



# **4Q 2023 Results Briefing**

31 January 2024

# AGENDA

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- 1 Management Team Update
  - 2 FY & 4Q 2023 Key Highlights
  - 3 Performance by Business Segments
  - 4 Financial Review
  - 5 2024 Strategies & Initiatives
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# SENIOR MANAGEMENT TEAM

Solid leadership team to drive the business forward



**ERICK HAMBURGER**

Group Chief  
Executive Officer



**CHIAM HSING CHEE**

Group Chief  
Financial Officer



**IVAYLO KOLEV**

Group Chief Data &  
Product Officer



**JAMES MITCHELL**

Group Chief  
Technology Officer



**ERIC CHIN**

Chief Executive  
Officer, CDS



**LEE SHIN MEI**

Chief Operating  
Officer, CDS



**DANNY FONG**

Chief Business  
Officer, CDS



# 2023 HIGHLIGHTS & ACHIEVEMENTS

Stellar performance, building a solid foundation for the future



## Continuing Growth Momentum

- Achieved high end of internal management target
- FY2023 revenue RM261.4m (+34%) & norm. PATAMI RM104.0m (+22%)



## Digital Solutions Adoption

- Increased adoption of Digital Solutions (eKYC, CAD & IDGuard)
- Total 142 clients onboarded in FY2023



## Broad-based Organic Growth

- All business units recorded a double-digit growth in FY2023
- Highest growth from Key Accounts (+51%) and Comprehensive Portfolio Review & Analytics (+81%)



## Tax Status Approval

- CTOS Data Systems received MOF's approval for a five-year extension of tax exemption period up to 8 Nov 2026



## Collaboration Wins

- Jointly secured multi-year key credit transformation + RLOS contracts
- Launched CAD for moneylenders together with JurisTech



## Regional Expansion

- Acquisition of Finscore & Prime Analytics
- To build a leading alternative data platform in the region



## Sustainability

- CTOS maintains position as a constituent of the FTSE4Good Index Series for FY2024\*
- Top 25% amongst Malaysian public listed companies



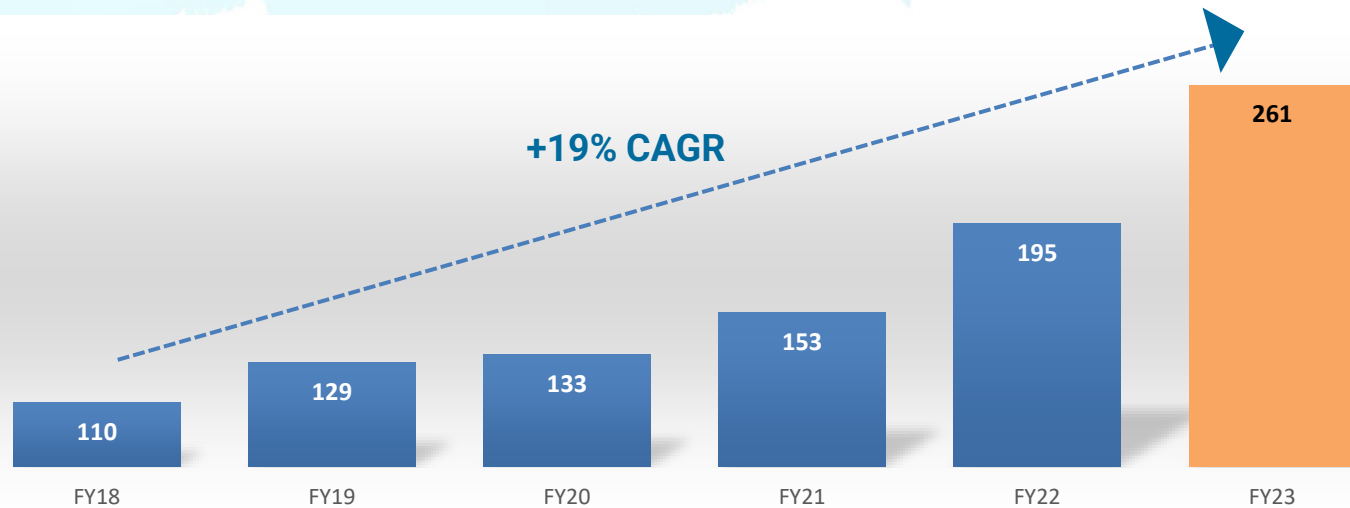
**FOUR-STAR RATING**

*\*FTSE4Good Index Series December 2023 review.*

# CONTINUOUS GROWTH TRACK RECORD

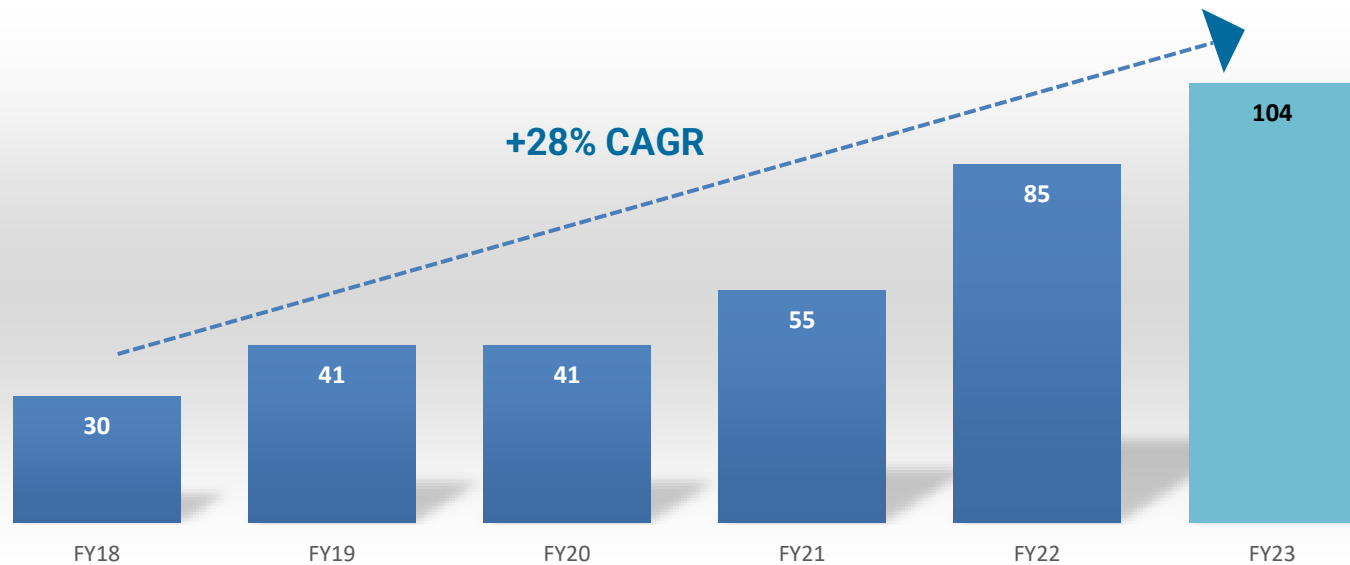
Double-digit CAGR growth in both Revenue & Normalised PATAMI

## REVENUE



FY23 Internal  
Management Target  
RM250-278m

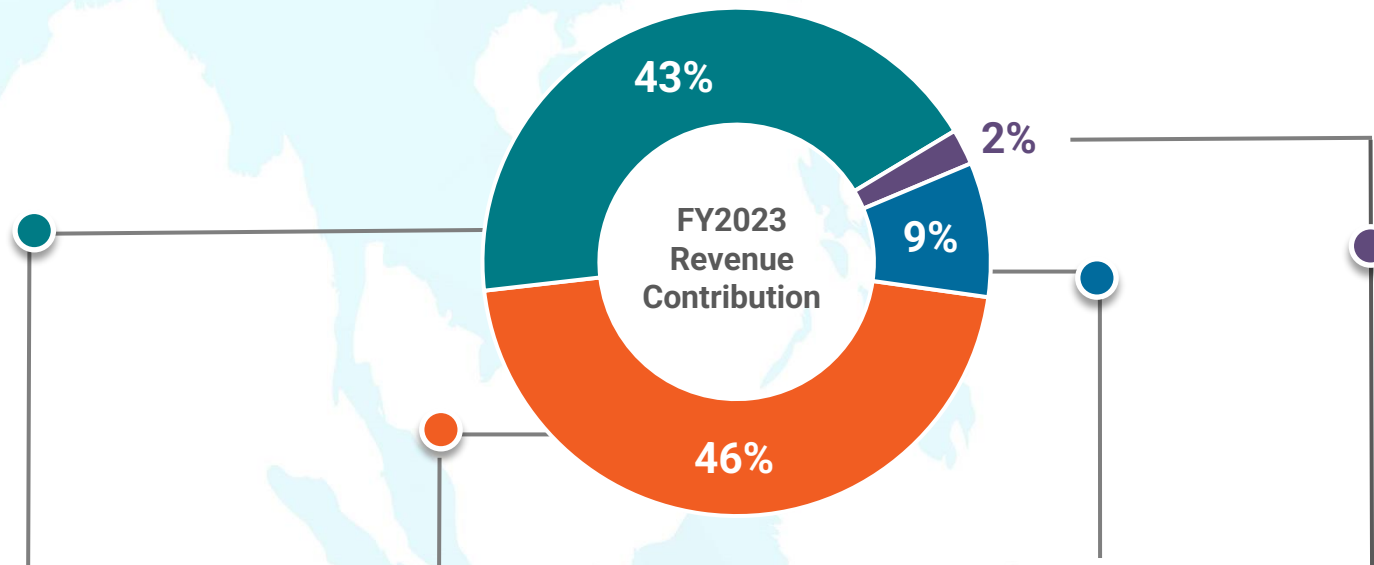
## NORM. PATAMI



FY23 Internal  
Management Target  
RM100-105m

Figures for revenue and norm. PATAMI in RM million

# PERFORMANCE BY BUSINESS SEGMENTS



## KEY ACCOUNTS

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



## COMMERCIAL

- Serves c.21k customers
- Top 5 industries include wholesale & retail trade, manufacturing, professional services, construction, finance & insurance
- Credit Manager, Reports, Credit Monitoring and eTR



## DIRECT-TO-CONSUMER

- c.3.6 mil registered users for CTOS ID
- CTOS Score, CTOS SecureID, Credit Finder, CTOS Tenant Screening, CTOS Vehicle Check and CTOS Car Insurance



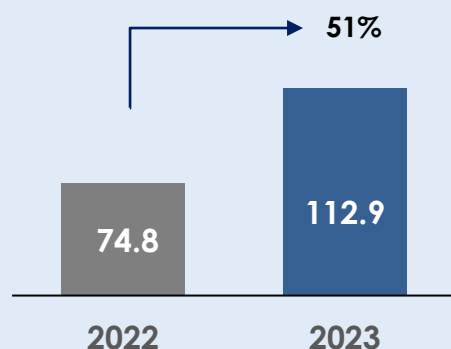
## INTERNATIONAL

- Newly acquired subsidiaries in Indonesia and The Philippines
- Alternative score platform as a building block for regional expansion

# YoY REVENUE TRENDS BY BUSINESS SEGMENTS

## KEY ACCOUNTS

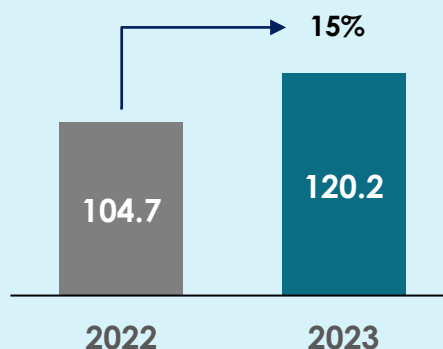
Figures RM'mil



- Growth was driven by rising adoption of our digital solutions, in-depth analytical insights, and compounded by organic growth from core businesses.
- Acquired new clients with large volumes, secured multi-year contracts, and increased product penetration and wallet share by upselling and cross selling to existing and new customers.

## COMMERCIAL

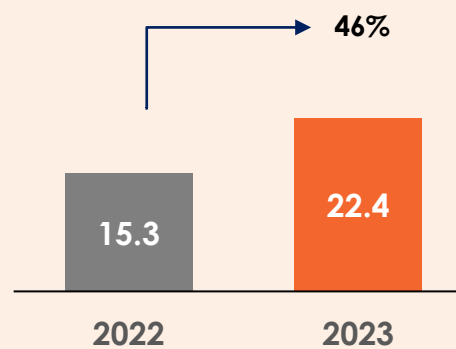
Figures RM'mil



- Commercial Malaysia growth was fueled by higher activation as well as higher usage of our digital reports and services.
- Commercial International continues growth trend on the back of higher BAU consumption, cross selling of new products to existing top customers as well as acquisition of new clients.

## DIRECT-TO-CONSUMER

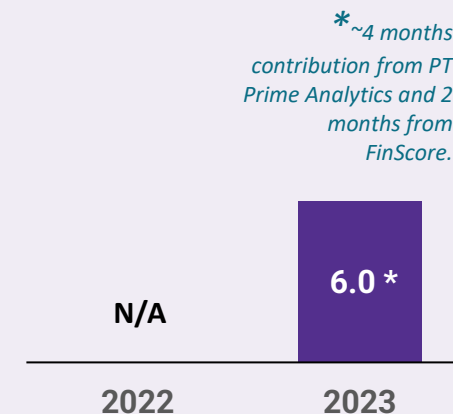
Figures RM'mil



- Growth momentum continued to be bolstered by strategic partnership, digital marketing, tactical campaigns & financial literacy drives.
- Growth supported by increasing awareness on credit scoring as evident by the rapid expansion of CTOS ID users which grew to c.3.6 million in FY2023 vs c2.5m in FY2022.

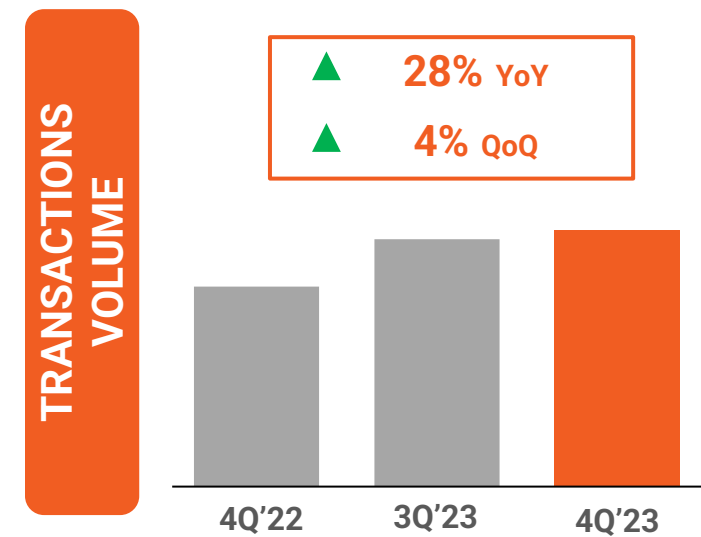
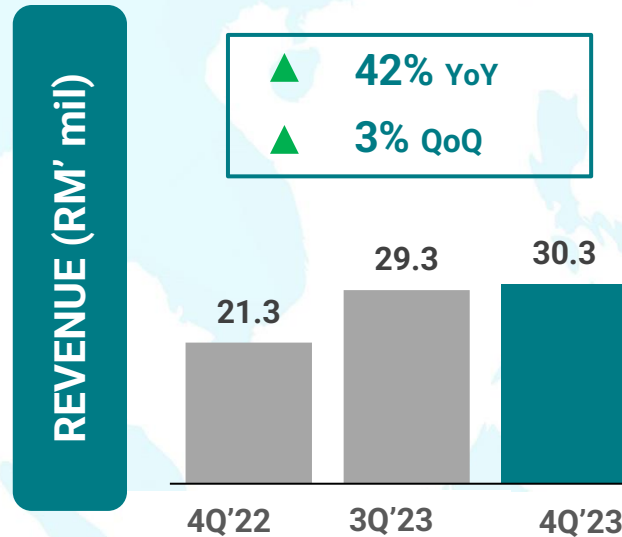
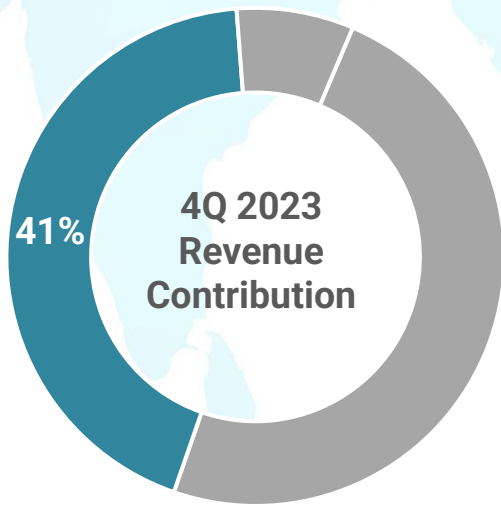
## INTERNATIONAL

Figures RM'mil



- International operations growth was driven by increased product penetration in the banking sector in the Philippines and further expansion into Fintech sector in Indonesia.
- Higher transactions from existing clients, as well as cross selling of new products in the Philippines also contributed to the growth.

# KEY ACCOUNTS



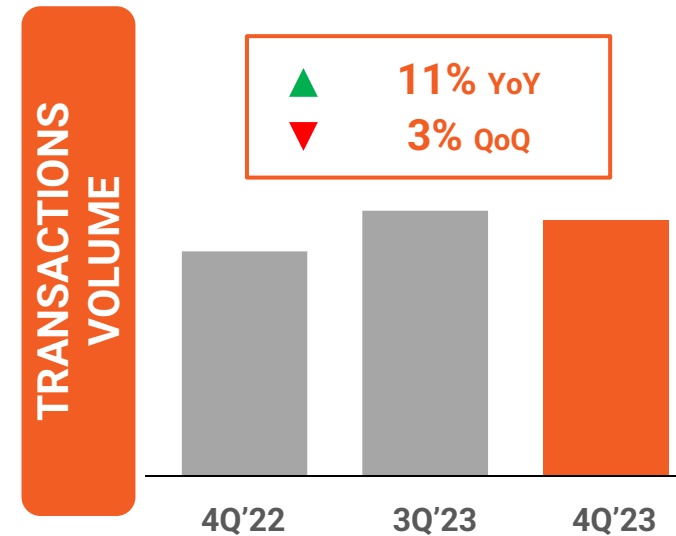
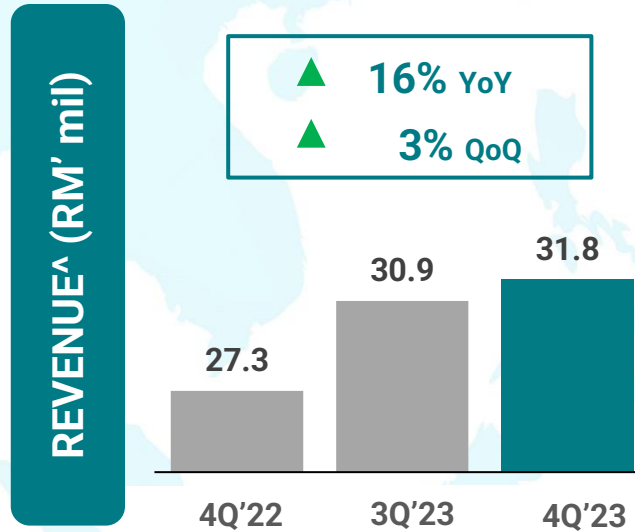
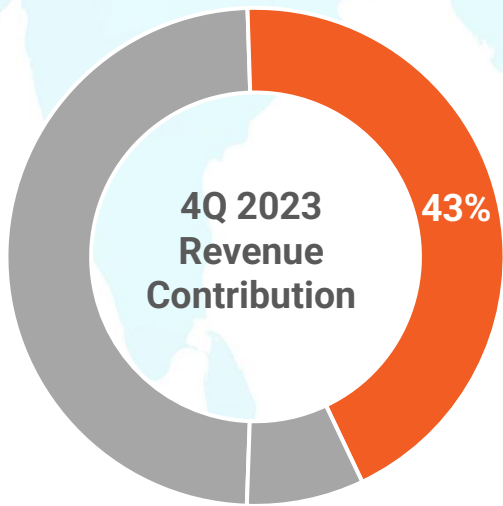
## 4Q 2023 HIGHLIGHTS

- Continued QoQ revenue growth driven by increased demand for Digital Reports, Digital Solutions and Comprehensive Portfolio Review & Analytics
- New usage from the FSI sector where Data Analytics are used for their loan origination systems.
- Increased adoption of Digital Solutions (eKYC, CAD & IDGuard) with total 142 onboarded as at 4Q 2023.
- Fully onboarded 2 new Telcos for handset financing.

Note: The figures in this page exclude International segment



# COMMERCIAL

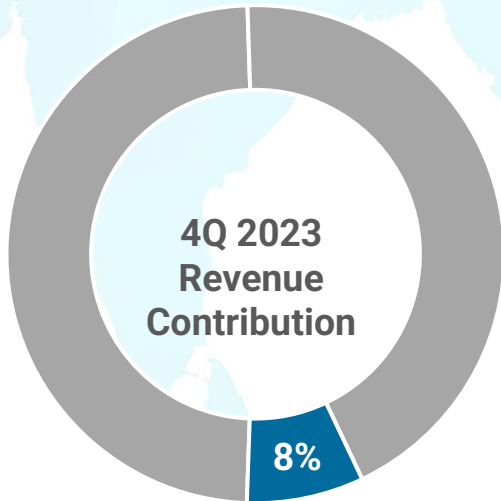


## 4Q 2023 HIGHLIGHTS

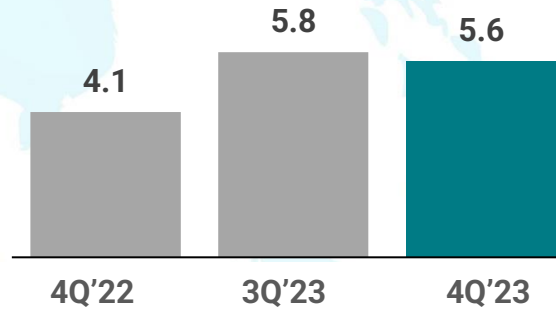
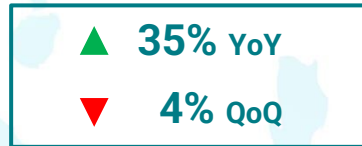
- Revenue increased 3% despite lower volume, driven by higher monitoring usage & improved sales from CTOS Basis
- Conducted 2 SME networking events in Kuching and KL in 4Q and participated as the Official CRA for Platinum Business Awards and SME100 Awards to create awareness and generate business leads.
- Strong double digit revenue growth for CTOS Basis in 4Q 2023, driven by improved BAU consumption and acquisition of a large global client.



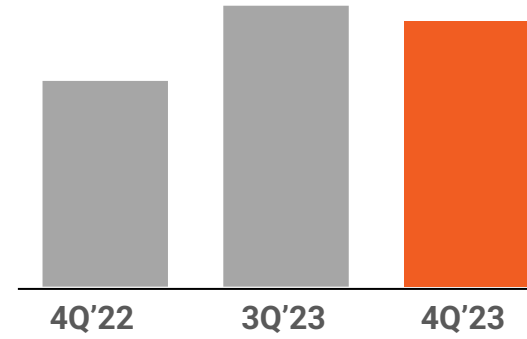
# DIRECT-TO-CONSUMER



REVENUE (RM' mil)

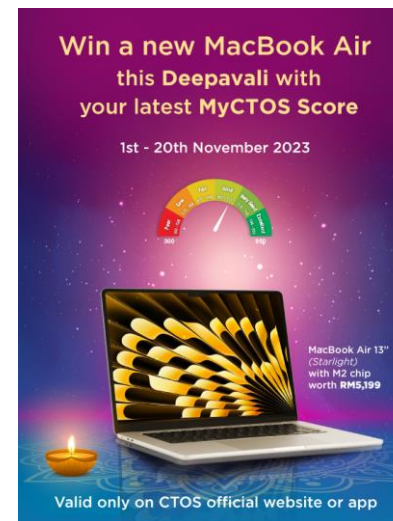


TRANSACTIONS VOLUME



## 4Q 2023 HIGHLIGHTS

- Growth in 4Q 2023 was marginally lower than previous quarter due to lower performance from strategic partners but it was boosted by tactical campaigns and contests.
- Acquired >365K new self-check users in 4Q 2023, increased by 2% QoQ and 147% YoY
- Conducted 14 financial literacy roadshows and webinars in 3Q 2023, in partnership with MOF, EPF, MDI, Sabah Credit Corporation, Future Lab and others.





# ctos Digital

## Financial Review

# FINANCIAL PERFORMANCE - 4Q 2023

(RM' Million)	4Q 2023	4Q 2022	YoY (%)
Revenue	73.15	52.74	38.7%
GP	55.70	44.00	26.6%
(-)			
Other income/ (expenses)	-0.03	-2.44	-98.9%
Selling & Marketing Expenses	-9.27	-9.00	3.0%
Administrative Expenses	-23.24	-21.32	9.0%
Finance Income	0.22	0.15	42.2%
Finance Cost	-1.81	-1.90	-4.8%
Share of Profit of Associates	8.58	9.21	-6.8%
<b>PBT</b>	30.15	18.71	61.2%
(-)Tax Expenses	26.03	-4.71	653.2%
<b>PAT</b>	<b>56.18</b>	<b>14.00</b>	<b>301.2%</b>

Double digit YoY growth across all customers segments. Revenue was partially aided by contribution from newly acquired subsidiary, Prime Analytics in Indonesia and Finscore in the Philippines

Selling and marketing expenses as a percentage of revenue have decreased YoY; however, admin expenses have increased YoY both in absolute terms and as a percentage, primarily due to bonus provisions during this quarter

Impacted due to lower contribution from Juris

Recognised tax credit amounting to **RM27.8m** pertaining to overprovision of prior year and 9M 2023 taxes upon the approval of CDS' tax incentives in the current quarter

<b>PATAMI</b>	56.28	14.00	301.9%
<b>Normalised PATAMI</b>	28.49	20.90	36.3%

(RM' Million)	Q4 2023	Q4 2022
Costs related to acquisition	0.08	3.35
Incremental income tax expense	(13.23)	3.55
Write back of prior year tax	(14.64)	0.00
<b>Total</b>	<b>(27.79)</b>	<b>6.89</b>



# FINANCIAL PERFORMANCE - 12M 2023

(RM' Million)

	12M 2023	12M 2022	YoY (%)
Revenue	261.44	194.78	34.2%
GP	201.67	164.63	22.5%
(-)			
Other income/ (expenses)	-0.01	-1.51	-99.2%
Selling & Marketing Expenses	-38.22	-33.19	15.2%
Administrative Expenses	-74.70	-63.70	17.3%
Finance Income	0.60	0.52	16.2%
Finance Cost	-6.73	-4.35	54.9%
Share of Profit of Associates	25.98	23.27	11.6%
<b>PBT</b>	108.59	85.68	26.7%
(-)Tax Expenses	9.65	-13.96	-169.1%
<b>PAT</b>	<b>118.24</b>	<b>71.72</b>	<b>64.9%</b>

YoY growth across all types of services especially Comprehensive Portfolio Review and Analytics, Digital Reports as well as Digital Solutions

In FY2023, Selling & Marketing Expenses and Admin Expenses increased YoY in terms of quantum; nevertheless, as a percentage of revenue, they remain within the guided range

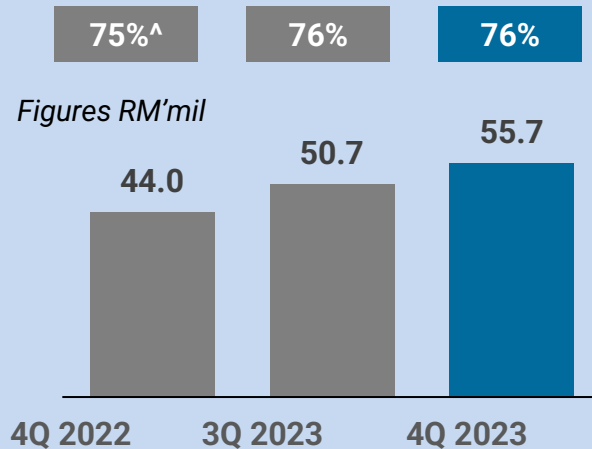
Increased due to new borrowings to fund acquisitions

<b>PATAMI</b>	118.37	71.72	65.1%
<b>Normalised PATAMI</b>	104.01	85.36	21.8%

(RM' Million)	12M 2023	12M 2022
Costs related to acquisition	0.28	4.40
Incremental income tax expense	-	14.31
Write back of prior year tax	(14.64)	(5.07)
<b>Total</b>	<b>(14.36)</b>	<b>13.64</b>

# PROFITABILITY TRENDS

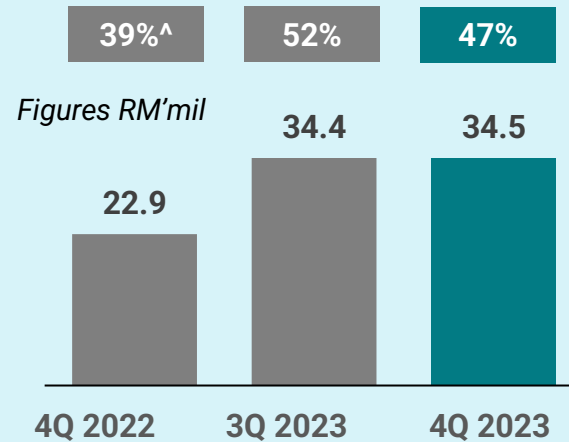
## GP (RM' MIL) & MARGIN (%)



- ◆ GPM in 4Q2023 was consistent QoQ and comparable YoY
- ◆ For FY23, GP of RM201.7 million translates to GPM of 77%

	FY 2022	FY 2023
GP RM	164.7	201.7
Margin	77%^	77%

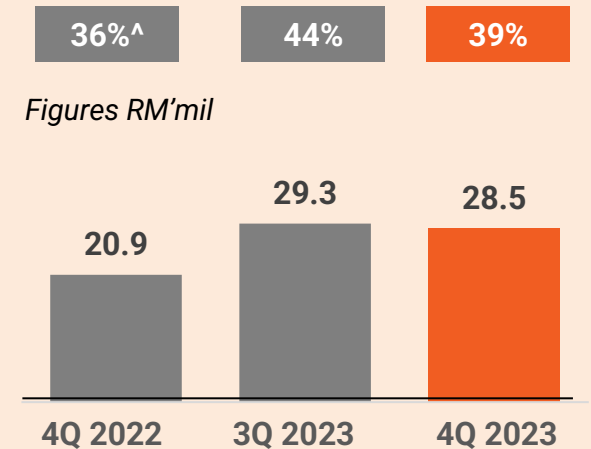
## EBITDA (RM' MIL) & MARGIN (%)



- ◆ EBITDA margin was lower QoQ in 4Q2023 due to higher admin expenses and consolidation of the international operations
- ◆ For FY23, EBITDA of RM125.2 million translates to EBITDA margin of 48%

	FY 2022	FY 2023
RM	98.0	125.2
Margin	46%^	48%

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

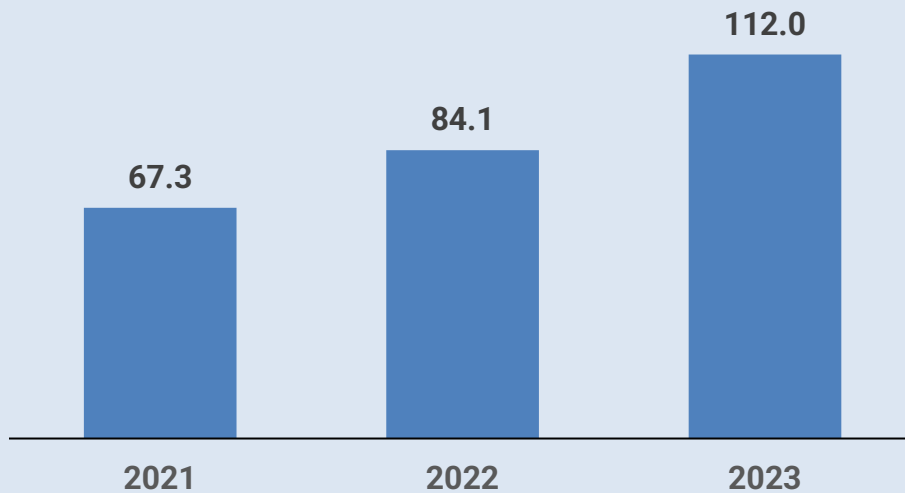


- ◆ Stemming from lower EBITDA margin, norm. PATAMI margin was lower QoQ
- ◆ For FY23, norm. PATAMI of RM104.0 million translates to margin of 40%

	FY 2022	FY 2023
RM	85.4	104
Margin	40%^	40%

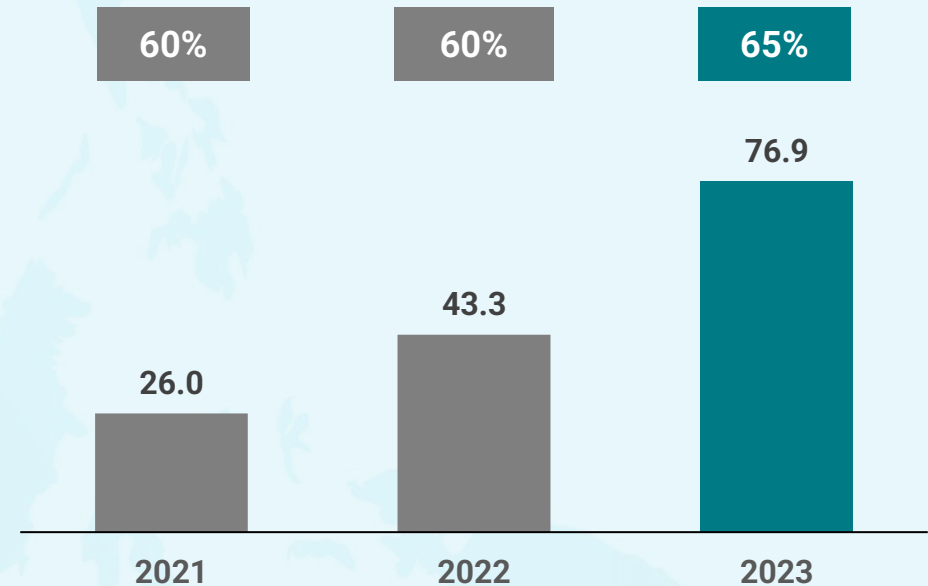
# OPERATIONAL CASH FLOW & DIVIDEND PAYOUT

## CASH FLOW FROM OPERATIONS (RM'MIL)



- ◆ In 2023, CFO growth trajectory continued mainly due to strong cash generation from operations as well as dividend received from associates during the period.

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



- ◆ 4<sup>th</sup> interim dividend of 1.706 sen per share translates to 70% payout ratio.
- ◆ Total dividend declared for FY2023 amounts to RM76.9 million or 3.33 sen per share.

# LEVERAGE & PEER COMPARABLE

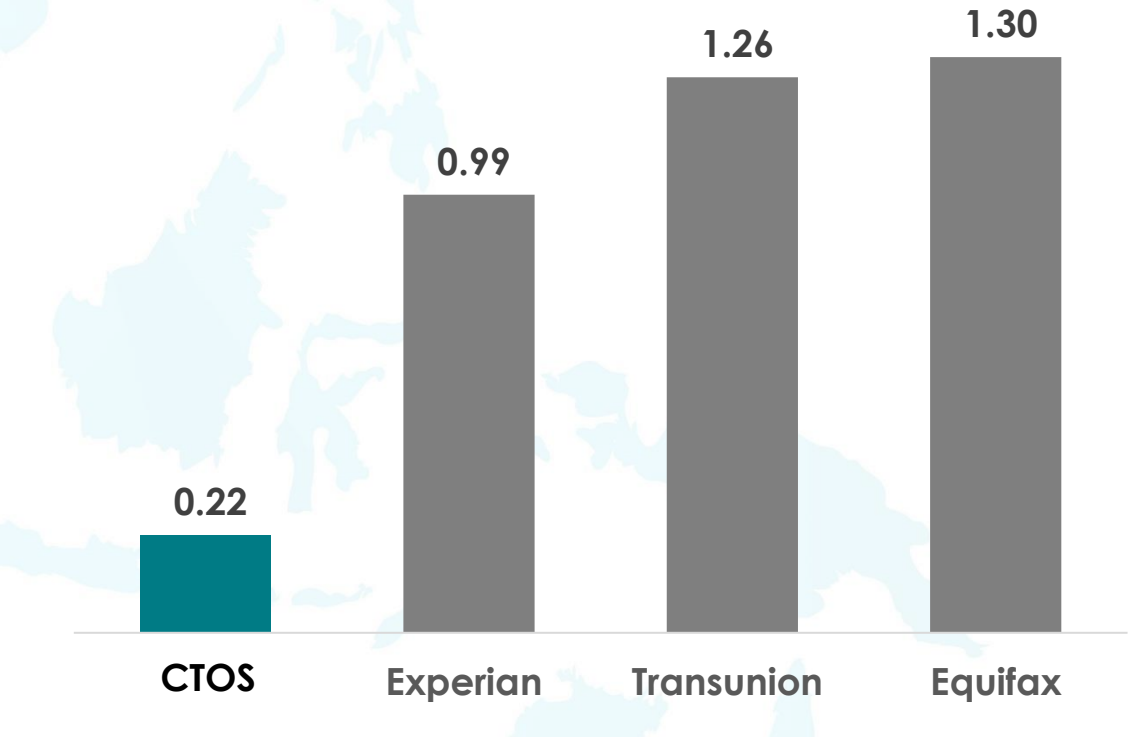
## 4Q 2023 FINANCIAL POSITION

**NET BORROWINGS**  
RM131 million

**SHAREHOLDERS EQUITY**  
RM592 million

**NET GEARING**  
0.22x

## PEERS' NET GEARING COMPARISON (x)

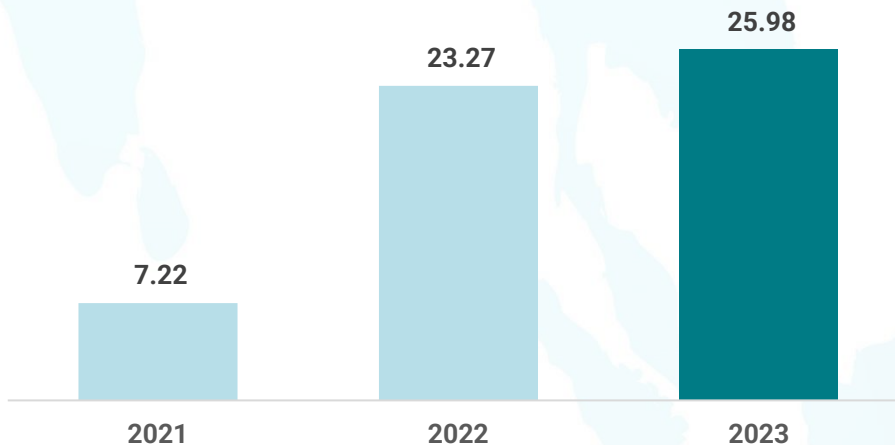




# ASSOCIATE COMPANIES

## SHARE OF ASSOCIATES (RM' MIL)

YoY Higher Contribution Across All Associates



24.825%

Market leader in business information in Thailand



49%

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



57.675%

Market leader in bond credit ratings in Malaysia

## ONGOING INITIATIVES

### JURISTECH

- Launched digital lending platform for moneylenders. Acquired 12 clients as at 4Q 2023
- 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 2 YEARS

## Internal Management Targets

FY2023

FY2024

FY2025



**Revenue**

**Actual : RM261m**

**Target : RM250-278m**

**RM340-360m**

*30-38%*

**RM415-435m**

*19-24%*



**EBITDA**

**Actual : RM125m**

**Target : RM120-130m**

**RM145-155m**

*16-24%*

**RM180-190m**

*23-30%*



**Normalized  
PAT**

**Actual : RM104m**

**Target : RM100-105m**

**RM125-130m**

*20-25%*

**RM150-160m**

*18-25%*

Note: Figures are for internal management targets and for simulation purposes only  
% indicates YoY growth from mid-point

# CTOS 2024 STRATEGIES

Proliferation of growth forward

## Business Growth

Continue to  
Grow Core  
Business

Expand  
International  
Operations

Strengthen  
Customer  
Journey &  
Lifetime Value

Continue to  
Innovate on  
Advanced  
Analytics,  
Digital & Fraud ID

## Enhance Sustainability

ESG

Cybersecurity  
& IT  
Transformation

AI Adoption

Regulatory  
Compliance  
Enhancement



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