Company Name : **Frontken Corporation Berhad**
Date : **06 August 2025**
Source : **New Straits Times**

HLIB Raises Frontken's FY2025, FY2026 Earnings On Higher Margin Assumptions

HLIB raised its financial year 2025 and 2026 earnings forecasts of Frontken Corporation Bhd by 16 per cent to 19 per cent.

KUALA LUMPUR: Hong Leong Investment Bank (HLIB) raised its financial year 2025 (FY 2025) and FY2026 earnings forecasts of Frontken Corporation Bhd by 16 per cent to 19 per cent, mainly to reflect higher margin assumptions.

In a research note, HLIB said net margins of 28 per cent to 29 per cent are now expected, up from 23 to 25 per cent previously.

The investment bank said Frontken reported a strong core net profit of RM52 million in the second quarter of 2025 (2Q 2025), a 73 per cent increase quarter-on-quarter and 61 per cent year-on-year, ahead of their expectations, but still within consensus.

"The beat was driven by net margin expansion to 33 per cent in the 2Q 2025, from 23 per cent in 1Q 2025, underpinned by a more favourable product mix, operational efficiency gains, and operating leverage.

"We believe continued delivery on these fronts, backed by strong institutional interest, could absorb the incremental share overhang from warrant conversion and support a re-rating beyond the RM4.00 range," it said.

HLIB said it has upgraded Frontken to a "buy" from "hold", with a revised target price of RM4.95.

On prospects, the investment bank said it remained positive on Frontken's growth, underpinned by structural semiconductor tailwinds from artificial intelligence (AI)-driven demand, ongoing migration to leading-edge nodes, and robust foundry capex spending.

HLIB said the company's solid balance sheet (net cash of RM509 million or 32 sen per share) will help support expansion plans in Taiwan, Singapore, and the United States.