

# **PRESS RELEASE BY LPI CAPITAL BHD**

## **AN OUTSTANDING PERFORMANCE FOR THE FIRST HALF YEAR OF 2016**

LPI Capital Bhd (LPI) put in a sterling performance for the first half year of 2016. Its profit before tax surged to RM314.7 million, an outstanding 82.3% increase from RM172.6 million reported in the first half of 2015, growing net profit attributable to shareholders by a strong 94.5% to RM278.0 million, from RM142.9 million. The Group recorded a credible 16.0% net return on equity for the period under review, compared with a 8.6% return reported in the previous corresponding period, propelling earnings per share to 83.74 sen from 43.05 sen previously.

Commenting on the Group's performance for the first half year of 2016, Tan Sri Dato Sri Dr Teh Hong Piow, Chairman and Founder of the Group said, "The outstanding performance of the Group for the first 6 months of 2016 was partly due to the RM150.4 million from realisation of gains on our equity investment in the second quarter. Taking this into account, the Group reported a 128.4% growth in its profit before tax during the second quarter of 2016, to RM232.5 million from RM101.8 million in the previous corresponding period while net profit attributable to shareholders increased by 148.1% from RM85.7 million to RM212.6 million. Net return on equity for the quarter under review improved to 12.2% from 5.1%, and

earnings per share stood at an impressive 64.04 sen as compared to 25.82 sen in the previous corresponding quarter.

Lonpac Insurance Bhd (Lonpac), LPI's wholly-owned insurance subsidiary, also chalked up a strong performance for the second quarter of 2016. Its earned premium registered a healthy growth of 14.4% to RM202.4 million from RM177.0 million in the previous corresponding quarter. Maintaining its prudent underwriting policy and sound claims management, Lonpac reported an impressive 34.6% improvement in its underwriting profit for the quarter under review to RM67.7 million from RM50.3 million in the previous corresponding quarter. This was on the back of the 7.1% improvement in its combined ratio to 66.5%, which in turn was attributed to better performance in all its underwriting components, as reflected in lower claim incurred, management expenses and commission ratios.”

Tan Sri Teh continued, “Despite the volatile economic conditions and the keen competition in the general insurance industry, Lonpac put in a commendable performance for the first six months of 2016. Its gross premium income edged up by 4.0% to RM702.9 million from RM675.6 million, despite slow growth in the Malaysian general insurance industry. Its earned premium income came in stronger, having grown by 11.5% to RM357.8 million for the half year under review. The improvement in its claims experience for the first 6 months of 2016, as evidenced in the lowering of its claims incurred ratio from 46.1% as at 30 June 2015 to 41.3% as at 30 June 2016 translated into a 27.4% increase in its

underwriting profit from RM92.4 million in the previous corresponding period to RM117.7 million.

#### Highlights of the Group's Performance:-

	2 <sup>nd</sup> Quarter Ended		Half Year Ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
Revenue (RM'000)	339,250	304,726	659,811	596,456
Gross Premium Income (RM'000)	301,169	303,225	702,890	675,598
Earned Premium Income (RM'000)	202,356	177,042	357,822	320,898
Underwriting Profit (RM'000)	67,670	50,319	117,716	92,419
Profit Before Tax (RM'000)	232,474	101,829	314,655	172,575
Net Profit Attributable to Shareholders (RM'000)	212,619	85,739	278,005	142,936
Net Return on Equity (%)	12.2	5.1	16.0	8.6
Earnings Per Share (sen)	64.04	25.82	83.74	43.05
Claims Incurred Ratio (%)	39.9	43.7	41.3	46.1
Management Expense Ratio (%)	20.9	22.1	23.0	22.4
Commission Ratio (%)	5.7	5.8	2.8	2.7
Combined Ratio (%)	66.5	71.6	67.1	71.2

Tan Sri Teh announced, "In view of the good performance of the Group, the Board has declared a first interim dividend of 25.0 sen per share. This dividend payment which amounts to RM83.0 million is part of the Group's effort to reward its shareholders for their continued support for the Group."

Tan Sri Teh further commented, "Britain's vote to leave the European Union (Brexit) sent shockwaves throughout much of the world. While the impact to Malaysia is expected to be minimal, Brexit has given rise to heightened uncertainty and increased volatility in the financial markets, which may cause further drag in the already weakened global economy and ultimately affect the regional economies in Asia. The Group will continue to strengthen its position in the markets we are operating in and maintain our prudent underwriting approach in expanding our business. Going forward, we are confident that LPI will continue to report favourable performance for the second half of 2016, despite the headwinds we may be facing."

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