

### COMPANY RESULTS

#### iFAST Corporation (IFAST SP)

2Q24: Steady AUA Growth; ePension On Track

iFAST's 2Q24 earnings of S\$16m (+346% yoy, +10% qoq) were above expectations, with 1H24 forming 53% of our full-year estimate. The HK ePension division and record AUA (+19% yoy, +6% qoq) continued to drive strong 2Q24 performance. According to the latest schedule published, two MPF trustees have been onboarded, while the remaining are expected to onboard from Sep 24 to end-25. Maintain HOLD with a 5% higher target price of S\$8.03 (S\$7.64 previously).

#### 2Q24/1H24 RESULTS

Year to 31 Dec (\$m)	2Q24	qoq% chg	yoy % chg	1H24	hoh % chg	yoy % chg
Revenue	93.8	9.1	72.9	179.7	21.1	66.2
Net revenue	61.4	5.7	93.0	119.5	20.9	90.2
Net revenue margin (%)	65.5	(2.1ppt)	6.8ppt	66.5	(0.1ppt)	8.4ppt
PATMI	16.0	10.3	346.1	30.5	40.6	364.8
PATMI margin (%)	17.1	0.2ppt	10.5ppt	17.0	2.4ppt	10.9ppt

Source: iFAST

#### RESULTS

- 2Q24 earnings slightly above expectations.** iFAST Corporation (iFAST) recorded PATMI of S\$16m in 2Q24 (+346% yoy; +10% qoq), on the back of a 73% yoy surge in revenue (+9% qoq). 1H24 revenue and PATMI formed 52%/53% of our 2024 estimate, slightly above our expectation. The stronger performance stems from higher contributions from the Hong Kong (HK) ePension division and rising momentum in its core wealth management platform business with improving market conditions. A higher second interim dividend of 1.5 S cents/share was proposed (2Q23: 1.1 S cents/share).
- AUA hit fourth consecutive record quarterly high since end-21.** Assets under administration (AUA) for iFAST reached S\$22.37b as of 30 Jun 24 (+19% yoy; +6% qoq), driven by higher net inflows of S\$0.79b (+45% yoy; +15% qoq). Management expects the group's AUA growth momentum to continue as it further expands and improves its platforms, targeting an AUA of S\$100b by 2028-30.
- Stable qoq performance from HK operations.** Net revenue of S\$28.5m (+3% qoq) and pre-tax profit of S\$13.3m (+0.8% qoq) from HK were relatively stable qoq. HK operation's AUA increased 9% both qoq and yoy to S\$2.69b as of 30 Jun 24. The ePension division continues to be the main revenue driver, contributing its 3rd full quarter of revenue.
- Continued but narrowing losses in China and the UK.** China saw lower pretax losses of S\$1.67m in 2Q24 (1Q24: S\$1.71m), while the UK bank saw narrowing losses from S\$2.3m in 1Q24 to S\$1.6m in 2Q24. For China, further reduction of expenses via better resource allocation and lower rent is expected to come through in 2H24.

#### KEY FINANCIALS

Year to 31 Dec (\$m)	2022	2023	2024F	2025F	2026F
Net turnover	205	243	362	446	456
EBITDA	32	52	88	124	129
Operating profit	12	28	63	97	98
Net profit (rep./act.)	6	28	60	95	96
Net profit (adj.)	6	28	60	95	96
EPS (S\$ cents)	2.1	9.3	19.8	31.2	31.5
PE (x)	352.4	80.5	37.9	24.1	23.8
P/B (x)	9.9	8.8	7.6	6.2	5.2
EV/EBITDA (x)	57.6	36.1	21.3	15.0	14.5
Dividend yield (%)	0.6	0.6	0.8	1.3	1.3
Net margin (%)	3.1	11.7	16.6	21.3	21.1
Net debt/(cash) to equity (%)	(62.4)	(130.0)	(128.0)	(114.8)	(113.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	3.7	12.0	22.2	29.1	24.5
Consensus net profit	-	-	58	96	108
UOBKH/Consensus (x)	-	-	1.04	0.99	0.89

Source: Bloomberg, UOB Kay Hian

### HOLD

(Maintained)

Share Price	S\$7.50
Target Price	S\$8.03
Upside	+12.6%
(Previous TP)	S\$7.64

#### 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):	2,234.7
Market cap (US\$m):	1,662.8
3-mth avg daily t'over (US\$m):	2.8

#### Price Performance (%)

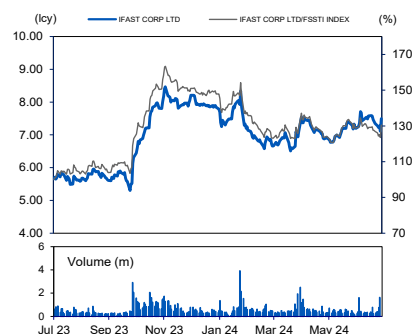
52-week high/low	S\$ 8.47/S\$ 5.30			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
2.3	5.6	(4.3)	52.4	(8.6)

#### Major Shareholders

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

FY24 NAV/Share (S\$)	0.99
FY24 Net Cash/Share (S\$)	1.27

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

**Heidi Mo**  
+65 6590 6630  
heidimo@uobkayhian.com

**John Cheong**  
+65 6590 6623  
johncheong@uobkayhian.com

### STOCK IMPACT

- UK bank further grows deposit base; new services rolled out.** iFAST Global Bank (iGB) saw a 26% qoq surge in customer deposits to £376.9m (about S\$646.6m) in 2Q24, mostly held with the Bank of England, other banks and in bonds. It also made its first foray into secured lending, launching Margin Finance lending to iFAST customers in Singapore. For Digital Transaction Banking, it successfully onboarded its first UK regulated broker customers in 2Q24 and began rollouts of its new system and product enhancements in Jul 24. Moving forward, iGB also plans to launch a debit card by end-24. Management maintains its focus on providing a better customer experience to solidify its position in the sector and expects it to be a growth driver from 2025.
- ePension division on track, contributions stable for third quarter.** We estimate that the profit before tax (PBT) contribution in 2Q24 was stable at S\$11m-12m, similar to 1Q24 and 4Q23. We are of the view that iFAST is progressing steadily toward its PBT guidance for its HK operations of >HK\$250m for 2024. On 24 May 24, the latest onboarding schedule for the 24 schemes managed by 12 Mandatory Provident Fund (MPF) trustees to the eMPF platform was released. The schemes will be onboarded in ascending order of asset-under-management (AUM). Its first trustee was onboarded on 26 Jun 24, while the second will be onboarded today. In 2H24, another three trustees will be onboarded, while the remaining seven are tentatively scheduled for 2025.

### EARNINGS REVISION/RISK

- We lift our 2024-26 earnings forecasts by 6-7%,** after factoring in higher-than-expected growth in the AUA. We now project a 21% yoy growth in AUA for 2024, up from 13% previously.
- No change to HK ePension division estimates.** While the HK ePension division has contributed significantly, only two out of 24 schemes under the MPF System have been onboarded in ascending order of their AUM. Generally, schemes with smaller AUM will face fewer technical challenges. Considering technical and operational risks for schemes with larger AUMs, we remain conservative and forecast the contribution as guided despite the better-than-expected performance thus far.

### VALUATION/RECOMMENDATION

- Maintain HOLD with a 5% higher PE-based target price of S\$8.03 (S\$7.64 previously),** based on 25x 2025F EPS valuation. This is pegged to 1.0SD below its historical mean, as valuations appear rich. The stock has a lower ROE yet trades at a lofty 40x 2024F PE in comparison to its peers' average of 23x.

### SHARE PRICE CATALYST

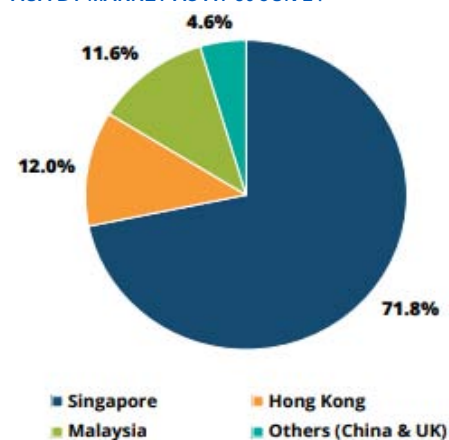
- Faster onboarding of trustees to the eMPF platform.
- Higher-than-expected growth in AUA.
- Earlier-than-expected breakeven for iGB.

### PEER COMPARISON

Company	Ticker	Price @ 26 Jul 24 (1cy)	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	229.00	37,192	24.4	23.6	22.6	5.7	5.5	5.3	4.3	4.1	3.9	(452.4)	23.4
Hong Kong Exchanges & Clearing	388 HK	9.68	7,700	18.1	19.7	19.1	6.1	5.8	5.3	14.3	13.9	13.5	(41.2)	30.7
Bursa Malaysia	BURSA MK	9.79	1,701	31.4	26.5	25.7	9.6	9.3	9.0	11.5	9.1	8.8	(517.6)	36.0
<b>Average</b>				<b>24.6</b>	<b>23.3</b>	<b>22.5</b>	<b>7.1</b>	<b>6.8</b>	<b>6.5</b>	<b>10.1</b>	<b>9.1</b>	<b>8.7</b>	<b>(337.0)</b>	<b>30.0</b>
iFAST	IFAST SP	7.5	1,663	78.2	40.3	25.3	8.8	7.6	6.3	28.6	20.9	14.5	(183.5)	21.0

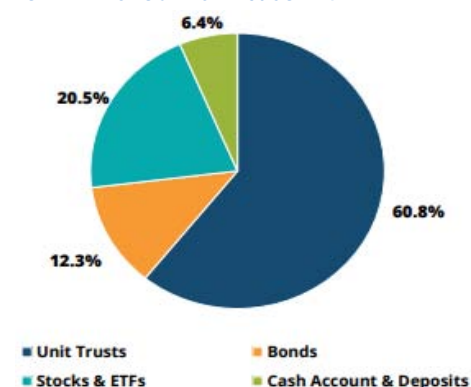
Source: iFAST, Bloomberg, UOB Kay Hian

### AUA BY MARKET AS AT 30 JUN 24



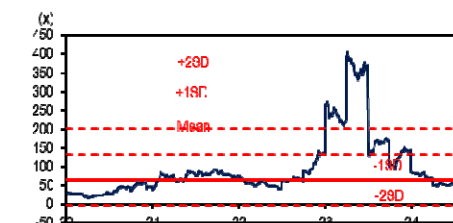
Source: iFAST

### AUA BY PRODUCT AS AT 30 JUN 24



Source: iFAST

### FORWARD PE BAND



Source: Bloomberg, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Net turnover	242.5	362.1	445.7	455.6
EBITDA	51.7	87.7	124.4	129.0
Deprec. & amort.	23.5	24.6	27.4	31.3
EBIT	28.2	63.1	97.0	97.7
Total other non-operating income	(5.1)	(8.5)	(0.6)	(0.6)
Associate contributions	0.2	0.2	0.2	0.2
Net interest income/(expense)	13.2	23.0	25.9	26.9
Pre-tax profit	36.7	78.0	122.8	124.3
Tax	(9.6)	(20.4)	(32.1)	(32.5)
Minorities	1.3	2.7	4.2	4.3
Net profit	28.4	60.3	94.9	96.1
Net profit (adj.)	28.4	60.3	94.9	96.1

### CASH FLOW

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Operating	273.5	98.2	101.7	134.7
Pre-tax profit	36.6	77.8	122.6	124.2
Tax	(5.7)	(20.4)	(32.1)	(32.5)
Deprec. & amort.	23.5	24.6	27.4	31.3
Associates	(0.3)	(0.2)	(0.2)	(0.2)
Working capital changes	208.8	(5.9)	(30.4)	(2.5)
Non-cash items	12.1	12.1	12.1	12.1
Other operating cashflows	(1.6)	10.2	2.3	2.3
Investing	(66.5)	(21.7)	(31.2)	(31.9)
Capex (growth)	(21.9)	(21.7)	(31.2)	(31.9)
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)	(33.1)	(32.1)
Dividend payments	(14.2)	(17.4)	(28.4)	(28.8)
Issue of shares	(0.7)	0.0	0.0	0.0
Proceeds from borrowings	39.4	0.0	0.0	0.0
Loan repayment	(17.1)	0.0	0.0	0.0
Others/interest paid	(9.2)	(9.3)	(4.7)	(3.3)
Net cash inflow (outflow)	205.1	49.7	37.4	70.7
Beginning cash & cash equivalent	151.1	359.8	409.6	446.9
Changes due to forex impact	3.6	0.0	0.0	0.0
Ending cash & cash equivalent	359.8	409.6	446.9	517.6

### BALANCE SHEET

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Fixed assets	32.4	18.7	14.5	10.6
Other LT assets	133.3	92.6	100.8	105.4
Cash/ST investment	359.8	409.6	446.9	517.6
Other current assets	307.4	(20.5)	22.4	18.7
<b>Total assets</b>	<b>832.9</b>	<b>500.4</b>	<b>584.6</b>	<b>652.3</b>
ST debt	34.5	34.5	34.5	34.5
Other current liabilities	522.1	151.5	172.7	175.5
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	293.0	359.3	426.5
Minority interest	7.2	7.2	7.2	7.2
<b>Total liabilities &amp; equity</b>	<b>832.9</b>	<b>500.4</b>	<b>584.6</b>	<b>652.3</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	21.3	24.2	27.9	28.3
Pre-tax margin	15.1	21.5	27.5	27.3
Net margin	11.7	16.6	21.3	21.1
ROA	4.4	9.0	17.5	15.5
ROE	12.0	22.2	29.1	24.5
<b>Growth</b>				
Turnover	18.1	49.3	23.1	2.2
EBITDA	59.6	69.7	41.8	3.7
Pre-tax profit	241.0	112.4	57.4	1.3
Net profit	342.1	112.3	57.4	1.3
Net profit (adj.)	342.1	112.3	57.4	1.3
EPS	338.0	112.3	57.4	1.3
<b>Leverage</b>				
Debt to total capital	11.8	10.3	8.6	7.4
Debt to equity	13.8	11.8	9.6	8.1
Net debt/(cash) to equity	(130.0)	(128.0)	(114.8)	(113.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

**IMPORTANT DISCLOSURES FOR U.S. PERSONS**

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

**Analyst Certification/Regulation AC**

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2024, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W