

Financial Results
for the First Half of the Fiscal Year Ending
February 28, 2013 (FY02/2013)
AEON DELIGHT CO., LTD. 

Kazunori Umemoto, President & CEO

October 4, 2012



- § 1 Financial results for the first half of the fiscal year ending February 28, 2013
- § 2 Initiatives in the second half of the fiscal year ending February 28, 2013 and afterwards
- § 3 Earnings Results Outlook for the fiscal year ending February 28, 2013
- § 4 Reference materials



ÆON delight



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Business performance

Achieved the best results ever

1. Net sales – **up 115.3%** year-on-year
2. Operating, ordinary and net incomes for the year – **up for the 3rd year in a row**

Millions of yen

	First six months ended August 31, 2012				
	Results	% to net sales	Year-on-year change %	Year-on-year difference	% Compared with forecast announced
Net sales	126,771	100.0	115.3	16,821	105.6
Operating income	7,113	5.6	102.9	197	93.6
Ordinary income	7,124	5.6	102.1	149	93.7
Net income	3,944	3.1	106.2	228	98.6

Assessment by segment

Construction work business – up 214.5% year-on-year
 Ratio of the sales composition increased for environment-related business
 due to an increase in LED lighting installation orders

Millions of yen

	First Half of FY02/2013			First Half of FY02/2012	
	Net Sales	Composition ratio %	Year-on-year change %	Net Sales	Composition ratio %
Facilities Management business	21,124	16.7	99.2	21,292	19.4
Cleaning services business	20,206	15.9	101.9	19,835	18.0
Security services business	15,807	12.5	97.6	16,199	14.7
Construction work business	29,965	23.6	214.5	13,970	12.7
Materials/Supplies sourcing services business	19,294	15.2	104.8	18,416	16.7
Vending machine services business	16,079	12.7	97.0	16,572	15.1
Support businesses	4,290	3.4	117.9	3,639	3.3

Consolidated Balance Sheet

Consolidated Balance Sheet

Millions of yen

	As of Aug. 31, 2012	As of Feb. 29, 2012	Difference		As of Aug. 31, 2012	As of Feb. 29, 2012	Difference
Current assets	85,499	72,486	13,012	Current liabilities	43,370	33,643	9,727
Fixed assets	19,978	20,322	(344)	Long-term liabilities	996	983	12
Tangibles	3,709	3,773	(64)	Total liabilities	44,366	34,626	9,739
Intangibles	11,925	12,272	(346)	Total net assets	61,111	58,182	2,928
Investments, etc.	4,344	4,276	67	Total liabilities and net assets	105,478	92,809	12,668
Total assets	105,478	92,809	12,668				

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

Millions of yen

	First Half of FY02/2013	First Half of FY02/2012
Cash flows from operating activities	(1,600)	2,883
Cash flows from investing activities	1,887	(1,680)
Cash flows from financing activities	(1,119)	(1,566)
Net increase (decrease) in cash and cash equivalents	(874)	(361)
Cash and cash equivalents at beginning of period	9,179	12,317
Cash and cash equivalents as of the end of the first half of the year	8,304	11,956

Millions of yen

Operating cash flows

Net income before taxes	7,084
Notes and accounts receivable-trade	(15,894)
Notes and accounts payable-trade	10,786

Investing cash flows

Deposits and repayments for affiliate consumption entrusted funds	2,600
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Financing cash flows

Cash dividends paid	(1,049)
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● Operating cash flows were negative due to an increase in notes and accounts receivable-trade accompanying LED lighting installation.

1. Strengthened LED sales

- Strong performance is expected to be maintained in the second half as well, with sales increases exceeding initial plans
First-half plan: ¥13.8 billion; Results: ¥16.0 billion
Second-half plan: ¥9.0 billion; Estimate: ¥13.0 billion
- However, improvements are required for margins that reduced due to increases in construction costs



AEON Lake Town

2. Selected as a BEMS aggregator

- Number of BEMS adoption proposals for small and medium-sized buildings in collaboration with A to Z Service Co., Ltd.: **174 (first-half results)**
Target: 1,600 projects (**¥2.0 billion**) by March 31, 2014

1. Expanding business in China

- The total number of contracts received was increased to 7 for Beijing, 3 for Tianjian and 23 for Guangdong, including 7 contracts outside the Group

February 29, 2012: 16 contracts ⇒ **August 31, 2012: 33 contracts**
Number of employees: increased to 1,283

- First company established for the joint venture strategy for key areas
AEON DELIGHT TEDA (TIANJIN) COMPREHENSIVE FACILITY MANAGEMENT SERVICE CO.,LTD
- From Japan, made in China

2. Promoting business in the ASEAN region

- **AEON DELIGHT (VIETNAM) CO., LTD.** to be established in November
Work being conducted aimed at the establishment of a local subsidiary in Malaysia

New customers

Major initiatives in the first half



1) Niigata University

2) AEON Mall Funabashi

3) Southern Beach Hotel and Resort

4) Yokohama No. 2 Joint Government Office Building

5) Nestle Tianjin Plant

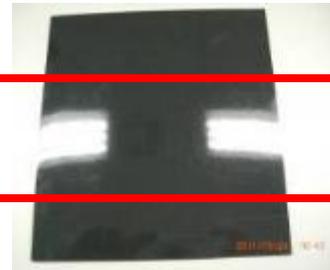
Cleaning: Floor management innovation

● AEON DELIGHT Coat

- Water-based coating agent developed as alternative to conventional resin wax
- Achieves high-luster finish without use of organic solvents, detachment not required



The difference in the LED fluorescent light reflection clearly shows off the high-luster finish



Conventional wax

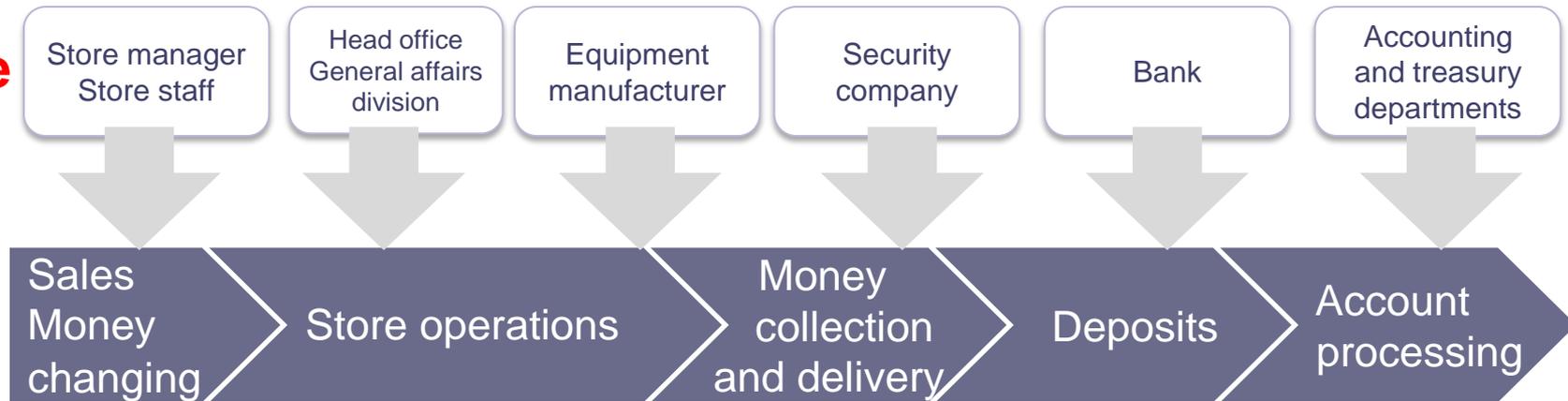


New protective agent

Currently deployed at 45 AEON Group properties
Further deployment planned in second half

Packaging of each stage of the protective escort process

Before



After

Achieving a comprehensive solution

Uniform control system

Financial services

Equipment sales, maintenance,
and management

Operations improvement
consulting



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1. Executive officer system adopted in May

- Purpose:
- 1) Speeding up the decision-making process and streamlining business execution
 - 2) Strengthening corporate governance
 - 3) Improving the development and use of human resources

Directors 19→**6** Executive officers: 22 (including 5 directors)

2. Management development program launched for the development and training of the next generation of management resources

- 1) The program was started in October 2011. It is a one-year program that focuses on employees in their 30s to 40s that have been recommended by directors, including personnel from Group companies. Twenty employees completed the program in September.
- 2) Four program participants were appointed as executive officers, while 5 program participants were appointed as directors at affiliates
- 3) We will continue management development programs in the future for the promotion of employees to management positions

■ Aimed at strengthening engineer groups

Activities during the first half: 66 seminars attended by 1,196 participants
(**120.8%** year-on-year)



AEON DELIGHT Academy Nagahama



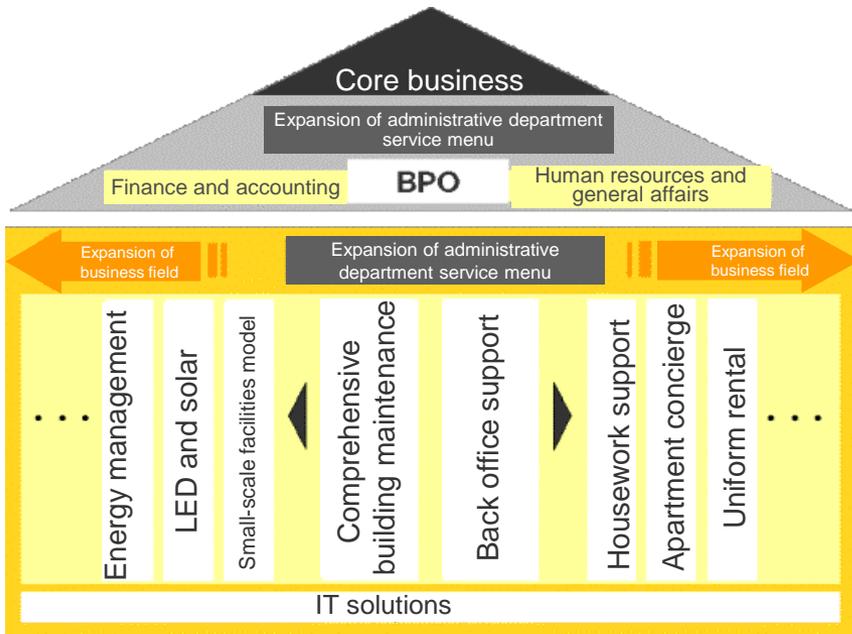
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[Initiatives up until previous fiscal year]



- 1) Vision of comprehensive FMS business was formulated in 2009
- 2) AEON DELIGHT CO., LTD. and CERTO Corp. were merged in 2010
- 3) The Group worked to establish businesses in energy-saving, LED, solar, and energy management fields by focusing on environmental load reduction.
- 4) A to Z Service Co., Ltd. was made a subsidiary in 2011, as the Group worked to expand comprehensive FMS business based on a non-permanently stationed small-chain store model
- 5) KAJITAKU Inc. also made a subsidiary in 2011, as the Group entered the housework support business for the BtoBtoC market
- 6) FMSS, an IT subsidiary, was established to increase IT readiness in each business field

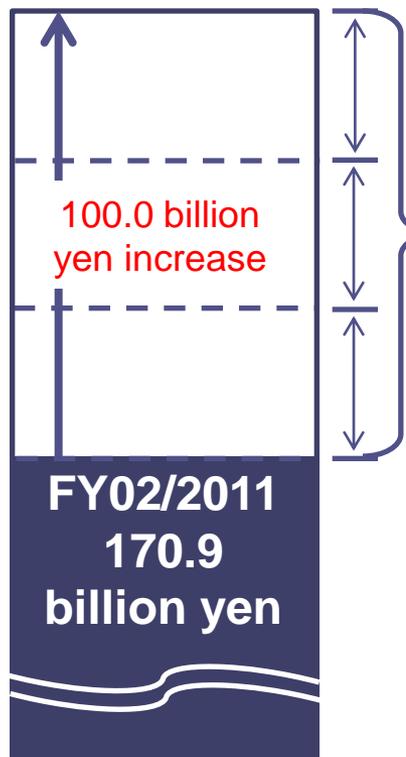
[Initiatives during fiscal year under review]

1. A BPO company was established in China for the commercialization of the BPO business. In addition, GSI was made a subsidiary.
2. AEON COMPASS made a subsidiary for the commercialization of BTM and MICE businesses as important contents of service menus for administrative operations.
3. Plans to establish an apartment concierge company

Progress of the medium-term business plan

Net Sales

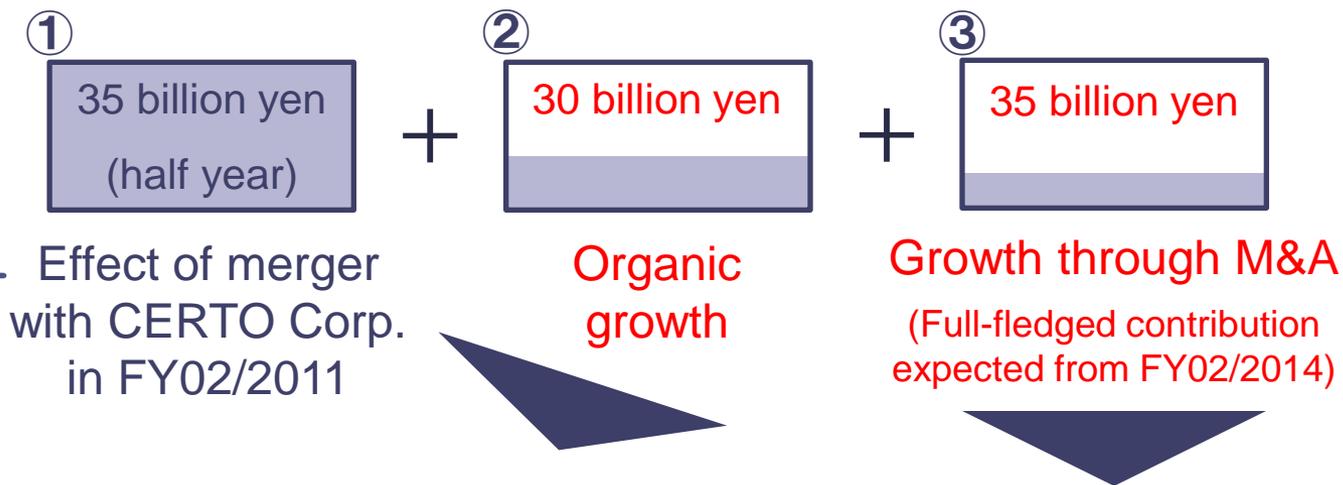
270 billion yen



FY02/2014
(Plan)

(1) Expected to achieve FY02/2014 goal of 270.0 billion yen

(2) Expected to achieve FY02/2013 goal of 260.0 billion yen



- Expansion of environment-related business
In addition to energy-saving and LED, also expanding smart community businesses including BEMS, power sales, EV, and HEMS
- Expansion of business in China and the ASEAN region

- KAJITAKU
- A to Z Service
- AEON COMPASS
- GSI
- ⇒ Progress delayed



Target achievement process

Operating income

- (1) FY02/2014 operating income target: 22.0 billion yen
***Could be revised depending on M&A negotiations**
- (2) FY02/2013 operating income target: 16.6 billion yen

- **Compared to a target of 7.6 billion yen for the first half of the fiscal year ending Feb. 28, 2013, results were 7.1 billion yen**

Reasons why first-half target was not achieved

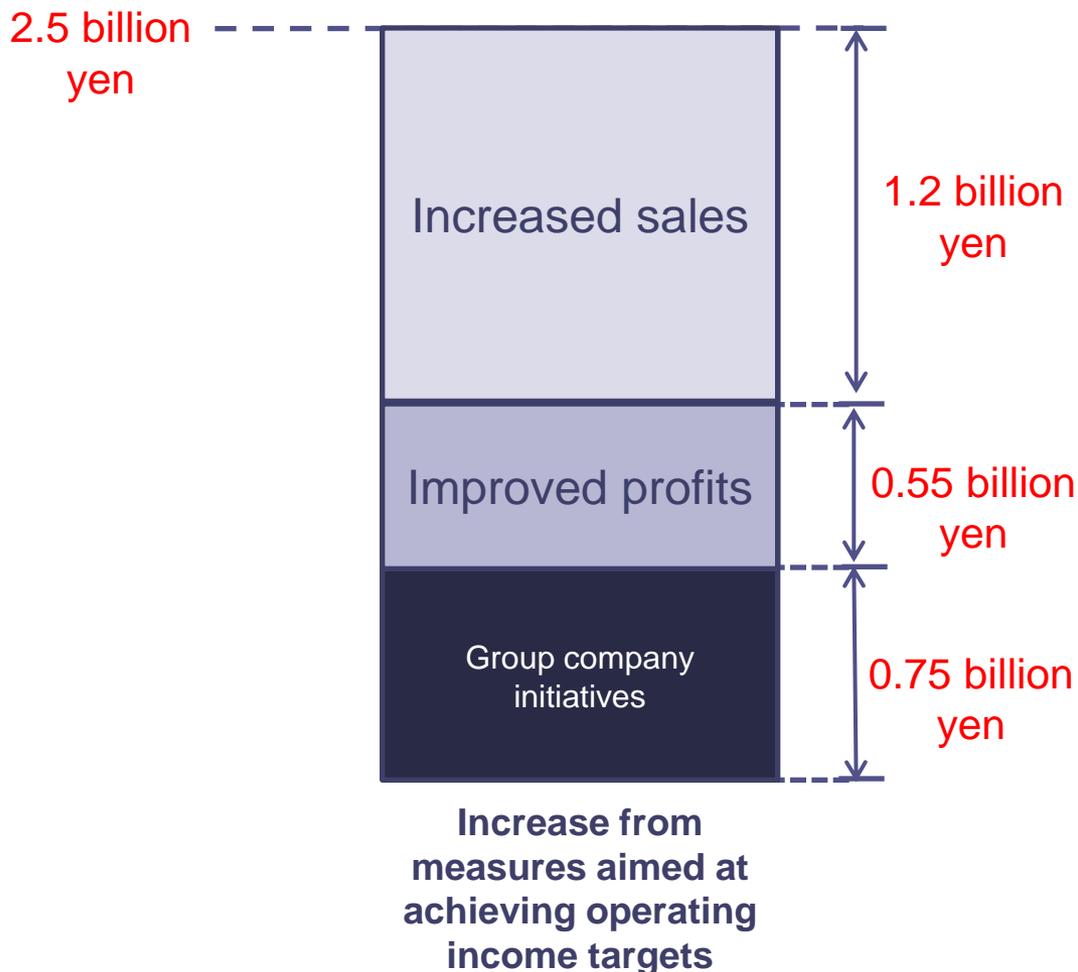
- 1) Gross profit margin was down 1.4% year on year due to factors including an increase in the cost of goods ratio in LED lighting installation,
- 2) Costs increased due to expenses associated with developing markets in China and ASEAN region and increasing headcounts in the fields of environmental services and facilities, as well prior investments in the growth fields of IT and the environment, and absorption plan through BPR delayed.
- 3) Deterioration in the business performance (by approximately 150 million yen) of Group company A to Z Service Co., Ltd. (AZS)

- **Full-year target of 16.6 billion yen for the fiscal year ending Feb. 28, 2013 achieved**

- 1) Delay of M&A had impact of 1.5 billion yen
- 2) 2.5 billion yen from countermeasures in existing businesses compensated for this delay

Operating
income

Measures for increasing operating income by 2.5 billion yen



- LED lighting installation both inside and outside of the Group
- BEMS, heat source, and signboard work
- Getting new contracts
- Increasing sales of 5 yen copy machines

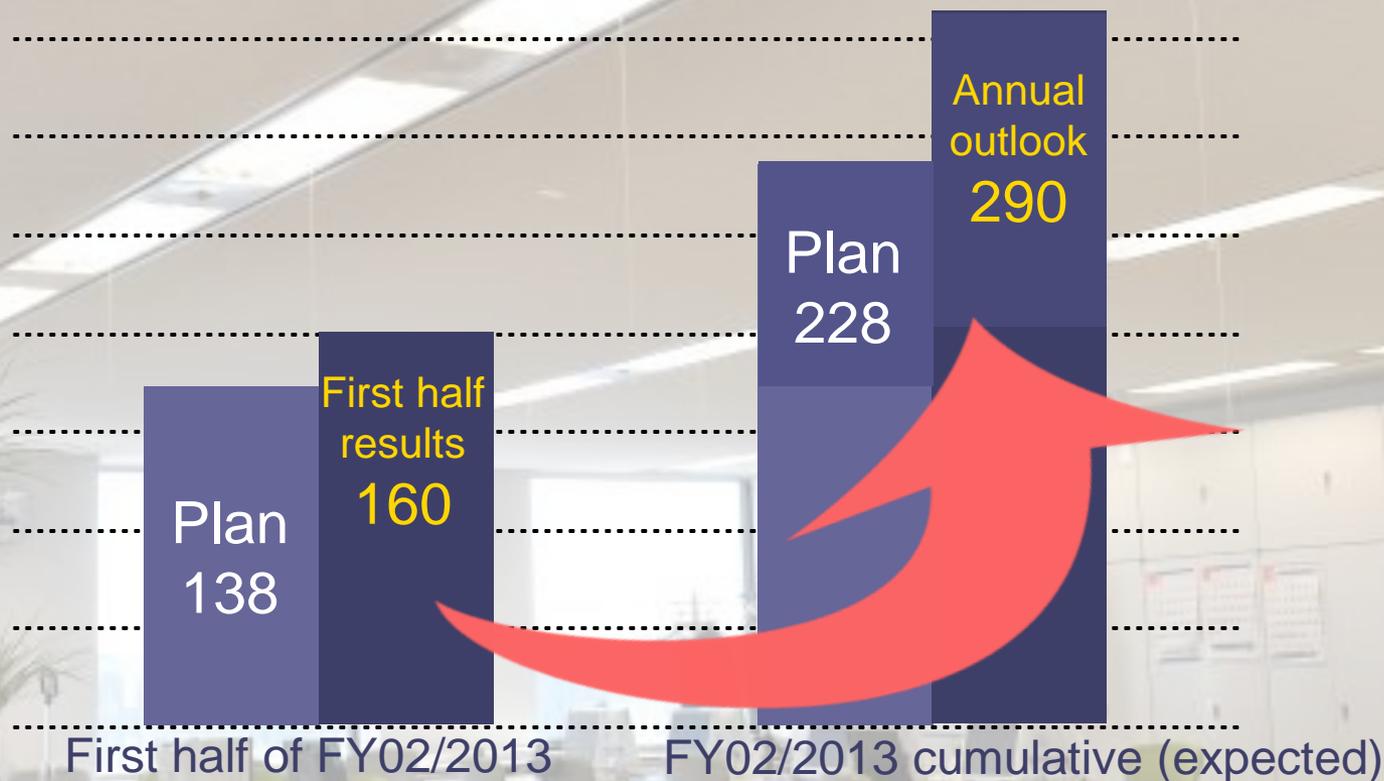
- Improving profitability of cleaning business
- Improving vending machines margins
- Aggregating logistics bases for materials

- Strengthening sales, particularly for AZS and KAJITAKU

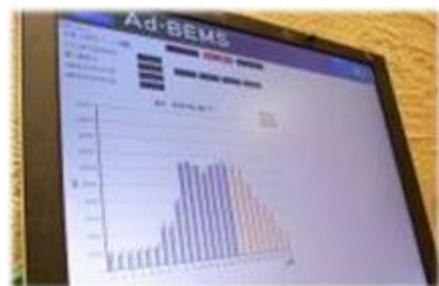
Promotion of LED lighting installation

LED sales in FY02/2013

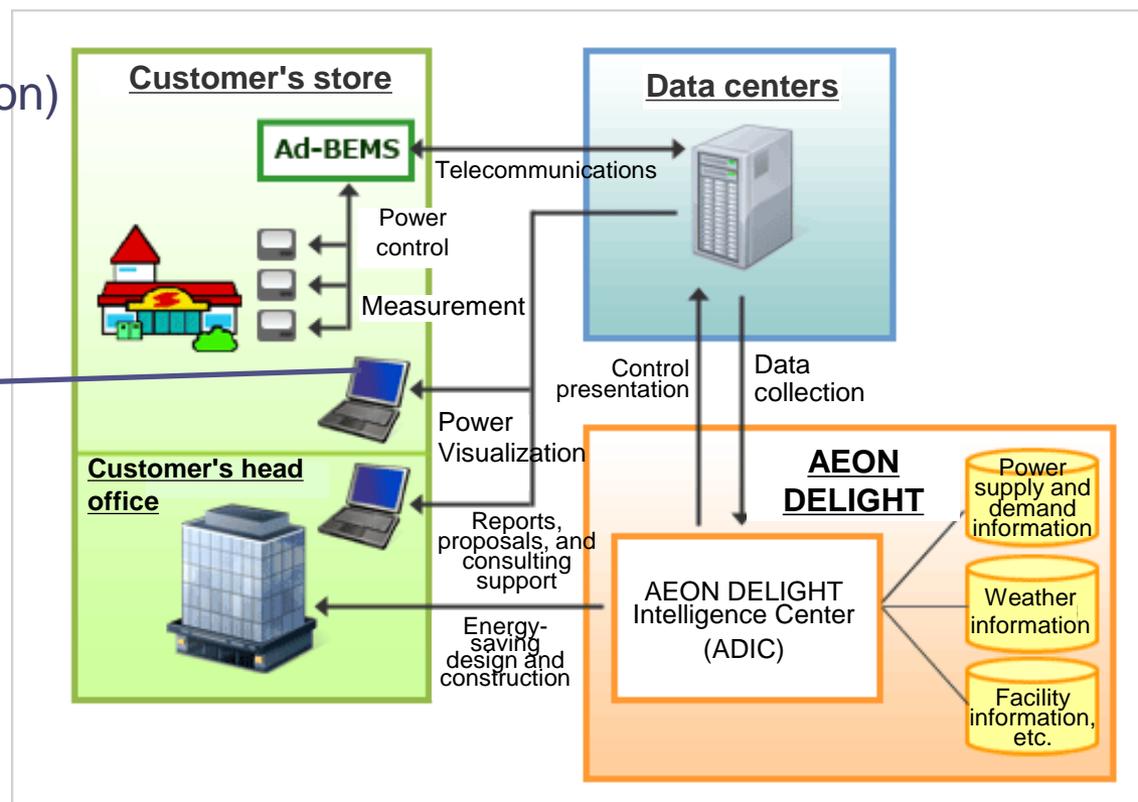
Unit: 100 million yen



BEMS aggregator (Smart community foundation)

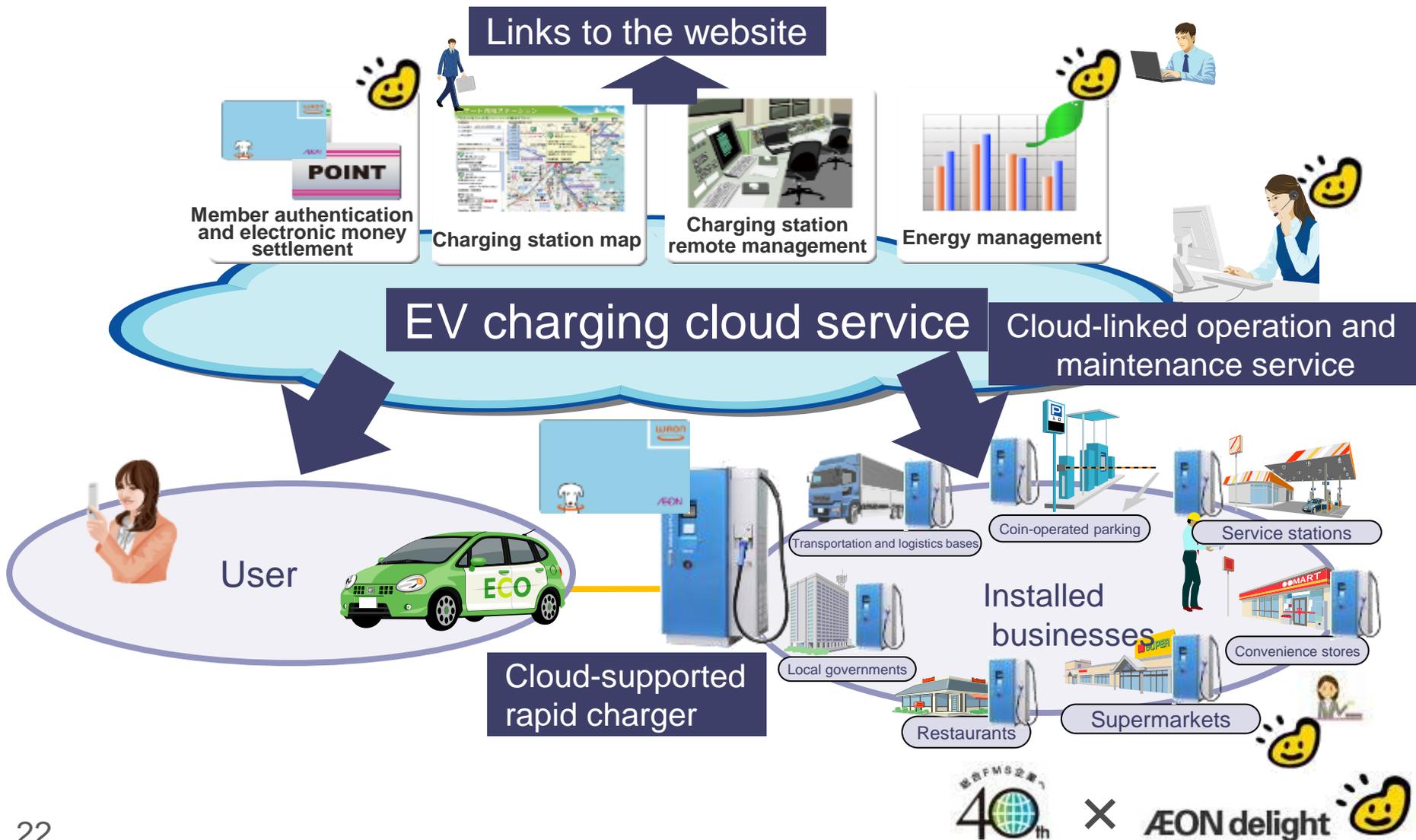


Ad-BEMS



- As a system that will serve as a foundation for smart communities in the future, business is being developed with a focus on areas and business categories for which power demand increases in the winter
Second-half plan: 400 projects

● WAON is used as the EV charging key. We aim for application in various forms of marketing.



Power companies



Each power company

Power sales revenue



Power sales



AEON Group



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- Capital expenditures
- Construction
- Operation
- Power sales

Revenue share



Facilities introduction and operations execution



GMS



Supermarkets /drugstores



Re-investment



Renewable energy creation

EV charging facilities

Common use generator facilities



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■ AEON Delight's toilet revolution

Development of recirculating, water-saving plastic urinals



- Water-savings of **approximately 90%** when flushing
- CO₂ reductions during manufacture
- Easy maintenance
- Various colors available

Increasing sales of 5 yen copy machines Major urban area market

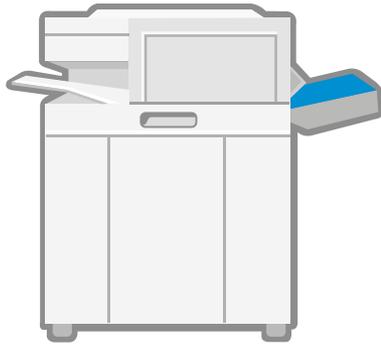
1. Increasing sales of 5 yen copy machines, particularly to convenience stores

Expanding the copy materials business

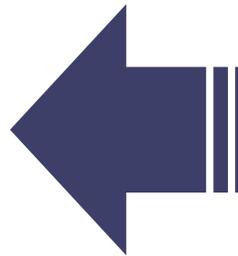
First-half results: 1,200 units

Second-half plan: 3,000 units, contributing approximately ¥270 million to operating income

2. Enhancing the functions 5 yen copy machines



5 yen copy machine



Addition



Photo printing feature

- Adding a photo print function to 5 yen copy machines as value added to increase customer convenience

■ Increasing sales of KAJIcloud (Housework Professionals) products

26,000 units sold during first half
(Net sales of ¥280 million)

⇒ Web promotions, etc.

Expanding sales channels and promoting increases in sales

KAJIcloud



■ Development and sales of emergency supply products (evacuation backpacks)

⇒ Disaster preparedness proposals for customers and business partners
(Annual sales target: ¥250 million yen)

Evacuation backpack

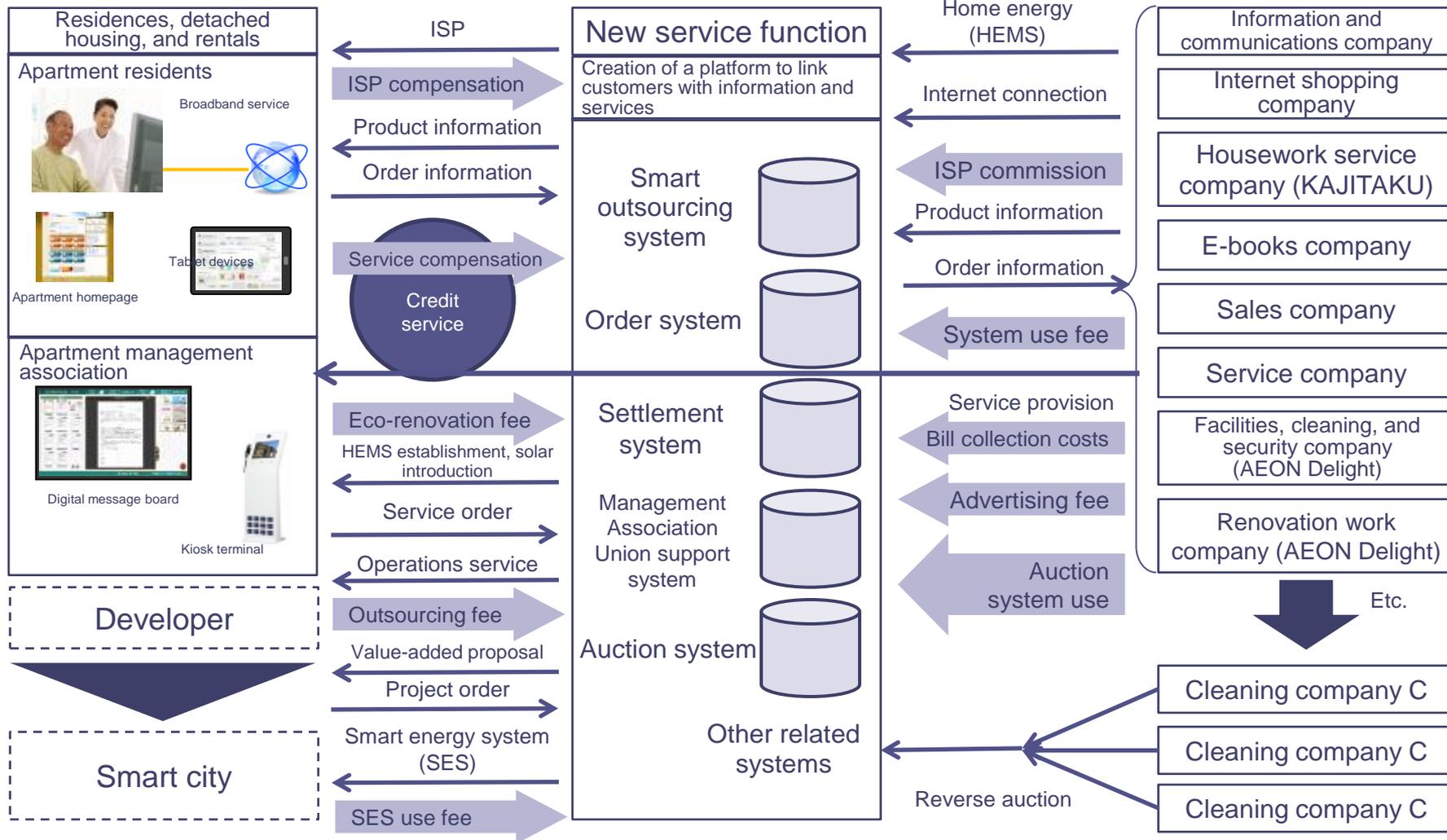


New apartment business creation

Major urban area market

Business model

***A company planned to be established within FY02/2013**



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1. Promotion of area strategy



Legend:

- Areas already covered
 - Areas covered during FY02/2013
 - Areas in the expansion plan for FY02/2013
-  (China)

- **Second company established for the joint venture strategy for key areas**

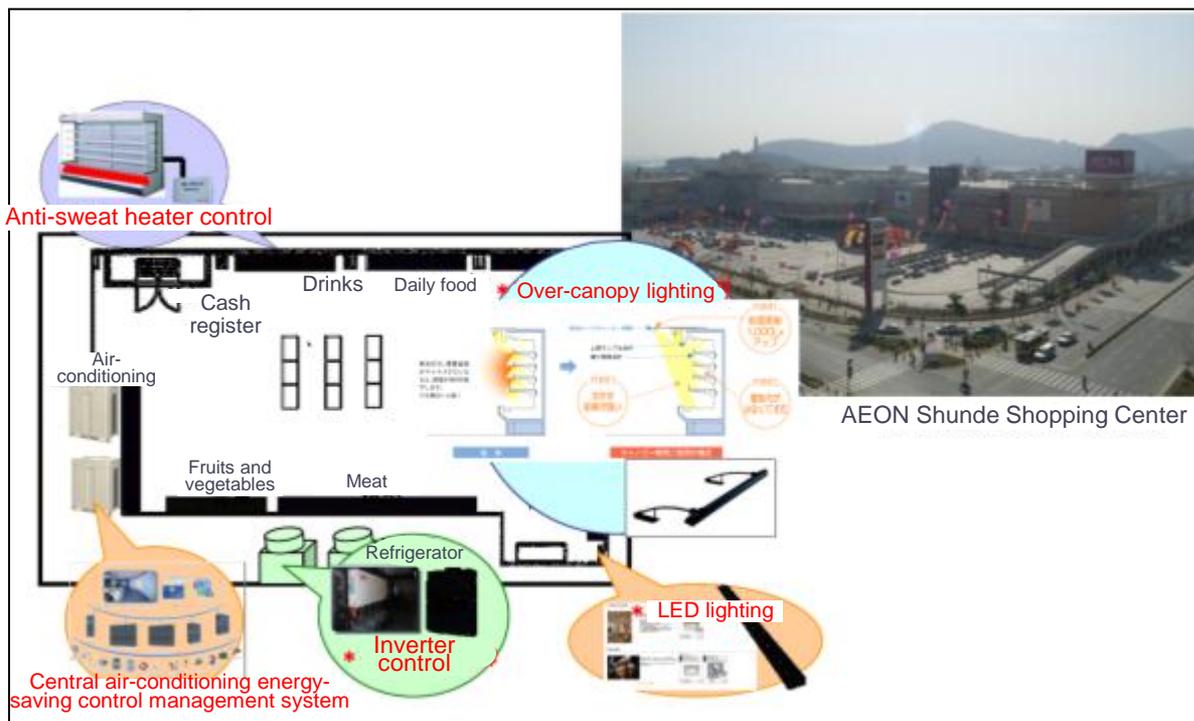
Acquisition of 51% of the shares of **Aeon Delight Sufang (Suzhou) Comprehensive Facility Management Service Co., Ltd.**, which holds a level 1 property business license in Suzhou, Jiangsu Province.

- **Expansion of business through three sales channels**

- (1) Developing business with foreign-affiliated companies
- (2) Expanding business with existing contractors
- (3) Alliances with local companies

2. Expansion of energy-saving business

- **ESCO Energy-Saving Service** adopted at AEON Shunde Shopping Center in Foshan, Guangdong Province. The system allows for an approximately 10% annual reduction in CO₂ emissions compared to before adoption through measures including the renewal of air-conditioning system and improvements in lighting efficiency. Energy-saving business is also expanding in China.



1. Initiatives aimed at the establishment of local subsidiaries



(Vietnam)

- Local subsidiary established in November 2012, and full business launch planned for the fiscal year ending Feb. 28, 2014.



(Malaysia)

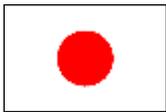
- Business operations planned to start when AEON Malaysia opens in December 2012

* A feasibility study for Cambodia and Indonesia is planned for staff dispatching for AEON opening support .



2. Initiatives aimed at the adoption of a bilateral offset credit system

- Greenhouse gas emissions reduction and absorption achieved through policies and the diffusion of greenhouse gas emissions reduction technologies, products, systems, services, and infrastructure in the partner company would be quantitatively evaluated as Japan's contribution, and this contribution could be used for the achievement of Japan's reduction goal.



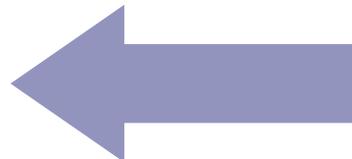
(Thailand)

(Vietnam)

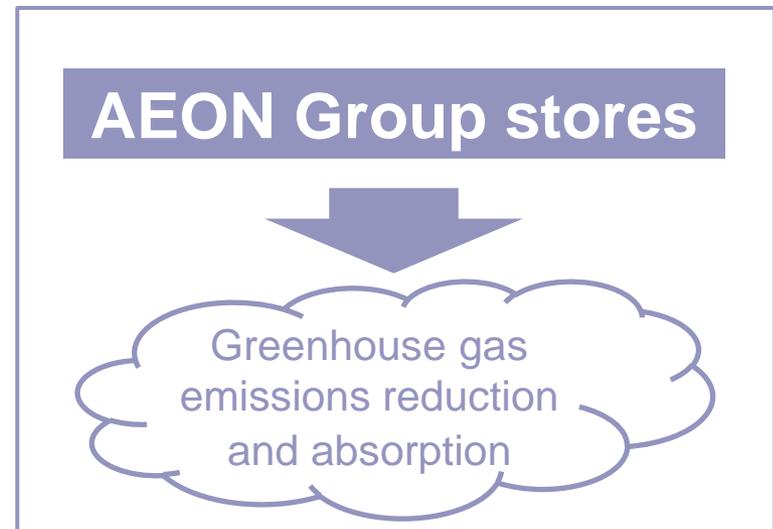
(Malaysia)



Introduction of energy-saving equipment such as BEMS, LED



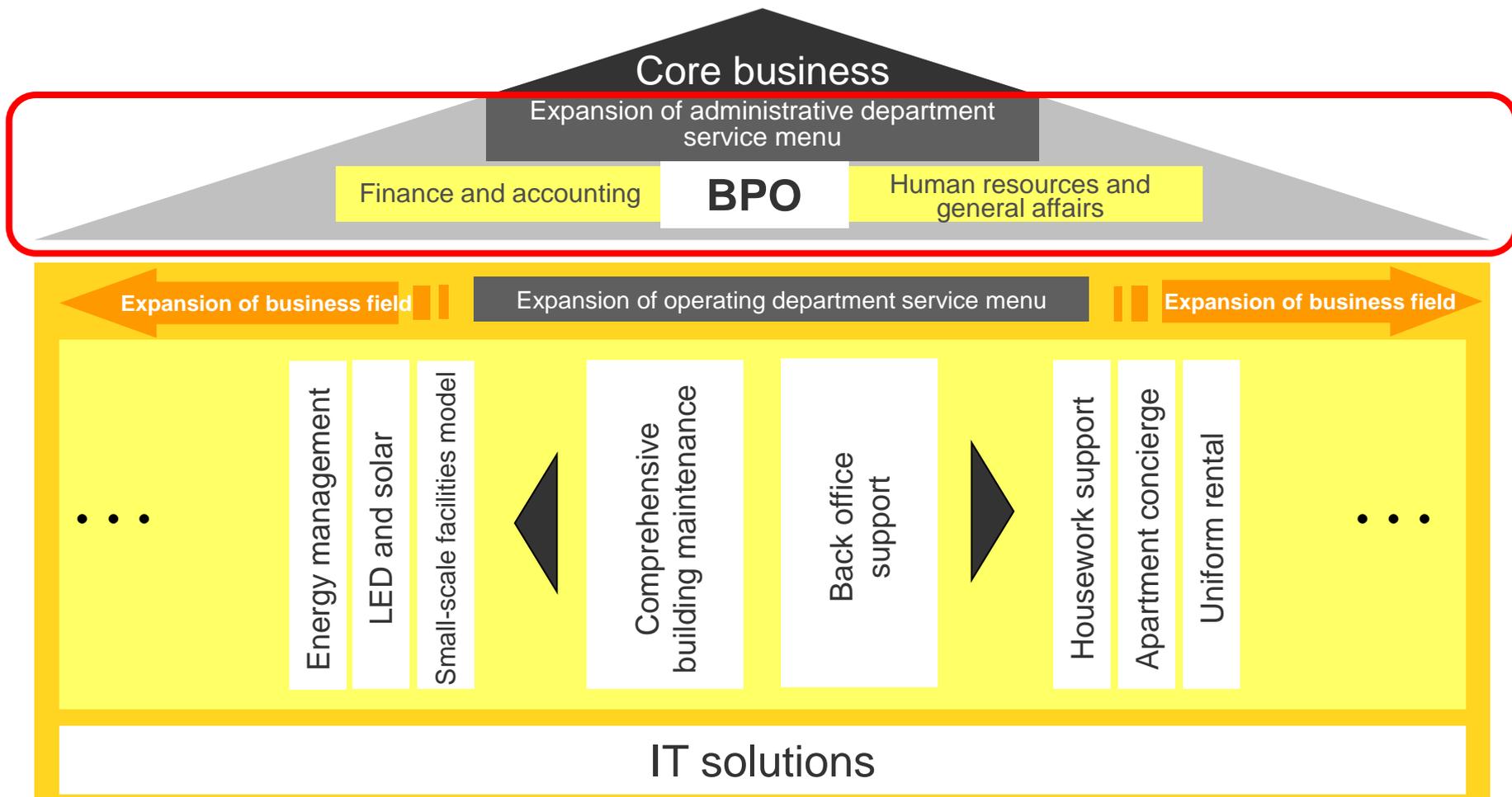
Emissions reduction and absorption



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Establishing core businesses in the comprehensive FMS business



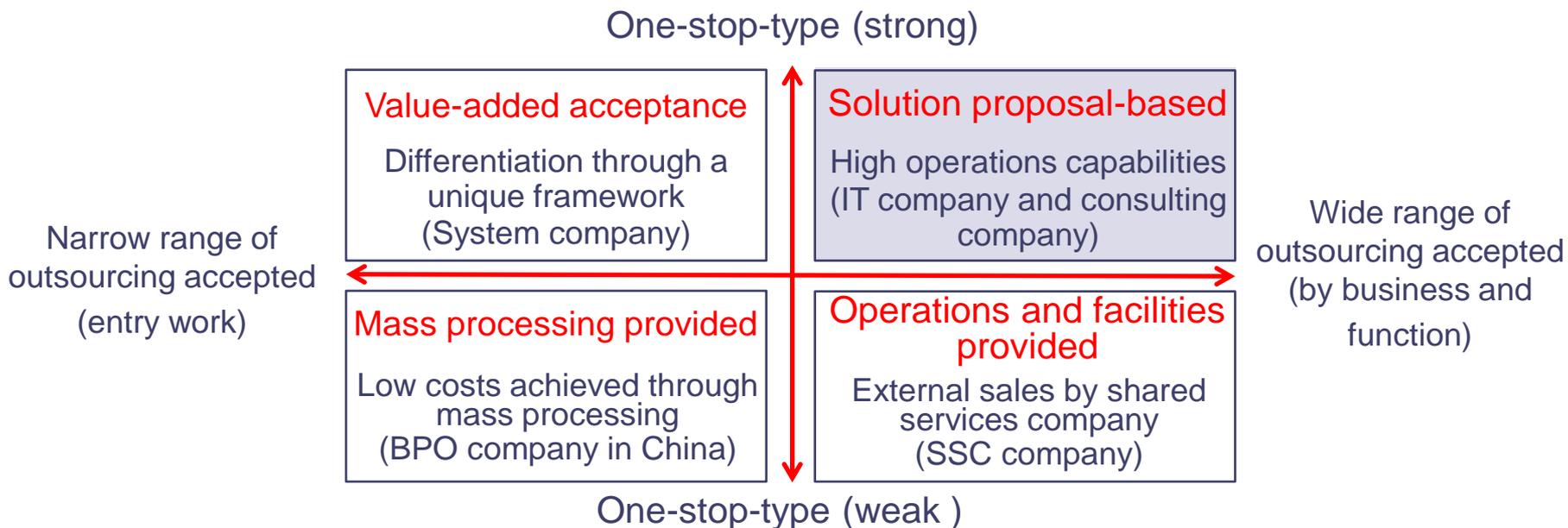
1. Establishing offshore bases in China (Hangzhou and Dalian)

- As a new part of our comprehensive FMS business service menu, we have entered the BPO (business process outsourcing) market. BPO promotes the streamlining of administrative department functions such as general affairs, human resources, and accounting
- Vinculum Japan, TOTYU CO., Ltd., and the Group are working towards the establishment of **AEON DELIGHT (HANGZHOU) SERVICE OUTSOURCING CO., LTD.** as a joint venture in Hangzhou (establishment planned for October).

We start by implementing BPO within the Group and then use the know-how accumulated in our aim for commercialization through expansion by outsourcing

2. Acquisition of the shares of General Services, Inc (GSI)

Types of BPO players



- 1) GSI conducts outsourcing adoption consulting in Japan, and in Dalian it is the only Japanese-affiliated company that offers service by business and function
- 2) The strengths of GSI include being familiar with shared services, having a group of operations experts, and an operation management culture that has been fostered through 10 years of operations

3. BPO business operations structure

BPO operation bases

Providing service by business and function

Operations (GSI subsidiary)

Indirect operations that are consigned are aggregated and conducted at one location

Aim to expand operation bases to other areas

Consulting (GSI)

Sales activities using our customer base

Dalian

Tokyo

Hangzhou

AEON DELIGHT (Hangzhou) SERVICE OUTSOURCING CO., LTD.

Sales activities (AD SERVICE OUTSOURCING)

Making AEON COMPASS a subsidiary

Fulfilling the role of a compass in providing solutions for business trips, transfers, travel, conferences, and events for companies and organizations (BtoB)

Business field 1: BTM (business travel management) business

⇒ Provides overall management of business trip-related operations through the comprehensive consignment of the applicable tasks, and as a result offers direct cost reductions for items such as airplane tickets and accommodation costs, the streamlining of administrative work related to business expenses, strengthened internal control, and risk management.

Business field 2: MICE (meeting, incentive, convention, exhibition) business

⇒ Provides planning and operations services for meetings (business meetings, training programs, and seminars), incentive and reward tours, conventions and conferences (universities, academic, international conferences), and exhibitions.

Business field 3: BtoBtoC travel planning

⇒ Wholesale of sourcing development travel for AEON Group companies, planning of charter flights from/to shopping centers

Business field 4: Internet shopping business

Business field 5: BTM, MICE, and BtoBtoC travel planning in Asia

● Growth strategy based on the combination of the AEON DELIGHT Group's corporate customer base and AEON COMPASS 's planning capabilities

Mobile offices and networks available everywhere

Innovations in working methods in response to the digital shift

- (1) Increasing IT readiness to improve work productivity through mobile networking
- (2) Improving presentation capabilities in solution sales
- (3) Aiming for TCO reduction and global support through the establishment of next-generation office environments

Operating time improvement



Effective use of idle time
Increasing the number of visits and patrols

Customer service improvement



Improving proposal capabilities, work quality, and response speed

Using photos to report the work location and providing instructions while sharing simultaneously at multiple locations

FMSS cloud center

- Multiple employees can input text or make illustrations on images and documents (PDFs, Microsoft Office documents) and share the information in real-time
- Once a file is created, the change history function allows users to know what instructions were made by who and at what time



- Work location photos
- Reports
- Work memos
- Contracts
- Facilities and equipment registers
- Manuals
- Meeting materials, etc.



Work location

- Photos are taken at the work location and registered
- Information and situations that are hard to get across over the phone can be explained by writing on images (reporting)



Regional offices, branches, centers

- Register materials required by regional offices and centers
- Communication with work locations by writing on materials to provide supplementary explanation and instructions



Establishment of a company-wide sales structure in which anyone can provide a standardized presentation using sales solutions videos on IT tablet devices



- Unique sales style through IT tablet devices
- Video tools for sales (8 videos prepared during first half)



- Sales videos that have been standardized to the regional office and center level can be used to conduct sales talk
- Consulting provided by dedicated sales team when interest displayed by a customer



- 1) Approximately 50 branch offices and offices across the country will be made into sales offices in shopping districts, near stations, and inside shopping centers
- 2) Shift to BtoBtoC sales by increasing IT readiness and offshoring administrative work through BPO

- 3) Secure sales space with the rent that was previously paid for administrative work in office buildings
- 4) Establish the first sales office this year at Takamatsu Central Arcade
- 5) Conduct BtoB sales negotiations and BtoBtoC sales focused on environmental products



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Earnings Results outlook for the fiscal year ending Feb. 28, 2013

Millions of yen

	Full-year forecast for FY02/2013			FY02/2012 results	
	Amount	% to net sales	YoY change (%)	Amount (results)	% to net sales
Net Sales	260,000	100.0	118.3	219,797	100.0
Operating Income	16,600	6.4	120.6	13,762	6.3
Ordinary Income	16,600	6.4	120.4	13,784	6.3
Net Income	8,700	3.3	125.9	6,912	3.1



Returns to shareholders

Eight consecutive years of increased dividends since **FY02/2006**

	FY02/2005	FY02/2006	FY02/2007	FY02/2008	FY02/2009	FY02/2010	FY02/2011	FY02/2012	FY02/2013 (forecast)
Dividend	¥8.0	¥9.0	¥15.0	¥17.5	¥22.0	¥27.0	¥39.0	¥40.0	¥46.0

■ 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 FY02/2005.

*A commemorative dividend of 5.00 yen is included in the year-end dividend for FY02/2011.



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Income statement

Millions of yen

	FY02/2004		FY02/2005		FY02/2006		FY02/2007		FY02/2008	
	Results	YoY change (%)								
Net sales	55,749	99.3	54,665	98.1	62,323	114.0	111,170	178.4	137,519	123.7
Operating Income	1,686	79.7	2,504	148.5	2,949	117.8	5,576	189.0	8,330	149.4
Ordinary Income	1,697	80.5	2,511	147.9	2,953	117.6	5,485	185.7	8,186	149.2
Net Income	148	13.1	860	580.6	1,324	153.8	2,998	226.4	4,379	146.1

Millions of yen

	FY02/2009		FY02/2010		FY02/2011		FY02/2012		Second half of FY02/2013	
	Results	YoY change (%)	Results	YoY change (%)						
Net sales	145,690	105.9	140,299	96.3	170,905	121.8	219,797	128.6	126,771	115.3
Operating Income	9,946	119.4	9,970	100.2	12,031	120.7	13,762	114.4	7,113	102.9
Ordinary Income	9,812	119.9	9,912	101.0	12,089	122.0	13,784	114.0	7,124	102.1
Net Income	4,876	111.3	5,466	112.1	6,495	118.8	6,912	106.4	3,944	106.2

Major Shareholders and Shareholders by type (%)

Major Shareholders

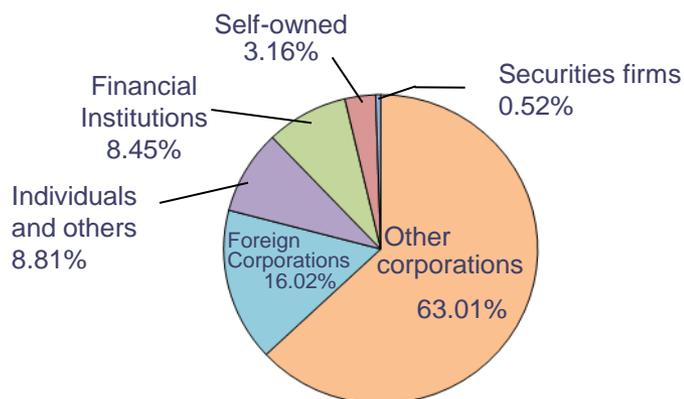
The ownership ratio corresponds to outstanding shares.

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 (1,000 shares)	%
1	ÆON RETAIL Co., Ltd.	23,261	42.94
2	AEON CO., Ltd.	9,103	16.81
3	JPMorgan Chase Bank 385174	1,372	2.53
4	Japan Trustee Services Bank, Ltd. (trust account)	1,201	2.22
5	Japan Master Trust Bank, Ltd. (trust account)	1,029	1.90
6	AEON DELIGHT Business Partner Stock Ownership Association	668	1.23
7	AEON DELIGHT Employee Stock Ownership Association	661	1.22
8	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	586	1.08
9	JP MORGAN CHASE US PENSION TREATY JASDEC	578	1.07
10	Mellon Bank N.A. Treaty Client Omnibus	478	0.88

The data is as of August 31, 2012.

Shareholders by type



Key Management Indicators

	FY02/2010	FY02/2011	FY02/2012	1HFY02/2013
EPS	¥137.79	¥142.56	¥ 131.81	Half-year) ¥ 75.21
ROE	18.91%	15.47%	12.55%	Half-year) 6.70%
ROA	11.19%	9.75%	7.79%	Half-year) 3.98%
Ratio of ordinary income to net sales	7.06%	7.07%	6.27%	5.62%
Ratio of net income to net sales	3.90%	3.80%	3.15%	3.11%
Total assets turnover	2.87	2.56	2.48	Half-year) 1.28
Shareholders' equity ratio	64.22%	62.32%	61.92%	57.22%
Net assets per share	¥ 787.84	¥1,005.62	¥ 1,095.59	¥ 1050.45
PER	8.83	10.57	11.62	Half-year) 20.37
PBR	1.54	1.50	1.40	1.33
(Reference) Share price at end of period	¥1,216	¥1,507	¥ 1,532	¥ 1,813

* The number is rounded to the second decimal place.



Thank you very much for your kind attention.

Comments and inquiries should be directed to the following:

- 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 understand 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 off to one decimal place.

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**This presentation has been prepared using the information available as of the date of the presentation (October 4, 2012).
The earnings forecasts contained herein may be revised due to unforeseen factors that may arise in the future.**