

Steven Chong

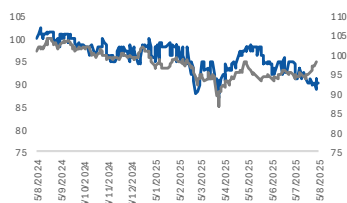
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<b>Recommendation:</b>	<b>HOLD</b>
Current Price:	RM 0.60
Previous Target Price:	N/A
Target Price:	0.610
Capital Upside/ Downside:	1.7%
Dividend Yield (%):	3.9%
<b>Total Upside/ Downside</b>	<b>5.6%</b>

<b>Stock information</b>	
Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	5843 / KUPS.MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	537.4
Market Cap (RM' m)	322.4
52-Week Price Range (RM)	0.72-0.59
Beta (x)	0.8
Freefloat (%)	27.2
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.0

<b>Top 3 Shareholders</b>	<b>(%)</b>
Darul Ehsan Inv Gr Bh	57.9
Perbadanan Kemajuan Negeri	5.5
Ng Chiew Eng	4.8

**Share Price Performance**

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	-4.0	-10.4	-13.7
Relative (%)	-7.4	-10.9	-11.9

<b>Earnings Summary</b>	<b>FY25F</b>	<b>FY26F</b>	<b>FY27F</b>
Revenue (RM'm)	1128.6	1160.6	1195.5
PATAMI (RM'm)	31.6	32.9	33.2
CNP (RM'm)	31.6	32.9	33.2
EPS - core (sen)	5.9	6.1	6.2
P/E(x)	10.2	9.8	9.7

# Kumpulan Perangsang Selangor Berhad

## Transition Towards a Focused Manufacturing Play

- Kumpulan Perangsang Selangor (KPS) operates a manufacturing-centric business model, focusing primarily on providing integrated electronics, plastic injection moulding as well as paper packaging solutions.
- The Group serves a broad range of end-markets including consumer electronics, automotive, healthcare, and industrial sectors.
- Core earnings growth will be driven by (i) sustained growth trajectory in its core manufacturing operations, (ii) resumption in order commitments from improving macro environment, and (iii) expanding profit margins as the Group moves past its earlier restructuring phase.
- We initiate coverage on KPS with a **HOLD** rating and a target price of **RM0.61**, based on 10x PE multiple applied to FY26F EPS of 6.1sen and a three-star ESG rating. The assigned PE multiple reflects a 24% discount to the selected peers' average of 13.1x, to account for KPS's smaller market capitalisation and lower profit margins relative to its peers.

### Key Investment Highlights

**On track on gaining growth momentum.** KPS is on track to regain growth momentum, supported by a low base effect and improving performance across its manufacturing units. We expect Toyoplas and CPI to be the key growth drivers, underpinned by i) demand recovery in the electronics segment, ii) margin expansion from cost-saving efforts, and iii) the completion of earlier streamlining and restructuring initiatives.

**On a look out for new acquisition opportunities.** KPS is actively building a war chest for future acquisitions, particularly within the manufacturing space, following the disposal of Kaisercorp. Its transition to a net cash position in FY24 has significantly improved its financial strength. This positions the Group well to pursue strategic and value-accretive expansion opportunities.

**Resilient against global headwinds.** KPS is relatively shielded from escalating global trade tensions, thanks to its strong domestic orientation. Direct exposure to the proposed U.S. reciprocal tariff is minimal at c.4% of revenue, with U.S. contribution having declined sharply from 45.6% in FY21 to just 19.2% in FY24. This reduced reliance not only improves earnings visibility but also positions the Group more defensively amid ongoing supply chain realignments and geopolitical uncertainty.

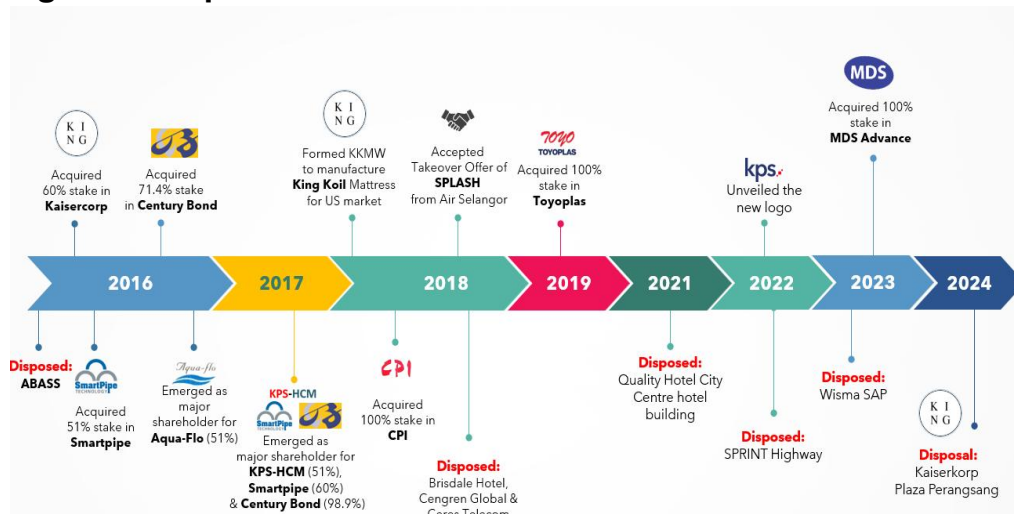
**Malaysia's competitive edge intact amid US tariff measures.** With a competitive tariff rate of 19%—on par with peers such as Indonesia and Thailand and more favourable than Vietnam and Taiwan—Malaysia remains well-positioned under the US reciprocal tariff framework. This backdrop strengthens KPS's ability to tap emerging export opportunities and ride the ongoing realignment in global trade flows.

**Valuation & Recommendation.** We initiate coverage on KPS with a **HOLD** recommendation and a target price of **RM0.61**, based on 10x PE multiple applied to FY26F EPS of 6.1sen and a three-star ESG rating. The assigned PE multiple reflects a 24% discount to the selected EMS peers' average of 13.1x, to account for KPS's smaller market capitalisation and lower profit margins relative to its peers.

## Business Overview

**Business Model.** Kumpulan Perangsang Selangor Bhd (KPS) is an investment holding company with core interests split into two main segments: Manufacturing and Trading. Since its incorporation, KPS has undergone several corporate and business transformations. In FY16, the Group launched a Business Transformation Plan (BTP) with an ambitious growth agenda aimed at ensuring long-term sustainability. This included the strategic acquisition of multiple high-potential businesses to broaden its revenue base.

**Figure 1: Corporate exercise since BTP**



Source: Company

More recently, the Group advanced its portfolio optimisation strategy with the divestment of its stake in Kaisercorp. This move supports KPS's long-term ambition to evolve from a diversified holding company into a more focused, manufacturing-centric organisation. The strategic pivot is anchored by its core subsidiaries (Toyoplas, CPI, MDS, and CBB) which now collectively generate over c.80% of Group revenue, forming an integrated and increasingly synergistic manufacturing cluster.

Business Activities  
Figure 2: Core business segments

Source: Company, Apex Securities

Figure 3: Production Facilities

Company	Location	Production Plant	Utilisation	
			2024	1Q25
Toyoplas	Malaysia	2 fully-owned manufacturing facilities 8.0-acre plot of land 16.7k sq m built-up	54%	53%
	China	1 leased manufacturing facility 11.4k sq m built-up	72%	77%
	Vietnam	1 fully owned manufacturing facility 6.3-acre plot of land 13.0k sq m built-up	32%	27%
	Indonesia	1 fully-owned manufacturing facility 13.6-acre plot of land 53.8k sq m built-up	25%	27%
CPI	Malaysia	2 fully owned manufacturing facilities 8.5-acre plot of land 42.6k sq m built-up	60%	60%
CBB	Malaysia	3 manufacturing facilities; 1 leased 14.4-acre plot of land excl leased facility	50%	40%
	Indonesia	1 fully-owned manufacturing facility 0.1-acre plot of land	20%	20%
MDS	Malaysia	1 manufacturing facility 0.2-acre plot of land 4.7k sqm built-up	65%	77%

Source: Company, Apex Securities

**Toyoplas (39.3% of FY24 Total Revenue)**

**An integrated plastic injection moulding specialist offering end-to-end capabilities, encompassing mould fabrication, high-precision injection moulding, secondary processes, and full assembly of components and finished products.** Operates 5 facilities within the region in China, Indonesia, Malaysia, and Vietnam, serving customers from various industries such as automotive, telecommunications, electrical and electronics.

Key revenue contributor in FY24 following a notable turnaround from net losses in the previous year. This recovery was underpinned by a successful restructuring initiative, which included optimising workforce, enhancing plant utilisation, and streamlining production planning. As part of its strategic realignment, Toyoplas exited its Shanghai operations and redirected production to Malaysia and Vietnam, thus mitigating exposure to US-China trade tensions. Moving forward, we foresee bottom line to stabilise as the business transitions into a more sustainable operating phase.

**CPI Penang (20.8% of FY24 Total Revenue)**

**Provides Electronics Manufacturing Services and produces plastic injection moulded parts.** Operates 2 facilities in Bayan Lepas, Penang, Malaysia, serving a diverse clientele across the automotive, healthcare, communications, IT, and electronics industries.

In FY24, revenue rebounded in tandem with the recovery in global electronics demand, following a weak performance in FY23. However, earnings remained under pressure due to an unfavourable product mix, with a greater share of lower-margin components diluting overall profitability. Margin compression was further exacerbated by foreign exchange losses stemming from ringgit depreciation. To date, the EMS segment now accounts for c.20%–30% of CPI's revenue, while the remainder is generated from its Engineering Thermoplastics (ETP) division, which focuses on plastic injection moulding.

Given the lingering uncertainty over US tariff developments, customer sentiment has remained cautious, leading to a delay in CPI's expansion plans for additional production lines. That said, the facility remains underutilised and has headroom to double its current output, with available space to install 4 additional Surface Mount Technology (SMT) lines (currently operating 3). We opined this latent capacity presents an embedded growth option that could support earnings upside once demand conditions stabilise.

**Century Bond (21.2% of FY24 Total Revenue)**

**An integrated packaging solutions providers with five divisions: Offset, Carton, Paper, Plastic and OEM divisions.** CBB's paper division maintains a leading position in the market, capturing c.30%–40% share of Malaysia's cement bag market. In the carton box segment, the company has undertaken a restructuring exercise aimed at enhancing margins and operational efficiency. Key initiatives include outsourcing its corrugation process and shutting down both the plastic division and the Nilai plant in FY24. These efforts have resulted in a deeper loss in FY24, but are expected to streamline cost structure and sharpen focus on core operations going forward. Nevertheless, we reckon any recovery in performance is likely to be modest, with limited impact on the Group's bottom line in the near-term.

**MDS (1.6% of FY24 Total Revenue)**

**Specialises in CNC precision machining, serving a wide range of industries with high-accuracy components and engineering expertise.** Its manufacturing facility is located in Pematang Tengah, Penang, Malaysia. Products include high-precision parts for the healthcare, semiconductor, electronics, aerospace, and telecommunications industries.

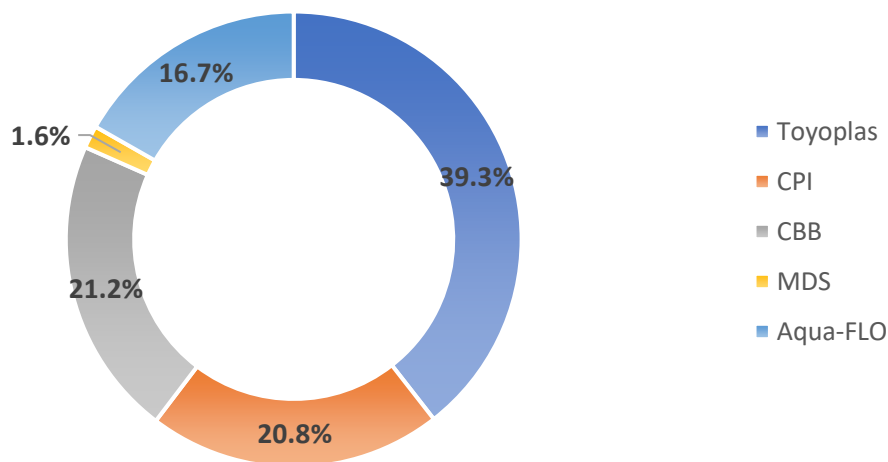
MDS was acquired in Jan 2023, with the aim to strengthen the group's core manufacturing business and allow it to move towards higher margin product mix. However, the company has underperformed since the acquisition, falling short of its profit guarantee targets (FY23: RM8m and FY24: RM9m) as demand from key sectors such as medical, semiconductor and electronics remained softer than projected, restricting the ramping-up for its CNC precision machining

business. Looking ahead, we gather that earnings is expected to advance further in FY25 buoyed by growing demand in medical devices.

#### Aqua-FLO (16.7% of FY24 Total Revenue)

**Involved in trading water treatment chemicals, mechanical water meters, and providing technical services to the water utility sector.** Its revenue base remains stable given the recurring nature of its business, supported by two multi-year agreements with Pengurusan Air Selangor, including a RM162.2m framework contract for water treatment chemicals from FY24 -FY25 and a RM18.4m contract for mechanical meter supply running until FY27. These contracts provide consistent revenue visibility in light of its recurring nature.

**Figure 4: FY24 Revenue breakdown by business segment**



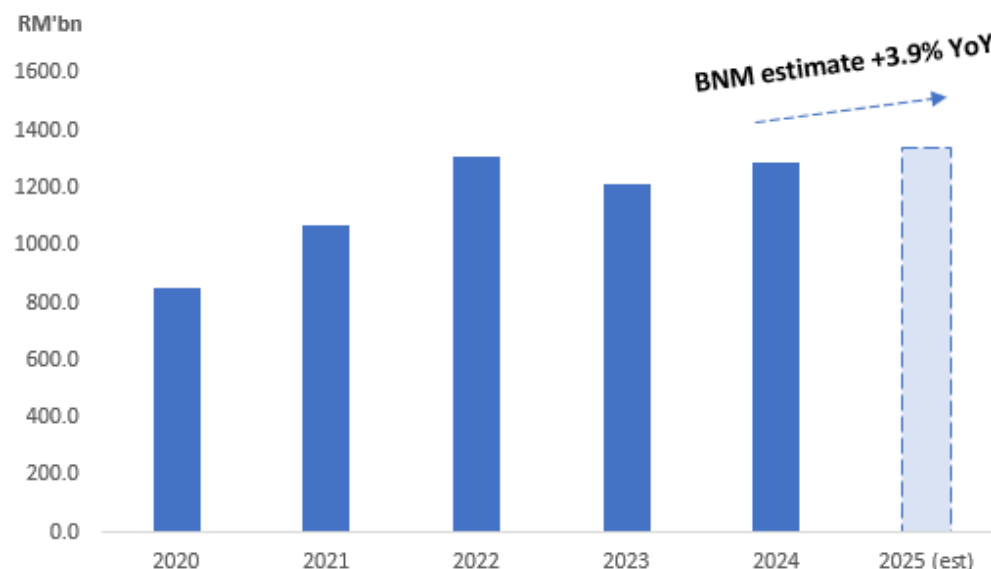
Source: Company, Apex Securities

## Industry Overview

The electrical and electronics (E&E) industry is a critical linchpin in the global economy. It powers the digital transformation that touches all aspects of modern society. In this dynamic landscape, Malaysia has carved out a significant position to become an integral player within the global E&E value chain.

In 2024, Malaysia's total exports stood at RM1.3tn, with manufactured goods dominating at 85.5% (c.RM1.1tn). Based on BNM estimates, export of manufactured products growth is expected to climb +3.9% yoy in 2025 (vs 5.9% yoy in 2024), with E&E benefiting from spillovers of the global tech upcycle and strong AI-semiconductor demand.

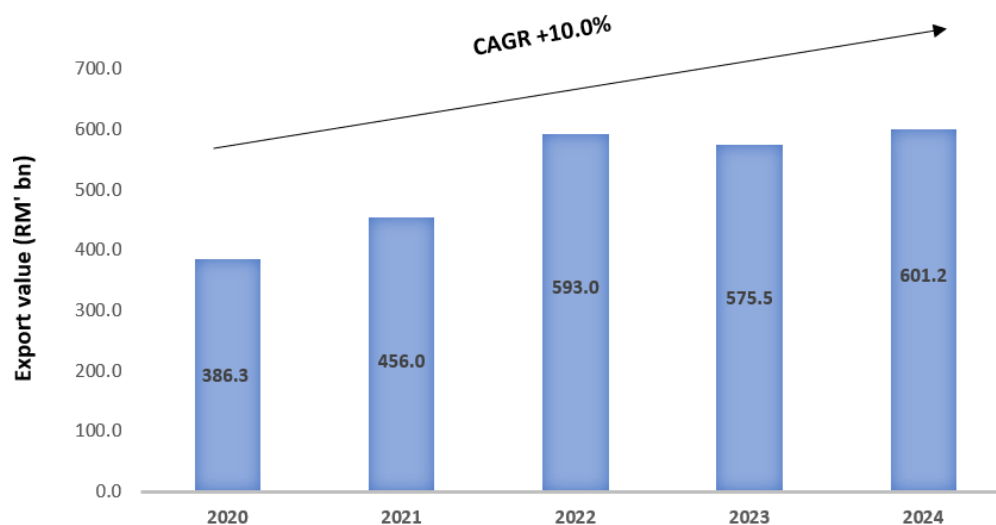
Figure 5: Malaysia's export of Manufactured goods



Source: Macrobond, BNM

E&E products remained the largest contributor, making up c.39.9% of total exports (RM601.2bn). Agriculture products accounted for c.8.2% (RM105.7bn), driven largely by palm oil and palm-based goods, while mining goods comprised c.8.0% (RM102.9bn), mainly from LNG and petroleum. The remaining was made up of other exports such as miscellaneous commodities and unclassified goods, underscoring Malaysia's strong reliance on its manufacturing base as a key driver of trade performance and economic resilience.

Figure 6: Malaysia's export of E&amp;E products



Source: Macrobond

In the near term, we expect growth to remain tepid in early 2H25 as global order volumes have yet to rebound to pre-2022 levels. Nonetheless, inventory rationalisation in major export markets such as the US and Europe appears to be progressing, which could support a gradual recovery towards the end of 2025. Order visibility across the segment remains limited, typically spanning 1-2 months, as industry players adopt a wait-and-see approach amid ongoing macroeconomic uncertainties and trade-related risks.



Our [in-house](#) analysis indicate that the direct impact of US tariffs on Malaysia's semiconductor sector will likely be manageable. The industry is largely concentrated in the labour-intensive back-end OSATs segment, where high labour and operating costs in the US make reshoring commercially unattractive. As such, any tariff implementation is expected to be preceded by industry consultations and introduced in a gradual, calibrated manner to avoid major disruptions to global supply chains. Moreover, c.65% of Malaysia's semiconductor exports to the US are from MNCs such as Intel and Micron, which have significant commitments to US manufacturing. These companies may qualify for exemptions under the proposed measures, further mitigating the potential impact.

Looking ahead to 2026, we expect a broader and more sustained EMS recovery, underpinned by resurgent global demand in industrial automation, data centre infrastructure, EV components, and medical electronics. At the same time, global OEMs are accelerating supply chain diversification to mitigate geopolitical risks and enhance resilience—an industry shift that favours Malaysia. We believe KPS is well-positioned to benefit from this upturn, given its exposure to lower value-added manufacturing activity, which are less likely to be targeted by US tariffs.

### Medical Device Sector Outlook

Malaysia's medical device industry is set for sustained expansion, driven by rising domestic healthcare demand, an ageing population, and growing export penetration. The market, valued at c.USD2.88bn in 2024, is projected to register a CAGR of 11% through 2025, supported by strong local manufacturing capabilities and steady inflows of foreign direct investment.

**Figure 7: Growing demand for Malaysia's medical device**



Source: MedicaEx

Launched in Sep 2023, the New Industrial Master Plan 2030 (NIMP 2030) identifies medical devices as a priority growth sector alongside aerospace, chemicals, pharmaceuticals, and E&E. The plan seeks to position Malaysia as a leading regional MedTech hub by accelerating the transition toward sophisticated, high-value healthcare products. This includes advancing capabilities in minimally invasive devices, diagnostics, and technology-enabled solutions such as AI- and robotics-driven medical innovations, supported by stronger value chain integration, global regulatory alignment, and enhanced export competitiveness.

Given MDS's significant exposure to medical equipment, the Group is well-positioned to capitalise on sectoral growth, particularly in medical electronics and high-precision components. We anticipate that increasing demand from the medical device segment will support earnings expansion from FY25 onwards, complementing the recovery in its traditional EMS operations.

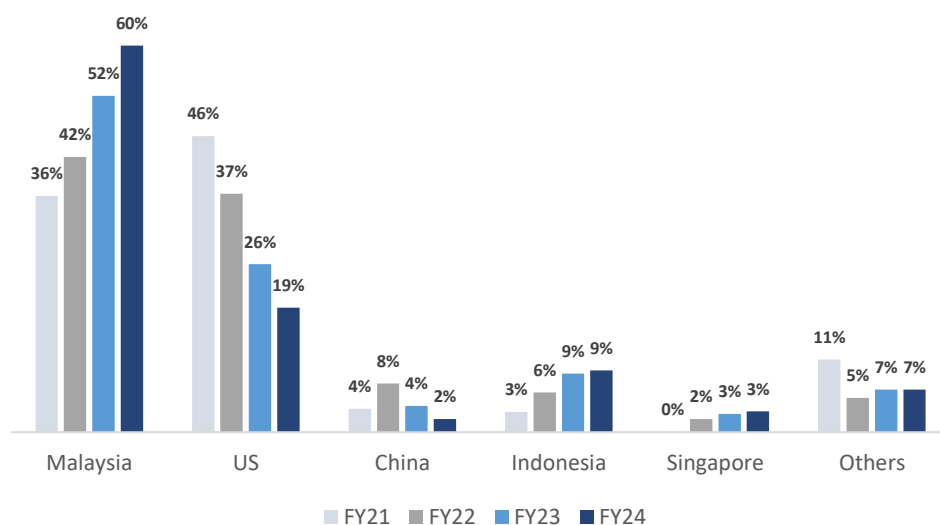
## Investment Highlights

**On track on gaining growth momentum.** The Group appears well-positioned to regain momentum, underpinned by a low base effect and improving performance across its key manufacturing subsidiaries. Toyoplas continues to demonstrate earnings resilience, supported by stable orders from several major clients, including Customer A, a household appliance designer and manufacturer in UK. CPI is also benefiting from a steady recovery topline and stabilising margins. Meanwhile, MDS is showing encouraging signs, with its utilisation rate rising to 77% in 1QFY25 (from 65% in FY24), alongside improved cost efficiency. Taken together, these positive trends suggest a broad-based recovery is underway, setting the stage for stronger earnings and growth acceleration into FY25–26.

**Building war chest for acquisition opportunities.** Following the disposal of Kaisercorp, management is focused on filling the strategic gap through targeted acquisitions, particularly within the manufacturing segment. Notably, the Group turned into a net cash position in FY24 post-disposal, further strengthening its financial position. With a solid balance sheet and enhanced financial flexibility, we believe KPS is well-positioned to expand its business portfolio and pursue value-accretive opportunities.

**Fairly shielded from US reciprocal tariff.** KPS's domestic positioning provides a certain level of insulation against external shocks, in light of rising global trade tensions and protectionist shifts. With only about 4% of its revenue directly affected by the proposed Trump tariffs coupled with declining US contribution (45.6% in FY21 to 19.2% in FY24), the Group is less vulnerable to trade-related disruptions compared to peers with heavier reliance on the US market. Its greater focus on the domestic market not only enhances earnings visibility but also positions KPS more defensively amid ongoing global supply chain realignments and geopolitical uncertainties.

**Figure 8: Revenue Breakdown by Geography**



Source: Company, Apex Securities

**Malaysia remains competitively positioned despite US tariff action.** Under the latest US reciprocal tariff, Malaysia faces a 19% rate—broadly comparable to regional peers such as Indonesia, Thailand, and Cambodia, and marginally lower than Vietnam and Taiwan's 20% rate. As such, Malaysia's competitive edge in global trade remains largely intact. Coupled with a robust industrial base, well-developed infrastructure, and political stability, the country continues to position itself as an attractive hub for supply chain diversification. For KPS, this environment preserves opportunities to capture new export markets and benefit from the realignment of global supply networks.



## Financial Highlights

KPS's core net profit rebounded to RM16.6m in FY24 from a net loss in the previous year. This turnaround was underpinned by stronger operational execution and a gradual recovery in global electronics demand. The YoY improvement was also amplified by a low base effect. In contrast, FY23 performance was weighed down by margin compression, weak order flows in the tech segment, and underperformance in Toyoplas and CBB.

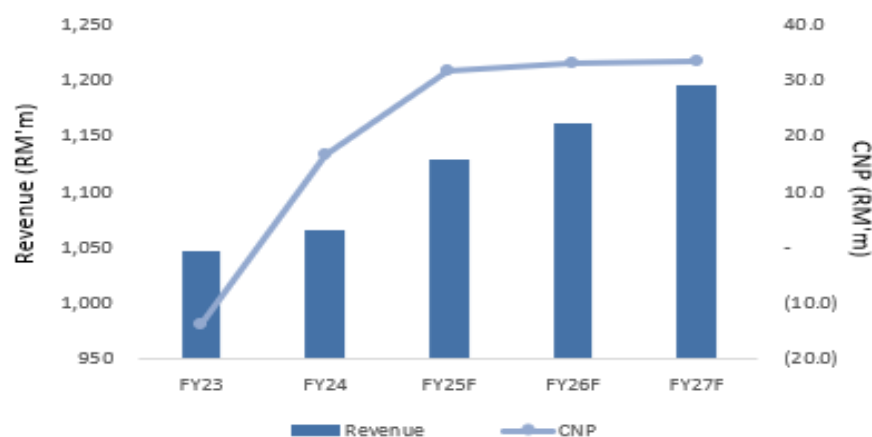
Building on this momentum, 1QFY25 saw CNP rise to RM7.5m, a significant reversal from a net loss of -RM8.5m in the same quarter last year. The earnings improvement stem from cumulative effects of earlier restructuring efforts, lower finance costs and stronger earnings contribution from key subsidiaries (Toyoplas, CPI and CBB).

KPS maintains a solid financial footing, having transitioned to a net cash position of RM192.0m in FY24, with its gearing ratio improving markedly to 0.17x from 0.40x. This healthy balance sheet provides the Group with ample flexibility to fund future expansion and pursue acquisition opportunities. While KPS has formalised a 30% dividend payout policy, it has consistently outperformed this benchmark, delivering payouts of over 40% for five consecutive years. Based on an assumed DPS of 2.4 sen for FY25F, this translates into a yield of 3.9%.

**Earnings Outlook.** We project KPS's CNP to rise to RM31.6m/RM32.9m/RM33.2m in FY25F–FY27F, supported by the resumption of order flows following tariff clarity announced on 1 August. The earnings trajectory will also benefit from margin expansion driven by ongoing cost-saving efforts and economies of scale from higher production output.

CNP margin is expected to expand to 2.8% in FY25F (from 1.6% in FY24), as the Group moves past the bulk of its operational streamlining efforts, such as the closure of CBB's Nilai plant and the leased Medan facility, which had previously weighed on profitability. With most of the restructuring now behind them, we reckon cost pressures should ease going forward. The earnings trajectory will also benefit from a gradual recovery in global electronic demand, supporting volume growth across its manufacturing units. On the topline, revenue is expected to be led by 2 key subsidiaries, namely Toyoplas and CPI, with projected growth of 8.0% and 6.0% in FY25F, respectively.

**Figure 9: Revenue and CNP trend**



Source: Company, Apex Securities

## Sensitivity Analysis

**Sensitivity Analysis.** Based on our sensitivity analysis, KPS's equity valuation is highly responsive to changes in both earnings and valuation multiples. For every 1.0x change in PE multiple, valuation moves by about 6 sen–8 sen. This highlights that a market re-rating could meaningfully uplift KPS's valuation over the FY26F forecast horizon.

**Figure 10: TP change based on EPS and PE multiple**

Target P/E		7.0x	8.0x	9.0x	10.0x	11.0x	12.0x	13.0x
<b>F2026E</b> <b>EPS (RM)</b>	<b>0.052</b>	0.37	0.42	0.47	0.52	0.58	0.63	0.68
	<b>0.055</b>	0.39	0.44	0.50	0.55	0.61	0.66	0.72
	<b>0.058</b>	0.41	0.47	0.52	0.58	0.64	0.70	0.76
	<b>0.061</b>	0.43	0.49	0.55	<b>0.61</b>	0.67	0.73	0.80
	<b>0.064</b>	0.45	0.51	0.58	0.64	0.71	0.77	0.84
	<b>0.067</b>	0.47	0.54	0.61	0.67	0.74	0.81	0.88
	<b>0.071</b>	0.50	0.57	0.64	0.71	0.78	0.85	0.92

Source: Company, Apex Securities

## Valuation & Recommendation

**Initiation Coverage.** We initiate coverage on KPS with a **HOLD** rating and a target price of **RM0.61**, based on a 10x PE multiple applied to FY26F EPS of 6.1sen, and a three-star ESG rating. The assigned PE multiple reflects a 24% discount to the selected EMS peers' average of 13.1x, to account for KPS's smaller market capitalisation and lower ROE relative to its peers.

**Investment Thesis.** We favour KPS for its (i) solid balance sheet supported by a strong net cash position, (ii) sustained growth trajectory in its core manufacturing operations, (iii) improving macro environment that is encouraging customers to resume order commitments, and (iv) expanding profit margins as the Group moves past its earlier restructuring phase.

**Figure 11: Peers Comparison**

Company	Market Group	FYE	Price (RM)	Market Cap (RM 'm)	PE (x)		Dividend Yield (%)	ROE(%)	CN
					FY25F	FY26F			
<b>Kumpulan Perangsang Selangor Bhd</b>	<b>MAIN</b>	<b>Dec</b>	<b>0.60</b>	<b>322.4</b>	<b>10.2</b>	<b>9.8</b>	<b>3.9%</b>	<b>1.5%</b>	
SKP Resources Bhd	MAIN	Mar	0.94	1468.6	10.5	9.4	4.5%	12.7%	
VS Industry Bhd	MAIN	Jul	0.80	3111.6	26.7	15.4	1.6%	11.1%	
P.I.E Industrial Bhd	MAIN	Dec	3.66	1436.3	18.7	14.6	1.7%	8.5%	
<b>Average ex-KPS Bhd</b>					<b>18.6</b>	<b>13.1</b>	<b>3.1%</b>	<b>11.9%</b>	

Based on Bloomberg consensus

Source: Bloomberg, Apex Securities

## Investment Risk

**Stiff competition from both local and international EMS operators.** KPS operates in the mid- to low-end segment of the EMS value chain with limited proprietary IP, making it more vulnerable to competition and margin pressure.

**Geopolitical and trade disruption.** KPS remains vulnerable to geopolitical risks, including trade tensions and supply chain disruptions, which could impact customer demand and production continuity across its operations.

**Exposed to foreign currency exchange fluctuations.** KPS is exposed to foreign exchange risk, with an estimated 40% of its total revenue transacted in foreign currencies, primarily in USD, SGD, and CNY. Volatility in exchange rates can significantly impact both revenue and profitability, especially when foreign-denominated costs and revenues are not naturally hedged.

## Financial Highlights

## Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1046.1	1064.7	1128.6	1160.6	1195.5
Gross Profit	169.2	191.3	220.1	226.3	230.9
EBITDA	86.2	103.2	137.7	138.3	136.9
Depreciation & Amortisation	-57.8	-49.6	-46.7	-44.8	-43.3
EBIT	28.4	53.6	91.0	93.5	93.6
Net Finance Income/ (Cost)	-16.3	-5.7	-2.9	-17	-0.8
Associates & JV	3.8	4.8	4.9	5.1	5.2
Pre-tax Profit	15.9	52.6	93.1	96.8	98.0
Tax	-14.5	-33.5	-59.3	-617	-62.5
Profit After Tax	1.4	19.1	33.8	35.1	35.5
Minority Interest	3.0	12	2.1	2.2	2.3
PATAMI	-1.6	17.9	31.6	32.9	33.2
Exceptionals	-12.3	-13	0.0	0.0	0.0
Core Net Profit	-13.9	16.6	31.6	32.9	33.2

## Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	-2.6	3.1	5.9	6.1	6.2
P/E (x)	-23.2	19.4	10.2	9.8	9.7
P/B (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	6.1	15	10	0.8	0.6
DPS (sen)	3.5	6.5	2.4	2.4	2.5
Dividend Yield (%)	5.8%	10.8%	3.9%	4.1%	4.1%
EBITDA margin (%)	8.2%	9.7%	12.2%	119%	115%
EBIT margin (%)	2.7%	5.0%	8.1%	8.1%	7.8%
PBT margin (%)	1.5%	4.9%	8.2%	8.3%	8.2%
PAT margin (%)	0.1%	18%	3.0%	3.0%	3.0%
NP margin (%)	-0.2%	17%	2.8%	2.8%	2.8%
CNP margin (%)	-13%	16%	2.8%	2.8%	2.8%
ROE (%)	-1.1%	15%	2.8%	2.8%	2.8%
ROA (%)	-0.7%	10%	19%	2.0%	2.0%
Gearing (%)	40.8%	16.5%	15.4%	15.4%	15.4%
Net gearing (%)	4.5%	Net Cash	Net Cash	Net Cash	Net Cash

## Valuations

Valuations	FY26F
Core EPS (RM)	0.061
P/E multiple (x)	10.0
Implied Fair Value (RM)	0.61

## Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	440.6	385.6	392.2	423.6	452.7
Receivables	316.9	324.7	344.2	353.9	364.6
Inventories	125.1	120.4	127.6	1312	135.2
Other current assets	447.6	6.6	6.6	6.6	6.6
Total Current Assets	1330.2	837.2	870.6	915.4	959.0
Fixed Assets	394.5	375.7	366.9	360.0	354.8
Intangibles	50.7	44.3	38.1	32.7	28.1
Other non-current assets	338.7	346.5	346.5	346.5	346.5
Total Non-current assets	783.9	766.5	751.5	739.1	729.3
Short-term Debt/Lease	1212	102.4	102.5	104.4	106.4
Payables	220.1	215.0	220.6	226.9	234.3
Other Current Liabilities	113.9	27.6	27.6	27.6	27.6
Total Current Liabilities	455.2	345.0	350.7	358.9	368.3
Long-term Debt/Lease	374.0	816	72.7	74.2	75.6
Other non-current liabilities	72.4	59.1	59.1	59.1	59.1
Total Non-current Liabilities	446.4	140.7	131.9	133.3	134.7
Shareholder's equity	1062.5	1088.7	1107.7	1127.4	1147.3
Minority interest	150.0	29.4	315	33.7	36.0
Equity	1212.5	1118.0	1139.1	1161.1	1183.3

## Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	15.9	52.6	93.1	96.8	98.0
Depreciation & amortisation	57.8	49.6	46.7	44.8	43.3
Changes in working capital	134.1	-8.1	-21.1	-7.1	-7.2
Others	-39.1	-84.6	-67.8	-63.2	-64.1
Operating cash flow	168.7	9.4	50.8	71.3	70.1
Net capex	-44.2	-29.8	-316	-32.5	-33.5
Others	75.8	334.7	0.0	0.0	0.0
Investing cash flow	31.7	304.9	-31.6	-32.5	-33.5
Changes in borrowings	-291.1	-72.3	0.1	5.7	5.8
Issuance of shares	-72.3	-291.1	0.0	0.0	0.0
Dividends paid	-18.8	-34.9	-12.6	-13.2	-13.3
Others	256.6	34.7	0.0	0.0	0.0
Financing cash flow	-125.6	-363.6	-12.6	-7.4	-7.5
Net cash flow	74.9	-49.2	6.7	31.4	29.1
Forex	0.0	0.0	0.0	0.0	0.0
Others	-8.9	5.3	0.0	0.0	0.0
Beginning cash	165.1	248.8	194.4	2010	232.4
Ending cash	248.8	194.4	201.0	232.4	261.5
FD and short-term funds	280.7	1912	1912	1912	1912
Total cash & deposits	529.5	385.6	392.2	423.6	452.7

# Initiation Coverage

Friday, 15 Aug, 2025

**BURSA RISE+**  
Brought to you by Bursa Malaysia  
Supported by Capital Market Development Fund

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★★	LNG usage decreased by 41%, dropping from 6,482.1 MMBtu in 2023 to 3,848.7 MMBtu in 2024, leading to substantial cost savings by RM126,795.37 and a marked reduction in Scope 1 emissions.
Waste & Effluent	★★★	Reusing trim carton waste and rejected cartons, CBB effectively reduced its raw material costs. Instead of purchasing Pro Pulp at RM0.65 per kilogramme from suppliers, the company optimises its own discarded materials, reducing landfill waste while maximising available resources.
Energy	★★★	Although Scope 2 emissions rose, but KPS has expanded investment on clean energy, notably solar which generates solar power of 1,936.13 MWh in 2024.
Water	★★★	Toyoplas sources most of its water from the local utility provider. However, one of its Johor-based sites treats and utilises river water from Sg Kulai for sanitary and production use. This initiative reduces dependency on municipal water, offering an effective solution during occasional water cuts while supporting local water conservation efforts
Compliance	★★★	In compliance with local and international environmental regulations

### Social

Diversity	★★★	Workforce demographics indicate that men comprise 63% of the total Group workforce. However, the gender gap narrows in office-based roles, notably at KPS Main Office at Shah Alam, Selangor, where women represent c.52% of employees.
Human Rights	★★★	In 2024, KPS demonstrated its commitment to human rights by conducting a human rights awareness programme through its subsidiary companies, CBB and CPI. This initiative focused on educating employees about child labour and forced labour issues, ensuring that ethical employment practices remain prioritised across all operations
Occupational Safety and Health	★★★	1,092 hours of OSH trainings completed, one worksite incidence in FY23
Labour Practices	★★★	KPS respects the rights of employees across its subsidiary companies to engage in collective bargaining or openly discuss employment-related matters with their respective management teams. Within Toyoplas Indonesia, a structured collective bargaining agreement is in place, established through a union representing eligible employees. As of the end of 2024, 78.9% of Toyoplas' workforce in Indonesia are union members.

### Governance

CSR Strategy	★★★★	In 2024, KPS expanded its SROI measurement to key initiatives, which recorded an average return of 4.82 times, an increase from 2023, which was at 1.53. It means that for every RM1 invested, RM4.82 in social value was created for the beneficiaries, reinforcing the tangible benefits of KPS approach.
Management	★★★	Average board members age @ 59, 2/7 female board composition, 5/7 Independent Directors
Stakeholders	★★★★	Maintains active investor engagement, 1x AGM per annum

Overall ESG Scoring: ★★★

### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to – 10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain + dividend yield

### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Friday, 15 Aug, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.