

21 June 2012

SEG International ("SEG")

Listing status remains status quo

OUTPERFORM ↔

Price: RM1.72
Target Price: RM2.19 ↔

- News**
- As of 20th of June, the acceptance level for the unconditional take-over Offer by Pinnacle Heritage Solutions S/B stood at **66.45%** and **69.01%** for SEG ordinary shares & warrants respectively.
 - Note that the acceptance period for the Offer has expired yesterday.
 - To recap, Pinnacle Heritage Solutions S/B had tabled a cash offer price of RM1.714 and RM1.214 per SEG Share and Warrant respectively on 25 April 2012.

- Comments**
- The lacklustre response from the minority shareholders seems to echo our view of the unattractive offer price.
 - Based on the above uninspiring acceptance level, SEG's listing status is likely to remain unchanged.

- Outlook**
- It remains bright underpinned by more new programmes to be introduced within this year (20-30 programmes) particularly from an increasing number of SEG University College's own home-grown programmes (e.g. medical science), which enjoy higher margins compared to other programmes.

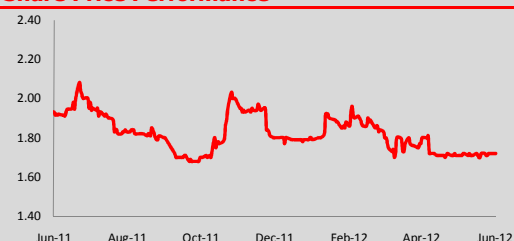
- Forecast**
- FY12-FY13E forecasts remain unchanged.

- Rating**
- OUTPERFORM rating remains unchanged.**

- Valuation**
- Maintaining our SEG's fair value of RM2.19 based on a targeted FY12 PER of 12.5x (+1SD).

- Risks**
- A slowdown in student enrolments.

Share Price Performance



KLCI	1,604.39
YTD KLCI chg	4.8%
YTD stock price chg	-4.4%

Stock Information

Bloomberg Ticker	SYS MK Equity
Market Cap (RM m)	1,140.9
Issued shares	663.3
52-week range (H)	2.09
52-week range (L)	1.65
3-mth avg daily vol:	985,925
Free Float	35%
Beta	0.8

Major Shareholders

HII CHII KOK	35.8%
PINNACLE HERITAGE	24.0%
REXTER CAPITAL S/B	5.0%

Summary Earnings Table

FYE Dec (RM m)	2011A	2012E	2013E
Turnover	278.3	333.0	373.8
EBIT	66.2	99.6	120.0
PBT	88.2	128.9	156.8
Net Profit (NP)	72.2	104.4	127.0
Consensus (NP)	-	97.0	119.5
Earnings Revision	-	-	-
EPS (sen)	13.6	17.5	21.3
EPS growth (%)	53%	29%	22%
DPS (sen)	8.2	8.8	10.6
PER	12.7	9.8	8.1
	Net	Net	Net
Net Gearing (x)	Cash	Cash	Cash
Dividend Yield (%)	4.8%	5.1%	6.2%

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Stock Ratings are defined as follows:

Stock Recommendations

- OUTPERFORM : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- MARKET PERFORM: A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERPERFORM : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

Sector Recommendations***

- OVERWEIGHT : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- NEUTRAL : A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERWEIGHT : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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