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KPS Closes the Year Commendably, Navigating Operating Challenges with Resilience

- **On higher contribution from the manufacturing business, operating profit doubled; PATAMI leapt 65%**
- **Business fundamentals strengthened by strategic execution of the value creation plans and tenacious commitment of its people**

The Full-Year 2021 Highlights

- Full year revenue of RM1.3 billion, up by 23%.
- Operating profit more than doubled to RM104.5 million.
- PBTZ improved to RM87.6, up by 53%.
- PATAMI leapt to RM56.2 million, up by 65%.
- The manufacturing division contributed 87% to the Group's revenue.

Shah Alam, Malaysia, 25 February 2021 – **Kumpulan Perangsang Selangor Berhad** ("KPS" or "the Company" or "the Group", Bursa: 5843; Bloomberg: KUPS MK; Reuters: KPSB.KL) announced a commendable set of financial results for the fourth quarter and full-year ended 31 December 2021 ("FY2021") today. The Group navigated through the operational challenges with resilience to post 23% revenue growth at RM1.3 billion and 65% PATAMI growth at RMRM56.2 million while doubling the operating profits for the year to RM104.5 million. This strong performance was a testament to the strategic execution of the value creation plans and the tenacious commitment of its people, both of which have strengthened the Group's fundamentals.

HIGHLIGHTS FOR THE QUARTER ENDED 31 DECEMBER 2021

KPS' manufacturing business, which is represented by Toyoplas Manufacturing (M) Sdn Bhd ("Toyoplas"), Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI"), King Koil Manufacturing West LLC ("KKMW") and King Koil Sales Inc ("KCSI"), recorded 5% revenue growth YoY, contributing RM289.6 million, or 86% to the Group's revenue, as compared to RM275.7 million in the corresponding quarter last year ("Q4'20").

Toyoplas contributed RM118.1 million and was the highest revenue contributor for the Group. But the global shortage of electronic chips ("IC") and lower global freight capacity continued to disrupt its supply chain, resulting in the 9% reduction in Toyoplas revenue for the quarter under review. On the contrary, revenue contribution from the other manufacturing businesses inched up. CBB contributed RM65.6 million, which increased by 7%, driven by higher traction from the offset carton and paper divisions. CPI contributed 5% more, at RM52.3 million. KKMW & KCSI added the remaining revenue of RM41.9 million and RM11.7 million each, or 30% and 350%, growth respectively, due to strong turnaround by new and existing customers.



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Aqua-Flo Sdn Bhd ("Aqua-Flo")'s revenue contribution was 13% higher at RM35.1 million due to higher water meter sales. At RM35.1 million, Aqua-Flo contributed 10% to the Group's revenue. The licensing business, King Koil Licensing Company LLC ("KKLC"), contributed RM8.9 million. KKLC grew its revenue by 3% from RM8.6 million in the corresponding quarter last year, supported by steady traction from international royalty fees. KKLC contributed 3% to the Group's revenue this quarter. The remaining revenue contribution of RM2.3 was from property investment, mainly from net rental income at Plaza Perangsang and Wisma SAP.

Supported by a higher contribution of the core operations from the manufacturing business, the operating profit leapt to almost RM24.0 million, doubled from last year's RM11.7 million. But the share of profits from associates due from Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT") and NGC Energy Sdn Bhd ("NGC Energy") came in much lower this quarter, at RM3.6 million and RM0.9 million, respectively. Exacerbating the lower traction this quarter, understandably, was the absence of an extraordinary RM18.6 million gain from the securitisation of remaining proceeds from Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") disposal posted in Q4'20.

As a result, Profit before Tax and Zakat ("PBTZ") took a beating to settle at RM22.7 million, 27% lower than RM30.9 million in the previous quarter. Having adjusted for Tax and Zakat and non-controlling interests, the Group's Profit Attributable to Owners of the Parent ("PATAMI") was shaved by 32% to RM17.9 million, compared with RM26.2 million it recorded in Q4'20.

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

"During the quarter, we felt the impact from the supply chain constraints. The bottleneck in the shipping containers, the global shortage of IC ships, raw materials and capacity constraints continued to push input costs up. Nevertheless, our core business showed resilience, proven by delivering a set of commendable results. Amid ongoing supply chain constraints, our team executed our value creation strategy diligently for sustainable growth of the Group, navigating resiliently through the challenges and reacting swiftly to overcome the challenges in the operating environment."

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021

For the full year, the Group's revenue jumped 23% year-on-year to RM1.3 billion due to the outperformance in the manufacturing sector as most businesses operated as usual with the uplifting of the movement control order and normalisation of the supply chain dynamics in most economies and major sectors. The manufacturing business contributed 87%, growing by 28% to RM1.2 billion from RM898.3 million in the corresponding period last year.

This was followed by trading and licensing businesses, each contributing 9% and 3% or RM121.9 million and RM35.5 million, respectively. The contribution by the trading business was slightly lower by 2% than last year due to the lower water chemical sales caused by the dry season from January to April, then followed by a reduction of water demand from the industrial and commercial sectors when the MCOs were implemented. The contribution from the licencing business was up slightly by 1%, attributed to higher revenue from royalty fees from the international licensees. The infrastructure business and the property investment contributed 1% each during this period, with RM9.6 million and RM8.9 million, respectively.



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Operating profit more than doubled to RM104.5 million from RM51.0 million, supported by other income contributed by the gain on disposal of properties amounting to RM14.8 million, higher forex gain and lower impairment loss on assets. The bottom line was offset by an 80% lower share of profits from associates but was cushioned by a 21% improvement in finance cost. As a result, PBTZ increased by 53% to RM87.6 million from RM57.3 million. PATAMI leapt 65% to RM56.2 million from RM34.1 million posted last year.

GROUP PROSPECT

In the near term, KPS shall stand guided by the development of socio-economic indicators, which could have a bearing on the progress of its value creation plans going forward. With the market intel still pointing at supply chain - and possibly, labour - challenges lingering into the second half of 2022, it expects to progress moderately in the current financial year, staying nimble in executing the business strategy and safeguarding the viability of the Group business amid a volatile, uncertain, complex, and ambiguous operating environment. This includes, among others, rebalancing of the existing businesses, capitalising on emerging opportunities whilst ensuring competitive repositioning of its products. It will also endeavour to extend the cost-pass-through mechanism, carry material and production planning, practise lean manufacturing and continue driving cost optimisation and operational excellence.

"I would also like to thank all the stakeholders for their trust and support, as well as the management team and all our employees for their commitments, contributions and resilience throughout the year to have achieved these commendable results."

"As we progress, we shall remain committed to delivering value to our stakeholders by focusing on strategic execution of the value creation plans to strengthen further our fundamentals and, ultimately, profitability and sustainable growth. At the same time, we will continue with the realisation of our long-term strategic goals that include further improvement in operational efficiency, penetration into new market segments and expansion of product mix and services at all subsidiary companies, to gain more ground and are poised to ride the recovery wave", Ahmad Fariz commented on the Group's prospect for 2022.

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About Kumpulan Perangsang Selangor Berhad (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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