



# 47<sup>th</sup> Annual General Meeting

## BUSINESS REVIEW & PROSPECTS

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Monday | 27 May 2024

Ahmad Fariz Hassan  
Managing Director / Group CEO



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## 2023 Report Card

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# We Remained Steadfast on Value Creation

## Strengthened Business Fundamentals

KEY PERFORMANCE INDICATORS	ACHIEVEMENTS	NEW PROJECTS/CONTRACTS
<b>TOYOPLAS</b> New customers/projects	6	  <p>Subassembly for vacuum cleaner accessories and kits. Plastic parts for solar junction boxes, WiFi routers and security cameras.</p>
<b>CPI</b> New customers/projects	6	  <p>Security camera, noise sensor board, printer, charger, wiper clip, smart gas meter.</p>
<b>CBB</b> 1. New customers/projects 2. New models from existing customers 3. New models from Healthcare/FMCG Industry	2 7 3	  <p>Cement bags, cartons, rigid boxes, and packaging for fashion, food &amp; beverages.</p>
<b>KING KOIL</b> 1. New customers/projects 2. New licensee/ market/renewal with higher royalties	3 2	  <p>Secured new relationships with high-profile retailers while renewing licensing agreements at better terms and onboarding a new business territory</p>
<b>MDS Advance</b> 1. Completion of MDS acquisition	January 2023	  <p>High-precision Computer Numerical Control ("CNC") metal machining parts for the aerospace industry and mechanical assembly.</p>
<b>AQUA-FLO</b> 1. New contracts from customers	18	  <p>Secured 17 supply and delivery agreements for water treatment chemicals and one contract for the supply of water meters.</p>

# Key Corporate Events

Strengthened Strategic Focus & Position



**Acquired  
MDS Advance**



**Expanded  
Capacity to Meet  
Future Demand**



**Restructured  
Operations**



we invest in better

**Revamped  
Vision and  
Mission**



- Achieved first-year profit guarantee of RM8.0 million in 2023



- New EMS facility
- Expanded ETP warehouse and production space
- Installing solar panels

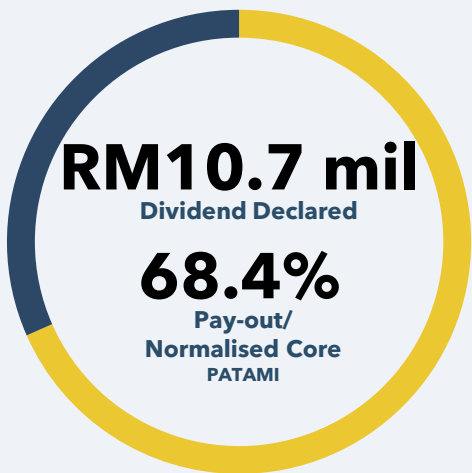


- Streamlining China's operations
- Rightsizing the Indonesia plant



# Delivered Financial Commitment to Shareholders

A Total of 2.0 sen Dividend Declared for FY2023



**1.0 sen** per ordinary share

**Interim Dividend**

RM5,373,854 payout

Paid on 29 December 2023

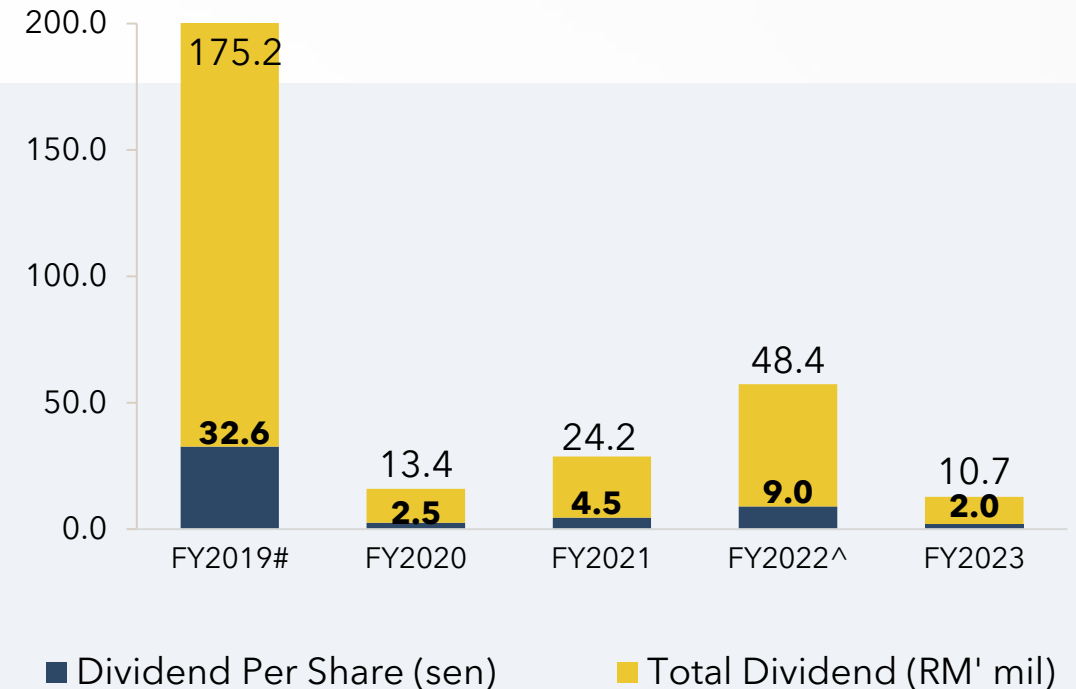
**1.0 sen** per ordinary share

**Final Dividend**

RM5,373,854 payout

To be paid on 25 June 2024, subject to the shareholders' approval at the 47<sup>th</sup> AGM

## Sustainable Dividends Over the Years



Notes:

# Special dividend from SPLASH divestment

^ Special dividend from SPRINT divestment

## Dividend Policy

≥ **30.0%** of the Group's Normalised Core PATAMI

# Awards & Recognition

## Embracing Culture of Excellence

2023

**Bronze Category in the Integrity, Governance and Anti-Corruption Award ("AIGA") 2023**

**Gold NACRA 2023 National Annual Corporate Report**

**Best Employer Brand Awards 2023**

**The Edge Centurion Club Awards for 2023**

**Sustainability & CSR Malaysia Awards 2023**

**ACCA Approved Employer Awards 2023 for both Professional Development and Trainee Development (Platinum)**

Previous years

**Sustainability & CSR Malaysia Awards 2022: Overall Excellence in Community Upliftment Initiatives**

**Platinum NACRA 2021 Excellence Awards**

**MSWG-ASEAN Corporate Governance Awards 2020: Excellence Award for CG Disclosure & Industry Excellence Award**

**Silver NACRA 2022 Excellence Awards**

**Sustainability & CSR Malaysia Awards 2021: Leadership in Sustainable Environment & Social Initiatives**

**Sustainability & CSR Malaysia Awards 2020: Overall Excellence in Education, Entrepreneurship & Community Development**

**Sustainability & CSR Malaysia Awards 2022: Long-Standing Excellence in Sustainability**

**Silver NACRA 2020 Excellence Awards**

**CSR Malaysia Awards 2019**



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## 2023 Financial Highlights

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# Challenges in the Operating Environment

## Impeded Revenue Growth & Bottom Line

### Concern on Inflation



- Global central bank continue to tighten Monetary Policy and keep interest rate higher for longer
- Geopolitical conflicts
- Malaysia OPR increased by 0.25% to 3.0% from January to December 2023

### Weaker Consumer Sentiment



- Heightened consumer anxiety
- Consumers are re-evaluating their discretionary purchases, and cutting down nonessential spending

### Lower Demand for Manufactured Goods



- Lower demand for products
- Built-up inventory level
- Slowing orders from certain customers due to softening market demand

### Escalated Input Costs



- Raw materials cost, transportation, and other expenses remain at an elevated level
- Rise in utility tariffs, labour costs and finance costs

### Lower Revenue & PAT



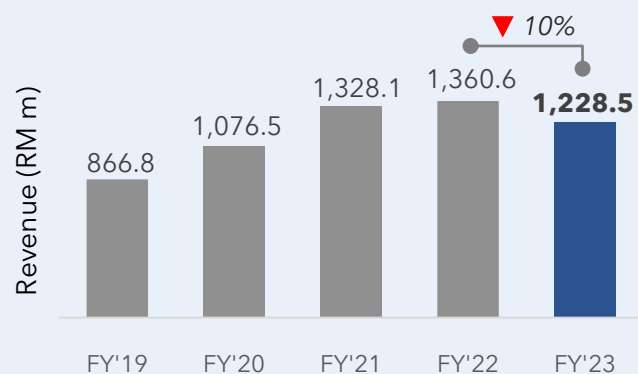
- Revenue lowered by 9.7% from RM1,360.6 million to RM1,228.5 million
- Normalised core PAT margin reduced from 3.5% to 1.9%



# Weak Consumer Demands Stifled Revenue Growth

Bottom Line Affected by Absence of Share of Gain on Disposal of SPRINT and Operational Challenges

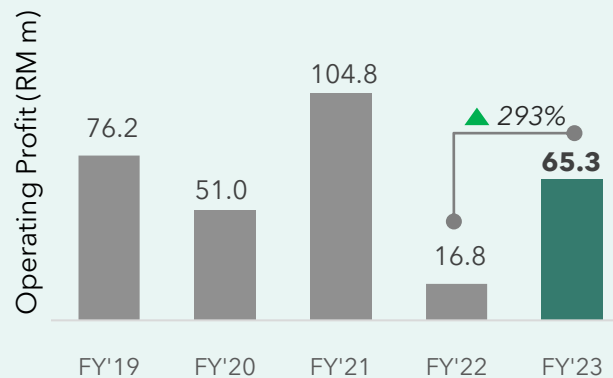
## Revenue



### **FY'23 vs FY'22**

- Declined due to weaker demand. Global economic slowdown persisted through 2023, characterised by weak consumer sentiment and laden with inflation concern
- Departure of key customers and absence of one-off payment from the licensing sector

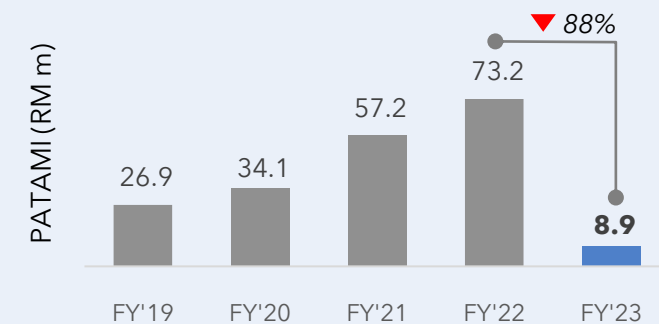
## Operating Profit



### **FY'23 vs FY'22**

- Increased mainly due to the absence of impairments on the investments on NGC Energy Sdn Bhd and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings"), amounting to RM67.3 million and RM1.5 million, respectively

## Profit Attributable to Owners of the Parent








### **FY'23 vs FY'22**

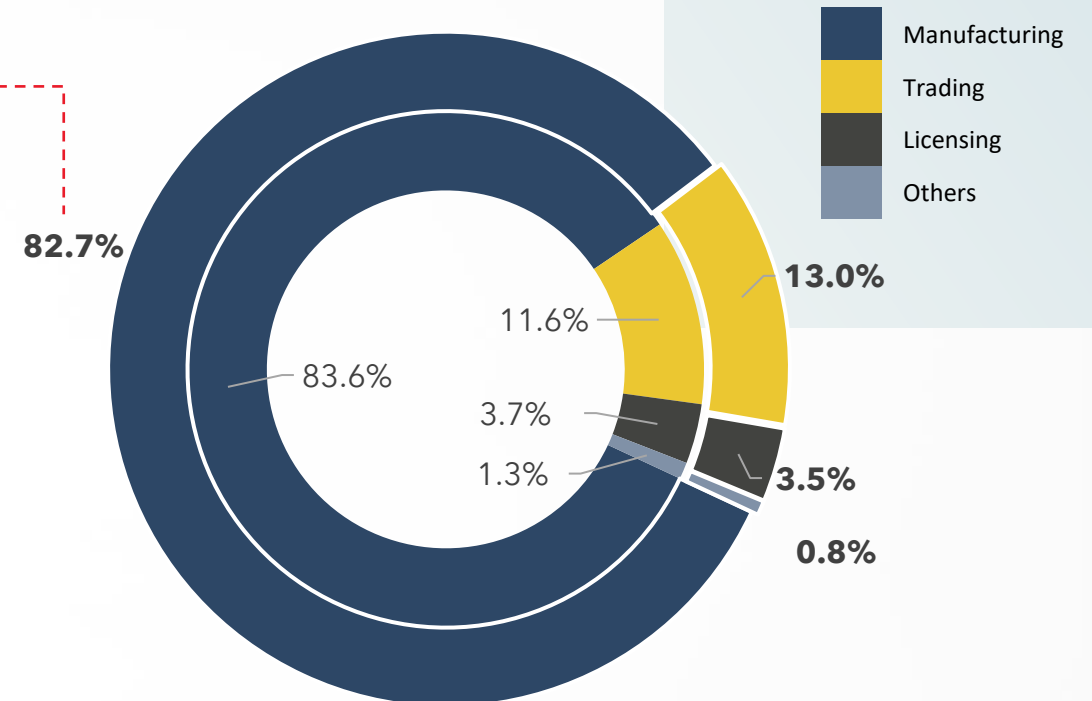
- Reduced mainly due to absence of one-off share of gain on disposal of SPRINT amounting to RM128.7 million, higher finance costs and heightened input costs

# Manufacturing Momentum Dip, Contributing 83% to Revenue

Revenue Impacted by Weak Customer Demand

Sector	FY2023	FY2022	Variance
 Manufacturing	<b>1,016.4</b>	1,137.2	▼ 10.6%
 Trading	<b>160.1</b>	158.3	▲ 1.1%
 Licensing	<b>43.5</b>	50.9	▼ 14.5%
 Infrastructure	<b>0.3</b>	5.2	▼ 94.2%
 Property Inv.	<b>8.2</b>	9.0	▼ 8.9%
<b>TOTAL (RM million)</b>	<b>1,228.5</b>	1,360.6	▼ 9.7%

**FY2023  
REVENUE BREAKDOWN BY SECTOR**





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## Stride in ESG

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# Strengthened Sustainability Practices

Further Supported the Competitiveness & Resilience of the Group's Business



Sustainability  
Performance

**Conducted Double  
Materiality  
Assessment**

**Inaugural of TCFD  
Framework**

Climate  
Change



Carbon  
Footprint

**Enhanced Carbon  
Accounting for All  
Malaysia  
Manufacturing  
Plants**

**Fostered  
Volunteerism  
Among Employees**

Volunteerism



Social  
Investment

**Expanded SROI  
Application to Five  
Social Investment  
Initiatives**



# Extending Impact Through Community Development

Assisted 100,000 Beneficiaries with More Than 1,000 Volunteerism Hours



## Educational Development

- 21,000 Rural Students
- Developed talents and skills in STEM education



## Entrepreneurial Development

- 65 Entrepreneurs
- Enabled opportunities in the aged care and poultry supply businesses



## Community Development

- 80,000 stakeholders
- Enhanced social progress and development in the community



## Environment, Safety & Health

- 1,000 beneficiaries
- Instilled safety and health awareness amongst community members.

**SROI:  
1.53 times**



# 04

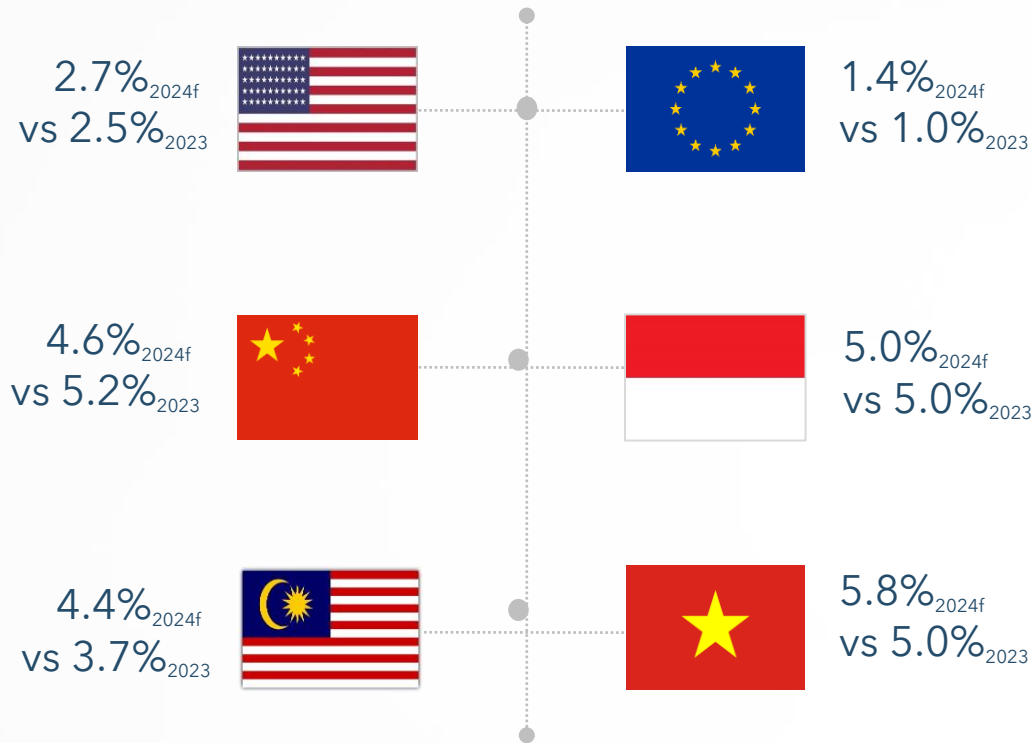
## Managing Prospects

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# Geopolitical Risks Pose Pressure on Recovery

Affecting Aspects of Strategic Planning & Operations

## GDP Growth within our Value Chain:



Source: World Economic Outlook - International Monetary Fund as at April 2024

## Potential Impact of Geopolitical Risks

01

Supply Chain

1. Raw Material Access
2. Logistics

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Regulatory

1. Policy Shifts
2. Export Controls

03

Strategic

1. Investment  
Uncertainty
2. Market Access

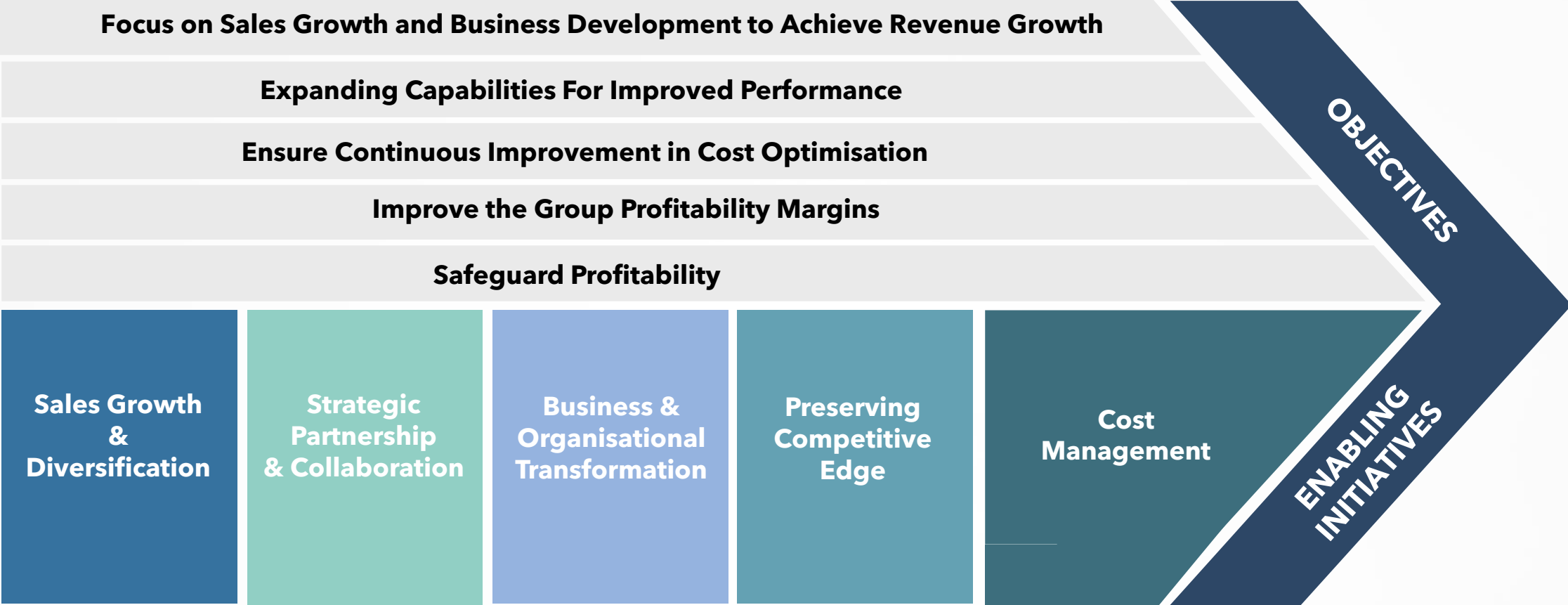
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Operational

1. Labour Market
2. Operational  
Interruptions

# FY2024 Group Initiatives

Strategies in Placed to Foster Sustainable Growth





# Thank You

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*Investor Relations, Sustainability & Communications*

**KPS BERHAD**

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