



AEON CREDIT SERVICE

Listing Board

Bursa Malaysia Securities Berhad, Main Market

Stock Name/ Code

AEONCR/ 5139

Q1 FYE20 Results Update

27 June 2019

This document has been prepared by AEON Credit Service (M) Berhad (“AEON Credit” or the “Company”) solely for the use at the presentation to analyst and fund managers.

The information contained in this document has not been independently verified. No representation or warranty, whether expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. None of the Company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from the use of this document or its contents or otherwise arising in connection with this document.

This document contains forward-looking statements that reflect the Company’s beliefs and expectations about the future. These forward-looking statements are based on a number of assumptions about the Company’s operations and factors beyond the Company’s control. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons.

This document does not constitute an offer or invitation to purchase or subscribe for any shares of the Company for sale in Malaysia or anywhere else. No part of this document shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. No part of this document may be reproduced, redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organization/firm) or published, in whole or in part, for any purpose. No part of this document may be distributed, reproduced or transmitted without prior consent of the Company.

Financial Overview

“ Achieved new record high growth from total transaction & financing volume with strong receivables collection.
Positive with future performance driven by sustainable business strategies ”

Q1 FYE20

Total Transaction & Financing
Volume

+50.4% YoY

Revenue

+16.2% YoY

PAT

-14.7% YoY

Gross Financing Receivables

+21.8% YoY

ROE

22.1%

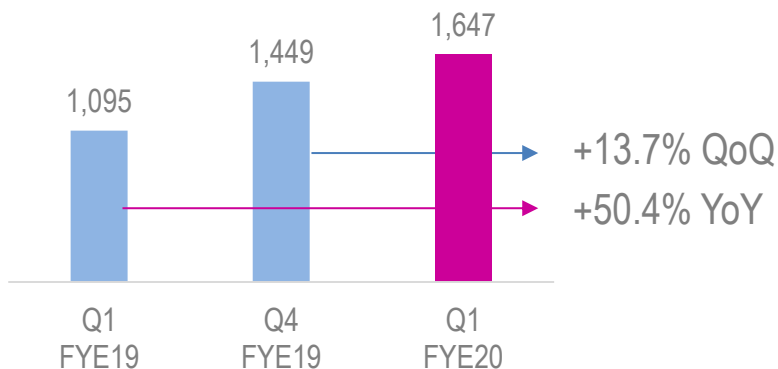
NPL

1.92%

Transaction & financing volume and revenue were on uptrend
Profit affected by higher expenses in tandem with transaction & financing volume

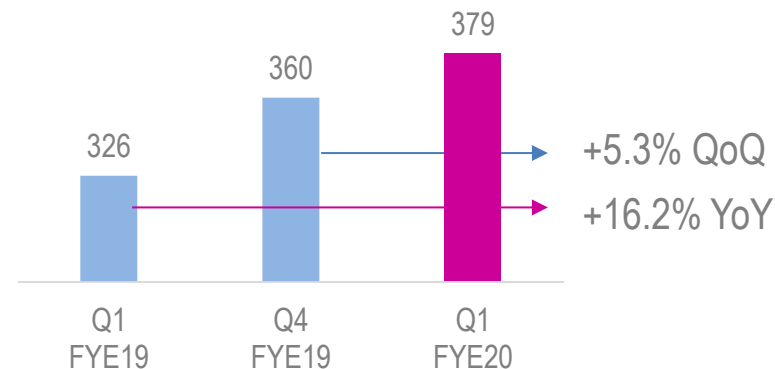
Total Transaction & Financing Volume

(RM mil)



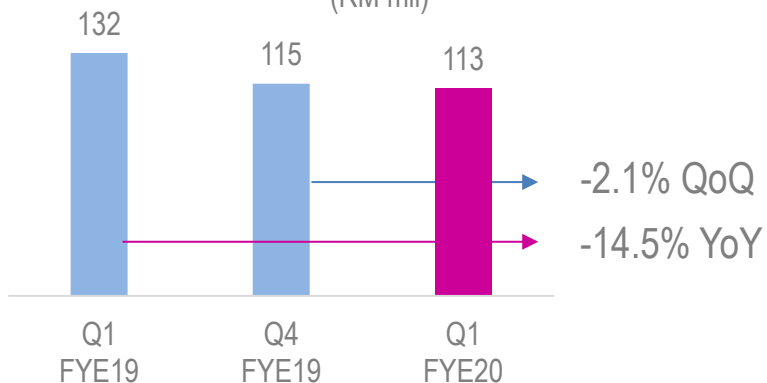
Revenue

(RM mil)



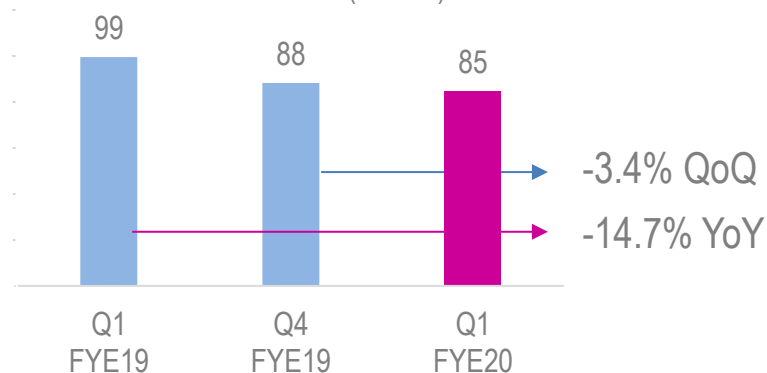
PBT

(RM mil)



PAT

(RM mil)



Higher expenses from the impact of MFRS 9 & the introduction of new products & services (A&P related to E-money), consistent with increased transaction & financing volume

(RM mil)	Q1	Q4	Q1	QoQ	YoY
	FYE19	FYE19	FYE20	(%)	(%)
Impairment Loss on Receivables	57.1	94.5	93.3	-1.3	+63.4
Personnel Expenses	48.6	54.2	55.1	+1.7	+13.4
Advertisement & Promotion (A&P)	11.2	21.7	24.0	+10.6	+114.3
Other Operating Expenses	47.8	53.2	49.7	-6.6	4.0
Operating Expenses	164.7	223.6	222.1	-0.7	+34.9
Funding Costs	58.5	68.7	75.4	+9.8	+28.9
Total Expenses	223.2	292.6	297.5	+1.7	+33.3

+RM23.0 mil impairment(LY:-27.8 mil) from higher receivables as early recognition required under MFRS 9

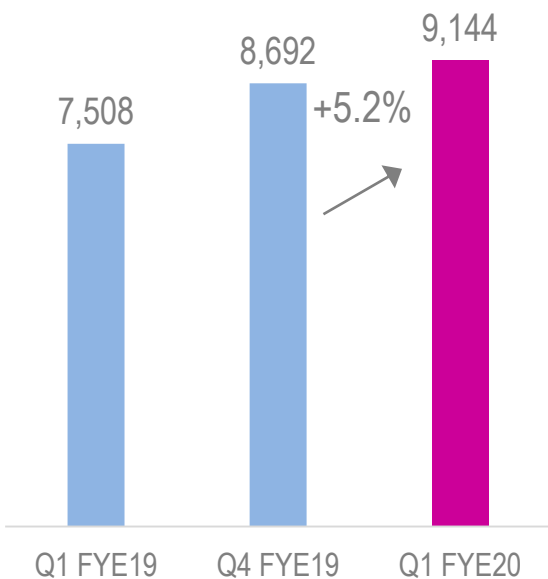
Off set by RM18.5 mil ECL improvement due to collection and asset quality improvement

Income Statement	Q1 FYE20	Q1 FYE19	YoY	
	RM'000	RM'000	RM'000	%
Impairment Loss Provision	4,526	(27,838)	32,364	-116.3
Written Off	88,812	84,935	3,877	4.6
Total Impairment Loss	93,338	57,097	36,241	63.5
Balance Sheet				
As at 1 March	586,583	162,831		
Impact of adopting MFRS 9	-	453,325		
As at 1 March (restated)	586,583	616,156		
Provision during the year:				
Impact of Change in Receivables	23,042	(27,838)	50,880	-182.8
Impact of Change in Expected Credit Loss %	(18,516)	-	(18,516)	
As at 31 May	591,109	588,318	32,364	0.5
Financing Receivables	9,144,102	7,508,382	1,635,720	21.8
IL Provision/ Financing receivables (%)	6.46%	7.84%		
Increased in Financing Receivables (1 st Quarter)	451,739	189,252	262,487	138.7

Stable with healthy financing receivables growth

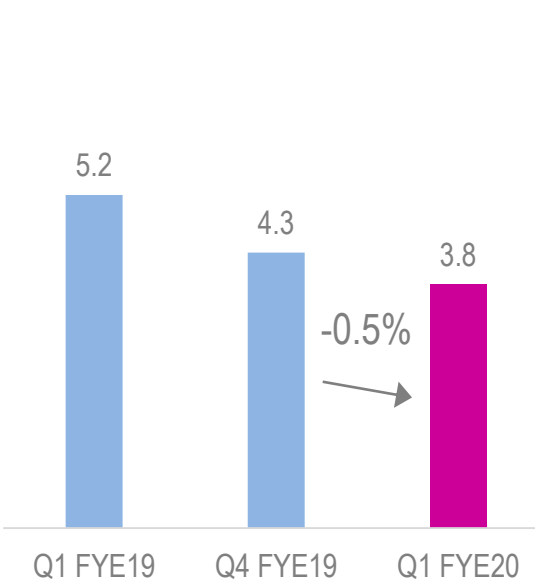
Gross Financing Receivables

(RM mil)



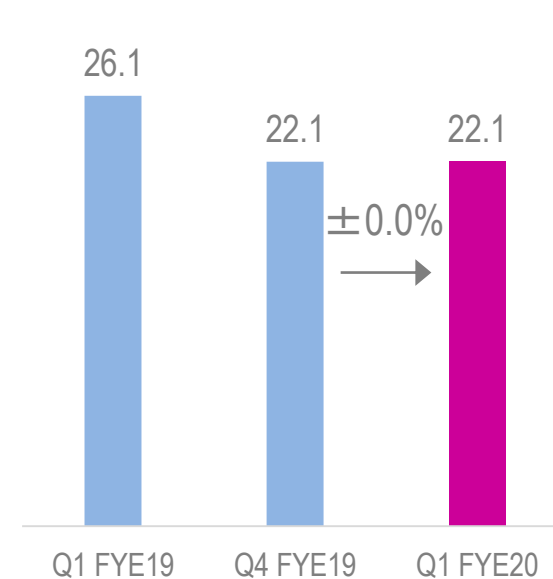
ROA

(%)



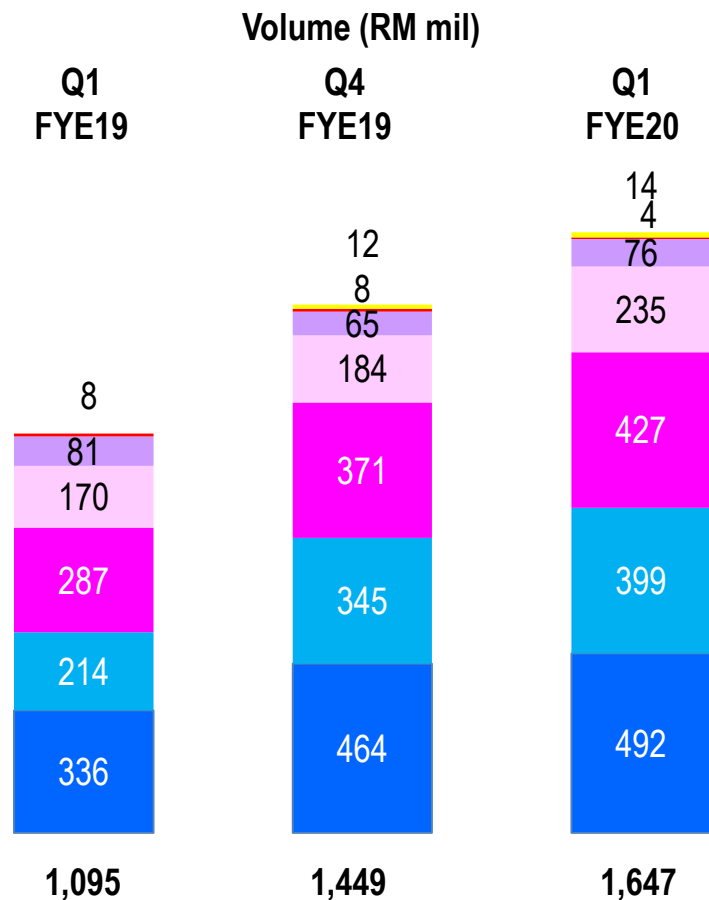
ROE

(%)



Segmental Breakdown: Total Transaction & Financing Volume

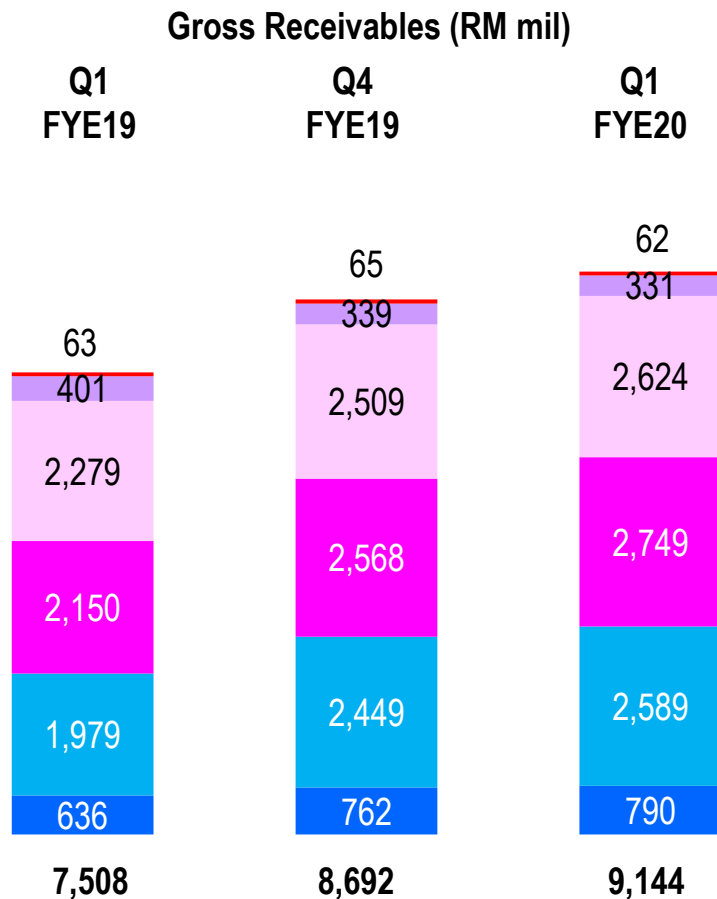
Mainly driven by Personal Financing , Vehicle Financing & Credit Card with additional volume from E-money



Products	QoQ (%)	YoY (%)
Credit card	+6.1	+46.5
Personal Financing	+15.6	+86.2
Motorcycle Financing	+15.1	+49.0
Auto Financing	+27.6	+38.3
Objective Financing	+16.6	-6.3
SME Financing	-50.0	-50.0
E-money	+17.8	-
Total	+13.7	+50.4

Segmental Breakdown: Total Financing Receivables

Mainly contributed by Personal Financing, Vehicles Financing & Credit Card

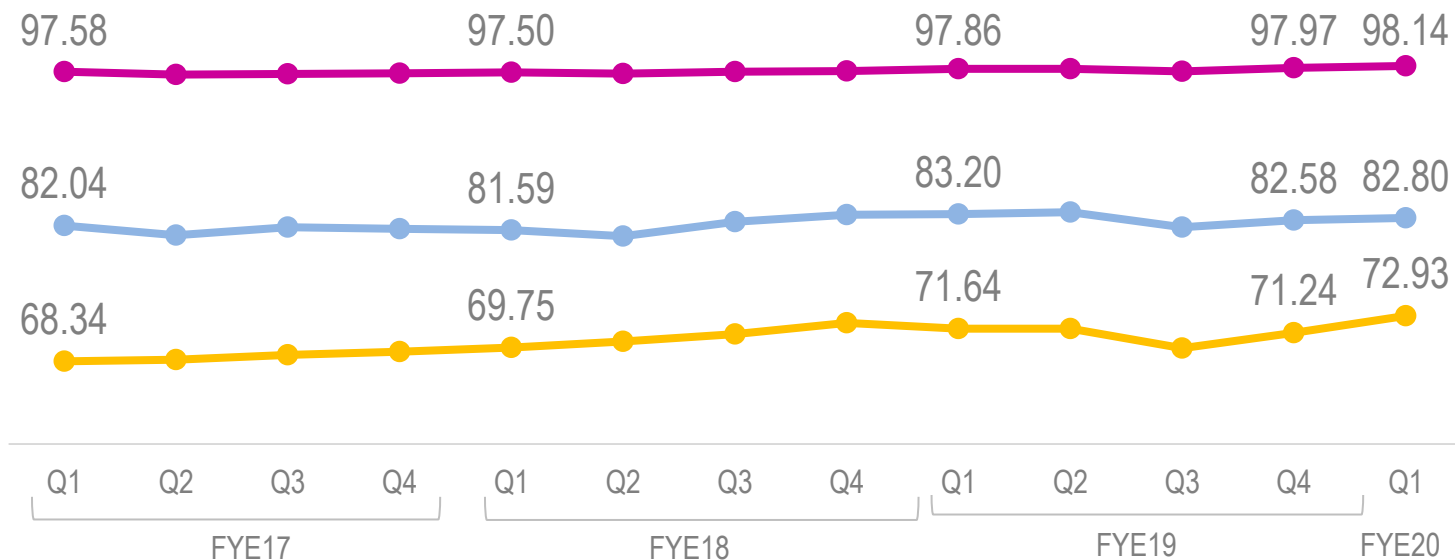


Receivables Movement (%)		QoQ	YoY
	Credit card	+3.6	+24.2
	Personal Financing	+5.7	+30.8
	Motorcycle Financing	+7.1	+27.8
	Auto Financing	+4.6	+15.1
	Objective Financing	-2.4	-17.5
	SME Financing	-4.3	-1.3
Total		+4.6	+21.8

Receivables Breakdown (%)		Q1 FYE20	YoY
	Credit card	8.6	+0.2
	Personal Financing	28.3	+2.0
	Motorcycle Financing	30.1	+1.4
	Auto Financing	28.7	-1.7
	Objective Financing	3.6	-1.7
	SME Financing	0.7	-0.2
Total		100.0	

Collection remained steady with marginally improve, following effective collection strategies & better asset quality

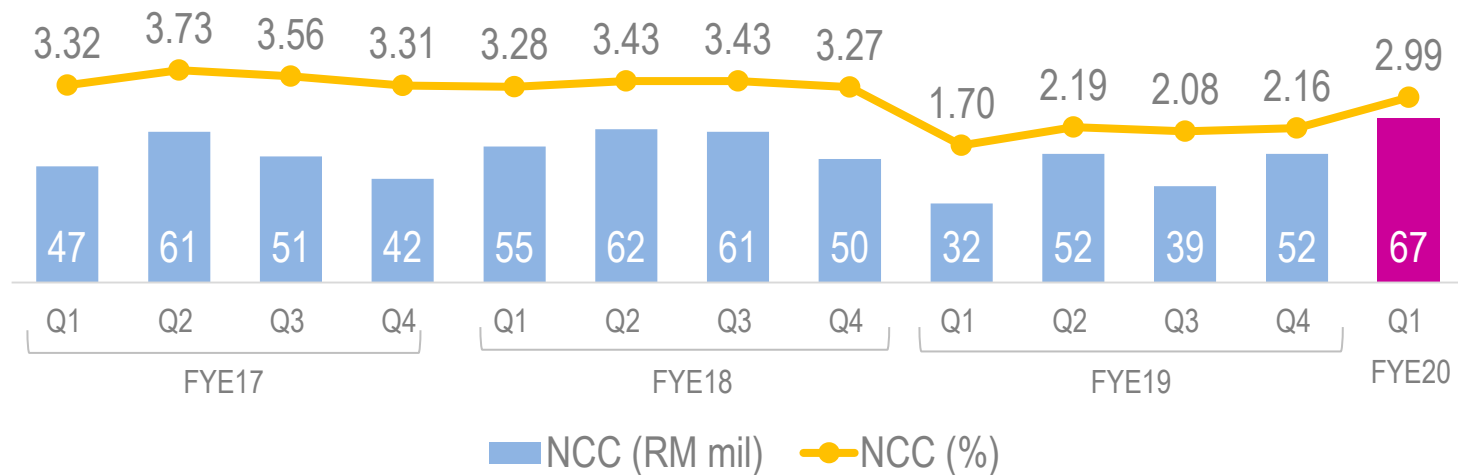
Receivables Collection Trend



- Current Collection Ratio - Not Past Due (%)
- D1 Collection Ratio - Past Due 1 month (%)
- D2 Collection Ratio - Past Due 2-3 months (%)

Higher Net Credit Cost in tandem with higher receivables recorded

Net Credit Cost (NCC) Trend

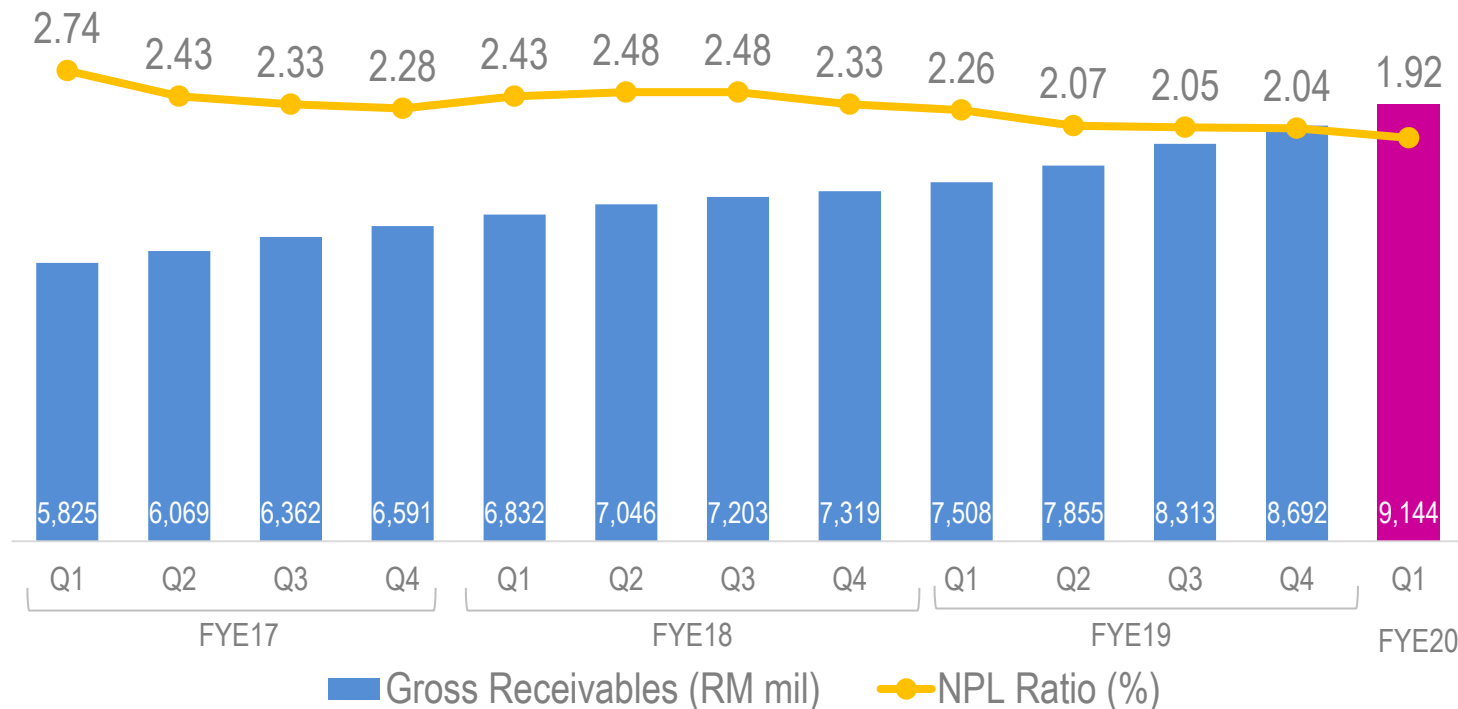


(RM mil)	Q1 FYE18	Q2 FYE18	Q3 FYE18	Q4 FYE18	Q1 FYE19	Q2 FYE19	Q3 FYE19	Q4 FYE19	Q1 FYE20
Total Impairment Loss	83	85	87	82	*57	95	62	95	93
(-) Bad Debt Recovered	28	23	26	32	25	43	23	43	26
NCC	55	62	61	50	32	52	39	52	67

* Decrease in Impairment Loss in Q1 FYE19 due to MFRS 9 adoption with effect from 1 March 2019

Well-managed Non-Performing Loans derived from improved collection on delinquent receivables & new sales

Non-Performing Loans (NPL) Trend



Asset quality

Expand sales via Raya promotion campaign with Risk base pricing product and product targeted M40 customer segment

【Platinum Card】



【Hari Raya Promotion】

-
-
-
-
-

【Corporate Card】



※2nd Quarter

Database integration

AEON BiG member card integrated to common platform from March,
 AEON Malaysia member card will start to integrate in FYE20



E-Money & E-Wallet	1Q FYE20	FYE20 Target
Member Plus cardholders	0.70mil	1.60mil
E-Wallet download	0.20mil	1.00mil

No	Item	Remark	Status
i.	Filed a Notice of Appeal (Form Q) on 5 Jan 2018 to Special Commissioners of Income Tax (SCIT)	<ul style="list-style-type: none"> The Company had filed a notice of appeal to dispute the additional assessments 	<ul style="list-style-type: none"> To date, hearing date has yet to be fixed.
ii.	Judicial Review – Leave application <i>(Seek permission to commence judicial review)</i>	<ul style="list-style-type: none"> Kuala Lumpur High Court dismissed the application on 5 Mar 2018 The Company filed the Notice of Appeal on 5 Mar 2018 at Court of Appeal 	<ul style="list-style-type: none"> The hearing on 1 Jul 2019 has been vacated and new date yet to be fixed .
iii.	Judicial Review – Stay application <i>(Asking court to suspend DGIR's decision)</i>	<ul style="list-style-type: none"> Kuala Lumpur High Court dismissed the application on 8 May 2018 The Company filed a Notice of Motion on 8 May 2018 at Court of Appeal 	<ul style="list-style-type: none"> On 5 Apr 2019, the Court of Appeal did not grant the Company's appeal against the High Court's decision of 8 May 2018. The Company will proceed with its appeal to the Court of Appeal on leave for judicial review.

Appendices

(RM'000)	Q1 FYE19	Q4 FYE19	Q1 FYE20	QoQ (%)	YoY (%)
Total Transaction & Financing Volume	1,094,821	1,448,714	1,647,330	+13.7	+50.5
-Credit Card	336,002	464,408	492,380	+6.0	+46.5
-Easy Payment Financing	544,571	627,953	741,897	+18.1	+36.2
-Personal Financing	214,228	344,851	398,914	+15.7	+86.2
-E-Money	20	11,502	14,139	+22.9	-
Total Income	354,971	407,668	410,187	+0.6	15.6
Operating Expenses	(164,699)	(223,875)	(222,131)	-0.8	34.9
Finance Cost	(58,509)	(68,671)	(75,388)	+9.8	28.8
Profit Before Tax	131,763	115,122	112,668	-2.1	-14.5
Corporate Tax	(32,528)	(27,509)	(28,068)	+2.0	-13.7
Net Profit	99,235	87,613	84,600	-3.4	-14.7

(RM'000)	Q1FYE19	Q4FYE19	Q1FYE20	QoQ (%)	YoY (%)
Credit Card	635,675	761,591	789,721	+3.7	+24.2
-Card Purchase	569,929	697,899	726,653	+4.1	+27.5
-Cash Advance	65,746	63,692	63,068	-1.0	-4.1
Personal Financing	1,978,356	2,448,723	2,588,662	+5.7	+30.8
Objective Financing	401,185	339,440	330,967	-2.5	-17.5
Motorcycle Financing	2,150,547	2,568,395	2,749,073	+7.0	+27.8
-MOPED	1,275,491	1,686,659	1,868,736	+10.8	+46.5
-Superbike	875,056	881,736	880,337	-0.2	+0.6
Auto Financing	2,279,393	2,509,099	2,623,501	+4.6	+15.1
SME Financing	62,953	65,115	62,178	-4.5	-1.2
Total Financing Receivables	7,508,108	8,692,363	9,144,102	+5.2	+21.8
Impairment Loss	(588,318)	(586,583)	(591,109)	+0.8	+0.5
Other Assets	616,872	549,974	640,304	+16.4	+3.8
Total Assets	7,536,662	8,655,754	9,193,297	+6.2	+22.0
Total Liabilities	5,902,373	6,780,773	7,296,891	+7.6	+23.6
Shareholders' Fund	1,634,289	1,874,981	1,896,406	+1.1	16.0

(RM mil)	Q1 FYE19	Q4 FYE19	Q1 FYE20	QoQ (%)	YoY (%)
Credit Card	28,428	31,817	31,662	-0.5	+11.4
Personal Financing	91,964	114,596	120,964	+5.6	+31.5
Objective Financing	27,471	22,482	21,889	-2.6	-20.3
Motorcycle Financing	102,129	112,300	121,761	+8.4	+19.2
Auto Financing	74,321	76,956	81,030	+5.3	+9.0
SME Financing	1,405	1,385	1,282	-7.4	-8.8
Total Revenue	325,718	359,536	378,588	+5.3	+16.2
Other Operating Income	29,253	48,133	31,599	-34.4	+8.0
Total Operating Income	354,971	407,669	410,187	+0.6	+15.6

(RM mil)	FYE17	FYE18	FYE19	Q1FYE19	Q1FYE20	YoY%
PBT	351.0	398.0	472.0	131.8	112.7	-14.5
PAT	265.0	300.0	355.0	99.2	84.6	-14.7
Weighted average no. of ordinary shares (mil unit)	248.0	206.0	255.0	255.0	255.0	-
Basic/(Diluted) EPS ¹ (RM)	1.0	1.4	1.3	1.5	1.3	-
NTA per share (RM)	6.6	6.4	6.0	5.5	6.2	-
ROE* (%)	28.9	22.6	22.1	26.1	22.1	-4.0
ROA* (%)	4.0	4.0	4.3	5.2	3.8	-1.4
Capital ratio against receivables ² (%)	19.5	25.1	22.4	22.5	21.7	-0.8
Debt-to-Equity Ratio (x)	4.7	3.0	3.4	3.4	3.6	+0.2
Share Price (RM)	15.7	13.5	16.5	14.8	16.1	+8.8
PER (x)	9.0	9.4	11.9	9.61	12.1	+25.9
Market Capitalisation	2,261	3,344	4,149	3,689	4,039	+9.5

Head Office

Level 18, UOA Corporate Tower,
Avenue 10, The Vertical,
Bangsar South City,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Website : www.aeoncredit.com.my

Email: ir_info@aeoncredit.com.my

Tel : 03- 2772 9000

Investor Relations Contact

Mr Lee Kit Seong

Chief Financial Officer

leeks@aeoncredit.com.my

03-2772 9000

Mr Yuya Narita

Head of Investor Relations

narita@aeoncredit.com.my

03-2721 8139

Ms Esther Leong

Investor Relations Assistant Manager

cleong@aeoncredit.com.my

03-2721 8035

THANK YOU