



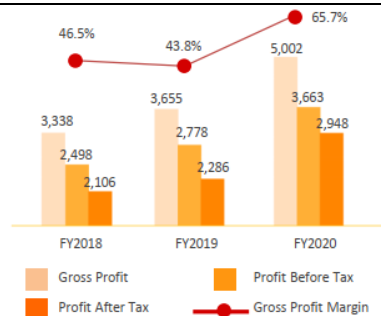
Audience Analytics Limited

Scalable business model

Joel Ng / 65 6202 1192 / joel.ng@kqi.com

- Audience Analytics (Audience) partners with companies to grow their businesses. Audience operates a wide portfolio of awards, exhibitions, conferences, digital and print media. The group plans to tap on its existing businesses to expand the business analytics segment.
- Audience will be issuing 26mn placement shares, comprising of 18.2mn new shares and 7.8mn vendor shares, at a price of **S\$0.30 each**. The company expects to raise gross proceeds of S\$7.8mn and net proceeds of around S\$6.4mn.
- Application for the IPO opened on Tues, 14 September and will close on **Tues, 28 September, 12pm noon**. Audience will start trading on **Thurs, 30 September, 9am**. We believe valuations are attractive given its growth profile.

Figure 1: Financial highlights (S\$'000)



Source: Company presentation, KGI Research

Company background. Audience was founded in 2002 by Datuk William Ng and Dato' Ryan Ooi. The company has a strong market reputation, such that it has managed to attract Fortune 500 companies as clients. The group operates four business units, but derives most of its revenue from the "Business Impact Assessment and Recognition" segment, or BIA&R.

Business Segment	Description
Business Impact Assessment and Recognition (BIA&R)	Conduct business impact assessments on companies for its regional business recognition awards, using a range of research tools, surveys and verification methods. Awards include SME100, HR Asia, Golden Bull, CXP Best Customer Experience, Asia Pacific Entrepreneurship, Asia Responsible Enterprise, International Innovation.
Exhibitions	Organise large-scale exhibitions including Malaysia Career & Training Fair, Mega Career Fair and Post Graduate Education Fair
Business Media	Started in 2005 with two lifestyle magazines, today it focuses on B2B print and digital publications – SME Magazine, HR Asia, Capital Asia, CXP Asia, Energy Asia, Truth Asia and Logistics Asia. Organise networking events and conferences to facilitate networking and professional connections.

NOT RATED - IPO NOTE

IPO Price (S\$)	0.30	Performance (Absolute)	
Placement shares (mn)	26.0	1 Month (%)	NA
New shares (mn)	18.2	3 Month (%)	NA
Vendor shares (mn)	7.8	12 Month (%)	NA
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	50.5		
Total Issued Shares (mn)	168.2		
FY2020 P/E (x)	17.2		
FY2020 P/B (x)	6.9		
Free Float (%)	15.5		
Major Shareholders		Previous Recommendations	
Bain Equity*	84.5%		
*60% held by Datuk William Ng			
*40% held by Dato' Ryan Ooi			

Financials. The group's profits rose to S\$2.9mn in FY2020, an increase from S\$2.3mn in FY2019 and S\$2.1mn in FY2018. This was on the back improvement in gross profit margins, which increased from 43.8% in FY2019 to 65.7% in FY2020. Malaysia and Singapore are its key markets, contributing 36% and 30% of total revenues in FY2020 respectively. Given its asset-light business model, we like the group's ability to translate earnings into healthy free cash flows. Audience generated more than S\$3.6mn in free cash flows each year in FY2019 and FY2020.

Growth potential. The group plans to use most of the IPO proceeds to expand its business analytics segment and to grow into new geographical markets. The group already has a strong foothold in Singapore and Malaysia. The group will simply need to leverage its existing businesses and brands to scale meaningfully in the other countries that it already has a presence in. In addition, we see positive momentum with its data analytics platform which should easily be able to scale up quickly.

Valuation & Action: At the IPO price of S\$0.30, Audience will trade at 17.2 FY2020 P/E and have a market capitalisation of around S\$50.5mn. We believe valuations are justifiable based on the growth profile and potential to expand rapidly in the region. The reopening of borders and Covid-19 related restrictions will likely provide a tailwind to its exhibition business in 2022.

Risks: Lockdowns due to Covid-19 will impact attendance of its events and exhibitions. As the group relies on its brands, some of which are licensed, non-renewal of licenses, or negative publicity of its brands/awards will have a negative impact on its ability to attract new customers and preserve existing clients.

Company background

Through a wide portfolio of awards, exhibitions, conferences, digital and print media and business analytics, Audience helps businesses in multiple sectors better understand their businesses, make better decisions, promote their businesses, and partners with them to grow their businesses.

Audience’s key activities are through the BIA&R segment. Through this segment, the group conducts business impact assessments on companies which apply for or are invited by the group to apply for the business awards organised by the group, including but not limited to the SME100 Awards, HR Asia Best Companies to Work for in Asia Award (HR Asia Awards) and the Golden Bull Award.

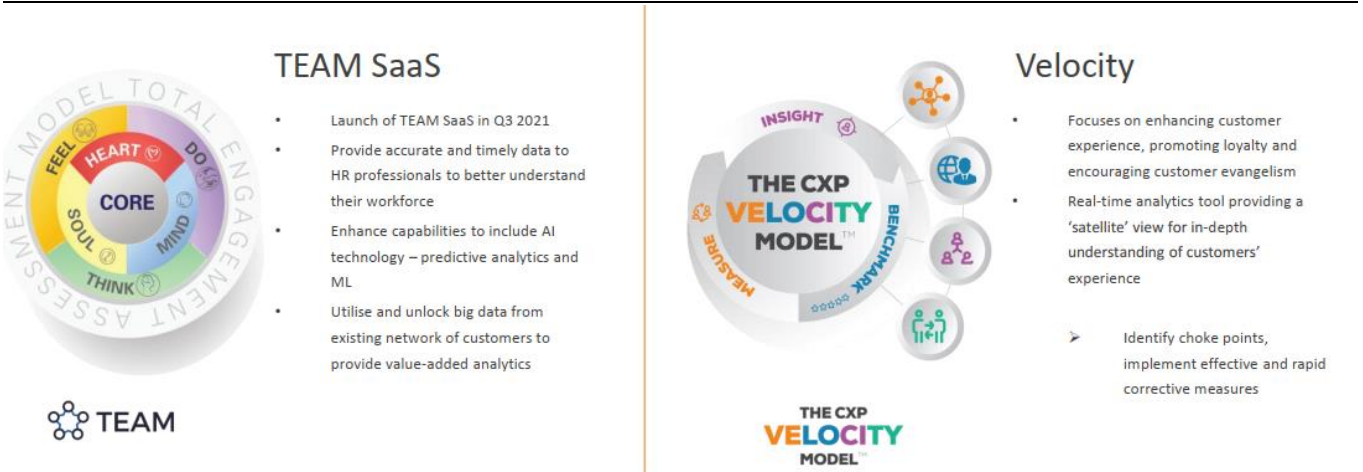
Figure 2: Audience’s leading brands in the region



Source: Company presentation, KGI Research

New growth potential. Audience’s new business intelligence and analytics services will be offered via a software-as-a-service (SaaS) model, which will include the use of its proprietary “Total Engagement Assessment Model” (TEAM) and is expected to be launched as a SaaS in the third quarter of 2021. TEAM has been used by the group to assess the nominations for the HR Asia Awards and will be put to market and offered as a separate service to provide accurate and timely data to HR professionals to better understand their workforce

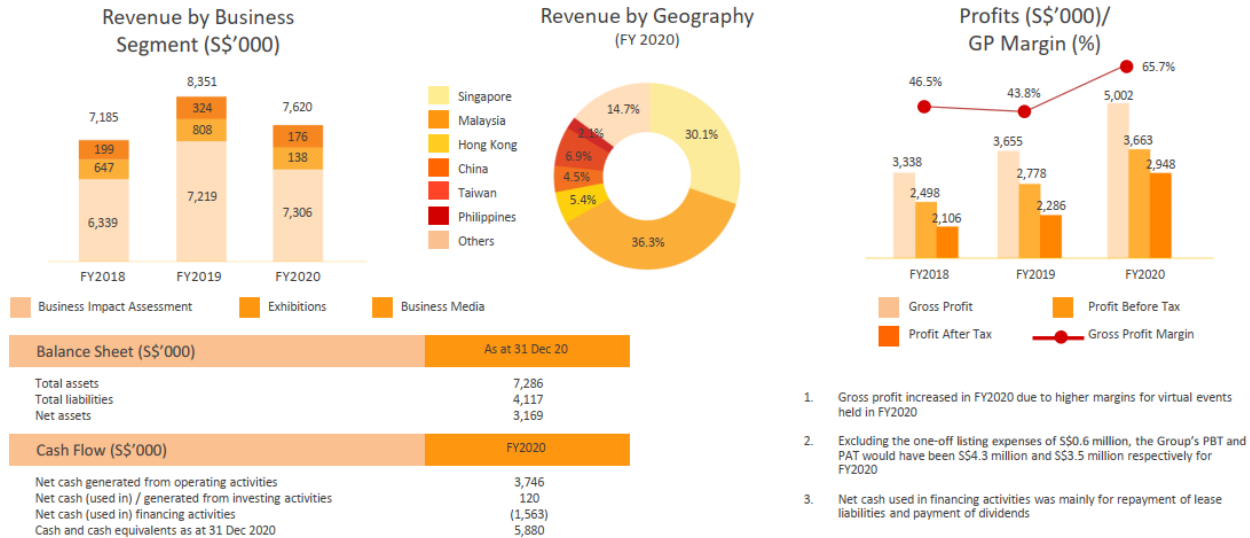
Figure 3: Growth drivers – new business intelligence and growth analytics segment



Source: Company presentation, KGI Research

Financial summary. Revenue for FY2020 decreased by S\$0.7mn or 8.8%, from S\$8.4mn in FY2019 to S\$7.6mn in FY2020, mainly due to a decrease in revenue from the group's Exhibitions Segment and Business Media Segment, and partially offset by an increase in revenue from the Business Impact Assessment and Recognition Segment.

Better margins. Gross profit for FY2020 increased by S\$1.3mn or 36.9%, from S\$3.7mn in FY2019 to S\$5.0 mn in FY2020. Gross profit margin increased by 21.9 percentage points from 43.8% in FY2019 to 65.7% in FY2020 mainly due to the higher margins attributable to the virtual events held in FY2020 as compared to the physical events held in FY2019. As a result of the higher gross profit margins, profit after tax increased to S\$2.9mn in FY2020, or 29.0%, from S\$2.3mn in FY2019.

Figure 4: Financial summary


- Gross profit increased in FY2020 due to higher margins for virtual events held in FY2020
- Excluding the one-off listing expenses of S\$0.6 million, the Group's PBT and PAT would have been S\$4.3 million and S\$3.5 million respectively for FY2020
- Net cash used in financing activities was mainly for repayment of lease liabilities and payment of dividends

Source: Company presentation, KGI Research

Controlling shareholders. The controlling shareholders are Bain Equity Sdn. Bhd. (Bain Equity), Datuk William Ng and Dato' Ryan Ooi. Bain Equity is held by Datuk William Ng (60%) and Dato' Ryan Ooi (40%). Immediately after the placement, Bain Equity is expected to have a direct interest in approximately 84.54% in the group.

Figure 5: Driven by an experienced board and management team


Source: Company presentation, KGI Research

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Rating	Definition
Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Underperform (U)	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Not Rated (NR)	The stock is not rated by KGI Securities.
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