

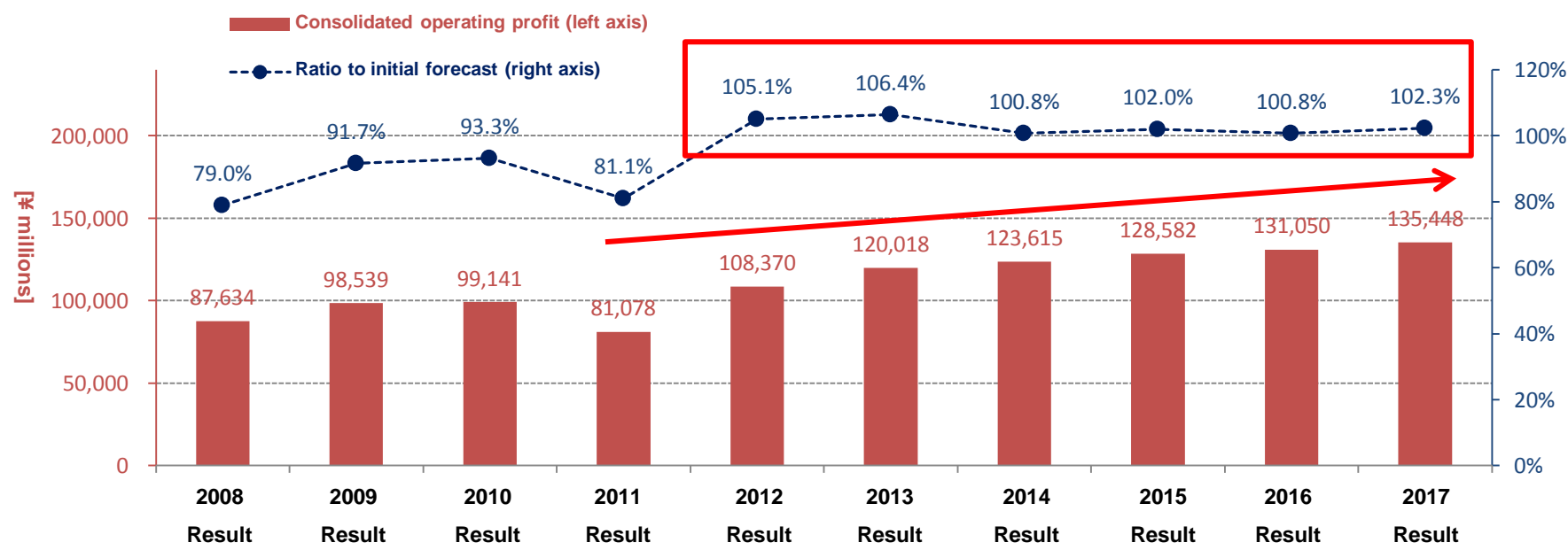
**SECOM Group**

# ***Road Map 2022***

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A review of recent results shows that the Group posted year-on-year increases in **revenue, operating profit and net income for the 6th consecutive period from 2012.**

During that time, **operating profit always exceeded our guidance.**



\*2017: From April 1, 2017 to March 31, 2018



## VISION

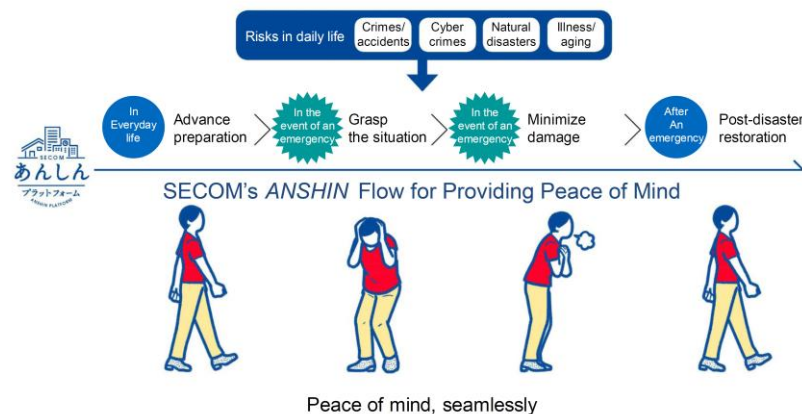
SECOM's Vision for 2030

By creating its *ANSHIN* Platform, SECOM aims to provide enduring peace of mind to an ever-changing society.



## FEATURE | Features of the *ANSHIN* Platform 3/3

### 3. Provide seamless services centered on peace of mind



We formulated the **SECOM Group's Vision for 2030 in May 2017**. By creating *ANSHIN* Platform, SECOM aims to provide enduring peace of mind to an ever-changing society.

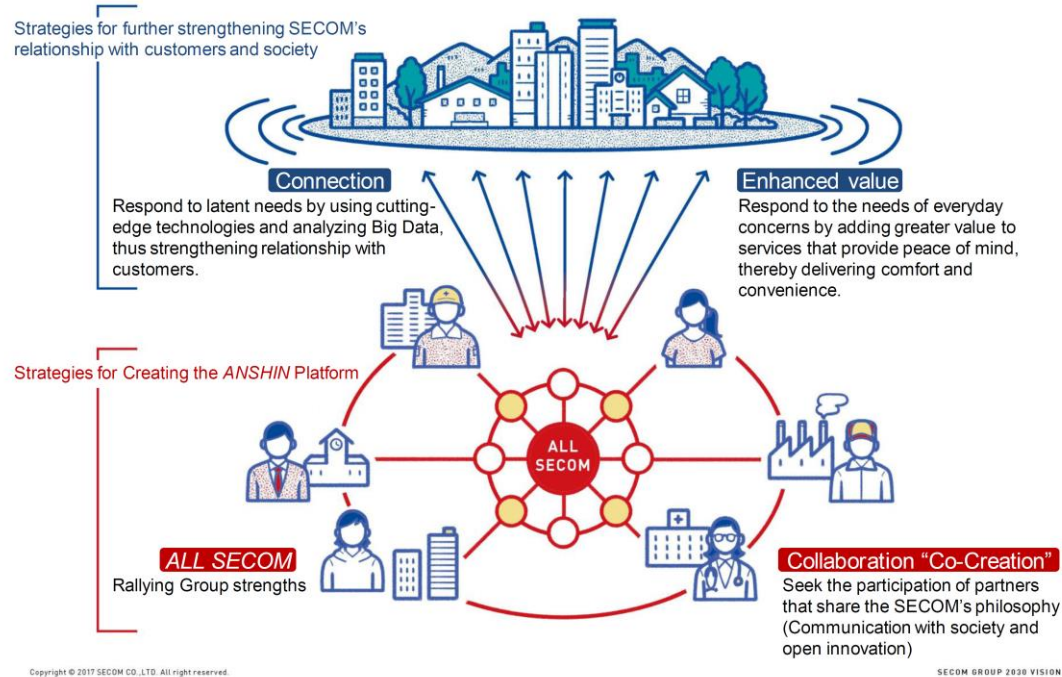
In the process, we will target sustainable growth while **creating shared value (CSV) by resolving social issues and increasing corporate value**.

\*CSV: Creating Shared Value (an approach that connects social issue resolution with corporate value enhancement)

# Strategies for Creating the ANSHIN Platform

## STRATEGY

### Strategies for Creating the ANSHIN Platform



In addition to our ALL SECOM strategy of marshaling the SECOM Group's comprehensive strengths, we pursue a strategy of collaboration with partners who share SECOM's philosophy, thus further reinforcing our connection with society and customers in a way that produces new levels of value.

Over the past year, we have received offers of collaboration from numerous companies, indicating that our strategies are working well.

# Growing Needs Emerging from Two Priority Issues

In the course of pursuing our Vision for 2030, we identified two priority issues that need to be addressed—**Technological advances** and **Declining workforce**.

Growing needs are emerging from these two issues, and anticipating those needs will lead to major business opportunities. In the process, we will contribute greatly to improving social productivity and fulfilling our CSV commitment.

## Priority issues

## Growing needs

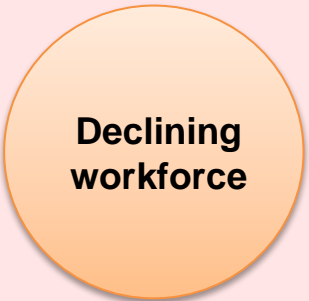


Demand for “security in connected society”

Fusion of physical and cyber security

**B to B: Connected cars, drones, robots, unmanned store management support**

**B to C: Smart homes (smart locks, AI speakers)**



Demand for “relying on someone”

Secure business support that promotes labor savings

**B to B: On-line security systems (including emergency response), armored car services, cash collection/delivery, static guards, FM, BPO**

**B to C: Monitoring of children and elderly**

\*FM: Facility management; BPO: Business process outsourcing


# Challenge of Self-Transformation (SECOM-Transformation)

At the same time, we will embrace the challenge of **self-transformation within the Group (SECOM-Transformation)** in anticipation of the two issues.

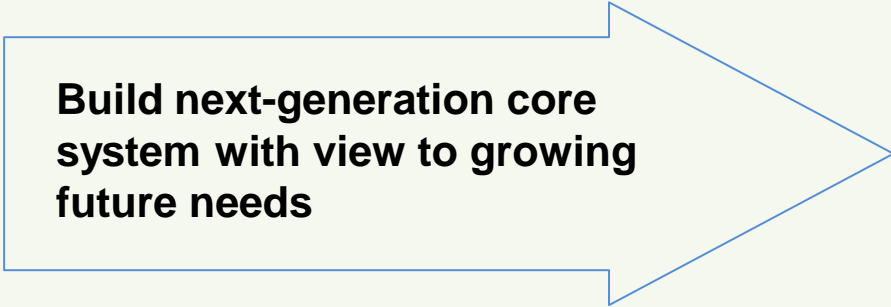
## Priority issues

## Future-oriented self-transformation

### Efforts to keep the latest technologies on our side



Technological  
advances



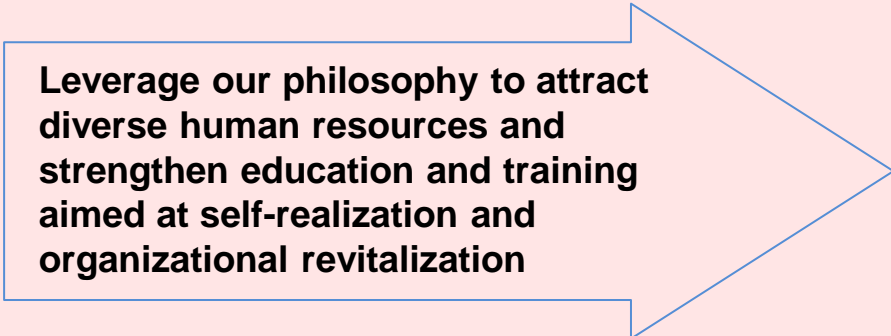
Build next-generation core  
system with view to growing  
future needs

Improve service quality and  
productivity through labor  
saving and human capability  
amplification

### Efforts to remain the company of choice among human resources



Declining  
workforce



Leverage our philosophy to attract  
diverse human resources and  
strengthen education and training  
aimed at self-realization and  
organizational revitalization

Attract human resources who  
cannot be replaced by  
technology—who are highly  
adaptive to change, creative and  
keen to contribute to society

For business and society, these priority issues **can become threats if not addressed appropriately**. In such an environment, we expect demand for “**security in connected society**” and “**relying on someone**” to increase further in the future, both in the physical and cyber domains.

In order to achieve future-oriented self-transformation and seize these major business opportunities, we will **invest in systems** to get the latest technologies on our side and **invest in people** so that we are the company of choice among human resources.

We believe that **working intensively right now** is the best way to expedite growth under our Vision for 2030, and we formulated our 2018–2022 Road Map with the intention of sharing these thoughts with our stakeholders.

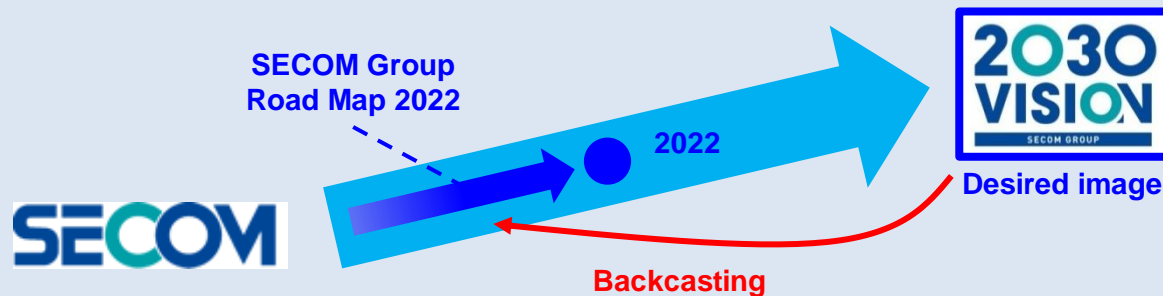
# Road Map as a Cornerstone of Vision for 2030

The Road Map cites 2018 and 2019 as the years for establishing infrastructure for sustainable growth. During this period, we will identify and foster new businesses in order to create new value and expand and upgrade existing businesses.

In addition, we will use our experience in the Olympic and Paralympic Games Tokyo 2020 as our legacy, and we will steadily recover those investments to **expedite and magnify growth** through 2022.

The Road Map was developed utilizing the **backcasting (reverse calculation) concept** to clarify **what we should do and what we need** in order to realize our Vision for 2030.

For this reason, we have positioned the Road Map as a cornerstone of our Vision for 2030.



Through highly reliable, state-of-the-art systems and all-inclusive management rooted in employee satisfaction, SECOM aims to provide enduring peace of mind to an ever-changing society.

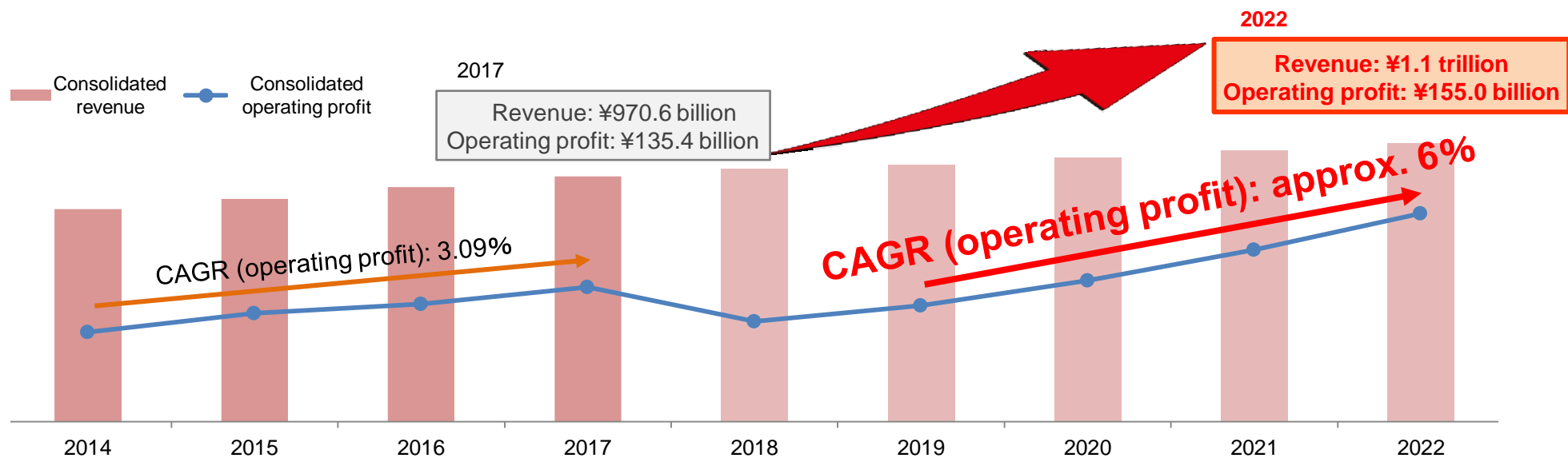
\*Backcasting: A method of determining what one should do now by defining a desirable future point in time and then working backwards



	Main investment initiatives for 2018 and 2019	
Human Resource Investment	<ul style="list-style-type: none"> <li>✓ <u>Investments to support self-realization</u> <ul style="list-style-type: none"> <li>Aggressively recruit staff</li> <li>Promote workstyle reforms (creating worker-friendly environments, etc.)</li> <li>Enhance training programs to increase motivation (actively utilize external training)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ <u>Measures to attract competitive personnel</u> <ul style="list-style-type: none"> <li>Establish foundations for attracting highly marketable advanced human resources (IT, global human resources, etc.)</li> <li>Improve operational efficiency and productivity; allocate human resources to growth areas</li> <li>Ensure diversity (promote advancement of women)</li> <li>Provide diverse workstyles (elderly employment, home-based work, short working hours, etc.)</li> </ul> </li> </ul>
Systems Investment	<ul style="list-style-type: none"> <li>✓ <u>Core system upgrading and functional improvement</u> <ul style="list-style-type: none"> <li>Invest in next-generation core system</li> <li>Renew associated systems</li> </ul> </li> <li>✓ <u>Investments to improve operational quality and efficiency</u> <ul style="list-style-type: none"> <li>Invest in AI, IoT, RPA, etc. (AI-based image analysis, motion detection, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ <u>R&amp;D on new products and services</u> <ul style="list-style-type: none"> <li>Invest in R&amp;D on new products and services that address technological advances and a declining workforce</li> </ul> </li> </ul>

\*RPA: Robotic process automation (using robots to automate work processes)

# Forecasts through 2022



➤ Revenue in 2018 expected to be solid, reaching ¥1 trillion, but as a year for investing to lay the foundation, profit will be temporarily declined.

## Human resource investment

- Investing to support self-realization
- Attracting competitive personnel

Effect on P/L: ¥ 6.0 billion

+

## Systems investment

- Upgrading core systems
- Improving operational quality and efficiency

Effect on P/L: ¥ 4.0 billion

=

Stronger foundation with ANSHIN Platform

➤ Turning around to profit growth from 2019, with growth accelerating to 2022  
⇒ 2019–2022 CAGR to significantly outpace CAGR for past four years (2014–2017)

\*CAGR: Compound average growth rate

# Human Resource and Organizational Strategies

## ■ Strengthen human resources and organization

- ✓ Increase employees' capabilities to deal with change and create value
- ✓ Strengthen organization for resilience and innovation

## ■ Strengthen hiring and training skilled human resources

- ✓ Strengthen hiring and train IT and global human resources



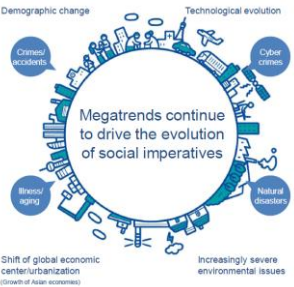
## ■ Focus investment of human resources into growth areas

- ✓ Allocate human resources to growth areas by increasing operational efficiency and productivity

## ■ Build resilient organization

- ✓ Promote shared services to improve profit margins and utilize human resources
- ✓ Build an impeccable organization through emphasizing corporate philosophy (strengthen risk management structure and governance)

Business strategy



Based on the four strategies of ALL SECOM, Collaboration, Connected and Enhanced value, we will accelerate our work toward the realization of the ANSHIN Platform concept

Address the following priority issues leveraging investments:

Growing needs emerging from priority issues

Target	
B to B (Protection of business and information)	B to C (Protection of lifestyle, health and information)
<div>■ <b>Technological advances</b></div> <div>· Demand for “security in connected society”</div>	<div>Proactively enter field of cyber security (Security measures, etc. for IoT telecommunications, smart-homes, virtual currencies)</div> <div>SecurityBPO &amp; ICT</div> <div>3-Dimensional security Next-generation on-site centers Next-generation fire protection services</div> <div>SecurityFire protectionGeographic information</div> <div>Expand into automotive sector, including connected cars</div> <div>SecurityBPO &amp; ICT</div> <div>Enhanced value in home security (Linkage with AI and IoT services, etc.)</div> <div>SecurityInsuranceBPO &amp; ICT</div> <div>Create services for unmanned stores and cashless society</div> <div>SecurityBPO &amp; ICT</div>
	<div>Create lifestyle-oriented health care services</div> <div>SecurityMedical</div> <div>Create new solutions for the personal monitoring market</div> <div>SecurityMedicalReal estate</div>
<div>■ <b>Declining workforce</b></div> <div>· Demand for “relying on someone”</div>	<div>Use of drones and robots</div> <div>SecurityGeographic informationBPO &amp; ICT</div> <div>Strengthen FM, BM and SCM solutions capabilities</div> <div>SecurityFire protection</div>

\*FM = Facility management; BM = Building management; SCM = Supply chain management

# Business Strategy and Service Development – Overseas Market –

Business strategy


Based on the four strategies of ALL SECOM, Collaboration, Connected and Enhanced value, we will accelerate our work toward the realization of the ANSHIN Platform concept

Focus on market expansion leveraging investments:

Human resource strategy

- Acquire and develop global human resources
- Actively hire local staff
- Expand local education and training

Service development

	B to B (Protection of business and information)	B to C (Protection of lifestyle, health and information)
Countries with presence established	<div>Tie-ups with local companies, etc.</div> <div>Capture outsourcing needs of financial institutions</div> <div>Expand systems integration (SI) business targeting plant and building construction and infrastructure investment</div>	<div>Full-scale entry into home market</div>
Countries w/out presence established	<div>Develop businesses in countries without presence</div>	<div></div>

## ◆ Use of equity capital

- ✓ Allocate M&A budget

**Allocate budget for investing **¥200.0 billion** over next **5 years****

### Main targets

**Physical security**

**Cyber security**

**BPO and ICT**

**Health care**

**Venture companies with advanced technological capabilities**

- ✓ Dividend payout ratio and ROE

**Dividend payout ratio:  
the lower range of 40% level**

**ROE: above 8%**

- share buy-backs as an option considering various circumstances

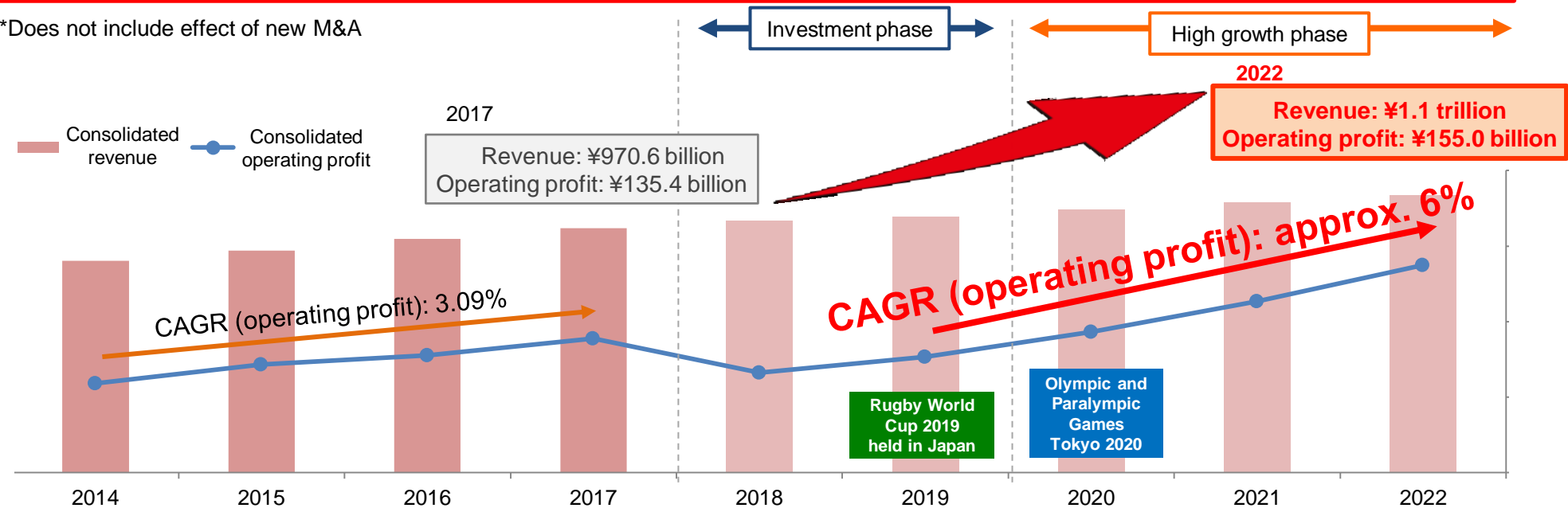
## ◆ Promote constructive engagement with investors

- ✓ Share management policies for sustainable growth and enhancement of corporate value in medium and long term with investors
- ✓ Strengthen and expand constructive, high-quality communication and engagement with investors
- ✓ Hold IR meetings, etc., to establish close communication with investors

# SECOM Group Road Map 2022

2022 Targets:      Revenue    **¥1.1 trillion**      Operating profit    **¥155.0 billion**      ROE    **Above 8%**

\*Does not include effect of new M&A



Investment phase (2018-2019)

Invest in human resources

Invest in systems

High growth phase (2020-2022)

Domestic

Use investments to develop new services

Stimulate collaboration with partners

Overseas

Expand services in countries with presence

Proactively expand into countries without presence but with growth potential

Build a highly resilient and innovative organization to achieve sustainable growth

Use equity capital and promote engagement with investors to maximize shareholder value

SECOM places **a priority on the sustainability of society and business**. Rather than a cost, we consider measures toward sustainability to be investments to integrate long-term environmental changing into our business.

SECOM has tirelessly been pursuing innovation in our services. This is coming from our strong willingness to create services based on **a concept of bringing in markets** by constantly anticipating what a sustainable society will need, rather than a concept of providing services that can be sold around the world.

This is why **we place our greatest emphasis on people and technology**.

SECOM will always continue to strive to **enhance these intangible (invisible) assets and our capabilities to capitalize them**.

In this way, we will establish a superior competitive position and sustainable growth.

**SECOM will continue to evolve in line with its goal of providing enduring peace of mind to an ever-changing society.**



*These materials contain forward-looking statements based on various forecasts and assumptions, and actual results may differ from the information contained herein.*

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By creating its *ANSHIN* Platform, SECOM aims to provide  
enduring peace of mind to an ever-changing society.



SECOM is an official partner (Security Services and Planning category) of the Olympic and Paralympic Games Tokyo 2020.