nra capital

UnUsUal Limited

Company note
11 August 2017

Unrated

Current Price	**S$0.475**
Fair Value	S$0.625
Up / (downside)	31.6%

Stock Statistics

Market cap	S$305.5m
52-low	S$0.400
52-high	S$0.540
Avg daily vol	1,473,853
No of share	643.2m
Free float	17.8%

Key Indicators

ROE 17F	34.8%
ROA 17F	26.1%
P/BK	9.77x
Net gearing	Net cash

Major Shareholders

Melvin Ang	82.2%
Leslie Ong	82.2%
Johnny Ong	82.2%

Historical Chart

Source: Bloomberg

Liu Jinshu

(+65) 6236-6887
jinshu.liu@nracapital.com
www.nracapital.com

Powerful Mix of High Growth and High Profitability

- **Integrated business provides high operating flexibility**. Unusual is a live event production and promotion company with the largest technical inventory in Singapore and a wealth of experience in various technical solutions, meaning that most production work is carried out internally. This is a very strong competitive advantage in Singapore as the financial breakeven for each show will be comparatively lower than that of a less integrated competitor. In turn, Unusual can work with both new and established artists in technically complex shows to draw both small and large crowds, while risking less capital and cultivating relationships with artists.
- **Established track record and lengthy relationships to top artists**. Since its founding in 1997, Unusual has produced the concerts of artists such as Jay Chou and JJ Lin. Due to its track record and relationships in the industry, Unusual can reassure artists of payment of fees, production quality and venue quality and thus convince them to go on tours promoted by it.
- **Financial war chest to expand pipeline.** With net cash of S$17.1m, Unusual is now able to monetise its industry networks by engaging more artists and for more shows – both in Singapore and regionally. Potential artists that Unusual can target include JJ Lin. Media reports indicate that JJ Lin will have a new concert tour in 2017. It will be a scoop for Unusual if it can secure the regional concert rights to such an artist.
- **Tapping the China market.** If the Chinese attend concerts as frequently as the Americans, the China live music market would have worth US$5.7 billion instead of US$620m. Recorded music sales in China grew at 27.1% CAGR from 2012 to 2016. These days, top Asian artists tour 40 to 60 cities in China within one to two years. Securing the concert rights to a top artist will allow Unusual to further tap this fast-growing market. A new initiative is a partnership with another promoter to provide lighting solutions for them for a minimum of 100 concerts by various artists in China over three years.
- **High multiples justified by high growth.** Unusual's existing financials have yet to reflect the growth to be generated by its enlarged financial resources. We expect Unusual to grow its revenue at a CAGR of 37% over the next five years. While Unusual's peers trade at lower multiples, they exhibit significantly slower growth rates. After adjusting for Unusual's higher growth, we obtained a valuation range of S$0.383 to S$1.017 (average of S$0.625), indicating upside of up to 114.0% versus downside of 19.4%.
- **Key risk.** In 2017, Unusual suffered from two show cancellations which may slow its growth. Other risks include uncertainty of demand for each new show and limited overseas resources, etc. Our view and valuation of Unusual is conditional upon the achievement of our forecasts. On balance, we refrain from providing a rating at this juncture.

Key Financial Data (US$ m, FYE Mar)	**2014**	**2015**	**FP2017**	**2018F**	**2019F**	**2020F**
Sales	17.87	26.11	33.88	54.79	93.68	129.08
Gross Profit	3.7	7.9	11.9	15.2	24.4	30.3
Net Profit	0.34	4.11	7.34	8.47	15.92	20.63
EPS (cents)	0.05	0.64	1.14	1.32	2.48	3.21
EPS growth (%)	(82.8)	NM	78.4	15.5	87.9	29.6
PER (x)	NM	74.3	41.7	36.1	19.2	14.8
NTA/share (cents)	1.1	1.6	1.9	5.7	7.7	10.2
DPS (cents)	NA	NA	NA	0.3	0.5	0.6
Div Yield (%)	NA	NA	NA	0.6	1.0	1.4

Source: Company, NRA Capital forecasts

UnUsUal Limited

Investment Summary

Principal activities. Production[1] and promotion[2] of live events and concerts in Singapore and in the region. The Group's businesses can be organised into three operating segments a) promotion, b) production and c) others.

Figure 1: Key Business Segments, Revenue Streams and Costs

Business Segment	Revenue Sources	Key Costs
Promotion	Admission fees, sponsorship income and trading of performance rights	Artiste fees, marketing costs, venue costs
Production	Rental of stage sound equipment and rendering of technical services	Crew, depreciation and equipment costs
Others	Rental of exhibition/concert halls and related equipment and co-management of venues	Equipment costs

Source: Prospectus

Figure 2: Key Investment Merits and Risks

Strengths	Growth Drivers
• **Integrated production and promotion provides cost advantage** • Has one of the largest technical inventory locally • Established track record of large scale concerts and lengthy relationships with various top artistes • Strong niche in mando/canto shows for Asian markets • Profitable and high margin niche of industry • Cash rich balance sheet to aid in expansion	• Scale up by buying more performance rights • Expand and enter new markets, i.e. regionalisation • Collaborate with other promoters to grow pipeline • Acquire synergistic businesses, e.g. ticketing • Show/intellectual property development • Venue co-management
Market Opportunities	**Risks**
• Consumer spending on concerts has been growing faster than that on recorded music • Growth of PRC as a major concert market with increased spending power by consumers • Availability of performance venues following the development of the second and third tier cities in PRC	• Execution – e.g. show cancellations, cost overruns • Demand at each concert is not guaranteed. • Competition may squeeze margins • Revenue driven by consumer discretionary spending • High P/E multiple of approximately 41.7x FP2017 EPS based on a share price of S$0.475

Source: NRA Capital

Valuation comparable to peers, once adjusted for growth. Listed entertainment companies trade at EV/EBITDA multiples of 7.14x to 43.15x. Unusual trades at 43.8x enterprise value to annualised FP2017 EBITDA. However, Unusual's EBITDA grew by 15.1% in FP2017 and is projected to grow by 76.7% in FY18 having raised a warchest at IPO to significantly grow its pipeline of shows. After adjusting for growth, we found that Unusual deserves to trade at a higher multiple compared to its peers. Valuing Unusual using four different multiples and using the discounted cash flow method, we derived a valuation range of S$0.383 to S$1.017, averaging at S$0.626 (rounded to S$0.625).

[1] Production can be defined as the provision of sound, light, video and other technical solutions, stage design, special effects, planning and coordination to make the event or concert happen.

[2] Promotion refers to the organisation and marketing of such event or concert.

Figure 3: Financial Summary

Source: Company, NRA Capital

Financials show high historical growth. Unusual changed its financial year end from Dec to Mar in 2016. Hence, the financial period FP2017 refers to the 15-month period from Jan 2016 to Mar 2017. Revenue grew at a 12.6% CAGR during the 3.25 years up to Mar 2017. During the same period, PATMI grew by 40%, after annualising the FP2017 numbers.

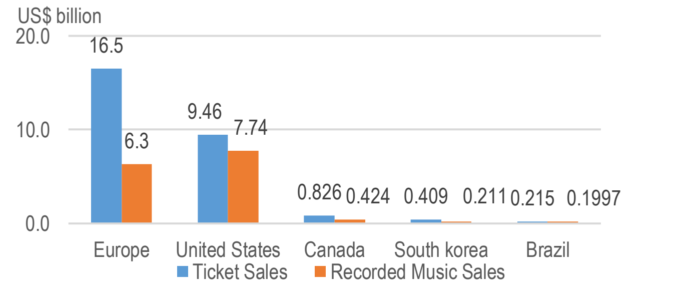
Growth has been consistent except for FY2014 and in FP2017 mainly due to variances in non-recurring production projects. In FY2013, the company earned S$1.0m of revenue from a National Day event. In FY2015, the company enjoyed a boost of S$3.8m of revenue from SG50 celebrations, namely the Laser & Light show at the 28th SEA Games Carnival, Sing50 concert at National Stadium and Youth Celebrate! at the opening of the Singapore Sports Hub. Profitability fell in FY2014 due to lower gross margin. The higher costs were due to an increase in manpower costs. As gross margin improved subsequently, we can infer that the higher costs in 2014 was non-recurring.

A) Consumer Spending on Live Music Has Been Growing

Live music growth outpaces recorded music. Gross ticket sales at the top 100 worldwide tours grew by 15% (2.8% CAGR) from US$4.2 billion in 2011 to US$4.9 billion in 2016. [3] Conversely, recorded music sales growth was much slower during the same period, growing by 6.8% (1.3% CAGR) to US$15.8 billion, mainly due to the growth of digital downloads and streaming offsetting physical sales. [4] The consensus is that concert revenues have been growing and that the global live music industry is now a US$25 billion market – larger than that of the recorded market. [5, 6] According to Eventbrite, per capita spending on recorded music fell by 49% from 2008 to 2014 while spending on live music grew by 66%. [7]

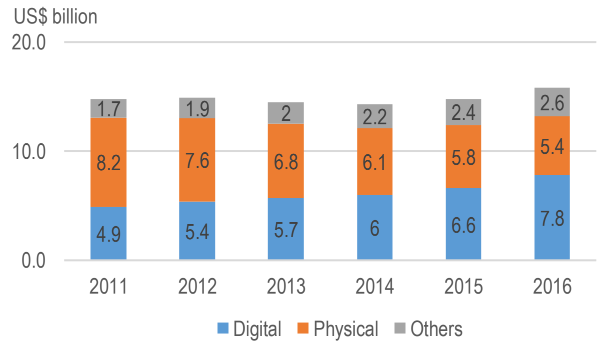
But top tours dominate. However, growth has been concentrated among the top artists. Ticket sales grew by 3.3% CAGR among the top 20 tours over the last five years, while that of the next 80 tours grew by only 1.5% CAGR. At the same time, average ticket prices among the top 20 grew by 1.8% during the same period, compared to a decline of 0.6% CAGR for the remaining 80 tours, suggesting that volume growth among the next 80 tours has been driven partly by attractive prices.

Figure 4: Ticket sales outpace Recorded Music Sales



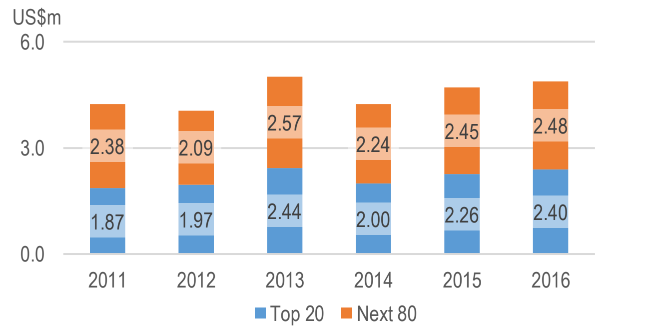
Source: Cultural Times – The First Global Map of Cultural and Creative Industries. All data is as of 2013, except for that of United States. The U.S. data is derived from Digital Music News https://www.digitalmusicnews.com/2017/06/07/music-industry-concerts-streaming/, where ticket sales of US$9.46 billion includes sponsorships.

Figure 5: Recorded Music Sales (1.3% CAGR)



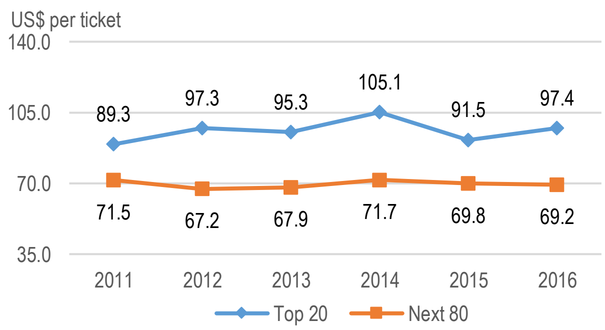
Source: IFPI Global Music Report 2017

Figure 6: Top 100 Tours Ticket Sales (2.8% CAGR)



Source: Pollstar

Figure 7: Average Ticket Prices



Source: Pollstar

3 Pollstar Year End Top 100 Worldwide Tours 2011, 2012, 2013, 2014, 2015 and 2016. Pollstar mainly tracks American and British artists.

4 Global Music Report 2017 – Annual state of the industry. http://www.ifpi.org/downloads/GMR2017.pdf

5 How 'The Shared Live Experience' & Even Streaming Fueled the $25 Billion Concert Biz http://www.billboard.com/articles/events/year-in-music-2016/7616524/concert-touring-business-2016

6 https://www.wsj.com/articles/music-industry-sees-growth-in-concert-revenue-1474250642

7 From Stream to Ticket: Mapping the Value of Music Discovery. https://www.eventbrite.sg/l/value-of-music-discovery/?utm_source=ea&utm_medium=eventacademy&utm_campaign=musicdiscovery

B) China to be Major Concert Market

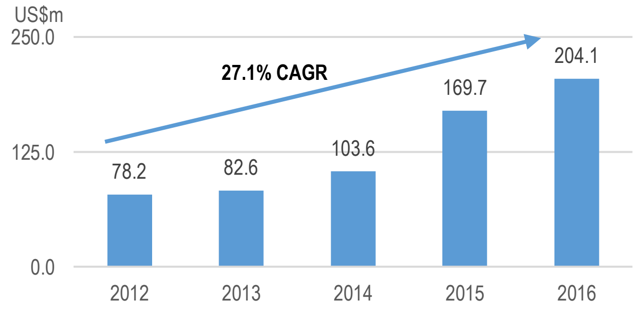
Many listen to music, but concert attendance remained low. Overall, 72% of China's population or close to 1 billion people listen to music for an average of 16 hours per week.[8] However, China's live music industry only grossed RMB3.9 billion or about US$620m with audiences of 13.7m in 2014.[9] Growth was about 6.4%.[10] A separate estimate by the International Ticketing Yearbook, which probably adopted a narrower definition, estimated the China live music market to be worth US$215m in 2015 and grow by 7.1% CAGR to US$304m in 2020.[11]

US$5.7 billion market waiting to be developed and tapped. The U.S. music industry is worth approximately US$17.2 billion, with big brand sponsorships at events and ticket sales accounting for a combined 55% or US$9.5 billion of revenue.[12] On a per capita basis, live music spending in the U.S. accounts for less than 0.1% of GDP. Scaling the U.S. numbers to China's 1.38 billion population and lower GDP per capita, China's music industry has a potential worth of approximately US$10.4 billion of which more than half or US$5.7 billion can be derived from live music, instead of merely US$620m a year.

Chinese consumers are increasingly spending on entertainment. According to the Global Music Report 2017, recorded music revenue in China grew by 20.3% to around US$204m in 2016, as users take up to streaming music whose revenue grew by 30.6%. The high rates of growth for recorded music in China suggests that consumers are increasingly willing to spend on music, which will bode well for the live music market.

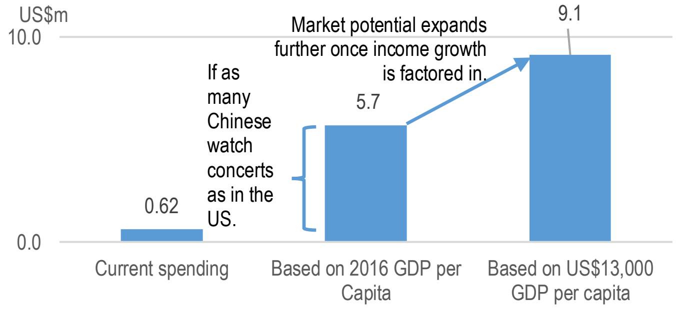
The International Ticketing Yearbook highlighted two trends in China. Live streaming of events is becoming popular where remote users can pay a fee for access. Organisers can either live stream part of or the whole concert. According to Eventbrite, 42% of fans discover music by streaming. Of these, another 42% buy tickets to shows.[13] We reckon that live streaming will open the live music market to a new segment of fans who otherwise may not buy tickets. In turn, fans will be encouraged to buy tickets to the real show. Hence, the live experience that the show provides will be crucial in spurring ticket sales. Secondly, Chinese families are willing to spend on their children, making teenagers an ideal target.

Figure 8: Recorded Music Sales in China



Source: IFPI, MusicDish

Figure 9: Potential of China's Live Music Industry



Source: NRA Capital

---

8 Nielsen Music 360 China http://www.nielsen.com/content/dam/nielsenglobal/cn/docs/Music%20360%20China%20Highlights.pdf

9 http://www.chinadaily.com.cn/china/2015-06/27/content_21119398.htm

10 http://livemusicexchange.org/blog/where-did-the-tickets-go-ticket-touting-in-china-zhang-wenzhao/

11 https://www.iq-mag.net/publications/the-international-ticketing-yearbook/#.WYV8nseg-Uk

12 https://www.digitalmusicnews.com/2017/06/07/music-industry-concerts-streaming/

13 The Future of Live Music https://mkto.eventbrite.com/rs/269-CEG-133/images/DS02_2016%20Music%20Trends%20Britepaper.pdf?mkt_tok=3RkMMJWWfF9wsRolv6zKZKXonjHpfsX74%2B0sWqW%2BlMI%2F0ER3fOvrPUfGjI4CT8RlI%2BSLDwEYGJlv6SgFSLbMMaNl3bgMWBI%3D

Tier 2 and Tier 3 cities to drive growth. While the Tier 1 cities such as Shanghai and Guangzhou are already established tour stops, we believe artists will increasingly include tier 2 and tier 3 PRC cities as tour stops as these cities grow in incomes and population size. Moreover, the development of these cities also mean that they have the infrastructure, i.e. large scale performance venues to accommodate these concerts.

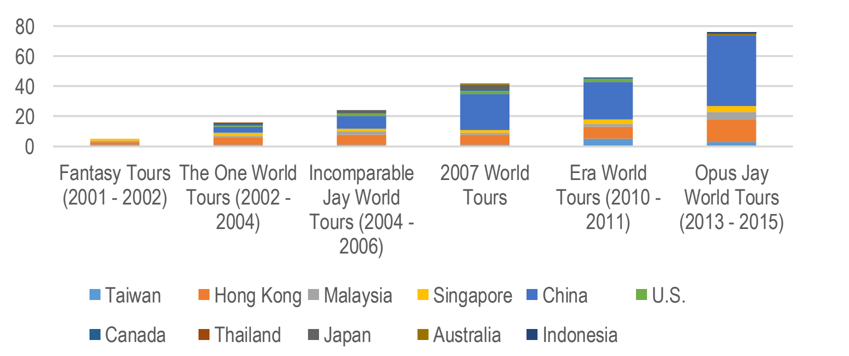
Jacky Cheung's Classic Tour is an example. It started in Beijing in October 2016 and is still ongoing to-date. All in, Jacky Cheung has performed or will be performing at 61 cities on 126 nights over a 14-month period from October 2016 to December 2017. On average, Jacky Cheung sang or performed in every one out of three nights.[14]

Jay Chou's last tour "Opus Jay World Tours" comprised of 76 performances at 38 cities from 17 May 2013 to 20 December 2015.[15] Of these 76 performances, approximately 47 nights were in PRC cities, In previous tours, approximately 20 to 30 performances would be in China.

Figure 10: Jacky Cheung "Classic Tour" 21 Oct 2016 – 17 Dec 2017

Source: Google Maps, NRA Capital

Figure 11: Jay Chou's Concert Tours, by No of Performances in Each Country



Source: https://en.wikipedia.org/wiki/Jay_Chou_World_Tours#2016_-_present_.E3.80.8AThe_Invincible_World_Tours.E3.80.8B_.28Ongoing.29, NRA Capita

[14] http://www.umusic.com.tw/artist/jacky/ Extracted during July 2017, subject to change.

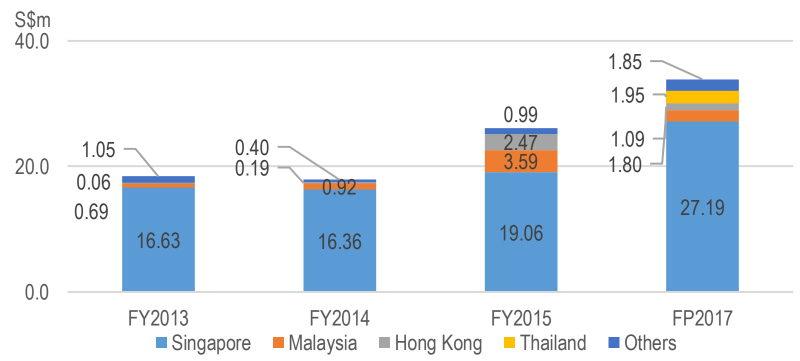
[15] https://en.wikipedia.org/wiki/Jay_Chou_World_Tours#2016_-_present_.E3.80.8AThe_Invincible_World_Tours.E3.80.8B_.28Ongoing.29

C) To Grow Aggressively with Regionalisation Strategy

Building networks and experience one country at a time. Unusual started as a stage, sound and lighting equipment rental business in 1997. Subsequently, it started producing small-scale events such as award shows and corporate dinners and quickly ramped up its capabilities to handle large scale concerts such as "Andy Lau Live in Concert 1999" within a few years. From 2010 to 2011, Unusual started to promote concerts in Malaysia and Hong Kong as well. In 2015 and 2016, Unusual also promoted its first concerts in China and Thailand respectively.

Going for multi-country larger tours. More recently, Unusual inked a deal with IMC Live Group China to be appointed by the latter to co-promote 2017 100% REMIX ANGELA CHANG WORLD TOUR in nine cities in China and in Kuala Lumpur, Malaysia from Sep 2017 to Jan 2018. Hence, we can see that Unusual is securing multiple shows to raise its growth trajectory, while gaining experience with smaller initial tours, e.g. Jacky Cheung's stops in Zhongshan, China.

Figure 12: Revenue, Geographical Markets



Source: Company, NRA Capital

Figure 13: Some Overseas Concerts by Unusual – Building networks and gaining experience in new markets

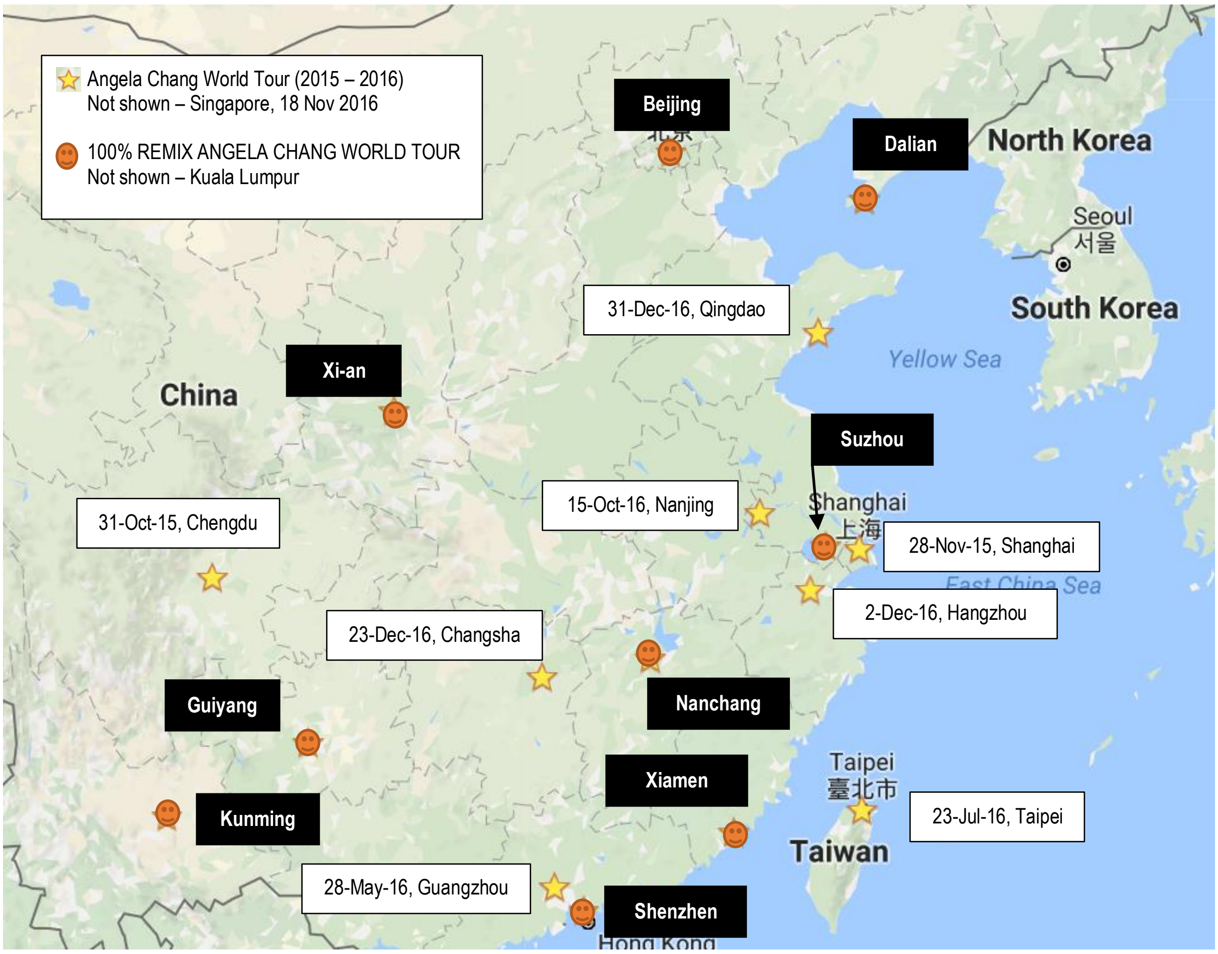
Date	No of shows / cities	Artist / Tour	Countries
2013	2	Beast, 4Minute, G.N A: AIA K -POP	Malaysia, Hong Kong
2013	NA	Eason Chan's : "Eason's Life" Concert 2013	Malaysia
2013	NA	Jay Chou: Opus Jay Chou 2013 World Tour	Malaysia
2013	NA	JJ Lin: Timeline World Tour Concert	Malaysia
2013	NA	Sandy Lam: Sandy Lam	Malaysia
2014	1	Stefanie Sun: The 2014 Kepler World Tour (production role only)	Malaysia
13-Apr-14	1	Lionel Richie "All The Hits All Night Long"	Malaysia
24, 26, 28-Sep-14	3	Electric Pet Shop Boys Live 2016	Malaysia, Hong Kong, Taiwan
13, 21, 27-Jan-15	3	Michael Bublé Live in Shanghai	China, Hong Kong, Malaysia
8, 13, 22-Mar-15	3	Air Supply 40th Anniversary Tour	Malaysia, China, Taiwan
17, 19, 21-Mar-15	3	Yanni One Man's Dream World Tour 2015	China
13, 22-Apr-15	2	Hillsong Worship	Malaysia, Hong Kong
9-Jun-15	1	Cesar Millan LIVE – Love Your Dogs Tour 2015	Taiwan
29-May-16	1	Hillsong Young & Free "Youth Revival" Tour - KL	Malaysia
18-Jun-16	1	iKONCERT 2016 Showtime Tour in Thailand	Thailand
9, 10-Jun-17	2	Jacky Cheung "A Classic Tour"	China
31-Aug, 3-Sep-17	2	MICHAEL LEARNS TO ROCK (MLTR) ETERNAL ASIA TOUR 2017	Philippines, Malaysia (TBC)
Sep-17 - Jan-18	10	100% REMIX Angela Chang World Tour	China (9 cities), Malaysia

Source: Company prospectus, NRA Capital

JJ Lin's concert tour could be next? JJ Lin's last concert in Singapore was on 5 Sep 2015 and Unusual was the promoter. According to media reports, JJ Lin will release a new album and a new concert tour in 2017.[16] Following Unusual's experience and networks in Malaysia, Hong Kong, Taiwan, Philippines, Thailand and cities in China, we reckon that Unusual may take the opportunity to acquire the performance rights of top artists such as JJ Lin to rapidly scale up its pipeline of concert promotions for FY18 and FY19. In JJ Lin's previous tour "JJ LIN TIMELINE: GENESIS WORLD TOUR", he toured 30 cities a total of 41 times over 800 touring days.[17]

Production business will also grow in China. One method by Unusual to gain experience in the China market is through partnerships. On 10 Aug, Unusual announced that it has signed a MOU to partner with Acmetec Holdings Limited, a leading supplier of specialised lighting equipment headquartered in Guangdong province, to create and design lighting solutions for a minimum of 100 concerts by various artists in China over three years, to be organised by B'IN Live Co Ltd a concert promotion company listed on the Taiwan Stock Exchange.

Figure 14: Angela Chang's World Tour



Source: Google Maps, NRA Capital

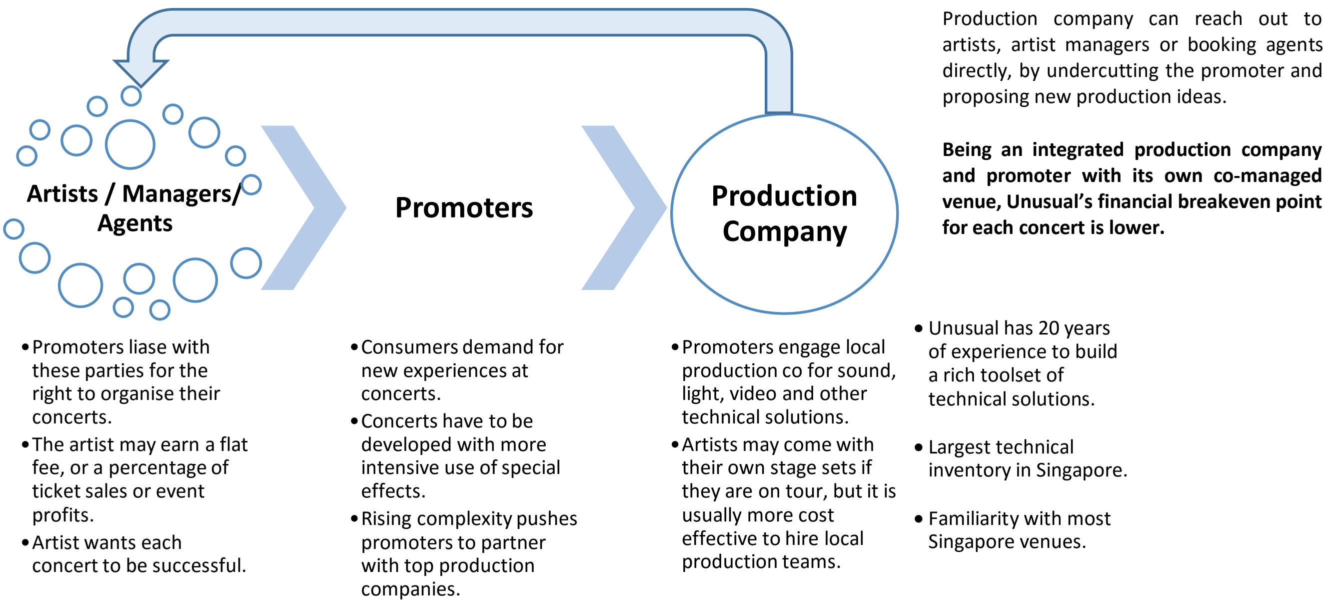
[16] http://www.manmankan.com/nizhidaoma/article/2016/13518.shtml

[17] http://imclive-group.com/concert/jjlin-timeline-genesis-worldtour-kaoshiung/

D) Integrated Operations Lowers Cost and Provides Access

Production expertise provides Unusual with access to top artists. Unusual has 20 years of experience in various productions and it claims to have the largest technical inventory and familiarity with most venues in Singapore. With its ability to deliver various special effects, concert promoters would choose Unusual as their production partner in Singapore. In turn, Unusual has managed to cultivate relationships with various promoters and artists and thus enter the concert promotion business itself. To some extent, it can be said that Unusual has benefited from the trend of more complex concerts that make use of more sound, light and video effects to impress the audience.

Figure 15: Production expertise facilitates entry into concert promotion



Source: http://www.ilmc.com/index.php/about/about-the-live-music-industry, NRA Capital

Figure 16: Unusual has moved from production only to production and promotion for these artists

Artistes	Production Only	Production and Promotion
A-Mei	2002	2007, 2010, 2016
Emil Chau	2002	2006, 2009, 2011
Jacky Cheung	2002	2005, 2007, 2011
Jay Chou	2002	2003, 2004, 2010, 2011, 2013

Source: Prospectus

Figure 17: Some Unusual projects that highlight production capabilities

Year	Event / Description
2007	Undertook extensive technical production for Korean star Rain's concert in Singapore, including a novel "raining" effect in an indoor venue
2008 - 2015	Provided large scale set-up of LED displays and stages for the Formula One Singapore Grand Prix
2010	Provided technical productions for National Day's five satellite locations in the heartlands
2012, 2014, 2015	Provided production and technical solutions for the Chingay Parade
2014	Provided the technical and production expertise for the first Chinese concert at the newly opened National Stadium
2014	Provided assistance and consultation services for visual effects for Singapore Chinese Orchestra's concert at the National Stadium
2015	Assisted the SEA Games Carnival Committee with the brainstorming of ideas for the Carnival, to conceptualising, designing and executing the ideas for the Carnival. Created a specially choreographed Laser & Lightshow that incorporated a dance and percussion performance.
2015	Choreographed light stick segment of Youth Celebrate! Event at the Opening of the Sports Hub, featuring radio frequency controlled light sticks
2015	Provided solutions e.g. setting up a sound system that ensures maximum distribution of sound in all wavelengths in the National Stadium

Source: Prospectus

E) Strong Track Record of Successful Concerts

Versatile capabilities to cater to multiple market segments. We found that Unusual is one of the handful of industry leaders today with the versatility to organise concerts by a wide variety of artistes to cater to different target markets and audience sizes, due to its integrated operations and hence lower financial breakeven for each concert. For standalone promoters that must bear fixed production and venue costs, they will be less willing to bet on smaller concerts.For the 15-month period ended March 2017, we counted at least 21 performances organised by Unusual with audience sizes ranging from a couple thousand at smaller venues to 20,000 at the National Stadium.

Figure 18: List of Concert by Unusual from January 2016 to March 2017, FP 2017

					Ticket Price			
Dates	**Description**	**Venue**	**Audience**	**Capacity / night**	**Min**	**Max**	**Mid-Point**	**Midpoint x Audience (S$m)**
4 – 5 Mar 2017	Air Supply Live in Singapore 2017	MasterCard® Theatres at MBS	4,000*	2,155	88	168	128	0.51
4-Mar-17	HSBC… Asia Tour Lee Joon Gi	Sentosa Golf Club, Driving Range	2,000*	2,000	148	348	248	0.50
24 – 26 Feb 2017	Jacky Cheung "A Classic Tour"	Singapore Indoor Stadium	30,000	10,000	168	368	268	8.04
18-Feb-17	2016-2017 Park Bogum Asia Tour	The Star Theatre	2,000	3,700	158	228	193	0.39
19-Nov-16	Alan Tam 40th Anniversary Concert	Singapore Indoor Stadium	7,500	10,000	128	258	193	1.45
9-Oct-16	Hacken Lee & Joey Yung Live…	Resorts World Ballroom	5,000	6,500	128	288	208	1.04
10-Sep-16	Kit Chan Spellbound Homecoming	Singapore Indoor Stadium	7,000	10,000	78	188	133	0.93
9-Sep-16	The Love Concert Judy Ongg 2016	MasterCard® Theaters at MBS	2,000*	2,155	68	288	178	0.36
6-Aug-16	Kenny Rogers' Final World Tour:	The Star Theatre	4,000*	5,000	88	228	158	0.63
24-Jul-16	iKONCERT 2016 Showtime Tour	Singapore Indoor Stadium	6,500	10,000	148	318	233	1.51
6-Jul-16	George Lam 40th Anniversary	The Star Theatre	2,000*	3,700	78	198	138	0.28
18-Jun-16	iKONCERT 2016 Showtime Tour	Impact Exhibition… Thailand	4,000*	4,000	73	236	154	0.62
29-May-16	Hillsong Young & Free "Youth…	Megastar Arena, Malaysia	2,000*	2,300	68*	128*	98*	0.20
28-May-16	Hillsong Young & Free "Youth…	The MAX Pavilion @ Sing Expo	2,000	4,200	68	128	98	0.20
9-Apr-16	Karen Mok "REGARDEZ" World Tour	The Star Theatre	5,000	5,000	88	188	138	0.69
5-Mar-16	Hebe Tien "IF" World Tour	Singapore Indoor Stadium	8,000	10,000	98	228	163	1.30
27-Feb-16	Kool & the Gang Live in Singapore	MasterCard® Theaters at MBS	2,000*	2,155	88	168	128	0.26
9-Jan-16	aMEI|AMIT UTOPIA World Tour	National Stadium	20,000	20,000	68	288	178	3.56
21 days			**115,000**	**6,270**	**102**	**236**	**169**	**22.45**
				FP2017 Promotion Revenue				**20.06**

MasterCard Theatres at MBS comprises of the 2,155 seater Grand Theatre and 1,677 seater Sands Theatre. We generally assume that it's the Grand Theatre that is being used. *Our assumptions. We referred to media reports for the other concerts. The Star Theatre can seat 1,900, 3,700 or up to 5,000 people depending on whether the stalls, circles and full theatre are used. *Source: Sportshubtix, various media concert reviews, NRA Capital*

Also, one of few leaders to pull off large scale concerts. Unusual has promoted concerts that have attracted 10,000s of fans in the past, such as Stefanie Sun's concert in 2014, A-mei's in 2016 and Jacky Cheung's in 2017. Our survey of concerts[18] organised at the National Stadium or Indoor Stadium[19] from January 2016 to June 2017 suggests that only ten promoters have a similar track record.

Of these ten promoters, about half of them appear to be niche players with only one to two large shows during the period under review while Unusual is one of the few players that can repeatedly pull of large concerts. For instance, Live Nation Lushington appears to have pulled the largest crowd, but it was mainly due to Coldplay's two-day concert with about 50,000 people each night.[20] Its other concert at Indoor Stadium only had a reported crowd of 6,800.

[18] We performed an internet search using the terms "site: http://www.sportshub.com.sg/sportshubtix/Pages/ 2016" and "site: http://www.sportshub.com.sg/sportshubtix/Pages/ 2017" and found that 26 concerts over 33 nights were held at the Indoor Stadium and National Stadium from 1 January 2016 to 30 June 2017, excluding one charity event, one five-night Disney musical and 20 (42-days) sporting events.

[19] Due to the seating capacity of the Indoor Stadium of up to 13,000 and the National Stadium of up to 55,000, concerts at these venues (and their promoters) should adequately (but not completely) reflect the market for large scale concerts.

[20] http://www.straitstimes.com/lifestyle/entertainment/coldplay-put-on-a-carnival-like-kaleidoscopic-show-at-national-stadium

Figure 19: List of Concerts at the Indoor Stadium and National Stadium from January 2016 to June 2017

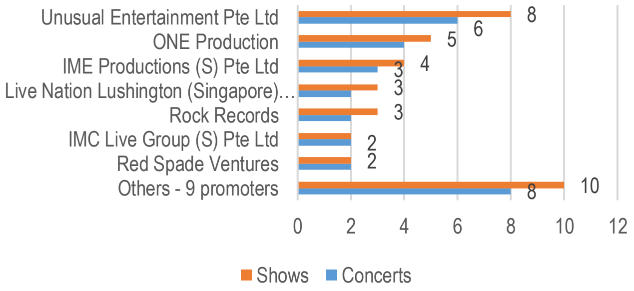
No	Events	Dates	Audience	Ticket Price Mini-mum	Maxi-mum	Mid-point	Midpoint x audience (S$m)	Remarks
	Unusual Entertainment Pte Ltd							
1	aMEI | AMIT UTOPIA WORLD TOUR 2016	9-Jan-16	20,000	68	288	178	3.56	
2	田馥甄"如果"世界巡回演唱会	5-Mar-16	8,000	98	228	163	1.30	
3	iKONCERT 2016 SHOWTIME TOUR	24-Jul-16	6,500	148	318	233	1.51	
4	Kit Chan Spellbound Homecoming Concert	10-Sep-16	7,000	78	188	133	0.93	
5	Alan Tam 40th Anniversary Concert Tour	19-Nov-16	7,500	128	258	193	1.45	
6	Jacky Cheung "A Classic Tour"	24 - 26 Feb-17	30,000	168	368	268	8.04	
		8 days	**79,000**	**114.7**	**274.7**	**194.7**	**16.80**	
		Average	**9,875**					
	ONE Production							
1	2016 CNBLUE LIVE [COME TOGETHER]	13-Feb-16	5,000	118	268	193	0.97	
2	Della 丁噹- 我愛你戀習曲新加...	27-Feb-16	5,000	88	188	138	0.69	
3	Mayday "Just Rock It" 2016 – Live in..	5 - 6 Aug-16	20,000	118	288	203	4.06	
4	EXO PLANET #3 - The EXO'rDIUM	2-Apr-17	8,000	128	288	208	1.66	
		5 days	**38,000**	**113.0**	**258.0**	**185.5**	**7.38**	
		Average	**7,600**					
	IME Productions (S) Pte Ltd							
1	2016 BIGBANG MADE [V.I.P] TOUR	2-Oct-16	NA	148	288	218	NA	No audience estimate available
2	G-DRAGON 2017 WORLD TOUR…	24 - 25 Jun-17	15,000	148	348	248	3.72	
3	Britney Live in Singapore	30-Jun-17	7,800	188	568	378	2.95	
		4 days	**22,800**	**161.3**	**401.3**	**281.3**	**6.67**	
		Average	**7,600**					based on three performances only
	Live Nation Lushington (Singapore)							
1	COLDPLAY - A Head Full Of Dreams Tour	31 Mar - 1 Apr-17	100,000	78	268	173	17.30	
2	STING 57TH & 9TH TOUR	28-May-17	6,800	108	288	198	1.35	
		3 days	**106,800**	**93.0**	**278.0**	**185.5**	**18.65**	
		Average	**35,600**					
	Rock Records							
1	Della 丁噹- 我愛你戀習曲新加...	27-Feb-16	5,000	88	188	138	0.69	
2	Mayday "Just Rock It" 2016	5 - 6 Aug-16	20,000	118	288	203	4.06	
		3 days	**25,000**	**103.0**	**238.0**	**170.5**	**4.75**	
		Average	**8,333**					
	IMC Live Group (S) Pte Ltd							
1	AL!VE SINGAPORE 2016	18-Jun-16	NA	30	50	40	NA	No audience estimate available
2	Fish Leong tu t'appelles l'amour 2016…	24-Sep-16	6,500	118	248	183	1.19	
		2 days	**6,500**	**74.0**	**149.0**	**111.5**	**1.19**	
		Average	**6,500**					based on one performance only
	Red Spade Ventures							
1	田馥甄"如果"世界巡回演唱会	5-Mar-16	8,000	98	228	163	1.30	
2	2017 FTISLAND LIVE [THE TRUTH]…	11-Feb-17	3,500	88	288	188	0.66	
		2 days	**11,500**	**93.0**	**258.0**	**175.5**	**1.96**	
		Average	**5,750**					
	Others							
1	EXO PLANET #2 - The EXO'luXion…	9 - 10 Jan-16	12,000	128	288	208	2.5	AC Music Entertainment Pte Ltd
2	STELLA ZHANG QING FANG LIVE…	30-Jan-16	7,000	98	238	168	1.2	HYPE RECORDS PTE LTD
3	Madonna Rebel Heart Tour 2016	28-Feb-16	25,000	108	1288	698	17.5	East West Best Inc
4	Selena Gomez Revival Tour	27-Jul-16	7,000	98	168	133	0.9	Midas Promotions Pte. Ltd.
5	"The Invincible" Jay Chou Concert Tour 2016	3-Sep-16	30,000	118	338	228	6.8	Multimedia Entertainment Pte Ltd
6	Maher Zain "One" Concert Tour	3-Dec-16	NA	78	198	138	NA	Offshore Entertainment Holdings
7	Metallica WorldWired Tour 2017 Singapore	22-Jan-17	10,000	158	358	258	2.6	AEG Live
8	A-MEI WORLD TOUR 2017 - SINGAPORE	9-10 Jun-17	14,400	98	288	193	2.8	MediaCorp VizPro & JP Live
		10 days	**105,400**	**110.5**	**395.5**	**253.0**	**34.25**	
		Average	**11,711**					based on nine performances only

Source: Sportshubtix, Straits Times and various concert reviews, NRA Capital

Figures 20, 21 and 22 count jointly promoted concerts multiple times – once for each of the promoters involved. Newspapers often review and provide audience estimates for the first night of the concert. We generally assume a similar audience size for subsequent nights. We exclude concerts without third party audience estimates when computing averages.[21]

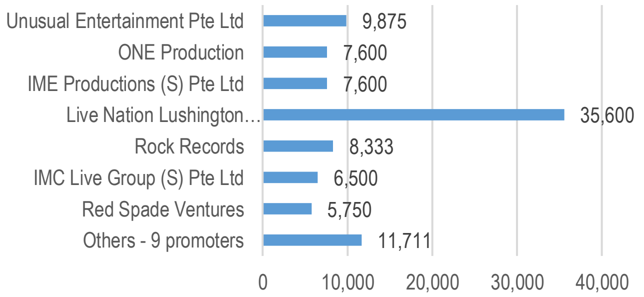
[21] Attendance does not necessarily equate to sales as promoters may give out free tickets and discounts closer to the date of the concert to "fill up" the venue.

Figure 20: No of Shows at Indoor and National Stadiums



Source: Sportshubtix, NRA Capital (From Jan 2016 to Jun 2017)

Figure 21: Attendance per Show



Source: *Various concert reviews by e.g. The Straits Times*, (From Jan 2016 to Jun 2017)

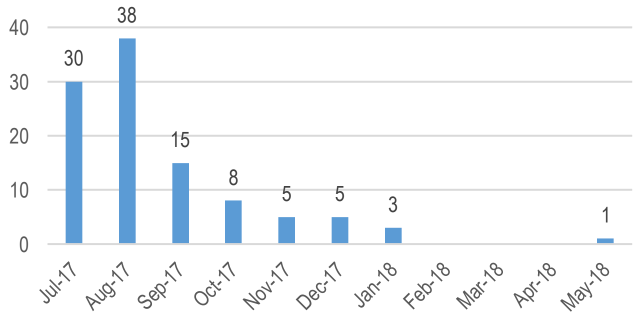
Others in Figures 21 and 22 refer to nine promoters who organised eight concerts at the Indoor Stadium and National Stadium from January 2016 to June 2017, including those by Jay Chou and Madonna (by different promoters) with reported total audience of 55,000. Excluding these larger concerts, the average drops to 10,080. Some concerts may run for several nights. We count each night as one show.

115,000 people watched Unusual concerts in FP2017. Because of Unusual's mix of mid to large concerts, we estimate that approximately 115,000 tickets were sold during the 15-month period ended March 2017 based on newspaper reviews and our estimates (See Figure 19). This is equivalent to about an average audience size of 5,476 per show or 7,667 tickets per month, including concerts at smaller venues. Even if we exclude mega shows such as Jacky Cheung and A-Mei's performances, the smaller shows still moved an average of 3,823 tickets.

Mostly sold-out performances. Based on the midpoint of the ticket prices, Unusual's shows in FP2017 have a total sales potential of S$22.45m. Excluding the Jacky Cheung and A-Mei concerts, the smaller concerts had the potential of racking in S$10.85m. Our estimate of S$22.45m is not too far from Unusual's reported promotion revenue of S$20.06m for FP2017 (which also includes overseas revenue and revenue from the trading of concert rights), suggesting that Unusual's concerts at the minimum enjoy more than 70% to 100% sales.

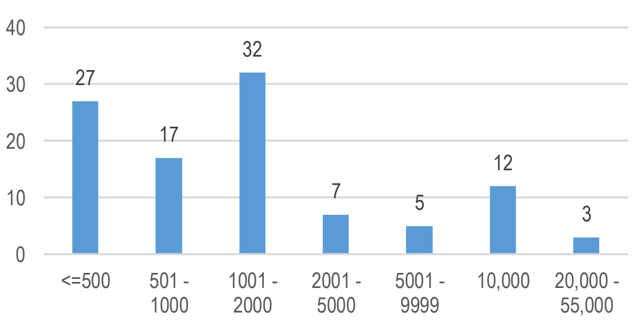
Unusual stands out as most concerts in Singapore are small in scale. We filtered a list of 91 upcoming concerts over 105 days from July 2017 to May 2018 from ticketing companies, i.e. Sistic, AsiaTix, Sportshubtix and Ticketbox. In general, there may be 15 to 40 performances each month. However, most performances are at smaller venues of seating capacity 2,000 or less. There are relatively few performances at larger venues, except at the Indoor Stadium and National Stadium where 15 performances by 12 artistes and groups are slated.

Figure 22: No of Upcoming Shows, by Month



Source: Sistic, AsiaTix, Sportshubtix, ticketbox, NRA Capital (Extracted on 8 July)

Figure 23: Distribution of Upcoming Shows, by Capacity



Source: Sistic, AsiaTix, Sportshubtix, ticketbox, NRA Capital (Extracted on 8 July)

F) Strong Pipeline of Concerts Bolsters Outlook

Expect more than 30 shows in FY18. Unusual has thus far completed five shows from May 2017 to Jul 2017, including two shows by Jacky Cheung in China. 18 more shows have been scheduled over the next six months from Aug to the Jan 2018 (See Figure 25). Unusual is also the event partner for the Color Run in Singapore, Malaysia and Indonesia this year.

With the Singapore and ASEAN pipeline empty after 10 Sep, we expect Unusual to organise more shows for Oct 2017 to Mar 2018. We assume that Unusual will organise at least another three shows in Singapore (one per two month) and another five shows overseas excluding China (one every month including Angela Chang's show in Kuala Lumpur), in addition to the current pipeline, during FY2018.

The shows should ideally be balanced between the lower end S$88 to S$168 priced categories and the higher end S$128 to S$248 types, translating to average prices of S$108 to S$208.

All in, we are expecting 34 events for FY18 ending Mar 2018, including the three Color Run events. In contrast, we estimate that 18 concerts (21 shows) were organised in the 18-month period FP2017.

Concert attendees to grow by 140% to about 277,800. Based on the projected pipeline, we estimate attendance of 277,800 in FY18. Attendance for known shows is estimated based on available sections of the hall shown on the ticketing website. For instance, the first show of GEM's concert on 12 Aug is almost sold out, but seats are still available for the 13 Aug show. For other shows, we assume attendance of 9,000 per show in Southeast Asia and 10,000 per show in China.

Figure 24: Completed, Scheduled and Projected Events, FY2018

					Ticket Price			
No	Date	Description	Venue	Audience	Mini-mum	Maxi-mum	Mid-point	Midpoint x audience (S$m)
		Concerts						
1	13-May-17	Ronghao Li An Ideal World Tour Concert	The MAX Pavilion	4,000	88	178	133	0.53
2	27-May-17	My Music Journey 2017 Eric Moo In Concert	The Star Theatre	4,000*	78	168	123	0.49
3	9-Jun-17	Jacky Cheung "A Classic Tour" - in Guangdong	China	22,000	77	341	209	4.60
4	10-Jun-17	Jacky Cheung "A Classic Tour" - in Guangdong	China	22,000	77	341	209	4.60
5	22-Jul-17	GRASSHOPPER MUSIC WALKER CONCERT	Indoor Stadium	7,000	88	198	143	1.00
6	12-Aug-17	G.E.M. "QUEEN OF HEARTS" WORLD TOUR 2017	Indoor Stadium	9,000*	128	248	188	1.69
7	13-Aug-17	G.E.M. "QUEEN OF HEARTS" WORLD TOUR 2017	Indoor Stadium	6,000*	128	248	188	1.13
8	26-Aug-17	FOO FIGHTERS	National Stadium	15,000*	128	238	183	2.75
9	26-Aug-17	WAKIN CHAU 2017 WORLD TOUR (SOLD OUT)	Indoor Stadium	9,000*	98	198	148	1.33
10	31-Aug-17	MICHAEL LEARNS TO ROCK (MLTR)…	KIA Theatre - Manila	2,300*	43	167	105	0.24
11	2-Sep-17	MICHAEL LEARNS TO ROCK (MLTR)…	Indoor Stadium	4,000*	78	168	123	0.49
12	3-Sep-17	MICHAEL LEARNS TO ROCK (MLTR)…	Malaysia	NA**				
13	10-Sep-17	Russell Thompkins Jr. & The New Stylistics 14th Ann..	RWS Theatre	1500	88	188	138	0.21
14	TBC	Estimated three shows (1 per 2 mth from Oct to Mar)	Singapore	27,000*	108*	208*	158	4.27
15	TBC	Estimated five shows in ASEAN and HK	e.g KL or HK	45,000*	108*	208*	158	7.11
16	TBC	2017 100% REMIX ANGELA CHANG	Kuala Lumpur	10,000*	90*	200*	145	1.45
17	TBC	2017 100% REMIX ANGELA CHANG	PRC – 9 cities	90,000*	90*	200*	145	13.05
			Totals / Averages for 12-month FY2018 – 27 performances	**277,800**	**95**	**211**	**153**	**44.93**
			18-month FP2017 – 21 performances	**115,000**	**102**	**236**	**169**	**22.45**
		Events						
20	13-Aug-17	Color Run, Kuala Lumpur – Event Partner	Padang Merbok	13,000	29	29	29	0.38
21	23-Sep-17	Color Run, Singapore – Event Partner	Sentosa	9000	70	70	70	0.63
22	1-Oct-17	Color Run, Jakarta – Event Partner	Parkir Timur	13,000	30	30	30	0.39

*Our estimates or assumptions. **We are unable to obtain information to corroborate the Malaysia performance.

Source: NRA Capital

Sustained strong momentum into 1Q FY18. For 1Q FY18 ended Jun 2017, Unusual reported a net profit of S$1.54m on revenue of S$6.2m versus S$0.61m of net profit and revenue of S$2.33m during the period Apr to Jun 2016. Gross margin improved to 45.6% from 22.8% a year ago. The improved performance could have been due to Jacky Cheung's two stops in China. The number of shows promoted was similar in both quarters.

We noticed that gross margins may be as high as 45% odd in quarters when there are popular well attended concerts or gains from revenue or profit sharing agreements in overseas shows. In Apr to Jun 2016, gross margin was only 22.8%. In the six-month period from Oct 2016 to Mar 2017, Jacky Cheung's sold out concerts in February probably boosted gross margin in the period to 32.7%.

From FY2013 to FP2017, Unusual's gross margin has increased from 26.5% to 35.0%. Noting that one or two top shows may have temporarily raised Unusual's gross margin in FP2017, we decided to assume lower gross margins during our forecast horizon – 28.3% for FY18F, based on 40% for production and 25% for promotion. This is to also factor in less production synergies from overseas shows.

Figure 25: Financial Estimates

				Reported	Forecast
	1 Oct-15 - 31 Dec-15	1 Apr-16 -30 Jun-16	1 Oct-16 - 31 Mar-17	1 Apr - 30 Jun-17	1 Jul-17 - 31 Mar-18
No of months	3	3	6	3	9
Revenue (S$m)	3.86	2.33	17.88	6.19	48.60
Gross profit	1.81	0.53	5.85	2.82	12.35
Gross margin	46.8%	22.8%	32.7%	45.6%	25.4%
Net profit	1.33	0.61	3.49	1.54	6.93
No of shows (music)	3	4	9	4	27
Est. Attendance		13,000	50,500	52,000	225,800
Ticket sales potential (S$m)		1.7	11.92	10.22	34.71
Color run					3
Est. Attendance					35,000
Ticket sales potential					1.4

The ticket sales potential of the shows need not correlate with that of reported revenue depending on the accounting treatment of income from co-promotion deals.

In deals where Unusual takes a portion of the ticket proceeds or a fixed fee, revenue will always be a portion of ticket sales. The upside is that the margin of these deals can be very high. Hence, 1Q FY18 shows may be worth up to S$10.2m, but resulted in only S$6.2m in revenue.

For forecasting purpose, we based revenue on potential ticket sales, but assumed lower gross margin.

Source: Company, NRA Capital

	1 Oct-15 - 31 Dec-15	1 Apr-16 -30 Jun-16	1 Oct-16 - 31 Mar-17	1Q FY18	2Q FY18F	3Q & 4Q FY18F
No of shows	3	4	9	4	9	18
Est. Attendance		13,000	50,500	52,000	53,800	172,000
Ticket sales potential		1.7	11.92	10.22	8.84	25.87
Color run					2	1
Est. Attendance					22,000	13,000
Ticket sales potential					1.01	0.39

Our pace of new shows for 2H FY18F is similar to that of 2Q FY18F.

Source: Company, NRA Capital

11 events in 2Q FY18 ending Sep 2017. Unusual has lined up a pipeline of nine shows in 2Q FY18F. They include two shows by GEM (first night sold out), Waikin Chau (sold out) and Foo Fighters in Singapore. These are smaller concerts compared to the four in 1Q FY18. However, the estimated attendance is similar to that of 1Q FY18 with slightly lower potential ticket sales of S$8.84m. However, these are mainly local shows rather than revenue sharing arrangements. Therefore, we would expect Unusual to report slightly higher revenue for 2Q FY18F with lower gross margin due to concert hosting costs albeit offset by synergies from local production. Overall, we would expect higher profits in 2Q FY18F.

Figure 26: Forecasting Assumptions

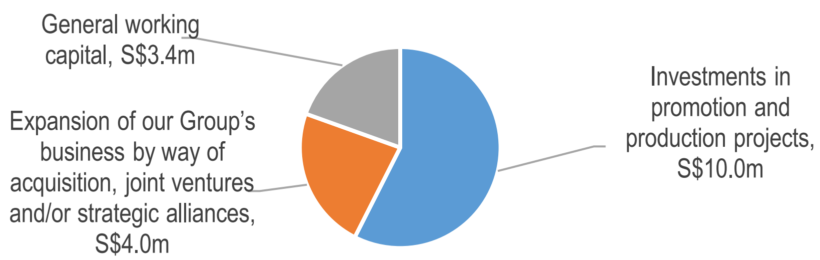
	FY2015	FP2017	FY18F	FY19F	FY20F	FY21F	FY22F	Remarks
Revenue drivers								
No of SG shows	13	19	12	24	28.8	31.7	33.3	FY18 based on Fig 25. For FY19F, assume average of 2 productions per month.
Change				100.0%	20.0%	10.0%	5.0%	FY20 to FY22 - assumed
Avg. production rev. per show (S$m)	0.91	0.61	0.76	0.76	0.76	0.76	0.76	Average of FY15 and FP17
Concert Attendance	NA	115,000	277,800	486,150	729,225	911,531	1,025,473	FY18 based on Fig 25
				75.0%	50.0%	25.0%	12.5%	FY19 to FY22 - assumed
Promotion rev per attendance (S$)	NA	174.5	161.7	153.6	146.0	138.7	131.7	Average ticket prices is expected to fall with more concerts organised, especially overseas concerts.
				-5.0%	-5.0%	-5.0%	-5.0%	Assumed
Other revenue	0.73	2.15	0.73	0.73	0.73	0.73	0.73	Assume same as FY15
Gross margin								
Production	35.4%	42.9%	40.0%	40.0%	40.0%	40.0%	40.0%	Assumed
Promotion	24.3%	29.5%	25.0%	22.5%	20.0%	20.0%	20.0%	Assumed
Others, e.g. rental	60.7%	43.8%	40.0%	40.0%	40.0%	40.0%	40.0%	Assumed
Group	30.3%	35.0%	27.7%	26.0%	23.5%	23.3%	23.2%	
Other items								
Other income and gains	0.69	1.65	0.13	0.13	0.13	0.13	0.13	FP17 other income = 0.13.
Administrative expenses	-3.83	-5.07	-5.07	-5.32	-5.59	-5.87	-6.16	Assume other gains =0
Eff. Tax rate	-13.7%	-12.9%	-17.0%	-17.0%	-17.0%	-17.0%	-17.0%	
Metrics								
Sales to average assets	1.33	1.56	1.69	1.91	1.96	1.76	1.50	
ROA	20.9%	33.9%	26.1%	32.5%	31.3%	28.5%	24.3%	In line with historical
ROE	47.5%	65.2%	34.8%	37.1%	35.9%	32.4%	27.2%	Lower than historical

Source: NRA Capital

Healthy net cash balance sheet supportive of expansion. As of 30 June 2017, Unusual had cash of S$17.2m against borrowings of only S$55k. Working capital comprised of mainly S$10.9m of receivables and S$2.8m of trade and other payables. The company had used net proceeds of S$17.5m from its IPO to reduce payables by about S$6.5m from 31 Mar and to invest in upcoming projects, which explain for the S$5.3m increase in receivables.

The net cash is almost equal to Unusual's artist fees from FY13 to FP17 or three years' worth of FP17 reported artist fees and halls related expenditure. Hence, we assumed that Unusual will be able to rapidly expand its pipeline of concerts under promotion after the IPO. Based on our assumptions, return on assets will remain at around 24% to 33% post-IPO, in line with Unusual's historical performance.

Figure 27: Use of Net Proceeds



Source: Company, NRA Capital

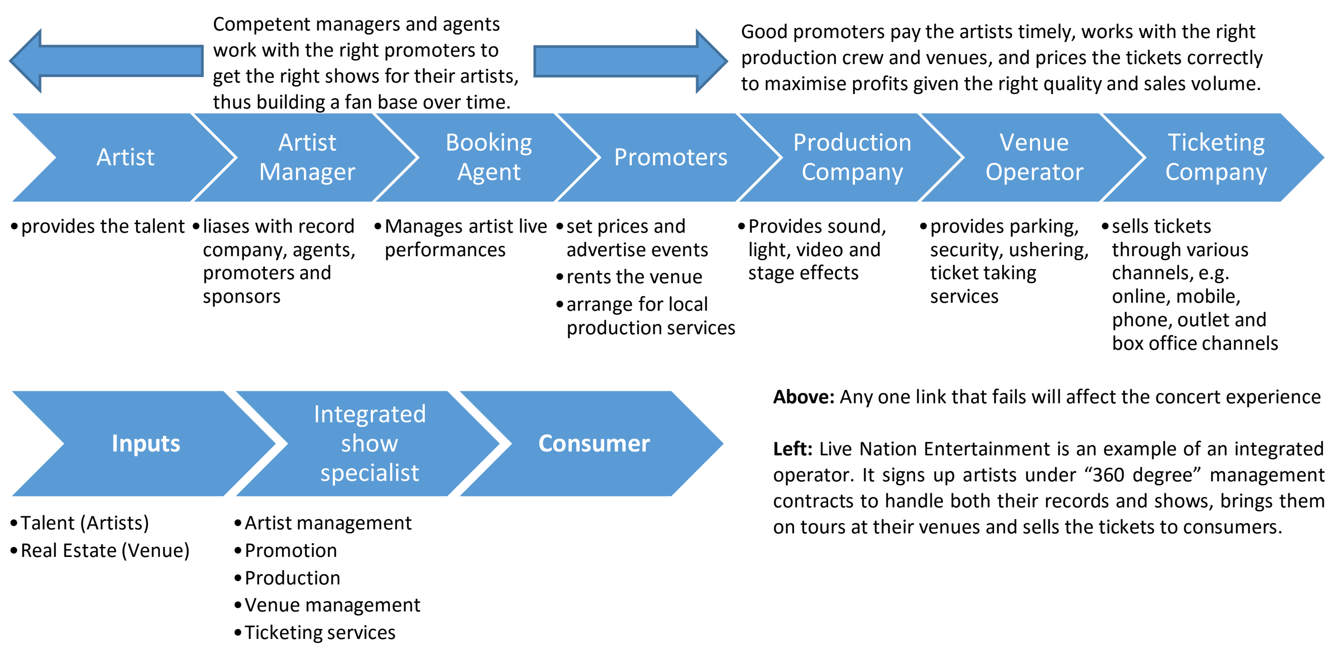
G) Expansion into Other Parts of the Value Chain

Potential expansion into ticketing services and venue management. Unusual has indicated that it is also keen to target these downstream services. The ticketing business is undergoing change with the rise of ticket scalping businesses such as Stubhub. We reckon that Unusual will be able to better price its tickets with an integrated ticketing service.

Secondly, a combination of production capabilities, ticketing services and a pipeline of shows will make for a strong value proposition for Unusual to approach venues for management contracts, leaving venue owners to focus on running the property. Currently, the company also co-manages The Max Pavilion @ Singapore Expo, where the company installs its sound, light and video equipment to support all events at The Max Pavilion in exchange for a share of the venue fee, reported as other revenue. This arrangement has also led to cost savings for Unusual by hosting its concerts in-house.

Access to venues as a competitive advantage. The crux of the issue is that top artists want to perform at top venues and promoters with access to the venues will be able to snatch such acts. The world's largest producer of live music concerts Live Nation Entertainment, Inc. owns, leases, operates and/or has exclusive booking rights and/or equity interests in 196 venues worldwide, including 150 locations in North America.

Figure 28: Live Music Industry Value Chain



Source: http://www.ilmc.com/index.php/about/about-the-live-music-industry

Content/ Intellectual property development as an opportunity. Unusual's parent company MM2 has an artist management arm. For now, we do not foresee Unusual entering into the artist management business as it will still rely on existing relationships to sign up artists for concerts. However, the company may draw upon its know-how and relationships to participate in the development of content and shows for artists.

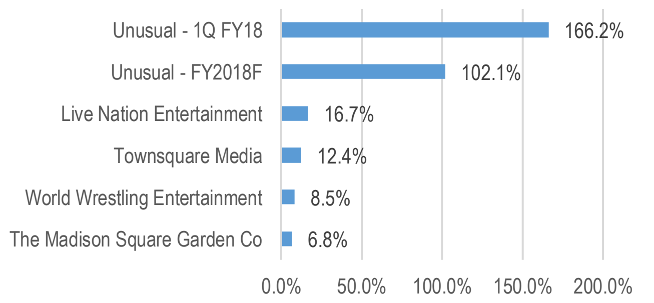
H) Deserves Premium for High Margin and Growth Potential

High earnings growth justifies high P/E multiple. Based on our forecast PATMI of S$8.47m for FY18 and S$15.92m for FY19, Unusual currently trades at 36.1x FY18 and 19.2x FY19 earnings (share price of S$0.475). However, we argue that Unusual stands out for its profitability and high growth potential. If the company meets our forecast PATMI of S$8.47m for FY18, it would have grown profit after tax at a compounded annual growth rate of 41% over the preceding 4.25 years, translating to a price-to-FY18 earnings-to-FY13 to FY18 growth ratio of around 0.9x. Based on FY19 earnings and earnings growth from FY13 to FY19, the PEG multiple will drop further to 0.4x.

For peer comparison, we referred to the following publicly listed companies:

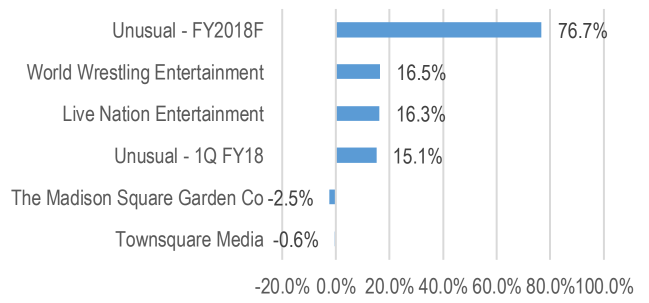
1) **Live Nation Entertainment** produces and promotes live music events, operates and manages music venues, creates associated content, provides ticketing services and artist management services.
2) **The Madison Square Garden Company** promotes, produces and/or presents sporting events, live events and original productions; and operates venues.
3) **World Wrestling Entertainment, Inc.** is in the sports entertainment business, but live events account for 20% of its annual revenues. Given the small sample size, we added this company to our peer set.
4) **Townsquare Media, Inc.** operates radio stations, local websites, provides digital marketing services to businesses and create, promote and produce live events. The entertainment segment accounts for about 15% of its revenue.

Figure 29: Trailing 12-M Sales Growth



Source: Respective company SEC filings T12-month data for Unusual is unavailable

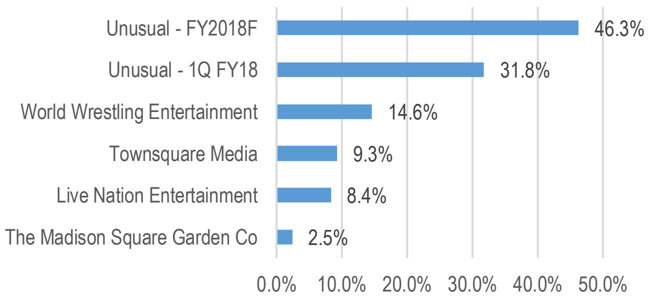
Figure 30: Trailing 12-M EBITDA Growth



Source: Respective company SEC filings T12-month data for Unusual is unavailable

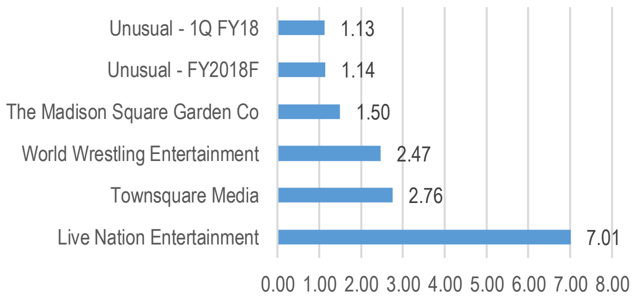
Unusual focuses on the most profitable part of the business. Compared to the four peers, Unusual is much smaller in size. For instance, Live Nation's trailing 12-month revenue is US$8.6 billion. The smallest peer Townsquare Media has trailing 12-month revenue of US$510.9m. However, they suffer from low profitability with single digit EBITDA over total assets, except for World Wrestling Entertainment which has an EBITDA return over total assets of 15%. In contrast, Unusual returned 31.8% in EBITDA over average total assets from 1 April to 30 June 2018 (1Q FY18). We reckon that the difference is due to Unusual's focus on concert promotion and production and its focus on bringing in the most profitable artists. On the other hand, most of the other peers are more asset intensive own assets such as performance venues and intangibles such as acquired content and intellectual property, etc.

Figure 31: T12M EBITDA Over Average Total Assets



Source: Respective company SEC filings T12-month data for Unusual is unavailable

Figure 32: Total Assets to Book Value of Equity



Source: Respective company SEC filings T12-month data for Unusual is unavailable

Figure 33: Peer Comparison Table

	Mkt Cap (US$m)	Revenue (US$m)	EBITDA (US$m)	PATMI (US$m)	Total Assets (US$m)	Common Equity (US$m)	Enterprise Value (US$m)
Live Nation Entertainment	7,681.6	8,560.4	616.2	14.5	7,823.5	1,116.7	8,335.0
The Madison Square Garden Co	5,101.0	1,230.6	90.1	-46.9	3,735.7	2,490.4	3,888.3
World Wrestling Entertainment	1,618.4	762.2	72.9	25.1	599.3	242.3	1,547.0
Townsquare Media	188.4	510.9	99.2	21.5	1,070.4	388.0	708.2
Unusual Limited	224.7	40.3*	8.6*	6.2*	25.9	23.0	212.1

**Based on FY18 forecast as trailing 12-month data is unavailable.*

Figure 34: Valuation Multiples and Growth Rates

	EV/ EBITDA	EBITDA Growth	Multiple / Growth	P/Sales	Sales Growth	Multiple / Growth	P/E	Growth	PEG
Live Nation Entertainment	13.53	16.33%	0.83	0.90	16.74%	0.05	NM	NM	NA
The Madison Square Garden Co	43.15	-2.50%	NM	4.14	6.78%	0.61	NA	NM	NA
World Wrestling Entertainment	21.23	16.54%	1.28	2.12	8.49%	0.25	64.56	4.45%	14.51
Townsquare Media	7.14	-0.55%	NM	0.37	12.39%	0.03	8.77	159.51%	0.06
Average	**21.26**	**7.45%**	**1.06**	**1.88**	**11.10%**	**0.24**	**36.67**	**81.98%**	**7.28**
Unusual Limited - FY2018	24.74	76.74%	0.32	5.46	102.13%	0.05	35.30	44.41%	0.79
Peer average multiple-growth rato (A)	1.06			0.24			1.00	Assume	
Unusual FY18F Growth (B)	76.74%			102.13%			44.41%		
Adjusted multiple (A x B)	81.05			24.12			44.41		
Unusual FP2017 Annualized (C) EBITDA	6.60		Sales	27.11		PATMI	6.60		
Valuation (A x B x C)	534.59			653.94			292.91		
Add back net cash as of 1Q18	17.11			NA			NA		
Value of equity	**551.70**	**S$0.858**		**653.94**	**S$1.017**		**292.91**	**S$0.455**	

	EV / Total Assets	EBITDA / Avg. Assets
Live Nation Entertainment	1.07	8.35%
The Madison Square Garden Co	1.04	2.45%
World Wrestling Entertainment	2.58	14.63%
Townsquare Media	0.66	9.32%
Average	1.34	8.69%
Unusual Limited - FY2018	8.02	46.28%
Peer average EV / Assets (A)	1.34	
Peer average EBITDA/Assets (B)	8.69%	
Unusual FY18F EBITDA / Assets (C)	46.28%	
Adjusted multiple (C / B) x A	7.12	
Unusual 1Q18 - Total Assets (D)	35.17	
Valuation (C / B) x A x D	250.49	
Add back net cash as of 1Q18	17.11	
Value of equity	**267.60**	**S$0.416**

Source: NRA Capital

The EV/EBITDA, Price/Sales and P/E ratios have been adjusted for the varying growth rates between Unusual and the peer set.

For instance, Unusual trades at an enterprise value of 43.73x annualised FP2017 EBITDA (FY18=24.74), against the peer average of 21.26x. However, Unusual's EV/EBITDA-to-EBITDA Growth multiple is merely 0.56 compared to 1.06x for the peer group.

Given a projected growth rate of 76.7% and peer group average EV/EBITDA-to-growth of 1.06x, Unusual's fair enterprise value should be at 81.05x annualised FP2017 EBITDA. The same methodology is applied for Price/Sales and P/E. In the case of PE, we assume a PEG of 1.0x as the peer average is distorted by Townsquare Media's very low PEG of 0.06x.

For the EV-to-total assets, we scaled the valuation multiple based on the different EBITDA return on assets.

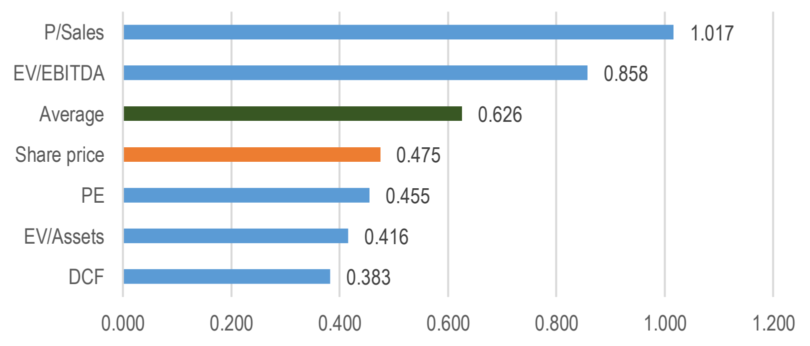
Figure 35: Discounted Cash Flow

	2014	2015	FP2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net profit after tax	0.34	4.11	7.34	8.47	15.92	20.63	24.44	26.04
Depreciation & Amortization	0.97	1.10	1.03	1.42	1.54	1.64	1.71	1.77
Capex	-1.58	-2.18	-2.64	-2.00	-2.00	-2.00	-2.00	-2.00
Change in non-cash working capital	2.67	-3.47	6.29	-14.03	-7.30	-6.45	-4.13	-1.85
Non cash working capital	-1.97	1.50	-4.79	9.24	16.54	22.99	27.12	28.97
Change in borrowings	0.16	-0.06	0.44	-0.11	-0.09	-0.07	-0.06	-0.05
Free cash flow to equity	2.56	-0.49	12.45	-6.24	8.07	13.74	19.97	23.92
Terminal value								304.93
Discount factor				1.10	1.21	1.33	1.46	1.61
PV of free cash flow to equity				-5.67	6.67	10.32	13.64	14.85
Explicit value	39.81							
PV of terminal value	189.34						Cost of equity	10%
Net cash as of 30 June 2017	17.11						Terminal growth	2%
Value of equity (S$m)	**246.26**							
No. of shares	643.24							
Value per share (S$)	**0.383**							

Source: NRA Capital

Valuation of S$0.383 to S$1.017 per share. We value Unusual based on five methods – EV/EBITDA, Price/Sales, P/E, EV/Book Value of total assets and discounted cash flows. The EV/EBITDA, Price/Sales and P/E ratios have been adjusted to account for Unusual's higher growth rate. Based on these approaches, we derived a valuation of S$0.383 to S$1.017 per share, indicating upside of up to 114.0% to downside of 19.4%. The equal weighted average of these values is S$0.626 (rounded to S$0.625), representing upside of 31.6%.

Figure 36: Valuation Summary



Source: NRA Capital

Recommendation and Key Risks

In a nutshell, Unusual is in a positive to leverage on its cash resources to pay for more artists to perform at its concerts, thereby growing its revenue base. This is an asset light, but working capital intensive business that promises high returns if the concerts are well taken up. Key risks include

Demand for each show is uncertain. While Unusual can reduce risks by bringing in proven artists such as Emil Chau, it will still have to reach out to new artists as it grows its pipeline. Fans may also cool to recurring shows. Unusual mitigates this risk as it undertakes production work internally and thus has a lower threshold to breakeven for each concert.

Show cancellations. Unusual has been hit by two show cancellations recently - Hyuna Asia Tour Fan Meeting in Bangkok slated for 7 Jan and Justin Bieber Purpose World Tour in Singapore slated for 7 Oct. If the show cancellation is due to the fault of the artist or the agent, Unusual should be able to claw back its artist fees. Unusual risks losing the venue deposit. However, it will usually negotiate to defer the deposit for its next shows, especially in Singapore where it is familiar with most venue operators.

Competition may squeeze margins. Top artists may be highly sought after and be costly to “book” for concerts. Again, Unusual is able to mitigate this risk by insourcing production work.

Revenue driven by consumer discretionary spending. Consumer spending on discretionary services, including pop concerts, may decline in a recession.

Forecasting risk and high P/E multiple. Much of the growth projected in FY18 and FY19 is derived from projected rather than scheduled shows. Unusual’s high P/E multiple of approximately 41.7x FP2017 EPS (based on a share price of S$0.475) means that significant growth has already been priced in. Therefore, there may be downside risk if Unusual fails to meet forecasts and in turn trigger a downwards revision of our valuation.

Potential catalysts include the sign up of top artists for shows in the second half of financial year 2018, the announcement of new tours, any collaboration with large entertainment conglomerates in the region, and the acquisition of businesses within the value chain.

UnUsUal Limited

Profit & Loss (S$ m, FYE Mar from FP17 onwards)	**2014**	**2015**	**FP2017**	**2018F**	**2019F**	**2020F**	**2021F**	**2022F**
Revenue	17.87	26.11	33.88	54.79	93.68	129.08	151.23	161.13
Operating expenses	(17.1)	(20.4)	(25.6)	(43.1)	(72.9)	(102.6)	(120.0)	(128.0)
EBITDA	0.79	5.7	8.2	11.7	20.7	26.5	31.2	33.2
Depreciation & amortisation	(0.97)	(1.1)	(1.0)	(1.4)	(1.5)	(1.6)	(1.7)	(1.8)
EBIT	(0.18)	4.6	7.2	10.2	19.2	24.9	29.5	31.4
Net interest & invt income	0.32	0.1	1.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Associates' contribution	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional items	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	**0.14**	**4.8**	**8.4**	**10.2**	**19.2**	**24.9**	**29.4**	**31.4**
Tax	0.20	(0.7)	(1.1)	(1.7)	(3.3)	(4.2)	(5.0)	(5.3)
Minority interests	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	**0.34**	**4.11**	**7.34**	**8.47**	**15.92**	**20.63**	**24.44**	**26.04**
Shares at year-end (m)	643.2	643.2	643.2	643.2	643.2	643.2	643.2	643.2

Balance Sheet (S$ m, FYE Mar from FP17 onwards)	**2014**	**2015**	**FP2017**	**2018F**	**2019F**	**2020F**	**2021F**	**2022F**
Fixed assets	2.8	4.0	6.9	7.5	8.0	8.3	8.6	8.9
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total non-current assets	**3.1**	**4.0**	**6.9**	**7.5**	**8.0**	**8.3**	**8.6**	**8.9**
Cash and equivalents	6.1	5.1	10.7	20.3	25.2	34.8	49.9	68.6
Stocks	0.0	0.0	0.1	0.2	0.3	0.5	0.6	0.6
Trade debtors	10.1	10.9	5.6	13.5	23.1	31.8	37.3	39.7
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	**16.2**	**16.0**	**16.4**	**34.0**	**48.6**	**67.1**	**87.7**	**108.9**
Trade creditors	12.0	9.2	9.3	3.3	5.7	8.1	9.5	10.2
Short-term borrowings	0.1	0.1	0.6	0.5	0.4	0.3	0.2	0.2
Other current liabilities	0.0	0.2	1.2	1.2	1.2	1.2	1.2	1.2
Total current liabilities	**12.1**	**9.5**	**11.1**	**4.9**	**7.3**	**9.6**	**11.0**	**11.6**
Long-term borrowings	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total long-term liabilities	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Shareholders' funds	**7.0**	**10.3**	**12.2**	**36.5**	**49.2**	**65.8**	**85.3**	**106.1**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NTA/share (S$)	0.01	0.02	0.02	0.06	0.08	0.10	0.13	0.17
Total Assets	**19.3**	**20.0**	**23.3**	**41.5**	**56.6**	**75.4**	**96.4**	**117.8**
Total Liabilities + S'holders' funds	**19.3**	**20.0**	**23.3**	**41.5**	**56.6**	**75.4**	**96.4**	**117.8**

Cash Flow (S$ m, FYE Mar from FP17 onwards)	**2014**	**2015**	**FP2017**	**2018F**	**2019F**	**2020F**	**2021F**	**2022F**
Pretax profit	0.1	4.8	8.4	10.2	19.2	24.9	29.4	31.4
Depreciation & non-cash adjustments	0.6	1.0	(0.2)	1.4	1.6	1.7	1.7	1.8
Working capital changes	2.2	(3.9)	1.1	(14.0)	(7.3)	(6.5)	(4.1)	(1.8)
Cash tax paid	(0.1)	(0.1)	(0.2)	(1.7)	(3.3)	(4.2)	(5.0)	(5.3)
Cash flow from operations	**3.0**	**1.7**	**9.2**	**(4.1)**	**10.2**	**15.8**	**22.0**	**26.0**
Capex	(2.0)	(2.2)	(5.5)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Net investments & sale of FA	0.4	0.0	2.9	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing	**(1.6)**	**(2.2)**	**(2.6)**	**(2.0)**	**(2.0)**	**(2.0)**	**(2.0)**	**(2.0)**
Debt raised/(repaid)	(0.1)	0.1	3.5	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Equity raised/(repaid)	0.0	0.0	0.0	17.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	(0.5)	(4.2)	(1.7)	(3.2)	(4.1)	(4.9)	(5.2)
Others	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Cash flow from financing	**(0.1)**	**(0.4)**	**(0.8)**	**15.7**	**(3.3)**	**(4.2)**	**(5.0)**	**(5.3)**
Change in cash	**1.3**	**(0.9)**	**5.7**	**9.6**	**4.9**	**9.6**	**15.1**	**18.7**
Change in net cash/(debt)	**1.2**	**(1.0)**	**5.2**	**9.7**	**5.0**	**9.7**	**15.1**	**18.8**
Ending net cash/(debt)	**5.9**	**4.9**	**10.1**	**19.8**	**24.8**	**34.5**	**49.6**	**68.4**

KEY RATIOS (FYE Mar from FP17 onwards)	**2014**	**2015**	**FP2017**	**2018F**	**2019F**	**2020F**	**2021F**	**2022F**
Revenue growth (%)	(3.0)	46.1	29.8	61.7	71.0	37.8	17.2	6.5
EBITDA growth (%)	(71.4)	629.7	43.9	41.4	78.0	27.8	17.6	6.4
Pretax margins (% of Revenue)	0.8	18.2	24.9	18.6	20.5	19.3	19.5	19.5
Net profit margins (% of Revenue)	1.9	15.7	21.6	15.5	17.0	16.0	16.2	16.2
Effective tax rates (%)	NA	13.7	12.9	17.0	17.0	17.0	17.0	17.0
Net dividend payout (%)	NA	NA	NA	20.0	20.0	20.0	20.0	20.0
ROE (%)	4.9	47.5	65.2	34.8	37.1	35.9	32.4	27.2
Free cash flow yield (%)	0.5	(0.1)	2.1	(2.0)	2.7	4.5	6.6	7.9

Source: Company, NRA Capital forecasts