



EDUCATION

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Stock Profile/Statistics

Bloomberg Ticker	HELP MK
KLCI	1424.02
Issued Share Capital (m)	88.78
Market Capitalisation (RMm)	129.61
52 week H L Price (RM)	2.02 0.80
Average Volume (3m) '000	178.58
YTD Returns (%)	N.A.
Net gearing (x)	N.A.
Altman Z-Score	N.A.
ROCE/WACC	N.A.
Beta (x)	N.A.
Book Value/share (RM)	N.A.

Major Shareholders (%)

Selangor Properties Bhd	51.0
Dato Zakaria bin Ahmad	14.5
Tele Suria Resources SB	4.4

Share Performance (%)

Month	Absolute	Relative
1m	10.77	4.40
3m	1.41	(7.50)
6m	60.00	57.85
12m	N.A.	N.A.

6-month Share Price Performance



12M FY07 Results Review

Private Circulation Only

HELP International Corp

BUY
Price Target
Maintain
RM1.46
RM2.01

Ending the Year with a Bang

HELP's full year FY07 results came in 8.6% above its prospectus forecast and were well within our estimates. We continue to like HELP given its exposure to top global universities and prudent management. Its forward PER of 10.6x remains well below the regional average of 26.4x. Our TP is now revised to RM2.01 based on the residual income model. **BUY.**

Solid from top to bottom! Despite never having changed out projections since we initiated coverage on HELP, we were spot on with our revenue forecast of RM61.5m vis-à-vis the actual full year amount of RM61.7m. At net earnings level, HELP booked in a figure of RM9.7m against our estimate of RM9.6m. On a y-o-y basis, revenue and earnings grew by 15% and 20% respectively. HELP came in 8.6% above its prospectus earnings forecast of RM8.9m.

Expanding as planned. HELP has successfully completed the acquisition of Sepang Education Centre (SEC) SB for a total consideration of RM2m. Although SEC was loss making at the time of acquisition, management has guided us that they intend to break even by FY08 for SEC. From our understanding, the acquisition price is rather cheap given the infrastructure of SEC, particularly for its engineering courses. HELP has also ventured abroad via its courses being offered in Vietnam National University. It has also launched courses to cater for professionals in the O&G sector.

In alliance with the best. Based on the recently released Times Higher Education Supplement (THES) rankings for 2007, HELP has twinning and/ or transfer programs with 20 of the top 100 universities globally. We believe this augurs well for HELP as ranking is one of the key criteria when a student decides on where to pursue his/her education. It is with such strong tie ups, that HELP has managed to be the only university college in Malaysia that received a full accreditation by the CPA for its accounting courses.

Education's top pick. We forecast a 25% and 27% earnings growth in FY08 and FY09. This is on back of an 11% rise in new enrolments for the 2 years. Our residual income based target price is now raised from RM1.81 to RM2.01 mainly attributed to a higher book value per share and some tweaking to our earnings numbers. We have also raised our terminal growth assumption from 1.5% to 2.5% to better reflect the regional sector's growth. HELP's forward PER multiple of 10.6x FY08 earnings are relatively undemanding against the regional average of 26.4x. **BUY call maintained.**

FYE Dec (RMm)	FY05	FY06	FY07	FY08f	FY09f
Turnover	48.0	53.5	61.7	73.2	86.0
EBITDA	14.7	16.5	18.8	22.5	27.4
Net Profit	6.6	8.1	9.7	12.1	15.4
% chg YoY	15.1%	22.9%	20.0%	25.2%	27.2%
Consensus					
EPS (sen)	7.4	9.1	10.9	13.6	17.3
DPS (sen)^	-	-	-	1.36	1.73
Div Yield ^	0.0%	0.0%	0.0%	0.9%	1.2%
ROE	11.9%	13.2%	15.2%	17.6%	19.0%
ROA	8.1%	8.9%	9.6%	10.7%	11.5%
PER (x)	19.6	16.0	13.5	10.6	8.4
P/BV (x)	2.2	2.0	1.8	1.7	1.5

KEY HIGHLIGHTS**Figure 1: Times Higher Education Supplement (THES) Ranking 2007**

Rank	School Name	Country
1	HARVARD University	United States
2=	University of OXFORD	United Kingdom
2=	University of CAMBRIDGE	United Kingdom
2=	YALE University	United States
5	Imperial College LONDON	United Kingdom
6	PRINCETON University	United States
7=	CALIFORNIA Institute of Technology	United States
7=	University of CHICAGO	United States
9	UCL (University College LONDON)	United Kingdom
10	MASSACHUSETTS Institute of Technology	United States
11	COLUMBIA University	United States
12	MCGILL University	Canada
13	DUKE University	United States
14	University of PENNSYLVANIA	United States
15	JOHNS HOPKINS University	United States
16	AUSTRALIAN National University	Australia
17	University of TOKYO	Japan
18	University of HONG KONG	Hong Kong
19	STANFORD University	United States
20=	CORNELL University	United States
20=	CARNEGIE MELLON University	United States
22	University of California, BERKELEY	United States
23	University of EDINBURGH	United Kingdom
24	King's College LONDON	United Kingdom
25	KYOTO University	Japan
26	Ecole Normale Supérieure, PARIS	France
27	University of MELBOURNE	Australia
28	ÉCOLE POLYTECHNIQUE	France
29	NORTHWESTERN University	United States
30	University of MANCHESTER	United Kingdom
31	The University of SYDNEY	Australia
32	BROWN University	United States
33=	University of QUEENSLAND	Australia
33=	University of BRITISH COLUMBIA	Canada
33=	National University of SINGAPORE	Singapore
36	PEKING University	China
37	University of BRISTOL	United Kingdom
38=	The CHINESE University of Hong Kong	Hong Kong
38=	University of MICHIGAN	United States
40	TSINGHUA University	China
41	University of CALIFORNIA, Los Angeles	United States
42	ETH Zurich	Switzerland
43	MONASH University	Australia
44	University of NEW SOUTH WALES	Australia
45	University of TORONTO	Canada
46	OSAKA University	Japan
47	BOSTON University	United States
48	University of AMSTERDAM	Netherlands
49	NEW YORK University (NYU)	United States
50	The University of AUCKLAND	New Zealand

Rank	School Name	Country
51=	SEOUL National University	Korea, South
51=	University of TEXAS at Austin	United States
53=	TRINITY College Dublin	Ireland
53=	HONG KONG University of Science & Technology	Hong Kong
55=	University of WASHINGTON	United States
55=	University of WISCONSIN-Madison	United States
57	University of WARWICK	United Kingdom
58	University of CALIFORNIA, San Diego	United States
59	LONDON School of Economics and Political Sciences	United Kingdom
60	HEIDELBERG University	Germany
61	Katholieke Universiteit LEUVEN	Belgium
62	University of ADELAIDE	Australia
63	DELFT University of Technology	Netherlands
64	University of WESTERN AUSTRALIA	Australia
65=	University of BIRMINGHAM	United Kingdom
65=	Ludwig-Maximilians-Universität München	Germany
67	Technische Universität MÜNCHEN	Germany
68	University of SHEFFIELD	United Kingdom
69	NANYANG Technological University	Singapore
70	University of NOTTINGHAM	United Kingdom
71=	UPPSALA University	Sweden
71=	DARTMOUTH College	United States
73	University of ILLINOIS	United States
74=	EMORY University	United States
74=	University of YORK	United Kingdom
76	University of ST ANDREWS	United Kingdom
77=	University of PITTSBURGH	United States
77=	PURDUE University	United States
79	University of MARYLAND	United States
80=	University of SOUTHAMPTON	United Kingdom
80=	University of LEEDS	United Kingdom
82	VANDERBILT University	United States
83	University of GLASGOW	United Kingdom
84	LEIDEN University	Netherlands
85=	CASE WESTERN RESERVE University	United States
85=	University of VIENNA	Austria
85=	FUDAN University	China
88	QUEEN'S University	Canada
89	UTRECHT University	Netherlands
90=	PENNSYLVANIA STATE University	United States
90=	TOKYO Institute of Technology	Japan
92	RICE University	United States
93=	University of COPENHAGEN	Denmark
93=	University of MONTREAL	Canada
95	University of ROCHESTER	United States
96	University of CALIFORNIA, Davis	United States
97=	University of ALBERTA	Canada
97=	GEORGIA Institute of Technology	United States
99	CARDIFF University	United Kingdom
100	University of HELSINKI	Finland

Note: Blue highlights indicate universities that HELP has twinning and/ or transfer programs with.

Source: Times Higher Education Supplement (THES), HELP International Corp

Figure 2: HELP's valuations remain attractive vis-à-vis its regional counterparts

Company	Country	PER (x)	ROE
Raffles Education Corp	Singapore	35.4	49.8%
Megastudy Co Ltd	Korea	37.1	25.7%
Cerdu Corp	Korea	62.3	21.1%
Meiko Network Japan	Japan	12.5	21.0%
IBT Education Ltd	Australia	19.3	27.8%
SEG International Bhd	Malaysia	13.3	1.4%
HELP International Corp	Malaysia	10.6	17.6%
China Education Ltd	China	29.6	14.2%
Oriental Century Ltd	China	17.1	29.3%
Average		26.4	23.1%

Note: PER (x) - indicates forward price to earnings multiples acquired from Bloomberg

Source: Bloomberg, OSK Research

Figure 3: Valuation parameters

Component	Value	Comments
PV of residual income stream	0.43	7 year horizon
PV of terminal value	0.75	2.5% terminal growth
Current BV per share	0.82	The certainty component
Fair Value	2.01	38% Upside!

Note: All figures are quoted on a per share basis

Source: OSK Research

Quarterly Results Table

FYE Dec (RMm)	3QFY07	2QFY07	% chg	YTD FY07	YTD FY06	% chg
Turnover	17.6	18.6	6.1%	61.7	53.5	15.3%
EBITDA	5.0	6.2	23.8%	16.6	12.3	35.1%
Depreciation	(0.8)	(0.8)	-0.4%	(3.2)	(4.2)	-25.1%
Net interest expense	0.0	0.0	0.0%	0.0	0.0	0.0%
Associates	0.0	0.0	0.0%	0.0	0.0	0.0%
PBT	4.2	5.4	28.4%	13.4	8.0	66.8%
Tax	(0.7)	(1.7)	134.0%	(3.7)	(3.9)	-5.1%
MI	0.0	(0.0)	-184.6%	(0.0)	(0.0)	-52.0%
Net Profit	3.4	3.7	6.4%	9.7	8.1	20.0%
EPS (sen)	3.9	4.1	6.4%	10.9	9.1	20.0%
Gross DPS (sen)	0.0	0.0	0.0%	0.0	0.0	0.0%
EBITDA margin	28.4%	33.1%	16.7%	26.9%	22.9%	17.2%
NTA/share (RM)				0.82	0.72	13.9%

FYE Oct (RMm)	FY05	FY06	FY07	FY08f	FY09f
Turnover	48.0	53.5	61.7	73.2	86.0
EBITDA	14.7	16.5	18.8	22.5	27.4
PBT	10.0	12.0	14.2	17.8	22.5
Net Profit	6.6	8.1	9.7	12.1	15.4
EPS (sen)	7.4	9.1	10.9	13.6	17.3
DPS (sen)	-	-	-	1.4	1.7
Margin					
EBITDA	30.6%	30.8%	30.6%	30.8%	31.9%
PBT	20.9%	22.4%	23.0%	24.3%	26.2%
Net Profit	13.7%	15.1%	15.6%	16.5%	17.9%
ROE	11.9%	13.2%	14.2%	16.4%	19.0%
ROA	8.1%	8.9%	9.3%	10.3%	11.5%
Balance Sheet					
Fixed Assets	47.7	44.7	44.0	48.7	49.7
Current Assets	37.6	50.7	67.4	74.0	94.6
Total Assets	85.2	95.4	111.4	122.7	144.3
Current Liabilities	25.9	31.3	36.3	48.0	55.7
Net Current Assets	11.6	19.5	31.1	26.0	38.8
LT Liabilities	0.7	0.7	1.9	0.6	0.6
Shareholders Funds	58.5	63.4	73.2	74.1	88.0

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:** Stock is not within regular research coverage

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