

# Results for the First Half of FY2017

## November 14, 2017



First Section of the Tokyo Stock Exchange  
Stock Code: 8570

# Consolidated results and business outline

(Unit: Billions of yen)	1Q		2Q		First Half of FY2017		
	Results	YoY	Results	YoY	Results	YoY	Difference from forecast
Ordinary income	94.0	+4%	100.4	+11%	194.5	+8%	+18.5
Ordinary expenses	82.0	+7%	83.9	+9%	165.9	+8%	+18.9
Ordinary profit	11.9	-13%	16.5	+21%	28.5	+4%	△0.5
Profit of securitization receivables	-	-	4.0	+81%	4.0	-22%	-
Depreciation of securitization receivables profit	1.4	-	1.4	-	2.9	-	-
Net income attributable to owners of parent	7.0	-22%	10.1	+26%	17.1	+1%	△1.9

【Factors contributing to difference from forecast】 ※Domestic total and global total represent amounts after elimination of transactions between business segments

## 【FY2017 1H: Record high results; Increase in consolidated income & profit for four consecutive terms.】

■ **Ordinary income:** ¥194.5bn(YoY +8%, +¥18.5bn from forecast, +¥1.0bn due to exchange rate effect)

• Domestic: Card shopping txn vol. ¥2.3,905tn (YoY +11%) led by increase in cardholders and continued effect of reward pt sales promotion(Shopping income +¥6.4bn). Increase in no. of active cardholders to 1.26mil (+0.03mil from start of FY2017) also led to rise in cash adv. bal. to ¥320K per person(+¥5K from start of FY2017).

• Global: Recovery of topline due to personal loans txn bal. growth (income from other loans+¥1.5bn) in Thailand, effect of measures implemented in response to the new credit card and personal loan regulations.

■ **Ordinary profit:** ¥28.5bn(YoY +4%, -¥0.5bn from forecast, +¥0.1bn due to exchange rate effect)

• Domestic: ①Strengthening efforts for new co-branded card recruitment, Prior investments for outsourcing in initiatives for improvement efficiency in credit screening and collection management systems. (Point expenses+¥2.4bn; Fees and commissions+¥2.9bn, incl. of consulting fees etc. for business restructuring. ②Re-scheduling of securitization of hire purchase to the FY2017 2H considering the level of increase in risk assets and level of shareholders' equity ratio in light of negative interest rate.

③Bad debt exp. (+¥0.6bn), Refund of interest claims ¥0.35bn (¥0 booked in FY2016 1H), fall in refund of interest claims YoY.

• Global: Main KPIs - Personnel exp./Ordinary income: 15.0%(YoY -0.5%), Bad debt expense /Ordinary income: 24.6% (YoY -2.2%), showing favorable progress in efficiency. Share taken up by global business for consolidated income:30% (YoY -0%), for consolidated profit: 45% (YoY +4%).

■ **Net income attributable to owners of parent:** ¥17.1bn(+1%, -¥1.9bn from forecast)

• Deferred Tax Asset classification changed in AEON Bank since FY2016 1Q resulted in tax exp.(+¥1.1bn), Non-controlling shareholders profit(+¥0.9bn) in FY2017 1H.

• After-effect of tax in FY2017 1H due to a part of taxable exp. recorded in FY2016 (a greater portion of tax effect expected in 2H).

# Consolidated results of business scale

	FY2016 4Q		FY2017 1Q		FY2017 1H	
	Results	YoY	Results	Change from start of FY	Results	Change from start of FY
① No. of cardholders	38.94 mil	+1.72 mil	39.35 mil	+0.41 mil	39.84 mil	+0.90 mil
No. of domestic cardholders	26.92 mil	+10.4 mil	2,714 mil	+0.22 mil	27.39 mil	+0.47 mil
② No. of active cardholders	16.61 mil	+6.8 mil	1,676 mil	+0.15 mil	16.87 mil	+0.26 mil
③ AEON Bank accounts	5.55 mil	+6.2 mil	569 mil	+0.14 mil	5.80 mil	+0.25 mil
No. of AEON Card SELECT members	4.08 mil	+5.2 mil	421mil	+0.13 mil	4.30 mil	+0.22 mil
④ Finance receivables	¥4,427.2bn	+569.5bn	¥4,578.0bn	+150.7bn	¥4,806.6bn	+379.4bn

## ① No. of domestic cardholders

- Successful cardholder recruitments efforts attributed to new co-branded cards; favorable trend in number of cardholders.
- Stable growth due to double point program at AEON stores

## ② No. of active cardholders

- Double point program at AEON stores led to increase in card usage
- Web statements: 4.76 mil users registered (YoY +0.6 mil, active users rate: 57% per month)  
⇒FY2017 1H postage cost reduced by approx. ¥1.2bn  
(※comparing to when paper statements are used)
- Card shopping txn vol. ¥2.390tn (YoY +11%)

## ③ AEON Bank accounts

- Ordinary deposits balance: ¥1.713tn (+¥268.1bn from start of FY)
- Strengthening of wealth management service and target increase in no. of SELECT members from FY2017 2H

## ④ Finance receivables(incl. securitization)

- Growth in housing loans balance and hire-purchase contracts balance in domestic  
Domestic:¥4.3073tn (+¥346.0bn from start of FY)  
Global: ¥504.3bn)+¥33.3bn)

# Results by segment



(Unit: Billions of yen)	Domestic total			Global total			Adjustments	Total	
	※	Retail	Solutions	※	China Area	Mekong Area			Malay Area
Ordinary income	135.0	85.2	83.4	58.8	9.4	29.9	19.3	△33.0	194.5
YoY	+8%	+4%	+6%	+8%	-0%	+7%	+13%	-3%	+7%
Change	+9.8	+3.5	+4.7	+4.2	+0	+1.9	+2.2	+1.0	+13.5
Ordinary profit	15.6	2.9	14.1	12.9	2.9	5.3	4.6	△1.5	28.5
YoY	+6%	-47%	+15%	+22%	+24%	+24%	+20%	+32%	+4%
Change	+0.9	△2.6	+1.7	+2.3	+0.5	+1.0	+0.7	△0.3	+1.1
Ordinary profit ratio	11.6%	3.5%	16.9%	22.0%	30.8%	17.9%	24.2%	-	14.7%
YoY	△0.2pt	△3.4pt	+1.3pt	+2.7pt	+5.9pt	+2.4pt	+1.5pt	-	△0.5pt

※ Domestic total and global total represent amounts after elimination of transactions between business segments

## ① Domestic main factors ※( ) YoY

### 【Retail】

- Interest income (+¥4.0bn: Cash adv.+¥2.2bn, Other loans +¥1.7bn), Profit of securitization receivables of housing loan (-¥2.4bn)
- Fees and commissions payment (+¥1.4bn), Expenses related to reward point program (+¥2.4bn)

### 【Solutions】

- Card shopping revenue (+¥3.3bn), Installment sales income (+¥7bn)
- Investment towards operational efficiency, credit screening and management (+¥1.5bn)
- Amortization expenses (+¥0.8bn), Advertising expenses excluding point program expenses (-¥1.1bn)
- Bad debt expenses (+¥0.3bn), Refund of interest claims (+¥0.3bn)
- Starting from 10/1, AEON Bank in-store branches will be directly managed by AEON Bank. Integration of HQ functions will also take place. Topline recovery led by the above restructuring initiatives is expected from 2H.

## ② Global main factors ※( ) YoY

### 【China Area: ↑profit for ACS(A)\*】

- Personnel expenses/Ordinary income: 15.1%(-1.4pt)
- Bad debt allowance/Ordinary income: 18.2%(-3.9pt)

### 【Mekong Area: ↑income ↑ profit for AEONTS\*】

- AEONTS: Strong receivables growth due to credit usage enhancement strategy for personal loans
- Personnel expenses/Ordinary income: 14.8%(+0.6pt)
- Bad debt allowance/Ordinary income: 25.3%(-3.7pt)

### 【Malay Area: ↑income ↑ profit for ACS(M)\*】

- ACSM: Key initiatives include e-money and strengthening of cooperation with AEON Malaysia
- Personnel expenses/Ordinary income: 15.3%(-1.5pt)
- Bad debt allowance/Ordinary income: 26.5%(+0.5pt)

\*in local currency

# Domestic/Global segment results by graph (Domestic)

## Domestic

**Ordinary income +3.57**

- **Growth of rev. & installment bal.**  
Credit card income +3.64
- **Rise in housing loan bal.**  
Loan income +1.75
- **Management of hire purchase contracts receivables**  
(※sale from APF→ABK)  
Hire purchase contracts income +0.89
- **Securitization income ▲2.49**  
(Housing loan)
- **Other income ▲0.22**

※APF=  
AEON Product  
Finance  
※ABK=  
AEON Bank

**Ordinary Income +4.73**

- **Rise in card txns**  
Card shopping income +3.32  
Credit guarantee fee +1.16
- **Rise in hire purchase contracts receivables**  
Hire purchase contracts income +0.74
- **Fall in e-money txns**  
Processing agency service fee ▲0.74
- **Securitization income +1.32**  
(auto-loan, studio condominium loan)
- **Other income ▲1.07**

**Adjustments to income +1.17**

- Fees and commissions +0.91
- Other operating income +0.16
- Other income +0.10

**Ordinary Profit  
FY2016 1H**

**¥14.72bn**

**-¥2.68bn**

- **Expenses related to double point program**  
Advertising expenses +2.72
- **Rise in finance receivables**  
Payment guarantee fee +1.63  
Bad debt expenses +0.29
- **Expenses for project related to direct management of AEON Bank branches**  
Personnel expenses +0.49
- **Investments in IT/digitalization**  
Amortization expenses +0.49
- **Other expenses +0.63**

**Ordinary Expenses +6.25**

**+¥1.79bn**

- **Expenses related to increasing labor productivity**  
Commissions paid +1.89
- **Investments in systems/IT**  
Amortization expenses +0.82
- **Strengthening B2B sales**  
Personnel expenses +0.42
- **Expenses related to business expansion**  
Bad debt expenses +0.38
- **Shift towards point promotion**  
Advertising expenses ▲1.48
- **Other expenses +0.91**

**Ordinary Expenses +2.94**

**+¥1.84bn**

- Fees and commissions ▲0.93
- General and admin. exp. +0.10
- Other expenses ▲0.07

**Adjustments to expenses ▲9.0**

**Ordinary Profit  
FY2017 1H**

**15.67bn**

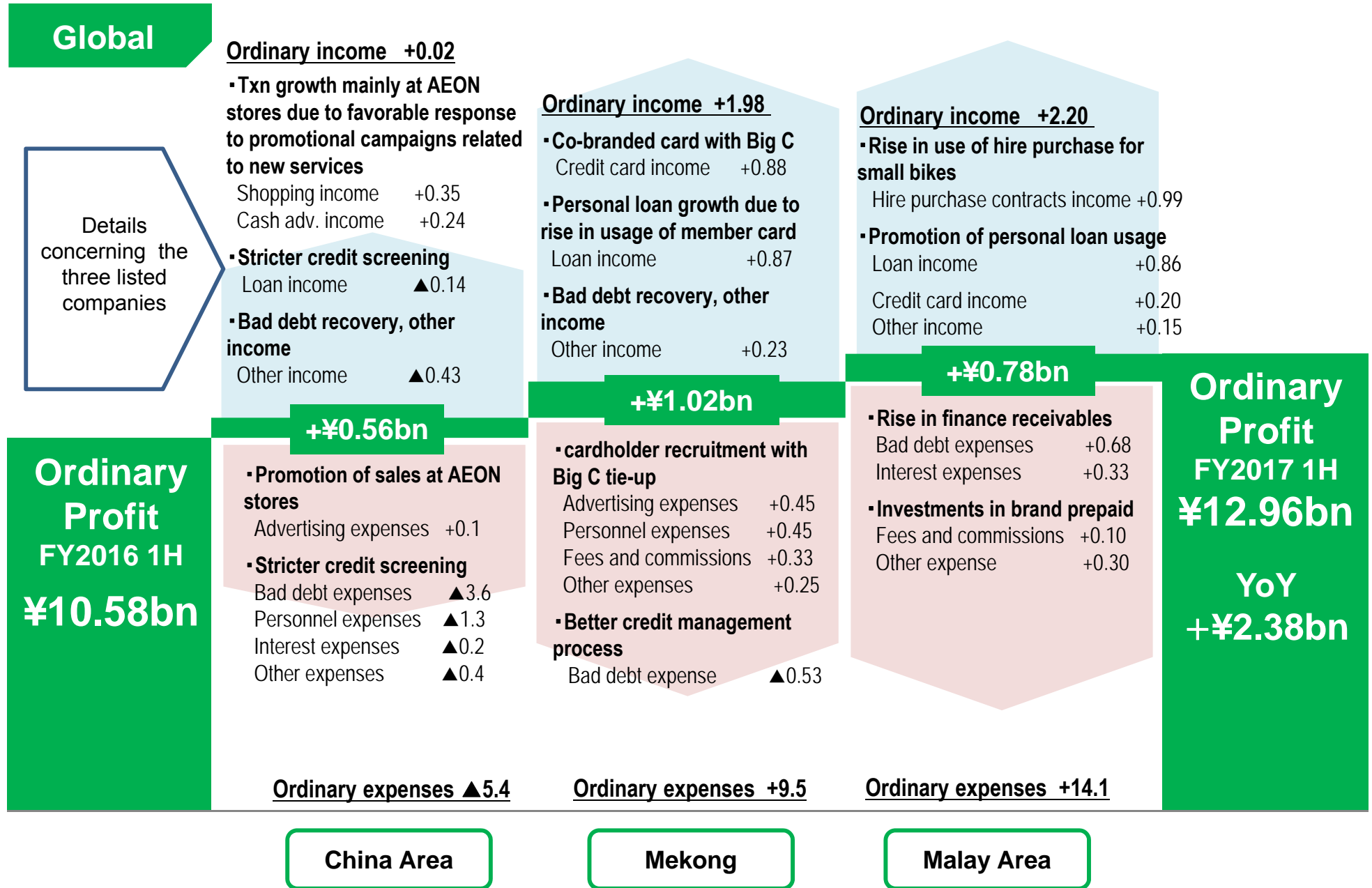
**YoY  
+¥0.95bn**

Retail

Solutions

Other  
adjustments

# Domestic/Global segment results by graph (Global)





# Consolidated balance sheet

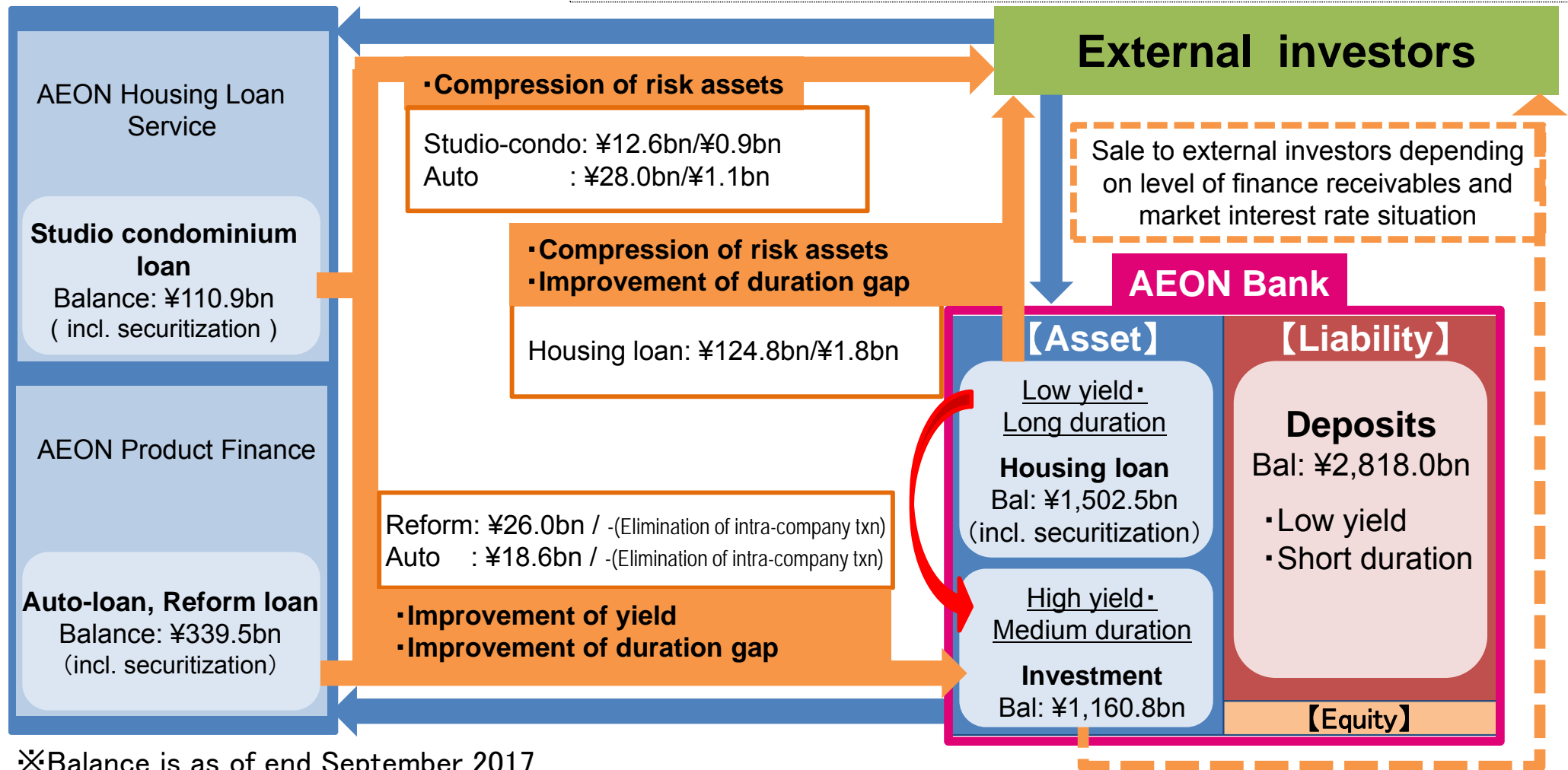
Consolidated results (Unit: Billions of yen)	Results	Change from start of FY	Topics ※(): Change from start of FY
Cash and deposits	487.2	-47.4	<ul style="list-style-type: none"> <li>▪ Domestic balance: ¥453.0bn (-¥52.0bn)</li> <li>→ increase due to favorable trend in credit card txns</li> </ul>
Loan and bills discounted*	3,051.3	+293.9	<ul style="list-style-type: none"> <li>▪ Domestic balance: ¥2.783tn (+¥273.5bn)</li> <li>→ unsecured loan: ¥524.1bn (+¥16.6bn), in which cashing: ¥445.4bn (+¥13.7bn)</li> <li>※ Housing loan (incl. securitization): ¥1,502tn (+¥94.5bn)</li> <li>▪ Global balance: ¥272.4bn (+¥20.3bn)</li> </ul>
Accounts receivable – installment *	1,622.5	+98.5	
Allowance for doubtful accounts	-52.5	-2.1	
Other Assets	666.9	+11.0	
<b>Total assets</b>	<b>4,482.4</b>	<b>+295.1</b>	<ul style="list-style-type: none"> <li>▪ Domestic balance : ¥1.390tn (+¥85.5bn)</li> <li>→ increase in card shopping and installment sales</li> <li>▪ Global balance : ¥231.8bn (+¥13.0bn)</li> <li>→ increase in card shopping and installment sales</li> </ul>
Deposits	2,814.2	+272.1	<ul style="list-style-type: none"> <li>▪ Customers' liabilities for acceptance and guarantees: ¥124.9bn (-¥13.7bn)</li> <li>▪ Securities: ¥212.0bn (+¥41.3bn)</li> </ul>
Interest-bearing debt	764.0	+4.9	
Allowance for loss on refund of interest received	2.3	-1.4	<ul style="list-style-type: none"> <li>▪ Ordinary deposits: ¥1.713tn (+¥268.0bn)</li> <li>▪ Time deposits: ¥1.102tn (+¥5.3bn)</li> </ul>
Other liabilities	488.7	+7.5	
<b>Total liabilities</b>	<b>4,069.2</b>	<b>+283.1</b>	<ul style="list-style-type: none"> <li>▪ Domestic balance : ¥360.5bn (-¥8.7bn)</li> <li>→ Long-term loans payable: ¥23.9bn (+¥4.3bn)</li> <li>Shift to ordinary deposits continues</li> <li>▪ Global balance: ¥403.4bn (-¥13.7bn)</li> </ul>
<b>Total equity</b>	<b>413.1</b>	<b>+11.9</b>	<ul style="list-style-type: none"> <li>▪ Increase attributed by reduction of risk assets</li> </ul>
<b>Total liabilities and equity</b>	<b>4,482.4</b>	<b>+295.1</b>	
Shareholders' equity ratio (domestic standard)	8.60%	+0.01pt	<p>※: Amounts does not include securitization</p>

# Improve profitability of asset ~capital efficiency by securitization~

- Improvement of yield and duration gap as well as compression of risk asset through funding by securitization
- Make use of low-cost funding available from AEON Bank and sale to external investors depending on level of balance of finance receivables and market interest rate situation
- Increase in risk asset by ¥100.0bn is prevented, led by effect from compression of risk asset (-¥150.0bn).

## Securitization process in FY2017 1H

※ securitization funding Details in represent the ratio of Securitization amount in 1H/Resulting effect on profit



※Balance is as of end September 2017

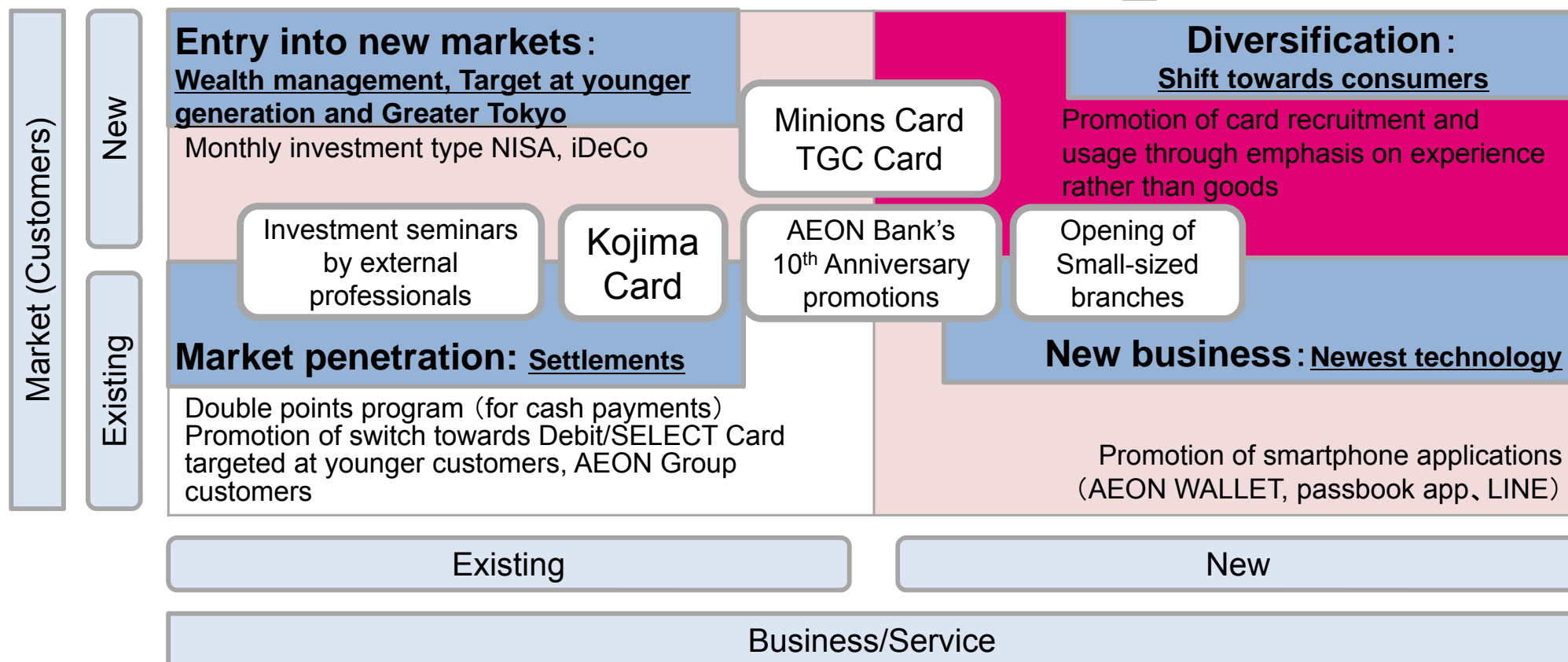


# Summary : Domestic business

■ Favorable growth in shopping transactions, rise in cardholders attributed to recruitment efforts through new co-branded cards: Positive trend expected to continue from 2Q onwards. New promotional efforts targeted at increasing cardholders and shopping transactions will be implemented from 2H.

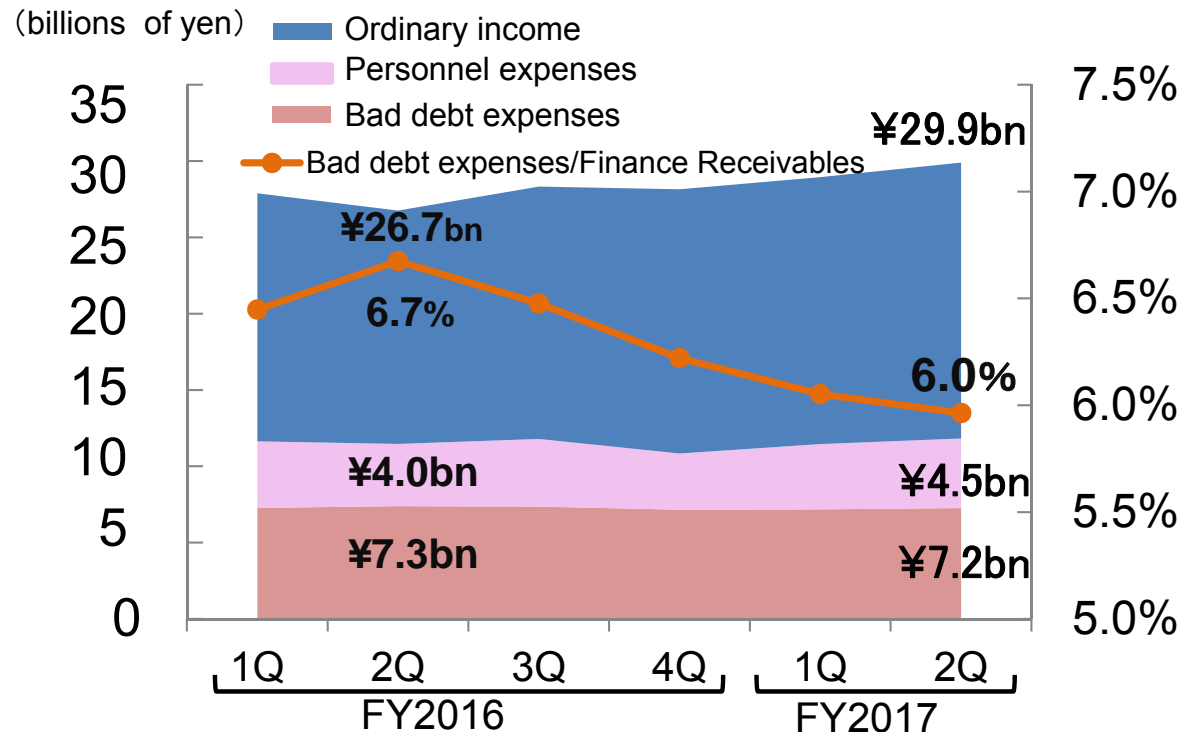
	2016				2017		Forecast for FY2017
	1Q	2Q	3Q	4Q	1Q	2Q	
Shopping txn growth rate (YoY)	+8.1%	+9.4%	+11.6%	+10.7%	+11.2%	<b>+10.1%</b>	<b>+10.7%</b>
New cardholders growth rate (compared with FY2017 1Q)	△0.3%	△10.4%	△1.8%	△4.5%	△3.6%	<b>+27.3%</b>	

※  : Initiatives implemented from 1Q



# Summary: Global business

- Expansion of business scope in Hong Kong, Thailand, Malaysia (with listed companies) in local currency
- Initiatives for stricter credit screening and credit management led to control of bad debt expenses



### 【Ordinary income】

- Recovery of bottom line since FY2016 2Q continues
- Refinement of credit processes in Hong Kong and the implementation of credit usage enhancement strategy in Thailand in response to the credit card and loan regulations led to increase in transaction volume.

### 【Bad debt allowance】

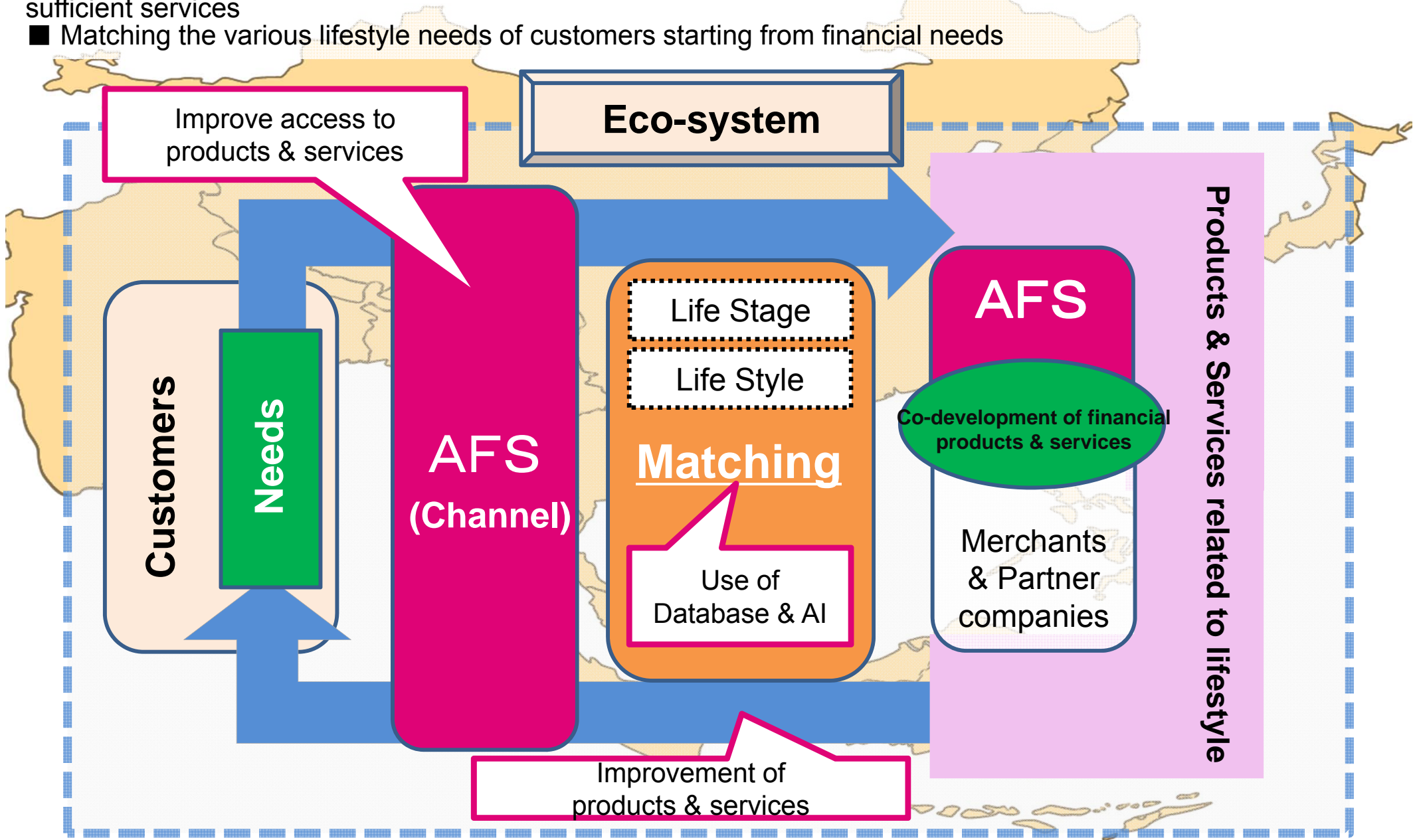
- Bad debt expenses to consolidated finance receivables rate: Improvement and peak since FY2016 2Q continues
- FY2017 2Q rate: 6.0% (YoY -0.7pt, -0.1pt since FY2017 1Q)

KPI	FY2016	FY2017			FY2018
	FY	1Q	2Q	1H	Forecast for FY
Consolidated ordinary income (YoY)	+ 4%	+4%	➔ +11%	+ 8%	+ 4%
Bad debt expenses/Ordinary income (Global)	26%	25%	➔ 24%	25%	23%
Personnel expenses/Ordinary income (Domestic)	17%	18%	➔ 16%	17%	15%
Personnel expenses/Ordinary income (Global)	15%	15%	➔ 15%	15%	13%

# Future Direction

# Our Vision “Asia’s No. 1 Retail Financial Service Company”

- Improve convenience and access to financial products and services by utilizing the latest IT technology
- More proactive efforts in approaching customers as existing financial institutions are unable to provide sufficient services
- Matching the various lifestyle needs of customers starting from financial needs



# Progress and schedule in IT/System investment

Objective	Effect	Investment amount and main areas of investment in FY2017 2Q		Investment amount and main areas of investment in FY2017 (planned)	
<p>Improve convenience and labor productivity</p>	<p>Improve correspondence level (strength in proposal, speed)</p>	<p>Domestic ¥10.0bn</p>	<ul style="list-style-type: none"> <li>• Store renewal</li> <li>• Digitalization of branches</li> <li>• ATM replacement</li> <li>• 24H ATM</li> </ul>	<p>Domestic ¥25.5bn</p>	<ul style="list-style-type: none"> <li>• Next generation credit card system</li> <li>• Shift towards paperless loan and credit card applications by using tablets</li> </ul>
<p>Improve profitability of asset</p>	<p>Respond to customer's financial needs, anytime, anywhere</p>	<p>Global ¥1.0bn</p>	<ul style="list-style-type: none"> <li>• Development and update of mobile app</li> <li>• Issuance of e-money</li> <li>• Development of new products</li> </ul>	<p>Global ¥3.5bn</p>	<ul style="list-style-type: none"> <li>• Development and update of mobile app</li> <li>• Introduction of mobile payment service</li> <li>• Digital marketing</li> </ul>
	<ul style="list-style-type: none"> <li>• Improve collection efficiency</li> <li>• Reduction of credit risk</li> <li>• Refine screening</li> </ul>		<ul style="list-style-type: none"> <li>• Voice recognition system</li> <li>• Development of scoring system</li> </ul>		<ul style="list-style-type: none"> <li>• Building a process for target collections</li> <li>• Introduction of SAS system: Improvement of screening system, analysis ability of customer credit, sales promotion</li> </ul>

# Main initiatives from FY2017 2H

- Improvement of convenience and labor productivity
- Improvement of asset profitability
- Re-growth of global business



■ Enhance digitalization efforts at point of touch with customers

- Instantaneous approach towards each and every customer through the AEON Wallet app
- Improving efficiency through digitalization i.e. smartphone function allows checking of advertisements and personal data in replacement of flyers and paper-based promotions, statements

## Innovation by digitalization

Medium	Posters	Direct-mail Statements	AEON Wallet
Customer reach	Mass	Segment	Detailed response to specific segments
Frequency	Low	Medium	High
Cost	High	High	Low
Preparation time	Medium	Long	Short
Environment	Fall in no. of news readers	Rise in postage cost	Rise in use of smartphones

## Use of smartphone

Real time product information

Product recommendations based on needs

Completeness of payment functions

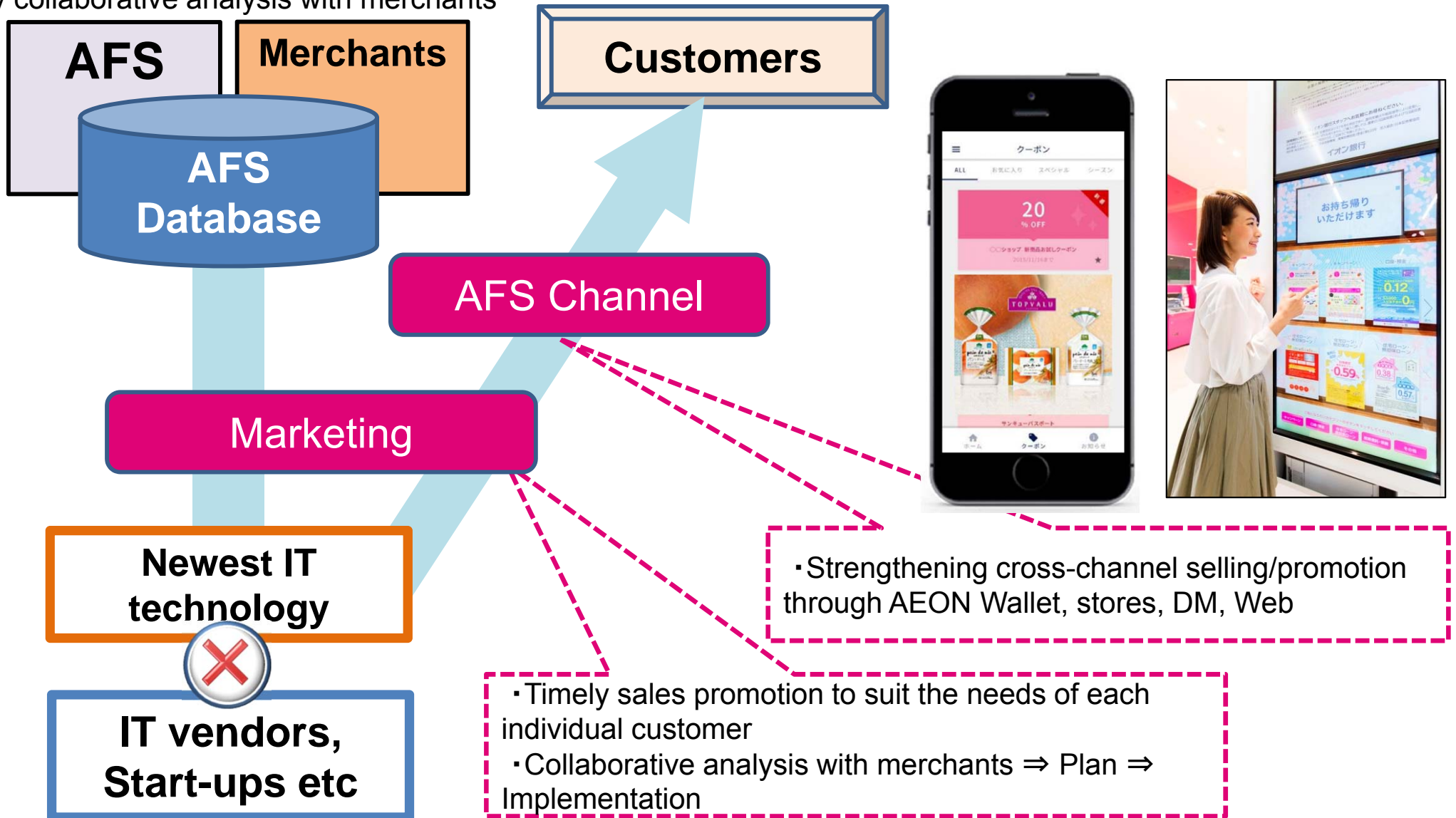
Addition of household account book function

Addition of communication function



# Strengthen marketing efforts

- Provide convenient and useful information to customers by strengthening alliance with merchants and the use of the latest IT technology
- Encourage more customers to shop at AEON stores through promotions targeted at individual customer needs by collaborative analysis with merchants



# Improvement of asset profitability and labor productivity

## ■ Increase sales of products/services thus asset profitability through direct management of AEON Bank branches

• All branch employees can now provide full-line services(※): more time for one-on-one customer consultation, thus higher level of sales is expected ※ previously, employees working in AEON Bank agency branches did not possess the required license to handle asset management queries

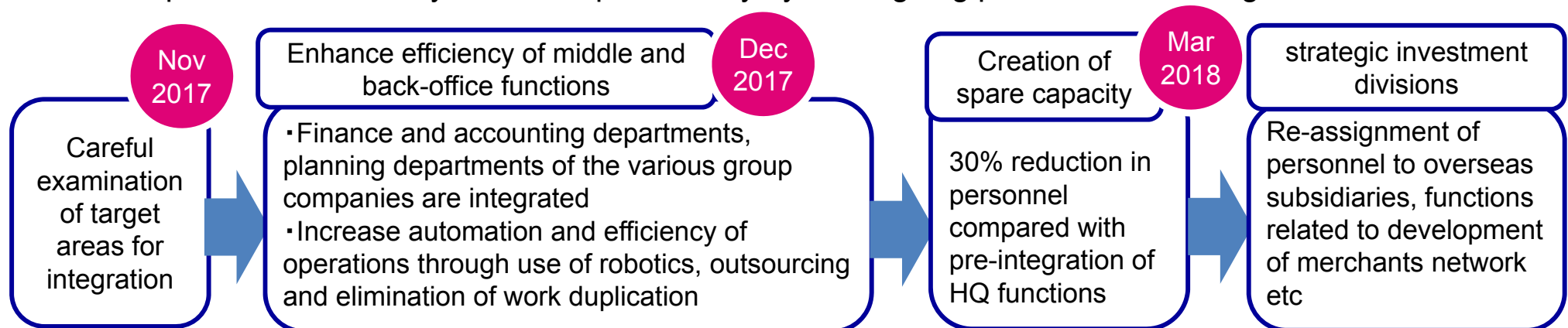
Types of branches	No. of branches	Sales amount (FY2016)	No. of branches	Expected sales amount (FY2019)
	~ 2017/9/30		2017/10/1 ~	
AEON Bank direct branch	32	Investment: ¥93.0bn	<b>138</b>	Investment: ¥200.0bn Insurance: ¥25.0bn
AEON Bank agency branch (incl. asset management services)	88	Insurance: ¥12.0bn Housing loan: ¥1,490.0bn		
AEON Bank agency branch (excl. asset management services)	18	-	-	Housing loan: ¥2,170.0bn

### Improvement areas

- Acquisition of sales license
- Training program to help employees upgrade sales skills

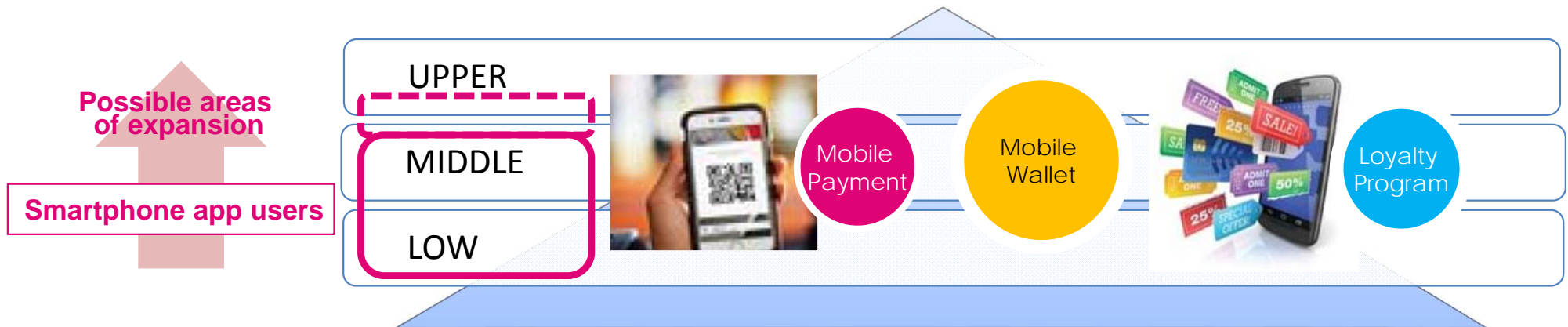
## ■ Integration of domestic HQ functions

• Increase operational efficiency and labor productivity by reassigning personnel to strategic investment divisions



## Expansion towards new customer segments, use of smartphone app

		China Area	Mekong Area	Malay Area
Customer segment	Target areas for improvement	Differentiation by card recruitment and usage promotion, renovation of branches focused on "Japan"	<ul style="list-style-type: none"> <li>Auto loan business</li> <li>Co-branded card with Big C</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of point card customers</li> <li>Insurance for staff of AEON group</li> </ul>
	Upper-middle	From now: Hong Kong: Emphasis on Gold card Now: Gold card	Thailand: Start of automobile loans business Thai Airways card	Malaysia: Issuance of platinum card Gold card
Middle	From now	Hong Kong: Card design with popular characters	Mobile app	Malaysia: Start sales of insurance
	Now	Credit card	Credit card	Credit card
Low	From now	-	Cambodia: e-money in Riel	Malaysia: e-money
	Now	Loan	Loan, Hire-purchase	Loan, Installment finance



# Forecast of Results for FY2017

- Domestic: Sustainable growth of card shopping transaction volume and improve productivity through integration of HQ functions
- Global: Expansion of topline by new business and controlling bad debt allowance

	FY2017	
	Forecast	YoY
Ordinary income	¥390bn	+4.0%
Ordinary profit	¥65bn	+5.5%
Net income attributable to owners of parent (Net income per share)	¥40bn (¥185.43)	+1.4%

	Interim		Year End		Full Year		Payout Ratio	
	Plan	YoY	Forecast	YoY	Forecast	YoY	Forecast	YoY
Dividend forecast	¥29	±¥0	¥39	±¥0	¥68	±¥0	36.7%	+0.9%

• Commemorative dividend “¥2” on previous fiscal year is replaced by the dividend

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# AEON Thana Sinsap Thailand FY2017 1H Initiatives

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# Consolidated results and business outline



Consolidated (Unit: THB Mil)		1H Results	YoY / Change	Topics
Credit card		27,434	+16%	<ul style="list-style-type: none"> <li>• Issuing new co-branded card with a major hyper-market and revising customer credit screening led transaction volume high</li> <li>• New card aqutition:36mil (YoY+7%)</li> </ul>
Personal Loan		19,246	-17%	
Other		3,333	+19%	
<b>Transaction Volume Total</b>		<b>50,012</b>	<b>+10%</b>	
<b>Total Revenue</b>		<b>8,930</b>	<b>+2%</b>	<ul style="list-style-type: none"> <li>• Other income : 350MB (YoY+12%) 、</li> <li>Bad debt recovery : 290MB (YoY+23%)</li> </ul>
Operating and administrative expenses		3,908	+6%	<ul style="list-style-type: none"> <li>• Advance investment for Promoting Big C</li> <li>• Issue : Improving personnel cost ratio and business operation efficiency</li> <li>• Improved bad debts and doubtful accounts amount by reviewing standard for credit screening</li> </ul>
Bad debts and doubtful accounts		2,286	-10%	
Other		1,135	-2%	
<b>Total Expense</b>		<b>7,329</b>	<b>-1%</b>	
<b>Profit before income tax</b>		<b>1,599</b>	<b>+16%</b>	
Credit Card		31,738	+3,027	<ul style="list-style-type: none"> <li>• Credit card receivables increased sharply by issuing co-brand card, reviewing credit and economic recovery.</li> </ul>
Personal Loan		37,556	+1,729	
Other		1,451	-139	
<b>Finance Receivables</b>		<b>70,745</b>	<b>+4,617</b>	
<b>Other Asset</b>		<b>5,697</b>	<b>-813</b>	<ul style="list-style-type: none"> <li>• Promote development of online apps and improvement efficiency by performing reorganize unprofitable stores</li> </ul>
<b>Total Asset</b>		<b>76,442</b>	<b>+3,804</b>	

# Key Initiatives 1 – New customer acquisition

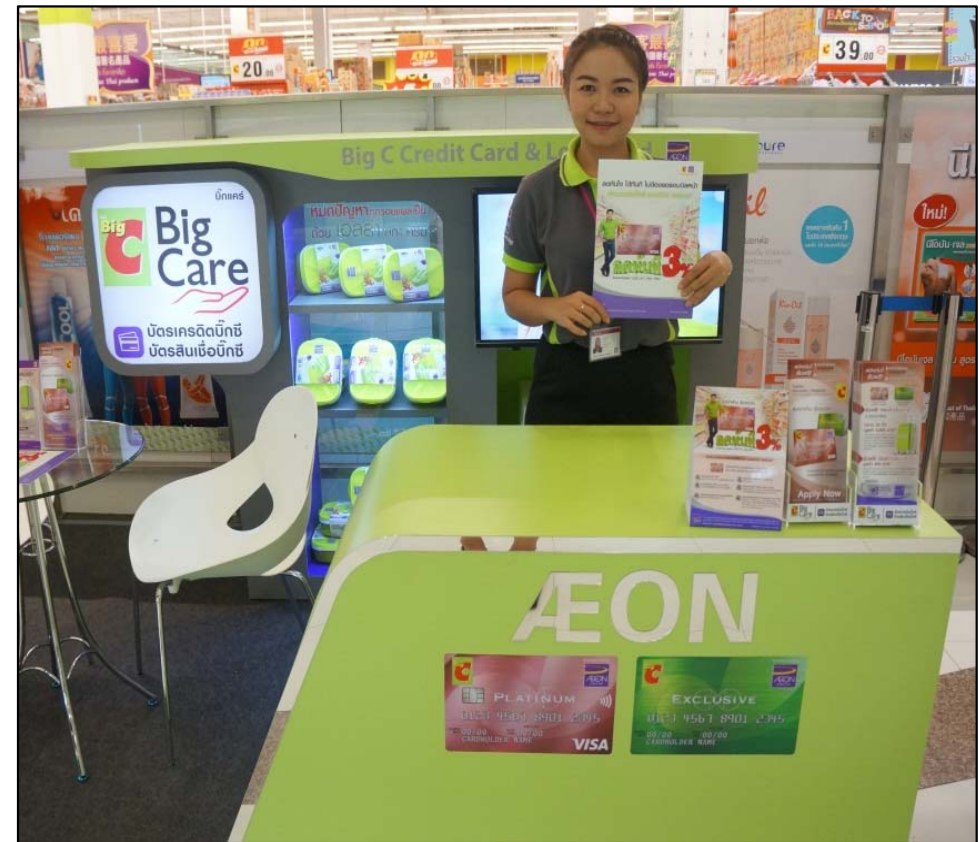
- Issuing co-brand card with major hyper market “Big C” in May 2017
  - Set card recruitment counter s at our branch and 131 Big C stores
  - Acquisition of customer in 1H: 113K (Target+14%)
- Start immediate issuance card at Big C and our counters and stores



【Credit Card】



【Member Card】

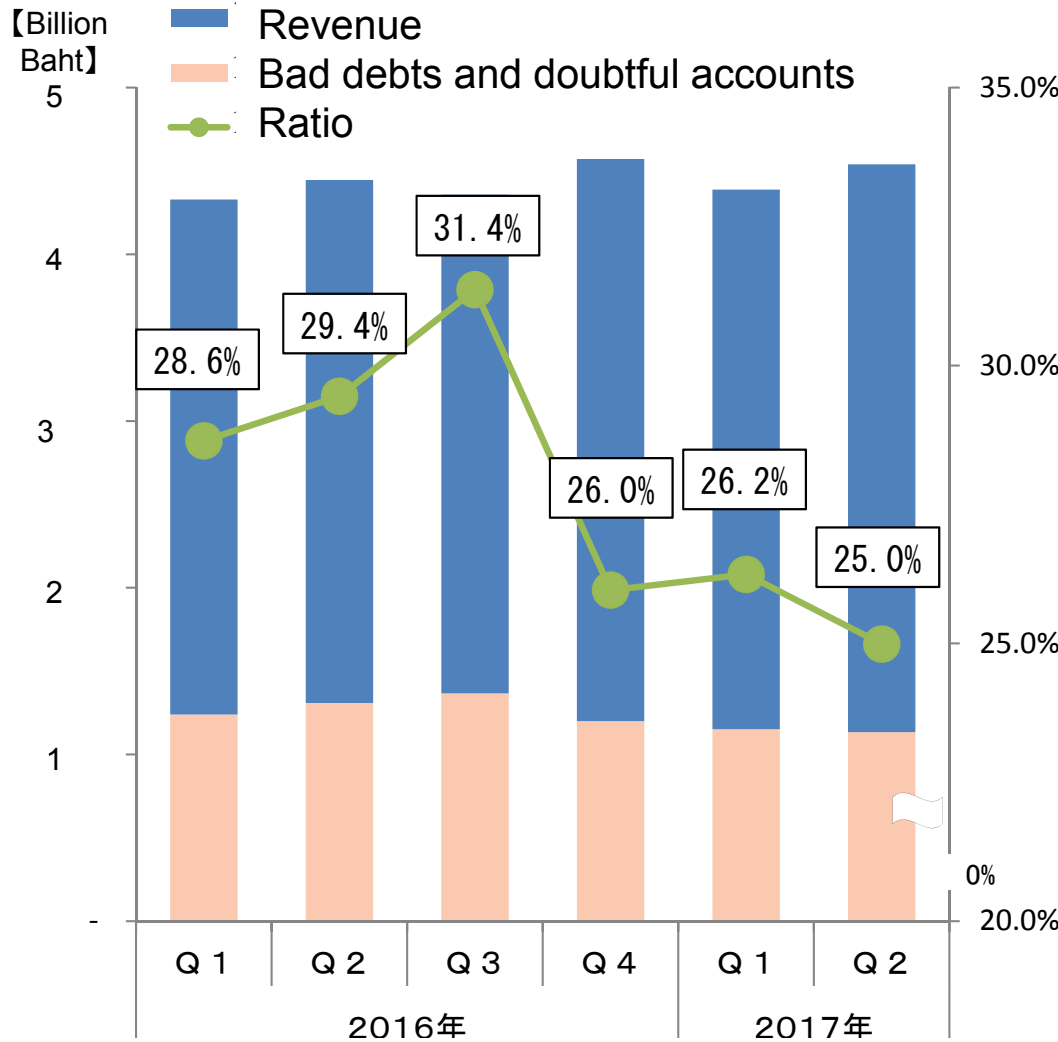


【Card recruitment counter at Big C】

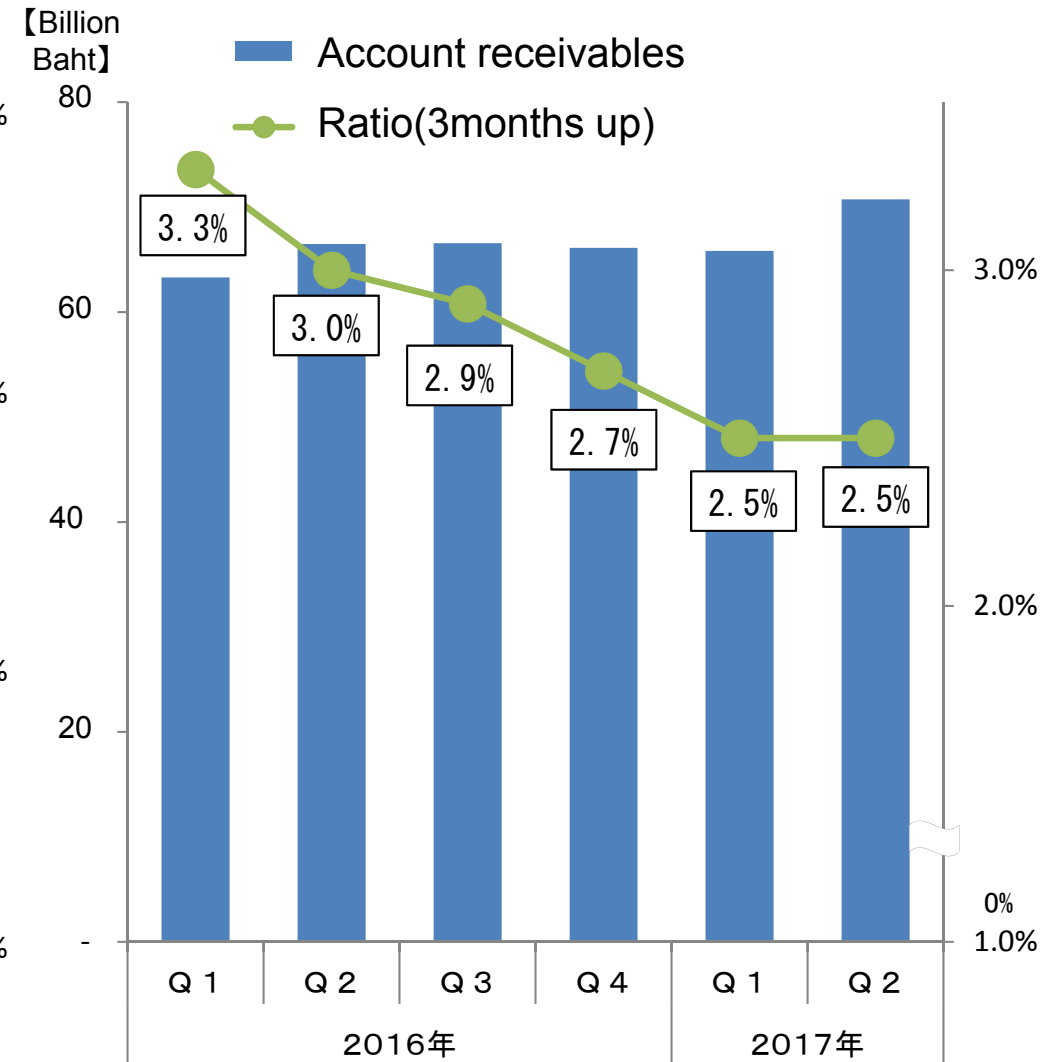
# Key Initiatives 2 – Optimization of credit cost

- Improved provision of allowance for doubtful accounts due to continued reviewing of standard of screening
- Improved ratio of account receivable from 3 months up

【 Credit Cost 】



【 account receivable 】



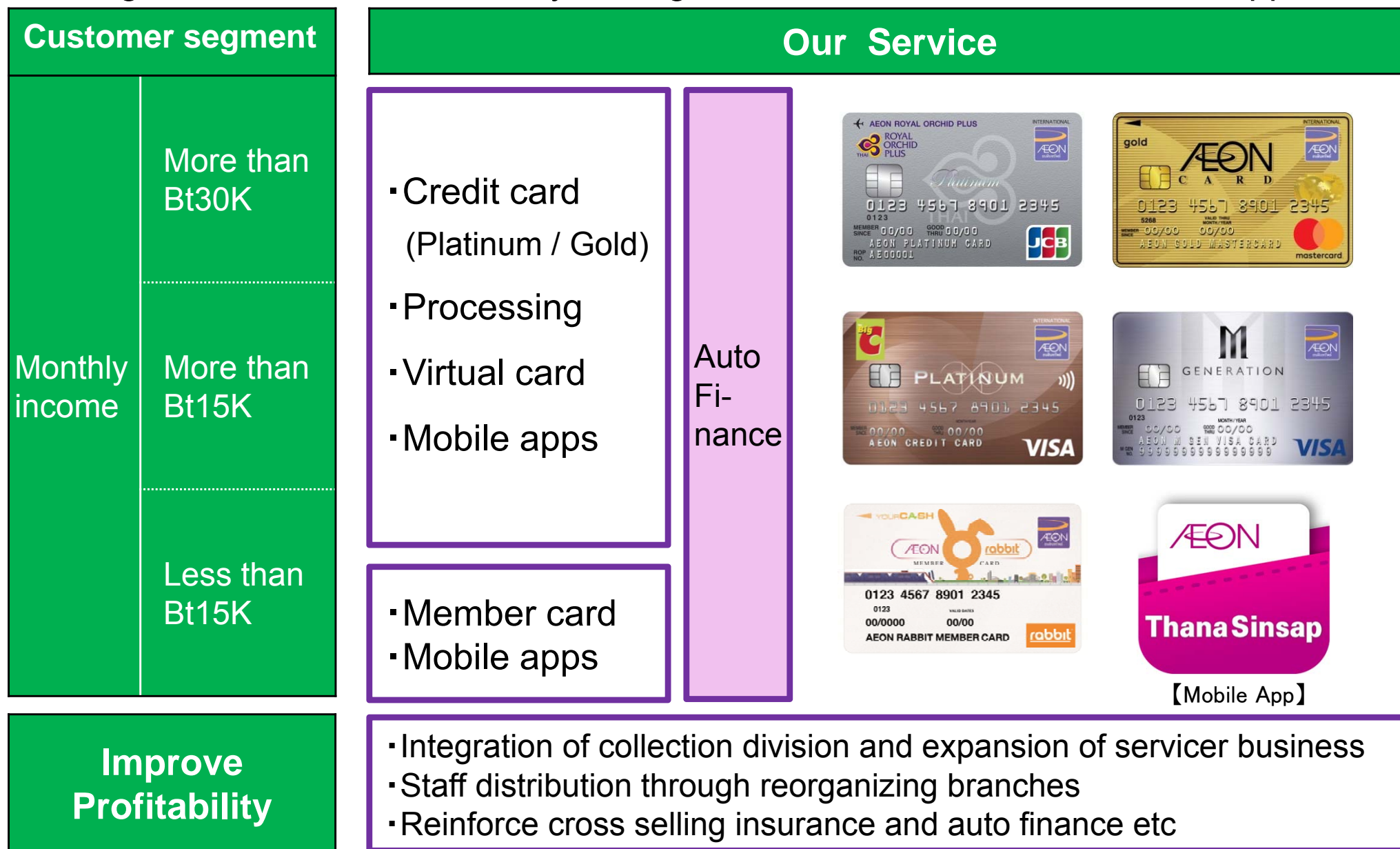
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# Future direction

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# Expansion of customer base

- Provide financial service that match customer income
- Strengthen efforts to card-less by adding member card function on mobile app





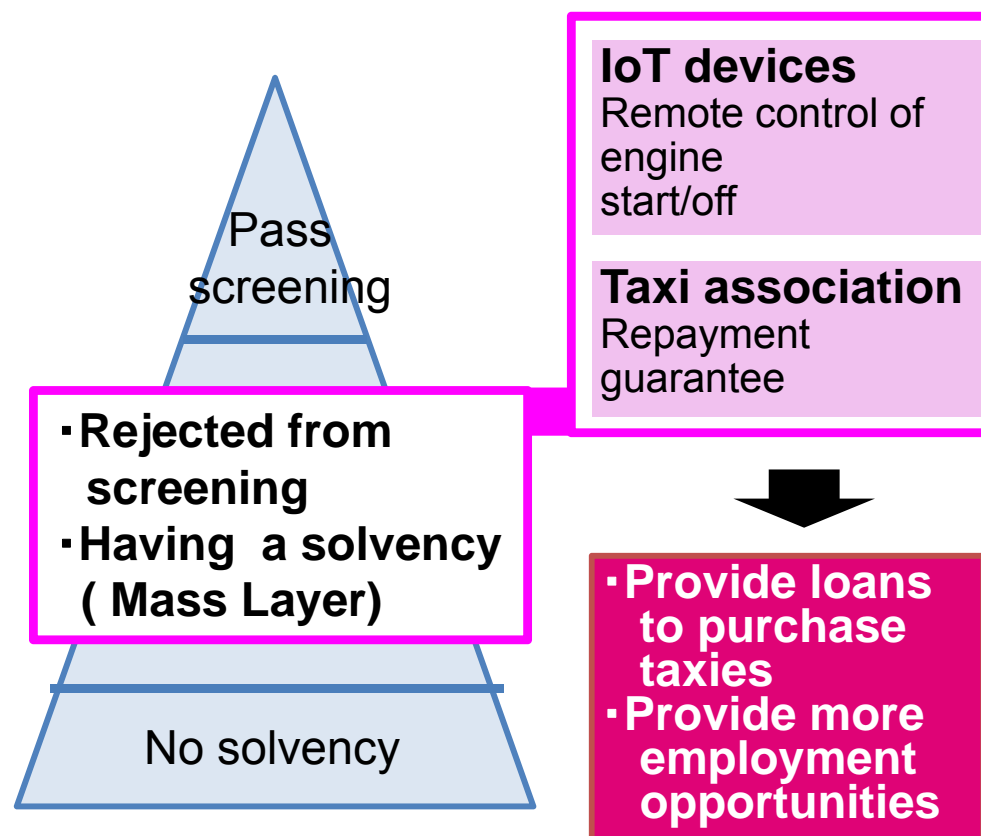
## ■ E-money

- Eliminating inconvenience of usage of KHR by promoting national currency distribution
- Planning to provide Settlement / Remittance service by mobile app in Phnom where account for 10 percent of personal consumption.



## ■ Collaboration with MGS Co.

- Provide loans to people rejected from screening due to income and credit through IoT devices to remote control of engine start/off
- Providing more employment opportunities





# (Reference) FY2017 1H Results (Hong Kong, Thailand, Malaysia)



		FY2016 1H		FY2017 1H	
		Results	YoY	Results	YoY
AEON CREDIT SERVICE (ASIA) (HK\$'000)	Total Revenue (※2)	659,189	-1%	652,213	-1%
	Profit before tax	185,576	+26%	210,796	+14%
	Profit for the period attributable to : Owners of the Company	152,142	+27%	173,784	+14%
AEON THANA SINSAP (THAILAND) (BAHT'000)	Total Revenues	8,780,053	-	8,929,642	+2%
	Profit before income tax expense	1,376,390	-	1,599,297	+16%
	Net profit for the period	1,097,266	-	1,295,004	+18%
AEON CREDIT SERVICE (M) Berhad (RM\$'000)	Revenue + Other operation income	583,351	+16%	671,651	+15%
	Profit before taxation	157,291	+12%	197,662	+26%
	Profit for the period	117,921	+26%	147,197	+25%

※1 Source: Data released by each company. Figures for Hong Kong and Thailand are consolidated.

※2 Total Revenue = Interest income + Other operating income + Recoveries of advances and receivables written-off

# (Reference) 1H FY 2017 Results (Hong Kong, Thailand, Malaysia)



## ■ Consolidated Results of AEON Credit Service (Asia) Co., Ltd.

	FY 2016 1H	FY 2017 1H	
	Results	Results	YoY
Ordinary income	9.2	9.3	+5%
Ordinary profit	2.5	3.0	+16%
Net income	2.1	2.4	+17%

Exchange rates: HKD 1

- FY2016 1H: ¥13.98
- FY2017 1H: ¥14.29

Fiscal period

- 2016: Mar. 1 ~ Aug. 31
- 2017: Mar. 1 ~ Aug. 31

## ■ Consolidated Results of AEON THANA SINSAP (THAILAND) PLC.

	FY 2016 1H	FY 2017 1H	
	Results	Results	YoY
Ordinary income	29.2	29.2	±0%
Ordinary profit	4.5	5.2	+14%
Net income	3.6	4.2	+16%

Exchange rates: THB 1

- FY2016 1H : ¥3.08
- FY2017 1H : ¥3.27

Fiscal period

- 2016: Mar. 1 ~ Aug. 31
- 2017: Mar. 1 ~ Aug.31

## ■ Results of AEON Credit Service (M) Berhad

	FY 2016 1H	FY 2017 1H	
	Results	Results	YoY
Ordinary income	15.0	17.2	+14%
Ordinary profit	4.0	5.0	+25%
Net income	3.0	3.7	+24%

Exchange rates: MYR 1

- FY2016 1H : ¥26.89
- FY2017 1H : ¥25.71

Fiscal period

- 2016: Mar. 1 ~ Aug. 31
- 2017: Mar. 1 ~ Aug. 31

(Unit: Billions of yen)

# (Reference) Allowance for Doubtful Accounts and Allowance for Loss on Refund of Interest Received by Segment



## ■ Allowance for Doubtful Accounts (by Segment)

	Retail	Solutions	Domestic Total
Allowance for doubtful accounts, beginning of period	¥1.8bn	¥33.7bn	¥35.5bn
Provision of allowance for doubtful accounts	¥0.2bn	¥9.2bn	¥9.4bn
Write-off of doubtful accounts (including transferred debt)	¥0.0bn	¥7.9bn	¥8.0bn
Allowance for doubtful accounts, end of period	¥1.9bn	¥35.0bn	¥37.0bn

(Subsidiaries in domestic) Aeon Credit Service: ¥29.4bn, Aeon Bank: ¥2.0bn, Aeon Product Finance: ¥4.4bn, Aeon Housing Loan Service: ¥1.6bn

## ■ Allowance for Loss on Refund of Interest Received

	FY2016 1H	FY2017 1H
Beginning of period	¥4.2bn	¥3.8bn
Provision	-	¥0.3bn
Interest refunded	¥2.0bn	¥1.8bn
End of period	¥2.1bn	¥2.3bn

(Interest claims amount : Cash out + principal payout)

	China Area	Mekong Area	Malay Area	Global Total	Consolidated
Allowance for doubtful accounts, beginning of period	¥1.7bn	¥8.4bn	¥4.3bn	¥14.5bn	¥50.3bn
Provision of allowance for doubtful accounts	¥1.7bn	¥7.5bn	¥5.1bn	¥14.4bn	¥24.0bn
Write-off of doubtful accounts (including transferred debt)	¥2.0bn	¥7.2bn	¥4.5bn	¥13.8bn	¥21.8bn
Allowance for doubtful accounts, end of period	¥1.4bn	¥8.8bn	¥4.9bn	¥15.2bn	¥52.5bn

# (Reference) FY 2017 Business Plan (Domestic)



	FY 2017 1H		FY 2017	
	Results	Change from start of FY	Plan	YoY
Number of cardholders	27.39mil	+0.47mil	28.00mil	+1.08mil

	Results	YoY	Plan	YoY
Card shopping transaction volume	2,390.5bn	+10.6%	5,000.0bn	+10.7%

	Results	Change from start of FY	Plan	YoY
Balance of cash advances	¥445.4bn	+¥13.7bn	¥460.0bn	+¥28.3bn
Balance of small consumer loans	¥78.6bn	+¥2.8bn	¥90.0bn	+¥14.1bn
Balance of unsecured loans	¥524.1bn	+¥16.6bn	¥550.0bn	+¥42.4bn

# (Reference) Definition of “Adjustments” based on presentation format

## Brief Report

Retail	Solutions	China	Mekong	Malay	<b>Adjustment amounts</b>	Total
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Includes HQ/Shared function companies, transactions between business segments

## FACT BOOK

### «Operating Segment Performance» P.8 (FY2017 1H)

Domestic			Global				Adjustment amounts	Consolidated
Total	Retail	Solution	Total	China	Mekong	Malay		Total

Adjustment transaction between Retail and Solution

Adjustment transaction between China, Mekong and Malay Area

Includes HQ/Shared function companies, transactions between business segments

### «Financial Summary in Domestic» P9—13 (FY2017 1H)

Domestic
Domestic business unit

Includes transactions between Domestic business unit and AFS. Dividends from overseas subsidiaries are not eliminated.

Statements contained in this report with respect to the Company's management strategies, business policies and results forecasts are forward-looking statements about the future performance of the Company, which are based on the assumptions and beliefs in light of the information currently available. These forward-looking statements involve various uncertain factors including known and unknown risks such as economic trends, industry competition, market demand, exchange rates, tax and other systems that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.



**AEON Financial Service**