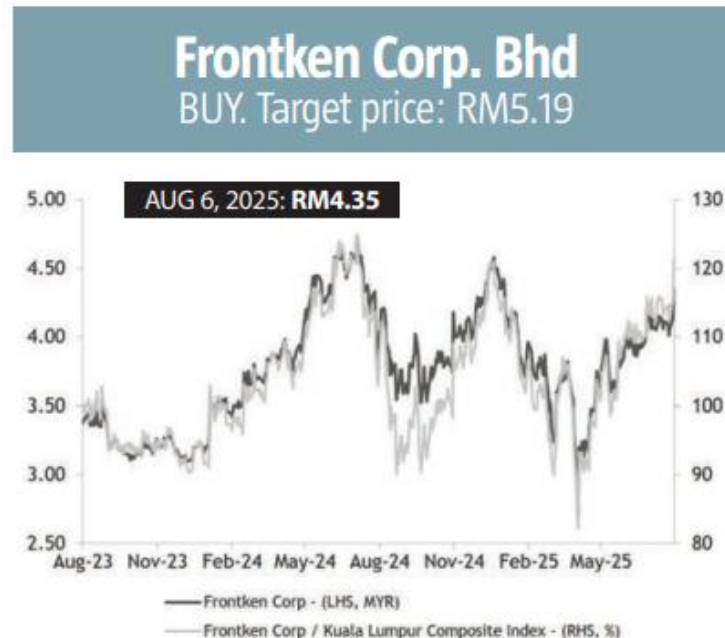


Company Name : Frontken Corporation Berhad
Date : 07 August 2025
Source : The Sun Daily



Source: Maybank Investment Bank

EXCLUDING RM18 million in one-offs, primarily forex losses, 1H'25 core profit rose 39% YoY to RM82 million, beating our expectations and meeting consensus, at 51% of our FY25 estimates and 48% of the street's. Revenue grew 5% YoY to RM289 million, led by stronger performance in TW (+15% YoY), while MY (-19%), SG (-17%), and PHP (-0.4%) saw declines. EBIT margin fell 2.4ppts YoY to 31.6%, largely due to forex headwinds in TW; however, stripping out FX impact, EBIT margin would have reached 38.2%, with core profit margin improving 6.9ppts YoY to 28.4%. The earnings beat was driven by improved margins on a more favourable product mix.

From the briefing, we believe that Frontken is on track to deliver a stronger 2H'25 versus 1H'25, consistent with historical seasonality. Growth is underpinned by rising demand for advanced nodes, the commissioning of Plant 3's new capacity, and plans for a new 8-storey facility. Management also disclosed that a fresh US M&A opportunity is being explored, following the lapse of a prior acquisition deal.

We raise our FY25–27 earnings forecasts by 2% to reflect stronger-than-expected margins. We continue to favour Frontken for its niche exposure to advanced semiconductors, consistent margin expansion, and resilient earnings outlook.

There are several risk factors for our earnings estimates, target price and rating for Frontken Corp. A sharp downturn in the global markets for electronics and/or oil & gas will affect the demand for Frontken Corp's services. Additionally, forex volatility, especially USD/RM and TWD/RM, will also affect Frontken Corp's earnings, as about 10%/35% of the group's revenue is denominated in USD/TWD.

BUY with RM5.19 TP. – **Maybank Investment Bank, Aug 6**