



# Kelington Group Berhad (501386-P)

## Press Release

### **KELINGTON RECORDS ROBUST PERFORMANCE IN 1H2019**

*Net profit grew 15% YoY to RM9.9 million in 1H2019*

*Strong growth driven by projects in Singapore and favourable project mix*

**Kuala Lumpur, 22 Aug 2019** – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) delivered solid growth in its financial results for the second quarter (“2Q2019”) and six months ended 30 June 2019 (“1H2019”).

In 2Q2019, Kelington’s revenue grew 7% year-on-year (“YoY”) to RM95.1 million, mainly contributed by the Singapore and Malaysia operations. The Group’s profitability also recorded commendable results with double-digit YoY growth, on the back of favourable project mix. Net profit rose 16% to RM5.1 million from RM4.4 million in 2Q2018. Subsequently, gross profit and net profit margins improved to 15.6% and 5.4%, from 14.9% and 4.9% in 2Q2018, respectively.

During the quarter, the Group benefitted from strong growth in the Process Engineering division, as a result of higher project completion in Singapore. Revenue from Process Engineering jumped more than three-fold to RM33.3 million from RM9.5 million. Meanwhile, revenue from the Ultra High Purity (“UHP”) division grew 26% to RM55.6 million in 2Q2019, from RM44.0 million the previous quarter (“1Q2019”). However, in comparison with 2Q2018, revenue from UHP decreased on lower progress billing recognized from a large UHP project in China, which is nearing to completion. Nevertheless, the UHP division remained as the anchor revenue contributor to the Group at 59%, followed by Process Engineering (35%), General Contracting (5%) and Industrial Gases (1%).

Amongst its regional operations, Singapore was the key revenue contributor and growth driver in 2Q2019. Revenue from Singapore increased 45% YoY to RM37.9 million, representing 40% of total revenue, from RM26.2 million in 2Q2018. Meanwhile, revenue from Malaysia grew 22% to RM24.2 million in 2Q2019 from RM20.0 million in 2Q2018. China operations continued to gain momentum with revenue of RM29.4 million in 2Q2019, up 33% from 1Q2019.

As for the six-month period, Kelington recorded a healthy revenue of RM171.5 million while net profit grew 15% YoY to RM9.9 million against RM8.6 million, despite a seasonally softer quarter

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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



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in 1Q2019. Kelington recorded improvement in its gross profit margin and net profit margin in 1H2019 to 16.8% and 5.8% from 14.5% and 4.9% respectively in 1H2018.

Commenting on the Group's financial performance, **Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad** said, "In the first half of the year, we have channeled our resources to focus on projects that yield higher profit margins while sustaining our top line performance. We are pleased that our continuous efforts have resulted in significant improvement in our profit margins."

"Looking ahead, we expect the growth to continue to be driven by the Singapore operations as it accounts for more than 50% of our current outstanding orderbook of RM312 million. Project order flows from China has also shown positive progress. In the second quarter alone, we have added RM81 million worth of project orders to our orderbook, with a majority from the UHP division, boosting the Group's total new project orders to RM227 million for this year," he added further.

The Group's total orderbook, inclusive of carried forward projects, grew to RM486 million, while its tenderbook currently stands at approximately RM1.2 billion.

"As for our expansion plans, we are delighted to share that we have made encouraging progress in the commissioning of our manufacturing of liquid carbon dioxide ("LC02") business. It is on track to start production in the fourth quarter of 2019 and is expected to boost revenue from the Industrial Gases division from FY2020 onwards," Mr. Gan concluded.

On the financial position, Kelington's balance sheet strengthened to a net cash of RM70.2 million as at 30 June 2019, as compared to RM50.0 million as at 31 December 2018. Total gross cash in hand grew to RM85.9 million exceeding total debt of RM15.7 million. The Group's total debt were pared down by 8% to RM15.7 million as at 30 June 2019 from RM17.1 million as at 31 December 2018. Net cash per share stood at 23 sen.

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Shareholders' equity (excluding non-controlling interests) rose 26% to RM146.4 million as at 30 June 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>

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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](mailto:meilynn@capitalfront.biz)

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