



Kelington Group Berhad (501386-P)

Press Release

KELINGTON STARTS 2019 ON A STRONG FOOTING

Net profit grew 15% YoY to RM4.8 million in 1QFY2019

New orders secured grew 87% YoY to RM146 million in 1Q2019

Kuala Lumpur, 23 May 2019 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) reported a commendable set of financial results for the first quarter ended 31 March 2019 (“1Q2019”).

During the quarter, net profit jumped 15% year-on-year (“YoY”) to RM4.8 million on the back of revenue of RM76.4 million. The improvement in financial performance was mainly attributed to a rise in Ultra High Purity (“UHP”) projects in Singapore which carry higher profit margins. As a result, gross profit margin and net profit margin in 1Q 2019 increased to 18.3% and 6.3% from 14.1% and 4.9% respectively in the same period last year (“1Q2018”).

Geographically, revenue from Singapore grew strongly, up 128% YoY to RM31.1 million in 1Q2019 from RM13.6 million, and surpassed Malaysia as well as China to be the largest revenue contributor to the Group. China came in second at RM22.1 million, representing 29% of total revenue.

The UHP division remained as the key growth driver to the Group’s profitability in 1Q2019 despite recording a lower revenue of RM44.0 million against RM63.3 million a year ago. The reduction in revenue was due to lower contribution recognized from a large UHP project in China, which is nearing completion.

Revenue from Process Engineering division rose 43% YoY to RM20.8 million from RM14.5 million in 1Q2018, on the back of larger projects completed in Malaysia. The UHP and Process Engineering divisions collectively accounted for 85% of the Group’s total revenue, followed by General Contracting at 13% and Industrial Gases at 2%.

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Commenting on the Group's financial performance, **Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad** said, "We had a good start to the year with strong double-digit year-on-year growth in our bottom-line. Business momentum in the first three months of 2019 have been positive as we continued to gain traction in Singapore and China."

"In 1Q2019, we received strong replenishment of orders from the UHP and Process Engineering division. Our accumulated new orders secured grew 87% YoY to RM146 million in 1Q2019 from RM79 million in 1Q2018. The Group's orderbook, inclusive of carried forward projects, was lifted to RM406 million with RM330 million remain outstanding. The healthy orderbook provides us a solid basis for the Group's continued growth in 2019."

"Furthermore, we are making further in-roads in China with the setup of our new subsidiary in ChuZhou, whereby we will conduct in-house fabrication of gas and liquid delivery equipment, and mechanical parts for the semiconductor industry. This will be an expansion to our existing UHP services."

"We are also pleased to share that we are progressing well with the establishment of our new liquid carbon dioxide manufacturing plant in Kerteh, Terengganu, and are on track to commence commercial production by 4Q2019. Over the near term, we expect our growth to be driven by the UHP and Process Engineering businesses as we continue to receive invitations to tender from major industry players across our key operating markets," he added further.

The Group's tenderbook currently stands at approximately RM1.2 billion.

On the financial position, Kelington's balance sheet strengthened to a net cash of RM76.4 million as at 31 March 2019, as compared to RM50.0 million as at 31 December 2018. The Group's total borrowings were pared down by 30% to RM12.0 million from RM17.1 million last year, with gross cash at RM88.5 million. Net cash per share stood at 26 sen.

Shareholders' equity (excluding non-controlling interests) grew 16% to RM134.8 million as at 31 March 2019 from RM116.1 million last year. The increase was mainly attributable to the exercise of convertible warrants 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.

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