

Press Release

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AEON CREDIT'S Q3 REVENUE INCREASES BY 15.5%

- *9MFYE20 revenue steadily increased by 17.8%, as compared to 9MFYE19*
- *An increase of 38.9% and 42.3% on PBT and PAT, as compared to RM66.88 million and RM49.13 million for Q2FYE20*

KUALA LUMPUR, 19 DECEMBER 2019 – AEON Credit Service (M) Berhad (“**AEON Credit**” or “**Company**”), posted a 15.5% rise in revenue of RM402.46 million for the third quarter ended 30 November 2019 (“**Q3FYE20**”) compared to the RM348.50 million achieved in the corresponding quarter of last year (“**Q3FYE19**”). Both profit before tax (“**PBT**”) and profit after tax (“**PAT**”) recorded at RM92.87 million and RM69.93 million, declined by 21.3% and 19.7% compared to RM118.07 million and RM87.14 million recorded for Q3FYE19 respectively.

The lower PBT and PAT for Q3FYE20 were mainly attributed by the increased impairment losses on financing receivables of RM114.47 million under MFRS 9 requirement compared to RM61.51 million recorded in Q3FYE19 in line with the growth of receivables during the period under review.

Total transaction and financing volume in Q3FYE20 has increased by 9.4% to RM1.589 billion compared to Q3FYE19.

The Company’s gross financing receivables in Q3FYE20 has increased by 20.7% to RM10.033 billion compared to RM8.313 billion recorded in Q3FYE19. The Non-Performing Loans (“**NPL**”) ratio stood at 1.93% in Q3FYE20 compared to 2.05% in Q3FYE19.

The ratio of total operating expense against revenue was recorded at 64.1% for the current quarter as compared to 55.6% in Q3FYE19. The increase was mainly due to higher allowance for impairment losses on financing receivables and other operating expenses in tandem with the growth in transaction and financing volume.

On a nine-month financial review basis (“**9MFYE20**”), revenue increased by 17.8% to RM1.185 billion compared to RM1.006 billion recorded in the preceding nine month ended 30 November 2018 (“**9MFYE19**”). PBT and PAT posted at RM272.41 million

and RM203.66 million respectively for 9MFYE20, both decreased by 23.7% compared to RM357.07 million and RM267.01 million for 9MFYE19 respectively.

The lower PBT and PAT for the 9MFYE20 were attributed by the increased impairment losses on financing receivables of RM362.50 million under MFRS 9 requirement as compared to RM213.85 million recorded in 9MFYE19 in line with the growth of receivables during the period under review. Loan loss coverage ratio stood at 363% in 9MFYE20 as compared to 338% in 9MFYE19.

AEON Credit Managing Director, Yuro Kisaka said, “We are pleased that the Company continues to show improvements in the top line despite the significant economic slowdown. With Malaysia’s GDP growth of 4.4% in the third quarter (2019) and forecast of 4.3% to 4.8% by Bank Negara Malaysia, this definitely shows how financial services and services industry play a crucial role in our domestic demand, in which AEON Credit contributes to both industries and back to the country’s economic growth.”

Kisaka added, “The Company had a 17.8% growth in revenue in 9MFYE20 despite challenging operating environment. Given the recent slowdown in loan demand, it is a strong testament that there is still demand of our financial products and services among Malaysian consumers. Moving forward, the Company will remain prudent and cautious, placing emphasis on growing the quality assets as well as enhancing cost and operational efficiency. In addition, we will focus on meeting the market needs and delivering top notch services as well as continue to increase our growth momentum and deliver invaluable values to our stakeholders.”

ABOUT AEON CREDIT SERVICE (M) BERHAD

AEON Credit Service (M) Berhad (“AEON Credit” or the “Company”) was incorporated on 6 December 1996 and was converted into a public limited company on 9 February 2007 and listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007. AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores.

Today, the business of the Company had expanded to include issuance of Credit Cards, Easy Payment, hire purchases financing for motor vehicles, Personal Financing schemes, insurance sales business and other services.

The Company currently has five Regional Offices, 71 branches and Service Centres located in the major shopping centres and towns and a network of more than 12,000 participating merchant outlets nationwide.

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For more information, please contact:

Ms. Noor Nazatul Janah (Naza)

Tel : +603 2772 8532

Email : nazatul.janah@aeoncredit.com.my

Ms. Leanne Tan

Tel : +603 6419 9501

Email : leanne@esente.com.my
