

## **PRESS RELEASE BY LPI CAPITAL BHD**

### **LPI CAPITAL BHD ACHIEVED IMPRESSIVE RESULTS FOR 3<sup>RD</sup> QUARTER 2013**

LPI Capital Bhd (Group) continued to achieve impressive results into the third quarter of 2013 despite facing intense competition in the insurance industry. The Group registered a creditable increase in profit before tax for the third quarter of 2013 from RM59.1 million recorded in the last corresponding quarter to RM71.9 million, a rise of 21.7% on the back of an improved performance of its wholly-owned subsidiary, Lonpac Insurance Bhd (Lonpac). The profit before tax of Lonpac for the third quarter of 2013 jumped 24.2% from RM49.2 million registered in the last corresponding quarter to RM61.1 million. The underwriting profit of Lonpac for the third quarter registered an impressive growth of 26.9% to RM50.0 million from RM39.4 million recorded in the same quarter of 2012 as a result of prudent underwriting and disciplined claims management. The Group registered a commendable increase in revenue by 10.6% from RM256.3 million recorded in the last corresponding quarter to RM283.5 million, contributed by 8.1% increase in Lonpac's gross premium income.

Commenting on the Group's performance for the quarter, Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman said, "The third quarter has been challenging with continuing uncertainties in the global economies and the stiff competition in the insurance market. Nonetheless, our discipline and prudence on risk selection and claims management have enabled us to reduce the claims incurred ratio from 46% to 44% and the combined ratio from 73% to 69% for the third quarter in 2013 as compared to the previous corresponding quarter. All classes of insurance continued to register underwriting surplus."

Tan Sri Teh noted that, "The strong growth in the underwriting profit registered by Lonpac has been the key contributor to the Group's improved profit. The Group's pre-tax profit for the nine months period jumped by 22.5% from RM151.4 million in the previous corresponding period to RM185.5 million while the underwriting profit of Lonpac for the same period improved remarkably by 27.8% from RM100.7 million to RM128.7 million . Revenue of the Group for the nine months period increased by 7.4% to RM824.4 million while the gross premium income of Lonpac improved by 5.3% to RM862.4 million."

### **HIGHLIGHTS OF THE GROUP'S PERFORMANCE FOR THE THIRD QUARTER AND NINE MONTHS UNDER REVIEW :**

	Third Quarter Ended		Nine Months Ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
Revenue (RM'000)	283,508	256,307	824,373	767,397
Gross Premium Income (RM'000)	273,558	253,158	862,398	819,206
Earned Premium Income (RM'000)	158,167	146,736	451,393	431,926
Underwriting Profit (RM'000)	49,956	39,421	128,721	100,726
Profit Before Tax (RM'000)	71,894	59,062	185,492	151,414
Net Profit Attributable to Shareholders (RM'000)	60,357	47,632	149,048	119,540
Net Return on Equity (%)	4	4	10	10
Earnings per Share (sen)	27.40	21.62	67.65	54.26
Claims Incurred Ratio (%)	44	46	47	50
Management Expense Ratio (%)	18	20	19	19
Commission Ratio (%)	7	7	6	8
Combined Ratio (%)	69	73	72	77

Tan Sri Teh continued, "The Group's balance sheet is strong and healthy with total assets standing at RM3.11 billion, 16% higher than the previous corresponding period. Likewise, the investment portfolio remains stable with improved investment income for the nine months period. The shareholders' fund increased to RM1.46 billion from RM1.22 billion with net return on equity of 10% for the same period."

However, Tan Sri Teh added, "While the US and European economies are beginning to see signs of improvement, uncertainties remain in the Asian economies which can affect our local economy and may have negative impact on our market environment. The Group will continue to focus on the growth of its core underwriting business by maintaining its prudent risk selection in order to sustain healthy underwriting margin. The Group remains committed to upholding a high standard of corporate governance and a high degree of transparency."

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