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FY09 Results Review

HELP International

Excellent Report Card

HELP's FY09 results came in within our expectations as revenue and net profit grew by 11.6% and 31% y-o-y respectively on higher student enrolment and fees. Q-o-q revenue and net profit soared 21.3% and 104% respectively as more classes were conducted in 4Q compared to the preceding quarter as 3Q coincided with the holiday season for courses from the northern hemisphere. We have revised upwards our FY10 forecast by 12% and introducing our FY11 numbers. We maintain our **BUY** recommendation at a higher TP of **RM1.95** from **RM1.70** previously after adjusting our forecasts and income residual model. A first and final dividend of 3 sen is declared.

Good results. HELP registered a revenue and net profit of RM96.6m and RM15.5m respectively for FY09, which was in line with our expectation. Y-o-y revenue increased by 11.6% on the back of higher student enrolment and fees, which bolstered net profit by 31%. The significant y-o-y net profit jump was also attributed to higher margins, whereby EBIT margin improved to 22.6% in FY09 from 18.6% a year earlier owing to the turnaround of HICT, which was acquired in late 2007. Q-o-q revenue and net profit was significantly higher due to seasonal factors.

Property deal. HELP also announced yesterday that it is acquiring a piece of land and property for RM50m. The property, known as HELP Residence, comprises a piece of freehold land measuring about 1,112 sq m that comes with a 21-storey hostel building and 4 levels of basement car-park. We are neutral but are slightly disappointed with the acquisition as we expect HELP to focus more on acquiring its rivals instead of buying assets. Nevertheless, as the property is located in a prime area, we agree with the management that it does offer attractive potential price appreciation over the longer term. However, we are still hopeful that HELP will announce further acquisitions of its rivals soon, as indicated by management earlier this year.

Maintain BUY. Based on the assumption of higher student enrolment for next year, we have revised up our FY10 forecast by 12% and introduced our FY11 numbers. We maintain our **BUY** recommendation at a higher TP of **RM1.95** from **RM1.70** earlier after adjusting our forecast and income residual model. HELP remains the country's most profitable listed education institution, which can lay claim to having strong growth potential owing to its capacity expansion locally and abroad.

BUY

Target RM1.95
Previous Price RM1.70
Price RM1.74

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)	88.78
Market Cap (RMm)	154.47
52 week H L Price (RM)	1.77 1.00
3mth Avg Vol ('000)	28.7
YTD Returns	65.7
Beta (x)	0.52

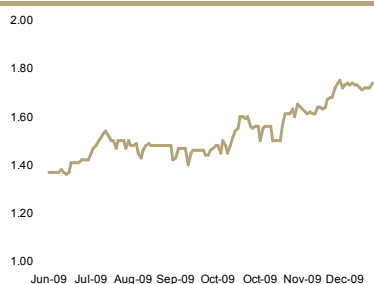
Major Shareholders (%)

Selangor Properties	51.0
Acacia Partners	7.2

Share Performance (%)

Month	Absolute	Relative
1m	6.8	6.0
3m	19.4	14.0
6m	27.4	8.0
12m	76.0	17.7

6-month Share Price Performance



FYE Oct (RMm)	FY07	FY08	FY09	FY10f	FY11f
Revenue	61.7	86.5	96.6	114.6	135.2
Net Profit	9.7	11.8	15.5	18.5	23.0
% chg y-o-y	20.0	22.1	30.9	19.6	24.4
Consensus				15.9	-
EPS (sen)	10.9	13.3	17.4	20.8	25.9
DPS (sen)	3.0	3.0	3.0	3.4	3.9
Dividend yield (%)	1.7	1.7	1.7	1.9	2.2
ROE (%)	15.3	17.4	19.7	20.0	20.9
ROA (%)	9.7	10.4	11.6	11.7	12.1
PER (x)	16.0	13.1	10.0	8.4	6.7
BV/share (RM)	0.71	0.81	0.95	1.13	1.35
P/BV (x)	2.4	2.1	1.8	1.5	1.3

Results Table (RMm)

FYE Oct	4Q09	3Q09	Q-o-Q chg	YTD FY09	YTD FY08	Y-o-Y chg	Comments
Revenue	26.20	21.59	21.3%	96.58	86.55	11.6%	Stronger due to higher student enrolment and higher fees.
EBIT	7.37	4.27	72.7%	21.84	16.10	35.7%	Higher q-o-q due to seasonal factors
Net interest expense	0.0	0.0		0.0	0.0		
Associates	0.0	0.0		0.0	0.0		
PBT	7.36	4.27	72.6%	21.83	16.09	35.7%	
Tax	-1.39	-1.35	3.0%	-6.38	-4.29	48.6%	
MI	0.00	0.00		0.00	0.00		
Net profit	5.97	2.92	104.7%	15.45	11.80	31.0%	
EPS (sen)	6.73	3.29		17.40	13.29		
DPS (sen)	3.0			3.0	3.0		
EBIT margin	28.1%	19.8%		22.6%	18.6%		Higher y-o-y owing to the turnaround of HICT
NTA/share (RM)	1.09	1.02		1.09	0.80		

EARNINGS FORECAST

FYE Oct (RMm)	FY07	FY08	FY09	FY10f	FY11f
Turnover	61.7	86.5	96.6	114.6	135.2
EBITDA	16.6	19.0	25.2	31.6	39.0
PBT	13.4	16.1	21.8	27.6	33.8
Net Profit	9.7	11.8	15.5	18.5	23.0
EPS (sen)	10.9	13.3	17.4	20.8	25.9
DPS (sen)	3.0	3.0	3.0	3.4	3.9
Margin					
EBITDA (%)	26.9	21.9	26.1	27.6	28.8
PBT (%)	21.7	18.6	22.6	24.1	25.0
Net Profit (%)	15.7	13.6	16.0	16.1	17.0
ROE (%)	15.3	17.4	19.7	20.0	20.9
ROA (%)	9.7	10.4	11.6	11.7	12.1
Balance Sheet					
Fixed Assets	46.3	48.7	49.7	50.7	51.4
Current Assets	58.2	73.6	95.3	121.2	155.9
Total Assets	104.5	122.3	145.0	171.9	207.3
Current Liabilities	40.6	49.7	59.9	71.3	87.2
Net Current Assets	17.6	23.9	35.4	49.9	68.7
LT Liabilities	0.6	0.6	0.6	0.6	0.6
Shareholders Funds	63.2	72.1	84.5	100.0	119.5
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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