



MY E.G. Services Berhad

“Expecting another solid quarter ahead”

Bloomberg: MYEG MK | Reuters: MYEG.KL | Stock Code: 0138

Main Board
Technology
Buy
TP: RM1.20
Price: RM1.02

Valuation / Recommendation

Results were within expectations, achieving 69.7% and 76.7% of our full year revenue and profit forecasts for FY21, driven by increased contributions from new concession services, such as the (1) online renewal of (MIRT) and (CDL), (2) new commercial services such as Covid-19 health screening and quarantine services (MySafeTravel and MySafeQ).

We maintain a BUY recommendation on MY E.G. Services Berhad over a TP of RM1.20 based on its 5-year average PE of 24.5x and FY22F EPS of 4.9 sen.

Investment Highlights

Overall online transaction volumes increased for existing concession and commercial services due to more users opting to transact online amid the Covid-19 pandemic. Contributions from its road transport business increased due to higher online transactions overall for all services, contributing approximately 25-30% to 9M21 revenue.

We think that contributions from its new concession and commercial services will increase moving forward amid waning impact from the Covid-19 pandemic. The lower Covid-19 local cases will attract more inbound travel into Malaysia, driving demand for the company’s traveller testing and quarantine services, offsetting lower local demand for hotel quarantine services. Assuming no repeat lockdowns, we expect travel-related testing, quarantine, and vaccine verification services to be the main drivers in the coming quarter.

Dividend. Dividend of 0.25 sen per share was declared on 3Q21, ex on 14th Oct 2021. (9M21 – 1.95 sen, 3Q20 – 0.5 sen, 9M20 – 2.5 sen)

Risk factor. Unexpected termination of concession contracts which may affect earnings visibility moving forward.

Share Information	Top 3 Shareholders (%)
Market Cap (RM m)	7,630.9 Asia Internet Holdings 19.70
Issued Shares (m)	7,408.6 Wong Thean Soon 11.68
52W High (RM)	1.15 Kumpulan Wang Persaraan 6.90
52W Low (RM)	0.775
Estimated Free Float (%)	48.7
Beta vs FBM KLCI	1.07
3-month Average Vol. (m)	580.0

INVESTMENT STATISTICS	FY19	FY20	FY21F	FY22F	FY23F
Revenue (RM m)	477.3	530.5	702.5	742.6	786.1
EBITDA	304.9	315.2	366.7	419.8	448.2
PATMI	246.7	270.6	306.1	366.1	390.5
EPS (sen)	3.3	3.7	4.1	4.9	5.3
EPS Growth (%)	22.2	12.1	10.8	19.5	8.2
Diluted EPS (sen)	3.3	3.7	4.1	4.9	5.3
BV Per Share (sen)	9.6	15.5	15.9	16.7	17.4
PE (x)	30.6	27.9	24.7	20.6	19.3
Dividend Yield (%)	2.3	0.3	0.7	1.0	1.1
Net Gearing (%)	Net	Net	Net	Net	Net
	Cash	Cash	Cash	Cash	Cash
ROA (%)	23.9	19.1	21.3	24.3	24.8
ROE (%)	34.6	23.5	26.1	29.6	30.3

Sources: Mercury Securities, Company

RESULTS (RM m) FY Dec	3Q21	2Q21	qoq %	3Q20	yoy %
Revenue	156.8	161.7	-3.0	136.1	15.2
Operating costs	64.8	68.0	-4.7	57.5	12.7
EBITDA	92.0	73.3	25.5	78.6	17.0
EBITDA margin (%)	58.7	45.3	-	57.8	-
Depn & Amortization	11.8	6.9	71.0	6.7	76.1
EBIT	80.2	66.4	20.8	71.9	11.5
Interest expense	1.4	1.9	-26.3	1.7	-17.6
Interest income	0.5	0.9	-44.4	-	-
Associate & JV	0.6	0.5	20.0	0.4	50.0
Exceptionals	-	-	-	-	-
Pretax profit	78.8	80.6	-2.2	70.8	11.3
Tax	0.6	0.5	20.0	0.8	-25.0
Minority interest	0.3	0.6	-50.0	0.7	-57.1
Net profit	78.1	80.1	-2.5	70.1	11.4
Core net profit	78.1	80.1	-2.5	70.1	11.4
EPS (sen)	1.1	2.2	-50.0	2.0	-45.0
Core EPS (sen)	1.1	2.2	-50.0	2.0	-45.0

Business Overview

MY E.G. Services Berhad provides E-services between the Malaysian Government and its citizens and businesses. The Company’s services include electronic delivery of driver and vehicle registrations, licensing and summons services and utility bill payments.

Stock Return Information

KLCI (pts)	1,493.74
Expected Share Return (%)	17.6
Expected Dividend Yield (%)	1.0
Expected Total Return (%)	18.6

Price Performance

	1M	3M	12M
Absolute (%)	-1.9	4.1	7.4
Relative to Index (%)	0.5	4.2	14.5



Sources: Mercury Securities, Company

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