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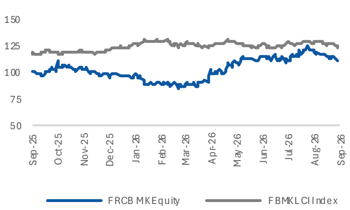
Recommendation:		BUY
Current Price:		RM4.80
Previous Target Price:		RM5.86
Target Price:	↔	RM5.86
Capital Upside/Downside:		22.1%
Dividend Yield (%):		1.1%
Total Upside/Downside:		**23.2%**

Stock information

Board	MAIN
Sector	Semiconductor
Bursa / Bloomberg Code	0128 / FRCB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,812.9
Market Cap (RM' m)	8,702.1
52-Week Price Range (RM)	5.4-3.61
Beta (x)	1.0
Free float (%)	88.9
3M Average Volume (m)	5.3
3M Average Value (RM' m)	26.7

Top 3 Shareholders	(%)
Employees Provident Fund Board	20.8
Dazzle Clean Ltd	8.1
Public Mutual Bhd	7.9

Share Price Performance



	1M	3M	12M
Absolute (%)	-8.6	-4.0	10.3
Relative (%)	-6.0	-2.2	5.9

Earnings summary

FYE (Dec)	FY25A	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)	9.3	12.1	12.7
P/E (x)	44.8	39.7	37.9

Source: Company, Apex Securities

Frontken Corporation Berhad

AGTC Secures Adjacent Land, Buying Room to Grow in Tainan

- **AGTC, FRONTKN's major Taiwan subsidiary, was awarded a public tender for 16,172 m^2 of Type B industrial land and seven existing factory buildings (12,611.07 m^2 floor area) in the Tainan Xinying Industrial Zone for NTD920.0m (RM118.2m), 12.2% above the NTD820.0m reserve price and just 950 metres from AGTC's existing P1 facility.**
- **We view the acquisition positively as a capacity-enabling investment, securing land within AGTC's existing Tainan cluster, approximately 950 metres from its P1 facility, ahead of anticipated capacity expansion for its foundry customer, at a price we deem full but reasonable against recent comparables (12.5%-16.1% above the two most recent Type B land transactions in the same park).**
- **FRONTKN has ample balance sheet headroom to fund the acquisition. FY26F cash and bank balances of RM386.0m, together with fixed deposits of RM181.5m (RM567.4m combined), versus near-nil borrowings, leave the Group solidly net cash, and our model continues to show net cash throughout the FY26F-FY28F forecast period even after the RM118.2m outlay.**
- **We maintain our FY26F/FY27F/FY28F core net profit forecasts of RM197.3m/RM206.8m/RM217.4m.**
- **Maintain BUY with an unchanged TP of RM5.86, based on 46.2x P/E applied to FY27F core EPS of 12.7sen.**

The Acquisition. AGTC, on 15 September 2026, was awarded a public tender for an industrial property in the Tainan Xinying Industrial Zone from Ginwin Technology Co., Ltd. for a total cash consideration of NTD920.0m (RM118.2m). The property comprises 16,172.00 m^2 of Type B industrial land (70% building coverage ratio, 210% floor area ratio) together with seven existing factory building blocks totalling 12,611.07 m^2 of floor area and a 1,245.92 kWp solar photovoltaic system. The site sits approximately 950 metres from AGTC's existing P1 facility. The tender closed on 14 September 2026 at a reserve price of NTD820.0m (RM105.3m); AGTC's winning bid of NTD920.0m represents a 12.2% premium over reserve.

Funding & Payment Schedule. The purchase consideration is 100% cash-funded from AGTC's internally generated funds, with no external borrowing. An initial deposit of NTD82.0m (RM10.5m, 8.9% of consideration) was payable on award of the tender, with the remaining NTD838.0m (RM107.6m, 91.1% of consideration) due in three instalments under standard Taiwanese commercial land transaction practice. The announcement does not disclose the specific instalment dates or amounts; we assume the balance is settled progressively through FY26F-FY27F.

Our View. We view the acquisition **positively**. The consideration works out to roughly NTD56,900 per m^2 of land (NTD920.0m over 16,172 m^2), a blended rate covering the seven ready-built factory blocks and the solar PV system, not bare land. A better benchmark than narrative estimates would be Hershi International Property's own compilation of actual registered transactions in the same park: five Type B industrial land deals from 2022 to 2025, with the two most recent, from November and December 2025, at NTD50,585 and NTD49,006 per m^2. Against those two, AGTC's price is 12.5% and 16.1% higher respectively, a far smaller premium than a simple five-year comparison would suggest, and one we think is explained by the deal bundling 12,611 m^2 of existing factory floor area and installed solar capacity, both larger than any single comparable in the Figure 1 table. We think this fits AGTC's calculus given the urgency of its foundry customer's expansion plan, and see the price as reasonable given the immediate, ready-to-use capacity it buys on a site just 950 metres from AGTC's existing P1 facility.

Balance Sheet Remains Comfortably Net Cash Post-Acquisition. The RM118.2m outlay is manageable against FRONTKN's balance sheet. It represents 10.2% of FY26F shareholders' equity (RM1,154.4m) and is equivalent to about 53.5% of FY26F operating cash flow

(RM221.0m); the initial NTD82.0m (RM10.5m) deposit alone equates to just 4.8% of FY26F OCF, with the balance cushioned by staged payment over three instalments. Funding the FY26F portion of the deal (RM82.3m) in full still leaves **FY26F cash and bank balances at RM386.0m, or RM567.4m including fixed deposits**, versus RM468.3m and RM649.8m respectively had the deal not proceeded. FRONTKN carries zero short- and long-term debt across our FY24-FY28F forecast horizon, so **the Group remains solidly net cash throughout**. We do not see the acquisition as a strain on FRONTKN's financial flexibility.

Earnings Revision. We maintain our FY26F/FY27F/FY28F core net profit forecasts of **RM197.3m/RM206.8m/RM217.4m**, with no changes to our earnings assumptions.

Valuation & Recommendation. We maintain our **BUY** call with an unchanged **TP of RM5.86**, based on a 46.2x P/E applied to our FY27F core EPS of 12.7sen. We continue to view FRONTKN's valuation well-supported by (i)multi-year earnings visibility from the advanced-node ramp at its key Taiwan foundry customer, (ii)AI-driven semiconductor demand tailwinds, and (iii)a healthy net cash balance sheet, which this land acquisition does not alter.

Risks. Non-completion risk, continued MYR strength against TWD eroding translation gains; slowdown in semiconductor capex cycle; oil price volatility affecting O&G activity levels; geopolitical tensions disrupting supply chain; loss of key foundry customer.

Figure 1: Comparable Xinying Industrial Park land transactions

Date	Address	Land area (m^2)	Zoning	Total price (NTD'm)	Land unit price (NTD/m^2)	Notes
2025/12/11	Jiafang Sec., Lot 49	1,033.9	**Type B**	50.7	49,006	
2025/11/11	Siwei Rd 3	3,576.6	**Type B**	183.9	50,585	Land NTD180.94m + building NTD3.00m
2025/03/10	Jiafang Sec., Lot 430	16,527.6	Type A	725.0	43,863	Different zoning
2025/01/17	Xinzhong Rd 3	1,837.6	**Type B**	78.0	40,441	
2024/11/08	Xinxun Rd 10	8,882.5	Type A	397.7	44,436	Different zoning; land NTD394.7m + building NTD2.9m
2023/04/25	Bade Rd 12	6,880.6	**Type B**	321.7	45,333	
2022/03/24	Bade Rd 8	4,332.5	**Type B**	165.0	37,644	Land NTD163.1m + building NTD1.9m

Source: Hershi International Property, An News Media

Earnings Summary

FYE Dec (RM m)	FY24A	FY25A	FY26F	FY27F	FY28F
Revenue	569.2	607.8	710.3	743.6	777.3
EBITDA	201.1	226.6	288.9	301.8	316.0
Pre-tax profit	198.4	223.7	285.2	299.0	314.4
Net profit	136.8	154.2	197.3	206.8	217.4
Core net profit	136.8	154.2	197.3	206.8	217.4
Core EPS (sen)	8.7	9.3	12.1	12.7	13.3
P/E (x)	49.8	44.8	39.7	37.9	36.0
P/B (x)	8.8	6.3	6.4	5.7	5.1
EV/EBITDA (x)	34.9	29.5	26.1	24.7	18.3
Dividend Yield (%)	0.8%	0.9%	1.1%	1.2%	1.2%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**569.2**	**607.8**	**710.3**	**743.6**	**777.3**
EBITDA	**201.1**	**226.6**	**288.9**	**301.8**	**316.0**
EBIT	**180.4**	**205.1**	**267.4**	**278.6**	**291.3**
Net finance income	18.0	18.6	17.8	20.4	23.0
Pre-tax Profit	**198.4**	**223.7**	**285.2**	**299.0**	**314.4**
Tax	-47.3	-55.2	-68.5	-71.8	-75.4
Profit After Tax	**151.1**	**168.5**	**216.8**	**227.2**	**238.9**
Minority Interest	14.3	14.3	19.5	20.5	21.5
Net Profit	**136.8**	**154.2**	**197.3**	**206.8**	**217.4**
Exceptionals	6.1	-11.7	0.0	0.0	0.0
Core Net Profit	**130.7**	**166.0**	**197.3**	**206.8**	**217.4**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	8.7	9.3	12.1	12.7	13.3
P/E (x)	49.8	44.8	39.7	37.9	36.0
P/B (x)	8.8	6.3	6.4	5.7	5.1
EV/EBITDA (x)	34.9	29.5	26.1	24.7	23.2
DPS (sen)	3.7	4.2	4.8	5.1	5.3
Dividend Yield (%)	0.8%	0.9%	1.0%	1.1%	1.1%
EBITDA margin (%)	37.3%	40.7%	40.7%	40.6%	40.6%
EBIT margin (%)	33.7%	37.7%	37.7%	37.5%	37.5%
PBT margin (%)	36.8%	40.2%	40.2%	40.2%	40.4%
PAT margin (%)	27.7%	30.5%	30.5%	30.6%	30.7%
NP margin (%)	25.4%	27.8%	27.8%	27.8%	28.0%
CNP margin (%)	27.3%	27.8%	27.8%	27.8%	28.0%
ROE (%)	21.5%	18.1%	16.1%	15.1%	14.3%
ROA (%)	16.8%	15.2%	13.7%	13.0%	12.5%
Gearing (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.127
P/E multiple (x)	46.2
Fair Value (RM)	**5.86**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**5.86**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	353.2	366.2	386.0	472.1	603.0
Receivables	155.1	132.0	152.3	158.9	165.6
Inventories	21.2	21.7	21.9	21.9	22.0
Other current assets	165.4	475.0	475.0	475.0	475.0
Total Current Assets	**695.0**	**994.9**	**1035.2**	**1127.9**	**1265.6**
Property, plant and equipment	226.6	238.4	339.2	392.0	407.3
Intangibles	33.8	33.8	33.8	33.8	33.8
Other non-current assets	33.2	34.6	34.6	34.6	34.6
Total Non-current assets	**293.6**	**306.8**	**407.6**	**460.4**	**475.7**
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Payables	159.8	149.4	152.7	153.7	154.8
Other Current Liabilities	27.9	34.5	34.5	34.5	34.5
Total Current Liabilities	**187.8**	**183.9**	**187.1**	**188.2**	**189.2**
Long-term Debt	0.0	0.0	0.0	0.0	-0.1
Other non-current liabilities	27.8	27.8	27.8	27.8	27.8
Total Non-current Liabilities	**27.8**	**27.8**	**27.8**	**27.7**	**27.7**
Shareholder's equity	720.6	1036.1	1154.4	1278.5	1408.9
Minority interest	52.3	53.9	73.4	93.9	115.4
Equity	**772.9**	**1090.0**	**1227.9**	**1372.4**	**1524.3**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax Profit	**198.4**	**223.7**	**285.2**	**299.0**	**314.4**
Depreciation	17.3	18.2	21.5	23.1	24.6
Changes in working capital	0.4	10.1	-17.2	-5.6	-5.6
Tax paid	-40.6	-48.9	-68.5	-71.8	-75.4
Others	-8.9	-0.4	0.0	0.0	0.0
Operating cash flow	**166.6**	**202.8**	**221.0**	**244.8**	**257.9**
Net capex	-24.8	-42.6	-122.3	-75.9	-40.0
Others	12.0	-257.4	0.0	0.0	0.0
Investing cash flow	**-12.8**	**-300.0**	**-122.3**	**-75.9**	**-40.0**
Dividends paid	-61.5	-67.4	-78.9	-82.7	-87.0
Others	41.5	268.1	0.0	0.0	0.0
Financing cash flow	**-20.0**	**200.7**	**-78.9**	**-82.7**	**-87.0**
Net cash flow	**133.9**	**103.5**	**19.8**	**86.1**	**130.9**
Forex	-30.7	-38.4	0.0	0.0	0.0
Beginning cash & cash equivalent	**404.4**	**507.6**	**572.7**	**592.5**	**678.6**
Ending cash & cash equivalent	**507.6**	**572.7**	**592.5**	**678.6**	**809.6**
FD & short-term investments	-154.4	-206.5	-206.5	-206.5	-206.5
Cash and bank balances	**353.2**	**366.2**	**386.0**	**472.1**	**603.0**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions 6,384.92 tCO2e in FY25
Waste & Effluent	★★★	A total of 33.23 tonnes of hazardous and non-hazardous waste were recycled in FY25
Energy	★★★	24.0% of total electricity was derived from renewable sources, including a solar PV system in Taiwan and a Power Purchase Agreement (PPA) in Malaysia
Water	★★★	Water consumption 30,647 m^3in FY25

Social

Parameters	Rating	Comments
Diversity	★★★	The workforce consists of 63% male and 37% female employees. The Board consists of 25% female directors (2 out of 8)
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	0.14 per 200,000 hours worked, with 1 reported injury incident
Labour Practices	★★★	Completed 9,150.5 total training hours, averaging 16.4 hours (approximately 2 days) per employee in FY25

Governance

Parameters	Rating	Comments
Supply Chain	★★★	77% of spending was on local suppliers
Management	★★	100% of employees (except certain support roles) received training on anti-bribery and corruption policies
Human Rights	★★★	0 substantiated complaints concerning human rights violations

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

As of **Thursday, 17 Sep, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.