

# Supplementary Information on the Financial Results for the Three Months Ended May 31, 2014

**AEON DELIGHT CO., LTD.** 

July 2, 2014

■ Despite rush demand before the consumption tax increase and the downturn, sales were almost as planned as a result of attracting demand due to the spread of **Comprehensive Facility Management (Comprehensive FM)** concept.

■ Consolidated net sales decreased by 0.4% to 66.4 billion yen YoY resulting from decrease in Construction work sales due to the completion of AEON Group's LED installation. Businesses other than the Construction work exceeded compared with the same period a year earlier and in particular, Vending machine services and Support services achieved double-digit growth.

■ Due to continuous improvement in productivity and appropriate expense control in all businesses, **consolidated operating income increased 4.4% to 3.54 billion yen from the same period a year earlier and achieved an all-time high on a quarterly basis.**

■ Reform and improvement of the organizational system to achieve medium-term management plan will be completed by 2Q to operate in full scale in the 2<sup>nd</sup> half. In particular, **solution sales will be strengthened** to attract demand including construction focusing on aging facilities and **Energy-saving system division** will be newly established to increase sales outside the Group.

Operating margin improved 0.2 pct. point (previous 1Q 5.1%  $\Rightarrow$  current 1Q 5.3%)  
due to improvement in productivity and appropriate expense control

100 million yen

	FY2/15 1Q actual					
	Previous 1Q actual	Pct. to net sales (%)	Current 1Q actual	Pct. to net sales (%)	YoY (%)	YoY difference
Net sales	<b>667</b>	100.0	<b>664</b>	100.0	99.6	$\Delta 2$
Gross profit	<b>33</b>	5.1	<b>35</b>	5.3	104.4	+ 1
Operating income	<b>34</b>	5.1	<b>35</b>	5.4	104.6	+ 1
Ordinary income	<b>18</b>	2.8	<b>20</b>	3.0	108.4	+ 1

# Net Sales by Segment

Vending machine services and Support services achieved **double-digit growth** YoY

Sales of Construction work decreased due to consumption tax increase and completion of LED installation

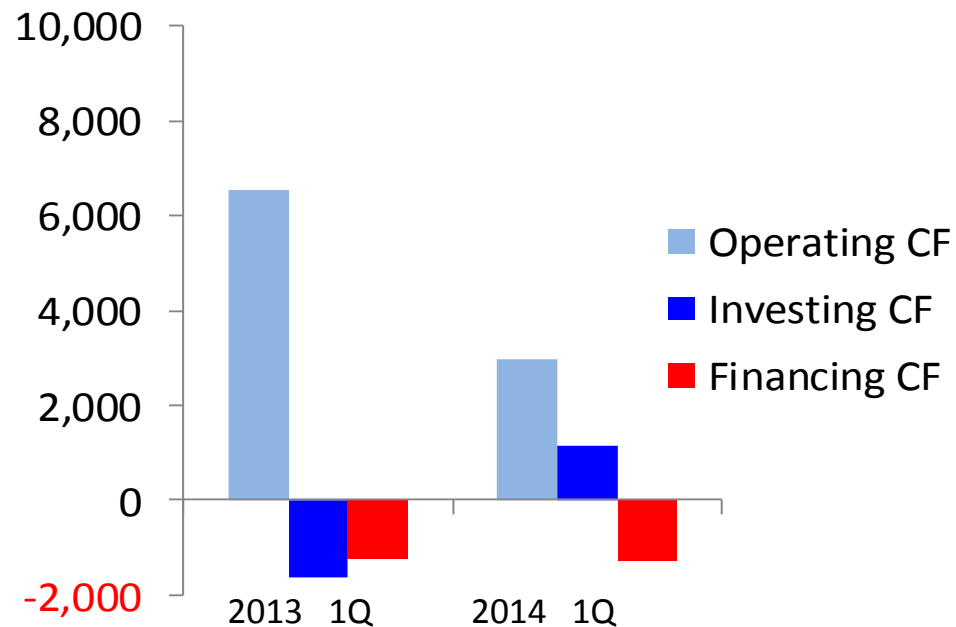
100 million yen

	FY2/15 1Q actual			FY2/14 1Q actual	
	Net sales	Composition ratio (%)	YoY (%)	Net sales	Composition ratio (%)
Facilities management	112	16.9	105.7	106	15.9
Cleaning services	109	16.5	103.8	105	15.8
Security services	89	13.4	105.9	84	12.6
Construction work	118	17.8	74.6	158	23.8
Materials/supplies sourcing services	117	17.6	109.3	107	16.1
Vending machine services	83	12.5	111.1	74	11.2
Support services	34	5.2	116.1	29	4.4

# Business Overview by 1Q Segment

Facilities management	Undertook new stores of large commercial facilities and expanded sales of BEMS equipment. Moreover, promoted proposal and additional installation of energy-saving product materials through BEMS data analysis
Cleaning services	Newly established Cleaning service improvement department. Improved the services directly operated by the company and established a standardized model for productive cleaning services. Also embarked on sanitation and cleaning model for hospitals, etc.
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 female security guards
Construction work	LED installation within the AEON Group completed. Renovation focusing on aging facilities and heat source renewal including central air-conditioning system, etc. went well
Materials/supplies sourcing services	Transactions mainly with existing customers expanded steadily. Reviewed logistics cost and improved profitability through electronic business negotiation
Vending machine services	Vending machines developed and installed in the previous fiscal year contributed to sales, development of eMoney-compatible value-added vending machines
Support services	Expanded sales of event direct marketing business of AEON Compass and Housework services (KAJICloud) of KAJITAKU

# Consolidated Cash Flow Statement



100 million yen

	2014/2 1Q	2015/2 1Q	Change
Cash flows from operating activities	65	29	△35
Cash flows from investing activities	△16	11	27
Cash flows from financing activities	△12	△12	△0.6
Cash and cash equivalents at the end of year	134	148	14

## Major factors for increase/decrease Billion yen

### 【Operating cash flows】 2.9 billion yen

Income before income taxes	3.5 billion yen
Decrease (increase) in accounts receivable	△4.0 billion yen
Increase (decrease) in accounts payable	5.2 billion yen

### 【Investing cash flows】 △1.1 billion yen

Payments for affiliate consumption entrusted funds	△49.2 billion yen
Proceeds from repayments for affiliate consumption entrusted funds	50.9 billion yen

### 【Financing cash flows】 △1.2 billion yen

Dividend payment	△1.2 billion yen
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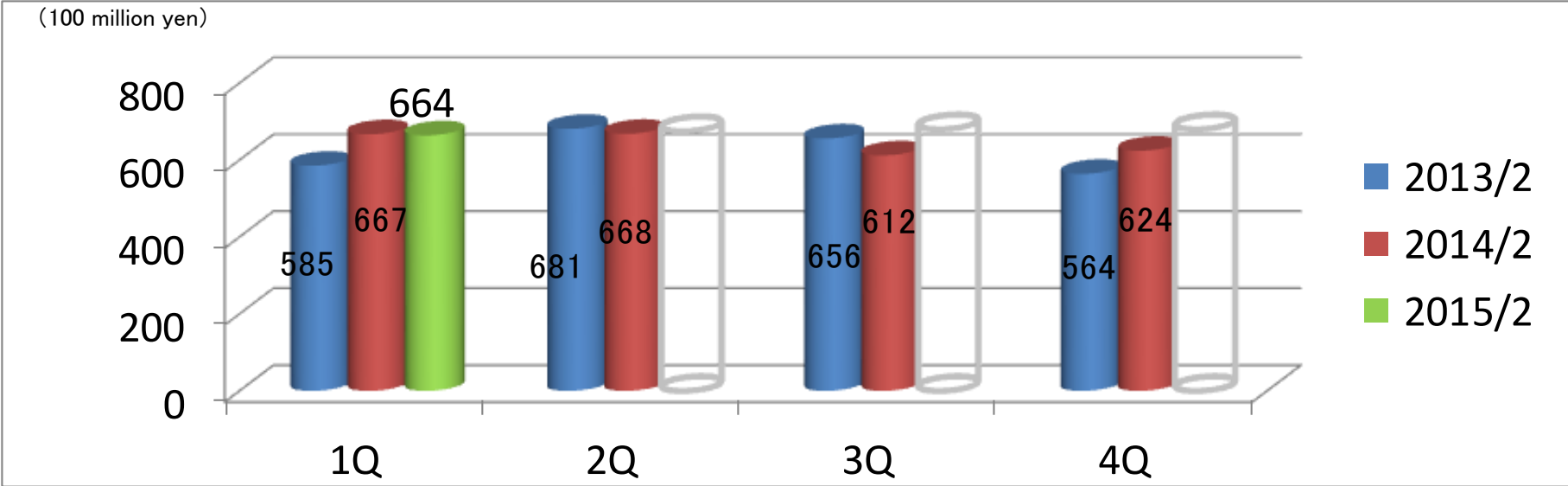
# Consolidated Balance Sheet

100 million yen

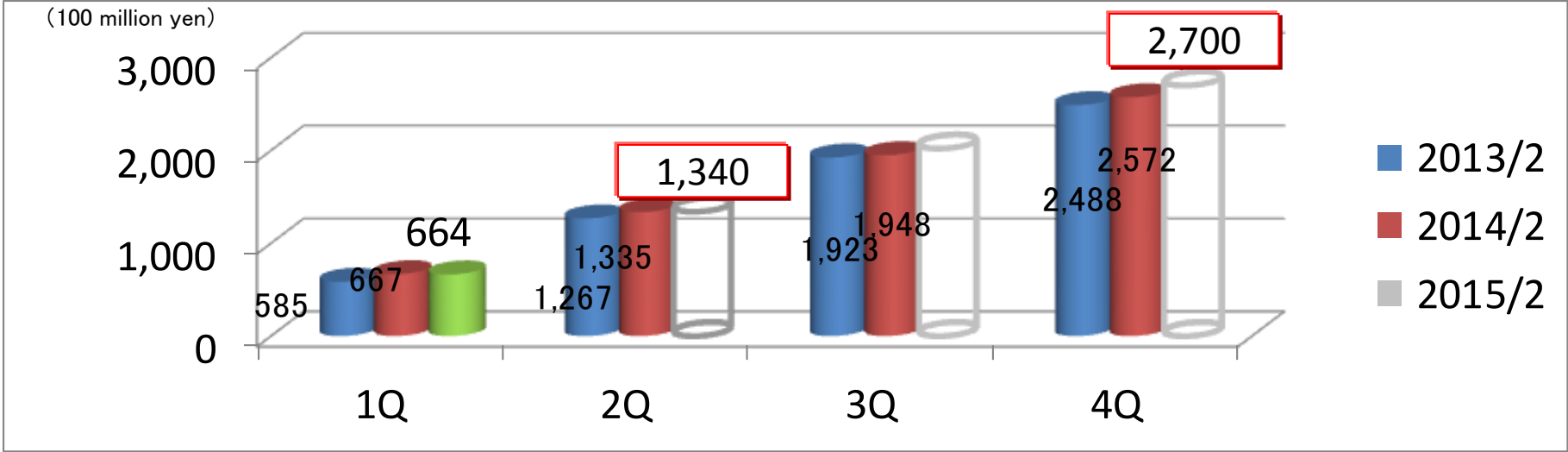
	February 28, 2014	May 31, 2014	Difference		February 28, 2014	May 31, 2014	Difference
Current assets	903	950	47	Current liabilities	393	432	39
Fixed assets	217	214	△2	Fixed liabilities	15	14	△0.7
Tangible fixed assets	42	44	1	Total liabilities	408	446	38
Intangible fixed assets	116	114	△2	Total net assets	713	718	5
Investments, etc.	58	55	△2	Total liabilities and net assets	1,121	1,165	44
Total assets	1,121	1,165	44				

# Quarterly Net Sales for the Past Three Years

Quarterly net sales



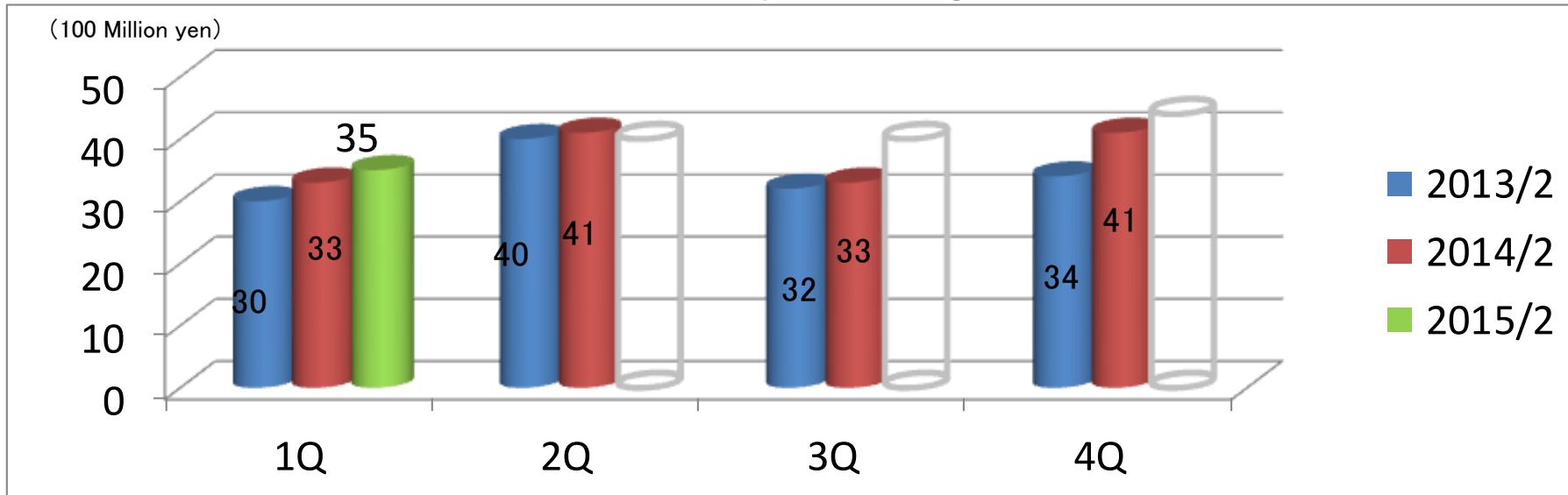
Total quarterly net sales



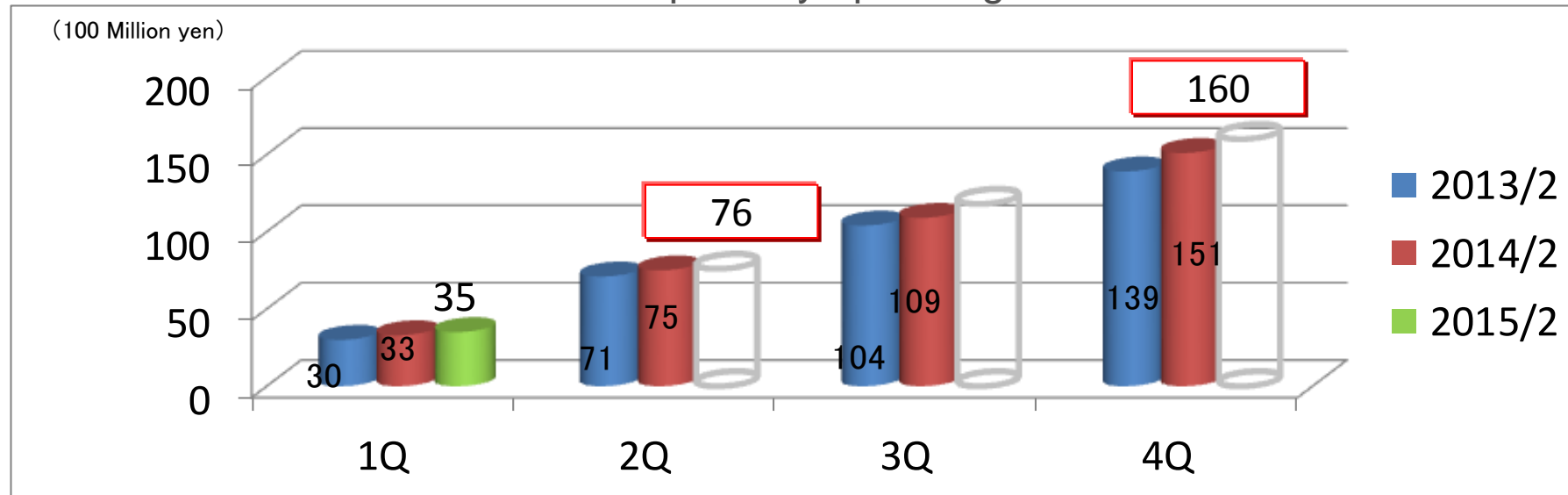


# Quarterly Operating Income for the Past Three Years

## Quarterly operating income



## Total quarterly operating income



## 1. Strengthen sales activities in Japan and Asia:

### ■ Extensive use of solution-based sales

- Thorough management of sales activities through CRM (Customer Relationship Management), obtain new customers by concentrating focus on key customers, expand transactions with existing customers
- Promote the building of sales system on a customer-by-customer and facility-by-facility basis



Carry out thorough data management to make sales activities more efficient and to improve productivity using IT tool

## 2. Establishment of “sanitation and cleaning” and “energy solution”

### ■ Sanitation and cleaning

- Completion (up to 2Q) and development of standardized model for cleaning
- Establishment of sanitation and cleaning model for hospitals and nursing homes

### ■ Energy solution

- Establishment and development of “Facilities Management Integrated ESCO business”
- Realize the establishment of facility cost reduction model and minimization of facilities lifecycle cost

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 sales	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

# What the AEON Delight Group is Aiming at

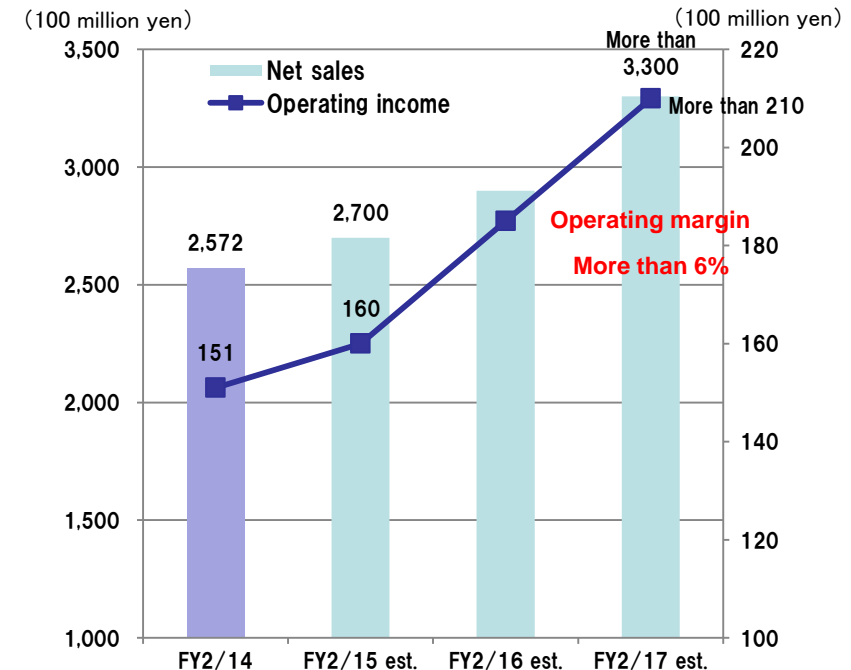
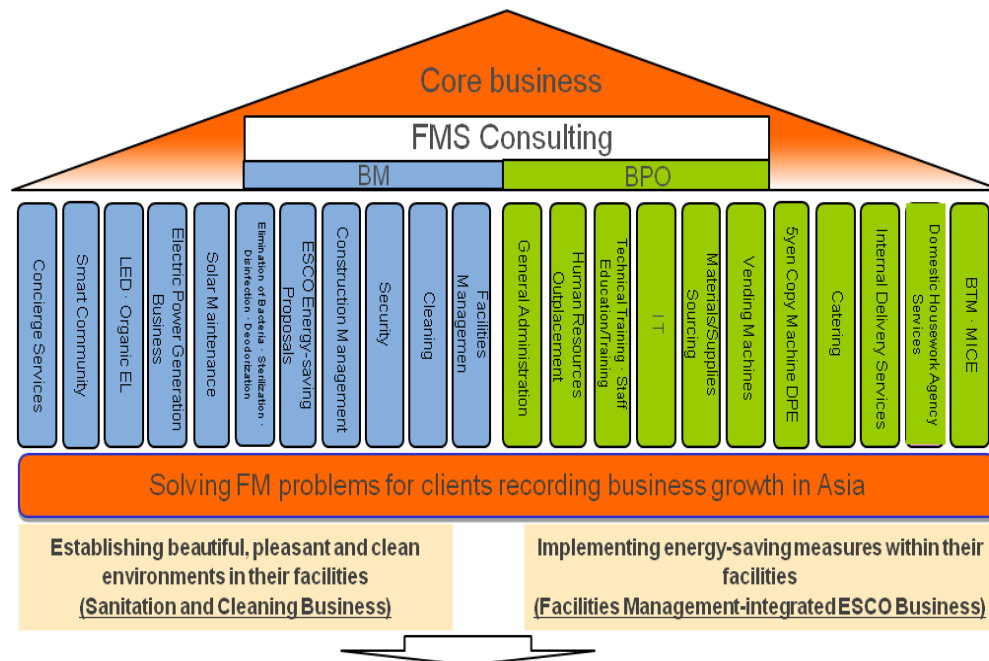
Management  
Philosophy

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

## ■ Build a company structure to achieve medium-term management plan

- Establishment of sales strategy meeting and development strategy meeting to establish competitiveness
- Management of progress of medium-term management plan, building of rolling system

## ■ Three drivers of growth in Japan: Initiatives for 1Q

### Sanitation and cleaning

Provide education and training, and shift to new operation using video manual, etc.

**to improve productivity by promoting efficiency of cleaning services**

⇒ Introduce standardized model to all directly-operated centres (up to 2Q)

**Conduct inspection of sanitation and cleaning system** for hospitals, etc.

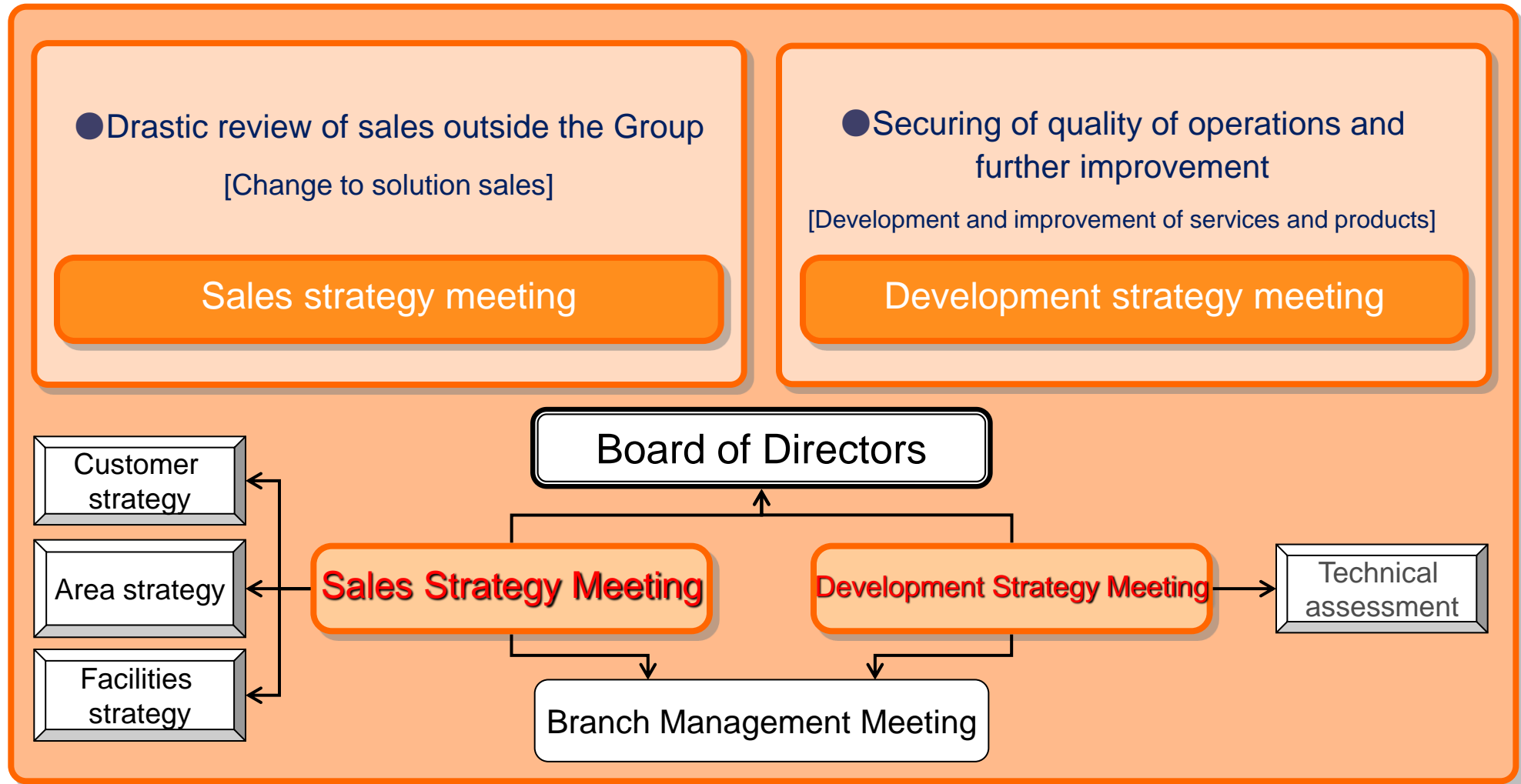
### Energy solution

Was recognized for additional proposal of energy-saving based on data analysis for facilities with the company's BEMS, and many facilities **switched to BEMS**

### Sales outside the Group

Review of sales system to expand sales for customers outside the AEON Group  
⇒ **Shifted to solution sales system** specialized in energy-saving product materials, and customers, areas and facilities

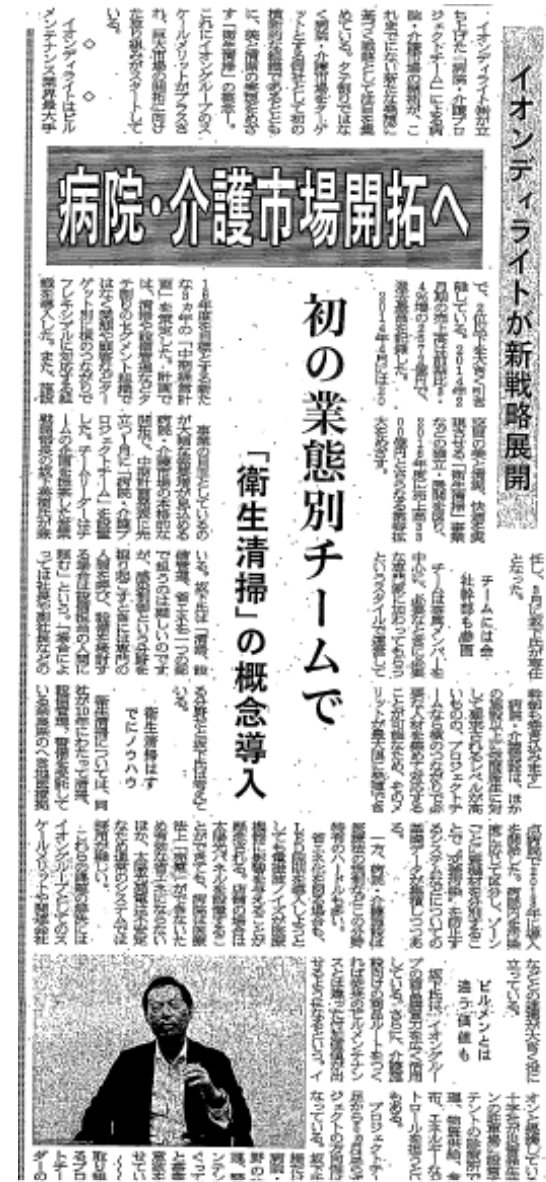
## ■ Building of a system to establish competitiveness



## Offer hospitals and nursing homes Japan's No.1 Comprehensive FMS



- Needs of large hospital groups in Japan with nationwide operations
  - Hygiene and the environmental services, safety and confidence, consistent service quality, cost cutting, and other actions
- Develop new services by using alliances with the healthcare operations of European manufacturers and large trading companies in Japan
  - Offer Comprehensive FMS that includes “sanitation and cleaning” as well as energy management, the supply of materials, installation of vending machines and other services



June 16, 2014 Japan Building News



## ■ Expansion of Comprehensive FMS business in Asia

- Total of 140 in China (87 in the same period a year earlier)
- Total of 47 in Malaysia (22 in the same period a year earlier)
- Total of 58 in Vietnam (0 in the same period a year earlier)

\*Launched business in January 2013



AEON DELIGHT(MALAYSIA) SDN. BHD.



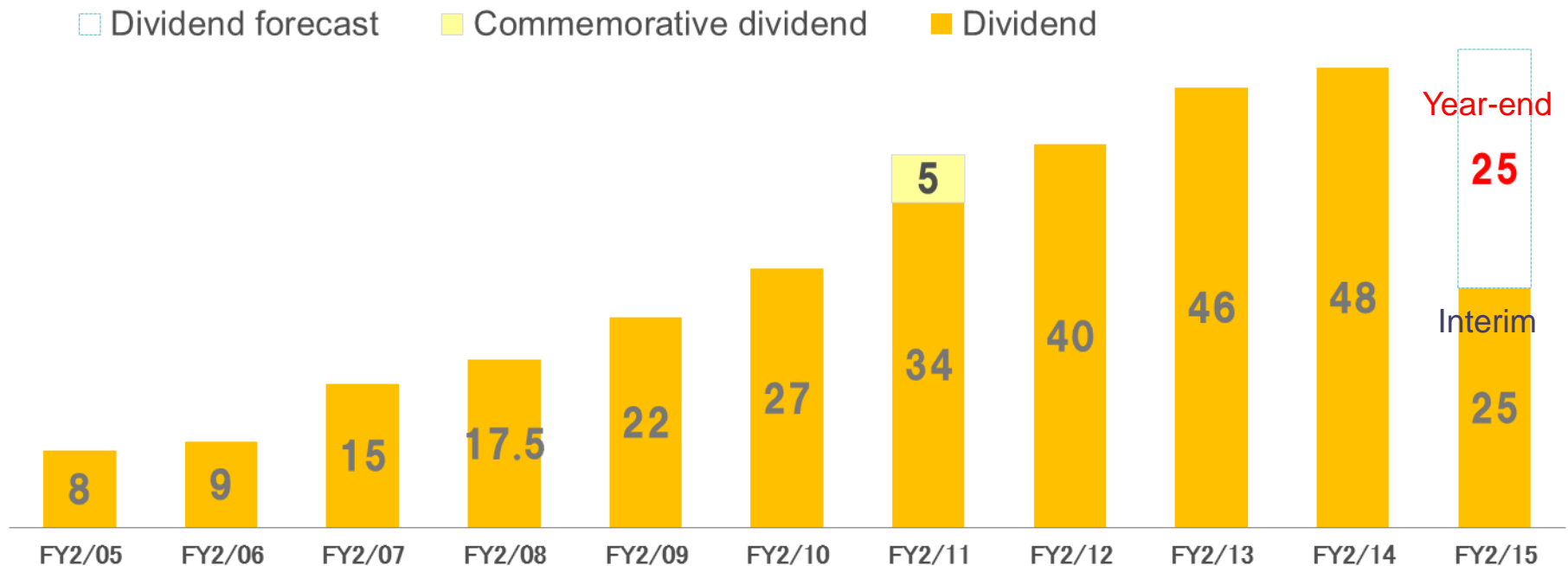
AEON DELIGHT(VIETNAM) CO., LTD.





Aim for **ten 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



\*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.

- 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 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 2, 2014). The business forecasts may be revised due to various factors that may arise in the future.