



MY E.G. Services Berhad

“Expecting another solid quarter ahead”

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

Main Board
Technology
Buy
TP: RM1.11
Price: RM0.99

Valuation / Recommendation

Results were within expectations, achieving 103.1% and 103.4% of our full year revenue and profit forecasts for FY21, driven by increased contributions from concession services, such as the (1) online renewal of (MIRT) and (CDL), (2) commercial services such as Covid-19 health screening and quarantine collection services (MySafeTravel and MySafeQ).

We maintain a BUY recommendation on MY E.G. Services Berhad over a TP of RM1.11 based on its FY23F EPS of 5.0 sen and PE of 22.1x, in line with the 2-year average.

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 FY21 revenue. At the end of 2021, the company commenced the pilot for automated driver testing which is expected to go live and be commercialised in April 2022.

We think that contributions from its new concession and commercial services will increase moving forward amid waning impact from the Covid-19 pandemic. 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.

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

Share Information	Top 3 Shareholders (%)
Market Cap (RM m)	7,313.7 Asia Internet Holdings 19.40
Issued Shares (m)	7,387.5 Wong Thean Soon 12.10
52W High (RM)	1.15 Kumpulan Wang Persaraan 7.04
52W Low (RM)	0.775
Estimated Free Float (%)	48.5
Beta vs FBM KLCI	1.00
3-month Average Vol. (m)	626.7

INVESTMENT STATISTICS	FY20	FY21	FY22F	FY23F	FY24F
Revenue (RM m)	530.5	724.4	742.6	786.1	807.4
EBITDA	315.2	376.5	404.6	426.8	443.5
PATMI	270.6	316.0	350.9	370.4	387.0
EPS (sen)	3.7	4.3	4.7	5.0	5.2
EPS Growth (%)	12.1	16.2	14.6	5.6	4.5
Diluted EPS (sen)	3.7	4.3	4.7	5.0	5.2
BV Per Share (sen)	15.5	21.0	16.7	17.5	18.0
PE (x)	27.9	25.5	20.9	19.8	18.9
Dividend Yield (%)	0.3	0.7	1.0	1.0	1.0
Net Gearing (%)	Net	Net	Net	Net	Net
	Cash	Cash	Cash	Cash	Cash
ROA (%)	19.1	21.3	23.3	23.5	23.8
ROE (%)	23.5	26.1	28.4	28.7	29.1

Sources: Mercury Securities, Company

RESULTS (RM m) FY Dec	4Q21	3Q21	qoq %	4Q20	yoy %
Revenue	234.4	156.8	49.5	148.3	58.1
Operating costs	148.5	64.8	129.2	71.7	107.1
EBITDA	99.6	92.0	8.3	90.2	10.4
EBITDA margin (%)	52.0	58.7	-11.4	59.1	-12.0
Depn & Amortization	6.9	11.8	-41.5	7.6	-9.2
EBIT	86.0	80.2	7.2	78.9	9.0
Interest expense	1.8	1.4	28.6	2.2	-18.2
Interest income	0.1	0.5	-80.0	-	-
Associate & JV	0.1	0.6	-83.3	0.4	-75.0
Exceptionals	-	-	-	-	-
Pretax profit	84.3	78.8	7.0	75.6	11.5
Tax	2.2	0.6	266.7	-0.3	-
Minority interest	1.5	0.3	400.0	-0.5	-
Net profit	80.6	78.1	3.2	76.0	6.1
Core net profit	80.6	78.1	3.2	76.0	6.1
EPS (sen)	1.1	1.1	-	1.0	10.0
Core EPS (sen)	1.1	1.1	-	1.0	10.0

Business Overview

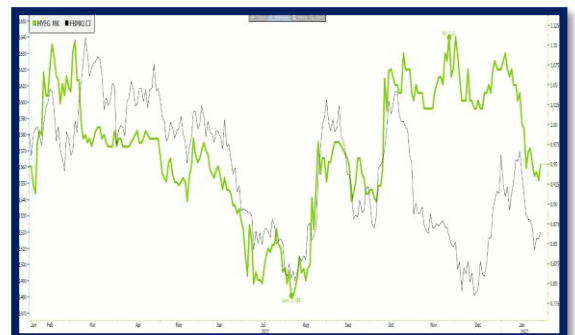
MY E.G. Services Berhad provides E-services between the Malaysian Government and its citizens and businesses. The Company’s services include electronic delivery of driver and vehicle registrations, licensing and summons services and utility bill payments.

Stock Return Information

KLCI (pts)	1,591.72
Expected Share Return (%)	12.1
Expected Dividend Yield (%)	1.0
Expected Total Return (%)	13.1

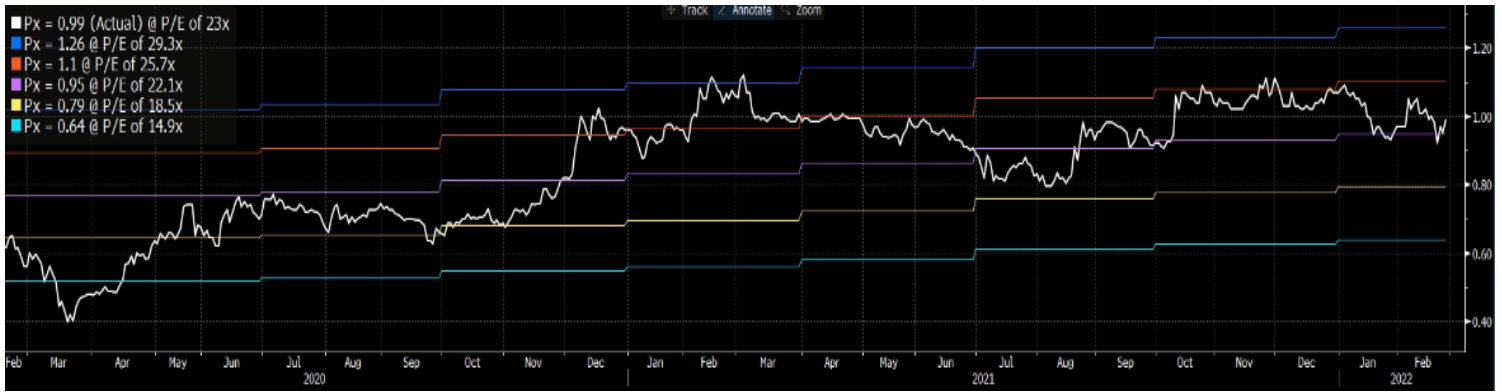
Price Performance

	1M	3M	12M
Absolute (%)	2.1	-10.8	-6.6
Relative to Index (%)	-3.2	-16.2	-8.2



Sources: Mercury Securities, Company

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