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Recommendation:	BUY
Current Price:	RM 3.85
Previous Target Price:	RM 5.18
Target Price:	↓ RM 4.60
Capital Upside/ Downside:	19.5%
Dividend Yield (%):	1.3%
Total Upside/ Downside	20.8%

Stock information

Board	MAIN
Sector	Semiconductor
Bursa/ Bloomberg Code	0128/ FRCB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,653.9
Market Cap (RM' m)	6,367.4
52-Week Price Range (RM)	4.83-2.63
Beta (x)	0.9
Free float (%)	85.2
3M Average Volume (m)	2.9
3M Average Value (RM' m)	11.9

Top 3 Shareholders (%)

Employees Provident Fund Board	14.7
Dazzle Clean Ltd	10.9
Aia Bhd	3.9

Share Price Performance

	1M	3M	12M
Absolute (%)	-5.9	-10.0	2.4
Relative (%)	-7.7	-17.0	-7.5

Earnings summary

FYE (Dec)	FY24	FY26F	FY27F
Revenue (RM'm)	607.8	710.3	743.6
PATAMI (RM'm)	154.2	197.3	206.8
CNP (RM'm)	166.0	197.3	206.8
EPS - core (sen)	9.7	12.1	12.7
P/E(x)	40.2	32.1	30.6

Source: Company, Apex Securities

Frontken Corporation Berhad

Bracing through Forex Woes Amidst AI Tailwinds

- Frontken registered 4Q25 core net profit of RM39.4m (-2% QoQ, +9% YoY), bringing its FY25's sum to RM166.0m (+27% YoY) – slightly below our (94%) but within consensus (96%) expectations.
- In tandem with the 3% decline in revenue, core net profit shrunk marginally (-2%) as lower average TWD/MYR at RM0.1338 in 4Q25 (3Q25: 0.1412) dragged Taiwan's operating profit (-5%). Results were further weighed by weaker profit contribution from Malaysia (-74%) and Singapore (-2.4%) due to weaker O&G activities and slower-than-expected semicon ramp.
- Upon trimming our FY26/27F earnings forecasts by 8%/11% and factoring in the enlarged share base of 1.66bn shares, we maintain our BUY call with a lower TP of RM4.60 (from RM5.18), based on an unchanged PE multiple of 38x applied to FY26F core EPS of 12.1 sen.

Broadly inline. Frontken registered 4Q25 core net profit of RM39.4m (-2% QoQ, +9% YoY), bringing its FY25's sum to RM166.0m (+27% YoY) – slightly below our (94%) but within consensus (96%) expectations. The negative deviation stemmed from lower-than-expected contribution from Taiwan (forex woes) and Malaysia (oil and gas slowdown). 4Q25 core net profit was arrived after deducting forex gain (RM3.6m), fair value gain on short-term investments (RM1.3m) and withholding tax adjustment (-RM0.5m).

QoQ. In tandem with the 3% decline in revenue, core net profit eased marginally (-2%) as lower average TWD/MYR at RM0.1338 during the quarter (3Q25: 0.1412) dragged Taiwan's operating profit (-5%). Results were further weighed by weaker profit contribution from Malaysia (-74%) and Singapore (-2.4%) due to weaker O&G activities and slower-than-expected semicon ramp.

YoY/YTD. Core earnings rose +9% YoY and +27% YTD, driven by stronger revenue contribution from Taiwan (+20% YoY / +17% YTD) and net margin expansion of 100bps YoY / 430bps YTD. The improvement was supported by robust demand and a more favourable product mix (increasing mix of advanced node cleaning services) from its key foundry customer amid surging AI accelerator orders. However, gains were partially offset by the stronger MYR against the TWD.

Outlook. Management remains positive on the growth outlook of AGTC in FY26, supported by the production ramp of advanced 2nm nodes by its key customer. This is expected to drive a more favourable product mix and better operating leverage through 2026, following the installation of cleaning lines for new specialised tools in P2 and additional advanced cleaning lines in P1 to meet the surging demand. In addition to the incremental volume, we understand that AGTC has successfully negotiated better pricing, which should help cushion forex headwinds arising from the continued appreciation of MYR against TWD (averaging c.RM0.1260/TWD YTD). Meanwhile, contribution from Singapore is set to improve as its new semiconductor customer gradually ramps up capacity in 2H26, while Malaysia operations are expected to recover on the back of improved Oil & Gas activities and price revisions. Overall, we expect the group's revenue and bottom line to hit yet another record high in FY26, driven by higher capacity and ASP escalation (through handling more complex and critical components). Separately, M&A opportunities to penetrate in the US market remain under active negotiation.

Forecasts Revision. We trim our FY26/27F earnings forecasts by 8%/11% to reflect a lower TWD/MYR heading into FY26 and more conservative margin expectations for Malaysia and Singapore operations.

Valuation. Post-earnings revisions and after factoring in the enlarged share base of 1.66bn arising from warrant conversion, we maintain **BUY** rating but with a lower TP of **RM4.60**, based on an unchanged PE multiple of 38x on FY26F core EPS of 12.1 sen. Our ascribed PE multiple represents +0.5SD above Frontken's 5-year historical average PE of 35x.

Results Note

Wednesday, 25 Feb, 2026

Results Comparison

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)
Revenue	156.9	149.5	5.0	161.9	(3.1)	607.8	569.2	6.8
EBITDA	62.0	52.5	18.0	66.4	(6.6)	226.6	201.1	12.7
Pre-tax profit	62.3	53.1	17.4	65.1	(4.3)	223.7	198.4	12.8
Net profit	43.8	38.1	15.1	45.8	(4.4)	154.2	136.8	12.7
Core net profit	39.4	36.0	9.4	40.3	(2.1)	166.0	130.7	26.9
Core EPS (sen)	2.5	2.3	9.4	2.5	(2.1)	10.5	8.3	26.9
EBITDA margin (%)	39.5	35.1		41.0		37.3	35.3	
PBT margin (%)	39.7	35.5		40.2		36.8	34.9	
Core net profit margin (%)	25.1	24.1		24.9		27.3	23.0	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)
Revenue								
Singapore	13.7	17.1	(19.9)	13.5	1.0	53.9	65.9	(18.3)
Malaysia	23.7	32.2	(26.4)	25.4	(6.8)	87.8	102.5	(14.3)
Philippines	3.9	4.1	(5.3)	4.2	(8.1)	17.0	17.4	(2.6)
Indonesia	-	-	-	-	-	-	-	-
Taiwan	115.6	96.1	20.3	118.7	(2.6)	449.1	383.4	17.1
Total	156.9	149.5	5.0	161.9	(3.1)	607.8	569.2	6.8
Operating Profit								
Singapore	2.4	7.2	(66.7)	2.5	(2.4)	8.2	16.3	(50.0)
Malaysia	0.6	4.8	(87.5)	2.3	(73.6)	9.4	12.8	(26.2)
Philippines	0.7	0.8	(15.8)	0.9	(24.8)	3.5	3.6	(2.4)
Indonesia	0.0	(0.1)	nm	(0.2)	nm	(0.7)	(0.3)	111.6
Taiwan	54.9	38.3	43.4	57.7	(4.9)	192.8	159.5	20.9
Total	58.6	51.0	14.9	63.2	(7.2)	213.2	191.9	11.1
Operating margin (%)								
Singapore	17.6%	42.2%		18.2%		15.2%	24.8%	
Malaysia	2.6%	15.0%		9.0%		10.7%	12.5%	
Philippines	17.5%	19.7%		21.4%		20.7%	20.7%	
Indonesia	N/A	N/A		N/A		N/A	N/A	
Taiwan	47.5%	39.9%		48.7%		42.9%	41.6%	

Source: Company, Apex Securities

Results Note

Wednesday, 25 Feb, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	500.1	569.2	607.8	710.3	743.6
EBITDA	178.6	201.1	226.6	288.9	301.8
EBIT	158.3	180.4	205.1	267.4	278.6
Net finance income	8.7	18.0	18.6	17.8	20.4
Pre-tax Profit	167.1	198.4	223.7	285.2	299.0
Tax	-42.7	-47.3	-55.2	-68.5	-71.8
Profit After Tax	124.3	151.1	168.5	216.8	227.2
Minority Interest	12.4	14.3	14.3	19.5	20.5
Net Profit	112.0	136.8	154.2	197.3	206.8
Exceptionals	0.8	6.1	-11.7	0.0	0.0
Core Net Profit	111.2	130.7	166.0	197.3	206.8

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
Core EPS (sen)	7.1	8.7	9.7	12.1	12.7
PE (x)	54.5	44.7	40.2	32.1	30.6
PB (x)	8.9	7.9	5.7	5.2	4.6
EV/EBITDA (x)	35.9	31.0	26.1	20.1	18.9
DPS (sen)	2.2	3.7	4.2	4.8	5.1
Dividend Yield (%)	0.5%	0.8%	0.9%	1.1%	1.2%
EBITDA margin (%)	35.7%	35.3%	37.3%	40.7%	40.6%
EBIT margin (%)	31.7%	31.7%	33.7%	37.7%	37.5%
PBT margin (%)	33.4%	34.9%	36.8%	40.2%	40.2%
PAT margin (%)	24.9%	26.5%	27.7%	30.5%	30.6%
NP margin (%)	22.4%	24.0%	25.4%	27.8%	27.8%
CNP margin (%)	22.2%	23.0%	27.3%	27.8%	27.8%
ROE (%)	16.2%	16.9%	15.2%	16.1%	15.1%
ROA (%)	12.6%	13.2%	12.7%	13.7%	13.0%
Gearing (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash				

Valuations

	FY26F
Core EPS (RM)	0.121
P/E multiple (x)	38.0
Fair Value (RM)	4.60
ESG premium/discount	0.0%
Implied Fair Value (RM)	4.60

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash and bank balances	316.2	353.2	366.2	468.3	590.3
Receivables	135.9	155.1	132.0	152.3	158.9
Inventories	22.3	21.2	21.7	21.9	21.9
Other current assets	103.5	165.4	475.0	475.0	475.0
Total Current Assets	577.9	695.0	994.9	1117.4	1246.1
Property, plant and equipment	236.2	226.6	238.4	256.9	273.8
Intangibles	33.8	33.8	33.8	33.8	33.8
Other non-current assets	37.7	33.2	34.6	34.6	34.6
Total Non-current assets	307.7	293.6	306.8	325.3	342.2
Short-term Debt	0.1	0.0	0.0	0.0	0.0
Payables	142.3	159.8	149.4	152.7	153.7
Other Current Liabilities	24.0	27.9	34.5	34.5	34.5
Total Current Liabilities	166.4	187.8	183.9	187.1	188.2
Long-term Debt	0.1	0.0	0.0	0.0	0.0
Other non-current liabilities	31.2	27.8	27.8	27.8	27.8
Total Non-current Liabilities	31.2	27.8	27.8	27.8	27.7
Shareholder's equity	641.2	720.6	1036.1	1154.4	1278.5
Minority interest	46.7	52.3	53.9	73.4	93.9
Equity	687.9	772.9	1090.0	1227.9	1372.4

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax Profit	167.1	198.4	223.7	285.2	299.0
Depreciation	16.6	17.3	18.2	21.5	23.1
Changes in working capital	8.2	0.4	10.1	-17.2	-5.6
Tax paid	-46.8	-40.6	-48.9	-68.5	-71.8
Others	-0.5	-8.9	-0.4	0.0	0.0
Operating cash flow	144.5	166.6	202.8	221.0	244.8
Net capex	-15.1	-24.8	-42.6	-40.0	-40.0
Others	6.4	12.0	-257.4	0.0	0.0
Investing cash flow	-8.7	-12.8	-300.0	-40.0	-40.0
Dividends paid	-40.8	-61.5	-67.4	-78.9	-82.7
Others	-31.5	41.5	268.1	0.0	0.0
Financing cash flow	-72.4	-20.0	200.7	-78.9	-82.7
Net cash flow	63.5	133.9	103.5	102.1	122.0
Forex	13.5	-30.7	-38.4	0.0	0.0
Beginning cash & cash equivalent	327.4	404.4	507.6	572.7	674.8
Ending cash & cash equivalent	404.4	507.6	572.7	674.8	796.8
FD & short-term investments	-88.2	-154.4	-206.5	-206.5	-206.5
Cash and bank balances	316.2	353.2	366.2	468.3	590.3

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Frontken implemented GHG emissions monitoring and control systems; committed to sustainability efforts.
Waste & Effluent	★★★	Maintains proper waste disposal procedures including scheduled waste handling as per regulations.
Energy	★★★	Upgraded chiller systems and other high energy-consuming equipment for improved efficiency.
Water	★★★	Tracks water usage, with some recycling efforts noted; however, limited reporting on reduction targets.
Compliance	★★★	Compliant with ISO 14001:2015 for Environmental Management System across Malaysian operations.

Social

Diversity	★★★	Workforce includes 66% male and 34% female; continues efforts to promote diversity.
Human Rights	★★★	Zero-tolerance policy for discrimination; Code of Conduct enforces fair and ethical practices.
Occupational Safety and Health	★★★	Achieved zero fatalities and reported incidents; regular safety drills and audits conducted.
Labour Practices	★★★	Compliant with labour laws; compensation and benefits aligned with local regulations.

Governance

CSR Strategy	★★★	CSR initiatives focused on education and community aid; donations to schools and NGOs.
Management	★★★	Board consists of experienced professionals; 43% Independent Directors, 1/7 female director.
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.