

Vancouver company expanding post-secondary education empire into vocational arenas

Sprott-Shaw owner eyeing more acquisitions and Asian expansion for its growing training enterprise

GLEN KORSTROM

Two acquisitions in five months might be enough to keep most top executives busy. Not **CIBT Education Group Inc.** CEO **Toby Chu**, however.

Chu plans to buy two or three other private colleges within the next few months and expand his Vancouver-based post-secondary education venture, which has a catchy new degree-oriented ticker symbol (TSX V:MBA).

"It's two health-care schools that we're looking at [buying]," he said. "We're just negotiating the final numbers."

CIBT has been growing rapidly. A year ago, it had 3,500 students, all in China. Today, it has approximately 8,000 students; half are in China. Chu predicts that by 2010, his company will have 15,000 students with at least 66% in China.

Recent growth includes Chu buying Vancouver's **Tourism Training Institute** for an undisclosed sum on April 30.

He bought Vancouver's **Sprott-Shaw Community College** for \$12 million in cash on December 17.

Still, he's the first to admit he has made mistakes.

For example, he regrets revealing how much he paid for Sprott-Shaw because Chu believes it puts him at a disadvantage in negotiations for future acquisitions.

Both recent CIBT acquisitions conform to Chu's vision to expand his educa-

tion company to offer vocational training.

CIBT has thus far focused on training students who earn degrees granted by an international university partner, such as China's **Shanghai Giatong University**.

"Asia offers a good market for North American and European education providers, and therefore CIBT's expansion to regions outside China is highly encouraging"

- Siddharth Rajeev, analyst, Fundamental Research Corp.

Chu said the company needs to develop specialist niches over the next decade.

"We understand and realize that Sprott-Shaw is a generalist institution. That means that they have 100-plus courses and programs in many areas."

Chu has identified three focus areas:

- hotel management and tourism;
- health-care programs; and
- digital film, graphic design and animation.

Buying TTI helped CIBT gain that first niche. Completing the two acquisitions, which have yet to be finalized, will help the company bolster the second niche.



CIBT CEO Toby Chu: expects to close another two acquisitions in the next few months

That leaves the third niche.

"There's only a handful of digital film animation schools, so the [acquisition] price tag might be too high," Chu said.

"We will likely do a joint program with a well-known digital film animation university."

Chu also wants to expand CIBT to be more pan-Asian.

He took CIBT to China 13 years ago and started developing a network of

bricks-and-mortar CIBT education centres.

By the end of 2006, he had 10; he currently has 24 Chinese campuses. Chu now wants to expand to other Asian countries.

Sprott-Shaw was involved via licensing arrangements to offer joint programs with institutions in the Philippines and Vietnam.

Chu plans to build on those agreements and establish a presence in those two countries and Jordan.

Chu has also expanded CIBT's Asian presence by signing an agreement with a municipal government in a special economic zone of South Korea known as Gwangyang Bay.

CIBT generated US\$8.3 million in its fiscal year that ended June 30, 2007, and Chu expects revenue to jump to US\$17.7 million in the current fiscal year.

Siddharth Rajeev, who prepared an independent research report on CIBT in April for **Fundamental**

Research Corp., believes the Sprott-Shaw acquisition will help CIBT increase revenue to US\$42.55 million in its 2009 fiscal year. Additional acquisitions could boost that projection.

"Asia offers a good market for North American and European education providers," Rajeev wrote, "and therefore, CIBT's expansion to regions outside China is highly encouraging." ■

gkorstrom@biv.com

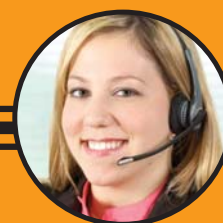
TEMPORARY STAFFING

PERMANENT RECRUITMENT

TEMP TO PERM

CONTRACT

EXECUTIVE SEARCH



ANGUS
One
Professional Recruitment

templine
Temporary Staffing

Where all the

COOL

people go!

