

Yoma Strategic Holdings Ltd. (Z59.SI)

YOMA STRATEGIC.SG -Daily 12/19/14 C=0.685 +0.025 (3.79%) O=0.665 H=0.695 L=0.665 V=5,539,000

Fibon Ret 0.0% (1.0458), 38.2% (0.673), 50.0% (0.5577), 61.8% (0.4402), 100.0% (0.0674)

SMC (20) 0.6622 SMC (50) 0.6559 SMC (200) 0.6991



Figure 3.1: A daily chart of Yoma Strategic featuring Moving Averages, Trend Lines, Volume and Elliot Waves count.

Chart Data by:



Yoma Strategic Holdings Ltd. (Z59.SI)

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Background

Yoma Strategic Holdings Ltd. was incorporated in 1962 and is headquartered in Singapore, providing almost pure exposure to Myanmar through its dealings with real estate, construction, automotive, agriculture and logistics, luxury tourism, and strategic investments.

Technical Analysis

Technical bullish call with target price of \$0.85 with an upside of 23.2% from current trading price of \$0.69

From Figure 3.1, Fibonacci Retracement levels of 23.6% (0.8147) & 38.2% (0.6717) are significant. The 23.6% level acts as a strong resistance while the 38.2% level acts as a strong support line. A projection supports the target price of around \$0.83

From Figure 3.1, we can observe that there is the formation of a symmetrical triangle from mid-October 2014 which indicates that prices are currently in consolidation and a future breakout may be imminent in the coming weeks or months.

In recent weeks, a moving average crossover was observed on 14th November 2014, indicating that the market has turned bullish for Yoma Strategic Holdings.



Figure 3.3: 60mins chart showing high volume buy-up and low volume sell-down



Figure 3.2: Inverse head and shoulders

It is also observed that an inverse head and shoulder pattern is also forming and a breakout of the \$0.715 neckline price level with a convincing volume to complete this formation. The target price of the formation would be \$0.85.

Volume Spread Analysis (VSA)

From Figure 3.3, we can see clear signs of accumulation at low volume from 26 September 2014 to 21 October 2014.

Following this relatively short period of accumulation, we can see that prices were pushed up with very convincing volume, as indicated by the green arrows. The large price action coinciding with much larger spikes in volume is typical of what one looks out for in VSA.

On the 25th of September, a large dip in prices with exceptionally large volume was spotted. We identified this as a stopping volume bar whereby institutional investors would step in and support

prices at this critical downward movement. Following this, we look to Figure 3.3 which clearly demonstrates a classic accumulation of shares at this new low price.

Throughout this entire period, we observe that the depression in prices were on very low volume. This indicates to us that there is little or weak distribution pressure as compared to the large bullish bars.

By using VSA, we are confident that this past few months have been a classic accumulation pattern that could potentially break out of its channel's peak (\$0.715) and see much upside.

Order Analysis

YOMA STRATEGIC.SG [0.690 +0.005]			
BuyQ(k)	Buy	Sell	SellQ(k)
469	0.690	0.695	101
587	0.685	0.700	756
515	0.680	0.705	539
28	0.675	0.710	537
110	0.670	0.715	283
18	0.665	0.720	443
35	0.660	0.725	138
30	0.655	0.730	281
21	0.650	0.735	77
27	0.645	0.740	30
40	0.635	0.745	10
25	0.630	0.750	801
31	0.625	0.755	6
80	0.620	0.760	125
18	0.615	0.765	52
36	0.610	0.780	86
2	0.605	0.785	42
25	0.600	0.820	233
22	0.595	0.850	170
25	0.590	0.920	100
2144	0.6723	0.7362	4810

Figure 3.4: Market depth

Over a period of time, a strong resistance is observed at price levels of \$0.70 and \$0.75, which coincides with the resistance of the chart and a strong buying pressure is needed to clear these levels for a successful breakout.

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Figure 3.5: Time and Sales at 29/10/2014

From the above time and sales table, it further emphasises our view that there is strong signs of accumulation of Yoma Strategic.

The ratio of orders transacted at asking price (s) versus that at bid price (b) is 74% to 26%. This data is very convincing and can be observed on almost all bullish bars with significant volume throughout the past few months.

From Figure 3.5, we can observe an average of 200 lots being transacted at the asking price of about 0.665 which translates to about \$133,000 in value per transaction and the largest

transaction of \$215,740 for that day. This is significantly higher than what a retail investor would normally purchase, leading us to believe that this could possibly be an accumulation by much bigger players (institutional investors, Funds, etc).

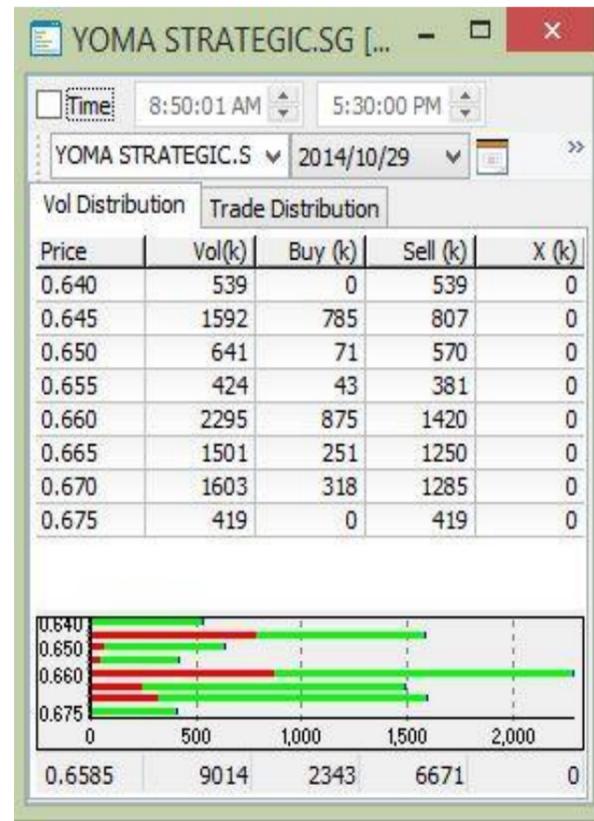


Figure 3.6: Volume Distribution

When we analyse the volume distribution data, we can have a neater view of the total transactions done on 29 of October.

It is clear that majority of the transacted lots were at the price level of 0.665 to 0.675 where most lots were done at the ask price. This reinforces our view that much accumulation is being carried out.

Fundamental Analysis

	FY2011	FY2012	FY2013	FY2014
EPS	0.005	0.009	0.014	0.014
ROE	1.802	4.622	5.364	5.879
ROA	1.66	4.28	4.67	5.06
EBIT (,000)	2,631	6,140	14,261	23,934
LT Debt (,000)	-	-	14.391	22.85

Figure 3.7: Summary of Fundamental Data

With reference to Figure 3.7, since 2011, Yoma has been experiencing sustained increments in its EPS & ROE. Its profits have doubled on a year to year basis in FY2011-FY2013. In FY2014, its earnings before tax grew an impressive 67.83%. It is crucial to note that despite not taking up any long term debt in FY2011 and FY2012, the group managed to outperform itself y-o-y in terms of EPS and ROE.

Previously, on the 24th June 2014, Yoma has proposed a rights issue of 1 rights share for every 3 existing shares of up to 430.7 million Rights Share at a price of S\$0.38 per rights share. The net proceeds of the Proposed Rights Issue will amount to approximately S\$163.9 million which will be used to fund several acquisitions.

The implication of the rights issue would mean a dilution of the value of each share. Assuming the completion of the Proposed Rights Issue, the theoretical ex-rights trading price is S\$0.63 per share.

Speculative

Recently, Yoma has managed to secure a US\$100 million loan from the Asian Development Bank (ADB) which is expected to further finance the group's expansion plans including constructing of new telecom towers, cold storage logistics, vehicle fleets and other subsidiaries under Yoma.

As of 2014, it has an incredibly low debt to equity of 6.15% and with this loan Yoma will aim to capitalise on the low interest rates and tax shields, enabling the company to pass on the excess returns to shareholders. Thus, we are expecting this loan to boost ROE and EPS to new highs in the near future, resulting in an increase in share price.

With the major markets like S&P500 continuing its bull run, we expect the market sentiment to show more upside in the near term, providing optimal conditions for a Bullish position in Yoma.

With Myanmar expecting to continue to open up, Yoma is best positioned to benefit as a leader in the industry as a rising conglomerate and real estate developer.

With President Thein Sein's strong political will to reform the country, the economic liberalisation of Myanmar will likely be rapid and sustainable. This is extremely favourable for Yoma's long term outlook.

Conclusion

In conclusion, we expect Yoma to see significant upside in the coming year with a short-term target price of \$0.85 and possibly surpassing its previous highs in the future.

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