

### COMPANY RESULTS

## UnUsUaL (UNU SP)

4QFY20: Weak Quarter Due To COVID-19 And Safe Distancing Measures; Downgrade To HOLD

Due to the ongoing COVID-19 outbreak, UnUsUaL's FY20 net profit fell sharply to S\$6.3m (-51.9% yoy) as the pandemic devastated demand for live events. Net profit forms only 52.1% of our estimate. FY20 gross profit fell 42.9% yoy as many concerts got postponed in 4QFY20. With safe distancing measures starting to be relaxed, this will provide some tailwinds for UnUsUaL. Downgrade to HOLD with a lower PE-based target price of S\$0.123 (from S\$0.32). Entry price: S\$0.111.

### 4QFY20 RESULTS

Year to 31 Mar (S\$m)	FY20	FY19	yoy % chg	4QFY20	4QFY19	yoy % chg
Revenue	61.9	56.9	8.8	1.5	16.2	(90.7)
Gross Profit	13.1	23.0	(42.9)	(5.1)	7.8	n.a.
Net Profit	6.3	13.2	(51.9)	(3.3)	4.5	n.a.

n.m. not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

Source: UNUSUAL LTD, Bloomberg, UOB Kay Hian

- FY20 results dragged by ongoing COVID-19 pandemic.** UnUsUaL recorded higher revenue of S\$61.9m (+8.8% yoy) for FY20, forming 116% of our estimate. This was largely due to higher ticket sales and contributions from larger-scale projects in 9MFY20 from the Promotion segment. However, net profit fell sharply to S\$6.3m (-51.9% yoy) as the COVID-19 pandemic devastated demand for live events, with net profit forming only 52.1% of our estimate. This was largely due to gross profit falling by 42.9% yoy as many concerts were cancelled or postponed in 4QFY20.
- Underperformance in both Promotion and Production segments.** Although promotion revenue was up 26% yoy at S\$55.7m in FY20, production revenue fell 48.3% yoy to S\$6.1m. The increase in promotion revenue was mainly due to the popularity of the artistes brought in on the back of UnUsUaL's strong relationships with artistes, which translated into higher ticket sales. The lower production revenue was due to smaller-scale production services for FY20 and cancellations of events in 4QFY20.
- Management has implemented cost-cutting initiatives.** In a bid to preserve cash, management has implemented measures, including reduction in payroll, cutting all discretionary expenses and negotiating for revised payment terms on existing commitments. Also, management is in discussions with various artistes to reduce artiste fees and has managed to maintain its existing pipeline of events.

### KEY FINANCIALS

Year to 31 Mar (S\$m)	2019	2020	2021F	2022F	2023F
Net turnover	57	62	28	45	61
EBITDA	18	10	3	7	11
Operating profit	16	8	3	7	11
Net profit (rep./act.)	13	6	2	6	9
Net profit (adj.)	13	6	2	6	9
EPS (S\$ cent)	1.3	0.6	0.2	0.6	0.9
PE (x)	10.5	21.9	65.8	22.6	14.7
P/B (x)	2.6	2.3	2.3	2.1	1.8
EV/EBITDA (x)	8.2	14.4	58.4	20.6	13.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	23.2	10.2	7.5	13.7	15.5
Net debt/(cash) to equity (%)	0.5	13.7	(0.1)	(5.3)	(22.6)
Interest cover (x)	1,160.1	13.6	27.0	76.8	117.3
ROE (%)	28.5	11.3	3.5	9.5	13.0
Consensus net profit	-	-	11	12	-
UOBKH/Consensus (x)	-	-	0.20	0.51	-

Source: UNUSUAL LTD, Bloomberg, UOB Kay Hian

## HOLD

(Downgraded)

Share Price	S\$0.135
Target Price	S\$0.123
Upside	-8.9%
(Previous TP)	S\$0.32)

### 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):	138.9
Market cap (US\$m):	98.2
3-mth avg daily t'over (US\$m):	0.1

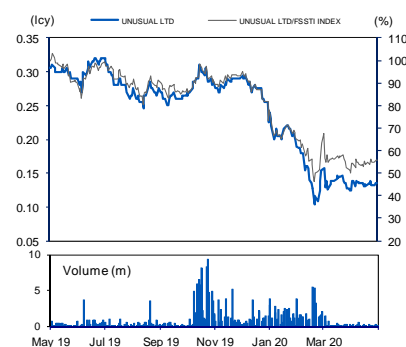
### Price Performance (%)

52-week high/low	S\$0.320/S\$0.103			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
6.3	(31.8)	(52.6)	(57.1)	(53.4)

Major Shareholders %

FY21 NAV/Share (S\$)	0.06
FY21 Net Debt/Share (S\$)	0.00

### PRICE CHART



Source: Bloomberg

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### STOCK IMPACT

- Easing of safe distancing measures.** Asian countries that have successfully kept COVID-19 at bay have either started or are in the midst of relaxing safe distancing measures. With a strong focus on Mandopop artistes, UnUsUal is set to benefit from this industry tailwind. We have learnt that UnUsUal plans to organise 20 concerts in China, Hong Kong and Taipei, starting Sep 20. However, we reckon that sentiment towards attending crowded live events such as concerts will remain weak before a vaccine is found and is widely available.
- Management targets to hold concerts in Singapore by Nov 20.** As Singapore exits its circuit breaker in three phases, services and activities that involve significant prolonged close contact or significant crowd management risk in an enclosed space such as concerts will only be allowed to re-open in phase 3, subject to safe management measures. Depending on the timeline for phase 3, management has targeted to organise concerts in Singapore by Nov 20. However, due to safe distancing measures, concerts and live events would have to halve their seating capacity to encourage safe distancing. This will impact revenue and net profit.

### EARNINGS REVISION/RISK

- We slash net profit forecasts for FY21-22 and introduce FY23 forecast.** We believe the COVID-19 pandemic as well as safe distancing measures have affected demand for live events. We slash our revenue and net profit forecasts for FY21 to S\$28.0m (from S\$66.4m) and S\$2.1m (from S\$15.1m) respectively. As we see demand picking up and rebounding in FY22, our revenue and net profit forecasts for FY22 are now S\$44.7m (from S\$75.7m) and S\$6.1m (from S\$17.6m) respectively. Our FY23 forecasts for revenue and net profit are S\$60.7m and S\$9.4m respectively.

### VALUATION/RECOMMENDATION

- Downgrade to HOLD with a lower target price of S\$0.123** (previously S\$0.32), based on 20.6x FY22F PE, pegged to regional peers' average. We reckon that the discovery of a COVID-19 vaccine and the full relaxation of safe distancing measures can lead to a re-rating for UnUsUal. Entry price: S\$0.111.

### SHARE PRICE CATALYST

- COVID-19 vaccine discovery.** A potential vaccine discovery would help boost sentiment and demand for live events.
- Potential takeover offer.** 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, given its current depressed share price.

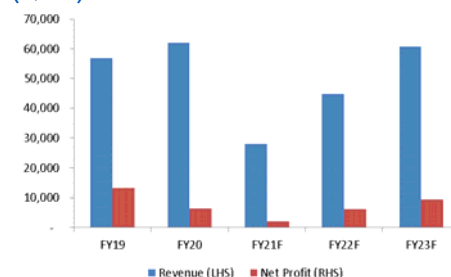
### PEER COMPARISON

Company	Ticker	Market Cap (US\$m)	PE			P/B 2020F (x)	Yield 2020F (%)	ROE 2020F (%)
			2019 (x)	2020F (x)	2021F (x)			
Live Nation Entertainment	LYV US	10,696	n.a.	n.a.	n.a.	18.8	0.0	(74.4)
Tv Asahi	9409 JP	1,695	6.8	16.8	15.7	0.5	2.6	3.3
Cube Entertainment	182360 KS	78	97.3	26.9	22.3	4.5	n.a.	18.1
Cts Eventim Ag & Co Kga	EVD GR	4,243	29.2	n.a.	52.4	7.6	0.1	3.7
Cineworld Group Plc	CINE LN	1,376	7.7	6.6	3.4	0.4	10.3	2.2
Cinemark Holdings Inc	CNK US	1,816	9.5	n.a.	10.0	1.3	5.7	(1.0)
Six Flags Entertainment Cor	SIX US	2,190	12.2	n.a.	38.0	n.a.	1.4	17.0
Vector Inc	6058 JP	367	n.a.	32.2	23.0	3.2	0.7	8.4
<b>Average (excl. LYV US)</b>			<b>27.1</b>	<b>20.6</b>	<b>23.5</b>	<b>2.9</b>	<b>4.0</b>	<b>7.2</b>
Unusual	UNU SP	98	21.9	65.8	22.6	1.9	n.a.	15.1

\* Year ending 31 March

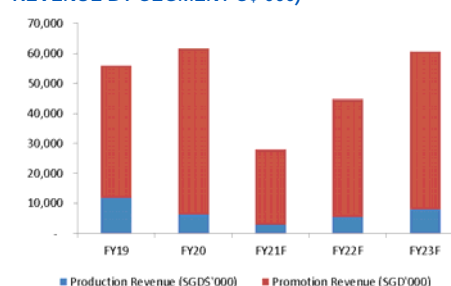
Source: Bloomberg, UOB Kay Hian

### UNUSUAL'S ANNUAL REVENUE AND NET PROFIT (\$'000)



Source: UOB Kay Hian, UnUsUal

### REVENUE BY SEGMENT (\$'000)



Source: UOB Kay Hian, UnUsUal

### PROFIT & LOSS

Year to 31 Mar (\$m)	2020	2021F	2022F	2023F
Net turnover	61.9	28.0	44.7	60.7
EBITDA	10.2	2.5	7.2	10.9
Deprec. & amort.	1.9	0.0	0.0	0.0
EBIT	8.3	2.5	7.2	10.9
Net interest income/(expense)	(0.8)	(0.1)	(0.1)	(0.1)
<b>Pre-tax profit</b>	<b>7.6</b>	<b>2.4</b>	<b>7.1</b>	<b>10.8</b>
Tax	(1.2)	(0.3)	(0.9)	(1.4)
Minorities	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>6.3</b>	<b>2.1</b>	<b>6.1</b>	<b>9.4</b>
Net profit (adj.)	6.3	2.1	6.1	9.4

### BALANCE SHEET

Year to 31 Mar (\$m)	2020	2021F	2022F	2023F
Fixed assets	9.8	11.4	13.0	14.3
Other LT assets	20.2	20.2	20.2	20.2
Cash/ST investment	12.6	20.8	24.3	38.1
Other current assets	51.5	44.7	51.6	51.7
<b>Total assets</b>	<b>94.1</b>	<b>97.0</b>	<b>109.0</b>	<b>124.3</b>
ST debt	11.4	11.4	11.4	11.4
Other current liabilities	12.6	13.5	19.4	25.2
LT debt	9.3	9.3	9.3	9.3
Other LT liabilities	1.4	1.4	1.4	1.4
Shareholders' equity	59.3	61.4	67.5	77.0
Minority interest	(0.0)	(0.0)	(0.0)	(0.0)
<b>Total liabilities &amp; equity</b>	<b>94.1</b>	<b>97.0</b>	<b>109.0</b>	<b>124.3</b>

### CASH FLOW

Year to 31 Mar (\$m)	2020	2021F	2022F	2023F
<b>Operating</b>	<b>(5.4)</b>	<b>11.2</b>	<b>6.5</b>	<b>16.8</b>
Pre-tax profit	7.6	2.4	7.1	10.8
Tax	(1.2)	(0.3)	(0.9)	(1.4)
Deprec. & amort.	1.9	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(13.9)	7.7	(1.1)	5.7
Non-cash items	(0.0)	0.0	0.0	0.0
Other operating cashflows	0.3	1.4	1.5	1.7
<b>Investing</b>	<b>(1.4)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.0)</b>
Capex (growth)	(1.5)	(3.0)	(3.0)	(3.0)
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
<b>Financing</b>	<b>15.6</b>	<b>0.0</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	21.8	0.0	0.0	0.0
Loan repayment	(5.5)	0.0	0.0	0.0
Others/interest paid	(0.6)	0.0	0.0	0.0
<b>Net cash inflow (outflow)</b>	<b>8.8</b>	<b>8.2</b>	<b>3.5</b>	<b>13.8</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>3.7</b>	<b>12.6</b>	<b>20.8</b>	<b>24.3</b>
Changes due to forex impact	(0.0)	0.0	0.0	0.0
<b>Ending cash &amp; cash equivalent</b>	<b>12.6</b>	<b>20.8</b>	<b>24.3</b>	<b>38.1</b>

### KEY METRICS

Year to 31 Mar (%)	2020	2021F	2022F	2023F
<b>Profitability</b>				
Profitability				
EBITDA margin	16.5	9.0	16.0	18.0
Pre-tax margin	12.2	8.7	15.8	17.8
Net margin	10.2	7.5	13.7	15.5
ROA	6.9	2.2	6.0	8.1
ROE	11.3	3.5	9.5	13.0
<b>Growth</b>				
Turnover	8.8	(54.8)	59.7	35.7
EBITDA	(43.3)	(75.4)	184.0	52.7
Pre-tax profit	(53.1)	(67.9)	191.0	53.4
Net profit	(51.9)	(66.7)	191.0	53.4
Net profit (adj.)	(51.9)	(66.7)	191.0	53.4
EPS	(51.9)	(66.7)	191.0	53.4
<b>Leverage</b>				
Debt to total capital	25.9	25.2	23.5	21.2
Debt to equity	34.9	33.7	30.7	26.9
Net debt/(cash) to equity	13.7	(0.1)	(5.3)	(22.6)

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