

COMPANY RESULTS

iFAST Corporation (IFAST SP)

3Q24: AUA Scales New High; Potential Upside To ePension PBT Guidance

iFAST's 3Q24 results were strong. The PATMI of S\$17m (+97% yoy, +5% qoq) is largely in line with expectations, with 9M24 forming 77% of our/consensus estimates. The HK ePension division and all-time high AUA (+24% yoy, +6% qoq) continue to be key growth drivers. A higher third interim dividend of 1.5 S cents/share was proposed, in line with our expectations. Maintain HOLD with a 2% higher target price of S\$8.17 (S\$8.03 previously).

3Q24/9M24 RESULTS

Year to 31 Dec (S\$m)	3Q24	qoq% chg	yoy % chg	9M24	yoy % chg
Revenue	99.1	5.7	49.7	278.9	59.9
Net revenue	64.0	4.2	53.4	183.5	75.5
Net revenue margin (%)	64.5	(1.0ppt)	1.5ppt	65.8	5.8ppt
PATMI	16.8	5.1	97.3	47.4	213.8
PATMI margin (%)	17.0	(0.1ppt)	4.1ppt	17.0	8.3ppt

Source: iFAST

RESULTS

- Solid 3Q24 results largely in line.** iFAST Corporation (iFAST) posted higher 3Q24 PATMI of S\$17m (+97% yoy; +5% qoq), in tandem with the 50% yoy top-line growth (+6% qoq). 9M24 PATMI is largely in line with our/consensus estimates, reflecting 77% of 2024 forecasts. This was driven by higher contributions from the Hong Kong (HK) ePension division and improving core wealth management platform business upon US Fed rate cuts, with inflation appearing to wane. A higher third interim dividend of 1.5 S cents/share was proposed (3Q23: 1.3 S cents/share), in line with our expectations.
- Higher recurring revenue from record high AUA and ePension division.** iFAST's assets under administration (AUA) reached a record high of S\$23.62b as of end-Sep 24 (+24% yoy; +6% qoq). Net inflows of S\$0.81b (+8% yoy; +3% qoq) were also the highest since 2021. The improved AUA and ePension project have boosted recurring revenue, and now make up 83.5% of 9M24 net revenue (vs 74.8% for 9M23).
- HK performance is stable qoq.** Net revenue of S\$28.6m and pre-tax profit of S\$13.3m from HK were flat qoq, while its AUA rose 3% qoq and 17% yoy to S\$2.76b as of 30 Sep 24. The ePension division continues to be the main revenue driver for the segment as trustees are still being onboarded during the quarter.
- Quarterly losses from China operations and iGB significantly narrowed.** China has reduced pretax losses to S\$1.38m in 3Q24 (-18% qoq; -21% yoy), while iFAST Global Bank's (iGB) losses halved qoq to S\$0.8m in 3Q24. iFAST continues to gain traction on its strategic actions like cost control initiatives implemented in China and new services launched in the UK.

KEY FINANCIALS

Year to 31 Dec (S\$m)	2022	2023	2024F	2025F	2026F
Net turnover	205	243	371	454	464
EBITDA	32	52	92	126	131
Operating profit	12	28	67	99	100
Net profit (rep./act.)	6	28	63	96	98
Net profit (adj.)	6	28	63	96	98
EPS (S\$ cents)	2.1	9.3	20.7	31.7	32.2
PE (x)	359.5	82.1	36.9	24.2	23.8
P/B (x)	10.1	9.0	7.6	6.2	5.2
EV/EBITDA (x)	59.0	37.0	20.8	15.1	14.5
Dividend yield (%)	0.6	0.6	0.8	1.3	1.3
Net margin (%)	3.1	11.7	17.1	21.2	21.1
Net debt/(cash) to equity (%)	(62.4)	(130.0)	(127.0)	(113.8)	(112.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	3.7	12.0	23.1	29.3	24.7
Consensus net profit	-	-	62	103	112
UOBKH/Consensus (x)	-	-	1.02	0.93	0.87

Source: Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	S\$7.65
Target Price	S\$8.17
Upside	+6.8%
(Previous TP)	S\$8.03

COMPANY DESCRIPTION

iFAST is a wealth management fintech platform headquartered in Singapore. It provides a comprehensive range of investment products and services to financial advisory firms, financial institutions, banks, internet companies, multinational companies, as well as retail and high net worth investors in Asia.

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	IFAST SP
Shares issued (m):	298.0
Market cap (S\$ m):	2,279.4
Market cap (US\$m):	1,723.5
3-mth avg daily t'over (US\$m):	2.9

Price Performance (%)

52-week high/low S\$ 8.51/S\$ 6.23

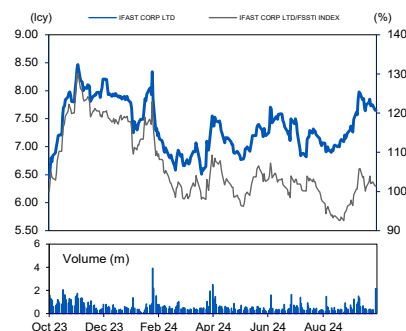
1mth	3mth	6mth	1yr	YTD
5.7	2.0	7.7	21.2	(6.8)

Major Shareholders

	%
Lim Chung Chun (CEO)	20.0
Singapore Press Holdings	11.9
Lim Wee Kian	6.6

FY24 NAV/Share (S\$)	1.00
FY24 Net Cash/Share (S\$)	1.27

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- iGB maintains good progress with healthy deposit inflows.** iGB's customer deposits grew 25% qoq to S\$805.6m in 3Q24, leading to a 32% qoq growth in gross revenue to S\$6.1m. This was mainly driven by the Digital Personal Banking (DPB) division, which saw more customers as well as strong inflows into fixed term deposits. As for the Digital Transaction Banking (DTB) division, its customer base has expanded to include brokerages in the UK and Europe, and a new payments and banking platform has been launched in 3Q24. Moving forward, iGB's cross-border appeal and upcoming new products and services are expected to better position it for growth from 2025.
- ePension contributions steady qoq; potential upside to PBT guidance.** We estimate that the HK ePension project's profit before tax (PBT) contribution in 3Q24 was stable at S\$11m-12m, like the past three quarters. Including the core wealth management business, the HK operations (9M24 PBT: S\$39.8m) already forms 94% of iFAST's PBT guidance of >HK\$250m (~S\$42.6m). We note that onboarding has been steady, with the fifth out of 24 schemes onboarded today. The remaining 19 schemes are tentatively scheduled to be onboarded in 2025. As the schemes are being onboarded in ascending order of AUM, we expect contributions to grow further in 2025.
- ORSO platform to launch and contribute to HK's AUA from 1Q25.** Management shared that the HK ePension division is in the final stages of preparation for the full launch of the inhouse Occupation Retirement Schemes Ordinance (ORSO) platform in 1Q25. They expect contributions to both the top-line and bottom line from 1Q25. The materiality will depend on the signing up of ORSO scheme partners and trustees onto iFAST's ORSO platform. As at end-Sep 24, total assets under the ORsSO schemes stood at HK\$294b (~S\$50b).

EARNINGS REVISION/RISK

- We increase our 2024-26 earnings forecasts by 2-5%**, after incorporating higher growth in AUA. We now project a 25% yoy growth in AUA for 2024 to S\$25b, up from 21% previously.
- No change to HK ePension division estimates.** While the HK ePension division has contributed significantly, only five out of 24 schemes under the MPF System have been onboarded in ascending order of their AUM. Considering technical and operational risks for schemes with larger AUMs as well as the ramp-up in staff headcount, we remain conservative and forecast the contribution as guided despite the better-than-expected performance thus far.

VALUATION/RECOMMENDATION

- Maintain HOLD with a 2% higher PE-based target price of S\$8.17 (S\$8.03 previously)**, based on 25x 2025F EPS valuation. This is pegged to 0.5SD below its historical mean, as valuations appear rich. The stock has a lower ROE yet trades at a lofty 41x 2024F PE in comparison to its peers' average of 25x.

SHARE PRICE CATALYST

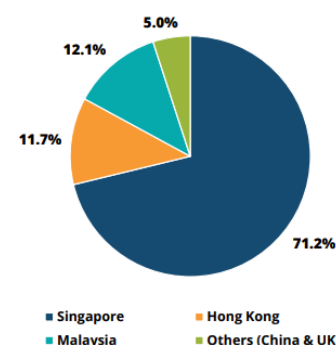
- Faster onboarding of trustees to the eMPF platform.
- Higher-than-expected growth in AUA.

PEER COMPARISON

Company	Ticker	Price @ 28 Oct 24 (lcy)	Market Cap (US\$m)	PE			PB			EV/EBITDA			Net Gearing (%)	ROE 2024 (%)
				2023 (x)	2024 (x)	2025 (x)	2023 (x)	2024 (x)	2025 (x)	2023 (x)	2024 (x)	2025 (x)		
Singapore Exchange	SGX SP	313.40	51,135	33.4	31.2	29.5	7.7	7.5	7.4	5.9	5.5	5.1	(606.7)	24.1
Hong Kong Exchanges & Clearing	388 HK	11.52	9,328	21.6	20.6	21.3	7.2	6.3	5.8	17.2	16.8	15.6	(41.2)	32.7
Bursa Malaysia	BURSA MK	8.69	1,612	27.9	22.3	21.2	8.5	8.2	7.9	12.8	9.5	9.1	(318.2)	37.5
Average				27.6	24.7	24.0	7.8	7.3	7.0	12.0	10.6	9.9	(322.0)	31.4
iFAST	IFAST SP	7.65	1,724	79.8	41.1	25.8	9.0	7.8	6.4	24.4	17.8	12.3	(273.3)	21.0

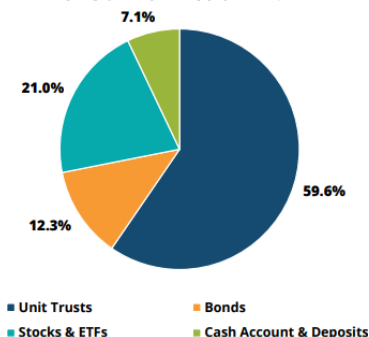
Source: iFAST, Bloomberg, UOB Kay Hian

AUA BY MARKET AS AT 30 SEP 24



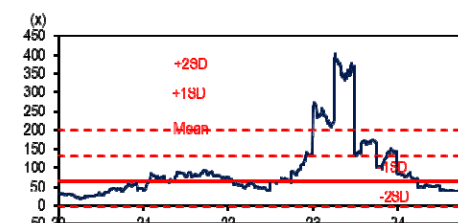
Source: iFAST

AUA BY PRODUCT AS AT 30 SEP 24



Source: iFAST

HISTORICAL PE BAND



Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Net turnover	242.5	370.5	454.1	464.1
EBITDA	51.7	91.8	126.3	131.4
Deprec. & amort.	23.5	24.6	27.5	31.5
EBIT	28.2	67.1	98.8	99.9
Total other non-operating income	(5.0)	(8.6)	(0.5)	(0.5)
Associate contributions	0.2	0.2	0.2	0.2
Net interest income/(expense)	13.2	23.0	26.2	27.2
Pre-tax profit	36.7	81.7	124.8	126.8
Tax	(9.6)	(21.3)	(32.6)	(33.1)
Minorities	1.3	2.8	4.3	4.4
Net profit	28.4	63.2	96.5	98.0
Net profit (adj.)	28.4	63.2	96.5	98.0

CASH FLOW

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Operating	273.5	99.3	103.1	136.8
Pre-tax profit	36.6	81.6	124.7	126.7
Tax	(5.7)	(21.3)	(32.6)	(33.1)
Deprec. & amort.	23.5	24.6	27.5	31.5
Associates	(0.3)	(0.2)	(0.2)	(0.2)
Working capital changes	208.8	(7.8)	(30.6)	(2.5)
Non-cash items	12.1	12.1	12.1	12.1
Other operating cashflows	(1.6)	10.4	2.3	2.4
Investing	(66.5)	(22.2)	(31.8)	(32.5)
Capex (growth)	(21.9)	(22.2)	(31.8)	(32.5)
Investments	(44.5)	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	(0.2)	0.0	0.0	0.0
Financing	(1.9)	(26.7)	(33.6)	(32.7)
Dividend payments	(14.2)	(17.4)	(28.9)	(29.4)
Issue of shares	39.4	0.0	0.0	0.0
Proceeds from borrowings	(17.1)	0.0	0.0	0.0
Loan repayment	(9.9)	(9.3)	(4.7)	(3.3)
Others/interest paid	205.1	50.4	37.8	71.6
Net cash inflow (outflow)	151.1	359.8	410.2	448.0
Beginning cash & cash equivalent	3.6	0.0	0.0	0.0
Changes due to forex impact	359.8	410.2	448.0	519.6
Ending cash & cash equivalent	273.5	99.3	103.1	136.8

BALANCE SHEET

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Fixed assets	32.4	18.8	14.6	10.8
Other LT assets	133.3	93.0	101.6	106.5
Cash/ST investment	359.8	410.2	448.0	519.6
Other current assets	307.4	(15.3)	27.6	24.1
Total assets	832.9	506.7	591.8	660.9
ST debt	34.5	34.5	34.5	34.5
Other current liabilities	522.1	154.9	175.9	178.7
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	19.0	14.3	11.0	8.7
Shareholders' equity	250.2	295.9	363.3	431.8
Minority interest	7.2	7.2	7.2	7.2
Total liabilities & equity	832.9	506.7	591.8	660.9

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	21.3	24.8	27.8	28.3
Pre-tax margin	15.1	22.1	27.5	27.3
Net margin	11.7	17.1	21.2	21.1
ROA	4.4	9.4	17.6	15.7
ROE	12.0	23.1	29.3	24.7
Growth				
Turnover	18.1	52.8	22.6	2.2
EBITDA	59.6	77.5	37.7	4.0
Pre-tax profit	241.0	122.7	52.7	1.6
Net profit	342.1	122.6	52.6	1.6
Net profit (adj.)	342.1	122.6	52.6	1.6
EPS	338.0	122.6	52.6	1.6
Leverage				
Debt to total capital	11.8	10.2	8.5	7.3
Debt to equity	13.8	11.6	9.5	8.0
Net debt/(cash) to equity	(130.0)	(127.0)	(113.8)	(112.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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