

1 April 2026 | 4 Pages

## Aeon Credit (900 HK)

### Resilient FY2/26 Results

**Easing impairment drives profit surge** – AEON Credit (ACSA) delivered a robust 16.9% YoY increase in net profit to HK\$468mn for FY2/26 on the back of a 3.8% YoY growth in revenue to HK\$1.83bn, largely in line with expectations. The jump in profit was driven by lower impairment losses (-5.5% YoY to HK\$422mn), higher fee income and reduced borrowing costs. During the period, gross advances and receivables reached HK\$7.9bn (+8.8% YoY). Operating profit before impairment rose 8.7% YoY to HK\$958mn, also in line with expectations. A final dividend of 33.0 HK cents was declared, bringing the total dividend to 58.0 HK cents, with a payout ratio of 51.9% same as previous years.

Fig1: FY2/26 Financial Review

	FY2/25		FY2/26			Results comments
	HK\$'k	% of Rev	HK\$'k	% of Rev	YoY chg	
Revenue	1,759,316		1,825,357		3.8%	Gross advances and receivables up 8.8% YoY
Interest income	1,477,367		1,532,063		3.7%	
Interest expense	(129,785)		(114,761)		-11.6%	HIBOR cut in May 2025
<b>Net interest income</b>	<b>1,347,582</b>		<b>1,417,302</b>		5.2%	
Fees & commissions	142,571		143,443		0.6%	
Handling & late charges	139,378		149,851		7.5%	Contributed to higher profit
Other income	19,792		17,144		-13.4%	
Other gains & losses	(6)		(1,206)		T/A	
<b>Operating income</b>	<b>1,649,317</b>		<b>1,726,534</b>		4.7%	
Operating expenses	(768,116)	46.6%	(768,845)	44.5%	0.1%	
<b>Opt profit b/f impairment</b>	<b>881,201</b>		<b>957,689</b>		8.7%	
Impairment losses & allowances	(446,268)		(421,640)		-5.5%	
Recoveries of write-offs	27,278		21,704		-20.4%	
Gain on disposal of distressed asse	14,605		4,091		-72.0%	
<b>Profit before tax</b>	<b>476,816</b>	27.1%	<b>561,844</b>	30.8%	17.8%	Driven by lower impairment losses
Income tax expense	(76,338)		(93,645)		22.7%	
<b>Profit for the period</b>	<b>400,478</b>	22.8%	<b>468,199</b>	25.6%	16.9%	
EPS – Basic (HK cents)	95.63		111.80		16.9%	

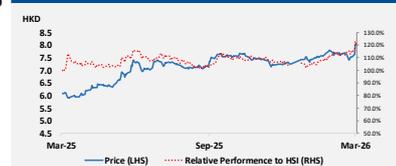
Source: Company data and Sunwah Kingsway Research

**Cost-to-income ratio further** – Interest expense fell 11.6% YoY to HK\$115mn, directly driving net interest income up by 5.2% YoY to HK\$1.42bn, due to the decline in HIBOR and the company's diversified funding strategy. The average cost of funds decreased to 3.6% from 4.1% the in prior year. Meanwhile, total operating expenses remained nearly flat (+0.1% YoY) while operating income increased, leading to an improvement in the cost-to-income ratio from 46.6% to 44.5%.

<b>Fair Value</b>	<b>HKD 12.20</b>
Last price (31 Mar 26)	HKD 8.02
Upside/downside	52.1%
HSI	24,788.1
Mkt cap (HKDb/USDb)	3.36/0.43
52 week range (HKD)	5.85 - 8.1
Avg 6M daily trading volume (USDk)	102
Free float	29.41%

Source: Bloomberg

#### Share Price Performance



Source: Bloomberg

Share Price Performance	1M	6M	12M
Absolute (%)	3	13	42
Absolute (USD,%)	3	13	42
Rel. to HSI (%)	8	18	29

Source: Bloomberg

#### Company background

Aeon Credit Service (Asia) Company Limited provides a range of consumer credit finance services which include the issuance of credit cards, vehicle financing, hire purchase financing, and personal loan financing.

Source: Company data, Sunwah Kingsway Research

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**Sustained credit risk improvement** – Gross advances and receivables continued to grow for the fifth consecutive year, driven by upward trend in both credit card and personal loans. Asset quality improved, with the combined proportion of doubtful (Stage 2) and loss (Stage 3) receivables falling to 3.9% from 4.2% a year earlier. Impairment allowances as a percentage of gross receivables edged down to 3.5% from 3.6%. Despite the challenging local economy, the company successfully reduced impairment losses and allowances, through prudent credit assessment models, proactive collection efforts, and targeted debt relief arrangements.

**Our view:** We believe ACSA’s business model is sustainable citing the economic challenges in the past few years. With the gradual recovery in Hong Kong’s consumer confidence and a favorable interest rate environment, we are expecting its loan book to grow moderately going forward. Its expansion through the GBA is progressing well and has recently completed a capital injection of RMB50 million into AEON Micro Finance (Shenzhen) Co., Ltd. ACSA provides an attractive yield of over 7% and is trading at 0.58x FY27E PB at current price. We have adjusted our model and the new DCF valuation to be HK\$12.20.

Fig2: Financial Summary

Year to Feb 29 (HK\$ m)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Revenue</b>	<b>1,759</b>	<b>1,825</b>	<b>2,036</b>	<b>2,114</b>	<b>2,208</b>
Reported net profit	400	468	620	642	657
<b>Core net Profit</b>	<b>400</b>	<b>468</b>	<b>620</b>	<b>642</b>	<b>657</b>
EPS (HKD)	0.96	1.12	1.48	1.53	1.57
EPS growth (%)	2.1%	16.9%	32.4%	3.6%	2.3%
Book value per share (HKD)	10.15	10.71	12.32	13.65	15.02
P/E (x)	7.5	6.4	4.8	4.7	4.6
P/B (x)	0.71	0.67	0.58	0.52	0.48
DPS(HKD)	0.49	0.58	0.77	0.79	0.81
Dividend Yield (%)	6.8%	8.1%	10.8%	11.0%	11.3%
Underlying ROE (%)	9%	10%	12%	11%	10%

Source: Company data and Sunwah Kingsway Research

**Key financial statement data (Year-ended Feb 29)**

<b>Profit &amp; Loss (HK\$ m)</b>	<b>FY25A</b>	<b>FY26A</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY29E</b>
<b>Revenue</b>	<b>1,759</b>	<b>1,825</b>	<b>2,036</b>	<b>2,114</b>	<b>2,208</b>
Interest income	1,477	1,532	1,728	1,802	1,881
Interest expense	(130)	(115)	(111)	(113)	(117)
<b>Net interest income</b>	<b>1,348</b>	<b>1,417</b>	<b>1,617</b>	<b>1,689</b>	<b>1,764</b>
Fees and commissions	143	143	159	168	177
Handling and late charges	139	150	150	144	150
<b>Operating income</b>	<b>1,649</b>	<b>1,727</b>	<b>1,941</b>	<b>2,016</b>	<b>2,106</b>
Marketing expenses	(106)	(98)	(136)	(161)	(168)
Depreciation on right of use assets	(60)	(55)	(58)	(61)	(64)
Staff costs	(241)	(251)	(271)	(292)	(316)
General administrative expenses	(229)	(232)	(248)	(265)	(284)
Depreciation on property, plant and equi	(42)	(44)	(46)	(49)	(51)
Other operation expenses	(79)	(76)	(80)	(84)	(88)
<b>Operating profit</b>	<b>881</b>	<b>958</b>	<b>1,103</b>	<b>1,103</b>	<b>1,135</b>
Other gains and losses	(404)	(396)	(365)	(339)	(354)
<b>Profit before tax</b>	<b>477</b>	<b>562</b>	<b>738</b>	<b>764</b>	<b>782</b>
Taxation	(76)	(94)	(118)	(122)	(125)
<b>Net profit</b>	<b>400</b>	<b>468</b>	<b>620</b>	<b>642</b>	<b>657</b>

Source: Company data and Sunwah Kingsway Research

<b>Balance Sheet (HK\$ m)</b>	<b>FY25A</b>	<b>FY26A</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY29E</b>
<b>PP&amp;E</b>	<b>181</b>	<b>152</b>	<b>163</b>	<b>169</b>	<b>177</b>
Right-of-use assets	110	92	153	159	166
Advances and receivables	1,459	1,549	1,764	1,841	1,921
Prepayments, deposits and other debtor	22	22	33	34	35
Other non-current assets	164	130	134	138	142
<b>Non-current assets</b>	<b>1,936</b>	<b>1,945</b>	<b>2,246</b>	<b>2,340</b>	<b>2,441</b>
Advances and receivables	5,605	6,087	6,255	6,526	6,810
Prepayments, deposits and other debtor	79	87	92	95	99
Time deposits	21	24	24	24	24
Bank balances and cash	226	237	503	817	1,138
<b>Current assets</b>	<b>5,933</b>	<b>6,437</b>	<b>6,873</b>	<b>7,461</b>	<b>8,070</b>
<b>Creditors and accruals</b>	<b>226</b>	<b>253</b>	<b>346</b>	<b>359</b>	<b>375</b>
Contract liabilities	42	59	31	32	33
Bank borrowings	1,015	1,423	601	627	655
Borrowing from immediate holding comp	900	1,000	900	900	900
Lease liabilities	40	42	61	63	66
Tax liabilities	31	42	51	53	55
Other current liabilities	20	58	51	51	51
<b>Current liabilities</b>	<b>2,274</b>	<b>2,878</b>	<b>2,041</b>	<b>2,086</b>	<b>2,136</b>
Bank borrowings	1,240	950	1,804	1,882	1,964
Other non-current liabilities	103	71	113	116	120
<b>Non-current liabilities</b>	<b>1,343</b>	<b>1,021</b>	<b>1,918</b>	<b>1,999</b>	<b>2,085</b>
<b>Net assets</b>	<b>4,251</b>	<b>4,484</b>	<b>5,161</b>	<b>5,717</b>	<b>6,291</b>
<b>Total equity</b>	<b>4,251</b>	<b>4,484</b>	<b>5,161</b>	<b>5,717</b>	<b>6,291</b>

Source: Company data and Sunwah Kingsway Research

<b>Dupont Analysis</b>	<b>FY25A</b>	<b>FY26A</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY29E</b>
Tax burden (%)	84.0	83.3	84.0	84.0	84.0
Operating profit margin (%)	50.1	52.5	54.2	52.2	51.4
<b>Asset turnover (x)</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.05</b>
<b>Underlying ROA (%)</b>	<b>5.1</b>	<b>5.6</b>	<b>6.8</b>	<b>6.6</b>	<b>6.2</b>
<b>Underlying ROE (%)</b>	<b>9.4</b>	<b>10.4</b>	<b>12.0</b>	<b>11.2</b>	<b>10.4</b>

Source: Company data and Sunwah Kingsway Research

<b>Financial Ratios</b>	<b>FY25A</b>	<b>FY26A</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY29E</b>
Revenue y-o-y growth (%)	8	4	12	4	4
Net profit y-o-y growth (%)	2.1	16.9	32.4	3.6	2.3
Operating profit margin (%)	50.1	52.5	54.2	52.2	51.4
Net profit margin (%)	22.8	25.6	30.4	30.4	29.7
Net debt (cash)/equity (%)	68.4	69.4	53.8	44.9	37.5
Net debt/total assets (%)	36.9	37.1	30.5	26.2	22.4
Current ratio (%)	260.8	223.7	336.8	357.7	377.9
Dividend payout (%)	51.2	51.9	52.0	51.5	51.6

Source: Company data and Sunwah Kingsway Research

<b>Cash flow (HK\$ m)</b>	<b>FY25A</b>	<b>FY26A</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY29E</b>
<b>EBT</b>	<b>477</b>	<b>562</b>	<b>738</b>	<b>764</b>	<b>782</b>
Depreciation & amortization	99	97	104	110	115
Impairment losses and impairm	446	422	401	376	393
Dividend income and gains on disposal of financial assets	(1)	(1)	(1)	(1)	(1)
Change in working capital	(807)	(906)	(308)	(337)	(352)
Tax paid	(56)	(90)	(118)	(122)	(125)
Other operating cashflow	(2)	1	5	5	5
<b>Operating activities</b>	<b>157</b>	<b>86</b>	<b>820</b>	<b>795</b>	<b>816</b>
Capex	(36)	(21)	(85)	(83)	(87)
Decrease (increase) in time dep	0	0	(20)	(20)	(20)
Other investing cashflow	(4)	1	9	9	9
<b>Investing activities</b>	<b>(40)</b>	<b>(20)</b>	<b>(96)</b>	<b>(94)</b>	<b>(98)</b>
New loans raised and repayment	117	212	(100)	0	0
Repayment of lease liabilities	(59)	(57)	(52)	(52)	(52)
Dividends paid	(201)	(209)	(322)	(331)	(339)
Other financing cashflow	0	0	(1)	(1)	(1)
<b>Financing activities</b>	<b>(143)</b>	<b>(55)</b>	<b>(476)</b>	<b>(384)</b>	<b>(393)</b>
<b>Inc/(dec) in cash</b>	<b>(26)</b>	<b>11</b>	<b>248</b>	<b>318</b>	<b>325</b>
Cash at beginning of year	272	244	259	503	817
Foreign exchange effect	(1)	3	(4)	(4)	(4)
<b>Cash at end of year</b>	<b>244</b>	<b>259</b>	<b>503</b>	<b>817</b>	<b>1,138</b>

Source: Company data and Sunwah Kingsway Research

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