



Press Release

Kelington Group Berhad

(Registration No.199901026486 (501386-P))

KELINGTON POSTS HIGHEST EVER NET PROFIT

FY2019 net profit rose 29% YoY to RM24.0 million

Kuala Lumpur, 26 February 2020 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) today reported its record-breaking financial results for the fourth quarter (“4Q 2019”) and full year ended 31 December 2019 (“FY2019”).

	Quarter ended 31.12.2019	Quarter ended 31.12.2018	Year to date ended 31.12.2019	Year to date ended 31.12.2018
RM million	4Q 2019	4Q 2018	FY 2019	FY 2018
Revenue	111.3	110.6	379.9	350.0
Profit before tax	10.2	7.5	31.4	25.0
Net Profit	7.8	5.4	24.0	18.7

Kelington posted an all-time high revenue of RM379.9 million in FY2019, a 9% increase year-on-year (“YoY”) from RM350.0 million in the previous year’s corresponding period (“FY2018”). Meanwhile, net profit jumped 29% YoY to a record high of RM24.0 million in FY2019, surpassing previous year’s record of RM18.6 million. The better performance was mainly driven by higher contribution from Ultra High Purity (“UHP”) projects in Singapore, which typically carries higher profit margins.

The UHP division remained as the anchor revenue contributor, and accounted for 69% of FY2019 revenue. Revenue from UHP division increased 16% YoY to RM262.9 million in FY2019 from RM226.4 million in FY2018 due to higher projects completion in Singapore. Meanwhile, revenue from Process Engineering grew 20% YoY to RM90.4 million in FY2019 from RM75.6 million a year ago, representing the second largest revenue contributor at 24%. Revenue from the Industrial Gases division rose to RM8.0 million in FY2019 against RM3.6 million a year ago, as it started to recognize revenue from the new liquid carbon dioxide (“LCO2”) plant which was completed in October 2019.

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In terms of geographical breakdown, the Singapore operations was the primary contributor at 47% of total revenue or RM177.6 million, up 59% YoY in FY2019 from RM111.5 million a year ago. Revenue from China was the second largest at 26% followed by Malaysia (24%), Taiwan (2%) and Others (1%).

In 4Q2019, Kelington's revenue stood at RM111.3 million against RM110.6 million in 4Q2018. Net Profit for the quarter under review grew 44% year-on-year from RM5.4 million to RM7.8 million, recording a new quarterly high.

Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad said, "Despite a challenging FY2019 with multiple headwinds across our operations in the key markets, the Group managed to weather the storm and achieved a commendable performance with record-breaking net profit in FY2019."

"Another notable milestone for us was the commencement of our newly setup liquid carbon dioxide manufacturing plant in Kerteh, Terengganu, in October 2019. The newly setup plant has received encouraging interest and contributed its maiden revenue to the Group in 4Q2019. We expect to progressively ramp up production as orders increase, and we anticipate better contribution from this new business resulting from the full year contribution in FY2020 onwards."

"Meanwhile, we continue to replenish our orderbook, especially from the UHP and Process Engineering divisions. Last year, we secured new projects totaling RM386 million."

As at 31 December 2019, the Group carried forward projects amounting to RM266 million into the new year. In the first 2 months of FY2020, it secured RM105 million worth of new projects; bringing the total outstanding orderbook to RM371 million currently.

"Moving forward, we are optimistic that Kelington's growth prospects and outlook remains intact. Our immediate focus is to expand our LCO2 business, locally and beyond Malaysia, while ensuring growth in our engineering services business," he concluded.

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In terms of financial position, the Group's balance sheet continues to remain healthy. As at 31 December 2019, total gross cash in hand stood at RM82.4 million, surpassing total debt of RM38.5 million. Gearing ratio remained manageable at 0.25 times.

Shareholders' equity (excluding non-controlling interests) rose to RM155.4 million from RM116.1 million in the previous 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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