

HLIB Retail Research

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Company description: Rohas Tecnic (Rohas) is principally involved in the fabrication of steel towers for power transmission and telecommunications industry, having amassed over 30 years of experience. It has also branched out into the EPCC role for power, telecommunications, water and steel fabrication industries. services/ daywork as well as property investment.

Technical Risk Profile



Financials and technical snapshots

Last price (RM)	0.405
52Wk High	0.79
52Wk Low	0.17
Outlook (2-4 weeks)	Potential downtrend reversal
Average Volumes 90D ('mil)	4.78
S1/S2	0.385/0.375
R1/R2	0.44/0.465
LT Technical Objective (RM)	0.50
Upside reward (%)	23.5
Stop Loss	0.365
Downside risk (%)	-9.9
HLIB Institutional TP (RM)	0.50
BVPS (RM)	0.70
P/B (x)	0.58

Source: HLIB, Bloomberg

EARNINGS SUMMARY

FYE Dec	FY19	FY20E	FY21E	FY22E
Revenue (RM'm)	474	329	524	538
PATMI (RM'm)	26.0	18.6	28.7	31.0
Issued shares (m)	472.7	472.7	472.7	472.7
EPS (sen)	3.7	3.9	6.1	6.6
P/E (x)	2.0	2.0	2.0	2.0
DPS (sen)	11.1	10.3	6.7	6.2
DY (%)	4.9	4.9	4.9	4.9

Source: HLIB

Rohas Tecnic

Looking more attractive now after recent rout

Negatives likely priced in; anticipate strong FY20-22 EPS growth of 29%. Despite anticipating a sluggish FY20 due to the MCO in Malaysia and lockdowns in Laos and Bangladesh, management remains optimistic for a better 2H20 and F21/22 due to its involvement in critical power utility infrastructure and the gradual easing of lockdowns coupled with healthy order book for EPCC segment at c.RM580m (1.7x cover ratio of FY19 EPCC revenue) and tower fabrication order book at about c.RM170m (1.3x cover ratio on FY19 tower fabrication revenue). Overall, risk-reward profile is attractive as the stock is only trading at 6.7x FY21f P/E (-6% to Pestech and -62% discount to 2Y mean) and 0.58x P/B (-43% to Pestech and -42% to 2Y mean), underpinned by attractive 4.9% FY20-22f yield and RM1bn tender book mainly by its Penang transmission job and also the extension to its current Laos EPCC contract. Technically, Rohas is poised for a technical rebound towards RM0.44-0.50 following the formation of a small hammer candlestick and bottoming RSI and stochastic indicators.

Rohas daily: Steeply oversold; potential downtrend reversal following a small hammer candlestick and bottoming up RSI/Stochastic indicators



Figure #1 Peer comparison

Stock	17-Jul price	Issued shrs (mil)	FY21 EPS	PE21 (x)	Latest qtr BVPS	P/B (x)
ROHAS	0.405	473	6.1	6.7	0.70	0.58
PESTECH	0.785	784	11.1	7.1	0.78	1.01
ROHAS vs avg				-6%		-43%

Bloomberg, HLIB

Potential downtrend reversal. Following a 37% YTD slump, Rohas is expected to stage a technical rebound soon following the formation of a small hammer candlestick and bottoming RSI and stochastic indicators. Breaking the LT downtrend line hurdle at RM0.44 (from 52-week high) will spur prices towards RM0.465 (3 July high) before hitting our LT target at RM0.50 (200D SMA) levels. Supports are pegged at RM0.385 (17 July low) and RM0.375 (38.2% FR). Cut loss at RM0.365.

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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.

Sector rating guide

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UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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