

Company Name : Frontken Corporation Berhad
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Frontken Set To Rebound After Weak 1Q, Boosted By O&G Recovery And Stronger Taiwan Dollar — Apex Securities



KUALA LUMPUR (May 7): Frontken Corporation Bhd (KL:FRONTKN) is expected to improve in the coming quarters despite a weak first quarter, according to Apex Securities. The recovery will be supported by a rebound in the oil and gas (O&G) segment and gains from the stronger Taiwan dollar, which could boost earnings through favourable foreign exchange effects.

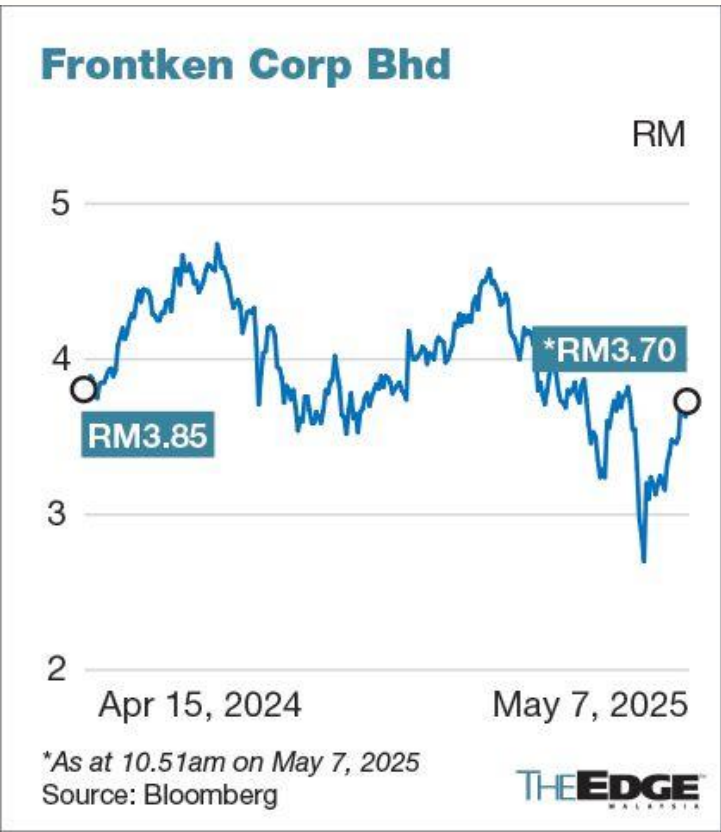
Frontken's first-quarter core net profit came in at RM31.1 million, falling short of expectations and making up just 16%-18% of full-year market estimates. The weak

performance was due to a softer Taiwan dollar and slower O&G activity, as some work was completed earlier than expected.

Apex Securities noted that the recent appreciation of the Taiwan dollar, possibly allowed to support a US trade deal, may positively impact Frontken’s earnings.

However, the outlook for financial year 2025 (FY2025) remains cautious due to uncertainty over potential Trump-era tariffs, which could weaken customer demand and cause pricing pressure in a sluggish global economy. Additionally, Frontken’s key Taiwanese client is investing US\$100 billion (RM424 billion) in the US, which may shift some operations there due to geopolitical pressures. Any delays or profit-sharing in the US could also affect earnings.

Still, Apex Securities remains optimistic about Frontken’s long-term prospects, driven by the expansion of new semiconductor fabs and the expected launch of two-nanometre chip production in FY2026, fuelled by strong demand in artificial intelligence and high-performance computing.



Reflecting weaker market conditions, Apex Securities cut its FY2025 and FY2026 profit forecasts by 10% and 3% after lowering semiconductor sales estimates. Despite this, it continues to see Frontken as a top pick in the tech sector, citing its limited exposure to current risks and potential upside from returning foreign investors.

Apex Securities kept its 'buy' rating on Frontken and raised its target price to RM4.42. Most analysts also rate the stock a 'buy', with an average 12-month target price of RM4.52.

At the time of writing, the company's share price was up 1.93% to RM3.70, giving it a market capitalisation of RM5.86 billion. Year-to-date the stock is down 17%.