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## Company Update

# HELP International Corporation

## A Bright Future Indeed

**BUY** ↔

**Target Price** **RM2.59**  
**Previous Price** **RM2.59**  
**Price** **RM2.27**

### EDUCATION

HELP International is principally involved in the provision of private tertiary and vocational education through its colleges.

### Stock Statistics

Bloomberg Ticker	HELP MK
Share Capital (m)	142.0
Market Cap (RMm)	322.4
52 week H L Price (RM)	3.04   1.13
3mth Avg Vol ('000)	36.1
YTD Returns	0.9
Beta (x)	0.79

### Major Shareholders (%)

Selangor Properties	51.0
Acacia Partners	7.2

### Share Performance (%)

Month	Absolute	Relative
1m	-0.9	1.2
3m	-3.4	-4.6
6m	-4.4	-15.5
12m	96.7	57.5

### 6-month Share Price Performance



Following our recent meeting with the management, we gather that HELP's on-going local and overseas expansion plans are well in progress. This year, HELP expects to announce several ventures locally and abroad, largely via joint ventures and potential acquisitions. We maintain our BUY recommendation with an unchanged TP of RM2.59, based on 14x PER on FY11 EPS plus the current net cash per share of RM0.32 as at end-FY10. We believe that the company offers a sustainable growth story in a defensive sector that is backed by a strong management team.

**Internalization strategy.** With an established presence in Vietnam, Indonesia and China, HELP is constantly on the lookout to further expand its presence abroad. It will commence operation in Australia in July this year and Cambodia in the middle of the year. With the internationalization plan well in place, we would not be surprised if its overseas business overtook its local business within a few years in terms of group revenue and earnings contribution.

**Diversification within the education sector.** The recent acquisition of a 19.1% stake in an online learning company, Bridge2think AG (B2T), marked a new milestone for HELP in tapping into the growing online learning market not only in the region but also globally. Other than online learning, HELP is also progressively tapping into the primary and secondary education segments with plans to establish its own private and international schools in order to be an integrated education player. We gather that HELP has identified the location for the schools, which are expected to commence operation by 2013.

**Capacity expansion to boost growth.** Starting with a single campus, HELP is progressively moving towards becoming a multi campus city university with the establishment of several new campuses in various locations. We believe that other than overcoming capacity constraints by boosting student capacity, this will enable HELP to capture different market segments and demography based on its locations as well as diversifying its student profile.

**Maintain BUY.** We maintain our BUY recommendation with an unchanged TP of RM2.59 based on 14x PER on FY11 EPS plus the current net cash of RM0.32 per share as at end-FY10. We believe HELP offers a sustainable growth story in defensive sector, backed by a strong management team.

FYE Oct (RMm)	FY08	FY09	FY10	FY11f	FY12f
Revenue	86.5	96.6	105.2	135.2	155.4
Net Profit	11.8	15.5	19.1	23.0	25.5
% chg y-o-y	22.1	30.9	23.6	20.3	10.8
Consensus				23.9	27.6
EPS (sen)	8.3	10.9	13.4	16.2	17.9
DPS (sen)	3.0	3.0	2.0	2.4	3.6
Dividend yield (%)	1.3	1.3	0.9	1.1	0.0
ROE (%)	17.4	18.3	18.2	19.1	19.0
ROA (%)	10.4	11.3	10.7	10.3	9.9
PER (x)	27.7	21.1	17.1	14.2	12.8
BV/share (RM)	0.51	0.68	0.80	0.89	0.99
P/BV (x)	4.5	3.4	2.9	2.6	2.3

Notes: The per share data has been adjusted to the enlarged share base of 142m shares compared to 88.7m shares previously following the 3-for-5 bonus issue

## KEY HIGHLIGHTS

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**Strengthening its presence abroad.** With a presence in Vietnam and Indonesia including its on-going JV in China, HELP is constantly on the lookout to strengthen its presence abroad as part of its plan to internationalize and become a regional and global education player. In line with this plan, HELP will open ELM College in Sydney, Australia, which will commence operation in July 2011 with a targeted 1000 students within the first year. Realizing the growing demand for vocational courses from developing countries such as Cambodia, HELP will operate vocational schools in Phnom Penh and Siem Reap by mid-2011 with about 1000 to 1500 students. Meanwhile, HELP is also finalizing proposals to establish a presence in Sri Lanka and Mauritius. We believe that by venturing overseas through franchising and licensing as well as via collaboration with JV partners, the company would be able to minimize risks as it is not required to deploy significant capital in order to do so.

**Diversifying within education sector.** The recent acquisition of a 19.1% stake in an online learning company Bridge2think AG (B2T) marked HELP's move to tap into the growing regional and global online learning market. B2T, headquartered in Basel, Switzerland, is a global learning solutions group with operations in Australia, Germany and the United Kingdom. We believe the strategic stake in B2T will provide HELP with a platform to align itself as a strategic partner in the e-learning sector and open up opportunities to further expand its portfolio of products ranging from training programs to development of human capital and higher education. Subsequently, we believe it will complement and strengthen HELP's position in enhancing its global competencies and accelerating its growth.

**Going downstream.** Although HELP is widely known as a tertiary education provider, the company is progressively tapping into primary and secondary education with plans to establish a private and international school to become an integrated education player. We gather that HELP has identified the locations for the schools, which are expected to commence operation by 2013. Other than that, we view HELP's venture into the private and international school segment as timely as there is growing demand for the segment in view of rising affluence.

**Capacity expansion to boost growth.** HELP is progressively becoming a multiple campus city university with several new campuses in different locations. We believe that other than overcoming capacity constraints by boosting student capacity, this will allow HELP to capture different market segments and demography based on its locations as well as diversify its student profile. Although HELP is widely known for its professional business, accounting, law and psychology courses, it will be offering more technical courses to cater to the growing demand for technical professionals. As such, its HICT Fraser campus and the upcoming HELP Iskandar campus will focus on technical and vocational training courses such as tourism and hospitality, culinary entrepreneurship, engineering, and multimedia and animation. We gather that HELP is in the midst of finalizing a collaboration with an automotive firm to set up an automotive college offering comprehensive courses from car design to business development.

**Maintain BUY.** We maintain our BUY recommendation with an unchanged TP of RM2.59 based on 14x PER on FY11 EPS plus the current net cash of RM0.32 per share as at end-FY10. We believe HELP is a sustainable growth story in defensive sector driven by a strong and focused management team with a proven track record.

**EARNINGS FORECAST**

<b>FYE Oct (RMm)</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11f</b>	<b>FY12f</b>
Turnover	86.5	96.6	105.2	135.2	155.4
EBITDA	19.0	25.2	32.6	39.0	42.7
PBT	16.1	21.8	26.7	33.8	37.4
Net Profit	11.8	15.5	19.1	23.0	25.5
EPS (sen)	8.3	10.9	13.4	16.2	17.9
DPS (sen)	3.0	3.0	2.0	2.4	3.6
Margin					
EBITDA (%)	21.9	26.1	31.0	28.8	27.5
PBT (%)	18.6	22.6	25.4	25.0	24.1
Net Profit (%)	13.6	16.0	18.2	17.0	16.4
ROE (%)	17.4	18.3	18.2	19.1	19.0
ROA (%)	10.4	11.3	10.7	10.3	9.9
Balance Sheet					
Fixed Assets	48.7	51.1	126.6	136.6	136.6
Current Assets	73.6	98.9	78.9	105.3	137.5
Total Assets	122.3	150.0	205.4	241.9	274.1
Current Liabilities	49.7	50.0	61.3	87.2	105.2
Net Current Assets	23.9	49.0	17.6	18.1	32.4
LT Liabilities	0.6	3.6	30.8	27.6	27.6
Shareholders Funds	72.1	96.5	113.4	127.1	141.3
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

**OSK Research Guide to Investment Ratings****Buy:** Share price may exceed 10% over the next 12 months**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months**Take Profit:** Target price has been attained. Look to accumulate at lower levels**Sell:** Share price may fall by more than 10% over the next 12 months**Not Rated (NR):** Stock is not within regular research coverage

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