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HELP business model stands it in good stead

FROM its humble beginnings in a row of shophouses in Kampung Attap in 1986, the HELP Group has come a long way.

Then known as HELP Institute, the college was set up by a group of academics at a time when demand for tertiary education spurred the growth of the private tertiary education industry.

The HELP Group was listed on Bursa Malaysia's second board in May this year under the name HELP International Corporation Bhd, the fourth listed education group in the country. SEG International Bhd and Inti Universal Holdings Bhd are both listed on the main board and Stamford College Bhd on the second board.

HELP Group's share price rose to an intraday high of RM2.02 on Oct 4 and closed at RM1.95, which Bloomberg data records as its most recent six-



month high. The shares were priced at 80 sen each during the initial public offer period prior to listing.

For the financial year ended Oct 31, the company posted a 11.9% growth in pre-tax profit to RM13.39mil on a 15.3% jump in revenue to RM61.70mil.

The HELP Group stood out from its listed peers on the local exchange due to its business model of not owning properties and its successful tie-ups with good universities throughout the world, an analyst with a local investment bank told *StarBiz*.

"Its peers have assets tied into fixed capital such as properties so if student numbers fall, revenue falls

with it but the properties are still in the books," he added.

The HELP Group does not have any properties on its books that would negatively impact it, he said, adding that even Wisma HELP in Bukit Damansara was owned by Selangor Properties Bhd, which also owned 51% of the company's shares.

The company's tie-ups with top institutions of higher education around the world and its good course management have also stood it in good stead.

In the early years, it was known for its economics and law degrees, which were conferred by the University of London. Its US degree transfer programme has also done well although it was late in offering the programme compared with Inti and several other colleges.

"The company has tie-ups with 20 of the top 100 universities listed on

the Times Higher Education Supplement, which makes it an attractive choice for students who study for one or two years locally and then transfer to the partner institution," the analyst said.

Based on the price to earnings band of 10.6 times on FY08 earnings, he has a target price of RM2. The company's shares closed at RM1.49 yesterday.

"This is still very cheap compared to its listed peers in Singapore, Hong Kong and South Korea, where the average price to earnings ratio is 26 times," the analyst said, adding that the other three listed education groups were barely breaking even or making losses.

He said the company had plans in the region where it was tying up with Vietnam National University and also has plans to offer specialised courses for professionals.