

HLIB Retail Research

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Loui Low Ley Yee, MSTA
llylow@hlib.hongleong.com.my
 (603) 2083 1727

Company description: CHIN HIN Group involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete and manufacturing of Autoclaved-aerated concrete AAC, precast concrete products, wire mesh and metal roofing.

Technical Risk Profile

Financials and technical snapshots

Last price (RM)	0.600
1 Day Change (%)	1.69
5 Day Change (%)	3.45
1 Day Range Percentile (%)	50.00
5 Day Range Percentile (%)	75.00
52Wk High	0.92
52Wk Low	0.56
52Week Range Percentile (%)	12.33
Outlook (4-6 weeks)	Consolidation
Daily RSI	34.87
Daily Stochastics	29.17
Daily MACD	-0.04
Average Volumes 90D (mil shares)	0.73
S1/S2	0.555 / 0.545
R1/R2	0.64 / 0.66
LT Technical Objective (RM)	0.69
Upside reward (%)	15.00
Stop Loss	0.54
Downside risk (%)	-10.00
HLIB Institutional TP (RM)	-
Bloomberg TP (RM)	0.77
Trading period (max)	4 Weeks
BVPS (RM)	0.78
P/BV (times)	0.77
Dividend yield (%)	4.17

Source: HLIB, Bloomberg

Chin Hin Group

Cheaper proxy to solar theme?

We like CHINHIN for its (i) recovering net profit over the past 3 quarters, (ii) attractive valuation of 13.3x PE (26.5% below its 2Y historical average of 18.1x), (iii) solid FY18-20f net profit CAGR of 30.7%. Also, its 34% shareholdings in Solarvest may translate to a potential earnings boost moving forward. Technically, it is oversold after the recent selldown and our indicator is suggesting that CHINHIN is warrant for a technical rebound in the near term. Resistance is set around RM0.64-0.66, followed by a LT TP of RM0.69. Support is pegged around RM0.54-0.555, while stop loss is set around RM0.53.

Figure #1 CHINHIN daily: Due for a technical rebound


Recovering mode, undemanding valuation and solid growth. CHINHIN registered growing net profit of RM4.0m in 4Q18 to RM6.5m in 3Q19. Currently, CHINHIN is trading at an attractive valuation of 13.3x PE (26.5% below its 2Y average PE of 18.1x), supported by a solid 30.7% FY18-20f net profit CAGR.

Solarvest contributions could boost CHINHIN's earnings. CHINHIN holds 34% in Solarvest and we believe this should be a booster for CHINHIN. Based on the growing net income trend of Solarvest from RM4.2m in FY16 to RM11.1m in FY19, coupled with consensus earnings forecast of Solarvest (FY21f-22f: RM16.6m-17.9m), this would translate to a potential earnings boost of c.RM5.6-6.1m for CHINHIN.

Selloffs likely to be overdone and anticipating for further rebound. Based on the recent sell down in price, we believe its declining trend is overdone and may warrant a rebound in the near term. Our indicator is providing a technical rebound signal and volume is picking up over the past 3 days. Resistance is located around RM0.64-0.66, while LT TP stood at RM0.69. Support is pegged around RM0.545-0.555 with a cut loss set around RM0.54.

Figure #2 Financial Results

FYE 31 Dec	FY16	FY17	FY18	FY19E	FY20E
Revenue (RM'm)	1,058.8	1,015.4	1,105.4	1,089.0	1,151.3
PATAMI (RM'm)	41.4	29.7	22.9	27.4	39.1
Issued shrs (m)	546.9	546.9	546.9	546.9	546.9
EPS (sen)	7.6	5.4	4.2	5.0	7.1
P/E	3.50	3.50	1.50	2.50	2.50
DPS	7.9	10.9	14.2	11.9	8.3
DY (%)	5.9	5.9	2.5	4.2	4.2

Source: Bloomberg

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Hong Leong Investment Bank Berhad (10209-W)

Level 28, Menara Hong Leong,

No. 6, Jalan Damanlela,

Bukit Damansara,

50490 Kuala Lumpur

Tel: (603) 2083 1800

Fax: (603) 2083 1766

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BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

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NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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