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ATLANTA , GA, UNITED STATES , May 13, 2024 /EINPresswire.com/ -- VCI Global (NASDAQ: VCIG) In this analysis, we'll explore VCI Global's company fundamentals, recent developments, and conduct a fair value assessment.

The company has recently undertaken several strategic initiatives to expand its service capabilities and global reach. Here's a more detailed look at these developments:

Acquisition of EVOLET

VCI Global enhanced its position in the financial technology sector by announcing the acquisition of EVOLET, a platform offering digital remittance services. This move targets the rapidly growing market for cashless transactions in Malaysia, which aligns with the country's push towards a cashless society. The acquisition will allow VCI Global to tap into a significant market segment, leveraging EVOLET's existing user base of over 13,000 individuals from 13 different countries.

Agreement with Wootzano Limited

In a strategic move into the agritech sector, VCI Global secured an exclusive distributorship with Wootzano Limited for the Avarai robotic packing systems. Avarai stands out as the world's inaugural post-harvest robotic system designed for packing, renowned for its ability to handle a variety of fruits and vegetables with remarkable delicacy and precision.□

This agreement broadens VCI Global's range of technological solutions and positions the company to leverage the growing trend towards agricultural automation in Malaysia. The contract terms, which feature priority pricing and a commitment to minimum purchase quotas, underscore VCI Global's strategic investments in cutting-edge technologies that meet specific industry needs. Management projects the deployment of 10,000 Avarai robots across Malaysia by 2030.□

Expansion into Western Markets and AI Development

The company announced major expansions with the opening of new offices in New York and London and the establishment of an AI Research and Development Center in Frankfurt. These

moves are part of VCI's strategy to enhance its consulting services and develop new tech solutions globally. The New York and London offices aim to tap into the robust capital markets and tech ecosystems in these cities, offering VCI strategic advantages in terms of client access and business opportunities. The Frankfurt R&D center is set to focus on developing advanced AI applications, potentially revolutionizing how VCI offers consulting services and drives innovation.

Acquisition of Cogia GmbH

VCI Global announced its acquisition of Socializer Messenger from Cogia GmbH, a German software company. This secure messaging platform is notably in use by the government of a NATO founding EU country, underscoring its high security credentials.

Socializer Messenger is distinguished by its cutting-edge privacy and security features combined with advanced AI technology. Unlike typical messaging applications, it includes unique functionalities such as built-in facial recognition, self-destructing messages, and an additional app lock feature to prevent unauthorized access. The inclusion of patented facial recognition technology positions Socializer Messenger as a leader in secure communications, ideally suited for enterprises and governmental organizations that deal with sensitive information. This focus on robust cybersecurity measures is particularly relevant given the increasing concerns over data breaches and privacy violations in digital communications.

More Acquisitions and Investment

Further strengthening its tech portfolio, VCI Global acquired two AI-driven gamification platforms, ENGAGE and Interact, from a UK-based game developer. These platforms are designed to enhance brand engagement through mobile games, a sector with significant revenue potential given the global increase in mobile advertising spends.□

Last week, VCI Global Limited marked a significant achievement by securing a major investment from Legacy Credit Sdn Bhd, a leading Malaysian financial institution. Legacy Credit has agreed to a private placement that will see them acquire over a 5% stake in VCI Global, with an investment totaling \$2.5 million. As a licensed money lender, Legacy Credit is known for offering adaptable financial solutions to both SMEs and individual clients.

VCI Global Limited, with a market capitalization of around \$44 million, has demonstrated solid financial performance. Over the last twelve months, ending June 30, 2023, the company reported revenues of \$12.6 million and a net income of \$6.3 million. This robust bottom line reflects the company's efficiency and the effectiveness of its business model.

In terms of financial health, VCI Global's debt-to-equity ratio is notably low at 5.17, the best in its class among peers, illustrating the company's conservative leverage and strong balance sheet.□

The company's profitability metrics are particularly strong. VCI Global boasts a gross profit margin of 57.64%, an EBITDA margin of 36.05%, and an exceptionally high net income margin of 49.81%. Each of these figures surpasses the averages within its peer group, underscoring VCI Global's superior ability to convert sales into actual profit.

Furthermore, the stock's price-to-earnings (P/E) ratio on a trailing twelve-month (TTM) basis stands at 6.68. This low P/E ratio suggests that the stock might be undervalued relative to its earnings potential, making it an attractive investment opportunity.

Additionally, the company's recent performance has been promising, with a three-month price total return of 20.44%, far outstripping the sector median of 3.29%. This indicates a strong upward momentum in its market valuation, hinting at positive investor sentiment.

Utilizing various valuation methods, the fair values calculated are:

Earnings Power Value: \$1.72

P/E Multiples: \$1.19

5-Year DCF EBITDA Exit: \$1.43

10-Year DCF Revenue Exit: \$1.31

10-Year DCF Growth Exit: \$1.28

Averaging these figures, our estimated fair value stands at \$1.39 per share. Compared to the current price of \$1.17 as of April 26, 2024, there is an 18.8% upside potential, indicating that the stock is undervalued.

Conclusion

VCI Global demonstrates strong investment potential, underscored by its recent strategic acquisitions and expansions in sectors like fintech, agritech, and secure communications. These initiatives are poised to capitalize on emerging market trends, enhancing the company's robust service portfolio.

Fundamentally, VCI Global is on solid ground with efficient management and strong financial health. Furthermore, our fair value analysis indicates that the stock is currently undervalued, with a potential upside of 18.8%. Combining these factors, VCI Global presents an attractive opportunity for investors.

Safe Harbor Statement

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