

Financial Results for the Nine Months Ended November 30, 2017

ÆON DELIGHT CO., LTD.

Ippei Nakayama, President and CEO

January 10, 2018

Key Points of Financial Results for FY2/18 3Q

Performance

- 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.**

Sales: ¥223.8 billion, 100.4% YoY, Operating income: ¥12.6 billion, 101.6% YoY

Initiatives

- For the purpose of automation and efficiency, introduced a remote monitoring/automated control system and unmanned nighttime security for facilities, and conducted verification of fully automated cleaning robots for practical application. Through these efforts, we have promoted the establishment of a next-generation facility management model with digital technology.
- In Japan, started providing services for hotels, foreign furniture manufacturer, comprehensive real estate developers and other buildings
- Strengthened IFM* sales activities targeting Japanese companies in China, through a Japan-China alliance with “AEON DELIGHT(SHANGHAI)MANAGEMENT CO., LTD.”, which opened in April 2017.
- Steadily expanded the business in overseas countries (China, Malaysia, Vietnam)

* IFM (Integrated Facility Management):
Integrated facility management service that meets various outsourcing needs

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 3Q (Ratio to sales)	FY2/18 3Q (Ratio to sales)	Difference	Percentage change
Net sales	2,228 (100.0%)	2,238 (100.0%)	9	100.4%
Gross profit	288 (13.0%)	294 (13.1%)	5	101.9%
SG&A	164 (7.4%)	167 (7.5%)	3	102.0%
Operating income	124 (5.6%)	126 (5.7%)	2	101.6%
Ordinary income	124 (5.6%)	130 (5.8%)	5	104.7%
Net income attributable to owners of parent	76 (3.4%)	76 (3.4%)	0	100.2%

Sales by Segment

YoY increase in 5 segments. Construction work is affected by the partial segment reorganization.

	FY2/17 3Q	FY2/18 3Q	Percentage change (100 million yen)
Facilities management	380	395	104.0%
Security services	304	325	106.6%
Cleaning services	400	413	103.3%
Construction work	366	327	89.4%
Materials/supplies sourcing services	386	378	97.9%
Vending machine services	245	245	100.2%
Support services	145	152	105.1%
Total	2,228	2,238	100.4%

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

Initiatives by Segment

Facilities management

Earnings increased thanks to new orders. Started development of an energy-saving and labor-saving business model with sensing technology to adapt intelligent technology in facilities.

Security services

Promoting the systematization of entrance/exit management and security patrols for labor saving. Working to improve the work environment and to create a new system for securing labor force.

Cleaning services

To improve profitability, continued to create quality standards based on the characteristics of each facility. Promoting sale of cleaning equipment and introduction of eco-friendly equipment.

Construction work

Promoting proposal activity for renovation work accompanying revitalization and tenant replacement at large commercial facilities. Increased orders from nationwide companies for renovation works.

Materials/supplies sourcing services

Increased orders for packaging materials for AEON PB products. To improve profitability, working to improve the accuracy of demand forecasting systems and to reduce inventory storage costs and procurement costs.

Vending machine services

Worked to expand sales of next-generation vending machines and promoted verification of the micro-market business (automated store at offices) targeting small business areas for practical application.

Support services

Orders for IFM services received in the previous fiscal year contributed to the growth. In KAJITAKU CO., LTD., both the housework support services and the store support services, which are two pillars of their business, performed well.

Consolidated Balance Sheet

(100 million yen)

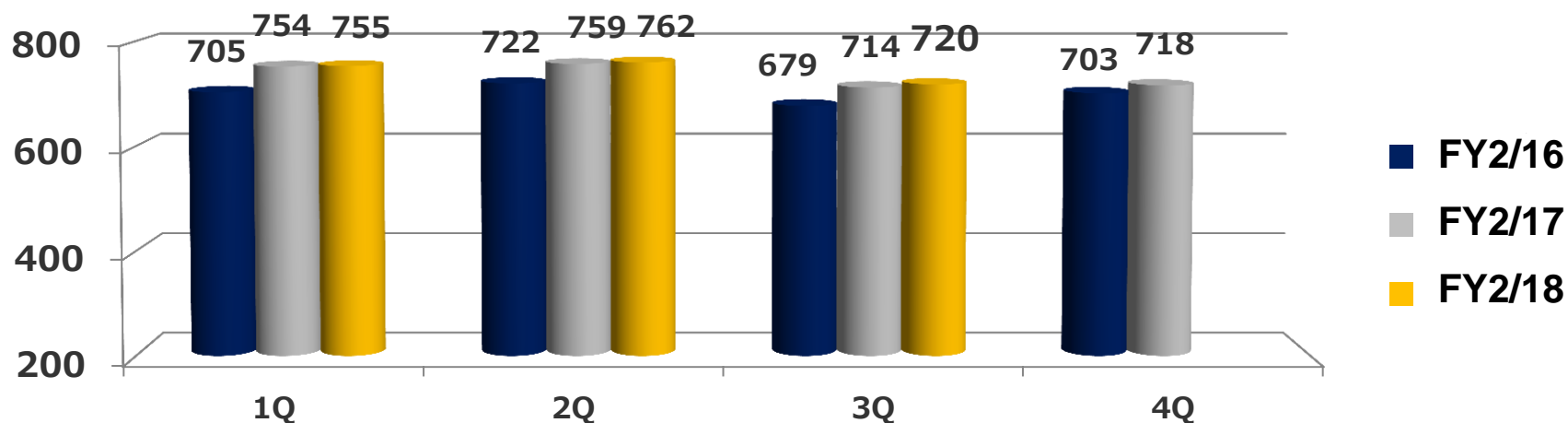
Assets	FY2/17	FY2/18 3Q	Difference
Current assets	1,124	1,187	63
Tangible fixed assets	90	97	6
Intangible fixed assets	90	82	▲8
Investments, etc.	89	85	▲3
Fixed assets	270	266	▲4
Total assets	1,395	1,453	58

Liabilities and net assets	FY2/17	FY2/18 3Q	Difference
Current liabilities	440	447	7
Fixed liabilities	33	30	▲3
Total liabilities	474	478	4
Shareholder's equity	885	932	47
Total net assets	920	975	54
Total liabilities and net assets	1,395	1,453	58

Quarterly Performance for the Past Three Years : Sales

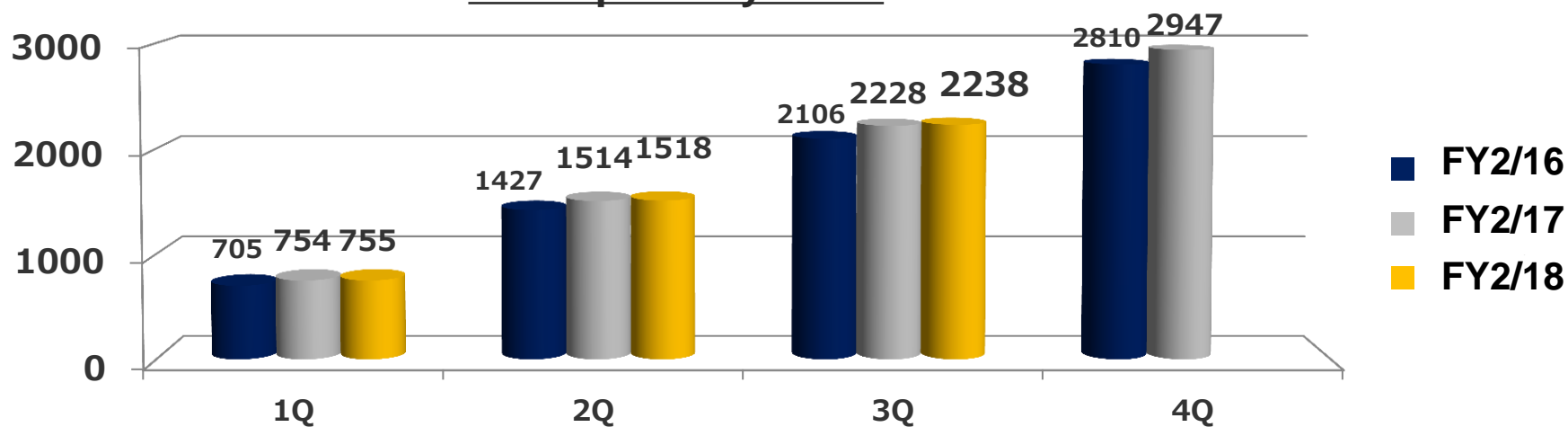
Quarterly sales

(100 million yen)



Total quarterly sales

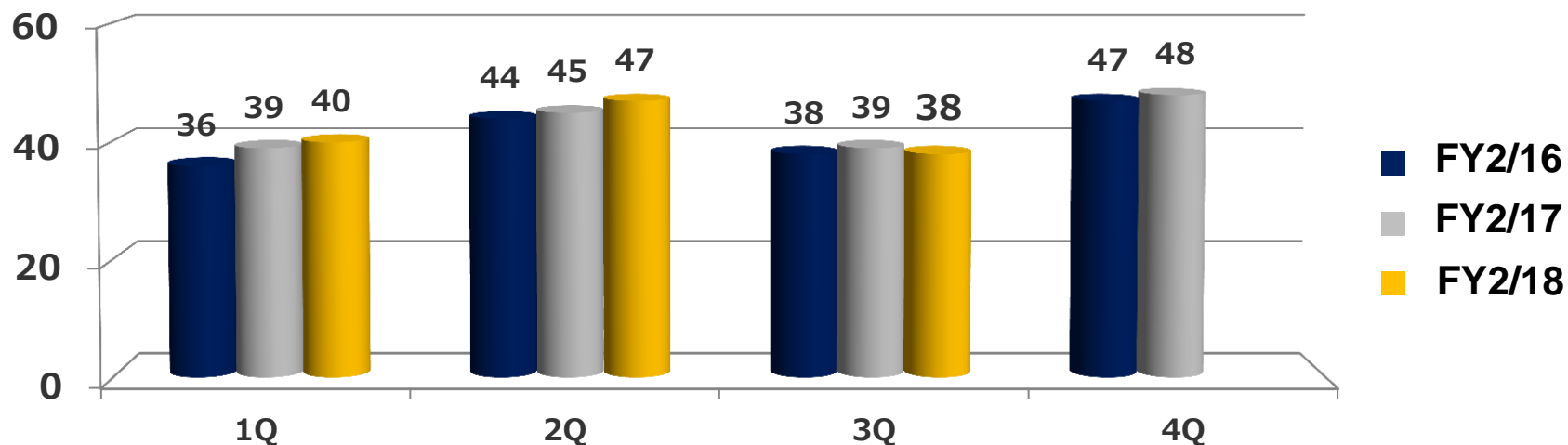
(100 million yen)



Quarterly Performance for the Past Three Years : Operating income

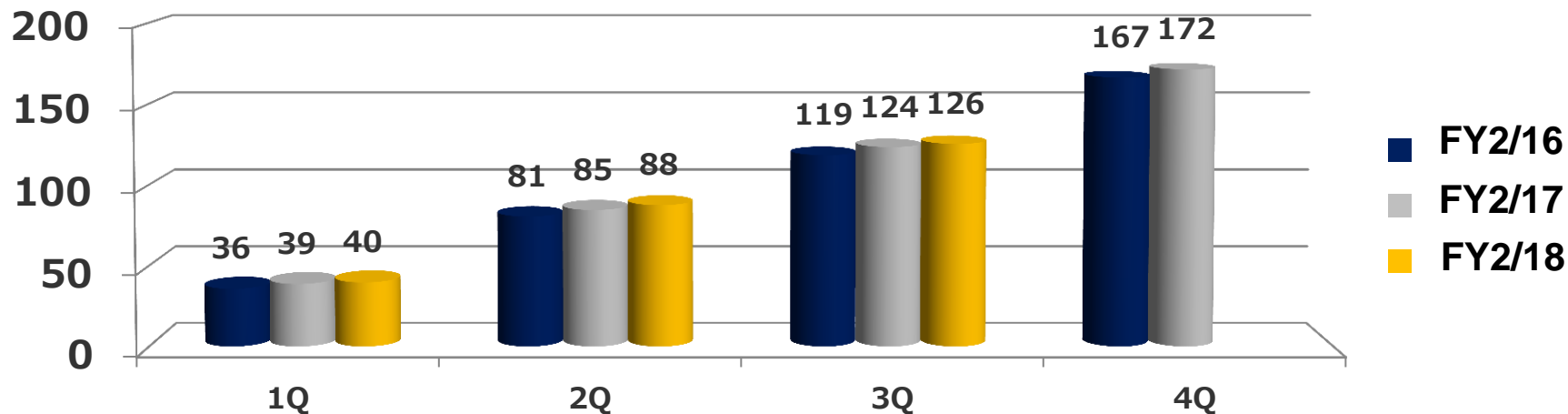
Quarterly operating income

(100 million yen)



Total quarterly operating income

(100 million yen)





(Reference) Initiatives for the Fiscal Year Ending February 2018

Initiatives for FY2/18

- ① **Development of IFM service model in Asia**
- ② **Measures to Expand Sales by Area**
- ③ **Utilization of Technology**
- ④ **Expansion of Orders for Renovation**
- ⑤ **"Work Style Reforms", Strengthening Organizational Capabilities**

① Early establishment of IFM service model

Development of IFM service model in Japan and China



Strengthen sales organization

Establish IFM sales office in Shanghai

Application of IT in IFM business

Promote actual measurement of work processes and development/introduction of reporting systems

② Measures to Expand Sales by Area

Japan

- Strengthen sales structure by business type (hospitals, hotels, offices, etc.)
- Increase orders for construction (revitalization of commercial facilities, office layout, etc.)

China

- Increase orders in 5 priority markets
- AD Jiang Su: Intensive orders for FM services in the redevelopment area
- Wuhan Xiaozhu: Expand catering business which is demanded

***5 priority markets**

- ① Mid to high-end residence
- ② Mid to high-end shopping center
- ③ Retirement home, Hospital, Nursing care facility
- ④ High-end factory
- ⑤ Transport infrastructure facility

ASEAN

- Malaysia: Start full-scale facilities management service in the large market
- Vietnam: Increase quality of facilities management, cleaning, and security.
Expand orders for comprehensive facilities management

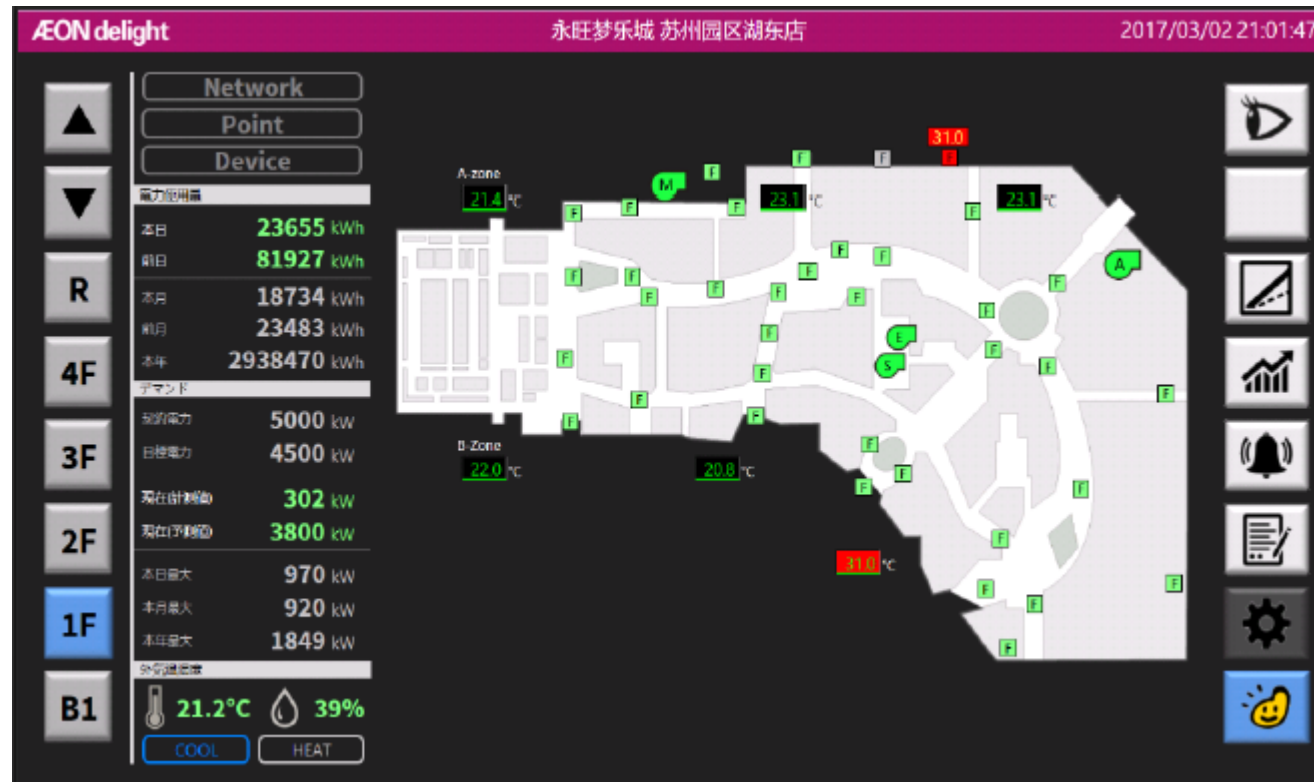
③ Utilization of Technology

Adapt intelligent technology in facilities

【Phase 1】

Automatic energy-saving control through open network system

Introduced in AEON Mall Suzhou Park



④ Expansion of Orders for Renovation

- Process of replacement of commercial facilities tenants -

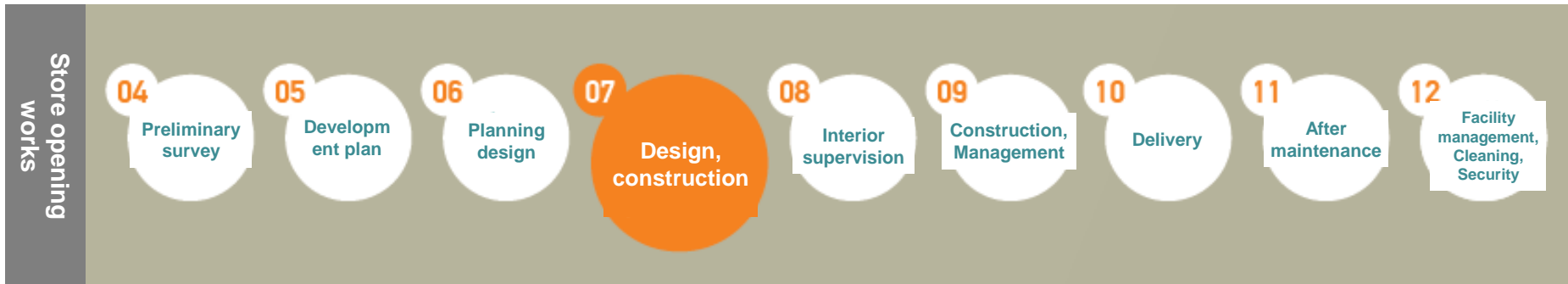
Total support from design and planning right through to after-maintenance



FY2/17 Results

Revitalization work **210 contracts**

Temporary enclosure, Restoration work, Renovation work
2,843 contracts



⑤ "Work Style Reforms", Strengthening Organizational Capabilities



Structuring of proposal competition through in-house SNS **"FM-1 Grand Prix"**

Posting, sharing and evaluating best practices on each site

A total of **1,186 ideas** were gathered in FY2/17



■ Presentation of activities



Improvement activities based on clean crews at cleaning sites: **"Efforts to Pursue Ease of Working"**

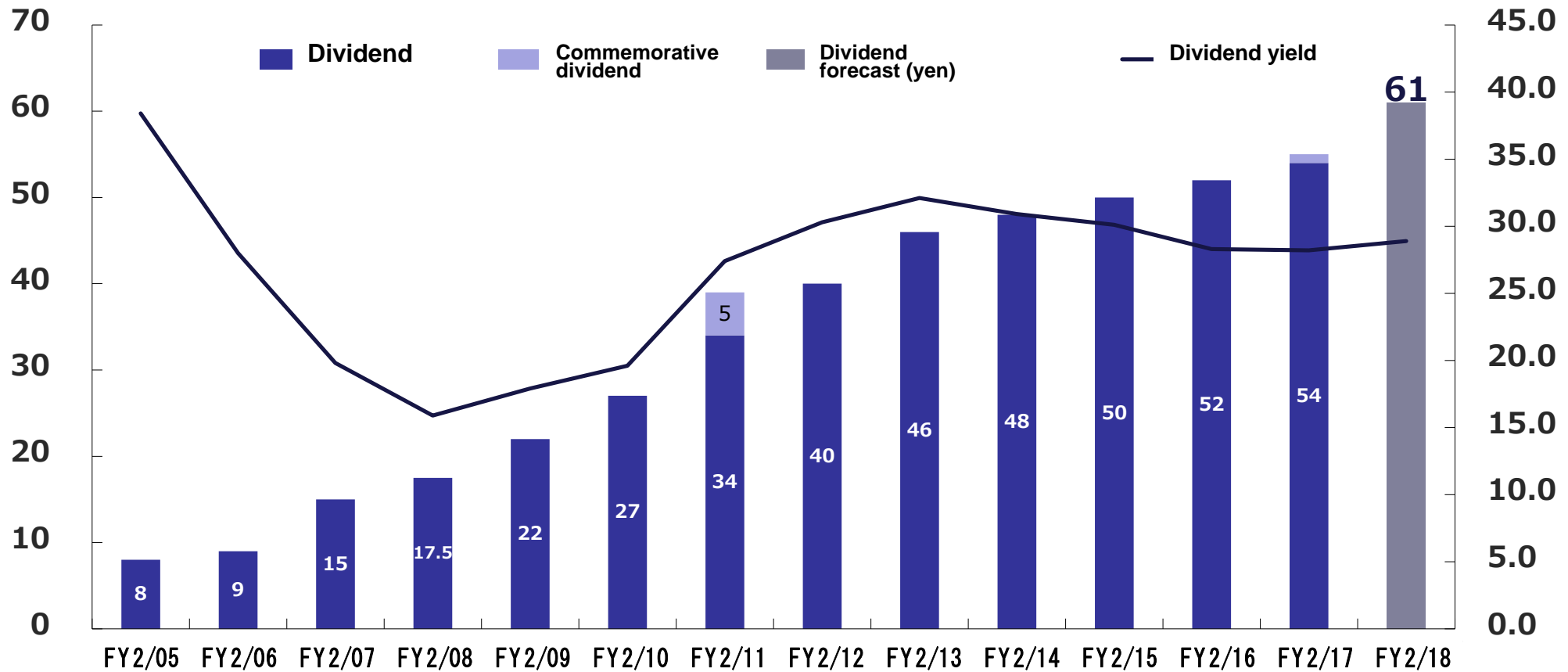
As we celebrate our second year, we are expanding the area from Japan to Asia

Business Forecasts for FY2/18

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

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 disclosure (January 10, 2018). The business forecasts may be revised due to various factors that may arise in the future.