



Kelington Group Berhad

(Registration No.199901026486 (501386-P))

Press Release

FOR IMMEDIATE RELEASE

KELINGTON'S REVENUE UP 11% TO RM84.7 MILLION IN 1Q2020

New orders secured year-to-date stood at RM149 million

Kuala Lumpur, 29 May 2020 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) reported a commendable set of financial results for the first quarter ended 31 March 2020 (“1Q2020”).

During the quarter, Kelington’s revenue increased by 11% year-on-year (“YoY”) to RM84.7 million from RM76.4 million in the same period last year (“1Q2019”), driven by higher revenue from Singapore operations. Revenue contribution from Singapore grew 60% to RM49.8 million in 1Q2020 from RM31.1 million in 1Q2019, making it the largest revenue contributor at 59% of total revenue. However, the robust growth was offset by the drop in revenue from China, which stood at RM12.9 million in 1Q2020 versus RM22.1 million in 1Q2019, due to operational disruptions caused by the Covid-19 lockdown in end January 2020. Revenue from Malaysia and Taiwan contributed RM20.0 million and RM1.2 million respectively.

In terms of business segment, the UHP division registered a strong performance as revenue increased by 44% to RM63.5 million in 1Q2020, on the back of higher projects completion in Singapore and Malaysia. On the other hand, the Process Engineering division generated lower revenue of RM11.1 million in 1Q2020 as compared to RM20.8 million last year, while revenue from General Contracting division stood at RM5.2 million against RM10.3 million in 1Q2019.

Meanwhile, the Industrial Gases division continued to progress well with an improved revenue of RM5.0 million in 1Q2020, mainly driven by higher contribution from the new liquid carbon dioxide manufacturing plant, which commenced production in October 2019.

The Group recorded a net profit of RM4.1 million in 1Q2020, 15% lower from RM4.8 million in 1Q2019.

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Commenting on the Group's financial performance, **Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad** said, "Our performance in the first two months of 2020 was relatively strong, however project work at our operating sites experienced a slowdown following the quarantine lockdowns enacted in China, Malaysia and Singapore due to the Covid-19 pandemic outbreak. Hence, there will be inevitable delays in completing some projects."

"Currently, in line with the ease of restrictions, our teams are gradually resuming operations across our key markets, while adhering to stringent health and safety guidelines. As for project flow, we have been actively participating in project tenders throughout the lockdown period."

He added that the Group received approximately RM149 million worth of new orders in the first 4 months of the year. Inclusive of the carried forward projects from FY2019 and new orders in FY2020, Kelington's total orderbook grew to RM407 million, of which RM321 million remains outstanding. The Group's tenderbook currently stands at approximately RM0.9 billion.

"Moving forward, we expect the operating landscape to remain challenging and demand will be slower for our industrial gases as well as engineering services as large corporations may delay their capital expenditure ("capex") spending. Nevertheless, we believe that the slowdown is short-term and will pick up pace as semiconductor players resume their expansion activities. Similarly, we anticipate demand for our liquid carbon dioxide to gradually recover as more economic sectors are reopening. Meanwhile, we are carefully monitoring the evolving market condition and have implemented certain mitigation measures to minimise the impact of the outbreak. We are confident of riding out this unprecedented time backed by our strong financial position as well as our healthy orderbook," he added further.

On balance sheet strength, Kelington remained in a net cash position of RM50.1 million as at 31 March 2020. Total gross cash in hand grew to RM91.1 million, exceeding the total debt of RM41.0 million. The increase in total debt was mainly attributed to the drawdown of term loan for the dry ice plant operating under the industrial gas division. Net cash per share stood at 16 sen while gearing ratio was at 0.26 times.

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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>

Released on behalf of Kelington Group Berhad by Capital Front Investor Relations.

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