

Thong Guan Industries Bhd

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Tapping into the rising demand

- Regarded as one of the largest stretch film manufacturers in Malaysia that is supported by 17 factories with more than 2,000 employees and products are exported to 70 countries worldwide.
- Upcoming three new factories will house additional facilities for stretch film, blown film and messenger bag production will boost production capacity to 175,000 tonnes vs. 150,000 tonnes in 2020.
- Operates in a healthy balance sheet with net cash position of RM126.1m in 1QFY21, translating to net cash per share of RM0.33 (c.13.0% of share price). Technically, the trendline breakout above RM2.52 may lift price higher towards the next resistances at RM2.67-2.79, with long term target at RM3.00.

TGUAN daily: Trendline breakout



M+ Wiz

THONG GUAN INDUSTRIES BHD

Last Price (RM)	2.53
5 Day Change (%)	-0.4
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	80.0
52Week Range Percentile (%)	41.4
Volatility 30D	27.8
EMA9, EMA20, EMA60 Trend	Downtrend
Price vs. EMA20 (%)	-0.1
DMI DI+	12.5
DMI DI-	29.9
ADX	24.5
Price Skew	UP
RSI 14D	50.0
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	42.1

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Trading Catalyst

- Thong Guan Industries Bhd (TGUAN) is regarded as one of the largest stretch film manufacturers in Malaysia. TGUAN is supported by 17 factories with more than 2,000 employees and products are exported to 70 countries worldwide.
- Moving forward, TGUAN is building three new factories to house additional facilities for stretch film, blown film and messenger bag production. The move is expected to see production capacity rising to 175,000 tonnes vs. 150,000 tonnes in 2020. Beyond that, stretch film project in Myanmar would commence end-2021 would allow TGUAN to enjoy zero-tariff privileges for its exports.
- We believe that the expansion is timely to cater for the rising demand of plastic packaging products for food and beverage goods, hygiene products, and e-commerce mailer bags goods. We also note that TGUAN operates in a healthy balance sheet with net cash position of RM126.1m in 1QFY21, translating to net

Financial snapshot

FYE Dec	FY19	FY21f	FY22f
Revenue (RM m)	960.6	1070.5	1196.0
Net profit (RM m)	75.3	83.1	93.7
Shares (m)	377.1	377.1	377.1
EPS (sen)	20.0	22.0	24.8
DPS (sen)	9.0	5.4	6.1
P/E (x)	12.7	11.5	10.2
DY (%)	3.6	2.1	2.4

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cash per share of RM0.33 (c.13.0% of share price).

Technical Outlook

- Technically, share price has been on the pullback phase over the past 2 months. Following that, we notice price has formed a bullish engulfing candle yesterday, suggesting for a potential rebound. Should price stabilise above RM2.52, the next resistances are at RM2.67-2.79, with long term target at RM3.00. Support is pegged at around RM2.34, while cut loss is set at RM2.33.

Glossary

Last Price (RM)	Last closing price
5 Day Change (%)	Percent change in price over the last five days. The formula is: [(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.
1 Day Range Percentile (%)	Calculates the percentile value within the 1-day range
5 Day Range Percentile (%)	Calculates the percentile value within the 5-day range
52 Week Range Percentile (%)	Calculates the percentile value within the 52-week range
Volatility 30D	A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage. If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation.
EMA9, EMA20, EMA60 Trend	Position of the price away from the EMA20 level
Price vs. EMA20 (%)	Positive directional movement.
DMI DI+	Negative directional movement.
DMI DI-	ADX is a moving average of the directional movement index.
ADX	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up.
Price Skew	If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.
RSI 14D	RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition.
RSI OB/OS	If RSI 14 days is greater or equal to 70, it will be stated Overbought.
Price vs. Bollinger Band (%)	If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive.
	If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative.
	If the RSI 14 days is lower or equal to 30, it will be stated Oversold.
	Position of the price compare to the Bollinger band in percentage