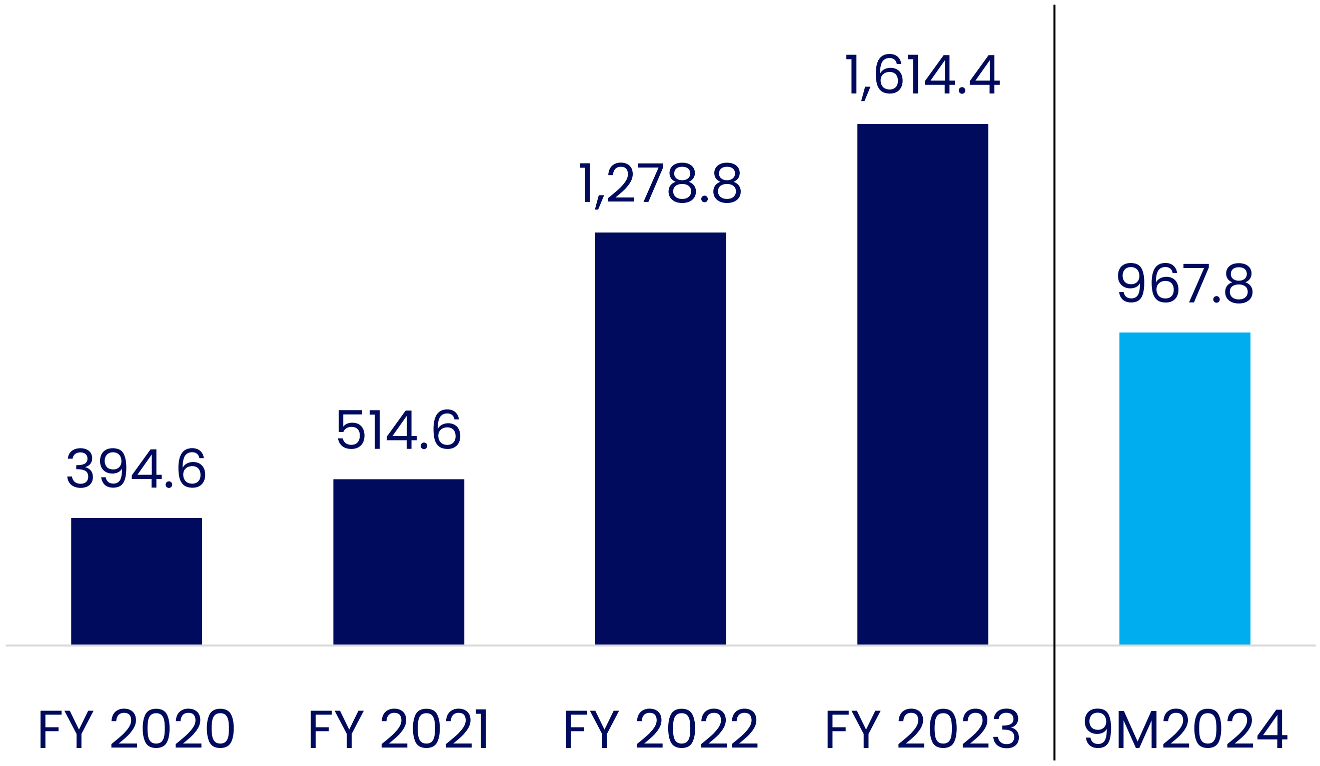
KELINGTON GROUP BERHAD

3Q FY2024 RESULTS REVIEW

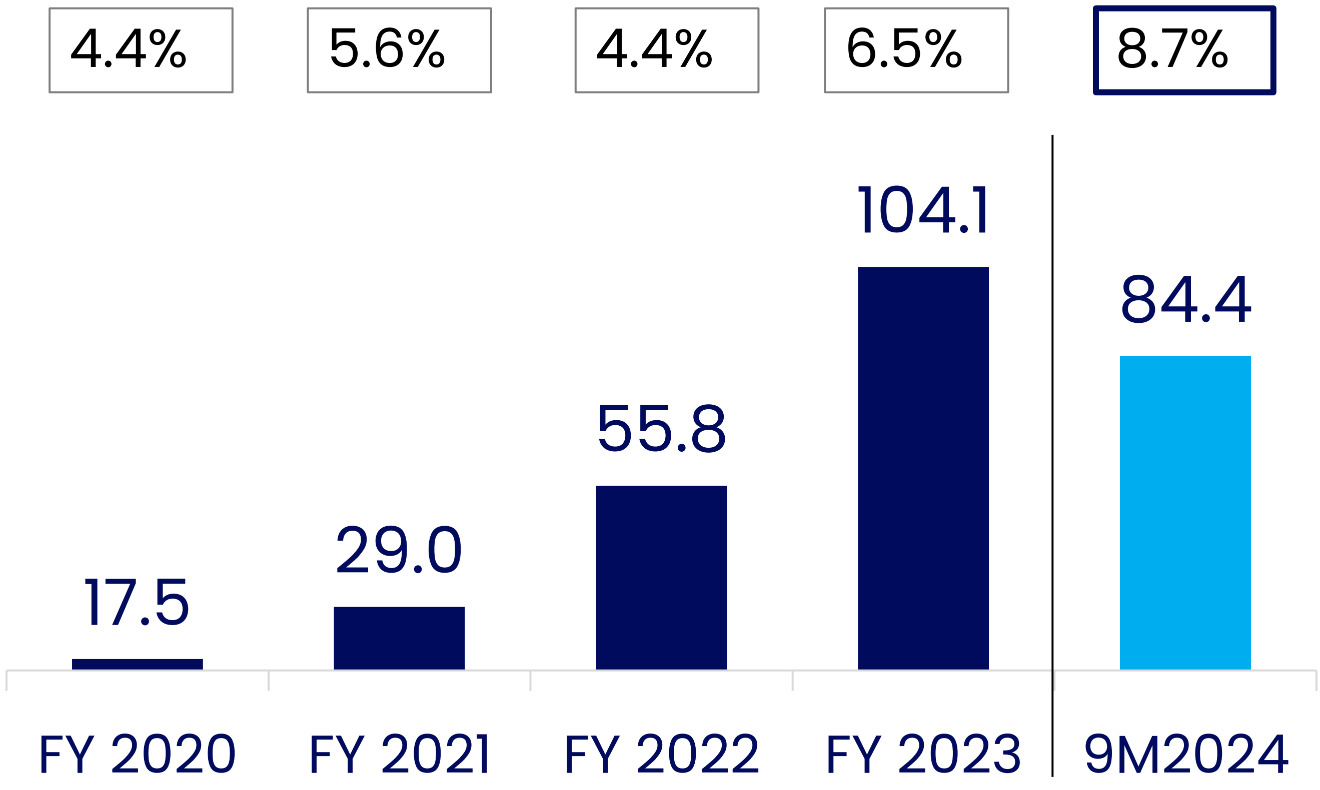
13 November 2024

Consistent Growth In Financial Performance, Strong Focus On Rewarding Shareholders

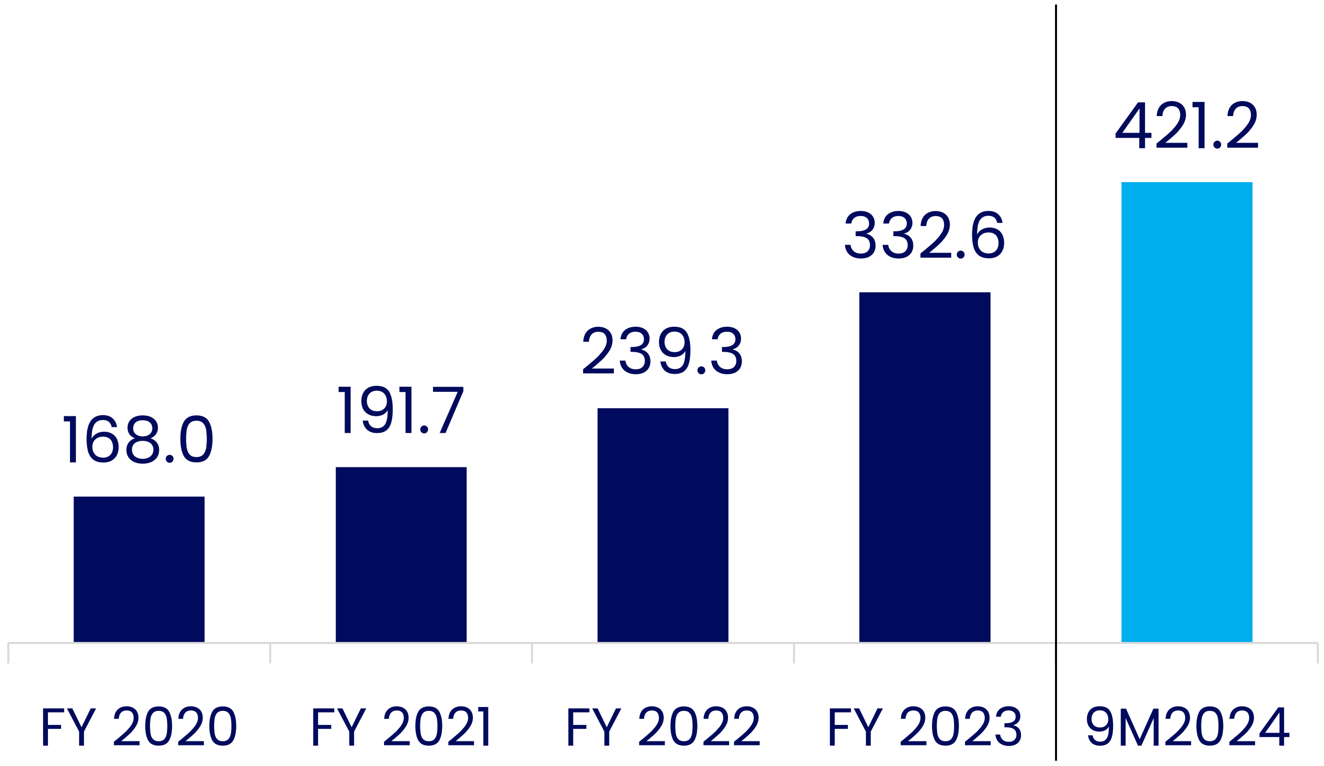
Revenue (RM mil)



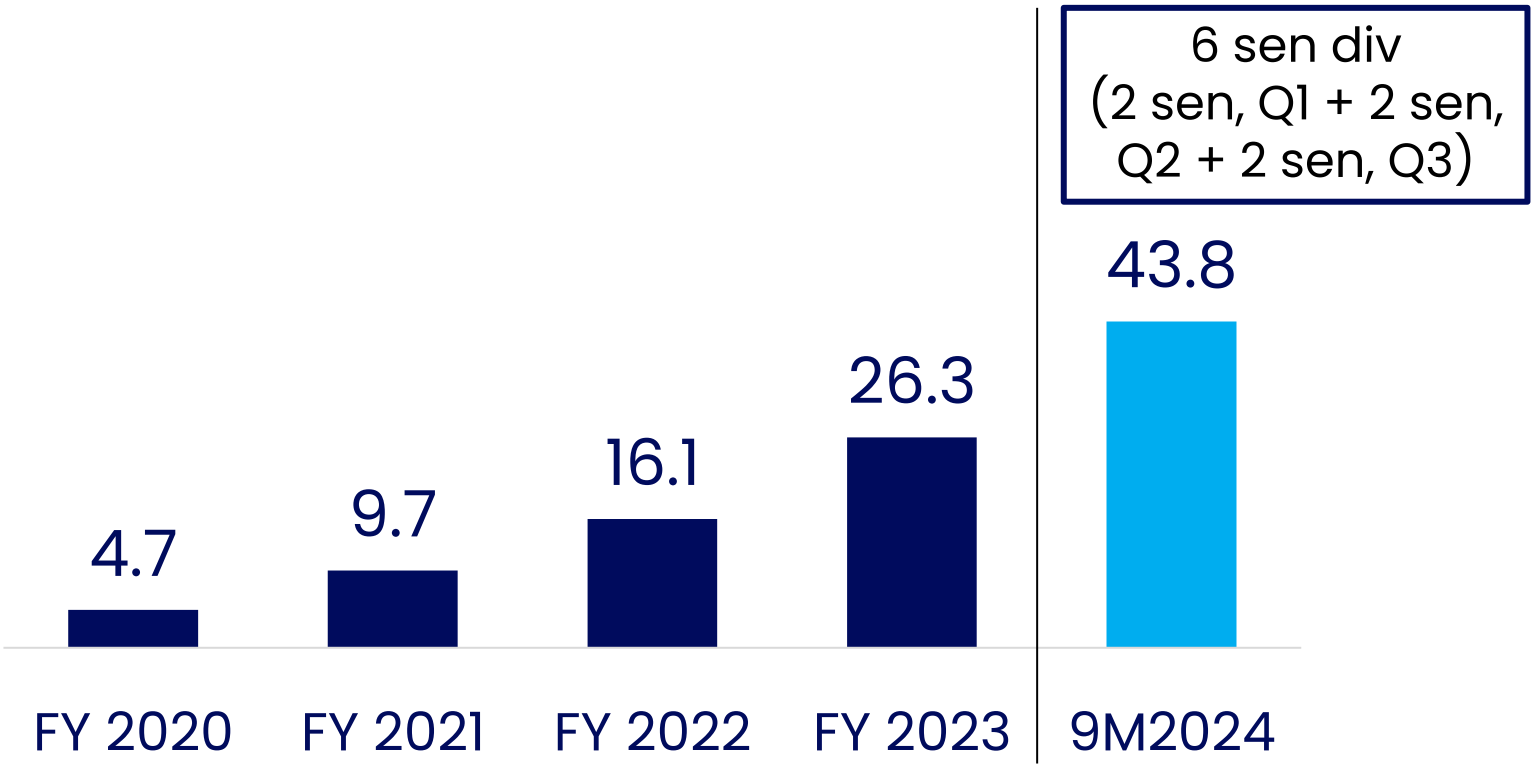
Net Profit (RM mil)



Shareholder's Equity (RM mil)



Total Dividend Declared (RM mil)



Income Statement Highlights

RM (MIL)		3QFY24	3QFY23	Y-O-Y % CHANGE	9MFY24	9MFY23	Y-O-Y % CHANGE
Revenue	1	**307.3**	**401.8**	-23.5%	**967.8**	**1,135.7**	-14.8%
Gross profit		70.1	59.3	+18.1%	178.5	143.3	+24.6%
Gross profit margin	2	*22.8%*	*14.8%*		*18.4%*	*12.6%*	
Other income		1.4	1.8		5.8	6.7	
Administrative expenses		(15.7)	(13.9)		(48.6)	(45.3)	
Selling & distribution expenses		(0.9)	(0.7)		(2.7)	(2.1)	
Other expenses	3	(9.7)	(4.6)		(15.5)	(8.5)	
Operating profit		**45.2**	**42.0**	+7.8%	**117.6**	**94.1**	+24.9%
Finance costs		(2.4)	(2.8)		(7.2)	(8.0)	
Profit before tax		**42.8**	**39.1**	+9.4%	**110.4**	**86.1**	+28.2%
Tax		(9.2)	(7.1)		(24.0)	(17.2)	
Profit after tax		**33.6**	**32.0**	+4.9%	**86.4**	**68.9**	+25.4%
Net profit		**32.9**	**31.7**	+3.9%	**84.4**	**66.9**	+26.1%
Effective tax rate		*21.5%*	*18.2%*		*21.7%*	*19.9%*	
PBT margin		*13.9%*	*9.7%*		*11.4%*	*7.6%*	
PAT margin		*10.9%*	*8.0%*		*8.9%*	*6.1%*	

1. 3QFY24 revenue declined due to lower revenue contributions from Singapore and Malaysia, as several major projects in these areas had transitioned out of their accelerated phases and were approaching completion.

2. Higher gross profit margin was driven by a strategic focus on revenue composition and a favorable project mix, along with contributions from the Industrial Gases division.

3. Other expenses included an unrealized forex loss of RM6.7 million due the revaluation of foreign currency balances as the Malaysian Ringgit strengthened.

Balance Sheet Highlights

RM MIL		30.09.2024 (Unaudited)	31.12.2023 (Audited)
Total Assets		1,053.0	1,071.3
Total Liabilities		624.0	732.9
Total Borrowings*	1	174.7	188.2
Short-term		89.6	121.5
Long-term		81.0	60.0
Total Cash		359.7	269.3
Net Cash	2	185.0	81.0
Total Equity		429.0	338.4
Net Asset/Share		62 sen	52 sen
Gearing (times)		0.41	0.57
Net gearing (times)	3	Net Cash	Net Cash

*Include lease liabilities

1. Reduction in total borrowings was due to settlement of project financing in Singapore and China.
2. The increase in net cash was mainly driven by debt repayments, project proceeds, and proceeds from the exercise of warrants (RM56.1 million).
3. Group remains in a net cash position with total cash exceeding total borrowings.

Impact of strengthening of MYR

China Renminbi to Malaysian Ringgit

Singapore Dollar to Malaysian Ringgit

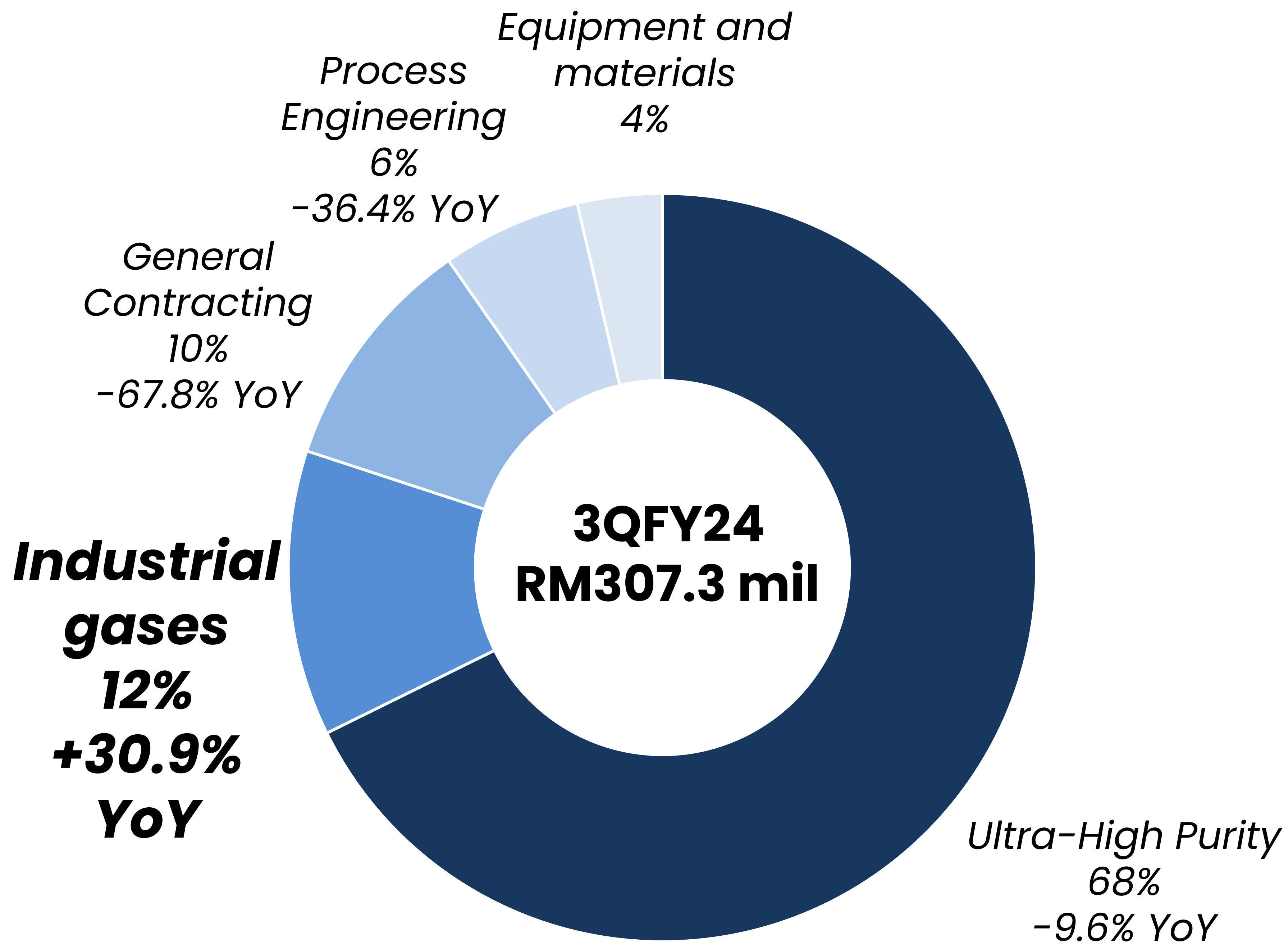
In 3QFY24, we recognised unrealized forex loss of approximately RM6.7 million, mainly due to the **revaluation of foreign currency balances and receivables as the MYR strengthened.**

As at 30 September 2024, MYR was at its strongest against China Renminbi and Singapore Dollar, but subsequently weakened.

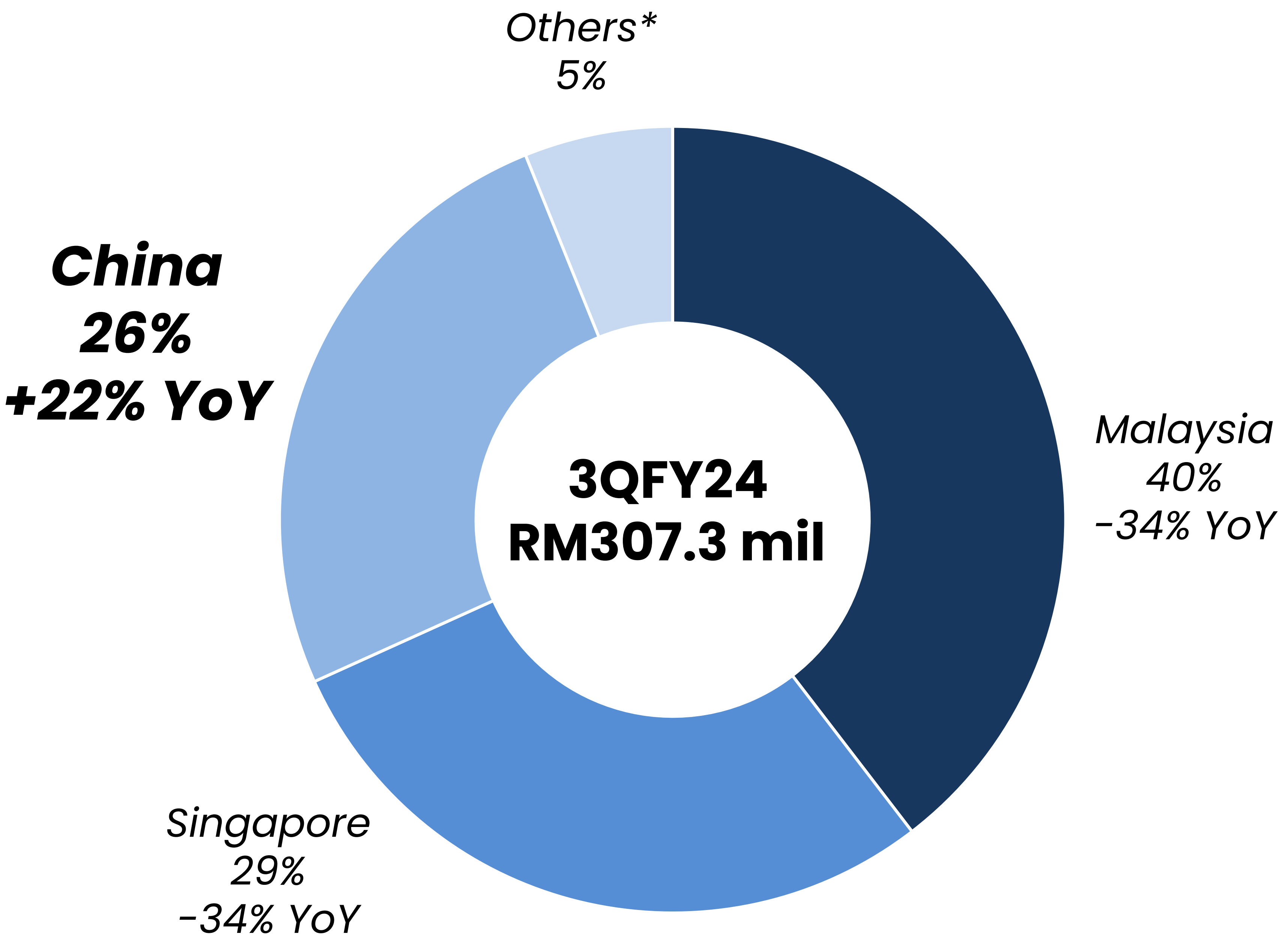
Should the MYR continue to weaken, these earlier forex losses are expected to reverse.

3QFY24 Revenue Breakdown

STRONG GROWTH FROM CHINA



Revenue Breakdown By Business Segment



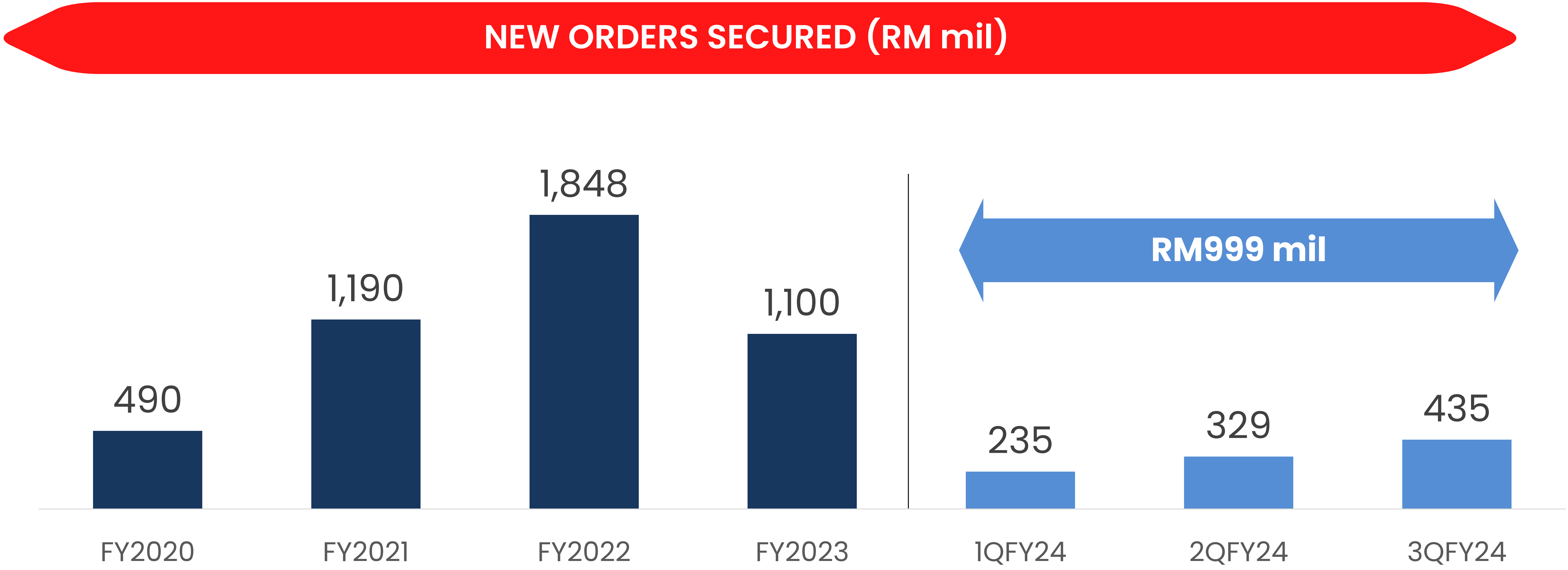
Revenue Breakdown By Geographical Segment

*Others include Taiwan, Indonesia, Philippines, etc.

Engineering Services Division

New Order Wins

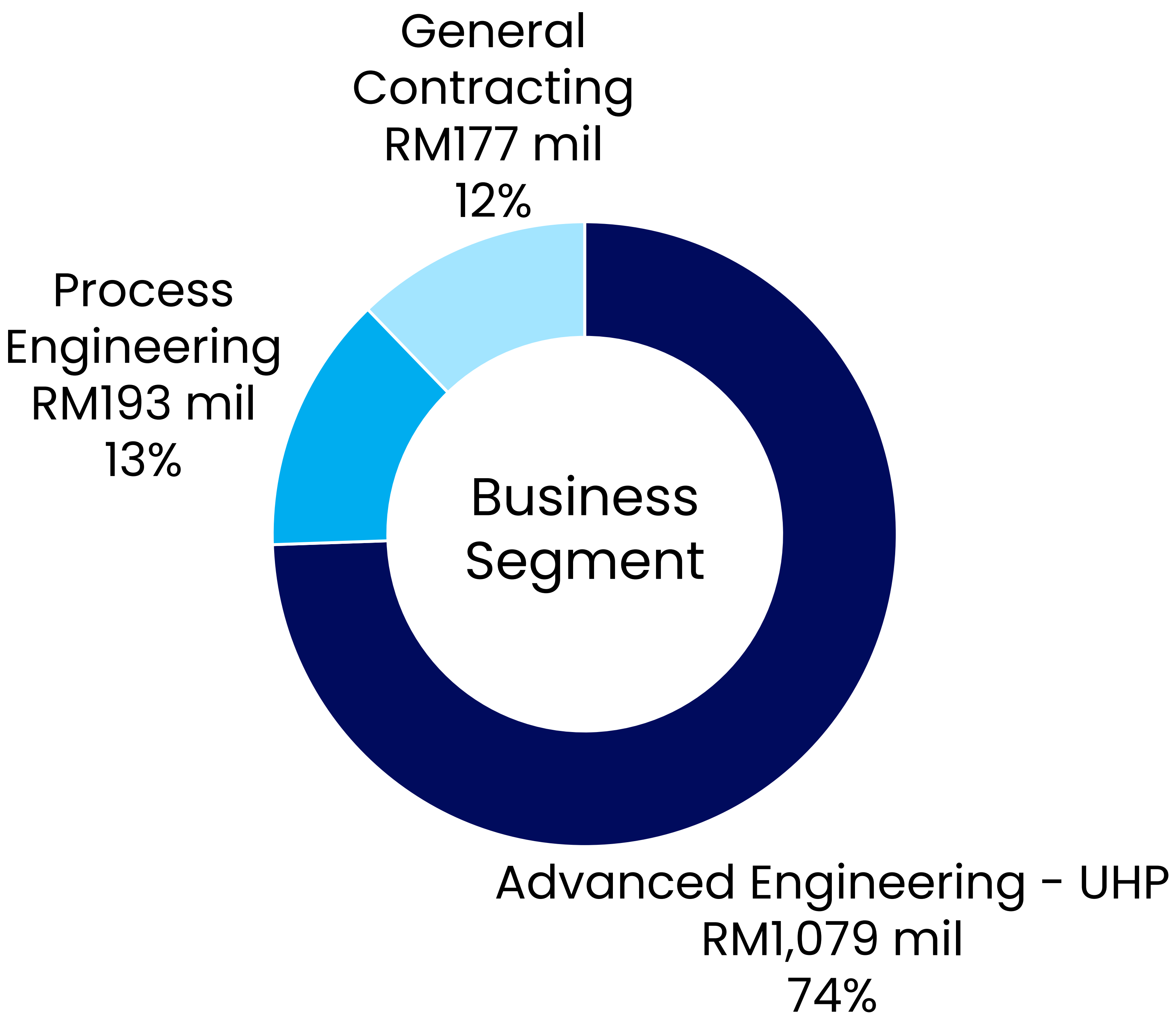
- New orders secured in Jan-Sept 2024 is RM999 million
- Optimistic of **exceeding** total contract wins compared to previous year

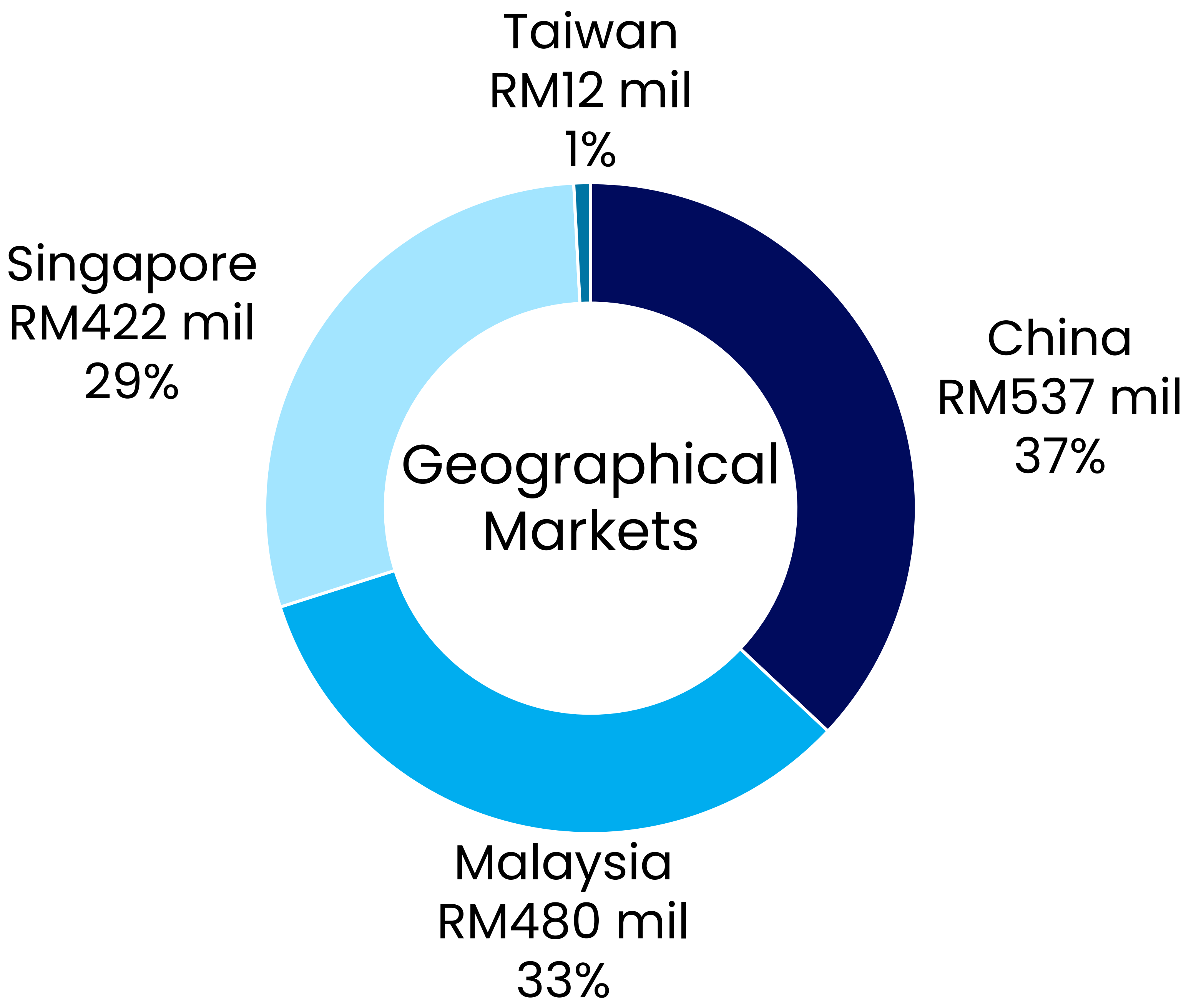


Majority of outstanding orderbook is from Advanced Engineering – UHP segment, well spread out across geographical markets

OUTSTANDING ORDERBOOK OF RM1.45 BILLION

(as at 30 September 2024)





Tenderbook

- Total tenderbook of RM2.62 billion (as at 30 Sept 2024)

RM517 mil
20%
Singapore

RM353 mil
13%
Malaysia

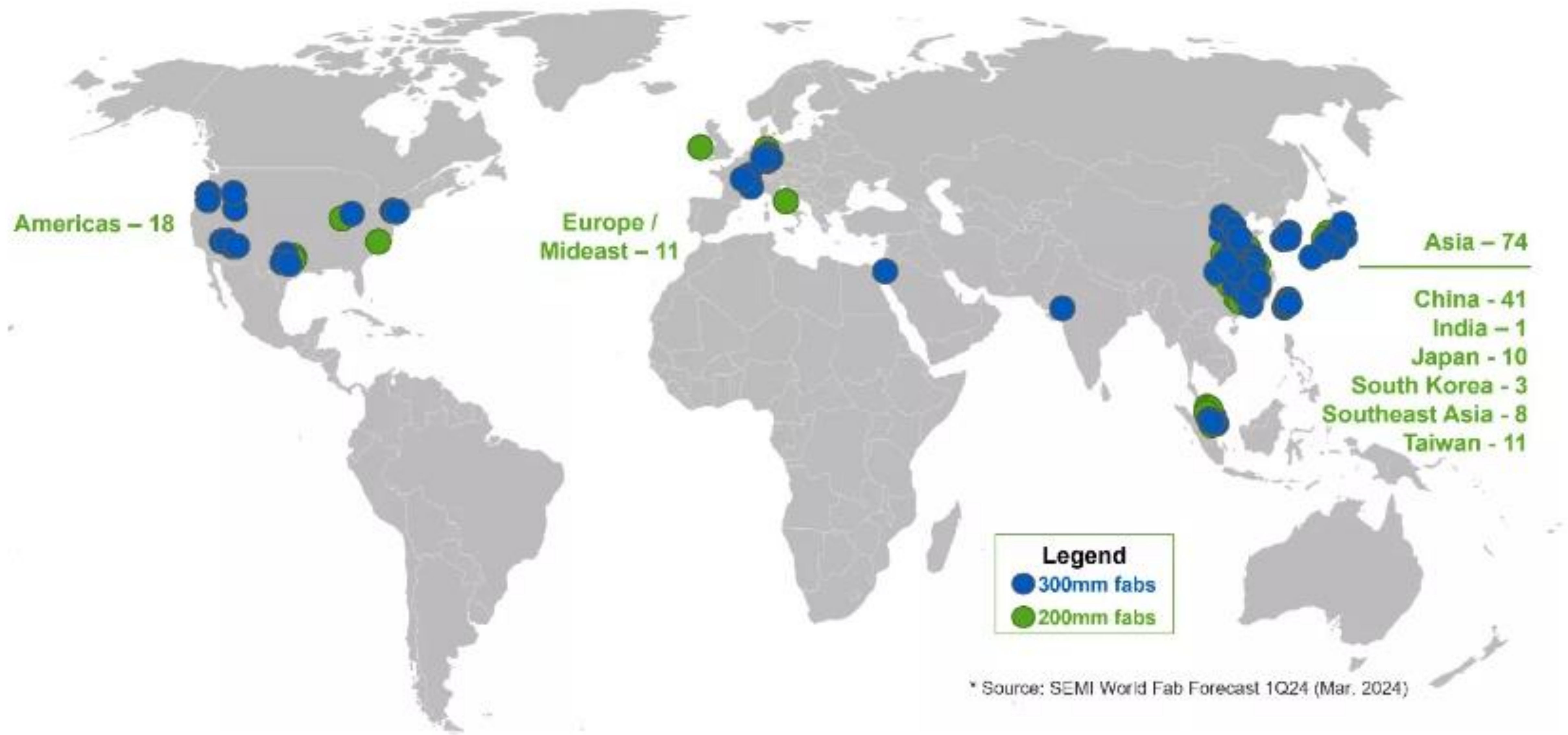
RM1,487 mil
57%
Germany & Hong Kong

RM204mil
8%
China

** Remaining 2% of tenderbook is from Taiwan*

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

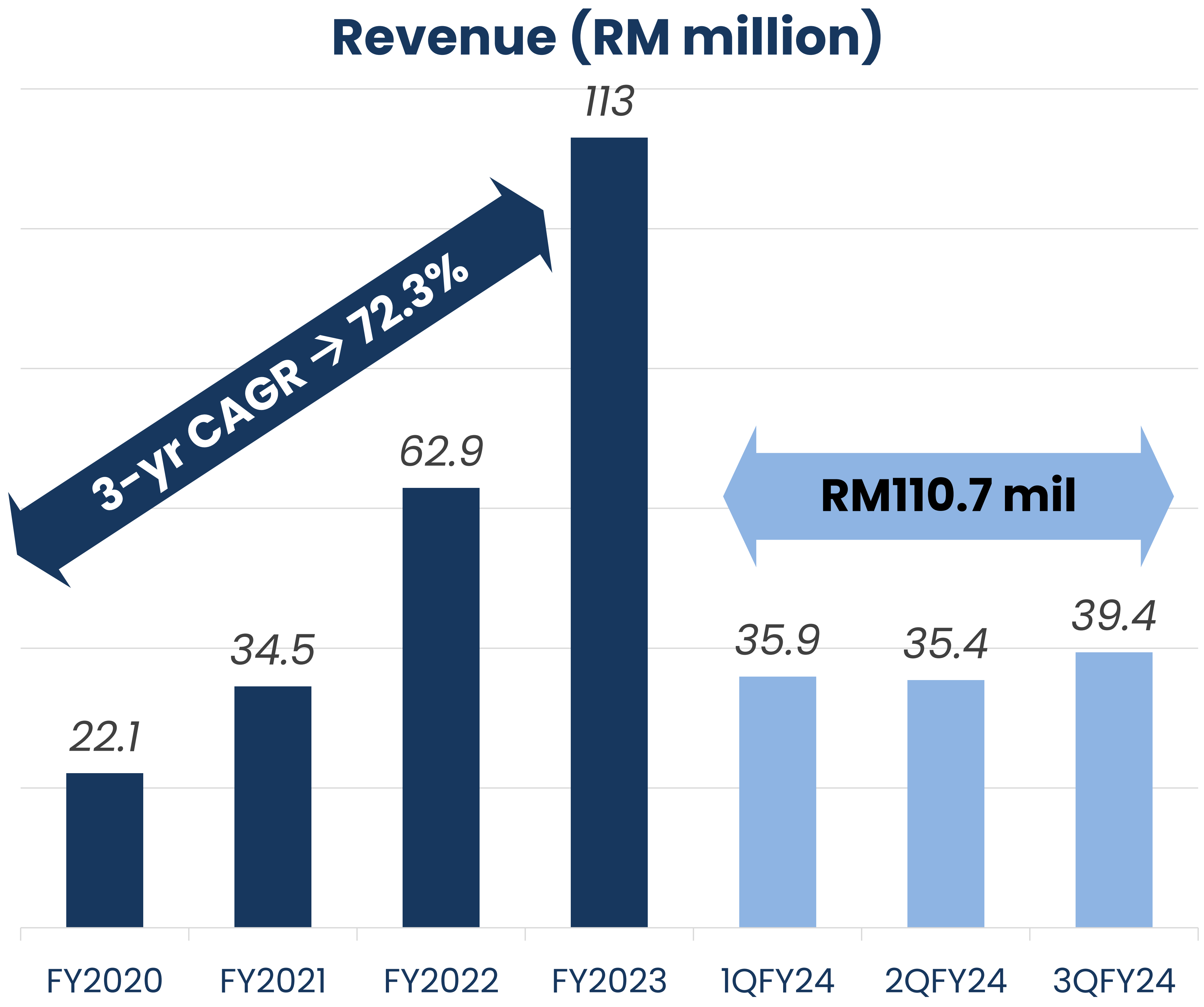
- The global semiconductor industry is **expanding production capacity** to support the proliferation of AI and a diverse range of disruptive technologies and emerging applications, with a robust **103 new fabs expected to come online between 2023 and 2027**, as the most recent SEMI World Fab Forecast report 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.

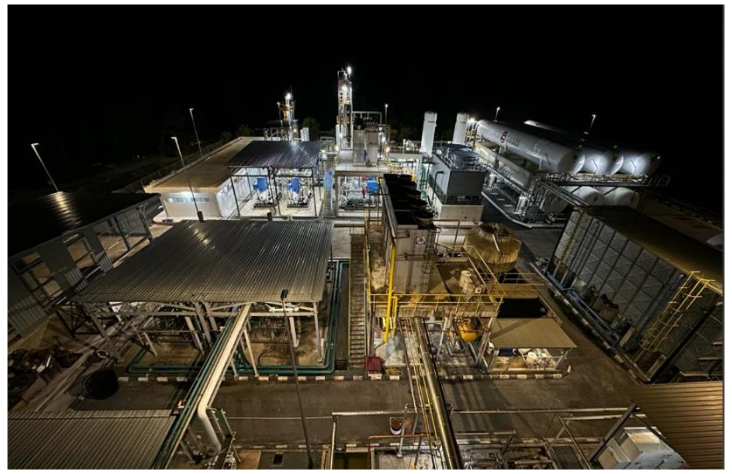
Industrial Gas Division

Industrial Gas Segment : Strong LCO2 demand

HISTORICAL FINANCIAL PERFORMANCE



LCO2 Plant 1
(commenced 4Q 2019)



LCO2 Plant 2
(commenced 1Q 2024)

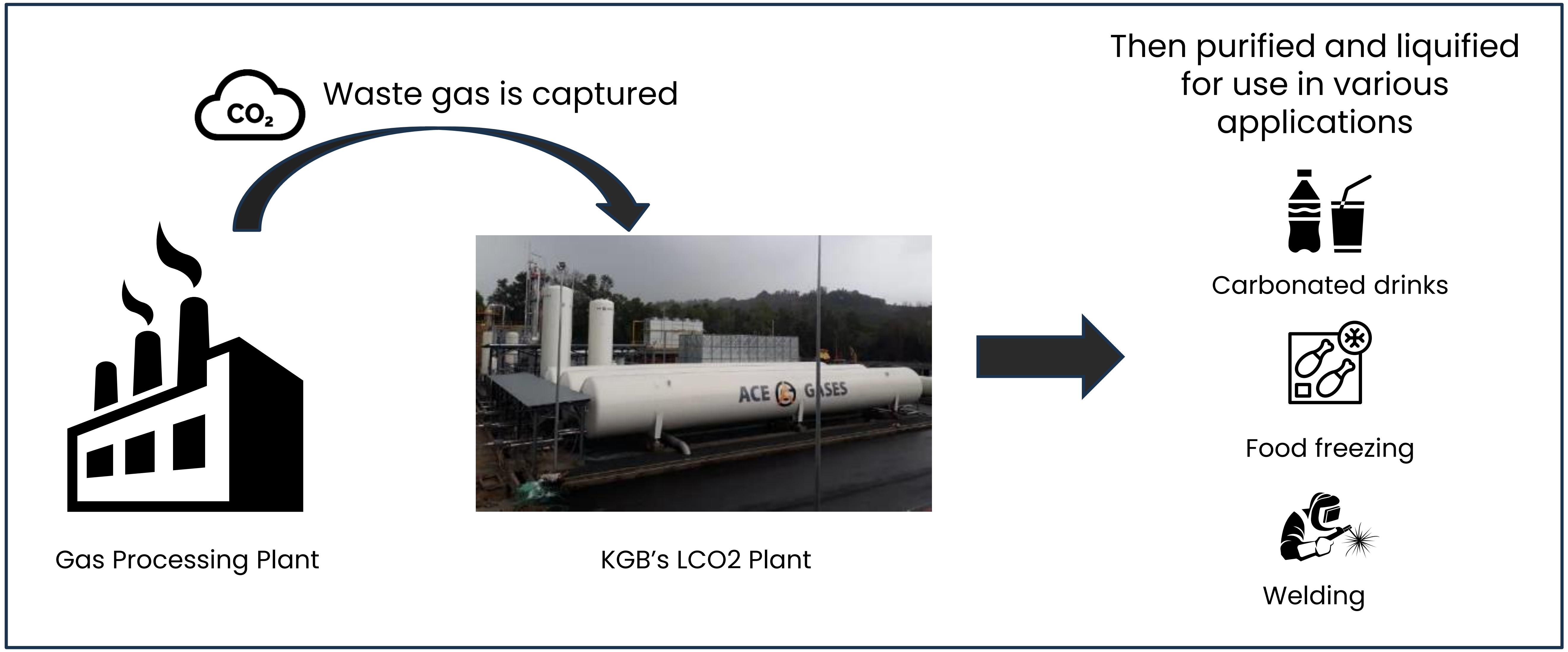
- The Group's second LCO2 plant which commenced operations on 25 March 2024, has increased our production capacity to 120,000 mt/year.
- Utilisation rate now stands at **60%**, approximately **71%** of sales are exported outside Malaysia.
- **We have secured adjacent land next to our existing two plants, have flexibility to expand capacity as needed.**

Acquisition remaining 9.29% shares of Ace Gases

- The EGM called on 23 Oct 2024 had obtained 99.86% approval votes from the shareholders on the above acquisition
- The share transferring process is in progress and expected to be completed by 19 Nov 2024
- Upon the completion of acquisition process, KGB will have 100% equity control of Ace Gases and can consolidate 100% of its profit starting from Dec 2024 onwards

Carbon Capture, Utilisation and Storage (CCUS) Opportunities

Our Kerteh LCO2 Plant is a form of Carbon Capture Technology and provides good track record



Tapping on our Kerteh LCO2 plant experience to explore business opportunities in CCUS areas

Recent Achievements

Sustainability

Sustainable Value Creation

Goal 1: Economic growth and profitability

- Increase of **79.9%** in Profit After Tax in FY2023.

Goal 2: Talent development

- Training hours per employee increased **2.7%** in FY2023.

Goal 3: Quality Products & Services

- Maintain average Customer Satisfaction Rate of **88%** in FY2023.

Managing Impacts

Goal 4: Occupational Safety & Health

- Maintained **zero** fatalities as a result of work-related injuries

Goal 5: Resources Management

- **32%** reduction in electricity intensity- Industrial Gases Division in FY2023.
- Reduced Water Intensity by **23.5%** in Y2023.

Goal 6: Pollution and Waste Management

- **67.6%** decrease in Non-Recycled Waste Intensity.

ESG Achievements – Excellent FTSE ESG rating

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.

ESG Achievements – Edge ESG Awards 2024

Winner of
The Edge Malaysia ESG Awards
2024

Gold

Most improved ESG performance over 3 years

Market cap between RM800 million and RM5 billion

Winner Of The Edge Billion Ringgit Club 2024

special pullout | S68

THE EDGE MALAYSIA | SEPTEMBER 16, 2024

THE EDGE BILLION RINGGIT Club 2024

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS

INDUSTRIAL PRODUCTS & SERVICES

Kelington Group Bhd

2 BRC AWARDS OVER THE YEARS

New BRC member benefiting from specialisation

BY ADAM AZIZ

Kelington Group Bhd (KL:KGB) has been reaping the fruits of years of specialisation in the provision of ultra-high purity (UHP) gas and chemical delivery systems which support manufacturing processes in the semiconductor industry. Tailwinds from the chip sector have helped the group's revenue, profit, share price and dividends reach fresh record highs in the last few years.

For typical wafer semiconductor fabrication, UHP gas represents a major material expenditure aside from the silicon itself. In the last financial year ended Dec 31, 2023 (FY2023), Kelington's UHP segment, which sets up and establishes the necessary UHP gas facilities for manufacturers, contributed 62% or RM1.01 billion of its record RM1.6 billion in full-year revenue.

Combined with capacity expansion in its industrial gas segment, Kelington's profit after tax (PAT) hit RM104 million in FY2023, up from RM17.5 million in FY2020 — a remarkable compound annual growth rate (CAGR) of 60.9% over three years.

The stellar performance propelled the 26-year-old company's adjusted share price to a high of RM2.66 at end-March this year, from 92.8 sen on March 31, 2021, which itself represented a CAGR of 42.1% over the three-year period.

The two achievements netted Kelington, whose market capitalisation topped RM1 billion for the first time in December 2023, its first two awards at *The Edge* Billion Ringgit Club (BRC) — for highest returns to shareholders over three years and highest growth in PAT in the last three years in the industrial products and services sector.

Looking back, Kelington has achieved one milestone after another in recent years, such as attaining a valuation of more than RM1 billion, as well as delivering significant capacity expansion and order book wins.

In 2020, the group's annual order book replenishment rose to a high of RM490 million. That record quadrupled to RM1.85 billion in 2022, reflecting the strong demand that has now driven the group to expand further in Hong Kong and Germany to capture opportunities beyond its key markets of Malaysia, Singapore and China.

Its industrial gas segment has grown rapidly. After running its first carbon dioxide recovery plant in 2019, Kelington developed a new, 70,000tpa (tonnes per annum) liquefied carbon dioxide plant in Kedah just two years later, for a combined operating capacity of 120,000tpa.

The group, which also undertakes process engineering and general contracting, secured a landmark RM420 million contract in 2021 from a world-leading data storage device and solutions specialist.

In line with its improved operations, Kelington's dividend payout has risen from 1.5 sen per share, or RM9.6 million, for FY2021 to a high of four sen per share, or RM26.3 million, for FY2023.

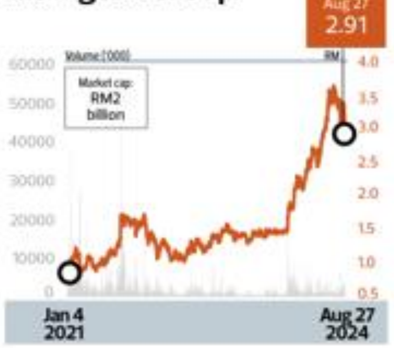
With its order book replenishment already at RM1.3 billion at end-March (70% of its record high replenishment of RM1.85 billion in FY2022), opportunities abound as Kelington sees the semiconductor industry's recovery to continue until 2025, its founding executive chairman and CEO Raymond Gan Hung Keng told *The Edge* in a recent interview.

On the higher margin industrial gas segment, which contributed 7% of revenue in FY2023, Kelington sees "incoming jobs [contributing] up to 50% of group revenue in the next four to five years", according to chief operating officer Steven Ong Weng Leong.

The group seeks to expand its liquefied carbon dioxide capacity in Indonesia on top of bringing the segment to the Philippines as well as entering the gas trading business in India, according to analyst reports.

Analysts covering Kelington share the optimism for the outlook of both its UHP and industrial gas segments, ascribing an average target price of RM3.88 at the time of writing. Since March, the stock had rallied further to a record high of RM3.67 on July 4. It closed at RM2.91 at the time of writing on Aug 27, giving the group a market capitalisation of RM2 billion.

Kelington Group



KELINGTON GROUP

HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS

HIGHEST RETURN TO SHAREHOLDERS OVER THREE YEARS

Industrial Products & Services

Highest return on equity over three years

RANK	COMPANY	ADJUSTED WEIGHTED ROE OVER 3 YEARS
1	Uchi Technologies Bhd	60.3%
2	Kelington Group Bhd	29.2%
3	Press Metal Aluminium Holdings Bhd	22.1%

Highest growth in profit after tax over three years

RANK	COMPANY	RISK-WEIGHTED 3-YEAR PAT CAGR
1	Kelington Group Bhd	60.9%
2	Press Metal Aluminium Holdings Bhd	38.3%
3	Pecca Group Bhd	30.8%

Highest returns to shareholders over three years

RANK	COMPANY	TOTAL RETURNS OVER 3 YEARS
1	Kelington Group Bhd	42.1%
2	Hume Cement Industries Bhd	32.8%
3	PMB Technology Bhd	31.7%

KELINGTON GROUP BERHAD

Thank You