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NEUTRAL

Fair Value **RM2.82**
Previous **RM2.82**
Price **RM2.63**

EDUCATION

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

Stock Statistics

	HELP MK
Bloomberg Ticker	HELP MK
Share Capital (m)	142.0
Market Cap (RMm)	373.6
52 week H L Price (RM)	3.04 1.31
3mth Avg Vol ('000)	42.2
YTD Returns	16.9
Beta (x)	0.84

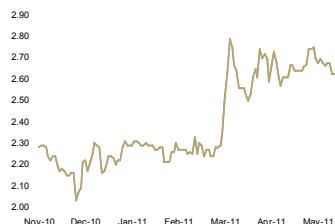
Major Shareholders (%)

Selangor Properties	51.0
Acacia Partners	7.2

Share Performance (%)

Month	Absolute	Relative
1m	0.7	-0.9
3m	16.8	13.9
6m	17.3	12.0
12m	83.6	61.2

6-month Share Price Performance



Company Update

HELP International

Valuations Reflect Potential

We like HELP given its robust students growth, clean books and experienced management while capacity expansion remains intact. Nonetheless, its share price has since caught up with our Fair Value of RM2.82, offering less than 10% upside while dividend continues to be on the lower end at <1.5% yield given its aggressive expansion. Hence, we are downgrading our call to NEUTRAL for now.

More tie-ups overseas likely. With 11k students registered in its Malaysia campuses and 2k scholars under its regional franchises, HELP's student growth came in at >10% p.a. over the last 3 years. We expect the momentum to persist going forward with growth from its overseas contribution likely to outshine its domestic operations. Other than its existing presence in Vietnam, Indonesia, and Maldives, HELP will open its self-owned college in Sydney, Australia by July 2011 and help to operate vocational schools in Phnom Penh and Siem Reap by mid-2011. Leveraging on its established reputation, we expect more tie-ups to materialize this year as the group is actively in talks with education providers in China and Middle East region to assist in management or to establish its franchise models.

Diversification of offerings on the local front. To expand its presence in the increasingly competitive landscape on local front, HELP is diversifying away from its conventional strong foothold in commerce, law and psychology courses into technical or vocational offerings. Recall that HELP has recently signed an MOU with NAZA Group to set up an automotive college offering comprehensive courses from car design to business development. Its HICT Fraser campus (due for official opening ceremony in June) and the proposed HELP Iskandar campus (ready by 2015) will also focus on technical and vocational training courses. We remain adamant that the move would prove fruitful over the long run as this will allow HELP to capture different market segments and demography based on its locations as well as to diversify its student profile.

Fund raising in the pipeline. We understand that HELP is considering various sources of financing to fund its budgeted RM150m-RM200m capex allocated for Phase 1 of its Subang 2 campus in Sungai Buloh. Judging from its balance sheet strength and the magnitude required, we believe it could involve a hybrid of equity issuance and debt drawdown and also potentially sales-and-leaseback arrangement. We expect a decision to be made latest by 3QCY11.

Downgrade to NEUTRAL. We maintain our forecasts and reiterate our Fair Value of RM2.82 based on 14x FY12 PER plus its net cash of RM0.32 per share as at end-FY10. Nonetheless, its share price has since caught up with our valuation and given the potential dilution impact arising from equity issuance, we take a more conservative stance for now and downgrade our call to NEUTRAL.

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 (%)	1.1	1.1	0.8	0.9	1.4
ROE (%)	17.4	18.3	18.2	19.1	19.0
ROA (%)	10.4	11.3	10.7	10.3	9.9
PER (x)	31.7	24.1	19.6	16.2	14.7
BV/share (RM)	0.51	0.68	0.80	0.89	0.99
P/BV (x)	5.2	3.9	3.3	3.0	2.7

EARNINGS FORECAST

FYE Oct (RMm)	FY08	FY09	FY10	FY11f	FY12f
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

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