

KERATAN AKHBAR

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AmlInvestment Bank positive on TM role in MyDigital initiative



KUALA LUMPUR, Feb 28 — AmlInvestment Bank Bhd is positive on Telekom Malaysia Bhd's (TM) critical role in Malaysia's MyDigital Initiative with its ownership of the High-Speed Broadband network that will underpin a faster pace of growth for the group's wholesale revenue.

In a note today, the investment bank said its enterprise and public sector business solutions arm TM One's revenue growth could also be accelerated over the longer term by the group's appointment as the sole Malaysian cloud provider for government data.

"TM's financial year 2021 (FY2021) capital expenditure (capex) expanded nine per cent year-on-year (y-o-y) to RM1.7 billion, translating to 14.7 per cent of revenue, on the lower range of management's unchanged guidance of capex/revenue ratio of 14 per cent to 18 per cent," it said.

TM recorded a lower net profit of RM895.21 million in the financial year ended December 31, 2021, from RM1.02 billion a year earlier while revenue rose to RM11.53 billion from RM10.84 billion previously.

Hence, AmlInvestment Bank is maintaining a “buy” call on TM with an unchanged discounted cash flow-based fair value of RM7.08 per share based on a weighted average cost of capital of 6.2 per cent, terminal growth rate of two per cent and neutral Environmental, Social, And Governance rating of three stars.

Meanwhile, Maybank Investment Bank (Maybank IB) said TM’s overall outlook remained favourable with it potentially benefitting from work-from-home, 5G-deployment themes, and ongoing cost optimisation.

Maybank IB said its earnings before interest, taxes, depreciation, and amortisation (EBITDA) performance was healthy with FY2021 fourth quarter growth of 12 per cent due to higher contribution from Internet, data and others.

Thus, it reiterated a “buy” call with a higher target price (TP) of RM7.50 per share.

Meanwhile, CGS-CIMB Securities Sdn Bhd said it raised financial years 2022 and 2023 EBITDA forecasts by 5.1 per cent and five per cent, respectively, to factor in higher revenue.

It also maintained its TP of RM7.50.

At noon, TM shares fell 19 sen to RM5.16 with 1.59 million shares traded. — Bernama