



Kelington Group Berhad (501386-P)

Press Release

KELINGTON'S 1H2018 NET PROFIT ALMOST DOUBLED TO RM8.6 MILLION ON STRONGER REVENUE FROM CHINA

Gross profit margin grew to 15% from 12% on better project mix

Kuala Lumpur, 28 Aug 2018 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) has reported a strong set of financial results for the second quarter (“2Q2018”) and six months ended 30 June 2018 (“1H2018”).

Kelington’s net profit in 1H2018 almost doubled to RM8.6 million from RM4.4 million a year ago. 1H2018 revenue stood at RM175.8 million, 39% higher as compared to RM126.1 million in the previous year. The stronger financial performance was mainly driven by a larger number of projects completed under the Ultra High Purity (“UHP”) and Process Engineering divisions, which typically carry higher profit margins. Resulting from the favorable project mix, gross profit margin increased to 15% from 12% a year ago.

Revenue from the UHP division soared 149% to RM138.4 million in 1H2018 as compared to RM55.6 million in 1H2017. Meanwhile, Process Engineering division recorded an 18% increase in revenue to RM24.1 million in 1H2018 against RM20.4 million a year ago. The UHP division remains the largest revenue contributor in 1H2018 at 79% followed by Process Engineering (14%), General Contracting (6%) and Industrial Gases (1%).

Across the various countries Kelington operates in, revenue from China and Singapore grew the strongest. Revenue from China increased by almost four-fold to RM86.4 million compared to RM21.9 million in 1H2017, while revenue from Singapore more than doubled to RM39.8 million from RM18.2 million earlier. Revenue contribution by geographical segments were led by China (49%), Malaysia (24%) and Singapore (23%).

Kelington Group Berhad (501386-P)

3, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong Industrial Park,
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

Tel : (603) 7845 5696 / 7848 3849 Fax : (603) 7845 7097

Commenting on the Group's financial performance, **Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad** said, "The robust performance in 1H2018 reflects the Group's ability to gain traction and expand our footprint in China. Building on this growth, we are expanding our workforce in China to cater to the rising demand for specialised engineering solutions."

"We are also working hard to build up the Group's recurring income business via the Industrial Gases division. In 1Q2018, the Group conducted fund raising activities to accelerate our venture in the manufacturing of liquid carbon dioxide business. We made good progress and have so far successfully raised RM42.8 million via a combination of debt (RM25.0 million) and equity (RM17.8 million) funding. The proceeds will be used for the setup of a new plant that is scheduled to commence operation in 3Q2019."

"We aim to maintain our growth momentum going forward as the Group continues to enjoy healthy orderbook replenishment in China, Malaysia and Singapore. Year-to-date, we have received a total of RM236 million new orders and combined with the carried forward projects from the previous year, the Group's total orderbook increased to RM427 million. Excluding the revenue recognized in 2Q2018, our outstanding orderbook now stands at RM252 million, with the majority of it to be recognized by this year," he added further.

For 2Q2018, the Group's revenue rose 28% to RM89.2 million, as compared to RM69.6 million in 2Q2017, on the back of higher revenue recognised from UHP projects. Net profit rose 88% to RM4.4 million, from RM2.3 million a year ago.

As at 30 June 2018, the Group's financial position continued to strengthen as total borrowings reduced by 33% to RM20.3 million, from RM30.3 million as at 31 December 2017. Net cash strengthened to RM40.0 million from RM31.9 million.

Shareholders' equity (excluding non-controlling interests) increased by 29% to RM100.6 million, attributable to the proceeds injection from the private placement completed in early August 2018, of which RM12.2 million was recognized as at 30 June 2018 and continuous quarterly profit.

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ABOUT KELINGTON GROUP BERHAD (“Kelington” or the “Group”)

Kelington is an integrated engineering solutions provider specializing in ultra-high purity (UHP) gas and chemical delivery systems, mechanical process engineering, mechanical systems and electrical systems. The Group provides end-to-end engineering solutions ranging from system design to fabrication and installation of equipment to testing and maintenance.

Established since 2000, the Group serves customers in the high technology industry across different sectors such as Industrial Gases, Wafer Fabrication, Solar Energy, TFT-LCT, Bioscience and Light Emitting Diode (LED). In line with its expansion plans, Kelington has also expanded its industry focus to include the pharmaceutical, healthcare and oil and gas sectors.

For more information, please log on to <http://kelington-group.com>

Released on behalf of Kelington Group Berhad by Capital Front Investor Relations.

Media Contact:

Keow Mei-Lynn
Capital Front Investor Relations
hp +6 (012) 250 5575
email meilynn@capitalfront.biz

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3, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong Industrial Park,
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