

### COMPANY UPDATE

## UnUsUaL (UNU SP)

3QFY20 Off To A Good Start

Having recently organised a sold-out JJ Lin concert at the 80,000-seat Bukit Jalil National Stadium in Kuala Lumpur, UnUsUaL's robust pipeline is starting to contribute strongly in 3QFY20. With two more upcoming nights from popular Mandopop artiste Eric Chou and two sold-out nights of JJ Lin concerts slated for end-December, we reckon that UnUsUaL will experience strong profit growth for 3QFY20. Maintain BUY with a PE-based target price of S\$0.44, implying a 54.4% upside.

### WHAT'S NEW

- Revenue contribution from strong concert pipeline.** UnUsUaL is expected to experience a strong 3QFY20 due to substantial revenue contribution from its growing order book. Sold-out shows from popular artistes such as Air Supply, four nights from Andy Lau, three nights of JJ Lin concerts and two nights from Eric Chou are set to boost UnUsUaL's profit for 3QFY20. Also, management has been in discussions with other up-and-coming artistes, potentially boosting its pipeline for 4QFY20 and beyond.
- Pipeline set to grow with additions from new artistes.** UnUsUaL has four JJ-Lin shows set for 4QFY20 in Hong Kong and Sydney, which are expected to be fully sold out. Furthermore, backed by strong demand, we have learnt that management is focusing on bringing in popular artistes such as K-pop groups or Mandopop artistes. As UnUsUaL tends to be careful in choosing who to bring in, we reckon that UnUsUaL will bring in more popular artistes from 4QFY20 onwards, adding to its already impressive order book.
- Family segment set to expand further with partnerships from popular brands.** Seven nights of the family-friendly Walking with Dinosaurs title in Taiwan will help boost profits for 3QFY20. Also, we expect UnUsUaL to bring in more family-friendly titles in 2020 and 2021 through partnerships with global brands. Due to the popularity and success of the Disney on Ice shows, we reckon that UnUsUaL may further collaborate with Disney to carry out more family-friendly entertainment in 2020 and beyond.

### KEY FINANCIALS

Year to 31 Mar (S\$m)	2018	2019	2020F	2021F	2022F
Net turnover	46	57	75	88	99
EBITDA	14	18	20	26	30
Operating profit	12	16	20	26	30
Net profit (rep./act.)	10	13	17	21	24
Net profit (adj.)	10	13	17	21	24
EPS (S\$ cent)	1.0	1.3	1.6	2.0	2.4
PE (x)	29.1	22.2	17.7	14.0	12.1
P/B (x)	7.3	5.5	4.2	3.2	2.6
EV/EBITDA (x)	21.5	16.3	14.4	11.5	9.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	21.6	23.2	22.2	23.7	24.5
Net debt/(cash) to equity (%)	(46.1)	0.5	13.9	(6.1)	(26.1)
Interest cover (x)	2,290.2	1,160.1	239.2	298.8	346.3
ROE (%)	38.6	28.5	27.1	26.1	23.6
Consensus net profit	-	-	17	21	25
UOBKH/Consensus (x)	-	-	0.99	1.00	0.98

Source: UNUSUAL LTD, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	S\$0.28
Target Price	S\$0.44
Upside	+57.1%

### COMPANY DESCRIPTION

UnUsUaL Limited operates as a production and promotion service provider for events and concerts. The Company provides services in staging, SLV (sound, light and visuals) for an event and a concert, and organize and promote concerts.

### STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	UNU SP
Shares issued (m):	1,029.2
Market cap (S\$m):	288.2
Market cap (US\$m):	212.4
3-mth avg daily t'over (US\$m):	0.4

### Price Performance (%)

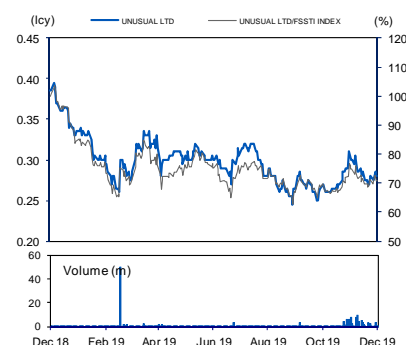
52-week high/low	S\$0.395/S\$0.245			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(9.7)	5.7	(8.2)	(26.9)	(42.9)

### Major Shareholders

mm2 Asia Ltd	39.2
Johnny and Leslie Ong	37.6
Singapore Press Holdings	4.90

FY20 NAV/Share (S\$)	0.07
FY20 Net Debt/Share (S\$)	0.00

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

**Llleythan Tan**  
 llleythant@uobkayhian.com  
 +65 6590 6615

**John Cheong**  
 johncheong@uobkayhian.com  
 +65 6590 6623

### EARNINGS REVISION/RISK

- **We maintain our revenue and net profit estimates.** To recap, we forecast FY20 revenue to increase 31.1% yoy to S\$74.7m. FY21 and FY22 revenue should come in at S\$88.1m and S\$98.7m respectively, implying a robust revenue CAGR of 20.1% for FY20-22. We forecast net profit to grow at 26.0% yoy for FY20. Net profit is forecasted at S\$16.6m, S\$20.9m and S\$24.2m for FY20-22 respectively, with net margins of 22.3-24.5% and net profit CAGR of 22.4%.

### VALUATION/RECOMMENDATION

- **Maintain BUY and PE-based target price of S\$0.44**, based on 21.8x FY21F PE, pegged to regional peers' 2020 PE average. UnUsUaL is currently trading at 14.0x FY21F PE, unjustified based on its strong revenue and EPS growth vs other regional peers in our view, and is well below its long-term PE mean of 36.2x. We believe UnUsUaL should be trading near or on a par with its competitors. Our target price of S\$0.44 represents an upside of 54.4% from current price levels.

### SHARE PRICE CATALYST

- **Surge in utilisation rates.** Earnings surprise from stronger-than-expected surge in ticket sales.
- **Potential big partnerships with brand names and artistes.** As UsUsUaL continues building its reputation as a leading live-events player in the region, more reputable brand names and artistes may approach UsUsUaL for lucrative partnerships.
- **Potential takeover offer.** The live events industry has attracted a slew of consolidations. Live Nation, the market leader, had taken stakes in four different companies with some being in the top 10 in terms of size. Being a leading player in the ASEAN region, UnUsUaL may prove to be a valuable acquisition target.

### PEER COMPARISON

Company	Ticker	Market Cap (US\$m)	PE			P/B 2019F (x)	Yield 2019F (%)	ROE 2019F (%)
			2018 (x)	2019F (x)	2020F (x)			
Live Nation Entertainment	LYV US	13,808.2	n.a.	382.3	136.0	10.8	0.0	4.2
Tv Asahi Holdings Corp	9409 JP	1,788.3	14.9	18.6	17.3	0.5	2.5	2.9
Sotsu Co Ltd	3711 JP	427.1	24.3	24.8	22.1	2.0	1.5	8.3
Cube Entertainment Inc	182360 KS	107.4	115.4	70.1	42.0	6.8	n.a.	10.2
DMS IN	9782 JP	146.3	13.4	11.3	n.a.	n.a.	1.0	n.a.
Cts Eventim Ag & Co Kgaa	EVD GR	5,528.7	42.6	36.4	32.4	9.6	1.4	27.8
Cineworld Group Pl	CINE LN	3,592.2	11.7	8.6	7.9	1.0	7.2	14.6
Cinemark Holdings Inc	CNK US	4,053.3	18.9	16.4	15.2	2.6	4.0	16.5
Six Flags Entertainment Corp	SIX US	3,881.4	14.0	17.3	16.0	n.a.	7.2	-32.5
<b>Average (excl. LYV US)</b>			<b>31.9</b>	<b>25.4</b>	<b>21.8</b>	<b>1.8</b>	<b>6.1</b>	<b>-0.5</b>
Unusual *	UNU SP	293.3	22.2	17.6	14.0	4.4	n.a.	24.3

Source: Bloomberg, UOB Kay Hian

\* Year ending 31 March

### 3QFY20 CONCERT PIPELINE

Artiste	Event Venue	Number of shows
JJ Lin	KL National Stadium	1
JJ Lin	Singapore National Stadium	2
Eric Chou	Singapore Indoor Stadium	2
Air Supply	Starhall KITEC	1
Hacken Lee	Shanghai	1

Source: UOB Kay Hian, Company data

### PROFIT & LOSS

Year to 31 Mar (\$m)	2019	2020F	2021F	2022F
Net turnover	56.9	74.7	88.1	98.7
EBITDA	18.0	20.5	25.5	29.6
Deprec. & amort.	1.9	0.0	0.0	0.0
EBIT	16.1	20.5	25.5	29.6
Net interest income/(expense)	(0.0)	(0.1)	(0.1)	(0.1)
<b>Pre-tax profit</b>	<b>16.1</b>	<b>20.4</b>	<b>25.5</b>	<b>29.5</b>
Tax	(2.9)	(3.8)	(4.6)	(5.3)
Minorities	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>13.2</b>	<b>16.6</b>	<b>20.9</b>	<b>24.2</b>
Net profit (adj.)	13.2	16.6	20.9	24.2

### CASH FLOW

Year to 31 Mar (\$m)	2019	2020F	2021F	2022F
<b>Operating</b>	<b>(6.2)</b>	<b>(6.8)</b>	<b>18.2</b>	<b>27.3</b>
Pre-tax profit	16.1	20.4	25.5	29.5
Tax	(2.9)	(3.8)	(4.6)	(5.3)
Deprec. & amort.	1.9	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(22.5)	(24.9)	(4.3)	1.4
Non-cash items	(0.0)	0.0	0.0	0.0
Other operating cashflows	1.3	1.5	1.6	1.7
<b>Investing</b>	<b>(12.4)</b>	<b>(2.7)</b>	<b>(3.0)</b>	<b>(3.0)</b>
Capex (growth)	(2.1)	(3.0)	(3.0)	(3.0)
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others	(10.3)	0.3	0.0	0.0
<b>Financing</b>	<b>4.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>
Dividend payments	0.0	0.0	0.0	0.0
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	4.0	15.0	0.0	0.0
Loan repayment	(0.0)	0.0	0.0	0.0
Others/interest paid	0.0	0.0	0.0	0.0
<b>Net cash inflow (outflow)</b>	<b>(14.6)</b>	<b>5.6</b>	<b>15.2</b>	<b>24.3</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>18.3</b>	<b>3.7</b>	<b>9.3</b>	<b>24.5</b>
Changes due to forex impact	(0.0)	0.0	0.0	0.0
<b>Ending cash &amp; cash equivalent</b>	<b>3.7</b>	<b>9.3</b>	<b>24.5</b>	<b>48.9</b>

### BALANCE SHEET

Year to 31 Mar (\$m)	2019	2020F	2021F	2022F
Fixed assets	10.0	11.5	12.9	14.2
Other LT assets	2.3	2.0	2.0	2.0
Cash/ST investment	3.7	9.3	24.5	48.9
Other current assets	73.8	98.2	101.4	102.8
<b>Total assets</b>	<b>90.0</b>	<b>121.1</b>	<b>140.9</b>	<b>167.9</b>
ST debt	4.0	7.0	7.0	7.0
Other current liabilities	32.1	31.6	30.5	33.4
LT debt	0.0	12.0	12.0	12.0
Other LT liabilities	1.0	1.0	1.0	1.0
Shareholders' equity	52.9	69.5	90.4	114.6
Minority interest	0.0	0.0	0.0	0.0
<b>Total liabilities &amp; equity</b>	<b>90.0</b>	<b>121.1</b>	<b>140.9</b>	<b>167.9</b>

### KEY METRICS

Year to 31 Mar (%)	2019	2020F	2021F	2022F
<b>Profitability</b>				
EBITDA margin	31.7	27.4	29.0	30.0
Pre-tax margin	28.3	27.3	28.9	29.9
Net margin	23.2	22.2	23.7	24.5
ROA	18.7	15.7	15.9	15.7
ROE	28.5	27.1	26.1	23.6
<b>Growth</b>				
Turnover	22.6	31.1	18.0	12.0
EBITDA	32.2	13.5	24.9	15.9
Pre-tax profit	32.1	26.3	25.0	16.0
Net profit	31.7	25.8	25.8	16.0
Net profit (adj.)	31.7	25.8	25.8	16.0
EPS	30.8	25.8	25.8	16.0
<b>Leverage</b>				
Debt to total capital	7.0	21.5	17.4	14.2
Debt to equity	7.6	27.3	21.0	16.6
Net debt/(cash) to equity	0.5	13.9	(6.1)	(26.1)
Interest cover (x)	1,160.1	239.2	298.8	346.3

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