

Company Name : My E.G. Services Berhad  
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## MyEG Set To Soar With Expansion Into Healthcare



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KUALA LUMPUR: A more diversified base will help boost My E.G Services Bhd's (MyEG) growth over the next few years as the company graduates from its pioneer tax incentive status in April.

The company, whose core business is in providing e-services for the government in areas such as foreign workers' work permit renewal and electronic delivery of driver and vehicle registration, has proposed to expand into healthcare related businesses and had earlier ventured into providing foreign worker accommodation.

After delivering impressive earnings in the fourth quarter of the financial year ended Dec 31,2020 (FY20), these efforts are expected to add to MyEG's bottom line growth in the coming quarters.

Analysts noted that the company's move into the healthcare segment is already bearing fruit.

MyEG's earnings have been boosted by its MySafeTravel related services, including the resilient demand of Covid-19 testing and quarantine arrangement for Covid-19 patients (SafeQ).

"We also understand that MYEG has unveiled its deep throat saliva-based Covid-19 test kit in both the Philippines and Malaysia in 1Q21 and expect positive contributions in the coming quarters," UOB Kay Hian Research (UOBKH) highlighted in a report.

MyEG has also signed a Memorandum of Understanding with China's Anhui Zhifei Longcom Biopharmaceutical Co Ltd to obtain halal certification and exclusively distribute the vaccine in Malaysia and the Philippines for a three-year period.

Zhifei's Covid-19 vaccine, ZF2001, has received the green light for Emergency Use Authorisation (EUA) in China and is the fifth domestic vaccine to be approved.

Notably, there may be concerns that the healthcare segment may taper down once the pandemic comes under control and ease of movement is no longer a problem.

But UOBKH pointed out that by then, the shortfall in the healthcare segment's revenue would be partially supported by a strong recovery of foreign worker matching services which was disrupted by the pandemic, new immigration-related services such as foreign worker amnesty and redeployment programmes, and a robust growth from motorcycle road tax and competent driver's license (CDL) renewals and other new road transport services that will be rolled out in coming months.

"We also foresee MyEG playing a significant role in the government's digital health system to facilitate post-pandemic cross-border travels with its current Covid-19 testing data at various immigration points," the research house said.

Although MyEG's five-year pioneer status will be expiring this April, the research unit believes that the company may get its tax incentive status extended upon expiry given its plan to develop blockchain technology to benefit the country.

This could be a strong re-rating catalyst for MyEG.

UOBKH has maintained its "buy" call for the stock with a target price of RM2.65.

Note that MyEG had, last week, proposed a one-to-one bonus issue and its share price will be adjusted pursuant to the proposed bonus issue.

This may also encourage trading liquidity of MyEG shares on the bourse.