

Holistic View of Vitrox with Fundamental Analysis & iVolume Spread Analysis (iVSACChart)

Thursday, 6 October 2016

The financial year for Vitrox ends on 31/12/2016, and they are currently operating in their last quarter. Next quarterly results announcement should be on the month of Nov 2016 for Q3 results.

Financial Brief and Ratios

Vitrox (0097.KL)	TTM FY 2016
Revenue (RM'000)	200,786
Net Earnings (RM'000)	55,070
Net Profit Margin (%)	27
EPS (sen)	23.51
PE Ratio (PER)	15.99
Dividend Yield (%)	1.33
ROE	23.70
Cash Ratio	1.187
Current Ratio	4.051
Total Debt to Equity Ratio	0.083

Based on past 5 years' figures, Vitrox achieved its highest turnover during 2014 with a revenue of nearly RM170 million. This was followed by a slightly lower figure in 2015 when revenue contracted by 5% to around RM160 million. Net earnings mirrored the revenue trend and contracted by 9% y-o-y between 2014 and 2015 from RM 49 million to RM 44 million. Nevertheless, Vitrox has managed to keep net profit margins high on an average of 25% these past 5 years. Earnings per share based on Training Twelve Months (TTM) figures stand at 23 sen.

In terms of its valuation, Vitrox is not considered expensive at a PE ratio of around 16. Vitrox has been rewarding its shareholders with dividend payments all these years, and we are beginning to see a steadily increasing dividend trend from 2013. However, due to recent price changes, the yield stands at around 1% only. Meanwhile, the management is deemed to quite efficient, as reflected in its ROE of 23.70.

Vitrox also maintains a relatively healthy balance sheet with positive liquidity ratios as seen in their Cash and Current Ratios. They have also managed to increase their cash and cash equivalents. Based on TTM figures, Vitrox has expended about RM 13 million for capital expenditure, the highest since the past 5 years.

iVolume Spread Analysis (iVSA) & comments based on iVSAChart software – Vitrox



Based on Vitrox 6-month weekly iVSAChart, it is observed that prices started to rally in mid-April 2016 following the appearance of Signs Of Strength (green arrows) on the first 2 weeks of April 2016. Since then, Vitrox is traded in a trend channel between RM 3.50 and RM 3.80 from mid-April to early July 2016.

The appearance of Signs of Strength (green arrows) in July, coupled with higher lows signaled that smart money is supporting the stock. This was followed by rally up to the all-time high of RM 4.00. Profit taking soon took place after reaching the all-time high, with its stock prices retracing to around RM3.72 level under relatively light volume.

In short term, we are seeing weakness and investors with longer term horizon/view are advised to wait for Sign Of Strength (green arrows) to be detected before accumulating this stock.

<http://klse.i3investor.com/blogs/ivsastockreview/105861.jsp>