



# **3Q 2024**

## **Results Briefing**

**11 November 2024**



# AGENDA

- 1 3Q 2024 Key Highlights
  - 2 Performance by Business Segments
  - 3 Financial Review
  - 4 Addressable Markets
  - 5 Financial Targets
  - 6 Key Takeaways
-

# 3Q 2024 KEY HIGHLIGHTS

## RECORD 3Q 2024 REVENUE



- 9M 2024: Revenue & PATAMI increased 21% and 19% YoY, respectively
- 3Q 2024: Revenue & PATAMI increased 20% and 13% YoY, respectively

## REGIONAL MOMENTUM



- 9M 2024: Revenue from International operations grew to RM28.7mil, an increase of 47%\*
- QoQ growth sustained for five consecutive quarters with accelerating volume

*\* Assuming full consolidation of International operations in 9M 2023*

## ASSOCIATES' CONTRIBUTION



- 9M 2024: Associates' contribution rose 10% YoY to RM19.1m
- 3Q 2024: Associates' contribution rose 71% QoQ and 30% YoY to RM10.9m

## LEGAL UPDATES



- The Plaintiff's motion for permission to appeal to the Federal Court against the decision of the COA was dismissed with costs
- CoA decision was upheld

# 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



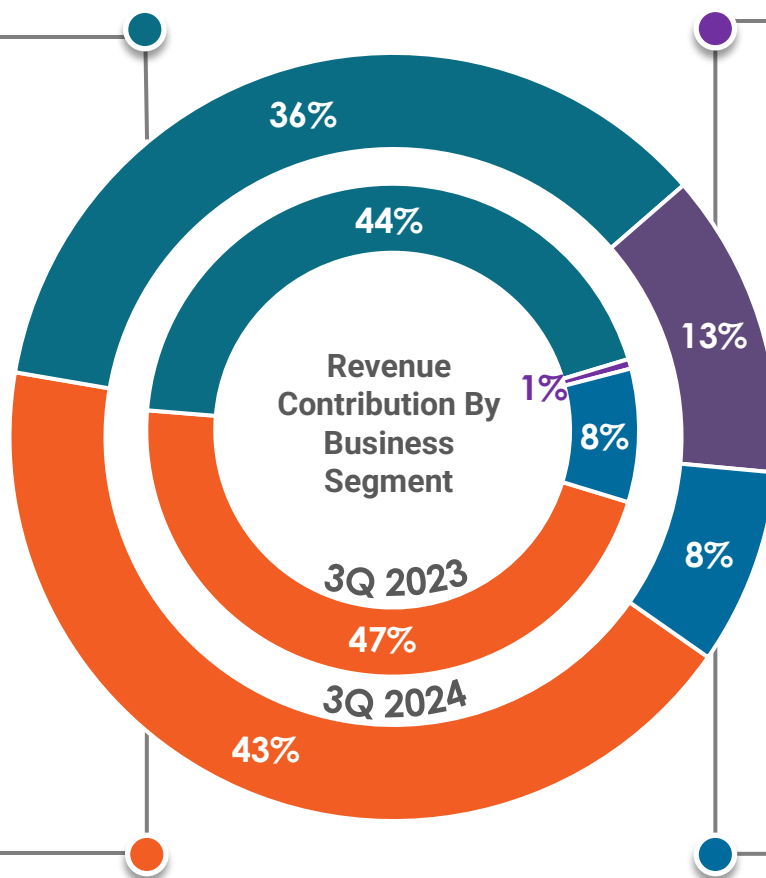
## INTERNATIONAL

- 83 clients across PH and ID
- 100% telco coverage in ID
- Alternative score platform as a building block for regional expansion



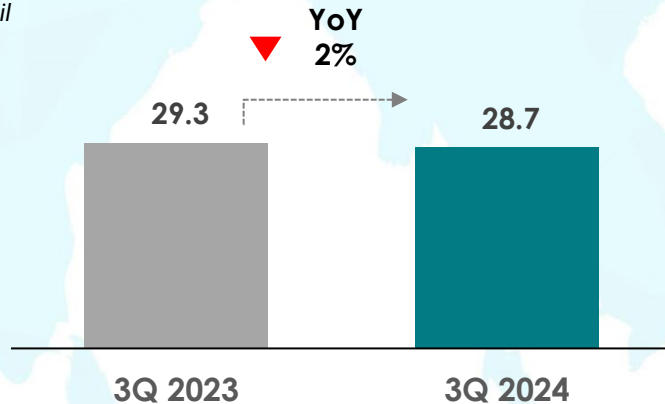
## DIRECT-TO-CONSUMER

- >4.2 mil registered users for CTOS ID
- CTOS Score, CTOS SecureID, Credit Finder, CTOS Tenant Screening and CTOS Car Insurance



# KEY ACCOUNTS

Figures RM'mil  
(Revenue)



## 3Q2024 Updates & Prospects

- Consumption volume continues to accelerate 16% YoY
- All 3 Digital Banks ramp up in Digital Reports consumption
- Onboarded new logos:
  - 3 new FIs signed up for CAD & eKYC solutions
  - 2 new FIs subscribe for Data Analytic services
- Supported top 3 telcos (vs 2 telcos in 2023) for annual new phone launch for credit verification
- One sizeable Digital Solutions contract from an FI was moved from 3Q to 4Q 2024
- Several Comprehensive Portfolio Review & Analytics contracts slated for in 4Q 2024 – typically, the fourth quarter is seasonally higher for these contracts

**ctos**

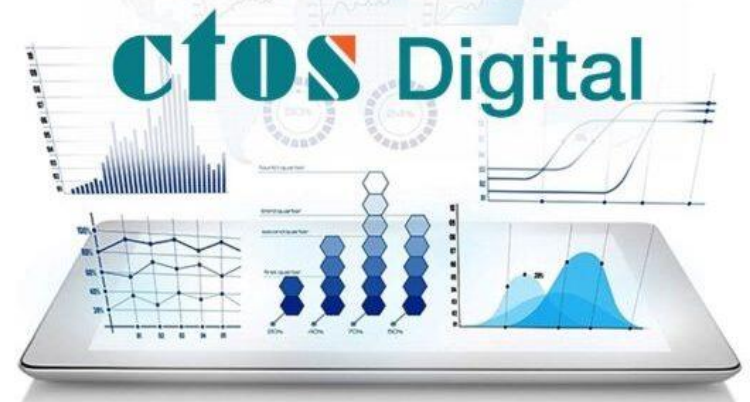
## Verify anyone. Anywhere.

CTOS eKYC is a fast, easy and secure way to verify your new customers remotely.

With the latest technology in Digital ID Verification, CTOS eKYC provides a seamless customer onboarding experience while adhering to the highest standards in regulatory compliance, ensuring your new applicants are who they say they are. Even if you've never met them.

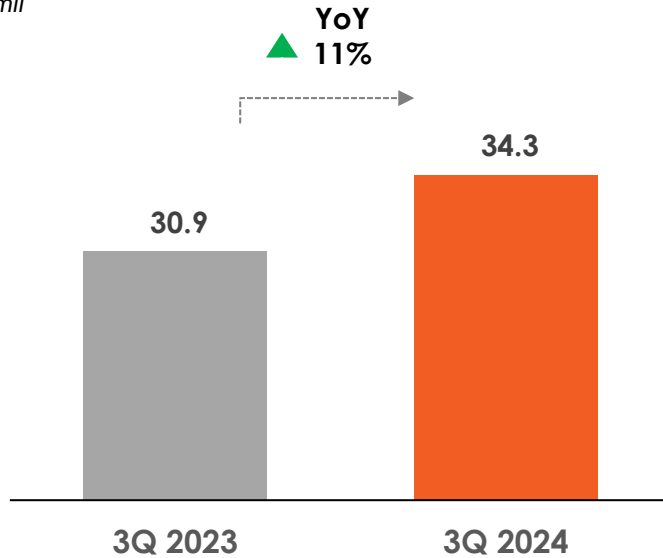
Call 03-2722 8811 today for a free consultation and customised eKYC solution or email to [contactus@ctos.com.my](mailto:contactus@ctos.com.my)

- Document & ID Holder Verification
- Facial Recognition
- Bureau-file Verification
- Knowledge-based Authentication



# COMMERCIAL

Figures RM'mil  
(Revenue)



## 3Q2024 Updates & Prospects

- ARPU and activation improved 11% & 1.3X
- Onboarded > 10 large enterprises as strategic clients
- Secured a large BI contract with an international client & converted several opportunities in Singapore
- SME Biz Day in Penang in Oct '24 was attended by more than 1k participants & generated quality business leads.



CTOS SME Biz Day 2024 (Penang)



Donovan & Ho x CTOS Panel Discussion



Golden Bulls Award (GBA) 2024



1st Executive Connect Series

# COMMERCIAL

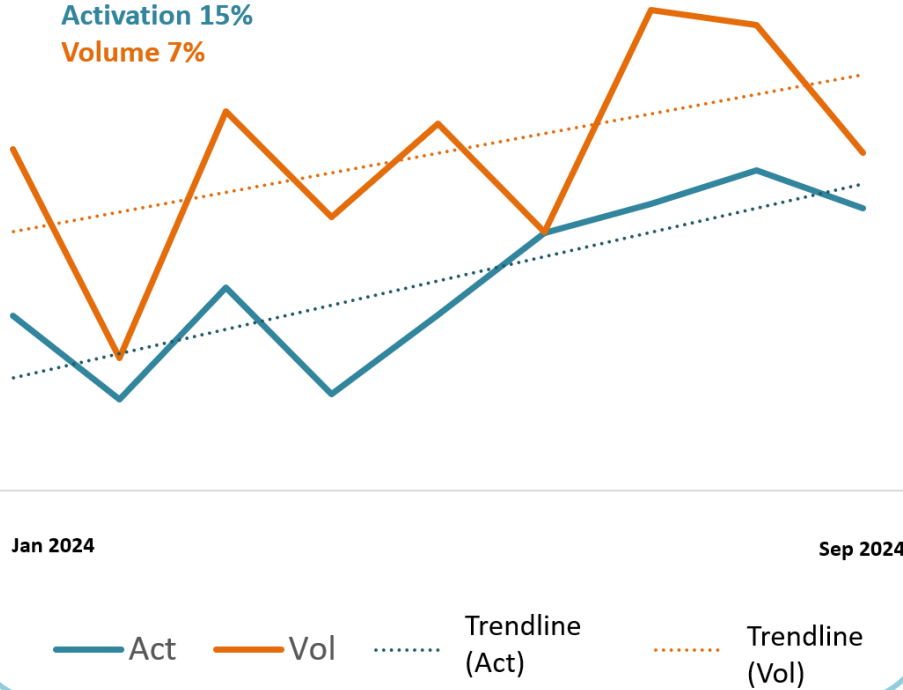
## INCREASING MOMENTUM OBSERVED

### Activation & Consumption Volume

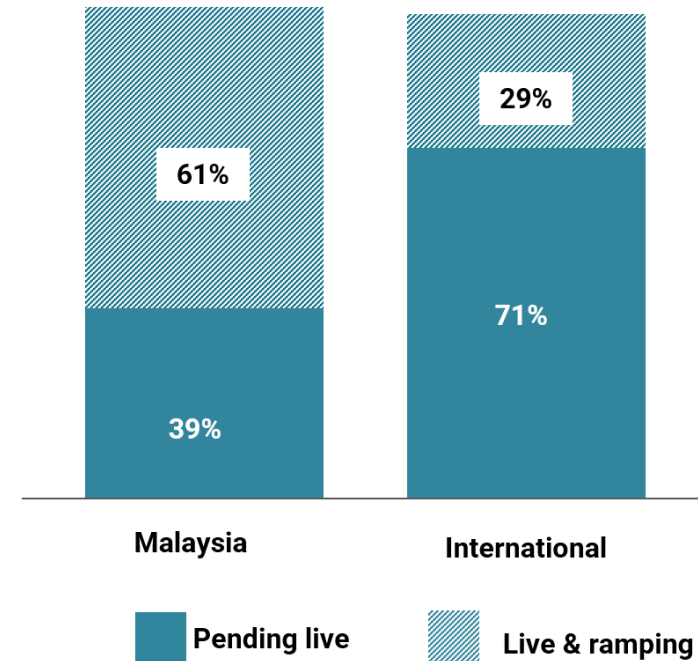
3Q CMGR

Activation 15%

Volume 7%

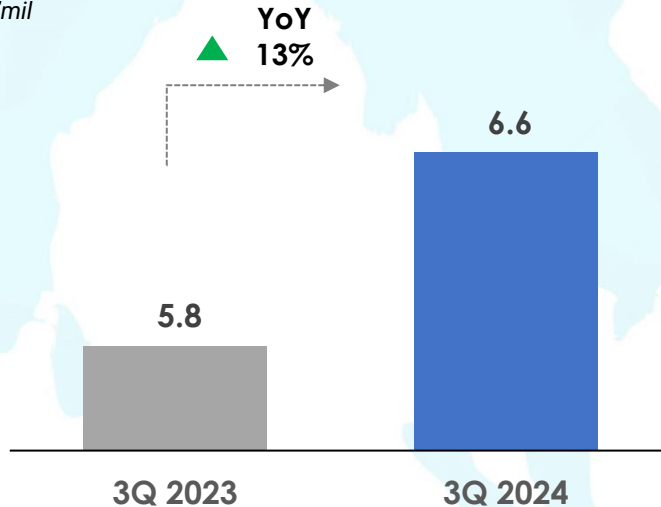


### New Secured Logos

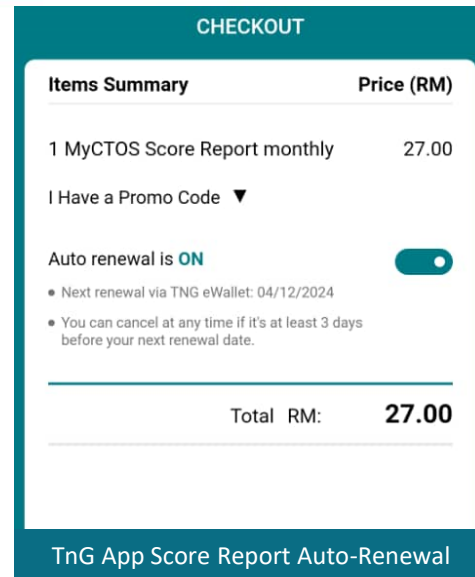


# DIRECT-TO-CONSUMER

Figures RM'mil  
(Revenue)



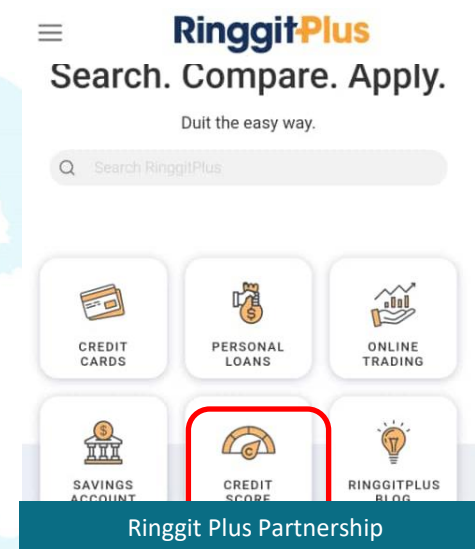
Financial literacy roadshows and seminars



TnG App Score Report Auto-Renewal



Merdeka 67 Free Score Report Promo



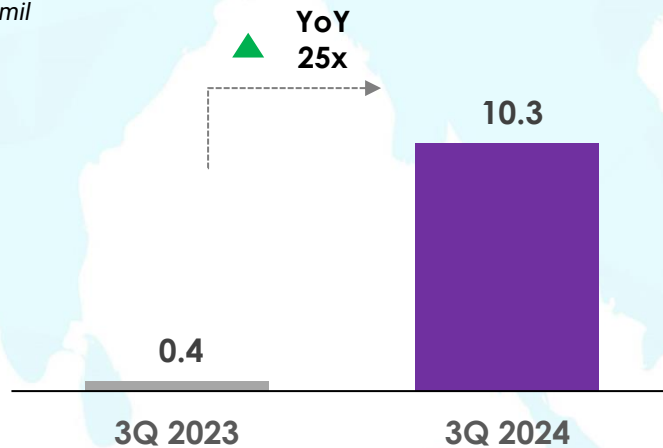
Ringgit Plus Partnership

## 3Q2024 Updates & Prospects

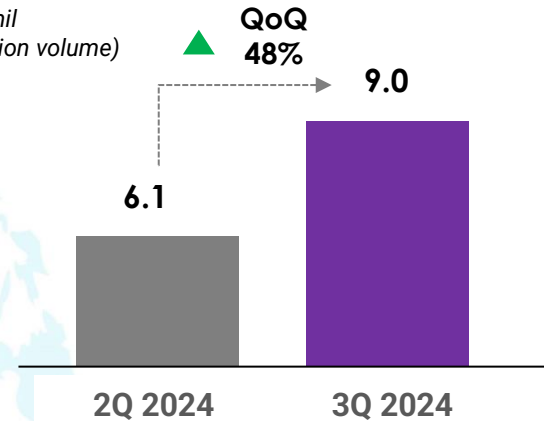
- Continued double-digit growth trend YoY being the fastest growing customer segment
- 200K new user sign-ups in Q3 2024
- Continued momentum for credit monitoring launched in 2Q 2024, a recurring subscription model which has attracted 24K subscribers
- Established a strategic partnership with RinggitPlus
- Hosted over 10 consumer-centric financial literacy events nationwide

# INTERNATIONAL

Figures RM' mil  
(Revenue)



Figures 'mil  
(Transaction volume)



Transaction volume for Telco credit scores increased 48% QoQ

## 3Q 2024 Updates & Prospects

- 48% growth in transaction volume QoQ
- Onboarded 8 new clients in 3Q 2024, bringing to a total of 83 customers
- Two new products launched (income score & identity) while increased usage is seen for existing products
- New technology platform simplifies client onboarding process and improves score performance



**Alternative Credit Scoring can assist unbanked individuals in attaining financial independence.**





# ctos Digital

## Financial Review

# FINANCIAL PERFORMANCE - 3Q 2024

(RM' Million)	3Q 2024	3Q 2023	YoY (%)	
Revenue	79.8	66.5	20%	Recorded strong YoY growth from International, Commercial & Direct-to-Consumer segments
GP	56.1	50.5	11%	
(-)				
Other income/ (expenses)	-0.5	-0.0	>100%	
Selling & Marketing Expenses	-12.3	-10.0	23%	Selling & Admin expenses increased to support business expansion in MY & International segments; nevertheless, as a percentage of revenue, it remains within the guided range
Administrative Expenses	-21.9	-17.1	28%	
Finance Income	0.0	0.2	-73%	
Finance Cost	-2.5	-1.6	63%	
Share of Profit of Associates	10.9	8.4	30%	Increased due to strong contributions from JurisTech & RAM
<b>PBT</b>	<b>29.8</b>	<b>30.4</b>	<b>-2%</b>	
(-)Tax Expenses	-2.3	-6.1	-62%	Lower tax expenses due to tax incentives received by CDS subsequent to the 2nd 5-year income tax exemption (Nov'21- Nov-26) approval
<b>PAT</b>	<b>27.5</b>	<b>24.3</b>	<b>13%</b>	
(-) Non- Controlling Interest	-0.1	-0.0	>100%	
<b>PATAMI</b>	<b>27.6</b>	<b>24.4</b>	<b>13%</b>	

# FINANCIAL PERFORMANCE – 9M 2024

(RM' Million)

	9M 2024	9M 2023	YoY (%)
Revenue	228.0	188.3	21%
GP	164.8	145.5	13%
(-)			
Other income/ (expenses)	-0.5	0.0	>-100%
Selling & Marketing Expenses	-32.8	-29.0	13%
Administrative Expenses	-64.2	-51.0	26%
Finance Income	0.2	0.4	-58%
Finance Cost	-7.4	-4.9	50%
Share of Profit of Associates	19.1	17.4	10%
<b>PBT</b>	<b>79.2</b>	<b>78.4</b>	<b>1%</b>
(-)Tax Expenses	-5.7	-16.4	-65%
<b>PAT</b>	<b>73.5</b>	<b>62.1</b>	<b>18%</b>
(-) Non- Controlling Interest	-0.4	-0.0	>100%
<b>PATAMI</b>	<b>73.9</b>	<b>62.1</b>	<b>19%</b>

YoY growth in all customer segments

Strong demand for Digital Reports & Comprehensive Portfolio Review and Analytics

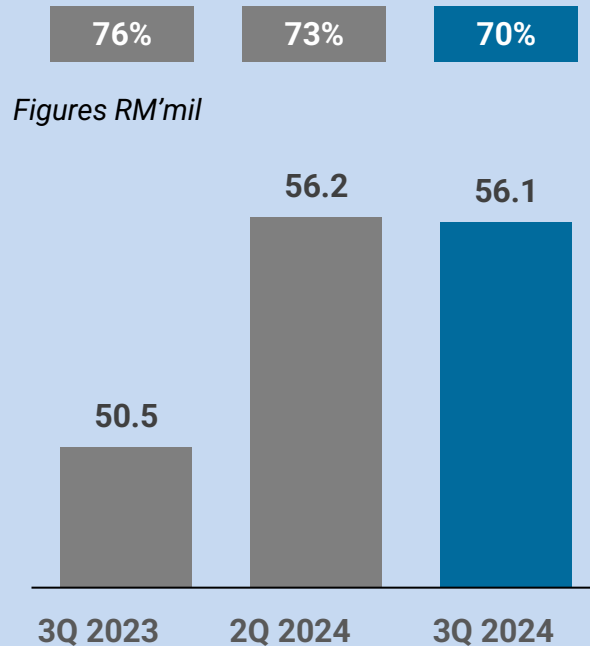
Selling & Marketing Expenses and Admin Expenses increased YoY in terms of quantum; nevertheless, as a percentage of revenue, it remains within the guided range

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 2nd 5-year income tax exemption (Nov'21- Nov-26) approval

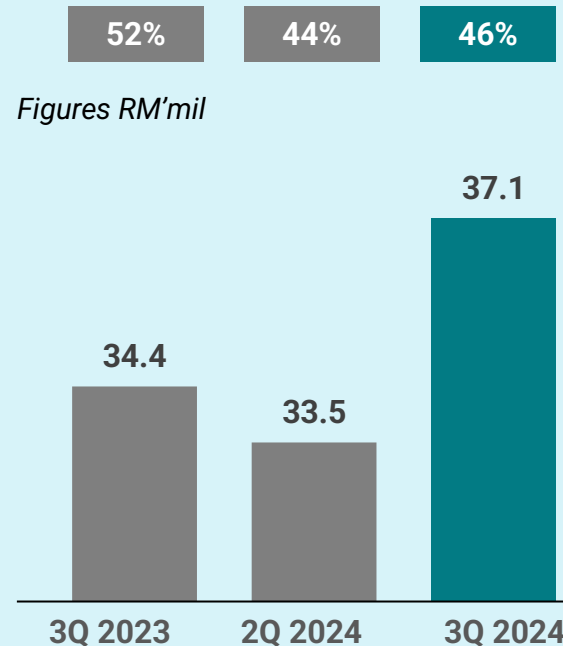
# PROFITABILITY TRENDS

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



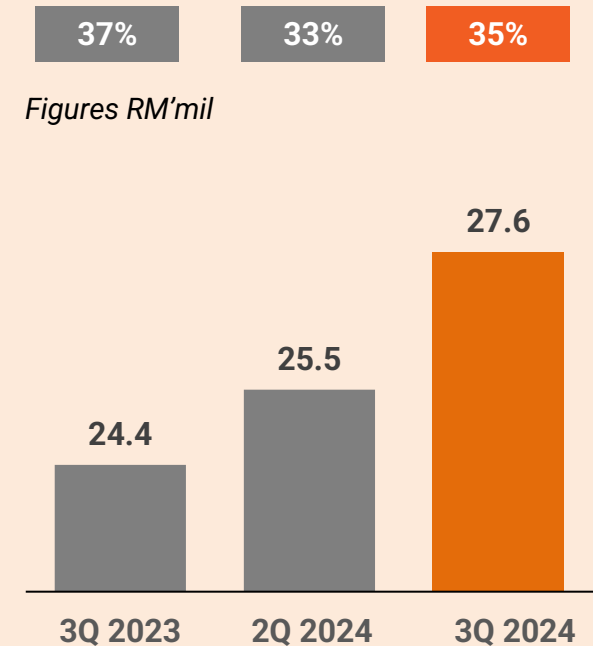
◆ GP margin in 3Q 2024 impacted due to product mix & higher contribution from international business

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



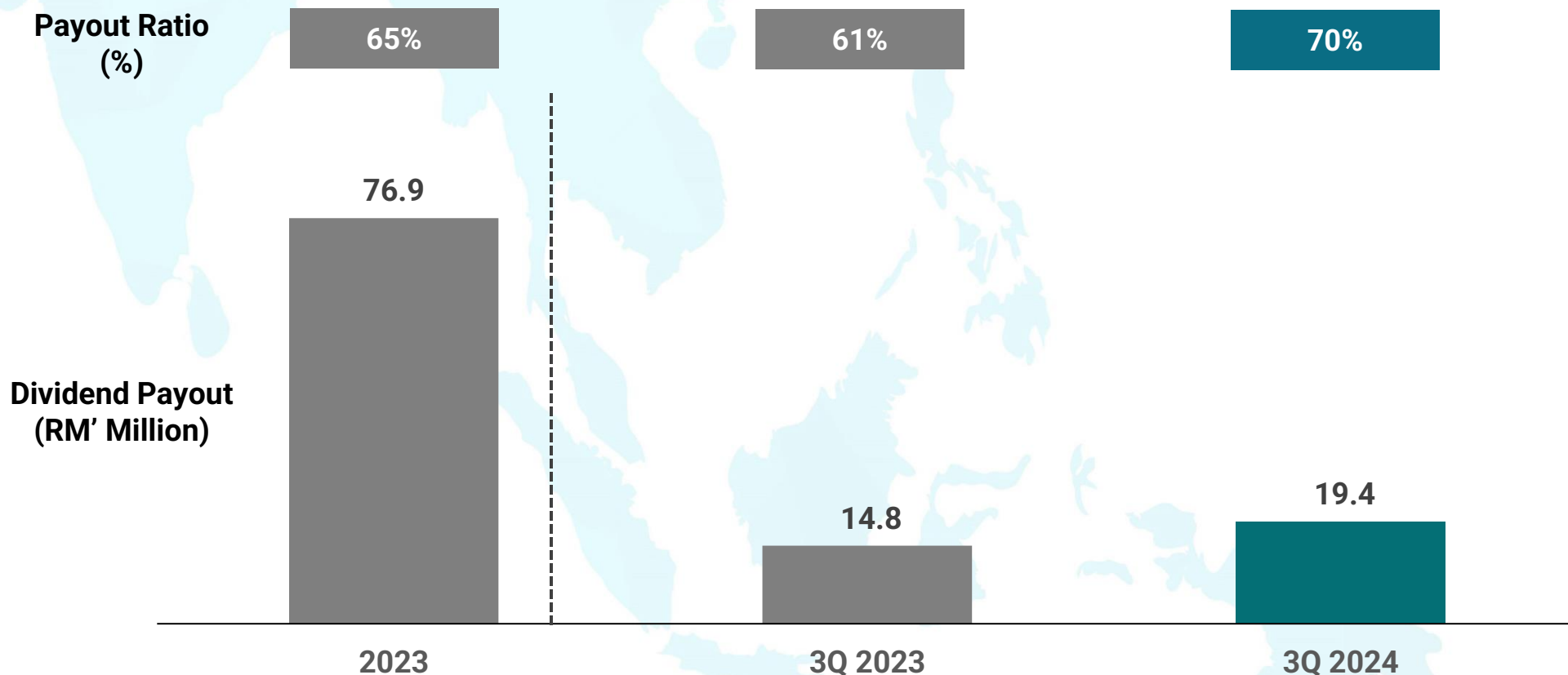
◆ EBITDA margin improved QoQ in 3Q 2024 due to higher associates' contributions

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



◆ Recorded QoQ PATAMI margin improvements in 3Q 2024

# DIVIDEND PAYOUT



- ◆ 3<sup>rd</sup> interim dividend of 0.84 sen per share, payable on 17 January 2025
- ◆ In 9M 2024, a total of RM52.2 million dividend has been declared, which translates into a dividend payout ratio of 71%

# LEVERAGE & PEER COMPARABLE

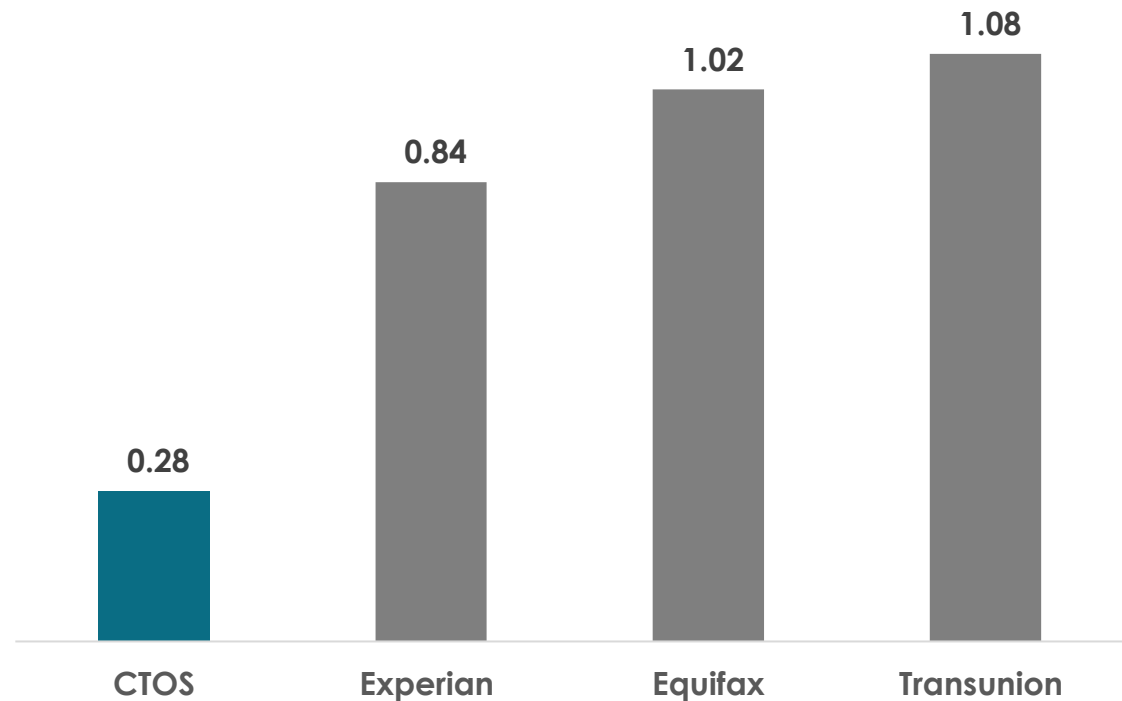
## 3Q 2024 FINANCIAL POSITION

**NET BORROWINGS**  
RM162 million

**SHAREHOLDERS' EQUITY**  
RM585 million

**NET GEARING**  
0.28x

## PEERS' NET GEARING COMPARISON (x)



# ASSOCIATE COMPANIES

## SHARE OF ASSOCIATES' PROFIT

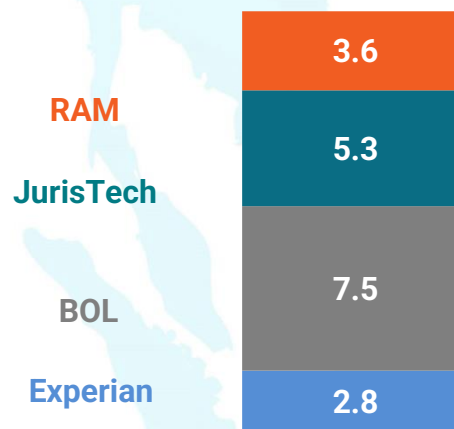
9M 2023

RM17.4 mil



9M 2024

RM19.1 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

- A better 3Q 2024 from JurisTech, fuelled by conversion of deferred sales
- We anticipate that this positive momentum will extend into 4Q 2024 & beyond, underpinned by an expanding pipeline of domestic and regional opportunities that will further strengthen its foothold in high-value fintech services

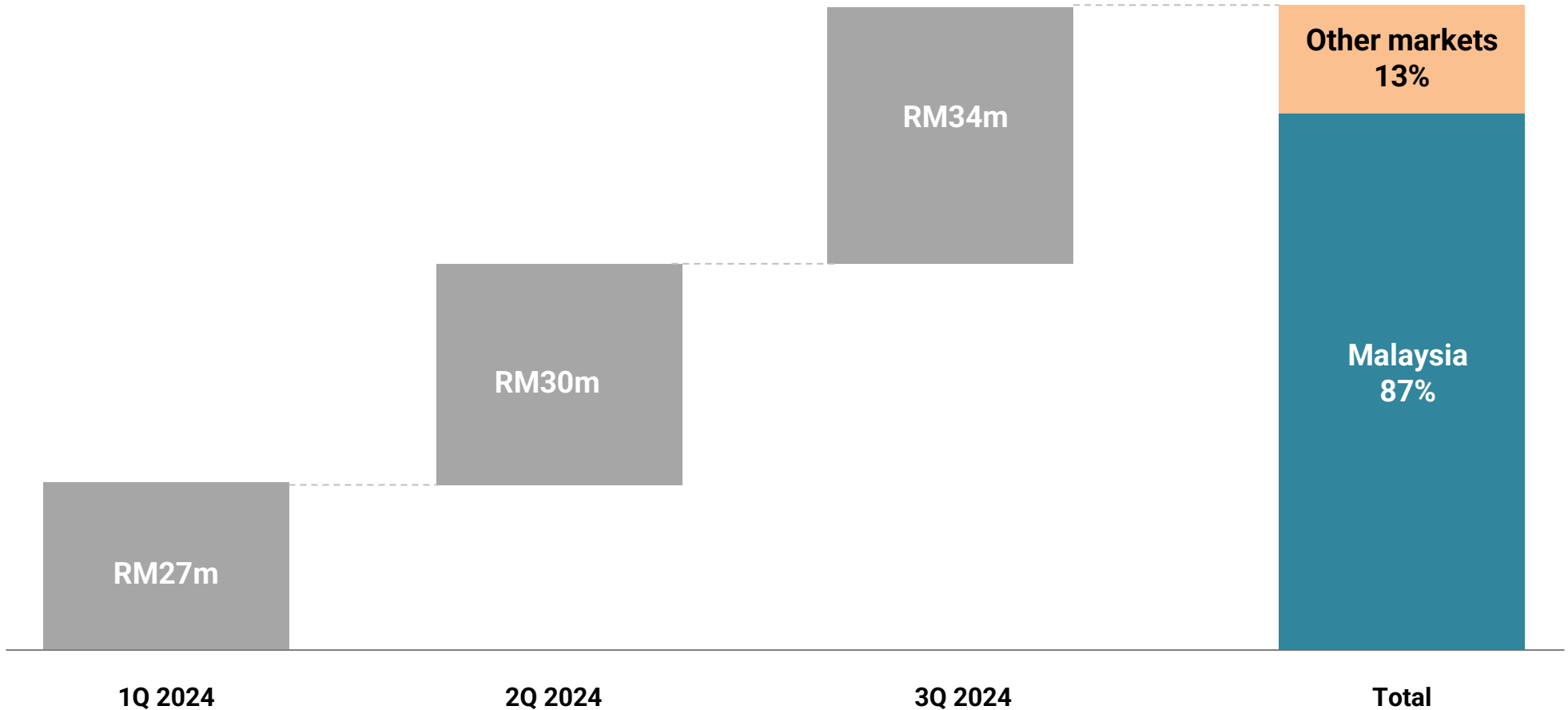
### RAM

- RAM reported a solid Q32024 led by the strong performance of the credit rating operations & bond pricing services
- The 9M2024 PAT is a >50% improvement over 9M2023
- This improvement is likely to be sustained given that RAM is the market leader in the vibrant bond market

# JURISTECH'S PIPELINE



Cumulative Pipeline  
@ 30 Sep 2024  
RM91M



# UPDATES ON INVESTMENT FOR FUTURE GROWTH



## Expansion of Sales Team

- Expanded CSM team by 5x from the beginning of the year & positively engaged with client to improve life time value & service levels
- Established Strategic sales team



## Intensified Marketing Efforts

- Created a new advertising campaign aimed at boosting brand awareness and promoting financial education
- Campaign scheduled for launch by year-end



## Expansion into High Growth Markets

- Onboarded talents for sales & pre-sales team for regional markets



## GEOGRAPHICAL GROWTH INTO SINGAPORE

- Appointment of key personnel completed and successfully secured contracts from MNC clients

# ADDRESSABLE MARKETS



KEY ACCOUNTS

25-28%

RM 0.5 BIL



COMMERCIAL

9-12%

RM 1.2 BIL



DIRECT-TO  
CONSUMER

5-6%

RM 0.4 BIL



MALAYSIA

11-13%

RM 2.1 BIL



INTERNATIONAL

7-9%

RM 0.6 BIL

**TOTAL ADDRESSABLE MARKET SIZE : RM2.7 BIL**

# FINANCIAL TARGETS FOR FY2024-FY2025

## Internal Management Targets

**FY2023**

**FY2024**

**FY2025**



**Revenue**

**Actual : RM261m**

**Revised :** RM315-320m  
21-23%

**Previous :** RM340-360m

**Revised :** RM370-390m  
17-22%

**Previous :** RM415-435m



**EBITDA**

**Actual : RM125m**

**RM130-140m**  
4-12%  
(Maintained)

**Revised :** RM155-165m  
18-19%

**Previous :** RM180-190m



**Normalized  
PAT**

**Actual : RM104m**

**RM110-115m**  
6-11%  
(Maintained)

**Revised :** RM125-130m  
13-14%

**Previous :** RM150-160m

Note: Figures are for internal management targets and for simulation purposes only

% represents year-over-year growth, comparing the lower range of the year to the lower range of the previous year, and the upper range to the previous year's upper range

# KEY TAKEAWAYS



## SIZABLE MARKET

- Robust and exciting opportunities across all business segments as demonstrated by the sizable addressable markets
- Continue implementing strategies to deepen customer penetration and enhance ARPU across all segments



## REGIONAL GROWTH

- Strategically positioned to cross-sell and upsell our products across regional markets, enhancing scalability and strengthening margins
- With ASEAN offering significant growth potential for credit reporting, we are looking to expand our regional footprint and are actively exploring inorganic growth opportunities



## DRIVING SUSTAINABLE PERFORMANCE

- Invest in high performing team to drive strategic business growth within Malaysia and regionally
- Elevate cyber-resilience and uphold sustainability commitments



# Thank You