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KPS Berhad Delivers Steadier 2Q24 Results, Stronger Revenue and Earnings

- **Higher Revenue Contributions from Toyoplas' Consumer Electronics and CPI's Communication Segments**
- **Earnings Growth Supported by Aqua-Flo's Steadily Improving Performance**

Shah Alam, Malaysia, 27 August 2024 - Kumpulan Perangsang Selangor Berhad ("KPS Berhad" or "the Company" or "the Group") (KPS, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) today announced its financial results for the quarter and period ended 30 June 2024. KPS Berhad reported a 10% growth in revenue to RM280.7 million for the quarter, compared to RM255.1 million in the corresponding quarter last year ("Q2 FY2023"), reflecting an improved demand from the consumer electronics segment and as a result, a recovery in the manufacturing business. The Company also posted a profit after tax and zakat ("PAT") of RM10.1 million, up from RM3.6 million, supported also by an increased contribution from the trading business.

HIGHLIGHTS FOR THE QUARTER ENDED 30 JUNE 2024

Aligned with the recovery in consumer demand, KPS Berhad posted considerable revenue improvement during the quarter. Increased orders from key customers have notably enhanced the performance of Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") and CPI (Penang) Sdn Bhd ("CPI"). Toyoplas capitalised on the customers' shifting logistic strategy and uptick in the European markets, both leading to a higher order pull. At the same time, CPI benefited from stronger demand from its communications and information technology ("CIT") customers. These achievements highlight the Group's effective strategy in navigating market fluctuations and seizing emerging opportunities.

The Group's manufacturing business, which covers Toyoplas, CPI, Century Bond Bhd ("CBB"), and MDS Advance Sdn Bhd ("MDS Advance"), which makes up about 80% of the Group's total revenue, saw a 7% YoY increase at the topline, contributing RM225.4 million for the quarter, compared with RM209.9 million recorded in Q2 FY2023. The increase was supported mostly by Toyoplas' and CPI's performance: Toyoplas achieved 20% YoY revenue growth through increased contributions from key customers in the consumer electronics division, while CPI 10%, additionally driven by new projects in the CIT and electronics segments.

CBB's revenue declined 9% YoY due to market challenges, including intense competition and price wars among peers in the Offset and Carton divisions, posting RM56.7 million as compared with RM62.2 million previously. MDS Advance's performance was also weighed down by 39% due to customer overstocking issues, bringing down the revenue to RM3.3 million from RM5.4 million.



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Cushioning the impact of slower revenue growth at CBB and MDS Advance, the trading business, represented by Aqua-Flo Sdn Bhd ("Aqua-Flo"), posted a 24% YoY revenue growth, chipping in RM53.4 million this quarter from RM43.0 million previously. The higher revenue was mainly due to the higher demand for water chemicals and water meters, bolstered by new and replacement contracts from major customers and the RM18.4 million water meter contract secured from Pengurusan Air Selangor Sdn Bhd in February 2024.

The remaining revenue contribution of RM2.0 million was from other business sectors.

For the quarter ended March 31, 2024, the Profit After Tax ("PAT") more than doubled to RM10.1 million, from RM3.6 million recorded in the corresponding period last year. The increase in PAT was attributed to stronger revenue growth from the manufacturing business and was further supported by higher contributions from Aqua-Flo.

HIGHLIGHTS FOR THE PERIOD ENDED 30 JUNE 2024

In the first half of 2024, the Group reported a 6% increase in revenue to RM514.6 million from RM486.8 million in the corresponding period last year, driven by improved performance in its trading and manufacturing businesses. Other income surged to RM131.0 million from RM40.6 million, largely due to the divestment of a 50% stake in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"). As a result, the Group's PAT soared to RM57.9 million from RM2.5 million recorded in the same period last year.

MANAGING DIRECTOR/GROUP CEO'S PERSPECTIVE

"We are encouraged by the group's improved financial performance this quarter, driven in part by a notable turnaround in revenue traction at Toyoplas. Additionally, the steady and organic revenue growth at CPI and Aqua-Flo, respectively, were contributory to cushioning the impact of slower revenue momentum in CBB and MDS Advance. This balanced performance showcases the resilience of the Group's sectoral contribution, reflecting the adaptability in the strategic execution of our business strategies for sustainable growth.

The revenue increase was driven by a strong focus on sales growth and diversification, including securing new customers and new projects from existing clients while navigating the externalities of the operating environment. Besides, the streamlining of Toyoplas' operations in China and beefing up the operations in Vietnam have resulted in an improved cost structure and operational efficiency at Toyoplas. And with Toyoplas being the main contributor to the Group's manufacturing revenue, the tactical moves have played out positively towards the overall Group's performance, and as a result, bottom line."

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GROUP PROSPECT

The operational landscape is anticipated to remain challenging. This is due to the uneven recovery of demand and the pressures exerted by intense competition in certain sectors. The Group's operations are dynamically adjusting to market fluctuations, particularly in light of the volatile short-term outlooks for advanced economies such as the US and Japan, and the escalating unrest in the Red Sea and the Middle East adding complexities to global trade.

Notwithstanding the uncertainties, KPS Berhad remains steadfast in its commitment to sustainable growth and value creation through diversifying its revenue stream across existing operations. In addition, the divestment of KaiserCorp has enabled the Company to optimise the balance sheet to actively pursue investment opportunities that could complement its growth strategies. With the actionable business and operational strategy in place, the Group is poised to improve its prospects, leveraging growth opportunities across its business segments.

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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.

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