Kelington’s 4Q profit up 4% on favourable project mix; declares two sen dividend

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KUALA LUMPUR (Feb 26): Despite lower revenue, Kelington Group Bhd’s (KL:KGB) net profit in the fourth quarter grew 3.9% year-on-year (y-o-y), thanks to a more favourable project mix.

Net profit for the three months ended Dec 31, 2024 (4QFY2024) rose to RM38.66 million from RM37.22 million in the same period a year earlier, according to the industrial gas producer and engineering solutions provider’s bourse filing on Wednesday.

Quarterly revenue dropped 36.4% to RM304.33 million versus RM478.79 million in 4QFY2023 on lower revenue contribution from its construction segment as several major projects were either completed or nearing completion.

Nonetheless, net profit margin improved to 9.7% in 4QFY2024 compared to 6.5% in 4QFY2023, thanks to a strategic focus on revenue composition and a favourable project mix.

"Kelington is leveraging the semiconductor industry's upcycle by shifting its focus from general contracting to ultra-high purity (UHP) projects, which although smaller in contract size, yield higher profitability," Kelington said.

The group said earnings were also helped by an impairment reversal of RM3 million primarily due to improved project recoverability in China.

Kelington declared a fourth interim dividend of two sen per share, payable on April 11. This brought total dividend payout for the financial year ended Dec 31, 2024 (FY2024) to eight sen per share — its highest on record, according to the group.

For FY2024, Kelington's net profit rose 18.2% to RM123.07 million from RM104.14 million in FY2023, while annual revenue fell 21.2% to RM1.27 billion versus RM1.61 billion.

Looking ahead, Kelington said the outlook of its engineering division remains positive with the rising demand for advanced semiconductor chips, accelerating the establishment of new wafer fabs.

Likewise, the group noted the expanding carbon capture, utilisation and storage (CCUS) industry also creates new avenues for its growth, given the group's expertise in liquid carbon dioxide production.

"With our engineering expertise, we are well positioned to capitalise on emerging opportunities in the CCUS sector.

"In our industrial gas segment, demand for liquid carbon dioxide continues to grow. With an annual production capacity of 120,000 metric tonnes, we are well equipped to meet growing domestic demand and international needs," it said.

In FY2024, Kelington secured RM1.1 billion worth of new contracts, bringing its total order book to RM2.4 billion as at end-December 2024, of which RM1.27 billion is outstanding order book.

Shares in Kelington ended seven sen or 2.18% higher at RM3.28 on Wednesday, valuing the group at RM2.36 billion.

Edited By Lee Weng Khuen