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Recommendation:	HOLD
Current Price:	RM0.60
Previous Target Price:	RM0.61
Target Price:	↔ RM0.61
Capital Upside/ Downside:	1.7%
Dividend Yield (%)	4.0%
Total Upside/ Downside	5.6%

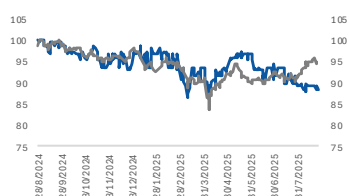
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	5843 / KUPS MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	537.4
Market Cap (RM' m)	319.7
52-Week Price Range (RM)	0.72-0.59
Beta (x)	0.8
Free float (%)	27.2
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.0

Top 3 Shareholders

(%)

Darul Ehsan Inv Gr Bh	57.9
Perbadanan Kemajuan Negeri	5.5
Ng Chiew Eng	4.8

Share Price Performance

	1M	3M	12M
Absolute (%)	-3.3	-9.8	-15.6
Relative (%)	-7.1	-13.7	-12.1

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	1064.7	1128.6	1160.6
PATAMI (RM'm)	17.9	31.6	32.9
CNP (RM'm)	16.6	31.6	32.9
EPS - core (sen)	3.1	5.9	6.1
P/E(x)	19.4	10.2	9.8

Kumpulan Perangsang Selangor Berhad

Results In Line, Outlook Mixed

- KPS's 2QFY25 CNP jumped to RM16.0m (+238.4% YoY, +137.5% QoQ), bringing 6MFY25 CNP to RM22.7m, representing 71.8%/81.6% of our/consensus estimates. We deem the results to be within expectations as we expect softer performance from CBB in the coming quarters.
- Outlook remains mixed, with Toyoplas anchoring growth, MDS contributing gradually, and CBB continuing as a drag.
- Re-iterate our HOLD recommendation with an unchanged target price of RM0.61, based on 10x P/E multiple applied to FY26F EPS. Our target multiple implies a 24% discount to the selected EMS peers' average of 13.1x, reflecting KPS's smaller market capitalisation and structurally lower profit margins.

Results within expectations. 6MFY25 CNP of RM22.7m was within expectations, at 71.8%/81.6% of our/consensus estimates. While earnings were strong in 1HFY25, we expect softer performance from CBB in the coming quarters, as plant closure and intensifying competition from Chinese players could lead to deeper losses, weighing on the Group's overall results in 2HFY25.

YoY. Despite a 4.2% YoY decline in revenue from softer demand for water chemicals and meters, CNP surged 238.4% YoY to RM16.0m, underpinned by stronger Manufacturing contributions and lower finance costs. Manufacturing PBT rose 18.4% YoY, driven primarily by Toyoplas, which benefited from margin expansion on improved product mix and operating efficiency, while MDS registered stronger sales across the healthcare and semiconductor segments.

QoQ. Core net profit more than doubled (+137.5%), far outpacing revenue growth of +10.4%, on stronger Manufacturing and Trading contributions. Toyoplas was the key driver, with higher consumer electronics orders lifting utilisation and supporting margin expansion from a better product mix (PBT +43.3%; margin +2.3%-pts). Trading PBT also improved (+18.1%) on stronger water chemical sales at Aqua-Flo.

Outlook. We expect Toyoplas to remain KPS's key growth driver, underpinned by resilient consumer electronics demand. MDS is progressing well with new product launches from healthcare clients, though earnings contributions will likely remain modest in the near term. In contrast, CBB's utilisation fell to 40% in 2QFY25 (vs. 47% in 2QFY24) on intensifying competition, and we expect the paper packaging arm to incur losses in 2HFY25 as it consolidates operations and phases out sub-optimal production lines.

Earnings Revision. No change to our forecast.

Valuation. Re-iterate **HOLD** rating and a target price of **RM0.61**, based on 10x PE multiple and a three-star ESG rating. Our target multiple implies a 24% discount to the selected EMS peers' average of 13.1x, reflecting KPS's smaller market capitalisation and structurally lower profit margins.

Risks. Stiff competition from both local and international EMS operators, geopolitical and trade disruption, exposed to foreign currency exchange fluctuations.

Results Note

Friday, 29 Aug, 2025

BURSA RISE+
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Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	268.8	280.7	(4.2)	243.5	10.4	512.4	514.6	(0.4)	6MFY25: softer water chemicals/meters offset by Toyoplas demand
EBITDA	7.2	7.9	(8.8)	0.6	1056.2	7.8	(0.1)	nm	
Pre-tax profit	17.6	15.4	13.9	12.3	43.2	29.9	17.7	68.5	
Net profit	11.7	8.8	32.7	7.5	55.8	19.3	2.1	825.8	6MFY25: Boosted by manufacturing recovery, lower finance costs
Core net profit	16.0	4.7	238.4	6.7	137.5	22.7	(5.6)	nm	
Core EPS (sen)	19	0.6	238.4	0.8	137.5	2.7	(0.7)	nm	
EBITDA margin (%)	2.7	2.8		0.3		15	(0.0)		
PBT margin (%)	6.5	5.5		5.0		5.8	3.4		
Core net profit margin (%)	5.9	1.7		2.8		4.4	(11)		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue									
Manufacturing	227.9	225.5	11	204.3	115	432.2	418.1	3.4	Sustained by Toyoplas/MDS, offsetting softness in other units.
Trading	415	53.4	(22.3)	39.4	5.3	80.9	92.6	(12.7)	Reduced sales of water chemicals owing to the dry season.
PBT									
Manufacturing	23.5	19.8	18.4	16.4	43.3	39.8	29.6	34.6	Driven by Toyoplas' margin expansion and higher utilisation.
Trading	3.3	4.3	(24.4)	2.8	18.1	6.0	6.8	(110)	
PBT margin (%)									
Manufacturing	10.3%	8.8%		8.0%		9.2%	7.1%		
Trading	7.9%	8.1%		7.0%		7.4%	7.3%		

Source: Company, Apex Securities

Results Note

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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	137.2	132.9
Depreciation & Amortisation	-57.8	-49.6	-46.7	-44.8	-43.3
EBIT	28.4	53.6	91.0	92.4	89.6
Net Finance Income/ (Cost)	-16.3	-5.7	-2.9	-0.7	0.1
Associates & JV	3.8	4.8	4.9	5.1	5.2
Pre-tax Profit	15.9	52.6	93.1	96.7	94.9
Tax	-14.5	-33.5	-59.3	-61.6	-60.5
Profit After Tax	1.4	19.1	33.8	35.1	34.4
Minority Interest	-3.0	-12	-2.1	-2.2	-2.2
PATAMI	-1.6	17.9	31.6	32.9	32.2
Exceptionals	-12.3	-13	0.0	0.0	0.0
Core Net Profit	-13.9	16.6	31.6	32.9	32.2

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	-2.6	3.1	5.9	6.1	6.0
P/E (x)	-23.2	19.4	10.2	9.8	10.0
P/B (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	6.1	15	10	0.8	0.7
DPS (sen)	3.5	6.5	2.4	2.4	2.4
Dividend Yield (%)	5.8%	10.8%	3.9%	4.1%	4.0%
EBITDA margin (%)	8.2%	9.7%	12.2%	11.8%	11.1%
EBIT margin (%)	2.7%	5.0%	8.1%	8.0%	7.5%
PBT margin (%)	15%	4.9%	8.2%	8.3%	7.9%
PAT margin (%)	0.1%	1.8%	3.0%	3.0%	2.9%
NP margin (%)	-0.2%	1.7%	2.8%	2.8%	2.7%
CNP margin (%)	-1.3%	1.6%	2.8%	2.8%	2.7%
ROE (%)	-1.1%	1.5%	2.8%	2.8%	2.7%
ROA (%)	-0.7%	1.0%	1.9%	2.0%	1.9%
Gearing (%)	40.8%	16.5%	17.8%	17.8%	17.8%
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	416.7	445.2	471.1
Receivables	316.9	324.7	344.2	353.9	364.6
Inventories	125.1	120.4	127.6	131.2	135.2
Other current assets	447.6	6.6	6.6	6.6	6.6
Total Current Assets	1330.2	837.2	895.0	936.9	977.4
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	113.0	115.0	116.9
Payables	220.1	215.0	220.6	227.2	235.2
Other Current Liabilities	113.9	27.6	27.6	27.6	27.6
Total Current Liabilities	455.2	345.0	361.3	369.7	379.7
Long-term Debt/Lease	374.0	81.6	89.1	90.5	91.9
Other non-current liabilities	72.4	59.1	59.1	59.1	59.1
Total Non-current Liabilities	446.4	140.7	148.2	149.6	151.0
Shareholder's equity	1062.5	1088.7	1105.5	1123.0	1140.1
Minority interest	150.0	29.4	31.5	33.7	35.9
Equity	1212.5	1118.0	1137.0	1156.7	1176.0

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	15.9	52.6	93.1	96.7	94.9
Depreciation & amortisation	57.8	49.6	46.7	44.8	43.3
Changes in working capital	134.1	-8.1	-211	-6.9	-6.6
Others	-39.1	-84.6	-61.5	-63.8	-62.7
Operating cash flow	168.7	9.4	57.2	70.8	68.9
Net capex	-44.2	-29.8	-31.6	-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	18.2	3.4	3.3
Issuance of shares	-72.3	-291.1	0.0	0.0	0.0
Dividends paid	-18.8	-34.9	-12.6	-13.1	-12.9
Others	256.6	34.7	0.0	0.0	0.0
Financing cash flow	-125.6	-363.6	5.5	-9.8	-9.6
Net cash flow	74.9	-49.2	31.1	28.5	25.9
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	225.5	254.0
Ending cash	248.8	194.4	225.5	254.0	279.9
FD and short-term funds	280.7	191.2	191.2	191.2	191.2
Total cash & deposits	529.5	385.6	416.7	445.2	471.1

Results Note

Friday, 29 Aug, 2025

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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(a) nil.