

## Volcano Bhd

**Kenneth Leong**  
[kennethleong@msec.com.my](mailto:kennethleong@msec.com.my)  
(603) 2201 2100

### Factory expansion to drive growth

- Engaged as a manufacturer of parts and components including metal and non-metal nameplates and plastic injection moulded parts.
- Purchasing a leasehold industrial land at Penang measuring 4,054 sqm for RM10.2m in bid to expand their manufacturing facility and take on additional orders.
- Operates in a healthy balance sheet with a net cash position of RM14.9m, translating to net cash per share of 9.0 sen (c. 9.4% of share price).
- Technically, price has experienced a short-term resistance breakout above RM0.935 and may target the next resistances at RM0.99-1.02 with long term target set at RM1.08.

### VOLCANO daily: Short-term consolidation breakout



M+ Wiz

### Trading Catalyst

- Volcano Bhd (VOLCANO) engages as a manufacturer of parts and components including metal and non-metal nameplates and plastic injection moulded parts. The group has manufacturing facilities located in Malaysia and Thailand, while their products are sold across various industries such as electrical and electronic, automotive, food, furniture, aerospace and label industries.
- Moving forward, VOLCANO is purchasing a leasehold industrial land at Penang measuring 4,054 sqm for RM10.2m in bid to expand their manufacturing facility and take on additional orders. The said expansion will potentially boost an additional built-up area of 113,800 sqf to its existing floor space, which is more than 5.0x larger than its existing factory premises with a built-up area of 20,760 sqf.
- Based on their latest quarterly financial information, the group operates in a healthy balance sheet with a net cash position of RM14.9m, translating to net cash per share of 9.0 sen (c. 9.4% of share price).

### VOLCANO BHD

Last Price (RM)	0.965
5 Day Change (%)	5.5
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	92.3
52Week Range Percentile (%)	81.3
Volatility 30D	40.1
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	4.1
DMI DI+	20.5
DMI DI-	19.3
ADX	14.0
Price Skew	UP
RSI 14D	61.7
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	93.7

Bloomberg

### Financial snapshot

FYE Jun	FY21	FY22	FY23*
Revenue (RM m)	73.0	74.2	72.1
Net profit (RM m)	6.6	7.1	5.7
Shares (m)	165.0	165.0	165.0
EPS (sen)	4.0	4.3	3.4
DPS (sen)	-	1.3	1.3
P/E (x)	24.1	22.4	28.1
DY (%)	-	1.3	1.3

Bloomberg

FY23\* based on trailing-12-months data

## Technical Outlook

- Technically, price has turned into a strong uptrend formation since late 2022. Price has hit the all-time-high level in mid-March 2023 before staging a pullback. With price finding stability above daily EMA60, price has since formed a short-term higher low formation. Coming closer, price has experienced a short-term resistance breakout above RM0.935 and may target the next resistances at RM0.99-1.02 with long term target set at RM1.08. Support is pegged at RM0.86 and cut loss is located at RM0.855.

## Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

As of **Wednesday, 12 Jul, 2023**, the analyst(s), Kenneth Leong, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

## 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