

Financial Results for the Six Months Ended August 31, 2013

AEON DELIGHT CO., LTD.

Ippei Nakayama, President and CEO

October 3, 2013

§ 1 Business Results for the First Half of the Fiscal Year Ending February 2014

§ 2 Initiatives in the Second Half of the Fiscal Year Ending February 2014

§ 3 Reference Materials

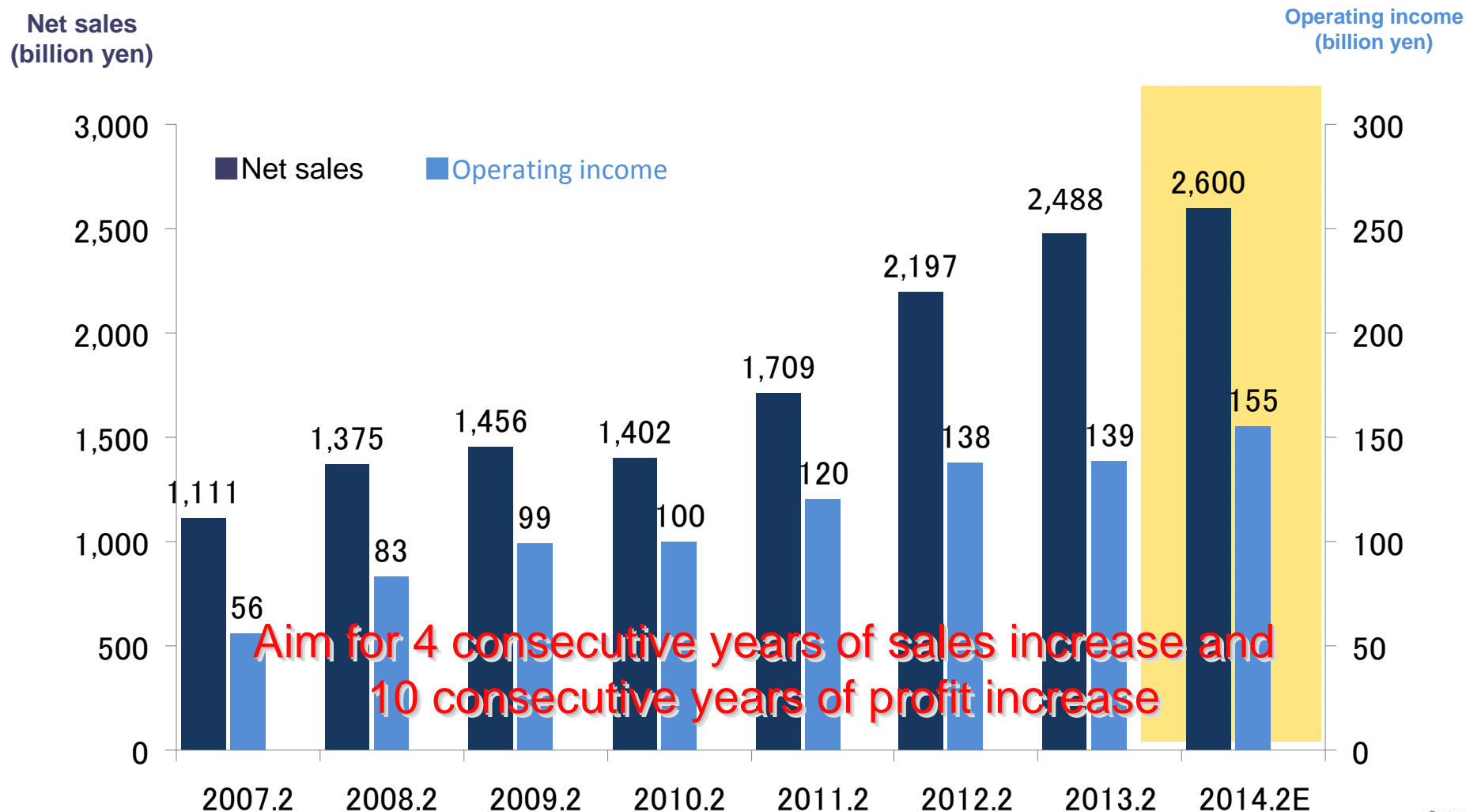
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Business Results (Net Sales/Operating Income)

Promote structural reforms of each business in the current fiscal year to develop a medium-term management plan for the next fiscal year



Highlights of Consolidated Business Results for 1st Half of FY2/14

Achieved record sales and profits

Gross profit improved 0.9 percentage point YoY

New consolidated subsidiaries including overseas increased to 7

Million yen

	First half of FY2/14 total				First half of FY2/13 total	
	Actual	Pct. to net sales (%)	YoY (%)	YoY difference	Actual	Pct. to net sales (%)
Net sales	133,552	100.0	105.3	+6,780	126,771	100.0
Operating income	7,575	5.7	106.5	+461	7,113	5.6
Ordinary income	7,571	5.7	106.3	+447	7,124	5.6
Net income	4,147	3.1	105.1	+202	3,944	3.1

Assessment by Segment (Net Sales)

Increased YoY in the entire business segments except for Construction work
Substantial growth in Support services due to contribution of Lifestyle support (Housework) services resulting in **149.1%** YoY

Million yen

	First half of FY2/14 actual			First half of FY2/13 actual	
	Net sales	Composition ratio (%)	YoY (%)	Net sales	Composition ratio (%)
Facilities management	21,470	16.1	101.6	21,124	16.7
Cleaning services	21,024	15.7	104.0	20,206	15.9
Security services	16,805	12.6	106.3	15,807	12.5
Construction work	29,817	22.3	99.5	29,965	23.6
Materials/supplies sourcing services	21,744	16.3	112.7	19,294	15.2
Vending machine services	16,214	12.1	100.8	16,079	12.7
Support services	6,397	4.8	149.1	4,290	3.4

Highlights of First Half Activities

(1) Initiatives for structural reforms of each business

1-1 Promoted efforts to reduce costs

1-2 Initiatives for new product and service development

(2) Further promotion of energy-saving business

(3) New service users

(1) Initiatives for Structural Reforms of Each Business

1-1 Promoted efforts to reduce costs

➤ Cleaning services

Improvement in the cost of directly managed properties, cleaning standardization model by business category, restructuring of partner network

➤ Materials/supplies sourcing services

Aggregation of materials/supplies, reduction of logistics costs

(1) Initiatives for Structural Reforms of Each Business

1-2 Initiatives for new product and service development

AEON DELIGHT Coat/ AEON DELIGHT Hard Coat

- Environmental-friendly water-based wax
- Achieve high-luster finish without use of organic solvents, detachment not required
- Reduced smells compared with existing products

Further promoted development・・・

To develop AEON DELIGHT Hard Coat which does not require buffing

➡ (Full-year) 500 properties Net sales of 250 million yen



【Examples】



(1) Initiatives for Structural Reforms of Each Business

1-2 Initiatives for new product and service development

Attender services

- Attender services combining security and information → Increased to **11 stores** nationwide

- Introduced into “MaxValu Qingdao Wanbang Center”
Also highly evaluated overseas, many inquiries



Lifestyle support services

- Lifestyle support (Housework) services grew at a strong rate of **168%** YoY



(2) Further Promotion of Energy-saving Business

LED sales and installation

- First half sales 12.0 billion yen
- Total number of LEDs sold in 2012 More than 2,500 thousand LEDs (fluorescent light substitution)
- *2012 60.0 billion yen fluorescent light substitution LED market (The Company's own research)



Speed up proposals to customers by using achievements and knowhow at commercial facilities that require all kinds of standards/specifications and illuminance



EV battery charger

- Developed a unique EV battery charger adding electronic money, WAON
- **1,150 charging stations at 490 AEON stores** will be installed by the end of 2014

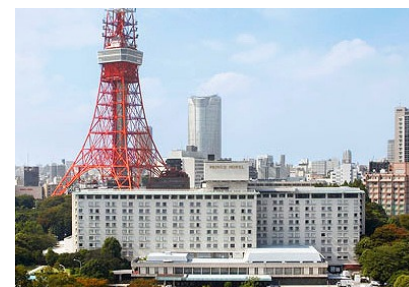
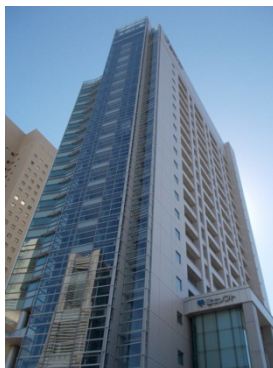


(3) New Service Users

Obtain new customers within and outside the Group **by promoting solution-type sales**

【 Promotion of new customer development outside the Group 】

- ▶ Large stadiums, major manufacturing companies' head office buildings, offices and research institutes nationwide, amusement facilities, commercial facilities at stations, hospitals, medical facilities, public office, etc.



(3) New Service Users

【Increase business with new stores within the Group and with group companies】

- ▶ 7 SCs/GM stores including AEON Mall Tsukuba and AEON Mall Kasukabe
- ▶ 29 SMs including MVs
- ▶ Daiei, AEON Market, Marunaka, Sanyo Marunaka, etc.



【 Business expansion in China/ASEAN 】

- China New contracts in 49 locations, services provided at **136 locations** in total
- Malaysia Services provided at **45 locations** centered on Cleaning services
- Vietnam Services provided at **34 locations** centered on Construction and Materials/supplies sourcing

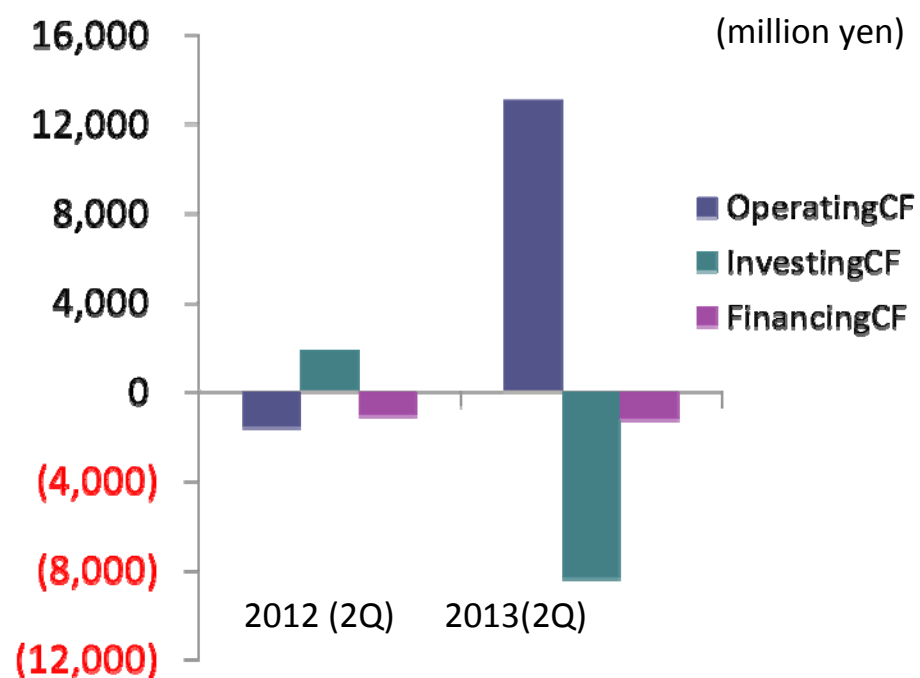


Consolidated Balance Sheet

Million yen

	February 28, 2013	August 31, 2013	Difference		February 28, 2013	August 31, 2013	Difference
Current assets	79,323	95,983	16,659	Current liabilities	34,955	48,314	13,358
Fixed assets	21,375	21,697	321	Fixed liabilities	1,195	1,362	166
Tangible fixed assets	3,796	4,026	229	Total liabilities	36,151	49,677	13,525
Intangible fixed assets	12,321	11,907	△413	Total net assets	64,547	68,003	3,455
Investments, etc.	5,257	5,763	505	Total liabilities and net assets	100,699	117,680	16,981
Total assets	100,699	117,680	16,981				

Consolidated Cash Flow Statement



	First half of FY2/13 total	First half of FY2/14 total	Difference
Cash flows from operating activities	$\Delta 1,600$	13,083	14,683
Cash flows from investing activities	1,887	$\Delta 8,414$	$\Delta 10,301$
Cash flows from financing activities	$\Delta 1,119$	$\Delta 1,265$	$\Delta 146$
Cash and cash equivalents at end of the first half of the year	8,304	13,206	4,902

Major factors for increase/decrease

【Operating cash flows】 13,083million yen

Income before income taxes	7,578million yen
Decrease (increase) in accounts r e c e i v a b l e	$\Delta 4,341$ million yen
Increase (decrease) in accounts p a y a b l e	11,449million yen

【Investing cash flows】 $\Delta 8,414$ million yen

Payments for affiliate consumption e n t r u s t e d f u n d s	$\Delta 99,700$ million yen
Proceeds from repayments for affiliate consumption entrusted funds	92,000million yen

【Financing cash flows】 $\Delta 1,265$ million yen

D i v i d e n d p a y m e n t	$\Delta 1,206$ million yen
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Initiatives in the 2nd Half of the FY February 2014

(1) Further Promotion of Business Structural Reform

(2) Further Expansion of Service Users

(3) Creation of a Market in Asia
~Asia's No.1 Comprehensive FMS Company~

(1) Further Promotion of Business Structural Reform

BEMS equipment upgrade

- Developed BEMS equipment with **fridge-freezer facilities control function** added in the first half



Speed up proposals of energy-savings for distributors including the growing **drug stores**



Toilet revolution

- Developed recirculating, water-saving plastic urinals
- Introduced **14 toilets** for the first time into AEON Shinagawa seaside store in September
- Water-savings of **approximately 90%** by circulating water



(1) Further Promotion of Business Structural Reform

Initiatives for area management

From individual management (resident management) to area management (remote monitoring)

- Promote remote monitoring and automatic control by using IT
- Cut management cost and streamlined the placement of administrative staff
- Started a demonstration business in Chiba (Makuhari)
- Challenge of management-integrated ESCO business

※ ESCO business・・・ESCO stands for Energy Service Company. ESCO is a business model in which business operator signs a performance contract regarding energy-saving with its customers and undertake investments for the introduction of energy-saving equipment and receive remuneration from reduced energy usage charge

Participated in the demonstration business of the Ministry of Economy, Trade and Industry

Participated in the Kita-Kyushu Smart Community Creation Project

(2) To Further Expand Service Users

Open **AEON Mall Makuhari Shintoshin** in December 2013

Provide AEON's flagship store with **Comprehensive FMS**

Menu provided

Equipment management, cleaning, manned guarding, transportation security, temporary security (when events are held), in-house delivery, etc.



Site area: About 192,000m²

Floor space: About 213,000m²

(3) Creation of a Market in Asia Asia's No.1 Comprehensive FMS Company

China

Building maintenance business is expanding

Expand Energy-saving business centered on LED

Plan on introducing energy-saving services to 14 properties

Establish ESCO business scheme aimed at full-scale operation from the next fiscal year



Malaysia

Provide AEON Malaysia Rawang store with ESCO business

Plan on operating LED-related ESCO business at multiple stores



Vietnam

Preparation for the opening of its first AEON store in January 2014



Business Forecast for the FY February 2014

Million yen

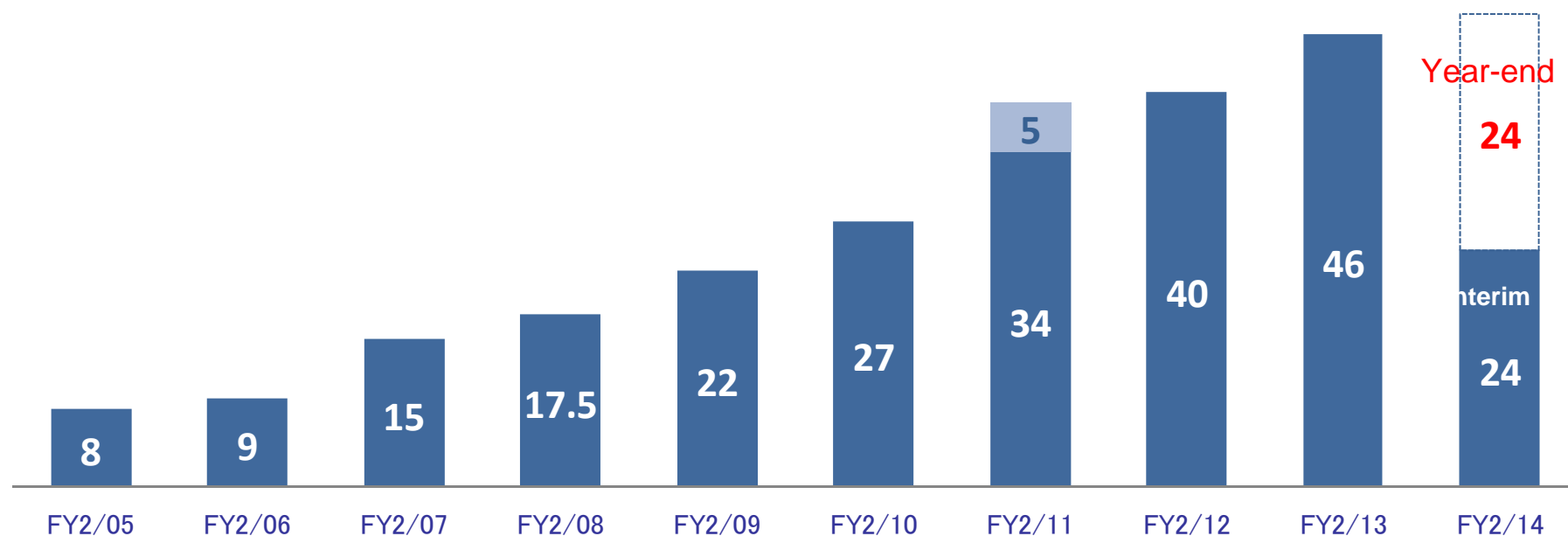
	Full-year forecast for FY2/14			First half of FY2/14 actual	
	Amount	Pct. to net sales (%)	YoY (%)	Amount	Pct. to net sales (%)
Net sale	260,000	100.0	104.5	133,552	100.0
Operating income	15,500	6.0	111.5	7,575	5.7
Ordinary income	15,500	6.0	111.6	7,571	5.7
Net income	8,300	3.2	110.5	4,147	3.1

Shareholder Return

Aim for **nine consecutive years** of increased dividends since FY2/06

	FY2/05	FY2/06	FY2/07	FY2/08	FY2/09	FY2/10	FY2/11	FY2/12	FY2/13	FY2/14
Dividend	¥8.0	¥9.0	¥15.0	¥17.5	¥22.0	¥27.0	¥39.0	¥40.0	¥46.0	¥48.0

■ Dividend ■ Commemorative dividend □ Dividend forecast



*On December 1, 2007, the company conducted a two-for-one stock split. The dividend amount assumes that the stock split was conducted at the beginning of FY2/05.

*A commemorative dividend of 5.00 yen is included in the year-end dividend for FY2/11.

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Income Statement

Million yen

	FY2/05		FY2/06		FY2/07		FY2/08		FY2/09	
	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)
Net sales	54,665	98.1	62,323	114.0	111,170	178.4	137,519	123.7	145,690	105.9
Operating income	2,504	148.5	2,949	117.8	5,576	189.0	8,330	149.4	9,946	119.4
Ordinary income	2,511	147.9	2,953	117.6	5,485	185.7	8,186	149.2	9,812	119.9
Net income	860	580.6	1,324	153.8	2,998	226.4	4,379	146.1	4,876	111.3

Million yen

	FY2/10		FY2/11		FY2/12		FY2/13		FY2/14 2Q	
	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)	Actual	YoY (%)
Net sales	140,299	96.3	170,905	121.8	219,797	128.6	248,876	113.2	133,552	105.3
Operating income	9,970	100.2	12,031	120.7	13,762	114.4	13,901	101.0	7,575	106.5
Ordinary income	9,912	101.0	12,089	122.0	13,784	114.0	13,892	100.8	7,571	106.3
Net income	5,466	112.1	6,495	118.8	6,912	106.4	7,509	108.6	4,147	105.1

Major Shareholders and Shareholders by Type (%)

Major shareholders

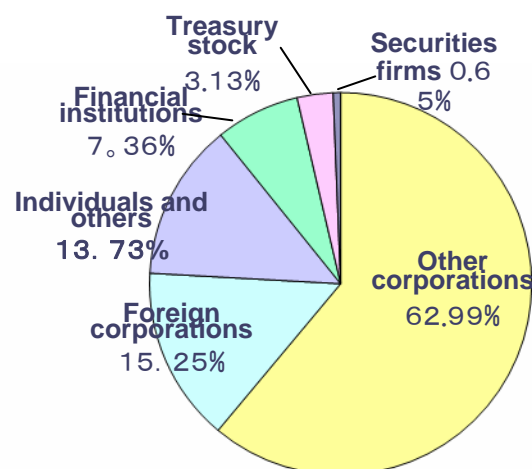
The ownership ratio corresponds to outstanding shares.

Numbers of shares are rounded down to the nearest one thousand, ownership ratios are rounded to the second decimal place.

Rank	Shareholder	No. of shares owned (thousand shares)	Ownership (%)
1	AEON RETAIL CO., LTD.	23,261	42.94
2	AEON CO., LTD.	9,103	16.81
3	Japan Master Trust Bank, Ltd. (trust account)	1,556	2.87
4	Northern Trust Company (AVFC) Subaccount British Client	860	1.59
5	Japan Trustee Services Bank, Ltd. (trust account 9)	826	1.52
6	AEON DELIGHT Business Partner Stock Ownership Association	777	1.43
7	Japan Trustee Services Bank, Ltd. (trust account)	753	1.39
8	AEON DELIGHT Employee Stock Ownership Association	661	1.22
9	Trust & Custody Services Bank, Ltd. (pension trust account)	653	1.21
10	HSBC Fund Services Clients Account	501	0.92

The data is as of August 31, 2013

Shareholders by type (%)



Management Indicators

	FY2/11	FY2/12	FY2/13
EPS	¥142.56	¥131.81	¥143.15
ROE	15.47%	12.55%	12.46%
ROA	9.75%	7.79%	7.76%
Ratio of ordinary income to net sales	7.07%	6.27%	5.58%
Ratio of net income to net sales	3.80%	3.15%	3.02%
Total assets turnover	2.56	2.48	2.57
Shareholders' equity ratio	62.32%	61.92%	62.64%
Net assets per share	¥1,005.62	¥1,095.59	¥1,202.42
PER	10.57	11.62	11.46
PBR	1.50	1.40	1.36
(Ref.) Share price at year end	¥1,507	¥1,532	¥1,641

* The number is rounded to the second decimal place.

Thank you very much for your attention.
If you have any questions or comments, please contact us below.

- These materials contain statements about forecasts and estimates relating to the future plans, strategies, and performance of AEON DELIGHT.
- ◇ These statements are based not only on past performance, but also on assumptions based on information currently available to the company. For this reason, please note that the actual performance may differ from our estimates.
- The information contained in these materials has been prepared by the following methods if not specifically stated otherwise.
 - ◇ All statements are based on consolidated results
 - ◇ All figures of less than one million yen have been rounded down
 - ◇ Percentages have been rounded to one decimal place

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