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## Govt to maintain RM21.6b budget for NFCP

BY JUSTIN LIM

PUTRAJAYA: The RM21.6 billion budget for the National Fibre-optic and Connectivity Plan (NFCP) will be maintained under the Perikatan Nasional administration, Minister of Communications and Multimedia Datuk Saifuddin Abdullah said yesterday.

At his maiden press conference following the recent change in government, Saifuddin gave the assurance that the budget allocated by the previous Pakatan Harapan administration would be retained despite the economic crises brought about by Covid-19 and plunging oil prices. He also said that plans to roll out 5G in the third quarter are on schedule.

Moreover, he said his ministry is awaiting clarification on whether there will be additional funding for NFCP as the government is now reviewing an economic stimulus package unveiled last month to counter the negative impact of Covid-19 on the economy.

MIDF Research analyst Martin Foo told *The Edge Financial Daily* that any additional funding is good for the industry as it could further expedite the network deployment.

AllianceDBS Research Sdn



Saifuddin: Plans to roll out 5G in the third quarter are on schedule. Photo by Kenny Yap

Bhd analyst Toh Woo Kim believed the new government is unlikely to make any significant changes to the NFCP project, given the importance of upgrading broadband connectivity for the country.

"In our view, funding for NFCP is not an issue, as The Malaysian Communications and Multimedia Commission (MCMC) has sufficient reserves in its Universal Service Provision fund (USP)," Toh wrote in a note distributed yesterday.

Foo is "neutral" on the sector as he expects a tough year ahead, now made worse by the Covid-19 outbreak. "Even with the absence of the Covid-19 outbreak, I do not see any positive rerating catalysts for the sector."

According to Toh, in the past the local telco sector has performed well during periods of uncertainty, as investors seek defensive names. He is inclined towards large-cap stocks with resilient earnings growth, his top picks being Axiata Group Bhd and TIME dotCom Bhd.

In the small-cap space, he likes OCK Group Bhd as the group is a potential beneficiary of NFCP.

Year to date, Bursa Malaysia's telecommunications and media index has fallen 13.42% to 582.47. Over the same period, the benchmark FBM KLCI has lost 10.66% to 1,419.43.

Axiata yesterday closed at RM3.94 which translates into a market capitalisation of RM36.11 billion. Maxis Bhd ended at RM5.25, valuing it at RM41.06 billion.

TIME dotCom finished at RM9.45, for a market capitalisation of RM5.53 billion while Telekom Malaysia Bhd's RM3.44 close, translates into a market capitalisation of RM12.95 billion.

At RM4.21, DiGi.Com Bhd was worth RM32.73 billion.