UOBKayHian

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KEY HIGHLIGHTS

Sector Update

Building Materials – Malaysia Page 2

2Q23 results within expectations. HUME provides near-term earnings visibility with rising cement prices and easing coal prices.

Company Update

CTOS Digital (CTOS MK/HOLD/RM1.42/Target: RM1.52) Page 4

CTOS acquired stake in Prime Analytics and Finscore in Aug 23, which is synergistic and earnings accretive. Maintain HOLD with a higher target price of RM1.52.

TRADERS' CORNER

Page 7

Pekat Group (PEKAT MK): Technical BUY

Dialog Group (DLG MK): Technical BUY

KEY INDICES

	Index	pt chg	% chg
FBMKLCI	1,453.54	0.1	0.0
Bursa Emas	10,706.01	5.9	0.1
Ind Product	172.17	1.4	0.8
Finance	16,330.94	(106.0)	(0.6)
Consumer	556.31	(0.4)	(0.1)
Construction	177.54	1.0	0.5
Properties	829.87	(6.7)	(0.8)
Plantations	6,928.91	44.6	0.6

BURSA MALAYSIA TRADING & PARTICIPATION

Malaysia Turnover	13-Sep-23	% chg
Volume (m units)	2,514	(12.7)
Value (RMm)	1,882	(5.5)

By Investor type	(%)	ppt chg
Foreign investors	32.9	0.8
Local retail	26.8	1.4
Local institution	40.4	(2.2)

TOP VOLUME / GAINERS / LOSERS

Top Volume	Price (RM)	Chg (%)	Volume ('000)
MY EG Services	0.78	(1.9)	41,578
Top Glove	0.81	(1.2)	39,925
Bumi Armada	0.54	2.9	35,080
YTL Corp	1.47	2.8	27,545
UEM Sunrise	0.67	(2.2)	23,305
Top Gainers			
Berjaya Auto	2.30	5.5	17,536
Jaya Tiasa Holdings	0.80	4.6	4,572
MMHE	0.53	3.9	2,220
Dayang Enterprise	1.83	3.4	5,523
Sports Toto	1.57	3.3	1,892
Top Losers			
SapuraEnergy	0.06	(8.3)	10,034
Tropicana	1.23	(5.4)	583
Eastern & Orient	0.56	(3.4)	22,343
MRCB	0.43	(2.3)	21,317
UEM Sunrise	0.67	(2.2)	23,305

OTHER STATISTICS

	13-Sep-23	chg	% chg
RM/US$	4.68	0.00	0.1
CPO 3rd mth future (RM/mt)	3,726	43.0	1.2

Top volume, gainers and losers are based on FBM100 component stocks

SECTOR UPDATE

Building Materials – Malaysia

2Q23 Results Within Expectations; Cement As Near-term Winner

2Q23 results are broadly in line. We believe prices of selected industrial commodities have bottomed out and are poised for a rebound in 2024 due to: a) easing inflation and peakish US interest rate cycle, and b) ongoing supply tightness which will stimulate demand and support prices. Meanwhile, cement stock Hume is poised to record stronger qoq earnings, reflecting high cement prices and production volume. Maintain OVERWEIGHT. Top picks: HUME, Press Metal and OMH.

WHAT'S NEW

- **2Q23: Within expectations.** 2Q23 results came in within our expectations with the exception of: a) Press Metal (PMAH), which came in below expectations mainly due to lower-than-expected LME aluminium prices; and b) Hume Cement Industries (HUME), which came in above expectations mainly due to higher-than-expected cement prices alongside lower-than-expected coal prices. Among all these names, Hume gave us the biggest positive surprise as the group fully leveraged the upswing in cement prices and lower coal costs, leading to better margins.
- **Stronger 2H23 and beyond for cement players.** Cement prices rose to RM410/mt in early-23 from around RM320/mt in 4Q22 before retracing to the current level of RM360-370/mt. The increase in cement prices can be attributed to the long period of losses for industry players, necessitating a rise to ensure industry survival. Additionally, the drop in coal prices to US$119/mt (-48% ytd), which account for 50-60% of total COGS currently at floating basis, has further boosted their earnings despite the recent oil price run up. We believe that current cement prices are sustainable, especially given the current subdued property market and the delay in key mega projects such as MRT 3, Pan Borneo Highway, ECRL, RTS and PSR. HUME remains our top pick in the industry due to its strong clinker capacity with a healthy utilisation rate of 75% (vs industry average of 60%) and better cost management.
- **Ferroalloy: Still not out of the woods.** In 2Q23, prices of FeSi and Mn alloys were range-bound at US$1,400-1,550/mt and US$900-1,050/mt respectively, given the slow recovery of the steel market. Prices were mainly pressured by: a) recession fears, b) soft demand from steel mills, and c) elevated global power costs and weak sentiment in the current rising rate environment. According to the International Manganese Institute, world crude steel production in Apr 23 and May 23 fell 2.4% and 5.1% yoy respectively to 161.6m tonnes, largely due to the power crisis and weak demand for steel. We expect prices to improve gradually in 2024 as demand recovers following the reversal of the US interest rate cycle.
- **Softer LME aluminium prices a reflection of cautious sentiment.** While LME aluminium prices were hovering at the US$2,650/tonne level in Jan 23, the price has retraced to the current level of US$2,260/tonne mainly due to the weak global demand. Segment-wise, softening demand was observed from the machinery and packaging sectors while building and construction remains as the weakest segment. However, long-term LME aluminium prices are supported by: a) favourable structural demand globally, b) electric vehicles (EV), c) renewable energy (RE), d) infrastructure, e) supply tightness from partial plant shutdowns, f) power curtailment in China, and g) sky-rocketed energy prices in Europe.

OVERWEIGHT

(Maintained)

TOP SECTOR PICKS

Company	Rec	Share Price 13 Sep 23 (RM)	Target Price (RM)
Hume Cement	BUY	1.83	2.54
Press Metal	BUY	4.92	5.50
OM Holdings	BUY	1.57	2.95

Source: UOB Kay Hian

KEY ASSUMPTIONS

	2022	2023F	2024F
Ferroalloy (US$/mt)			
ASP – FeSi Alloy	1,900	1,400	1,500
ASP – SiMn Alloy	1,400	1,000	1,100
Tin (US$/mt)			
ASP	30,000	25,000	30,000
Aluminum (US$/mt)			
ASP - Aluminum	2,828	2,530	2,700

Source: UOB Kay Hian

KEY REGIONAL PRODUCTION CUTS

Ferroalloy	China: Cut output by >60% India: Slash production by 40%
Tin	Myanmar: Suspension of all mining activities in Myanmar's Wa region (contributes approximately 10% of global tin production)
Aluminium	Europe: Lost about half of its aluminium smelting capacity last year due to the high-power prices

Source: Bloomberg, UOB Kay Hian

KEY METALS SUPPLY CONDITION

Ferroalloy	Global steel production dropped 5% yoy in May.
Tin	Current LME inventory stands at 6.5k mt, higher than pre-covid time of 5k-6k.
Aluminium	Current LME inventory stands at 500k mt, which used to be between 1-2mil mt during pre-covid time.

Source: Bloomberg, UOB Kay Hian

ANALYST(S)

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PEER COMPARISON

Company	Tickers	Rec	Share Price 13 Sep 23 (RM)	Target Price (RM)	Market Cap (RM)	EPS FY23F (x)	EPS FY24F (x)	P/E FY23F (x)	P/E FY24F (x)
Press Metal Aluminium Holdings	PMAH MK	BUY	4.92	5.50	40,538.9	33.4	25.3	14.7	21.7
OM Holdings	OMH MK	BUY	1.57	2.95	1,159.6	13.5	9.5	11.6	30.9
Malaysia Smelting Corporation	SMELT MK	BUY	2.20	2.69	924.0	6.5	4.1	33.7	65.5
Hume Cement Industries	HUME MK	BUY	1.83	2.54	934.7	16.9	18.9	10.8	9.7

Source: Bloomberg, UOB Kay Hian

- **Recovery of tin prices.** Due to China's reopening, tin prices have surged to US$32,000/mt before retracing to around US$26,000/mt currently (still up about 40% from its bottom last year). Inventory at LME warehouses increased significantly to 5,866mt in Aug 23 (+280% compared with 2Q23 average) likely due to the short squeeze in LME tin. However, we think the inventory at LME warehouses will ease in the coming months due to the suspension of all mining activities in Myanmar's Wa region. The duration of this suspension remains unknown. According to the International Tin Association, the Wa region contributes about 10% of global tin production and 26% of China's demand. As a result, Chinese producers including Yunnan Tin (global largest Tin refiner) are shutting plants for maintenance and upgrades, possibly to preserve raw material stocks during the Myanmar mining suspension.

ACTION

- **Maintain OVERWEIGHT** as we expect the favourable structural supply-demand to support the lofty commodity prices for ferroalloys and aluminium, especially after inflation eases in 2024. Meanwhile, cement stock Hume provides clear near-term upside reflecting high cement prices and easing input costs. Top pick: Hume, OMH and Press Metal.
- **Our preferred picks:**

  a) **Hume Cement (HUME MK/BUY/Target: RM2.54).** We expect Hume will report stronger quarter-over-quarter earnings, as the group is poised to fully capitalise on the surging cement prices and easing coal prices (on a floating basis). Our forecast is considered conservative, taking into account that the annualised earnings for 4Q23 are already 34% higher than our 2024 projection. If we were to simply annualise the earnings from 4Q23, the stock would now be trading at a PE ratio of 8x. Our target price implies 15x FY24F PE, below the industry's 2011-13 average 19x PE, prior to the earnings disappointment in 2017 to reflect the positive outlook for the industry on the back of the economic recovery.

  b) **Press Metal (PMAH MK/BUY/Target: RM5.50).** PMetal is a prime beneficiary of strong aluminium prices backed by structural supply shortage and robust demand. Preference for low carbon and greener aluminium lends further strength to current prices. Our target price is based on 28.0x 2024F PE (which is at its -0.5SD to its five-year forward PE mean). Should prices remain elevated, based on our analysis, every US$100/mt increase to our current spot aluminium price assumption of US$2,450/mt in 2023 would increase PMetal's earnings by 16% annually.

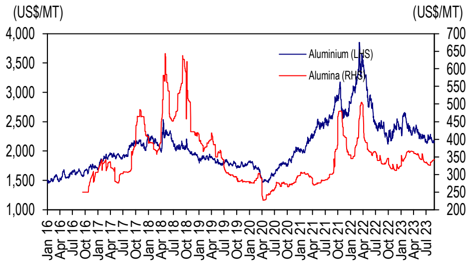
  c) **OM Holdings (OMH MK/BUY/Target: RM2.95).** As the world's lowest cost quartile manganese smelter, OMH is in a sweet spot to benefit from elevated ferroalloy prices backed by structurally favourable supply-demand dynamics. Its use of low-cost eco-friendly hydropower, tax benefits and long-term earnings visibility via its capacity expansion and diversification plan puts it ahead of its global peers. Our target price implies 10x 2024F PE (five-year mean: 15x)

ESSENTIALS

- **Diversification of product portfolio for OMH.** OMH is diversifying into MetSi which has a higher CAGR of 4.6%, double that of FeSi and Mn alloys over 2023-30 (Straits Research, Grand View Research). This is due to of its exposure to higher-growth renewable energy sectors (please refer to RHS) such as: a) acting as an alloying agent for aluminium to replace steel in vehicles (making them lighter and more energy efficient), and b) consumption for polysilicon use to make solar PV panels and serving as a raw material for the manufacture of single-crystal silicon wafers. OMH aims to produce the highest grade (98-99% purity level) it possibly can as silicon metal commands higher margins. Depending on the grade and region sold, MetSi prices are currently hovering at US$1,900-2,235/mt vs historical average of around US$2,245/mt. The price trajectory and cost structure are similar to FeSi. The only major difference is that it requires 40-50% more in terms of power intensity.

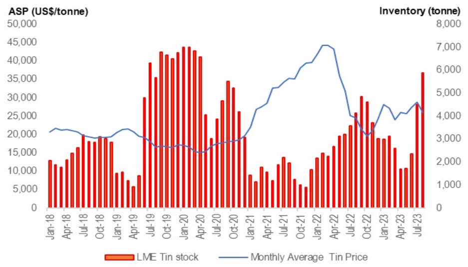
- **Favourable raw material costs to support Pmetal's margins.** Notably, there was a slight drop in alumina prices (at US$344/tonne in 2Q23 vs US$360/tonne in 1Q23) which led to a favourable alumina-to-aluminium cost ratio of 15% in 2Q23. Note that we have already assumed a marginally higher alumina cost ratio at 15-16% of our aluminium spot price assumption. Based on our sensitivity analysis, every US$20/tonne increase to our assumption of US$380/MT would reduce PMetal's earnings by RM137m, assuming no hedging is done on a fixed US$2,450/tonne aluminium price and vice versa. Meanwhile, carbon anode prices have retraced 21% at an average of Rmb5,436/tonne in 2Q23 due to the decline in PET coke prices and continued fall in tar pitch prices.

ALUMINIUM TO ALUMINA RATIO



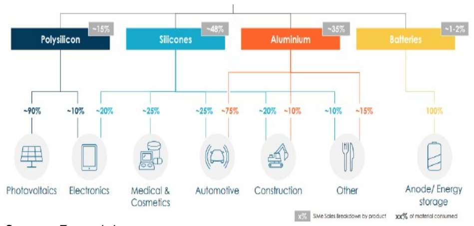
Source: MITI, Bloomberg, UOB Kay Hian

LME TIN PRICES AND STOCK



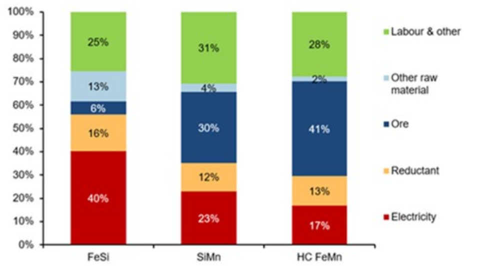
Source: UOB Kay Hian

SILICON METAL CONSUMPTION



Source: Ferroglobe

BREAKDOWN OF FERROALLOY PRODUCTION COSTS



Source: OMH

COMPANY UPDATE

CTOS Digital (CTOS MK)

Continuing Business Expansion Blitz

CTOS continues to strengthen its presence in the ASEAN credit bureau industry with the group's recent acquisitions of two leading alternative data firms. The two firms have strong exposure in credit and telco scoring within Indonesia and the Philippines respectively. We think these synergistic acquisitions will allow CTOS to spice up its regional ecosystem and capture more market share. We raised our 2024-25 earnings by 2-3%. Maintain HOLD with a higher target price of RM1.52.

WHAT'S NEW

- **Acquiring 80% stake in Prime Analytics.** CTOS Digital (CTOS) entered into a share sale agreement (SSA) with Credit Information Bureau Inc (CIBI) on 25 August to purchase 80% stake in Alt Decisions for about RM2.2m. Alt Decisions holds 99.99% in Prime Analytics, a telco scoring provider in Indonesia. The acquisition will be funded by bank financing.
- **Acquiring 100% stake in Finscore.** CTOS entered into a sale and purchase agreement (SPA) on 25 August to purchase 100% stake in Fintech Platform Ventures (FPV) for about RM27.2m. To note, FPV is the holding company for Finscore, a leading telco credit scoring provider in the Philippines. The acquisition will also be funded by bank financing.
- **Strategic partnership with FICO in Thailand.** CTOS has also announced a strategic partnership with FICO to distribute FICO Score in the ASEAN market, starting with Thailand. To note, FICO is a leading analytics & software company focused on credit scoring services, while FICO Score is the de-facto standard in the US for credit scoring and underwriting. This broadens the reach of FICO's existing analytics offering through CTOS' extensive distribution network and enhances the subscription of CTOS' services.
- **Robust medium- to long-term growth trajectory from three of the acquisitions and partnerships.** With the acquisitions and partnerships, CTOS is paving its way to become an established multinational platform with comprehensive data analytics and performance insights. The acquisition of Prime Analytics and Finscore as well as strategic partnership with FICO are expected to enhance CTOS' ability to penetrate and address the emerging digital lending space in the Philippines, Indonesia and Thailand, besides strengthening its core business with strong synergies that will be realised moving forward.

KEY FINANCIALS

Year to 31 Dec (RMm)	2021	2022	2023F	2024F	2025F
Net turnover	153	195	238	285	343
EBITDA	47	62	86	105	127
Operating profit	51	67	91	109	132
Net profit (rep./act.)	43	71	106	125	149
Net profit (adj.)	55	71	106	125	149
EPS (sen)	2.5	3.1	4.6	5.4	6.5
PE (x)	57.2	45.9	31.1	26.1	22.0
P/B (x)	10.2	6.4	6.0	5.5	5.1
EV/EBITDA (x)	71.9	55.0	39.5	32.5	26.8
Dividend yield (%)	0.8	1.3	1.9	2.3	2.7
Net margin (%)	28.1	36.7	44.3	44.0	43.6
Net debt/(cash) to equity (%)	(5.6)	25.3	22.2	12.8	3.1
Interest cover (x)	9.1	16.2	n.a.	n.a.	n.a.
ROE (%)	20.6	17.5	20.0	22.1	24.1
Consensus net profit	-	-	105	124	148
UOBKH/Consensus (x)	-	-	1.01	1.02	1.01

Source: CTOS DIgital, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	RM1.42
Target Price	RM1.52
Upside	+7.0%
(Previous TP	*RM1.50)*

COMPANY DESCRIPTION

CTOS is mainly involved in the business of credit reporting, digital software-related services, software development, outsourcing and training services, and investment holding. It also facilitates credit extension and commercialises credit risk management

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	CTOS MK
Shares issued (m):	2,310.0
Market cap (RMm):	3,280.2
Market cap (US$m):	701.8
3-mth avg daily t'over (US$m):	0.9

Price Performance (%)

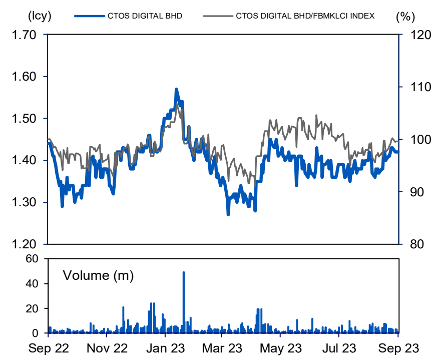
52-week high/low RM1.57/RM1.27

1mth	3mth	6mth	1yr	YTD
1.4	3.6	3.6	(2.7)	0.0

Major Shareholders	%
Jade Vine Sdn Bhd	18.4
Employees Provident Fund Board	11.5
Abrdn Asset Management	5.6

FY23 NAV/Share (RM)	0.24
FY23 Net Debt/Share (RM)	0.05

PRICE CHART



Source: Bloomberg

ANALYST(S)

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STOCK IMPACT

- **Background of Prime Analytics and Finscore.** Prime Analytics is a fintech company focusing on telco scoring in Indonesia. To note, Prime Analytics is the fastest growing telco scoring provider in Indonesia with about 50% market coverage, specialising in credit scoring to facilitate loan or credit facility decisions via advanced analytics and alternative data assets. Meanwhile, Finscore is a leading telco credit scoring provider in the Philippines which assisted in the disbursement of >US$1b in loans and 10m loan applications. Finscore has around 100% market coverage in the Philippines with >30clients including leading fintechs and digital banks.

- **Background of FICO.** FICO is a leading analytics software company with footprint in 90+ countries and widespread clienteles of more than half of the top 100 banks globally and 100 largest US credit card issuers. FICO has been partnering with CTOS since 2014 to offer FICO Scores to all of CTOS' clients, besides providing commercial support and expertise. The recent partnership to distribute FICO Score in other ASEAN countries starting from Thailand will allow CTOS to create a comprehensive regional credit assessment platform.

- **Bridging the gap for ASEAN's underserved and unbanked population.** Within ASEAN, Indonesia and the Philippines are among countries that have the lowest household debt vs GDP per capita ratio at <20% of GDP. This is as opposed to Malaysia and Thailand which are >75%. Meanwhile, Indonesia and the Philippines are also largely underbanked, with unbanked population at 81% and 75% respectively, making it difficult for lenders to evaluate consumers' new loans application with traditional method. As such, we think that the recent acquisition of Prime Analytics and Finscore is able to help CTOS further penetrate into these underserved countries and provide analytics for lenders to limit the potentially high credit risk within these underserved market segments.

- **Telco and other alternative data assets from recent acquisitions highly synergistic.** While Prime Analytics and Finscore are both leading telcos and financial lenders in the Philippines and Indonesia respectively, CTOS' acquisition fulfils the group's ambitions to build the leading alternative data platform in the region. To note, alternative data such as telco data has high predictive power of creditworthiness and is also relatively accessible. As of 2022, the number of mobile connections in the Philippines and Indonesia was 133% and 140% of respective populations, and can provide useful data for banks and other financial institutions to assess creditworthiness of underbanked population in order to improve business volume. With Prime Analytics and Finscore, CTOS may potentially secure more pent-up activations and income pulls for its various business analytic and credit assessment solutions.

EARNINGS REVISION/RISK

- **We raised our 2024-25 earnings forecasts by 2-3%** to factor in earnings accretion from the synergistic acquisitions and partnerships.

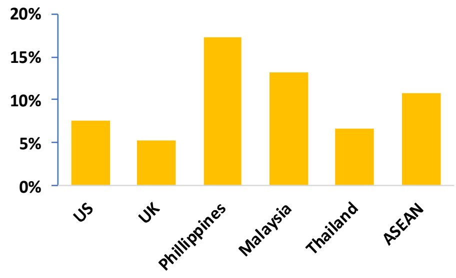
VALUATION/RECOMMENDATION

- **Maintain HOLD with a higher target price of RM1.52.** Our target price implies 28x 2023F PE (industry's five-year mean). We still reckon that CTOS is well-positioned to be the direct proxy to growing demand for Malaysia's credit reporting industry, but current risk-reward appears neutral at this juncture.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

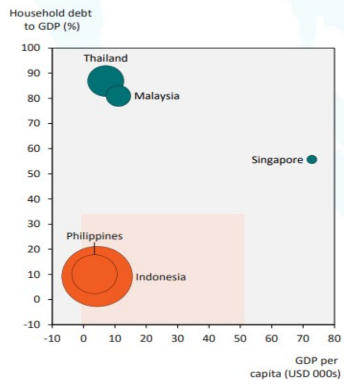
• **Environmental**
- No environmental issues which may materially impact biodiversity or climate change in any significant way.
• **Social**
- Conducted over 200 financial education roadshows for Malaysia's consumers
• **Governance**
- Comprehended and applied Malaysian Code on Corporate Governance (MCCG)

CREDIT REPsTING INDUSTRY CAGR (2023-25)



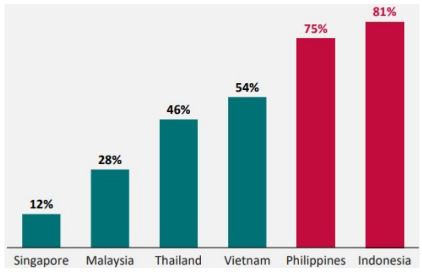
Source: IDC Malaysia, CTOS, UOB Kay Hian

HOUSEHOLD DEBT AS % OF GDP VS GDP PER CAPITA



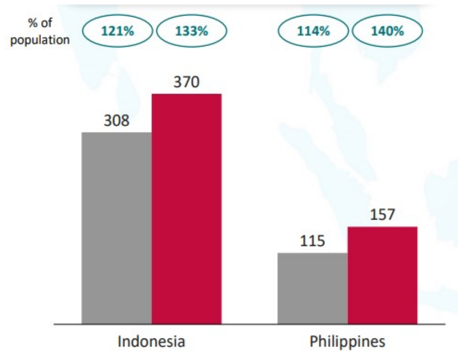
Source: CTOS, CEIC, PH and Indo central banks

UNBANKED AND UNDERBANKED AS % OF POPULATION IN ASEAN (2022)



Source: CTOS, Bain & Company, Temasek, Google

NUMBER OF MOBILE CONNECTIONS (M)



Source: CTOS, Datareportal

PROFIT & LOSS

Year to 31 Dec (RMm)	2022	2023F	2024F	2025F
Net turnover	**195**	**238**	**285**	**343**
EBITDA	62	86	105	127
Deprec. & amort.	(5)	(5)	(5)	(4)
EBIT	67	91	109	132
Associate contributions	23	20	23	26
Net interest income/(expense)	(4)	0	0	0
Pre-tax profit	**85**	**111**	**132**	**157**
Tax	(14)	(6)	(7)	(8)
Minorities	0	0	0	0
Net profit	**71**	**106**	**125**	**149**
Net profit (adj.)	71	106	125	149

BALANCE SHEET

Year to 31 Dec (RMm)	2022	2023F	2024F	2025F
Fixed assets	16	26	25	25
Other LT assets	657	658	659	659
ST debt	n.a.	n.a.	n.a.	n.a.
Cash/ST investment	11	18	64	119
Other current assets	47	56	66	77
Total assets	**731**	**758**	**813**	**880**
Other current liabilities	70	62	70	80
LT debt	139	139	139	139
Other LT liabilities	2	2	2	2
Shareholders' equity	510	545	591	648
Total liabilities & equity	**731**	**758**	**813**	**880**

CASH FLOW

Year to 31 Dec (RMm)	2022	2023F	2024F	2025F
Operating	**82**	**106**	**125**	**149**
Pre-tax profit	85	111	132	157
Tax	(14)	(6)	(7)	(8)
Deprec. & amort.	8	5	5	4
Associates	(23)	(20)	(23)	(26)
Working capital changes	(2)	(3)	(2)	(3)
Non-cash items	13	19	21	24
Investing	**(359)**	**(35)**	**(5)**	**(5)**
Capex (growth)	(13)	(5)	(5)	(5)
Investments	(336)	(30)	0	0
Proceeds from sale of assets	0	0	0	0
Others	(11)	0	0	0
Financing	**271**	**(63)**	**(75)**	**(90)**
Dividend payments	(42)	(63)	(75)	(90)
Proceeds from borrowings	224	0	0	0
Loan repayment	(74)	0	0	0
Others/interest paid	163	0	0	0
Net cash inflow (outflow)	**(6)**	**8**	**46**	**55**
Beginning cash & cash equivalent	**17**	**11**	**18**	**64**
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	**11**	**18**	**64**	**119**

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	31.7	36.2	36.7	37.1
Pre-tax margin	43.8	46.6	46.3	45.9
Net margin	36.7	44.3	44.0	43.6
ROA	13.1	14.2	16.0	17.6
ROE	17.5	20.0	22.1	24.1
Growth				
Turnover	27.2	22.4	19.7	20.1
EBITDA	30.7	39.4	21.5	21.3
Pre-tax profit	61.2	30.2	18.8	19.0
Net profit	65.8	47.8	18.8	19.0
Net profit (adj.)	30.9	47.8	18.8	19.0
EPS	24.7	47.8	18.8	19.0
Leverage				
Debt to total capital	21.5	20.4	19.1	17.7
Debt to equity	27.4	25.6	23.6	21.5
Net debt/(cash) to equity	25.3	22.2	12.8	3.1
Interest cover (x)	16.2	n.a.	n.a.	n.a.

TRADERS' CORNER

Source: UOBKH ChartGenie

Pekat Group (PEKAT MK)

Technical BUY on breakout with +21.4% potential return

Last price: RM0.47

Target price: RM0.565, RM0.595

Support: RM0.445

Stop-loss: RM0.44

BUY on breakout with a target price of RM0.595 and stop-loss at RM0.44. Share price has consolidated near the immediate support of RM0.445, and yesterday's positive closing above the BBI sets a new tone for the short-term outlook. The uptick in the DMI and the increase in trading volumes suggest buying momentum is set to continue in the near term. Currently, the MACD is on the verge of making a golden cross to the positive signal. We peg our targets at RM0.565 and RM0.595 once it manages to penetrate above the breakout level of RM0.49.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Dialog Group (DLG MK)

Technical BUY on breakout with +14.9% potential return

Last price: RM2.18

Target price: RM2.41, RM2.54

Support: RM2.04

Stop-loss: RM2.03

BUY on breakout with a target price of RM2.54 and stop-loss at RM2.03. Based on the daily chart, the stock is consolidating and yesterday's closing places DLG in new territory. This suggests renewed buying interest, which in our view will establish a new up-leg. This is supported by the MACD and the DMI, which are both currently on a bullish crossover. We peg our targets at RM2.41 and RM2.54 if the stock penetrates the breakout level of RM2.21.

Expected timeframe: Two weeks to two months.

Note: Not available for CFD Trading

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