

AGBA Group Holding

US\$5m placement at a premium

Private placement

Financials

4 March 2024

Price **US\$0.39**

Market cap **US\$30m**

HK\$7.83/US\$

Net debt* (US\$m) at end-Q323 22.2
*Including leases

Shares in issue 74.91m

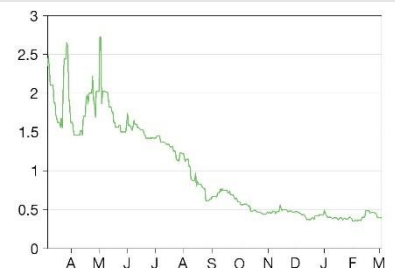
Free float 24.8%

Code AGBA

Primary exchange Nasdaq

Secondary exchange N/A

Share price performance



Business description

AGBA Group Holding is a diversified financial services company operating from Hong Kong. AGBA distributes health and wealth products to over 400,000 retail and corporate clients through its extensive independent financial adviser network, the largest in Hong Kong. It holds several unlisted investments in fintechs, notably selling its holding in Nutmeg to JP Morgan in June 2021.

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On 15 February AGBA announced term sheets have been executed on a US\$5.1m private placement of ordinary shares plus warrants to an institutional investor and AGBA's group president and management. The terms are similar to the announcement made at the Q323 results with the shares priced at US\$0.70 per share, a 62% premium to the previous day's closing share price. The significant premium signals management's confidence in AGBA's long-term value, with group president Mr Wing-Fai Ng taking up 53% of the offer. Moreover, on 27 February AGBA released an investor update signalling a strong recovery in Mainland Chinese visiting Hong Kong over the 2024 Chinese New Year holiday, above 2018 levels. With its continuing focus on costs and sales of non-core activities, AGBA is streamlining itself to benefit from the anticipated continuing recovery in 2024 and beyond.

| Year end | Revenue (US\$m) | PBT (US\$m) | EPS* (US\$) | DPS (US\$) | P/E (x) | Yield (%) |
|----------|-----------------|-------------|-------------|------------|---------|-----------|
| 12/21 | 11.5 | 120.0 | 1.74 | N/A | 0.22 | N/A |
| 12/22 | 31.1 | (44.4) | (0.79) | N/A | N/A | N/A |

Note: *EPS is diluted.

The private placement (PIPE) consists of 7.35m new ordinary shares plus 1.47m warrants with an exercise price of US\$1.00 per share, and the terms are similar to those laid out in the Q323 announcement, albeit the total amount raised is US\$1.2m lower. The company should now have ample funding to execute its growth strategy based on its sales and pre-tax profit projections.

The investor update released on 27 February signals positive developments regarding the recovery of activity in Hong Kong. The number of Mainland Chinese visiting Hong Kong was 1.2m over the Chinese New Year, which is above 2018 levels. In addition, spending on food and beverages was up 70% on 2019 levels. AGBA has been very focused on controlling costs and continues to work on selling non-core activities, having already achieved US\$2m of disposals in February 2024, while at the same time expanding its partnerships in its core business. The recovery potential in AGBA's revenues and profit is highlighted by the fact that Mainland Chinese visitors currently account for 20–30% of business compared to 40–50% before the pandemic.

In the longer term, demographics will continue to drive demand for health and wealth products in the region, with >30% of both Hong Kong and Mainland China's population being older than 65 by the year 2050. With the latest capital infusion, liquidity from asset sales and other business growth initiatives, AGBA continues to strengthen its positioning to take advantage of the growth opportunity in the Greater Bay Area.

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