

**Company Name** : Frontken Corporation Berhad  
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## **Frontken Attractively Valued After Correction, Maybank Tells Investors To Buy**



KUALA LUMPUR (Feb 18): Frontken Corp Bhd (KL:FRONTKN) is now attractively valued following recent share price corrections and investors should buy into the weakness, Maybank Investment Bank said.

It is business as usual at the semiconductor services firm despite broader tech stocks sell-down, Maybank said in a Tuesday note. There is activity uptick at Frontken's operations and more robust run-rates in Singapore while its Malaysian plant has fully recovered from a fire, the house flagged.

“We believe the sell down has been overdone,” Maybank said. At 30 times its forward earnings, the stock’s current valuations are attractive when compared to the five-year mean of 36 times, the house noted.

Shares of Frontken have declined over 20% since the year began, dragged by broader selldown of tech stocks amid tightening US exports restrictions and questions over cutting-edge semiconductor following the emergence of Chinese startup DeepSeek offering lower-cost artificial intelligence.

Maybank’s ‘buy’ call is in line with the consensus’ recommendations on Frontken. The stock has eight ‘buy’ and no sell or hold calls. The average target price is RM5.05, according to Bloomberg, suggesting a potential return of close to 36% over the next 12 months from the last price.

“Although we do not rule out downside risks to front-end volume loading from a turbulent macro climate, we believe a marginal shortfall will likely be mitigated by a successful value-accretive acquisition,” the house said.

Frontken was exploring the acquisition of a US-based company for US\$40 million to US\$50 million (RM177 million to RM221 million), the company’s management told analysts during a briefing in October 2024.

“We expect the deal to be fully funded internally” thanks to Frontken’s healthy net cash balances of RM367 million at the end of September 2024, Maybank said.

Failure to see the deal through, coupled with a weaker demand outlook, could potentially serve as a de-rating catalyst for Frontken, the house cautioned.