

Headline
Date
MediaTitle
Section
Journalist
Frequency
Circ / Read

HELP is still the most profitable listed edu stock
22 Jun 2010
Malaysian Reserve
Money
N/A
Daily
20,000 / 35,000

Language
Page No
Article Size
Color
ADValue
PRValue

English
10
174 cm²
Black/white
1,295
3,884



HELP is still the most profitable listed edu stock

▶ HELP INTERNATIONAL				
	2008	2009	2010F	2011F
REVENUE (RM mil)	86.5	96.6	114.6	135.2
NET PROFIT (RM mil)	11.8	15.5	18.5	23.0
EPS (sen)	13.3	17.4	20.8	25.9
PER (x)	21.1	16.1	13.5	10.8

▶ **Recommendation:**

Buy

Target Price: RM3.58

By OSK Research (June 21)

THE 1HFY10 earnings were within our expectation, accounting for about 51% of our full-year forecast. Y-o-y revenue grew 11.7% while bottom-line surged 42.3% on higher student enrolment and fees as well as better margins.

We maintain our forecast and 'Buy' recommendation at a higher TP of RM3.58 against RM2.40 previously, on revising upwards our residual income model valuation.

Despite the low liquidity in its shares, we are positive on HELP as it is the most profita-

ble listed education stock in Malaysia and one that is backed by a solid management team.

Within Estimates

The 1QFY10 earnings came in within our and consensus expectation.

Revenue grew 11.7% while net profit soared 42.3% y-o-y on higher student enrolment and fees as well as better margins. We believe the margin improvement was largely attributed to prudent cost management and the increasing number of its home-grown courses, which generally command higher margins, as it does not have to pay royalty as in twinning or foreign courses developed

by other institutions.

As a result, EBIT margin in 1HFY10 improved to 25.5% from 20.9% in 1HFY09. As expected, revenue and net profit jumped significantly as more classes were conducted during the quarter.

Increasing Foothold In China

Although HELP has a presence in China through course collaboration with Chinese education institutions over the last few years, it had recently teamed up with property developer AP Land to form a JV to set up a new campus in Changshu, China which expected to begin operations by October 2010.