

Tech

Kelington's 1Q profit up 7% despite lower revenue, raises dividend

By Anis Hazim / theedgemalaysia.com

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KUALA LUMPUR (May 28): Kelington Group Bhd (KL:**KGB** **ASK EDGE**), which provides ultra-high purity (UHP) gas delivery solutions to the electronics and semiconductor industry, reported a 7.3% year-on-year (y-o-y) increase in net profit for the first quarter from last year, even as revenue fell 20.3% y-o-y.

The net profit for the first three months ended March 31, 2025 (1QFY2025) was RM26.65 million, up from RM24.82 million in the same quarter a year ago, the group said to the exchange on Wednesday.

The group attributed the earnings growth to the reversal of impairment losses amounting to RM2.1 million. It said it also saw improved gross margins and benefited from a favourable project mix.

Quarterly revenue fell to RM270.28 million from RM339.28 million in 1QFY2024, as several major jobs neared completion and newly secured contracts were still in early phases.

Consequently, earnings per share slipped to 3.71 sen against 3.81 sen from a year earlier.

Nonetheless, Kelington declared a first interim dividend of 2.5 sen per share in 1QFY2025, higher than the two sen per share it paid in the same quarter last year, to be paid on July 10.

The group secured RM390 million in new project wins during the quarter, lifting its total outstanding order book to RM1.43 billion.

On a quarter-on-quarter basis, the group's net profit dropped 31.1% from RM38.66 million in 4QFY2024 as revenue decreased by 11.2% from RM304.33 million in the immediate preceding quarter.

While the group remains cautiously optimistic amid global economic moderation and trade-related uncertainties, Kelington anticipates sustained demand from the semiconductor industry due to the increasing demand from artificial intelligence (AI) applications and data centres.

"This has led to a steady increase in the construction of semiconductor wafer fabrication plants worldwide, as many countries are now building their own domestic wafer fabrication plants to strengthen local supply chains and reduce dependency on external sources," it said.

Additionally, the steady demand for liquid carbon dioxide under its industrial gases division is also expected to underpin performance.

"Amidst a challenging external environment, we will prioritise cost management and cash flow discipline, and with a healthy cash position, we are well-positioned to navigate any potential slowdown in market activity," it said.

Kelington's shares settled up two sen or 0.59% to RM3.40 on Wednesday, giving the group a market capitalisation of RM2.50 billion.

Edited By Adam Aziz