

HLIB Retail Research

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RAMSSOL: Riding on the digitisation of human capital management


Collection range: RM0.41-0.43-0.44
Upside targets: RM0.48-0.51-0.60
Cut loss: RM0.39
Technical snapshots

	RAMSSOL/023
Stock code	6
Last price (RM)	0.44
52Wk High/ Low (RM)	0.93/0.27
Outlook (2-4 weeks)	Range bound
Volume (m)	1.25
Average Volumes 20D (m)	1.94
*Upside reward (%)	26.1%
*Downside risk (%)	-7.1%
HLIB Research TP (RM)	-
Bloomberg TP (RM)	0.59
Source: HLIB, Bloomberg	

Note:

1. Upside reward calculation: Mid-point upside (RM0.53)/ mid-point collection (RM0.42)
2. Downside risk: Cut loss (RM0.39)/ Mid-point collection (RM0.42)

Earnings summary					
FYE 31 Dec	FY19	FY20	FY21	FY22f	FY23f
Revenue (RM'm)	15.4	25.3	52.5	46.2	57.3
Core PATMI (RM'm)	4.5	7.5	6.8	7.2	10.4
Issued Share (RM'm)	223.0	223.0	223.0	223.0	223.0
EPS (sen)	2.0	3.4	3.0	3.2	4.6
Dividend (sen)	0.0	0.0	0.0	0.0	0.0
P/E (x)	21.8	13.0	14.5	13.6	9.5
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Bloomberg

Technical Risk Profile

Low Risk

Moderate Risk

High Risk

A HCM specialist. Listed on the ACE board in July 2021 (IPO: RM0.45/share), RAMSSOL is a certified reseller for various software vendors, including Oracle, Sage, and DarwinBox, pertaining to human capital management (HCM) and student management functions (SMF). Throughout the years, RAMSSOL extended its offerings to provide IT staff augmentation to the market. Geographically, Malaysian market is the group's largest contributors (89% revenue in FY21), followed by Singapore (5%), Thailand (3%), and others (3%).

HCM is the major growth pillar. We gather that the number of entities adopting digital operations has accelerated during the pandemic due to limitation on social interactions. Given the extensive processes, policies, and practices in HCM, the structural shift toward HCM digitalisation (a core function of an organisation) to enhance corporate operational productivity and efficiency, will support the need for HCM trend. Also, with the hybrid workplace model becoming the new norm, digital communication within the enterprise no longer just an option but a need. Such a transition bodes well for RAMSSOL, who repackages the digital communication tools into an integrated platform for its clients. According to Deloitte, the ASEAN-6 countries could see between 13% and 45% of their workforce transforming into remote working arrangements. Meanwhile, the revenue from the APAC region for Zoom has been growing steadily QoQ, suggesting strong demand for digital communication despite most countries transitioning to endemicity.

Tapping into SME and training space. RAMSSOL is penetrating into the SME segment via reselling the HCM offerings of Darwin Box, in which the price is more affordable while still providing a strong value proposition for the SMEs. Separately, RAMSSOL is also branching out into the training courses space, eyeing the Human Resources Development Corp's allocations. The above-mentioned events will provide a new stream of income to RAMSSOL.

Range bound: As RAMSSOL is currently trading at its support line, we suggest traders to adopt a range-bound trading strategy – buy at trendline support of RM 0.41-0.44 and sell during trendline resistance of RM 0.51. If RAMSSOL staged a successful breakout above RM 0.51 will indicate a new uptrend leg had happened and lift the prices toward RM 0.60-0.63 territories. Cut lost at RM 0.39.

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BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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