



Financial Results for the Six Months Ended August 31, 2014

AEON DELIGHT CO., LTD.

Ippei Nakayama, President and CEO

October 6, 2014

**§ 1 Financial Results for the First Half of the
Fiscal Year Ending February 2015**

**§ 2 Initiatives in the Second Half of the
Fiscal Year Ending February 2015**

§ 3 Reference Materials

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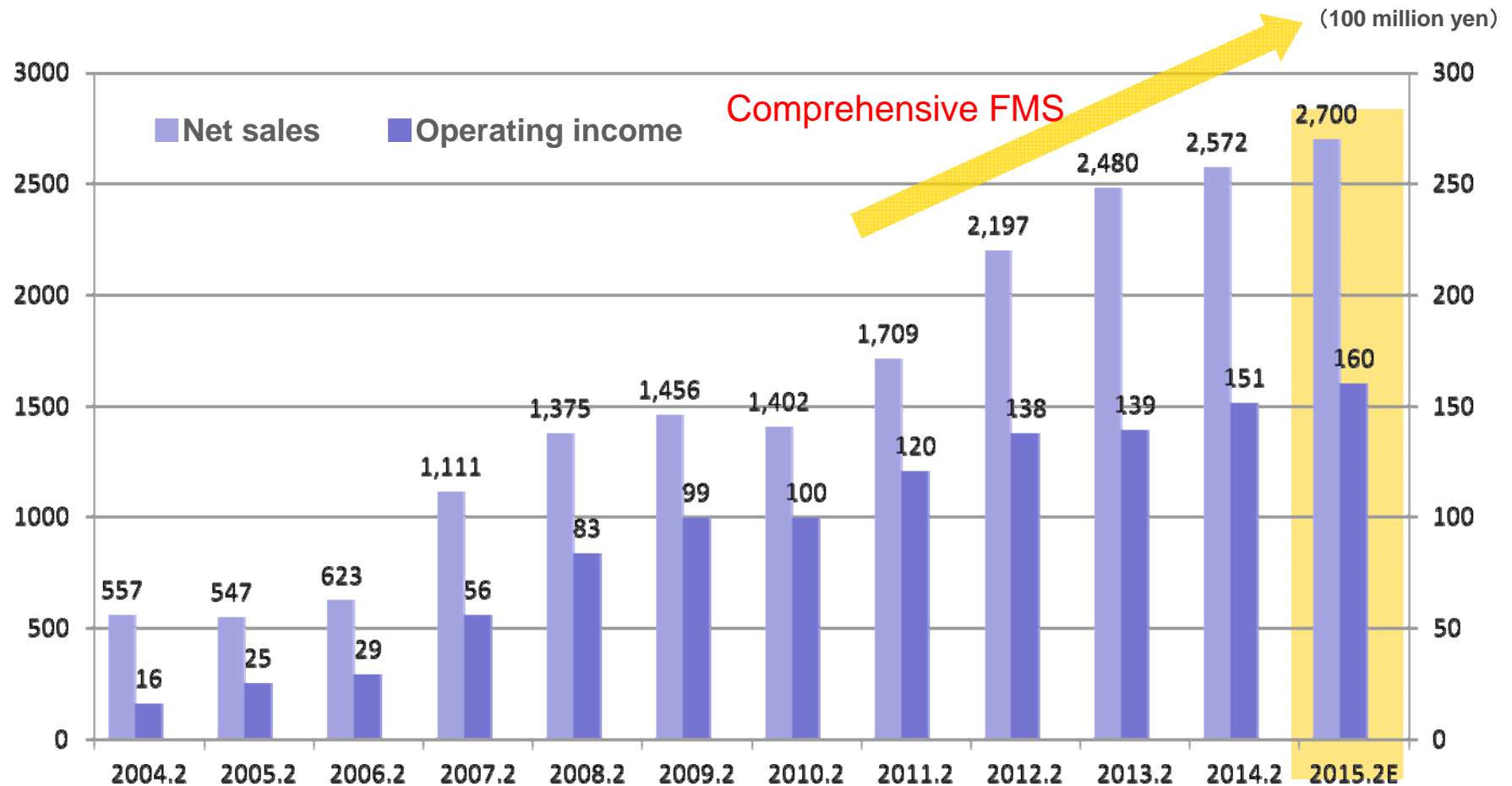
§ 2 Initiatives in the Second Half of the Fiscal Year Ending February 2015

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Financial Results (Net Sales/Operating Income)



Build a system to achieve the new medium-term management plan and to create a mechanism in the current fiscal year



Aim for 5 consecutive years of sales increase and 11 consecutive years of profit increase

- Trust in business overseas contributed to business in Japan with the expansion of sales in Asia on a full scale (creation of synergy)
- Expansion of new large-scale contracts in Japan (strong in undertaking the entire Facility Management business of large facilities)

① Creation of synergies in Japan and overseas due to sales in Asia on a full scale

- Increased customers of Japanese and local companies by strengthening collaboration in sales among locations (1st half overseas sales about 1.9 times)
- Performance and trust in each country led to new business in Japan (overseas development provided synergy)

② Expansion of new large-scale contracts in Japan

- Strong in undertaking the entire Facility Management business of large facilities
- New contracts including hotels, office buildings, factories and commercial facilities increased
(New contracts outside the AEON Group 2.5 billion yen increase, up106.3% YoY)

Financial Summary

Achieved record sales and profits as initially planned
Gross profit margin **improved 0.2 percentage point** YoY

100 million yen

	First half of FY2/15 total				First half of FY2/14 total	
	Actual	Pct. to net sales(%)	YoY (%)	YoY difference	Actual	Pct. to net sales(%)
Sales	1,340	100.0	100.4	+5	1,335	100.0
Operating income	77	5.7	101.7	+1	75	5.7
Ordinary income	77	5.8	102.0	+2	75	5.7
Net income	43	3.3	105.6	+2	41	3.1

※YoY difference of less than 100 million yen have been rounded off

Assessment by Segment (Net Sales)

Construction work decreased due to the completion of LED installation
Sales of all other businesses exceeded the previous fiscal year; particularly sales of Support services resulted in **114.4%**

100 million yen

	First half of FY2/15 actual			First half of FY2/14 actual	
	Net sales	Pct. to net sales(%)	YoY (%)	Net sales	Pct. to net sales(%)
Facilities management	228	17.1	106.5	214	16.1
Cleaning services	219	16.3	104.2	210	15.7
Security services	178	13.3	106.1	168	12.6
Construction work	229	17.2	77.1	298	22.3
Materials/supplies sourcing services	233	17.4	107.3	217	16.3
Vending machine services	178	13.3	109.8	162	12.1
Support services	73	5.4	114.4	63	4.8

Business Overview by Segment

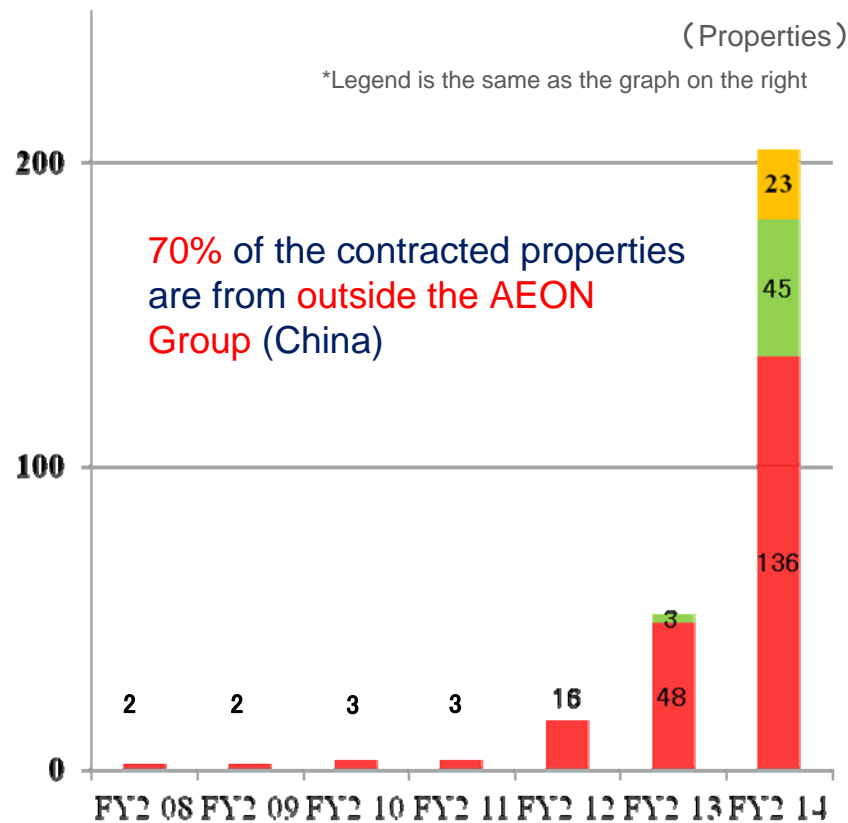
Facilities management	Undertook new stores of large commercial facilities and expanded sales of BEMS equipment. Promoted the development and introduction of its own Facilities Management-integrated energy-saving services in Japan and overseas.
Cleaning services	Productivity improved due to the establishment and development of a standardized model to improve business quality and efficiency. Promoted the establishment of sanitation and cleaning model for hospitals.
Security services	In addition to promoting new contract, promoted the introduction of attender services including building information for the existing security services in facilities by security guards
Construction work	LED installation within the AEON Group completed. Accepted maintenance and repair, and revitalization focusing on aging facilities
Materials/supplies sourcing services	Transactions mainly with existing customers expanded steadily. Worked to improve profitability such as by reviewing logistics cost
Vending machine services	Vending machines developed and installed in the previous fiscal year contributed to sales, promoted the development of digital signage-compatible, eMoney-compatible and other value-added vending machines
Support services	Expansion of sales of the event business of AEON Compass and Housework services (KAJICloud) of KAJITAKU contributed significantly

Expansion of Sales in Asia

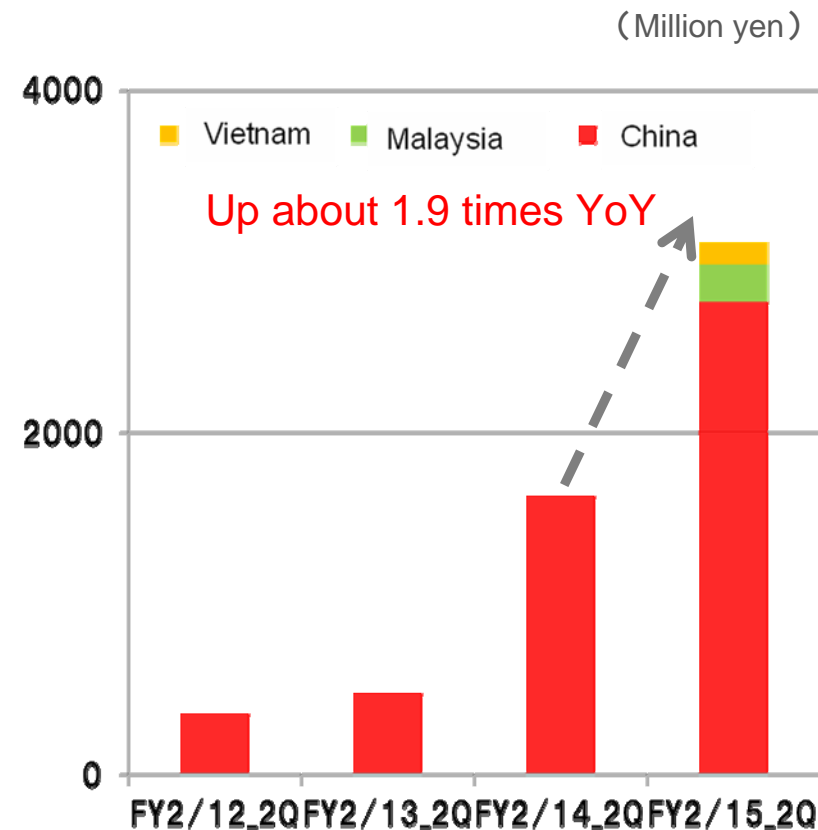


- First half sales overseas (China, Malaysia and Vietnam) grew by about 1.9 times YoY.
Number of properties outside the AEON Group to more than 70%.
- Acquired a major local company engaged in the installation and maintenance of elevators (December 2013) and entered the elevator maintenance business in Suzhou
- Performance and trust overseas created synergy which led to new business in Japan

No. of overseas contracted properties (full-year results)



Overseas sales (first half results)



New Service Users (Overseas)

- China Total of **142 facilities** including Chinese offices and Japanese department stores, etc.
- Malaysia Total of **111 facilities** including Japanese department stores, government buildings and large commercial facilities, etc.
- Vietnam Total of **73 facilities** including Japanese factories, offices and large commercial facilities



Expansion of New Large-Scale Contracts (Japan)



- AEON Delight is strong in undertaking the entire Facility Management business of large facilities
- Shift to a sales system specialized in customer, area, facility and other categories

New Service Users (Japan)

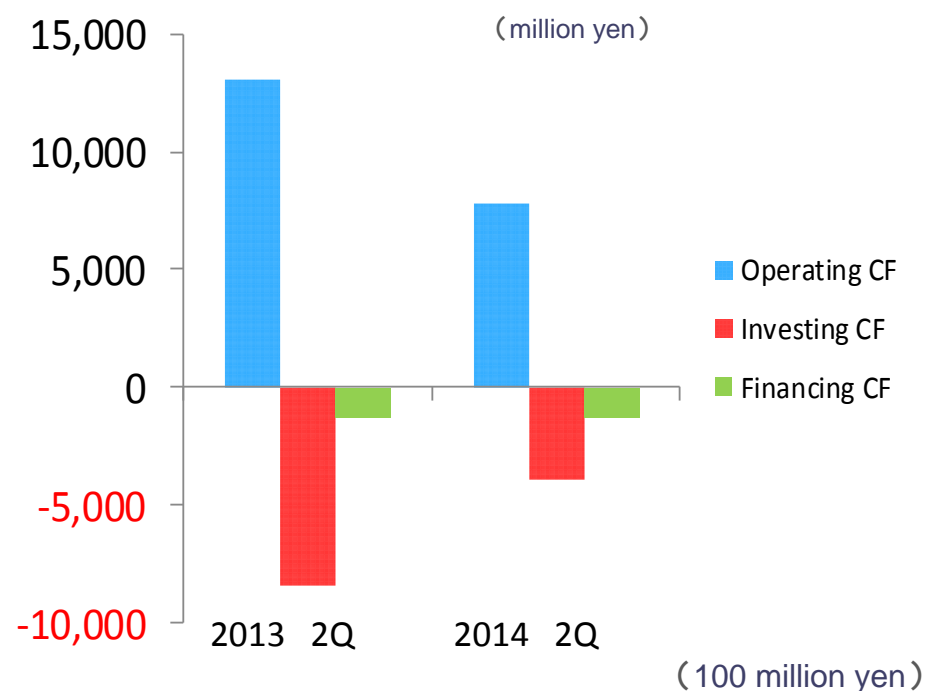


Consolidated Balance Sheet

100 million yen

	Feb.28 2014	Aug. 31 2014	Difference		Feb.28 2014	Aug. 31 2014	Difference
Current assets	903	1,011	108	Current liabilities	393	468	75
Fixed assets	217	211	△6	Fixed liabilities	15	13	△1
Tangible fixed assets	42	44	1	Total liabilities	408	481	73
Intangible fixed assets	116	112	△4	Total net assets	713	741	28
Investments, etc.	58	55	△2	Total liabilities and net assets	1,121	1,223	102
Total assets	1,121	1,223	102				

Consolidated Cash Flow Statement



	First half of FY2/14 total	First half of FY2/15 total	Difference
Cash flows from operating activities	130	78	△52
Cash flows from investing activities	△84	△39	44
Cash flows from financing activities	△12	△12	△0.2
Cash and cash equivalents at end of the year	132	145	13

Major factors for increase/decrease

【 Operating CF 】 7.8 billion yen

Income before income taxes	7.7billion yen
Decrease (increase) in accounts receivable	△6.2billion yen
Increase (decrease) in accounts payable	6.6billion yen

【 Investing CF 】 △3.9 billion yen

Payments for affiliate consumption entrusted funds	△109.0billion yen
Proceeds from repayments for affiliate consumption entrusted funds	106.0billion yen

【 Financing CF 】 △1.2 billion yen

Dividend payment	△1.2billion yen
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What the AEON Delight Group is Aiming at

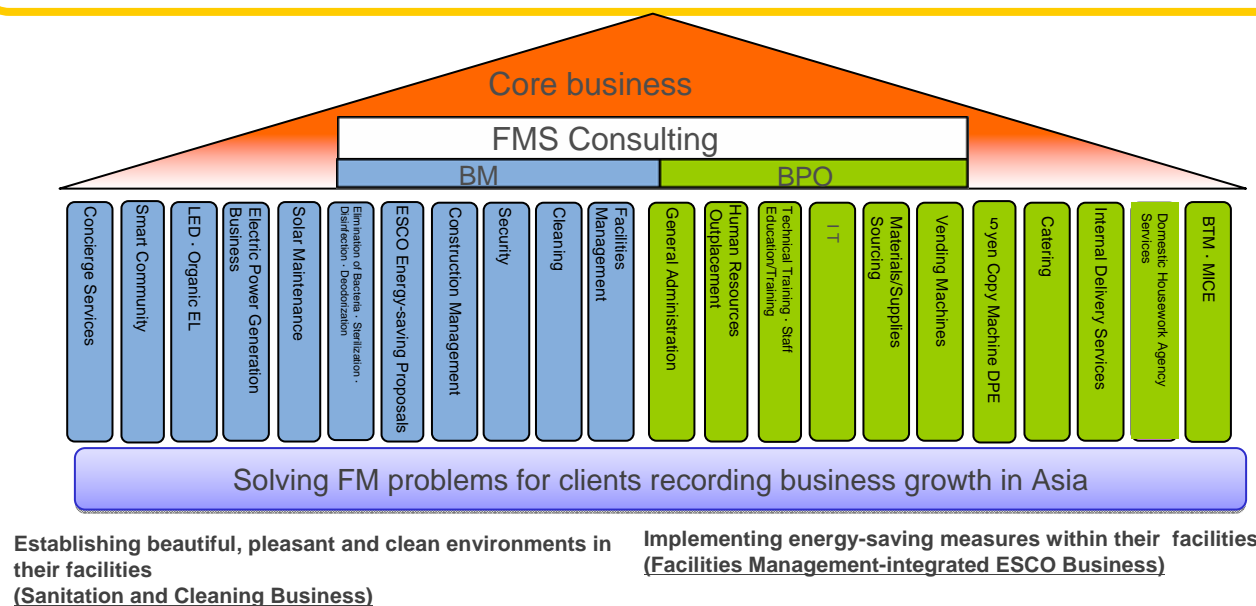
Management Philosophy

AEON Delight will continue to create “environmental value” of customers and regional communities



2016 Group Vision:

Becoming a facilities management company that can provide the best, most pleasant and highest cost-performance service to the facilities of our fast-growing corporate customers in Asia.



Towards becoming a leading company that can realize total cost reduction solutions for its customers

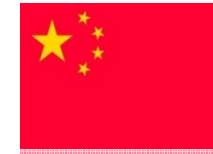
Priority Measures for the Second Half

Aim to achieve the full year plan by fully implementing priority measures

Second half priority measures	Overview
<u>Initiatives toward growth</u>	
① Acquisition of new large facilities	Promote sales activities to acquire new large facilities outside the AEON Group.
② Growth of affiliates in Japan and overseas	<ul style="list-style-type: none"> • Further development of Comprehensive FMS by the companies and ASEAN • Growth of domestic subsidiaries including AEON Compass and KAJITAKU
③ Deal with new AEON stores and expand shares within the group	4 large shopping centers will open in the second half. Provide stores with Comprehensive FMS.
④ Initiatives for other businesses	<ul style="list-style-type: none"> • Facilities management・・・Unify management of food equipment • Materials・・・Expansion of business with existing customers • Vending machine・・・Promote new development (installation), etc.
<u>Initiatives toward improvement in profitability</u>	
⑤ Standardization of cleaning services and cost reduction	<ul style="list-style-type: none"> • Complete the introduction of cleaning standardized model at all directly-managed centers, impart knowhow to partner companies • Cost reduction through optimization of outsourcing expenses for partner companies

① China business

- **Turned a single-year profit** for the first time in the previous fiscal year. Expanded contracted properties at a satisfactory pace
- Promoted a differentiation strategy through **energy-saving services and in-house elevator maintenance**

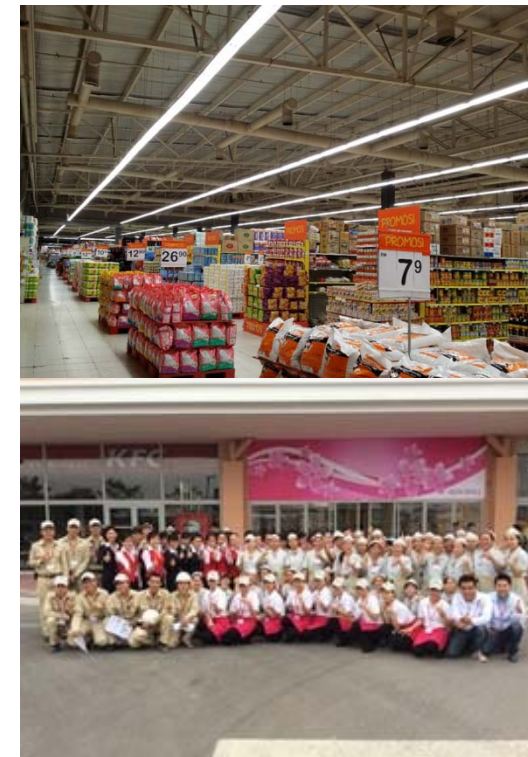


② ASEAN business

- Embarked on the introduction of the company's own **Facilities Management-Integrated Energy-Saving Services** in Malaysia for several commercial facilities
- Acquired several additional business licenses in Vietnam. **Enhanced competitiveness by expanding service menu**

ESCO business is...

ESCO business provides comprehensive energy-saving services and contributes to customers' profits and global environment. The business also offsets improvement costs based on energy-saving improvement proposal with reduced utilities. Providers of ESCO provide all services including energy-saving diagnostics, design, construction, operation, maintenance and financing.



Business Forecast for FY February 2015

100 million yen

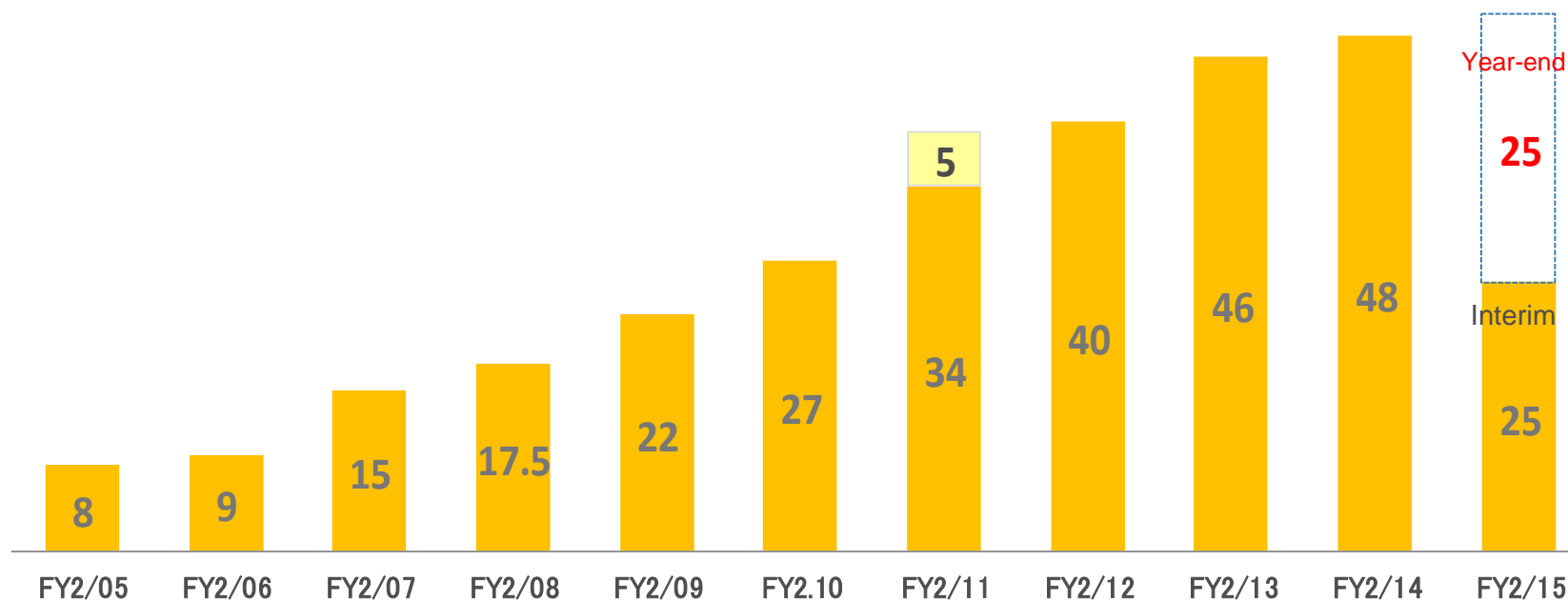
	Full-year forecast for FY2/15			FY2/14 actual	
	Amount	Pct. to net sales (%)	YoY (%)	Amount (Actual)	Pct. to net sales (%)
Net sale	2,700	100.0	105.0	2,572	100.0
Operating income	160	5.9	105.9	151	5.9
Ordinary income	160	5.9	106.0	150	5.9
Net income	86	3.1	105.4	81	3.2

Shareholder Return

Aim for **10 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	FY2/15
Dividend	¥8.0	¥9.0	¥15.0	¥17.5	¥22.0	¥27.0	¥39.0	¥40.0	¥46.0	¥48.0	¥50.0

 Dividend forecast  Commemorative dividend  Dividend



*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.

If you have any questions or comments, please contact us below. **AEON delight** 

- These materials contain statements about forecasts and estimates relating to the future plan, 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 6, 2014). The business forecasts may be revised due to various factors that may arise in the future.

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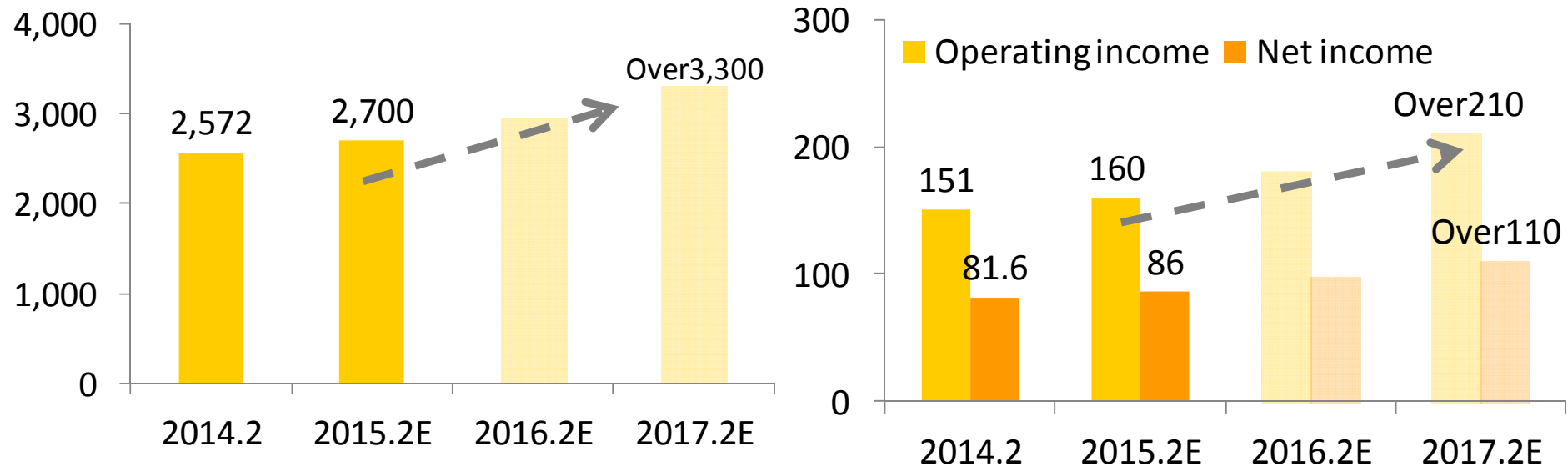
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Numerical Goal of Medium-Term Management Plan



Consolidated net sales, operating income and net income plans

(100 million yen)



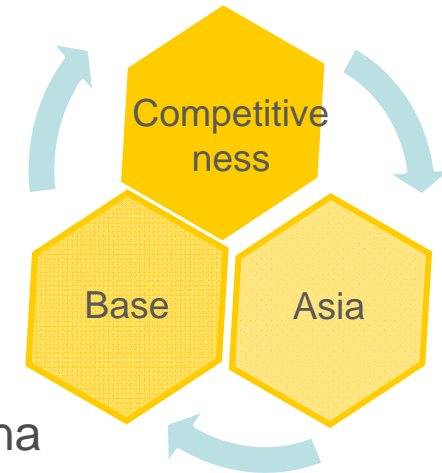
FY2/17 major numerical goals		
Consolidated net sales	Over¥330billion	*Major indicators of net sales (ratio outside the AEON Group 35%, overseas ratio 10%)
Consolidated operating income (operating margin)	Over¥21billion	
Operating margin	Over6.4%	

Framework of Medium-Term Management Plan



1. Establishment of comprehensive FMS (establishment of competitive advantage)

- (1) Strengthening of Sanitation and Cleaning Services
- (2) Strengthening of Energy Solution business



2. Development of Asian market

- (1) Establishment of a federal management structure in China
- (2) Establishment of comprehensive FMS menu in ASEAN countries

3. Building of organization base

- (1) Organizational restructuring aimed at flexible sales activities and business development
- (2) Human resources development aimed at pursuing growth and service quality
- (3) IT investment to accelerate business growth and achieve a small head office