

Company Name : MyEG Services Berhad
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CGS-CIMB Raises Target Price For MyEG On Higher Expected EPS With New RTD Services

KUALA LUMPUR (Oct 2): CGS-CIMB has reiterated its 'add' call on My EG Services Bhd (MyEG) today, with a higher target price of RM1.96 compared with RM1.80 previously, following the latter's expansion of service offerings for the Road Transport Department (RTD) with the introduction of online renewals for motorcycle road tax and competent driving licences (CDLs).

Assuming that MyEG captures up to 20% of its yearly estimated 10 million motorcycle road tax renewal per annum, at a potential RM30 average revenue per user, MyEG could fetch up to RM60 million revenue per annum from this new service, it said in a note today.

As for the CDL renewal service, it sees lower monetisation prospects due to lower renewal frequency, as users can renew CDLs for up to five years at a time, and MyEG will only earn renewal fees based on transaction volume frequency.

Still, based on the potential earnings contribution from these new services, CGS-CIMB has raised its earnings per share (EPS) forecast for MyEG's FY20 to FY22 by 6% to 8%.

Its forecast core EPS for MyEG is 6.9 sen for FY20 ended Dec 30, 2020 (up 6% from its previous estimate) 8.2 sen for FY21 (up 8.08%), and 9.7 for FY22 (up 6.96%).

The bigger monetisation potential, however, lies in MyEG's Covid-19 screening service, following the government's new regulations that require returning Malaysians and travellers from overseas to pay for their Covid-19 screenings since July 20, it said.

"We understand that the fee for the polymerise chain reaction (PCR) test is set at RM150 for Malaysians and RM250 for foreigners. To recap, MyEG has conducted

150,000 Covid-19 test screenings, booked through its one-stop portal, since it was launched in early-June," it said.

At the time of writing, MyEG shares were trading four sen or 3.08% higher at RM1.34 apiece, giving it a market capitalisation of RM4.63 billion.

"Winning the Visa Luar Negara and National Integrated Immigration System (NIISe) contracts and higher-than-expected earnings contribution from its Covid-19 screening service could re-rate the stock. Delays in the e-government service concession and failure to secure the e-visa and NIISe contracts are downside risks," the research house added.