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LPI CAPITAL BHD
GOOD PERFORMANCE FOR THE FIRST 9 MONTHS OF 2014

LPI Capital Bhd (“Group”) achieved another set of remarkable results for the 9 months’ period ended 30 September 2014 with a record pre-tax profit of RM208.7 million, an increase of 12.5% over the previous corresponding period. Revenue of the Group for the period under review increased by 5.6% from RM824.4 million to RM870.5 million. The strong performance of the Group is contributed by the continued good results reported by its wholly-owned insurance subsidiary, Lonpac Insurance Bhd (“Lonpac”). For the 9 months’ period, Lonpac reported a 13.8% jump in its pre-tax profit to RM181.0 million from RM159.0 million recorded in the previous corresponding period while its gross premium written for the 9 months’ period registered an increase of 3.6% to RM893.7 million from RM862.4 million.

Commenting on the Group’s performance for the 9 months’ period, Tan Sri Dato’ Sri Dr. Teh Hong Piow, Founder and Chairman said, “The insurance industry is facing intense competition as the major players are actively building their market shares and establishing market position ahead of the liberalisation of the insurance market in Malaysia. While motor insurance is the main target for market share expansion, we also see keen competition in other non-motor insurance classes. The Group believes that while we continue to expand our market share in our targeted portfolios, we will exercise discipline in risk selection and prudency in claims management. For the 9 months' period under review, Lonpac has further reduced its claims incurred ratio from 46.5% to 44.8% while its combined ratio has improved to 69.5% from 71.4% recorded in the previous corresponding period. The underwriting profit for the period under review registered a commendable 13.3% increase from RM128.7 million to RM145.8 million. The quality of our business portfolio remains healthy as evidenced by the underwriting surplus recorded in all classes of insurance."

Tan Sri Teh continued, "The profit before tax of the Group for the third quarter of 2014 registered a 7.6% increase to RM77.4 million from RM71.9 million recorded in the previous corresponding quarter on the back of the increase in revenue by 6.2% to RM301.2 million. Earnings per share for the third quarter improved to 29.14 sen as compared to 27.40 sen reported in the previous corresponding quarter.

Highlights of the Group's Performance for the Third Quarter and Nine Months under Review:-

	3rd Quarter Ended		9 Months Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
Revenue (RM'000)	301,236	283,508	870,525	824,373
Gross Premium Income (RM'000)	287,726	273,558	893,737	862,398
Earned Premium Income (RM'000)	167,802	158,167	476,945	451,393
Underwriting Profit (RM'000)	53,577	49,956	145,807	128,721
Profit Before Tax (RM'000)	77,425	71,894	208,650	185,492
Net Profit Attributable to Shareholders (RM'000)	64,195	60,357	165,957	149,048
Net Return on Equity (%)	4.0	4.1	10.3	10.2
Earnings Per Share (sen)	29.14	27.40	75.33	67.65
Claims Incurred Ratio (%)	43.4	43.5	44.8	46.5
Management Expense Ratio (%)	17.8	18.0	19.1	18.8
Commission Ratio (%)	7.0	6.9	5.6	6.1
Combined Ratio (%)	68.2	68.4	69.5	71.4

Tan Sri Teh added, "The balance sheet of the Group remains strong and healthy with its shareholders' fund increased to RM1,610.4 million from RM1,457.7 million while its total assets stands at RM3,379.3 million, an increase of 8.7% from previous corresponding period. Likewise, the investment portfolio remains stable with improved investment income for the 9 months' period. Net return on equity rose to 10.3%."

However, Tan Sri Teh cautioned, “While the economy of US has shown strong signs of recovery and the Malaysian latest Gross Domestic Product growth rate has been impressive, the weak Eurozone economies and the geopolitical tensions in the Middle East may affect the global economic climate. The Group will continue to focus its business plan on growth expansion in the targeted portfolios and ensure that the underwriting performance of Lonpac be further enhanced.”

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