

## Singapore

**ADD** (previously NOT RATED)

Consensus ratings*:	Buy 2	Hold 1	Sell 0
Current price:	S\$0.48		
Target price:	S\$0.62		
Previous target:	N/A		
Up/downside:	29.2%		
CIMB / Consensus:	-18.1%		
Reuters:	YVEN.SI		
Bloomberg:	YVEN SP		
Market cap:	US\$73.40m		
	S\$98.40m		
Average daily turnover:	US\$0.39m		
	S\$0.51m		
Current shares o/s:	200.0m		
Free float:	16.9%		

\*Source: Bloomberg

**Key changes in this note**

➤ N/A



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-11.9	-33.8	
Relative (%)	-10.8	-33.7	

**Major shareholders**

	% held
Low Yik Jin	34.7
Low Yik Sen	34.7
Prism Investment Ventures	11.1

**Analyst(s)**

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# Y Ventures Group Ltd

## Proxy to Big Data and E-commerce

- YVEN is a proxy to rising e-commerce and big data trend with a turnaround story (c.207% core EPS CAGR over FY17-20F).
- It is a Singapore-based, data analytics-driven e-commerce retailer and distributor, with more than 20 online marketplaces globally, including Amazon, eBay, Qoo10, Lazada.
- Catalysts could come from onboarding of major brands to support its online distribution/retailing business.
- It is trading at 23.2x CY19 P/E, 50% discount to its global peers average of 45x.
- Initiate coverage with Add and a TP of S\$0.62, based on 30x CY19F P/E (c.33% discount to global peers' average).

**Initiate coverage with Add and TP of S\$0.62**

Our TP is based on 30x CY19F P/E (at a c.33% discount to its global e-commerce peers' average of 45x), with core EPS CAGR of c.207% in FY17-20F based on our estimates. YVEN is a Singapore-based, data analytics-driven e-commerce retailer and distributor, with presence in more than 20 online marketplaces globally, including Amazon, eBay, Qoo10, Lazada and Tokopedia. Its key products are textbooks and in-house branded lifestyle products.

**Solidly anchored in online distribution of books**

A substantial proportion of YVEN's inventory purchases (67-83% in FY14-16) comprised medical and academic textbooks from publishers. We expect strong consistent revenue growth from YVEN's online book distribution/retailing business, supporting gross margins near the 40% level and our forecast of c.39% revenue CAGR over FY17-20F.

**Potential catalysts from onboarding of major brands**

We believe that YVEN has secured more publishers since its IPO, which led to inventory build-up of S\$6m as at end-FY17. Hence, we expect YVEN to turn around from net loss of US\$0.8m in FY17 to net profit of US\$3.2m in FY19F and US\$3.5m in FY20F. We believe that catalysts for sales volume growth could come from onboarding of more major brands. Its competitive advantage is its proprietary in-house data analytic tools to spot demand trends and drive sales in online marketplaces globally.

**Successfully tapping the US ecommerce growth**

The bulk of YVEN's sales (70-80% of FY17 sales) come from US online marketplaces and we see enormous growth potential from YVEN expanding its share of US e-commerce sales. YVEN is still in the early stages of growth, and yielded FY17 revenue of US\$14m – a diminutive amount compared to the c.US\$450bn (by US Census Bureau's estimates) total online retail sales in the US in 2017.

**Selling analytic solutions could potentially be its long-term goal**

We think the group could start to sell its analytics solutions to global brands and e-commerce platforms after establishing a track record in other product categories beyond books and living products in the longer term. This is similar to how Qlik (Unlisted) offers its analytics platform to Lazada Group (Unlisted), which operates one of Southeast Asia's most popular online marketplaces. Selling analytics solutions would help YVEN to achieve faster revenue growth with reduced working capital constraints, in our view.

**Key risks and catalysts**

YVEN is trading at an FY19F P/E of 23.2x, close to 50% discount to global peers' average of 45x. Re-rating catalysts could come from the onboarding of major brands and formation of new brand partnerships. Key risks are overstocking inventories, sharp hikes in marketplace fees and termination of distributorship agreements for any third-party brands.

**Financial Summary**

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (US\$m)	12.11	14.12	25.87	34.40	37.80
Operating EBITDA (US\$m)	2.05	0.17	2.35	3.74	4.16
Net Profit (US\$m)	1.53	(0.79)	1.48	3.16	3.54
Core EPS (US\$)	0.008	0.001	0.009	0.015	0.017
Core EPS Growth	(4%)	(93%)	1484%	63%	12%
FD Core P/E (x)	44.7	597.5	37.7	23.2	20.7
DPS (US\$)	-	-	0.001	0.004	0.004
Dividend Yield	0.00%	0.00%	0.42%	1.04%	1.04%
EV/EBITDA (x)	35.1	435.7	30.6	18.4	16.0
P/FCFE (x)	27.08	NA	60.39	15.50	22.75
Net Gearing	1.0%	1.5%	(12.7%)	(45.2%)	(53.1%)
P/BV (x)	30.32	11.60	8.90	6.89	5.47
ROE	58.3%	2.8%	26.7%	33.5%	29.4%
% Change In Core EPS Estimates					
CIMB/consensus EPS (x)			0.52	0.64	0.49

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

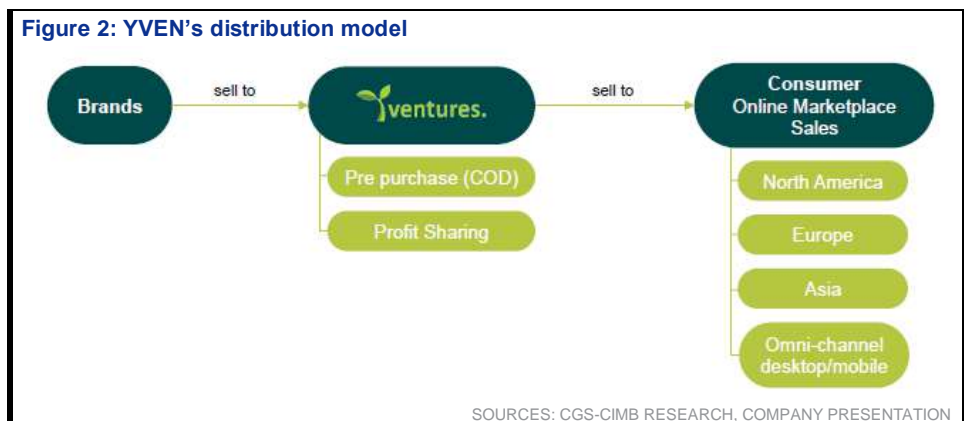
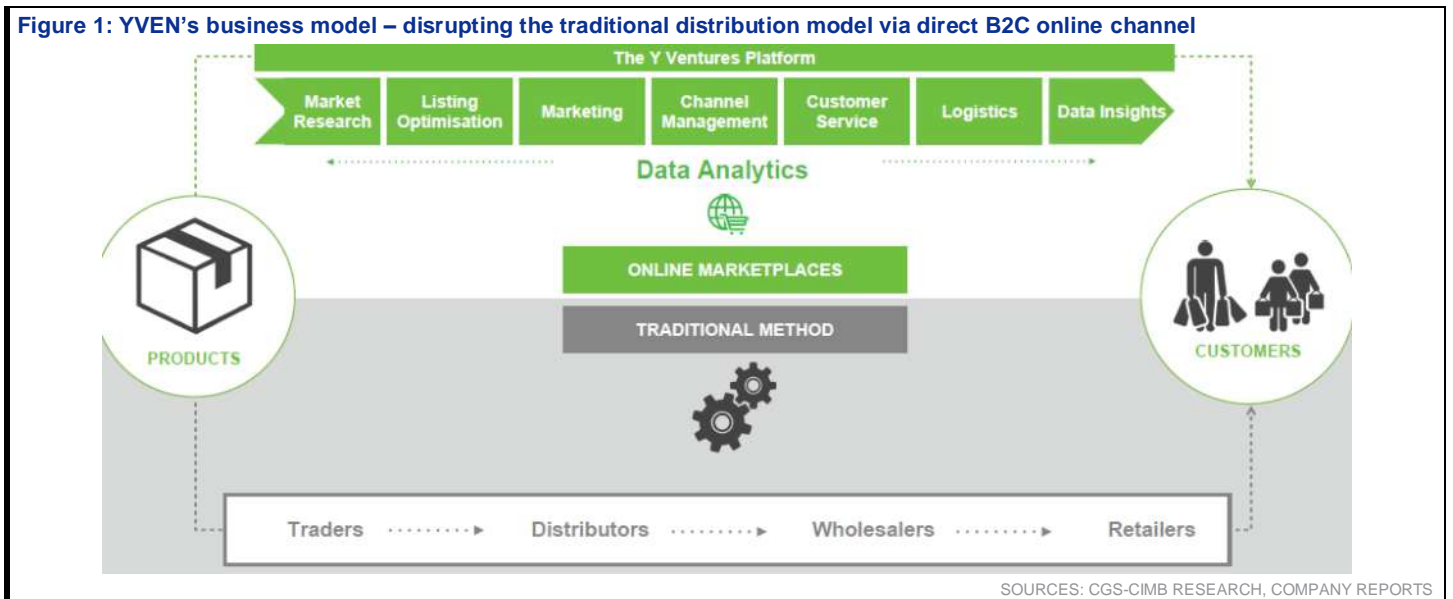
# Proxy to Big Data and E-commerce

## Disrupting the traditional distribution model with data analytics

### More than just an e-commerce company ▶

YVEN is a big-data analytics firm operating in the e-commerce space. Management believes that what sets YVEN apart from any other e-commerce company is its wide array of data analytics tools used to help brand partners and its own in-house brands to increase sales in different marketplaces.

YVEN's data analytics capabilities include analysis of demand trends, pricing intelligence, merchandise planning, inventory management and consumer sentiment. What differentiates YVEN from other data analytics firms is that the group does not sell analytics solutions but instead leverages analytics tools for its own use to raise its online sales. The group utilises its data analytics tools to retrieve sales data and product reviews to better facilitate informed business decisions on the type of merchandise it should sell and distribute, optimal selling prices and quantities to stock.



### Solidly anchored in book distribution ►

A substantial proportion of YVEN's purchases (67-83% in FY14-16) come under the book publishing category, comprising mostly medical textbooks and reference materials from publisher Elsevier Group (Unlisted) and, to a smaller extent, academic books and publications from a number of book suppliers. We estimate that sales from books would still account for c.85% of YVEN's FY17 revenue.

**Figure 3: Examples of medical textbooks published by Elsevier on Amazon.com**

**Figure 4: Purchases from major book suppliers**

SOURCES: CGS-CIMB RESEARCH, AMAZON.COM

Major book suppliers	Category	Percentage of total purchases (%)			
		FY14	FY15	FY16	FY17
Elsevier Group	Medical textbooks	47.6	47.1	66.6	
SR International		17.3	0.6	-	
ChoiceTexts (Asia) Pte Ltd		5.5	-	-	
Popular Book Company Pte I	Academic books	5.0	4.4	0.4	
CV Spectra group		0.7	10.1	7.4	
PT Buku Trading Indonesia		0.5	5.1	8.4	
<b>Total:</b>		<b>76.6</b>	<b>67.3</b>	<b>82.8</b>	<b>75-85*</b>

\* CGS-CIMB estimate

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### Anticipate further sales growth after onboarding new publishers ►

We expect YVEN's online book sales to continue to rise steadily as we believe they have secured more publishers since its IPO. We think that YVEN still has untapped growth potential in this space in view of its historical revenue relative to the size of the academic publishing industry. According to the Global Ranking of Publishing Industry 2017 report, fifty major publishing groups, which include Pearson (Unlisted) and Elsevier, brought in combined revenue of €53.5bn (c.US\$56.4bn) in 2016.

If we assume c.15% of that revenue is generated from print, of which c.10% is sold via digital/ecommerce sales channels, **then a 5% share of the online book distribution/retailing market could net YVEN c.US\$70.5m in revenue (5x FY17 revenue).** The hypothetical revenue amount factors in mark-up prices that would yield 40% gross margin for YVEN.

**Figure 5: Top 10 largest publishing groups globally in terms of revenue (€ m) in 2016**

Rank 2017 (Data 2016)	Publishing Company (Group or Division)	Country Publ. Company	Parent Corporation or Owner	Country Mother Corporation	2016 (Rev mEUR)	2016 (Rev mUSD)	2015 (Rev mEUR)	2014 (Rev mEUR)
1	Pearson	UK	Pearson PLC	UK	€ 5,312	\$ 5,617	€ 6,072	€ 5,807
2	RELX Group (Reed Elsevier)	UK/ NL/ US	Reed Elsevier PLC & Reed Elsevier NV	UK/ NL/ US	€ 4,600	\$ 4,864	€ 4,774	€ 4,405
3	Thomson Reuters	US	The Woodbridge Company Ltd.	Canada	€ 4,593	\$ 4,819	€ 5,291	€ 4,729
4	Bertelsmann (*)	Germany	Bertelsmann AG	Germany	€ 3,503	\$ 3,697	€ 3,827	€ 3,324
5	Wolters Kluwer (**)	NL	Wolters Kluwer	NL	€ 3,206	\$ 3,384	€ 4,208	€ 3,660
6	Hachette Livre	France	Lagardère	France	€ 2,264	\$ 2,390	€ 2,206	€ 2,004
7	Grupo Planeta	Spain	Grupo Planeta	Spain	€ 1,790	\$ 1,889	€ 1,658	€ 1,596
8	McGraw-Hill Education (Incl. McGraw-Hill Global Education & School Group)	US	Apollo Global Management LLC	US	€ 1,674	\$ 1,757	€ 1,681	€ 1,795
9	Wiley	US	Wiley	US	€ 1,646	\$ 1,727	€ 1,545	€ 1,496
10	Springer Nature	Germany	SpringerNature	Germany	€ 1,625	\$ 1,715	€ 1,471	€ 959

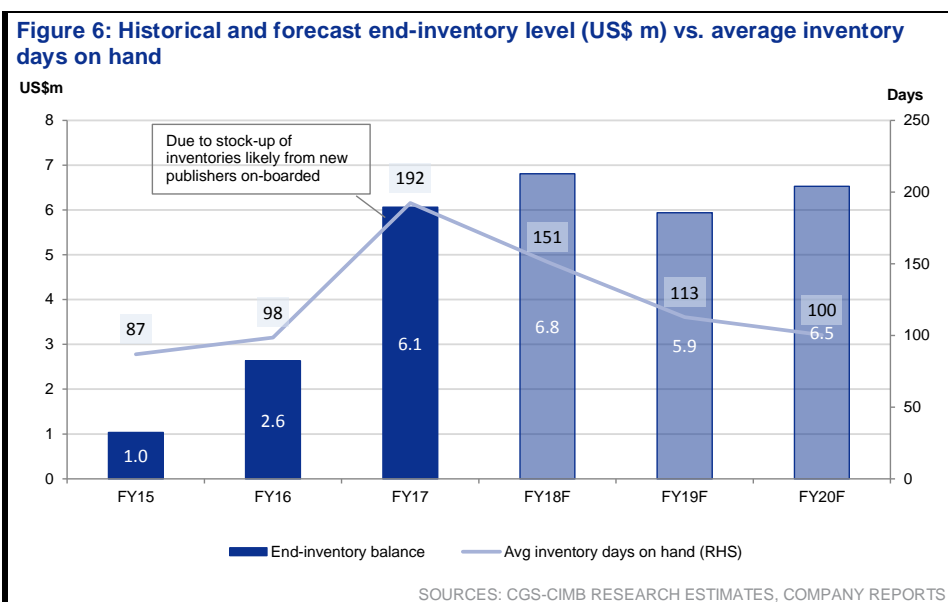
SOURCES: CGS-CIMB RESEARCH, GLOBAL RANKING OF THE PUBLISHING INDUSTRY 2017 REPORT

**Securing Pearson could be a major boost for YVEN >**

Pearson is the top revenue-generating publishing group above Elsevier, according to the Global Ranking of the Publishing Industry 2017 report. Getting Pearson on board would be a major boost to YVEN’s future revenue, in our view. We believe the group could be trying to partner with Pearson, along with other big-name publishers that it has not entered into distributorship agreements with.

**Inventory bulk-up in FY17 likely from new publishers >**

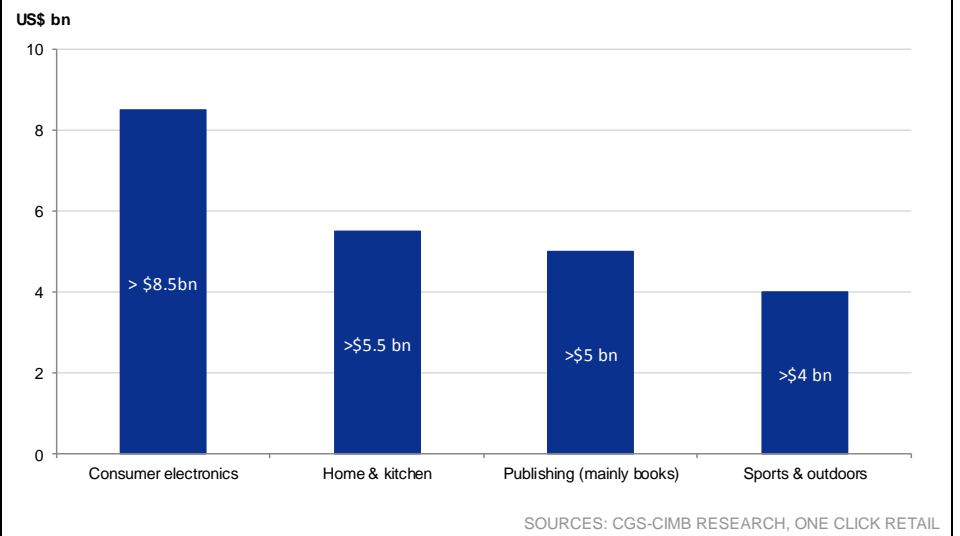
We think the onboarding of new publishers has largely contributed to the significant step-up in YVEN’s inventory level, which rose sharply from c.US\$2.6m as at end-FY16 to a record US\$6.1m as at end-FY17. Although average inventory days on hand have almost doubled to 192 days in FY17 as compared to 98 days in FY16, we are not overly concerned about this as management expressed confidence in turning over these inventories within the typical 3-4 month period. Thus, we expect inventory days to normalise and improve during our FY18-20F forecast period.



**Books among top-selling product categories on Amazon >**

According to One Click Retail (a subsidiary of Ascential, ASCL LN, Not rated), published goods comprising mainly books were amongst Amazon’s four best-selling categories in 2017 at c.US\$5bn, albeit growing at a steady pace with 3% yoy sales growth. The home and kitchen products category under Amazon is growing much faster, with a 20% rise yoy in 2017, hinting at much bigger growth prospects for YVEN’s home and décor merchandise under its JustNile private label, in our view.

**Figure 7: One Click Retail's 2017 estimated sales (US\$ bn) from the four best-selling categories on Amazon.com**



### Beyond books...

#### Anticipate more brand partnerships to come ►

To date, YVEN has already formed a JV partnership with leather brand, Tocco Toscano, and plans to use its data analytic tools to develop a private label for men's leather accessories under the brand Faire Leather Co. The JV raised over S\$406,000 in a Kickstarter (Unlisted) campaign to launch its first collection of leather bags and small leather goods, setting the record for the highest level of funds raised via a Kickstarter campaign in Singapore, as reported by Retail Asia on 15 Mar 2018. Following this success, we believe YVEN may seek more brand partnerships, similar to its venture with Tocco Toscano.

**Figure 8: Examples of Faire Leather's products featured in YVEN's online store**



## Value proposition from AORA platform with SingPost ▶

YVEN entered into an MOU with SingPost (SPOST SP, Add, TP: S\$1.58) for the potential co-development of a cross-border e-commerce platform and logistics-related technology to enhance efficiency across the vertical logistics chain. We believe the platform, codename AORA, will focus on cross-border purchases by consumers across Asia, combined with proprietary built-in data analytics. AORA is slated for a soft launch in the third quarter of this year. We understand from management that YVEN will primarily be involved in developing the platform and technology, with SPOST providing back-end logistics.

Figure 9: Some of AORA's features as advertised on the beta website

**AN INTEGRATED CROSS-BORDER SHOPPING EXPERIENCE**

Checkout faster than ever before. Hallmarked by efficiency, AORA does all the heavy lifting to ensure that your product reaches you without a sweat. From a seamless buying experience to price comparisons, we take care of your entire shopping experience for a truly hassle-free buy.

**SHOP FROM THE BEST BRANDS AROUND THE WORLD AT LOCAL PRICES**

We give you complete access to group savings and rates that gets better with every purchase. All in one checkout.

SOURCES: CGS-CIMB RESEARCH, AORAGLOBAL.COM

Figure 10: Key feature of ezbuy that could be adopted elsewhere is the 'search items or paste product URL' bar

ezbuy Buy global. Locally

Search items or Paste product URL

All Category Prime New Arrivals Trending Now Under S\$9.9 Korea Local USA Taiwan ezNow

Women's Fashion  
Men's Fashion  
Toys, Mother & Kids  
Shoes, Bags & Accessories  
Home & Garden  
Beauty & Health  
Sports & Outdoors  
Office & Stationery  
Automotives  
Mobile & Electronics

3<sup>rd</sup> to 4<sup>th</sup> May  
**15% SHIPPING OFF**  
Shop Globally, Easier & Faster

Flash Deals  
Meiji Premium Van Van Matcha/Tiramisu Flavoured 10 x 44g  
**\$16.00** ~~\$18.00~~  
Shop Now

Global Shopping Platform Updated Weekly

USA Leading Brands Direct From USA  
KOREA Freshest & Trending K-Discovery  
LOCAL Free Shipping 1-3 Days Delivery

HOT SELLERS  
Weekly Exclusive Deals Over 30% Off

SOURCES: CGS-CIMB RESEARCH, EZBUY.SG

A report by Google (GOOG US, Not Rated) and Temasek Holdings (Unlisted) forecasts that Singapore's e-commerce market (sales) will grow from US\$1bn in 2015 to US\$5.4bn in 2025, representing an 18% CAGR over the period. Payvision (Unlisted) estimates more than half of all e-commerce transactions in Singapore are cross-border transactions. Based on a 2% service fee charge on gross merchandise volume (GMV), we estimate AORA could generate an additional US\$1m in revenue (c.3% upside to our FY19F forecast) for YVEN, assuming 5% market share in FY19F. We have not factored this into our earnings forecasts due to the lack of visibility currently.

## Long-term goal: transformation into an analytics solutions provider? ▶

We opine that YVEN is still in the early stages of proving its ability to use data analytics to compete with online retail distribution for big-brand products and consumer electronics goods.

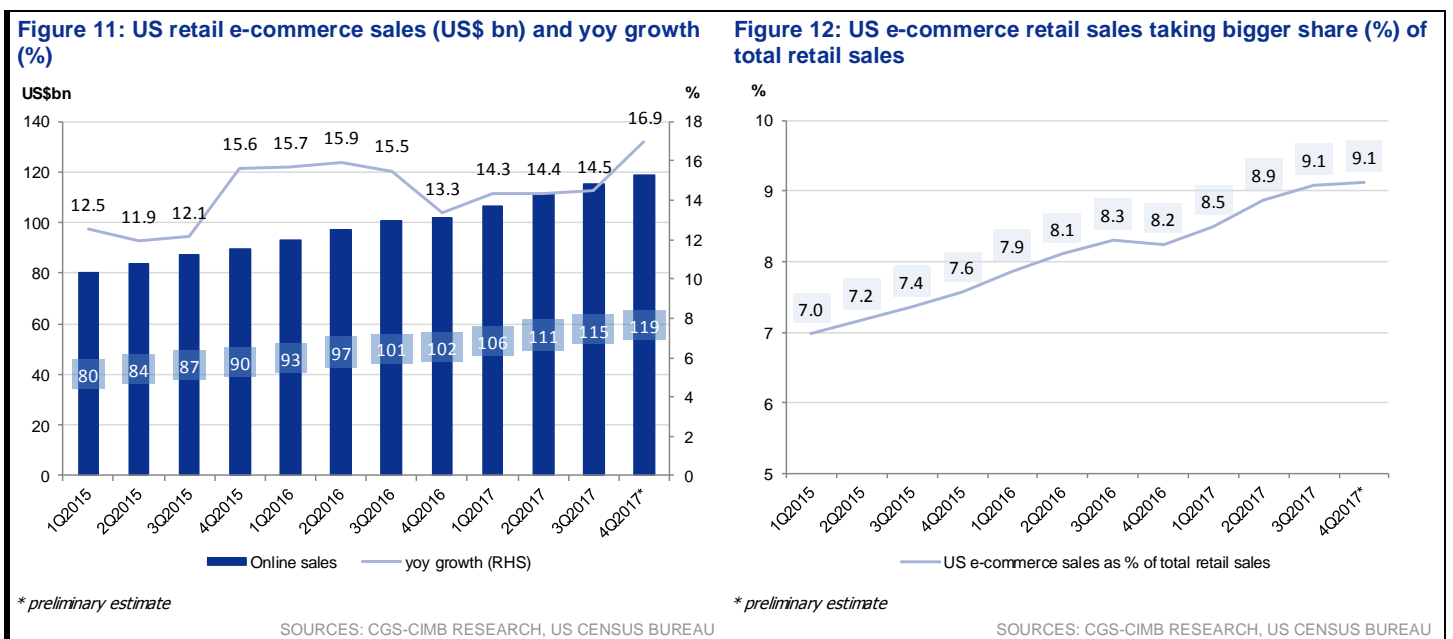
Currently, YVEN leverages its own analytics tools to profit mostly from selling books, as well as home and living products online. However, we think the group could start to sell its analytics solutions to global brands and e-commerce platforms after establishing a track record in other product categories in the longer term. This is similar to how Qlik (Unlisted) offers its analytics platform to Lazada Group (Unlisted), which operates one of Southeast Asia's most popular online marketplaces.

Selling analytics solutions would help YVEN to achieve faster revenue growth with reduced working capital constraints, in our view.

## Industry outlook: robust e-commerce industry prospects

### Riding on increasing US online sales momentum >

According to a FTI Consulting (FCN US, Not Rated) report, US online retail sales could top US\$600bn by 2020, which represents an average increase of about US\$50bn sales a year. E-commerce share of total retail sales in the US was c.9% in 2017. Amazon.com remains the dominant marketplace in the US with c.US\$310bn in consumer spending generated. Considering FTI Consulting's view that future growth in online shopping channels is unlikely to come from new users as most Americans already shop online regularly, we believe growth in online shopping will come from increasing transactions across more product categories within the existing user base.



### Faster growth prospects in Asia's e-commerce market than the rest of the world >

Research firm eMarketer forecasts global retail e-commerce to reach US\$4.5tr in 2021, increasing by c.18% CAGR over 2017-21. International Post Corporation (IPC, Unlisted) expects Asia Pacific e-commerce retail sales to rise at a much faster rate of c.22% CAGR over 2017-21. This means Asia Pacific's share of the global e-commerce market would expand to two-thirds (c.67%) by 2021 (compared to c.60% in 2017). We believe Asia Pacific holds vast untapped sales growth potential for YVEN. Management believes that Southeast Asian consumers prefer to purchase from local and regional players that offer a more tailored experience, rather than global competitors, and sees opportunity in capturing value in the region.

**Figure 13: Market share of global e-commerce sales by region**

**Figure 14: Key online marketplaces in North America, Latin America, Europe, Asia and Australia/New Zealand**



SOURCES: CGS-CIMB RESEARCH, IPC

SOURCES: CGS-CIMB RESEARCH, IPC

## Financial forecasts and assumptions

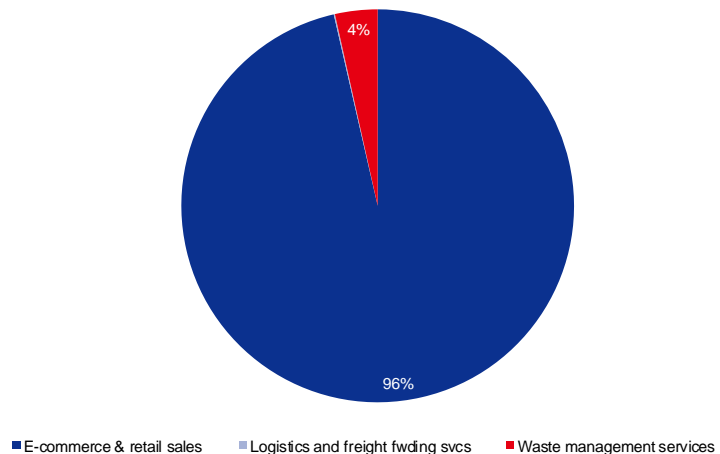
### E-commerce retail sales accounted for 96% of FY17 revenue ➤

YVEN markets and distributes a wide range of merchandise under third-party brands through online marketplaces, mainly using a distribution model and occasionally, a consignment model. Its core e-commerce retail and distribution business made up 96% of its FY17 revenue. Third-party brand products accounted for the bulk (c.90% in FY17) of its e-commerce retail and distribution sales, compared to private label products.

YVEN also provides waste management services in Singapore via its subsidiary, Skap Waste Management, which was incorporated on 25 Jan 2017. Services include the disposal of home appliances, residential waste, home and office furniture, documents and secure disposal of classified documents and media. This business accounted for c.4% of its topline in FY17.

Another business in which YVEN is involved is logistics and freight forwarding services provided to third-party customers via its subsidiary, Skap Logistics. Services include working with third-party logistics companies and last-mile fulfillment service providers to deliver merchandise to respective jurisdictions where the goods are sold. This segment accounted for less than 1% of FY17 revenue.

**Figure 15: FY17 segmental revenue breakdown by business segment**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

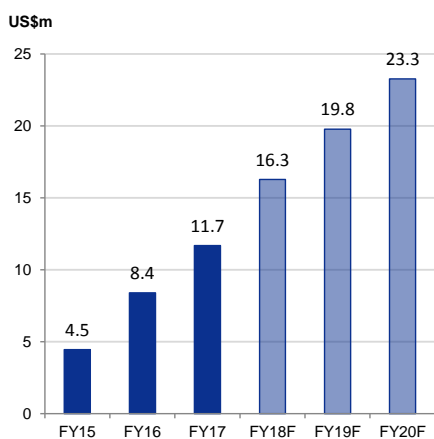


### Project 39% revenue CAGR over FY17-20F ➤

We project revenue to grow from US\$14.1m in FY17 to US\$38m in FY20F, which translates into a c.39% CAGR over our forecast period. Note that our revenue growth assumptions are only applied to its e-commerce retail and distribution business.

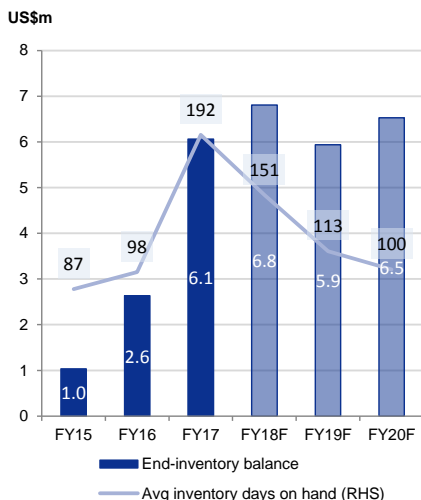
We assume YVEN will aim to increase its inventory and convert inventories within 3-4 months amid the onboarding of publishers and brand partners. Our assumptions for inventory purchases and inventory turnover days form the basis of our revenue forecasts.

**Figure 16: Estimated inventory purchases (US\$ m)**



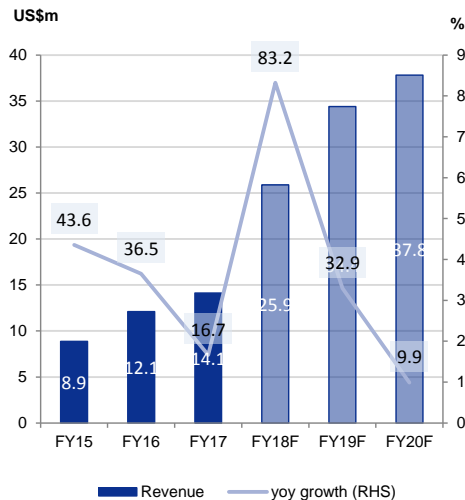
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 17: End-inventory level (US\$ m) vs. average inventory turnover days**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 18: Revenue (US\$ m) vs. yoy growth (%)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

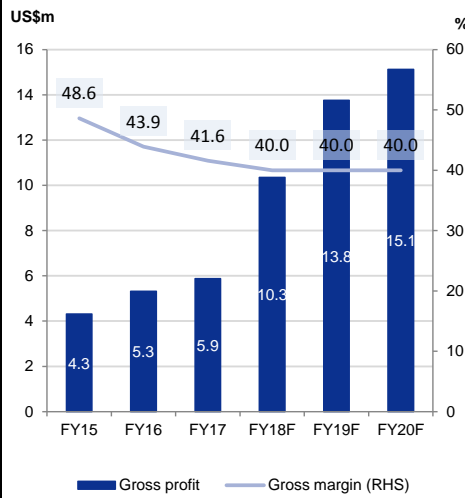
### Expect EBITDA margin expansion from economies of scale ➤

We project gross margin to remain steady at c.40% level, given that YVEN is able to use its know-how and analytics capabilities to consistently maintain optimum selling prices in online marketplaces.

We expect selling and distribution expenses, including marketplace fees that account for a percentage of GMV transactions, to increase in line with topline growth.

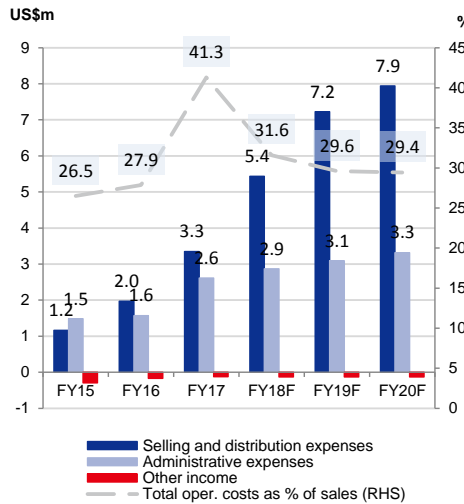
YVEN's asset-light and analytics-driven business model allows for minimal capex spending and lean manpower structure that could lead to more subdued growth in other operating costs apart from selling and distribution expense. We believe this could result in gradual EBITDA margin expansion on an enlarged revenue base in FY18-20F.

**Figure 19: Gross profit (US\$ m) vs. gross margin (%), based on our estimates**



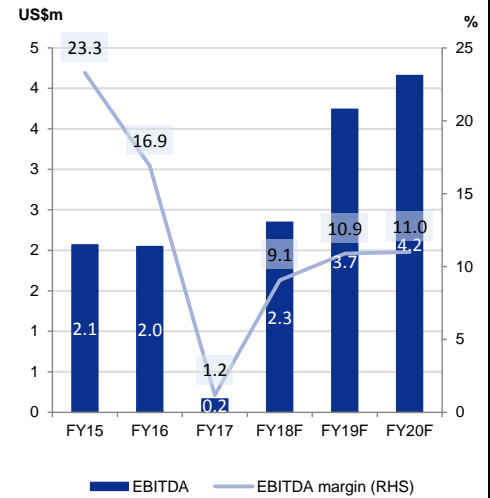
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 20: Operating costs (US\$ m), based on our estimates**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 21: EBITDA (US\$ m) vs. EBITDA margin (%), based on our estimates**

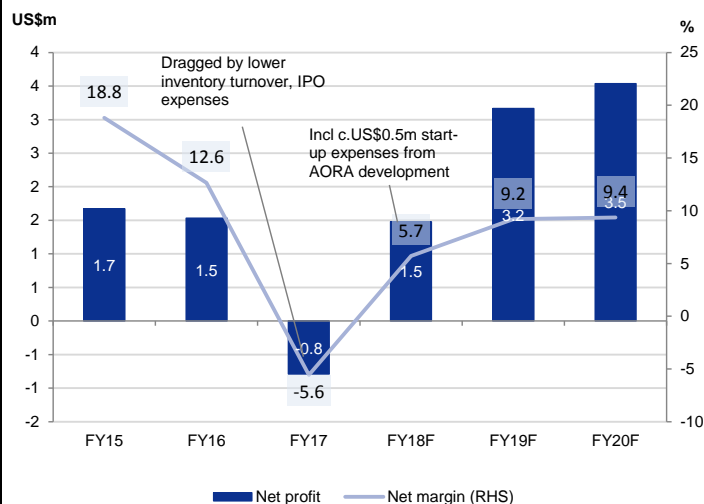


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Core EPS to rise by c.207% CAGR over FY17-20F ➤**

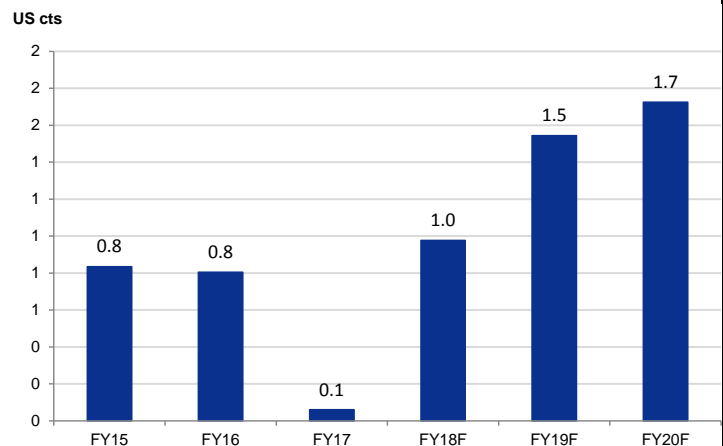
Notwithstanding the net loss in FY17 due to one-off IPO-related expenses and loss of yield, possibly from the diversion of key resources towards getting several publishers on board in 2H17, we project net profit to recover from a loss of US\$0.8m in FY17 to US\$3.5m in FY20F. We project FY17-20F core EPS CAGR of 207% (factoring in small equity dilution from share placement issued in Feb 2018).

**Figure 22: Net profit (US\$ m) vs. net margin (%)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 23: Core EPS (US cts)**



\* Core EPS exclude IPO-related expenses and c.US\$0.5m start-up costs on AORA development. Figures are not equal to reported EPS figures.

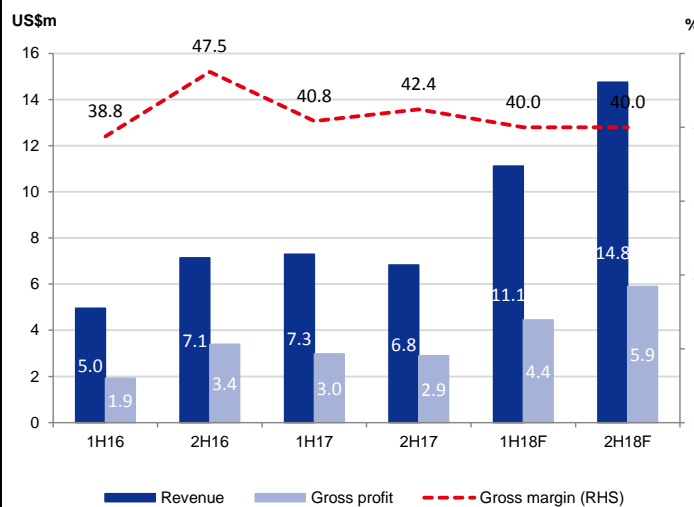
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Our FY18F net profit forecast expects stronger 2H18F than 1H18F ➤

2H17 net profit was dragged down mainly by poor inventory turnover amid the onboarding of new publishers and suppliers that led to under-utilisation of key operating resources. We think 1H18F net profit could also be weighed down by higher operating costs, including start-up costs (c.US\$0.5m) for the development of AORA.

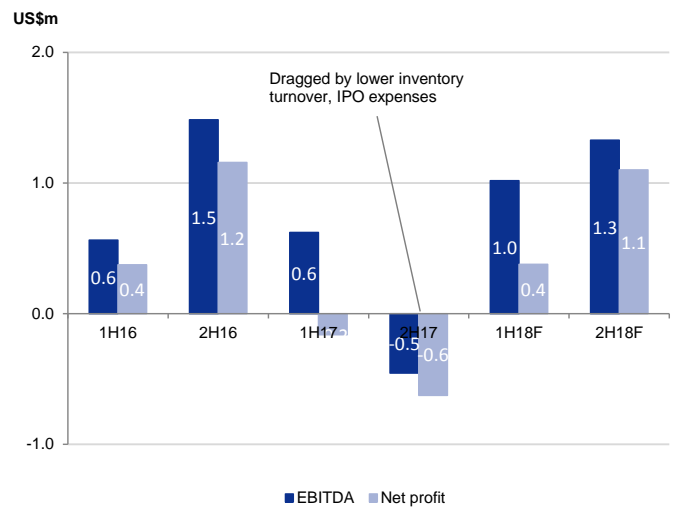
As e-commerce sales are typically stronger during the holiday season in the second half of the year, we expect much higher net profit contribution (c.US\$1.1m) in 2H18F to our FY18F forecast of US\$1.5m.

**Figure 24: Quarterly revenue and gross profit (US\$ m) vs. gross margin (%), based on our estimates**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 25: Quarterly EBITDA and net profit (US\$ m), based on our estimates**

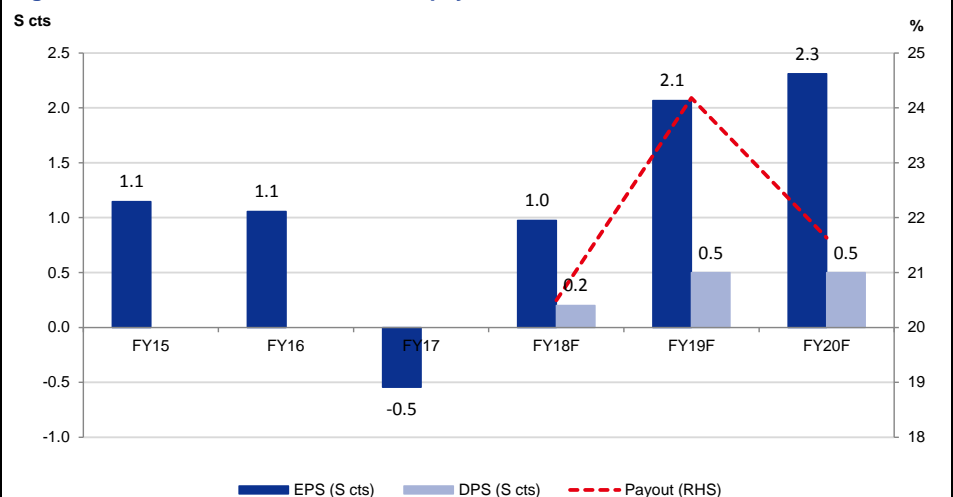


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Dividend payout not less than 20% ➤

YVEN does not have a fixed dividend policy but stated in its IPO prospectus that it intends to pay out not less than 20% of net profit for FY17 and FY18F. YVEN was loss-making in FY17. Hence, we expect to see some dividends being paid out of net profit in FY18F and onwards.

**Figure 26: We forecast c.20% dividend payout in FY18-20F**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Valuation and recommendation

### Initiate with Add and TP of S\$0.62 ➤

YVEN is currently trading at CY19F P/E of 23.2x, c.50% discount to its global e-commerce peers' average of 45.0x. Our TP of S\$0.62 is based on CY19F P/E of 30x, based on a conservative 33% discount to its larger global peers' average (excluding Shopify) CY19F P/E of 45.0x, against our forecast of normalised CY16-20F core EPS CAGR of 21% for YVEN. We used a US\$/S\$ exchange rate of 1.34 to derive our target price. We initiate coverage with an Add call on the stock.

Figure 27: Global peers comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY18F	P/E (x) CY19F	3-year EPS CAGR (%)	P/BV (x) CY18F	Recurring ROE (%) CY18F	EV/EBITDA (x) CY18F	EV/EBITDA (x) CY19F	Dividend Yield (%) CY18F
Y Ventures Group Ltd	YVEN SP	ADD	0.48	0.62	73	37.7	23.2	209.0%	8.90	26.7%	30.2	17.9	0.4%
<b>E-commerce-related peers</b>													
ASOS PLC	ASC LN	Not rated	6,514	na	7,280	62.6	50.6	5.6%	13.55	23.4%	30.2	23.4	0.0%
Alibaba Group Holding Lt	BABA US	Not rated	197.4	na	505,495	52.1	23.9	42.9%	7.25	19.8%	24.3	17.6	0.0%
Amazon.com Inc	AMZN US	Not rated	1,603	na	777,853	78.4	56.3	86.8%	20.09	16.3%	27.5	20.8	0.0%
boohoo.com plc	BOO LN	Not rated	205.5	na	3,157	73.9	44.4	29.3%	9.92	18.9%	31.1	23.3	0.0%
eBay Inc	EBAY US	Not rated	37.79	na	37,562	16.5	14.3	na	5.20	28.2%	11.3	10.5	0.0%
Etsy Inc	ETSY US	Not rated	29.50	na	3,525	50.3	39.5	12.5%	7.89	17.3%	26.0	20.7	0.0%
Groupon Inc	GRPN US	Not rated	4.67	na	2,637	21.1	18.2	115.4%	6.54	39.7%	7.5	6.8	0.0%
JD.com Inc	JD US	Hold	36.70	40.00	52,639	106.1	66.4	46.4%	11.42	11.4%	4748.2	2073.8	0.0%
MercadoLibre Inc	MELI US	Not rated	314.9	na	13,906	307.8	112.2	160.6%	38.67	17.5%	124.5	56.5	0.0%
Shopify Inc	SHOP US	Not rated	143.1	na	15,085	861.7	251.0	na	9.99	1.6%	370.5	145.5	0.0%
Vipshop Holdings Ltd	VIPS US	Not rated	11.93	na	7,862	16.0	11.9	38.1%	3.05	16.1%	10.5	7.8	0.0%
Zalando SE	ZAL GR	Not rated	45.12	na	13,099	76.7	57.8	34.1%	6.84	8.3%	31.1	24.9	0.0%
<b>Simple average (excl Shopify)</b>						<b>78.3</b>	<b>45.0</b>	<b>57.2%</b>	<b>11.86</b>	<b>19.7%</b>	<b>461.1</b>	<b>207.8</b>	<b>0.0%</b>

NOTE: AS OF 25 MAY 2018  
SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

Figure 28: Scatter diagram mapping CY19 P/E (x) vs. 3-year EPS CAGR (%) for YVEN and global peers

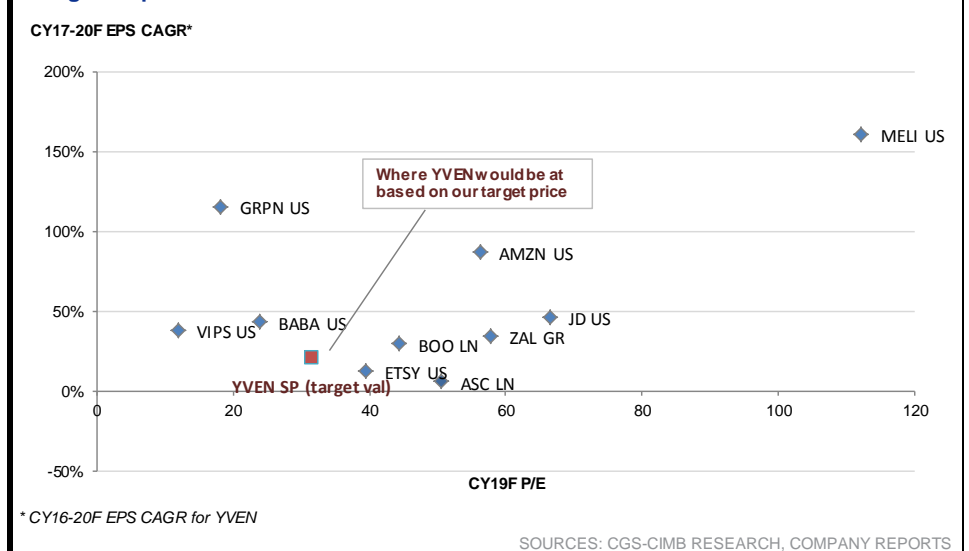
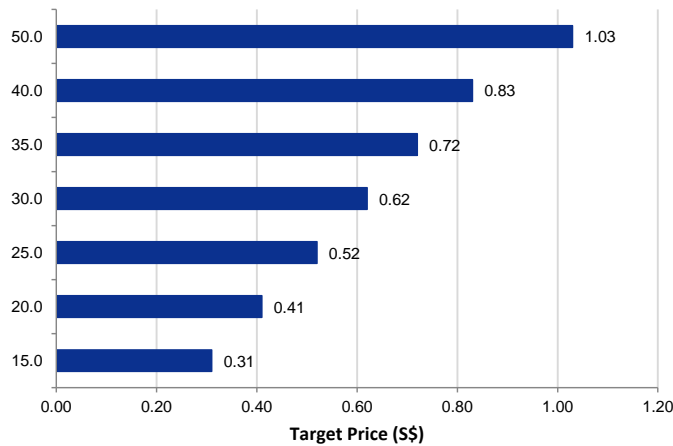
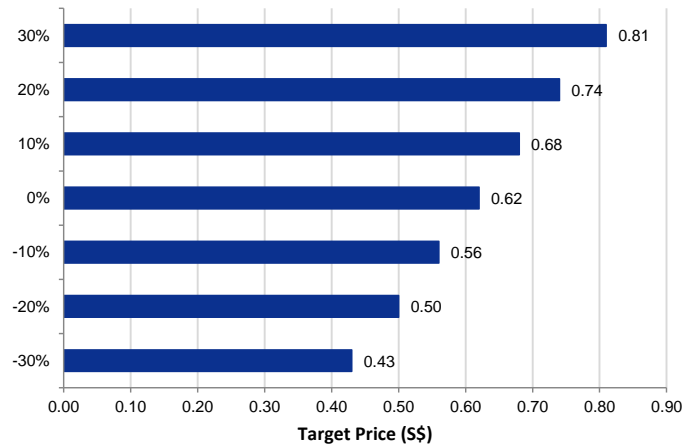


Figure 29: Target price sensitivity to FY19F P/E multiple



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 30: Target price sensitivity to every 10% change in our CY19F net profit forecast



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Key risks

**Overstocking inventory.** YVEN's success depends on its data analytics capabilities to predict consumer preferences and avoid overstocking merchandise. The group could face the risk of marking down unsold inventory, which could drag down its earnings, if it fails to predict consumer trends correctly in the fast-changing e-commerce landscape.

**Sharp increase in fees charged by marketplaces.** As online marketplaces continue to enjoy robust growth on GMV transactions, there could be a strong incentive for these marketplaces to increase seller fees and raise the percentage of the sale it takes from YVEN and other third parties. A sharp increase in fees could depress YVEN's net margin. Amazon is reportedly raising fees for third-party sellers of apparel, accessories, handbags and sunglasses and could extend the fee increase to other product categories (e.g. books, home and living products), which YVEN generates the bulk of its sales from.

**Cessation of relationships with key suppliers and principals.** YVEN does not have formal supply agreements with all of its suppliers and principals as it may purchase merchandise ad hoc based on its analysis of demand trends. The termination of distributorship arrangements for any third-party brands could adversely affect YVEN's sales, though this is unlikely to occur in the foreseeable future, in our view.

## Company profile

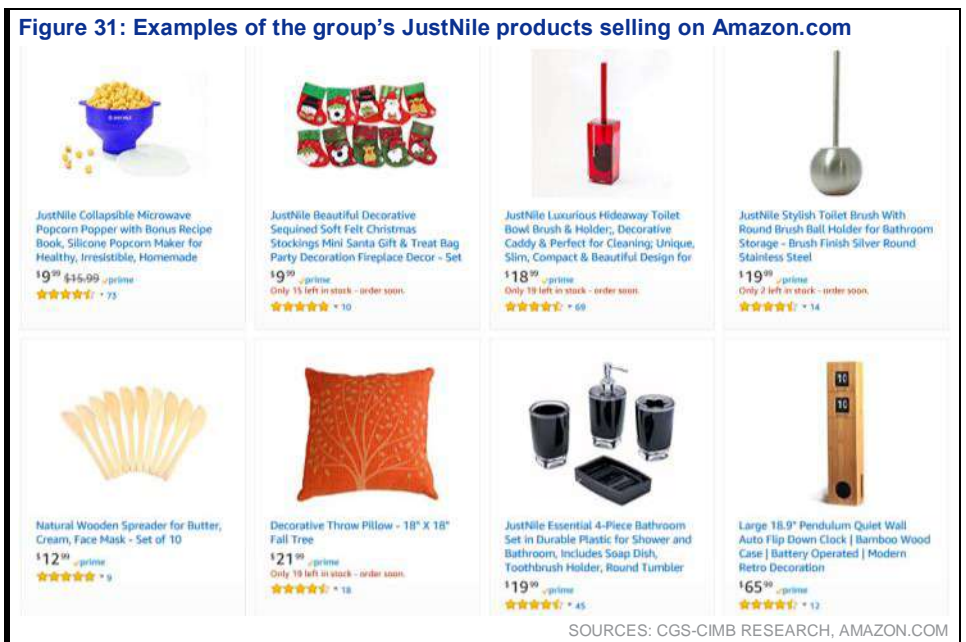
### Historical background ►

YVEN was co-founded in 2003 by two brothers, Adam and Alex Low. They began their e-commerce journey in 2003 by selling second-hand books on online marketplaces in the US and subsequently expanded the business to selling third-party brand products and to other online marketplaces in Europe (the UK, Germany, France, Italy and Spain) and Asia (mainly Singapore, Taiwan and Indonesia).

Key third-party branded products sold in online marketplaces include books (mainly academic books and textbooks), home and living items (clocks), and fast-moving consumer goods (instant coffee mix and soy milk). In 2015, YVEN started to sell original equipment manufacturer (OEM) merchandise for home and living products under its JustNile private label.

YVEN's number of stock-keeping units (SKUs) – a unique identification number that defines an item at the inventory level – of active merchandises expanded to c.5,500 across 12,000 listings on over 20 online marketplaces in mid-2017.

YVEN was listed on SGX's Catalist Board on 11 Jul 2017 at an IPO price of S\$0.22.



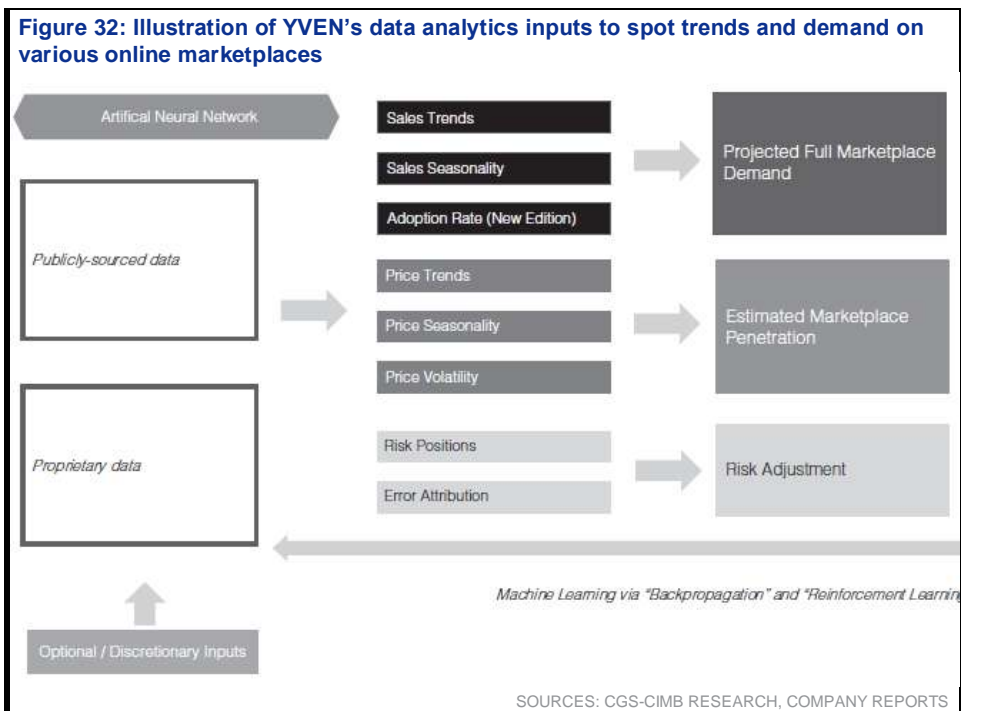
### Warehouses to store merchandise ►

YVEN keeps most of its stock in third-party warehouses managed by various third-party logistics companies. The group also keeps products sourced from OEMs in Taiwan and the PRC under its private label in a rented warehouse in Kaohsiung, Taiwan.

**Key management and staff strength ▶**

Key members are the co-founders, Adam Low Yik Sen (Executive Chairman and Managing Director) and Alex Low Yik Jin (CEO and Executive Director), who have over 14 years of experience in e-commerce distribution and data analytics each. The rest of the key management team include the CFO, Freight Manager, who oversees the logistics coordination and liaison, and the Data Analytics Manager, who is responsible for managing and enhancing the group's data analytics capabilities.

YVEN's full-time staff numbered 40 in FY17, up from 37 full-time staff in FY16. Staff costs were generally kept in line with the increase in manpower over FY15-17. Both Adam and Alex draw 100% fixed remuneration without any variable components.



**Figure 33: Key management profiles**

**Low Yik Sen**

*Executive Chairman and Managing Director*

Low Yik Sen, one of our co-founders, is the Executive Chairman and Managing Director. He is responsible for overseeing the logistics arm of the Group, focusing on sourcing and procurement, freight forwarding as well as waste management services. Low Yik Sen also serves as a committee board member at the Kembangan-Chai Chee Senior Activity Centre. Prior to founding the Group, Low Yik Sen spent six years with the Singapore Armed Forces. His experience during his time with the Singapore Armed Forces includes being a liaison officer with the Defence, Science and Technology Agency. He graduated with a Diploma in Electronics Engineering from Temasek Polytechnic, Singapore in 1999.

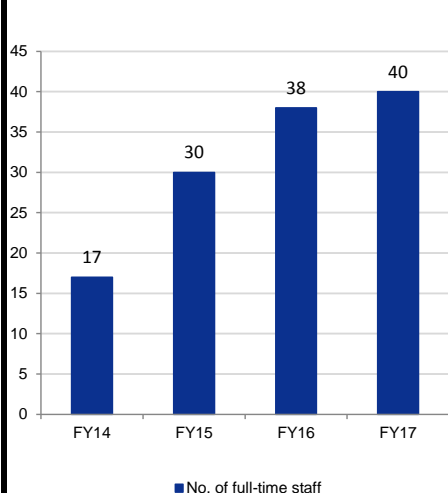
**Low Yik Jin**

*CEO and Executive Director*

Low Yik Jin is the CEO and Executive Director. He is responsible for the overall day-to-day management of the Group including business strategy, online marketplace channel expansion, online sales and technology development. He has accumulated 14 years of experience in the e-commerce market since 2003 when he first sold second-hand books online. He grew the Group from a start-up to an e-commerce enterprise selling products across more than 20 online marketplaces today, with sales revenue of approximately US\$14.1 million for FY2017. Low Yik Jin graduated from the University of Washington, USA in 2004 with a Bachelor of Science majoring in Applied and Computational Mathematics. He further obtained his Master in Business Administration (MBA) from Peking University, the PRC in 2010.

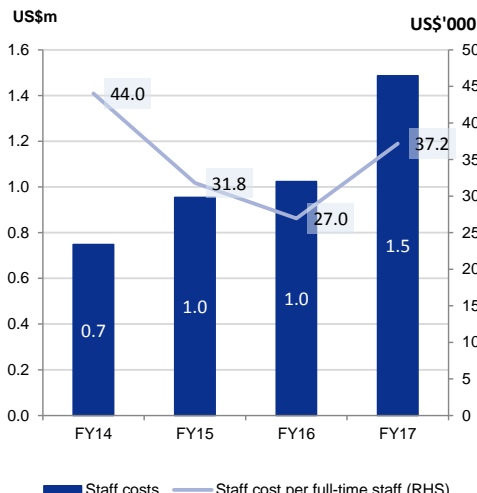
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 34: Full-time staff headcount**



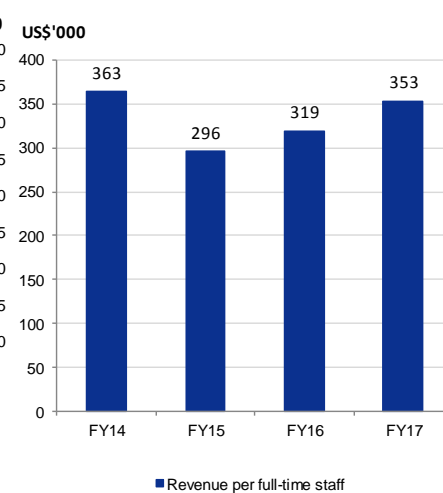
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 35: Staff costs (US\$ m) and costs per full-time staff (US\$ '000)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 36: Revenue (US\$ '000) per full-time staff**



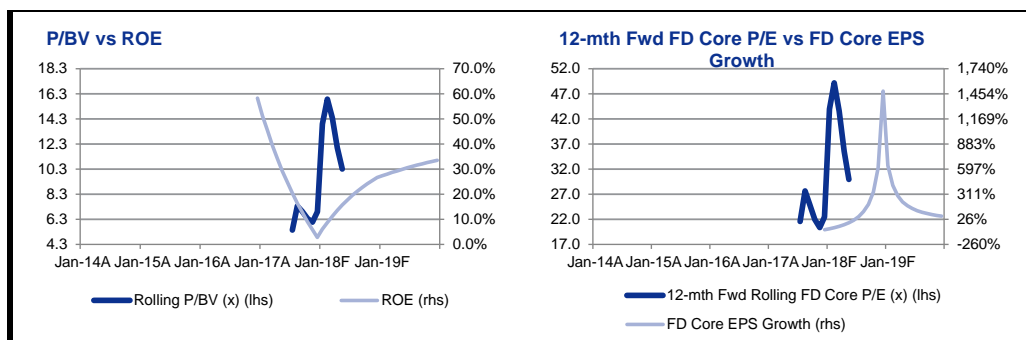
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Major shareholders** ➤

Based on Bloomberg data as at 9 May 2018, both co-founders hold a combined stake of 69.4% in the company. The third-largest stakeholder in YVEN is Prism Investment Ventures, which held an 11.1% stake (or 22.8m shares). Prism Investment Ventures is co-owned by two individuals and is under a 12-month moratorium period from the date of listing whereby it has undertaken not to sell 18.2m shares (c.8.9% stake).



## BY THE NUMBERS



Mainly IPO-related expenses in FY17.

### Profit & Loss

(US\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
<b>Total Net Revenues</b>	<b>12.11</b>	<b>14.12</b>	<b>25.87</b>	<b>34.40</b>	<b>37.80</b>
<b>Gross Profit</b>	<b>5.32</b>	<b>5.87</b>	<b>10.35</b>	<b>13.76</b>	<b>15.12</b>
<b>Operating EBITDA</b>	<b>2.05</b>	<b>0.17</b>	<b>2.35</b>	<b>3.74</b>	<b>4.16</b>
Depreciation And Amortisation	(0.10)	(0.12)	(0.17)	(0.17)	(0.16)
<b>Operating EBIT</b>	<b>1.94</b>	<b>0.04</b>	<b>2.18</b>	<b>3.58</b>	<b>4.00</b>
Financial Income/(Expense)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00	0.00
<b>Profit Before Tax (pre-EI)</b>	<b>1.92</b>	<b>0.02</b>	<b>2.16</b>	<b>3.56</b>	<b>3.97</b>
Exceptional Items	(0.08)	(0.91)	(0.50)	0.00	0.00
<b>Pre-tax Profit</b>	<b>1.84</b>	<b>(0.89)</b>	<b>1.66</b>	<b>3.56</b>	<b>3.97</b>
Taxation	(0.20)	(0.02)	(0.18)	(0.39)	(0.44)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1.65</b>	<b>(0.91)</b>	<b>1.48</b>	<b>3.16</b>	<b>3.54</b>
Minority Interests	(0.11)	0.12	0.00	0.00	0.00
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1.53</b>	<b>(0.79)</b>	<b>1.48</b>	<b>3.16</b>	<b>3.54</b>
Recurring Net Profit	1.60	0.12	1.92	3.16	3.54
<b>Fully Diluted Recurring Net Profit</b>	<b>1.60</b>	<b>0.12</b>	<b>1.92</b>	<b>3.16</b>	<b>3.54</b>

Due to below-optimal inventory turnover.

### Cash Flow

(US\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
<b>EBITDA</b>	<b>2.05</b>	<b>0.17</b>	<b>2.35</b>	<b>3.74</b>	<b>4.16</b>
Cash Flow from invt. & Assoc.					
Change In Working Capital	0.64	(3.58)	(0.96)	1.39	(0.49)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(0.00)	0.23	0.00	0.00	0.00
Other Operating Cashflow	0.02	0.02	0.02	0.02	0.02
Net Interest (Paid)/Received	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Tax Paid	(0.01)	(0.02)	(0.18)	(0.39)	(0.44)
<b>Cashflow From Operations</b>	<b>2.68</b>	<b>(3.20)</b>	<b>1.20</b>	<b>4.74</b>	<b>3.23</b>
Capex	0.00	0.00	0.00	0.00	0.00
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	0.00	(0.25)	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>0.00</b>	<b>(0.25)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Debt Raised/(repaid)	(0.03)	(0.04)	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.14	5.18	0.91	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	(0.31)	(0.77)	(0.77)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>0.11</b>	<b>5.14</b>	<b>0.60</b>	<b>(0.77)</b>	<b>(0.77)</b>
Total Cash Generated	2.79	1.70	1.80	3.97	2.46
<b>Free Cashflow To Equity</b>	<b>2.64</b>	<b>(3.48)</b>	<b>1.20</b>	<b>4.74</b>	<b>3.23</b>
<b>Free Cashflow To Firm</b>	<b>2.70</b>	<b>(3.43)</b>	<b>1.22</b>	<b>4.76</b>	<b>3.25</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**

Inventory accumulation likely from on-boarding of new suppliers post-IPO.

**Balance Sheet**

(US\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	0.94	0.88	2.07	5.92	8.26
<b>Total Debtors</b>	<b>0.82</b>	<b>1.30</b>	<b>3.19</b>	<b>3.30</b>	<b>3.62</b>
Inventories	2.63	6.06	6.81	5.94	6.52
Total Other Current Assets	0.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>4.39</b>	<b>8.25</b>	<b>12.06</b>	<b>15.15</b>	<b>18.41</b>
Fixed Assets	1.52	1.34	1.35	1.36	1.36
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	0.00	0.21	0.14	0.07	0.00
Total Other Non-Current Assets	0.00	0.00	0.00	0.00	0.00
<b>Total Non-current Assets</b>	<b>1.52</b>	<b>1.56</b>	<b>1.49</b>	<b>1.42</b>	<b>1.36</b>
Short-term Debt	0.03	0.04	0.04	0.04	0.04
Current Portion of Long-Term Debt					
Total Creditors	1.61	1.95	3.62	4.24	4.66
Other Current Liabilities	0.71	0.40	0.40	0.40	0.40
<b>Total Current Liabilities</b>	<b>2.35</b>	<b>2.38</b>	<b>4.05</b>	<b>4.68</b>	<b>5.10</b>
Total Long-term Debt	0.94	0.94	0.94	0.94	0.94
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00	0.00
<b>Total Non-current Liabilities</b>	<b>0.94</b>	<b>0.94</b>	<b>0.94</b>	<b>0.94</b>	<b>0.94</b>
Total Provisions	0.02	0.03	0.03	0.03	0.03
<b>Total Liabilities</b>	<b>3.30</b>	<b>3.36</b>	<b>5.03</b>	<b>5.65</b>	<b>6.07</b>
Shareholders' Equity	2.36	6.17	8.25	10.65	13.42
Minority Interests	0.25	0.27	0.27	0.27	0.27
<b>Total Equity</b>	<b>2.61</b>	<b>6.45</b>	<b>8.53</b>	<b>10.92</b>	<b>13.70</b>

**Key Ratios**

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	36.5%	16.7%	83.2%	32.9%	9.9%
Operating EBITDA Growth	(1%)	(92%)	1320%	60%	11%
Operating EBITDA Margin	16.9%	1.2%	9.1%	10.9%	11.0%
Net Cash Per Share (US\$)	(0.000)	(0.000)	0.005	0.024	0.036
BVPS (US\$)	0.012	0.031	0.040	0.052	0.065
Gross Interest Cover	85.0	2.0	107.3	176.0	196.6
Effective Tax Rate	10.7%	0.0%	11.0%	11.0%	11.0%
Net Dividend Payout Ratio	NA	NA	15.5%	24.2%	21.6%
Accounts Receivables Days	25.21	27.45	31.70	34.43	33.51
Inventory Days	98.8	192.3	151.2	112.7	100.5
Accounts Payables Days	57.68	78.69	65.39	69.47	71.82
ROIC (%)	55.1%	1.5%	33.2%	47.9%	66.4%
ROCE (%)	49.5%	0.7%	25.7%	33.3%	30.0%
Return On Average Assets	31.8%	0.2%	17.1%	21.1%	19.6%

**Key Drivers**

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	41.5%	17.6%	85.9%	33.7%	10.1%
No. of POS (main prod/serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , main prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	-8.2%	13.1%	-9.1%	0.0%	0.0%
No. of POS (2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prrod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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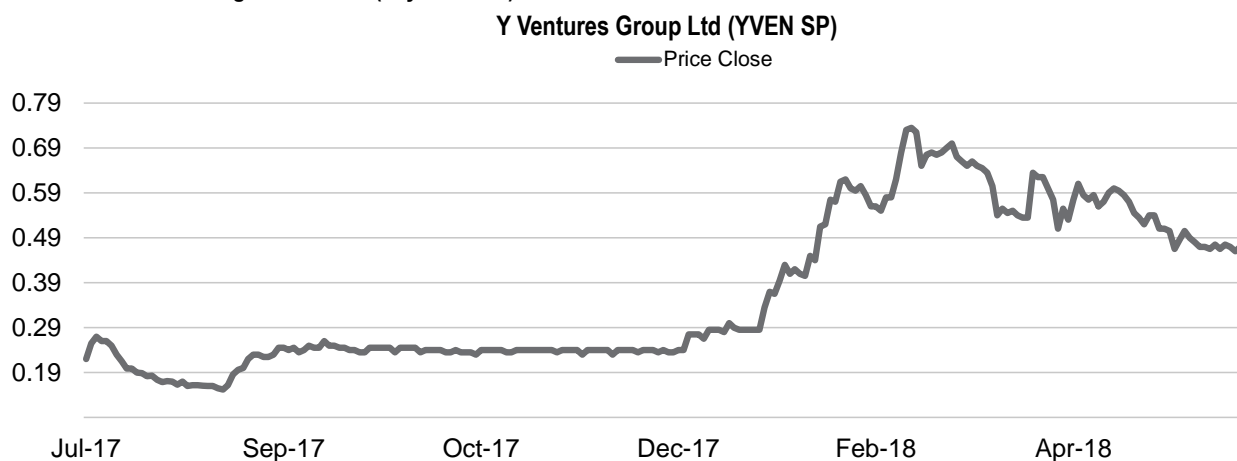
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**Spitzer Chart for stock being researched ( 2 year data )**



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017**

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**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.