



AEON Credit Service (Asia) Co., Ltd.

Stock Code: 900

FY 2021/22 Interim Results

28 September 2021



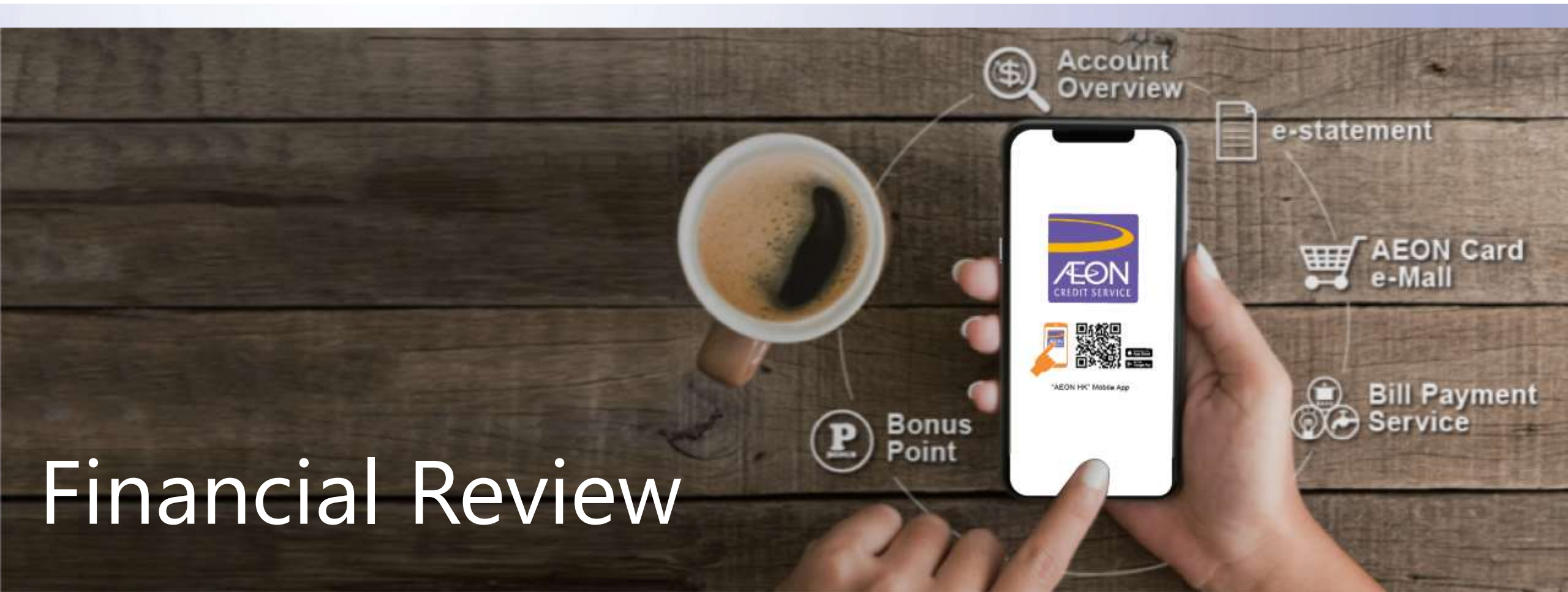
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Glossary

FY 2020	For the year ended 28 February 2021
FY 2021	For the year ended 28 February 2022
FY 2022	For the year ended 28 February 2023
FY 2011 to FY 2019	For each fiscal year ended either on 20, 28 or 29 February
1H 2020	From 1 March 2020 to 31 August 2020
2H 2020	From 1 September 2020 to 28 February 2021
1H 2021	From 1 March 2021 to 31 August 2021
2H 2021	From 1 September 2021 to 31 December 2021
Q1 2020	First quarter of FY 2020
Q2 2020	Second quarter of FY 2020
Q3 2020	Third quarter of FY 2020
Q4 2020	Fourth quarter of FY 2020
Q1 2021	First quarter of FY 2021
Q2 2021	Second quarter of FY 2021
Q4 2022	Fourth quarter of FY2022
HK\$	Hong Kong Dollars
M	Million



Financial Review



FY 2021/22 Interim Results Highlights

	<u>1H 2021</u>	<u>1H 2020</u>	<u>1H 2021 vs.</u> <u>1H 2020</u>
Sales	HK\$ 4,152M	HK\$ 3,392M	+22%
Revenue	HK\$ 512M	HK\$ 574M	-11%
Interest expense	HK\$ 17M	HK\$ 24M	-27%
Operating income	HK\$494M	HK\$559M	-12%
Operating expenses	HK\$ 275M	HK\$ 258M	+7%
Impairment losses & impairment allowances	HK\$ 35M	HK\$ 140M	-75%
Profit before tax	HK\$ 207M	HK\$ 182M	+14%
Profit after tax	HK\$ 172M	HK\$ 152M	+13%
Earnings per share	41.15 HK cents	36.39 HK cents	+13%
Cost-to-income ratio	55.7%	46.0%	



Geographical Segment Results

	Hong Kong	PRC	Consolidation
		<u>1H 2021</u>	
Revenue	HK\$ 503M	HK\$ 9M	HK\$ 512M
Segment results	HK\$ 212M	HK\$ -2M	HK\$ 210M
Unallocated loss			HK\$ -3M
Profit before tax			HK\$ 207M
		<u>1H 2020</u>	
Revenue	HK\$ 569M	HK\$ 5M	HK\$ 574M
Segment results	HK\$ 184M	HK\$ -3M	HK\$ 181M
Unallocated income			HK\$ 1M
Profit before tax			HK\$ 182M

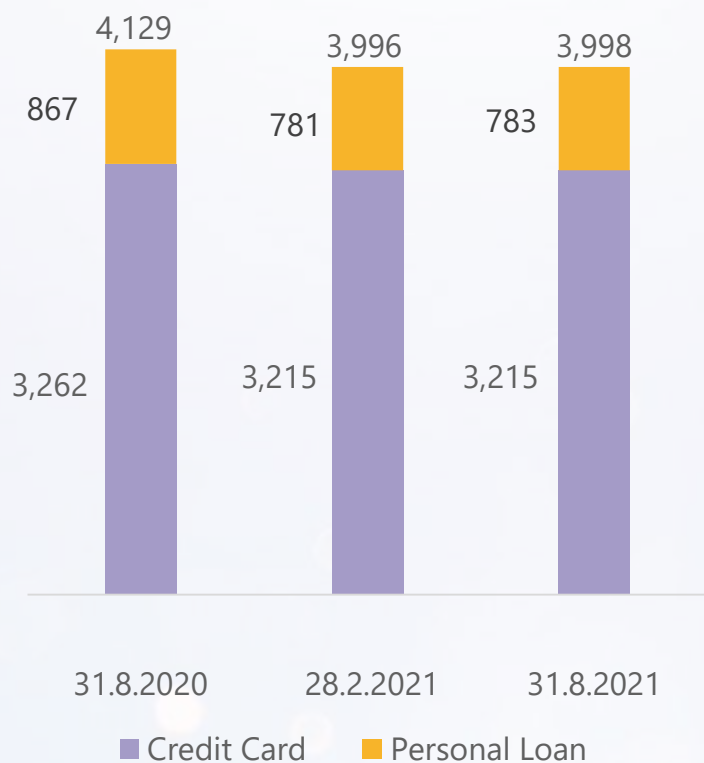


Advances & Receivables, Impairment Allowances

Advances and Receivables

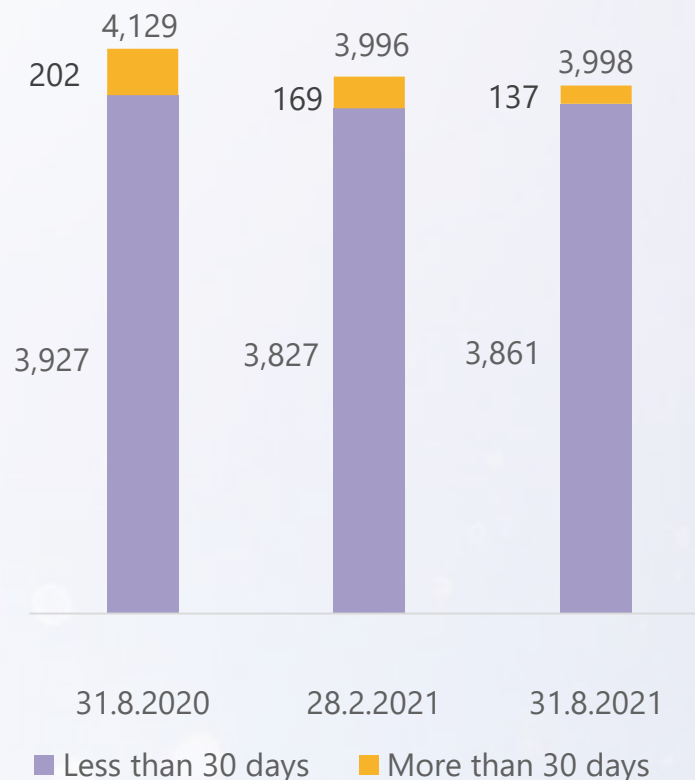
(by Product)

(HK\$ M)



(by Delinquency Level)

(HK\$ M)

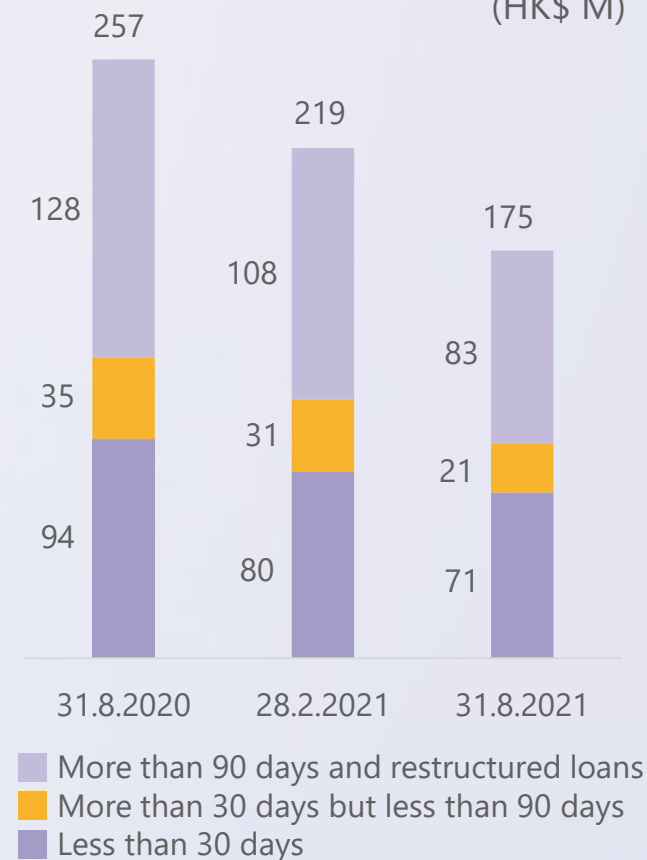


Overdue/Principal Total Ratio		
4.8%	4.2%	3.4%

Impairment Allowances

(by Stage Allocation)

(HK\$ M)





Funding Profile



	Average Funding Cost
1H 2021	2.5%
2H 2020	2.6%
1H 2020	2.5%



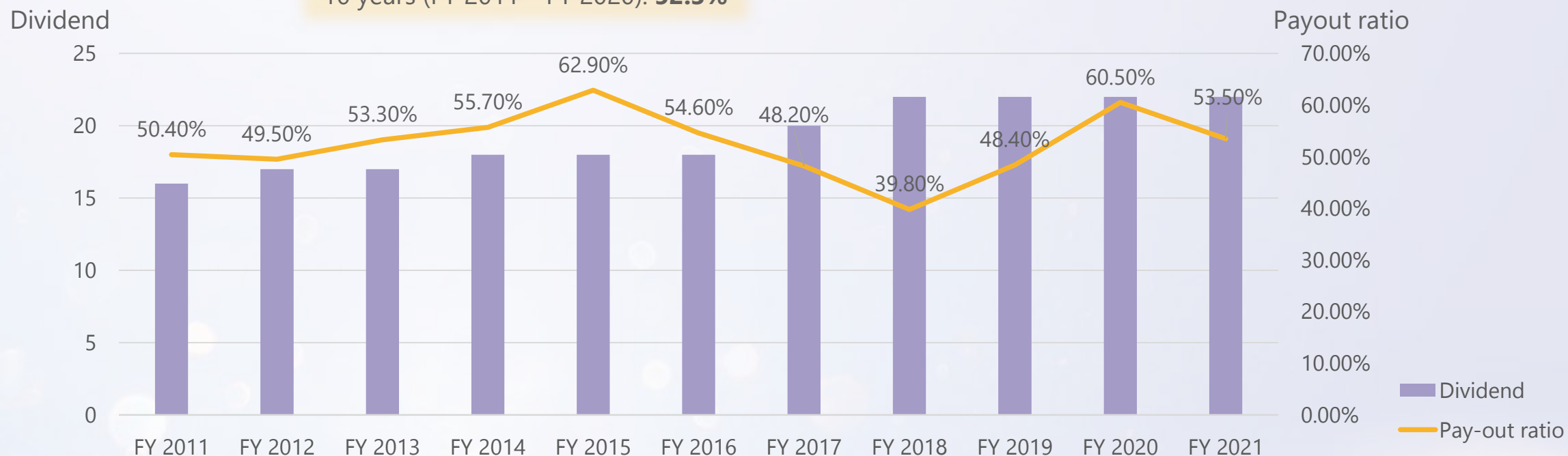
Interim Dividend

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

	1H 2021	1H 2020
Interim (in HK\$)	22.0 cents	22.0 cents
Total (in HK\$)	92M	92M
Payout ratio	53.5%	60.5%

Average payout ratio for previous 10 years (FY 2011 – FY 2020): **52.3%**





Strategic Overview



Sales Growth Momentum – Capture Market Recovery Opportunities

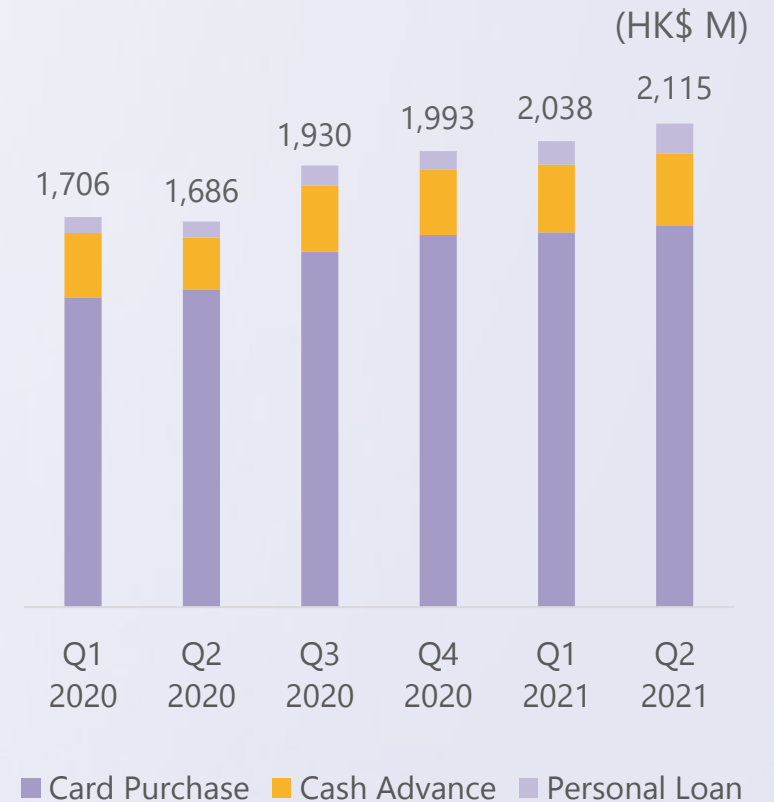
Credit assessment enhancement

Credit judgement	<u>Internal data</u> For example	<u>External data</u> For example
	<ul style="list-style-type: none"> • Occupation • Income 	<ul style="list-style-type: none"> • Credit reports
Customer behavior analysis	Capture business opportunities by increasing credit exposure with appropriate measures	

Strengthen sales (by product)

<u>Card Purchase</u>	<u>Cash Advance</u>	<u>Personal Loan</u>
<ul style="list-style-type: none"> • Mass promotion • Promotion align with customer behaviour change 	<ul style="list-style-type: none"> • Customized interest rate • Diversify sales channels 	<ul style="list-style-type: none"> • Increase resources in telemarketing • Shorten loan disbursement time

Accelerate Sales Growth Momentum

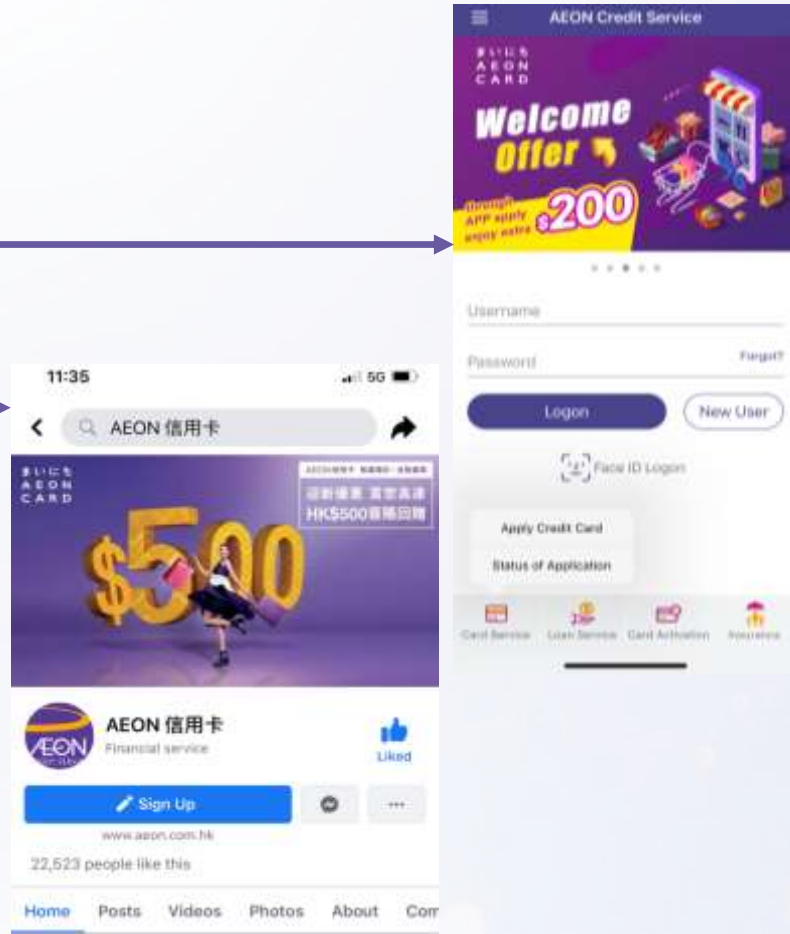




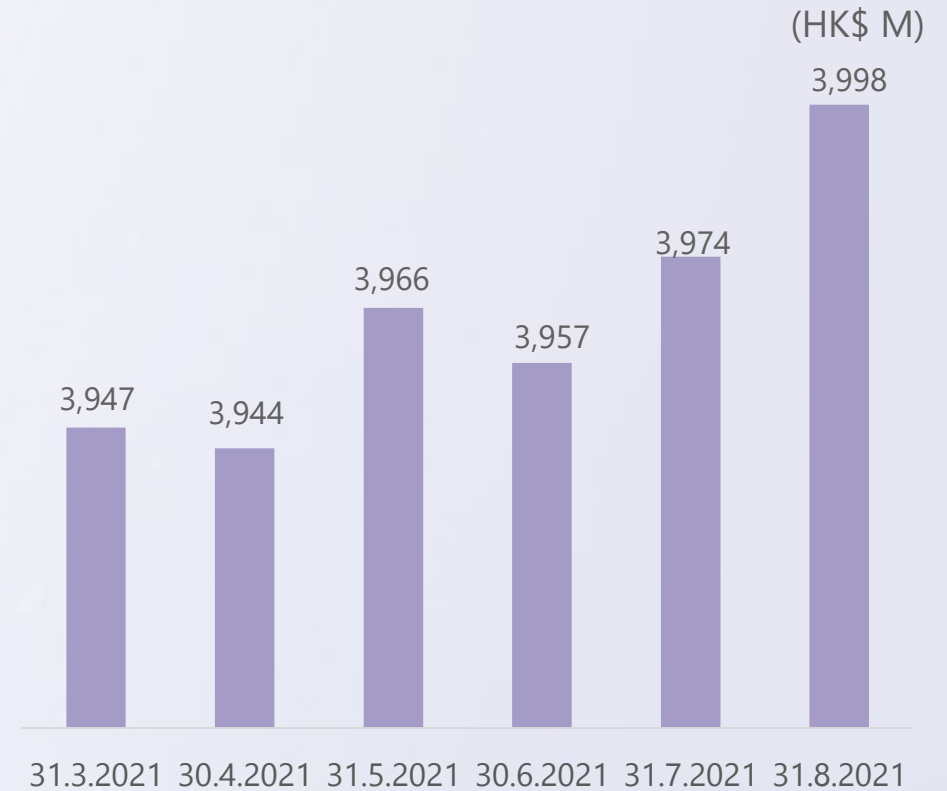
Receivable Growth Momentum

Marketing Channels

- Branches
- Mobile App
- AEON Credit Website
- Social Media
- Digital Marketing
- Merchant Network
- Call Centre
- EDM

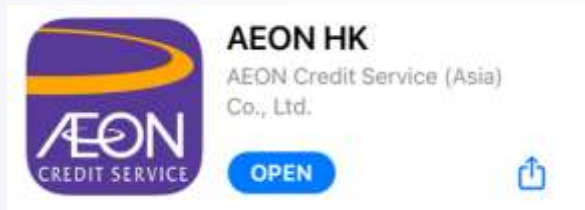


Maintain the Momentum of Receivable Growth



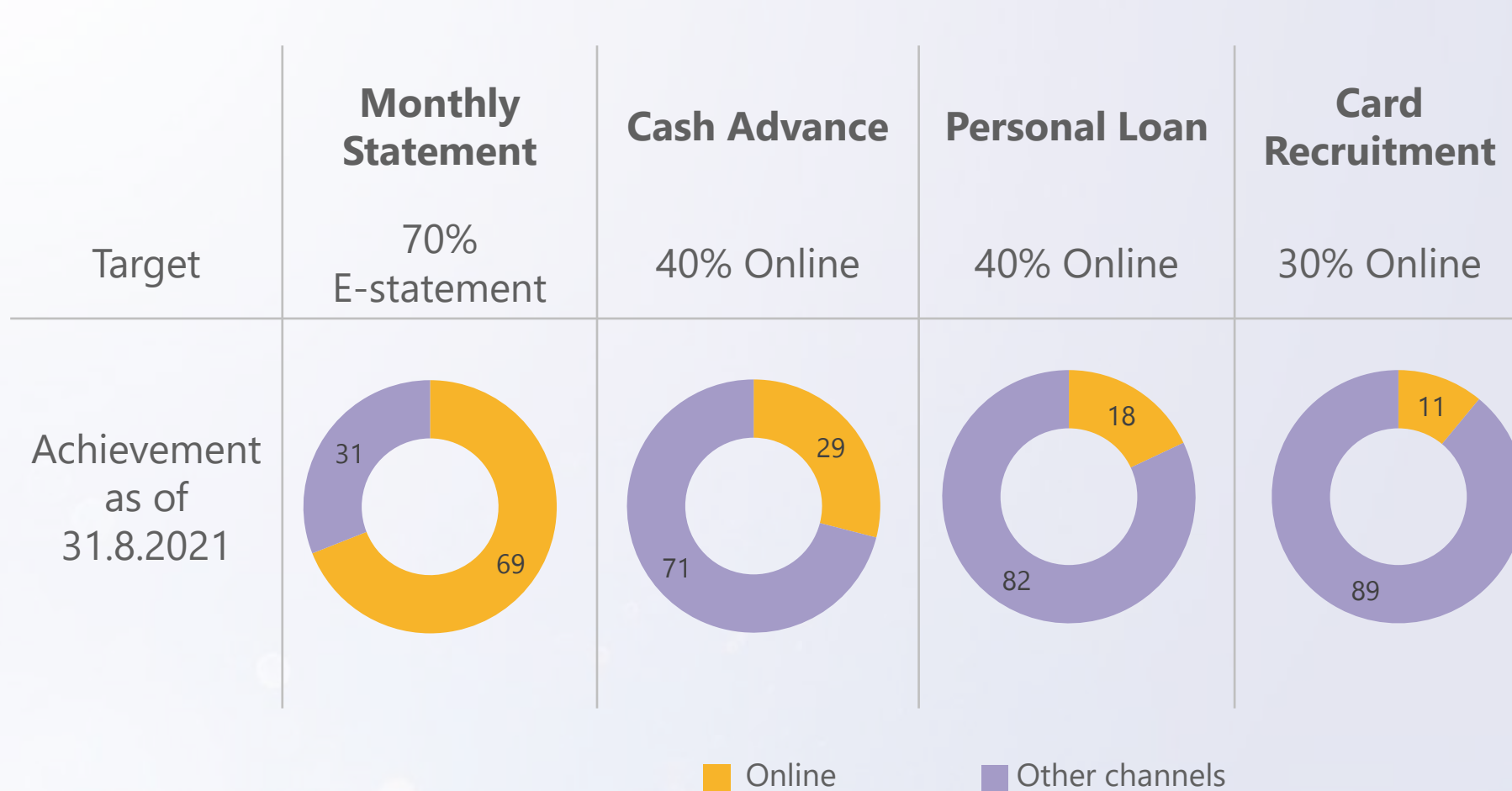


Diversify Online Service Channels



Mobile App Enhancement

- E-statement
- Cash Advance
- Personal Loan
- Card Recruitment
- Bonus Point Redemption
- E-pin/Autopay Registration





Information Technology Development – Create New Competitive Advantage

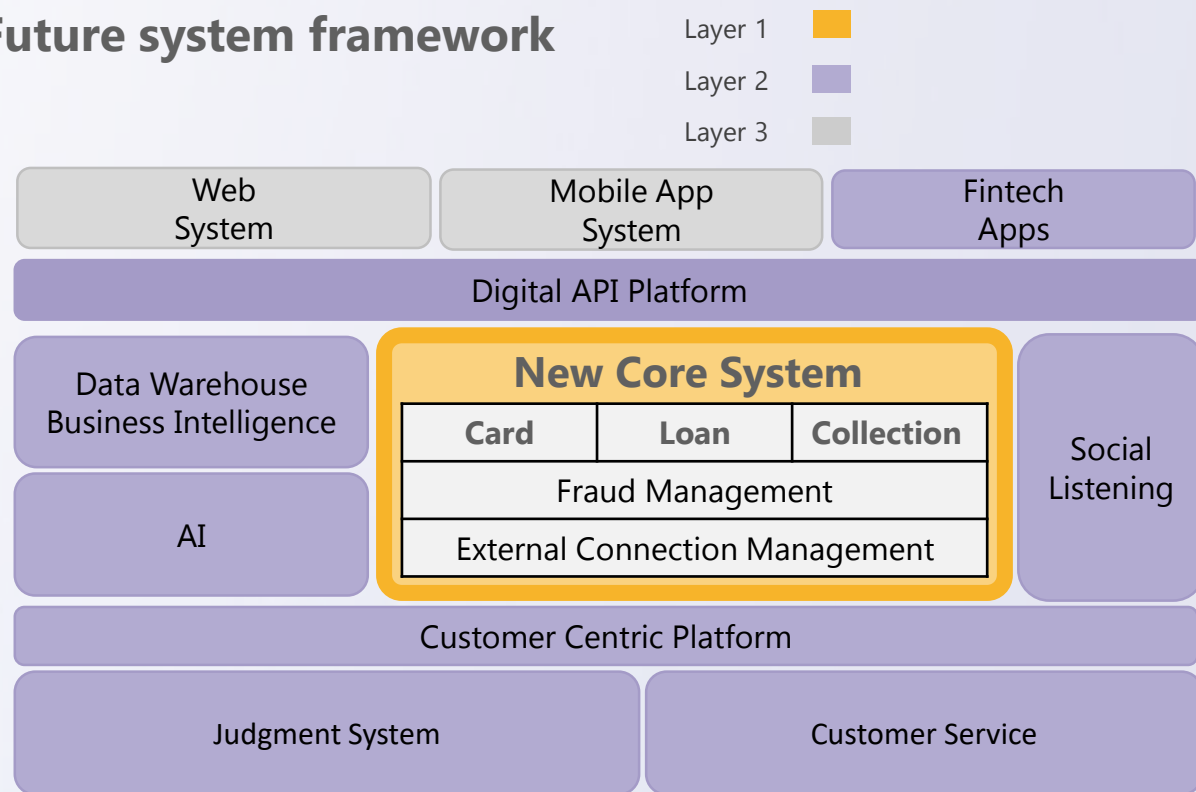
Digitalization investment

Capital expenditure	HK\$ 230M
Operating expenditure	HK\$ 490M
Total investment	HK\$ 720M

Major Digital Project Timeline

	<u>Expected Launch Date</u>
Cloud development Project	Q4 2021
Net-Member and Mobile App	Q4 2022
Data Warehouse	Q4 2022
Card and Loan System	Q4 2022

Future system framework





Diversify Sources of Income - Acquiring Business

Milestone Reached in the period

- **Entered into a Card Acquiring Merchant Agreement with AEON Stores (HK)**
In the 2H 2021, to be implemented across all AEON Stores (HK)

Expanding service scope

- E-commerce Acquiring Service
- Retail Acquiring Service
- Recurring Payment Service

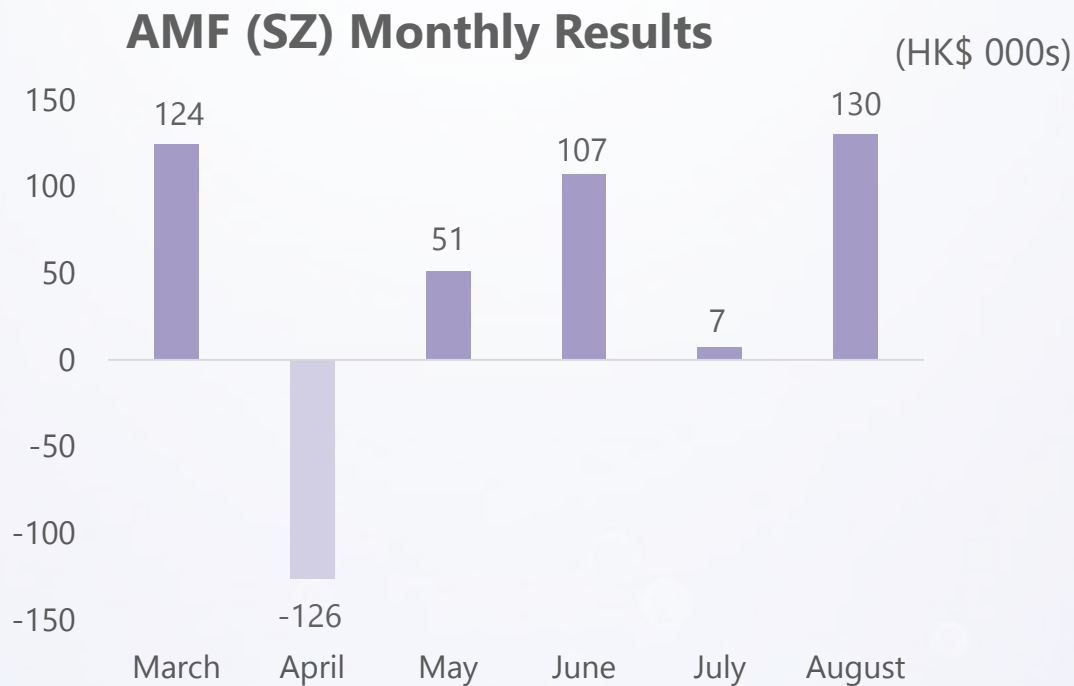
Stable Source of Income

- Card Payment Transactions in the merchants bring commission income





China Business Development – AMF (SZ): Break-even in 1H 2021 and Business Scope Extension



Measures taken in AEON Microfinance (Shenzhen) (AMF(SZ))

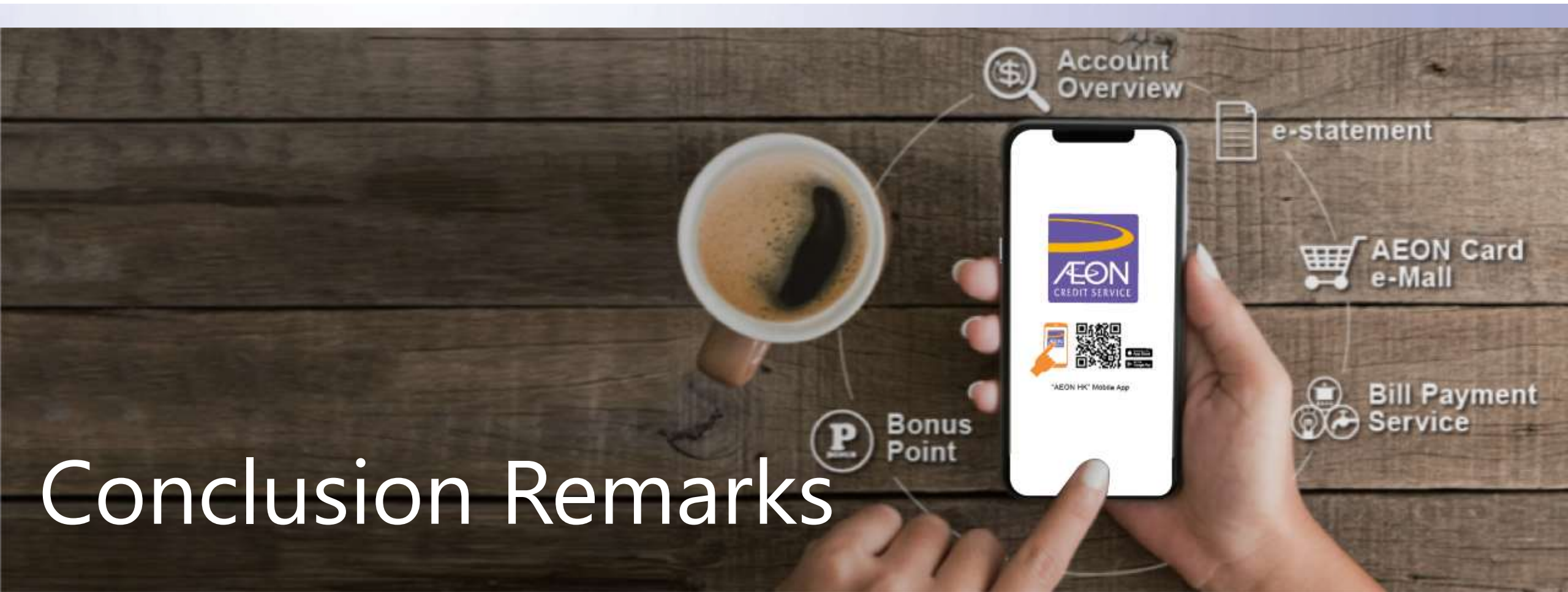
- Increase in sales by 47%
- Extend merchant network
- Monitor merchant and customer default risks
- Cost control

For Further Growth in AMF(SZ)

- Commence provision of personal loan
- Introduce a new loan system



Resources focus



Conclusion Remarks



Thank you

Up next: Q&A