

# Financial Results for the Three Months Ended May 31, 2017

**AEON DELIGHT CO., LTD.** 

July 5, 2017

## Performance

- **Sales and earnings increased, and all-time high earnings were reported** owing to increase in customers inside and outside Japan

Sales: ¥75.5 billion, 100.1%YoY    Operating income ¥4.0 billion, 104.4%YoY

## Initiatives

- Established a subsidiary "AEONDELIGHT(SHANGHAI)MANAGEMENT CO., LTD." in Shanghai to expand IFM\* service in Asia
- In Japan, started providing services for large-scale commercial facilities, hotels, laboratories, medical facilities, and other buildings
- Expanded service provision to medium and small-sized facilities by installing digital signage and next-generation copy machines at retail stores nationwide and receiving orders for various construction works
- Steadily expanded the business in overseas countries (China, Malaysia, Vietnam)
- Established a subsidiary " WUHAN XIAOZHU HOTEL MANAGEMENT SERVICE CO.,LTD." in Wuhan City, Hubei Province, China, to offer catering services, with considering the regional characteristics in the area where needs for cafeteria management are high

\* IFM (Integrated Facility Management) ... Providing optimum service concerning facility management and contributing to customer growth as a strategic partner

In addition to expanding orders from large-scale facilities, domestic subsidiaries expanded its service to mid and small-sized facilities.

In overseas countries, we increased sales and profits and achieved the record-high profits by steadily expanding its business in each country

100 million yen

	FY2/18 1Q			YoY	
	Amount	Pct. to net sales (%)	YoY (%)	Amount (result)	Pct. to net sales (%)
Net sales	<b>755</b>	<b>100.0</b>	<b>100.1</b>	<b>754</b>	<b>100.0</b>
Operating income	<b>40</b>	<b>5.4</b>	<b>104.4</b>	<b>39</b>	<b>5.2</b>
Ordinary income	<b>41</b>	<b>5.5</b>	<b>105.3</b>	<b>39</b>	<b>5.2</b>
Net income attributable to owners of parent	<b>27</b>	<b>3.7</b>	<b>103.4</b>	<b>26</b>	<b>3.6</b>

# Sales by Segment

YoY increase in 5 segments. In the construction work business, although there was a snapback decline due to replacement of signboards implemented etc. in the previous year, there were signs of recovery in orders for construction. In the materials-related business, we received orders for packaging materials at a delicatessen manufacturing facility from the 2Q onwards.

100 million yen

	FY2/18 1Q			YoY	
	Net sales	Pct. to net sales (%)	YoY (%)	Net sales	Pct. to net sales (%)
Facilities management	<b>131</b>	<b>17.4</b>	<b>103.5</b>	<b>127</b>	<b>16.9</b>
Cleaning services	<b>137</b>	<b>18.2</b>	<b>103.2</b>	<b>133</b>	<b>17.7</b>
Security services	<b>110</b>	<b>14.6</b>	<b>106.9</b>	<b>102</b>	<b>13.6</b>
Construction work	<b>117</b>	<b>15.5</b>	<b>86.7</b>	<b>135</b>	<b>17.9</b>
Materials/supplies sourcing services	<b>126</b>	<b>16.7</b>	<b>96.9</b>	<b>130</b>	<b>17.3</b>
Vending machine services	<b>80</b>	<b>10.6</b>	<b>102.6</b>	<b>78</b>	<b>10.3</b>
Support services	<b>52</b>	<b>6.9</b>	<b>109.5</b>	<b>47</b>	<b>6.3</b>

\* Executed partial reorganization between each of the cleaning, security, construction, and support segments

(Waste material commissions : Support services ⇒ Cleaning services , installation of safety camera equipment : Construction work ⇒ Security services)

## Facilities management

In addition to new contracts, increased orders for regular inspections of fire prevention equipment following the revision of the Construction Standard Law which came into force in June 2016. Advancing construction of next-generation facility management model by means of cooperation between Japan and China.

## Cleaning services

Increased the number of contracts of hospital facilities through hygiene control service. Proceeding with verification processes for the practical application of fully-automatic cleaning robots.

## Security services

Increased the number of contracts for stationed security and temporary security services at newly-opened facilities. Promoting the systematization of entrance/exit management and security patrols with the aim of saving personnel.

## Construction work

Strengthened the supply system to expand orders for various construction works. Promoting proposals for orders for comprehensive services of renewal work accompanying tenant replacement at commercial facilities.

## Materials/supplies sourcing services

In addition to cultivating new customers, strived to capture demand from existing customers. Promoting efforts to improve profitability by reducing purchasing, distribution, and other related costs.

## Vending machine services

In addition to expansion in installations, engaged in enhancing the functions of vending machines with digital signage. Focusing on the creation of new added-value in areas such as the development of a next-generation-type electronic money reader/writers.

## Support services

Strong performance supported by the growth of subsidiaries (KAJITAKU, AEON Compass, etc.).

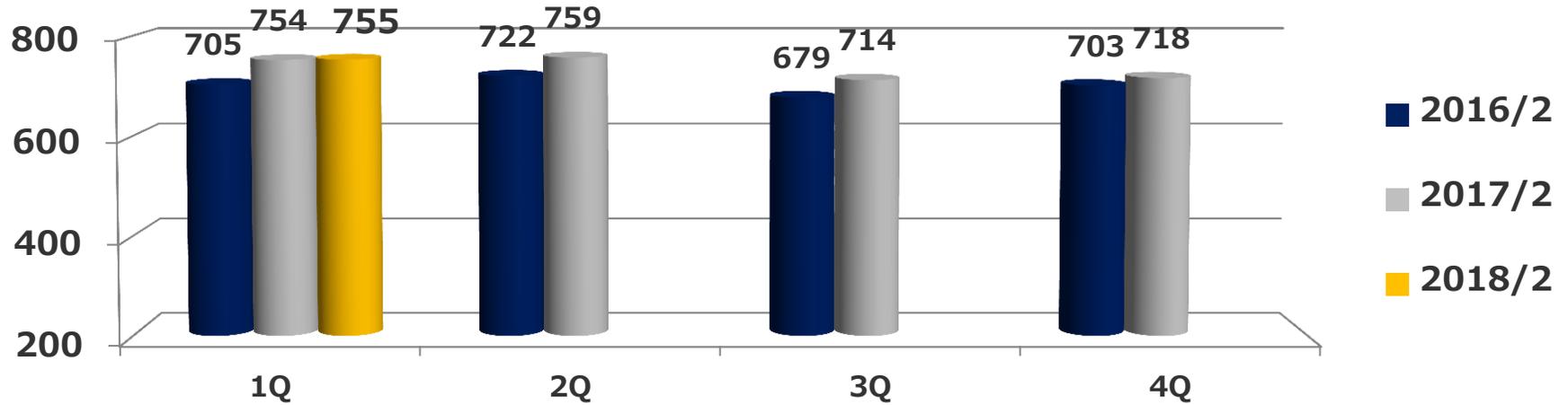
# Consolidated Balance Sheet

Assets (100 million yen)	FY2/17	FY2/18 1Q	YoY Difference	Liabilities and net assets (100 million yen)	FY2/17	FY2/18 1Q	YoY Difference
Current assets	<b>1,124</b>	<b>1,144</b>	<b>20</b>	Current liabilities	<b>440</b>	<b>448</b>	<b>7</b>
Tangible fixed assets	<b>90</b>	<b>91</b>	<b>0</b>	Fixed liabilities	<b>33</b>	<b>29</b>	<b>-4</b>
Intangible fixed assets	<b>90</b>	<b>89</b>	<b>-1</b>	Total liabilities	<b>474</b>	<b>477</b>	<b>3</b>
Investments, etc.	<b>89</b>	<b>87</b>	<b>-2</b>	Shareholder's equity	<b>885</b>	<b>899</b>	<b>13</b>
Fixed assets	<b>270</b>	<b>267</b>	<b>-3</b>	Total net assets	<b>920</b>	<b>934</b>	<b>13</b>
Total assets	<b>1,395</b>	<b>1,412</b>	<b>17</b>	Total liabilities and net assets	<b>1,395</b>	<b>1,412</b>	<b>17</b>

# Quarterly Sales for the Past Three Years

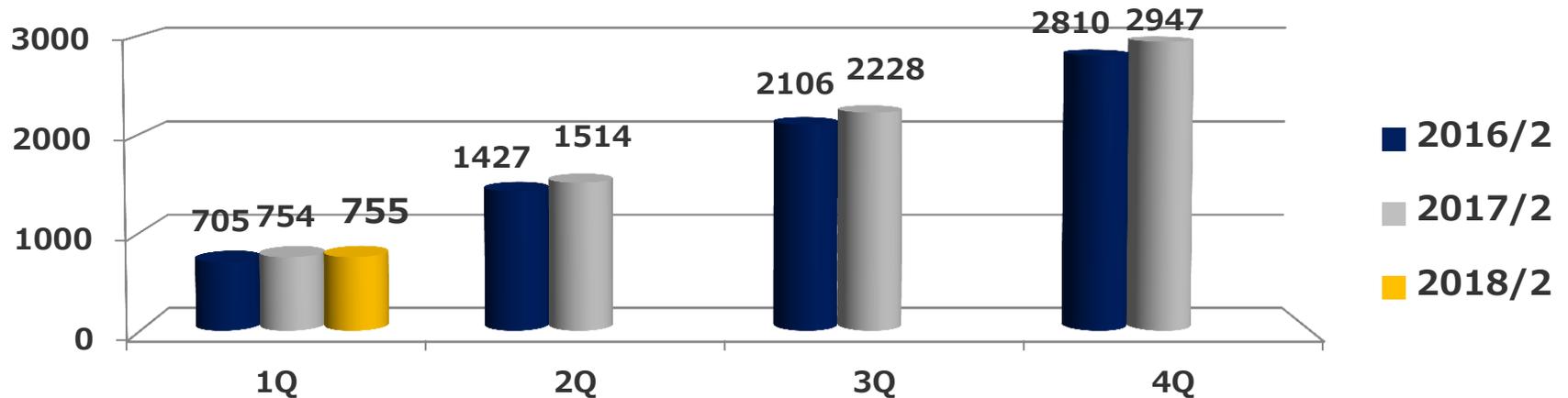
Quarterly sales

100 million yen



Total quarterly sales

100 million yen

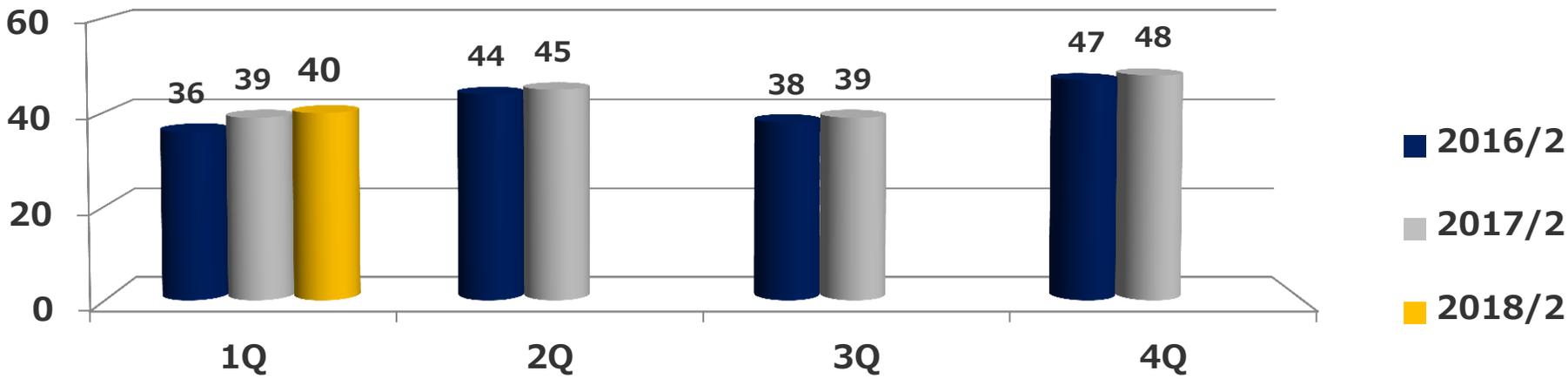


# Quarterly Operating Income for the Past Three Years



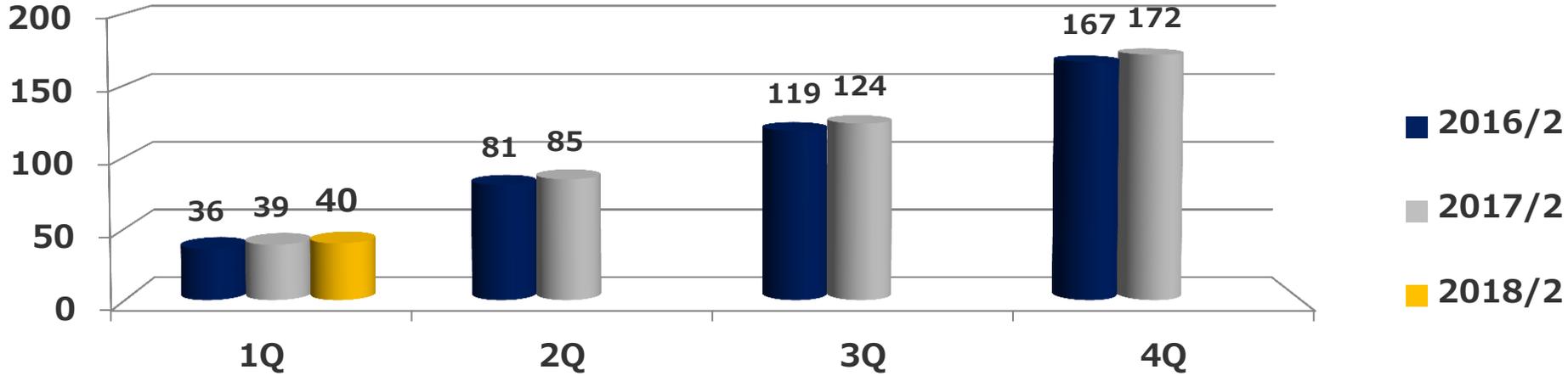
### Quarterly operating income

100 million yen



### Total quarterly operating income

100 million yen



(Ref.) Initiatives for FY2/18

- ① **Early establishment of IFM service model**
- ② **Measures to Expand Sales by Area**
- ③ **Utilization of Technology**
- ④ **Expansion of Orders for Renovation**
- ⑤ **"Work Style Reforms", Strengthening Organizational Capabilities**

## Early establishment and development of IFM service model in Japan and China



### Strengthen sales organization

Establish IFM sales office in Shanghai

### Application of IT in IFM business

Promote actual measurement of work processes and development/introduction of reporting systems

## ② Measures to Expand Sales by Area

### Japan

- Strengthen sales structure by business type (hospitals, hotels, offices, etc.)
- Increase orders for construction (revitalization of commercial facilities, office layout, etc.)

### China

- Increase orders in 5 priority markets
- AD Jiang Su: Intensive orders for FM services in the redevelopment area
- Wuhan Xiaozhu: Expand catering business which is demanded

\*5 priority markets

- ① Mid to high-end residence
- ② Mid to high-end shopping center
- ③ Retirement home, Hospital, Nursing care facility
- ④ High-end factory
- ⑤ Transport infrastructure facility

### ASEAN

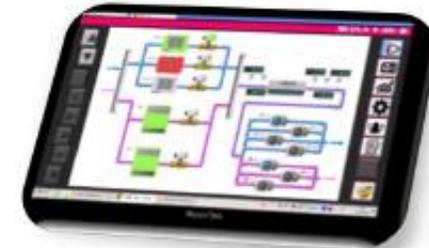
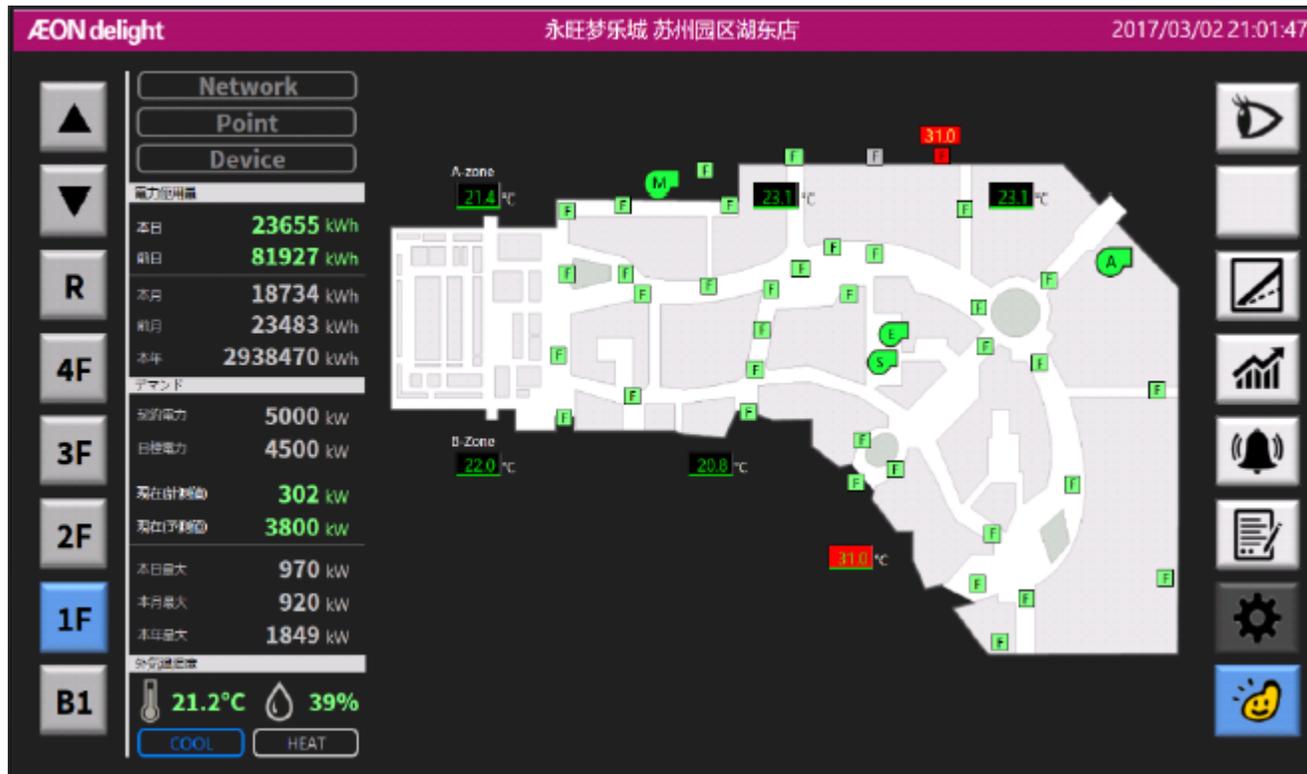
- Malaysia: Start full-scale facilities management service in the large market
- Vietnam: Increase quality of facilities management, cleaning, and security.  
Expand orders for comprehensive facilities management

## Adapt intelligent technology in facilities

【Phase 1】

### Automatic energy-saving control through open network system

Introduced in AEON Mall Suzhou Park



## Total support from design and planning right through to after-maintenance

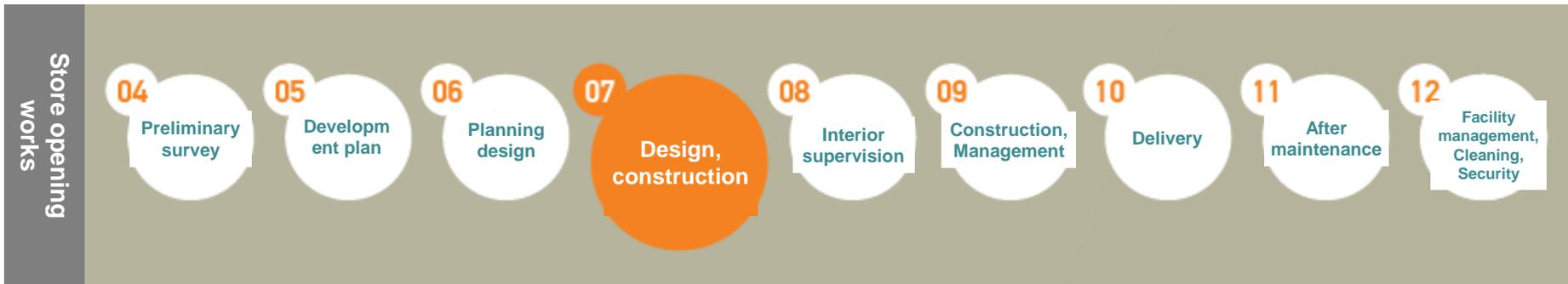


### FY2/17 Results

Revitalization work **210 contracts**

Temporary enclosure, Restoration work, Renovation work

**2,843 contracts**





Structuring of proposal competition through in-house SNS **"FM-1 Grand Prix"**

Posting, sharing and evaluating best practices on each site

A total of **1,186 ideas** were gathered in FY2/17



■ Presentation of activities



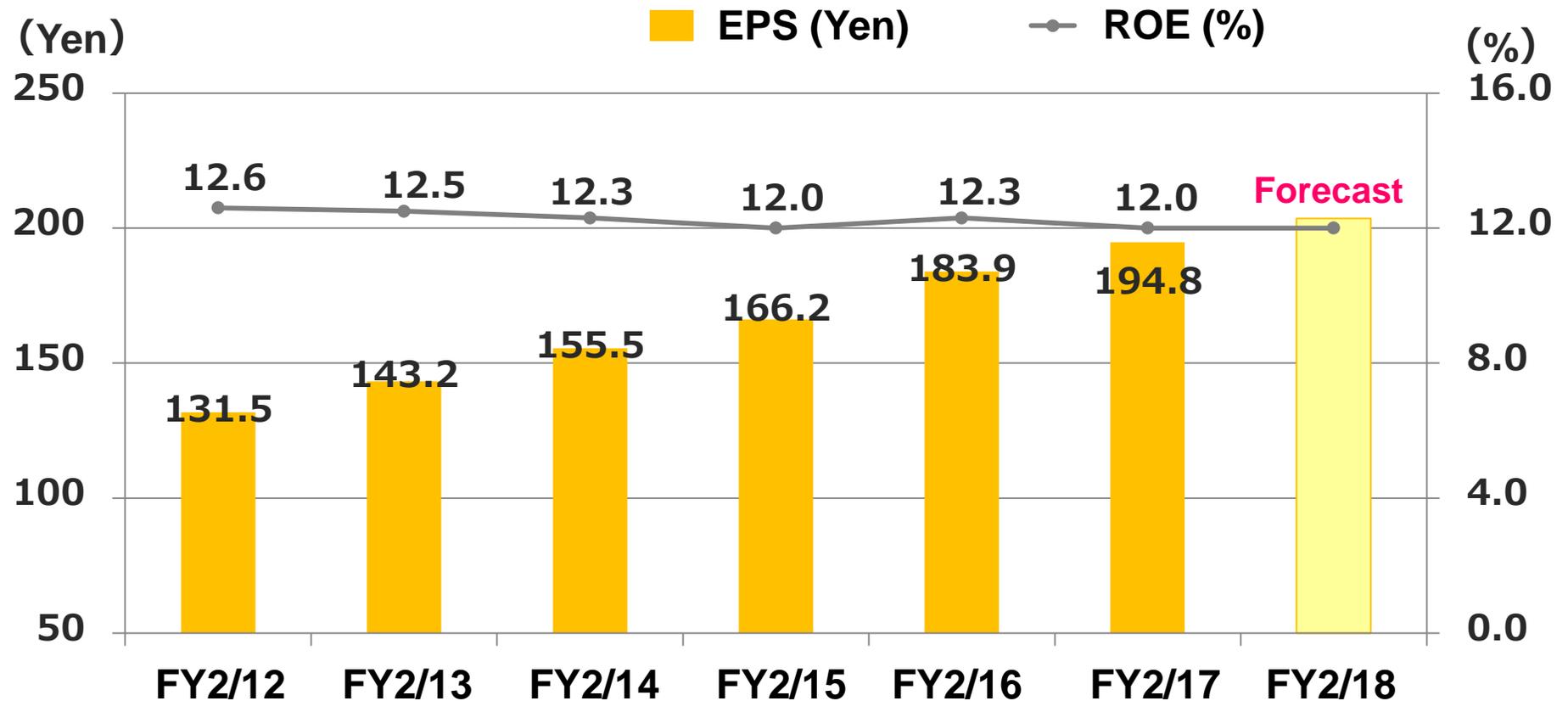
Improvement activities based on clean crews at cleaning sites: **"Efforts to Pursue Ease of Working"**

As we celebrate our second year, we are expanding the area from Japan to Asia

Summary of Consolidated income statement (100 million yen, %)	FY2/18			FY2/17	
	Forecast	Pct. to net sales (%)	YoY (%)	Result	Pct. to net sales (%)
Net sales	<b>3,050</b>	<b>100.0%</b>	<b>103.5%</b>	<b>2,947</b>	<b>100.0%</b>
Operating income	<b>180</b>	<b>5.9%</b>	<b>104.3%</b>	<b>172</b>	<b>5.9%</b>
Ordinary income	<b>180</b>	<b>5.9%</b>	<b>103.6%</b>	<b>173</b>	<b>5.9%</b>
Net income attributable to owners of parent	<b>107</b>	<b>3.5%</b>	<b>104.5%</b>	<b>102</b>	<b>3.5%</b>

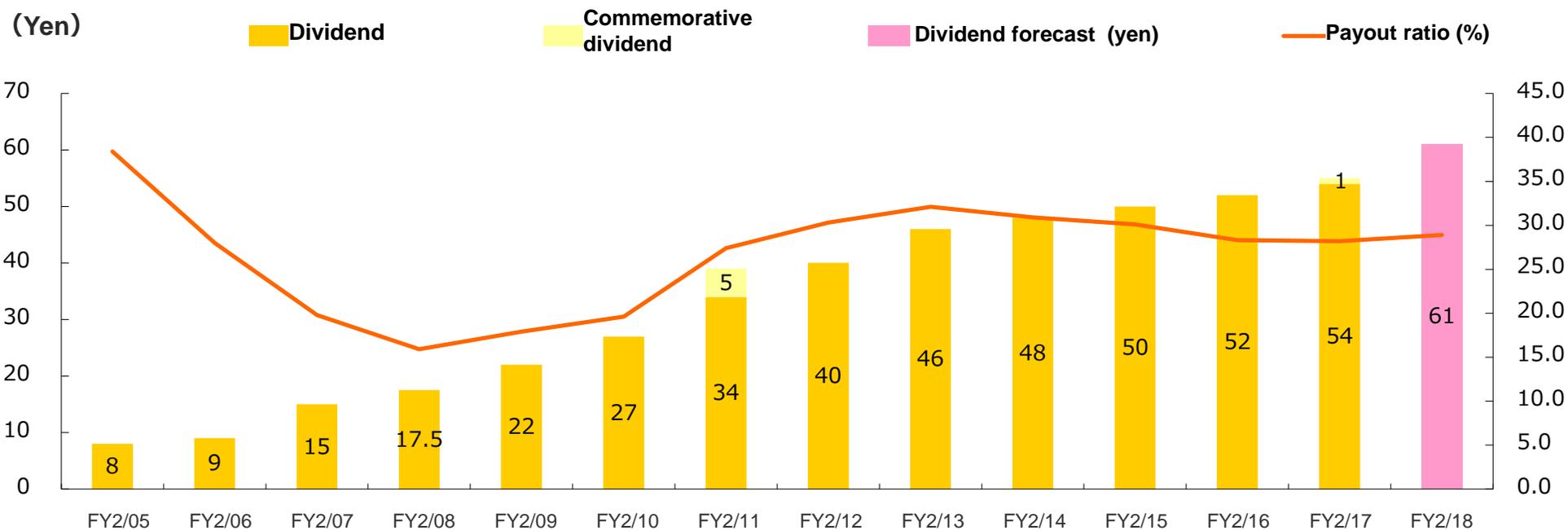
Consolidated payout ratio : Maintain around **30%**

Capital Efficiency : Maintain around **12%** of ROE



Aim for **13 consecutive years** of increased dividends since FY2/06

Fiscal year	FY2/05	FY2/06	FY2/07	FY2/08	FY2/09	FY2/10	FY2/11	FY2/12	FY2/13	FY2/14	FY2/15	FY2/16	FY2/17	FY2/18
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	61.0
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	28.2	30.0



- 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 5, 2017). The business forecasts may be revised due to various factors that may arise in the future.