



# Kelington Group Berhad (501386-P)

## Press Release

### **KELINGTON NET PROFIT RISES 84% TO RM7.6 MILLION IN 9M2017**

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*Profitability rises on better operating efficiencies and more favorable project mix*

**Kuala Lumpur, 27 Nov 2017** – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) has reported its financial results for the third quarter ended 30 September 2017 (“3Q2017”).

**Ir. Raymond Gan, Chief Executive Officer of Kelington,** said, “In the beginning of 2017, the Group had implemented various initiatives to increase our cost efficiencies and optimize our project mix to deliver stronger profit margins. We are pleased to announce that our efforts have started to yield results and has positively contributed to the financial results in 3Q2017.”

The Group’s revenue for 3Q2017 rose 43% to RM87.23 million, as compared to RM61.18 million in the same period last year, mainly contributed by an increase in revenue contributions from the Ultra High Purity and Process Engineering divisions. Revenue contributions from these two divisions, which carry higher profit margins, increased to 64% of the Group’s total revenue in 3Q2017 as compared to 22% in 3Q2016. As a result, the Group’s 3Q2017 gross profit margins increased to 14.3% as compared to 10.2% in 3Q2016.

Revenue contribution from all of the Group’s four key operating markets also grew year-on-year (“y-o-y”), with Malaysia (+62%) as the key growth driver, followed by Singapore (+50%), Taiwan (+48%) and China (+43%).

During the quarter under review, the Group’s Profit before tax (“PBT”) more than doubled to RM4.47 million as compared to RM2.07 million in 3Q2016. Subsequently, profit after tax (“PAT”) grew 60% y-o-y to RM3.24 million.

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For the nine months period ended 30 September 2017 (“9M2017”), the Group recorded a revenue of RM213.35 million, 9% lower as compared to the previous year’s corresponding period. The decrease is a result of the management’s efforts to focus more on bottom-line profit growth as compared to top-line revenue growth by optimizing the Group’s project mix and improving cost control.

The Group continued to focus on expanding its core business beyond Ultra High Purity solutions in 9M2017. As a result, revenue from the Process Engineering division grew 191% y-o-y, making up 21% of the Group’s revenue. Meanwhile, revenue from the Ultra High Purity division decreased by 37% due to the absence of revenue recognition from a major project in Singapore secured in 2015 which has been completed.

The newly established Industrial Gases division contributed revenue of RM1.1 million. “We are optimistic of leveraging on our vast business network and industry expertise to achieve better earnings visibility and sustainable recurring revenue stream in this division”, added Ir. Raymond Gan.

Cost optimization efforts led to an improvement in gross profit margins to 12.7% in 9M2017 from 11.0% in 9M2016. PBT improved 120% y-o-y to RM9.53 million with PBT margin increased to 4.5% from 1.9% in the previous year. In 9M2017, the Group reported a lower provision of impairment losses on projects and receivables of RM1.23 million, as compared to RM7.2 million in 9M2016.

PAT rose 84% y-o-y to RM7.59 million against RM4.13 million in the same period last year. Earnings per share improved y-o-y to 3.36 sen from 1.87 sen. The Group’s balance sheet continues to remain healthy and is in a net cash position with total cash of RM35.9 million exceeding total debt of RM27.0 million as at 30 September 2017.

**Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad said,** “The outlook for the year remains optimistic as we continue to enjoy a healthy orderbook replenishment rate. Year-to-date, we have secured new contracts worth RM292 million. The Group has an orderbook on hand of RM454 million, of which RM241 million remains outstanding.”

Moving forward, we remain committed in fortifying our market share across all our operating markets. China will be our key growth driver for the year of 2017 and 2018 as we leverage on the country’s CAPEX expansion in the global semiconductor industry.

Meanwhile, we are also exploring more opportunities to expand our footprint in the industrial gases business. We intend to increase our offerings in this segment with services that will provide us with a stable and recurring income stream over the long term.”

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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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