

ACTINVER: 3Q24 Results

Strong quarter with a higher-than-expected 140% increase in net profits; raising target price to MXN\$23.0/share

ACTINVR B	BUY
Target Price (MXN\$)	\$ 23.00
Current Price (MXN\$)	\$ 16.50
Min / Max (L12M)	\$14.80 - 17.50
Expected Dividend (MXN\$)	\$ 0.54
Expected Return	42.7%
Market Cap (MXN\$ Mn)	8,745
Oustanding Shares (Mn)	530.0
Float	34.2%
6-month ADTV (MXN\$ Mn)	\$ 0.9

Opinion and recommendation

ACTINVER reported positive results with strong increases in its main operating indicators, albeit with higher expenses, which generated a 140% net profit growth, exceeding our projections. We raised our target price to MXN\$23.0/share, from MXN\$22.00/share, after having updated our projections.

We consider ACTINVER's fundamentals to be favorable, including its growth potential with a 12% net profit CAGR during the 2024-2029 period, its solid position in several businesses in the financial sector, and the digitalization process it is carrying out.

In addition, the valuation of its shares remains attractive with a P/BV of 1.0x and a 2025E P/E of 5.3x based on our updated projections.

Portfolio/AUM/Digitalization

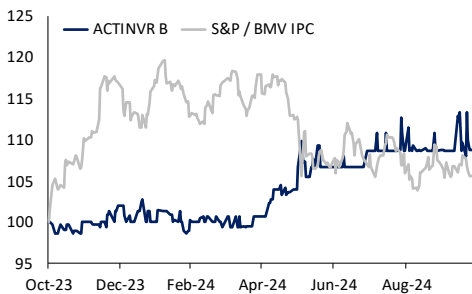
The loan portfolio increased 9% YoY, accelerating slightly against +8% in 2Q24 and +6.5% in 1Q24. Prudent credit placement translated into a 3.34% NPL in 3Q24, from 3.43% in 2Q24 and 3.00% in 3Q23.

The expansion of the asset management business also accelerated with a 29% increase (vs. +19% estimated), which included inflows of MXN\$59 billion during the last twelve months.

Digitalization process. The company had more than 11 thousand new clients in the quarter, of which 57% was through digital channels.

3Q24 Results

Adjusted financial margin increased 42%, driven by the loan portfolio growth, higher interest rates and a slight reduction in funding costs. In addition, provisions were much lower both on an annual and sequential basis.



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Net commissions and fees rose 17%, supported by the expansion of the asset management business, in addition to higher commissions in traditional banking, insurance and fiduciary businesses.

Trading revenues were 280% higher as a result of volatility in the FX, money market and derivatives markets.

However, administrative expenses were up a higher-than-expected 32% due to the digitalization process and investments in human capital that the company is carrying out.

These factors resulted in a 140% net profit growth to MXN\$329 million, thus exceeding our MXN\$285 million projection. However, ROE remained at 14.1%.

(Figures in MXN\$ Mn)	3Q24	3Q24E	Diff.	3Q23	Change
Operating Income	2,116	1,861	13.7%	1,450	45.9%
Financial Margin	701	664	5.6%	560	25.1%
Provisions	-35	-55	-37.1%	-91	-62.1%
Adjusted Financial Margin	666	609	9.4%	469	42.0%
Commissions and Fees Charged	1,139	1,191	-4.4%	970	17.4%
Commissions and Fees Paid	-98	-85	16.1%	-80	23.1%
Trading Results	374	189	97.7%	98	279.6%
Other Operating Income (Expenses)	36	-43	-183.3%	-8	-547.5%
Administration and Promotion Expenses	-1,644	-1,461	12.5%	-1,249	31.6%
Operating Result	472	400	18.0%	201	134.8%
Net Profit	329	285	15.5%	137	140.1%

Gordon Shapiro Model

(Figures in MXN\$ Mn)

Stockholder's Equity 2024E	9,727
Long-Term ROE	19.9%
Cost of Equity	16.7%
Risk-Free Rate	10.4%
Market Risk Premium	6.0%
Beta	1.051
Perpetuity Growth Rate	4.2%
Equity Value	12,191
Oustanding Shares	530
Target Price / Share	\$ 23.00
Current Price / Share	\$ 16.50
Expected Dividend	\$ 0.54
Total Return inc/ Dividend	42.7%
Target P/BV	1.3x
Target P/E (Forward)	7.3x

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

	-10%	-5%	<i>Original</i>	+5%	+10%
St. Equity	8,779	9,241	9,727	10,214	10,724
Target P/BV					
0.7x	10.82	11.39	11.99	12.59	13.22
0.9x	14.13	14.88	15.66	16.44	17.27
1.1x	17.45	18.36	19.33	20.30	21.31
1.3x	20.76	21.85	23.00	24.15	25.36
1.5x	24.07	25.34	26.67	28.01	29.41
1.7x	27.38	28.83	30.34	31.86	33.45

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

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	1,501	1,580	1,663	1,746	1,833
Target P/E					
4.3x	12.26	12.91	13.59	14.27	14.98
5.3x	15.10	15.89	16.73	17.56	18.44
6.3x	17.93	18.87	19.86	20.86	21.90
7.3x	20.76	21.85	23.00	24.15	25.36
8.3x	23.59	24.83	26.14	27.45	28.82
9.3x	26.42	27.81	29.28	30.74	32.28

(Figures in Millions of Pesos)

INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Interest Income	12,771	13,839	14,850	15,459	16,096	16,762	17,461
Interest Expense	- 10,635	- 10,974	- 11,629	- 11,967	- 12,310	- 12,660	- 13,138
Financial Margin	2,136	2,865	3,221	3,492	3,786	4,102	4,323
Provisions	- 201	- 328	- 325	- 341	- 358	- 376	- 394
Adjusted Financial Margin	1,935	2,536	2,897	3,151	3,428	3,727	3,928
Commissions and Fees Charged	3,844	4,488	5,033	5,517	5,998	6,469	6,963
Commissions and Fees Paid	- 326	- 349	- 367	- 385	- 404	- 425	- 446
Trading Results	1,202	1,205	1,266	1,329	1,396	1,465	1,539
Other Operating Income (Expenses)	88	85	180	184	190	196	202
Administration and Promotion Expenses	- 5,125	- 6,134	- 6,618	- 7,155	- 7,744	- 8,364	- 8,950
Operating Result	1,618	1,831	2,391	2,641	2,862	3,069	3,236
Participation in Associate Results	7	22	24	25	26	27	29
Pre-Tax profit	1,626	1,853	2,414	2,666	2,888	3,096	3,265
Taxes	- 476	- 557	- 724	- 800	- 867	- 929	- 979
Net Profit Before Minorities	1,149	1,296	1,690	1,866	2,022	2,167	2,285
Minority Participation	- 15	- 21	- 27	- 30	- 33	- 35	- 37
Net Profit	1,135	1,276	1,663	1,836	1,989	2,132	2,248
Operating Income	6,743	7,965	9,008	9,796	10,607	11,433	12,186
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	129,662	153,644	160,673	168,014	175,688	183,721	192,137
Total Loan Portfolio (Net)	29,370	32,013	34,574	37,340	40,328	43,554	47,038
TOTAL LIABILITIES	120,868	143,916	149,569	155,375	161,376	167,607	174,123
Traditional Deposits	45,099	45,550	49,649	52,132	54,739	57,475	60,349
Stockholders' Equity	8,794	9,727	11,104	12,639	14,313	16,114	18,014
OTHER INDICATORS / FINANCIAL RATIOS	2023	2024E	2025E	2026E	2027E	2028E	2029E
Assets Under Management (MXN\$ Bn)	211	268	292	316	340	364	388
Total Assets Under Custody (MXN\$ Bn)	669	828	913	1,000	1,085	1,169	1,257

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