

## **PRESS RELEASE**

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# **GEORGE KENT REPORTS CREDIBLE EARNINGS FOR Q2FY2022**

*Expands its digitalisation blueprint for its next phase of growth*

### **Key Highlights:**

- George Kent’s operations continue to perform well, particularly the Metering business in spite of the intermittent lockdowns and closures due to Covid-19.
- Contribution from continuing businesses was on par with the preceding quarter. However, the result was impacted by a one-off impairment of RM 9.85 million from the disposal of the investment in MRCBGK.
- George Kent sets up investment arm to seek new growth opportunities as it moves into the digital space in line with Malaysia’s digital economy transformation.
- Explores mutually beneficial public-private partnerships to spur growth of the country’s tech ecosystem and to gain access to deal flows and partnerships for investments into high-growth technology companies and start-ups.
- Accelerate its digital agenda as a key driver in paving the path for the Group to be a global industry-leading technology company.

**PUCHONG, 23 NOVEMBER 2021** – George Kent (Malaysia) Berhad (“George Kent” or “the Group”) today announced the financial results for the 2<sup>nd</sup> Quarter of its financial year ending 31 March 2022 (“FY2022”).

### **2<sup>nd</sup> Quarter Financial Results (from July 2021 to September 2021):**

- Revenue of RM79.7 million
- Profit Before Tax of RM2.2 million
- Profit After Tax of RM133,000

The Group’s continuing operations performed creditably despite the disruptions brought on by the Covid-19 pandemic. Contribution from these continuing businesses were on par with the preceding quarter. However, Profit After Tax was impacted by the recognition of a one-off

impairment of RM 9.85 million from the disposal of the investment in MRCBGK which is not tax deductible.

The commendable results reflect the robustness of the Metering Business. In spite of the various iterations of the Movement Control Order (MCO) implemented domestically and the global lockdowns in most countries due to the outbreak of the Covid-19 pandemic, orders for the Group's water meters were largely uninterrupted. However, temporary suspension of operations and limitation in workforce due to the MCO had affected our production ability to meet demands for our meters and slowed the site progress of our construction projects. After the temporary suspension, the production capacity was at 60%.

### **Dividend**

To reward shareholders, the Board of Directors has declared an interim dividend of 1.0 sen per share for FY2022, payable on 29 December 2021 to shareholders whose names appear in the Record of Depositors on 8 December 2021, being the Book Closure Date ("BCD").

On the assumption that as announced to date, the Treasury Shares of 40,559,200 (which are not entitled to dividends), remained the same as at BCD, the dividend pay-out on 522,708,865 shares will amount to approximately RM5.23 million.

### **Water Meter Business**

The Group's order book for its water meters remains healthy. The Group began to fulfil these orders when it resumed operations with 60% workforce after the lifting of the EMCO on 17 July 2021 and subsequently with full 100% workforce after the Group achieved the full-vaccination rate of 80% on 17 August 2021. Concerted efforts were channelled to address the backlog of orders as well as cater for new orders from local and regional water authorities.

The Group has also resumed its AMR POC (Proof of Concept) pilot projects with water authorities and private companies which have been put on hold during the MCO.

The Group is looking to cement its position in its existing portfolio of countries while increasing its product portfolio to broaden its customer base and develop new markets. The Group's new Class 'D' Volumetric water meter is now ready to be launched in both the domestic and regional markets.

### **Engineering Business**

The Group had in August 2021 gradually resumed construction works for Hospital Tanjung Karang and Hospital Endokrin Putrajaya projects after the numerous disruptions at site caused by the MCO. The Group will continue to liaise closely with the Public Works Department (JKR) in managing the delivery timelines for the two hospitals. The construction progress of the Dynacare glove manufacturing plant was similarly impacted by the MCO. However, efforts are being employed to expedite the work progress with the first dipping line target to commence operation end November 2021.

The Group is constantly looking for opportunities to increase its order book both locally and overseas. The Group has recently participated in some tenders of water infrastructure projects locally and will continue to explore and pursue more opportunities in the water infrastructure projects following the announcement of the various development goals and strategies by the Government under the 12th Malaysia Plan.

Following the disposal of the Group's 50% stake in the Light Rail Transit (LRT) 3 joint venture, the Group will focus on the new opportunities in the domestic railway space under the 12<sup>th</sup> Malaysia Plan's policy enabler of enhancing connectivity and transport infrastructure. Similarly, opportunities will be sought regionally. With our established network with international rail specialists, the Group is well positioned to expand its role in the rail network infrastructure.

### **Investment into Digitalisation and Technology for next phase of growth**

While Metering and Engineering continue to be important pillars of George Kent's core businesses the Group is pursuing a number of initiatives to seek new growth opportunities in the digital space.

Digitalization is not new to George Kent. George Kent first embarked on its digital transformation and sets its path on digital technology a few years ago. The Group is the first-mover in the Region in commercializing its Automated Meter Reading (AMR) and Smart Metering solutions using the NB-IoT communications technology. The AMR and Smart Metering technology solutions which was developed in-house by a team of 15 R&D engineers have been successfully implemented by a number of water authorities within and outside the country. These solutions have enabled water authorities to conduct remote-reading of water consumptions of their customers, generate auto-billing and also detect leakages in the water reticulation systems to reduce their Non-Revenue Water.

George Kent aims to further develop this and offer its IoT solutions beyond the Water Metering industry. The Group's digital agenda involves leading and fostering a vibrant IoT Technology and Solutions ecosystem in the Region to drive greater adoption of IoT in industries for smart building/cities, infrastructure, utilities, mobility and industrial automation among others.

Beside this, the Group intends to set up an investment arm that will serve as an innovative platform for the Group to gain access to new and emerging technologies. The Group is looking to attract and invest in the best companies in the Engineering and Industry space. It will focus on start-ups and tech innovators that provide solutions in the space of Urban Solutions and Sustainability, Manufacturing 4.0 and other Emerging Technologies. The Urban Solutions & Sustainability space will include technology in Water, Energy, CleanTech, Built Environment (Smart City) and Smart Mobility while Manufacturing 4.0 includes technology in IoT and Connectivity, Robotics and Cybersecurity. Particular focus will be given to companies involved in the use of technologies related to Industrial 4.0 in providing solutions to the society at large in a sustainable way.

The Group's investment will focus on early-stage companies that have shown early traction in their products, services and solutions and have a scalable and sustainable path to growth. Tech

start-ups in Malaysia and within the Southeast Asia region will be the Group's primary focus for now. The Group is exploring mutually beneficial public-private partnerships to spur growth of the country's tech ecosystem and to gain access to deal flows while also looking to form collaborations with other investors for partnerships into high-growth technology companies and start-ups.

### **Chairman's Statement**

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

"The Group has achieved commendable results for the three months ended 30 September 2021 considering Malaysia was in various stages of the Movement Control Order during the period. Digitalisation, Technology and Innovation are keys to the future of George Kent. To remain relevant and competitive George Kent must invest in technology. The Investment Arm will be one of our innovation tools to digitalise our existing businesses and generate new business ventures over the long term. This will help solidify our future growth potential, thereby ensuring continued growth in shareholder returns as George Kent has delivered over decades.

It is our aim to be at the forefront of technological innovations. We have already embarked on the Internet of Things (IoT) space through our Smart Metering solutions. We continue to work on commercialising this proprietary innovation to leverage on the industry trend towards digital adoption.

This is in addition to the Group's pursue of earnings accretive acquisition opportunities that is in line with our existing businesses in Railway Systems and Water Metering. We are also looking to acquire a new business, our third leg to drive growth. This will be in the area of industrial technology, businesses that are ranked highly on ESG and sustainability agenda and businesses that can provide the Group with sustainable long-term recurring income in the industrial sector.

The acceleration of the Group's digital agenda is a key driver in paving the path for the Group to be a global industry-leading technology company."

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### **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](http://www.georgekent.net).

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**MEDIA QUERY**

Chris Chuah

Tel: 03 7733 7752

M: 012 2333155

E-mail: [chris@imejjiwa.com](mailto:chris@imejjiwa.com)

Ng Shu Wain

Tel: 03 7733 7752

M: 012 280 6909

E-mail: [shuwain@imejjiwa.com](mailto:shuwain@imejjiwa.com)