
21st Annual General Meeting



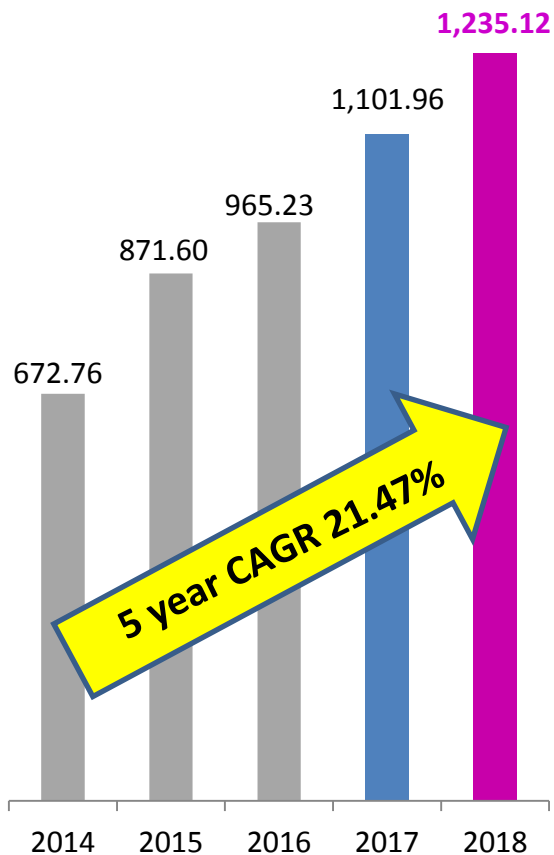
AEON CREDIT SERVICE

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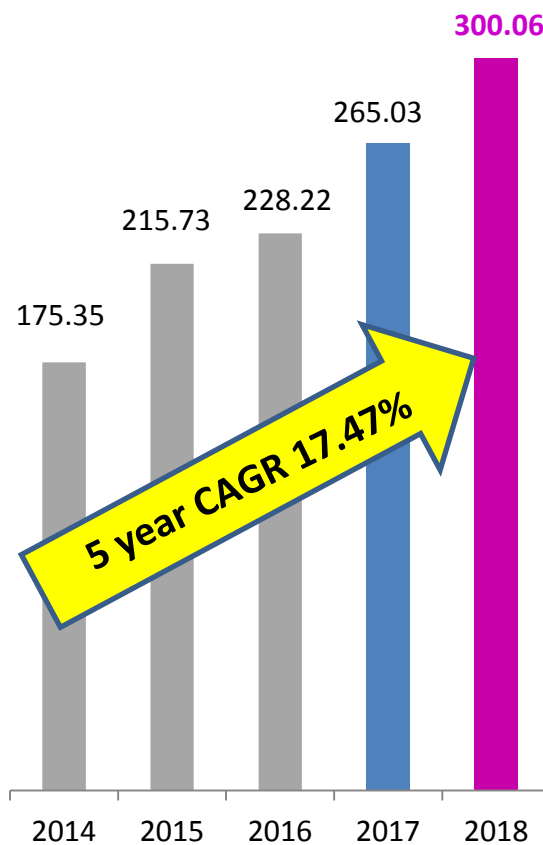
- ☐ Result Review
- ☐ FYE2018 Key Policy – Expansion of Settlement Business
- ☐ FYE2018 Key Policy – Improve assets quality
- ☐ FYE2018 Key Policy – Value Chain Transformation
- ☐ Corporate Responsibility & Event
- ☐ FYE 2019 Business Plan
- ☐ Taxation – Inland Revenue Board (IRB) Tax Audit Updates
- ☐ Corporate Governance Enhancements

5 Year Financial Highlights

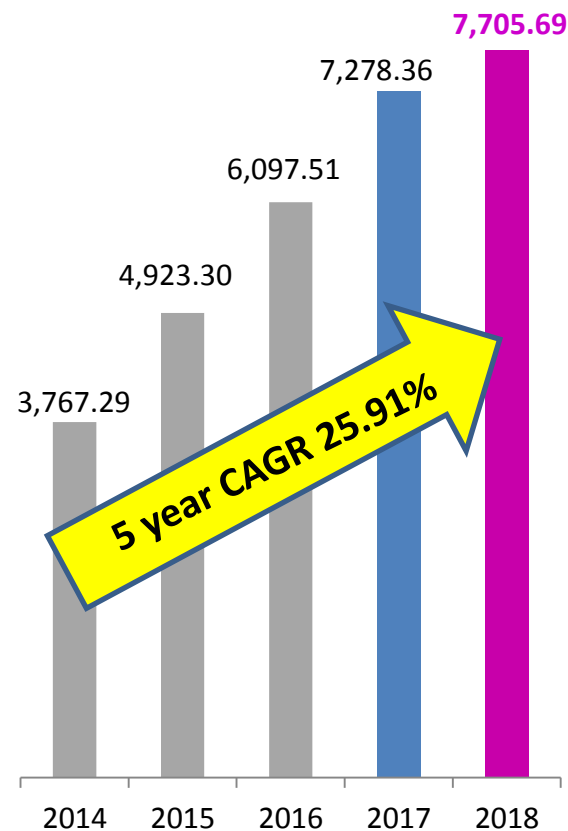
Revenue (RM Million)



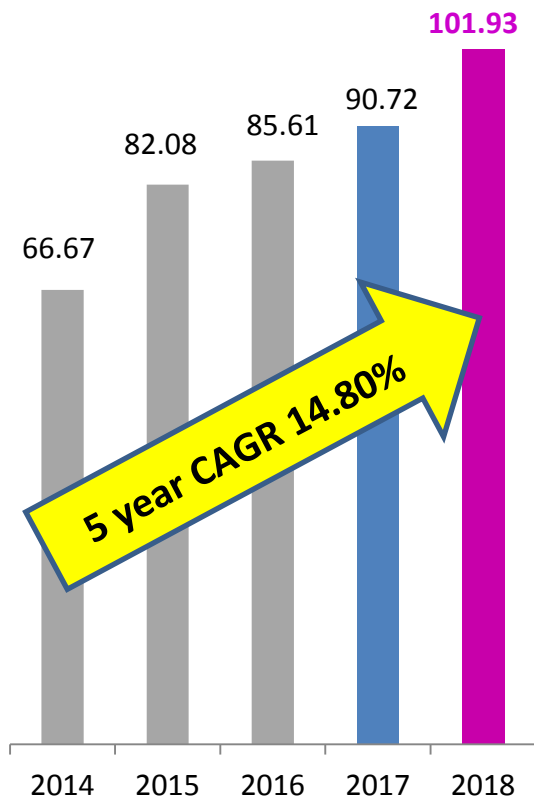
Profit After Tax (RM Million)



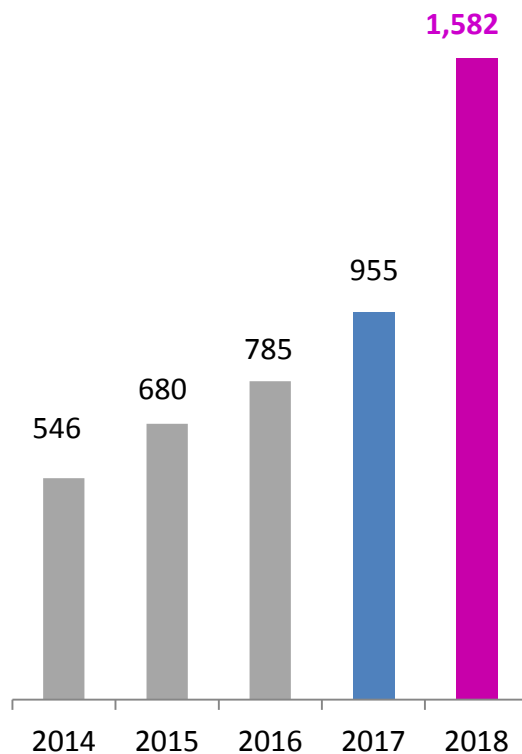
Total Assets (RM Million)



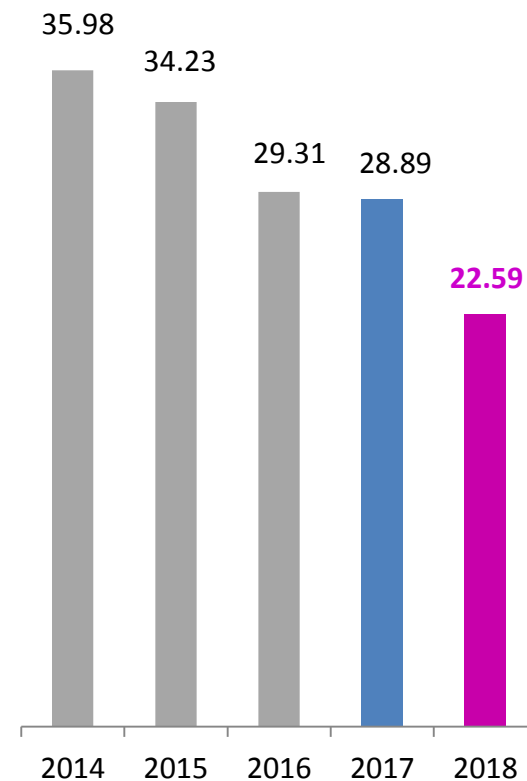
Dividend Payout (RM Million)



Equity Attributable to Shareholders(RM Million)



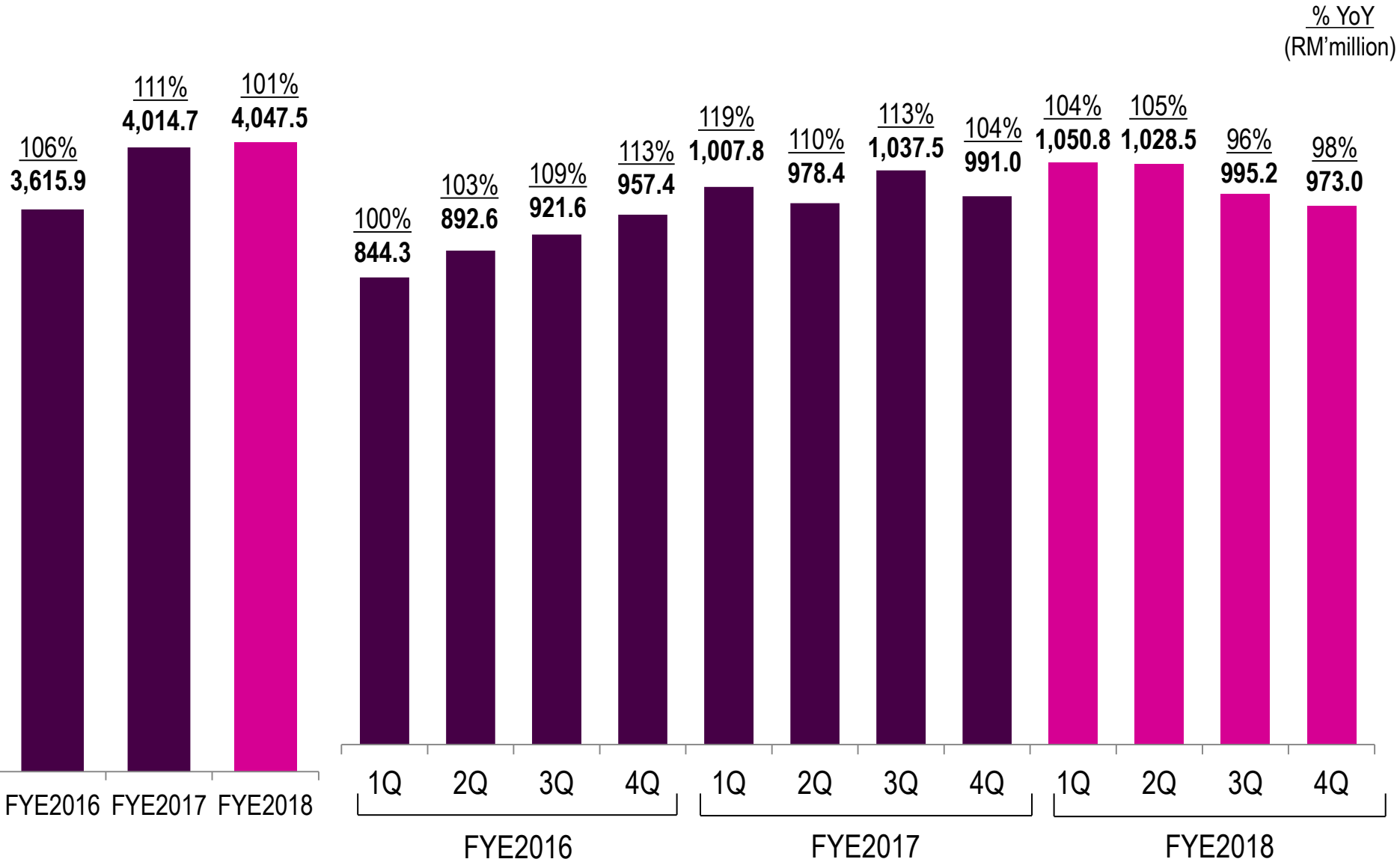
Return on ROE (%)



- Motorcycle Easy Payment recorded a growth of 19% compared to previous year , through the Premium Moped expansion.
- General Easy Payment sales recorded 99% against LY due to weak retail market sentiment.
- Auto Finance sales recorded 88% against LY aligned to asset quality management.

<i>(Unit: RM'million,%)</i>	1HY	% LY	2HY	% LY	FYE 2018	% YoY
Credit Card Business	585.676	109	660.633	116	1,246.309	113
Easy Payment Business	1,018.460	99	920.480	93	1,938.940	96
Personal Finance	475.174	114	387.109	83	862.283	97
Total Transaction Volume	2,079.309	105	1,968.222	97	4,047.531	101
Total Income	671.847	115	689.759	108	1,361.606	111
Total Expenses	474.185	111	489.086	110	963.271	111
Profit Before Tax	197.662	126	200.673	104	398.335	113
Corporate Tax	50.465	128	47.813	102	98.278	114
Net Profit	147.197	125	152.860	104	300.057	113

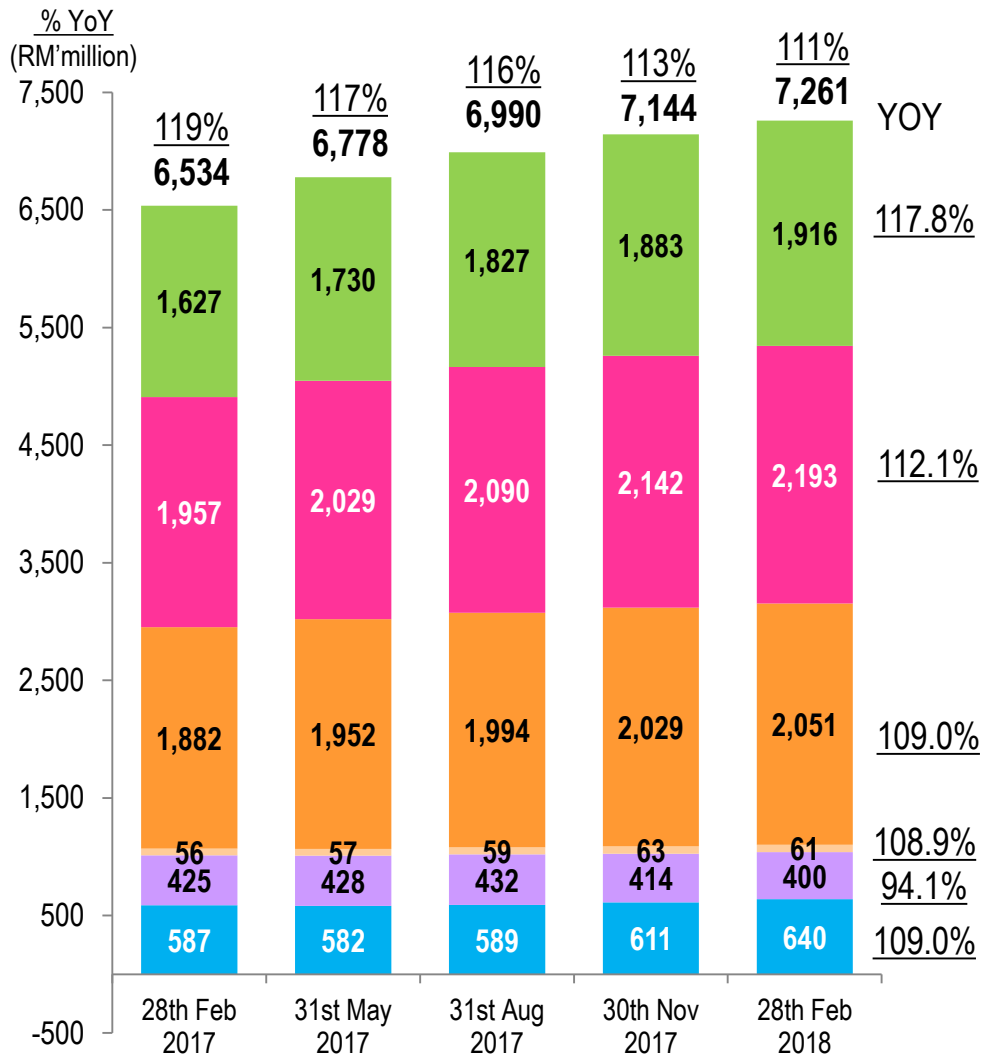
■ YTD Sales recorded at RM4.05 billion, 101% YoY



(Unit: RM'million,%)		28 th Feb 2017	28 th Feb 2018	% Share	% YoY
	Credit Card(CC)	586.680	639.890	8.3	109
	General Easy Payment(GEP)	424.941	399.634	5.2	94
	Motorcycle Easy Payment(MEP)	1,882.458	2,050.957	26.6	109
	Automobile Financing(AF)	1,957.237	2,193.841	28.5	112
	Personal Financing(PF)	1,626.732	1,915.652	24.9	118
	SME Business(SME)	56.475	61.025	0.8	108
Financing Receivables		6,534.523	7,260.999	94.2	111
	Impairment Loss Provision	(152.194)	(162.831)	(2.1)	107
	Other assets	896.031	607.517	7.9	68
Total Assets		7,278.360	7,705.685	100.0	106
Total Liabilities		6,047.373	5,848.182	75.9	97
Shareholders' Funds		1,230.987	1,857.503	24.1	151
Total Equity and Liabilities		7,278.360	7,705.685	100.0	106

Financing Receivables by Products

- Total financing receivables recorded at RM7.26 billion, a growth of 11% against LY.
- Personal Financing recorded the highest increase at 18%.

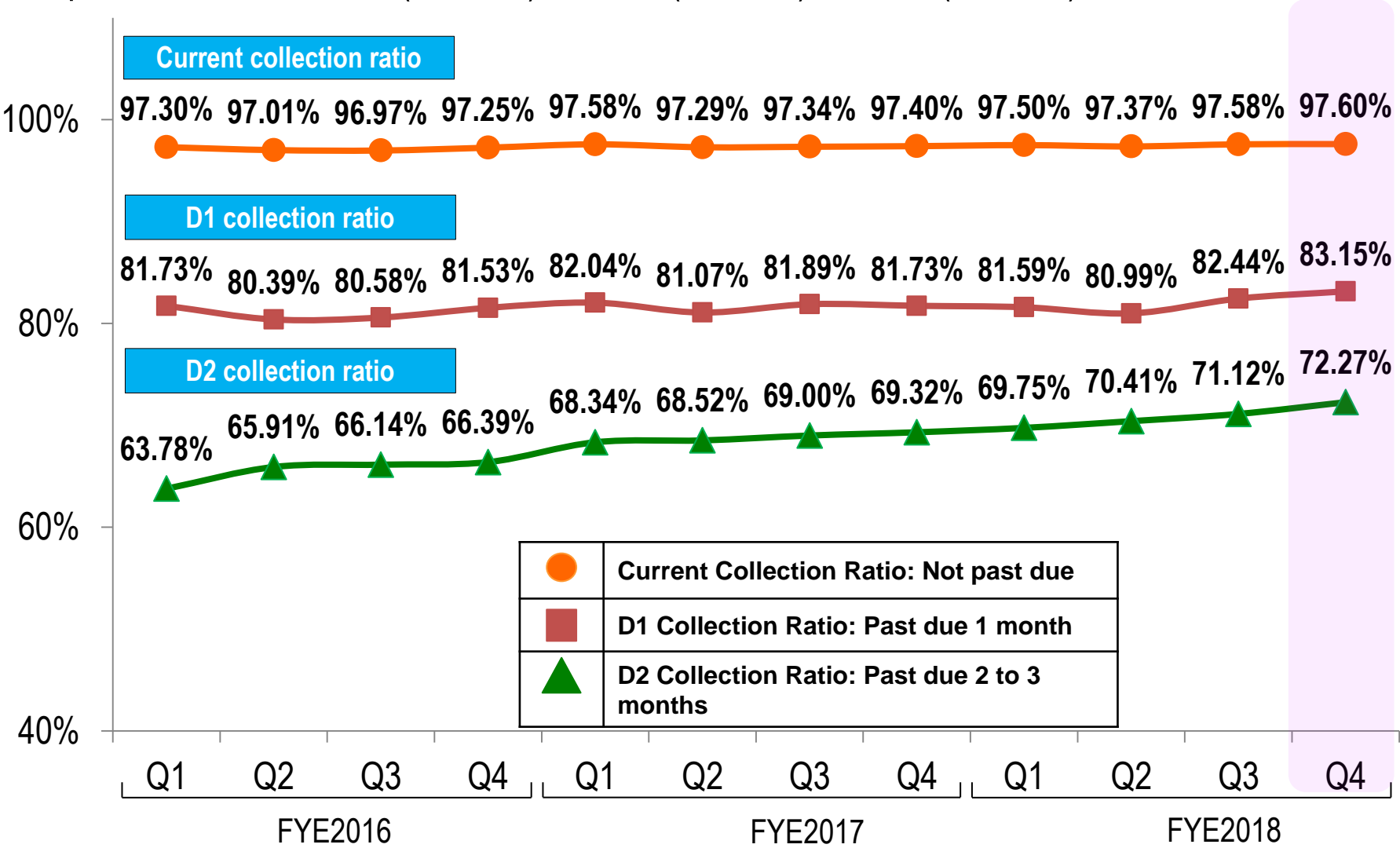


<Product Share Movement>

Product	28 Feb 2017	28 Feb 2018	YoY
PF	24.9%	26.4%	+1.5%
AF	30.0%	30.2%	+0.2%
MEP	28.8%	28.3%	-0.5%
SME	0.8%	0.8%	0.0%
GEP	6.5%	5.5%	-1.0%
CC	9.0%	8.8%	-0.2%

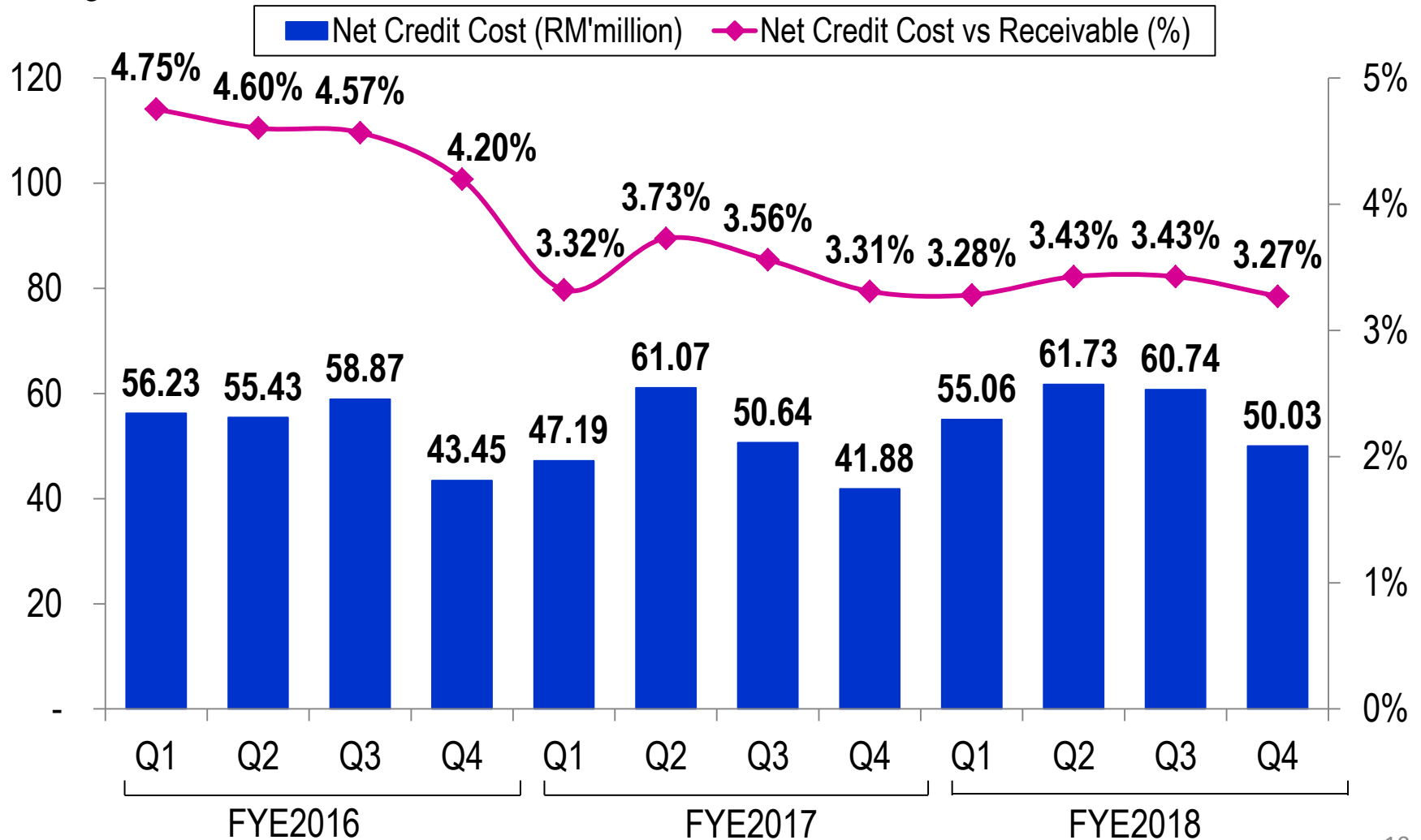
Movement of Collection Ratio

- Collection performance was stable in 12M FYE2018
- Improvement in Current (+0.20%) and D1 (+1.42%) and D2 (+2.95%) YoY

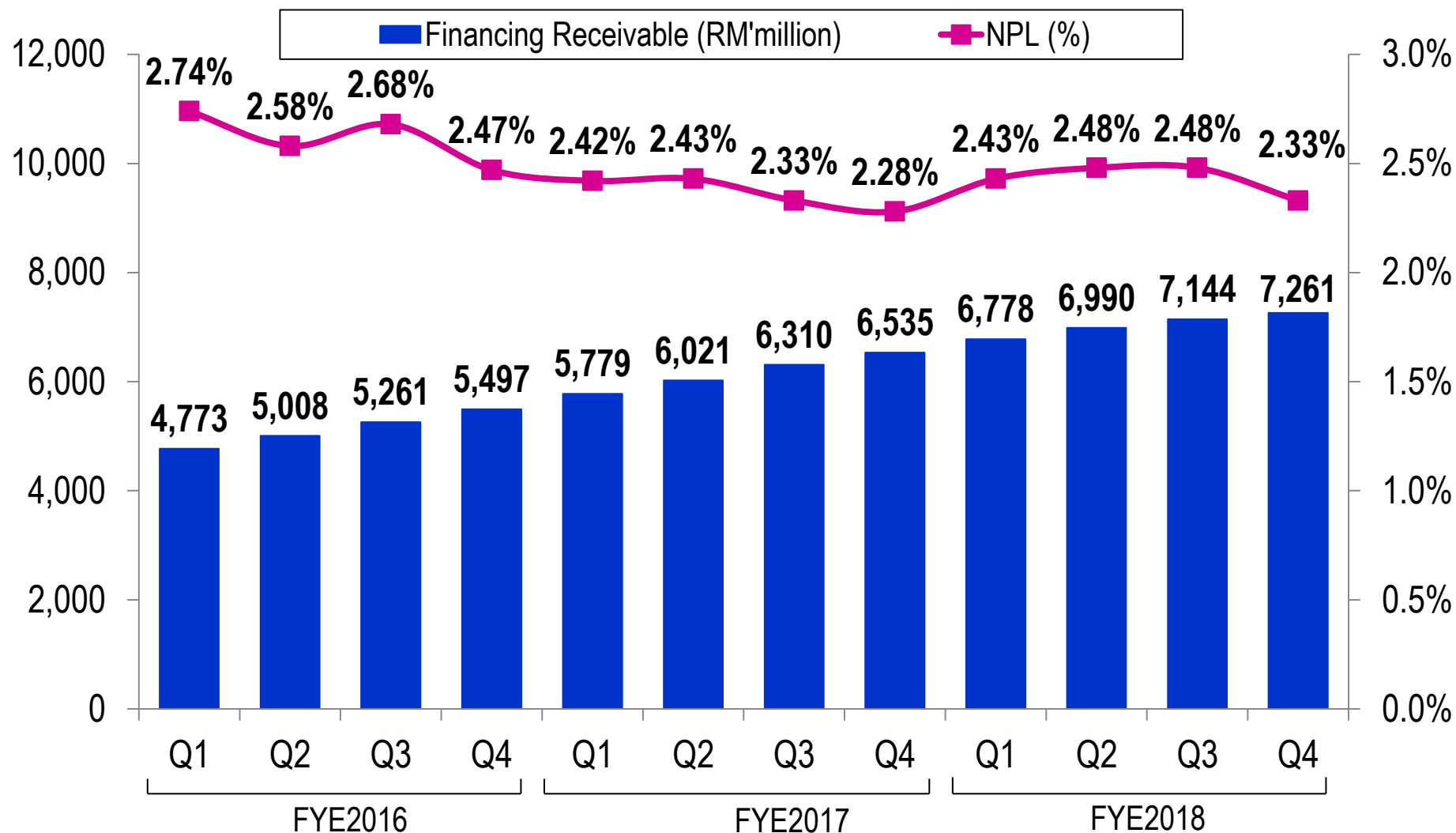


Net Credit Cost (NCC) vs Receivables

- Annualized NCC ratio stood at 3.27% (-0.04% YoY).
- Credit Loss Recovery improved 3%YoY, impairment loss provision increased 10%YoY in line with growth in receivables.



■ NPL ratio stood at 2.33% (+0.05% YoY, improved in past 3 quarters)



	FYE2015 RM'000	FYE2016 RM'000	FYE2017 RM'000	FYE2018 RM'000
Total Income	928.1	1,055.2	1,222.2	1,361.6
PBT	288.3	301.6	351.2	398.3
PAT	215.7	228.2	265.0	300.1
Basic earnings per share after PERPS distribution (RM)	1.46	1.49	1.01*	1.43
Weighted average no. of ordinary shares (million unit)	144	144	248*	200*
NTA per share (RM)	4.72	5.45	6.63	6.37
ROE (on ordinary equity)	34.2%	29.3%	28.9%	22.6%
ROA	5.0%	4.1%	4.0%	4.0%
Capital ratio against receivables	21.4%	20.2%	19.5%	25.1%
Debt equity ratio (times)	3.95	4.56	4.71	2.95
Share price (RM)	13.3	11.92	15.70	13.46
PER	9.11	8.00	8.99	9.41
Market Capitalization (RM million)	1,915	1,716	2,261	3,344

* The previous year's earnings per share have been restated to reflect the bonus issue which was completed on 19 Jul 2017 and the latest conversion of 3-year, 3.5%, Irredeemable Convertible Unsecured Loan Stocks to ordinary shares.

	FYE 2016	FYE 2017	FYE 2018	Difference from LY
Interim Dividend	29.9 cent	30.5 cent	21.13 cent	-9.37cent
<u>Dividend amount(RM'000)</u>	42,984	43,920	52,225	+8,305(119%)
Final Dividend*	29.6 cent	32.5 cent	20.00 cent	-12.5cent
<u>Dividend amount(RM'000)</u>	42,624	46,800	49,704	+2,904(106%)
Total Dividend	59.5 cent	63.0 cent	41.13 cent	-21.87 cent
<u>Dividend amount(RM'000)</u>	85,608	90,720	101,929	+11,209(112%)
<u>Payout Ratio</u>	37.5%	34.2%	34.0%	-0.2%

* Subject to the approval of shareholders at the forthcoming Annual General Meeting

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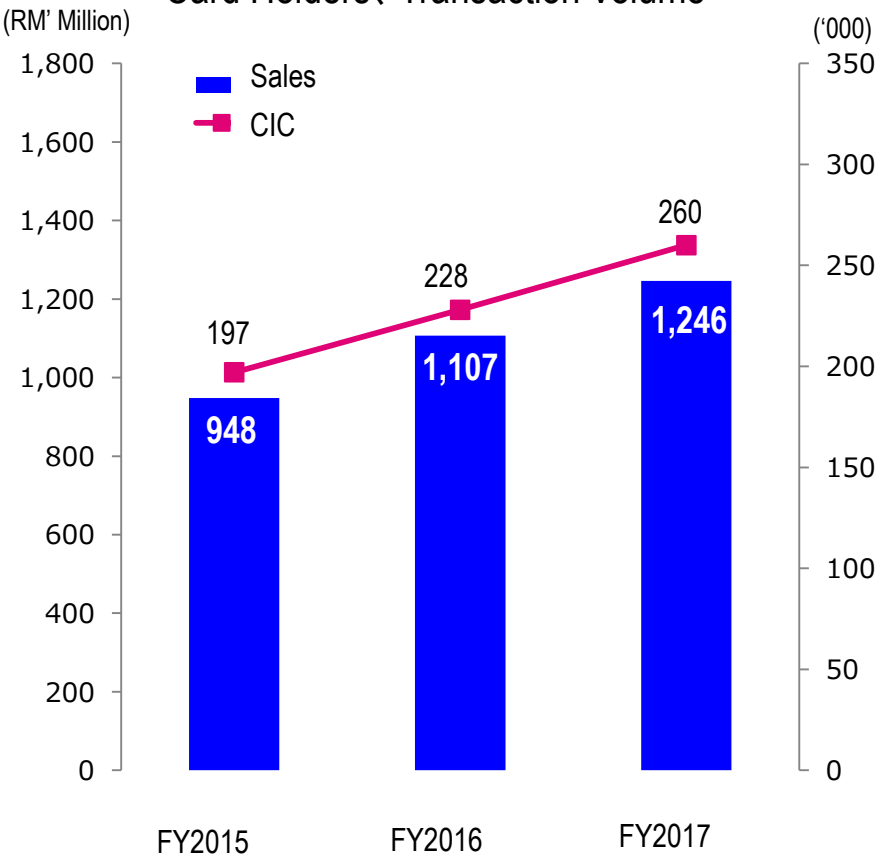
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AEON FYE2018 Key Policy – Expansion of Settlement Business

【Credit Card business】

- Total CIC increased 14% registering approximately 260,000 credit card members.
- Credit card sales expanded with recruitment of privilege merchant and acquiring.

Card Holders、Transaction Volume



Growth of card acquiring



Branch Transformation (Digitization, Cashless)



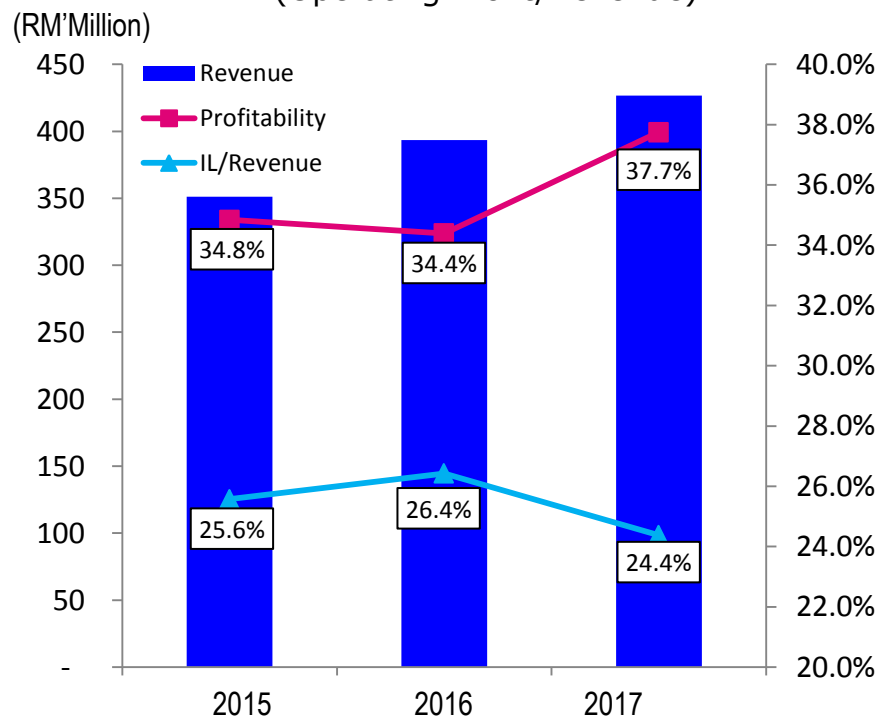
AEON Mall Kuching Central Branch

AEON MALL Bandar Dato' Onn Branch

【MOPED / CEP】

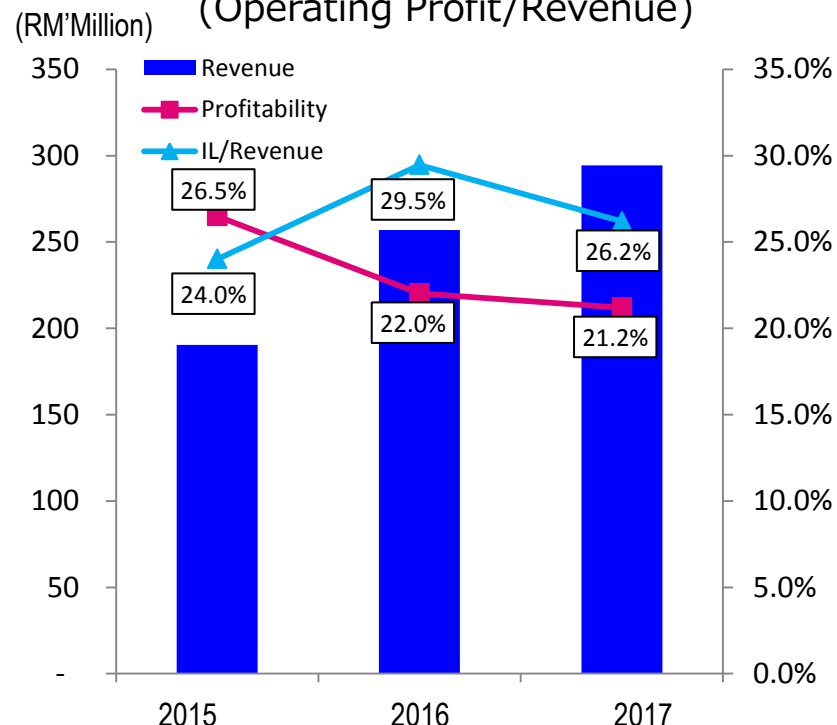
- MOPED shift to premium motorcycle and UCEP shift to Tier 1 brand to capture higher income segment .
- MOPED managed enhance operating profit rate to 37.7% by shifting to Tier 1 brand.
- Car EP has implemented Merchant Management System and portfolio to shift to better asset quality.

Profitability of MOPED
(Operating Profit/Revenue)



MOPED	2015	2016	2017
Prov. Imp. Loss/Receivables	4.47%	5.81%	5.24%

Profitability of CEP
(Operating Profit/Revenue)



CEP	2015	2016	2017
Prov. Imp. Loss/Receivables	3.41%	4.27%	3.65%

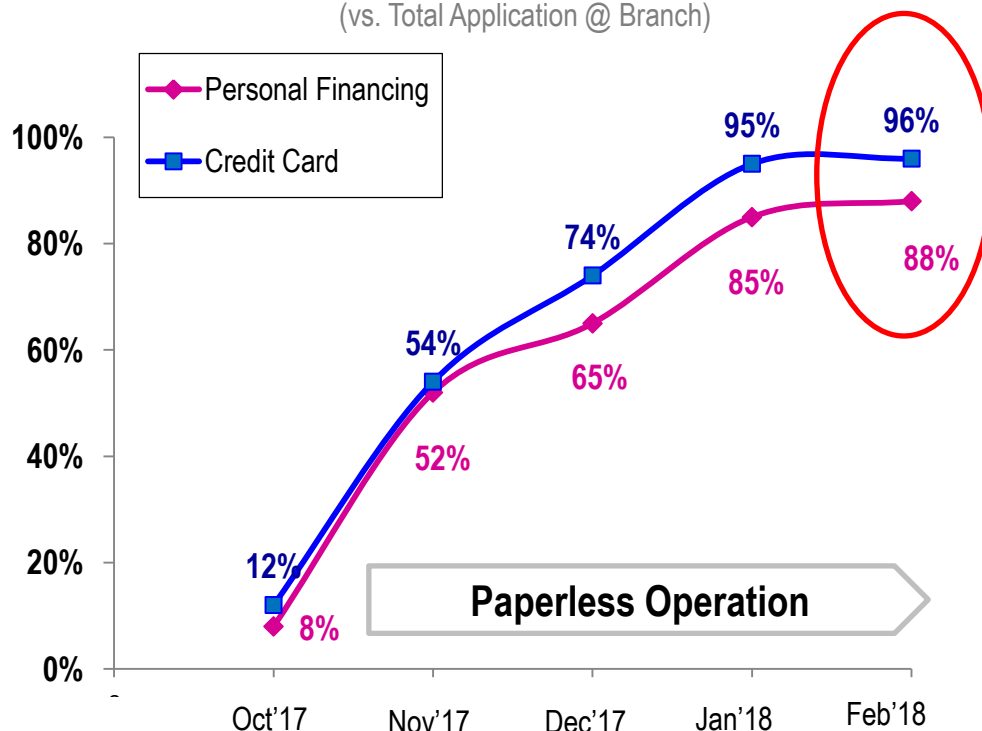
FYE2018 Key Policy - Value Chain Transformation - Branch and Web

- Cashless and paperless operations were Introduced throughout nationwide branches.
- Cost saving was further improved by cash management expenses and staff overtime.
- Instant card issuance was introduced in Mid Valley Branch, Customer are now able to receive credit card within 45min.

Branch Operation Cost FYE2018 vs. FYE 2017 (%)

Overtime Expenses	↓	18.4%
Money Collection Expenses	↓	91.1%
Counter payment Volume	↓	92.7%
CDM / ATM Usage & Transaction	↑	65.9%
Credit Card Sales	↑	35.5%

Web Application @ Branch Paperless Operation (vs. Total Application @ Branch)





Blood Donation Campaign with KPJ Health, Johor



Community Service: Perdana Cosy Home Care, Melaka



Beach Cleaning Activity, Kuching, Sarawak



Distribution of groceries to less fortunate families, Kuala Lumpur



Visit to Rumah Kasih Sayang Khidmat Baitulmahabbah, Rawang, Selangor



Community Service: Pertubuhan Kebajikan Villa Harapan

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FYE2019 Business Plan

- Transition of Customer Profile from B40 to M40 by introduction of New Products and Service
- Expansion of Cross-Selling with use of Digital Marketing for Group Customer Database

Current		Key Policy for FY2018	
Customer	<ul style="list-style-type: none"> • Occupy High <u>B40 Segment</u> • <u>Group Customer</u> Marketing 	▶	<ul style="list-style-type: none"> • Shift to <u>M40 Segment</u> • Group Customer <u>Integration</u>
Product	<ul style="list-style-type: none"> • <u>Product & Services</u> for B40 • <u>Low Penetration</u> of High Income Segment 	▶	<ul style="list-style-type: none"> • Introduction of <u>E-Wallet</u> and <u>E-Money</u> • <u>Product Development</u> for M40
Business model	<ul style="list-style-type: none"> • Business to Customer (<u>B2C</u>) • <u>High Risk, High Return</u> 	▶	<ul style="list-style-type: none"> • Adaptation of Business to Customer to Business (<u>B2C2B</u>) • Introduction of <u>Mobile Operations</u>
Operation	<ul style="list-style-type: none"> • Digitalize <u>Customer Touch Point</u> • <u>Traditional Operation</u> for Collection & Assessment 	▶	<ul style="list-style-type: none"> • Digitalization of Operations with use of <u>Devices & Technology</u>; AI, Instant Processing, Robotics

AEON FYE 2019 Business Plan

- Expansion of customer-base and asset portfolio

- Introduction of E-Money and Aeon Wallet as group common platform.
- Expansion of customer base by integration of group customer data and alliance with external parties.
- Penetration into higher income and lower risk customer segment by utilizing integrated group customer database.
- Cross-sell objective finance & personal financing through AEON Wallet and introduction of Platinum card.

Customer Acquisition by new products

【E-Money: AEON Member Plus Card】



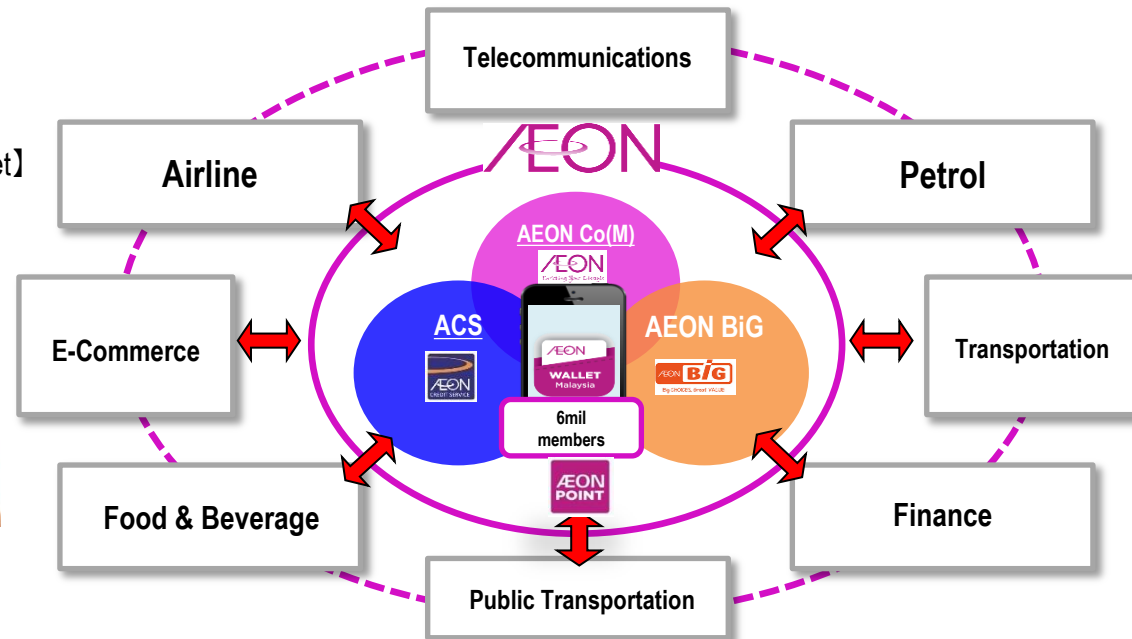
【AEON Platinum Card】



【E-Wallet : AEON Wallet】

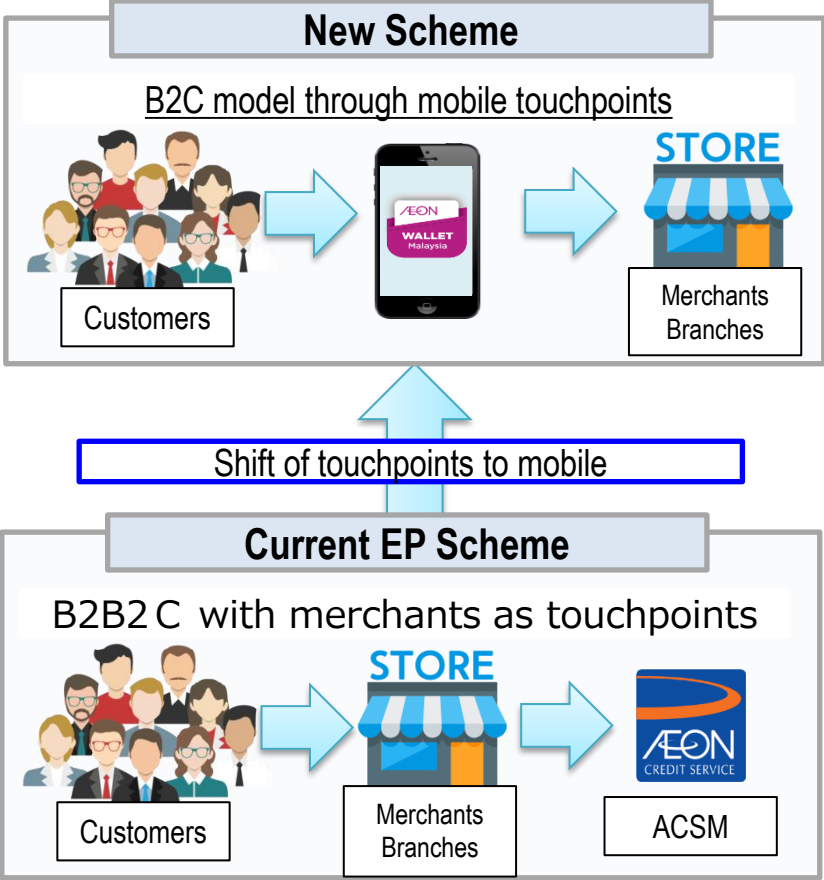


Expansion of settlement network



- Transformation from B2B model with physical merchant presence as touchpoints to B2C model with mobile touchpoints.
- To enable pre-assessment via mobile touchpoints.
- Investment focus on IT infrastructure to modernize touchpoints for better customer experiences.

Transformation of EP business



Enhanced operation

Collection	• New Collection System
	• Multiple due date, Dunning by Pool
Credit Assessment	• Automated credit assessment (AI)
	• New scoring system
	• Mobile/web pre-assessment
Others	• Full digitization of application process
	• Adaptation of Robotic Process Automation for processing
	• Enhanced customer service

FYE2019 Key Policy - Sustainability

- Paperless operation by digitization and innovation.
- Nationwide activities for conservation of natural environment.
- Engagement in local communities through CSR activities and participation with Digital Johor Project.
- Adherence to Malaysian Corporate Governance Code released in year 2018.

Environment
Engagement in cleaning activities

Going paperless by digitization


Society
Participation in Digital Johor

Collaboration with NGOs


Governance
New Malaysian Code of Corporate Governance (MCCG)
Additional requirements for listed companies with Market Cap of more than RM2Billion. 3 principles to comply:- A) Board Leadership & Effectiveness B) Effective Audit & Risk Management C) Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders
Others
Enhancement of enterprise value <ul style="list-style-type: none"> - Effective governance by the Board - Active engagement in PR and IR Diversity in organization <ul style="list-style-type: none"> - Promotion of Female management - Employment policy that promotes diversity

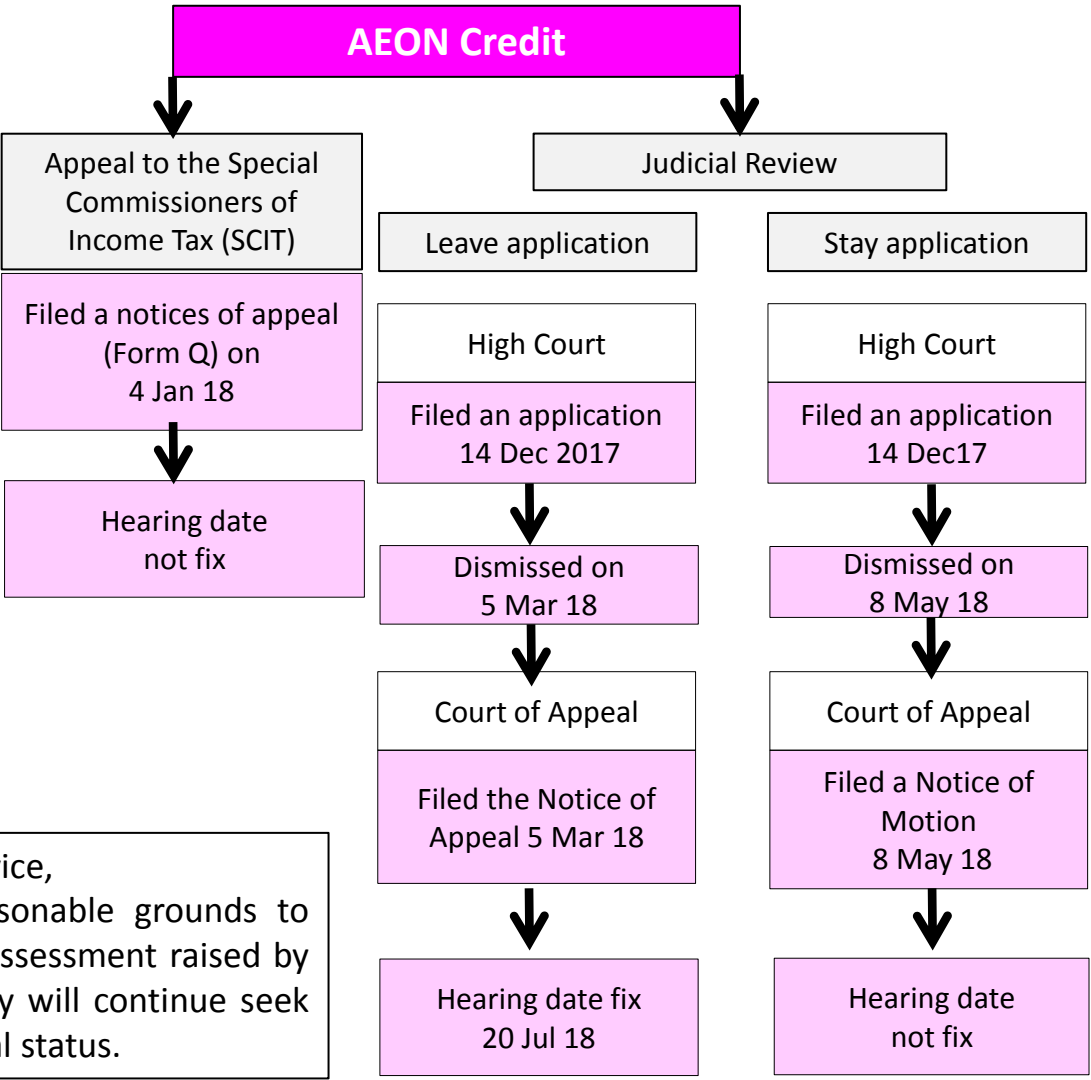
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Notices of Additional Assessment raised by The Director General of Inland Revenue (“DGIR”)

Asset Backed Scheme (ABS)	AEON Credit entered into an ABS with local financial institution for fund arrangement in year 2009. Under the scheme the receivables ‘sold’ was treated as a collateral against its loan financing.	
Notice of Additional Assessment	On 12 Dec 2017, the Company was served with notices of additional assessment with penalties by the DGIR for the year of assessment (YA) of 2010 until YA 2016. The DGIR also raised time barred assessments for the YAs 2010-2011.	
DGIR Penalties		Amount (RM’mil)
Additional assessment for YAs 2010-2016		66.77
Penalty for YAs 2010-2016		30.05
Total additional tax payable		96.82

Based on tax solicitors and corporate tax agent’s advice, the Company is of the view that there are reasonable grounds to challenge the validity of the notices of additional assessment raised by the DGIR and the penalties imposed. The Company will continue seek professional advice for the judicial review and appeal status.



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New requirements of the Malaysian Code of Corporate Governance (MCCG) which took effect on 26 April 2017. The following practices will depart from the requirements of MCCG:

No.	Principle	Practice	Explanation	Measure	Timeframe
1	Board Composition & Diversity Policy	4.1	At least half of the board comprises independent directors . For Large Companies, the board comprises a majority independent directors	The Board shall endeavor to enhance the composition of Independent directors on Board in line with the practice stipulated under the MCCG, to further encourage independent and objective Board deliberation and prevent dominance of one or more Directors within the Board	Applied after 21 st AGM
2	Diversity of Board	4.5	The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors .	The Board shall endeavor to identify potential candidates for female directorship who would contribute to the Board in terms of skills, knowledge and experience, within the stipulated timeframe.	By 28 February 2021

To enhance the Board leadership and effectiveness and to comply with the MCCG practices.

The Company will introduce :

- 1.Executive Officer System to segregate roles and responsibilities of the Board and Executive Officer.
- 2.Increase the number of Independent Directors.
- 3.Appoint additional female director onto the Board.

THANK YOU
