

Company Name : Frontken Corporation Berhad
Date : 06 April 2026
Source : New Straits Times

RM4.70 TARGET PRICE

Kenanga Research has 'outperform' call on Frontken

KUALA LUMPUR: Frontken Corp Bhd should benefit from the artificial intelligence (AI) upcycle, underpinned by rising semiconductor demand and strong foundry utilisation, Kenanga Investment Bank Bhd (Kenanga Research) said.

The firm initiated coverage on the engineering service provider with an "outperform" call and a target price of RM4.70.

Kenanga Research said Frontken's specialised equipment cleaning expertise and long-standing relationships with leading global foundries position it to capitalise on the AI-driven capital expenditure cycle.

It said major foundries' revenues are projected to grow at a 25 per cent compound annual growth rate through 2027, which is expected to support sustained high utilisation rates. This, in

turn, is likely to drive demand for equipment cleaning services.

The firm projects Frontken's revenue to grow about 15 per cent annually in financial years 2026 and 2027, while earnings are forecast to rise 21 per cent and 16 per cent, respectively, over the same period.

Meanwhile, Kenanga Research said Frontken's gross profit margin had expanded to 47.6 per cent in financial year 2025, and is projected to increase further to 48.2 per cent in financial year 2026 and 49.1 per cent in financial year 2027.

Risks to its outlook include a slowdown in the AI-driven cycle, customer concentration, potential loss of market share and geopolitical disruptions that could affect the supply of critical materials and overall foundry output.