

Company Name : Frontken Corporation Berhad
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Frontken's 3Q Net Profit Up 12% to RM21.34m On Improved Revenue, Profit Margin

KUALA LUMPUR (Nov 3): Frontken Corp Bhd's net profit for the third quarter ended Sept 30 (3QFY20) rose 12.03% to RM21.34 million, from RM19.05 million a year ago, underpinned by improved revenue and better profit margin, in what the firm described as its best-ever quarterly performance.

The group said in a bourse filing its revenue for 3QFY20 grew 8.89% to RM94.79 million, from RM87.05 million a year ago

The quarterly revenue growth was contributed by its subsidiaries in Taiwan and the Philippines.

Frontken said its Taiwan unit benefited from the pick-up in volume in the semiconductor space due to higher demand and strong orders from one of its customers' advanced nodes' chips.

The group also said it achieved the record-high profit before tax, mainly due to improved revenue and better profit margin resulting from the continual efforts to improve efficiency across the group.

"It is worthwhile mentioning that this was our best-ever quarter performance; more noteworthy in light of the global slowdown caused by the Covid-19 pandemic. We were able to achieve this because of the significant profit after tax improvement of 39.1% from our semi-conductor division compared to the preceding year corresponding quarter," it said.

For the nine months ended Sept 30, the group's net profit increased by 15.12% to RM58.68 million, from RM50.97 million a year ago, while revenue for the period rose 6.48% to RM267.28 million, from RM251.02 million a year ago.

Going forward, the group said it is seeing advancement and deployment of new innovative technologies following from the gradual roll-out of 5G networks worldwide and believes that these developments, coupled with strong demand for its customer's advanced nodes' chips, will be positive for its business in the years to come.

"To that end, the group is looking to expand its capacity in Taiwan by constructing a new state-of-the-art facility in anticipation of increase in the demand for our services relating to tools involved in the manufacturing of the most advanced nodes' chips which we are given to understand will be available in 2022," said Frontken.

In the meantime, its subsidiary in Taiwan had also added new production lines, which are expected to be operational this month, to address heightened demand.

As for the remaining three months of this year, the group anticipates the overall business conditions, particularly for the oil and gas segment, will continue to be uncertain amidst global uncertainties and downside risks due to heightened concerns over the impact of the potential new wave from the Covid-19 pandemic on the world economy.

"As for the oil and gas industry, we noticed that new orders are trickling in from the various umbrella contracts for provision of manpower supply and also mechanical rotating equipment services and parts that we have with the Petronas Group of Companies.

"We hope this momentum will pick up further in the fourth quarter of this year and hopefully throughout 2021. Having said that, global oil demand and the Covid-19 pandemic will all remain a key source of risk to the current outlook," it said.

While the group anticipates the overall business conditions in the remaining quarter of the current financial year to remain uncertain, it is cautiously optimistic that its performance for the remaining months will be satisfactory and is excited with what lies ahead.

At midday break today, Frontken rose 2.86% or 10 sen to RM3.60, valuing it at RM3.79 billion.