

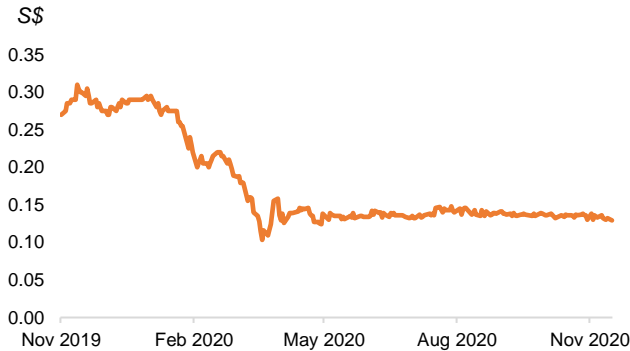
UnUsUaL Limited

Date: 19 November 2020

Non-Rated

UnUsUaL Limited (UNU SP)

Price: S\$0.130 (as at 18 November 2020)



Share price	1M	3M	6M	1Y
UnUsUaL Limited	-4.4%	-3.7%	-0.8%	-55.9%
Catalist Index	-6.0%	-5.7%	+27.9%	+7.4%

Market Capitalisation	S\$133.8 million
Current Price	S\$0.130
Shares Outstanding	1,029.2 million
Free Float	18.8%
Major Shareholder	UnUsUaL Management 76.9%
Recommendation of other brokers	1 Buy 1 Hold

Source: Company data, Bloomberg, SAC Capital

Analyst

Lim Li Jun Tracy +65 6232 3239

tlim@saccapital.com.sg

Analyst

Lam Wang Kwan +65 6232 3237

lamwk@saccapital.com.sg

Road ahead still uncertain

An uncertain FY2021. Unusual saw a steep 96.8% fall in revenue from S\$33.9 million in 1HFY20 to S\$1.1 million in 1HFY21, due to suspension of live events during Covid-19 pandemic. There is still a high level of uncertainty around a return date for large-scale, live events as raging Covid-19 situation prompted many countries to impose lockdowns and restrict large gatherings. Unusual suffered a net loss of S\$3.4 million in 1HFY21. Net debt increased from S\$8.0 million to S\$11.8 million, raising net debt/equity to 21.3% in 1HFY21, from 13.8% in FY2020.

Joint venture to boost business and content. Unusual announced a joint venture with JFJ Productions (**JFJ**), a music production company, to produce quality content in the entertainment and games sectors. White Mount International (**WMI**) and Isotope Productions (**ISO**) are two newly incorporated entities, specialising in live stage production and presentation works, and programme productions including movies, video, television programming and broadcasting respectively. Unusual holds 50% stake in both WMI and ISO.

Eyeing lifting of restriction measures in key markets. As more countries gain greater success in containing the virus spread, Unusual remains hopeful of the resumption of live concerts. The air travel bubble between Hong Kong and Singapore is a first step towards easing of travel. In Shanghai, live events are now permitted with a daily limit of 1,000 people, allowing Unusual to resume 'The Beethoven Experience' exhibition. As Unusual's core operations hinge on positive news on reopening for the live events industry by local authorities, the Group is carefully monitoring the pandemic situation in key markets.

Key Risks: Uncertainty still remains on the resumption of concerts and live events, which rests on the Covid-19 situation.

Key Financials

Year ended 31 Mar	FY2015	FY2017(15M)	FY2018	FY2019	FY2020
Revenue (S\$'000)	26,112	33,883	46,442	56,932	61,943
% Growth	46.1%	29.8%	37.1%	22.6%	8.8%
Profit/(loss) before tax (S\$'000)	4,765	8,425	12,210	16,132	7,292
Profit/(loss) before tax margin	18.2%	24.9%	26.3%	28.3%	11.8%
Profit/(loss) attributable to owners (S\$'000)	4,112	7,335	10,021	13,194	6,088
EPS (Singapore cents)	0.78	1.19	0.98	1.28	0.59
P/E (x)	32.5	18.2	13.4	10.1	22.0
P/B (x)	13.0	11.0	3.4	2.5	2.3
Net Debt/Equity (%)	Net Cash	Net Cash	Net Cash	0.45%	13.77%

Singapore Financial Reporting Standards (International) ("SFRS(I)") SFRS 16 has been implemented in FY2020. Unusual changed their Year End Date from 31 December to 31 March in 2016.

Investment Highlights

(S\$m)	1H21	1H20
Revenue	1.1	33.9
Administrative expenses	1.9	3.4

Source: Company Data, SAC Capital

Margins (%)	1H21	1H20
Gross margin	-94.8	33.7
Net margin	-314.0	17.9

Source: Company Data, SAC Capital

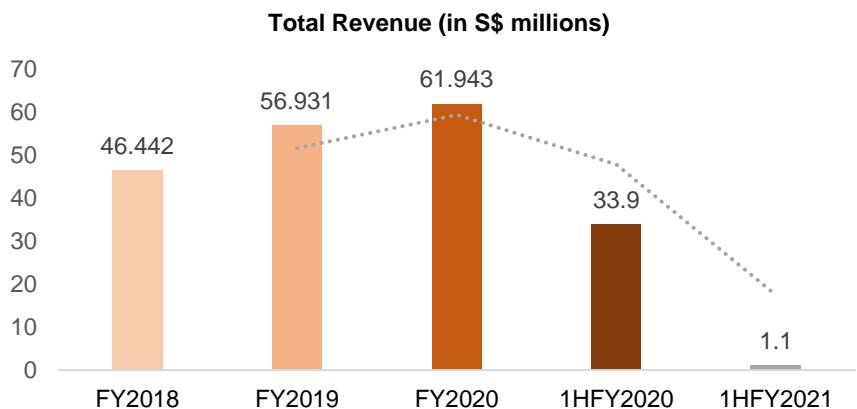
Business Overview:

UnUsUaL Limited engages in the production and promotion of live events and concerts in Singapore, Malaysia, Hong Kong, and internationally. The company operates through three segments: Promotion, Production, and Others. Unusual organises and promotes various shows, entertainment acts, manages events and provides concert production services and artiste services. Unusual also provides technical and creative expertise for events and concerts, including sound, light and video requirements and stage design.

Net loss incurred in challenging first half

Unusual saw a sharp 96.8% fall in revenue from S\$33.9 million in 1HFY20 to S\$1.1 million in 1HFY21 ending 30 September 2020, due to suspension of live events during Covid-19 pandemic. This translated to net loss of S\$3.4 million in 1HFY21. There is still high levels of uncertainty on a return date for large-scale, live events due to the unresolved Covid-19 situation, with many countries globally still imposing lockdowns and restricting large gatherings.

Postponement and cancellation of event tickets with sizeable crowds remain inevitable, thus affecting their profitability in 1HFY21. However, Unusual has been exploring other sources of revenue such as online streaming of their events. It had also been streamlining its businesses by reducing its operating and discretionary expenses.



Source: Company Data

As at 30 September 2020, the Group has S\$5.56 million in cash and cash equivalents, a decline of 55.8% from S\$12.57 million as at 31 March 2020. The decrease in cash is mainly due to repayment of bank borrowings and cash disbursements for upcoming Promotion and Production projects.

Unusual's overall net debt position increased from S\$8.0 million to S\$11.8 million, giving a current net debt/equity of 21.3% (as at 31 March: 13.8%).

Joint venture to build content

Unusual formed a joint venture with JFJ Productions (**JFJ**), a music production company, to produce quality content in entertainment and games. White Mount International (**WMI**) and Isotope Productions (**ISO**) are two newly incorporated entities, specialising in live stage production and presentation works, and programme productions including movies, video, television programming and broadcasting respectively. Unusual holds 50% stake in both WMI and ISO.

Investment Highlights

Pining hope on lifting of restriction measures in key markets

As more countries bring the new virus cases under control, Unusual remains hopeful of the resumption of live concerts.

In August 2020, Unusual managed to hold two concerts in Taiwan, including with Eric Chou and Band 831 when Taiwan eased gathering restrictions. The concerts saw full-capacity despite public health measures and protocols, and worries about the virus.

The air travel bubble arrangement reached between Hong Kong and Singapore signifies a step forward in the easing of travel. In Shanghai, live events are now permitted with a daily limit of 1,000 people, allowing Unusual to resume 'The Beethoven Experience' exhibition.

As Unusual's core operations hinge on positive news on reopening for the live events industry by local authorities, the Group is carefully monitoring the pandemic situation in key markets. Despite the challenges posed by Covid-19, the Group's long-standing relationships will give them the leverage to bounce back faster when countries lift restrictions.

Company Background

UnUsUaL Limited (“**Unusual**”) is a producer and promoter of concerts and other large-scale live events in Singapore and the region. The Group has worked with renowned international artistes and government related organisations to conceptualise, organise and promote these events.

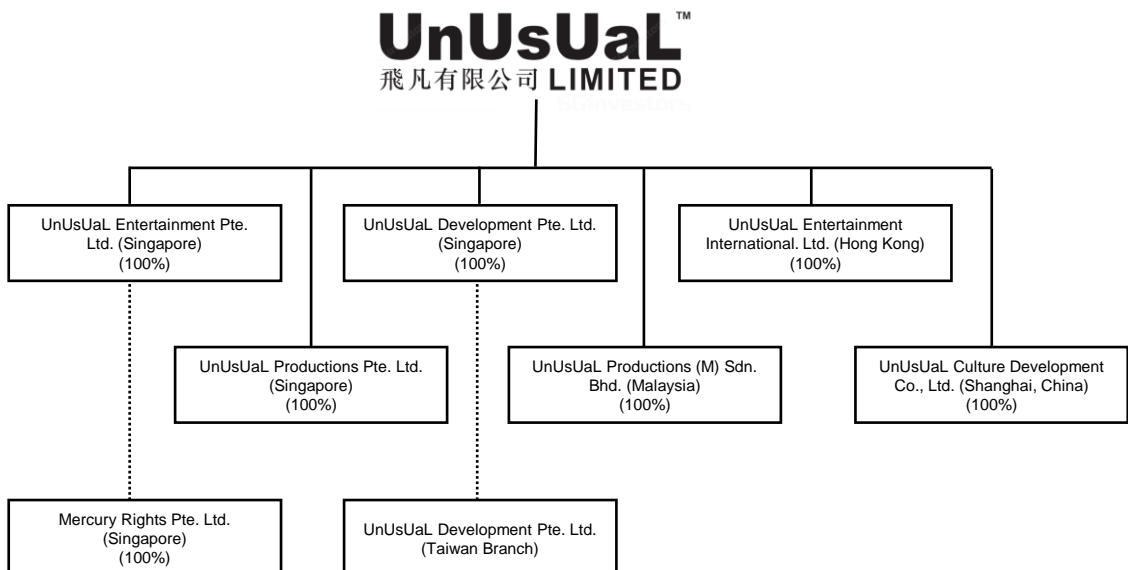
Unusual’s Promotion segment involves the overall planning and management of concerts and events. The Group handles marketing, promotion and ticketing matters; works with artiste managers to assess suitability for performance venues and coordinate artiste availability; and handles matters relating to third-party service providers such as venue owners and suppliers.

Under the Group’s Production segment, Unusual provides technical and creative expertise for events and concerts. These include technical solutions for sound, light and video (“**SLV**”) requirements; creative solutions for set or stage design; as well as consultancy services in relation to the management and organisation of events and concerts.

Unusual also rents exhibition halls, concert halls and related equipment, in addition to co-management of these venues under its “Others” segment.

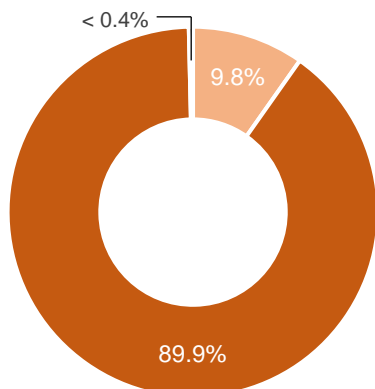
Mainboard-listed mm2 Asia Ltd. (“**mm2**”) has a 51% stake in UnUsUaL Management Pte. Ltd. (“**Unusual Management**”), which in turn holds a 76.88% stake in Unusual Limited.

Corporate Structure



Business Overview

FY2020 Revenue



■ Production ■ Promotion ■ Others

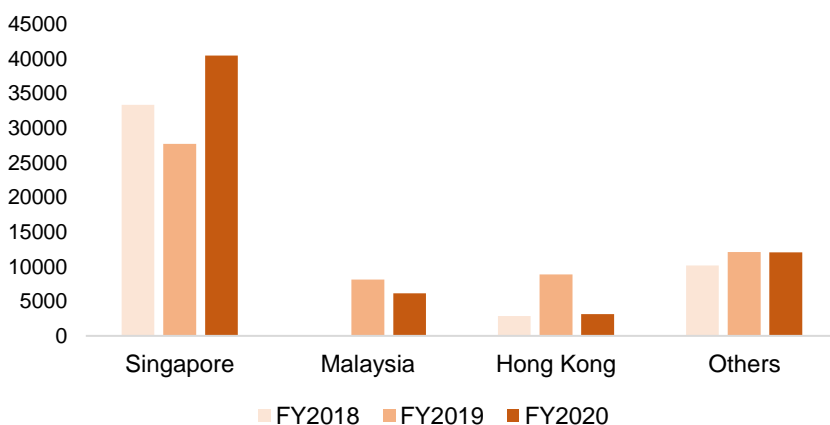
Source: Company Data, SAC Capital

Established in 1997, Unusual has extensive experience with the entertainment scene, holding large-scale events and live concerts. The Group has worked with renowned international artistes and government related organisations to conceptualise, organise and promote these events.

The Group's business can be categorised into 3 main business segments, **Production, Promotion** and **Others**.

Unusual has held live events in Singapore, Malaysia, Hong Kong and other regions including Taiwan, Australia, the United States, the Philippines, Indonesia, China and Thailand.

Geographical Revenue (S\$ '000s)



Source: Company Data, SAC Capital

Production segment

The production segment is involved in the provision of technical and creative expertise to the large-scale live events and concerts. Unusual conceptualises and develops creative input, provide consultancy services, design solutions for set creation, stage design and other requirements.

Promotion segment

The promotion segment take charge of the overall planning and managing of concerts and events which includes working with artiste managers to assess venues and co-ordinate artistes' availability, handling ticketing matters, marketing and promotion of concerts and events.

Others

Others segment relates to the rental of exhibition/concert halls and related equipment and co-management of exhibition/concert.

Key Risks

No return date for live events

The pandemic has brought about uncertainty for the live entertainment industry. Event organizers have to refund pre-sold tickets or give a firm timeline to the customers on the event dates. This, however, is highly dependent on Covid containment measures.

Even if live events are allowed to take place with a lower attendance, the number of attendees allowed might not be sufficient to achieve breakeven.

Events held in Singapore typically draw audience from regional countries. Flight restrictions and border controls have restricted mobility for them and the artistes.

Online-streaming are not without obstacles

Online-streaming could be a new income stream. However, there are hurdles to clear, including the need for collaboration with the managers of artistes and record labels, and the issue of copyright. On top of that, there are technological challenges. Reliable connectivity is required to facilitate smooth streaming, especially if the number of attendees is large.

Nevertheless, streamed concerts are unlikely to substitute live concerts, in terms of experience and audience engagement. However, the success of BTS's virtual concert 'Bang Bang Con' in June with a turn-out of 756,000 viewers demonstrates that online concerts are feasible, and are also higher scalable.

Income Statement

(S\$'000)	Fiscal Year Ended 31 Mar				
	FY2015A	FY2017A	FY2018A	FY2019A	FY2020A
Revenue	26,112	33,883	46,442	56,932	61,943
Cost of sales	(18,196)	(22,014)	(28,584)	(33,979)	(48,837)
Gross profit	7,916	11,869	17,858	22,952	13,106
Other Income	182	127	354	107	65
Impairment loss on financial assets	-	-	-	(94)	-
Reversal of impairment loss on financial assets	-	-	-	-	93
Other gains/(losses)	503	1,523	(45)	120	335
Administrative expenses	(3,830)	(5,069)	(5,952)	(6,938)	(5,554)
Finance expense	(6)	(24)	(6)	(16)	(753)
Profit/(Loss) before tax	4,765	8,425	12,210	16,132	7,292
Income tax expense	(654)	(1,090)	(2,188)	(2,938)	(1,227)
Profit/(Loss) for the year	4,112	7,335	10,021	13,194	6,065
Profit/(Loss) attributable to owners of company	4,112	7,335	10,021	13,194	6,088
Non-controlling Interests	-	-	-	-	(2)
EPS					
Basic and Diluted (SG cents)	0.78	1.19	0.98	1.28	0.59

Balance Sheet

(S\$'000)	Fiscal Year Ended 31 Mar				
	FY2015A	FY2017A	FY2018A	FY2019A	FY2020A
Cash and cash equivalents	5,074	10,669	18,328	3,749	12,574
Inventories	-	109	53	14	6
Trade and other receivables	9,822	2,477	13,249	35,276	25,146
Other current assets	1,090	3,138	7,422	38,577	26,330
Total current assets	15,987	16,394	39,051	77,615	64,056
Property, plant and equipment	4,008	6,942	9,595	10,046	9,825
Other receivable	0	0	0	0	18,103
Intangible asset	0	0	2,610	2,340	2,070
Total non-current assets	4,008	6,942	12,205	12,386	29,998
Total assets	19,995	23,336	51,257	90,002	94,053
Trade and other payables	9,189	9,290	9,125	29,620	11,391
Borrowings	65	568	4	3,987	11,338
Lease Liabilities	-	-	-	-	20
Derivative financial instruments	-	-	-	-	163
Income tax payable	226	1,224	1,930	2,526	1,251
Total current liabilities	9,481	11,082	11,060	36,133	24,162
Borrowings	64	4	-	-	9,265
Lease Liabilities	-	-	-	-	78
Derivative financial instruments	-	-	-	-	113
Deferred income tax liabilities	150	59	484	952	1,434
Total non-current liabilities	214	64	484	952	10,890
Share Capital	640	3,000	20,542	20,542	20,542
Other Reserves	(48)	558	517	526	546
Retained earnings	9,709	8,633	18,654	31,849	37,916
Non-controlling interest	-	-	-	-	(2)
Total Equity	10,300	12,190	39,713	52,916	59,002
Total Liabilities and Equity	19,995	23,336	51,257	90,002	94,053

Ratios

	Fiscal Year Ended 31 Mar				
	FY2015A	FY2017A	FY2018A	FY2019A	FY2020A
<i>Adoption of SFRS 16 Leases increased lease liability in FY2020</i>					
Profitability (%)					
Gross profit/(loss) margin	30.3%	35.0%	38.5%	40.3%	21.2%
Profit/(loss) before tax margin	18.2%	24.9%	26.3%	28.3%	11.8%
Liquidity (x)					
Current ratio	1.7	1.5	3.5	2.1	2.7
Quick ratio	0.5	1.0	1.7	0.1	0.5
Interest coverage ratio	353.1	353.1	2051.7	1039.5	10.8
Net Debt to Equity	Net Cash	Net Cash	Net Cash	0.5%	13.8%
Valuation (x)					
P/S	5.1	3.9	2.9	2.4	2.2
P/E	32.5	18.2	13.4	10.1	22.0
Core P/E at target price	-	-	-	-	-
P/B	13.0	11.0	3.4	2.5	2.3
P/NTA	6.7	5.7	2.8	1.5	1.5
Cash Conversion Cycle					
Trade receivable days	66	24	81	121	81
Inventory days	0	1	0	0	0
Trade payable days	99	125	72	190	67
CCC days	-33	-100	9	-69	13

Cash Flows Statement

(S\$'000)	Fiscal Year Ended 31 Mar				
	FY2015A	FY2017A	FY2018A	FY2019A	FY2020A
Net Profit	4,112	7,335	10,021	13,194	6,065
Depreciation of PPE	1,103	1,028	1,330	1,603	1,632
Changes in working capital	(3,947)	1,081	(15,085)	(22,482)	(13,900)
Others	1,107	798	3,329	4,458	2,005
Income tax	(654)	(1,090)	(2,188)	(2,938)	(1,227)
Net generated from operating activities	1,722	9,152	(2,592)	(6,164)	(5,425)
Purchase of PPE	(2,188)	(5,501)	(3,982)	(2,138)	(1,408)
Others	8	2,856	(2,700)	(10,257)	120
Net Cash used in investing activities	(2,180)	(2,645)	(6,682)	(12,395)	(1,288)
Proceeds from bank borrowings	0	500	0	3,987	21,650
Repayment of bank borrowings	0	0	(500)	0	(5,500)
Dividends paid	(500)	(4,214)	0	0	0
Others	70	2,943	17,874	(4)	(609)
Net Cash used in financing activities	(430)	(771)	17,374	3,983	15,540
Net (decrease)/increase in cash and cash equivalents	(888)	5,736	8,099	(14,577)	8,827
Net effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies	(33)	(17)	(35)	(2)	(0.)
Cash and cash equivalents at the end of the year	4,544	10,263	18,328	3,749	12,574

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