



KELINGTON GROUP BERHAD

We engineer solutions

Corporate Presentation

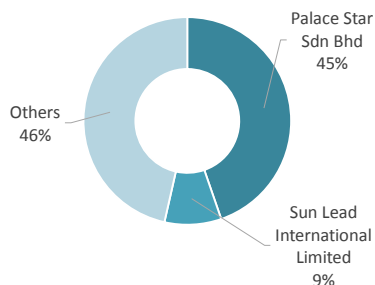
March 2017



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Company Snapshot

Shareholding Structure



**CEO Ir. Gan Hung Keng and COO Mr. Ong Weng Leong are the largest shareholders via Palace Star Sdn Bhd*

Dividend Policy

25% of PATAMI



As at 27 March 2017

Share price	54 sen
No. of shares issued	225.5 million
Market Cap	RM 121.8 million
Listing Board	Main Market
Listing Date	November 2009
Shariah Status	Shariah Compliant



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Business Activities

UHP Delivery Systems

- Engineer solutions that ensure safe handling of ultra high purity (UHP) gases and chemicals all the way from source to equipment to waste disposal.



Process Engineering

- From customized skid fabrications to large scale plant constructions, we provide end-to-end process engineering services encompassing design, fabrication and maintenance.



General Contracting

- Full range of general contracting and construction management services. Vast experience in completing commercial, industrial, and institutional projects.



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Notable project references

UHP Delivery Systems

Supply and install bulk gas and specialty gas delivery system, associated distribution piping, supply of gas cabinet, valve manifold box and panel	Silterra, Kulim, Malaysia
Supply and install bulk gas distribution piping of hydrogen gas system from existing and new gas yard to fab building	Micron, Singapore

Process Engineering

Turnkey demolition and re-construction of spray tower for KL-Kepong Palmamide plant	Kuala Lumpur Kepong Berhad, Rawang, Malaysia
Installation of field erected carbon steel refinery oil storage tanks	Petron, Port Dickson, Malaysia
Construction of 800 m ³ spherical ball tanks for high pressure gas storage and 3000 m ³ LIN tank, including infrastructural piping and foundation work	Suzhou Samsung Electronics Co Ltd, China

General contracting

Design, supply and install site preparation and temporary facilities – 5 major buildings, 2000 workers temporary facilities	BASF Petronas Chemical
General contractor for progressive built, small project, tool installation and rigging, turnkey construction including civil, steel structural, architectural, mechanical, process, electrical, waste, fire fighting, insulation works, etc	World largest chip manufacturer, Penang

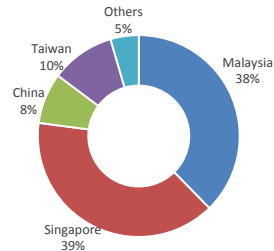


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Malaysia and Singapore contribute >70% to total revenue



Revenue breakdown by countries in FY2016

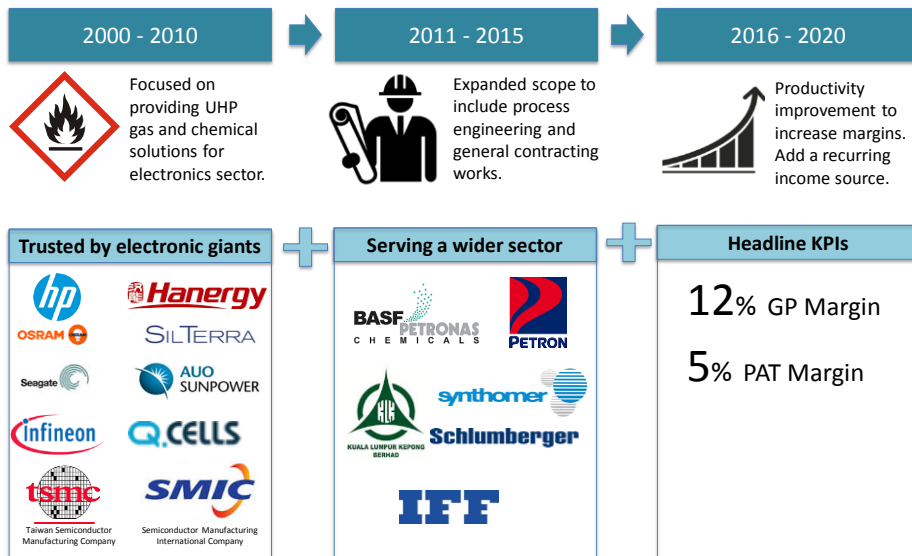


Revenue	FY2015 (RM m)	FY2016 (RM m)	% growth
Malaysia	75.7	128.7	70%
Singapore	74.5	134.7	81%
China	23.1	27.8	20%
Taiwan	9.6	35.1	267%
Others	23.5	15.4	(34%)
Total	206.4	341.6	66%



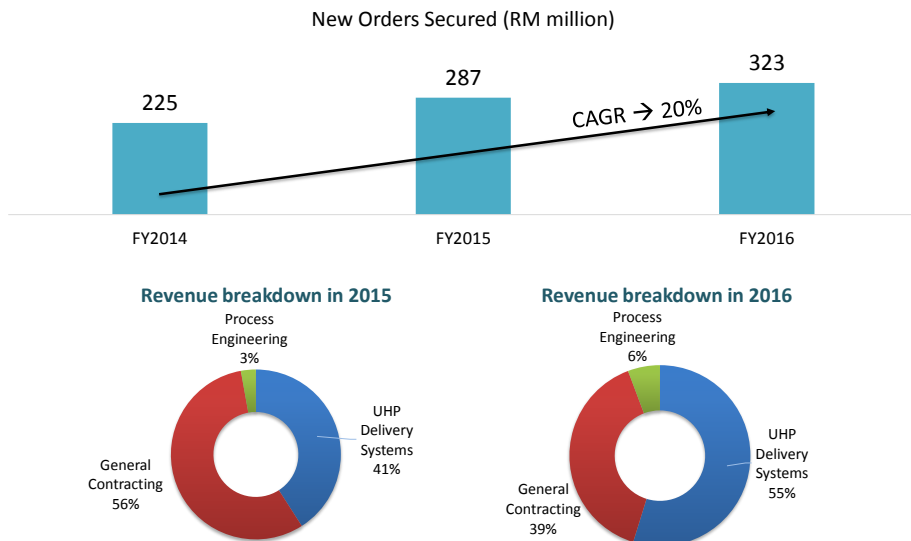
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Our journey so far and our future plans



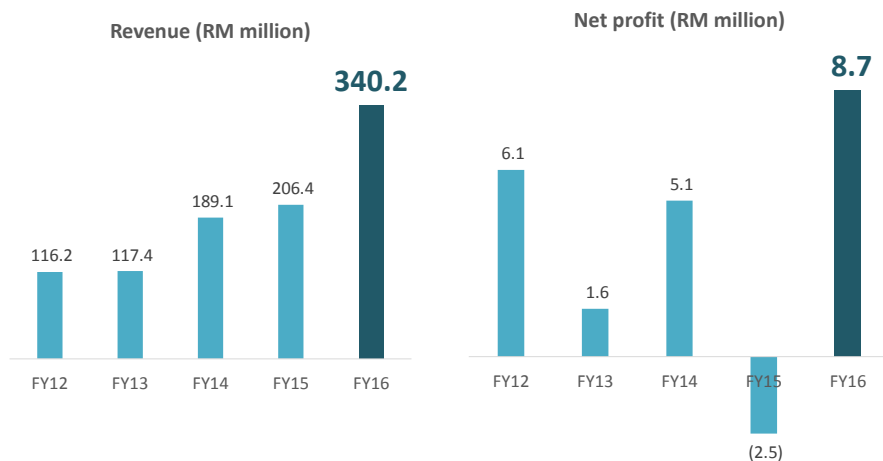
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Successfully expanded beyond UHP delivery systems



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Record breaking year in FY 2016



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5-Year Financial Track Record and explanation

FYE 31 December (RM mil)	2012	2013	2014	2015	2016	
Revenue	116.2	117.4	189.1	206.4	340.2	1 The Group took on larger volume jobs in process engineering and general contracting
Gross profit	20.7	16.1	19.0	20.2	38.3	
EBITDA	10.0	4.7	7.4	9.3	23.1	2 Reduced gross profit margins due to competitive pricing to demonstrate capability and gain track record
PBT	7.2	1.6	5.2	(2.1)	9.8	
PATAMI	6.1	1.7	5.2	(2.5)	8.7	3 Impacted by provision of impairment losses of trade receivables and amount owing by contract customers
Impairment losses				8.5	10.3	4 Impairment losses incurred during the period
Gross profit margin	17.8%	13.7%	10.1%	9.8%	11.3%	
EBITDA margin	8.6%	4.0%	3.9%	4.5%	6.8%	
PBT margin	6.2%	1.4%	2.7%	n.m.	2.9%	
PATAMI margin	5.2%	1.4%	2.7%	n.m.	2.6%	
Eff. Tax rate	15.9%	2.3%	0.6%	n.m.	11.3%	
Adjusted PATAMI margin	5.2%	1.4%	2.7%	2.9%	5.6%	5 Adjusted PATAMI margin excluding the impairment losses
EPS (sen)	3.8	1.0	2.3	(1.1)	3.9	
No. of ordinary shares (mil)	160.7	160.7	217.0	220.1	220.1	



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Strong Balance Sheet

	31.12.2015 (audited) RM million	31.12.2016 (unaudited) RM million
Total borrowings	18.6	24.8
Total cash	27.0	42.4
Net cash	8.4	17.6
Net Operating Cash Flow	21.7	15.0
NA/share (RM)	0.27	0.29
Gearing	0.3x	0.4x
Net gearing	Net cash	Net cash
Net cash per share	3.7 sen	7.9 sen

❖ Strong cash balance – able to distribute dividends

❖ Low borrowings – mainly short-term borrowings for project financing

❖ Net cash per share of 7.9 sen as at end December 2016

Dividend track record	2012	2013	2014	2015	2016
Dividend (sen)	0.7	0.2	1.0	0.5	TBD
Dividend payout ratio	53%	63%	42%	n/a	TBD

n/a – not applicable as the Group reported losses in 2015

Note:

Dividend per Share had been adjusted for 1-for-1 and 1-for-3 bonus issue on 8 August 2012 and 19 June 2014 respectively



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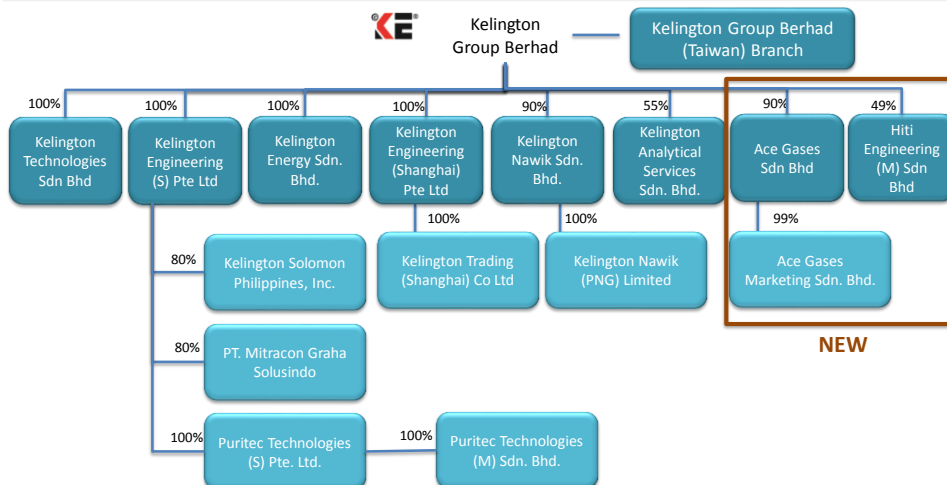
Outstanding Order Book of RM214m

No	Client	Country	Contract Value (RM mil)	Outstanding O'book* (RM mil)
1	Meranti Tiga	Malaysia	70	42
2	Synthomer	Malaysia	40	40
3	SMNC	China	40	26
4	M+W Singapore Pte Ltd (Micron)	Singapore	133	22
5	Chia Feng	Taiwan	30	6
6	B. Braun	Malaysia	24	9
7	Intel Dalian	China	28	3
8	Infineon	Malaysia	23	4
9	One of world's largest semicon manufacturer A	Malaysia	13	6
10	Silterra	Malaysia	6	2
11	Hewlett-Packard	Malaysia	14	5
12	OKI pulp	Indonesia	12	2
13	Palm Oleo (Klang)	Malaysia	6	1
14	Rolls Royce	Singapore	5	2
15	Q-Cell	Malaysia	6	2
17	SGW (Lend Lease)	Singapore	13	1
18	Others		88	41
Total			551	214

KE *Outstanding order book as at 3 March 2017

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Latest Corporate Structure



KE

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Broadened scope of capabilities with acquisition

Hiti Engineering has accumulated a strong track record in cleanroom construction



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New Business : Industrial Gases

UHP Delivery Systems

- Engineer solutions that ensure safe handling of ultra high purity (UHP) gases and chemicals all the way from source to equipment to waste disposal.

Process Engineering

- From customized skid fabrications to large scale plant constructions, we provide end-to-end process engineering services encompassing design, fabrication and maintenance.

General Contracting

- Full range of general contracting and construction management services. Vast experience in completing commercial, industrial, and institutional projects.

Industrial Gases

- Supply wide range of industrial and specialty gases. These may be supplied in various forms; from portable high-pressure gas cylinders or from on site gas generators.



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Plans for Industrial Gases

1 On-site gas supply scheme

- To set up gas generators (nitrogen, oxygen) on clients' site
- Customers pay fixed facility charge for tenure of eg. 10 years
- Earnings visibility with recurring revenue



2 Trading of electronic special gases

- Synergistic with current business as it targets customers in electronic sector



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China chip expansion

China to invest heavily to increase manufacturing capacity of memory chip and integrated circuits

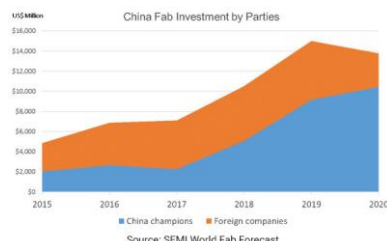
New factories planned:-

Company	Location	Product	Begin Construction	Begin Production
Alpha & Omega	Chongqing	Power Discrete	tbd	tbd
Fujian Jin Hua	Fujian	DRAM	2016	2018
GigaDevice	Hefei	DRAM/Flash	tbd	tbd
GlobalFoundries	Chengdu	Foundry	2017	2018/2019
Hua Li Micro	Shanghai	Foundry	2016	2018
Powerchip	Hefei	Foundry	2015	2017
Samsung	Xian	3D NAND (Phase 2)	tbd	tbd
SMIC	Beijing Shanghai Shenzhen	Foundry Foundry Foundry	2016 2016 2016	2018 2018 2018
Tacoma Semiconductor	Nanjing	CMOS Image Sensor	tbd	tbd
Tsinghua Unigroup	Chengdu Nanjing	Foundry DRAM	tbd tbd	tbd tbd
TSMC	Nanjing	Foundry	2016	2018
UMC	Xiamen	Foundry	2015	2016
Yangtze River Memory/XMC	Wuhan	3D NAND	2016	tbd

Source: SEMI World Fab Forecast, 2016



"Made in China 2025"



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Summary

- 1
 - Group has enjoyed orderbook growth of 20% a year.
 - KPI to achieve 12% GP margin and 5% PAT margin.
 - Strong balance sheet – net cash position.
 - Dividend policy to distribute 25% of PATAMI.
- 2
 - Expansion beyond UHP delivery systems has come to fruition.
 - Succeeded in securing clients from oil and gas, specialty chemicals, plantation sector.
- 3
 - New business – supply of industrial gases.
 - Target → electronic sector (synergistic with existing business)
 - Provide earnings visibility and recurring income (approx. 10 years)



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Thank You



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