

Company Name : Sasbadi Holdings Berhad
Date : 4 June 2015
Source : The Star

HLIB Research Maintains Buy On Sasbadi

KUALA LUMPUR: Hong Leong Investment Research (HLIB) has maintained its Buy on Sasbadi with a target price of RM2.72 based on unchanged P/E multiple of 15.5 times CY16 EPS given its lower market capitalisation and liquidity.

"We think valuation is justified as Sasbadi has high growth rate and holds a unique exposure to the country's education system," it said in a note on Thursday.

Sasbadi's 1HFY08/15 earnings currently stand at RM9.9mil.

"While its second quarter is the strongest quarter, we expect slower quarters ahead but still higher than 1Q which is the weakest quarter for the year.

"Despite most of their product being zero-rated, it may experience a slight slowdown due to lower spending power. Overall, we are positive that it is on course to meet our forecast," it noted.

The acquisition of a Chinese publisher is still underway, targeting to finalise in the current financial year.

"We believe the acquisition should be earnings accretive for the group, with Sasbadi having an appetite for companies with low P/E multiple.

"Moreover, it will complement Sasbadi coverage of the education spectrum as it is currently a relatively small player in National-Type Schools," it said.