

Financial Results for the Three Months Ended May 31, 2016

AEON DELIGHT CO., LTD. 

July 6, 2016

Performance

- **Sales and earnings increased to all-time highs** owing to increase in customers inside and outside Japan

Sales: ¥75.4 billion, 107.0%YoY Operating income ¥3.9 billion, 107.9%YoY

Initiatives

- Started three projects to create a business model for medium/long-term competitive superiority: Office building project, next-generation facility management project, cleaning robot project
- In Japan, started providing services for large commercial facilities, medical facilities, hotels, universities, multi-purpose facilities, and other buildings
- Domestic apartment management business was transferred to Anabuki Housing Service Inc. through the company split
- AEON Compass Co., Ltd. started activities involving foreign tourists in Japan.
- Hakuseisha, which was acquired in the previous fiscal year, is performing as planned
- Growth continued overseas (China, Malaysia, Vietnam)
- Formed an "AEON delight Corporate Governance Guidelines" with the aim of actualizing the sustainable growth and improving the corporate value

Performance was as planned with sales and earnings increasing to all-time highs. Growth was backed by more orders from large-scale facilities, higher sales in the materials/supplies sourcing business, and growth at subsidiaries in Japan and overseas, including AEON Compass and Hakuseisha which became a wholly owned subsidiary in FY2/16.

100 million yen

	FY2/17 1Q			YoY	
	Amount	Pct. to net sales (%)	YoY (%)	Amount (actual)	Pct. to net sales (%)
Sales	754	100.0	107.0	705	100.0
Operating income	39	5.2	107.9	36	5.1
Ordinary income	39	5.2	107.0	36	5.2
Net income attributable to owners of parent	26	3.6	129.0	20	2.9

Sales by Segment

YoY growth in the six business segments

Double-digit growth in cleaning services, security services and support services

*There was a reactionary fall in the vending machine services, due to sales of vending machines in the previous fiscal year

100 million yen

	FY2/17 1Q			YoY	
	Sales	Composition ratio (%)	YoY (%)	Sales	Composition ratio (%)
Facilities management	127	16.9	105.1	121	17.2
Cleaning services	133	17.7	114.3	116	16.5
Security services	102	13.6	110.6	93	13.2
Construction work	135	17.9	103.5	130	18.5
Materials/supplies sourcing services	130	17.3	107.9	120	17.1
Vending machine services	78	10.3	96.3	81	11.5
Support services	47	6.3	113.2	42	6.0

Facilities management	Earnings increased thanks to new orders. There were more orders for CFC management, which helps protect the environment; using a joint project with China to start creating a next-generation large facility management model
Cleaning services	Started work on establishing new cleaning quality standards based on the characteristics of individual buildings. Promoted R&D for a practical cleaning robot with the goal of starting to use a simple model quickly.
Security services	Started creating a security system that uses remote surveillance in order to reduce the need for workers and serve a larger number of customers.
Construction work	Reinforced design operations and established a fully integrated service framework associated with renovation work at various facilities. Received orders for many types of construction projects involving maintenance and improvements.
Materials/supplies sourcing services	Orders from both new and existing customers are increased. Continued to promote the initiatives for profitability improvement by enhancing procurement capability and reducing procurement costs and distribution costs.
Vending machine services	Increased the number of vending machines in use and upgraded the functions of vending machines with digital signage. Focusing on the development and operation of new types of vending machines to create new sources of added value.
Support services	Strong performance by the corporate business of AEON Compass, including events associated with foreign tourists in Japan. Consolidated subsidiaries in Japan and overseas contributed to growth.

Consolidated Balance Sheet

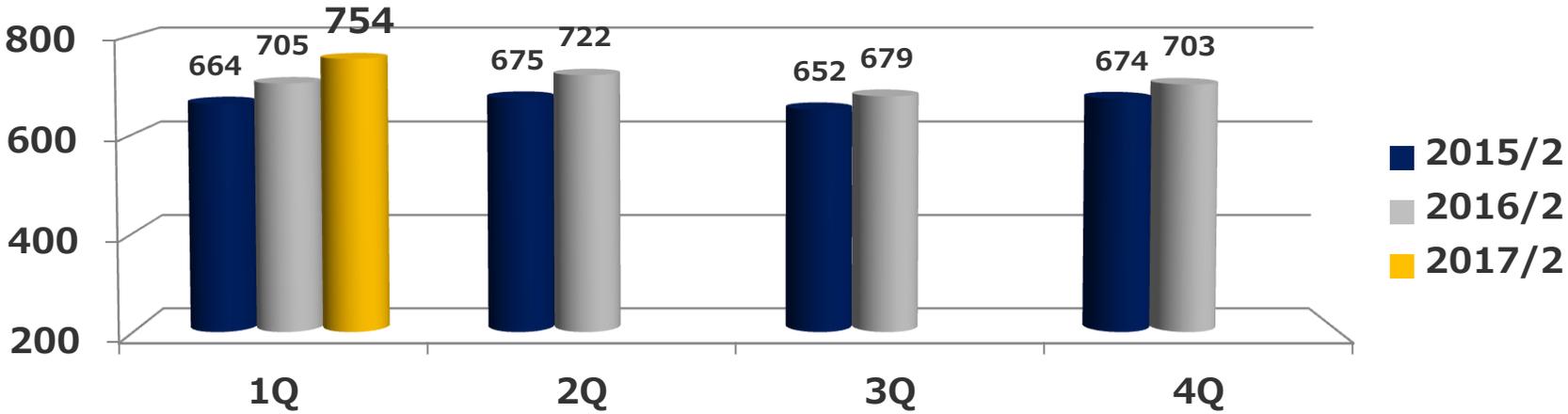
Assets (100 million yen)	FY2/16	FY2/17 1Q	Difference	Liabilities and net assets (100 million yen)	FY2/16	FY2/17 1Q	Difference
Current assets	1,056	1,077	20	Current liabilities	448	461	13
Tangible fixed assets	70	76	5	Fixed liabilities	25	26	0
Intangible fixed assets	103	102	▲1	Total liabilities	473	487	14
Investments, etc.	81	84	2	Shareholder's equity	810	824	13
Fixed assets	256	263	6	Total net assets	840	853	13
Total assets	1,313	1,341	27	Total liabilities and net assets	1,313	1,341	27

Quarterly Sales for the Past Three Years



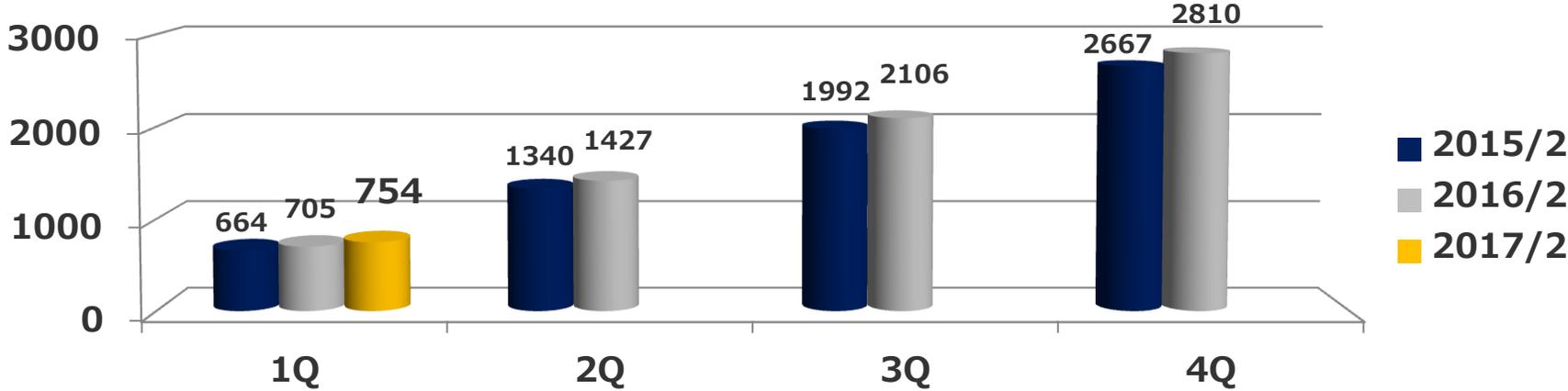
Quarterly sales

100 million yen



Total quarterly sales

100 million yen

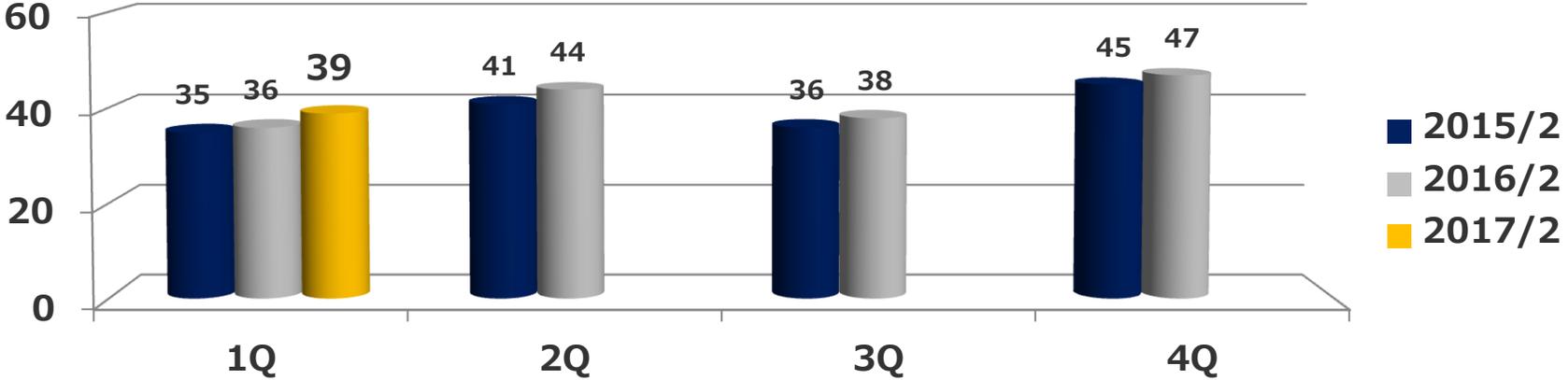


Quarterly Operating Income for the Past Three Years



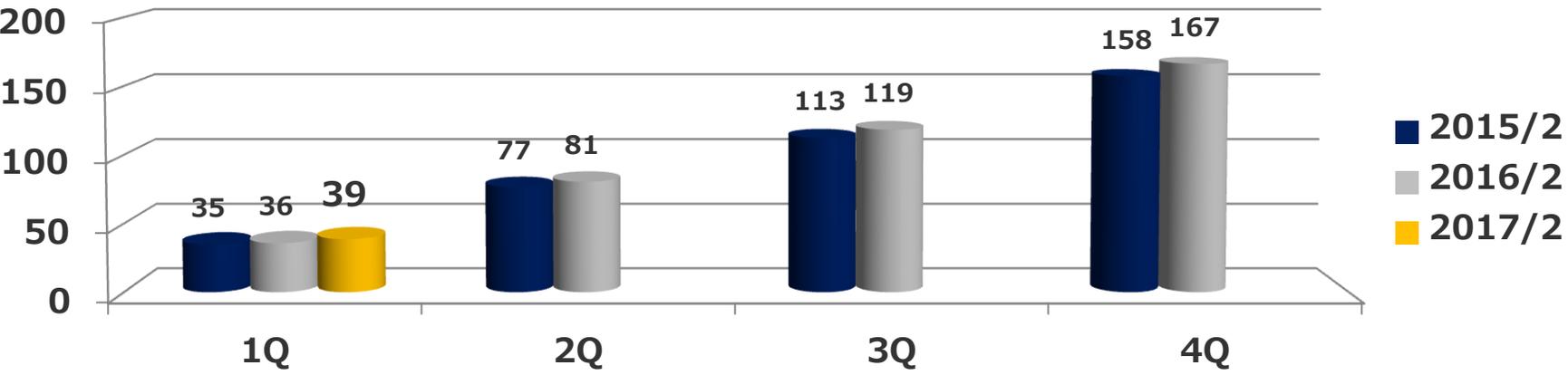
Quarterly operating income

100 million yen



Total quarterly operating income

100 million yen



■ Advanced business model

Cleaning

- Provide hygiene control services to more medical facilities.
- Establish new cleaning quality standards that reflect the characteristics of individual facilities.
- Perform R&D for commercial cleaning robots in order to start using a simplified model quickly.

Energy solution

To create an energy and labor efficient model, use cooperation between Japan and China to create a new facility management model that uses advanced IoT technologies, using a variety of sensors and the cloud.

Construction work

Reinforce design capabilities to expand the provision of integrated services associated with renovation work, mainly for commercial facilities.

Vending machine

Increase the distribution of video advertisements on digital signage vending machines. Upgrade and expand a diverse array of content, develop new vending machines with sophisticated augmented reality capabilities, and increase the number of these machines in use.

■ Expansion in Asia

China

Restructure the business portfolio to strengthen its management structure

ASEAN

Speed up growth of the commercial facilities cleaning business in Malaysia by using joint activities with prominent Malaysian companies. In Vietnam, expand the provision of services for many types of facilities.

(Reference) Initiatives for FY2/17

A Year of Accelerated Reforms

■ FY2/15 – FY2/17 Medium term management plan

Intend to establish new business model and aim for overseas business growth

To accelerate reforms

- Management resources invested overseas where there is excellent growth potential
- Investments to promote business model reform

▶ FY2/17 Forecast

Net sales: 305 billion yen Operating income: 17.5 billion yen

Summary of Consolidated income statement (100 million yen, %)	FY2/17			FY2/16	
	Result	Pct. to net sales (%)	YoY (%)	Result	Pct. to net sales (%)
Sales	3,050	100.0%	108.5%	2,810	100.0%
Operating income	175	5.7%	104.7%	167	5.9%
Ordinary income	175	5.7%	104.9%	166	5.9%
Net income	100	3.3%	103.5%	96	3.4%

FY2/17 Operating income: 17.5 billion yen, YoY increase: 0.8 billion yen (Growth investment: 1 billion yen)

Contents

YoY Increase (100 million yen)

1. Growth in non-consolidated performance

18 - 22

2. Growth of domestic subsidiaries

15 - 20

3. Growth of overseas subsidiaries

2 - 3

1-3 Total amount of gross profit

35 - 45

YoY increase in SG&A(*)

27- 30

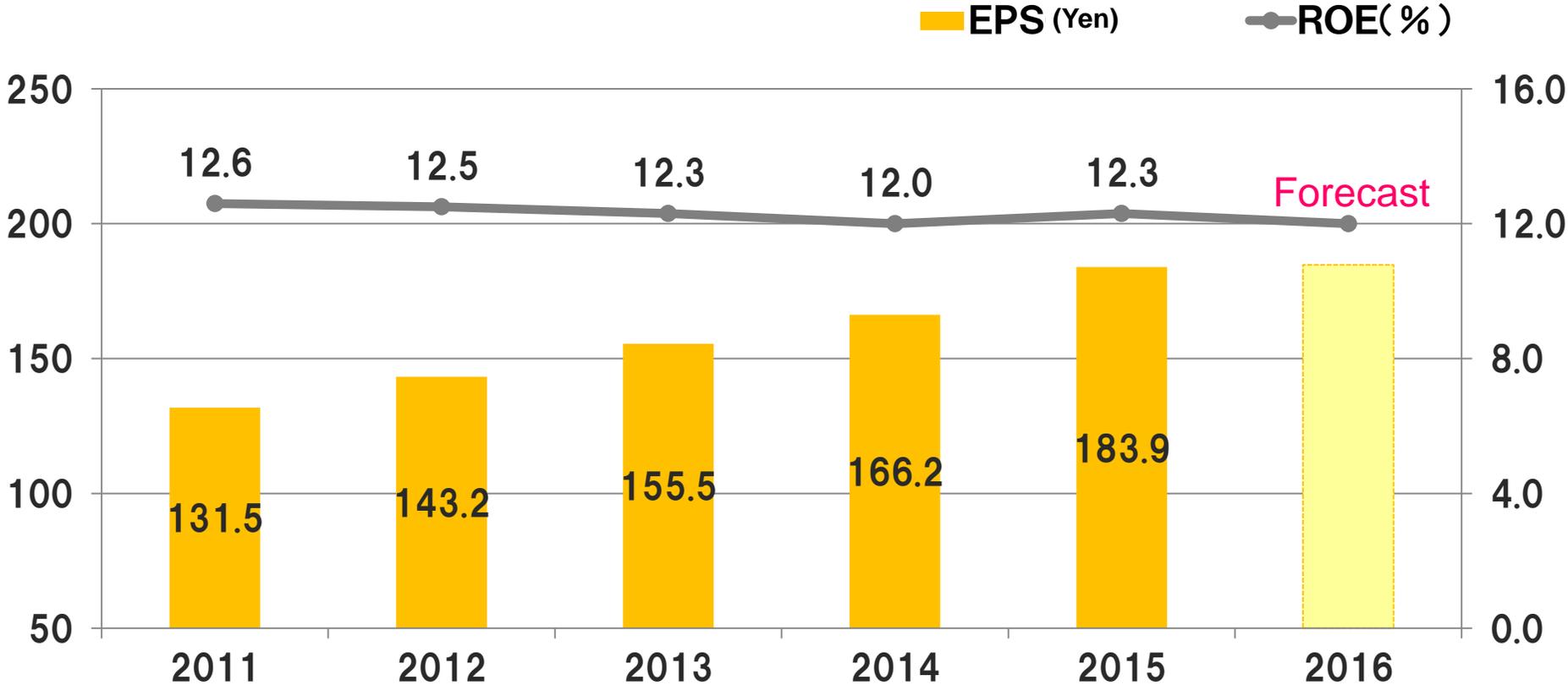
YoY increase in operating income

8 - 15

*Including SG&A (930 million yen) of Hakuseisha

Maintain around 12% of ROE

- ROE: Emphasize the ROE as a management discipline for shareholders, with aiming point of 12% level
- Consolidated dividend ratio : Place the most importance on stable dividend, maintain 30% level of payout ratio for recent five years

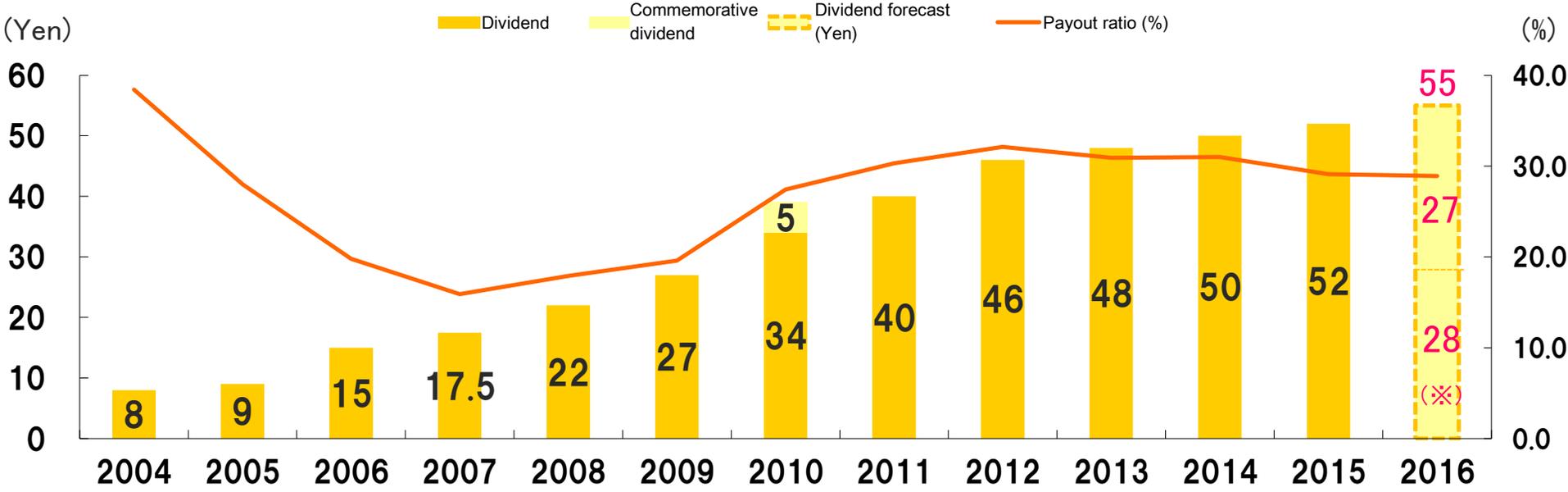


Shareholder Return



Aim for **12 consecutive years** of increased dividends since FY2/05

FY	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12	2/13	2/14	2/15	2/16	2/17
Dividend (Yen)	8.0	9.0	15.0	17.5	22.0	27.0	39.0	40.0	46.0	48.0	50.0	52.0	55.0
Payout ratio (%)	38.4	28.0	19.8	15.9	17.9	19.6	27.4	30.3	32.1	30.9	30.1	28.3	28.9



*Interim dividend of 28 yen includes the commemorative dividend of 1 yen.

- 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 (July 6, 2016). The business forecasts may be revised due to various factors that may arise in the future.