

PRESS RELEASE BY LPI CAPITAL BHD

LPI CAPITAL BHD IMPRESSIVE PERFORMANCE FOR THE 1ST QUARTER OF 2015

LPI Capital Bhd (“LPI”) started the financial year with a satisfactory performance for the first quarter of 2015. The profit before tax for the first quarter registered an improvement of 12.8% to RM70.7 million from RM62.7 million recorded in the previous corresponding period despite weaker global economic outlook and slower growth projection of the domestic economy. Revenue of LPI for the quarter under review rose to RM291.7 million, an increase of 5.0% from RM277.8 million reported in the previous corresponding period.

The impressive performance of LPI is contributed mainly by the better results of its wholly-owned insurance subsidiary, Lonpac Insurance Bhd (“Lonpac”). For the first quarter of 2015, Lonpac reported profit before tax of RM53.3 million, an improvement of 13.6% over RM46.9 million registered in the first quarter of 2014. The gross premium income increased by 5.0% to RM372.4 million from RM354.6 million registered in the previous corresponding quarter while its net earned premium income also increased in tandem by 5.9% from RM135.9 million to RM143.9 million.

Commenting on the Group's performance for the first quarter, Tan Sri Dato' Sri Dr Teh Hong Piow, Chairman and Founder of the Group said, "In view of the volatile economic environment and competitive market, it is imperative for Lonpac to further strengthen its marketing force and distribution channels in order to improve its market position. The slower growth projection of the domestic economy has a direct impact on the growth in industry premium which leads to the erosion of premium rating. Despite facing these challenges, Lonpac registered a lower claims incurred ratio of 49.1%, reduced from 50.8% reported in the previous corresponding period. Its combined ratio improved to 70.7% for the quarter under review as compared to 75.8% reported previously. Consequently, the underwriting profit of Lonpac increased by 28.0% from RM32.9 million recorded in the previous corresponding quarter to RM42.1 million. Notwithstanding the compressed margin and slower market growth, we will continue to prioritise shareholder return over premium growth. Prudent underwriting risk assessment and selection as well as sound claims management will continue to be our key business strategies towards our market share expansion plan."

Tan Sri Teh continued, "For LPI, the net profit attributed to shareholders for the first quarter of 2015 improved by 13.0% from RM50.6 million to RM57.2 million. Net return on equity increased to 3.5% from 3.3% reported previously while the earnings per share improved from 15.28 sen to 17.23 sen.

Highlights of the Group's Performance :-

	First Quarter Ended	
	31/3/2015	31/3/2014
Revenue (RM'000)	291,730	277,798
Gross Premium Income (RM'000)	372,373	354,604
Earned Premium Income (RM'000)	143,856	135,899
Underwriting Profit (RM'000)	42,100	32,863
Profit Before Tax (RM'000)	70,746	62,674
Net Profit Attributable to Shareholders (RM'000)	57,197	50,581
Net Return On Equity (%)	3.5	3.3
Earnings Per Share (sen)	17.23	15.28*
Claims Incurred Ratio (%)	49.1	50.8
Management Expense Ratio (%)	22.7	22.3
Commission Ratio (%)	-1.1	2.7
Combined Ratio (%)	70.7	75.8

* Comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustment arising from the one-for-two bonus issue during the financial period ended 31 March 2015.

Tan Sri Teh observed, "Globally, most countries are facing tough and unfavourable economic circumstances. In Malaysia, the challenging issues such as implementation of Goods and Services Tax, low petroleum prices and lackluster property market are expected to be temporary and we

believe that Malaysian economy will achieve the targeted 4.5% - 5.5% Gross Domestic Product growth by year end. Facing these external economic weaknesses and intense competition, the Group will continue to implement business innovation and improve its productivity and operational efficiency. We are optimistic that the Group will see satisfactory growth in its overall operation and will enhance its shareholder value.”

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