

Press Release

For Immediate Release



AEON CREDIT SERVICE

AEON CREDIT ENDS FYE23 WITH 14.3% OF GROWTH IN PAT

The Group declares a final single-tier dividend of 21.00 sen per shares in respect of FYE23

KUALA LUMPUR, 11 April 2023 – AEON Credit Service (M) Berhad (“AEON Credit” or the “Group”) today announced that it has recorded a revenue growth of 7.6% to RM1.64 billion for the financial year ended 28 February 2023 (“**FYE23**”) compared to RM1.52 billion recorded in the preceding year ended 28 February 2022 (“**FYE22**”).

Both PBT and PAT for **FYE23** showed improvement of 3.8% and 14.3% or RM546.98 million and RM417.69 million respectively, as compared to RM526.82 million and RM365.42 million for **FYE22**, due to a special one-off tax known as prosperity tax (“Cukai Makmur”) under Malaysian Finance Act 2021. The revenue increased by 7.6% contributed by higher transaction and financing volume which surged by 31% in FY23 to RM6.25 billion, as compared to RM4.77 billion recorded in **FYE22**, due to lower operating expenses attributed by disciplined cost management and manpower efficiency.

Correspondingly, the gross financing receivables increased by RM978.39 million or 10.3% to RM10.84 billion in **FYE23** as compared to RM9.86 billion recorded in **FYE22**.

For the quarter under review, the Group has recorded a revenue growth of 19.2% to RM432.66 million for the fourth quarter ended 28 February 2023 (“**Q4FYE23**”) as compared to the RM362.97 million recorded in the preceding year corresponding quarter ended 28 February 2022 (“**Q4FYE22**”), mainly due to the increase of interest income and fee income by 19.2%, which was primarily driven by objective financing (61%) and motor financing (25%) segment.

AEON Credit registered a profit before tax (“**PBT**”) of RM129.81 million, representing a significant increase of 189.8% as compared to RM44.79 million recorded in the preceding year corresponding quarter attributed by an improvement in the collection and sales performances as well as cost efficiency. While the Group’s profit after tax (“**PAT**”) registered a 307.8% surge to RM95.34 million from RM23.38 million recorded in **Q4FYE22** and this has resulted in the 392.7% increase of earnings per share from 7.17 sen in **Q4FYE22** to 35.34 sen for **Q4FYE23**. AEON Credit’s transaction and financing volume in **Q4FYE23** increased by 9.3% to RM1.60 billion as compared to RM1.46 billion recorded in **Q4FYE22**.

The Non-Performing Loans (“NPL”) ratio was 2.89% in **Q4FYE23** as compared to 2.66% in **Q4FYE22** while the loan loss coverage ratio stood at 252% as compared to 289% in the preceding year’s corresponding quarter.

The Board has recommended the payment of a final single-tier dividend of 21.00 sen per share to be paid on 20 July 2023, subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date that shall be announced later.

Prospects

Malaysia’s economy recorded an encouraging performance with the Gross Domestic Product (GDP) for 2022 recording an 8.7% growth. This is supported by a strong economic performance in the fourth quarter of 2022 which saw a recovery in private spending and investment, a decrease in unemployment and the strengthening of the ringgit.

Bank Negara Malaysia has projected that Malaysia's GDP will moderate to a range of 4% to 5% this year. The slowdown in global growth is expected to impact exports, while concerns about elevated living costs and input costs may affect household and business spending. Consequently, most economic sectors are expected to expand at a more moderate pace, reflecting the anticipation of slower global growth and the normalization of high growth rates from the previous year.

However, the growth in the consumer and tourism-related subsectors is expected to continue to drive the economy, while export-oriented subsectors are expected to moderate in line with the slower global growth. Notwithstanding the challenges, the resolution of labor shortages and the easing of supply chain disruptions are expected to lend support to most economic activities.

Against the challenging backdrop emanating from inflationary headwinds, AEON Credit hopes to maintain a modest growth trajectory in FYE24. The Group remains committed to closely monitoring and assessing inherent credit risks in its financing portfolios to ensure sustainable growth. AEON Credit recognises the importance of staying in tune with the rapidly changing economic landscape and is committed to respond with proactive measures to enhance asset quality, practice prudent cost management, and improve financial and operational efficiencies.

Looking ahead, AEON Credit is focused on building its long-term business sustainability and growth agenda. The Group will continue to invest in initiatives to enhance its information technology capabilities to augment its operations. Barring any unforeseen circumstances, the Group expects to be able to maintain its financial performance by putting in place the appropriate measures for the financial year ending 29 February 2024.

ABOUT AEON CREDIT SERVICE (M) BERHAD

AEON Credit Service (M) Berhad (“AEON Credit”) was incorporated on 6 December 1996 and converted into a public limited company on 9 February 2007 and subsequently listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007. AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores.

In end September 2021, AEON Credit completed the acquisition of 100% equity interest in an insurance broking firm, AEON Insurance Brokers (M) Sdn. Bhd. (*formerly known as Insurepro Sdn Bhd*) which allows AEON Credit and its’ subsidiary (“the Group”) to distribute both conventional and takaful insurance products, including life insurance products by leveraging on the AEON Group Retail network and ecosystem.

Today, the business of the Group has expanded to include issuance of Credit Cards, Prepaid Cards, AEON Wallet App, Easy Payment Schemes, Hire Purchase Financing for Motor Vehicles, Personal Financing schemes, Insurance Broker and other related services. The Group currently has five Regional Offices, 64 branches and service centres located in the major shopping centres and towns, a network of more than 10,000 participating merchant outlets nationwide, as well as one subsidiary company in Kuala Lumpur.

Issued by Esente Advisory Sdn Bhd on behalf of AEON Credit Service (M) Berhad

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