



Kelington Group Berhad (501386-P)

Press Release

KELINGTON 1H2017 NET PROFIT DOUBLES TO RM4.4 MILLION

*Net profit margin increases on better cost efficiencies,
balance sheet strengthened with reduced borrowings*

Kuala Lumpur, 24 August 2017 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) has reported its financial results for the second quarter ended 30 June 2017 (“2Q2017”).

Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad said “The financial performance reflects the Group’s decision to be selective of its projects, emphasizing quality over quantity and ensuring that the projects deliver healthy profit margins. It also demonstrates the successful outcomes of the Group’s cost cutting measures to improve our operating efficiencies.”

Although the Group’s 2Q2017 revenue decreased by 26% to RM69.6 million, Kelington’s emphasis on improving its cost efficiencies have resulted in 2Q2017 net profit margins improving to 3.4% from 1.9% in the previous year. Net profit increased by 27% to RM2.3 million from RM1.8 million in the previous year.

For the six months period ended 30 June 2017 (“1H2017”), the Group had achieved a better balance of revenue contribution amongst its three main business segments. Whilst Ultra High Purity projects for the semiconductor industry has been its traditional core focus, Kelington has successfully grown its Process Engineering and General Contracting divisions.

In 1H2017, revenue from the Process Engineering division, which bear higher profit margins, grew to 16% of the Group’s total revenue, up from 5% in the previous year. As a result, the Group’s 1H2017 net profit margins improved to 3.5% from 1.2% earlier. 1H2017 net profit more than doubled to RM4.4 million, from RM2.1 million in the previous year. The improvement in net profit is also attributed to the absence of an impairment loss which had impacted the previous year’s financial performance. Earnings per share improved year-on-year to 1.93 sen from 0.95 sen.

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1H2017 revenue stood at RM126.1 million, 27% lower from RM173.0 million in the previous year. 50% of the Group's 1H2017 revenue was contributed by projects in Malaysia, followed by China at 17%, Taiwan at 14% and Singapore at 14%. Projects in Indonesia and Philippines contributed the remaining 5%.

The Group's balance sheet had strengthened with total borrowings reducing by 56% to RM13.9 million as at end June 2017, from RM24.6 million as at end December 2016.

Ir. Raymond Gan added further, "In terms of industry prospects, we are excited about the growing global capex spending in the semiconductor industry for fab construction and fab equipment. This trend augurs well for our operations in Taiwan and China, who are amongst the top three largest spending countries on fab equipment. We have developed a strong track record amongst the semiconductor companies in those countries and aim to clinch a share of the growing capex spending there."

Year-to-date, the Group had secured new orders worth approximately RM180 million. Including the orderbook carried forward from the previous year, the Group has an orderbook on hand of RM342 million, of which RM205 million remains outstanding. The progress billing of the outstanding orderbook will contribute positively to the Group's financial performance.

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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