

Company Name : Frontken Corporation Berhad
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Phillip Capital starts coverage on Frontken with target price of RM5.20

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KUALA LUMPUR (March 5): Phillip Capital has initiated coverage on Frontken Corp Bhd with a “buy” rating at RM3.67 and target price of RM5.20 based on a target 43 times price-earnings (PE) multiple on 2025 estimated earnings per share (EPS).

In a note on Tuesday, the research house said it likes Frontken for its front-end semiconductor exposure and strong earnings growth (three-year compound annual growth rate: 26%). Key downside risks include customer concentration risk, ringgit strength, and weaker-than-expected customer orders.

The house said was positive on Frontken’s long-term prospects on the back of an expectation of a global semiconductor sector recovery and foundries expansion to increase capacity.

It said Frontken is poised to leverage the technological advancement of its key wafer fab customers, like 2nm transitions and the ramp-up of mature 3/5nm nodes, and seize growth opportunities alongside investments from partners such as Infineon, Micron, UMC, Global Foundries, and LAM Research in Malaysia and Singapore.