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

FOR IMMEDIATE RELEASE

KPS Berhad's 2Q23 Results Held Steady; Year-to-Date Results Reflect Business Realities

- ***Revenue contracted on weaker demand; asset disposal helped maintain profit***
- ***Initiatives in place to support business prospect***

Shah Alam, Malaysia, 28 August 2023 – **Kumpulan Perangsang Selangor Berhad** ("KPS Berhad" or "the Company" or "the Group") (KPS, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) today reported its financial results for the quarter and year ended 30 June 2023. The results reflect a period of challenges and changes in the industry landscape, which have impacted the Group's manufacturing business and as a result, the Company's financial performance.

For the quarter ended, KPS Berhad posted RM301.5 million in revenue at 7% year-on-year ("YoY") decline compared with RM325.5 million recorded in the corresponding quarter last year. The operating profit came in at RM18.8 million, grew marginally compared with RM18.5 million in the corresponding period last year. However, supported by lower income tax and zakat, the profit after tax and zakat ("PAT") increased 43% to RM6.8 million compared with the RM4.7 million it booked in the corresponding quarter last year.

HIGHLIGHTS FOR THE QUARTER ENDED 30 JUNE 2023

The **manufacturing** business, encompassing Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas"), Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI"), MDS Advance Sdn Bhd ("MDS Advance"), and King Koil Manufacturing West LLC ("KKMW"), constitutes a substantial 82% of the Group's total revenue. Contributing RM246.3 million for the quarter, the Group's manufacturing business recorded a decline of 10% YoY, a noticeable contrast to RM272.7 million recorded in the corresponding period of the previous year.

Toyoplas led YoY revenue contribution this quarter with RM90.8 million, a 26% decrease compared with RM123.5 million recorded in the same period last year. The decline was primarily attributed to the departure of a major assembly customer headquartered in Indonesia, which took effect in November 2022. The interplay of decreased market demand and surplus inventory at its customer's end had resulted in a sluggish order uptake at its operations in China, Vietnam, and Malaysia.

CBB is the second highest contributor, with revenue growth of 7% to RM62.1 million for the quarter from RM58.3 million contributed to the corresponding quarter last year. CPI contribution for the quarter however reflected a 7% decrease to RM51.6 million from RM55.5 million recorded during the same period last year. This decline was mainly due to the lower sales across all its business segments, save automotive. MDS Advance contributed RM5.4 million this quarter, mainly derived from its medical and semiconductors business segments. The remaining RM36.4 million was from KKMW and its OEM contribution from King Koil Sales Inc. ("KKSI"), which recorded a marginal 3% increase YoY from RM35.4 million.

FOR IMMEDIATE RELEASE

A further RM43.0 million of the Group revenue was derived from the **trading** business, represented by Aqua-Flo Sdn Bhd ("Aqua-Flo"), whose revenue increased by 7% YoY from RM40.3 million in the same period last year. The higher revenue was due to the higher sales of water chemicals and water meters. The **licensing** business, King Koil Licensing Company Inc. ("KKLC"), also recorded a marginally higher revenue of 2% this quarter, contributing RM10.0 million to the Group revenue compared with RM9.7 million in the same quarter last year. The remaining revenue contribution of RM2.1 million was from other business sectors.

The Group's operating profit was RM18.8 million, about the same level from RM18.5 million in the corresponding period last year, having supported by RM2.1 million other income arising from the disposal of Wisma SAP. Finance costs came in higher at RM7.1 million compared with RM5.2 million due to a 100-basis point YoY hike in the overnight policy rate ("OPR"). Cushioning the impact of the less sanguine operating profit and higher finance costs were a smaller share of loss from associates and lower income tax and zakat, which was in turn due to RM1.9 million tax refund and nonpayment of zakat for the quarter. As a result, the Group PAT increased 43% to RM6.8 million YoY from RM4.7 million.

HIGHLIGHTS FOR THE PERIOD ENDED 30 JUNE 2023

For the first half of 2023, the Group recorded revenue of RM576.5 million compared with RM654.7 million in the corresponding period last year, representing a decrease in revenue by 12% which resulted from lower revenue in its manufacturing business sectors. This was mainly due to slower consumer demand and the cessation of major customers during the period under review.

The Group's operating profit encountered challenges due to a decline in gross profit resulting from lower revenue, increased electricity tariffs, rising labour and paper costs. Additionally, the absence of an RM4.8 million reversal of impairment on cash-generating units and along with additional administrative expenses following the acquisition of MDS Advance and increased net forex loss mainly at Toyoplas' operation, collectively led to a substantial 41% reduction in the Group's operating profit to RM30.8 million from the RM51.8 million achieved in the corresponding period in the previous year.

Finance costs for the period escalated by 34% to RM14.0 million compared to RM10.5 million due to higher profit rates associated with the increase in the OPR. The impact was cushioned by the improved share of profit from associates, attributed to the absence of share of losses from SPRINT Holdings Sdn Bhd, along with lower tax and zakat payments. All these factors combined resulted in a significant 54% decrease in the Group's PAT for the first six months of the year, delivering RM9.7 million, compared with RM21.1 million achieved in the same period last year.

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

FOR IMMEDIATE RELEASE

MANAGING DIRECTOR/GROUP CEO'S PERSPECTIVE

"This year has been marked by macro-economic and operational challenges that have tested our resilience, collectively impacting KPS Berhad's ability to maintain previous levels of profitability. While the second quarter performance was relatively steady, the year-end results underscore the need for adaptability in recent business realities.

We foresee that the persistent global economic headwinds would continue to impede the operating environment across our businesses and the Group's prospects for growth in the medium term. Despite this, we shall focus on critical goals, including expanding customer base, exploring new revenue streams, elevating production efficiency, cost optimisation as well as enhancing operational capabilities. These efforts are focused on defending our revenue and core profit during these crucial times.

We shall remain dedicated to our long-term goals and strategies, focusing on sustainable practices and growth strategies that would position us for success upon demand recovery."

GROUP PROSPECT

KPS Berhad's forward trajectory would likely be marked with caution amid the complexity of managing its business operations in an evolving global economic environment, at the same time adeptly navigating the business landscape by staying agile and responsive to market shifts. To this end, the Group is committed to continuously improving operational efficiencies and refining all aspects of operations across its businesses. Central to the Group's strategy is building its capacity to support existing and future businesses while optimising operational and financial performance in the future.

- End –

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

Incorporated on 11 August 1975, Kumpulan Perangsang Selangor Berhad ("KPS Berhad" or "the Company" 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