Q4'21

RESULTS BRIEFING

3 March 2022

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Managing Director / Group CEO

kps

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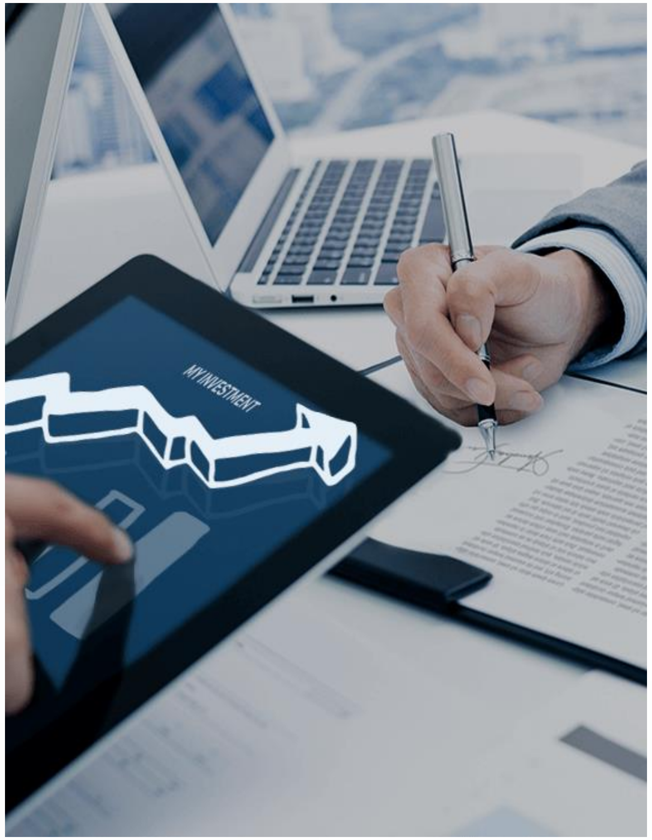


01

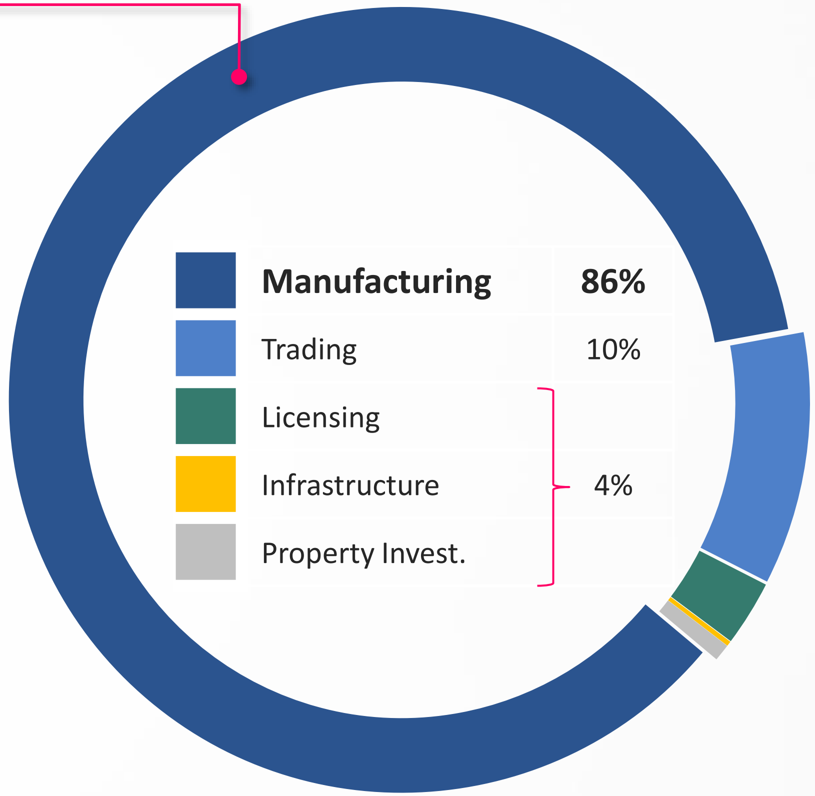
Financial Highlights

Steady Manufacturing Performance: 86% Contribution to the Group's Revenue

10% by Trading

SECTOR	Q4'21	Q4'20	Q3'21	FY'21	FY'20
Manufacturing	**289.6**	▲ 275.7	▼ 319.0	**1,152.2**	▲ 898.3
Trading	**35.1**	▲ 31.2	▲ 30.5	**121.9**	▼ 124.1
Licensing	**8.9**	▲ 8.6	▲ 8.6	**35.5**	▲ 35.4
Infrastructure	**-**	▼ 0.5	▲ -0.3	**9.6**	▲ 9.2
Property Inv.	**2.3**	2.3	▲ 2.2	**8.9**	▼ 9.5
TOTAL (RM million)	**335.9**	▲ 318.3	▼ 360.1	**1,328.1**	▲ 1,076.5

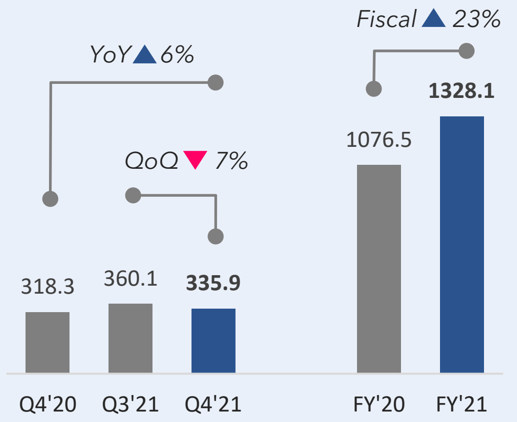
Q4'21 REVENUE BREAKDOWN BY SECTOR



Double Digits Growth on Fiscal Revenue and Earnings

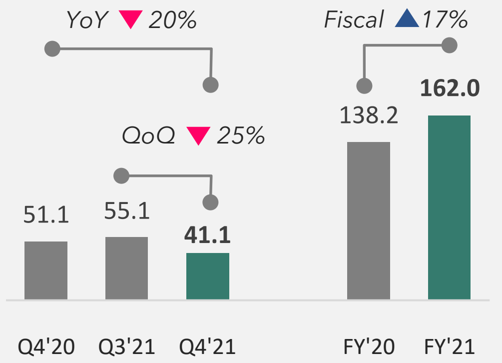
Supported by Strengthened Fundamentals and Lower Finance Costs

Revenue



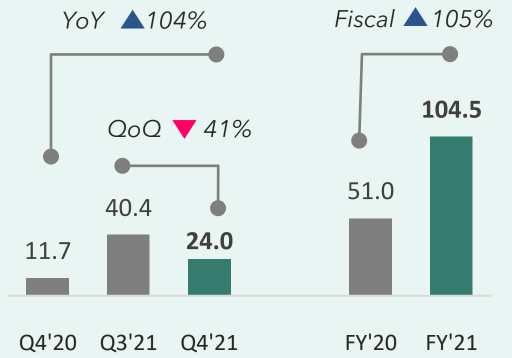
- Revenue increased YoY due to higher contribution from the manufacturing sector.
- Increased FY'21 due to better performance as most businesses operated as usual with upliftment of movement control order.

EBITDA



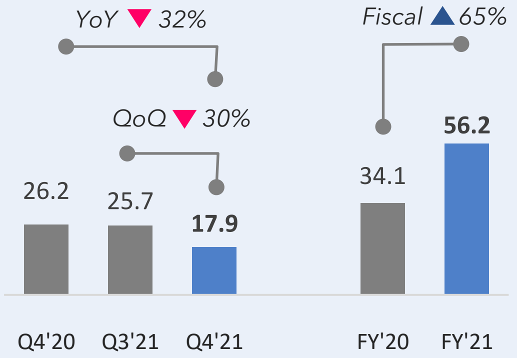
- Moderated YoY mainly due to higher shipping and raw material prices, especially resin.
- Increased FY'21 due to
  - ✓ Higher contribution and improved performance from manufacturing business.
  - ✓ Gain on disposal of properties amounting to RM14.8 mil.

Operating Profit

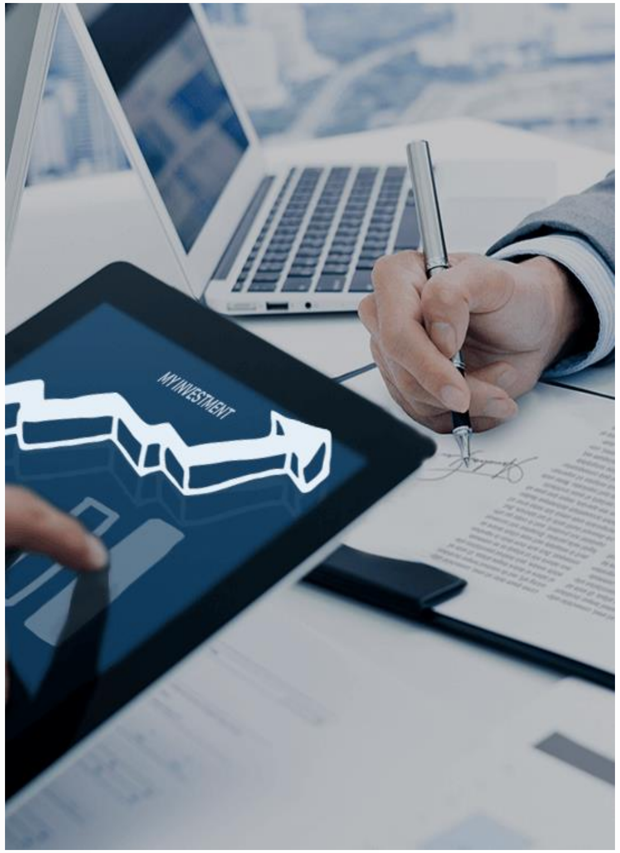


- Increased YoY mainly due to better performance from manufacturing business.
- Increased FY'21 due to
  - ✓ Better performance by core businesses;
  - ✓ Gain on disposal of properties amounting to RM14.8 mil;
  - ✓ Lower impairment on assets.

PATAMI



- Moderated YoY due to lower share of profits from associates, given the absence of extraordinary gain as per Q4'20.
- Increased FY’21 given strengthened fundamentals and lower finance cost.



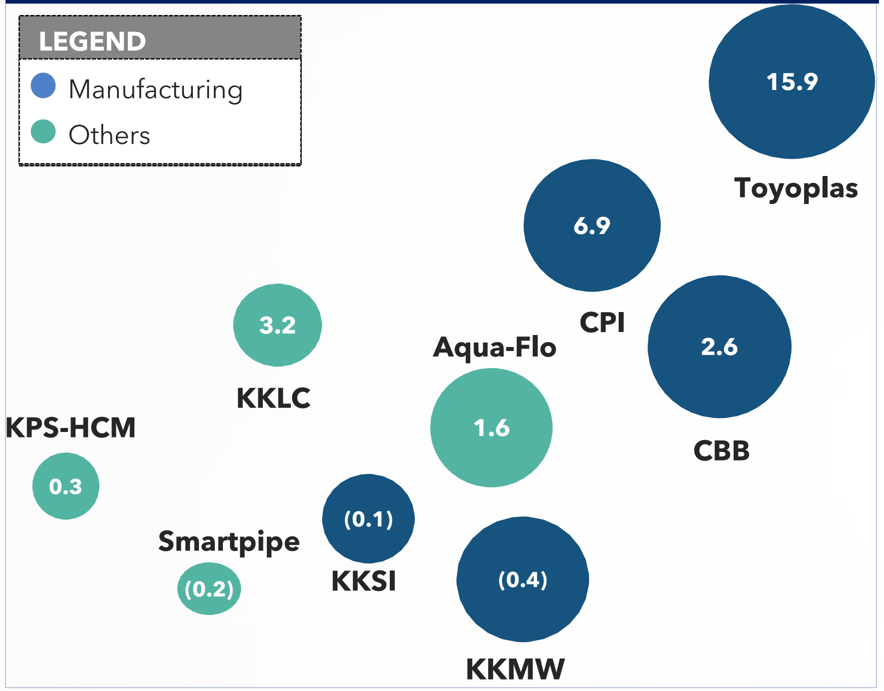
02

Results Segmentation

Gradual Recovery at Subsidiaries Resulted in Improvement in Q4'21 Profits

Lower Share of Profits from Associates Led to a Lower PAT YoY

PAT from Subsidiaries = RM29.8m



Note :
Size of bubbles indicates Revenue (RM'mil) for Q4'21 for each subsidiary.
Numbers inside bubble indicates PAT (RM'mil) for Q4'21 for each subsidiary
X-axis – Revenue (RM'mil)
Y-axis – PAT (RM'mil)

−

Costs at Inv. Holding Co = RM14.5m

Costs	RM' m
Investment Holding	
- *Net Rental Income*	2.3
- *Profit Rate Income*	0.8
- *Management fee*	0.7
- *Admin Cost*	(12.0)
- *Tax*	0.7
Financial Cost	(4.2)
One-off items:	
- *Impairment on Nanning closure*	(1.1)
- *Impairment on receivables*	(1.0)
- *RPGT on building disposal*	(1.2)
TOTAL	**(14.5)**

\+ **4.6m**

NGC	SPRINT	PWM
0.9	3.6	0.1

= **19.9m**

KPS GROUP

(2.0m)

Non-Controlling Interest

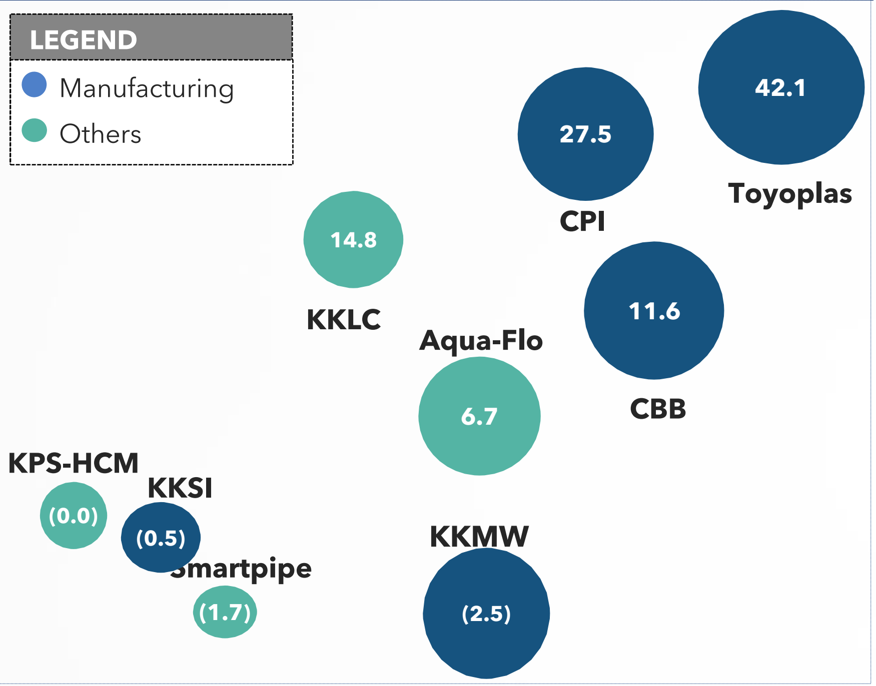
17.9m

PATAMI

Gradual Recovery at Subsidiaries Resulted in Improvement in FY2021 PAT

Higher Core Earnings and Other Income Led to Higher PAT

PAT from Subsidiaries = RM98.0m



Note :
Size of bubbles indicates Revenue (RM'mil) for YTD Sept'21 for each subsidiary.
Numbers inside bubble indicates PAT (RM'mil) for YTD Sept'21 for each subsidiary
X-axis – Revenue (RM'mil)
Y-axis – PAT (RM'mil)

−

Costs at Inv. Holding Co = RM42.3m

Costs	RM' m
Investment Holding	
- *Net Rental Income*	8.9
- *Profit Rate Income*	3.5
- *Management fee*	2.6
- *Admin Cost*	(34.6)
- *Zakat*	(2.5)
Financial Cost	(16.8)
One-off items:	
- *Impairment on PPE*	(1.1)
- *Impairment on goodwill*	(0.1)
- *Impairment on trade receivables*	(1.0)
- *RPGT on hotel building disposal*	(1.2)
TOTAL	**(42.3)**

+ **7.3m**

NGC	SPRINT	PWM
2.0	2.9	2.4

= **63.0m**

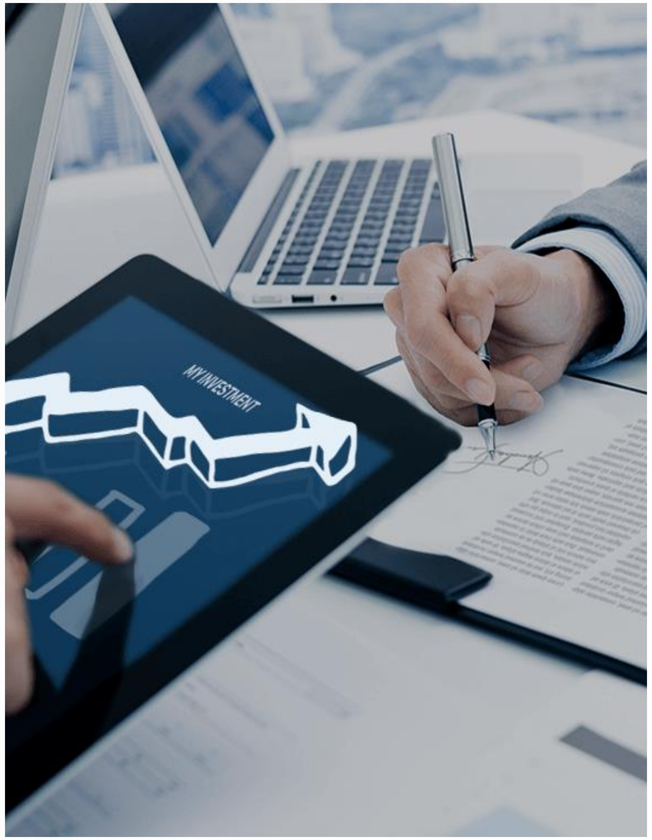
KPS GROUP

(6.8m)

Non-Controlling Interest

56.2m

PATAMI



03

Subsidiary Highlights

Toyoplas Manufacturing (Malaysia) Sdn Bhd

YoY GP Margin Recovering with Better Traction from Tooling Sales in China

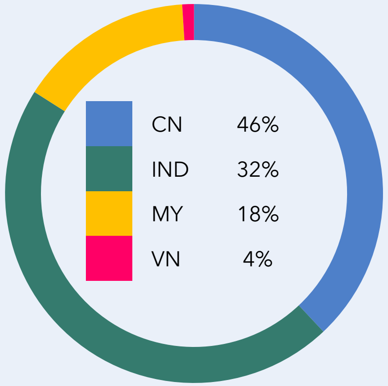
Q4'21 HIGHLIGHTS

01 Plant utilisation at some locations were affected by movement restriction and power shortages.
Indonesia 90%, China 70%, Vietnam 33% and Malaysia 30%.
(Q4'20: Indonesia 75%, China 76%, Malaysia 95%).

02 Global supply chain issues continued to cause shortages in raw material and inflated shipping cost and direct input cost.

03 GP margin improved by 8% YoY, supported by tooling sales in China.

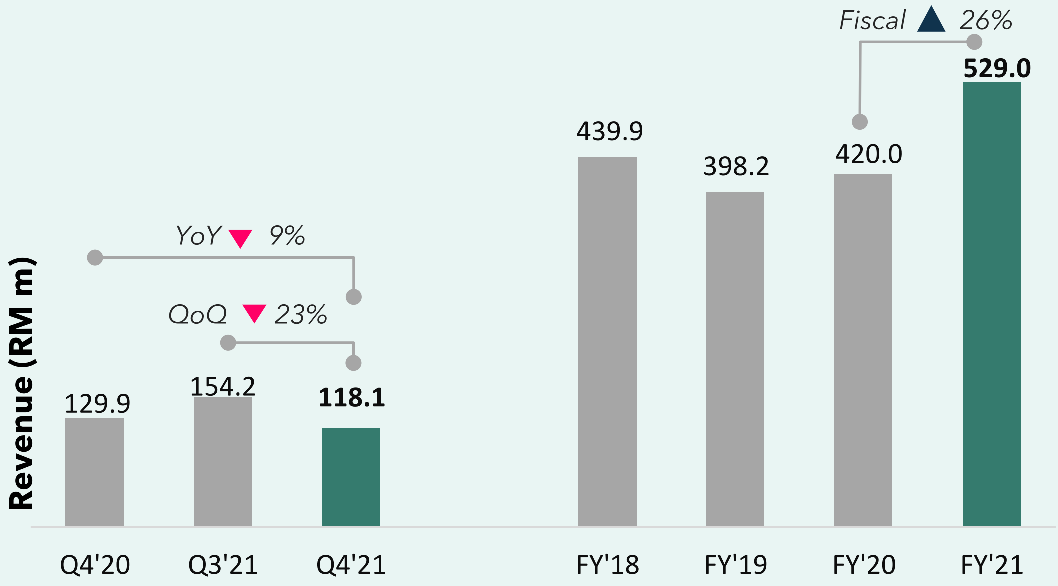
Revenue Breakdown by Country



Revenue Breakdown by Sector

Multimedia & Comms	46%
Industrial Tools	26%
Consumer Electronics	24%
Automotive	4%
Others	<1%

PERFORMANCE



- ✓ **Revenue YoY** lower by 9% mainly due to shortage of electronics chips (IC) and other supply chain challenges such as lower freight capacity, resulted in weaker order pull.
- ✓ **Revenue FY'21** higher by 26% due to outperformance in the end consumer products and home-based products that less impacted by the supply chain issues.

CPI (Penang) Sdn Bhd

YoY GP Margin Slightly Contracted due to Higher Input Cost

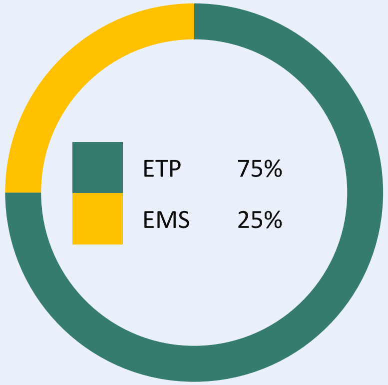
Q4'21 HIGHLIGHTS

01 Plant utilisation stabilised at 78% in Q4'21. (Q4'20: 75%)

02 ETP remained as the main revenue contributor, led by the Others division, supported by the surge in the order from new projects and key customers.

03 Higher raw material cost resulted in slightly lower GP margin.

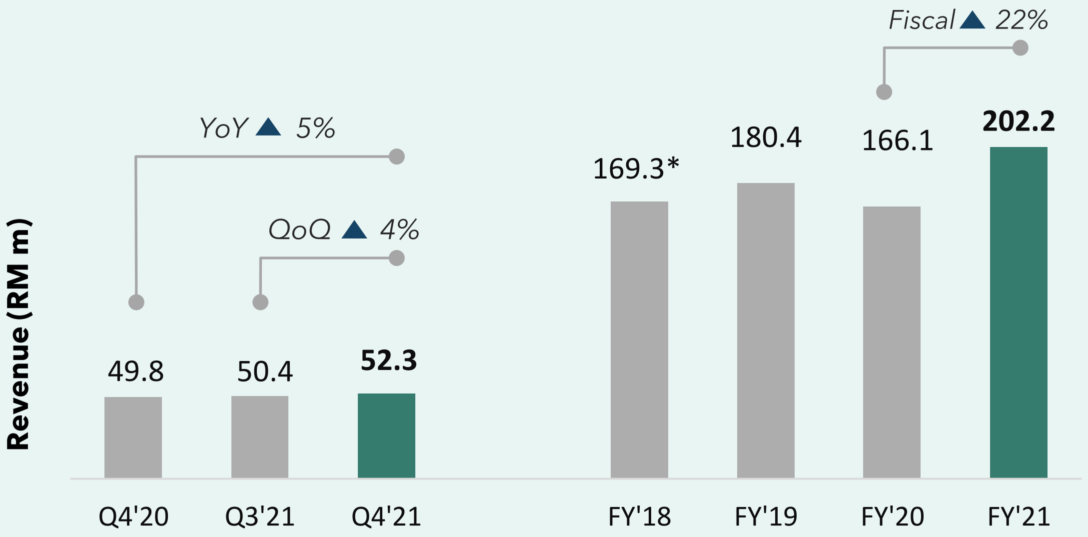
Revenue Breakdown by Segment



Revenue Breakdown by Division

Comms & IT	28%
Automotive	26%
Healthcare	13%
Others	33%

PERFORMANCE



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

- ✓ **Revenue YoY** higher due to higher sales from Comms & IT and Others divisions.
- ✓ **Revenue FY'21** was higher due to increased sales in almost all divisions except Automotive, which contracted by 4% mainly due to the global shortage in IC. Others division recorded 85% growth in sales while Comms & IT recorded 14% growth in sales.

Century Bond Bhd

Offset and Paper Divisions Continued to Lead Growth, Maintaining YoY GP Margin

Q4'21 HIGHLIGHTS

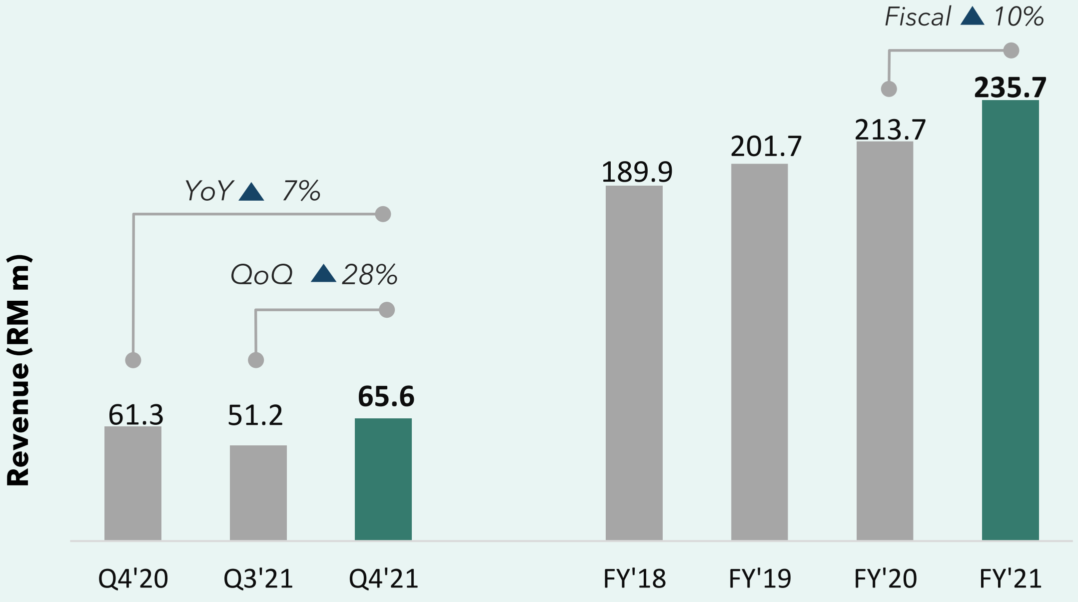
01 Plant utilisation: average of 54% across five Divisions. (Q4'20: 55%)

02 The Offset and Paper divisions lead the sales growth with the increased in demand due to the reopening of economy.

03 GP margin maintained at the same level as per Q4’20.

Offset	33%
Paper	29%
Carton	25%
Plastic	7%
Consumer (OEM)	7%

PERFORMANCE



- ✓ **Revenue YoY** was higher due to higher sales contributed mainly by Offset and Paper divisions.
- ✓ **Revenue FY'21** was higher mainly contributed by Offset operator (Taspack’s new customers). Sales from Carton, Paper and Plastic also trended higher. The contribution from Consumer (OEM) divisions remain the same as per last year.

King Koil Manufacturing West LLC.

Sales Grew with Higher Demand but GP Margin Still Challenged

Q4'21 HIGHLIGHTS

01 Plant utilisation at 57 %. (Q4'20: 46%)

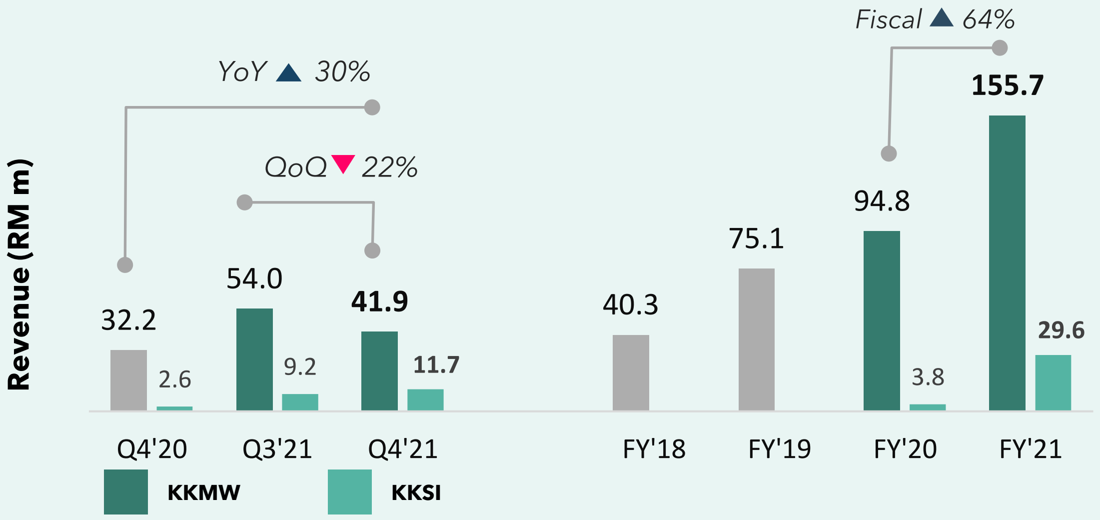
02 KKMW continues to focus on higher-value higher-margin product.

03 All backlog cleared in Q4' with improved foam supply and release of long-delayed iObed shipments.

04 Raw material inflation compressed the margin
Mitigation plans: Focus on upselling, strengthening vendor relationships and plant productivity & efficiency.

	6 New Retailers	49%
	Sit N' Sleep	22%
	Direct Ship	14%
NW	Northwest	5%
SW	Southwest	4%
MW	Midwest/South/Central	4%
	The Dump/Haynes	3%
...	Others	<3%

PERFORMANCE



✓ **Revenue YoY** was higher due to turnaround by new and existing customers with steady retail sentiment and consumer demand, as well as improved condition on the supply of raw materials.

✓ **Revenue FY'21** was higher due to the higher demand and easing of supply chain issues, coupled with increased average unit selling price. The mattress manufacturing revenue was also supported by **OEM contribution** from **KKSI**, amounting to RM29.6 mil. Collectively, KKMW and KKSI contributed RM185.3 mil to the Group revenue.

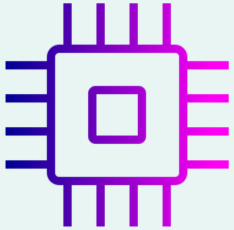
04

Supply Chain Challenges
Group's Initiatives for FY2022
Prospect for Core Businesses
CAPEX Planning

Supply Chain Challenges

Expected to Linger Until Demand Pattern Normalises

Shortage & Prices of Raw Material



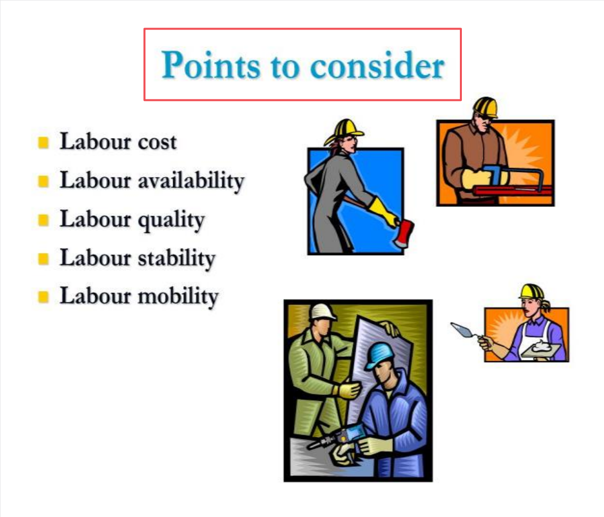
- Global chip shortage for EMS industry.
- Could challenge the business prospect for Toyoplas and CPI.
- Paper & resin prices expected to increase given the development in the operating environment.

High Freight Costs

- Shortage of containers hampering trade recovery.
- Shipping rates to developing regions most affected.

➕

Labour Availability?



Group’s Initiatives for FY2022

Riding on the Expected Gradual Normalisation in Supply Chain

SALES GROWTH & PRESERVATION

- Developing new product and tapping onto online platform.
- 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.

COST SAVINGS & EFFICIENCIES

- Procuring raw materials from various sources.
- Localising supply chain by having in-house machineries.
- Ongoing costs management via effective negotiations to transfer costs to customers.
- Managing and minimising the forex and tax exposure.

INCREASE PLANT CAPACITY & CAPABILITIES

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

SUSTAINABILITY INITIATIVES

- Promoting environmental, social and governance (ESG) efforts among stakeholders and investors.
- Proposing the Installation of solar power system at the factories.

Prospect & Outlook for Core Businesses

Focusing on Product Mix, Securing New Customers and Increase Capacity Utilisation

TOYOPLAS

- To focus on sales growth & preservation through
  - ✓ diversifying solutions for the Healthcare industry.
  - ✓ new high mix low volume projects with higher margin.
  - ✓ more box build projects.
- Strengthen footprint in Vietnam, mitigating risks from US-China trade tension.
- To optimise costs and improve efficiency via realignment of capacities by leveraging low-cost sites.

CPI

- To achieve sales growth via growing with existing customers, new customers acquisition, industry diversification as well as footprint expansion.
- To manage cost via forward planning, negotiations, and implement cost pass through mechanism to mitigate the escalating raw material prices.
- Increase capacities and capabilities to provide wider range of solutions to the customers.

CENTURY BOND

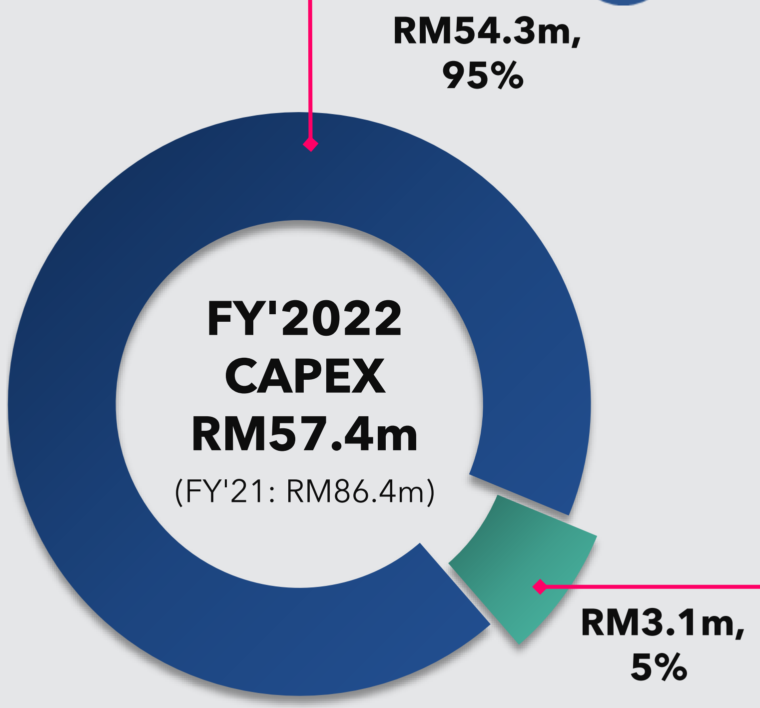
- Continue to drive growth by acquiring new customers, new models/products.
- To expand geographically by taping into Offset and Carton in Singapore.
- Increase product range and implement e-commerce platform for consumer products.
- For consumer segment, to penetrate into Vietnam and Philippines markets.

KING KOIL

- To focus on high margin products and strengthen high-end / ultra-premium brand positioning.
- Improve operational efficiency and productivity to rebuild profit margins.
- Enhance plant capacity to support new customers and prepare for the next stage of growth.

2022 CAPEX Plan

RM57.4 million to Support Business Growth



MANUFACTURING

TOYOPLAS : RM28.2m
- Construction of plant at Ban Giang, Vietnam
- Machinery & equipment
- Office equipment & software
- Motor vehicles

CPI : RM15.7m
- Surface Mount Technology (SMT) Line
- Process automation
- Injection moulding machineries
- IT hardware & software
- Moving out costs

CBB : RM8.7m
- Building (renovation & extension)
- New machineries to increase production capacity, IT software & other office equipment
- Infrastructure technology

KING KOIL : RM1.7m
- Additional equipment for manufacturing plant & IT

OTHERS

KPS : RM2.7m
- Fire certificate
- Plaza Perangsang & upgrading lift
- Office equipment, IT & others

AQUA-FLO : RM0.4m
- Pick up truck
- Water meter bench & others

05

Earnings Guidance

Guidance for 2022 - 2025

Expected to Improve Moderately due to Persistent Supply Chain Challenges

Revenue 4-Year CAGR

Mid single digit

Strategy:

1. **Strengthen KPS' Strategic Focus & Position**
2. **Enhance Fundamentals**
3. **Accelerate Delivery from Subsidiaries**
4. **Progress KPS**

PATAMI 4-Year CAGR

Double digit

Action Plans:

1. **Strengthen Regional Presence**
2. **Improve Product Mix**
3. **Enhance Product Tiering**
4. **Improve Process Efficiency**
5. **Optimise Costs**

Notes:
We take into considerations of the above outlook for the calculation of our guidance:
(1) The government will no longer implement full shutdown measures to curb the spread of COVID-19 vaccines.
(2) Logistical challenges expected to moderate given positive outlook for container shipping markets for 2022 (reported by The Wall Street Journal)
(3) Global shortage of IC, paper and foam to persist until middle of FY'2022

Thank You

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