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Kumpulan Perangsang Selangor Berhad's 2Q19 Operating Profit Almost Doubles on Stronger Contributions from Key Subsidiaries

- **Operating profit almost doubled to RM13.4 million on stronger contributions from CBB and CPI**
- **PAT improved on the back of stronger fundamentals and lower finance costs**

Kuala Lumpur, Malaysia, 29 August 2019 – Investment holding company **Kumpulan Perangsang Selangor Berhad** (“Perangsang Selangor” or “the Company” or “the Group”, Bursa: 5843; Bloomberg: KUPS MK; Reuters: KPSB.KL), having unlocked further values from the core businesses in the manufacturing, trading and licensing sectors, posted an 86% increase in operating profit to RM13.4 million for the quarter ended 30 June 2019, as compared to RM7.2 million in the corresponding quarter last year.

With lower finance costs as compared to that in the previous quarter, Perangsang Selangor registered a marked increase in PAT, which almost doubled to RM4.7 million for the quarter ended 30 June 2019.

HIGHLIGHTS FOR THE QUARTER ENDED 30 JUNE 2019

Riding on the success of increasing the focus on the manufacturing businesses and continuous business improvement at all subsidiary companies, Group revenue remained encouraging at RM159.2 million.

Manufacturing businesses contributed RM109.6 million or approximately 70% to the Group's revenue, compared to RM102.9 million or 64% contribution in the corresponding period last year.

Century Bond Bhd (“CBB”) led the revenue contribution with RM47.8 million on higher traction from the carton division. CPI (Penang) Sdn Bhd (“CPI”) maintained its influence, contributing RM42.6 million to the Group, 84% of which was from the engineering thermoplastic (“ETP”) business. King Koil Manufacturing West Inc. (“KKMW”) contributed the remaining RM19.2 million on higher capacity utilisation and sales from top premium lines.

Further contribution was derived from the **trading** business with Aqua-Flo Sdn Bhd (“Aqua-Flo”), returning RM26.5 million, which was slightly below the RM27.6 million it contributed in the corresponding quarter last year. The slight decline was due to lower sales of chemicals, which was in turn a result of dry weather spell during the quarter. At RM26.5 million, Aqua-Flo contributed approximately 17% to the Group revenue.



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Next, the **licensing** business King Koil Licensing Company LLC (“KKLC”) contributed RM8.0 million, turning in higher revenue as compared to RM7.4 million in the corresponding quarter last year. Although domestic royalty income from the US market was flat, this was offset by higher international royalty income. At RM8.0 million, KKLC contributed approximately 5% to the Group revenue.

Affected by the unfavourable operating environment, the **infrastructure** division which is represented by KPS-HCM Sdn Bhd (“KPS-HCM”) and Smartpipe Technology Sdn Bhd (“Smartpipe”) contributed lower to the Group’s revenue as compared to the corresponding quarter last year. At RM12.2 million and RM0.4 million respectively, revenue contribution from KPS-HCM was lesser as the works at the Pulau Indah Development Project are nearing completion while that from Smartpipe was affected by the 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 RM12.5 million, or approximately 8% to the Group revenue.

The remaining revenue contribution of RM2.6 million, or approximately 1%, was mainly from property investment which collected higher rental income from the Summit Hotel KL City Centre.

Having supported by stronger operating profit and improved fundamentals through the reduction of borrowings, the Group posted a healthy Profit Before Tax and Zakat (“PBTZ”) of RM9.8 million, against a normalised PBTZ of RM1.1 million in the corresponding quarter last year, which excludes the contribution from Syarikat Pengeluar Air Selangor Holdings Berhad. The Group’s Profit After Tax came in at RM4.7 million, growing almost twice as strongly compared to that in the previous quarter and turning around almost six-fold from the normalised RM1.2 million loss in the corresponding quarter last year.

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

“It’s encouraging to see that our efforts in ensuring business sustainability have made another good progress. Having greater focus on the manufacturing and consistent effort in enhancing operational performance at all subsidiary companies are the key drivers for the stronger operating profit this quarter.”

In terms of business outlook, Perangsang Selangor recently completed the acquisition of Toyoplas Manufacturing (M) Sdn Bhd (“Toyoplas”) for RM311.25 million, a strategic move to catapult earnings growth on a more robust dynamic, given Toyoplas’ potential in venturing into new markets and expanding its customer base geographically across key industries such as the automotive, consumer appliances and multimedia.

By securing a promising business catalyst such as Toyoplas, not only does Perangsang Selangor ensure its shareholders of a much-augmented earnings base in the immediate future but it also targets to solidify the core business further by providing synergy within the Group; the horizontal integration of Toyoplas is envisaged to advance the Group’s ETP business in the areas of procurement, capacity optimisation and client sourcing, among others.



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“In line with our vision, the corporate exercise is aimed at anchoring and incrementing Perangsang Selangor’s future growth sustainably, and in so doing, expanding the Group’s profitability steadily”, Ahmad Fariz elaborated on the recent bolt-on acquisition and business prospect of Toyoplas, KPS’ another – yet bigger - foray into the ETP space.

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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 Company” 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 core investments in the Manufacturing sector, as well as businesses in the Trading, Licensing and Infrastructure sectors. 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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