

Company Name : Frontken Corporation Berhad
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Frontken Active, Up 1.10% On Record Earnings, Dividend

KUALA LUMPUR (Feb 13): Frontken Corporation Bhd shares rose 1.10% in active trade this morning after its net profit for the fourth quarter ended Dec 31, 2018 jumped 90% year-on-year to RM18.7 million, from RM9.8 million previously due to lower foreign exchange loss and improved performances by its subsidiaries in Malaysia, Singapore and Taiwan.

At 9.13am, Frontken rose 1 sen to 91.5 sen with 3.63 million shares traded.

Revenue stood at RM88.7 million, a 10.3% increase from RM80.4 million in the previous year.

The group declared a second interim single tier dividend of 0.8 sen per share.

Meanwhile, Maybank IB Research maintained its "Buy" rating on Frontken at 91 sen with a higher target price of RM1.04 (from RM1.01) and said stripping out one-off items, Frontken's 4Q18 core earnings of RM18.4 million (+67% y-o-y, +23% q-o-q) lifted FY18 core earnings to a record high of RM53.4 million (+50% y-o-y), at 117% of house and consensus full-year forecasts.

It said Frontken's FY18 EBITDA of RM88.0 million (+43% y-o-y), however, was in-line at 102% of house full-year estimate.

"The bottomline outperformance and stronger earnings growth in 4Q18 was due to a much higher revenue contribution of MYR21.8m (+41% y-o-y, +37% q-o-q) and the expansion in 4Q18 EBIT margin from its Singapore operations, and EBIT margin from its Taiwan operations were stable.

“Overall, we raise our FY19E/20E earnings by 3%/2% and introduce our FY21 forecast. Correspondingly, our target price is raised by 3% to MYR1.04, pegged to an unchanged 18.8x FY19 EPS (+1SD of 5-year mean),” it said.