Kelington to bank on industrial gas foray

PETALING JAYA: Kelington Group Bhd will bank on its foray into industrial gas to drive growth.

In a statement, the integrated engineering solutions provider said yesterday it expects its new industrial gases division to begin contributing to group revenue from the financial year ending Dec 31, 2018, with the recent completion of its first on-site nitrogen gas generator.

The group said its liquid carbon dioxide manufacturing plant in Kerteh, Terengganu, would commence production in the second half of 2019.

According to Kelington CEO Raymond Gan, the group's aim is to grow the industrial gases division so that it could contribute to about 30% of the group's earnings within the next five years.

"We are confident that demand for liquid carbon dioxide will be strong, especially from the food and beverage industries, where it is used for making carbonated drinks and for refrigeration and freezing of food. It is also used by the fabrication and construction industries," Gan said.

"We are constantly exploring new business opportunities to grow the industrial gases division in terms of product range and geographical reach. Our aim is to eventually grow the industrial gases division to represent about 30% of our group's earnings within the next five years," he added.

Kelington's shares fell half a sen yesterday to close at 78.5 sen.

The group's industrial gases division supplies a wide range of industrial gases and specialty gases used by the electronics, semiconductor, food processing, and oil and gas industries.

Kelington secured its first industrial gas contract last year. It was a 10-year contract for on-site supply of nitrogen gas for solar cell manufacturer Q Cells.

The group said the commencement of its liquid carbon dioxide manufacturing plant in the second half of next year would further boost its industrial gases division.

Kelington had secured a 15-year supply agreement to acquire the carbon dioxide waste gas of Petronas Gas Processing Plant to ensure uninterrupted supply of raw material.