



# AEON CREDIT SERVICE

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

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## Q2 / 6M FYE2022 Results Update

28 September 2021

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# Agenda

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Financial Overview

02

Business and Operational Updates

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Sustainability



# **AEON CREDIT SERVICE**

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## Financial Overview

# Performance Highlights

Steady asset quality and profit growth momentum



## Profitability

	1H FYE21	1H FYE22	YOY Change
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%



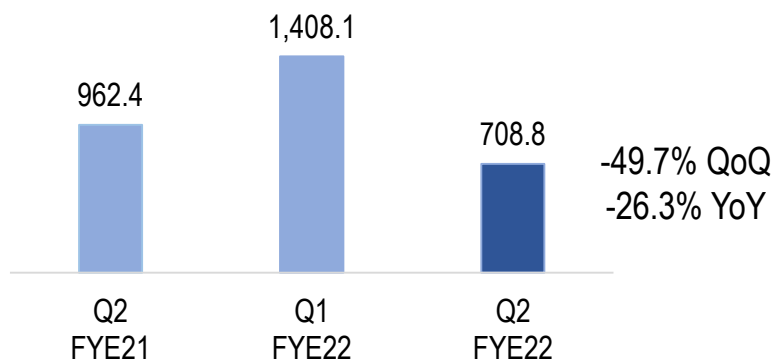
## Capital

Capital Adequacy Ratio (CAR)	22.0%	27.0%	+5.0%
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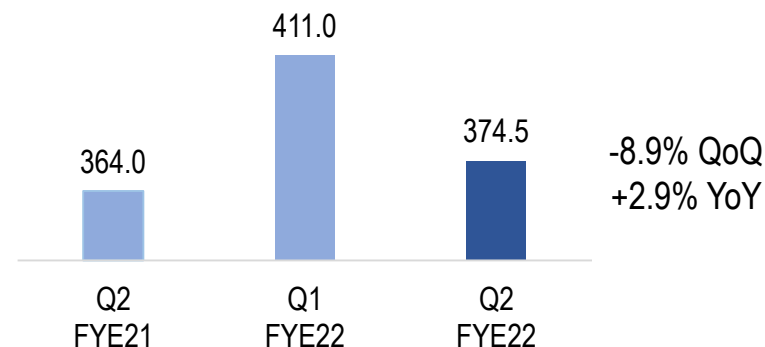
# Income Statement – Q2FYE22

Improved top and bottom-line performance YoY

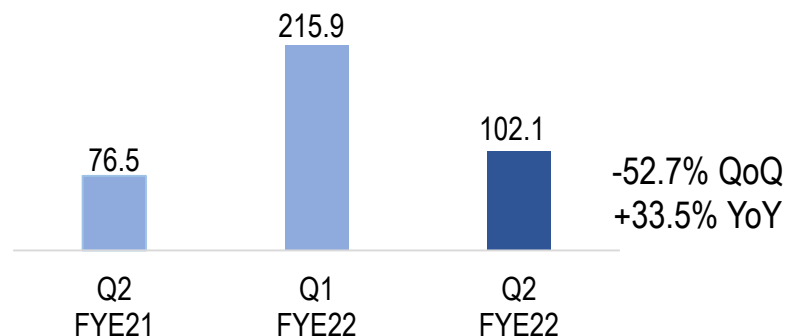
## Total Transaction & Financing Volume (RM mil)



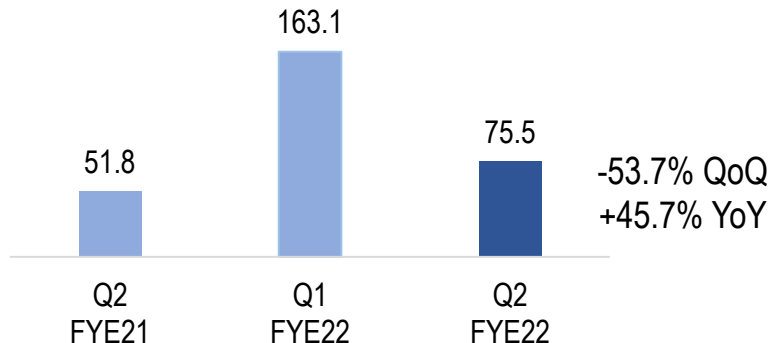
## Revenue (RM mil)



## PBT (RM mil)



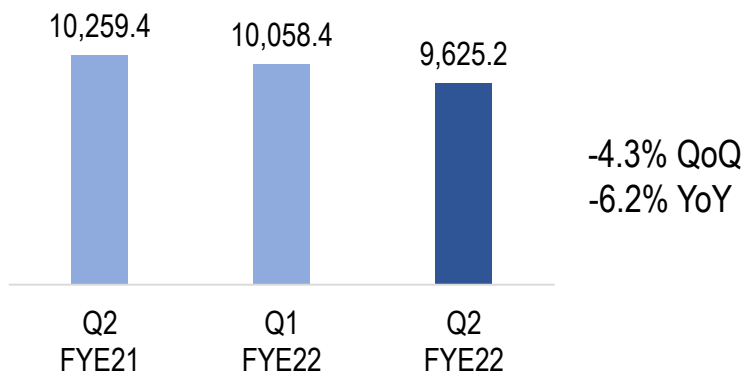
## PAT (RM mil)



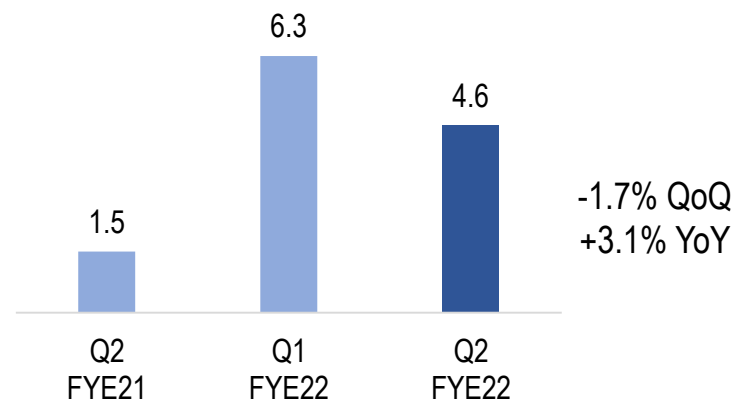
# Shareholder Value & Capital Management

Balance sheet remains robust with strong CAR ratio at 27%

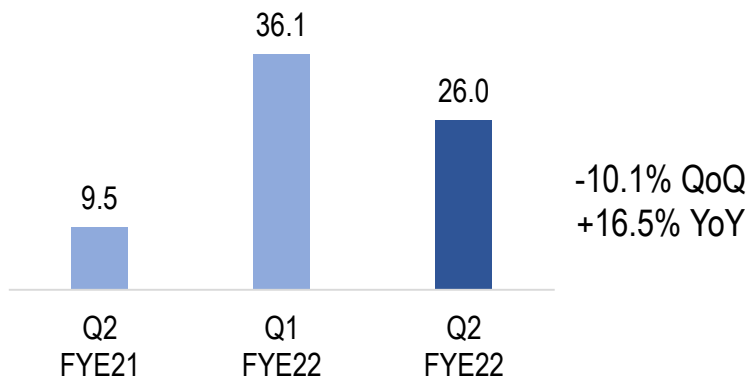
## Gross Receivables (RM mil)



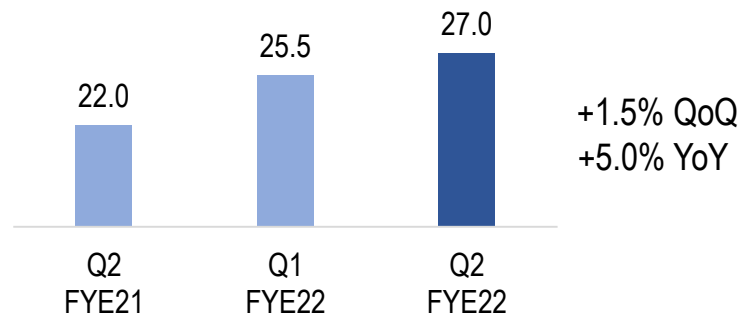
## ROA (%)



## ROE (%)



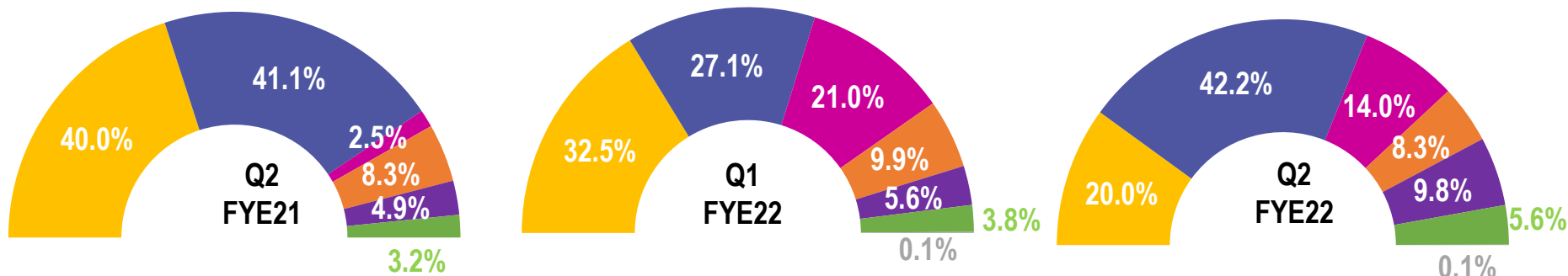
## CAR (%)



# Total Transaction & Financing Volume

Lower Transaction & Financing Volume due to disruption in business activities

Volume – Quarterly Segmental Breakdown (%)



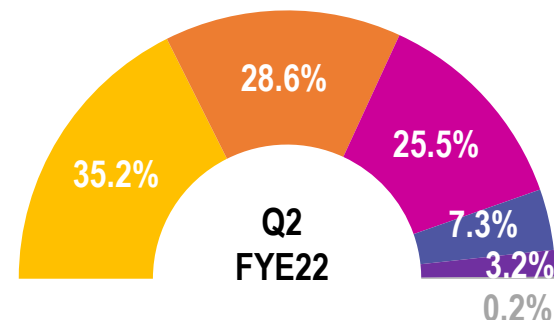
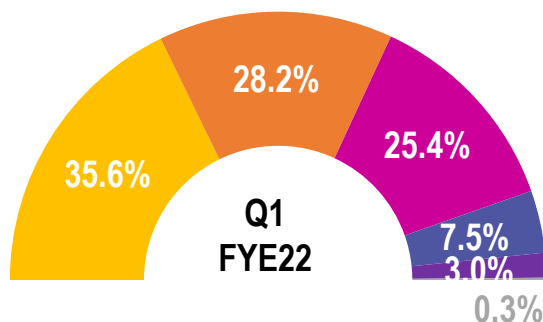
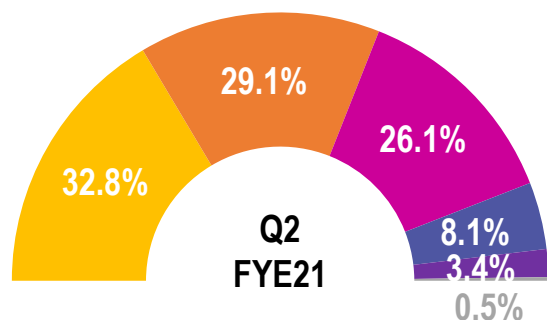
Volume (RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ Changes	YoY Changes
Motorcycle Financing	385	458	142	-69.0%	-63.2%
Credit Card	395	381	299	-21.5%	-24.2%
Personal Financing	24	295	99	-66.4%	316.6%
Auto Financing	80	139	59	-57.5%	-26.6%
Objective Financing	47	79	70	-12.2%	46.9%
E-money	31	54	40	-26.7%	27.4%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



# Total Financing Receivables

Emphasized on strengthening asset quality for sustainable growth

Gross Receivables – Quarterly Segmental Breakdown (%)

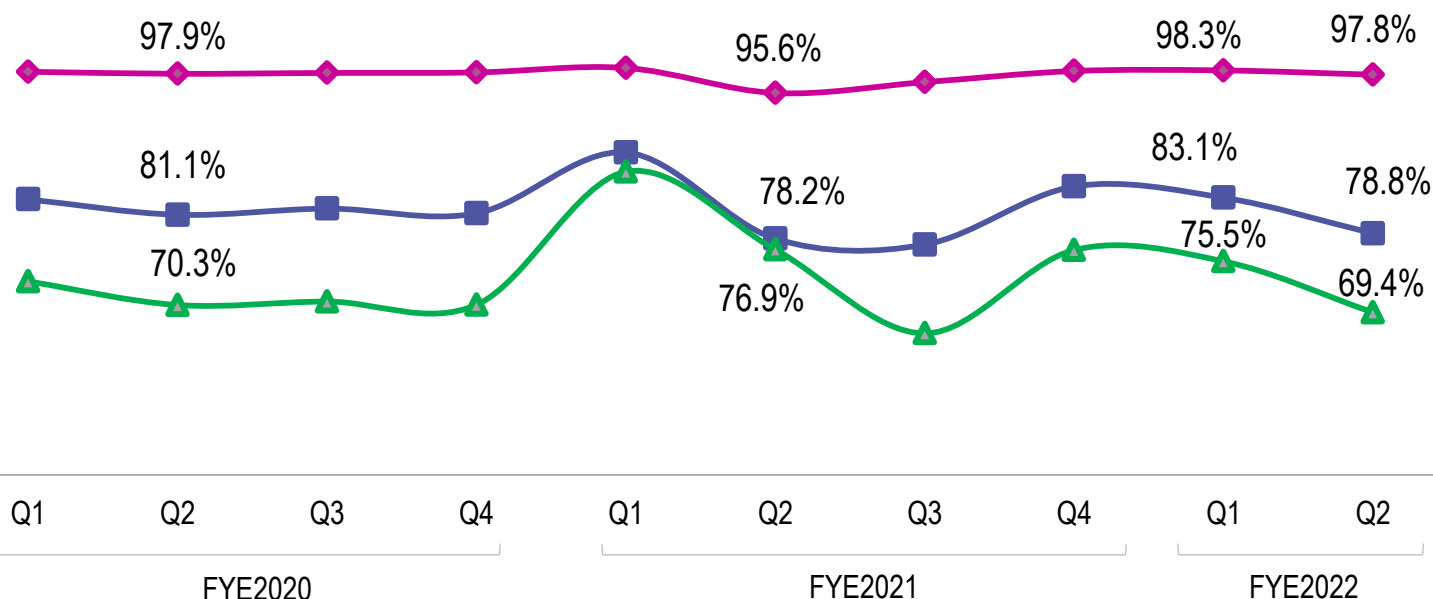


				Receivables Movement	
Volume (RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)
Motorcycle Financing	3,375	3,578	3,389	-5.3%	0.4%
Auto Financing	2,986	2,840	2,748	-3.2%	-8.0%
Personal Financing	2,680	2,557	2,450	-4.2%	-8.6%
Credit Card	830	756	707	-6.5%	-14.8%
Objective Financing	344	300	308	2.6%	-10.7%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

# Receivables Collection

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

## Receivables Collection Trend



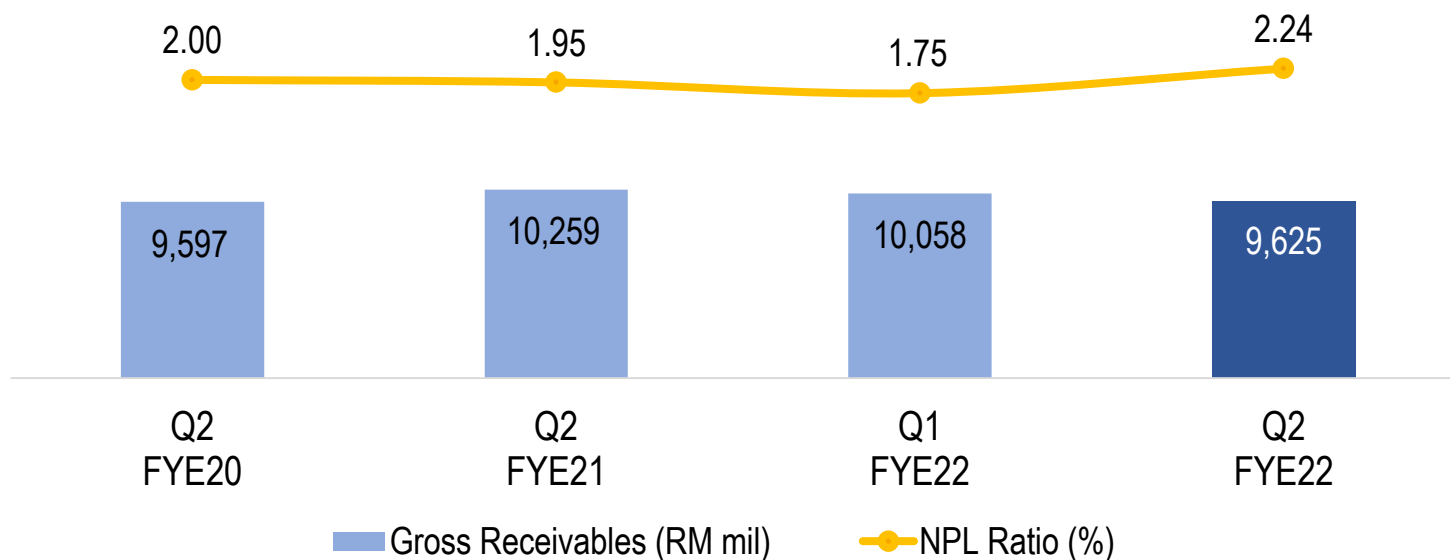
◆	Current Collection Ratio – Not past due (%)
■	D1 Collection Ratio – Past due 1 month (%)
▲	D2 Collection Ratio – Past due 2 to 3 months (%)

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

# Non-Performing Loans (NPL)

Continuous prudent approach on asset quality

## NPL Trend

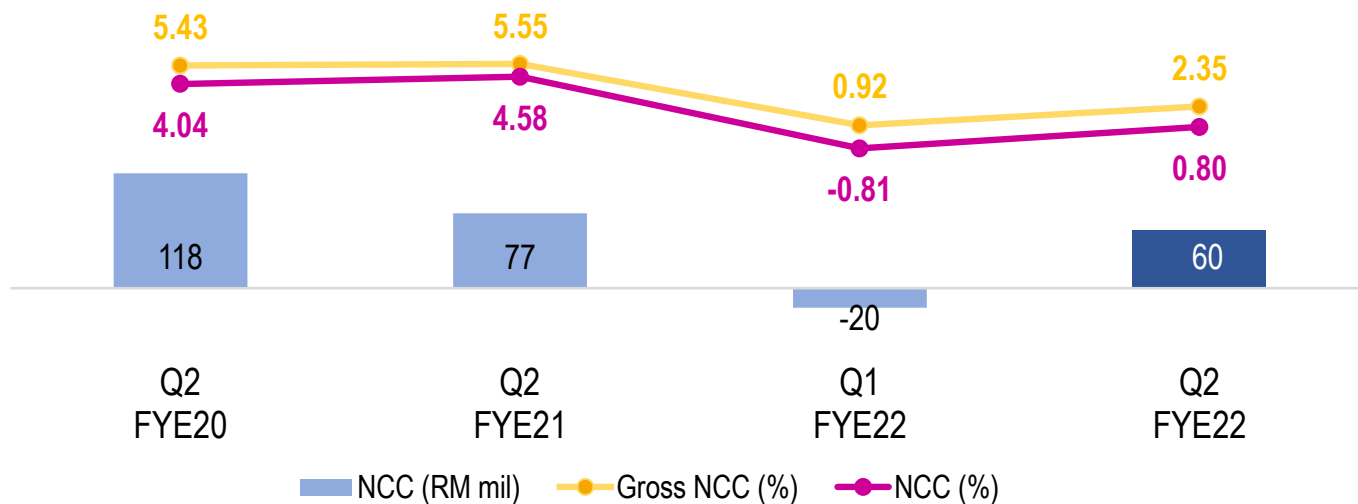


(RM mil)	Q2 FYE20	Q2 FYE21	Q1 FYE22	Q2 FYE22
Receivables	9,597	10,259	10,058	9,625
Balance D3+	192	200	176	215
NPL (%)	2.00	1.95	1.75	2.24

# Net Credit Cost (NCC)

Lower NCC YoY due to lower Impairment Loss

## NCC Trend

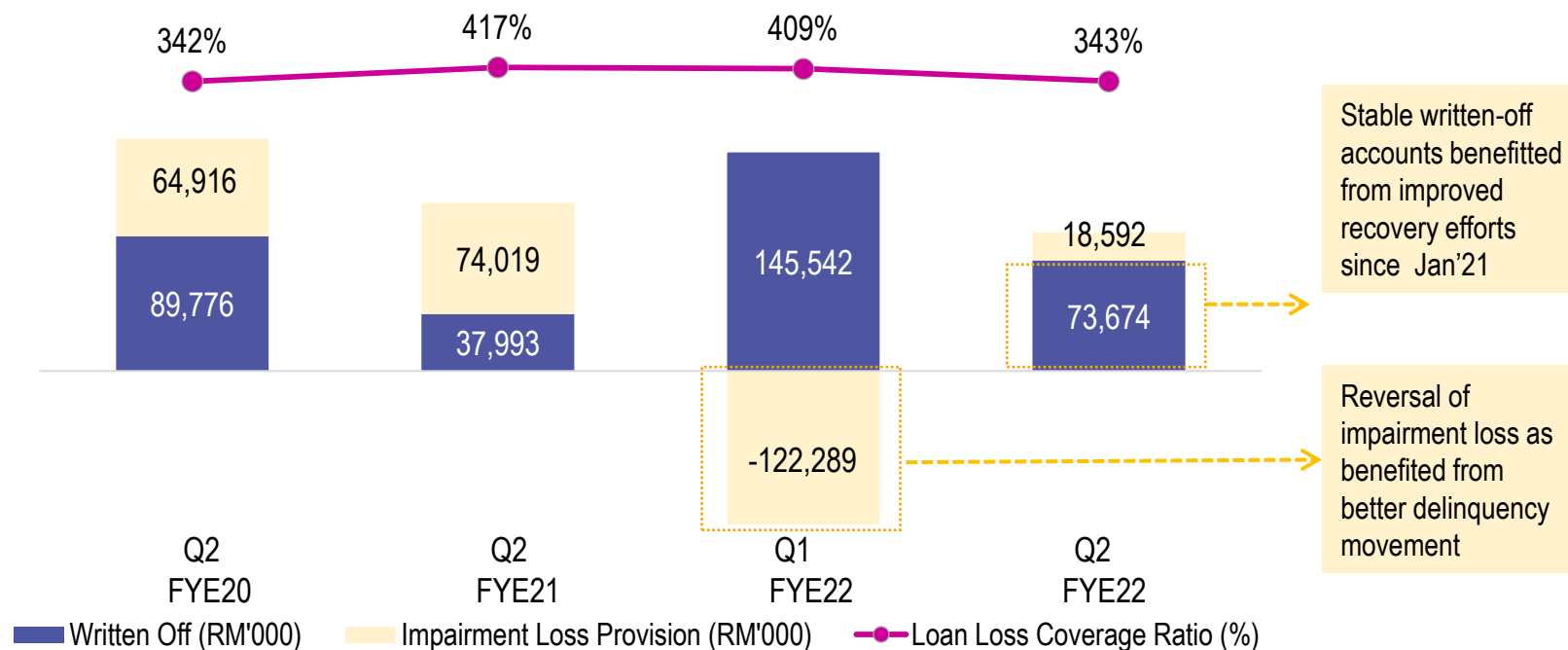


	Q2 FYE20	Q2 FYE21	Q1 FYE22	Q2 FYE22
(RM mil)				
Total IL	155	112	23	92
(-) Bad Debt Recovered	37*	35	43	32
NCC	118	77	(20)	60

\* 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%

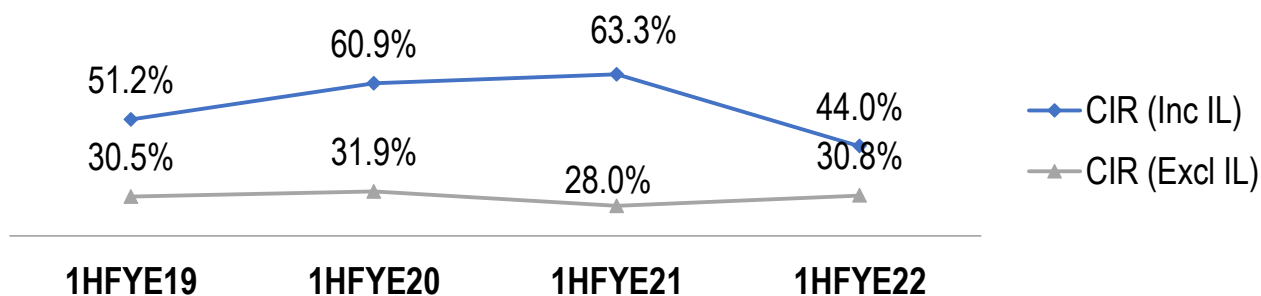
# Cost-to-Income Ratio

Improved due to higher income and lower impairment loss

(RM mil)	Q2 FYE21	Q2 FYE22	YoY	1H FYE21	1H FYE22	YoY
<b>Total Operating Income</b>	<b>405.7</b>	<b>413.0</b>	<b>+1.8%</b>	<b>812.7</b>	<b>873.2</b>	<b>+7.4%</b>
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%
<b>Total Operating Expenses</b>	<b>124.7</b>	<b>133.5</b>	<b>+7.1%</b>	<b>227.8</b>	<b>268.9</b>	<b>+18.1%</b>
<b>Total Impairment Loss</b>	<b>112.0</b>	<b>92.3</b>	<b>-17.6%</b>	<b>286.4</b>	<b>115.5</b>	<b>-59.7%</b>
<b>Grand Total</b>	<b>236.7</b>	<b>225.8</b>	<b>-4.6%</b>	<b>514.2</b>	<b>384.4</b>	<b>-25.2%</b>

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)





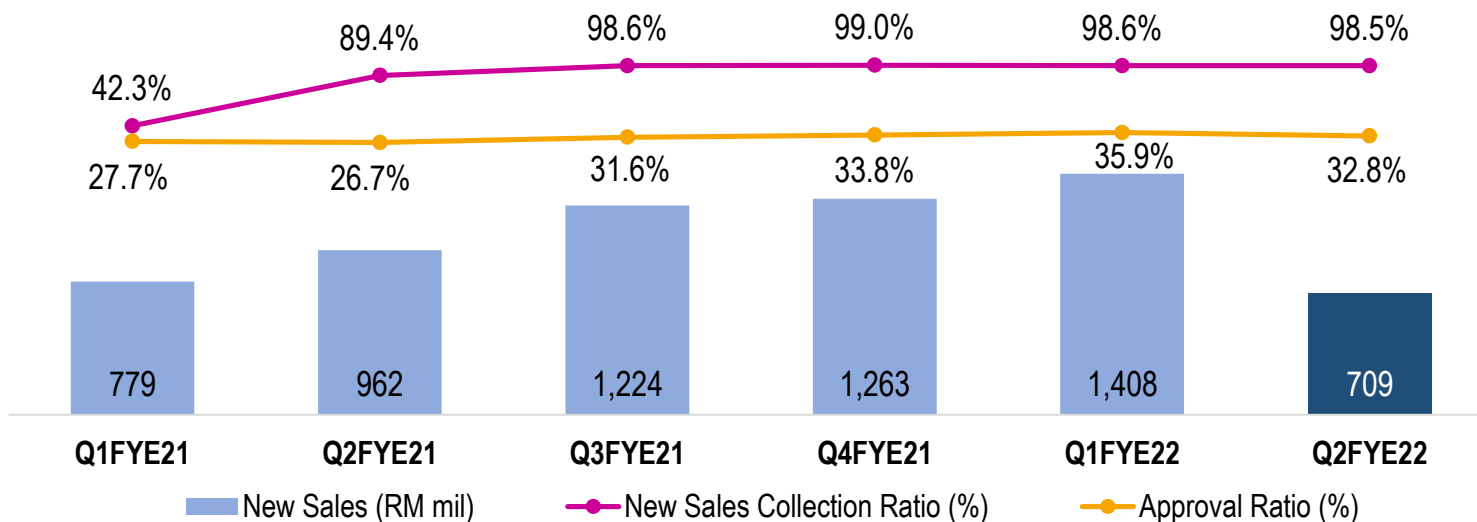
# **AEON CREDIT SERVICE**

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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



## 2H FYE22

Aggressive marketing campaigns to capture more sales across all products

Revive inactive merchants campaign and normalise the credit control

Resumption of business activities and gradual recovery of economy, collection ratio improving and workforce returning to full capacity to jumpstart productivity



# 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

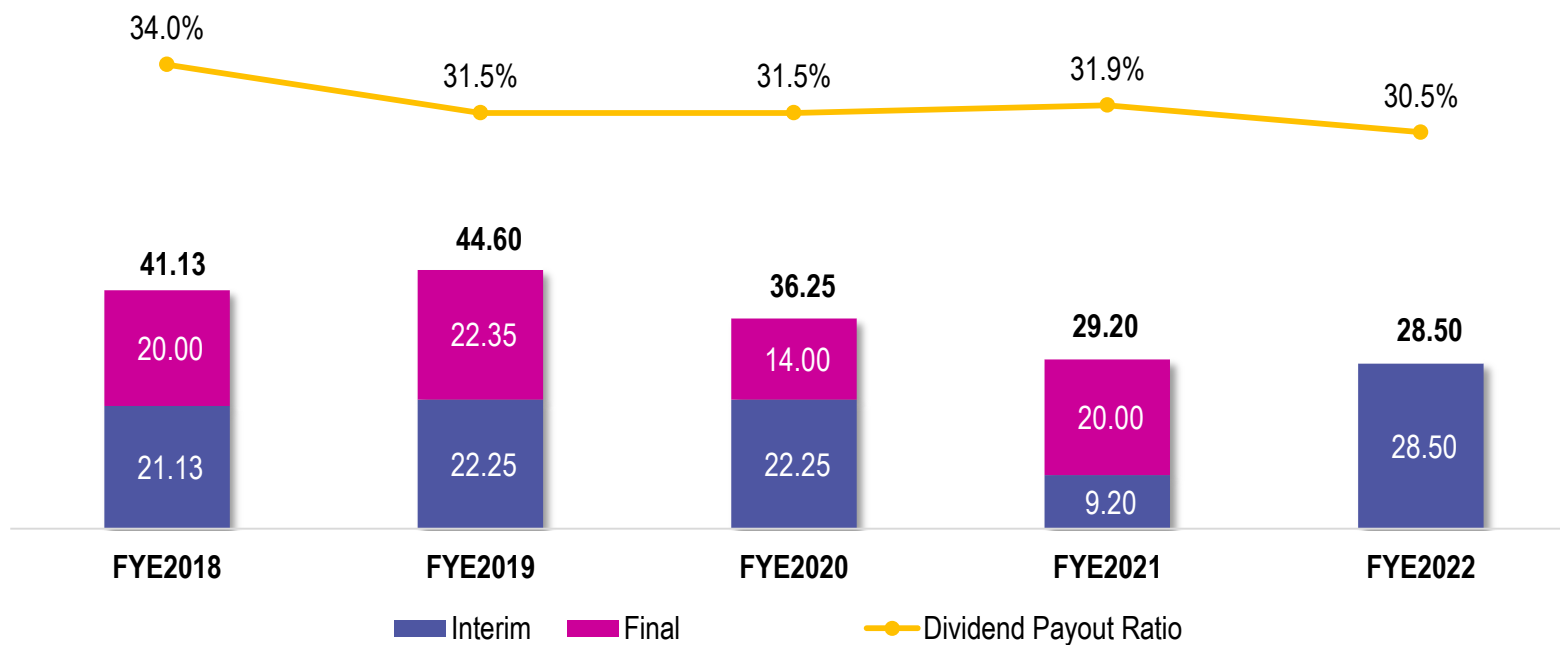
#### Prospect

- 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.



# **AEON CREDIT SERVICE**

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Sustainability

# Sustainability FYE2022

## Social welfare and corporate social responsibility activities



**Vaccination for AEON Credit's employees**  
1<sup>st</sup> 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

**ASIAMONEY**

**Asia's Outstanding Companies Poll 2021**  
- Financial Sector

**MSWG**

**Top 100 Companies For Corporate Governance Disclosure**



# **ÆON CREDIT SERVICE**

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## Appendices

# Performance Highlights

(RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)	1H FYE21	1H FYE22	YoY (%)
<b>Total Transaction &amp; Financing Volume</b>	<b>962.4</b>	<b>1,408.1</b>	<b>708.8</b>	<b>-49.7%</b>	<b>-26.3%</b>	<b>1,741.0</b>	<b>2,116.9</b>	<b>21.6%</b>
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%
<b>Total Income</b>	<b>405.7</b>	<b>460.2</b>	<b>413.0</b>	<b>-10.3%</b>	<b>1.8%</b>	<b>812.7</b>	<b>873.2</b>	<b>7.4%</b>
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%
<b>Profit Before Tax</b>	<b>76.5</b>	<b>215.9</b>	<b>102.1</b>	<b>-52.7%</b>	<b>33.5%</b>	<b>113.6</b>	<b>318.0</b>	<b>180.0%</b>
Income Tax	(24.7)	(52.8)	(26.6)	-49.6%	8.0%	(35.5)	(79.4)	123.8%
<b>Net Profit</b>	<b>51.8</b>	<b>163.1</b>	<b>75.5</b>	<b>-53.7%</b>	<b>45.7%</b>	<b>78.1</b>	<b>238.6</b>	<b>205.5%</b>



# Financial Summary

(RM mil)	Q2 FYE21	Q1 FYE22	Q2 FYE22	QoQ (%)	YoY (%)
<b>Credit Card</b>	<b>829.8</b>	755.7	<b>706.7</b>	<b>-6.5%</b>	<b>-14.8%</b>
Card Purchase	769.9	658.7	591.3	-10.2%	-23.2%
Cash Advance	59.9	97.0	115.4	19.0%	92.6%
<b>Personal Financing</b>	<b>2,679.8</b>	2,556.7	<b>2,450.0</b>	<b>-4.2%</b>	<b>-8.6%</b>
<b>Objective Financing</b>	<b>344.5</b>	299.8	<b>307.6</b>	<b>2.6%</b>	<b>-10.7%</b>
<b>Motorcycle Financing</b>	<b>3,375.4</b>	3,578.1	<b>3,389.4</b>	<b>-5.3%</b>	<b>0.4%</b>
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%
<b>Auto Financing</b>	<b>2,986.3</b>	2,840.5	<b>2,748.2</b>	<b>-3.2%</b>	<b>-8.0%</b>
<b>SME Financing</b>	<b>43.6</b>	27.6	<b>23.3</b>	<b>-15.6%</b>	<b>-46.6%</b>
<b>Total Financing Receivables</b>	<b>10,259.4</b>	10,058.4	<b>9,625.2</b>	<b>-4.3%</b>	<b>-6.2%</b>
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%
<b>Total Assets</b>	<b>10,353.2</b>	10,479.1	<b>10,467.5</b>	<b>-0.1%</b>	<b>1.1%</b>
<b>Total Liabilities</b>	<b>8,638.0</b>	8,411.0	<b>8,374.3</b>	<b>-0.4%</b>	<b>-3.1%</b>
<b>Shareholders' Fund</b>	<b>1,715.2</b>	2,068.1	<b>2,093.2</b>	<b>1.2%</b>	<b>22.0%</b>

# 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%
<b>Total Revenue</b>	<b>364.0</b>	<b>411.0</b>	<b>374.5</b>	<b>-8.9%</b>	<b>2.9%</b>	<b>753.9</b>	<b>785.4</b>	<b>4.2%</b>
Other Operating Income	41.7	49.2	38.5	-21.7%	-7.5%	58.8	87.8	49.1%
<b>Total Operating Income</b>	<b>405.7</b>	<b>460.2</b>	<b>413.0</b>	<b>-10.2%</b>	<b>1.8%</b>	<b>812.7</b>	<b>873.2</b>	<b>7.4%</b>

# 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%
<b>Operating Expenses</b>	<b>236.7</b>	<b>158.7</b>	<b>225.8</b>	<b>42.3%</b>	<b>-4.6%</b>	<b>514.2</b>	<b>384.4</b>	<b>-25.2%</b>
Interest Expenses	92.5	85.6	85.1	-0.6%	-8.0%	184.9	170.8	-7.7%
<b>Total Expenses</b>	<b>329.2</b>	<b>244.3</b>	<b>310.9</b>	<b>27.3%</b>	<b>-5.6%</b>	<b>699.1</b>	<b>555.2</b>	<b>-20.6%</b>

# 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.



# AEON CREDIT SERVICE



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# Thank You