

FOR IMMEDIATE RELEASE

## KPS Berhad posts RM48.5 million PATAMI; Earnings surge on disposal gain

- ***Paid 4.5 sen special dividend***
- ***Strategic initiatives in place to drive revenue and profit growth***

**Shah Alam, Malaysia, 31 May 2024** - Kumpulan Perangsang Selangor Berhad's ("KPS" or "the Company" or "the Group") (KPS, Bursa: 5843; Bloomberg: KUPS: MK; Reuters: KPSB.KL) today reported profit attributable to owners of the parent ("PATAMI") of RM48.5 million for the quarter ended 31 March 2024, a significant increase from the corresponding quarter of the previous year ("Q1 FY2023). The rise was primarily driven by an increase in the operating profit resulting mainly from the gain from the divestment of 50% of its equity stake in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"), the parent company of King Koil Manufacturing ("KKMW") and King Koil Licensing ("KKLC") in March 2024.

### HIGHLIGHTS FOR THE QUARTER ENDED 31 MARCH 2024

Despite the reduced risk of a global recession, the recovery was still uneven across the sectors. Various factors, including geo-political risks, elevated interest rates, and declining household savings, dampen consumer spending, putting pressure on demand for products in various industries as inventories build up. This has led to inconsistent sales volumes and revenue generation for KPS' manufacturing companies, impacting the Group's overall revenue growth.

The **manufacturing** segment recorded a 6% decline in year-on-year (YoY) revenue, contributing RM213.9 million to the Group, compared with RM227.5 million in the corresponding quarter of the previous year. At RM213.9 million, the manufacturing businesses, which include Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas"), MDS Advance Sdn Bhd ("MDS"), Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI"), and KKMW, accounted for 82% of the Group's total revenue.

Following the disposal of a 50% equity stake in Kaiserkorp in March 2024, KKMW contributed to the Group's revenue for only two months, totaling RM21.2 million.

Toyoplas remained the Group's largest revenue contributor despite a decline of RM11.2 million, bringing in RM70.3 million this quarter compared with RM81.5 million in the corresponding quarter last year. This decrease was attributed to elevated inventory levels held by its major customers from the previous year. MDS also showed a slight reduction of RM1.6 million from RM5.8 million in the corresponding quarter last year, impacted by heightened customer inventory levels.

Conversely, an upward trend was seen in CBB, the second-highest revenue contributor to the Group, which registered a healthy RM64.7 million, up by RM6.2 million from the revenue generated in Q1 FY2023, driven by higher traction in the paper and consumer division. So did CPI; it recorded a revenue of RM53.4 million, RM5.7 million higher than the corresponding quarter in FY2023, derived from higher sales in all business segments except for automotive and healthcare.



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A further RM39.3 million of the Group revenue was derived from the **trading** business, represented by Aqua-Flo Sdn Bhd ("Aqua-Flo"), whose revenue rose by 9% from RM36.0 million in the corresponding quarter last year due to higher sales of water chemicals and related projects during the quarter. The **licensing** business, KKLC, reported lower revenue of RM7.0 million for the current quarter, down from RM9.5 million in Q1 FY2023. This decline is due to the consolidation of only two months' results, unlike the entire three months' results in the previous quarter.

For the quarter under review, other income was RM117.8 million, reflecting a significant increase of RM95.9 million from RM21.9 million in the same quarter last year, driven by the gain from the disposal of a 50% equity stake in KaiserCorp. Other expenses increased to RM104.5 million from RM65.1 million in Q1 FY2023, primarily due to the implementation of a long-term incentive plan rewarding employees for achieving specific goals that are aligned with the Group's corporate objectives. Reflecting this, the Group's operating profit rose to RM65.4 million compared to RM12.0 million in the corresponding quarter of the previous year.

With the improvement in operating profit, KPS reported a higher profit after tax of RM50.3 million, a significant increase from the RM2.9 million recorded in the corresponding quarter last year. Similarly, its PATAMI increased to RM48.5 million from the previous year's corresponding quarter.

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

"We continue to implement measures to mitigate the impact of subdued market sentiments, aligning with our long-term strategy focused on driving revenue growth through diversification into new regions and industries, as well as expanding product offerings. Simultaneously, we aim to improve profitability by enhancing operational efficiency and optimising costs.

During the quarter, our subsidiary companies enhanced their sales development efforts in specific sectors. They worked on transitioning from lower value-added products to higher-value offerings to sharpen business focus and as a result, generate new demand. To this effect, Toyoplas and CPI successfully secured multiple new projects and clients, including those in the more robust consumer sector. We diligently monitored our operating costs and improved process efficiency to enhance operational efficiency and optimise costs. For instance, Toyoplas and CBB have been undergoing operational transformation to realign processes and resources. And recently, CPI completed the installation of solar panels at both of its plants to manage input costs in the immediate future."

## SPECIAL DIVIDEND

As part of the Group's business strategy, on 20 March 2024, KPS Berhad completed the divestment of its 50% stake in KaiserCorp, realising RM271.5 million. This strategic move strengthened KPS Berhad's financial position, enabling the Company to repay borrowings and distribute special dividends to the shareholders. The shareholders received on 30 April 2024 a special dividend of 4.5 sen per ordinary share, amounting to RM24.2 million.



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### GROUP PROSPECT

KPS Berhad's growth trajectory is expected to trail with caution as it navigates the complexities of business operations amidst a shifting economic landscape, consumerism, and ongoing geopolitical tensions. By maintaining adaptability and responsiveness to market dynamics, the Group aims to navigate these challenges effectively. KPS Berhad anticipates a gradual improvement in market sentiment in 2024, stemming from both global and domestic economies rebounding in specific sectors, expected to be driven by an incremental rise in customer demand. As market demand is anticipated to strengthen, some customers will likely need to replenish their inventories, which would bode well for the Group's prospects moving forward.

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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 an investment holding 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. While enhancing shareholder value by optimising returns, KPS is committed to contributing toward sustainable economic, environmental, and social development.

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