

# Financial Results for the First Quarter Ended May 31, 2013 – Supplementary Materials

**AEON DELIGHT CO., LTD.** 

**July 3, 2013**

# FY2/14 1Q Highlights

- **1Q was a strong start to FY2/14. Sales and earnings were higher and there was good progress with measures involving business activities in the remainder of the fiscal year. Strong 1Q performance was backed by growth in AEON Group as well as orders from new customers for a services at a large stadium, the head office building of a major company and retail facilities.**
- **IT business supervision unit was established for the purposes of reinforcing the Comprehensive facility management services business and achieving strategic goals in the IT business. A base for growth was established and the speed of business operations increased.**
- **Strengthened relationships with alliance partners and other partner companies with the goals of becoming more profitable by cutting costs and boosting operating efficiency. Achieved improvements in the gross profit margin and cash flows.**
- **Actively promoted the expansion of the Comprehensive facilities management services business in China and the ASEAN region.**



# Overview of Consolidated Subsidiaries

## 1. Newly consolidated subsidiaries in FY2/13 (2 companies)

- **AEON compass Co., Ltd.**  
President: Kazusa Ikehata    Activities: Japan and overseas travel services  
Capital: ¥348 million        AEON Delight ownership: 55.0%

\*In addition, the consolidated financial statements include one subsidiary of AEON DELIGHT (CHINA) CO., LTD.

## 2. Newly consolidated subsidiary in 1Q of FY2/14 (10 companies)

- **General Services, Inc.**  
President: Hiroyuki Kitano    Activities: Consulting, business services, outsourcing  
Capital: ¥466.35 million    AEON Delight ownership: 53.7%
- **AEON DELIGHT (HANGZHOU) CO., LTD.**  
President: Hiroki Sadaoka    Activities: Business process outsourcing services for administrative operations  
Capital: 11.84 million yuan   AEON Delight ownership: 70%
- **AEON DELIGHT (MALAYSIA) SDN. BHD.**  
President: Noryahwati Binti Mohamad Noh    Activities: Comprehensive facility management services  
Capital: 8 million ringgit        AEON Delight ownership: 100%
- **A Life Support Co., Ltd.**  
President: Akira Sugihara    Activities: Fashion management and lifestyle support for residents  
Capital: ¥95 million            AEON Delight ownership: 85.8%
- **Aeon Delight Sufang(Suzhou) Comprehensive Facility Management Service Co.,Ltd.**  
President: Koichi Okuno    Activities: Comprehensive facility management services  
Capital: 5 million yuan        AEON Delight ownership: 51%
- **AEON DELIGHT (VIETNAM) CO., LTD.**  
President: Takayuki Isogai    Activities: Comprehensive facility management services  
Capital: US\$620,000        AEON Delight ownership: 100%

\*In addition, the consolidated financial statements include one subsidiary of General Services, Inc. and three subsidiaries of AEON DELIGHT SUFANG (SUZHOU) CO., LTD.

# Business Results

YoY increases in net sales and gross profit

Net sales up **113.9%** YoY

Gross profit margin **11.9%→12.2%**

Million yen

	FY2/14 1Q actual					
	FY2/13 1Q actual	Pct. to sales (%)	FY2/14 1Q actual	Pct. to sales (%)	YoY (%)	YoY difference
<b>Net sales</b>	<b>58,584</b>	100.0	<b>66,711</b>	100.0	113.9	+8,127
<b>Gross profit</b>	<b>6,980</b>	11.9	<b>8,134</b>	12.2	116.5	+1,154
Operating income	3,093	5.3	3,390	5.1	109.6	+297
Ordinary income	3,102	5.3	3,403	5.1	109.7	+301
Net income	1,786	3.1	1,858	2.8	104.0	+71

# Assessment by Segment (Net Sales)

Construction work, up **143.4% YoY**

Support services, up **143.1% YoY**

Million yen

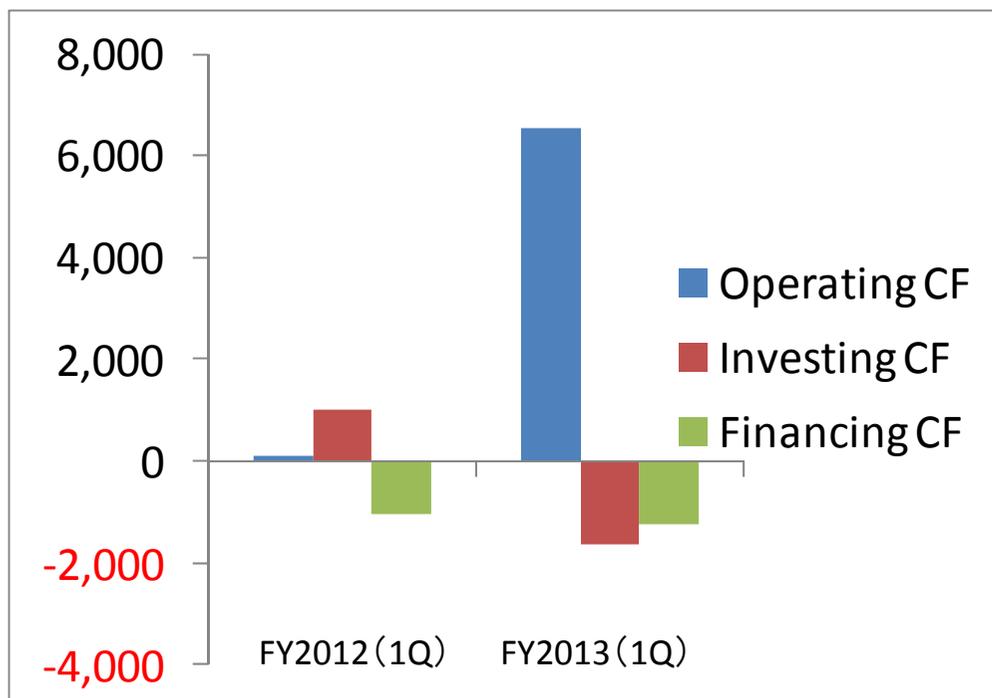
	FY2/14 1Q actual			FY2/13 1Q actual	
	Net sales	Composition ratio (%)	YoY (%)	Net sales	Composition ratio (%)
Facilities management	10,622	15.9	102.4	10,371	17.7
Cleaning services	10,539	15.8	104.1	10,122	17.3
Security services	8,438	12.6	106.8	7,898	13.5
Construction work	15,888	23.8	143.4	11,081	18.9
Materials/supplies sourcing services	10,721	16.1	112.6	9,525	16.3
Vending machine services	7,498	11.2	99.9	7,508	12.8
Support services	2,964	4.4	143.1	2,072	3.5

# Consolidated Balance Sheet 1Q(End-May 2013)

Million yen

	February 28, 2013	May 31, 2013	Difference		February 28, 2013	May 31, 2013	Difference
Current assets	79,323	85,915	6,592	Current liabilities	34,955	40,764	5,808
Fixed assets	21,375	21,671	295	Fixed liabilities	1,195	1,355	159
Tangible fixed assets	3,796	3,933	136	Total liabilities	36,151	42,119	5,968
Intangible fixed assets	12,321	12,095	△225	Total net assets	64,547	65,467	919
Investments, etc.	5,257	5,641	384	Total liabilities and net assets	100,699	107,587	6,887
Total assets	100,699	107,587	6,887				

# Consolidated Cash Flows (FY2/14 1Q)



## Major factors for increase/decrease

### 【Operating cash flows】 ¥6,536 million

Income before income taxes	¥3,411 million
Decrease in accounts receivable	△¥1,828 million
Increase in accounts payable	¥6,488 million

### 【Investing cash flows】 △¥1,619 million

Payments for affiliate consumption entrusted funds	△¥45,100 million
Proceeds from repayments for affiliate consumption entrusted funds	¥44,300 million

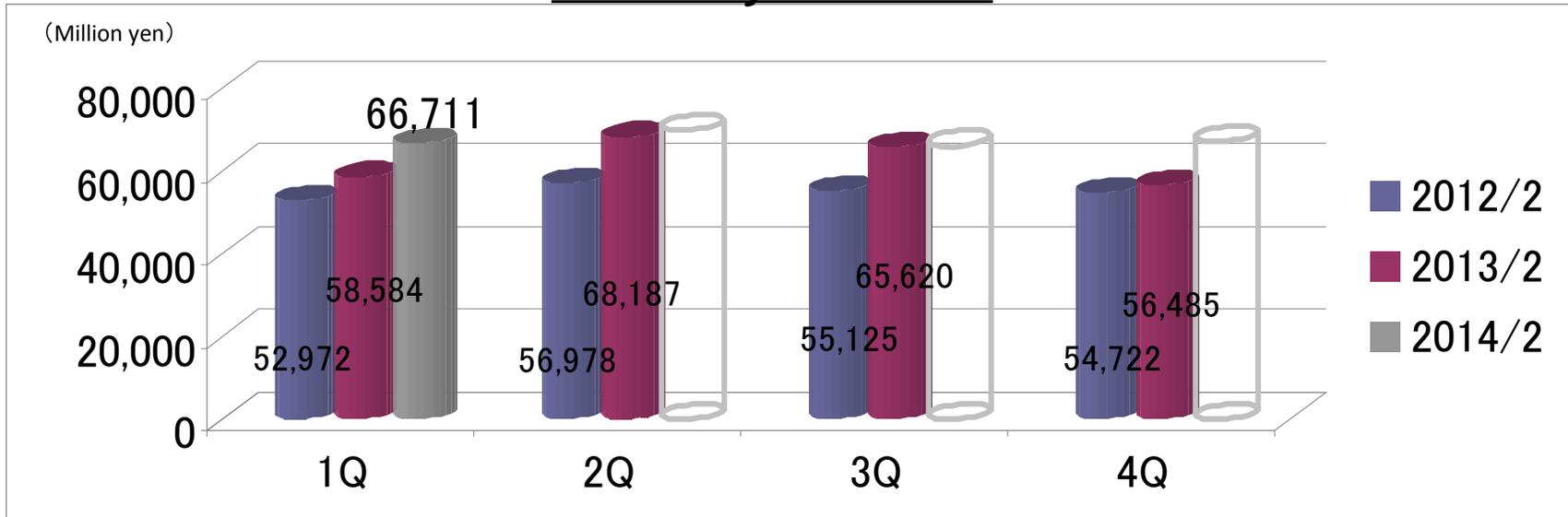
### 【Financing cash flows】 △¥1,229 million

Dividend payment	△¥1,208 million
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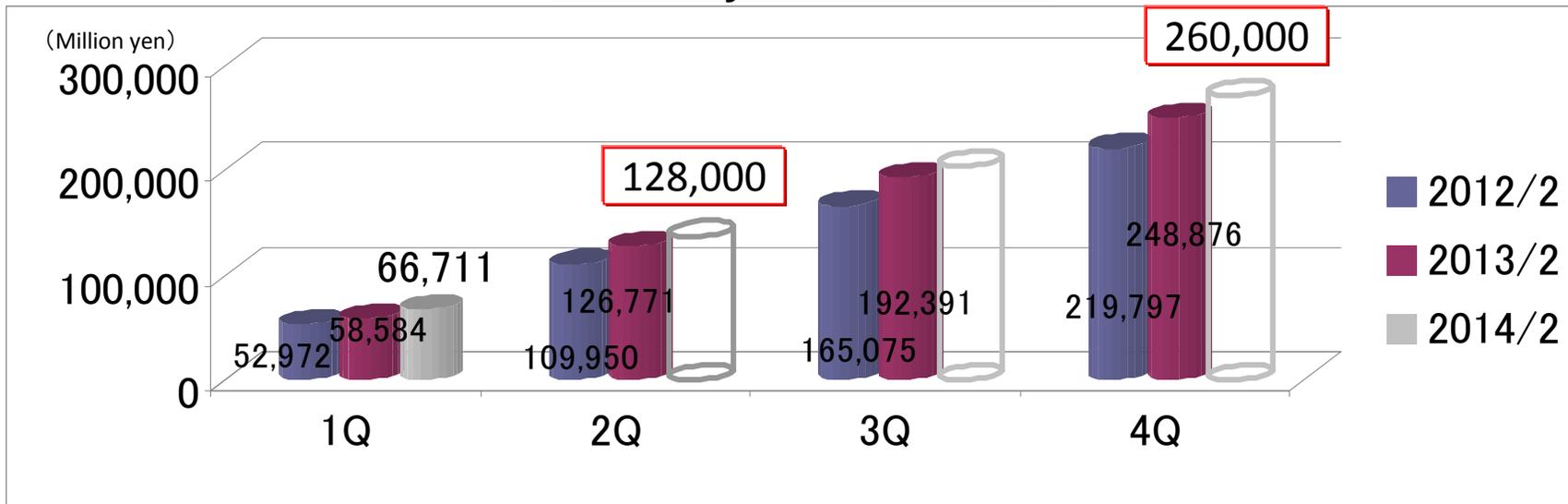
	FY2/13 1Q	FY2/14 1Q	Difference
Cash flows from operating activities	86	6,536	6,450
Cash flows from investing activities	1,007	△1,619	△2,626
Cash flows from financing activities	△1,049	△1,229	△180
Cash and cash equivalents at end of year	9,221	13,418	4,197

# Quarterly Results for the Past Three Years: Net Sales

## Quarterly net sales

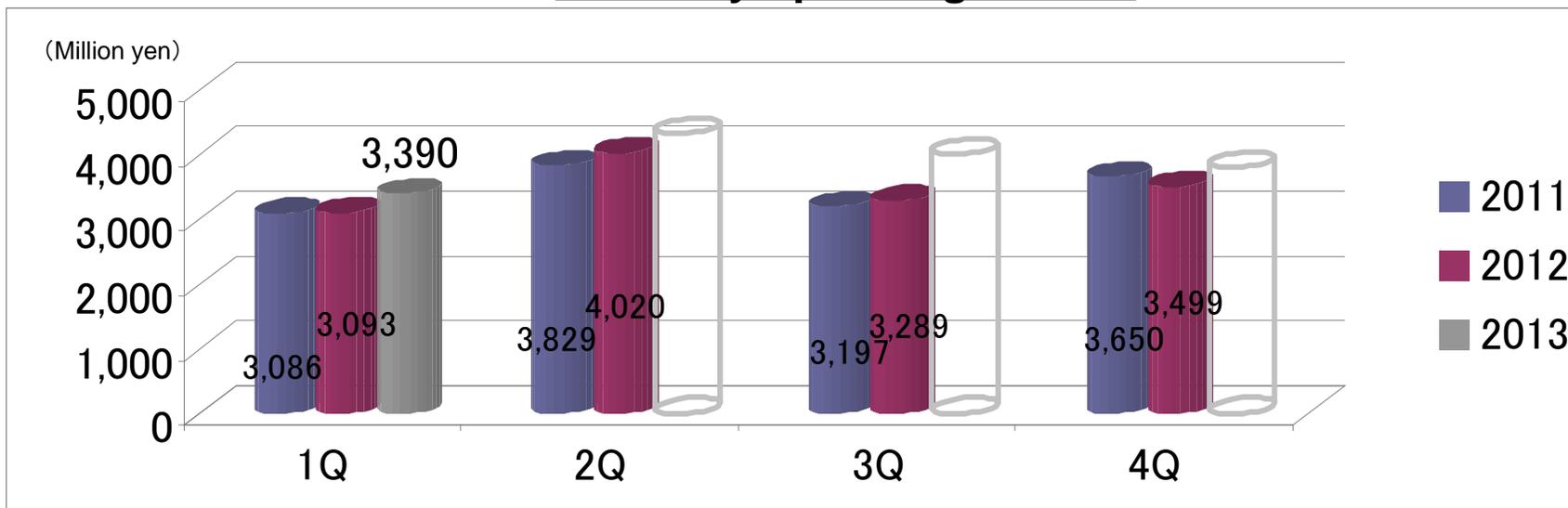


## Quarterly total net sales

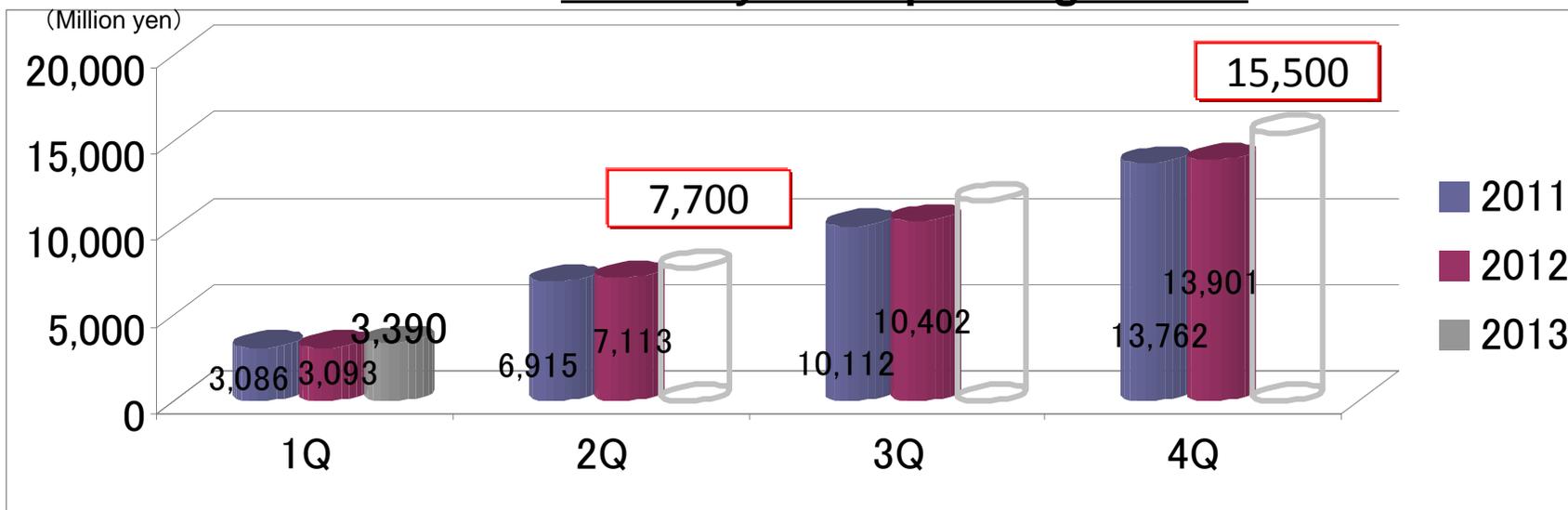


# Quarterly Results for the Past Three Years : Operating Income

## Quarterly operating income



## Quarterly total operating income



# FY2/14 – Major Activities in 1Q

- **New contracts and expansion of existing contracts with AEON Group and other companies**
  - Large stadium, the head office building, nationwide business sites and research centers of a large manufacturer, railway station shopping centers, hospitals and other healthcare facilities, public-sector buildings, and other buildings and structures
  - AEON malls in Higashi-Kurume, Tsukuba, Kasukabe and other locations
- **Further promotion of environmental businesses**
  - Continued to receive orders from AEON for the installation of LED lights
  - Activities for establishing a Smart Community (participation in the Kitakyushu Smart Community Creation Project and other activities)
  - Sales activities to capture new BEMS contracts = Expect orders to start increasing in 2Q
- **Slow start for the Materials/supplies sourcing services, Vending machine services and operations in China**
  - New customers for Materials/supplies sourcing and Vending machine services AEON Market (formerly Daimaru Peacock), Marunaka, Sanyo Marunaka
  - Holding discussions in China for providing services to Japanese companies

# Activities from 2Q

- **First half sales target: At least ¥130 billion**
  - LED installations will decline from 1Q but aiming for growth in other businesses
    - Work on achieving growth in the Materials/supplies sourcing services, Vending machine services and China businesses following the 1Q shortfalls vs. plans
    - In the Facilities services, increase activities to capture new BEMS aggregator orders
    - In the Cleaning services, increase “AD Coat” sales and build a mass production framework for the “toilet revolution”
- **Improve the gross profit margin and other profitability indicators**
  - Cut the cost of sales (rebuild the network of partner companies; increase mark-ups for materials; control inventories more tightly; etc.)
  - Build an area center management model in the Tokyo area
  - More progress with BPR and BPO for AEON Delight and the entire group
- **Target new markets where the distinctive strengths of AEON Delight can be leveraged**
  - Started developing standardized models for each business format in the market for hygiene and environmental services
  - Increase sales of the EV recharging service, which was developed by AEON Delight and can be used with WAON

# Business Forecast for the Fiscal Year Ending February 28, 2014

Million yen

	Full-year forecast for FY2/14			FY2/13 actual	
	Amount	Pct. to sales (%)	YoY (%)	Amount (actual)	Pct. to sales (%)
Net sale	260,000	100.0	104.5	248,876	100.0
Operating income	15,500	6.0	111.5	13,901	5.6
Ordinary income	15,500	6.0	111.6	13,892	5.6
Net income	8,300	3.2	110.5	7,509	3.0

**Gross profit margin improved by more than one point**

## 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

**AEON DELIGHT CO., LTD.**  
**(Stock code: 9787)**

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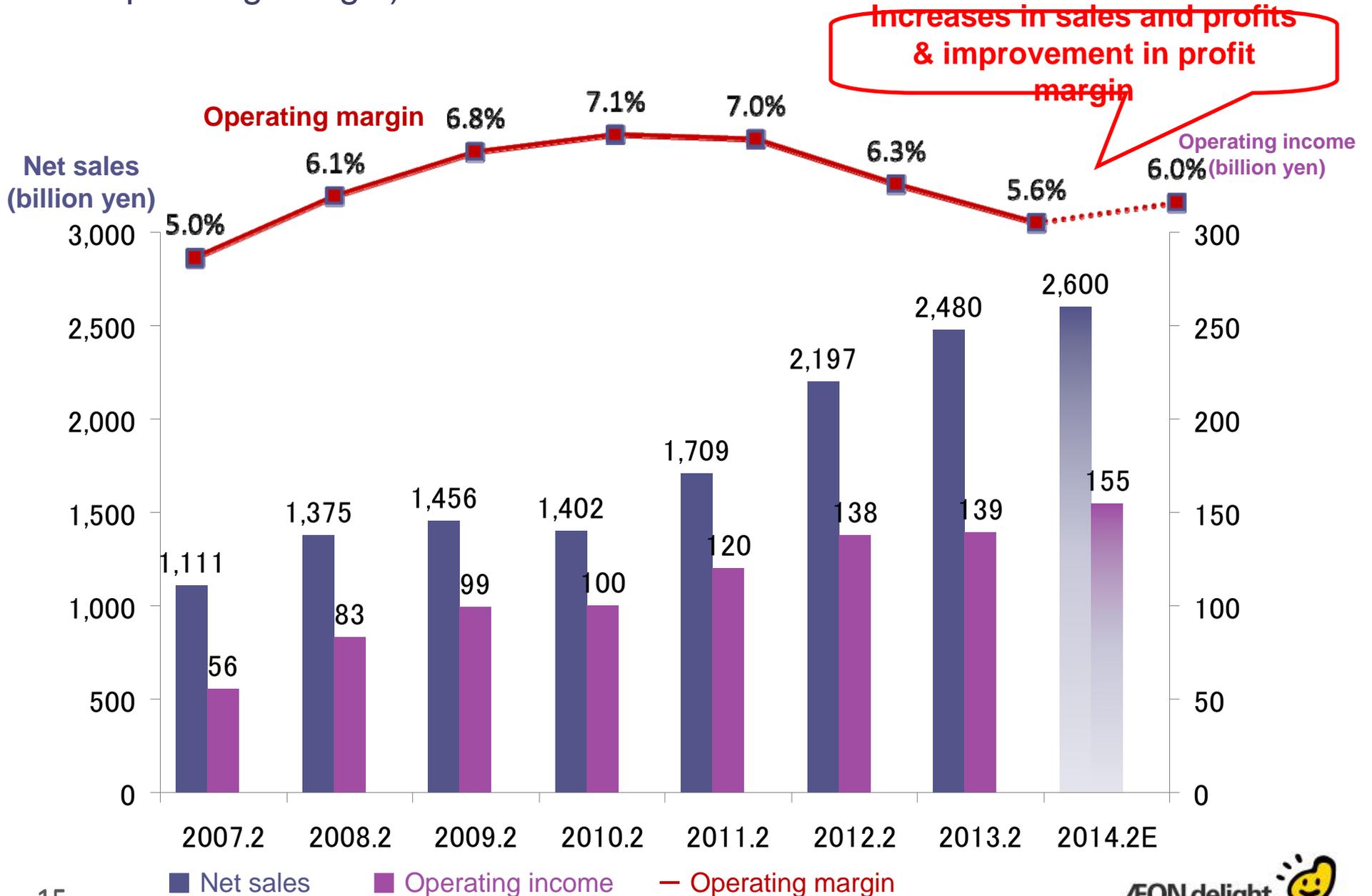
Or visit our website at:  
<http://www.aeondelight.co.jp>

\* When sending a fax, please include your name and contact details.

This presentation has been prepared based on the information available as of the date of the presentation (May 31, 2013). The business forecasts may be revised due to various factors that may arise in the future.

## <Reference> **Major Initiatives for the Fiscal Year Ending February 28, 2014**

# Business Results from the Past (Net Sales, Operating Income, Operating Margin)



# Changing Business Environment

Changes in the market due to new services

➡ Promote **business structural reform** to enhance competitive advantage and increase profits

Growing awareness of **environmental load reduction** and expansion of business opportunities

➡ Expand **energy-saving business** in Japan and overseas using the knowledge and knowhow accumulated on site

# Major Initiatives for the Fiscal Year Ending February 28, 2014

(1) Initiatives for cost reduction → Reduced **¥1.2 billion**

(2) Initiatives for business structural reform

1. Introduction of area management
2. Development of products ~Initiatives for Cleaning services~

From resident management (individual management)  
to remote monitoring (area management)  
Introduction of **BEMS equipment**  
Uniform management of  
**food facilities** → **Conserve energy and cut management costs**  
Development of **ESCO services**  
Efficient placement of human resources



(3) Promotion of IT and work restructuring

(4) Expansion of energy-saving business

1. Development of energy-saving business in Japan
2. Development of energy-saving business in Asia

From downstream to upstream ~development of environmental products~

① **AEON DELIGHT Coat**  
500 properties **Net sales of 250 million yen**



② **Toilet revolution**  
1,500 toilets  
**Net sales of 180 million yen**



(5) Creation of a market in **Asia**



- ① Introduction of BEMS **Net sales of 2 billion yen**
- ② Power sales through photovoltaic generation system



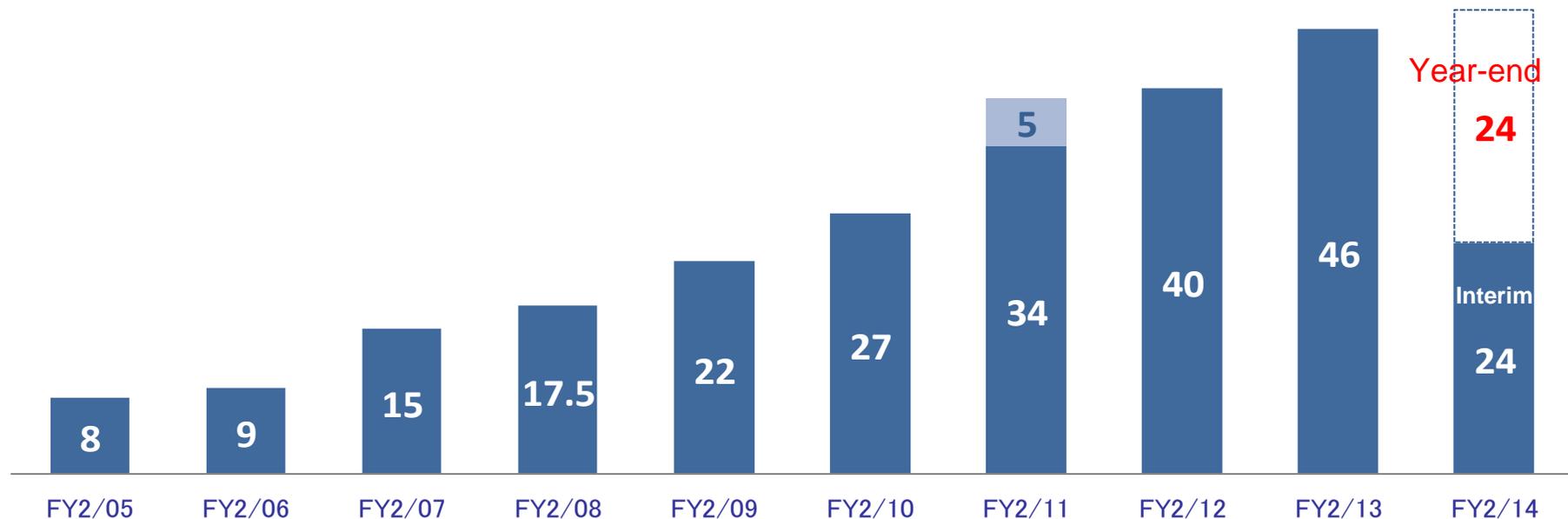
Participate in power selling business using idled land of Kikukawa-shi, Shizuoka Prefecture  
▪ Jointly fund SPC (Special Purpose Company)  
→ Profit increase through **dividend + undertaking of related business**

# 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

■ 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.