Noah Holdings Announces $50M Share Repurchase, Signaling Confidence in Overseas Growth

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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 one-stop 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.

Noah recorded total net revenue of RMB 616 million in the second quarter of 2024. The wealth management business generated net revenues of RMB 416 million, while the asset management business reported net revenues of RMB 192 million.

Strategically Overseas Expansion and Comprehensive investment Solutions

Noah's overseas expansion is gaining momentum as client demand for global asset allocation strengthens, with overseas net revenue contribution increasing to 46.3% in the first half of 2024 and asset under management increasing 14.1% year-over-year during the quarter. Noah 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.

Income from operations was RMB 134 million, an increase of 10.3% sequentially, with an operating margin of 21.8%, an increase from 18.7% in the first quarter of 2024. These results directly reflect the early success of Noah's strategic transformation as it implements effective cost control measures, restructures its domestic business, and accelerates its expansion overseas.

"The pace of our overseas expansion is gaining momentum," said Zhe Yin, the Chief Executive Officer of Noah Holdings. "Our team of overseas relationship managers directly supporting this expansion grew 101.8% year-over-year and 24.2% sequentially during the quarter. While we are still in the relatively early stages of our overseas expansion, these results reflect the direction we are headed in going forward."

"Domestically, we are focused on stabilizing operations by streamlining our branch network to reduce overhead costs and adjusting our client service model to comply with evolving regulatory requirements by separating relationship and business development managers into different independent business units. While these initiatives may temporarily impact business activity over the next few quarters, they will ensure our ability to effectively and compliantly serve clients with a comprehensive portfolio of products in the long term. I am pleased with the progress we have made this quarter in expanding overseas, and confident in both our long-term growth potential and ability to consistently generate returns for shareholders."

As of June 30, 2024, the number of overseas registered clients increased by 6.7% sequentially 23.0% year-over-year to 16,786, further reflecting the growing demand for overseas asset allocation. Notably, the number of overseas diamond and black card clients saw an even more substantial year-on-year increase of 14.2%.

The Company also observed a shift in product preferences, a trend that aligns with the forward-looking strategies outlined in Noah's Chief Investment Office's (CIO) house view. Interest in investment products increased substantially as a result of expectations for a potential Federal Reserve rate cut during the second half of the year. Known for its expertise and ability to offer clients alternative investments on a global basis, Noah is uniquely positioned to capitalize on this opportunity to grow its USD AUA.

As of June 30, 2024, Noah's overseas relationship manager team grew to 113, a 24.2% increase sequentially. This expansion reflects Noah's commitment to building a robust presence in key international financial hubs, and enhances its ability to serve high-net-worth clients with comprehensive global investment solutions.

Prioritizing Shareholder Interests and Delivering Sustained Returns

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.

Noah announced in November 2023 that a new capital management and shareholder return policy (the "Policy") had been adopted, pursuant to which up to 50% the Company's non-GAAP net income attributable to shareholders of the preceding financial year will be allocated to a Corporate Actions Budget which will serve various purposes, including dividend distribution and

share repurchases. The share repurchase program announced on August 29 2024 does not form a part of the Corporate Actions Budget under the Policy. The Corporate Actions Budget based on Noah's financial performance in 2024 is expected to be determined and announced alongside the Company's earnings results for the fourth quarter and full year ending on December 31, 2024.

Ms. Jingbo Wang, co-founder and chairwoman of Noah, commented, "This share repurchase program, along with the dividend payout we just completed, reflects our unwavering commitment to prioritizing shareholder interests and delivering sustained returns. While China's wealth management industry is navigating a challenging period and undergoing a transition, we remain confident in Noah's unique advantages stemming from our deep understanding of Mandarin-speaking high-net-worth individuals' (HNWI) needs and our ability to deliver products and services to this still-growing client base. We are one of a few independent firms that maintains access, through years of investor education, to a large group of qualified individual investors who continue to seek professional services."

"As such, 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."

Strengthening Commitment to ESG Principles

In the first half of 2024, Noah published its 10th Annual environmental, social, and governance (ESG) report, highlighting its decade-long commitment to corporate responsibility and sustainable practices. Additionally, Gopher Asset Management, Noah's asset management arm, also joined the latest Nature Responsible Management initiative, Spring, announced by Principles for Responsible Investment (PRI) in 2024, reinforcing its role in driving responsible investment practices in order to halt and reverse biodiversity loss by 2030.

By aligning with the PRI, Noah reaffirms its commitment to integrating ESG factors into its investment processes, fostering sustainable and responsible investment practices that benefit all stakeholders.

Noah continues to adapt and evolve amidst a challenging market environment. The Company's strategic initiatives, focused on global expansion, technological innovation, and sustainable practices, are beginning to yield tangible results, laying a strong foundation for continued success in the years to come.

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Noah Holdings: in_communication@noahgroup.com; Vincent: xukaiping@noahgroup.com; Yoyo: luoyuanyuan@noahgroup.hk