

Top Interview

Message Based on an Interview with the President

We aim to build a high-profit constitution by expanding existing business through the improvement of productivity and by maximizing the benefits of intra-Group synergies.

The Next Stage

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Fifth Consecutive Year of Higher Sales and Income

In the fiscal year ended March 31, 2015, certain sectors of the Japanese economy were weak due to the impacts of the consumption tax hike on consumer spending as well as the effects of natural disasters. However, a modest recovery trend was seen centered on the corporate sector as a result of improvements in corporate performance, the job market, and wage levels. Overseas, there was a trend toward gradual recovery centered on the United States, but the need to carefully monitor future economic trends in Europe and especially in China and other emerging nations remained nonetheless. Public safety issues in principal Middle Eastern nations also warranted caution.

In regard to public safety in Japan, there seems to be no end to the occurrence of stalking, special-case scams, and other crimes targeting women, children, and senior citizens as well as issues involving confidential information, such as personal information leaks. At the same time, there is a pressing need to prepare for natural disasters and monitor social infrastructure. For these reasons, the safety and security needs of society are growing ever more diverse.

In this operating environment, the ALSOK Group pushed forward with efforts to respond to the diversification of society's safety and security needs. To this end, we worked to strengthen our mainstay security services operations while also focusing efforts on peripheral fields that are highly compatible with security services, such as long-term care and building maintenance, and endeavoring to provide products and services related to these fields. At the same time, we pursued cost reductions by consolidating functions in back-office and operating divisions to streamline and rationalize operations. As a result of these efforts, consolidated net sales rose 11.4% year on year, to ¥365,749 million; operating income was up 21.3%, to ¥22,971 million; ordinary income increased 19.1%, to ¥24,700 million; and net income grew 23.5%, to ¥13,534 million. These results made for our fifth consecutive year of higher sales and income, with net sales and ordinary income reaching new record highs.

Evolution in Response to Diversifying Needs

The core concept behind the ALSOK Group's business is to protect. We protect people, including senior citizens, children, and women living alone, as well as facilities, public infrastructure, ATMs, and countless other articles. The more we consider the needs ALSOK must address from these various perspectives, the more the range of fields that fall under a broader definition of the word "security," such as long-term care and building maintenance, seems to expand. In the fiscal year ending March 31, 2016, we must tackle the challenge of developing operations in these fields into stably performing businesses.

Formulation of Grand Design 2017

Targeting net sales in the area of ¥1 trillion, the ALSOK Group formulated its new three-year medium-term management plan, Grand Design 2017, or GD2017 for short. This plan is aimed at propelling the Company to a new stage of development and sets out the following consolidated financial goals for the fiscal year ending March 31, 2018: net sales of approximately ¥500 billion; ordinary income of approximately ¥40 billion; an ordinary income margin of approximately 8.0%; and return on equity, or ROE, of approximately 10.0%.

The plan was designed to serve as a compass for guiding us in providing products and services that respond to customer needs as well as to changes in the social environment, global economic trends, and geopolitical risks. By advancing GD2017, we aim to make ALSOK into a company that can continue to support people's safety, security, and comfortable living by protecting facilities, people, and properties.

GD2017 primarily comprises four components: basic policies, market-specific strategies, initiatives supporting market-specific strategies, and financial goals.

The basic policies of GD2017 are to raise consolidated net sales and build a high-profit constitution. In order to build a high-profit constitution, we are expanding existing business by increasing the productivity of sales representatives, maximizing the benefits of intra-Group synergies, and working to provide new products and services that better meet customer needs.



As for GD2017's financial goals, we have set forth the target of achieving ROE of approximately 10.0%, and we aim to accomplish this target by improving the ordinary income margin. Specifically, we will steadily advance market-specific strategies based on the basic policies of the plan to generate cash flows by increasing profit and conduct strategic investments to accelerate business development. We thereby plan to improve ROE while maintaining a stable financial base. The higher profits will be returned to employees as well as to shareholders as we continue to issue stable dividends, targeting a consolidated dividend payout ratio of 30%.

CSR Activities

With regard to corporate social responsibility, or CSR, we believe that ALSOK's business of protecting the safety and security of society has an inherently high level of social value. Aiming to go one step further, we have identified CSR activities that will contribute to sustainable growth for the Company, and we have organized these into four material CSR themes based on which we are accelerating the implementation of our CSR initiatives.

The first theme is "providing products and services that help resolve social issues." Based on this theme, we launched the HOME ALSOK brand and are expanding the scope of our business, centered on security services, to include long-term care services. We thereby aim to respond to the demand created by the aging of the population in Japan, the country's declining birthrate, and the diversification of customer needs.

The second theme is "cultivating human resources and building a comfortable workplace environment." We realize that competitive human resources are crucial to achieving sustainable growth, and we are thus stepping up a plethora of initiatives for promoting a healthy work-life balance. At the same time, we are making progress favorably toward our target of having 5% of administrative positions filled by women.

The third material CSR theme is "contributing to local communities through active communication." We have delegated the task of developing policies for reaching out to communities to the employees that directly interact with these communities, and we are continually advancing community-rooted initiatives, such as the ALSOK ANSHIN KYOSHITSU elementary school crime prevention class program.

The final theme is "providing trustworthy security services." ALSOK is expected to act in a highly ethical and disciplined manner, and it therefore positions compliance, the protection of information assets, and business continuity as management issues of extreme importance.

Furthermore, the ALSOK Group recognizes that environmental preservation is a universal issue placed before all of humanity. The Group therefore works to cut CO₂ emissions, reduce resource use, and recycle those resources that are used. We are also advancing afforestation activities to protect our precious forests and otherwise doing our part to preserve the environment.

We hope to ensure that customers always feel satisfied when they choose ALSOK. To this end, we strive to act as a highly principled company with the aim of living up to stakeholder expectations, and we will continue conducting CSR activities into the future.