

01/01/2007 : MyEG gets bullish reviews from analysts

(Source - btimes.com.my)

ANALYSTS are bullish on MyEG Services Bhd (MyEG), which is listing on Bursa Malaysia's Mesdaq market on January 16, given the anticipated increase in sales volume of its existing services, launch of new services and an increase in delivery channels.

Local brokerages TA Securities and EONCap Securities suggested that the stock could trade at more than 25 per cent of its issue price of 55 sen.

TA Securities pegs fair value for MyEG at 69 sen on the basis that its price to earnings ratio (PER) is 11.2 times, on par with other Mesdaq companies, translating a return of about 25 per cent.

EONCap Securities, meanwhile, has set a 83 sen price target on MyEG's stock.

MyEG is making an offer for sale of 25.5 million new shares of 10 sen each at 55 sen per share, which is estimated to rake in RM14 million, of which RM10.8 million will be used to set up and refurbish its e-service centres, purchase of computers and hardware.

Established in 2000, MyEG is a Multimedia Super Corridor (MSC)-status company holding a concession for the e-services component of the MSC e-government flagship application.

As an e-government services provider, it serves the Jabatan Pengangkutan Jalan (JPJ), Dewan Bandaraya Kuala Lumpur, Polis DiRaja Malaysia, Jabatan Insolvency Malaysia, Jabatan Pendaftaran Negara, Telekom Malaysia and Tenaga Nasional Bhd.

MyEG's two subsidiaries - Gale Vector Sdn Bhd and PDX.net Sdn Bhd - provide software solutions, maintenance services and e-insurance solutions.

E-Cover Note is a soft copy of the motor insurance cover note that is recognised by JPJ for the renewal and issuance of the road tax disc with effect from January 1 2005. As for the E-Insurance Intermediary function, it is an extended E-Cover Note service, by which MyEG acts as an agent between insurance companies and motor vehicle owners.

In the financial year ended June 30 2006, work done for JPJ generated almost 40 per cent of MyEG's revenue.

As a market leader among two more players (with a 45.2 per cent share of the market), MyEG plans to invest RM10 million to open 100 more kiosks by 2009.

With 30 kiosks currently, MyEG is already far ahead of its competitors Komms and Speeds, which only operate 10 and 11 kiosks, respectively.

In the current financial year ending June 30 2007, MyEG forecasts RM7 million in net profit on revenue of RM23 million.

EONCap Securities thinks MyEG can achieve the forecast if it implements expansion plans of its delivery channels such as the E-Service Centres and kiosks.

MyEG Services

FY June 30	2004	2005	2006	2007f	2008f
Revenue	10.1	12.1	19.3	23.0	27.3
Gross profit	3.7	4.5	6.1	9.4	11.2
EBITDA	2.7	3.2	4.7	8.5	10.1
PBT	2.2	2.5	4.1	7.9	9.4
Net profit	2.2	2.5	4.0	7.0	8.5
EPS (sen)	1.7	2.0	3.2	5.6	6.7
EPS growth (%)	0	16	60	74	21
PER @RM0.69 (x)	40.0	34.5	21.6	12.4	10.2
Dividend (sen)	-	-	-	0.5	0.5
Divident yield (%)	-	-	-	0.7	0.7

Source: TA Securities

