

# ACTINVER: 3Q23 Results

Significant growth in the financial margin offset by lower trading gains; AUM's reach MXN\$203 billion

ACTINVR B	BUY
Target Price (MXN\$)	\$ 19.50
Current Price (MXN\$)	\$ 14.65
Min / Max (L12M)	\$11.99 - 14.65
Expected Dividend (MXN\$)	\$ 0.45
Expected Return	36.2%
Market Cap (MXN\$ Mn)	7,823
Outstanding Shares (Mn)	534.0
Float	34.2%
6-month ADTV (MXN\$ Mn)	\$ 0.7

## Opinion and recommendation

ACTINVER delivered an outstanding performance which was above our projections in terms of financial margin and adjusted financial margin, supported by higher interest rates. Additionally, net commissions grew at a double-digit rate. However, net profits were below our expectations due to lower trading gains as a result of market volatility.

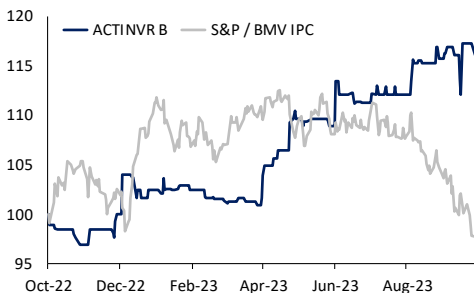
We reiterate our BUY recommendation with a MXN\$19.50/share target price. The valuation of ACTINVER shares continues to be attractive 0.9x P/BV and 6.2x projected P/E.

## AUM's / Loan portfolio

Assets under management reached MXN\$203 billion, up 13% YoY. ACTINVER maintained its position as the country's 5th largest asset manager with a 6.18% market share, supported by its wide offering of financial products, extensive distribution, digital strategy, and hybrid service model.

New funds under custody were MXN\$12 billion in the quarter, mainly in private banking and wealth management, of which 66% was through digital segments. The company registered 14,800 new clients in the period, reaching 385,000 in total.

It maintained a conservative strategy in the credit business with an increase of 1.7% in the total portfolio, below the 5.4% in 2Q23.



### 3Q23 Results

ACTINVER continued to benefit from higher interest rates, which boosted the financial margin by 41%. Although the company created higher reserves, the adjusted financial margin rose 27%. Net commissions grew 11% mainly supported by the expansion of the asset management, trust, and special portfolios businesses.

However, trading revenues decreased 66% due to financial market volatility. This resulted in a 5% reduction in operating revenues. Additionally, administrative expenses advanced 12% on higher compensation.

Net profits fell 52% to MXN\$137 million. Despite this situation, ROE improved significantly to 14.1% in 3Q23, from 10.8% in 3Q22, although below the 16.4% in 2Q23.

(Figures in MXN\$ Mn)	3Q23	3Q23E	Diff.	3Q22	Change
Interest Income	3,277	3,101	5.6%	2,086	57.1%
Interest Expense	-2,715	-2,617	3.8%	-1,688	60.8%
Financial Margin	562	485	15.8%	398	41.3%
Provisions	-91	-46	98.4%	-29	216.1%
Adjusted Financial Margin	470	439	7.2%	369	27.6%
Commissions and Fees Charged	970	985	-1.5%	880	10.2%
Commissions and Fees Paid	-80	-81	-1.3%	-77	3.6%
Trading Results	94	264	-64.4%	294	-67.9%
Other Operating Income (Expenses)	-5	21	-122.9%	65	-107.4%
Administration and Promotion Expenses	-1,249	-1,223	2.1%	-1,112	12.3%
Operating Result	201	405	-50.4%	419	-52.0%
Participation in Associate Results	0	-1	n.a.	-1	n.a.
Pre-Tax profit	201	404	-50.2%	418	-51.9%
Taxes	-60	-121	-50.2%	-127	-52.5%
Net Profit Before Minorities	141	283	-50.2%	291	-51.6%
Minority Participation	-4	-4	-9.5%	-2	73.4%
Net Profit	137	279	-50.8%	288	-52.5%

### Gordon Shapiro Model

(Figures in MXN\$ Mn)

<b>Stockholder's Equity 2024E</b>	<b>9,716</b>
Long-Term ROE	19.1%
Cost of Equity	18.1%
Risk-Free Rate	10.2%
Market Risk Premium	6.0%
Beta	1.314
<b>Perpetuity Growth Rate</b>	<b>4.5%</b>
Equity Value	10,414
Oustanding Shares	534
<b>Target Price / Share</b>	<b>\$ 19.50</b>
Current Price / Share	\$ 14.65
Expected Dividend	\$ 0.45
Total Return inc/ Dividend	36.2%
Target P/BV	1.1x
Target P/E (Forward)	7.5x

### Sensitivity Analysis of the Target Price, P/BV vs. Book Value

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>St. Equity</b>	<b>8,769</b>	<b>9,230</b>	<b>9,716</b>	<b>10,202</b>	<b>10,712</b>
<b>Target P/BV</b>					
0.5x	7.75	8.16	8.59	9.01	9.47
0.7x	11.03	11.61	12.22	12.84	13.48
0.9x	14.32	15.07	15.86	16.66	17.49
<b>1.1x</b>	<b>17.60</b>	<b>18.53</b>	<b>19.50</b>	<b>20.48</b>	<b>21.50</b>
1.3x	20.88	21.98	23.14	24.30	25.51
1.5x	24.17	25.44	26.78	28.12	29.52

### Sensitivity Analysis of the Target Price, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected Net Profit</b>	<b>1,252</b>	<b>1,317</b>	<b>1,387</b>	<b>1,456</b>	<b>1,529</b>
<b>Target P/E</b>					
4.5x	10.57	11.13	11.71	12.30	12.91
5.5x	12.91	13.59	14.31	15.02	15.77
6.5x	15.26	16.06	16.91	17.75	18.64
<b>7.5x</b>	<b>17.60</b>	<b>18.53</b>	<b>19.50</b>	<b>20.48</b>	<b>21.50</b>
8.5x	19.94	20.99	22.10	23.20	24.36
9.5x	22.29	23.46	24.70	25.93	27.23

(Figures in Millions of Pesos)

<b>INCOME STATEMENT</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Interest Income	7,958	12,651	12,800	13,135	13,548	14,078	14,858
Interest Expense	- 6,305	- 10,633	- 10,522	- 10,767	- 10,920	- 11,280	- 11,886
Financial Margin	1,653	2,018	2,278	2,368	2,627	2,798	2,973
Provisions	- 177	- 223	- 252	- 265	- 278	- 292	- 307
Adjusted Financial Margin	1,475	1,795	2,025	2,103	2,349	2,506	2,666
Commissions and Fees Charged	3,563	3,833	4,310	4,843	5,386	5,927	6,459
Commissions and Fees Paid	- 353	- 327	- 344	- 361	- 379	- 398	- 418
Trading Results	1,227	1,005	1,296	1,361	1,429	1,500	1,575
Other Operating Income (Expenses)	108	143	92	104	116	128	140
Administration and Promotion Expenses	- 4,651	- 5,029	- 5,524	- 6,021	- 6,503	- 7,023	- 7,515
Operating Result	1,369	1,420	1,856	2,028	2,398	2,640	2,907
Participation in Associate Results	- 7	6	6	6	6	7	7
Pre-Tax profit	1,362	1,426	1,861	2,034	2,405	2,647	2,914
Taxes	- 398	- 432	- 558	- 610	- 721	- 794	- 874
Net Profit Before Minorities	963	994	1,303	1,424	1,683	1,853	2,040
Minority Participation	- 9	- 16	- 34	- 37	- 44	- 48	- 53
Net Profit	954	978	1,269	1,387	1,639	1,804	1,986
Total Income	12,857	17,633	18,498	19,442	20,479	21,634	23,032
Operating Income	6,020	6,449	7,380	8,049	8,901	9,663	10,422
<b>BALANCE SHEET</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
TOTAL ASSETS	102,755	145,941	152,722	161,279	170,311	179,856	189,961
Total Loan Portfolio (Net)	28,060	29,463	30,936	34,030	37,433	41,176	45,294
TOTAL LIABILITIES	94,839	137,252	143,006	150,431	158,089	166,510	175,322
Traditional Deposits	47,465	42,719	44,855	47,097	49,452	51,925	54,521
Stockholders' Equity	7,916	8,689	9,716	10,849	12,222	13,346	14,639
<b>OTHER INDICATORS / FINANCIAL RATIOS</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Assets Under Management (MXN\$ Bn)	183	214	250	286	322	358	394
Total Assets Under Custody (MXN\$ Bn)	556	676	757	849	941	1,033	1,123

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