

UnUsUaL Limited

28 May 2021

Non-Rated

Price: S\$0.176 (as at 27 May 2021)

BBG	UNU SP
Market cap	S\$181.1 million
Price (27 May 2021)	S\$0.176
52-week range	S\$0.125 – S\$0.220
Target Price	Non-rated
Shares Outstanding	1,029.2 million
Free Float	18.8%
Major Shareholder	Unusual Management 78.9% Soon Ong Chin 2.7% Ang Wee Chye 1.4%
P/BV (03/21)	3.8x
Net debt to EBITDA (03/21)	NA

Source: Company data, Bloomberg, SAC Capital

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Net loss widened in FY2021

Challenging FY2021 with steep path to recovery ahead. In FY2021, Unusual reported a 97.8% plunge in revenue, from S\$61.9m to S\$1.3m, as most concerts and events are still facing inevitable deferment due to the uncertain Covid trajectory. The Group recorded an impairment loss of S\$3.8m. Despite lower cost of sales and receipt of S\$0.8m government grants, the high fixed costs nature led to a net loss of S\$9.0m, down from a net profit of S\$6.1m a year ago. Excluding the impairment loss, net loss would have been S\$5.9m.

Drawing down on cash. The Group saw an overall cash outflow of S\$9.2m for the year. As at 31 March 2021, the Group had S\$3.3m in cash and cash equivalents, down from S\$5.6m as at 30 September 2020. At the existing cash burn rate, current cash of S\$3.3m would be able to cover fixed expenses for ~10 months. Unusual's overall net debt position increased from S\$8.0m in FY2020 to S\$14.9m in FY2021. Short-term borrowings sit at S\$11.9m. We see a cash call in the horizon, but the current net debt/equity of 30.3% (FY2020: 13.6%) is still manageable.

Hopes for live events dimmed for now. In Singapore, live entertainment events that were previously relaxed to allow 250 attendees are now back to a reduced capacity of 50-100 pax. However, Singapore's provisional approval of the 60-second breathalyser test for Covid-19 may potentially open up these live events if it proves to be reliable and feasible for a large-scale rollout.

Online-streaming taking stage. Despite allowing for live events in Singapore, the restricted number of attendees may prove live events to be cost inefficient as it takes a significant number of participants to breakeven with the high fixed costs. Online streaming of concerts, having a leaner cost structure, will likely remain as status quo for now.

Key Risks: Uncertainty still remains on the resumption of live concerts and events

Key Financials

Year ended 31 Mar*	FY2017 (15M)	FY2018	FY2019	FY2020	FY2021
Revenue (S\$m)	33.9	46.4	56.9	61.9	1.3
EBIT (S\$m)	8.4	12.1	16.1	8.0	(9.4)
Net profit (S\$m)	7.3	10.0	13.2	6.1	(9.0)
Basic EPS (S cents)	1.19	0.98	1.28	0.59	(0.87)
Dividend per share (S cents)	-	-	-	-	-
Net cash / (debt)	10.1	18.3	(0.2)	(8.1)	(14.9)
Valuation					
EBIT margin (%)	24.9	26.1	28.3	12.9	(700.5)
ROIC (%)	341.2	45.4	24.3	9.9	(14.0)
EV/EBITDA (x)	18.1	12.0	10.1	19.1	(26.0)
P/E (x)	152.2	184.8	141.3	307.3	NA
Dividend yield (%)	-	-	-	-	-

Unusual changed their Year End Date from 31 December to 31 March in 2016.

Investment Highlights

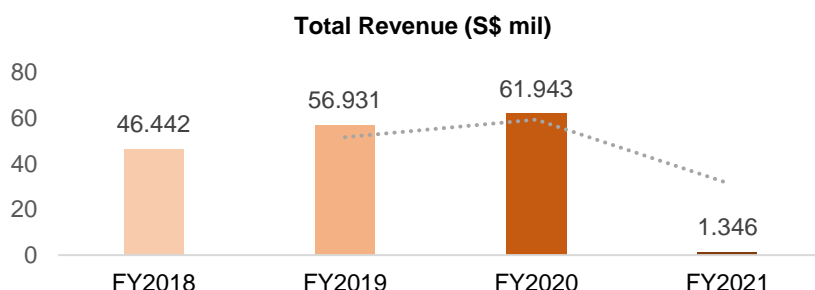
(\$'m)	FY21	FY20
Revenue	1.3	61.9
Net profit/(loss) to owners	(9.0)	6.1

Source: Company Data, SAC Capital

Net loss widened in FY2021

Unusual continues to see a steep path to recovery. In FY2021, Unusual reported a 97.8% plunge in revenue, from S\$61.9m to S\$1.3m, as most concerts and events are still facing inevitable deferment due to the uncertain Covid trajectory.

The Group recorded an impairment loss of S\$3.8m mainly due to the acceleration of the allowance loss on accounts receivable. Despite lower cost of sales and receipt of S\$0.8m government grants, the high fixed costs nature led to a net loss of S\$9.0m, down from a net profit of S\$6.1m a year ago. Excluding the impairment loss, net loss would have been S\$5.9m.



Source: Company Data

	FY21	FY20
Cash	3.3	12.6
Net cash/(debt)	(14.9)	(8.0)

Source: Company Data, SAC Capital

Net cash position

With low revenue and profit, the Group had to further draw down on their cash position in order to repay bank borrowings and for working capital purposes. The Group saw an overall cash outflow of S\$9.2m for the year.

As at 31 March 2021, the Group had S\$3.3m in cash and cash equivalents, down from S\$5.6m as at 30 September 2020. At the existing cash burn rate, current cash of S\$3.3m would be able to cover fixed expenses for ~10 months.

Unusual's overall net debt position increased from S\$8.0m in FY2020 to S\$14.9m in FY2021. Short-term borrowings sit at S\$11.9m. We see a cash call in the horizon, but the current net debt/equity of 30.3% (FY2020: 13.6%) is still manageable.

Investment Highlights

Hopes for live events dimmed for now

In Singapore, live entertainment events that were previously relaxed to allow 250 attendees are now back to a reduced figure of up to 100 people with pre-event testing and up to 50 people without. The Group thus had to postpone both the Singapore La Clique cabaret circus entertainment show and JJ Lin's virtual concert.

Malaysia recently tightened nationwide movement control order restrictions in view of rising number of cases. Taiwan, likewise, is facing the worst outbreak with the slow vaccination progress. Highly anticipated air travel bubble between Singapore and Hong Kong had once again been deferred. These go to show how quickly the Covid situation can evolve, and that much uncertainty still lies for the resumption of live entertainment activities.

However, Singapore's provisional approval of the 60-second breathalyser test for Covid-19 may potentially open up these live events if it proves to be reliable and feasible for a large-scale rollout.

Online-streaming taking stage

Online-streaming of concerts, such as the upcoming JJ Lin 「Sanctuary Finale」 Virtual Concert would likely remain as the status quo. Despite Singapore allowing up to 100 attendees for live concerts at present, the high fixed costs nature of live events may prove to be cost inefficient as it takes a significant number of participants to breakeven. Online streaming of concerts may be a more feasible revenue stream as it has a leaner cost structure, and can reach out to more attendees in many geographies.

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