



IFS Capital Limited

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Full Year 2014 Unaudited Results

Presentation

25 February 2015





IFS Capital Limited

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"\$" means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)



Highlights

Group's loss before net claims incurred declined 27% y-o-y to \$2.4m (FY 2013: \$3.3m) due to the following:

- Higher net earned premium revenue of \$3.9m in 2014 (FY 2013: \$2.9m).
- Lower allowances of \$15.8m (FY 2013: \$21.2m).

Higher net claims incurred provided for prudential reasons resulted in a higher net loss of \$6.3m (FY 2013: \$3.4m).

After non-controlling interests ("NCI"), loss attributable to shareholders was \$7.7m (FY 2013: \$4.8m).

EPS (cents) - Loss : 5.1 (FY 2013: 3.2)

NAV per Share (cents) : 80.2 (FY 2013: 84.8)

Proposed final dividend at 1.5 cents per share (FY 2013: 2.0 cents).

Stable net interest margin at around 6.2%.



Highlights (cont'd)

Thailand subsidiary reported a net profit after NCI of \$3.7m (FY 2013: \$4.0m) on lower revenue but helped by lower allowances.

Substantial improvement in other comprehensive income of \$4.2m (FY 2013: loss of \$4.6m) with increase in net change in fair value of available-for sale financial assets mainly from property-related investments coupled with foreign currencies translation gain.

Gearing ratio still at a stable level of 1.9 times (FY 2013: 1.76), up 8%.

Regional subsidiaries recorded higher net loss after NCI of \$3.2m (FY 2013: \$862,000), mainly on lower operating income and higher allowances incurred by Indonesia subsidiary.



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Group Statement of Profit or Loss

<i>(\$\$'000)</i>	Full year 2014	Full year 2013	+ / (-) %
Net Interest Income	18,539	20,765	(10.7)
Net Earned Premium Revenue [^]	3,880	2,919	32.9
Non-Interest Income	12,187	14,426	(15.5)
Total Income	34,606	38,110	(9.2)
Operating Expenses	(21,235)	(20,193)	5.2
Operating Profit before Net Claims & Allowances	13,371	17,917	(25.4)
Net Claims Incurred	(5,176)	(933)	NM
Allowances & Impairments	(15,802)	(21,175)	(25.4)
Loss before Tax	(7,607)	(4,191)	81.5
Tax Credit	1,280	803	59.4
Loss after Tax	(6,327)	(3,388)	86.7
Attributable Loss after NCI	(7,694)	(4,840)	59.0

[^] After intra-group transactions elimination



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Group Statement of Comprehensive Income

<i>(\$\$'000)</i>	Full Year 2014	Full year 2013	+ / (-) %
Loss for the year	(6,327)	(3,388)	86.7
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Defined benefit plan remeasurements	-	204	(100.0)
Tax on items that will not be reclassified to profit or loss	-	(41)	(100.0)
	-	163	(100.0)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets	3,693	(124)	NM
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(1,049)	(525)	99.8
Foreign currency translation differences of foreign operations	1,968	(4,272)	NM
Tax on other comprehensive income	(449)	110	NM
	4,163	(4,811)	NM
Other comprehensive income for the year, net of tax	4,163	(4,648)	NM
Total comprehensive income for the year	(2,164)	(8,036)	(73.1)



Group Operating Expenses

<i>(\$'000)</i>	Full Year 2014	%	Full Year 2013	%	+ / (-) %
Commission	640	3.0	829	4.1	(22.8)
Business Development	796	3.7	795	3.9	0.1
Staff Costs	13,109	61.8	11,902	59.0	10.1
Depreciation & Amortisation	1,302	6.1	1,440	7.1	(9.6)
General Administration	5,388	25.4	5,227	25.9	3.1
Total	21,235	100.0	20,193	100.0	5.2
Cost-to-Income Ratio	60.1%		51.0%		17.8

5% increase mainly attributable to higher staff costs linked to headcount growth.



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Key Financial Ratios	Full Year 2014	Full Year 2013	+ / (-) %
Return on Ave Equity - After Tax (%)	(6.2)	(3.6)	72.2
Loss per Share (cts)	5.1	3.2	59.4
Net Asset Value per Share (cts)	80.2	84.8	(5.4)
Leverage (times)	2.30	2.09	10.0
Gross Gearing (times)	1.90	1.76	8.0



Group Performance Review - Full Year 2014 vs Full Year 2013

- Group's profit before net claims incurred and allowances fell 25% y-o-y to \$13.4m on
 - lower net interest income, down 11% to \$18.5m mainly from lower factoring volume and lower average loan assets;
 - lower non-interest income, down 16% to \$12.2m mainly due to:
 - lesser factoring service fee and lower underwriting commission on lower factoring, bonds and guarantee business volume; and
 - lower investment income on higher mark-to-market loss on investments and lower gain on disposal of equity securities, partly negated by higher dividend income received.
 - higher operating expenses, up 5% to \$21.2m, partly offset by
 - higher net earned premium revenue, up 33% to \$3.9m, with write back on change in gross provision for unexpired risks compared to a charge in 2013.



Group Performance Review - Full Year 2014 vs Full year 2013 (cont'd)

- Higher net claims incurred of \$5.2m (FY 2013: \$0.9m) mainly due to full provision made for claims reserve for a client.
- Lower allowances for loan losses of \$15.8m (FY 2013: \$21.2m) mainly on lower specific impairment set aside by Singapore operations, partly affected by higher allowances from Indonesia operations.
- Higher net loss of \$6.3m (FY 2013: \$3.4m).
- After NCI, net loss attributable to shareholders was \$7.7m (FY 2013: \$4.8m).
- Group total gross factoring receivables and loan assets of \$345.5m, a 3% increase against the base of \$335.6m as at 31 December 2013 due to higher new loans drawdown.



Group Performance Review - Full Year 2014 vs Full year 2013 (cont'd)

- Singapore operations (including ECICS):
 - reported a lower profit before allowances and claims of \$4.2m (FY 2013: \$6.5m) due to lower net interest income, lower non-interest income and higher operating expenses, mitigated by higher net earned premium revenue.
 - higher net claims incurred of \$5.2m (FY 2013: \$0.9m) mainly due to full provision made for claims reserve for a client.
 - lower provision for loan losses of \$4.2m (FY 2013: \$10.4m).
 - net loss after tax was \$4.5m (FY 2013: \$4.0m).



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Group Operating Segments

<i>(\$S'000)</i>	Gross Operating Income			(Loss)/Profit Before Tax			Segment Assets		
	2014	2013	+/(-)%	2014	2013	+/(-)%	2014	2013	+/(-)%
Credit Financing	31,684	35,485	(10.7)	(3,920)	(4,859)	(19.3)	292,017	295,685	(1.2)
Insurance	7,695	5,850	31.5	(2,488)	245	NM	80,228	74,282	8.0
Private Equity, VC & Others	800	2,896	(72.4)	(1,199)	423	NM	24,320	24,083	1.0
	40,179	44,231	(9.2)	(7,607)	(4,191)	81.5	396,565	394,050	0.6
Others	-	-	-	-	-	-	7,700	5,650	36.3
Total	40,179	44,231	(9.2)	(7,607)	(4,191)	81.5	404,265	399,700	1.1



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Group Geographical Segments

<i>(\$\$'000)</i>	Gross Operating Income			Segment Assets		
	2014	2013	+/(-)%	2014	2013	+/(-)%
Singapore	18,098	18,947	(4.5)	231,545	217,986	6.2
Thailand	14,530	15,981	(9.1)	134,680	146,034	(7.8)
Malaysia	4,408	5,308	(17.0)	12,411	18,588	(33.2)
Indonesia	2,118	2,513	(15.7)	17,127	15,839	8.1
Others	1,025	1,482	(30.8)	8,502	1,253	NM
Total	40,179	44,231	(9.2)	404,265	399,700	1.1



Regional Operations - Indonesia, Malaysia & Thailand

<i>(\$\$'000)</i>	Full Year 2014	Full Year 2013	+ / (-) %
Net Interest Income	10,954	12,030	(8.9)
Non-Interest Income	5,950	7,047	(15.6)
Operating Expenses	(7,717)	(7,701)	0.2
Operating Profit before Allowances	9,187	11,376	(19.2)
Allowances	(11,596)	(10,811)	7.3
(Loss)/Profit before Tax	(2,409)	565	NM
Tax Credit	540	25	NM
(Loss)/Profit after Tax	(1,869)	590	NM
Group's share of Loss After Tax based on % of shareholdings	(3,236)	(862)	NM



Regional Operations (cont'd)

- Thailand, Indonesia & Malaysia

- Thailand subsidiary reported a lower net profit after NCI of \$3.7m, down 6% (FY 2013: \$4.0m) mainly on lower revenue but helped by lower allowances for loan losses.
- Indonesia subsidiary posted a net loss of \$1.5m from a net profit of \$277,000 in FY 2013 mainly due to additional allowances for loan losses.
- Malaysia subsidiary reported a higher net loss of \$4.8m compared to \$4.3m in FY 2013 mainly on higher impairments.



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ECICS Limited

<i>(\$'000)</i>	Full Year 2014	Full Year 2013	+ / (-) %
Gross Written Premiums	8,082	12,660	(36.2)
Net Earned Premium Revenue	3,930	2,975	32.1
Fee and Investment Income	3,816	2,986	27.8
Net Claims Incurred	(5,176)	(933)	NM
Operating Expenses	(5,130)	(4,772)	7.5
Operating (Loss)/Profit before Allowances	(2,560)	256	NM
(Reversal of)/Allowances for Insurance Receivables	73	(11)	NM
(Loss)/Profit before Tax	(2,487)	245	NM
Tax Credit	422	147	187.1
(Loss)/Profit after Tax	(2,065)	392	NM

N.B. (Before intragroup transactions elimination)



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ECICS Limited

- Gross written premiums down 36% to \$8.1m on lower bonds and guarantee business. Higher net earned premium revenue due mainly to a write back on change in gross provision for unexpired risks reserve as compared to a charge for FY 2013.
- Higher investment income of \$2.1m (FY 2013: \$0.4m).
- Net loss after tax of \$2.1m (FY 2013: net profit of \$0.4m) mainly on higher net claims incurred, lower underwriting commission and increased operating costs, partly negated by higher net earned premium revenue and investment income.
- Continued low loss ratio compared to industry.
- Remains substantially well capitalized above the minimum statutory requirement.



Prospects

- Overall, the Group faces challenges in its business environment in 2015, with the possibility of bad loans demanding the attention of management. The Group is enhancing its risk management and credit processes while stepping up its efforts at recoveries.
- In Singapore, business volume has increased and this improvement is expected to continue. The Group's real estate investment and financing division has performed well and will contribute in 2015.
- Thailand subsidiary faces a more challenging economic environment but expects to maintain its profitability in 2015.
- In Malaysia, reduction in government spending will affect the Group's public sector business. The Group will continue expanding into private sector related activities.
- Our Indonesian business faces a difficult environment, and will have to manage a higher risk of potential bad loans.
- ECICS has spent significant resources in the last quarter of 2014 developing the basic infrastructure, distribution channels and products to grow its general insurance business.



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THANK YOU