



1Q20

# RESULTS BRIEFING

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4 June 2020



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01

## 1Q20 Highlights

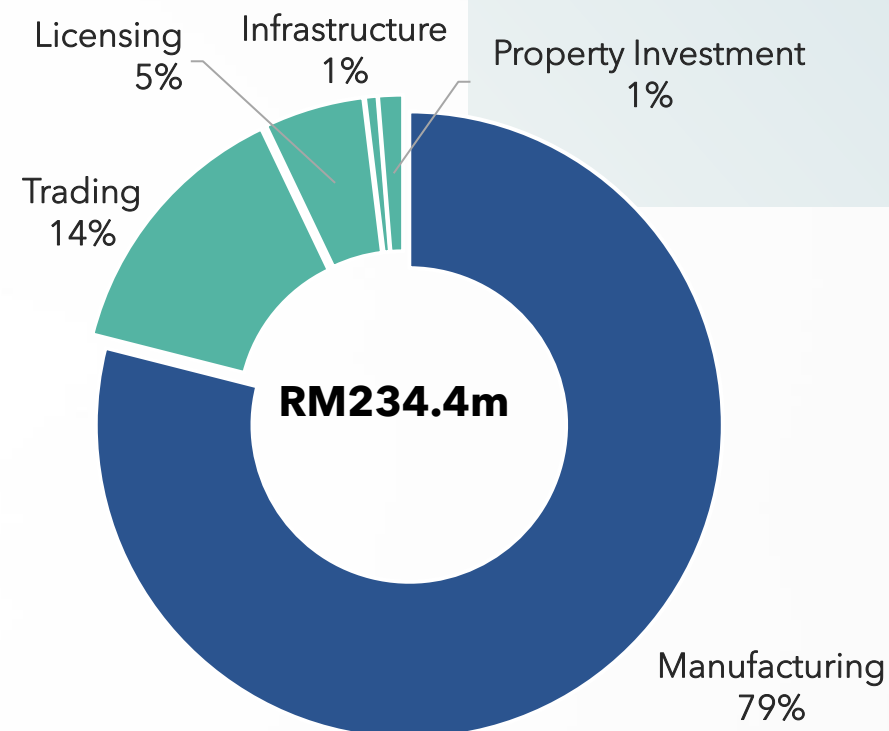
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# 01. Manufacturing Contributed 79% to Group Revenue

All Other Divisions but Infrastructure Steadied Momentum

SECTOR	1Q20 (RM m)	1Q19 (RM m)
Manufacturing	<b>185.1</b>	▲ 105.6
Trading	<b>32.7</b>	▲ 25.9
Licensing	<b>12.1</b>	▲ 11.2
Infrastructure	<b>1.8</b>	▼ 11.5
Property Inv.	<b>2.7</b>	▼ 3.2
<b>TOTAL</b>	<b>234.4</b>	▲ <b>157.5</b>

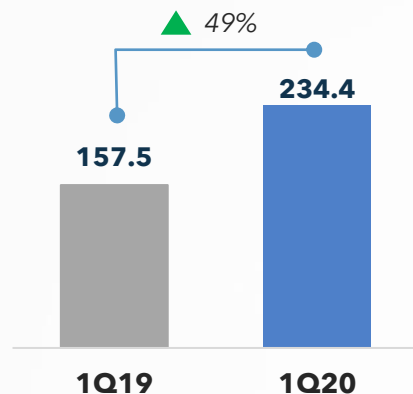
## 1Q20 Revenue Breakdown by Sector



## 02. Earnings Visibility Improved Further

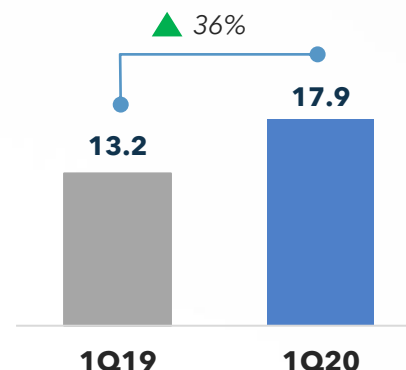
Growth Led by Manufacturing with Higher Contribution from Trading & Licensing

### Revenue

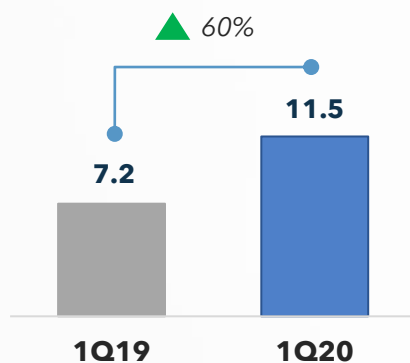


- Increased manufacturing contribution to 79% from 67% YoY.
- Led by Toyoplas with full quarter contribution and higher contribution from CBB and KKMW.
- Higher contribution from Aqua-Flo as well as KKLC.

### Operating Profit

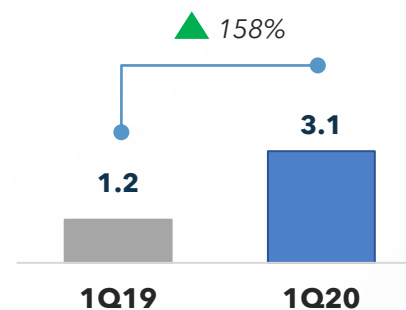


### PBT



- Manufacturing led earnings with contribution from Toyoplas, CBB and KKMW.
- Higher contribution from trading and licensing businesses.
- Lower share of profit from associates.

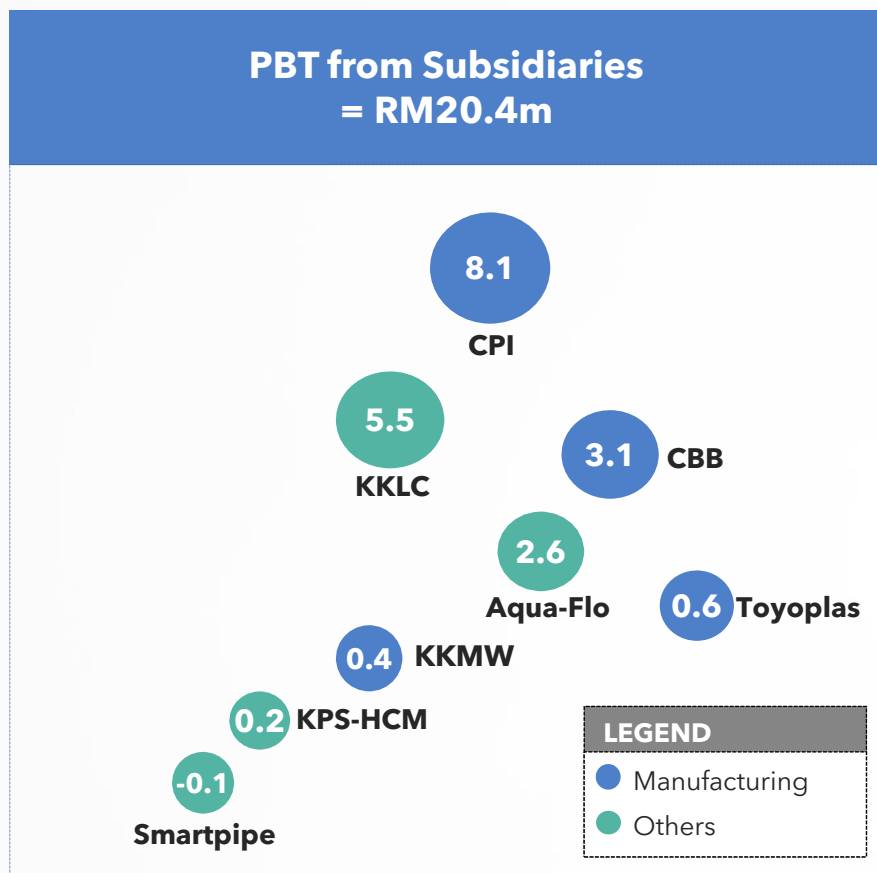
### Profit Attributable to the Owner of the Parent



- Almost three-fold growth YoY with broader earnings base.

# Manufacturing Business Led Group's PBT

BTP & Business Strategy Worked as Planned



**Costs at Inv. Holding Co = RM11.7m**

Costs	RM m
Investment Holding	
- Management Fee	(12.8)
- Financial Cost	
- Admin Cost	
Investment Property	
- Net Rental Income	1.1
<b>TOTAL</b>	<b>(11.7)</b>

**+ 2.8**

NGC	SPRINT
1.5	1.3

**=**

**11.5**

**GROUP PBT**

**3.1**

**GROUP PATAMI**



02

## Subsidiary Performance

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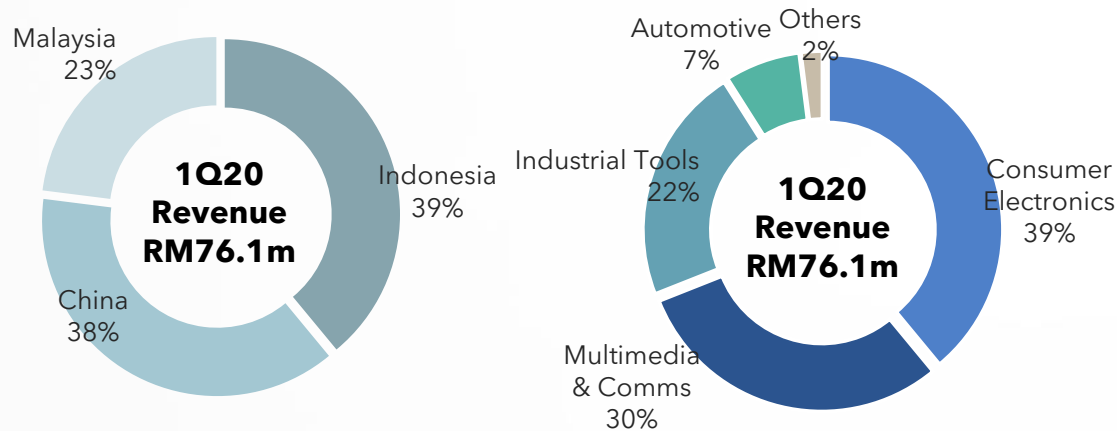
# 01. Toyoplas Manufacturing (Malaysia) Sdn Bhd

## Disruption in Supply Chain, Shortage of Raw Materials and Labour

### 1Q20 HIGHLIGHTS

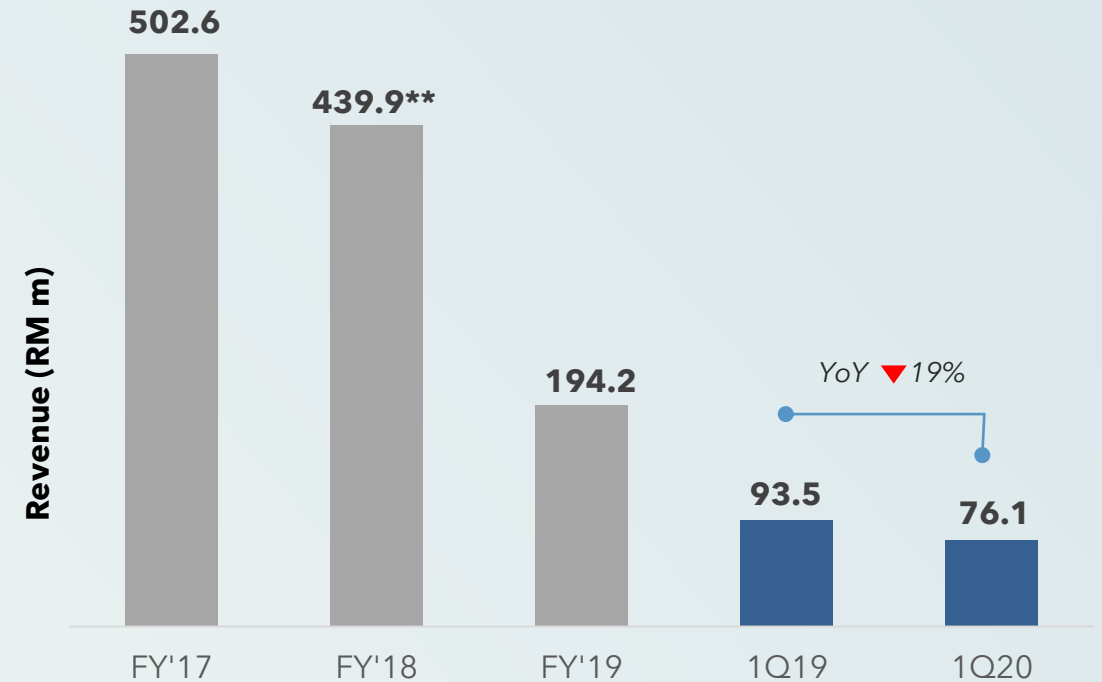
- **Revenue** was lower YoY by 18.6% mainly due to business disruption brought by COVID-19, but higher contribution from Indonesia.
- Plant temporary closure:-
  - China: lockdown period was for 10 days (31 Jan - 9 Feb) - caused shortage of E&E components.
  - Malaysia: MCO halted production for 3 weeks (18 Mar - 7 Apr) before resuming at 20%, then 50% in Phase 3.
  - Indonesia: no mandated shut down.
- **GP margin:** Lower due to lower overall total sales.

### REVENUE BREAKDOWN BY COUNTRY & SEGMENT



### FINANCIAL PERFORMANCE AS AT 31 MARCH 2020

Recent performance affected by COVID-19 pandemic





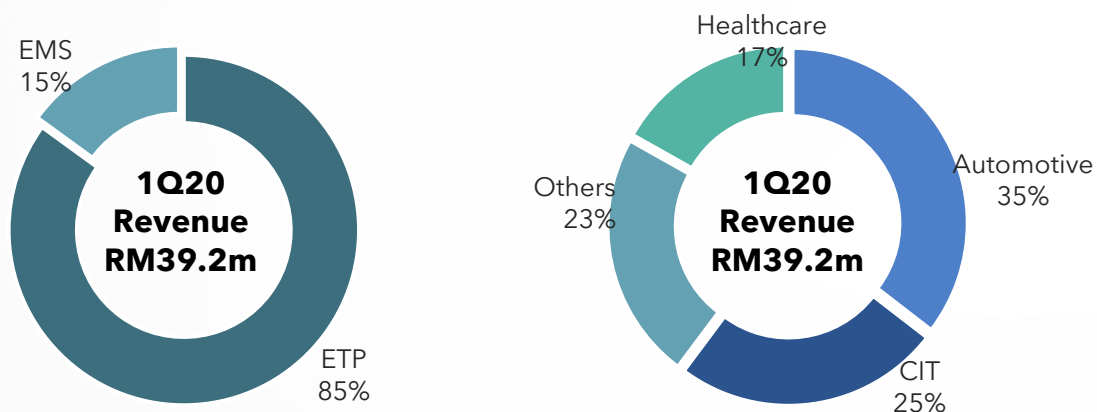
## 02. CPI (Penang) Sdn Bhd

Sales Declined due to Disruption in Supply Chain and Softer Demand

### 1Q20 HIGHLIGHTS

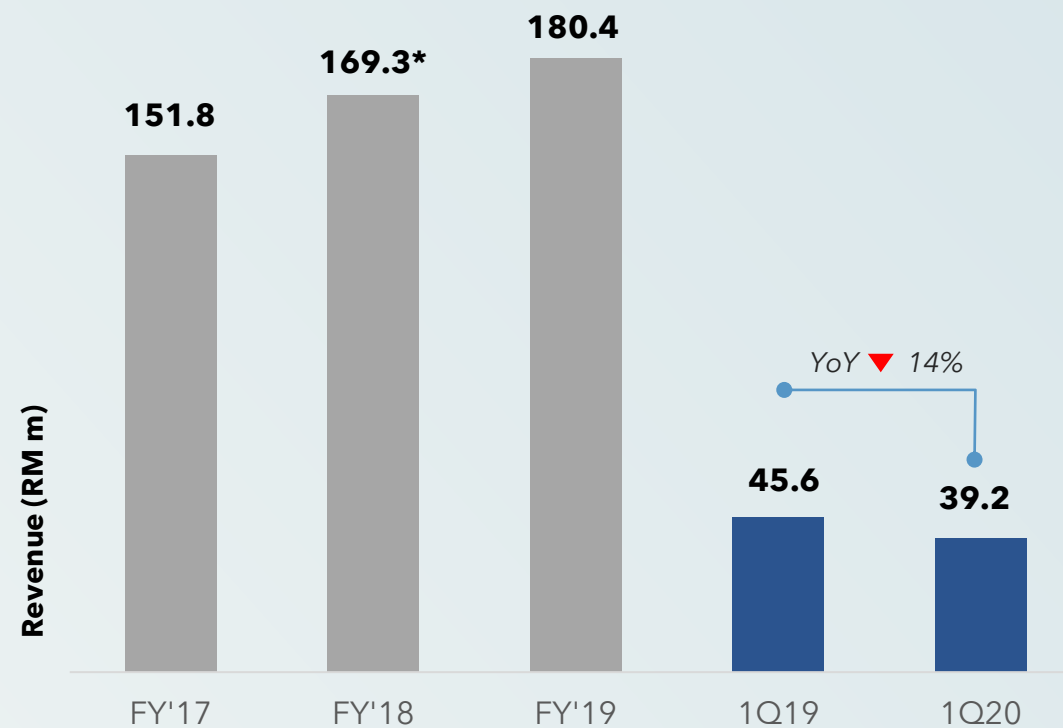
- **Revenue:** Moderated YoY mainly due to lower sales, as an impact of disruption of supply chain during COVID-19 - softer demand and temporary plant closure in end of March.
- Plants shut down from 22 - 26 March.
- **GP margin:** Maintained healthy largely due to higher tooling sales and production process improvement.
- Performance anticipated to ramp up in 4Q20 as businesses reopen the economy gradually recovers, though this is highly dependent on whether the pandemic prolongs.

### REVENUE BREAKDOWN BY SEGMENT & DIVISION



### FINANCIAL PERFORMANCE AS AT 31 MARCH 2020

Recent performance affected by COVID-19 pandemic



\*Note : Figure is based on 12-month contribution. Acquisition completed on 27 March 2018.

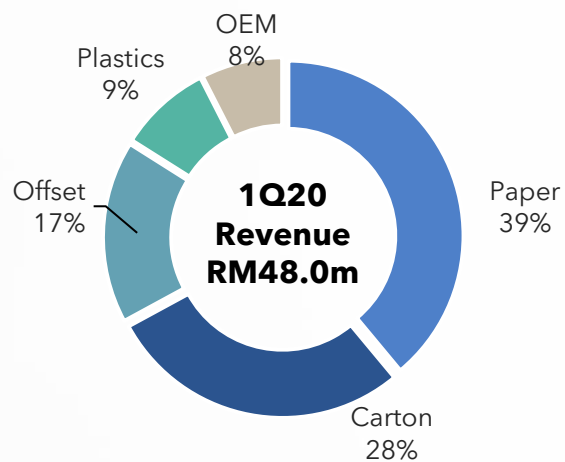
# 03. Century Bond Bhd

## Lower Contribution from Carton, Offset & Plastics but Higher from Paper

### 1Q20 HIGHLIGHTS

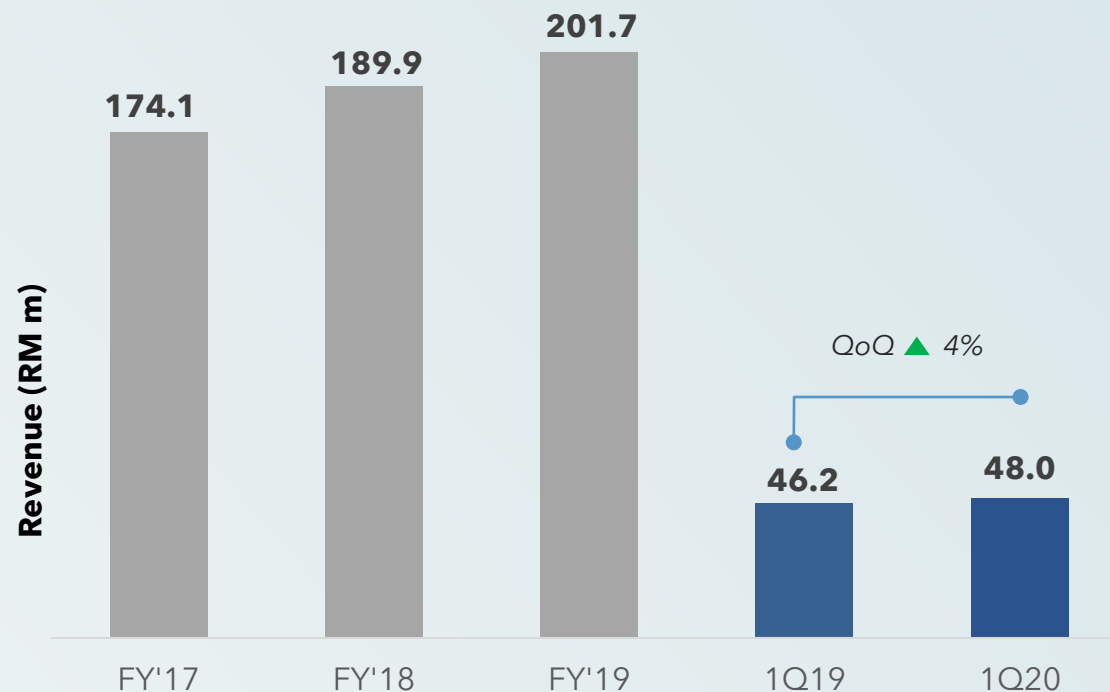
- **Revenue:** higher by 3.9% mainly due to higher sales from Paper (mainly from YTL, Hume & CIMA - increased by 68% in the first 2 months). Lower contribution from Carton, Offset and Plastics division due to ongoing Movement Control Order (MCO) which significantly restricts production to only a few customers.
- **GP margin:** Lower margins due to drop in sales during MCO period while certain cost items are fixed i.e. labour, depreciation, factory overhead.

### REVENUE CONTRIBUTION BY DIVISION



### FINANCIAL PERFORMANCE AS AT 31 MARCH 2020

Recent performance affected by COVID-19 pandemic



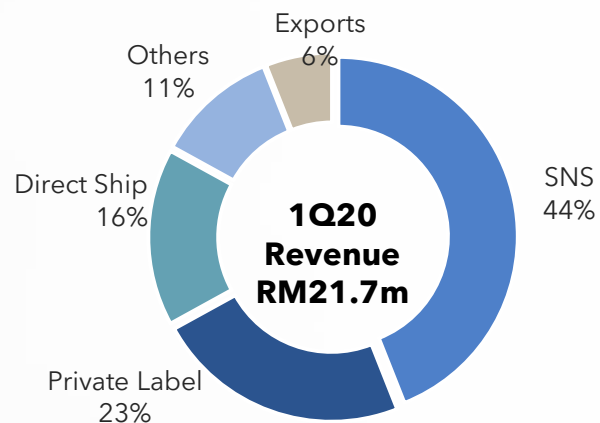
# 04. King Koil Manufacturing West

## Revenue Grew Strongly with the Launch of SmartLife

### 1Q20 HIGHLIGHTS

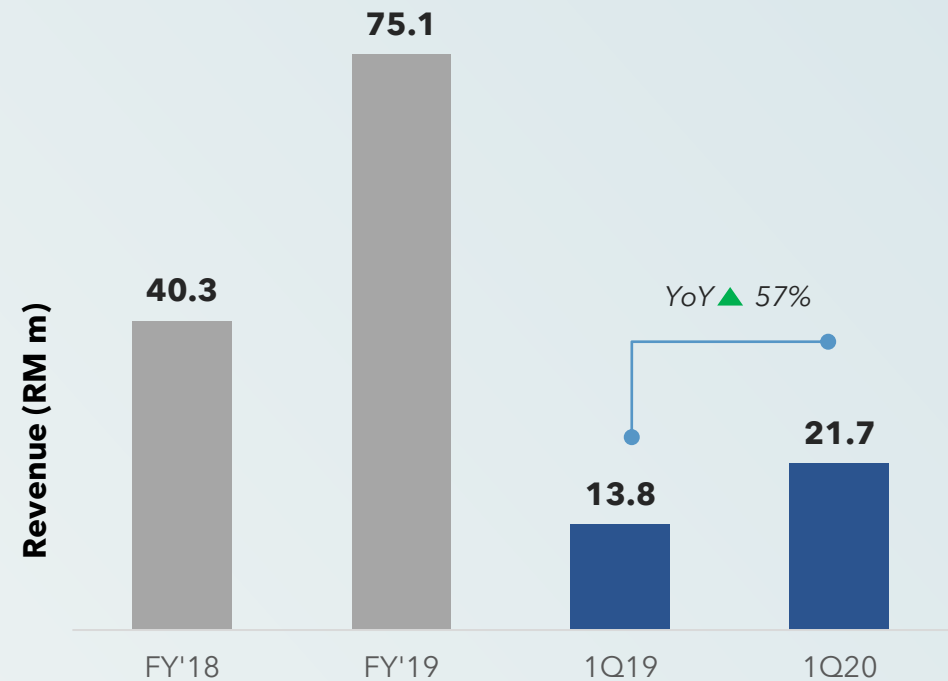
- **Revenue:** grew by 57.2% due to sales were trending well before COVID-19 with the launch of SmartLife smart mattress early March 2020.
- However, hard impact of COVID-19 on retail also started in March, with the closure of retail businesses - halted manufacturing operations.
- **GP margin:** higher with the addition of SmartLife to SNS stores. SmartLife contributed 17% of 1Q20 sales to SNS.

### MANUFACTURING REVENUE BREAKDOWN



### FINANCIAL PERFORMANCE AS AT 31 MARCH 2020

Growth was in line with higher capacity utilisation



# 05. KKLC, Aqua-Flo & Smartpipe

Topline by KKLC and Aqua-Flo Increased YoY; Smartpipe's Lagged

## AQUA-FLO 1Q20 HIGHLIGHTS

- Revenue: Higher by 26.3% mainly from higher sales of water chemicals,
  - Higher chemicals demands due to raining season in Jan - March 2020
  - Langat 2 operating at 300 mld.
  - Higher chemical sales in Sabah for the 1st Quarter 2020.

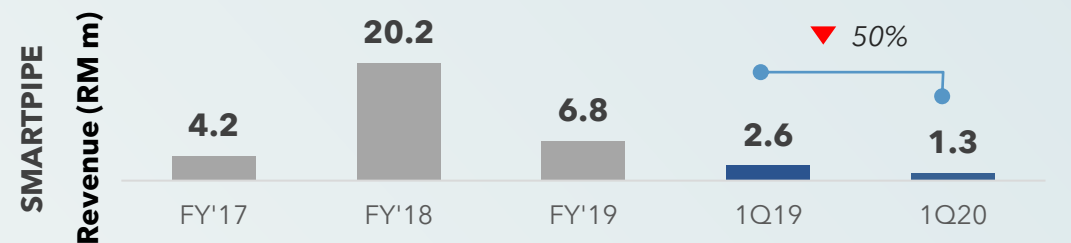
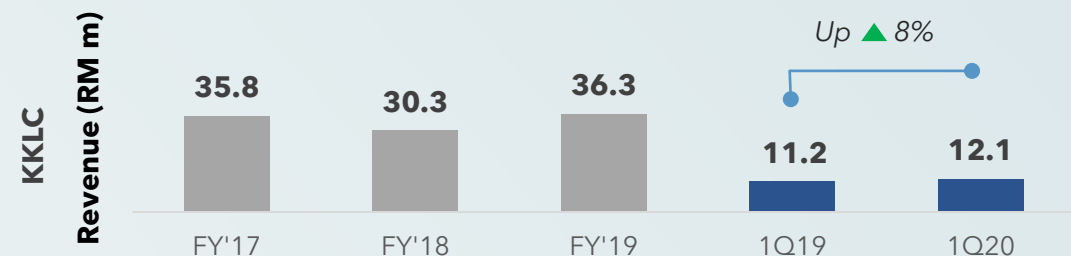
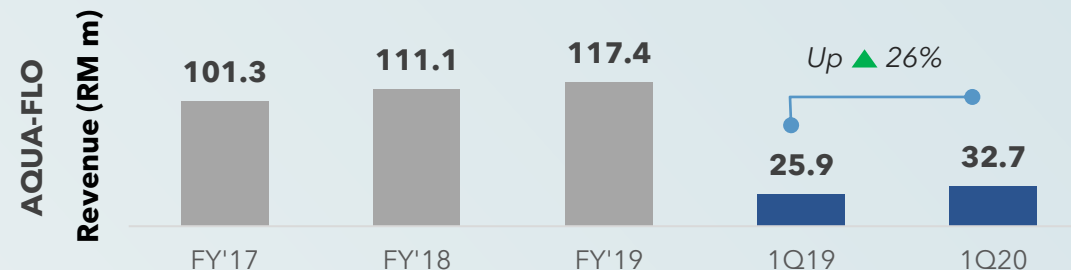
## KKLC 1Q20 HIGHLIGHTS

- Revenue: Higher by 8.0% due to excess FY2019 international royalties from China recorded in February.
- 27 total licensees, 26 of which international

## SMARTPIPE 1Q20 HIGHLIGHTS

- Revenue: Lower by 50.0% due to delay in Package 12 project, due to the MCO - on-site works were put on hold.
- Prospect for future growth is promising given the recent JV with MBI Kedah to undertake NRW-related and other water-related projects to remedy NRW situation in Kedah.

## FINANCIAL PERFORMANCE AS AT 31 MARCH 2020





# 03

## Outlook Amid COVID-19

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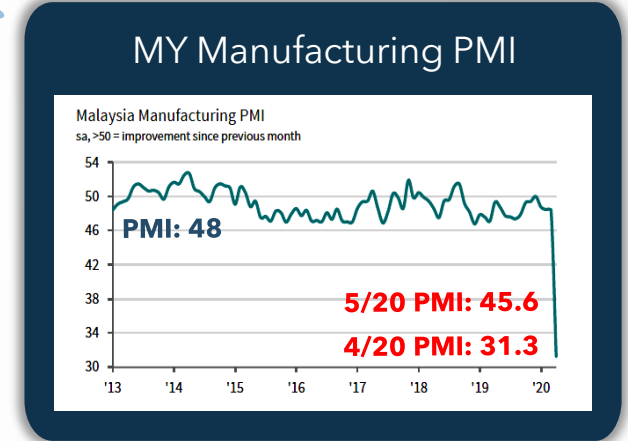
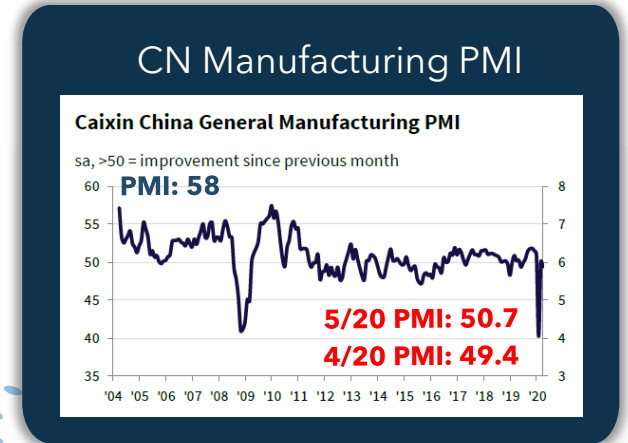
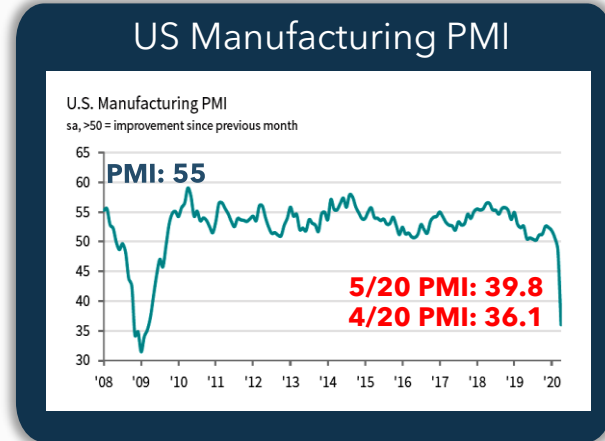
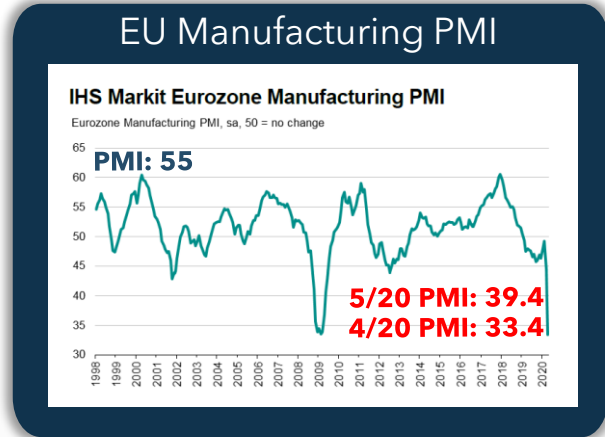
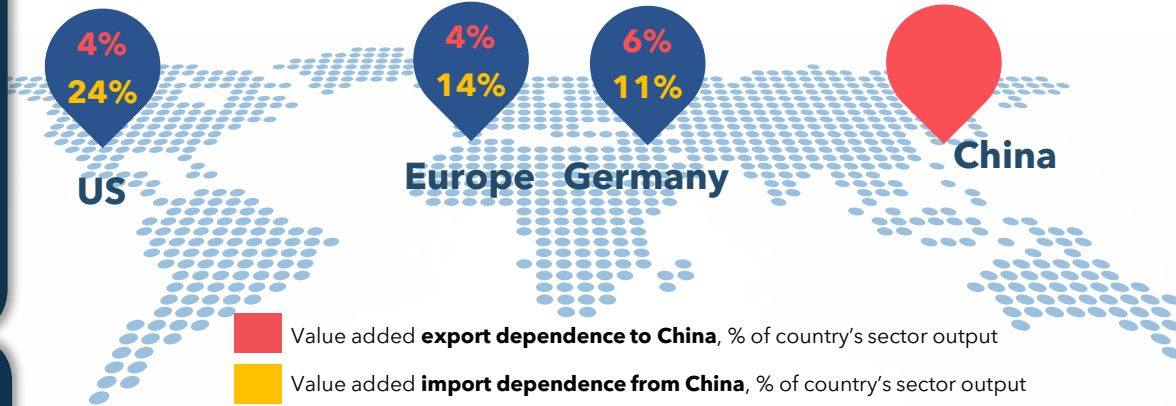
# 01. Global Supply Chain & Demand Disrupted

Expected to Impact KPS' End Customers Globally

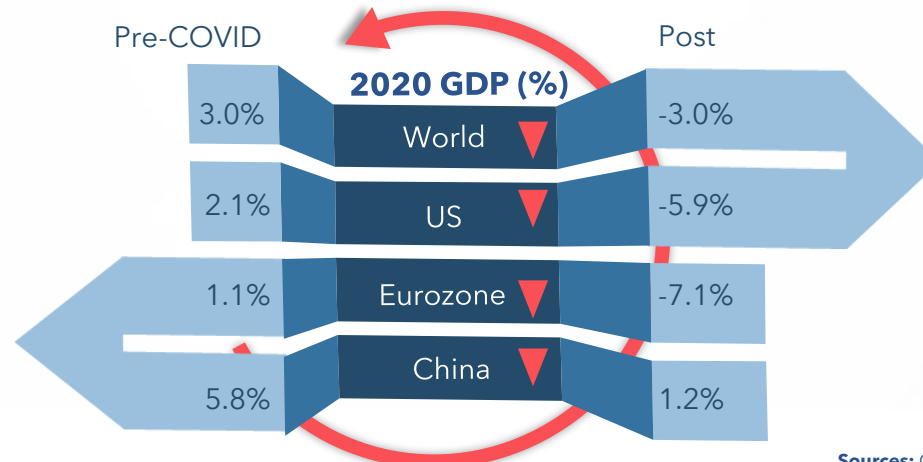
## Value-Added Trade Flows between China & Key Partners

Computers, Electronics & Electrical Equipment Sector

Source: OECD Economic Outlook Interim Report, March 2020



4Q19 GDP: 3.6%      1Q20 GDP: 0.7%



**Malaysia 2020 GDP Forecast of -1.7%**

Sources: Organisation for Economic Co-operation & Development (OECD) & IHS Markit, IMF

## 02. Impact to the Group Business

2020 Corporate Goals Expected to be Challenged

### POTENTIAL IMPACT ON GROUP



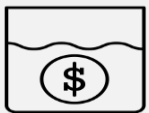
#### Lower Income to the Group

Reduced demand for goods and services due to restrictions on mobility



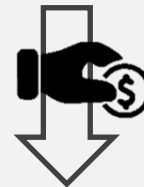
#### Disruption of Global Supply Chain & Demand

Affected Toyoplas, CPI, CBB, KKMW & KKLC



#### Challenged Earnings Visibility

As a result of weakened business confidence and sentiment globally



#### Delay in Enhancement of Capital Structure

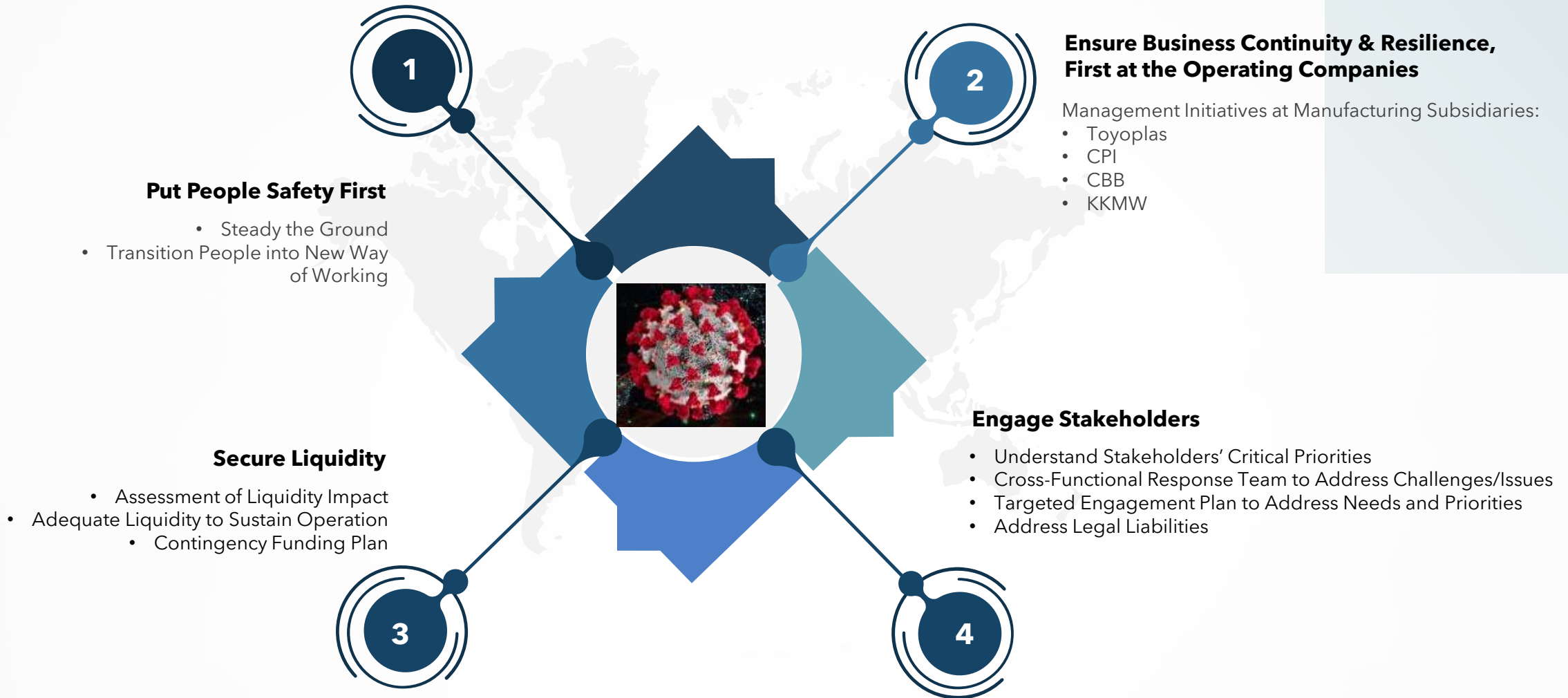
Priority set at safeguarding liquidity

**Better Clarity of the Impact on Profitability after 2Q20 when Demand Normalises**

**Expected to Materially Impact FY20 Profitability**

# 03. Our Risk Mitigation Plan

## Priority Areas to Weather Impact













04

## The Show Must Go On

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# Driving Business Catalysts

2020 CAPEX Prioritised at RM40 million to Continue Supporting Value Creation

MANUFACTURING				OTHERS	
					
TOYOPLAS	CPI	CENTURY BOND	KING KOIL	AQUA-FLO	SMARTPIPE
<ul style="list-style-type: none"> <li>▪ <b>CAPEX: RM23.8m</b></li> <li>▪ Secure new projects from existing customers.</li> <li>▪ Explore new industries.</li> <li>▪ Establish footprint in Vietnam.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAPEX: RM9.0m</b></li> <li>▪ Explore new sub-industries and product tiering.</li> <li>▪ Source new business or projects from existing and new customers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAPEX: RM2.5m</b></li> <li>▪ Diversify the carton box business in the northern region.</li> <li>▪ Capture growth via new products and customers.</li> <li>▪ Extract more sales from customers operating in the essential sectors.</li> <li>▪ Tap on e-commerce.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAPEX: Minimal</b></li> <li>▪ Strengthen distribution network beyond west coast.</li> <li>▪ Develop marketing plan to accelerate direct-to-customer e-commerce strategy.</li> <li>▪ Tap on digital marketing to boost sales.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAPEX: Minimal</b></li> <li>▪ Improve market share in potable water chemicals</li> <li>▪ Boost sales of water meters</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAPEX: Minimal</b></li> <li>▪ Engage stakeholders for strategic partnership.</li> <li>▪ Expand into the sewerage segment.</li> </ul>

# Thank You

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**Investor Relations & Strategic Communication**

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