

Company Name : Frontken Corporation Berhad
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Optimistic growth prospects for Frontken

Fresh US M&A opportunity to drive firm in 2H25

CORPORATE

PETALING JAYA: Frontken Corp Bhd is on track to deliver stronger results in the second half of 2025 (2H25), underpinned by rising demand for advanced nodes, the commissioning of Plant 3's new capacity, and plans for a new eight-storey facility.

Maybank Investment Bank Research (Maybank IB) said the projected better 2H25 is consistent with historical seasonality.

The research house added management

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Maybank Investment Bank Research

previous report, that is stronger-than-expected earnings and clear M&A plans for the warrant proceeds.

“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 range,” the research house said.

HLIB Research upgraded Frontken to a “buy” from a “hold” with a revised target price of RM4.95 based on a higher target price-to-earnings ratio of 37 times FY26 earnings per share (from 35 times, reflecting a better margin profile).

also disclosed that a fresh US merger and acquisition (M&A) opportunity is being explored, following the lapse of a prior acquisition deal.

Frontken's 1H25 core profit came in above Maybank IB's expectations and in line with consensus, lifted slightly by better-than-expected margins.

"We continue to expect a stronger 2H25, supported by seasonal trends and new capacity ramp-up," the research house said in a report yesterday.

The group's 1H25 core profit, excluding RM18mil in one-offs which are primarily foreign exchange (forex) losses, rose by 39% year-on-year (y-o-y) to RM82mil, beating Maybank IB's expectations and meeting consensus at 51% of the research house's financial year 2025 (FY25) estimates and 48% of the street's.

Revenue grew 5% y-o-y to RM289mil, led by stronger performance in Taiwan (up by 15% y-o-y), while Malaysia (down by 19%),

Singapore (down by 17%), and the Philippines (down by 0.4%) saw declines.

"Earnings before interest and taxes (Ebit) margin fell 2.4 percentage points y-o-y to 31.6%, largely due to forex headwinds in Taiwan; however, stripping out forex impact, Ebit margin would have reached 38.2%, with core profit margin improving 6.9 percentage points y-o-y to 28.4%.

"The earnings beat was driven by improved margins on a more favourable product mix," Maybank IB said.

Maybank IB has raised its FY25 to FY27 earnings forecast by 2% to reflect stronger-than-expected margins.

The research house maintained a "buy" call on Frontken with a higher target price of RM5.19 from RM5.10 based on an unchanged 43 times FY26 price-to-earnings ratio.

Further, Hong Leong Investment Bank (HLIB) Research said Frontken has delivered on the key catalysts outlined in its

The research house remains positive on Frontken's growth prospects, underpinned by structural semiconductor tailwinds from artificial intelligence-driven demand, ongoing migration to leading-edge nodes, and robust foundry capital expenditure spending.

"Its solid balance sheet (net cash of RM509mil or 32 sen per share) will help support expansion plans in Taiwan, Singapore and the United States," HLIB Research said.

Philip Capital said operationally, Frontken has completed preliminary qualification for a new customer in Singapore and is awaiting final approval, targeted for September 2025.

To support rising demand, the group has added new production lines at its P1 and P2 facilities and plans to relocate less critical processes to the newly acquired P3 site, freeing up space for more complex and higher-value operations.