



AmInvestment Bank

Company report

CTOS DIGITAL

(CTOS MK EQUITY, CTOS.KL)

07 Dec 2022

Credit rating powerhouse with a secular growth story

BUY

(Initiation)

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Rationale for report: Initiation

Price	RM1.43
Fair Value	RM1.80
52-week High/Low	RM1.96/RM1.13

Key Changes

Fair value	Initiation
EPS	Initiation

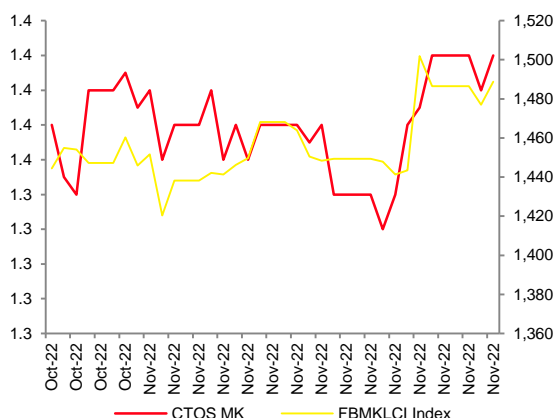
YE to Dec	FY21	FY22F	FY23F	FY24F
Revenue (RM mil)	153.2	189.9	219.2	250.5
Core net profit (RM mil)	43.6	83.5	106.1	128.4
FD Core EPS (sen)	1.9	3.6	4.6	5.6
FD Core EPS growth (%)	7.5	91.8	27.0	21.0
Consensus Net Profit (RM mil)	-	83.5	102.4	120.7
DPS (sen)	1.1	2.0	2.5	3.2
PE (x)	75.3	39.3	30.9	25.6
EV/EBITDA (x)	54.8	40.7	35.1	29.7
Div yield (%)	0.8	1.4	1.8	2.3
ROE (%)	20.8	20.3	19.6	21.7
Net Gearing (%)	nm	25.6	19.6	14.3

Stock and Financial Data

Shares Outstanding (million)	2,310.0
Market Cap (RMmil)	3,280.2
Book Value (RM/share)	0.13
P/BV (x)	10.7
ROE (%)	20.8
Net Gearing (%)	28.0

Major Shareholders	INODES (28.2%)
	Employees Provident Fund (6.6%)
	Chung Tze Kong (4.2%)
Free Float	57.5
Avg Daily Value (RMmil)	2.9

Price performance	3mth	6mth	12mth
Absolute (%)	(1.4)	(0.7)	(23.7)
Relative (%)	0.2	4.7	(22.4)



Investment Highlights

- We initiate coverage on CTOS Digital Holdings (CTOS) with a BUY call and SOP-based fair value (FV) of RM1.80/share with a total potential return of 28% (26% potential capital gain and 2% dividend yield).
- Our FV implies a compelling PEG of 1.4 vs. global peers' average of 4.3 due to CTOS' superior FY22F-FY24F earnings CAGR of 43% (vs peers' average of 14%). This stems from the company's unique position in an underpenetrated market with strong economic moat. We ascribed 4-star ESG rating to the company, which adds a 3% premium to the FV.
- CTOS, Malaysia's dominant credit rating agency with a substantial market share of 72% based on revenue, has a deep economic moat built upon comprehensive databases, including self-reinforcing proprietary information, which allow the firm to provide more expansive product offerings that cover each stage of consumers' lifecycle with accurate data analytics. Coupled with data security infrastructure spending and the need to gain consumers' trust, new entrants require substantial initial investments to be competitive.
- The group is taking a multipronged approach to drive its future earnings growth, leveraging on its existing resources, and expanding into new verticals - automotive, real estate and insurance sectors- to further widen its defensive stronghold and capture new markets.
- The group will also streamline the operations and maximise synergies of its recent bolt-on acquisitions i.e. RAM Holdings and Juris Technologies. These new additions provide CTOS with cross-selling opportunities as well as capabilities to innovate new products and enhance its existing offerings.
- Well-positioned to ride on the emerging trend of digital banking and financial services, CTOS is expected to drive the need for real-time credit decision process and alternative consumer data. CTOS allocates sizeable capex to upgrade its analytics and decision-making platforms, adding value to its propositions in the digitalised economy.
- Driven by multifaceted growth opportunities, the group's FY22F-FY24F earnings CAGR of 43% will be backed by healthy revenue growth of 18% FY22F-FY24F CAGR and improving EBIT margin trend from a gradual pick up in operating leverage.
- The key account segment will continue to be the main earnings growth driver, following the onboarding of new customers (i.e. digital players) and increase in existing customers' share of wallet from enlarged product offerings – thanks to synergistic benefits of recently acquired capabilities, together with full-year associate contributions (+50%) in FY23F.
- The stock currently offers attractive valuations with an unjustified PEG ratio of 1.1 vs. global peers of 4.3.

INVESTMENT THESIS

□ Building an impenetrable fortress

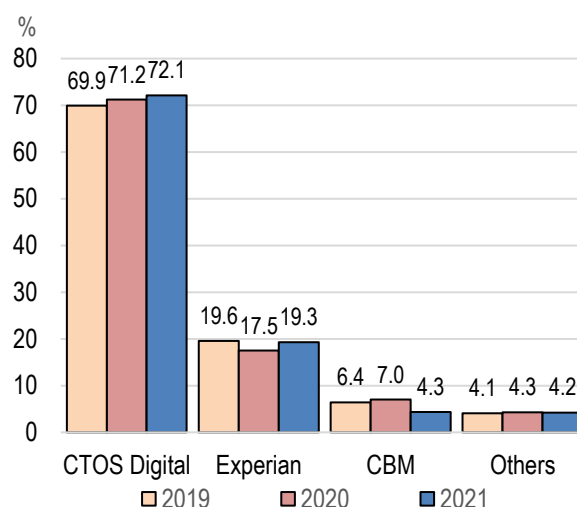
CTOS is Malaysia's leading credit rating agency (CRA) with a substantial market share of 72% based on revenue, mainly through its wholly-owned subsidiaries, CTOS Data Systems and CTOS Basis. The group also has a 24.8%-equity stake in the market leader of business information in Thailand, Business Online (BOL).

Superior and wider product offerings. Compared to local peers, CTOS has a full-fledged credit management ecosystem solution that covers each stage of consumers' credit lifecycle (Exhibit 2), from the identification of new customers to credit recovery.

Being a one-stop solutions provider enables CTOS to cross-sell services to existing customers while reducing the hassle of customers dealing with multiple parties to meet credit information and digital solutions needs.

The ability to provide a seamless user experience across the group's digital platform is also an added advantage that further solidifies the stickiness of its products/solutions.

EXHIBIT 1: CRAS' MARKET SHARE BY REVENUE



Source: Respective companies, AmInvestment Bank

EXHIBIT 2: PRODUCT OFFERINGS COMPARISON AMONG MALAYSIA-BASED CRAS

	CTOS Digital	CBM	Experian	CRIF	D&B	FIS
CORE PRODUCTS						
Access to CCRIS	■	■	■			
Credit Scoring	■	■	■			
Credit Rating	■	■	■	■	■	
Consumer Credit Report	■	■	■			■
Commercial Credit Report	■	■	■	■	■	■
▪ Business Information Report	■	■	■	■	■	■
▪ Credit Monitoring Service	■	■	■			
▪ International Reports	■		■	■	■	
VALUE-ADDED SERVICES						
Business Analytics	■	■	■	■	■	
Fraud Prevention	■					
Fraud Monitoring	■		■			
Scoring/Rating Validation Services	■	■	■			
Credit Decisioning & Analytics	■		■	■		
Digital Onboarding/eKYC	■		■	■		
Credit Risk Management	■		■		■	
Credit Comparison Site	■		■			
Identity Theft Protection	■		■			
Tenant Screening	■					

Source: IDC Malaysia, CTOS

Early-mover advantage amplified. Given the nature of the CRAs business where large databases allow the firms to provide more expansive product offerings and accurate data analytics, the early-mover advantage is amplified and benefits incumbents like CTOS.

The group has accumulated over 30 years of data since its establishment or 15mil consumer and 8mil company/business profiles (as at May 2021). This information is gathered from various sources including governmental organisations, public court listings, publications and gazettes while international data from

CTOS Basis' (CTOS' wholly-owned subsidiary) network of global data partners.

For a new firm to go head-to-head against CTOS, it will need a substantial initial investment in acquiring databases to be competitive.

Strengthening economic moat through self-enforcing proprietary database. On top of publicly sourced data, CTOS also manages its own proprietary databases namely eTR, eTR Plus, and CED (Exhibit 3). The company has one of the largest electronic trade reference databases in Malaysia and these records are accessible by customers

through CTOS reports and used for credit score calculation as well as part of insights and analytics solutions.

Leveraging on the group's strong brand trust and long-standing relationship with customers, CTOS expands its database network through trade reference submissions of customers, which further enhance the quality of data.

Coupled with CTOS' regular accuracy test and audit process to ensure data quality, this creates a self-reinforcing cycle of continuous improvement on the depth and quality of database and indirectly fortifies CTOS' market leadership position.

EXHIBIT 3: CTOS' PROPRIETARY DATABASES

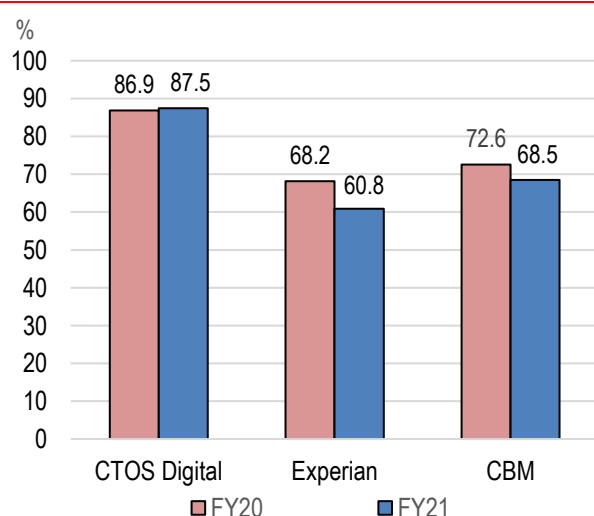
eTR	Contains non-bank negative payment histories of consumers and businesses. Each trade reference includes details such as debtor's name, creditor's name, contact information, age of account, outstanding payment information and history of demands for payment and returned cheques.
eTR Plus	Contains non-bank behavior information including timely payment history. The additional on-time payment information gives a more balanced understanding of the prospective debtor's payment history.
CED	Contains litigation and bankruptcy proceeding information shared by CTOS' subscribers.

Source: CTOS

The scale effect of CTOS' large database and unique value proposition from its proprietary data is also reflected in the company's better gross and EBITDA margins compared to local peers (Exhibit 4-5).

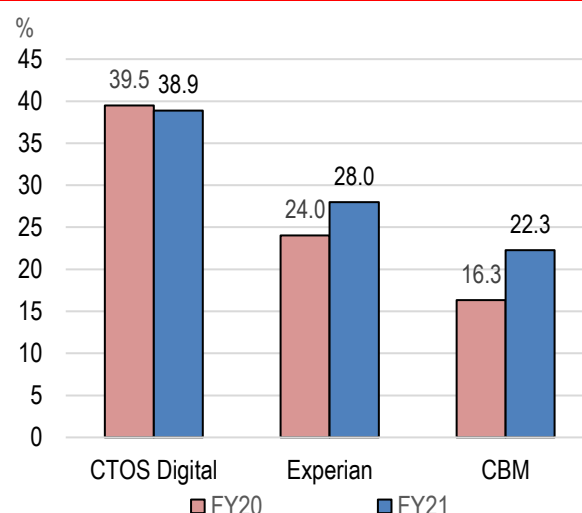
Other barriers to entry. Besides the need to have a large database, other factors such as regulatory hurdles, heavy investment in security to handle confidential information and brand recognition (Exhibit 6) also act as natural barriers to entry, amplifying the cost for new firms to penetrate this space.

EXHIBIT 4: GROSS MARGIN COMPARISON



Source: Respective companies, AmlInvestment Bank

EXHIBIT 5: EBITDA MARGIN COMPARISON



Source: Respective companies, AmlInvestment Bank

EXHIBIT 6: BARRIERS TO ENTRY

Regulations	CRAs in Malaysia are subject to regulatory oversight by CRA Registrar, which is under the purview of the Ministry of Finance. Operating in a highly regulated environment, CRAs will need to incur incremental costs related to compliance such as technology and IT costs, additional staff costs as well as risks and legal-related matters.
Security	The need to handle, process and analyse customers' confidential information requires substantial resources including, but not limited to, investment in time, people, infrastructure and governance framework to establish a cyber-resilient culture.
Database	CRAs need to have access to a large database of credit, demographic and other consumer/business information. Some of the data requires approval from governmental agencies and other sources to obtain access. New entrants will have difficulties to obtain similar size of database comparable to incumbents, which have collected such data throughout the years.
Brand Recognition	Customer trust and brand recognition is important given that CRAs provide and collect sensitive customer information.

Source: IDC Malaysia, CTOS

Digital innovations. Not resting on its laurels despite the lead, CTOS continuously innovates new digital solutions to meet customers' needs and further differentiate against peers.

Over the past few years, the group has rolled out CTOS eKYC, CTOS SME Score, CTOS IDGuard, CAD, and more recently, CTOS Tenant Screening, CTOS Car Insurance and CTOS Vehicle Check. The strong relationship with customers gives CTOS privy to industries' latest and evolving needs, and allow the company to react quickly to meet these demands.

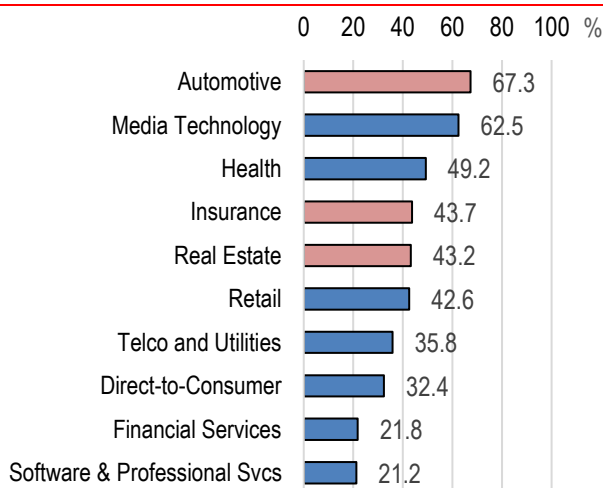
Besides innovation of new products, the group is also investing in IT capabilities as well as data and analytics know-how to ensure its digital solution platform remains competitive and provide customers with better analytical solutions.

□ Penetrating new verticals

Leveraging on existing resources ie. platform and databases, CTOS is expanding into new verticals namely automotive, real estate and insurance sectors to further widen its moat and opportunities to grow revenue base.

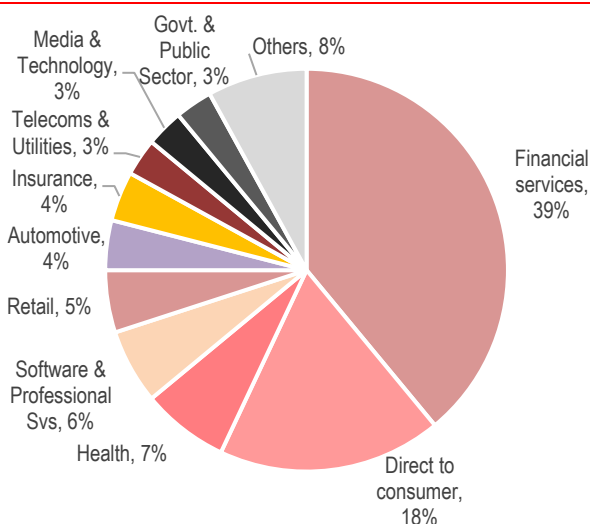
IDC Malaysia estimated the total addressable market of automotive, real estate and insurance sectors to grow at 51% CAGR to RM129mil by 2025 from RM25mil in 2021 (Exhibit 7). Expanding into these new sectors is deemed as a natural progression for CRAs given the trend in developed markets' credit bureaux. For instance, Experian - the leading CRA in North America – has a revenue base of US\$6.2bil which is well-diversified across more than 11 sectors (Exhibit 8).

EXHIBIT 7: 2021-2025E CAGR OF CREDIT REPORTING TOTAL ADDRESSABLE MARKET BY SECTORS



Source: IDC Malaysia

EXHIBIT 8: EXPERIAN'S FY22 REVENUE BREAKDOWN



Source: Experian

New products for new markets. CTOS has rolled out several new digital solutions catering to the needs within these sectors. One of them is CTOS Tenant Screening which allows landlords or real estate agents to screen prospective tenants through a series of identity verification, KYC screening, financial checks, income estimation and historical legal cases or bankruptcies.

For an example of a use case for CTOS' new products, the group recently signed a memorandum of understanding (MoU) with iBilik.com, a Malaysia-based online accommodation provider with the largest rental database, to integrate CTOS Tenant Screening into iBilik.com's platform together with other solutions such as CTOS eKYC and CTOS reports. Through this collaboration, iBilik.com also will contribute tenant payment history to CTOS' database while helping renters/tenants to build a credit history.

EXHIBIT 9: CTOS TENANT SCREENING REPORT SAMPLE

Steady Confidential

Report No: 000001

Assessed: 000001

Date: 2022-05-01 10:04:05

CTOS TENANT SCREENING REPORT

Page 1 of 2

Identity Verification

Request ID: TSR-537281

Request Date: 01-03-2020

Primary Applicant (Your Input): John Doe

NRIC No. (Your Input): 000000-00-0000

Primary Applicant: John Doe

NRIC No.: 000000-00-0000

Date of Birth: 01-01-1980

Address 1: No. 1, Jalan Kerinchi, Bangsar South, 59200, Kuala Lumpur, WP Kuala Lumpur

Source: NRD

Address 2: -

Summary of Checks

✓ ID/Passport Checks

Valid

↓ Financial

Information Discovered

↓ Trade Reference(eTR)

Information Discovered

↓ Litigation

Information Discovered

↓ Bankruptcy

Information Discovered

↓ KYC Screening

Information Discovered

Financial

Missed Payments: Has 2 Missed Payments for the last 12 months

Legal Action Taken: Has Legal Action Taken on this subject

Special Attention Account: No Special Attention Account discovered

Trade Reference(eTR)

Name of Debtor	Amount	Statement Date	Credit Term	Account Conduct
SAMPLE SDN BHD	11,500.00	>180 days (Default)	30 Days	Unsatisfactory
SAMPLE2 SDN BHD	1,500.00	31-60 Days (Outstanding)	30 Days	Unsatisfactory

Litigation

Subject as defendant

CASE TYPE	Amount	Plaintiff	Status	Subject Comments
SUMMONS - DIRECTED TO	29,555.00	XXX BANK-CARD CENTRE,KL	-	-

Subject as plaintiff

CASE TYPE	Amount	Plaintiff	Status	Subject Comments
No information found				

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Source: CTOS

Through its collaboration with Otofacts, Malaysia's online automotive bureau, CTOS launched the CTOS Vehicle Check. The service allows end-consumers to run background checks on used or reconditioned vehicles registered in Malaysia, Japan and the United Kingdom. The reports provide details such as accident history, vehicle mileage and ownership history which enable customers to make informed decisions.

Currently, there are 23mil vehicles (based on Malaysia Road Transport Department data) deemed active on Malaysia's roads and an estimated 400,000 used cars traded per annum (from Federation of Motor and Credit Companies Association of Malaysia) which represents the potential addressable market within this sub-segment.

In collaboration with PolicyStreet.com, CTOS also rolled out the CTOS Car Insurance platform in May 2022 to tap into the general insurance market. The service enables consumers to make comparisons of policies on more than 10 insurance providers while renewing their car insurance and road tax.

□ Streamlining synergistic and bolt-on acquisitions

CTOS made a series of acquisitions over the past 2 years, providing the group with new sales channels through cross-selling opportunities as well as leveraging on recently acquired capabilities to innovate new products and enhance existing products and solutions.

We expect the group to take a pause from further acquisitions for the next 1-2 years as it focuses on streamlining operations and maximise synergies between the recently acquired businesses.

Some of the benefits such as cross-selling current products to existing customers could be reflected in the bottom line as soon as a year after the purchase. Others like jointly-developing new products catering to new needs may take longer, up to 2-3 years.

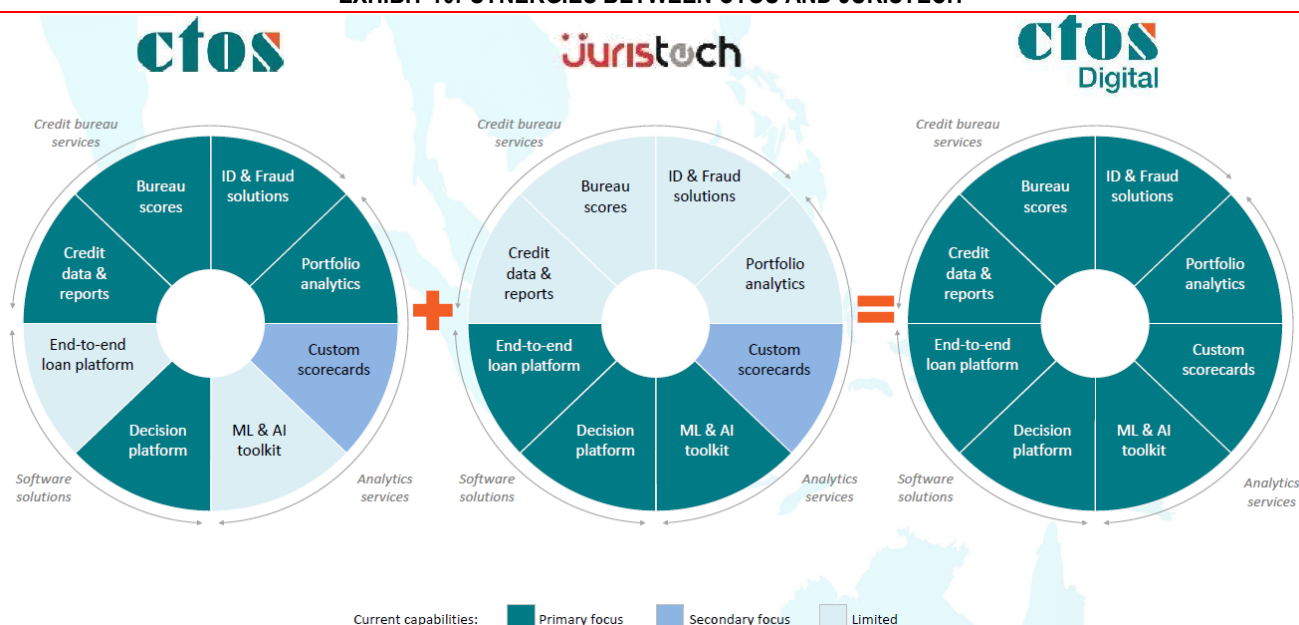
The following are CTOS' recent acquisitions:

Juris Technologies – A match made in heaven. CTOS acquired a 49% stake in Juris Technologies (JurisTech) for RM206mil in Feb 2022. JurisTech specialised in enterprise-class software solutions serving banks, financial institutions and insurance and telecommunication companies. The acquisition will allow the 2 companies to strengthen their capabilities by combining credit data, software and analytics services. Additionally, JurisTech will be able to incorporate CTOS' data and solutions into its existing offerings and make a stronger case when proposing to customers.

More importantly, leveraging on JurisTech's strength in the software solutions segment, the acquisition enables the companies to double down in efforts to ride on the digital economic boom by developing new solutions focusing on consumer segments such as fintech, buy-now-pay-later (BNPL) operators, traditional financial institutions with legacy systems and digital money lenders.

The emerging trend of digital lending is set for exponential growth as end-consumers become more comfortable opting for non-conventional lending solutions with the increase in general digital adoption.

EXHIBIT 10: SYNERGIES BETWEEN CTOS AND JURISTECH



Source: CTOS

RAM – Key to unlock underpenetrated SME credit rating market. In 2022, CTOS progressively raised its equity stake from 8.1% in Dec 2021 to 57.7% currently in RAM, Malaysia's leading provider of independent credit ratings with key customers mainly consisting of large corporations/enterprises. Through its subsidiary, RAM Rating Services, the group has a 62% market share of the corporate bond market in terms of programme value in 2021.

Following CTOS acquisition of RAM, this opened doors of opportunities for credit rating services to be extended to SMEs (enterprises with annual revenue between RM50mil

and RM500mil), which have a total addressable market of more than 8,000 companies.

The linking and integration of RAM's bond ratings know-how and CTOS' credit-related databases and data analytics capabilities will allow the firms to provide more comprehensive credit rating services to SMEs while improving this segment of customer access to capital markets i.e. more sources of fund options and access to competitive facilities.

Similar products are already being offered by global rating agencies like S&P Global Ratings and Moody's Investor Service, providing some form of validation of product fit. In

the past, the SME segment is often overlooked due to the challenges of acquiring insightful data, hindering lenders to make informed credit decisions.

Besides cross-selling existing products, CTOS-RAM also could co-develop new products to serve both companies' customers such as environmental, social and governance (ESG)-based products and solutions.

❑ Digital banking - The next growth frontier

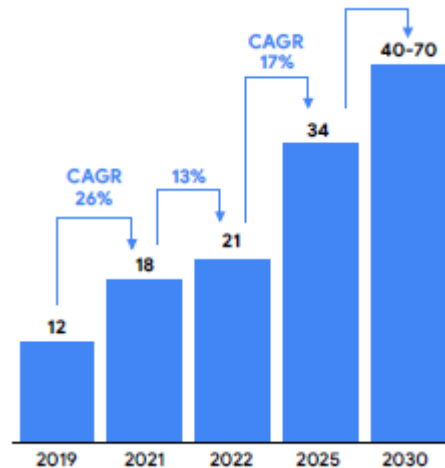
A rising tide lifts all boats. The emergence of digital banking and financial services is expected to drive the need for real-time credit decision-making process, which helps to propel the growth of the credit reporting industry.

As a barometer of future growth potential within this space, the gross merchandise value (GMV) of Malaysia's digital economy is forecasted to grow at 2022-2025 CAGR of 17%, reaching US\$34bil level by 2025 (Bain & Company's estimate from the e-Economy SEA (7th edition) report) outpacing many other traditional sectors.

Meanwhile, digital financial services' transaction value is also expected to grow across all sub-segments (Exhibit 12) following the increase in digital maturity.

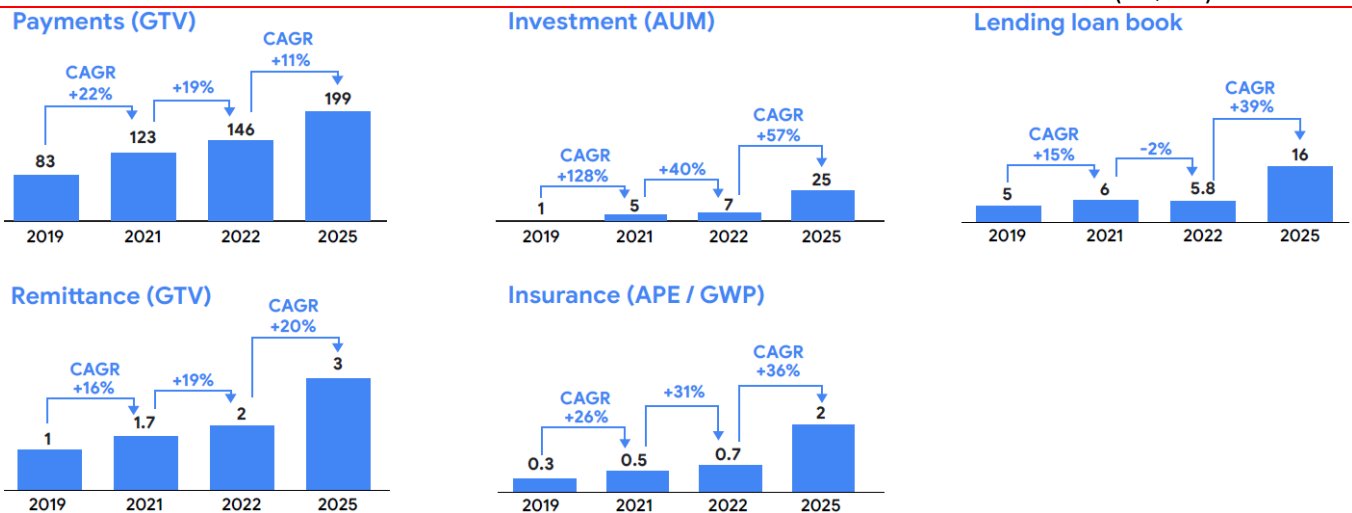
Digital banks' low-hanging fruits would be within the credit markets, specifically catering to younger digital natives and unserved/underserved populations. This creates the need for alternative consumer data for credit background checks and data analytics support, benefiting CTOS.

EXHIBIT 11: MALAYSIA'S DIGITAL ECONOMY GMV GROWTH PROJECTION (US\$ BIL)



Source: Bain estimates

EXHIBIT 12: MALAYSIA'S DIGITAL FINANCIAL SERVICES SEGMENT GROWTH PROJECTION (US\$ BIL)



Note: GTV = Gross Transaction Value, AUM = Assets Under Management, APE = Annual Premium Equivalent, GWP = Gross Written Premiums

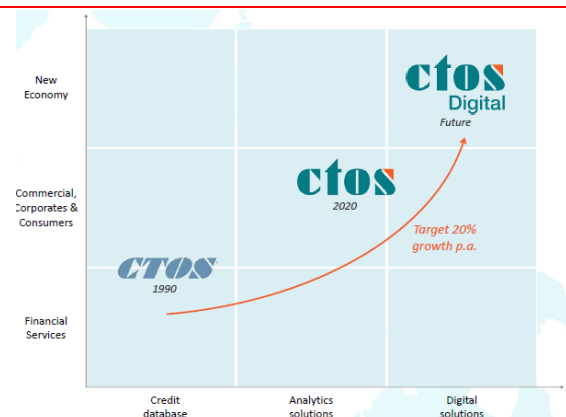
Source: Bain estimates

Equipping to ride the digital wave. To be able to provide better insights, faster decision process and increased accuracy of credit scorings, CTOS is allocating sizeable capex (65% of capex) to enhance its IT, data and analytics capabilities in the near term.

Medium-to-longer term, the company intends to step up investment in artificial intelligence and machine learning. These technologies could improve CTOS' analytics and decision-making platforms, adding value to its propositions in the digitalised economy.

On top of that, the acquisition of JurisTech also helped CTOS to strengthen its software solutions capabilities.

EXHIBIT 13: CTOS' EVOLUTION PATH



Source: CTOS

Prospective customers. Instead of directly competing against traditional brick-and-mortar banks, digital banks aim to complement the existing banking system, focusing on financial inclusion.

In April 2022, Bank Negara Malaysia (BNM) approved 5 digital banking licenses (Exhibit 14) with the successful applicants currently undergoing a period of operational readiness which later will be validated by BNM before commencing operation. The whole process is expected to take 12-24 months' time.

EXHIBIT 14: MALAYSIA'S DIGITAL BANK LICENSEES

Licensed under the Financial Services Act 2013

- A consortium of Boost Holdings and RHB Bank
- A consortium led by GXS Bank and Kuok Brothers
- A consortium led by Sea Limited and YTL Digital Capital

Licensed under the Islamic Financial Services Act 2013

- A consortium of AEON Financial Service, AEON Credit Service (M) and MoneyLion
- A consortium led by KAF Investment Bank

Source: CTOS

Not restricted to digital banking in the conventional sense, the growth of digital financial solutions need also will be driven by the digital transformation of traditional banks and emergence of microlending trends i.e. BNPL and peer-to-peer lending.

EXHIBIT 15: BNPL SERVICE PROVIDERS IN MALAYSIA



Source: Various media sources

VALUATION & FINANCIAL OVERVIEW

❑ Multifaceted growth opportunities to support valuation

We initiate coverage on CTOS with a BUY call and FV of RM1.80/share which offers a total potential return of 28% (26% potential capital gain and 2% dividend yield). This includes a 3% premium from an ascribed ESG rating of 4 stars.

Our SOP-derived FV (Exhibit 16) implies a compelling PEG of 1.4 vs peer's average 4.3. We like the company for its leading position within the local credit rating scene with a capable management team at the steering wheel and a highly scalable business model.

The lower PEG valuation (Exhibit 18) is backed by CTOS' superior earnings growth projection of 43% FY22F-FY24F

CAGR vs. peers' average of 14% given the company's unique position within underpenetrated market and strong economic moat.

The strong earnings growth estimates are on the back of multifaceted growth opportunities which include:

- Expansion into new underpenetrated sectors,
- Cross-selling of existing products between recently acquired businesses,
- Synergistic benefits from recent acquisitions ie. co-developing new products catering to new markets/demands, and
- Riding on the digitalisation revolution of the global economy ie. emergence of digital banking and online microlending trend.

The strong earnings projections are backed by healthy revenue growth of 18% FY22F-FY24F CAGR and an improving EBIT margin trend (40%-43%) (Exhibit 23) from a gradual pick up in operating leverage.

The key account segment will continue to be the main growth driver, following the onboarding of new customers (i.e. digital players) and increase in existing customers' share of wallet given the expansion in product offerings – thanks to synergistic benefits of recently acquired capabilities.

Meanwhile, the roll out of the new products penetrating new verticals such as CTOS Tenant Screening, CTOS Car Insurance and CTOS Vehicle Check will help to propel the commercial and direct-to-consumer segments.

Separately, the surge in FY23F associate contribution (+50% YoY) is mainly attributed to full-year contribution of the recently acquired RAM and JurisTech. Note that CTOS, at the time of writing, classified investment in RAM as associate despite having a 57.7% equity stake as part of its commitment towards maintaining RAM's independence.

EXHIBIT 16: SOP VALUATION

Sum-of-parts	Valuation method	Value (RM mil)	Value/share (RM)
CTOS	DCF: TG: 3%, WACC: 8.6%	3,448	1.49
Associates	FY23F PE: 22x	597	0.26
ESG rating	4-star: 3% premium	122	0.05
Fair value		4,166	1.80
Implied PE (x)			39.3

Source: CTOS, AmlInvestment Bank

EXHIBIT 17: DCF SENSITIVITY ANALYSIS

	WACC	9.6%	9.1%	8.6%	8.1%	7.6%
TG	2.50%	1.45	1.57	1.70	1.85	2.04
	2.75%	1.48	1.60	1.74	1.91	2.11
	3.00%	1.52	1.64	1.80	1.97	2.19
	3.25%	1.55	1.69	1.84	2.04	2.27
	3.50%	1.59	1.73	1.9	2.11	2.37

Source: CTOS, AmlInvestment Bank

EXHIBIT 18: PEER COMPARISON

Company	Price 2-Dec-22 RM	Mkt Cap (USD'mil)	P/E (x)			NP Growth (%)		PEG	ROE (%)	EV/ EBITDA CY23F	PBV (x) CY23F	Div. Yld (%) CY23F
			CY21	CY22F	CY23F	CY22F	CY23F					
CTOS Digital	1.43	753	75.8	39.5	31.0	91.8	27.5	1.1	16.2	41.0	5.8	1.7
International Peers												
S&P Global	359.80	117,223	31.1	29.2	25.9	6.8	12.8	4.3	17.8	22.0	3.0	1.0
Thomson Reuters	158.68	56,480	47.1	37.8	33.0	24.4	14.5	1.5	9.4	22.6	6.1	1.6
Moody's	301.73	55,277	35.7	32.4	27.4	10.2	18.4	3.2	56.7	23.1	21.3	1.0
MSCI	518.83	41,485	45.1	41.4	35.8	8.9	15.6	4.6	n.a.	31.2	n.a.	1.0
Experian	2,967	33,557	28.5	27.1	24.8	5.3	9.4	2.9	28.4	15.9	563.8	1.7
Verisk Analytics	185.44	29,001	33.0	35.3	31.8	-6.6	11.1	n.a.	39.0	23.1	13.2	0.7
Equifax	201.38	24,658	26.5	26.2	21.7	1.3	20.5	19.5	21.8	16.7	6.6	0.8
Factset Research Systems	471.15	17,950	34.8	29.4	26.9	18.6	9.1	3.0	35.7	23.8	10.6	0.8
Fair Isaac Corp	621.32	15,518	33.6	28.8	25.5	16.9	12.9	2.1	n.a.	21.5	n.a.	n.a.
Transunion	61.18	11,789	16.7	16.5	14.2	1.1	16.4	15.1	11.4	11.9	2.4	0.7
Dun & Bradstreet	14.00	6,100	12.8	14.4	13.6	-11.5	6.3	n.a.	13.5	10.6	1.6	2.1
GB Group	339.00	1,050	34.7	17.5	15.6	98.6	11.9	1.4	6.4	13.4	n.a.	1.2
Nice Information Service	12,650	590	13.3	11.6	10.5	15.0	10.0	0.8	18.0	6.0	2.0	3.3
Business Online	10.30	243	32.2	25.5	20.4	26.0	25.1	1.0	39.5	19.0	11.0	3.4
Credit Bureau Asia	0.95	162	27.0	25.6	24.0	5.4	6.7	4.7	16.3	6.9	4.5	3.6
Local Peers												
MyEG Services	0.85	1,333	17.5	17.5	16.1	0.0	8.7	1.8	20.6	15.1	3.5	2.2
Revenue Group	0.84	84	24.4	19.3	16.5	26.7	16.8	0.9	11.1	8.5	2.1	na
GHL Systems	0.71	172	25.3	28.6	22.9	-11.6	25.1	0.9	4.9	9.8	1.5	0.0
Mkt. Cap Weighted Avg.		366,167	27.3	30.5	27.6	-12.3	9.7	4.3	25.7	21.3	52.8	

Source: Bloomberg, AmlInvestment Bank

EXHIBIT 19: PEERS' HISTORICAL FY19/FY20 – FY21/FY22 OPERATING METRICS

Company	Revenue 3-year CAGR	Net Profit 3-year CAGR	Gross Profit Margin	EBITDA Margin	Net Profit Margin	Net Gearing (Latest)
CTOS Digital	11.5%	13.7%	87.5%	38.9%	28.4%	0.3
International Peers						
S&P Global Inc	9.9%	15.6%	73.5%	54.5%	36.4%	Net Cash
Thomson Reuters	4.9%	13.1%	n.a.	31.7%	16.9%	0.2
Moody's	11.9%	19.1%	n.a.	51.4%	35.6%	1.6
MSCI	12.5%	12.6%	82.4%	59.3%	35.5%	n.a.
Experian*	11.1%	14.2%	n.a.	33.0%	18.5%	1.0
Verisk Analytics	7.8%	3.6%	64.7%	47.9%	22.2%	1.2
Equifax	13.0%	33.8%	59.8%	33.1%	15.1%	1.4
Factset Research Systems*	10.9%	14.1%	52.8%	32.6%	21.5%	1.3
Fair Isaac Corp*	11.3%	43.5%	78.1%	42.2%	27.1%	n.a.
Transunion	8.5%	8.7%	66.5%	35.6%	12.0%	1.1
Dun & Bradstreet	n.a.	n.a.	n.a.	35.2%	-3.3%	1.0
GB Group*	26.5%	12.7%	70.9%	21.2%	6.3%	0.1
Nice Information Service	8.1%	12.6%	n.a.	19.1%	11.3%	Net Cash
Business Online	7.6%	30.9%	63.4%	45.5%	38.4%	Net Cash
Credit Bureau Asia	6.7%	12.8%	n.a.	54.4%	17.3%	Net Cash
Local Peers						
MyEG Services	23.6%	16.3%	60.8%	52.5%	43.8%	0.1
Revenue Group*	39.0%	22.5%	58.1%	33.6%	13.1%	Net Cash
GHL Systems	6.4%	4.7%	38.9%	19.3%	7.8%	Net Cash
Mkt. Cap Weighted Avg.	10.1%	16.5%	72.1%	46.0%	27.7%	

* FY20-FY22

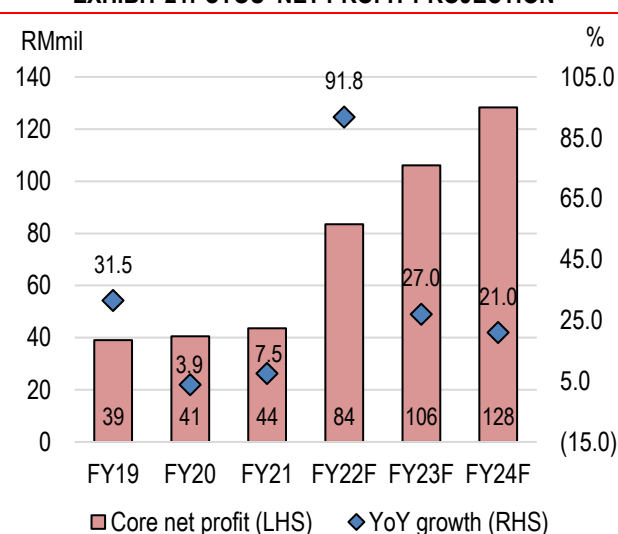
Source: Bloomberg, AmlInvestment Bank

EXHIBIT 20: CORE OPERATION'S DCF VALUATION

FYE Dec (RM mil)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
EBIT*(1-tax rate)	85	101	124	148	151	174	200	230	265	306
Depreciation & amortisation	7	6	6	6	6	6	6	6	6	6
Capital expenditure	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
FCFF	85	101	124	149	151	174	200	230	265	306
Disc. FCFF	79	86	97	107	100	106	113	119	127	134
Terminal value at T=10	5,663									
PV of terminal value	2,491									
NPV	1,067									
Less Net Debt	-111									
Equity Value of Firm	3,448									
Value per share (RM)	1.49									
WACC (%)	8.6									
Terminal growth (%)	3.0									

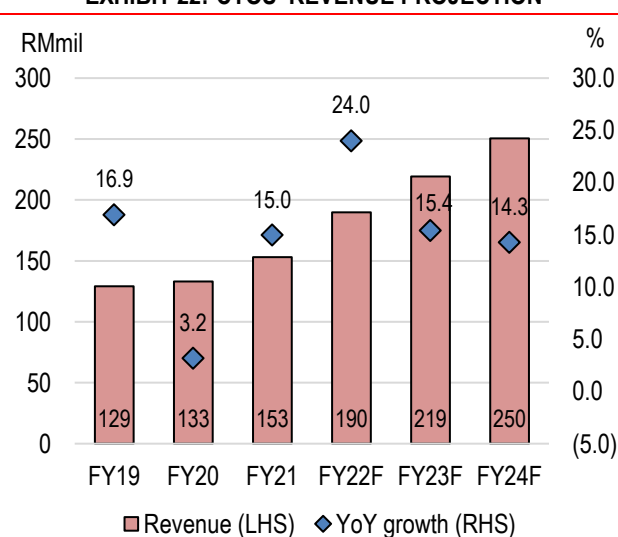
Source: Bloomberg, AmInvestment Bank

EXHIBIT 21: CTOS' NET PROFIT PROJECTION



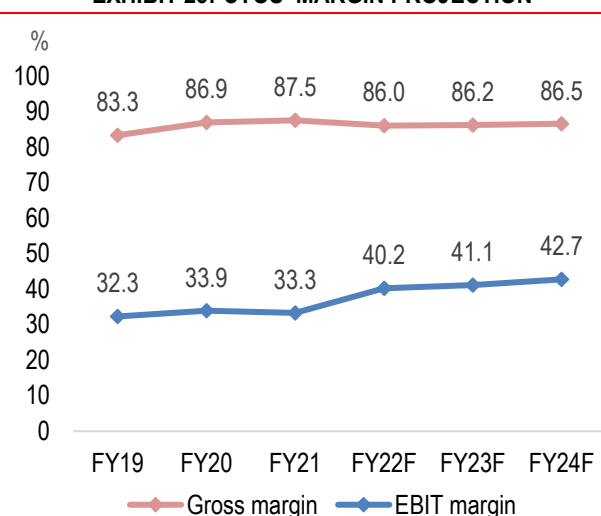
Source: CTOS, AmInvestment Bank

EXHIBIT 22: CTOS' REVENUE PROJECTION



Source: CTOS, AmInvestment Bank

EXHIBIT 23: CTOS' MARGIN PROJECTION



Source: CTOS, AmInvestment Bank

Pioneer status approved in principle. The group's application for the 5-year extension (until November 2026) of CTOS Data Systems' pioneer status has been approved in principle in July 2022, by Multimedia Development Corporation (MDEC). However, the incremental tax provision of RM11mil (from November 2021 to September 2022) will only be written back after the gazettment of Income Tax Exemption Order.

Under the Promotion of Investment Act 1986 for MSC Malaysia Qualifying Activities, the group's wholly-owned CTOS Data Systems is entitled to pioneer status incentives.

The company enjoyed tax relief period under MSC Pioneer Certificate from 9 November 2016 to 30 June 2021. Due to the incentive and CTOS Data Systems being the group's main earnings contribution, CTOS's effective tax rate was lower than the statutory rate of 24%, between 6%-7% in FY18-FY20.

Our projection of 6% effective tax rate between FY22F-FY24F is based on the assumption that the RM11mil tax provision will be written back, and the company will enjoy the tax relief until November 2026 as awarded by MDEC.

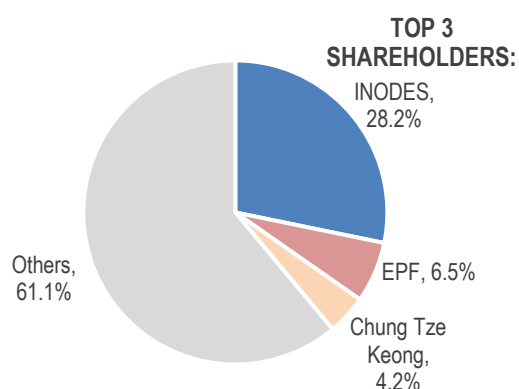
COMPANY OVERVIEW

Business overview

Founded in 1990, CTOS is principally involved in the business of credit reporting and digital software-related services. It provides credit information and analytics digital solutions on companies, businesses and consumers to enterprises/corporations while providing individuals' credit information and analysis to consumers. Its broad suite of digital products and credit management solutions caters to every stage of the customer credit lifecycle.

CTOS also has exposure to Thailand's credit management and data analytics industry through its 24.8% stake in BOL – the leading business information and analytics tools provider in Thailand.

EXHIBIT 24: CTOS' SHAREHOLDING STRUCTURE



Source: Bloomberg

EXHIBIT 25: CORPORATE MILESTONES

1990	CTOS' founders, Chung Tze Keong and Chung Tze Wen, started the credit reporting business under CTOS to provide fax-based enquiries services.
1992	CTOS Data Systems incorporated to service Malaysian financial institutions by enabling direct integration of its database with financial institutions' systems.
1994	CTOS-EMR incorporated to serve commercial companies.
2007	CTOS Credit Manager launched.
2010	Malaysia enacted Credit Reporting Agencies Act.
2011	CTOS ID launched.
2013	CTOS Mobile Application launched.
2014	CRA Act came into force and CTOS Data Systems was registered as a licensed CRA. Inodes acquired a 70% equity interest in CTOS.
2015	CTOS Data Systems obtained access to CCRIS data.
2016	CTOS Consumer Score launched. CTOS FREE Score campaign launched to promote responsible lending and financial literacy.
2018	CTOS SecureID and CAD launched.
2019	Acquired 26% equity interest in RAM Credit Information (RAMCI) (subsequently renamed as Experian) through the acquisitions of Enfo and CTOS Insights. CTOS SME Score and CTOS eKYC launched.
2020	Expanded analytics capabilities through CTOS Portfolio Analytics and Insights. CTOS IDGuard launched. Acquired a 20% equity interest in BOL.
2021	Listed on Bursa Malaysia Main Board. Acquired 100% equity interest in Basis to expand range of international business reports. CTOS Tenant Screening Report launched.
2022	Acquired 49% equity interest in Juris Technologies. Increased equity stake in BOL to 24.8% from 22.7%. Acquired equity stake in RAM Holdings and gradually increase the stake to 57.7% to date. CTOS Vehicle Check and CTOS Car Insurance launched.

Source: CTOS

EXHIBIT 26: CTOS OFFERINGS THROUGHOUT CREDIT LIFECYCLE

Lifecycle Stage	Identification	Onboarding	Application & decisioning	Management & monitoring	Recovery
Description	Customer identifies a prospective business or new business relationship or transaction	Initial step of determining whether a prospective customer or vendor is suitable for a new transaction or business relationship based on their past business and financial dealings	Business decides whether or not to extend credit to the prospective customer after on-boarded	Effective portfolio management, analysis and monitoring to better identify new sources of revenue and potential areas of credit risk	Managing relationship with customers that can no longer meet credit obligations
Digital Solutions	<ul style="list-style-type: none"> CTOS CreditFinder CTOS Tenant Screening Report Company Search Business Listings Customised Bulk Data Sales 	<ul style="list-style-type: none"> CAD CTOS Credit Manager CTOS IDGuard CTOS eKYC CTOS Tenant Screening Report 	<ul style="list-style-type: none"> CAD CTOS Credit Manager CTOS Scores CTOS Data Systems Reports, CTOS Basis Reports, and External Reports CTOS Basis eTR & eTR Plus 	<ul style="list-style-type: none"> CTOS Credit Manager CTOS IDGuard CTOS Scores Comprehensive Portfolio Review CTOS Portfolio Analytics and Insights CTOS SecureID 	<ul style="list-style-type: none"> CTOS Credit Manager eTR & eTR Plus

Source: CTOS, AmlInvestment Bank

❑ Strategic investments

RAM Holdings – CTOS has gradually increased its stake in RAM Holdings (RAM) since July 2021 and its interest now has reached 57.7% as of 30 September 2022. The acquisition is aiming to realise strong synergies between CTOS and RAM by exploring potential collaboration opportunities as well as developing a product suite and solutions for its customers.

The collaboration will allow RAM to tap into new addressable SMEs (with annual turnover of RM50mil-RM500mil) for credit assessment services where it has very little presence at this moment while leveraging on CTOS' know-how. The acquisition also will unlock cross-selling opportunities between the 2 companies.

Juris Technologies – CTOS completed the acquisition of a 49% stake in Juris Technologies (JurisTech) for RM208.5mil in March 2022. JurisTech specialises in enterprise-class software solutions with offerings that cover end-to-end credit lifecycle management.

Besides being able to share databases and solutions, the acquisition enables CTOS and JurisTech to leverage each other strengths and jointly develop new products/solutions while tapping into new opportunities, particularly within the emerging digital lending space.

Business Online – CTOS acquired a 20% equity interest in Business Online (BOL) in October 2020 and later increased its stake by 2.7% (RM26.8mil) in August 2021 and 2.2% (RM26.2mil) in March which raised its total shareholding in BOL to 24.8%.

BOL is a leading business information service provider in Thailand with an estimated market share of 59% as at December 2020. It has over 1.6mil business records in Thailand with 3 main target customers i.e. financial institutions, local businesses/multinational corporations and governmental agencies.

❑ Strength, Weakness, Opportunity and Threat

EXHIBIT 27: SWOT ANALYSIS

Strengths <ul style="list-style-type: none"> Incumbent with a dominant lead against local peers. Own large databases of consumers and businesses, including proprietary information. Highly scalable business 	Weakness <ul style="list-style-type: none"> Heavily rely on third-party sources for information. Revenue exposure predominantly from domestic market.
Opportunities <ul style="list-style-type: none"> Venturing into new untapped verticals ie. automotive, insurance, and real estate. Set to ride the economy's digitalisation revolution. Regional expansion within Southeast Asia region 	Threats <ul style="list-style-type: none"> New entrants that may intensify competition within the credit ratings space Unfavourable regulatory changes. Cyber attacks that could lead to breach of confidential information.

Source: AmlInvestment Bank

❑ Key management personnel

The group is professionally run by qualified personnel with vast experience within their current role:

Erick Hamburger Barraza, executive director. Erick was appointed as the executive director starting Sep 2022. Previously, he was CTOS' deputy group chief executive officer. He has over 28 years of experience in corporate strategy and international credit reporting industry. Prior to joining CTOS, he was the president and chief executive officer of Experian Colombia and Mexico.

Eric Chin Kuan Weng, chief executive officer of CTOS Data Systems. Eric has more than 25 years of experience as senior leadership roles in business, sales and operational functions for multinationals and local corporates. He joined CTOS as the chief executive officer of CTOS Data System in 2014 and has been involved in managing key account customers as well as key liaison with the regulators. Prior to joining CTOS, he was chief operating officer of Credit Bureau Malaysia.

Garris Chen Thai Foong, group chief financial officer. Garris joined CTOS in 2016 as the chief financial officer of CTOS Data System and later designated as group chief financial officer in May 2021. She has more than 32 years of experience in finance and treasury.

Tracy Gan Jo Lin, chief operating officer of CTOS Data Systems. Tracy joined CTOS in May 2017 as the general manager in customer experience and later promoted to chief operating officer in January 2019. She has over 23 years of experience in operations prior to joining CTOS and held various senior positions in Maxis.

Lim Sue Ling, group senior head of risk and business compliance. Sue Ling has been with CTOS since 2006 and has 16 years of experience in regulatory compliance and risk management of the credit bureau business and currently oversees compliance-related matters of CTOS.

Benjamin Lau Chi Meng, group general manager, IT. Benjamin has more than 15 years of experience in IT. He joined CTOS in 2010 as the Head of IT, overseeing the management and development of IT infrastructure and security. He was designated as CTOS Data System's general manager of IT in Dec 2017 and group manager of IT later in May 2021.

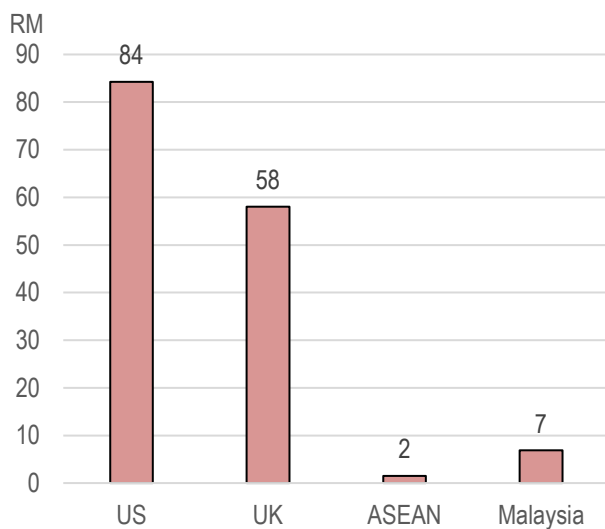
INDUSTRY OVERVIEW

Opportunities aplenty in ASEAN

A lot of room to grow. The credit reporting and credit management solutions industries in ASEAN countries are relatively underpenetrated compared to developed market peers such as the United States (US) and the United Kingdom (UK).

According to IDC Malaysia's 2020 data, Malaysia's credit reporting revenue per capita of RM7 (ASEAN: RM2) is notably lower compared to developed market peers like the US (RM84) and UK (RM58) (Exhibit 28) which imply there is significant untapped potential. Given its leading position within the domestic CRA segment, this presents an attractive long-term growth opportunity for CTOS.

EXHIBIT 28: CREDIT REPORTING REVENUE PER CAPITA



Note: As of May 2021

Source: World Bank, IDC Malaysia Analysis, CTOS

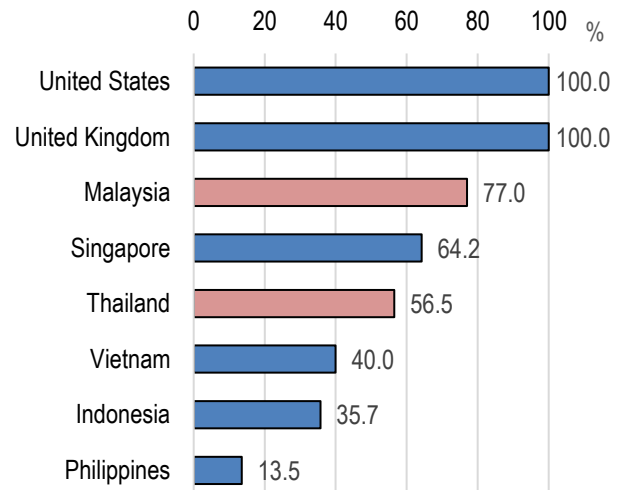
Taking a cue from the trend in developed markets, ASEAN's credit reporting industry, particularly Malaysia, could expand into new non-conventional sectors such as healthcare, automotive, media and the public sectors – not restricted to traditional financial institutions.

The services provided are also mainly focusing on credit services to large corporations (average 80% of industry revenue) while the direct-to-consumer and analytical services remain underserved (average 10% of industry revenue vs. 25% for developed markets). CTOS' acquisition of RAM and JurisTech would bolster the group's effort to further diversify its revenue base into these untapped areas.

Besides widening product offerings and tapping into non-conventional sectors, the low penetration of credit bureau in ASEAN countries (Exhibit 29) is also due to a high percentage of unbankable residents - the traditional credit bureau services are still highly tied to the banking system.

However, the emergence of digital banking coupled with improving internet coverage will provide a boost for financial inclusion, driving the penetration rate higher.

EXHIBIT 29: PERCENTAGE OF POPULATION COVERED BY CREDIT BUREAU



Note: As of May 2021

Source: World Bank, IDC Malaysia Analysis, CTOS

EXHIBIT 30: DRIVERS IMPACTING MALAYSIAN CREDIT REPORTING LANDSCAPE

Financial Literacy	Growing middle-class population directly correlates with greater financial literacy among Malaysians. Being able to check their financial health, consumers are better informed and encouraged to maintain good credit scores. Various programs by government agencies and financial sector also will help to increase consumer financial awareness.
SME Sector	SMEs play a significant role in Malaysia's economy, contributing 37% or RM518bil to the country's 2021 GDP. The financial services offered to the sector is supported by a comprehensive ecosystem which include, but not restricted to, establishment of SME-focused banks and various governmental policies. This highlights the risks and benefits involved in maintaining good payment behaviours to ensure the certainty of funding for SMEs and allow banks to extend fair credit terms to the SME sector.
Demand for Credit	Despite the cyclical nature of credit requirements, demand for credit reporting services is relatively stable. During a challenging environment, banks tighten lending policies and restrict new loan approvals while focusing more on its existing portfolio. The process requires close monitoring of accounts, hence constant credit checks to weed out potential impaired loans. In a better environment, banks loosen lending policies and seek to grow portfolios and welcome new credit applications.
Digital Banking	The usage of alternative data in credit scoring is gaining momentum in Malaysia

Source: IDC Malaysia, CTOS

EXHIBIT 31: ASEAN CREDIT REPORTING INDUSTRY GROWTH PATH

US/UK	ASEAN	ASEAN Potential Growth Path
2020 revenue/capita: RM84/RM50 % of adults covered by credit bureau: 100%/100% Dominated by the 3 major players i.e. Experian, Transunion and Equifax.	2020 revenue/capita: RM1.51 % of adults covered by credit bureau: 46% Fragmented market with multiple smaller players operating in each market.	To grow beyond RM1.51 revenue/capita. Increase percentage covered by increasing access to credit bureau associated products and services. Potential to consolidate market and increase depth of customer databases through inorganic acquisition and organic competition.
Typical services offered: Core credit services (Avg 50% of revenue) <ul style="list-style-type: none"> Credit reporting for large businesses/SMEs Consumer services (Avg 25% of revenue) <ul style="list-style-type: none"> Direct-to-consumer products Analytical services (Avg 25% of revenue) <ul style="list-style-type: none"> Customer and market insights Application processing automation – eKYC Fraud detection and management Debt management Vehicle identities Lead generation and prequalification 	Typical services offered: Core credit services (Avg 80% of revenue) <ul style="list-style-type: none"> Credit reporting for large businesses/SMEs Consumer services (Avg 10% of revenue) <ul style="list-style-type: none"> Direct-to-consumer products (just starting) Analytical services (Avg 10% of revenue) <ul style="list-style-type: none"> Customer and market insights Application processing automation – eKYC Fraud detection and management 	Increase services offered: <ul style="list-style-type: none"> Increase core credit services revenue by more dedicated credit reporting solutions for SME customers Increase consumer credit services revenue by increasing penetration and access to direct-to-consumer products Increase analytical services revenue by introducing services such as debt management, vehicle identities and lead generation into the market Increase penetration and access to customer and market insights, automation of application processing (eKYC) and fraud detection and management
Typical industry penetration: <ul style="list-style-type: none"> Financial services Direct-to-consumer Businesses Retail Telecommunication Healthcare Automotive Software/professional services Insurance Media Public sector 	Typical industry penetration: <ul style="list-style-type: none"> Financial services Direct-to-consumer Businesses Retail Telecommunication 	Increase industry penetration: <ul style="list-style-type: none"> Strengthen coverage into financial services, insurance, direct-to-consumer, businesses, and retail Expand to healthcare, automotive, software/professional services, media, and public sector

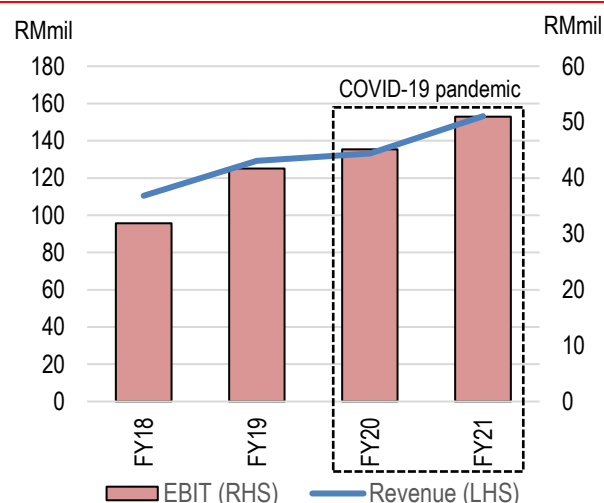
Source: IDC Malaysia, CTOS

□ An all-weather industry

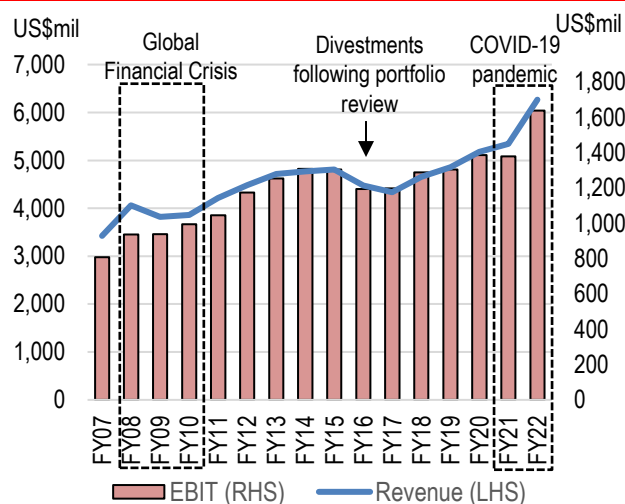
Demand for credit reporting services is expected to be stable throughout the ups and downs of economic cycles. During the tightening of lending policies, banks or lenders will require constant credit checks to monitor their loan portfolios. During more relaxed lending policies, the demand for credit reporting will be driven by new credit applications.

For instance, CTOS' earnings and EBIT remain resilient throughout the COVID-19 pandemic period of FY20-FY21 as it continued to record positive growth performance (Exhibit 32). Another good example is the resiliency of Experian's revenue and EBIT throughout several economic crises (Exhibit 33).

EXHIBIT 32: CTOS PERFORMANCE DURING THE PANDEMIC



Source: CTOS

EXHIBIT 33: EXPERIAN PERFORMANCE DURING CRISES

Note: FYE March

Source: Experian

ENVIRONMENT, SOCIAL AND CORPORATE GOVERNANCE**Protecting environment**

Energy management. Recognising the importance of managing energy usage efficiently, the company has switched to LED lighting since 2016 and started purchasing energy-efficient electrical items since 2017. CTOS also have begun recycling electronic items that have reached the end of their lifecycle.

Greenhouse gas (GHG) emissions. Since 2017, the group has started encouraging all employees to go paperless by adopting paperless initiative across the organisation to reduce carbon footprint. CTOS has achieved 60% of savings in printing paper in 2021 compared to 2020.

Establishing trust in data

Data privacy & cybersecurity. As a provider of data and digital services, the company is required to manage its data management capabilities in preventing any potential cybersecurity threat. CTOS has developed an exhaustive company-wide risk management policy which includes i) cyber-resilience framework (protects customers' data), ii) technology risk management function, cryptography framework development and security operations centre. The group implemented data loss prevention strategy and cyber incident response plan mitigation measures to handle data privacy and other cybersecurity-related issues.

Transparency & trust. To ensure the safety of data, the group implemented real-time network bandwidth monitoring processes and network services to support its critical systems. Besides that, the group's external communication, including the issuance of service and vendor agreements, is done through its official website to ensure there is no room for miscommunication. CTOS also has elected Audit & Risk Committee to perform periodic updates to the board on compliance and risk management matters.

Managing compliance and risks

Compliance to regulations & standards. The group conducts periodic reviews of its standard operating procedures to ensure that the business is aligned with the requirements of relevant regulations and guidelines. Reviews of the group's procurement and anti-bribery & corruption policies are also performed periodically.

Business ethics. The group is guided by various policies and code of conduct such as anti-bribery and corruption policy, whistleblowing, code of business conduct and ethics as guidelines and principles. The group's procurement policy also requires vendors to submit statutory documents to ensure proper verification and authentication before they were engaged.

Fraud risks. CTOS implemented a regular review of customer sign-ups to detect potential anomalous or fraudulent activities.

Empowering people and SMEs

Financial literacy. The group runs year-round integrated financial education programs across multiple channels and platforms, to drive financial education and inclusion. To date, CTOS has conducted more than 350 financial education roadshows and webinars in partnership with government agencies such as Bank Negara Malaysia, the Ministry of Finance, Employees Provident Fund and Credit Counselling Debt Management Agency.

Customer welfare and responsibility. The group accelerated and deployed its products and services to go fully digital to enable its customers to perform task with minimal disruption during the pandemic. CTOS also employed different methods of customer engagement techniques to support its customers, which include conducting checkpoint calls, face-to-face customer supports and a monthly net promoter score survey.

Employee engagement. CTOS conduct annual employee engagement surveys since 2017 to understand employees' concerns and motivation. The company will diagnose and improve shortfalls to ensure employees remained engaged and taken care of. CTOS also promotes continuous learning culture. The group offers learning and development work to its employees which includes refresher and onboarding training on company-wide policies as well as on-the-job competency coaching for employee development.

Corporate governance

Independent directors. 7 out of its 10 directors are independent. This exceeded the Malaysian Code on Corporate Governance's (MCCG) recommendation that at least half of the board comprises independent directors.

Nomination & Remuneration committee. Positively, 2 out of 3 remuneration committee members are independent directors.

Audit & Risk Committee. The group set up the Audit & Risk Committee to assist the board of directors in carrying out oversight responsibilities by reviewing financial information

and providing unbiased opinions on the effectiveness of the group's internal controls.

Gender diversity in the boardroom. As 4 out of 9 board members are female, the group meets the MCCG's recommendation of having at least 30% female directors.

EXHIBIT 34: CTOS' ESG TARGETS & OVERVIEW

GHG Emissions Targets	<ul style="list-style-type: none"> Reducing Scope 2 emissions by 15% by 2025, from 2022 levels. Reducing Scope 3 emissions 15%, by 2030 Developing a roadmap towards achieving net zero by 2050.
Human Rights	To apply principles of the Global Reporting Initiative, United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.
Labour & Diversity	<ul style="list-style-type: none"> Continuously improve workforce diversity & equal opportunities. Prioritise the sourcing of local talents. As of 31 December 2021, 97% of employees are local and 54% are female.
Literacy & Awareness	Undertaken many consumer-related financial literacy educational programs across all segments of the society to raise public awareness on the importance of credit health for a better financial future.
Remuneration	<ul style="list-style-type: none"> Group CEO & Head of Corporate Strategic & Planning performance have incorporated ESG performance. 2023 onwards, this measurement will extend to key performance indicators of relevant personnel in CTOS Digital.

Source: CTOS

EXHIBIT 35: ESG RATING

Overall	★	★	★	★	★
Board composition	★	★	★	★	
Employee wellbeing	★	★	★		
Human capital development	★	★	★	★	
Energy efficiency	★	★	★		
Corporate social responsibility	★	★	★		
Earnings quality	★	★	★	★	
Accessibility & transparency	★	★	★	★	

We accord a discount/premium of -6%, -3%, 0%, +3% and +6% on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-stars.

Source: AmlInvestment Bank

❏ Key risks

Unfavourable regulatory changes and CTOS losing access to the third-party data source are the key risks to our call and recommendation.

EXHIBIT 36: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Revenue	133.2	153.2	189.9	219.2	250.5
EBITDA	52.6	59.6	83.8	96.7	113.4
Depreciation/Amortisation	(7.5)	(8.6)	(7.4)	(6.6)	(6.3)
Operating income (EBIT)	45.1	51.0	76.3	90.1	107.0
Other income & associates	1.8	7.2	18.0	27.0	32.0
Net interest	(4.1)	(5.3)	(6.6)	(5.9)	(4.5)
Exceptional items	-	-	-	-	-
Pretax profit	42.8	52.9	87.7	111.2	134.5
Taxation	(2.3)	(9.3)	(4.2)	(5.0)	(6.2)
Minorities/pref dividends	-	-	-	-	-
Net profit	40.5	43.6	83.5	106.1	128.4
Core net profit	40.5	43.6	83.5	106.1	128.4
Balance Sheet (RMmil, YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Fixed assets	16.9	14.7	12.3	11.7	11.4
Intangible assets	49.6	79.2	79.2	79.2	79.2
Other long-term assets	154.9	197.0	556.9	583.9	615.9
Total non-current assets	221.4	290.9	648.4	674.8	706.4
Cash & equivalent	26.4	17.1	33.3	19.6	6.7
Stock	-	-	-	-	-
Trade debtors	28.2	25.2	31.2	36.0	41.2
Other current assets	-	27.4	27.4	27.4	27.4
Total current assets	54.6	69.7	91.9	83.0	75.2
Trade creditors	17.1	21.8	27.0	31.1	35.6
Short-term borrowings	132.3	-	8.7	8.7	8.7
Other current liabilities	10.0	17.9	17.9	17.9	17.9
Total current liabilities	159.5	39.6	53.5	57.7	62.1
Long-term borrowings	-	-	156.8	121.8	86.8
Other long-term liabilities	0.8	13.1	13.1	13.1	13.1
Total long-term liabilities	0.8	13.1	169.9	134.9	99.9
Shareholders' funds	110.8	307.9	516.9	565.2	619.7
Minority interests	5.0	-	-	-	-
BV/share (RM)	0.05	0.13	0.22	0.24	0.27
Cash Flow (RMmil, YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Pretax profit	42.8	52.9	87.7	111.2	134.5
Depreciation/Amortisation	7.5	8.6	7.4	6.6	6.3
Net change in working capital	0.7	2.4	(0.8)	(0.7)	(0.7)
Others	(1.4)	3.4	(15.6)	(26.1)	(33.6)
Cash flow from operations	49.6	67.3	78.8	91.0	106.5
Capital expenditure	(4.7)	(2.6)	(5.0)	(6.0)	(6.0)
Net investments & sale of fixed assets	(97.3)	(98.5)	(359.9)	(27.0)	(32.0)
Others	(2.1)	(5.0)	18.0	27.0	32.0
Cash flow from investing	(104.0)	(106.0)	(346.9)	(6.0)	(6.0)
Debt raised/(repaid)	107.4	(138.6)	156.8	(35.0)	(35.0)
Equity raised/(repaid)	-	220.0	171.6	-	-
Dividends paid	(22.3)	(26.0)	(46.2)	(57.8)	(73.9)
Others	(11.0)	(24.6)	2.1	(5.9)	(4.5)
Cash flow from financing	74.1	30.7	284.3	(98.7)	(113.4)
Net cash flow	19.7	(8.0)	16.1	(13.7)	(12.9)
Net cash/(debt) b/f	5.5	24.9	17.1	33.3	19.6
Net cash/(debt) c/f	24.9	17.1	33.3	19.6	6.7
Key Ratios (YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Revenue growth (%)	3.2	15.0	24.0	15.4	14.3
EBITDA growth (%)	9.6	13.2	40.6	15.4	17.3
Pretax margin (%)	32.1	34.5	46.2	50.7	53.7
Net profit margin (%)	30.4	28.4	44.0	48.4	51.2
Interest cover (x)	10.9	9.7	11.5	15.2	23.7
Effective tax rate (%)	5.3	17.7	4.8	4.5	4.6
Dividend payout (%)	54.9	59.7	55.3	54.4	57.6
Debtors turnover (days)	68	64	54	56	56
Stock turnover (days)	-	-	-	-	-
Creditors turnover (days)	42	46	47	48	49

Source: Company, AmlInvestment Bank Bhd estimates

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