

Stock Snippet – Prestariang

Strong Earnings for 2QFY2013

Prestariang reported its 2QFY2013 results with its revenue and net profit upped by 16.1% (to RM27.2mil) and 15.8% (to RM10.0mil), respectively. Both ICT training & certification and software licence distribution (in particularly in the oil and gas sector) registered good growth of +22.1% y-o-y and +10.9% y-o-y, respectively. Besides that, the company is targeting to complete training for the remaining of 46,147 students by 4Q for its IC Citizen (43,081 students trained for 1HY2013).

Nonetheless, its education arm i.e. UniMy continued to incur losses which was mainly due to start-up cost and marketing expenses. Management guided that it is anticipating approximately another RM2mil of losses for the next two quarters for its education. To recap, the unfavourable enrolment achieved by the education segment was largely due to the delay in sending the offer letters to the students (procedural delay from respective authorities) and high qualification criteria. Overall management is intending to aggressively launch marketing recruitment in this coming October.

More contracts ahead

Management informed that to-date it has delivered 162 Autodesk licences to a single oil & gas company. Currently, it is also collaborating with Autodesk in negotiating for a major contract to supply and provide technical support for the oil & gas training and certification of the software with one of Malaysia's biggest oil & gas players. More importantly, in order to tap and cope with the oil & gas training arena, Prestariang is seeking to acquire a small company with oil & gas training expertise costing less than RM1mil.

Besides that, the company is in the midst of bidding tenders for the provision of English and competency training contracts from the Ministry of Education of Malaysia. We understand from the management that currently there are approximately 400,000 of school teachers and 40,000 of English teachers in Malaysia. This will be another major source of income for Prestariang for the next few years. As such, we are expecting more positive news flow ahead.

Declared 3 sen DPS

During the quarter, Prestariang proposed an interim single-tier dividend per share (DPS) of 3 sen. With this, Prestariang had in total declared DPS of 5.5 sen for 1HFY2013 and this translates into 63% payout.

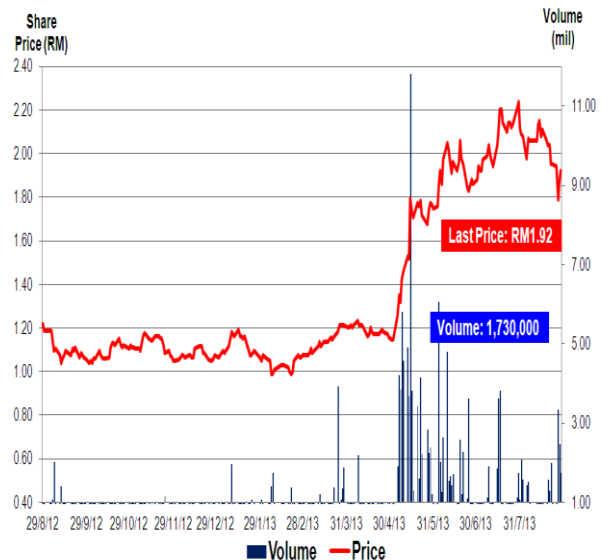
Maintain a 'BUY'

We maintain our **BUY** call on Prestariang for its ample growth prospects and further enhancement in its margin from its training and certification division. We also like the stock for its generous dividend payout from its strong cash flow due to its asset light business model. Valuation wise, Prestariang is trading at a compelling forward PER of 10.0x with alluring dividend yield of 5.7%.

Summary

Share Price (RM)	1.92
52-Week Low/ High (RM)	0.96/ 2.24
Market Value (RM mil)	420.7
Shares Outstanding (RM0.10 par) (mil)	219.1
Dividend Yield (%)	5.7
Return on Equity (%)	46.6
FY2013F EPS (sen)	19.2
P/E (x)	10.0

Price and Volume (1 Year)



Financial (Year-end 31 Dec)

	2008	2009	2010	2011	2012
Revenue (RM mil)	46.4	39.4	58.5	111.8	110.1
EPS (sen)	3.4	3.4	6.9	15.4	17.0
Dividend per share (sen)	-	-	-	8.0	10.0

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For Phillip Capital Management Sdn Bhd

Nona Salleh
Executive Chairperson