

Company Name : Sasbadi Holdings Berhad
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Sasbadi to ride on govt's STEM focus

Textbook publisher goes on robotics journey, grabbing RM3.85m award to supply Lego Education robotics sets late last year



by Lim Cian Yai

TEXTBOOK publisher Sasbadi Holdings Bhd hopes it can be a proxy to benefit from the increased government spending on science, technology, engineering and mathematics (STEM) education nationwide.

Moving forward, it hopes to start reaping the fruits of its initiatives in the STEM field via its applied learning division.

Sasbadi received a minor boost when it secured a contract worth RM3.85 mil last October from the Ministry of Education to supply Lego Education robotics sets to primary and secondary schools for the expansion of the robotics programme. The company had delivered the items at the end of last year.

Despite the small contract value, Sasbadi group managing director Law King Hui sees the award as a positive move by the government in promoting STEM education.

"This is the future of the business. It is in the infancy stage but over time it will be significant. Whether there will be more contracts in the near future is anyone's guess, we cannot jump the gun," Law says.

For the year ended Aug 31, 2016, the applied learning division posted a segmental loss of RM319,000 on the back of RM4.88 mil revenue. That made up about 5% of total turnover during the year.

Sasbadi still very much relies on the traditional print and publishing business, which contributes 80-85% of total revenue. Revenue grew at 5.3% year-on-year to RM92.69 mil in FY16 from RM87.95 mil in the previous year. Profit rose 8.28% to RM17.09 mil from RM15.78 mil.

Assuming it maintains its topline 5% growth momentum, and at least similar performance in FY17, segmental revenue contribution from applied learning solutions plus the latest job win might expand to about RM9 mil, or almost 10% of total revenue.

Law notes this is not the first job



Law showing the Lego Education robotics sets his company supplied to the government

Sasbadi won to supply Lego Education robotics sets to the government. It received a RM10 mil contract as far back as 2006 to supply similar products to hundreds of primary and secondary schools.

Key education agenda globally

He is optimistic that time is on Sasbadi's side as STEM education has emerged as a key education agenda globally. STEM education integrates concepts that are usually taught as separate subjects in classes and emphasises the application of knowledge to real-life situations.

"The government is laying the foundation at school level towards ensuring that Malaysia has sufficient number of qualified STEM graduates to fulfil the employment needs of different industries in the economy," Law says.

For the country to remain relevant, he says the government must increase spending in STEM-related areas and make sure the education is accessible to all students.

The applied learning division has also partnered the University of Malaya (UM) to add value to the Lego Education solutions. Law hopes this collaboration will help unleash the potential and value of robotics learning in STEM education.

Sasbadi entered into a memorandum of agreement with UM on Dec 2 last year. The 10-year collaboration encompasses syllabus development, accreditation for students and teachers, workbook development and conducting workshops for students and teachers.

The objective of the collaboration is to promote and groom students' Higher Order Thinking Skills (HOTS) through STEM learning. HOTS involves the learning of complex judgmental skills such as critical thinking, logical thinking and problem solving.

By working with UM, Law hopes

students will be able to integrate the knowledge they gain in Lego Education to academic subjects taught in the classroom.

Its own applied learning centre

Apart from banking on government contracts, Sasbadi has also established an applied learning centre known as Little Botz Academy via the acquisition of Distinct Motion Sdn Bhd. The centre provides an interactive platform for children to develop STEM-related skills pertaining to coding and robotics technology.

Sasbadi plans to develop it into a hybrid learning centre, catering for retail and commercial interests. "That said, this

will not only be a centre for walk-ins. It will also be a solution provider for education providers like kindergartens which are trying to (include) STEM education in their offerings, says Law.

In the long run, he believes the business has the potential to be developed into a franchise model. "We want to stay upstream by using our competency and expertise to develop content. Then our business partners will carry out the downstream activities via the franchise model," he adds.

Recurring income business

Another key driver for Sasbadi is its new network marketing business parked under MindTech Education Sdn Bhd. Since obtaining a network marketing licence in April last year, it has been actively recruiting members to promote the digital learning portal.

It is learnt that the company has so far signed on more than 3,000 members and significant contributions will start to kick in from FY17. The product is based on subscription model which requires users to renew it every year.

Law sees the new venture bringing recurring income. "The product we are selling is i-LEARN Ace which is a self-learning portal for students from Year Four to Form Five. That spectrum alone comprises four million students in Malaysia."

In a report dated Jan 25, AllianceDBS Research analyst Cheah King Yoong is positive on the latest initiative by Sasbadi. He expects the new business to contribute about RM5 mil to revenue in FY17. For the first quarter ended Nov 30, the digital and technology-enabled solutions brought RM1.2 mil in sales.

The research firm has a buy call on the counter with a target price of RM1.75. It closed at RM1.50 on Feb 8.

SASBADI HOLDINGS BHD

KEY BOARD MEMBERS AND MANAGEMENT

DATUK SALLEH MOHD HUSEIN (chairman)
 LAW KING HUI (group MD)
 LEE SWEE HANG and LAW YI CHIAN (EDs)

MAJOR SHAREHOLDERS

Law King Hui	18.32%
Karya Kencana Sdn Bhd	18.18%
Lee Swee Hang	8.47%

MARKET GAP (Feb 8)	RM419.1m
SHARE PRICE (Feb 8)	RM1.50
52-WEEK HIGH (Nov 1, 2016)	RM1.60
52-WEEK LOW (Sept 1, 2016)	RM1.02

FINANCIAL RESULTS (Q1 ended Nov 30, 2016)

REVENUE	RM31.21m
NET PROFIT	RM4.33m