



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

BUSINESS UPDATE FOR 1Q20

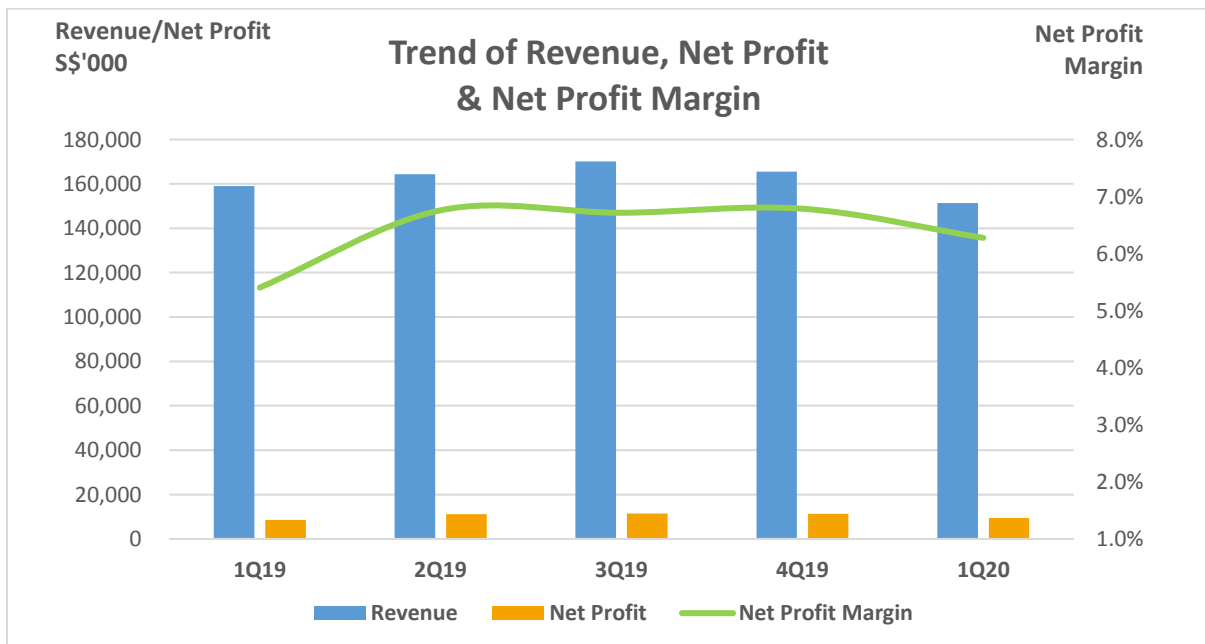
The Board of Directors of Frencken Group Limited (“**Frencken**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to provide a voluntary update on the Group’s business and financial performance for the three months ended 31 March 2020 (“1Q20”).

FINANCIAL SNAPSHOT

The Group recorded revenue of S\$151.4 million in 1Q20, a decline of 4.8% year-on-year (yoy) from the corresponding quarter in the previous year. This was attributable principally to lower sales from the automotive, industrial automation and analytical segments, which was partially offset by increased sales of the semiconductor and medical segments.

Despite the lower revenue, the Group reported a 10.5% yoy increase in its net profit (profit attributable to equity holders of the Company) to S\$9.5 million in 1Q20 from S\$8.6 million in 1Q19. This was principally due to the positive impact from the US Dollar’s appreciation against the Singapore Dollar, as well as reductions in freight costs and administrative & general expenses.

| S\$'000 | 1Q20 | 1Q19 | y-o-y |
|-------------------|---------|---------|-----------|
| Revenue | 151,366 | 159,079 | (4.8) % |
| Net Profit | 9,501 | 8,598 | 10.5 % |
| Net Profit Margin | 6.3% | 5.4% | (0.5) ppt |



REVENUE SNAPSHOT

Group revenue of S\$151.4 million in 1Q20 comprised mainly sales of S\$126.7 million from the Mechatronics Division while the IMS Division contributed sales of S\$24.9 million.

The Mechatronics Division's revenue eased 1.0% yoy to S\$126.7 million due mainly to:

- **Semiconductor** segment sales increased 58.1% yoy to S\$41.7 million
- **Medical** segment sales increased 13.0% yoy to S\$22.0 million
- **Industrial automation** segment sales declined by 30.1% yoy to S\$29.3 million
- **Analytical** segment sales declined 16.6% yoy to S\$30.1 million

The IMS Division's revenue decreased 21.0% yoy to S\$24.9 million due mainly to:

- **Automotive segment** sales softened 22.6% yoy to S\$18.8 million
- **Consumer and industrial electronics** segment sales eased 2.7% yoy to S\$4.6 million

GROSS PROFIT

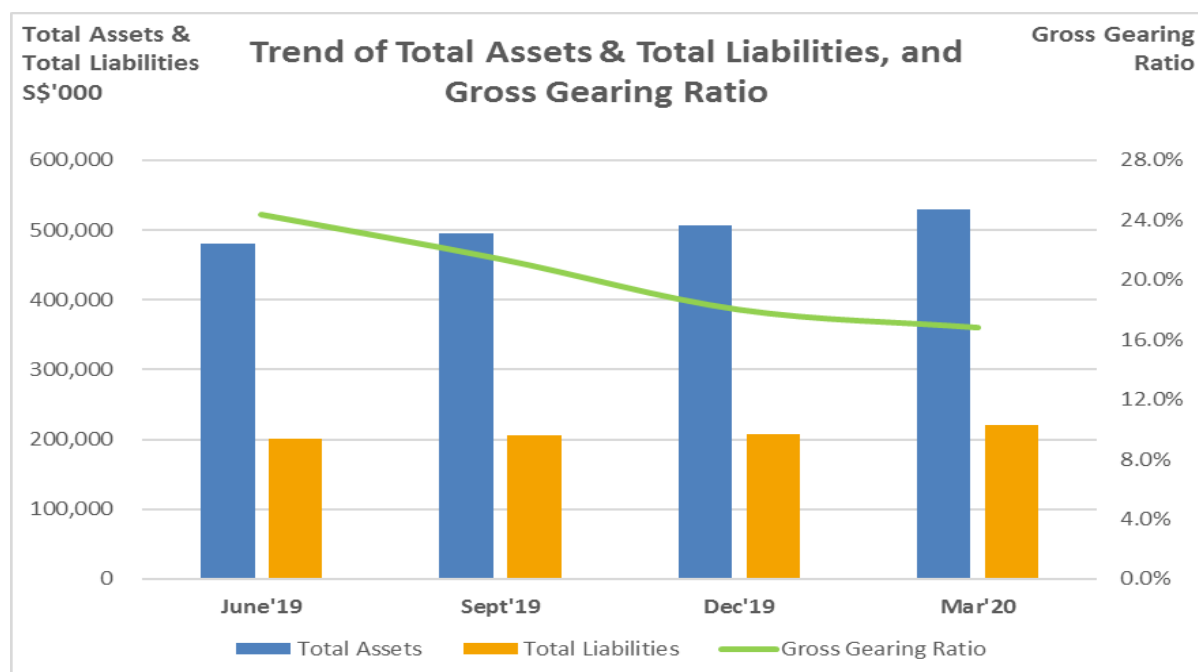
In line with lower revenue, the Group's gross profit declined 5.9% yoy to S\$23.6 million in 1Q20. However, gross profit margin was relatively stable at 15.6% when compared to 15.8% in 1Q19.

BALANCE SHEET

As at 31 March 2020, the Group had total assets of S\$530.3 million including cash and cash equivalents of S\$144.6 million. Total liabilities stood at S\$220.8 million of which total borrowings comprised S\$51.7 million. The Group had shareholders' equity of S\$307.6 million, equivalent to net asset value of 72.41 cents per share. Accordingly, the Group's gross gearing ratio was 16.8%. The Group remained in a net cash position of S\$92.9 million. As such, the Group continues to have a high level of liquidity.

| Mar'20 (S\$'000) | |
|---------------------------|---------|
| Total Assets | 530,258 |
| Total Liabilities | 220,805 |
| Gross Gearing Ratio # | 16.8% |
| Cash and cash equivalents | 144,577 |
| Total Borrowings * | 51,712 |

Gross Gearing Ratio = Total Borrowings / Shareholders' Equity
 * Total Borrowings = Total Borrowings exclude Lease Liabilities



CORPORATE UPDATES

The Group had on 20 March 2020, 23 March 2020, 7 April 2020 and 17 April 2020 made announcements to provide updates on the status of its global operations subsequent to the directives and measures to curb the spread of Covid-19 that were implemented by governments in jurisdictions where it has operations. The Group has ensured strict compliance with all Covid-19 restrictions imposed by the various authorities.

To-date, the Group's factories in Singapore, Malaysia and China have resumed normal manufacturing operations following the easing of the respective government restrictions. Normal operations are also continuing at the Group's factories in Thailand, the Netherlands, the USA and Switzerland, with the exception of the factory in Noida, India which remains temporarily closed as directed by the government.

The Group is ensuring that all necessary measures will remain in place at its global operating sites to mitigate risks for the health of its employees amid the Covid-19 pandemic. As part of the Group's Corporate Social Responsibility efforts during this difficult period, Frencken has been actively engaging in programs to support and assist the communities of its various locations worldwide.

The Covid-19 pandemic's impact on end-user demand as well as the rapidly changing measures of the governments in the various jurisdictions that we operate in, are expected to affect the Group's financial performance in the current year ending 31 December 2020. However, given the uncertain and fluid nature of the current situation, there is presently limited visibility on the extent of impact on global supply chains, global markets and the Group.

Frencken serves broad and diverse business segments and geographical regions which, together with a sound balance sheet, will help to provide resilience and stability to the Group.

Based on current indicators and barring any further deterioration in the business environment arising from the Covid-19 pandemic, the anticipated revenue performances of the Group's key business segments in 2Q20 compared quarter-on-quarter (qoq) against 1Q20 are outlined below:

- **Semiconductor** segment's revenue is anticipated to post qoq growth
- **Medical** segment's revenue is expected to be higher qoq
- **Analytical** segment's revenue is expected to be stable qoq
- **Industrial Automation** segment's revenue, which is typically lumpy in nature, is anticipated to decline qoq
- **Automotive** segment is expected to post lower revenue qoq

The Group will continue to monitor the changing Covid-19 pandemic situation and shall keep shareholders informed of any material developments as and when they arise.

On behalf of the Board,

Dennis Au
Executive Director

14 May 2020

About Frencken Group Limited

Frencken Group is a Global Integrated Technology Solutions Company that serves world-class multinational companies in the automotive, healthcare, industrial, analytical & life sciences and semiconductor industries.

Frencken Group operates on a worldwide scale through its established local presence of 17 operating sites and 3,400 employees across Asia, Europe and the USA. Working in partnership with its growing base of global customers, the Group unites the strengths of its strategically located businesses to create value for a wide variety of end-user markets.

Leveraging on its advanced technological and manufacturing capabilities, Frencken Group provides comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions. The Group's extensive solutions span from product conceptualization, integrated design, prototyping, new product introductions, supply chain design and management, state-of-the-art value and volume manufacturing services to logistics solutions.

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