



Press Release

FOR IMMEDIATE RELEASE

KELINGTON NET PROFIT RISES 84% TO RM102.7 MILLION IN FY2023, A NEW RECORD HIGH

~ Proposed second interim dividend of 2.5 sen ~

Kuala Lumpur, 28 February 2024 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) (stock code:0151) today announced a strong financial result for the fourth quarter (“4QFY23”) and full year ended 31 December 2023 (“FY2023”).

For FY2023, Kelington's net profit soared by 84.1% year-on-year (“YoY”), reaching RM102.7 million from RM55.8 million in FY2022. Simultaneously, the Group's revenue climbed 26.2% to RM1,613.9 million, exceeding RM1,278.8 million in FY2022. This significant growth was primarily driven by higher contributions from all business divisions.

The Ultra High Purity (“UHP”) division which represented 63.4% of total revenue remained the Group's top revenue driver, rising 25.3% to RM1.0 billion from RM816.2 million in the previous year. The Process Engineering division experienced a remarkable 142.8% revenue surge, reaching RM123.9 million in FY23 due to a significant project in Malaysia. Furthermore, the Industrial Gases division continued its growth trajectory with an 81.3% revenue surge to RM114.0 million, mainly driven by higher export sales of liquid carbon dioxide (“LCO₂”).

The Group's revenue grew 12.1% YoY during the quarter under review, reaching RM478.3 million compared to RM426.7 million in the previous corresponding quarter (“4QFY22”). This robust revenue performance led to a 68.1% YoY increase in gross profit, reaching RM86.0 million compared to RM51.2 million in 4QFY22. Additionally, the significant improvement in gross profit margin, rising to 18.0% from 12.0% in 4QFY22, was primarily attributed to shifts in the composition of revenue and a favorable project mix.

Correspondingly, the Group posted a quarterly high net profit of RM35.7 million in 4QFY23, a 96.5% increase against RM18.2 million in 4QFY22. These YoY improvements were driven by the enhanced contribution of one UHP project and one Process Engineering project, both awarded in the second half of FY2022. Additionally, improved contributions from General Contracting jobs and a positive impact from the Industrial Gases division in the Malaysian market further propelled the increase in revenue.



Commenting on the Group's financial performance, **Ir. Raymond Gan (顏漢慶, Chief Executive Officer of Kelington Group Berhad)** said, "We are thrilled to announce another record-breaking year for Kelington in 2023, surpassing our previous milestones and reaching new heights. This historic achievement is a testament to our team's unwavering dedication and their ability to deliver exceptional results."

"Looking ahead, Kelington is well positioned for continued growth with several key developments driving its outlook. In 2023, Kelington secured new contracts totaling RM1.10 billion. This brings the total orderbook to RM2.80 billion, with RM1.30 billion remaining outstanding as of 31 December 2023. Additionally, a major RM143 million contract was secured in China in early January 2024."

"The Industrial Gas division's outlook remains positive as our second LCO₂ plant in Kerteh is scheduled to commence operation in the first quarter of 2024. This will more than double our production capacity and meet the increasing demand for LCO₂ from exports markets. Additionally, the commencement of our second on-site gas supply scheme in 2Q2024, providing hydrogen, nitrogen, and oxygen to an optoelectronics semiconductor giant in Kulim, Kedah, will further strengthen the Group's earnings visibility over the next ten years."

The Group has made good progress in its ESG efforts and has achieved a 4-star ESG rating as assessed by FTSE Russell in the December 2023 review results.

The Board of Directors has proposed a second interim dividend of 2.5 sen per ordinary share, bringing the total dividend per share for the financial year ended 31 December 2023 to 4.0 sen. This represents a total dividend payout of RM25.8 million, translating to a dividend payout ratio of 25% of FY2023 net profit, in line with the Group's dividend policy.

During the same period, total debt reduced to RM188.0 million from RM245.0 million as of 31 December 2022, primarily due to the repayment of borrowings in Malaysia and Singapore. This contributed to a significant improvement in the net cash balance, which increased to RM81.0 million from RM14.9 million previously.

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ABOUT KELINGTON GROUP BERHAD (“Kelington” or the “Group”)

Kelington is an integrated engineering solutions provider specializing in ultra-high purity (UHP) gas and chemical delivery systems, mechanical process engineering, mechanical systems and electrical systems. The Group provides end-to-end engineering solutions ranging from system design to fabrication and installation of equipment as well as building manufacturing facilities for electronic and semiconductor sectors.

Established since 2000, the Group serves customers in the high technology industry across different sectors such as Industrial Gases, Wafer Fabrication, Solar Energy, TFT-LCT, Bioscience and Light Emitting Diode (LED). In line with its expansion plans, Kelington has also expanded its industry focus to include the pharmaceutical, healthcare and oil and gas sectors. For more information, please log on to <http://kelington-group.com>

Released on behalf of Kelington Group Berhad by Capital Front Investor Relations.

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