

Company Name : Frontken Corporation Berhad
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Frontken Posts Record Net Profit In 4Q And FY20, Declares 2.8 Sen Dividend, Proposes Bonus Issue



KUALA LUMPUR (Feb 23): Frontken Corp Bhd has registered a record net profit of RM23.29 million in the fourth quarter ended Dec 31, 2020 (4QFY20), 28% higher than RM18.2 million a year ago, due to improved revenue and better profit margin resulting from continual efforts to improve efficiency across the group.

Earnings per share, accordingly, rose to 2.22 sen, from 1.74 sen in 4QFY19.

Quarterly revenue also leapt by 13.7% to RM101.04 million, from RM88.89 million a year ago, a filing with the local bourse today showed.

Frontken explained that the higher revenue was particularly on the back of the pick-up in volume in the semiconductor space from its Taiwan unit due to higher demand and strong orders from one of its customers' advanced nodes' chips.

The group has also declared a dividend of 2.8 sen per share, versus 1.5 sen in the previous year. The entitlement and payment dates will be announced later. For the financial year ended Dec 31, 2020 (FY20), the group declared total dividends of four sen versus 2.5 sen a year earlier.

To further reward its shareholders, Frontken had also proposed a bonus issue of shares and warrants on the basis of one bonus share and one bonus warrant for every two shares held by the shareholders on an entitlement date to be determined and announced later by its board.

For the full year of FY20, Frontken posted a record net profit of RM81.97 million, up 18.5% compared with RM69.17 million a year ago, while revenue increased by 8.4% to RM368.32 million from RM339.91 million.

On prospects, the group anticipates the overall business conditions in 2021 to be better than 2020. "We are cautiously optimistic that our business will be able to continue with its growth momentum during the year and are excited with what lies ahead for us," said Frontken in its results announcement.

Noting that the global semiconductor industry is set to continue its robust growth well into the next decade, the group is seeing advancement and deployment of new innovative technologies following from the gradual roll-out of 5G network globally.

"We believe these developments in the electronic and technology space, coupled with the strong demand for our customer's advanced nodes' chips, will be positive for our business in years to come," Frontken added.

The group is looking to expand its capacity in Taiwan by setting up a new state-of-the-art facility in anticipation of an increase in demand for its services relating to tools involved in the manufacturing of the leading-edge chips, which is anticipated to be commercially available in 2022.

Frontken added that it is also exploring the viability of setting up a new facility overseas to further support its customer's expansion abroad.

The group is primarily engaged in only one business segment — the provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes, including mechanical and chemical engineering works. It is also in the oil and gas business.

At 3.06pm, shares of Frontken were 28 sen or 5.75% higher at RM5.15, with some 6.39 million shares traded. It currently has a market capitalisation of RM5.41 billion.