



AEON Credit Service (Asia) Co., Ltd.

Stock Code : 0900

FY2023/24 Annual Results

5 April 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
HK\$	Hong Kong Dollars
YoY	FY23/24 vs. FY22/23
HoH	1H FY23/24 vs. 1H FY22/23 2H FY23/24 vs. 2H FY22/23
bn	Billion
M / m	Million

Agenda

- 1 Major Achievements in FY23/24**
- 2 FY23/24 Financial Results Analysis**
- 3 Operational Review & Growth Strategies**
- 4 Q&A Session**



Major Achievements in FY23/24

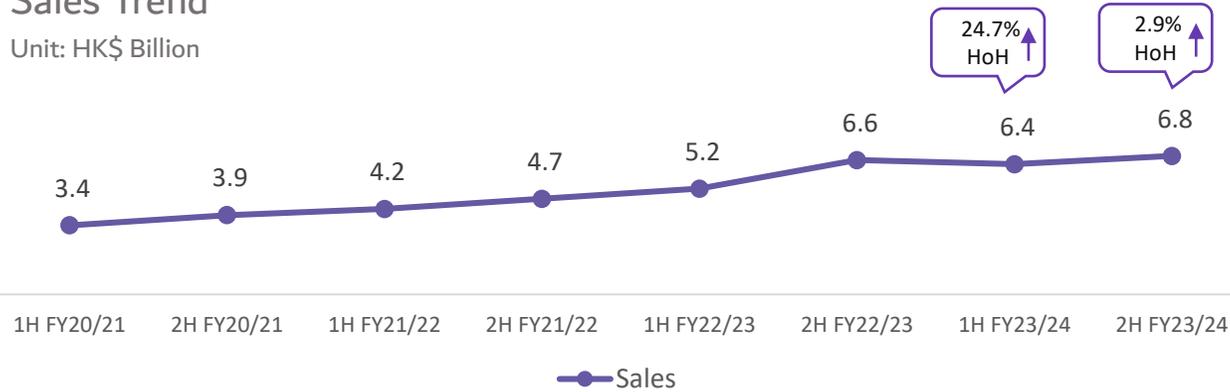
Financial Highlights

Items	FY22/23 <28.2.2023>	FY23/24 <29.2.2024>	YoY %
Sales YoY %	+ 33 %	+ 12 % 	
<Gross advances & receivables>	HK\$ 5,836m	HK\$ 6,961m  + 19%	
Revenue	HK\$ 1,232m	HK\$ 1,623m  + 32%	
Profit after tax	HK\$ 374m	HK\$ 392m  + 5%	
Cost-to-income ratio	53.8%	46.9%  - 7%	

Performance Highlights

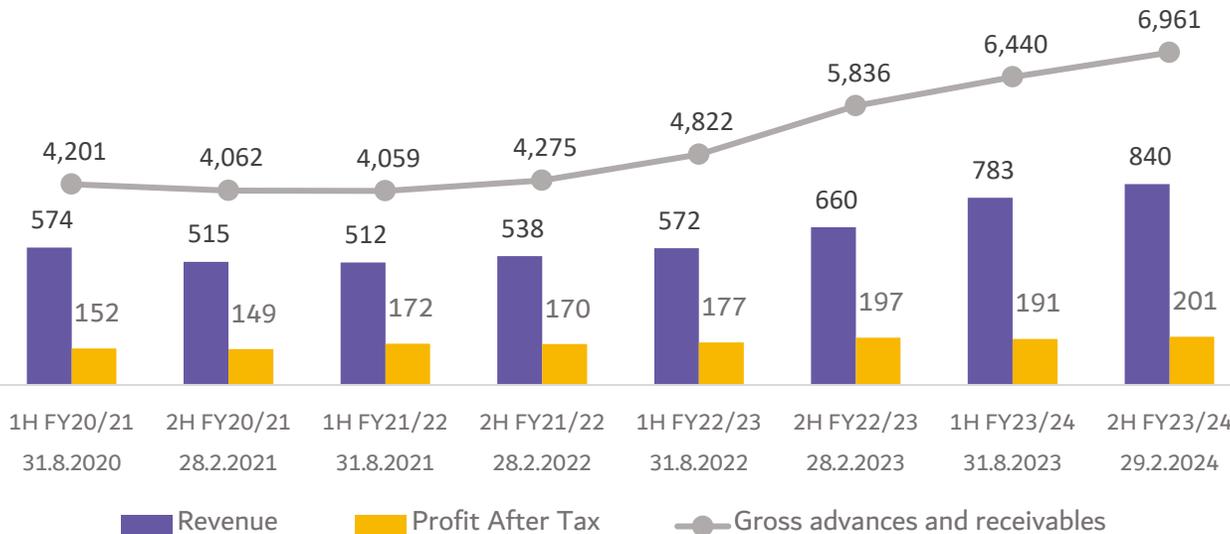
Sales Trend

Unit: HK\$ Billion



Gross Advances & Receivables, Revenue, Profit After tax

Unit: HK\$ Million



Sustainable Growth Momentum

Sales for FY23/24
HK\$13.2bn (+12% YoY) ↑

Gross advances and receivables
as at 29.2.2024
HK\$7.0bn (+19% vs 28.2.2023) ↑

Revenue for FY23/24
HK\$1,623m (+32% YoY) ↑

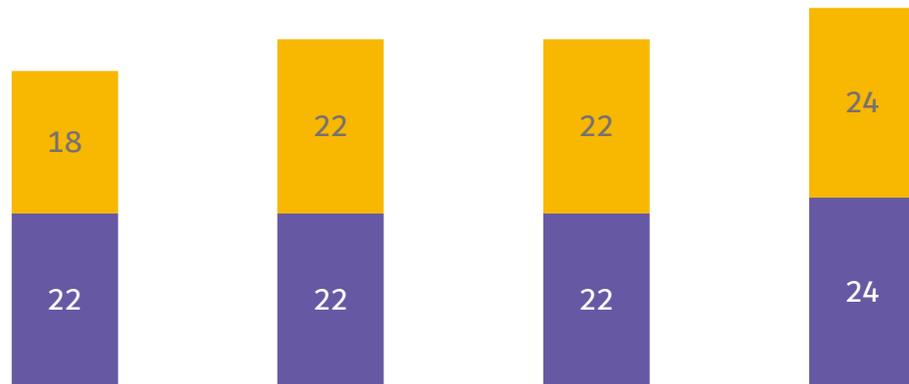
Profit after tax for FY23/24
HK\$392m (+5% YoY) ↑

Segment Information

Items	Credit cards	Personal loans	Insurance	Consolidated	Hong Kong	PRC	Consolidated
<u>FY23/24</u>							
Revenue	1,284M	313M	26M	HK\$ 1,623M	1,596M	27M	HK\$ 1,623M
Segment results	421M	41M	12M	HK\$ 474M	469M	5M	HK\$ 474M
Unallocated income / (expense)				(HK\$ 1M)			(HK\$ 1M)
Profit before tax				HK\$ 473M			HK\$ 473M
<u>FY22/23</u>							
Revenue	963M	242M	27M	HK\$ 1,232M	1,210M	22M	HK\$ 1,232M
Segment results	337M	100M	21M	HK\$ 458M	454M	4M	HK\$ 458M
Unallocated income / (expense)				(HK\$ 9M)			(HK\$ 9M)
Profit before tax				HK\$ 449M			HK\$ 449M

Dividend

Unit: HK Cents



■ Interim dividend ■ Final dividend ● Annual payout ratio (%)

Core Payout Ratio

Payout ratio for FY23/24

51.2%

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 FY23/24

HK\$0.48 /share

> 8% Yield at Current Share Price

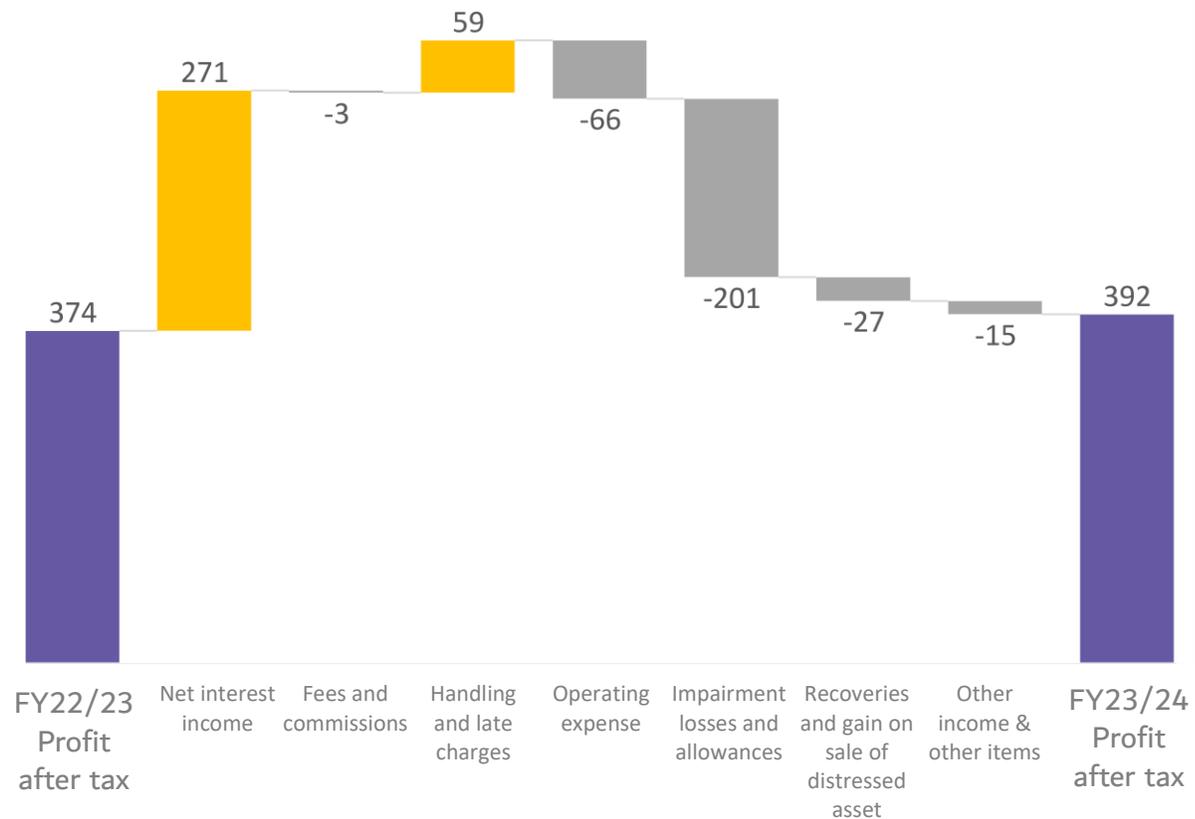


FY23/24 Financial Results Analysis

Highlights of Consolidated Statement of Profit or Loss

Profit Analysis Waterfall Chart

Unit: HK\$ Million



Financial Highlights

Net interest income, vs FY22/23

+HK\$271m ↑

Handling and late charges, vs FY22/23

+HK\$59m ↑

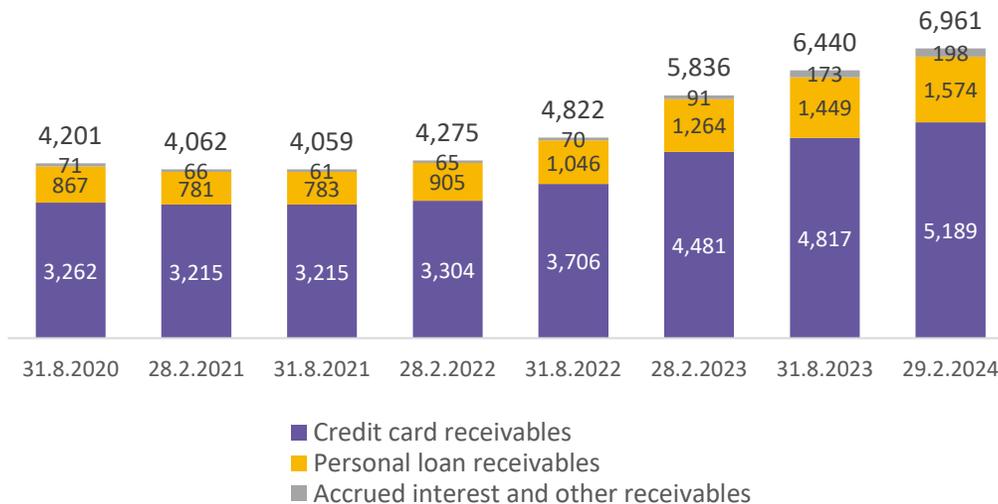
Earnings per share

94 HK cents ↑
(+5HK cents)

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

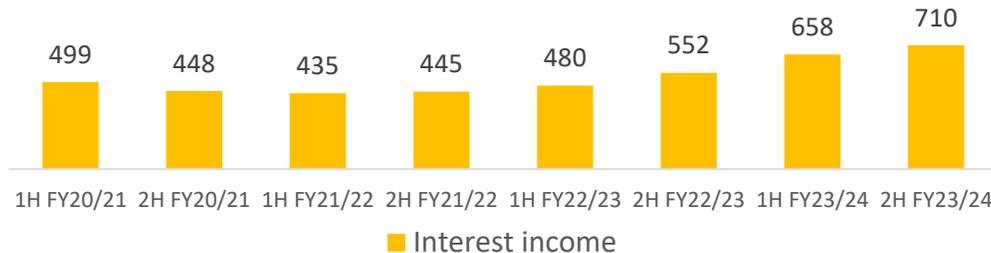
Gross advances & receivables

Unit: HK\$ Million



Interest Income

Unit: HK\$ Million

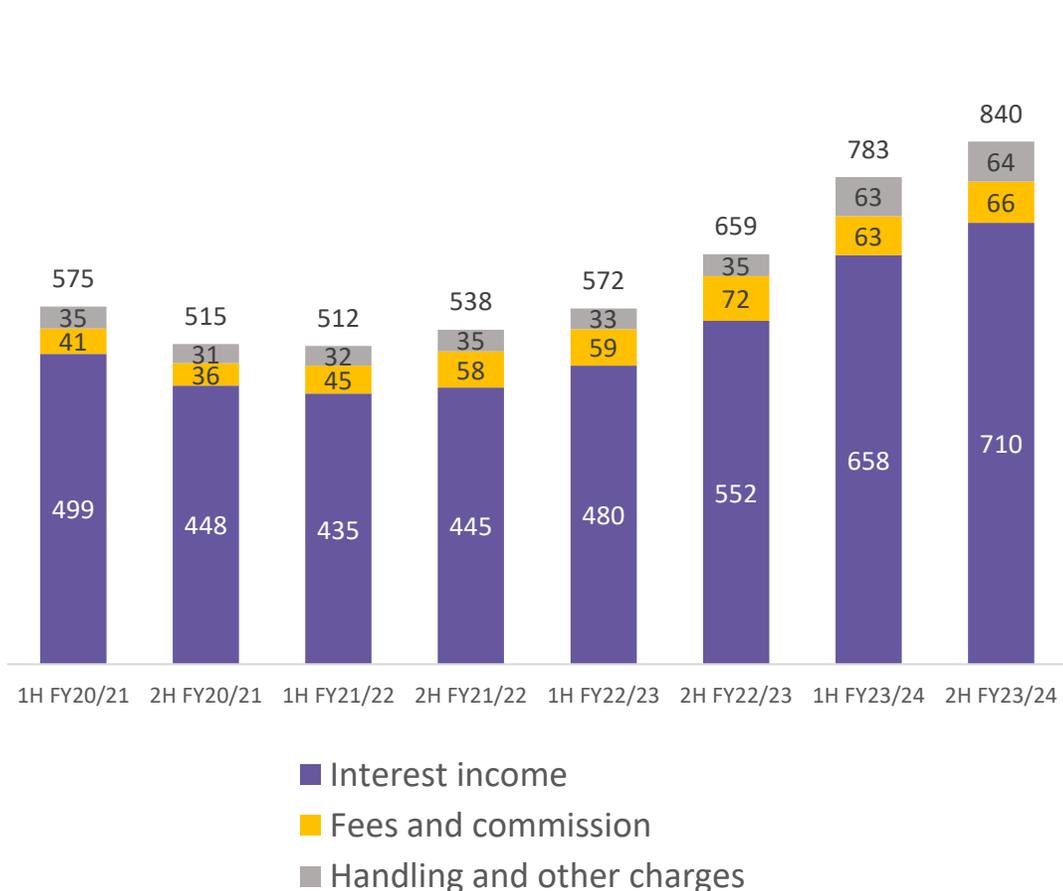


Highlights

- Gross advances and receivables reached another year of historical highs
- Interest income increased as a result of the gradual economic recovery and successful marketing campaigns that contributed to a rise in credit card and personal loan receivables

Sustained Sales Growth Momentum Boosts Overall Revenue

Unit: HK\$ Million



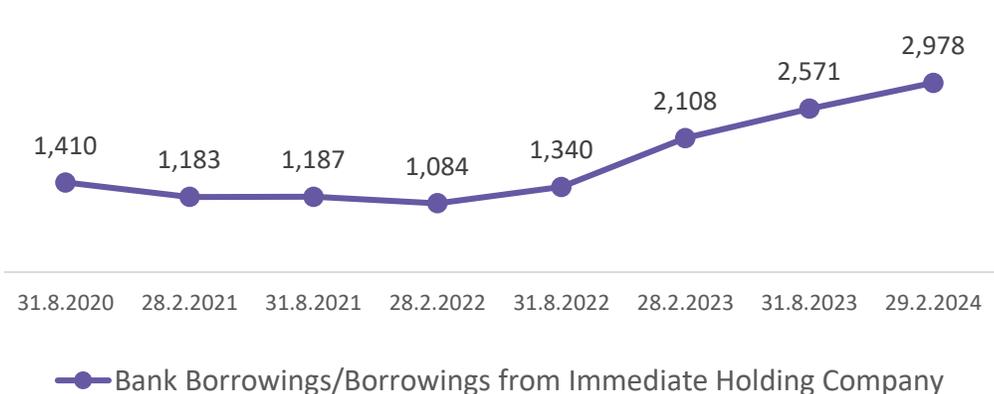
Highlights

- Continued growth in interest income
- Increased fee revenue due to a rise in the number of card acquiring merchants and transaction volume
- Significant growth in revenue from handling and other charges as a result of a rise in demand for cash advances and more customers opting to make minimum payments

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

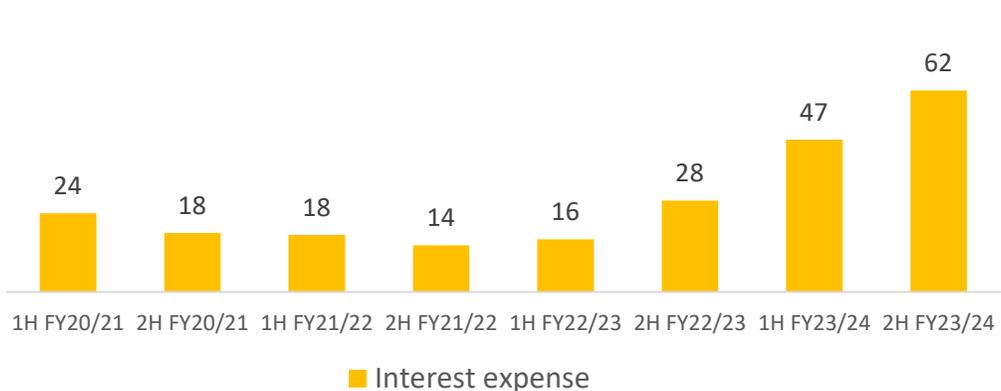
Bank Borrowings/Borrowings from Immediate Holding Company

Unit: HK\$ Million



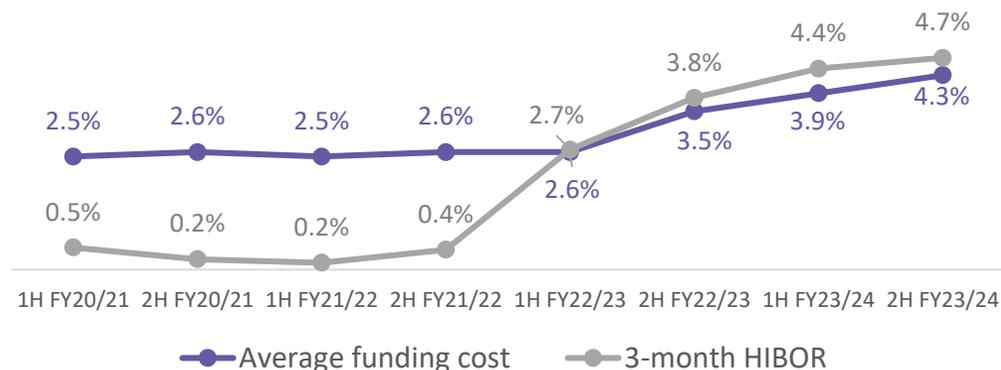
Interest expense

Unit: HK\$ Million



Average funding cost/3-month HIBOR

Unit: %



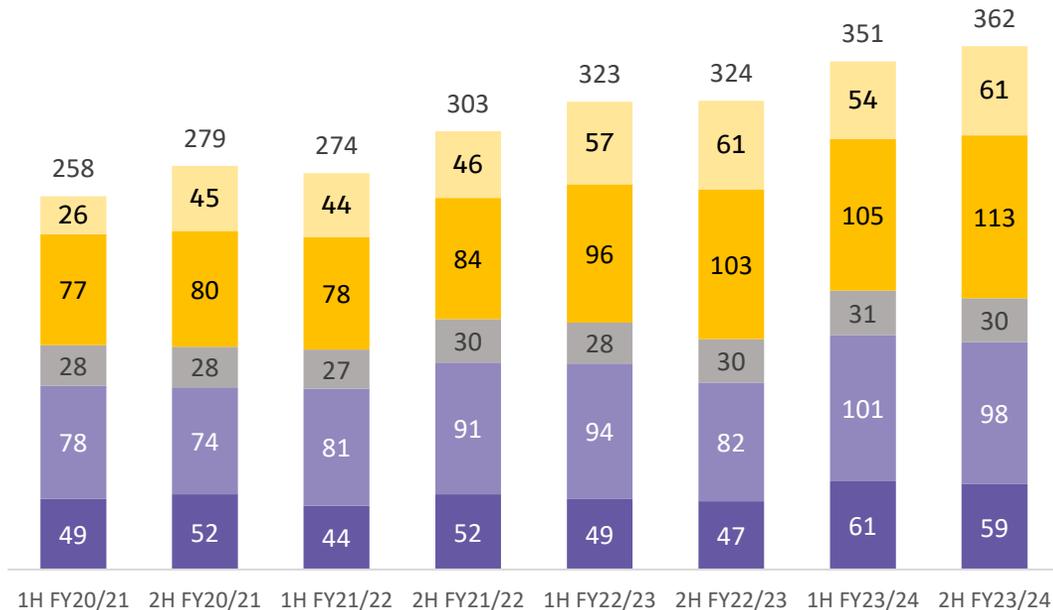
Highlights

- 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 average funding cost was well below the 3-month HIBOR rate

Digitalization Increases Operational Efficiency and Minimizes Increase in Operating Expenses

Operating Expenses

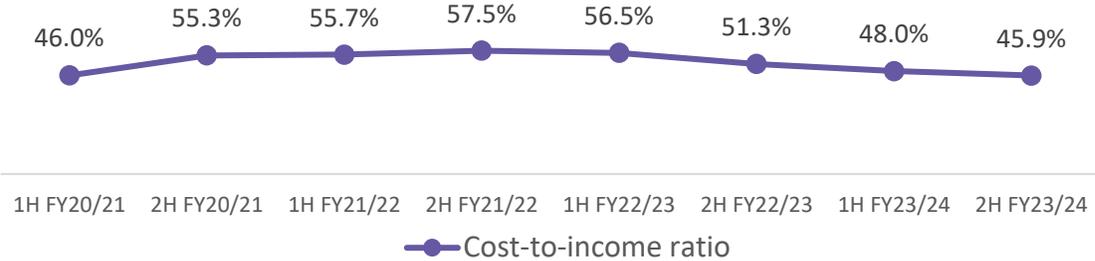
Unit: HK\$ Million



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

Cost-to-Income ratio

Unit: %



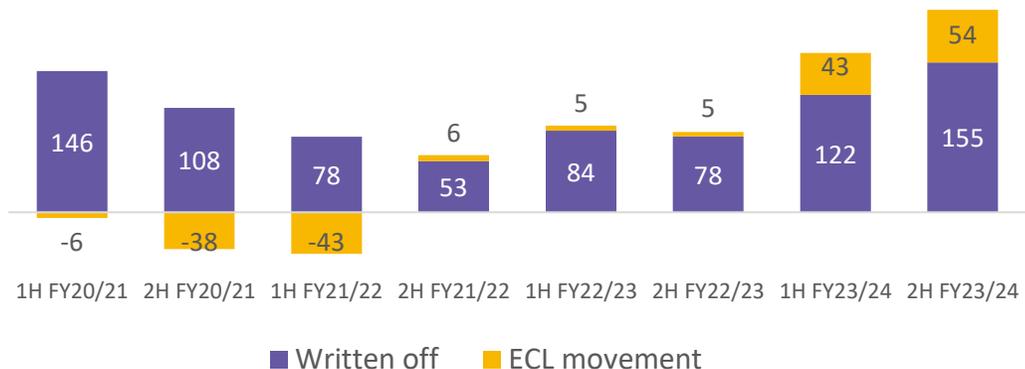
Highlights

- Effective use of a combination of traditional and digital marketing channels successfully reduced marketing and promotion expenses
- Deployed additional manpower to enhance branch operations and product development
- Depreciation expenses increased following the launch of the new card and loan system and upgraded mobile app
- Continued to record a decline in cost-to-income ratio

High Interest Rate Environment and Weaker Economic Indicators Lead to Increase in Impairment Losses and Allowances

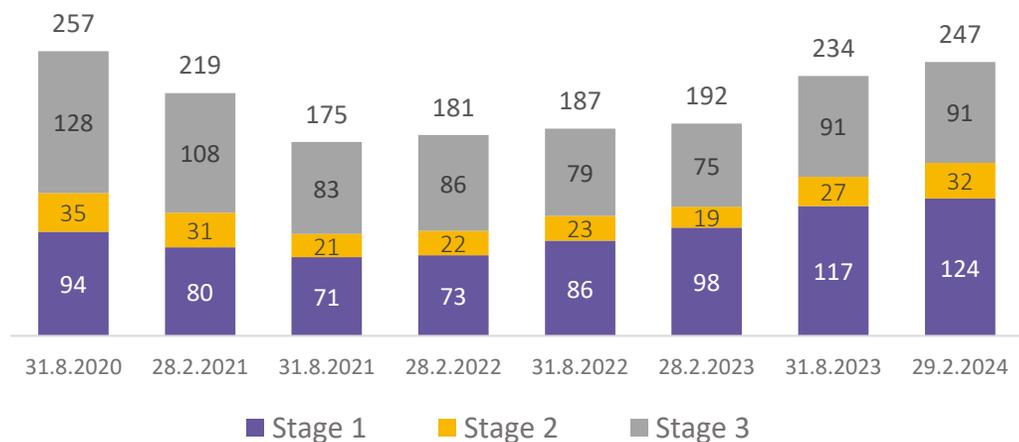
Movement of impairment losses and impairment allowances

Unit: HK\$ Million



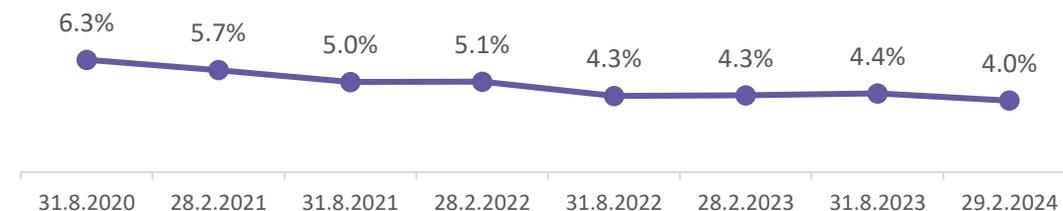
Impairment allowances under HKFRS 9 by stage

Unit: HK\$ Million



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

Unit: %



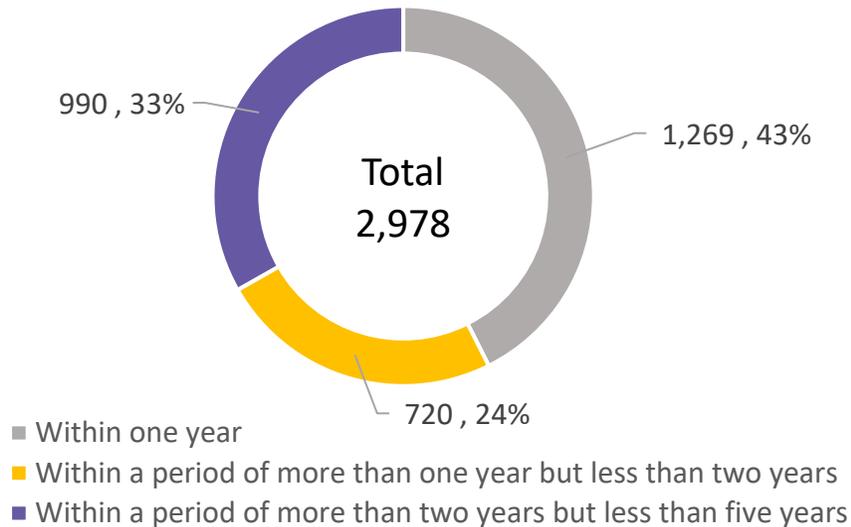
Highlights

- The high interest rate environment during the Reporting Year, combined with a marked decline in transaction volume in the capital and real estate markets and ongoing geopolitical conflicts, led to an increase in credit defaults and a weakened economic outlook
- Utilized effective credit risk management and restructured scheme arrangements to relieve the temporary financial burden of delinquent customers and to reduce the likelihood of credit impaired assets
- Stabilized the asset quality in the fourth quarter amid increasing gross advances and receivables and a still recovering economy

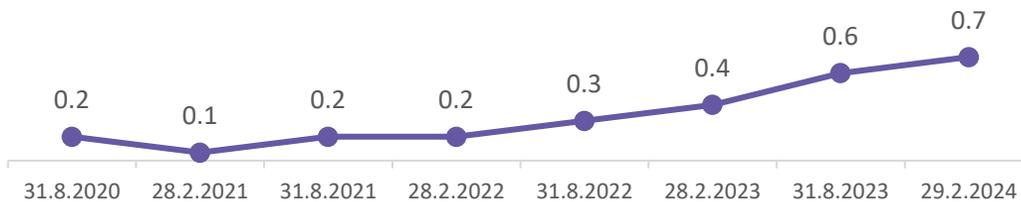
Strong Capital Base and Stable Funding Source to Support Growth in Volatile Business Environment

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

$$= (\text{Borrowings} + \text{Lease liabilities} - \text{Cash and cash equivalents}) / \text{Total equity}$$

Liquidity Risk

Unit: HK\$ Million

Maturity profile as at 29.2.2024	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	4,026	1,177	1,511	6,714
Bank Borrowings and Borrowings from Immediate Holding Company	(1,033)	(236)	(1,709)	(2,978)
Net expected cash inflow (outflow)	2,993	941	(198)	3,736

Highlights

- Evenly distributed maturities in debt portfolio
- No liquidity risk
- Strong capital base



Operational Review & Growth Strategies

Operational Review

Digital Transformation

- Successfully launched new card and loan system and revamped AEON mobile app
- Rolled out the Data Lake to achieve better data analysis results for marketing activities

Contactless Payment Function

- Added “QR Pay” and “QR Cash” functions to the AEON UnionPay Card
- Introduced Apple Pay and Google Pay

Branch Services

- Revamped branch network to build a “one-stop” financial service center with dedicated insurance consultation counters

Growth Strategies

- 1** Development of New Contactless Mobile Payment Solutions
- 2** Diversification of Personal Loan Products
- 3** Intensification of Sales Channel Development in Peripheral Business
- 4** Acceleration of Back-office Digitalization
- 5** Strengthening Foundation for Business Growth in Greater Bay Area

Sustainability Roadmap Progress in FY 23/24



Customer Focus

Adopted **recycled materials (rPVC)** in credit card production



Corporate Governance

Set up **Strategy Committee** and amended **internal policies** to maintain stringent standards on ESG-related matters



IT Security

Provided **IT and Information security training** to all staff to prevent data breaches and cyber attacks



Environmental Protection

Offset approximately **9,200 kg of CO₂ equivalent** through Tree Planting Challenge organized with AEON Stores HK



Talent Attraction and Development

Awarded "**Super MD**" under the ERB Manpower Developer Award Scheme



Occupational Health and Safety

- Provided annual **Occupational Health and Safety refresher training**
 - Conducted annual **Workstation Risk Assessment**



Workplace Culture

Awarded "**Happy Company**" Logo for second consecutive year



Community Investment

- **90** scholarship beneficiaries in Hong Kong
- Sponsored **3 community programs**
- Awarded "**Caring Company 15 year+**" Logo



Sustainability Activity Highlights in FY 23/24

March

- ❖ HKU AEON Scholarship Ceremony
- ❖ Sponsorship of "Hong Kong Money Month 2023"



April

- ❖ Launch of eco-friendly uniform



May

- ❖ Friends of the Earth Tree Planting Challenge
- ❖ UNICEF SDG Actioner Challenge Acknowledge Ceremony



July

- ❖ UNICEF Young Envoys Field Trip to South Korea



August

- ❖ UNICEF Young Envoys Appointment Ceremony
- ❖ Sponsored "Healthy Children · Happy Parents" program organized by Sowers Action



September

- ❖ Launch of eco-friendly credit card
- ❖ Participated in "ESG+ Pledge" organized by Chinese Manufacturers' Association of Hong Kong



December

- ❖ Established a new scholarship with New Asia College of The Chinese University of Hong Kong



香港中文大學
The Chinese University of Hong Kong



香港中文大學新亞書院
New Asia College, The Chinese University of Hong Kong

February

- ❖ Completion of head office renovation with enhanced energy efficiency and waste recycling facilities





Thank You!



Q&A Session
