

Company Name : MyEG Services Berhad

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Source : New Straits Times

## COVID-19 TESTING BOOST

# Affin Hwang keeps 'buy' call on MyEG with RM2.70 target price

**KUALA LUMPUR:** The 140 per cent quarter-on-quarter increase in Covid-19 testing in the first quarter should translate to higher revenue for service providers such as MyEG Services Bhd, said Affin Hwang Capital.

The research firm said while the number might gradually taper off in the second quarter, its contribution to MyEG's full-year revenue should be materially higher than recorded last year.

"We expect MyEG's Covid-19 testing revenue to double this year," it said yesterday.

Besides, the MySafeTravel portal launched in November last year is doing well.

"Based on our understanding, 30 per cent of inbound travellers have opted for an upgrade to stay in premium hotels during the quarantine period for an additional cost of RM300 per night.

"Assuming MyEG makes a 10 per cent commission from the premium hotels, we estimate that

the MySafeTravel business delivered daily revenue of RM85,000 to RM100,000 in January and February.

"Thus, it is on track to meet our full-year revenue forecast of RM34.7 million (from MySafeTravel)."

It said MyEG was also particularly optimistic on the upcoming Automated Driving Test and Training System (e-testing) to be introduced by the Road Transport Department.

"The management shared that under the e-testing system, all cars used during the test would be equipped with cameras, with an estimated cost of RM20,000 per car."

Affin Hwang said MyEG estimated that 2,000 to 3,000 cars were used for testing nationwide

and that the company might incur a capital expenditure of RM40 million to RM60 million to equip these cars.

In return, MyEG will recoup its investment by receiving RM100 per test.

"Our checks show that the driving schools charge between RM1,800 and RM2,500 for training sessions and examination fees.

"Assuming 75 to 80 per cent of eligible Malaysians undertake their driving test per annum and MyEG gets a fee of RM100 per test, we estimate the e-testing may add RM34 million to RM40 million in annual revenue to MyEG."

Affin Hwang has maintained its "buy" call on MyEG with an unchanged target price of RM2.70.

### INFO BOX

# RM34.7M

Estimated full-year revenue contribution from MySafeTravel