

**Financial Results for the Three Months Ended  
May 31, 2018**

**ÆON DELIGHT CO., LTD.**

**July 4, 2018**

# Key Points of Financial Results for FY2/19 1Q

## Performance

- With a "labor shortage" becoming an issue, we have been working to improve productivity both in Japan and overseas, and **sales and earnings increased, and all-time high earnings were reported.**

Sales: ¥76.4 billion, 101.3% YoY, Operating income: ¥4.6 billion, 113.6% YoY

## Initiatives

- In Japan, promoted demonstration experiments utilizing sensing technology for labor-saving at large commercial facilities. Moreover, also implemented labor-saving measures at onsite-type service locations by promoting operational efficiencies and standardization. Expanded the sales opportunities for medium- and small-sized facilities by reassigning personnel to patrol-type service locations.
- In China, established AeonDelight DeepBlue Technology (Shanghai) Co., Ltd. in April through a joint investment with Deepblue Technology (Shanghai) Co. Ltd., which has strengths in AI (artificial intelligence) research and development.

**With using AI, IoT and robotics technology, this company, as an R&D center, will promote automation and operational efficiency of facility management in a cross-border manner.**

## Expansion of customers

- In Japan, started providing services for research and development centers of public research institutes, office buildings of pharmaceutical manufacturers, offices of foreign manufacturers, and hospitals, etc.
- Steadily expanded customers in overseas countries (China and ASEAN countries).

# Consolidated Income Statement

**Sales and earnings increased, and all-time high earnings were reported thanks to the efforts for expanding sales opportunities and improving productivity.**

(100 million yen)

	FY2/18 1Q (Ratio to sales)	FY2/19 1Q (Ratio to sales)	Difference	Percentage change
Net sales	755 (100.0%)	764 (100.0%)	9	101.3%
Gross profit	97 (13.0%)	102 (13.4%)	4	104.4%
SG&A	57 (7.6%)	55 (7.3%)	▲1	97.8%
Operating income	40 (5.4%)	46 (6.1%)	5	113.6%
Ordinary income	41 (5.5%)	46 (6.1%)	5	113.4%
Net income attributable to owners of parent	27 (3.7%)	29 (3.8%)	1	104.9%

# Sales by Segment

YoY increase in 6 segments. Construction work is affected by the impact of the postponement of various construction projects by major customers, etc.

	FY2/18 1Q	FY2/19 1Q	Percentage change (100 million yen)
Facilities management	131	141	107.1%
Security services	110	110	100.7%
Cleaning services	137	142	103.7%
Construction work	117	105	89.6%
Materials/supplies sourcing services	126	129	102.1%
Vending machine services	80	81	101.1%
Support services	52	55	106.0%
Total	755	764	101.3%

# Profit by Segment (Preliminary)

Profits increased in 4 segments. Sales of construction work decreased and profits increased due to change in portfolio and improvement of profitability.

Security services were affected by increase in outsourcing cost. Vending machine services have been shifting its revenue model.

	FY2/18 1Q	FY2/19 1Q	Percentage change (100 million yen)
Facilities management	11.2	14.7	131.7%
Security services	7.7	7.2	93.4%
Cleaning services	15.7	16.8	107.2%
Construction work	9.1	9.8	108.5%
Materials/supplies sourcing services	7.1	7.4	104.6%
Vending machine services	4.2	4.1	99.4%
Support services	6.3	5.9	93.6%
Total	61.4	66.3	107.9%

\*Segment earnings...Operating income by segment calculated by excluding internal transaction by segment and corporate expenses (corporate common expenses not specified by segment)

# Initiatives by Segment

## Facilities management

In addition to acquiring new contracts, undertaking periodic inspections of fire prevention equipment, conducting load tests for emergency generators, and expanding contracts for malfunction and defect repair works to support the compliance response capabilities of customers.

## Security services

To secure the labor force, continuously implement work style reforms, including improvement of the work environment. Promoting the systematization of services such as entrance/exit management and security patrols for labor saving.

## Cleaning services

In addition to acquiring new contracts, promoting the development and sales of eco-friendly equipment. Continued to implement labor-saving measures in order to improve productivity more than before.

## Construction work

Actively proposing renovation work to replace tenants in shopping centers. To improve productivity, conducting careful examination of various construction estimates.

## Materials/supplies sourcing services

Increasing contracts for packaging materials of Aeon PB products. In order to strengthen ties with our clients, started testing the introduction of inventory management systems to help cost reduction of our clients.

## Vending machine services

Expanding installation of digital signage advertisements by broadening the scope of our activities in areas such as installations of WAON-enabled-type equipment, the broadcasting of advertisements, disaster information displays, and content planning using QR code, etc.

## Support services

Contributions from consolidated subsidiaries, including KAJITAKU CO., Ltd., which provides housework support services and store support services.

# Consolidated Balance Sheet

(100 million yen)

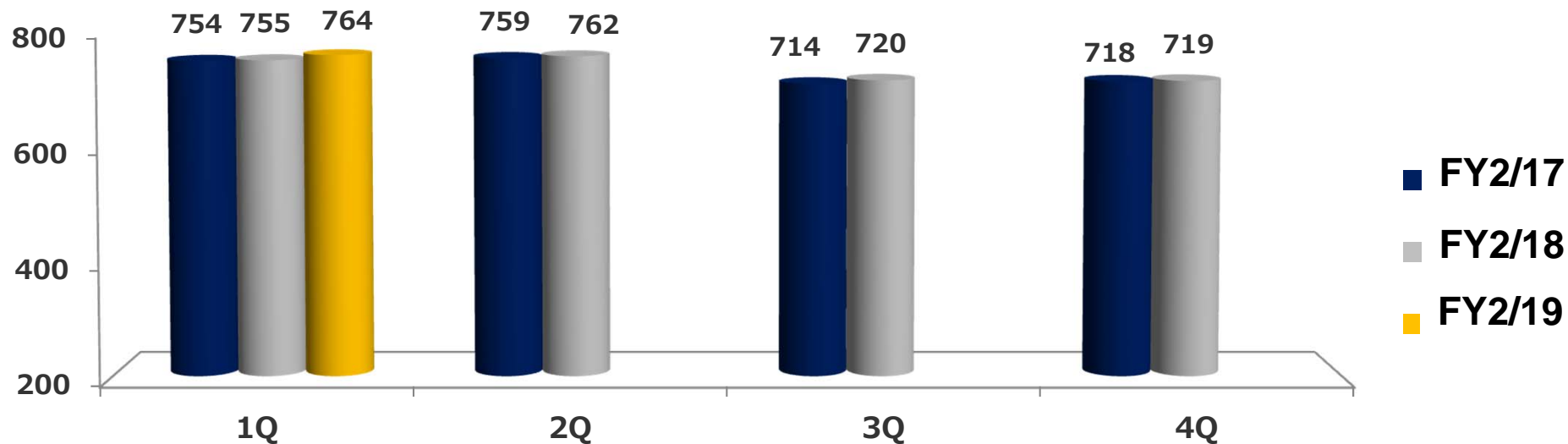
Assets	FY2/18	FY2/19 1Q	Difference
Current assets	1,202	1,209	7
Tangible fixed assets	100	99	▲0
Intangible fixed assets	80	78	▲1
Investments, etc.	85	83	▲1
Fixed assets	266	261	▲4
Total assets	1,468	1,471	2

Liabilities and net assets	FY2/18	FY2/19 1Q	Difference
Current liabilities	434	426	▲8
Fixed liabilities	27	26	▲0
Total liabilities	462	453	▲9
Shareholder's equity	959	972	13
Total net assets	1,005	1017	12
Total liabilities and net assets	1,468	1,471	2

# Quarterly Performance for the Past Three Years : Sales

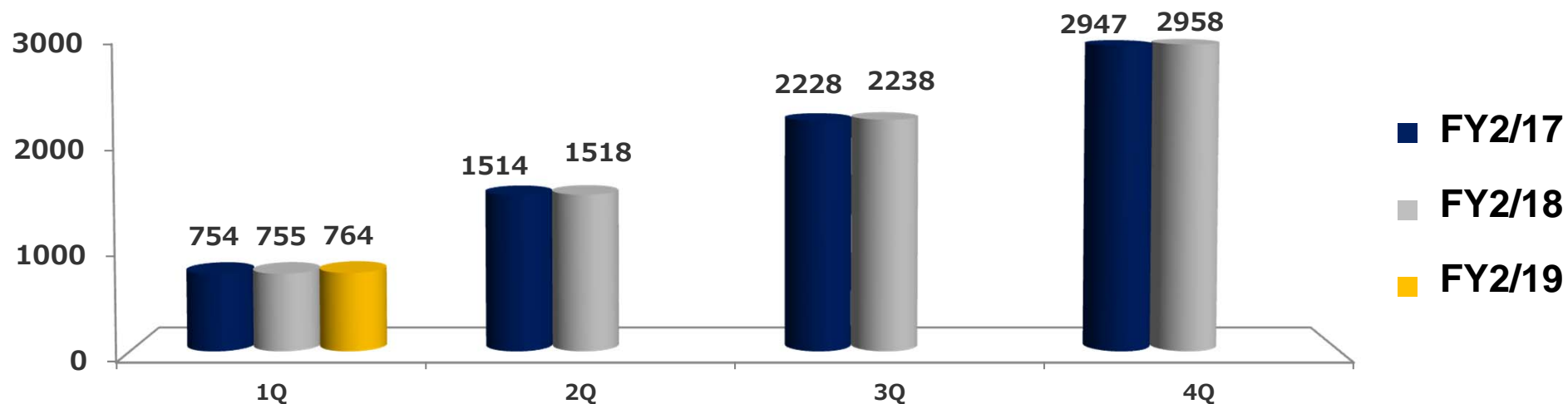
## Quarterly sales

(100 million yen)



(100 million yen)

## Total quarterly sales

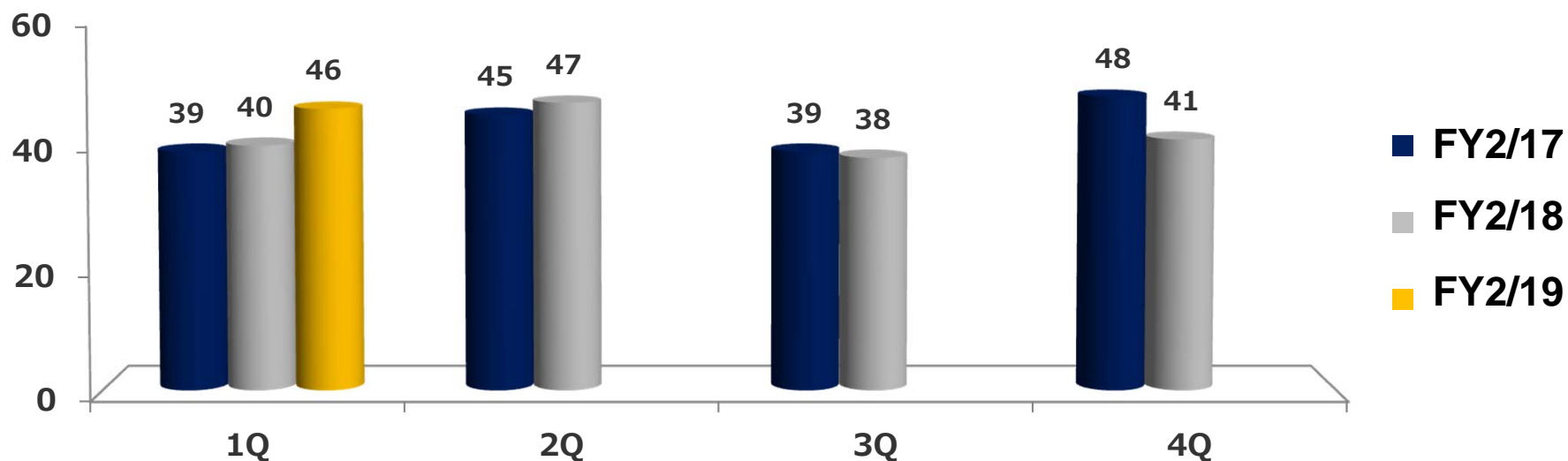




# Quarterly Performance for the Past Three Years : Operating income

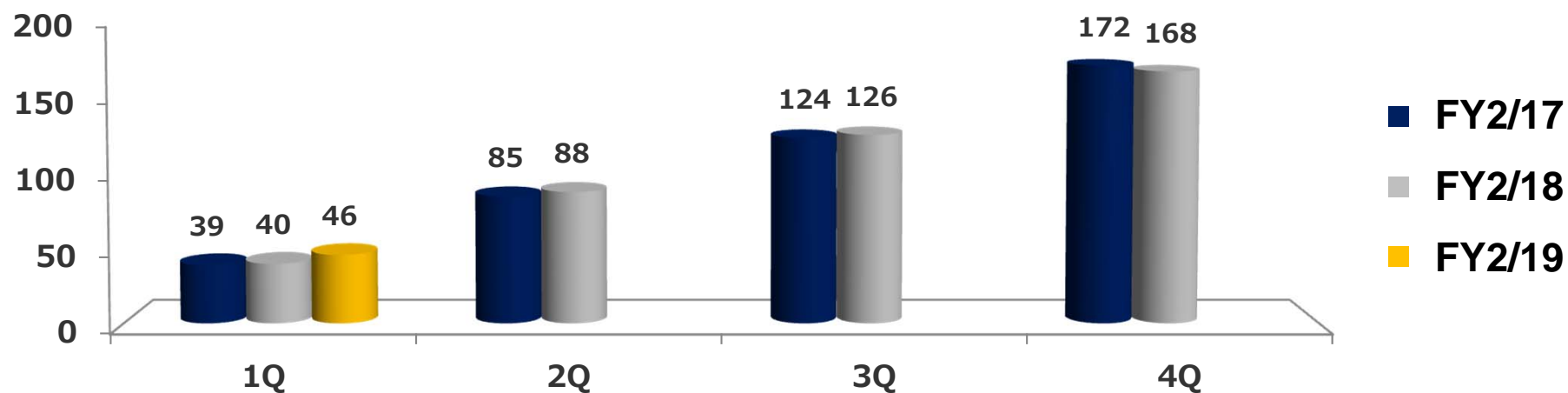
## Quarterly operating income

(100 million yen)



(100 million yen)

## Total quarterly operating income



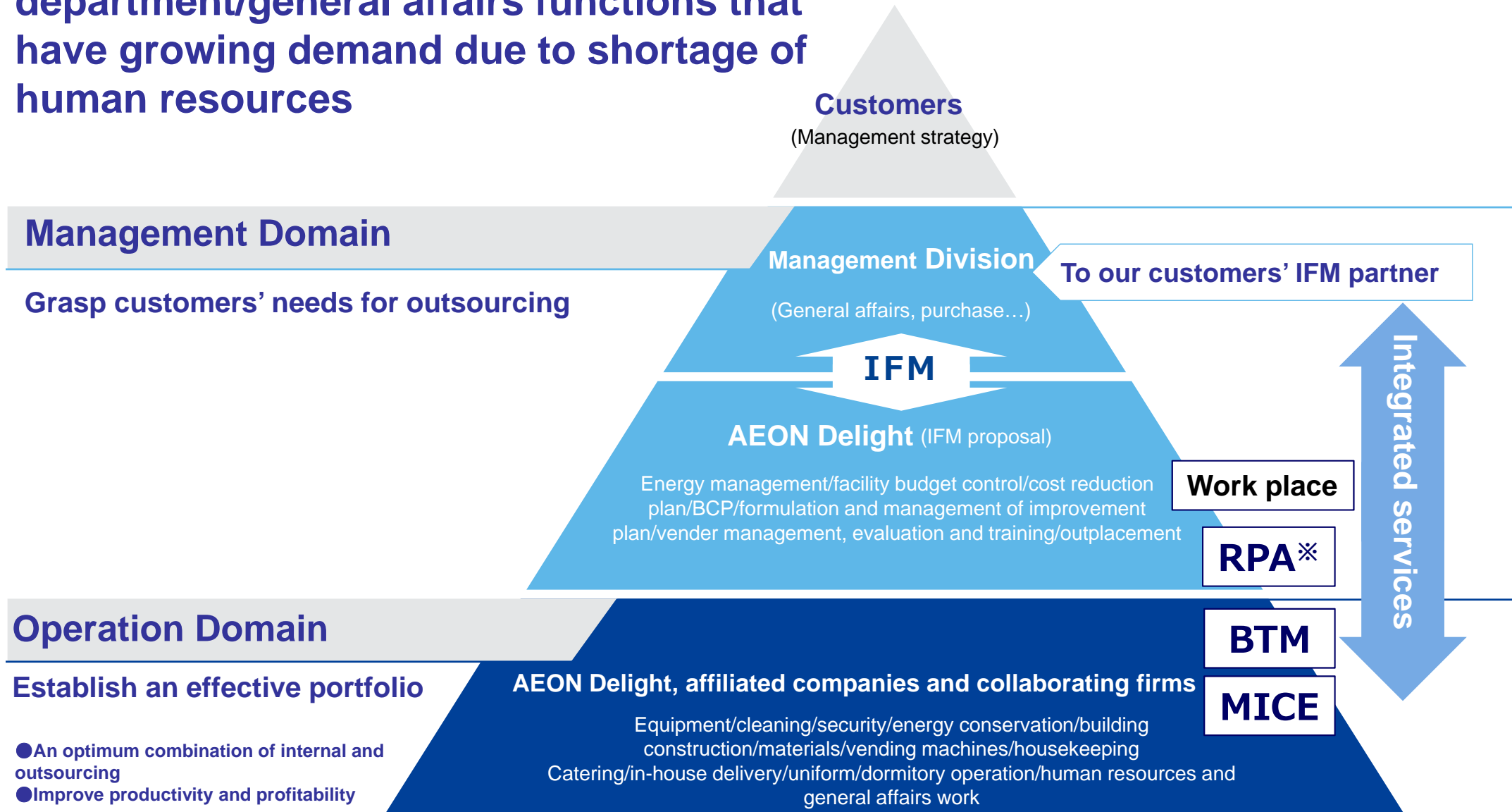


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**(Reference) Initiatives for the Fiscal Year Ending February 2019**

# Strengthening of IFM (Integrated Facility Management) Proposal

Use IFM to promote reforms of indirect department/general affairs functions that have growing demand due to shortage of human resources



- An optimum combination of internal and outsourcing
- Improve productivity and profitability

\*RPA (Robotic Process Automation) Robotic operational efficiency. Mainly takes care of white-collar work at back-office

# Store Design and Interior Construction

**Made a company specialized in store designing a wholly owned subsidiary to strengthen the upstream of value chain and expand orders for interior construction in Japan and abroad**



Made U-COM Co., Ltd. with substantial track records in commercial facilities in Japan and abroad a subsidiary



**Strengthen organization**

**Previous major services**

Research and  
planning

Store designing

Supervision

Production and  
construction

After  
maintenance

Restoration work  
and compartment  
formation

**Total support from research and planning to after maintenance**

**Expand orders in Japan and abroad**

# Business Expansion in Asia①China Business

**Expand sales by two core companies and make a difference through new business for further growth**

## Organic



**Unexplored areas  
(Shandong, Guangdong)**

## Catering



**Attract a huge market**

## Renovation



**Store design and  
interior construction**

**+ M&As aimed at shifting and creating business structure**



# Business Expansion in Asia②ASEAN



## Existing areas (Malaysia, Vietnam)

Promote alliance strategies with local leading companies

### [1Q topics]

#### Malaysia

Received orders for the country's largest resort-related company's facilities

#### Vietnam

Received orders for the Japanese public office



## Newly-developed areas (Cambodia, Indonesia)

Expand into Cambodia as a branch office of AD Vietnam

Consider an area strategy through M&As of local companies

# Breakdown of YoY Increase in Operating Income

FY2/19 operating income **¥18.5 billion** Up **¥1.68 billion** YoY

Items	YoY change (100 million yen)
① IFM (Expansion of customers)	8
② Store design and interior construction	3
③ Business expansion in Asia	6
④ Labor-saving and cost improvement	7
⑤ Growth of domestic subsidiaries	6
①- ③ Total gross profit	30
YoY increase in SG&A	12
YoY increase in operating income	18

# Business Forecasts for FY2/19

(100 million yen)	FY2/18 results (Ratio to sales)	FY2/19 Forecasts (Ratio to sales)	Percentage change
Net sales	<b>2,958</b> (100.0%)	<b>3,050</b> (100.0%)	<b>103.1%</b>
Operating income	<b>168</b> (5.7%)	<b>185</b> (6.1%)	<b>110.0%</b>
Ordinary income	<b>172</b> (5.8%)	<b>185</b> (6.1%)	<b>107.0%</b>
Net income attributable to owners of parent	<b>103</b> (3.5%)	<b>110</b> (3.6%)	<b>106.6%</b>



# Toward Realizing the Mid-Term Management Plan

Market	Competitive advantage
Japan	Labor-saving/highly efficient model for large facilities
	Patrol-type/highly profitable model for small and mid-sized facilities
	Environment business
Asia	Store design and interior construction
	Smart FM

Highly efficient/highly profitable business



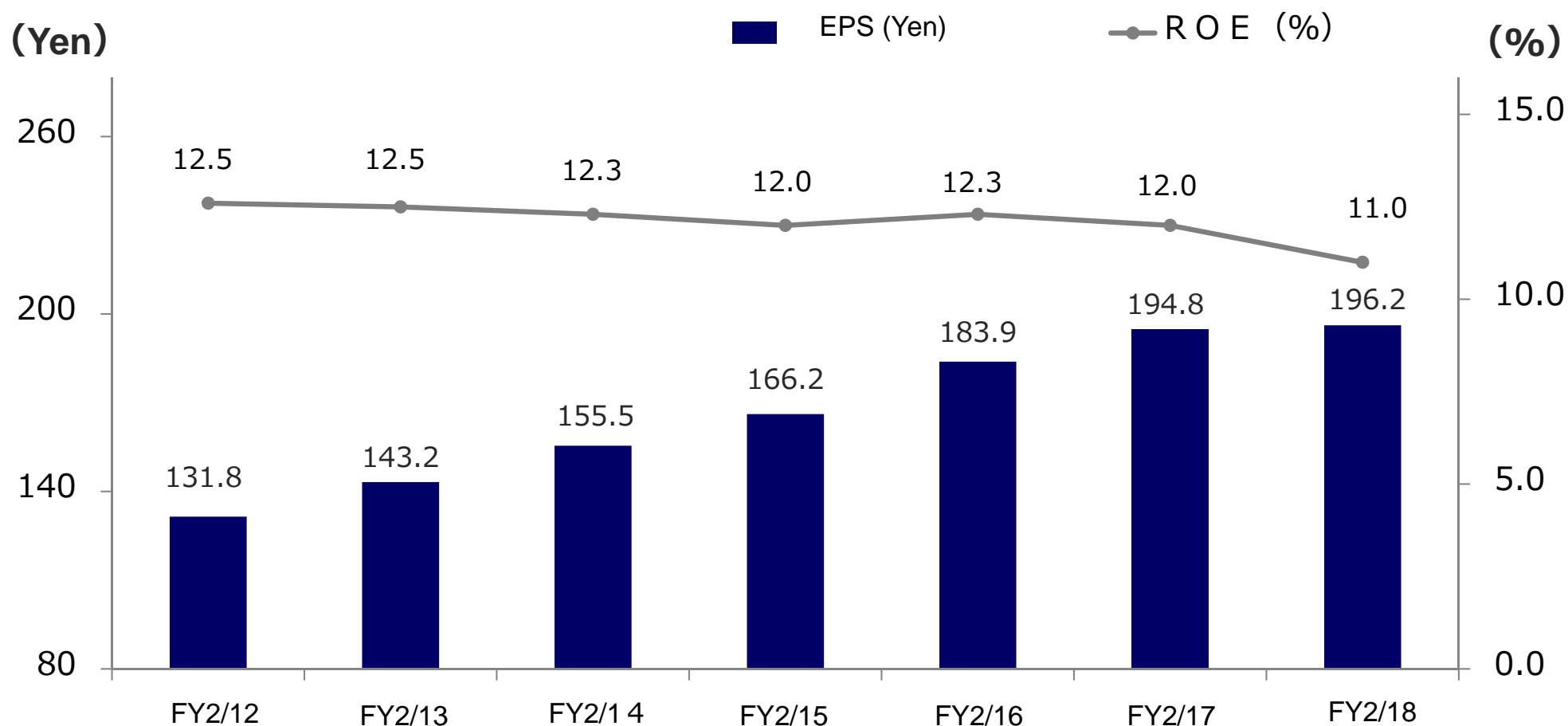
New business domain

Accelerate growth rate

# Capital Policy

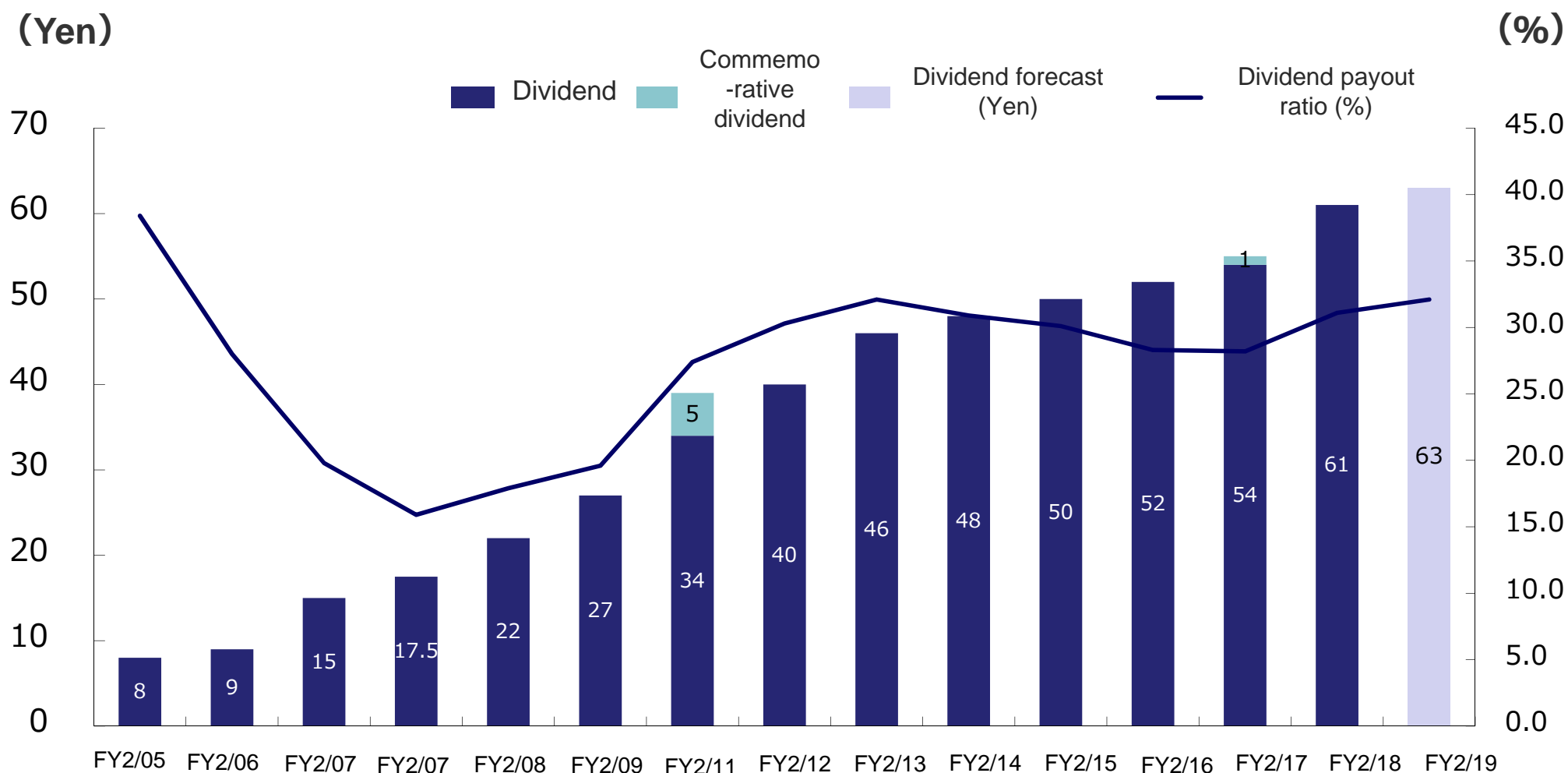
**Consolidated payout ratio: Maintain around 30%**

**Capital efficiency: Maintain around 12% of ROE**



# Shareholder Return

Aim for **14 consecutive years** of increased dividends since FY2/06



## 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 (July 4, 2018). The business forecasts may be revised due to various factors that may arise in the future.