

# Early Christmas for Kelington Group

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KUALA LUMPUR: Kelington Group Bhd's results for the nine months ended Sept 30 2023 have beaten expectations, according to Kenanga Research.

This was buoyed by margin expansion stemming from account finalisation of a turnkey job and accelerated billings from high-margin ultra-high purity gas system projects.

"The company's net profit of RM66.9 million (up 78 per cent year-on-year) already surpassed our full-year forecast by 7.0 per cent and was only 1.0 per cent away from the full-year consensus estimate.

"The variance against our forecast came largely from stronger-than-expected billings from its projects in China," Kenanga Research said today.

Kelington's revenue during the nine months jumped 33.3 per cent on the back of robust project deliveries across all the operating markets.

Geographically, Malaysia which accounts for 43 per cent of group revenue, saw higher revenue by 23 per cent while Singapore (35 per cent of group revenue) grew 38 per cent.

Despite China undergoing a gradual recovery, Kelington achieved a remarkable 45 per cent growth in its Chinese operations, showcasing the group's adept business management capabilities.

Kenanga Research raised its financial years 2023 and 2024 net profit forecasts by 45 per cent and 53 per cent respectively.

It also lifted its target price by 53 per cent to RM3.28 from RM2.15 and reiterated its "Outperform" call.

Kelington's strong momentum is expected to continue in the fourth quarter.

"With a favourable revenue mix, the group is poised for another robust quarter ahead, aligning with its seasonal trend," the firm added.

"Be it a smooth or bumpy recovery for the semiconductor sector, the group still has RM1.5 billion outstanding orders in its bag to navigate any obstacles that may come along, further solidifying its preparedness for the future."