STOCK IDEA

Retail Research

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TECHSTORE (TECHSTORE | 0343)

Last Price: RM0.265 | Technical Call: BUY | Target Price: RM0.32

Bursa Code: **TECHSTORE, 0343**	Support 1: **RM0.26**	Entry: **RM0.26–0.265**
Sector: **Technology**	Support 2: **RM0.24**	Target: **RM0.30, RM0.32**
Market Cap: **RM133mil**	Resistance 1: **RM0.30**	Exit: **RM0.23**
Shariah Compliant: **Yes**	Resistance 2: **RM0.32**	

Company Profile. TechStore is an enterprise IT services provider specializing in IT security and automation solutions that support operational needs across industries such as transportation, utilities, hospitality & leisure, IT & security, and logistics. The group's expertise is in delivering seamless analogue-to-digital transformations that enhance efficiency and security without requiring major overhauls. Notable projects include telecommunications systems for the MRT Kajang Line, automatic fare collection (AFC) and electronic access control (EAC) systems for LRT3, and an integrated bus system in Penang.

Growth Strategies. (i) Supported by a healthy RM119mil order book and recent project wins, including a RM7.7mil Johor Bahru–Singapore Rapid Transit System (RTS) Link contract, the group is leveraging its expertise to capture major infrastructure projects such as LRT3 and RTS, positioning itself for long-term growth. (ii) With a RM1.7bil tender book as at 30 June 2025, the group is pursuing larger transportation projects in Johor and Penang, underpinned by strong demand for integrated IT solutions across both public and private sectors. (iii) Aligned with Malaysia's rapid digitalisation and the 13th Malaysia Plan (2026–2030), TechStore is well placed to benefit from government-backed initiatives in transport and digital services.

Financial Performance. In 2QFY25, TechStore posted higher revenue of RM20.8mil (+48.3% QoQ) and PAT of RM2.7mil (+163.8% QoQ), driven by stronger contributions from design and implementation services from the progressive completion of the LRT3 AFC Project and the absence of RM0.9mil one-off listing expenses recorded in 1QFY25.

Valuation. TechStore is currently trading at 15.8x trailing P/E, below the Bursa Technology Index's 26.8x. For comparison, Go Hub Capital, which provides enterprise IT services—particularly transportation IT solutions for the bus and rail sectors—trades at a much higher trailing P/E of 66x.

Technical Analysis. TechStore's buying interest is back after it broke out of the 1-week bullish pennant pattern with a long bullish candle two sessions ago. With the stock pushing near its all-time high and supported by its rising EMAs, this likely indicates that upward momentum is picking up. A bullish bias may emerge above the RM0.26 level, with stop-loss set at RM0.23, below the 21-day EMA. Towards the upside, near-term resistance level is seen at RM0.30, followed by RM0.32.

Source: AmInvestment Bank, Bloomberg, Company

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