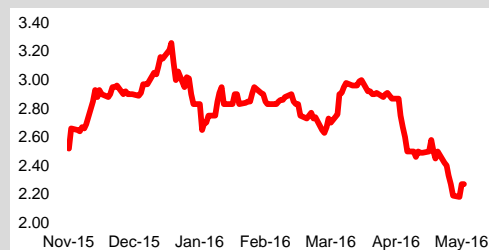


**DESCRIPTION**

An ICT service provider focusing on ICT training and certification and software licence distribution and management

**12-Month Target Price** RM2.93  
**Current Price** RM2.28  
**Expected Return** 28.5%

**Market Sector** Main Technology  
**Bursa Code** 5204  
**Bloomberg Ticker** PRES MK  
**Shariah-compliant** Yes

**SHARE PRICE CHART**


52 Week Range (RM) 1.58-3.27  
3-Month Average Vol ('000) 765.8

**SHARE PRICE PERFORMANCE**

	1M	3M	6M
Absolute Returns	-20.9	-19.5	-7.1
Relative Returns	-14.0	-17.8	-6.6

**KEY STOCK DATA**

Market Capitalisation (RM m) 1,101.3  
No. of Shares (m) 483.3

**MAJOR SHAREHOLDERS**

	%
Dr. Abu Hassan Bin Ismail	27.3
KWAP	12.1
AIA Bhd	9.7

**Chong Hoe Leong**

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**Positive Guidance**

We attended Prestariang's analyst briefing yesterday and came away with more optimistic guidance from management. We upgraded to Outperform call with a TP of RM2.93 in our previous report as valuations have become appealing again after share prices corrected more than 30% YTD. Further downside risk will be capped by the company's share buyback activities. Despite the unexciting quarterly results, management is confident that the earnings will recover in the following quarters on the back of i) more diversified services, ii) roll-out of 3Ps and IC Citizen programmes and iii) RM77m orderbook. The commission of three key long-term transformational projects, namely, SKIN, ESBLA and Polytechnic Premier 2.0 coupled with tax-free MSC status would further re-rate the company.

§ **Talent & software segment.** It has secured an RM61m contracts over the next 2-3 years, of which MLA 2.0 made up 50% and the remainder goes to other software distribution and services, namely, Autodesk, Tekla and other projects. The Group will also venture into supplying devices such as Surface Pro4 and Pro3 for the public sector. It also plans to replicate MLA 2.0 for other IT software such as Adobe, Autodesk, Oracle and IBM for the public sector and is targeted to conclude the outcome by 4QFY16.

§ **Training & certification segment.** It has a total of RM15.5m projects over the next 2-3 years, of which RM10.5m for O&G training business while the remainder will go to Role-Based Training For Civil Servants and other training & certification programme. The unit is planning to repackage as online training & certification module and will be rolled out by 3QFY16. It also targets to launch and commercialise its job placement business, TalenXChange Portal in 3QFY16. Meanwhile, the long-waiting Enhancing School Based Learning Assessment in Science and Maths (ESBLA) is targeted to kick off in FY17 with 200 schools in Selangor and Kedah involved.

§ **Aiming for 500 students and maintaining break-even objective by year-end for the education arm.** As of today, it has a total of 125 students with 10 courses being offered. Though the Group remains hopeful that it can breakeven by 4Q, we think that it will still experience a loss for the full-year. It plans to engage more sponsors such as FELDA to help increase its number of students. On the course offering, it has come out courses for part timers and also some short courses like Arch Skill, MakeSchool and ELS Language Centres.

§ **Emergence of 3rd growth driver.** Besides Sistem Kawalan & Imigresen Nasional (SKIN) and ESBLA projects, the Group has also unveiled the third transformational business, known as Polytechnic Premier 2.0, which is an integrated managed campus solutions & services for the national technical vocational education & training. It will provide IT solutions for the vocational campuses over the next 15 years, involving 8000 students.

**KEY FINANCIAL SUMMARY**

FYE Dec (RM m)	2014A	2015A	2016F	2017F	2018F	CAGR
Revenue	78.8	115.4	154.0	216.0	227.0	30.3%
Gross Profit	38.5	38.6	49.3	75.6	79.5	19.9%
Pre-tax Profit	20.2	22.4	35.2	55.8	59.6	31.1%
Core Net Profit	20.2	17.0	25.6	54.6	58.4	30.4%
EPS (Sen)	4.2	3.5	5.3	11.3	12.1	30.4%
P/E (x)	54.4	64.6	43.0	20.1	18.8	
DPS (Sen)	4.1	3.8	3.5	7.4	7.9	
Dividend Yield (%)	1.8	1.7	1.6	3.3	3.5	

Source: Company, PublicInvest Research estimates

**KEY FINANCIAL DATA**
**INCOME STATEMENT DATA**

<b>FYE Dec (RM m)</b>	<b>2014A</b>	<b>2015A</b>	<b>2016F</b>	<b>2017F</b>	<b>2018F</b>
<b>Revenue</b>	<b>78.8</b>	<b>115.4</b>	<b>154.0</b>	<b>216.0</b>	<b>227.0</b>
Gross Profit	38.5	38.6	49.3	75.6	79.5
Other Income	3.1	6.1	8.3	2.9	3.2
Administrative Expenses	-19.0	-20.0	-20.2	-20.4	-20.6
Other Expenses	-2.2	-2.0	-2.1	-2.2	-2.4
Finance Costs	-0.2	-0.2	-0.3	0.0	0.0
<b>Pre-tax Profit</b>	<b>20.2</b>	<b>22.4</b>	<b>35.2</b>	<b>55.8</b>	<b>59.6</b>
Income Tax	0.0	-5.4	-8.4	0.0	0.0
Effective Tax Rate (%)	0.0	24.1	24.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>20.2</b>	<b>17.0</b>	<b>25.6</b>	<b>54.6</b>	<b>58.4</b>
<b>Growth</b>					
Revenue (%)	-34.1	46.4	33.4	40.3	5.1
Gross Operating Profit (%)	-42.8	0.3	27.7	53.4	5.1
Core Net Profit (%)	-52.0	-15.8	57.4	108.7	6.8

Source: Company, PublicInvest Research estimates

**BALANCE SHEET DATA**

<b>FYE Dec (RM m)</b>	<b>2014A</b>	<b>2015A</b>	<b>2016F</b>	<b>2017F</b>	<b>2018F</b>
Fixed assets	13.1	12.9	15.2	17.0	18.7
Other long-term assets	3.4	5.2	5.2	5.2	5.2
Cash at bank	106.4	87.8	89.7	97.5	115.5
Other current assets	56.7	97.2	108.4	126.1	129.2
<b>Total Assets</b>	<b>179.6</b>	<b>204.3</b>	<b>219.6</b>	<b>246.9</b>	<b>269.8</b>
Short-term borrowings	0.3	0.0	0.0	0.0	0.0
Long-term borrowings	0.8	0.6	0.6	0.6	0.6
Payables	5.5	15.7	21.4	28.7	30.2
Other liabilities	4.1	18.5	18.5	18.5	18.5
<b>Total Liabilities</b>	<b>10.7</b>	<b>34.8</b>	<b>40.5</b>	<b>47.8</b>	<b>49.3</b>
Shareholders' Equity	168.9	169.2	178.8	198.8	220.2
<b>Total Equity and Liabilities</b>	<b>179.6</b>	<b>204.3</b>	<b>219.6</b>	<b>246.9</b>	<b>269.8</b>

Source: Company, PublicInvest Research estimates

**PER SHARE DATA & RATIOS**

<b>FYE Dec</b>	<b>2014A</b>	<b>2015A</b>	<b>2016F</b>	<b>2017F</b>	<b>2018F</b>
Book Value Per Share	0.3	0.3	0.4	0.4	0.5
NTA Per Share	0.3	0.3	0.4	0.4	0.5
EPS (sen)	4.2	3.5	5.3	11.3	12.1
DPS (sen)	4.1	3.8	3.5	7.4	7.9
Payout Ratio (%)	97.7	64.1	64.1	64.1	64.1
ROA (%)	11.2	8.3	12.2	22.6	22.1
ROE (%)	12.0	10.0	15.0	28.1	27.1

Source: Company, PublicInvest Research estimates

## **RATING CLASSIFICATION**

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

<b>OVERWEIGHT</b>	The sector is expected to outperform a relevant benchmark over the next 12 months.
<b>NEUTRAL</b>	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
<b>UNDERWEIGHT</b>	The sector is expected to underperform a relevant benchmark over the next 12 months.

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