

CTOS Digital Berhad

Strong demand for key segments to foster growth

- **CTOS 4Q23 earnings increased 3-fold YoY.**
- **Management expects strong growth from key segments to continue.**
- **Recent ASEAN expansion to offer significant growth potential.**
- **Technically, CTOS has consolidated sideways and last closed at RM1.49. Monitor for a breakout, targeting RM1.60-1.61, with a LT target at RM1.66. Support is located around RM1.42-1.43, while cut loss is at RM1.40.**

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Company profile

CTOS Digital Berhad offers credit reporting, software development, outsourcing and training, and digital software related services. CTOS Digital serves customers in Malaysia.

CTOS daily: Sideways consolidation breakout



Bloomberg

CTOS DIGITAL BHD

Last Price (RM)	1.49
5 Day Change (%)	2.1
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	100.0
52Week Range Percentile (%)	86.2
Volatility 30D	22.6
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	2.1
DMI DI+	15.5
DMI DI-	17.0
ADX	19.7
RSI 14D	59.4
RSI OB/OS	Positive
Price vs. Bollinger Band (%)	58.6

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Trading Catalyst

- **CTOS 4Q23 earnings increased 3-fold YoY.** In 4Q23, CTOS has achieved a net profit of RM56.2m from RM13.7m (+310.2% YoY) on the back of stronger revenue from strong growth in key segments namely the Key Accounts segment and Commercial segment.
- **Management expects strong growth from key segments to continue.** CTOS expects strong growth in the Key Accounts segment from increasing adoption from the digital solutions and in-depth analytical insights. Furthermore, in the Commercial segment, growth is anticipated from the activation of new accounts and increased consumption of its products and services.
- **Recent ASEAN expansion to offer significant growth potential.** Pursuant to the acquisitions in Indonesia and the Philippines, the plan is to synergise expertise to offer a top-tier range of credit-centric solutions, which aims to serve a broad spectrum of clients, from major banks to emerging SMEs, with innovative digital lending solutions

Financial snapshot

FYE Dec	FY22	FY23	FY24f
Revenue (RM m)	194.8	261.4	316.4
Net profit (RM m)	71.5	118.1	125.0
Shares (m)	2310.0	2310.0	2310.0
EPS (sen)	3.0	5.0	5.0
DPS (sen)	2.0	2.0	3.0
P/E (x)	45.8	27.7	27.6
DY (%)	1.1	1.5	2.0

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FY24f represents the forecasted figures for FY24.



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Technical Outlook

- Share price has consolidated sideways and last closed at RM1.49. As the technical readings are positive, we expect follow-through buying interest to be seen in the near term, targeting RM1.60-1.61, with a LT target at RM1.66. Support is set around RM1.42-1.43, with a cut loss set around RM1.40.

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As of **Wednesday, 28 Feb, 2024**, the analyst(s), Loui Low Ley Yee, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

Glossary

Last Price (RM)	Last closing price
5 Day Change (%)	Percent change in price over the last five days. The formula is: [(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.
1 Day Range Percentile (%)	Calculates the percentile value within the 1-day range
5 Day Range Percentile (%)	Calculates the percentile value within the 5-day range
52 Week Range Percentile (%)	Calculates the percentile value within the 52-week range
Volatility 30D	A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage. If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation.
EMA9, EMA20, EMA60 Trend	
Price vs. EMA20 (%)	Position of the price away from the EMA20 level
DMI DI+	Positive directional movement.
DMI DI-	Negative directional movement.
ADX	ADX is a moving average of the directional movement index.
Price Skew	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up. If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.
RSI 14D	RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition. If RSI 14 days is greater or equal to 70, it will be stated Overbought.
RSI OB/OS	If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive. If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative. If the RSI 14 days is lower or equal to 30, it will be stated Oversold.
Price vs. Bollinger Band (%)	Position of the price compare to the Bollinger band in percentage



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