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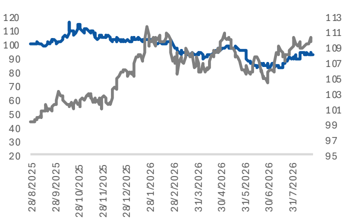
Recommendation:	↓	SELL
Current Price:		RM 0.55
Previous Target Price:		RM 0.52
Target Price:	↓	RM 0.44
Capital Upside/Downside:		-20.0%
Dividend Yield (%):		3.2%
Total Upside/Downside		**-16.8%**

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)	295.6
52-Week Price Range (RM)	0.705-0.485
Beta (x)	0.4
Free float (%)	25.2
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.0

Top 3 Shareholders	(%)
Darul Ehsan Investment Group Bhd	57.9
Perbadanan Kemajuan Negeri	5.5
Ng Chiew Ming	5.0

Share Price Performance



	1M	3M	12M
Absolute (%)	1.9	-3.5	-7.6
Relative (%)	0.1	-6.7	-15.8

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	1043.3	925.3	953.1
PATAMI (RM'm)	39.7	19.3	23.6
CNP (RM'm)	28.2	19.3	23.6
EPS - core (sen)	5.2	3.6	4.4
P/E (x)	10.5	15.3	12.5

Source: Company, Apex Securities

Kumpulan Perangsang Selangor Berhad

One-Off Distribution Masks a Weakening Core

- **KPS recorded 1HFY26 core net profit of RM6.6m (-70.8% YoY), coming in below expectations at 34% of our FY26F forecast and 27% of consensus, dragged by lower order volumes from both manufacturing and trading divisions.**
- **We remain cautious on KPS's near-term outlook amid persistent macro headwinds. Nonetheless, management is targeting 2HFY26 performance to improve from 1HFY26.**
- **We cut FY26F/FY27F/FY28F core net profit by 14%/16%/15% to RM19.3m/RM23.6m/RM26.7m.**
- **We downgrade our call from HOLD to SELL with a lower TP of RM0.44 based on 10x FY27F Core EPS of 4.4sen (previously 5.2sen).**

Below expectations. KPS's 2QFY26 recorded a core net profit of RM4.9m, after adjusting exceptional items including fair value gains (-RM0.6m), net forex loss (RM0.6m), and one-off income distribution from SPLASH (RM11.5m). 1HFY26 core net profit came in as RM6.6m, which is below our estimates, accounting for only 34% of our FY26F core net profit forecast and 27% of market consensus.

QoQ. Revenue rose 11.2% QoQ to RM231.5m from RM208.2m in 1QFY26, mainly on higher manufacturing and trading sector revenue as customer orders and Century Bond Bhd's ("CBB") paper division volumes picked up sequentially. While core net profit increased by 173.7% QoQ, mainly due to higher revenue contribution in the current quarter.

YoY. Revenue fell 14% YoY to RM231.5m from RM268.8m, due to lower sales order volumes in both manufacturing and trading segments, while the stronger Ringgit against the US Dollar more than offset growth in the Communications and Information Technology segment. With that, core net profit declined by 69.6% YoY to RM4.9m (2QFY25: RM16.0m).

Outlook. We stay cautious on KPS's near-term outlook, as management flags continued geopolitical developments, evolving trade policies and foreign exchange volatility as headwinds into 2HFY26. That said, management still guides for 2HFY26 performance to improve from 1HFY26.

Earnings Revision. We cut our FY26F/27F/FY28F core net profit forecasts by 14%/16%/15% to RM19.3m/RM23.6m/RM26.7m (previously RM22.6m/RM28.1m/RM31.3m) respectively, to reflect the weaker-than-expected manufacturing contribution amid soft consumer sentiment and global uncertainties from geopolitical tensions.

Valuation & Recommendation. We **downgrade our call from HOLD to SELL, with a lower TP of RM0.44** (from RM0.52), based on 10x FY27F core EPS of 4.4sen and a three-star ESG rating.

Risks. Prolonged softness in contract manufacturing demand, elevating raw material costs, FX volatility.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	231.5	268.8	*(13.9)*	208.2	*11.2*	439.7	512.4	*(14.2)*
EBITDA	34.4	30.9	*11.4*	20.0	*72.5*	54.4	31.5	*72.4*
Pre-tax profit	24.4	17.6	*38.5*	6.8	*260.7*	31.1	29.9	*4.2*
Net profit	16.3	11.7	*39.1*	1.4	*1,035.4*	17.8	19.3	*(7.8)*
Core net profit	4.9	16.0	*(69.6)*	1.8	*173.7*	6.6	22.7	*(70.8)*
Core EPS (sen)	0.6	1.9	*(69.6)*	0.2	*173.7*	0.8	2.7	*(70.8)*
EBITDA margin (%)	14.9	11.5		9.6		12.4	6.2	
PBT margin (%)	10.5	6.5		3.2		7.1	5.8	
Core net profit margin (%)	2.1	5.9		0.9		1.5	4.4	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
Manufacturing	191.4	227.9	*(16.0)*	171.7	*11.4*	363.1	432.2	*(16.0)*
Trading	40.1	41.5	*(3.3)*	36.5	*9.8*	76.6	80.9	*(5.3)*
PBT								
Manufacturing	15.7	23.5	*(33.2)*	11.4	*37.3*	27.1	39.8	*(32.0)*
Trading	3.5	3.3	*7.4*	3.4	*3.5*	6.9	6.0	*14.3*
PBT margin (%)								
Manufacturing	8.2%	10.3%		6.6%		7.5%	9.2%	
Trading	8.7%	7.9%		9.3%		9.0%	7.4%	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**1064.7**	**1043.3**	**925.3**	**953.1**	**988.4**
Gross Profit	**191.3**	**181.9**	**142.5**	**152.7**	**163.1**
EBITDA	**103.2**	**106.1**	**73.1**	**76.7**	**81.1**
Depreciation & Amortisation	-49.6	-48.0	-44.7	-42.4	-40.4
EBIT	**53.6**	**58.1**	**28.4**	**34.4**	**40.6**
Net Finance Income/ (Cost)	-5.7	-4.7	-2.5	-2.0	-1.9
Associates & JV	4.8	2.0	2.0	2.1	0.0
Pre-tax Profit	**52.6**	**55.3**	**27.9**	**34.4**	**38.7**
Tax	-33.5	-11.5	-7.0	-8.6	-9.7
Profit After Tax	**19.1**	**43.8**	**21.0**	**25.8**	**29.0**
Minority Interest	-1.2	-4.1	-1.6	-2.2	-2.4
PATAMI	**17.9**	**39.7**	**19.3**	**23.6**	**26.7**
Exceptionals	-1.3	-11.5	0.0	0.0	0.0
Core Net Profit	**16.6**	**28.2**	**19.3**	**23.6**	**26.7**

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.1	5.2	3.6	4.4	5.0
P/E (x)	17.8	10.5	15.3	12.5	11.1
P/B (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	0.9	0.3	0.2	-0.1	-0.1
DPS (sen)	6.5	3.0	1.4	1.8	2.0
Dividend Yield (%)	11.8%	5.4%	2.6%	3.2%	3.6%
EBITDA margin (%)	9.7%	10.2%	7.9%	8.1%	8.2%
EBIT margin (%)	5.0%	5.6%	3.1%	3.6%	4.1%
PBT margin (%)	4.9%	5.3%	3.0%	3.6%	3.9%
PAT margin (%)	1.8%	4.2%	2.3%	2.7%	2.9%
NP margin (%)	1.7%	3.8%	2.1%	2.5%	2.7%
CNP margin (%)	1.6%	2.7%	2.1%	2.5%	2.7%
ROE (%)	1.5%	2.5%	1.7%	2.0%	2.3%
ROA (%)	1.1%	1.9%	1.3%	1.5%	1.7%
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)	0.044
P/E multiple (x)	10.0
Implied Fair Value (RM)	**0.44**

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	385.6	365.6	425.0	450.1	474.2
Receivables	324.7	298.9	265.1	273.1	283.2
Inventories	120.4	114.1	101.2	104.3	108.1
Other current assets	6.6	33.3	33.3	33.3	33.3
Total Current Assets	**837.2**	**812.0**	**824.7**	**860.8**	**898.8**
Fixed Assets	375.7	357.2	344.3	333.5	324.9
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**	**694.9**	**679.2**	**666.5**
Short-term Debt/Lease	112.0	81.2	82.0	83.0	84.2
Payables	215.0	211.8	192.8	197.5	203.8
Other Current Liabilities	18.0	14.5	14.5	14.5	14.5
Total Current Liabilities	**345.0**	**307.6**	**289.4**	**295.1**	**302.5**
Long-term Debt/Lease	81.6	48.3	48.7	49.3	49.9
Other non-current liabilities	59.1	51.3	51.3	51.3	51.3
Total Non-current Liabilities	**140.7**	**99.5**	**100.0**	**100.5**	**101.2**
Shareholder's equity	1088.7	1087.3	1097.2	1109.2	1124.0
Minority interest	29.4	31.4	33.0	35.2	37.6
Equity	**1118.0**	**1118.6**	**1130.2**	**1144.4**	**1161.6**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**52.6**	**55.3**	**27.9**	**34.4**	**38.7**
Depreciation & amortisation	49.6	48.0	44.7	42.4	40.4
Changes in working capital	-8.1	25.7	27.7	-6.3	-7.8
Others	-84.6	-36.3	-8.6	-10.8	-12.1
Operating cash flow	**9.4**	**92.8**	**91.8**	**59.7**	**59.3**
Net capex	-29.8	-34.3	-25.9	-26.7	-27.7
Others	334.7	3.9	0.0	0.0	0.0
Investing cash flow	**304.9**	**-30.4**	**-25.9**	**-26.7**	**-27.7**
Changes in borrowings	-72.3	-63.8	1.3	1.5	1.9
Issuance of shares	-291.1	-2.8	0.0	0.0	0.0
Dividends paid	-34.9	-16.1	-7.7	-9.4	-9.4
Others	34.7	-16.3	0.0	0.0	0.0
Financing cash flow	**-363.6**	**-99.0**	**-6.5**	**-7.9**	**-7.6**
Net cash flow	**-49.2**	**-36.6**	**59.4**	**25.1**	**24.1**
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	425.0	450.1
Ending cash	**194.4**	**158.1**	**425.0**	**450.1**	**474.2**
FD and short-term funds	191.2	207.5	0.0	0.0	0.0
Total cash & deposits	**385.6**	**365.6**	**425.0**	**450.1**	**474.2**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Absolute emissions fell 2.4% to 40,712 tCO_2e with a 45% intensity reduction target by 2030 formalised.
Waste & Effluent	★★★	CBB reuses carton waste, reducing landfill waste and replacing Pro Pulp purchases at RM0.65/kg.
Energy	★★★	Solar generation surged 166% to 5,154 MWh, lifting renewables' share to 8.2% from 3.1%, with RM2.5m in cost savings.
Water	★★★	Group-wide water withdrawal fell 10.5% to 250.4m litres, with facilities outside water-stressed zones.
Compliance	★★★	Revised 16 Group-wide policies and introduced one new policy in FY25, with the Sustainability Framework aligned to 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