



# 2Q 2024 Results Briefing

1 Aug 2024



# AGENDA

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# 2Q 2024 KEY HIGHLIGHTS



## Record Quarterly Revenue

- Achieved revenue of RM76.6m (+23% YoY, +7% QoQ)
- PATAMI rose to RM25.5m (+21% YoY, +22% QoQ)



## Uplift in All Segments

- YoY and QoQ continued growth across all business segments
- >4 mil registered users for Direct-to-Consumer segment



## Regional Acceleration

- Continuous QoQ growth momentum (+16% QoQ) & onboarded 14 new clients
- Achieved 100% telco coverage for alternative data source in Indonesia



## ISO Certification

- ISO/IEC 27001:2022 Certified in May 2024
- Security practices aligned with global standards



## CoA's Decision

- No case in defamation, negligence or breach of statutory duties against CDS
- CRAs may formulate and publish credit score

# REVENUE SHARE 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 >22k customers
- Top 5 industries include wholesale & retail trade, manufacturing, professional services, construction, finance & insurance
- Credit Manager, Reports, Credit Monitoring and eTR



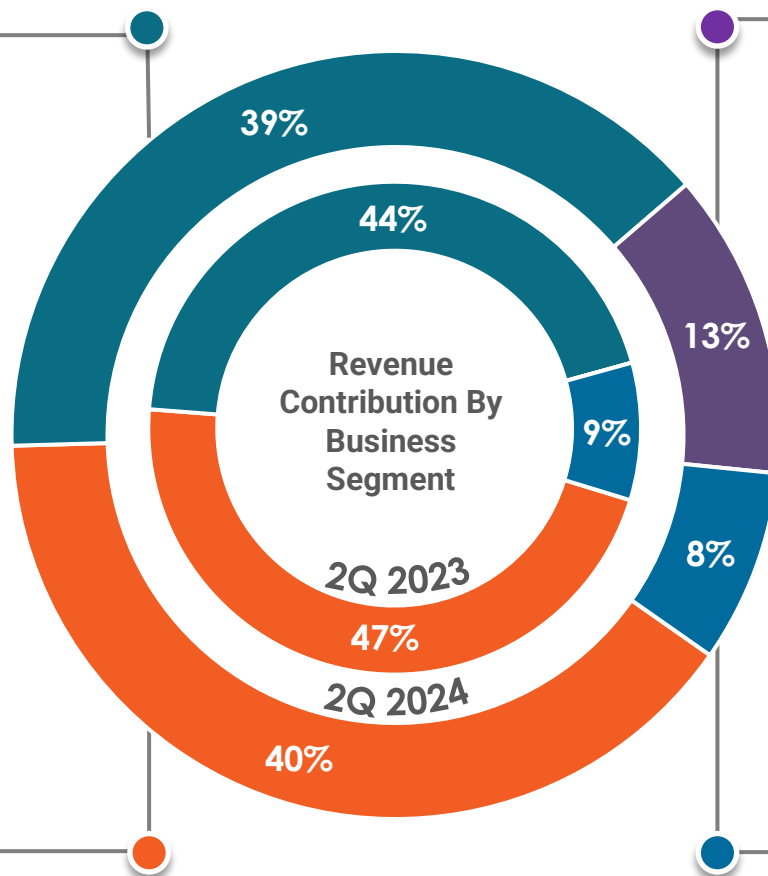
## INTERNATIONAL

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



## DIRECT-TO-CONSUMER

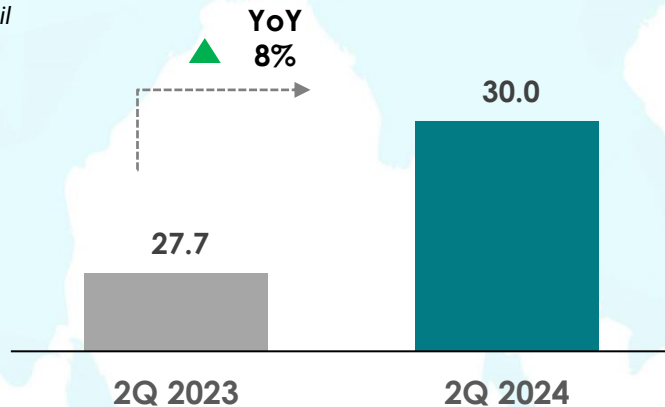
- >4 mil registered users for CTOS ID
- CTOS Score, CTOS SecureID, Credit Finder, CTOS Tenant Screening, CTOS Vehicle Check and CTOS Car Insurance





# KEY ACCOUNTS

Figures RM'mil  
(Revenue)



## 2Q 2024 Key Highlights

- Recurring Digital Report consumption continues to grow as expected
- Stronger demand for Portfolio Review solutions in Q2
- 2 new Development Banks awarded Digital Platforms and Onboarding Solutions

## Second Half Outlook

- Digital Reports expected to perform better, driven by new customers and growth in recurring consumption
- Focus on delivering closed deals and subsequently, increasing recurring consumptions
- Converting POCs in Portfolio Review for numerous banking customers to sustain growth in this segment
- Ramp-up of Digital Solution ie. eKYC + Multi-face ID (several banks rolling out)

## MULTI-FACE ID RECOGNITION

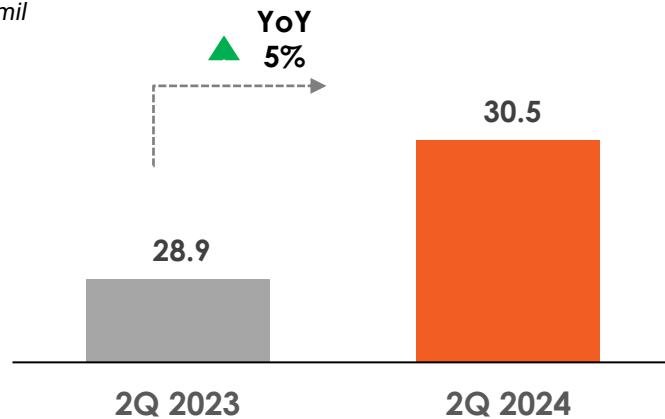


## DATA ANALYTICS



# COMMERCIAL

Figures RM'mil  
(Revenue)



CTOS SME Biz Day 2024 (KL)



Donovan & Ho x CTOS Panel Discussion



SFTMSDA 46th Anniversary Dinner



## 2Q 2024 Highlights

- Successfully organised SME Biz Day 2024 on 26<sup>th</sup> June 2024, with over 1,500 attendees
- Established partnership with TM to target 400k SMEs for purchase of Score Reports
- Secured the renewal of large insurer client for a further 3 years

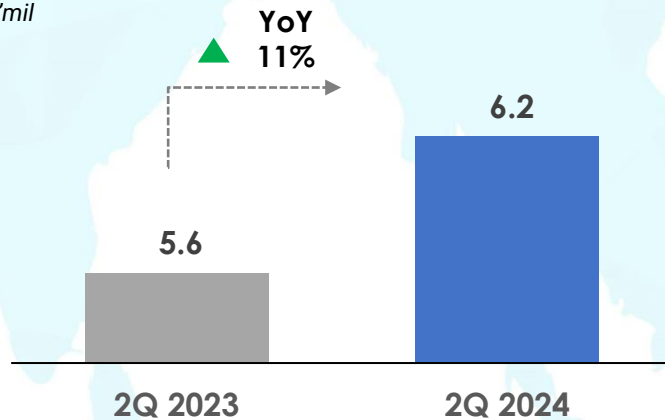
## Second Half Outlook

- Anticipating a continuous boost in customer consumption and a surge in cross-selling opportunities
- Accelerated activations from an expanded sales channel and a broader sales funnel, carrying the momentum from 1H
- Poised to clinch a major deal with a leading overseas data platform, propelling our international expansion and footprint



# DIRECT-TO-CONSUMER

Figures RM'mil  
(Revenue)

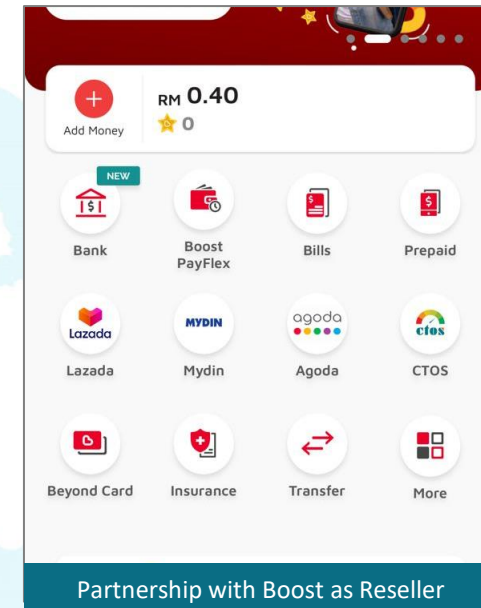
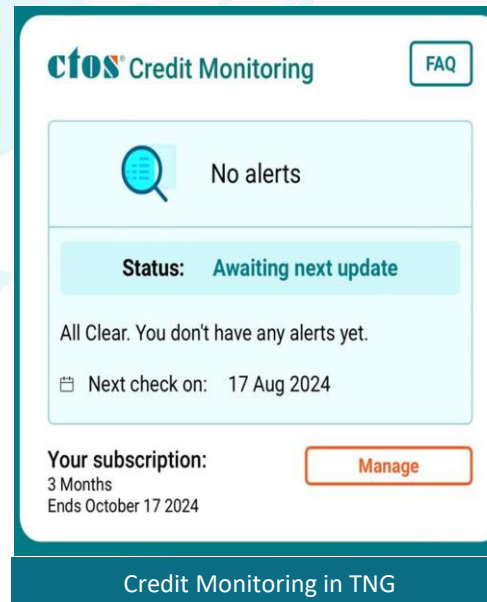
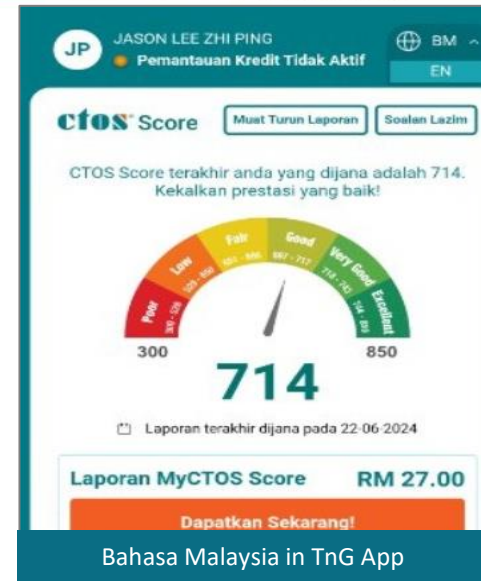
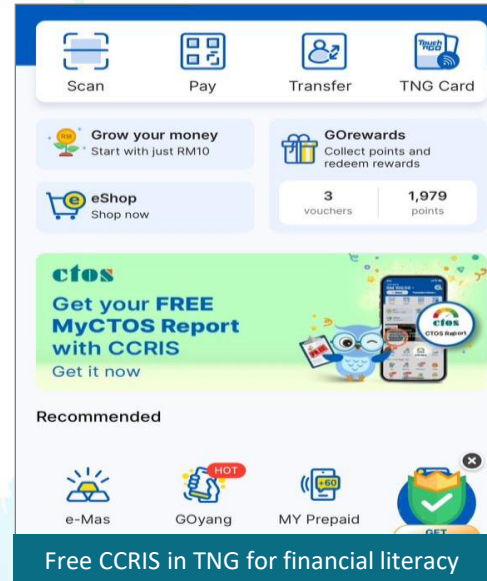


## 2Q 2024 Highlights

- Continued double-digit growth trend YoY being the fastest growing customer segment
- Acquired 200k new self-check users in 2Q 2024
- New Credit Monitoring Subscription launched in April 2024
- New partnerships launched with Boost and Atome to broaden reach

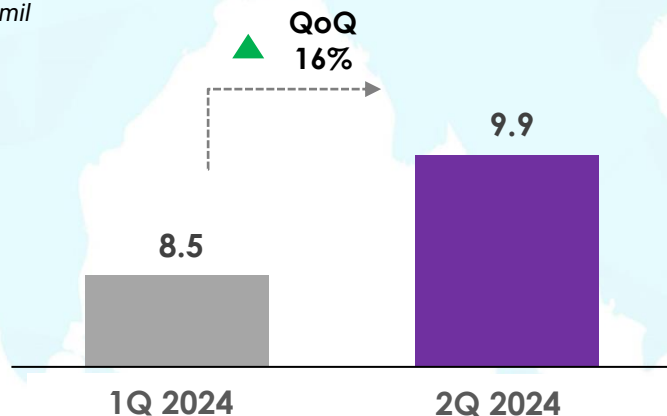
## Second Half Outlook

- Continuing our trajectory of strong growth, bolstered by amplified visibility through digital channels, and diverse marketing initiatives
- Expecting to convert one-off purchases to a subscription model, enhancing customer retention and driving recurring revenue

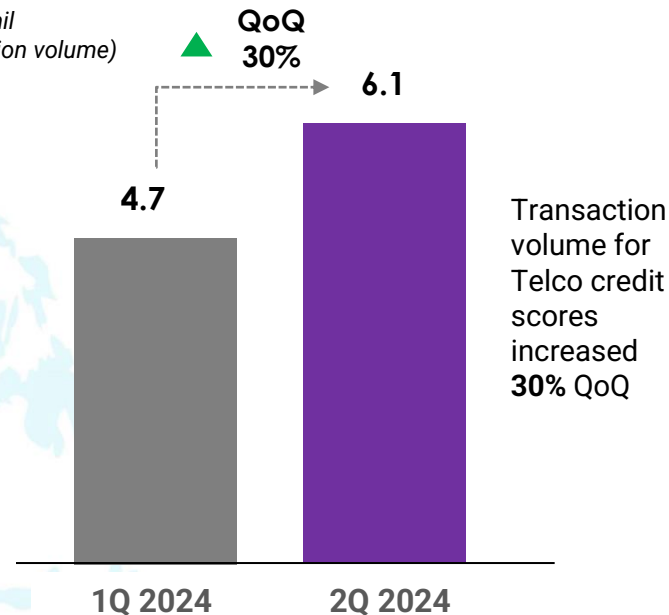


# INTERNATIONAL

Figures RM' mil  
(Revenue)



Figures 'mil  
(Transaction volume)



## 2Q 2024 Key Highlights

- Strong QoQ performance (+16%) stemming due to higher usage in the alternative data credit score business in the Philippines
- Philippines contributed 84% of International revenue
- Onboarded 14 new clients in 2Q 2024, bringing to a total of 75 customers
- Completed first portfolio review and analytics opportunity
- Achieved 100% telco coverage for alternative data source in Indonesia

## Second Half Outlook

- Broader expansion planned for portfolio review and analytics opportunities across both markets
- New technology platforms to be launched which will drive product coverage in both markets



Alternative Credit Scoring  
Can Unlock the Unbanked  
Population's Access to Credit







# ctos Digital

## Financial Review

# FINANCIAL PERFORMANCE - 2Q 2024

(RM' Million)

	2Q 2024	2Q 2023	YoY (%)
Revenue	76.6	62.2	23%
GP	56.2	47.6	18%
(-)			
Other income/ (expenses)	0.0	0.3	-116%
Selling & Marketing Expenses	-10.1	-10.3	-2%
Administrative Expenses	-22.7	-16.7	35%
Finance Income	0.0	0.1	-53%
Finance Cost	-2.7	-1.6	67%
Share of Profit of Associates	6.4	6.8	-5%
<b>PBT</b>	<b>27.2</b>	<b>26.1</b>	<b>4%</b>
(-)Tax Expenses	-1.8	-4.9	-64%
<b>PAT</b>	<b>25.4</b>	<b>21.1</b>	<b>20%</b>
(-) Non- Controlling Interest	-0.1	-	-
<b>PATAMI</b>	<b>25.5</b>	<b>21.1</b>	<b>21%</b>
<b>Normalised PATAMI</b>	<b>25.9</b>	<b>25.5</b>	<b>2%</b>

Recorded YoY growth across all customers segments

Strong demand for Digital Reports & Comprehensive Portfolio Review and Analytics

Administrative expenses increased YoY due to the inclusion of OPEX from International operations

Increased due to new borrowings in Q4 2023 to fund acquisitions of International operations.

Lower tax expenses due to tax incentives received by CDS subsequent to the 2<sup>nd</sup> 5-year income tax exemption (Nov'21- Nov-26) approval

PATAMI in 2Q 2023 impacted due to higher tax expenses pending the tax exemption approval

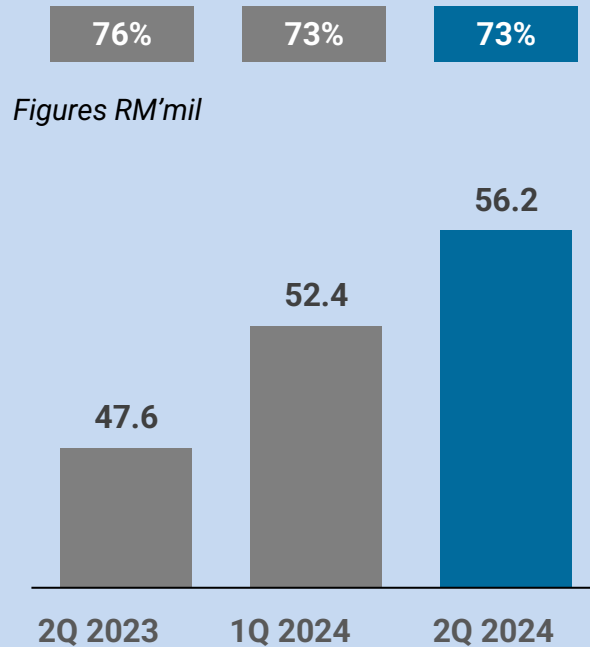
Excludes share-based payment expenses (ESOS) incurred in 2Q 2024

# FINANCIAL PERFORMANCE – 1H 2024

(RM' Million)	1H 2024	1H 2023	YoY (%)	
Revenue	148.2	121.8	22%	YoY growth mainly driven by Comprehensive Portfolio Review and Analytics and Digital Reports
GP	108.7	95.0	14%	
(-)				
Other income/ (expenses)	0.1	0.0	100%	
Selling & Marketing Expenses	-20.5	-18.9	8%	Selling & Marketing Expenses and Admin Expenses increased YoY in terms of quantum; nevertheless, as a percentage of revenue, it remains within the guided range
Administrative Expenses	-42.3	-33.9	25%	
Finance Income	0.1	0.2	-44%	
Finance Cost	-4.9	-3.4	44%	Increased due to new borrowings to fund acquisitions
Share of Profit of Associates	8.2	9.0	-9%	Lower contribution from JurisTech due to project implementation schedule
<b>PBT</b>	<b>49.4</b>	<b>48.0</b>	<b>3%</b>	
(-)Tax Expenses	-3.4	-10.3	-67%	
<b>PAT</b>	<b>46.0</b>	<b>37.7</b>	<b>22%</b>	
(-) Non- Controlling Interest	-0.3			
<b>PATAMI</b>	<b>46.3</b>	<b>37.7</b>	<b>23%</b>	PATAMI in 1H 2023 impacted by higher tax expenses and acquisition related costs
<b>Normalised PATAMI</b>	<b>47.3</b>	<b>46.3</b>	<b>2%</b>	Excludes share-based payment expenses (ESOS) incurred in 1H 2024

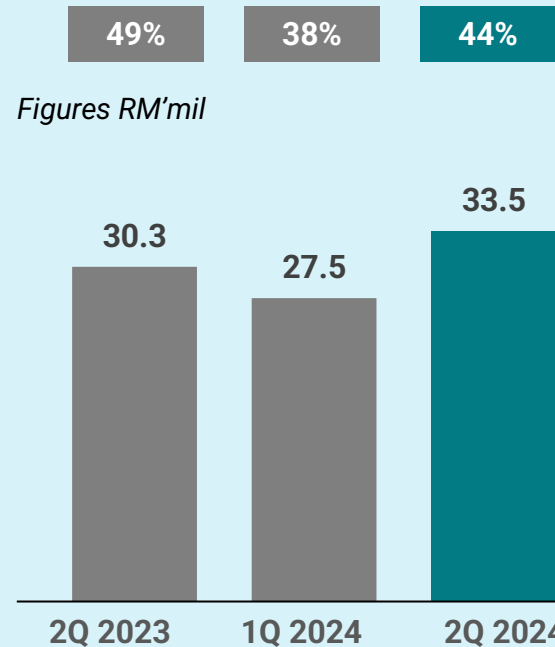
# PROFITABILITY TRENDS

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



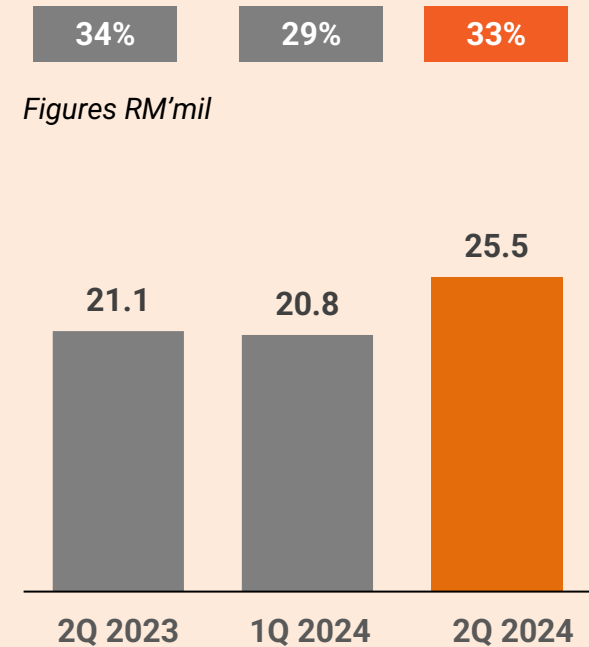
◆ GP margin maintained compared to preceding quarter

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



◆ EBITDA margin improved QoQ in 2Q 2024 due to higher associate's contribution

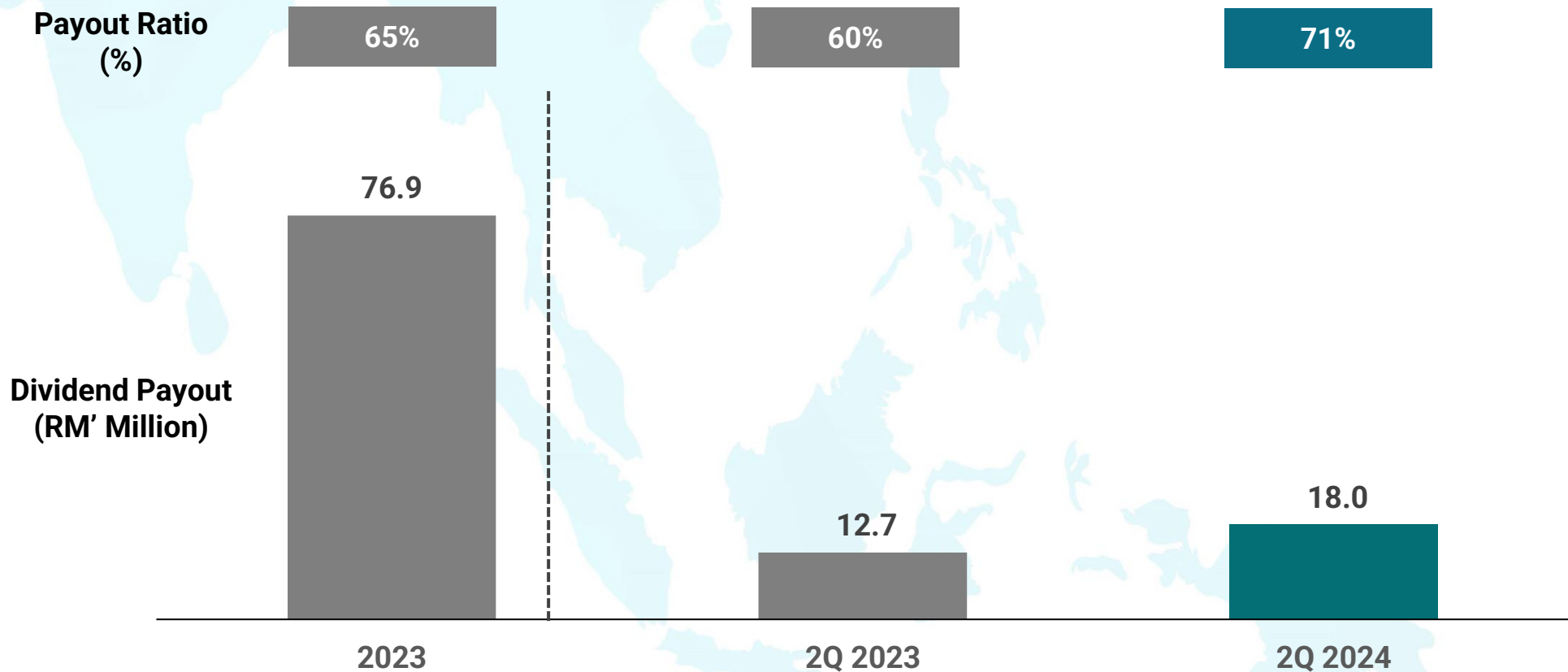
## PATAMI (RM' MIL) & MARGIN (%)



◆ Higher QoQ PATAMI mainly due to improved PBT margin coupled with lower effective tax rate



# DIVIDEND PAYOUT



- ◆ 2<sup>nd</sup> interim dividend of 0.78 sen per share, payable on 27 September 2024
- ◆ In 1H 2024 total of RM32.8 million dividend has been declared, which translates into 71% dividend payout

# LEVERAGE & PEER COMPARABLE

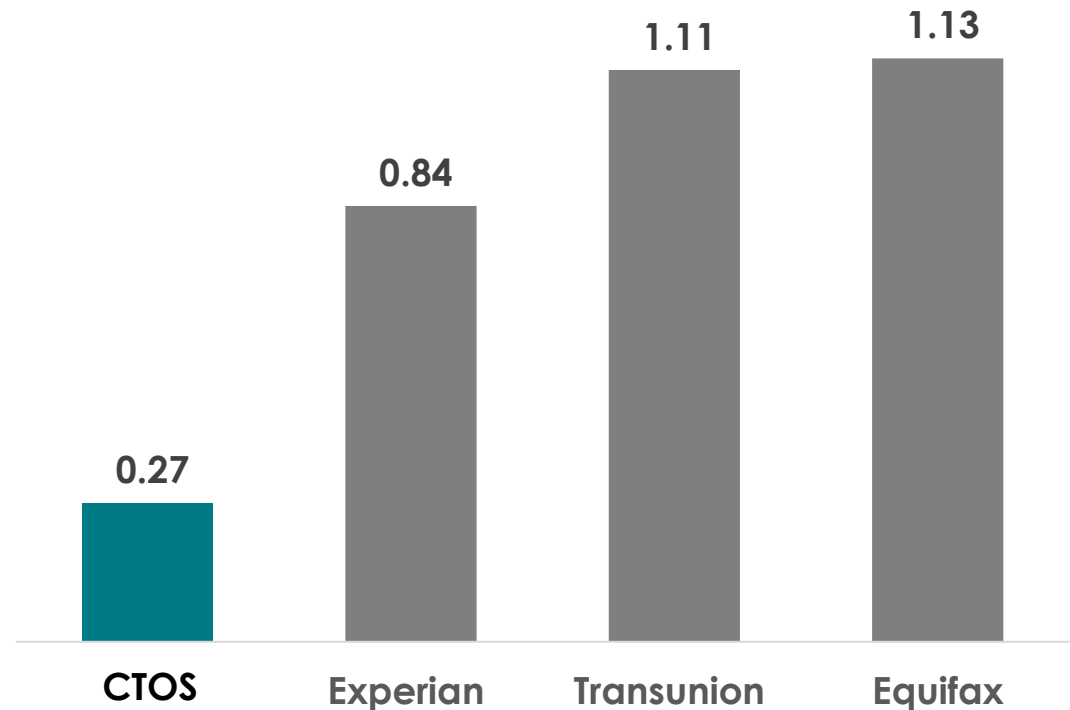
## 2Q 2024 FINANCIAL POSITION

**NET BORROWINGS**  
RM156 million

**SHAREHOLDERS' EQUITY**  
RM580 million

**NET GEARING**  
0.27x

## PEERS' NET GEARING COMPARISON (x)



# ASSOCIATE COMPANIES

## SHARE OF ASSOCIATES' PROFIT

1H 2023

RM9.0 mil

1H 2024

RM8.2 mil

**Juristech** 49%

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

**BOL** 24.825%

Market leader in business information in Thailand

**RAM** 57.675%

Market leader in bond credit ratings in Malaysia

## ONGOING INITIATIVES

### JURISTECH

- Jointly secured major projects with FIs, such as RLOS upgrade, digital onboarding and credit decisioning
- Digital platform rolled out for moneylenders
- Strong potential pipeline from local and regional FIs

### RAM

- Launched Digital Issuer Platform
- Ramping up on ESG Ratings & SME Credit Ratings
- Regional collaborations

# PROGRESS TOWARDS INTERNAL TARGETS



**FY 2024**

*Initial Targeted Norm. PATAMI: RM 125-130m*



**Actual 1H2024**

*Norm. PATAMI: RM 47.3m*

**Initial 2H2024 Target**

*Norm. PATAMI: RM 78m – 83m*

**TEMPORARY  
DELAYS FROM ASSOCIATES**

Moderated low-end results due to slower-than-planned implementation of digital solutions by clients, aligning more closely with FY23 performance

**Assoc  
RM5m**

**UPFRONT INVESTMENTS FOR  
FUTURE GROWTH**

- Expand sales team
- Geographic growth with expansion in ID, PH & SG
- Brand Campaigns

**Investments  
RM10m**

**Before Investments: RM120-125m**

**After Investments: RM110-115m**



# UPFRONT INVESTMENTS FOR FUTURE GROWTH

## EXPANSION OF SALES TEAM



- Expand the Sales Planning & Development team with leadership to harness data insights and capture untapped markets, driving growth
- Establish a Strategic Sales Team to target high-value customers, strengthen the partnership team and reinforce the CSM team. This will significantly enhance product upsell and cross-sell efforts, ultimately boosting ARPU

## EXPANSION INTO HIGH GROWTH MARKETS



- Expand the sales team in Indonesia and the Philippines to leverage rapid market growth and seize emerging opportunities

## INTENSIFIED MARKETING EFFORTS



- Boost marketing and brand value with high-impact media campaigns to amplify brand visibility and penetrate new segments for the consumer and SME markets

## GEOGRAPHICAL GROWTH INTO SINGAPORE



- Launch Commercial International business in Singapore by appointing key personnel to secure MNC clients and capitalise on regional opportunities

# FINANCIAL TARGETS FOR FY2024-FY2025

## Internal Management Targets

**FY2023**

**FY2024**

**FY2025**



**Revenue**

**Actual : RM261m**

**RM340-360m**  
30-38%

**RM415-435m**  
19-24%



**EBITDA**

**Actual : RM125m**

**Revised :** RM130-140m  
4-12%

**Previous:** RM145-155m

**RM180-190m**  
33-41%



**Normalized  
PAT**

**Actual : RM104m**

**Revised :** RM110-115m  
6-11%

**Previous:** RM125-130m

**RM150-160m**  
33-42%

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

# KEY TAKEAWAYS



## GROWTH DRIVERS

- Continuous growth in recurring revenue through Digital Reports and Comprehensive Portfolio Review & Analytics
- Positive on future opportunities across all business segments as economy in our key market is expected to continue its growth momentum



## REGIONAL ASPIRATIONS

- Broaden data sources & expand market share through continuous customer acquisition
- Increase account penetration & enhance margins through product diversification



## LONG TERM SUSTAINABILITY

- Invest in high performing team to drive business growth and continuously innovate on advanced analytics, digital solutions and fraud prevention
- Elevate cyber-resilience and uphold sustainability commitment with recent move into Green Building



- Thank you -