



# CORPORATE PRESENTATION

October 2022

[www.lsk.com.my](http://www.lsk.com.my)

TOWARDS GREEN &  
SUSTAINABILITY IN  
SLEEP TECHNOLOGY

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# COMPANY OVERVIEW

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# COMPANY OVERVIEW

Quick snapshot



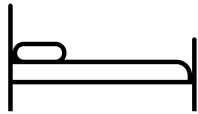
Lee Swee Kiat Group Berhad (LSK) is a public company listed on the Bursa Malaysia Securities Bhd. It was established in year 1975.



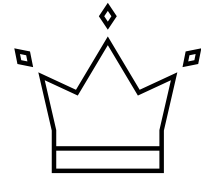
We are one of the most extensive mattress manufacturers in South East Asia with one stop production lines including natural latex foam, and various spring productions.

We operate single branded, multi-branded and factory outlet stores in our direct B2C sales channels.

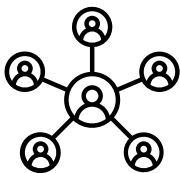
## Competitive advantages



Malaysia's largest natural latex manufacturer in terms of production capacity



The Group has well established brands under its portfolio with strong track record testament

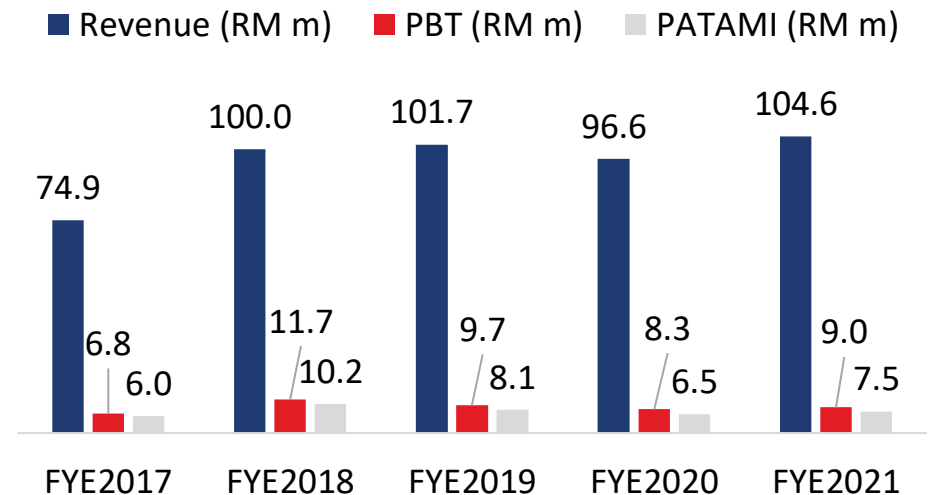


Well diversified sales channel - allowing better control over quality and cost



Strong net cash position with sustainable dividend policy

## Financial highlights







# COMPANY OVERVIEW

## Board of Directors



Executive Directors

◆ **LEE SWEE KIAT**  
*Executive Chairman*

Founder

◆ **DATO' ERIC LEE**  
*Managing Director Cum CFO*

In-charge of overall  
Group operations & finance

◆ **VINCENT LEE**  
*Executive Director*

In-charge of PU foaming  
& Lamination business

Non-Executive Directors

◆ **LEE KONG HOOI**  
*Deputy Chairman*

*Non Independent Non-  
Executive Deputy Chairman*

◆ **RICHARD WONG**  
*Audit Committee Chairman*

Chartered Accountant  
& Audit Firm Partner

◆ **EVONNE NG**  
*Independent Director*

Woman entrepreneur in ergonomic  
furniture industry

◆ **SEOW NYOKE YOONG**  
*Independent Director*

Lawyer  
(Sit in 3 listed companies Board)



# BUSINESS OVERVIEW

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# BUSINESS OVERVIEW

*Largest natural latex bedding manufacturer in Malaysia*



LSK operates as a niche player focusing on high value added 100% natural latex & premium branded bedding.

We produce both finished mattresses, which are sold under its own brands, as well as semi-finished goods (latex foam).

In the finished mattress segment, we also produce spring-based mattresses and polyurethane foam-based mattresses.



2 Manufacturing Facilities

**440,000 sqft**

Production lines

**6**

No. of Employees

**350**

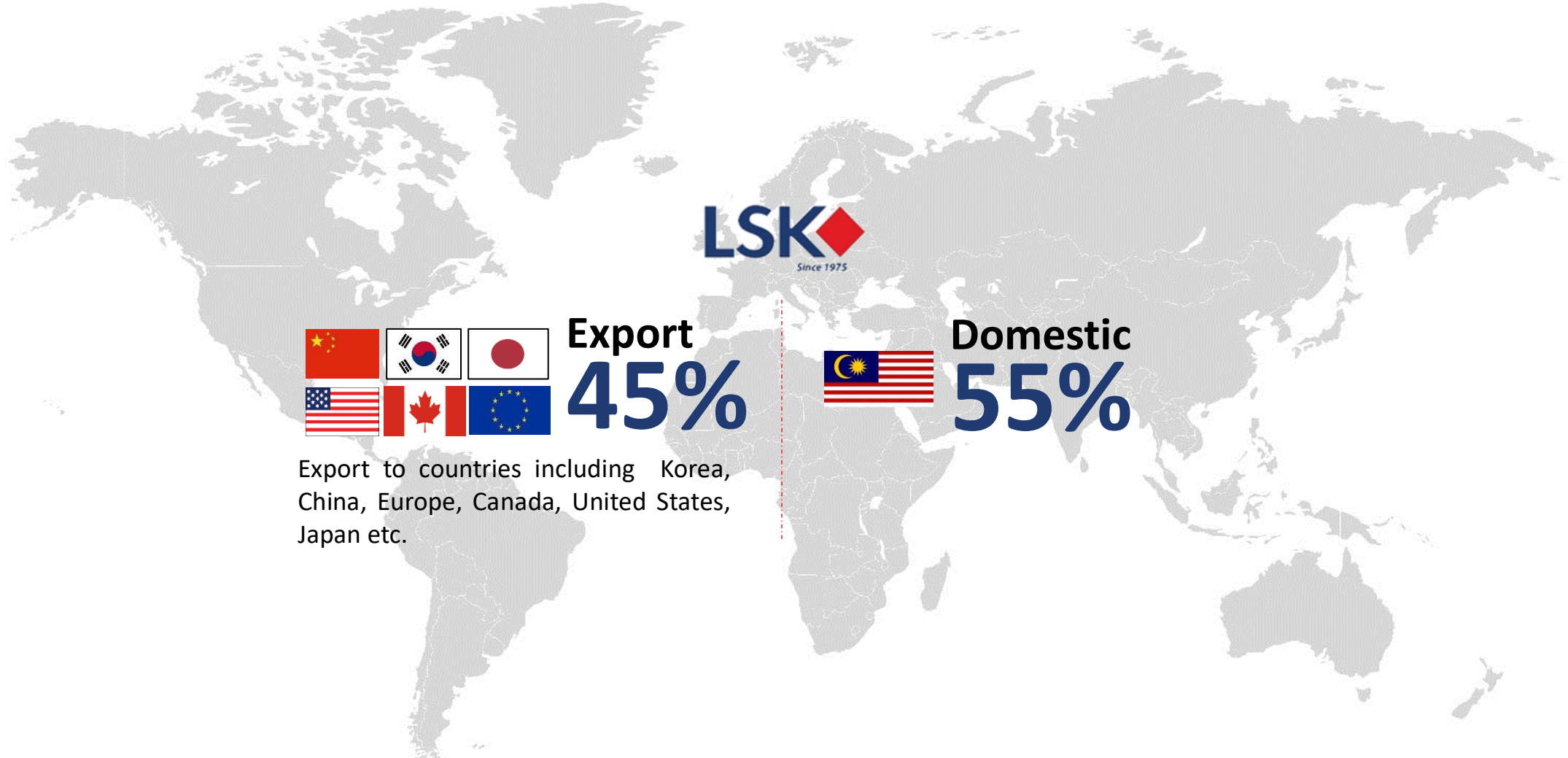
Production capacity (annual)

**7,000 tonnes**



# BUSINESS OVERVIEW

*Geographical business presence*



**Export**  
**45%**

Export to countries including Korea, China, Europe, Canada, United States, Japan etc.

**Domestic**  
**55%**

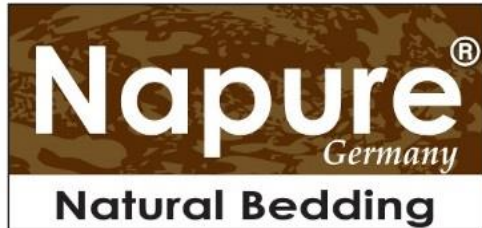


# BUSINESS OVERVIEW

Portfolio of Brands



## Mattress Brands



Malaysia Largest Natural Latex bedding



Top 10 American bedding brand established since 1894



Leading Visco-elastic Mattress in the World



A sub-brand under Englander for Memory foam

## Others



Specialised bedding retail chain stores



Mattress Outlet stores



Leading Recliner from Norway



Italian Mattress & Sofa brand





# BUSINESS OVERVIEW

*Awards and Recognitions*



01. CERTIFIED AS THE LARGEST NATURAL LATEX BEDDING MANUFACTURER

02. **1<sup>st</sup> Aniline Free  
Natural Latex  
Bedding**  
2019

03. THE FIRST CERTIFIED  
GLOBAL ORGANIC LATEX  
MANUFACTURER 2020





# BUSINESS OVERVIEW

## *Awards and Recognitions*



**Golden Bull  
Award 2000**



**Enterprise 50  
2000 - 2003**



**Brand Laureate  
Best Brands Beddings  
2007**



**Asean Master Class  
Award 2016**



**Brand Laureate  
Most Sustainable Brand  
2015 - 2016**





# BUSINESS OVERVIEW

## Awards and Recognitions



**FOCUS**

SPECIAL FOCUS

Issue 1 (Nov 2016)

### MALAYSIA-ASEAN CORPORATE GOVERNANCE TRANSPARENCY INDEX, FINDINGS AND RECOGNITION 2016



**MISSION**  
TO INCREASE SUSTAINABLE SHAREHOLDER VALUE IN COMPANIES THROUGH ENGAGEMENT WITH RELEVANT STAKEHOLDERS, WITH A FOCUS ON MINORITY SHAREHOLDER INTERESTS

**THE** Minority Shareholder Watchdog Group (MSWG) was set up in the year 2009 as a Government initiative to bring about awareness primarily on matters pertaining to minority shareholders interest and corporate governance (CG) through shareholder activism and engagement with stakeholders. Positioned as part of a broader Capital Market framework, MSWG is a professional body licensed under the Capital Market & Services Act 2007. A self-governing and non-profit body, MSWG is funded predominantly by the Capital Market De-

velopment Fund (CMDF). It is an important channel of market discipline to encourage good governance with the objective of creating sustainable value.

MSWG has over the years evolved into both a respected and independent CG research and monitoring organisation in the capital marketplace. It highlights and provides independent views and guidance to investors.

MSWG's four founding organisations are:

- ▶ Ahmad Fuwaz Fund Board (Cetaka Falsafah Angkasa Tembak)
- ▶ Pilgrims Fund Board (Lembaga Tabung Haji)
- ▶ National Equity Corporation (Permodalan Nasional Bhd)
- ▶ Social Security Organisation (Pertubuhan Keselamatan Sosial)

**Background**

The ASEAN CG Scorecard as a methodological body licensed under the Capital Markets Forum (ACMF) and funded by the Asian Development Bank (ADB). Six ASE-

AN countries are involved in this project, namely Malaysia, Thailand, Indonesia, Singapore, the Philippines and Vietnam.

One of the initiatives under the ACMF to drive capital market integration in the region is the ASEAN CG Scorecard which aims to benchmark the region's corporate governance frameworks based on international best practices. It is also targeting to drive awareness in the region to play a significant role in the convergence of international best practices. In recognition of MSWG's track record in carrying out the assessment of CG practices among public listed companies (PLCs) in Malaysia through the Malaysian Corporate Governance (MCG) Index since 2009, MSWG has been appointed as the Domestic Ranking Body for Malaysia and also stands out as one of the pioneers in spearheading the adoption of the ASEAN CG Index in the region.

**Objectives**

The ultimate aim of the CG convergence is to build upon economies of scale to achieve a single asset class which translates to wider

access in the capital market for each member, thus facilitating cross-border fund raising, investments and market access.

The standardisation of the ASEAN CG parameters is expected to:

- ▶ Raise CG standards and practices of ASEAN PLCs as it is benchmarked against global practices and best practices.
- ▶ Showcase and enhance visibility as well as provide well-governed companies in ASEAN internationally, and
- ▶ Complement other ACMF initiatives and to promote ASEAN as an asset class.

**Principles behind the ASEAN CG Scorecard**

The development of the ASEAN CG Scorecard was guided by the following principles:

- ▶ Reflection of global principles and internationally recognised good practices in CG which are applicable to PLCs that may exceed the requirements and legalistic requirements in national legislation.
- ▶ Not based on the lowest common denominator to encourage PLCs to adopt higher standards and aspirations.
- ▶ Comprehensive in coverage to capture the salient elements of CG.
- ▶ Feasible gaps in CG practices among ASEAN PLCs to be identified.
- ▶ Universal and applicable to different markets in ASEAN.
- ▶ Robust methodology to allow accurate assessment of the CG of PLCs beyond minimum compliance and box-ticking, and
- ▶ Extensive and robust quality assurance processes to ensure the independence and reliability of the assessment.

**Methodology**

The ASEAN CG Scorecard is mainly based on disclosures in annual reports and company websites. Other sources of information include company announcements, circulars, articles of association, minutes of shareholders' meeting, corporate governance policies, codes of conduct and sustainability reports.

For 2016, the cut-off date for annual report was 31 July 2016 with assessments done based on the latest website information as of assessment date.

The scorecard comprises two parts which are referred to as Level 1 and Level 2. Level 1 comprises 19 parameters and are divided into five (5) parts to correspond with the Organisation for Economic Co-operation and Development's (OECD) Principles of Corporate Governance as depicted in Figure 1. Each part carries different weightage based on the relative importance of the area.

The OECD Principles are used as the main benchmark for the Scorecard given their global acceptance by policy makers, investors and other stakeholders.

The total bonus and penalty points in Level 2 are added or subtracted from the total score in Level 1 to arrive at the final score of the company.

### List of Top 100 Companies for Overall CG & Performance (by rank)

Focus Msia  
Dec 17-23

NO.	NAME OF COMPANY	NO.	NAME OF COMPANY
1	BURSA MALAYSIA BHD	51	UCHI TECHNOLOGIES BHD
2	TELEKOM MALAYSIA BHD	52	MISC BHD
3	AXIATA GROUP BHD	53	LINGKARAN TRANS KOTA HOLDINGS BHD
4	LPI CAPITAL BHD	54	TUNE PROTECT GROUP BHD
5	MALAYAN BANKING BHD	55	BARAKAH OFFSHORE PETROLEUM BHD
6	TEWAGA NASIONAL BHD	56	BERJAYA AUTO BHD
7	TOP GLOVE CORPORATION BHD	57	AFFIN HOLDINGS BHD
8	ASTRO MALAYSIA HOLDINGS BHD	58	ALLIANCE FINANCIAL GROUP BHD
9	PUBLIC BANK BHD	59	MY E.G. SERVICES BHD
10	RHB CAPITAL BHD	60	GADANG HOLDINGS BHD
11	CIMB GROUP HOLDINGS BHD	61	TRIPLE BHD
12	PETRONAS GAS BHD	62	DUTCH LADY MILK INDUSTRIES BHD
13	ALLIANT MALAYSIA BHD	63	SIGNATURE INTERNATIONAL BHD
14	SIME DARBY BHD	64	7-ELEVEN MALAYSIA HOLDINGS BHD
15	NESTLE (M) BHD	65	MEDIA PRIMA BHD
16	PETRONAS DAGANGAN BHD	66	CARLSBERG BREWERY MALAYSIA BHD
17	SUNWAY CONSTRUCTION GROUP BHD	67	AMMB HOLDINGS BHD
18	DIGLOOM BHD	68	PARAMOUNT CORPORATION BHD
19	MATRIX CONCEPTS HOLDINGS BHD	69	YINSON HOLDINGS BHD
20	PRESTARIANG BHD	70	BUMI ARMADA BHD
21	UEM EDGETTA BHD	71	SCIENTEX BHD
22	PETRONAS CHEMICALS GROUP BHD	72	LBS BINA GROUP BHD
23	BRITISH AMERICAN TOBACCO (M) BHD	73	KLCC PROPERTY HOLDINGS BHD
24	MALAYSIA AIRPORTS HOLDINGS BHD	74	RGB INTERNATIONAL BHD
25	SUNWAY BHD	75	UMW OIL & GAS CORPORATION BHD
26	LM CORPORATION BHD	76	LII HEN INDUSTRIES BHD
27	FELDA GLOBAL VENTURES HOLDINGS BHD	77	MALAYSIAN RESOURCES CORPORATION BHD
28	WESTPORTS HOLDINGS BHD	78	POWER ROOT BHD
29	TALWORKS CORPORATION BHD	79	PANASONIC MANUFACTURING (M) BHD
30	UEM SUNRISE BHD	80	SP SETIA BHD
31	CAHYA MATA SARAWAK BHD	81	MIK BHD
32	DABOCHI PLASTIC & PACKAGING INDUSTRY BHD	82	AMWAY (M) HOLDINGS BHD
33	DELEUM BHD	83	KERJAYA PROSPEK GROUP BHD
34	DATASONIC GROUP BHD	84	POS MALAYSIA BHD
35	HEINEKEN MALAYSIA BHD	85	ECSS ICT BHD
36	SYARUKAT TAKAFUL MALAYSIA BHD	86	MEDIA CHINESE INTERNATIONAL LTD
37	UMW HOLDINGS BHD	87	KUMPULAN PERANGSANG SELANGOR BHD
38	IHH HEALTHCARE BHD	88	UNITED PLANTATIONS BHD
39	CCM OUPHARMA BIOTECH BHD	89	CB INDUSTRIAL PRODUCT HOLDING BHD
40	MSM MALAYSIA HOLDINGS BHD	90	SELANGOR PROPERTIES BHD
41	MALAYSIA BUILDING SOCIETY BHD	91	KUALA LUMPUR KEPONG BHD
42	KPU HEALTHCARE BHD	92	KIM LOONG RESOURCES BHD
43	CL RESOURCES BHD	93	FIMA CORPORATION BHD
44	LM PLANTATIONS BHD	94	AEON CREDIT SERVICE (M) BHD
45	MAXIS BHD	95	STAR MEDIA GROUP BHD
46	FRASER & NEAVE HOLDINGS BHD	96	BINTULU PORT HOLDINGS BHD
47	PADINI HOLDINGS BHD	97	HONG LEONG BANK BHD
48	GO EXPRESS CARRIER BHD	98	SMIS CORPORATION BHD
49	BMB HOLDINGS BHD	99	LEE SWEE KIAT GROUP BHD
50	OSK HOLDINGS BHD	100	ASIA FILE CORPORATION BHD

FIGURE 1: ASEAN CG SCORECARD SECTIONS

SECTION	AREA	OECD PRINCIPLES OF CG	EXAMPLES OF AREAS ASSESSED
PART A	RIGHTS OF SHAREHOLDERS	Principle III. The Rights of Shareholders and Key Ownership Functions The corporate governance framework should protect and facilitate the exercise of shareholders' rights.	Equal rights to share in profits, rights to participate in general meeting, voting process, disclosure of voting results, voting in elections, etc.
		Principle IV. The Equitable Treatment of Shareholders The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.	Voting rights, timely information for effective decisions relating to shareholders, disclosure of any material interest or conflict of interest by board members, disclosure of interest party transactions and whether they are fair and conducted at arm's length, etc.
PART B	EQUITABLE TREATMENT OF SHAREHOLDERS	Principle IV. The Role of Stakeholders in Corporate Governance The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.	Separate corporate social responsibility (CSR) sustainability report, company's efforts to interact with the communities, company's commitment towards broader stakeholders, procedure for complaints by employees, etc.
		Principle V. Disclosure and Transparency The corporate governance framework should ensure that timely and accurate disclosures are made in all material matters regarding the corporation, including the financial statements, performance, ownership, and governance of the company.	Disclosure on shareholding information including beneficial owner, disclosure of direct and indirect shareholdings of directors, disclosure of audit & non-audit fees, channel for communication, comprehensive reporting in annual report, etc.
PART C	ROLE OF STAKEHOLDERS	Principle VI. The Responsibilities of the Board The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.	Role & responsibilities of the board, board charter & code of ethics, term limit of independent director, disclosure of directors' remuneration, board diversity, board committees, board assessments, etc.
PART D	DISCLOSURE & TRANSPARENCY		
PART E	RESPONSIBILITIES OF THE BOARD		

**BONUS & PENALTY ITEMS**

Level 2 contains 23 bonus and penalty items collectively — each with a different number of points. The bonus items are to recognise companies which go beyond items in Level 1 by adding other meaningful good practices. The penalty items are designed to downgrade companies with poor governance practices which are not reflected in their scores for Level 1 such as being sanctioned by regulators for breaches of listing rules. The bonus and penalty items are designed to enhance the robustness of the Scorecard in assessing the extent to which companies apply the spirit of good governance. It should be noted that the Scorecard relies heavily on disclosures made by companies. In this regard, the accessibility of information disclosed is of utmost importance.

91	KUALA LUMPUR KEPONG BHD
92	KIM LOONG RESOURCES BHD
93	FIMA CORPORATION BHD
94	AEON CREDIT SERVICE (M) BHD
95	STAR MEDIA GROUP BHD
96	BINTULU PORT HOLDINGS BHD
97	HONG LEONG BANK BHD
98	SMIS CORPORATION BHD
99	LEE SWEE KIAT GROUP BHD
100	ASIA FILE CORPORATION BHD





# OPERATING HIGHLIGHTS

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# OPERATING HIGHLIGHTS

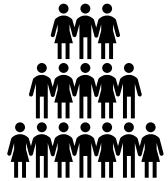
*Strategic collaborations bearing fruit*



- A synergistic collaboration between Cuckoo and LSK to launch Cuckoo Napure mattress a “rental business model”
- This model would allow LSK to receive recurring monthly rental cash flow through a fixed number of instalments

## CUCKOO

- Spearheading all marketing and payments activities
- **60%** revenue ratio



Leveraging on Cuckoo  
45,000 members  
nationwide

### RM1 billion

Cuckoo has hit up a billion  
revenue in 6 years period

## LSK

Since 1975

- Manufacturing, supply and logistics of the mattress products
- **40%** revenue ratio

Sales by channel RM('000)	FYE20	FYE21	1HFY22
Exports	49,260	46,547	17,658
Direct B2C	34,202	32,848	26,208
Wholesale	9,836	9,700	6,753
Others	3,310	5,740	1,921
Cuckoo Napure	N/A	9,798	9,436



# OPERATING HIGHLIGHTS

## Complete acquisition of Italhouse

The Group proposed to acquire the goodwill and assets of Italhouse furniture retail showroom business from TMH and AIH for RM6.9mil for a 70% stake

The Group entered into deed settlement over shortfall of profit guarantee.

The controlling shareholder of TMH and AIH agreed to transfer its shareholding to the Group to waive the remaining balance

### Post acquisition

June 2019

MCO

March 2020 – May 2022

July 2022

Italhouse operation was affected during the pandemic as it is mainly in Johor with >50% market depending on Singaporean buyers as well as Malaysian working in Singapore

- The Group plans to resolve the acquisition of Italhouse furniture by this year.
- Management has seen demand to pick up in Johor’s retail market. At the same time, the Group had engaged several promotional activities as borders had reopen.
- Expect better performance in the coming FY22

*Note:*

*The Mattress House Sdn. Bhd (TMH)*

*Amos Italsofa House Sdn. Bhd (AIH)*





# FINANCIAL HIGHLIGHTS

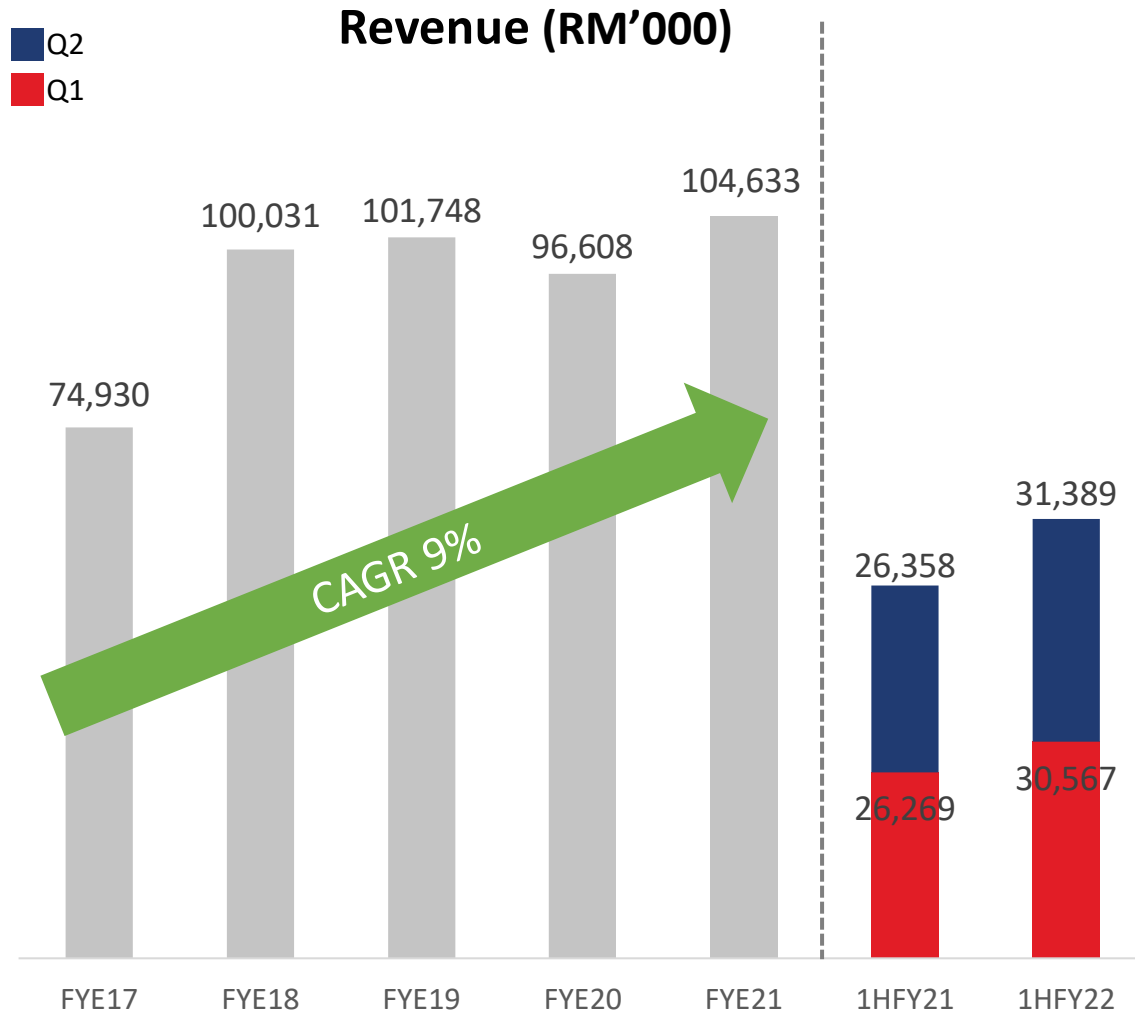
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# FINANCIAL HIGHLIGHTS

## Revenue



### Revenue

- We achieved record revenue of RM104.6 million for 2021, an increased 8.3% from RM96.6 million in 2020, despite the EMCO of 3 months during Q3 of 2021.
- The revenue for the first half improved by 17% on a yoy basis primarily due to better domestic sales for the year



# FINANCIAL HIGHLIGHTS

## Profitability



RM ('000)	FYE2017	FYE2018	FYE2019	FYE2020	FYE2021	1HFY2021	1HFY2022
PBT	6,840	11,736	9,712	8,309	9,047	5,745	8,097
<i>PBT margin</i>	<i>9%</i>	<i>9%</i>	<i>12%</i>	<i>10%</i>	<i>9%</i>	<i>11%</i>	<i>13%</i>
PATAMI	6,033	10,246	8,053	6,497	7,517	4,867	6,801
<i>PATAMI margin</i>	<i>8%</i>	<i>10%</i>	<i>8%</i>	<i>7%</i>	<i>7%</i>	<i>9%</i>	<i>11%</i>
EPS (sen)	3.7	6.3	4.9	4.0	4.7	3.0	4.2

### Profit Before Tax

- The profit before tax for 2021 increased by 9%, despite the implementation of EMCO in Q3 of 2021.
- Moreover, we have taken in an one-off impairment of RM2.7 million on Italhouse investment. Without the impairment, we would have reported a record PBT for 2021.
- The profit before tax for first half 2022 increase by 41% on a yoy basis mainly due to higher level of operating activities without limitation and higher domestic sales.



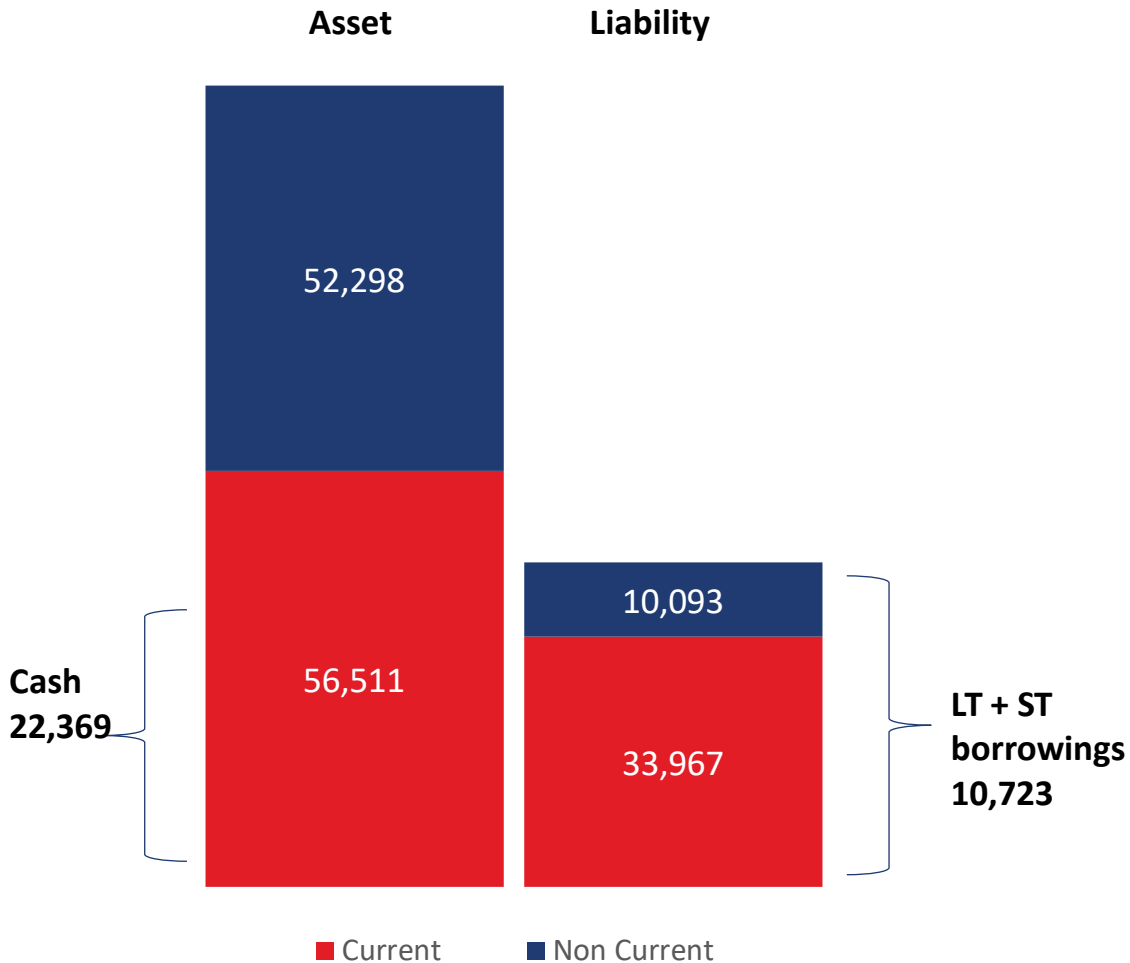


# FINANCIAL HIGHLIGHTS

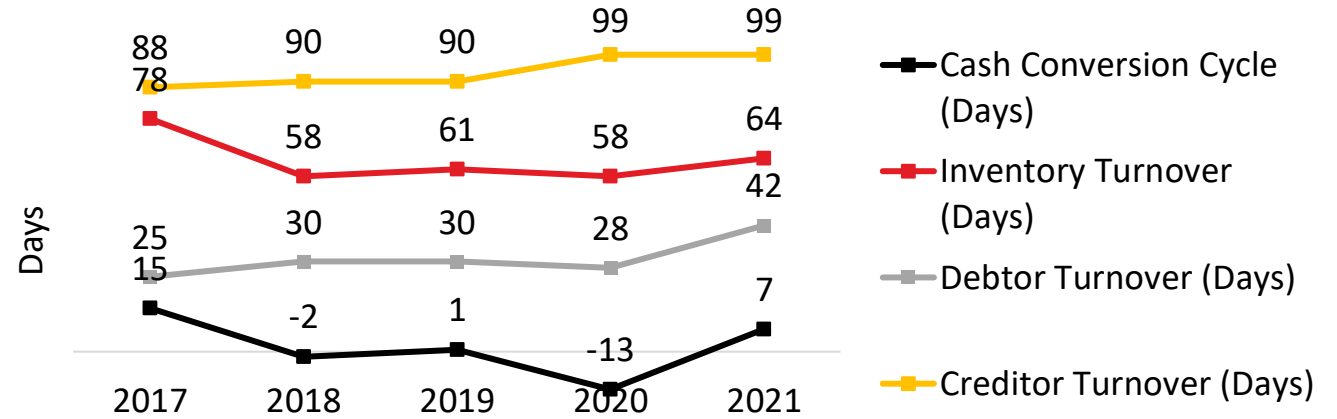
*Net cash with ample space for any opportunity expansion*



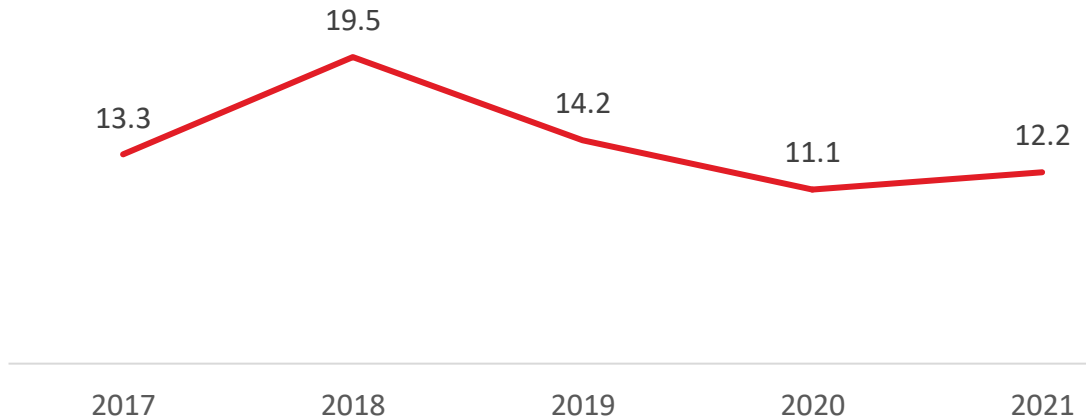
Balance sheet 1HFY22 (RM'000)



## Turnover days



## Return of Equity (%)





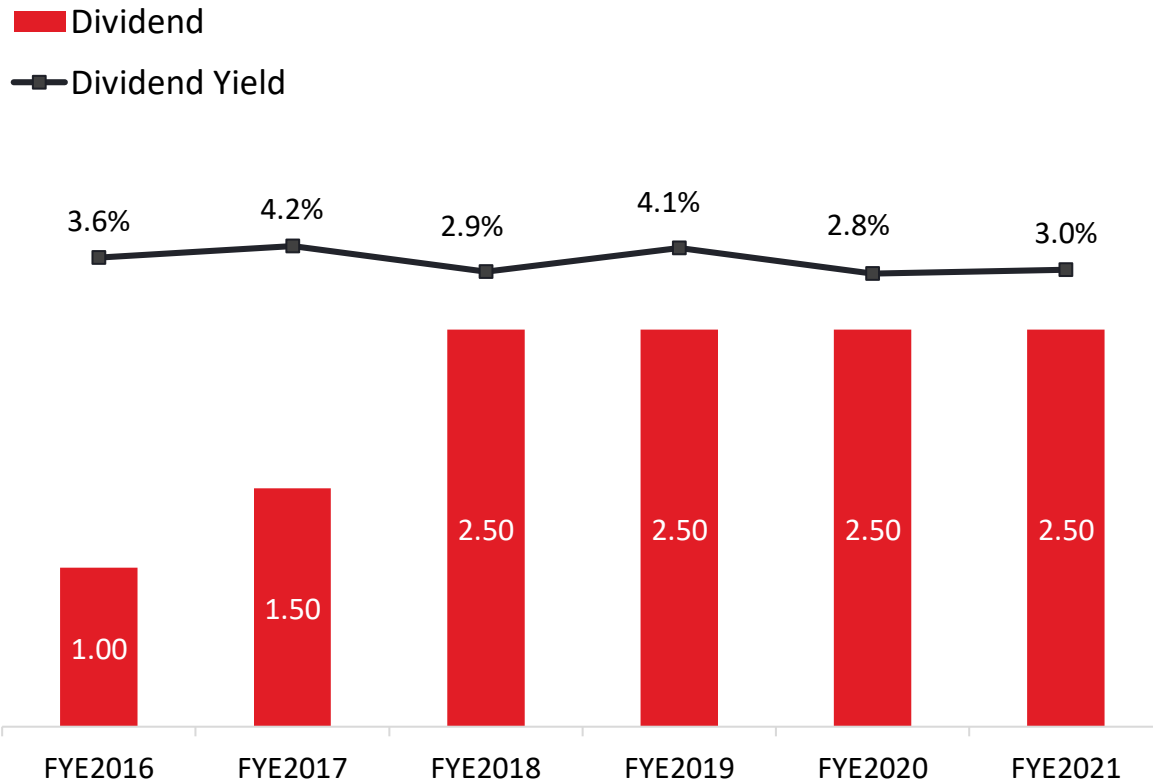
# FINANCIAL HIGHLIGHTS

*Consistent dividend payout to shareholders*

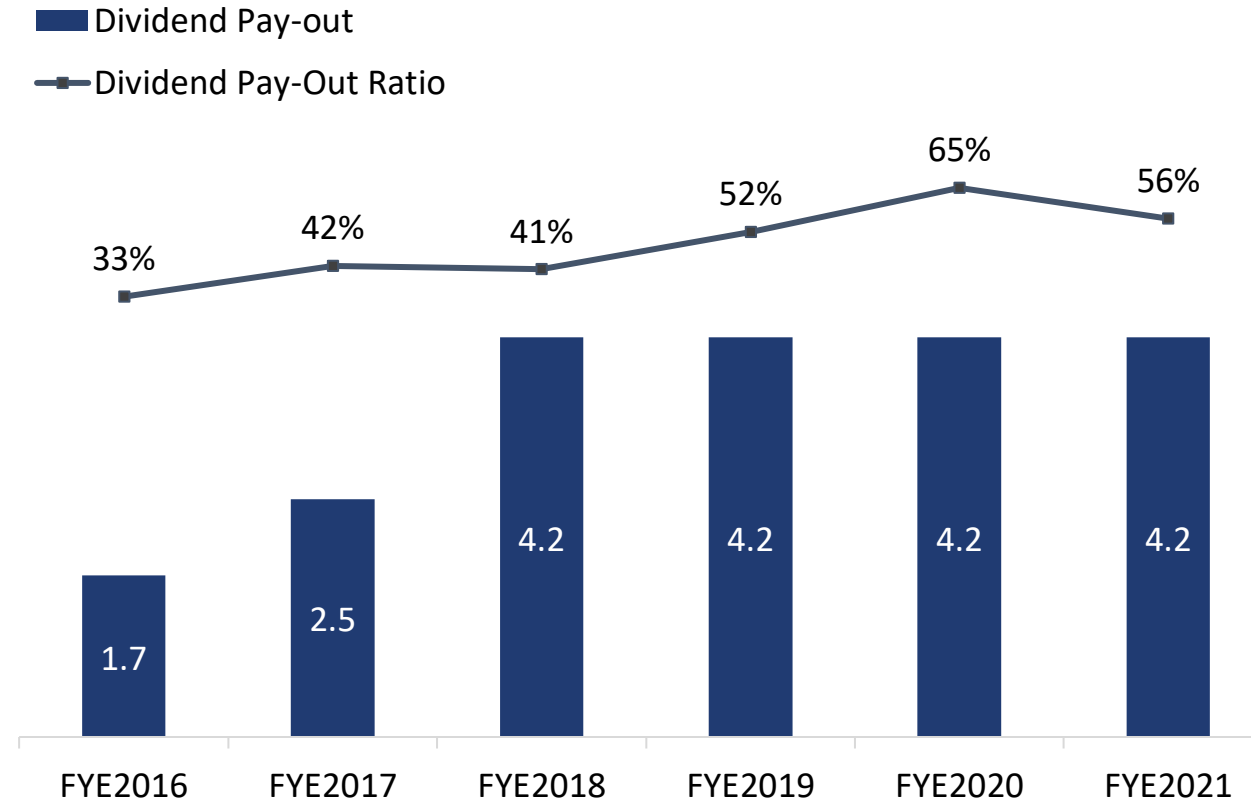


As part of the management principles, we have a dividend policy of minimum 30% of consolidated profit as dividend to reward our shareholders.

### Dividend per share(sen) and Dividend Yield (%)



### Dividend Pay-Out (RM million)



Dividend yields are based on financial year end closing price

TOWARDS GREEN & SUSTAINABILITY IN SLEEP TECHNOLOGY



# INVESTMENT HIGHLIGHTS

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## SUMMARY INVESTMENT HIGHLIGHTS

- 01** We are Malaysia's largest natural latex manufacturer in terms of production capacity. We are streamlining our process through automation as part of our effort to reinforce our market leading position
- 02** The Group has well established brands under its portfolio with strong track record testament
- 03** Collaborations are bearing fruit; sales channel through mattress rental model with Cuckoo is expected to propel the Group's sales while Italhouse is showing signs of recovery
- 04** Strong net cash position with sustainable dividend policy





**THANK YOU**

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Tel: 603 3392 4488



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