

MoneyHero Group(3Q24 Earnings)

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Corporate Speakers:

- Chadwick Dorai; MoneyHero Ltd; Strategic Finance Lead
- Rohith Murthy; MoneyHero Ltd; Chief Executive Officer
- Hao Qian; MoneyHero Ltd; Chief Financial Officer

Participants:

- Ishan Majumdar; Baptista Research; Founder
- Nirgunan Tiruchelvam; Aletheia Capital; Head of Consumer and Internet
- Fiona Orford Williams; Edison Group; Senior Analyst

PRESENTATION

Operator^ Good day. Thank you for standing by. Welcome to MoneyHero Group Third Quarter 2024 Earnings Conference Call.

At this time, all participants are on a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to turn the conference over to Chadwick Dorai, Strategic Finance Lead. Please go ahead.

Chadwick Dorai^ Thank you, [Lucia]. Hello, everyone. Very good morning or good evening, depending on where you are. My name is Chadwick Dorai and I'm Strategic Finance Lead for MoneyHero Group overseeing our investor relations activities. We're excited to have you join us for MoneyHero Group's third quarter 2024 earnings conference call.

Today, we have with us Rohith Murthy, our CEO, and Hao Qian, our CFO.

Let's start with a few friendly reminders. First off, you can find detailed results in our earnings release located in the investor relations section of our website. Also, we are recording today's webcast, so don't worry if you miss anything. A replay and a transcript will be posted on our website under the investor relations section. A heads up, during this call, we'll discuss some future projections and expectations for our business.

Keep in mind, these forward-looking statements are based on what we currently expect and are subject to risk and uncertainties that could cause our actual results to differ. We also encourage you to look at our earnings release and SEC filings for a detailed discussion of these risk factors.

Remember, these forward-looking statements reflect our views as of today, and we are not obligated to update them unless required by law.

Also, we'll talk about some non-IFRS financial measures today. For a reconciliation of non-IFRS financial measures to the most directly comparable IFRS metric, please see our earnings press release.

And one last thing, all monetary references will be in United States dollars unless we state otherwise.

Shortly, Rohith and Hao will be discussing our Q3 performance.

With that, let me pass on the time to Rohith Murthy, CEO of MoneyHero Group.

Over to you, Rohith.

Rohith Murthy^ Thank you, Chad. Hello, everyone. Our performance update for the third quarter that ended 30th of September this year.

This quarter, we made critical advancements in executing our efficiency strategy, which we introduced earlier this year. Our deliberate focus has been on optimizing our cost base, enhancing operational effectiveness, and strategically expanding high-margin product categories to drive scalable and sustainable growth. Q3 marked the launch of a comprehensive reorganization and restructuring exercise, streamlining our operations, and optimizing team structures across marketing, product, and customer operations.

These initiatives significantly improved our adjusted EBITDA by over 40% quarter on quarter, from a loss of \$9.3 million in Q2 to a loss of \$5.5 million in Q3. These foundational changes position us to enter Q4 with a leaner cost base, greater financial discipline, and a clear trajectory towards operational leverage with (technical difficulty) benefits we expect to be fully realized in the coming quarters. This quarter, we also achieved a very critical milestone by centralizing all our customer data into a single platform.

Providing us now with a unified view of our customers (technical difficulty), this advanced capability unlocks powerful opportunities for cross-sales strategy, price segmentation, and more efficient marketing campaigns. As we implement these data-driven (technical difficulty), we are confident to deliver transformative outcomes in customer engagement, revenue generation, and operational efficiency. We continue to [demonstrate] a strong momentum in high-margin product categories.

Our personal loans and wealth and investment-related revenues grew significantly, 34% YOY and nearly 5x YOY, respectively, underscoring the success of our strategic focus. Our insurance vertical also maintained its growth trajectory, with revenue now increasing 36% YOY and now contributing 9% to the group's overall revenue for the first nine months of the year.

Notably, we launched a car insurance vertical in Hong Kong, reiterating our pricing capabilities, a first among aggregators. This innovation not only improves customer experience by accelerating approval times, but also strengthens our leadership position in the aggregator space.

Additionally, our seamless travel insurance purchase flow delivered a marked improvement in conversion rates, further demonstrating our commitment to delivering tailored financial solutions that align with individual customer needs.

User engagement remains a focus for us. This quarter, we introduced new membership and loyalty capability, enabling users to create accounts, apply for products with one click, and track their rewards and incentives in real time. These features deepen user engagement and position us to deliver highly personalized offerings at the right time, which we believe will drive long-term loyalty and value.

Now, while we continue to see strong performance across our core markets, fluctuations in provider campaigns in Singapore presented certain challenges this quarter. However, our diversified partnerships and expanding product portfolio have already started mitigating these impacts. These adjustments highlight our agility and resilience in navigating a dynamic market environment, positioning us to seize opportunities at the right price.

Now, as we look ahead to Q4, we expect continued progress towards improving our adjusted EBITDA, recovering margins, and achieving our efficiency objectives.

With a sharper focus on high margins, recovering margins, and achieving our efficiency objectives. With a sharper focus on high margin products, disciplined cost management, and data-driven operations, we are confident now in our ability more so ever to deliver long-term sustainable growth. With credit cards continuing to remain a valuable gateway product for our user acquisition, we will continue to focus on higher margin segments to align with our profitability goals.

With a leaner operating structure now, robust data abilities, and a strong cash position, MoneyHero Group is well positioned to drive shareholder value and build a sustainable, profitable business for the future. I would also like to take a moment to thank our team, both present and past, whose dedication and hard work have been instrumental in navigating this transformative year. Their commitment to our mission and resilience in adapting to change have been key to achieving milestones we've shared today.

We are also excited to announce the rollout of our RSU plan, which will extend equity ownership to over 90% of our employees. This initiative underscores our belief that our team's success is linked with the success of MoneyHero Group. Together, we're building a business that will deliver sustained growth and value for years to come.

Thank you all once again for your trust and support.

With that, I'm now turning the call over to Hao Qian, our CFO.

Hao Qian^ Thank you, Rohith. Good day, everyone.

In Q3 2024, MoneyHero's expansion resulted in solid growth in approved applications with 60% year-over-year revenue growth to \$20.9 million. We have made strong market share gains, particularly in our core market, as we continue to expand across Great Southeast Asia.

However, investments into expanding in our customer acquisition, brand building, technology, re-platform, and the data infrastructure lead to adjusted EBITDA loss of negative \$5.5 million for the quarter.

Now, let's turn to our third quarter for 2020 performance. In the third quarter of 2024, MoneyHero delivered 6% year-over-year revenue growth to \$20.9 million. We realized significant growth year-over-year in the Philippines, up 49%, and in Hong Kong, up 18%, where we have made significant strides in diversifying our revenue mix by expanding partnership with other key providers and broadening our product offerings.

Our Singapore business decreased by negative 13% year-over-year. The (technical difficulty) absence of campaign from certain providers who scaled back their paid acquisition activities during this period. We are working closely with these clients to ramp up our commercial engagement, positioning us for recovery in the coming quarter.

Our Taiwan business increased marginally by 5% year-over-year to \$1.0 million, with the strongest growth coming from credit cards. We have successfully managed to turn around Taiwan and the Philippines in Q3, and we will continue to focus on building long-term stability and the focus on building new vertical to replace the loss of revenue from our key clients' decision to exit the market.

Our B2B business, Creatory, remained flat year-over-year with \$3.5 million in revenue, representing 17% of group revenue. We will revamp the growth of Creatory and continue our commitment to leverage the Creatory platform as a competitive advantage to drive traffic and gradually decrease reliance performance marketing. Insurance remains our fastest-growing product vertical, with third-quarter revenue increased 36% year-over-year to \$2.1 million.

We will continue to explore new opportunities to offer more new product lines to further fuel the top line and the bottom-line growth. In addition to our core business growth, we aim to use insurance as a differentiator to further enhance user engagement in order to increase both frequency and the shelf wallet.

For the third quarter 2024, our adjusted EBITDA improved from a loss of negative \$9.3 million in Q2 2024 to a loss of negative \$5.5 million. The primary driver for the improved adjusted EBITDA loss for the third quarter are, number one, efficiency strategy. We prioritize growth through increased investment in customer acquisition, technology, re-platform, and the data infrastructure. Yet these investments were balanced by a restructure exercise to streamline our operations and by focus on product gross margin improvements, which lead to a reduction in costs.

Second, partnership and new product strategy. While the existence of a major provider from two of our key markets, Taiwan and the Philippines, earlier this year impacted our revenue per

application. We are making a stride in diversifying our revenue mix by expanding partnership with other key providers and broadening our product offerings.

These adjustments position us well for sustaining -- sustained growth and as providers scale their operations in different quarters, opportunity to further strengthen our revenue base and deepen our market presence.

Looking ahead, we anticipate a continued improvement of our adjusted EBITDA in Q4 2024, building on the significant progress we made in Q3. With margins steadily improving, we are very well positioned for further recovery through the remainder of the year.

Our comprehensive review of the organization structure, completed alongside the success reorganization in Q3, has strengthened our operation foundation and the status (technical difficulty). Also, as mentioned in our Q2 earning call, I would like to reiterate, we are actively pursuing a growth strategy by continuing to explore strategic acquisition and the investment opportunity to consolidate the industry. As we believe the timing is right for industry consolidation in Great Southeast Asia, we believe that there is ample opportunity for consolidation in our emerging industry and that we aim to lead the way. These two strategies will aid us in scaling both of our planned growth for years to come.

With that, I thank you for your attention today and turn it over to the operator to take any questions.

Operator, please.

QUESTIONS AND ANSWERS

Operator^ Thank you. (Operator Instructions) And we have a question coming from the line of Ishan Majumdar with Baptista Research. Your line is now open.

Ishan Majumdar^ Hi. Congratulations for the wonderful result.

My question is focused on the car insurance platform. What challenges do you foresee in scaling this platform across your core markets? Also, how does the integration of bolttech Insurance exchange technology specifically differentiate your platform from competitors in Southeast Asia?

Rohith Murthy^ Thank you, Ishan. We actually see opportunities rather than challenges in scaling our car insurance platform, thanks to our strategic partnership with bolttech.

And let me explain this a bit more. Firstly, as a B2B marketplace, we have launched a very innovative B2C car insurance marketplace that's now powered by bolttech platform. And what this means is we're able to actually provide real-time pricing and also end-to-end purchasing journeys.

And these capabilities are first in the market and sets a new benchmark when it comes to seamless customer experiences. For us, bolttech acts as our technology partner here, enabling us to deliver really superior and innovative offering.

The second opportunity is in terms of the B2B partnership for scale. Now, beyond being a marketplace, we're also exploring B2B opportunities such as a white-labeled user journey, comparison tools for our partners. And we feel by embedding these insurance capabilities into our partner ecosystem, we can achieve significant scale and provide value to a wider network of users.

And finally, our partnership with bolttech also allows us to diversify our insurance product portfolio. For example, their market-leading device protection solutions enable us to offer this to our users, the most relevant products with very comprehensive coverage, fast fulfillment, and a really superior service.

So, we are really looking at this partnership in a very multifaceted strategic lens, leveraging both bolttech technology and expertise. And we feel this not only differentiates our platform but really positions us as the most comprehensive and a very customer-centric insurance marketplace in the [region].

Ishan Majumdar^ That's wonderful. I just wanted to follow up on this with a specific point you mentioned about improving customer experience through this technology. Now, this is something that you have been focusing on even in the past. You also mentioned rolling out a redesigned mobile app and enhancements to your overall UI across your applications.

Can you provide insight into how these initiatives are resonating with users so far? Are there any metrics or any indicators that suggest that these updates are driving higher margin revenue streams?

Rohith Murthy^ Sure. I think -- let me spend a little bit of time about, the mobile app. When we developed the mobile app, we had a very clear vision to address two very critical problem statements, one from our consumers and one from our bank (inaudible). Now, from our consumers, particularly in the markets we operate with very high credit card penetration, users often face the challenge of managing multiple cards and being unaware of the deals and discounts available on them. I'm very guilty of it myself.

And what our app now provides is a single GPS-enabled repository of all the real-time offers and nearby deals, helping our users save money, whether they dine, shop, or travel. So, that's from the consumer lens. For the banking partners, we are one of their key acquisition partners, but now we've identified an opportunity to support them beyond just credit card sign-ups.

What this app now enables us is to actually drive credit card usage post-acquisition. And we're able to also offer contextual cross-sell and up-sell opportunities for any additional products and services. And we believe by doing this, we're really enhancing the lifetime value of their customers.

When we think about the app, this is a very critical aspect of what really is the endgame of the app. Now, driving higher engagement and frequency on our platform is very critical because we typically are a low-frequency, high-intent destination for financial products. I mean, historically, users, when they visit our platform, they usually visit during key financial decision-making moments.

Now, what the app does with the redesign, we're now shifting this dynamic by providing daily and weekly value through these features. GPS-enabled real-time offers, nearby deals, personalized financial insights. And this approach not only encourages more, I would say, frequent engagement, but it also creates now opportunities to surface relevant product services and advertising to our users.

By really driving this sort of consistent, we can now unlock newer revenue streams that delivers both ongoing value to our consumers, but also to our partners.

And finally, I think this app opens also a new channel for us to engage with users. We're able to gather a lot of deep, I would say, behavioral insights. And this sort of aligns with our strategy as we think about stronger user loyalty and, unlocking newer, higher margin revenue opportunities. It's a very brand-new value proposition, and we're really very thoughtfully executing our go-to-market plan to sort of ensure adoption impact. It's very early days.

We're very optimistic about the app's potential to enhance user engagement, boost conversion rates, potentially drive incremental revenue. I'm really hoping we'll be able to share more tangible results early next year as we gather a lot more performance data.

Ishan Majumdar^ Okay. Thank you. Thank you so much.

Operator^ Thank you. (Operator Instructions) And our next question, coming from the line of Nirgunan Tiruchelvam with Aletheia Capital. Your line is open.

Nirgunan Tiruchelvam^ Thank you very much. I would like to ask a question on the trajectory of your operating results. It appears that you have achieved a bit of positivity in this quarter and also a net profit positivity in this quarter by hitting a revenue number of, say, \$21 million.

Assuming that your gross margins are about 50%, it appears that your break-even monthly revenue is in this, say, \$21 to \$23 million ballpark. Is that correct?

Rohith Murthy^ Thank you, Nirgunan. Just a couple of corrections. We haven't achieved EBITDA sort of positivity, but we have really narrowed down our EBITDA losses and we've really improved our margins.

And to your question on revenue, look, the way we think about our revenue is in terms of the revenue mix. This quarter, as you focus on it --

Nirgunan Tiruchelvam^ If I may interrupt you --

Rohith Murthy^ Yes.

Nirgunan Tiruchelvam^ -- maybe I'm reading the wrong column here.

Rohith Murthy^ Yes.

Nirgunan Tiruchelvam^ It says EBITDA of 6.55?

Hao Qian^ I think this is a major impact by the FX.

Nirgunan Tiruchelvam^ Sure, sure. Prior to that. So, on adjusted EBITDA, granted, it is still in the red category, but clearly, you have contracted the level of EBITDA losses materially compared to what it was in the preceding quarter.

Rohith Murthy^ Absolutely, absolutely.

Nirgunan Tiruchelvam^ Sorry (multiple speakers). Yes.

Rohith Murthy^ Absolutely. Yes. And that's been (technical difficulty) products. So, this quarter, we've been very focused on driving revenue from our higher margin products. We're not very obsessed about a certain number we want to hit every quarter. I mean, that's great.

But our focus is on making sure as we diversify our revenue, we're introducing new products to our consumers. And this has been a quarter where both in terms of higher margin products, be it personal loans, be it investment and wealth-related products, and even insurance, because insurance is high margin product for us, we're happy how insurance is growing, the trajectory of our insurance vertical.

You'll appreciate insurance is not an easy product to educate consumers on, but we're really pleased with the trajectory we are on insurance and all the other high margin products. And that's how we've been thinking about efficiency in terms of the mix of our revenue.

Nirgunan Tiruchelvam^ Got it. I have another question. Can you explain the OCI situation, please?

Hao Qian^ OCI?

Nirgunan Tiruchelvam^ Other comprehensive income.

Rohith Murthy^ Just give us a couple of minutes just on that.

Hao Qian^ So, let me talk about the FX impact in this quarter. Our net income for the period increased to \$5.7 million in the first quarter of 2024 from negative 7.2 million in loss in the prior year period, primarily driven by the unrealized FX exchange gain. We had those payable through intercompany and we saw the USD versus SGD and the USD versus [PHP] has fluctuated quite dramatically in the Q3.

And this has a major impact on the adjusted unrealized FX exchange, as I mentioned.

Nirgunan Tiruchelvam^ Right. Has there been other comprehensive income losses of this magnitude in the past of 9 million since you are listing?

Hao Qian^ I need to double check the number. As my memory, I don't remember.

Rohith Murthy^ Yes, we can check that and come back to you. But as we recollect, we don't recollect that sort of figures.

Nirgunan Tiruchelvam^ Okay. And finally, can you point to a line item in your cost and expenses, which reflects the contraction in labor costs that you enacted in the preceding quarter? Where can I see that in the quarterly results? Or is it too early?

Rohith Murthy^ I think the restructuring and reorganization, the entire initiative we executed actually this quarter. So, we will see the true benefits and complete benefits of this in the following quarter.

However, having said that, I'm sure how there are a few things we were able to recognize this quarter. Specifically, we've been doing this in a very phased approach. And that is how we've been looking at the entire sort of reorg and restructuring that we've done, including, as you mentioned, our overall sort of payroll.

But my recommendation would be in the we really truly realize the complete sort of impact of this exercise that we've executed starting in Q3.

Nirgunan Tiruchelvam^ Okay.

Operator^ Thank you. (Operator Instructions) And Fiona Orford Williams from Edison Group, your line is now open.

Fiona Orford Williams^ Thank you very much. I've got three, if I may, please. I'll do them all at once, just going back and forth.

The first is on the Singapore market. You talk in the report about the comprehensive site revamp. Do you just want to take us a little bit more into detail on that and the success of that or the impact of that so far?

The second question is about where your marketing priorities are for FY '25. I'm assuming that it's going to be a continuation of what we're seeing at the moment with the drive towards the higher margin products, but perhaps more color there.

And also, the last one is on any new product developments you might have in the pipeline. Thank you very much.

Rohith Murthy^ Yes, thank you for the questions. I'll start with your last question, which is around what are sort of the new product developments we have in the pipeline. And in particular order, we're very sort of excited about the pipeline we have, because we really believe this will strengthen the value proposition for both our consumers and partners.

So, the first is the mobile app, which I spoke about. We've launched this in Singapore. We plan to roll this app in the additional markets. And as I mentioned, this is really a frequency and engagement tool. So, and we're hoping to also enable our partners to drive usage and potentially look at cross-sell opportunities.

The second is, we successfully piloted a credit scoring feature in partnership with TransUnion in Hong Kong. And this is a very unique offer that empowers our users with insights into their credit profiles. And we're really now working on a product roadmap to scale this feature further.

I did speak about the car insurance platform. We've launched in partnership with bolttech. It's gone live in Hong Kong. And we're going to extend this sort of platform to the other markets.

Travel insurance. Now, this is -- this is something that we've been very, very like focused on really improving our user experience. And today, when users purchase travel insurance, we've actually powered like a one-click purchasing journey. And we believe it's a very superior user experience when people buy travel insurance on our platform. And there's always constant, continuous UX/UI optimizations we do across all our content and product pages.

And the final thing, we're really experimenting with GenAI apps across a few use cases. It's a very exploratory phase right now. I'm really hoping we can launch a pilot early next year and I can share some of the details around that time.

So, we're excited about the product pipelines we have. These are some of the ones that we are very actively working on.

I think your second question was around marketing priorities.

Fiona Orford Williams^ Yes.

Rohith Murthy^ Now, it all for us starts with what our vision is. And our vision is we want to help individuals save, protect, and grow their money effortlessly. And guided by this vision, we've developed a very strategic approach on how do we want to drive efficient growth.

So, when I think about our marketing priorities, our strategy would focus on two key pillars. First is the consumer pull. Now, how do we really build trust through organic growth and what I would like to believe enhanced brand recognition.

And the second is operating leverage. We want to drive growth, but we want to reduce, as Hao had mentioned, our reliance on paid traffic and really improve our marketing ROI.

And with this strategy in mind, we have quite a few tactics and execution initiatives. I'll mention a few here. Firstly, content and SEO. We're really doubling down on our SEO strategies. We want to capture high-intent organic traffic, particularly for research-driven, high-margin products. I talked about our focus on high-margin products like personal loans, insurance, and wealth offerings.

Number two, we continue to be a preferred channel for our banking and insurance partners to run high-value tactical campaigns, and these drive significant applications and conversions.

With the centralized data platform, we now are able to actually execute very precision-based targeting and segmentation. This really helps us expand the wallet -- wallet share of our customers by really offering more relevant products. As we spoke about, we will optimize our paid marketing and efficiency.

And Creatory. We have our own influencer network, and we're really looking at expanding that for brand reach, to build trust, and strengthen our marketplace brands in each of our markets.

And finally, this is something I'm really excited about, and has been very instrumental in helping us think about this, is ad monetization and tenancy solutions.

There's a lot of eyeballs we get every month, and we're exploring ad monetization strategies to really maximize the value of our existing traffic. Where -- and through this sort of ad tech solution, we also would like to enable our partners to target our very engaged audiences more effectively, and really open up sort of additional revenue stream for us.

So, we're very excited about this space. It's still very early days. But these are some of the tactics we're really working on when it comes to marketing. But we're very thoughtful that we want to deliver measurable growth. And this needs to be something that will help us build a sustainable and trusted ecosystem of our consumers and partners.

I think a final question was around the site revamp. Now, this is an initiative we kicked off this quarter. And the thinking is very similar -- there are two very, I would say, key objectives of this. Number one is we have a lot of eyeballs come to our platform, and we want to make it as seamless and efficient for our users to discover the content, irrespective of which part of the funnel they are.

Now, what do I mean by that? Now, there are a lot of users who may not be ready to transact what you would like to call top of the funnel when it comes to financial products. We want to attract these users, but we want to have the right site and content architecture that allows them to be educated and learn about these topics.

But as they learn about these topics, we would like to then take them through the funnel. And hopefully, when they're ready to transact, we provide them the best set of pages, the best set of content and user experience for them to discover the best products.

So, the entire revamp is not just around UX and UI, but actually an entire content revamp that we're doing across all our markets, because we feel by doing this truly, we can help users learn if they're top of the funnel, shop if they're ready to transact, and now with the mobile app, also manage once they've got the right products, in this case, credit cards, so they can find the best deals and offers.

So, it's not just a revamp of the site. It's something that we're thinking holistically, both in terms of site, content, and the entire funnel when it comes to marketing.

Fiona Orford Williams^ And is it achieving those purposes already?

Rohith Murthy^ I mean, we've just started rolling this out in our market in Singapore. We've seen some very encouraging results in terms of conversion rates on many of our pages. That's one of the metrics we really measure. Once people land on any of our pages, how do they convert to the right next step of the funnel? Those conversion rates have already improved, but Q3 was still very early stages of the rollout.

I think Q4 is when we will really start seeing the results. As we send a lot more traffic, as we'll appreciate, when we did this rollout, we do this in a very thoughtful way. We send a portion of the traffic through our new pages. We A/B test this with our earlier set of pages.

A lot of this happens in Q3, but in the subsequent quarters is when 100% of our traffic starts now going through the newly designed pages, and that's when we'll truly start seeing the ROI and benefits of this initiative.

Fiona Orford Williams^ Super. Very helpful. Thank you.

Operator^ Thank you. And there are no further questions at this time.

I will now turn the call back over to Mr. Rohith Murthy for any closing remarks.

Rohith Murthy^ Now thank you for all those great questions. As you can see, it's been a very busy quarter for us.

I would like to take this opportunity to firstly thank all of you for your support and guidance. And we're towards the end of the year. I want to wish you all a very Merry Christmas and a Happy New Year.

And please take time to enjoy the break. And I will see you all in the next earnings call.

Operator^ That does conclude our conference for today. Thank you for your participation, and you may now disconnect.

