



# Financial Result FYE3/09 Report Meeting

**ALSOK**

**May 13, 2009**

## Contents

---

### Section 1

Summary of Financial Results ..... 2

### Section 2

Business Strategy ..... 19

### Section 3

Business Plan for FYE 3/10 ..... 24

# Section 1

## Summary of Financial Results



2

### Summary of P/L (Year-on-Year)

(Unit: ¥ billion)	FYE 3/09	FYE 3/08	YoY	Change(%)
S a l e s	285.0	284.9	0.0	0.0%
Gross profit	69.2	72.7	- 3.4	- 4.7%
Operating profit	9.9	13.7	- 3.9	- 27.9%
Recurring profit	10.6	14.6	- 4.0	- 27.4%
Net income	4.2	7.6	- 3.4	- 44.8%



3

## Summary of P/L (vs Business Forecasts)

(Unit: ¥ billion)	FYE 3/09	(Announced on 11/11/08)			(Announced on 5/15/08)	
		Revised plan	Gap	Achievement ratio(%)	Original plan	Achievement ratio(%)
S a l e s	285.0	288.3	- 3.3	98.9%	294.2	96.9%
Gross profit	69.2	68.6	0.6	101.0%	74.9	92.5%
Operating profit	9.9	10.2	- 0.3	97.5%	14.1	70.5%
Recurring profit	10.6	11.4	- 0.8	93.3%	15.3	69.5%
Net income	4.2	5.1	- 0.9	82.8%	7.9	53.5%



## Overview of Electronic Security Services

(Unit: ¥ billion)	FYE 3/09	FYE 3/08	YoY	Change(%)
S a l e s	142.5	143.9	- 1.5	- 1.0%
(% to Total Sales)	(50.0%)	(50.5%)		

- Sales from contracts

YoY ratio + 0.4%, Achievement ratio 100.5%

1 Worsened business confidence

2 Negative impact of consumer finance companies increased than the original prospect  
Annual effect : - ¥1.0 billion

- Construction sales

YoY ratio - 10.7%, Achievement ratio 104.3%

- Equipment sales

YoY ratio - 8.0%, Achievement ratio 93.2%



# Overview of Electronic Security Services

## [ Corporate Clients ]

	FYE 3/09	FYE 3/08	YoY	Change (%)
Net increase in number of contracts for corporate clients	9,563	12,852	- 3,289	- 25.6%

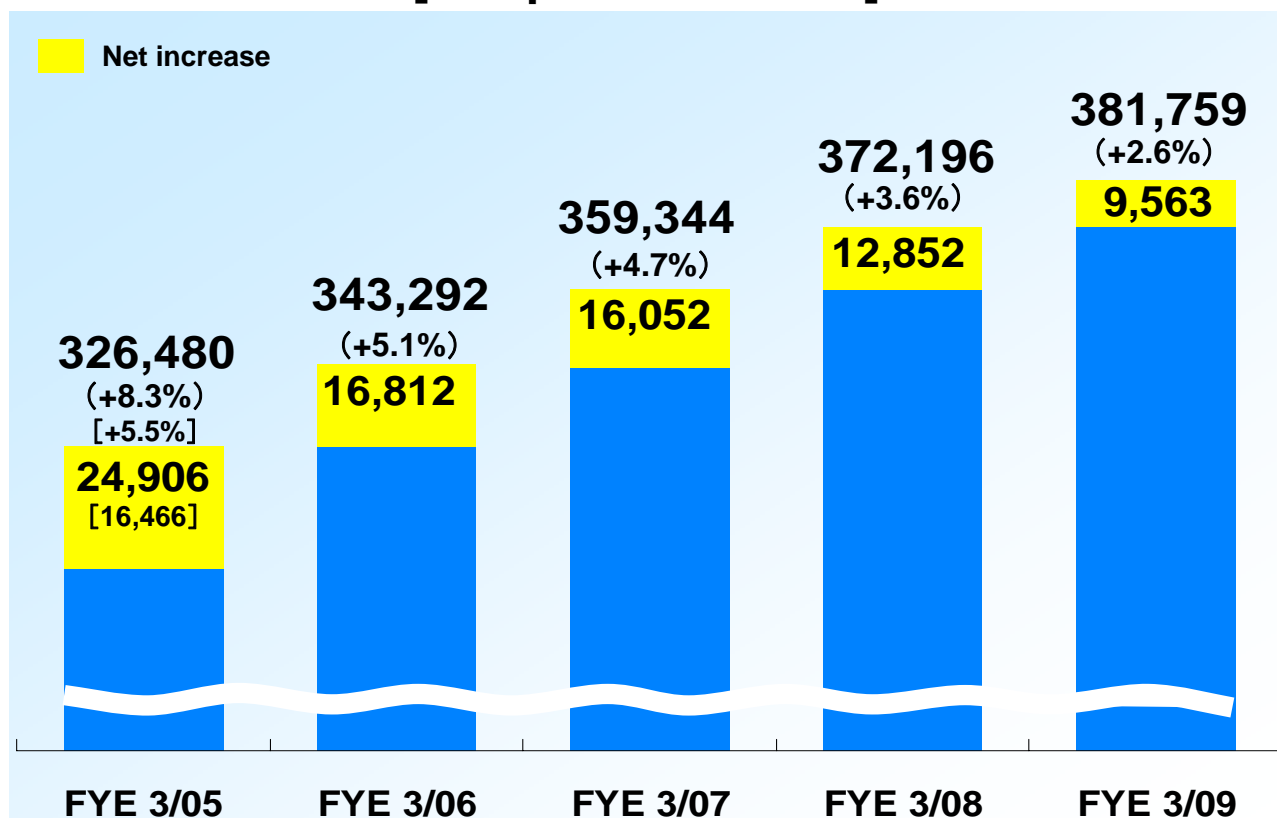
### [ Corporate Clients ]

- 1 Newly booked contracts : Decreased than FYE 3/08
- 2 Cancellation : Increased than FYE 3/08
- 3 Newly booked contract price : Price declined than FYE 3/08
- 4 Price cut : Amount increased than FYE 3/08



# Increase in Contracts of Electronic Security Services

## [ Corporate Clients ]



Fukushima Sohgo Security Services Co., Ltd has become a wholly owned subsidiary of ALSOK in FYE3/05. The numbers stated inside the [ ] are the net growth excluding the number of contracts executed by Fukushima Sohgo Security Services.



# Overview of Electronic Security Services

## [ Individual Clients ]

	FYE 3/09	FYE 3/08	YoY	Change (%)
Net increase in number of contracts for individual clients	11,163	11,463	- 300	- 2.6%

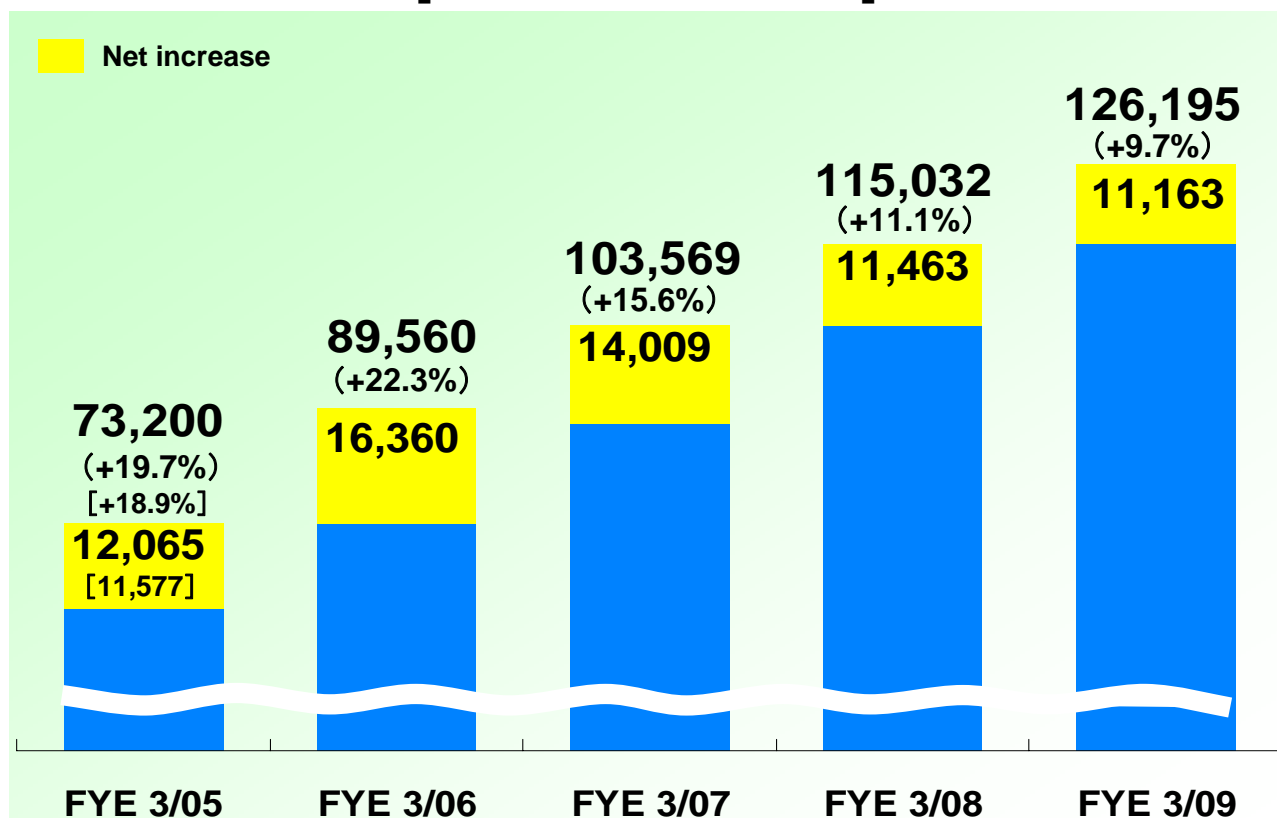
### [ Individual Clients ]

- 1 Newly booked contracts : Increased than FYE 3/08
- 2 Cancellation : Increased than FYE 3/08
- 3 Newly booked contract price : Remained flat
- 4 Price cut : None



# Increase in Contracts of Electronic Security Services

## [ Individual Clients ]



Fukushima Sohgo Security Services Co., Ltd has become a wholly owned subsidiary of ALSOK in FYE3/05. The numbers stated inside the [ ] are the net growth excluding the number of contracts executed by Fukushima Sohgo Security Services.



## Overview of ALSOK Home Security $\alpha$

**Four months results** **5,250 contracts**  
 (from December 2008 to March 2009) **(1,313 contracts/month)**

**About the same start of ALSOK Home Security 7**

- **Portions by price plans**

‘Zero Start Plan’ (no initial costs)	1/3
Rental plan	1/3
Purchase plan	1/3

- **Newly booked contract price**

**Rose than that of ALSOK Home Security 7**



10

## Overview of Stationed Security Services

(Unit: ¥ billion)	FYE 3/09	FYE 3/08	YoY	Change (%)
<b>S a l e s</b>	<b>72.8</b>	<b>72.7</b>	<b>0.0</b>	<b>0.0%</b>
(% to Total Sales)	<b>(25.6%)</b>	<b>(25.5%)</b>		

- **Shimane Asahi Correctional Facility (prison)**

Equipment sales ¥ 0.3 billion

Sales from contracts ¥0.4 billion

- **Inclusion of URBAN SECURITY Co., Ltd. as a subsidiary ¥0.56 billion**

- **G8 Hokkaido Toyako Summit ¥ 0.3 billion**

- **Cancellation and demands for price cuts increased**



11

## Overview of Transportation Security Services

(Unit: ¥ billion)	FYE 3/09	FYE 3/08	YoY	Change (%)
<b>S a l e s</b>	<b>47.4</b>	<b>46.6</b>	<b>0.8</b>	<b>1.8%</b>
(% to Total Sales)	(16.6%)	(16.4%)		

- Cash Deposit Machine On-line System      Net increase: 1,000 contracts  
(YoY +50 contracts)
- Bank ATMs inside convenience stores      Net increase: 850 contracts  
(YoY -150 contracts )
- Achieved an outsourcing need for back-office work from a regional bank
- Effect of consumer finance companies      - ¥1.1 billion



12

## Overview of Other Services

(Unit: ¥ billion)	FYE 3/09	FYE 3/08	YoY	Change (%)
<b>S a l e s</b>	<b>22.2</b>	<b>21.6</b>	<b>0.6</b>	<b>2.7%</b>
(% to Total Sales)	(7.8%)	(7.6%)		

- 11,148 AEDs (Automated External Defibrillators) (YoY +2,815 units)
- Gain in sales of “MMK”, an automated settlement system  
Net increase in number of contracts : 105 contracts (YoY + 5 contracts)
- 250 thousand residential fire alarms (YoY - 330 thousand units)
- \*Note: There was a special procurement of 370 thousand units in FYE 3/08.



13

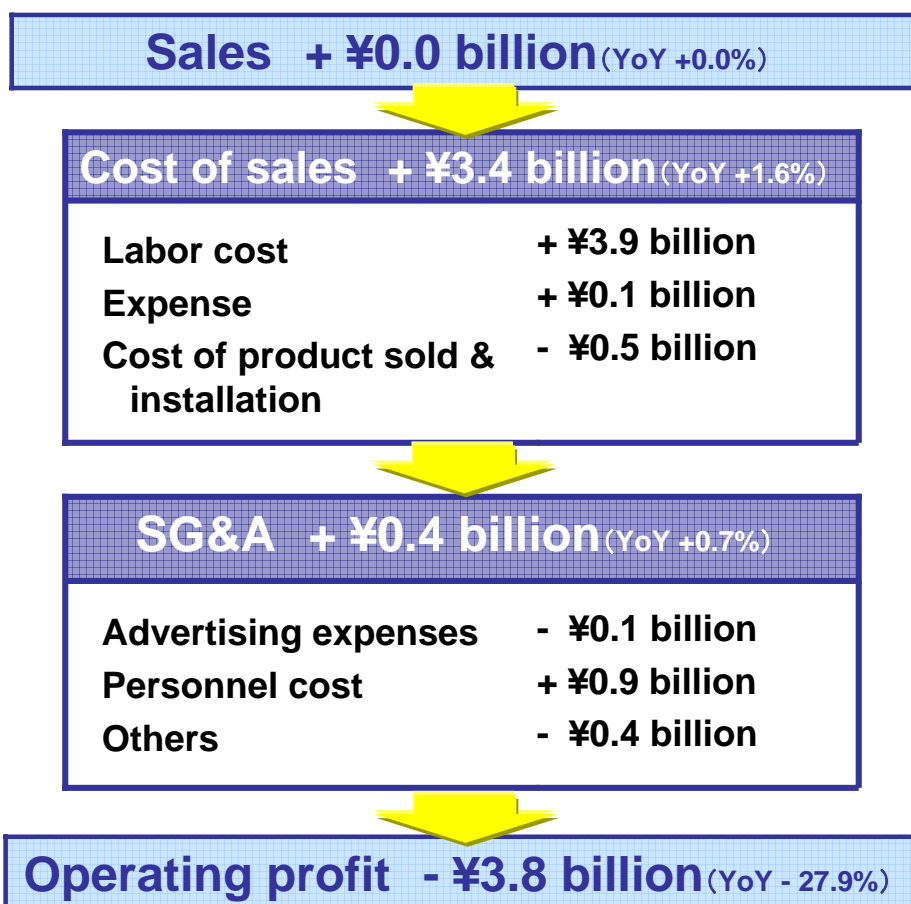
## Sales by Client Industry

(Unit: ¥ billion)	FYE 3/09	FYE 3/08	YoY	Change(%)
Financial institutions	84.3 (29.6%)	86.0 (30.2%)	- 1.8	- 2.0%
Business corporations	166.8 (58.5%)	165.0 (57.9%)	1.8	1.1%
Government offices & Japan Post	24.7 (8.7%)	24.9 (8.8%)	- 0.2	- 0.9%
Individuals	9.1 (3.2%)	8.9 (3.1%)	0.2	2.6%
<b>T o t a l</b>	<b>285.0</b> <b>(100.0%)</b>	<b>284.9</b> <b>(100.0%)</b>	<b>0.0</b>	<b>0.0%</b>



14

## Major Changes in P/L



15



## Major Reasons for the Increase of 946 Employees

Number of employees			(Unit : person)
FYE 3/07	FYE 3/08	FYE 3/09	
<b>25,302</b>	<b>26,014</b>	<b>26,960</b>	

### 1 Electronic Security Services +465 person

(1) To ensure future sales staff

(2) Increase in number of sales staff

### 2 Stationed Security Services +277 person

(1) URBAN SECURITY Co., Ltd. becoming a subsidiary

(2) Shimane Asahi Correctional Facility starts  
(PFI prison)



## Others

Capital expenditures			(Unit : ¥ billion)
FYE 3/07	FYE 3/08	FYE 3/09	
<b>11.6</b>	<b>10.4</b>	<b>11.9</b>	

Depreciation			(Unit : ¥ billion)
FYE 3/07	FYE 3/08	FYE 3/09	
<b>10.2</b>	<b>11.2</b>	<b>11.9</b>	

R&D expense			(Unit : ¥ billion)
FYE 3/07	FYE 3/08	FYE 3/09	
<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	



## Extraordinary Losses

---

<b>Extraordinary losses</b>	<b>¥1,617 million</b>
▪ Impairment loss on investments in securities	<b>¥1,590 million</b>
▪ Loss on disposals of fixed assets	<b>¥23 million</b>

---

## Section 2

### Business Strategy

## Efforts to Increase Sales

---

### [ Increasing the Net Number of Contracts ]

## Efforts to Increase Sales



- 1 Increasing the number of sales staff to ...
  - Expand sales of “Home Security”
  - Advance sales of “Cash Deposit Machine On-line System”
  - To develop new clients
- 2 Increasing indirect sales channels
- 3 Promoting after-sales care to prevent terminations



## Efforts to Increase Sales

---

### [ Developing an Umbrella Organization for Sales ]

- **Strengthening Divisional Organization**
  - Full-scale introduction of “Regional Division”
  - Divided the country into 9 blocks
  - Posted executive-level personnel as Chief Manager of each block



## Efforts to Increase Sales

---

### [ Establishing a New Sales Department ]

#### ● New Efforts

- **Development of New Business Fields  
(Business Development Dept. ( I ))**
- **Aggressively Pursue M&A Opportunities  
(Business Development Dept. ( II ))**



22

---

## Cost Control

- 1 Procurement Cost and  
Construction Cost Reductions**
- 2 Promote Rationalization and  
Efficiency in Operations**
- 3 Control Personnel Cost**



23

# Section 1

## Business Plan for FYE 3/10



24

### Business Plan for FYE 3/10

(Unit: ¥ billion)	Amount	% to total sales	YoY	Change (%)
S a l e s	286.0	100.0%	1.0	0.3%
Gross profit	68.7	24.0%	- 0.5	- 0.8%
Operating profit	8.0	2.8%	- 1.9	- 19.5%
Recurring profit	9.0	3.1%	- 1.6	- 15.3%
Net income	4.2	1.5%	0.0	- 0.6%



25

## Sales Plan by Business Segment

(Unit: ¥ billion)		Amount	% to total sales	YoY	Change (%)
Security Services	Electronic Security Services	143.5	50.2%	1.0	0.7%
	Stationed Security Services	71.1	24.9%	- 1.7	- 2.3%
	Transportation Security Services	48.1	16.8%	0.7	1.5%
Other Services		23.1	8.1%	0.9	4.2%
T o t a l		286.0	100.0%	1.0	0.3%



## Other Plans

### 1 Net increase in number of contracts for Electronic Security Services

	Net increase	YoY	Change (%)
T o t a l	22,800	2,074	10.0%
Corporate clients	10,150	587	6.1%
Individual clients	12,650	1,487	13.3%

### 2 Other

(Unit: ¥ billion)	Amount	YoY	Change (%)
C a p i t a l expenditures	14.6	2.6	22.0%
Depreciation	13.6	1.6	13.5%



## Dividends

	FYE 3/06	FYE 3/07	FYE 3/08	FYE 3/09	FYE 3/10 Plan
Dividend per share	¥17 (¥8.5)	¥20 (¥8.5)	¥20 (¥10)	¥20 (¥10)	¥20 (¥10)
Payout ratio	32.1%	26.8%	26.6%	47.7%	48.0%

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



## 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.



---

Security  
On

**ALSOK**

綜合警備保障

