



Q2'22

RESULTS BRIEFING

29 August 2022

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kps.

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01

Half-Year Achievement

Half-Year Achievement

Secured Up to RM201.4 million in New Projects/Contracts

	<p>Rebranded on 28 Feb 2022</p>
	<p>Disposal of SPRINT Highway Equity value ~RM904 million, KPS' share ~RM180.8 million SPRINT Holdings entered into the finalised share sale and purchase agreement with Amanat Lebuhraya Rakyat Berhad on 5 August 2022.</p>
	<p>Three new projects Up to RM100.0 million revenue per annum</p>
	<p>Two new projects Up to RM7.0 million revenue per annum</p>
	<p>One new customer A provider of high-end brand packaging solutions RM1.1 million revenue YTD</p>
	<p>Restructured licensing agreement with a licensee for air mattresses and obtained a one-off upfront royalties of RM10.0 million (USD2.5 million). Renewed with Argentina licensee, where minimum royalties to increase by 3% per year, starting with a minimum royalties of RM1.0 million (USD235K) in 2022.</p>
	<p>11 contracts to supply water chemicals amounting to RM63.2 million A one-year contract to supply water meters worth RM18.1 million</p>





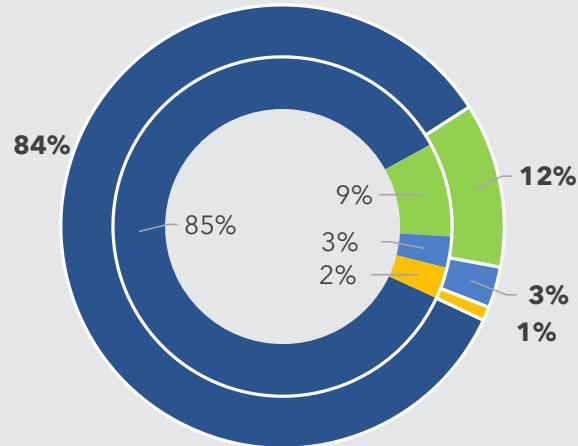
02




Key Financial Highlights

Manufacturing Momentum Moderated, Contributing 84% to Revenue

Trading & Licensing Provided Balance

REVENUE BREAKDOWN BY SECTOR

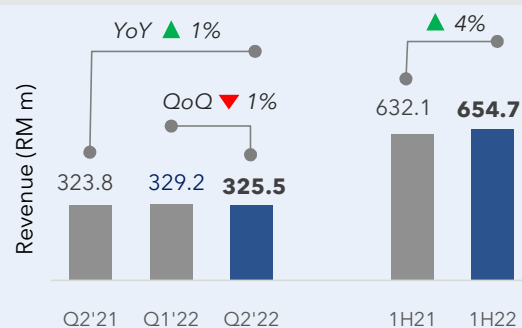


SECTOR	Q2'22	Q2'21	YoY Growth	1H22	1H21	Growth
 Manufacturing	272.7	276.6	▼ 1%	543.7	543.6	▲ 0%
 Trading	40.3	29.7	▲ 36%	75.0	56.3	▲ 33%
 Licensing	9.7	8.6	▲ 13%	31.0	18.0	▲ 72%
 Infrastructure	0.5	6.6	▼ 92%	0.5	9.8	▼ 95%
 Property Inv.	2.3	2.3	▲ 0%	4.5	4.4	▲ 2%
TOTAL (RM mil)	325.5	323.8	▲ 1%	654.7	632.1	▲ 4%

Slower Revenue Growth, Bottom Line Defended

Overall Performance Challenged by Operational Headwinds

Revenue



YoY Comparison

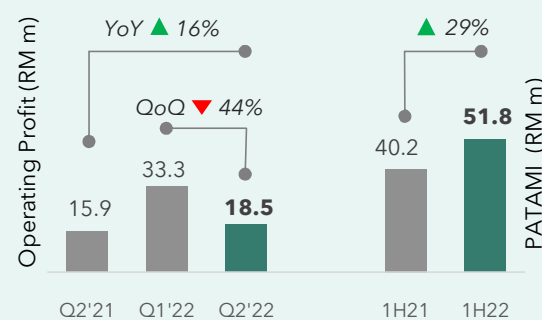
Increased slightly mainly due to:

- Higher contributions from Aqua-Flo and CPI

1H22 vs 1H21

- Higher due to better performance in Trading and Licensing sectors

Operating Profit



YoY Comparison

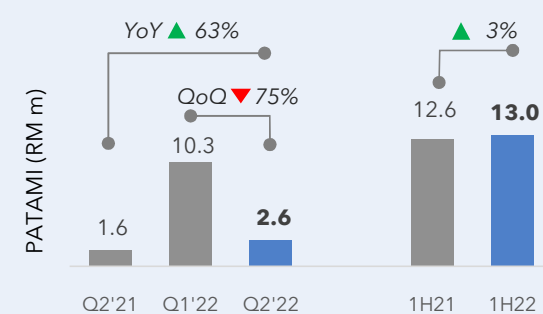
Increased mainly due to:

- Higher contributions from KKMW and Toyoplas
 - Improvement in KKMW gross profit was attributed to increase in average unit selling price
 - Improvement in Toyoplas gross profit was due to favourable sales mix

1H22 vs 1H21

- Increased mainly due to reversal of impairment on non-core assets of RM4.8 million.

Profit Attributable to Owners of the Parent



YoY Comparison

Increased due to:

- Higher PAT from Toyoplas
- Lower finance cost

1H22 vs 1H21

- Increased due to
 - Higher contribution from KKLC with lump sum payment from a licensee (approx. RM10.0 million)
 - Higher other income; and
 - Lower finance costs
- Offset by higher share of loss from SPRINT



03

Manufacturing Highlights

Flat Manufacturing Contribution: IC Shortages and Demand Normalisation

But CPI Recorded Higher Revenue Across All Segments

MANUFACTURING REVENUE BREAKDOWN

Subsidiary	Q2'22	Q2'21	YoY Growth	1H22	1H21	HoH Growth
	123.5	131.0	▼ 6%	231.0	256.7	▼ 11%
	55.5	48.8	▲ 14%	109.4	99.6	▲ 9%
	58.3	59.7	▼ 2%	117.6	118.8	▼ 1%
	35.5	37.1	▼ 4%	85.7	68.5	▲ 20%
TOTAL (RM mil)	272.2	276.6	▼ 1%	543.7	543.6	▲ 0%

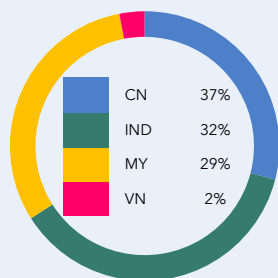
Toyoplas Manufacturing (Malaysia) Sdn Bhd

Higher Sales in Malaysia Offset by Weaker Order Pull in Indonesia; China Affected by Lock Down

Q2'22 HIGHLIGHTS

- 01** Plant utilisation at some locations was affected by movement restriction and lockdown.
Indonesia 31%, China 50%, Vietnam 10% and Malaysia 41%.
(Q1'22: Indonesia 41%, China 45%, Vietnam 24% and Malaysia 36%).
- 02** Revenue from Malaysia was higher YoY due to higher sales of new projects, but insufficient to cover the shortfall from other countries due to COVID-19 lockdown and spillover effects, normalization of pandemic-boosted demand from 2021, as well as volatile supply of electronic chips (IC).
- 03** Increase in direct and indirect input cost. However, profit margin improved by 2.6% YoY due to favourable sales mix, with higher plastic parts sales of higher margin and lower assembly sales of lower margin.

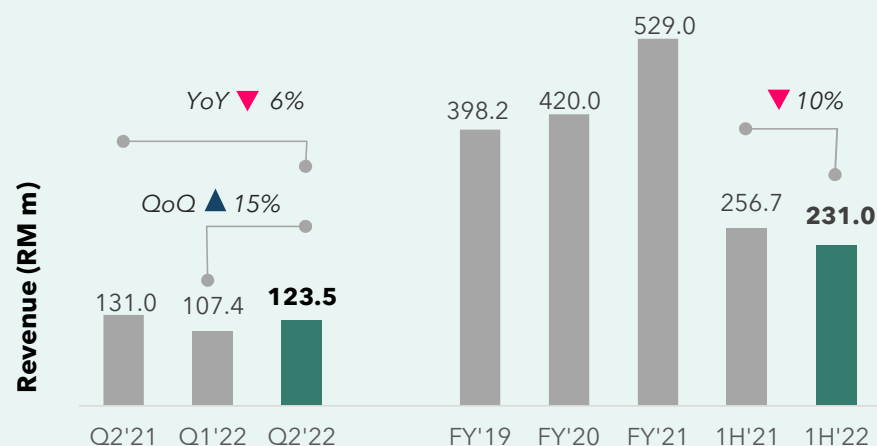
Revenue Breakdown by Country



Revenue Breakdown by Sector



PERFORMANCE



- ✓ **Revenue YoY** lower by 6% mainly due to the expected normalisation of end-consumer demand for Industrial Tools products, which was further pressured by COVID-19 operational restrictions. The Shanghai plant was on lockdown in April. On 16 May, the plant resumed partial operation and then in full on 1 June. Nonetheless, China-Vietnam cross-border delivery congestion has started to ease, indicating positive growth outlook in the coming quarter as operations gear up for peak cycle for the Western market holiday sales.

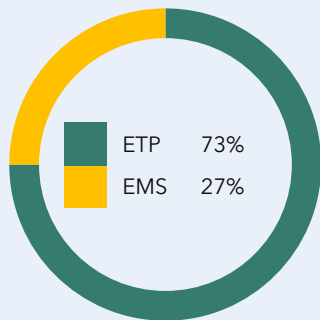
CPI (Penang) Sdn Bhd

YoY Revenue Improved by 14%, Challenges on Shortages of IC and High Input Cost Persist

Q2'22 HIGHLIGHTS

- 01** Plant utilisation stabilised at 70% in Q2'22. (Q1'22: 70%)
- 02** Sales trended higher YoY for all segments. However, global shortages of electronic chips/components remain as one of the key challenges.
- 03** Rise in input cost, mainly due to high raw material prices and increase in mandatory minimum wages.

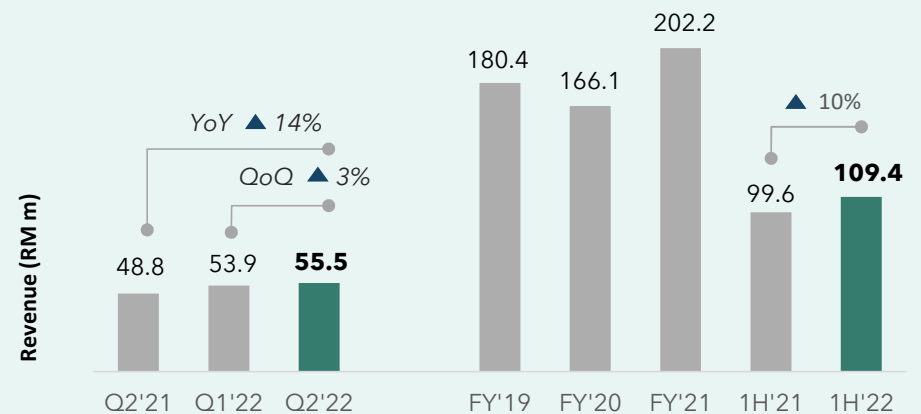
Revenue Breakdown by Segment



Revenue Breakdown by Division

	Comms & IT	23%
	Automotive	21%
	Healthcare	19%
	Others	37%

PERFORMANCE



- ✓ **Revenue YoY** higher due to increased sales in all divisions. Healthcare recorded a 30% growth in sales, Comms & IT grew by 18% while Others division and Automotive grew by 11% and 2% respectively on the back of higher sales from existing /new projects.

Century Bond Bhd

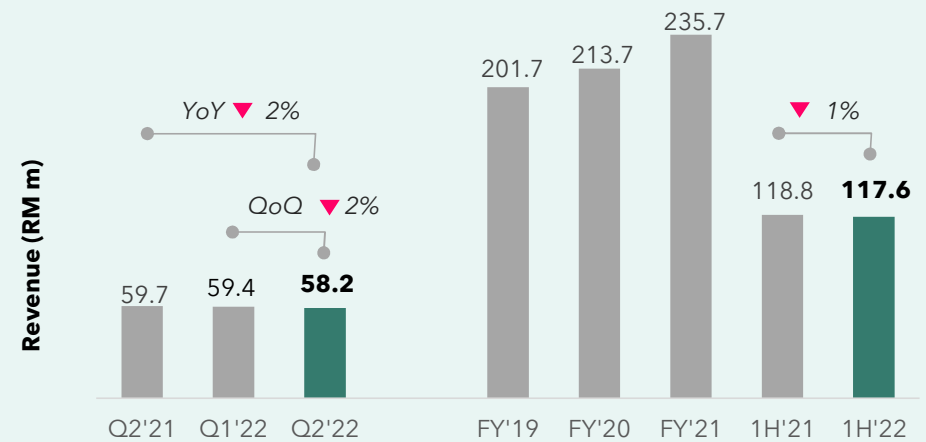
Paper Division Contributed Higher Revenue But Impacted by Higher Cost from Carton Division

Q2'22 HIGHLIGHTS

- 01** Plant utilisation: average of 44% across five divisions mainly due to shortage of manpower. (Q1'22: 45%)
- 02** The improvement in sales for Paper division was supported by the increase in demand from cement and dry-mix customers.
- 03** Higher input cost with increase in paper cost (35%) and minimum wages.



PERFORMANCE



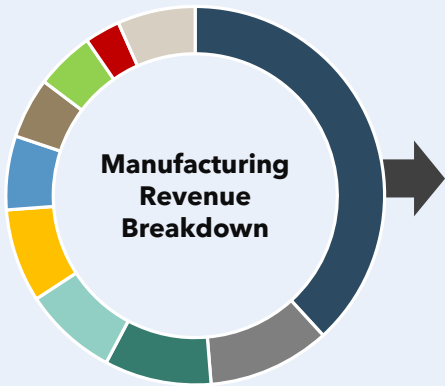
✓ **Revenue YoY** was slightly lower mainly due to lower contribution from offset division because of lower order pull from customers affected by the IC shortages.

King Koil Manufacturing West LLC.

Focusing on High Margin Products in Inflationary Economy

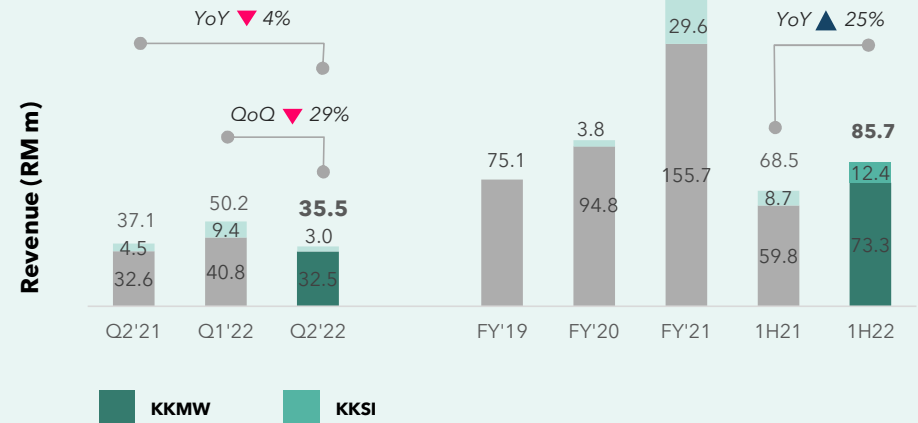
Q2'22 HIGHLIGHTS

- 01 Plant utilisation at 56%. (Q1'22:62 %).
- 02 Sales were affected by weak consumer sentiments arising from fear of recession. KKMW is aggressively pursuing new customers & new projects for high-margin products.
- 03 Raw materials cost, transportation, and other expenses remain at an elevated level.
- 04 GP margin improved with the increase in average unit selling price.



	SNS	38.2%
	RC Willey	10.5%
	Direct Ship	9.1%
	Jerome's	8.0%
	Macy's	8.0%
	Northwest	6.3%
	Southwest	5.2%
	The Dump/Haynes	5.0%
	Midwest/South/Central	3.1%
	Others	6.6%

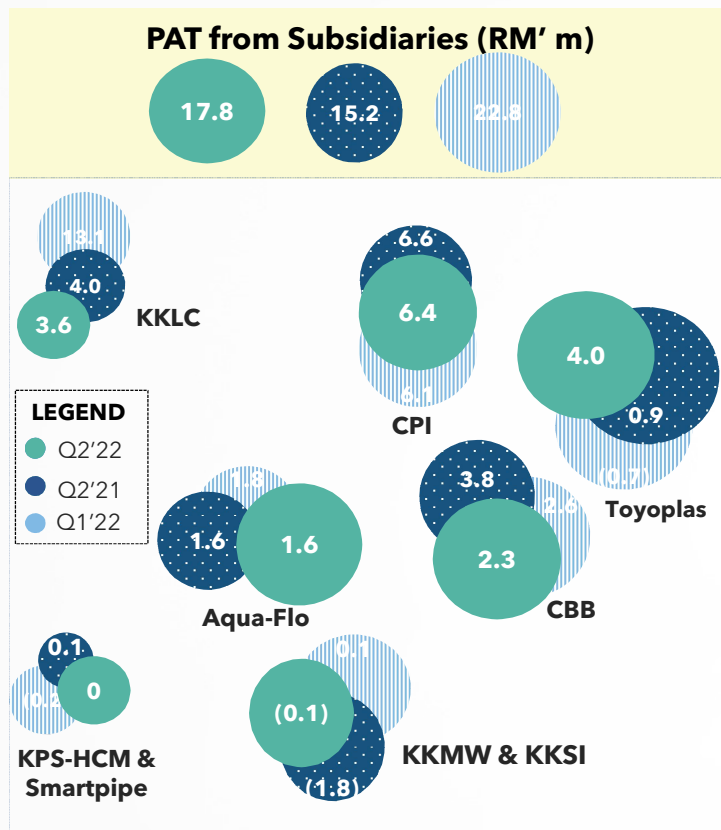
PERFORMANCE



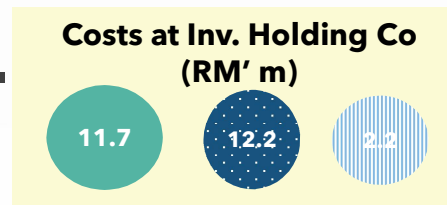
- ✓ **Revenue YoY** moderated by 4% due to the termination of the private label program with Ashley as the customer decided to withdraw due to weak retail sales resulting from inflation.
- ✓ Strong sales from Macy contributed to the outperformance of KCSI (OEM contribution) in Q1'22 before the fear of recession kicked in.

Better Performance by Toyoplas and King Koil

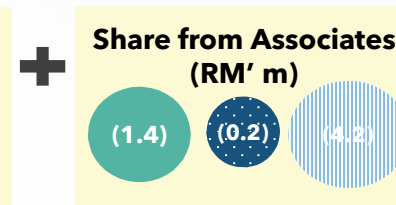
PAT Improved YoY



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



Costs (Q2'22)	RM' m
Investment Holding	
- Net Rental Income	2.3
- Profit Rate Income	0.6
- Management fee	0.6
- Admin Cost	(9.9)
- Zakat	(1.6)
Financial Cost	(3.7)
TOTAL	(11.7)



Q2'22		
NGC	SPRINT	PWM
0.3	(2.2)	0.5





05

Progress Update

Progress Update on Group's Initiatives

The Pursuit to Grow and Preserve Sales Upheld by New Projects/Customers in the Pipeline



SALES GROWTH & PRESERVATION

- Developing new products and tapping onto the online platforms.
- Leveraging on existing capabilities and resources.
- Diversifying product mix, increasing reach, and managing market risks.
- Growing together with existing customers and acquiring new customers.
- Focusing on branding & marketing.

PROJECTS IN THE PIPELINE

Box build products:

- Industrial/power tools
- Consumer products



Semi-assembled parts:

- Various vacuum cleaner parts
- Various routers
- Home security camera

Plastic parts:

- Medical & clinical health devices
- Electrical measuring tools



PCBA & sub-assembly:

- Consumer analysis tools
- Home smart devices

Offset :

- To expand to northern Malaysia
- Several projects are under the sample submission stage



Consumer:

- To gain more foothold in Indonesia, Vietnam, and the Philippines markets

KKMW:

- Focus on premium products
- Introducing new models/collections



KKLC:

- Retain and acquire high-performing licensees

Progress Update on Group's Initiatives

Toyoplas to Increase Capacity and Optimise Cost by Leveraging Low-Cost Site in Vietnam



INCREASE PLANT CAPACITY & CAPABILITIES

- Shifting production locations in line with the movement of customers to lower shipping costs.
- Leveraging on low-cost sites.
- Continuing the investments in hardware to support growth.
- Completing the construction of new factories to cater to future demand.



	Plant 1	Plant 2
Operating since	September 2020	By Q4' 2022
Location	VSIP Bac Ninh Industrial Park, Tien Du District, Bac Ninh Province	Hoa Phu Industrial Park, Hiep Hoa District, Bac Giang Province
Factory size	About 30,000 sqft	About 130,000 sqft
Property ownership	Leased	Owned
Workforce	60 pax	400 pax (estimated)
Capacity	26 injection moulding machines	77 injection moulding machines

No.	Items	Jul'22	Aug'22	Sep'22	Oct'22
1	License				
2	Machinery transfer from other sites				
3	Material and inventory preparation				
4	IT Setup				
5	Admin and HR				
6	ISO and UL certificate certification				
7	Production trial run				
8	Customer audit				

Remarks:

To kick start the production, nine injection moulding machines will be transferred from Toyoplas Nanning to Toyoplas Vietnam (Bac Giang) in batches. The first batch is estimated to arrive by August 2022, with the rest by Q4'2022.

Progress Update on Group's Initiatives

CPI's New EMS Facility to Commence Operations In Stages By Q4'22



INCREASE PLANT CAPACITY & CAPABILITIES

- Expansion of production capacity & capabilities.
- New EMS facility to support sustainable top-line growth in the coming years.
- To provide optimise production flow for the processes to improve efficiency
- Three SMT machines will be transferred from the current facility.



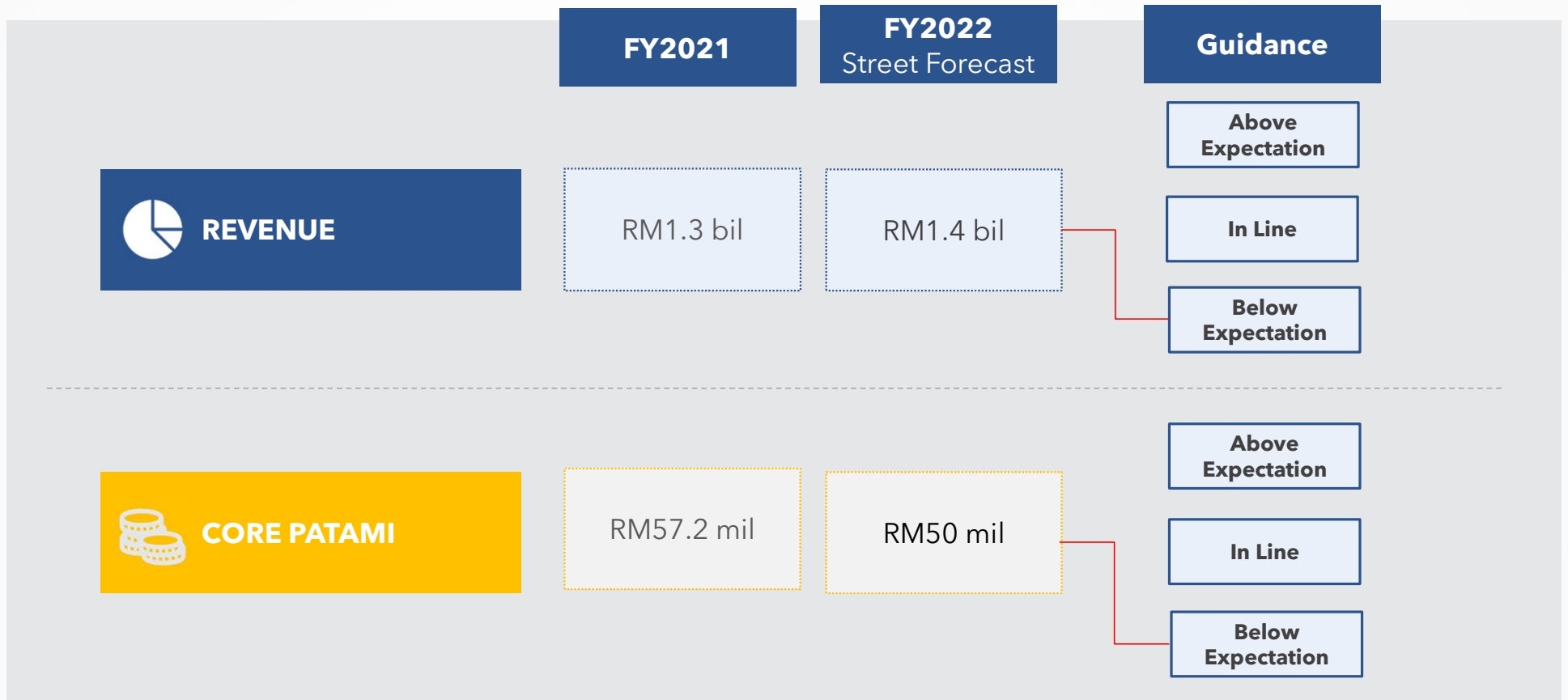


05

Earnings Guidance

2022 Outlook

Expected to Progress Moderately in 2H22 Given Persistent Operational Challenges



Thank You

Investor Relations, Sustainability & Communications
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