



## SEG International Bhd

Lifting Its International Recognition

**TP: RM4.06 (+14.37%)**

Last Traded: RM3.55

**BUY**

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY\*

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### Collaboration agreement with the University Abertay Dundee,UK

SEG signed an agreement with the University Abertay Dundee, UK for dual awards. Under this arrangement, students graduating with SEGi University College business and accounting degree programmes will also receive a separate degree parchment issued by the University of Abertay Dundee, apart from their SEGi degree parchments.

We are positive on this development as the agreement would strengthen the worth and international recognition of its homegrown business and accounting degree programmes through an academic arrangement with the University of Abertay Dundee, one of United Kingdom's leading universities.

### Impact

We believe the collaboration between SEG and University of Abertay Dundee would translate into substantial cost-savings for SEG students. Now they can obtain a separate qualification from a leading university from the United Kingdom upon completion of their studies in Malaysia at SEGi University College, without additional modules or time needed to qualify. However, we maintained our earnings projections for SEG at this juncture.

### Valuation

We maintain target price of RM4.06/share for SEG. Given the potential total return of 18.8% from potential capital upside and potential dividend yield, we maintain **Buy** on SEG. Key risk factors to our view are: 1) Lower than expected no. of student enrolled; 2) Potential variation to our profit forecast; 3) Changes in requirements of professional bodies could influence recognition and demand for SEG's courses; and 4) Competition from local and foreign education providers.

### SHARE INFO

Bloomberg Code	SYS MK
Bursa Name	SEG
Stock Code	9792
Listing	Main Market
Share Cap (m)	254.3
Market Cap @ RM (RMm)	709.6
Par Value (RM)	0.5
52-wk Hi/Lo (RM)	3.60 / 0.53
12-mth Avg Daily Vol (000' shrs)	640
Estimated Free Float (%)	44
Beta	0.74
Major Shareholders (%)	
	Cerashar Sdn Bhd (22.57)
	Rexter Capital Sdn Bhd (11.97)
	SEG International Bhd (9.25)
	Segmen Entiti Sdn Bhd (6.23)
	Hii Chii Kok (5.98)

### FORECAST REVISION

	FY11	FY12
Forecast Revision (%)	17.8	22.5
Net profit (RMm)	73.8	106.5
Consensus	59.6	77.4
TA/Consensus (%)	124	138
Previous Rating	BUY	

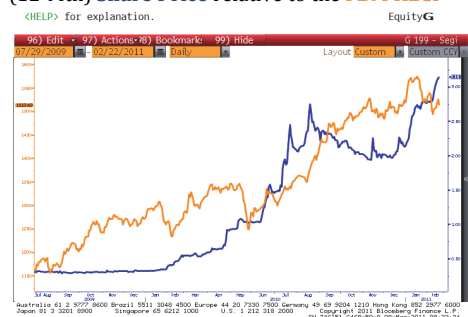
### FINANCIAL INDICATORS

	FY11	FY12
Net debt/equity (%)	Net Cash	Net Cash
CFPS (sen)	n.m	n.m
P/CFPS (x)	n.m	n.m
ROA (%)	27.5	34.3
NTA/Share (RM)	0.6	0.8
Price/ NTA (x)	5.5	4.4

### SHARE PERFORMANCE

Price chg (%)	SYS MK	FBMKLCI
1 mth	27.70	(1.55)
3 mth	78.84	0.38
6 mth	51.64	5.69
12 mth	548.99	14.46

### (12-Mth) Share Price relative to the FBM KLCI



## Earnings Summary

FYE Dec 31 (RM'mn)	FY09	FY10	FY11F	FY12F	FY13F
Revenue	176.9	217.6	309.4	389.9	470.8
EBITA	22.6	62.5	106.9	159.0	211.1
EBITA margin (%)	12.8	28.7	34.6	40.8	44.8
Pretax profit	14.6	54.3	98.3	150.9	203.4
Net profit	10.0	43.0	73.8	106.5	143.5
EPS (sen)	4.0	17.4	26.4	38.1	51.3
EPS growth (%)	33.3	335.0	51.5	44.4	34.8
PER (x)	78.0	21.4	13.5	9.3	6.9
GDPS (sen)	3.5	7.0	16.0	29.0	38.0
Div yield (%)	1.0	2.0	4.5	8.2	10.7

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