

Company Focus

Sasbadi Holdings Berhad

Bloomberg: SASB MK | Reuters: SAHO.KL

Refer to important disclosures at the end of this report

Malaysia Equity Research

28 Jan 2015

BUY RM1.43 KLCI : 1,803.17

Price Target : 12-Month RM 2.25

Shariah Compliance: Yes

Reason for Report : 1QFY15 results reporting

Potential Catalyst: Earnings accretive acquisitions

Where we differ: In line with consensus

Analyst

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Result Summary

FY Aug (RM m)	1Q 2015	1Q 2014	4Q 2014	yoy % chg	qoq % chg
P&L Items					
Turnover	16.3	N/A	17.5	N/A	(7.0)
Gross Profit	6.9	N/A	7.3	nm	(4.8)
Opg Profit	2.2	N/A	1.9	nm	14.1
EBITDA	2.9	N/A	2.6	nm	11.5
Net Profit	1.6	N/A	1.2	nm	35.5
Other Data					
Gross Margin (%)	42.5	N/A	41.5		
Opg Margin (%)	13.5	N/A	11.0		
Net Margin (%)	10.1	N/A	6.9		

Financial Summary

FY Aug (RM m)	2013A	2014A	2015F	2016F
Turnover	78	79	87	100
Operating Profit	18	20	24	30
EBITDA	19	23	27	33
Net Pft (Pre Ex.)	13	15	18	22
EPS (sen)	10.0	9.6	13.8	17.5
EPS Pre Ex. (sen)	10.0	12.2	13.8	17.5
EPS Gth (%)	17	(4)	43	27
EPS Gth Pre Ex (%)	23	21	14	27
Net DPS (sen)	6.4	0.0	6.9	8.8
BV Per Share (sen)	50.8	73.8	80.7	89.5
PE (X)	14.2	14.8	10.4	8.2
PE Pre Ex. (X)	14.2	11.8	10.4	8.2
EV/EBITDA (X)	8.7	7.0	5.7	4.5
Net Div Yield (%)	4.5	0.0	4.8	6.1
P/Book Value (X)	2.8	1.9	1.8	1.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	22.1	13.1	17.1	20.6

At A Glance

Issued Capital (m shrs)	127
Mkt. Cap (RMm/US\$m)	182 / 50.4
Avg. Daily Vol.('000)	154

ICB Industry : Consumer Services

ICB Sector: Media

Principal Business: Sasbadi Holdings (Sasbadi) is a leading print publisher.

Source: Company, AllianceDBS, Bloomberg Finance L.P.

Not the 'booking' season yet

- A seasonally weak quarter
- Deemed within expectations even though earnings met only 9% of our full year estimate
- Interim DPS of 3sen declared
- Maintain BUY with an unchanged TP of TM2.25

Highlights

A seasonally weak quarter

- Sasbadi reported a 1QFY15 core earnings of RM1.6m (+35.5% q-o-q). There is no y-o-y comparison as the group was only listed in July 2014.
- Although the group's 1Q earnings only accounted for 9% of our full year earnings, we deem its quarterly results within expectations since 1QFY15 is a seasonally weak quarter for the group.
- For FY15, we understand that 2Q (December to February) is expected to post the highest quarterly sales, followed by 3Q (March to May).

3 sen dividend declared

- The group has declared 3 sen interim dividend, which represents >200% payout from its reported 1QFY15 EPS of 1.3sen.
- We understand that the higher than expected dividend payout is to partly compensate shareholders for no dividends in the last financial year. We believe that the strong dividend payout also implies management's optimism of its earnings prospects going forward.
- For now, we are maintaining our 50% payout assumption for FY15, which implies an attractive dividend yield of 4.8%.

Earnings unchanged. We keep our earnings unchanged pending a meeting with the management for an update post results.

Valuation

Reiterate BUY with RM2.25 TP. We reiterate our BUY rating on Sasbadi, based on DCF-derived TP of RM2.25. The stock is trading at an undemanding valuation (10.4x/8.2x/6.7x of FY15-FY17 EPS). Yield is decent at 4.8% for FY15.

Risks

Paper cost fluctuation

- A sudden surge in paper cost which represents 38% of Sasbadi's COGS.

Sasbadi Holdings Berhad

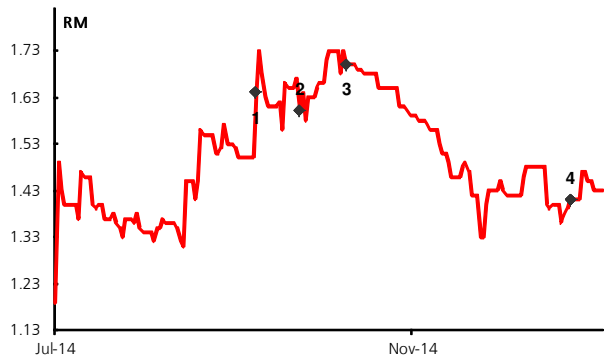
Change of education policies

- Failure to respond timely to changes in education policies.

Loss of contract revenues

- Loss of contracts.

Target Price & Ratings History



Note : Share price and Target price are adjusted for corporate actions.

Source: AllianceDBS

DISCLOSURE**Stock rating definitions**

STRONG BUY	-	> 20% total return over the next 3 months, with identifiable share price catalysts within this time frame
BUY	-	> 15% total return over the next 12 months for small caps, >10% for large caps
HOLD	-	-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps
FULLY VALUED	-	negative total return > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

Adex = advertising expenditure	EPS = earnings per share	PBT = profit before tax
bn = billion	EV = enterprise value	P/B = price / book ratio
BV = book value	FCF = free cash flow	P/E = price / earnings ratio
CF = cash flow	FV = fair value	PEG = P/E ratio to growth ratio
CAGR = compounded annual growth rate	FY = financial year	q-o-q = quarter-on-quarter
Capex = capital expenditure	m = million	RM = Ringgit
CY = calendar year	M-o-m = month-on-month	ROA = return on assets
Div yld = dividend yield	NAV = net assets value	ROE = return on equity
DCF = discounted cash flow	NM = not meaningful	TP = target price
DDM = dividend discount model	NTA = net tangible assets	trn = trillion
DPS = dividend per share	NR = not rated	WACC = weighted average cost of capital
EBIT = earnings before interest & tax	p.a. = per annum	y-o-y = year-on-year
EBITDA = EBIT before depreciation and amortisation	PAT = profit after tax	YTD = year-to-date

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