

Thong Guan Industries Bhd

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On expansion drive

- 17 manufacturing operations located in Malaysia, China and Thailand with products exported to 70 countries worldwide.
- Earmarked a sizeable expansion plan with planned CAPEX of RM150.0m for 2021 & 2022 with RM30-40m will be allocated to set up a manufacturing plant in Myanmar that provides lower cost of production and better margins.
- Healthy balance sheet with net cash position of RM118.3m, translating to net cash per share of RM0.31 (c. 12.4% of share price) in 3QFY20. Technically, a consolidation breakout above RM2.54 may drive share price higher towards the next resistances at RM2.70-2.88 with long term target at RM3.26.

TGUAN daily: Monitor for breakout



M+ Wiz

THONG GUAN INDUSTRIES BHD

Last Price (RM)	2.50
5 Day Change (%)	0.8
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	50.0
52Week Range Percentile (%)	64.2
Volatility 30D	28.4
EMA9, EMA20, EMA60 Trend	Downtrend
Price vs. EMA20 (%)	-0.4
DMI DI+	16.9
DMI DI-	23.3
ADX	17.2
Price Skew	DOWN
RSI 14D	54.2
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	55.1

Bloomberg

Trading Catalyst

- Thong Guan Industries Bhd (Thong Guan) engaged in manufacturing and trading of flexible packaging for industrial and commercial use. To-date Thong Guan has 17 manufacturing operations located in Malaysia, China and Thailand with products exported to 70 countries worldwide.
- Moving forward, Thong Guan has earmarked a sizeable expansion plan with planned CAPEX of RM150.0m over the next 2 years (2021 & 2022) with RM30-40m will be allocated to set up a manufacturing plant in Myanmar. We are upbeat on the expansion given that it is more cost effective (lower wages) against operations in Malaysia, whilst products exported from Myanmar enjoy zero export duty.
- We believe demand for packaging to remain firm due to the increasing demand for stretch films and laminated packaging for wrapping pallets of food & beverage goods for export purpose. We also note that Thong Guan continues to operate in a

Financial snapshot

FYE Dec	FY20	FY21f	FY22f
Revenue (RM m)	939.2	972.5	1030.0
Net profit (RM m)	61.7	78.7	86.8
Shares (m)	381.0	381.0	381.0
EPS (sen)	16.2	20.6	22.8
DPS (sen)	8.0	5.6	6.2
P/E (x)	15.4	12.1	11.0
DY (%)	3.2	2.2	2.5

Bloomberg

healthy balance sheet with net cash position of RM118.3m, translating to net cash per share of RM0.31 (c.12.4% of share price) in 3QFY20.

Technical Outlook

- Technically, share price is on a technical rebound phase after finding some support since the start of the year. Price has rebounded before rejecting the daily EMA120 level and subsequently consolidated over the past 2 weeks. We may anticipate for a consolidation breakout above the RM2.54 level for further recovery towards the next resistances at RM2.70-2.88 with long term target at RM3.26. Support is envisaged at RM2.41 and cut loss is located at RM2.40.

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	
Price vs. EMA20 (%)	Position of the price away from the EMA20 level
DMI DI+	Positive directional movement.
DMI DI-	Negative directional movement.
ADX	ADX is a moving average of the directional movement index.
Price Skew	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up. 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. If RSI 14 days is greater or equal to 70, it will be stated Overbought.
RSI OB/OS	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