



# 2<sup>nd</sup> QUARTER 2019 FINANCIAL RESULTS

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## ANALYST BRIEFING

30 August 2019

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## SECTION 1

## KEY HIGHLIGHTS

# Results Driven by Stronger Fundamentals

Higher Operating Profits, Lower Finance Costs



**01**

**Revenue**



**Manufacturing Led Growth**

**02**

**EBIT**



**Stronger Performance at CBB & CPI**

**03**

**Lower Finance Costs**



**Repayment of Term Loans & RC's**

**04**

**PAT: RM4.7 million**



**Almost Doubled from 1Q19**



## SECTION 2



## FINANCIALS

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## Group Results

# Higher Contribution from Manufacturing

## Contributed Close to 70% to Group's Revenue

SECTOR	2Q 2019	vs 1Q 2019	vs 2Q 2018
Manufacturing	109.6	▲ 105.6	▲ 102.9
Trading	26.5	▲ 25.9	▼ 27.6 (i)
Licensing	8.0	▼ 11.2 (ii)	▲ 7.4
Infrastructure	12.5	▲ 11.9	▼ 21.2 (iii)
Others	2.6	2.9	2.2
<b>TOTAL</b>	<b>159.2</b>	<b>▲ 157.5</b>	<b>▼ 161.3</b>

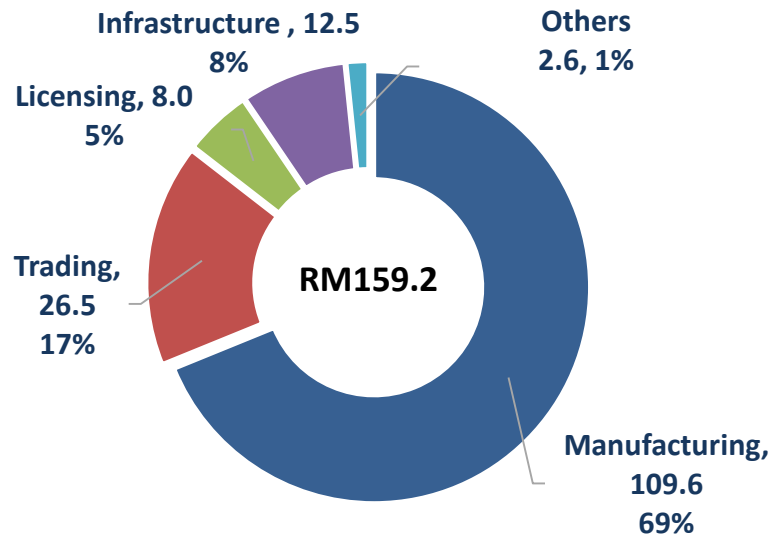
Note:

(i) Trading contribution was lower YoY due to drought season in 2Q19 and cancellation of concessionaires by Sabah State Government.

(ii) Licensing contribution was lower QoQ due to 2018 excess royalties that were booked in 1Q 2019.

(iii) Infrastructure contribution was lower YoY due to nearing completion of Pulau Indah Project

### 2Q19 Revenue (RM million)



# Results Driven by Stronger Fundamentals

## PAT Almost Doubled QoQ



### REVENUE

- Increased YoY contribution mainly from CBB, CPI & KKMW
- Stronger manufacturing contribution of ~70% in 2Q19 from ~64% in 2Q18

RM159.2 million

159.2	2Q19
157.5	1Q19
161.3	2Q18

### EBIT

- Stronger YoY performance at CBB and CPI levels
- Also higher due to profit rate income

RM13.4 million

13.4	2Q19
13.2	1Q19
7.2	2Q18

### PAT

- Finance costs lower due to repayment of RM80 mil KPS term loan, RM50 mil RC & PPSB term loan of ~RM30 mil
- Higher share of profits from SPRINT

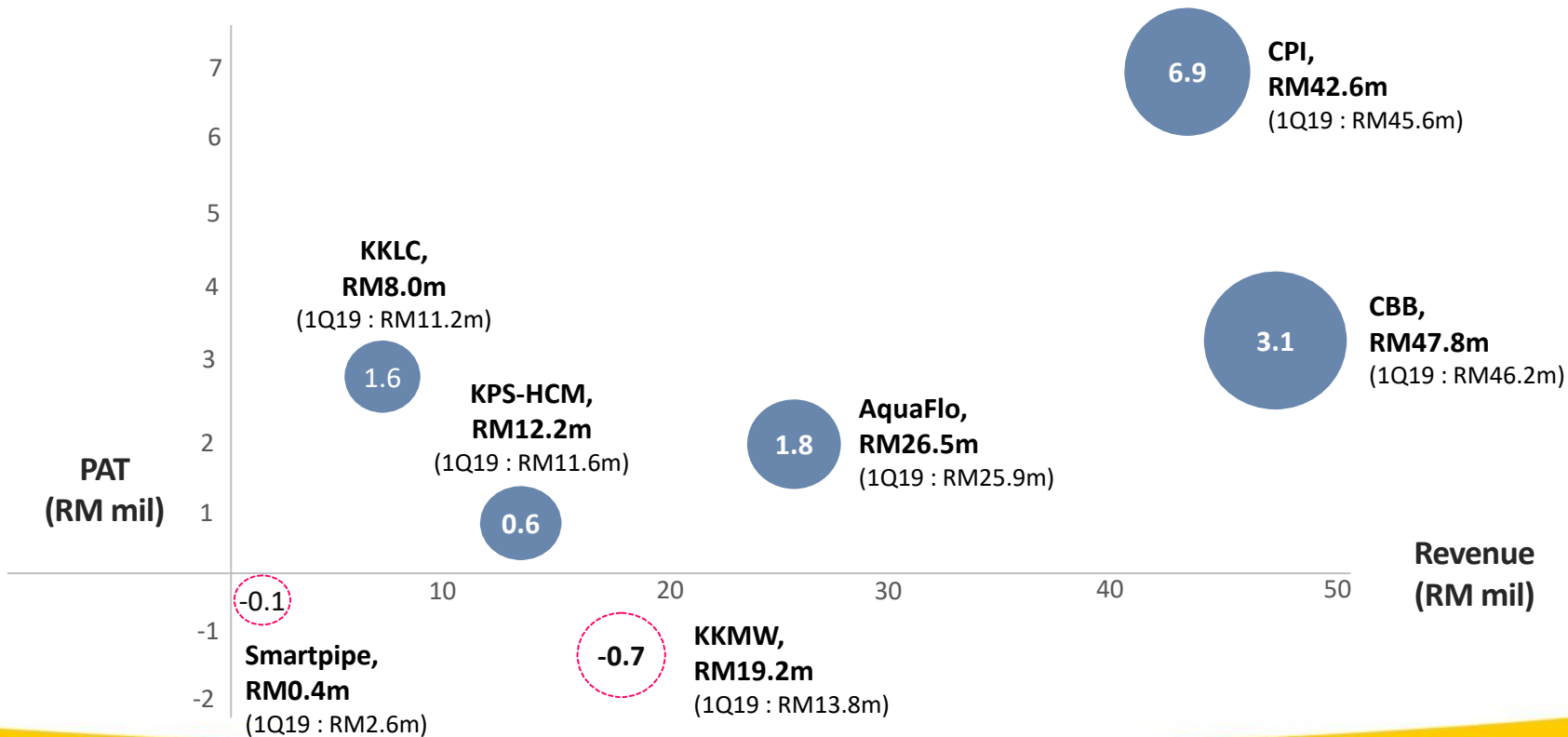
RM4.7 million

4.7	2Q19
2.5	1Q19
39.4	2Q18

100

## Bottomline by Subsidiaries

## Manufacturing Led Earnings, Complemented by Trading, Licensing & Infra





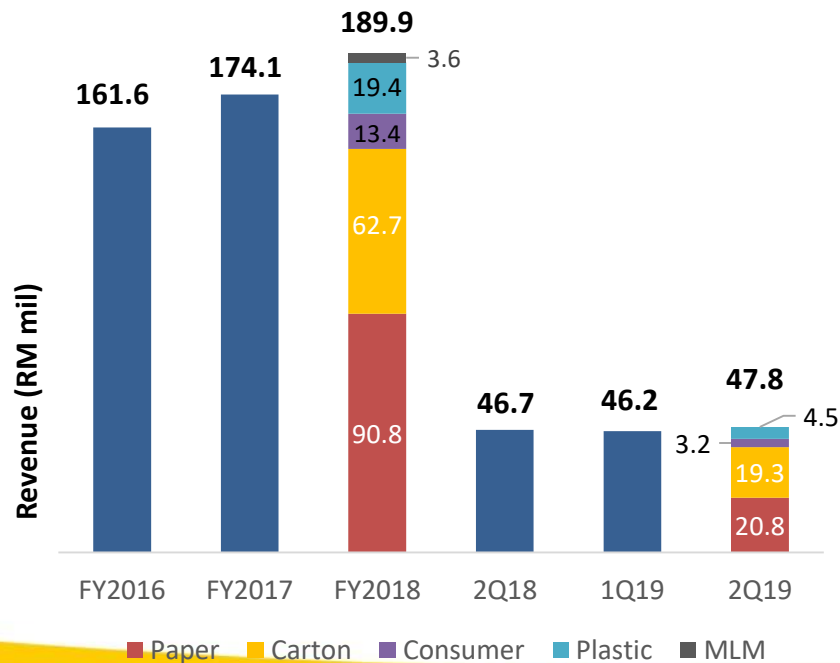
# Manufacturing Sectoral Review

# Century Bond Bhd

## Revenue Growth Led by Carton Division

### FINANCIAL PERFORMANCE

AS AT 30 JUNE 2019 (RM'M)



### 2Q19 Highlights

- Steady revenue growth YoY, led by carton division on improved productivity from new machines
- Higher GP QoQ due to more efficient procurement practices, resulting lower material costs
- Absent of MLM marketing expenses resulting in better EBITDA & PBT margins YoY and QoQ.
- 80% plant utilisation for paper and carton (paper: Medan, Senai, Ipoh. Carton: Senai, Nilai)

### 1H19 Highlights

- Revenue of RM94mil was higher (1H18:RM90.7mil), lower GP due to disposal of MLM, but yielded higher PBT%

### FUTURE PLANS



Strengthen MY non-cement bags market: entered adjacent industries – minerals & dry-mix



Focus and capitalise further on the prospect of offset carton and pulp moulded businesses



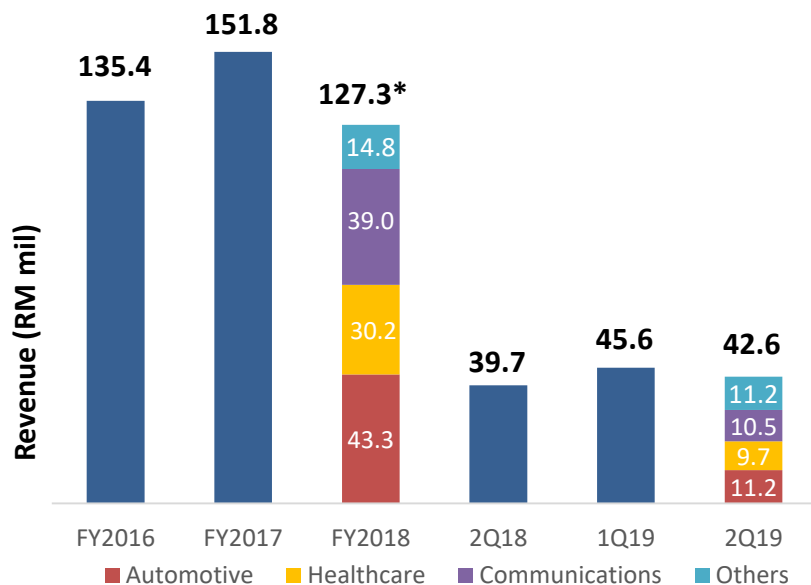
# CPI (Penang) Sdn Bhd

## ETP Remained Main Contributor to Revenue



### FINANCIAL PERFORMANCE

AS AT 30 JUNE 2019 (RM'M)



\*Note : Figure is based on 9-month contribution

### 2Q19 Highlights

- ETP contributed 84% to revenue while EMS 16%.
- Revenue was up YoY due to the addition of a new customer, Apollo (Sales 2Q19: RM2.6 mil) but down 6.5% QoQ but only due to lower ETP tooling contribution from automotive industry
- 33%, 26%, 22% and 19% of revenue by auto, comm, healthcare and other industries, respectively.

### 1H19 Highlights

- Revenue of RM88.3mil was 7.7% higher YoY due to sales from Continental and Sanmina for ETP, and Apollo for EMS
- Top 10 customers made up 90% of total sales: Motorola, Plexus, Valeo, Continental, Apollo, Clarion, etc.

### FUTURE PLANS



Target to focus on new customers from higher margin customers



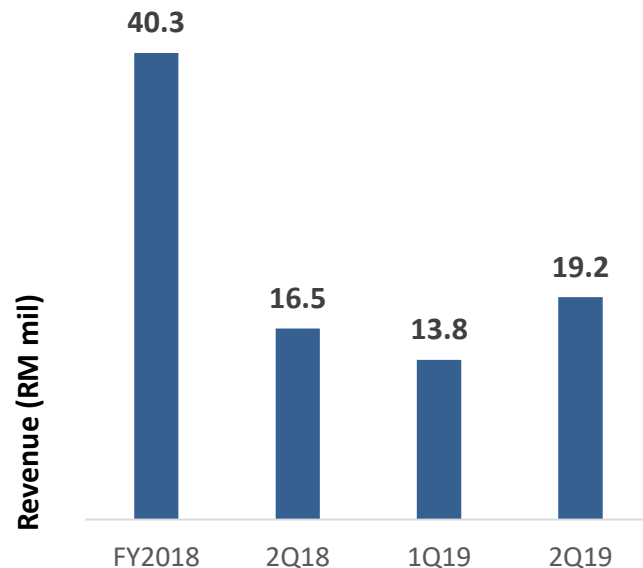
Expect the new EMS facility to commission by 4Q20

# King Koil Manufacturing West

## Better GP on Higher Capacity Utilisation of 28%

### FINANCIAL PERFORMANCE

AS AT 30 JUNE 2019 (RM'M)



### 2Q19 Highlights

- Revenue was up driven mainly by Memorial Day sales and positive response from 2019 models
- Better GP due to higher ASP given higher sales of premium lines such as Intimate, Extended Life and Hybrid, as well as lower COGS
- Lower OPEX/Sales with improvement in freight efficiency, having addressed high-cost-low-volume shipments
- As a result, narrower EBIT loss of RM2.5 mil was recorded

### 1H19 Highlights

- Revenue of RM33.0mil was higher (1H18: RM17.2mil) given plant commission in May 2018.

### FUTURE PLAN



Push sales especially of premium lines further, as well as increase exports to China & Greece



Reduce COGS by optimising labour, improving productivity and re-strategising procurement



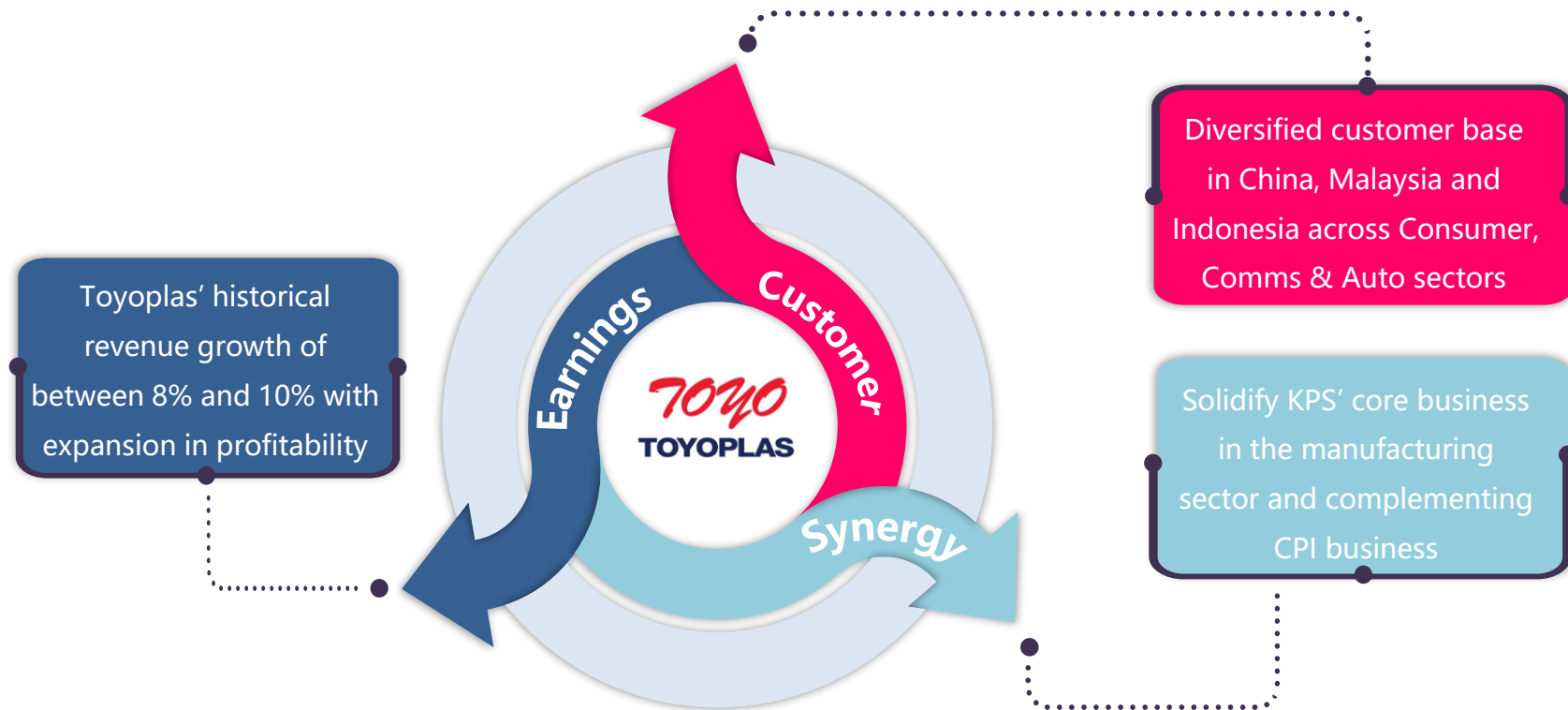
## SECTION 3

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### NEW ACQUISITION: TOYOPLAS

# Why This Acquisition?

Catapult Growth & Ensure Sustainable Earnings



# Toyoplas Manufacturing (M) Sdn Bhd

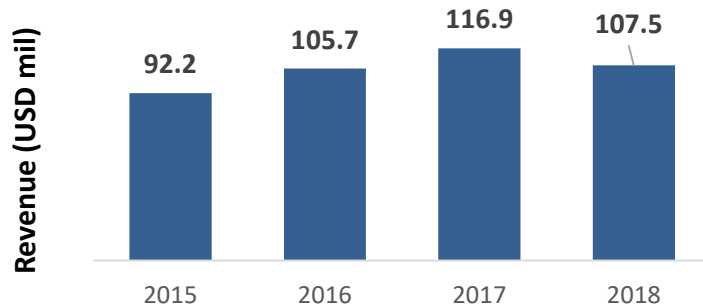
Attractively Priced Acquisition with Great Potential within ETP Space



## COST OF INVESTMENT

Valuation	RM311.25 mil <ul style="list-style-type: none"><li>PE = 8.7</li><li>EV / EBITDA = 5.2</li></ul>
Equity Stake	100%
Funding	52% equity, 48% debt

## FINANCIAL PERFORMANCE



## OVERVIEW

- Toyoplas is involved in the plastic injection moulding with an integrated capability from mould fabrication, precision injection moulding and assembly
- With seven locations across China, Malaysia & Indonesia, revenue mix is diversified geographically
- Supported by market leaders and multinationals customers in the consumer appliances, communications & multimedia and automotive sectors.
- This acquisition comes with two-year profit guarantee of RM38.6 mil and RM42.3 mil for FY19 and FY20, respectively.

# Locations

## Geographic Diversity for Robust Operations



### CHINA

3 Plants: Shanghai < Dongguan, Nanning

- 400,000 sqft manufacturing space
- 1,062 workforce
- 161 injection machines



56%

### MALAYSIA

3 Plants: Muar, Ulu Tiram, Senai

- 375,000 sqft manufacturing space
- 1,664 workforce
- 102 moulding machines
- Assembly lines



26%

### INDONESIA

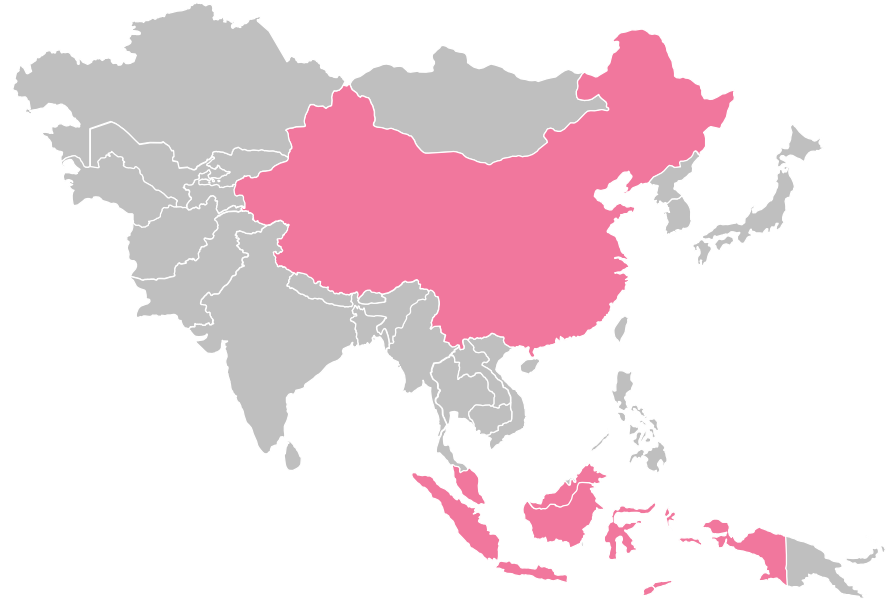
1 Plant: Jakarta

- 592,000 sqft manufacturing space
- 1,155 workforce
- 120 injection machines



18%

● Contribution to Toyoplas' Revenue



# Product Slate

## Broad Customer Base from Key Industries



### Multimedia & Communications



WiFi modem,  
router, extender



Security  
camera



TV set-top box

### Consumer Appliances



Cordless  
vacuum cleaner



Printer



Food-grade baby  
product steriliser

### Automotive



Car light panel



Car audio panel



Motorcycle handlebar  
control

# Bolt-on Acquisition to CPI

Horizontal Integration Providing Synergy within Group's ETP Business



## Toyoplas Manufacturing (M) Sdn Bhd

### Location



- Malaysia (Senai, Muar, Ulu Tiram)
- China (Dongguan, Shanghai, Nanning)
- Indonesia (Jakarta)

### Industries



- Multimedia & Communications = 54%
- Consumer Appliances = 40%
- Automotive = 6%

### Expertise



- Plastic injection moulding
- Sub-assembly / final assembly
- Tooling

## CPI (Penang) Sdn Bhd

### Location



- Malaysia (Bayan Lepas, Penang)

### Industries



- Automotive = 39%
- Communications = 25%
- Healthcare = 21%
- Others = 14%

### Expertise



- Plastic injection moulding
- Sub-assembly / final assembly
- Tooling & EMS

## SECTION 4

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### SUBSIDIARY CAPEX & PROSPECT

# 2019 Capital Outlay for Subsidiaries

Mainly for Capacity Expansion, Machinery & Process Improvement



~RM40 mil

- Injection moulding & ancillary machines
- Land acquisition for new EMS facilities
- Hardwares & softwares



~USD2 mil

- Senai factory construction, phase 2



~RM8 mil

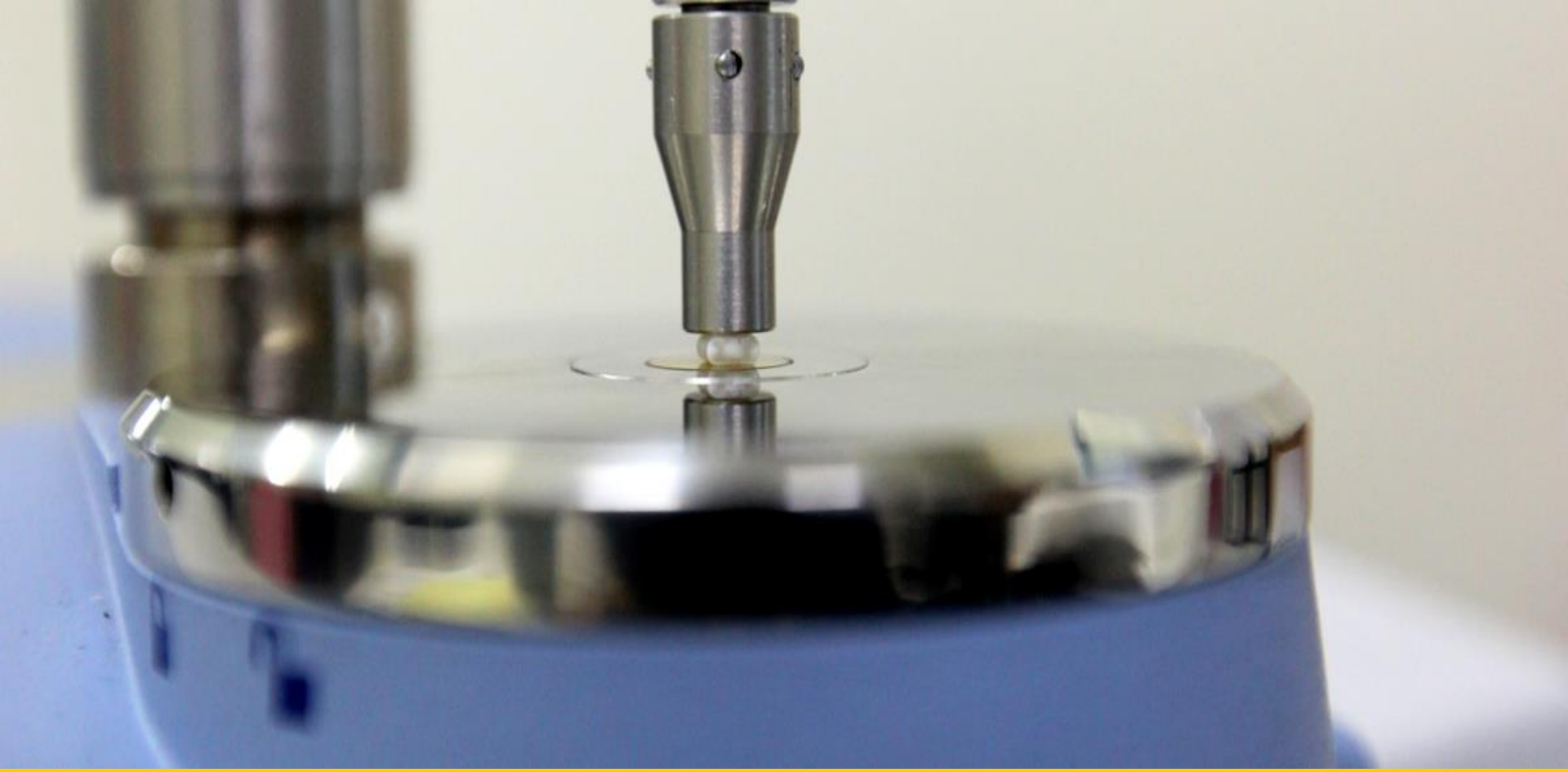
- Bridge Auto Alignment machines for carton operations in Senai and Nilai
- New Pulp Moulded machine to cater for Keurig & Yen Brothers (new customer)



~RM2 mil

- Vertical Stitch machine
- Hardware & software
- Showroom upgrade

\*2018 ~RM40 million, most of which due from King Koil, CPI, CBB



THANK YOU

