

## Nationgate Holdings Berhad

### EMS Provider That Benefits from China+1 Strategy

- **NATGATE delivered better earnings in 3Q23, where net income rose 20.6% QoQ to RM17.3m.**
- **NATGATE may benefit from US-China geopolitical tension as MNCs may be looking to relocate production to alternate countries, especially with the China +1 strategy.**
- **NATGATE housing xFusion global supply centre may benefit from the increased adoption AI, cloud computing and machine learning.**
- **Technically, NATGATE could be poised for a breakout above RM1.37, targeting RM1.4-1.45, with a LT target at RM1.51. Support is located around RM1.30-1.33, and cut loss is set around RM1.28.**

#### NATGATE daily: Sideways consolidation phase and poised for a breakout



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### Trading Catalyst

- **NATGATE delivered better earnings in 3Q23.** Revenue grew 15.2% QoQ to RM165.6m supported by the bottoming out of customer orders as customers that was cautious with inventory levels in Q2 should be gradually increasing orders coming into Q4. Meanwhile, net profit added 20.6% QoQ to RM17.3m.
- **NATGATE may benefit from US-China geopolitical tension** as MNCs may be looking to relocate production to alternate countries, especially with the China +1 strategy. A key customer has relocated its base to Penang from China. This customer currently outsources 30% of its contract manufacturing to NATGATE and the closer proximity may entice stronger working relationship in the coming quarters.
- **NATGATE & xFusion to benefit from the increased adoption AI, cloud computing and machine learning.** The increased adoption of AI, cloud computing and machine learning will boost the need for new data centres and GPU servers. Therefore, the NATGATE's Penang factory to house xFusion's global supply centre will bode well for the group.

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#### Company profile

NationGate focuses on the assembly and testing of electronic components and products to produce completed printed circuit boards, semi-finished sub-assemblies and fully-assembled electronic products as well as semiconductor devices.

#### NATIONGATE HOLDINGS BHD

Last Price (RM)	1.37
5 Day Change (%)	0.7
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	57.1
52Week Range Percentile (%)	58.5
Volatility 30D	41.0
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	3.5
DMI DI+	19.5
DMI DI-	14.4
ADX	20.1
RSI 14D	46.9
RSI OB/OS	Negative
Price vs. Bollinger Band (%)	71.3

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#### Financial snapshot

FYE Dec	FY21	FY22	FY23
Revenue (RM m)	760.9	945.7	695.3
Net profit (RM m)	57.3	85.3	68.6
Shares (m)	2073.9	2073.9	2073.9
EPS (sen)	2.8	4.1	3.3
DPS (sen)	0.0	1.0	0.7
P/E (x)	49.6	33.3	41.4
DY (%)	0.0	0.7	0.5

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## Technical Outlook

- Share price has been consolidating sideways and could be due for a breakout above RM1.37, we expect follow-through buying interest to be seen in the near term, targeting the RM1.44-1.45, with a LT target at RM1.51. Support is set around RM1.30-1.33, with a cut loss set around RM1.28.

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As of **Monday, 11 Dec, 2023**, the analyst(s), Loui Low Ley Yee, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

### Glossary

Last Price (RM)	Last closing price
5 Day Change (%)	Percent change in price over the last five days. The formula is: [(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.
1 Day Range Percentile (%)	Calculates the percentile value within the 1-day range
5 Day Range Percentile (%)	Calculates the percentile value within the 5-day range
52 Week Range Percentile (%)	Calculates the percentile value within the 52-week range
Volatility 30D	A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage. If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation.
EMA9, EMA20, EMA60 Trend	Position of the price away from the EMA20 level
Price vs. EMA20 (%)	Positive directional movement.
DMI DI+	Negative directional movement.
DMI DI-	ADX is a moving average of the directional movement index.
ADX	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up.
Price Skew	If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.
RSI 14D	RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition.
RSI OB/OS	If RSI 14 days is greater or equal to 70, it will be stated Overbought.
	If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive.
	If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative.
	If the RSI 14 days is lower or equal to 30, it will be stated Oversold.
Price vs. Bollinger Band (%)	Position of the price compare to the Bollinger band in percentage



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