

# **PRESS RELEASE BY LPI CAPITAL BHD**

## **LPI CAPITAL BHD A STRONG PERFORMANCE FOR THE FIRST 9 MONTHS OF 2016**

LPI Capital Bhd (LPI) put in a strong performance for the first 9 months of 2016. Profit before tax rose by 54.1% to RM412.1 million from RM267.5 million in the corresponding period in 2015. Net profit attributable to shareholders reported a 62.6% surge to RM355.8 million from RM218.8 million, while earnings per share reached 107.17 sen, a strong improvement from 65.90 sen reported in the first 9 months of 2015. Correspondingly, net return on equity came in at a credible 20.3% compared with 13.5% for the first three quarters of 2015. This was on the back of 8.2% increase in revenue to RM1,023.3 million from RM946.0 million in the previous corresponding period.

Commenting on the Group's performance for the 9 months period, Tan Sri Dato Sri Dr Teh Hong Piow, Founder and Chairman said, "The general insurance industry has been affected by the slowdown in economic activities, in particular in the property and automotive markets. This is reflected in the subdued 3.0% growth in gross written premium of the industry for the first 6 months of 2016.

Despite the difficult internal and external economic environment, the Group's wholly-owned insurance subsidiary, Lonpac Insurance Bhd (Lonpac), continued to perform well for the first 9 months of 2016, with profit before tax increasing by 17.2% to RM231.8 million from RM197.8 million in the corresponding period in 2015. Earned premium was at RM556.9 million, a 9.6% improvement from RM508.1 million in the preceding corresponding period.

Lonpac reported a healthy 16.9% increase in underwriting profit for the 9 months period to RM187.4 million from RM160.3 million registered in the previous corresponding period. This was attributable to its improved claims experience as reflected in the 6.5% reduction in its claims incurred ratio to 40.5%. Its combined ratio for the period under review improved to 66.4% from 68.5% reported previously.”

Tan Sri Teh added, “The Group's performance was muted in the third quarter of 2016, with profit before tax growing a marginal 2.6% to RM97.4 million from RM94.9 million in the corresponding period in 2015, while net profit attributable to shareholders improved by 2.6% from RM75.8 million to RM77.8 million. Earnings per share for the quarter stood at 23.43 sen, compared with 22.85 sen and net return on equity dropped marginally to 4.4% from 4.7% reported in the previous corresponding quarter. Revenue of the Group for the third quarter expanded by 4.0% to RM363.5 million from RM349.5 million.”

Tan Sri Teh continued, “As for Lonpac, it registered a 4.5% increase in profit before tax for the third quarter of 2016 to RM85.1 million from RM81.4 million in the previous corresponding quarter. This was attributable mainly to higher underwriting profit, which improved by 2.8% to RM69.7 million from RM67.8 million previously, despite the deterioration in its combined ratio from 63.7% to 65.0% for the quarter under review, . For the third quarter , Lonpac managed to grow its earned premium income by 6.4% to RM199.1 million from RM187.2 million previously.”

## Highlights of the Group's Performance:-

	3rd Quarter Ended		Nine Months Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
Revenue (RM'000)	363,529	349,507	1,023,340	945,963
Gross Premium Income (RM'000)	309,556	309,978	1,012,446	985,576
Earned Premium Income (RM'000)	199,127	187,157	556,949	508,055
Underwriting Profit (RM'000)	69,718	67,844	187,434	160,263
Profit Before Tax (RM'000)	97,404	94,875	412,059	267,450
Net Profit Attributable to Shareholders (RM'000)	77,768	75,842	355,773	218,778
Net Return on Equity (%)	4.4	4.7	20.3	13.5
Earnings Per Share (sen)	23.43	22.85	107.17	65.90
Claims Incurred Ratio (%)	38.9	38.4	40.5	43.3
Management Expense Ratio (%)	19.2	18.8	21.6	21.1
Commission Ratio (%)	6.9	6.5	4.3	4.1
Combined Ratio (%)	65.0	63.7	66.4	68.5

Tan Sri Teh further commented, “While the Brexit and the coming US Presidential election may add uncertainties to the global economic outlook, the strong economic performance of US in recent months augurs well for a more stable global economy. However, domestically, weak consumer demand coupled with the implementation of the Framework on Phased Liberalisation of Motor and Fire Tariffs by Bank Negara Malaysia will present a very challenging environment for the Malaysian general insurance industry. Nonetheless, we remain confident that the Group will be able to leverage on its strong balance sheet and sound capital position to further strengthen its market position in targeted portfolios. We will also continue to implement our business plan with prudence and exercise caution to ensure that our underwriting performance will not be compromised during this period.”

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