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# Investor Relations Presentation

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25<sup>th</sup> April 2017  
AEON CREDIT SERVICE (M) Berhad

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## FYE 28 February 2017 Quarter 4 Highlights

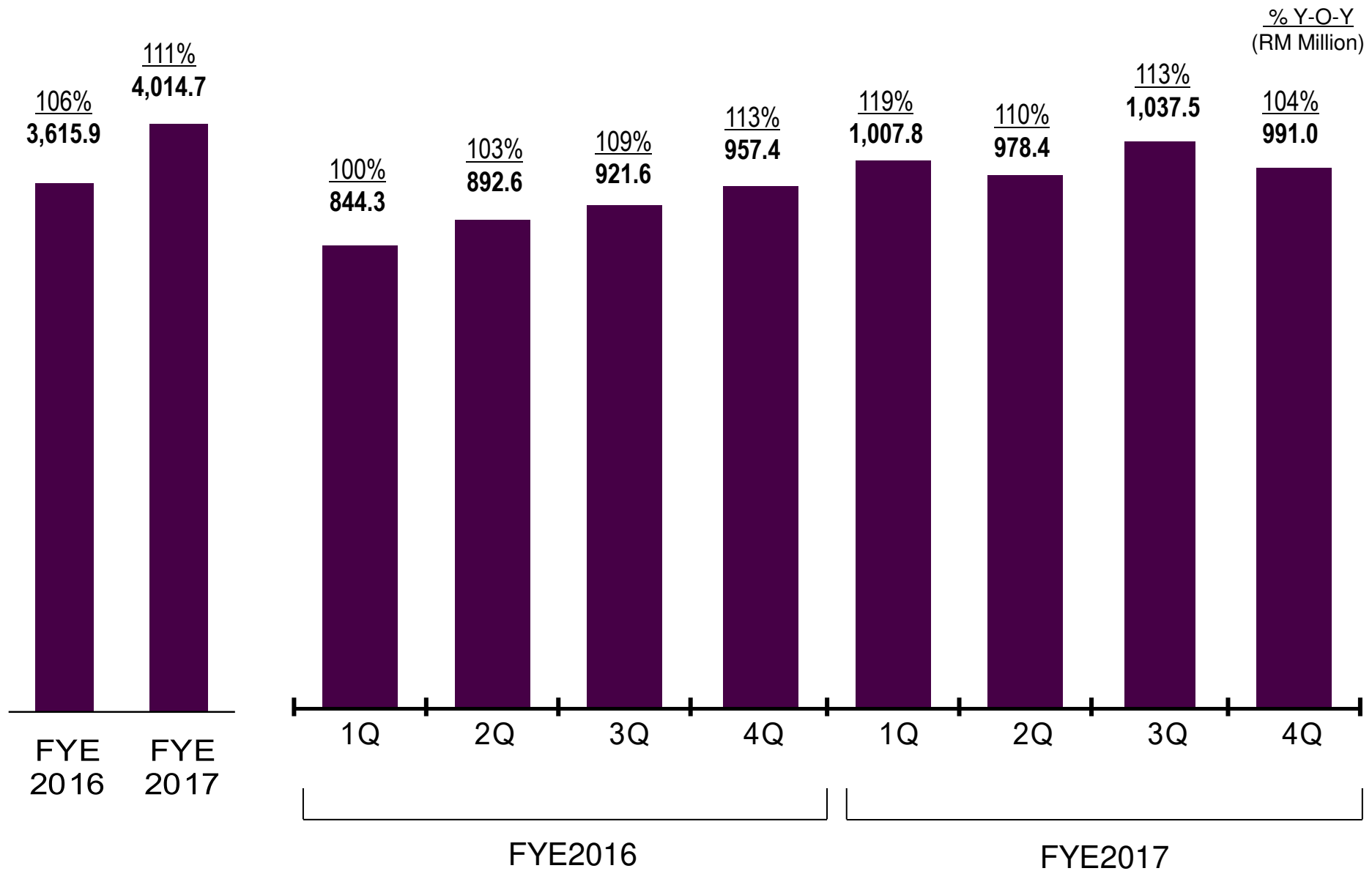
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# FYE 2017 Performance Highlights



| <i>(Unit:RM'million,%)</i>      | Q4 FYE 2017    | % YOY      | FYE 2016         | FYE 2017         | % YOY      |
|---------------------------------|----------------|------------|------------------|------------------|------------|
| Credit Card                     | 287.897        | 110        | 947.665          | 1,106.950        | 117        |
| General Easy Payment            | 92.086         | 97         | 367.338          | 354.402          | 96         |
| Motorcycle Easy Payment         | 162.915        | 127        | 500.462          | 582.041          | 116        |
| Superbike Easy Payment          | 77.531         | 82         | 376.213          | 375.148          | 100        |
| Automobile Financing            | 143.393        | 77         | 735.107          | 688.090          | 94         |
| Personal Financing              | 221.801        | 120        | 674.839          | 887.343          | 131        |
| SME Business                    | 5.377          | 117        | 14.365           | 20.679           | 144        |
| E-Money                         | 0.030          | -          | -                | 0.035            | -          |
| <b>Total Transaction Volume</b> | <b>991.030</b> | <b>104</b> | <b>3,615.989</b> | <b>4,014.688</b> | <b>111</b> |
| Total Income                    | 330.077        | 117        | 1,055.208        | 1,222.192        | 116        |
| Total Expenses                  | 227.013        | 118        | 753.617          | 871.030          | 116        |
| <b>Profit Before Tax</b>        | <b>103.064</b> | <b>114</b> | <b>301.591</b>   | <b>351.162</b>   | <b>116</b> |
| Corporate Tax                   | 23.011         | 103        | 73.369           | 86.135           | 117        |
| <b>Net Profit</b>               | <b>80.053</b>  | <b>117</b> | <b>228.222</b>   | <b>265.027</b>   | <b>116</b> |

# Total Transaction Volume



# FYE 2017 Performance (Income)



| <i>(Unit:RM'million,%)</i> | Q4 FYE 2017    |            | FYE 2017         |            |            |
|----------------------------|----------------|------------|------------------|------------|------------|
|                            |                | % YOY      |                  | % YOY      | Share      |
| Credit Card                | 29.204         | 98         | 107.978          | 118        | 9          |
| General Easy Payment       | 29.917         | 91         | 121.969          | 89         | 10         |
| Motorcycle Easy Payment    | 63.833         | 107        | 245.581          | 102        | 20         |
| Superbike Easy Payment     | 27.084         | 109        | 105.263          | 116        | 9          |
| Automobile Financing       | 65.027         | 123        | 243.625          | 130        | 20         |
| Personal Financing         | 74.199         | 131        | 270.780          | 130        | 22         |
| SME Business               | 1.578          | 92         | 6.759            | 94         | 1          |
| <b>Total Revenue</b>       | <b>290.842</b> | <b>113</b> | <b>1,101.955</b> | <b>114</b> | <b>91</b>  |
| Other income               | 39.235         | 159        | 120.237          | 134        | 9          |
| <b>Total Income</b>        | <b>330.077</b> | <b>117</b> | <b>1,222.192</b> | <b>116</b> | <b>100</b> |

# FYE 2017 Performance (Expenses)

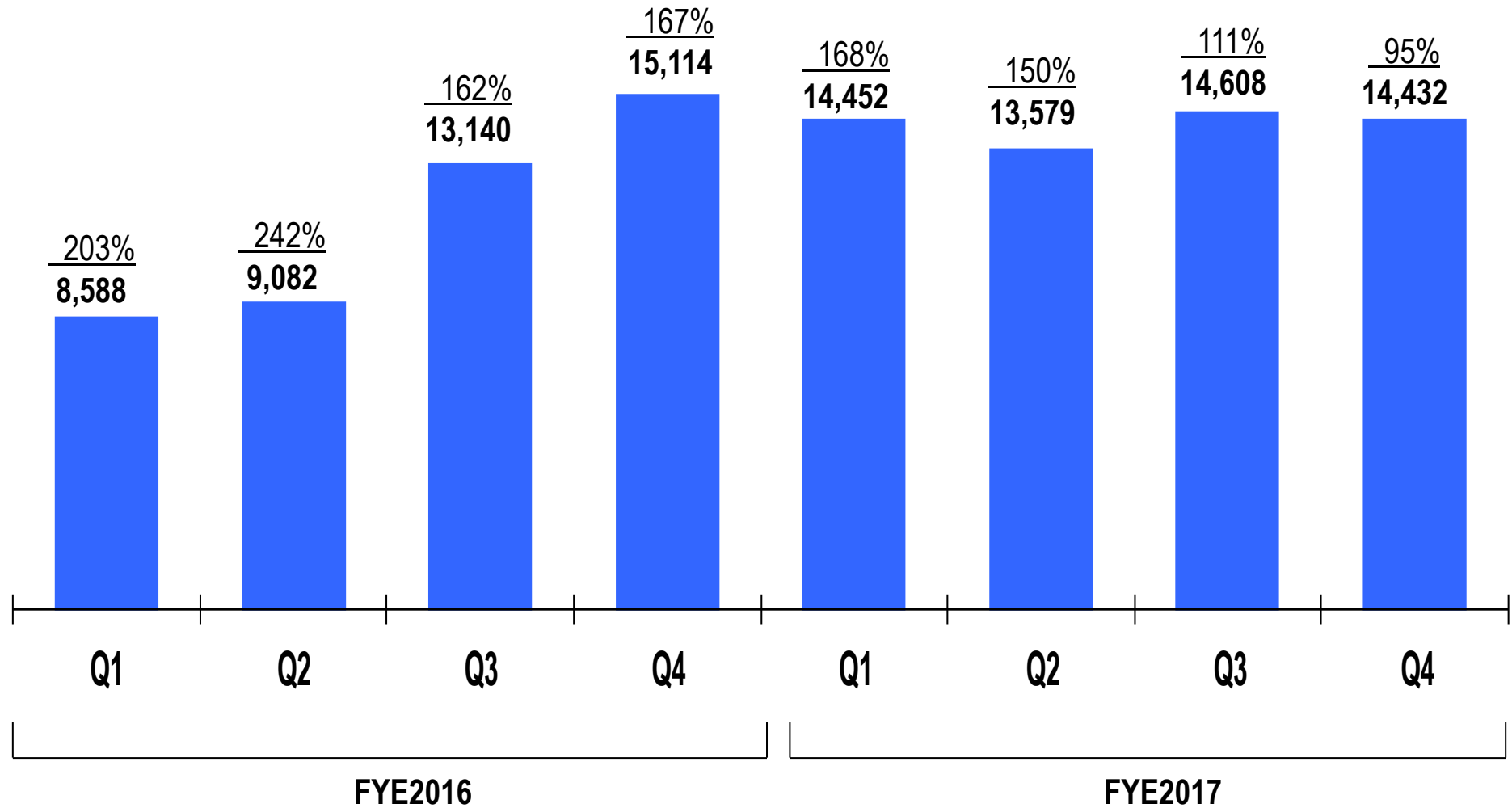


|                                | Q4 FYE 2017    | % YOY      | FYE 2017       | % YOY      | Share      |
|--------------------------------|----------------|------------|----------------|------------|------------|
| <i>(Unit:RM'million,%)</i>     |                |            |                |            |            |
| Impairment loss on receivables | 76.982         | 115        | 306.163        | 106        | 35         |
| Staff costs                    | 44.520         | 119        | 183.166        | 116        | 21         |
| Other operating expenses       | 53.156         | 125        | 181.654        | 126        | 21         |
| <b>Operating Expenses</b>      | <b>174.658</b> | <b>118</b> | <b>670.983</b> | <b>114</b> | <b>77</b>  |
| Funding Costs                  | 52.355         | 118        | 200.047        | 123        | 23         |
| <b>Total Expenses</b>          | <b>227.013</b> | <b>118</b> | <b>871.030</b> | <b>116</b> | <b>100</b> |

# Credit cards issuance



(unit)

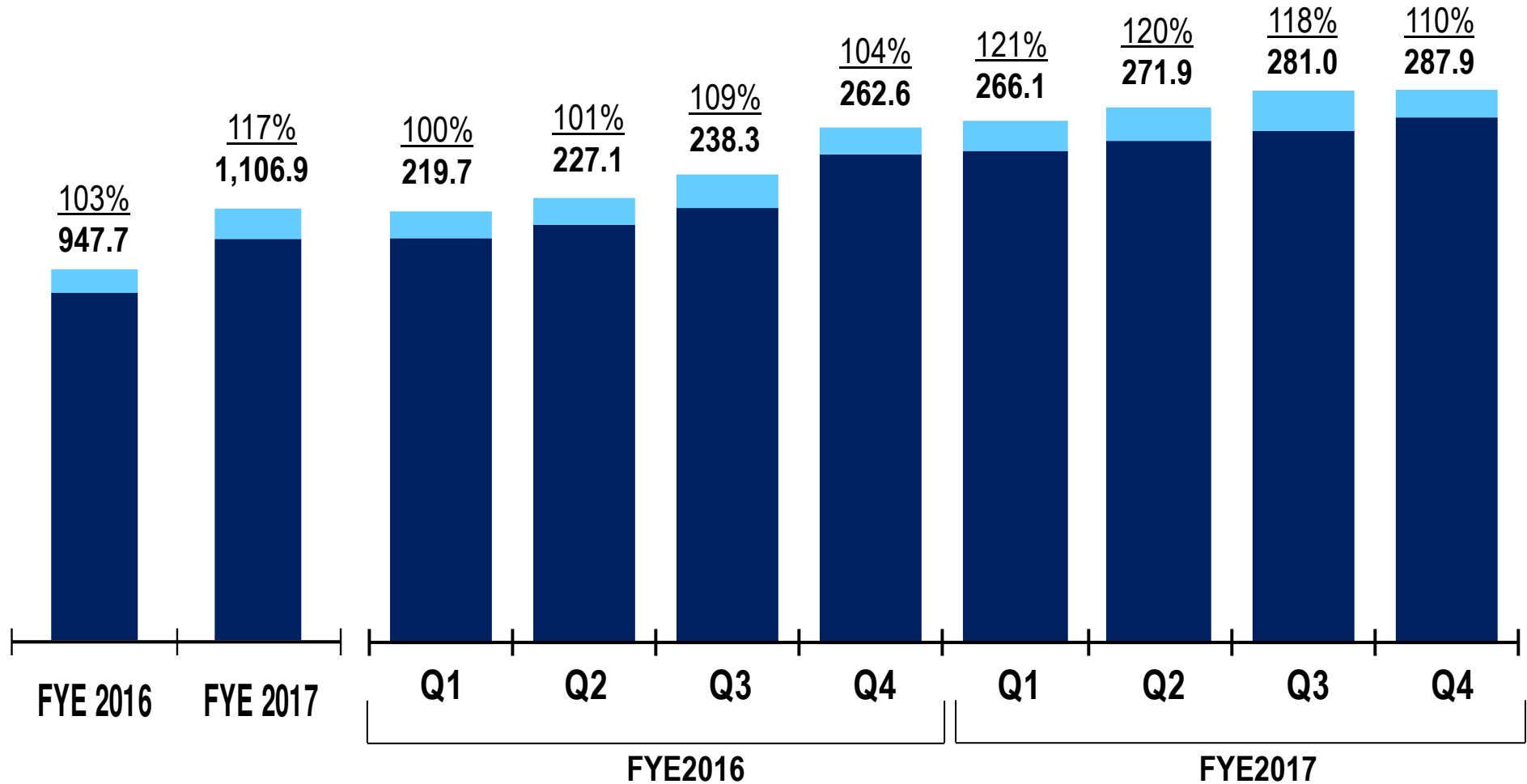


# Credit cards transaction volume



■ Credit purchase    
 ■ Cash Advance

(RM Million)

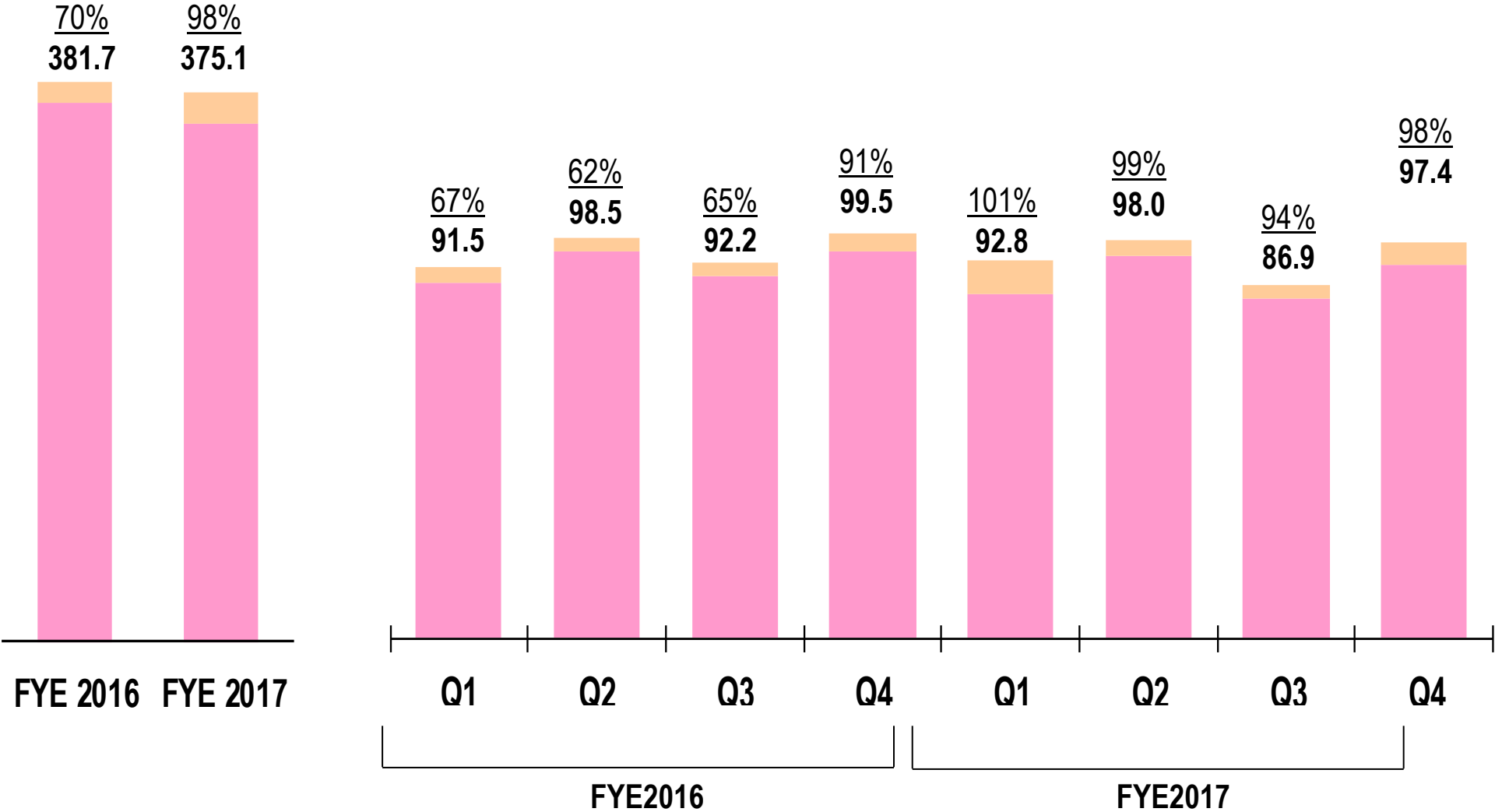


# GEP / SME transaction volume



■ General Easy Payment   
 ■ SME Business

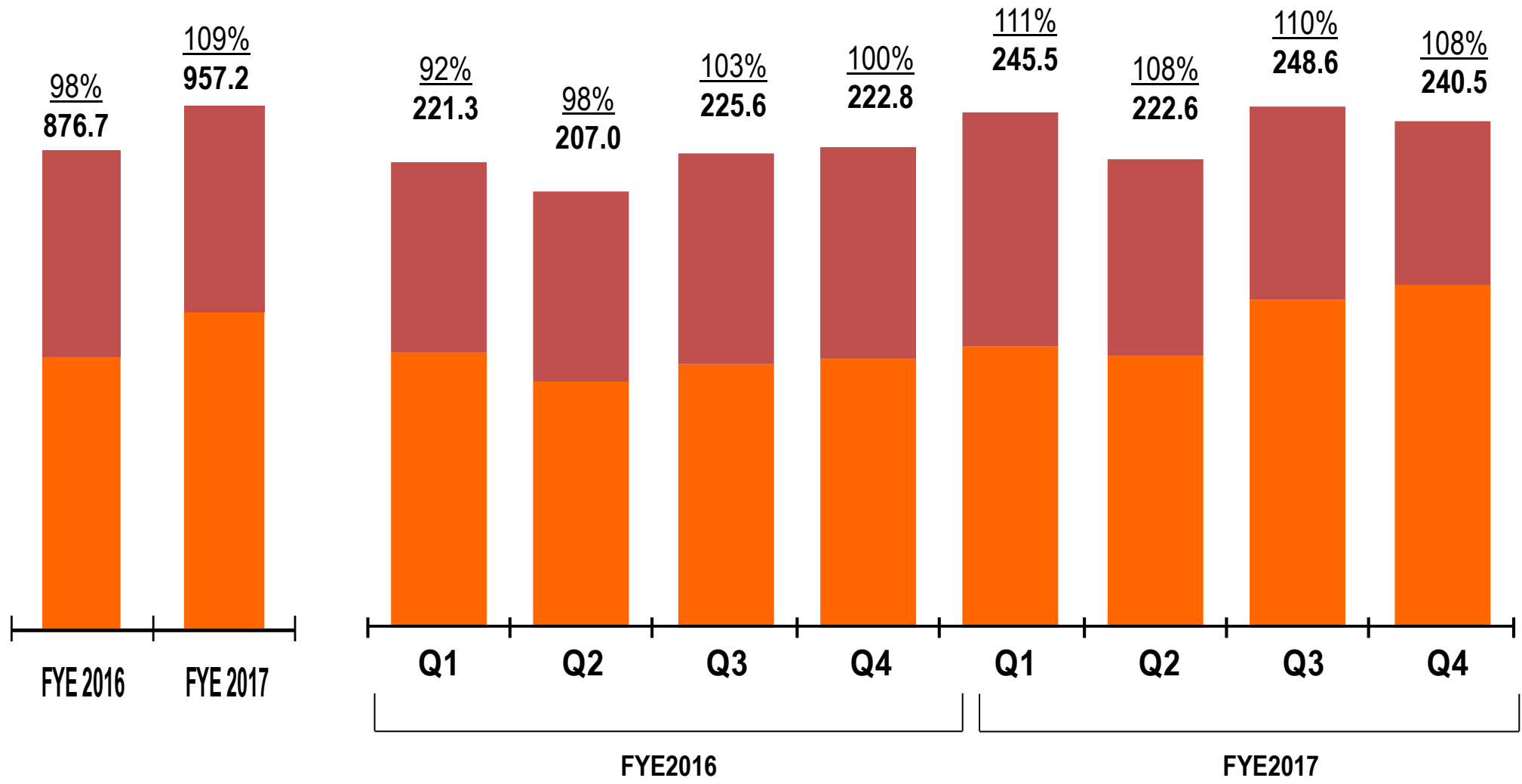
(RM Million)



# MEP transaction volume

■ Moped Easy Payment    
 ■ Superbike Easy Payment

(RM Million)

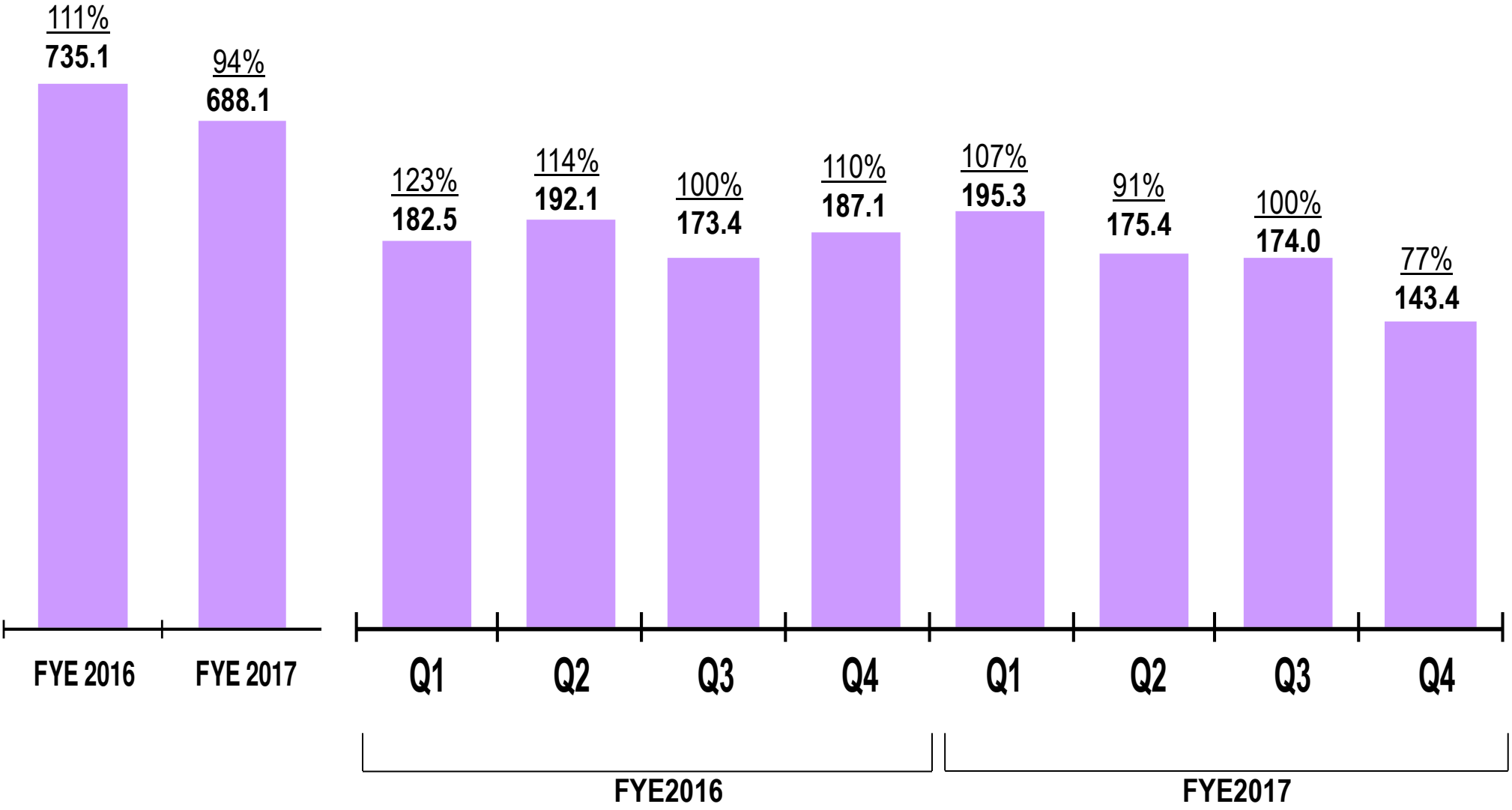


# AF transaction volume



Auto Financing

(RM Million)

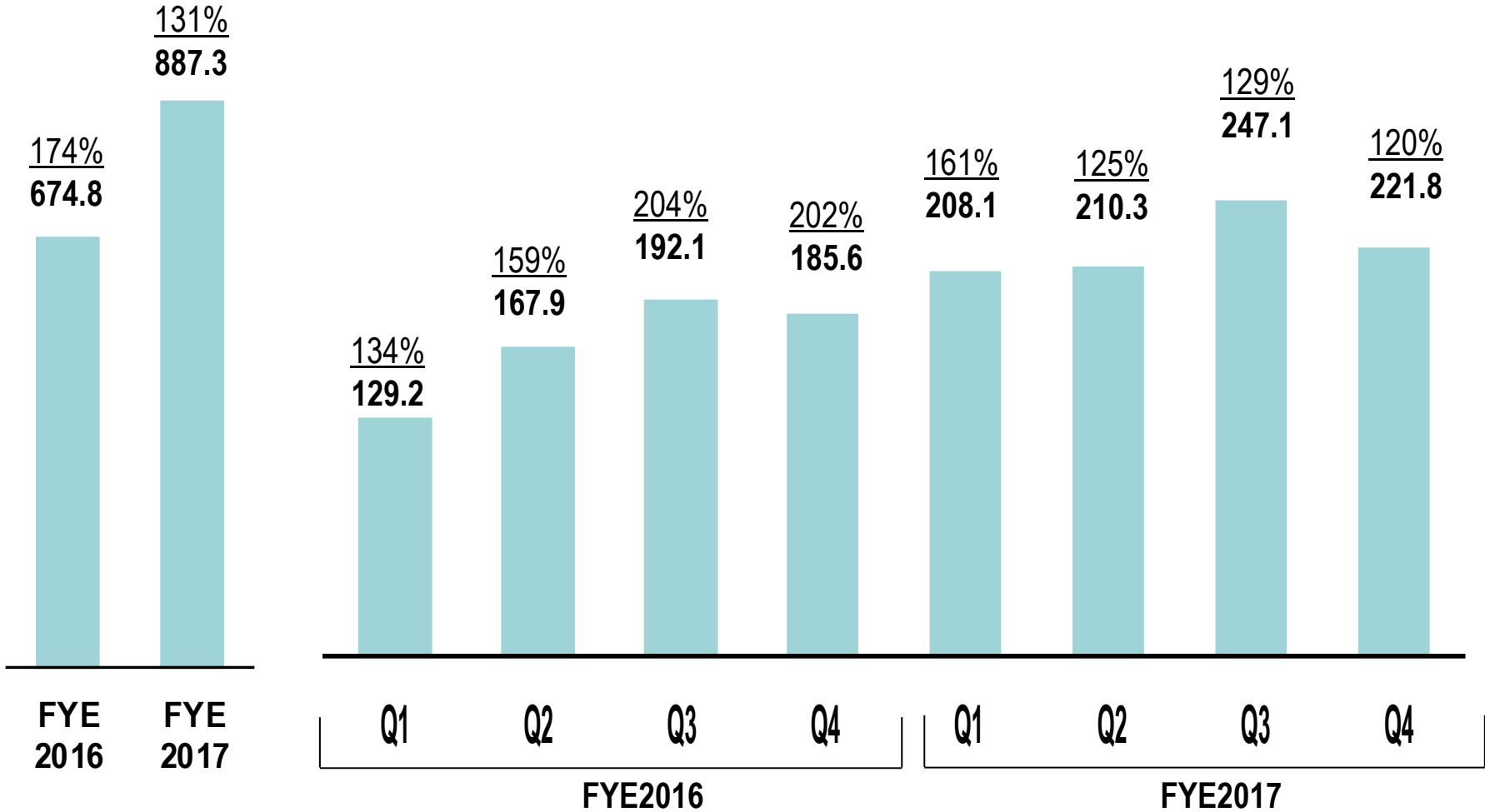


# PF transaction volume

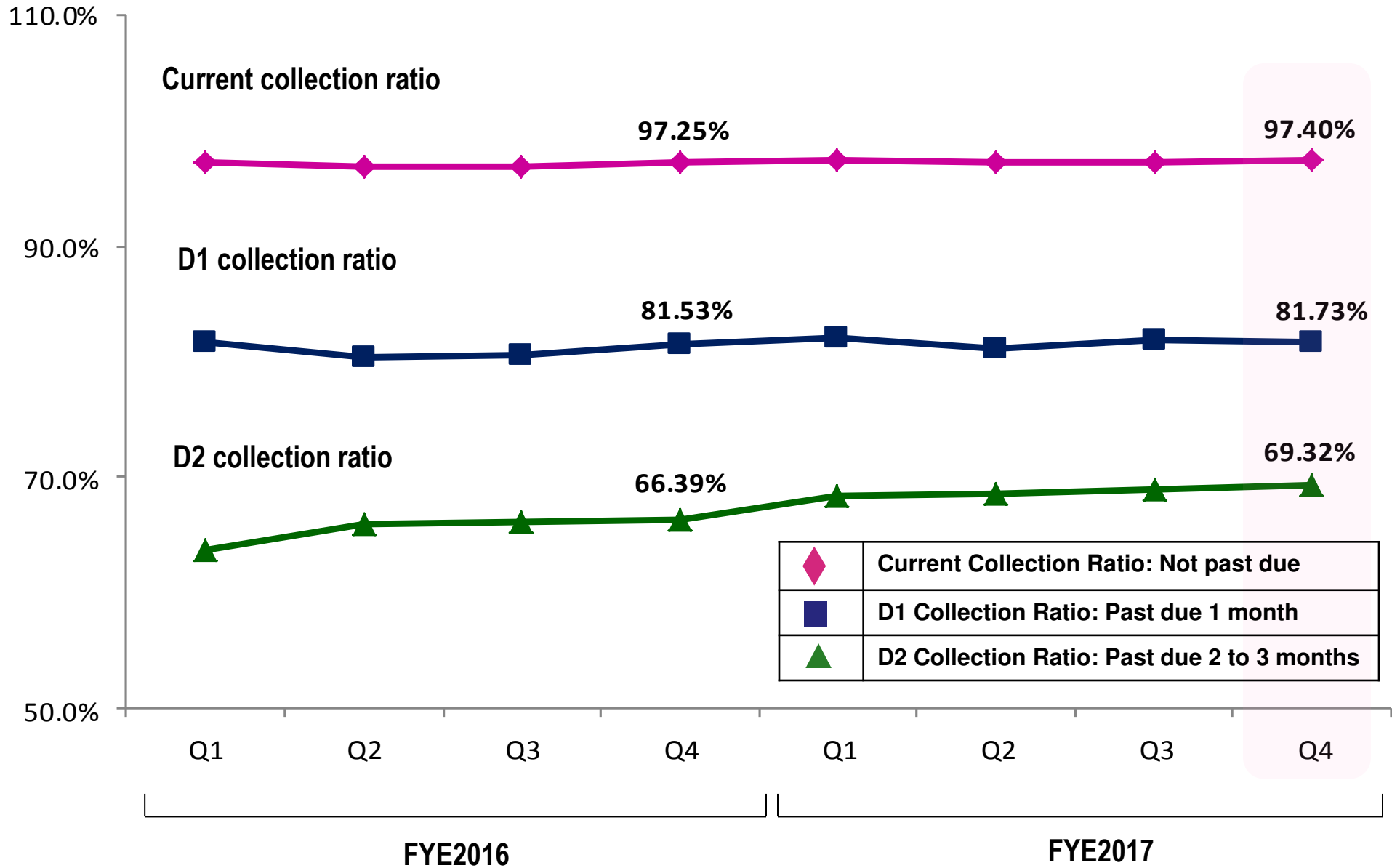


Personal Financing

(RM Million)



# Movement of collection ratio



|  |   |
|--|---|
|  | Current Collection Ratio: Not past due      |
|  | D1 Collection Ratio: Past due 1 month       |
|  | D2 Collection Ratio: Past due 2 to 3 months |

# FYE 2017 Summary of Statement of Financial Position

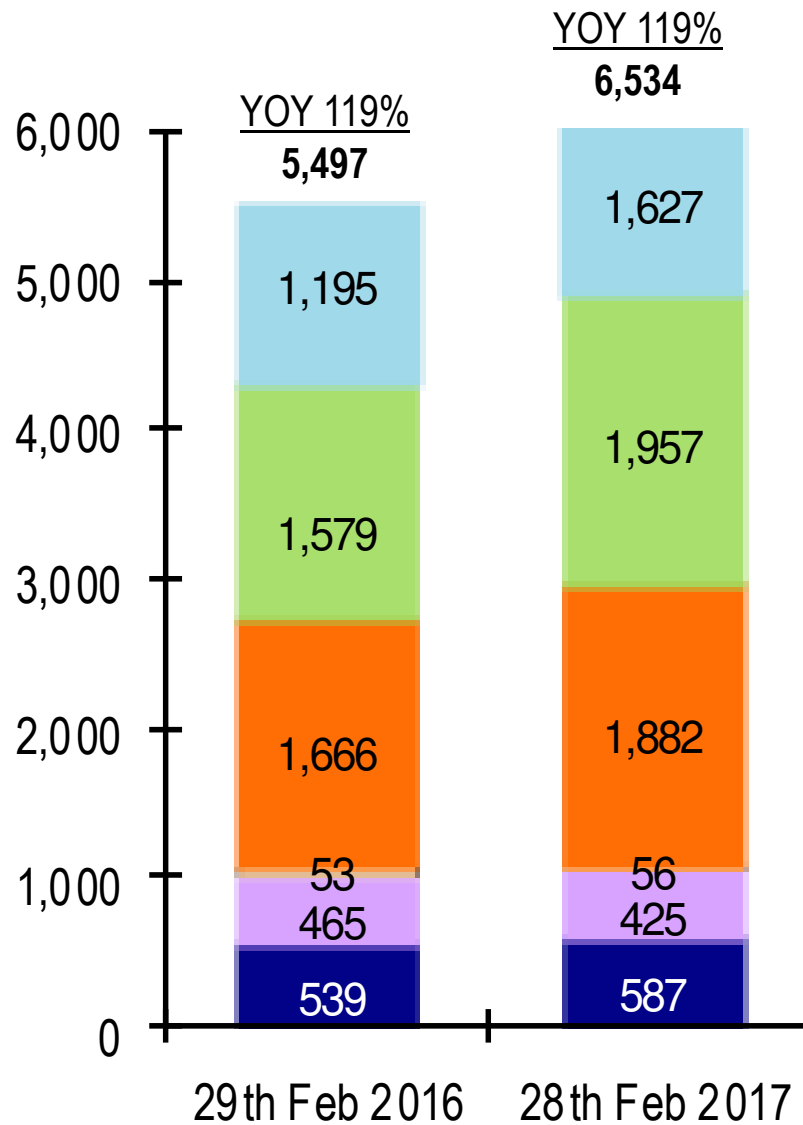


AEON CREDIT SERVICE







| <i>(Unit:RM'million,%)</i>          | 29 Feb 2016      | 28 Feb 2017      | Share        | vs LY            |
|-------------------------------------|------------------|------------------|--------------|------------------|
| Credit Card                         | 538.747          | 586.680          | 8.1          | 47.933           |
| General Easy Payment                | 464.600          | 424.941          | 0.8          | (39.659)         |
| Motorcycle Easy Payment             | 899.135          | 984.997          | 5.8          | 85.862           |
| Superbike Easy Payment              | 767.119          | 897.461          | 13.5         | 130.342          |
| Automobile Financing                | 1,579.649        | 1,957.237        | 12.3         | 377.588          |
| Personal Financing                  | 1,194.634        | 1,626.732        | 26.9         | 432.098          |
| SME Business                        | 52.766           | 56.475           | 22.4         | 3.709            |
| <b>Financing Receivables</b>        | <b>5,496.650</b> | <b>6,534.523</b> | <b>0.8</b>   | <b>1,037.873</b> |
| Impairment Loss Provision           | (137.921)        | (152.194)        | 89.9         | (14.273)         |
| Other assets                        | 738.778          | 889.740          | (2.1)        | 150.962          |
| <b>Total Assets</b>                 | <b>6,097.507</b> | <b>7,272.069</b> | <b>100.0</b> | <b>1,174.562</b> |
| <b>Total Liabilities</b>            | <b>5,036.689</b> | <b>6,041.082</b> | <b>83.1</b>  | <b>1,004.393</b> |
| <b>Shareholders' Funds</b>          | <b>1,060.818</b> | <b>1,230.987</b> | <b>16.9</b>  | <b>170.169</b>   |
| <b>Total Equity and Liabilities</b> | <b>6,097.507</b> | <b>7,272.069</b> | <b>100.0</b> | <b>1,174.562</b> |

# Financing Receivables by Products

(RM Million)



## <Product Share>

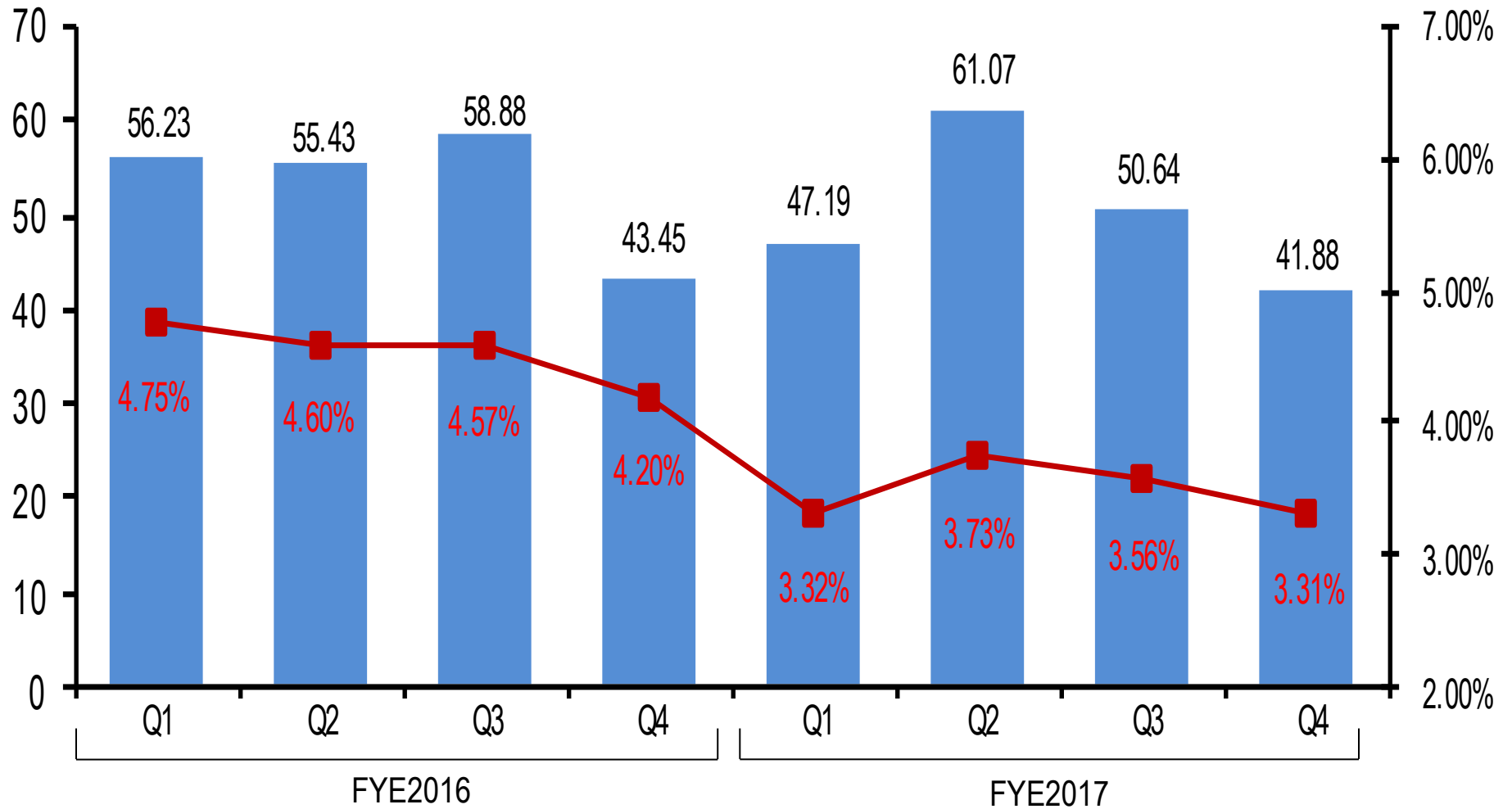
| Product  | 29 Feb 2016 | 28 Feb 2017 | Difference |
|--|-------------|-------------|------------|
| PF    | 21.7%       | 24.9%       | 3.2%       |
| AF    | 28.7%       | 30.0%       | 1.3%       |
| MEP   | 30.3%       | 28.8%       | -1.5%      |
| SME   | 1.0%        | 0.9%        | -0.1%      |
| GEP  | 8.5%        | 6.5%        | -2.0%      |
| CC  | 9.8%        | 9.0%        | -0.8%      |

# Net Credit Cost Ratio vs Receivables



■ Quarterly NCC% Movement

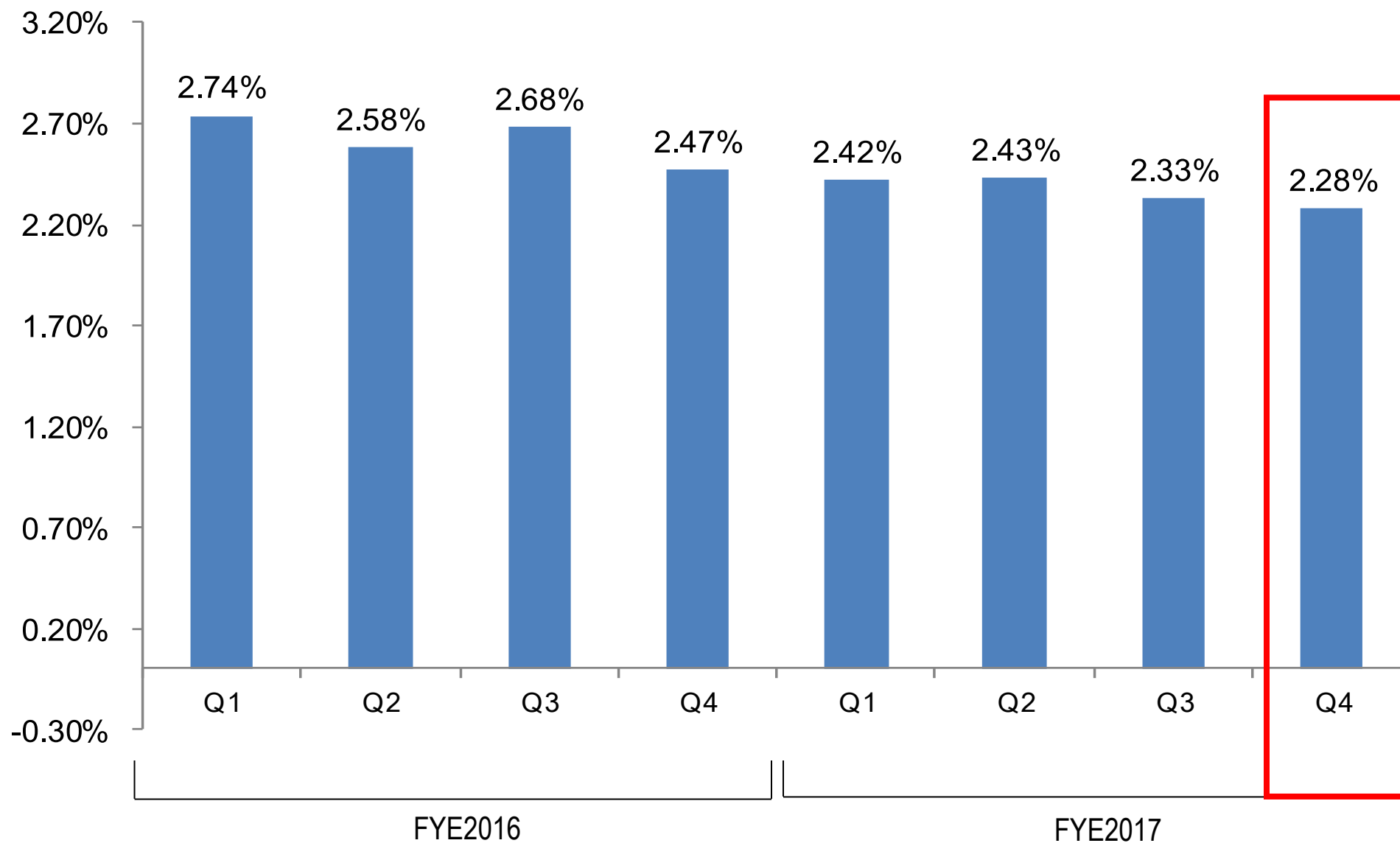
(RM Million)



# Ratio of Non-Performing Loans (NPL)



Prudent risk management policies and portfolio management to control NPL



(RM Million)

|   | <b>29 Feb 2016</b> | <b>28 Feb 2017</b> |
|---|--------------------|--------------------|
| Beginning Balance                       | 135.298            | <b>137.921</b>     |
| + Impairment Loss (annual)              | 288.420            | <b>306.163</b>     |
| (-) Write-off (annual)                  | (285.797)          | <b>(291.890)</b>   |
| Closing Balance                         | 137.921            | <b>152.194</b>     |
| % of Financing Receivables              | 2.51%              | <b>2.33%</b>       |
| NPL Ratio                               | 2.47%              | <b>2.28%</b>       |
| Growth of net receivables v.s. Q4 of LY | 19.7%              | <b>19.1%</b>       |

# Final Dividend Per Share and Payout ratio



|                         | FPE2015          | FYE 2016         | FYE 2017         | Difference from LY |
|-------------------------|------------------|------------------|------------------|--------------------|
| <u>Interim Dividend</u> | 27.4 cent        | 29.9 cent        | 30.5 cent        | 102%<br>0.6 cent   |
| <u>Final Dividend*</u>  | <b>29.6 cent</b> | <b>29.6 cent</b> | <b>32.5 cent</b> | 110%<br>2.9 cent   |
| <u>Total Dividend</u>   | <b>57.0 cent</b> | <b>59.5 cent</b> | <b>63.0 cent</b> | 106%<br>3.5 cent   |
| <u>Payout Ratio</u>     | <b>38.0%</b>     | <b>37.5%</b>     | <b>34.2%</b>     | -                  |

\* Subject to the approval of shareholders at the forthcoming AGM

# Financial Indicators



(Unit : RM Million)

|  | FYE2013 | FYE2014 | FYE2015 | FYE2016 | FYE 2017 |
|--|---------|---------|---------|---------|----------|
| Operating Income                                 | 500.8   | 711.7   | 928.1   | 1,055.2 | 1,222.2  |
| PBT  | 181.1   | 233.9   | 289.3   | 301.6   | 351.2    |
| PAT  | 134.1   | 175.4   | 215.7   | 228.2   | 265.0    |
| Earnings per share after PERPS distribution (RM) | 1.03    | 1.22    | 1.46    | 1.49    | 1.75     |
| NTA per share (RM)                               | 2.98    | 3.79    | 4.72    | 5.45    | 6.63     |
| ROE (on ordinary equity)                         | 34.8%   | 32.6%   | 34.2%   | 29.3%   | 28.9%    |
| ROA  | 6.7%    | 5.7%    | 5.0%    | 4.1%    | 4.0%     |
| Capital ratio against receivables                | 18.7%   | 18.3%   | 21.4%   | 20.2%   | 19.5%    |
| Debt equity ratio (times)                        | 4.3     | 4.6     | 3.95    | 4.56    | 4.72     |
| Share price (RM)                                 | 11.34   | 14.70   | 13.30   | 11.92   | 15.70    |
| PER  | 11.03   | 12.05   | 9.11    | 8.00    | 9.00     |
| Market Capitalisation (RM million)               | 1,633   | 2,117   | 1,915   | 1,716   | 2,261    |

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# FYE 28 February 2017 Overview

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## **Contents**

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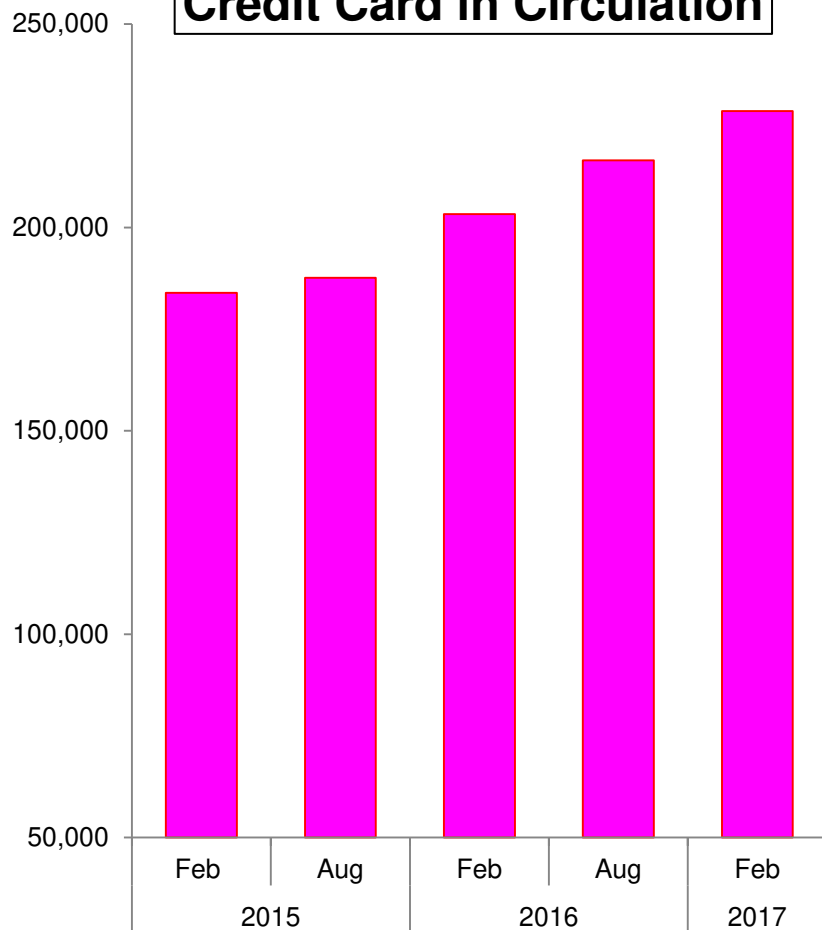
- ❑ Settlement Business Expansion**
- ❑ Income Optimization from Existing Business Structure**
- ❑ Value Chain Transformation**
- ❑ 20<sup>th</sup> Anniversary Projects**

# Settlement Business Expansion



- Credit Card CIC increased from AEON BiG Malaysia Co-Brand Card (25,000 Cards)
- Sales increased especially from 3 regions -- East Coast, Northern & Southern due to newly opened AEON stores/hypermarkets at the said 3 regions
- Sales incremental mainly contributed from young generation

**Credit Card in Circulation**

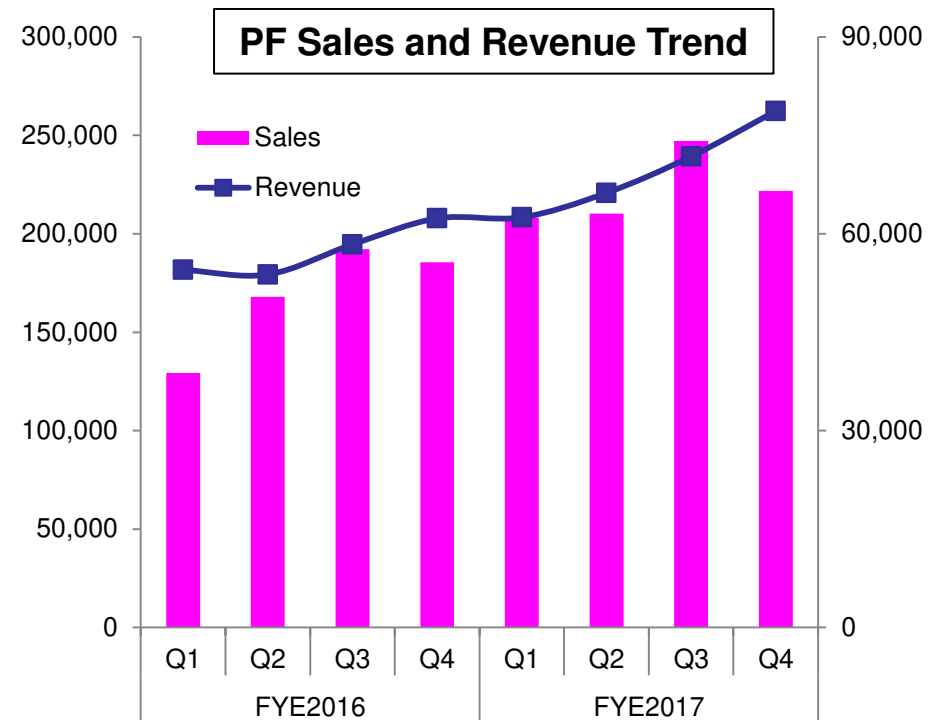
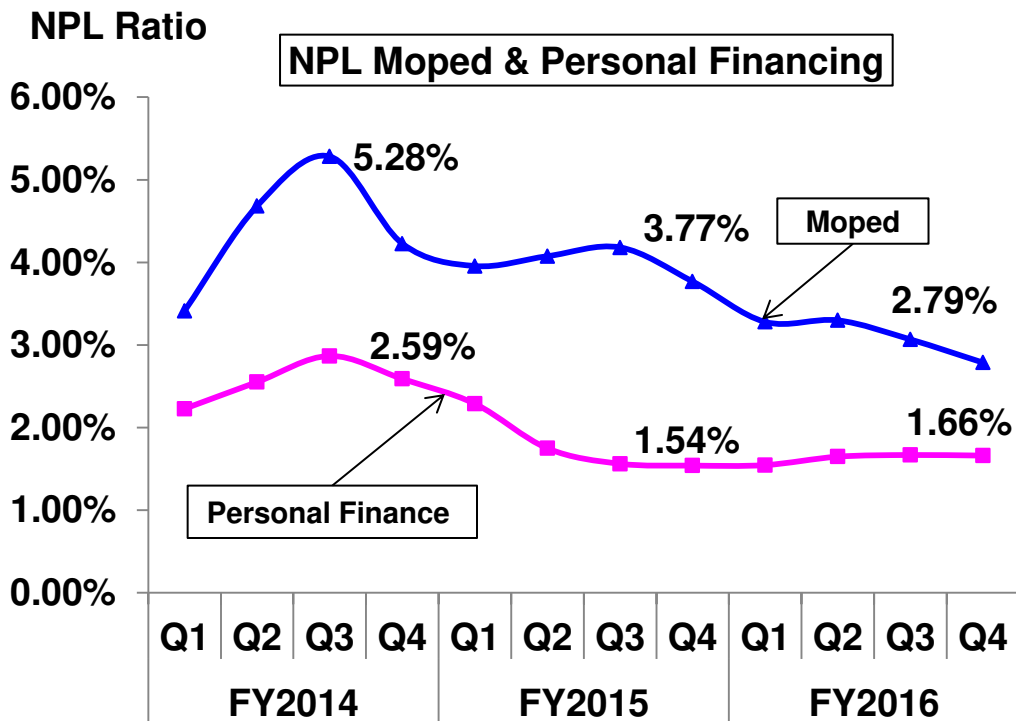


| Spending by Area   | vs. LY        | Spending by Age    | vs. LY        |
|--------------------|---------------|--------------------|---------------|
| CENTRAL            | 115.1%        | 21 - 25            | 254.8%        |
| EAST COAST         | 121.1%        | 26 - 30            | 136.9%        |
| NORTHERN           | 121.4%        | 31 - 35            | 120.3%        |
| SABAH              | 114.4%        | 36 - 40            | 118.1%        |
| SARAWAK            | 112.6%        | 41 - 45            | 116.3%        |
| SOUTHERN           | 128.6%        | 46 - 50            | 112.0%        |
| OTHERS             | 96.8%         | Above 50           | 106.8%        |
| <b>Grand Total</b> | <b>117.5%</b> | <b>Grand Total</b> | <b>117.5%</b> |

| Spending by Category                | vs. LY |
|-------------------------------------|--------|
| GROCERY STORE / SUPERMARKET         | 137.1% |
| FUEL DISPENSER AUTOMATED            | 101.8% |
| INSURANCE POLICY                    | 122.8% |
| RETAIL STORE                        | 166.8% |
| FASHION                             | 115.8% |
| AUTOMATIVE (ACCESSORIES / SERVICES) | 116.4% |
| TELECOMMUNICATION                   | 110.8% |
| ELECTRICAL GOODS / EQUIPMENTS       | 118.6% |

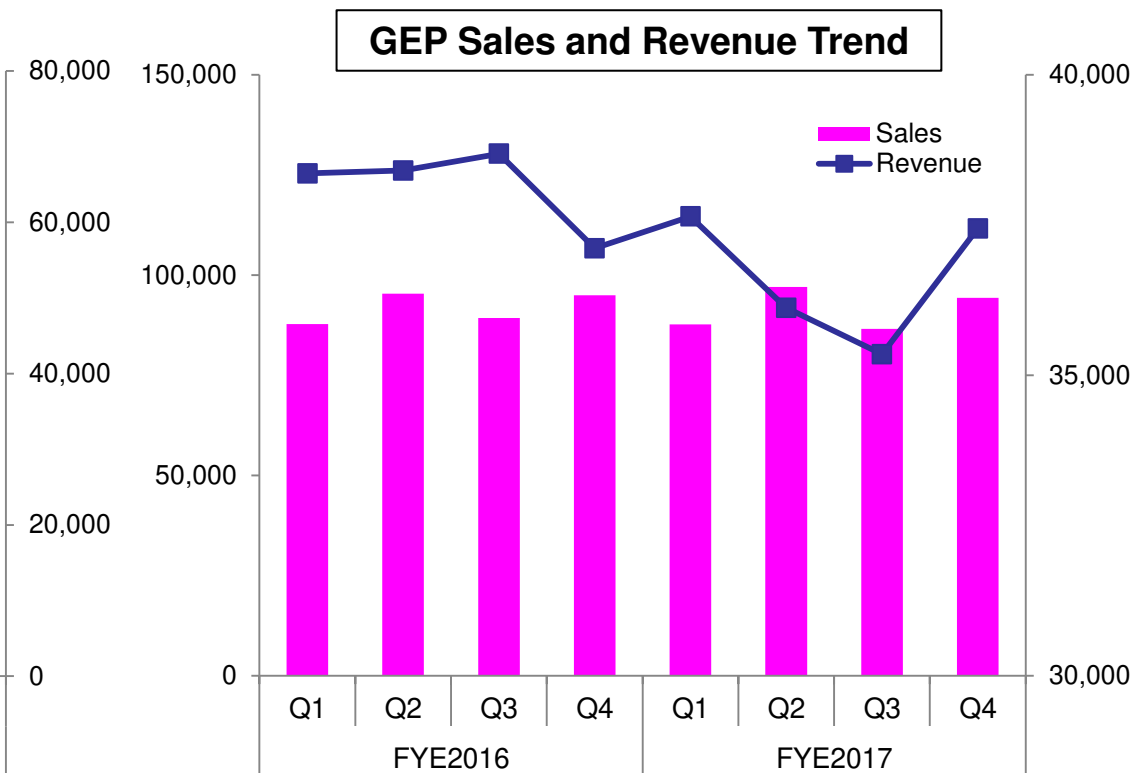
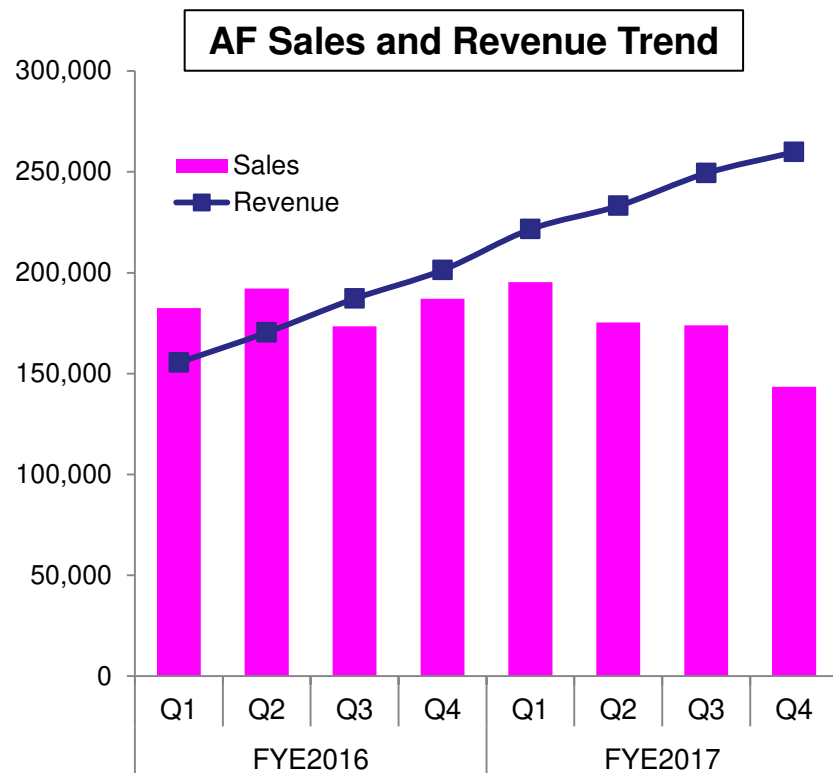
| Spending in AEON Group   |                   | vs. LY |
|--------------------------|-------------------|--------|
| <b>Spend in AEON Co.</b> | Sales             | 96.3%  |
|                          | Transaction Count | 97.6%  |
| <b>Spend in AEON BiG</b> | Sales             | 140.3% |
|                          | Transaction Count | 136.1% |

- Focus to accumulate quality receivable for AF, MEP and PF
- Improved collection operation and review assessment by customer attribute & profile.



| Product                   | Action  |
|---------------------------|---|
| <b>Motor Easy Payment</b> | ▪ Increased premium model moped sales, 117% vs. previous financial year |
| <b>Personal Finance</b>   | ▪ Increased sales from web application and online aggregator            |

- Revenue for AF improved compared to last year although sales was lower due to the changes in assessment – assess by merchant grouping which based on default ratio
- Despite the slow movement in the retail market, GEP sales maintained steady trend due to strong rapport between ACSM and merchants .



| Product              | Action  |
|----------------------|---|
| Auto Financing       | <ul style="list-style-type: none"> <li>• Diversify portfolio mix between local make and foreign make</li> </ul> |
| General Easy Payment | <ul style="list-style-type: none"> <li>• Collaboration with Smartphone &amp; Telco Company</li> </ul>           |

## Branch Transformation

- Expand Cashless Operation Branch in nationwide, cashless operation 62 out of 64 branches
- Branches are equipped with tablets for customer to apply and other services

### Plaza Massalam Branch

Before



After



## Branch Transformation

- Shift payment staff to sales staff - increase application in Personal Financing and Credit card
- Reduce overtime expenses and cash management cost

### Branch Operation Cost FYE2017 vs. FYE 2016 (%)

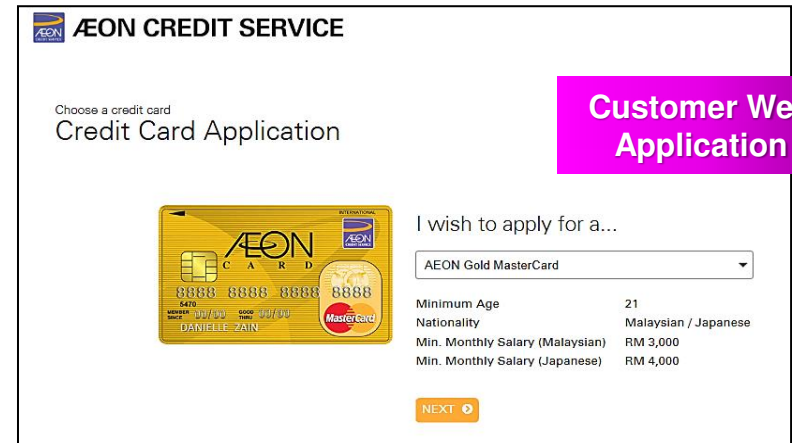
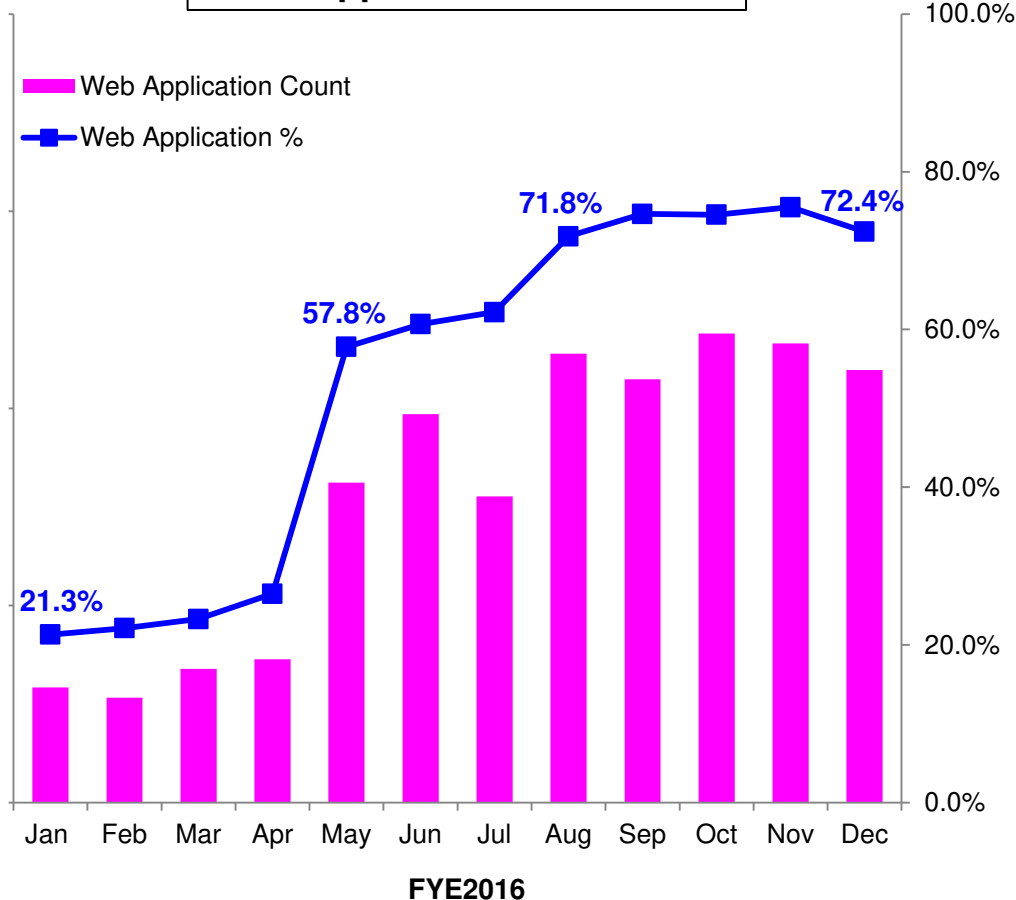
|                           |          |
|---------------------------|----------|
| Overtime Expenses         | 91%      |
| Money Collection expenses | 59%      |
| Counter payment Volume    | 52%      |
| CDM Transaction           | 188%     |
| Personal Finance Sales    | PF: 121% |
| Credit Card Sales         | CC: 118% |



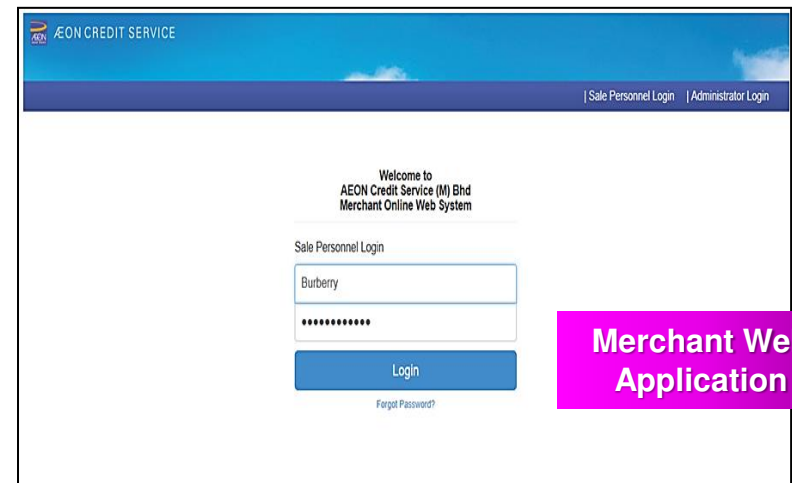
## e-Biz Portal (Web Application)

- Merchant web application (Easy Payment Scheme) & Customer web application (PF and CC)
- Web application movement showed tremendous increase since May 2016
- Productivity increased for about 80%, turn-around-time reduced by 27%, whilst on cost is about 20% saving

**Web Application Movement**



**Customer Web Application**



**Merchant Web Application**

- ❖ Thank You Promotion
- ❖ Corporate Social Responsibility (CSR)
- ❖ Appreciation Dinner
- ❖ ACS Cup Badminton Championship
- ❖ Education Project

**AEON CREDIT SERVICE**  
**20<sup>th</sup> ANNIVERSARY SPECIAL**  
**Thank You CONTEST**

In conjunction with our 20th Anniversary celebrations, SIGN UP for AEON Credit Service Products to WIN AMAZING PRIZES! Join us in celebrating the wonderful season today.

PROMOTION PERIOD FROM 18 OCTOBER 2016 - 18 APRIL 2017

- GRAND PRIZE:** Nissan X-Trail worth RM150,000 x 1 Winner
- SPECIAL PRIZE:** Complimentary Trip to Japan x 20 (worth RM1000)
- SECOND PRIZE:** Mopeds worth RM4,000 x 20 Winners
- THIRD PRIZE:** Electronic Devices worth RM4,000 x 20 Winners
- FOURTH PRIZE:** RM200 AEON Gift Vouchers x 1,000 Winners



**AEON CREDIT SERVICE**  
**20<sup>th</sup> ANNIVERSARY**  
**AEON CREDIT SERVICE BADMINTON CHAMPIONSHIP**

**PRELIMINARY STAGE**

- ROUND 16 & QUARTER FINAL STAGE:** January 2017 at HQ (KL)
- 15 Oct 16 (Sat):** Eastern Region (KTN) & KK
- 22 Oct 16 (Sat):** Southern Region (JB) & Kuching
- 5 Nov 16 (Sat):** HQ (KL) & Northern Region (PNG)

**SEMI FINAL & FINAL STAGE:** March 2017 at HQ (KL)

- GRAND PRIZE:** Japan Trip (worth RM5000 x 6)
- 2<sup>ND</sup> PRIZE:** DSLR Camera (worth RM3000 x 6)
- 3<sup>RD</sup> PRIZE:** Electronic Goods (worth RM2000 x 6)

Terms & Conditions Apply  
REGISTRATION IS OPEN NOW TILL 25 SEP 16

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# Financial Year 2018 Strategic Plan

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## Contents

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- Settlement Business Expansion
- Value Chain Transformation
- Digital Marketing
- 3 Years Investment Planning

- Launch AEON e-Money and e-Wallet, and expand in AEON Group retail stores
- To acquire new segment customer, launch new Co-Brand Card & Corporate Card
- Settlement network infrastructure development to integrate AEON Group Malaysia companies.  
(ATM, CIRRUS, PLUS, CUP, JCB)



## 1. Branch Transformation:

- Increase Productivity & Operation Efficiency
- Increase Service Level in Customer Needs
- Saving in Operation Expenses

## 2. Improve Customers and Merchants Interface:

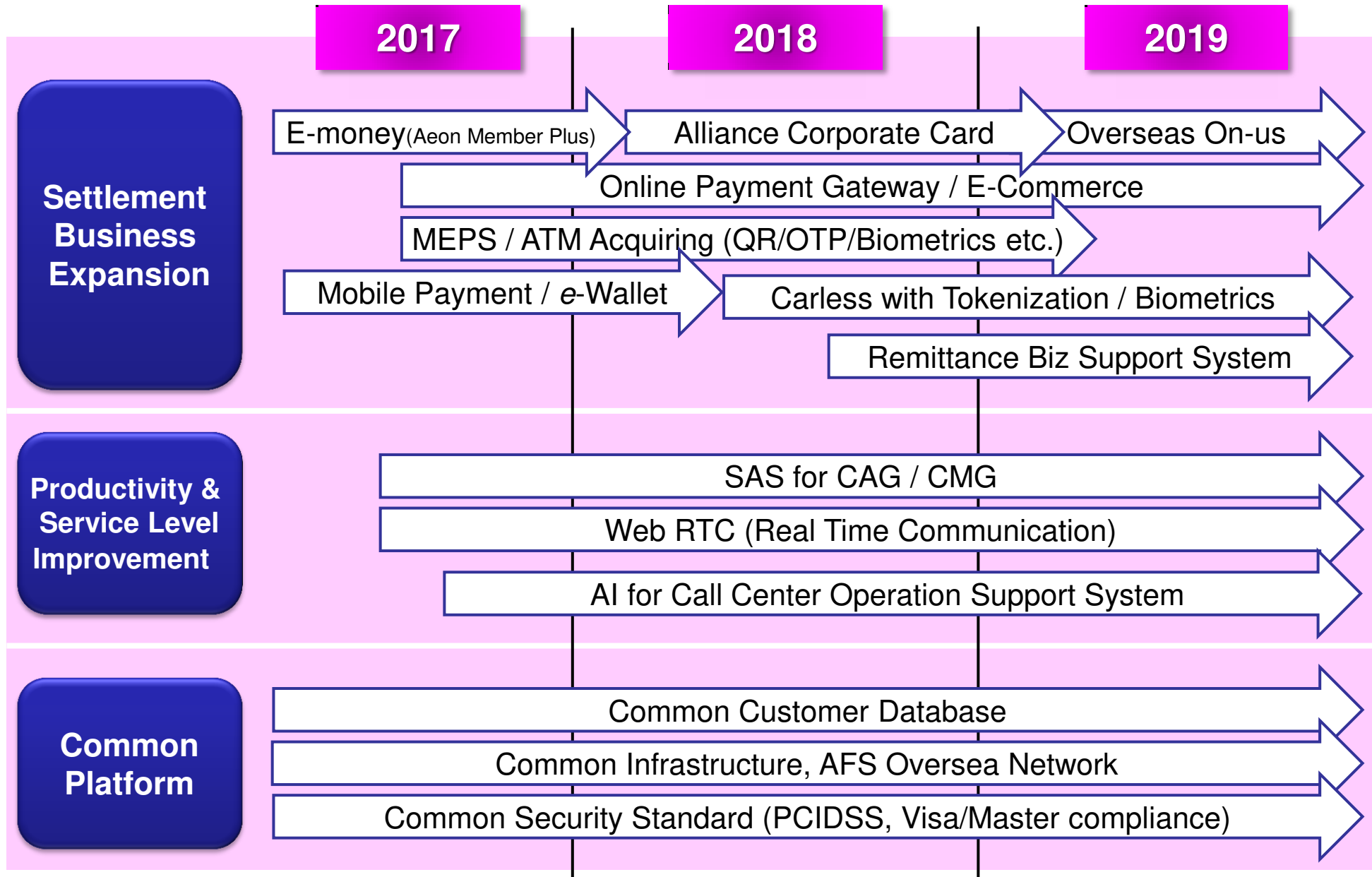
- New Digital Support Tools



- Increase AEON group customer value to commence group business synergy
- To acquire new customers by web technology
- To develop database marketing by used of data



# 3 Years Investment Planning



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## Q & A Session

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Thank You

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