

Company Name : Sasbadi Holdings Berhad
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Sasbadi Undeterred By Weak Market Conditions, Looks Forward To New Revenue Streams

KUALA LUMPUR (Jan 23): Education solutions provider Sasbadi Holdings Bhd remains undeterred by weak retail market conditions that have had an impact on its earnings in the previous financial year, citing new revenue streams to boost its bottom line.

The group had reported a 52% fall in net profit to RM8.04 million for the year ended Aug 31, 2017 (FY17), from RM16.7 million in FY16, which managing director Law King Hui said was lower than expected.

This was largely due to the sluggish retail market arising from the economic slowdown and a change in the mechanism of the government book voucher handouts, he said, adding: "Therefore we did anticipate a slowdown in sales because of this, but we did not expect it to be that slow."

"Every student in tertiary education used to receive RM250 worth of book vouchers, but in 2017 they were given a debit card instead and the difference was the student could use the amount to buy anything, not just books," Law told reporters after the group's annual general meeting.

"On the plus side, the government announced in the recent Budget 2018 that debit cards would be changed back to book vouchers, so we hope to benefit from this again," he added.

Moving forward, Law said he remains optimistic about the group's performance for FY18, which is expected to benefit from new revenue streams following the signing of new distribution agreements.

"We expect to recognise new revenue streams from our distribution agreement with Marshall Cavendish Education Pte Ltd (MCE) and Animasia Studio Sdn Bhd," said Law.

Sasbadi inked a distribution agreement with Singapore-based K-12 educational solutions provider MCE in November 2017 to exclusively sell certain titles by MCE.

It also signed a licence agreement in October last year with Animasia — producer of the animated TV show Chuck Chicken — to adapt the popular animation into a series of books that it intends to sell worldwide

The group recently reported its results for the first quarter ended Nov 30, 2017 (1QFY18), which saw net profit little changed at RM4.45 million against RM4.34 million in 1QFY17.

"Actually, 1QFY17 was boosted largely by a one-off textbook reprinting contract. If you were to strip this off from contributions, 1QFY18 earnings would have shown a much wider growth," he said.

Sasbadi's share price was unchanged at 60 sen in afternoon trade today, giving a market capitalisation of RM251.46 million.