

Inti's profit seen to soar on new education programmes

BY PANG HONG YEE

INTI Universal Holdings Bhd, hit in the past 12 months by changes in national policies concerning higher education, will soon see its profits surge, even as its smaller competitors continue to struggle.

AmResearch, in a report, said besides plans to introduce new engineering, bio-medical and bio-tech programmes next year, Inti had received approval from the National Accreditation Board (LAN) for 50 of its education programmes (with 10 more pending).

"More importantly, degree programmes offered at Nilai, Inti's biggest campus, have all been approved," the report said.

Currently, some 500 private education providers cater to a student population of about 300,000. Inti is the biggest full-time tertiary education in Malaysia in terms of student population.

Enrolment in private institutions of higher education had been weighed down over the past 12 months by changes in Government

policies aimed at improving the quality of local graduates.

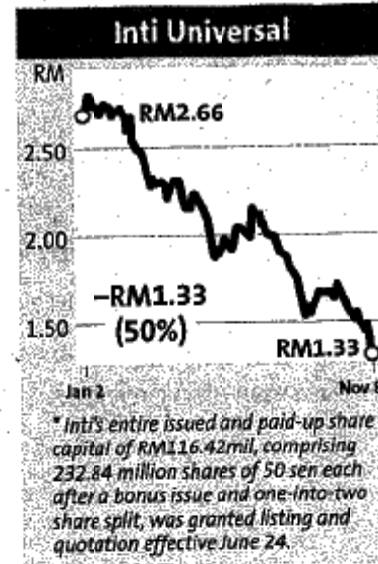
The changes included the new requirement for five Sijil Pelajaran Malaysia (SPM) credits, previously three, as entry requirement; and a new ruling that all courses be validated by LAN. The execution of the National Service from December last year was also a factor.

Inti would be re-adjusting its intake periods from December, April, and August to January, May and September, respectively, from 2005, the report noted.

"The management has also set a target to increase the foreign student population from 20% of total enrolment currently to 30% in the near future.

"Although Inti has foreign students from 45 countries, China is its biggest market, accounting for half of its overseas students. Indonesians, making up 20%, are the next biggest group."

"Inti completed its RM37mil acquisition of Metropolitan College last month, further strengthening its Australian degree programmes; and entered into an agreement to pur-



chase 50 acres of land in Bandar Baru Samariang, Kuching, to construct a new campus with sports facilities that can cater up to 3,000 students (with on-campus accommodation for 1,000 students)," the report said.

The local bank-backed research house, however, believed Inti would

bear the brunt of the policy changes in its financial year (FY) ending Dec 31, the results of the previous financial year having shown signs of weakness.

"The confluence of these negative factors will see the group posting a weak set of results for FY2004," the report said.

Already, Inti's interim net profit had contracted 70% to RM5.38mil on a 23% decline in revenue to RM70.4mil.

"Assuming Inti achieves earnings of RM6mil in the second half of FY2004, its 12 months' net profit will be RM11.4mil, 49% lower than FY2003's RM22.29mil.

"However, we believe this is widely anticipated, as Inti's share price has underperformed the KLCI by 55% since January," AmResearch said.

"The management, nonetheless, is optimistic of brighter prospects in 2005. We gather that Inti is targeting student enrolment of 12,500, or a year-on-year increase of 14% in FY2005, before returning to its previous peak of 13,500 students (year-on-year growth of 8%) in FY2006," the report added.

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