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Kumpulan Perangsang Selangor Berhad Records RM13.2 million in Operating Profits for 1Q19 on Stronger Contribution from Core Businesses

- **Revenue leaps 64% to RM157.5 million**
- **Solid turnaround in operating profits as a result of sharpened focus on the manufacturing division**
- **Core earnings dynamics expected to strengthen despite exit of SPLASH**

Kuala Lumpur, Malaysia, 30 May 2019 – Investment holding company **Kumpulan Perangsang Selangor Berhad** (“Perangsang Selangor” or “the Company” or “the Group”, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) posted a 64% increase in revenue to RM157.5 million for the quarter ended 31 March 2019, as compared to RM95.8 million in the corresponding quarter last year. Riding on the success of its Business Transformation Plan (“BTP”) and continuous business improvement mobilised on all subsidiary companies thus far, the operating profits continued to improve, posting a strong turnaround to RM13.2 million as compared to RM4.1 million loss in the corresponding period last year. Unlike in the past, stronger set of numbers this quarter was driven mainly by higher contributions from the core businesses, especially from the manufacturing division.

HIGHLIGHTS FOR THE QUARTER ENDED 31 MARCH 2019

Manufacturing businesses contributed RM105.6 million or approximately 67% to the Group’s revenue, compared to the RM44.0 million or 46% contribution in the corresponding period last year.

At 5% growth, Century Bond Bhd (“CBB”) led the revenue contribution with RM46.2 million on higher traction from its carton and consumer divisions. CPI (Penang) Sdn Bhd (“CPI”) maintained its influence, contributing RM45.6 million to the Group on higher sales from its automotive and communications divisions. Contribution from the manufacturing sector was further complemented by King Koil Manufacturing West Inc. (“KKMW”) which grossed RM13.8 million as its manufacturing plant in Phoenix, Arizona, is gradually picking up momentum.

Further contribution was derived from the **trading** business with Aqua-Flo Sdn Bhd (“Aqua-Flo”), returning RM25.9 million slightly below the RM26.3 million it contributed in the corresponding quarter last year. The slight decline was attributable to lower sales of chemicals as a result of dry weather spelled between the months of January and March 2019. Also contributing to the lower sales was deferred commissioning of Semenyih 2 dam, Langat 2 and Labohan Dagang water treatment plants. At RM25.9 million, Aqua-Flo contributed approximately 16% to the Group revenue.



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Next, the **licensing** business King Koil Licensing Company LLC (“KKLC”) registered a 43% growth in revenue, turning in higher revenue contribution of RM11.2 million as compared to RM7.8 million in the corresponding quarter last year. The growth was attributable to higher international royalty income from China and Indonesia. Royalty income from the US was flat, in line with the change of business model from licensing to direct-to-retailer manufacturing for the US market. At RM11.2 million, KKLC contributed approximately 7% to the Group revenue.

However, the **infrastructure** division which is represented by KPS-HCM Sdn Bhd (“KPS-HCM”) and Smartpipe Technology Sdn Bhd (“Smartpipe”) made a lower contribution this quarter. At RM11.6 million and RM2.6 million revenue contribution respectively, traction from KPS-HCM was affected by delayed progress of elevated water tank and M&E works at Phase 3C Pulau Indah Development Project while that from Smartpipe by delayed commencement of the pipe replacement project it was awarded last year. Having adjusted for inter-group sales, revenue contribution from the infrastructure division was RM11.8 million, or approximately 8%.

The remaining revenue contribution of RM2.9 million, or approximately 2%, was from investment properties, which was mainly attributable to rental income from Plaza Perangsang.

Having unlocked further values from our core businesses in the manufacturing, trading and licensing sectors, the Group posted a commendable operating performance. As a result of a more focused business strategy, Perangsang Selangor reported a solid turnaround, posting RM13.2 million operating profit this quarter, as compared to RM4.1 million operating loss in the corresponding period a year ago.

With approximately RM3.5 million share-of-profit from associates, which was made up mostly of contribution from associate company NGC Energy Sdn Bhd, the Group posted a healthy Profit Before Tax and Zakat of RM7.2 million. It was lower if compared to the RM15.5 million registered in the corresponding quarter last year, which comprised the share-of-profit from Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“SPLASH”) of RM20.2 million. With the new earnings dynamics upon the exit of SPLASH, Perangsang Selangor’s Profit After Tax came in at approximately RM2.5 million for the quarter.

KPS’ Managing Director/Group Chief Executive Officer, Ahmad Fariz Hassan said:

“It’s encouraging to see that our efforts in ensuring business sustainability in our core investments is making good progress. Having greater focus on the manufacturing, trading and licensing businesses and consistent effort in enhancing operational performance at all subsidiary companies are the key drivers for yet another strong core operating profits, which has been gradually - but surely - filtered down onto the bottom line in the past few quarters, and more so this quarter.”

Perangsang Selangor is now pursuing the next cycle of growth from various core businesses via continuous value creation initiatives, among which includes entering new markets and expanding service and product range. Notwithstanding macro-economic challenges that are present in the operating environment, the Group is optimistic about its future business outlook and believe strongly that the initiatives of growing the core businesses into industry powerhouse will help its prospect of generating future returns.



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“We have recently proposed the acquisition of Toyoplas Manufacturing (M) Sdn Bhd (“Toyoplas”) for RM311.25 million, a strategic move to expand the Group beyond organic growth. By securing a promising business catalyst such as Toyoplas, we ensure our shareholders of a much-augmented earnings base to create stronger and robust core earnings dynamics. Our efforts boil down to ensuring the sustainability of our business by expediting future growth and solidifying the Group’s profitability further”, Ahmad Fariz concluded on the message he wanted to convey to Perangsang Selangor’s shareholders.

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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 under the Industrial Products & Services Sector. Perangsang Selangor has focused investments in four core sectors namely, the Manufacturing, Trading, Licensing and Infrastructure. While strengthening our business to optimise returns, Perangsang Selangor is committed to providing significant contributions towards sustainable development in the areas of economic, environment and social for the benefits of all stakeholders.

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