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Kumpulan Perangsang Selangor Berhad Records Strong Turnaround in 4Q18 Profit after Tax and Zakat of RM22 million

- **Revenue jumps 39% to RM171.3 million**
- **Driven by higher contribution from the manufacturing and trading businesses**

Kuala Lumpur, Malaysia, 28 February 2019 – Investment holding company **Kumpulan Perangsang Selangor Berhad** (“Perangsang Selangor” or “the Group”, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) posted a 39% increase in revenue to RM171.3 million for the quarter ended 31 December 2018, as compared to RM123.2 million in the corresponding quarter last year. Profit after Tax and Zakat saw a strong turnaround to RM22.0 million, as compared to RM7.3 million loss in the corresponding period last year. This was mainly driven by higher contributions from the core businesses, especially from the manufacturing and trading sectors.

FOURTH QUARTER 2018 HIGHLIGHTS

Businesses from the **manufacturing** sector contributed RM109.2 million or 64% to the Group’s revenue, a huge 118% increase if compared to just RM49.9 million contributed in the corresponding period last year.

CPI (Penang) Sdn Bhd (“CPI”) contributed RM47.2 million to the Group while King Koil Manufacturing West Inc. (“KKMW”) brought in RM11.1 million, as the operation of its mattress manufacturing plant in Phoenix, Arizona, is gradually picking up. In addition to these two new subsidiaries, existing subsidiary Century Bond Bhd (“CBB”) maintained its influence, substantially contributing RM50.9 million to the manufacturing revenue on higher traction from the paper and carton divisions.

A further RM28.9 million or 17% of 4Q18 top line was derived from the **trading** sector through Aqua-Flo Sdn Bhd (“Aqua-Flo”), turning in 15.1% higher contribution compared to RM25.1 million posted in the corresponding period last year. The growth was driven by stronger water chemicals sales on the back of higher contract awarded.

Collectively, the licensing and infrastructure sectors, represented by King Koil Licensing Company LLC (“KKLC”), and KPS-HCM Sdn Bhd (“KPS-HCM”) and Smartpipe Technology Sdn Bhd (“SPT”), respectively, contributed RM32.2 million or 19% to the Group’s revenue.

In line with the revenue growth and aided primarily by a one-off income by one of KKLC’s international licensees, the Group posted a commendable operating performance, reporting RM37.5 million operating profit in 4Q18 compared to RM8.9 million operating loss in the corresponding period a year ago.



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Perangsang Selangor posted Profit after Tax and Zakat of RM22.0 million, a strong turnaround from a loss position of RM7.3 million in the corresponding quarter in 2017. Accordingly, the Group recorded Profit Attributable to Shareholders after Tax and Zakat of RM17.4 million.



Perangsang Selangor's Managing Director/Group CEO, Ahmad Fariz Hassan

Perangsang Selangor's Managing Director/Group Chief Executive Officer, Ahmad Fariz Hassan said:

"It's encouraging that our efforts in ensuring business sustainability is making good progress. Having greater investment focus on the core businesses is a key driver for the strong improvement in the overall growth of the Group, the impact of which was positively cascaded down on the profitability shown in this quarter."

"We are now pursuing the next cycle of growth across various core sectors, guided by continuous value creation initiatives, among which comprises entering new markets and expanding the service and product range of our subsidiaries. We are very optimistic about the Group's prospect and believe strongly that these initiatives will help generate returns further."

FINANCIAL YEAR 2018 HIGHLIGHTS

For the 12 months ended 31 December 2018, the Group posted a revenue of RM582.1 million, increased by a whopping 61% compared to RM361.5 million recorded in the corresponding period in 2017.

Of the total revenue, the manufacturing sector contributed RM357.5 million or 61%, trading RM111.1 million or 19%, infrastructure RM92.4 million or 15%, and licensing RM30.3 million or 5%.

On this momentum, the Group made a marked improvement in the operating performance, registering operating profit of RM51.4 million, as compared to an operating loss of RM8.7 million in the previous year. This was mainly attributed to higher revenue contribution from subsidiaries and other income recorded.



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The Group, however, recorded a loss after tax and zakat of RM196.8 million as compared to a profit after tax and zakat of RM63.0 million in the corresponding period in 2017. This was due to RM197.6 million share of loss as opposed to RM94.7 million share of profit from associates in the corresponding period last year. The one-off share of loss arose specifically from an impairment recorded by SPLASH.

If adjusted for the one-off share of loss from the associate, the core profit after tax and zakat would have been RM108.5 million, as compared to RM63.0 million registered in the corresponding period in the previous year.

“We had made a few growth-focus acquisitions in view of the inevitable divestment of SPLASH, given the development of the water industry in the country even back then. We have since been working aggressively towards creating value in growing the existing businesses. To solidify our presence and ensure the sustainability of our business further, we have started exploring a few acquisition targets that can be integrated with our current business to expedite future growth”, Fariz added.

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About Kumpulan Perangsang Selangor Berhad (www.perangsangselangor.com)

Incorporated on 11 August 1975, Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “the Group”) is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad. The Company has an investment focus on four core assets in Manufacturing, Trading, Licensing and Infrastructure sectors. Whilst strengthening our core business to optimise returns for its shareholders, Perangsang Selangor is committed towards making significant contributions towards sustainable development in the areas of economic, environmental and social for the benefits of all stakeholders.

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