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KPS Records RM234.4 million Revenue in 1Q20 on Broader Earnings Base

- **Operating profit grows 36% YoY on higher contribution from the core businesses**
- **Finance costs stabilise, supporting growth in Profit Attributable to the Owner of the Parent despite lower share of profit from associates**

Shah Alam, Malaysia, 28 May 2020 - **Kumpulan Perangsang Selangor Berhad** ("KPS" or "the Company" or "the Group", Bursa: 5843; Bloomberg: KUPS MK; Reuters: KPSB.KL) today reported a 49% growth in revenue to RM234.4 million for the quarter ended 31 March 2020, as compared with RM157.5 million in the corresponding quarter last year. Riding on broader earnings base with the inclusion of Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") in its investment portfolio, KPS continued to improve the operating profit, posting a 36% growth to RM17.9 million from RM13.2 million in the corresponding period last year. The Group's Profit Attributable to Owner of the Parent for the quarter came in at RM3.1 million, three times as strong as compared to that in the corresponding quarter in the previous year.

HIGHLIGHTS FOR THE QUARTER ENDED 31 MARCH 2020

COVID-19 Prevention Initiatives

While recognising the importance of tracking business performance, KPS also believes that the value and responsibility of the Group extend beyond financial metrics, especially in the time of crisis such as the COVID-19 pandemic it is currently facing. In this spirit, the highlights of KPS' first-quarter results first and foremost relate to how it has engaged with the different stakeholders in managing and mitigating the risks emerging from the continuing crisis.

On 30 January 2020, immediately after the first confirmed COVID-19 case in Malaysia, KPS activated its Crisis Management Team and Business Continuity Plan. It has implemented safeguards in its offices and factories to protect its employees who have stepped up to the unprecedented challenges and remained dedicated to its customers, other stakeholders, communities and as equally important, to each other during this challenging time. KPS has taken the following steps to support its stakeholders:

- (1) Ensuring employees' safety & health, and well-being.
 - (a) Enhanced awareness of COVID-19 preventive measures, including increased frequency of cleaning and disinfecting facilities, social distancing practices and other measures consistent with specific regulatory requirements and guidance from the health authorities.
 - (b) Prohibited air travels.
 - (c) Facilitated support resources for effective remote working
 - (d) Supplied personal protection equipment.



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(2) Supporting the communities.

- (a) Provided personal protective gear comprising face masks, face shields, latex hand gloves and hand sanitisers to the frontliners from *Klinik Kesihatan Kelana Jaya*, responding to the fact that Petaling Jaya district was badly hit by the COVID-19 infection.
- (b) Donated hand sanitisers to 73 schools in Johor.
- (c) Donated thermometers, hand sanitisers and face masks for tenants in Plaza Perangsang.
- (d) Took part in COVID-19-related initiatives mobilised by the State of Selangor.
- (e) Extended various humanitarian aids to 1,585 members of the communities such as students, NGOs, and non-profit organisations.

Financial and Business Performance

Manufacturing business recorded 75% revenue growth YoY, contributing RM185.1 million to the Group's revenue as compared to RM105.6 million in the corresponding quarter last year. At RM185.1 million, the manufacturing businesses that comprise Toyoplas, Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI") and King Koil Manufacturing West LLC ("KKMW"), contributed 79% to the Group's revenue.

Toyoplas led the revenue contribution with RM76.1 million. This was followed by CBB, contributing RM48.0 million which was higher than the corresponding quarter in the previous year by RM1.8 million on higher traction from the carton business. CPI contributed RM39.2 million, lower than what was posted in the corresponding quarter last year by RM6.4 million. It registered a lower sales number given lower production capacity due to the disruption in the supply chain. The lower sales were subsequently also due to softer customer demand as the impact of COVID-19 pandemic deepened. KKMW contributed the remaining manufacturing revenue of RM21.7 million, stronger by RM7.9 million given additional new retailers and stronger sales from the premium bedding lines.

A further RM32.7 million of the Group's revenue was derived from the **trading** business, represented by Aqua-Flo Sdn Bhd ("Aqua-Flo"), whose revenue grew by 26% from RM25.9 million in the corresponding quarter last year. At RM32.7 million, Aqua-Flo contributed 14% to the Group's revenue.

The **licensing** business, King Koil Licensing Company Inc ("KKLC") contributed RM12.1 million. During the quarter under review, KKLC grew its revenue by 8% from RM11.2 million it posted in the corresponding quarter last year. This was supported by steady traction from international royalty fees. KKLC contributed 5% to the Group's revenue this quarter.

The **infrastructure** business which is represented by KPS-HCM Sdn Bhd ("KPS-HCM") and Smartpipe Technology Sdn Bhd ("Smartpipe") contributed RM0.5 million and RM1.3 million, respectively. Contribution from KPS-HCM was lower as the infrastructure works at Pulau Indah were nearing completion. The contribution from the infrastructure business was also challenged as Smartpipe is yet to secure sizeable pipe rehabilitation and replacement projects. Collectively, revenue contribution from the infrastructure business was reduced to just RM1.8 million, as compared with RM14.2 million recorded in the corresponding quarter last year. The infrastructure business contributed only 1% to the Group's revenue this quarter.

The remaining revenue contribution of RM2.7 million, or 1%, was from investment holding and property investment, mainly from net rental income at Summit Hotel KL City Centre.



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For the quarter under review, other income of RM6.2 million was higher by RM1.6 million compared with that in the corresponding quarter last year. The increase was due mainly to Toyoplas' operations. However, expenses escalated by RM11.1 million to RM40.8 million, compared with RM29.7 million incurred in the corresponding quarter last year. Similarly, the increase in other expenses was largely due to the added expenses from Toyoplas. Taking these into account, the Group's operating profit grew by 36% to RM17.9 million from RM13.2 million, attributable largely to the additional contribution by Toyoplas and higher contribution by KKMW and Aqua-Flo but netted off by lower contributions by CBB and CPI for the quarter.

Finance costs arising from loans at the Company and the subsidiaries were maintained relatively flat at RM9.6 million this quarter while the share of profit from associate companies came in 22% lower at RM2.8 million compared with RM3.5 million previously, given lesser contribution by NGC Energy Sdn Bhd and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd.

With broader earnings base and higher contribution from the manufacturing and trading businesses, the Group posted Profit before Tax and Zakat of RM11.5 million, 60% higher compared with RM7.2 million it registered in the corresponding quarter in the previous year. Adjusted for non-controlling interests, KPS recorded Profit Attributable to the Owner of the Parent of RM3.1 million, growing from RM1.2 million it posted in the corresponding quarter last year.

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

"The impact of COVID-19 pandemic on KPS' business and its subsidiary operations during the quarter was mostly concentrated in March 2020, with the Group experiencing slow recoverability from the disruption in supply chain and reduced demand from customers in China, Indonesia, Malaysia and the US, as manufacturing activities around the world declined. We shall continue to monitor the performance of the Group's manufacturing businesses in the second quarter, after which period better clarity on the impact of the pandemic can be assessed, once the end demand of our products reaches a new equilibrium."

KPS has planned for a range of business scenarios and have taken several risk mitigations. For instance, operationally, it has communicated with the suppliers to ensure an alternative and more sustainable supply of raw materials, and with customers to better understand the requirements of their essential services under the current condition. The subsidiary companies have also coordinated with the respective contract manufacturers for optimum production planning based on the limited production capacity. Financially, KPS has turned the strategic focus on austerity measures, maintaining adequate liquidity to support the Group's business as well as providing flexibility to weather the impact of the pandemic whose extent and depth are still uncertain.

"Tasks ahead will require levels of responses and depth of resilience, focussing first on the aspects of operations that we can control in protecting the Group's business amidst the challenging operating environment, be it locally or globally. Whilst maintaining our operational strength and financial capacity, we shall ensure KPS' business continuity and remain diligent in executing our business plans, keeping the continuance of value creation across all our subsidiary companies," Ahmad Fariz commented on the Group's prospect amidst COVID-19 pandemic which is expected to have a material impact to the remainder of the Group's financial performance in 2020.

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

Incorporated on 11 August 1975, Kumpulan Perangsang Selangor Berhad (“KPS” 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. KPS 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, KPS is committed to providing significant contributions towards sustainable development in the areas of economic, environmental, and social for the benefits of all stakeholders.

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