



EDUCATION

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FY08 Results Review

Private Circulation Only

HELP International Corp

BUY
Price Target
Upgrade
RM1.00
RM1.55

Scoring Top Marks for the Year

Stock Profile/Statistics

Bloomberg Ticker	HELP MK
KLCI	873.43
Issued Share Capital (m)	88.78
Market Capitalisation (RMm)	88.78
52 week H L Price (RM)	1.68 0.82
Average Volume (3m) '000	30.62
YTD Returns (%)	-0.61
Net gearing (x)	-
Altman Z-Score	3.78
ROCE/WACC	0.85
Beta (x)	N/A
Book Value/share (RM)	0.82

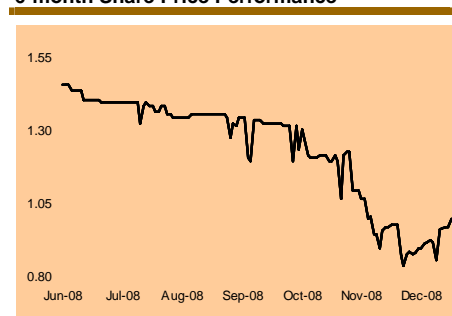
Major Shareholders (%)

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

Share Performance (%)

Month	Absolute	Relative
1m	1.56	1.79
3m	-27.24	-12.11
6m	-32.76	-4.72
12m	-29.81	15.61

6-month Share Price Performance



The FY08 earnings came in 16% above our expectation as revenue and earnings grew 40% and 22% y-o-y respectively on higher student enrolment and fees. However, PBT margins fell from 21.7% in FY07 to 18.6% in FY08 due to higher operating costs and losses from Help International College of Technology (HICT). HICT was, however, able to narrow its losses from RM0.59m in 3Q to less than RM0.26m in 4Q. Given the favourable outlook, particularly for HICT, we have raised our FY09 earning projection by 10% and upgraded our call from NEUTRAL to BUY with a higher target price of RM1.55 compared with RM1.49 previously.

Above expectation. FY08 earnings came in 16% above our expectation, largely due to rising student enrolment and higher fees. Despite a 40% increase in revenue, PBT went up by only 20% due to some margin erosion, with PBT margins falling from 21.7% in FY07 to 18.6% in FY08 due to higher operating costs and losses recorded by HICT, which was acquired in 1QFY08. Q-o-q revenue jumped 43% as more classes were conducted in 4Q compared to the previous quarter as 3Q was the holiday season for its courses from the northern hemisphere. A final dividend of 3 sen per share was announced.

HICT makes good progress. Despite remaining in the red, HICT was able to narrow its losses from RM0.59m in the previous quarter to less than RM0.26m in the quarter under review. As the result, HELP's PBT margin for 4QFY08 improved to 20.7% from 14% in 3QFY08. Given the good progress shown by HICT, we believe management's aim to bring HICT back into the black in FY09 is highly achievable. We expect HELP to experience healthy growth even during an economic downturn given the nature of its business. HELP might be a potential beneficiary from the economic slowdown due to possible downtrading activities among Malaysians due to high cost of overseas education.

Raising estimates. While we are maintaining our FY09 revenue forecast, we have increased our projections for operating margins as we expect HICT to turn profitable in 1HFY09. As a result, we have increased our FY09 earnings forecast by about 10%. After applying a 10% discount for its illiquidity, our residual income TP is raised from RM1.49 to RM1.55 and we upgrade our recommendation from NEUTRAL to BUY due to the favourable outlook, particularly for HICT.

HELP is principally involved in providing private tertiary and vocational education through its colleges.

FYE Oct (RMm)	FY06	FY07	FY08	FY09f	FY10f
Turnover	53.5	61.7	86.5	98.3	103.8
Net Profit	8.1	9.7	11.8	13.0	14.0
% chg y-o-y	22.9	20.0	22.1	9.9	8.3
Consensus Net Profit	-	-	-	-	-
EPS (sen)	9.1	10.9	13.3	14.6	15.8
DPS (sen)	0.0	3.0	3.0	3.4	3.4
Dividend Yield (%)	0.0	3.0	3.0	3.4	3.4
ROE (%)	13.2	15.3	17.4	16.8	16.0
ROA (%)	8.9	9.7	10.4	9.8	9.1
PER (x)	11.0	9.2	7.5	6.8	6.3
P/BV (x)	1.4	1.4	1.2	1.1	1.0

EARNINGS FORECAST**Quarter Results Table**

FYE Oct (RMm)	4QFY08	3QFY08	% chg	YTD FY08	YTD FY07	% chg
Turnover	26.2	18.3	43.2%	86.5	61.7	40.3%
EBITDA	6.3	3.3	92.9%	19.0	16.6	14.5%
Depreciation	-0.9	-0.6	40.7%	-2.9	-3.2	-9.3%
Net interest expense	0.0	0.0	-	0.0	0.0	-
Associates	0.0	0.0	-	0.0	0.0	-
PBT	5.4	2.6	105.4%	16.1	13.4	20.0%
Tax	-0.4	-1.0	-56.8%	-4.3	-3.7	14.7%
MI	0.0	0.0	-	0.0	0.0	-
Net Profit	5.0	1.6	206.9%	11.8	9.7	22.2%
EPS (sen)	5.62	1.83	206.9%	13.3	10.9	22.2%
Gross DPS (sen)	3.0	0.0		3.0	3.0	
EBITDA margin	24%	18%		22%	26.9%	
NTA/share (RM)	0.9	0.8		0.9	0.8	

FYE Oct (RMm)	FY06	FY07	FY08	FY09f	FY10f
Turnover	53.5	61.7	86.5	98.3	103.8
EBITDA	16.5	16.6	19.0	23.7	25.0
PBT	12.0	13.4	16.1	19.7	21.0
Net Profit	8.1	9.7	11.8	13.0	14.0
EPS (sen)	9.1	10.9	13.3	14.6	15.8
DPS (sen)	0.0	3.0	3.4	3.4	3.4
Margin					
EBITDA	30.8%	26.9%	21.9%	24.1%	24.1%
PBT	22.4%	21.7%	18.6%	20.0%	20.2%
Net Profit	15.1%	15.7%	13.6%	13.2%	13.5%
ROE	13.2%	15.3%	17.4%	16.8%	16.0%
ROA	8.9%	9.7%	10.4%	9.8%	9.1%
Balance Sheet					
Fixed Assets	44.7	46.3	48.7	49.7	50.7
Current Assets	50.7	58.2	73.6	92.8	114.0
Total Assets	95.4	104.5	122.3	142.5	164.7
Current Liabilities	31.3	40.6	49.7	59.9	71.1
Net Current Assets	19.5	17.6	23.9	32.9	43.0
LT Liabilities	0.7	0.6	0.6	0.6	0.6
Shareholders Funds	53.5	61.7	86.5	98.3	103.8

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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