

MSM Corporation International Ltd

Global, mobile emerging talent competition platform

MSM has developed and operates Megastar, a software platform through which online talent contests will take place. The MSM platform is designed to leverage audience obsession in talent discovery and promotion which has been proven by successful TV talent competition programs (Idol, The Voice, X factor) and to operate a mobile/social talent competitions where the winner will be awarded prizemoney of US\$1m. User experiences will be enhanced through mobile gamification and social media engagement.

Scope of report

This is an executive summary of a 27-page positioning paper commissioned by MSM Corporation International Ltd and prepared by RaaS Advisory Pty Ltd to provide an explanation of the Megastar business model and to explore the value created from a range of possible outcomes.

Business model

MSM plans to launch its first World Wide Tournament on June 29 (US time) with the competition open to USA, Canadian, Australian, UK and South African residents. MSM will utilise social influencers, sponsored performers, celebrity judges, hosts and partners to promote and attract interest in the platform and has already secured access to influencers with more than 25m followers. The company has attracted a deep pool of sponsored performers along with the appointment of a highly experienced executive producer, a popular and influential trio of hosts and management and advisers with long-standing links to the entertainment industry.

MSM intends to generate revenue from In-App purchases, subscriptions, advertising and eventually merchandising and data analysis. Beta testing by the company has achieved viewer minutes 4.5 times that achieved by the average viewer and time spent a day on its app has been 6 times that achieved by the average app.

Indicative valuation

MSM is an early stage company, pre-revenue and with a business concept yet to be fully tested. We have developed a financial model using the company's performance hurdles, set down in its 2015 prospectus, as a basis for revenue and EBITDA margin forecasts. This gives us a DCF valuation of \$0.96/share (based on a beta of 1.9, WACC of 15% and terminal growth rate of 2%). We acknowledge there is likely to be a significant gap between the DCF valuation and the price that the market is prepared to pay. However, the gap between price and value should begin to close as key milestones are achieved. We define the key milestones for value creation as:

- Total Audience Reach of 25m
- 400,000 monthly average users (MAU) which should mean that advertisers will be attracted to the MSM site
- Sponsorship of WWT1 including the finale
- Cash breakeven
- 1M Monthly Active Users (MAU) and then 2M MAU.

15 May 2017

Share details

ASX Code	MSM
Share price at 15 May17	\$0.23
Market Capitalisation	\$71m
Shares on issue	309.2m
Net cash at 31 Mar 2017	\$3.3m

Share performance (12 months)



Upside Case

- Strong board, advisory board and management with proven online entertainment expertise
- Management has largely met milestones set out in prospectus
- Beta testing has delivered proof of concept

Downside Case

- Pre-revenue
- Moderate barriers to entry
- Success relies heavily on Millennial/Gen X support

Board of Directors

Adam Wellisch	Non-Executive Chairman
Dion Sullivan	CEO/Managing Director
Sophie McGill	Executive Director
Mark Clement	Non-Executive Director

Company contacts

Dion Sullivan	+1 415-306-3910
Managing Director	dion@msmci.com
www.msmci.com/www.megastarmillionaire.com	

RaaS Advisory contacts

Moirá Daw	+61 418 697 275
	moira.daw@raasgroup.com
Finola Burke	+61 414 354 712
	finola.burke@raasgroup.com

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 11th May 2017

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 2, 129 Robertson Street, Fortitude Valley QLD, 4006

RaaS: 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities by firstly sending you the offer document and then assisting you fill out the application from if needed.

How are we paid?

RaaS earns a fee from companies for providing a research report and/or a financial model on the company, for dealing in its securities or for assisting in raising capital. You don't pay anything.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should

- contact your Adviser and tell them about your complaint, the adviser will follow our internal dispute resolution policy, including sending you a copy of the policy if required
- BR is a member of the Financial Ombudsman Service, our external dispute resolution provider.

Financial Ombudsman Service GPO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08 Email: nfo@fos.org.au

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMER and DISCLOSURES

This report has been commissioned by MSM Corporation International Ltd and prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory received a fee for preparation of this report. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however neither MSM Corporation International Ltd nor RaaS Advisory guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the previous two pages. RaaS Advisory holds Corporate Authorised Representative no 1248415 of AFSL 456663. This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. Past performance is not a guarantee of future performance. To the maximum extent permitted by law, RaaS Advisory, its affiliates, the respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. Copyright 2017 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.