



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

BUSINESS UPDATE FOR 3Q21

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 2021 (“3Q21”) and the nine months ended 30 September 2021 (“9M21”).

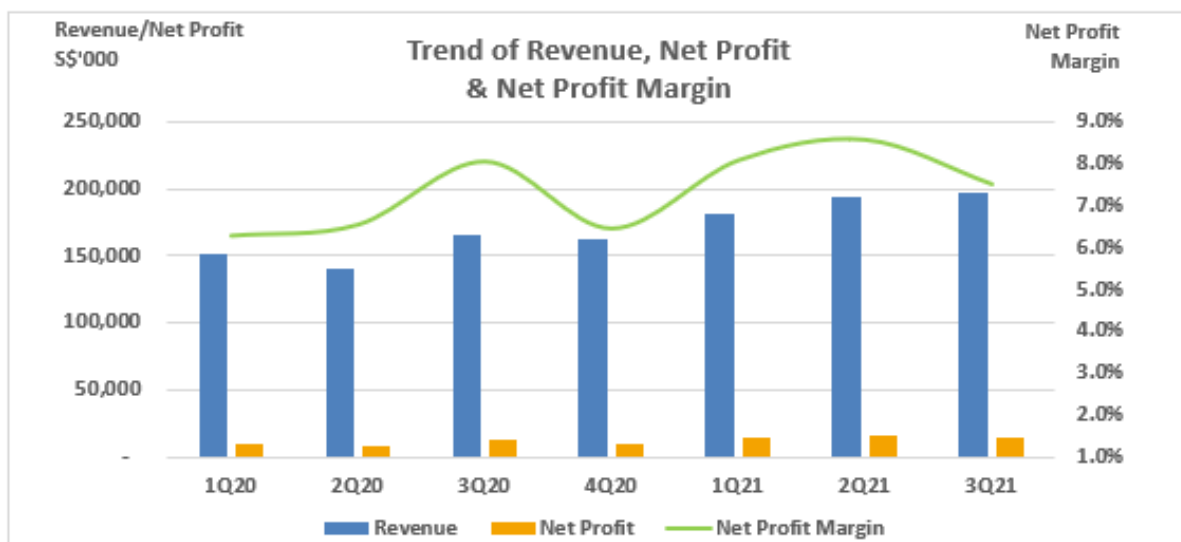
FINANCIAL SNAPSHOT

For 3Q21, the Group’s revenue increased 18.7% year-on-year (yoy) to S\$196.5 million. This was lifted by higher sales of the semiconductor, analytical and medical segments, and partially offset by softer sales of the industrial automation and automotive segments.

The Group reported a 10.7% yoy increase in its profit attributable to equity holders of the Company (“PATMI”) to S\$14.8 million in 3Q21 from S\$13.3 million in 3Q20, on the back of higher revenue.

For 9M21, the Group’s revenue grew 24.8% to S\$571.8 million from S\$458.0 million in 9M20, driven by sales growth of the semiconductor, analytical, medical and automotive segments. The Group’s PATMI in 9M21 increased 43.7% to S\$46.1 million, as compared to S\$32.1 million in 9M20. The improvement in PATMI margin to 8.1% in 9M21 is attributable to the Group’s revenue growth which resulted in overhead costs being spread over a larger revenue base.

S\$'000	3Q21	3Q20	yoy (%)	9M21	9M20	yoy (%)
Revenue	196,455	165,487	18.7	571,753	457,995	24.8
PATMI	14,768	13,343	10.7	46,103	32,079	43.7
PATMI Margin	7.5%	8.1%	(0.6 ppt)	8.1%	7.0%	1.1 ppt



REVENUE SNAPSHOT

The Group's revenue of S\$196.5 million in 3Q21 comprised sales of S\$168.9 million from the Mechatronics Division and S\$27.5 million from the IMS Division.

The Mechatronics Division's revenue increased 22.6% yoy to S\$168.9 million in 3Q21. The performance of its main business segments are provided below:

- **Semiconductor** segment's sales surged 42.7% to S\$71.6 million
- **Medical** segment's sales increased 21.8% yoy to S\$25.4 million
- **Analytical** segment's sales grew 29.0% yoy to S\$38.2 million
- **Industrial automation** segment's sales eased 17.0% yoy to S\$28.6 million.

The IMS Division's revenue was relatively stable at S\$27.5 million in 3Q21 as compared to S\$27.8 million in 3Q20. The performance of its main business segments are provided below:

- **Automotive** segment's sales dipped 5.6% yoy to S\$20.1 million
- **Consumer and industrial electronics** segment's sales increased 18.1% to S\$5.2 million.

GROSS PROFIT

The Group's gross profit increased 14.9% yoy to S\$33.5 million in 3Q21. Gross profit margin eased slightly by 0.5 percentage point (ppt) to 17.1% in 3Q21 from 17.6% in 3Q20 due mainly to increases in material and freight costs.

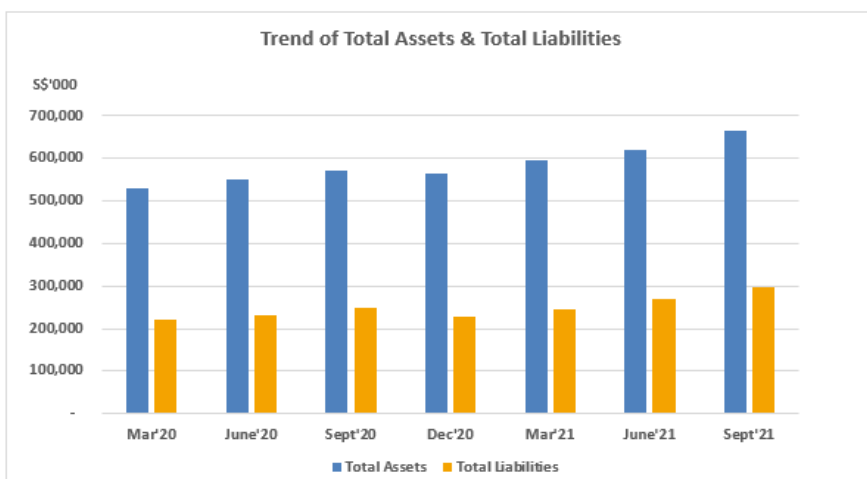
For 9M21, the Group's gross profit margin expanded 1.0 ppt to 17.3% from 16.3% in 9M20 due to higher revenue and shift in sales mix.

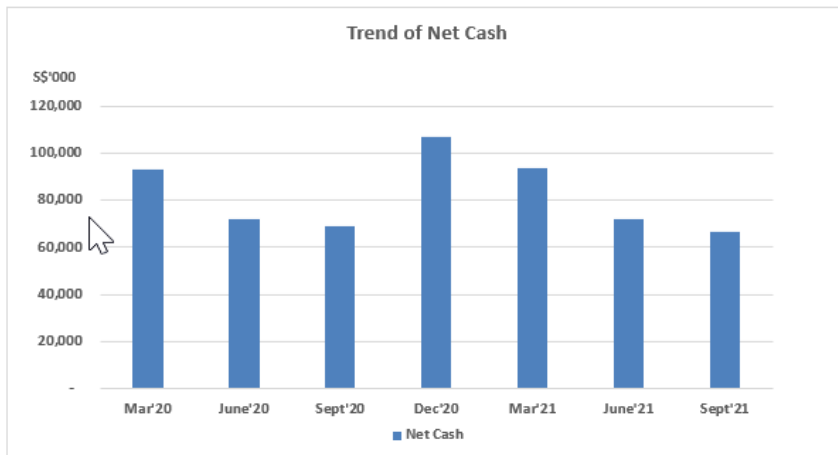
BALANCE SHEET

As at 30 September 2021, the Group had total assets of S\$663.8 million including cash and cash equivalents of S\$169.2 million. Total liabilities stood at S\$296.5 million of which total borrowings comprised S\$102.4 million. The Group had shareholders' equity of S\$364.4 million, equivalent to net asset value of 85.34 cents per share. The Group maintained a sound financial position with net cash of S\$66.8 million as at 30 September 2021.

As at 30 September 2021 (S\$'000)	
Total Assets	663,799
Total Liabilities	296,540
Cash and Cash Equivalents	169,190
Total Borrowings *	102,396
Net Cash	66,794

* Total Borrowings = Total Borrowings excluding Lease Liabilities





BUSINESS SEGMENT OUTLOOK

Based on current indicators and barring any unforeseen circumstances or unforeseen deterioration in the business environment, the Group expects overall revenue in 2H21 to remain stable as compared to 1H21.

Anticipated revenue performances of the Group's key business segments in 2H21 compared to 1H21:

- **Semiconductor** segment is anticipated to post stable revenue.
- **Medical and Analytical** segments are expected to grow.
- **Industrial Automation and Automotive** segments are anticipated to soften.

On behalf of the Board,

Dennis Au
Executive Director

11 November 2021

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

OCTANT CONSULTING

phone (65) 62963583

Herman Phua | mobile 9664 7582 | email herman@octant.com.sg

Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg