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# Investor Relations Presentation

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25<sup>th</sup> April 2017  
AEON CREDIT SERVICE (M) Berhad

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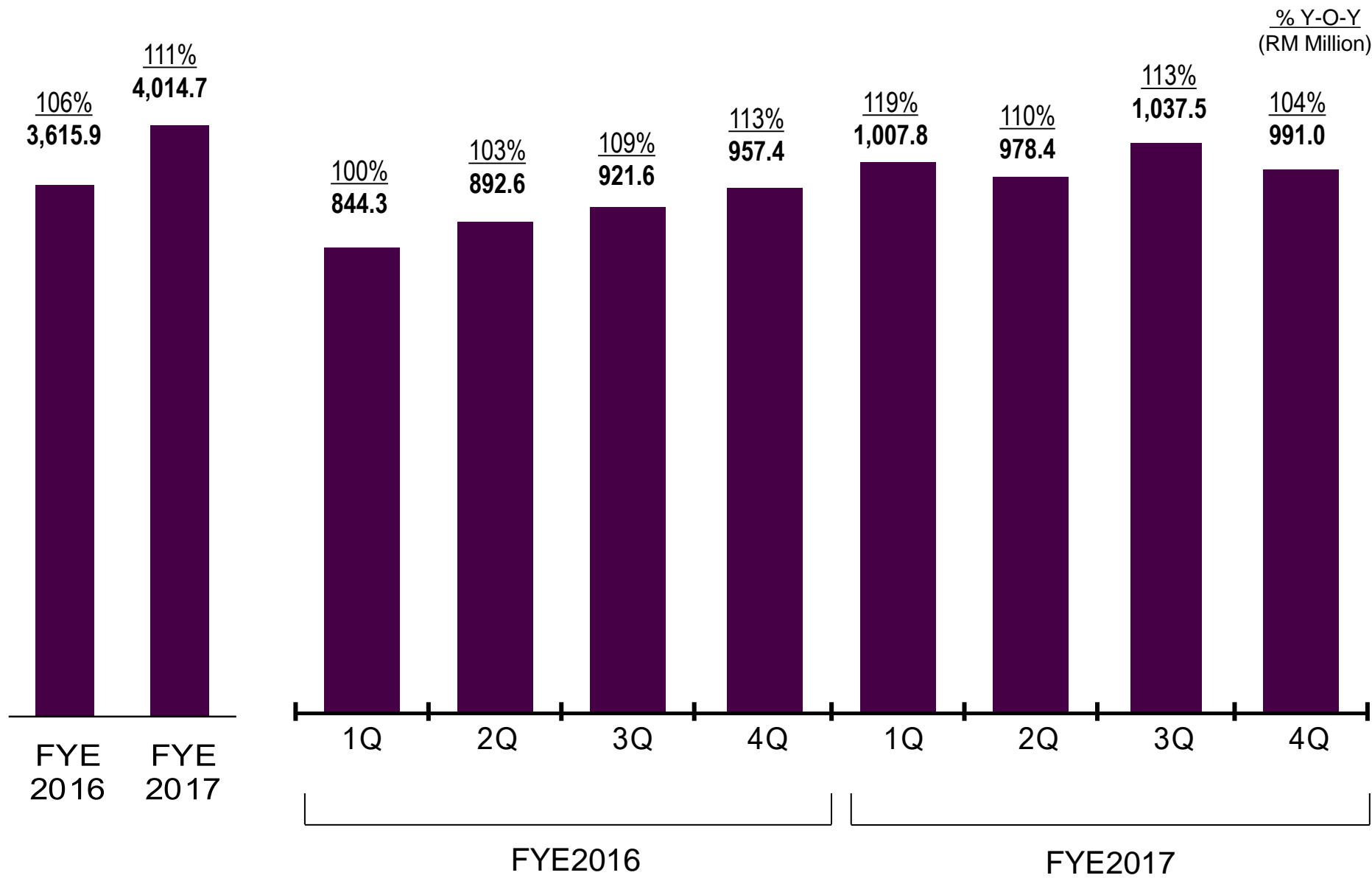
## FYE 28 February 2017 Quarter 4 Highlights

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# FYE 2017 Performance Highlights

<i>(Unit:RM'million,%)</i>	Q4 FYE 2017	% YOY	FYE 2016	FYE 2017	% YOY
Credit Card	287.897	110	947.665	1,106.950	117
General Easy Payment	92.086	97	367.338	354.402	96
Motorcycle Easy Payment	162.915	127	500.462	582.041	116
Superbike Easy Payment	77.531	82	376.213	375.148	100
Automobile Financing	143.393	77	735.107	688.090	94
Personal Financing	221.801	120	674.839	887.343	131
SME Business	5.377	117	14.365	20.679	144
E-Money	0.030	-	-	0.035	-
<b>Total Transaction Volume</b>	<b>991.030</b>	<b>104</b>	<b>3,615.989</b>	<b>4,014.688</b>	<b>111</b>
Total Income	330.077	117	1,055.208	1,222.192	116
Total Expenses	227.013	118	753.617	871.030	116
<b>Profit Before Tax</b>	<b>103.064</b>	<b>114</b>	<b>301.591</b>	<b>351.162</b>	<b>116</b>
Corporate Tax	23.011	103	73.369	86.135	117
<b>Net Profit</b>	<b>80.053</b>	<b>117</b>	<b>228.222</b>	<b>265.027</b>	<b>116</b>

# Total Transaction Volume



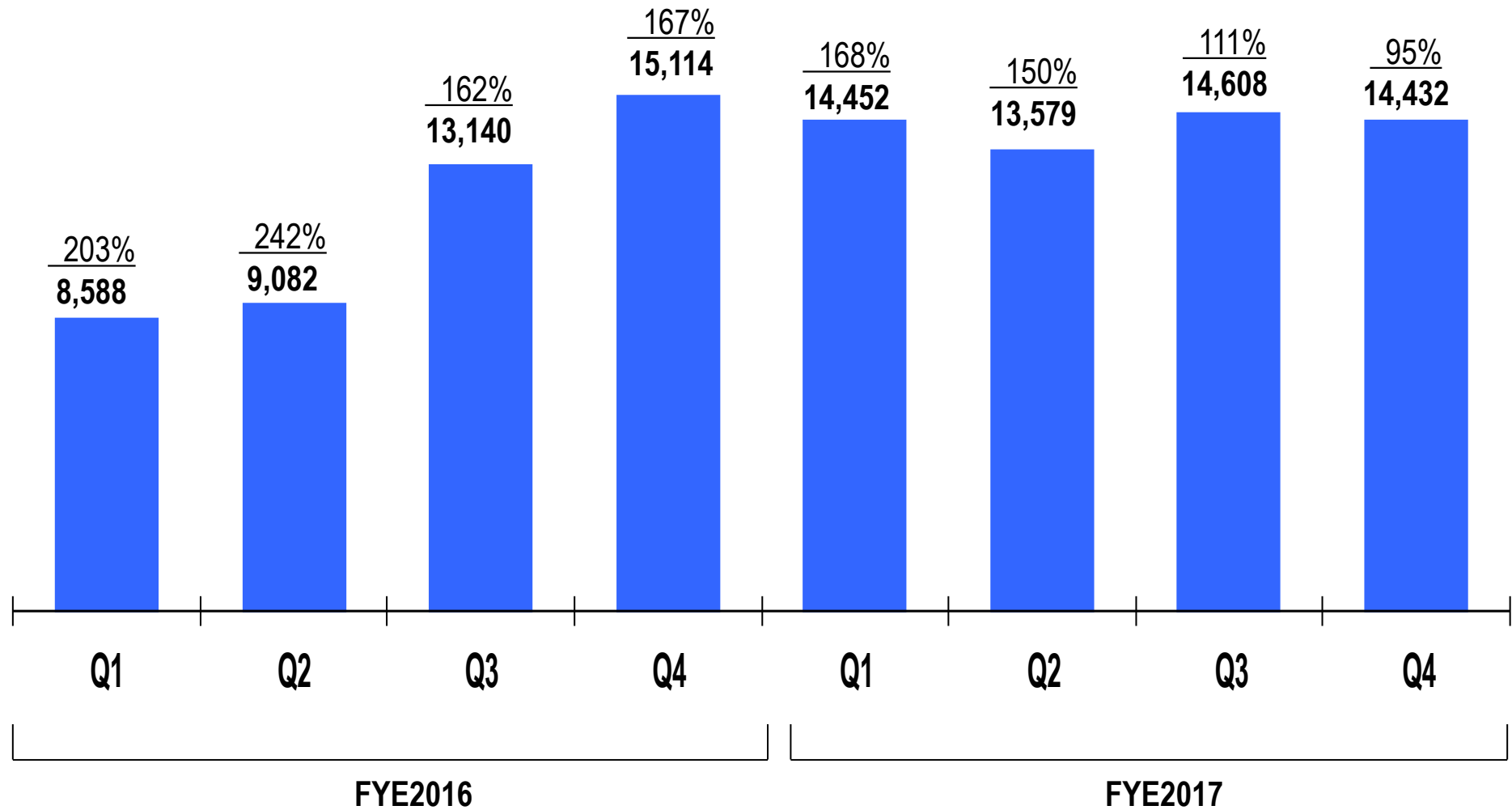
# FYE 2017 Performance (Income)

(Unit:RM'million,%)	Q4 FYE 2017		FYE 2017		
		% YOY		% YOY	Share
Credit Card	29.204	98	107.978	118	9
General Easy Payment	29.917	91	121.969	89	10
Motorcycle Easy Payment	63.833	107	245.581	102	20
Superbike Easy Payment	27.084	109	105.263	116	9
Automobile Financing	65.027	123	243.625	130	20
Personal Financing	74.199	131	270.780	130	22
SME Business	1.578	92	6.759	94	1
<b>Total Revenue</b>	<b>290.842</b>	<b>113</b>	<b>1,101.955</b>	<b>114</b>	<b>91</b>
Other income	39.235	159	120.237	134	9
<b>Total Income</b>	<b>330.077</b>	<b>117</b>	<b>1,222.192</b>	<b>116</b>	<b>100</b>

# FYE 2017 Performance (Expenses)

	Q4 FYE 2017	% YOY	FYE 2017	% YOY	Share
<i>(Unit:RM'million,%)</i>					
Impairment loss on receivables	76.982	115	306.163	106	35
Staff costs	44.520	119	183.166	116	21
Other operating expenses	53.156	125	181.654	126	21
<b>Operating Expenses</b>	<b>174.658</b>	<b>118</b>	<b>670.983</b>	<b>114</b>	<b>77</b>
Funding Costs	52.355	118	200.047	123	23
<b>Total Expenses</b>	<b>227.013</b>	<b>118</b>	<b>871.030</b>	<b>116</b>	<b>100</b>

(unit)





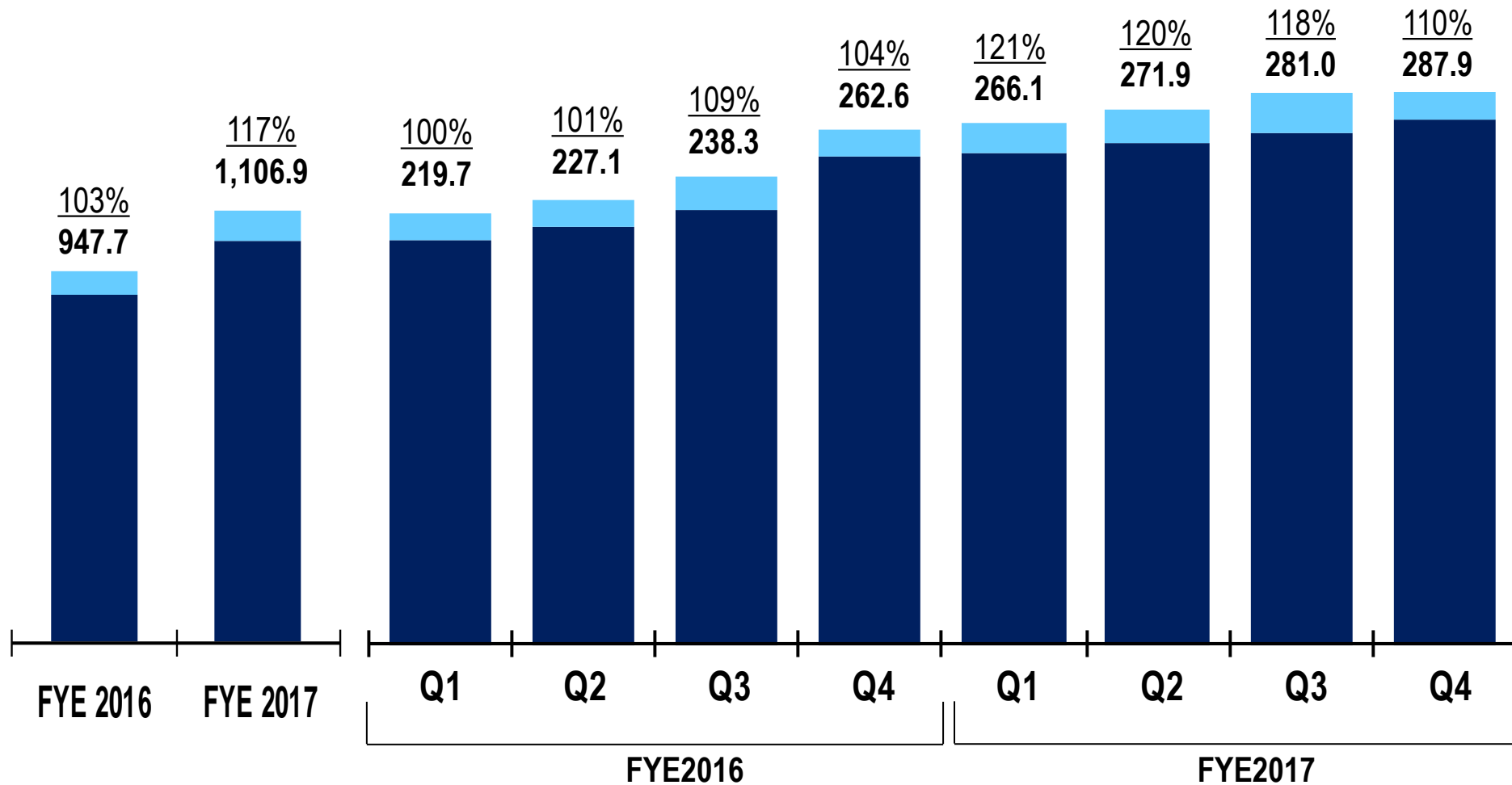
# Credit cards transaction volume



AEON CREDIT SERVICE

■ Credit purchase ■ Cash Advance

(RM Million)

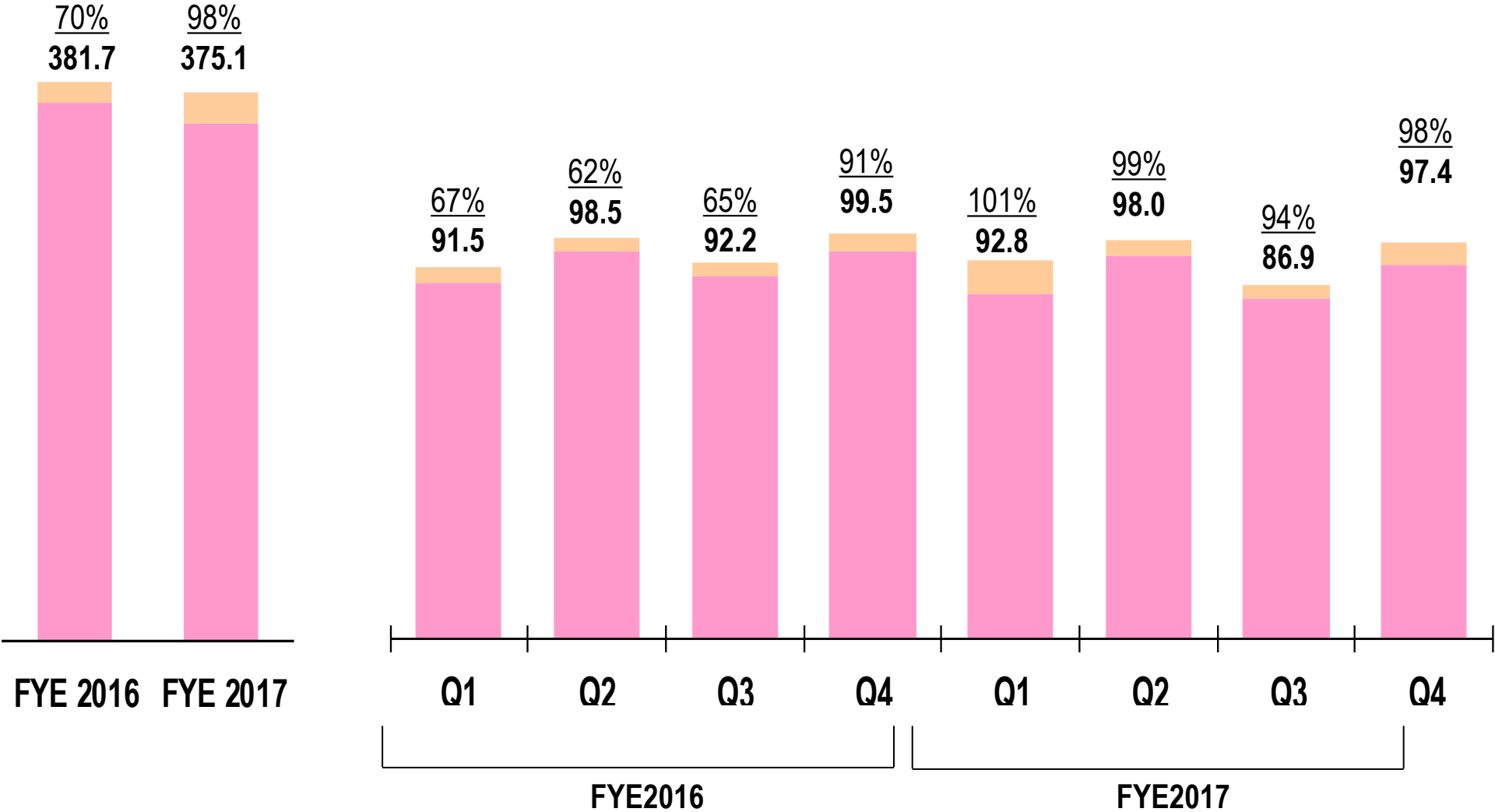


# GEP / SME transaction volume



General Easy Payment    SME Business

(RM Million)

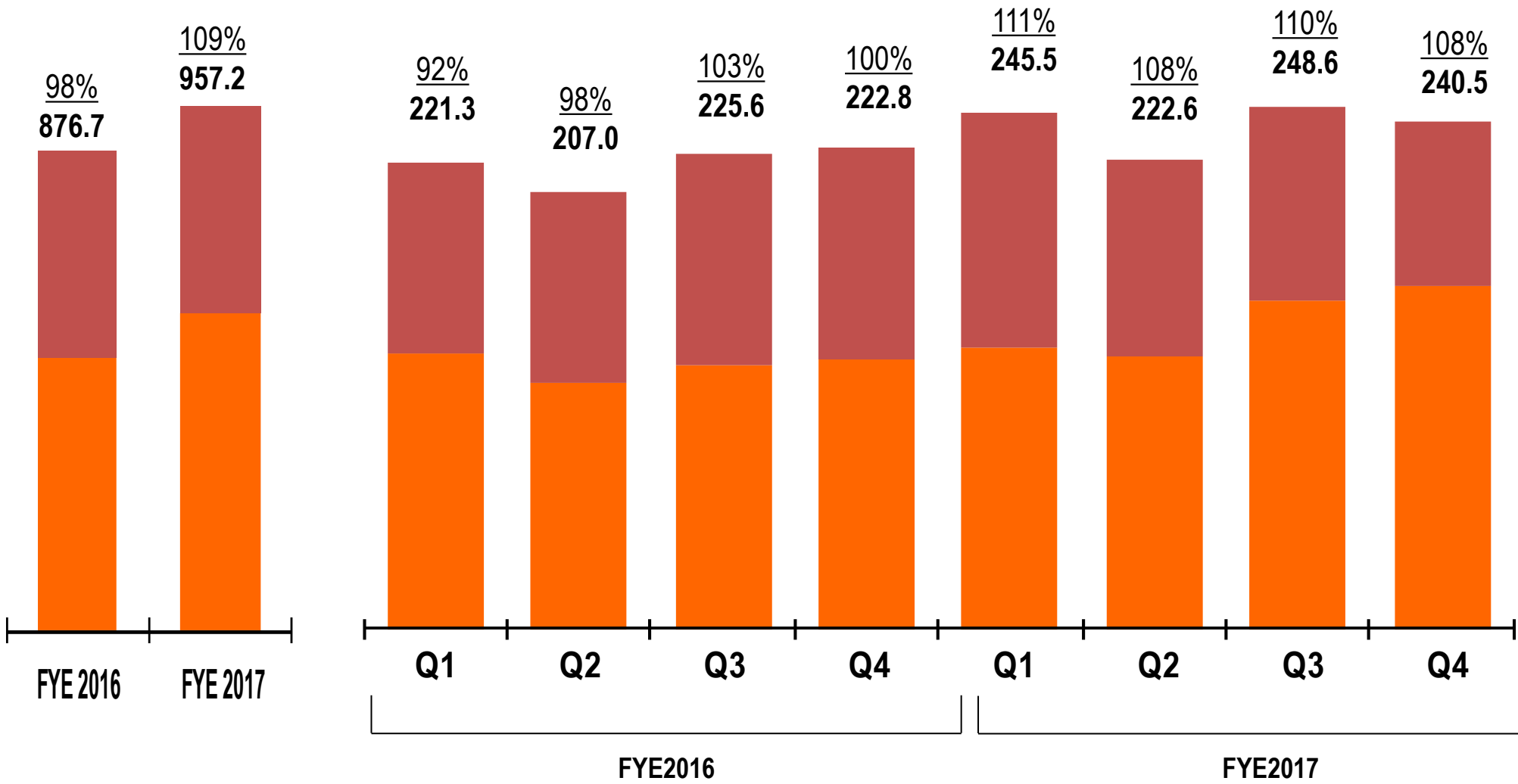


# MEP transaction volume



Moped Easy Payment      Superbike Easy Payment

(RM Million)

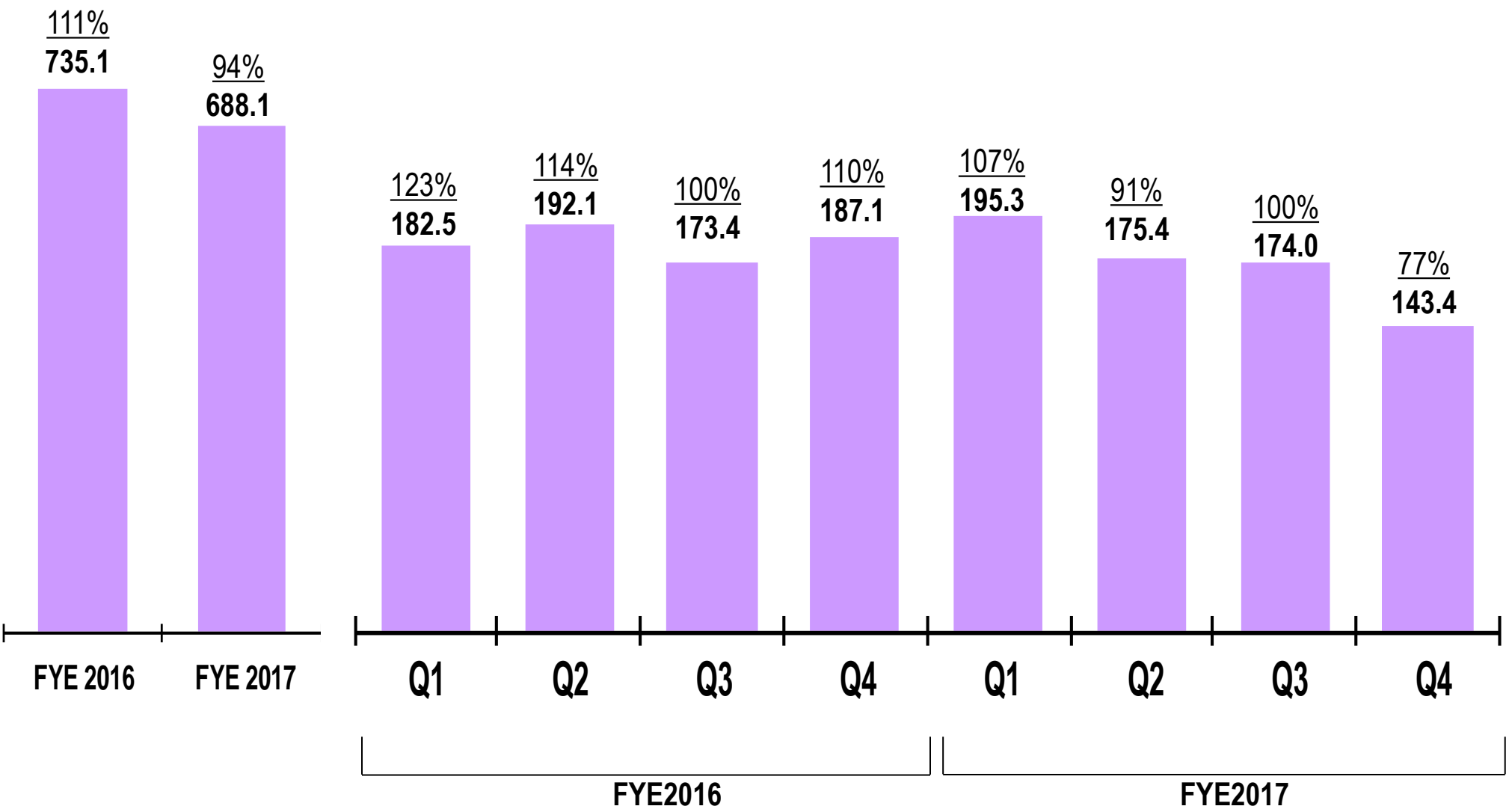


# AF transaction volume



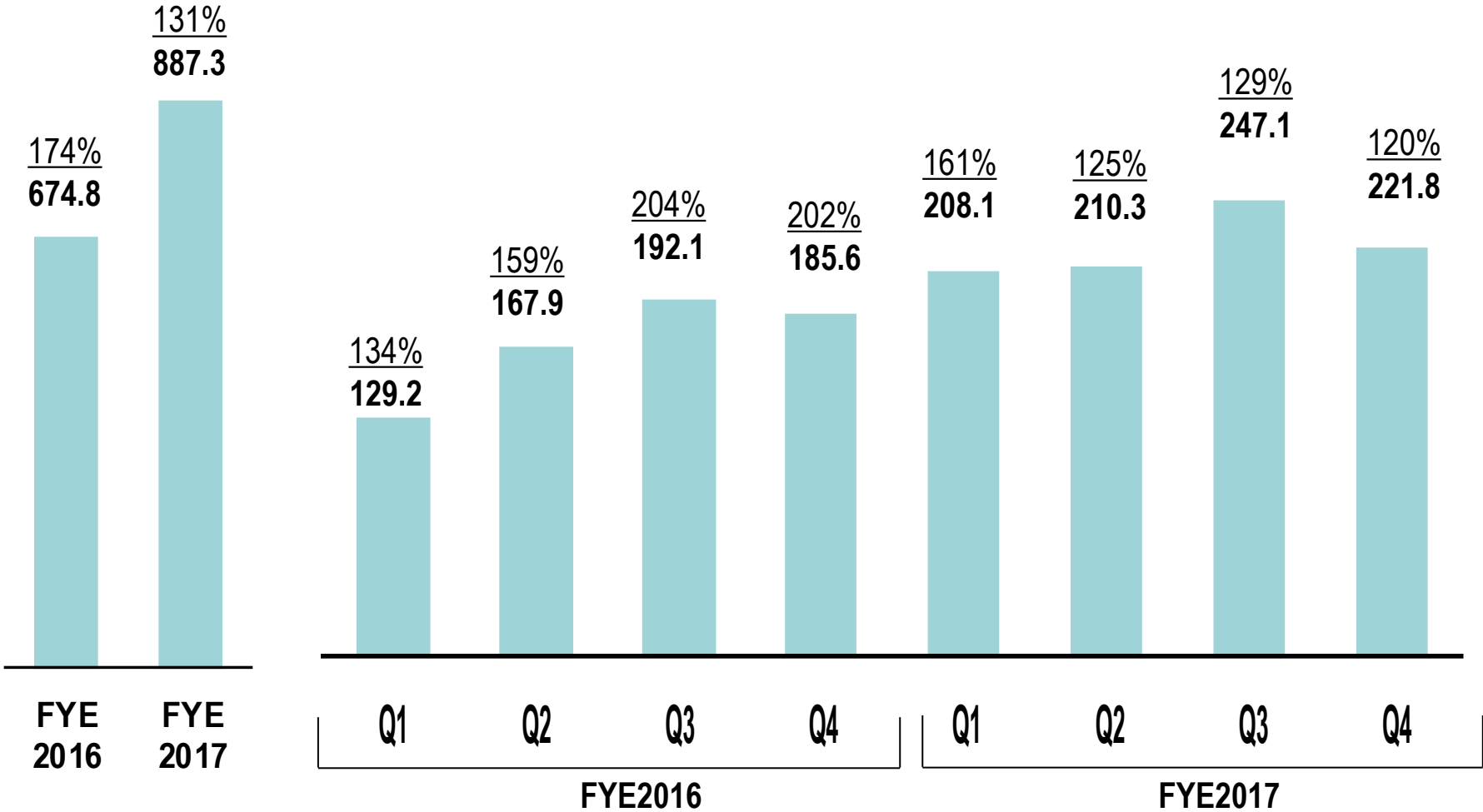
Auto Financing

(RM Million)

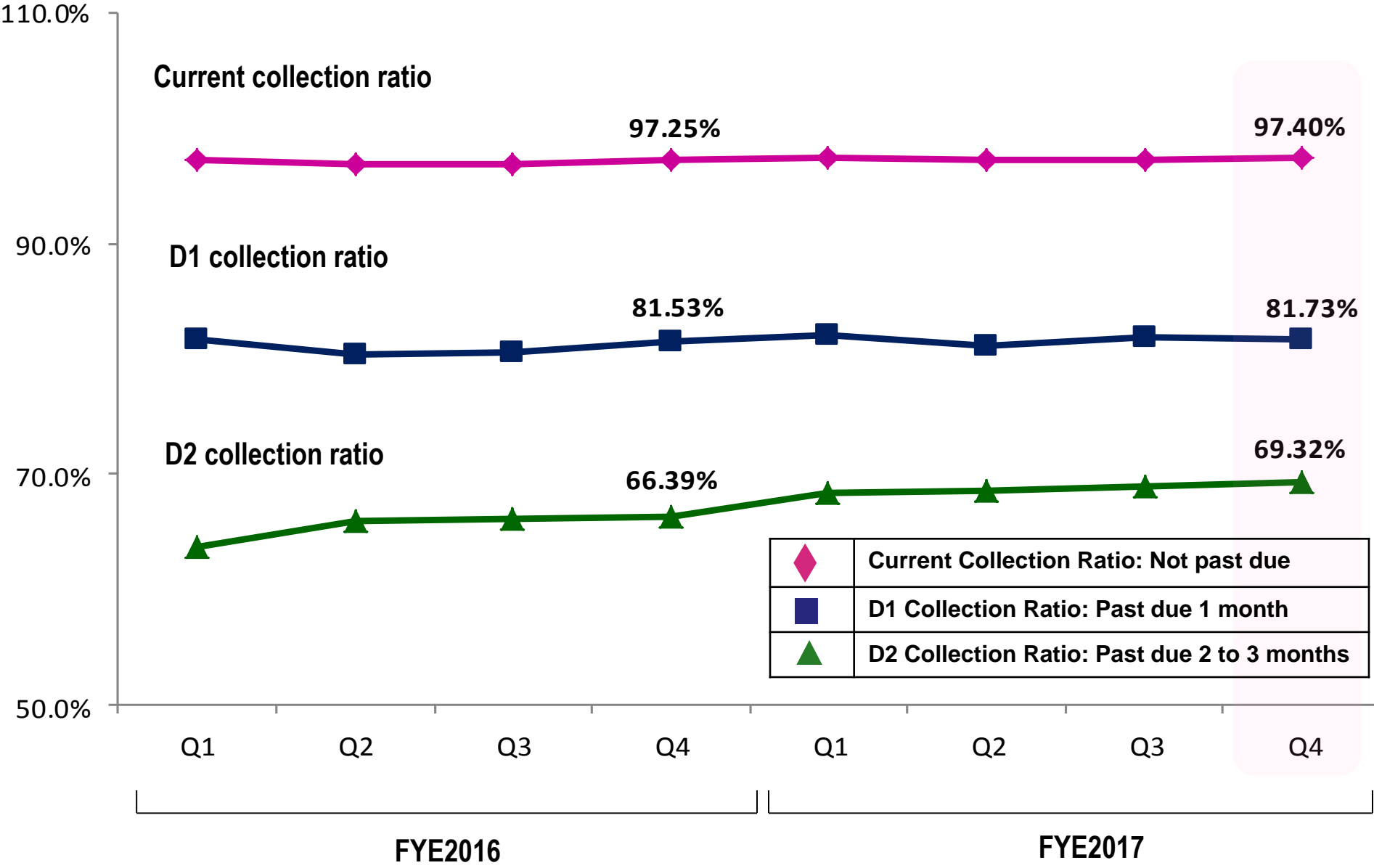


Personal Financing

(RM Million)



# Movement of collection ratio



# FYE 2017 Summary of Statement of Financial Position

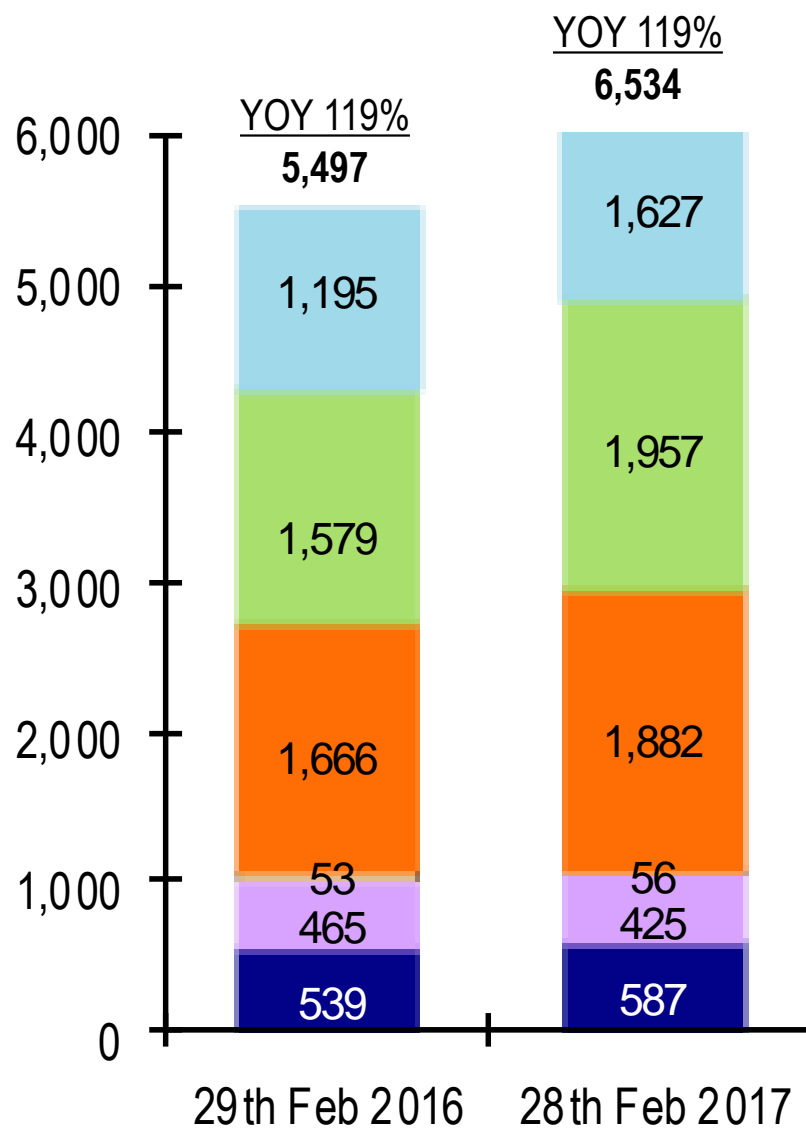


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


(Unit:RM'million,%)		29 Feb 2016	28 Feb 2017	Share	vs LY
Credit Card		538.747	586.680	8.1	47.933
General Easy Payment		464.600	424.941	0.8	(39.659)
Motorcycle Easy Payment		899.135	984.997	5.8	85.862
Superbike Easy Payment		767.119	897.461	13.5	130.342
Automobile Financing		1,579.649	1,957.237	12.3	377.588
Personal Financing		1,194.634	1,626.732	26.9	432.098
SME Business		52.766	56.475	22.4	3.709
<b>Financing Receivables</b>		<b>5,496.650</b>	<b>6,534.523</b>	<b>0.8</b>	<b>1,037.873</b>
Impairment Loss Provision		(137.921)	(152.194)	89.9	(14.273)
Other assets		738.778	889.740	(2.1)	150.962
<b>Total Assets</b>		<b>6,097.507</b>	<b>7,272.069</b>	<b>100.0</b>	<b>1,174.562</b>
<b>Total Liabilities</b>		<b>5,036.689</b>	<b>6,041.082</b>	<b>83.1</b>	<b>1,004.393</b>
<b>Shareholders' Funds</b>		<b>1,060.818</b>	<b>1,230.987</b>	<b>16.9</b>	<b>170.169</b>
<b>Total Equity and Liabilities</b>		<b>6,097.507</b>	<b>7,272.069</b>	<b>100.0</b>	<b>1,174.562</b>

# Financing Receivables by Products

(RM Million)



## <Product Share>

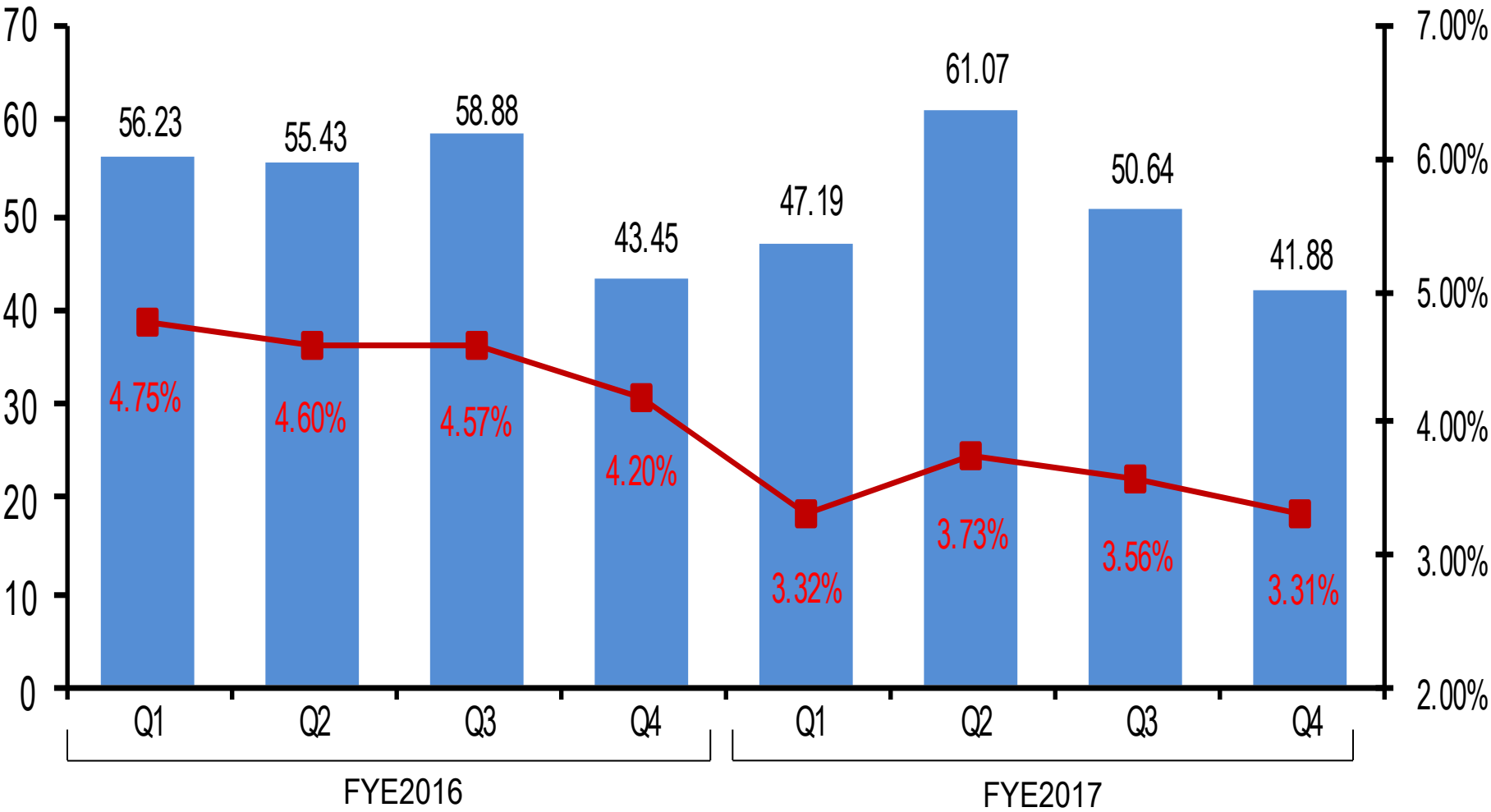
Product	29 Feb 2016	28 Feb 2017	Difference
PF 	21.7%	24.9%	3.2%
AF 	28.7%	30.0%	1.3%
MEP 	30.3%	28.8%	-1.5%
SME 	1.0%	0.9%	-0.1%
GEP 	8.5%	6.5%	-2.0%
CC 	9.8%	9.0%	-0.8%



# Net Credit Cost Ratio vs Receivables

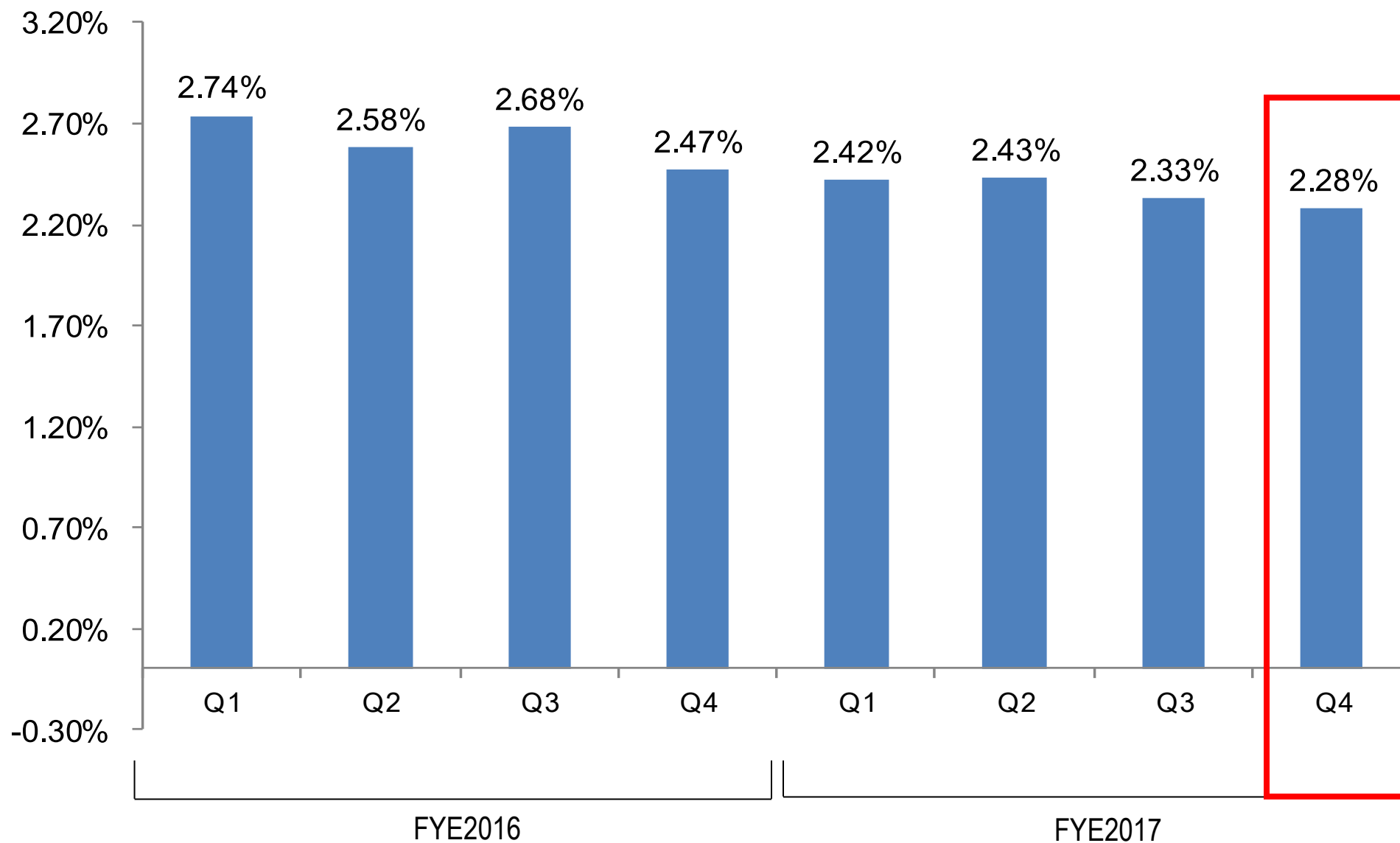
■ Quarterly NCC% Movement

(RM Million)



# Ratio of Non-Performing Loans (NPL)

Prudent risk management policies and portfolio management to control NPL



# Provision for Impairment Loss (Fin. Receivables)

(RM Million)

	29 Feb 2016	28 Feb 2017
Beginning Balance	135.298	137.921
+ Impairment Loss (annual)	288.420	306.163
(-) Write-off (annual)	(285.797)	(291.890)
Closing Balance	137.921	152.194
% of Financing Receivables	2.51%	2.33%
NPL Ratio	2.47%	2.28%
Growth of net receivables v.s. Q4 of LY	19.7%	19.1%

# Final Dividend Per Share and Payout ratio



	FPE2015	FYE 2016	FYE 2017	Difference from LY
<u>Interim Dividend</u>	27.4 cent	29.9 cent	30.5 cent	102% 0.6 cent
<u>Final Dividend*</u>	<b>29.6 cent</b>	<b>29.6 cent</b>	<b>32.5 cent</b>	110% 2.9 cent
<u>Total Dividend</u>	<b>57.0 cent</b>	<b>59.5 cent</b>	<b>63.0 cent</b>	106% 3.5 cent
<u>Payout Ratio</u>	<b>38.0%</b>	<b>37.5%</b>	<b>34.2%</b>	-

\* Subject to the approval of shareholders at the forthcoming AGM

# Financial Indicators



AEON CREDIT SERVICE

(Unit : RM Million)

	FYE2013	FYE2014	FYE2015	FYE2016	FYE 2017
Operating Income	500.8	711.7	928.1	1,055.2	1,222.2
PBT	181.1	233.9	289.3	301.6	351.2
PAT	134.1	175.4	215.7	228.2	265.0
Earnings per share after PERPS distribution (RM)	1.03	1.22	1.46	1.49	1.75
NTA per share (RM)	2.98	3.79	4.72	5.45	6.63
ROE (on ordinary equity)	34.8%	32.6%	34.2%	29.3%	28.9%
ROA	6.7%	5.7%	5.0%	4.1%	4.0%
Capital ratio against receivables	18.7%	18.3%	21.4%	20.2%	19.5%
Debt equity ratio (times)	4.3	4.6	3.95	4.56	4.72
Share price (RM)	11.34	14.70	13.30	11.92	15.70
PER	11.03	12.05	9.11	8.00	9.00
Market Capitalisation (RM million)	1,633	2,117	1,915	1,716	2,261

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## FYE 28 February 2017 Overview

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## Contents

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- ❑ **Settlement Business Expansion**
- ❑ **Income Optimization from Existing Business Structure**
- ❑ **Value Chain Transformation**
- ❑ **20<sup>th</sup> Anniversary Projects**

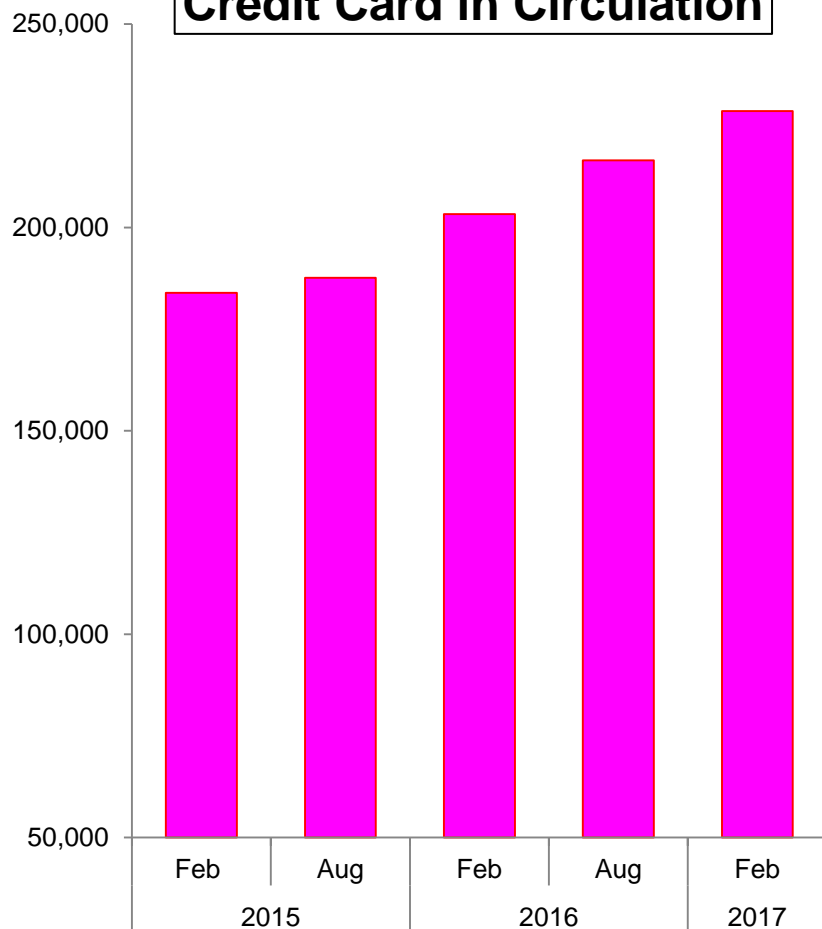
# Settlement Business Expansion



AEON CREDIT SERVICE

- Credit Card CIC increased from AEON BiG Malaysia Co-Brand Card (25,000 Cards)
- Sales increased especially from 3 regions -- East Coast, Northern & Southern due to newly opened AEON stores/hypermarkets at the said 3 regions
- Sales incremental mainly contributed from young generation

**Credit Card in Circulation**



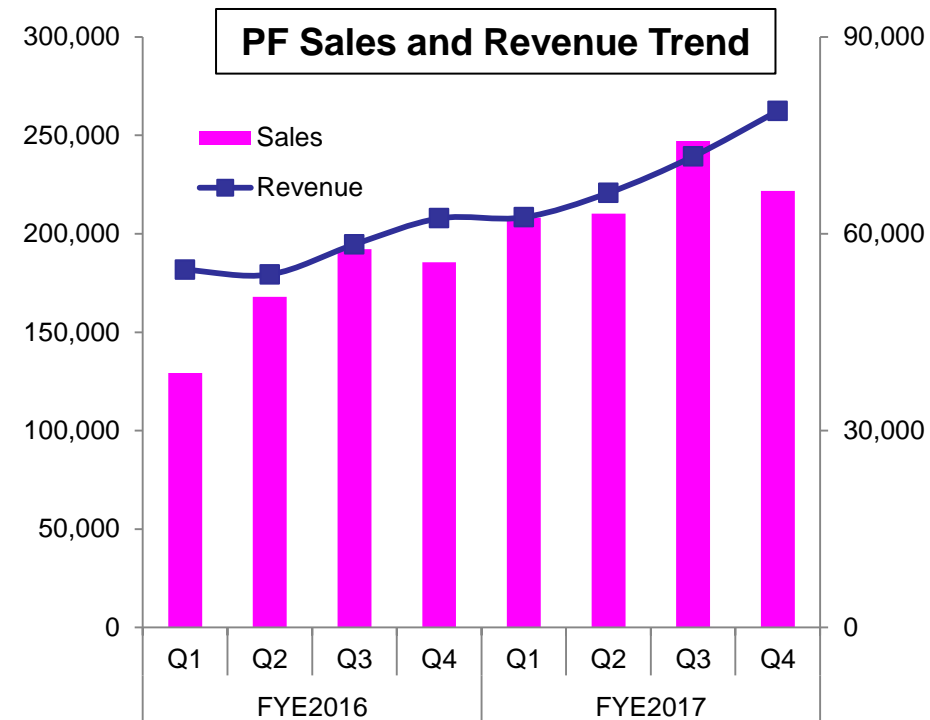
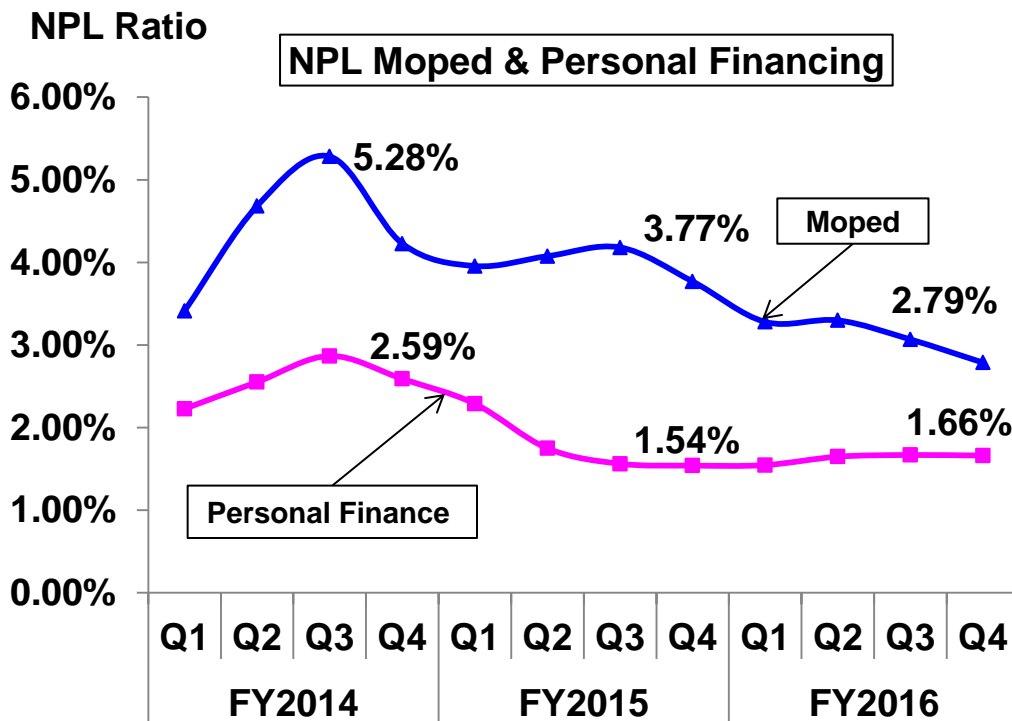
Spending by Area	vs. LY	Spending by Age	vs. LY
CENTRAL	115.1%	21 - 25	254.8%
EAST COAST	121.1%	26 - 30	136.9%
NORTHERN	121.4%	31 - 35	120.3%
SABAH	114.4%	36 - 40	118.1%
SARAWAK	112.6%	41 - 45	116.3%
SOUTHERN	128.6%	46 - 50	112.0%
OTHERS	96.8%	Above 50	106.8%
Grand Total	117.5%	Grand Total	117.5%

Spending by Category	vs. LY
GROCERY STORE / SUPERMARKET	137.1%
FUEL DISPENSER AUTOMATED	101.8%
INSURANCE POLICY	122.8%
RETAIL STORE	166.8%
FASHION	115.8%
AUTOMATIVE (ACCESSORIES / SERVICES)	116.4%
TELECOMMUNICATION	110.8%
ELECTRICAL GOODS / EQUIPMENTS	118.6%

Spending in AEON Group		vs. LY
Spend in AEON Co.	Sales	96.3%
	Transaction Count	97.6%
Spend in AEON BiG	Sales	140.3%
	Transaction Count	136.1%

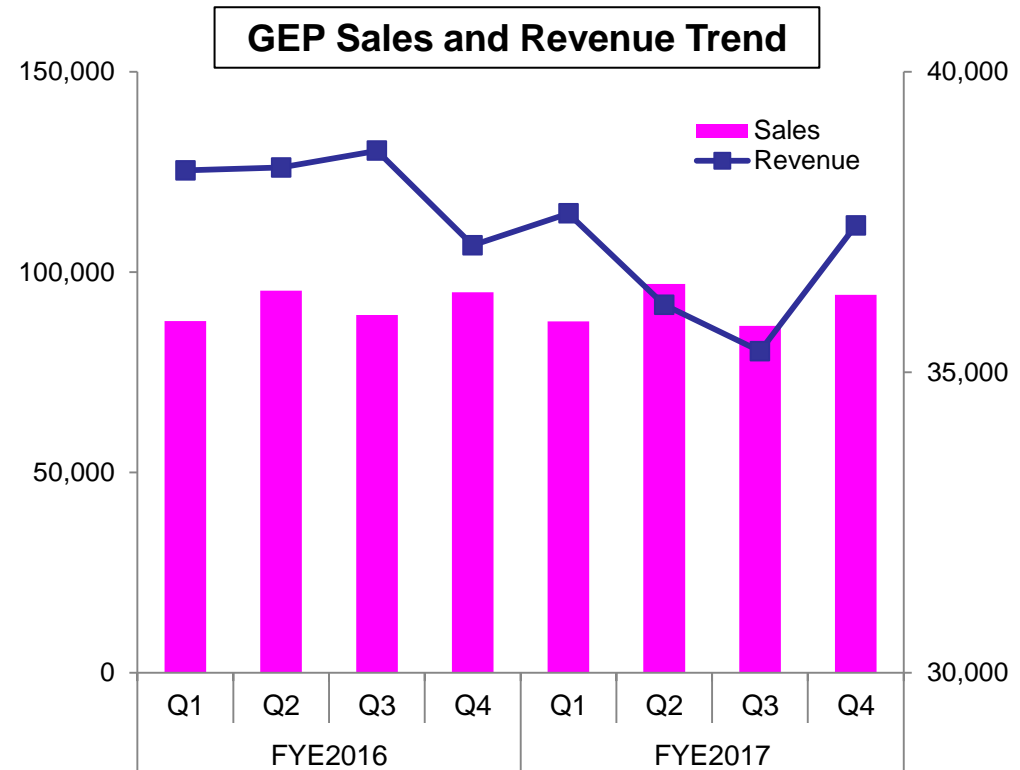
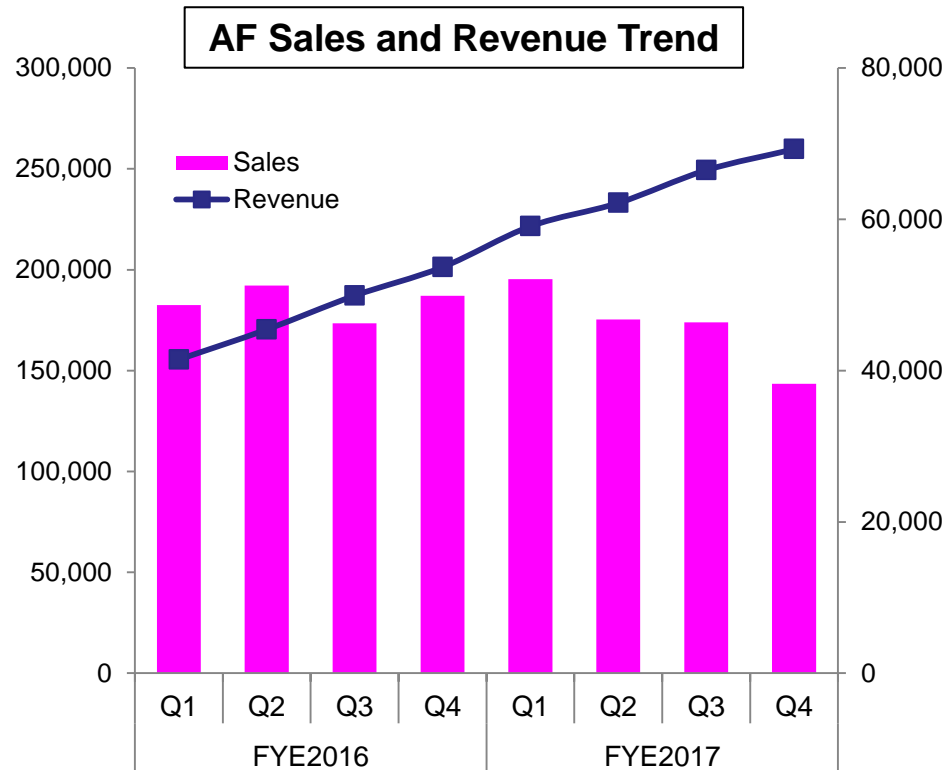


- Focus to accumulate quality receivable for AF, MEP and PF
- Improved collection operation and review assessment by customer attribute & profile.



Product	Action
Motor Easy Payment	▪ Increased premium model moped sales, 117% vs. previous financial year
Personal Finance	▪ Increased sales from web application and online aggregator

- Revenue for AF improved compared to last year although sales was lower due to the changes in assessment – assess by merchant grouping which based on default ratio
- Despite the slow movement in the retail market, GEP sales maintained steady trend due to strong rapport between ACSM and merchants .



Product	Action
Auto Financing	<ul style="list-style-type: none"> <li>▪ Diversify portfolio mix between local make and foreign make</li> </ul>
General Easy Payment	<ul style="list-style-type: none"> <li>▪ Collaboration with Smartphone &amp; Telco Company</li> </ul>

## Branch Transformation

- Expand Cashless Operation Branch in nationwide, cashless operation 62 out of 64 branches
- Branches are equipped with tablets for customer to apply and other services

### Plaza Massalam Branch

Before



After



## Branch Transformation

- Shift payment staff to sales staff - increase application in Personal Financing and Credit card
- Reduce overtime expenses and cash management cost

### Branch Operation Cost FYE2017 vs. FYE 2016 (%)

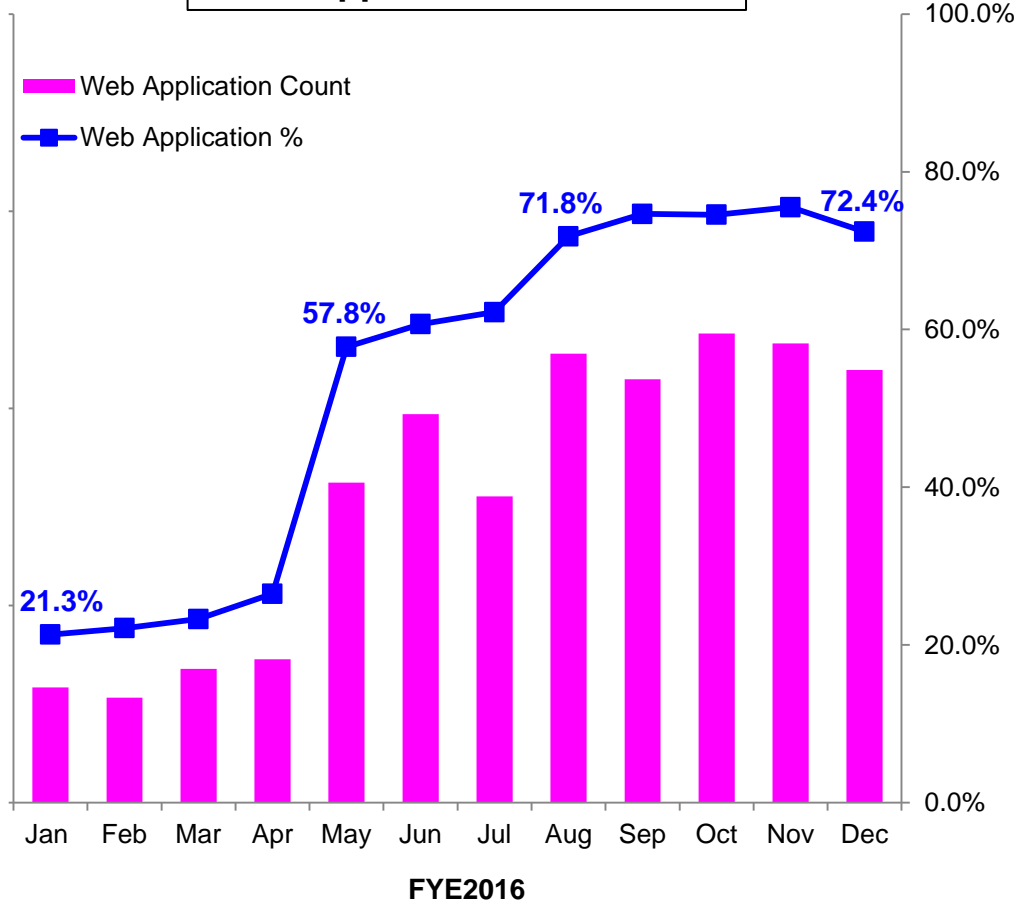
Overtime Expenses	91%
Money Collection expenses	59%
Counter payment Volume	52%
CDM Transaction	188%
Personal Finance Sales	PF: 121%
Credit Card Sales	CC: 118%



## e-Biz Portal (Web Application)

- Merchant web application (Easy Payment Scheme) & Customer web application (PF and CC)
- Web application movement showed tremendous increase since May 2016
- Productivity increased for about 80%, turn-around-time reduced by 27%, whilst on cost is about 20% saving

**Web Application Movement**



**AEON CREDIT SERVICE**

Choose a credit card  
Credit Card Application

I wish to apply for a...

AEON Gold MasterCard

Minimum Age 21  
Nationality Malaysian / Japanese  
Min. Monthly Salary (Malaysian) RM 3,000  
Min. Monthly Salary (Japanese) RM 4,000

**NEXT**

**Customer Web Application**

**AEON CREDIT SERVICE**

Welcome to  
AEON Credit Service (M) Bhd  
Merchant Online Web System

Sale Personnel Login

Burberry

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**Login**

[Forgot Password?](#)

**Merchant Web Application**



- ❖ Thank You Promotion
- ❖ Corporate Social Responsibility (CSR)
- ❖ Appreciation Dinner
- ❖ ACS Cup Badminton Championship
- ❖ Education Project



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# Financial Year 2018 Strategic Plan

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## Contents

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- ☐ Settlement Business Expansion
- ☐ Value Chain Transformation
- ☐ Digital Marketing
- ☐ 3 Years Investment Planning



- Launch AEON e-Money and e-Wallet, and expand in AEON Group retail stores
- To acquire new segment customer, launch new Co-Brand Card & Corporate Card
- Settlement network infrastructure development to integrate AEON Group Malaysia companies.  
(ATM, CIRRUS, PLUS, CUP, JCB)



## 1. Branch Transformation:

- Increase Productivity & Operation Efficiency
- Increase Service Level in Customer Needs
- Saving in Operation Expenses

## 2. Improve Customers and Merchants Interface:

- New Digital Support Tools



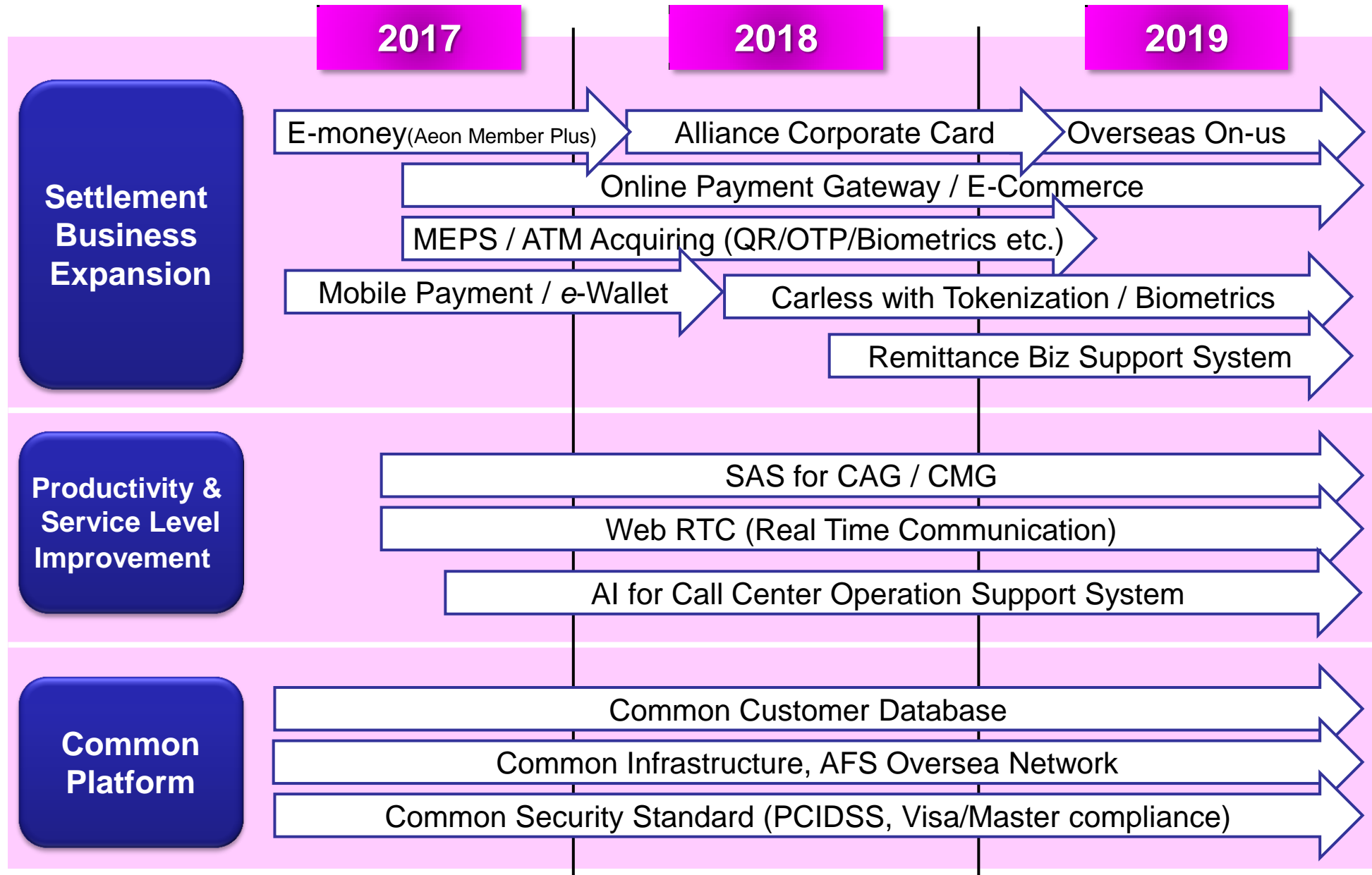
- Increase AEON group customer value to commence group business synergy
- To acquire new customers by web technology
- To develop database marketing by used of data



# 3 Years Investment Planning



AEON CREDIT SERVICE



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## Q & A Session

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Thank You

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