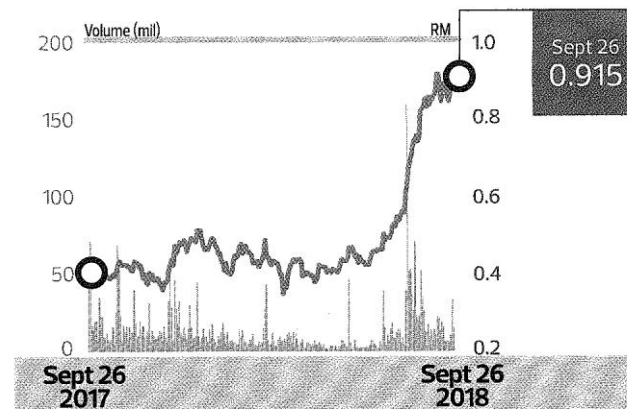


Company Name : FRONTKEN CORPORATION BERHAD
Date : 01 October 2018
Source : The Edge Financial Weekly

Frontken Corp Bhd

Target price: **RM1.05 BUY**



HLIB RESEARCH (SEPT 26): In a recent meeting with management, we gathered that the industry landscapes in semiconductor and oil and gas are very favourable to Frontken. Global semiconductor sales have gone through the roof with 7M18 turnover surging 19.3% y-o-y to US\$267.2 billion — on track to achieve another record year. As a result, the World Semiconductor Trade Statistics revised its 2018 growth forecast upward for the sixth consecutive time to reach an all-time high revenue of RM477.1 billion, with Asia-Pacific growing 16.3%. This bodes well for Frontken as it services all major foundries in this region.

Brent crude prices have reached US\$81 per barrel, the highest level since end-2014, underpinned by the continuous tightening of oil supply and the reluctance of Opec producers to increase production aggressively. The oil price rally, in our view, will boost oil majors' confidence to sanction more projects, which will eventually heat up the entire value chain. Being a maintenance player, Frontken is likely to ride the recovery of the sector and get more jobs.