



# KELINGTON GROUP BERHAD

(501386-P)

STOCK CODE : KGB / 0151

## 1Q 2023 Financial Review

*May 2023*

*WE ENGINEER SOLUTIONS*

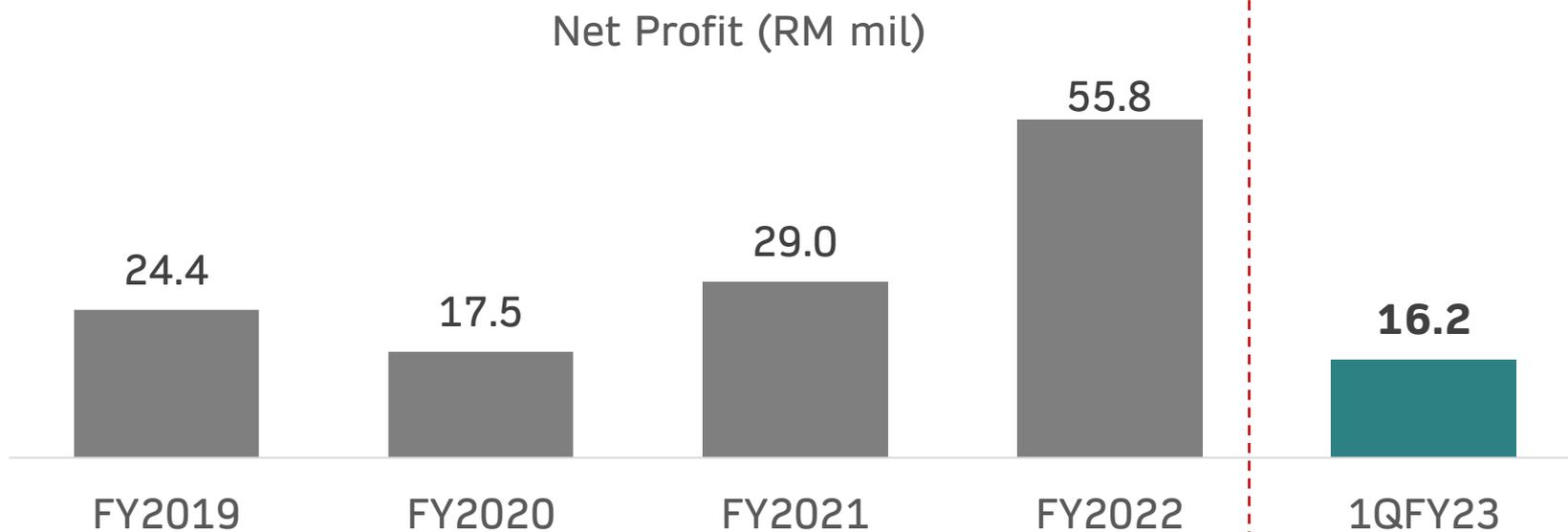
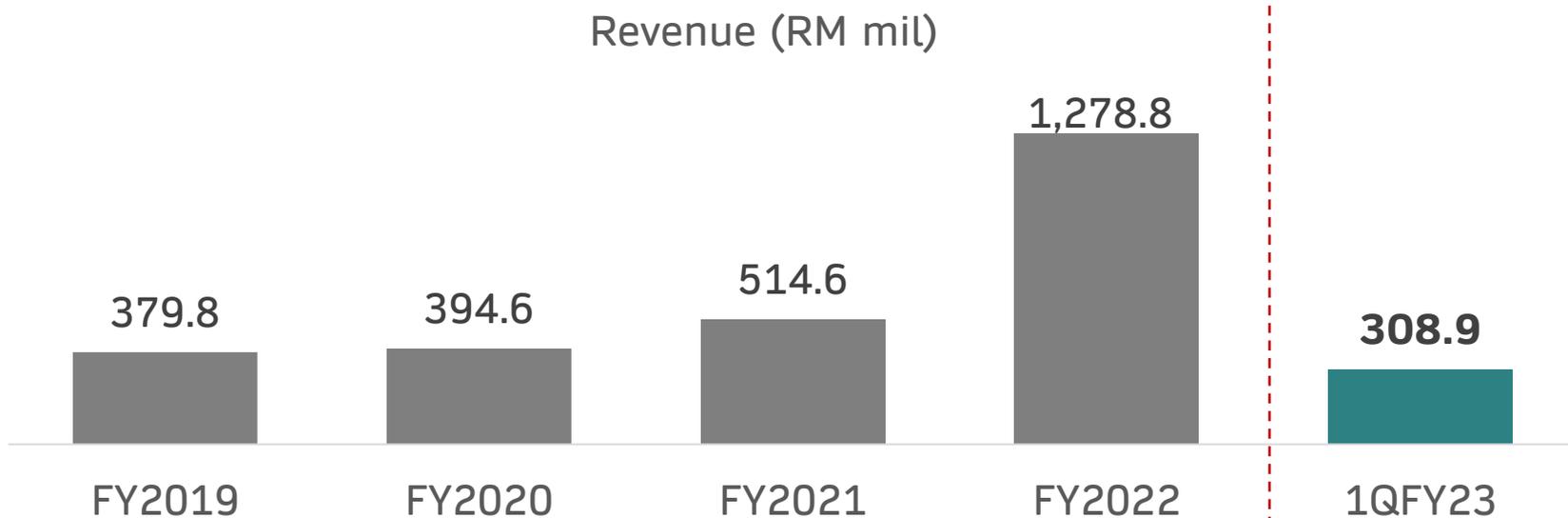


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# FINANCIAL TRACK RECORD



# INCOME STATEMENT HIGHLIGHTS

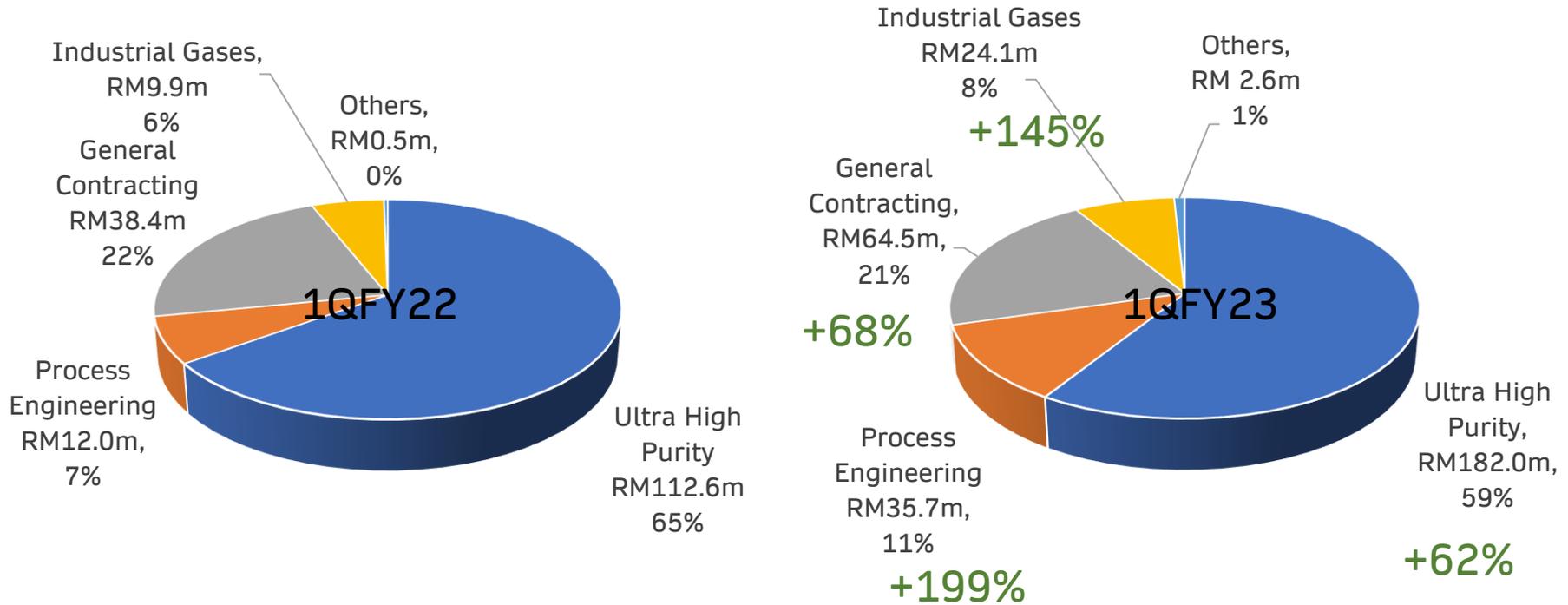


INCOME STATEMENT (RM MIL)	1Q 2023	1Q 2022	% CHANGE
<b>Revenue</b>	<b>308.9</b>	<b>173.3</b>	+78%
Gross profit	37.9	23.7	+60%
<i>Gross profit margin</i>	<b>1</b> 12.3%	13.7%	
Other income	<b>2</b> 1.5	0.2	
Administrative expenses	(12.8)	(10.2)	
Selling & distribution expenses	(0.6)	(0.5)	
Other expenses	(1.7)	(1.5)	
<b>Operating profit</b>	<b>24.3</b>	<b>11.7</b>	+108%
Finance costs	(3.3)	(0.6)	
<b>Profit before tax</b>	<b>21.0</b>	<b>11.1</b>	+89%
Tax	(4.4)	(2.6)	
<b>Profit after tax</b>	<b>16.6</b>	<b>8.5</b>	+95%
<b>Net profit</b>	<b>16.2</b>	<b>8.3</b>	+95%
<i>Effective tax rate</i>	<b>3</b> 20.9%	23.4%	
<i>PBT margin</i>	6.8%	6.4%	
<i>PAT margin</i>	5.4%	4.9%	

<b>1</b>	<p>Lower GP margins were mainly due to a lower proportion of Ultra High Purity segment.</p> <p><u>UHP</u> 1QFY23 :59% 1QFY22 :65%</p>
<b>2</b>	<p>Other income rose on the back of FOREX gains and incentives from China.</p>
<b>3</b>	<p>Lower effective tax rate due to lower tax rate in Singapore and tax exemption in China due to expenditure on research and developments.</p>

# 1QFY23 REVENUE BY BUSINESS SEGMENT

Revenue growth across all segments



**Ultra High Purity**  
Higher revenue contribution from projects in Malaysia, Singapore and China.

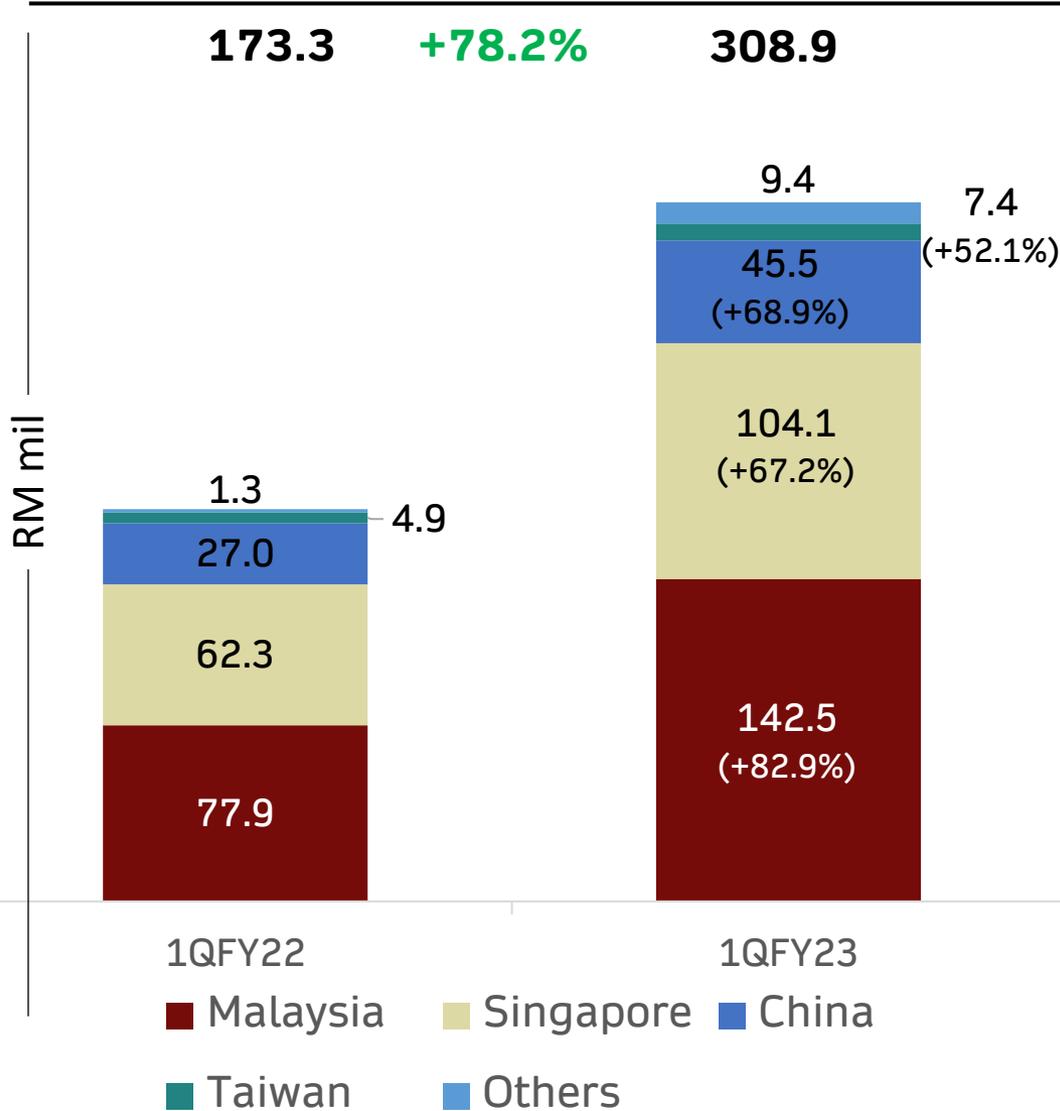
**Process Engineering**  
Continued to carry out projects based in Malaysia.

**General Contracting**  
Recognition of revenue from revenue from Malaysia and Singapore jobs.

**Industrial Gases**  
Increasing production output as successfully penetrated into Oceania countries.

# 1QFY23 REVENUE BY GEOGRAPHICAL MARKETS

## Better performance across all operating markets



**Malaysia** 

Surge in revenue due to higher recognition of one UHP project and one Process Engineering project which both were awarded during 2HFY22.

**Singapore** 

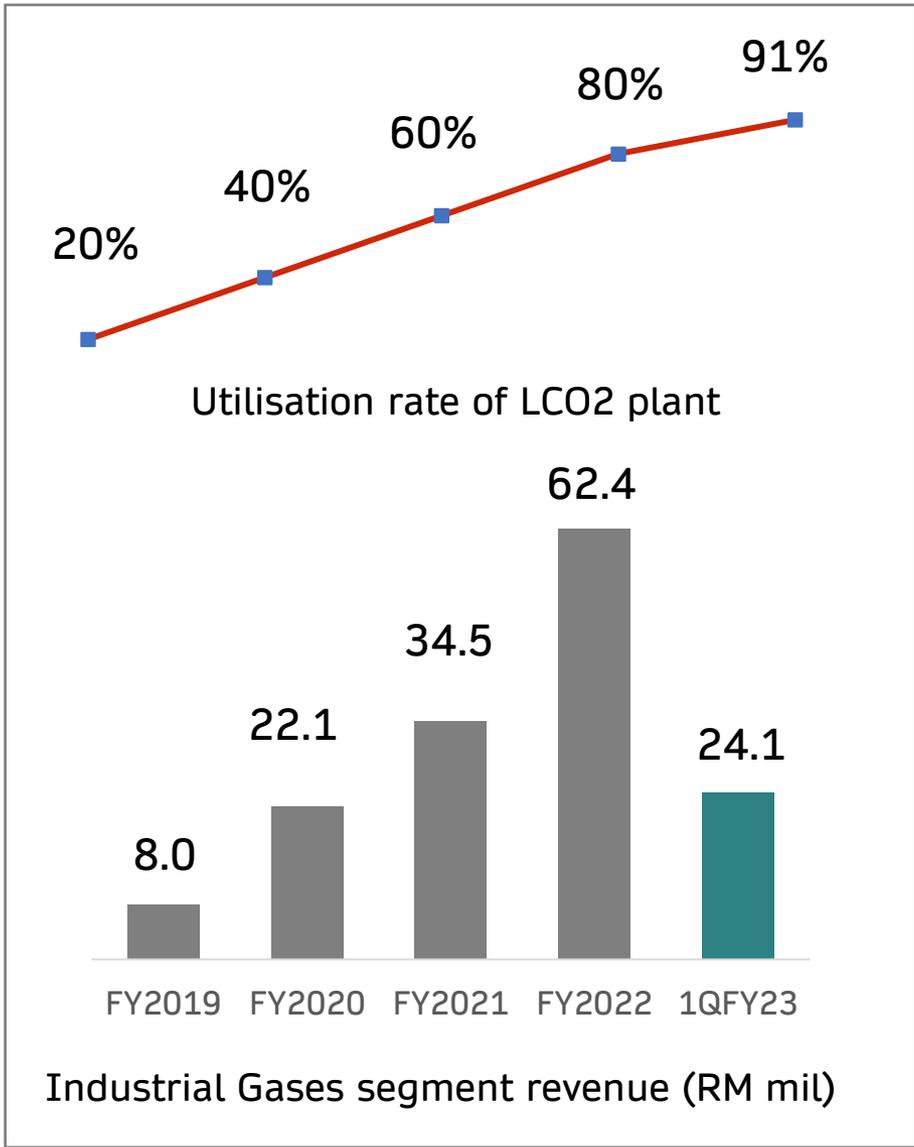
Bolstered by contribution from several UHP projects currently underway.

**China** 

China operations remained largely intact with project works progressing well.

# INDUSTRIAL GASES SEGMENT CONTINUE GROWTH MOMENTUM

## LCO2 plant almost reaching full capacity, second LCO2 plant to commence in 4Q 2023



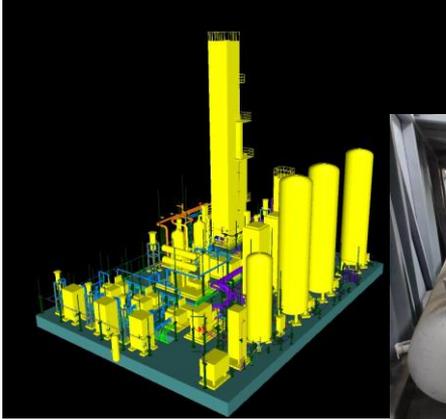
### ADDITIONAL INVESTMENT TO CONSTRUCT NEW LCO2 PLANT

Investment Value	RM45 million
Location	Next to existing LCO2 plant in Kerteh, Terengganu
Capacity	Additional 70,000 tonnes per year
Expected completion	4Q 2023



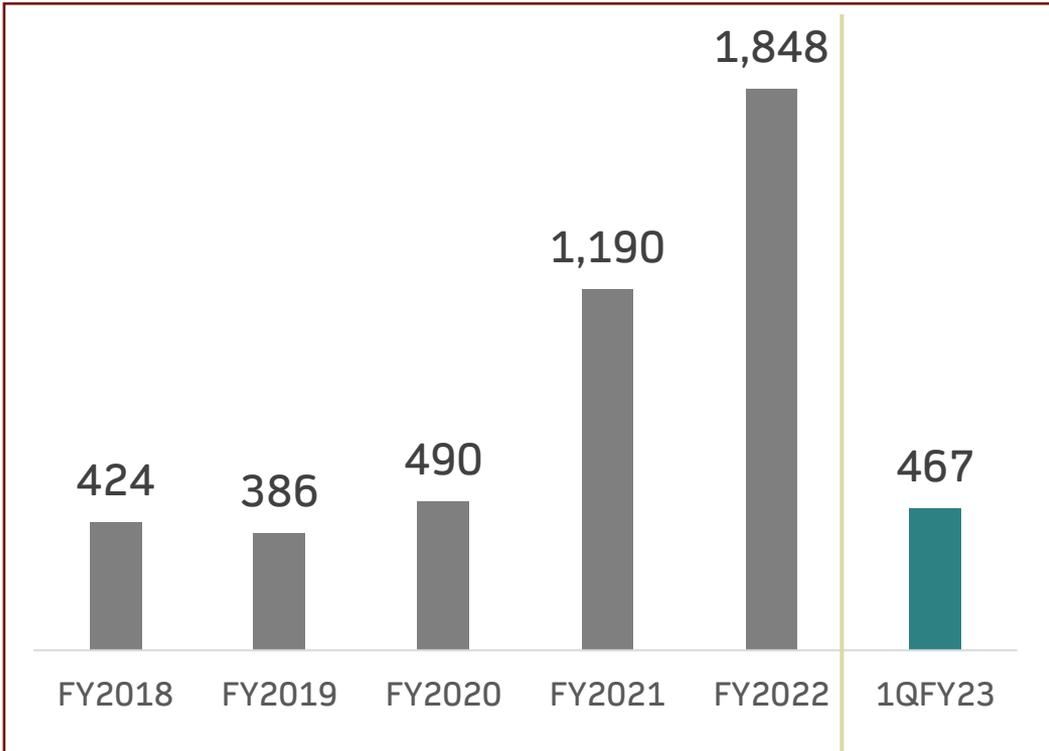
# NEW ON-SITE GAS SUPPLY SCHEME

On track to commence in 4Q 2023, a new recurring revenue stream



- Secured 10-year contract to supply hydrogen, nitrogen and oxygen for an optoelectronics semiconductor giant in Kulim, Kedah.
- Supply of gases expected to commence in 4Q 2023.
- Expected to generate cumulative revenue of approximately RM180 million over the 10-year period via fixed facility fees and sales of gases.
- This represents the second onsite supply scheme.

## New orders secured (RM' mil)



## Notable contract wins

- Jan 2023 - General Contracting contract for an integrated chips manufacturing facility at Kuching, Sarawak worth RM170 million.
- April 2023 - UHP contract for a global high-tech filtration, separation, and purification global leader's facility in Singapore worth RM102 million.

**RM1.83 billion**

**Outstanding orderbook** as at 31 March 2023

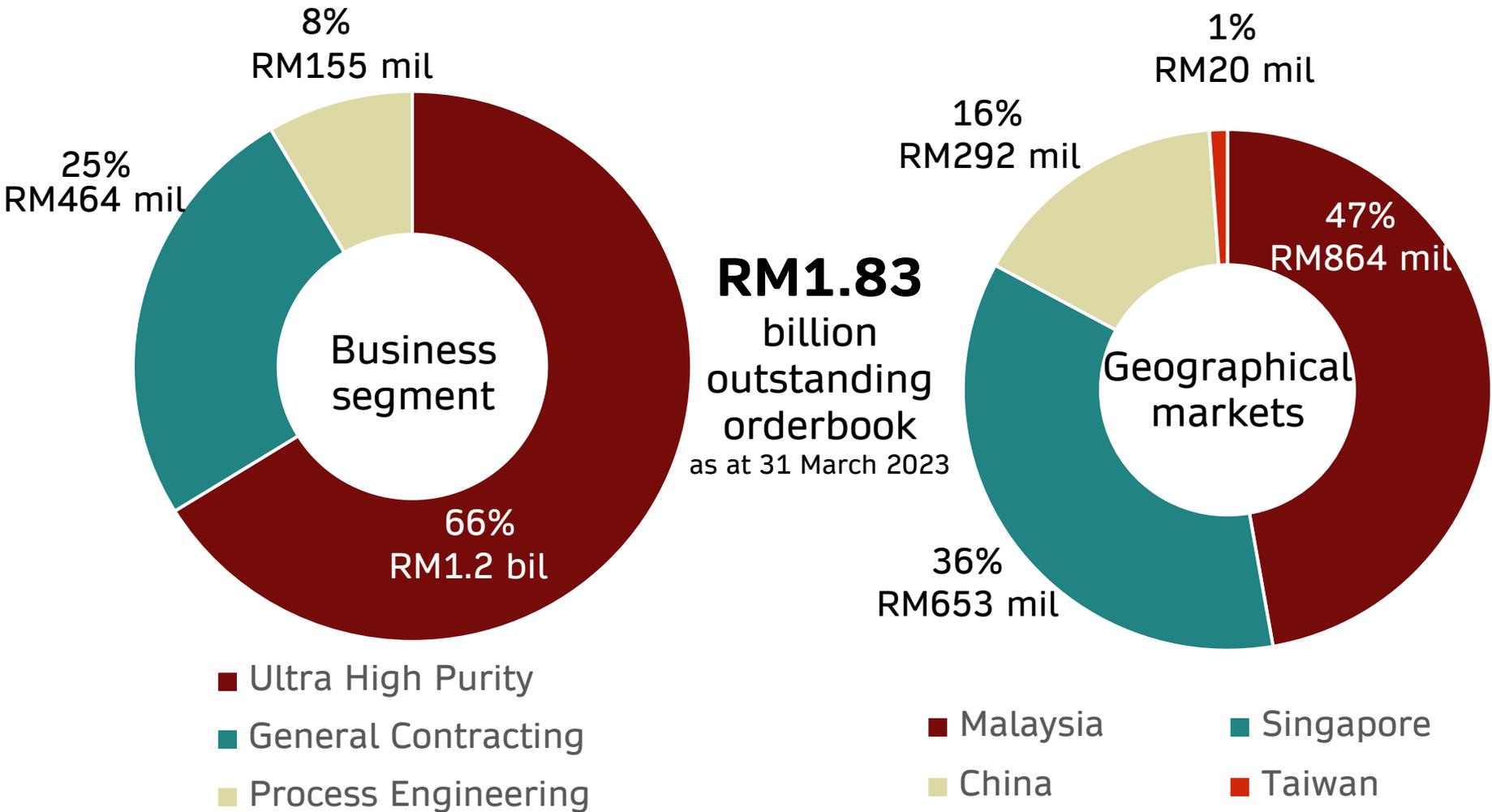
**RM1.4 billion**

**Tenderbook**

# UHP SEGMENT REMAINS THE KEY GROWTH DRIVER



## Outstanding orderbook stood at RM1.83 billion as at 31 March 2023



*Outstanding orderbook as at 31 March 2023 does not include RM102 million UHP contract in Singapore secured in April 2023.*

# BALANCE SHEET HIGHLIGHTS

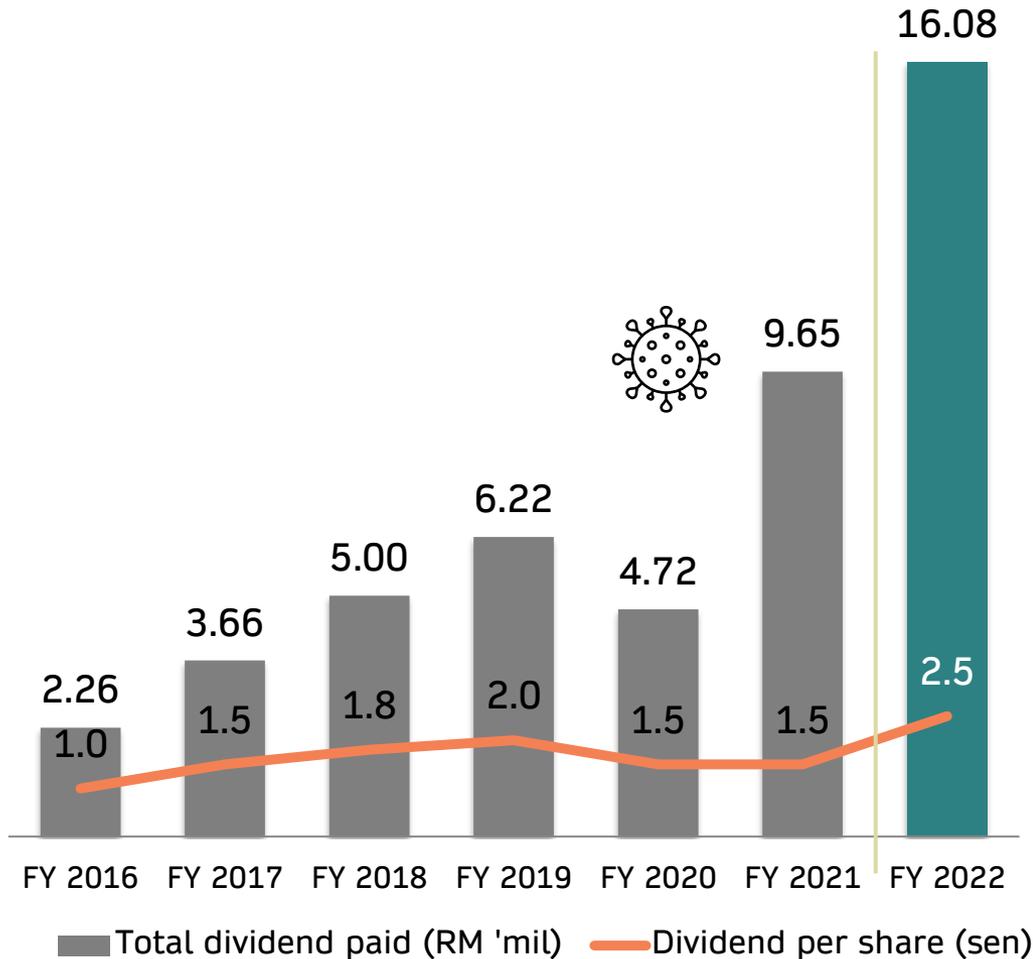
## Gearing up to execute our elevated orders in hand



- 1 The reduction in total borrowings is attributed to the repayment of loans in Malaysia.
- 2 The increase in shareholders' equity was mainly due to consecutive quarterly profits.

RM mil	31.12.2021 (Audited)	31.12.2022 (Audited)	31.03.2023 (Unaudited)
TOTAL ASSETS	404.0	1,055.6	993.1
TOTAL LIABILITIES	211.2	812.5	731.1
TOTAL BORROWINGS	56.5	245.0	200.1
<i>SHORT-TERM</i>	30.7	209.6	159.6
<i>LONG-TERM</i>	25.8	35.5	40.6
TOTAL CASH	106.5	260.0	213.7
SHAREHOLDERS' EQUITY	192.7	243.1	262.0
NA/SHARE	30 sen	38 sen	41 sen
GEARING (times)	0.29	1.01	0.77

# DIVIDEND PAYOUT TRENDING UPWARD



**Dividend policy to distribute 25% of PATAMI as dividends.**

Save for FY2020 in which our financial performance was impacted by the pandemic, the Group has consistently sustained its uptrend in dividend payout since FY2016.

\*1-for-1 bonus issue was completed in July 2021



## ENVIRONMENTAL

- **Year-on-year reduction in FY2022**
- ✓ CO2 emissions intensity by 39%
- ✓ Water intensity by 37%
- ✓ Electricity intensity by 27%



## SOCIAL

- Maintained **zero** fatalities as a result of work-related injuries.
- **Occupational Health & Safety Management System is 95% certified** to ISO 45001:2018
- **Average training hour per employee increased by 5%**

## GOVERNANCE

- Kelington has in place Company codes and policies encompassing **Board Policy, Corporate Code and Policies and Sustainability Policies** to ensure best practices of good corporate governance.

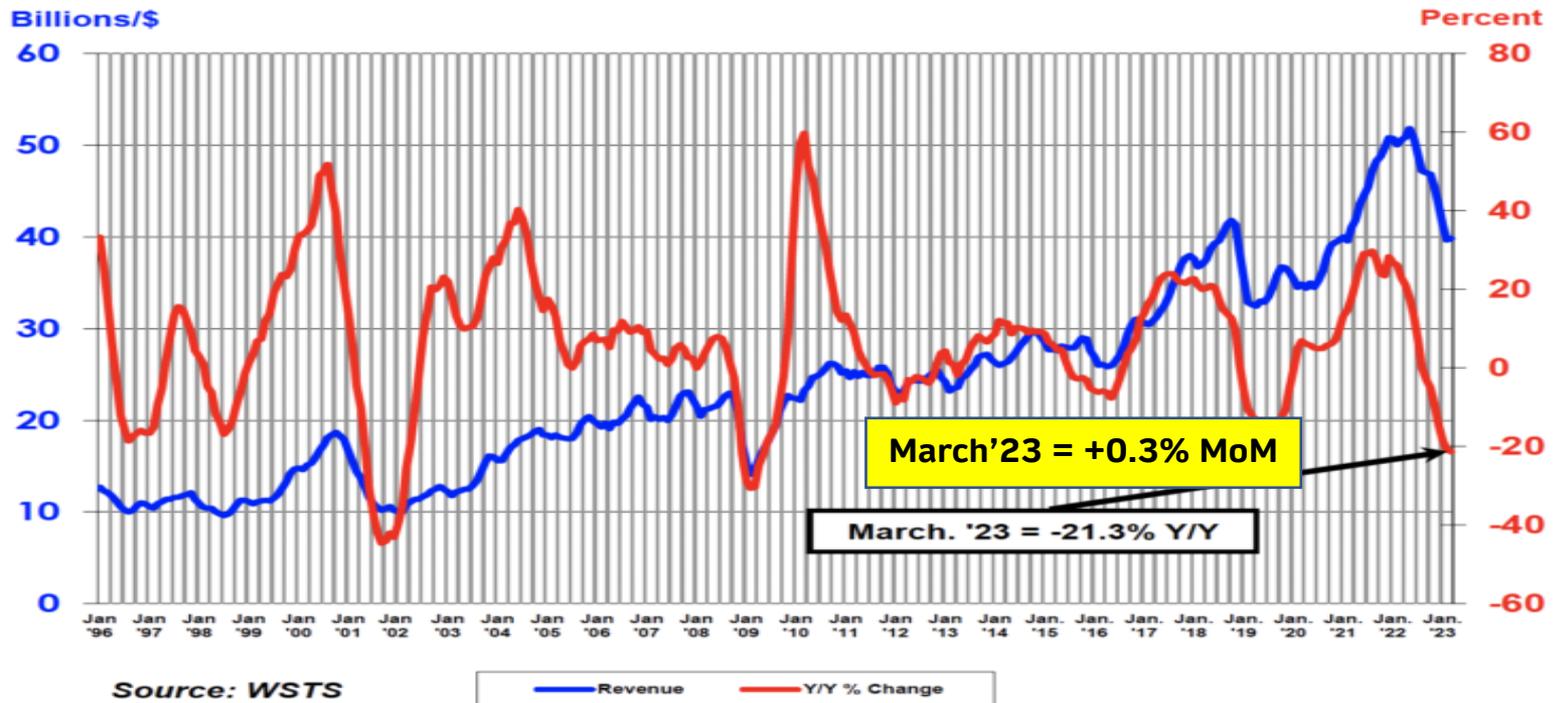
Kelington has been awarded with **“THE MOST IMPROVED PERFORMANCE OVER 3 YEARS - RM300 MILLION TO RM800 MILLION MARKET CAPITALIZATION (SILVER)”** at *The Edge ESG AWARDS 2022*



According to **SIA**, the drop in semiconductor sales continued in first quarter of 2023 due to market cyclicalities and macroeconomics headwinds. **However, month-on-month sales were up in March 2023, providing optimism for a rebound in the months ahead<sup>(1)</sup>**

### Worldwide Semiconductor Revenues

Year-to-Year Percent Change

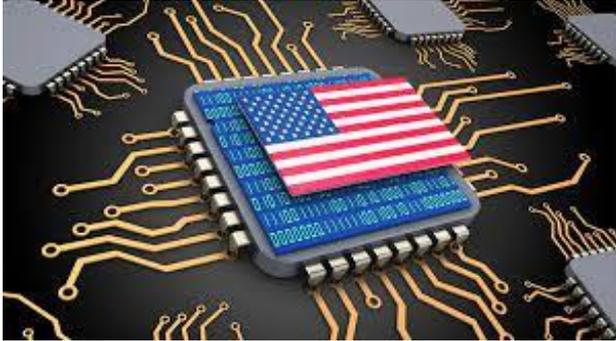


Source: WSTS

Source

<sup>(1)</sup> <https://www.semiconductors.org/global-semiconductor-sales-decrease-8-7-in-first-quarter-march-sales-tick-up-month-to-month-for-first-time-since-may-2022/>

## Foreign chip makers stay on track with major projects in Singapore



- Foreign chip makers are sticking to their expansion plan despite Washington's efforts to keep cutting-edge chips out of China such as GlobalFoundries, Applied Materials, Taiwan Semiconductor Manufacturing Co and others.<sup>(2)</sup> <sup>(3)</sup>
- Singapore is benefiting from the US-China discord, as chip makers from the United States and its allies turn to other markets. <sup>(2)</sup>
- Singapore is a research and development hub for some of the world's largest microchip firms. It is also a supplier of 11% of the world's semiconductors and 20% of chip-making equipment. <sup>(2)</sup>

Source

<sup>(2)</sup> <https://www.thestar.com.my/business/business-news/2023/05/03/foreign-chip-makers-stay-on-track-with-major-projects-in-singapore>

<sup>(3)</sup> <https://www.bloomberg.com/news/articles/2023-05-23/china-buying-of-chipmaking-gear-from-singapore-hits-8-month-high?sref=Pb5Qj4b7>

- **Engineering Projects**

- Outstanding orderbook of RM1.83 billion will keep Group busy in 2023.

- **Industrial Gases**

- New LC02 plant to commence in 4Q 2023. Capacity will more than double from current 50,000MT/year.
- New on-site gas supply in Kulim to commence in 4Q 2023. Recurring income over the next 10 years.

**THANK YOU**