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Name of Announcer *	IFS CAPITAL LIMITED
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# IFS Capital Limited

Analysts Briefing

14 May 2009



# IFS Capital Limited

First Quarter 2009 Results

Presentation





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- Highlights
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- Group Borrowings, Equity and Gearing

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"\$" means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)



## Highlights

- Group's emphasis on strengthening its financial position resulted in strong cash flow generated from operations and significant reduction in operating expenses and net gearing.
- Significant cash flow generated from operations of \$33.2 million in 1Q 2009 as compared to \$3.1 million in 1Q 2008.
- Group continued to maintain leverage & gearing ratios at 2.1 times & 1.7 times respectively (31 Dec 08: leverage ratio at 2.0 times & gearing ratio at 1.7 times). Excluding cash reserves held, net leverage & gearing ratios would be 1.7 times & 1.4 times respectively.
- Net interest margin increased from 3.6% to 4.9% in 1Q 2009 despite decrease in business volume.
- Group income before operating expenses declined slightly by 2% to \$5.9 million as compared to \$6.1 million 1Q 2008.
- Significant reduction in operating expenses by 31% to \$2.8 million in 1Q 2009 as compared to \$4.0 million in 1Q 2008.



## Highlights

- Group operating income less operating expenses before insurance claims and impairments improved 52% from \$2.1 million to \$3.2 million in 1Q 2009.
- Set aside higher impairment for loan losses, investments and insurance claims of \$2.6 million, hence, Group 1Q 2009 NPAT down 75% to \$0.8 million. Comparative 1Q 2008's profit was skewed by an exceptional write back of excess provision of an insurance claim settled which resulted in a reversal of net claims of \$1.3 million.
- Contributions from regional operations comparable to 1Q 2008.
- ECICS continued profitability albeit at a lower profit as compared to 1Q 2008 due to lower business volume.
- Net Asset Value per share 98.1c vs 97.3c as at 31 Dec 2008.
- Outlook remains uncertain & challenging; continue to be vigilant in managing risks and costs.



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## **Business Model**

- Commercial Finance
- Structured Finance
- Alternative Finance
- Credit Insurance & Guarantees
- Regional Operations - Thailand, Indonesia & Malaysia



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## Group Income Statement

<i>(\$'000)</i>	<b>1Q 2009</b>	<b>1Q 2008</b>	<b>Change (%)</b>
Net Interest Income	2,462	2,736	(10.0)
Net Earned Premium Revenue	1,526	1,609	(5.2)
Fee and Commission Income	1,215	1,590	(23.6)
Investment & Other Income	750	166	351.8
<b>Income before Operating Expenses</b>	<b>5,953</b>	<b>6,101</b>	<b>(2.4)</b>
Operating Expenses	(2,760)	(4,005)	(31.1)
<b>Operating Profit before Net Claims Incurred &amp; Allowances</b>	<b>3,193</b>	<b>2,096</b>	<b>52.3</b>
Net Claims (Incurred)/Reversal	(573)	1,334	(143.0)
Allowances for Loan Losses & Impairment of Investments	(2,048)	(654)	213.1
<b>Operating Profit after Allowances</b>	<b>572</b>	<b>2,776</b>	<b>(79.4)</b>
Share of After-tax Results of Associates	474	638	(25.7)
<b>Profit before Tax</b>	<b>1,046</b>	<b>3,414</b>	<b>(69.4)</b>
Tax Expense	(218)	(169)	29.0
<b>Group Profit after Tax</b>	<b>828</b>	<b>3,245</b>	<b>(74.5)</b>



## Group Operating Expenses

	1Q 2009	(%)	1Q 2008	(%)	Change (%)
<b>(\$'000)</b>					
<b>Commission</b>	63	2.3	323	8.1	(80)
<b>Business Development</b>	117	4.2	272	6.8	(57)
<b>Staff Costs</b>	1,689	61.2	2,356	58.8	(28)
<b>General &amp; Administration</b>	891	32.3	1,054	26.3	(15)
<b>Total</b>	<b>2,760</b>	100.0	4,005	100.0	(31)
<b>Cost-to-Income Ratio</b>	<b>45%</b>		63%		(29)



## Contribution by Company

<i>(\$'000)</i>	<b>1Q 2009</b>	<b>Contr (%)</b>	<b>1Q 2008</b>	<b>Contr (%)</b>
<u>Singapore</u>				
IFS' Contribution	(682)	(82.4)	1,136	35.0
ECICS' Contribution	865	104.5	1,452	44.8
<u>Overseas</u>				
Indonesia, M'sia & Thailand	645	77.9	657	20.2
<b>Group Profit after Tax</b>	<b>828</b>	<b>100.0</b>	<b>3,245</b>	<b>100.0</b>



## Group Ratios

	1Q 2009	1Q 2008	Change (%)	FY 2008
Return on Equity - After Tax (%)	0.7	2.6	(73.1)	6.5
Net Interest Margin (%)	4.9	3.6	36.1	3.5
Cost Income Ratio (%)	44.9	63.2	(29.0)	55.6
Return on Total Assets (%)	0.2	0.8	(75.0)	2.2
Earnings per Share (cts)	0.7	2.6	(73.1)	6.4
Net Asset Value per Share (cts)	98.1	100.4	(2.3)	97.3
Leverage (times) - Gross	2.1	2.3	(8.7)	2.0
Gearing (times) - Gross	1.7	2.0	(14.9)	1.7



## Regional Operations Overseas Subsidiaries – Indonesia & Malaysia

<i>(\$'000)</i>	<b>1Q 2009</b>	<b>1Q 2008</b>	<b>Change (%)</b>
Net Interest Income	488	304	60.5
Non-Interest Income	115	236	(51.3)
Operating Expenses	(404)	(419)	(3.6)
<b>Operating Profit before Allowances</b>	<b>199</b>	<b>121</b>	<b>64.5</b>
Allowances for Loan Losses	28	(94)	(129.8)
<b>Profit before Tax</b>	<b>227</b>	<b>27</b>	<b>NM</b>
Tax Expense	(55)	(9)	NM
<b>Net Profit after Tax</b>	<b>172</b>	<b>18</b>	<b>NM</b>

NM : Not meaningful



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## **Regional Operations – (cont'd)**

### **Overseas Subsidiaries – Indonesia & Malaysia**

- Indonesia made a strong start in the year with yields increasing.
- Malaysia posted lower 1Q 2009's results but its business is expected to pick up for the remaining part of the year.



## Regional Operations

### Associates – Thailand: 1Q 2009

- Operating profit after tax down 13% from THB21.7m (S\$0.99 million) to THB18.9m (S\$0.81 million), resulting from lower factoring volume.
- Thailand operation was equity accounted for as associated companies in 1Q 2009's results as completion of their acquisitions as subsidiaries occurred after 31 March 2009. The Group will commence consolidation of Thailand operation as subsidiary in 2Q 2009.
- Thailand operation is expected to continue to perform well.



## ECICS Limited

(\$'000)

	1Q 2009	1Q 2008	Change (%)
Net Earned Premium Revenue	1,526	1,609	(5.2)
Other Revenue	628	(4)	NM
Claims (Incurred) / Reversal	(573)	1,334	(143.0)
Operating Expenses	(600)	(1,325)	(54.7)
<b>Operating Profit before Allowances</b>	<b>981</b>	<b>1,614</b>	<b>(39.2)</b>
Allowances for Ins. Receivables	17	7	142.9
<b>Profit before Tax</b>	<b>998</b>	<b>1,621</b>	<b>(38.4)</b>
Tax Expense	(133)	(169)	(21.3)
<b>Net Profit after Tax</b>	<b>865</b>	<b>1,452</b>	<b>(40.4)</b>



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## **ECICS Limited**

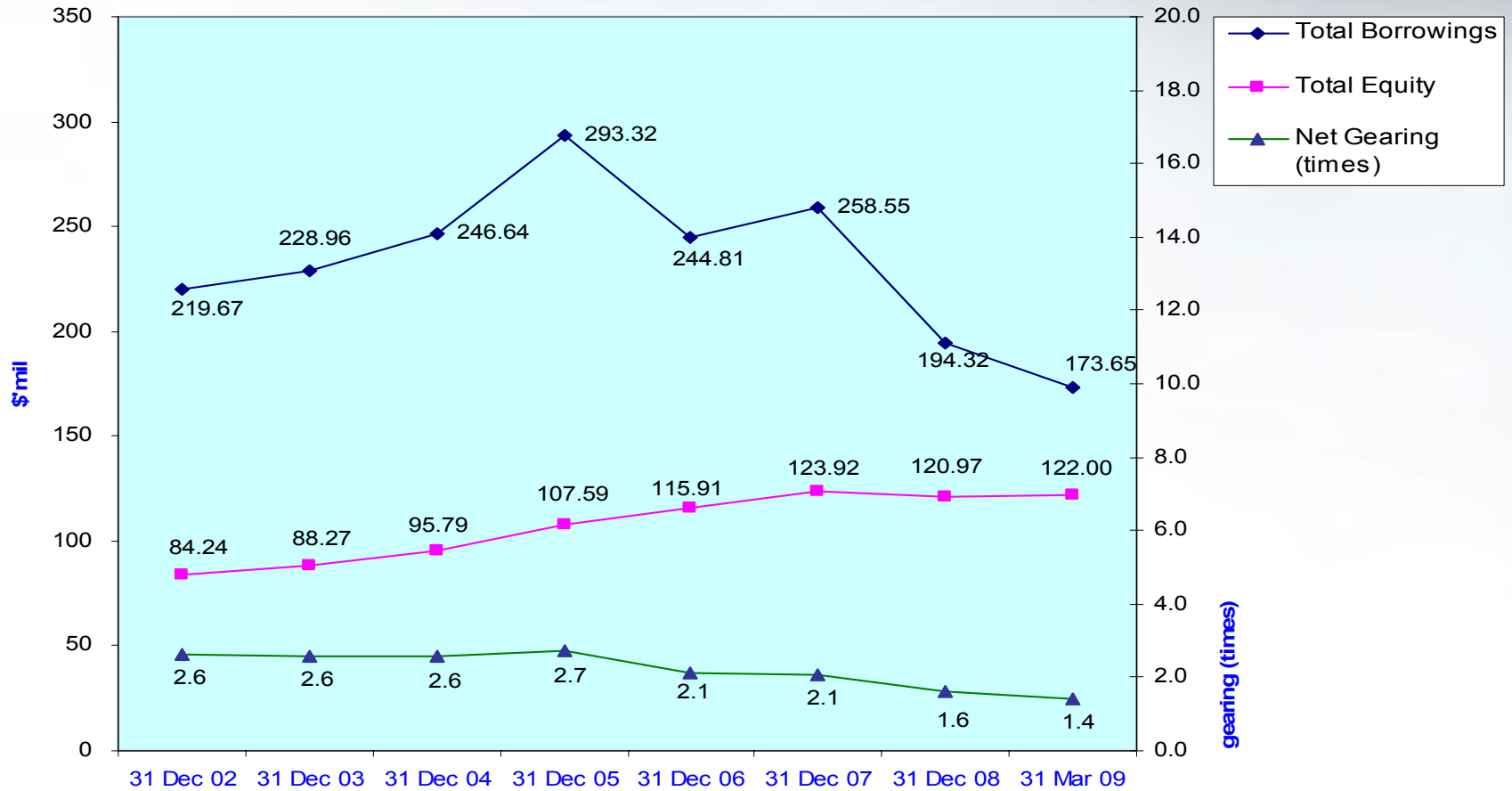
- Well capitalized. CAR ratio above the regulatory requirement of 120%
- Loss ratio for ECICS remained well below industry comparables



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IFS Group Borrowings, Equity and Gearing (net of cash held for IFS Group excl. ECICS)





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# Q & A