



**PRESS RELEASE**  
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## **KPS Registers Commendable Start in 1Q21 with 44% Improvement in Manufacturing Sales, Solidifying Growth Trajectory Whilst Bridging Recovery**

- **Operating profit grew 35.4% YoY on higher contribution from the manufacturing business.**
- **Profit Attributable to Owner of the Parent tripled, supported by lower finance costs.**

Shah Alam, Malaysia, 27 May 2021 - **Kumpulan Perangsang Selangor Berhad** ("KPS" or "the Company" or "the Group", Bursa: 5843; Bloomberg: KUPS MK; Reuters: KPSB.KL) today reported a 31.6% growth in revenue to RM308.4 million for the quarter ended 31 March 2021, as compared with RM234.4 million in the corresponding quarter last year. Riding on an improvement in sales from the manufacturing business, albeit at a lower gross profit margin and higher other income, KPS improved the Group's operating profits, posting a 35.4% growth to RM24.3 million from RM17.9 million in the corresponding period last year. The Group's Profit Attributable to Owner of the Parent for the quarter more than tripled, coming in at RM11.0 million as compared with RM3.1 million in the corresponding quarter in the previous year.

### **HIGHLIGHTS FOR THE QUARTER ENDED 31 MARCH 2021**

The **manufacturing** business recorded 43.8% revenue growth YoY, contributing RM267.0 million to the Group's revenue as compared with RM185.7 million in the corresponding quarter last year. At RM267.0 million, the manufacturing businesses that comprise Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas"), Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI") and King Koil Manufacturing West LLC ("KKMW"), contributed 86.6% to the Group's revenue.

With better sales performances from its Indonesia, China, Malaysia, and Vietnam operations, Toyoplas led the revenue contribution with RM125.7 million, as compared with RM76.1 million contributed in the corresponding quarter last year. This was followed by CBB, contributing RM59.1 million as compared with RM48.0 million contributed in the corresponding quarter last year. The growth in sales from CBB was mainly driven by the Offset and Carton divisions. CPI contributed RM50.8 million, higher than what posted in the corresponding quarter last year by RM11.6 million. It registered a higher sales number given higher traction of demand from the Healthcare and Other industry segments, as well as from the EMS business.

KKMW contributed the remaining manufacturing revenue of RM27.2 million, stronger by RM5.5 million, supported by an improved retail sentiment and optimism in the US. The mattress manufacturing revenue was also supported by OEM contribution from King Koil Sales Inc. ("KKS") amounting to RM4.2 million, which was previously recognised under the Licensing business.



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A further RM26.6 million of the Group's revenue was derived from the **trading** business, represented by Aqua-Flo Sdn Bhd ("Aqua-Flo"), whose revenue moderated by 18.7% from RM32.7 million in the corresponding quarter last year due to lower sales of chemicals because of relatively dryer season during the quarter. At RM26.6 million, Aqua-Flo contributed 8.6% to the Group's revenue.

The **licensing** business, King Koil Licensing Company Inc ("KKLC"), contributed RM9.4 million. During the quarter under review, KKLC's revenue contribution to the Group eased by 18.3% from RM11.5 million due to lower traction from international royalties. KKLC contributed 3.0% 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 RM3.3 million against RM1.8 million in the corresponding quarter last year. While the revenue contribution from Smartpipe was challenged by the continued delay of the remaining Package-12 project and of the anticipated commission of the NRW project in Kedah, that from KPS-HCM was driven by the variation order from the Pulau Indah project. The infrastructure business contributed only 1.1% to the Group's revenue this quarter.

The remaining revenue contribution of RM2.1 million, or 0.7%, to the Group's revenue, was from investment holding and property investment, mainly from rental income from Plaza Perangsang. Revenue contribution from this business was lower this quarter.

For the quarter under review, other income almost doubled to RM13.9 million from RM7.1 million in the corresponding quarter last year. The increase was due mainly to gain on disposal of the property, plant, and equipment and foreign exchange gain at Toyoplas, as well as to one-off profit rate income arising from the deferment of Toyoplas' second-year profit guarantee. Other expenses increased by RM4.7 million to RM46.3 million, compared with RM41.7 million in the corresponding quarter last year. The increase was primarily due to higher distribution cost and foreign exchange loss at Toyoplas. Having taken these into account, the Group's operating profit grew by 35.4% to RM24.3 million from RM17.9 million in the corresponding quarter in the previous year.

Finance costs arising from loans at the Company and the subsidiaries were lower by RM2.9 million to RM6.3 million from RM9.2 million in the corresponding quarter last year, which was in line with progressive repayment of loans. Share of profit from associates normalised to RM1.0 million compared with RM2.8 million previously, on a lesser contribution by NGC Energy Sdn Bhd given lower revenue from the domestic sales of Liquefied Petroleum Gas. This quarter also saw a weaker contribution from Sistem Penyuraian Trafik KL Barat ("SPRINT") Holdings Sdn Bhd given lower traffic volume at SPRINT, which was exacerbated by the movement control order.

With improvement in sales from its manufacturing business and supported by higher other income and lower finance costs, KPS posted Profit before Tax and Zakat of RM19.0 million, 65.6% higher compared with RM11.5 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 RM11.0 million, more than tripling the RM3.1 million posted in the corresponding quarter last year.



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

"In a better footing with our geographical and sectoral diversified business, KPS has made a strong start to 2021 as businesses globally have started to show a positive sign of improvement, sequentially keeping the recovery momentum on the generally improving conditions in the end markets we serve. Operationally, Toyoplas, CPI and KKMW experienced what we believe a short-term raw materials cost inflation that had impacted our industry, suppliers, and customers, consequently affecting some of our operations and easing the Group's gross profit margin to 18.4% from 22.4% in the corresponding quarter last year.

The strong show of growth in revenue and operating profit, as well as in Profit Attributable to the Owner of the Parent by more than threefold were indeed driven by our long-term business catalysts, a testament to the successful execution of our business strategy in bridging the recovery, aimed at strengthening the Group's fundamental resilience further."

### **GROUP PROSPECT**

KPS remains optimistic that the overall economic environment and the end markets it serves would remain stable and continue to trend positively in the near term. The Group shall continue with the tasks of executing levels of responses and depth of resilience, focussing first on aspects of the operations such as expanding the network of suppliers for more competitive prices, rolling out more optimised production planning against inventory level and potentially negotiating a cost-pass-through mechanism with selective customers. All these efforts are targetted at ensuring a sustainable trajectory of growth for the Group.

"While we shall remain steadfast in rising above the short-term challenges in the operating business environment, we are also encouraged by the favourable prospect that comes with these challenges and thus optimistic about the growth opportunities they offer from the medium term onward. Amidst this outlook, we are laser-focussed on delivering sustainable and better results in the following quarters this year," Ahmad Fariz commented on the Group's operational and financial prospects for the remainder of 2021.

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### **About Kumpulan Perangsang Selangor Berhad ([www.kps.com.my](http://www.kps.com.my))**

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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### **For media enquiries, please contact:**

Zul Mawardi  
Investor Relations & Strategic Communication  
irsc@kps.com.my  
T: +603 5524 8400