Corporate Update

LPI Capital Berhad

(8621 | LPI MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

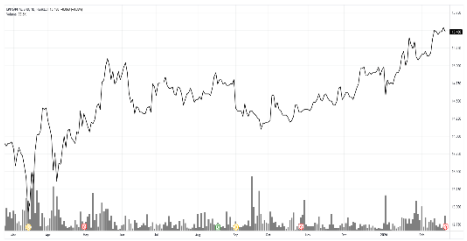
Maintain **BUY**

Revised Target Price **RM16.65**
(from RM15.70)

4QFY25 Results Review
Upbeat for Quarters Ahead

RETURN STATISTICS	
Price @ 24 February 2026 (RM)	15.48
Expected share price return (%)	+7.6
Expected dividend yield (%)	+18.2
Expected total return (%)	**+25.7**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.2	1.3
3 months	3.6	-1.5
12 months	10.1	-0.1

INVESTMENT STATISTICS			
FYE Dec	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**415**	**442**	**471**
CNP growth (%)	13	7	7
Div yield (%)	**18.2**	**6.1**	**6.5**
Gross DPS (sen)	281.0	94.3	100.5
P/BV (x)	**2.1**	**2.1**	**2.1**
BVPS (RM)	7.2	7.4	7.6
ROE (%)	**15.6**	**15.2**	**15.8**
% Street CNP (%)	**98**	**98**	

KEY STATISTICS	
FBM KLCI	1,754.01
Issue shares (m)	398.4
Estimated free float (%)	78.7
Market Capitalisation (RM'm)	6,167.0
52-wk price range	RM12.8 – RM15.5
3-mth average daily volume (m)	0.0
3-mth average daily value (RM'm)	0.7
Top Shareholders (%)	
Public Bank	44.2
Public Mutual Bhd	8.5
Sompo Holdings, Inc	4.7

Salient Points

A weak quarter due to seasonal effects: Earnings were barely within our expectations, but below the street's.

Expect: Special dividends and Public Bank synergy to dominate the discourse.

Our Verdict

With the Public Bank share sale expected to take place by Jun-26, a special dividend announcement may be coming soon. There may be some short-term profit-taking afterward, but we remain optimistic on LPI's growth prospects, especially when Public Bank's synergistic effects start ramping up.

Valuations

A revised FY26F P/BV of 2.31x *(formerly 2.46x)*

Current P/BV of 2.51x is inexpensive, trading under the 10-year P/BV mean of 2.77x.

The company is currently trading at a forward FY26F P/BV of 2.15x with a +18.2% dividend yield.

Themes

1. ▲ High chance of special dividend payout in FY26. At Public Bank's current price, this could translate to RM783m worth of dividends.
2. ▲ Collaborative efforts between LPI and Public Bank are expected to kick in by FY26, translating to higher cost savings and operational efficiency.
3. ▲ LPI's GWP growth has been strong so far, with fire premium growth coming above our expectations. Ongoing construction/infrastructure projects should keep overall growth figures healthy.
4. ► LPI remains a defensive option, given its 100% general exposure. It is unaffected by healthcare insurance headwinds, while lower reliance on investment income makes its growth less vulnerable to market weakness.
5. ► Possible weakness in the MAT segment, due to the rapidly appreciating MYR, reducing export opportunities.

Results in a nutshell:

► **FY25's Core NP of RM368m was *Within/Below* our/street forecasts: *95%/94%* of full-year forecasts.** The quarter's weak result was due to seasonally higher claims (something the Group had previously guided for).

▲ **Dividends announced.** DPS of 80.0 sen translates to a payout of 87% for FY25. This was slightly above our FY25 expectation of 85%.

▼ **FY25's Core net profit (NP) of RM368m down by -2%yoy.** The drag came from much higher insurance expenses, which offset improved insurance revenue.

Analyst
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▼ **4QFY25's Core NP of RM72m down by -37%qoq.** The drag mainly came from elevated claims and normalised investment returns.

▲ **FY25's GWP of RM2,006m grew by a solid +8%yoy.** The growth was mainly driven by strong fire and motor performances, which offset weakness in the MAT segment. The standout was the surge in fire premiums, which surpassed our expectations.

▼ **4QFY25's GWP figure of RM462m fell by -10%qoq.** No cause for concern: 3QFY25 was an extremely strong growth quarter, and weakness came from the Miscellaneous segment (which sees lumpy growth regularly).

▼ **FY25's Combined ratio of 75.9% up +3.7%yoy.** The worsening was largely due to higher claims, which offset improvements in onerous contracts.

▼ **4QFY25's Combined ratio of 78.0% up +4.9%qoq.** Seasonal monsoon effects lifted this quarter's claims ratio.

Forecasts unchanged. We maintain our previous earnings forecasts. However, we have input a higher dividend payout figure for FY26 to account for the Public Bank share sale. We also include in the balance sheet the remaining proceeds held for working capital purposes, which may affect the book value aspect of our valuation method.
Key downside risks. *(1) Weaker-than-expected premium growth, (2) Adverse weather conditions leading to reinsurance and claim ratio spikes, (3) Elevated competition in the General space.*

Maintain BUY call: Revised GGM-TP of RM 16.65 ***(from RM15.70)***. The TP is based on a revised FY26F P/BV of 2.31x *(formerly 2.46x)*, to reflect the impact of the Public Bank share sale on the financial statement.
(GGM assumptions: *FY26F ROE of 15.6%, LTG of 4.0% & COE of 9.0%)*

FIG 1: Quarterly results

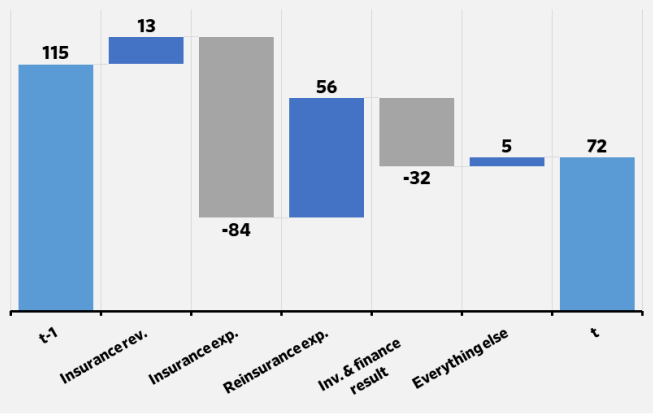
FYE Dec (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Insurance revenue	513	500	462	11	3	1,961	1,782	10
Insurance service expenses	(405)	(321)	(239)	70	26	(1,296)	(1,058)	23
Reinsurance expenses	(24)	(80)	(133)	-82	-70	(317)	(346)	-8
Insurance service result	**83**	**99**	**90**	**-8**	**-16**	**348**	**378**	**-8**
Investment return	20	52	20	2	-61	161	146	10
Net finance result	(11)	(10)	(12)	-12	3	(41)	(39)	3
Net inv & financial result	**93**	**140**	**98**	**-5**	**-34**	**468**	**485**	**-3**
Other income	3	2	1	n.m.	n.m.	9	5	n.m.
OPEX and finance costs	(5)	(6)	(4)	n.m.	n.m.	(22)	(18)	n.m.
Associates	0	0	1	n.m.	n.m.	1	2	n.m.
PBT	**92**	**137**	**96**	**-5**	**-33**	**457**	**474**	**-4**
Tax	(20)	(22)	(22)	-10	-12	(89)	(97)	-8
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
Reported NP	**72**	**115**	**74**	**-3**	**-37**	**368**	**377**	**-2**
Core NP	**72**	**115**	**74**	**-3**	**-37**	**368**	**377**	**-2**
Gross DPS (sen)	**50.0**	**-**	**50.0**	**n.m.**	**n.m.**	**80.0**	**80.0**	**n.m.**
Core EPS (sen)	18.0	28.8	18.5	-3	-37	92.3	94.7	-2

Ratios (%)	4Q FY25	3Q FY25	4Q FY24	Yoy (ppts)	Qoq (ppts)	FY25	FY24	Yoy (ppts)
ROE (Ann.)	**11.7**	**19.6**	**12.2**	**-0.5**	**-7.9**	**15.0**	**15.6**	**-0.6**
Underwriting margin	**16.2**	**19.7**	**19.5**	**-3.3**	**-3.5**	**17.7**	**21.2**	**-3.5**
Combined (As reported)	**78.0**	**73.1**	**75.1**	**2.9**	**4.9**	**75.9**	**72.2**	**3.7**
Claims	48.2	43.8	41.5	6.7	4.4	45.4	40.4	5.0
Mgmt expenses	20.9	20.2	19.8	1.1	0.7	20.9	19.6	1.3
Commission	7.8	7.9	7.9	-0.1	-0.1	8.0	8.2	-0.2
Net insurance finance cost	3.3	3.2	3.9	-0.6	0.1	3.3	3.3	0.0
Onerous contracts	(2.2)	(2.1)	2.0	-4.2	-0.1	(1.7)	0.6	-2.3

By Segment (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Total GWP	**462**	**516**	**431**	**7**	**-10**	**2,006**	**1,860**	**8**
Fire	199	202	183	9	-1	814	735	11
Motor	142	128	122	16	11	506	457	11
MAT	15	17	21	-25	-10	91	105	-13
Misc	105	169	105	-0	-38	594	563	6
Total Ins. service result	**83**	**99**	**90**	**-8**	**-16**	**348**	**378**	**-8**
Fire	58	60	71	-18	-3	215	271	-21
Motor	1	14	6	-86	-94	35	25	41
MAT	2	(1)	1	128	-222	4	1	438
Misc	22	26	28	-21	-15	86	97	-11

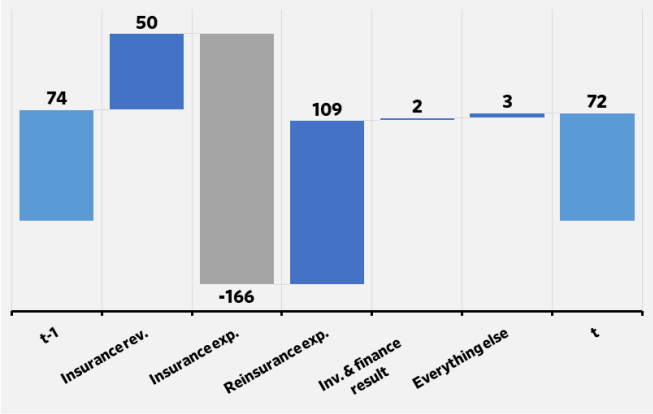
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly results)



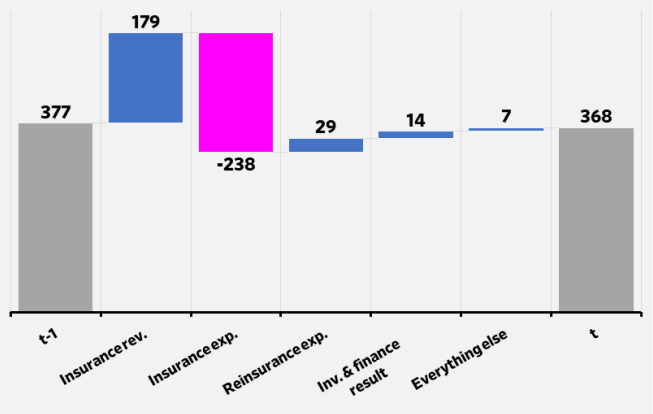
Source: Company, MBSBR

FIG 3: YoY P/L walk (Quarterly results)



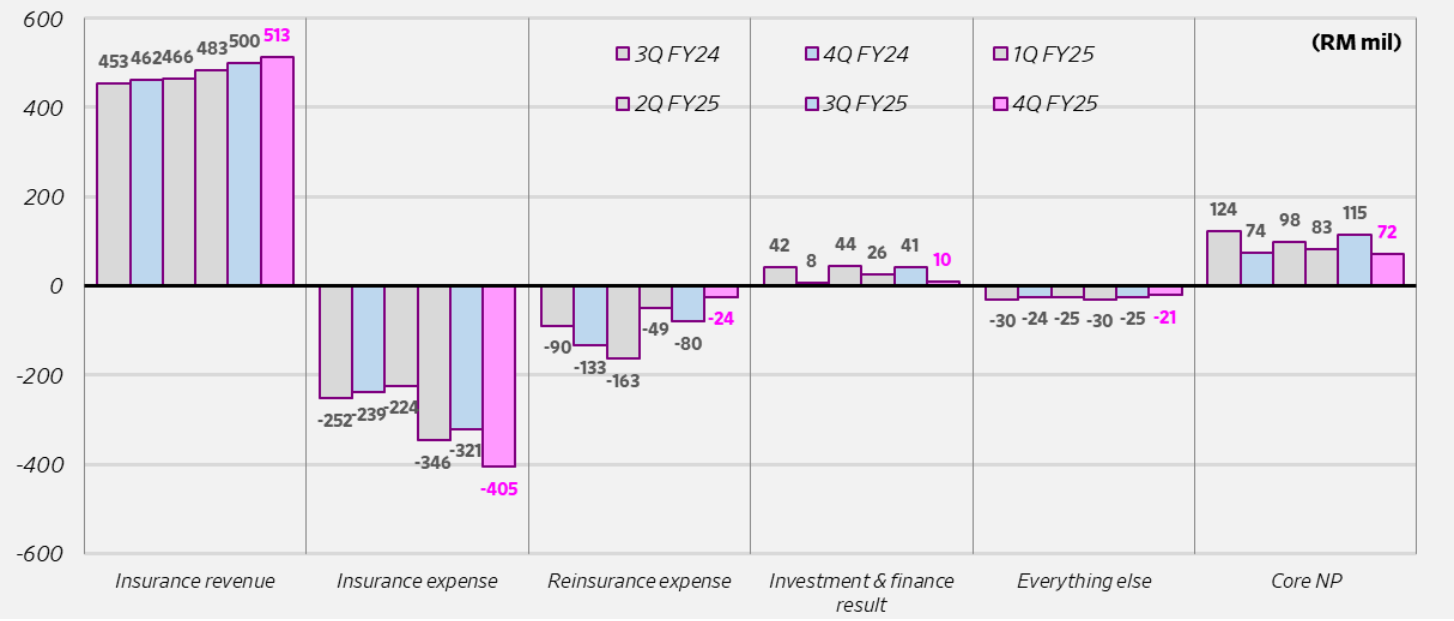
Source: Company, MBSBR

FIG 4: YoY P/L walk (Cumulative results)



Source: Company, MBSBR

FIG 5: QoQ P/L walk (Multiple Quarters)

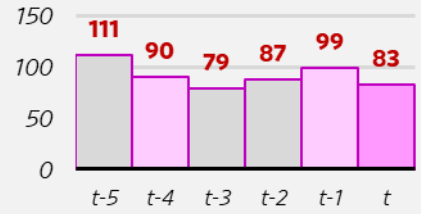


Source: Company, MBSBR

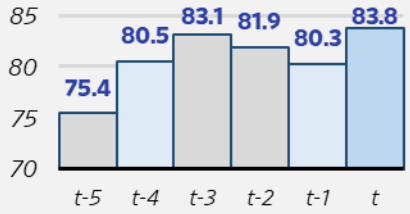
FIG 6: Quarterly Insurance Service Result Performance by Segment

1. Total Overall: ▼ Weak

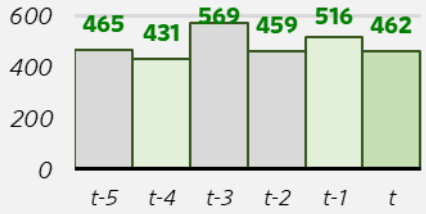
Insurance Service Result (RM m)



Combined Ratio (%)



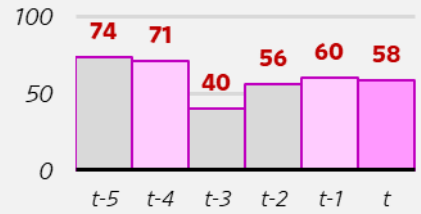
GWP (RM m)



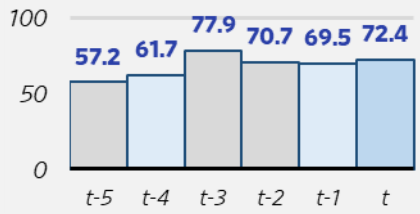
Commentary: A weaker quarterly result due to an elevated claims ratio, which is brought about by seasonal monsoon floods.

2. Fire Overall: ► Mediocre

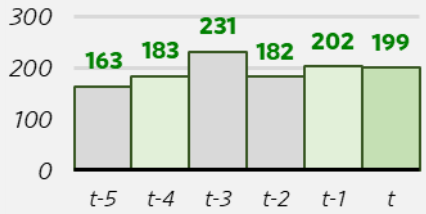
Insurance Service Result (RM m)



Combined Ratio (%)



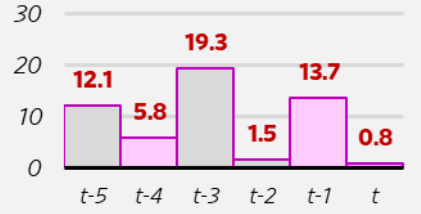
GWP (RM m)



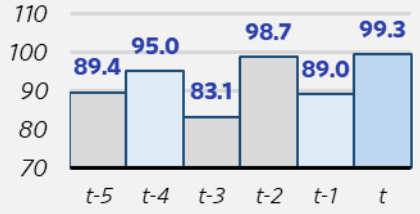
Commentary: We saw some seasonal impact affecting insurance costs, but it was not overly severe. We are more concerned by the fact that the Fire segment's overall FY25 earnings performance has dwindled from FY24's much stronger result, largely brought about by higher insurance costs throughout FY25.

3. Motor Overall: ▼ Weak

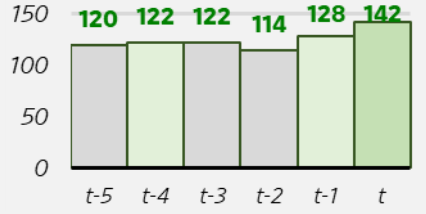
Insurance Service Result (RM m)



Combined Ratio (%)



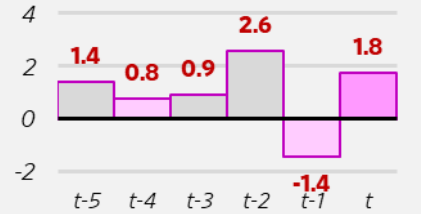
GWP (RM m)



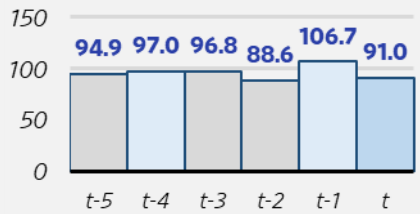
Commentary: A particularly weak quarter, again due to an elevated claims ratio. At least GWP growth remains robust.

4. MAT Overall: ► Mediocre

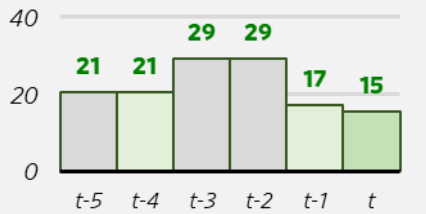
Insurance Service Result (RM m)



Combined Ratio (%)



GWP (RM m)



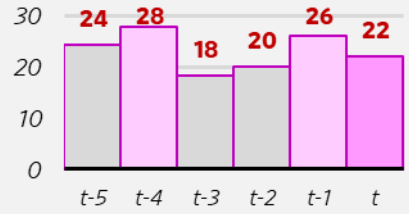
Commentary: A pretty standard quarter. Nothing particularly noteworthy, except that both insurance revenue and expenses were on the lower side.

We are wary of the rapidly appreciating MYR, which could discourage exports, a core driver of the MAT segment.

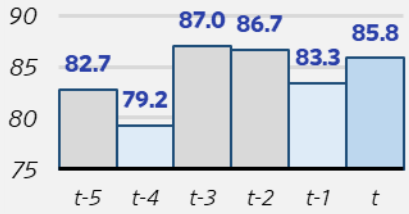
5. Misc

Overall: ► Mediocre

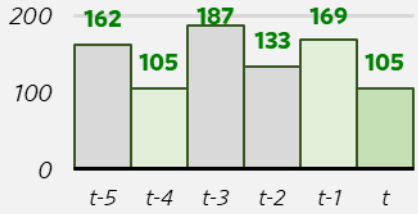
Insurance Service Result (RM m)



Combined Ratio (%)



GWP (RM m)

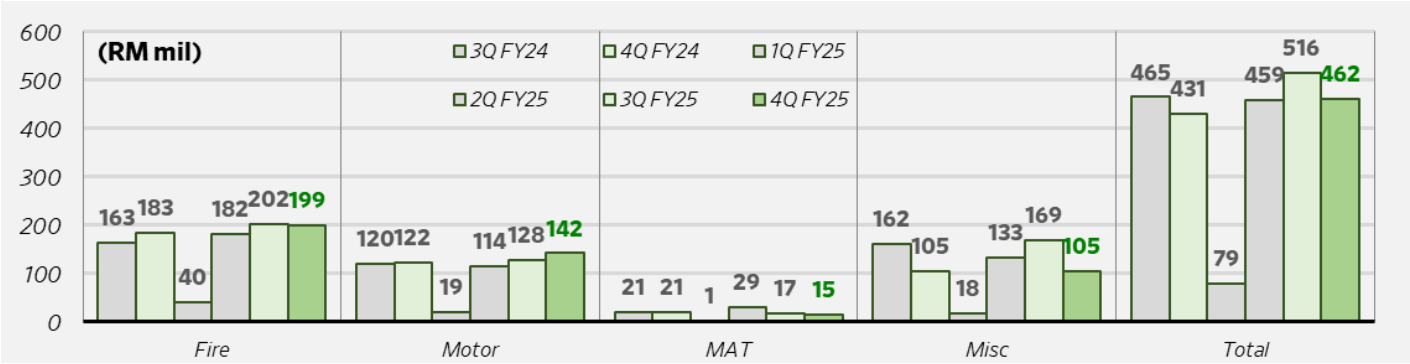


Commentary: Also, a pretty standard quarter, though costs were kept on the lower end. Claims came higher, though lower reinsurance costs offset some of the hit.

Source: Company, MBSBR

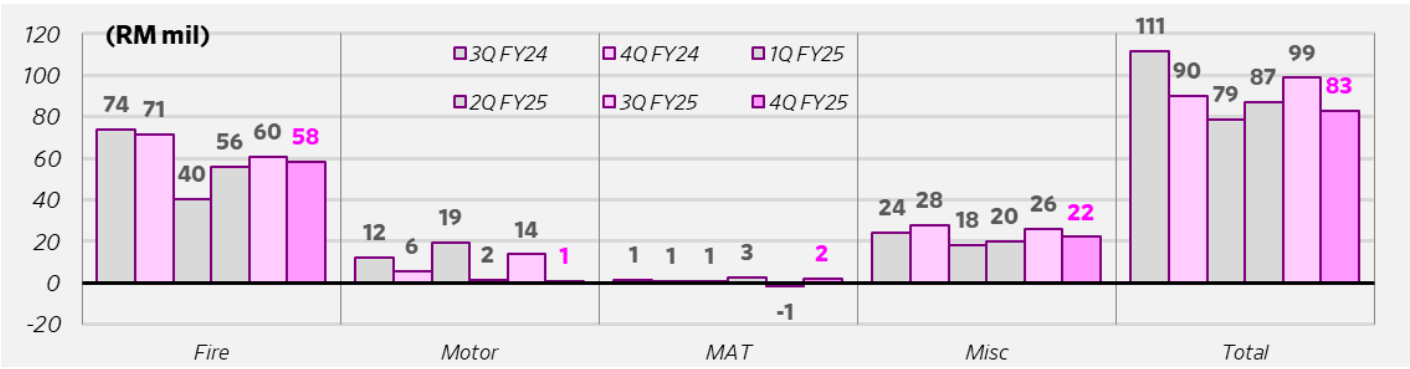
SEGMENTAL BREAKDOWN

FIG 7: GWP by Segment (Quarterly)



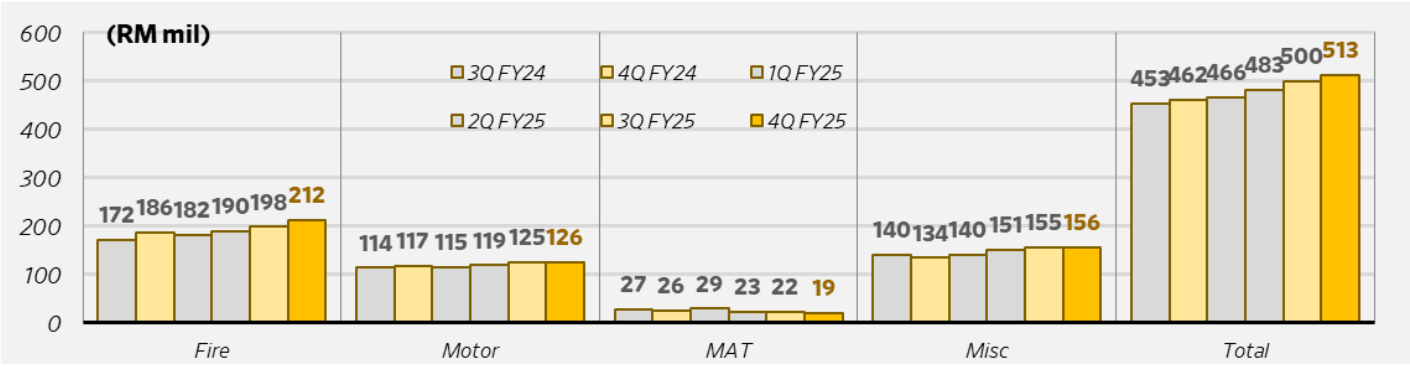
Source: Company, MBSBR

FIG 8: Insurance Service Result by Segment (Quarterly)



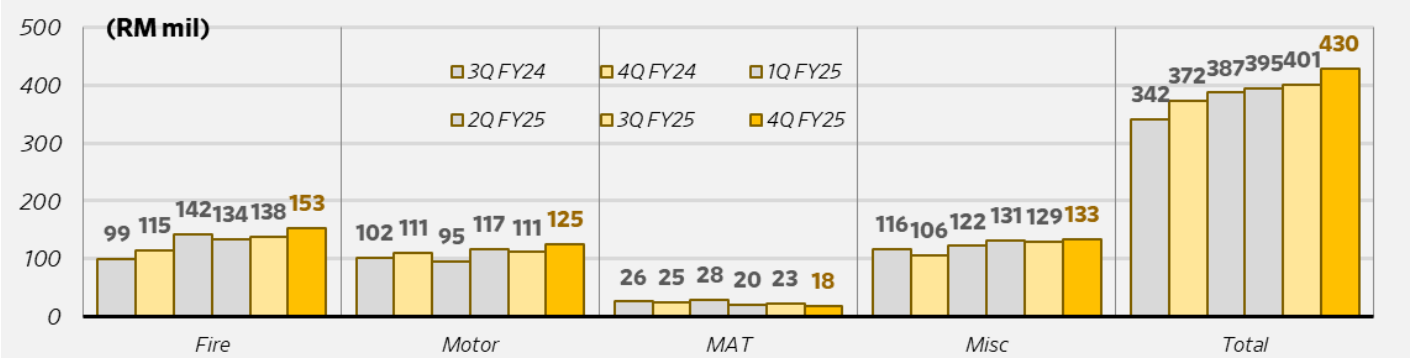
Source: Company, MBSBR

FIG 9: Insurance Revenue by Segment (Quarterly)



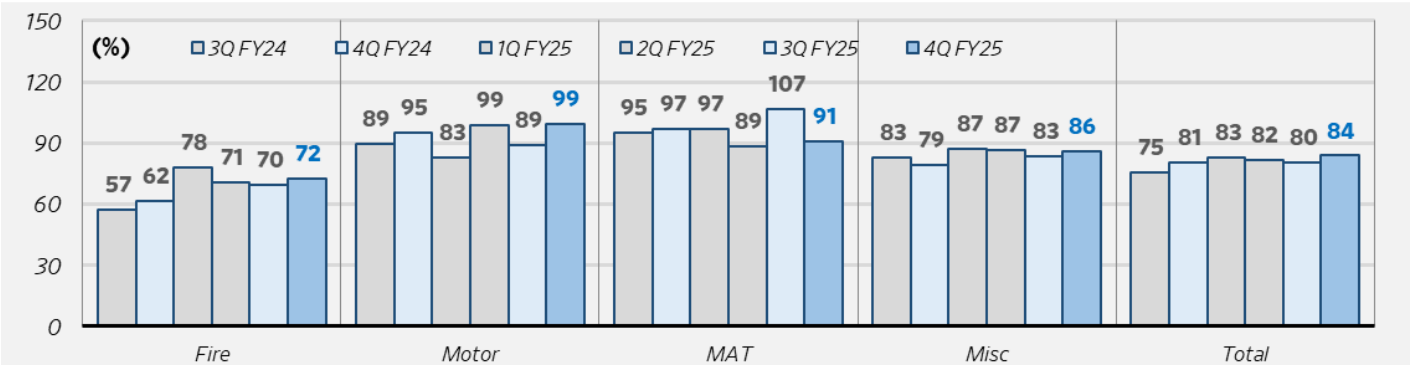
Source: Company, MBSBR

FIG 10: Insurance & Reinsurance Expenses by Segment (Quarterly)



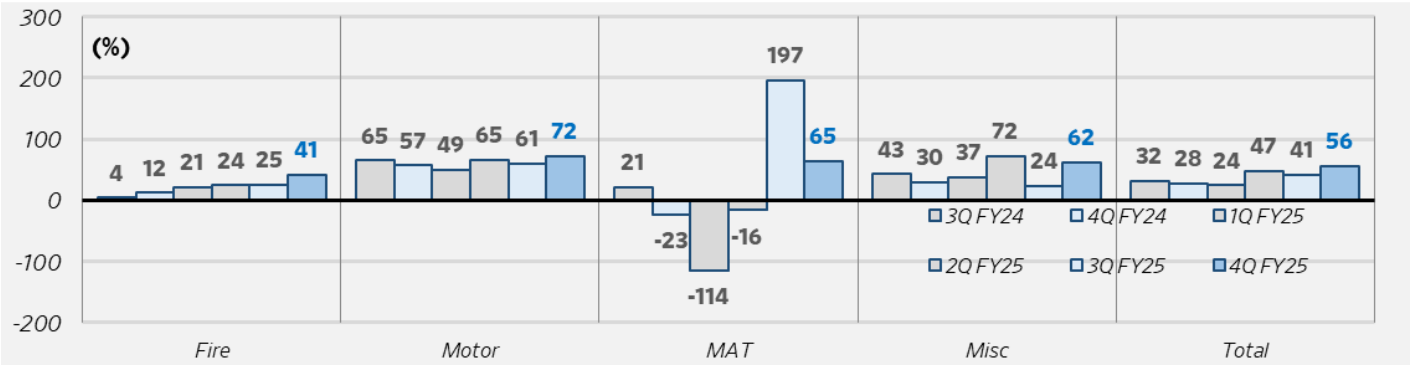
Source: Company, MBSBR

FIG 11: Combined ratio by Segment (Quarterly)



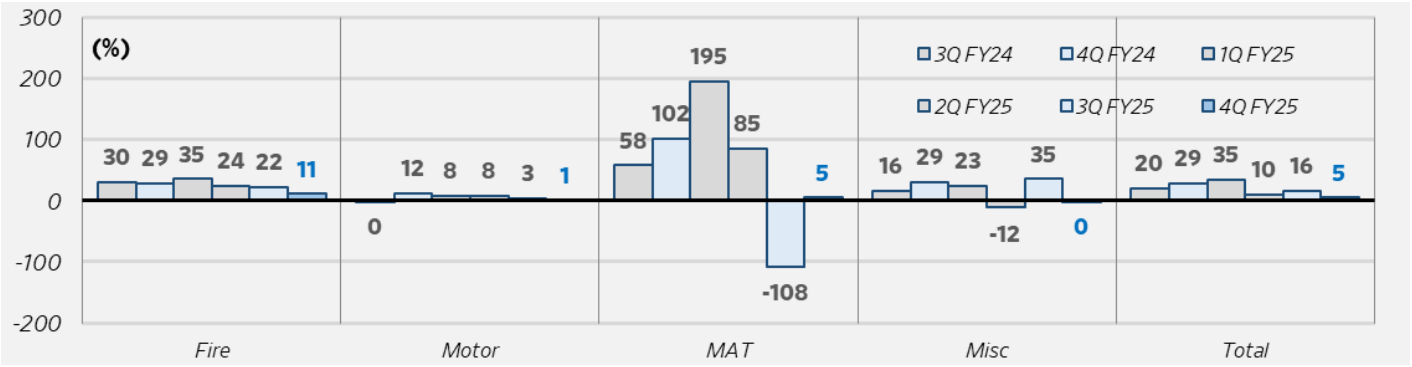
Source: Company, MBSBR

FIG 12: Claims ratio by Segment (Quarterly)



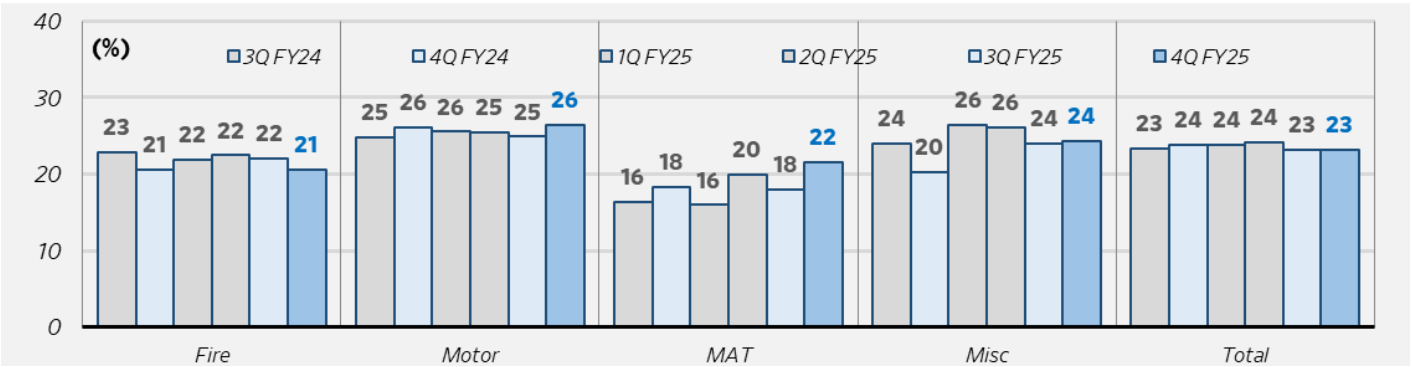
Source: Company, MBSBR

FIG 13: Reinsurance ratio by Segment (Quarterly)



Source: Company, MBSBR

FIG 14: Expense ratio by Segment (Quarterly)



Source: Company, MBSBR

FIG 15: Combined ratio (and components) by Segment

Ratio components (%)	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	FY24	FY25
Total (Reported)								
Combined ratio	**66.8**	**75.1**	**77.6**	**75.2**	**73.1**	**78.0**	**72.2**	**75.9**
Claims	35.8	41.5	45.7	43.9	43.8	48.2	40.4	45.4
Mgmt expenses	19.1	19.8	21.2	21.5	20.2	20.9	19.6	20.9
Commission	8.4	7.9	8.2	8.2	7.9	7.8	8.2	8.0
Net insurance finance cost	3.1	3.9	3.5	3.3	3.2	3.3	3.3	3.3
Onerous contracts	0.5	2.0	(0.9)	(1.6)	(2.1)	(2.2)	0.6	(1.7)
Total (Our estimates)								
Combined ratio	**75.4**	**80.5**	**83.1**	**81.9**	**80.3**	**83.8**	**78.8**	**82.3**
Claims	32.3	27.9	24.3	47.5	41.1	55.8	35.5	42.5
Reinsurance	19.8	28.9	35.0	10.2	16.0	4.8	19.4	16.2
Expense	23.3	23.8	23.8	24.2	23.2	23.2	23.9	23.6
Fire (Our estimates)								
Combined ratio	**57.2**	**61.7**	**77.9**	**70.7**	**69.5**	**72.4**	**60.4**	**72.5**
Claims	4.0	12.2	20.8	24.3	25.2	41.0	13.2	28.2
Reinsurance	30.3	28.9	35.2	23.9	22.4	10.8	24.6	22.6
Expense	22.9	20.6	21.9	22.4	22.0	20.6	22.7	21.7
Motor (Our estimates)								
Combined ratio	**89.4**	**95.0**	**83.1**	**98.7**	**89.0**	**99.3**	**94.4**	**92.7**
Claims	65.0	56.8	49.3	65.4	60.7	72.3	64.1	62.2
Reinsurance	(0.5)	12.0	8.3	7.9	3.5	0.7	4.8	5.0
Expense	24.8	26.1	25.5	25.4	24.9	26.4	25.5	25.6
MAT (Our estimates)								
Combined ratio	**94.9**	**97.0**	**96.8**	**88.6**	**106.7**	**91.0**	**99.3**	**95.9**
Claims	20.9	(23.2)	(114.0)	(16.2)	196.7	64.8	59.8	19.5
Reinsurance	57.6	101.9	194.9	84.8	(108.0)	4.6	21.9	57.8
Expense	16.3	18.3	16.0	19.9	18.0	21.6	17.6	18.6
Misc (Our estimates)								
Combined ratio	**82.7**	**79.2**	**87.0**	**86.7**	**83.3**	**85.8**	**82.3**	**85.7**
Claims	42.8	29.5	37.2	72.2	24.1	61.6	34.3	48.9
Reinsurance	16.0	29.4	23.5	(11.7)	35.2	(0.2)	24.4	11.6
Expense	23.9	20.2	26.4	26.1	24.0	24.4	23.6	25.2

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Insurance revenue	**1,782**	**1,961**	**2,093**	**2,257**	**2,433**
Insurance service expenses	(1,058)	(1,296)	(1,264)	(1,365)	(1,474)
Reinsurance expense	(346)	(317)	(413)	(443)	(476)
Insurance service result	**378**	**348**	**416**	**449**	**484**
Investment return	146	161	156	158	161
Net finance result	(39)	(41)	(40)	(40)	(41)
Net investment & financial result	**107**	**121**	**117**	**118**	**120**
Total ins, inv & financial result	**485**	**468**	**533**	**567**	**604**
Other income	5	9	9	9	9
Other OPEX and finance costs	(18)	(22)	(22)	(22)	(22)
Associates	2	1	1	1	1
PBT	**474**	**457**	**522**	**556**	**593**
Tax	(97)	(89)	(107)	(114)	(121)
NCI	-	-	-	-	-
Reported NP	**377**	**368**	**415**	**442**	**471**
Core NP	**377**	**368**	**415**	**442**	**471**

BALANCE SHEET

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & ST funds	150	291	291	291	291
Reinsurance contracts	880	958	1,063	1,180	1,310
Investment securities	3,559	3,503	3,551	3,601	3,653
Other assets	196	192	575	604	629
Total assets	**4,785**	**4,944**	**5,480**	**5,676**	**5,883**
Insurance contracts	2,257	2,387	2,506	2,632	2,763
Other liabilities	106	99	103	107	112
Total liabilities	**2,363**	**2,486**	**2,609**	**2,739**	**2,875**
Share capital	398	398	398	398	398
Reserves	2,024	2,060	2,473	2,539	2,610
Total equity	**2,422**	**2,458**	**2,871**	**2,937**	**3,008**
Total L&E	**4,785**	**4,944**	**5,480**	**5,676**	**5,883**

Source: Company, MBSBR

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Profitability (%)					
ROE	16.0	15.1	15.6	15.2	15.8
ROA	8.1	7.6	8.0	7.9	8.2
Combined ratio (%)	78.8	82.3	80.1	80.1	80.1
Claims	35.5	42.5	36.6	36.7	36.8
Expense	23.9	23.6	23.8	23.8	23.8
Reinsurance	19.4	16.2	19.8	19.6	19.5
Growth (%)					
Insurance revenue	-0.0	10.1	6.7	7.8	7.8
Insurance expense	27.9	22.5	-2.5	8.0	8.0
Insurance service result	28.6	-8.0	19.7	7.8	7.8
PBT	20.1	-3.6	14.1	6.6	6.7
Core NP	20.2	-2.5	12.7	6.6	6.7
Valuation metrics					
Core EPS (sen)	94.7	92.3	104.1	110.9	118.3
Gross DPS (sen)	80.0	80.0	281.0	94.3	100.5
Div payout (%)	85	87	270	85	85
BVPS (RM)	6.1	6.2	7.2	7.4	7.6
Core P/E (x)	16.4	16.8	14.9	14.0	13.1
Div yield (%)	**5.2**	**5.2**	**18.2**	**6.1**	**6.5**
P/BV (x)	2.5	2.5	2.1	2.1	2.1

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MBSB INVESTMENT BANK (formerly known as MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology