

AUDIENCE ANALYTICS

Share Price: S\$0.24

COMPANY DESCRIPTION

Audience Analytics is a well-established business enabler with presence in the South-East Asia region. Main business activities include: Business Impact Assessment and Recognition Segment (Award Programs), Exhibitions, and Business Media.

Name	AUDIENCE ANALYTICS LTD
Bloomberg Code	AAL SP Equity
3M Avg Daily Trading Vol (k)	1.4
3M Avg Daily Trading Val (\$'000)	0.3
Major Shareholder / Holdings	Bain Equity Sdn. Bhd (85.7%)
Shares Outstanding (m)	168.2
Market Capitalisation (\$m)	47.1
52 week Share Price High/Low	0.280 / 0.181

High growth regional business, attractive R/R ratio

Audience Analytics (AA) (SGX:1AZ) is an established business award program organiser in the region with its flagship award IPs, HRAsia and SME100, attracting participants from thousands of corporates annually including several Fortune 500 companies. Adjusted net profit doubled to S\$4.6m in FY2021 in just 3 years thanks to continued growth in the business award segment which is highly scalable in nature as evident from the model's high net margins of more than 25%.

With plans to enter into new markets, significant cross-selling synergies between awards and continued growth within existing markets, AA has the potential to continue its strong earnings trajectory. At an ex-cash adjusted FY2021 PE of 6.1x with an attractive dividend yield of 5.3% that is underpinned by a robust free cashflow generation of more than 9% per annum, we believe AA presents an attractive risk-reward proposition for both value and growth investors.

Valuation. At S\$0.24, Audience Analytics (AA) is trading at just ex-cash adjusted FY2021 PE of 6.1x with an attractive dividend yield of 5.3% that is underpinned by its strong net cash position of S\$12.1m (S\$0.072/share) and a robust free cashflow yield of more than 9% per annum over the last 3 years.

Established portfolio of business impact assessments and award programs with a track record that is hard to replicate.

Audience Analytics holds the IP to some of the most prominent business award programs in Asia including HR Asia and SME100, which attracts thousands of corporates annually across the region, including major MNCs such as Johnson & Johnson, Prudential and Maersk. While the barriers to entry to organize a new award program may be low, it takes a long time to establish the glowing track record that Audience Analytics has nurtured for its flagship award programs.

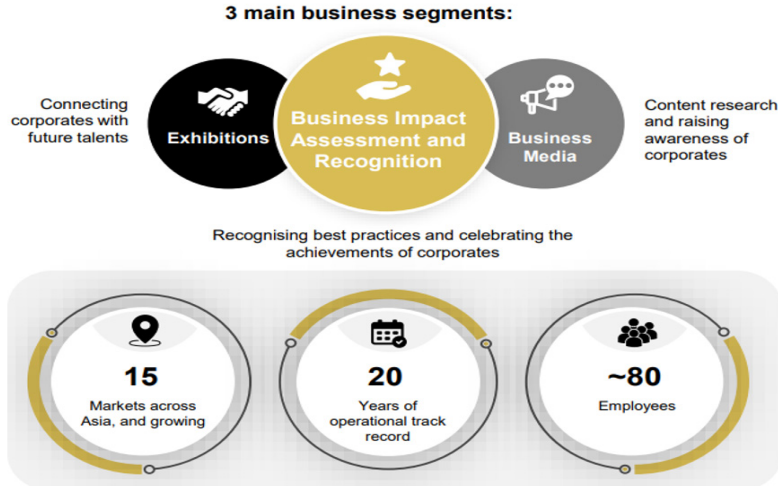
KEY FINANCIALS

December Year End	FY19	FY20	FY21
Revenue (S\$m)	8.4	7.6	9.9
Gross Profit (S\$m)	3.7	5.0	6.5
Gross Profit Margin (%)	43.8	65.7	66.0
Net Profit (S\$m)	2.3	2.9	4.2
Net Profit Margin (%)	27.4	38.2	42.4
DPS (S\$)	-	-	0.0126

Source: Audience Analytics, Lim & Tan Research

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Exhibit 1: Business Segments



Source: Audience Analytics, Lim & Tan Research

Their established awards programs attracted many established participants across retail, finance and healthcare & insurance sectors.

Exhibit 2: Main Award Program IP Portfolio

<p>Awards recognition for organisations that have been identified by their employees as one of Asia's employers of choice and ascertains the best employers to work for</p>	<p>Business recognition awards recognising and celebrating fast-growing and the most innovative SMEs in Indonesia, Malaysia, Singapore, Thailand and Vietnam across 20 selected industries</p>	<p>Honouring top-performing SMEs across Chinese-speaking markets</p>	<p>Awards recognition for companies that have been identified for excellence in customer experience</p>
<p>15 markets</p> <p>Cambodia, China, Hong Kong, Macau, India, Indonesia, South Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, Vietnam, Japan, UAE</p> <p>hr.asia/awards</p>	<p>5 markets</p> <p>Indonesia, Malaysia, Singapore, Thailand, Vietnam</p> <p>www.sme100.asia</p>	<p>4 markets</p> <p>China, Malaysia, Singapore, Taiwan</p> <p>www.goldenbullaward.com</p>	<p>3 markets</p> <p>Hong Kong, Malaysia, Singapore</p> <p>www.cxp.asia/awards</p>

Source: Audience Analytics, Lim & Tan Research



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Exhibit 3: Past Exhibitions

	<p>MCTF is one of Malaysia’s largest career and training fairs. Aside from 2020 due to the COVID-19 pandemic, the exhibition has been held annually and lasts between 2 to 3 days. MCTF targets working professionals aged between 21 and 45 and attracts hundreds of employers comprising multi-national and public listed companies.</p>
	<p>Held in Malaysia, MEGA Career Fair targets highly skilled and experienced professionals between 30 and 50 years old. This large-scale annual career fair attracts over a hundred employer exhibitors annually over the course of 2 to 3 days.</p>
	<p>Post Graduate Education Fair is one of the longest running large-scale education fair in Malaysia for universities and colleges offering post-graduate programs, and has been held annually since 2002. The PGEF is also organised by AIC and attracts participants from various local and overseas tertiary institutions. It lasts for 2 or 3 days and features colleges and universities offering a slew of post-graduate programs such as postgraduate diplomas, master’s degree programmes and Ph.D. programs.</p>

Source: Audience Analytics, Lim & Tan Research

Exhibit 4: Established Clients Across Sectors

<p>Retail</p> 	<p>Others</p> 
<p>Healthcare & Insurance</p> 	<p>Finance</p> 

Source: Audience Analytics, Lim & Tan Research

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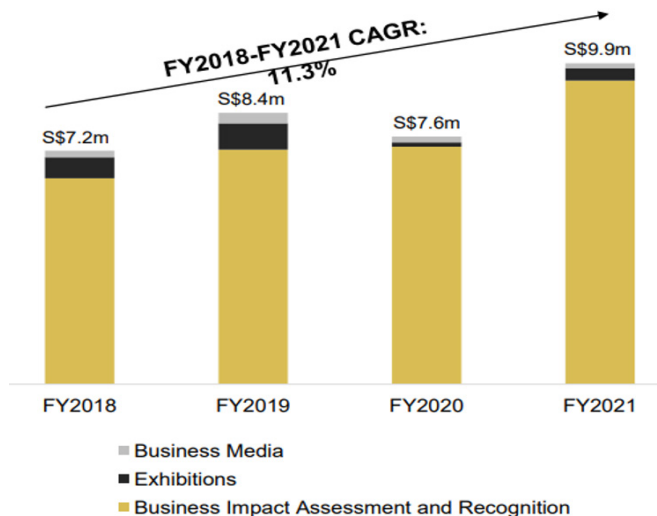
Investment Merits

Highly complementary business segments with an extremely scalable asset light business model. The Group is a significant market player in exhibitions, business impact assessment and recognition (business award program) and business-to-business media. The Group's 3 business segments are highly complementary within the targeted specialization verticals from media to business recognition award programs and exhibition. Due to the nature of its business, Audience Analytics has a relatively low fixed costs, allowing it to enjoy significant operating leverage as the number of award participants grow. As a result, the company has achieved a high gross and net margin of more than 40% and more than 25% respectively.

Significant cross-selling opportunities across award programs. There are significant cross-selling opportunities between award programs for Audience Analytics. In 2020, the Group introduced its CXP award program, which recognizes excellence in customer experience. CXP has been launched in only 3 markets so far, implying significant room for growth as the Group taps into its established participant base from HR Asia (14 markets) for further cross-selling synergies.

Net profit double between FY2019-FY2021. Despite the COVID-19 outbreak, Audience Analytics has maintained a healthy balance sheet with net profit doubling from S\$2.3m in FY2019 to an adjusted net profit of S\$4.6m (after adjusting for one-off IPO expenses) in FY2021. This is driven mainly from a 29% increase in revenue from Business Impact Assessment & recognition (award program) segment and an expansion in gross margins from 43.8% in FY2019 to 66.0% in FY2021, as the Group saw a 10-20% increase in number of participants for its award programs over the last three years.

Exhibit 5: Historical Revenue



Revenue by Segment (S\$m)	FY2021	FY2020	% Change
Business Impact Assessment and Recognition	9.3	7.3	27.9%
Exhibitions	0.4	0.1	179.8%
Business Media	0.1	0.2	-17.5%
Total	9.9*	7.6*	29.6%

*Figures may differ as it is rounded up to 1dp



Increase in revenue for the Business Impact Assessment and Recognition Segment

- Due to increase in the number of participants and purchases of the publicity packages notably in Singapore, Malaysia and Taiwan

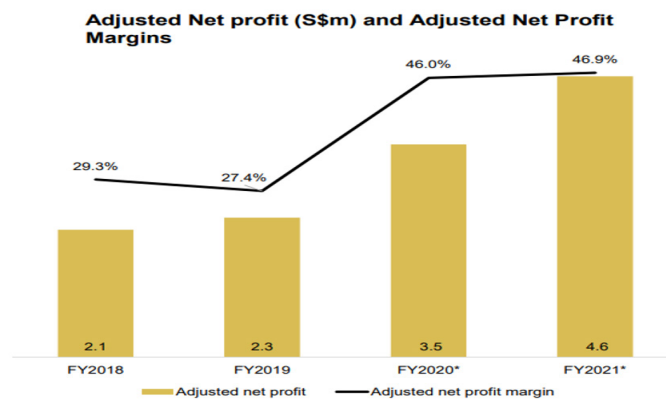
Source: Audience Analytics, Lim & Tan Research

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1H2022 off to a good start. While 1H tends to be a seasonally weaker half for the Group, Audience Analytics's strong growth momentum continued into the new year. The Group saw revenue more than doubled as it reversed from a loss of a year ago to S\$0.06m in 1H2022. Historically, more than 80% of the Group's full year revenue had been contributed from 2H for FY2020-FY2021. The Group also generated operating cashflow of S\$1.7m, as net cash remains stable at S\$12.1m (despite the Group having paid out S\$0.0126 as dividend for FY2021)

Management's interests are also highly aligned with investors. The management team at Audience Analytics are also major shareholders of the company, holding more than 80% of the total shares in the Group. For FY2021-FY2022, the Group has pledged to pay out 50% of profit as dividends. We believe lucrative dividends yields are likely to continue in the future given the strong alignment of interests and strong free cashflow generated.

Exhibit 6: Adjusted Net Profit and Margin (\$)



Source: Audience Analytics, Lim & Tan Research

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