

Research Team

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Recommendation:	HOLD
Current Price:	RM 0.57
Previous Target Price:	RM 0.65
Target Price:	RM 0.52
Capital Upside/Downside:	-8.8%
Dividend Yield (%):	5.2%
Total Upside/Downside	-3.6%

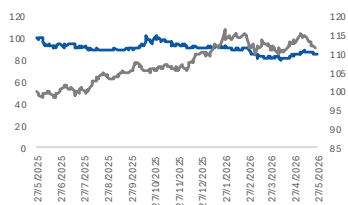
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	5843 / KUPS MK
Syariah Compliant	Yes
ESGRating	***
Shares issued (m)	537.4
Market Cap (RM' m)	306.3
52-Week Price Range (RM)	0.705-0.52
Beta (x)	0.6
Free float (%)	27.2
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.1

Top 3 Shareholders

	(%)
Darul Ehsan Inv Gr Bhd	57.9
Perbadanan Kemajuan Negeri	5.5
Ng Chiew Eng	4.8

Share Price Performance



	1M	3M	12M
Absolute (%)	1.8	-5.0	-14.9
Relative (%)	3.6	-4.0	-23.7

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM' m)	1043.3	1039.8	1071.0
PATAMI (RM' m)	39.7	22.6	28.1
CNP (RM' m)	28.2	22.6	28.1
EPS - core (sen)	5.2	4.2	5.2
P/E(x)	10.9	13.6	10.9

Kumpulan Perangas Selangor Berhad

Weak quarter; cut forecasts but maintain HOLD

- KPS recorded 1QFY26 core net profit of RM2.0m (-70% YoY), coming in below expectations at 6% of our FY26F forecast and 5% of consensus, dragged by weaker manufacturing contributions as customers adopted a wait-and-see approach amid geopolitical uncertainties.
- Near-term outlook remains cautious as Toyoplas, CPI and MDS face uneven demand amid shifting customer portfolios, while CBB continues to grapple with intense competition in low-margin packaging. Aqua-Flo should remain steady, supported by domestic water operator contracts.
- We cut FY26/27F core net profit by 35%/20% to RM22.6m/RM28.1m and introduce FY28F of RM31.3m. Maintain HOLD with a lower TP of RM0.52 (from RM0.65) based on 10x FY27F earnings.

Below expectations. KPS recorded 1QFY26 core net profit of RM2.0m (-70% YoY, nm QoQ from -RM3.7m in 4QFY25), coming in well below our expectation at only 5.7% of our FY26F forecast of RM34.8m and 5.4% of consensus. 1QFY26 core net profit was arrived after excluding gain on fair value of short-term funds (-RM0.7m) and net forex gain/loss (-RM0.7m gain, +RM1.7m loss, netting to +RM1.0m) from reported PATAMI of RM2.4m.

QoQ. Revenue declined 20.6% from 4QFY25 due to lower contributions from both manufacturing (-18.9%) and trading (-27.3%) segments, as customers moderated their ordering patterns following the inventory build-up in prior quarters. However, core PATAMI turned positive at RM2.0m (4QFY25: -RM3.7m) mainly due to a better product mix and a lower effective tax rate of 60.1% (4QFY25: 67.0%). EBITDA margin improved to -2.2% (4QFY25: -4.2%), though remained negative.

YoY. Core earnings plunged 70% YoY, primarily due to (i) a 15.7% decline in manufacturing revenue as Toyoplas, CPI and MDS experienced a pullback in orders amid softer global consumer electronics demand as customers adopted a wait-and-see approach amid ongoing geopolitical uncertainties, (ii) 7.3% decline in trading revenue from lower water chemical sales at Aqua-Flo owing to the dry season, and (iii) share of JV results swinging to a loss of RM0.4m (1QFY25: +RM0.8m). CBB continued to face headwinds from intense competition and pricing pressure from low-cost Chinese exports.

Outlook. We remain cautious on KPS's near-term outlook amid persistent macro headwinds. Toyoplas, CPI and MDS are expected to face uneven revenue as customers adjust portfolios amid shifting demand dynamics. CBB faces continued pressure from intense competition in low-margin packaging. Aqua-Flo should deliver steady performance supported by domestic water operator contracts.

Earnings Revision. We cut our FY26/27F core net profit forecasts by 35%/20% to RM22.6m/RM28.1m respectively, to reflect the weaker-than-expected manufacturing contribution amid soft consumer sentiment and global uncertainties from geopolitical tensions. We also introduce our FY28F core net profit forecast of RM31.3m.

Valuation. We maintain our **HOLD rating but with a lower TP of RM0.52** (from RM0.65), based on 10x FY27F core EPS of 5.2 sen and a three-star ESG rating. Our target PE of 10x is warranted given the weak near-term earnings trajectory and limited near-term catalysts. At the current price of RM0.57, the stock trades at 10.9x FY27F PE, leaving limited downside but insufficient upside to justify a more constructive stance given the subdued earnings outlook.

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	208.2	243.5	(14.5)	262.3	(20.6)	208.2	243.5	(14.5)
EBITDA	(4.6)	0.6	nm	(10.9)	(57.7)	(4.6)	0.6	nm
Pre-tax profit	6.8	12.3	(45.0)	3.4	101.2	6.8	12.3	(45.0)
Net profit	2.4	7.5	(68.7)	0.1	2,046.4	2.4	7.5	(68.7)
Core net profit	2.0	6.7	(69.9)	(3.7)	nm	2.0	6.7	(69.9)
Core EPS (sen)	0.2	0.8	(69.9)	(0.4)	nm	0.2	0.8	(69.9)
EBITDA margin (%)	(2.2)	0.3		(4.2)		(2.2)	0.3	
PBT margin (%)	3.2	5.0		1.3		3.2	5.0	
Core net profit margin (%)	1.0	2.8		(1.4)		1.0	2.8	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue								
Manufacturing	172.2	204.3	(15.7)	212.4	(18.9)	172.2	204.3	(15.7)
Trading	36.5	39.4	(7.3)	50.2	(27.3)	36.5	39.4	(7.3)
PBT								
Manufacturing	11.4	16.4	(30.3)	16.8	(32.0)	11.4	16.4	(30.3)
Trading	3.4	2.8	22.5	2.5	33.8	3.4	2.8	22.5
PBT margin (%)								
Manufacturing	6.6%	8.0%		7.9%		6.6%	8.0%	
Trading	9.3%	7.0%		5.0%		9.3%	7.0%	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1064.7	1043.3	1039.8	1071.0	1109.0
Gross Profit	191.3	181.9	160.1	172.3	183.0
EBITDA	103.2	106.1	76.0	81.5	86.0
Depreciation & Amortisation	-49.6	-48.0	-44.7	-42.7	-41.1
EBIT	53.6	58.1	31.2	38.8	44.9
Net Finance Income/ (Cost)	-5.7	-4.7	-2.5	-2.2	-2.1
Associates & JV	4.8	2.0	2.0	2.1	0.0
Pre-tax Profit	52.6	55.3	30.8	38.6	42.8
Tax	-33.5	-11.5	-6.4	-8.1	-8.9
Profit After Tax	19.1	43.8	24.4	30.6	33.9
Minority Interest	-1.2	-4.1	-1.8	-2.4	-2.6
PATAMI	17.9	39.7	22.6	28.1	31.3
Exceptionals	-1.3	-11.5	0.0	0.0	0.0
Core Net Profit	16.6	28.2	22.6	28.1	31.3

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.1	5.2	4.2	5.2	5.8
P/E(x)	18.5	10.9	13.6	10.9	9.8
P/B(x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA(x)	1.0	0.6	0.6	0.4	0.3
DPS (sen)	6.5	3.0	1.7	2.1	2.3
Dividend Yield (%)	11.4%	5.2%	2.9%	3.7%	4.1%
EBITDA margin (%)	9.7%	10.2%	7.3%	7.6%	7.8%
EBIT margin (%)	5.0%	5.6%	3.0%	3.6%	4.1%
PBT margin (%)	4.9%	5.3%	3.0%	3.6%	3.9%
PAT margin (%)	1.8%	4.2%	2.3%	2.9%	3.1%
NP margin (%)	1.7%	3.8%	2.2%	2.6%	2.8%
CNP margin (%)	1.6%	2.7%	2.2%	2.6%	2.8%
ROE (%)	1.5%	2.5%	2.0%	2.4%	2.7%
ROA (%)	1.1%	1.8%	1.4%	1.8%	1.9%
Gearing (%)	11.6%	11.6%	11.6%	11.5%	11.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.052
P/E multiple (x)	10.0
Implied Fair Value (RM)	0.52

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	385.6	365.6	402.7	426.8	450.9
Receivables	324.7	298.9	297.9	306.9	317.8
Inventories	120.4	114.1	113.7	117.2	121.3
Other current assets	6.6	33.3	33.3	33.3	33.3
Total Current Assets	837.2	812.0	847.7	884.2	923.3
Fixed Assets	375.7	357.2	347.5	339.6	333.7
Intangibles	44.3	36.5	30.6	25.7	21.6
Other non-current assets	346.5	320.1	320.1	320.1	320.1
Total Non-current assets	766.5	713.7	698.1	685.4	675.3
Short-term Debt/Lease	112.0	81.2	82.2	83.3	84.7
Payables	215.0	211.8	216.8	221.9	228.8
Other Current Liabilities	18.0	14.5	14.5	14.5	14.5
Total Current Liabilities	345.0	307.6	313.6	319.8	328.0
Long-term Debt/Lease	81.6	48.3	48.8	49.4	50.2
Other non-current liabilities	59.1	51.3	51.3	51.3	51.3
Total Non-current Liabilities	140.7	99.5	100.1	100.7	101.5
Shareholder's equity	1088.7	1087.3	1099.0	1113.5	1130.9
Minority interest	29.4	31.4	33.2	35.6	38.2
Equity	1118.0	1118.6	1132.2	1149.1	1169.1

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	52.6	55.3	30.8	38.6	42.8
Depreciation & amortisation	49.6	48.0	44.7	42.7	41.1
Change in working capital	-8.1	25.7	6.4	-7.3	-8.2
Others	-84.6	-36.3	-8.2	-10.5	-11.6
Operating cash flow	9.4	92.8	73.7	63.6	64.2
Net capex	-29.8	-34.3	-29.1	-30.0	-31.1
Others	334.7	3.9	0.0	0.0	0.0
Investing cash flow	304.9	-30.4	-29.1	-30.0	-31.1
Change in borrowings	-72.3	-63.8	1.5	1.8	2.2
Issuance of shares	-291.1	-2.8	0.0	0.0	0.0
Dividends paid	-34.9	-16.1	-9.0	-11.3	-11.3
Others	34.7	-16.3	0.0	0.0	0.0
Financing cash flow	-363.6	-99.0	-7.6	-9.4	-9.1
Net cash flow	-49.2	-36.6	37.0	24.2	24.0
Forex	0.0	0.0	0.0	0.0	0.0
Others	5.3	-0.4	0.0	0.0	0.0
Beginning cash	248.8	194.4	365.6	402.7	426.8
Ending cash	194.4	158.1	402.7	426.8	450.9
FD and short-term funds	191.2	207.5	0.0	0.0	0.0
Total cash & deposits	385.6	365.6	402.7	426.8	450.9

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Absolute emissions fell 2.4% to 40,712 tCO ₂ e with a 45% intensity reduction target by 2030 formalised.
Waste & Effluent	★★★	CBB reuses trim carton waste and rejected cartons. Instead of purchasing Pro Pulp at RM0.65 per kg from suppliers, the company optimises its own discarded materials, reducing landfill waste while maximising available resources.
Energy	★★★	Solar generation jumped 166% to 5,154 MWh; renewables now represent 8.2% of total energy consumption (vs. 3.1% prior year); RM2.5M cost savings realised.
Water	★★★	Group-wide withdrawal decreased 10.5% to 250.4 million litres; river abstraction from Sungai Kulai quantified at 15.7M litres; facilities confirmed as not in water-stressed zones
Compliance	★★★	16 Group-wide policies revised and 1 new policy introduced in FY2025; ABC Policy updated March 2025; Sustainability Framework realigned with NSRF.

Social

Diversity	★★★	Board is 75% male / 25% female (2 of 8), below 30% MCCG target; SM is 43% women (3 of 7); BSP updated to prioritise women director appointments.
Human Rights	★★★	COBE revised May 2025 embedding human rights, anti-corruption, and PRIDE values across all Group employment levels.
Occupational Safety and Health	★★★	Lost Time Injuries dropped 80% (10 → 2), zero fatalities, and total training hours rose 155% to 26,782 hours. A clear material improvement.
Labour Practices	★★★	Coaching and Mentoring Programme launched in 2025 for SM and middle management; collective bargaining rights maintained at Toyoplas Indonesia (78.9% union members).

Governance

CSR Strategy	★★★★	ESG-related KPIs rose to 23% of evaluation criteria (up from 9% in FY2024); SBC meets 3x/year; CSC Committee meets biannually to assess ESG risks.
Management	★★★	8 directors (62.5% independent), 2/8 female (25%), new Chairman appointed May 2025; ABE 2025 rated "Above Expectation"; Board avg age 40–75.
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.