

# Financial Results

## for the First Half of the Year Ending February 28, 2011 (FY02/2011)

October 7, 2010

Yuiken Tsutsumi, President & CEO  
AEON DELIGHT CO., LTD.



## Contents

- § 1 Overview of Financial Results for the First Half of FY02/2011**
- § 2 Initiatives for the Second Half of FY02/2011**
- § 3 FY02/2011 Earnings Forecast**
- § 4 Reference**

# §1 Overview of Financial Results for the First Half of FY02/2011



3

## Performance Highlights for First Half of FY02/2011

Record highs were set for ordinary income and net income in the first half of FY02/2011.

Millions of yen

	First six months ended August 31, 2010				
	Forecast at beginning of period	Results	% to net sales	YoY Change (%)	% to Forecast
Net sales	73,000	<b>68,885</b>	100.0	94.3	94.5
Operating income	5,000	<b>5,021</b>	7.3	100.4	102.9
Ordinary income	5,000	<b>5,053</b>	7.3	101.0	104.0
Net income	2,600	<b>2,770</b>	4.0	106.5	106.9

4



# Segment Sales

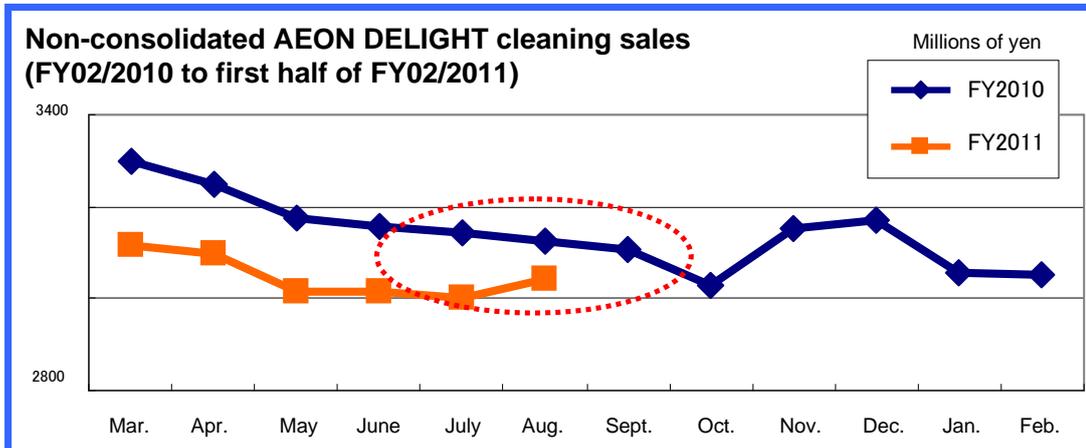
Millions of yen

	1H FY02/2011	1H FY02/2010	YoY Change (%)
Facility management (FM)	20,669	21,227	97.4
Security	16,225	17,328	93.6
Cleaning	21,260	23,071	92.2
Construction	8,136	8,585	94.8
Others	2,593	2,640	98.1
<b>Total</b>	<b>68,885</b>	<b>72,856</b>	<b>94.5</b>

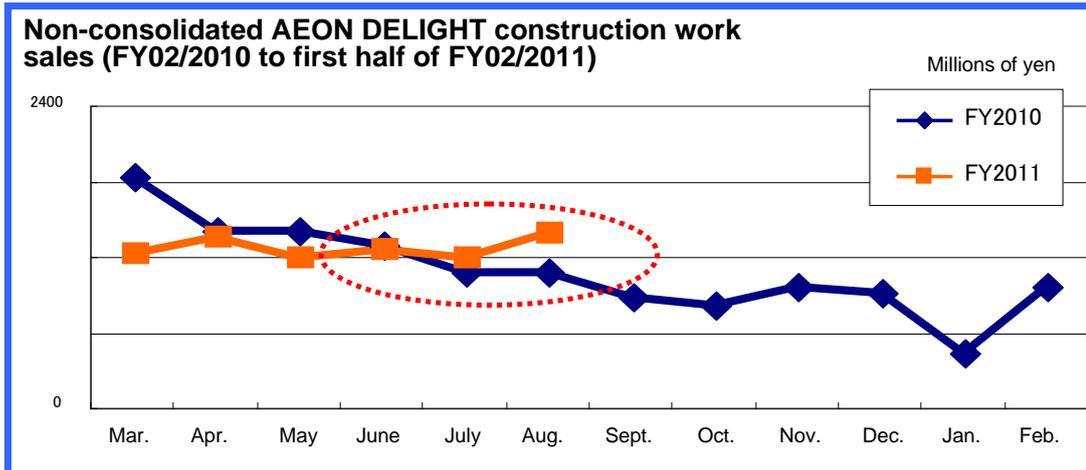


◇ "Others" represents the aggregate of other building maintenance-related businesses and other operating revenue.

## Signs of Changing Trends by Segment



Showing signs of bottoming out in the first half of FY02/2011



Outperforming results last year from June for 3 months straight

# (Summary) Statements of Income for First Half of FY02/2011

Millions of yen

	1H FY02/2011				1H FY02/2010	
	Amount	% to net sales	YoY change (%)	Difference	Amount	% to net sales
<b>Net sales</b>	<b>68,885</b>	100.0	94.5	-3,971	<b>72,856</b>	100.0
<b>COGS</b>	<b>58,291</b>	84.6	93.7	-3,897	<b>62,188</b>	85.4
<b>Gross profit on sales</b>	<b>10,593</b>	15.4	99.3	-74	<b>10,667</b>	14.6
<b>SG&amp;A</b>	<b>5,572</b>	8.1	96.3	-213	<b>5,785</b>	7.9
<b>Operating income</b>	<b>5,021</b>	7.3	102.9	139	<b>4,882</b>	6.7
<b>Ordinary income</b>	<b>5,053</b>	7.3	104.0	197	<b>4,856</b>	6.7
<b>Net income</b>	<b>2,770</b>	4.0	106.9	179	<b>2,591</b>	3.6

7

AEON delight 

## Consolidated Balance Sheet, Consolidated Statement of Cash Flows (Summary)

### Consolidated Balance Sheet

Millions of yen

	As of Aug. 31, '10	As of Feb. 28, '10	Difference		As of Aug. 31, '10	As of Feb. 28, '10	Difference
Current assets	32,488	30,026	2,462	Current liabilities	16,349	16,281	68
Fixed assets	18,364	18,644	-280	Long-term liabilities	837	1,024	-187
Tangibles	2,705	2,741	-36	Total liabilities	17,186	17,306	-119
Intangibles	11,523	11,924	-401	Total net assets	33,666	31,364	2,301
Investments, etc.	4,135	3,977	158	Total liabilities and net assets	50,852	48,670	2,182
Total assets	50,852	48,670	2,182				

### Consolidated Statement of Cash Flows

Millions of yen

	1H FY02/2011	1H FY02/2010
Cash flows from operating activities	2,076	2,275
Cash flows from investing activities	-2,479	81
Cash flows from financing activities	-637	-3,708
Net increase (decrease) in cash and cash equivalents	-1,038	-1,348
Cash and cash equivalents at beginning of period	7,873	6,970
Cash and cash equivalents at end of period	6,835	5,621

#### Operating cash flows

Net income before taxes	¥ 4.88 bn.
Notes and accounts receivable-trade	¥ -1.41 bn.
Income taxes paid	¥ -2.08 bn.

#### Investing cash flows

Decrease in time deposits	¥ -0.42 bn.
Net deposits and repayments for deposit of subsidiaries and affiliates	¥ -1.82 bn.

#### Financing cash flows

Cash dividends paid	¥ -0.59 bn.
---------------------	-------------

8

AEON delight 

# Performance of New Businesses for First Half of FY02/2011

The Company provides a wide variety of customers with services at facilities for various purposes through a strengthened sales structure and active promotion.



Intex Osaka (international exhibition hall facilities)



Narita Airport Terminal 2



Henkel Japan Asia Pacific Technology Center



Aichi Prefectural Government Building

9

AEON delight 

## Initiatives for First Half of FY02/2011

### Promote proposal activities by actively listening to the views of customers

- ▶ Promoting proposal activities from the customer's point of view

Over 48,000 proposals made  
(136% compared to second half of previous fiscal year)

### Initiatives for CO<sub>2</sub> reductions

- ▶ Increase sales of Ad-TEMS\* in response to revision of the Energy Conservation Law

Acquired customers at 11 companies and 1,133 offices since May  
Aiming for 7,000 customers in the second half of FY02/2011

\*Ad-TEMS (AEON DELIGHT Total Energy Management Service)

Service that provides uniform management of the amount of energy used by the entire business overall and preparation of regular reports.

### Initiatives for expanding business overseas

- ▶ Commenced business in Southern China

May: Commence business at JUSCO Chao Bei Joy City Store (Beijing)

July: Commence business at AEON Shunde Shopping Center (Guangdong)



New challenge of introducing service level agreements for cleaning methods

10

AEON delight 

# Initiatives for First Half of FY02/2011

## Initiatives for innovating business models for core businesses

### Cleaning services

- ▶ Horizontal integration of the AEON DELIGHT cleaning services model

Number of locations introduced  
(FY10) 61 locations → (cumulative FY11) 133 locations

### Facility management

- ▶ Improved productivity by thoroughness with work schedule management
- ▶ Install GPS devices in patrol cars, make routes more efficient

Gross profit margin for patrol centers  
5.8% improvement year-on-year

## Initiatives for promoting personnel education

Opened in March

### AEON DELIGHT Academy Nagahama

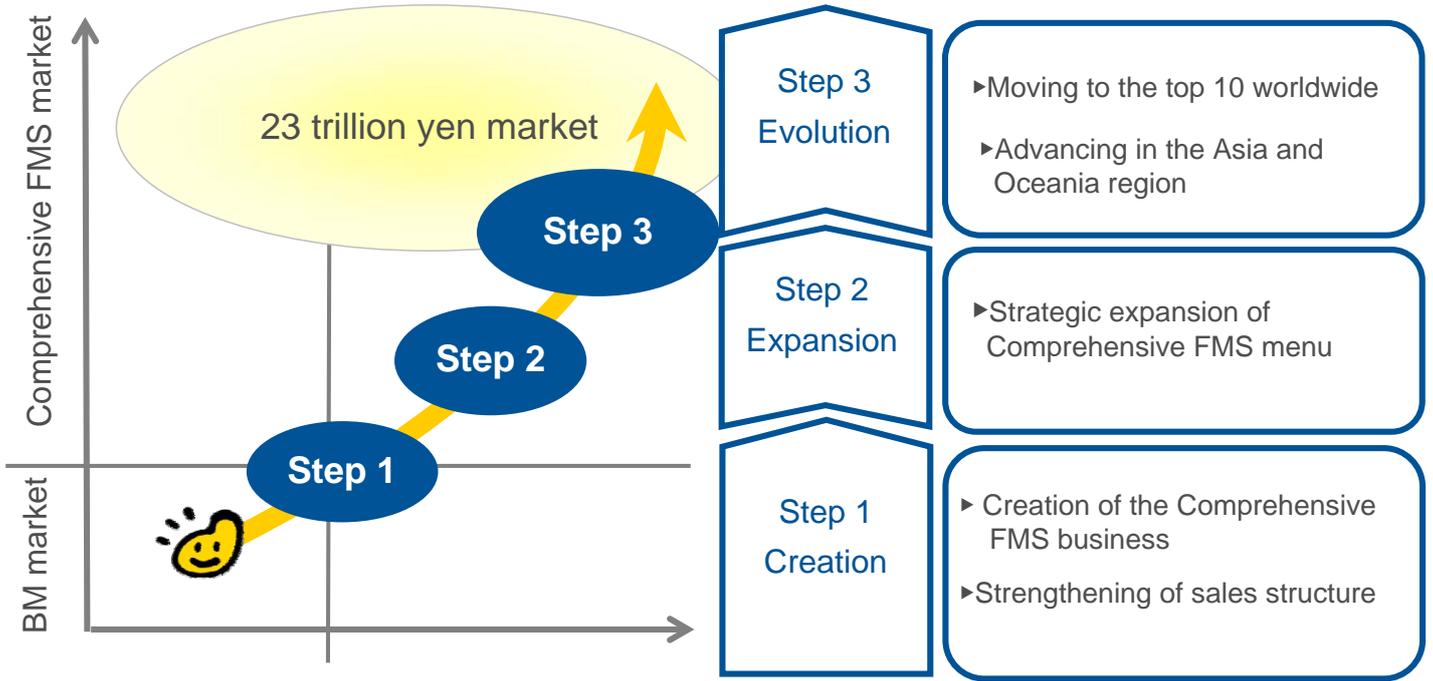
- Management training aimed at education for the next generation of executives
- Government and academia collaboration for research on next-generation technology



(March to August 2010) Over  
5,000 total training participants

## §2 Initiatives for the Second Half of FY02/2011

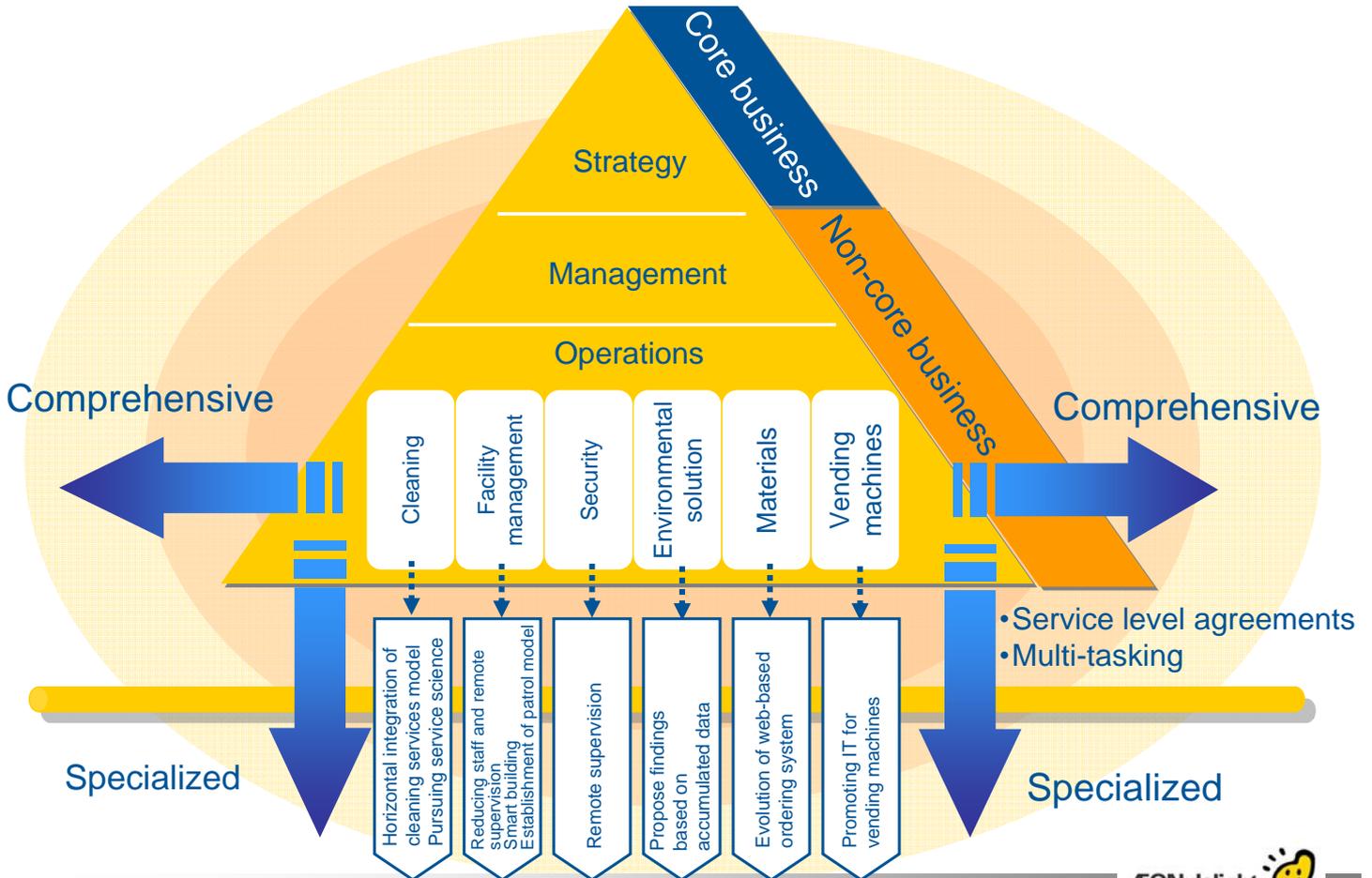
## Heading towards a new stage with the establishment of the Comprehensive FMS Business



## “Comprehensive” and “Specialized” of Comprehensive FMS Business

Comprehensive

Specialized

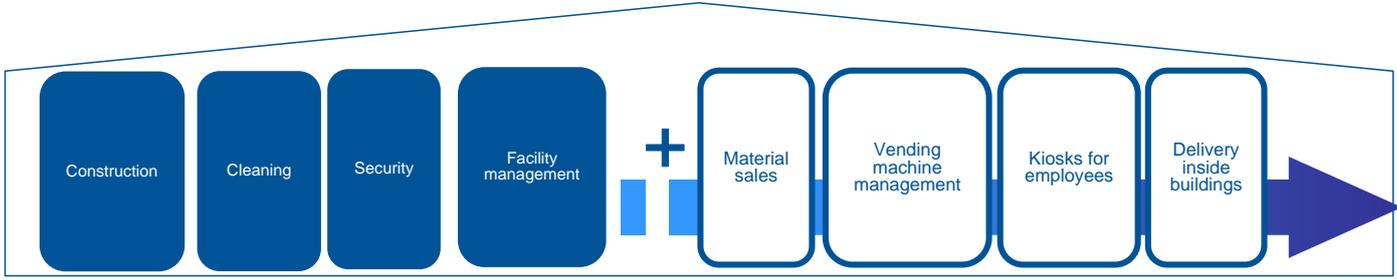


1. Promoting comprehensive FMS business and encouraging sales

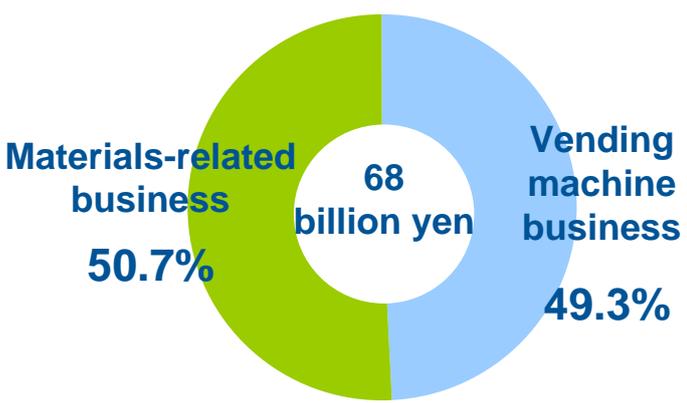


2. Aiming for establishment of Comprehensive FMS model locations

Contribute to the streamlining and efficiency of commercial facilities



1. Overview of Back Office Support Business

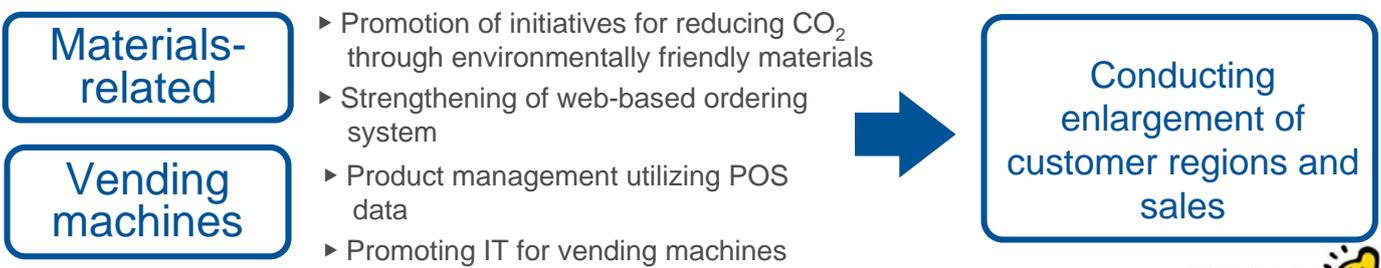


Certo's performance in FY02/2010

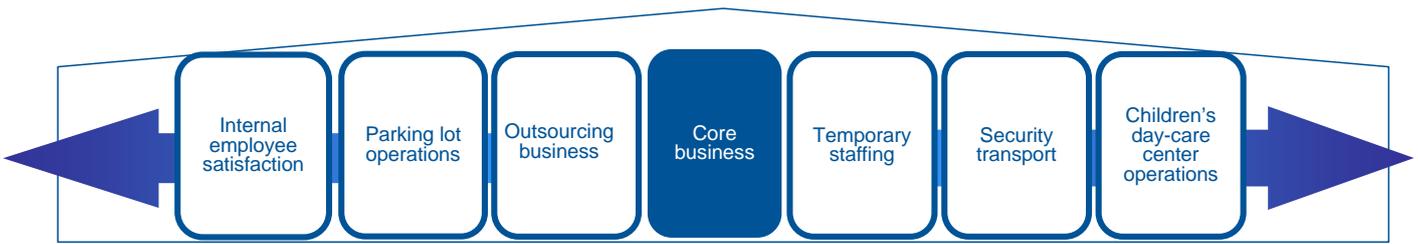
Major products and services



2. Initiatives taken by the Back Office Support Business



## 1. Initiatives for expanding the service menu for the Comprehensive FMS business



## 2. Construction of the ideal call center model



Solution center



Strengthening of further capabilities

Setting up Call Center Project Team

Aim for establishment during this FY

## 3. Initiatives for strengthening the apartment business

Setting up Condominium Management Dept.



New business model with possibility for growth

# Initiatives for Environmental Business

## 1. Strengthen initiatives for environmental solutions

Holding regular research meetings with energy companies



Example: for large-scale commercial facilities

AEON DELIGHT + Power company



Propose ESCO model

Introduction of energy-saving equipment and optimized operations

## 2. Promote new environmental solutions businesses

Promotion of smart grids and smart cities through cooperation between public and private sectors aiming at environmental load reduction

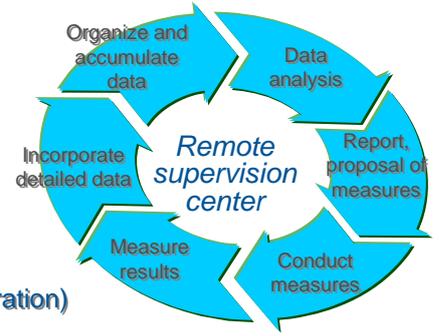


Participation in projects aiming at the establishment of smart buildings

## Research innovations for existing business with a medium-term point of view

### 1. Initiatives for smart buildings

- Figures made transparent for energy reduction proposals with thorough analysis of collected data
- Estimation of years of durability by frequency of use
- Proposal of accident prevention measures



(Network activity illustration)

### 2. Initiatives for establishing service level agreements

- Consideration of specifications using new evaluation standards such as bacteria count or the number of incidents or accidents rather than the number of times cleaning conducted for the cleaning business and the number of people on duty for the security business

\*SLA (Service Level Agreement)

Commit to a service level that focuses on concrete figures such as bacteria count, gloss value, etc., rather than the number of times cleaning conducted

# Active Initiatives for M&A

Strengthen structure for promoting M&A aimed at the expansion of the service menu for the Comprehensive FMS business and strengthening of core businesses



1. M&A aimed at acquiring capacities that are currently insufficient

2. M&A to speed up growth

3. M&A aimed at expanding the environmental business



## 1. Expand business locations

- September Commissioned with AEON Mall Tianjin TEDA
- ▶ One year from now in China: Expand from 4 locations to 10 locations

## 2. Sales strategy

- Expand business focusing on the environmental business
- Study possibility of business in Vietnam

# Aiming at Early Exploitation of Business Integration Synergies

## 1. Promotion of cross sales aiming at increasing sales amount

- ▶ Visit approximately 300 companies ahead of the business integration
  - Follow through by promoting sales at 2,000 companies
- ➔ Commence business with building maintenance, CO<sub>2</sub> work proposals, vending machines, and materials

## 2. Reduce purchase cost by consolidating suppliers

- ▶ Consolidate existing suppliers of both companies
- ➔ Reduce purchase cost 3,600 million yen per year

## 3. Initiatives for reducing SGA

- ▶ Office integration → Consolidate redundant office areas
- ▶ Make the administrative department more efficient → Adjust assignment of employees and streamline the organization

## § 3 FY02/2011 Earnings Forecast



23

### Earnings Forecast for FY02/2011

Millions of yen

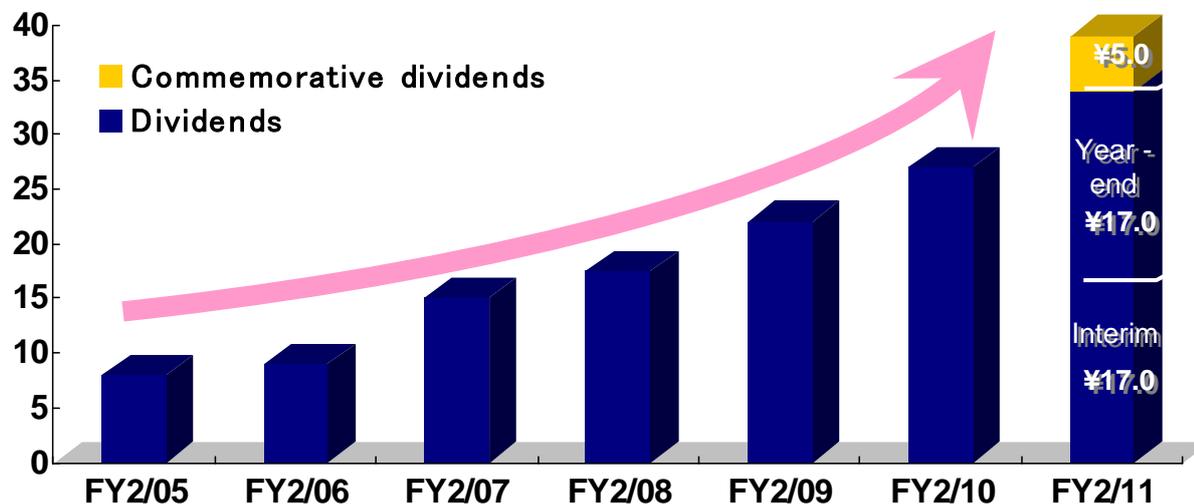
	Full Year Forecast for FY02/2011			FY02/2010 Results	
	Amount	% to net sales	YoY change (%)	Amount (Results)	% to net sales
Net sales	<b>181,000</b>	100.0	129.0	140,299	100.0
Operating income	<b>12,050</b>	6.7	120.9	9,970	7.1
Ordinary income	<b>12,105</b>	6.7	122.1	9,912	7.1
Net income	<b>6,470</b>	3.6	118.4	5,466	3.9

24



Aiming for 6 consecutive years of increased dividends since FY02/2006

	FY2/05	FY2/06	FY2/07	FY2/08	FY2/09	FY2/10	FY 2011 interim	FY2/11 year-end (forecast)
Dividends	¥8.0	¥9.0	¥15.0	¥17.5	¥22.0	¥27.0	¥17.0	¥22.0



\* As of December 1, 2007, AEON DELIGHT executed a two-for-one stock split. The above dividends are calculated on the assumption that such a stock split was executed at the beginning of FY02/2005.

\* The Company merged with CERTO Corp. on September 1, 2010. A merger commemorative dividend of 5.00 yen per share is included in the dividend forecast for FY02/2011.

## § 4 Reference

# (Reference) P/L Analysis and Shareholders

## 1. Five-year summary

Millions of yen

	FY02/2007		FY02/2008		FY02/2009		FY02/2010		FY02/2011	
	Results	% to net sales	Forecast	% to net sales						
Net sales	111,170	100.0	137,519	100.0	145,690	100.0	140,299	100.0	181,000	100.0
Operating Income	5,576	5.0	8,330	6.1	9,946	6.8	9,970	7.1	12,050	6.7
Ordinary Income	5,485	4.9	8,186	6.0	9,812	6.7	9,912	7.1	12,105	6.7
Net Income	2,998	2.7	4,379	3.2	4,876	3.3	5,466	3.9	6,470	3.6

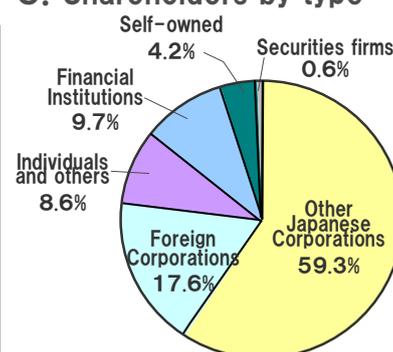
## 2. Major Shareholders (top 10)

Percentage shared is against outstanding shares.

Rank	Shareholders	No. of shares owned	%
1	MYCAL Corp.	23,261,800	56.2%
2	State Street Bank and Trust Company	1,968,642	4.8%
3	Treasury stock	1,729,838	4.2%
4	Japan Master Trust Bank, Ltd. (trust account)	841,400	2.0%
5	Japan Trustee Services Bank, Ltd. (trust account)	731,400	1.8%
6	The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	657,958	1.6%
7	AEON DELIGHT Employee Stock Ownership Association	644,100	1.6%
8	AEON Co., Ltd.	560,800	1.4%
9	State Street Bank and Trust Company	507,000	1.2%
10	AEON DELIGHT Business Partner Stock Ownership Association	396,000	1.0%

The above data is as of August 31, 2010

## 3. Shareholders by type



27

AEON delight

## Key Management Indicators

	FY02/2008	FY02/2009	FY02/2010	1H FY02/2011
EPS	¥110.39	*¥122.92	¥137.79	¥69.70
ROE	21.03%	19.89%	18.91%	8.31%
ROA	9.17%	10.11%	11.19%	5.43%
Ratio of ordinary income to net sales	5.95%	6.74%	7.06%	7.34%
Ratio of net income to net sales	3.18%	3.35%	3.90%	4.01%
Total assets turnover	2.88	3.02	2.87	1.35
Shareholders' equity ratio	47.43%	54.15%	64.22%	65.90%
Net assets per share	¥566.87	*¥669.28	¥787.84	¥849.02
PER	19.79	10.29	8.83	22.50
PBR	3.85	1.89	1.54	1.86
(Reference) Share price at end of period	¥2,185	¥1,266	¥1,216	¥1,575

The figures with \* show amounts after stock split.

28

AEON delight

## Thank you very much for your kind attention. Comments and inquiries should be directed to the following:

- 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 understand 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 less than one million yen have been rounded down.
  - ◇ Percentages have been rounded off to 1 decimal place.

AEON DELIGHT CO., LTD.  
(Stock code: 9787)

IR Contact

Ms. Chizuru Ohe

Delight Communication Department

TEL +81-6-6260-5632

FAX +81-6-6260-5653

Or visit our website at:

<http://www.aeondelight.co.jp>

\* When sending a fax, please include your name and contact details.

This presentation has been prepared using the information available as of the date of the presentation (October 6, 2010).

The earnings forecasts contained herein may be revised due to unforeseen factors that may arise in the future.