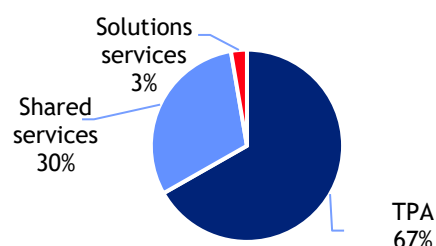




GHL SYSTEMS BERHAD

Share Price (RM)*	0.70
Market Cap (RM mil)*	799.05
Market	Main
Stock Code	0021
Sector	Technology
FTSE ESG Rating	★★
Shariah Compliance	Yes

Revenue by Business Segment as of 1H22



*as of 21 November 2022

[Company Profile](#)

1. Can you give us a brief introduction of the company?

GHL Systems Berhad (GHL) is a leading payment solutions provider in ASEAN covering in-store, online and mobile payments that stretches across 402,400 payment touchpoints. Its core businesses are transaction payment acquisition (TPA), solutions services and shared services spanning across Malaysia, Philippines, Thailand, Indonesia, Singapore and Australia

The group started operations in 1994 and was listed on Bursa Malaysia in 2003. The group expanded across the ASEAN region in 2006 by entering the Thailand and Philippines markets. The group ventured into merchant acquiring in 2014 and is one of the largest merchant acquirers in ASEAN today.

2. What are your key success factors?

Our success can be attributed to our focus in executing our business strategies and our willingness to invest in technology and our people.

3. Describe your business segments and offerings and which segment has the highest potential in the near to medium term?

GHL has 3 key business pillars as described below and all three enjoy good growth prospects as they are all integral to the cashless payments sector. This comes at a time when ASEAN consumers transition from cash to cashless transactions. TPA is the largest segment at two-thirds of the group’s revenue and is also the fastest growing pillar.

<p>Transaction Payment Acquisitions</p> <ul style="list-style-type: none"> • Card Payments • Mobile e-wallets payments • Prepaid top ups & bill collection • Online payments acceptance • BNPL • SME e-Lending 	<p>Shared Services</p> <ul style="list-style-type: none"> • Smart all-in-one payment acceptance devices; sale, rental, maintenance • MPOS 	<p>Solution Services</p> <p>Proprietary payment solutions (hardware and software) for:</p> <ul style="list-style-type: none"> • Secure Payment Network Access Controllers (NAC) • Loyalty platforms • Loan repayments • Other client specific solution
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4. What about your geographical footprint? Which market has the highest growth potential and why?

Our main market continues to be Malaysia but we have operations in Philippines, Thailand and Indonesia. All markets continue to have good growth prospects as consumers transition from using cash to using cashless means to perform payment transactions. The group also has a small presence in Singapore and Australia.

5. What changes do you expect in the business as we transition into the endemic phase? How will that affect your business plans and opportunities?

There are no significant changes in our business strategy and direction but we have tweaked our business plans given the fluid business environment resulting from the COVID pandemic. We view the ASEAN markets entering the endemic phase as a positive development, resulting in consumers returning to physical shops and spending more. We have witnessed our transaction volumes having improved in-line with the loosening of lockdown restrictions.

6. What are your key advantages compared to your peers?

In the cashless payments sector, being able to offer the widest range of payment types, for example online and in-store, credit and debit cards, e-wallets, contactless, and whichever new payment type in the future to businesses and merchants is a key advantage. GHL continues to invest heavily in the expansion of our payment network. Our large and growing physical in-store merchant presence is also an advantage.

7. What are your challenges and how do you address them?

One of the key challenges is to manage the balance to delivering bottom line profitability and investing in growing the business and merchant touchpoints.

8. Describe your recent financial results and what investors can expect going forward.

Revenue for the second quarter ended 30 June 2022 rose by 9.2% year-on-year to RM101.2 million mainly lifted by the TPA segment, which grew 25.1% year-on-year to RM76.8 million. This is offset by the 13.3% decline in the shared services and solutions revenue to RM33.5 million, profit before tax, however, declined by 25.6% to RM8.7 million due to lower gross profit margin.

Going forward, the group expects the TPA division to maintain its upward growth trend and expect profit margin for the segment to stabilise.

[Quarterly report on consolidated results for the financial period ended 30 June 2022](#)

9. Tell us about your efforts in the area of sustainability.

GHL's ESG initiatives start with a governance structure headed by our Group Head of Legal Compliance and Sustainability, which reports directly to the Group CEO and the Board of Directors. At GHL, we have launched our Sustainability Framework that is aligned with the United Nation 2030 Sustainable Development Goals (SDG) agenda in June 2021. We also set our target to achieve Net-Zero emissions by 2050 in line with the goal sets by the United Nations and are fully committed to keep global warming to no more than 1.5 degree Celsius, as called for in the Paris Agreement.

In our quest to fast track our sustainability efforts, we have partly transitioned from usage of grid electricity to renewable energy through solar photovoltaic technology. To this end, we have installed 72 solar panels at our headquarters and have participated in the Greening Malaysia Programme 2021-2025 with Econinja. We have also applied to and been accepted as one of the 57 members of the CEO Action Network (CAN) in our effort to recognise SDG 17 i.e. have partnership for goals to achieve our sustainability target.

Additionally, we have implemented various environmental and social policies such as Climate Change, Gender Diversity, Labour and Human Rights and organised various peer-to-peer sharing with CAN such as Circular Economy and Human Rights to create greater awareness in the area of Environmental and Social. We have also implemented and conducted training to all of our employees on our Anti-Bribery and Corruption Policy, Whistleblowing Policy, Anti-Money Laundering Policy and Personal Data Protection Act policy in our effort to strengthen the area of Governance.

10. What is your value proposition and why should investors invest in your company?

GHL provides investors exposure to the 650 million ASEAN consumer market, which is just beginning to transition to cashless payments. The move to cashless transaction is given a strong push as the young digital and connected consumers in ASEAN are increasingly urban and joining a growing working middle class.

11. In line with being a Purpose and Performance Driven PLC, are there headline key performance indicators that you wish to share with your stakeholders/investors?

We believe that our ESG Sustainability Framework is the key to greater business success. We are striving to integrate our ESG methodology into our business decision making, which is why we will be conducting performance evaluations on our Board Members and Senior Management in addressing the company's material sustainability risks and opportunities based on our framework.

12. Lastly, please share your aspiration to transform as a PLC and what kind of transformation do you envision by 2025? (It may be any areas that you would like to transform such as sustainability, business model, finance, human capital).

By 2025 or sooner, GHL aspires to be a leader in sustainability especially in the payment industry by strengthening our human capital and development in the areas of diversity, equality and inclusion, focus on climate-risk assessment and management. The group will continue to focus on enhancing corporate governance and compliance especially in the area of anti-corruption, data protection, cyber security and cyber resilience, which are crucial to a sustainable business model for our industry.

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