

51Talk Online Education Group
AMEX: COE
Flash Report

June 17, 2025

Price (as of close June 16, 2025)

\$27.52

Andrew White, CFA
Research@EmergingGrowth.com

About the Company

Founded in 2011, 51Talk Online Education Group provides on-demand online, mobile English education services to students globally. The Company's flagship product is a 1-1 interactive speaking English lessons to K-12 students. COE is based in Singapore.

52-Week Range	\$6.96 – \$27.89
Shares Outstanding	5.9 mil
Insider / Institutional	33%/20%
Public Float	\$3.2 mil
Market Capitalization	\$163 mil
Total Debt	\$0.0 mil
Debt / Equity	NM
ROE (LTM)	NM
Book Value / Share	NM
Daily Volume (90-day)	11K
Fwd. Div. & Yield	--

EMERGING *Growth* Research

Measured sustainable growth: 51Talk Online Education Group (COE) has re-focused itself as a player in various high-growth educational markets globally. Accordingly, revenue growth is strong, as evidenced by its recent Q1:25 earning results (e.g., revenue +93% Q1:25 YOY quarterly growth). Gross margin remains high and holding up while operating expense control is vastly improving. Indeed, COE is on the brink of achieving profitability in 2025. To that end, management expects strong growth to continue in Q2:25. With a cash-rich balance sheet and no debt, investors have taken notice over the last year as well as very recently (long-term technical breakout). Can management further right-size expenses to become profitable? We believe that is likely. **We are bullish on COE long-term and forecast it to be undervalued by as much as 50%, reflecting continued strong, sustainable, forecasted revenue growth in 2025.**



Investment Thesis

- **Strong Top-Line Growth** – Revenue +93% in Q1:25 YOY reflecting a +76% increase in student lesson consumption. Management is also optimistic about Q2:25 growth.
- **Gross Margin Remains High** – Q1:25 gross margin was 77.0%, approximately equal to the level one year ago.
- **Operating Loss Narrowing** – Operating expense growth controlled across the board.
- **Cash-Rich Balance Sheet** – The balance sheet has material cash/equivalents and interest-free student advances (liabilities). Company has no debt.
- **Geographical Expansion** – The Company is actively expanding into new markets and broadening the global footprint.
- **Investors are Taking Notice** – Stock price +300% in the past 12 months (with a recent long-term breakout).

Key Risks

- Can management further right-size expenses to become profitable?
- Global competition is fragmented in its target markets but well established in some. Limited operating history on a global scale means lower visibility.

Valuation

- COE shares currently trade at a Trailing Price/Sales of 2.7x, near the high end of its industry (i.e., 2.0x average) and the high-end of its 5-year range of 1.6x – 2.8x. That said, premium valuation is likely warranted (potentially even relatively low) given the Company's extremely strong revenue growth and potential emergence into profitability.

Important Disclosures

Emerging Growth.com ("EG") is a publisher and distributor of branded investment research reports provided by Emerging Growth Research LLC ("EGR Report") focused on both public and private companies. This report was prepared for institutional and professional investors ONLY and it is also known as Company Sponsored Research ("CSR"). Collectively, however ("EGR Report(s)").

Be advised that this EGR Report is being provided by Emerging Growth Research LLC (EGR) solely for informational purposes, is not the opinion of EG, should not be construed as an offer or solicitation to buy or sell securities, and should not be considered in any decision to buy or sell any security mentioned within the EGR Reports. All information contained in the EGR Report as well as on the EmergingGrowth.com website is obtained from sources believed to be reliable but not guaranteed to be accurate or all-inclusive, timely, or correct. The information includes certain forward-looking statements, which may be affected by unforeseen circumstances and / or certain risks. Because EGR is compensated as detailed herein and EG receives Licensing fees from EGR, as also detailed herein, EG and EGR have a conflict of interest and strongly urge you to consult your own independent financial, investment, tax and legal advisors prior to purchasing or selling any securities mentioned herein.

The analyst that has prepared and is responsible for the content of this report has stated that neither he/she, nor any of his/her associates both professional and personal, to the best of his/her knowledge have no personal or professional relationship with any of the companies or principals of any companies mentioned within, other than providing services that EGR may offer.

EGR has not been compensated for preparation of this report. EG has been compensated by 51Talk Online Education Group for presenting on the Emerging Growth Conference.

The reader or user of this content agrees that neither EGR and / or EG nor the analysts, directors, officers, employees, representatives, independent contractors, agents, or affiliates of EGR and EG shall be liable or held liable for any omissions, errors or inaccuracies, regardless of cause, foreseeability, or the lack of timeliness of this or any of our other reports to users. This lack of liability extends to direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, losses, lost income, lost profit, or opportunity costs.

Again, all information contained herein should be independently verified by your own research and your own independent financial, investment, tax, and legal advisors prior to purchasing or selling any securities mentioned herein.

In addition to the specific disclosures mentioned herein, you are encouraged to read our general disclosure here: EmergingGrowth.com/Disclosure.

Rating Definitions

Buy, 30% or greater price appreciation in the next 12 months.

Buy-Extended, near-term EPS and/or revenue horizon is challenging with strong long-term appreciation possibility.

Buy-Emerging, initial stages with low revenue and the potential for large returns with higher risk and volatility.

Hold, perform similar to market.

Sell, 30% or more decline in the next 12 months.

© Copyright 2025 Emerging Growth Research LLC

No part of this material may be copied, photocopied, or duplicated in any form by any means or redistributed without the prior written consent of Emerging Growth Research LLC.

5-Year Chart

