Q1'22

RESULTS BRIEFING

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kps

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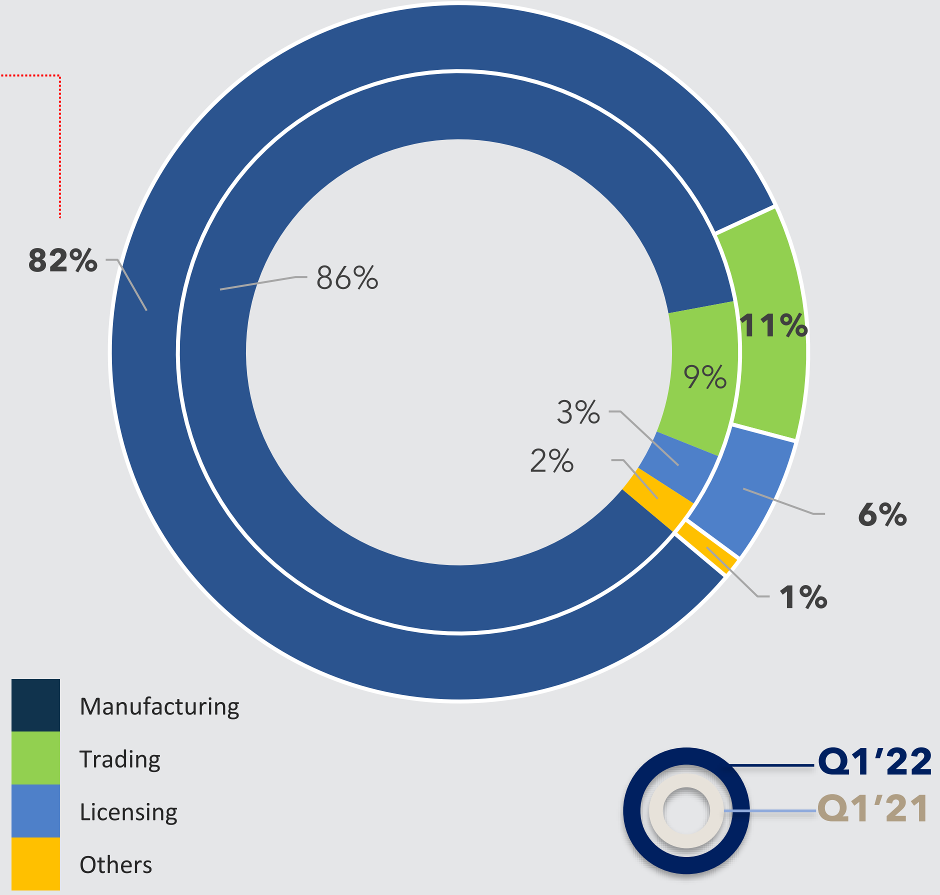
Financial Highlights

Manufacturing Momentum Moderated

But KKMW, and Trading & Licensing Provided Balance

SECTOR	Q1'22	Q1'21	YoY Growth
Manufacturing	**271.0**	267.0	▲ 1%
Trading	**34.7**	26.6	▲ 30%
Licensing	**21.3**	9.4	▲ 127%
Others	**2.2**	5.4	▼ 59%
TOTAL (RM million)	**329.2**	308.4	▲ 7%

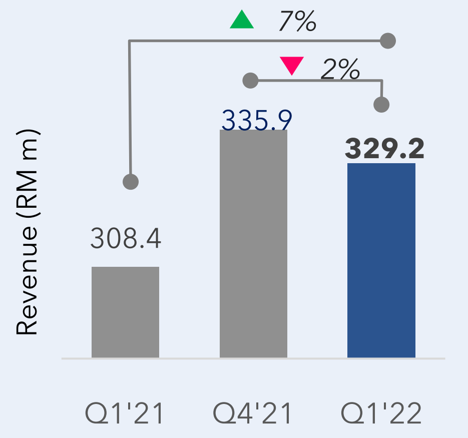
REVENUE BREAKDOWN BY SECTOR



Supply Chain Challenges Protracted in China, Indonesia and Malaysia

PAT Grew by 34%, Supported by Core Profits and Other Income

Revenue

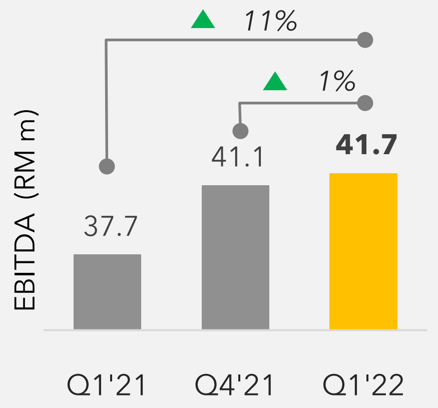


YoY Comparison

Increased mainly due to:

- Higher contributions from licensing and trading sectors
  - ✓ Upfront payment of international royalties by existing customer amounting RM10 million
  - ✓ Higher chemical sales from new contracts

EBITDA

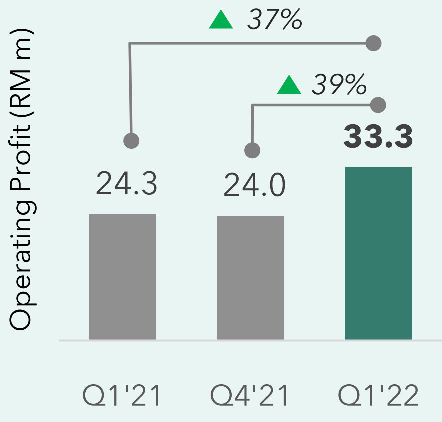


YoY Comparison

Improved due to:

- Higher contribution from KKLC and KKMW
- Reversal of impairment on non-current assets of RM4.8 million and profit rate income of RM1.7 million from Toyoplas profit guarantee deferment.

Operating Profit

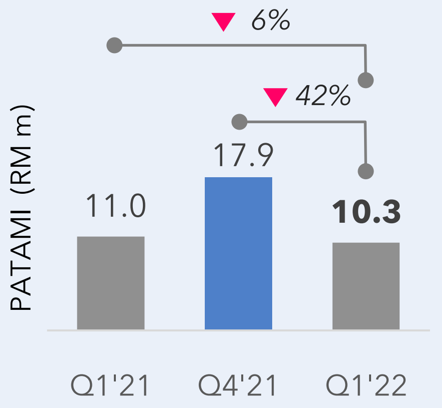


YoY Comparison

Increased mainly due to:

- RM12 million or 22% improvement in gross profit, attributed to higher margin from KKMW with increased in average unit selling price.

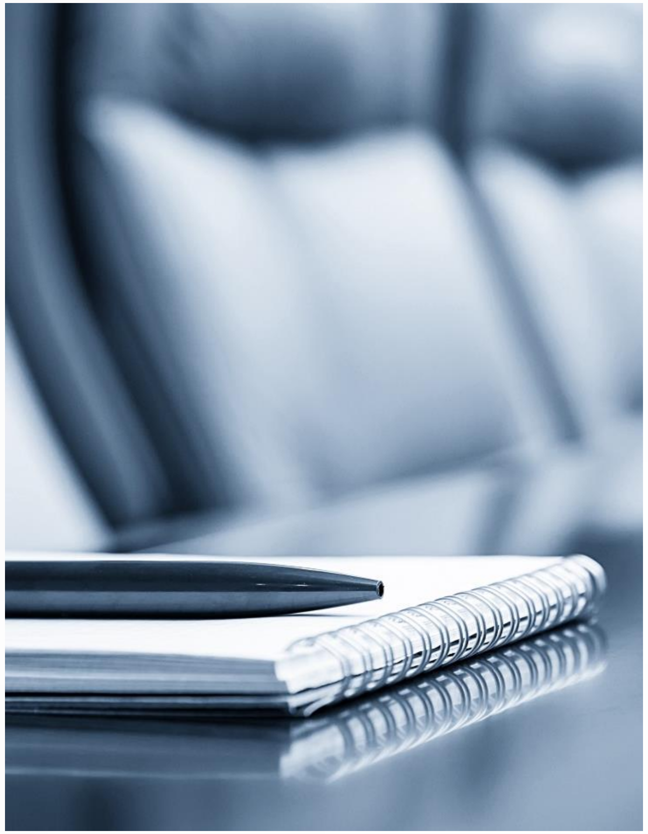
Profit Attributable to Owners of the Parent



YoY Comparison

Moderated due to:

- RM5.1 million share of loss from associate companies, SPRINT, arising from asset amortization
- Higher non-controlling interest of RM4.8 million, mainly from the KKMW & KKLC
- Higher provisional tax



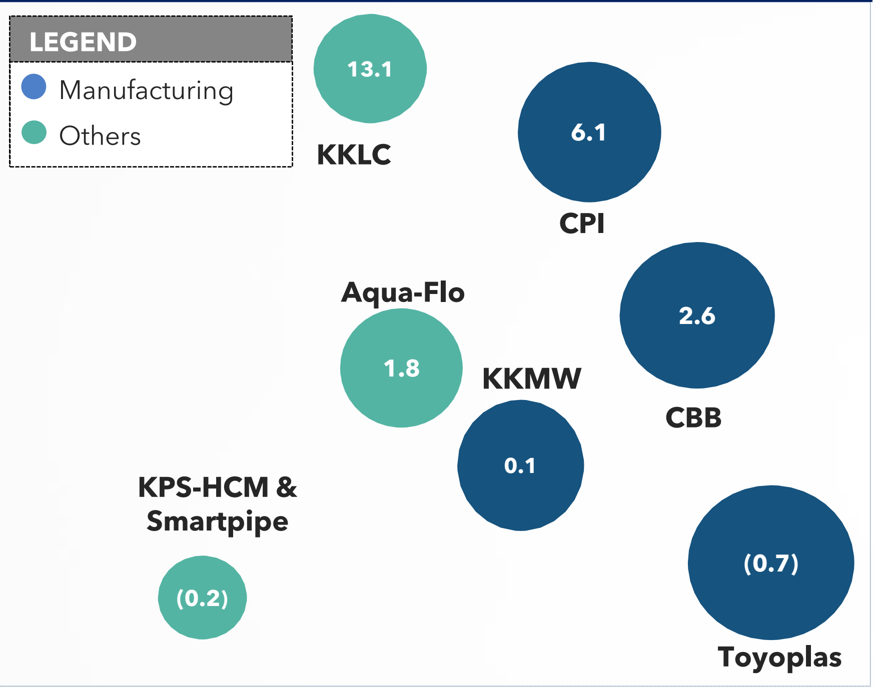
02

Results Segmentation

PAT Affected by Cost Pressure

KKMW Returning to Black, Share of Loss from SPRINT due to Asset Amortisation

PAT from Subsidiaries = RM22.8m



Note :
Size of bubbles indicates Revenue (RM'mil) for Q1'22 for each subsidiary.
Numbers inside bubble indicates PAT (RM'mil) for Q1'22 for each subsidiary
X-axis – Revenue (RM'mil)
Y-axis – PAT (RM'mil)

–

Costs at Inv. Holding Co = RM2.2m

Costs	RM' m
Investment Holding	
- *Net Rental Income*	2.2
- *Profit Rate Income*	0.8
- *Management fee*	0.5
- *Admin Cost*	(8.3)
Financial Cost	(3.9)
One-off items:	
- *Reversal on impairment of CGU*	4.8
- *Profit rate arising from PG deferment*	1.7
TOTAL	**(2.2)**

+

(4.2m)

NGC	SPRINT
0.9	(5.1)

=

16.4m

KPS GROUP

(6.1m)

Non-Controlling Interest

10.3m

PATAMI

03

Subsidiary Highlights

Toyoplas Manufacturing (Malaysia) Sdn Bhd

Higher Sales in Malaysia Offset by Weaker Order Pull in China and Indonesia

Q1'22 HIGHLIGHTS

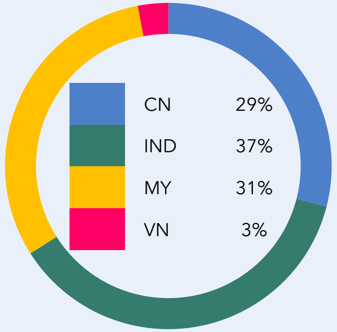
01 Plant utilisation at some locations were affected by movement restriction and lockdown.
Indonesia 41%, China 45%, Vietnam 24% and Malaysia 36%.
(Q4'21: Indonesia 42%, China 70%, Vietnam 33%, Malaysia 30%).

02 Revenue from Malaysia was higher YoY due to higher sales of new projects, but insufficient to cover shortfall from Indonesia due to earlier than expected tapering of pandemic-boosted demand for Industrial Tools products.

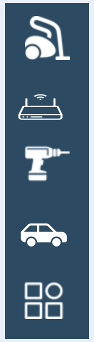
03 Increase of direct input cost and shipping cost due to shortages of IC, raw material and supply chain issues. COVID-19 situation in China has worsen the cross-border delivery congestion.

04 GP margin flat YoY mainly due to the challenges in China operation.

Revenue Breakdown by Country

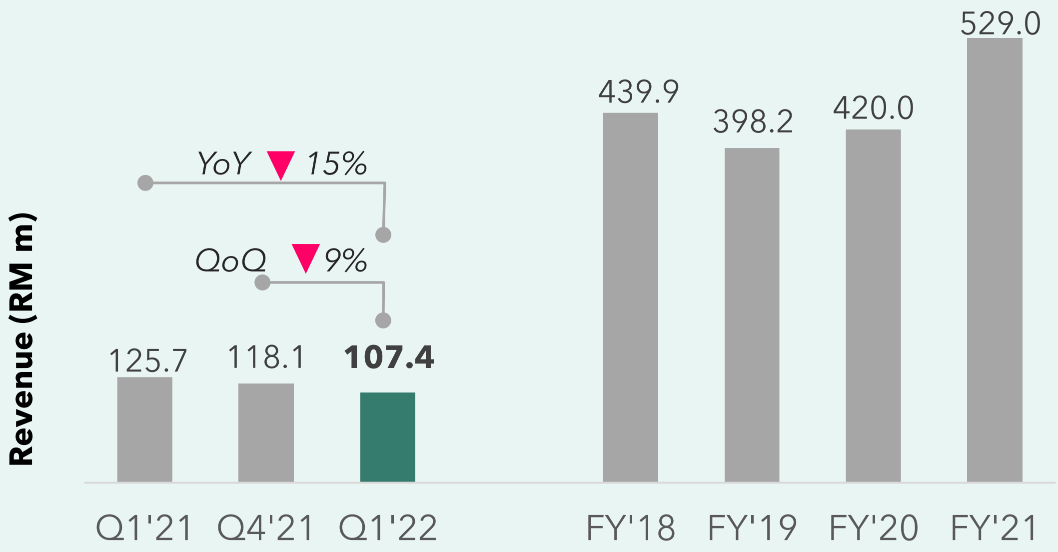


Revenue Breakdown by Sector



Consumer Electronics	36%
Multimedia & Comms	30%
Industrial Tools	25%
Automotive	4%
Others	5%

PERFORMANCE



✓ **Revenue YoY** lower by 15% mainly due normalisation of end consumer demand, shortage of electronics chips (IC) and other supply chain challenges such as cross border delivery congestion, resulted in weaker order pull.

CPI (Penang) Sdn Bhd

YoY Revenue Improved 6%, Challenges on Shortages of IC, Long Lead Time and High Material Prices Persist

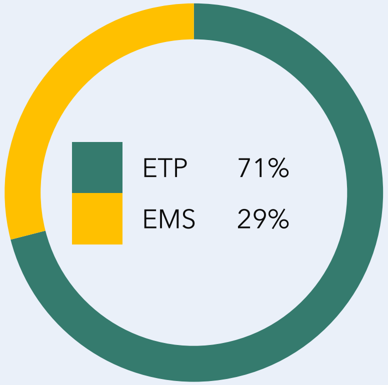
Q1'22 HIGHLIGHTS

01 Plant utilisation stabilised at 70% in Q1’22. (Q4’21: 78%)
Note: lower than Q4’21 was due to addition of 4 new injection moulding machines.

02 Sales contribution by the EMS business grew 6% YoY from 23%, supported by the Others segment.

03 GP margin comparable YoY with slight deviations attributed mainly to changes in sales distribution between segments & divisions.

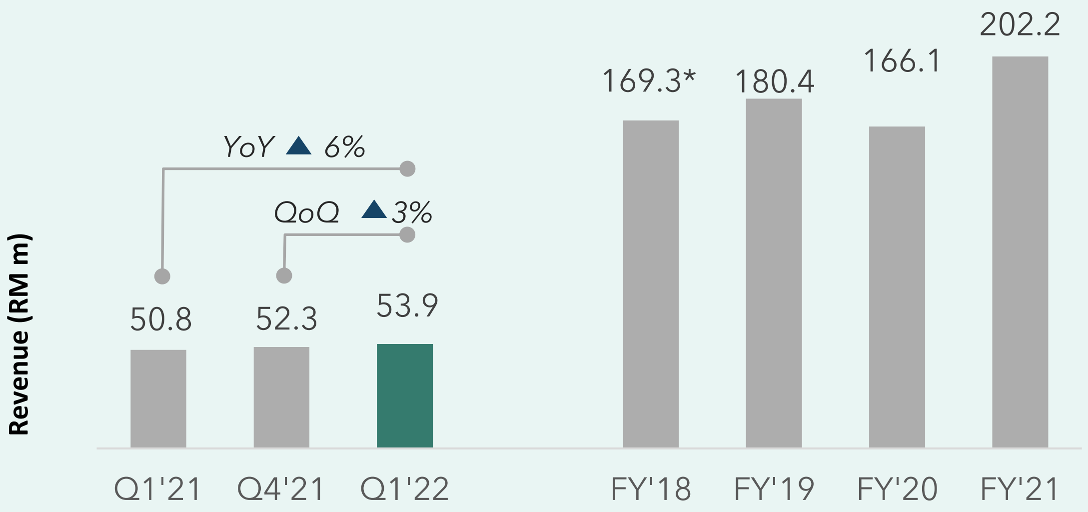
Revenue Breakdown by Segment



Revenue Breakdown by Division

Comms & IT	25%
Automotive	24%
Healthcare	15%
Others	36%

PERFORMANCE



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

✓ **Revenue YoY** higher due to increased sales in almost all divisions except Healthcare, which contracted by 40% mainly due to the global shortage in IC. Comms & IT recorded 37% growth in sales while Others division recorded 27% growth in sales on the back of new projects/customers.

Century Bond Bhd

Paper Division Contributed Higher Revenue But Impacted by Higher Cost from Carton Division

Q1'22 HIGHLIGHTS

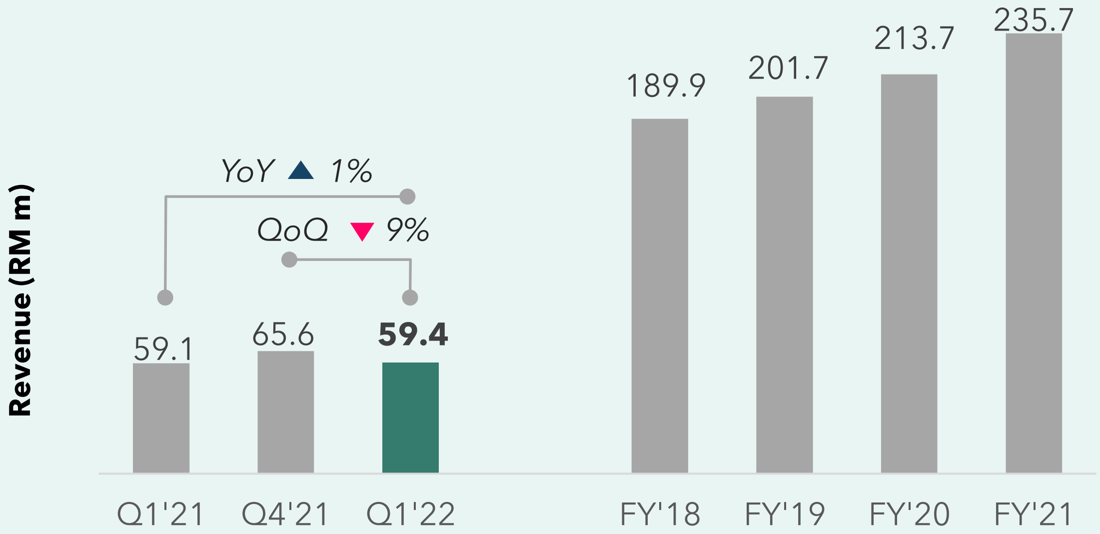
01 Plant utilisation: average of 45% across five divisions mainly due to shortage of manpower. (Q4'20: 55%)

02 The Paper divisions led sales growth with the increased in demand from cement and dry-mix customers.

03 GP margin lower by 2% YoY due to higher paper cost from Carton division.

Offset	27%
Paper	33%
Carton	24%
Plastic	9%
Consumer (OEM)	7%

PERFORMANCE



✓ **Revenue YoY** was slightly higher mainly due to higher sales contributed mainly by the Paper division.

King Koil Manufacturing West LLC.

Breakeven with Higher Plant Utilisation

Q1'22 HIGHLIGHTS

01 Plant utilisation at 62%. (Q4'21:57 %)

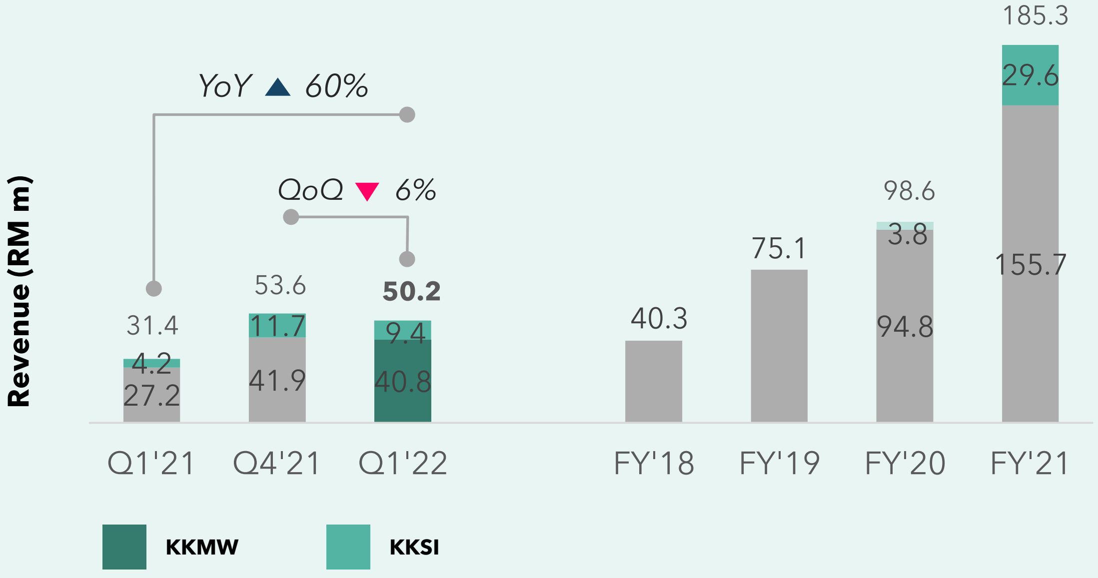
02 KKMW continued to focus on the higher-value higher-margin product. GP margin improved with increase in average unit selling price.

03 Increased in raw materials cost, transportation and other expenses.

04 Weak consumer sentiments arising from rising inflation. Mitigation plans: Focus on customer engagements, driving sales on high margin products, restructuring sales commission and form dedicated team to aggressively pursue new customers & new projects for high-margin products.

SNS	24.3%
Private Label	20.1%
RC Wiley	11.9%
Macy's	9.4%
Direct Ship	7.1%
Jerome's	6.6%
Northwest	5.3%
The Dump/Haynes	4.3%
Others	11.0%

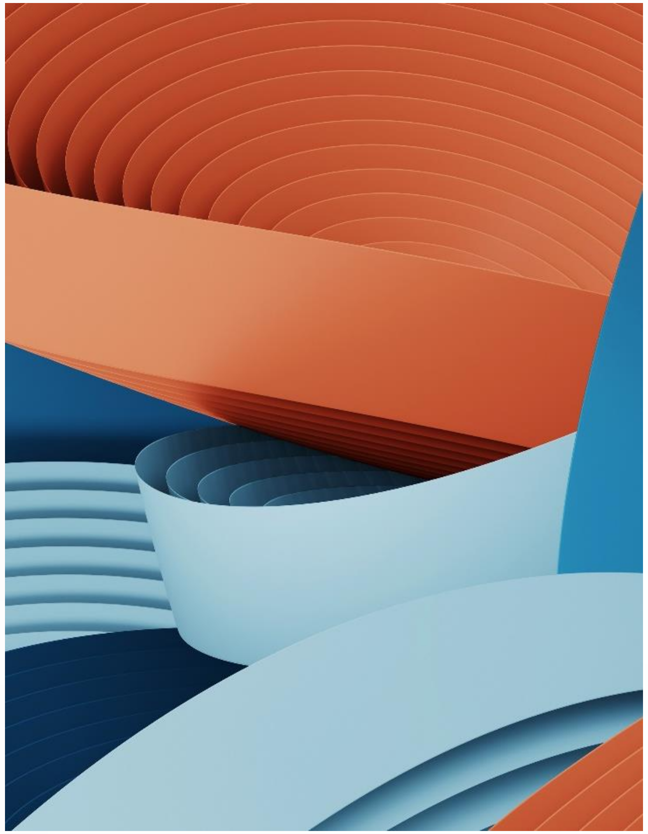
PERFORMANCE



✓ **Revenue YoY** increased by 60% due to

- KKMW was higher by 50% due to the easing of supply chain issues, coupled with the increased average unit selling price.
- KKSI **(OEM contribution)** was more than doubled due to Macy's strong performance amid weak consumer sentiment.

Note: RM4.12 to $1.00 was used for translation (2021: RM4.09 to $1.00)



05

Earnings Guidance

Guidance for 2022 - 2025

Expected to Improve Moderately

Revenue
4-Year CAGR

Mid single digit

PATAMI
4-Year CAGR

Double digit

Notes:
We take into considerations of below outlook for the calculation of our guidance:
(1) Businesses adjusting to the new normal and planning for recovery in 2022.
(2) IC and raw materials shortages and logistical challenges expected to continue in view of China zero COVID policy, inflation risks and geopolitical risks.

Thank You

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