



AEON CREDIT SERVICE

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

Q4 / 12M FYE2021 Results Update

8 April 2021

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Key Highlights

Key Highlights



Sailing Through Recovery Waves

Underpinned by resilient asset quality, rigorously growing transaction and financing volume to fulfil different customer needs and demands



Advancing the IT Adoption

Transform physical and conventional processing to online with digitalisation for better efficiency and customer engagement



Looking Towards Sustainable Growth

Diversifying product and service offerings, extending customer reach across AEON Group as well as to accumulated database






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Financial Overview

Performance Highlights

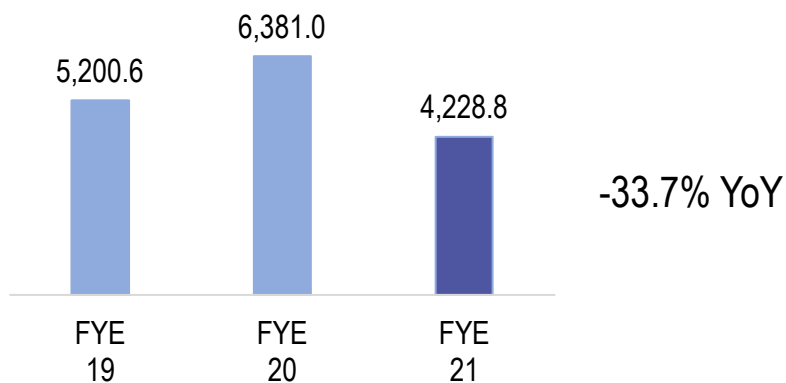
A year of sustaining the drive with healthy asset quality to overcome COVID-19 pandemic impacts and agile actions taken towards recovery

		FYE20	FYE21	YOY Change
 Profitability	Revenue	RM1,598.8M	RM1,561.7M	-2.3%
	PAT	RM292.0M	RM233.9M	-19.9%
	ROE	18.0%	13.8%	-4.2%
 Asset Quality	Transaction & Financing Volume	RM6.4B	RM 4.2B	-33.7%
	Gross Financing Receivables	RM10.4B	RM10.1B	-3.0%
	Loan Loss Coverage Ratio	346%	339%	-7.0%
	Non-Performing Loan (NPL)	1.92%	2.46%	+0.54%
	Net Credit Cost (NCC)	3.41%	3.74%	+0.33%
 Liquidity	Capital Adequacy Ratio (CAR)	18.9%	24.0%	+5.1%

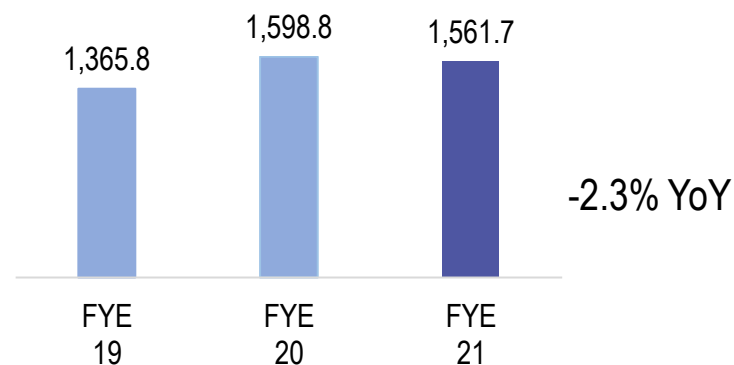
Income Statement – FYE21

COVID-19 pandemic hit especially in 1H, counteractions focusing on cost management, asset quality enhancement and customer supports

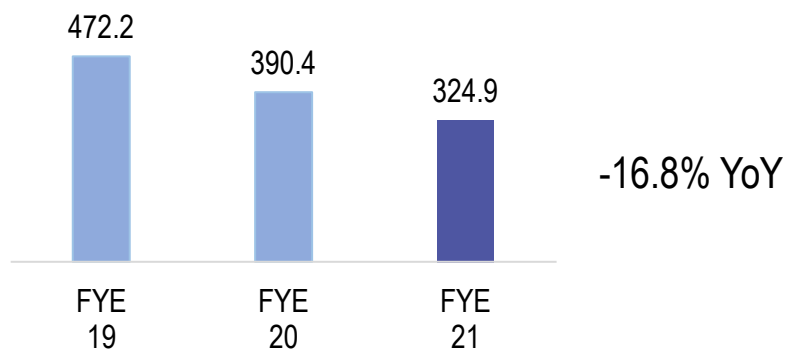
Total Transaction & Financing Volume (RM mil)



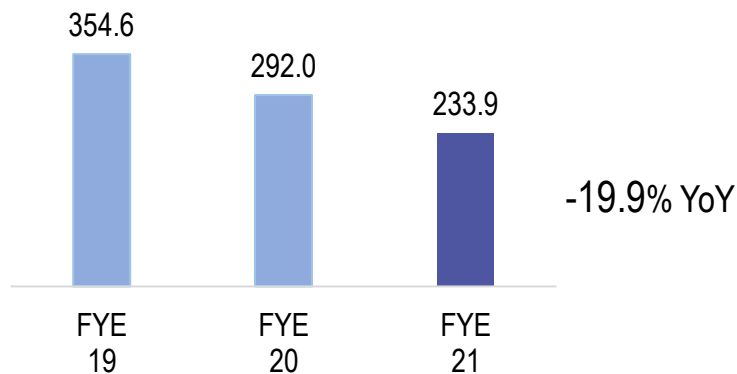
Revenue (RM mil)



PBT (RM mil)



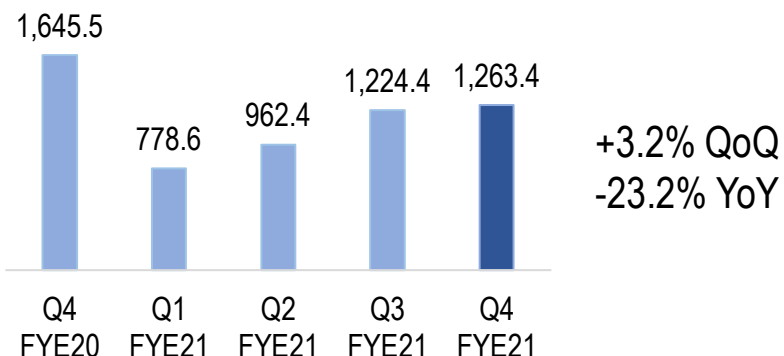
PAT (RM mil)



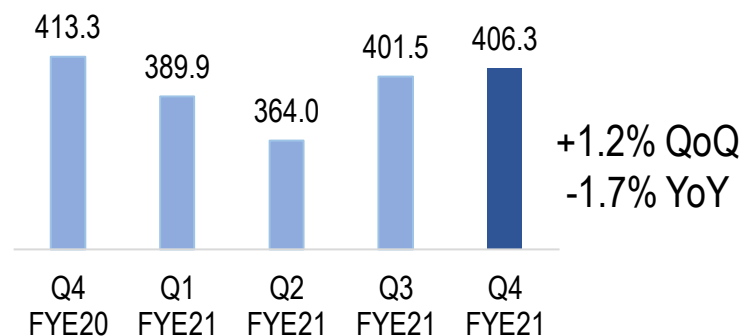
Income Statement – Q4FYE21

PAT improved 169.8% QoQ and 28.7% YoY boosted by recovery activities and improved asset quality

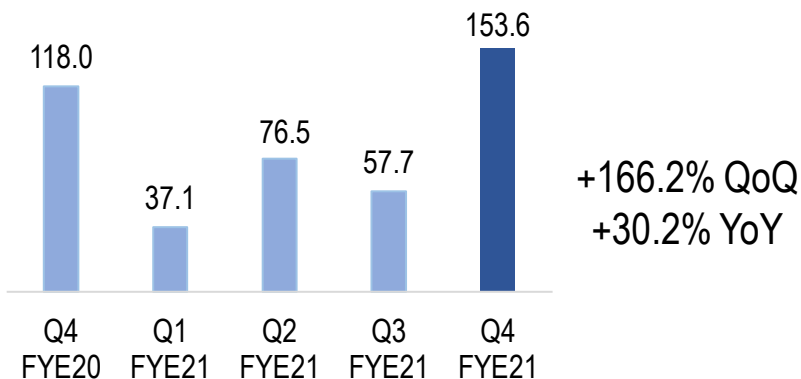
Total Transaction & Financing Volume (RM mil)



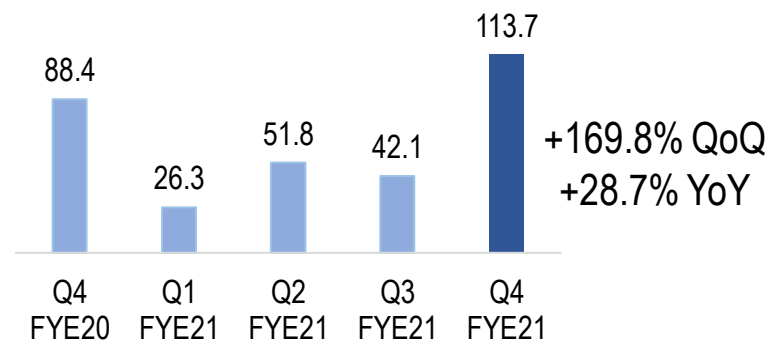
Revenue (RM mil)



PBT (RM mil)



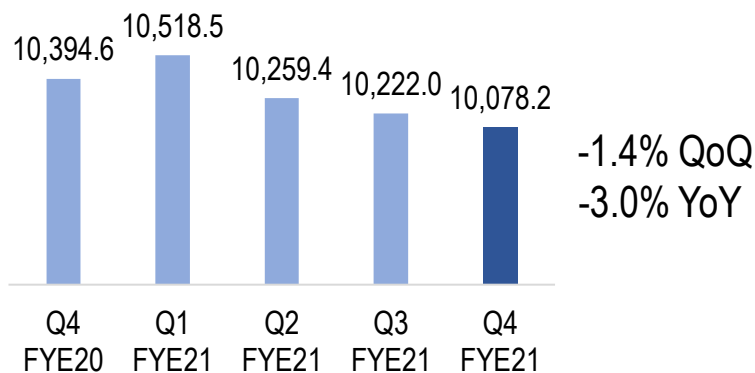
PAT (RM mil)



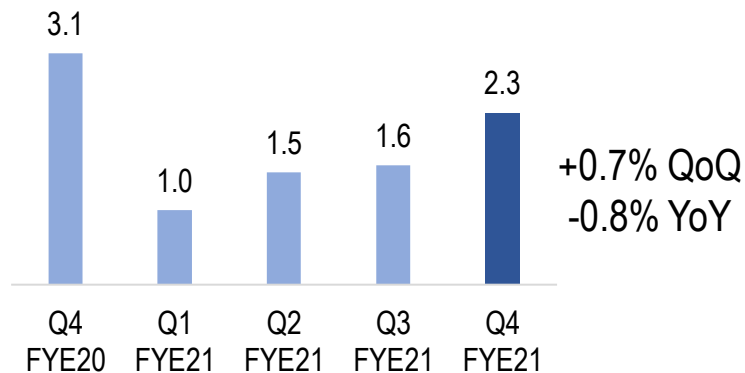
Shareholder Value & Capital Management

ROA & ROE recovered steadily QoQ; Strong capital position providing ample headroom for growth

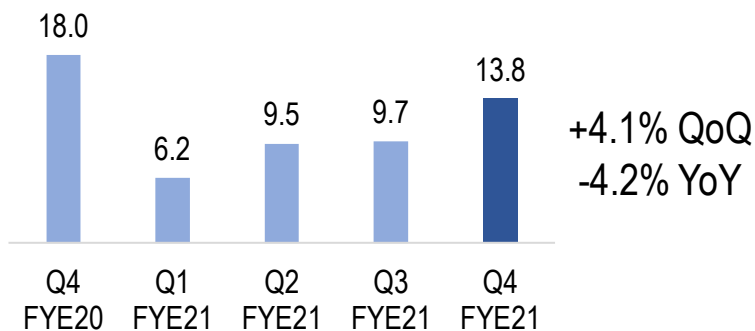
Gross Receivables (RM mil)



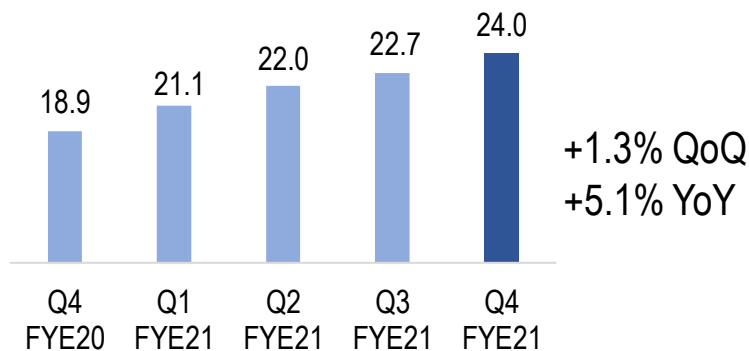
ROA (%)



ROE (%)



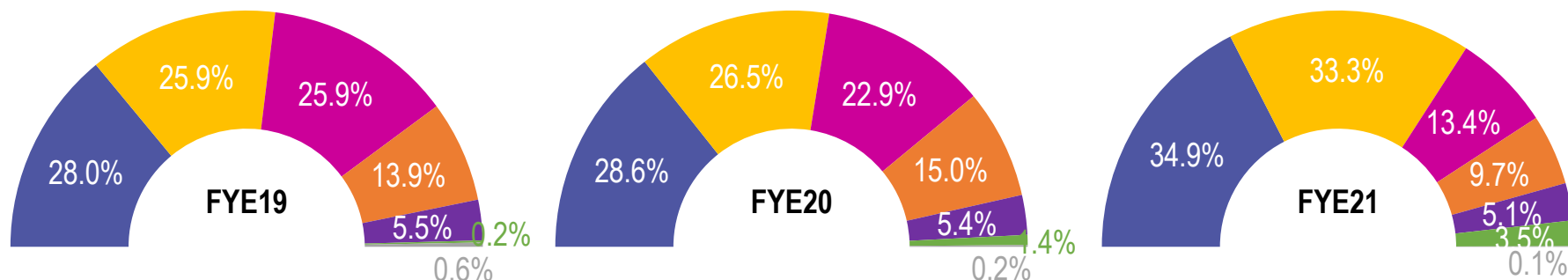
CAR (%)



Total Transaction & Financing Volume

**Credit Card and Motorcycle Financing remain as key drivers;
E-money led the growth despite volatile economic condition**

Volume – Yearly Segmental Breakdown (%)

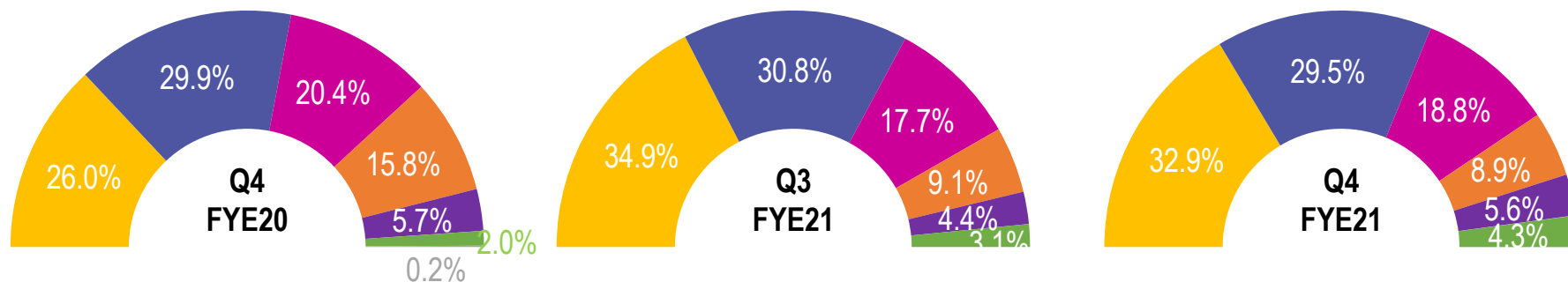


Volume (RM mil)	FYE19	FYE20	FYE21	YoY Changes
Credit Card	1,455	1,828	1,476	-19.3%
Motorcycle Financing	1,347	1,689	1,409	-16.6%
Personal Financing	1,345	1,460	567	-61.2%
Auto Financing	721	954	409	-57.1%
Objective Financing	288	347	216	-37.8%
E-money	15	88	148	+68.2%
SME Financing	30	15	4	-73.3%
Total	5,201	6,381	4,229	-33.7%

Total Transaction & Financing Volume

New sales acquired on moderate pace and gradually rejuvenating with 62% improvement seen from Q1 to Q4

Volume – Quarterly Segmental Breakdown (%)

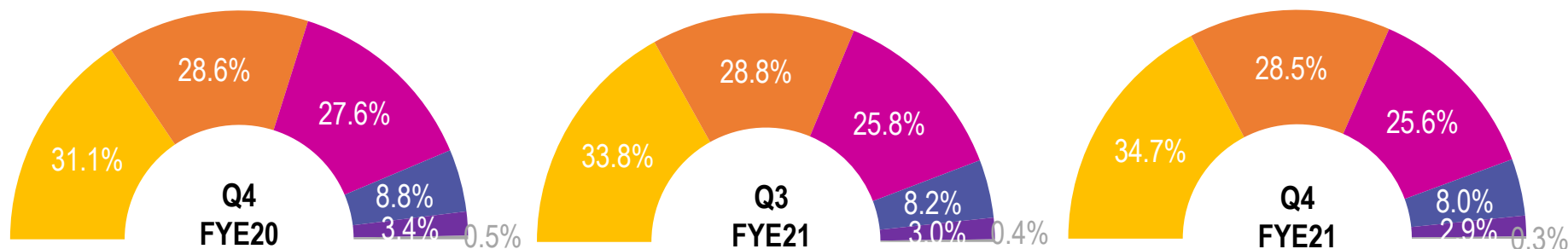


Volume (RM mil)	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	QoQ Changes	YoY Changes
Motorcycle Financing	428	182	385	427	415	-2.8%	-3.0%
Credit Card	493	332	395	377	373	-1.1%	-24.3%
Personal Financing	335	88	24	217	237	+9.2%	-29.3%
Auto Financing	260	106	80	111	113	+1.8%	-56.5%
Objective Financing	94	44	47	54	71	+31.5%	-24.5%
E-money	33	24	31	38	54	+42.1%	+63.6%
SME Financing	3	3	-	-	-	-	-100.0%
Total	1,646	779	962	1,224	1,263	+3.2%	-23.2%

Total Financing Receivables

Emphasized on strengthening in asset quality for sustainable growth

Gross Receivables – Quarterly Segmental Breakdown (%)

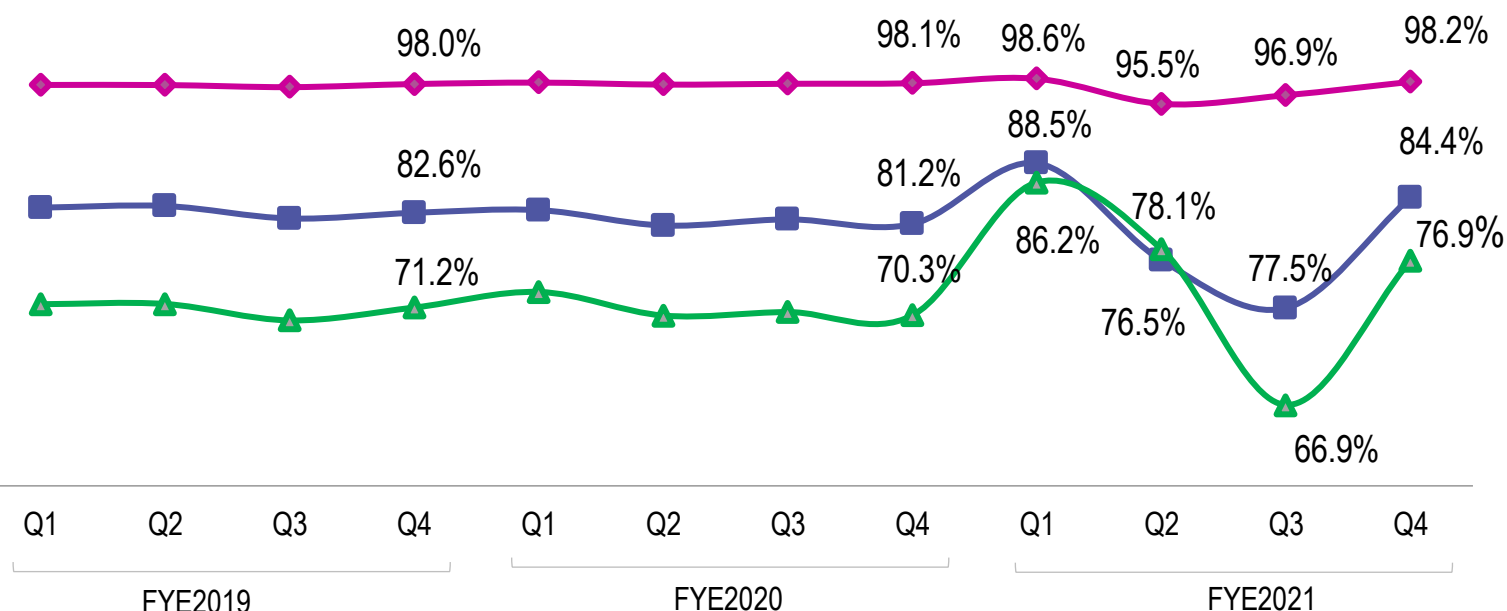


						Receivables Movement	
Volume (RM mil)	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	QoQ (%)	YoY (%)
Motorcycle Financing	3,231	3,321	3,375	3,456	3,492	+1.0%	+8.1%
Auto Financing	2,978	3,052	2,986	2,939	2,870	-2.3%	-3.6%
Personal Financing	2,865	2,875	2,680	2,640	2,580	-2.3%	-9.9%
Credit Card	917	839	830	839	810	-3.5%	-11.7%
Objective Financing	352	380	344	310	294	-5.2%	-16.5%
SME Financing	52	51	44	38	32	-15.8%	-38.5%
Total	10,395	10,518	10,259	10,222	10,078	-1.4%	-3.0%

Receivables Collection

Successfully normalised the collection ratio as supported by effective collection strategies and improved asset quality

Receivables Collection Trend

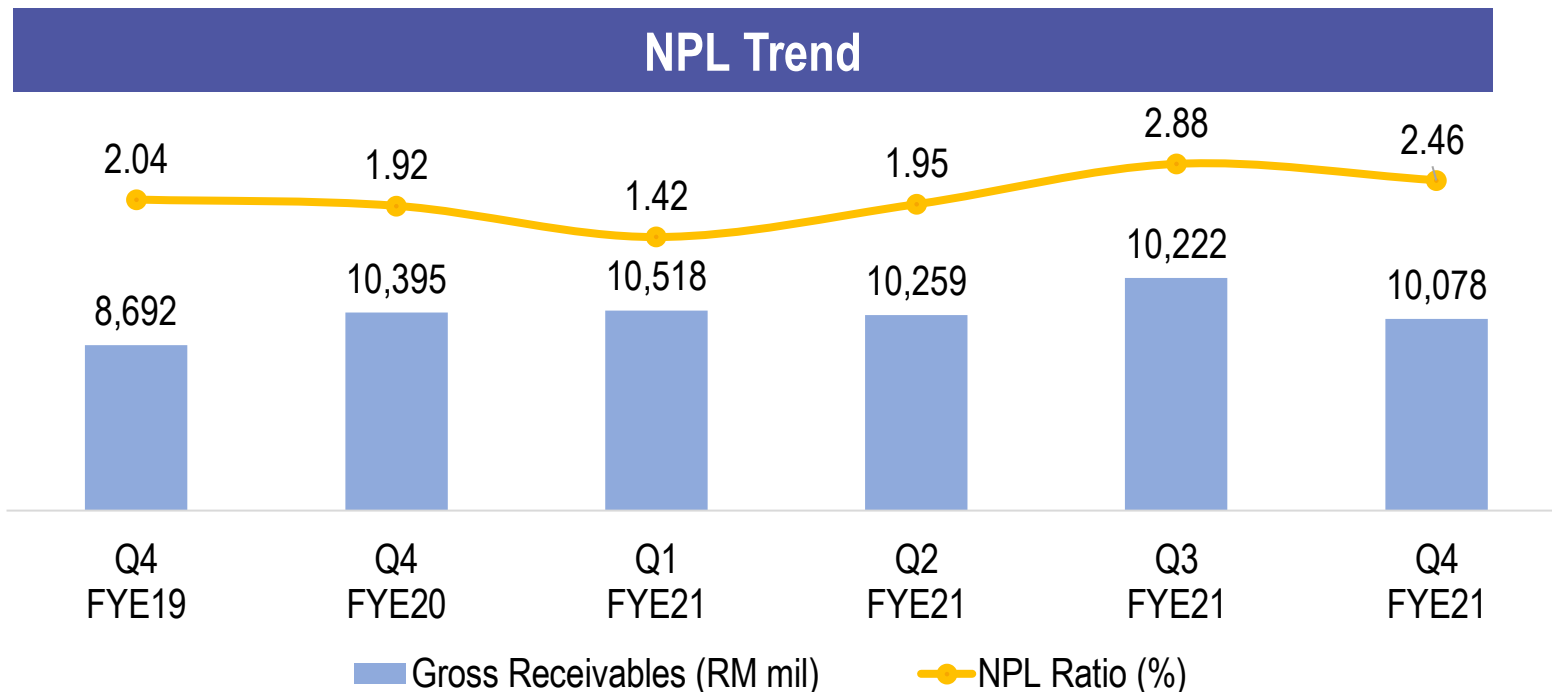


◆	Current Collection Ratio – Not past due (%)
■	D1 Collection Ratio – Past due 1 month (%)
▲	D2 Collection Ratio – Past due 2 to 3 months (%)

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

Non-Performing Loans (NPL)

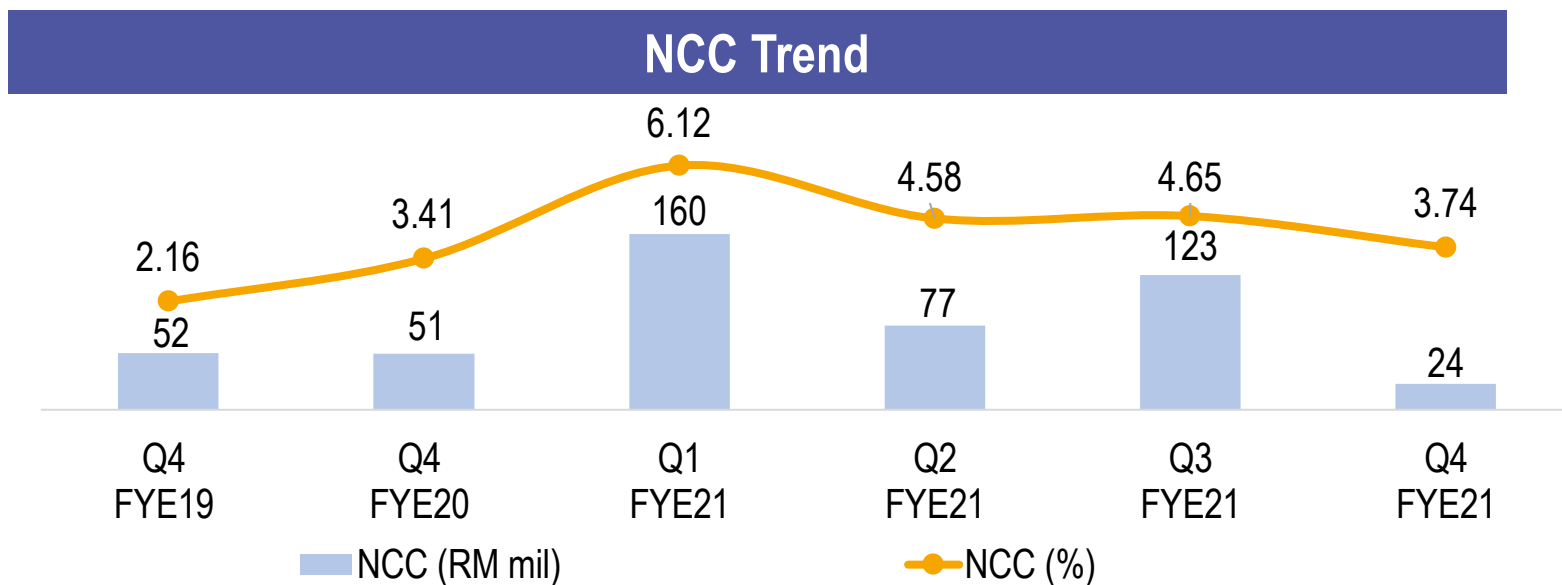
NPL eased in Q4 FYE21 with prudent risk and portfolio management



(RM mil)	Q4 FYE19	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21
Receivables	8,692	10,395	10,518	10,259	10,222	10,078
Balance D3+	177	200	150	200	294	248
NPL (%)	2.04	1.92	1.42	1.95	2.88	2.46

Net Credit Cost (NCC)

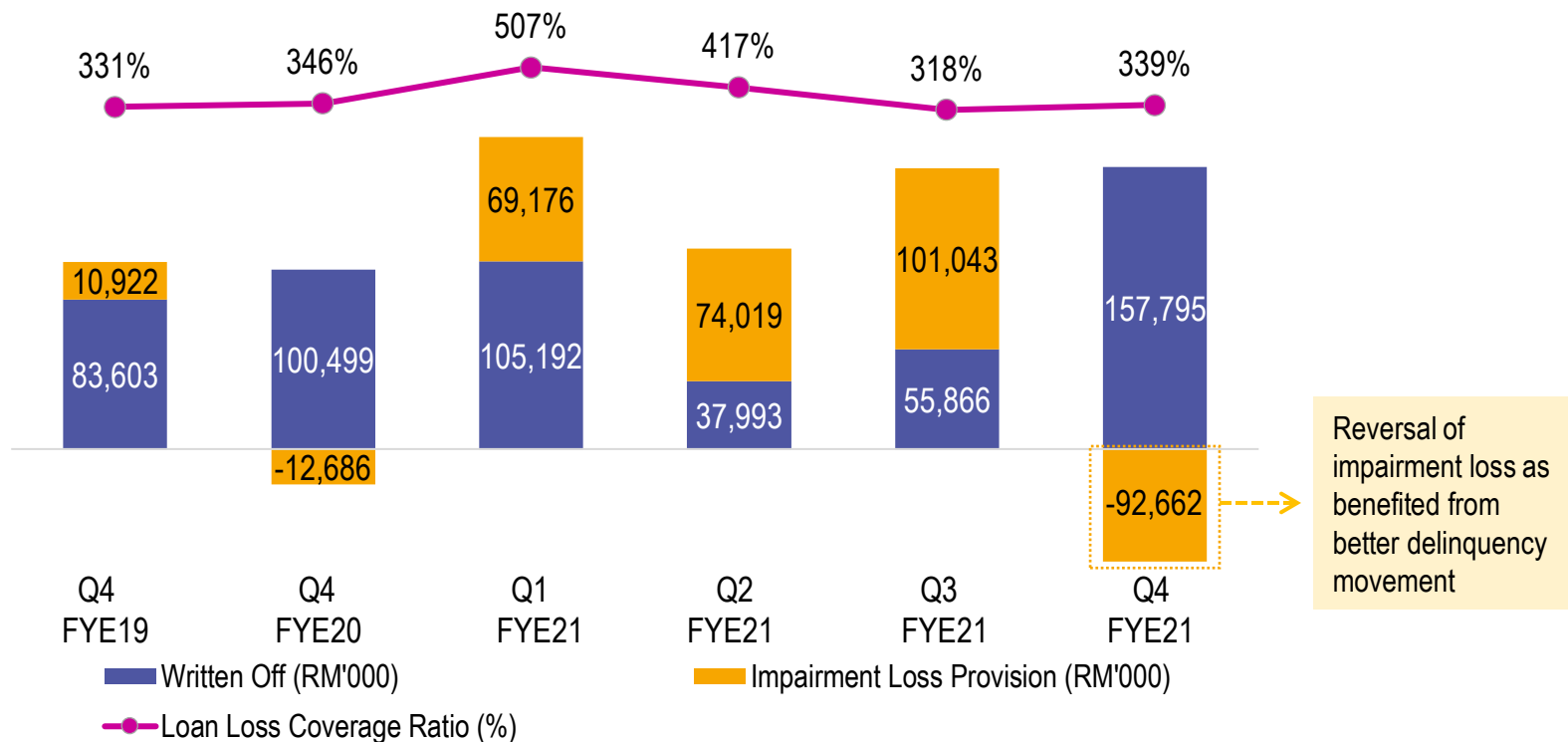
NCC significantly reduced in Q4 FYE21 as a result of impairment loss reversal benefited from better delinquency movement



(RM mil)	Q4 FYE19	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21
Total IL	95	88	174	112	157	65
(-) Bad Debt Recovered	43	37	14	35	34	41
NCC	52	51	160	77	123	24

Impairment Loss (IL) Analysis

Lower impairment loss in Q4 FYE21 driven by collection improvement



(RM '000)	Q4 FYE19	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	Changes QoQ	
							(RM'000)	(%)
Write Off	83,603	100,499	105,192	37,993	55,866	157,795	101,929	182.5%
IL Provision	10,922	(12,686)	69,176	74,019	101,043	(92,662)	(193,705)	-8.3%
Total IL	94,525	87,813	174,368	112,012	156,909	65,133	(91,776)	-58.5%

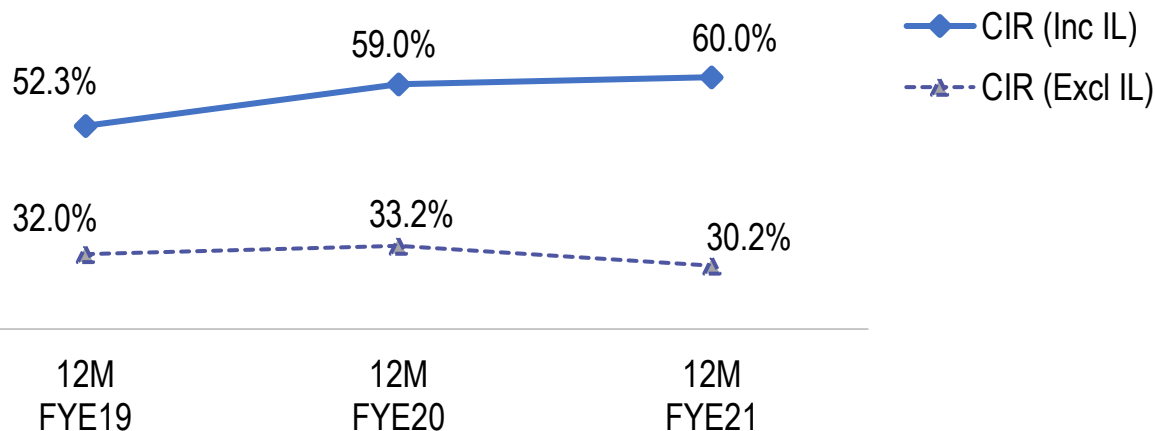
Cost-to-Income Ratio

Cost efficiency improved due to prudent cost management contributed by lower Personnel, Advertisement & Promotion Expenses

(RM mil)	Q4 FYE20	Q4 FYE21	YoY	12M FYE20	12M FYE21	YoY
Total Operating Income	454.9	453.2	-0.4%	1,744.7	1,707.0	-2.2%
Total Impairment Loss	87.8	65.1	-25.8%	450.3	508.4	+13.0%
Personnel Expenses	65.1	58.6	-10.0%	250.1	198.0	-20.8%
Advertisement & Promotion	32.5	8.4	-74.2%	99.5	45.9	-53.9%
Other Operating Expenses	64.1	83.7	+30.6%	229.1	271.9	+18.6%
Total Operating Expenses	249.5	215.8	-13.5%	1,029.0	1,024.2	-0.5%

Total Operating Expenses (Exclude IL) decreased by RM11mil (6.8% Q4YoY) and RM62.9mil (10.9% 12MYoY) contributed by effective cost management

Cost-to-Income Ratio (CIR)



Dividend

Consistent payout ratio above 30%

Dividend	FYE19 RM	FYE20 RM	FYE21 RM
Interim dividend (cent)	22.25	22.25	9.20
Payout amount (RM'000)	55,784	56,426	23,488
Final dividend (cent)	22.35	14.00	20.00*
Payout amount (RM'000)	56,075	35,511	51,062*
Total dividend (cent)	44.60	36.25	29.20
Total payout amount (RM'000)	111,859	91,937	74,550
Dividend Payout Ratio (%)	31.5	31.5	31.9

* Subject to the approval of shareholders at the forthcoming Annual general Meeting



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Operational Updates

Continuously Supporting Customers

Actively engaging with customers to understand their financial needs;
Taking care of their safety at our branches/ service centres
Representing <4.5% of total receivables



Financial Assistance Programme



Description



Offering Period



Type of Financing

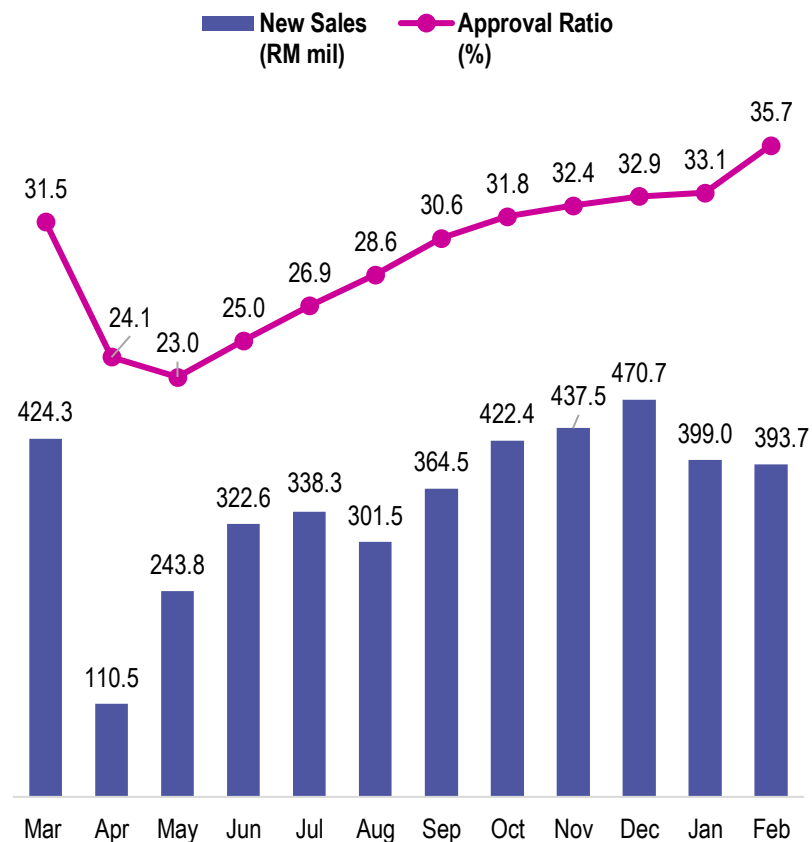
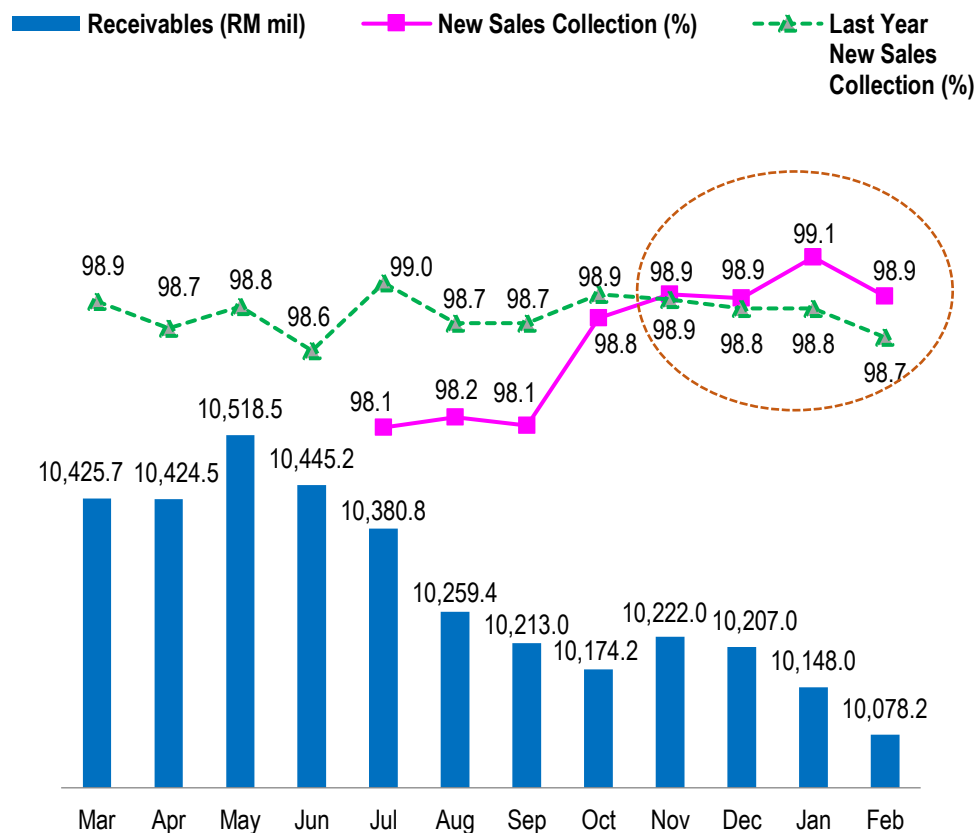


Targeted Delinquency Stage

Loan deferment	2 months loan moratorium	Apr-May 2020	Product & Personal Financing	D0-D2
AEON Relief Programme (ARP)	3-24 months for outstanding loan rescheduling	Jun-Sep 2020	Product & Personal Financing	D0-D2
Balance conversion "BC19"	Up to 36 months for outstanding loan rescheduling	Apr -Jan 2021	Credit Card	Account not met minimum monthly repayment consecutively for 3 months
Refinancing	Reschedule monthly repayment amount	Effective Dec 2020	Product & Personal Financing	D0-D1
Restructuring	Reschedule monthly repayment amount	Effective Dec 2020	Product & Personal Financing	D2-D3+

Business Recovery

New sales slightly decreased due to the reimposition of MCO in Jan 21
Continue focusing on new sales collection while approval ratio remains healthy



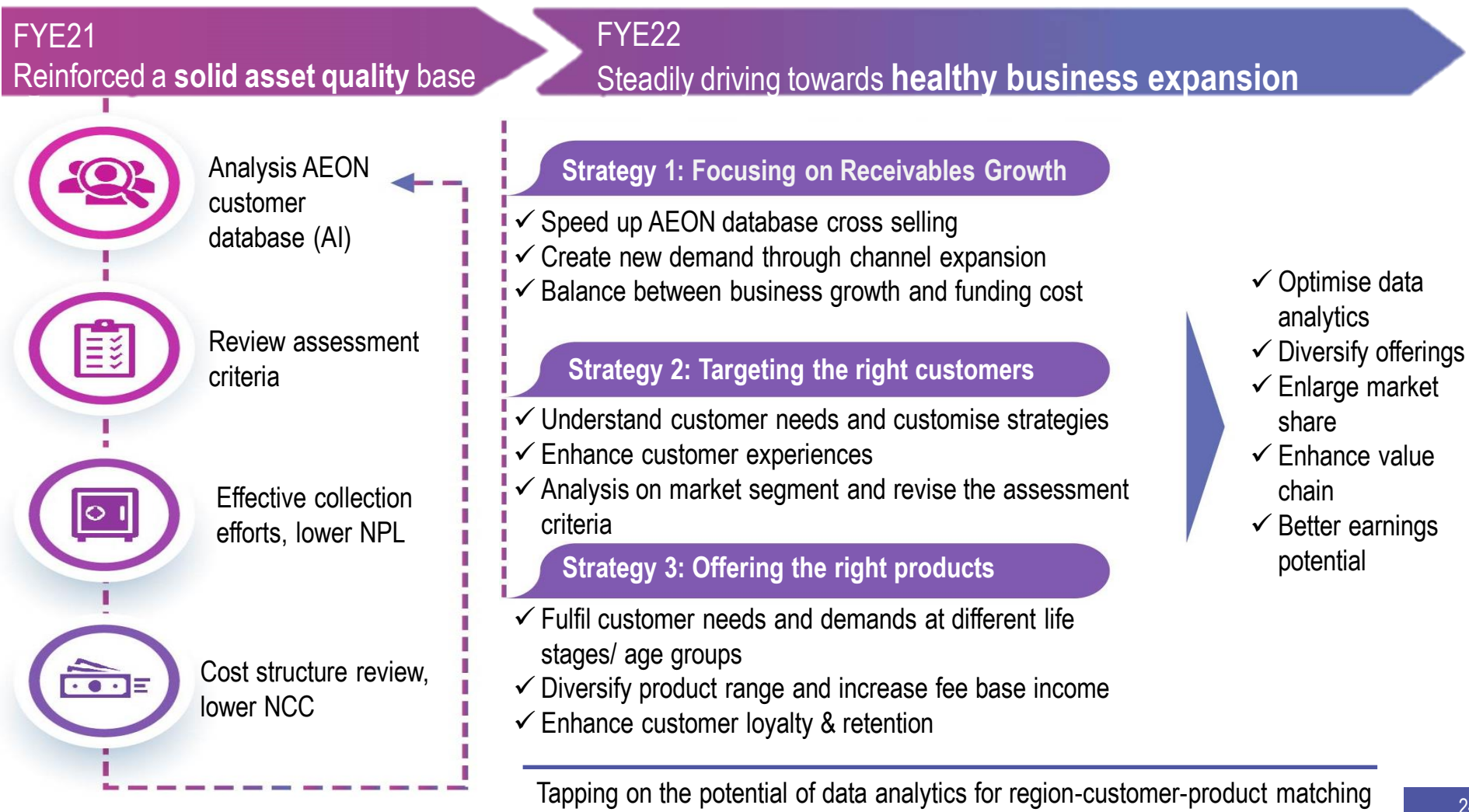


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FYE21 Review &
FYE22 Strategies

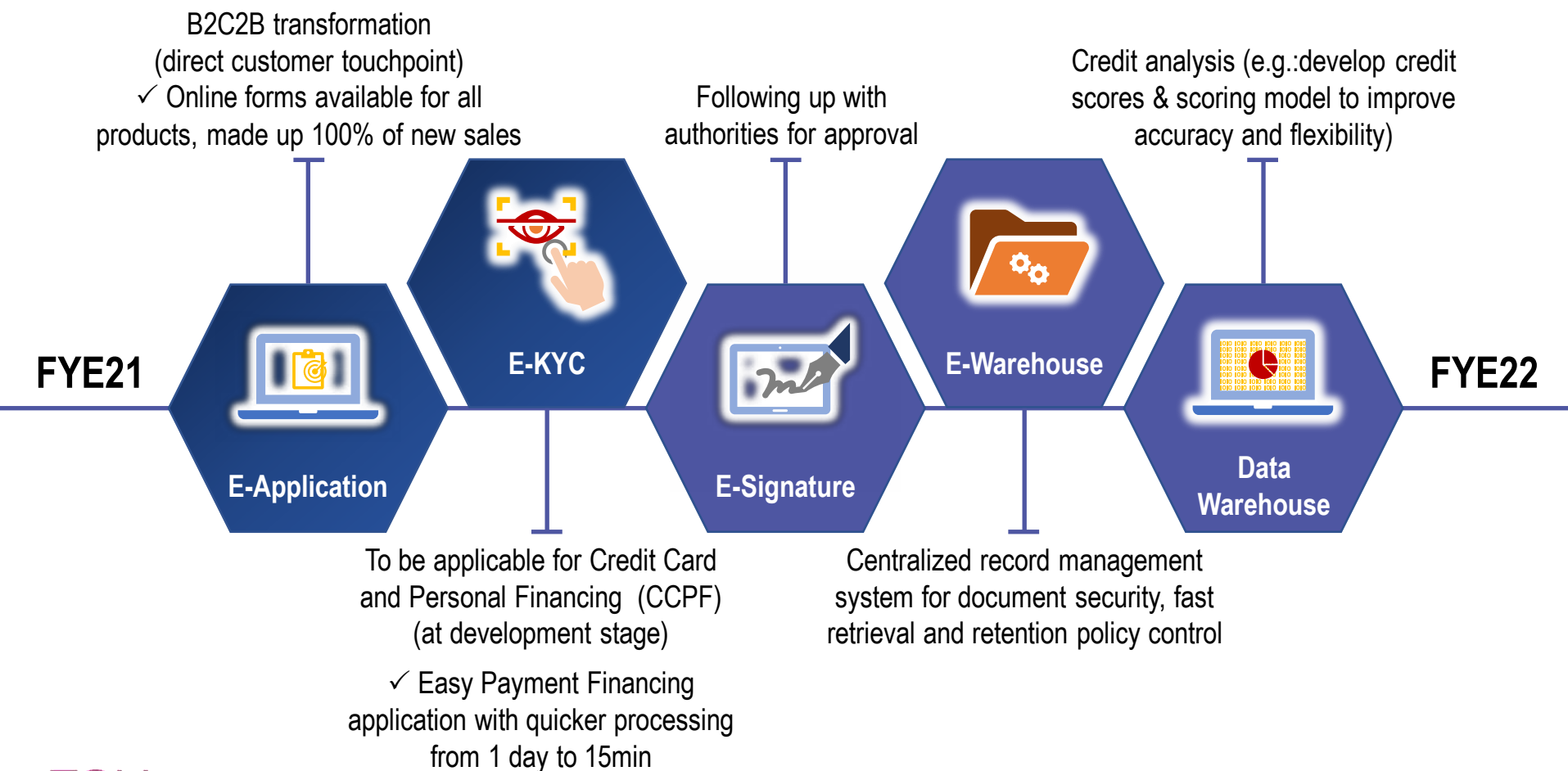
Sales & Receivables Growth Strategy

Achieve sustainable balance between asset growth and receivables collection



Value Chain Digitalization

Provide seamless customer experience by create consumer digital on boarding
Transformation Roadmap



Regionalisation



FYE21-FYE22 Strategies

Improve efficiency and effectiveness

Branch Rationalization

- ❑ Revision of branch and CDM strategy
- ❑ Enhance payment channels via merchant networks

Localized Guideline

- ❑ Prioritize Easy Payment business & identify potential Easy Payment merchant
- ❑ Identify potential CCPF market

Telemarketing Expansion

- ❑ Setup nationwide telemarketing center
- ❑ Upgrade call centre solution and streamline process

Regional Hub Concept

- ❑ Establish Centralised Regional Office Hub 2.0
- ❑ Talent training and development



Digital Infrastructure Development & System Architecture

- ❖ Design and develop a more comprehensive system architecture to support digital transformation
- ❖ Create an e-commerce platform for digital business
- ❖ Adopt B2C2B model to facilitate the business with merchants and capture customer needs
- ❖ Introduce robotic process automation (RPA) to optimise efficiency and productivity
- ❖ Implement Collection System to improve collection performance
- ❖ Promote remote work readiness



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Appendices

Performance Highlights

(RM mil)	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	QoQ (%)	YoY (%)	FYE20	FYE21	YoY %
Total Transaction & Financing Volume	1,645.5	778.6	962.4	1,224.4	1,263.4	3.2%	-23.2%	6,381.0	4,228.8	-33.7%
Credit Card	493.4	331.8	394.7	376.9	372.9	-1.1%	-24.4%	1,827.3	1,476.3	-19.2%
Easy Payment Financing	784.2	334.4	512.6	591.9	598.8	1.2%	-23.6%	3,004.9	2,037.7	-32.2%
Personal Financing	335.3	88.3	23.8	217.3	237.4	9.3	-29.2%	1,460.7	566.8	-61.2%
E-Money	32.6	24.1	31.3	38.3	54.3	41.6%	66.6%	88.1	148.0	68.9%
Total Income	454.9	407.0	405.7	441.1	453.2	2.8%	-0.4%	1,744.7	1,707.0	-2.2%
Operating Expenses	(249.5)	(277.5)	(236.7)	(294.2)	(215.8)	-26.6%	-13.5%	(1,029.0)	(1,024.2)	-0.5%
Interest Expenses	(87.4)	(92.4)	(92.5)	(89.2)	(83.8)	-6.1%	-4.2%	(325.3)	(357.9)	10.0%
Profit Before Tax	118.0	37.1	76.5	57.7	153.6	166.2%	30.2%	390.4	324.9	-16.8%
Income Tax	(29.6)	(10.8)	(24.7)	(15.6)	(39.9)	155.8%	34.8%	(98.4)	(91.0)	-7.6%
Net Profit	88.4	26.3	51.8	42.1	113.7	169.8%	28.7%	292.0	233.9	-19.9%

Financial Summary

(RM mil)	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	QoQ (%)	YoY (%)
Credit Card	916.9	838.5	829.8	839.3	810.1	-3.5%	-11.6%
Card Purchase	856.1	779.9	769.9	769.0	727.5	-5.4%	-15.0%
Cash Advance	60.8	58.6	59.9	70.3	82.6	17.5%	35.8%
Personal Financing	2,864.4	2,875.2	2,679.8	2,639.9	2,580.0	-2.3%	-9.9%
Objective Financing	352.3	380.1	344.5	310.4	293.8	-5.4%	-16.6%
Motorcycle Financing	3,231.2	3,321.3	3,375.4	3,455.1	3,491.6	1.1%	8.1%
MOPED	2,353.4	2,440.7	2,534.3	2,629.0	2,695.1	2.5%	14.5%
Superbike	877.8	880.6	841.1	826.1	796.5	-3.6%	-9.3%
Auto Financing	2,977.5	3,052.0	2,986.3	2,939.5	2,870.6	-2.3%	-3.6%
SME Financing	52.3	51.4	43.6	37.8	32.1	-15.1%	-38.6%
Total Financing Receivables	10,394.6	10,518.5	10,259.4	10,222.0	10,078.2	-1.4%	-3.0%
Impairment Loss	(690.5)	(759.7)	(833.7)	(934.8)	(842.1)	-9.9%	22.0%
Other Assets	730.5	781.9	927.5	850.1	995.3	17.1%	36.2%
Total Assets	10,434.6	10,540.7	10,353.2	10,137.3	10,231.4	0.9%	-1.9%
Total Liabilities	8,677.3	8,817.3	8,638.0	8,395.6	8,338.2	-0.7%	-3.9%
Shareholders' Fund	1,757.3	1,723.4	1,715.2	1,741.7	1,893.2	8.7%	7.7%

Operating Income

(RM mil)	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	QoQ (%)	YoY (%)	FYE20	FYE21	YoY (%)
Credit Card	37.9	34.1	35.1	38.2	36.7	-4.0%	-3.3%	134.6	144.1	7.0%
Personal Financing	129.3	119.3	100.7	113.6	113.6	0.0%	-12.1%	515.1	447.2	-13.2%
Objective Financing	21.3	19.6	19.6	16.9	16.9	0.0%	-20.7%	85.6	73.0	-14.8%
Motorcycle Financing	134.4	124.4	127.4	145.6	149.9	3.0%	11.6%	517.1	547.3	5.8%
Auto Financing	87.8	85.9	78.2	84.8	85.0	0.2%	-3.2%	340.1	333.9	-1.8%
SME Financing	1.0	0.5	0.9	0.7	0.6	-17.2%	-39.1%	4.7	2.7	-41.6%
E money	1.6	6.1	2.1	1.7	3.6	116.6%	121.4%	1.6	13.5	725.4%
Total Revenue	413.3	389.9	364.0	401.5	406.3	1.2%	-1.7%	1,598.8	1,561.7	-2.3%
Other Operating Income	41.6	17.1	41.7	39.6	46.9	18.3%	12.5%	145.9	145.3	-0.4%
Total Operating Income	454.9	407.0	405.7	441.1	453.2	2.8%	-0.4%	1,744.7	1,707.0	-2.2%

Total Expenses

(RM mil)	Q4 FYE20	Q1 FYE21	Q2 FYE21	Q3 FYE21	Q4 FYE21	QoQ (%)	YoY (%)	FYE20	FYE21	YoY (%)
Total Impairment Loss	87.8	174.4	112.0	156.9	65.1	-58.5%	-25.8%	450.3	508.4	13.0%
Personnel Expenses	65.1	35.9	48.1	55.4	58.6	5.7%	-10.0%	250.1	198.0	-20.8%
Advertisement & Promotion (A&P)	32.5	12.2	12.9	12.4	8.4	-32.4%	-74.2%	99.5	45.9	-53.9%
Other Operating Expenses	64.1	55.0	63.7	69.5	83.7	20.6%	30.6%	229.1	271.9	18.6%
Operating Expenses	249.5	277.5	236.7	294.2	215.8	-26.6%	-13.5%	1,029.0	1,024.2	-0.5%
Interest Expenses	87.4	92.4	92.5	89.2	83.8	-6.1%	-4.2%	325.3	357.9	-10.0%
Total Expenses	336.9	369.9	329.2	383.4	299.6	-21.9%	-11.1%	1,354.3	1,382.1	-2.1%

Financial Indicators

(RM mil)	FYE18	FYE19	FYE20	FYE21
PBT	398.3	472.2	390.4	324.9
PAT	300.1	354.6	292.0	233.9
Weighted average no. of ordinary shares (mil unit)	206.0	255.3	255.3	255.3
Basic EPS (RM)*	1.4	1.3	1.1	0.88
NTA per share (RM)	6.4	6.0	6.1	6.6
ROE (%)*	22.6	22.1	18.0	13.8
ROA (%)*	4.0	4.3	3.1	2.3
Capital ratio against receivables (%)	25.1	22.4	18.9	24.0
Debt-to-Equity Ratio (x)	3.0	3.4	4.6	3.8
Share Price (RM)	13.5	16.5	13.8	11.7
PER (x)	9.4	11.9	12.9	13.3
Market Capitalisation (mil)	3,344	4,149	3,500	2,992

* Computed based on annualised basis.



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Thank You