

Financial Results for 2Q FY2018

SOHGO SECURITY SERVICES CO., LTD
Securities Code: 2331(1st Section of TSE)

October 31, 2017

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Section 1	Financial Results for 2Q FY2018
Section 2	Business Plan for FY2018
Section 3	Priority Measures

1 Achieved record high, both in sales and income

- On an iterim basis, sales achieved an increase for 7 consecutive years, while the profit achievedcan increase for 6 consecutive years.

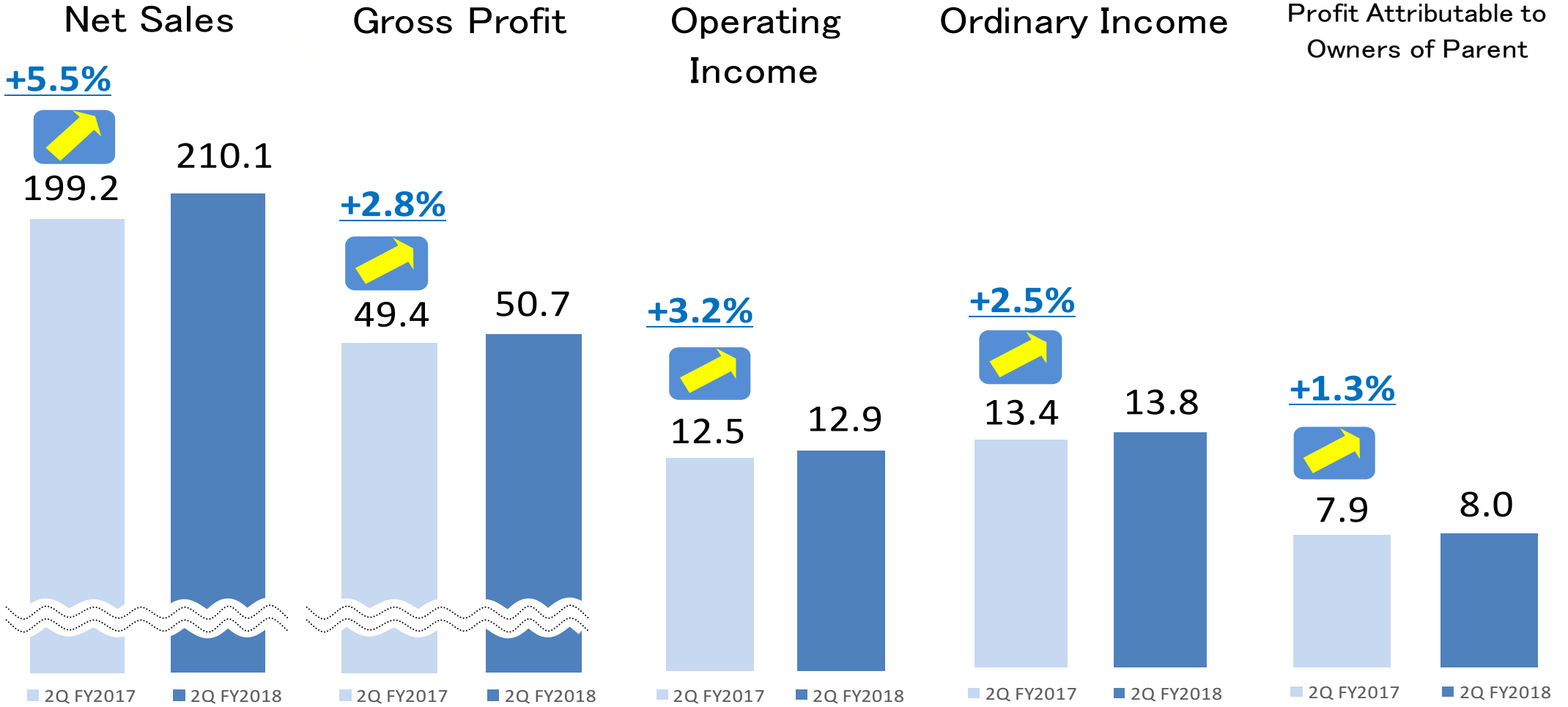
2 Steady growth in our mainstay, security services segment

- All 3 segments (electronic, stationed, transportation security) in steady growth

3 Expansion of the group sales by M&A

- ALSOK SHOJITSU SECURITY SERVICE CO., LTD.
- ALSOK-TW East Japan Co., Ltd.
- PT. ALSOK BASS Indonesia Security Services
- ALSOK KANTO DELIVERY CO., LTD.
- ALSOK Vietnam Security Services Joint Stock Company

P/L for 2Q FY2018



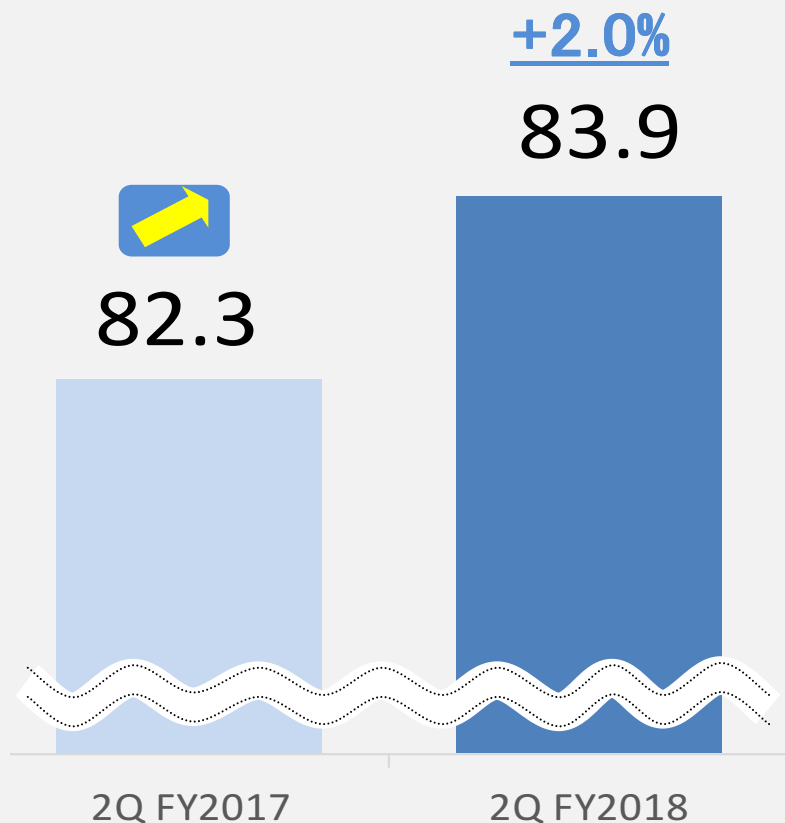
(Billions of Yen)

(Billions of Yen)	2Q FY2018	2Q FY2018 Business Plan	Gap	Achievement Ratio
Net Sales	210.1	212.0	(1.8)	99.1%
Gross Profit	50.7	52.4	(1.6)	96.9%
Operating Income	12.9	14.2	(1.2)	91.1%
Ordinary Income	13.8	14.9	(1.0)	92.7%
Profit Attributable to Owners of Parent	8.0	8.8	(0.7)	91.5%

Net sales by Services

(Billions of Yen)	2Q FY2018	2Q FY2017	Y o Y	Change
Security Services	168.5	158.4	10.1	6.4%
Electronic Security Services	83.9	82.3	1.6	2.0%
Stationed Security Services	55.2	48.2	6.9	14.3%
Transportation Security Services	29.4	27.8	1.5	5.6%
General Property Management and Fire Protection Services	26.7	26.5	0.2	1.0%
Long Term Care Services	12.8	12.5	0.3	3.1%
Other Services	1.8	1.7	0.1	9.6%
Total	210.1	199.2	10.9	5.5%

Sales (Billions of Yen)



Contracts Sales Y o Y Ratio **+1.7%**

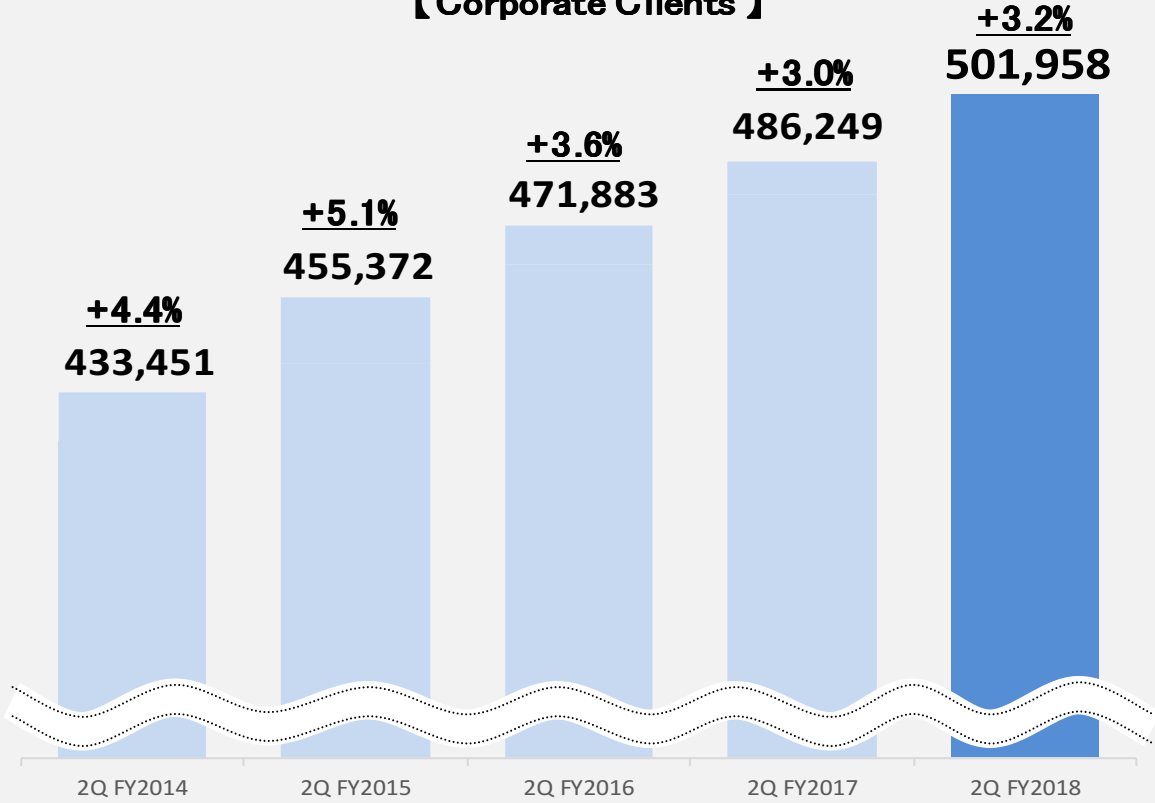
Construction Sales Y o Y Ratio **+6.7%**

Equipment Sales Y o Y Ratio **+2.4%**

- Growth rate of electronic security contract sales Y o Y ratio up 0.6 percentage points
- Construction sales in favorable growth

+2.0% Y o Y

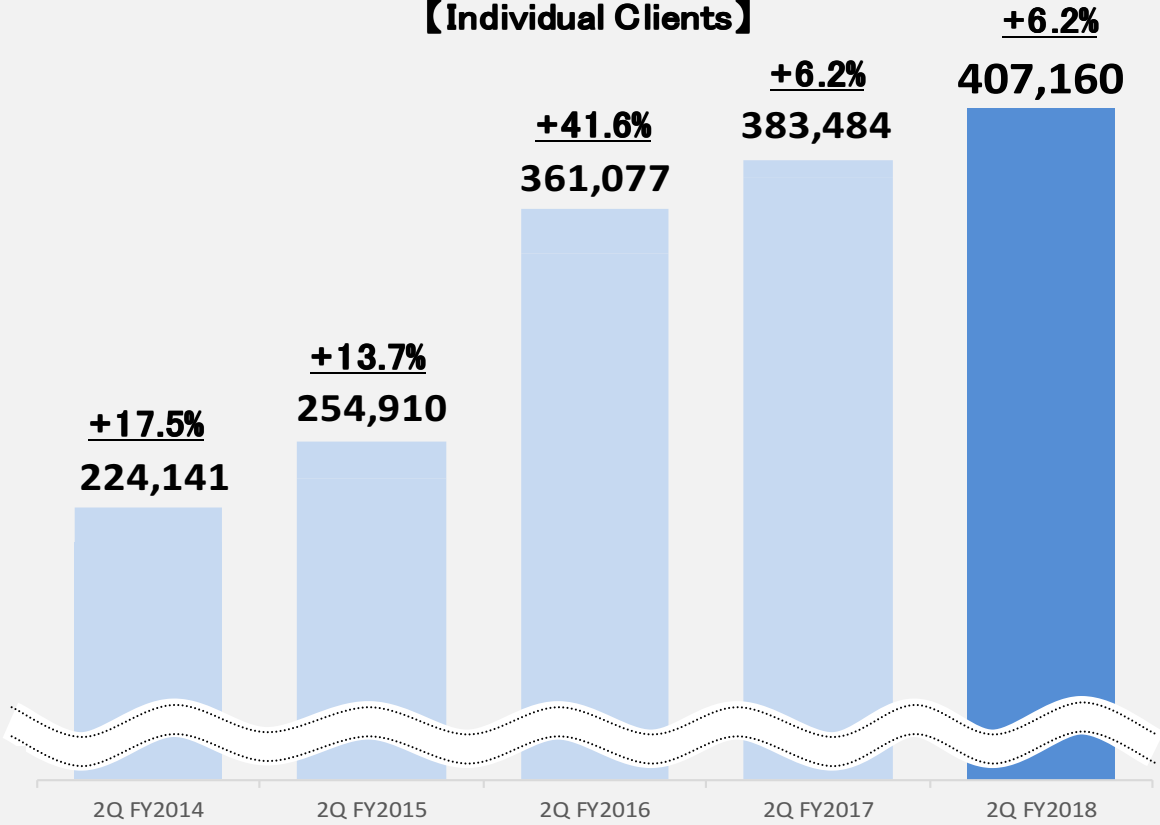
Increase in Contracts of Electronic Security Services
【Corporate Clients】



Total number of contracts **501,958**

▪ Increase of 15,709 (+3.2%) contracts from 2Q FY2017

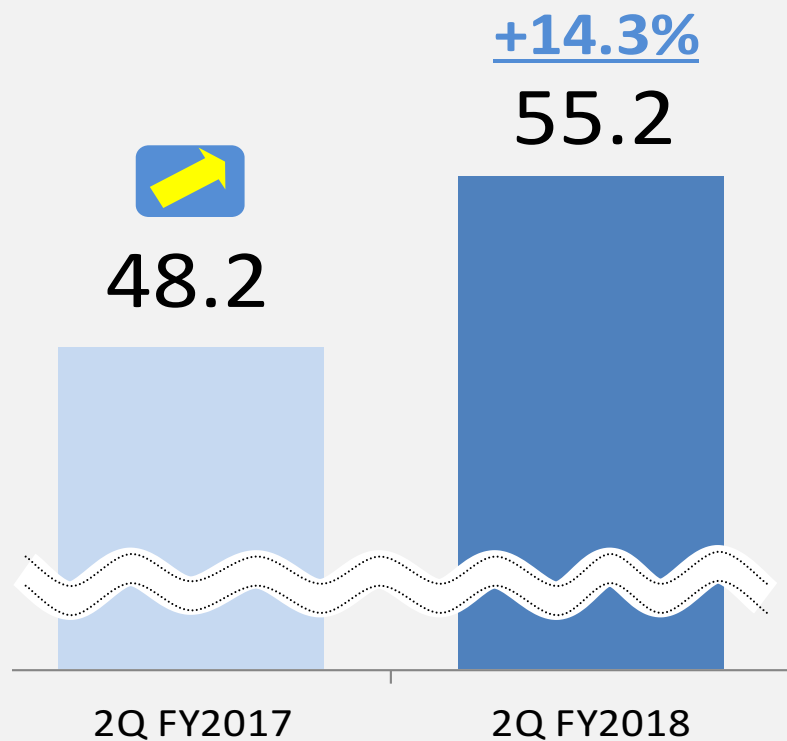
Increase in Contracts of Electronic Security Services
【Individual Clients】



Total number of contracts **407,160**

- Increase of 23,676 (+6.2%) contracts from 2Q FY2017
- Including the number of houses from complex housing, the total number of contracts count up to approximately 1,080,000 houses

Sales (Billions of Yen)



▪ Increase in sales by the newly consolidated subsidiary

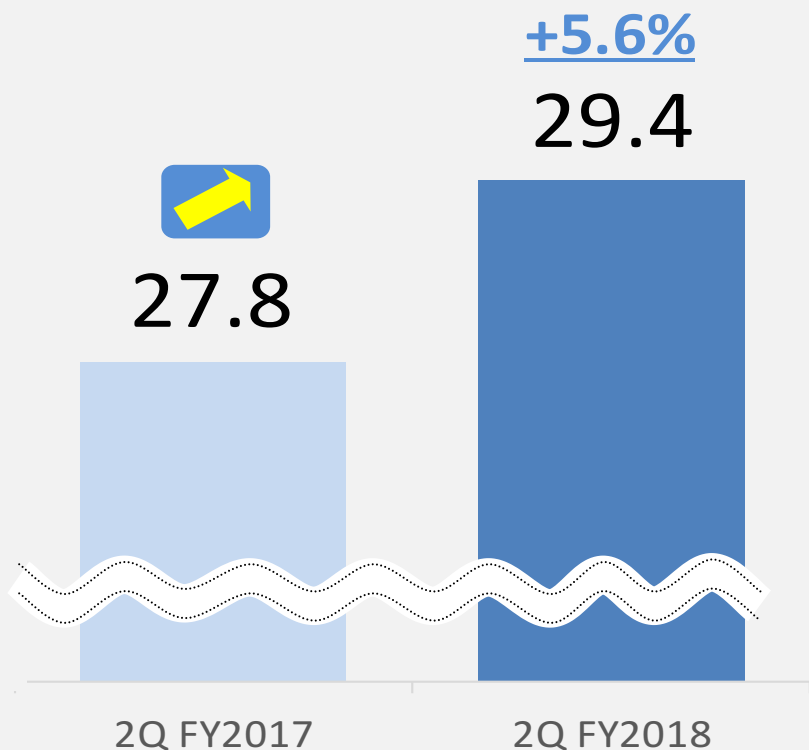
- ◇ ALSOK SHOJITSU SECURITY SERVICE
- ◇ ALSOK-TW East Japan
- ◇ ALSOK BASS Indonesia Security Service
- ◇ ALSOK Vietnam Security Services Joint Stock

▪ Attributable to long-term contracts

+14.3% Y o Y

Sales

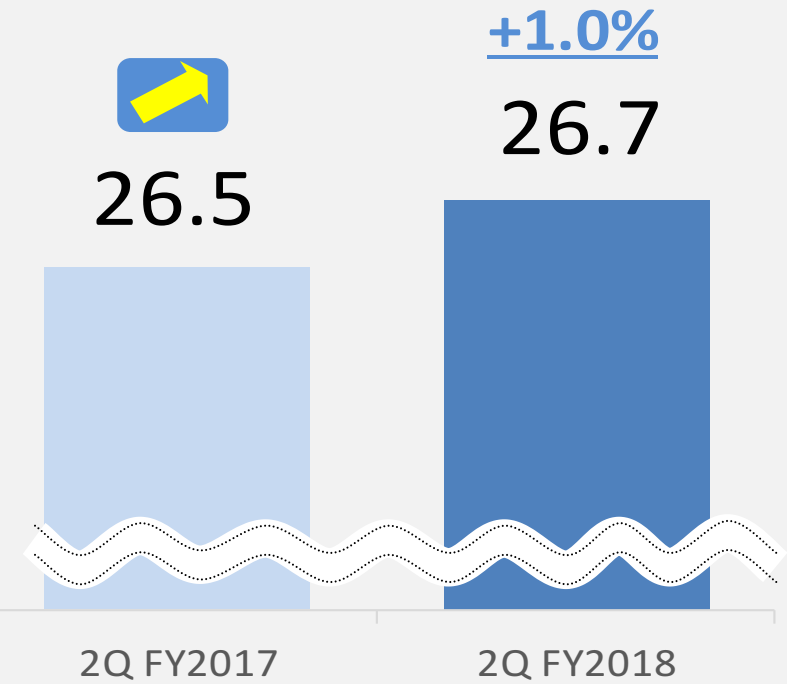
(Billions of Yen)



- Total ATM Management System
[Administrative units : approx. 66,400]
- Cash Deposit and Dispenser Machine On-line System
[Units in operation : approx. 20,400]
- Increase in sales by the newly consolidated subsidiary
 - ◇ ALSOK KANTO DELIVERY

+5.6% Y o Y

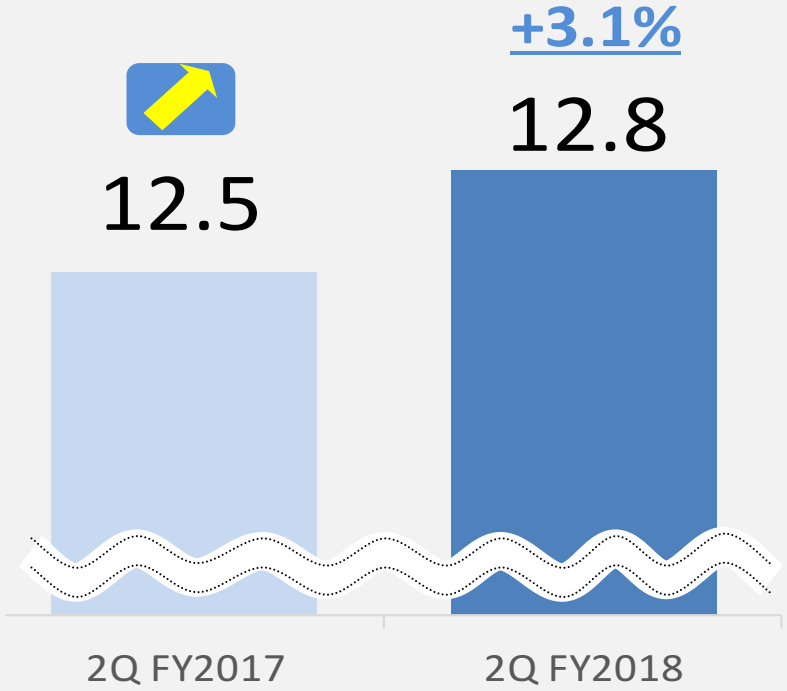
Sales (Billions of Yen)



- Strong performance in contract sales of building management and fire protection
- Total number of AED units sold : approx.144,000

+1.0% Y o Y

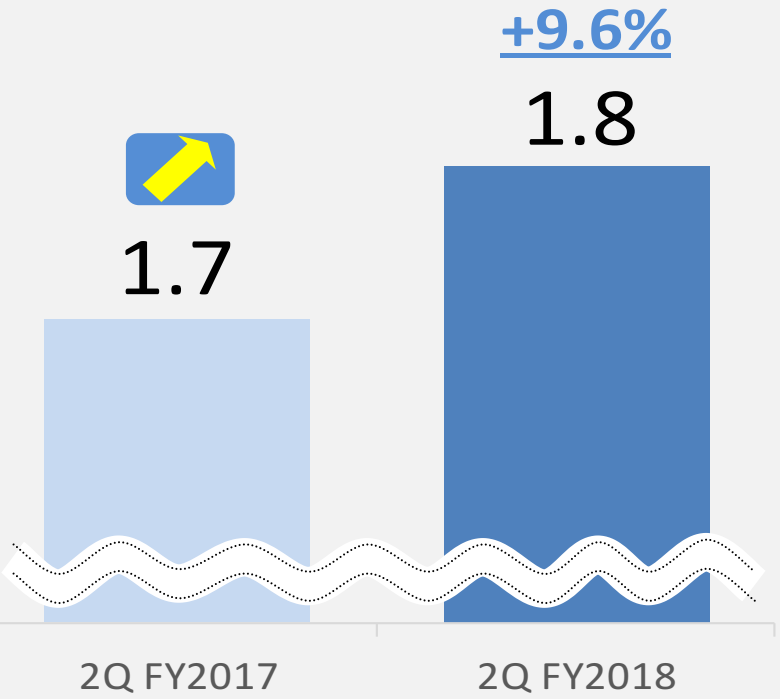
Sales (Billions of Yen)



- Improvement in occupancy ratio of care facilities
- Improvement in profit ratio by efficiency

+3.1% Y o Y

Sales (Billions of Yen)



- Safety Confirmation System
- Denpo (telegram) etc.

+9.6% Y o Y



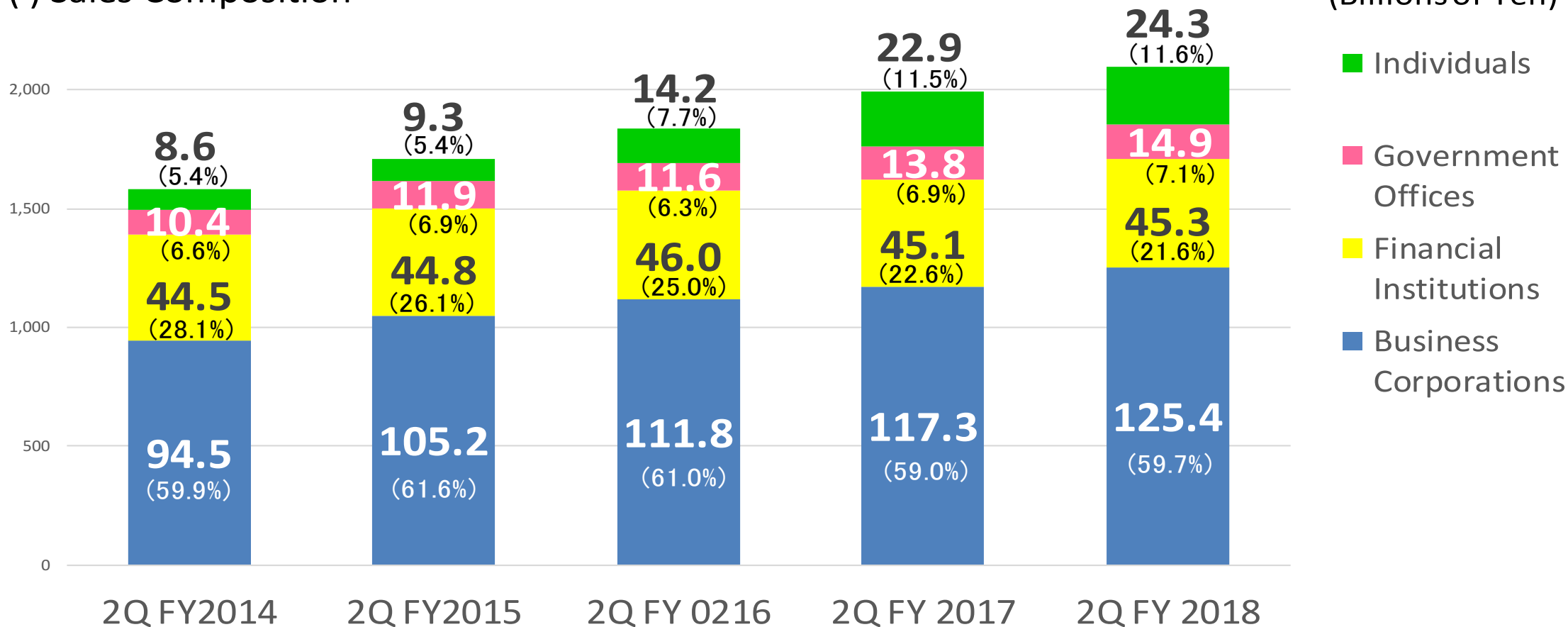
Operating security services equally with the service provided in Japan

- Security Consulting
- Stationed Security
- Electronic Security
- Sales of security equipments

* The Company's connection with Taiwan Shin Kong Security Co., Ltd. is limited to investment

() Sales Composition

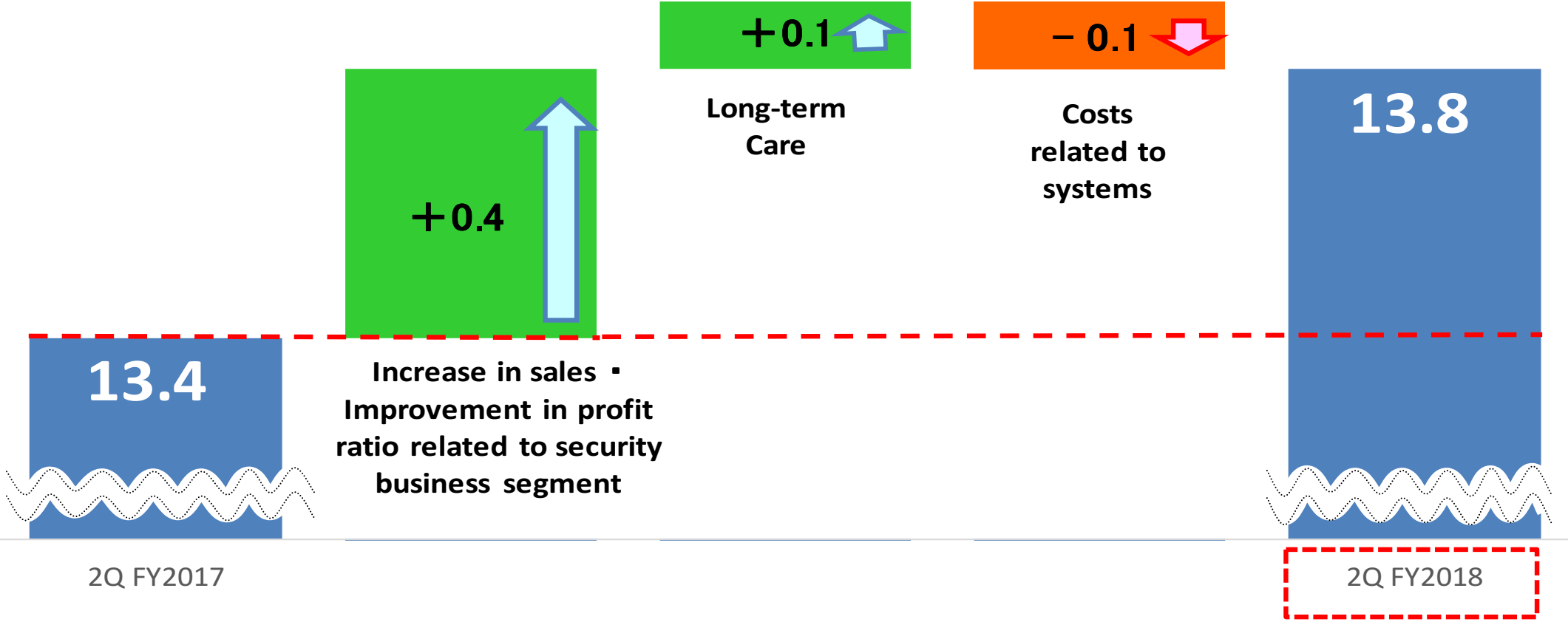
(Billions of Yen)



Analysis of the Profit and Loss

(Billions of Yen)	2Q FY2018	2Q FY2017	Y o Y	Change
Net Sales	210.1	199.2	10.9	+5.5%
Cost of Sales	159.3	149.7	9.5	+6.4%
Labor cost	81.8	76.1	5.6	+7.5%
Expense	47.4	44.1	3.3	+7.6%
Depreciation	5.8	5.7	0.1	+1.9%
Cost of product sold & installation	24.2	23.8	0.3	+1.6%
SG&A	37.8	36.8	0.9	+2.6%
Personnel cost	24.9	24.7	0.2	+1.0%
Depreciation	0.9	0.9	0.0	+0.0%
Others	11.9	11.2	0.7	+6.5%
Operating Income	12.9	12.5	0.4	+3.2%
Ordinary Income	13.8	13.4	0.3	+2.5%

(Billions of Yen)



Consolidated Balance Sheet

(Billions of Yen)

	2Q FY2018	FY2017	Y o Y		2Q FY2018	FY2017	Y o Y
Current assets	182.3	199.6	(17.2)	Current Liabilities	81.0	98.1	(17.0)
Cash and deposits	51.0	55.5	(4.5)	Notes and accounts payable	17.2	21.4	(4.1)
Cash for Transportation Security	56.2	66.7	(10.4)	Short-term Loans payable	16.8	30.8	(13.9)
Services and advances paid				Other	46.9	45.8	1.0
Notes and accounts receivable	47.1	50.1	(2.9)				
Raw materials and supplies	5.6	5.3	0.2	Noncurrent Liabilities	64.8	65.5	(0.6)
Advances paid	6.5	6.3	0.1	Long-term loans payable	9.8	11.1	(1.3)
Other	15.7	15.4	0.2	Net defined benefit liability	30.0	29.5	0.5
				Other	24.9	24.8	0.1
Noncurrent assets	193.0	186.2	6.7				
Property, plant and equipment	86.5	86.9	(0.3)	Total liabilities	145.9	163.6	(17.7)
Intangible assets	29.2	25.0	4.2	Shareholders' equity	211.0	205.7	5.2
Investments and other assets	77.1	74.2	(2.8)	Total valuation and translation adjustments	(7.5)	(9.1)	1.5
				Non-controlling interests	26.0	25.6	0.4
				Total net assets	229.4	222.2	7.2
Total assets	375.4	385.8	(10.4)	Total liabilities and net assets	375.4	385.8	(10.4)

Consolidated Cash Flows

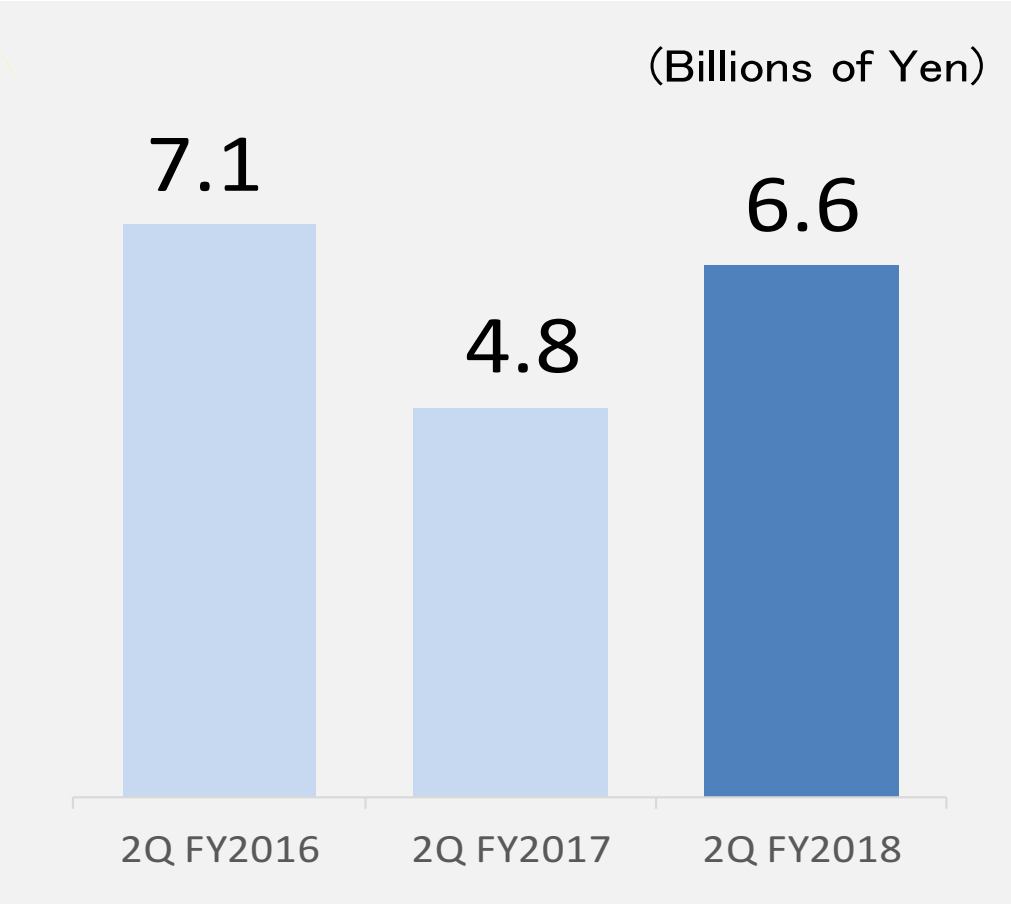
(Billions of Yen)

	2Q FY2018	2Q FY2017	Y o Y
Net cash provided by (used in) operating activities	9.0	23.8	(14.8)
Net cash provided by (used in) investing activities	(11.7)	(5.2)	(6.5)
Net cash provided by (used in) financing activities	(1.5)	(4.7)	3.1
Cash and cash equivalents at end of period	43.2	49.4	(6.2)

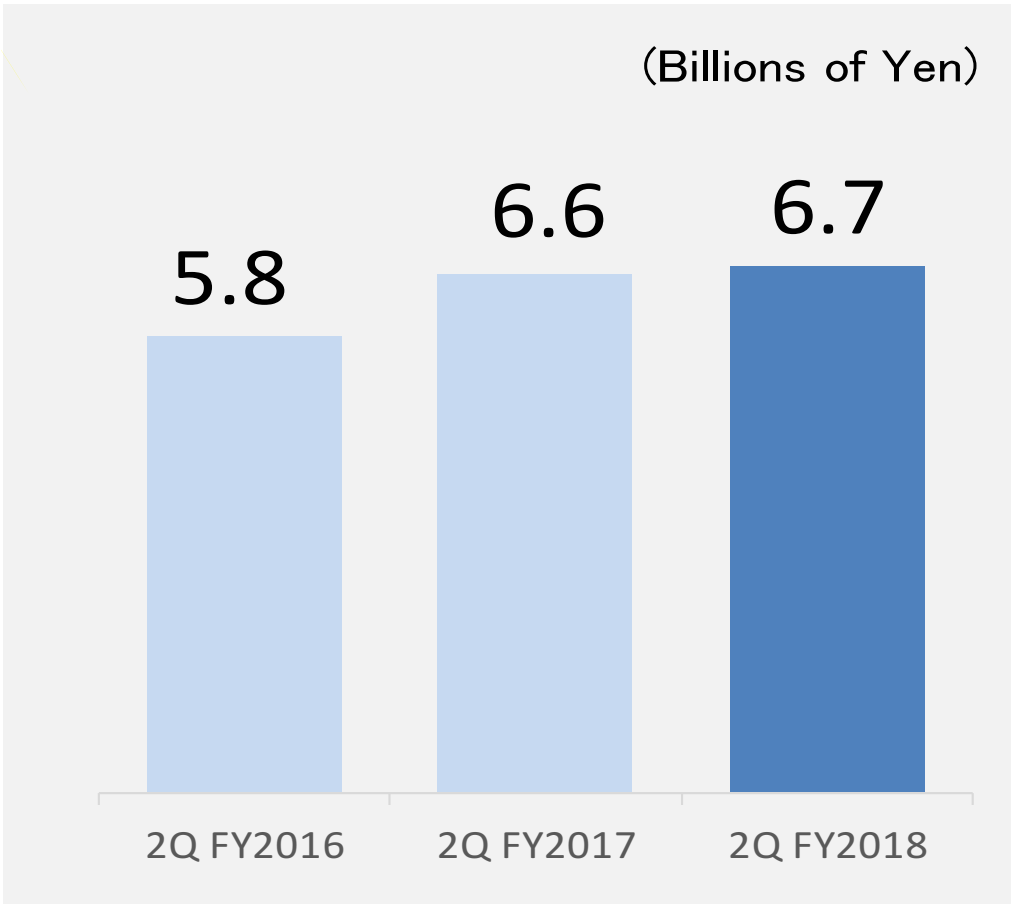
Major items of 2Q FY2018

● Net cash provided by (used in) operating activities	Income before income tax	13.8
	Depreciation and amortization	6.7
	Decrease (increase) in notes and accounts receivable	2.9
	Assets/Liabilities for Transportation Security Services	(7.0)
	Income taxes paid	(6.8)
● Net cash provided by (used in) investing activities	Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5.8)
	Purchase of property, plant and equipment	(4.9)
● Net cash provided by (used in) financing activities	Net increase (decrease) in shorty-term loans payable	5.1
	Cash dividends paid	(2.7)
	Repayments of lease obligations	(2.0)

■ Capital Expenditures

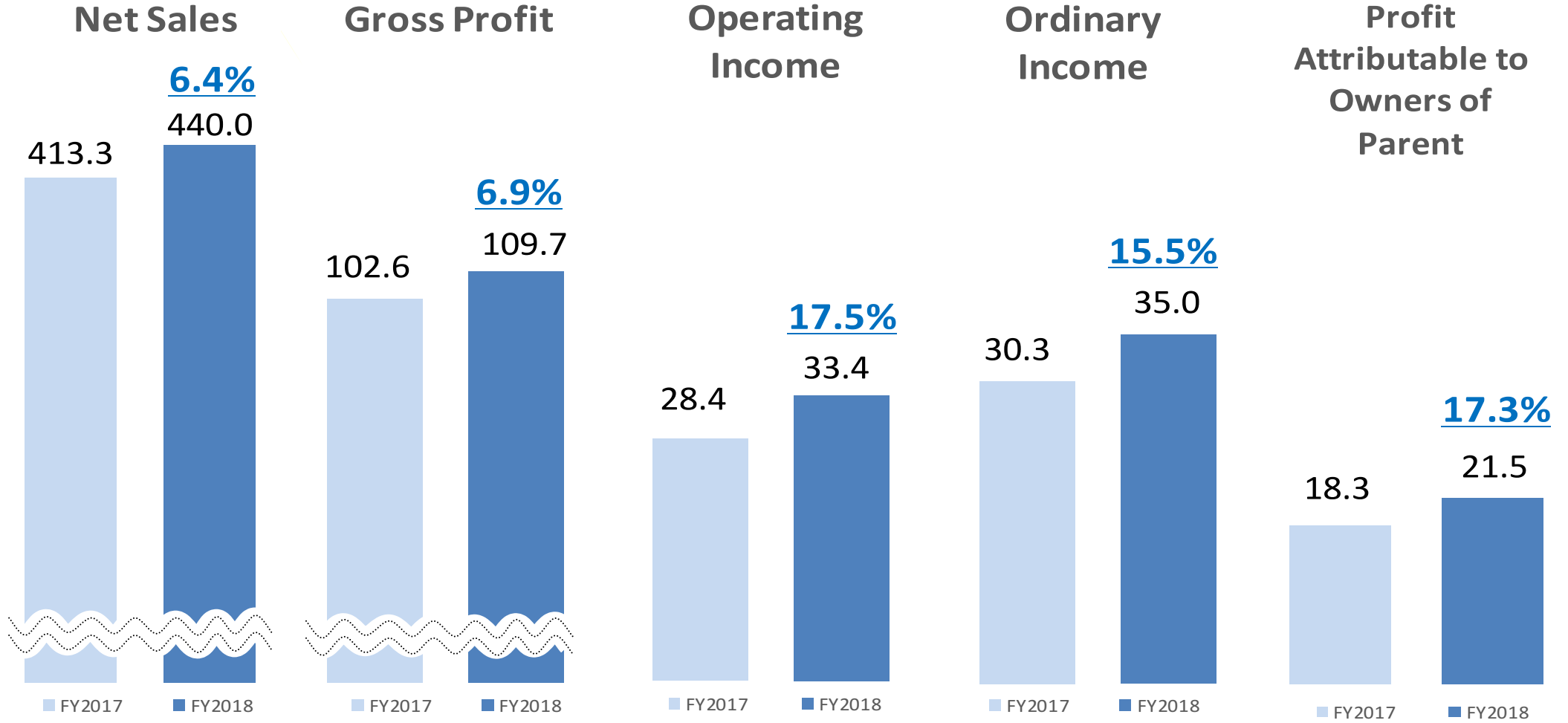


■ Capital Expenditures



Section 1	Financial Results for 2Q FY2018
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Business Plan for FY2018



(Billions of Yen)

	FY2015	FY2016	FY2017	FY2018 (Forecast)
Dividends per share (Yen)	38 (17.5)Interim (17.5)Year-end (3.0)Special	50 (20.0)Interim (30.0)Year-end	55 (27.5)Interim (27.5)Year-end	60 (30.0)Interim (30.0)Year-end
Payout ratio	28.2%	28.1%	30.2%	28.0%

※() represent dividends per share for interim and year-end

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Provide various services corresponding to the needs of society

Correspondence to diversifying security needs

- Security of key facilities
- Large-scale events such as Olympic Games



Correspondence to outsource needs

- Facility management
- Operation of business center



Enhancement of services for senior citizens

- Long-term care service
- Regional monitoring services



Priority items

■ Strengthen sales force

- Enhancement in sales by cooperation within the Group
- Providing one-stop services from security, equipment management to cleaning

■ New products and services

- MIMAMORI Tag
- Commercial products concerning Information security
- Security Service utilizing the latest ICT



■ Expansion of operations by M&A

- Promotion of M&A in FY2018
ALSOK-TW East Japan Co., Ltd.
Keihanshin Security Service Co., Ltd.
ALSOK KANTO DELIVERY CO., LTD.

■ Improvement of productivity and promotion of Work Style Reform

- Approach to cost reduction
- Providing better pleasant working environment

Disclaimer

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.



ALways Security OK

The logo consists of a square divided diagonally from the top-left to the bottom-right. The upper-left triangle is blue, and the lower-right triangle is yellow.

ALSO