

**Financial Results for the Six Months Ended  
August 31, 2018**

**AEON DELIGHT CO., LTD.**

**Kazumasa Hamada, President and CEO**

**October 10, 2018**

## **1** Financial Report for the First Half of FY2/19

## **2** Initiatives for FY2/19 2H

## **3** Aeon Delight Vision 2025

# Consolidated Income Statement

**Sales and profits increased, and all-time high profits were reported.**  
**Showed steady progress against the plan.**

(100 million yen)

	FY2/18 1H (Ratio to sales)		FY2/19 1H (Ratio to sales)		Difference	Percentage change
<b>Net sales</b>	<b>1,518</b>	<b>(100.0%)</b>	<b>1,538</b>	<b>(100.0%)</b>	<b>20</b>	<b>101.4%</b>
<b>Gross profit</b>	<b>200</b>	<b>(13.2%)</b>	<b>203</b>	<b>(13.2%)</b>	<b>2</b>	<b>101.4%</b>
<b>SG&amp;A</b>	<b>112</b>	<b>(7.4%)</b>	<b>112</b>	<b>(7.3%)</b>	<b>0</b>	<b>100.2%</b>
<b>Operating income</b>	<b>88</b>	<b>(5.8%)</b>	<b>90</b>	<b>(5.9%)</b>	<b>2</b>	<b>102.9%</b>
<b>Ordinary income</b>	<b>88</b>	<b>(5.8%)</b>	<b>91</b>	<b>(5.9%)</b>	<b>2</b>	<b>102.9%</b>
<b>Net income attributable to owners of parent</b>	<b>55</b>	<b>(3.7%)</b>	<b>56</b>	<b>(3.7%)</b>	<b>0</b>	<b>101.0%</b>

## Sales by Segment

YoY increase in 5 segments. Large-scale construction works were concentrated in 2H.  
Vending machine sales were affected by torrential rains and typhoons.

	FY2/18 1H	FY2/19 1H	Percentage change	(100 million yen)
Facilities management	261	281	107.5%	
Security services	217	220	101.2%	
Cleaning services	274	286	104.3%	
Construction work	241	216	89.9%	
Materials/supplies sourcing services	251	260	103.5%	
Vending machine services	170	163	96.4%	
Support services	101	109	108.5%	
<b>Total</b>	<b>1,518</b>	<b>1,538</b>	<b>101.4%</b>	

# Profit by Segment

Profits increased in 4 segments. Construction work showed a decrease in sales and an increase in profits due to a reorganization of the portfolio and improved profitability.

Security services were impacted by increased outsourcing expenses. Vending machine services are in the process of changing their earnings model. AEON compass Co., Ltd. in the support services were struggled.

	FY2/18 1H	FY2/19 1H	Percentage change (100 million yen)
Facilities management	22	28	124.2%
Security services	14	14	94.7%
Cleaning services	30	33	106.8%
Construction work	19	20	104.4%
Materials/supplies sourcing services	13	14	107.0%
Vending machine services	12	5	41.6%
Support services	13	12	95.8%
<b>Total</b>	<b>127</b>	<b>128</b>	<b>100.5%</b>

# Consolidated Balance Sheet

(100 million yen)

Assets	FY2/18	FY2/19 1H	Difference
Current assets	1,202	1,230	28
Tangible fixed assets	100	100	0
Intangible fixed assets	80	76	▲4
Investments, etc.	85	79	▲5
Fixed assets	266	257	▲8
Total assets	1,468	1,487	19

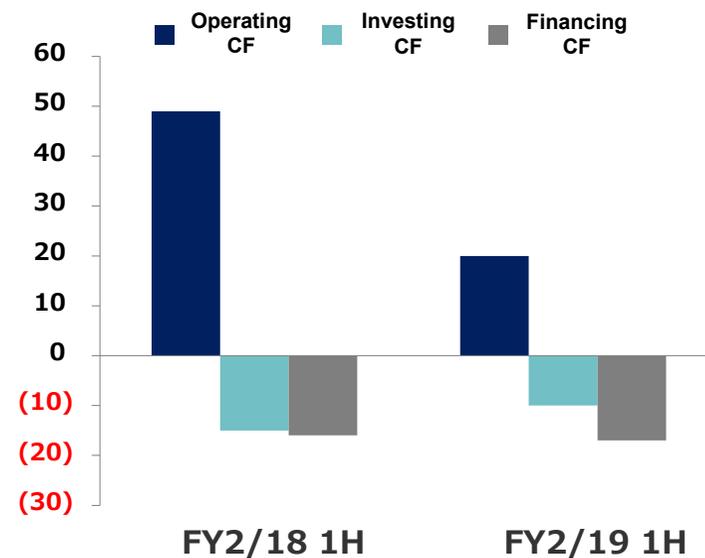
Liabilities and net assets	FY2/18	FY2/19 1H	Difference
Current liabilities	434	416	▲18
Fixed liabilities	27	27	▲0
Total liabilities	462	443	▲19
Shareholder's equity	959	1000	40
Total net assets	1005	1044	38
Total liabilities and net assets	1,468	1,487	19

# Consolidated Cash Flow Statement

(100 million yen)

	FY2/18 1H	FY2/19 1H	Difference
Cash flows from operating activities	49	20	▲28
Cash flows from investing activities	▲15	▲10	4
Cash flows from financing activities	▲16	▲17	▲1
Cash and cash equivalents at the end of year	327	378	50

(100 million yen)



## 1 Safety

- Support for disasters such as the North-Osaka Earthquake and the torrential rains in Western Japan in 2018 through provision of services
- Active proposal to support the development of corporate disaster prevention and mitigation systems

## 2 Labor shortage

- Construction of a labor-saving model for large-scale commercial facilities
- Final verification for practical use of cleaning robots
- Development of “Delight Viewer”, a distributed management system
- Establishment of a joint venture with a local AI tech company in Shanghai, China (May)

## 3 Environment

- Participation in a demonstration project of electric power trading using blockchain technology

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## Progress toward full-year forecasts for FY2/19

In 2H, maintain a strong trend in 1H and achieve full-year forecasts

(100 million yen)	1H Results	2H Plan	Full-year forecasts	1H progress rate
Net sales	1,538	1,512	3,050	50.4%
Operating income	90	95	185	48.6%
Ordinary income	91	94	185	49.2%
Net income attributable to owners of parent	56	54	110	50.9%

# Scenario for achieving full-year profit budget

**Aim to achieve the full-year profit budget with maintaining strong 1H trends in Facilities, Cleaning, and Materials services, and recovering Construction and Support services in 2H, while improving profitability of Security and Vending machine services, which struggled in 1H.**

## Services to maintain a strong trend in 1H

- Facilities, Cleaning, and Materials continue to outperform initial forecasts as in 1H.
- Profits increase in Construction works owing to the large-scale works concentrated in 2H.

## Services to recover in 2H

- In the Support services, AEON Compass Co., Ltd., which struggled 1H, plans to recover by expanding its business support and event businesses.

## Services to continue a weak trend

- Vending machine services is in the process of changing its earnings model, and it takes time to recover the investment associated with the aggressive replacement of electronic money and digital signage models.

# Aeon Delight Vision 2025

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Aiming to be an environmental value-creating company in Asia that resolves social issues based on “Safety,” “Labor shortage,” and “Environment” as the three pillars of its growth strategies



**AEON delight**

**Net sales**

**¥525 billion**

**Operating income**

**¥48 billion**

AEONdelight Vision 2025

**Net Sales  
Global TOP10**

**Net Sales  
No.1 in Asia**

**Operating  
income margin  
Global  
Top-level**

**In Japan, expand market share by building an Aeon Delight Economic Zone.**

**Overseas, concentrate resources in China to become the top 10 in the logistics industry.**

### Japan

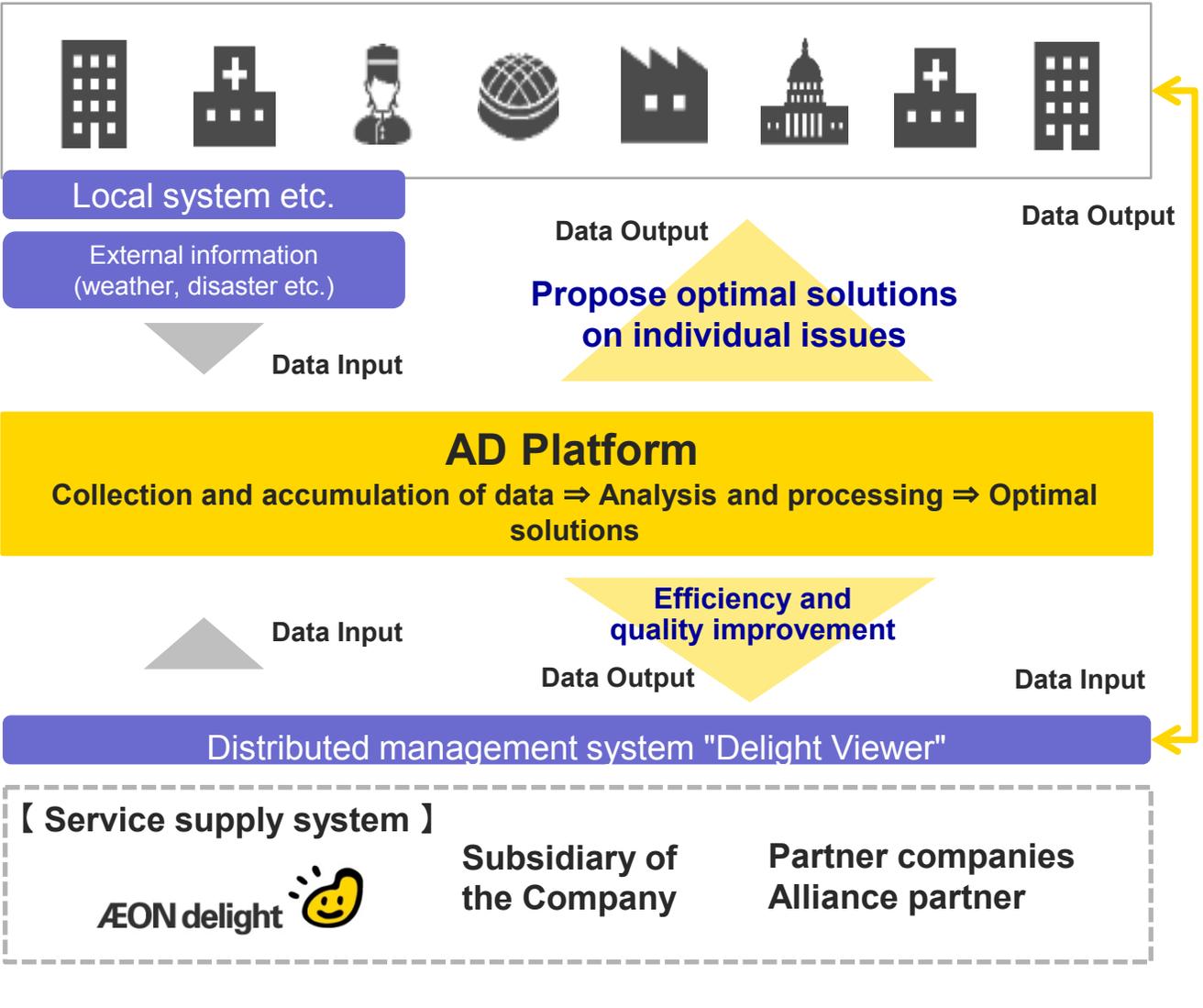
- Build an AEON Delight Economic Zone by utilizing the AD Platform
- Utilize technology to build unmanned and labor-saving models that reduce customers' costs and improve efficiency
- Expand FM market share through customer-oriented sales and collaboration with other companies
- Build an Energy Management services as a new pillar of business

### China

- Make two core operating companies wholly owned subsidiaries
- Establish an AD brand in eastern China, which is a strong field, and build a business foundation that can expand nationwide
- Aim to be the top 10 company in China by building brands, human resources, and management systems in China

# AD Platform

## Customer



**AEON delight** 



Subsidiary of the Company



Partner companies and alliance partners



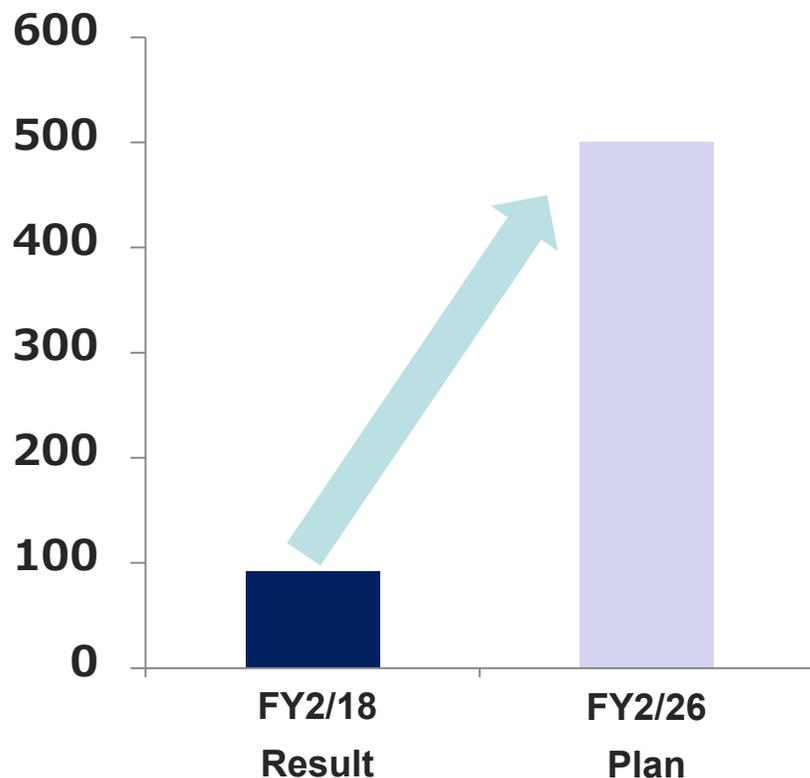
Build an overwhelming competitive advantage in the FM industry

**Build an AEON DELIGHT Economic Zone**

## “One Aeon Delight Strategy” through making two core companies into wholly owned subsidiaries

(100 million yen)

Vision 2025: Sales in China



Made two core companies (AD Jiangsu and Wuhan Xiaozhu) into wholly owned subsidiaries



By unifying operations, strengthening cooperation, and speeding up decision-making,  
**Accelerate business expansion in China and become a Top10 in the logistics industry.**

# Creating new businesses to reduce environmental impact

## Energy management services

- AEON Co., Ltd. formulated the "AEON Decarbon Vision 2050" and joined the RE100 (\*1).
- Aeon Group's annual power consumption : 7.4 billion kWh (about 1% of Japan's annual power consumption\*2)

- Participation in "AEON Decarbon Vision 2050" as a company responsible for the management of energy used by the AEON Group
- **Establishment of an energy management business that encompasses from the supply of energy needed by local communities to the energy saving of facilities**

## Environmental materials services

Marine pollution caused by plastic waste worsened

Evolving the materials service into an **Environmental materials service** that can propose a review of raw materials

\*1 RE(Renewable Energy: A global initiative aimed at 100% renewable energy in business operations

\*2 Annual power consumption of Japan: 850.5 billion kWh (Source: Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy, Electricity Survey Statistics 2018)

Acquired ISO41001 certification, FM's international standard, for the first time in Japan

Acquired ISO 41001 certification, the international standard for facility management, for the first time in Japan



**Become the Japan's only one company to provide facility management that meets global standards**

**Strengthening Branding in Japan and Overseas**

ISO 41001 Certificate Presentation Ceremony  
(Left: Kazuo Tatsukami, President of Japan Audit and Certification Organization for Environment and Quality  
Right: Our President Kazumasa Hamada)

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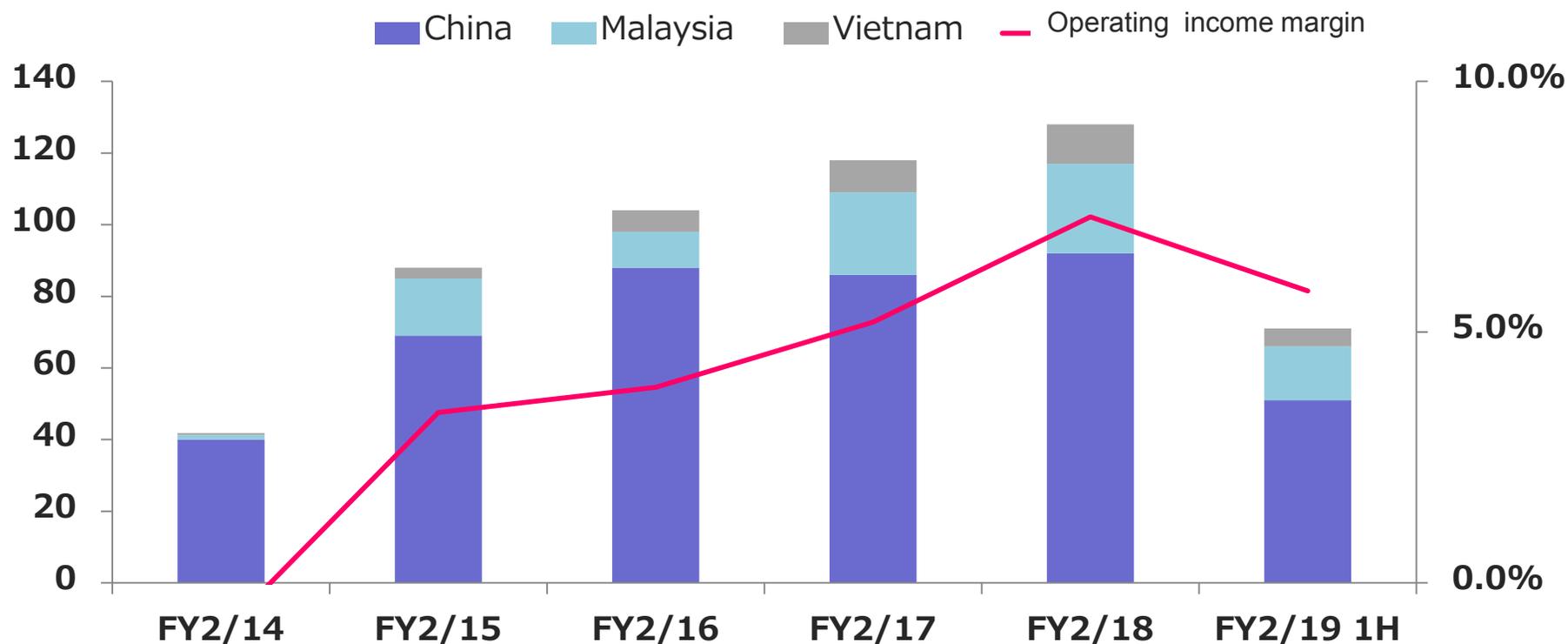
Or visit our website at:  
<http://www.aeondelight.co.jp>

This presentation has been prepared based on the information available as of the date of the presentation (October 10, 2018). The business forecasts may be revised due to various factors that may arise in the future.

# **Supplementary information**

# Business Expansion in Asia

## Overseas Sales/Operating Income Margin (100 million yen/%)



FY	FY2/14	FY2/15	FY2/16	FY2/17	FY2/18	FY2/19 1H
Sales (100 million yen)	42	89	106	120	129	69
Operating income margin (%)	▲ 1.0	3.4	3.9	5.2	7.3	5.8

\*Figures are simple totals for group companies.

\*In China, we implemented business reorganization, including withdrawal from unprofitable businesses, in FY2/17-FY2/18.

## Business Forecasts for FY2/19

(100 million yen)	FY2/18 results (Ratio to sales)		FY2/19 Forecasts (Ratio to sales)		Percentage change
Net sales	<b>2,958</b>	<b>(100.0%)</b>	<b>3,050</b>	<b>(100.0%)</b>	<b>103.1%</b>
Operating income	<b>168</b>	<b>(5.7%)</b>	<b>185</b>	<b>(6.1%)</b>	<b>110.0%</b>
Ordinary income	<b>172</b>	<b>(5.8%)</b>	<b>185</b>	<b>(6.1%)</b>	<b>107.0%</b>
Net income attributable to owners of parent	<b>103</b>	<b>(3.5%)</b>	<b>110</b>	<b>(3.6%)</b>	<b>106.6%</b>

# Shareholder Return

**Aim for 14 consecutive years of increased dividends since FY2/06**

