

PRESS RELEASE BY LPI CAPITAL BHD

LPI CAPITAL BHD IMPRESSIVE PERFORMANCE FOR FIRST QUARTER OF 2014

LPI Capital Bhd, riding on its record results in 2013, reported another set of impressive performance for the first quarter of 2014. For the first three months of its operation, the Group reported a hefty 22.7% jump in pre-tax profit to RM62.7 million from RM51.1 million achieved in the corresponding period last year. The improved performance of the Group was largely contributed by the outstanding results of its wholly-owned subsidiary, Lonpac Insurance Bhd (“Lonpac Insurance”). Despite the cooling measures implemented by Bank Negara Malaysia to combat the speculative elements in the property segment and the Government’s efforts to contain the high household debts in Malaysia, Lonpac Insurance managed to overcome challenges in the insurance industry and reported a pre-tax profit of RM46.9 million for the first quarter of 2014, a 33.5% jump from RM35.1 million registered in the previous corresponding period.

Commenting on the Group’s performance for the first quarter, Tan Sri Dato’ Sri Dr Teh Hong Piow, Founder and Chairman of the Group said, “Revenue of the Group recorded an increase of 7.5% to RM277.8 million from RM258.5 million achieved in the corresponding period last year while Lonpac Insurance registered a 12.4% increase in gross premium income from RM315.5 million to RM354.6 million for the quarter under review. Despite facing stiff competition amidst the on-going consolidation in the

insurance industry and the rush to build market share in anticipation of the liberalisation of the industry, we will implement our business plan prudently while establishing ourselves as the premier insurance company in the region. We will continue to strengthen our agency force and increase our distribution network in order to have a stronger foothold nationwide.”

Highlights of the Group’s Performance:-

	First Quarter Ended	
	31/3/2014	31/3/2013
Revenue (RM’000)	277,798	258,467
Gross Premium Income (RM’000)	354,604	315,537
Earned Premium Income (RM’000)	135,899	134,778
Underwriting Profit (RM’000)	32,863	25,510
Profit Before Tax (RM’000)	62,674	51,091
Net Profit Attributable to Shareholders (RM’000)	50,581	42,112
Net Return On Equity (%)	3.3	3.2
Earnings Per Share (sen)	22.96	19.11
Claims Incurred Ratio (%)	50.8	53.6
Management Expense Ratio (%)	22.3	22.1
Commission Ratio (%)	2.7	5.4
Combined Ratio (%)	75.8	81.1

Tan Sri Teh further commented, “For the first quarter of 2014, the Group reported a net profit attributable to shareholders of RM50.6 million, a 20.2% improvement from RM42.1 million reported in the corresponding period of 2013. The increase in net profit was contributed by the outstanding underwriting performance of Lonpac Insurance. The underwriting profit of Lonpac Insurance for the quarter under review registered an impressive improvement of 29.0% from RM25.5 million recorded in the first quarter of 2013 to RM32.9 million. The claims incurred ratio reduced to 50.8% from 53.6% reported in the previous corresponding quarter while the combined ratio registered an impressive improvement to 75.8% from 81.1% previously. We will continue to practise prudence in risk selection and claims management in order to further enhance our underwriting performance.”

Tan Sri Teh added, “For the first quarter of 2014, the earnings per share registered at 22.96 sen, an increase of 20.1% from 19.11 sen reported in the previous corresponding period while the net return on equity for the quarter under review improved to 3.3% from 3.2%. The Group will continue its efforts to enhance its shareholder value.”

However, Tan Sri Teh observed that, “While the US economy has reported favourable numbers in recent periods and the Eurozone is gradually recovering from its financial crisis, the political instabilities reported in the Eastern European and Asian regions may affect global economy recovery. On the domestic front, the Malaysian economy is projected to grow at about 4.5% to 5.5% while the Economic Transformation Programme implemented by the Government has contributed to the growth of the

Malaysian insurance industry. We will continue to monitor the potential volatilities arising from the global and domestic economies. The Group is confident that with the strong foundation that we have built, we will overcome the market volatilities and continue to report favourable results for the next quarter of the year.”

Date : 8th April 2014

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