

ACTINVER: 2Q24 Results

Positive quarter with high growth in the main indicators; the digitalization process continues

ACTINVR B	BUY
Target Price (MXN\$)	\$ 22.00
Current Price (MXN\$)	\$ 16.00
Min / Max (L12M)	\$13.87 - 16.76
Expected Dividend (MXN\$)	\$ 0.54
Expected Return	40.9%
Market Cap (MXN\$ Mn)	8,480
Outstanding Shares (Mn)	530.0
Float	34.2%
6-month ADTV (MXN\$ Mn)	\$ 1.1

Opinion and recommendation

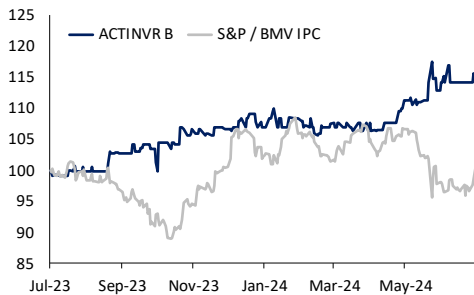
ACTINVER reported positive 2Q24 results with strong growth in AUM's, credit portfolio, financial margin, adjusted financial margin, net commissions and net profits.

We reiterate our BUY recommendation with a MXN\$22.0/share target price. The valuation of ACTINVER shares is appealing as they currently trading at 0.9x P/BV and 6.6x projected P/E, based on our updated model.

2Q24 Results

ACTINVER operating revenues were up 12% YoY. The financial margin increased 61% to MXN\$744 million (vs. our MXN\$644 million projection) driven primarily by higher interest earned given that interest expenses remained stable. Despite the fact that reserves reached MXN\$157 million, the adjusted financial margin grew 39% to MXN\$587 million (in line). In addition, net commissions and fees advanced 19% as a result of the expansion of the asset management business, and higher client and insurance commissions. However, trading results decreased 53%, while administration and promotion expenses rose 12%. The latter was due to the company's strategy of accelerating hiring to bolster business growth and the digitalization process. For its part, net profits were up 22% to MXN\$275 million (vs. MXN\$308 million E), which translated into a L12M ROE of 12.3%. Net margin improved to 14.81%, from 13.70%.

AUM's increased 17% to MXN\$227 billion (MXN\$235 billion including funds of funds). This included MXN\$14 billion during the last twelve months, of which 75% were new deposits. ACTINVER maintained its position as the country's fifth largest mutual fund operator with a 6.16% market share, excluding funds of funds.



The net loan portfolio accelerated slightly as it posted an 8% annual growth this quarter, from 6.5% in 1Q24, mainly in the commercial loan segment. However, the NPL ratio was 3.43% in 2Q24, up from 2.30% in 2Q23. The bank's capitalization index improved to 19.84%.

ACTINVER continued to move forward in its digitization strategy as it captured 9,600 additional customers during the quarter, of which 50% was through digital platforms. One of the company's strategic pillars is the optimization of the operating model and the adoption of cutting-edge technologies for digital transformation.

(Figures in MXN\$ Mn)	2Q24	2Q24E	Diff.	2Q23	Change
Operating Income	1,858	1,913	-2.9%	1,656	12.2%
Financial Margin	744	644	15.6%	463	60.7%
Provisions	-157	-53	196.7%	-41	286.7%
Adjusted Financial Margin	587	591	-0.7%	423	38.9%
Commissions and Fees Charged	1,145	1,108	3.3%	973	17.7%
Commissions and Fees Paid	-86	-84	1.3%	-80	6.4%
Trading Results	169	262	-35.4%	357	-52.6%
Other Operating Income (Expenses)	43	37	15.5%	-16	-367.2%
Administration and Promotion Expenses	-1,478	-1,470	0.5%	-1,324	11.6%
Operating Result	380	443	-14.3%	332	14.7%
Net Profit	275	308	-10.6%	227	21.4%

Gordon Shapiro Model

(Figures in MXN\$ Mn)

Stockholder's Equity 2024E	9,456
Long-Term ROE	20.0%
Cost of Equity	17.1%
Risk-Free Rate	10.4%
Market Risk Premium	6.0%
Beta	1.120
Perpetuity Growth Rate	4.7%
Equity Value	11,659
Oustanding Shares	530
Target Price / Share	\$ 22.00
Current Price / Share	\$ 16.00
Expected Dividend	\$ 0.54
Total Return inc/ Dividend	40.9%
Target P/BV	1.2x
Target P/E (Forward)	7.1x

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

	-10%	-5%	<i>Original</i>	+5%	+10%
St. Equity	8,534	8,983	9,456	9,929	10,425
Target P/BV					
0.6x	10.19	10.73	11.29	11.86	12.45
0.8x	13.41	14.12	14.86	15.60	16.38
1.0x	16.63	17.51	18.43	19.35	20.32
1.2x	19.85	20.90	22.00	23.10	24.25
1.4x	23.07	24.29	25.57	26.84	28.19
1.6x	26.29	27.68	29.13	30.59	32.12

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

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	1,488	1,567	1,649	1,732	1,818
Target P/E					
4.1x	11.43	12.03	12.66	13.30	13.96
5.1x	14.24	14.99	15.77	16.56	17.39
6.1x	17.04	17.94	18.89	19.83	20.82
7.1x	19.85	20.90	22.00	23.10	24.25
8.1x	22.66	23.85	25.11	26.36	27.68
9.1x	25.47	26.81	28.22	29.63	31.11

(Figures in Millions of Pesos)

INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Interest Income	12,771	13,822	14,208	14,740	15,294	15,984	16,707
Interest Expense	- 10,635	- 10,856	- 11,011	- 11,274	- 11,557	- 12,065	- 12,594
Financial Margin	2,136	2,966	3,197	3,466	3,736	3,918	4,113
Provisions	- 201	- 379	- 358	- 376	- 394	- 414	- 435
Adjusted Financial Margin	1,935	2,587	2,839	3,090	3,342	3,504	3,678
Commissions and Fees Charged	3,844	4,541	5,108	5,611	6,112	6,602	7,114
Commissions and Fees Paid	- 326	- 336	- 352	- 370	- 389	- 408	- 428
Trading Results	1,202	1,020	1,071	1,124	1,181	1,240	1,302
Other Operating Income (Expenses)	88	80	180	184	190	196	202
Administration and Promotion Expenses	- 5,125	- 5,879	- 6,467	- 7,082	- 7,719	- 8,298	- 8,879
Operating Result	1,618	1,852	2,379	2,558	2,716	2,835	2,989
Participation in Associate Results	7	19	19	20	21	23	24
Pre-Tax profit	1,626	1,871	2,398	2,578	2,738	2,858	3,012
Taxes	- 476	- 560	- 719	- 774	- 821	- 857	- 904
Net Profit Before Minorities	1,149	1,311	1,679	1,805	1,917	2,001	2,109
Minority Participation	- 15	- 22	- 29	- 32	- 34	- 35	- 37
Net Profit	1,135	1,289	1,649	1,773	1,883	1,965	2,072
Operating Income	6,743	7,732	8,846	9,640	10,436	11,134	11,868
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	129,662	138,608	145,405	152,495	159,902	167,648	175,757
Total Loan Portfolio (Net)	29,370	31,720	34,257	36,998	39,958	43,154	46,606
TOTAL LIABILITIES	120,868	129,152	134,600	140,233	146,488	153,016	159,819
Traditional Deposits	45,099	48,707	51,142	53,699	56,384	59,204	62,164
Stockholders' Equity	8,794	9,456	10,805	12,263	13,414	14,632	15,938

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