

Company Name : Sasbadi Holdings Berhad  
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# Sasbadi — a bull in the books?

## Analysts raise company outlook

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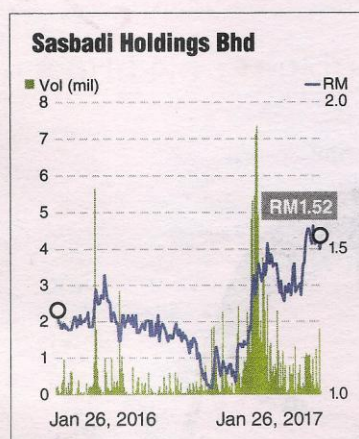
KUALA LUMPUR: All three analysts who provide coverage on Sasbadi Holdings Bhd have placed a “buy” call on the stock as the education materials publisher cements its presence in the publishing and digital spheres.

The consensus 12-month target price of RM2.07 per share in Sasbadi represents a 55 sen or 36.48% upside to its last traded price of RM1.52 yesterday. On Jan 17, the publisher’s shares peaked at RM1.59, a record high since it debuted on the Main Market of Bursa Malaysia in July 2014 at 70 sen per share.

The counter has trended up as much as 50% or 53 sen from RM1.06 since October last year. At its current price, Sasbadi has a market capitalisation of RM424.69 million. The overall consensus for Sasbadi’s earnings per share growth is at 35.89% for the financial year ending 2017 (FY17), 70.13% for 2018 and 116.28% for 2019.

AllianceDBS Research, which has had the longest coverage on the stock, upgraded its call from “hold” to “buy” in December 2015. On Wednesday, it upped its target price to RM1.75 from RM 1.57 previously.

“We are optimistic the acquisition of a 70% stake in Sanjung Unggul Sdn Bhd, a major publishing player in the national Chinese schools arena, will drive FY17 revenue growth



by [some] 11%,” AllianceDBS analyst Cheah King Yoong said in a report.

Sasbadi’s successful acquisition of United Publishing House (M) Sdn Bhd could also add RM1 million to RM2 million per annum to earnings, Cheah opined, adding that Sasbadi’s licence and services agreement with one of Indonesia’s largest book publishers, PT Penerbit Erlangga, would enable the Malaysian publisher to receive semi-annual royalty fees for the sale of its iLearn Ace products there.

Meanwhile, CIMB Research set the highest target price for Sasbadi among the three analysts, at RM2.82 per share.

“We expect iLearn Ace sales to pick up strongly over the next few months,”

CIMB analyst Nigel Foo said.

He also estimated that Sasbadi has collected its maiden RM1.2 million in revenue for the quarter from direct selling of the product. The research house projected earnings from iLearn Ace to reach RM20 million for FY17 and to grow to RM140 million in FY18, according to a report two days ago.

Hong Leong Investment Bank Research (HLIB), which has been covering Sasbadi since last September, also placed a “buy” call on the stock with a target price of RM1.63.

“We look forward to the group’s future earnings coming from the new syllabus for 2018 [for which the tendering process should end by March 2017],” its analyst Nafisah Azmi said.

“We believe the group is more prepared to tender for the new syllabus compared with the previous year when a shorter response time was given,” HLIB Research said in a Wednesday report.

On Tuesday, Sasbadi announced its net profit had doubled to RM4.33 million or 1.55 sen per share in its first quarter ended Nov 30, 2016 from RM2.03 million or 0.8 sen per share in the previous corresponding quarter.

According to the group’s filing with Bursa Malaysia, the better profit was mainly due to an increase in revenue from its delivery of robotics sets and textbooks to schools under Malaysia’s ministry of education.