

PRESS RELEASE BY LPI CAPITAL BHD

LPI Group's Performance for 2nd Quarter of FY2024

Riding on a positive economic environment and favourable claims experience, the LPI Group reported a commendable performance for the 2nd Quarter of FY2024 (2Q2024). For the Quarter ended 30 June 2024, the Group's Profit Before Tax (PBT) surged by 24.5% to RM100.6 million from RM80.8 million in the corresponding quarter in FY2023 (2Q2023). The increase was driven by higher profit from the general insurance segment, which increased by 23.6% to RM102.1 million from RM82.6 million in 2Q2023, mainly contributed by its higher Insurance Service Result. The investment holding segment recorded a lower loss before tax of RM1.5 million as compared to a loss of RM1.8 million in 2Q2023 due to higher interest income received during 2Q2024. Net Profit Attributable to Shareholders for the quarter under review increased by 23.0% to RM78.0 million from RM63.4 million in 2Q2023. Likewise, Net Return on Equity improved to 3.5% from 3.0%, whilst Earnings Per Share was reported higher at 19.58 sen as compared to 15.92 sen in 2Q2023. For 2Q2024, the LPI Group's Revenue registered a 1.5% growth to RM469.4 million from RM462.4 million in the previous corresponding quarter. The growth in Revenue was largely contributed by its general insurance segment, which increased to RM469.0 million as compared to RM462.1 million in 2Q2023, attributed to the higher insurance revenue coupled with improved investment income. The investment holding segment recorded marginally higher revenue of RM0.4 million as compared to RM0.3 million, contributed by higher interest income received.

Lonpac Insurance Bhd (Lonpac), the Group's wholly-owned insurance subsidiary, posted a PBT of RM101.7 million in 2Q2024, representing an impressive 23.7% year-on-year increase from RM82.2 million. The increase in profitability of Lonpac was contributed by its higher Insurance Service Result reported as compared to 2Q2023. Lonpac's Insurance Service Result grew 40.3% year-on-year to RM88.4 million from RM63.0 million. The better performance was due primarily to a lower Net Claims Incurred Ratio of 44.3% as compared to 47.6% in 2Q2023. Fire, Miscellaneous and Motor classes of business all contributed to the better Insurance Service Result in 2Q2024. Meanwhile, the Management Expenses Ratio reported a decline to 18.4% in 2Q2024 from 21.6% year-on-year, with the Net Commission Ratio at 8.3% from 8.6%. Consequently, Lonpac's Combined Ratio for 2Q2024 improved to 73.6% from 80.6% in 2Q2023. For the quarter under review, Gross Written Premiums rose 7.4% to RM431.7 million from RM401.8 million in 2Q2023. Both Fire and Motor classes of insurance contributed significantly to the increase in Gross Written Premiums.

For the six-month period ended 30 June 2024 (1H2024), the LPI Group posted an impressive 32.3% growth in its PBT to RM227.9 million from RM172.2 million registered in the corresponding period in FY2023 (1H2023). The increase was primarily driven by higher profit from the general insurance segment which increased by 27.0% to RM209.5 million from RM165.0 million, contributed mainly by its higher Insurance Service Result. The investment holding segment also recorded a higher PBT of RM18.4 million as compared to RM7.2 million in 1H2023, mainly contributed by its higher tax-exempt dividend income received from its equity investment. Net Profit Attributable to Shareholders similarly registered a strong 30.7%

improvement to RM179.3 million from RM137.2 million in 1H2023. Net Return on Equity of the LPI Group increased to 8.0% from 6.5%, while Earnings Per Share was reported higher at 45.01 sen from 34.45 sen in 1H2023. Revenue of the LPI Group registered a marginal growth of 1.5% in 1H2024 to RM939.2 million from RM925.7 million in the previous year. The increase in Revenue was mainly driven by the investment holding segment, attributable to the higher dividend income.

For 1H2024, Lonpac recorded a 27.5% increase in its PBT to RM209.1 million from RM164.0 million in 1H2023. The higher PBT of Lonpac was contributed by its favourable claims experience during the period under review, with its Insurance Service Result registered an impressive 42.1% improvement to RM176.3 million from RM124.1 million. Fire class of business posted a 35.0% increase in its Insurance Service Result to RM126.1 million from RM93.4 million in 1H2023 while Miscellaneous class of business recorded an 84.3% jump in its Insurance Service Result to RM44.6 million from RM24.2 million. Net Claims Incurred Ratio of Lonpac improved to 42.2% from 49.7% in 1H2023. With a lower Management Expenses Ratio of 19.8% from 20.8% and Net Commission Ratio of 8.4%, the Combined Ratio of Lonpac registered at an impressive 73.5% in 1H2024 from 80.9% in 1H2023. Gross Written Premiums of Lonpac in 1H2024 increased by 8.1% to RM963.5 million from RM891.2 million in 1H2023 with Fire and Motor classes of insurance registering commendable growth rate.

Highlights of the Group's Performance: -

LPI CAPITAL BHD GROUP	2 nd Quarter Ended		6 Months Ended	
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
Revenue (RM'000)	469,404	462,363	939,164	925,663
Profit Before Tax (RM'000)	100,550	80,782	227,897	172,172
Net Profit Attributable to Shareholders (RM'000)	78,003	63,395	179,294	137,229
Net Return on Equity (%)	3.5	3.0	8.0	6.5
Earnings Per Share (sen)	19.58	15.92	45.01	34.45

LONPAC INSURANCE BHD	2 nd Quarter Ended		6 Months Ended	
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
Profit Before Tax (RM'000)	101,665	82,205	209,143	164,010
Gross Written Premiums (RM'000)	431,650	401,806	963,538	891,211
Insurance Service Result (RM'000)	88,420	63,048	176,280	124,071
Net Claims Incurred Ratio (%)	44.3	47.6	42.2	49.7
Management Expenses Ratio (%)	18.4	21.6	19.8	20.8
Net Commission Ratio (%)	8.3	8.6	8.4	8.1
Net Insurance Finance Cost Ratio (%)	3.2	3.1	3.2	3.2
Net Losses on Onerous Contracts Ratio (%)	(0.5)	(0.3)	-	(0.8)
Combined Ratio (%)	73.6	80.6	73.5	80.9

In view of the strong performance reported by the LPI Group in 1H2024, the Board of Directors has declared a first interim dividend of 30.0 sen per share (FY2023: 26.0 sen per share). This first interim dividend, which amounts to RM119.5 million, is part of the Group's continuing efforts to reward the shareholders for their continued support. This first interim dividend payment represents 66.6% (FY2023: 75.5%) of the Group's Net Profit Attributable to Shareholders.

Malaysia's economy is currently being supported by resilient domestic demand and robust foreign direct investments which are attracted to Malaysia's favourable investment policies for foreign investors. As the Malaysian Government is boosting spending in the semi-conductor industry, building manufacturing capabilities and expanding public infrastructure, the demand for insurance services is expected to increase in the coming quarters. The LPI Group will leverage its established agency network, insurance brokering partners and extensive global partnerships to tap into this expanding insurance business. As we confront the challenges of this dynamic market, the Group remains committed to fostering excellent customer services and will continue to promote wider adoption of digital solutions to enhance efficiency and improve customer experience.

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