

Kelington posts record quarterly net profit in Q2

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Kelington Group CEO Raymond Gan

PETALING JAYA: Integrated engineering solutions provider Kelington Group Bhd reported an impressive financial performance for the second quarter (Q2'23) and six months (H1'23) ended June 30, 2023.

During the quarter, Kelington recorded revenue of RM424.9 million, an increase of RM112.5 million or 36% year-on-year (y-o-y) from RM312.4 million in the preceding year's corresponding quarter.

On the back of strong revenue, the group's net profit rose 40% y-o-y to RM19.1 million in the quarter under review, compared with RM13.6 million in Q2'22. This is the highest quarterly net profit ever achieved in the group's history.

The rise in top and bottom lines was attributed to significant growth from all major

operating markets. Revenue from Singapore, China and Malaysia surged 57%, 51% and 12% y-o-y respectively in Q2'23. This was mainly due to higher revenue recognition from ongoing projects.

Coupled with the robust Q2'23 results, the group's first half performance has soared to new heights. Revenue and net profit in H1'23 achieved an all-time high of RM733.8 million, up 51% and RM35.3 million, up 61% respectively.

In terms of business segments, the ultra high purity (UHP) division remained the primary revenue contributor, accounting for 64% of the group's total revenue in H1'23. Compared with previous year's corresponding period, revenue from the UHP division increased 55% to RM471.3 million in H1'23, driven by higher project recognition in Malaysia, Singapore and China.

The processing engineering division contributed revenue of RM61.3 million which represents a 161% annual increase, underpinned by a large project in Malaysia.

The industrial gases division continued its upward performance in H1'23 as revenue jumped 146% y-o-y to RM52.9 million, on the back of increased sales of liquid carbon dioxide and other gases.

Kelington Group CEO Raymond Gan said they were happy to end the first six months of the year with a strong showing in terms of top and bottom line achievements.

"As we move forward, we are positive on our future outlook as we remain busy executing our projects in-hand and participating in tenders regionally," he added.

Kelington's order inflows remain robust, with the group securing contracts valued at RM744 million in the first half of 2023. Including projects carried over from previous years, the group's total order book has reached RM2.44 billion, of which RM1.77 billion remains outstanding.

“The industrial gases segment’s growth prospects remain attractive as we are seeing strong demand for liquid carbon dioxide (LCO₂) within Malaysia and overseas. Our second LCO₂ plant is slated to commence production in the fourth quarter of 2023. This will more than double our existing production capacity, positioning us well to address the rising demand,” said Gan.

As of June 30, 2023, the group’s equity (excluding non-controlling interests) grew to RM268.5 million from RM239.3 million at the end of December 2022, driven by consistent quarterly profits.

The group has proposed a first interim tax-exempt dividend of 1.5 sen per ordinary share in respect of the financial year ending Dec 31, 2023.

The group’s total debt decreased to RM187.1 million by June 30, 2023, down from RM245.0 million on Dec 31, 2022, primarily due to debt repayment in Malaysia. As at June 30, the group’s gearing ratio stood at 0.68 times. The group’s financial position remains robust, supported by a cash balance of RM179.7 million.