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

Frontken Misses Expectations On Weaker O&G Segment, HLIB Trims Forecast

Frontken Corp Bhd’s first-quarter (Q1) earnings for 2025 came in slightly below expectation. Freepik

KUALA LUMPUR: Frontken Corp Bhd's first-quarter (Q1) earnings for 2025 came in slightly below expectations, weighed down by underperformance in its oil and gas (O&G) segment, according to Hong Leong Investment Bank Bhd (HLIB).

The company recorded a core net profit of RM33 million for Q1, representing 20 per cent of HLIB's full-year estimate and 19 per cent of the consensus forecast.

"We deem this slightly below expectations, mainly due to the weaker-than-expected contribution from its O&G segment.

"Significant one-off adjustments for the period include withholding tax paid in relation to the dividend received from Ares Green Tech Corp (AGTC) (RM3.3 million) and forex gain (RM1.6 million)," it said in a note.

That said, HLIB said AGTC remained a bright spot, registering 9 per cent year-on-year (YoY) growth in sales and operating profit, respectively, despite currency headwinds from the weaker Taiwan dollar.

In line with Taiwan Semiconductor Manufacturing Company (TSMC)'s robust guidance, AGTC continues to see strong utilisation of its facilities in April.

Looking forward, HLIB said Frontken is qualifying for a new fab in Singapore and engaging potential partners in India.

"It is also discussing potential collaboration with a strategic partner who has a facility in Arizona to support TSMC's expansion there.

Following the earnings miss, HLIB revised down its FY2025 earnings per share (EPS) forecast by 8 per cent, while FY2026–2027 EPS estimates were trimmed by 2–3 per cent.

Nevertheless, the investment bank maintained its Buy call on Frontken, albeit with a slightly lower target price of RM4.00, down from RM4.07.