

**Financial Results for the Six Months Ended  
August 31, 2017**

**ÆON DELIGHT CO., LTD.**

**Ippei Nakayama, President and CEO**

**October 5, 2017**

## **( 1 ) Financial Report for the First Half of FY2/18**

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## **( 2 ) Initiatives for Management Issues**

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## **( 3 ) Initiatives for the Second Half of FY2/18**

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## **( 1 ) Expansion of IFM\* to Asia**      \*IFM: Integrated Facility Management

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- ① Established sales office in Shanghai (April)
- ② Established IFM Global Sales Promotion Headquarters (June)
- ③ Started consulting business by a subsidiary General Services, Inc.

## **( 2 ) Utilization of Technology**

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- ① Established Technology Solution Division (June)
- ② Introduced facility open network system into Japan
- ③ Evolved vending machines (digital signage, settlement function)

## **( 3 ) Business expansion in Asia**

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- ① China: Increased orders from targeted mid to high-end facilities

# Consolidated Income Statement

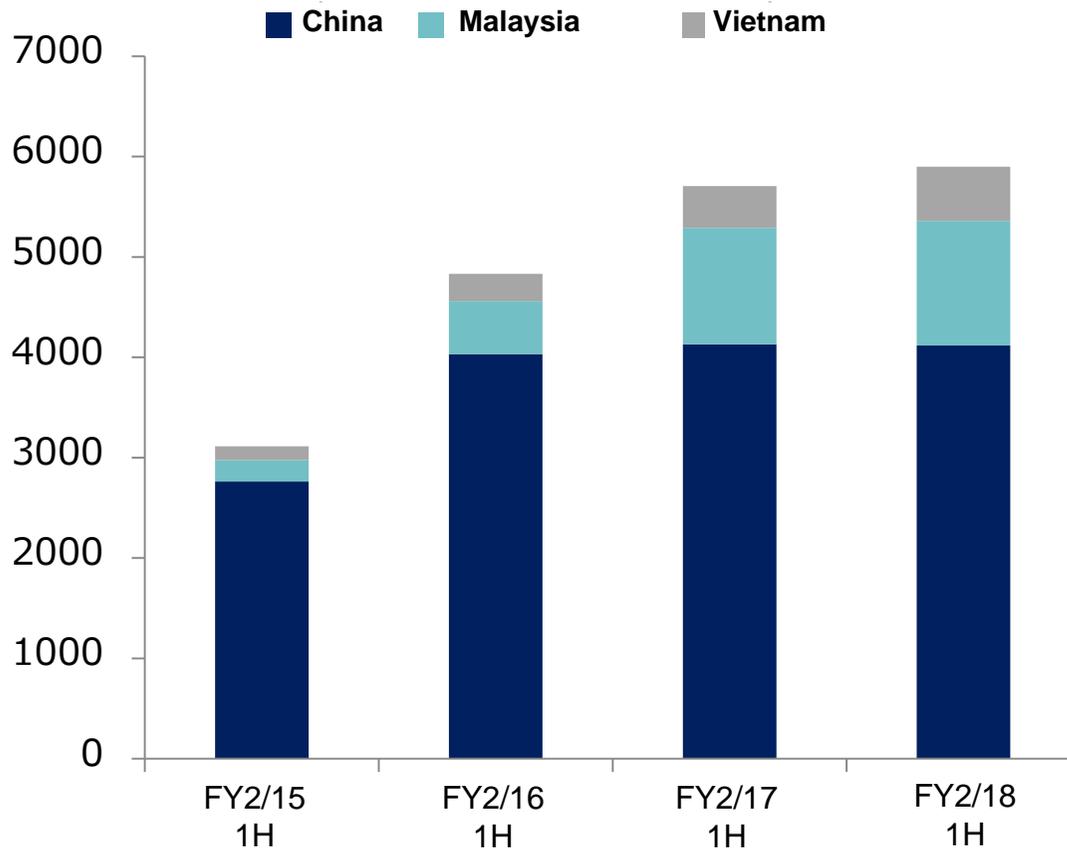
Thanks to the promotion of group management structure, domestic and overseas subsidiaries contributed to the growth. **Sales and earnings increased, and all-time high earnings were reported.**

(100 million yen)

	FY2/17 1H (Ratio to sales)	FY2/18 1H (Ratio to sales)	Difference	Percentage change
Net sales	<b>1,514 (100.0%)</b>	<b>1,518 (100.0%)</b>	<b>4</b>	<b>100.3%</b>
Gross profit	<b>195 (12.9%)</b>	<b>200 (13.2%)</b>	<b>4</b>	<b>102.5%</b>
SG&A	<b>110 (7.3%)</b>	<b>112 (7.4%)</b>	<b>1</b>	<b>101.7%</b>
Operating income	<b>85 (5.6%)</b>	<b>88 (5.8%)</b>	<b>3</b>	<b>103.5%</b>
Ordinary income	<b>85 (5.6%)</b>	<b>88 (5.8%)</b>	<b>3</b>	<b>104.4%</b>
Net income attributable to owners of parent	<b>53 (3.5%)</b>	<b>55 (3.7%)</b>	<b>2</b>	<b>104.3%</b>

# Business Expansion in Asia

## Changes in overseas sales for 1H (million yen)



Overseas 1H sales were **104.1% YoY**  
Operating income grew **2.3 times YoY\***

### China

- Managed more mid to high-end facilities, which are the primary target
- Shifted to a highly profitable business structure by changing the business portfolio
- Increased new orders from several large properties in the second half

### Malaysia

- Expanded service lineup to include store renovations and other activities

### Vietnam

- Expanded new customers such as the Japanese embassy in Hanoi, in addition to large-scale commercial facilities

\*Numbers are sums of the performance of individual companies.

# Sales by Segment

YoY increase in 5 segments. Support services grew mainly owing to the IFM business in the previous fiscal year.

Construction work is affected by the partial segment reorganization.

(100 million yen)

	FY2/17 1H	FY2/18 1H	Percentage change
Facilities management	254	261	102.8%
Cleaning services	267	274	102.6%
Security services	204	217	106.8%
Construction work	265	241	90.7%
Support services	94	101	107.2%
Materials/supplies sourcing services	258	251	97.2%
Vending machine services	169	170	100.6%
Total	1,514	1,518	100.3%

\* Executed partial reorganization between each of the cleaning, security, construction, and support segments  
(Waste material commissions support ⇒ Cleaning, installation of safety camera equipment , construction works projects ⇒ security)

# Consolidated Balance Sheet

(100 million yen)

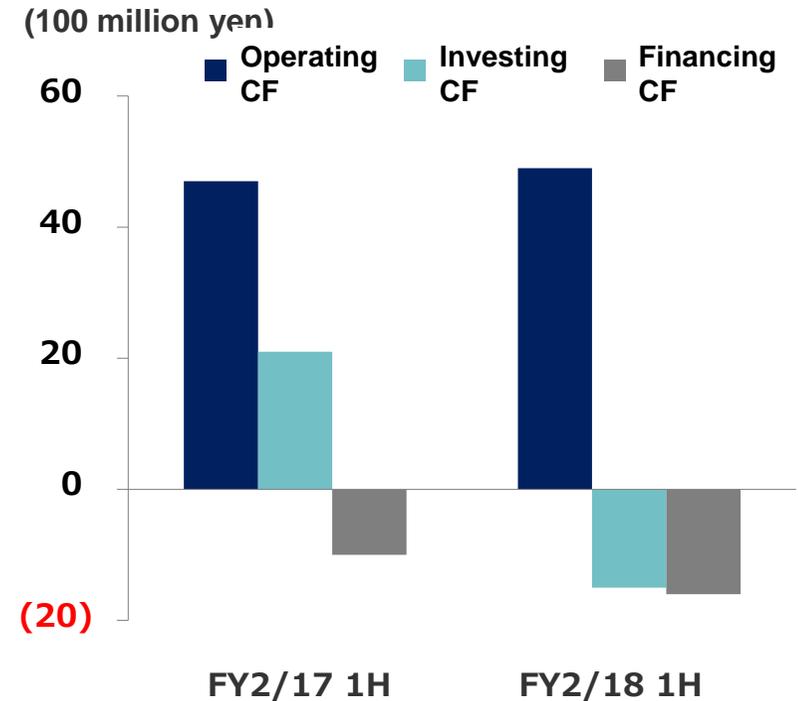
Assets	FY2/17	FY2/18 1H	Difference
Current assets	1,124	1,180	56
Tangible fixed assets	90	94	3
Intangible fixed assets	90	86	▲4
Investments, etc.	89	87	▲1
Fixed assets	270	268	▲2
Total assets	1,395	1,448	53

Liabilities and net assets	FY2/17	FY2/18 1H	Difference
Current liabilities	440	454	13
Fixed liabilities	33	29	▲3
Total liabilities	474	484	10
Shareholder's equity	885	927	41
Total net assets	920	964	43
Total liabilities and net assets	1,395	1,448	53

# Consolidated Cash Flow Statement

(100 million yen)

Assets	FY2/17 1H	FY2/18 1H	Difference
Cash flows from operating activities	47	49	1
Cash flows from investing activities	21	▲15	▲36
Cash flows from financing activities	▲10	▲16	▲5
Cash and cash equivalents at the end of year	251	327	76



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# Aeon Delight's Vision for 2025

**By 2025, Japan's severe labor shortage along with the evolution and increasing use of technologies will fundamentally alter the way of property management.**

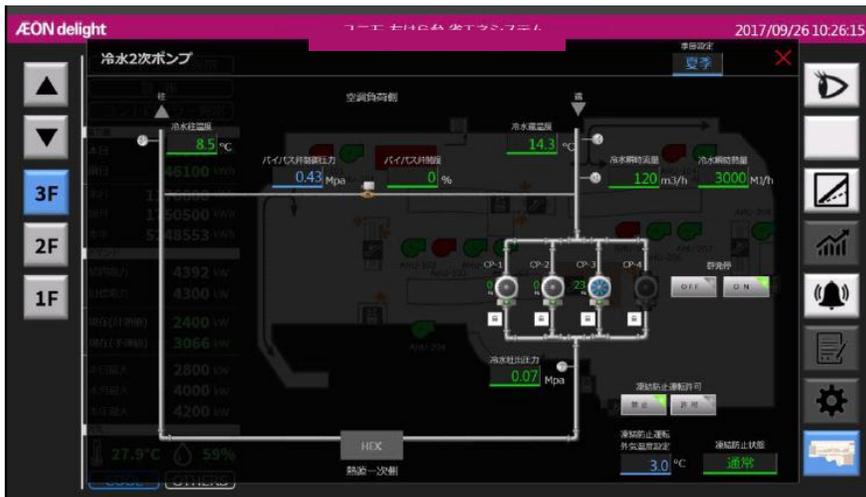
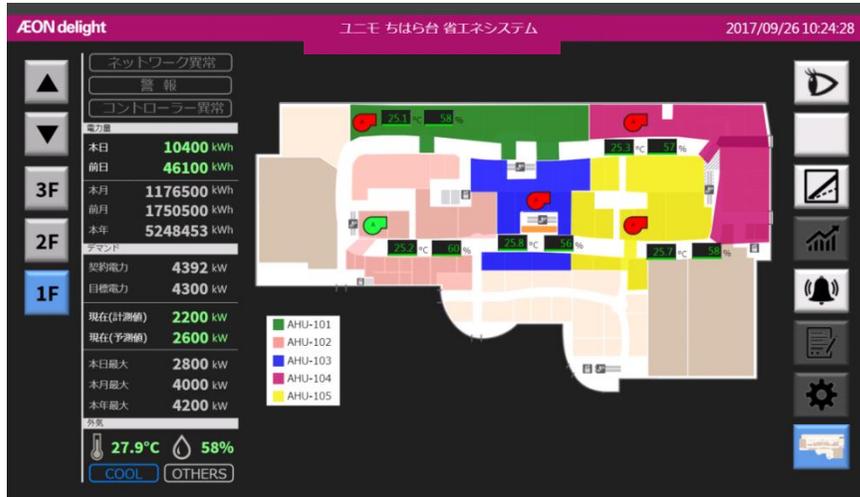
## Vision for 2025

**Become an IFM company that maximizes customer profits through technology**

 **Use technology for structural business reforms  
Create a next-generation property management model**

# Create Next-generation Property Management Model

Surveillance system screens in use at large-scale commercial facilities in Japan

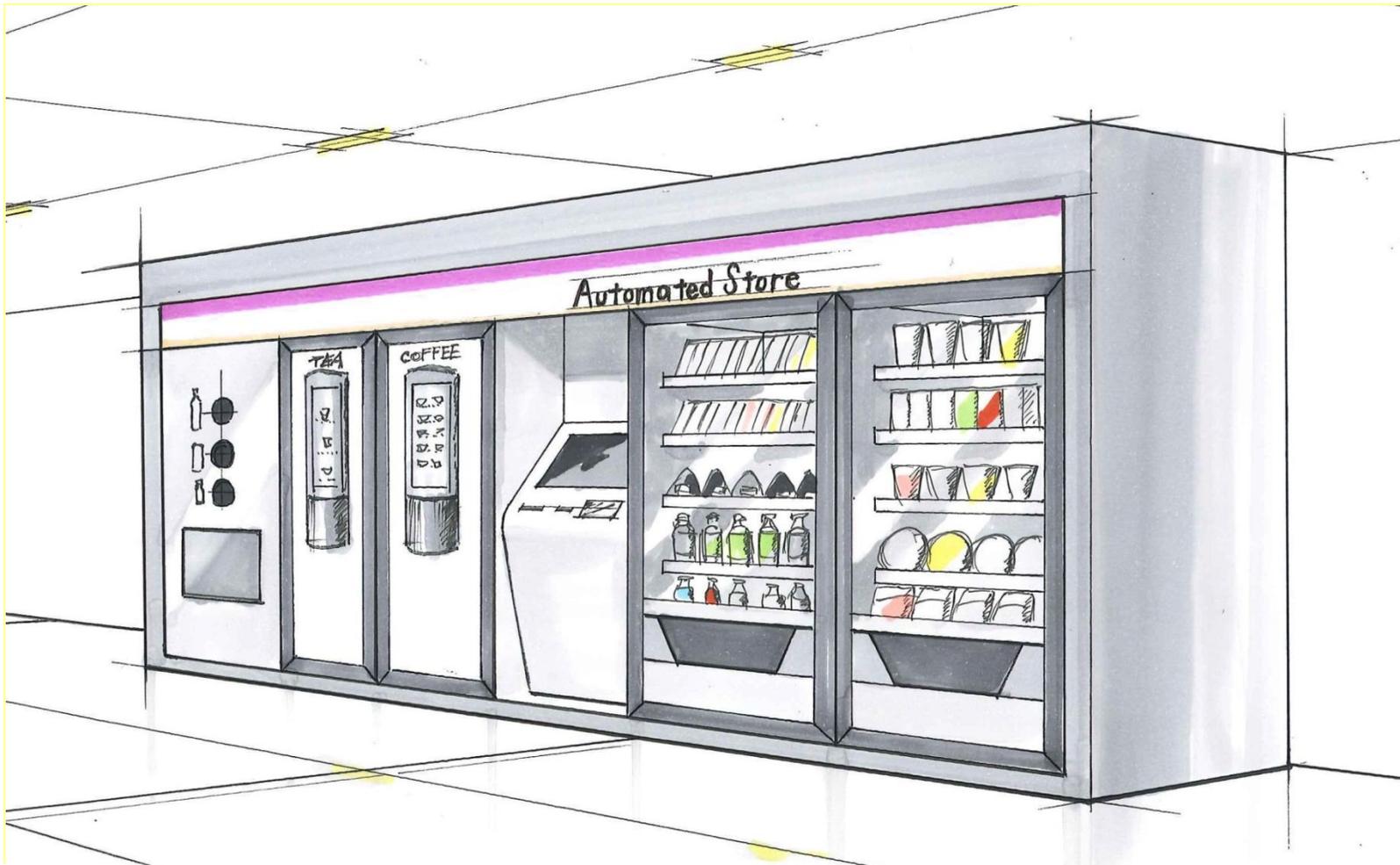


Remote surveillance and automatic control of a climate control system for large-scale commercial facilities by the open network system

By using a platform with open innovation, this operating structure allows updating next-generation property management models by adding a variety of technologies and systems.

# Business Structural Reform: Micro-markets

Micro-markets that use advanced technologies (fully automated workplace shops)  
Started a demonstration test in August at Aeon Mall Funabashi



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# Measures for 2H of FY2/18

	Priority measures	YoY changes in Gross profit
<b>Non-consolidated</b>	Implementation of priority measures for sales activity, construction and materials/supplies sourcing services	<b>+300</b> million yen
Sales activity	Acquisition of new orders	
Construction	Construction for tenant changes, interior construction at commercial facilities, and closely examining estimate calculations	
Materials/supplies sourcing	Consolidation of materials and supplies sourcing of Aeon Group companies, Packaging materials for Top Value	
(Domestic subsidiary)		<b>+180</b> million yen
<b>AEON Compass</b>	Business support services, including the event business and rental conference rooms	
<b>KAJITAKU</b>	Strengthening of sales activity to major customers, Expansion of "Kaji Cloud" sales	
<b>AZS</b>	Expansion of construction contracts for small stores	
<b>Hakuseisha</b>	Recovery in profitability	
(Overseas subsidiary)		<b>+220</b> million yen
<b>Overseas</b>	China : Expansion of orders from mid to high-end facilities in redevelopment areas	

# Expand contracts for renovation

Steadily expand contracts for store designing



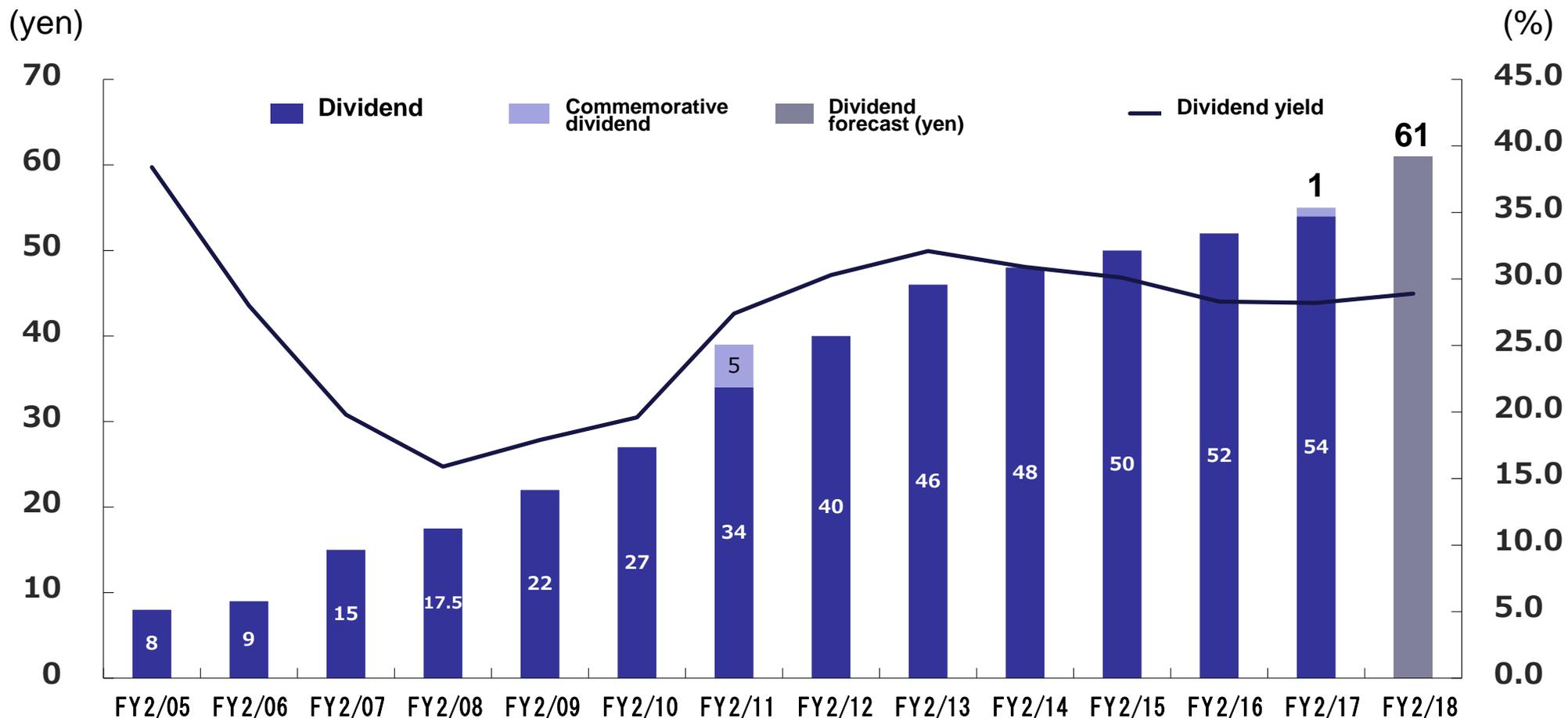
SPORTS AUTHORITY Yuraku-cho Infos Store (Opened on September 1, 2017)

# Business Forecasts for FY2/18

(100 million yen)	FY2/17 Results (Ratio to sales)		FY2/18 Forecasts ( Ratio to sales )		Percentage change
Net sales	<b>2,947</b>	<b>(100.0%)</b>	<b>3,050</b>	<b>(100.0%)</b>	<b>103.5%</b>
Operating income	<b>172</b>	<b>(5.9%)</b>	<b>180</b>	<b>(5.9%)</b>	<b>104.3%</b>
Ordinary income	<b>173</b>	<b>(5.9%)</b>	<b>180</b>	<b>(5.9%)</b>	<b>103.6%</b>
Net income attributable to owners of parent	<b>102</b>	<b>(3.5%)</b>	<b>107</b>	<b>(3.5%)</b>	<b>104.5%</b>

# Shareholder Return

Increased dividends for 12 consecutive years since FY2/06 and aim for **13 years** of growth



**Thank you 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 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 4, 2017). The business forecasts may be revised due to various factors that may arise in the future.

**Rreference**

# Mid-term Management Plan (FY2/18-FY2/20) Three basic policies

**Recognition of current situation**  
Future forecasts

**Expected impacts to us**

**Our mid to long-term policy**

**Declining labor force** •  
**aging society**

- **Domestic labor shortage**
- **Companies focus on core business**

**I F M**

**Shift in economic center of gravity**  
(from Europe and the United States  
⇒ emerging countries)

- **Progress of urbanization in emerging countries**
- **High quality FM needs**

**Asia**

**Revolutionary evolution of technology utilization**

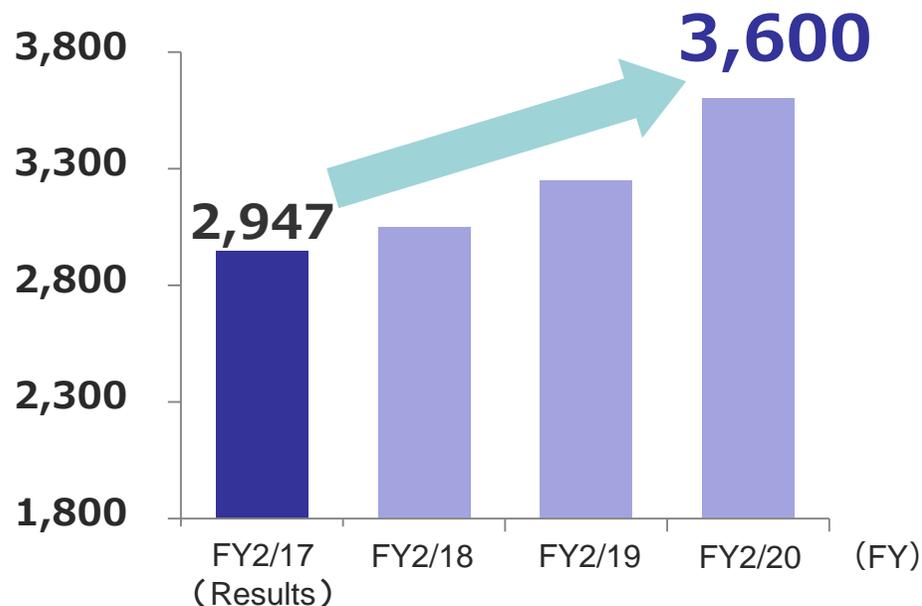
- **Emergence of new business model**
- **Competition with different industries**

**Technology**

# FY 2/20 Target

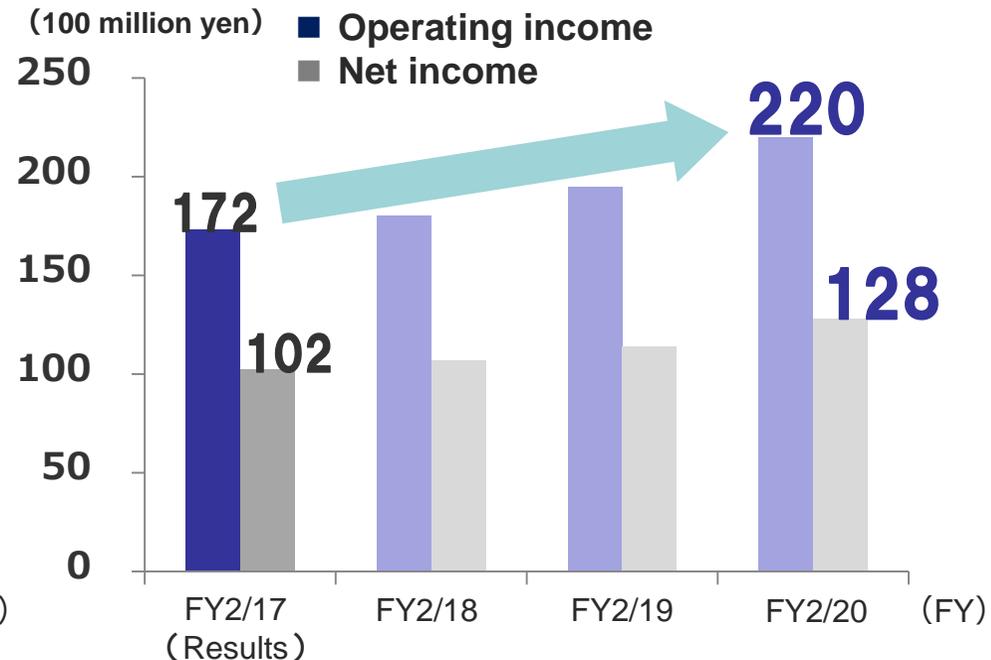
## Net sales

(100 million yen)



## Operating income/Ordinary income

(100 million yen)



	Net sales	Operating income	Net income
Growth rate (vs. end-FY2/17)	122.1%	127.5%	125.0%