

PRESS RELEASE BY LPI CAPITAL BHD

LPI CAPITAL BHD **A Creditable 3rd Quarter Performance Despite Challenges**

COVID-19 has been plaguing the global economy since beginning of the year, and is showing no sign of abating. This challenging situation may persist until there is a slowdown in the speed of transmission or successful breakthrough for a vaccine. While the Malaysian economy is showing some signs of recovery recently, segments of society and businesses continue to be affected negatively by the pandemic situation which dampens business and consumer sentiment.

Reviewing the performance of the LPI Capital Bhd (LPI) Group for the 3rd Quarter of 2020, the Group Chairman, Tan Sri Dato' Sri Dr Teh Hong Piow commented, "Widespread economic impacts continued months after the COVID-19 virus first reported and this has been felt across multiple sectors of our economy. However, I am pleased to advise that the LPI Group, despite the challenges, has managed to report a creditable performance for the 3rd Quarter of 2020.

Lonpac Insurance Bhd (Lonpac), the Group's wholly-owned insurance subsidiary, recorded an impressive result in the 3rd Quarter of 2020 with Profit Before Tax improving by 15.6% from RM97.4 million reported in the previous corresponding Quarter to RM112.6 million while its Underwriting Profit registered 14.0% increase to RM86.3 million from RM75.7 million. The

strong technical results of Lonpac for the Quarter under review was attributed to lower Claims Incurred Ratio of 39.5% as compared to 43.6% reported in the previous corresponding Quarter. With Management Expense Ratio at 18.5% of Net Earned Premium and Commission Ratio at 8.0%, Lonpac reported an impressive Combined Ratio of 66.0%, an improvement from 70.8% reported previously. Despite the dampened economic conditions which affected demands for insurance, Lonpac managed to maintain its Gross Premium Income for the 3rd Quarter at RM380.6 million while its Net Earned Premium Income registered 1.6% lower to RM254.2 million from RM258.3 million previously due to higher technical reserves.

At the Group level, LPI achieved a 0.6% marginal increase in its Profit Before Tax for the 3rd Quarter of 2020 to RM112.1 million from RM111.4 million reported in the previous corresponding Quarter while its Net Profit Attributable to Shareholders registered 1.8% lower at RM86.2 million from RM87.8 million. LPI's investment income for the Quarter under review was partly affected by lower dividend and interest incomes from its investments. While its fair value gains on investment registered an increase of RM4.6 million as compared to previous corresponding Quarter, its total dividend and interest incomes reported a decline of RM14.5 million. LPI's Net Return on Equity for the 3rd Quarter increased to 4.9% from 4.6% previously while Earnings Per Share reported marginally lower at 21.63 sen."

Tan Sri Teh continued to update on the Group's performance for the year, "For the 9 months ended 30 September 2020, Lonpac maintained its strong performance with its Profit Before Tax improved by 8.7% to RM293.5 million from RM270.0 million reported in previous corresponding period while its

Underwriting Profit also registered an impressive 8.6% improvement to RM226.2 million from RM208.3 million achieved previously. Lonpac's Claims Incurred Ratio for the 9 months period lowered to 43.7% from 45.2% and with Management Expense Ratio at 20.0% and Commission Ratio reduced to 5.8%, it reported an improved Combined Ratio of 69.5% as compared to 72.0% recorded in the previous corresponding period. Lonpac booked in Gross Premium Income of RM1,207.5 million for the period under review while its Net Earned Premium Income registered 0.4% lower at RM742.8 million.

For the 9 months period ended 30 September 2020, the LPI Group reported a 3.6% improvement in its Profit Before Tax from RM299.4 million achieved in previous corresponding period to RM310.3 million. Its Net Profit Attributable to Shareholders increased by 2.4% to RM241.5 million from RM235.8 million previously. Net Return on Equity registered higher at 13.7% while Earnings Per Share improved to 60.62 sen from 59.18 sen."

Tan Sri Teh further commented, "The various additional economic stimulus announced recently by the Government is expected to further support the Government's efforts to revive the economy. With the right SOPs in place and improved compliance by the public, we should be able to manage the COVID-19 situation despite the recent spike in cases while at the same time, the economy can continue functioning.

For the Group, we need to continue assessing the range of possible future scenarios and develop corresponding strategic actions to address these possible scenarios in order to thrive in the new reality. In this challenging period, we must be resilient and prepared to transform in order to emerge stronger.”

Date : 15 Oct 2020

Highlights of the Group's Performance: -

LPI CAPITAL BHD	3rd Quarter Ended		9 Months Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
Revenue (RM'000)	395,755	423,841	1,199,208	1,203,445
Profit Before Tax (RM'000)	112,085	111,359	310,298	299,428
Net Profit Attributable to Shareholders (RM'000)	86,178	87,818	241,496	235,758
Net Return on Equity (%)	4.9	4.6	13.7	12.3
Earnings Per Share (sen)	21.63	22.04	60.62	59.18

LONPAC INSURANCE BHD	3rd Quarter Ended		9 Months Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
Profit Before Tax (RM'000)	112,601	97,431	293,533	270,030
Gross Premium Income (RM'000)	380,628	380,045	1,207,530	1,207,559
Net Earned Premium Income (RM'000)	254,222	258,322	742,769	745,962
Underwriting Profit (RM'000)	86,309	75,666	226,195	208,291
Claims Incurred Ratio (%)	39.5	43.6	43.7	45.2
Management Expense Ratio (%)	18.5	19.5	20.0	20.1
Commission Ratio (%)	8.0	7.7	5.8	6.7
Combined Ratio (%)	66.0	70.8	69.5	72.0

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 Ng Seng Khin

Chief Financial Officer – Lonpac Insurance Bhd

Tel : 03-2723 7835

Email : skng@lonpac.com