

COMPANY UPDATE

UnUsUaL (UNU SP)

3QFY20: Results In Line; Expect A Weak 4QFY20 Due To COVID-19

3QFY20 results were in line as robust revenue contribution from JJ Lin and Eric Chou concerts helped boost earnings. However, UnUsUaL faces significant short-term headwinds as the ongoing COVID-19 situation dampens sentiment in the concerts industry. We expect a weak 4QFY20 as UnUsUaL has postponed concerts that have been planned in 4QFY20. Hence, we slash our earnings forecasts for FY20-22. Maintain BUY with a lower PE-based target price of S\$0.32, implying a 52.4% upside from current price levels.

3QFY20 RESULTS

Year to 30 Mar (S\$m)	3QFY20	3QFY19	yoy % chg
Revenue	26.5	15.9	+66.36
Gross Profit	6.8	5.0	+34.9
EBIT	4.1	3.6	+13.0
Net Profit	3.5	3.1	+15.5

Source: UnUsUaL, UOB Kay Hian

RESULTS

- Revenue contributions from concerts and family entertainment.** Three sold-out JJ-Lin concerts, including two at the larger-capacity Singapore National Stadium, along with two nights of Eric Chou concerts, have contributed strongly to UnUsUaL's 3QFY20 revenue (+66.4% yoy) and net profit (+15.5% yoy). Also, seven nights of the family-friendly Walking with Dinosaurs in Taiwan has also helped lift earnings. However, we expect 4QFY20 earnings to be weak due to the ongoing COVID-19 epidemic.
- Short-term headwinds from the COVID-19 epidemic.** The ongoing COVID-19 epidemic has devastated demand for live events, such as concerts and fan meets, leading to massive cancellations and postponements. UnUsUaL, based primarily in the ASEAN region and with 80% of FY19 revenue from Asia, will face a weak 4QFY20 as planned JJ-Lin concerts in Australia and Hong Kong have also been postponed.
- However, postponement of concerts implies that instead of UnUsUaL suffering from a total loss in concert revenue, revenue would instead be deferred to FY21 or later. Also, management is in discussions to hold new concerts in western markets like the US for the rest of 2020. This would help diversify UnUsUaL's geographical revenue and soften the impact from the ongoing COVID-19 epidemic.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2018	2019	2020F	2021F	2022F
Net turnover	46	57	53	66	76
EBITDA	14	18	15	18	22
Operating profit	12	16	15	18	22
Net profit (rep./act.)	10	13	12	15	18
Net profit (adj.)	10	13	12	15	18
EPS (S cent)	1.0	1.3	1.2	1.5	1.7
PE (x)	21.4	16.4	17.9	14.3	12.3
P/B (x)	5.4	4.1	3.3	2.7	2.2
EV/EBITDA (x)	15.4	11.7	14.2	11.4	9.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	21.6	23.2	22.7	22.7	23.3
Net debt/(cash) to equity (%)	(46.1)	0.5	(9.0)	(17.6)	(31.5)
Interest cover (x)	2,290.2	1,160.1	173.6	215.9	252.3
ROE (%)	38.6	28.5	20.5	20.8	19.8
Consensus net profit	-	-	15	18	21
UOBKH/Consensus (x)	-	-	0.80	0.83	0.85

Source: UnUsUaL, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$0.21
Target Price	S\$0.32
Upside	+52.4%
(Previous TP)	S\$0.44

COMPANY DESCRIPTION

UnUsUaL operates as a production and promotions services provider for events and concerts. The company provides services in staging, SLV (sound, light and visuals) for events and concerts, and organises and promotes concerts.

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	UNU SP
Shares issued (m):	1,029.2
Market cap (S\$m):	216.1
Market cap (US\$m):	155.7
3-mth avg daily t'over (US\$m):	0.4

Price Performance (%)

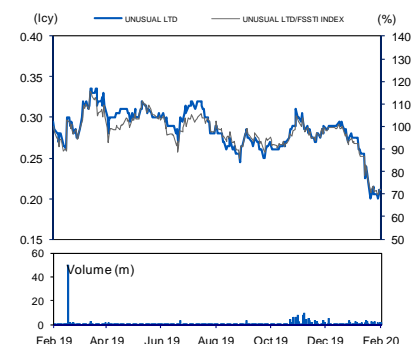
52-week high/low	S\$0.335/S\$0.200			
1mth	3mth	6mth	1yr	YTD
(25.0)	(31.1)	(25.0)	(28.8)	(27.6)

Major Shareholders

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

FY20 NAV/Share (S\$)	0.06
FY20 Net Cash/Share (S\$)	0.01

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Family segment set to expand further with partnerships from popular brands.** Due to the popularity and success of Disney on Ice shows, we reckon that UnUsUaL may further collaborate with Disney to carry out more family-friendly entertainment events in 2020 and beyond. We also expect UnUsUaL to bring in more family-friendly titles in 2020 and 2021 through partnerships with other global brands.

EARNINGS REVISION/RISK

- Due to the ongoing Covid-19 epidemic, the cancellation and postponement of concerts would dampen concert demand and impact UnUsUaL's earnings. Hence, we cut our revenue and net profit forecasts for FY20-22. We expect UnUsUaL to suffer a small decrease in FY20 revenue (-6.2% yoy) and net profit (-8.3% yoy) before experiencing double-digit growth for both segments in FY21.
- We forecast revenue at S\$53.4m (from S\$74.7m), S\$66.4m (from S\$88.1m) and S\$75.7m (from S\$98.7m) for FY20-22 respectively. Our net profit forecasts for FY20-22 are S\$12.1m (from S\$16.6m), S\$15.1m (from S\$20.9m) and S\$17.6m (from S\$24.2m) respectively.

VALUATION/RECOMMENDATION

- **Maintain BUY with a lower PE-based target price of S\$0.32** (from S\$0.44), based on 22.0x FY21F PE, pegged to regional peers' 2020F PE average. UnUsUaL is currently trading at 14.3x FY21F PE, well below its long-term PE mean of 36.2x. We believe UnUsUaL should be trading near or on a par with its competitors due to its strong ROE and superior net margins compared to peers.
- Our target price represents an upside of 52.4% from current price levels, representing a good opportunity for long-term investors when UnUsUaL rebounds from the COVID-19 crisis.

SHARE PRICE CATALYST

- **Easing in the COVID-19 epidemic.** A slowdown or stop in the number of reported COVID-19 cases may lead to a rebound in the concerts industry.
- **Potential big partnerships with brand names and artistes.** More reputable brand names and artistes may approach UnUsUaL for lucrative partnerships.
- **Potential takeover.** 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	15,155	n.a.	472.7	163.0	12.4	0.0	8.0
Tv Asahi	9409 JP	2,015	16.7	20.4	19.1	0.6	2.2	3.0
SOT	3711 JP	426	24.1	24.7	22.1	2.0	1.5	8.3
Cube Entertainment	182360 KS	91	98.2	59.7	35.7	5.8	n.a.	10.2
Cts Eventim Ag & Co Kga	EVD GR	6,201	47.2	41.1	36.2	10.8	1.2	27.2
Cineworld Group Plc	CINE LN	3,994	12.9	10.6	9.7	1.2	6.0	12.5
Cinemark Holdings Inc	CNK US	3,970	18.5	16.1	14.9	2.5	4.0	16.5
Six Flags Entertainment Cor	SIX US	3,755	13.5	17.1	16.1	n.a.	7.4	n.a
Average (excl. LYV US)			31.9	25.8	22.0	3.8	3.7	6.5
Unusual *	UNU SP	152	16.4	17.9	14.3	3.3	n.a.	20.5

* Year ending 31 March

Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Mar (\$m)	2019	2020F	2021F	2022F
Net turnover	56.9	53.4	66.4	75.7
EBITDA	18.0	14.8	18.5	21.6
Deprec. & amort.	1.9	0.0	0.0	0.0
EBIT	16.1	14.8	18.5	21.6
Net interest income/(expense)	(0.0)	(0.1)	(0.1)	(0.1)
Pre-tax profit	16.1	14.8	18.4	21.5
Tax	(2.9)	(2.7)	(3.3)	(3.9)
Minorities	0.0	0.0	0.0	0.0
Net profit	13.2	12.1	15.1	17.6
Net profit (adj.)	13.2	12.1	15.1	17.6

CASH FLOW

Year to 31 Mar (\$m)	2019	2020F	2021F	2022F
Operating	(6.2)	8.8	11.3	19.7
Pre-tax profit	16.1	14.8	18.4	21.5
Tax	(2.9)	(2.7)	(3.3)	(3.9)
Deprec. & amort.	1.9	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(22.5)	(4.9)	(5.4)	0.4
Non-cash items	(0.0)	0.0	0.0	0.0
Other operating cashflows	1.3	1.5	1.6	1.7
Investing	(12.4)	(2.7)	(3.0)	(3.0)
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
Financing	4.0	15.0	0.0	0.0
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
Net cash inflow (outflow)	(14.6)	21.1	8.3	16.7
Beginning cash & cash equivalent	18.3	3.7	24.8	33.1
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	3.7	24.8	33.1	49.8

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	24.8	33.1	49.8
Other current assets	73.8	70.3	76.5	78.8
Total assets	90.0	108.6	124.5	144.9
ST debt	4.0	7.0	7.0	7.0
Other current liabilities	32.1	23.7	24.4	27.2
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	65.0	80.1	97.7
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	90.0	108.6	124.5	144.9

KEY METRICS

Year to 31 Mar (%)	2019	2020F	2021F	2022F
Profitability				
EBITDA margin	31.7	27.8	27.8	28.5
Pre-tax margin	28.3	27.6	27.7	28.4
Net margin	23.2	22.7	22.7	23.3
ROA	18.7	12.2	12.9	13.1
ROE	28.5	20.5	20.8	19.8
Growth				
Turnover	22.6	(6.2)	24.4	14.0
EBITDA	32.2	(17.6)	24.4	16.9
Pre-tax profit	32.1	(8.5)	24.5	16.9
Net profit	31.7	(8.3)	24.5	16.9
Net profit (adj.)	31.7	(8.3)	24.5	16.9
EPS	30.8	(8.3)	24.5	16.9
Leverage				
Debt to total capital	7.0	22.6	19.2	16.3
Debt to equity	7.6	29.2	23.7	19.4
Net debt/(cash) to equity	0.5	(9.0)	(17.6)	(31.5)
Interest cover (x)	1,160.1	173.6	215.9	252.3

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