FREEDOM BROKER

May 16, 2025

RECOMMENDATION

Buy

JSC «Kaspi.kz» (KSPI)

Upside: **27%**
Target Price: **$104**
Last price: **$82**

STOCK MARKET

Equity Valuation | EVA

Kazakhstan | Fintech, Bank

flashnote /update

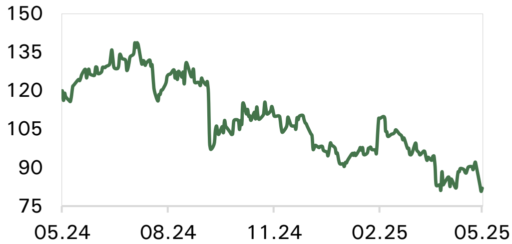
Kaspi.kz: Financial results for the 1st quarter 2025

Interest revenue, 3M '25 (KZT billion)	**328**
Net fee revenue, 3M '25 (KZT billion)	**488**
Net income, 3M '25 (KZT billion)	**254**
Total assets, 3M '25 (KZT billion)	**9,295**

P/E, 3M '25 (x)	**7.3x**
P/B, 3M '25 (x)	**4.7x**
ROA, 3M '25 (%)	**13%**
ROE, 3M '25 (%)	**72%**
Cost of Risk, 3M '25 (%)	**0.6%**
Net Margin (%):	**37%**

Market cap (million USD)	**16,384**
Shares issued (million units)	**190**
Free float (%)	**34%**
52-week min/max (USD)	**77.8-143.7**
Current price (USD)	**82**
Target Price (USD)	**104**
Upside (%)	**27%**
Investment horizon	**6-12 months**
Planned price update frequency	**Quarterly**

Stock dynamics | exchange/ticker **NASDAQ/KSPI**



Performance (%)	**3 months**	**9 months**	**12 months**
Absolute	-25%	-26%	-32%
vs KASE	-27%	-31%	-45%

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JSC "Kaspi.kz" released its financial results for the first quarter of 2025. The report can be considered moderately negative due to the quarterly decline in net profit and the downgrade of management's guidance for 2025. The company expects lower revenue growth rates in two out of its three segments, as well as slightly lower net profit growth. Since the results of the recently acquired Turkish marketplace Hepsiburada were included in the company's financial statements, this had a negative impact on total net profit. Nevertheless, the impact was minor, and the company's interest income reached a new quarterly record. In our valuation model, we updated the overall financial figures and downgraded forecasts based on the management's revised outlook. Hepsiburada was also taken into account in the calculations. On the other hand, we slightly improved the forecasts for interest income and the loan portfolio. We note an overall increase in the cost of capital and a slight appreciation of the US dollar, which led to a lower valuation. As a result, our updated target price per ADS of Kaspi.kz decreased to $104, with an upside potential of 27% from the current price. Recommendation – "Buy".

(=) Continued revenue growth along with significant increase in expenses. The company's interest income in Q1 2025 reached a record KZT 328 billion, increasing by 37% YoY and 6.2% QoQ. Net commission and transactional income rose by 29% YoY but fell by 3.8% QoQ due to the seasonally strong fourth quarter. The Marketplace segment again showed the highest revenue growth, with income rising 132% YoY, mainly due to the consolidation of Turkish marketplace Hepsiburada. At the same time, the annual revenue growth of the Fintech and Payments segments was 18% and 16% respectively. Quarterly interest expenses again grew at a slower pace than interest income — 26% YoY. Compared to the previous quarter, however, interest expenses increased by 11% QoQ. Non-interest expenses rose by 164% YoY and 100% QoQ, primarily due to a 219% YoY increase in the cost of goods sold and services following the consolidation of Hepsiburada's results. As a result, Kaspi.kz's quarterly net profit amounted to KZT 254 billion, up 14% YoY but down 20% QoQ.

(—) Downgrade in management's guidance. The volume of revenue-generating transactions in the Payments segment grew by 23% YoY, exceeding the management's previous 2025 guidance of 15–20% growth. This segment turned out to be the only one whose forecast remained unchanged following the first quarter. The number of revenue-generating transactions increased by 15% YoY, and the number of active users — by 6.2% YoY. The total quarterly GMV in the Marketplace segment grew by 25% YoY or 20% YoY excluding the Turkish marketplace. This came in below the previous 2025 growth guidance of 25–30%. As a result, management lowered the forecast excluding the Turkish company to 15–20%. Reasons cited include new smartphone import rules in Kazakhstan and increased macroeconomic uncertainties. The segment's take rate rose noticeably — from 9.7% to 10.3%. The number of active buyers grew by 11% YoY to 8.2 million people. The Fintech segment showed a 17% YoY growth in total financed volume (TFV), which was within the previous guidance of 15–20%. However, due to the expected slowdown in Marketplace growth, management lowered its forecast for this segment to 15%. The company's loan portfolio grew by 34% YoY and 5.8% QoQ, indicating some deceleration. Meanwhile, the average annual yield on the portfolio remained unchanged at 24%. The number of Kaspi.kz app users partially stagnated after three quarters of growth. In Q1, the number of daily active users reached 10.1 million (+11% YoY, +0% QoQ), and monthly users reached 14.9 million (+6.4% YoY, +1.4% QoQ).

Changes in the valuation model and our opinion. This quarter marked a period of major changes for Kaspi.kz following the inclusion of the recently acquired Turkish marketplace in the reporting. Additionally, the company issued $650 million in Eurobonds for 5 years at a 6.25% coupon to invest in Hepsiburada. The next two years could prove critical for Kaspi.kz depending on how much Hepsiburada grows. In Kazakhstan, the company slightly downgraded its 2025 forecasts due to macroeconomic factors that affected the Marketplace segment and indirectly the Fintech segment. In particular, changes in smartphone import rules aimed at curbing the grey market and the introduction of a tax on income from government securities are mentioned. As a result, we slightly downgraded our forecasts for these segments in the valuation model. However, since we had already used conservative projections, the effect was relatively mild. The company also noted the negative impact of boycotts in Turkey due to recent political instability on Hepsiburada's performance. As a result, the marketplace showed revenue decline in real terms. On the other hand, the valuation is still mostly dependent on the performance of the Kazakhstan segment. In our model, we raised loan portfolio growth expectations, as the previous forecasts were quite conservative. Nevertheless, interest expenses slightly increased due to new deposit products and the inclusion of the new Eurobond issue in our model. The valuation model was also negatively affected by a slight increase in the cost of equity due to rising yields on 10-year Kazakh government bonds and generally worsening inflation and base rate outlooks. As a result, our updated valuation of one ADS of Kaspi.kz is **$104**, with a **27% upside** from the last market price. **Recommendation – "Buy."**

Appendix

Illustration 1. Key changes in the latest version of the valuation model

Changes	Date of valuation 27.02.2025	Date of valuation 16.05.2025	Change, %	Comments
Interest expense, 2025, billion KZT	670	805	+20%	Increase in funding costs and placement of Eurobonds for $650 million
GMV Marketplace Kazakhstan, 2025, trillion KZT	7.8	7	-10%	Decrease of management's forecasts for GMV growth in 2025
Loan portfolio, 2025, trillion KZT	6.9	7.2	+3.2%	Higher actual numbers relative to our forecasts

Freedom Broker estimates

Illustration 2. Previous recommendations and price targets from Freedom Broker. (B - "buy", H - "hold", S - "sell")

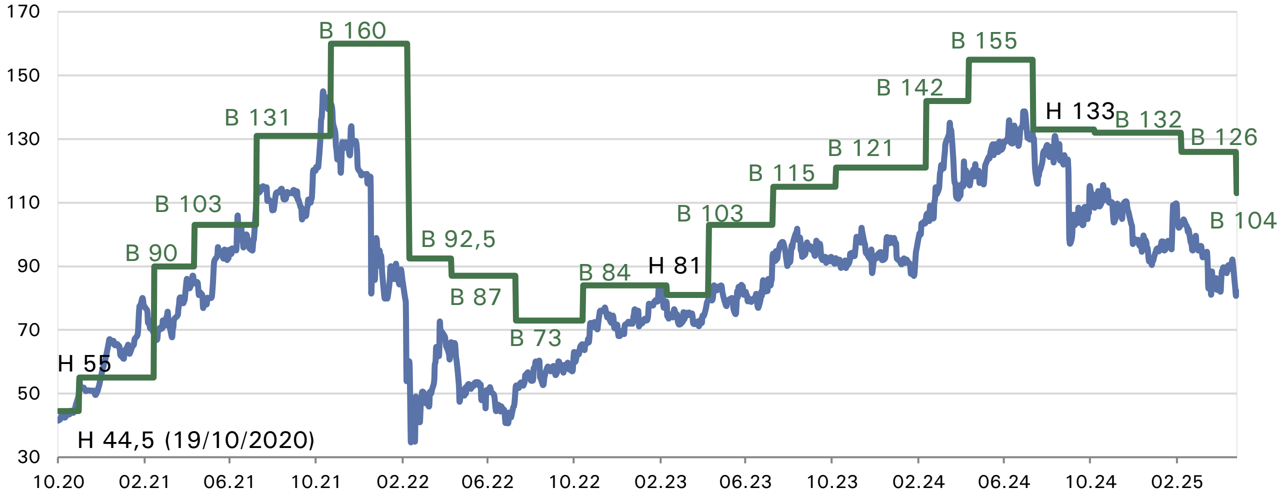

Illustration 3. P/E and P/B multiples according to Freedom Broker estimates

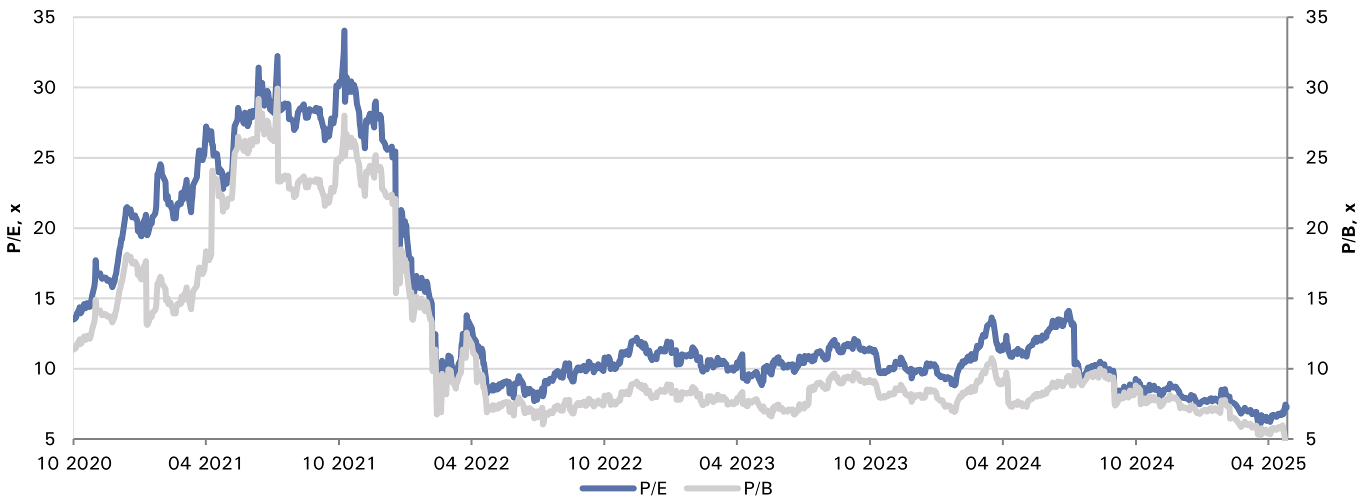

Illustration 4. Current Rating Percentage from Freedom Broker for KASE securities

Recommendation	Quantity	Percentage
Buy	7	70%
Hold	2	20%
Sell	1	10%

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- The Company may be a market maker in relation to the Issuer's shares. A detailed list of financial instruments is available on the website of the Kazakhstan Stock Exchange at this link: https://kase.kz/ru/membership/SEVEN/

Rating system

- Buy: A stock that, at the time of rating, is expected to increase in price by more than 20 percent over the next 6-12 months.
- Hold: A stock that, at the time of rating, is expected to move in price in the range of minus 10 percent to plus 10 percent over the next 6-12 months.
- Sell: A stock that, at the time of rating, is expected to decline in price by more than 10 percent over the next 6-12 months.