


MY E.G. Service Berhad**Maintain BUY**

(0138 | MYEG MK) Technology | Digital Services)

Commencement of Ztrade**Unchanged Target Price: RM1.38****DEVELOPMENT**

- Following the signing of the 'Joint Statement of the Ministry of Finance of Malaysia and GACC on Single Window Cooperation in Cross-Border Trade' on 19 June 2024, MYEG received notification letters dated 27 June 2024 from East Logistic-Link Co, a wholly agency of General Administration of Customs of the People's Republic of China (GACC), on the connectivity deployment with ZTrade services for the following cross-border trade facilitation services: i) Recognition of Certificate of Origin issued by the Ministry of Investment, Trade and Industry of Malaysia and GACC; and ii) Recognition of Phytosanitary Certificate and other product certificates issued by the Ministry of Agriculture and Food Security of Malaysia and GACC.
- Accordingly, with the completion of this deployment, live connectivity of the ZTrade services to GACC's Single Window platform is now enabled.
- To recap, Ztrade services operates on MyEG's blockchain platform, Zetrix. It enables all data in these certificates to be available accurately in near real-time, increasing tariff computation and customs clearance efficiency.

VIEW

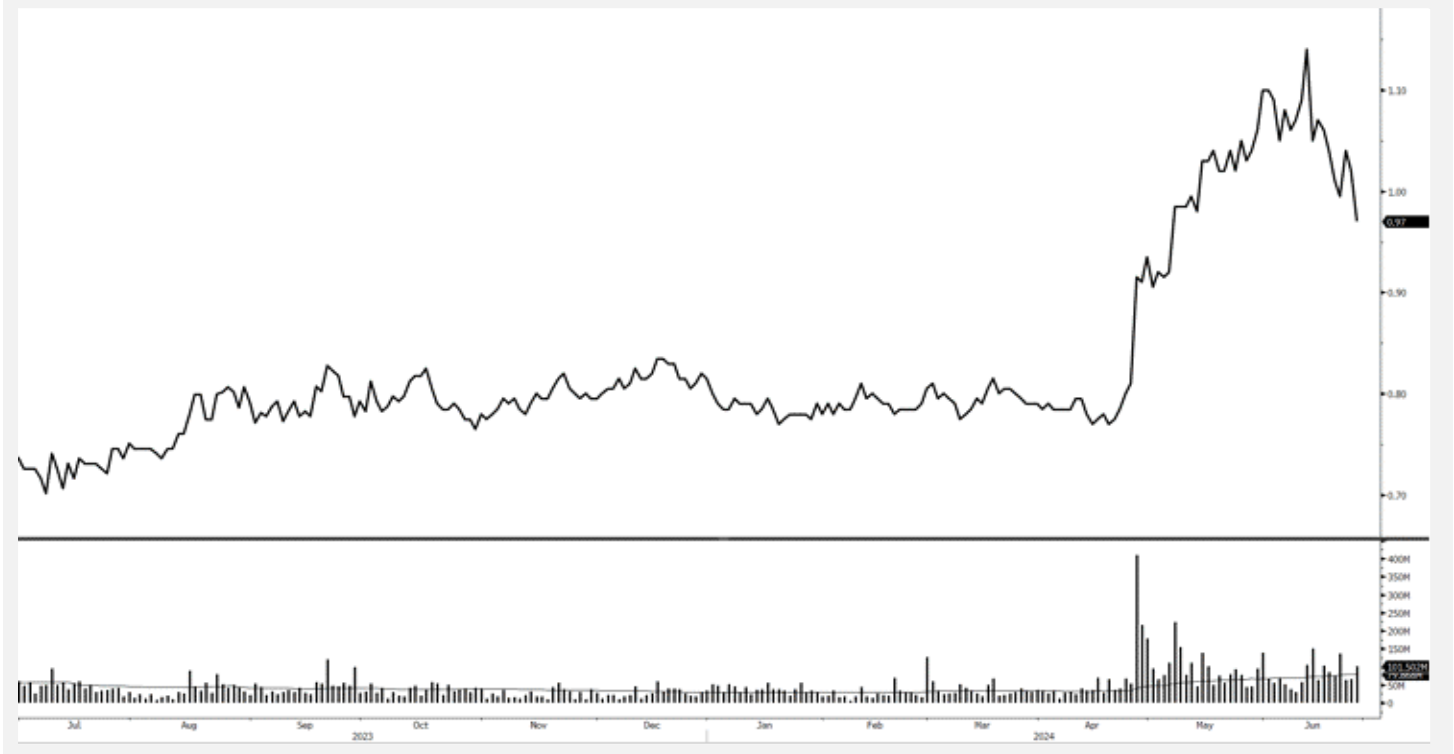
- We are keeping our **BUY** recommendation with an unchanged target price of RM1.38. This is premised on the positive development on Ztrade.
- The Ztrade service will start today. We understand that it is not made mandatory at this juncture yet as the users will be given some gestation period to familiarise with the platform. The exporters using the service will benefit from faster and more convenient clearance processing for trades going into China. This should serve as incentive for exporter to take up the services ahead of the mandatory requirement.
- MYEG would also be able to offer ancillary services which will further boost the income and thus margin from this trade facilitation services. This approach is similar to the e-government services platform. Regionally, the group is also seeking to replicate the above arrangement in the Phillipines.
- Premised on the above, we would expect potential contribution from the Zetrix platform would match and eventually surpass the existing contribution from the e-government services. Nonetheless, we are keeping our earnings estimates unchanged at this juncture we have partially input the contribution from Ztrade. We maintain our **target price** for MYEG of **RM1.38**. 

INVESTMENT STATISTICS

Annual Standardized Year end 31 March	2022A	2023A	2024E	2025F	2026F
Revenue	642.2	774.3	945.6	1,039.2	1,144.1
EBITDA	473.4	588.2	687.2	770.9	865.4
EBIT	413.2	526.8	622.4	696.3	778.7
PBT	404.4	488.3	605.2	681.9	764.4
PATANCI	336.8	487.7	586.9	661.3	741.3
Normalised PATANCI	291.3	485.5	586.9	661.3	741.3
Normalised EPS (sen)	3.9	6.7	7.9	8.9	10.0
Normalised EPS Growth (%)	25.6	0.7	0.2	0.1	0.1
PER (x)	24.6	14.5	12.3	10.9	9.7
Dividend Per Share (sen)	1.4	1.9	2.4	2.7	3.0
Dividend yield (%)	1.5	2.0	2.4	2.8	3.1

Source: Company, MIDFR

SHARE PRICE CHART



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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology