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# Financial Results for the Six Months Ended August 31, 2016

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**AEON DELIGHT CO., LTD.** 

Ippei Nakayama, President and CEO

**October 6, 2016**

## **1** Financial Report for the First Half of FY2/17

## **2** Initiatives for the Priority Management Issues

## **3** Initiatives for the Second Half of FY2/17

# Consolidated Income Statement

**Increase in sales and profits, and profits reached a new record high.**

Summary of consolidated profit and loss statement (Unit: 100 million yen, %)	FY2/16 2Q		FY2/17 2Q		YoY Change	
	Result	Pct. to net sales (%)	Result	Pct. to net sales (%)	Difference	YoY (%)
Net sales	<b>1,427</b>	<b>100.0%</b>	<b>1,514</b>	<b>100.0%</b>	<b>86</b>	<b>106.0%</b>
Gross profit	<b>185</b>	<b>13.0%</b>	<b>195</b>	<b>12.9%</b>	<b>9</b>	<b>105.1%</b>
SG&A	<b>104</b>	<b>7.3%</b>	<b>110</b>	<b>7.3%</b>	<b>5</b>	<b>105.4%</b>
Operating income	<b>81</b>	<b>5.7%</b>	<b>85</b>	<b>5.6%</b>	<b>3</b>	<b>104.7%</b>
Ordinary income	<b>81</b>	<b>5.7%</b>	<b>85</b>	<b>5.6%</b>	<b>3</b>	<b>104.5%</b>
Net income attributable to owners of parent	<b>46</b>	<b>3.3%</b>	<b>53</b>	<b>3.5%</b>	<b>6</b>	<b>114.1%</b>

**Increase in sales in six businesses**

Double digit growth in Cleaning services ;**114.4% YoY**, owing partly to the contribution of sales by Hakuseisha

Consolidated (100 million yen)	FY2/16 2Q	FY2/17 2Q	
	Result	Result	YoY (%)
Facilities management	243	254	104.3%
Cleaning services	233	267	114.4%
Security services	186	204	109.7%
Construction work	262	265	101.3%
Support services	86	94	108.8%
Materials/supplies sourcing services	245	258	105.4%
Vending machine services	169	169	99.7%
Total sales	1,427	1,514	106.0%

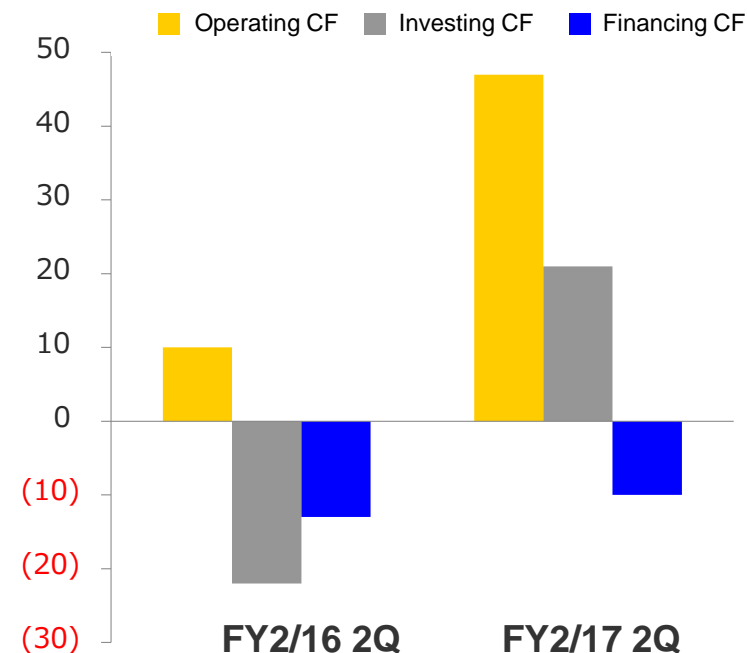
# Consolidated Balance Sheet

Assets (100 million yen)	End of FY2/16	End of FY2/17 1H	YoY Differen ce
Current assets	1,056	1,125	69
Tangible fixed assets	70	77	6
Intangible fixed assets	103	99	▲4
Investments, etc.	81	84	2
Fixed assets	256	262	5
Total assets	1,313	1,387	74

Liabilities and net assets (100 million yen)	End of FY2/16	End of FY2/17 1H	YoY Differen ce
Current liabilities	448	481	33
Fixed liabilities	25	28	2
Total liabilities	473	510	36
Shareholder's equity	810	851	40
Total net assets	840	877	37
Total liabilities and net assets	1,313	1,387	74

# Consolidated Cash Flow Statement

Assets (100 million yen)	FY2/16 2Q	FY2/17 2Q	YoY Difference
Cash flows from operating activities	10	47	37
Cash flows from investing activities	▲22	21	43
Cash flows from financing activities	▲13	▲10	3
Cash and cash equivalents at the end of year	128	251	122



**1**

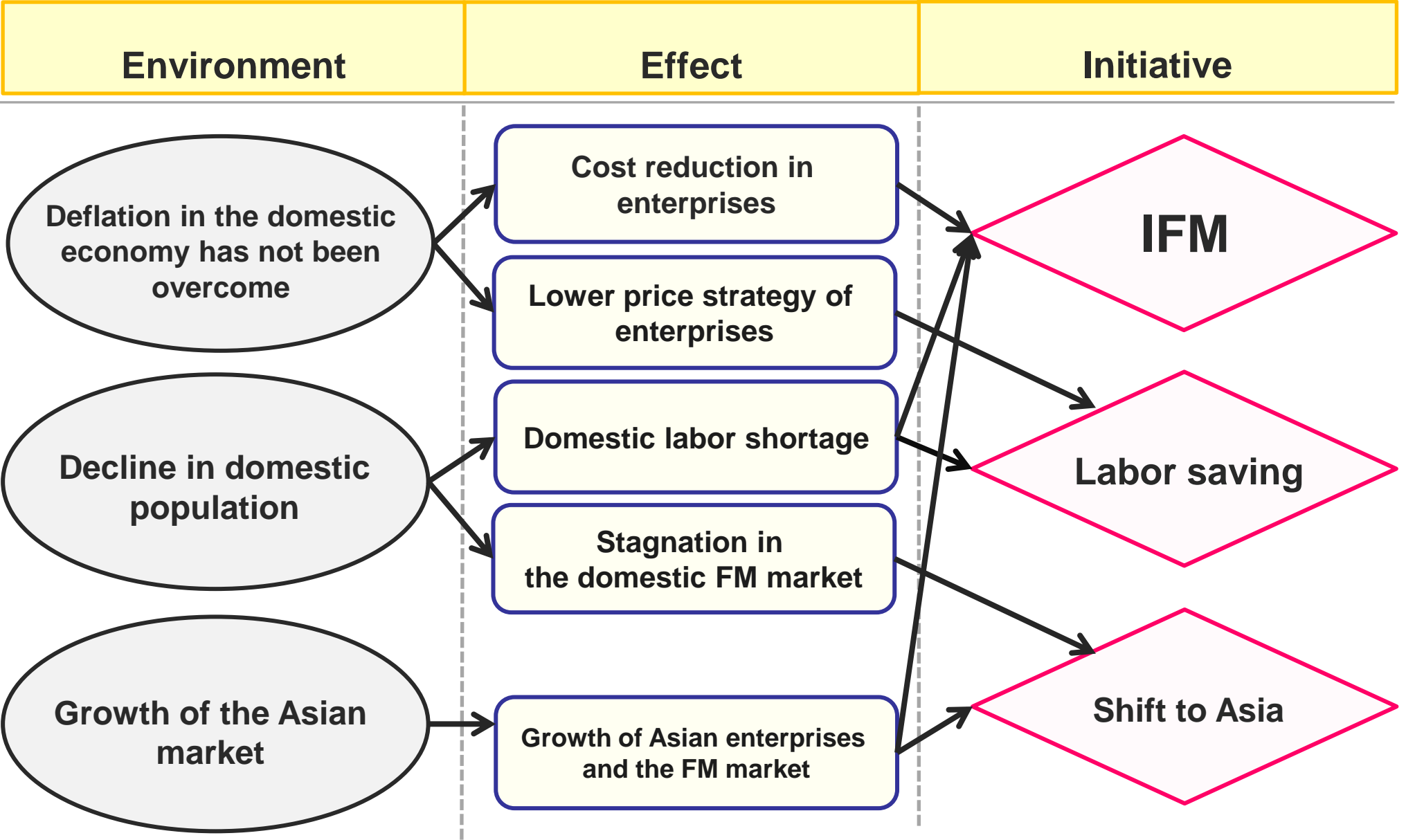
**Financial Report for the First Half of FY2/17**

**2**

**Initiatives for the Priority Management Issues**

**3**

**Initiatives for the Second Half of FY2/17**

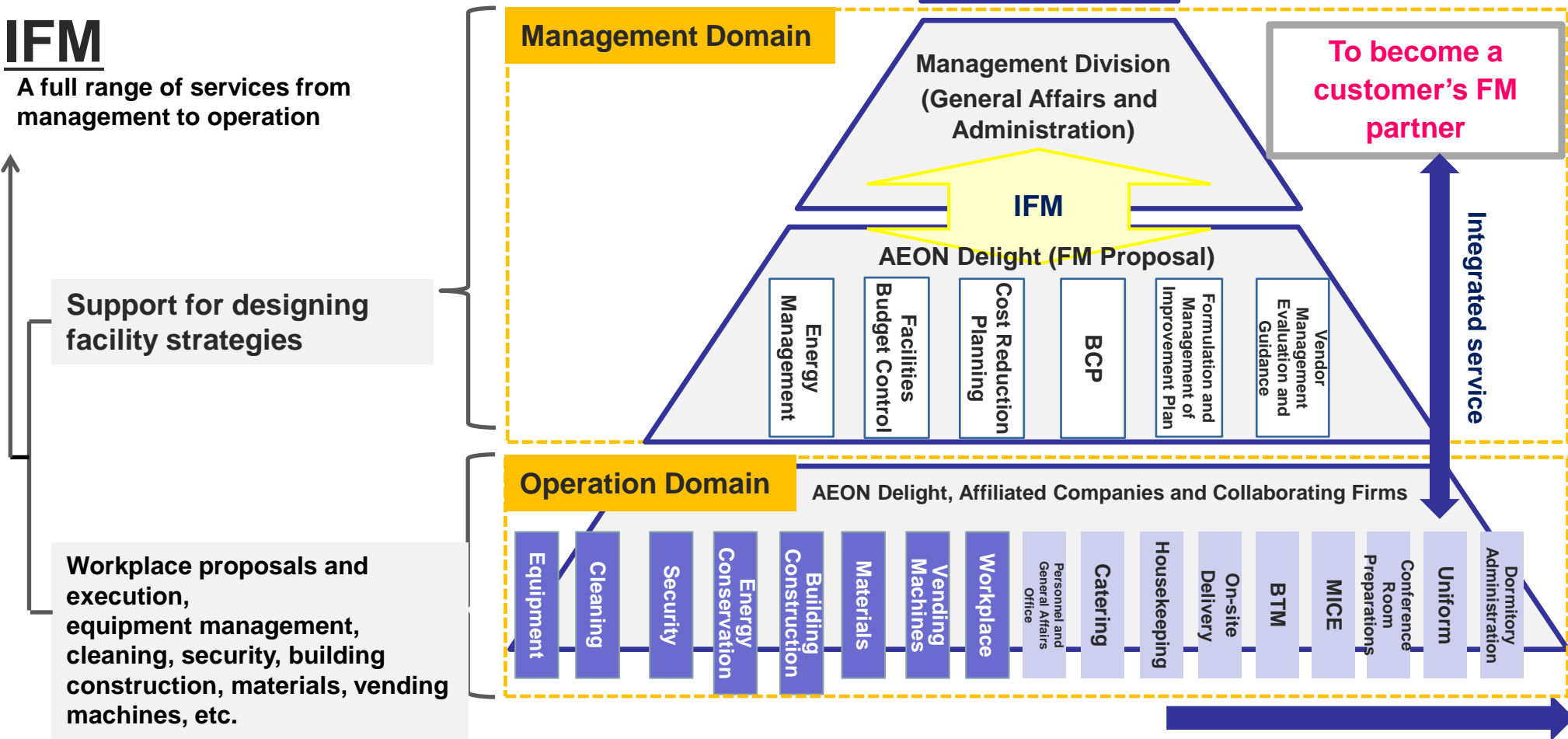




We will support client companies in improving competitiveness using the FM strategy which is based on the client company's management strategy.

## IFM

A full range of services from management to operation



**1 Save personnel and labor by improving work efficiency and operational efficiency**

- (1) Formulate an original cleaning manual for facilities considering the characteristics of each facility
- (2) Utilize smartphone application in equipment management
- (3) Implement multitasking via attendants

**2 Save personnel and labor via technological innovations**

- (1) Introduce a floor coating agent with enhanced durability
- (2) Introduce a cleaning robot (experimental stages)
- (3) Adopt IoT for equipment inspections



Improve productivity by utilizing the app “Butsugyo-tsuu”



An attendant playing an active role in public facilities  
We are planning it for a new management style for facilities.

Currently testing a simple cleaning robot  
at the AEON Mall Makuharishintoshin



## Expanding Business in China

**Aim to be listed among the top 10 in the Chinese property management industry in 2018!!**

### Customer Strategies

- (1) Mid to high-end facilities requiring high quality services**
- (2) Acquire FM business customers with focusing on redeveloping areas**

### Initiatives

- **Standardize cleaning business by analyzing operation units**
- **Advanced measures for Security Services Act in China**
- **Focus on educating and training personnel for sustainable growth**  
Continue training visits to Japan for executive staff (4<sup>th</sup> time),  
and develop personnel through academic-industrial collaboration with Suzhou Industrial Park Institute of Vocational Technology and Hubei University

## Expanding Business in China (Customer Strategy)

### 1 Mid to high-end facilities requiring high quality services

■ 5 important major markets to conquer:

- ① Mid to high-end residences ② Mid to high-end shopping centers ③ Retirement homes, hospitals, and nursing facilities ④ High-end factories ⑤ Transportation infrastructure



Examples of properties the company was entrusted with

### 2 Acquire FM business customers with focusing on redeveloping areas

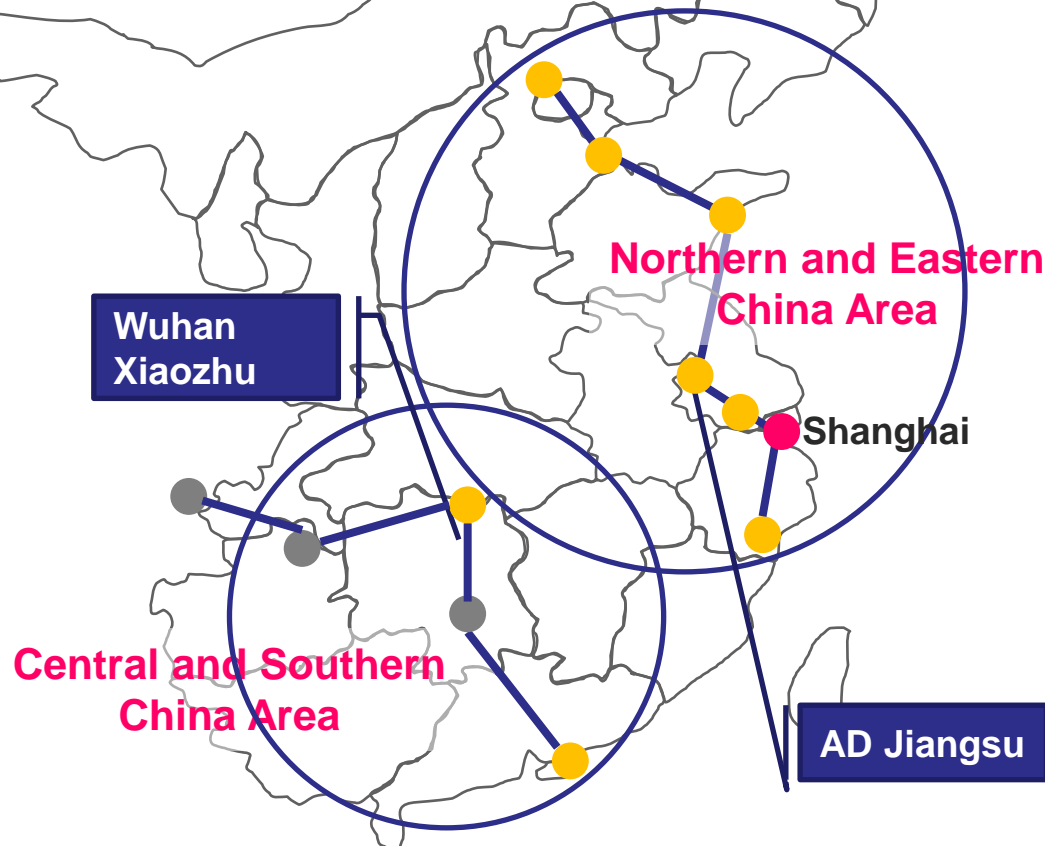
Get involved in the planning of a redevelopment project, New City High Speed Rail Project, which will span 28 square kilometers, by establishing a joint company in Suzhou

- Locations already ventured
- Locations with plans to venture
- Major locations

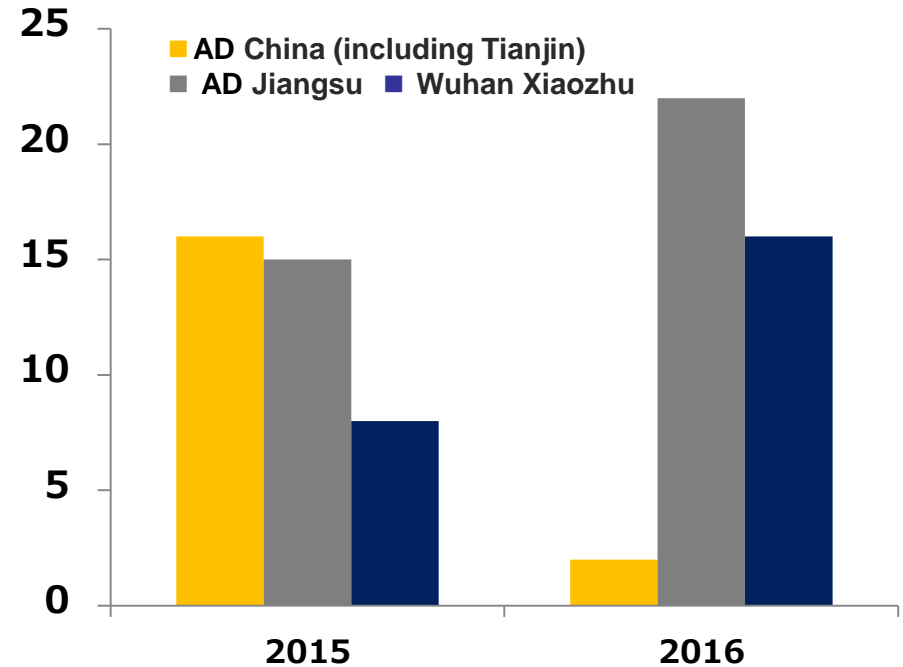
## From spots to areas

Building bases in major areas is progressing smoothly.

M&A to expand into new business areas is under consideration.



(100 million yen)



◆ China: Changes in Semi Annual Sales for Each Company

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# Measures for 2H of FY2/17

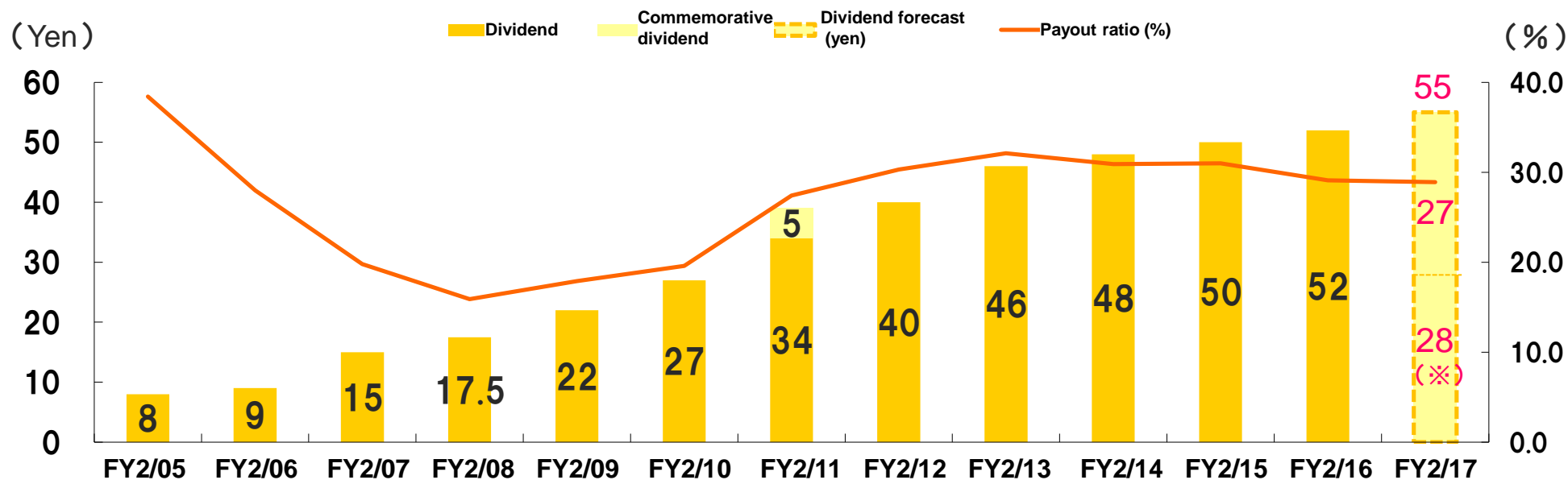
	Priority measures	YoY sales target (million yen)
Non-consolidated	Implementation of priority measures for sales activity, construction and materials/supplies sourcing services	+ 82
Sales activity	Acquisition of new contracts	+ 15
Construction	Construction for tenant changes and interior construction at commercial facilities	+ 50
Materials/supplies sourcing	Consolidation of materials and supplies sourcing of Aeon Group companies, Packaging materials for Top Value	+ 17
(Domestic subsidiary)		
AEON Compass	Strong sales in business support services, including the event business and rental conference rooms	+ 4
KAJITAKU	Strengthening of sales activity to major customers	+ 9
Hakuseisha	Contribution from consolidation of Hakuseisha	+ 35
(Overseas subsidiary)		
Overseas	Increase in sales in overseas countries where the company does business (China, Malaysia, Vietnam)	+ 20
Others		+ 3

Summary of Consolidated income statement (100 million yen, %)	FY2/17			FY2/16	
	Result	Pct. to net sales (%)	YoY (%)	Result	Pct. to net sales (%)
Net sales	<b>3,050</b>	<b>100.0%</b>	<b>108.5%</b>	<b>2,810</b>	<b>100.0%</b>
Operating income	<b>175</b>	<b>5.7%</b>	<b>104.7%</b>	<b>167</b>	<b>5.9%</b>
Ordinary income	<b>175</b>	<b>5.7%</b>	<b>104.9%</b>	<b>166</b>	<b>5.9%</b>
Net income attributable to owners of parent	<b>100</b>	<b>3.3%</b>	<b>103.5%</b>	<b>96</b>	<b>3.4%</b>



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

Fiscal year	FY2/05	FY2/06	FY2/07	FY2/08	FY2/09	FY2/10	FY2/11	FY2/12	FY2/13	FY2/14	FY2/15	FY2/16	FY2/17
Dividend (Yen)	8.0	9.0	15.0	17.5	22.0	27.0	39.0	40.0	46.0	48.0	50.0	52.0	55.0
Payout ratio (%)	38.4	28.0	19.8	15.9	17.9	19.6	27.4	30.3	32.1	30.9	30.1	28.3	28.9



\*Interim dividend of 28 yen includes the commemorative dividend of 1 yen.

**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 100 million yen have been rounded down
- ◇ Percentages have been rounded off to one decimal place

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**This presentation has been prepared based on the information available as of the date of the presentation (October 5, 2016). The business forecasts may be revised due to various factors that may arise in the future.**