Corporate Update

LPI Capital Berhad

(8621 | LPI MK) Financial Services | Finance

FTSE4Good ESG 3 Stars

Maintain **BUY**

Revised Target Price **RM15.42**
(from RM16.65)

1QFY26 Results Review Before Tighter Quarters

RETURN STATISTICS	
Price @ 28 April 2026 (RM)	14.38
Expected share price return (%)	+7.2
Expected dividend yield (%)	+6.2
Expected total return (%)	**+13.5**

Salient Points

Solid set of earnings, as forecasted.

Expect: The impact of the war to be felt in subsequent quarters.

Our Verdict

Although the Public Bank share sale was initially expected to take place by Jun-26, the recent AGM saw LPI securing approval from SSM and shareholders to extend the disposal timeline. We remain optimistic on LPI's growth prospects, but be wary that the ongoing war may lead to weaker growth and higher claims costs.

Valuations

A revised FY27F P/BV of 2.07x ***(formerly 2.31x)***

Current P/BV of 2.41x is inexpensive, trading below the 10-year P/BV mean of 2.76x.

The company is currently trading at a forward FY27F P/BV of 1.93x with a 6.2% 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. ► While GWP growth has been strong as of late, declining demand amid a weakening economic backdrop could pose issues in subsequent quarters.
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. ▼ Logistical problems and elevated fuel prices could lead to heightened claims costs.

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.0	0.2
3 months	1.0	-4.4
12 months	1.8	-10.2

INVESTMENT STATISTICS

FYE Dec	FY26F	FY27F	FY28F
Core NP (RM m)	**395**	**421**	**449**
CNP growth (%)	7	7	7
Div yield (%)	**18.6**	**6.2**	**6.7**
Gross DPS (sen)	267.6	89.8	95.8
P/BV (x)	**2.0**	**1.9**	**1.9**
BVPS (RM)	7.3	7.5	7.6
ROE (%)	**14.7**	**14.3**	**15.0**
% Street CNP (%)	**98**	**98**	**96**

KEY STATISTICS

FBM KLCI	1,729.60
Issue shares (m)	398.4
Estimated free float (%)	78.7
Market Capitalisation (RM'm)	5,720.8
52-wk price range	RM13.8 – RM15.7
3-mth average daily volume (m)	0.1
3-mth average daily value (RM'm)	1.2
Top Shareholders (%)	
Public Bank	44.2
Public Mutual Bhd	8.5
Sompo Holdings, Inc	4.7

Results in a nutshell:

► **3MFY26's Core NP of RM100m was *Within/Within* our/street forecasts: *24%/25%* of full-year forecasts.**

► **No dividend announcement.**

▲ **3MFY26's Core net profit (NP) of RM100m up by 2%yoy.** Improved insurance revenue and reinsurance expenses offset higher insurance expenses.

▲ **1QFY26's Core NP of RM100m up by 39%qoq.** Largely attributable to lower insurance expenses, which offset higher reinsurance expenses and weaker insurance revenue.

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▲ **3MFY26's GWP of RM579m grew by a weak 2%yoy while 1QFY26's figure of RM579m grew by an exceptional 25%qoq.** Fire insurance was by far the standout, though the motor segment did see decent growth.

▲ **3MFY26's Combined ratio of 75.0% down -2.6%yoy.** Improvement in the claims and commissions ratio acted as the main drivers.

▲ **1QFY26's Combined ratio of 75.0% down -3.0%qoq.** This was largely due to improvement in the claim's ratio.

Forecasts revised: FY26F/FY27F/FY28F Core NP adjusted by -5%/-5%/-5%. To reflect weaker economic prospects slowing revenue growth.
Key downside risks. *(1) Weaker-than-expected premium growth, (2) Adverse weather conditions, heightened geopolitical tension, and logistic costs leading to reinsurance and claim ratio spikes, (3) Elevated competition in the General space.*

Maintain BUY call: Revised GGM-TP of RM 15.42 ***(from RM16.65)***. The TP is based on a revised FY27F P/BV of 2.07x *(formerly 2.31x, rolled on from FY26F)*, to reflect altered earnings prospects and ROE-based valuations.
(GGM assumptions: *FY27F ROE of 14.3%, LTG of 4.0% & COE of 9.0%)*

FIG 1: Quarterly results

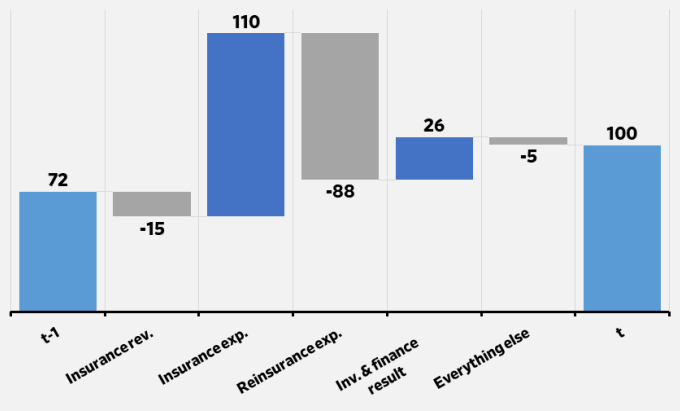
FYE Dec (RM m)	1Q FY26	4Q FY25	1Q FY25	Yoy (%)	Qoq (%)	3M FY26	3M FY25	Yoy (%)
Insurance revenue	497	513	466	7	-3	497	466	7
Insurance service expenses	(295)	(405)	(224)	32	-27	(295)	(224)	32
Reinsurance expenses	(112)	(24)	(163)	-31	359	(112)	(163)	-31
Insurance service result	**90**	**83**	**79**	**14**	**8**	**90**	**79**	**14**
Investment return	44	20	54	-18	121	44	54	-18
Net finance result	(9)	(11)	(10)	-10	-14	(9)	(10)	-10
Net inv & financial result	**125**	**93**	**123**	**2**	**35**	**125**	**123**	**2**
Other income	1	3	3	n.m.	n.m.	1	3	n.m.
OPEX and finance costs	(5)	(5)	(6)	n.m.	n.m.	(5)	(6)	n.m.
Associates	1	0	0	n.m.	n.m.	1	0	n.m.
PBT	**122**	**92**	**120**	**2**	**33**	**122**	**120**	**2**
Tax	(23)	(20)	(22)	2	14	(23)	(22)	2
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
Reported NP	**100**	**72**	**98**	**2**	**39**	**100**	**98**	**2**
Core NP	**100**	**72**	**98**	**2**	**39**	**100**	**98**	**2**
Gross DPS (sen)	**-**	**50.0**	**-**	**n.m.**	**n.m.**	**-**	**-**	**n.m.**
Core EPS (sen)	25.0	18.0	24.6	2	39	25.0	24.6	2

Ratios (%)	1Q FY26	4Q FY25	1Q FY25	Yoy (ppts)	Qoq (ppts)	3M FY26	3M FY25	Yoy (ppts)
ROE (Ann.)	**16.7**	**11.7**	**17.1**	**-0.4**	**5.0**	**16.7**	**17.1**	**-0.4**
Underwriting margin	**18.1**	**16.2**	**16.9**	**1.2**	**1.9**	**18.1**	**16.9**	**1.2**
Combined (As reported)	**75.0**	**78.0**	**77.6**	**-2.6**	**-3.0**	**75.0**	**77.6**	**-2.6**
Claims	44.5	48.2	45.7	-1.2	-3.7	44.5	45.7	-1.2
Mgmt expenses	21.1	20.9	21.2	-0.1	0.2	21.1	21.2	-0.1
Commission	7.5	7.8	8.2	-0.7	-0.3	7.5	8.2	-0.7
Net insurance finance cost	2.9	3.3	3.5	-0.6	-0.4	2.9	3.5	-0.6
Onerous contracts	(1.1)	(2.2)	(0.9)	-0.2	1.1	(1.1)	(0.9)	-0.2

By Segment (RM m)	1Q FY26	4Q FY25	1Q FY25	Yoy (%)	Qoq (%)	3M FY26	3M FY25	Yoy (%)
Total GWP	**579**	**462**	**569**	**2**	**25**	**579**	**569**	**2**
Fire	262	199	231	14	31	262	231	14
Motor	127	142	122	5	-10	127	122	5
MAT	20	15	29	-33	28	20	29	-33
Misc	170	105	187	-9	61	170	187	-9
Total Ins. service result	**90**	**83**	**79**	**14**	**8**	**90**	**79**	**14**
Fire	63	58	40	57	8	63	40	57
Motor	3	1	19	-86	237	3	19	-86
MAT	2	2	1	165	41	2	1	165
Misc	21	22	18	17	-4	21	18	17

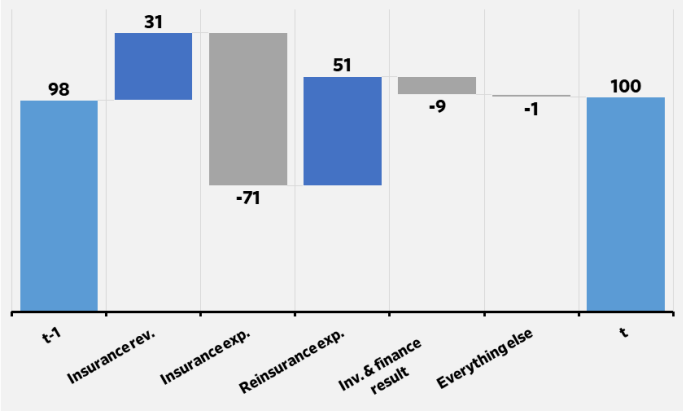
Source: Company, MBSBR

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



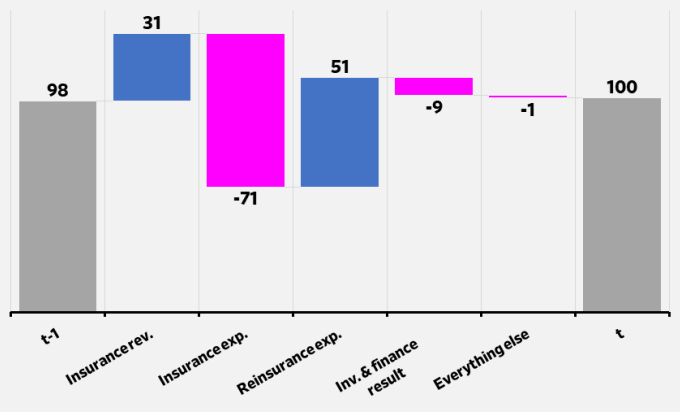
Source: Company, MBSBR

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



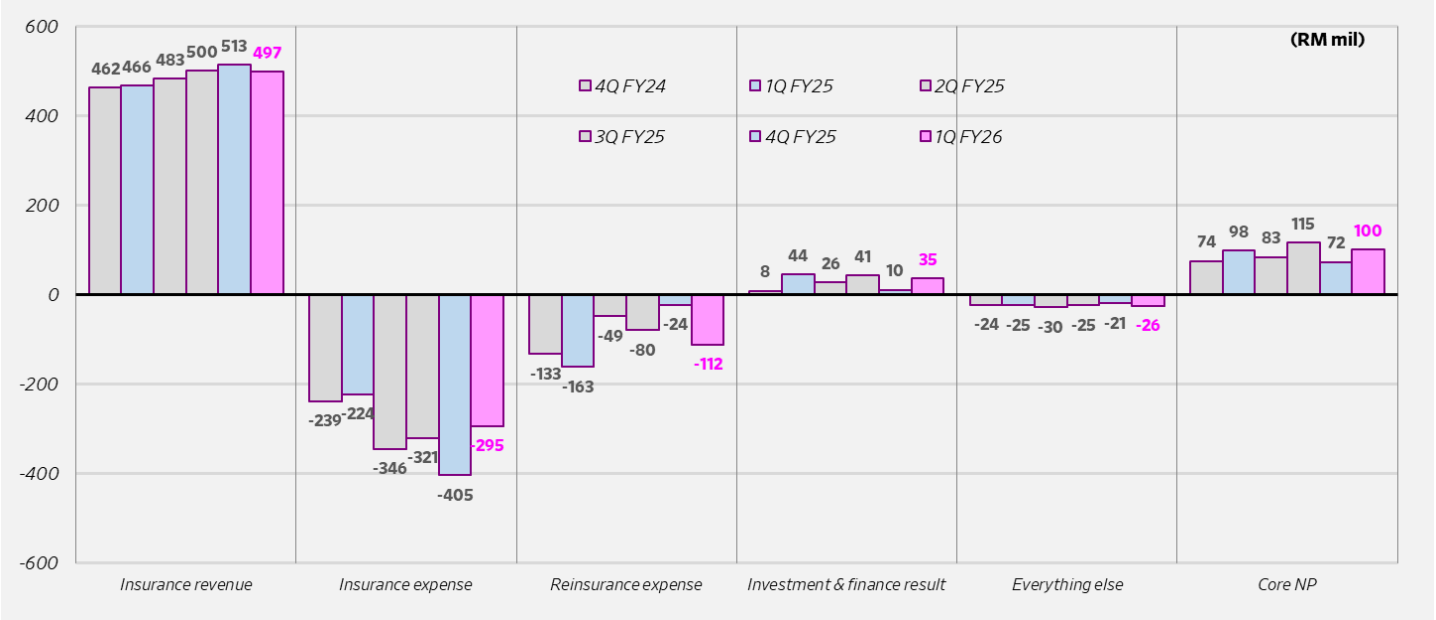
Source: Company, MBSBR

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



Source: Company, MBSBR

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

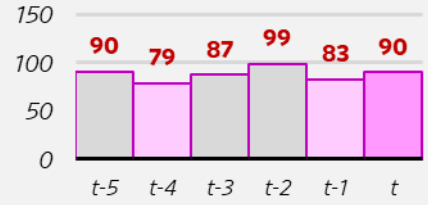


Source: Company, MBSBR

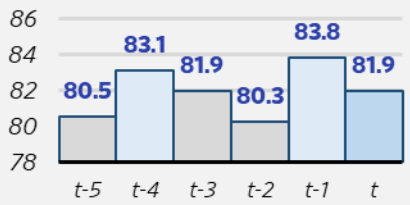
FIG 6: Quarterly Insurance Service Result Performance by Segment

1. Total Overall: ► Moderate ▲Strong

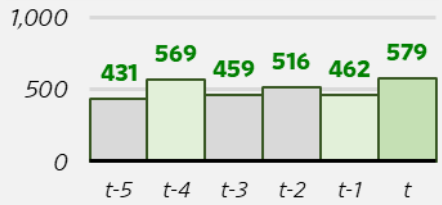
Insurance Service Result (RM m)



Combined Ratio (%)



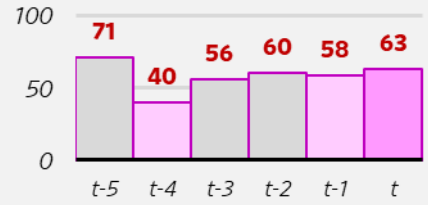
GWP (RM m)



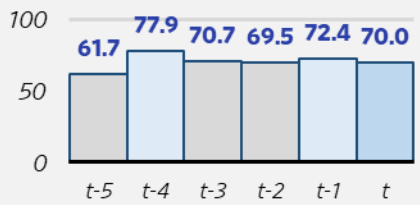
Commentary: Overall, a decent quarter with a moderate combined ratio and high GWP growth.

2. Fire Overall: ▲Strong

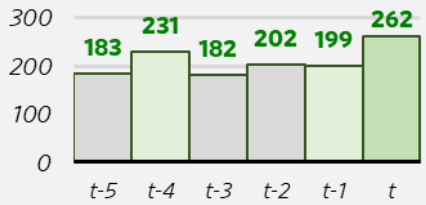
Insurance Service Result (RM m)



Combined Ratio (%)



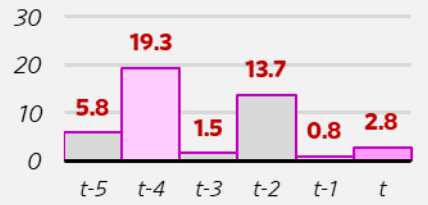
GWP (RM m)



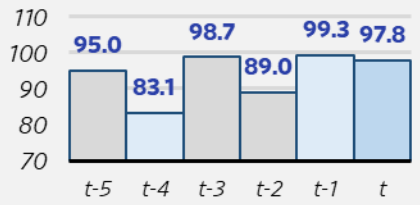
Commentary: Excellent GWP growth and a well-managed combined ratio provided a strong result this quarter.

3. Motor Overall: ▼ Weak

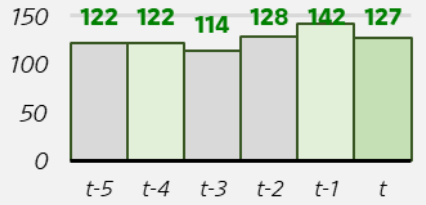
Insurance Service Result (RM m)



Combined Ratio (%)



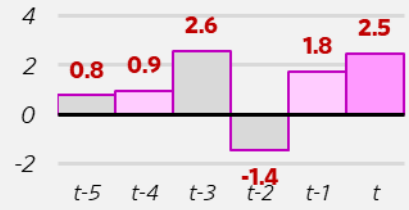
GWP (RM m)



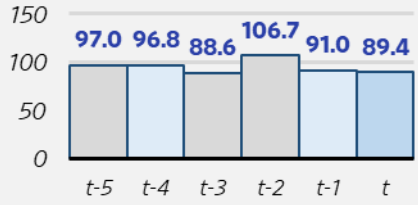
Commentary: A combined ratio on the higher end led to the weak insurance service result.

4. MAT — Overall: ▲Strong

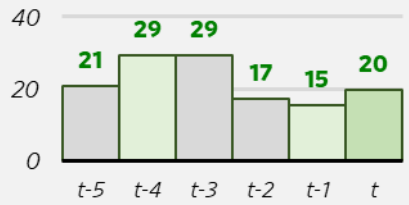
Insurance Service Result (RM m)



Combined Ratio (%)



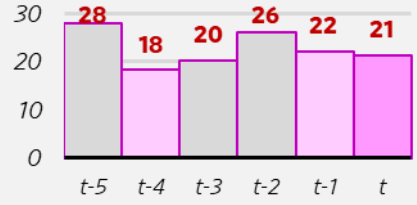
GWP (RM m)



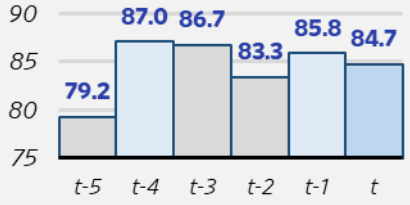
Commentary: A strong quarter overall.

5. Misc — Overall: ► Moderate

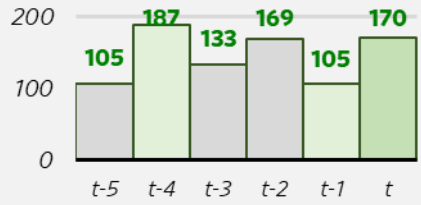
Insurance Service Result (RM m)



Combined Ratio (%)



GWP (RM m)

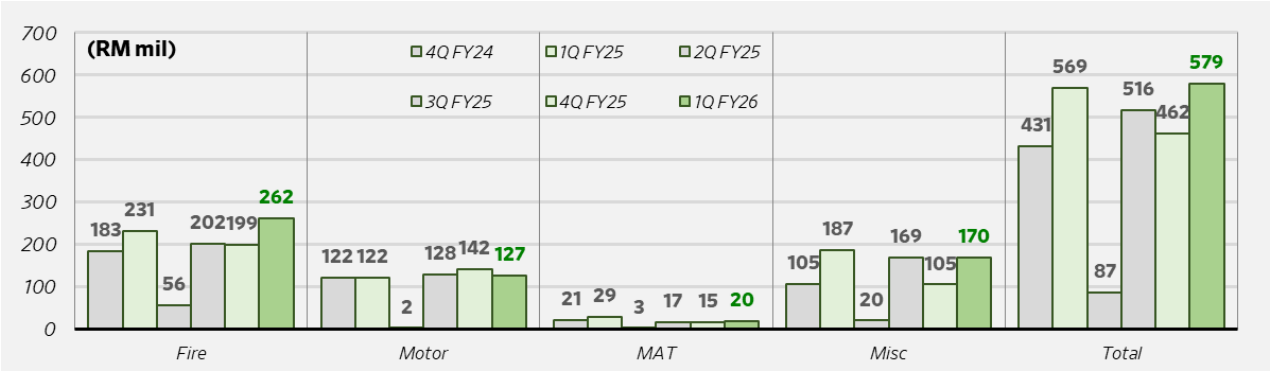


Commentary: Strong growth figures, well-controlled combined ratio led to a more moderate result this time around.

Source: Company, MBSBR

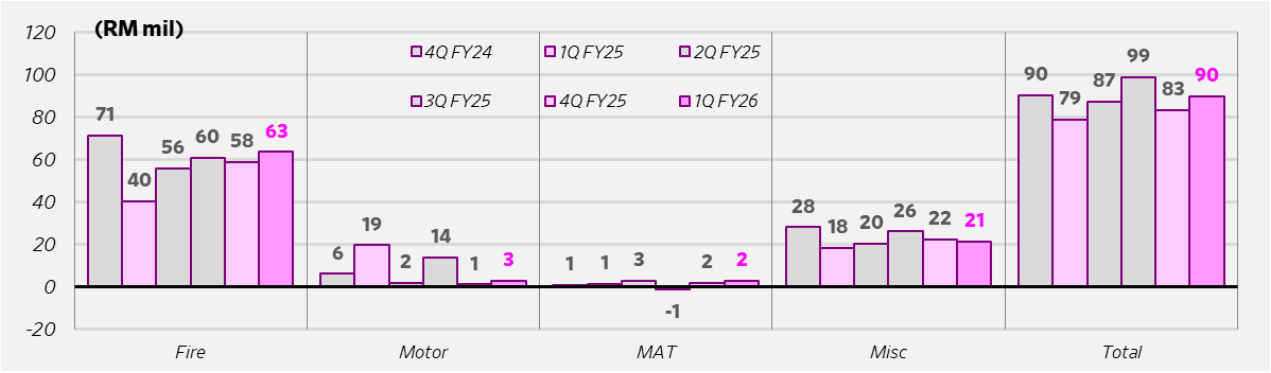
SEGMENTAL BREAKDOWN

FIG 7: GWP by Segment (Quarterly)



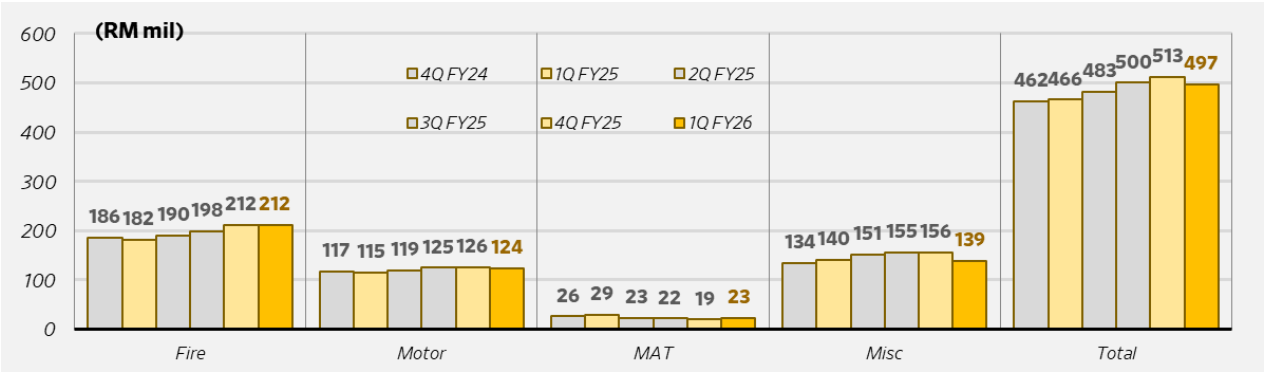
Source: Company, MBSBR

FIG 8: Insurance Service Result by Segment (Quarterly)



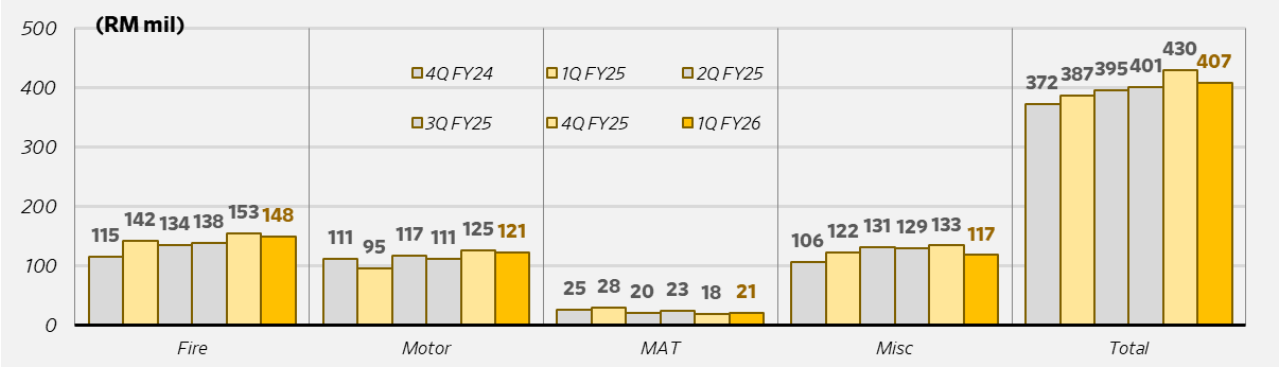
Source: Company, MBSBR

FIG 9: Insurance Revenue by Segment (Quarterly)



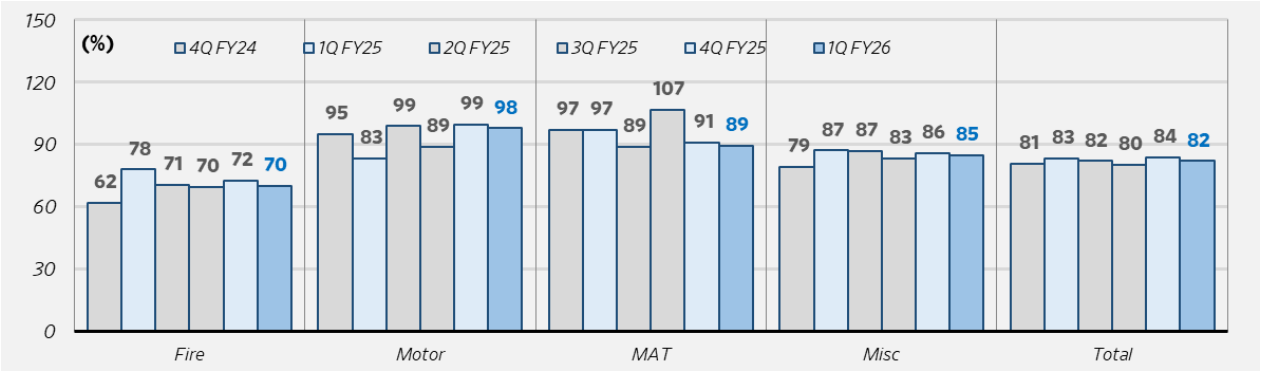
Source: Company, MBSBR

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



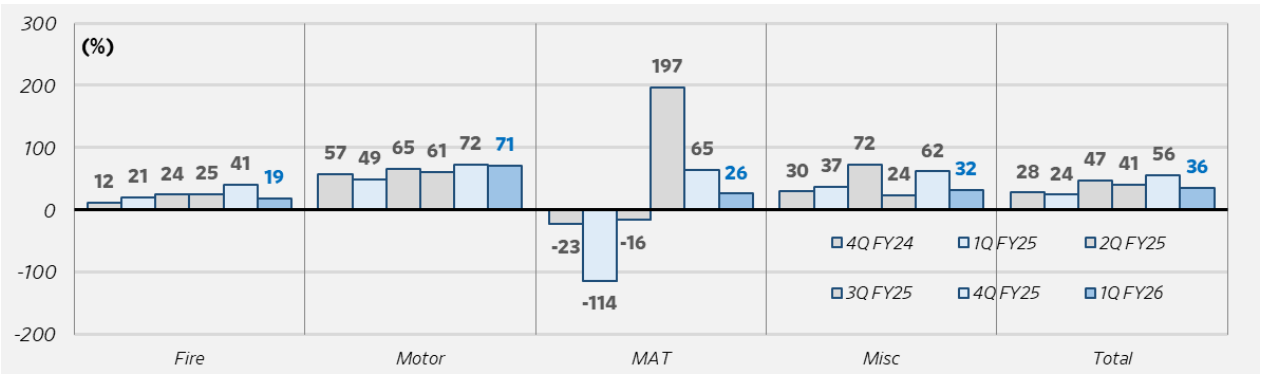
Source: Company, MBSBR

FIG 11: Combined ratio by Segment (Quarterly)



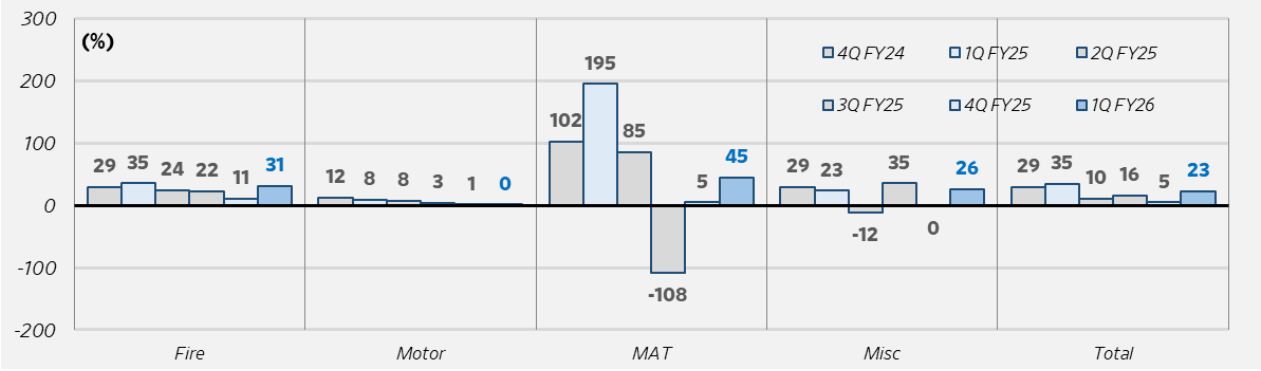
Source: Company, MBSBR

FIG 12: Claims ratio by Segment (Quarterly)



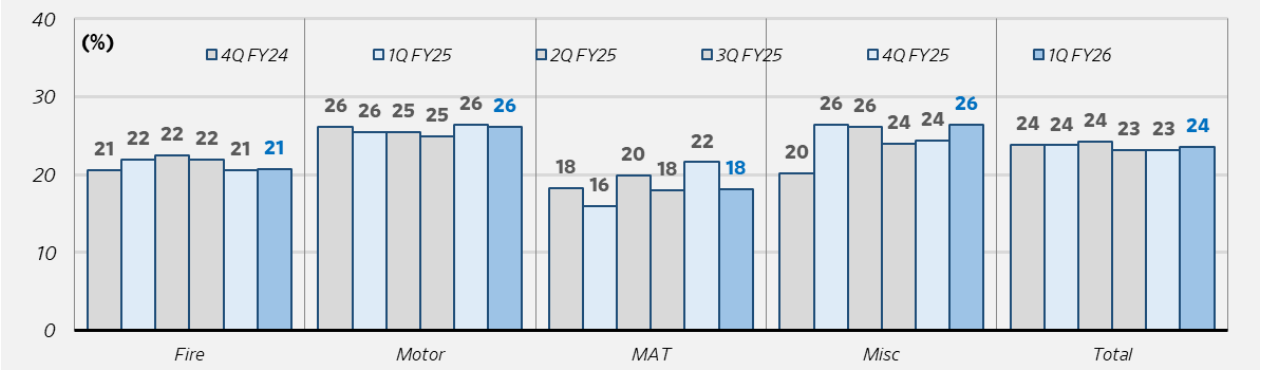
Source: Company, MBSBR

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 (%)	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	3M FY25	3M FY26
Total (Reported)								
Combined ratio	**75.1**	**77.6**	**75.2**	**73.1**	**78.0**	**75.0**	**77.6**	**75.0**
Claims	41.5	45.7	43.9	43.8	48.2	44.5	45.7	44.5
Mgmt expenses	19.8	21.2	21.5	20.2	20.9	21.1	21.2	21.1
Commission	7.9	8.2	8.2	7.9	7.8	7.5	8.2	7.5
Net insurance finance cost	3.9	3.5	3.3	3.2	3.3	2.9	3.5	2.9
Onerous contracts	2.0	(0.9)	(1.6)	(2.1)	(2.2)	(1.1)	(0.9)	(1.1)
Total (Our estimates)								
Combined ratio	**80.5**	**83.1**	**81.9**	**80.3**	**83.8**	**81.9**	**83.1**	**81.9**
Claims	27.9	24.3	47.5	41.1	55.8	35.8	24.3	35.8
Reinsurance	28.9	35.0	10.2	16.0	4.8	22.6	35.0	22.6
Expense	23.8	23.8	24.2	23.2	23.2	23.5	23.8	23.5
Fire (Our estimates)								
Combined ratio	**61.7**	**77.9**	**70.7**	**69.5**	**72.4**	**70.0**	**77.9**	**70.0**
Claims	12.2	20.8	24.3	25.2	41.0	18.6	20.8	18.6
Reinsurance	28.9	35.2	23.9	22.4	10.8	30.7	35.2	30.7
Expense	20.6	21.9	22.4	22.0	20.6	20.7	21.9	20.7
Motor (Our estimates)								
Combined ratio	**95.0**	**83.1**	**98.7**	**89.0**	**99.3**	**97.8**	**83.1**	**97.8**
Claims	56.8	49.3	65.4	60.7	72.3	71.5	49.3	71.5
Reinsurance	12.0	8.3	7.9	3.5	0.7	0.1	8.3	0.1
Expense	26.1	25.5	25.4	24.9	26.4	26.2	25.5	26.2
MAT (Our estimates)								
Combined ratio	**97.0**	**96.8**	**88.6**	**106.7**	**91.0**	**89.4**	**96.8**	**89.4**
Claims	(23.2)	(114.0)	(16.2)	196.7	64.8	26.0	(114.0)	26.0
Reinsurance	101.9	194.9	84.8	(108.0)	4.6	45.2	194.9	45.2
Expense	18.3	16.0	19.9	18.0	21.6	18.1	16.0	18.1
Misc (Our estimates)								
Combined ratio	**79.2**	**87.0**	**86.7**	**83.3**	**85.8**	**84.7**	**87.0**	**84.7**
Claims	29.5	37.2	72.2	24.1	61.6	31.9	37.2	31.9
Reinsurance	29.4	23.5	(11.7)	35.2	(0.2)	26.3	23.5	26.3
Expense	20.2	26.4	26.1	24.0	24.4	26.4	26.4	26.4

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)	(1,288)	(1,391)	(1,502)
Reinsurance expense	(346)	(317)	(413)	(443)	(476)
Insurance service result	**378**	**348**	**391**	**422**	**456**
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**	**508**	**540**	**576**
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**	**497**	**529**	**565**
Tax	(97)	(89)	(102)	(108)	(116)
NCI	-	-	-	-	-
Reported NP	**377**	**368**	**395**	**421**	**449**
Core NP	**377**	**368**	**395**	**421**	**449**

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	609	635	657
Total assets	**4,785**	**4,944**	**5,514**	**5,707**	**5,910**
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	2,507	2,570	2,637
Total equity	**2,422**	**2,458**	**2,905**	**2,968**	**3,035**
Total L&E	**4,785**	**4,944**	**5,514**	**5,707**	**5,910**

Source: Company, MBSBR

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Profitability (%)					
ROE	16.0	15.1	14.7	14.3	15.0
ROA	8.1	7.6	7.6	7.5	7.7
Combined ratio (%)	78.8	82.3	81.3	81.3	81.3
Claims	35.5	42.5	37.8	37.9	38.0
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	-0.6	8.0	8.0
Insurance service result	28.6	-8.0	12.5	7.9	7.9
PBT	20.1	-3.6	8.6	6.6	6.7
Core NP	20.2	-2.5	7.3	6.6	6.7
Valuation metrics					
Core EPS (sen)	94.7	92.3	99.1	105.6	112.7
Gross DPS (sen)	80.0	80.0	267.6	89.8	95.8
Div payout (%)	85	87	270	85	85
BVPS (RM)	6.1	6.2	7.3	7.5	7.6
Core P/E (x)	15.2	15.6	14.5	13.6	12.8
Div yield (%)	**5.6**	**5.6**	**18.6**	**6.2**	**6.7**
P/BV (x)	2.4	2.3	2.0	1.9	1.9

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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