



AEON CREDIT SERVICE

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

Q2 / 6M FYE2022 Results Update

28 September 2021



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Agenda

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Sustainability






AEON CREDIT SERVICE

Financial Overview

Performance Highlights

Steady asset quality and profit growth momentum

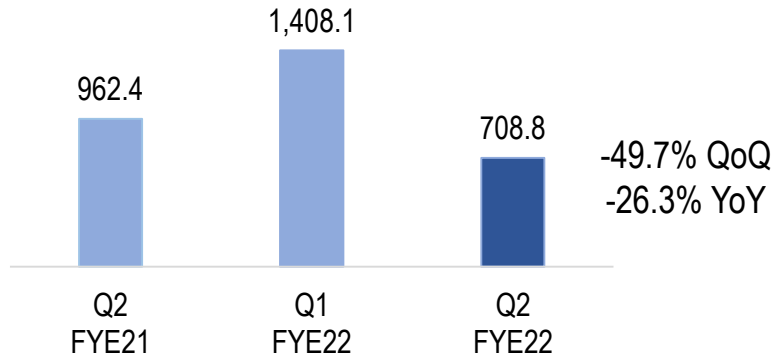
		1H FYE21	1H FYE22	YOY Change
 Profitability	Revenue	RM753.8M	RM785.4M	+4.2%
	PAT	RM78.1M	RM238.6M	+205.5%
	ROE	9.5%	26.0%	+16.5%
 Asset Quality	Transaction & Financing Volume	RM1.7B	RM2.1B	+21.6%
	Gross Financing Receivables	RM10.3B	RM9.6B	-6.2%
	Loan Loss Coverage Ratio	417%	343%	-74.0%
	Non-Performing Loan (NPL)	1.95%	2.24%	+0.3%
	Net Credit Cost (NCC)	4.58%	0.80%	-3.8%
 Capital	Capital Adequacy Ratio (CAR)	22.0%	27.0%	+5.0%



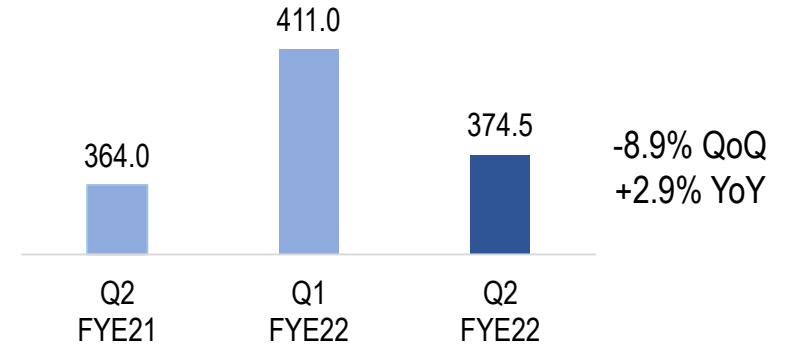
Income Statement – Q2FYE22

Improved top and bottom-line performance YoY

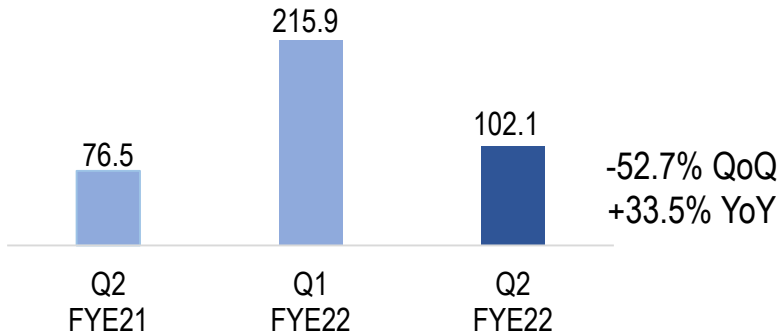
Total Transaction & Financing Volume (RM mil)



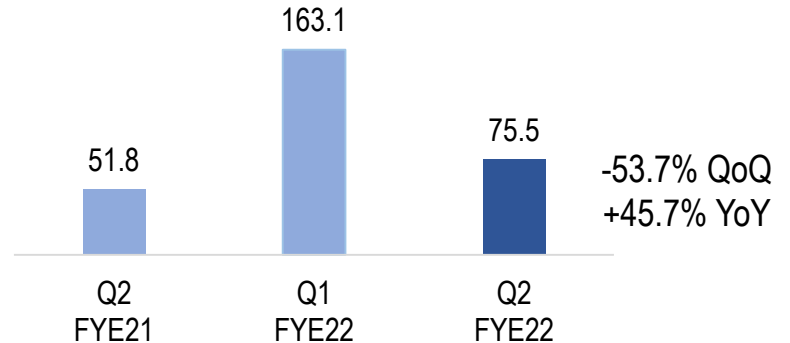
Revenue (RM mil)



PBT (RM mil)



PAT (RM mil)

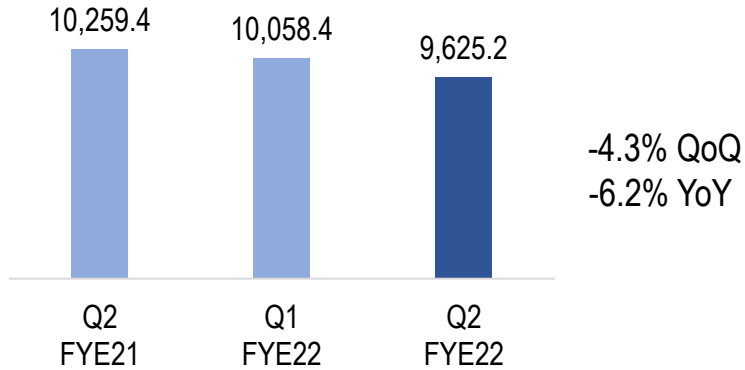




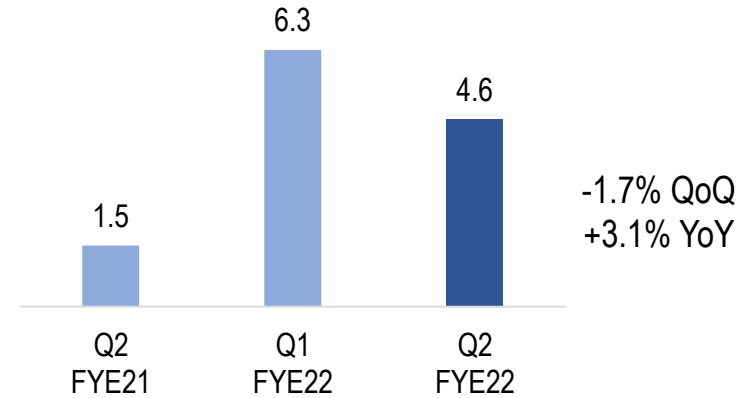
Shareholder Value & Capital Management

Balance sheet remains robust with strong CAR ratio at 27%

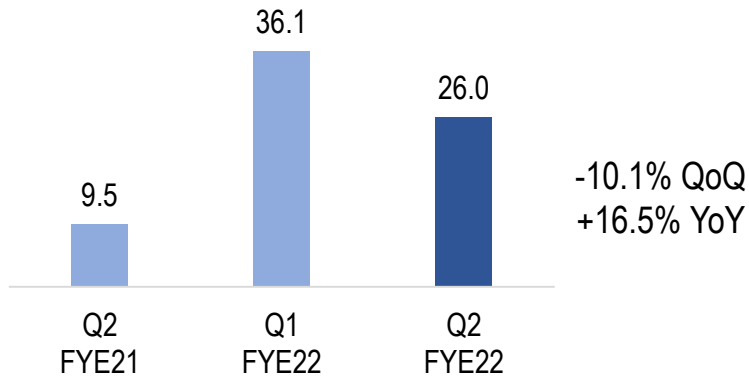
Gross Receivables (RM mil)



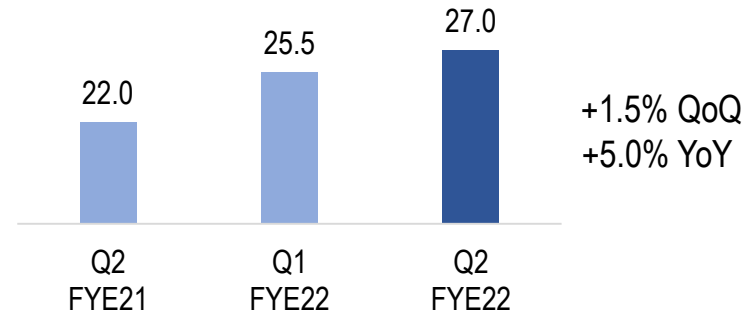
ROA (%)



ROE (%)



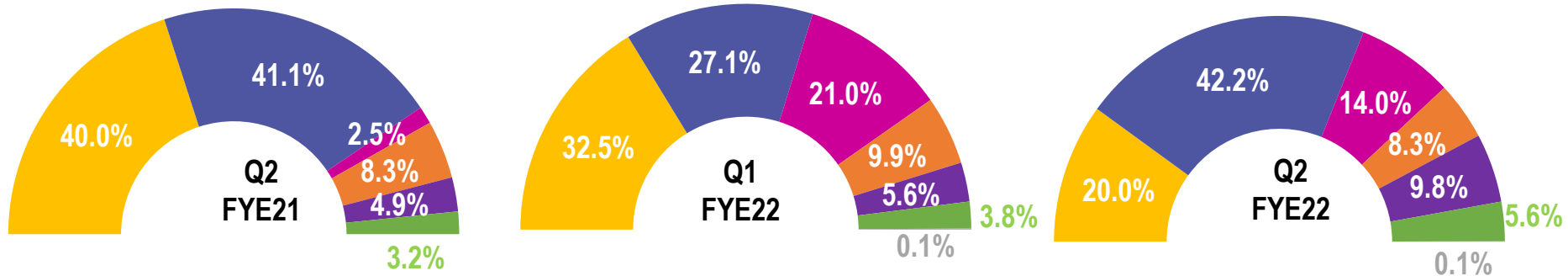
CAR (%)



Total Transaction & Financing Volume

Lower Transaction & Financing Volume due to disruption in business activities

Volume – Quarterly Segmental Breakdown (%)

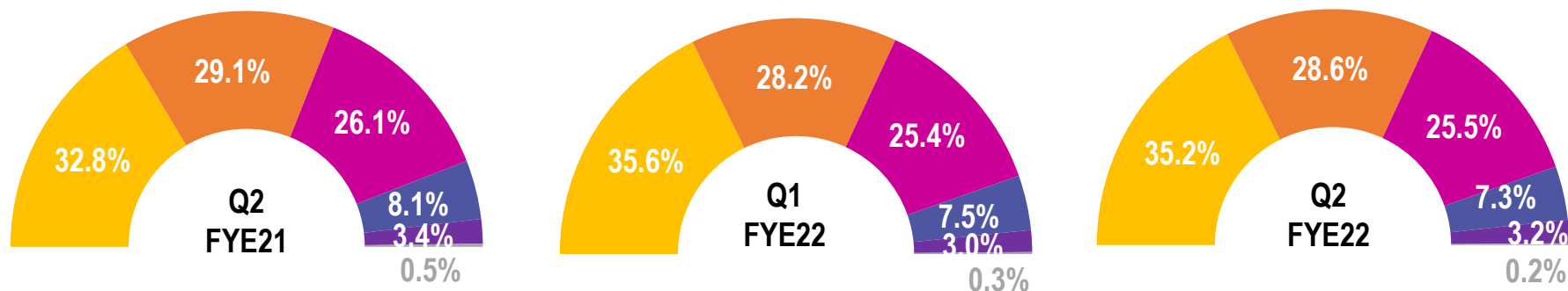








Volume (RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ Changes	YoY Changes
Motorcycle Financing	385	458	142	-69.0%	-63.2%
Credit Card	395	381	299	-21.5%	-24.2%
Personal Financing	24	295	99	-66.4%	316.6%
Auto Financing	80	139	59	-57.5%	-26.6%
Objective Financing	47	79	70	-12.2%	46.9%
E-money	31	54	40	-26.7%	27.4%
SME Financing	-	2	0.4	-80.1%	-
Total	962	1,408	709	-49.7%	-26.3%

Total Financing Receivables

Emphasized on strengthening asset quality for sustainable growth

Gross Receivables – Quarterly Segmental Breakdown (%)

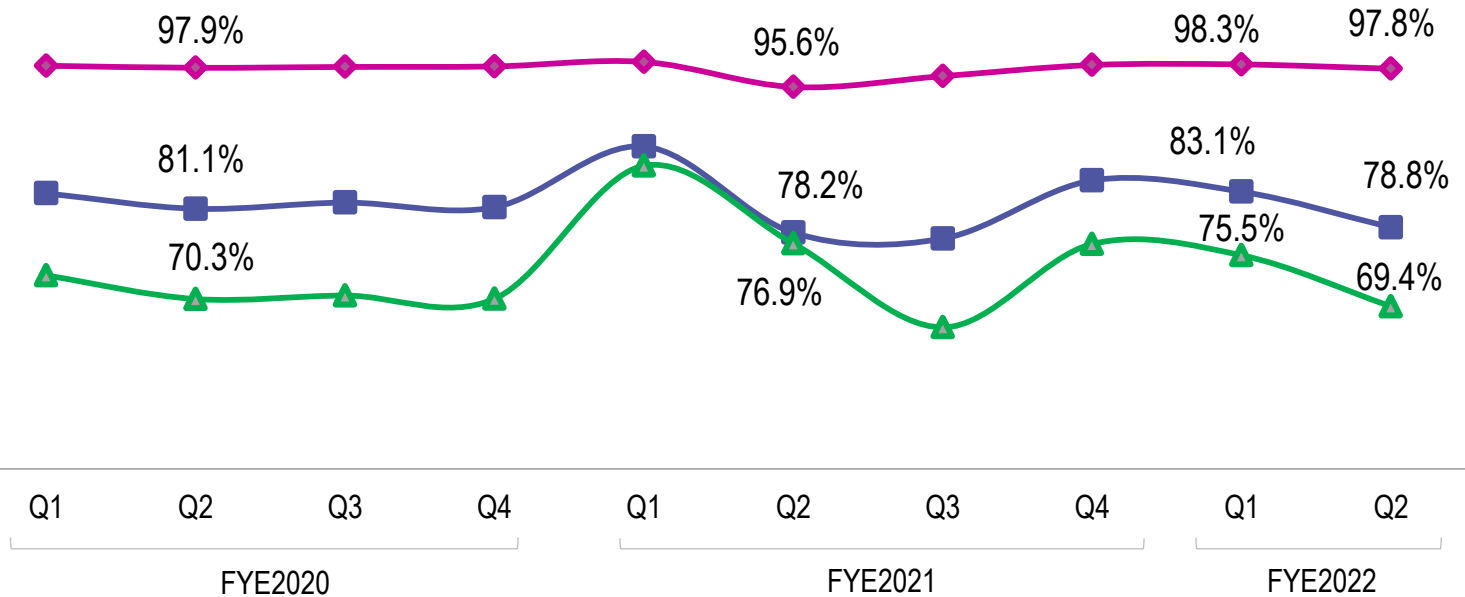


	Volume (RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	Receivables Movement	
					QoQ (%)	YoY (%)
	Motorcycle Financing	3,375	3,578	3,389	-5.3%	0.4%
	Auto Financing	2,986	2,840	2,748	-3.2%	-8.0%
	Personal Financing	2,680	2,557	2,450	-4.2%	-8.6%
	Credit Card	830	756	707	-6.5%	-14.8%
	Objective Financing	344	300	308	2.6%	-10.7%
	SME Financing	44	27	23	-15.6%	-46.6%
	Total	10,259	10,058	9,625	-4.3%	-6.2%

Receivables Collection

Collection activities QoQ affected by restricted workforce capacity due to FMCO, EMCO and NRP

Receivables Collection Trend



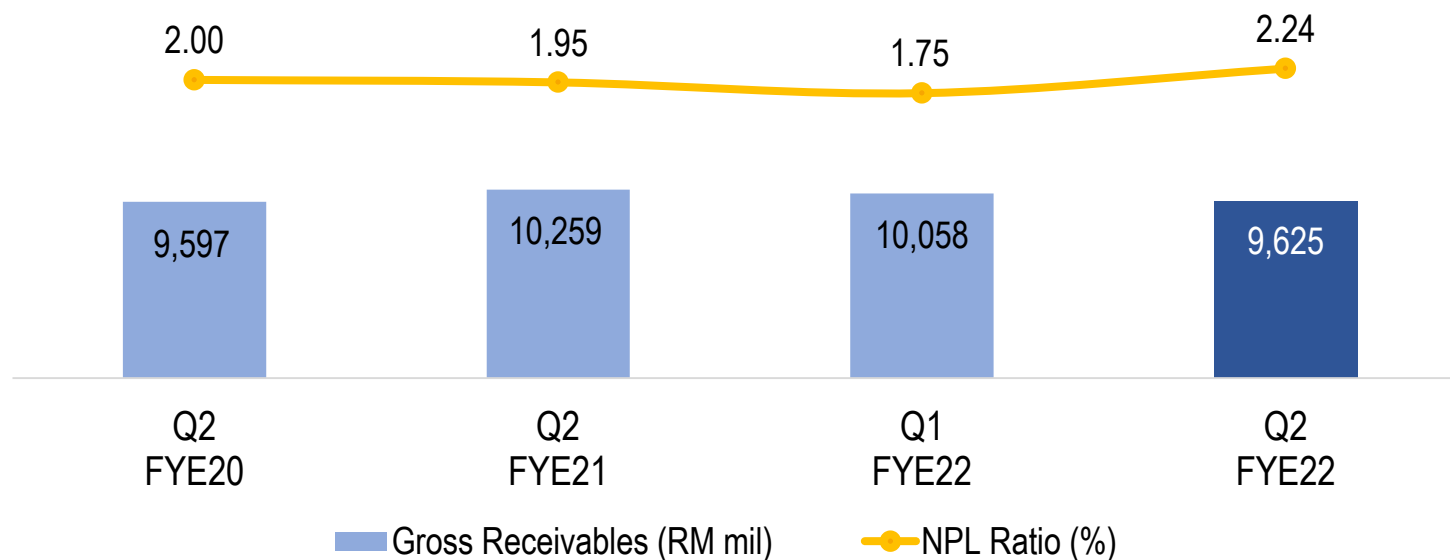
◆	Current Collection Ratio – Not past due (%)
■	D1 Collection Ratio – Past due 1 month (%)
▲	D2 Collection Ratio – Past due 2 to 3 months (%)

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

Non-Performing Loans (NPL)

Continuous prudent approach on asset quality

NPL Trend

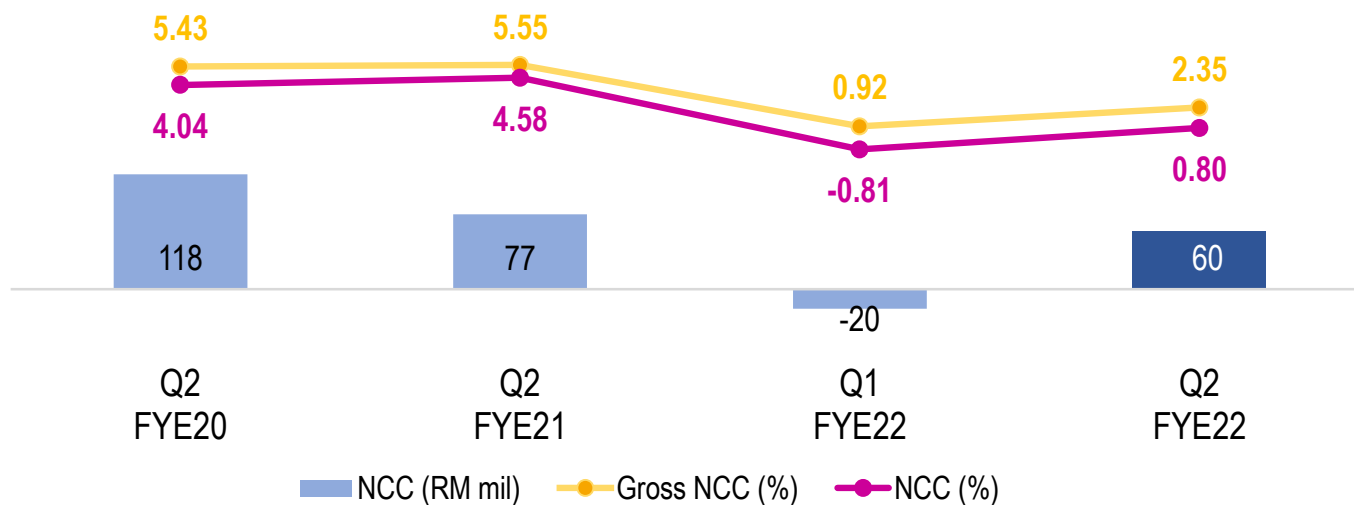


(RM mil)	Q2 FYE20	Q2 FYE21	Q1 FYE22	Q2 FYE22
Receivables	9,597	10,259	10,058	9,625
Balance D3+	192	200	176	215
NPL (%)	2.00	1.95	1.75	2.24

Net Credit Cost (NCC)

Lower NCC YoY due to lower Impairment Loss

NCC Trend

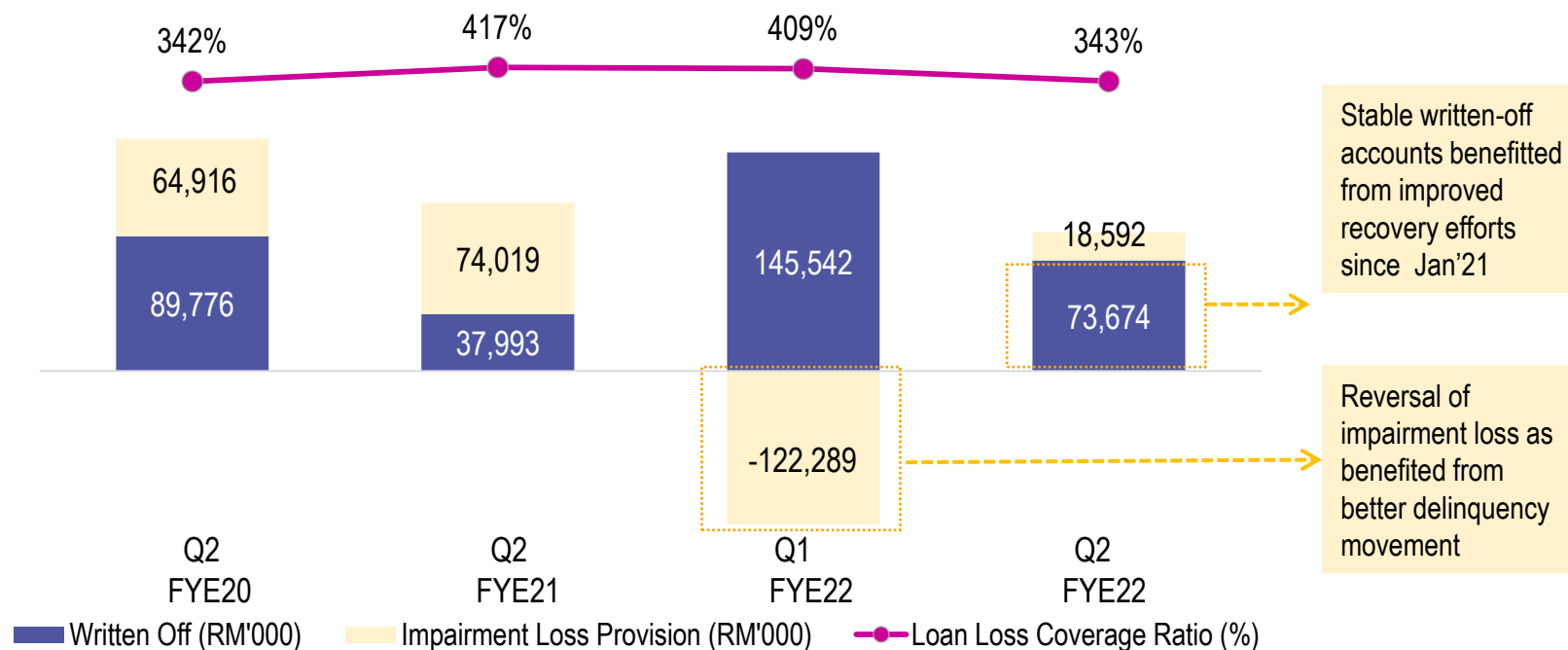


(RM mil)	Q2 FYE20	Q2 FYE21	Q1 FYE22	Q2 FYE22
Total IL	155	112	23	92
(-) Bad Debt Recovered	37*	35	43	32
NCC	118	77	(20)	60

* Including write-off sales of RM14mil (Q2FYE20).

Impairment Loss (IL) Analysis

Written-off accounts for Q2 remained stable due to better collections



(RM '000)	Q2 FYE20	Q2 FYE21	Q1 FYE22	Q2 FYE22	Changes QoQ	
					(RM'000)	(%)
Write Off	89,776	37,993	145,542	73,674	(71,868)	-49.4%
IL Provision	64,916	74,019	(122,289)	18,592	140,881	-115.2%
Total IL	154,692	112,012	23,253	92,266	69,013	296.8%

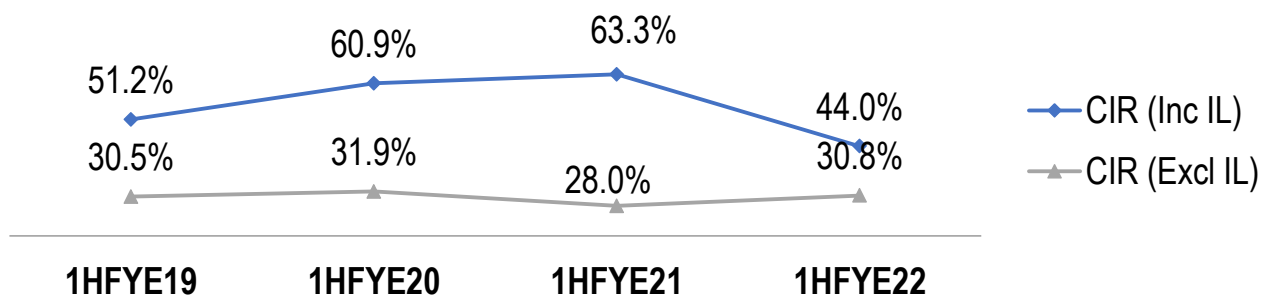
Cost-to-Income Ratio

Improved due to higher income and lower impairment loss

(RM mil)	Q2 FYE21	Q2 FYE22	YoY	1H FYE21	1H FYE22	YoY
Total Operating Income	405.7	413.0	+1.8%	812.7	873.2	+7.4%
Personnel Expenses	48.1	54.2	+12.7%	84.0	109.6	+30.5%
Advertisement & Promotion	12.9	10.5	-18.3%	25.1	21.3	-15.2%
Other Operating Expenses	63.7	68.8	+8.0%	118.7	138.0	+16.5%
Total Operating Expenses	124.7	133.5	+7.1%	227.8	268.9	+18.1%
Total Impairment Loss	112.0	92.3	-17.6%	286.4	115.5	-59.7%
Grand Total	236.7	225.8	-4.6%	514.2	384.4	-25.2%

1HFYE22 impairment loss decreased by RM170.9 mil YoY contributed by reversal of specific ECL model provision of RM76.4mil (1HY FYE21:RM8.9mil) and reversal of general provision of RM27.3 mil (1HY FYE21: RM134.3 mil), offset by higher bad debts written off by RM76.0 mil.

Cost-to-Income Ratio (CIR)



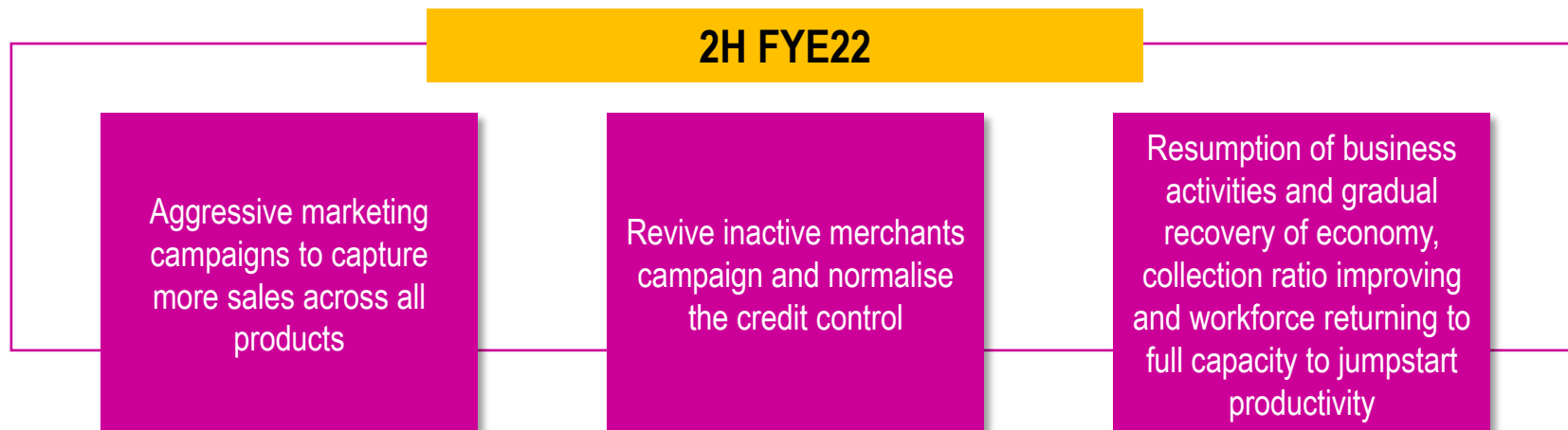
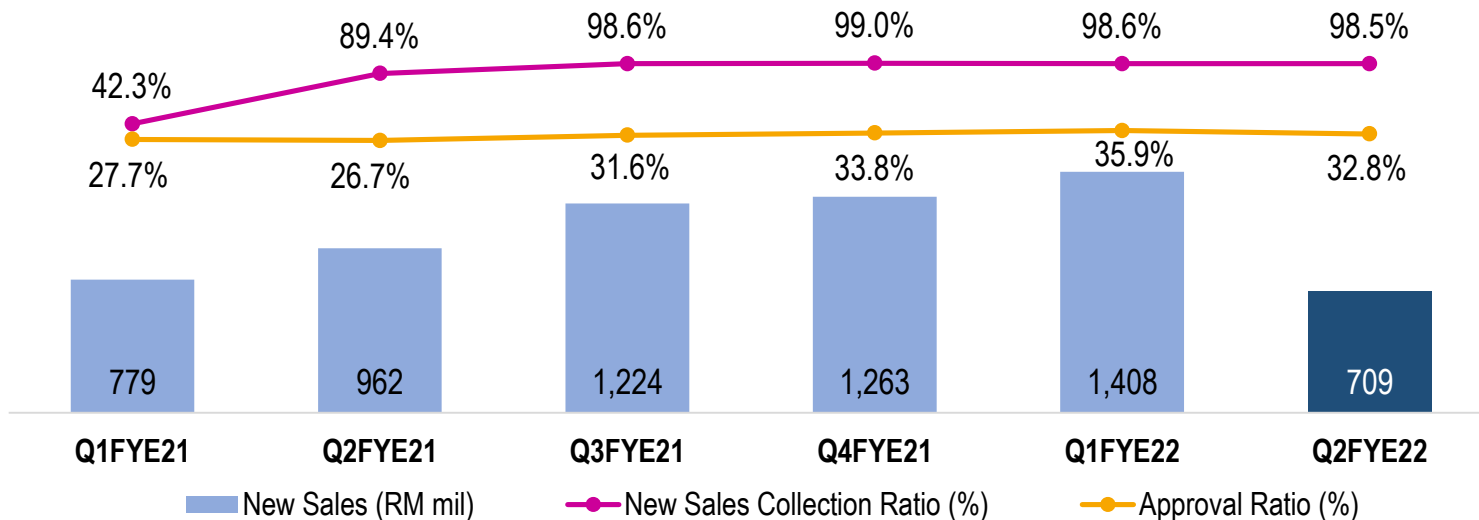


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Business and Operational Updates

Business Recovery

Sales slowed down temporarily due to movement control reimposition;
Market demands and approval ratio sustained healthily for further growth



Sales & Receivables Growth

Achieve sustainable balance between asset growth and receivables collection

Focusing on receivables growth

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

Targeting the right customers

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

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.

ACTION

2H FYE2022

Settlement Business

- ✓ AEON Group collaboration activities
- ✓ Cross sell AMP database to other products

Motorcycle Financing

- ✓ Assessment criteria revise based on merchant category.
- ✓ Brand portfolio diversification.

Objective Financing

- ✓ Pre-Approval Program to improve customer retention.
- ✓ Application channel expansion at merchant website.

Personal Financing

- ✓ Assessment criteria revise on targeted area.
- ✓ Drive new customer via online channel and telemarketing activities.

Regionalisation

FYE21-FYE22

Improve efficiency and effectiveness

Localized Guideline

- Identify potential market segment
- Prioritize Easy Payment business & recruiting potential Easy Payment merchant

Branch Rationalization

- Revision of branch and Cash Deposit Machine (CDM) strategy
- Enhance payment channels via merchant's networks

Telemarketing Expansion

- Setup nationwide telemarketing center
- Upgrade Contact Centre Solution (Aspect) to have more competitive edges

Regional Hub Concept

- Phase 1
- Establish Centralised Regional Office 2 (CRO 2) Hubs (Feasibility study for WFH)
- Phase 2
- Regional Hub structure

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Branches & Service Centres

(Closure of 6 branches for last year and 1 branch in Q1FYE22)



131
CDM

(Reduced 15 CDM last year and 57 CDM in 1HFYE22)

Customer Payment Channels

Transactions	Q2FYE21	Q2FYE22
Auto Debit	42%	47%
AEON Credit CDM	20%	14%
Others	38%	39%

Sowing Future Growth



Insurance Brokerage

Moving Up Value Chain via Insurepro Sdn Bhd Acquisition

Acquiring 100% for up to RM1.7 million sale shares
– expected completion by end October 2021
(approved by BNM)

Prospect

- Unlocking the potential of insurance brokerage business through **product portfolio expansion** to include commercial and personal insurance from multiple Insurers and Takaful Operators (vs current agency model offering 1 life and 2 general insurance)
- **Capturing increase in demand and serving underserved markets** by leveraging on AEON Group Retail network and ecosystem
- Tapping into **Digital Insurtech** and online tools



Digital Banking

Facilitating Financial Inclusion in Malaysia via License Application

Proposed JV between AEON Financial Service
and AEON Credit
– Pending shortlisted from BNM by 1Q22

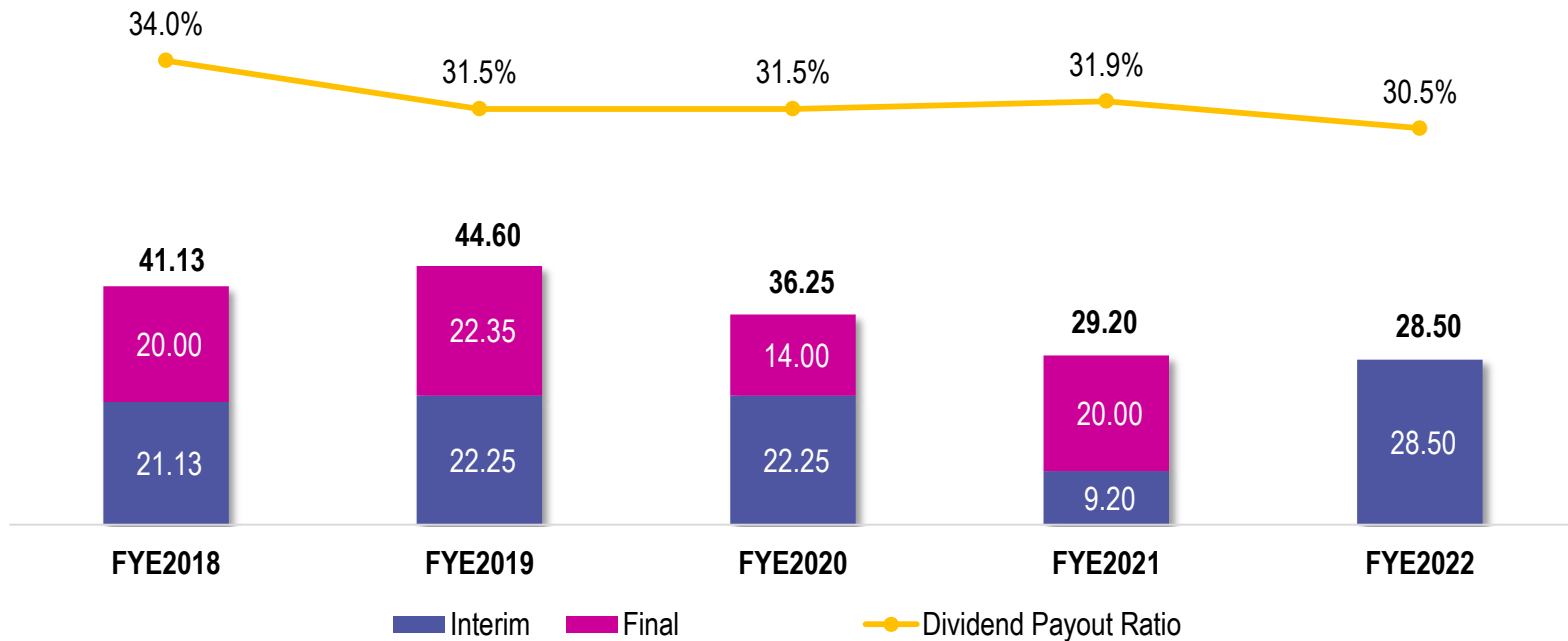
Prospect

- Value-adding to the dynamic financing landscape and **fulfilling the lifestyle changing needs** by providing a collaborative ecosystem, financial access and advise, innovative products and services
- Adopting transformative technologies in **artificial intelligence, advanced analytics and machine learning models** for delivery of solutions to target customer segments

Dividend

Declared interim dividend of 28.50 sen for FYE2022, translating into dividend payout of 30.5%

Dividend Per Share (Sen)



- Consistent dividend payout ratio of more than 30% in line with our dedication to reward shareholders while maintaining optimal capital and deliver sustainable earnings.



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Sustainability

Sustainability FYE2022

Social welfare and corporate social responsibility activities

Vaccination for AEON Credit's employees
1st Dose: > 95%

MAF AEONBersamamu
-benefited > 1800 families affected by the COVID-19 pandemic
-15 locations nationwide

MAF AEONBantu for Frontliners
-provided 4,200 homeware packs to the healthcare and security frontliners

MAF AEONBantu for Affected Community from flood, Kedah
-benefited 200 families

Notable Recognitions



FTSE4Good

FTSE4Good Bursa Malaysia Index
- ESG Grading Band ★★★★★ 4 / 4
- Inclusion since 2015



Asia's Outstanding Companies Poll 2021
- Financial Sector



Top 100 Companies For Corporate Governance Disclosure



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Appendices

Performance Highlights

(RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)	1H FYE21	1H FYE22	YoY (%)
Total Transaction & Financing Volume	962.4	1,408.1	708.8	-49.7%	-26.3%	1,741.0	2,116.9	21.6%
Credit Card	394.7	380.8	299.1	-21.5%	-24.2%	726.5	679.9	-6.4%
Easy Payment Financing	512.6	677.9	270.8	-60.1%	-47.2%	847.0	948.8	12.0%
Personal Financing	23.8	295.0	99.1	-66.4%	316.6%	112.1	394.0	251.6%
E-Money	31.3	54.4	39.8	-26.7%	27.4%	55.4	94.2	70.0%
Total Income	405.7	460.2	413.0	-10.3%	1.8%	812.7	873.2	7.4%
Operating Expenses	(236.7)	(158.7)	(225.8)	42.3%	-4.6%	(514.2)	(384.4)	-25.2%
Interest Expenses	(92.5)	(85.6)	(85.1)	-0.6%	-8.0%	(184.9)	(170.8)	-7.7%
Profit Before Tax	76.5	215.9	102.1	-52.7%	33.5%	113.6	318.0	180.0%
Income Tax	(24.7)	(52.8)	(26.6)	-49.6%	8.0%	(35.5)	(79.4)	123.8%
Net Profit	51.8	163.1	75.5	-53.7%	45.7%	78.1	238.6	205.5%

Financial Summary

(RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)
Credit Card	829.8	755.7	706.7	-6.5%	-14.8%
Card Purchase	769.9	658.7	591.3	-10.2%	-23.2%
Cash Advance	59.9	97.0	115.4	19.0%	92.6%
Personal Financing	2,679.8	2,556.7	2,450.0	-4.2%	-8.6%
Objective Financing	344.5	299.8	307.6	2.6%	-10.7%
Motorcycle Financing	3,375.4	3,578.1	3,389.4	-5.3%	0.4%
MOPED	2,534.3	2,791.3	2,637.3	-5.5%	4.1%
Superbike	841.1	786.8	752.1	-4.4%	-10.6%
Auto Financing	2,986.3	2,840.5	2,748.2	-3.2%	-8.0%
SME Financing	43.6	27.6	23.3	-15.6%	-46.6%
Total Financing Receivables	10,259.4	10,058.4	9,625.2	-4.3%	-6.2%
Impairment Loss	(833.7)	(719.8)	(738.4)	2.6%	-11.4%
Other Assets	927.5	1,140.5	1,580.7	38.6%	70.4%
Total Assets	10,353.2	10,479.1	10,467.5	-0.1%	1.1%
Total Liabilities	8,638.0	8,411.0	8,374.3	-0.4%	-3.1%
Shareholders' Fund	1,715.2	2,068.1	2,093.2	1.2%	22.0%

Operating Income

(RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)	1H FYE21	1H FYE22	YoY (%)
Credit Card	35.1	34.0	30.6	-9.9%	-12.9%	69.2	64.5	-6.8%
Personal Financing	100.7	114.5	103.0	-10.1%	2.3%	220.0	217.5	-1.1%
Objective Financing	19.6	17.8	17.8	-0.2%	-9.4%	39.2	35.6	-9.1%
Motorcycle Financing	127.4	157.0	139.4	-11.2%	9.4%	251.8	296.3	17.7%
Auto Financing	78.2	84.5	79.9	-5.5%	2.1%	164.2	164.4	0.1%
SME Financing	0.9	0.5	0.4	-23.3%	-54.4%	1.4	0.9	-30.7%
E money	2.1	2.7	3.4	27.7%	69.2%	8.2	6.2	-24.0%
Total Revenue	364.0	411.0	374.5	-8.9%	2.9%	753.9	785.4	4.2%
Other Operating Income	41.7	49.2	38.5	-21.7%	-7.5%	58.8	87.8	49.1%
Total Operating Income	405.7	460.2	413.0	-10.2%	1.8%	812.7	873.2	7.4%

Total Expenses

(RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)	1H FYE21	1H FYE22	YoY (%)
Total Impairment Loss	112.0	23.3	92.3	296.8%	-17.6%	286.4	115.5	-59.7%
Personnel Expenses	48.1	55.4	54.2	-2.2%	12.7%	84.0	109.6	30.5%
Advertisement & Promotion	12.9	10.8	10.5	-2.5%	-18.3%	25.1	21.3	-15.2%
Other Operating Expenses	63.7	69.2	68.8	-0.7%	8.0%	118.7	138.0	16.5%
Operating Expenses	236.7	158.7	225.8	42.3%	-4.6%	514.2	384.4	-25.2%
Interest Expenses	92.5	85.6	85.1	-0.6%	-8.0%	184.9	170.8	-7.7%
Total Expenses	329.2	244.3	310.9	27.3%	-5.6%	699.1	555.2	-20.6%

Financial Indicators

(RM mil)	FYE19	FYE20	FYE21	Q1 FYE22	Q2 FYE22	1HY FYE22
PBT	472.2	390.4	324.9	215.9	102.1	318.0
PAT	354.6	292.0	233.9	163.1	75.5	238.6
Weighted average no. of ordinary shares (mil unit)	255.3	255.3	255.3	255.3	255.3	255.3
Basic EPS (RM)*	1.3	1.1	0.9	2.5	1.8	1.8
NTA per share (RM)	6.0	6.1	6.6	7.3	7.4	7.4
ROE (%)*	22.1	18.0	13.8	36.1	26.0	26.0
ROA (%)*	4.3	3.1	2.3	6.3	4.6	4.6
Capital ratio against receivables (%)	22.4	18.9	24.0	25.5	27.0	27.0
Debt-to-Equity Ratio (x)	3.4	4.6	3.8	3.49	3.25	3.25
Share Price (RM)	16.5	13.8	11.7	11.9	12.06	12.06
PER (x)	11.9	12.9	13.3	4.7	6.6	6.6
Market Capitalisation (mil)	4,149	3,500	2,992	3,038	3,079	3,079

* Computed based on annualised basis.



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Thank You