# **Technical Focus**

Monday, 31 Jan, 2022



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### V.S. Industry Bhd

#### **Gradual capacity expansion**

- One of the leading integrated Electronics Manufacturing Services (EMS) providers in the region, supported by multinational customers from Europe, Japan and US.
- Acquisition of 3 parcels of land measuring 386,381 sqf for RM30.0m in November 2021 will be earmark for future capacity expansion.
- Demand expected to remain robust, riding onto the increasing adoption of emerging technologies in the Industrial Internet of Things (IIoT) and enhanced communication posed by 5G.
- Technically, traders may anticipate for a potential short-term breakout above RM1.22, targeting the next resistances at RM1.30-1.38 with long term target at RM1.55.

#### VS daily: Monitor for breakout



| V.S. INDUSTRY BHD            |           |  |
|------------------------------|-----------|--|
| Last Price (RM)              | 1.19      |  |
| 5 Day Change (%)             | 0.8       |  |
| 1 Day Range Percentile (%)   | 100.0     |  |
| 5 Day Range Percentile (%)   | 50.0      |  |
| 52Week Range Percentile (%)  | 26.5      |  |
| Volatility 30D               | 32.9      |  |
| EMA9, EMA20, EMA60 Trend     | Downtrend |  |
| Price vs. EMA20 (%)          | -3.4      |  |
| DMI DI+                      | 15.2      |  |
| DMI DI-                      | 24.1      |  |
| ADX                          | 27.4      |  |
| Price Skew                   | UP        |  |
| RSI 14D                      | 25.8      |  |
| RSI OB/OS                    | Oversold  |  |
| Price vs. Bollinger Band (%) | 26.5      |  |
| Bloomberg                    |           |  |

#### **Trading Catalyst**

- V.S Industry Bhd (VS) was established in 1982 and has grown into one of the leading
  integrated Electronics Manufacturing Services (EMS) providers in the region, with
  proven capabilities to undertake the manufacturing needs of global brand names for
  office and household electrical and electronic products. VS is also supported by
  multinational customers from Europe, Japan and US.
- Moving forward, the acquisition of 3 parcels of land measuring 386,381 sqf for RM30.0m in November 2021 will be earmark for future capacity expansion. We are sanguine on the move in line with the growing demand for EMS, particularly from their US-based customers.
- Going forward, VS will be riding on the increasing adoption of emerging technologies in the Industrial Internet of Things (IIoT) and enhanced communication posed by 5G.
   Meanwhile, VS has also identified areas of improvement in addressing the ESG-

#### Financial snapshot

| FYE Jul    | FY21   | FY22f  | FY23f  |
|------------|--------|--------|--------|
| Revenue    | 3243.2 | 4748.0 | 5543.9 |
| (RM m)     |        |        |        |
| Net profit | 116.5  | 288.3  | 370.6  |
| (RM m)     |        |        |        |
| Shares (m) | 3827.0 | 3827.0 | 3827.0 |
| EPS (sen)  | 3.0    | 7.5    | 9.7    |
| DPS (sen)  | 1.3    | 3.4    | 4.3    |
| P/E (x)    | 39.1   | 15.8   | 12.3   |
| DY (%)     | 1.1    | 2.9    | 3.6    |
| Bloomberg  |        |        |        |

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related issues in regards to the labour practices.

#### **Technical Outlook**

 Technically, share price has retreated from the all-time level back in September 2021. We reckon that the pullback could be overdone and bargain hunting activities may emerge from the oversold position. For now, traders may anticipate for a potential short-term breakout above RM1.22, targeting the next resistances at RM1.30-1.38 with long term target at RM1.55. Support is pegged at RM1.15 and cut loss is located at RM1.10.

| 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, EMA20, EMA60 Trend     | 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.  |
| 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.   |
| D-i D-IIi D                  | 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   |

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