

Company Name : My E.G. Services Berhad
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Source : The Edge Financial Daily



MyEG at major turning point

My EG Services Bhd
(Dec 7, RM2.23)

Reiterate add recommendation with an unchanged target price of RM4.71: The registration of illegal foreign workers (IFWs) for the rehiring programme started on Feb 15, 2016 and ended on June 30, 2016. According to My EG Services Bhd (MyEG), only 300,000 IFWs were registered by end-June, of which 180,000 IFWs did not have proper papers or documents. The remaining 120,000 IFWs were registered.

While the government has not made any more announcements on the rehiring programme, MyEG's website shows that this programme is still ongoing. However, the company has not indicated the number of registered IFWs so far.

In total, we target one million IFWs to be registered in financial year 2016 (FY16) and FY17. This could surprise on the upside if more small- and medium-sized enterprise employers

register their IFWs.

MyEG receives a RM100 registration fee for every IFW registered, and another RM70 to RM80 if employers buy compulsory foreign workers' insurance from MyEG. Also, MyEG gives Celcom SIM cards to registered foreign workers to use and report to the authorities employers who mistreat their foreign workers.

There is a revenue-sharing agreement with Celcom for foreign workers using Celcom SIM cards.

In our view, MyEG is at a major turning point now. With the approval of the goods and services tax monitoring project already finalised and registration of IFWs likely to pick up over the next few months, all is looking positive for the company.

Further developments in the foreign worker hostel accommodation project should help boost investor sentiment on the stock.
— CIMB Research, Dec 6

MyEG Services Bhd

FYE JUNE (RM MIL)	2015A	2016A	2017F	2018F	2019F
Revenue	142	282	450	764	1,049
Operating Ebitda	84.0	162.7	253.8	440.5	590.1
Net profit	68.0	142.4	225.3	387.0	509.6
Core EPS (RM)	0.03	0.06	0.09	0.16	0.21
Core EPS growth (%)	36	109	58	72	32
FD core PER (x)	78.71	37.58	23.76	13.83	10.50
DPS (RM)	0.008	0.020	0.030	0.045	0.060
Dividend yield (%)	0.36	0.90	1.35	2.02	2.69
EV/Ebitda (x)	63.14	32.26	20.65	11.85	8.31
P/FCFE (x)	75.50	67.93	35.43	38.84	10.98
Net gearing (%)	(21.5)	(25.6)	(20.0)	(16.2)	(37.8)
P/BV (x)	23.87	13.37	9.59	6.46	4.51
ROE (%)	33.9	45.6	47.0	55.8	50.6
CIMB/consensus EPS (x)			1.17	1.47	1.44

Source: Company data, CIMB forecasts