

MONEYMAX FINANCIAL SERVICES LIMITED

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Rating: BUY**Last Close: S\$0.535****Target Price: S\$0.600**

Reinforcing Scalability Amid Strategic Clarity

Following a recent meeting with the senior management team of MoneyMax Financial Services Ltd ('MoneyMax'), we reiterate our **BUY** recommendation with a **12-month target price of S\$0.60**, implying modest upside from the current all-time high of **S\$0.535**. The meeting provided further confidence in MoneyMax's medium-term scalability, particularly through its expansion strategy in Malaysia, innovation in product retailing, and investment in digital infrastructure.

Management emphasized that growth will remain focused within its current geographies, with a particular push into Malaysia — a market where MoneyMax's share remains under 10%. The Malaysian landscape presents favourable structural advantages: lower operating costs (notably in rental and manpower), and a regulatory framework that allows pawnbrokers to charge up to 2% per month in interest, compared to 1.5% in Singapore. This provides a more profitable backdrop for loan growth. The Group sees considerable upside for both organic expansion and M&A-led consolidation in Malaysia, which currently contributes approximately 13% of revenue. Management anticipates a meaningful increase in Malaysia's revenue contribution in the near term, driven by the Group's ongoing expansion efforts in the market.

At the same time, with inflation showing signs of moderation, markets are increasingly pricing in one to two rate cuts by the Federal Reserve over the coming quarters. Signs of a softening rate environment are already emerging in Singapore, where banks are offering lower fixed deposit rates and yields on commercial papers are trending down. These developments suggest that financial institutions and investors are anticipating a lower interest rate trajectory ahead. This shift would benefit MoneyMax on multiple fronts — reducing funding costs for short-term borrowings used to finance pawn loans and secured lending, widening net interest margins, and lowering overall financial expenses. Management expects the evolving rate environment to further strengthen the Group's position and support profitability across its core markets.

From a business model standpoint, MoneyMax is scaling beyond traditional retail and lending. On the digital front, shop.moneymax.com.sg, the Group's e-commerce portal, is being reoriented toward premium, design-led gold products. These include commemorative cards with mini-gold bars, auspicious symbols like the Arowana fish, and novelty charms such as bubble tea-themed gold ornaments. This strategy allows for value-based pricing, higher margins, and a broader gifting appeal — a clear departure from commoditized, weight-based gold trading.

INNOVATIVE GOLD CREATIONS

At MoneyMax Jewellery, product innovation continues to be a key focus. During the year, we launched a series of novelty collections to commemorate special occasions such as Mother's Day, National Day, and Christmas. Amongst these, our 999 Gold Bubble Tea keychain garnered significant attention and was a standout success.



(Source: shop.moneymax.com.sg)

On-the-ground innovation in Malaysia remains a key differentiator, exemplified by the rollout of drive-thru pawnbroking outlets designed around local mobility habits. These branches cater to customer preferences for convenience, discretion, and secure handling of cash and valuables. Notably, outlets equipped with drive-thru facilities now report that over 50% of customers actively use this service — underscoring its strong market resonance and operational relevance.

MoneyMax is also reducing operational friction through cashless infrastructure, including electronic loan disbursements and online repayment portals, further strengthening its scalability and regulatory resilience.

Valuation remains compelling. We maintain a blended valuation approach based on **7x forward P/E** and **1.4x P/B**, in line with peer benchmarks and adjusted for the Group's improved earnings profile. While the stock has recently re-rated to an all-time high of **S\$0.535**, the underlying business fundamentals, rising ROE, and structural growth drivers in Malaysia continue to support further upside.

Our next report will incorporate updated forecasts, including revised Malaysia revenue growth assumptions (25–30% CAGR), ongoing retail margin uplift, and funding cost tailwinds.

Recommendation

We reaffirm our **BUY** recommendation on **MoneyMax Financial Services Ltd (SGX:5WJ)** with a **12-month target price of S\$0.60**, implying approximately **12% upside** from the current price of **S\$0.535**. Our valuation is derived from a **blended approach**, incorporating **7× forward P/E** and **1.4× P/B**, supplemented by a **DCF model** that factors in gold price volatility, lending margin dynamics, and a backdrop of moderate economic growth. The stock also offers a **dividend yield of ~3%**, translating to a **total return potential exceeding 36%** from our **initial coverage entry point of S\$0.45**.

- **Investment Thesis**

(1) Superior Earnings Momentum – FY2024 net profit surged 68.6% YoY to S\$38.2m on 36.5% revenue growth. The Group is gaining scale across all segments: pawnbroking, luxury retail, and secured lending. ROE now exceeds 19%.

(2) Undervalued vs. Peers – At 5.2× P/E and 1.1× P/B, MoneyMax trades at a discount to ValueMax and Maxi-Cash despite faster earnings growth and comparable ROE. Its valuation implies a low PEG ratio and offers deep value in the small-cap space.

(3) Defensive Business Model with Expansion Levers – The pawn model is counter-cyclical, asset-backed, and cash-generative. MoneyMax's digital expansion, geographic diversification, and entrance into property-backed loans create new growth engines.

- **Near-Term Catalysts**

(1) 1H2025 Results: Continued YoY growth will validate FY2024's momentum.

(2) Dividend Upside: Conservative payout (~17%) leaves room for increases, especially with rising profits.

(3) CEO/Chairman Engagement: Planned investor interactions may improve visibility and credibility.

(4) Index Inclusion or Upgrades: Enhanced coverage or index eligibility may attract institutional interest.

- **Risks & Mitigants**

While sensitive to gold prices, economic conditions, and competition, MoneyMax is backed by a robust balance sheet, high inventory liquidity, and management experience through economic cycles. Our full risk analysis suggests downside is contained by the company's asset-backed, short-cycle business.

- **Conclusion**

MoneyMax presents a compelling case as a growing, undervalued financial services provider in Singapore's resilient pawn and lending sector. It offers investors a mix of growth, defensiveness, and cash returns, with significant room for a valuation re-rating. Given its earnings trajectory, market position, and strategic flexibility, we see MoneyMax as an attractive addition for investors seeking exposure to income-generative, small-cap value stocks with scalable business models.

Sources: Financial data and growth figures are from company annual reports and SGX filings, and FY2024 performance is as reported in The Straits Times/Yahoo Finance. Industry insights are drawn from regulatory reports and news .

Appendix

Company Financials *(Source: moneymax.com.sg)*

Income Statement

	Group	
	2024	2023
	\$'000	\$'000
Revenue	390,068	285,682
Other income and gains	1,819	1,065
Material costs	(243,916)	(175,218)
Employee benefits expense	(34,881)	(29,291)
Depreciation and amortisation expense	(12,211)	(11,461)
Other losses	(2,203)	(1,179)
Finance costs	(31,068)	(24,196)
Other expenses	(15,053)	(13,371)
Profit before income tax	52,555	32,031
Income tax expense	(10,910)	(6,855)
Profit for the year	41,645	25,176
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations, net of tax	3,827	(1,940)
Cash flow hedges, net of tax	(359)	(940)
Other comprehensive income for the year, net of tax	3,468	(2,880)
Total comprehensive income	45,113	22,296
 Profit for the year attributable to:		
Owners of the parent	38,216	22,667
Non-controlling interests	3,429	2,509
	41,645	25,176
 Total comprehensive income attributable to:		
Owners of the parent	41,684	19,787
Non-controlling interests	3,429	2,509
	45,113	22,296
	2024	2023
	Cents	Cents
Earnings per share		
Basic and diluted	8.64	5.13

Balance Sheet

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	22,542	22,713	-	-
Right-of-use assets	16,110	12,843	-	-
Intangible assets	5,392	4,304	-	-
Investments in subsidiaries	-	-	138,755	119,436
Deferred tax assets	129	129	-	-
Other financial assets, non-current	6,259	6,653	5,879	5,853
Derivative financial instruments, non-current	-	303	-	-
Trade and other receivables, non-current	158,748	162,337	-	-
Other assets, non-current	3,506	2,738	-	-
Total non-current assets	212,686	212,020	144,634	125,289
<u>Current assets</u>				
Inventories	84,677	68,647	-	-
Derivative financial instruments, current	30	124	-	-
Trade and other receivables, current	594,741	438,382	17,462	14,770
Other assets, current	7,601	8,548	159	97
Cash and cash equivalents	25,327	18,470	541	593
Total current assets	712,376	534,171	18,162	15,460
Total assets	925,062	746,191	162,796	140,749
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	56,144	56,144	56,144	56,144
Retained earnings	127,219	93,425	16,241	9,062
Other reserves	491	(2,977)	-	-
Equity attributable to owners of the parent	183,854	146,592	72,385	65,206
Non-controlling interests	15,469	12,140	-	-
Total equity	199,323	158,732	72,385	65,206
<u>Non-current liabilities</u>				
Other financial liabilities, non-current	102,224	118,326	639	1,310
Lease liabilities, non-current	6,511	5,812	-	-
Derivative financial instruments, non-current	37	-	-	-
Deferred tax liabilities	160	207	-	-
Total non-current liabilities	108,932	124,345	639	1,310
<u>Current liabilities</u>				
Income tax payable	6,927	3,992	-	127
Trade and other payables	67,354	65,963	26,863	43,578
Other financial liabilities, current	528,708	382,901	62,909	30,528
Lease liabilities, current	10,326	7,908	-	-
Other liabilities	3,492	2,350	-	-
Total current liabilities	616,807	463,114	89,772	74,233
Total liabilities	725,739	587,459	90,411	75,543
Total equity and liabilities	925,062	746,191	162,796	140,749

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