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# 3Q 2023 Results Briefing

27 October 2023

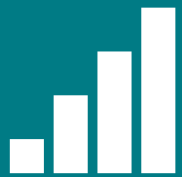


# AGENDA

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- 1 3Q 2023 Key Highlights
  - 2 Performance by Business Segments
  - 3 Financial Review
  - 4 Updates on Regional Acquisitions
  - 5 Growth Targets
  - 6 CTOS Digital's Prospects
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# 3Q 2023 KEY HIGHLIGHTS



## A Record Performance

Record quarterly revenue of RM66.5m (+26% YoY) and normalised PAT of RM29.3m (+11% YoY)



## Regional Expansion

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



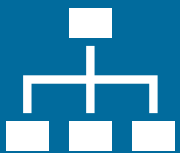
## Growth Across Services

Digital solutions +97% YoY while comprehensive portfolio review and analytics clocked an impressive +122% YoY growth



## Digital Moneylenders Solution

Secured 12 clients for CTOS Application and Decisioning for Moneylenders, powered by JurisTech



## Associates' Contribution

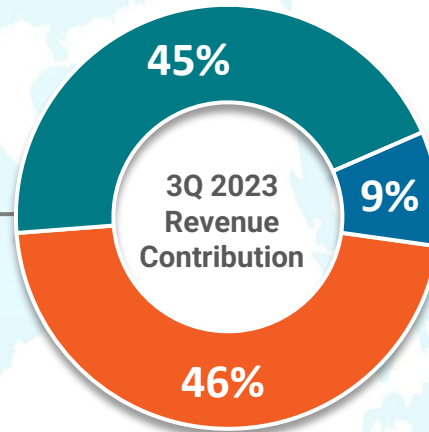
Share of associates RM8.4m (+42% YoY) with higher contribution across all associates



## Update on Tax Status

CTOS Data Systems received MOF's approval for 5-year extension of tax exemption period up to 8 Nov 2026

# PERFORMANCE BY BUSINESS SEGMENTS



## KEY ACCOUNTS

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



## COMMERCIAL

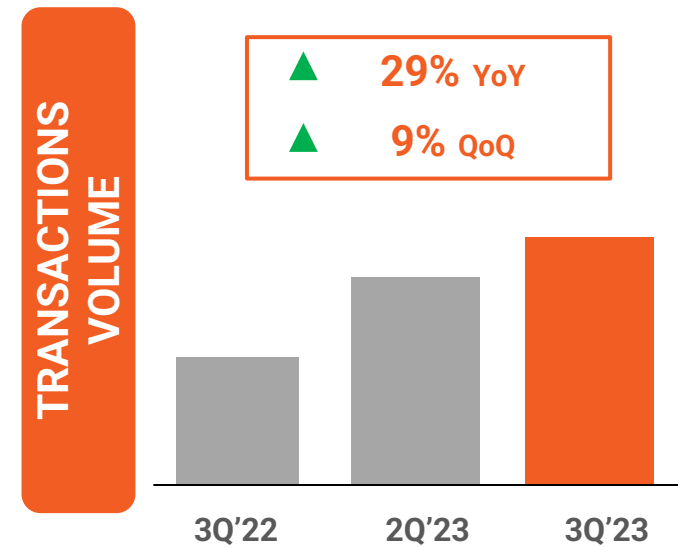
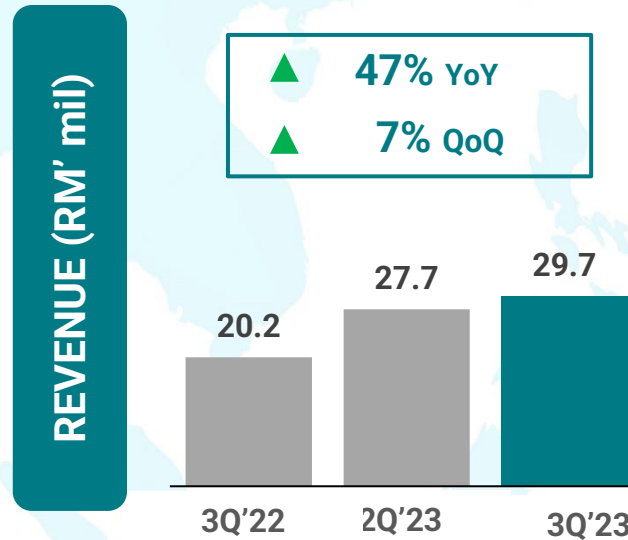
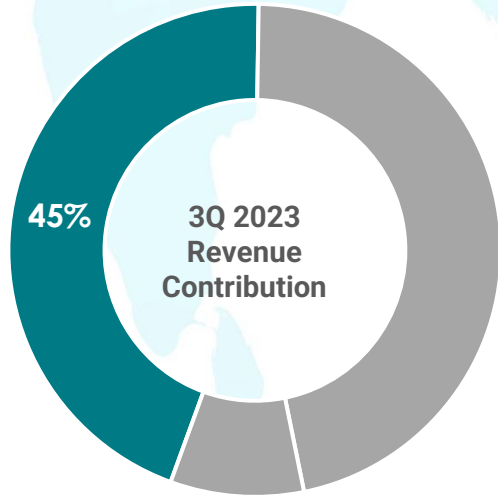
- Serves c.21k customers, including SMEs and other than those in Key Accounts
- Top 5 industries include wholesale & retail trade, manufacturing, professional services, construction, finance & insurance
- Credit Manager, Reports, Credit Monitoring and eTR



## DIRECT-TO-CONSUMER

- c.3.3 mil registered users for CTOS ID
- CTOS Score, CTOS SecureID, Credit Finder, CTOS Tenant Screening, CTOS Vehicle Check and CTOS Car Insurance

# KEY ACCOUNTS

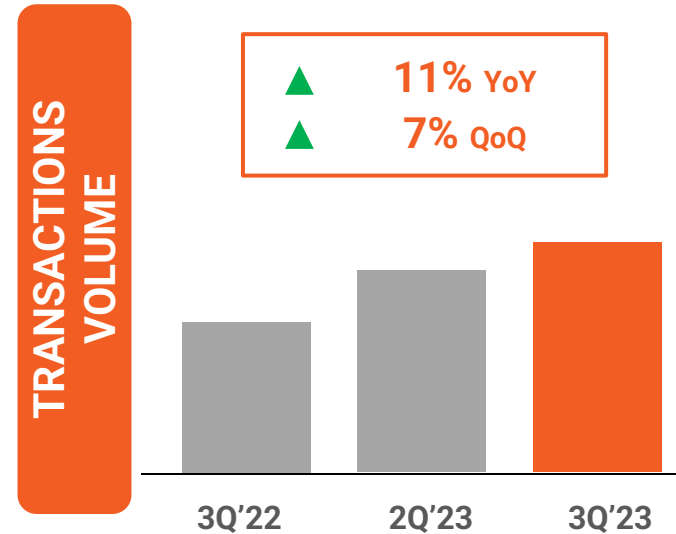
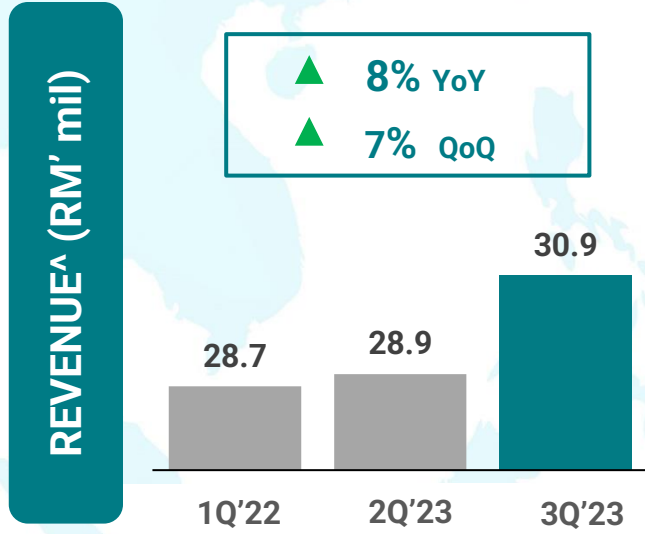
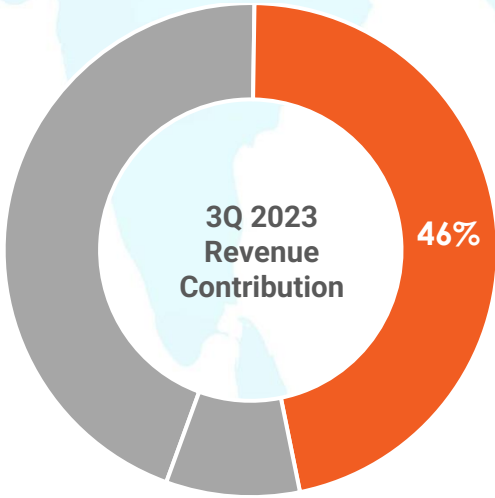


## 3Q 2023 UPDATES & PROSPECTS

- Strong YoY revenue growth mainly driven by Comprehensive Portfolio Review & Analytics and Digital Solutions
- Increased adoption of Digital Solutions (eKYC, CAD & IDGuard) with total 135 onboarded as at 3Q 2023
- Secured another deal with an FI for an extended RLOS module
- Onboarded 12 clients as at 3Q 2023 for CAD for money lenders platform built in collaboration with JurisTech



# COMMERCIAL

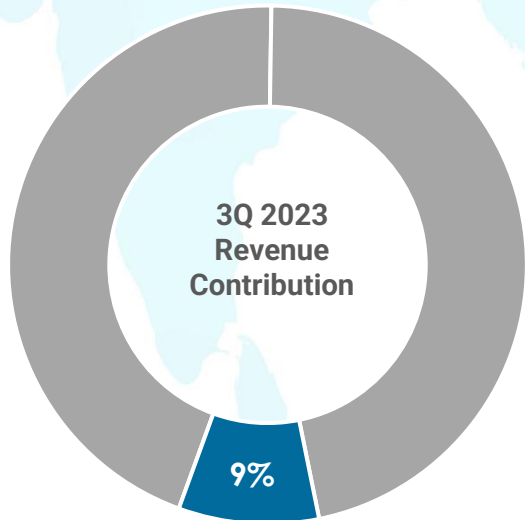


## 3Q 2023 UPDATES & PROSPECTS

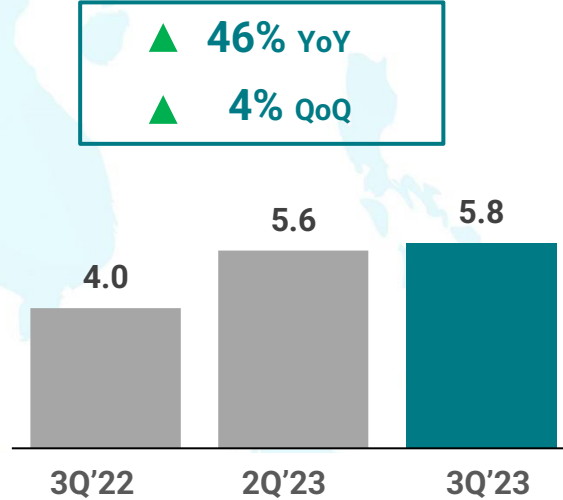
- Activation continued to improve by 12% QoQ supported by various marketing activities including Refer & Rewards campaign
- Higher ARPU +3% YoY in 3Q 2023 from upselling campaign on Digital Reports and Digital Solutions
- Conducted 3 SME networking events in KK, JB & Penang in 3Q and participated in MATRADE to promote CTOS Basis reports.
- Strong double digit revenue growth for CTOS Basis in 3Q 2023, driven by improved BAU consumption and cross-selling new products to existing top customers.



# DIRECT-TO-CONSUMER

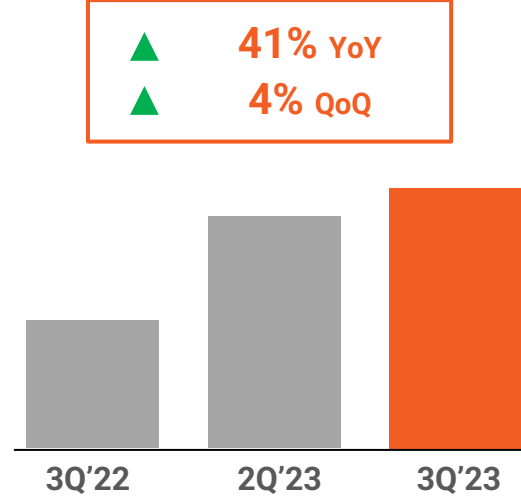


REVENUE (RM' mil)



▲ 46% YoY  
▲ 4% QoQ

TRANSACTIONS VOLUME



▲ 41% YoY  
▲ 4% QoQ

## 3Q 2023 UPDATES & PROSPECTS

- Growth momentum continued in 3Q 2023 bolstered by strategic partnership, tactical campaigns & contests (Free MyCTOS Report with CCRIS + Win an iPad Air + Win PS5 Contest)
- Acquired >360K new self-check users in 3Q 2023, increased by 32% QoQ
- Conducted 14 financial literacy roadshows and webinars in 3Q 2023, in partnership with MOF, EPF, AKPK, MDI, TNB and property developers.

ctos 65th Anniversary

Take your first step towards financial freedom

Claim your **FREE** MyCTOS Report with CCRIS now

Valid: 7 - 31 August 2023

What makes up your ctos Score?

10% Credit  
10% Savings  
15% Investments  
45% Insurance

Thinking of owning your dream house or car someday? A high CTOS Score can get you there.

Win an iPad Air today with your ctos Score

650

Valid: 31st July - 6th August 2023

Win an iPad Air with your ctos Score



# ctos Digital

## Financial Review



# FINANCIAL PERFORMANCE - 3Q 2023

(RM' Million)	3Q 2023	3Q 2022	YoY (%)																
Revenue	66.45	52.85	25.7%	Strong YoY growth across all types of services especially Comprehensive Portfolio Review And Analytics and Digital Solutions															
GP	50.72	45.46	11.6%																
(-)																			
Other income/ (expenses)	-0.01	-0.25	-95.2%																
Selling & Marketing Expenses	-10.00	-8.12	23.2%	Although the quantum of Selling & Marketing Expenses and Admin Expenses increased YoY, it has decreased as a percentage of revenue and is below the guided range															
Administrative Expenses	-17.34	-14.58	18.9%																
Finance Income	0.18	0.18	2.3%																
Finance Cost	-1.56	-0.99	57.5%																
Share of Profit of Associates	8.43	5.93	42.2%	Higher contribution across all associates															
<b>PBT</b>	30.4	27.6	10.1%																
(-)Tax Expenses	-6.07	-4.86	24.9%	Higher tax expenses YoY pending the gazettelement of tax exemption compounded by non-deductibility of certain expenses in 3Q 2023 as well as tax write back in 3Q 2022															
<b>PAT</b>	<b>24.35</b>	<b>22.76</b>	<b>7.0%</b>																
<b>PATAMI</b>	24.39	22.76	7.1%	<table border="1"> <thead> <tr> <th>(RM' Million)</th> <th>Q3 2023</th> <th>Q3 2022</th> </tr> </thead> <tbody> <tr> <td>Costs related to acquisition</td> <td>0.12</td> <td>0.30</td> </tr> <tr> <td>Incremental income tax expense</td> <td>4.76</td> <td>4.17</td> </tr> <tr> <td>Write back of prior year tax</td> <td></td> <td>(0.87)</td> </tr> <tr> <td><b>Total</b></td> <td><b>4.88</b></td> <td><b>3.60</b></td> </tr> </tbody> </table>	(RM' Million)	Q3 2023	Q3 2022	Costs related to acquisition	0.12	0.30	Incremental income tax expense	4.76	4.17	Write back of prior year tax		(0.87)	<b>Total</b>	<b>4.88</b>	<b>3.60</b>
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<b>Total</b>	<b>4.88</b>	<b>3.60</b>																	
<b>Normalised PATAMI</b>	29.26	26.36	11.0%																

# FINANCIAL PERFORMANCE - 9M 2023

(RM' Million)

	9M 2023	9M 2022	YoY (%)
Revenue	188.29	142.04	32.6%
GP	145.97	120.63	21.0%
(-)			
Other income/ (expenses)	0.02	0.93	-98.3%
Selling & Marketing Expenses	-28.95	-24.19	19.7%
Administrative Expenses	-51.46	-42.38	21.4%
Finance Income	0.38	0.37	5.2%
Finance Cost	-4.93	-2.45	101.2%
Share of Profit of Associates	17.41	14.07	23.7%
<b>PBT</b>	78.44	66.97	17.1%
(-)Tax Expenses	-16.38	-9.26	77.0%
<b>PAT</b>	<b>62.06</b>	<b>57.71</b>	<b>7.5%</b>
<b>PATAMI</b>	62.10	57.71	7.6%
<b>Normalised PATAMI</b>	75.53	64.46	17.2%

Supported by double digit growth across all customer segment

Other income was higher in 9M 2022 attributable to dividends received from RAM when it was classified as an investment

Increased due to new borrowings to fund acquisitions

Higher YoY due to the write back of RM5.1 mil leading to lower tax expenses in 9M 2022

(RM' Million)	9M 2023	9M 2022
Costs related to acquisition	0.21	1.06
Incremental income tax expense	13.23	10.76
Write back of prior year tax	-	(5.07)
<b>Total</b>	<b>13.43</b>	<b>6.75</b>

# PROFITABILITY TRENDS

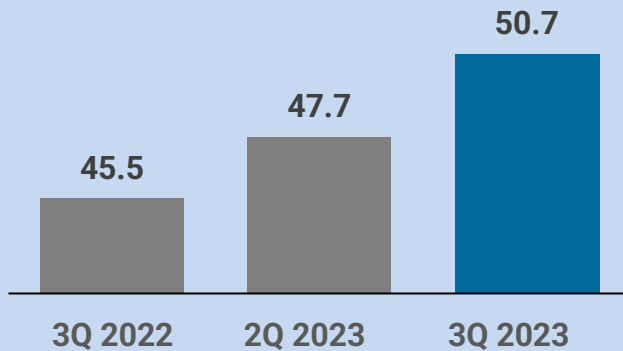
## GP (RM' MIL) & MARGIN (%)

86%

77%

76%

Figures RM'mil



- ◆ QoQ GPM slightly diluted QoQ due to sales mix for Key Account customers

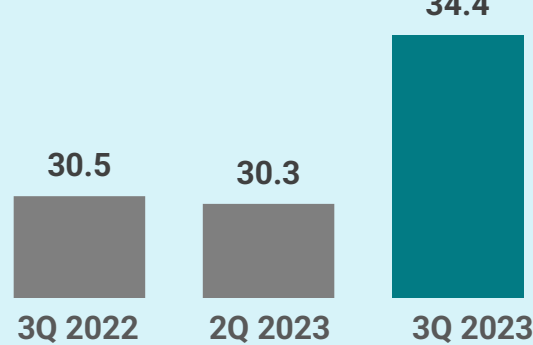
## EBITDA (RM' MIL) & MARGIN (%)

58%

49%

52%

Figures RM'mil



- ◆ QoQ EBITDA margin improved mainly due to higher contribution from associates and cost control initiatives

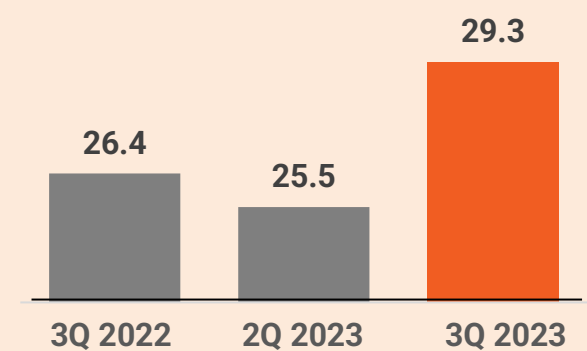
## NORM. PAT (RM' MIL) & MARGIN (%)

50%

41%

44%

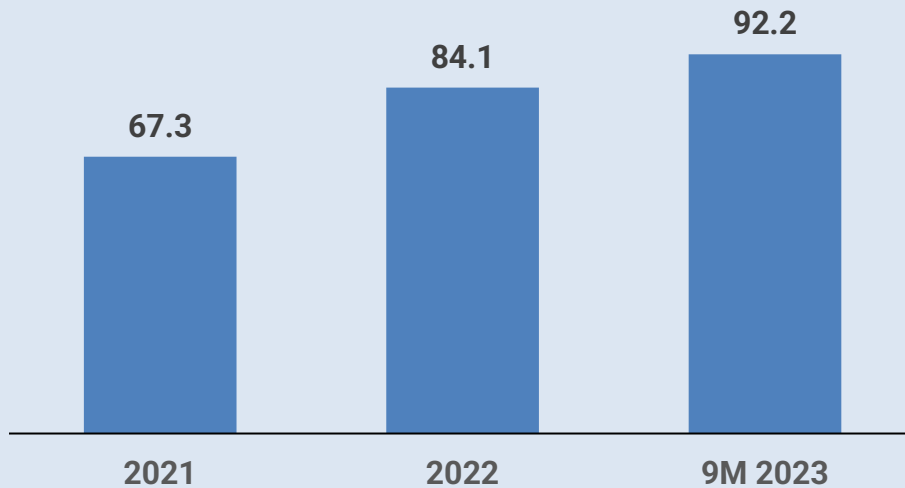
Figures RM'mil



- ◆ QoQ normalised PAT margin is higher mainly due to higher operating profit although impacted by slight increase in the effective tax rate

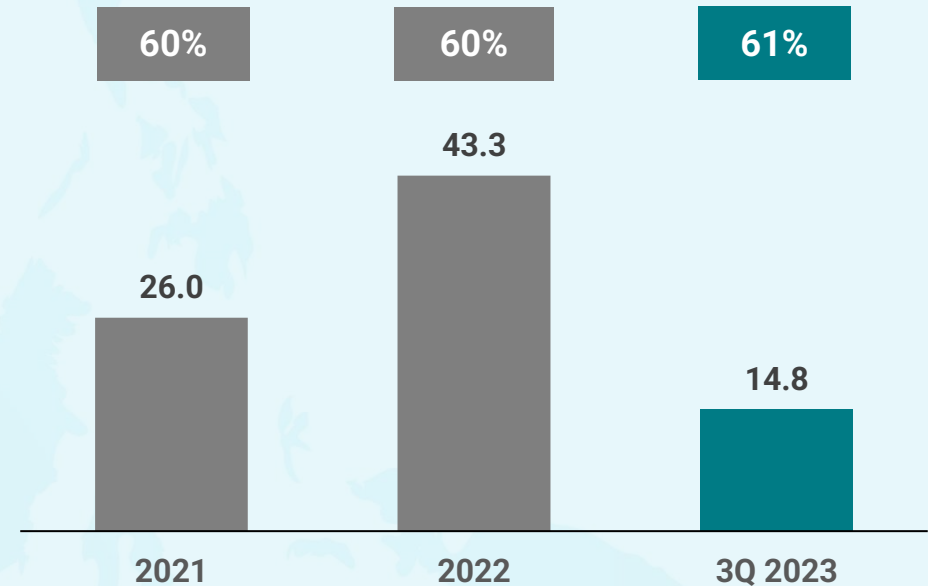
# OPERATIONAL CASH FLOW & DIVIDEND PAYOUT

## CASH FLOW FROM OPERATIONS (RM'MIL)



- ◆ In 9M 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 (%)



- ◆ Annual dividend pay-out policy with at least 60% of PATAMI
- ◆ 3<sup>rd</sup> interim dividend: 0.64 sen / share and total dividend declared to date amounts to RM37.5 million

# LEVERAGE & PEER COMPARABLE

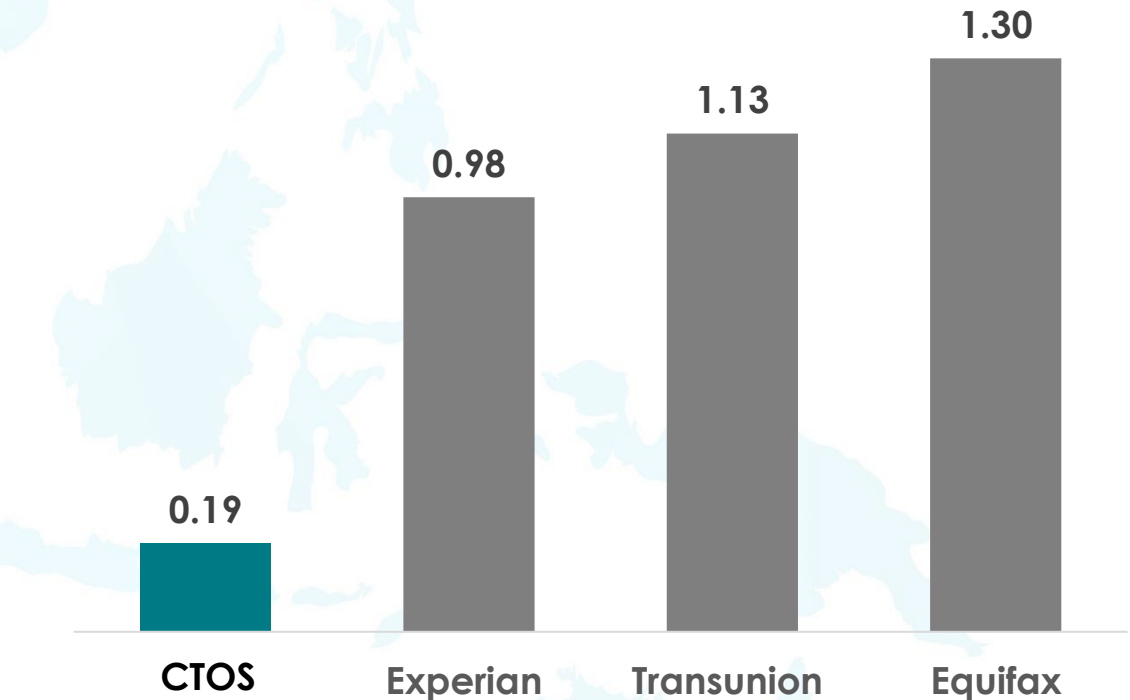
## 3Q 2023 FINANCIAL POSITION

**NET BORROWINGS**  
RM103 million

**TOTAL EQUITY**  
RM543 million

**NET GEARING**  
0.19x

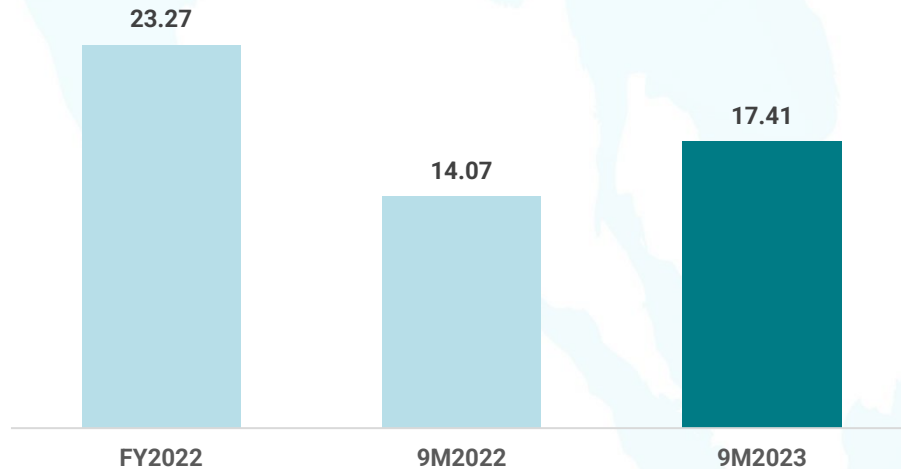
## PEERS' NET GEARING COMPARISON (x)



# 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 3Q 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)

# UPDATES ON REGIONAL ACQUISITIONS

**25 August 2023**

Announced the acquisitions of Finscore and Prime Analytics





**1 September 2023**

Completed the acquisition of 80% of Prime Analytics for USD475k

**26 October 2023**

Completed the acquisition of 100% of Finscore for USD5.9m



 <b>Description</b>	Est. in 2019, <b>leading telco credit scoring provider in Philippines</b> . Assisted in disbursement of >US\$1bn in loans and 10m loan applications	Est. in 2022, fastest growing telco scoring provider in Indonesia
 <b>Telco partners</b>	~100% market coverage	~50% market coverage
 <b>Customers</b>	<b>30+ active clients</b> including leading fintechs and digital banks	<b>4+ active clients</b> including leading fintechs
 <b>Product</b>	Telco credit score, FindSocial, Sim Verification, Crediview	Telco credit score, Address verification

Note: \* Based on Q2 2023 annualised revenue  
Source: Internal analysis

# OUR BUILDING BLOCKS FOR REGIONAL EXPANSION



Other markets

	Credit bureau	Company database	Alternative data	Analytics and Software solutions
	Partnership with respective credit bureaus	Company registries database	<b>Telco data</b>	Credit lifecycle management and credit workflow automation tools
	Product partnerships e.g. CTOS-FICO score	Company financials database	E-commerce data	Digital ID & OCR technologies
	Fraud bureau solutions	Business directories	E-wallet data	Regulatory & compliance solutions
	Replicate success of CTOS consumer product	Replicate success of credit manager	Utility data	Marketing analytics
		Bond rating	Social media data	Marketplace

*Focus today*



# FINANCIAL TARGETS FOR THE NEXT 3 YEARS

		Internal Management Targets			
		FY2022	FY2023	FY2024	FY2025
 <b>Revenue</b>	RM195m	RM250-278m	RM340-360m	RM415-435m	
		RM250-270m	RM300-320m	RM360-380m	
 <b>EBITDA</b>	RM97m	RM120-130m	RM145-155m	RM180-190m	
		RM120-130m	RM140-150m	RM170-180m	
 <b>Normalized PAT</b>	RM85m	RM100-105m	RM127-135m	RM150-160m	
		RM100-105m	RM125-130m	RM145-150m	

Grey boxes display the previous internal targets prior to acquisitions

# CTOS DIGITAL'S PROSPECTS



## UNLOCKING SYNERGIES

- Building on the momentum achieved with JurisTech by continuously securing significant projects with financial institutions and digital moneylenders
- Focus remains on maximizing synergies from associated companies and strategic partnerships



## REGIONAL EXPANSION

- Philippines and Indonesia are fast-growing markets where alternative data is essential due to sizeable unbanked population
- Ambitions to build the leading alternative data platform in the region



## LONG RUNWAY FOR GROWTH

- Highly scalable business proliferates coverage expansion
- Digitalisation driving ample opportunities for growth in the years ahead



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**THANK YOU**