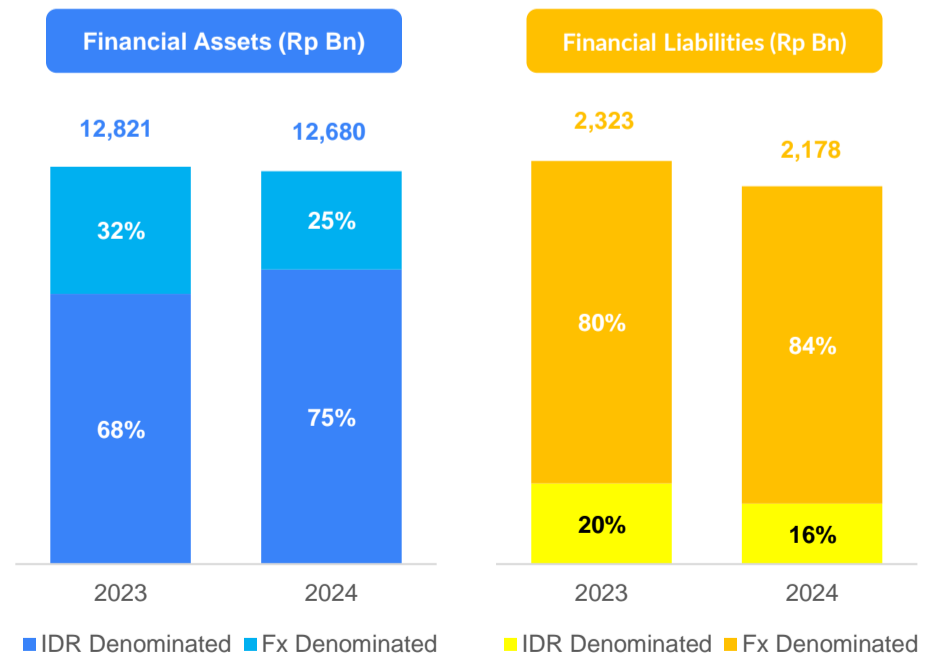
As a general insurance company actively involved in underwriting oil and gas projects as well as other strategic initiatives, TUGU is naturally exposed to foreign exchange (FX) through both its insurance and reinsurance businesses. Amid the ongoing trend of currency depreciation, TUGU’s FX risk exposure remains highly manageable. This is supported by the Company’s net FX asset position and the absence of any indication of asset-liability mismatches.

Figure 7. Receivables Days



Source: Company, Ajaib Research

Figure 8. FX Assets & Liabilities TUGU



Source: Company, Ajaib Research

Dividend

Since its IPO in 2018, TUGU has consistently distributed dividends to its shareholders without interruption. Over the past three years, the Company has maintained a stable dividend payout ratio of 40%. The most recent Annual General Meeting of Shareholders (AGMS) approved a dividend distribution of 40% of the parent entity's attributable net income, equivalent to IDR 280.3 billion. This translates to a dividend yield of over 7% based on the latest closing price—an attractive return by market standards.

1Q25 Results & New Accounting Standard (PSAK 117)

In 1Q25, TUGU reported a decline in net profit. However, this occurred in line with the Company's transition to and implementation of PSAK 117, as mandated by the OJK. The adjustment in accounting treatment, which led to the drop in profitability, is not unique to TUGU but is an industry-wide phenomenon, as evidenced by the results of the PSAK 117 parallel run. Nevertheless, on the balance sheet side, TUGU recorded consolidated growth. Overall, the 1Q25 performance remains solid, with insurance service results increasing by 8.7% year-on-year.

Figure 9. TUGU's 1Q25 Results (Rp bn)

Key Metrics	1Q25	1Q24	YoY	4Q24	QoQ	2024	2023	YoY
Total Revenue	228	210	8.7%	770	-70.4%	3,933	3,591	9.5%
Total Cost & Other Income	86	250	-65.8%	-559	N.A	-3,011	-1,967	53.1%
Profit before Tax	313	460	-31.8%	215	45.8%	933	1,632	-42.8%
Profit of the Year	271	397	-31.7%	159	70.6%	751	1,302	-42.4%
Non-Controlling Interest	-24	-43		-10		-50	20	
Net Income	247	354	-30.2%	149	65.8%	701	1,322	-47.0%

Source: Company, Ajaib Research

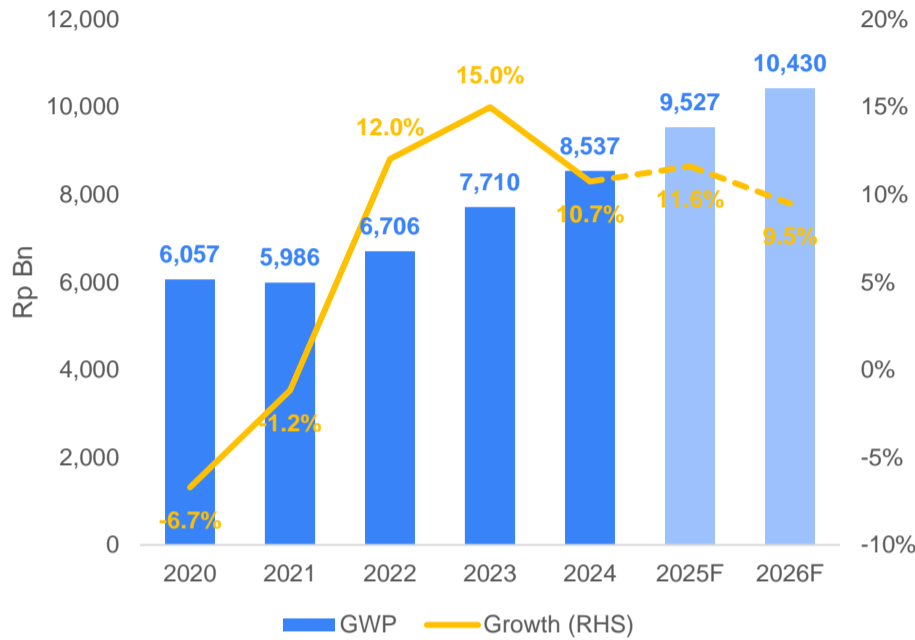
OUTLOOK

Insurance Profitability

Supported by synergies with state-owned enterprises (SOEs) and continued expansion into the retail segment, we see strong potential for TUGU's gross written premium (GWP) to grow by 11.6% in 2025F and 9.5% in 2026F. Over the medium term, GWP is projected to grow at a CAGR of 9.4% between 2024 and 2029F. This sustained growth is expected to further strengthen TUGU's market position and share within the industry.

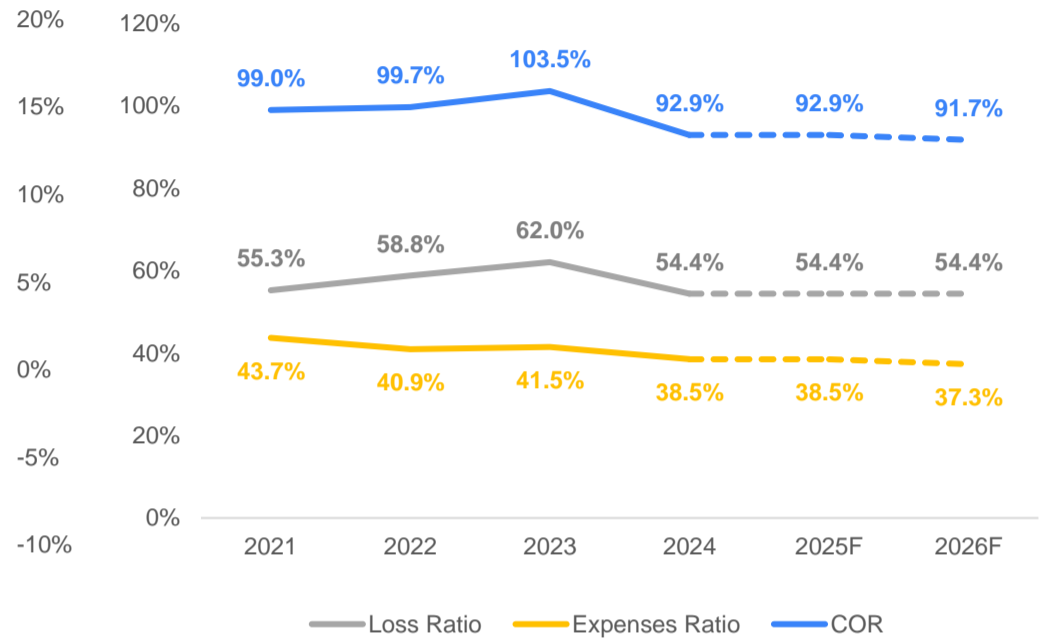
We project that TUGU will be able to maintain its strong underwriting discipline, keeping its loss ratio (claims incurred to premiums earned) below 60%, with a stable assumption of 54%. At the same time, ongoing operational efficiency initiatives are expected to drive a continued decline in the expense ratio—from 39% in 2025F to a projected 34% by 2029F. As a result, the Combined Operating Ratio (COR), which reflects the sum of the loss and expense ratios, is anticipated to decline steadily, leading to an expansion in TUGU's insurance operating margins.

Figure 10. TUGU's Consolidated GWP Outlook



Source: Company, Ajaib Research

Figure 11. TUGU's Loss Ratio, Expenses Ratio & COR Outlook



Source: Company, Ajaib Research

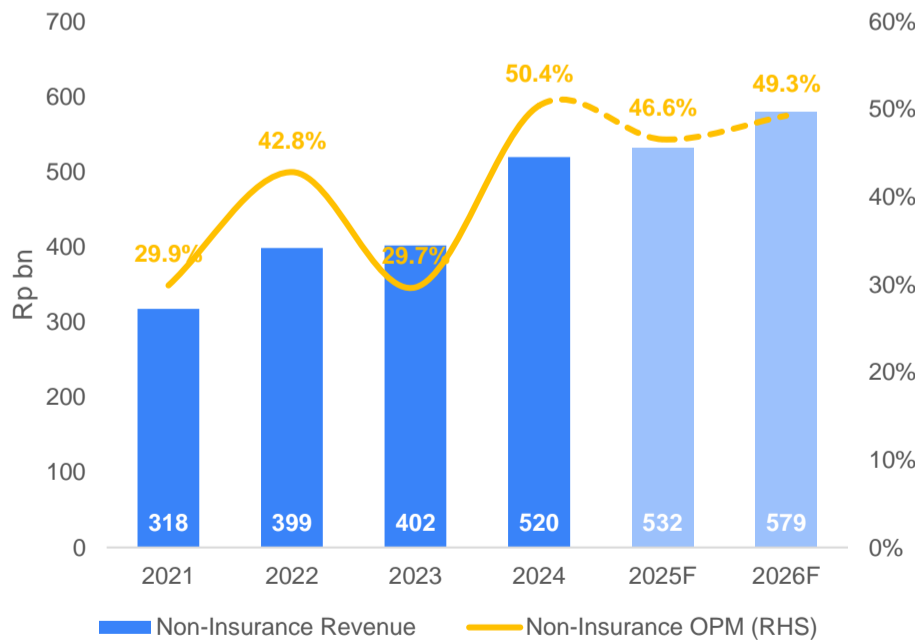
Non-Insurance Profitability

Despite current headwinds in the automotive industry driven by relatively high interest rates, the vehicle sales and rental segment operated by PMS—TUGU's subsidiary—continues to show promising prospects. This is supported by management's ongoing efforts to strengthen the integrated ecosystem. On the other hand, with an increasingly efficient operating model, we project the operating income margin to improve from 40% in 2025F to 43% in 2026F, and further to 46% over the medium to long term. This indicates that the subsidiary also holds meaningful potential to enhance consolidated profitability.

Dividend

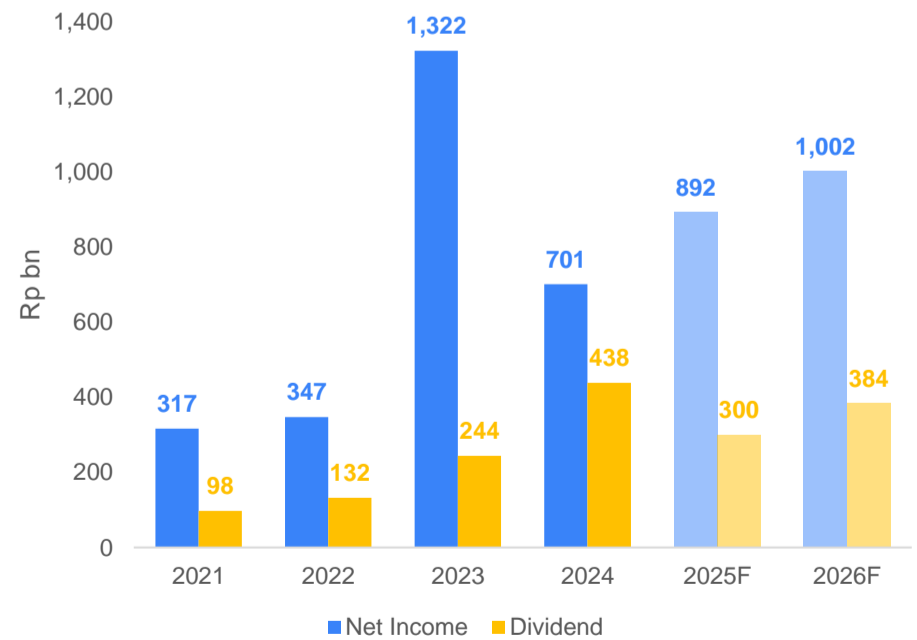
With margin expansion across both insurance and non-insurance segments, TUGU's net profit is projected to grow at a CAGR of 14.3% over the 2024–2029F period. Coupled with positive operating cash flow, manageable capex requirements, and a low gearing ratio, we anticipate TUGU's free cash flow will continue to improve over time. This strong cash position will enable the Company to sustain dividend distributions, with a payout ratio in the range of 40–50% of net income.

Figure 12. TUGU's Non-Insurance Business Operating Margin Outlook



Source: Company, Ajaib Research

Figure 13. TUGU's Net Income & Dividend Outlook



Source: Company, Ajaib Research

VALUATION

We apply the Dividend Discount Model (DDM) to value TUGU, given the Company's consistent dividend distribution track record. Our assumptions include a risk-free rate of 6.9–7.0%, an equity risk premium of 6.9%, and a beta of 1.0x—reflecting the relatively low volatility of TUGU's share price. Based on these inputs, we derive a Cost of Equity (Ke) of 13.8%.

We use a terminal growth rate of 4% and dividend payout ratios (DPR) of 40% for Scenario I and 50% for Scenario II, applying equal weighting to both to arrive at a blended target price of IDR 1,800 per share. This implies a valuation of 0.6x 2025F PBV and a potential upside of approximately 77% from the last closing price—highlighting the stock's attractive valuation. Even when compared to listed peers, TUGU remains undervalued. Accordingly, we assign a **BUY** rating on TUGU shares.

Figure 14. DDM Valuation

DDM Scenario I	2025F	2026F	2027F	2028F	2029F	2030F	Terminal
Year	0	1	2	3	4	5	6
Net profit (Rp bn)	959	1,077	1,202	1,317	1,476	1,621	18,588
DPR	40%	40%	40%	40%	40%	40%	40%
Dividend paid (Rp bn)	384	431	481	527	590	649	7,435
Discount factor	1.0	0.9	0.8	0.7	0.6	0.5	0.5
PV of dividend (Rp bn)	384	379	372	358	352	340	3,429
Sum of PV (Rp bn)	5,613						
No of share out (bn)	3.6						
Fair value (Rp/sh)	1,579						
Target Price (Rp/sh)	1,600						

DDM Scenario II	2025F	2026F	2027F	2028F	2029F	2030F	Terminal
Year	0	1	2	3	4	5	6
Net profit (Rp bn)	959	1,077	1,202	1,317	1,476	1,621	18,588
DPR	50%	50%	50%	50%	50%	50%	50%
Dividend paid (Rp bn)	480	539	601	659	738	811	9,294
Discount factor	1.0	0.9	0.8	0.7	0.6	0.5	0.5
PV of dividend (Rp bn)	480	473	464	447	441	425	4,286
Sum of PV (Rp bn)	7,016						
No of share out (bn)	3.6						
Fair value (Rp/sh)	1,973						
Target Price (Rp/sh)	2,000						

Summary	Fair Value	Weight	Value
DDM 40%	1,600	50%	800
DDM 50%	2,000	50%	1,000
Target Price			1,800
Implied PB 2025F			0.6x

Source: Bloomberg, Ajaib Research

Figure 15. Peers Valuation Comparison 2025F

Ticker	Market Cap (Rp tn)	P/E (x)	P/B (x)	ROE (%)	ROA (%)	EPS Growth (%)
TUGU	3.72	4.5	0.4	7.2	2.9	16.6
AMAG	1.77	8.2	1.0	13.0	4.4	-5.7
LPGI	1.23	20.2	1.4	7.2	2.1	-2.1
ASRM	0.39	3.9	0.6	4.7	1.8	205.8
Sector Average		9.2	0.9	8.0	2.8	53.7

Source: Bloomberg, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

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