

PRESS RELEASE BY LPI CAPITAL BHD

LPI Group's Performance for the 3rd Quarter of FY2023

Malaysia's economy grew moderately in the first nine months of 2023, even as advanced economies continued to struggle with containing inflation. However, persistent negative growth in Malaysia's total trade over the past several months signals a challenging outlook for the country. This trend is attributed to weaker external demand which in turn continued to exert pressure on growth. In response to the current economic environment, the Malaysian Government has intensified efforts to create an attractive investment ecosystem to attract foreign direct investments and encourage domestic direct investments.

Despite a volatile economic environment, the LPI Capital Bhd Group (the LPI Group) is pleased to report a creditable performance for the 3rd Quarter of FY2023 (3Q2023). For the Quarter ended 30 September 2023, the LPI Group registered a strong increase in Revenue by 14.8% to RM498.4 million from RM434.0 million recorded in the previous corresponding quarter. The growth in Revenue was largely due to the performance of its General Insurance segment. The LPI Group's Profit Before Tax (PBT) for 3Q2023 similarly posted a commendable 11.2% improvement to RM119.6 million from RM107.6 million recorded in the previous corresponding quarter. The increase in PBT was mainly driven by higher profit contributions from the General Insurance segment. As a result, Net Profit Attributable to Shareholders rose an impressive 23.0% to RM97.4 million from RM79.2

million year-on-year, partly due to the absence of the one-off Prosperity Tax that was imposed in FY2022. The Group's Net Return on Equity was reported at 4.5% and Earnings Per Share at 24.45 sen for 3Q2023, against 3.7% and 19.87 sen respectively in the previous corresponding quarter in FY2022.

Lonpac Insurance Bhd (Lonpac), the Group's wholly-owned insurance subsidiary, posted PBT of RM101.5 million in 3Q2023, representing a 10.3% year-on-year increase from RM92.0 million. The improved profitability of Lonpac was due to higher returns from its investment portfolio and better Insurance Service Result. In 3Q2023, Lonpac's Insurance Service Result grew 3.8% year-on-year to RM88.5 million from RM85.3 million. This was due primarily to a lower Net Claims Incurred Ratio which came in at 39.4%, as compared to 43.4% reported in 3Q2022. Both Motor and Marine Insurance business segments registered an improvement in claims experience for the quarter under review. With Management Expenses Ratio and Net Commission Ratio coming in at 20.0% and 8.7% respectively, Lonpac's Combined Ratio for 3Q2023 increased marginally to 71.1% from 70.9% recorded in 3Q2022. For the quarter under review, Gross Premium Income rose 9.5% to RM447.9 million from RM409.0 million, with all major insurance classes registering growth during the quarter.

For the nine-month period ended 30 September 2023 (9M2023), the LPI Group's Revenue increased 13.5% to RM1,424.1 million from RM1,254.4 million posted in the corresponding period in FY2022 (9M2022). The

increase in Revenue was mainly due to higher contributions from General Insurance segment. The LPI Group's PBT for the first nine months of FY2023 grew 12.6% to RM291.7 million from RM259.0 million year-over-year. This is attributable to higher investment income which increased 38.0% to RM99.2 million from RM71.9 million in 9M2022, as well as a reported net fair value gains of RM15.2 million in its investments as compared to a RM10.8 million net fair value losses recorded in 9M2022. Meanwhile, Net Profit Attributable to Shareholders rose 19.0% to RM235.1 million as compared against the RM197.6 million achieved in the previous corresponding period. LPI's Net Return on Equity for 9M2023 improved to 10.9% from 9.2% while Earnings Per Share increased to 59.03 sen from 49.60 sen.

For the first nine months of FY2023, Lonpac's Gross Premium Income increased by 6.5% to RM1,339.1 million from RM1,257.9 million in 9M2022, with all major insurance classes posting commendable growth rate. However, Lonpac experienced an increase in the number of claims reported, particularly in the Fire and Medical sectors of business during the period under review. As a result, Lonpac's Net Claims Incurred Ratio rose 1.4 percentage points to 46.2% from 44.8% reported in the previous corresponding period. With Management Expenses Ratio improving marginally from 21.1% to 20.6% and Net Commission Ratio higher at 8.3% from 6.8%, Lonpac's Combined Ratio for 9M2023 increased to 77.6% from 74.1% for the same period in FY2022. Lonpac's Insurance Service Result had thus deteriorated by 5.7% to RM212.6 million from RM225.5 million year-over-year. Despite the lower contribution from underwriting, Lonpac continued

to post a 15.2% higher PBT at RM265.5 million from RM230.4 million, driven mainly by the improved performance of the investment segment.

Highlights of the Group's Performance: -

LPI CAPITAL BHD GROUP	3rd Quarter Ended		9 Months Ended	
		Restated		Restated
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
Revenue (RM'000)	498,400	434,046	1,424,063	1,254,353
Profit Before Tax (RM'000)	119,569	107,562	291,741	259,009
Net Profit Attributable to Shareholders (RM'000)	97,368	79,184	235,146	197,606
Net Return on Equity (%)	4.5	3.7	10.9	9.2
Earnings Per Share (sen)	24.45	19.87	59.03	49.60

LONPAC INSURANCE BHD	3rd Quarter Ended		9 Months Ended	
		Restated		Restated
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
Profit Before Tax (RM'000)	101,516	92,042	265,526	230,415
Gross Premium Income (RM'000)	447,895	409,046	1,339,106	1,257,859
Insurance Service Result (RM'000)	88,489	85,315	212,560	225,493
Net Claims Incurred Ratio (%)	39.4	43.4	46.2	44.8
Management Expenses Ratio (%)	20.0	20.6	20.6	21.1
Net Commission Ratio (%)	8.7	6.4	8.3	6.8
Net Insurance Finance Cost Ratio (%)	2.9	1.7	3.1	1.6
Net Losses on Onerous Contracts Ratio (%)	-	(1.2)	(0.5)	(0.2)
Combined Ratio (%)	71.1	70.9	77.6	74.1

Global macroeconomic risks such as the impact of higher interest rates and geopolitical tensions will likely persist in the near-term. Malaysia's economic growth is presently driven mainly by domestic growth which is expected to be sustained by continued consumer spending, the recovery of the tourism sector and the rolling out of government infrastructure projects. The LPI Group will continue to pursue growth in profitable segments and improve operational efficiency through the Group's ongoing digital transformation. Despite the challenging environment, the Group shall continue to execute its strategic initiatives prudently and deliver sustainable growth for FY2023.

Date: 24 October 2023

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