

# Frencken Group Ltd (FRKN SP)

## Cyclical recovery continues

### 2H20 beat despite impairment; Maintain BUY

Despite an impairment amounting SGD6.2m, 2H20 PATMI of SGD23.8m (+5% YoY) was ahead of our and street's expectations. This was due to grants and lower than expected i) negative FX impact to P&L and ii) effective tax rate. Management expects 1H21 to grow HoH, reinforcing our view of the ongoing cyclical recovery. Our FY21-23E forecasts are largely unchanged, and we maintain BUY with ROE-g/COE-g TP of SGD1.39 (1.6x FY21E P/B).

### Expects 1H21 to be stronger HoH

Amid difficult business conditions due to Covid-19, 2H20 revenue fell 2.3% YoY to SGD328.1m. Semicon grew 50.6% YoY on the back of the global equipment spending upswing, but this was offset by declines in other sub-segments such as industrial automation (-38%) and medical (-8%). Management expects 1H21 revenue to increase HoH, primarily driven by semicon, medical and analytical sub-segments. While automotive is expected to be flattish HoH, management sees scope for some potential upside.

### Impairment relates to deferred development costs

The SGD6.2m impairment relates to deferred development costs (see "Recognises impairment; BUY the dip") relating to a product, not yet launched, in the medical segment. Effective tax rate was 17%, contrasting our expectations of 21%. To be conservative and pending clarification from management, we currently assume FY21E effective tax rate of 20%, comparable YoY.

### End-markets broadly favourable

We see semicon, analytical, medical and automotive end-markets underpinning FRKN's cyclical recovery in 2021. Some of FRKN's semicon customers, such as Applied Materials, are also upbeat about semicon equipment spending strength into FY22. Meanwhile, the life-sciences/medical end-markets appear increasingly optimistic, driven by the return of non-Covid-19 related lab work/ elective surgeries respectively. Key risks are i) if we have overestimated industrial automation growth (+10% YoY) in FY21E; and/ or ii) weaker than expected volumes, due to either still difficult business conditions/ risks of shortages in the supply chains.

FYE Dec (SGD m)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	659	621	688	710	750
EBITDA	80	80	88	97	103
Core net profit	47	49	51	57	59
Core FDEPS (cts)	11.0	11.5	11.9	13.3	13.8
Core FDEPS growth(%)	36.2	4.8	4.0	11.7	3.8
Net DPS (cts)	3.0	3.4	3.6	4.0	4.2
Core FD P/E (x)	8.4	11.5	10.6	9.4	9.1
P/BV (x)	1.3	1.7	1.5	1.3	1.2
Net dividend yield (%)	3.2	2.6	2.9	3.2	3.3
ROAE (%)	15.1	13.6	14.5	14.6	13.7
ROAA (%)	9.6	9.2	8.7	9.1	8.8
EV/EBITDA (x)	4.0	5.7	4.7	4.0	3.5
Net gearing (%) (incl perp: net cash)					
Consensus net profit	-	-	48	52	na
MKE vs. Consensus (%)	-	-	6.3	8.7	na

Gene Lih Lai, CFA

laigenelih@maybank.com

(65) 6231 5832

## BUY

Share Price	SGD 1.26
12m Price Target	SGD 1.39 (+13%)
Previous Price Target	SGD 1.39

### Company Description

Frencken manufactures components and modules for various industries including semiconductor, life sciences, automotive and industrial automation.

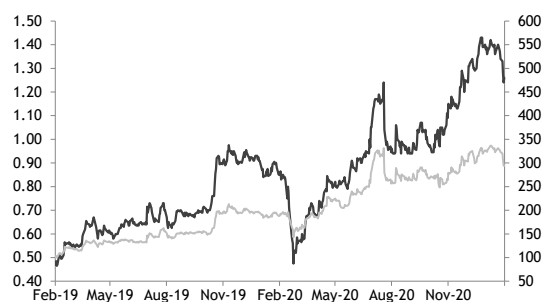
### Statistics

52w high/low (SGD)	1.43/0.48
3m avg turnover (USDm)	3.1
Free float (%)	59.8
Issued shares (m)	426
Market capitalisation	SGD536.9M USD407M

### Major shareholders:

GOOI FAMILY	9.4%
Micro Compact Sdn. Bhd.	6.2%
Precico Holdings Sdn. Bhd.	6.1%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(10)	16	47
Relative to index (%)	(8)	13	59

Source: FactSet

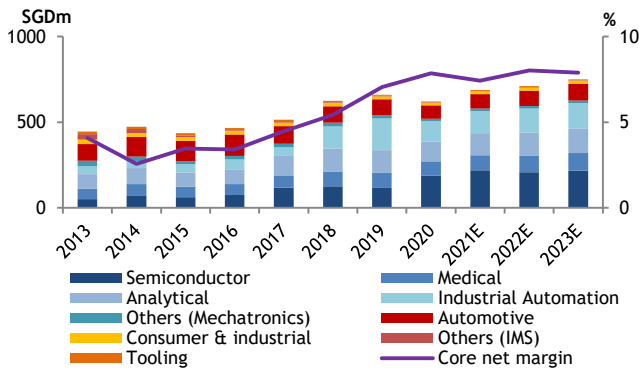
ESG

Tear Sheet Insert

## Value Proposition

- Technology hardware manufacturer that specialises in complex components.
- High-mix, low-volume, high complexity for mechatronics segment.
- Customers are sticky, given: i) decades-long working relationships; ii) complementary competencies; and iii) mutual dependency (sole-source for some critical products).
- We expect Frencken to leverage its relationships with customers to introduce products with greater value-add, in turn driving margins further.

### Diverse end markets with room for margin expansion

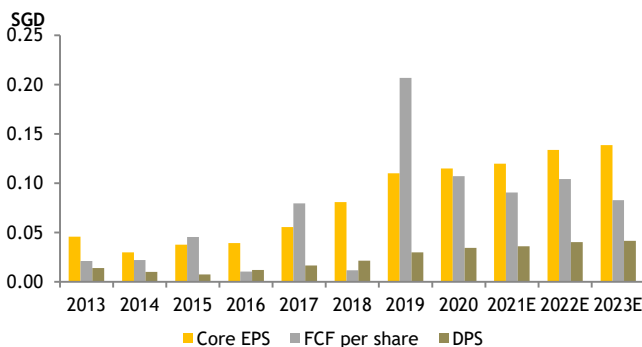


Source: Company

## Financial Metrics

- Over the medium term, we expect earnings to be driven by revenue growth and margin optimisation through new products and improving efficiencies.
- Net cash balance sheet and strong cash flow should provide resilience amid economic uncertainties.
- Historically pays out 30% of earnings as dividends. We expect this trend to continue.

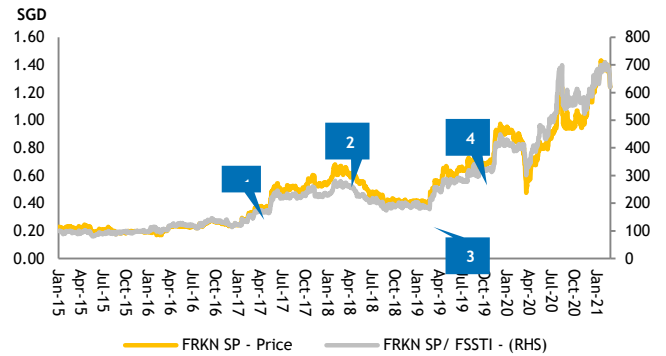
### EPS, FCF per share and DPS



Source: Company, Maybank Kim Eng

## Price Drivers

### Historical share price trend



Source: FactSet, Company, Maybank Kim Eng

- 1Q17 core net profit doubled to SGD6.1m, driven by strength in semiconductor and analytical subdivisions.
- General derating of the Singapore tech sector amid initial US-China tensions.
- Reported FY18 core net profit of SGD34m (+47% YoY) on strength from industrial automation.
- Reported 3Q19 core net profit of SGD31m (+35%) on strength from industrial automation and semiconductor. General tech sector rerating amid initial signs of global semiconductor recovery.

## Swing Factors

### Upside

- Stronger-than-expected semiconductor and industrial automation contributions in FY20-21E.
- Robust margin accretion from new products and improving efficiencies.
- Improving institutional interest, which could help the stock rerate towards peers' valuations.

### Downside

- Erosion in revenue resilience due to on-going economic weakness.
- Supply chain disruptions that impede Frencken's production ability and revenue recognition.
- Lower-than-expected dividend pay-out.

**ESG**

laigenelih@maybank-ke.com.sg

**Business Model & Industry Issues**

- The nature of Frencken’s business in the electronics and automotive manufacturing supply chains exposes it to risks including environmental, workplace safety, and conflict of interest. Frencken has not faced any fines or non-monetary sanctions pertaining environmental nor socioeconomic laws and regulations in 2019.
- From an environment perspective, Frencken’s Eco-PVD offering can be seen as a more environmentally friendly approach for automotive coating. While Frencken does not use recycled materials currently, it may do so in the future subject to customers’ requirements.
- From a governance and socioeconomic perspective, Frencken is adopting industry best practices, including those set by customers, as these facilitate smooth business.

**Material E issues**

- Environmental risks - Frencken’s production process involves non-renewable materials and waste generation. Non-compliance of rules and laws may severely impact the environment of local communities.
- In 2019, Frencken had zero fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.
- Areas for potential improvement include i) increased use of recycled materials, contingent on customer approval; ii) increased efficiency of water and electric usage.
- Opportunities - Frencken’s proprietary eco-PVD coating technology is more environmentally friendly than traditional PVD methods. Frencken is optimistic of long-term prospects for this offering.

**Material S issues**

- Employee health and safety risks. Frencken benchmarks its occupational safety and health practices against industry best practices. E.g. the Bangi (Malaysia) plant is in compliance with Agile Supplier Environmental, Health and Safety and Social Responsibility guidelines.
  - No Covid-19 cases as at May-20. Employee safety remains of paramount importance for Frencken with proper mitigation measures implemented.
  - In 2019, Frencken’s injury rate was 0.078%.
  - Employees underwent an average of 8.9 hours of training in 2019 across topics such as environmental management, health and safety, HR, and quality management.
  - Male employees account for 70.9% of the workforce.
- Socioeconomic risks. To ensure smooth business operations, Frencken i) adheres to all applicable laws and regulations and ii) upholds strong ethical standards. This safeguards trust with stakeholders and avoids liability due to non-compliance.

**Key G metrics and issues**

- Board consists of six directors, of whom one is an executive director (CEO), one is a non-executive, non-independent chairman, and four are independent (67%). All directors are male.
- The nominating, audit and remuneration committees are chaired by independent directors.
- Chairman Mr. Gooi Soon Chai’s deemed stake in the company is c.22%.
- Three independent directors have served more than nine years from date of appointments. Frencken states that their independence is not in any way affected by their length of service.
- Professional background of independent directors includes law, accounting, consultancy and electronics engineering.
- Key management/ directors’ compensation accounted for 3.6%/1.2% of total employee compensation in 2019. (2018: 3.2%/ 1%)
- Related-party transactions were immaterial (<1% of profit).
- Auditor is Deloitte & Touche LLP which was appointed in 2014.
- Former non-independent non-executive chairman Mr. Larry Low resigned in 2016 and pared his stake from 8.14% to 4.74% in 2018. Mr. Low is the father of fugitive Jho Low. However, this development has no impact to the governance nor operations of the company as current management and board are independent of Mr. Low.

Figure 1: 2H20 performance summary

FYE Dec	2H20	2H19	1H20	YoY Chg	QoQ Chg	FYE	FY20 vs FYE
	(SGD m)	(SGD m)	(SGD m)	(%)	(%)	SGDm	
Revenue	328.1	335.7	292.5	-2.3	12.2	627.6	98.9
COGS	(268.1)	(277.4)	(247.1)	-3.4	8.5	(522.0)	98.7
Gross profit	60.0	58.3	45.4	2.9	32.1	105.6	99.9
Total SGA	(26.9)	(27.4)	(25.8)	-1.7	4.1	(54.6)	96.5
Other op. income	4.1	4.3	6.5	-3.4	-36.5	8.0	132.4
Other op. exp	(2.4)	(2.0)	(2.0)	21.7	19.4	(4.0)	109.8
EBIT	34.8	33.3	24.1	4.8	44.7	55.0	107.2
EBITDA	45.9	43.7	34.8	4.8	31.9	76.2	105.1
Interest inc	0.6	0.8	1.0	-28.7	-42.4	2.0	78.7
Interest exp	(1.1)	(1.3)	(1.3)	-14.8	-10.5	(2.9)	83.0
Associates	0.0	0.0	0.0	nm	nm	0.0	nm
Exceptionals	(6.2)	(4.2)	0.0	49.5	nm	(6.1)	nm
Pretax profit	28.1	28.6	23.8	-1.8	17.8	54.1	95.9
Taxation	(3.7)	(5.8)	(5.2)	-37.1	-29.3	(11.4)	77.7
Net profit	24.4	22.8	18.6	7.3	30.9	42.7	100.7
Minority interest	0.6	0.1	(0.1)	nm	-700.0	0.2	100.0
PATMI	23.8	22.7	18.7	5.2	27.2	42.5	100.8
Core PATMI	30.1	26.8	18.7	12.0	60.4	36.4	134.0
					Change (ppt)		
Gross material margin	18.3%	17.4%	15.5%	0.9	2.8		
EBIT margin	10.6%	9.9%	8.2%	0.7	2.4		
Core net margin	9.2%	8.0%	6.4%	1.2	2.8		

Source: Company data, Maybank Kim Eng

Figure 2: Revenue forecasts

Segment revenue (SGDm)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E	Comments
<b>Mechatronics</b>	<b>373.3</b>	<b>496.8</b>	<b>539.6</b>	<b>520.5</b>	<b>579.9</b>	<b>594.3</b>	<b>627.0</b>	
YoY	24%	33%	9%	-4%	11%	2%	5%	
Medical	72.0	84.0	86.9	85.1	89.3	95.6	101.3	Stable long-term demand from aging population
YoY	13%	17%	3%	-2%	5%	7%	6%	Factoring capex upswing during FY20-21. While some industry reports and equipment makers are forecasting strength to sustain into 2022, our current base case is cyclical contraction in 2022.
Semiconductor	116.4	125.5	116.0	186.3	218.0	207.1	217.5	
YoY	57%	8%	-8%	61%	17%	-5%	5%	
Analytical	114.5	136.7	133.0	115.8	127.4	136.3	144.5	Stable long-term demand from increased health and wellness awareness
YoY	34%	19%	-3%	-13%	10%	7%	6%	
Industrial automation	50.9	129.0	186.4	118.9	130.8	139.9	148.3	Typically lumpy in nature
YoY	-14%	153%	44%	-36%	10%	7%	6%	
Others	19.5	21.7	17.3	14.4	14.4	15.4	15.4	
YoY	2%	11%	-20%	-17%	0%	7%	0%	
<b>IMS</b>	<b>141.6</b>	<b>128.7</b>	<b>121.0</b>	<b>100.9</b>	<b>108.6</b>	<b>116.1</b>	<b>123.7</b>	
YoY	-14%	-9%	-6%	-17%	8%	7%	7%	Factoring FY21 recovery following weak volumes in FY20 (which was in part due to shutdown of automotive supply chains as a result of Covid-19)
Automotive	102.8	96.3	93.7	77.0	84.7	90.7	97.0	
YoY	-19%	-6%	-3%	-18%	10%	7%	7%	
Consumer & industrial	21.3	21.1	18.3	16.5	16.5	17.7	18.6	
YoY	5%	-1%	-14%	-9%	0%	7%	5%	
Tooling and others	17.5	11.3	9.0	7.4	7.4	7.8	0.0	
YoY	-3%	-35%	-20%	-18%	0%	6%	-100%	

Source: Company data, Maybank Kim Eng

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Key Metrics</b>					
P/E (reported) (x)	6.4	9.1	10.5	9.4	9.1
Core P/E (x)	8.4	11.4	10.5	9.4	9.1
Core FD P/E (x)	8.4	11.5	10.6	9.4	9.1
P/BV (x)	1.3	1.7	1.5	1.3	1.2
P/NTA (x)	1.3	1.7	1.5	1.3	1.2
Net dividend yield (%)	3.2	2.6	2.9	3.2	3.3
FCF yield (%)	22.4	8.1	7.2	8.3	6.6
EV/EBITDA (x)	4.0	5.7	4.7	4.0	3.5
EV/EBIT (x)	5.5	7.7	6.3	5.3	4.7

**INCOME STATEMENT (SGD m)**

Revenue	659.2	620.6	687.6	709.5	749.7
Gross profit	111.4	105.4	118.9	126.2	132.9
EBITDA	80.5	80.1	87.6	96.5	103.2
Depreciation	(21.1)	(21.1)	(22.7)	(24.2)	(26.0)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	59.4	58.9	64.8	72.3	77.2
Net interest income / (exp)	(1.3)	(0.8)	(0.8)	(0.8)	(0.8)
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptionals	(4.2)	(6.2)	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	53.9	51.9	64.0	71.5	76.4
Income tax	(11.3)	(8.8)	(12.8)	(14.3)	(16.0)
Minorities	(0.2)	(0.2)	(0.2)	(0.2)	(1.2)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	42.4	42.8	51.0	57.0	59.1
Core net profit	46.5	49.1	51.0	57.0	59.1

**BALANCE SHEET (SGD m)**

Cash & Short Term Investments	122.4	174.5	197.8	225.1	242.6
Accounts receivable	97.6	98.7	119.9	121.2	125.3
Inventory	140.7	143.2	143.5	150.6	160.4
Property, Plant & Equip (net)	92.1	99.8	102.1	102.9	127.9
Intangible assets	17.5	11.7	11.7	11.7	11.7
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	35.9	36.0	36.0	36.0	36.0
<b>Total assets</b>	<b>506.2</b>	<b>563.8</b>	<b>610.9</b>	<b>647.4</b>	<b>703.8</b>
ST interest bearing debt	53.1	67.3	67.3	67.3	67.3
Accounts payable	87.8	80.1	91.3	87.7	101.6
LT interest bearing debt	0.2	0.0	0.0	0.0	0.0
Other liabilities	67.0	80.0	80.0	80.0	80.0
<b>Total Liabilities</b>	<b>208.0</b>	<b>227.5</b>	<b>238.7</b>	<b>235.1</b>	<b>249.0</b>
Shareholders Equity	295.4	334.0	369.6	409.5	450.9
Minority Interest	2.8	2.3	2.5	2.7	3.9
<b>Total shareholder equity</b>	<b>298.2</b>	<b>336.3</b>	<b>372.2</b>	<b>412.3</b>	<b>454.8</b>
<b>Total liabilities and equity</b>	<b>506.2</b>	<b>563.8</b>	<b>610.9</b>	<b>647.4</b>	<b>703.8</b>

**CASH FLOW (SGD m)**

Pretax profit	53.9	51.9	64.0	71.5	76.4
Depreciation & amortisation	21.1	21.1	22.7	24.2	26.0
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	33.6	1.1	(10.3)	(12.0)	(0.0)
Cash taxes paid	(9.4)	(5.9)	(12.8)	(14.3)	(16.0)
Other operating cash flow	4.2	6.2	0.0	0.0	0.0
Cash flow from operations	103.4	74.4	63.6	69.4	86.3
Capex	(15.8)	(28.9)	(25.0)	(25.0)	(51.0)
Free cash flow	87.5	45.5	38.6	44.4	35.3
Dividends paid	(9.1)	(12.8)	(15.3)	(17.1)	(17.7)
Equity raised / (purchased)	0.6	0.8	0.0	0.0	0.0
Change in Debt	(15.5)	14.1	0.0	0.0	0.0
Other invest/financing cash flow	6.4	5.9	0.0	0.0	0.0
Effect of exch rate changes	0.0	(0.3)	0.0	0.0	0.0
Net cash flow	69.9	53.3	23.3	27.3	17.5

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	5.3	(5.8)	10.8	3.2	5.7
EBITDA growth	12.6	(0.5)	9.4	10.2	6.9
EBIT growth	31.7	(0.7)	10.0	11.5	6.7
Pretax growth	34.2	(3.8)	23.4	11.7	6.8
Reported net profit growth	41.1	1.1	19.0	11.7	3.8
Core net profit growth	37.1	5.4	4.0	11.7	3.8
<b>Profitability ratios (%)</b>					
EBITDA margin	12.2	12.9	12.7	13.6	13.8
EBIT margin	9.0	9.5	9.4	10.2	10.3
Pretax profit margin	8.2	8.4	9.3	10.1	10.2
Payout ratio	30.0	34.2	30.0	30.0	30.0
<b>DuPont analysis</b>					
Net profit margin (%)	6.4	6.9	7.4	8.0	7.9
Revenue/Assets (x)	1.3	1.1	1.1	1.1	1.1
Assets/Equity (x)	1.7	1.7	1.7	1.6	1.6
ROAE (%)	15.1	13.6	14.5	14.6	13.7
ROAA (%)	9.6	9.2	8.7	9.1	8.8
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	97.2	97.5	93.7	96.7	94.7
Days receivable outstanding	58.3	56.9	57.2	61.2	59.2
Days inventory outstanding	93.8	99.2	90.7	90.7	90.7
Days payables outstanding	54.9	58.7	54.2	55.2	55.2
Dividend cover (x)	3.3	2.9	3.3	3.3	3.3
Current ratio (x)	2.0	2.0	2.1	2.3	2.3
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	2.4	2.5	2.6	2.8	2.8
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	45.9	70.3	77.4	86.3	92.1
Debt/EBITDA (x)	0.7	0.8	0.8	0.7	0.7
Capex/revenue (%)	2.4	4.7	3.6	3.5	6.8
Net debt/ (net cash)	(69.2)	(107.1)	(130.4)	(157.8)	(175.3)

Source: Company; Maybank

## Research Offices

### ECONOMICS

**Suhaimi ILIAS**  
Chief Economist  
Malaysia | Philippines | Global  
(603) 2297 8682  
suhaimi\_ilias@maybank-ib.com

**CHUA Hak Bin**  
Regional Thematic Macroeconomist  
(65) 6231 5830  
chuahb@maybank.com

**LEE Ju Ye**  
Singapore | Thailand | Indonesia  
(65) 6231 5844  
leejuye@maybank.com

**Linda LIU**  
Singapore | Vietnam |  
Cambodia | Myanmar | Laos  
(65) 6231 5847  
lindaliu@maybank.com

**Dr Zamros DZULKAFI**  
(603) 2082 6818  
zamros.d@maybank-ib.com

**Ramesh LANKANATHAN**  
(603) 2297 8685  
ramesh@maybank-ib.com

**William POH**  
(603) 2297 8683  
william.poh@maybank-ib.com

### FX

**Saktiandi SUPAAT**  
Head of FX Research  
(65) 6320 1379  
saktiandi@maybank.com.sg

**Christopher WONG**  
(65) 6320 1347  
wongkl@maybank.com.sg

**TAN Yanxi**  
(65) 6320 1378  
tanynx@maybank.com.sg

**Fiona LIM**  
(65) 6320 1374  
fionalim@maybank.com.sg

### STRATEGY

**Anand PATHMAKANTHAN**  
ASEAN  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

### FIXED INCOME

**Winston PHOON, ACA**  
(65) 6812 8807  
winstonphoon@maybank.com

**SE THO Mun Yi**  
(603) 2074 7606  
munyi.st@maybank-ib.com

### REGIONAL EQUITIES

**Anand PATHMAKANTHAN**  
Head of Regional Equity Research  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com

**WONG Chew Hann, CA**  
Head of ASEAN Equity Research  
(603) 2297 8686  
wchewh@maybank-ib.com

**ONG Seng Yeow**  
Research, Technology & Innovation  
(65) 6231 5839  
ongsengyeow@maybank.com

### MALAYSIA

**Anand PATHMAKANTHAN** *Head of Research*  
(603) 2297 8783  
anand.pathmakanthan@maybank-ib.com  
• Strategy

**Desmond CH'NG, BFP, FCA**  
(603) 2297 8680  
desmond.chng@maybank-ib.com  
• Banking & Finance

**LIAW Thong Jung**  
(603) 2297 8688 tjliaw@maybank-ib.com  
• Oil & Gas Services - Regional  
• Automotive

**ONG Chee Ting, CA**  
(603) 2297 8678 ct.ong@maybank-ib.com  
• Plantations - Regional

**YIN Shao Yang, CPA**  
(603) 2297 8916 samuel.y@maybank-ib.com  
• Gaming - Regional  
• Media • Aviation

**TAN Chi Wei, CFA**  
(603) 2297 8690 chiwei.t@maybank-ib.com  
• Power • Telcos

**WONG Wei Sum, CFA**  
(603) 2297 8679 weisum@maybank-ib.com  
• Property

**LEE Yen Ling**  
(603) 2297 8691 lee.yl@maybank-ib.com  
• Glove • Ports • Shipping • Healthcare  
• Petrochemicals

**Kevin WONG**  
(603) 2082 6824 kevin.wong@maybank-ib.com  
• REITs • Technology

**Jade TAM**  
(603) 2297 8687 jade.tam@maybank-ib.com  
• Consumer Staples & Discretionary

**Fahmi FARID**  
(603) 2297 8676 fahmi.farid@maybank-ib.com  
• Software

**TEE Sze Chiah** *Head of Retail Research*  
(603) 2082 6858 szechiah.t@maybank-ib.com

**Nik Ihsan RAJA ABDULLAH, MSTA, CFTe**  
(603) 2297 8694  
nikmohdihsan.ra@maybank-ib.com  
• Chartist

**Amirah AZMI**  
(603) 2082 8769 amirah.azmi@maybank-ib.com  
• Retail Research

### SINGAPORE

**Thilan WICKRAMASINGHE** *Head of Research*  
(65) 6231 5840 thilanw@maybank.com  
• Banking & Finance - Regional  
• Consumer

**CHUA Su Tye**  
(65) 6231 5842 chuasutye@maybank.com  
• REITs - Regional

**LAI Gene Lih, CFA**  
(65) 6231 5832 laigenelih@maybank.com  
• Technology • Healthcare

**Kareen CHAN**  
(65) 6231 5926 kareench@maybank.com  
• Transport • Telcos

**Eric ONG**  
(65) 6231 5924 ericong@maybank.com  
• Retail Research

**Matthew SHIM**  
(65) 6231 5929  
matthewshim@maybank.com  
• Retail Research

### INDIA

**Jigar SHAH** *Head of Research*  
(91) 22 4223 2632 jigars@maybank.com  
• Strategy • Oil & Gas • Automobile • Cement

**Neerav DALAL**  
(91) 22 4223 2606 neerav@maybank.com  
• Software Technology • Telcos

**Kshitiz PRASAD**  
(91) 22 4223 2607  
kshitiz@maybank.com  
• Banks

**Vikram RAMALINGAM**  
(91) 22 4223 2607  
vikram@maybank.com  
• Automobile • Media

### INDONESIA

**Isnaptura ISKANDAR** *Head of Research*  
(62) 21 8066 8680  
isnaptura.iskandar@maybank-ke.co.id  
• Strategy • Metals & Mining • Cement  
• Autos • Consumer • Utility

**Rahmi MARINA**  
(62) 21 8066 8689  
rahmi.marina@maybank-ke.co.id  
• Banking & Finance

**Aurellia SETIABUDI**  
(62) 21 8066 8691  
aurellia.setiabudi@maybank-ke.co.id  
• Property

**Willy GOUTAMA**  
(62) 21 8066 8500  
willy.goutama@maybank-ke.co.id  
• Consumer

### PHILIPPINES

**Jacqui De JESUS** *Head of Research*  
(63) 2 8849 8844  
jacquiannekelly.dejesus@maybank-atrke.com  
• Strategy • Conglomerates

**Romel LIBO-ON**  
(63) 2 8849 8844  
romel\_libo-on@maybank-atrke.com  
• Property • Telcos

**Fredrick De GUZMAN**  
(63) 2 8849 8847  
fredrickdaniel.deguzman@maybank.com  
• Consumer

**Bernadine B BAUTISTA**  
(63) 2 8849 8847  
bernadine.bautista@maybank.com  
• Utilities

**Rachelleen RODRIGUEZ, CFA**  
(63) 2 8849 8843  
rachelleen.rodriguez@maybank.com  
• Banking & Finance

### THAILAND

**Maria LAPIZ** *Head of Institutional Research*  
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399  
Maria.L@maybank-ke.co.th  
• Strategy • Consumer • Materials • Services

**Jesada TECHAHUSDIN, CFA**  
(66) 2658 6300 ext 1395  
jesada.t@maybank-ke.co.th  
• Banking & Finance

**Kaushal LADHA, CFA**  
(66) 2658 6300 ext 1392  
Kaushal.l@maybank-ke.co.th  
• Oil & Gas - Regional  
• Petrochemicals - Regional  
• Utilities

**Vanida GEISLER, CPA**  
(66) 2658 6300 ext 1394  
Vanida.G@maybank-ke.co.th  
• Property • REITs

**Yuwanee PROMMAPORN**  
(66) 2658 6300 ext 1393  
Yuwanee.P@maybank-ke.co.th  
• Services • Healthcare

**Ekachai TARAPORN TIP** *Head of Retail Research*  
(66) 2658 5000 ext 1530  
Ekachai.t@maybank-ke.co.th

**Surachai PRAMUALCHAROENKIT**  
(66) 2658 5000 ext 1470  
Surachai.p@maybank-ke.co.th  
• Auto • Conmat • Contractor • Steel

**Suttatip PEERASUB**  
(66) 2658 5000 ext 1430  
suttatip.p@maybank-ke.co.th  
• Food & Beverage • Commerce

**Jaroontan WATTANAWONG**  
(66) 2658 5000 ext 1404  
jaroontan.w@maybank-ke.co.th  
• Transportation • Small cap

**Thanatphat SUKSRICHAVALIT**  
(66) 2658 5000 ext 1401  
thanatphat.s@maybank-ke.co.th  
• Media • Electronics

**Wijit ARAYAPISIT**  
(66) 2658 5000 ext 1450  
wijit.a@maybank-ke.co.th  
• Strategist

**Theerasate PROMPONG**  
(66) 2658 5000 ext 1400  
theerasate.p@maybank-ke.co.th  
• Equity Portfolio Strategist

**Apiwat TAVESIRIVATE**  
(66) 2658 5000 ext 1310  
apiwat.t@maybank-ke.co.th  
• Chartist and TFXE

### VIETNAM

**Quan Trong Thanh**  
(84 28) 44 555 888 ext 8184  
thanh.quan@maybank-kimeng.com.vn  
• Banks

**Hoang Huy, CFA**  
(84 28) 44 555 888 ext 8181  
hoanghuy@maybank-kimeng.com.vn  
• Strategy

**Le Nguyen Nhat Chuyen**  
(84 28) 44 555 888 ext 8082  
chuyen.le@maybank-kimeng.com.vn  
• Oil & Gas

**Nguyen Thi Sony Tra Mi**  
(84 28) 44 555 888 ext 8084  
mi.nguyen@maybank-kimeng.com.vn  
• Consumer

**Tyler Manh Dung Nguyen**  
(84 28) 44 555 888 ext 8180  
dung.nguyen@maybank-kimeng.com.vn  
• Utilities • Property

**Nguyen Thi Ngan Tuyen**  
*Head of Retail Research*  
(84 28) 44 555 888 ext 8081  
tuyen.nguyen@maybank-kimeng.com.vn  
• Food & Beverage • Oil & Gas • Banking

**Nguyen Thanh Lam**  
(84 28) 44 555 888 ext 8086  
thanhlam.nguyen@maybank-kimeng.com.vn  
• Technical Analysis

## APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

### DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

### Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

### Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

### Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Kim Eng Securities (Thailand) Public Company Limited. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MBKET Institutional and Retail Research departments may differ in either recommendation or target price, or both. MBKET reserves the rights to disseminate MBKET Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MBKET Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MBKET does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MBKET does not confirm, verify, or certify the accuracy and completeness of the assessment result.

### US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Kim Eng Securities USA Inc. 400 Park Avenue, 11th Floor, New York, New York 10022, 1-(212) 688-8886 and not with, the issuer of this report.



## UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd ("Maybank KESL") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

## DISCLOSURES

### Legal Entities Disclosures

**Malaysia:** This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by Maybank KERPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Kim Eng Securities ("PTMKES") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited ("KESI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

### Disclosure of Interest

**Malaysia:** MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

**Singapore:** As of 26 February 2021, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

**Thailand:** MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

**Hong Kong:** As of 26 February 2021, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

**India:** As of 26 February 2021, and at the end of the month immediately preceding the date of publication of the research report, KESI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months KESI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

## OTHERS

### Analyst Certification of Independence

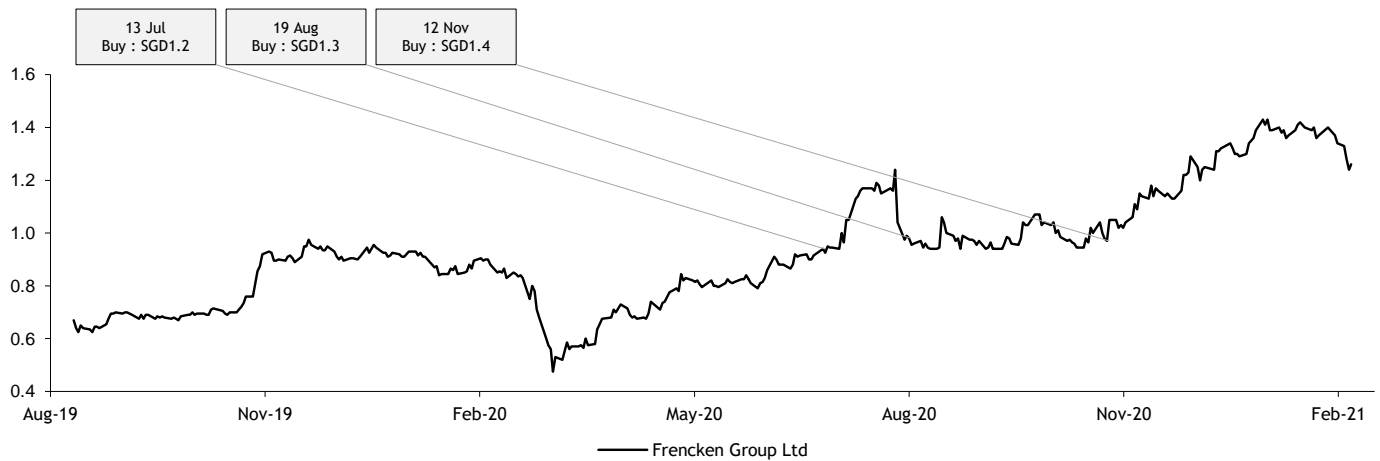
The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

### Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

**Historical recommendations and target price: Frencken Group Ltd (FRKN SP)**



**Definition of Ratings**

Maybank Kim Eng Research uses the following rating system

- BUY** Return is expected to be above 10% in the next 12 months (including dividends)
- HOLD** Return is expected to be between 0% to 10% in the next 12 months (including dividends)
- SELL** Return is expected to be below 0% in the next 12 months (including dividends)

**Applicability of Ratings**

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.


**Malaysia**

Maybank Investment Bank Berhad  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)  
33rd Floor, Menara Maybank,  
100 Jalan Tun Perak,  
50050 Kuala Lumpur  
Tel: (603) 2059 1888;  
Fax: (603) 2078 4194

Stockbroking Business:  
Level 8, Tower C, Dataran Maybank,  
No.1, Jalan Maarof  
59000 Kuala Lumpur  
Tel: (603) 2297 8888  
Fax: (603) 2282 5136


**Singapore**

Maybank Kim Eng Securities Pte Ltd  
Maybank Kim Eng Research Pte Ltd  
50 North Canal Road  
Singapore 059304

Tel: (65) 6336 9090


**Hong Kong**

Kim Eng Securities (HK) Ltd  
28/F, Lee Garden Three,  
1 Sunning Road, Causeway Bay,  
Hong Kong

Tel: (852) 2268 0800  
Fax: (852) 2877 0104


**London**

Maybank Kim Eng Securities  
(London) Ltd  
PNB House  
77 Queen Victoria Street  
London EC4V 4AY, UK

Tel: (44) 20 7332 0221  
Fax: (44) 20 7332 0302


**Indonesia**

PT Maybank Kim Eng Securities  
Sentral Senayan III, 22<sup>nd</sup> Floor  
Jl. Asia Afrika No. 8  
Gelora Bung Karno, Senayan  
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188  
Fax: (62) 21 2557 1189


**New York**

Maybank Kim Eng Securities USA  
Inc  
400 Park Avenue, 11th Floor  
New York, New York 10022,  
U.S.A.

Tel: (212) 688 8886  
Fax: (212) 688 3500


**India**

Kim Eng Securities India Pvt Ltd  
1101, 11<sup>th</sup> floor, A Wing, Kanakia  
Wall Street, Chakala, Andheri -  
Kurla Road, Andheri East,  
Mumbai City - 400 093, India

Tel: (91) 22 6623 2600  
Fax: (91) 22 6623 2604


**Philippines**

Maybank ATR Kim Eng Securities Inc.  
17/F, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines 1200

Tel: (63) 2 8849 8888  
Fax: (63) 2 8848 5738


**Thailand**

Maybank Kim Eng Securities  
(Thailand) Public Company Limited  
999/9 The Offices at Central World,  
20<sup>th</sup> - 21<sup>st</sup> Floor,  
Rama 1 Road Pathumwan,  
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)  
Tel: (66) 2 658 6801 (research)


**Vietnam**

Maybank Kim Eng Securities Limited  
4A-15+16 Floor Vincom Center Dong  
Khoi, 72 Le Thanh Ton St. District 1  
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888  
Fax : (84) 8 38 271 030


**Saudi Arabia**

*In association with*  
**Anfaal Capital**  
Ground Floor, KANOO Building  
No.1 - Al-Faisaliyah, Madina Road,  
P.O.Box 126575 Jeddah 21352  
Kingdom of Saudi Arabia

Tel: (966) 920023423


**South Asia Sales Trading**

Kevin Foy  
Regional Head Sales Trading  
kevinfoy@maybank-ke.com.sg  
Tel: (65) 6636-3620  
US Toll Free: 1-866-406-7447


**North Asia Sales Trading**

Andrew Lee  
andrewlee@kimeng.com.hk  
Tel: (852) 2268 0283  
US Toll Free: 1 877 837 7635

**Indonesia**

Iwan Atmadjaja  
iatmadjaja2@bloomberg.net  
(62) 21 8066 8555

**New York**

James Lynch  
jlynch@maybank-keusa.com  
Tel: (212) 688 8886

**Philippines**

Keith Roy  
keith\_roy@maybank-atrke.com  
Tel: (63) 2 848-5288

**London**

Greg Smith  
gsmith@maybank-ke.co.uk  
Tel: (44) 207-332-0221

**India**

Sanjay Makhija  
sanjaymakhija@maybank-ke.co.in  
Tel: (91)-22-6623-2629