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# Investor Relations Presentation

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5<sup>th</sup> October 2017  
AEON CREDIT SERVICE (M) Berhad

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## FYE 28 February 2018 First Half Year Highlights

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# FYE 28 February 2018 1HY Highlights

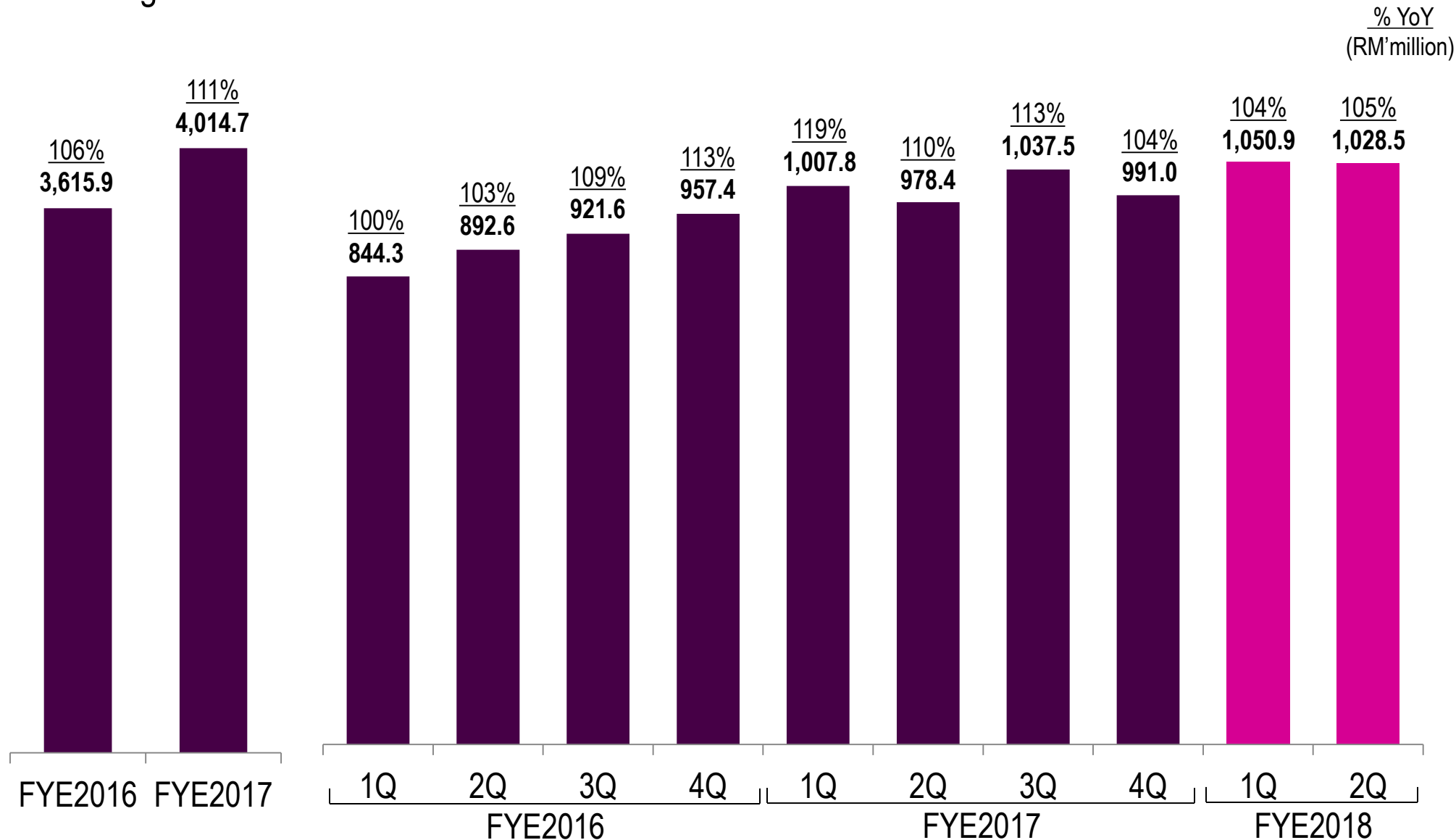


AEON CREDIT SERVICE

<i>(Unit: RM'million, %)</i>	Q2 FYE 2018	% YoY	1 <sup>st</sup> half FYE 2017	1 <sup>st</sup> half FYE 2018	% YoY
Credit Card	296.892	111	538.025	585.675	109
General Easy Payment	100.050	106	178.455	195.112	109
Motorcycle Easy Payment	170.476	131	263.781	356.447	135
Superbike Easy Payment	67.928	73	204.277	144.088	71
Automobile Financing	150.984	86	370.724	309.927	84
Personal Financing	234.982	112	418.409	475.174	114
SME Business	7.135	178	12.293	12.887	105
E-Money	0.040	-	-	0.079	-
<b>Total Transaction Volume</b>	<b>1,028.487</b>	<b>105</b>	<b>1,985.964</b>	<b>2,079.389</b>	<b>105</b>
Total Income	338.367	115	583.352	671.847	115
Total Expenses	242.574	110	426.060	474,185	111
<b>Profit Before Tax</b>	<b>95.793</b>	<b>131</b>	<b>157.292</b>	<b>197.662</b>	<b>126</b>
Corporate Tax	24.408	136	39.371	50.465	128
<b>Net Profit</b>	<b>71.385</b>	<b>129</b>	<b>117.921</b>	<b>147.197</b>	<b>125</b>

# Total Transaction Volume

■ Sales increased from Credit Card, General Easy Payment, Motorcycle Easy Payment and Personal Financing



# FYE 28 February 2018 1HY Performance (Income)



AEON CREDIT SERVICE

(Unit: RM'million,%)	Q2 FYE 2018	% YoY	1 <sup>st</sup> half FYE 2018	% YoY	% Share
Credit Card	28.783	110	56.371	91	8
General Easy Payment	30.724	100	60.972	98	9
Moped Easy Payment	68.337	114	135.744	113	20
Superbike Easy Payment	28.216	108	56.025	109	8
Automobile Financing	69.173	117	136.800	118	21
Personal Financing	84.522	130	164.530	130	25
SME Business	1.568	89	3.161	90	0
<b>Total Revenue</b>	<b>311.323</b>	<b>116</b>	<b>613.603</b>	<b>116</b>	<b>91</b>
Other income	27.044	108	58.244	111	9
<b>Total Income</b>	<b>338.367</b>	<b>115</b>	<b>671.847</b>	<b>115</b>	<b>100</b>

# FYE 28 February 2018 1HY Performance (Expenses)



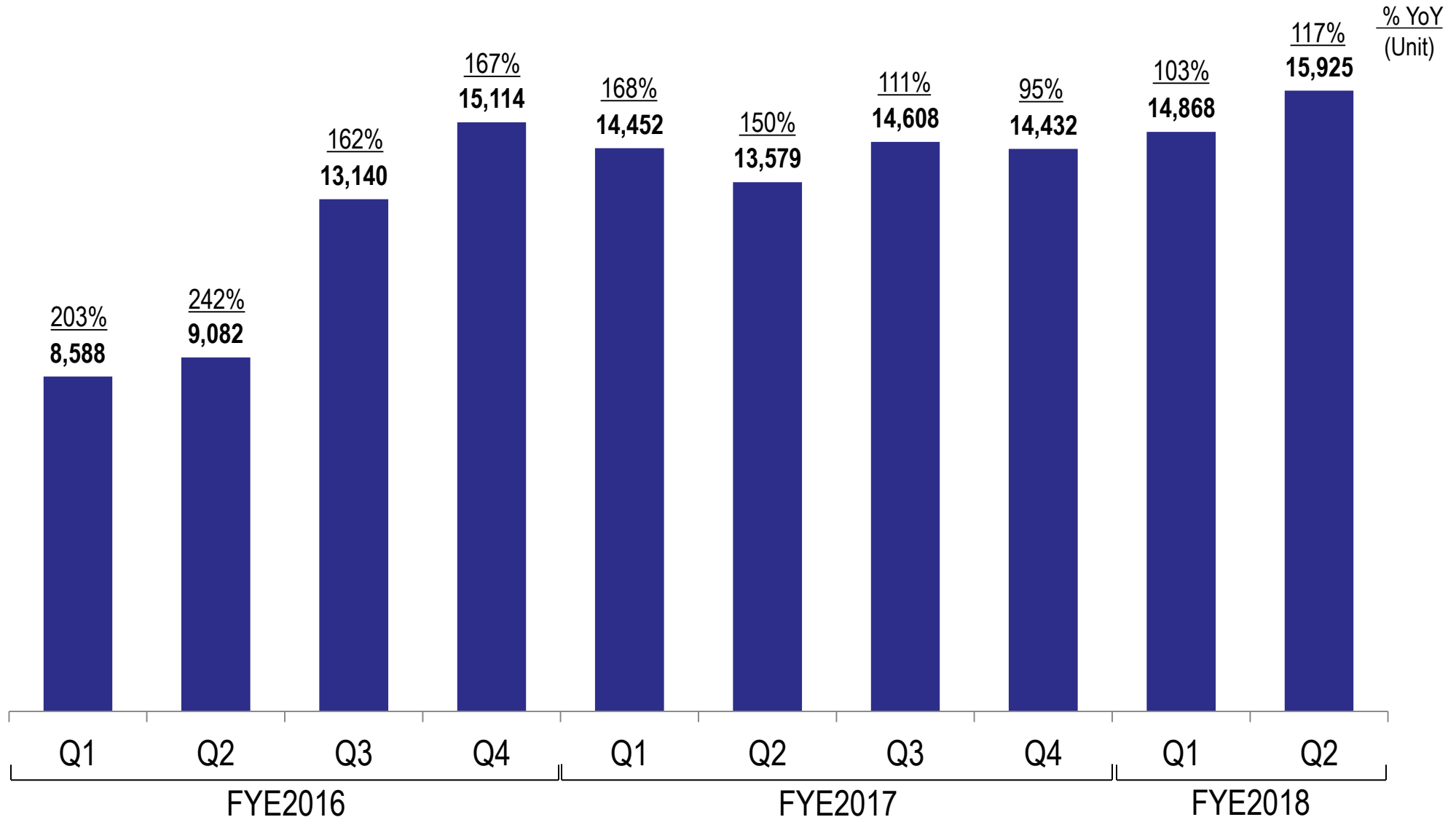
AEON CREDIT SERVICE

(Unit: RM'million,%)	Q2 FYE 2018		1st half FYE 2018		
		% YoY		% YoY	% Share
Impairment loss on receivables	84.803	103	167.737	109	35
Personnel expenses	52.820	114	96.824	107	21
Other operating expenses*	47.124	111	96.113	112	20
<b>Operating Expenses</b>	<b>184.747</b>	<b>108</b>	<b>360.674</b>	<b>109</b>	<b>76</b>
Funding Costs	57.669	116	113.315	117	24
Other expenses	0.158	0	0.196	0	0
<b>Total Expenses</b>	<b>242.574</b>	<b>110</b>	<b>474.185</b>	<b>111</b>	<b>100</b>

\*Other expenses include impairment loss provision for investment in ACSS Philippines amounting to RM0.643 mil.

# Credit Cards Issuance

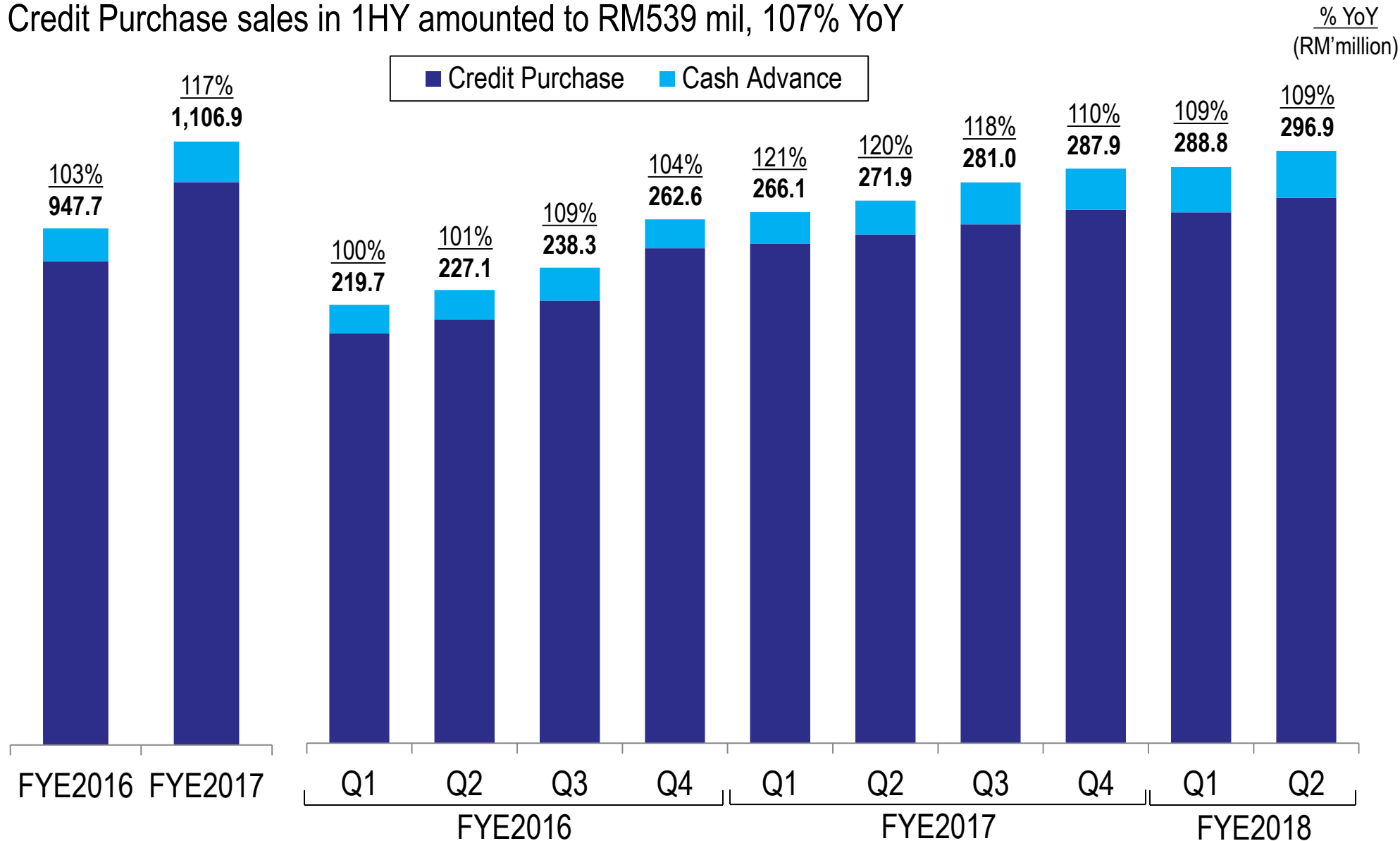
- Total 30,793 credit cards issued in 1HY FYE2018, 110% YoY, while sales increased by 109% YoY
- Card Issuance improvement supported by expansion of recruitment kiosk and roadshow activity





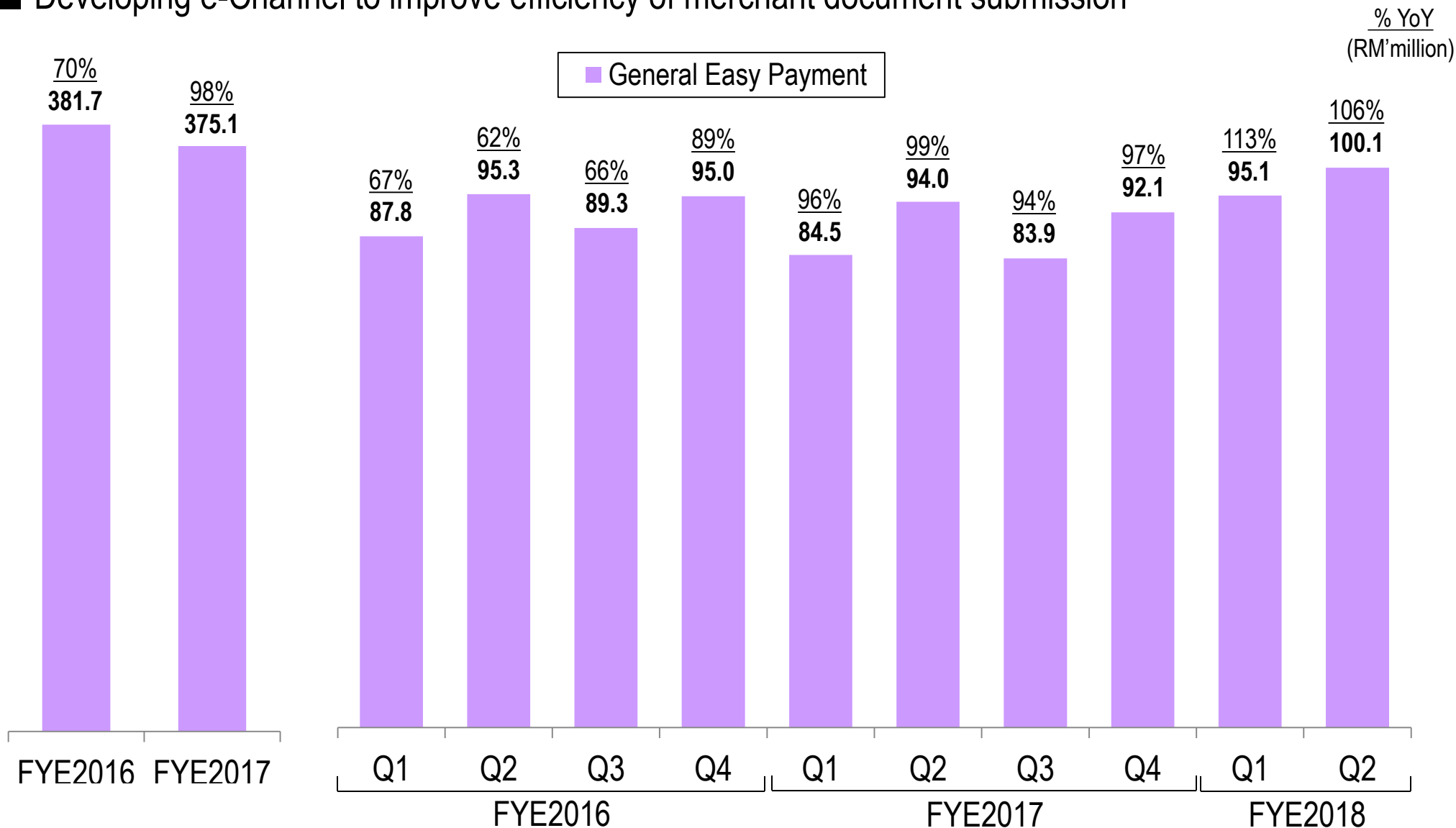
# Credit Cards Transaction Volume

- Cash Advance sales in 1HY amounted to RM46.4 mil, 142% YoY
- Credit Purchase sales in 1HY amounted to RM539 mil, 107% YoY



# General Easy Payment Transaction Volume

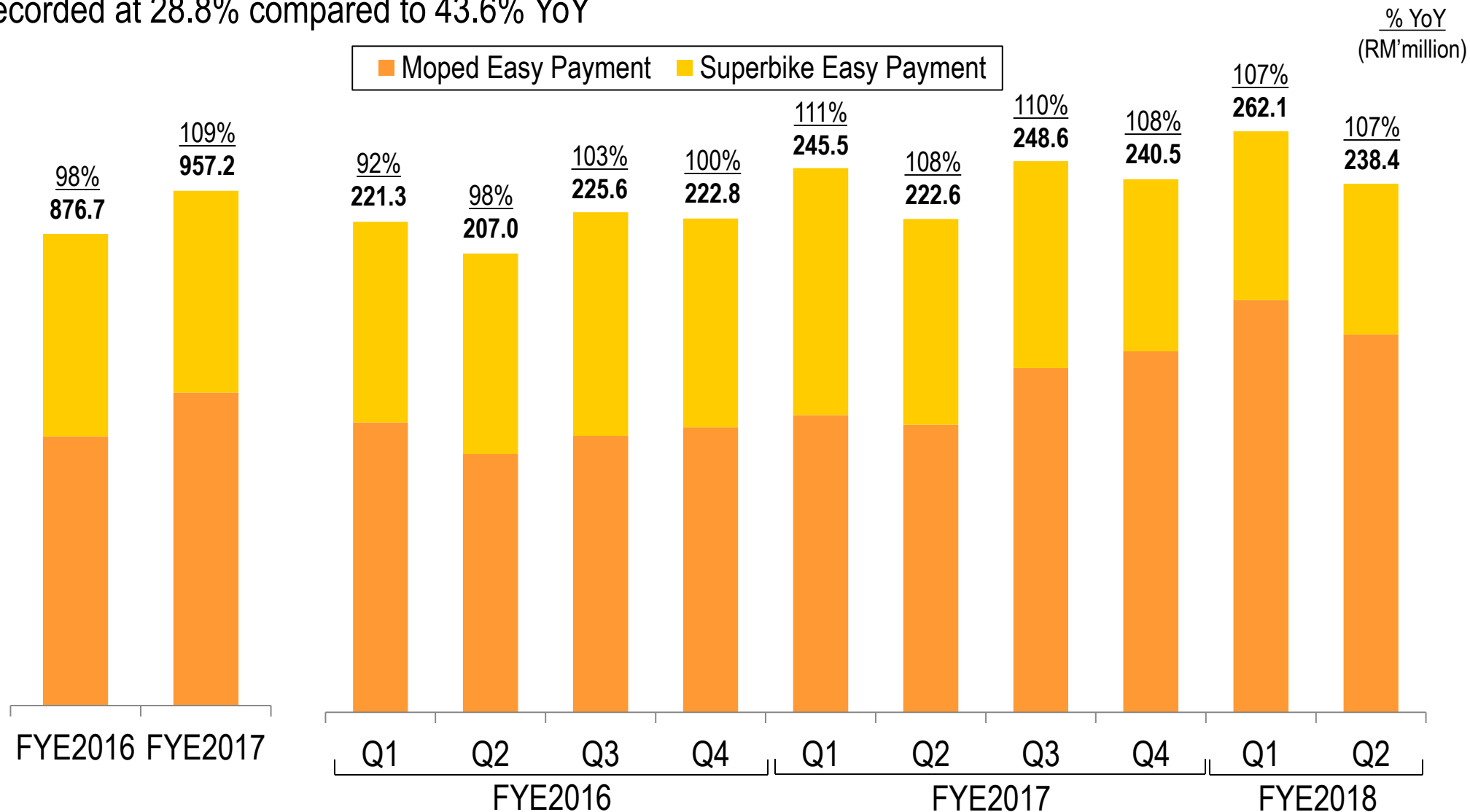
- Major sales contributed from digital gadget and consumer electrical product
- Developing e-Channel to improve efficiency of merchant document submission



# Motorcycle Easy Payment Transaction Volume

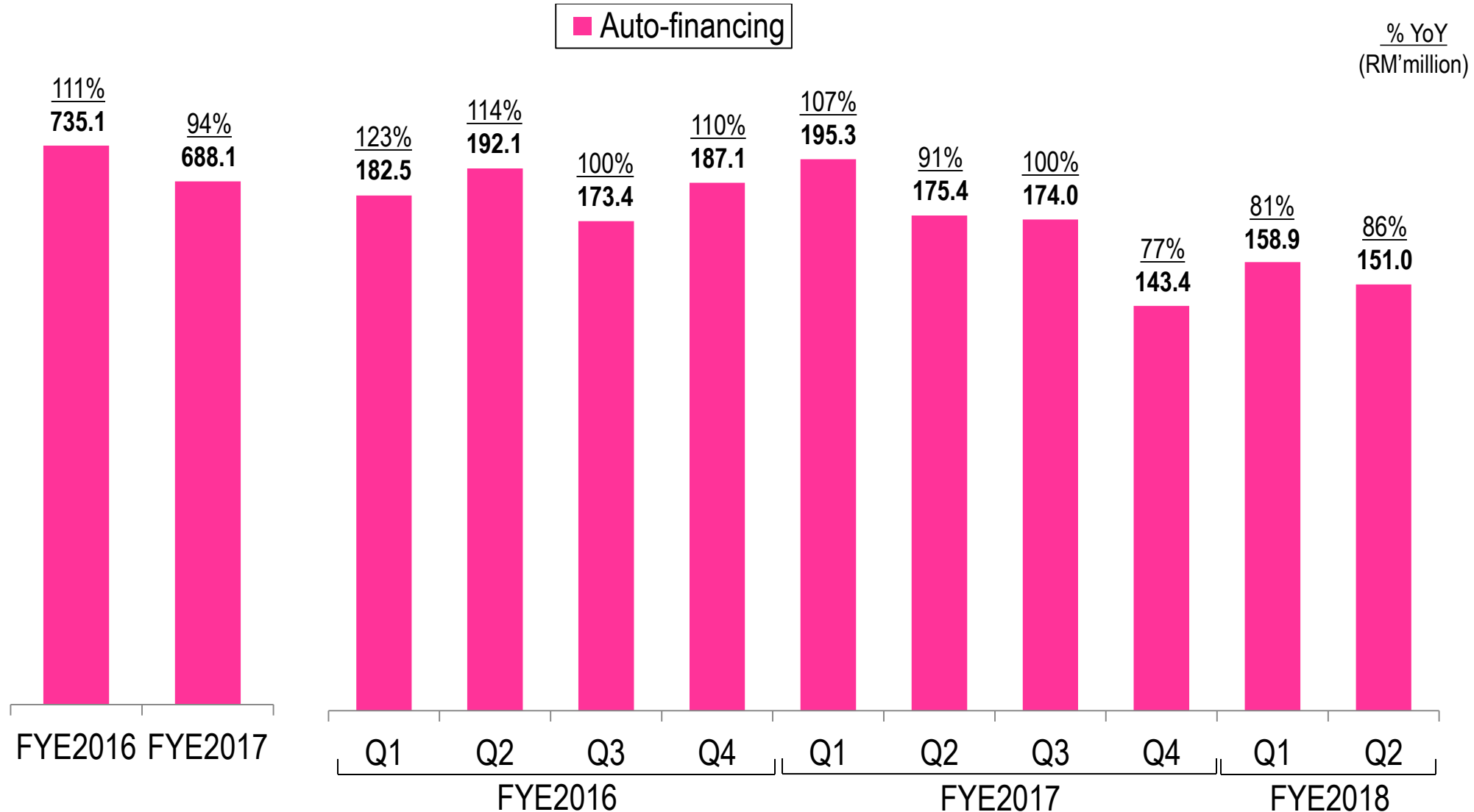
■ ACSM recorded 21.46% market share in 1HY FYE2018 (based on JPJ data)

■ Moped Easy Payment share increased from 56.4% to 71.2% YoY, while Superbike Easy Payment recorded at 28.8% compared to 43.6% YoY



# Auto-financing Transaction Volume

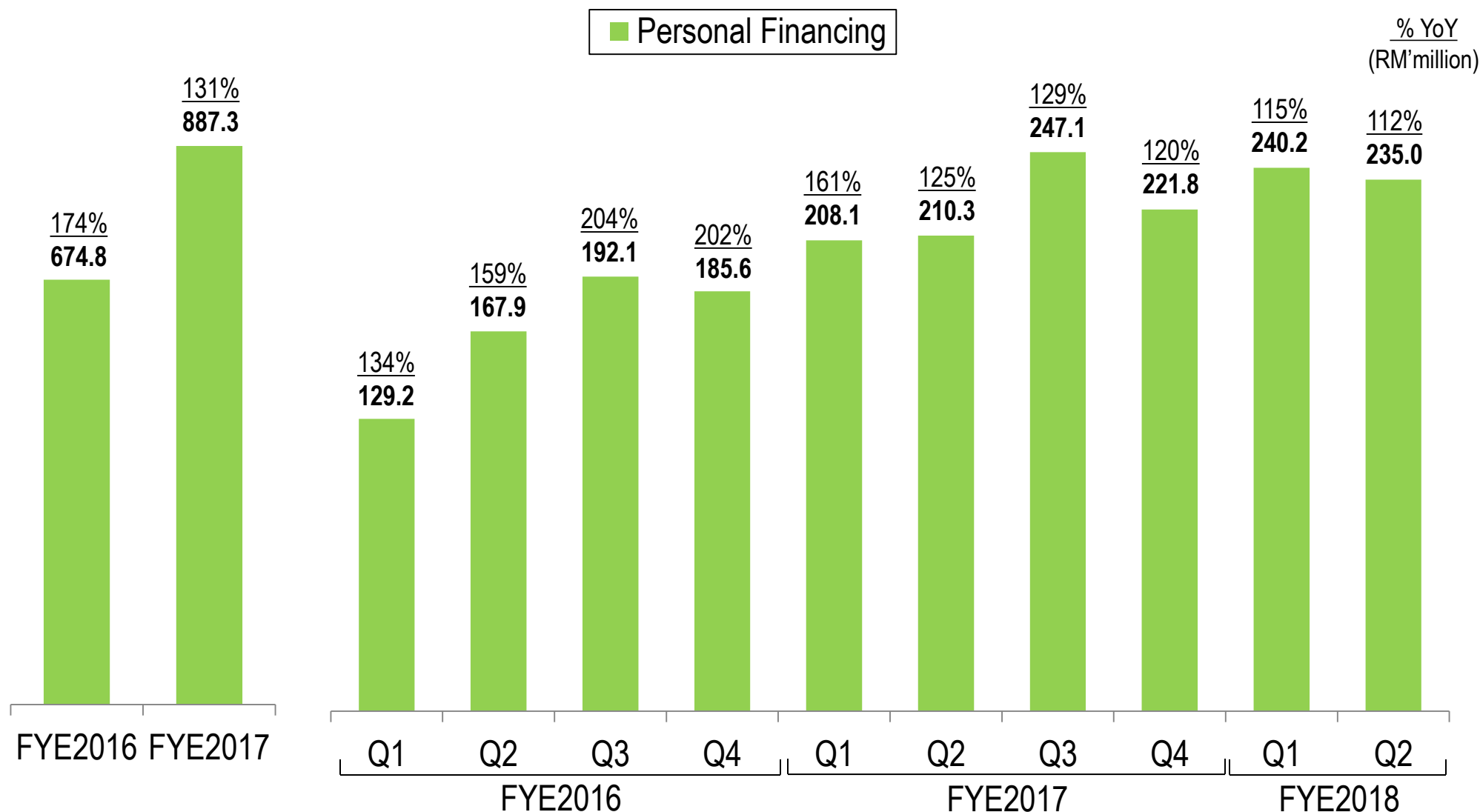
- Sales recorded at RM309.9 million in 1HY FYE2018, 83.6% YoY
- Auto-financing manage receivables quality by Portfolio Management



# Personal Financing Transaction Volume

■ Sales recorded at RM475.2 million in 1HY FYE2018, 113.6% YoY

■ Market share at 3.31% for 1HY FYE2018, 2.97% YoY (*based on BNM data as at 31 July 2017*)

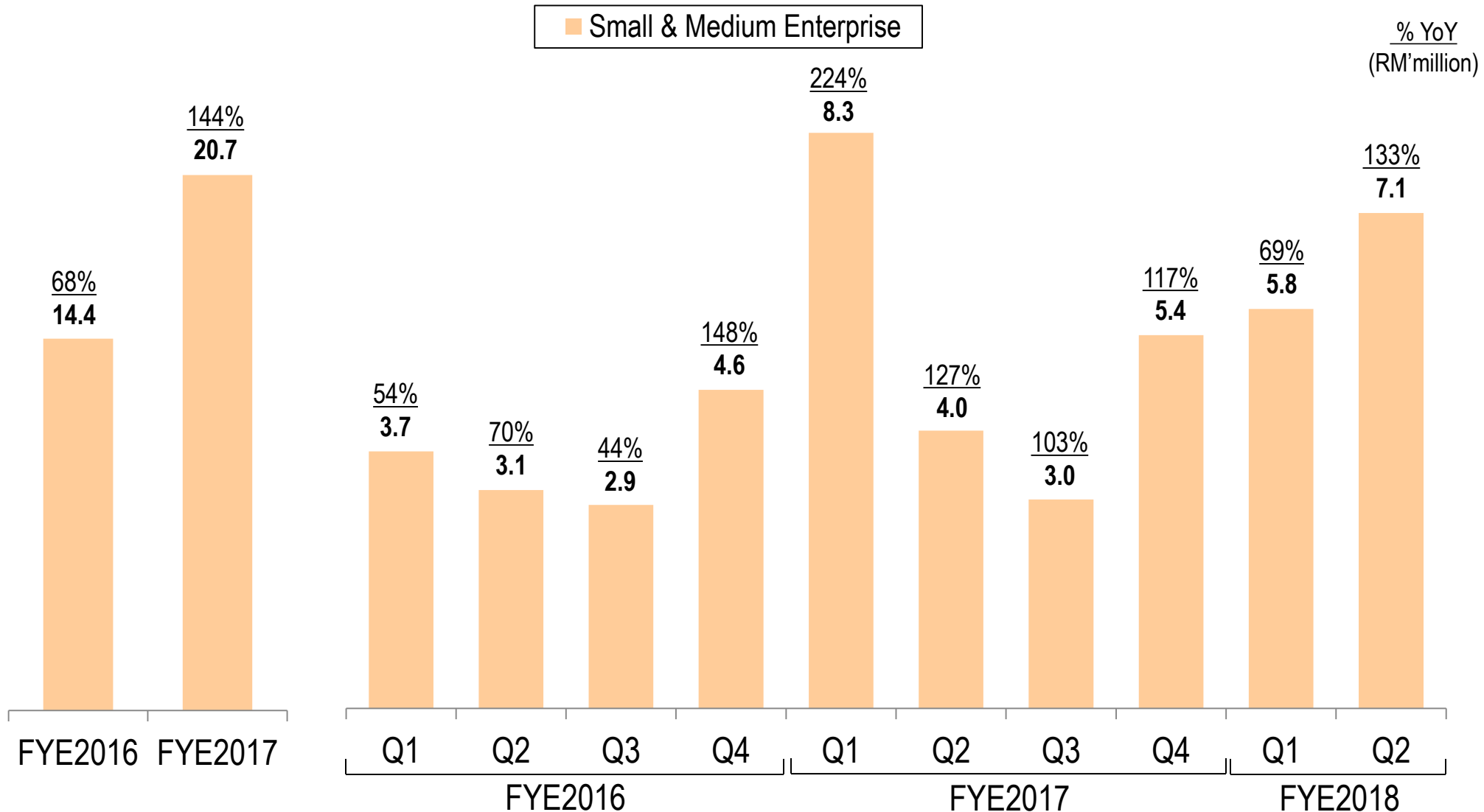


# SME Transaction Volume



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- Continuous enhancement in commercial vehicle financing
- Developing new business scheme to increase market share



# Summary of Statement of Financial Position as at 31 Aug 2017



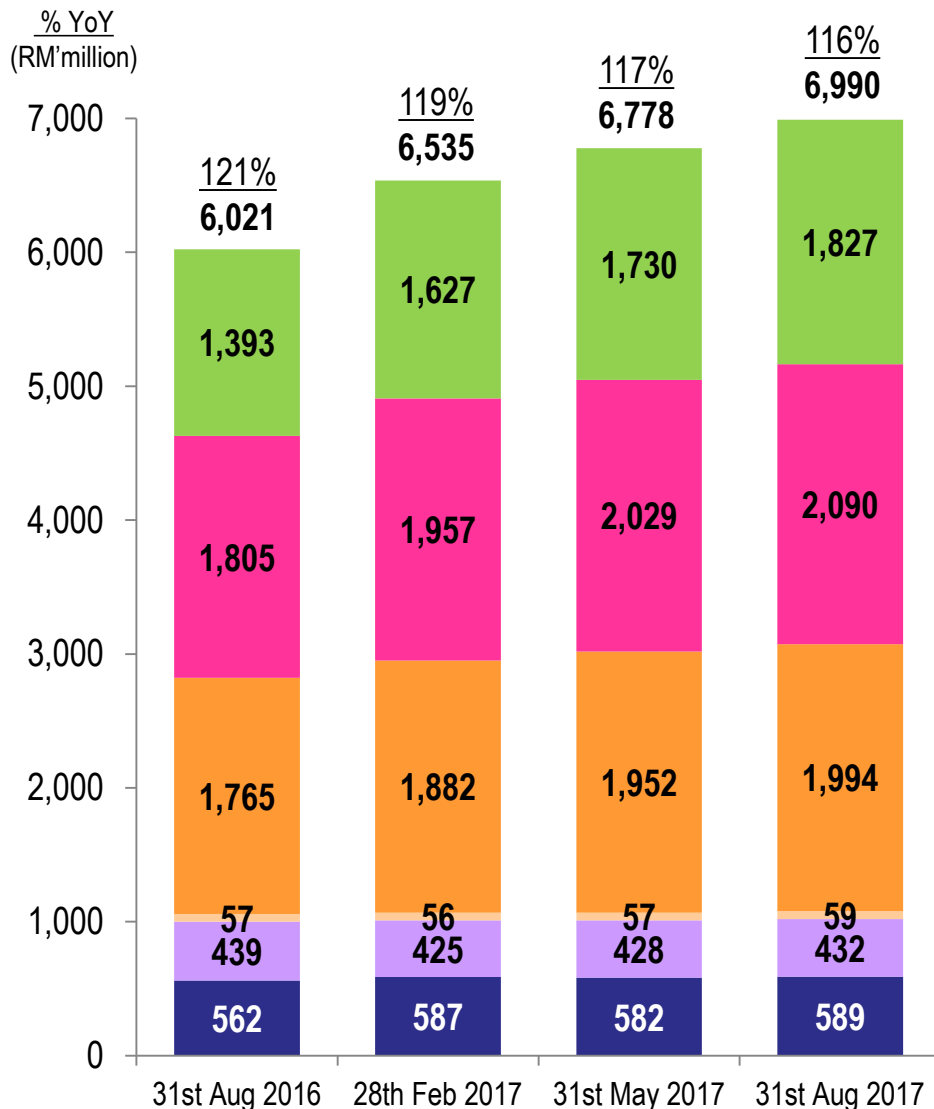
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(Unit: RM'million,%)		31 <sup>st</sup> Aug 2016	31 <sup>st</sup> Aug 2017	% Share	vs LY
	Credit Card	562.232	589.298	7.8	27.066
	General Easy Payment	438.917	431.598	5.7	(7.319)
	Motorcycle Easy Payment	1,764.924	1,993.647	26.3	228.723
	Automobile Financing	1,804.941	2,089.689	27.6	1,004.748
	Personal Financing	1,393.402	1,827.101	24.1	433.699
	SME Business	56.826	59.078	0.8	2.252
<b>Financing Receivables</b>		<b>6,021.242</b>	<b>6,990,411</b>	<b>92.4</b>	<b>969.169</b>
Impairment Loss Provision		(148.949)	(168.441)	(2.2)	19.492
Other assets		632.452	746.629	9.8	114.177
<b>Total Assets</b>		<b>6,504.745</b>	<b>7,568.599</b>	<b>100.0</b>	<b>1,063.854</b>
<b>Total Liabilities</b>		<b>5,374.657</b>	<b>6,245.730</b>	<b>82.5</b>	<b>871.073</b>
<b>Shareholders' Funds</b>		<b>1,130.088</b>	<b>1,322.869</b>	<b>17.5</b>	<b>192.781</b>
<b>Total Equity and Liabilities</b>		<b>6,504.745</b>	<b>7,568.599</b>	<b>100.0</b>	<b>1,063.854</b>

# Financing Receivables by Products

■ Total financing receivables recorded at RM6.990 billion, 116% YoY

■ Personal Financing recorded highest incremental at 131% YoY, sales increased by 114% YoY



## <Product Share>

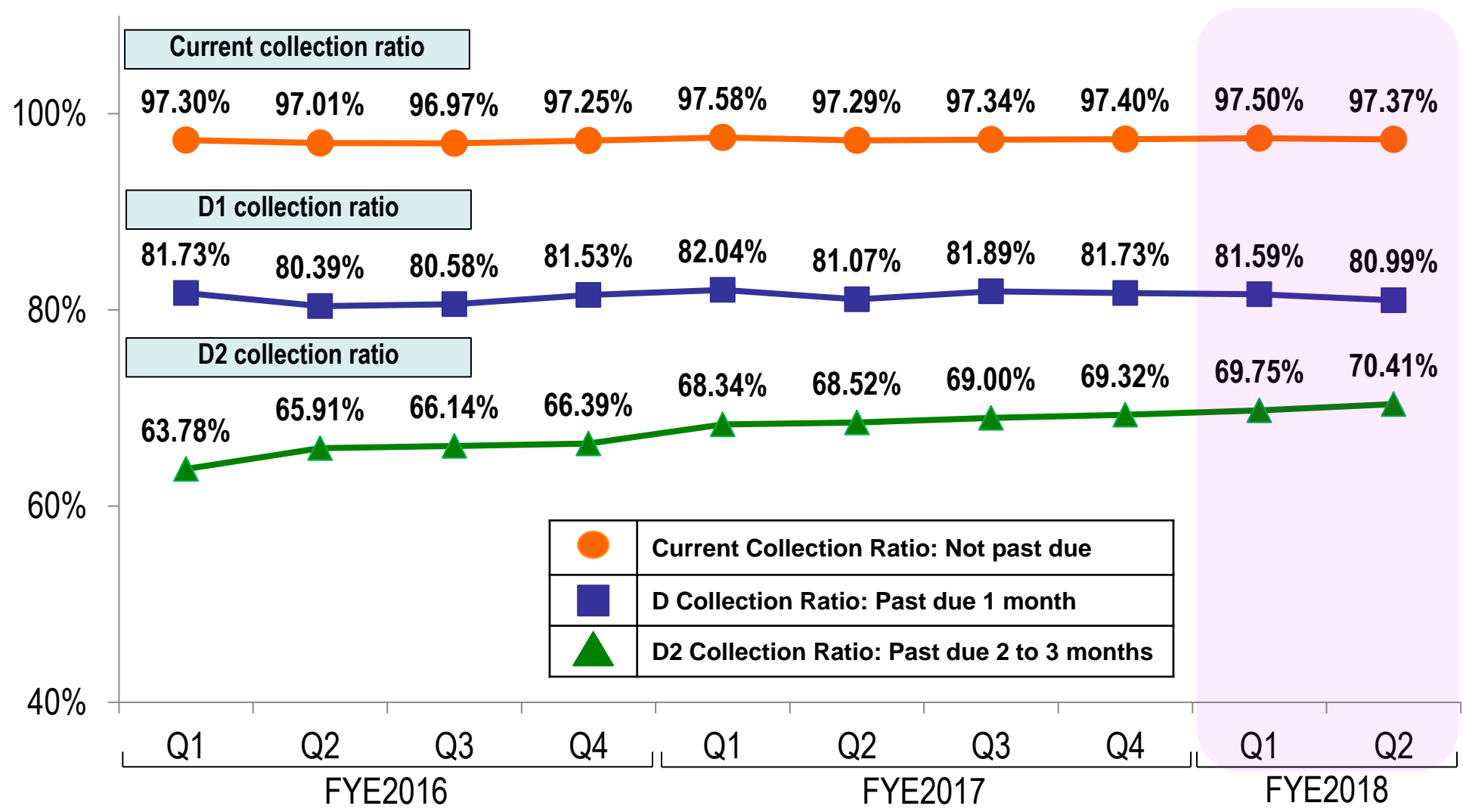
Product	31 Aug 2016	31 May 2017	31 Aug 2017	YoY (%)
PF	23.2%	25.5%	26.1%	+2.9%
AF	30.0%	30.0%	29.9%	-0.1%
MEP	29.3%	28.8%	28.5%	-0.8%
SME	0.9%	0.8%	0.9%	0.0%
GEP	7.3%	6.3%	6.2%	-1.1%
CC	9.3%	8.6%	8.4%	-0.9%



# Movement of Collection Ratio

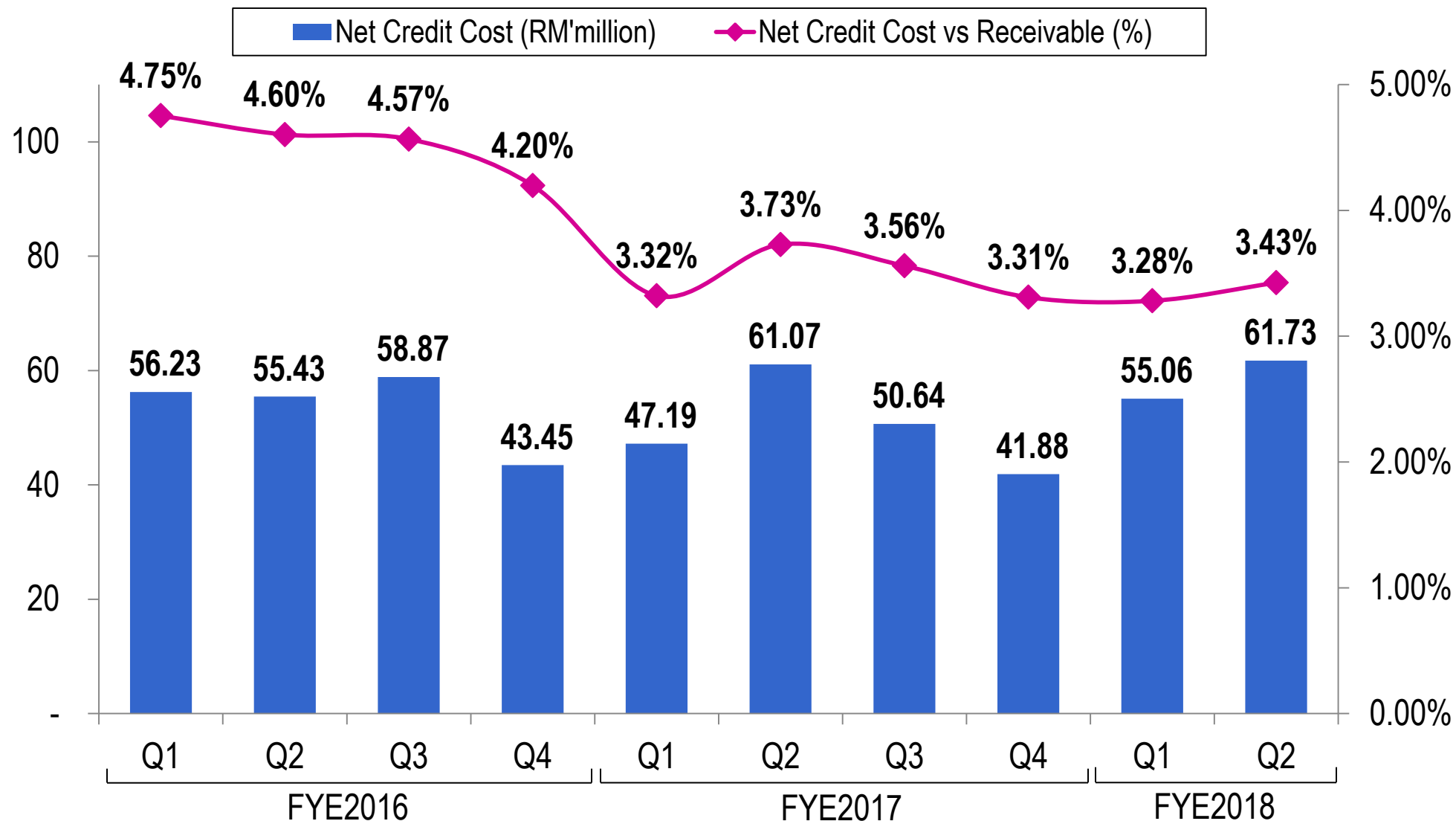


- Collection performance was stable in 1HY FYE2018
- Improvement in Current (+0.08%) and D2 (+1.89%) YoY



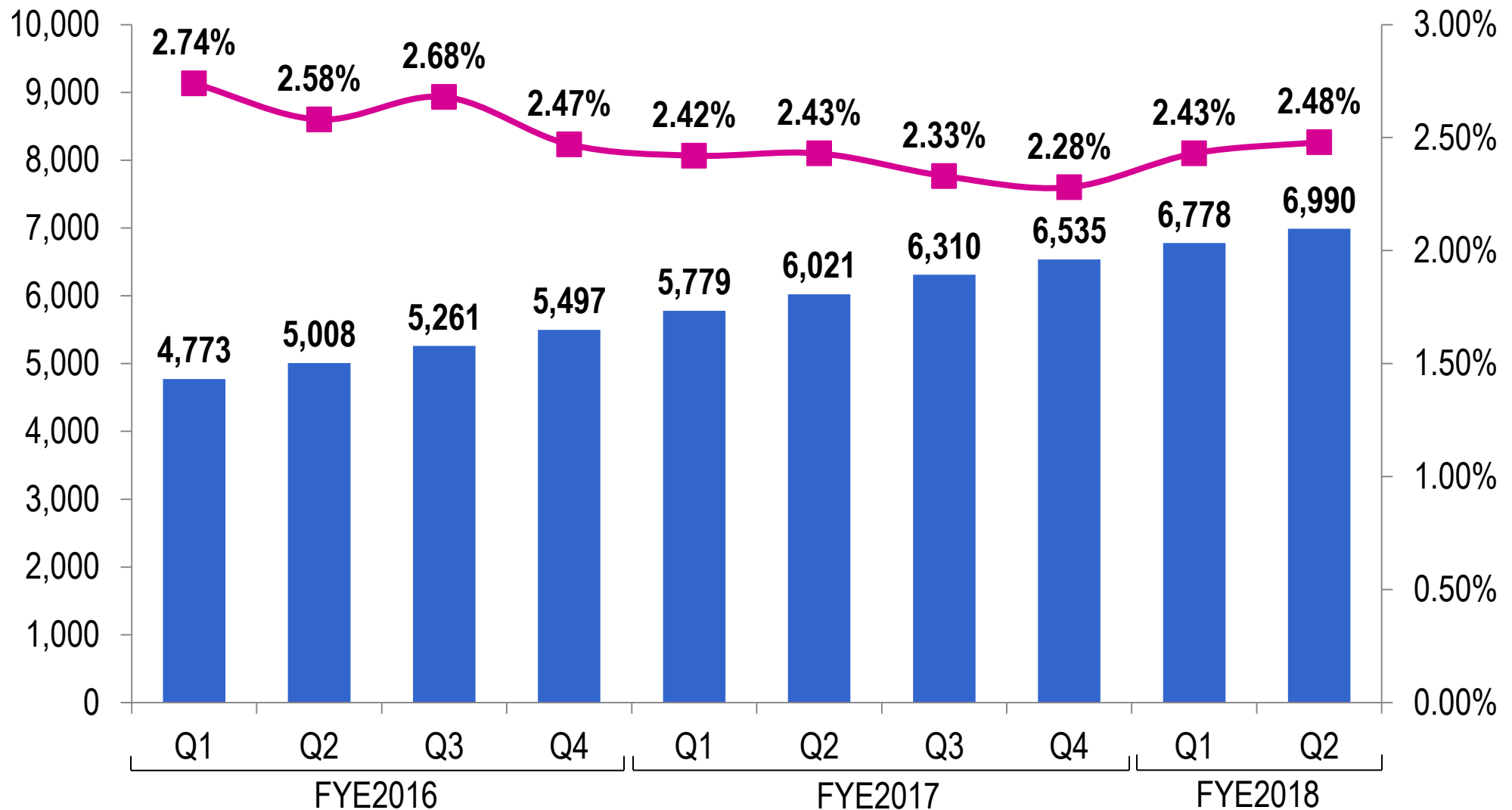
# Net Credit Cost (NCC) vs Receivables

- Annualized Net Credit Cost ratio stood at 3.43% (-0.30% YoY), Receivables stood at 116% YoY
- Contributed by lower Impairment Loss growth at 109% and improved in credit loss recovery at 111%.



# Ratio of Non-Performing Loans (NPL)

- Non-Performing Loans ratio stood at 2.48% (+0.05% YoY)
- Improvement on Motorcycle Easy Payment (-0.44%) and General Easy Payment (-0.07%)



# Provision for Impairment Loss (Financing Receivables)

(Unit: RM'million, %)	As at 28 Feb 2017	As at 31 Aug 2017
Beginning Balance	137.921	152.194
+ Impairment Loss (YTD)	306.163	167.194
(-) Write-off (YTD)	(291.890)	(150.947)
Closing Balance	152.194	168.441
% of Financing Receivables	2.33%	2.41%
NPL Ratio	2.28%	2.48%
Growth of Net Receivables v.s. LY	19.1%	16.1%

# Financial Indicators

(Unit: RM'million,%)	FYE2014	FPE2015	FYE2016	FYE2017	1HY FYE2018
Operating Income	711.7	928.1	1,055.2	1,222.2	671.8
PBT	233.9	288.3	301.6	351.2	197.7
PAT	175.4	215.7	228.2	265.0	147.2
Earnings per share after PERPS distribution (RM) *	1.22 0.92 <sup>#</sup>	1.46 1.10 <sup>#</sup>	1.49 1.11 <sup>#</sup>	1.75 1.31 <sup>#</sup>	1.46
NTA per share (RM)	3.79	4.72	5.45	6.63	4.85
ROE (on ordinary equity) *	36.0%	34.2%	29.3%	28.9%	28.0%
ROA *	5.7%	5.0%	4.1%	4.0%	4.0%
Capital ratio against receivables	18.3%	21.4%	20.2%	19.5%	19.7%
Debt equity ratio (times)	4.60	3.95	4.56	4.71	4.50
Share price (RM)	14.70	13.30	11.92	15.70	12.48
PER	12.05	9.11	8.00	8.99	8.55
Market Capitalisation (RM'million)	2,117	1,915	1,716	2,261	2,696

\* Computed based on annualised figure

# Previous year's earnings per share have been restated to reflect the current year bonus issue which was completed on 19 July 2017

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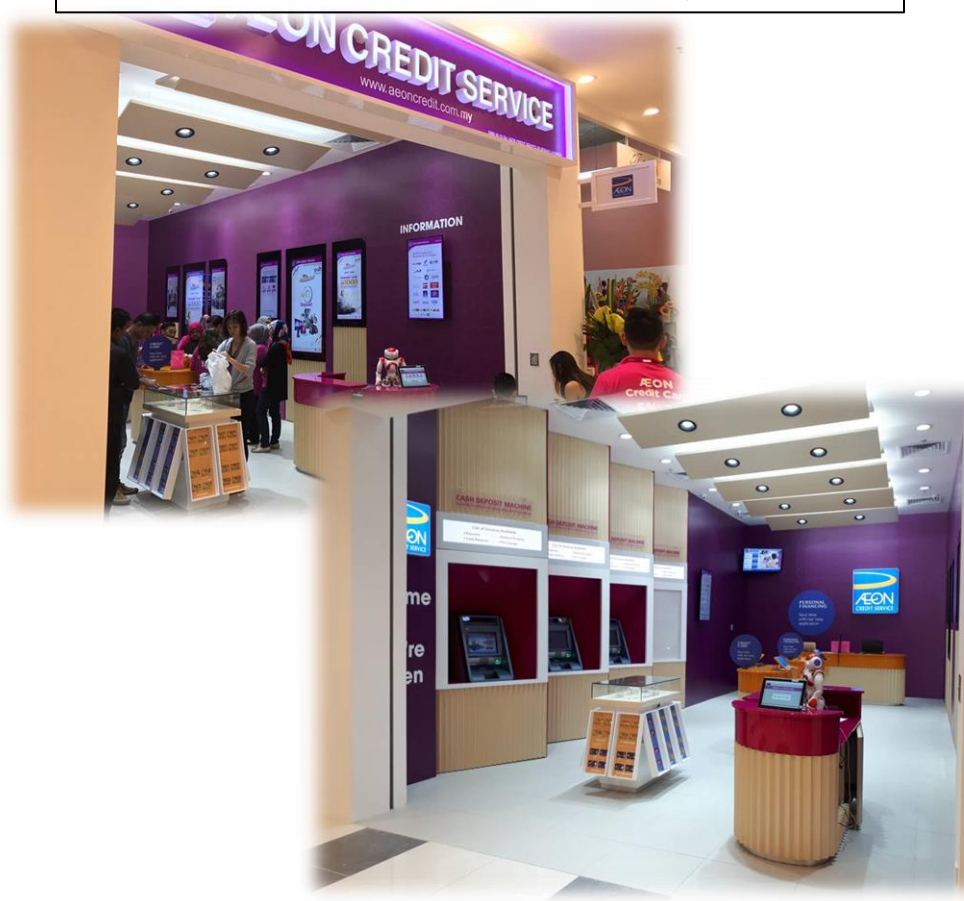
## 1HY FYE 2018 Key Activities

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# Key Activities – Value Chain Transformation

- Completed cashless and paperless operation for branches nationwide
- Install centralized control digital signage and humanoid robot in new branch at Johor Bahru
- Increase number of digital application via tablet and web channel

New branch in AEON Mall Bandar Dato' Onn, Johor Bahru



## Branch Operation Cost 1<sup>st</sup> Half FYE2018 vs. 1<sup>st</sup> Half FYE2017

Overtime Expenses (RM) ▼ 53%

Cash In Transit (CIT) Expenses (RM) ▼ 89%

Counter Payment Volume ▼ 94%

ATM Transaction ▲ 67%

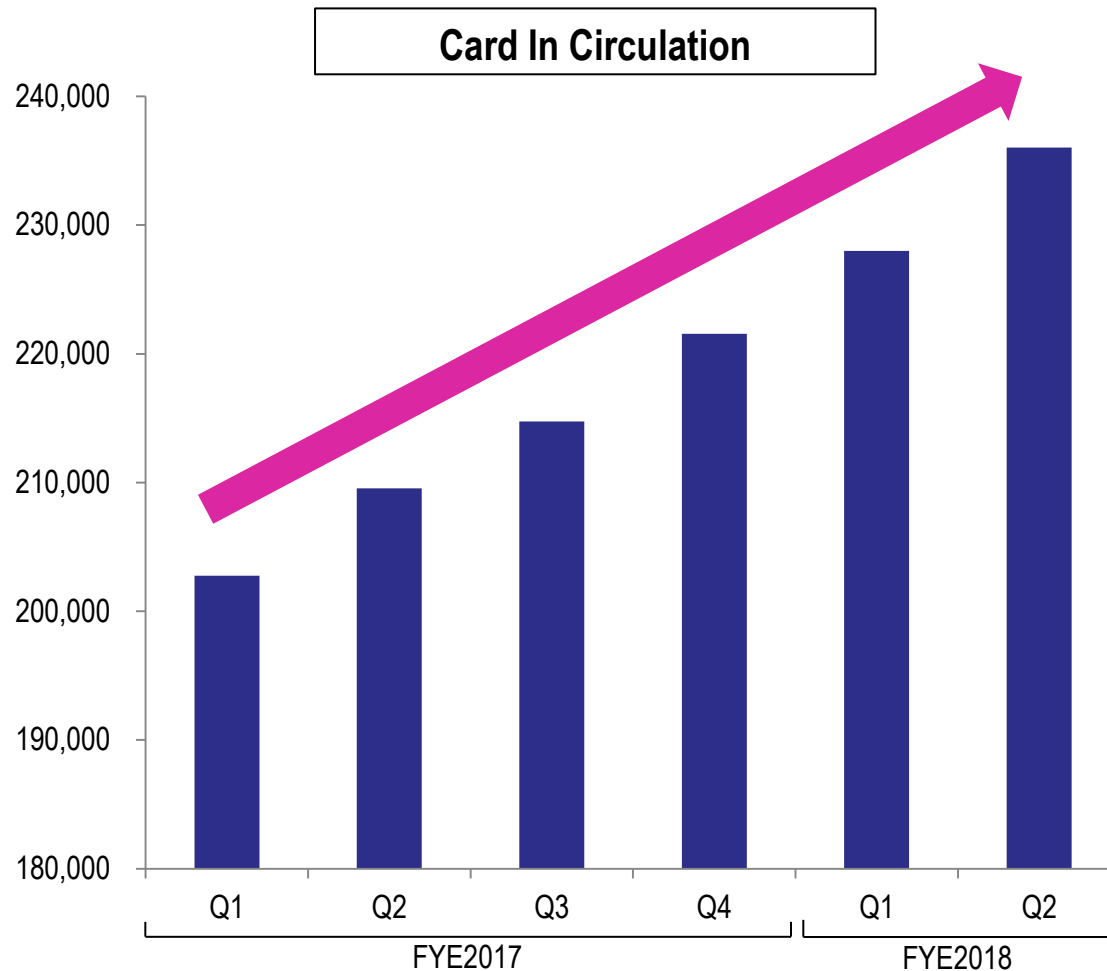
Personal Financing Sales (RM) PF : ▲ 13.6%  
Credit Card Application (Count) CC : ▲ 9.9%

Staff productivity and efficiency improving by cashless and paperless operation

# Key Activities – Settlement Business Expansion

■ Credit Card members increased 113% YoY

■ Increase credit card usage for customer daily lifestyle via card privilege campaign



## Credit Card Sales by Category

Retail store	157.0%
Supermarket	128.5%
Travel & tour	113.8%
Transportation	166.5%
Fuel dispenser	115.7%

**Provide card privileges to meet customer needs in daily lifestyle**



# Key Activities – 20<sup>th</sup> Anniversary Campaign

- 20<sup>th</sup> Anniversary Special “Thank You” Campaign lucky draw winner announcement on 16 June 2017.



Special appreciation campaign in conjunction with the Company's 20<sup>th</sup> Anniversary celebration



# Key Activities – Sponsorship to SEA Games

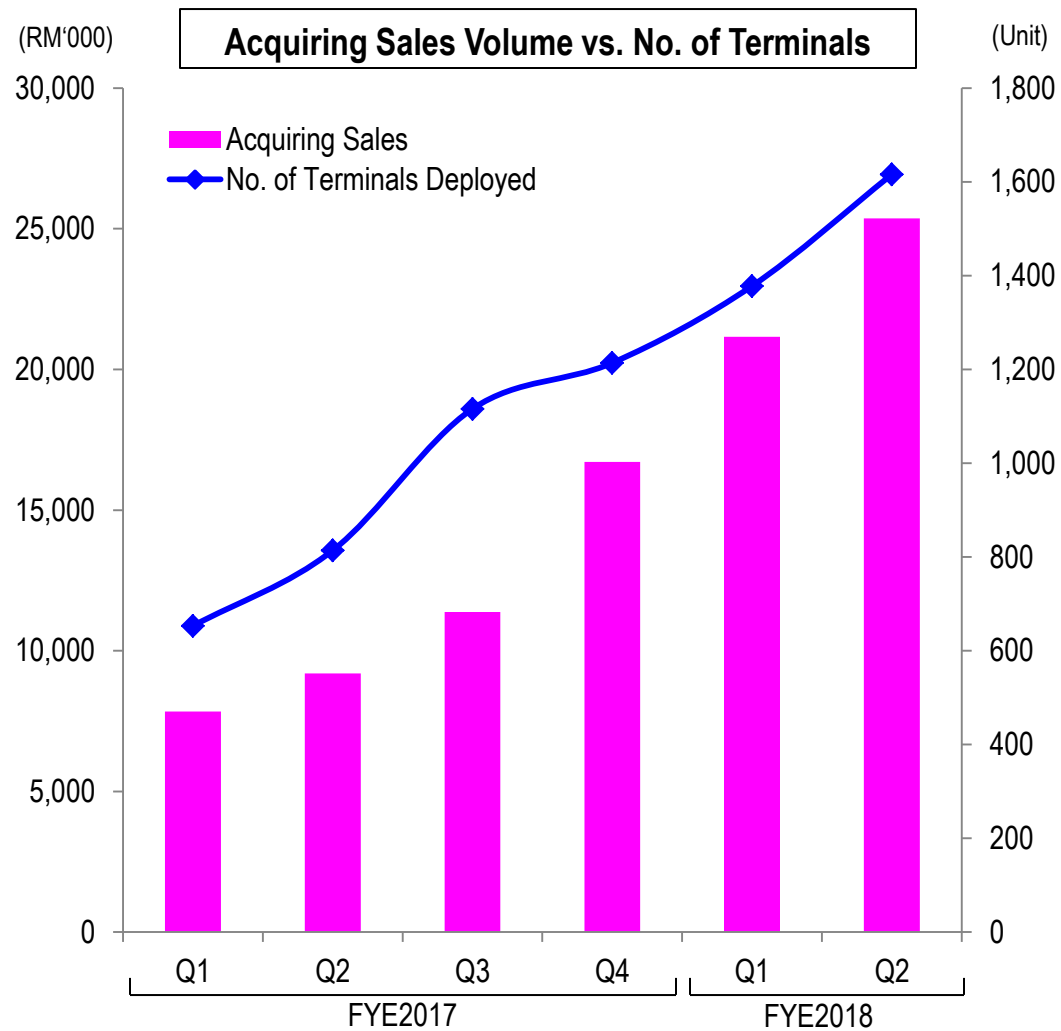
## ■ Collaboration with AEON Co for sponsorship to SEA Games 2017



**AEON Group of Companies sponsored the biggest sporting event in Southeast Asia**

# Key Activities – Acquiring Business Expansion

■ Partnership acquiring with Gloria Jean's Coffees (43 outlets throughout the country)



Provide convenience to card members for purchasing through the merchants

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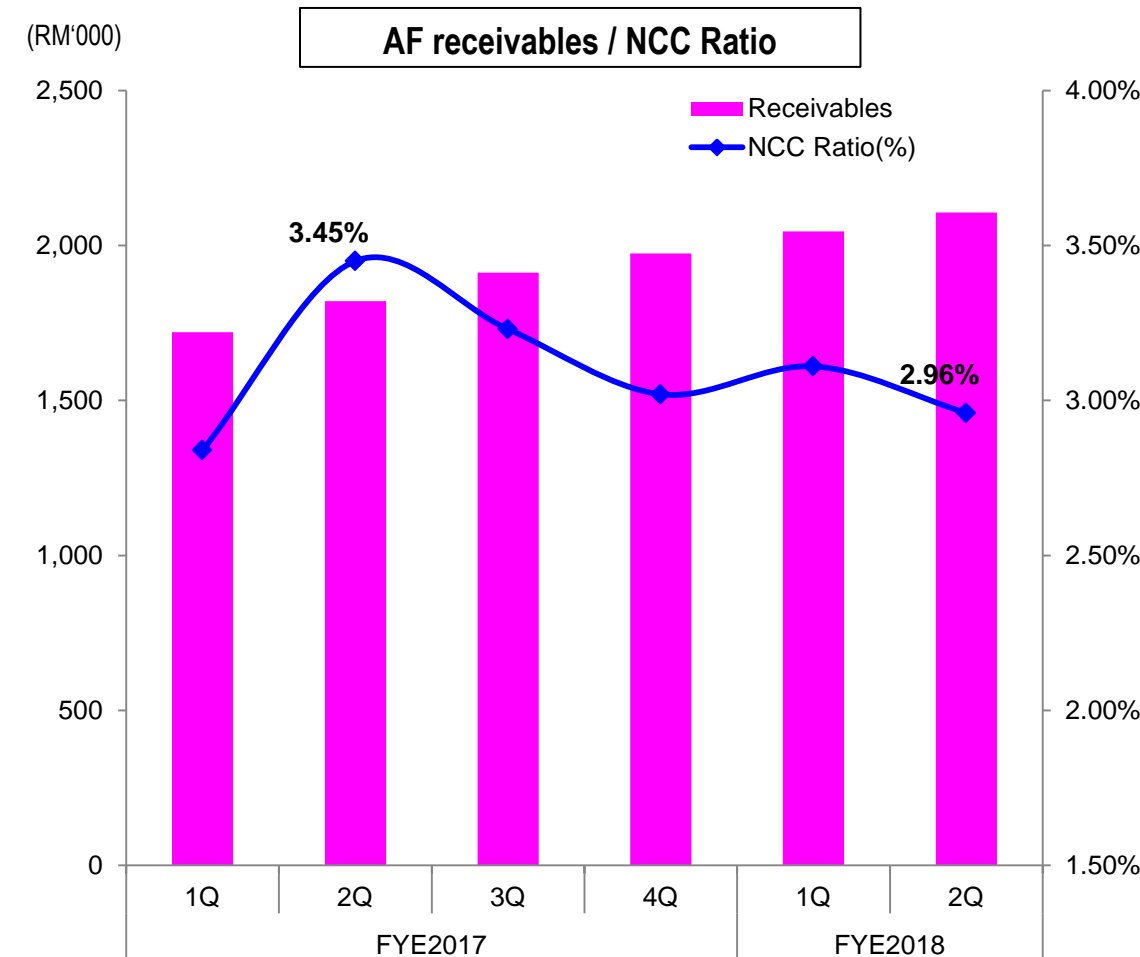
## 2HY FYE 2018 Key Activities

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# Key Activities – Improve in Credit Management

■ Auto-financing (AF) manage receivables quality by Portfolio Management

■ Improved in Net Credit Cost ratio at 2.96% in 1HY FYE2018, 3.45% YoY (-0.49%)



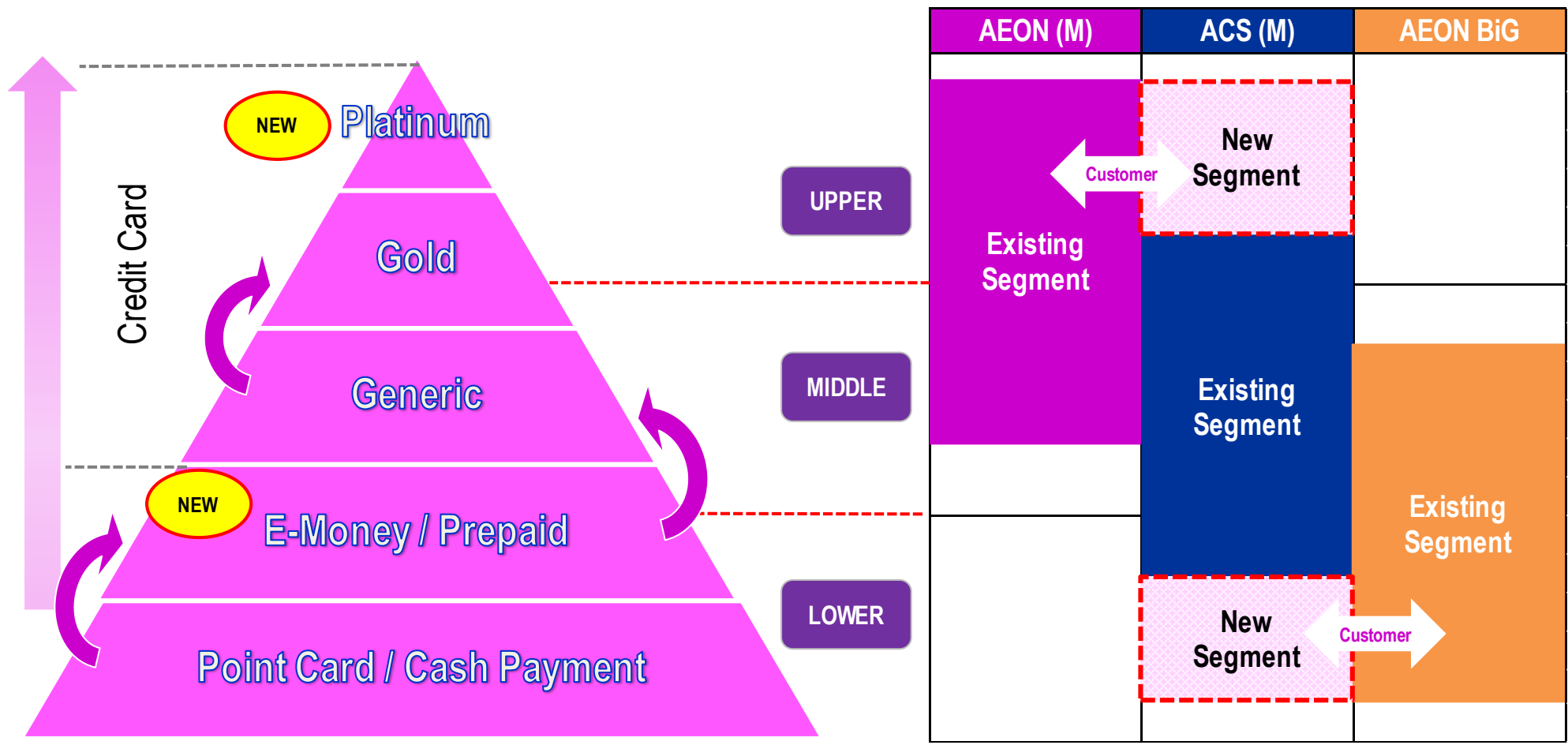
Brand	Sales Share (%)			YoY %
	1HY FYE2017	2HY FYE2017	1HY FYE2018	
Local Make	73.30%	74.22%	70.09%	-3.21%
Japanese Make	16.81%	16.32%	16.84%	+0.03%
Continental	1.32%	1.37%	1.17%	-0.15%
Others	4.53%	3.31%	3.09%	-1.44%
New Car	4.04%	4.78%	8.81%	+4.77%

**Adopt AF product management practice to other products and improve NPL and NCC ratio**



# Key Activities – Settlement Business Expansion

- Launch of E-Money in 2HY to create AEON group synergy
- Expand customer segment by E-Money and Platinum Card issuance in 2HY
- Integrate customer database and utilize common database for group marketing



Realize common customer platform, introduce group company products and services

# Key Activities – Digital Marketing

- Developing E-Wallet for AEON Group customers
- Features: QR payment, Group privilege information, point program, etc.



Provide new retail user experience by introducing new E-Money Card & E-Wallet

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## Q & A Session

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Thank You

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