

Maybank expects ITMAX turnover to rise RM23.6m

KUALA LUMPUR: ITMAX System Bhd's recent Variation Order No. 7 (VO7) contract secured from Kuala Lumpur City Hall (DBKL) is expected to increase the group's turnover by approximately RM23.6 million for the fiscal years 2024 to 2025 estimates (FY24-25E), said Maybank Investment Bank (Maybank IB).

In a note, the research house said the contract came as a positive surprise last week as there had been no prior indication of additional scope of work for the existing contract.

"We maintain FY23E earnings, but raise FY24E and 25E by 14 per cent and 12 per cent, respectively. Our target price (TP) is also nudged 30 sen higher to RM2.40 (+14 per cent).

"We peg our TP to unchanged 24.4 times FY24E price-to-earnings ratio (PER), a 20 per cent premium to the simple PER average of its comparable peers," it said.

Maybank IB also said that it continues to like ITMAX for its cost, security, and technical advantages over its peers.

It said the latest VO7 contract secured on Feb 6 will cover the replacement cost of roughly 18,000 street light units in the district that were either broken, malfunctioned, or had expired warranties.

ITMAX initially secured its first DBKL street lighting contract in July 2016, which lasted for 5 years, and this contract has been renewed twice, first in August 2021 and again in August 2023.

The latest extension is for three years, until July 2026, with a contract value of RM52.8 million. -Bernama