

# 9MP big boost for Heitech, Mesiniaga

by **Ashwin Raman**  
FD@bizedge.com

**HEITECH** Padu Bhd and Mesiniaga Bhd are expected to be the biggest beneficiaries among IT service providers under the Ninth Malaysia Plan (9MP), OSK Investment Research said.

Out of the total RM12.88 billion allocated for the information and communications technology sector, the government has budgeted RM5.7 billion for the computerisation of the public sector.

In a report yesterday, the research house upgraded Heitech and Mesiniaga to buy at RM1.13 and RM2.55, respectively, as it expected the two companies to be awarded contracts under the 9MP.

OSK Research has target prices of RM1.57 and RM3.20 for Heitech and Mesiniaga, representing an upside of 39% and 25.5%, respectively.

It added both companies had the potential to secure the government contracts as Heitech was well-connected with the public sector while Mesiniaga was established under the New Economic Policy. "Pegging a conservative financial year 2007 (FY07) price earnings ratio (PER) of 8.5 times, which is still a 28% compared to the average five-year historical low PER of 11.8 times, Heitech

is worth RM1.57," it said.

It said Mesiniaga was worth RM3.20 per share pegged at a FY07 PER of 8.5 times, which was a 31% discount compared to its five-year historical low PER of 12.4 times.

OSK Research said the government's allocation for the computerisation of government agencies was 55% higher than its allocation to bridge the digital divide in the country.

It said a big portion of the allocation under 9MP would be channelled to the Road Transport Department, Department of Immigration and National Registrations Department on the enhancement and upgrading of its existing IT systems.

It said the Ministry of Education, Ministry of Health, Ministry of Defense, Ministry of Agriculture and Ministry of Tourism may also undergo computerisation programmes, with Heitech and Mesiniaga being the biggest beneficiaries.

It added another source for prime priming for IT spending in the public sector during the 9MP was e-learning with Heitech potentially securing contracts from e-learning programmes through its subsidiary, Educational Trend Sdn Bhd, which provides e-Learning solutions among other professional services.