

PRESS RELEASE BY LPI CAPITAL BHD

LPI Group's Performance for the 1st Quarter of FY2024

LPI Group kicked off 2024 with a strong performance in the 1st Quarter of FY2024 (1Q2024). The Group's Profit Before Tax (PBT) increased by 39.3% to RM127.3 million in 1Q2024 from RM91.4 million in the corresponding quarter in FY2023 (1Q2023). The increase was driven by higher profit from the general insurance segment, mainly due to a higher Insurance Service Result. The investment holding segment similarly recorded a higher PBT of RM19.9 million as compared to RM9.0 million in 1Q2023, owing to higher dividend income received in 1Q2024 from equity investments. Net Profit Attributable to Shareholders for the quarter under review increased by 37.3% to RM101.3 million from RM73.8 million in 1Q2023. Likewise, Net Return on Equity improved to 4.6% from 3.6% while Earnings Per Share was reported higher at 25.43 sen as compared to 18.53 sen in 1Q2023. For 1Q2024, LPI Group's Revenue registered a 1.4% growth to RM469.8 million from RM463.3 million in the previous year. The Revenue growth was largely attributable to the performance of the investment holding segment, which recorded a higher dividend income. Meanwhile, the general insurance segment recorded a lower revenue of RM447.9 million as compared to RM452.2 million in 1Q2023 arising from lower recognition of insurance revenue.

Lonpac Insurance Bhd (Lonpac), the Group's wholly-owned insurance subsidiary, posted a PBT of RM107.5 million in 1Q2024, representing an impressive 31.4% year-on-year increase from RM81.8 million. The improved

profitability of Lonpac was contributed by higher Insurance Service Result reported as compared to 1Q2023. In 1Q2024, Lonpac's Insurance Service Result grew 44.1% year-on-year to RM87.9 million from RM61.0 million. The better performance was due primarily to a lower Net Claims Incurred Ratio of 40.1% as compared to 51.8% in 1Q2023. Both Fire and Miscellaneous classes of business contributed significantly to the better Insurance Service Result in 1Q2024. Meanwhile, the Management Expenses Ratio increased marginally to 21.2% from 20.1% year-on-year, with the Net Commission Ratio higher at 8.4% from 7.6%. Consequently, Lonpac's Combined Ratio for 1Q2024 improved to 73.4% from 81.2% in 1Q2023. For the quarter under review, Gross Written Premiums rose 8.7% to RM531.9 million from RM489.4 million a year ago.

Highlights of the Group's Performance: -

LPI CAPITAL BHD GROUP	First Quarter Ended	
	31/3/2024	31/3/2023
Operating Revenue (RM'000)	469,760	463,300
Profit Before Tax (RM'000)	127,347	91,390
Net Profit Attributable to Shareholders (RM'000)	101,291	73,834
Net Return on Equity (%)	4.6	3.6
Earnings Per Share (sen)	25.43	18.53

LONPAC INSURANCE BHD	First Quarter Ended	
	31/3/2024	31/3/2023
Profit Before Tax (RM'000)	107,478	81,805
Gross Written Premiums (RM'000)	531,888	489,405
Insurance Service Result (RM'000)	87,860	61,023
Net Claims Incurred Ratio (%)	40.1	51.8
Management Expenses Ratio (%)	21.2	20.1
Net Commission Ratio (%)	8.4	7.6
Net Insurance Finance Cost Ratio (%)	3.2	3.3
Net Losses on Onerous Contracts Ratio (%)	0.6	(1.4)
Combined Ratio (%)	73.4	81.2

Malaysia's economy is projected to perform better in 2024 with the risk of a global recession receding and in the light of a recovery in the Malaysian export market. However, the Malaysian insurance industry will continue to face greater competition and underwriting margins compression owing to the Phased Liberalisation process. The Group aims to enhance its sustainability within this competitive market environment by focusing on strategic sectors that can provide steady and sustainable profits. Product diversification and market segmentation are important strategic measures in driving business success. To do so, the Group will continue to strengthen its distribution channels by forming partnerships and enhancing its collaboration with agents and bancassurance partners to grow the desired portfolios.

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