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HELP to quicken growth momentum

► **Recommendation: Buy**
Target Price: RM4.30
 By OSK Research (July 15)

SUPPORTED by its strategic expansion plan, we believe HELP International Corp Bhd would be able to quicken its growth momentum as well as achieve its goal of becoming a leading education provider locally and abroad.

We are switching our valuation parameter from Residual Income Model (RIM) to PER valuation as we have opted for the short-term view horizon in order to capture HELP's rapid growth strategy over the next few years as opposed to RIM, which generally assumed steady growth potential despite the fact that HELP is still in the growth phase.

In order to reflect its strong and clean balance sheet, we have added its net cash value per share together with the PER valuation to arrive at our TP.

Based on 14x PER on FY11 EPS plus a net cash value per share of RM0.68 we arrived at a higher TP of RM4.30 from RM3.58 previously.

With the sizeable upside, we maintain our 'Buy' recommendation at TP of RM4.30.

We believe the potential corporate exercise involving the group could potentially provide short-term upside catalyst for HELP while its growth prospect will sustain its long-term upside catalyst.

Although its ongoing capacity expansion inevitably

requires significant investments, we are not too concerned in view of the fact that the group's robust balance sheet will support its ambitions and its strategic expansion plan will enable it to increase capacity whenever the need or demand warrants it.

Spreading Wings Abroad

Other than the recently announced JV in China, HELP has already established its presence in other overseas market such as Indonesia and Vietnam, largely through franchising and licensing of its courses.

As part of its internationalisation plan, HELP will be establishing its presence in Australia, Cambodia and Thailand.

With the internalisation plan well in place, we would not be surprised if within a few years time, its overseas business will overtake its local business in term of revenue and earnings contribution to the group.

Capacity Expansion

Started as a single campus institute, HELP is progressively moving toward multi-campus city university model with the establishment of several new campuses in different locations.

This will enable HELP to capture different market segments and demographics based on its locations as well as diversifying its students' profile.

HELP will be opening its new HICT campus at Fraser Business Park in August/September this year while its new campus in Subang 2 will be ready by 2013.

Following the completion of the Phase 1 of its campus in Subang 2, HELP's student capacity will be boosted by at least 30% from the existing capacity for 12,000 students.

► 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)	25.6	19.5	16.3	13.1