

FOMC Meeting
Additional rate hike this year

Trading Buy

shopper360

The information contained in this presentation has been obtained from public sources which Phillip Securities Research Pte Ltd ("PSR") has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the "Research") contained in this presentation are based on such information and are expressions of belief only. PSR has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this presentation is subject to change, and PSR shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will PSR be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

This presentation is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person.

You should seek advice from a financial adviser regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before making a commitment to invest in such products.

FOMC Meeting

Additional rate hike this year

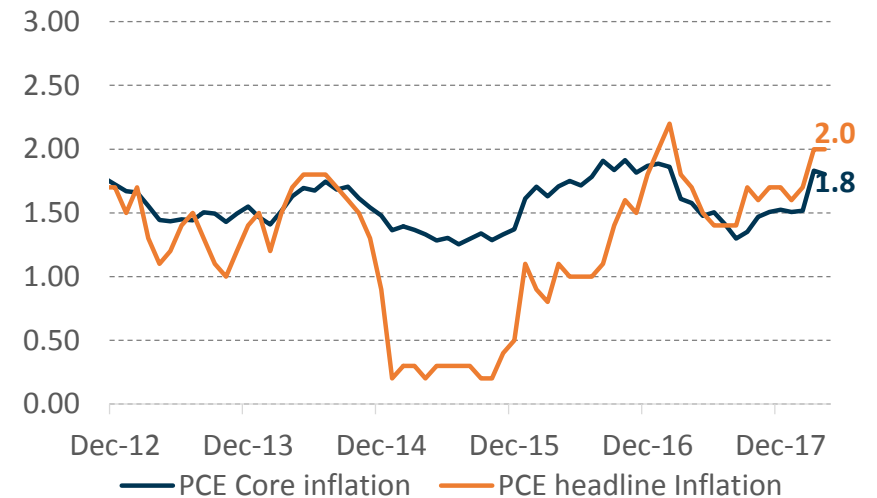
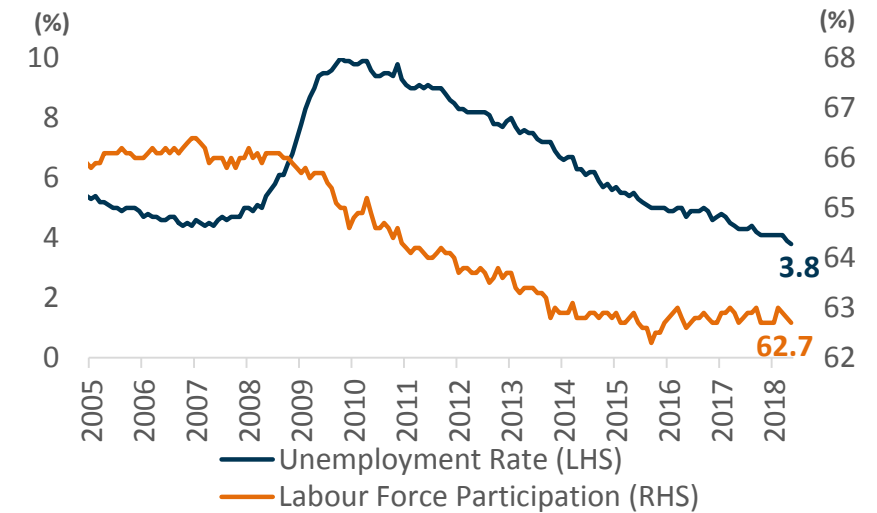
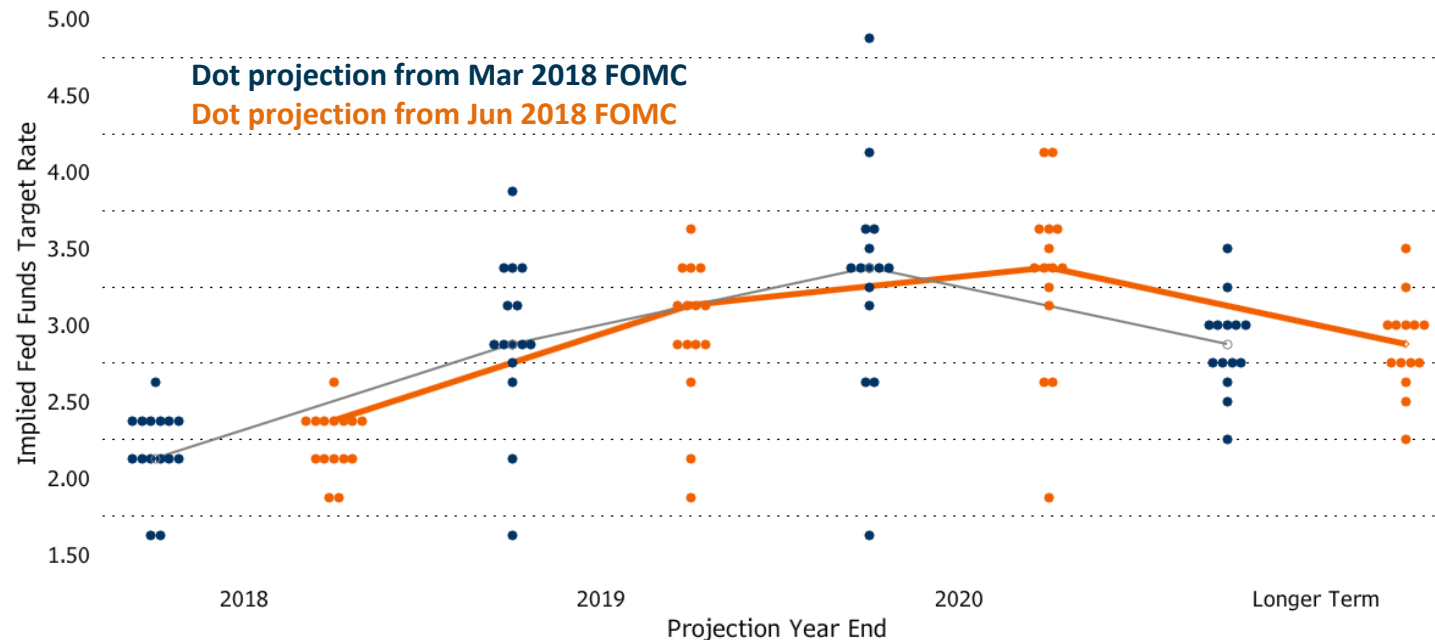
Pei Sai Teng

Phillip Securities Research Pte Ltd

18 June 2018

FOMC Meeting 13 June 2018

- Raises Target Range For Benchmark Rate by 25bps To 1.75% - 2.00%
- Dot plot suggest additional rate hike this year
- Labour market continued to strengthen, job gains strong
- Economic activity rising at solid rate, unemployment fell
- Spending picked up, investment continued to grow strongly
- Press conference after every meeting



shopper360

The key to win consumers' dollars

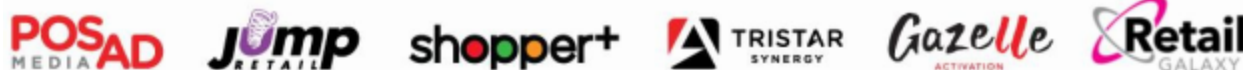


Soh Lin Sin

Phillip Securities Research Pte Ltd

18 June 2018

shopper360 group of companies



Company Overview

- Shopper marketing services provider in the retail and consumer goods industries in Malaysia
- 30 years of experience in the in-store advertising industry

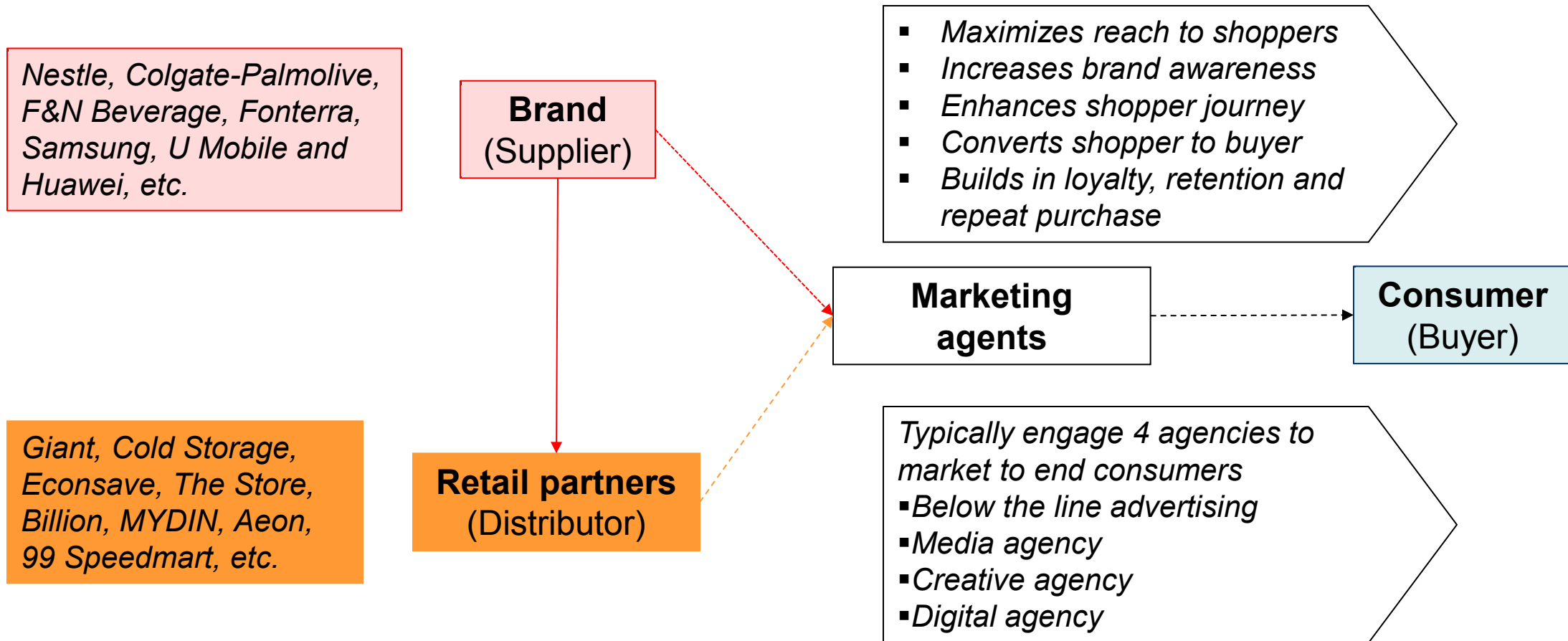


Source: Reader's Digest

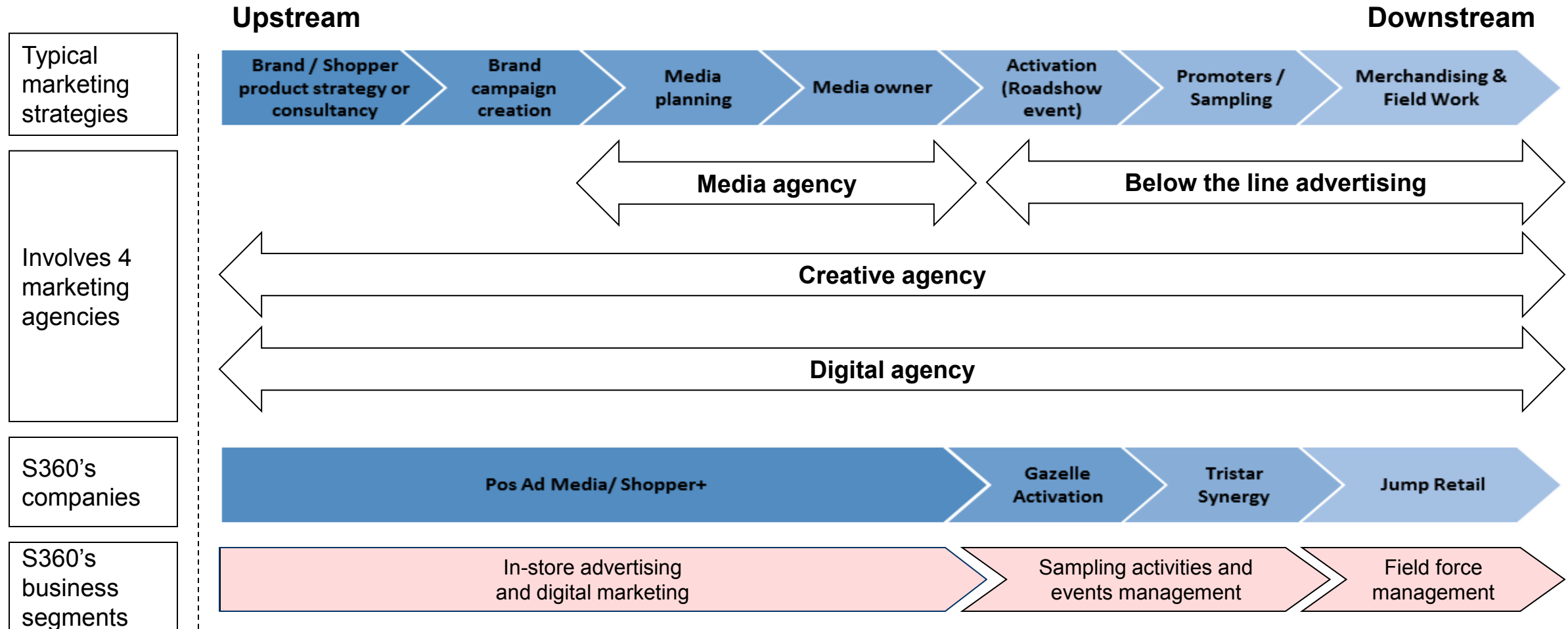


Source: Marketing Magazine

Value chain



One-stop solution to various marketing strategies



“One-stop” shopper marketing services group that connects customers with its retail partners

- Provides a full suite of advertising, marketing and shopper engagement services
- Understands the needs of both shoppers and retailers
- Provide consultation supported by in-house research

30 years of experience in the in-store advertising industry

- Pos Ad is the pioneer in in-store advertising in Malaysia since 1986
- Jump Retail is one of the leading retail field force management companies in Malaysia
- Strong brand equity: Accolades include twice the winner of Enterprise 50 award, and Top 10 in SME100 2014's Malaysia Fast Moving Companies

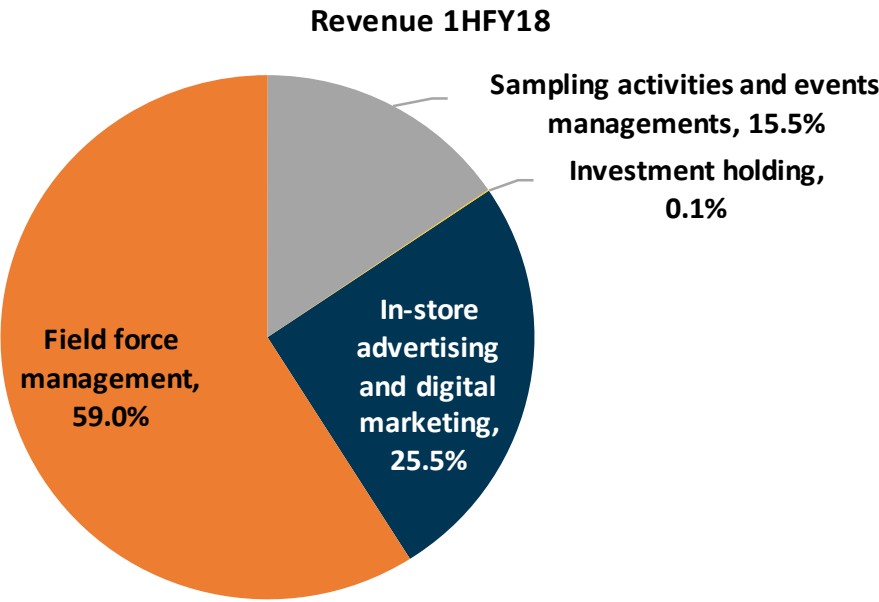
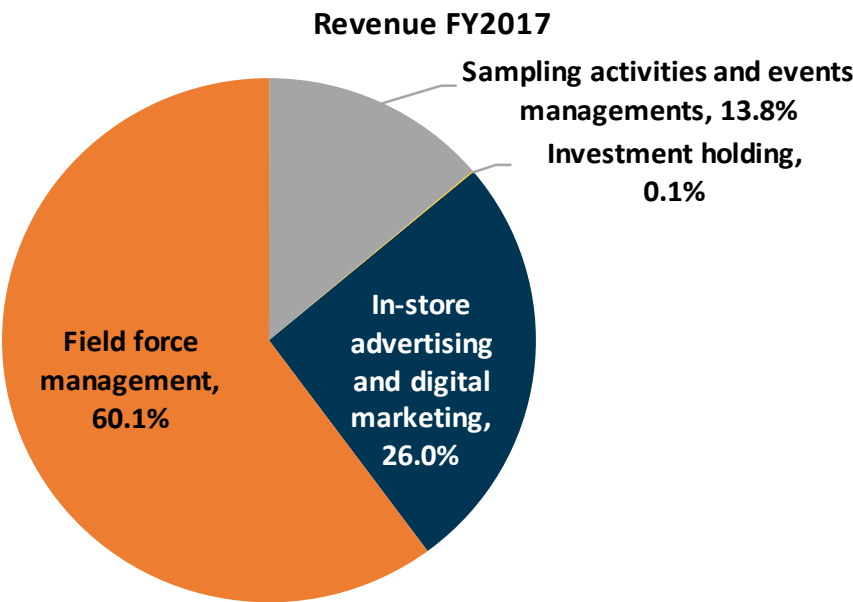
Strong network of retail partners

- Giant and 99 Speedmart have been its partner for more than 5 years
- Access to in-store advertising space in over 1,900 retail outlets across 183 towns in Malaysia (as at 17 May 2017)

High retention rates of customers and a wide client base in Malaysia

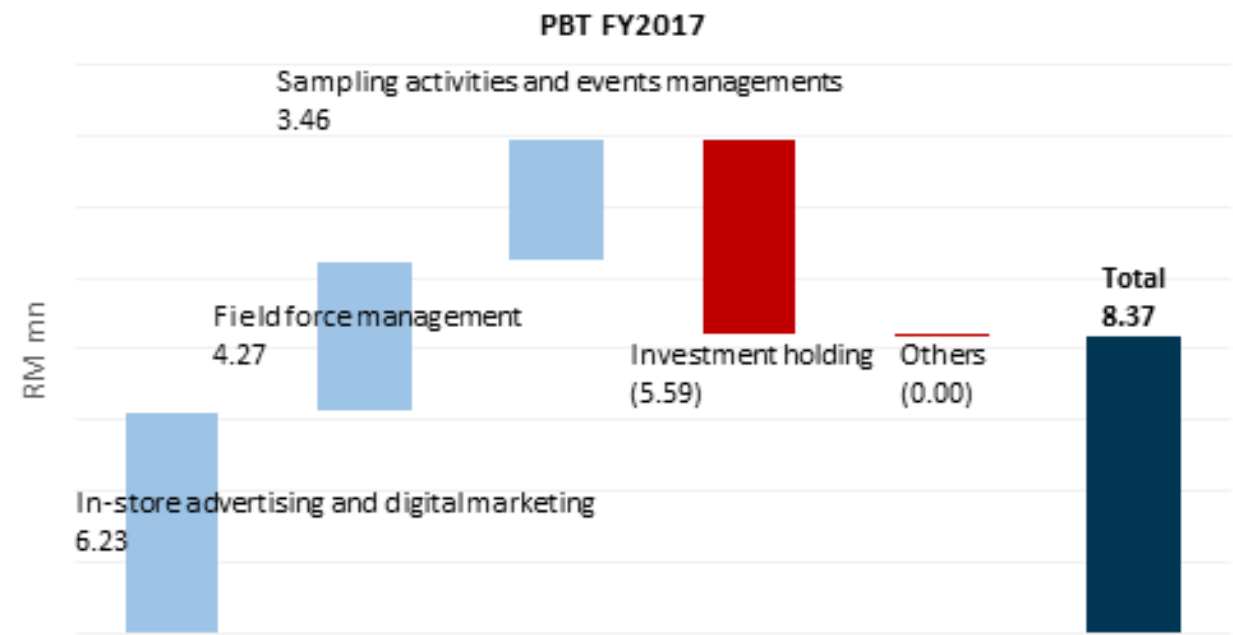
- Local and MNC customers in both FMCG and non-FMCG industries
- Nestle has been a long-standing customer since 2002

Revenue by Business Segments



Source: Company, PSR

PBT by Business Segments



Source: Company, PSR

- 1. Stronger FY19 earnings, driven by new contracts with higher margin.**
- 2. Foray into new countries (Myanmar and Singapore) with its highly scalable business model.**
 - Replicate its MY business model with minimal CapEx
 - Leverage on its Malaysian network of clients to win clients such as Asahi, Nestle, Universal Music, 99 Speedmart and Spotify outside of MY
- 3. Attractive valuation**
 - Currently below its IPO price (Listed on Catalist on 30 Jun-17 at S\$0.29)
 - Adjusted trailing 12M P/E of 5.8x vs global peers' 13.0x

Stronger FY19 earnings with higher margin contracts

New contracts awarded in FY18 (to be executed in 2HFY18 and FY19)

- Secured c.40% of order books from existing clients by end 1HFY18
- Awarded the media concession rights for Shell (one of MY's largest petrol-mart chain) and MyNews (one of MY's largest retail convenience store chain)
- Awarded media reseller rights for Spotify MY



*Network coverage +50%,
from 1,900 to 2,900 outlets*



*Addition of digital media to
its advertising channels*

Healthy pipeline

- Cross-sell its existing range of services
- Expansion of clients' business
- Continue to acquire new customers
- Expand its retail advertising network
- Provision of new services

60:40 JV with Pahtama Group provides first mover advantage in Myanmar

- Higher demand but underserved market imply higher take-up rate for and more room to grow.
- Pahtama Group is one of the largest and fastest growing distribution companies in the FMCG sector in Myanmar.
- Direct access into over 30,000 accounts nationwide.
- Awarded an exclusive in-store advertising concession rights for all 144 City Mart supermarkets.



City Mart Holdings is the largest modern retail group in Myanmar

Tap onto Singapore's digital marketing demand

- Secured a creative agency contract with Burger King Singapore

Myanmar and Singapore businesses to contribute in FY19

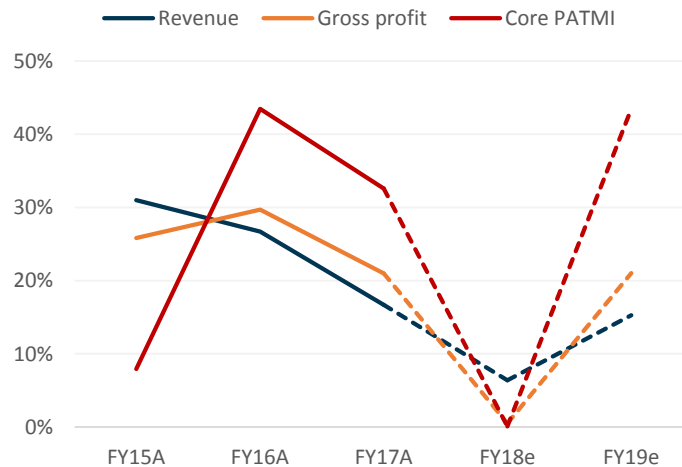
Supportive macro backdrop

- Urbanization and shift towards modern trade channels
- Increasing need for shopper insights and planning
- Intensifying competition
- Higher internet and mobile penetration rates

Drive higher demand for marketing and promotional activities

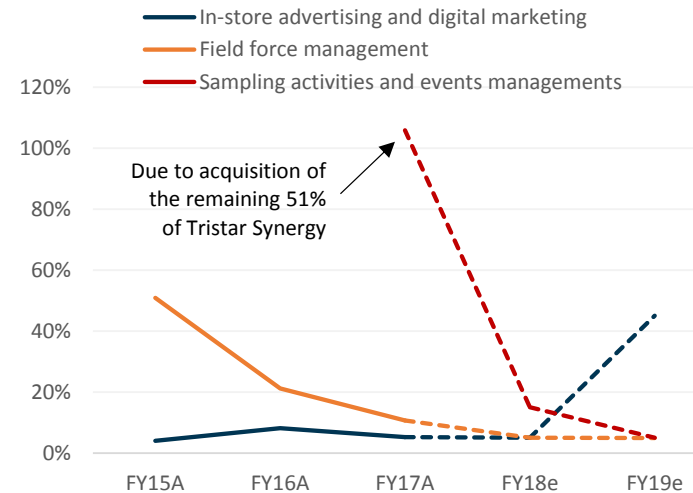
Assumptions

FY19e Earnings growth driven by new contracts

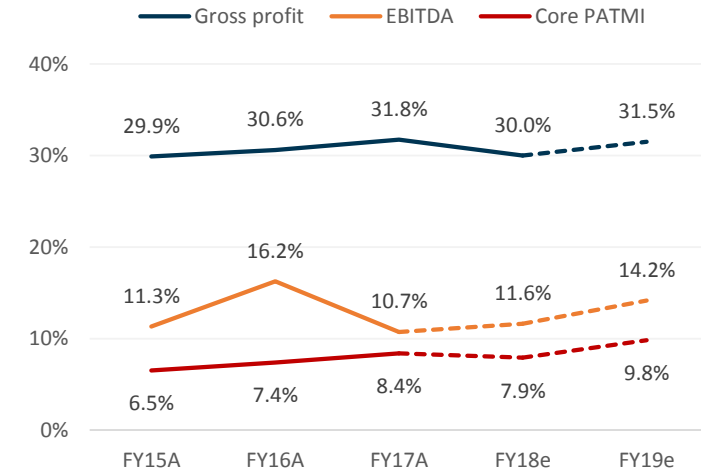


New revenue streams from
(a) newly acquired media concession rights for Shell, MyNews and Spotify; and
(b) Myanmar and SG's business operations,
would drive In-store advertising and digital marketing segment.

Higher contribution from In-store advertising and digital marketing; while growth from other business segments to normalize

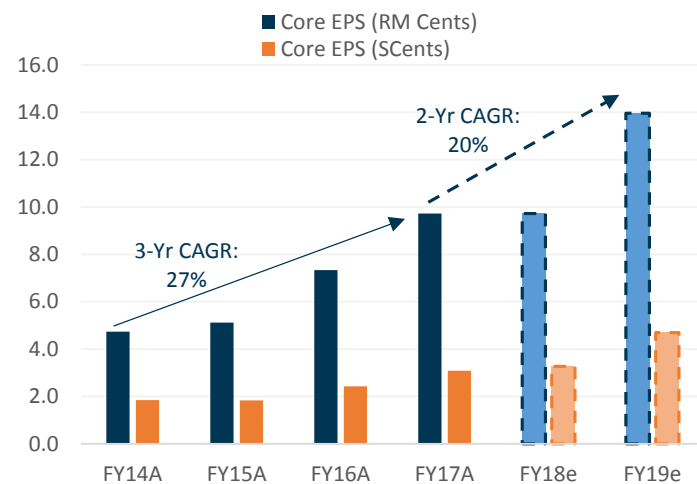


Margins improve on better sales mix



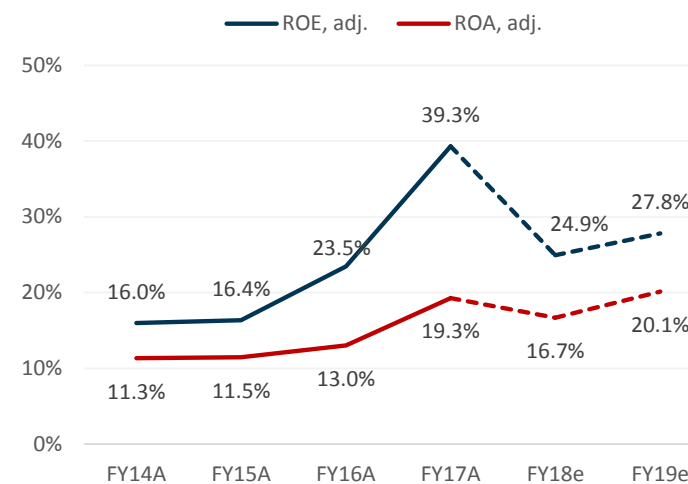
Higher headcount and competitive pricing would keep margins in check.

**Core Earnings grew at 27% p.a. in FY14-17;
and expected to grow at 20% p.a. in FY18-19**



Note: Core EPS excluded non-recurring items

Double-digit ROE and ROA



Valuation

Item	
EPS FY19e (RM Cents)	14.0
<i>FX rate: MYR/SGD</i>	2.97
EPS FY19e (SCents)	4.7
Market Cap Weighted Average P/E FY19e (ex. S360)	12.2
<i>40% Discount due to liquidity risk and smaller scale</i>	7.3
P/E multiple used	7.0
Target price (S\$)	0.33
FY19e dividends (S\$)	0.01
Closing price	0.18
Potential upside (ex. Dividend)	83.3%

- Net cash of RM13.1mn as at 30 Nov-17
- No dividend policy, but pledged to pay out $\geq 20\%$ of its PATMI in FY17-18.

FY17 dividend: 0.3 Singapore cents

Expect FY18e dividend to be at least double of FY17's at 0.66 Singapore cents, in view of an improved earnings prospect

Company	FYE	Mkt Cap (SGD mn)	EV (SGD mn)	EV/EBITDA FY1	P/S FY1	EV/S FY1	P/E	P/E FY1	P/B	Div Yield (%)	Net D/E (%)	ROE (%)
SHOPPER360 LTD	05/2017	21	16	n.a.	n.a.	n.a.	9.4	n.a.	2.2	1.7	Net Cash	16.1
Market Cap Weighted Average				8.4	1.2	1.4	13.0	12.2	3.5	3.8	32.1	26.6
Omnicom Group Inc	12/2017	22,757	26,806	8.3	1.1	1.3	14.5	13.3	6.5	3.1	39.3	46.6
Interpublic Group of Cos Inc/The	12/2017	12,126	14,448	8.9	1.2	1.4	16.9	13.7	4.3	3.3	23.4	26.7
WPP PLC	12/2017	27,908	36,859	8.1	1.0	1.4	8.6	10.5	1.7	4.8	45.0	19.3
Publicis Groupe SA	12/2017	20,882	22,047	8.4	1.4	1.5	15.1	12.4	2.2	3.5	12.1	14.4

Source: Bloomberg, PSR

- 1. Intensifying competition and increasing operating costs**, especially labour and rental costs could crimp profit growth.
- 2. Dependent on the network size of its retail partners.** The Group will not be able to acquire new contracts or customers if it fails to retain or expand its media channels.
- 3. High customer concentration risk.** Its major customers (e.g. Nestle, Samsung and Huawei) contribute >10% each to the Group's revenue. Cancellation, termination, or unfavourable renegotiation terms and conditions of concessions, franchises and key contracts could hurt the business operations.
- 4. Foreign exchange risk: SGD against the functional currency of the Group, MYR.** S360's operational activities are substantially carried out in MYR in Malaysia.

The information contained in this presentation has been obtained from public sources which Phillip Securities Research Pte Ltd ("PSR") has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the "Research") contained in this presentation are based on such information and are expressions of belief only. PSR has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this presentation is subject to change, and PSR shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will PSR be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

This presentation is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person.

You should seek advice from a financial adviser regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before making a commitment to invest in such products.

Ask Questions!

Archived Webinar videos can be accessed at:

<https://www.stocksbnb.com/webinars/>



StocksBnB.com

*Have an opinion or questions on our reports?
Post them in the comments section of the report!*

Phillip Securities Research Pte Ltd

Paul Chew, Head of Research

Pei Sai Teng, Macro

Jeremy Ng, Technical Analysis

Soh Lin Sin, Consumer | Healthcare

Richard Leow, Transport | REITs (Industrial)

Tan Dehong, REITs (Commercial, Retail, Healthcare) | Property

Tara Wong, REITs (Commercial, Retail, Healthcare) | Property

Ho Kang Wei, US Equity

Chen Guangzhi, Oil and Gas | Energy

Tin Min Ying, Banking & Finance

Alvin Chia, Research Associate

Mohamed Amiruddin, Operations Exec