



# **2Q 2023 Results Briefing**

27 July 2023



# AGENDA

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# 2Q 2023 KEY HIGHLIGHTS



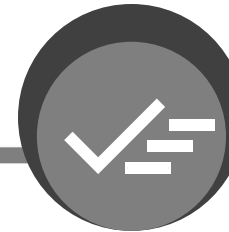
## Solid Financial Growth

Record quarterly revenue of RM62.2m (+34% YoY) and normalised PAT of RM25.5m (+17% YoY)



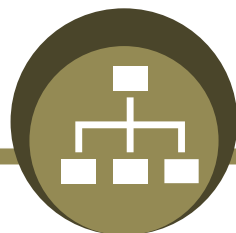
## Strong BAU Performance

Double digit YoY growth across all business segments



## Growth Across Services

Digital solutions grew at circa 124% YoY while comprehensive portfolio review and analytics clocked an impressive 99% YoY growth



## Associates' Contribution

Share of associates RM6.8m (+18% YoY & +205% QoQ), with positive contribution from all associates



## Management Targets

On track to achieving normalised PAT target of RM100-105m, momentum accelerates in the second half



## Rewarding Shareholders

Declared dividend of 0.55 sen per share representing 60% payout ratio

# PERFORMANCE BY BUSINESS SEGMENTS



## KEY ACCOUNTS

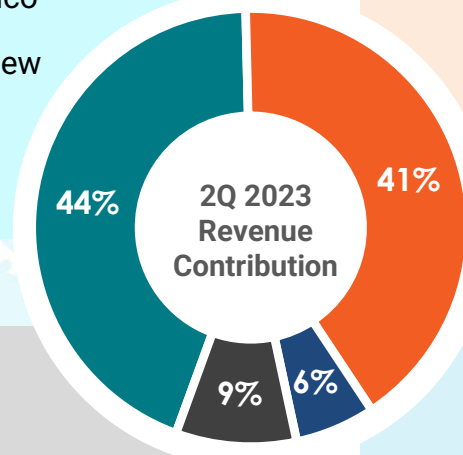
- >470 of our highest revenue generating customers and selected customers
- Our top contributors are banks, NBFIs and telco
- Digital reports, Comprehensive Portfolio Review & Analytics, Digital Solutions (CAD, eKYC, ID Guard), eTR



## COMMERCIAL MALAYSIA

- Serves c.21k^ customers, including SMEs and other than those in Key Accounts
- Top 5 industries include wholesale & retail trade, manufacturing, professional services, construction, finance & insurance
- Credit Manager, Reports, Credit Monitoring and eTR

*^Including Commercial International*



- c.2.9 mm registered users for CTOS ID
- CTOS Scores, CTOS SecureID, Credit Finder, CTOS Tenant Screening, CTOS Vehicle Check and CTOS Car Insurance



## DIRECT-TO-CONSUMER

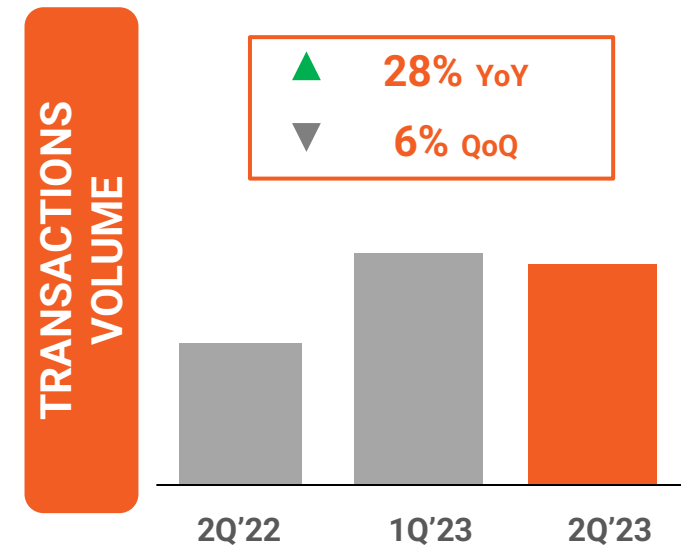
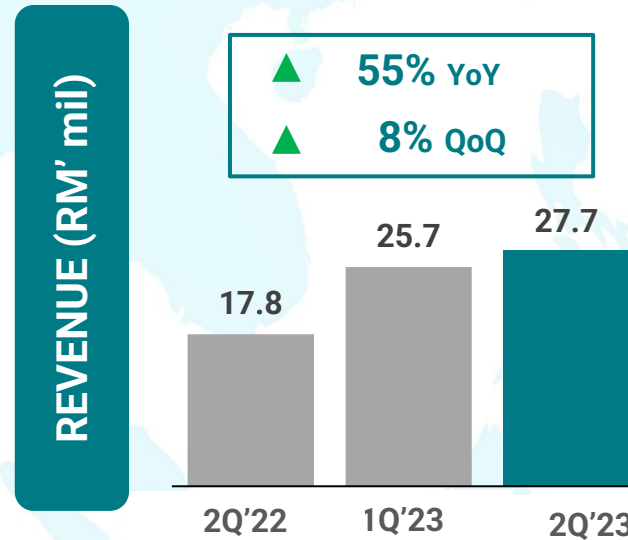
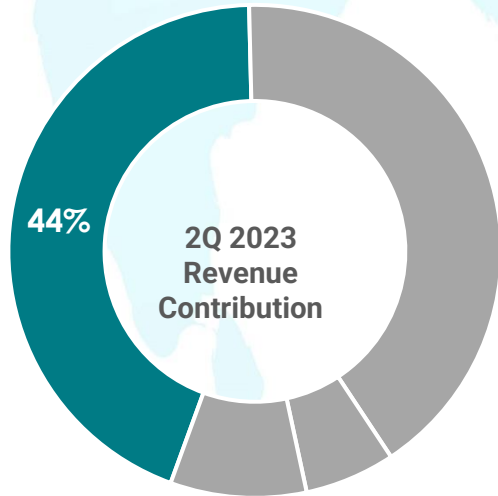


## COMM. INTERNATIONAL

- Comprehensive commercial credit reports and bulk commercial data sales to international customers
- Global credit reports and analytic services



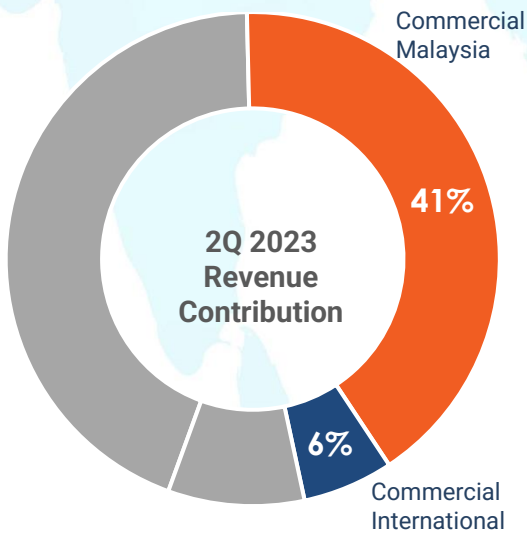
# KEY ACCOUNTS



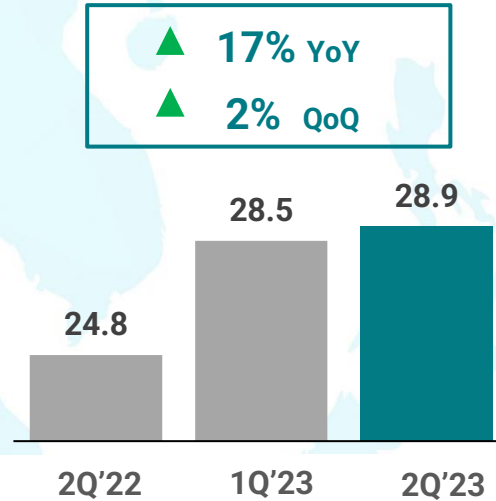
## 2Q 2023 UPDATES & PROSPECTS

- Strong YoY revenue growth driven by Digital Reports, Comprehensive Portfolio Review & Analytics & Digital Solutions
- Increased adoption of Digital Solutions (eKYC, CAD & IDGuard) with 12 new clients onboarded in 2Q 2023
- Secured another key credit transformation project + RLOS for an FI
- Secured the 3rd digital bank licensee to help their digitization journey
- Onboarded more clients in 2Q 2023 for CAD for money lenders platform which was launched in 4Q 2022 in collaboration with JurisTech

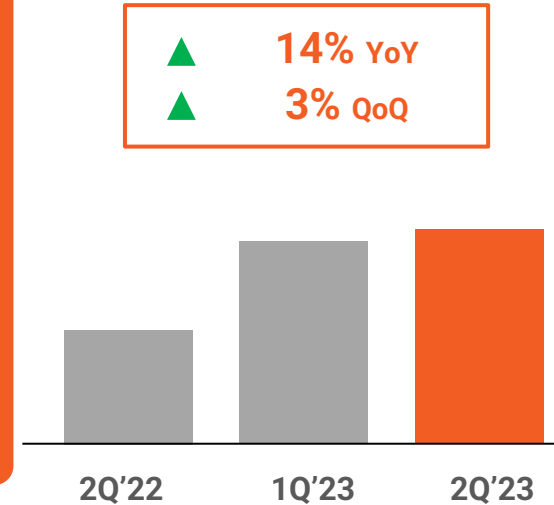
# COMMERCIAL



## REVENUE^ (RM' mil)



## TRANSACTIONS VOLUME

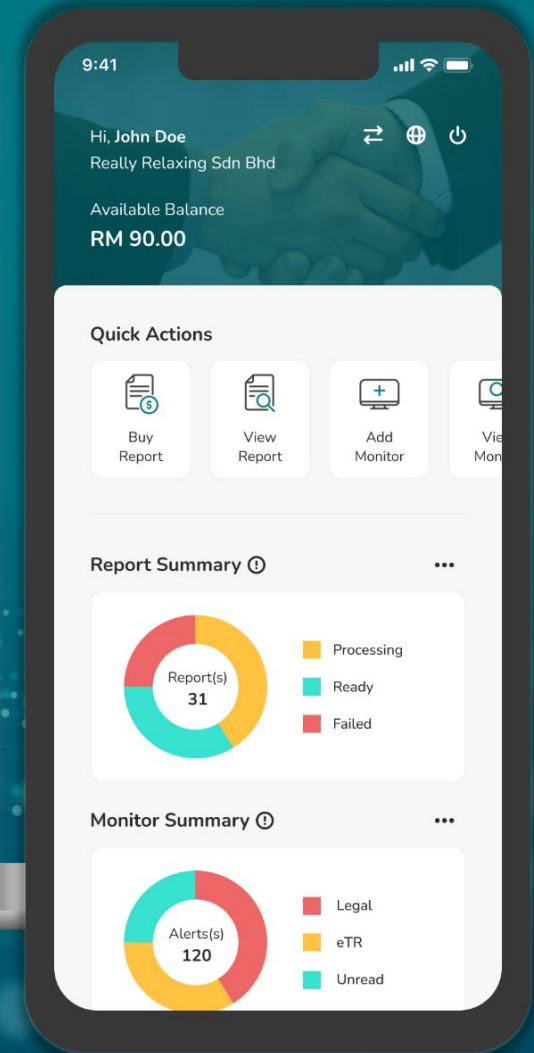


## 2Q 2023 UPDATES & PROSPECTS

- Activation continued to improve by 13% QoQ supported by various marketing activities
- Higher ARPU +6% YoY in 2Q 2023 from upselling campaign on Digital Reports and Digital Solutions
- Launched CM Xpress on 30<sup>th</sup> June, a mobile-friendly simplified version of Credit Manager to enable users to perform core functions at ease
- Commercial International revenue grew 38% YoY in 2Q 2023, driven by higher bulk credit reports

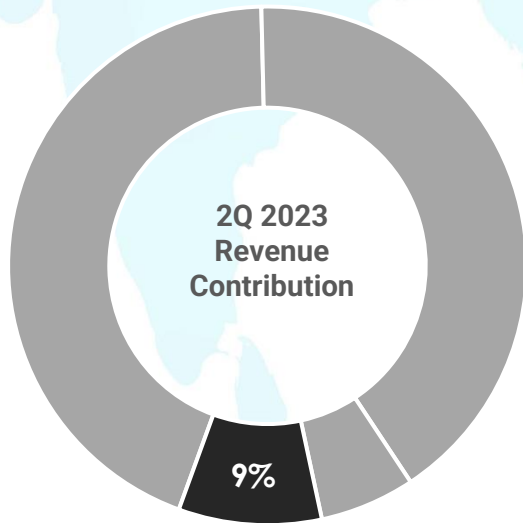
A simplified version of CM to enable users to perform **core functions** with ease, anytime, anywhere.

## Xpress Version

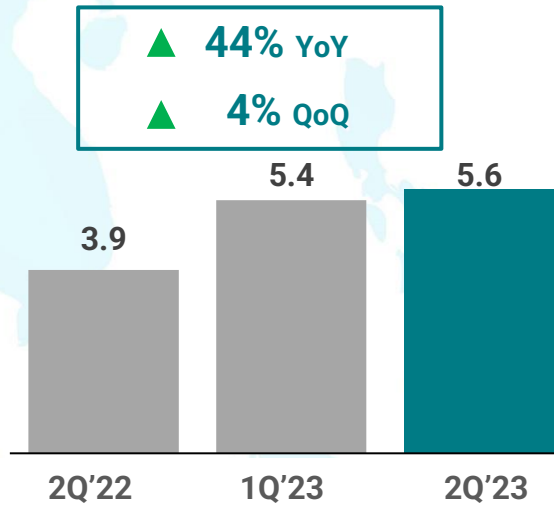


- ✓ Mobile friendly, with enhanced user interface and user experience (UI/UX)
- ✓ Easy to navigate menu
- ✓ Convenient access to core functions through quick action buttons
- ✓ Insightful dashboard with graphic to capture users' attention and facilitate easier understanding of the data.

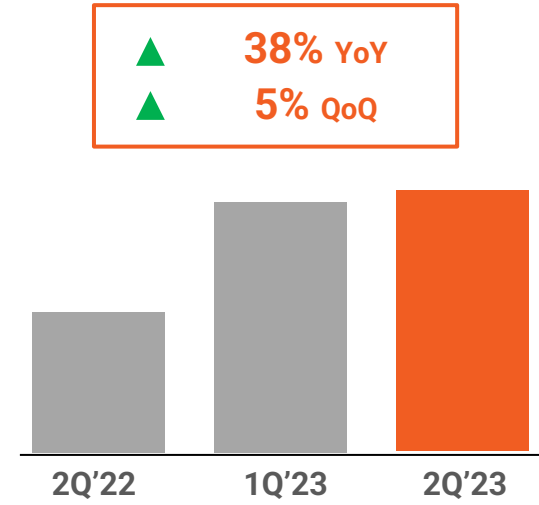
# DIRECT-TO-CONSUMER



REVENUE (RM' mil)



TRANSACTIONS VOLUME



## 2Q 2023 UPDATES & PROSPECTS

- Growth momentum continued in 2Q 2023 bolstered by strategic partnership, marketing automation & tactical campaigns
- Supported by improved awareness via digital channels, social media and various marketing activities including contest and rewards.
- Conducted 6 financial literacy roadshows and webinars in 2Q 2023, in partnership with MOF, EPF, Bursa and AKPK



# INDUSTRY AWARDS & RECOGNITION



## Won the award for eKYC digital onboarding solution

Recognises exceptional companies who are riding the disruption wave & leading the technological revolution and digital journeys of their respective industries to boost Malaysia's fast-growing economy



## Received the Malaysia Sustainability Excellence Awards

Recognizes outstanding companies that have advanced and accelerated the adoption of ESGs and achieved excellence in sustainability practices.



# ctos Digital

## Financial Review

# FINANCIAL PERFORMANCE - 2Q 2023

(RM' Million)	2Q 2023	2Q 2022	YoY (%)	
Revenue	62.24	46.51	34%	Growth in all business segments. Malaysia & International operations continue to register revenue growth of approx. 34% YoY, respectively
GP	47.71	38.77	23%	
(-)				
Other income/ (expenses)	0.28	1.28	-78%	
Selling & Marketing Expenses	-10.26	-8.49	21%	Although the quantum of Selling & Marketing Expenses and Admin Expenses increased YoY, it has decreased as a percentage of revenue and is within the guided range
Administrative Expenses	-16.87	-13.88	22%	
Finance Income	0.11	0.11	-4%	
Finance Cost	-1.64	-0.78	112%	
Share of Profit of Associates	6.76	5.73	18%	Due to positive contribution from all associates and RAM was excluded from the share of profit in 2Q 2022
<b>PBT</b>	26.08	22.75	15%	
(-)Tax Expenses	-4.95	-0.27	1760%	Increased YoY due to the write back of RM4.2 mil leading to lower tax expenses in 2Q 2022
<b>PAT</b>	<b>21.13</b>	<b>22.48</b>	<b>-6%</b>	
<b>Normalised PATAMI</b>	25.49	21.84	17%	

(RM' Million)	Q2 2023	Q2 2022
Costs related to acquisition	0.03	0.07
Incremental income tax expense	4.32	3.49
Write back of prior year tax	-	(4.20)
<b>Total</b>	<b>4.36</b>	<b>(0.64)</b>

# FINANCIAL PERFORMANCE - 1H 2023

(RM' Million)

1H 2023 1H 2022 YoY (%)

Revenue	121.84	89.19	37%	Growth in all business segments. Malaysia and International operations continue to register revenue growth of approx. 36% and 40% YoY, respectively
GP	95.25	75.17	27%	
(-)				
Other income/ (expenses)	0.03	1.18	-98%	Other income was higher in 1H2022 attributable to dividends received from RAM when it was classified as an investment
Selling & Marketing Expenses	-18.95	-16.07	18%	
Administrative Expenses	-34.12	-27.80	23%	
Finance Income	0.21	0.19	8%	
Finance Cost	-3.37	-1.46	131%	Increased due to new borrowings to fund acquisitions
Share of Profit of Associates	8.98	8.14	10%	
<b>PBT</b>	<b>48.02</b>	<b>39.35</b>	<b>22%</b>	Higher PBT due to higher contributions from all key products as well as higher share of profit from associates
(-)Tax Expenses	-10.31	-4.40	134%	
<b>PAT</b>	<b>37.71</b>	<b>34.96</b>	<b>8%</b>	PAT impacted by higher tax expenses in 1Q2023 as well as tax write back in 2Q2022
<b>Normalised PAT</b>	<b>46.26</b>	<b>38.10</b>	<b>21%</b>	

(RM' Million)	1H 2023	1H 2022
Costs related to acquisition	0.09	0.76
Incremental income tax expense	8.47	6.59
Write back of prior year tax	-	(4.20)
<b>Total</b>	<b>8.55</b>	<b>3.15</b>



# PROFITABILITY TREND

## GP (RM' MIL) & MARGIN (%)

83%

80%

77%

Figures RM'mil

38.8

47.5

47.7

2Q 2022

1Q 2023

2Q 2023

◆ QoQ lower GPM due to product mix

## EBITDA (RM' MIL) & MARGIN (%)

55%

44%

49%

Figures RM'mil

25.4

25.9

30.3

2Q 2022

1Q 2023

2Q 2023

◆ QoQ EBITDA margin in 2Q 2023 improved mainly due to higher contribution from share of associates and aided by discipline cost control

## NORM. PAT (RM' MIL) & MARGIN (%)

47%

35%

41%

Figures RM'mil

21.8

20.8

25.5

2Q 2022

1Q 2023

2Q 2023

◆ QoQ normalised PAT margin in 2Q 2023 is higher mainly due to higher operating profit and lower effective tax rate

# LEVERAGE & PEER COMPARABLE

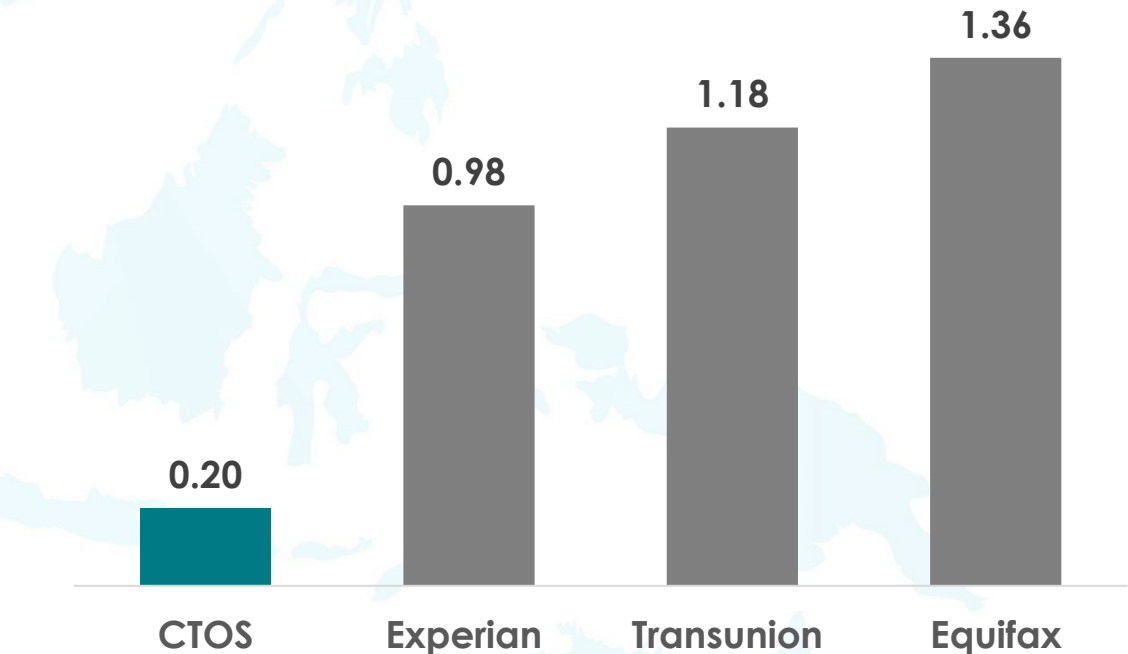
## 2Q 2023 FINANCIAL POSITION

**NET BORROWINGS**  
RM105 million

**TOTAL EQUITY**  
RM536 million

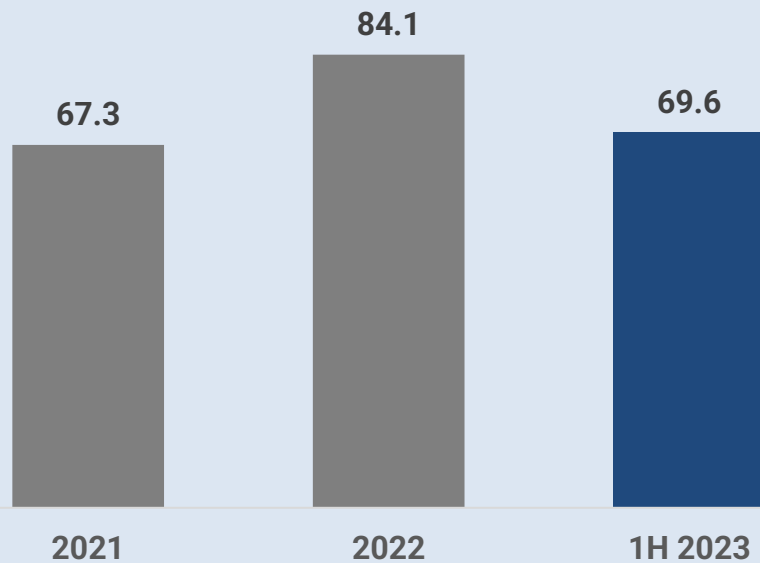
**NET GEARING**  
0.20x

## PEERS' NET GEARING COMPARISON (x)



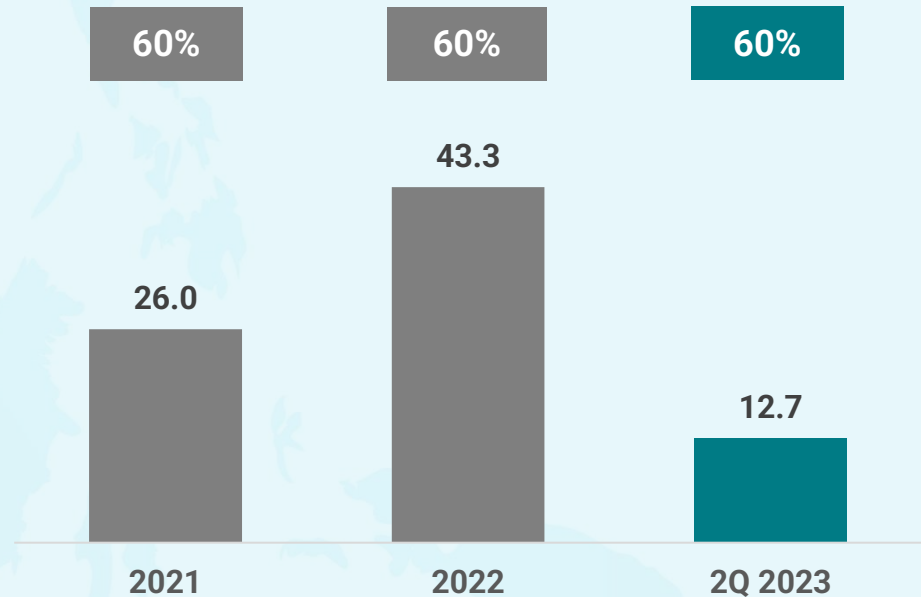
# OPERATIONAL CASH FLOW & DIVIDEND PAYOUT

## CASH FLOW FROM OPERATIONS (RM'MIL)



- ◆ We have been consistently generating positive cash flow from operations on the back of growing profitability
- ◆ Sustainable trend supported by business growth potential

## DIVIDEND PAYOUT (RM'MIL) & PAYOUT RATIO (%)



- ◆ Annual dividend pay-out policy with at least 60% of PATAMI
- ◆ 2nd interim dividend: 0.55 sen / share and total dividend declared to date amounts to RM22.71 million

# ASSOCIATE COMPANIES



24.825%

Market leader in business information in Thailand



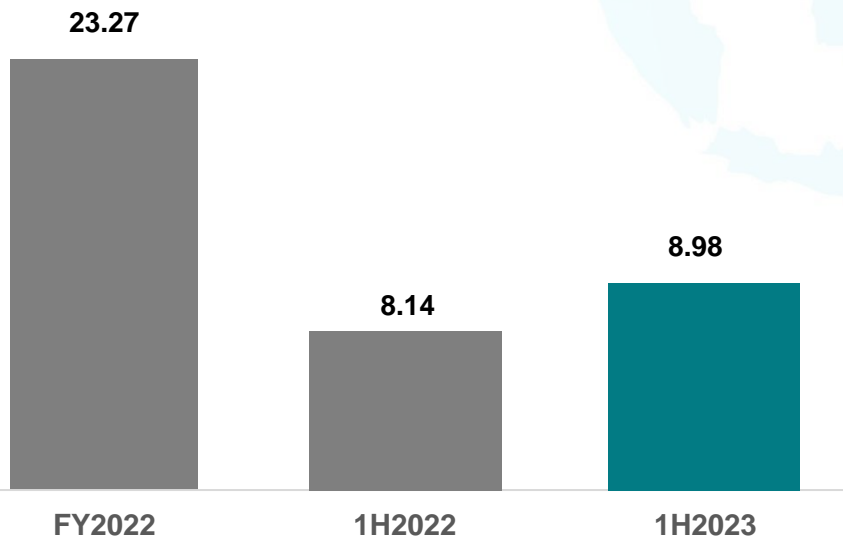
Market leader in credit related enterprise-class software solutions in Malaysia

RAM

57.675%

Market leader in bond credit ratings in Malaysia

## SHARE OF ASSOCIATES (RM' MIL)



## ONGOING INITIATIVES

### JURISTECH

- Launched digital lending platform for moneylenders
- Successfully won major projects with FIs, jointly secured with JurisTech, including the latest RLOS upgrade with a major bank

### RAM

- Ongoing quarterly publication of RAM-CTOS BCI Index
- To launch Digital Issuer Platform, a JV between RAM and Bursa Malaysia
- Working on ESG Ratings & SME Credit Ratings
- Product expansion (corporates and SMEs)



# FINANCIAL TARGETS FOR THE NEXT 3 YEARS

	Internal Management Target			
	FY2022	FY2023	FY2024	FY2025
Revenue (YoY Growth)	RM195m (27%)	RM250-270m (28-39%)	RM300-320m (15-23%)	RM360-380m (16-23%)
EBITDA (YoY Growth)	RM97m (46%)	RM120-130m (23-33%)	RM140-150m (12-20%)	RM170-180m (17-24%)
Normalized PAT (YoY Growth)	RM85m (56%)	RM100-105m (18-24%)	RM125-130m (22-27%)	RM145-150m (14-18%)

Note: Figures are for simulation purposes only and mgmt. internal targets; Indicated YoY growth % assumes average of previous year figures

# CTOS DIGITAL'S PROSPECTS



## LONG RUNWAY FOR ORGANIC BUSINESS GROWTH

- Highly scalable business proliferates coverage expansion with digitalisation driving ample opportunities for growth in the years ahead
- Continues to make advancement into new verticals



## HARNESSING ACQUISITION STRATEGIES

- Good progress with JurisTech, successfully securing the key credit transformation contracts and carving successful inroads into the digital moneylending space
- To continue harnessing synergies derived from associates and strategic partners to capture new opportunities and provide more comprehensive end-to-end services



## THE POTENTIAL OF ALTERNATIVE DATA

- Enhances competitive advantage through enriched analytics and scoring
- Essential dataset for developing markets with a significant unbanked population
- Key element to solidify our position ASEAN's leading credit reporting agency



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**THANK YOU**