

Eyes on the Ground

Singapore

NON RATED



Y Ventures Group

E-commerce proxy

Current price:	S\$0.25
Consensus Tgt Price:	N/A
Up/downside:	N/A
Reuters:	YVEN.SI
Bloomberg:	YVEN SP
Market cap:	US\$36.43m
	S\$49.00m
Average daily turnover:	US\$0.38m
	S\$0.52m
Current shares o/s:	200.0m
Free float:	17.3%

- YVEN is a Singapore-based online e-commerce and data analytics provider.
- 1H17 revenue grew 47.1% yoy due to higher sales of goods on online marketplaces but YVEN slipped into net loss of US\$0.2m due to one-off IPO-related expenses.
- YVEN aims to expand its online presence in the UK, Europe, Northeast and Southeast Asia, expand its product range and enhance its data analytics capabilities.
- YVEN is trading at a historical FY16 P/E of 24.3x.

E-commerce retailer and data analytics provider

YVEN was listed on SGX's Catalist Board on 11 Jul 17 at a price of S\$0.22. Founded in 2003, the company is a Singapore-based data analytics-driven e-commerce retailer and distributor, with presence on multiple online marketplaces, including Amazon, eBay, Qoo10, Lazada and Tokopedia. Key products on sale are books (mainly academic books and textbooks), home and living items (clocks), and fast-moving consumer goods (instant coffee mix and soy milk). "JustNile" is its in-house brand of home and living products.

From online bookshop to...

According to management, about 80% of sales in FY16 were derived from the sale of books. Management plans to deepen its existing product categories and expand into new product categories. The company currently manages and distributes approximately 5,500 SKUs of active merchandise through various online marketplaces.

Tie-up with bigger brands

On 14 Aug 17, YVEN announced that it will form a JV with Toscano Pte Ltd for the marketing, distribution and online retail of men's leather accessories under an online-only private label line, Faire Leather Co. YVEN will be responsible for the provision of actionable information (via its data analytics capability), and coordination of the online distribution and fulfillment of these products.

New economy exposure

YVEN offers exposure to the fast-growing online e-commerce market in the US, as well as Asia, as the company only sells online. The stock also offers exposure to the rapidly-growing data analytics market. YVEN has developed its own proprietary data analytic algorithms that can help third-party brand owners improve their sales and better manage inventory.

E-commerce potential

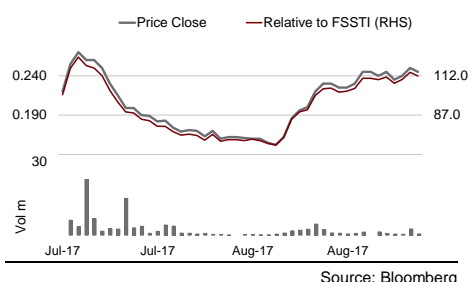
According to the company's presentation materials, the global internet retailing market is expected to expand by a CAGR of 10.7% over 2016-2020F, to reach US\$1.8tr by 2020F. The US internet retailing market is expected to grow at a CAGR of 13.6% over 2016-2020F to reach US\$0.5tr by 2020F, while the Asia Pacific internet retailing market is expected to grow at a CAGR of 12.4% over 2016-2020F to reach US\$0.8tr by 2020F.

Key risks

YVEN has a major customer (Zhoukoudian Trading, a wholesaler of books) that accounted for 33.8% of its FY16 sales. The Elsevier Group (a supplier of medical textbooks and reference materials) accounted for 66.6% of YVEN's FY16 purchases.

Historical valuations

YVEN is trading at a historical FY16 P/E of 24.3x versus the global peer average of 80.4x. Historical FY16 P/BV is 14.3x versus the global peer average of 10.4x.



Price performance	1M	3M	12M
Absolute (%)	53.1		
Relative (%)	54.7		

Major shareholders	% held
Adam Low	35.6
Low Yik Jin	35.6
Prism Investment Ventures Ltd	11.4

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Analyst(s)



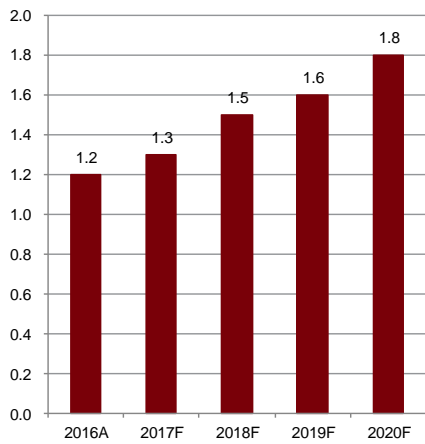
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Financial Summary	Dec-14A	Dec-15A	Dec-16A	1H16A	1H17A
<i>(US\$, m)</i>					
Revenue	6.2	8.9	12.1	5.0	7.3
Gross profit	2.3	4.3	5.3	1.9	3.0
Gross profit margin	38.0%	48.6%	43.9%	38.8%	40.8%
Pretax profit	0.4	1.9	1.8	0.5	(0.1)
Net profit	0.3	1.7	1.5	0.4	(0.2)
EPS (US cts)*	0.148	0.835	0.766	0.187	-0.081
EPS growth	na	466.1%	-8.3%	na	-143.3%
P/E (x)	126.0	22.3	24.3	99.4	(229.4)
DPS (US cts)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
P/BV (x)*	24.4	11.4	14.3	na	19.8
ROE	19.4%	51.4%	58.7%	na	loss
Net cash/share (US cts)	na	na	na	na	0.16
Net gearing (x)	0.394	0.176	0.020	na	net cash

* based on post-IPO issued capital of 200m shares

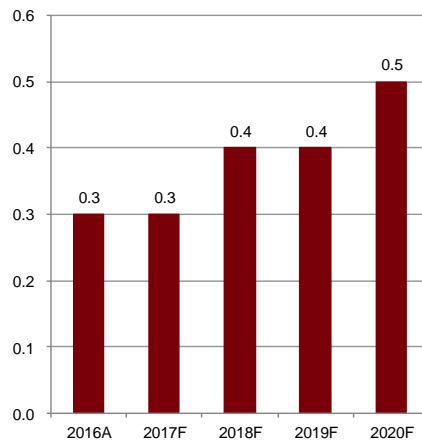
SOURCE: COMPANY DATA, CIMB

Figure 1: Global internet retail market size (US\$ tr)



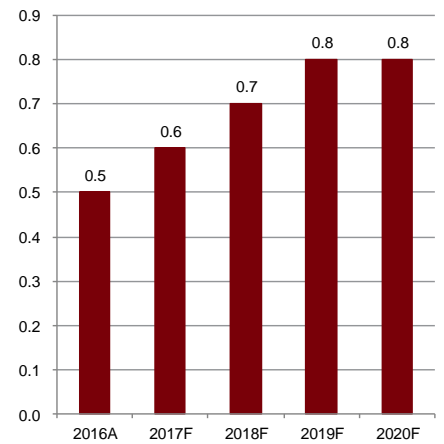
SOURCE: CIMB RESEARCH, COMPANY, EUROMONITOR, WWWMETRICS, INTERNET RETAILER, ECOMMERCE-EUROPE, EMARKETER, TEMASEK

Figure 2: US internet retail market size (US\$ tr)



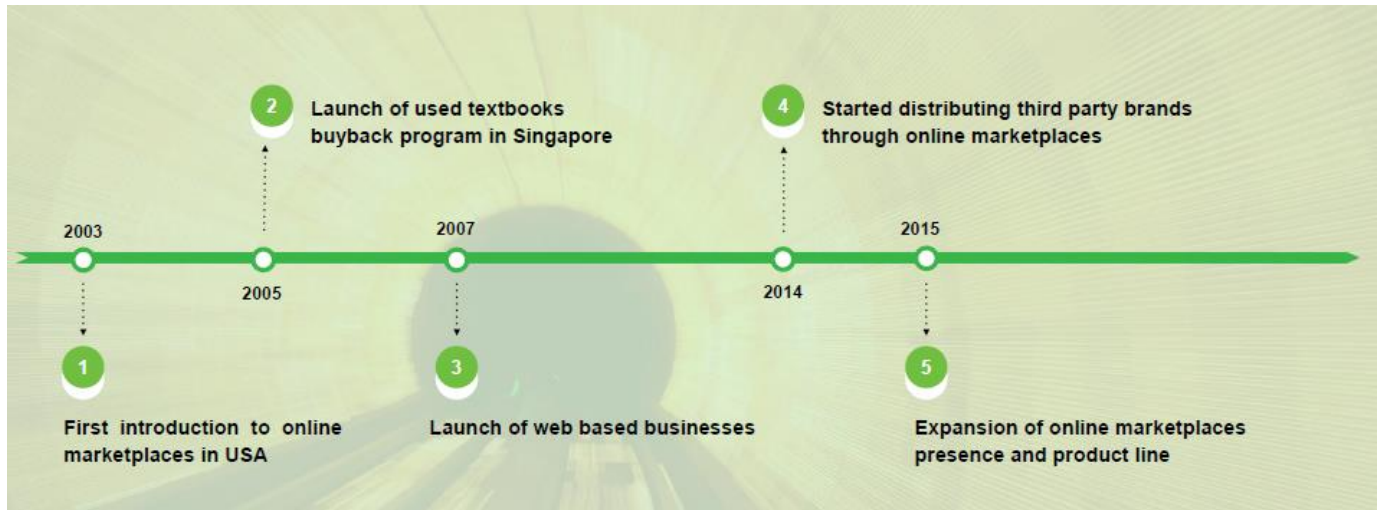
SOURCE: CIMB RESEARCH, COMPANY, EUROMONITOR, WWWMETRICS, INTERNET RETAILER, ECOMMERCE-EUROPE, EMARKETER, TEMASEK

Figure 3: Asia Pacific internet retail market size (US\$ tr)



SOURCE: CIMB RESEARCH, COMPANY, EUROMONITOR, WWWMETRICS, INTERNET RETAILER, ECOMMERCE-EUROPE, EMARKETER, TEMASEK

Figure 4: Timeline of business activities



SOURCE: CIMB RESEARCH, COMPANY

Data analytics ▶

YVEN utilises its data analytic capabilities and familiarity with the various online marketplaces in different jurisdictions to promote, market and sell merchandise under third-party brands, as well as its own private label. This is done through YVEN's comprehensive data analytics tools, covering three main phases: (i) product sourcing; (ii) sales optimisation; and (iii) data insights. With this business model, YVEN's suppliers and principals are able to strengthen their brand recognition and sales performance without having to establish or maintain their own infrastructure and multiple seller accounts in each online marketplace across multiple jurisdictions.

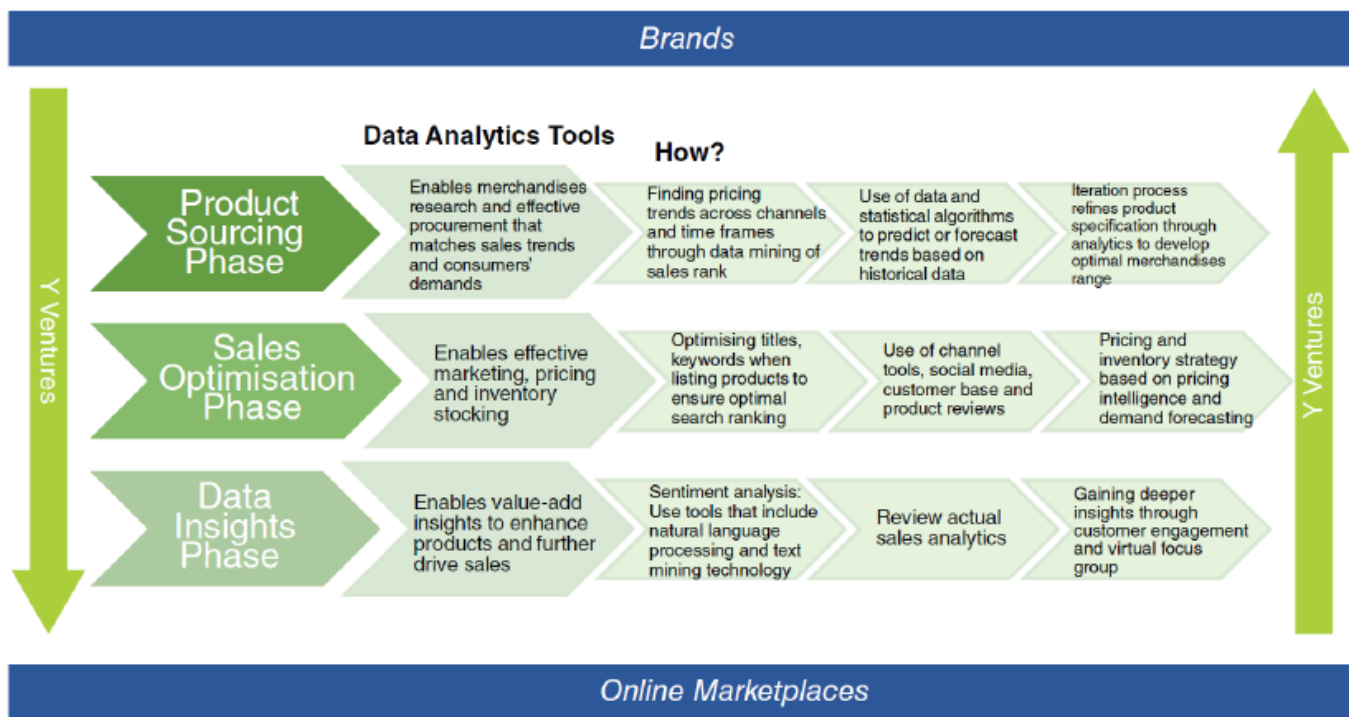
Figure 5: Proprietary data analytics process

Our robust integrated Data Analytics Process utilises latest data mining techniques and cutting edge analytical tools to power our digital retail and distribution business



SOURCE: CIMB RESEARCH, COMPANY

Figure 6: Proprietary data analytics process



SOURCE: CIMB RESEARCH, COMPANY

Figure 7: Management team

Adam Low

Executive Chairman & Managing Director

Adam is responsible for overseeing the logistics arm of Y Ventures, focusing on waste management, sourcing and procurement, and freight forwarding. Adam is also a committee board member at the Kembangan-Chai Chee Senior Activity Centre.

Background

Adam spent 6 years with the Singapore Armed Forces. His experience during this time includes being a liaison officer with DSTA. He graduated with a Diploma in Electronics Engineering from Temasek Polytechnic in 1999.

Alex Low

Executive Director & Chief Executive Officer

Alex is responsible for the overall day to day management of Y Ventures including business strategy, online marketplace channel expansion, online sales and technology development. He has 14 years of experience in the e-commerce market starting from 2003 when he first sold second-hand books online. He grew Y Ventures from a start-up to an e-commerce enterprise selling 5,500 active merchandises across more than 20 major online marketplaces today.

Background

Alex graduated from the University of Washington in 2004 with a B.S.c., majoring in Applied and Computational Math. He received his MBA from Peking University in 2010.

Chin Ngai Sung

Chief Financial Officer

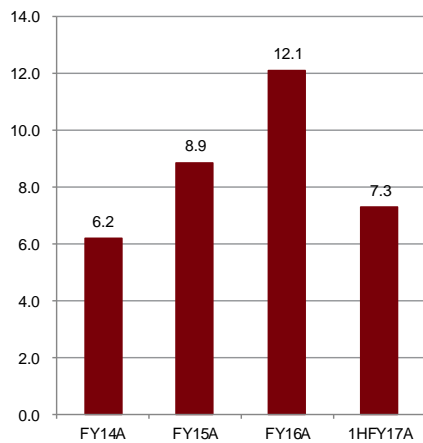
Ngai Sung is primarily responsible for all finance activities and accounting operations, reviewing legal documents, liaising with external lawyers and providing financial strategic planning, budgeting and forecasting. Ngai Sung has over 19 years of accumulated experience in audit and finance.

Background

Ngai Sung received a Masters in Accounting from Curtin University of Technology (AUS) in 2006. He is a Chartered Accountant of the ISCA and Accredited Tax Practitioner with SIATP

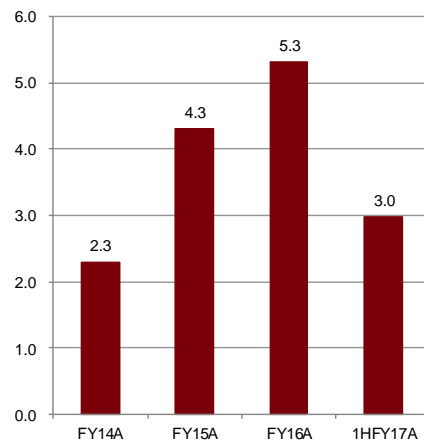
SOURCE: CIMB RESEARCH, COMPANY

Figure 8: Historical revenue (US\$ m)



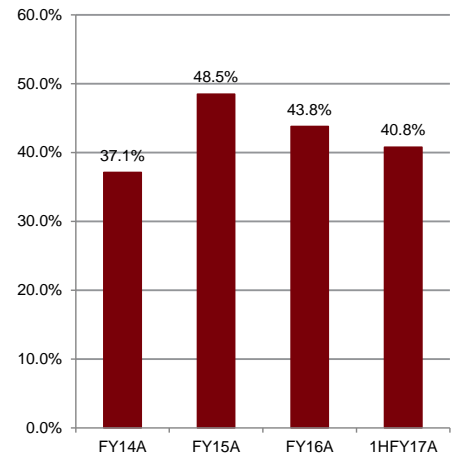
SOURCE: CIMB RESEARCH, COMPANY

Figure 9: Historical gross profit (US\$ m)



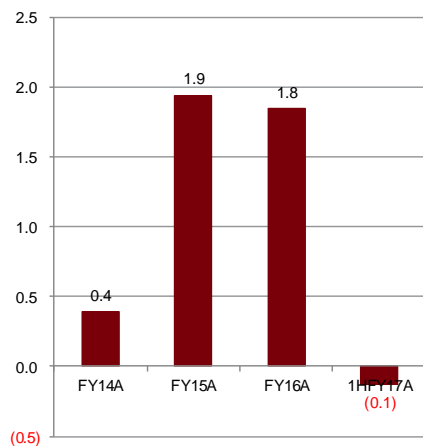
SOURCE: CIMB RESEARCH, COMPANY

Figure 10: Historical gross margin



SOURCE: CIMB RESEARCH, COMPANY

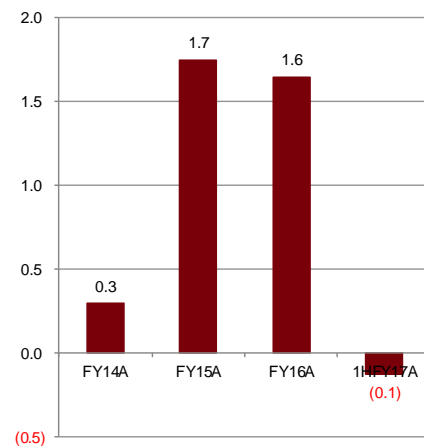
Figure 11: Historical pretax profit (US\$ m)



(0.5)

SOURCE: CIMB RESEARCH, COMPANY

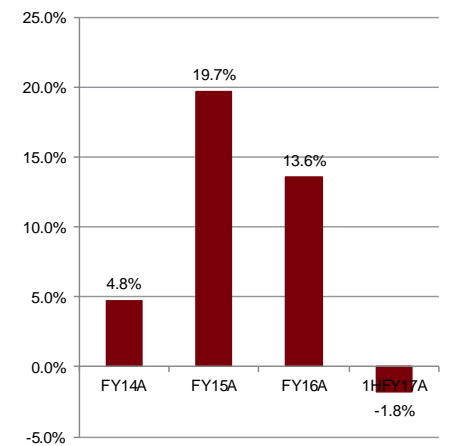
Figure 12: Historical net profit (US\$ m)



(0.5)

SOURCE: CIMB RESEARCH, COMPANY

Figure 13: Historical net margin



SOURCE: CIMB RESEARCH, COMPANY

Figure 14: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (cl curr)	Target Price (cl curr)	Market Cap (US\$ m)	P/S (x) Historical	P/E (x) Historical	P/BV (x) Historical	ROE (%) Historical	Dividend Yield (%) Historical
Y Ventures	YVEN SP	NR	0.25	NA	37.2	3.1	24.3	14.3	58.7%	0.0%
Amazon.com Inc	AMZN US	NR	978.0	NA	469,812.0	3.5	199.6	24.2	14.5%	0.0%
Alibaba Group Hldgs - US ADR	BABA US	NR	174.1	NA	445,802.5	11.5	69.0	10.7	17.5%	0.0%
Ebay Inc	EBAY US	NR	38.09	NA	40,767.7	4.5	6.0	3.9	84.9%	0.0%
Rakuten Inc	4755 JP	NR	1,266	NA	16,605.9	2.3	47.1	2.8	5.7%	0.4%
Simple average excluding YVEN						5.5	80.4	10.4	30.6%	0.1%

Note: Historical refers to Dec-16A except for Alibaba (Mar-17A)

Note: As of 11 Sep 2017

SOURCE: BLOOMBERG, CIMB RESEARCH, COMPANY

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 - 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2017		
1288 companies under coverage for quarter ended on 30 June 2017		
	Rating Distribution (%)	Investment Banking clients (%)
Add	51.2%	5.5%
Hold	35.7%	3.1%
Reduce	11.9%	0.1%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2016, Anti-Corruption 2016

AAV – Very Good, n/a, **ADVANC** – Very Good, Certified, **AEONTS** – Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Very Good, Declared, **AOT** – Excellent, Declared, **AP** – Very Good, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – not available, Declared, **BCP** - Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, Declared, **BEC** - Good, n/a, **BH** - Good, Declared, **BIGC** - Excellent, Declared, **BJC** – Good, n/a, **BJCHI** – Good, Declared, **BLA** – Very Good, Certified, **BPP** – not available, n/a, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – not available, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, Declared, **ECL** – Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Good, n/a, **GFPT** - Excellent, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Very Good, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Declared, **ICHI** – Very Good, Declared, **INTUCH** - Excellent, Certified, **ITD** – Good, n/a, **IVL** - Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Declared, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Declared, **M** – Very Good, Declared, **MAJOR** - Good, n/a, **MAKRO** – Good, Declared, **MALEE** – Very Good, Declared, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Declared, **MEGA** – Very Good, Declared, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Very Good, Declared, **PLAT** – Good, Declared, **PSH** – not available, n/a, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Declared, **RATCH** – Excellent, Certified, **ROBINS** – Very Good, Declared, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** - Good, n/a, **SPA** - Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Very Good, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, Declared, **TCAP** – Excellent, Certified, **THAI** – Very Good, Declared, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Very Good, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Good, n/a, **TMB** - Excellent, Certified, **TNR** – not available, n/a, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Very Good, Declared, **TTW** – Very Good, Declared, **TU** – Excellent, Declared, **TVO** – Very Good, Declared **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

CIMB Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.