



AEON Credit Service (Asia) Co., Ltd.

Stock Code : 0900

FY2024/25 Interim Results

26 September 2024

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Glossary

1H FY20/21	First half of FY2020/21
2H FY20/21	Second half of FY2020/21
1H FY21/22	First half of FY2021/22
2H FY21/22	Second half of FY2021/22
1H FY22/23	First half of FY2022/23
2H FY22/23	Second half of FY2022/23
1H FY23/24	First half of FY2023/24
2H FY23/24	Second half of FY2023/24
1H FY24/25	First half of FY2024/25
2H FY24/25	Second half of FY2024/25
HK\$	Hong Kong Dollars
HoH	1H FY24/25 vs. 1H FY23/24
bn	Billion
M / m	Million

Agenda

- 1 Major Achievements & Financial Performance**
- 2 First Half Year Financial Results**
- 3 Operational Review and Business Strategies**
- 4 Q&A Session**



Major Achievements & Financial Performance

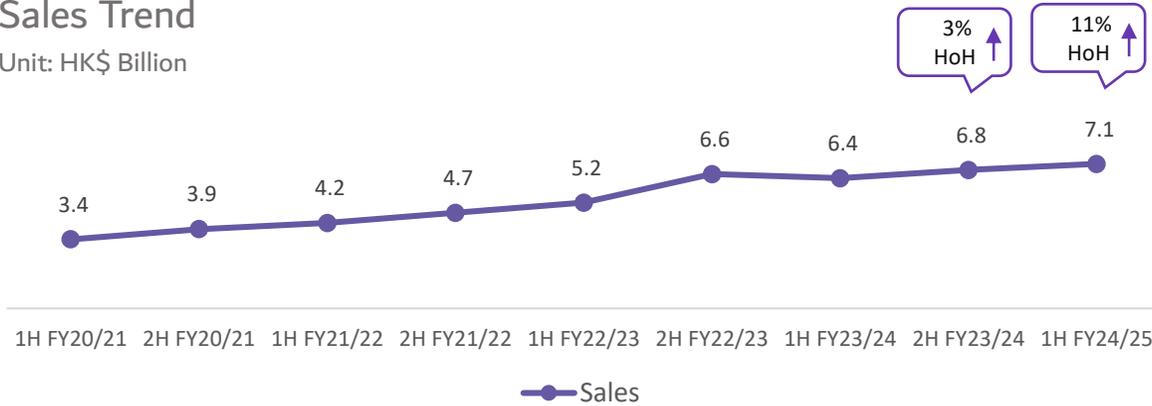
Financial Performance

Items	1H FY23/24 < 31.8.2023>	1H FY24/25 <31.8.2024>	HoH %
Sales HoH %	+ 25 %	+ 11 %	
<Gross advances & receivables>	HK\$ 6,440m	HK\$ 7,225m	+ 12%
Revenue	HK\$ 783m	HK\$ 860m	+ 10%
Profit after tax	HK\$ 191m	HK\$ 170m	- 11%
Cost-to-income ratio	48.0%	47.0%	- 1%

Five Years Performance Trend

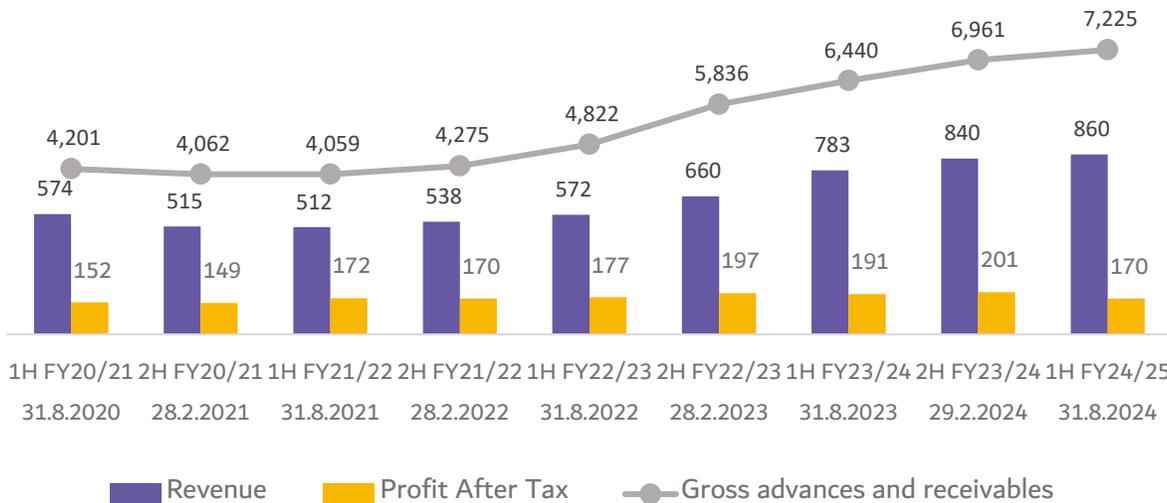
Sales Trend

Unit: HK\$ Billion



Gross Advances & Receivables, Revenue, Profit After tax

Unit: HK\$ Million




**Sustained
 Growth Momentum**

Sales
HK\$7.1bn
 (+11% HoH)

Gross advances and
 receivables
HK\$7.2bn
 (+12% vs 31.8.2023)

Revenue
HK\$860m
 (+10% HoH)

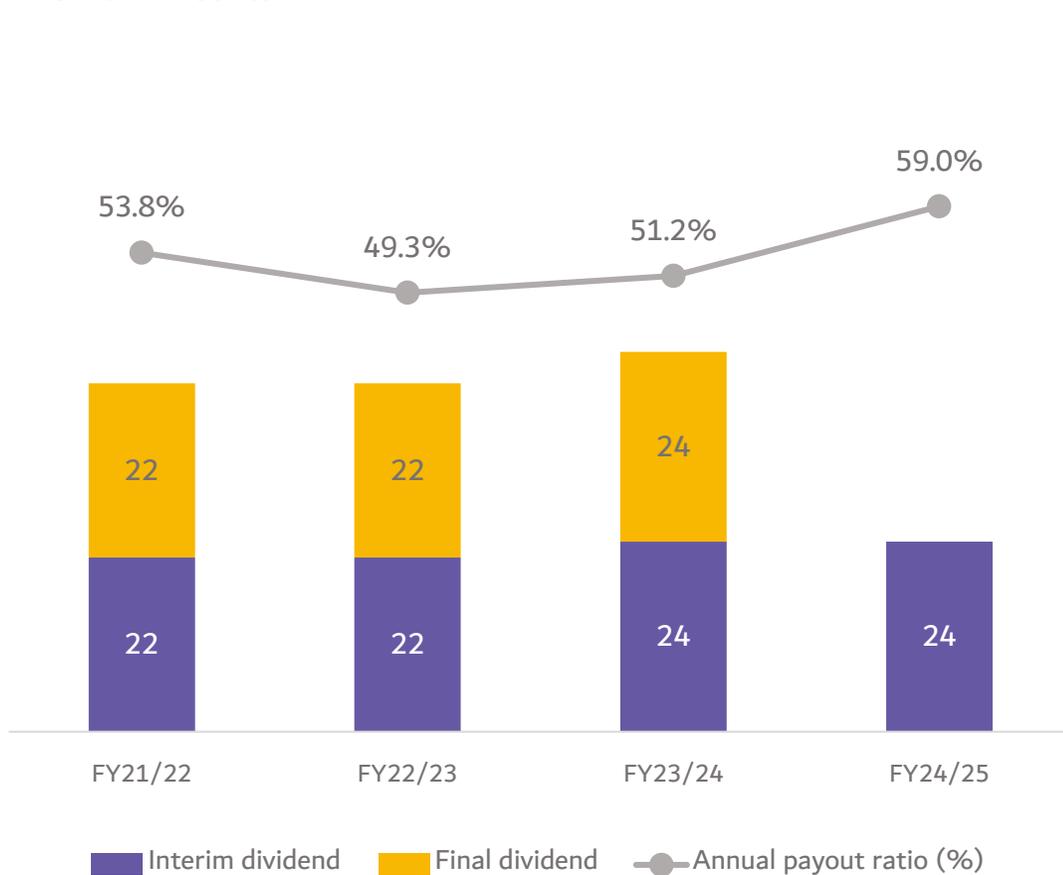
Profit after tax
HK\$170m
 (-11% HoH)

Segment Information

Items	Credit cards	Personal loans	Insurance	Consolidated	Hong Kong	PRC	Consolidated
<u>1H FY24/25</u>							
Revenue	669M	176M	15M	HK\$ 860M	842M	18M	HK\$ 860M
Segment results	212M	(14M)	6M	HK\$ 204M	201M	3M	HK\$ 204M
Unallocated expenses				(HK\$ 1M)			(HK\$ 1M)
Profit before tax				HK\$ 203M			HK\$ 203M
<u>1H FY23/24</u>							
Revenue	624M	148M	11M	HK\$ 783M	770M	13M	HK\$ 783M
Segment results	200M	27M	5M	HK\$ 232M	230M	2M	HK\$ 232M
Unallocated expenses				(HK\$ 1M)			(HK\$ 1M)
Profit before tax				HK\$ 231M			HK\$ 231M

Interim Dividend

Unit: HK Cents



Core Payout Ratio

Payout ratio for 1H FY24/25

59.0%

Dividend Policy :
Annual dividend payout ratio of not less than 30% of the net profit attributable to shareholders of the Company for the financial year

Shareholder Return

Dividend Total for 1H FY24/25

HK\$0.24 /share

> 8% Yield at Current Share Price

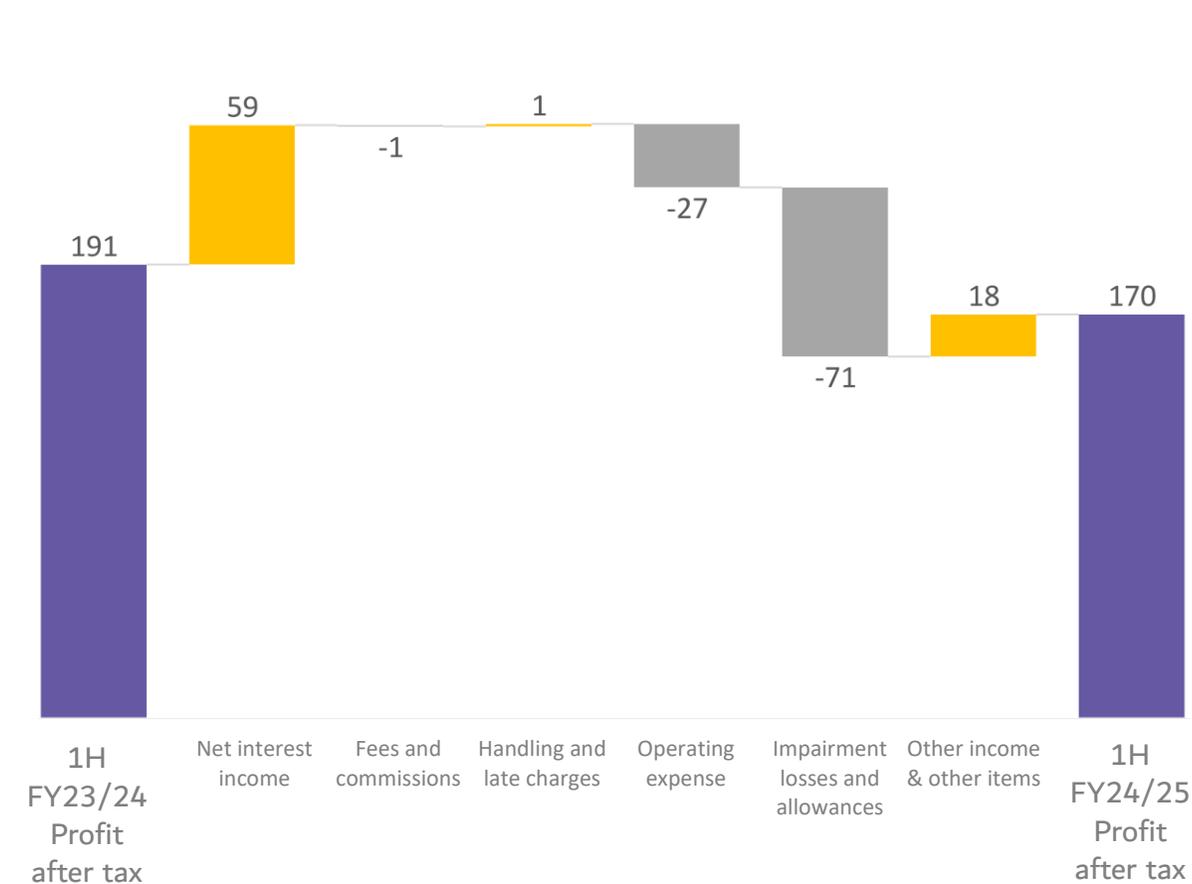


Financial Results in 1H FY24/25

Highlights of Consolidated Statement of Profit or Loss

Profit Analysis Waterfall Chart

Unit: HK\$ Million




Financial Highlights

Net interest income (HoH)

+HK\$59m

Operating income (HoH)

+HK\$72m

Operating profit (HoH)

+HK\$45m

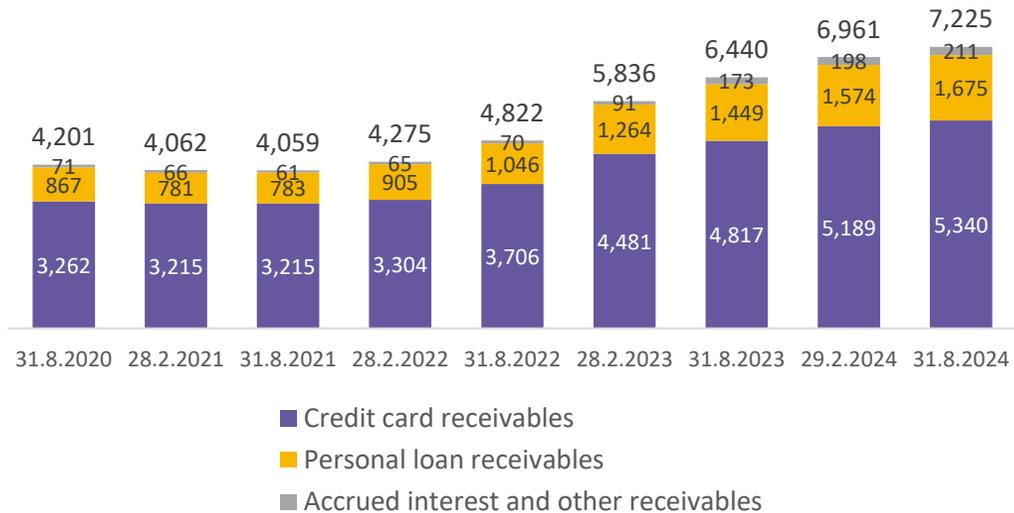
Earnings per share

41 HK cents

Gross Advances & Receivables Achieve Record High for Third Consecutive Year, with Interest Income Maintaining Upward Trend

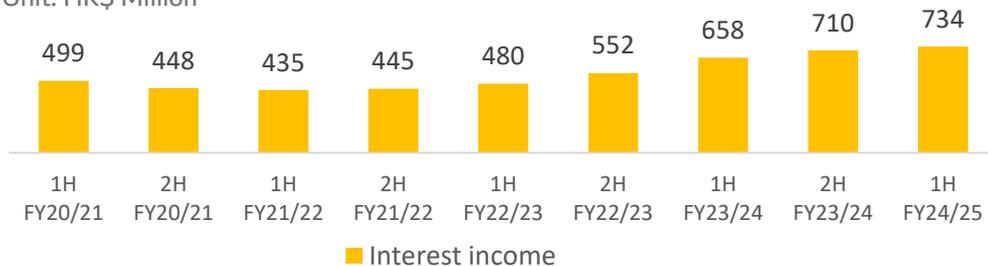
Gross advances & receivables

Unit: HK\$ Million



Interest Income

Unit: HK\$ Million

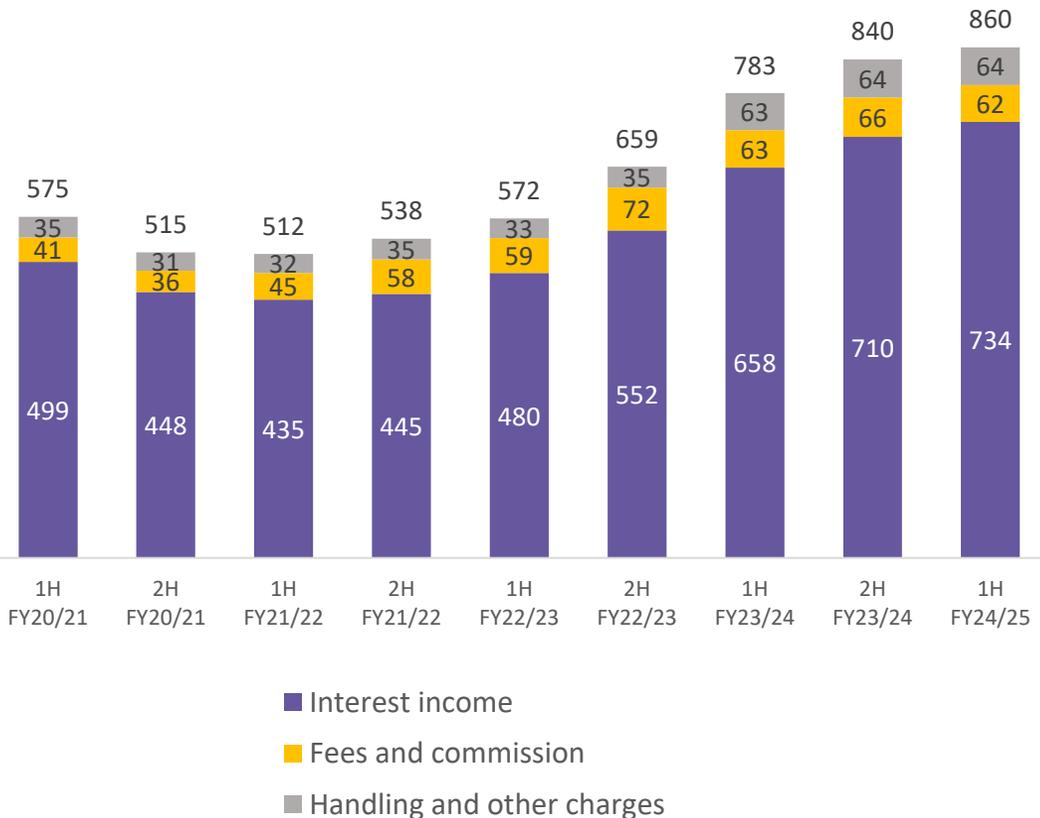


Highlights

- Gross advances and receivables continued to reach record highs as a result of the successful marketing campaigns which contributed to the continuous growth on sales as well as credit card receivables and personal loan receivables
- Interest income continued to grow in the context of a slow economic recovery and the lower statutory interest rate cap of 48% per annum for lending

Sustained Sales Growth Momentum Boosts Overall Revenue

Unit: HK\$ Million



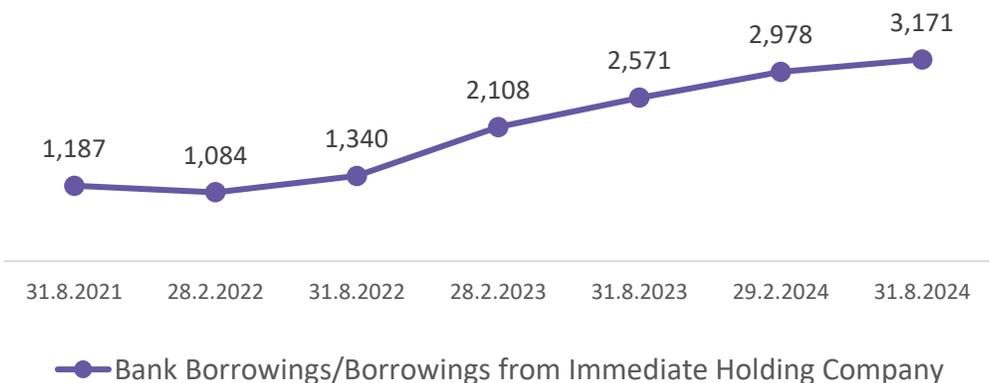
Highlights

- Continued the growth in interest income
- Fee revenue from credit card issuing business continued to grow steadily as sales increased. However, it was offset by the cost of running the attractive cashback incentive scheme and credit purchase promotions
- Fee revenue from credit card acquiring business maintained a stable growth due to an increase in the number of card acquiring merchants and transaction volume
- Handling and other charges continued their upward trend, driven by increased demand for cash advances and more customers opting to make minimum payments

Increase in Interest Expense Contained Despite Higher Borrowing and US Policy Rates

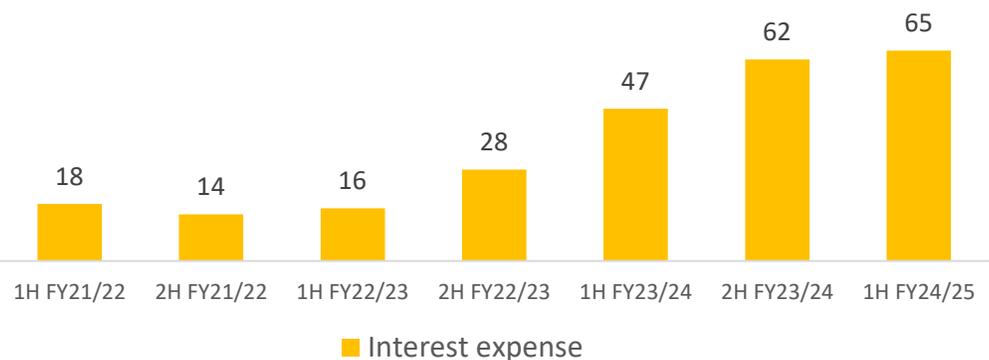
Bank Borrowings/Borrowings from Immediate Holding Company

Unit: HK\$ Million



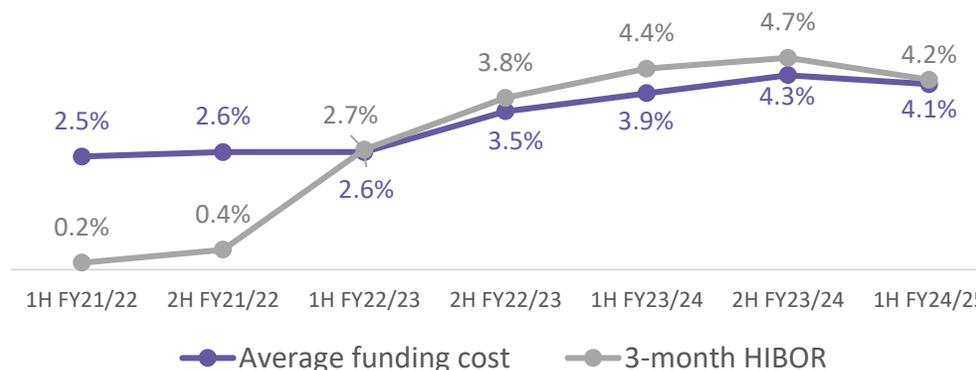
Interest expense

Unit: HK\$ Million



Average funding cost/3-month HIBOR

Unit: %



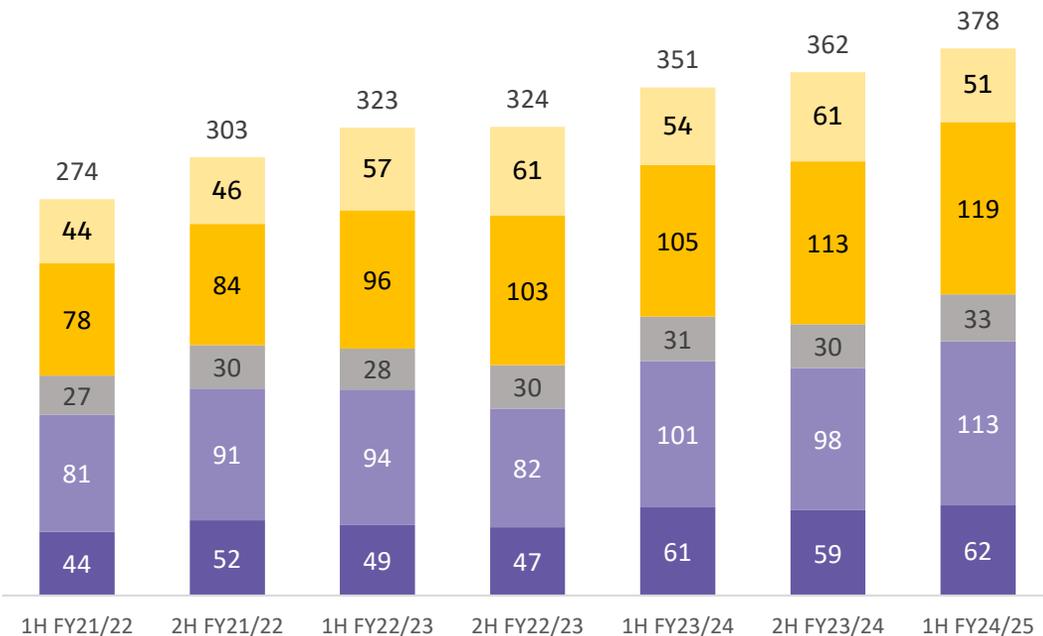
Highlights

- Rising interest expense due to increased borrowing to fund receivables growth and rising interest rates
- With a borrowing portfolio consisting of a mix of borrowing rates and maturities, the increase in the average funding cost was well below the 3-month HIBOR rate

Digitalization Increases Operational Efficiency and Minimizes Increase in Operating Expenses

Operating Expenses

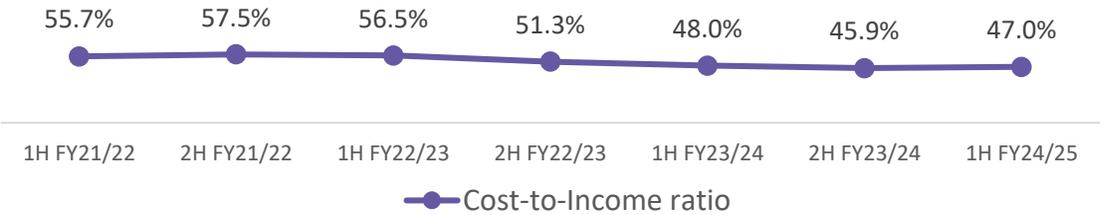
Unit: HK\$ Million



- Marketing and promotion expenses
- Staff costs
- Lease-related expenses
- General administrative expenses
- Depreciation and other operating expenses

Cost-to-Income ratio

Unit: %



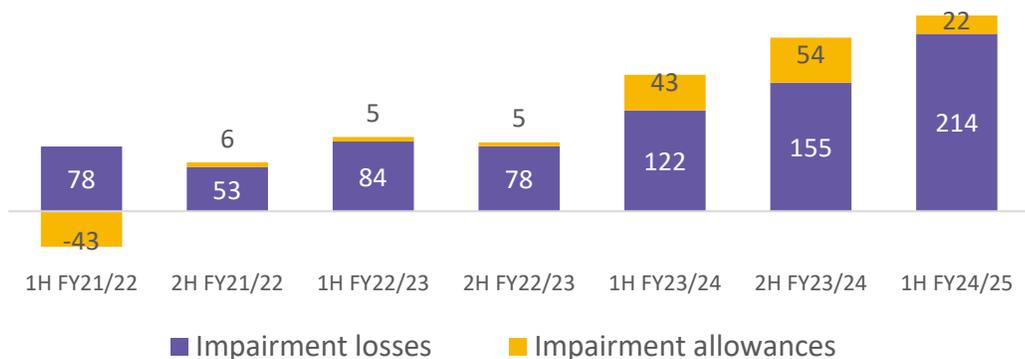
Highlights

- Maintained the cost-to-income ratio with the effective control of operating expenses
- Successfully reduced marketing and promotion expenses through effective use of a combination of traditional and digital marketing channels with precise targeting of customer segments
- Deployed additional manpower to support back-office digitalization and branch network expansion
- General administrative expenses increased as a result of the increase in overseas card sales and the corresponding card association fees

High Interest Rate and Continued Depressed Investment Environment Lead to Increase in Impairment Losses and Allowances

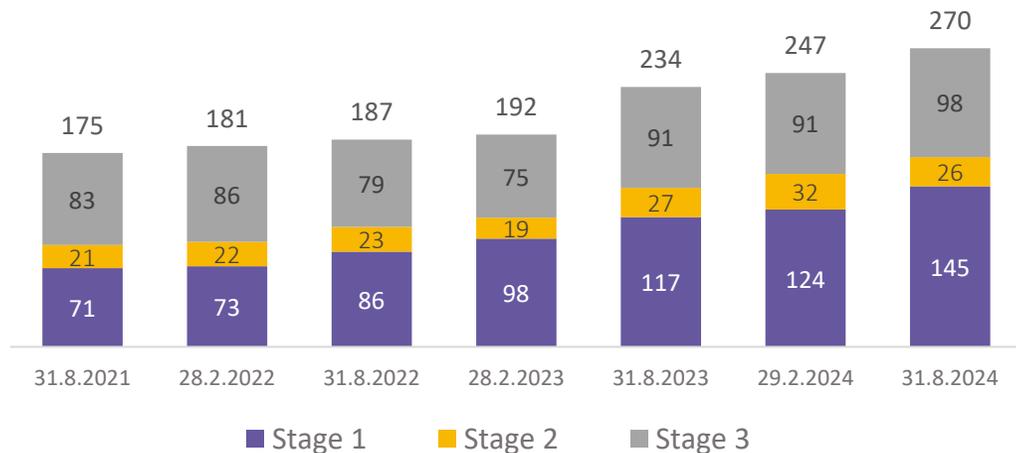
Movement of impairment losses and impairment allowances

Unit: HK\$ Million



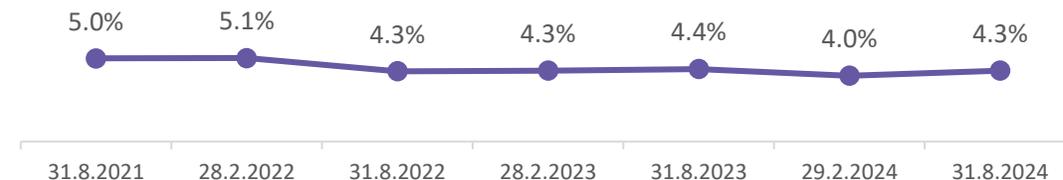
Impairment allowances under HKFRS 9 by stage

Unit: HK\$ Million



Credit impaired (Stage 2 & 3) advances and receivables to gross advances and receivables

Unit: %



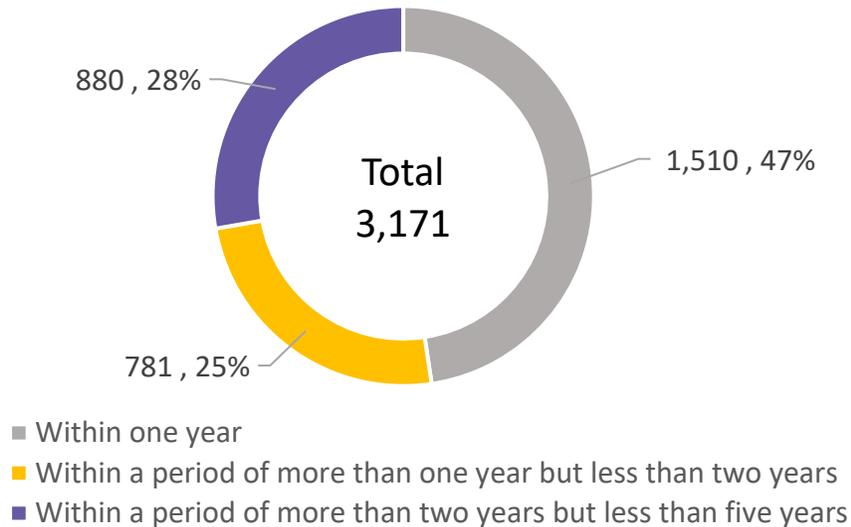
Highlights

- Weakened economic indicators and a high level of credit defaults due to the prolonged high interest rate environment, combined with continued depressed capital and real estate markets, ongoing geopolitical conflicts and a shift of customer spending behavior outside Hong Kong
- Made significant efforts to refine the credit assessment model to control the advances and receivables with higher credit risk
- Utilized effective credit risk management and fraud detection tools to reduce the likelihood of credit impaired assets
- Impairment losses and impairment allowances was stabilized in the second quarter

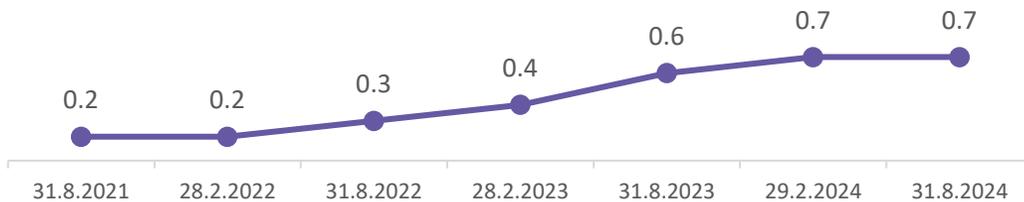
Strong Capital Base and Stable Funding Source to Support Growth in Volatile Business Environment

Maturity Profile of Bank Borrowings and Borrowings from Immediate Holding Company

Unit: HK\$ Million



Net debt to equity ratio



Remark : Net debt to equity ratio
= (Borrowings + Lease liabilities – Cash and cash equivalents)/Total equity

Liquidity Risk

Unit: HK\$ Million

Maturity profile as at 31.8.2024	Within 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	Total
Advances and Receivables	4,125	1,259	1,572	6,956
Bank Borrowings and Borrowings from Immediate Holding Company	(1,157)	(353)	(1,661)	(3,171)
Net expected cash inflow (outflow)	2,968	906	(89)	3,785

Highlights

- Evenly distributed maturities in debt portfolio
- Low liquidity risk
- Strong capital base



Operational Review & Business Strategies

Operational Review for 1H FY24/25

Extension of branch network

- Opened Shatin branch with a new location in the center of New Territories to diversify branch network
- Additional consultation counters with more privacy to enhance customer experience and meet customers' growing demand for face-to-face advisory services

Completion of relocation of data center

- Further strengthen the technological foundation of the Company
- Emphasized the integration of sustainability into business operations by locating the new data center in a building certified with the globally recognized green building certification standard

Business Strategies in 2H FY24/25

1

Development of New Contactless Mobile Payment Solutions

– Virtual card

2

Enhance Convenient and Premium Payment Experience

– New card design

3

Accelerate Back-office Digitalization

– Call center platform and core application system upgrade

4

Strengthen Foundation for Business Growth in Greater Bay Area

– Business expansion in AEON Micro Finance (Shenzhen) Co., Ltd

5

Expand Cross-selling Development in Peripheral Business

– Ride on acquiring merchant network to cross-sell insurance and financing products

Sustainability Highlights in 1H 24/25

March

- ❖ HKU “AEON Scholarship” Ceremony
- ❖ Participated in WWF HK “Earth Hour 2024”
- ❖ Awarded “Happy Company” for 3 consecutive years



April

- ❖ HKUST “AEON Credit Service (Asia) Scholarship” Get-together
- ❖ Friends of the Earth Tree Planting Challenge 2024



May

- ❖ Volunteering for Sowers Action “Healthy Children Happy Family” Outing Activity
- ❖ Awarded “ESG+ Pledge” and “Caring Company 15 Years +”



June

- ❖ Meeting with City University “AEON Credit Service (Asia) Scholarship” Awardees
- ❖ Published YouTube video in collaboration with HKFWS and young HK YouTuber for financial education, esp. spending tracking



July

- ❖ UNICEF Young Envoys 2024 Field Trip to Tokyo



August

- ❖ UNICEF Young Envoys 2024 Appointment Ceremony
- ❖ HKFWS Parent Financial Education Seminar





Thank You!



Q&A Session
