



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

BUSINESS UPDATE FOR 3Q20

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 30 September 2020 (“3Q20”) and nine months ended 30 September 2020 (“9M20”).

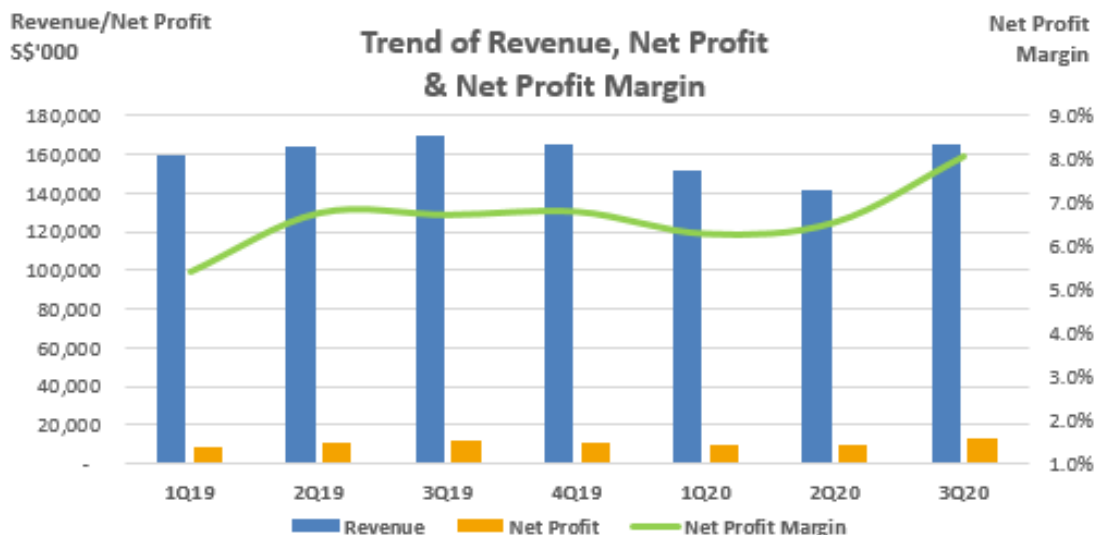
FINANCIAL SNAPSHOT

For 3Q20, the Group recorded revenue of S\$165.5 million, down a marginal 2.8% year-on-year (yoy) from 3Q19. This was attributable mainly to lower sales of the industrial automation, analytical and automotive segments, which was partially offset by increased sales of the semiconductor segment.

Nevertheless, the Group reported a 16.7% yoy increase in its profit attributable to equity holders of the Company (“PATMI”) to S\$13.3 million in 3Q20 due mainly to an improvement in its gross profit margin.

For 9M20, the Group posted revenue of S\$458.0 million, a decrease of 7.2% from 9M19. The COVID-19 pandemic led to business disruptions and a slowdown in economic activity which resulted in lower sales in the industrial automation, analytical and automotive segments. Despite lower revenue, the Group’s PATMI increased 3.0% to S\$32.1 million in 9M20 as compared to the same period in 2019.

S\$'000	3Q20	3Q19	yoy (%)	9M20	9M19	yoy (%)
Revenue	165,487	170,176	(2.8%)	457,995	493,601	(7.2%)
PATMI	13,343	11,429	16.7%	32,079	31,136	3.0%
PATMI Margin	8.1%	6.7%	1.4 ppt	7.0%	6.3%	0.7 ppt



REVENUE SNAPSHOT

The Group's revenue of S\$165.5 million in 3Q20 was derived mainly from the Mechatronics Division's sales of S\$137.8 million while the IMS Division contributed sales of S\$27.8 million.

The Mechatronics Division's revenue eased 2.3% yoy to S\$137.8 million in 3Q20 due to:

- **Medical** segment sales eased 1.9% yoy to S\$20.9 million
- **Analytical** segment sales declined 4.8% yoy to S\$29.6 million
- **Industrial automation** segment sales decreased by 32.0% yoy to S\$34.4 million
- The lower sales from these segments were partially offset by the increase in sales of the **Semiconductor** segment by 49.5% yoy to S\$50.2 million.

The IMS Division's revenue decreased 5.4% yoy to S\$27.8 million in 3Q20 due to:

- **Automotive** segment sales softened 4.4% yoy to S\$21.2 million
- **Consumer and industrial electronics** segment sales eased 8.9% yoy to S\$4.4 million

GROSS PROFIT

Despite recording lower revenue, the Group's gross profit increased 8.1% yoy to S\$29.2 million in 3Q20. Gross profit margin improved 1.7 percentage points (ppt) to 17.6% in 3Q20 from 15.9% in 3Q19 which is attributable to a shift in sales mix, higher operational efficiencies and tighter cost control measures.

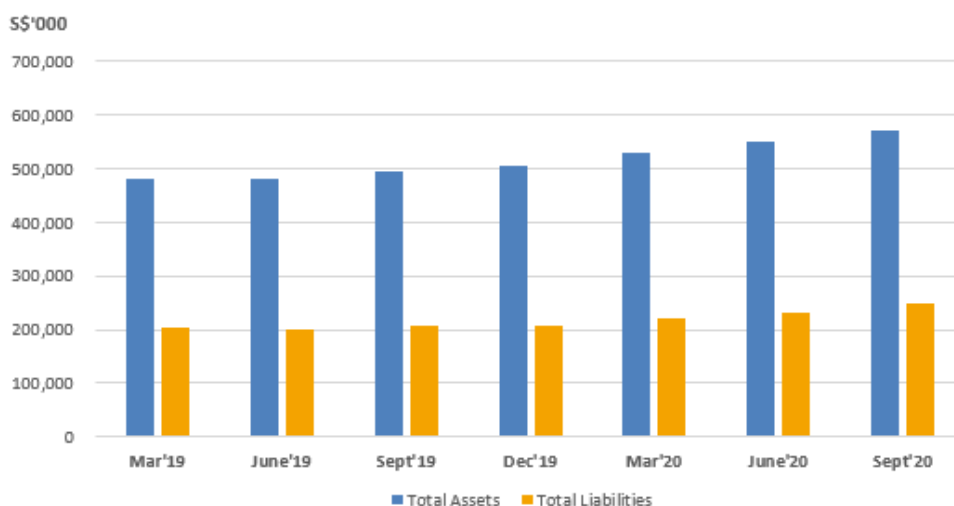
BALANCE SHEET

As at 30 September 2020, the Group had total assets of S\$571.6 million including cash and cash equivalents of S\$158.7 million. Total liabilities stood at S\$248.1 million of which total borrowings comprised S\$89.4 million. The Group had shareholders' equity of S\$321.6 million, equivalent to net asset value of 75.47 cents per share. The Group has net cash of S\$69.3 million and remains in a sound financial position.

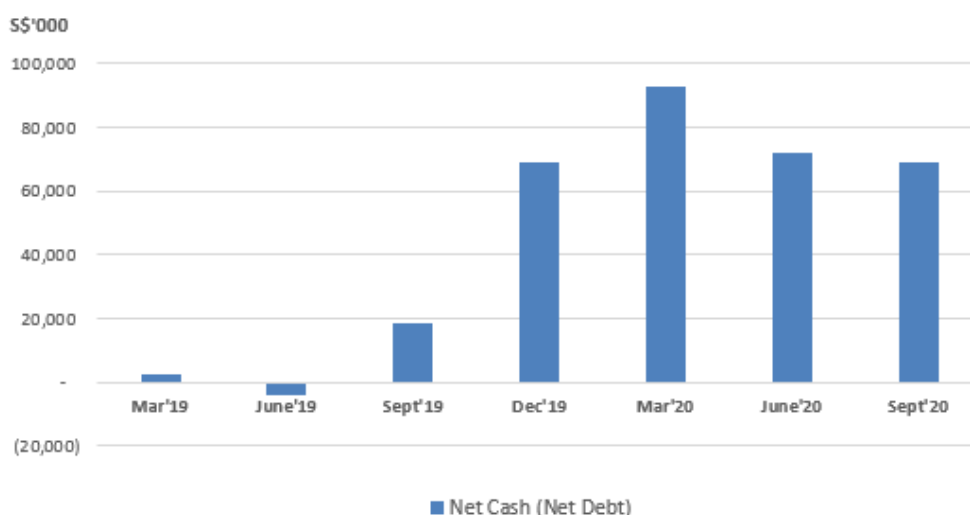
As at 30 September 2020 (S\$'000)	
Total Assets	571,572
Total Liabilities	248,076
Cash and Cash Equivalents	158,732
Total Borrowings *	89,438
Net Cash	69,294

* Total Borrowings = Total Borrowings excluding Lease Liabilities

Trend of Total Assets & Total Liabilities



Trend of Net Cash (Net Debt)



BUSINESS SEGMENT OUTLOOK

The operating landscape is expected to remain challenging in view of the impact of COVID-19 pandemic on the global economy and end-user demand.

Based on current indicators and barring any unforeseen circumstances or further deterioration in the business environment, the Group is expected to show modest revenue growth in 2H20 as compared to 1H20 lifted by improved sales at the majority of its key business segments.

- **Semiconductor** segment's revenue is expected to improve in 2H20 compared to 1H20
- **Medical** segment's revenue is expected to be lower in 2H20 versus 1H20
- **Analytical** segment's revenue is expected to improve in 2H20 over 1H20
- **Industrial Automation** segment's revenue is anticipated to be stable in 2H20 compared to 1H20
- **Automotive** segment is expected to post higher revenue in 2H20 versus 1H20

On behalf of the Board,

Dennis Au
Executive Director

12 November 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.

MEDIA AND INVESTOR RELATIONS CONTACT

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