

FY2016 Q2 Consolidated Results of Operations



The operating profit was forecast to fall because costs were expected in relation to the new BPO site, “Toyama BPO Town.” However, operating profit surprisingly outperformed the 1H forecast and exceeded the growth seen in FY2015 Q2. However, the recruitment of human resources still poses a challenge.

(million yen)

	FY2015 Q2 (actual)	FY2016 Q2 (actual)	Change (%)	FY2016 1H (forecast) (unrevised)	Progress ratio (%)	FY2016 (forecast)	Progress Ratio (%)
Sales	11,587	13,470	+ 16.3 %	12,700	106.1 %	27,000	49.9 %
Operating Profit (per sales)	1,452 (12.5%)	1,520 (11.3%)	+ 4.7 %	1,430 (11.3%)	106.3 %	3,250 (12.0%)	46.8 %
Ordinary Profit (per sales)	1,479 (12.8%)	1,672 (12.4%)	+ 13.1 %	1,480 (11.7%)	113.0%	3,400 (12.6%)	49.2 %
Profit attributable to owners of the parent (per sales)	1,007 (8.7%)	1,124 (8.3%)	+ 11.6 %	900 (7.1%)	124.9 %	2,100 (7.8%)	53.5 %
Exchange rate(JPY)	109.45	119.96	-	119.96		119.96	-

Consolidated Profit and Loss Statement



The increase in operating profit was achieved as result of growth in sales, despite the increase in the cost of sales and SG&A expenses associated with the new BPO site “Toyama BPO Town.”

Ordinary profit and profit attributable to owners of the parent increased, largely due to the non-operating income of 157 million yen that included the following:

Equity in earnings of affiliates: 80 million yen

Foreign exchange profit: 41 million yen

(million yen)

	FY2015 Q2	FY2016 Q2	YoY	
			Difference	Change (%)
Sales	11,587	13,470	+ 1,883	+ 16.3%
Cost of Sales (per sales)	8,860 (76.5%)	10,330 (76.7%)	+ 1,470	+ 16.6%
Gross Profit (per sales)	2,727 (23.5%)	3,139 (23.3%)	+ 412	+ 15.1%
SG&A Expenses (per sales)	1,274 (11.0%)	1,619 (12.0%)	+ 344	+ 27.0%
Operating Profit (per sales)	1,452 (12.5%)	1,520 (11.3%)	+ 68	+ 4.7%
Ordinary Profit (per sales)	1,479 (12.8%)	1,672 (12.4%)	+ 193	+ 13.1%
Profit attributable to owners of the parent (per sales)	1,007 (8.7%)	1,124 (8.3%)	+ 117	+ 11.6%

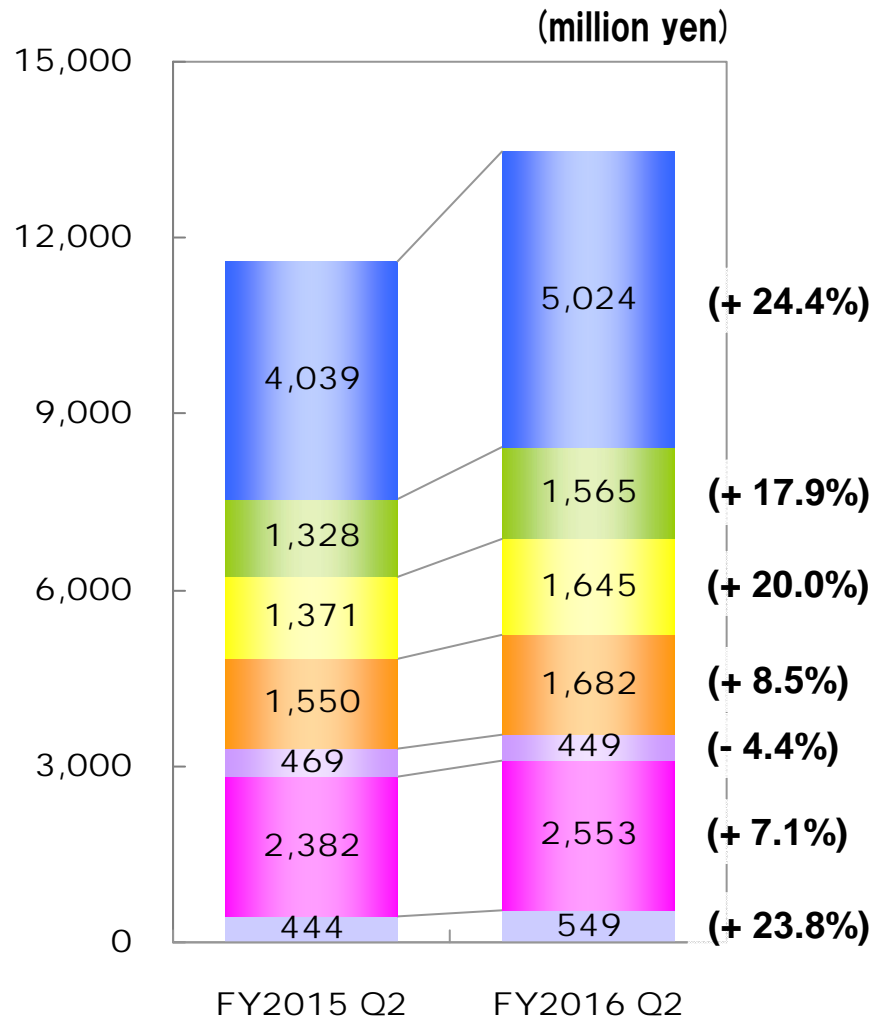
Consolidated Balance Sheets Summary



(million yen)

	FY2015	FY2016 Q2	Difference	
Current Assets	14,673	14,916	+ 243	Cash and deposits + 91 Advance + 398 Other - 233
Fixed Assets	8,909	9,704	+ 794	
Total Assets	23,582	24,620	+ 1,037	
Current Liabilities	6,740	6,076	- 664	Reserve for bonuses + 72 Other - 690
Noncurrent Liabilities	1,350	1,801	+ 451	Asset retirement obligation + 406
Net Assets	15,491	16,741	+ 1,250	
Liabilities and Net Assets	23,582	24,620	+ 1,037	

FY 2016 Q2 Sales (by Segment)



◆ Roadside Assistance

- Sales increased due to growth on existing contract operations, such as a solid increase in visibility and service usage.

◆ Property Assistance

- Sales increased due to growth in existing contract operations in Home Assistance services.

◆ Insurance BPO

- Sales increased due to solid expansion of overseas business (Claim Handling Services, Healthcare Program)

◆ Warranty

- Sales increased due to solid growth in Rent Guarantee Program.

Note: retrospective restatement applied to the previous Q2 because of a change in the accounting policies regarding the Rent Warranty Program, which resulted in a 10 million yen increase.

◆ IT Solution

- Sales decreased because of accepted orders in the previous quarter, despite a steady increase on existing contract operations.

◆ Customer Support

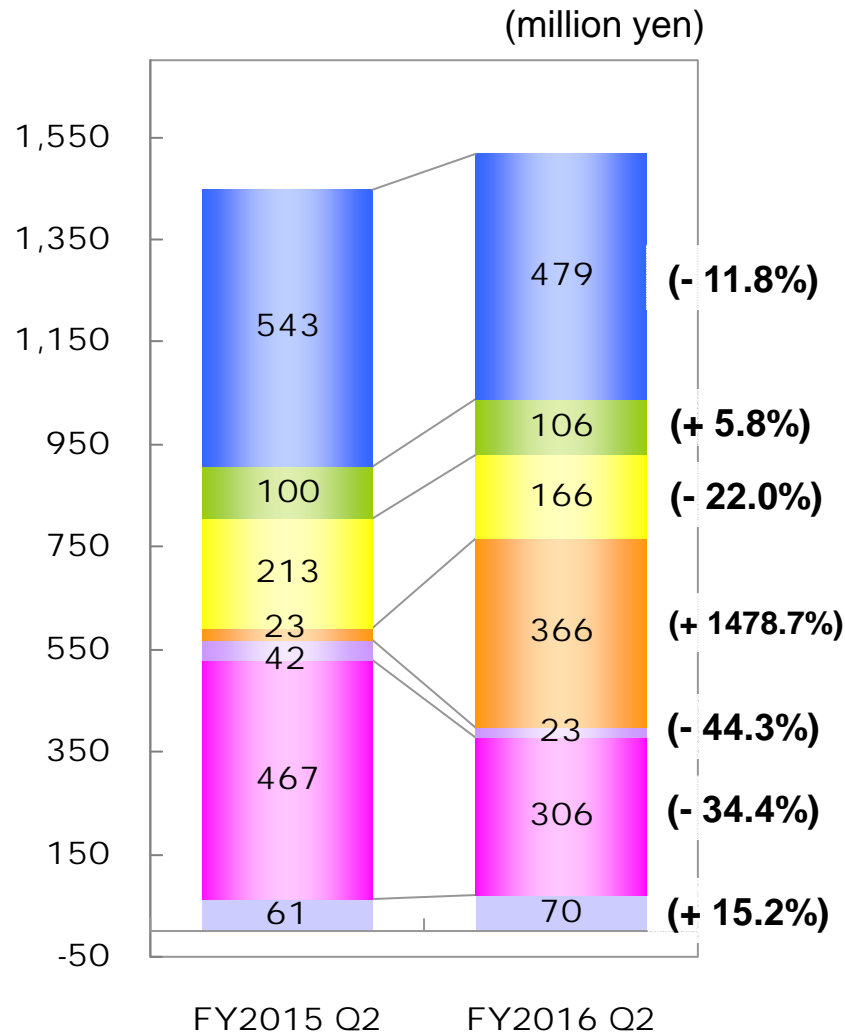
- Sales increased mainly due to steady growth of credit card services for Japanese representatives stationed overseas.

◆ Temporary Worker/ Others

- Sales increased due to steady growth of the temporary worker business.



FY 2016 Q2 Operating Profit (by Segment)



- ◆ Roadside Assistance
 - Profit decreased due to the transfer of operations to the new site “Toyama BPO Town” although the effect of cost-cutting through systematization was positive.
- ◆ Property Assistance
 - Profit increased due to growth in sales, despite prior investment for site expansion and efforts to reinforce the functionality of fieldwork subsidiaries.
- ◆ Insurance BPO
 - Profit decreased due to the transfer of the background operations and prior investment for expanding overseas subsidiaries.
- ◆ Warranty
 - Profit greatly increased due to continuous growth in the Rent Warranty Program and improved profit in the Extended Warranty Program.
- Note: Retrospective restatement applied to the previous Q2 because of a change in the accounting policies regarding the Rent Warranty Program, which resulted in a 66 million yen decrease.
- ◆ IT Solution
 - Profit decreased due to increased costs for the start of new business.
- ◆ Customer Support
 - Profit decreased due to the termination of some of the existing contracted operations and transfer of operations to the new site “Toyama BPO Town”.
- ◆ Temporary Worker/ Others
 - Profit increased due to the expansion of sales in the temporary worker business.



FY2016 Full-year Earnings Initial Forecast VS Revised Forecast (by Segment)



While actual earnings on 2Q exceeded the forecast, full-year earnings forecast the same. Indirect cost may be because recruiting at the new BPO site has not done as well as expected. The degree of certainty regarding new clients scheduled to be acquired in 2H needs to be reexamined.
Equity in earnings of affiliates will be as initially planned.

(million yen)

	Sales		
	Forecast	Revised forecast	Difference
Roadside Assistance	9,754	10,151	+ 397
Property Assistance	3,424	3,142	- 282
Insurance BPO	3,670	3,344	- 326
Warranty	3,365	3,462	+ 97
IT Solution	966	940	- 26
Customer Support	4,844	4,948	+ 104
Temporary Worker/ Others	977	1,013	+ 36
Total	27,000	27,000	0

Operating Profit		
Forecast	Revised forecast	Difference
1,089	1,109	+ 20
266	210	- 56
507	448	- 59
367	665	+ 298
64	56	- 8
821	663	- 158
136	98	-38
3,250	3,250	0

Comments on FY2016 Full-year Earnings Forecast (by Segment)



■ Roadside Assistance	Sales are expected to grow, including sales for existing operations. The full-year forecast for operating profit remains largely unchanged, although an increase in costs is expected in relation to the new site Toyama BPO Town.
■ Property Assistance	Sales fell below forecast due to the review on the Parking Assistance services. Continuous investment for growth in operations and fieldwork.
■ Insurance BPO	Sales fell below forecast due to the trend in the 2Q and the belated commencement of operation of the new client. Operating profit fell below the forecast due to the increase in costs for Toyama BPO Town.
■ Warranty	Forecasts for both sales and operating profit grew because of growth in business in 2Q.
■ IT Solution	Revised forecast on the subsidiaries business.
■ Customer Support	Sales forecast grew due to steady growth on credit card services and customer contact services. Operating profit fell below forecast due to increase in costs, such as the costs for the transfer of operations to Toyama BPO Town.
■ Temporary Worker/ Others	Sales forecast grew due to steady growth in the temporary workers business. Operating profit fell below forecast due to the review on the training business.

■ Warranty

Note on the change in the accounting policies of the Rent Warranty Program

From FY 2016:

Recorded in bulk -> Recorded by division

- Change in service designs of major clients
- Consideration given to general trends in accounting
- Taking comparability into consideration, retrospective restatement was applied to FY2015

[2Q] Impact on Warranty business

15/3 2Q(actual)		Retrospective restatement	Actual (revised)	⇒	16/3 2Q (actual)	Change from 15/3 2Q	Growth rate
Sales	1,540	10	1,550		1,682	131	8.5%
Operating Profit	89	-66	23		366	343	1478.7%

[Full-year]

15/3 (actual)		Retrospective restatement	Actual (revised)	⇒	16/3 (forecast)	Change from 15/3 2Q	Growth rate
Sales	2,972	383	3,355		3,462	107	3.2%
Operating Profit	231	-199	32		665	633	1978.1%

Actual 2Q FY2016 Earnings Results
(vs revised forecast) <by Segment>



(million)

	Sales		
	FY2016 Q2 (actual)	FY2016 (Revised forecast)	Progress ratio (%)
Roadside	5,024	10,151	49.5%
Property	1,565	3,142	49.8%
Insurance BPO	1,645	3,344	49.2%
Warranty	1,682	3,462	48.6%
IT solution	449	940	47.8%
Customer Support	2,553	4,948	51.6%
Temporary worker/Others	549	1,013	54.2%
Total	13,467	27,000	49.9%

Operating Profit		
FY2016 Q2 (actual)	FY2016 (revised forecast)	Progress ratio (%)
479	1,109	43.2%
106	210	50.5%
166	448	37.1%
366	665	55.0%
23	56	41.1%
306	663	46.2%
70	98	71.4%
1,516	3,249	46.7%

Looking to the 2H (major initiatives)

Business Challenge: Securing Talented Individuals

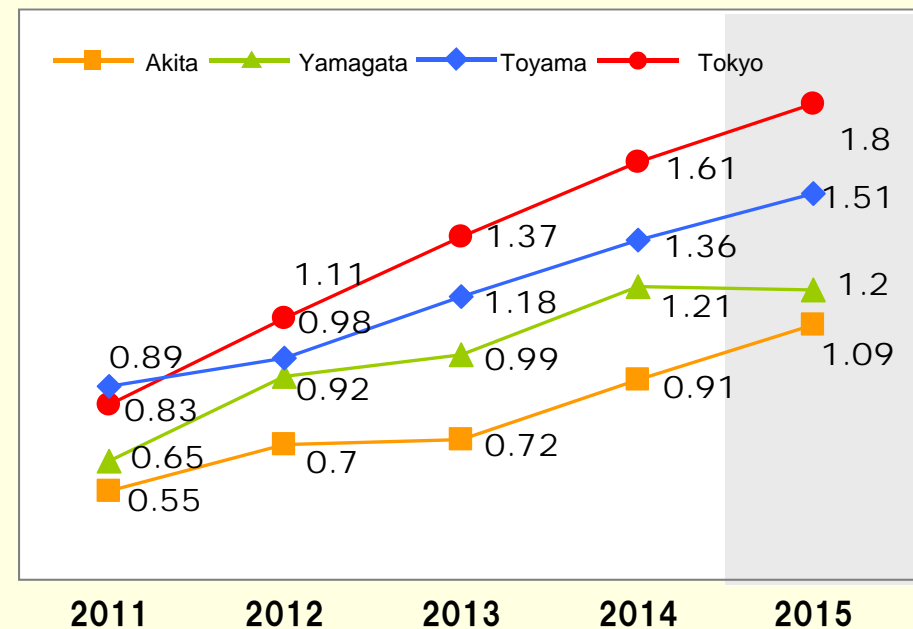
Improving the job-offer-to-applicant ratio at BPO sites as business confidence grows

- Increased competition for recruiting

● Recruiting environment in Toyama
Hokuriku Shinkansen began service in
Spring 2015

- Improved access led to an increase in job offers in service industries such as hotels and restaurants
- employment target as of March 2016
300 -> 200
- depreciation cost of the empty seats increased

◆ Changes in the job offer-to-applicant ratio over the past five years *



- Prepared by the Company based on the Report on Employment Service (July to September average) compiled by the Ministry of Health, Labour and Welfare.

Personnel Strategy

1. Promotion to regional full-time employees – Proposal for stable employment in local communities
2. Creation of a living environment which can be enjoyed by the local communities – Corporate sports teams

Personnel Strategy 1: Promotion to Regional Full-time Employees

Aim to become a global company that prospers together with local communities

- Promoting 339 fixed-term employees to indefinite-term regional full-time employees
- About the promotion system
Promoting fixed-term employees who have worked for over two years to regional full-time employees based on their job performance, abilities and aptitudes

● Akita BPO Campus
Promoted 256 Employees



Total employees: 1,500 (as of end of September)
Location: 1-172 Torikimachi, Arayacho, Akita

● Yamagata BPO Garden
Promoted 61 employees



Total employees: 376 (as of end of September)
Location: 4-1-1, Kyoda, Sakata, Yamagata

● Toyama BPO Town
Promoted 22 employees



Total employees: 130 (as of end of September)
Location: 846-1, Kurokawa, Imizu, Toyama

Promoted from October 1st, 2015 – March 1st, 2016

Personnel Strategy 2: Corporate Sports team (1/2)

Name of the sports team “Aranmare”

- Looking for ways to empower and unite local communities



Team logo



Mascot character “Arama”

Since its establishment, it has often been covered by the local media.

◆ **Number of coverage from April 2015 – October 2015**

TV News : 20+

Newspapers/ Magazines: 40+

Sites	Sports
Akita BPO Campus	Basketball
Yamagata BPO Garden	Volleyball
Toyama BPO Town	To be announced

Personnel Strategy 2: Corporate Sports team (2/2)

- **Holding sports class/ Joining in the local events**

Plan enjoyable sports events and make them popular among people in local communities

- **Achieve an ideal balance between work and sports**

During an 8-hour work day, athletes spend 4 hours in training and the remaining 4 hours doing work as a normal staff member



Took part in the Yamagata local parade “Jinku Nagashi” on Jul. 31st



Made a courtesy call to the Yamagata prefecture governor on Oct. 19th

【Dividend Policy】

Passing on profits to our shareholders has been positioned as one of our important management items. Regarding dividends, our basic policy is to **pay dividends continuously and steadily**, while keeping in mind the need to enhance internal reserves for business plans and an expansion of the scale of business as well as taking into account consolidated profit levels for each fiscal year and the status of cash flows.

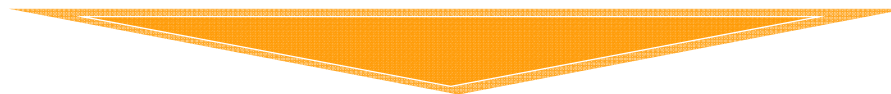
【Dividend Payout Ratio】

We have set **the consolidated payout ratio of 20 % as the numerical target** of the Medium-term Business Plan

	Dividends per share (yen)			Payout ratio (%)	ROE(%)
	Interim	Year end	Annual		
FY2016 (forecast)	6.00*	6.00	12.00	17.8	-
FY2015 (actual)	5.00	6.00	11.00	17.3	13.3
FY2014 (actual)	5.00	5.00	10.00	15.2	16.1

* Interim dividends for FY2016 is an actual value.

- Increased sales and profits have been achieved as a result of an expansion in business fields, despite the increase in costs associated with the start of operation at the new BPO site “Toyama BPO Town”.
- Recruitment still faces the risk of falling below the forecast due to increased competition in the recruiting market.
- Plan to accelerate changes in an effort to build a structure centered on education and securing talented individuals.



**Aiming to build a firm operational structure
consisting of three sites (Akita, Yamagata, Toyama)**

References

Company Profile

Company Name: Prestige International Inc.
Established: October, 1986
Head Office: 2-4-1 Kojimachi, Chiyoda-ku Tokyo
Capital: 1,268 million yen
(As of September, 2015)
Number of Employee: 2,848
(As of September, 2015)
Business: BPO
Listed Market: TSE 1st
Trading Unit: 100 shares



**President & CEO
Shinichi Tamagami**

|| Company Philosophy

To listen to end-user (consumer) inconveniences and troubles, engage in business creation that will lead to solutions, and grow as a company that contributes by providing solutions to social issues through that development.

|| Background to Company Establishment

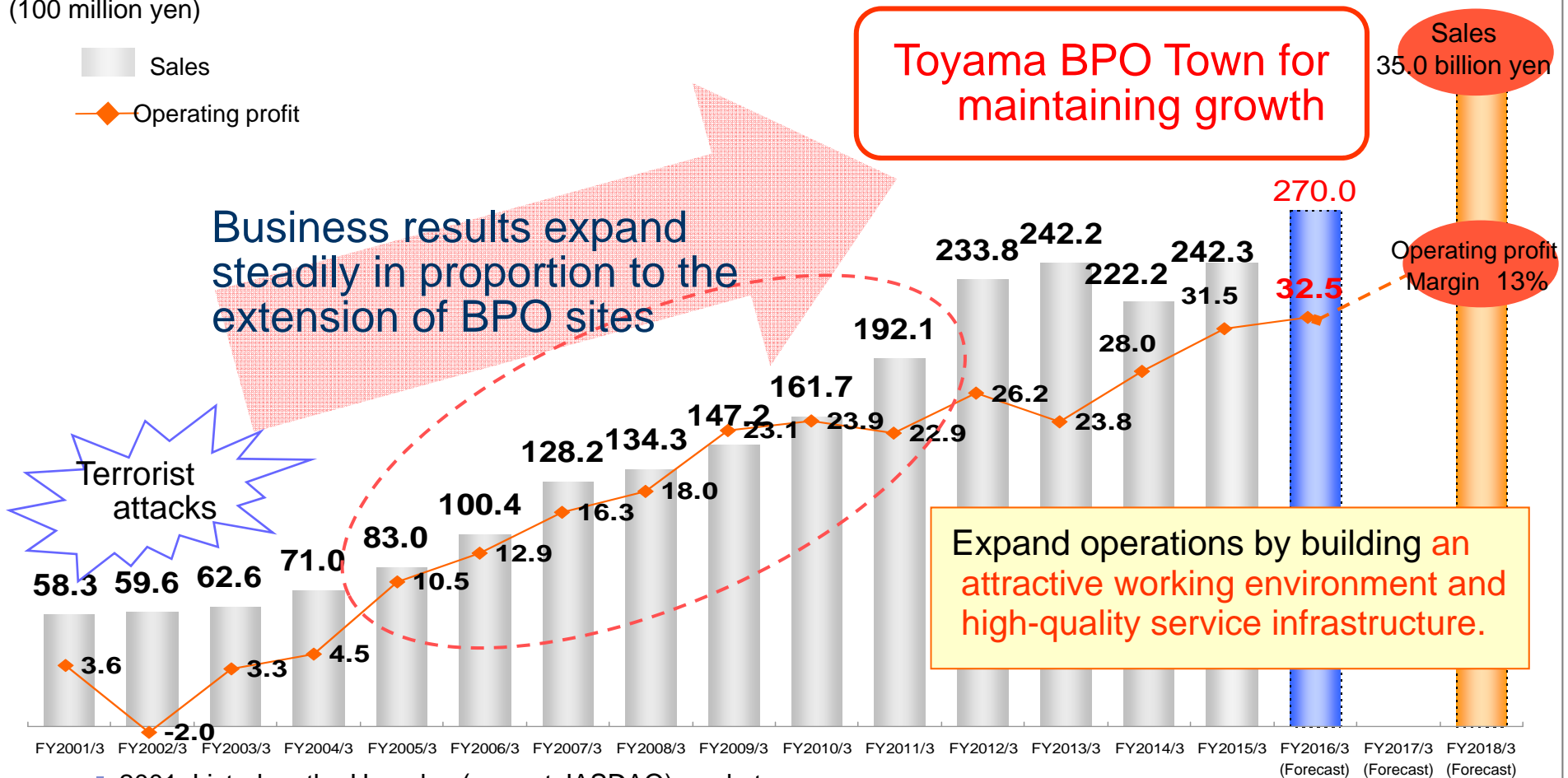
A 24-hour Japanese-language service for inquiries from Japanese people facing problems overseas began when CEO Tamagami, who himself faced challenges arising from differences in language and culture during the seven years he lived, thought of **how great it would be to receive high-quality and thoughtful services while overseas, just as if it were in Japan.**



Trends in Sales and Operating Profit

(100 million yen)

■ Sales
◆ Operating profit



2001: Listed on the Hercules (current JASDAQ) market

2003: Akita BPO Campus (WEST building opened)

2007: Akita BPO Campus (EAST building opened)

2012: Akita BPO Campus (Satellite building opened)

2012: Listed on the Second Section of the TSE

2013: Yamagata BPO Garden opened

2013: Listed on the First Section of the TSE

2015: Toyama BPO Town opened

Expand businesses based on the concept of **solving end-user (consumers) problems.**



Prestige International Inc. Group

Roadside

Roadside assistance for
Casualty insurance/
Automotive manufacturer
Road service
(on-site units)
Premier Assist Inc.
Road service (on-site units)
Premier Lotas Network Inc.
Emergency reporting and
information providing
Service Using telematics
Premier Aid Inc.

Property Assistance

- First set of repairs for owned residential portion
- Coin-based parking maintenance

Housing problems
(on-site unit)
Premier Property Service Inc.
Coin-based parking
problems (on-site unit)
Premier Park Assist Inc.

Warranty

- Extended Warranty Program
Premier IT & Process Management
- Rent Guarantee Program
- Housing unit extended warranty
Rent Guarantee Program
Entrust Inc.
Premier Life Inc.

Insurance BPO

- Claim Handling Services
- Healthcare Program
- BPO services for Small amount and Short term Insurance

Overseas Subsidiaries
(USA, England, Singapore, China, Hong Kong, Australia, Thailand, Philippines, Brazil, Taiwan)

IT Solution

SCM Solution
Time Commerce Inc.
Infrastructure building/
System development
Premier IT & Process Management
Mobile applications
planning/development
Premier Mobile Solution Inc.

Customer Support

- Contact Center Outsourcing
- Foreign currency based credit card issue and contact center management (USA/ Hong Kong)

Point exchange service
Premier X Value Inc.
Application development
AppGT Inc.

Temporary Worker/Other

Temporary Worker / Training
Prestige Humansolution Inc.
Nursing Services
Triple Ace Inc.

Affiliated company accounted for by the equity-method
Prime Assistance Inc.

※A joint venture with Sompo Japan Nipponkoa Holdings, Inc.

Consolidated Cash Flows Summary



(million yen)

	FY2015 Q2	FY2016 Q2	Change	
Operating Activities	693	951	+ 258	Income before income taxes + 1,686
Investing Activities	- 925	- 922	+ 2	Purchase of property, plant and equipment and intangible assets +1,003
(Free Cash Flow)	- 231	+ 29	+ 261	-
Financing Activities	-86	87	+ 174	Cash dividends paid - 171 Proceeds from non-controlling interests for additional shares + 135
Effect of exchange rate change on cash and cash equivalents	153	-25	- 178	-
Net increase (decrease) in cash and cash equivalents	-165	91	+ 257	-
Cash and Cash equivalents	6,187	7,244	+ 1,057	-

Cautionary Statement

This presentation may provide projections or forward-looking statements regarding future conditions, events or performance.

The Company wishes to caution you that such statements are only predictions and the actual events or results may differ materially due to changes in business conditions.