

Press Release



AEON CREDIT SERVICE

For Immediate Release

AEON CREDIT POSTS 15.9% INCREASE IN REVENUE FOR Q1FYE24

The Group focuses on growing quality receivables with the adoption of risk-based collection scoring using AI

KUALA LUMPUR, 10 July 2023 – AEON Credit Service (M) Berhad (“AEON Credit” or the “Group”) today announced that it has recorded a revenue growth of 15.9% to RM452.67 million for the first quarter ended 31 May 2023 (“Q1FYE24”), compared to RM390.57 million recorded in the preceding year ended 31 May 2022 (“Q1FYE23”).

AEON Credit’s transaction and financing volume for Q1FYE24 increased by 23.2% to RM1.83 billion as compared to RM1.49 billion recorded in Q1FYE23, driven by higher festive season demand for personal financing and vehicle financing.

Correspondingly, the gross financing receivables increased by RM1.22 billion or 12.2% to RM11.22 billion in Q1FYE24 from the RM10.00 billion recorded in Q1FYE23. Non-Performing Loans (“NPL”) ratio was 3.13% in Q1FYE24 as compared to 2.53% in Q1FYE23 while the loan loss coverage ratio stood at 227% as compared to 281% in the preceding year’s corresponding quarter.

For the quarter under review, AEON Credit registered a profit before tax (“PBT”) of RM131.91 million compared to RM215.54 million recorded in the preceding year corresponding quarter mainly due to higher impairment losses of RM152.54 million on financing receivables as the Group had an approximately RM80 million impairment reversal last year benefited from Employees Provident Fund (“EPF”) withdrawal in April 2022 as well as higher expenses on talents recruitment and system upgrade to support our digitalisation initiatives. The Group also recorded a profit after tax (“PAT”) of RM99.36 million as compared to RM163.07 million in Q1FYE23.

Prospects

Supported by strong domestic demand, the Malaysian economy grew 5.6% year-on-year (“y-o-y”) in the first quarter of 2023, as compared to 7.1% recorded in the previous quarter. According to Bank Negara Malaysia, the growth in 2023 was supported by a further expansion of household spending, continued investment activity, improving labour market and higher tourism activities.

Despite global headwinds, the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023, driven by firm domestic demand, improving employment and income as well as continued implementation of multi-year projects would support consumption and investment activity. Moreover, higher inbound tourism activity would lift high-touch services industries.

AEON Credit aims to sustain a modest growth trajectory in the financial year ending 29 February 2024 (“FYE24”). The Group remains committed to closely monitoring and assessing inherent credit risks in its financing portfolios and focus on growing quality receivables with the adoption of risk-based collection scoring using Artificial Intelligence (“AI”) tools, which enables them to prioritise high risk account.

Moreover, AEON Credit Group remains proactive in building its long-term business sustainability. The Group is steadfast in enhancing its information technology capabilities to support its growth initiatives. Notably it has implemented instant conditional approval and introduced risk-based credit scoring utilising AI, and barring any unforeseen circumstances, the Group expects to be able to maintain its financial performance by putting in place the appropriate measures for FYE24.

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 the purchase of consumer durables through appointed retail merchants and chain stores.

In the end of 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, provision of AEON Wallet app, Easy Payment schemes, Hire Purchase Financing for Motor Vehicles, Personal Financing schemes, insurance brokerage 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 8,100 participating merchant outlets nationwide, as well as a subsidiary company in Kuala Lumpur.

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

For more information, please contact:

Ms. Lim Sim Hui

Tel : +603 2772 9113

Email : corp_affairs@aeoncredit.com.my

Mr. Vincent Lam

Tel : +603 6419 9501

Email : vshen.lam@esente.com.my
