



## migme Ltd (MIG)

### ESTABLISHING SOCIAL NETWORKS APPEALING TO ASIAN COMMUNITIES

<b>Rating</b>	<b>N/A</b>
<b>Previous</b>	<b>N/A</b>
<b>Price Target (\$)</b>	<b>N/A</b>
<b>Previous</b>	<b>N/A</b>
<b>Share Price (\$)</b>	<b>\$0.980</b>
52 week low - high (\$)	0.32-1.33
Valuation (\$/share)	N/A
<b>Capital Structure</b>	
Shares on issue (m)	Shares on issue 273.4
	Options 18.0
	<b>Total 291.4</b>
Market Cap (\$m)	Undiluted 267.9
	<b>Diluted 285.6</b>
<b>Net cash/(debt) (A\$m)</b>	<b>10.8</b>
EV (A\$m)	Undiluted 257.1
	<b>Diluted 274.8</b>
Av 3mth daily volume ('000)	123.5

#### Board

Howard Dawson	Chairman
Steven Goh	Executive Director & CEO
Yen Chang Pan	Executive Director
Dmitry Levit	Non Executive Director
Andi Zain	Non Executive Director
John Lee	Non Executive Director
Yichin Lee	Non Executive Director
Stephen Uanwarne	Non Executive Director
Chieh Suang Khor	Non Executive Director

#### Substantial Shareholders

Big Build Enterprises (FIH Mobile Ltd)	20.0%
Steven Goh and controlled entities	8.0%

#### Share Price Graph



#### Company profile:

- migme (MIG) is a digital social media and e-commerce group focused on emerging markets, predominantly South-East Asia, operating in Indonesia, Singapore, The Philippines, Malaysia, and India. Since the end of June, the company has exceeded 20M active users.
- The company's major websites and apps are migme, Sold.sg, AliveNotDead, and Lovebyte. These mostly centre on social networking and entertainment platforms. Leading SE Asian artists have more followers on MIG's social websites than Facebook's, highlighting important social and cultural differences between Asia and the West.

#### Investment thesis:

- MIG generates revenue from its social media platform from paying users who can buy virtual gifts, stickers and avatars. Part of the incentive for users to pay derives from actors, celebrities, and music artists on the platform, which is a win-win scenario for both the artist, music label and MIG.
- Artists can encourage interaction with users by live chat, posting videos, images, music, and being involved in contests and campaigns. This interaction engenders users to consistently use the platform as to experience the engagement with their desired artist.
- MIG, the music label, and artist all take a share of revenue. In an age where recorded music sales are under threat from piracy and cramped digital margins, social is a welcome supplement of revenue. MIG's key relationships include Sony Music, CAA Kwan, and Qyuki in India to access its artists.
- Foxconn is MIG's major shareholder, and we believe it is eager to establish a foothold with exposure to India and SE Asia via social media, diversifying outside of its traditional China mobile hardware business.
- September quarterly highlights continuing user growth. Monthly active users for the quarter were 24M, up 26% quarter on quarter (QoQ), or 243% YoY. Cash receipts were up 68% (QoQ) to \$3.7M, or 1,133% YoY.
- Asian internet penetration yet to catch up with rest of world. A key driver of MIG's user base is the increasing internet penetration which is low (ca. 30%) vs the developed world (ca. 80%).

#### Catalysts

- Catalysts for the stock include 1) Continuing growth in monthly active users; 2) Increasing revenue growth by monetising users; 3) Signing of further artists; 4) Rollout of new products across existing platforms to increase user engagement and monetisation; 5) Expansion into new geographic markets; and 6) Complementary and synergistic acquisitions.

#### Recommendation and price target

We currently provide no formal research coverage on MIG.