

Kelington Group's 3Q profit doubles to RM31.7m amid high demand for industrial gases

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KUALA LUMPUR (Nov 23): Kelington Group Bhd's third quarter net profit jumped 101.63% to RM31.67 million, from RM15.71 million a year earlier, driven by the industrial gases division which received high demand for liquid carbon dioxide from both the domestic and export markets.

Earnings per share for the quarter ended Sept 30, 2023 (3QFY2023) rose to 4.91 sen from 2.44 sen, the construction and engineering services provider's filing with Bursa Malaysia on Thursday showed.

Revenue increased 10% to RM401.825 million from RM366.39 million in 3QFY2022.

For the first nine months of FY2023, the group recorded a net profit of RM66.92 million, up 78% from RM37.57 million in the previous year, attributed to the ultra high purity (UHP) and process engineering division supported by the increase in the demand for the industrial gases division. Earnings per share increased to 10.39 sen from 5.84 sen.

Nine-month revenue rose 33% to RM1.14 billion from RM852.11 million, underpinned by the growth of the UHP division (whose revenue increased 39% to RM710.3 million, process engineering division (up 143% to RM91.5 million), and industrial gases division (up 97% to RM82.9 million).

On its outlook, Kelington said it is confident of delivering a commendable financial performance for the full year on the back of its existing order book across key operating markets.

During the nine-month period, the group secured new contracts amounting to RM858 million. "Including the projects carried forward from the previous years, our total order book stood at RM2.56 billion of which RM1.51 billion remains outstanding," said Kelington.

The group said prospects in the industrial gases division remain positive as demand for liquid carbon dioxide increases in tandem with the recovery in economic activities.

"The commencement of our second on-site gas supply scheme in 1Q2024, to supply hydrogen, nitrogen, and oxygen for an optoelectronics semiconductor giant in Kulim, Kedah, will also contribute positively to the group's earnings visibility over the next 10 years" the group said.

Kelington's share price closed six sen higher of 3.95% at RM1.58 on Thursday's on volume of 2.16 million shares, giving the group a market capitalisation of RM989.95 million.

Edited By S Kanagaraju