

PRESS RELEASE BY LPI CAPITAL BHD

LPI CONTINUED ITS GROWTH MOMENTUM IN 2018

LPI Capital Bhd (LPI) maintained its growth strategy into the new financial year of 2018 with its wholly-owned insurance subsidiary, Lonpac Insurance Bhd (Lonpac), continued to expand its premium base. Reviewing the results of LPI Group for the 1st Quarter of 2018, Tan Sri Dato' Sri Dr Teh Hong Piow, the Founder and Chairman of the Group said, "The Group registered a 9.6% revenue growth for the first quarter ended 31 March 2018 from RM347.6 million reported in the previous corresponding period to RM381.0 million. The growth was mainly contributed by Lonpac which saw its gross premium income for the quarter under review expanding by 16.2% to RM483.2 million from RM415.7 million previously. Lonpac's net earned premium income for the 1st Quarter similarly surged by 20.8% from RM179.1 million in the previous corresponding quarter to RM216.4 million. This was the result of organic growth from our diversified distribution channels, particularly our agency network."

Tan Sri Teh continued, “LPI Group’s profit before tax for the 1st Quarter grew by 3.2% to reach RM91.6 million from RM88.8 million in the previous corresponding quarter. Net profit attributable to shareholders grew by 2.7% to RM72.5 million for the quarter under review. Earnings per share came in 0.59 sen higher at 21.84 sen while net return on equity reduced to 3.7% from 4.1% partly due to the bigger equity base. For Lonpac, the claims incurred ratio increased to 47.1% for the 1st Quarter from 39.8% in the previous corresponding quarter, as a result of higher claims reported. Lonpac managed to reduce its management expense ratio to 21.7% from 24.7% partly due to the strong growth of its net earned premium but its commission ratio crept up to 3.6% from 2.8%. This culminated in a higher combined ratio of 72.4% but an increase in underwriting profit of RM59.6 million compared with RM58.5 million in the previous corresponding quarter. Lonpac’s profit before tax for the quarter under review registered an increase of 4.5% to RM76.4 million from RM73.1 million previously.”

Highlights of the Group's Performance:-

	First Quarter Ended	
	31/3/2018	31/3/2017
Revenue (RM'000)	380,998	347,640
Gross Premium Income (RM'000)	483,245	415,655
Net Earned Premium Income (RM'000)	216,399	179,129
Underwriting Profit (RM'000)	59,585	58,471
Profit Before Tax (RM'000)	91,578	88,794
Net Profit Attributable to Shareholders (RM'000)	72,500	70,563
Net Return on Equity (%)	3.7	4.1
Earnings Per Share (sen)	21.84	21.25
Claims Incurred Ratio (%)	47.1	39.8
Management Expense Ratio (%)	21.7	24.7
Commission Ratio (%)	3.6	2.8
Combined Ratio (%)	72.4	67.3

Tan Sri Teh commented, “According to the recently released Bank Negara Malaysia’s Annual Report, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018 amid stronger global economic conditions. Domestic demand will continue to be the anchor of growth, supported by private sector activity. If the healthy economic conditions can translate into stronger demand for insurance services, the insurance industry in general may see a better year for 2018. For LPI, we hope to report an improved performance for the subsequent quarters.”

Date : 26 April 2018

For more information, please contact:

Mr Tan Kok Guan

Chief Executive Officer – LPI Capital Bhd

Tel : 03-2034 2670

Email : kgtan@lonpac.com

Mr Looi Kong Meng

Chief Executive Officer – Lonpac Insurance Bhd

Tel : 03-2262 8620

Email : kmlooi@lonpac.com

Mr Harry Lee Chee Hoong

Head of Group Finance & Corporate Services

Tel : 03-2723 7750

Email : harrylee@lonpac.com