



Kelington Group Berhad (501386-P)

Press Release

KELINGTON'S NET PROFIT MORE THAN DOUBLED IN 1Q2018

Boosted by projects in China and improved project mix

Kuala Lumpur, 21 May 2018 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) has reported its financial results for the first quarter ended 31 March 2018 (“1Q2018”).

During the quarter under review, the Group’s net profit more than doubled to RM4.2 million from RM2.1 million in the previous year’s corresponding period (“1Q2017”). Profit before tax almost tripled to RM6.4 million as compared to RM2.4 million in 1Q2017. Meanwhile, gross profit more than doubled to RM12.2 million from RM5.6 million a year ago. The improved earnings were attributed to the Group’s effort in selectively bidding for projects that carry higher profit margins and better cost control.

The Group’s revenue also registered better performance at RM86.5 million in 1Q2018 from RM56.5 million, representing an increase of 53% year-on-year (“y-o-y”), on the back of higher contributions from China and Singapore.

Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad said, “We made a good start into the new fiscal year with accelerated financial and operating performance as compared to last year. The better performance was mainly driven by our strategic expansion into China. During the quarter, China has contributed significantly to our revenue growth and orderbook size, especially for projects under the UHP division. Year-to-date, we have secured new projects worth approximately RM77 million with an orderbook in hand of RM267 million, of which RM181 million remains outstanding.”

“We are also thrilled to announce that we have successfully completed our very first on-site nitrogen gas plant installation at our clients’ facilities. The plant has commenced its operations in early March this year and registered its maiden contribution in 1QFY2018. Meanwhile, our liquid carbon dioxide (“LCO2”) manufacturing plant is under construction and is on track to come on stream in 2019, upon which we expect higher revenue contribution from the Industrial Gas division.”

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China's revenue contribution increased by almost four-fold to RM46.7 million in 1Q2018 from RM11.8 million earlier, as the Group secured larger projects under the Ultra High Purity ("UHP") division. China overtook Malaysia as the primary revenue contributor, representing 54% of the Group's total revenue. Malaysia came in second at 26%, followed by Singapore (16%) and Taiwan (4%).

The UHP and Process Engineering division, which typically carry higher profit margins, were the two largest revenue contributors, representing 90% of the Group's total revenue in 1Q2018 as compared to 51% in 1Q2017. UHP's revenue contribution rose by 169% to RM63.4 million in 1Q2018 as compared to RM23.6 million in the preceding year. Process Engineering division revenue grew by 175% to RM14.6 million, from RM5.3 million previously.

As of 31 March 2018, the Group's financial position strengthened further to a net cash position of RM49.3 million as at 31 March 2018 from net cash of RM31.9 million as at 31 December 2017, with total cash of RM81.5 million exceeding total debt of RM32.1 million. Net Cash per share stood at 20.1 sen. Shareholder equity (excluding non-controlling interests) rose 22% to RM95.6 million, on the back of continuous quarterly profit, proceeds injection from private placement in March 2018 of RM12.2 million, as well as proceeds from employees shares option exercise of RM1.1 million.

"Moving forward, China remains as our key growth area as we aim to strengthen our footing in this prominent semiconductor market. In the meantime, we will continue to accelerate our growth plans for the Industrial Gases business. We are optimistic that these strategic growth plans will augur well for the Group's long-term resilience and competitiveness," he added further.

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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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