

LPI Capital 3Q net profit up 18.5%

BY SAMANTHA HO

KUALA LUMPUR: LPI Capital Bhd recorded an 18.5% increase in its net profit for the third quarter ended Sept 30, 2017 (3QFY17) to RM92.17 million from RM77.77 million a year ago, due to higher revenue from gross earned premiums.

Quarterly revenue grew 11.9% year-on-year (y-o-y) to RM406.79 million from RM363.53 million, as gross earned premiums from its general insurance segment rose 12.7% or RM42.6 million, the group said in a filing with Bursa Malaysia yesterday.

Its investment holding segment, however, recorded a 2.21% decline in revenue to RM13.3 million due to lower interest received.

"The strong performance of the group was contributed by the outstanding results of our wholly-owned insurance subsidiary, Lonpac Insurance Bhd," said Tan Sri Dr Teh Hong Piow, founder and chairman of LPI Capital.

Lonpac's gross premium income for 3QFY17 grew 34.6% y-o-y to RM416.6 million from RM309.6 million.

For the cumulative nine months ended Sept 30, 2017 (9MFY17), revenue rose 8.8% y-o-y to RM1.11 billion from RM1.02 billion, thanks to improved contributions from its general insurance segment.

However, net profit over the period fell 35.1% y-o-y to RM230.8 million from RM355.8 million a year ago due to a reduction in extraordinary gains from the realisation of equity investment, said Teh.

"If the results had been adjusted to exclude these extraordinary gains, the profit before tax for the period under review would have grown by 11%," he said, adding that Lonpac's performance remained resilient despite facing competitive pressures

THE EDGE FILE PHOTO



Teh: The strong performance of the group was contributed by the outstanding results of Lonpac Insurance Bhd.

arising from market liberalisation.

"Gross premium income of Lonpac for the period under review registered a strong growth of 12.6% to RM1.14 billion from RM1.01 billion reported previously in comparison with the 1.9% decline recorded by the general insurance industry during the first half-year of 2017," he noted.

Lonpac's combined ratio improved to 65.9% from 66.4% previously. "The lower combined ratio, coupled with the higher net earned premium income of RM623.1 million (up 11.9% from RM556.9 million previously), boosted Lonpac's underwriting profit by an impressive 13.4% to RM212.6 million from RM187.4 million previously," he added.

Going forward, the group said, it has established a digital strategy department within Lonpac to leverage on technology in order to further distribute its products and enhance its services.

LPI Capital shares closed 10 sen higher at RM18.06 apiece yesterday, giving the group a market capitalisation of RM5.98 billion.