

InNature Bhd

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Mitigated by e-commerce surge

- One of the leading regional retailers of cosmetics and personal care ("CPC") products, under the brand - The Body Shop and Natura.
- Operates a total of 121 retail stores across West Malaysia, Sabah, Labuan, Vietnam and Cambodia with products also sold via selected third-party online stores such as Hermo, Tiki, Lazada and Shopee.
- Surge in e-commerce channel will continue to cushion the weakness from the retail stores channel over the foreseeable future. Technically, a flag-formation breakout above RM0.44 suggests for further upside that may drive share price towards the next resistances at RM0.475-0.495 with long term target at RM0.505.

INNATURE daily: Impending flag-formation breakout



INNATURE BHD

Last Price (RM)	0.440
5 Day Change (%)	1.1
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	30.0
52Week Range Percentile (%)	41.8
Volatility 30D	63.7
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	-0.4
DMI DI+	28.4
DMI DI-	17.9
ADX	31.4
Price Skew	UP
RSI 14D	56.5
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	51.4

Bloomberg

Financial snapshot

FYE Dec	FY18	FY19	FY20*
Revenue (RM m)	184.5	191.7	237.7
Net profit (RM m)	45.6	30.2	21.2
Shares (m)	705.9	705.9	705.9
EPS (sen)	6.5	4.3	3.0
DPS (sen)	NM	1.0	NM
P/E (x)	6.8	10.3	14.7
DY (%)	NM	2.4	NM

Bloomberg

FY20* based on trailing-12-months data

Trading Catalyst

- InNature Bhd (InNature) started off via the establishment of first retail store at Plaza Yow Chuan, Kuala Lumpur, Malaysia in 1984. As of 30th June 2020, InNature carries the brand known as The Body Shop and Natura under a total of 121 retail stores across West Malaysia, Sabah, Labuan, Vietnam and Cambodia. Besides, the group's products are sold via selected third-party online stores such as Hermo, Tiki, Lazada and Shopee.
- We like InNature for their position as one of the leading regional retailer of cosmetics and personal care ("CPC") products. We reckon that the geographical diversification over the years bodes well with InNature venturing into the Vietnam market back in 2009 in view of the growth of middle-income class that see improved spending power and expects to replicate the success after penetrating into Cambodia in 2019.

- Moving forward, InNature targets to open five new openings (four in Vietnam, one in Cambodia) for The Body Shop operations 2H2020. We think that the surge in e-commerce channel will continue to cushion the weakness from the retail stores channel over the foreseeable future. At the same time, InNature adopts a minimum 30% dividend pay-out policy from its net profit.

Technical Outlook

- Technically, share price is on the uptrend formation as price formed a higher high and higher low formation over the past couple of months. Following the recent retracement, price has formed a hammer candle, suggesting for a potential recovery. A flag-formation above RM0.44 may suggest for further upside towards the next resistances at RM0.475-0.495 with long term target at RM0.525. Support is pegged at RM0.425 and cut loss is located at RM0.42.

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. 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.
Price vs. Bollinger Band (%)	Position of the price compare to the Bollinger band in percentage
