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- [Business](#)
- [Sport](#)
- [Metro](#)
- [Tech](#)
- [Lifestyle](#)
- [Opinion](#)
- [Videos](#)
- [Property](#)
- [Jobs](#)
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[Home](#) > [Business](#) > [Business News](#)

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LPI Capital FY15 earnings higher at RM321m

BY JOSEPH CHIN





Teh Hong Piow said the group put up a commendable performance despite operating in a volatile economic environment.

KUALA LUMPUR: Insurer LPI Capital Bhd reported a higher set of earnings in the financial year ended Dec 31, 2015, underpinned by healthy growth in gross premium income but it foresees challenges ahead.

It said on Wednesday its FY15 earnings were up 13.4% to RM320.99mil from RM283.01mil in FY14. Revenue rose 9.8% to RM1.284bil from RM1.169bil.

Group's pre-tax profit came in at RM393.06mil, up 15% from the RM341.95mil.

LPI rewarded shareholders with a dividend of 50 sen a share, bringing the total dividend for FY15 to 70 sen.

Commenting on the FY15 performance, LPI founder and chairman Tan Sri Teh Hong Piow said the group put up a commendable performance despite operating in a volatile economic environment.

He said the unfavourable global economic developments coupled with the weak commodity prices had continued to dampen investor sentiment. Another factor was the weakness of the ringgit, which was presently trading at multi-year lows.

Teh pointed out the depressed economic scenario had adversely affected the Malaysian general insurance industry, as reflected in the slower growth of gross premium income of 2.3% for the nine months ended Sept 30, 2015 compared to 5.1% a year ago.

"We believe that the insurance industry in Malaysia is likely to face even more challenges in the

near future, with impending liberalisation and greater pressures being exerted on our operating conditions and profitability," he said.

Its insurance unit, Lonpac Insurance Bhd recorded a healthy 8.8% growth in gross premium income to RM1.25bil in FY15, more than double the 3.9% growth rate in financial year 2014.

This enabled it to increase its market share from 6.2% as at Dec 31, 2014 to 6.8% as at Sept 30, 2015," it said

In the fourth quarter, LPI Capital's earnings fell 12.6% to RM102.21mil from RM117.06mil a year ago mainly due to lower realised gains on its investment in equities. Its revenue was higher at RM338.62mil, up 13.1% from RM299.16mil. Earnings per share were 30.79 sen compared with 35.31 sen.

Lonpac returned an impressive underwriting profit of RM76mil for Q4, up 30.8% from RM58.1mil a year ago.

Gross premium income growth for Q4 was more subdued at 3.8% to RM265.2mil.

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