



# AEON CREDIT SERVICE

Listing Board : Bursa Malaysia Securities Berhad, Main Market  
Stock Name/ Code : AEONCR / 5139

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## Q1 / 3M FYE2022 Results Update

6 July 2021



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# Agenda

01

Financial Overview

02

Business and Operational Updates



# **AEON CREDIT SERVICE**




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## Financial Overview



# Performance Highlights

Better performance supported by recovery activities and improved asset quality

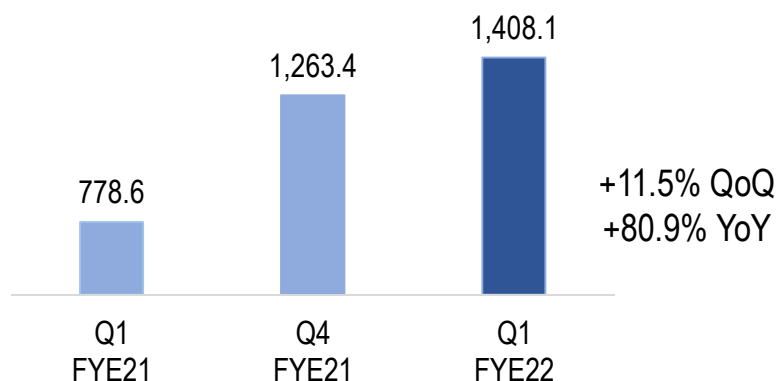
		3M FYE21	3M FYE22	YOY Change
 Profitability	Revenue	RM389.9M	RM411.0M	+5.4%
	PAT	RM26.3M	RM163.1M	+520.6%
	ROE	6.2%	36.1%	+29.9%
 Asset Quality	Transaction & Financing Volume	RM778.6M	RM1,408.1M	+80.9%
	Gross Financing Receivables	RM10.5B	RM10.1B	-4.4%
	Loan Loss Coverage Ratio	507%	409%	-98.0%
	Non-Performing Loan (NPL)	1.42%	1.75%	+0.33%
 Capital	Net Credit Cost (NCC)	6.12%	-0.81%	-6.93%
	Capital Adequacy Ratio (CAR)	21.1%	25.5%	+4.4%



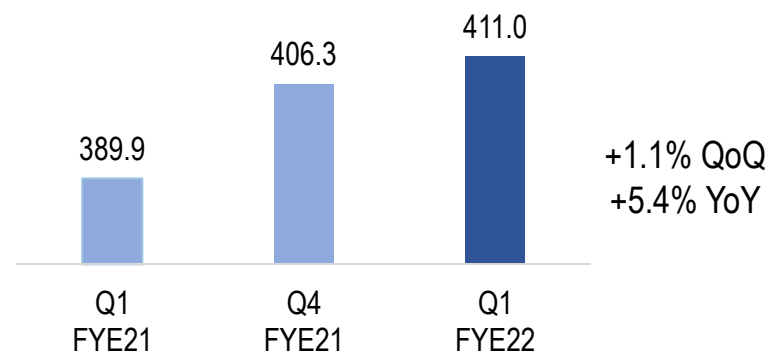
# Income Statement – Q1FYE22

Healthy asset quality and steadfast action taken towards our recovery resulted in rebound of revenue and profit

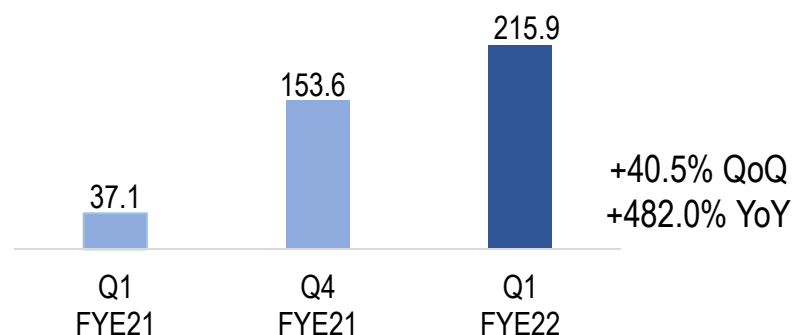
### Total Transaction & Financing Volume (RM mil)



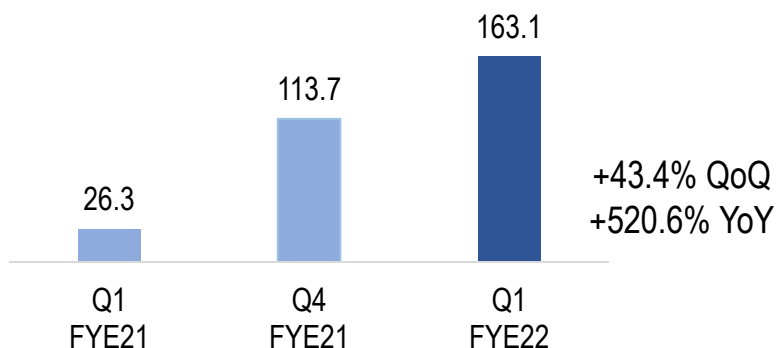
### Revenue (RM mil)



### PBT (RM mil)



### PAT (RM mil)

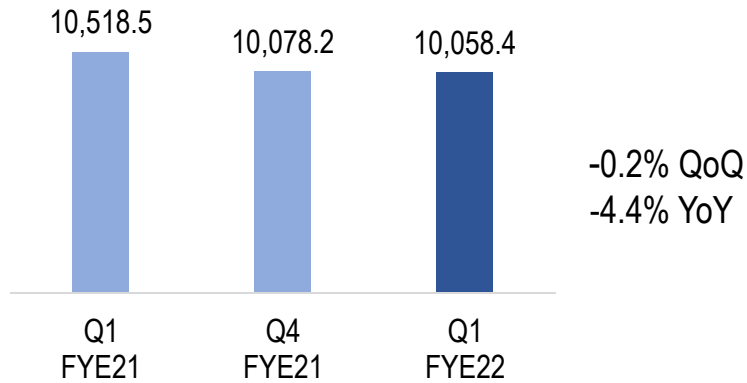




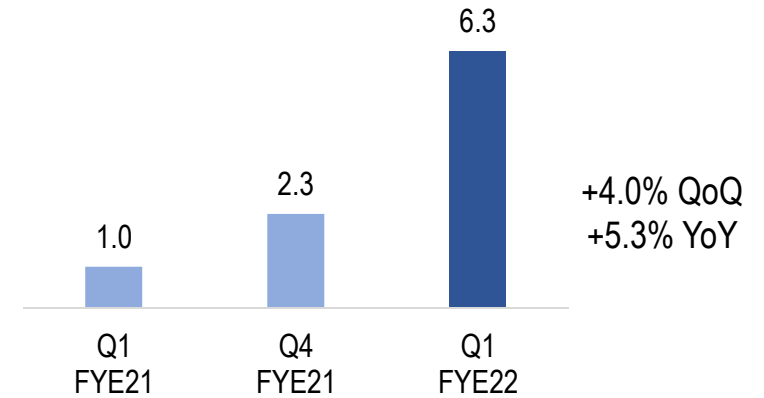
# Shareholder Value & Capital Management

Stable returns on solid performance; Strong capital position providing ample headroom for growth

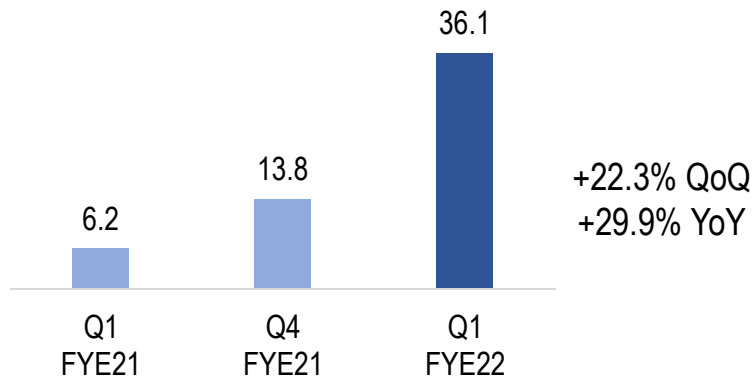
### Gross Receivables (RM mil)



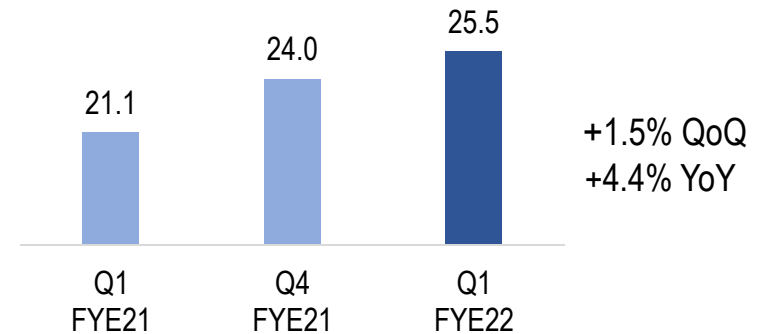
### ROA (%)



### ROE (%)



### CAR (%)

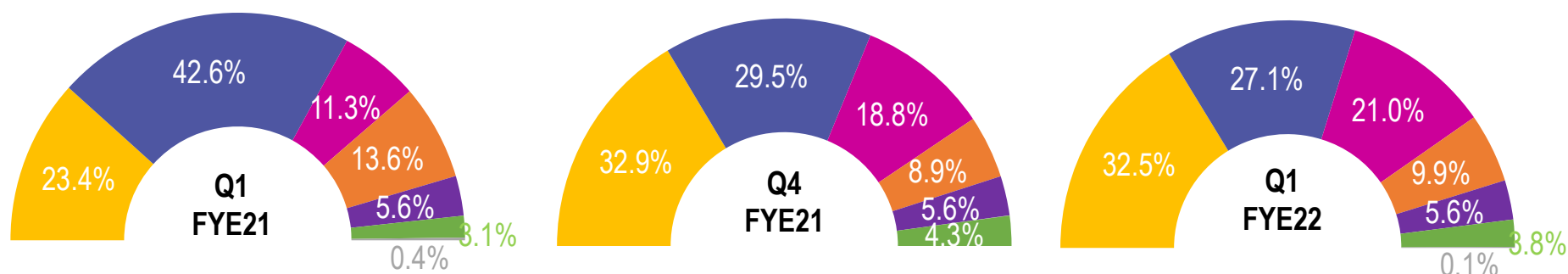




# Total Transaction & Financing Volume

AEON Credit recorded sales growth across the board

Volume – Quarterly Segmental Breakdown (%)



Volume (RM mil)	Q1FYE21	Q4FYE21	Q1FYE22	QoQ Changes	YoY Changes
Motorcycle Financing	182	415	458	+10.4%	+151.2%
Credit Card	332	373	381	+2.1%	+14.8%
Personal Financing	88	237	295	+24.3%	+234.1%
Auto Financing	106	113	139	+23.2%	+31.6%
Objective Financing	44	71	79	+11.7%	+80.6%
E-money	24	54	54	+0.1%	+125.1%
SME Financing	3	-	2	+405.3%	-25.6%
<b>Total</b>	<b>779</b>	<b>1,263</b>	<b>1,408</b>	<b>+11.5%</b>	<b>+80.9%</b>

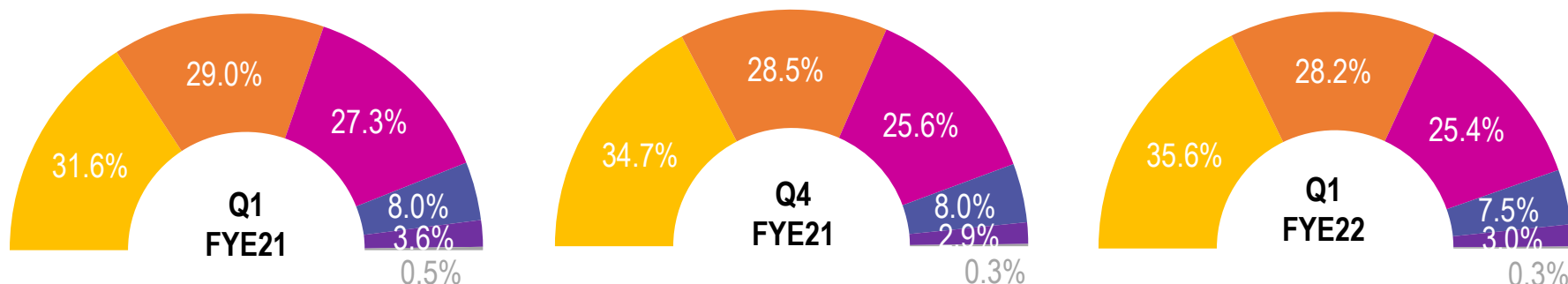




# Total Financing Receivables

Receivables were mindfully managed to protect the collectability; Focus on Motorcycle Financing growth with risk control strategy

Gross Receivables – Quarterly Segmental Breakdown (%)



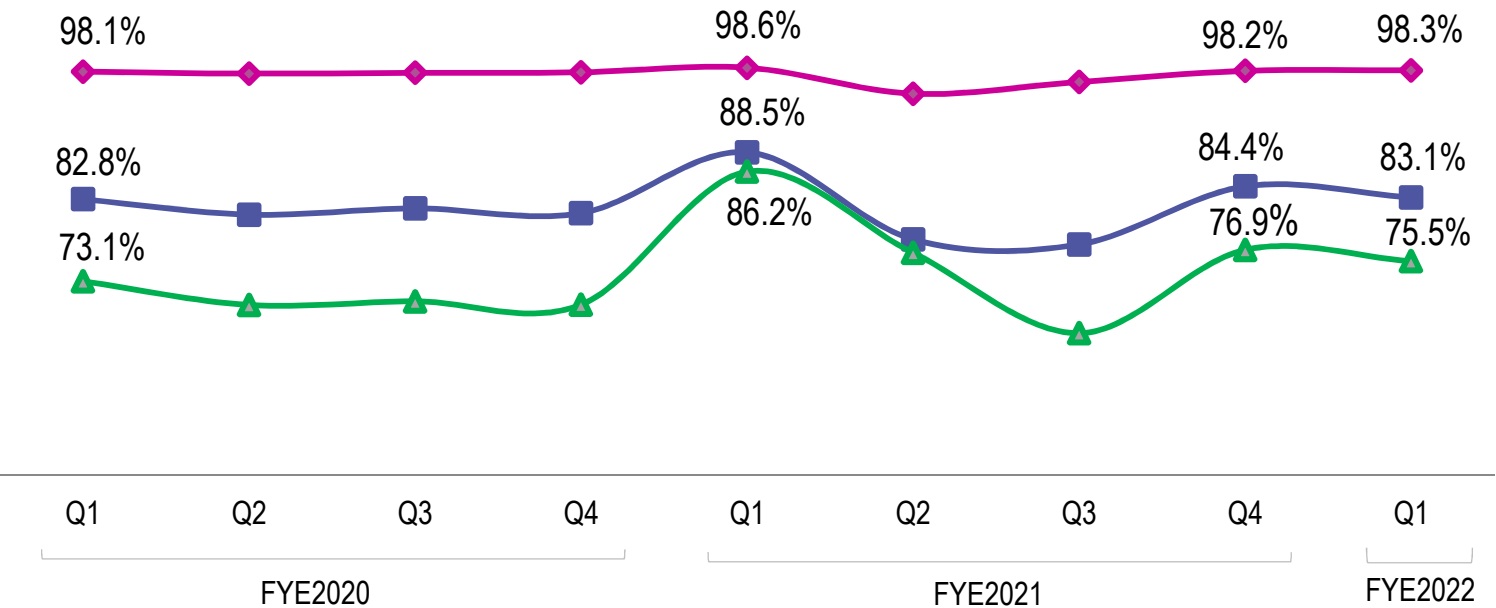
Volume (RM mil)	Q1 FYE21	Q4 FYE21	Q1 FYE22	Receivables Movement	
				QoQ (%)	YoY (%)
Motorcycle Financing	3,321	3,492	3,578	+2.5%	+7.7%
Auto Financing	3,052	2,870	2,840	-1.0%	-6.9%
Personal Financing	2,875	2,580	2,557	-0.9%	-11.1%
Credit Card	839	810	756	-6.7%	-9.9%
Objective Financing	380	294	300	+2.0%	-21.1%
SME Financing	51	32	27	-14.0%	-46.3%
<b>Total</b>	<b>10,518</b>	<b>10,078</b>	<b>10,058</b>	<b>-0.2%</b>	<b>-4.4%</b>



# Receivables Collection

Stabilised collection ratios supported by effective credit management strategies

## Receivables Collection Trend



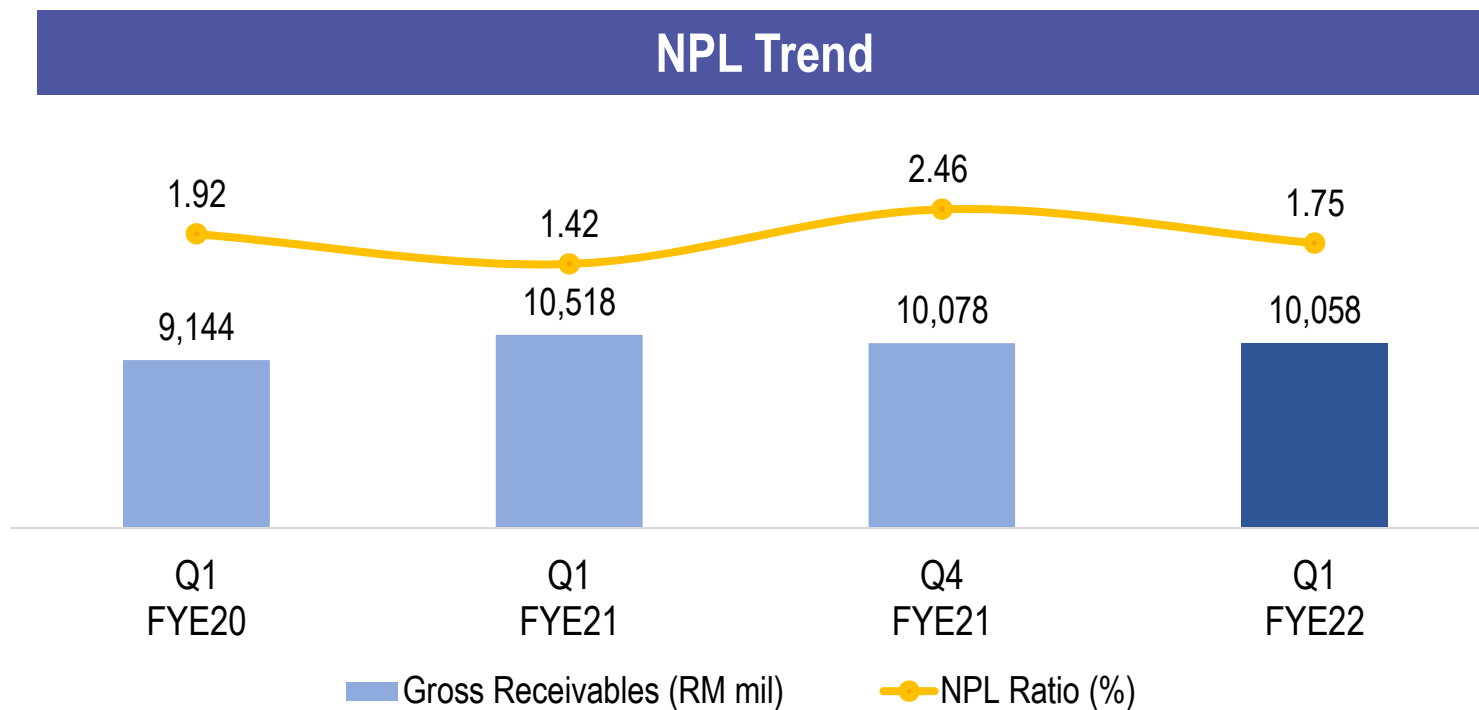
◆	Current Collection Ratio – Not past due (%)
■	D1 Collection Ratio – Past due 1 month (%)
▲	D2 Collection Ratio – Past due 2 to 3 months (%)

\*Q1 FYE2021 : collection ratio with payment holidays (actual collection ratio)



# Non-Performing Loans (NPL)

Improved derived from better credit management and improved asset quality

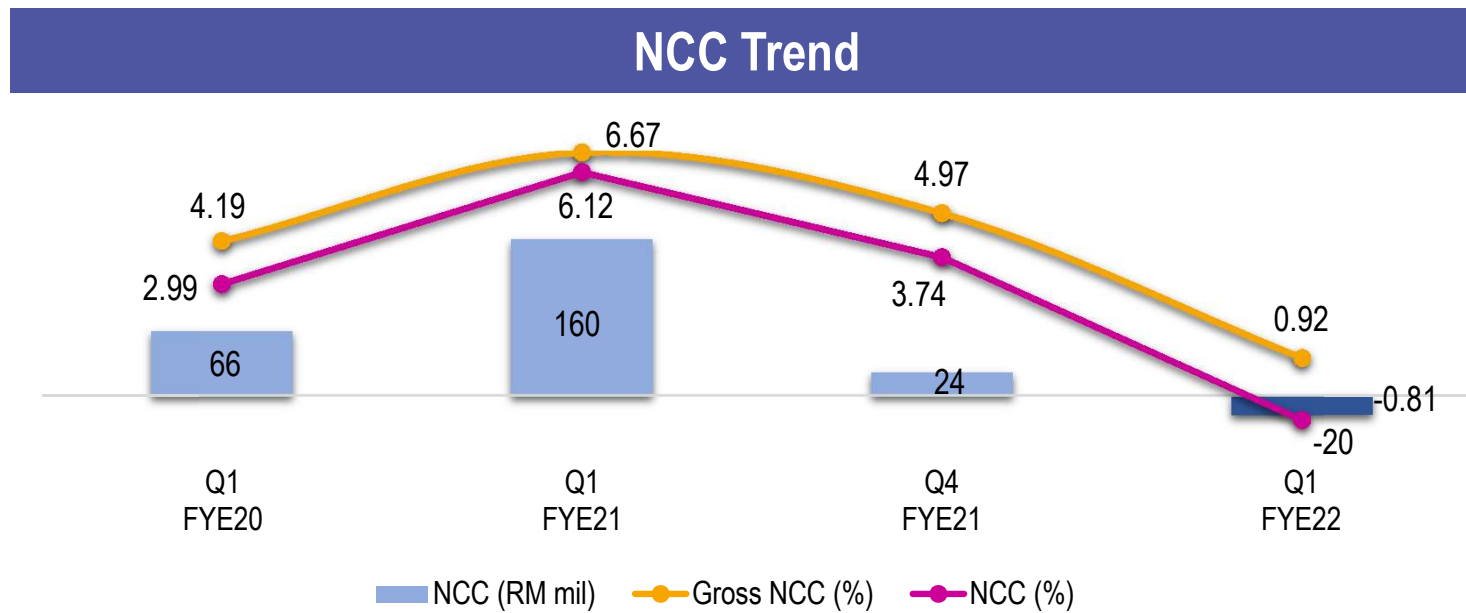


(RM mil)	Q1 FYE20	Q1 FYE21	Q4 FYE21	Q1 FYE22
Receivables	9,144	10,518	10,078	10,058
Balance D3+	175	150	248	176
NPL (%)	1.92	1.42	2.46	1.75



# Net Credit Cost (NCC)

NCC improved in Q1 FYE22 as a result of impairment loss reversal benefited from better delinquency movement and higher bad debt recovery

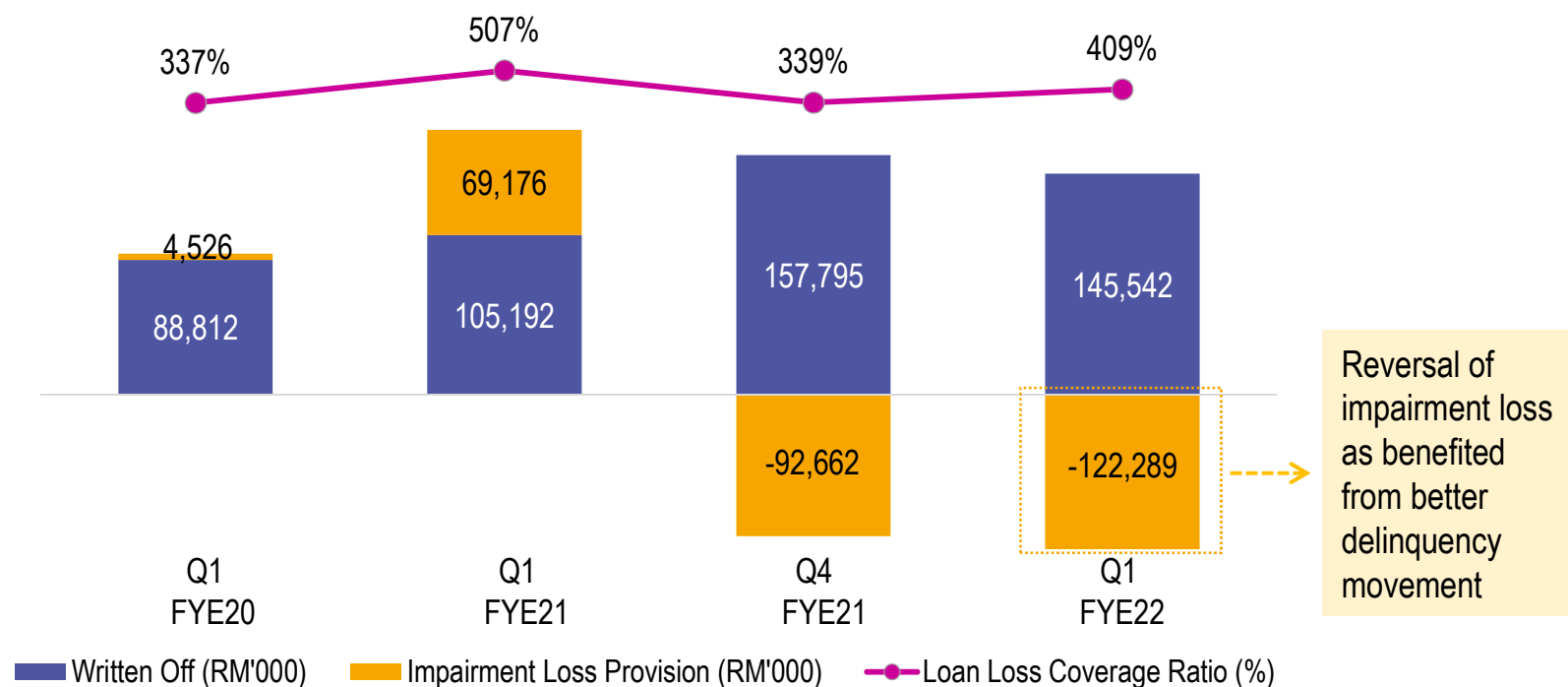


(RM mil)	Q1 FYE20	Q1 FYE21	Q4 FYE21	Q1 FYE22
Total IL	93	174	65	23
(-) Bad Debt Recovered	27	14	41	43
NCC	66	160	24	(20)



# Impairment Loss (IL) Analysis

Benefiting from the reversal of IL provision as improved account collections



(RM '000)	Q1	Q1	Q4	Q1	Changes QoQ	
	FYE20	FYE21	FYE21	FYE22	(RM'000)	(%)
Write Off	88,812	105,192	157,795	145,542	(12,253)	-7.8%
IL Provision	4,526	69,176	(92,662)	(122,289)	(29,627)	32.0%
<b>Total IL</b>	<b>93,338</b>	<b>174,368</b>	<b>65,133</b>	<b>23,253</b>	<b>(41,880)</b>	<b>-64.3%</b>



# Cost-to-Income Ratio

Operational efficiency improved due to lower impairment loss and prudent cost management

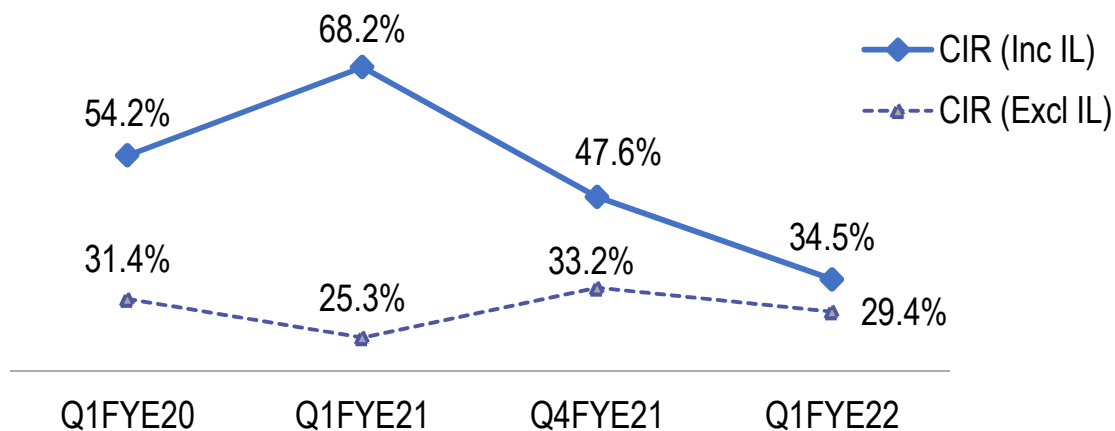
(RM mil)	Q1 FYE21	Q4 FYE21	Q1 FYE22	QoQ	YoY
<b>Total Operating Income</b>	<b>407.0</b>	<b>453.2</b>	<b>460.2</b>	<b>1.5%</b>	<b>13.1%</b>
Personnel Expenses	35.9	58.6	55.4	-5.4%	54.2%
Advertisement & Promotion	12.2	8.4	10.8	28.7%	-11.8%
Other Operating Expenses	55.0	83.7	69.2	-17.4%	25.9%
<b>Total Operating Expenses</b>	<b>103.1</b>	<b>150.7</b>	<b>135.4</b>	<b>-10.1%</b>	<b>31.3%</b>
Total Impairment Loss	174.4	65.1	23.3	-64.3%	-86.7%
<b>Grand Total</b>	<b>277.5</b>	<b>215.8</b>	<b>158.7</b>	<b>-26.5%</b>	<b>-42.8%</b>

Total Operating Expenses decreased by RM57.1mil QoQ and RM118.8mil YoY contributed by lower impairment loss.

Higher other operating expenses driven by higher Sales & Transaction volume

CIR excluding IL at 29.4%

## Cost-to-Income Ratio (CIR)





# **AEON CREDIT SERVICE**

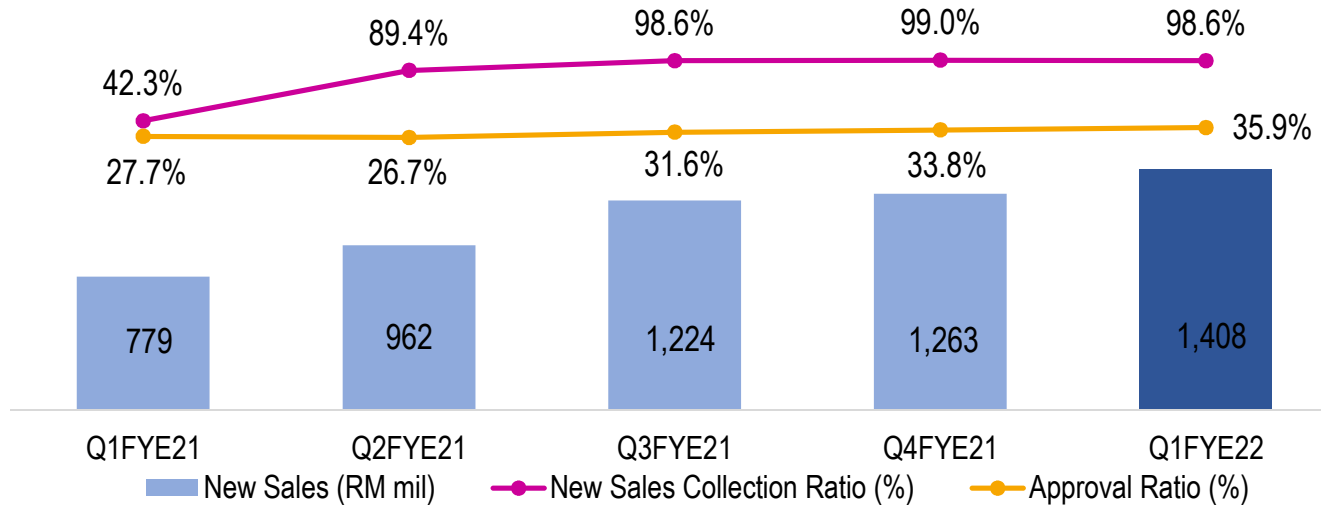
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## Business and Operational Updates



# Business Recovery

New sales driven by effective Raya marketing campaign



	MOTORCYCLE	CREDIT CARD	OBJECTIVE FINANCING	PERSONAL FINANCING
<b>New Sales</b>	 <b>+151% YOY</b>	 <b>+15% YOY</b>	 <b>+81% YOY</b>	 <b>+234% YOY</b>





# Transformation by digital shift

Provide seamless customer experience by create consumer digital on boarding

## Initiatives → Key Activities

Accomplishment value chain digitalization



100%  
E-Application



9.1%  
E-KYC usage



E-Signature



E-Warehouse

Product delivery by adding mobile functions



E-application  
E-statement



MyAeon API  
payment  
integration



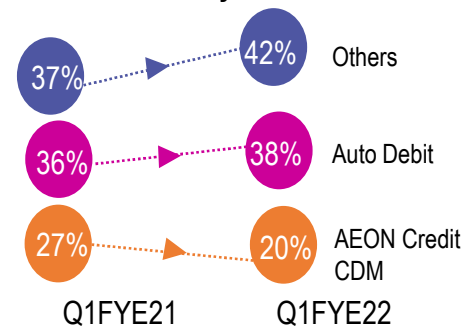
Real time awarding  
and redemption

Revision in branch and CDM strategy

64  
Branches & Service  
Centres  
(Closure of 7 branches for  
last year and 1 branch in  
Q1FYE22)

131  
CDM  
(Reduced 15 CDM last  
year and 57 CDM in  
Q1FYE22)

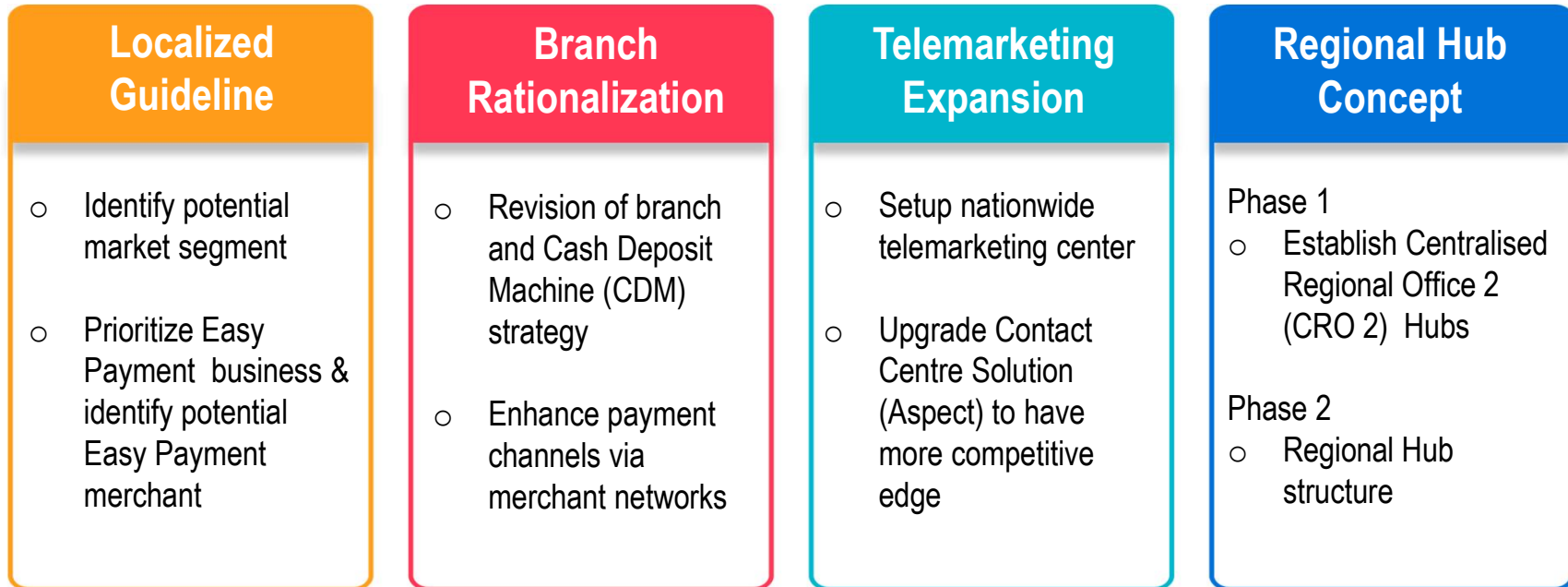
### Customer Payment Channels





# Regionalisation

## FYE21-FYE22 Strategies Improve efficiency and effectiveness



Rationalize branches network by relocation, closure and opening at strategy area

Rationalize manpower to expand telemarketing

- Develop CRO 2 operation center by Feb 2022
- Regional Hub structure in 2023



# Sales & Receivables Growth Strategy

Achieve sustainable balance between asset growth and receivables collection  
Steadily driving towards healthy business expansion

1

## Focusing on Receivables Growth

- ✓ Speed up AEON database cross selling
- ✓ Create new demand through channel expansion
- ✓ Balance between business growth and funding cost

On-Going

- Cross sell AMP to Personal Financing and credit card
- Merchant e-commerce

2

## Targeting the right customers

- ✓ Understand customer needs and customise strategies
- ✓ Enhance customer experiences
- ✓ Analysis on market segment and revise the assessment criteria

On-Going

- Assessment criteria revise on targeted area

3

## Offering the right products

- ✓ Fulfil customer needs and demands at different life stages/ age groups
- ✓ Diversify product range and increase fee base income
- ✓ Enhance customer loyalty and retention

On-Going

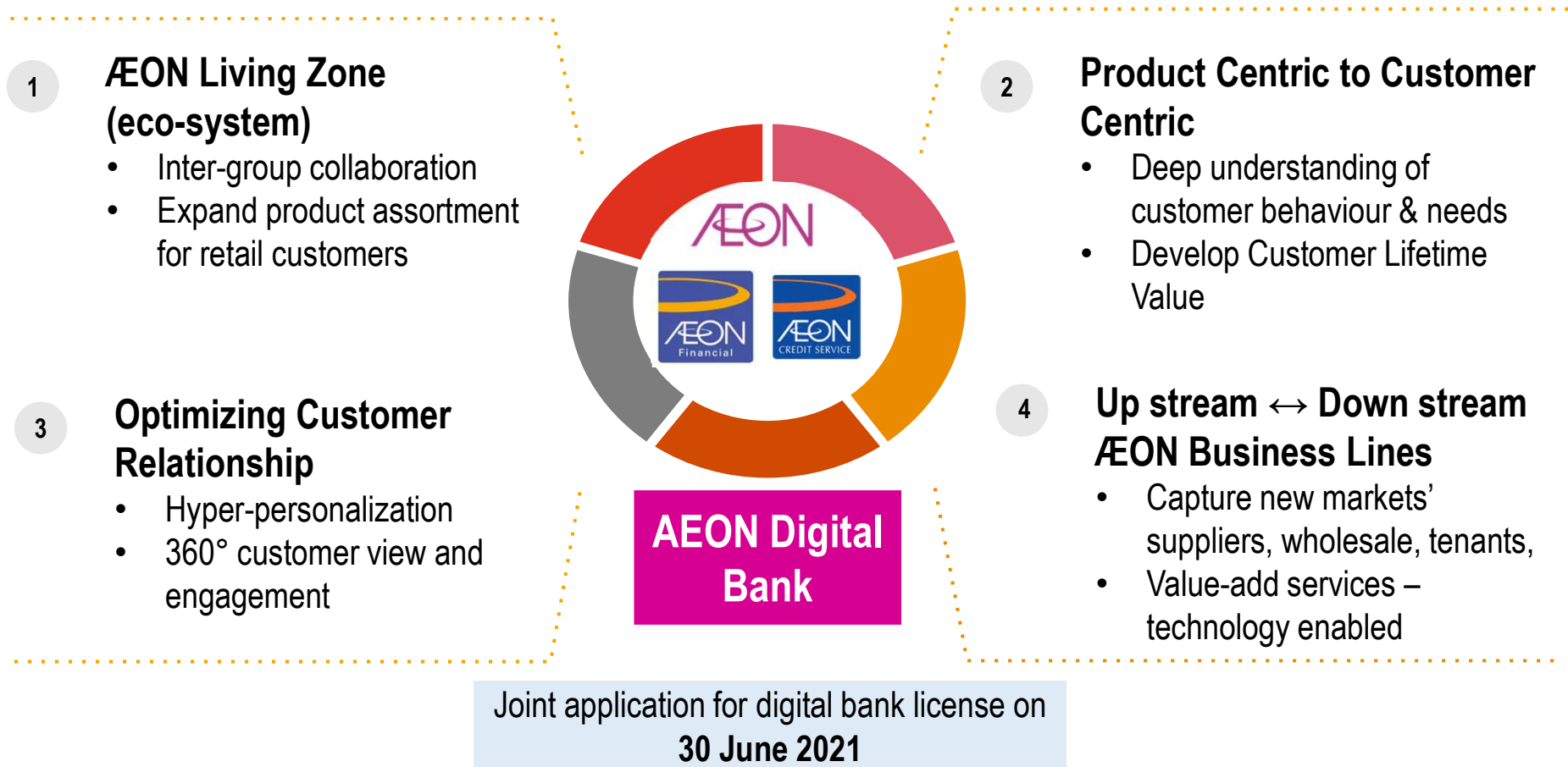
- Pre-Approval Program to improve customer retention
- New source of fee income through insurance partnership



# Digital Banking

New product and service to capture overall customer needs

## Digital Bank License



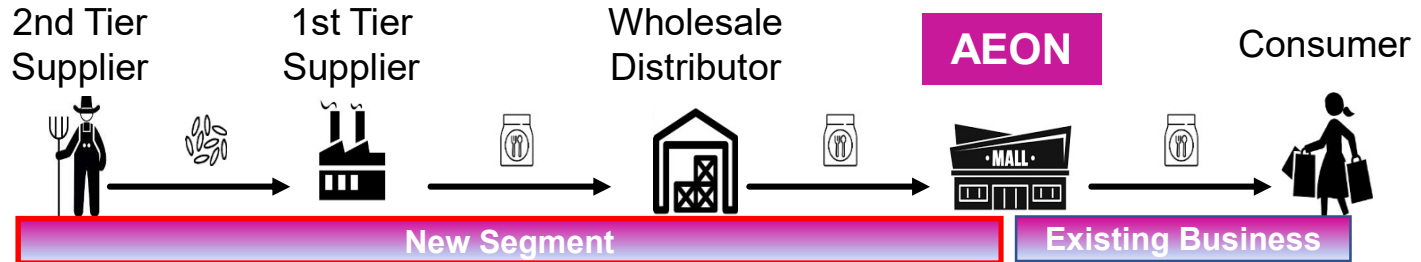


# Digital Banking

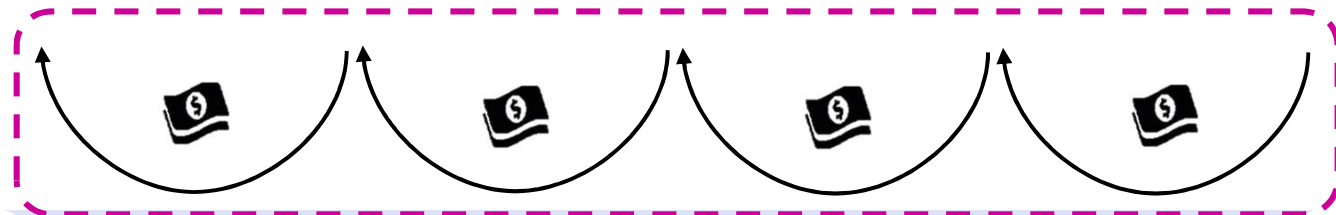
Creation of new product and services in both new and existing segment

*Financial Education, Financial Literacy and Financial Planning*

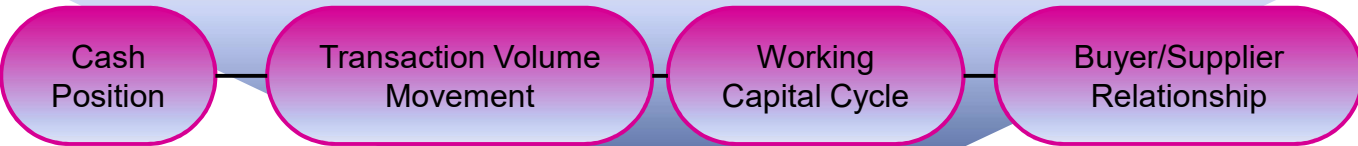
Flow of Goods



Flow of Money

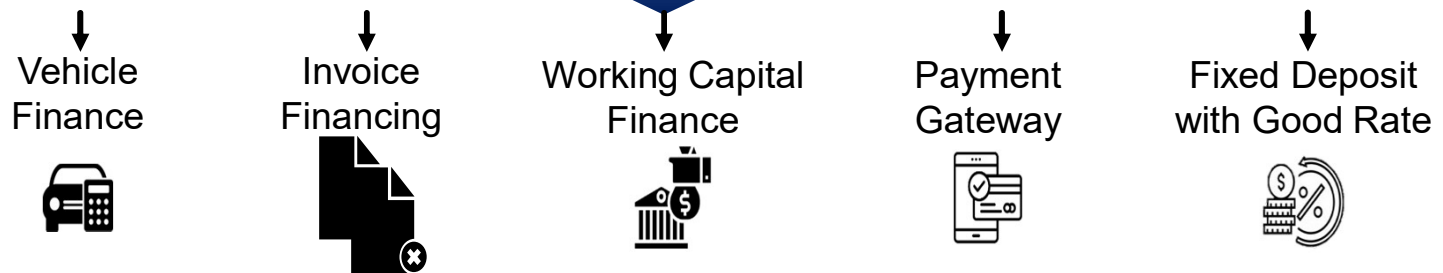


Flow of Data



Personalized recommendation based on purchasing and sales data

Flow of Services





# AEON CREDIT SERVICE

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## Appendices



# Performance Highlights

(RM mil)	Q1 FYE21	Q4 FYE21	Q1 FYE22	QoQ (%)	YoY (%)
<b>Total Transaction &amp; Financing Volume</b>	<b>778.6</b>	<b>1,263.4</b>	<b>1,408.1</b>	<b>11.5%</b>	<b>80.9%</b>
Credit Card	331.8	372.9	380.8	2.1%	14.8%
Easy Payment Financing	334.4	598.8	677.9	13.2%	102.8%
Personal Financing	88.3	237.4	295.0	24.3%	234.1%
E-Money	24.1	54.3	54.4	0.1%	125.1%
<b>Total Income</b>	<b>407.0</b>	<b>453.2</b>	<b>460.2</b>	<b>1.5%</b>	<b>13.1%</b>
Operating Expenses	(277.5)	(215.8)	(158.7)	-26.5%	-42.8%
Interest Expenses	(92.4)	(83.8)	(85.6)	2.3%	-7.3%
<b>Profit Before Tax</b>	<b>37.1</b>	<b>153.6</b>	<b>215.9</b>	<b>40.5%</b>	<b>482.0%</b>
Income Tax	(10.8)	(39.9)	(52.8)	32.2%	388.3%
<b>Net Profit</b>	<b>26.3</b>	<b>113.7</b>	<b>163.1</b>	<b>43.4%</b>	<b>520.6%</b>



# Financial Summary

(RM mil)	Q1 FYE21	Q4 FYE21	Q1 FYE22	QoQ (%)	YoY (%)
<b>Credit Card</b>	<b>838.5</b>	<b>810.1</b>	<b>755.7</b>	-6.7%	-9.9%
Card Purchase	779.9	727.5	658.7	-9.5%	-15.5%
Cash Advance	58.6	82.6	97.0	17.3%	65.5%
<b>Personal Financing</b>	<b>2,875.2</b>	<b>2,580.0</b>	<b>2,556.7</b>	-0.9%	-11.1%
<b>Objective Financing</b>	<b>380.1</b>	<b>293.8</b>	<b>299.8</b>	2.0%	-21.1%
<b>Motorcycle Financing</b>	<b>3,321.3</b>	<b>3,491.6</b>	<b>3,578.1</b>	2.5%	7.7%
MOPED	2,440.7	2,695.1	2,791.3	3.6%	14.4%
Superbike	880.6	796.5	786.8	-1.2%	-10.7%
<b>Auto Financing</b>	<b>3,052.0</b>	<b>2,870.6</b>	<b>2,840.5</b>	-1.0%	-6.9%
<b>SME Financing</b>	<b>51.4</b>	<b>32.1</b>	<b>27.6</b>	-14.0%	-46.3%
<b>Total Financing Receivables</b>	<b>10,518.5</b>	<b>10,078.2</b>	<b>10,058.4</b>	-0.2%	-4.4%
Impairment Loss	(759.7)	(842.1)	(719.8)	-14.5%	-5.3%
Other Assets	781.9	995.3	1,140.5	14.6%	45.9%
<b>Total Assets</b>	<b>10,540.7</b>	<b>10,231.4</b>	<b>10,479.1</b>	2.4%	-0.6%
<b>Total Liabilities</b>	<b>8,817.3</b>	<b>8,338.2</b>	<b>8,411.0</b>	0.9%	-4.6%
<b>Shareholders' Fund</b>	<b>1,723.4</b>	<b>1,893.2</b>	<b>2,068.1</b>	9.2%	20.0%





# Operating Income

(RM mil)	Q1 FYE21	Q4 FYE21	Q1 FYE22	QoQ (%)	YoY (%)
Credit Card	34.1	36.7	34.0	-7.5%	-0.6%
Personal Financing	119.3	113.6	114.5	0.8%	-4.0%
Objective Financing	19.6	16.9	17.8	5.7%	-8.8%
Motorcycle Financing	124.4	149.9	157.0	4.7%	26.2%
Auto Financing	85.9	85.0	84.5	-0.6%	-1.7%
SME Financing	0.5	0.6	0.5	-15.5%	15.1%
E money	6.1	3.6	2.7	-23.6%	-55.4%
<b>Total Revenue</b>	<b>389.9</b>	<b>406.3</b>	<b>411.0</b>	<b>1.1%</b>	<b>5.4%</b>
Other Operating Income	17.1	46.9	49.2	5.0%	186.9%
<b>Total Operating Income</b>	<b>407.0</b>	<b>453.2</b>	<b>460.2</b>	<b>1.5%</b>	<b>13.1%</b>



# Total Expenses

(RM mil)	Q1 FYE21	Q4 FYE21	Q1 FYE22	QoQ (%)	YoY (%)
Total Impairment Loss	174.4	65.1	23.3	-64.3%	-86.7%
Personnel Expenses	35.9	58.6	55.4	-5.4%	54.2%
Advertisement & Promotion (A&P)	12.2	8.4	10.8	28.7%	-11.8%
Other Operating Expenses	55.0	83.7	69.2	-17.4%	25.9%
<b>Operating Expenses</b>	<b>277.5</b>	<b>215.8</b>	<b>158.7</b>	<b>-26.5%</b>	<b>-42.8%</b>
Interest Expenses	92.4	83.8	85.6	2.3%	-7.3%
<b>Total Expenses</b>	<b>369.9</b>	<b>299.6</b>	<b>244.3</b>	<b>-18.4%</b>	<b>-34.0%</b>



# Financial Indicators

(RM mil)	FYE19	FYE20	FYE21	Q1 FYE21	Q1 FYE22
PBT	472.2	390.4	324.9	37.1	<b>215.9</b>
PAT	354.6	292.0	233.9	26.3	<b>163.1</b>
Weighted average no. of ordinary shares (mil unit)	255.3	255.3	255.3	255.3	<b>255.3</b>
Basic EPS (RM)*	1.3	1.1	0.9	0.4	<b>2.5</b>
NTA per share (RM)	6.0	6.1	6.6	6.0	<b>7.3</b>
ROE (%)*	22.1	18.0	13.8	6.2	<b>36.1</b>
ROA (%)*	4.3	3.1	2.3	1.0	<b>6.3</b>
Capital ratio against receivables (%)	22.4	18.9	24.0	21.1	<b>25.5</b>
Debt-to-Equity Ratio (x)	3.4	4.6	3.8	4.8	<b>3.49</b>
Share Price (RM)	16.5	13.8	11.7	9.0	<b>11.9</b>
PER (x)	11.9	12.9	13.3	24.3	<b>4.7</b>
Market Capitalisation (mil)	4,149	3,500	2,992	2,278	<b>3,038</b>

\* Computed based on annualised basis.



# AEON CREDIT SERVICE



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# Thank You