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KPS Berhad Posts Steady Revenue; PATAMI Growth Surges by 29%

- **Cumulatively Secured More Than RM450 Million Worth of Contracts**
- **Group Earnings Surged, Supported by A Higher Share of Profit from Associates**

Shah Alam, Malaysia, 27 February 2023 – Kumpulan Perangsang Selangor Berhad's ("KPS Berhad" or "the Group") (KPS, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) today reported a steady top line, registering RM1,359.5 million in revenue for the year ended 31 December 2022, as compared with RM1,328.1 million recorded in the same period last year ("FY2021"). The steady performance for the year was achieved through the strategic execution of tactical initiatives of its core business, in part resulting in more than RM450.0 million worth of contracts. Bottom line, the profit attributable to owners of the parent ("PATAMI") increased to RM73.7 million compared with RM57.2 million booked in FY2021, supported by the higher share of profits from associates, mainly from the disposal of Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT").

HIGHLIGHTS FOR THE QUARTER ENDED 31 DECEMBER 2022

KPS Berhad registered RM322.1 million in revenue for the quarter ended 31 December 2022, 4% lower than RM335.9 million recorded in the corresponding quarter last year ("Q4 FY2021").

Its **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. ("KKS"), recorded lower revenue year-on-year ("YoY") at RM269.2 million as compared with RM289.6 million in Q4 FY2021. The lower revenue was mainly due to the normalisation of demand and electronic chips ("ICs") supply volatility. Overall, the manufacturing business contributed 84% to the Group revenue for the quarter.

Toyoplas remained the highest revenue contributor to the Group with RM124.8 million, 6% higher than Q4 FY2021's RM118.1 million, driven mainly by new projects in Malaysia (accessories for vacuum cleaners) and China (Wi-Fi access points). The revenue contribution was followed by CBB, with RM59.7 million, 9% lower than RM65.6 million in Q4 FY2021, as the ICs shortages issue continually affected its consumer electronics customers. CPI added RM54.3 million at 4% growth compared to Q4 FY2021's RM52.3 million due to higher sales from all business segments except for healthcare and automotive, which was also affected by ICs shortages. The remaining RM30.4 million was from KKMW and KKS combined, which was 43% lower than Q4 FY2021, caused by the cessation of a key customer and weaker sales.

The **trading** business grew by 14% YoY with total revenue of RM40.0 million this quarter compared with RM35.1 million in Q4 FY2021. The revenue increase was supported by Aqua-Flo Sdn Bhd's new water chemical and water meter contracts. The **licensing** business, King Koil Licensing Company LLC ("KKLC"), also recorded an increase in revenue YoY of RM10.0 million compared with RM8.9 million in the same quarter last year. The higher revenue was due to higher royalty fees from international licensees. The Group's remaining revenue of RM2.9 million was from the infrastructure business and property investment.



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Following the recent assessment of KPS Berhad's investment assets, the Group had put in a provision to impair the investments in its associates, namely NGC Energy Sdn Bhd ("NGC Energy") and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings"), amounting to RM67.3 million and RM1.5 million, respectively. On the one hand, this impairment resulted in the Group's operating loss of RM69.3 million. On the other, the share of profit from associates increased to RM131.6 million compared with RM4.6 million in Q4 FY2021. The increase in the share of profit was mainly from the gain on the SPRINT highway disposal totalling RM128.7 million.

With this, the profit before tax and zakat ("PBT") increased to RM55.8 million, compared with RM23.0 million in Q4 FY2021. This being the case, PATAMI scaled up to RM46.7 million from RM18.9 million in the corresponding quarter last year.

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Group revenue increased by RM31.4 million, to RM1,359.5 million for the year ended 31 December 2022, compared with RM1,328.1 million in FY2021. The revenue contribution from the manufacturing business of RM1,136.0 million moderated by 1% compared with RM1,152.2 million recorded in the corresponding period last year, with the top line growth hampered by the shortage of ICs and weaker consumer demand amidst inflationary pressure and high interest rates regime.

The trading and licensing businesses grew by 30% and 43%, contributing RM158.3 million and RM50.9 million, respectively. Growth in the trading business was led by higher demand for water chemicals, which resulted from higher water usage since the reopening of economic sectors in Q4 FY2021 as well as the successful venture into the water meter space. The performance of the licensing business was mainly attributed to an upfront payment of approximately RM10.0 million from an existing customer.

The Group's full-year operating profit was at RM16.5 million compared with RM104.8 million, weighed down by the impairment on investments in associates amounting to RM68.8 million during the year. However, during the year under review, the Group recorded a higher share of profit of associates of RM124.2 million, compared with FY2021's RM7.3 million. This was primarily due to the Group's share of gain on the disposal of the SPRINT highway. As a result, PBT advanced to RM118.1 million compared with the RM87.9 million it recorded last year. Accordingly, PATAMI improved to RM73.7 million from RM57.2 million in FY2021.

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

"During the quarter, our tactical initiatives such as diversifying product mix, increasing reach and managing market risks aimed at managing the top line have been successful. This has led KPS Berhad to securing more than RM450.0 million contracts, ending the year with steady revenue. Our ability to continue progressing amidst a turbulent operating environment is a product of the agility of a response strategy and the tenacity of our team members, leading to the execution of a series of tactical actions towards achieving our business targets at the subsidiary level as part of the Group's value creation plans."

"Separately, the SPRINT highway disposal has helped us to further concentrate on our core manufacturing business and achieve a leaner balance sheet, as part of the disposal's proceeds recently funded the acquisition of MDS Advance Sdn Bhd for RM85.0 million. The bolt-on acquisition of MDS Advance will complement the Group's core manufacturing business portfolio, strategically positioning it by having an even broader value proposition than some of the larger players in the industry. This allows us to offer more holistic solutions to the engineering support industry and, ultimately, the machinery and equipment industry."

Kumpulan Perangsang Selangor Berhad
Registration No. 197501002218 (23737-K)
17th Floor, Plaza Perangsang,
Persiaran Perbandaran, 40000 Shah Alam,
Selangor Darul Ehsan, Malaysia.

Telephone:
+603 - 5524 8400

Website:
www.kps.com.my



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The disposal allowed KPS Berhad to reward its shareholders on 30 December 2022 with a 4.5 sen special dividend per share, alongside a 2.0 interim dividend, both totalling RM34.9 million.

GROUP PROSPECTS

“We had expected to see a return to normalcy after two pandemic-stricken years. However, as we move into FY2023, it is apparent to the Group that the business environment and stakeholder expectations are very different post-pandemic. The continuation of geo-political tensions, supply chain disruptions, and rising costs of doing business are expected to render the path to sustainable business operations and financial performance more demanding,” said Ahmad Fariz Hasan when commenting on the robustness of KPS Berhad’s business performances for the current year.

In maintaining operational resilience, KPS Berhad will continue to put revenue growth strategies in place, prioritising business development efforts such as acquiring new revenue streams, growing alongside existing customers, and focusing on higher margin opportunities. In addition, cost efficiency measures and streamlining initiatives will continue to be the focus to ensure lean operations in addition to building its capacity to support the existing and new businesses.

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About Kumpulan Perangsang Selangor Berhad (www.kps.com.my)

Incorporated on 11 August 1975, Kumpulan Perangsang Selangor Berhad (“KPS Berhad” or “the Group”) is a global investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services Sector. KPS Berhad has core investments in the Manufacturing sector. While enhancing shareholder value by optimising returns, KPS Berhad is committed to contributing toward sustainable economic, environmental, and social development.

For media enquiries, please contact:

Zul Mawardi
Investor Relations, Sustainability &
Communications
E: zul@kps.com.my
T: +603 5524 8444

Ch’ng Geik Ling & Rahmah Alias
Investor Relations, Sustainability &
Communications
E: chng@kps.com.my & rahmah@kps.com.my
T: +603 5524 8444

