



Kumpulan Perangsang Selangor enters EMS industry with RM250m purchase of CPI (Penang)

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PETALING JAYA: **Kumpulan Perangsang Selangor Bhd** is buying CPI (Penang) Sdn Bhd for RM250 million cash, gaining entry into the electronic manufacturing services (EMS) industry.

KPS entered into a conditional share sale agreement for the acquisition of 100% equity in CPI from HK Resources Sdn Bhd and TCS Resources Sdn Bhd at an enterprise value-to-earnings before interest, tax, depreciation and amortisation ratio of 6.5 times. KPS will pay for it with internal funds and bank loans.

The purchase comes with a RM25 million profit guarantee for financial year 2018 and RM26 million for 2019.

Founded in 1990, CPI offers complete EMS solutions to its customers, from end-to-end plastic injection moulding services encompassing product design or conceptualisation, tool fabrication and production, to complete box-build services.

CPI currently operates from the Bayan Lepas Industrial Zone in Penang and has a clientele of more than 90 corporations worldwide. It recorded a consistent revenue growth trend in financial years 2015 and 2016 with year-on-year growth of 16% and 17% respectively. Over 50% of the annual revenue is from exports while local sales are primarily to Malaysia-based subsidiaries of multinational groups.

Post-acquisition, KPS intends to retain the senior management team of CPI, including the CEO who is also one of the indirect shareholders of the company.

KPS CEO Ahmad Fariz Hassan said they see tremendous potential in the box-build segment in CPI.

<http://www.thesundaily.my/news/2018/02/14/14022018-205926>