

# iFAST Corporation Ltd.

A One-Stop Investment Platform

SINGAPORE | FINANCE | UPDATE

- Launched FSMOne account for investors in Singapore to invest in multiple products via one account
- Bond Express platform allows bite-sized bond investments from S\$5,000, available only to accredited investors
- Introduction of FSM MAPS, a robo-advisory portfolio
- **Maintain “BUY” with unchanged target price of S\$1.275**

## What is the news?

iFAST has launched a one-stop investment platform, FSMOne ([www.fsmone.com](http://www.fsmone.com)), which provides Singapore investors access to funds, bonds, stocks, ETFs, insurance products and robo-advisory portfolios via one single account. Investors using its B2C platform, Fundsupermart, can now enjoy the no-frills multi-product platform at competitive pricing. We expect the enhanced seamless investor experience could drive more account openings, and potentially translate to higher AUA.

## Competitive rates, a value proposition to cost-sensitive customers

Stocks and ETFs listed on SGX and HKEX can now be traded at low transactional commission rates of 0.12% for stocks and 0.08% for ETFs. Minimum charge is set at S\$10 for SGX listed stocks and ETFs and HK\$50 for HKEX listed stocks and ETFs. Permanent 0% sales charge for all funds and Unit Trusts. Insurance products come with a 30% to 40% commission rebate structure for all clients. Presently, major brokerages in Singapore charge between 0.20% and 0.28% commission rates and minimum charge is between S\$25 and S\$28.

## Revamped Bond Express platform: better transparency and more affordable pricing

Accredited investors can now execute immediate trades on selected bonds on the Bonds Express platform via the FSMOne account. The Bonds Express sales channel is a fundamental shift away from the conventional way bond sales are handled. Accredited investors who trade bonds in the wholesale market are usually frustrated with volatile quoted prices between phone calls to bankers and agents who quote the prices. In addition, the Bond Express platform breaks up the minimum investment amount of S\$250,000 in the whole sale bond market into smaller investment amount from S\$5,000. Accredited investors can now create an affordably diversified portfolio of bonds and minimise risks. We expect the Bonds Express platform to further strengthen iFAST’s value proposition to investors ahead of competitors in the bonds market and potentially open up its market making capabilities in the bonds market. The platform will begin with 17 bonds, consisting of 10 wholesale bonds and 7 are retail bonds. Bonds Express charges 0.35% per trade subject to a minimum S\$10 charge.

## Ahead of the game with robo-advisory portfolios (FSM MAPS).

FSM (Fundssupermart.com) MAPS (My Assisted Portfolio Solution) offers 5 different portfolios ranging from conservative to aggressive for investors with different risk appetites and investment objectives. The robo-advisory portfolios are intended to assist investors to make timely rebalancing to their portfolios in times of volatility. This fills an important gap for investors who are unable to dedicate time to manage their portfolios and wish to find a cost effective investment solution to navigate through market volatility. The sales charges for FSM MAPS robo-advisory portfolios is 0%.

**Maintain “Buy” with unchanged target price of S\$1.275**, based on 25x PER on an estimated 5.1 cents FY17F EPS. Leveraging the FSMOne account, iFAST will be able to capture more market share with the low cost strategy and improve its long tail marketing with the multi-product market place platform strategy.

9 December 2016

## Buy (Maintain)

|                   |            |
|-------------------|------------|
| LAST TRADED PRICE | SGD 0.855  |
| FORECAST DIV      | SGD 0.0272 |
| TARGET PRICE      | SGD 1.275  |
| TOTAL RETURN      | 52.30%     |

## COMPANY DATA

|                                |            |
|--------------------------------|------------|
| O/S SHARES (MN) :              | 262        |
| MARKET CAP (USD mn / SGD mn) : | 166 / 223  |
| 52 - WK HWLO (SGD) :           | 143 / 0.79 |
| 3M Average Daily T/O (mn) :    | 0.7        |

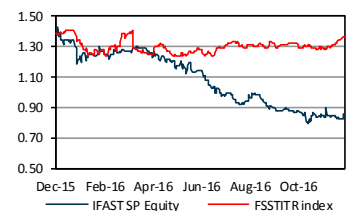
## MAJOR SHAREHOLDERS (%)

|                 |        |
|-----------------|--------|
| Lim Chung Chun  | 20.59% |
| SPH Asiaone Ltd | 16.6%  |
| Wee Kian Lim    | 7.44%  |
| Schroders PLC   | 5.49%  |

## PRICE PERFORMANCE (%)

|           | 1M TH | 3M TH | 1Y R   |
|-----------|-------|-------|--------|
| COMPANY   | 0.6   | (4.8) | (35.7) |
| STIRETURN | 5.82  | 2.54  | 6.5    |

## PRICE VS. STI



Source: Bloomberg, PSR

## KEY FINANCIALS

| Y/E Dec              | FY 15 | FY 16 F | FY 17 F | FY 18 F |
|----------------------|-------|---------|---------|---------|
| Net Revenue (SGD mn) | 42    | 41      | 56      | 77      |
| NPAT (SGD mn)        | 12    | 6       | 13      | 18      |
| EPS (Cents)          | 4.65  | 2.41    | 5.10    | 7.32    |
| P/E (X)              | 218   | 38.6    | 18.2    | 12.7    |
| BVPS (Cents)         | 29.34 | 30.25   | 33.76   | 39.58   |
| P/B (X)              | 3.40  | 3.10    | 2.80    | 2.30    |
| DPS (Cents)          | 2.72  | 2.72    | 2.72    | 2.72    |
| Div. Yield (%)       | 2.8%  | 2.9%    | 2.9%    | 2.9%    |

Source: Company Data, PSR estimates

Valuation: P/E Multiple @ 25x

Jeremy Teong (+65 6212 1863)

jeremyteongfh@phillip.com.sg

Fig 1. Net Revenue (\$mn)

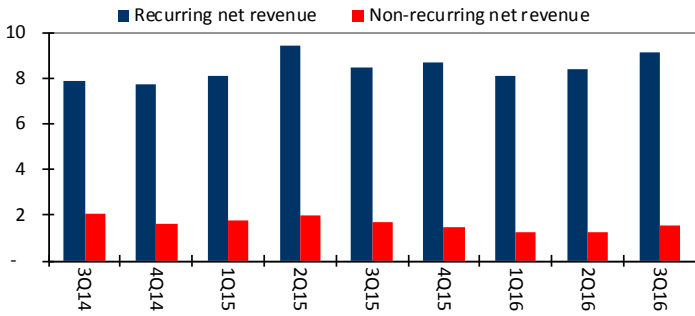


Fig 2. Other Operating Income (\$'000)

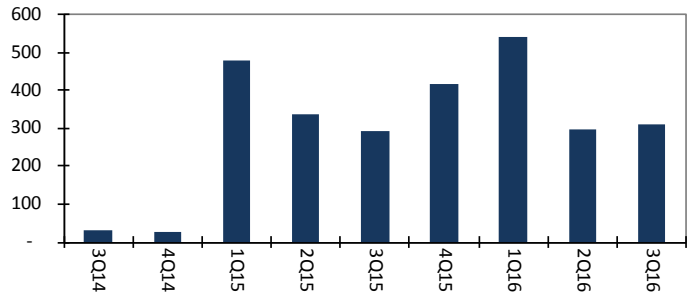


Fig 3. Operating Expense to Net Revenue (%)

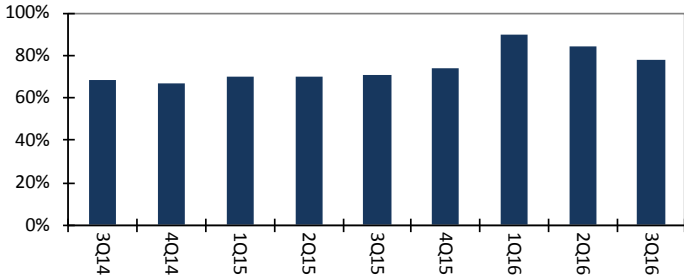


Fig 4. Net Profit Margin based on Net Revenue (%)

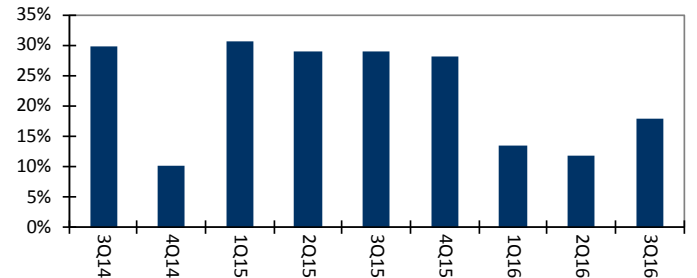


Fig 5. Net Revenue and Operating profit growth (%)

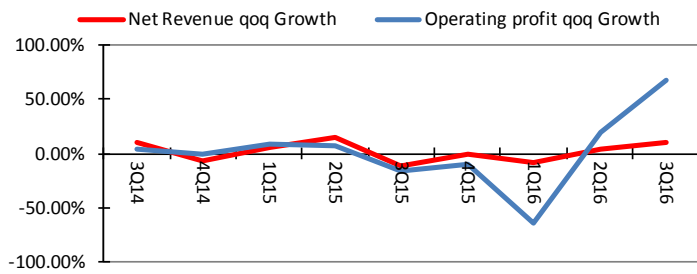


Fig 6. AUA of Investment products (\$bn)

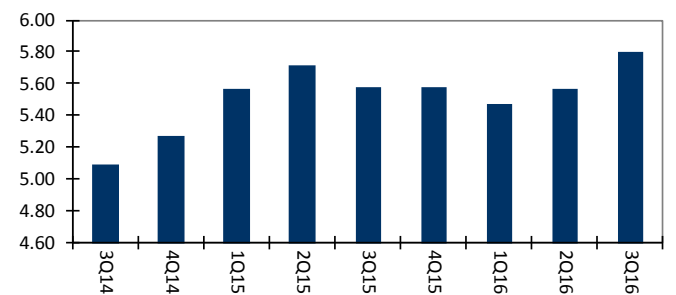


Fig 7. Quarterly Net Revenue to AUA ratio (Bps)

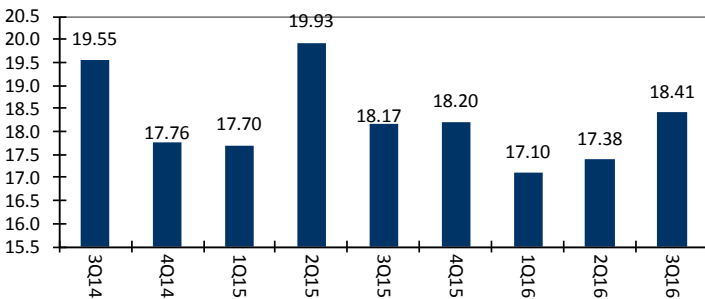


Fig 8. Net Profit (\$'000)

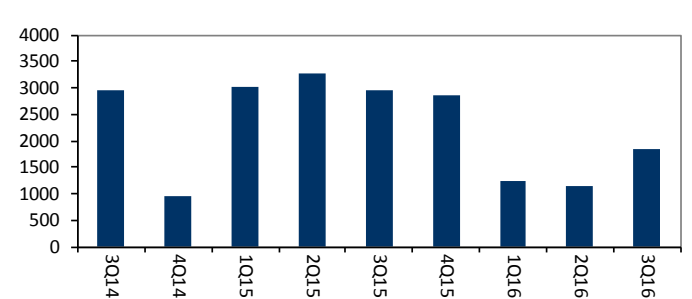


Fig 9. Annualised Net Revenue to average AUA ratio (Bps)

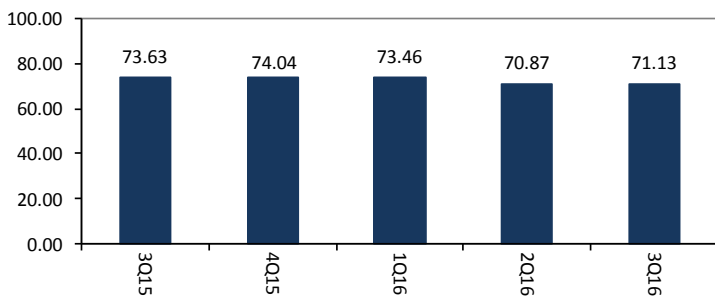
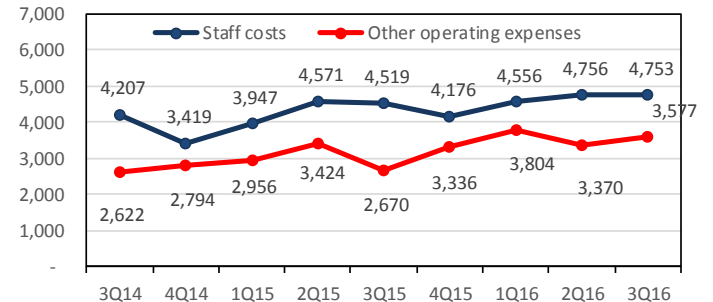


Fig 10. Staff costs and other operating costs (\$'000)



Source (Fig 1 - Fig 10): Company, Phillip Securities Research

## Financials

## Income Statement

| Y/E Dec, SGD'000            | FY14          | FY15          | FY16e         | FY17e         | FY18e         |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Recurring net revenue       | 29,483        | 34,647        | 35,113        | 48,400        | 67,057        |
| Non-recurring net revenue   | 7,204         | 6,887         | 5,619         | 7,232         | 10,120        |
| <b>Net Revenue</b>          | <b>36,687</b> | <b>41,534</b> | <b>40,732</b> | <b>55,632</b> | <b>77,176</b> |
| Other Operating Income      | 236           | 1,525         | 1,361         | 1,605         | 1,822         |
| Operating expenses          | -26,137       | -31,083       | -36,282       | -44,148       | -60,504       |
| <b>Operating profit</b>     | <b>10,786</b> | <b>11,976</b> | <b>5,811</b>  | <b>13,090</b> | <b>18,494</b> |
| Net finance income          | 96            | 799           | 855           | 919           | 1,008         |
| Associates & JVs            | -14           | -24           | -88           | 0             | 0             |
| <b>Profit Before Tax</b>    | <b>10,868</b> | <b>12,751</b> | <b>6,578</b>  | <b>14,008</b> | <b>19,502</b> |
| Taxation                    | -393          | -651          | -601          | -986          | -1,372        |
| <b>Net Income, reported</b> | <b>10,475</b> | <b>12,100</b> | <b>5,977</b>  | <b>13,023</b> | <b>18,130</b> |
| <b>Net Income, adj.</b>     | <b>8,564</b>  | <b>12,100</b> | <b>6,301</b>  | <b>13,023</b> | <b>18,130</b> |

## Per share data (SG Cents)

| Y/E Dec, SG Cents | FY14  | FY15  | FY16e | FY17e | FY18e |
|-------------------|-------|-------|-------|-------|-------|
| EPS, reported     | 4.18  | 4.65  | 2.41  | 5.10  | 7.32  |
| EPS, diluted      | 4.10  | 4.50  | 2.36  | 4.96  | 7.11  |
| DPS               | 0.00  | 2.72  | 2.72  | 2.72  | 2.72  |
| BVPS              | 26.11 | 29.34 | 30.25 | 33.76 | 39.58 |

## Cashflow Statements (SGD mn)

| Y/E Dec, SGD'000                                  | FY14           | FY15           | FY16e          | FY17e          | FY18e          |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>CFO</b>                                        |                |                |                |                |                |
| Net Profit                                        | 8,564          | 12,100         | 6,301          | 13,023         | 18,130         |
| Depreciation & Amortisation                       | 995            | 1,484          | 2,779          | 3,247          | 4,294          |
| WC changes                                        | -1,454         | 327            | -2,875         | -3,142         | -4,605         |
| Others                                            | 2,550          | -140           | 730            | -326           | -555           |
| Cash generated from ops                           | 10,655         | 13,771         | 6,935          | 12,802         | 17,265         |
| Taxes paid, net                                   | -535           | -301           | -808           | -986           | -1,372         |
| Interest received                                 | 96             | 717            | 961            | 919            | 1,008          |
| <b>Cashflow from operations</b>                   | <b>10,216</b>  | <b>14,187</b>  | <b>7,087</b>   | <b>12,735</b>  | <b>16,901</b>  |
| <b>CFI</b>                                        |                |                |                |                |                |
| CAPEX, net                                        | -2,575         | -5,688         | -5,876         | -8,189         | -11,038        |
| Net change in available-for-sale financial assets | -19,887        | -10,429        | -2,047         | -4,517         | -5,191         |
| Others                                            | -400           | 20             | -2,668         | 0              | 0              |
| <b>Cashflow from investments</b>                  | <b>-22,862</b> | <b>-16,097</b> | <b>-10,591</b> | <b>-12,707</b> | <b>-16,229</b> |
| <b>CFF</b>                                        |                |                |                |                |                |
| Loans, net of repayments                          | 0              | 0              | 0              | 0              | 0              |
| Dividends                                         | -10,918        | -7,085         | -7,295         | -6,954         | -6,745         |
| Share buyback                                     | 0              | 0              | -1,795         | 0              | 0              |
| Others                                            | 42,184         | 3,204          | 4,008          | 0              | 0              |
| <b>Cashflow from financing</b>                    | <b>31,266</b>  | <b>-3,881</b>  | <b>-5,082</b>  | <b>-6,954</b>  | <b>-6,745</b>  |
| Effect of FX fluctuations on cash held            | 87             | -77            | -444           | 0              | 0              |
| <b>Net change in cash</b>                         | <b>18,707</b>  | <b>-5,868</b>  | <b>-9,031</b>  | <b>-6,926</b>  | <b>-6,073</b>  |
| <b>CCE, end</b>                                   | <b>35,388</b>  | <b>29,520</b>  | <b>20,427</b>  | <b>13,501</b>  | <b>7,428</b>   |

Source: Company, Phillip Securities Research (Singapore) Estimates

\*Forward multiples &amp; yields based on current market price; historical multiples &amp; yields based on historical market price.

## Balance Sheet

| Y/E Dec, SGD'000                     | FY14          | FY15          | FY16e         | FY17e          | FY18e          |
|--------------------------------------|---------------|---------------|---------------|----------------|----------------|
| Financial assets, available-for-sale | 0             | 0             | 0             | 0              | 0              |
| Property, plant and equipment        | 1,857         | 2,438         | 2,409         | 3,834          | 6,164          |
| Intangibles                          | 1,792         | 5,163         | 9,597         | 13,308         | 17,927         |
| Investments in associated company    | 386           | 362           | 1,892         | 1,892          | 1,892          |
| Deferred tax assets                  | 22            | 4             | 0             | 0              | 0              |
| Others                               | 11            | 510           | 355           | 477            | 676            |
| <b>Total non-current assets</b>      | <b>4,068</b>  | <b>8,477</b>  | <b>14,254</b> | <b>19,512</b>  | <b>26,660</b>  |
| Cash and cash equivalents            | 35,388        | 29,520        | 20,427        | 13,501         | 7,428          |
| Trade and other receivables          | 18,856        | 19,877        | 21,590        | 30,385         | 43,276         |
| Financial assets, available-for-sale | 22,024        | 31,964        | 35,888        | 40,406         | 45,597         |
| Others                               | 757           | 1,442         | 1,348         | 1,896          | 2,667          |
| <b>Total current assets</b>          | <b>77,025</b> | <b>82,803</b> | <b>79,254</b> | <b>86,187</b>  | <b>98,969</b>  |
| <b>Total Assets</b>                  | <b>81,093</b> | <b>91,280</b> | <b>93,508</b> | <b>105,699</b> | <b>125,628</b> |
| Trade and other payables             | 13,555        | 13,836        | 13,878        | 19,531         | 27,817         |
| Current tax payable                  | 308           | 646           | 611           | 584            | 576            |
| <b>Total current liabilities</b>     | <b>13,863</b> | <b>14,482</b> | <b>14,489</b> | <b>20,115</b>  | <b>28,393</b>  |
| Deferred tax liabilities             | 207           | 239           | 228           | 235            | 233            |
| Other payables                       | 118           | 0             | 0             | 0              | 0              |
| <b>Total non-current liabilities</b> | <b>325</b>    | <b>239</b>    | <b>228</b>    | <b>235</b>     | <b>233</b>     |
| <b>Total Liabilities</b>             | <b>14,188</b> | <b>14,721</b> | <b>14,717</b> | <b>20,350</b>  | <b>28,627</b>  |
| <b>Shareholder Equity</b>            | <b>66,904</b> | <b>76,559</b> | <b>78,591</b> | <b>85,150</b>  | <b>96,801</b>  |
| Non-controlling interests            | 0             | 0             | 200           | 200            | 200            |
| <b>Total equity</b>                  | <b>66,904</b> | <b>76,559</b> | <b>78,791</b> | <b>85,350</b>  | <b>97,001</b>  |

## Valuation Ratios

| Y/E Dec, SGD'000   | FY14 | FY15 | FY16e | FY17e | FY18e |
|--------------------|------|------|-------|-------|-------|
| P/E (X)            | 22.2 | 20.0 | 38.6  | 18.2  | 12.7  |
| P/B (X)            | 3.6  | 3.2  | 3.1   | 2.8   | 2.3   |
| Dividend Yield (%) |      | 2.9% | 2.9%  | 2.9%  | 2.9%  |

## Growth &amp; Margins (%)

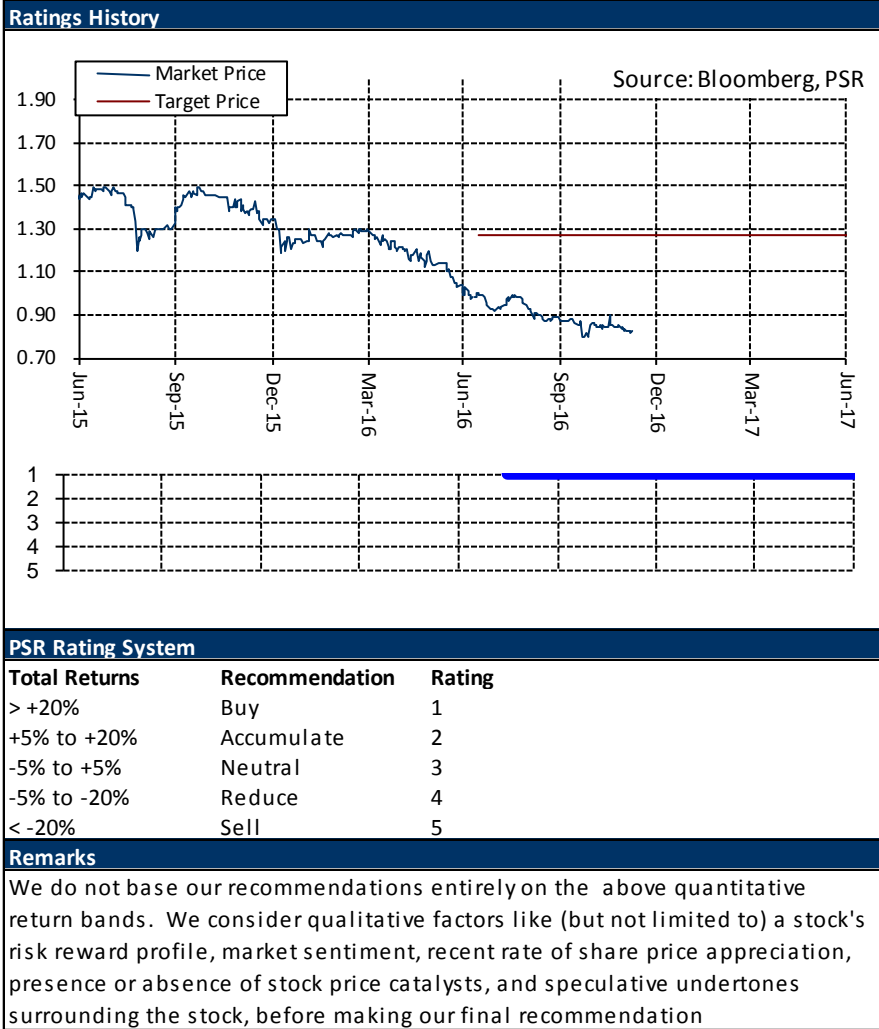
| Growth                  |       |       |        |        |       |
|-------------------------|-------|-------|--------|--------|-------|
| Net Revenue             |       | 13.2% | -1.9%  | 36.6%  | 38.7% |
| Net Income, adj.        |       | 41.3% | -47.9% | 106.7% | 39.2% |
| Margins                 |       |       |        |        |       |
| Net profit margin       | 23.3% | 29.1% | 15.5%  | 23.4%  | 23.5% |
| Operating profit margin | 29.4% | 28.8% | 14.3%  | 23.5%  | 24.0% |

## Key Ratios

|                       |       |       |        |       |       |
|-----------------------|-------|-------|--------|-------|-------|
| ROE (%)               | 25.0% | 16.2% | 8.1%   | 15.9% | 20.0% |
| ROA (%)               | 42.2% | 14.0% | 6.8%   | 13.1% | 15.7% |
| Dividend Payout ratio |       | 58.5% | 113.0% | 53.3% | 37.2% |
| Cost to net revenue   | 68.6% | 71.3% | 82.5%  | 73.5% | 72.8% |

## Other Key Figures

|                                  |       |       |       |       |        |
|----------------------------------|-------|-------|-------|-------|--------|
| Average AUA (SGD mn)             | 5,015 | 5,610 | 5,720 | 7,684 | 10,704 |
| Net Revenue / Average AUA        | 0.73% | 0.74% | 0.71% | 0.72% | 0.72%  |
| Operating expenses / Average AUA | 0.52% | 0.55% | 0.63% | 0.57% | 0.57%  |



## Contact Information (Singapore Research Team)

## Research Operations Officer

Mohamed Amiruddin - [amiruddin@phillip.com.sg](mailto:amiruddin@phillip.com.sg)

## Consumer | Healthcare

Soh Lin Sin - [sohls@phillip.com.sg](mailto:sohls@phillip.com.sg)

## Transport | REITs (Industrial)

Richard Leow, CFTe, FRM -  
[richardleowwt@phillip.com.sg](mailto:richardleowwt@phillip.com.sg)

## Banking and Finance

Jeremy Teong - [jeremyteongfh@phillip.com.sg](mailto:jeremyteongfh@phillip.com.sg)

## Property | Infrastructure

Peter Ng - [peterngmc@phillip.com.sg](mailto:peterngmc@phillip.com.sg)

## REITs (Commercial, Retail, Healthcare) | Property

Dehong Tan - [tandh@phillip.com.sg](mailto:tandh@phillip.com.sg)

## US Equity

Ho Kang Wei - [hokw@phillip.com.sg](mailto:hokw@phillip.com.sg)

## Macro

Pei Sai Teng - [peist@phillip.com.sg](mailto:peist@phillip.com.sg)

## Technical Analysis

Jeremy Ng - [jeremyngch@phillip.com.sg](mailto:jeremyngch@phillip.com.sg)

## Oil &amp; Gas | Energy

Chen Guangzhi - [chengz@phillip.com.sg](mailto:chengz@phillip.com.sg)

## Contact Information (Regional Member Companies)

## SINGAPORE

## Phillip Securities Pte Ltd

Raffles City Tower  
250, North Bridge Road #06-00  
Singapore 179101  
Tel +65 6533 6001  
Fax +65 6535 6631  
Website: [www.poems.com.sg](http://www.poems.com.sg)

## JAPAN

## Phillip Securities Japan, Ltd.

4-2 Nihonbashi Kabuto-cho Chuo-ku,  
Tokyo 103-0026  
Tel +81-3 3666 2101  
Fax +81-3 3666 6090  
Website: [www.phillip.co.jp](http://www.phillip.co.jp)

## THAILAND

## Phillip Securities (Thailand) Public Co. Ltd

15th Floor, Vorawat Building,  
849 Silom Road, Silom, Bangrak,  
Bangkok 10500 Thailand  
Tel +66-2 6351700 / 22680999  
Fax +66-2 22680921  
Website [www.phillip.co.th](http://www.phillip.co.th)

## UNITED STATES

## Phillip Futures Inc

141 W Jackson Blvd Ste 3050  
The Chicago Board of Trade Building  
Chicago, IL 60604 USA  
Tel +1-312 356 9000  
Fax +1-312 356 9005  
Website: [www.phillipusa.com](http://www.phillipusa.com)

## INDIA

## PhillipCapital (India) Private Limited

No.1, 18th Floor, Urmi Estate  
95, Ganpatrao Kadam Marg  
Lower Parel West, Mumbai 400-013  
Maharashtra, India  
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969  
Website: [www.phillipcapital.in](http://www.phillipcapital.in)

## CAMBODIA

## Phillip Bank Plc

Ground Floor of B-Office Centre, #61-64,  
Norodom Blvd Corner Street 306, Sangkat  
Boeung Keng Kang 1, Khan Chamkamorn,  
Phnom Penh, Cambodia  
Tel: 855 (0) 7796 6151/855 (0) 1620 0769  
Website: [www.phillipbank.com.kh](http://www.phillipbank.com.kh)

## MALAYSIA

## Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3 Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450  
Kuala Lumpur  
Tel +603 2162 8841  
Fax +603 2166 5099  
Website: [www.poems.com.my](http://www.poems.com.my)

## INDONESIA

## PT Phillip Securities Indonesia

ANZ Tower Level 23B,  
JI Jend Sudirman Kav 33A  
Jakarta 10220 – Indonesia  
Tel +62-21 5790 0800  
Fax +62-21 5790 0809  
Website: [www.phillip.co.id](http://www.phillip.co.id)

## FRANCE

## King &amp; Shaxson Capital Limited

3rd Floor, 35 Rue de la Bienfaisance 75008  
Paris France  
Tel +33-1 45633100  
Fax +33-1 45636017  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## AUSTRALIA

## Phillip Capital Limited

Level 12, 15 William Street,  
Melbourne, Victoria 3000, Australia  
Tel +61-03 9629 8288  
Fax +61-03 9629 8882  
Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)

## TURKEY

## PhillipCapital Menkul Degerler

Dr. Cemil Bengü Cad. Hak Is Merkezi  
No. 2 Kat. 6A Caglayan  
34403 Istanbul, Turkey  
Tel: 0212 296 84 84  
Fax: 0212 233 69 29  
Website: [www.phillipcapital.com.tr](http://www.phillipcapital.com.tr)

## HONG KONG

## Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway  
Hong Kong  
Tel +852 2277 6600  
Fax +852 2868 5307  
Websites: [www.phillip.com.hk](http://www.phillip.com.hk)

## CHINA

## Phillip Financial Advisory (Shanghai) Co Ltd

No 550 Yan An East Road,  
Ocean Tower Unit 2318,  
Postal code 200001  
Tel +86-21 5169 9200  
Fax +86-21 6351 2940  
Website: [www.phillip.com.cn](http://www.phillip.com.cn)

## UNITED KINGDOM

## King &amp; Shaxson Capital Limited

6th Floor, Candlewick House,  
120 Cannon Street,  
London, EC4N 6AS  
Tel +44-20 7426 5950  
Fax +44-20 7626 1757  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## SRI LANKA

## Asha Phillip Securities Limited

2nd Floor, Lakshmans Building,  
No. 321, Galle Road,  
Colombo 03, Sri Lanka  
Tel: (94) 11 2429 100  
Fax: (94) 11 2429 199  
Website: [www.ashaphillip.net](http://www.ashaphillip.net)

## DUBAI

## Phillip Futures DMCC

Member of the Dubai Gold and  
Commodities Exchange (DGCCX)  
Unit No 601, Plot No 58, White Crown Bldg,  
Sheikh Zayed Road, P.O.Box 212291  
Dubai-UAE  
Tel: +971-4-3325052 / Fax: + 971-4-3328895

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