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3Q24 Financial Results Reflect Slower Momentum Due to Operational Challenges

- **Lower Revenue Contributions from Century Bond's Offset and Paper Divisions and MDS Advance's Healthcare Segment**
- **Performance Weighed Down by Depreciation of the US Dollar**

Shah Alam, Malaysia, 28 November 2024 - Kumpulan Perangsang Selangor Berhad ("KPS Berhad" or "the Company" or "the Group") (KPS, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) today reported RM275.6 million in revenue for the quarter ended 30 September 2024. The revenue traction was 4% or RM10.3 million lower than RM285.9 million registered in the same quarter last year ("Q3 FY2023"). The decline was due to weaker demand in the packaging and metal machining business. The operating profit was lower at RM11.2 million, down by 34%, or RM5.9 million, from RM17.1 million in the corresponding quarter last year. As a result, the Group profit after tax and zakat ("PAT") for the quarter slid to RM4.6 million, easing from RM4.8 million registered in Q3 FY2023.

HIGHLIGHTS FOR THE QUARTER ENDED 30 SEPTEMBER 2024

The decline in revenue traction this quarter was mainly attributed to the performance of Century Bond Bhd ("CBB") and MDS Advance Sdn Bhd ("MDS Advance"). CBB faced declining order volumes because of competition in the packaging market, further challenged by nearshoring exercises by two of its customers. Similarly, MDS Advance experienced reduced demand in certain healthcare sectors, which was attributed to customer overstocking. Also distinct in the quarter under review was the strengthening of the Ringgit against the US dollar, affecting the subsidiary companies' USD-denominated sales.

Being the core business, the Group's manufacturing division, which comprises Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") and CPI (Penang) Sdn Bhd ("CPI"), CBB, and MDS Advance, made up about 84% of the Group's total revenue, contributing RM232.3 million for the quarter, compared with RM243.2 million recorded in Q3 FY2023.

Toyoplas contributed higher at RM120.3 million, compared with the RM114.1 million it registered in the corresponding quarter last year; this was supported by the successful expansion of assembly projects from new and existing customers in Malaysia. Meanwhile, CPI's revenue increased to RM56.3 million from RM56.1 million, with stable sales across all business segments except automotive segments. As highlighted, the decline in manufacturing revenue was mainly due to the business performance at CBB and MDS Advance: at CBB, softer demand in the offset and paper division contributed to the 25% YoY decline in revenue to RM51.2 million from RM67.9 million while at MDS Advance, ongoing customer overstocking issues in the medical segment pushed the revenue down by 12% YoY to RM4.5 million from RM5.1 million.



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The trading business, represented by Aqua-Flo Sdn Bhd ("Aqua-Flo"), reported a 6% YoY revenue increase to RM43.3 million this quarter, up from RM40.7 million. This growth was driven by higher demand for water chemicals, supported by key customer contracts.

The Group reported an operating profit of RM11.2 million, 34% lower than the RM17.1 million recorded in the same period last year. This decline was primarily due to a weakening US dollar, resulting in a net foreign exchange loss of RM9.4 million for the quarter. However, the foreign exchange loss was partially mitigated by a reduction in finance costs of RM2.8 million, achieved through the repayment of RM277.9 million in borrowings, by utilising the proceeds from the divestment of a 50% equity stake in KaiserCorp Corporation Sdn Bhd and the disposal of Plaza Perangsang. Factoring in the operational challenges and impact of foreign exchange losses, the Group PAT decreased to RM4.6 million, down from RM4.8 million reported in Q3 FY2023.

HIGHLIGHT FOR THE PERIOD ENDED 30 SEPTEMBER 2024

In the first nine months of 2024, the Group's revenue rose to RM790.2 million, up from RM772.7 million in the corresponding period last year, thanks to better performance in its trading sector. Other income leapt to RM140.6 million from RM55.1 million, mainly due to the disposal of a 50% stake in KaiserCorp Corporation Sdn Bhd. As a result, the Group's PAT surged to RM62.4 million, a significant increase from RM7.2 million in the previous year.

MANAGING DIRECTOR/GROUP CEO'S PERSPECTIVE

This quarter, we experienced constraints in growing the revenue and profitability due to the operating dynamics, necessitating a resilient operational strategy to navigate the operating challenges more effectively.

Already, we have been on track to diversify our revenue streams for a stronger earnings base and visibility. We are actively exploring new opportunities in high-growth areas, such as the automation, semiconductor, and healthcare sectors. Another priority is to expand our market reach, such as growing our market share locally and internationally: Toyoplas is looking to expand its presence in the local market in Vietnam and Indonesia, CPI in Thailand, and CBB in Indonesia and Singapore. We continue to enhance operational efficiency by investing in new machinery and automation while streamlining costs by consolidating the non-performing units, enhancing solarisation projects amongst subsidiary companies, and improving production quality and capabilities to withstand uncertainty in industrial dynamics better. We have also enhanced the hedging strategy to mitigate foreign currency risk within our operations.



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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DIVIDENDS

KPS Berhad's Board of Directors resolved today to pay an interim dividend amounting to RM5.4 million, or 1.0 sen per ordinary share, for the financial year ending 31 December 2024, in line with its financial commitment to its shareholders. The dividend will be payable on 30 December 2024 to shareholders registered in the Records of Depositors at the close of business on 13 December 2024.

GROUP PROSPECT

KPS Berhad's growth trajectory would likely be marked with caution for the remainder of the year amidst the complexity of the operating environment, which is expected to impact the Group's profit margins. Notwithstanding that, KPS Berhad is committed to strengthening the Group's revenue traction and refining certain aspects of operations across its businesses to ensure sustainable value creation. Central to the Group's strategy is building its capacity to support existing and future businesses while optimising operational and financial performance.

- End -

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

