

Wasco Berhad

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Looking at a stronger earnings momentum going forward

- **Wasco may deliver stronger earnings in the next few quarters as bulk of the projects will be entering recognition phase.**
- **Expected to record a one-off gain of RM31.8m from disposal of a land with proceeds to be used in reducing debt and improving liquidity.**
- **Solid orderbook near RM4.00bn with the recent contract award of RM161.9m.**
- **Technically, traders may anticipate for the extension of breakout, targeting RM1.05-1.09, followed by a LT target of RM1.15. Support is set around RM0.96-0.97, with the cut loss set around RM0.95.**

Company profile

Established in 1999, Wasco provides international oil & gas (O&G) and industrial services. The company has two main business segments – O&G and industrial services segments. The O&G arm offers pipe-coating, corrosion protection services, EPC, fabrication and rental of gas compressors and process equipment, as well as various exploration & production products and services. The industrial services division provides process equipment in Asia across different sectors such as plantation, oleochemical, petrochemical and utilities industries while distributing infrastructure and building materials in Malaysia.

WASCO daily: Consolidation breakout



WASCO BHD

Last Price (RM)	1.00
5 Day Change (%)	3.1
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	60.0
52Week Range Percentile (%)	83.5
Volatility 30D	31.8
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	1.3
DMI DI+	17.9
DMI DI-	11.7
ADX	17.9
RSI 14D	55.3
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	88.7

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Trading Catalyst

- **Wasco Bhd may deliver stronger earnings** in the coming quarters as the bulk of the projects secured in 2022 will be entering the recognition phase.
- **Wasco is expected to record one-off net gain of RM31.8m going forward**, after the disposal of a freehold plot of land in Klang worth RM40m on Oct 12. The proceeds are used for reducing its debt and improving liquidity.
- **The group has secured another contract worth RM161.9m in Africa** by Schneider Electric, and it will help to replenish the group's existing record high order book of almost RM4bil as at end-June this year.

Technical Outlook

- Wasco has been trending in the uptrend phase for the past couple of quarters, where the share price has experienced a recent breakout move above RM0.985. We expect the buying momentum to return, and share price could target RM1.05-1.09, with the long-term target set around RM1.15. Support is located around RM0.96-0.97 and the cut loss is set around RM0.95.

Financial snapshot

FYE Jul	FY21	FY22	FY23
Revenue (RM m)	1429.3	2686.5	2477.7
Net profit (RM m)	-107.5	-6.3	64.8
Shares (m)	774.3	774.3	774.3
EPS (sen)	-13.9	-0.8	8.4
DPS (sen)	0.0	0.0	0.0
P/E (x)	-7.2	NM	11.9
DY (%)	0.0	0.0	0.0

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FY23* based on forecasted earnings

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As of **Wednesday, 08 Nov, 2023**, the analyst(s), Loui Low Ley Yee, 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. 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