

Plenitude (5075)

A Hidden Gem



Stock Highlights

Hospitality assets at prime location. Plenitude owns a number of prime hospitality assets, including Novotel KL, Ascott Gurney Penang, Holiday Villa Langkawi, and several Travelodge-managed hotels in popular tourist destinations such as Penang, Osaka, Kyoto, and Seoul. With the revival of the tourism industry post-COVID-19 pandemic, revenue from its hotel operation segment has nearly tripled in FY21-23, with even the most recent 9MFY24 financials still showing a strong 51% year-on-year growth. With that, the hotel operation business now contributes a substantial 39% of Plenitude's revenue, which we believe will continue to grow stronger driven by better occupancy rates and higher room rates. We expect domestic tourism to remain robust amid the ongoing promotion efforts by the Malaysian Tourism Board, including the recent launch of the "Visit Malaysia 2026" initiative.

Owns sizeable landbank in Kedah and Johor. Plenitude's property development arm, which contributes 60% of revenue, is also growing strongly with 76% year-on-year growth as of 9MFY24. Notably, the company owns a sizeable 1,127 acres of landbank that are mainly concentrated in Kedah (53%) and Johor (36%). With the property market in both states becoming more vibrant, this should augur well for Plenitude. Kedah is witnessing significant investment in the Kulim Hi-Tech Park, while Johor is benefiting from the establishment of a Special Economic Zone with Singapore as well as a recent surge in the development of data centres.

Undemanding valuation. Given the favourable outlook and strong earnings visibility for its hotel operation and property business, we see Plenitude's current trailing P/E valuation of just 6.7x as undemanding (vis-à-vis FBM Small Cap Index P/E of 13.5x). We believe strong earnings delivery will help to re-rate valuation of the stock.

Re-visiting its 52-week high. The stock had been hovering in the range between RM0.70 to RM1.18, until the growing momentum led its share price to escalate and broke through the primary resistance of the double bottom pattern at RM1.18. Since then, the share price has continued to rise with minor consolidation seen after reaching its 52-week high recently. The share may revisit its 52-week high at RM1.75 if it breaks through the first resistance at RM1.60. Stop loss at RM1.40.

Technical

Resistance 1 (RM)	1.60
Resistance 2 (RM)	1.75
Support 1 (RM)	1.45
Support 2 (RM)	1.34
MACD	Neutral
RSI	Neutral
Stock Information	
Last Close (RM)	1.47
Market cap (RM m)	560.9
52-week Range (RM)	0.95-1.75

Financial Highlights

FYE Jun	FY21	FY22	FY23	9MFY24
Revenue (RM m)	208.5	272.7	361.7	377.2
Core PAT (RM m)	11.9	25.1	43.8	60.3
Core EPS (sen)	3.1	6.6	11.5	16.4
DPS (sen)	2.0	2.0	3.0	-
BV/share (RM)	4.14	4.16	4.25	4.65
P/E (x)	47.4	22.3	12.8	6.7
P/B (x)	0.4	0.4	0.3	0.3

Source: Bloomberg, Mercury Securities

Company Profile

Plenitude Berhad principally engages in property development and hotel management.

Glossary of commonly use technical terms

Moving Average (MA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility whereby the indicator is the greatest of the following: <ul style="list-style-type: none">- current high less the current low;- the absolute value of the current high less the previous close;- the absolute value of the current low less the previous close;
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describes a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors

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MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my