

Highlight

Kelington in talks for semiconductor plant hook-up job in Germany, valued up to RM244 mil

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04 Aug 2025, 06:34 pm



KUALA LUMPUR (Aug 4): Kelington Group Bhd (KL:**KGB** **ASK EDGE**) is in talks with an unnamed client for a semiconductor hook-up project at a wafer fabrication plant in Dresden, Germany, potentially worth up to €50 million (RM244 million).

A semiconductor hook-up involves installing and connecting key utility and process systems in the plant.

Kelington in a filing with Bursa Malaysia announced that its unit Kelington Engineering (Germany) GmbH received a letter of intent from the long-standing client.

The letter sets the stage for detailed discussions and outlines Kelington Engineering's role in providing hook-up services for key systems like speciality gases, chemicals, slurry, bulk gases, process vacuum and ultra-pure water. It also includes a fixed pricing structure and adjustment terms valid until 2027, allowing Kelington Engineering to support future plant expansions without renegotiating core prices.

The agreed-upon clauses are to remain in effect until 2027, positioning the company for follow-on work as the plant expands, Kelington noted.

"Based on the estimated scope for the first phase, the total contract value is estimated at a minimum of €30 million (RM146 million), with the potential to increase to €50 million (RM244 million), subject to the final configuration to be determined by the client," it said.

The project's overall value is likely to exceed this initial amount, Kelington noted.

"Semiconductor wafer fabs typically undergo continuous capacity upgrades over lifespans that can span decades."

"As the appointment hook-up contractor for this end-user, Kelington is strategically positioned to benefit from recurring demand for hook-up works, with the overall contract value expected to grow well beyond the first phase," it said.

Kelington said the project's first phase is expected to commence immediately with completion over the next two or three years.

The identity of the client was undisclosed in the company's statement and bourse filing, but Kelington CEO Raymond Gan Hung Keng noted "the end-user is a long-standing client we have supported on multiple projects in Malaysia".

Kelington's outstanding order book stood at RM1.43 billion as at end-March with a tender book pipeline of RM4 billion as at end-April.

Shares in Kelington ended four sen or 0.94% lower at RM4.20, valuing the company at RM3.17 billion.

Edited By Presenna Nambiar