

Company Name : Frontken Corporation Berhad
Date : 23 October 2020
Source : The Edge Markets

Frontken Poised To Ride The Global 5G Rollout, Says Kenanga Research

KUALA LUMPUR (Oct 23): Kenanga Research said Frontken Corp Bhd is poised to tag along Taiwan Semiconductor Manufacturing Company (TSMC) and ride the global 5G rollout.

In a daily technical highlights note today, the research house said that in addition, TSMC has raised its 2020 revenue forecast by circa 30%, as compared to its previous forecast of circa 20%, as it sees higher orders coming in given the accelerated digitalisation trend.

It said given the aforementioned reason, Frontken experienced a record quarter in 2QFY20 with net income stood at RM20.3 million (+19% q-o-q).

The research house said this has brought Frontken's 6MFY20 net income to RM37.3 million (+17% y-o-y).

"Chart-wise, the stock has rebounded from its 50-day SMA in mid-September and continued to find support at its 20-day SMA.

"Given that the shorter-term key SMA continues to trend above the longer-term key SMA, we thus believe the uptrend shall persist.

"With that, our overhead resistance levels are positioned at RM4.10 (R1; +11% upside potential) and RM4.40 (R2; +20% upside potential).

"Meanwhile, our stop loss is pegged at RM3.30 (10% downside risk)," it said.