

Kawan Food Bhd

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Expansion in the cards

- One of Malaysia's leading exporter and largest manufacturer of frozen Asian food delicacies worldwide that operates 3 factories, of which products are exported to 37 countries globally that are sold in local groceries and supermarkets.
- Rising demand for frozen food amid the changes in society living environment and adoption of work from home policy remains a boon for KAWAN.
- Purchasing 5 parcels of land measuring 7.1-ac in Shah Alam, Selangor to build a second manufacturing facility as part of expansion plans.
- Technically, price has formed a consolidation breakout above RM1.69 and may target the next resistances at RM1.77-1.82 with long term target at RM1.93.

KAWAN daily: Monitor for breakout



KAWAN FOOD BHD

Last Price (RM)	1.72
5 Day Change (%)	3.6
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	88.9
52Week Range Percentile (%)	54.0
Volatility 30D	26.9
EMA9, EMA20, EMA60 Trend	Consolidation
Price vs. EMA20 (%)	2.5
DMI DI+	33.3
DMI DI-	14.1
ADX	11.4
Price Skew	UP
RSI 14D	61.9
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	99.5

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Trading Catalyst

- Kawan Food Bhd (KAWAN) is regarded as one of Malaysia's leading exporters and largest manufacturer of frozen Asian food delicacies worldwide, under the brands Kawan, KG Pastry, Passion Bake, Veat and Aman. The group operates 3 factories, of which products are exported to 37 countries globally that are sold in local groceries and supermarkets.
- The rising demand for frozen food amid the changes in society living environment and adoption of work from home policy remains a boon for KAWAN. Meanwhile, KAWAN remains committed in the introduction of new products and penetrates into new export markets.
- In order to take advantage of the rising demand, KAWAN is purchasing 5 parcels of land measuring 7.1-ac in Shah Alam, Selangor for a total of RM50.5m to build a second manufacturing facility that will be equipped with a cold room facility and warehouse. As of 1QFY22, KAWAN operates in a healthy balance sheet with a net

Financial snapshot

FYE Dec	FY21	FY22f	FY23f
Revenue (RM m)	251.8	296.0	328.8
Net profit (RM m)	31.8	39.6	46.6
Shares (m)	358.7	358.7	358.7
EPS (sen)	8.9	11.0	13.0
DPS (sen)	3.0	3.3	3.5
P/E (x)	19.4	15.6	13.2
DY (%)	1.7	1.9	2.0
Bloomberg			

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cash position of RM69.0m, translating to net cash per share of 19.2 sen (c.11.2% of share price).

Technical Outlook

- Technically, share price is trading on a rebound mode, forming a short term higher high and higher low formation. Following the short-term double top formation, price has pullback and appears to have found some stability in recent weeks. For now, price has formed a consolidation breakout above RM1.69 and may target the next resistances at RM1.77-1.82 with long term target at RM1.93. Support is pegged at RM1.64 and cut loss is located at RM1.63.

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.
EMA9, EMA20, EMA60 Trend	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.
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