Noah Reports Q2 Earnings, Driven by Robust Growth in Overseas Markets

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SHANGHAI, Aug. 29, 2024 /PRNewswire/ -- Noah Holdings Limited ("Noah" or the "Company") (NYSE: NOAH and HKEX: 6686), a leading and pioneer wealth management service provider offering comprehensive advisory services on global investment and asset allocation primarily for Mandarin-speaking high-net-worth investors, today announced its unaudited financial results for the second quarter of 2024.

The Company recorded total net revenues of RMB 616 million (US$ 85 million) in the second quarter of 2024, with overseas businesses contributing RMB 279 million (US$ 38 million). Noah's operating profit reached RMB 134 million (US$ 18 million) in the second quarter of this year, representing an operating profit margin of 21.8%, an increase from 18.7% in the first quarter of 2024. The second quarter also marked a significant milestone in Noah's strategic transformation, as the Company continues to pivot towards international markets.

Financial Results Breakdown

In the second quarter of 2024, Noah achieved total net revenues of RMB 616 million (US$85 million), driven by the strong performance of its overseas business. The overseas segment generated RMB 279 million (US$ 38 million), underscoring the Company's successful global expansion. For the first half of 2024, Noah's total revenues reached RMB 1.3 billion (US$ 174 million), with the overseas segment contributing RMB 585 million (US$ 81 million).

Notably, the Company made significant strides in expanding its international client base in the first half of 2024, with the number of overseas registered clients increasing by 23.0% year-over-year. The number of overseas Diamond and Black Card clients also expanded by 14.2% year-over-year, demonstrating the growing appeal of Noah's wealth management services among high-net-worth individuals globally.

Global Strategy Drives Growth

In response to the evolving macroeconomic environment, Noah has implemented its unique global asset allocation strategies that align with market trends and client needs. The U.S. Consumer Price Index (CPI) cooled to 2.9% in July 2024, the first time the inflation rate dipped below 3% since March 2021. During the quarter, Noah raised approximately $152 million for US private equity (PE) products, a significant increase of 46.2% year-over-year. The increment reflects the alignment of clients' interests with market expectations of a potential Fed rate cut and reflects the accuracy of Noah's previous CIO investment report forecasts, showcasing the Company's integrated research and investment capabilities in supporting client portfolio decisions that may contribute to the growth of the Company's US$ AUA.

The strategic adjustments, aimed at realigning Noah's business towards overseas markets, had a temporary impact on profitability. Yet the Company's goals become clearer and compliance is further strengthened. By continuing to expand its overseas private banking team and enhancing its professional service capabilities in Hong Kong, Singapore, Japan, and the United States, Noah will strengthen its position among high net worth overseas Chinese clients, which may contribute significantly to future growth.

Share Repurchase Signals Undervaluation

As part of its commitment to enhancing shareholder returns, the board of directors of the Company authorized a share repurchase program under which the Company may repurchase up to US$50 million of its American depositary shares or ordinary shares, effective immediately. The authorized term for carrying out this share repurchase program is two years.

Mr Zhe Yin, CEO of Noah, said, "This quarter marked a pivotal moment for Noah as we continue to realign our strategy to drive growth in a dynamic global market. Our overseas revenue contribution increase to 46.3% in the first half of 2024 and asset under management increasing 14.1% year-over-year during the quarter. We also raised US$ 338 million for overseas private equity, private credit, and other primary market funds year-to-date, a significant 40.2% year-over-year increase."

"In addition, our team of overseas relationship manager hits over 110, a dramatic growth of 101.8% year-over-year and 24.2% sequentially during the quarter. This achievement underscore our commitment to providing innovative solutions that meet the evolving needs of our clients worldwide. We believe that wealth management is a long-term career. Our business is built on the premise that it will bring long-term value to our clients, shareholders, and management broad. "Yin said.

China's wealth management industry is currently facing a challenging period and undergoing a transition. This share repurchase

program, along with the recently completed dividend payout, reflects the unwavering commitment to prioritizing shareholder interests and delivering sustained returns from the Company. Furthermore, it demonstrates the Company's confidence in its future growth.

Ms. Jingbo Wang, co-founder and chairwoman of Noah, commented, " We believe that our stock is deeply undervalued and does not reflect our growth prospects, robust balance sheet and cash reserves, or the special bond we have formed with the Mandarin-speaking HNWIs globally. We value both our long-term and new shareholders and are committed to sharing our success with them through more proactive capital allocation policies moving forward. "

Looking ahead, the Company's ongoing focus on international markets, coupled with its expertise in global allocation strategies and a strong emphasis on compliance, positions Noah for sustainable growth.

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