

Malaysia Result Snapshot

Sasbadi Holdings Berhad

Bloomberg: SASB MK| Reuters: SAHO.KL

Refer to important disclosures at the end of this report

DBS Group Research . Equity

30 Oct 2014

BUY RM1.73 KLCI : 1,839.55

Price Target :12-Month RM2.25

Analyst

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Result Summary

FY Aug (RM m)	4Q 2014	4Q 2013	3Q 2014	yoy % chg	qoq % chg
P&L Items					
Turnover	17.5	N/A	N/A	N/A	N/A
Gross Profit	7.3	N/A	N/A	nm	nm
Opg Profit	1.9	N/A	N/A	nm	nm
EBITDA	2.6	N/A	N/A	nm	nm
Net Profit	1.9	N/A	N/A	nm	nm
Other Data					
Gross Margin (%)	41.5	N/A	N/A		
Opg Margin (%)	11.0	N/A	N/A		
Net Margin (%)	6.9	N/A	N/A		

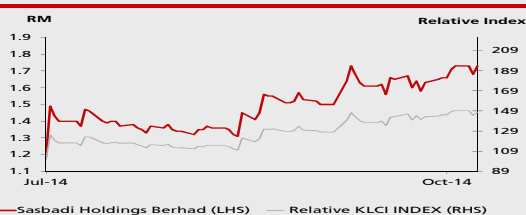
Financial Summary

FY Aug (RM m)	2014A	2015F	2016F	2017F
Turnover	80	87	98	111
Operating Profit	20	24	29	35
EBITDA	23	27	33	39
Net Pft (Pre Ex.)	16	18	22	27
EPS (sen)	9.6	13.9	17.3	21.0
EPS Pre Ex. (sen)	12.2	13.9	17.3	21.0
EPS Gth (%)	(4)	45	24	22
EPS Gth Pre Ex (%)	21	14	24	22
Net DPS (sen)	0.0	7.0	8.6	10.5
BV Per Share (sen)	74.0	80.0	88.6	99.1
PE (X)	17.9	12.4	10.0	8.2
PE Pre Ex. (X)	14.2	12.4	10.0	8.2
EV/EBITDA (X)	8.1	7.1	5.8	4.6
Net Div Yield (%)	0.0	4.0	5.0	6.1
P/Book Value (X)	2.4	2.2	2.0	1.7
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	12.4	17.4	20.5	22.4

At A Glance

Issued Capital (m shrs)	127
Mkt. Cap (RMm/US\$m)	220 / 67.3
Avg. Daily Vol.('000)	979

Price Relative



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

Results in line, sealed another deal

- **FY14 results met expectations with core PAT +21% y-o-y**
- **Announced second acquisition which allows the group to venture into teacher education segment**
- **On track with its M&A growth strategy**
- **Reiterate BUY with unchanged TP of RM2.25**

Within expectations. Sasbadi ended FY14 with RM15.5m core PAT, after stripping off one-off listing fees, underprovision of sales returns and impairment of intangible assets. This result is within our expectation as it made up 104% of our full year forecasts.

FY14 revenue expanded 2% y-o-y. FY14 revenue grew 2% y-o-y, mainly driven by sales contribution from intellectual properties (IPs) acquired from Pearson Malaysia in Sept 2013, which was offset by the loss of revenue from the sale of past year exam papers since Sept 13. Nonetheless, this is within our expectation as full year revenue represented 104% of our forecast.

FY14 core PAT grew 21% y-o-y. In terms of core PAT, Sasbadi achieved impressive growth of 21% y-o-y with GP margins improving by 5.4ppts from FY13, thanks to improved economies of scale post the acquisition of Pearson Malaysia.

No dividend for the quarter. This is expected, given the fact that the company was only listed on 23 July 2014.

Secured a second IP acquisition. Separately, Sasbadi announced the acquisition of IPs from Penerbitan Multimedia Sdn Bhd for a total cash consideration of RM1m. This proposed acquisition allows Sasbadi to venture into the teacher education segment (teacher training books), in which the group has no presence currently. This appears to be the second IP acquisitions for the group since Sept 13. We are positive on this development and believe the group is on track to achieve growth via its M&A strategy.

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

Recommendation

Reiterate BUY with RM2.25 TP. Sasbadi's share price has appreciated 15% since our initiation on 29 Sept 2014. Sasbadi is the best proxy to the resilient pre-university education industry. With total returns of 34%, we reiterate our BUY rating on Sasbadi, based on DCF-derived TP of RM2.25. Yield is decent at 4% for FY15.

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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 i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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