

2Q20 Results Review

August 2020



GHL Systems Berhad
the [ASEAN](#) Payment People

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[Group Overview

1. At the forefront of ASEAN's cutting edge Fintech, GHL empowers the payment revolution that is shaping today's spending habits.
2. From new-generation cashless to personalised value-added solutions, GHL offers extensive payment options, both offline and online, to fulfill payment needs.
3. GHL aspires to uplift businesses byway of enhancing transactional operations while delivering convenience to consumers in order to enhance their shopping experience

1994

Founded

2003

Listed since

2014

Started TPA

2020

In 7 countries

[The group's business pillars



Transaction Payment Acquisition

Merchant acquisition for



- Scheme card payments



- Mobile payments



- Prepaid top-ups and bill collection



- Online payment gateway



Shared Services

Smart all-in-one payment acceptance devices

- Sale
- Rental
- Maintenance
- MPOS



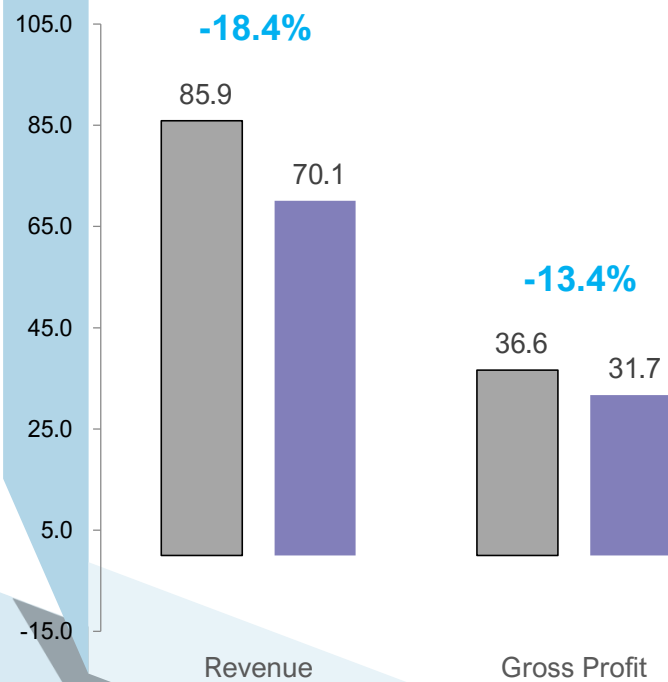
Solutions Services

Conceptualised and deliver proprietary payment solutions (hardware and software) for

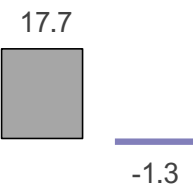
- Secure payment networks
- Loyalty platforms
- Loan repayments
- Other client specific requirements

2Q20 headline performance

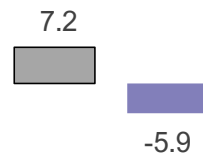
Financial Performance (YoY Growth)



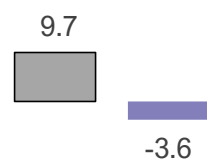
-137.1%



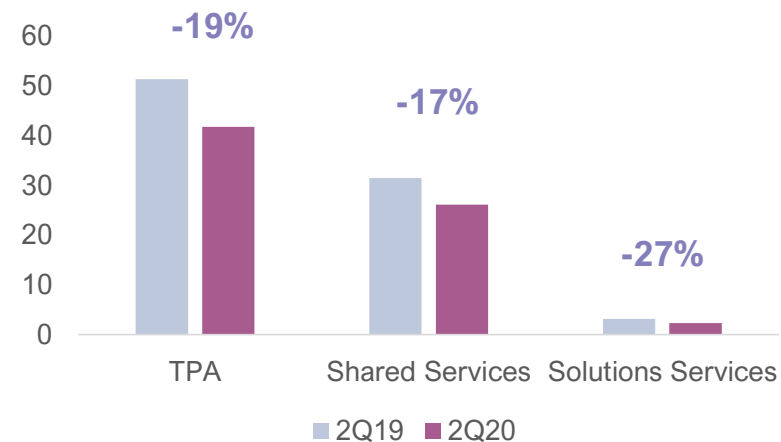
-221.3%



-138.6%

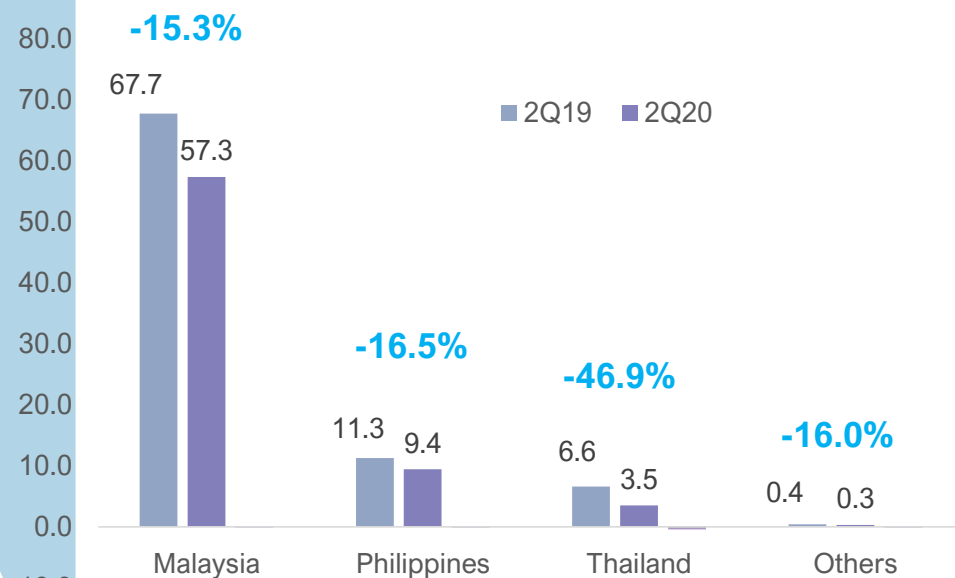


Before non-cash adjustments



2Q20 geographical performance

Revenue growth by country (yoy)



EBITDA growth by country (yoy)

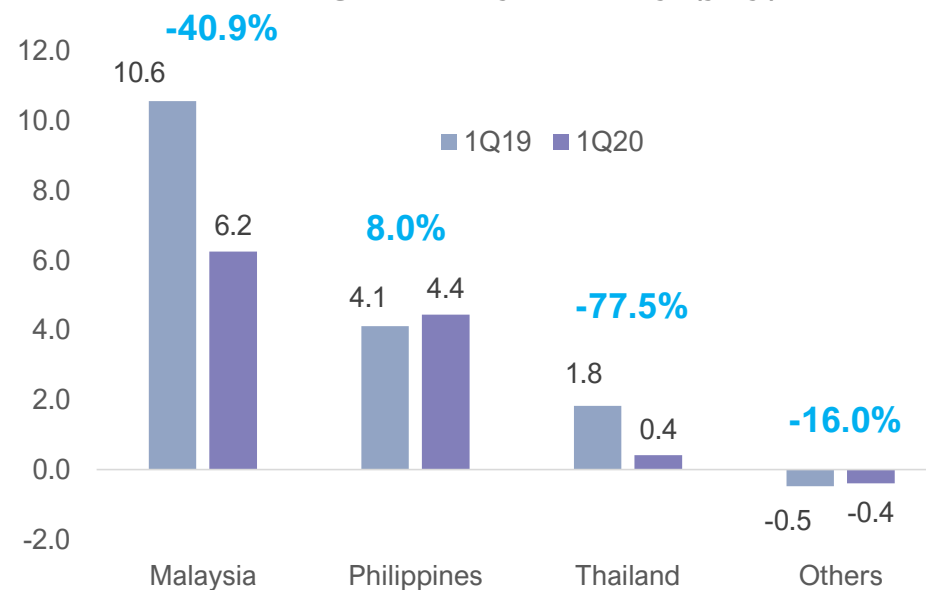


Illustration only

2Q20 core earnings

2Q20 Core operating earnings (RM m)

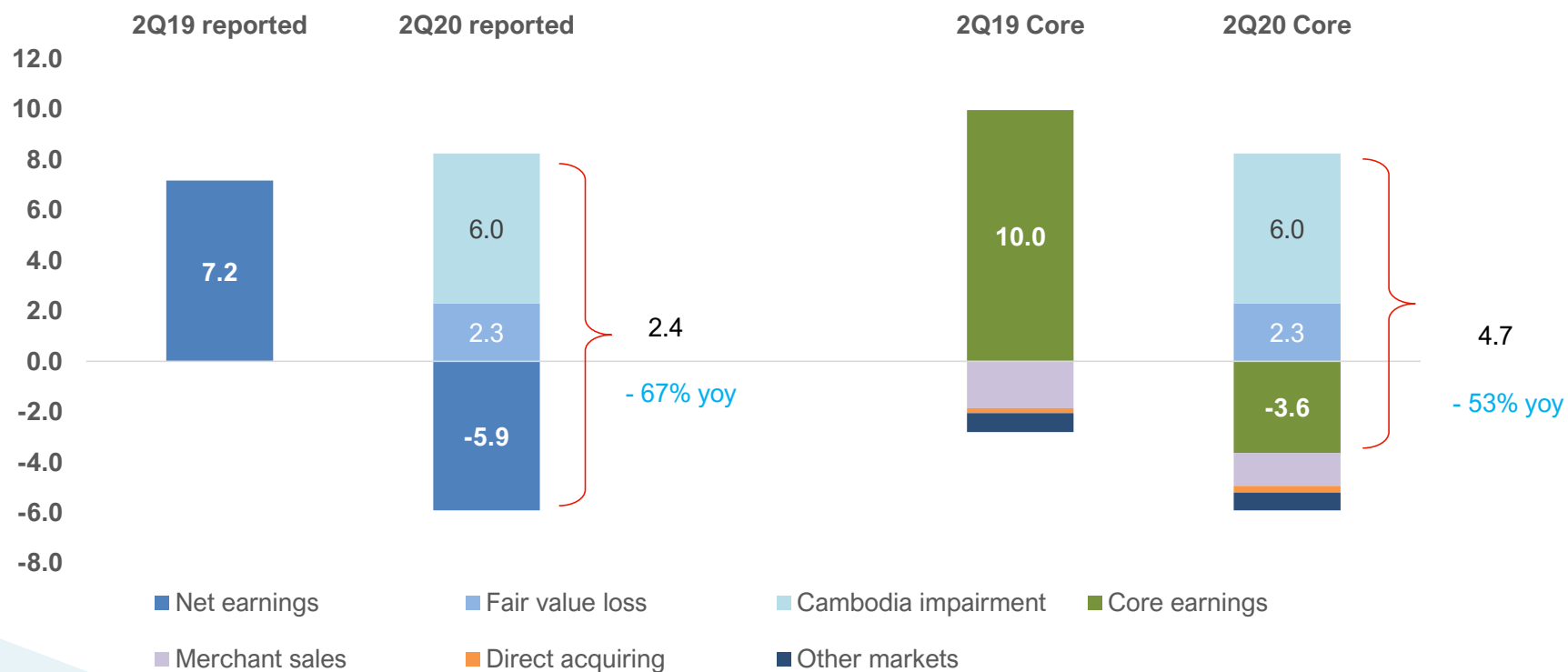


Illustration only



1H20 core earnings

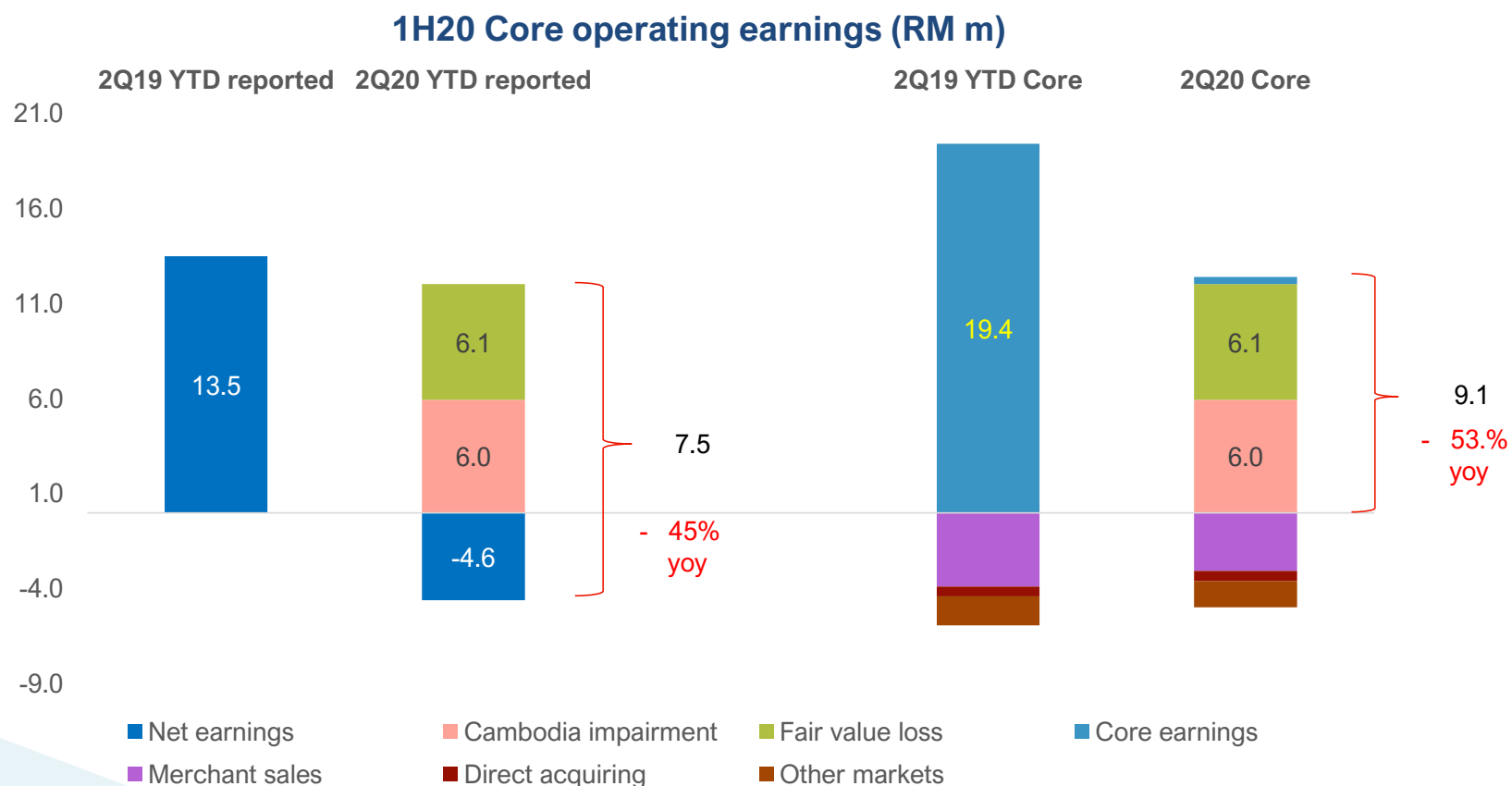
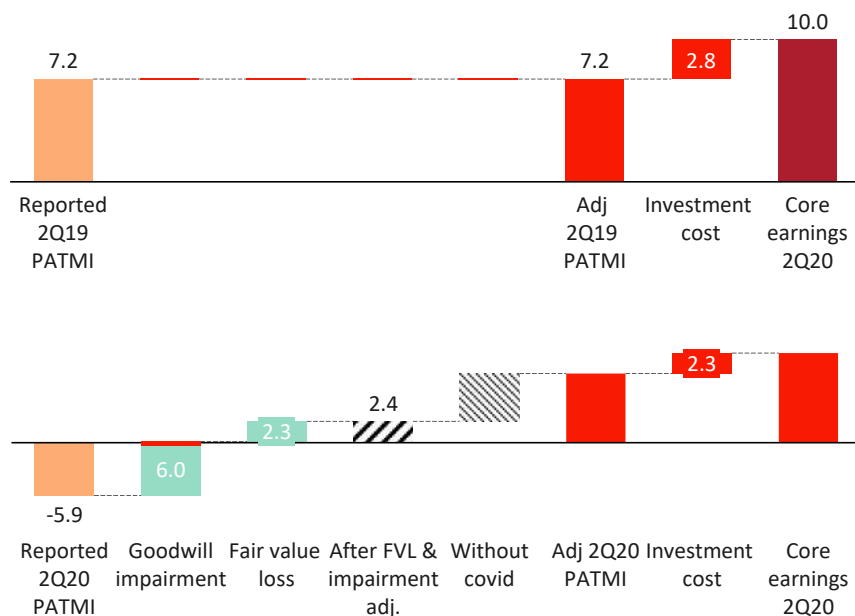


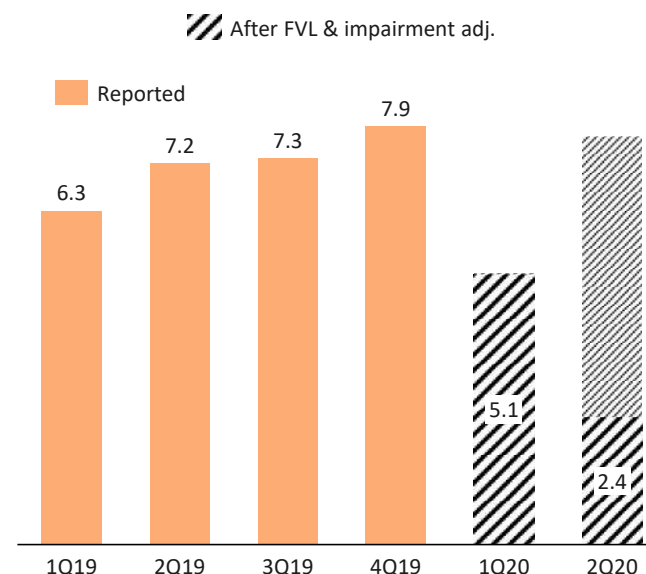
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2Q20 Core earnings (non-covid)

Adjusted PATMI (RM m)

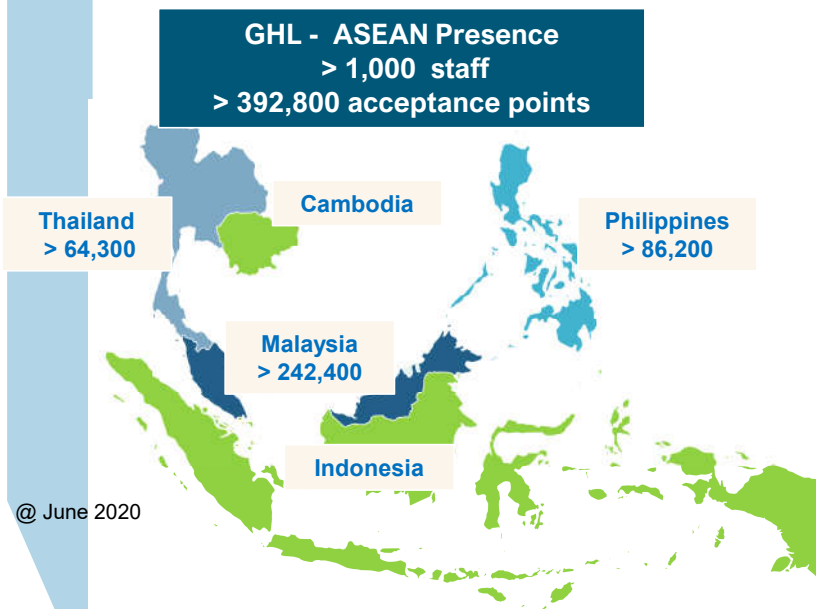


Reported PATMI (RM m)



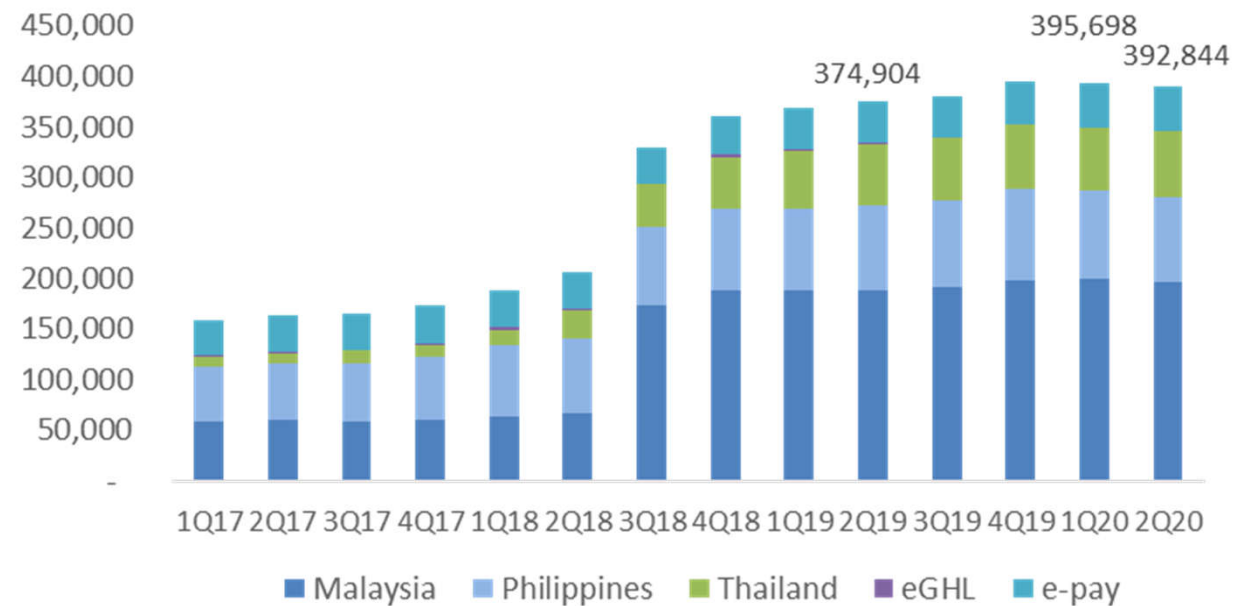
- 2Q20 group LATMI (RM-5.9m) mainly due to one-off expenditures that are non-cash and non-operating in nature:
- RM6.0 million impairment of investment in Cambodia operations as revenue and profits remains negligible at present
- RM2.3 million fair value loss on contingent consideration arising out of the acquisition of Paysys in 2018
- After adjusting for the one-off items above, group profit after tax and minority interest is RM2.4 million

2Q20 regional footprint



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Total acceptance points (ASEAN)



2Q20 TPA acceptance points

TOTAL Acceptance Points

392,800

2Q19 : 374,900

▲ 5% yoy

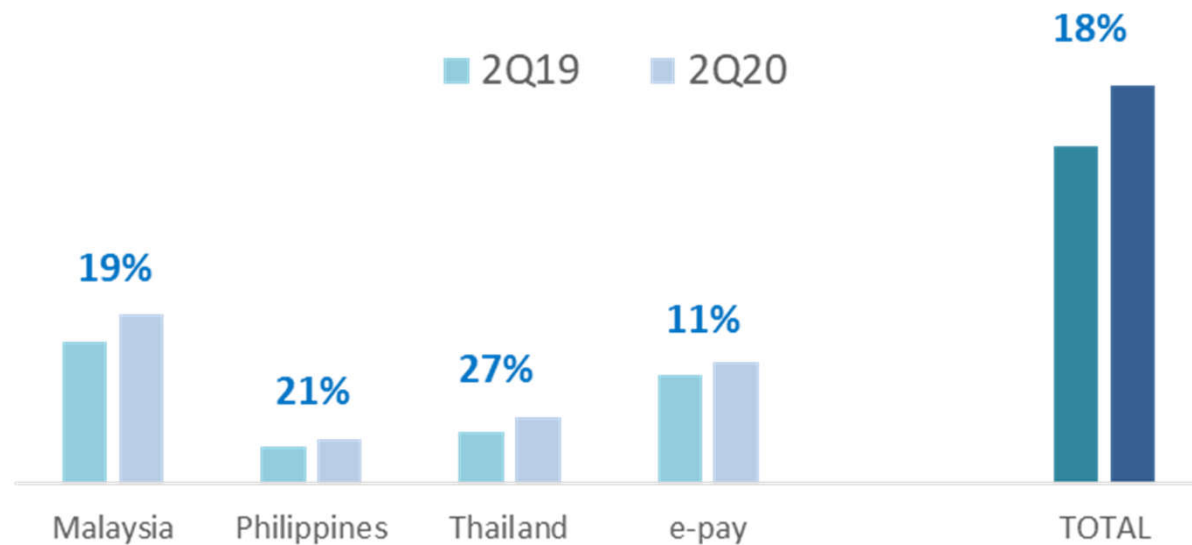
TPA Acceptance Points

147,500

2Q19 : 125,200

▲ 18% yoy

TPA Acceptance points (yoy growth)



1H20 TPV performance

TPV
Year to date
RM 8,103.3
1H19 : RM 6,186.5
31% yoy

TPA
Acceptance Points
147,500
2Q19 : 125,200
18% yoy

TPV - Payments and e-pay

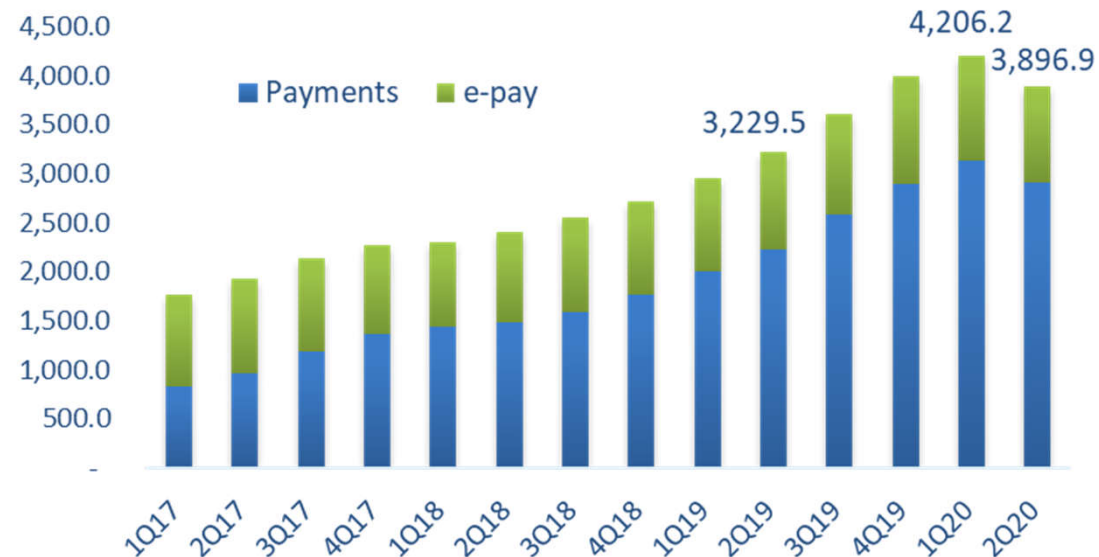
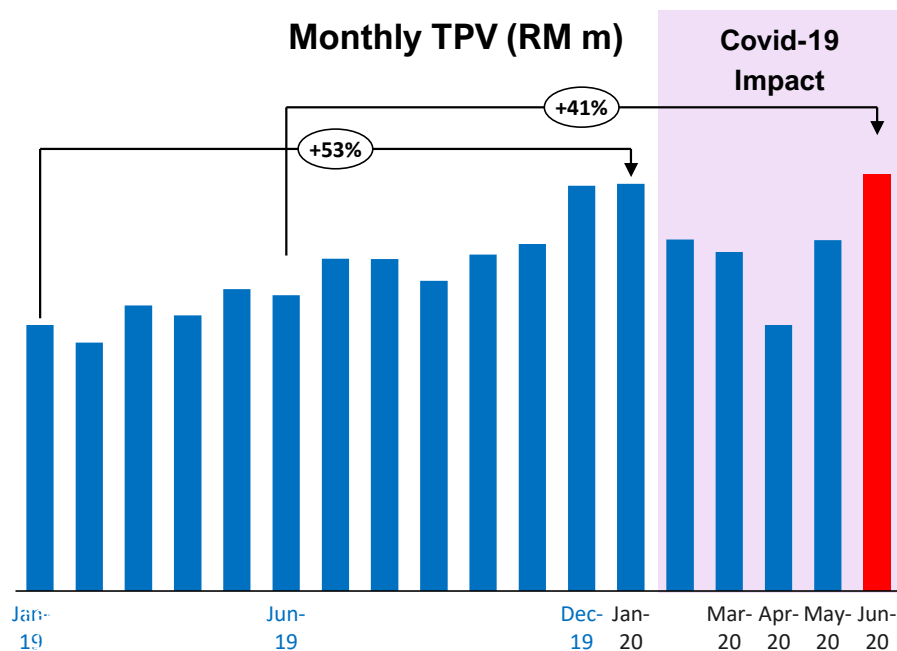


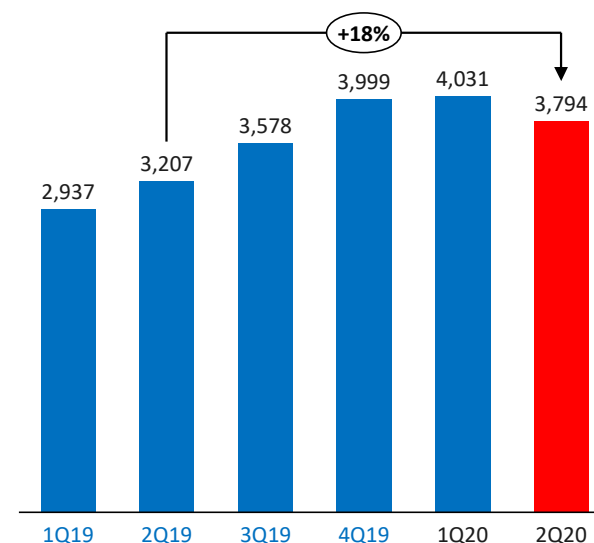
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2Q20 Group TPV



- Strong MoM recovery from April, recording highest TPV in Jun 20
- QoQ growth was dragged due to strict lockdowns in Apr/May

Quarterly TPV (RM m)



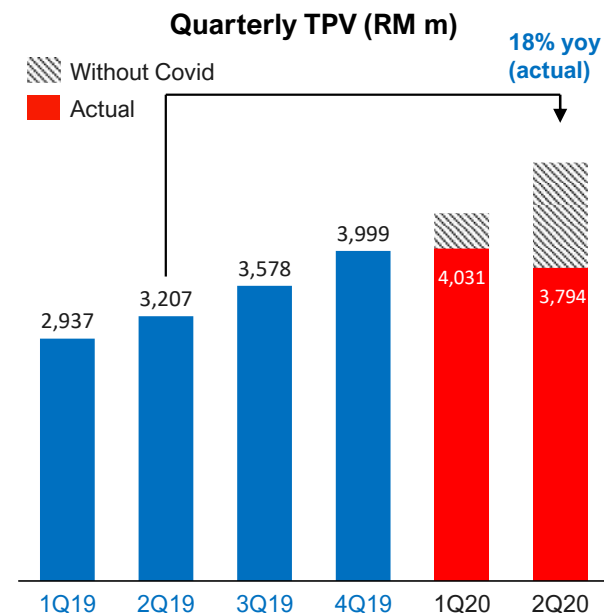
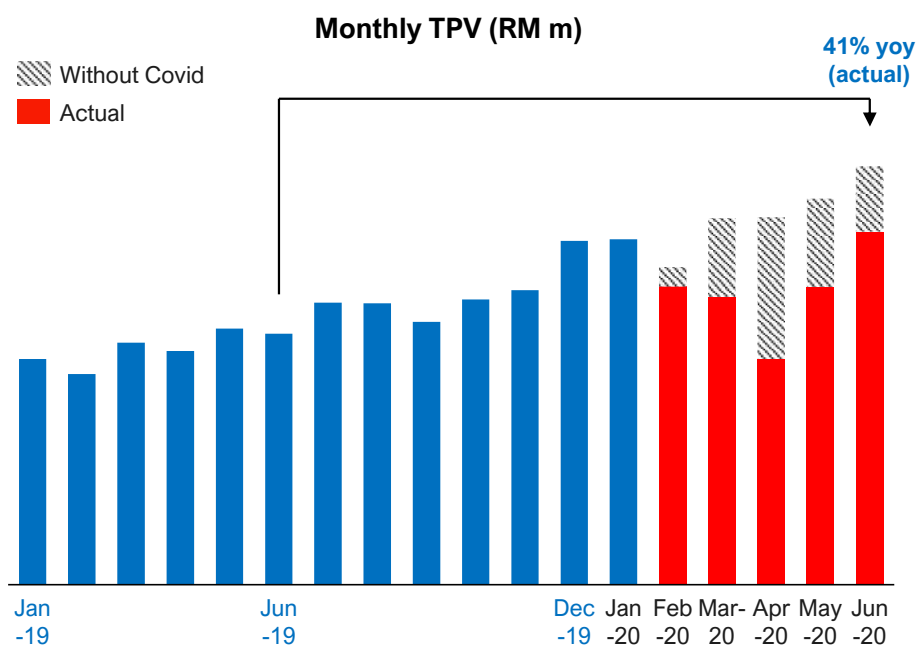
Strong YoY growth achieved despite impact of pandemic

Encouraging trends in the upcoming quarters due to :

- Further easing of restrictions
- ePenjana RM50 e-Wallet incentive
- Growing online payments
- Strong recovery in payments and e-pay business

Illustration only

2Q20 Group TPV (non-covid)

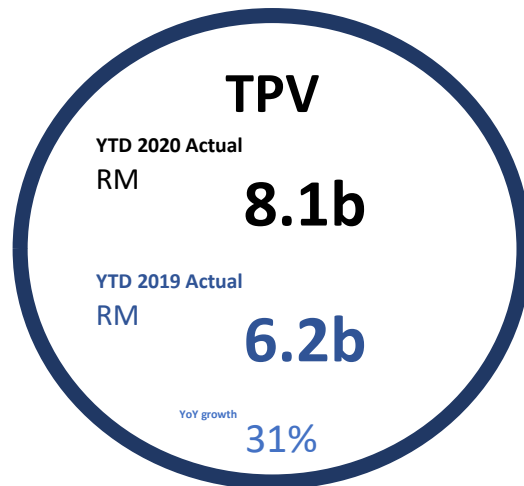


- Covid impact is seen to be decreasing due to easing of lockdown measures
- Malaysia has slowly eased restrictions but Thailand still impacted by low tourism whereas Philippines and Indonesia still at alert levels
- Boosts from ePenjana incentives and increasing cashless payments to further growth in upcoming quarters

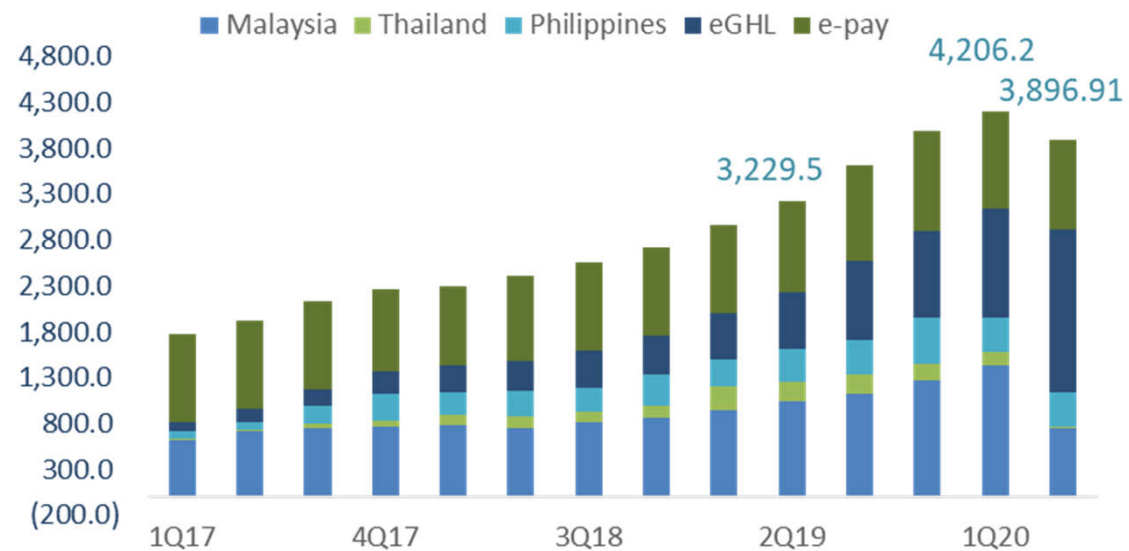
[1H20 TPV performance

TPV is the measure of the transaction value captured across GHJ's extensive merchant touchpoints across ASEAN, both physical and online.

- ✓ Debit cards
- ✓ Credit cards
- ✓ E-wallets
- ✓ Online
- ✓ Mobile airtime reloads
- ✓ Bill collection
- ✓ Loan collection



TPV by Geography (RM m)



2Q20 TPA Revenue performance

- 2Q20 group TPV grew strongly, 21% yoy driven by online transactions.
- TPA revenue was however down given the change in the payment product mix, payment type and merchant mix which affected the group's blended MDR and % spread
- However, overall gross margin has remain stable at mid 30+%

TPA Revenue (RM m) and GP margins (%)



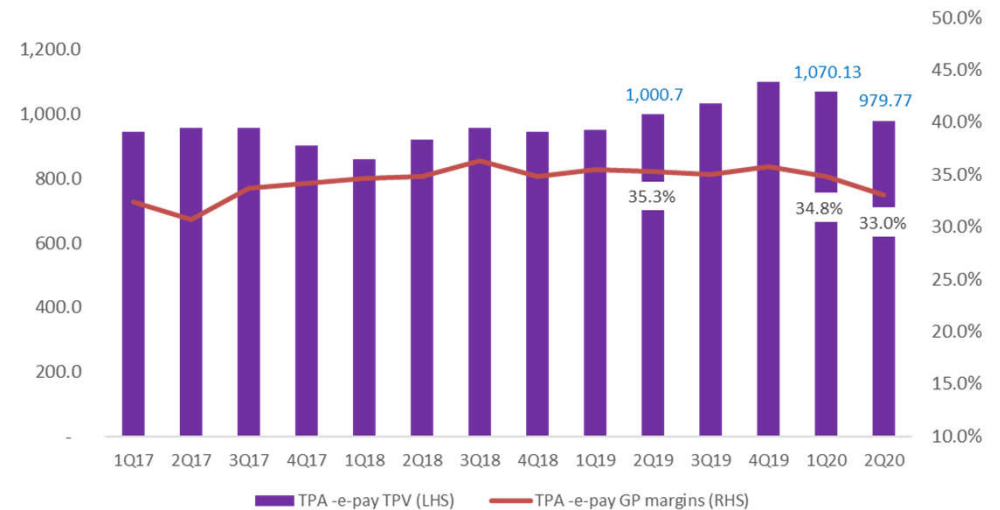
GHL GROUP TPA <i>(All stated in RM'millions unless stated otherwise)</i>	2Q 2019	2Q 2020	% change
Transaction Payment Value (Note 1)	3,229.53	3,896.86	21%
Gross Revenue	50.89	41.65	-18%
Gross Revenue / Transaction Value (Note 2)	1.58%	1.07%	-32%
Gross Profit (Note 3)	18.58	14.22	-23%
Gross Profit / Transaction Value (Note 2)	0.58%	0.36%	-37%
Merchant Footprint - TPA Only (Thousands)	125.2	147.5	18%

YTD 2019	YTD 2020	% change
6,186.50	8,103.28	31%
99.59	90.98	-9%
1.61%	1.12%	-30%
37.15	31.25	-16%
0.60%	0.39%	-36%
125.2	147.5	18%

2Q20 TPA performance (e-pay)

- 2Q20 e-pay TPV was down marginally despite the full brunt of COVID-19 movement restrictions
- E-pay revenue was lowr given that the change in the product mix and merchant mix which affected the group's MDR and % spread. Different product types generate different GP margins.
- However, overall gross margin has remain stable at mid 30+%

e-pay TPV (RMm) vs GP margins (%)

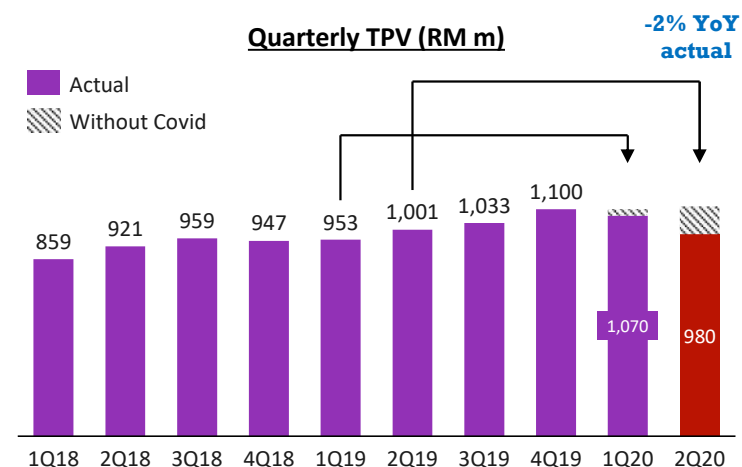
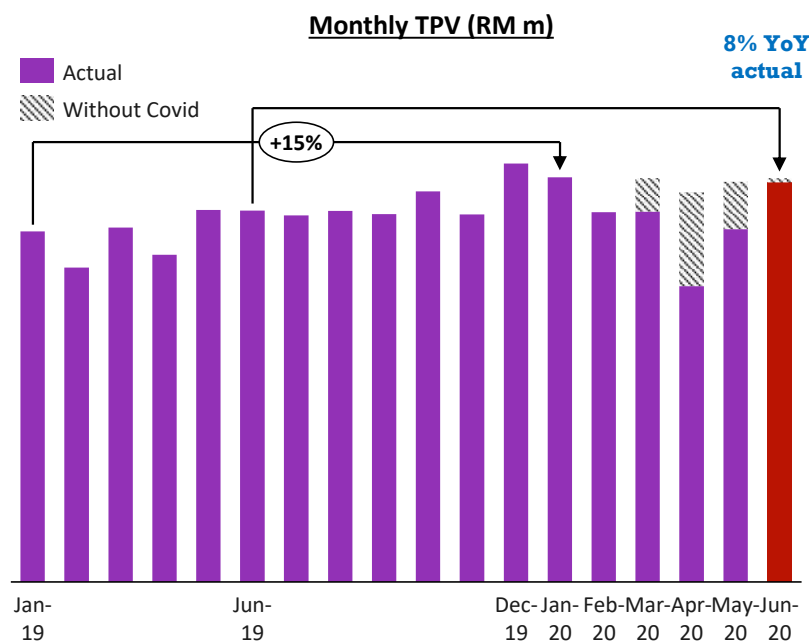


e-pay (All stated in RM'millions unless stated otherwise)	2Q 2019	2Q 2020	% change
Transaction Payment Value	1,000.65	979.77	-2%
Gross Revenue	32.17	29.30	-9%
Gross Revenue / Transaction Value (Note 1)	3.21%	2.99%	-7%
Gross Profit	11.36	9.67	-15%
Gross Profit / Transaction Value (Note 1)	1.14%	0.99%	-13%
Merchant Footprint - e-pay Only (Thousands)	40.23	44.80	11%

YTD 2019	YTD 2020	% change
1,953.23	2,049.91	5%
62.88	59.36	-6%
3.22%	2.90%	-10%
22.27	20.13	-10%
1.14%	0.98%	-14%
40.23	44.8	11%

Illustration only

2Q20 e-pay performance (non-covid)



- Strong rebound seen in June as volumes recovered and exhibited strong YoY growth
- Recovery was driven by recovery in 3 major billers (TnG, TNB & Astro):
 - a. Improvements in TnG volumes as interstate travel resumed
 - b. TNB and Astro resumed regular billing structure post-MCO

2Q20 TPA performance (payments)

- 2Q20 payments TPV was up 31% yoy driven by online transactions. However, it was down QoQ with offline touchpoints impacted by the COVID closure of many physical shops.
- TPA revenue was however down despite the TPV growth. Payment type and merchant mix affected the revenue as Tier 1 merchants which remained opened usually enjoyed lower MDR rates.
- However, overall gross margin registered a small uptick MoM due to payment type mix.

Payments TPV (RM m) vs GP margins (%)

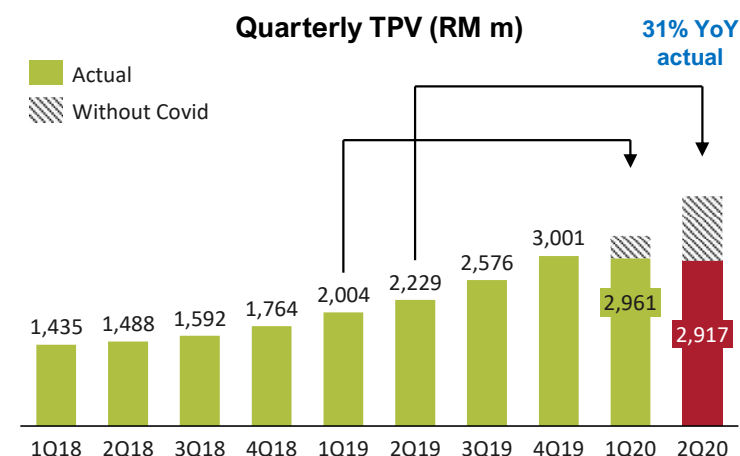
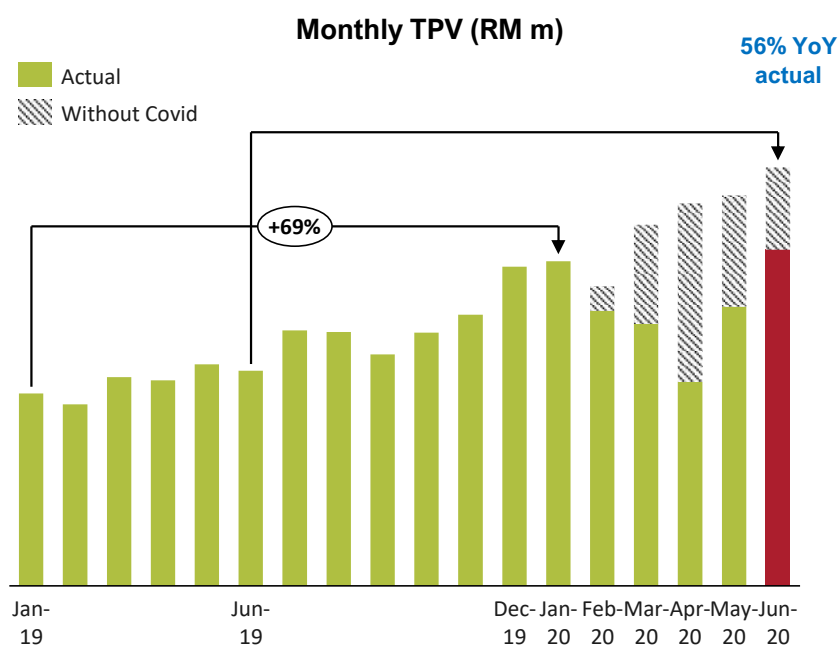


GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	2Q 2019	2Q 2020	% change
Transaction Payment Value (Note 1)	2,228.88	2,917.09	31%
Gross Revenue	18.72	12.35	-34%
Gross Revenue / Transaction Value (Note 2)	0.84%	0.42%	-50%
Gross Profit (Note 3)	7.22	4.55	-37%
Gross Profit / Transaction Value (Note 2)	0.32%	0.16%	-52%
Merchant Footprint - TPA Only (Thousands)	85.00	102.74	21%

YTD 2019	YTD 2020	% change
4,233.27	6,053.37	43%
36.71	31.63	-14%
0.87%	0.52%	-40%
14.87	11.12	-25%
0.35%	0.18%	-48%
85.00	102.74	21%

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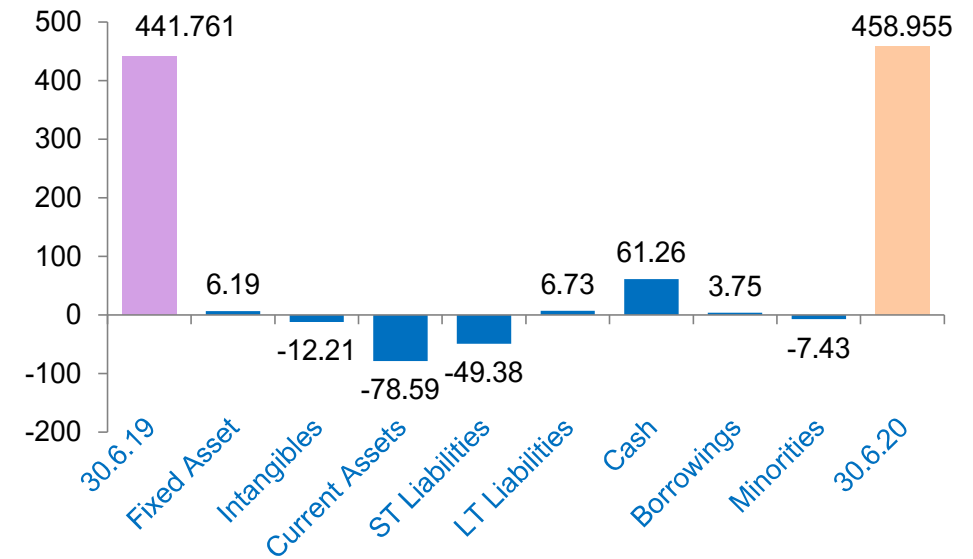
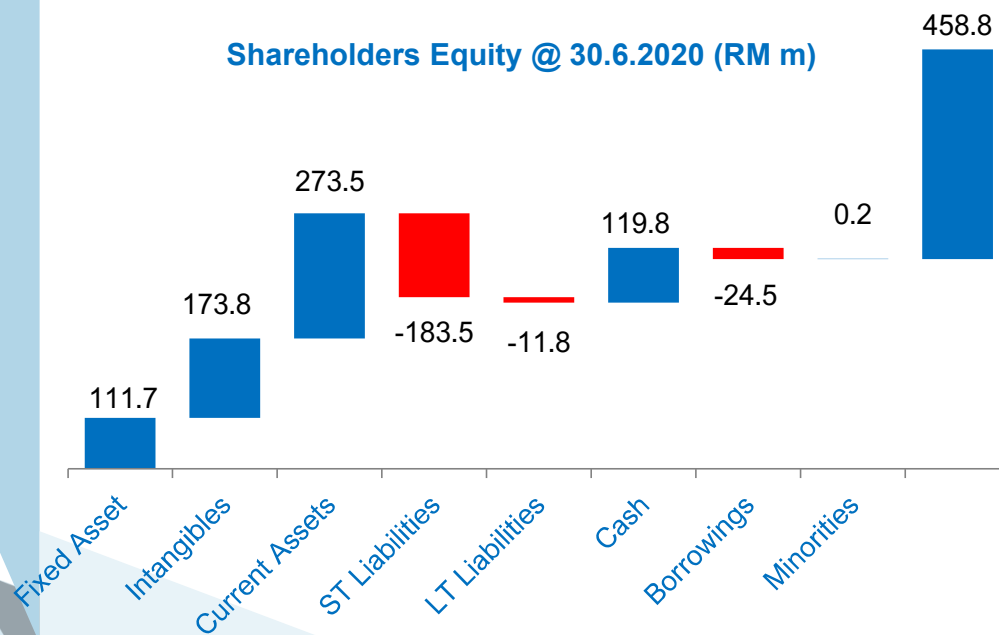
2Q20 payments performance (non-covid)



- Recovery driven by eGHL and debit in Malaysia but sluggish TH tourism impact & MECQ in Philippines
- MDR rates and spreads impacted by payment type mix but GP margins largely intact
- MoM recovery since May20 looks set to continue into 3Q20

2Q20 Balance Sheet

Shareholders Equity @ 30.6.2020 (RM m)



COVID-19 Updates (@ 4 Aug 2020)

	Malaysia	Philippines	Thailand	Indonesia	Cambodia
Lockdown Start Date	18 th of March	17 th of March	23 rd of March	16 th of March	No Lockdown
Recovery Lockdown Extended to	31 st of August	18th of August	31st of Aug	31 st of July	No Lockdown
Lockdown Relaxation Date	4 th of May	1 st of June	17 th of May	4 th of June	Not Applicable
GHL Control Level	Level 2	Level 1	Level 2	Level 1	Level 3
Lockdown Conditions	Relaxed <ul style="list-style-type: none"> Most retailers are allowed to open with social distancing controls except for the likes of bars, cinema, indoor sports, etc. Interstate travels are allowed. 	Relaxed <ul style="list-style-type: none"> Most retailers are allowed to open with social distancing controls except for the likes of bars, cinema, indoor sports, etc. Interstate travels are allowed. 	Relaxed <ul style="list-style-type: none"> Most retailers are allowed to open with social distancing controls included bars and entertainment centers. Interstate travels are allowed. International travels still not allowed. 	Severe <ul style="list-style-type: none"> Only essential businesses are allowed to open. Interstate travels are not allowed. 	Relaxed <ul style="list-style-type: none"> Most retailers are allowed to open with social distancing controls except for the likes of bars, cinema, casinos, etc.
Sentiment	Retailers and consumers are very cautious, hence still low traffic.	The government announced on the 2 nd of Aug that Metro Manila and nearby provinces will revert to Modified Enhanced Community Quarantine (MECQ) because of very high new COVID-19 cases daily, thus, we are remaining at Level 1. 18.	Most Retailers and consumers are almost back to normal operation with slightly social distancing controls.	Infection numbers are rising since last week and we have decided to take the necessary precautions to move back to Level 1.	Retailers and consumers are very cautious, hence still low traffic.

Malaysia COVID Chart

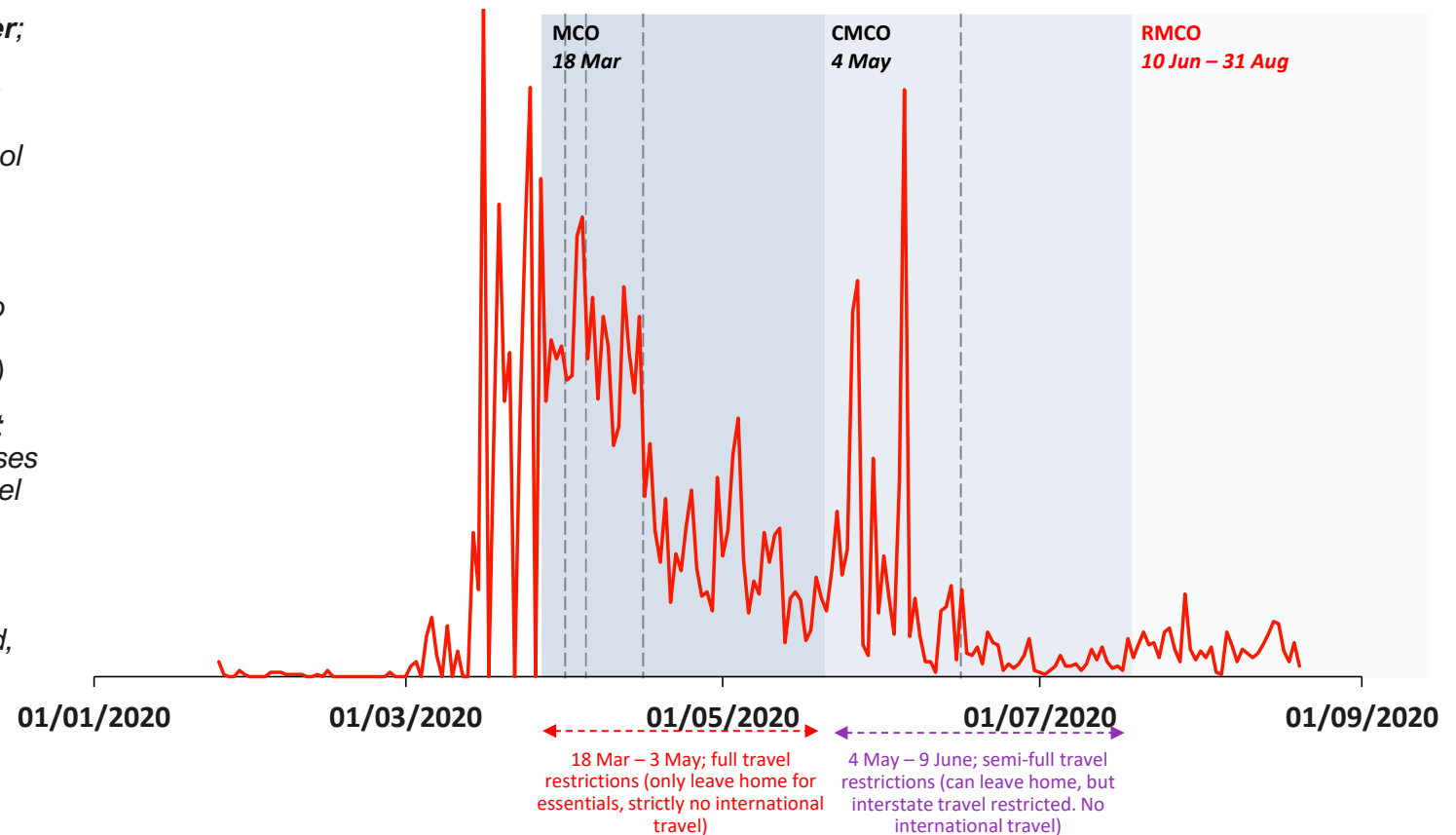
Note:

- **MCO – Movement Control Order;** full travel restrictions (international and interstate), prohibition of mass gatherings, closure of businesses except essential services, full school closure

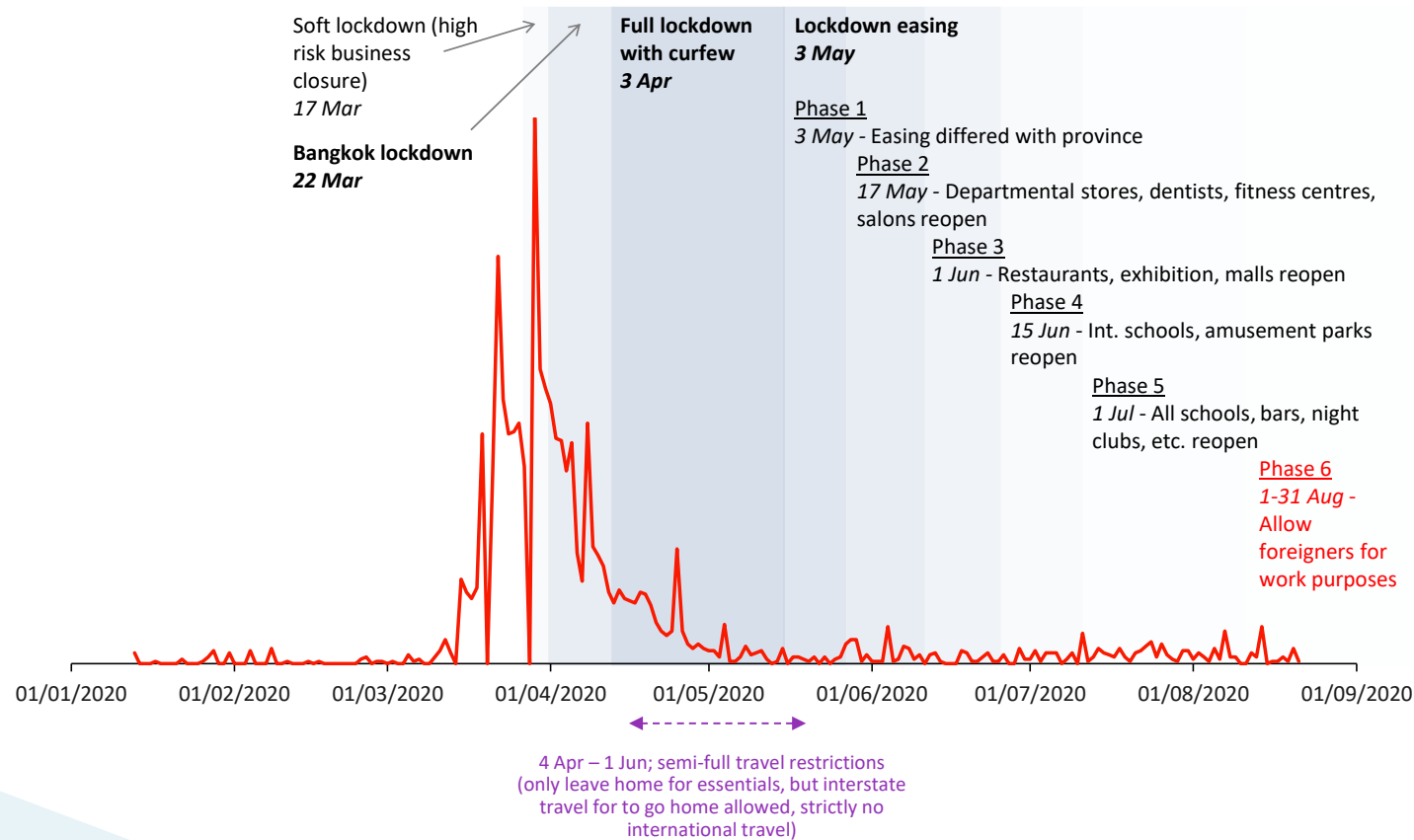
- **EMCO – Enhanced Movement Control Order;** 14-day complete lockdown (full business closure, no leaving place of residence, food provisions given out by authorities)

- **CMCO – Conditional Movement Control Order;** reopened businesses with social distancing, allowed travel for work, sports still prohibited

- **RMCO – Recovery Movement Control Order;** full business reopening, interstate travel opened, non-close contact sports allowed



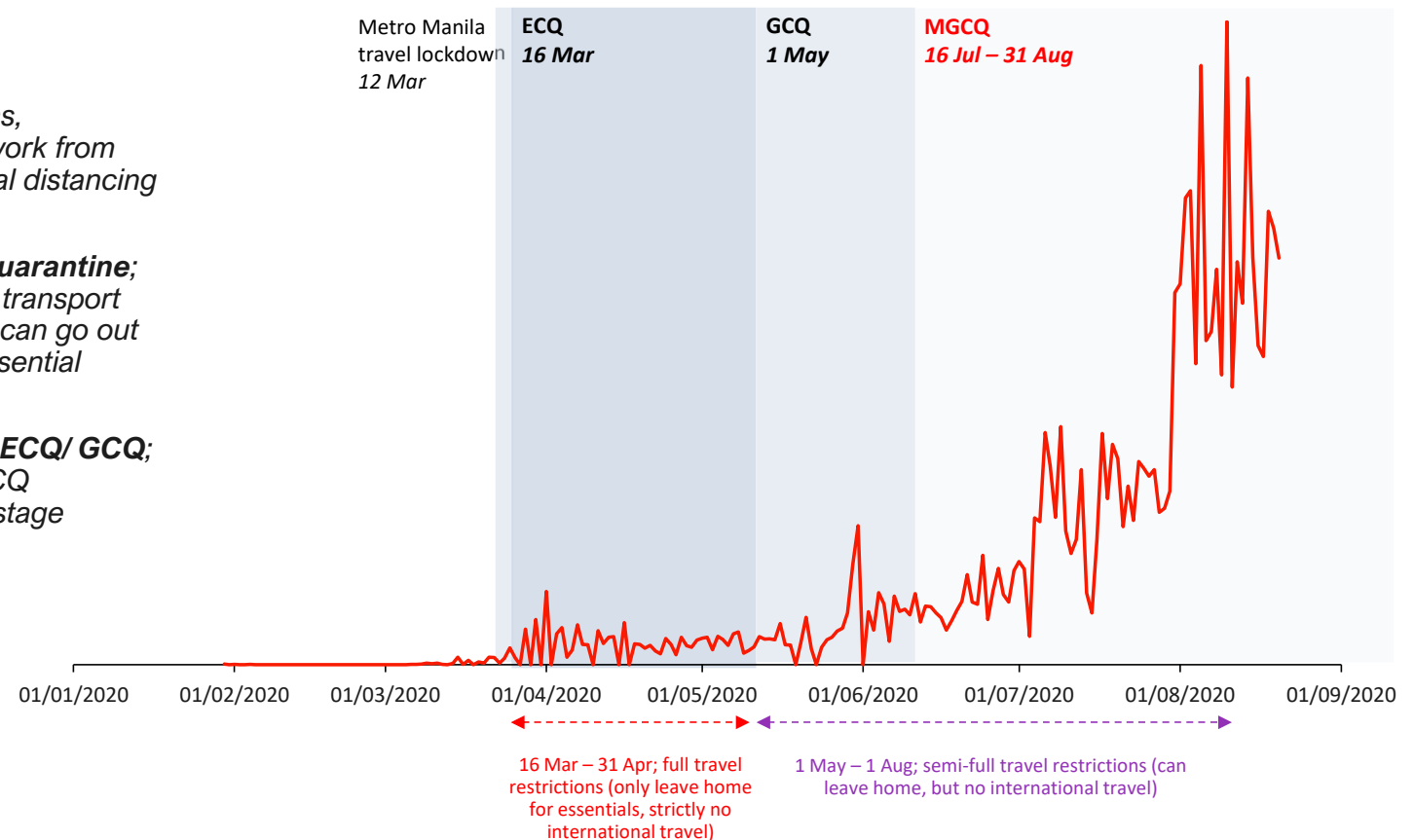
Thailand COVID Chart



Philippines COVID Chart (non-Metro Manila/ non-hot spot Luzon)

Note:

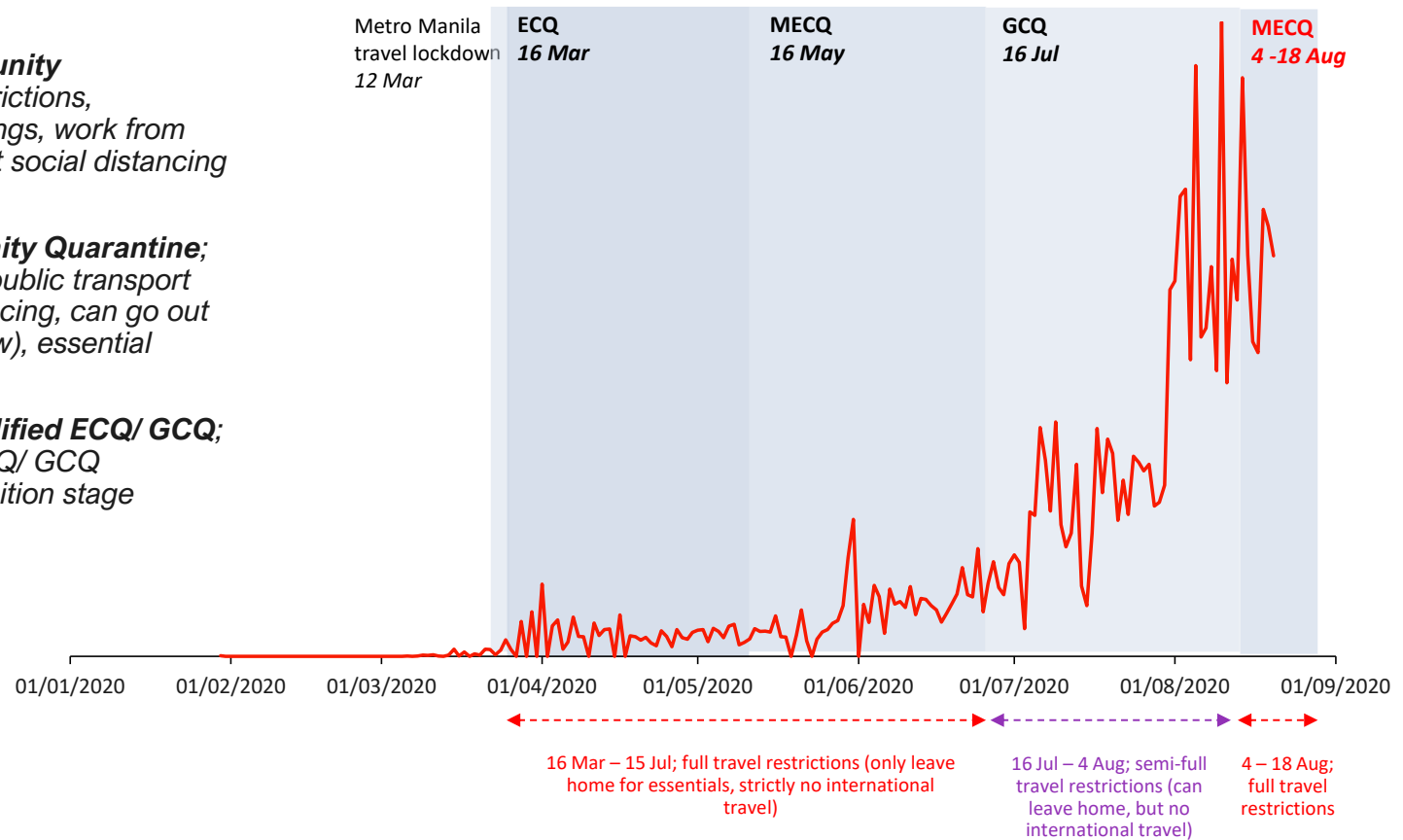
- **ECQ – Enhanced Community Quarantine**; full travel restrictions, prohibition of mass gatherings, work from home, school closure, strict social distancing for essential services
- **GCQ – General Community Quarantine**; some businesses reopen, public transport reopened with social distancing, can go out for basic needs (with curfew), essential construction work resume
- **MECQ and MGCQ – Modified ECQ/ GCQ**; relaxed enforcement of ECQ/ GCQ measures; MECQ is a transition stage between ECQ and GCQ



Philippines COVID Chart (Metro Manila/ non-hot spot Luzon)

Note:

- **ECQ – Enhanced Community Quarantine;** full travel restrictions, prohibition of mass gatherings, work from home, school closure, strict social distancing for essential services
- **GCQ – General Community Quarantine;** some businesses reopen, public transport reopened with social distancing, can go out for basic needs (with curfew), essential construction work resume
- **MECQ and MGCQ – Modified ECQ/ GCQ;** relaxed enforcement of ECQ/ GCQ measures; MECQ is a transition stage between ECQ and GCQ



COVID-19 assessment and strategy

TPA – Offline Payment and e-pay

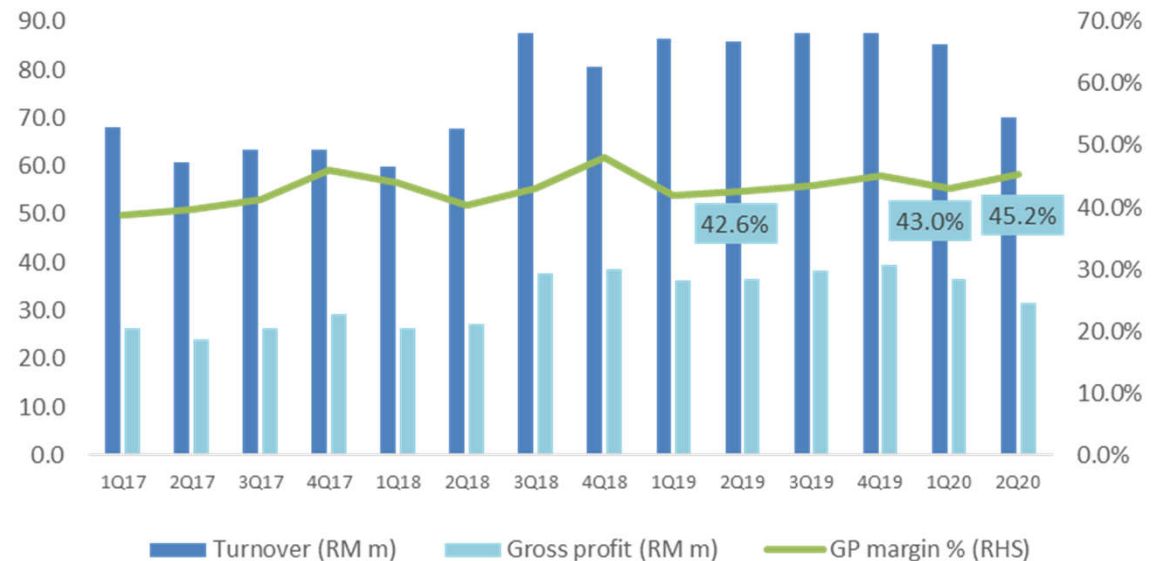
- Consumption was down but improving MoM since May.

TPA – Online Payment

- TPV should increase as more transactions shift online

Shared Services and Solution Services

- Rental and Maintenance – Recurring and defensive but could see some pricing pressures.
- New EDC Sales – Could see bank capex deferred if the economy remain sluggish but will capture some sales in 2H20



GHL ASEAN coverage.....

TPA Map		Malaysia	Thailand	Philippines	Indonesia, Cambodia and others
Scheme	CREDIT				
	DEBIT				
e-Wallets	Cross border				
	Domestic				
Internet					
TPA partners					

(1) Malaysia only (2) Thailand only

* eGHL's full list

THANK YOU

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