



**Financial Results for 2Q FY 2013 Reporting Meeting**

**SOHGO SECURITY SERVICES CO., LTD.**

**Securities Code: 2331 (1st Section of TSE)**

**November 2, 2012**

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## Section 1

# Summary of Financial Results of 2Q FY 2013

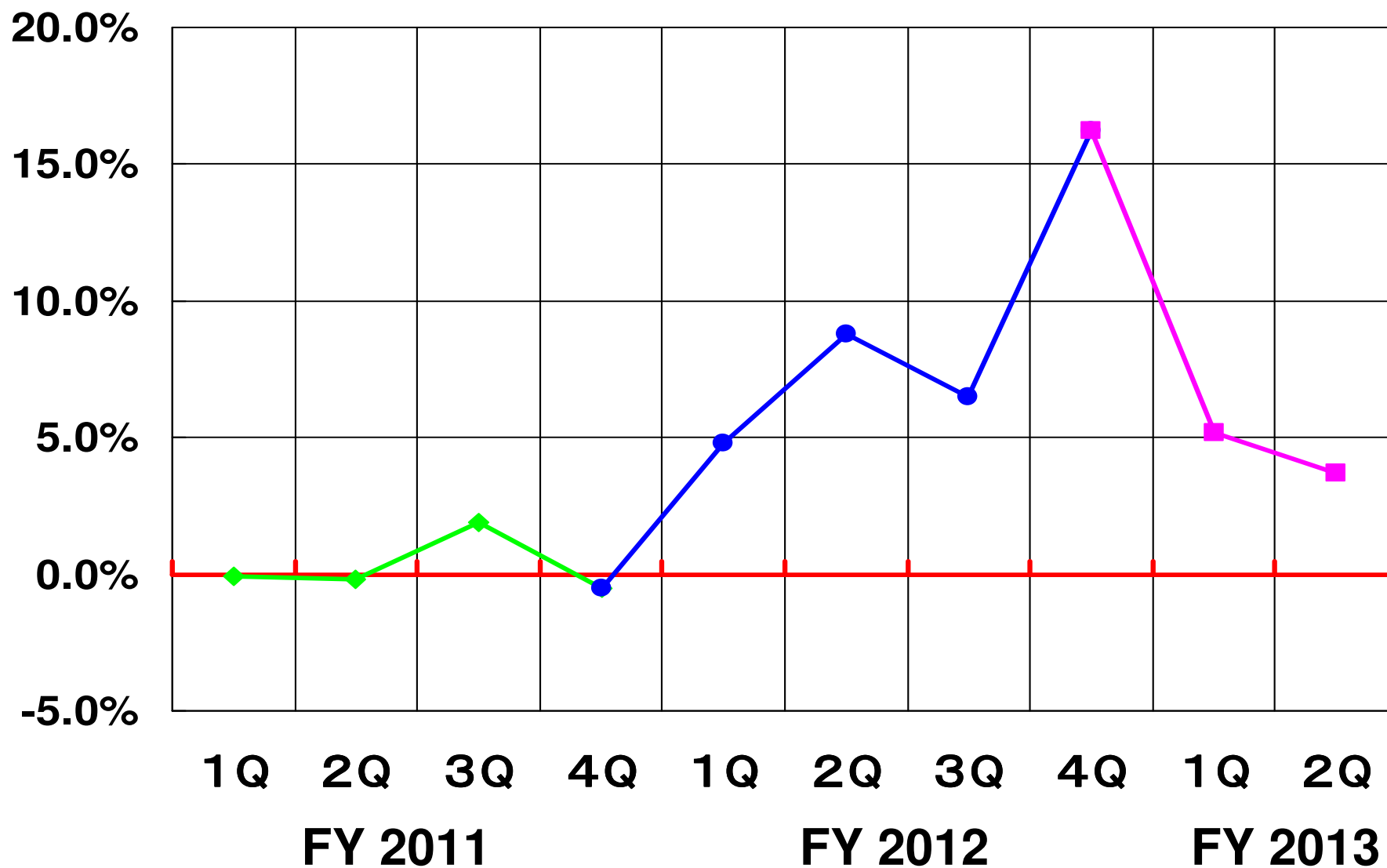
## Summary of P/L

(Unit: ¥ billion)	2Q FY 2013	2Q FY 2012	YoY	Change
Net sales	154.1	147.5	6.5	4.4%
Gross profit	37.2	36.4	0.7	2.2%
Operating income	7.0	6.3	0.7	11.7%
Ordinary income	7.8	7.2	0.6	8.6%
Net income	4.2	2.8	1.3	45.6%

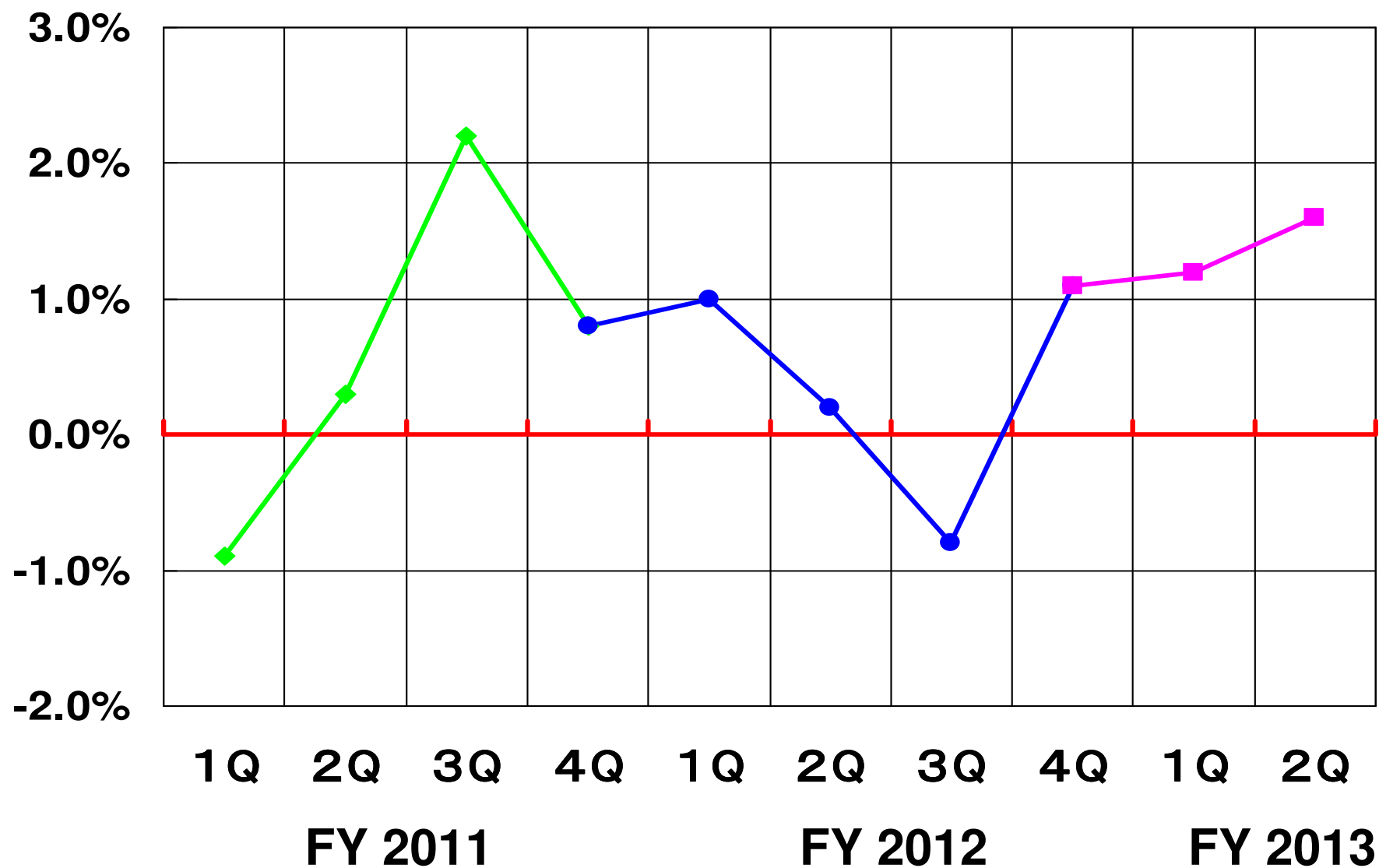
## P/L for 2Q FY 2013

(Unit: ¥ billion)	1Q FY 2013	Change	2Q FY 2013	Change
<b>Net sales</b>	<b>75.9</b>	<b>5.2%</b>	<b>78.1</b>	<b>3.7%</b>
<b>Gross profit</b>	<b>18.6</b>	<b>2.7%</b>	<b>18.6</b>	<b>1.7%</b>
<b>Operating income</b>	<b>3.3</b>	<b>14.4%</b>	<b>3.7</b>	<b>9.3%</b>
<b>Ordinary income</b>	<b>3.6</b>	<b>4.1%</b>	<b>4.2</b>	<b>12.8%</b>
<b>Net income</b>	<b>1.9</b>	<b>27.8%</b>	<b>2.2</b>	<b>65.4%</b>

## Net sales 【 Year-on-Year 】



## Contract sales (All segments) 【 Year-on-Year 】



## P/L for 2Q FY 2013 ( vs. Business Plan )

(Unit: ¥ billion)	2Q FY 2013	Business Plan	Gap	Achievement Ratio
Net sales	154.1	155.6	-1.5	99.0%
Gross profit	37.2	37.5	-0.2	99.3%
Operating income	7.0	6.4	0.6	110.6%
Ordinary income	7.8	7.4	0.4	105.8%
Net income	4.2	3.8	0.4	110.7%



## Overview of Electronic Security Services

(Unit: ¥ billion)	2Q FY 2013	2Q FY 2012	YoY	Change
<b>S a l e s</b>	<b>72.1</b>	<b>69.0</b>	<b>3.1</b>	<b>4.5%</b>
(% to Total Sales)	<b>(46.8%)</b>	<b>(46.8%)</b>		

### Contract sales

YoY ratio **+1.1%**

Increased in number of contracts for corporate and individual clients

### Construction sales

YoY ratio **+5.0%**

Increased in number of orders

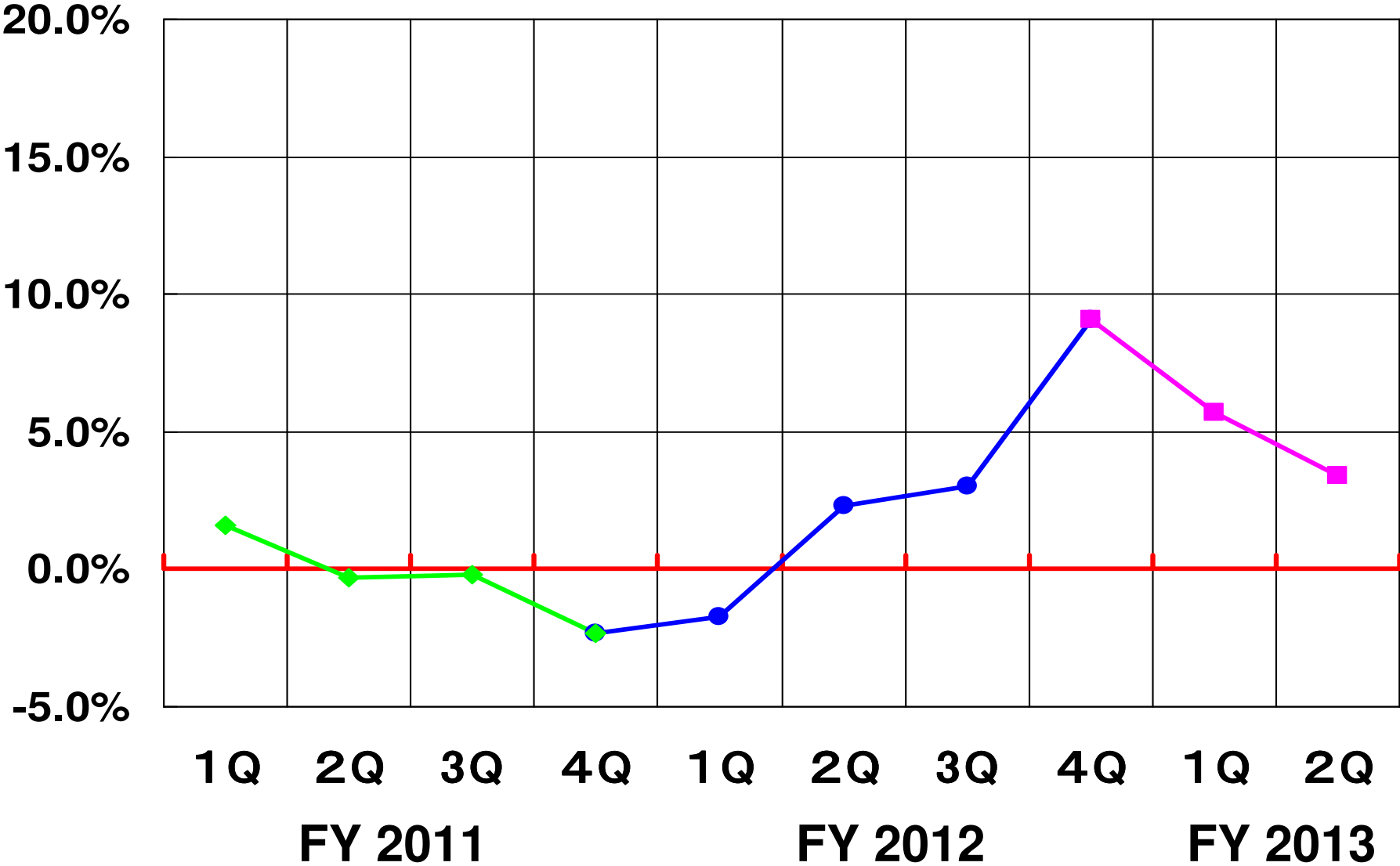
### Equipment sales

YoY ratio **+30.6%**

Cooperation with major housing developers

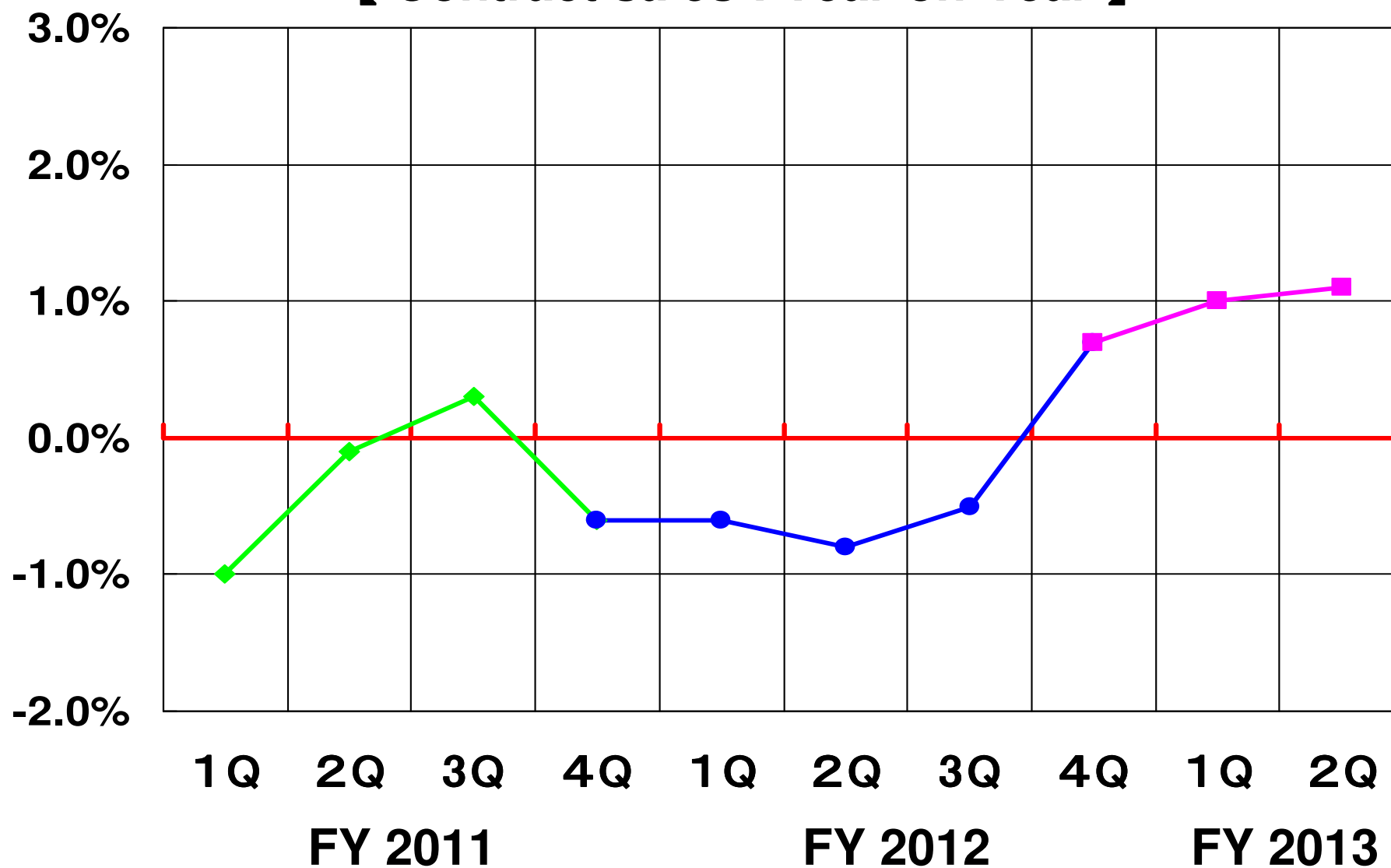
# Overview of Electronic Security Services

## 【 Sales: Year-on-Year 】



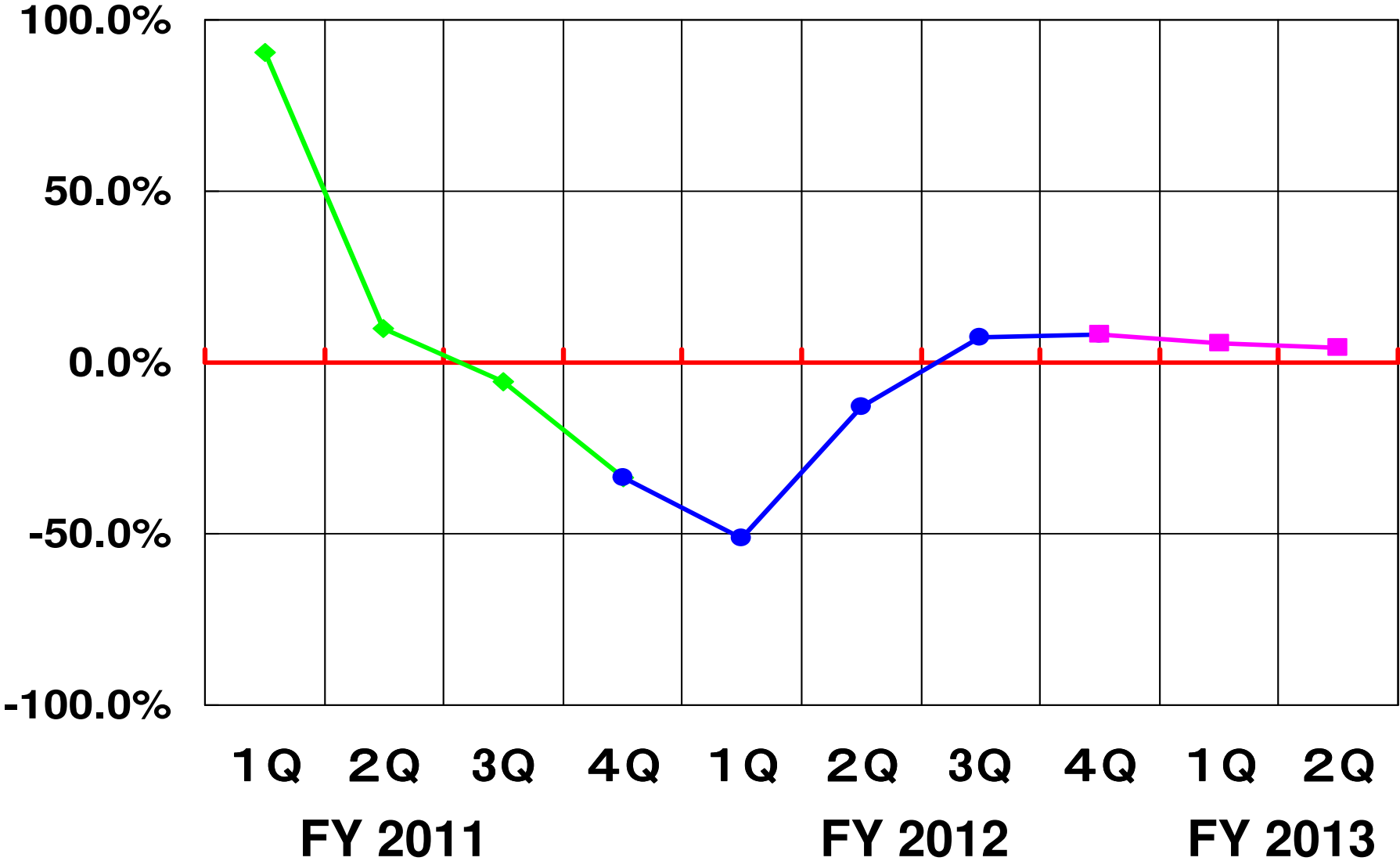
## Overview of Electronic Security Services

### 【 Contract sales : Year-on-Year 】



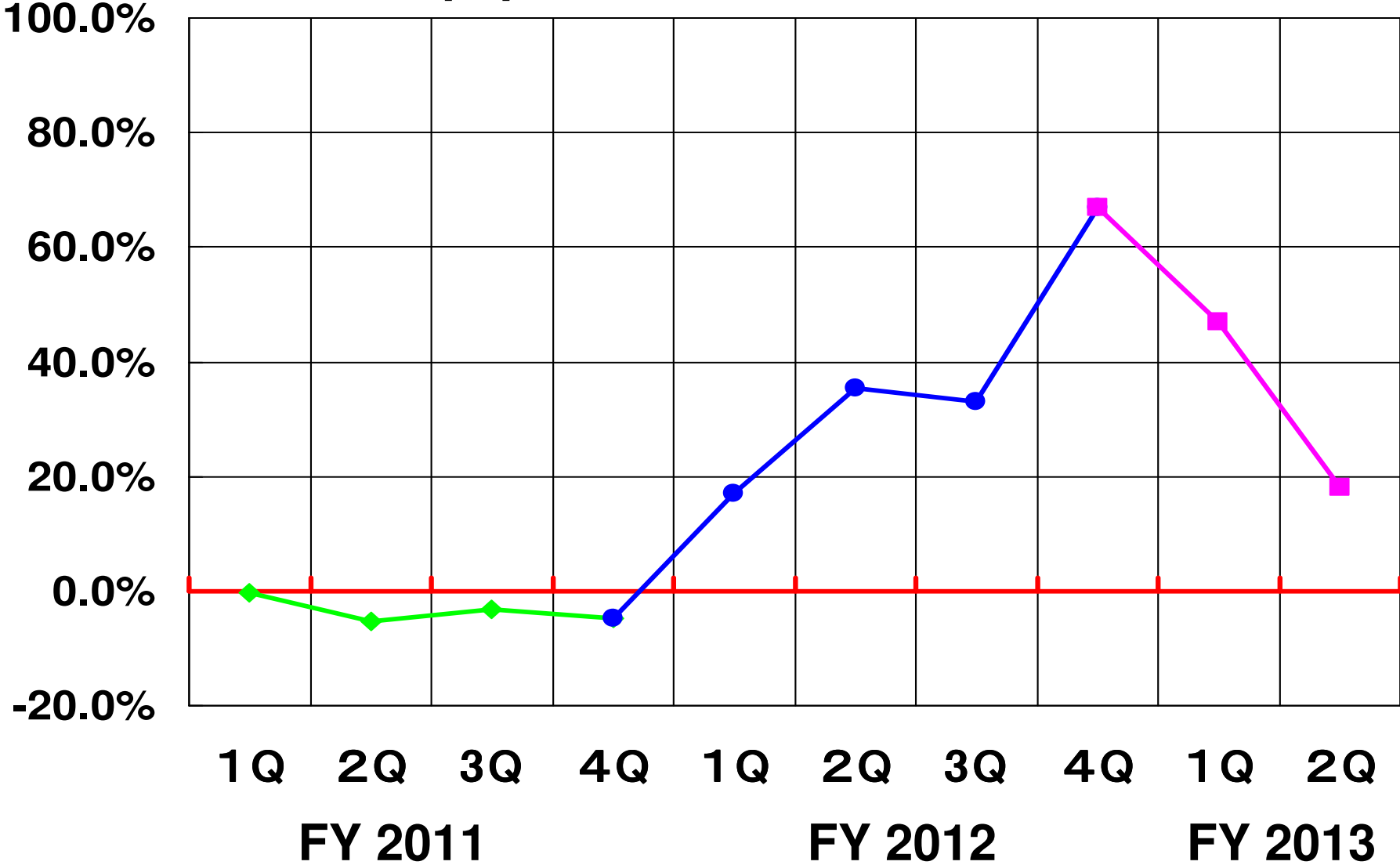
# Overview of Electronic Security Services

## 【 Construction sales: Year-on-Year 】



# Overview of Electronic Security Services

## 【 Equipment sales : Year-on-Year 】



## Overview of Electronic Security Services

### 【 Corporate Clients 】

	2Q FY 2013	2Q FY 2012	YoY	Change
Net increase in number of contracts for corporate clients	<b>9,059</b>	<b>5,802</b>	<b>3,257</b>	<b>56.1%</b>

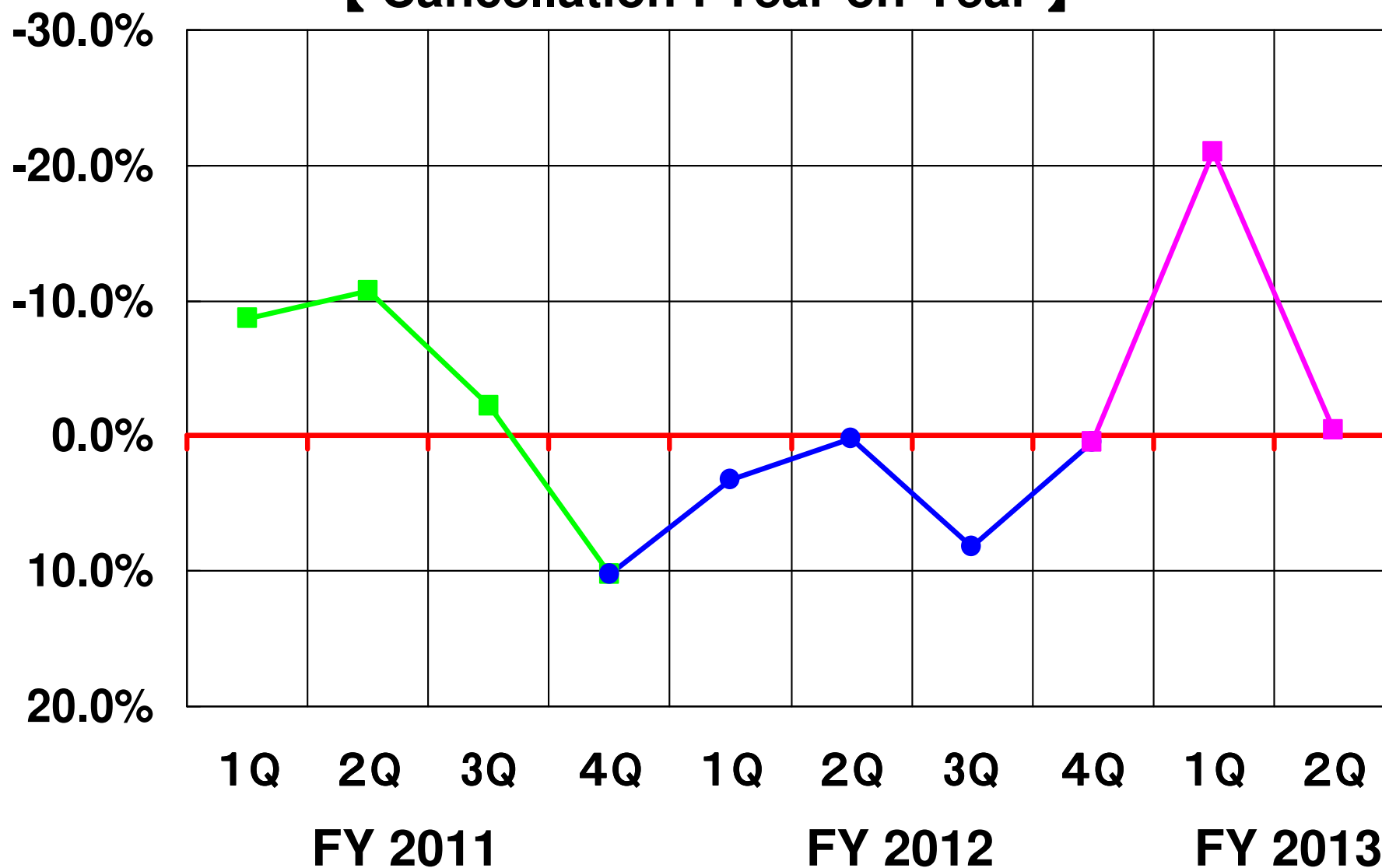
#### [ Corporate Clients ]

- Newly booked contracts : Increased from 2Q FY 2012
- Cancellations : Decreased from 2Q FY 2012
- Newly booked contract price : Declined from 2Q FY 2012
- Price cut : Decreased from 2Q FY 2012

Annual business plan : 11,000 net increase      Progress 82.3%

# 【Corporate Clients】 Overview of Electronic Security Services

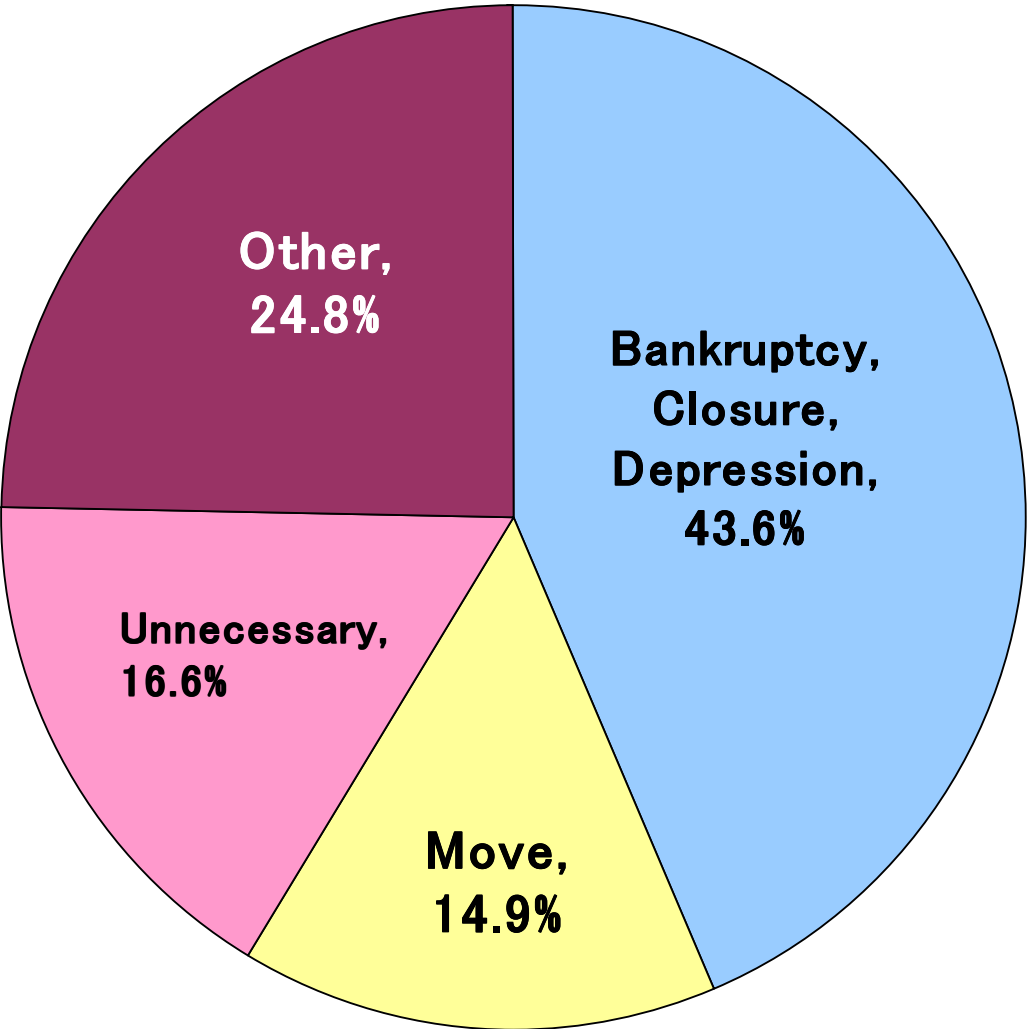
## 【 Cancellation : Year-on-Year 】



# 【Corporate Clients】 Overview of Electronic Security Services

## 【Reason of Cancellation】

2Q FY 2013



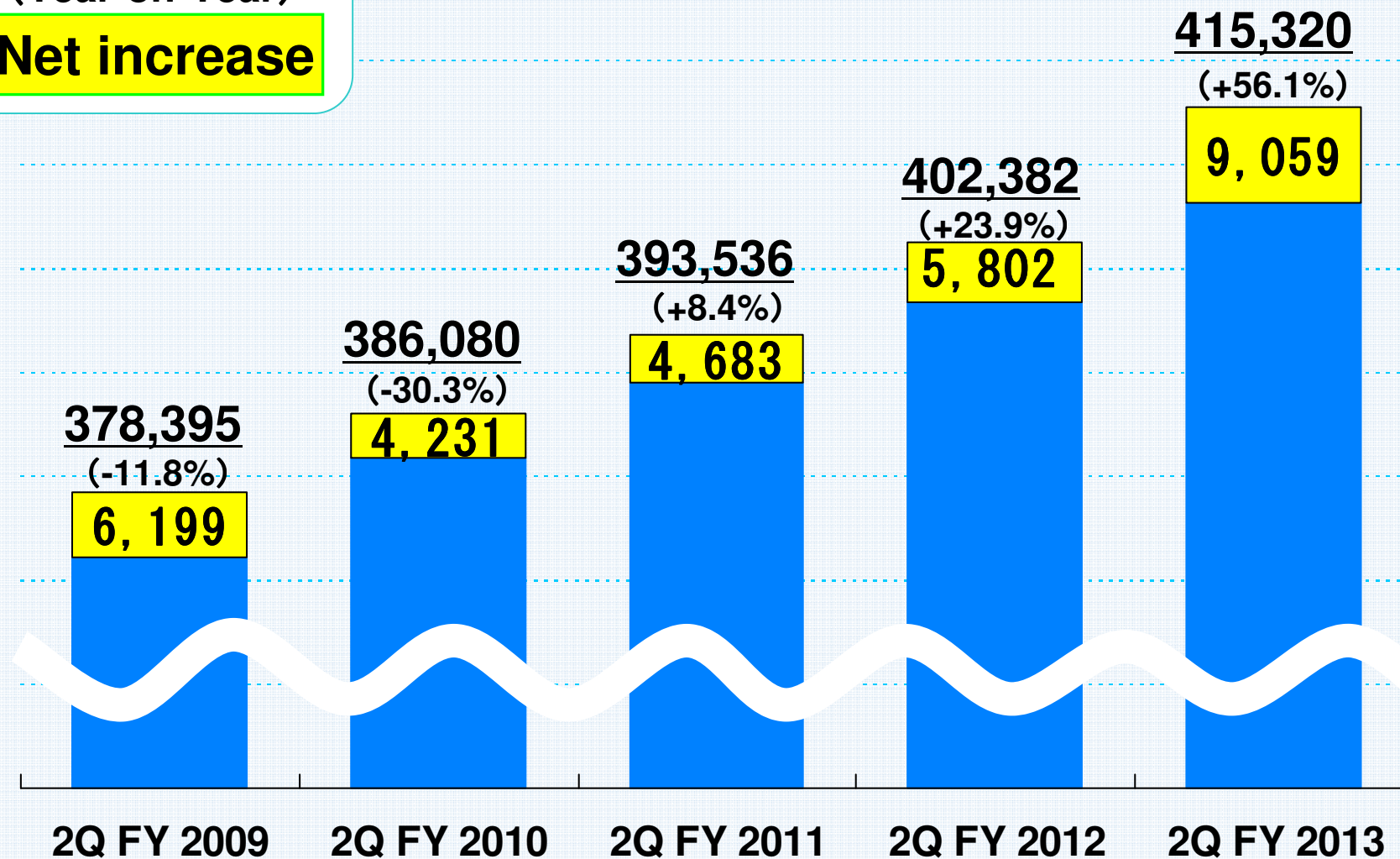


# Increase in Contracts of Electronic Security Services 【Corporate Clients】

Total number of contracts

(Year-on-Year)

**Net increase**



## Overview of Electronic Security Services 【Individual Clients】

	2Q FY 2013	2Q FY 2012	YoY	Change
Net increase in number of contracts for individual clients	<b>16,684</b>	<b>8,583</b>	<b>8,101</b>	<b>94.4%</b>

### [ Individual Clients ]

**Newly booked contracts** : Increased from 2Q FY 2012  
Cooperation with major housing developers +200%

**Cancellation** : Increased from 2Q FY 2012

**Newly booked contract price** : Declined from 2Q FY 2012

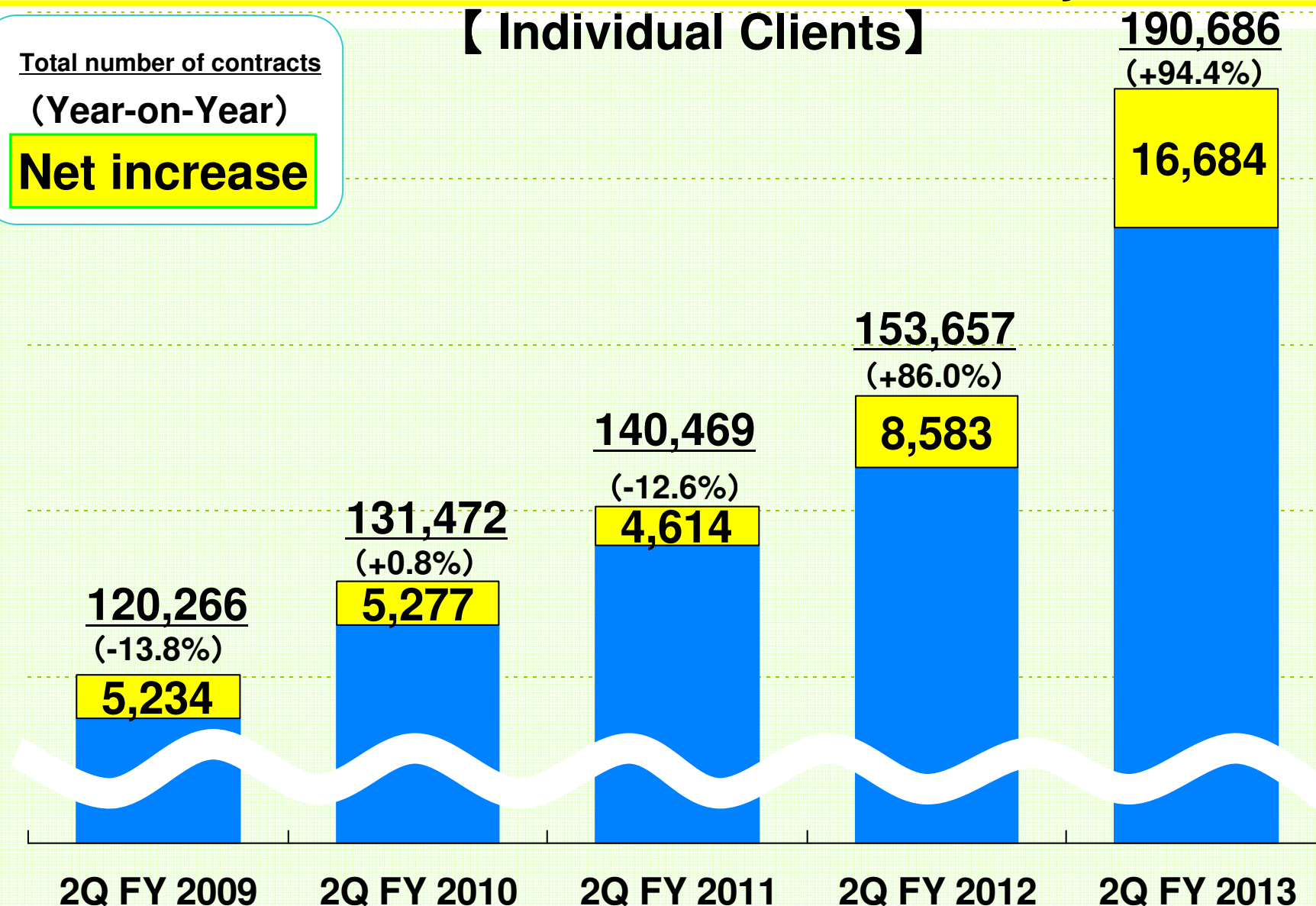
**Annual business plan: 37,000 net increase**      **Progress 45.1%**

# Increase in Contracts of Electronic Security Services

## 【 Individual Clients 】

Total number of contracts  
(Year-on-Year)

**Net increase**



## Overview of Stationed Security Services

(Unit: ¥ billion)	2Q FY 2013	2Q FY 2012	YoY	Change
<b>S a l e s</b>	<b>36.3</b>	<b>35.1</b>	<b>1.2</b>	<b>3.5%</b>
(% to Total Sales)	<b>(23.6%)</b>	<b>(23.8%)</b>		

### Sales from long-term contracts

- TOKYO SKYTREE TOWN<sup>®</sup>

Attributable to large-scale contracts in the latter half of the previous year

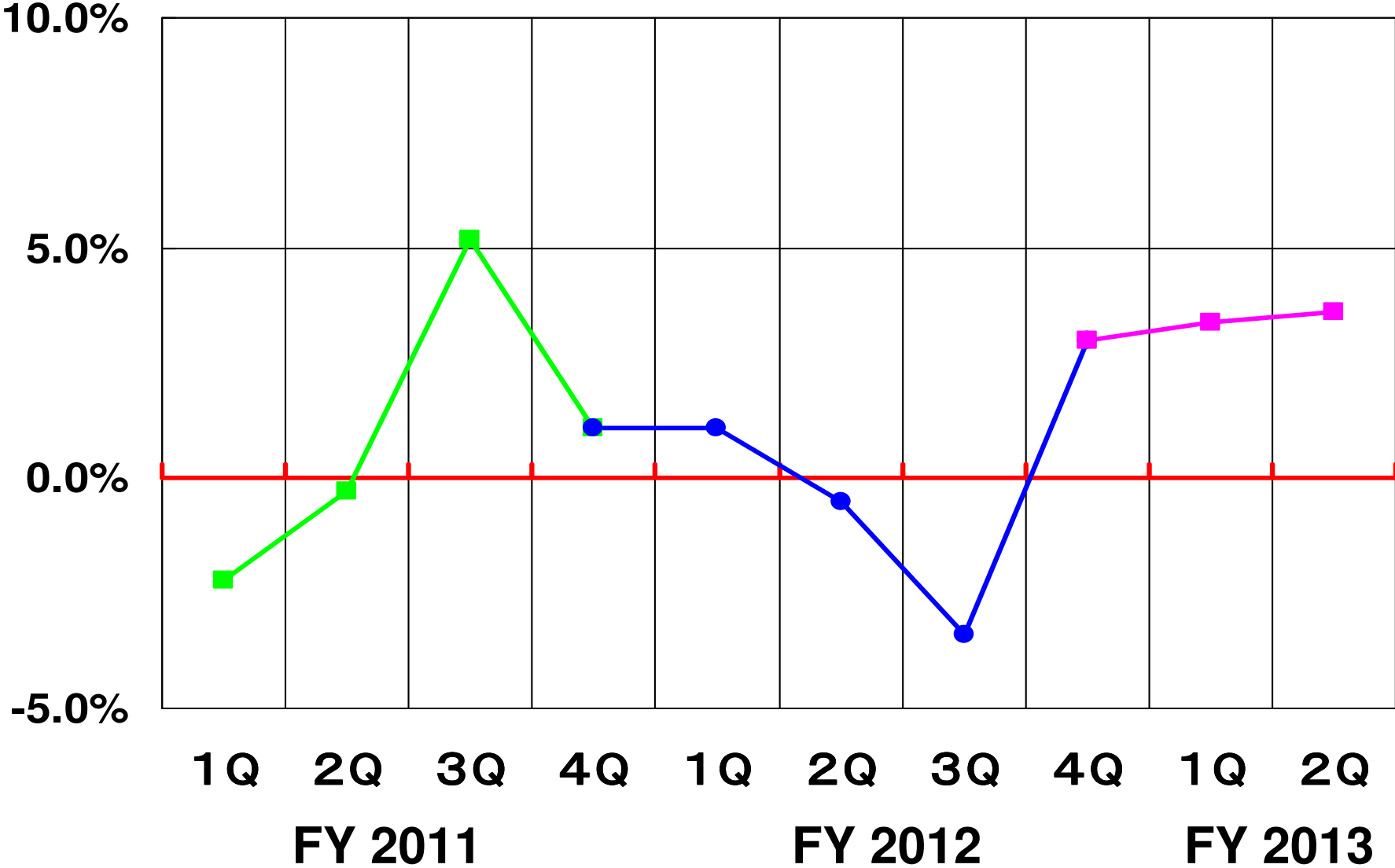
### Sales from short-term contracts

- Slight increase



# Overview of Stationed Security Services

## 【 Sales: Year-on-Year 】



## Overview of Transportation Security Services

(Unit: ¥ billion)	2Q FY 2013	2Q FY 2012	YoY	Change
<b>S a l e s</b>	<b>25.4</b>	<b>24.6</b>	<b>0.7</b>	<b>3.1%</b>
(% to Total Sales)	<b>(16.5%)</b>	<b>(16.7%)</b>		

### Cash Deposit Machine On-line System

Net increase of 1,000 contracts

(2Q FY 2012, 480 contracts YoY ratio +108%)

Bank ATMs located off-bank premises and inside convenience stores

Net increase of 700 contracts

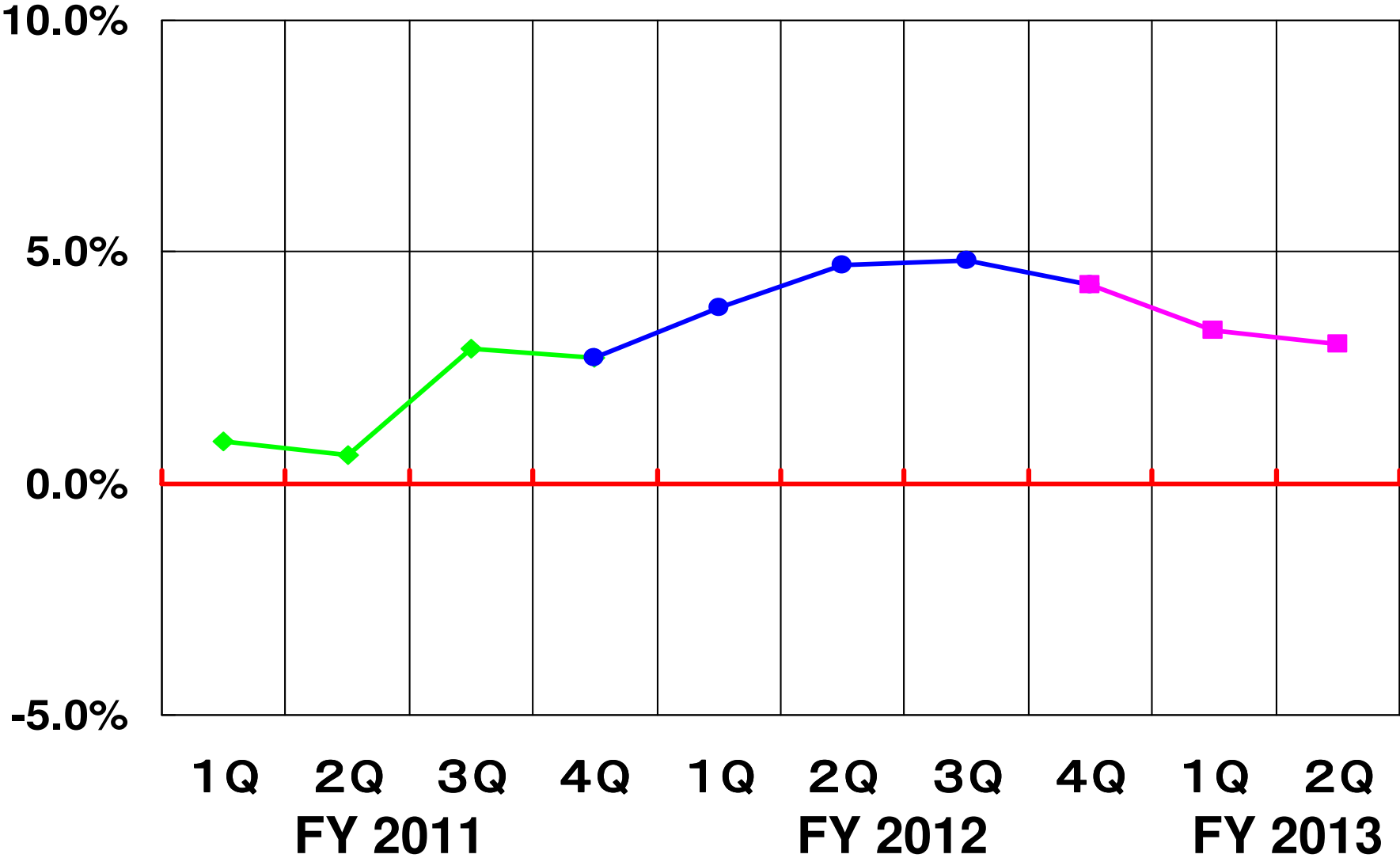
(2Q FY 2012, 640 contracts YoY ratio +9.7%)

Total ATM Management System (Financial institutions)

Moving up steadily

# Overview of Transportation Security Services

## 【 Sales: Year-on-Year 】



# Overview of Total Building Management Services and Disaster Prevention Services Section 1

(Unit: ¥ billion)	2Q FY 2013	2Q FY 2012	YoY	Change
<b>S a l e s</b>	<b>18.6</b>	<b>16.3</b>	<b>2.3</b>	<b>14.6%</b>
(% to Total Sales)	(12.1%)	(11.0%)		

**Sales of AED** **YoY ratio +50.0%**

**Revenue from construction** **YoY ratio +22.0%**

## Financial results of Japan Facilio

(Unit: ¥ billion)

	2Q FY 2013			2Q FY2012		
	results	Business Plan	Achievement ratio	results	YoY	Change
Net sales	9.97	11.11	89.7%	7.95	2.02	25.4%
Operating income	-0.09	-0.01	—	-0.42	0.33	—
Ordinary income	-0.07	-0.01	—	-0.39	0.31	—



## Overview of Other Services

(Unit: ¥ billion)	2Q FY 2013	2Q FY2012	YoY	Change
<b>S a l e s</b>	<b>1.5</b>	<b>2.4</b>	<b>-0.9</b>	<b>-38.4%</b>
(% to Total Sales)	<b>(1.0%)</b>	<b>(1.7%)</b>		

**ALSOK Safety confirmation Service**  
**Increased in number of orders**

**ALSOK DENPO (Telegram Service)**

**Sales**

**YoY ratio Approx. +90.0%**

**Number of corporate members**

**YoY ratio Approx. +30.0%**

## Net sales by Services ( vs. Business Plan )

(Unit: ¥billion)		2Q FY 2013	Business Plan	Gap	Achievement ratio
Security Services	Electronic Security Services	72.1	71.9	0.2	100.3%
	Stationed Security Services	36.3	36.5	-0.2	99.4%
	Transportation Security Services	25.4	25.4	-0.0	99.8%
Total Building Management Services and Disaster Prevention Services		18.6	20.0	-1.3	93.1%
Other Services		1.5	1.6	-0.1	92.0%
T o t a l		154.1	155.6	-1.5	99.0%

## Net Sales by Client Type

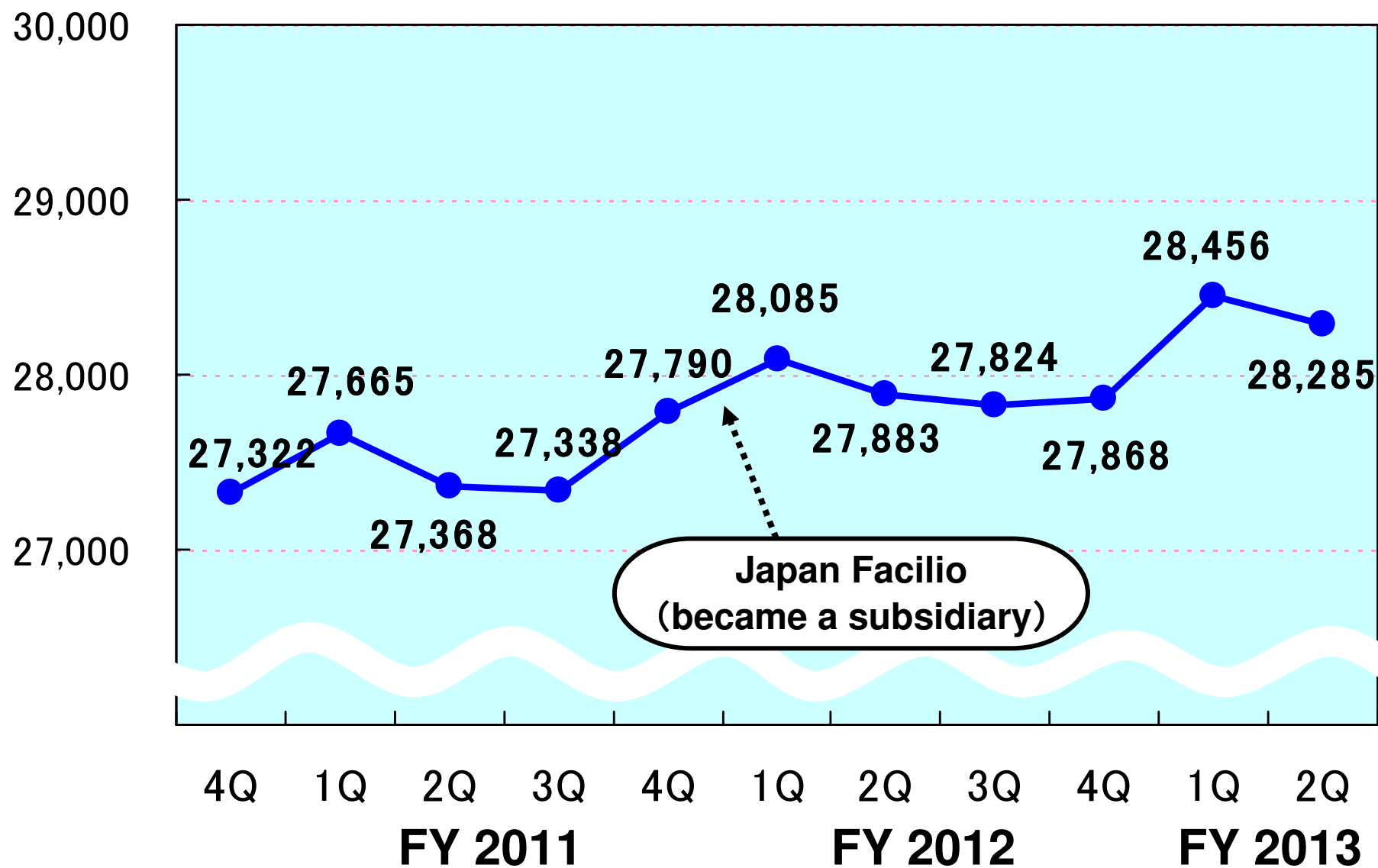
(Unit: ¥ billion)	2Q FY 2013 (% to total sales)	2Q FY 2012 (% to total sales)	YoY	Change
Financial institutions	40.5 (26.3%)	40.7 (27.6%)	-0.2	-0.5%
Business corporations	95.1 (61.7%)	88.6 (60.1%)	6.4	7.3%
Government offices and Japan Post	12.8 (8.3%)	12.9 (8.8%)	-0.1	-0.8%
Individuals	5.6 (3.7%)	5.2 (3.5%)	0.4	8.1%
<b>T o t a l</b>	<b>154.1</b> <b>(100.0%)</b>	<b>147.5</b> <b>(100.0%)</b>	<b>6.5</b>	<b>4.4%</b>

## Cost Analysis

	2Q FY 2013 (Contents)	YoY Amount
<b>Net sales</b>	<b>¥154.1 billion</b>	<b>+¥6.5 billion ( +4.4%)</b>
<b>Cost of sales</b>	<b>¥116.8 billion</b>	<b>+¥5.7 billion ( +5.2%)</b>
<b>Labor cost</b>	<b>¥58.7 billion</b>	<b>+¥1.3 billion</b>
<b>Expense</b>	<b>¥36.3 billion</b>	<b>+¥0.2 billion</b>
<b>(Depreciation)</b>	<b>(¥4.8 billion)</b>	<b>(-¥0.1 billion)</b>
<b>Cost of product sold &amp; installation</b>	<b>¥21.7 billion</b>	<b>+¥4.1 billion</b>
<b>SG&amp;A</b>	<b>¥30.1 billion</b>	<b>+¥0.0 billion ( +0.2%)</b>
<b>Advertising expenses</b>	<b>¥1.0 billion</b>	<b>-¥0.1 billion</b>
<b>Personnel cost</b>	<b>¥20.3 billion</b>	<b>+¥0.1 billion</b>
<b>Others</b>	<b>¥8.8 billion</b>	<b>+¥0.0 billion</b>
<b>Operating income</b>	<b>¥7.0 billion</b>	<b>+¥0.7 billion (+11.7%)</b>

# Number of Employees 【Consolidated】

(Number of Employees)



# Consolidated Balance Sheet

(Unit: ¥ billion)

	FY 2013 2Q	FY 2012	YoY		FY 2013 2Q	FY 2012	YoY
<b>Current assets</b>	<b>155.7</b>	<b>160.0</b>	<b>-4.2</b>	<b>Current liabilities</b>	<b>65.1</b>	<b>69.2</b>	<b>-4.1</b>
Cash and deposits	46.4	48.5	-2.1	Accounts payable-trade	10.2	13.8	-3.5
Cash for Transportation Security Services and Advances paid	64.3	63.0	1.2	Short-term loans payable	19.6	21.9	-2.3
accounts receivable- trade	26.5	28.6	-2.0	Current portion of bonds	0.1	0.1	-0.1
Raw materials and supplies	5.1	5.6	-0.4	Other	35.1	33.3	1.7
Other	13.2	14.2	-0.8	<b>Noncurrent liabilities</b>	<b>47.1</b>	<b>48.7</b>	<b>-1.5</b>
<b>Noncurrent assets</b>	<b>125.8</b>	<b>123.5</b>	<b>2.3</b>	Long-term loans payable	8.1	9.4	-1.3
Property, plant and equipment	59.0	59.1	-0.1	Other	39.0	39.2	-0.2
Intangible assets	6.1	6.5	-0.4	<b>Total liabilities</b>	<b>112.2</b>	<b>117.9</b>	<b>-5.6</b>
Investments and other assets	60.6	57.8	2.8	Shareholders' equity	152.2	149.0	3.2
				Valuation and translation adjustments	-3.2	-3.6	0.4
				Minority interests	20.2	20.1	0.1
				<b>Total net assets</b>	<b>169.3</b>	<b>165.6</b>	<b>3.6</b>
<b>Total assets</b>	<b>281.6</b>	<b>283.5</b>	<b>-1.9</b>	<b>Total liabilities and net assets</b>	<b>281.6</b>	<b>283.5</b>	<b>-1.9</b>

# Consolidated Cash Flows

( Unit: ¥ billion)

	2Q FY 2013	2Q FY 2012	YoY
Net cash provided by (used in) operating activities	8.5	3.2	5.2
Net cash provided by (used in) investing activities	-6.4	-4.7	-1.6
Net cash provided by (used in) financing activities	-4.4	-5.1	0.7
Cash and cash equivalents at end of period	38.1	37.3	0.7

## Major items of FY 2013



● Net cash provided by (used in) operating activities	Income before income taxes	7.9
	Depreciation and amortization	5.6
	Decrease in notes and accounts receivable-trade	2.4
	Decrease in notes and accounts payable-trade	-4.0
	Assets/Liabilities for TSS	-3.4
● Net cash provided by (used in) investing activities	Purchase of property, plant and equipment	-4.5
	Proceeds from sales of investment securities	2.4
● Net cash provided by (used in) financing activities	Repayment of long-term loans payable	-1.8
	Repayments of lease obligations	-1.6
	Cash dividends paid	-1.0

## Capital Expenditures and Others

### Capital expenditures

(Unit: ¥ billion)

2Q FY 2011	2Q FY 2012	2Q FY 2013
5.8	4.7	5.5

### Depreciation

(Unit: ¥ billion)

2Q FY 2011	2Q FY 2012	2Q FY 2013
5.8	6.0	5.6

### R&D expenses

(Unit: ¥ billion)

2Q FY 2011	2Q FY 2012	2Q FY 2013
0.3	0.2	0.2



## Section 2

# Progress on the FY 2013 Business Strategy

# Progress on the FY 2013 Business Strategy

## 1 New Products and Services

### ( 1 ) HOME ALSOK

- New brand for individuals
- Launch new products and services for all aspects of customers' lives



## Progress on the FY 2013 Business Strategy

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### ・HOME ALSOK LINE UP

**HOME ALSOK Premium**

Succession of X7  
high-quality version

**HOME ALSOK るすたくサービス**  
HOME ALSOK RUSUTAKU Service

Respond to the needs to  
manage houses when  
customers are away

**ALSOK 子ども向け かけつけサービス**  
ALSOK's emergency dispatch  
service for protecting children

Business tie-up with  
NTT docomo

**HOME ALSOK ポケット**  
HOME ALSOK Pocket

Compatible with various  
types of tablet PCs,

## Progress on the FY 2013 Business Strategy

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### ( 2 ) Small-sized cash deposit machine

- Change dispensing functions
- Sales revenue management
- Operating at a major restaurant chain on a trial basis (in August)

### ( 3 ) ALSOK-G V (G-Five)

- New addition to the ALSOK Guard System using Image sensor
- Monitoring images and operating the security system from a smartphone (in June)
- Coordination with commercial salary calculation software (in October)

## Progress on the FY 2013 Business Strategy

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### ( 4 ) Network Camera

- Offering a line-up of Network Camera package at a low price

### ( 5 ) Information security

- Email-based intrusion response drills in association with LAC  
(information security company)

## Progress on the FY 2013 Business Strategy

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### **2 Strengthening Sales Capabilities**

- **Enhance business infrastructures targeting major cities**

### **3 Review of cost structure**

**Cost reduction by streamlining administrative operations**

- **Expanding shared services in back office operations**
- **Electronic security staffs capable of maintenance work of security equipments installed in client's premises**
- **Improving the rationality and efficiency of cash management operations**

## Progress on the FY 2013 Business Strategy

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### 4 Overseas Operations

- Alliance with financial institutions Overseas
- Establishment of overseas representative office in the republic of Korea and the republic of Singapore
- ALSOK Shanghai Co., Ltd.  
Established of a Beijing branch Office

### 5 Promotion of M&A

## Measures to Increase Sales

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- 6 Enter into nursing care business**
- **Establishment of a subsidiary company,  
ALSOK CARE CO., LTD.**
  - **Description of business**
    - ◇ **In-home care services**  
(home-visit nursing care services, care at nursing home, in-home care support)
    - ◇ **Nursing home development and management**
    - ◇ **Nursing care related services**
  - **Commencement of operations**  
December 1, 2012 (plan)



## Section 3

# Financial Forecast of FY 2013

## Financial Forecast of FY 2013

(Unit: ¥ billion)	Amount	Margin	YoY	Change
Net sales	315.0	—	10.3	3.4%
Gross profit	75.0	23.8%	3.1	4.3%
Operating income	12.5	3.9%	1.6	15.6%
Recurring income	14.1	4.5%	1.5	12.3%
Net income	7.3	2.3%	3.4	87.0%

## Dividends

	FY 2010	FY 2011	FY 2012	FY 2013 Plan
Dividend per share	¥20 (¥10)	¥20 (¥10)	¥20 (¥10)	¥22 (¥11)
Payout ratio	44.1%	42.7%	51.5%	30.3%

\*Note: Amounts stated inside the ( ) are the 1H dividend per share.

## Disclaimer

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**Figures regarding the company's current plans and strategies that are not historical facts are forecasts of future performance, which contain risks and uncertainty.**

**Actual performance may differ widely from these figures as a result of economic conditions, competitive situation, progress in technology and other factors. Investors are advised to use independent judgement before making any investment.**