EQUITY RESEARCH

bcc invest | Kaspi.kz

JSC "Kaspi.kz" (KSPI)

1H 2024 Financial Results

Ticker KASE: KSPI	**Target price (12M):** 189 $	**Upside:** +46%
Ticker NASDAQ: KSPI	**Current price:** 130 $	**Rating:** Buy

July 2024

AO "Kaspi.kz" (hereafter referred to as "the Company") has published its operational results for the 1H 2024. As a result, we have evaluated the value of one share at 65,544 KZT, with a potential growth of 36% from the current market price, with a BUY recommendation.

Rapidly developing and more profitable Marketplace and Payments platforms together accounted for 68% of total net income. We expect significant profit growth by the end of 2024, with a projected 28% rise in net income.

1HFY24 results based on the consolidated financial statements:

Revenue has grown by 38% compared to the previous year, with the majority of this increase stemming from Marketplace revenue growth.

Marketplace. In the 1H 2024, the net profit and revenue increased by 72% and 102% compared to the corresponding period of the previous year, driven by rapid growth in the e-Cars and e-Grocery segments.

- The Company is heavily investing in e-Cars. They plan to continue rolling out products aimed at digitizing the sales, purchasing, and servicing of vehicles.
- In the 2Q 2024, the total Gross Merchandise Volume (GMV) for e-Grocery saw a 99% increase, with active consumers reaching 639 ths. The Company launched e-Grocery in Shymkent, the third-largest city in Kazakhstan.

Payments. The significant increase in revenue and net profit by 24% and 23% compared to the previous year is due to the rise in transaction volume (TPV) by 44% y/y. B2B payments remain the fastest-growing segment of TPV. The company anticipates that B2B payment growth will substantially exceed the overall transaction volume growth.

Fintech. The amount of services increased by 48% from the previous year, leading to a 25% rise in the Company's Fintech segment revenues. The Company predicts notable growth in the 3Q 2024, due to the projected drop in interest rates and the rapid increase in loan issuance.

The Company demonstrates strong profitability in the 1H 2024 and recommended a dividend of 850 tenge per share, subject to shareholder approval.

Changes and updates to the valuation model: The discount rate (WACC) was decreased to 15.4% due to market changes. Financial data has been updated, and the net debt value was adjusted according to the results of the 1H 2024.

Financial indicators:

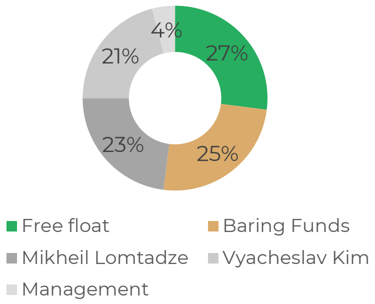
bln, KZT	1H 2024	1H 2023	diff (%)
Payments	265	214	+24%
Marketplace	319	158	+102%
Fintech	598	480	+25%
Operating expenses	(587)	(393)	+49%
Net income	466	368	+27%
Cash and cash equivalents	595	527	+13%

Ratios:

	1H 2024	1H 2023
ROA	13%	12%
ROE	77%	78%

Source: Company data, BCC Invest analysis

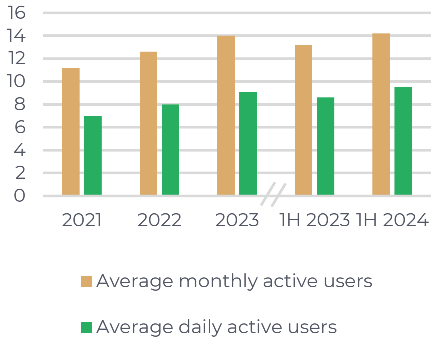
Shareholders:



Market metrics:

Number of shares	216,742,000
Free float(%)	27%
Market capitalization (bln, KZT)	12,461
52-week range (KZT)	39,612– 67,000

Operating performance, mln:



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Discount rate calculation:

Rate	Value
Risk free rate (10-year US Treasury YTM)	4.25%
Country risk premium	2.07%
Beta unlevered	0.17
Beta relevered	0.84
Equity risk premium	7.38%
Cost of Capital before tax in USD	**12.50%**
CPI US, 2024-2043	2.22%
CPI KZ, 2024-2043	4.83%
Cost of Capital before tax in KZT	**15.37%**
Debt capital rate	19.30%
Tax rate	20.00%
Cost of Debt in KZT	**15.44%**
Capital structure	
Equity/Invested Capital	16.68%
Debt/Invested Capital	83.32%
WACC	**15.43%**

Table №1. Key financial indicators forecast

Bln KZT	Forecast				
	6M 2024	2025	2026	2027	2028
NOPAT	620,911	1,916,070	2,144,007	2,369,009	2,569,100
D&A	12,663	29,247	33,052	37,345	33,471
CapEX	(13,224)	(27,117)	(30,840)	(34,734)	(39,212)
Change in NWC	(179,202)	(1,067,885)	(291,935)	(286,772)	(237,552)
FCFF	441,148	850,315	1,854,284	2,084,847	2,325,808
Discount period	0.25	1	2	3	4
Discount rate	15.4%	15.4%	15.4%	15.4%	15.4%
Discount factor	0.96	0.87	0.75	0.65	0.56
Discounted cash flow	425,607	736,677	1,391,780	1 ,355,707	1,310,276
FCFF Discounted	5,220,046				
TV	13,642,648				
EV	**18,862,694**				
Net Debt	505,494				
100% EV	**19,368,188**				
Number of shares, mln	217				
Fair value of the share, KZT/share	**89,361**				
Current price, USD/share	130				
Fair value of the share, USD/share*	189				
Upside	**46%**				

**473.22 USD/KZT exchange rate was used.*

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