

PRESS RELEASE

FOR IMMEDIATE RELEASE

GEORGE KENT 4TH QUARTER RESULTS REFLECT BUSINESSES' ROBUSTNESS

PUCHONG, 30 APRIL 2020 – George Kent (Malaysia) Berhad (“George Kent” or “the Group”) today announced the financial results for the 4th Quarter of its financial year ended 31 January 2020 (“FY2020”).

4th Quarter Financial Results (from November 2019 to January 2020):

- **Profit Before Tax of RM10.4 million**, from RM37.6 million in the previous corresponding quarter
- **Profit After Tax of RM6.8 million**, from RM19.7 million in the previous corresponding quarter

For the whole of FY2020, the Group achieved the following credible set of financial results:

Full-Year Financial Results (from February 2019 to January 2020):

- **Profit Before Tax of RM56.7 million**, from RM127.8 million in the previous year
- **Profit After Tax of RM41.6 million**, from RM86.3 million in the previous year

The Company has paid two dividends totalling RM13.44 million (FY2019: RM38.07 million) for the year under review. In view of the current uncertain business environment, the Board of Directors does not propose paying a further dividend for the year under review.

In spite of lower profits from the Engineering Division, particularly from the reduced pace of work on LRT3, the Group’s results were credible, which demonstrates the robustness of the Group’s businesses. The Metering Business continued to be resilient. In spite of the retiming of some export orders, revenue for sales to local authorities in Peninsular Malaysia rose from the previous year.

Water Meter Business

In line with the Group's strategy to become a one-stop purveyor of water meters, the Group is working with partners to offer water meters that complement its existing range, such as static meters and products in other classes.

The long-term license agreement with Honeywell, signed by the Group in June 2019, enables the production of precision measuring components to be assembled with the brass housings the Group already manufactures. This will provide the Group with better control of production levels and costs. Production in stages is commencing.

The Group's Smart Metering solution is being implemented through proof-of-concepts and pilot projects with state water authorities. Commercialisation of this solution will be a key growth driver in the coming years.

The above initiatives to expand the Metering Business' contribution to group earnings are in line with the Group's long-stated Strategic Plan to broaden its income base.

Construction Business

The Group continued to execute Hospital Tanjung Karang and Hospital Endokrin Putrajaya.

The Group is concluding work on some variation orders for the LRT2 project. It is also continuing to execute the LRT3 project, the contract for which was signed by its joint-venture company MRCB George Kent Sdn Bhd on 25 January 2019 for RM11.4 billion. Civil construction works were undertaken albeit at a reduced pace in the year under review. Progress should pick up in the coming months.

The Group will further accelerate growth by substantially increasing its investments in rail and water-related projects through M&As and strategic partnerships. It continues to develop new opportunities in the Regional railway space, leveraging on its expertise as Rail Systems Integrator in domestic railway projects and its established network with global rail specialists. In addition, the Group's successful completion of over 30 water infrastructure projects in the last 27 years underscores its project management expertise and dedication to quality. This track record will give the Group a leg-up in pursuing water infrastructure opportunities arising from the national drive to reduce non-revenue water.

Chairman's Statement

Commenting on the Group's performance, Chairman Tan Sri Dato' Tan Kay Hock said:

"The Engineering Division registered lower profits from the reduced pace of work on LRT3. In spite of this, the Group's results were credible, demonstrating the robustness of the Group's businesses. The Metering Division's performance continued to be resilient. Although there was a retiming of some export orders, we achieved growth in revenue for sales to local authorities in Peninsular Malaysia.

"In recent weeks, the global economy took a beating on several fronts. The World Health Organization on 11 March 2020 declared the global novel coronavirus (COVID-19) outbreak a pandemic. In addition, the oil price shock and financial market turmoil are affecting global economic activity, investor confidence and consumer sentiment.

"In response to the COVID-19 pandemic, the Malaysian Government instituted the Movement Control Order (MCO) on 18 March 2020, which has since been extended thrice to 12 May 2020. Under the MCO, all non-essential business activities in the country must be suspended. This has temporarily disrupted the Group's local and export businesses. We received on 19 April 2020 the Ministry of International Trade and Industry's approval to resume our manufacturing activities during the MCO under strict labour movement conditions. This enabled us to reactivate our production line on 20 April 2020, albeit on a limited scale. Subsequently, the Government announced that companies in the approved economic sectors are permitted to operate with full workforce capacity and without limitation in operating time effective 29 April 2020, again under strict labour movement conditions. Whilst the Group is taking steps to return to normalcy, it will take time for the production to gradually reach full capacity.

“Going forward, we will continue to exercise prudence in our business dealings, improving our financial and operational efficiency and drastically reducing costs. Whilst we expect some disruptions to our performance, we are cautiously optimistic of our prospects. This is premised on the following:

- It is our strategy to become a one-stop purveyor of water meters. We are actively expanding our product portfolio through partnerships with other manufacturers. The additions to our range will help us to penetrate more markets around the world.
- Our long-term license agreement with Honeywell gives us control over our component supply and production costs. It also enables us to sell water meters to 15 new territories in Asia.
- Our proprietary Smart Metering technology is undergoing real-world tests through proof-of-concepts and pilot projects with state water authorities. We target to commercialise this solution in the coming year.
- We will further accelerate growth by substantially increasing our investments in rail and water-related projects through M&As and strategic partnerships. We continue to leverage on our expertise and experience as a Rail Systems Integrator to actively pursue railway opportunities in the Region. The Group’s established network with international rail specialists will also assist it in tapping into Regional projects requiring international collaborations through joint ventures or strategic alliances.”

-end-

About George Kent (Malaysia) Berhad

George Kent is an established engineering and metering company in the water infrastructure, rail transportation and hospital construction industries. The Company specialises in the turnkey construction of water infrastructure and hospital projects, system works for rail transportation, and operation and maintenance of water treatment facilities.

Known for proven engineering excellence, George Kent has a strong track record of successfully completing high-value and technology-critical projects. The Company also manufactures and supplies water metering products and solutions for household, industrial and plant use. It operates one of the largest hot brass-forging plants in Southeast Asia for the production of internationally certified water meters, and supplies to water authorities in Malaysia and in the ASEAN region.

For more information, please visit www.georgekent.net.

Issued by: Imej Jiwa Communication Sdn. Bhd. on behalf of George Kent (Malaysia) Berhad

Date: 30 April 2020

MEDIA QUERY

Jason Chiew

Tel: 03 7803 1299 / 1318 M: 017 980 4293 E-mail: jason@imejiwa.com