

**KELINGTON GROUP BERHAD**

**1Q FY2024**

**RESULTS REVIEW**

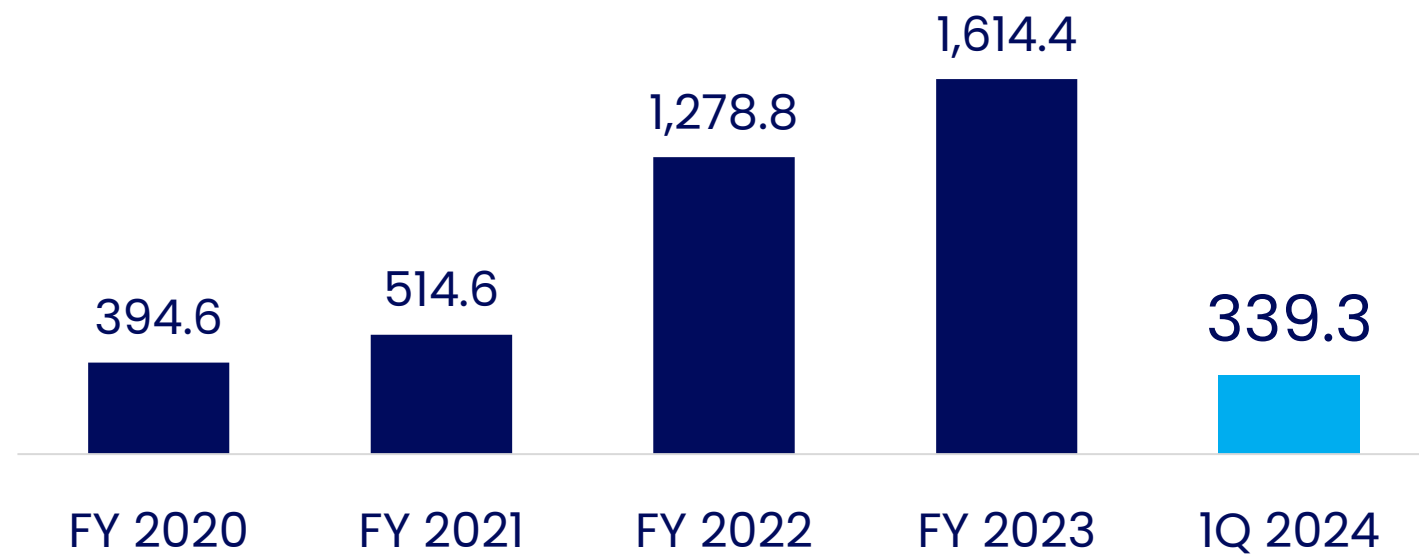
24 May 2024



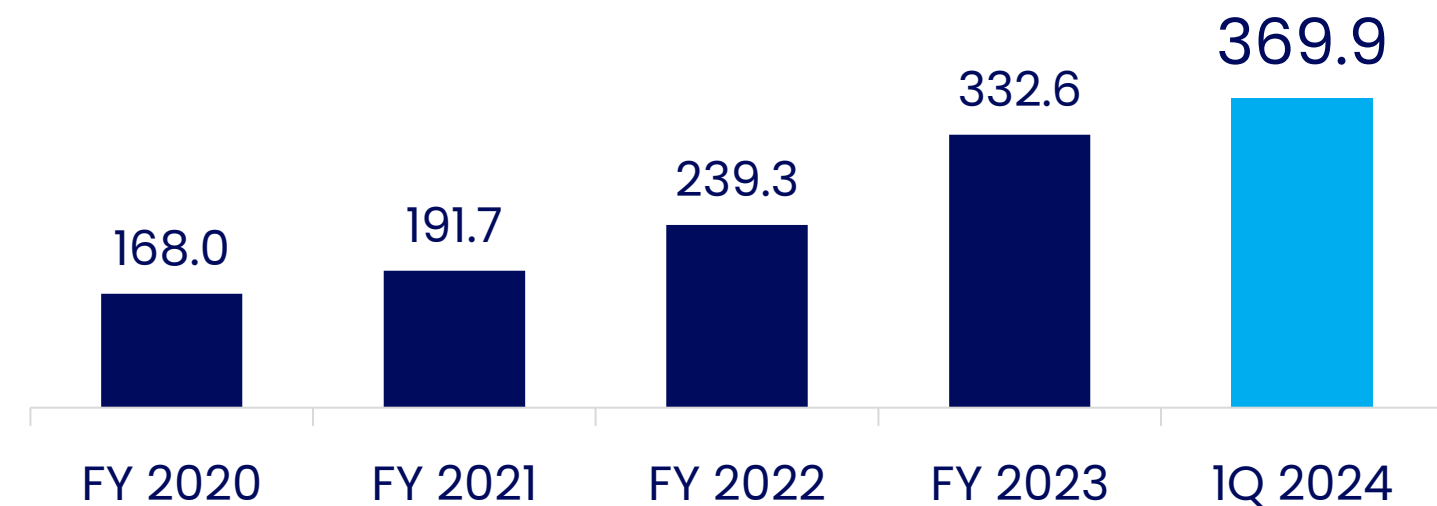
## FINANCIAL PERFORMANCE

# ON TRACK FOR ANOTHER RECORD YEAR

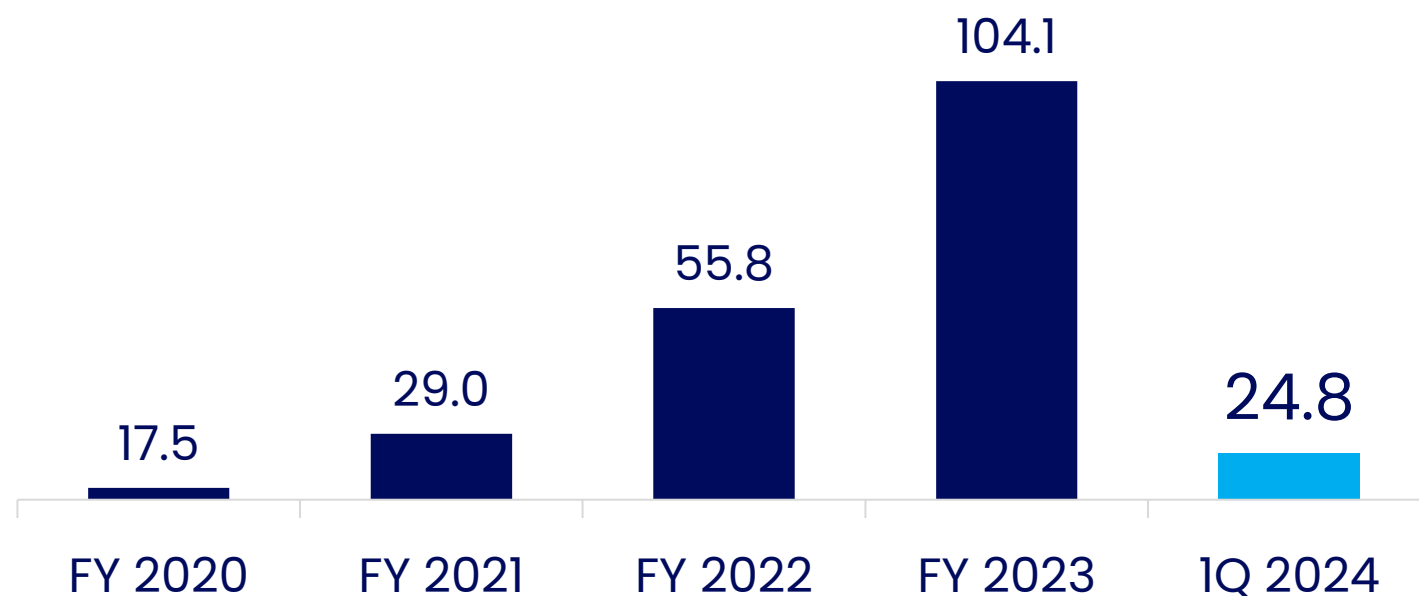
Revenue (RM mil)



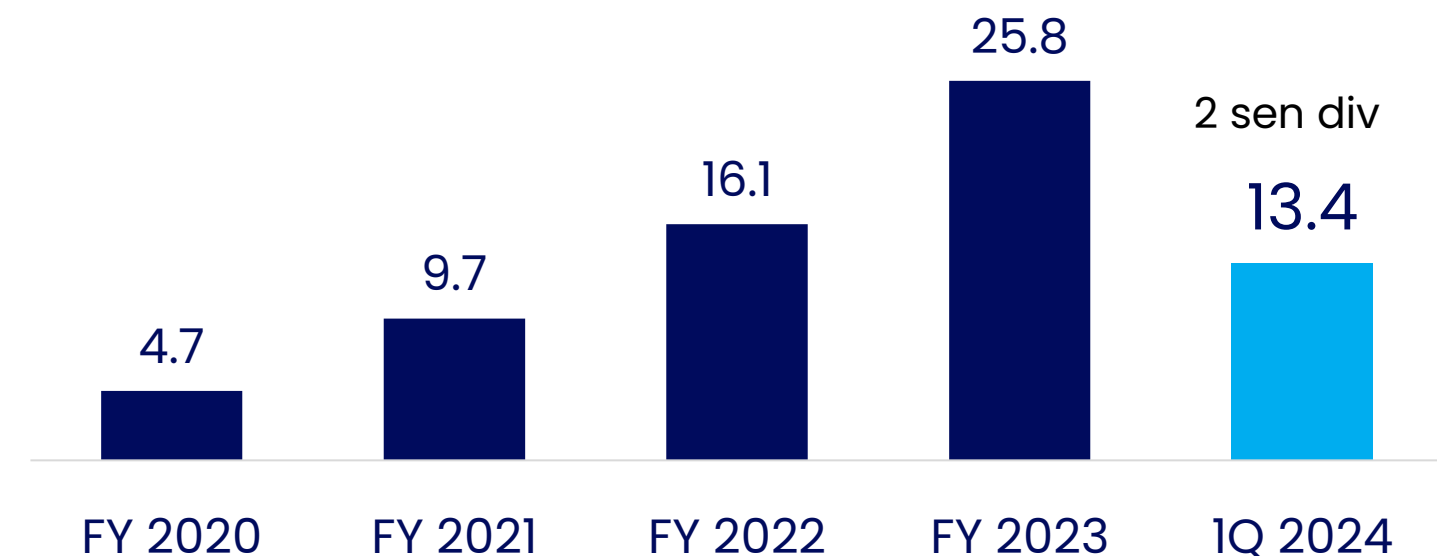
Shareholder's Equity (RM mil)



Net Profit (RM mil)



Total Dividend Declared (RM mil)



FY2023 includes dividend of 2.5 sen per share declared on 28 Feb 2024

## 1Q FY24 FINANCIAL PERFORMANCE

# INCOME STATEMENT HIGHLIGHTS

RM MIL	1Q FY24	1Q FY23	% CHANGE
<b>Revenue</b>	<b>339.3</b>	<b>308.9</b>	+10%
Gross profit	52.9	37.9	+40%
<i>Gross profit margin</i>	<i>15.6%</i>	<i>12.3%</i>	
Other income	1.0	1.5	
Administrative expenses	(15.3)	(12.8)	
Selling & distribution expenses	(0.9)	(0.6)	
Other expenses	(2.7)	(1.7)	
<b>Operating profit</b>	<b>35.1</b>	<b>24.3</b>	+44%
Finance costs	(2.4)	(3.3)	
<b>Profit before tax</b>	<b>32.7</b>	<b>21.0</b>	+56%
Tax	(7.1)	(4.4)	
<b>Profit after tax</b>	<b>25.6</b>	<b>16.6</b>	+54%
<b>Net profit</b>	<b>24.8</b>	<b>16.2</b>	+53%
<i>Effective tax rate</i>	<i>21.6%</i>	<i>20.9%</i>	
<i>PBT margin</i>	<i>9.6%</i>	<i>6.8%</i>	
<i>PAT margin</i>	<i>7.6%</i>	<i>5.4%</i>	

### 1QFY24 vs 1QFY23

- Higher revenue arising from:
  - Rise in contribution from key operating markets: Malaysia (+6%) and China (+129%) with several large UHP projects awarded in China during 2H 2023.
  - Rise in revenue from manufacturing & trading segment:
    - Industrial gases (+49%)
    - Equipment and materials (+247%)
- Higher GP margin due to favourable project mix – larger proportion coming from higher margin projects.
  - UHP – 1Q23 (60%) to 1Q24(61%)
  - Industrial gases – 1Q23 (8%) to 1Q24 (11%) of total revenue.
- Lower finance costs in tandem with reduction in total borrowing.

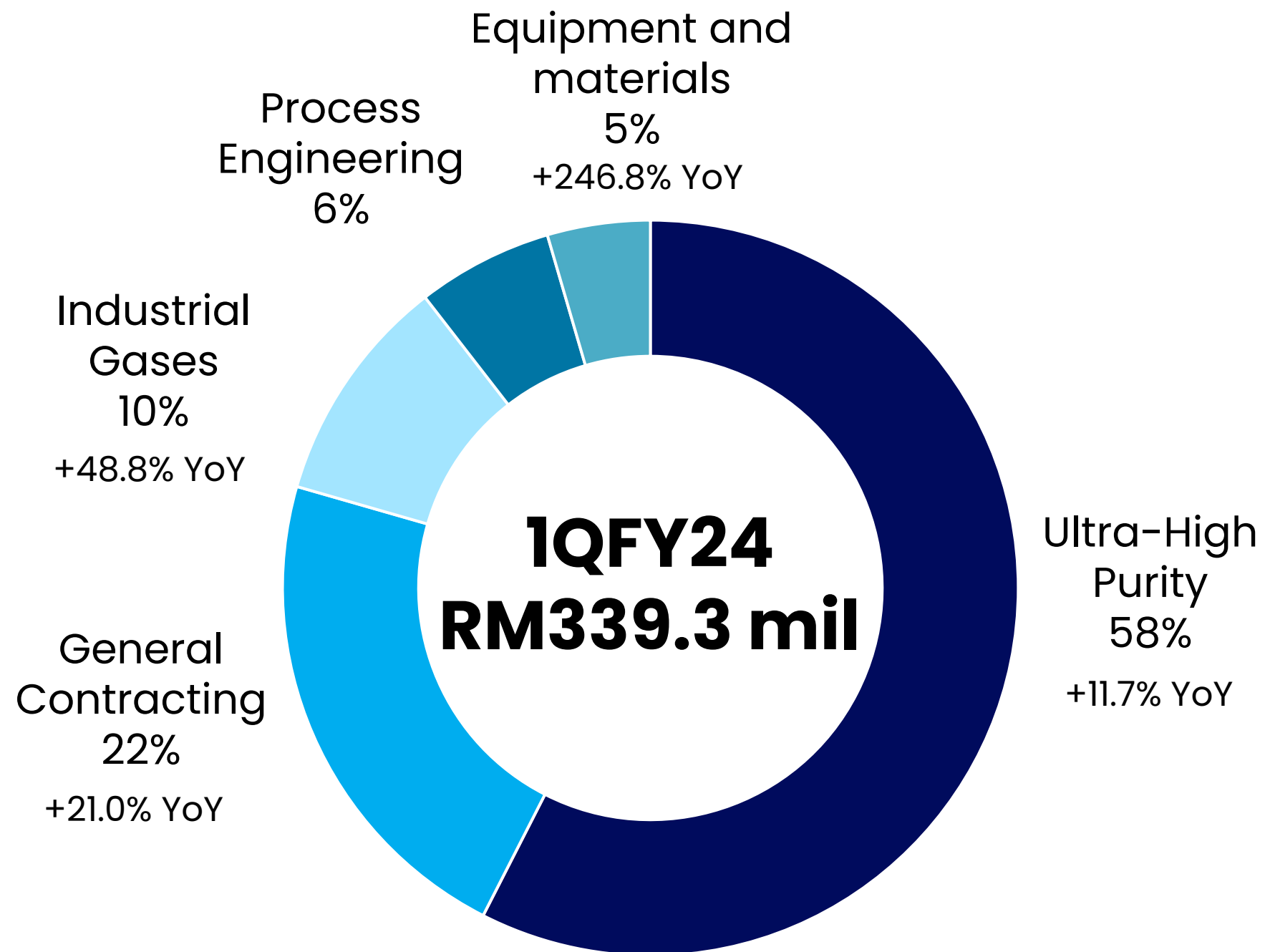
# BALANCE SHEET HIGHLIGHTS

RM MIL	31.03.2024 (Unaudited)	31.12.2023 (Audited)
Total Assets	1,053.4	1,071.3
Total Liabilities	676.9	732.9
Total Borrowings*	166.6	188.2
<i>Short-term</i>	94.3	125.6
<i>Long-term</i>	72.3	62.6
Total Cash	302.2	269.3
Total Equity	376.5	338.4
Net Asset/Share	56 sen	52 sen
Gearing (times)	0.44	0.56
Net gearing (times)	Net Cash	Net Cash

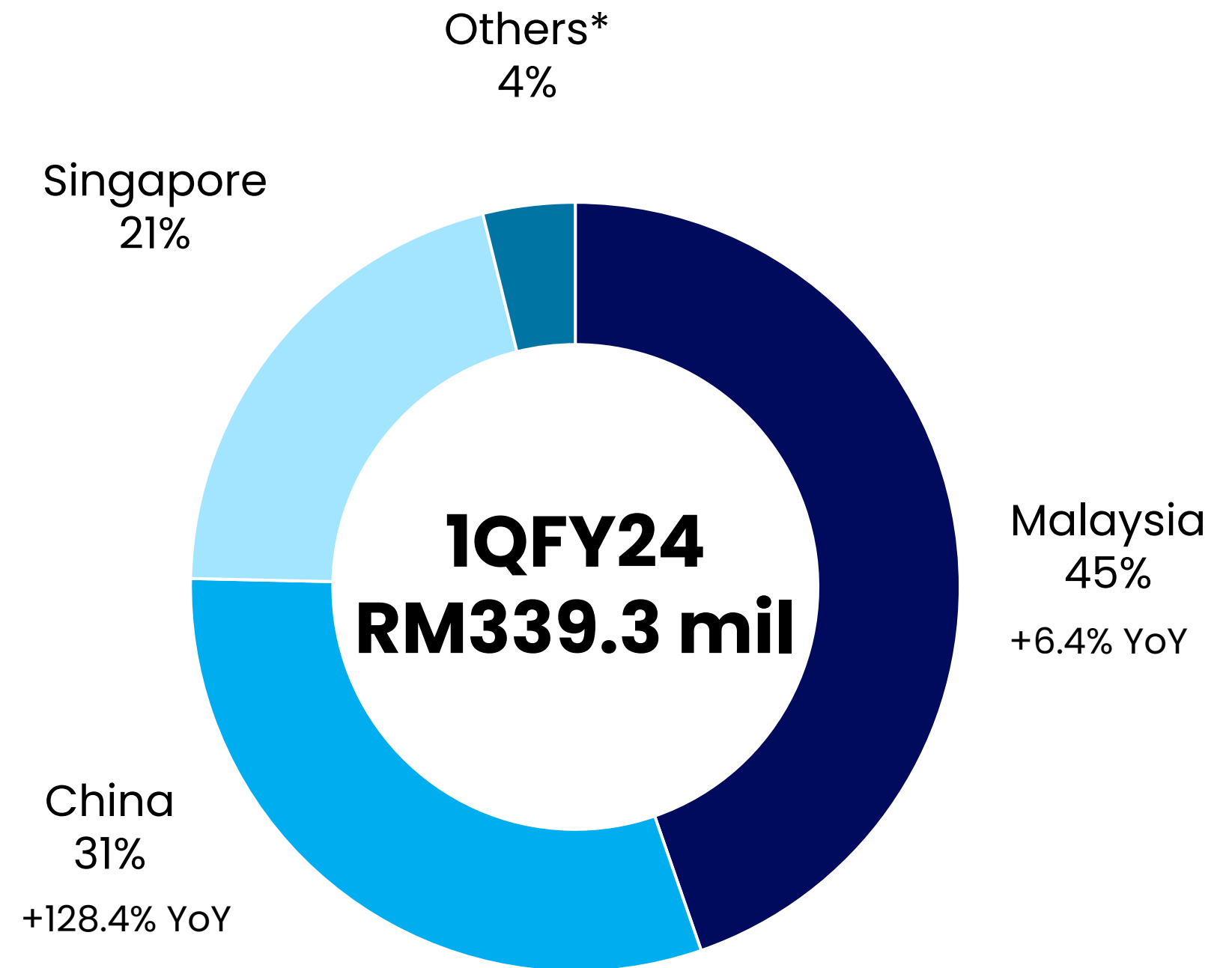
\*Include lease liabilities

- 1 Debt reduced with repayments made on borrowings in both Malaysia and Singapore.
- 2 Growth in equity driven by quarterly profits.
- 3 Group is in healthy net cash position with total cash exceeding total borrowings.

# 1Q FY24 REVENUE BREAKDOWN GROWTH ACROSS MAIN GEOGRAPHICAL REGIONS



Revenue Breakdown By Business Segment



Revenue Breakdown By Geographical Segment

\*Others include Taiwan, Indonesia, Philippines, etc.

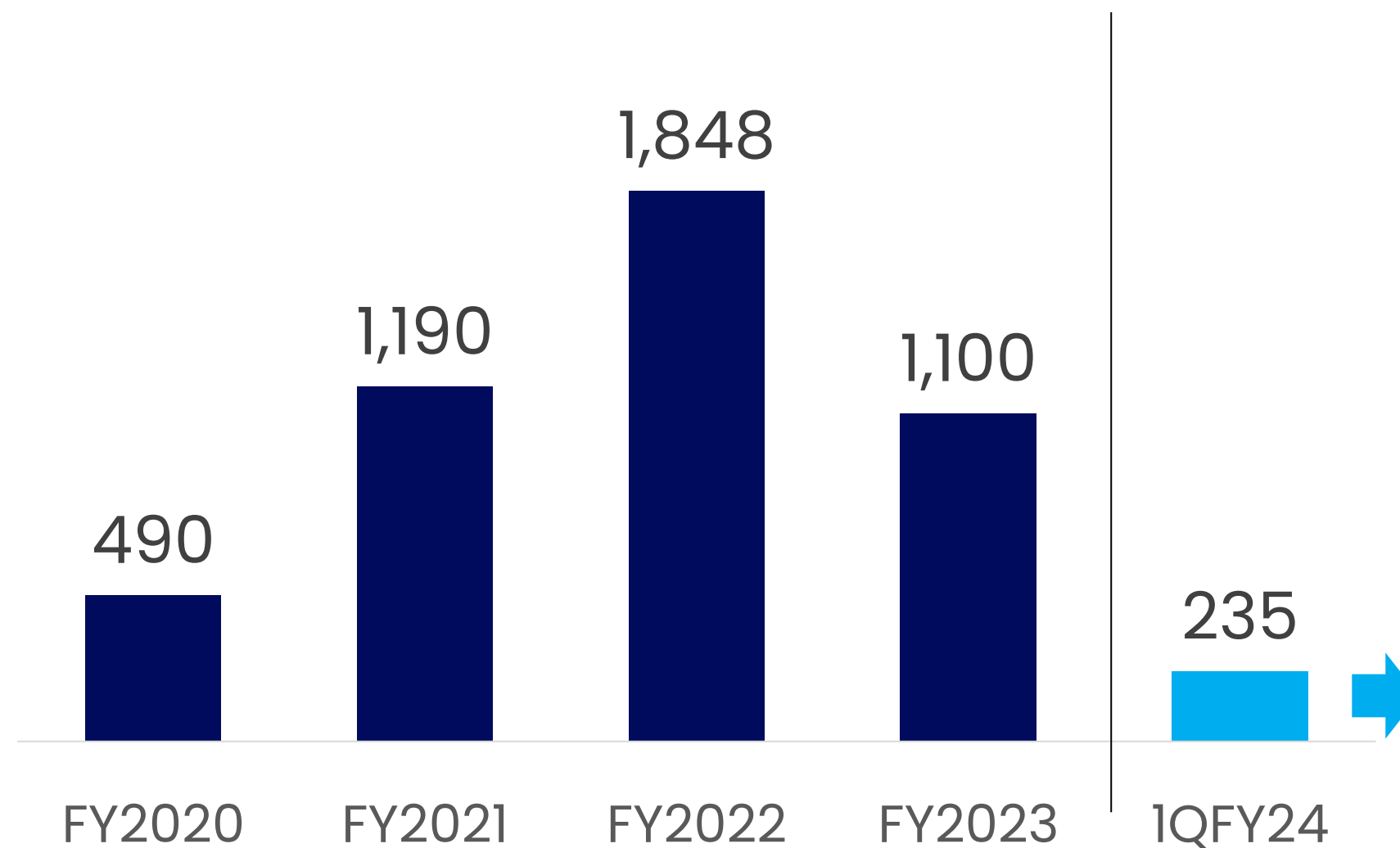
# ENGINEERING SEGMENT



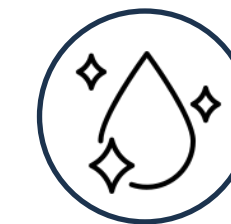
CONTINUE TO WIN CONTRACTS, MAJORITY FROM UHP

# ORDERBOOK REPLENISHMENT REMAINS HEALTHY

## NEW ORDERS SECURED (RM mil)

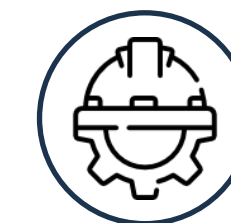


## Breakdown of new projects secured of RM235 mil



Ultra High Purity

96%



Process Engineering

1%



General Contracting

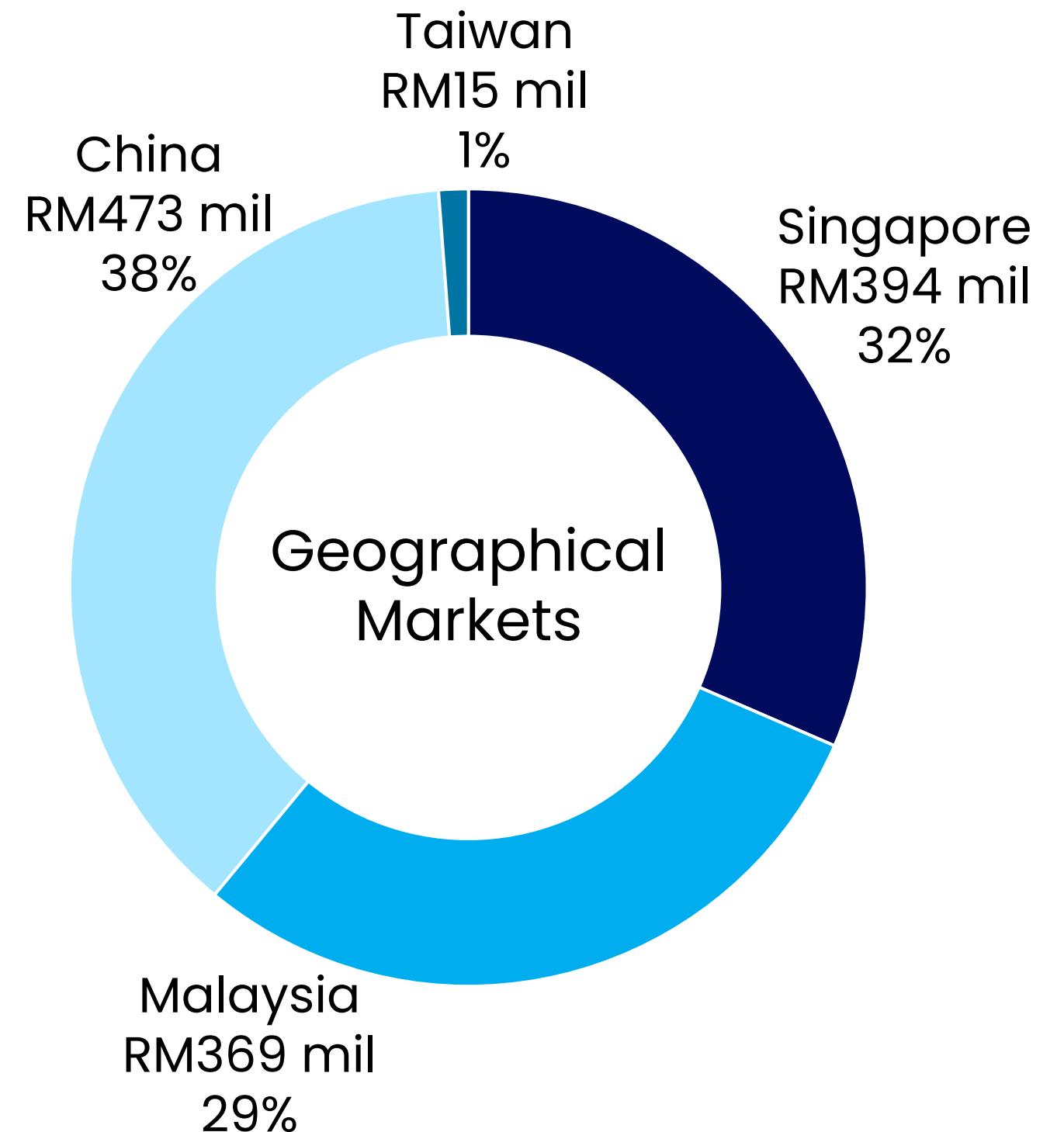
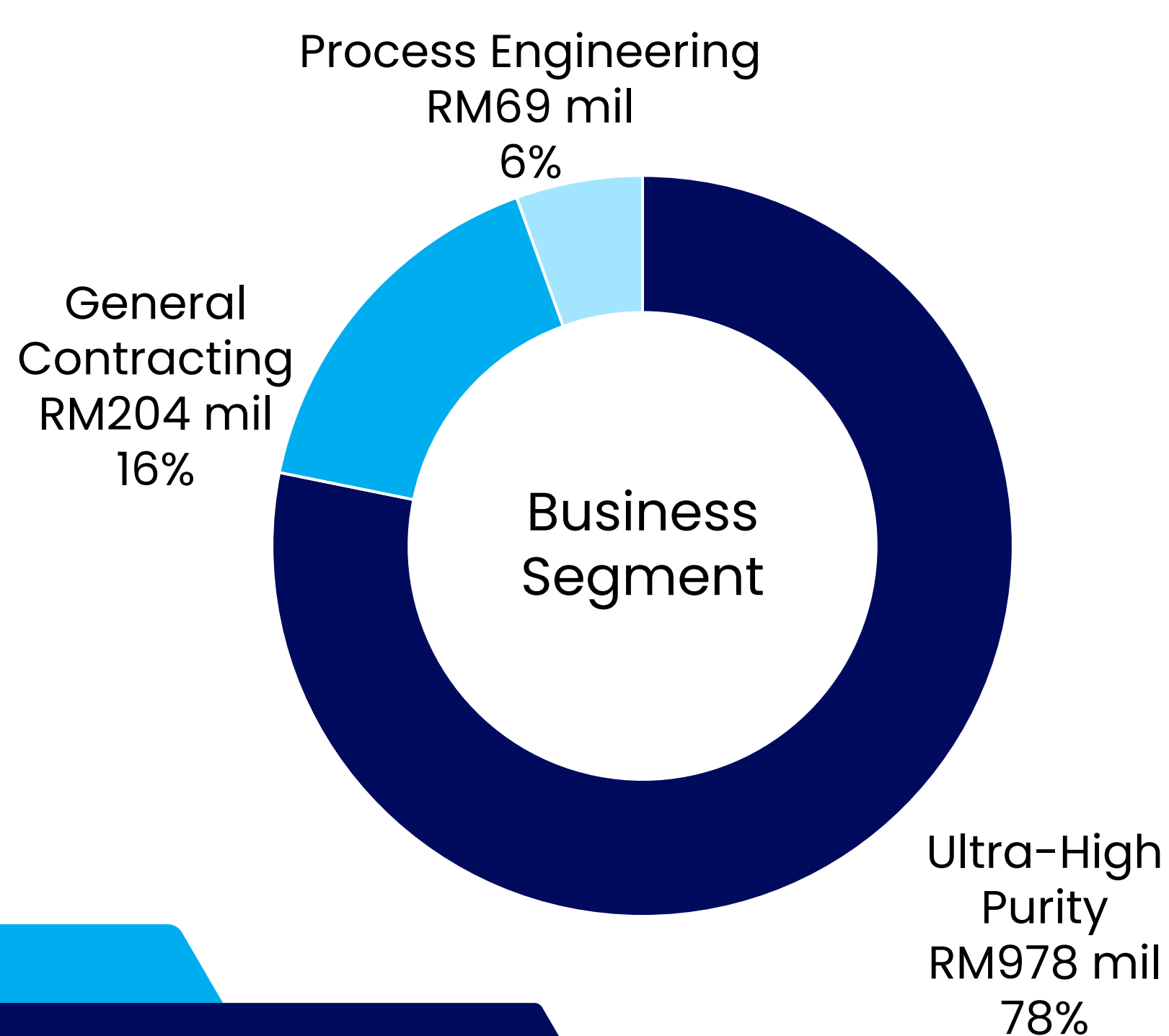
3%

Total orders secured in April & May 2024 → **RM140 million**

78% OF OUTSTANDING ORDERBOOK IS FROM UHP SEGMENT

# OUTSTANDING ORDERBOOK OF RM1.25 BILLION

(as at 31 March 2024)





## SIGNIFICANT TENDER ACTIVITIES IN SINGAPORE & CHINA

# TOTAL TENDERBOOK OF RM1.59 BILLION

(as at 30 April 2024)



**RM763 mil**  
**48%**

**Singapore**



**RM632 mil**  
**40%**

**China**



**RM153 mil**  
**10%**

**Malaysia**




# INDUSTRIAL GAS SEGMENT



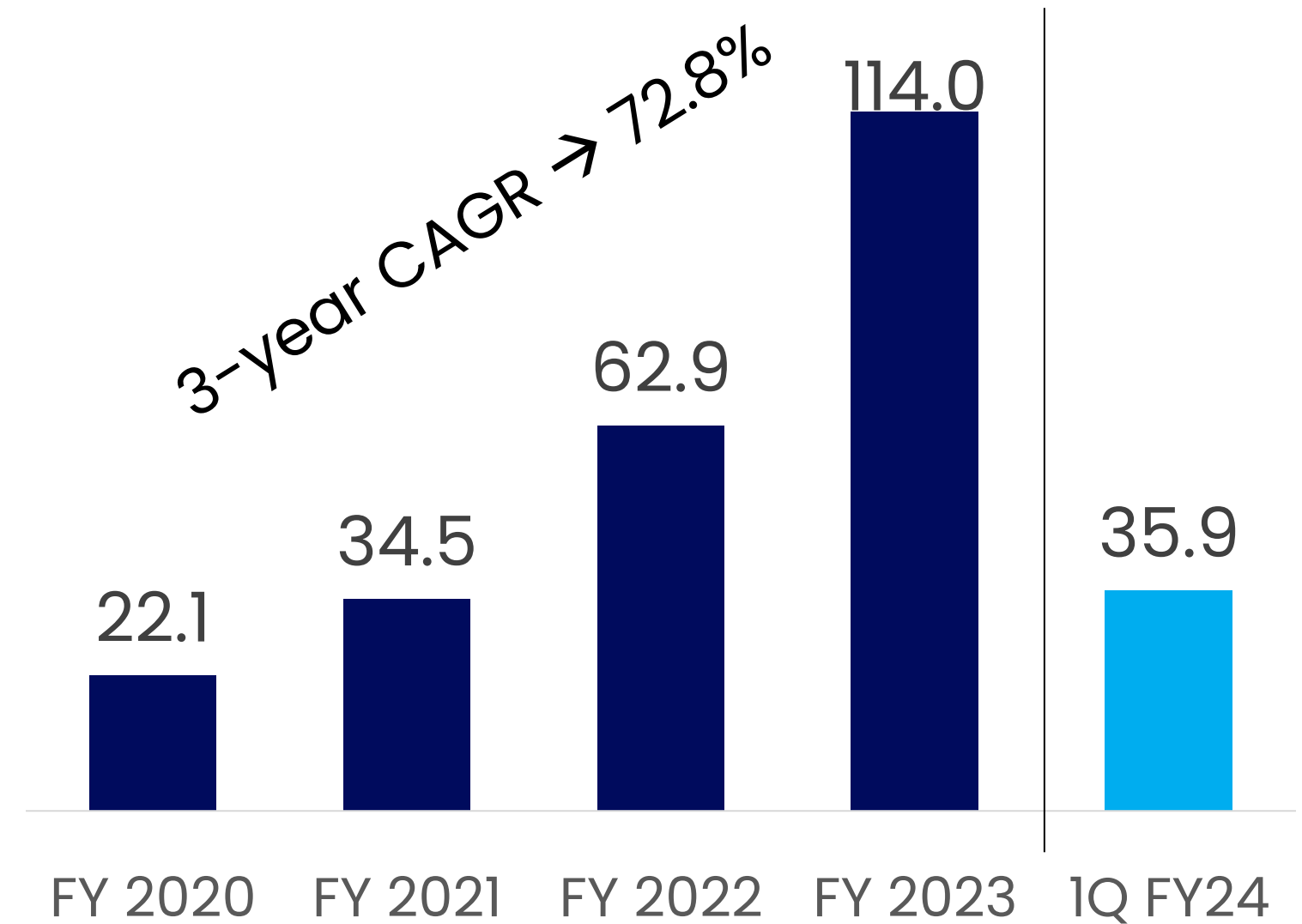
# INDUSTRIAL GAS SEGMENT

## GROWTH IN FINANCIAL PERFORMANCE

### REVENUE STREAMS

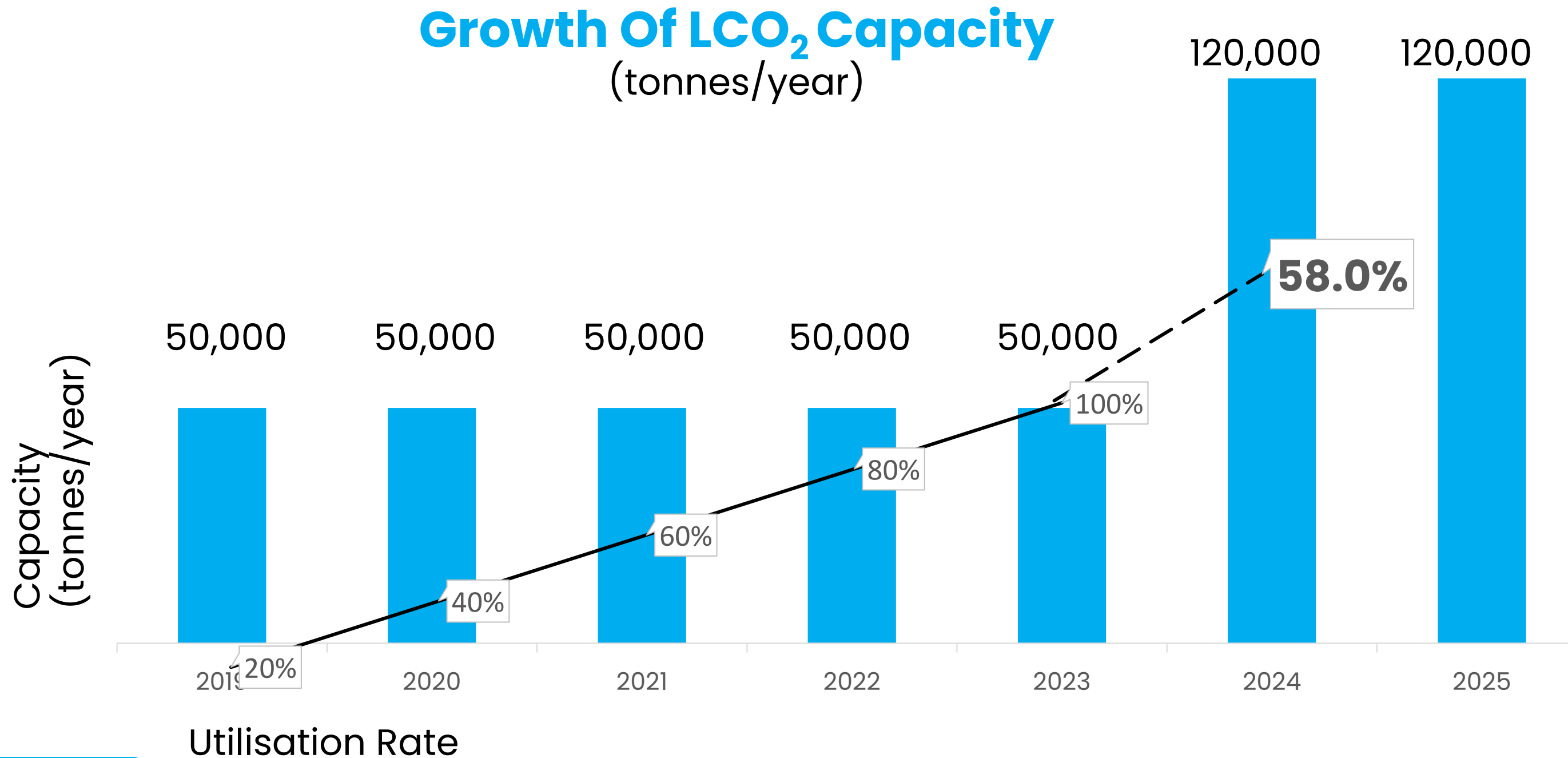
-  Manufacturing of liquid CO2 and dry ice
-  Rental income from on-site gas generator
-  Trading of various industrial and electronic special gases

### INDUSTRIAL GAS REVENUE (RM MIL)



# LCO2 MANUFACTURING

## NEW GAS CAPACITY IS BEING UTILISED RAPIDLY



- New plant commenced production on 25 March 2024.
- Current production is 200 tonnes per day, 58% utilisation rate.
- As at Mar 2024, 74% of LCO<sub>2</sub> is exported overseas.
- Markets include Singapore (largest), Malaysia, Australia, New Zealand, Fiji, Indonesia and Philippines.

# FUTURE PLANS AND OUTLOOK



# KEY MEASURES OF GLOBAL SEMICONDUCTOR MANUFACTURING INDUSTRY STRENGTH IMPROVE IN Q1 2024, SEMI REPORTS

May 14, 2024

Source : <https://www.semi.org/en/news-media-press-releases/semi-press-releases/key-measures-of-global-semiconductor-manufacturing-strength-improve-in-q1-2024-semi-reports>

- In Q1 2024, electronic sales rose 1% year-over-year (YoY), with Q2 2024 forecast to register a 5% YoY increase.
- IC sales posted robust 22% YoY growth in Q1 2024 and are expected to surge 21% in Q2 2024 as shipments of high-performance computing (HPC) chips increase and memory pricing continues to improve.
- **Stronger industry growth is anticipated in the second half of the year**, driven by the projected increase in consumer demand resulting from the expansion of AI to the edge and the expected decline in interest rates.

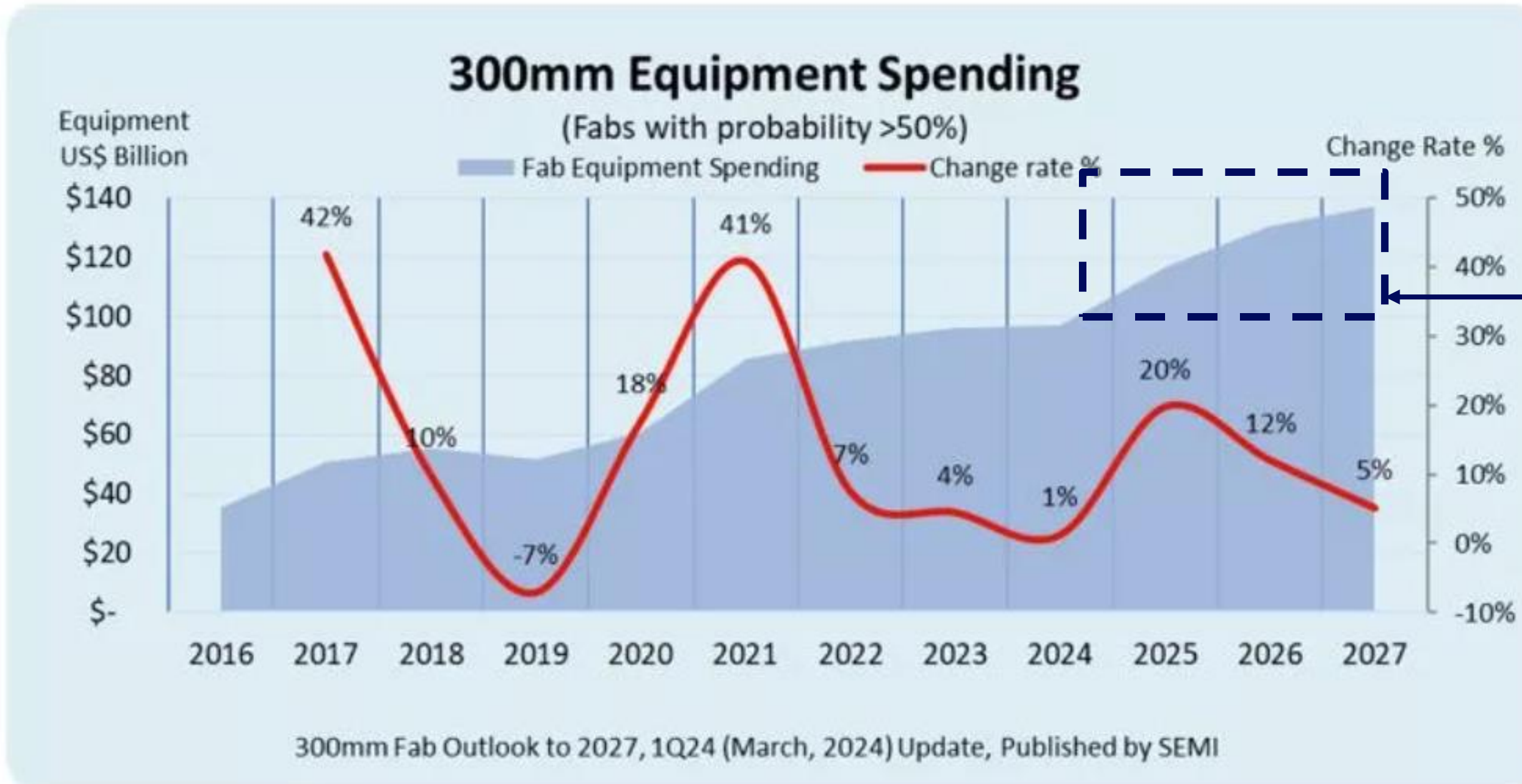
# 300MM FAB EQUIPMENT SPENDING FORECAST TO REACH RECORD \$137 BILLION IN 2027, SEMI REPORTS

Mar 19, 2024

<https://www.semi.org/en/news-media-press-releases/semi-press-releases/300mm-fab-equipment-spending-forecast-to-reach-record-%24137-billion-in-2027-semi-reports>

- **China is leading fab equipment spending** with US\$30 billion in investments in each of next four years fueled by government incentives and domestic self-sufficiency policies.
- Chinese chip manufacturers are forecast to start operations of **18 projects in 2024**, with **12% YoY capacity growth to 7.6 million wpm in 2023** and **13% YoY capacity growth to 8.6 million wpm in 2024**.

# UHP ORDERBOOK TO GROW IN-LINE WITH **RECOVERY OF SEMICON INDUSTRY**



Fab equipment spending to **exceed US\$100 billion for first time in 2025 and reach a record of US\$137 billion in 2027** due to:-

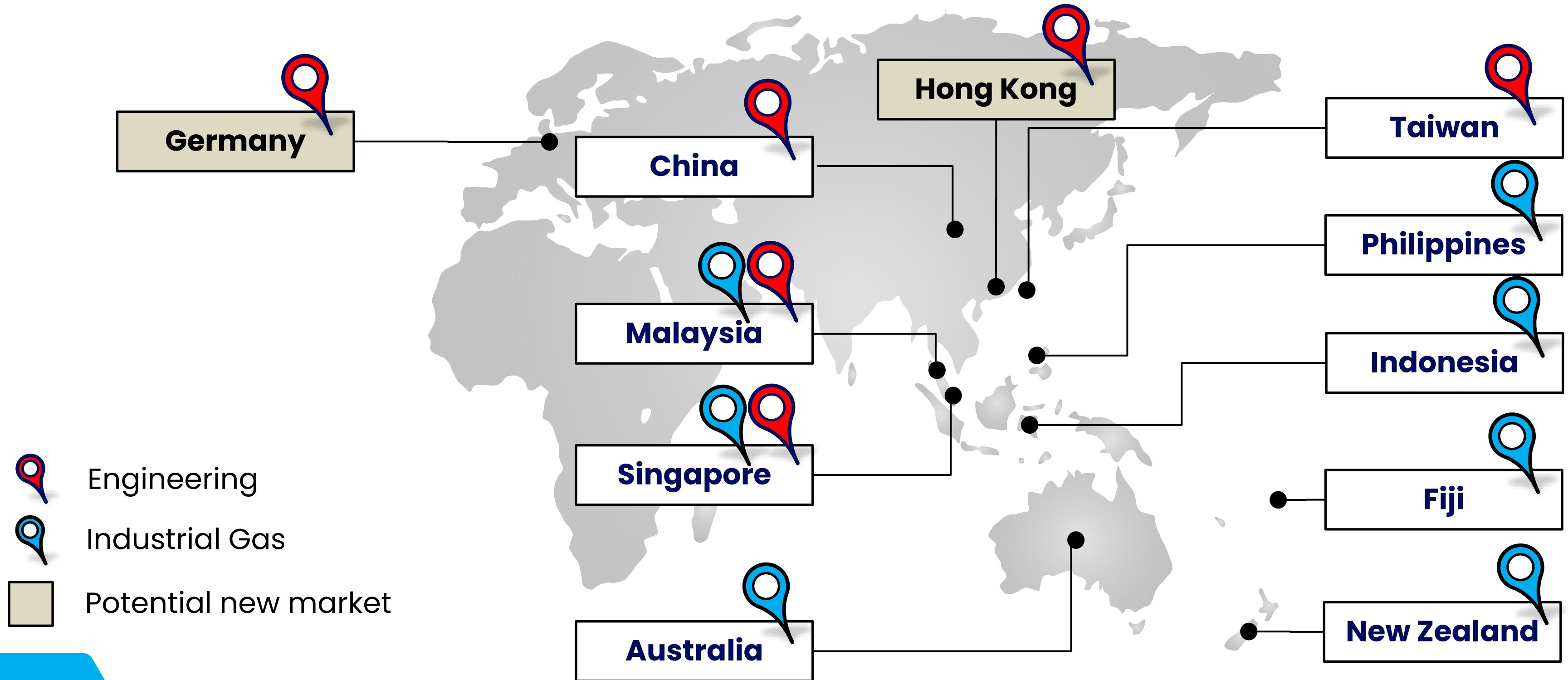
- Memory market recovery
- Strong demand for high-performance computing and automotive applications

<https://www.semi.org/en/news-media-press-releases/semi-press-releases/300mm-fab-equipment-spending-forecast-to-reach-record-%24137-billion-in-2027-semi-reports>



## ENTERING NEW MARKETS

# EXPANSION OF GEOGRAPHICAL REACH



## INDUSTRIAL GAS : NEW RECURRING REVENUE STREAM

# 10-YEAR ON-SITE GAS SUPPLY SCHEME



- Secured 10-year contract to supply **hydrogen, nitrogen and oxygen** for an optoelectronics semiconductor giant in Kulim, Kedah.
- Supply of gases expected to **commence in 2Q 2024.**
- Expected to generate **cumulative revenue of approximately RM180 million over the 10-year period** via fixed facility fees and sales of gases.
- This represents the second onsite supply scheme.

# EXPLORING EXPANSION OF INDUSTRIAL GAS IN NEW COUNTRIES



Indonesia



Philippines



India

# ESG ACHIEVEMENTS

# FTSE ESG RATING UPGRADED TO 4-STAR

## FTSE4Good

Inclusion in FTSE4Good Bursa Malaysia Index since December 2021.



Upgraded to a **4-star ESG rating** following the **December 2023** review conducted by FTSE Russell.

# THANK YOU

*For investor relations queries,  
kindly contact [meichee@capitalfront.biz](mailto:meichee@capitalfront.biz)*

