

## Thong Guan Industries Bhd

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### Long term expansion on horizon

- 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.
- Undertaking a relatively large-scale expansion plan on a 16.0-ac manufacturing and office complex in Sungai Petani, Kedah over a 6-year period from 2021 to 2026.
- Operates in a healthy balance sheet with net gearing standing at 0.1x as at end-1QFY22.
- Technically, traders may anticipate for a potential breakout above RM2.66 to target the next resistances at RM2.84-2.90, with long term target at RM2.98.

### TGUAN daily: Monitor for breakout



M+ Wiz

### THONG GUAN INDUSTRIES BHD

Last Price (RM)	2.64
5 Day Change (%)	-0.8
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	70.6
52Week Range Percentile (%)	61.4
Volatility 30D	28.0
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	5.4
DMI DI+	41.8
DMI DI-	19.9
ADX	29.2
Price Skew	UP
RSI 14D	72.5
RSI OB/OS	Overbought
Price vs. Bollinger Band (%)	93.3

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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 currently be undertaking a relatively large-scale expansion plan on a 16.0-ac manufacturing and office complex in Sungai Petani, Kedah over a 6-year period from 2021 to 2026. The new production plant would house additional premium stretch film line, 10 premium blown film lines and a premium courier and specialty bags line.
- We reckon that the possible expansion through a joint venture with an established player in the stretch film business into the US market bodes well to capture additional market share in the US region. Despite the on-going massive expansion, TGUAN continues to operate in a healthy balance sheet with net gearing standing at

### Financial snapshot

FYE Dec	FY21	FY22f	FY23f
Revenue (RM m)	1214.9	1456.0	1823.0
Net profit (RM m)	92.9	113.5	147.0
Shares (m)	385.7	385.7	385.7
EPS (sen)	24.1	29.4	38.1
DPS (sen)	5.5	7.3	8.8
P/E (x)	11.0	9.0	6.9
DY (%)	2.1	2.8	3.3

Bloomberg

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0.1x as at end-1QFY22.

## Technical Outlook

- Technically, share price is on the gradual recovery mode after forming a double bottom formation in July 2022. Price has crept higher to close above the daily SMA200 and EMA9 levels. For now, traders may anticipate for a potential breakout above RM2.66 to target the next resistances at RM2.84-2.90, with long term target at RM2.98. Support is pegged at around RM2.52, while cut loss is set at RM2.51.

### 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