

*KELINGTON GROUP BERHAD*

# **2Q FY2024 RESULTS REVIEW**

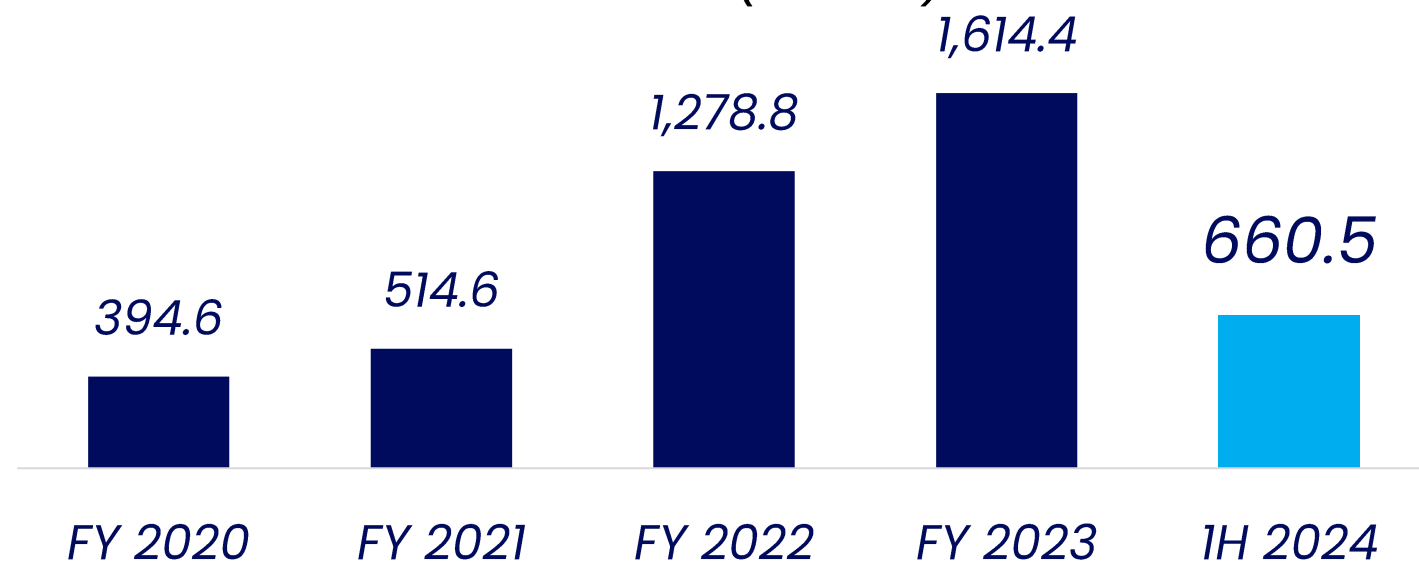
*22 Aug 2024*



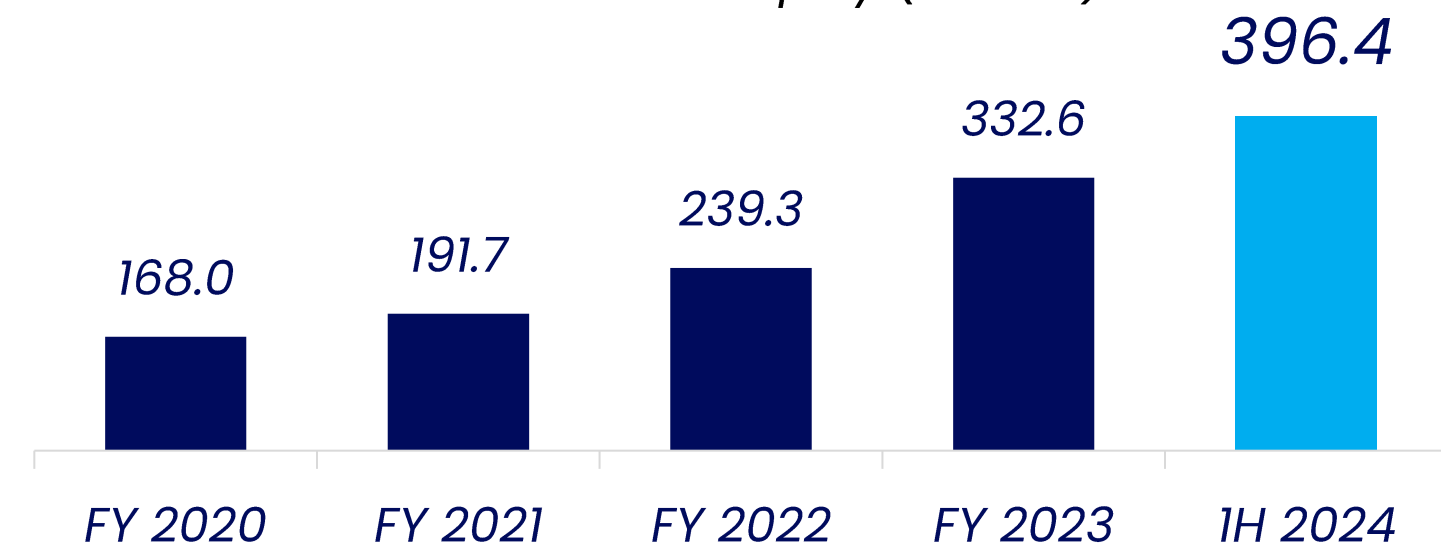
## HISTORICAL FINANCIAL PERFORMANCE

# BOTTOM LINE IMPROVEMENT EFFORTS

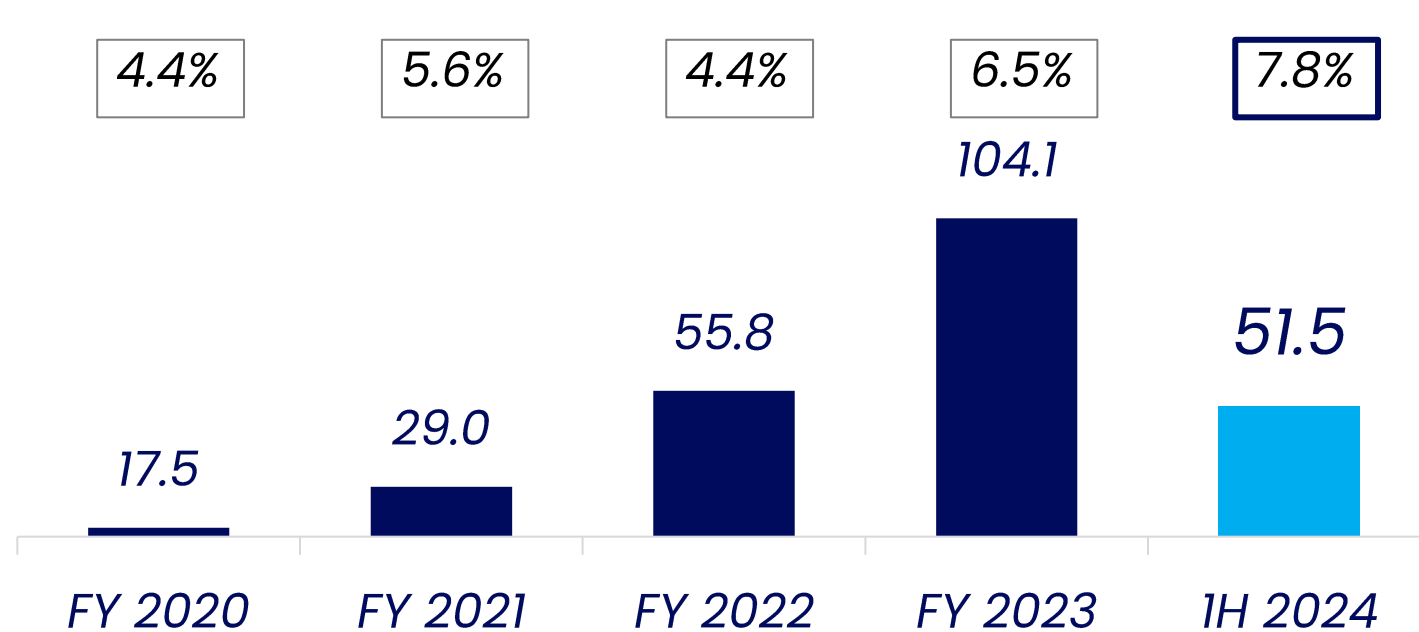
Revenue (RM mil)



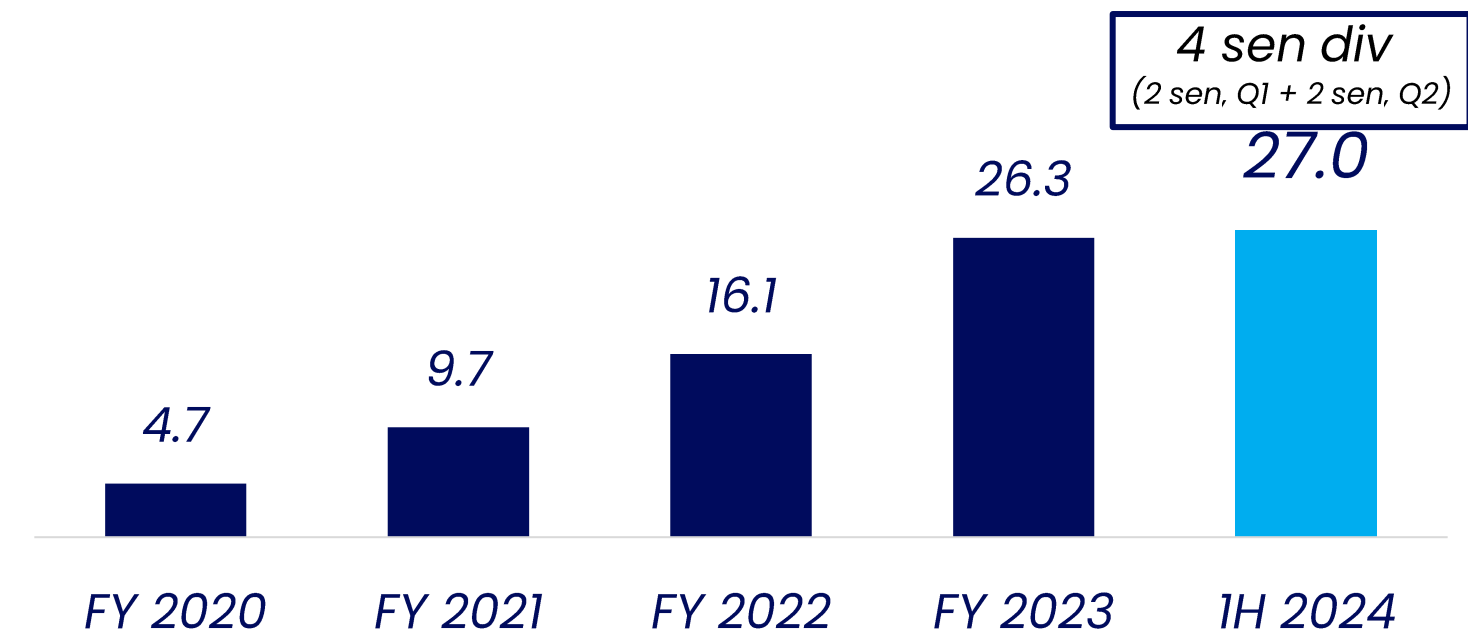
Shareholder's Equity (RM mil)



Net Profit (RM mil)



Total Dividend Declared (RM mil)



## 2Q FY24 FINANCIAL PERFORMANCE

# INCOME STATEMENT HIGHLIGHTS

RM MIL	2Q FY24	2Q FY23	Y-O-Y % CHANGE	1Q FY24	Q-O-Q % CHANGE
<b>Revenue</b>	<b>321.2</b>	<b>424.9</b>	-24%	<b>339.3</b>	-5%
Gross profit	55.5	46.0	+21%	52.9	+5%
<i>Gross profit margin</i>	<b>17.3%</b>	<b>10.8%</b>		<b>15.6%</b>	
Other income	3.3	3.3		1.0	
Administrative expenses	(17.6)	(18.6)		(15.3)	
Selling & distribution expenses	(1.0)	(0.7)		(0.9)	
Other expenses	(3.0)	(2.2)		(2.7)	
<b>Operating profit</b>	<b>37.2</b>	<b>27.8</b>	+34%	<b>35.1</b>	+6%
Finance costs	(2.4)	(1.9)		(2.4)	
<b>Profit before tax</b>	<b>34.8</b>	<b>25.9</b>	+43%	<b>32.7</b>	+7%
Tax	(7.7)	(5.6)		(7.1)	
<b>Profit after tax</b>	<b>27.2</b>	<b>20.3</b>	+34%	<b>25.6</b>	+6%
<b>Net profit</b>	<b>26.7</b>	<b>19.1</b>	+40%	<b>24.8</b>	+7%
<i>Effective tax rate</i>	<b>22.0%</b>	<b>21.8%</b>		<b>21.6%</b>	
<i>PBT margin</i>	<b>10.8%</b>	<b>6.1%</b>		<b>9.6%</b>	
<i>PAT margin</i>	<b>8.5%</b>	<b>4.8%</b>		<b>7.6%</b>	

**1** Lower revenue as several major projects had moved out of their accelerated phases and were nearing completion.

**2** Higher GP margin due to favourable project mix – larger proportion coming from higher margin projects.

- UHP – 2Q23 (68%) to 2Q24 (69%) of total revenue.
- Industrial gases – 2Q23 (7%) to 2Q24 (11%) of total revenue.

**3** Higher PAT margin as a result of higher GP margin.

# BALANCE SHEET HIGHLIGHTS

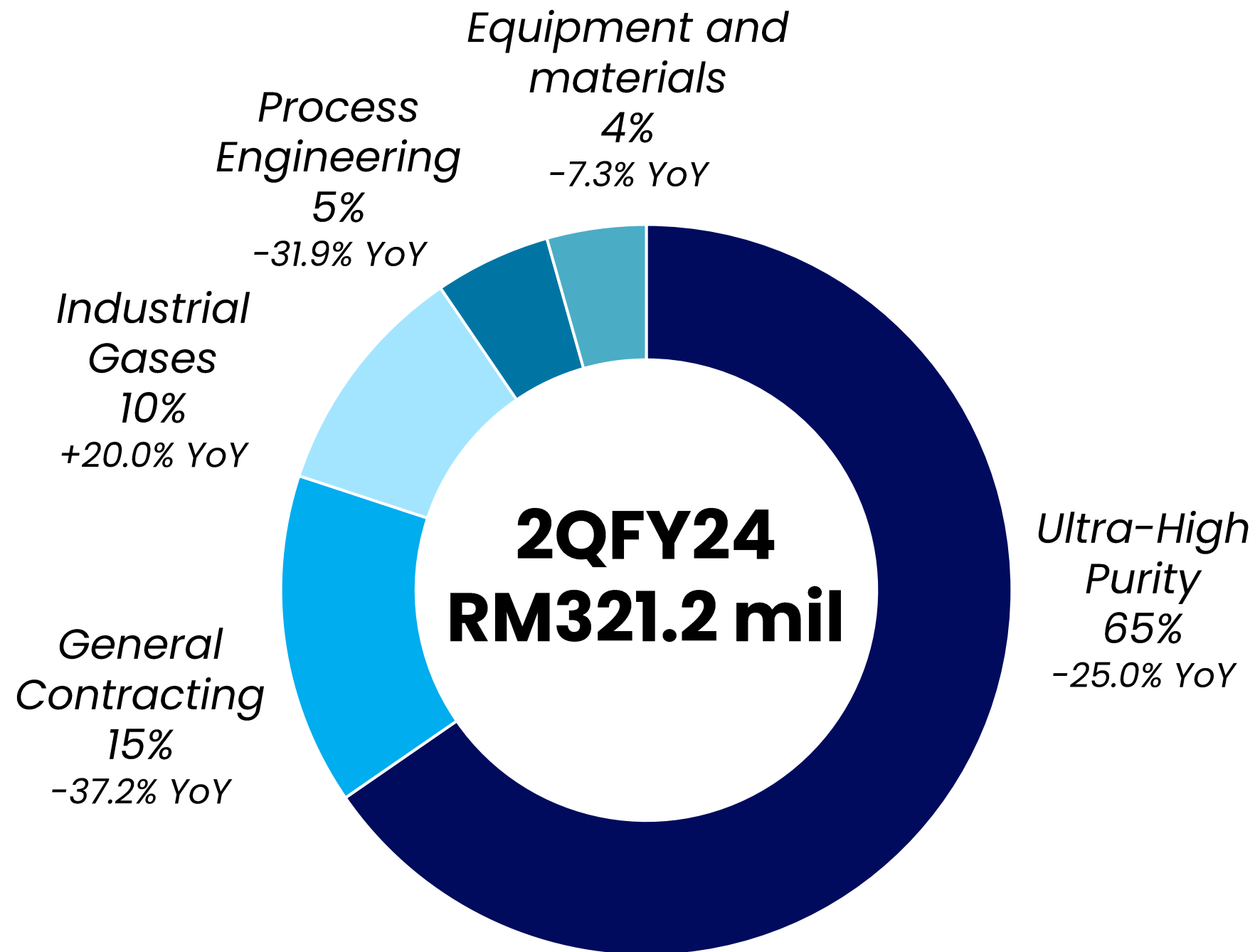
RM MIL	30.06.2024 (Unaudited)	31.12.2023 (Audited)
Total Assets	1,082.8	1,071.3
Total Liabilities	679.2	732.9
Total Borrowings*	197.7	188.2
Short-term	112.5	125.6
Long-term	80.0	62.6
Total Cash	334.1	269.3
Total Equity	403.5	338.4
Net Asset/Share	59 sen	52 sen
Gearing (times)	0.50	0.56
Net gearing (times)	Net Cash	Net Cash

\*Include lease liabilities

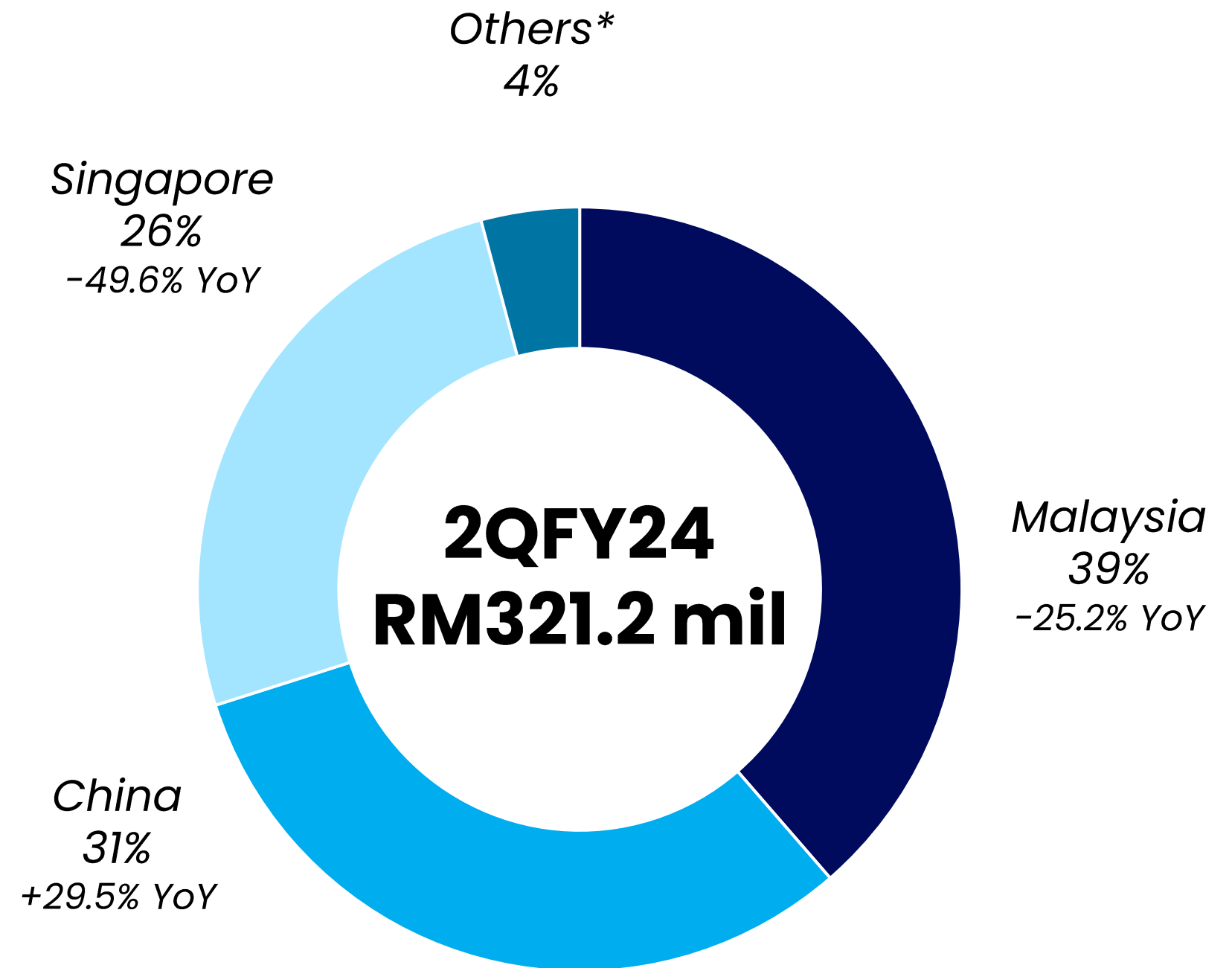
- 1 Rise in debt mainly due to capital expenditure and working capital for the industrial gases division, partially offset by reduced project financing in Malaysia, Singapore and Taiwan.
- 2 Growth in equity driven by exercise of warrants and quarterly profits.
- 3 Group is in healthy net cash position with total cash exceeding total borrowings.

# 2Q FY24 REVENUE BREAKDOWN

## STRONG GROWTH FROM CHINA



Revenue Breakdown By Business Segment



Revenue Breakdown By Geographical Segment

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

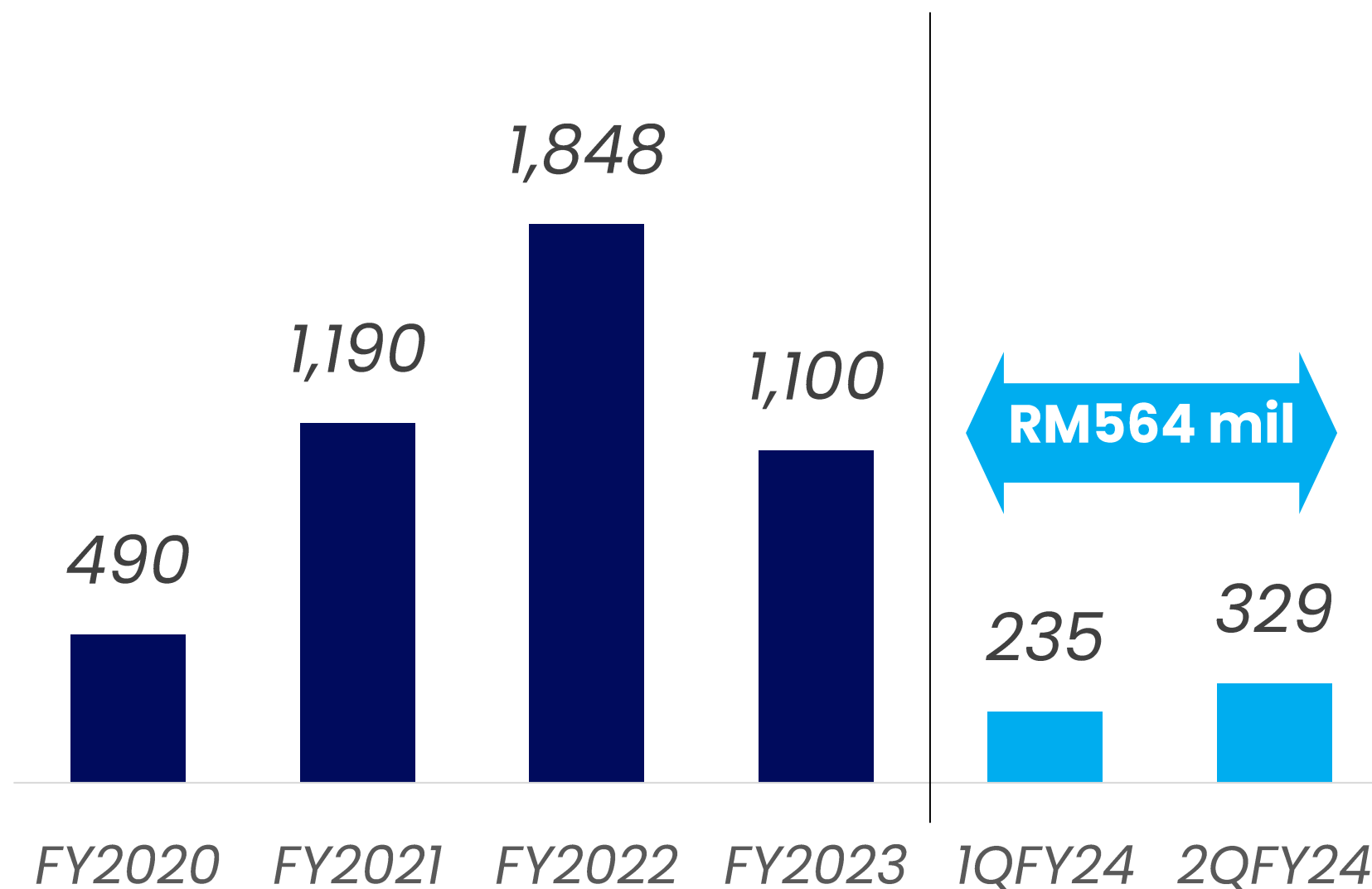
# ENGINEERING SEGMENT



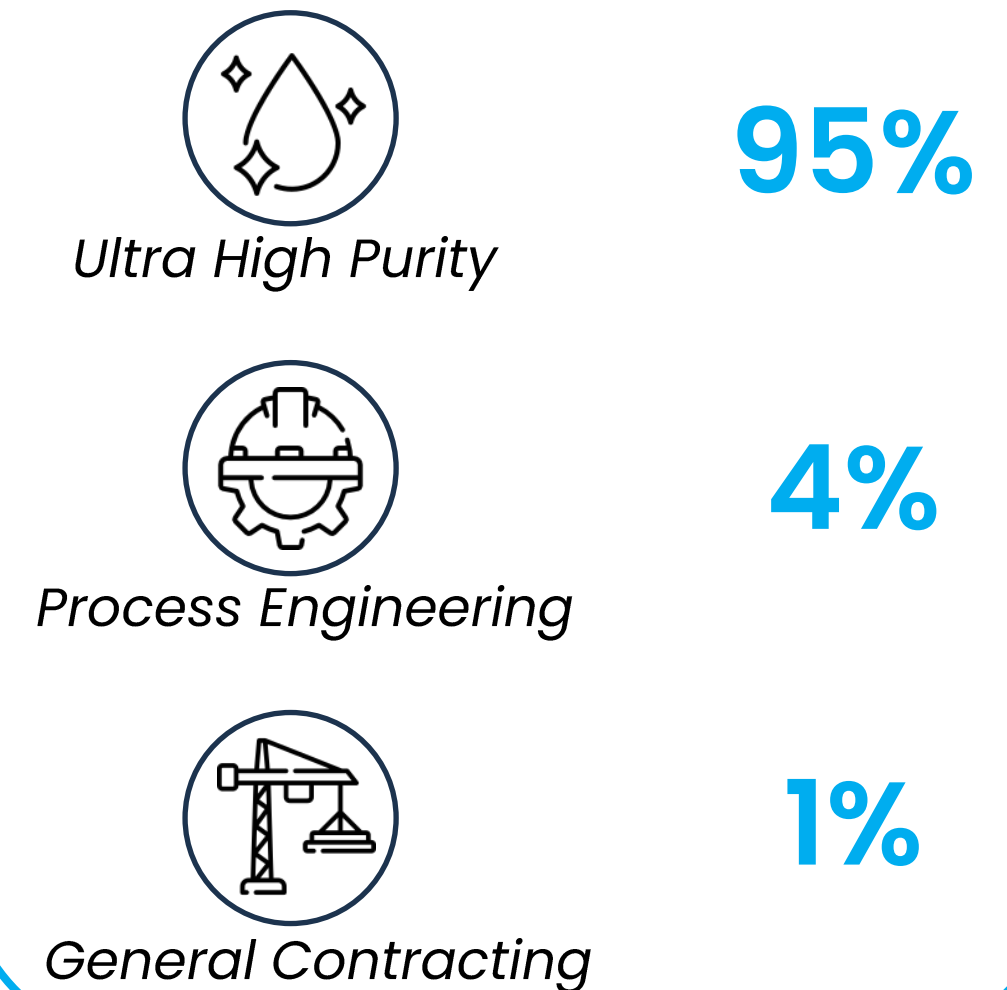
CONTINUE TO WIN CONTRACTS, MAJORITY FROM UHP

# NEW ORDERS SECURED IN 2Q ROSE BY 40% FROM 1Q

## NEW ORDERS SECURED (RM mil)



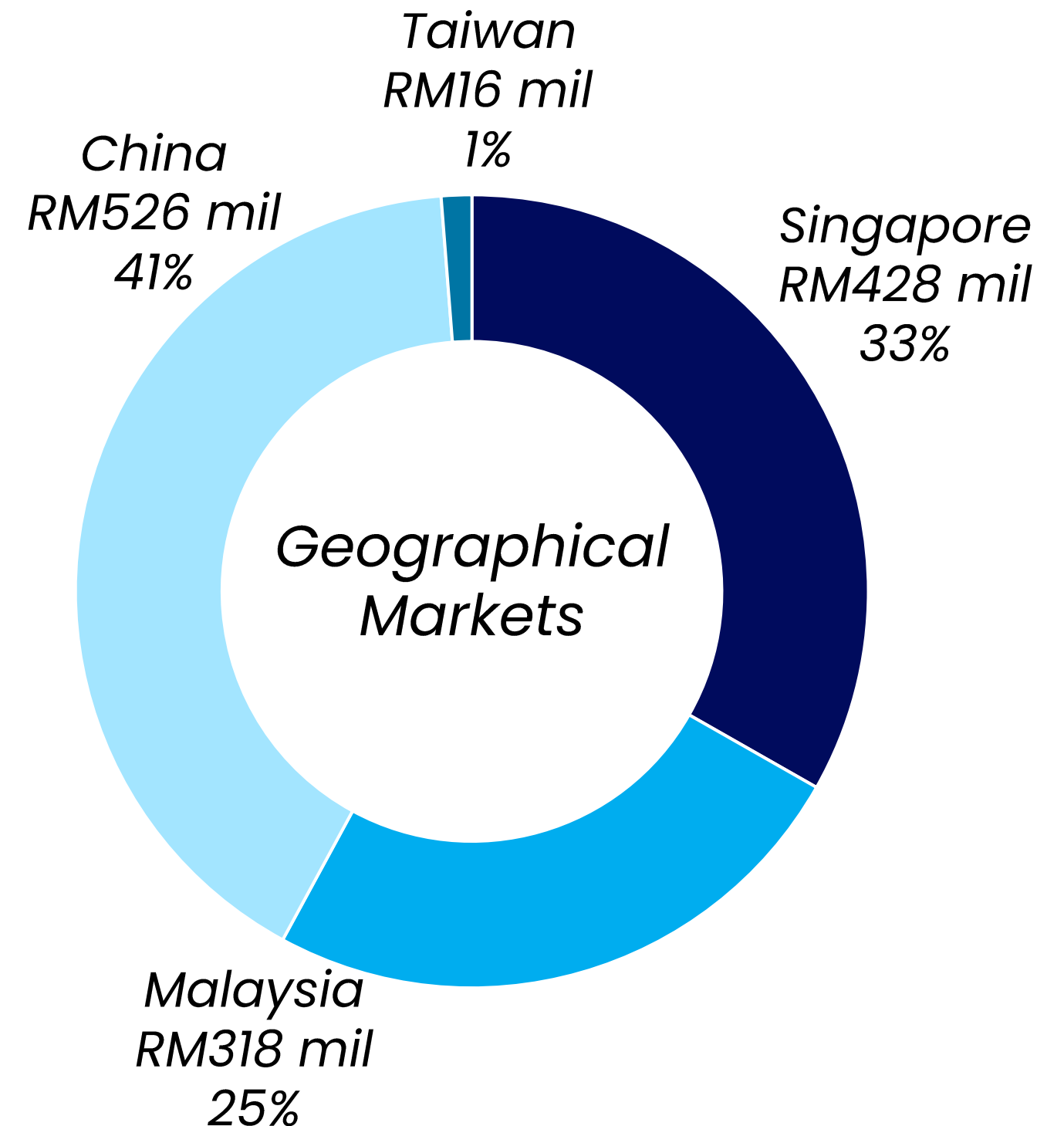
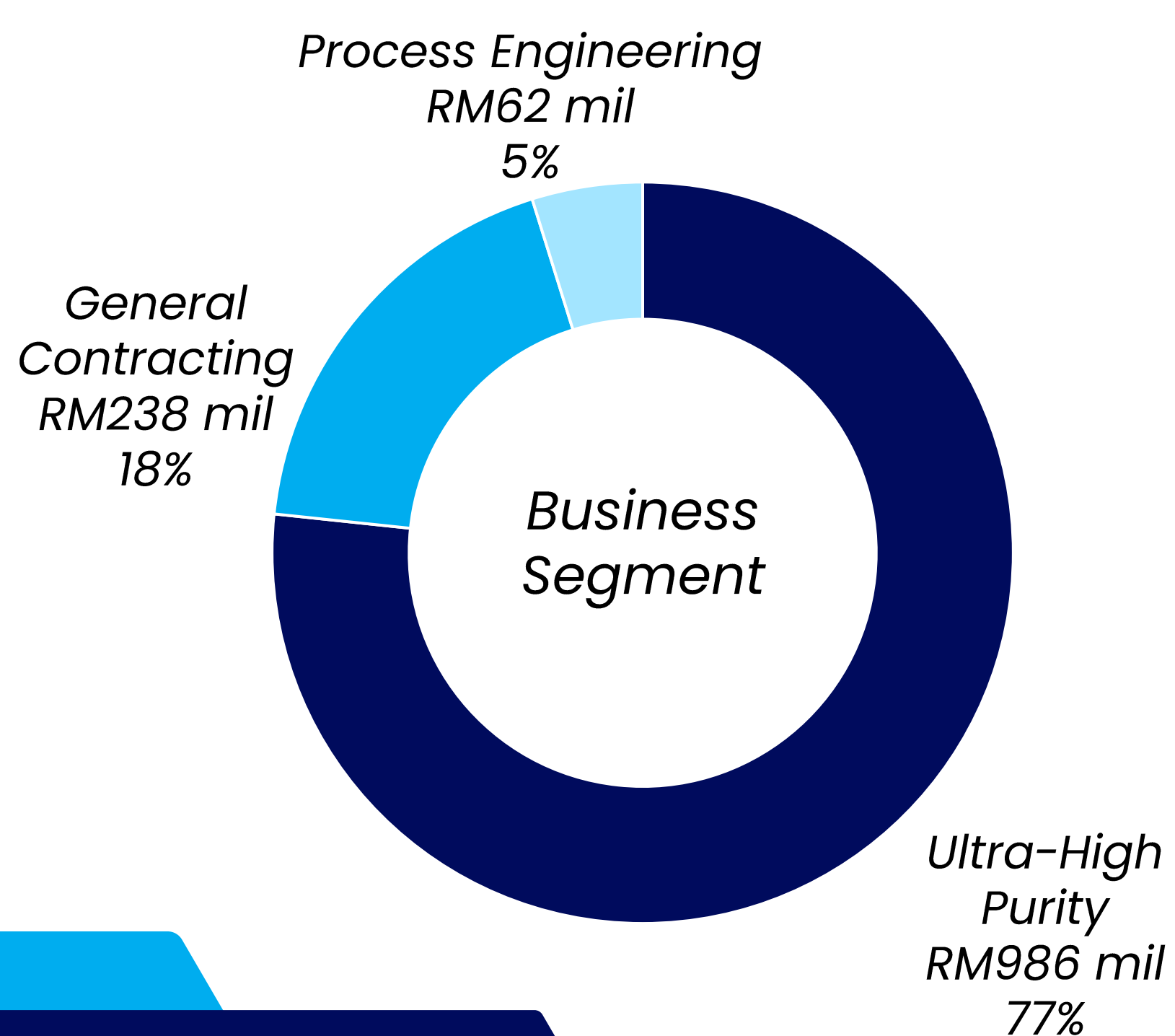
## Breakdown of new projects secured of RM329 mil



77% OF OUTSTANDING ORDERBOOK IS FROM UHP SEGMENT

# OUTSTANDING ORDERBOOK OF RM1.29 BILLION

(as at 30 June 2024)





*SIGNIFICANT TENDER ACTIVITIES IN SINGAPORE & CHINA*

# TOTAL TENDERBOOK OF RM1.66 BILLION

(as at 30 June 2024)



**RM556 mil**  
**33%**

**Singapore**



**RM500 mil**  
**30%**

**China**



**RM400 mil**  
**24%**

**Germany & Hong Kong**



**RM144mil**  
**9%**

**Malaysia**

# **INDUSTRIAL GAS SEGMENT**




**(undertaken by Ace Gases Sdn Bhd)**



## INDUSTRIAL GAS SEGMENT

# BUSINESS MODEL AND TARGET CUSTOMERS

### REVENUE STREAMS

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

### TARGET CUSTOMERS

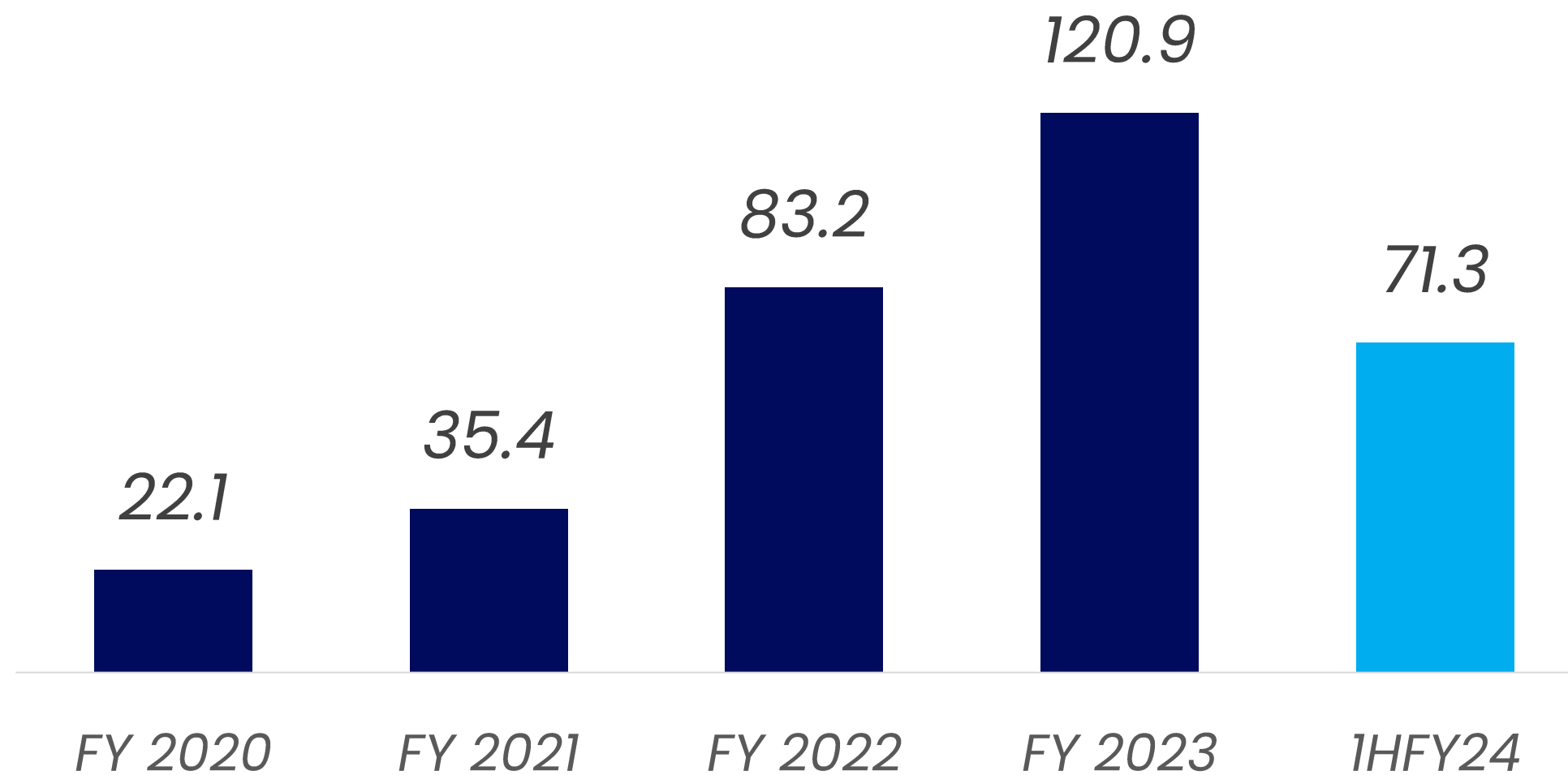
*Local and overseas customers who comprise of*

- Manufacturers – Beverage bottlers and chemicals manufacturers*
- Commercial businesses – Airlines and food and beverage*
- Industrial gas companies and intermediaries – Industrial gas re-fillers*

## INDUSTRIAL GAS SEGMENT

# HISTORICAL FINANCIAL PERFORMANCE

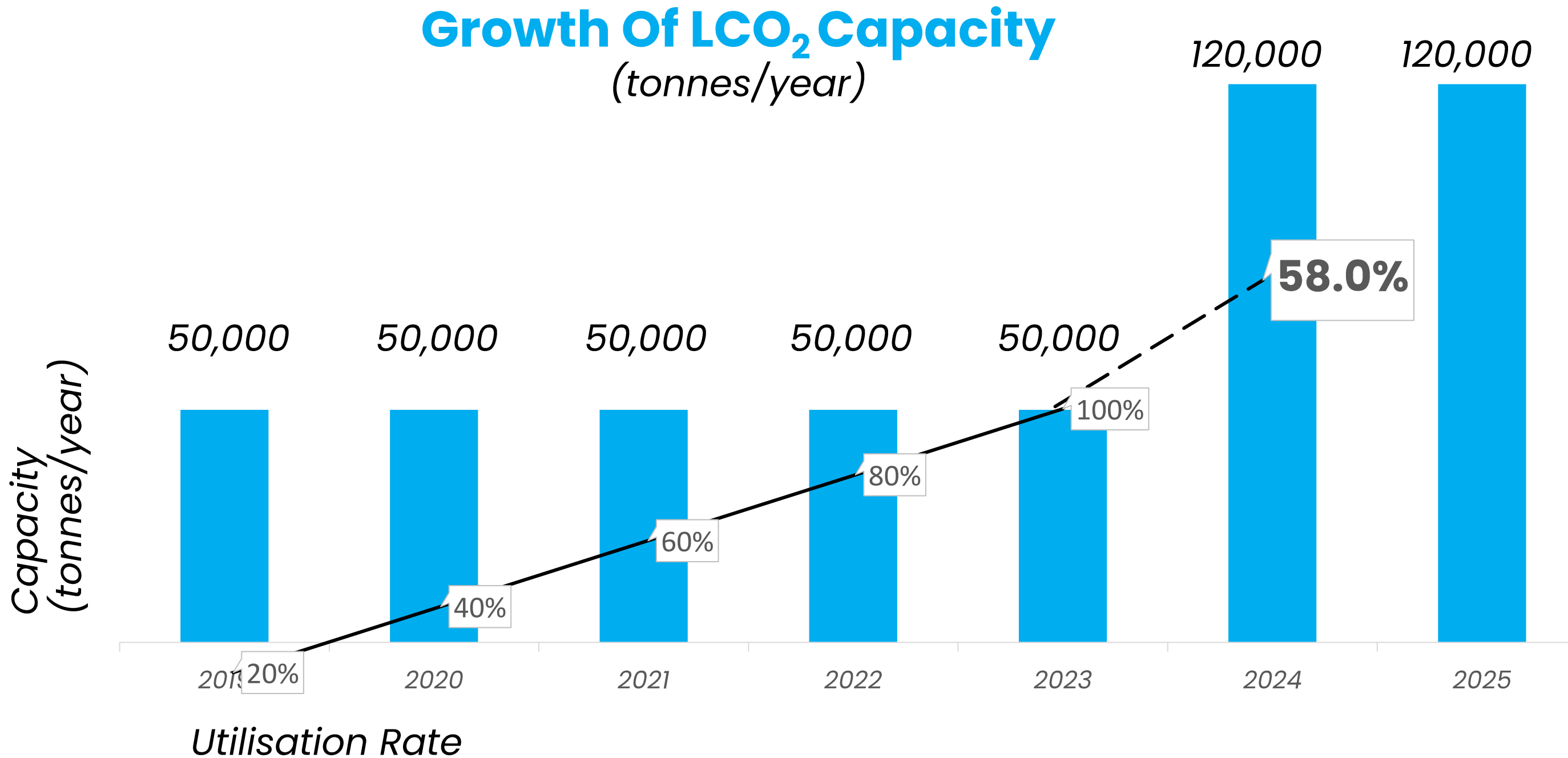
*Revenue (RM million)*



- Revenue has grown at CAGR of 76% from FY2020–FY2023.

# LCO2 MANUFACTURING

## NEW GAS CAPACITY IS BEING UTILISED RAPIDLY



- New LCO<sub>2</sub> plant (70,000MT/year) commenced production on 25 March 2024.
- Current production is 200 tonnes per day, 58% utilisation rate.
- Export revenue benefitting from global shortage of CO<sub>2</sub>.

## 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.
- Revenue contribution has commenced in **2Q 2024** and will continue until **2Q 2034**.
- 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.

# FUTURE PLANS AND OUTLOOK



# GLOBAL SEMICONDUCTOR FAB CAPACITY PROJECTED TO EXPAND 6% IN 2024 AND 7% IN 2025, SEMI REPORTS

June 18, 2024

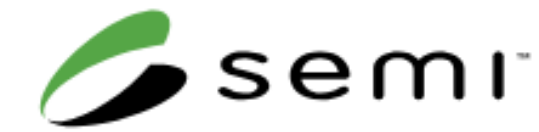
Source : <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-semiconductor-fab-capacity-projected-to-expand-6%25-in-2024-and-7%25-in-2025-semi-reports>

- *To keep pace with unremitting growth in demand for chips, the global semiconductor manufacturing industry is expected to **increase capacity** by 6% in 2024 and post a 7% gain in 2025.*
- *The proliferation of AI processing, from cloud computing to edge devices, is fueling the race to develop high-performance chips and driving a robust expansion of global semiconductor manufacturing capacity.*
- *Chinese chipmakers are expected to maintain **double-digit capacity growth**, registering a 14% increase to 10.1 million wpm in 2025 – nearly a third of the industry’s total – after logging a 15% rise to 8.85 million wpm in 2024.*



May 28, 2024

# Global Semiconductor Industry Outlook – Taking Unprecedented Action to Optimize Growth, Address Challenges

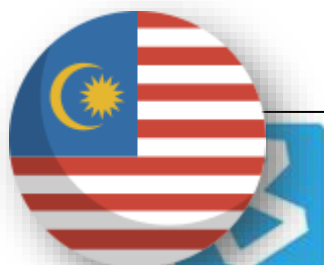


SEMI World Fab Forecast: 103 new fabs worldwide expected to come online between 2023-2027

- The global semiconductor industry is **expanding production capacity** to support the proliferation of AI and a diverse range of disruptive technologies and emerging applications, with a robust **103 new fabs expected to come online between 2023 and 2027**, as the most recent SEMI [World Fab Forecast report](https://www.semi.org/en/blogs/semi-news/global-semiconductor-industry-outlook-taking-unprecedented-action-to-optimize-growth-address-challenges#:~:text=The%20global%20semiconductor%20industry%20is,World%20Fab%20Forecast%20report%20highlights) highlights.

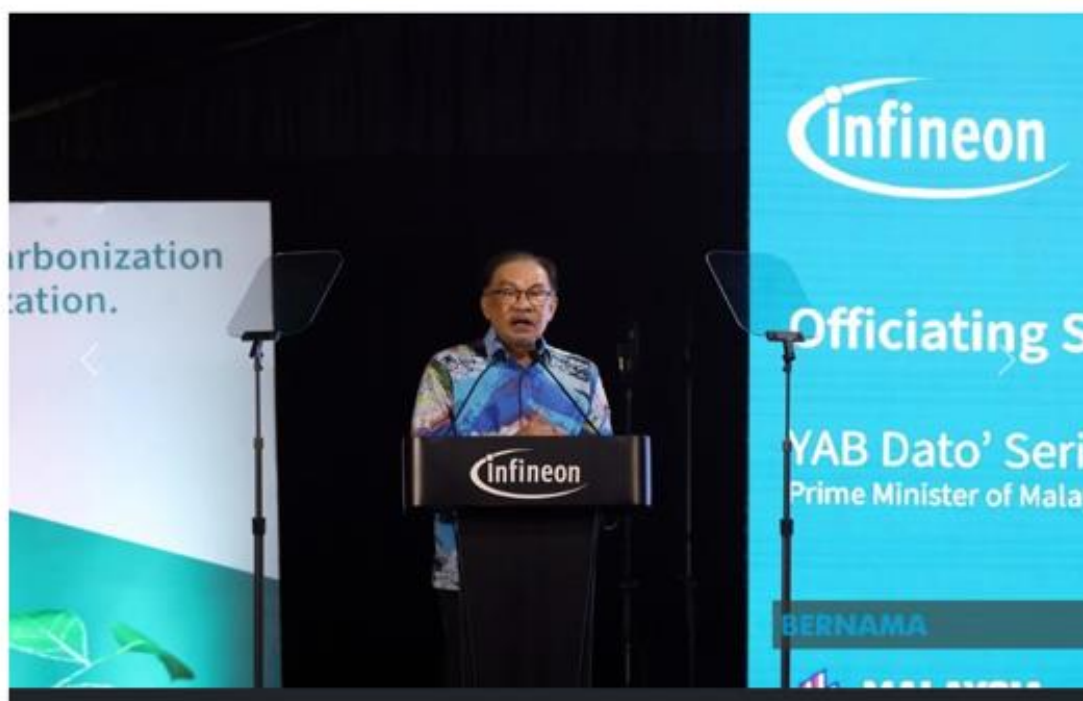
Source : <https://www.semi.org/en/blogs/semi-news/global-semiconductor-industry-outlook-taking-unprecedented-action-to-optimize-growth-address-challenges#:~:text=The%20global%20semiconductor%20industry%20is,World%20Fab%20Forecast%20report%20highlights>

# PROMISING OPPORTUNITIES AHEAD



## New Infineon Fab In Kulim Marks Significant Milestone For Kedah, Malaysia – Anwar

© 08/08/2024 04:46 PM



KULIM, Aug 8 (Bernama) -- Prime Minister Datuk Seri Anwar Ibrahim said the opening of Infineon Technologies's 200-millimeter silicon carbide (SiC) power semiconductor fabrication plant here marks a significant milestone for Kedah and Malaysia.

He said the new plant will showcase Malaysia globally in attracting investments.

"Infineon's decision (to invest in Malaysia) is surely for good reasons, (such as) for the infrastructure, attractive incentive and for the professional workforce discipline.

"Their presence to invest in the world's largest 200mm silicon power fab alone is a major selling point for us in the country," he said in his speech at the opening ceremony of Infineon Technologies Kulim 3 at Kulim Hi-

## NEW STRAITS TIMES BUSINESS TIMES

### Enovix opens first high-volume fab facility in Malaysia, commits US\$1.2bil investment over 15 years

August 8, 2024 @ 2:47pm



Enovix Corporation has opened its first high-volume manufacturing facility (Fab2) in Malaysia and plans to invest US\$1.2 billion here over 15 years.

KUALA LUMPUR: Enovix Corporation has opened its first high-volume manufacturing facility (Fab2) in Malaysia and plans to invest US\$1.2 billion here over 15 years.



## US-based MKS Instruments to build factory in Malaysia to support wafer fab equipment production

By Digital News Asia June 12, 2024

- Facility will support customers in the region and globally
- Serves customers across broad array of semicon manufacturing applications

MKS Instruments, Inc, a Massachusetts, US-based NASDAQ listed provider of technologies announced that it is set to build a factory in Penang, Malaysia to support wafer fabrication equipment production in the region and globally. Its first plant in Asia, the plan is to construct the new facility in three phases, with groundbreaking expected to commence in early 2025 said the company which had revenue of US\$3.62 billion (RM17.1 billion) in 2023. No further details were shared about the investment commitment with MKS describing its upcoming facility as a "super center" which a spokesperson describes as, "a factory that is a larger facility that will manufacture multiple products and be a center for manufacturing."

"MKS has a proud history of innovations and inventions that have shaped the evolution of the key industries we serve," said Dr John T.C. Lee (pic), President and CEO of MKS. "With proximity to our customers and suppliers and robust technology infrastructure, Penang is home to a strong semiconductor ecosystem. Expanding our business in Malaysia is an important milestone for our company as we seek to continue to enhance our capabilities as a leader across a broad array of semiconductor manufacturing applications."

# PROMISING OPPORTUNITIES AHEAD Cont'd



**THE STRAITS TIMES**

## Wafer manufacturer Siltronic opens \$2.9b facility in S'pore, will expand hiring

Updated Jun 13, 2024, 04:49 PM



DPM Heng Swee Keat said at the opening ceremony of Siltronic's new plant that the digital and green revolutions will make semiconductors even more critical.

SINGAPORE – A German firm that supplies semiconductor materials officially opened a \$2.9 billion advanced manufacturing facility here on June 12.

The 150,000 sq m factory in Tampines – Siltronic's third production plant in Singapore – produces silicon wafers for semiconductors, which are used in mobile devices, electric vehicles and data centres.

**CNBC** MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVI

TECH

## TSMC-backed Vanguard and Dutch firm NXP to build \$7.8 billion Singapore wafer plant

PUBLISHED THU, JUN 6 2024•2:19 AM EDT | UPDATED THU, JUN 6 2024•2:26 AM EDT

 **Dylan Butts**  
@IN/DYLAN-B-7A451A107

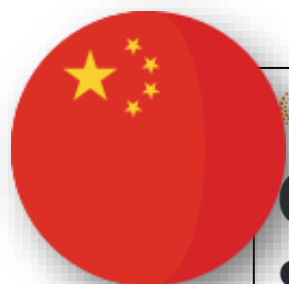
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**KEY POINTS**

- Vanguard will have a 60% stake in the joint venture – VisionPower Semiconductor Manufacturing Company – while NXP will hold 40%, according to a joint statement.
- The new plant's construction is expected to start in the second half of 2024, with wafers to be shipped to customers in 2027.

# PROMISING OPPORTUNITIES AHEAD Cont'd



REUTERS

## China sets up third fund with \$47.5 billion to boost semiconductor sector



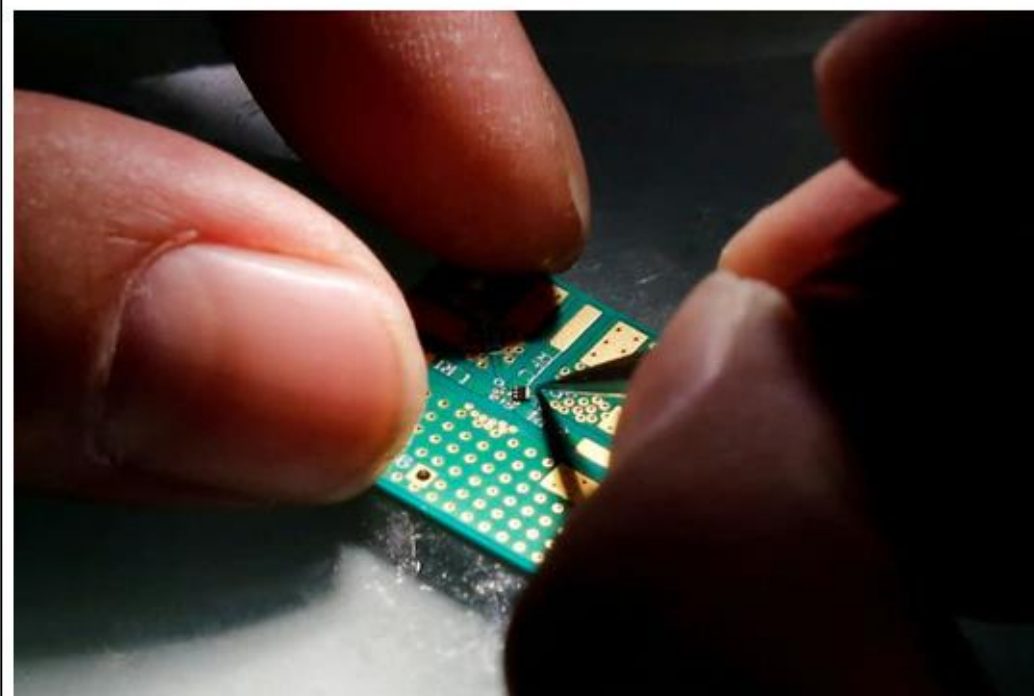
*The third phase will be the largest of the three funds launched by the China Integrated Circuit Industry Investment Fund, known as the "Big Fund."*

asia financial

## China to Lead 2024 Chip Expansion with 18 New Fabs – SEMI

January 9, 2024

Chinese chipmakers are forecast to start production at 18 new fabs this year, according to a microelectronics industry group



Chinese government funding and incentives were expected to boost its share of global chip production this year, with local chipmakers "forecast to start operations of 18 projects in 2024," according to a report by SEMI, in its quarterly [World Fab Forecast](#), which said that global production would increase by 6.4% with over 30 million wafer starts per month.

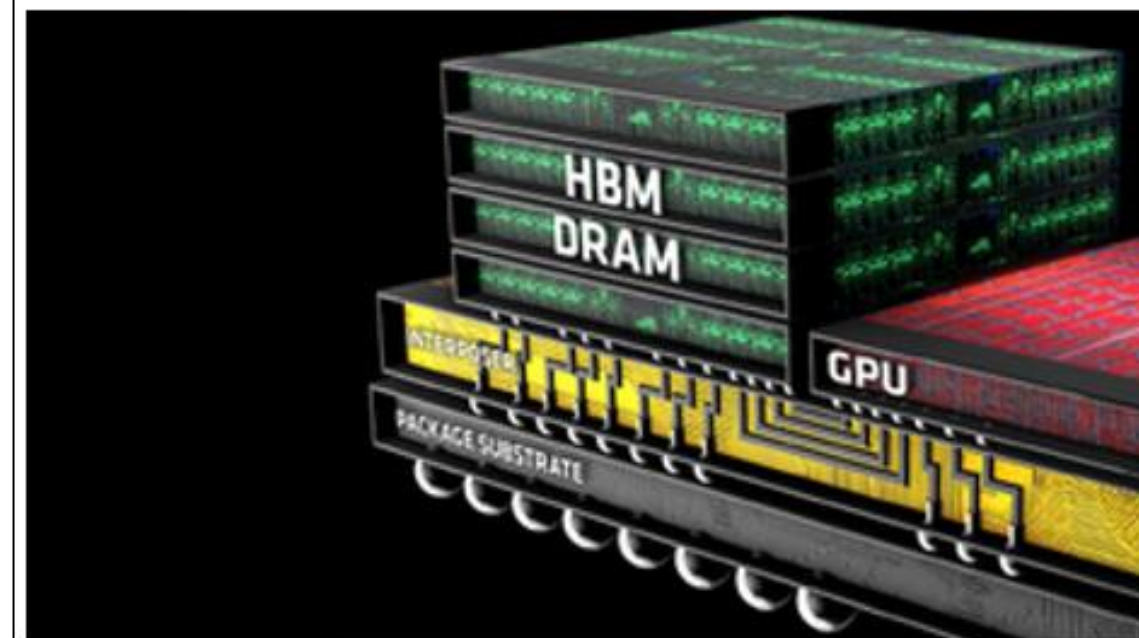
"Resurgent market demand and increased government incentives worldwide are

tom's **HARDWARE**

## Chinese memory maker gets \$2.4 billion to build HBM for AI processors — Shanghai packaging facility to open in 2026

By [Anton Shilov](#) published June 28, 2024

China may be inching closer to its own HBM memory.



Innotron, the parent company of ChangXin Memory Technologies (CXMT), plans to invest \$2.4 billion in a new advanced packaging facility in Shanghai. According to [Bloomberg](#), this plant will focus on packaging high-bandwidth memory (HBM) chips and will begin production by mid-2026. Innotron will build the facility using money from various investors, including GigaDevice Semiconductor.

The new facility will concentrate on various advanced packaging technologies, such as interconnecting stacked memory devices using through-silicon vias (TSV), which is crucial for producing HBM. According to the Bloomberg report, the facility is anticipated to have a "packaging capacity of 30,000 units per month."

# PROMISING OPPORTUNITIES AHEAD Cont'd




Power Semiconductors

## Infineon to begin final construction phase on Dresden fab

Peter Brown  
05 June 2024

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THE BUSINESS TIMES

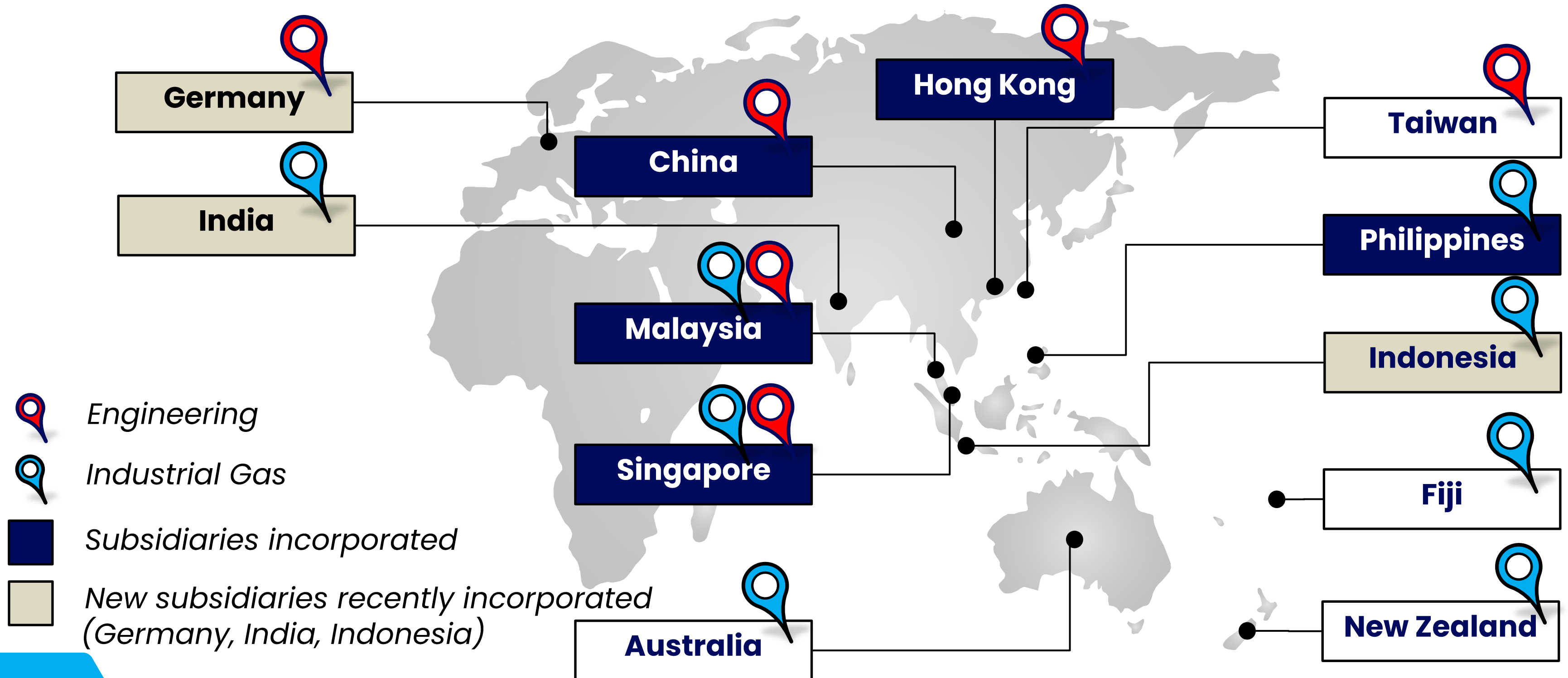
## TSMC says construction of first European plant on track to start in fourth quarter

BT Published Tue, May 14, 2024 · 10:15 PM

TSMC [Follow](#)

## ENTERING NEW MARKETS

# EXPANSION OF GEOGRAPHICAL REACH



## ESG ACHIEVEMENTS

# FTSE ESG RATING UPGRADED TO 4-STAR

### FTSE4Good

*Inclusion in  
FTSE4Good Bursa  
Malaysia Index since  
December 2021.*



*Maintained a **4-star  
ESG rating** following  
the **June 2024** review  
conducted by FTSE  
Russell.*

# THANK YOU

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