



SEG INTERNATIONAL BHD

Corporate Presentation

FY2010 Results Review & Corporate Update

Presented by:

Lee Kok Cheng, Chief Executive Officer

Cheryl Chong, Executive Vice President, Corporate Planning & Services

22 March 2011

IR Adviser



- Corporate Profile
- Recent Developments
- Growth Strategies
- Financial Highlights
- Investment Merits




Agenda

Best is yet to be...

SEG INTERNATIONAL BERHAD's Main Shares	
Listed:	Main Market, Bursa Malaysia (listed on Second Board in 1995; transferred to Main Market in 2004)
Sector:	Trading/Services
Codes:	Bursa: 9792 / SEG Bloomberg: SYS MK Reuters: SEDU.KL
Share Capital:	RM128.39 mil (256.78 mil shares of RM0.50 par)
Market Capitalization:	RM891.0 mil (RM3.47 as at 18 Mar 2011)

The longest publicly-listed education provider on Bursa Malaysia

SEG INTERNATIONAL BERHAD's Warrants 2010/15	
Codes:	Bursa: 9792WA / SEG-WA
Outstanding No. of Warrants:	117.4 mil (as at 18 Mar 2011)
Terms of Warrants :	Expires 14 Aug 2015; 1-for-1 Conversion; Exercise Price of RM1.00
Market Capitalization:	RM275.9 mil (RM2.35 as at 18 Mar 2011)



Corporate Information

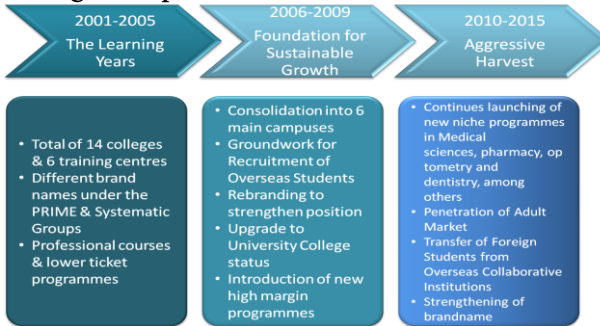
Best is yet to be...

Corporate Profile
<p><i>Among Malaysia's largest private higher education providers</i></p>

- **Founded in 1977, SEGi is one of Malaysia's largest private education groups today, providing tertiary and adult-learner courses**

- 6 full-fledged campuses nationwide: SEGi University College (Kota Damansara), SEGi College Subang Jaya, SEGi College Kuala Lumpur, SEGi College Penang, SEGi College Sarawak and Kolej SEGi Seri Kembangan
- SEGi facilities are able to house up to 32,500 students in total

- **SEGi's growth path:**



Full-fledged education provider spanning across Malaysia...past decade has seen SEGi laying the foundation for growth



Background

Best is yet to be...

- **SEGi has built an international network of top-notch partner universities for broader range of courses**

- Also works closely with local and international professional bodies for programme recognition, research and certification



Equipping students with market-recognized certifications with top-notch international partners...



Background (con't)

Best is yet to be...



SEG INTERNATIONAL BHD

Growth Strategies

Focusing on filling up capacity...

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Reputable brand position as a top-notch education group

Comprehensive and diverse programmes

Strong team of key personnel to spearhead various initiatives

Innovative in responding to market changes

Financially strong to introduce new courses and to undertake aggressive marketing

Entrenched competencies gained over 30 years of providing education...



Core Competencies

Best is yet to be...

1. Continuously introducing new and higher-margin programmes

- Expanding by >20 modules per year
- Placing greater emphasis on specialist courses

Faculty	2010	2011	2012
Business, Accountancy & Mgt	1	3	5
Medicine	1	-	-
Pharmacy	3	2	-
Optometry & Vision Sciences	2	3	-
Dentistry	1	1	-
Nursing & Allied Health Sciences	8	8	6
Engineering & Built Environment	-	4	2
Creative Design & Technology	1	2	3
Hotel & Tourism	3	2	3
Post Graduate Programmes	1	3	2
Total	21	28	21

Expansion of modules to broaden student population for long-term... specialist courses in line with SEGi's focus



Growth Strategies

Best is yet to be...

2. Increasing international student population

- Collaborating with strategic partners overseas who will provide the campus "hardware" for students' initial studies in their home countries
- Focused on providing ease of transfer and bridging programmes
- Eyeing regional markets, e.g. China, Indo-China, Indonesia, Maldives and the Middle-East
 - Recently strengthened collaborations with Xinjiang Language Centre and Linyi Normal University in China

Catalysts from international markets and adult learners...

3. Targeting adult learning segment

- Strategic locations within the city
- Greater flexibility in class schedules and fee payments
- Collaborations with industrial partners to meet employee training requirements
- Usage of online portal to complement face-to-learning experience



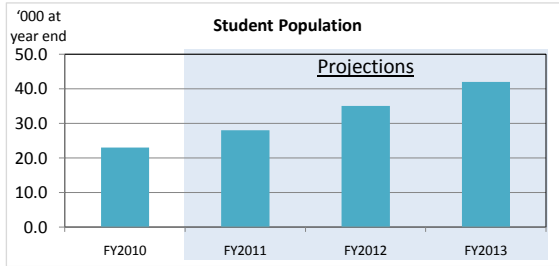
Growth Strategies (con't)

Best is yet to be...

4. Expanding capacities

- To double student population within 3-4 years
- Campuses generally operation on single-session
 - Able to double capacity by activating 2 or more sessions a day
 - Adult learners able to join at nights and weekends
- New campus planned in Ipoh, Perak

Large capacity the precursor to attaining critical mass to enjoy operating leverage... aggressive marketing to strengthen SEGi brand



5. Intensifying marketing campaign to become the 'institution of choice' and enhance brand equity

- 10% of revenue allocated for A&P for FY2011



Growth Strategies (con't)

Best is yet to be...

Caring for and supporting our people

Providing quality in everything we do

Having a vibrant and energetic attitude

Being passionate in our service

Reiterating commitment to quality and dynamism...

...and identified SEGi's intention to be the "Institution of Choice", by realising five strategic outcomes



Branding Strategy

Best is yet to be...

13

These strategic outcomes imply the fulfilment of several of SEGi's ambitions

Highly Sought-After Graduates	<ul style="list-style-type: none"> Produce highly employable graduates, attracting headhunters before graduation Produce award-winners and captains of industry Produce graduates suited for post-graduate research, R&D
Holistic Student Experience	<ul style="list-style-type: none"> Enrich students by instilling a culture of lifelong independent learning Create a rich and diverse student/campus life Ensure students feel a sense of "SEGi pride" and school spirit Create students that are self-sufficient and exposed to the outside world
Academic Strength	<ul style="list-style-type: none"> Create and disperse quality courses/programmes Have excellent teaching and learning methods Increase eminence of research and development programmes
Best Place to Work	<ul style="list-style-type: none"> Attract and retain notable and award-winning academics Cultivate a 'sense of belonging', a 'family culture', creating happy and satisfied faculty and staff, which ensures brand loyalty and a culture of high achievement
Global Brand Recognition	<ul style="list-style-type: none"> Become known as the "Ivy League of Malaysia" Become globally known and accepted To have a brand name that is "the talk of the town" and is instantly recognisable



Holistic approach towards becoming the 'Ivy League' institution in Malaysia...



Branding Strategy (con't)

Best is yet to be...



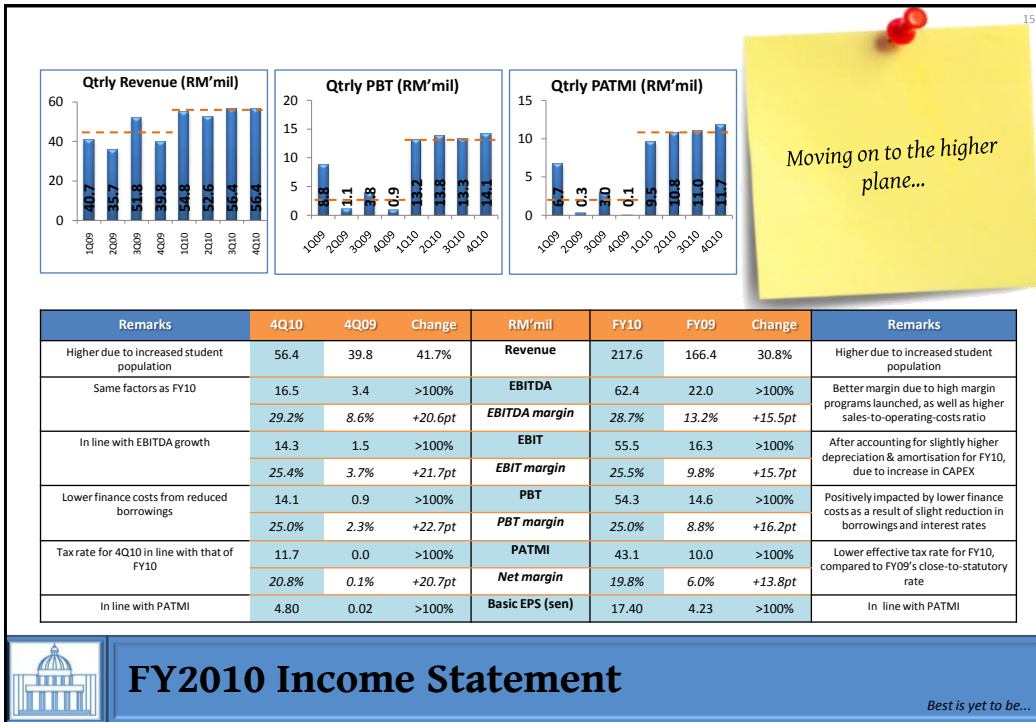
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Financial Highlights

Achieving quantum leap...

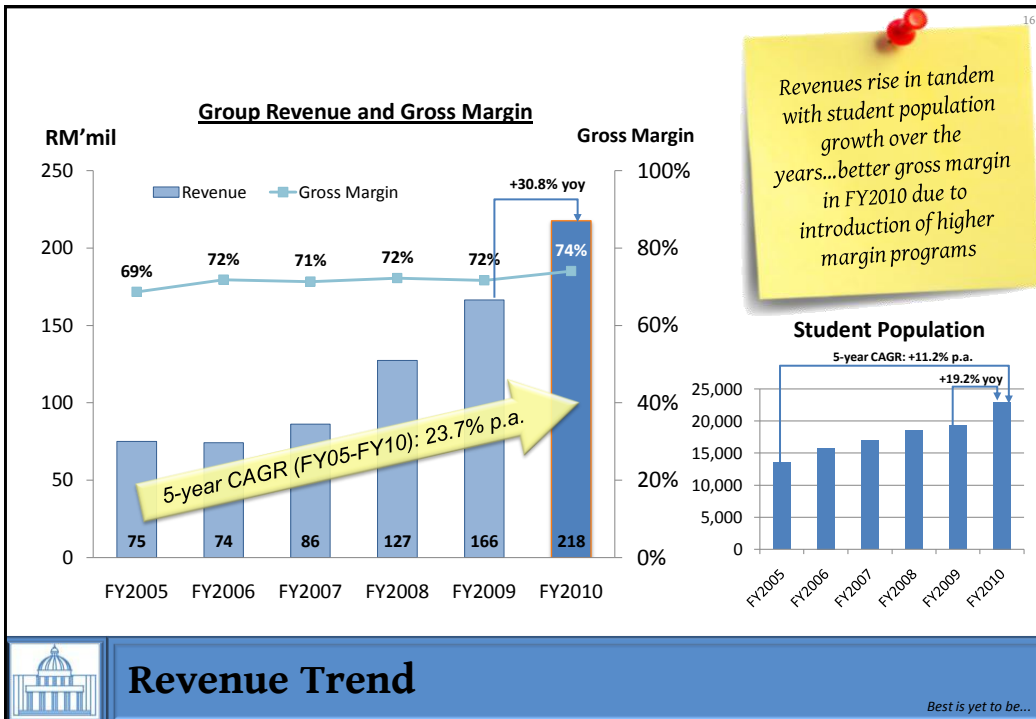
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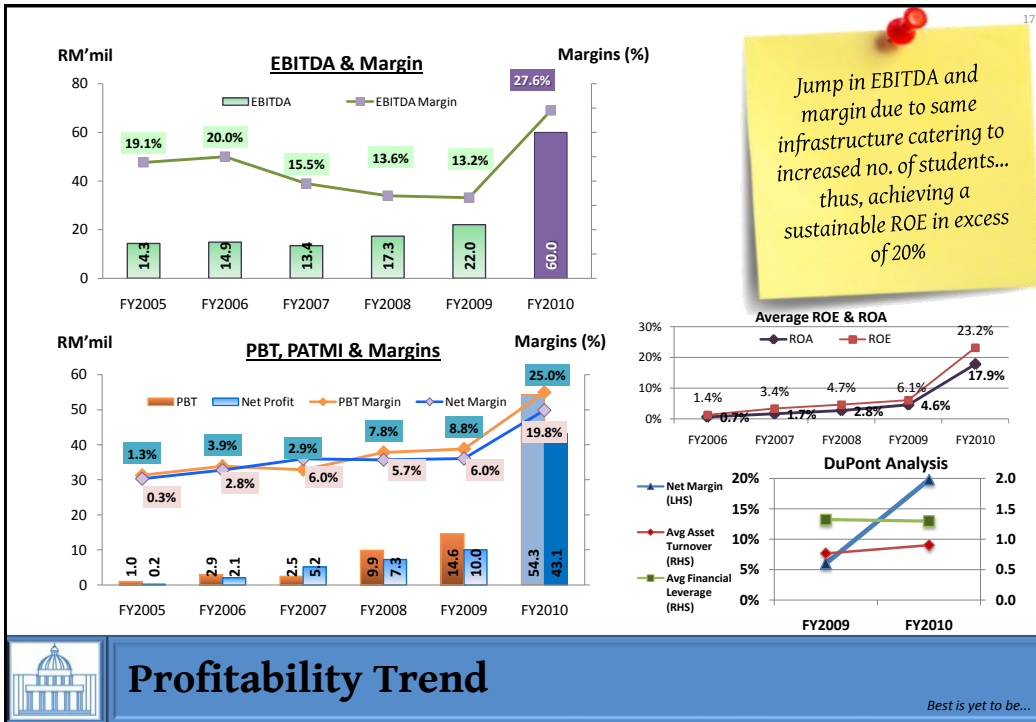
FY2010 Income Statement

Best is yet to be...



Revenue Trend

Best is yet to be...



Jump in EBITDA and margin due to same infrastructure catering to increased no. of students... thus, achieving a sustainable ROE in excess of 20%

RM'mil	As at 31.12.10	As at 31.12.09	Remarks
PPE & Prepaid Lease Payments	100.1	91.4	Increase due to CAPEX of RM16mil for building of new faculties (e.g. Medical, Optometry, etc)
Associates	4.8	4.8	-
Intangible Assets	27.7	27.8	Consisting mainly of goodwill arising from past acquisitions
Available-for-sale Financial Assets	2.7	2.5	Consisting of quoted equity at market value
Deferred Tax Assets	3.2	3.9	-
Other LT Receivables	2.4	4.5	Fair value of post-dated cheques from buyer of small colleges sold
Trade Receivables	12.9	4.6	In line with revenue growth; students are mainly self-financing
Other Receivables	24.7	35.5	Mainly rental and utility deposits & prepayments of campuses & hostels
Cash & Cash Equivalent	78.8	36.9	Rise due to strong operating cash flows, even after accounting for CAPEX & share buy back
Current Liabilities	46.2	34.7	Higher mainly due to large amount of fees received in advance for 2011 term
Non-Current Liabilities	13.3	14.6	-
Shareholders' Equity	202.6	169.2	Increase mainly due to retained profits

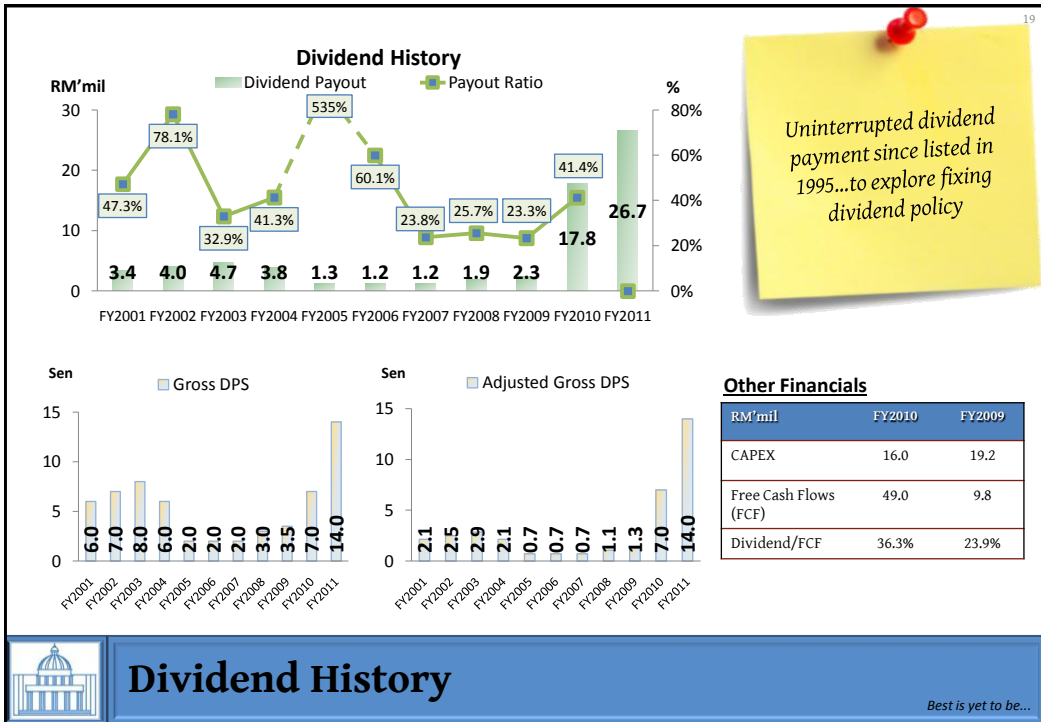
Other Financials

	As at 31.12.10	As at 31.12.09
Total Borrowings (ST + LT) (RM'mil)	18.0	18.6
Net Gearing	Net Cash	Net Cash
Trade Debtor Days	14.7	13.4

Balance Sheet (Highlights)

Best is yet to be...

Balance sheet continues to strengthen, mainly due to strong cash flows...



Dividend History

Best is yet to be...



SEG INTERNATIONAL BHD


Investment Merits



Ending 31 Dec (RM'mil)	FY2011f	FY2012f
Turnover		
PBT		
PAT		
EPS (sen)		

21

Earnings to double within 2 years...compressing forward FY12 PE valuation to about 12x




Earnings Guidance

Best is yet to be...

	SEG International Bhd	Help International Corporation Bhd	Masterskill Education Group Bhd
Price (as at 18.3.11)	3.47	2.57	1.70
No. of shares ('mil)	256.8	142.0	409.9
FY10 Revenue / YoY Growth	RM217.6mil / 30.8%	RM105.2mil / 8.9%	RM315.7mil / 15.5%
FY10 EBITDA / YoY Growth	RM62.4mil / 183.6%	RM33.4mil / 24.7%	RM131.6mil / 6.4%
FY10 PATMI / YoY Growth	RM43.1mil / 329.6%	RM19.1mil / 23.6%	RM102.1mil / 4.9%
Market Cap (RM'mil)	891.0	365.0	696.8
FY10 EBITDA Margin	28.7%	31.7%	41.7%
FY10 Historical PE	20.7x	19.1x	6.8x
Net Div Yield (FY10 Dividends)	2.0%	0.6%	4.1%
Net Gearing	Net Cash	Net Cash	Net Cash
Return on Avg Shareholders' Equity (ROE)	23.2%	18.2%	25.1%
Return on Avg Total Assets (ROA)	17.9%	10.7%	19.3%

22

SEGi offers the fastest growth...justifying earnings multiple



Peer Comparison

Best is yet to be...

23

Among the fastest growing educational groups in Malaysia

Increasing capacity utilization rate of existing facilities to see earnings leapfrog

Unabated demand for tertiary education and adult learning

Earnings multiple to be compressed with strong earnings growth; also high dividends expected

*Reaping the first fruits...
best is yet to be*

Investment Case

Best is yet to be...

24

THANK YOU

BLOOMBERG: SYS MK, REUTERS: SEDU.KL

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Best is yet to be...



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Appendix

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Centre of Continuing Education	<ul style="list-style-type: none"> • Master in Retail Management • Master in Entrepreneurship & Innovation • Master in Corporate Communication • MBA (UOS) 	<div style="border: 1px solid black; background-color: #fff9c4; padding: 10px; width: fit-content; margin: 0 auto;"> <p style="text-align: center;"><i>Rollout of new adult-learner and creative modules in the works...</i></p> </div>
Creative Arts & Design	<ul style="list-style-type: none"> • Certificate in Creative Arts • Certificate in Music • BA (Hons) Mass Communication • Master in Design (Graphic & Multimedia) 	
Centre for Pre-University Studies	<ul style="list-style-type: none"> • Foundation in Communication • Foundation in Information Technology & Engineering 	
Education & Social Sciences	<ul style="list-style-type: none"> • BA (Hons) Early Childhood Studies • BSc (Hons) Psychology with Counselling • BA (Hons) Health & Social Care • Postgrad Certificate in Teaching 	
Hotel & Tourism	<ul style="list-style-type: none"> • Diploma in Culinary Arts • Diploma in Hospitality Management 	



Upcoming Programmes

Best is yet to be...

27

Nursing & Allied Health Sciences

- Diploma in Physiotherapy (revised syllabus)
- Diploma in Health Care
- Diploma in Food Technology
- Diploma in Nutrition and Dietetics
- BSc (Hons) Professional Practice in Nursing
- BSc (Hons) BioMedical Sciences
- BSc (Hons) Healthcare Management

Engineering & I.T.


- Diploma in Telecommunication Engineering
- Diploma in Internet Computing
- B.Eng in Telecommunication Engineering
- BSc (Hons) in Internet Computing
- Bachelor in Automotive Engineering

Business & Accountancy

- Diploma in Event Management
- BA (Hons) in Event Management
- BA (Hons) in Economics



Offering a wider range of specialist courses...



Upcoming Programmes (con't)

Best is yet to be...

28



Dato' Sri Clement Hii, *Group MD*

Graduated with LLB (Hons) degree from the UK. He was also conferred the Hon. Doctorate of Business Administration by the University of Sunderland, and Hon. Doctorate of Laws by his alma mater, the University of Wolverhampton, UK.

He is former senior journalist and has served as Chief Editor of the Borneo Post. He also served in senior positions with management firms and completed his tenure as Executive Deputy Chairman of Star Publications Bhd on 31st December 2010..



Mr. Lee Kok Cheng, *Group CEO*

He obtained the BSc (Hons) Computer Science from University Sains Malaysia in 1985 and thereafter in 1996 he obtained his MBA from the University of Dubuque, Iowa in the US. He also holds a Postgraduate Certificate in Business Research from the University of Newcastle, Australia.

He joined the Group as Vice-President (Operations) in June 2003 before being promoted to COO in January 2005. He became SEGI's CEO in early 2009. Prior to this, he has eighteen years experience and his last position was the Group Executive Director of another educational institution.



Management Team



Ms. Hew Moi Lan, *Group COO*

She is a fellow member of the Chartered Institute of Management Accountants, UK and a Chartered Accountant with the Malaysian Institute of Accountants. In 2005, she attained her Master of Business degree from the University of Newcastle, Australia. She is currently pursuing her Doctor of Philosophy, majoring in Management Accounting.

Her tenure with the Group dates back to 1986 when she joined the then Systematic Business Training Centre. With more than 20 years of experience in the education industry, Moi Lan has brought an immense wealth of experience and knowledge into running of the Group.



Emeritus Prof. Dr. Muhamad Awang, *Vice-Chancellor, SEGi University College*

Prof. Muhamad Awang received his Ph.D specialising in air pollution and vegetation from the University of Sheffield, the United Kingdom, in 1979.

He was a Professor of Environmental Sciences at the Faculty of Environmental Studies, Universiti Putra Malaysia (UPM) and was a Deputy Vice Chancellor of Academic Affairs at UPM between June 16, 2000 and April 7, 2005. He is best known for his teaching and research on Air Pollution and Tropical Ecosystem Physiology and Environmental Science Management.



Management Team (con't)



Prof Dato' Dr Jamaludin Mohaiadin, *Deputy VC (Student Affairs) SEGi UC*

Prof. Jamaludin was formally the Deputy Vice Chancellor of Student Affairs in Universiti Sains Malaysia. He was also the Director of Center for Instructional Technology and Multimedia in USM. He has many years of experience in the areas of multimedia courseware, graphic design, audio-video productions and the design of audio-video facilities, and was also a consultant to a number of universities in multimedia curriculum design, establishing instructional technology centers and academic training programmes.



Prof. Tan Beng Cheok, *Senior VP (Academic) & Deputy VC (Academic) SEGi UC*

Prof. Tan has a PhD from the University of Wales. He was previously the Professor of Fundamental Physics and Dean of the Institute for Advanced Studies in the University of Malaya.

He was previously also the Managing Director of Hong Leong Engineering and CEO of another educational institution.



Management Team (con't)



Dr. Lisa Tan, *Principal of SEGi Subang Jaya*

Dr. Lisa holds a DBA from University of South Australia and MBA from the University of Bath, UK. She also has a Diploma in Education from Singapore University and B.Sc (Hons) from the University of London.

She has worked with the Singapore Ministry of Education and private institutions of higher learning for more than 20 years with vast experience in the field of education and management. Her experience covers work with governmental bodies in Malaysia, China, the Philippines, Vietnam and Ghana, Africa.



Mr. Lawrence Ngu, *Principal of SEGi Kuala Lumpur*

Lawrence holds a Master in Business from the University of Newcastle and ICSA professional qualification.

His tenure with SEGi stretches back to 1993 when he joined the then Systematic College, Kuala Lumpur (today, SEGi College, Kuala Lumpur) after serving a period as chief executive of another educational institution. He then rose in the ranks within SEGi until assuming his current position three years ago.



Management Team (con't)