

Company Name : Frontken Corporation Berhad
Date : 18 February 2020
Source : The Edge Markets

Frontken 4Q Net Profit At RM18.19m, Declares 1.5 Sen Dividend

KUALA LUMPUR (Feb 18): Frontken Corp Bhd's net profit for the fourth quarter ended Dec 31, 2019 slipped marginally to RM18.19 million from RM18.68 million a year earlier, as the effective tax rate for the period under review was higher than the statutory tax rate, principally due to the withholding tax charged on dividend income from Taiwan.

In a bourse filing today, Frontken said revenue for the quarter rose 0.3% to RM88.89 million from RM88.67 million earlier, on the back of its customer's ramp up of production in Taiwan and improvement in oil and gas business in Malaysia.

Earnings per share, however, slipped to 1.74 sen from 1.78 sen previously.

Frontken declared a second single tier dividend of 1.5 sen per share in respect of the financial year ended Dec 31, 2019 (FY19) to be paid at a date to be announced later.

For FY19, Frontken's net profit rose 32.4% year-on-year to RM69.19 million from RM52.26 million, on the back of higher revenue of RM339.91 million versus RM327.22 million.

On its prospects, Frontken anticipates that the overall business conditions in 2020 will continue to be challenging amid the growing concern over the economic damage caused by the spread of the Covid-19 virus.

It said although its customers have indicated that their businesses are currently not affected by the extended Lunar New Year break in China, most are unable to predict the impact should the situation prolong.

"To that end, we will continue to focus our attention on the quality of our services and cost management so as to maintain our competitiveness.

“We believe that our business will be able to continue with its momentum during the year and therefore we are cautiously optimistic that our subsidiaries in Taiwan, Singapore, Malaysia and the Philippines will continue to contribute positively to the group's earnings in 2020,” it said.

At the midday break today, Frontken shares were 2% or 5 sen lower at RM2.45 for a market capitalisation of RM2.58 billion.