

# Consolidated Results

## Third Quarter Fiscal Year 2017

February 6th, 2017

Prestige International Inc.  
Security Code: 4290



## 1. Summary of Financial Results for Third Quarter of FY2017

## 2. Forecast for FY2017: Progress Update

## 3. TOPIC

# Summary of Financial Results for FY2017 Q3

Main businesses were steady, sales increases and operations were in line with the budget.

**Operating Profit** Prior investments for Toyama BPO Town settled down so depreciation expenses and business transfer costs fell and the operating profit increased. Business area expansions and work optimization contributed to the profit as well.

**Ordinary Profit** Despite the dynamic change in the foreign exchange market, a foreign exchange profit was recorded at the end of the third quarter. Besides, we recorded a profit from investment under the equity method.

(million yen, rounded down)

	FY2016 Q3 (Actual)	FY2017 Q3 (Actual)	YoY Change (%)	FY2017 (Revised Forecast)	Progress Ratio (%)
<b>Sales</b>	20,391	21,880	+7.3%	30,000	72.9%
<b>Operating Profit</b> (sales ratio)	2,379 (11.7%)	2,703 (12.4%)	+13.6%	3,750 (12.5%)	72.1%
<b>Ordinary Profit</b> (sales ratio)	2,585 (12.7%)	2,976 (13.6%)	+15.1%	3,900 (13.0%)	76.3%
<b>Net Profit</b> <b>Attributable to</b> <b>Owners of The</b> <b>Parent</b> (sales ratio)	1,786 (8.8%)	2,007 (9.2%)	+12.4%	2,700 (9.0%)	74.4%
<b>Exchange rate to</b> <b>the U.S. dollar (JPY)</b>	120.61	116.49	-	112.35	-

# Consolidated Profit and Loss Statement

- Ratio of gross profit to sales                    23.8%   ←   23.3%   +0.5P
- Ratio of operating profit to sales            12.4%   ←   11.7%   +0.7P
- Influence by the foreign exchange market: Large swing caused by the U.S. presidential election  
116.49 yen per USD in FY2017 Q3   ←   120.61 yen per USD in FY2016 Q3

**Sales:** -204 million yen / **Operating Profit:** -53 million yen / **Ordinary Profit:** 109 million yen (foreign exchange profit)

	FY2016 Q3	FY2017 Q3	YoY	
	Amount	Amount	Difference	Change (%)
<b>Sales</b>	20,391	21,880	+1,489	+7.3%
<b>Cost of Sales</b> (sales ratio)	15,642 (76.7%)	16,671 (76.2%)	+1,028	+6.6%
<b>Gross Profit</b> (sales ratio)	4,749 (23.3%)	5,209 (23.8%)	+460	+9.7%
<b>SG&amp;A Expenses</b> (sales ratio)	2,370 (11.6%)	2,505 (11.5%)	+135	+5.7%
<b>Operating Profit</b> (sales ratio)	2,379 (11.7%)	2,703 (12.4%)	+324	+13.6%
<b>Ordinary Profit</b> (sales ratio)	2,585 (12.7%)	2,976 (13.6%)	+390	+15.1%
<b>Profit Attributable to Owners of The Parent</b> (sales ratio)	1,786 (8.8%)	2,007 (9.2%)	+221	+12.4%

# Summary of Consolidated Balance Sheets

Current Assets: +2,968 million yen    Net Assets: +3,199 million yen

We added up accumulated profit. In addition, resource procurements and offers (capital surplus: +842 million yen) due to IPO of Entrust were recorded.

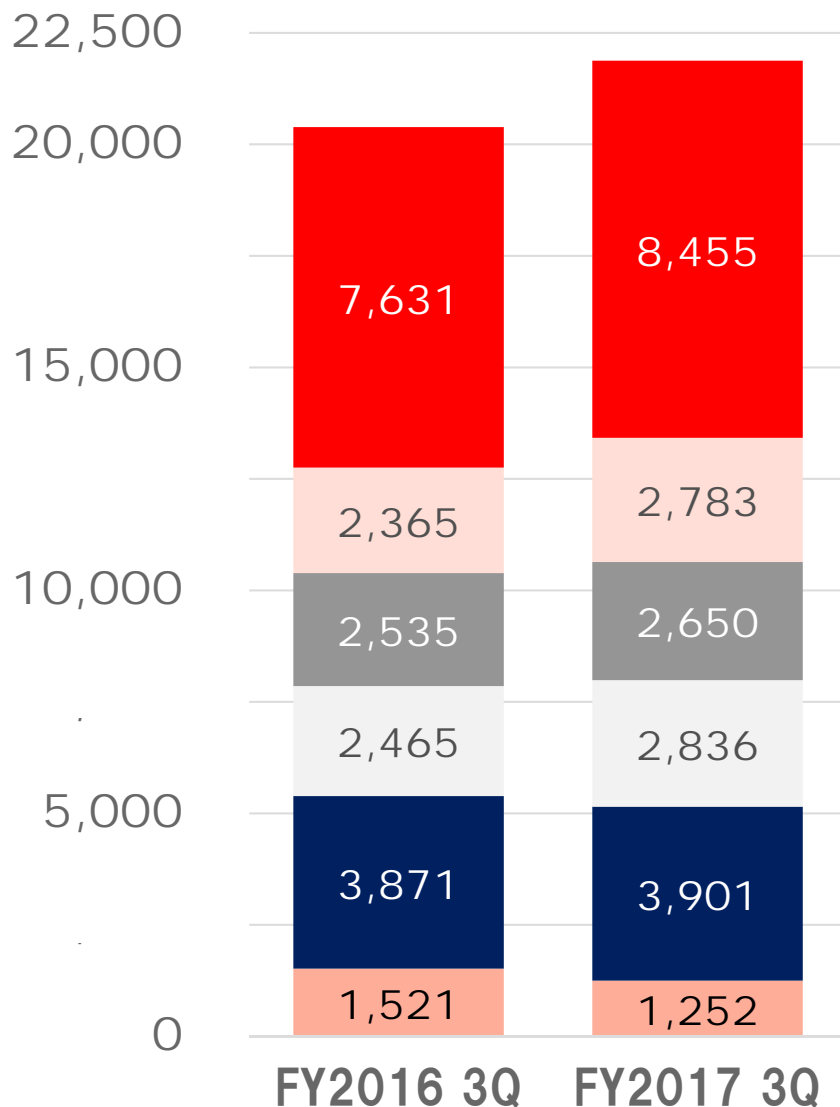
Capital Ratio: 69.5% ← 68.2% (FY2016)    +1.3P

(million yen, rounded down)

	FY2016 Q3	FY2017 Q3	Difference	Reasons for Difference
<b>Current Assets</b>	15,892	18,878	+2,986	Cash and deposits    +2,679
<b>Fixed Assets</b>	10,046	10,437	+391	Other (Investments and other assets)    +344
<b>Total Assets</b>	25,939	29,316	+3,377	
<b>Current Liabilities</b>	6,417	6,697	+279	Other    +399
<b>Noncurrent Liabilities</b>	1,679	1,577	-101	Long-term loans payable    -175
<b>Net Assets</b>	17,842	21,041	+3,199	Retained earnings    +1,534
<b>Liabilities and Net Assets</b>	25,939	29,316	+3,377	

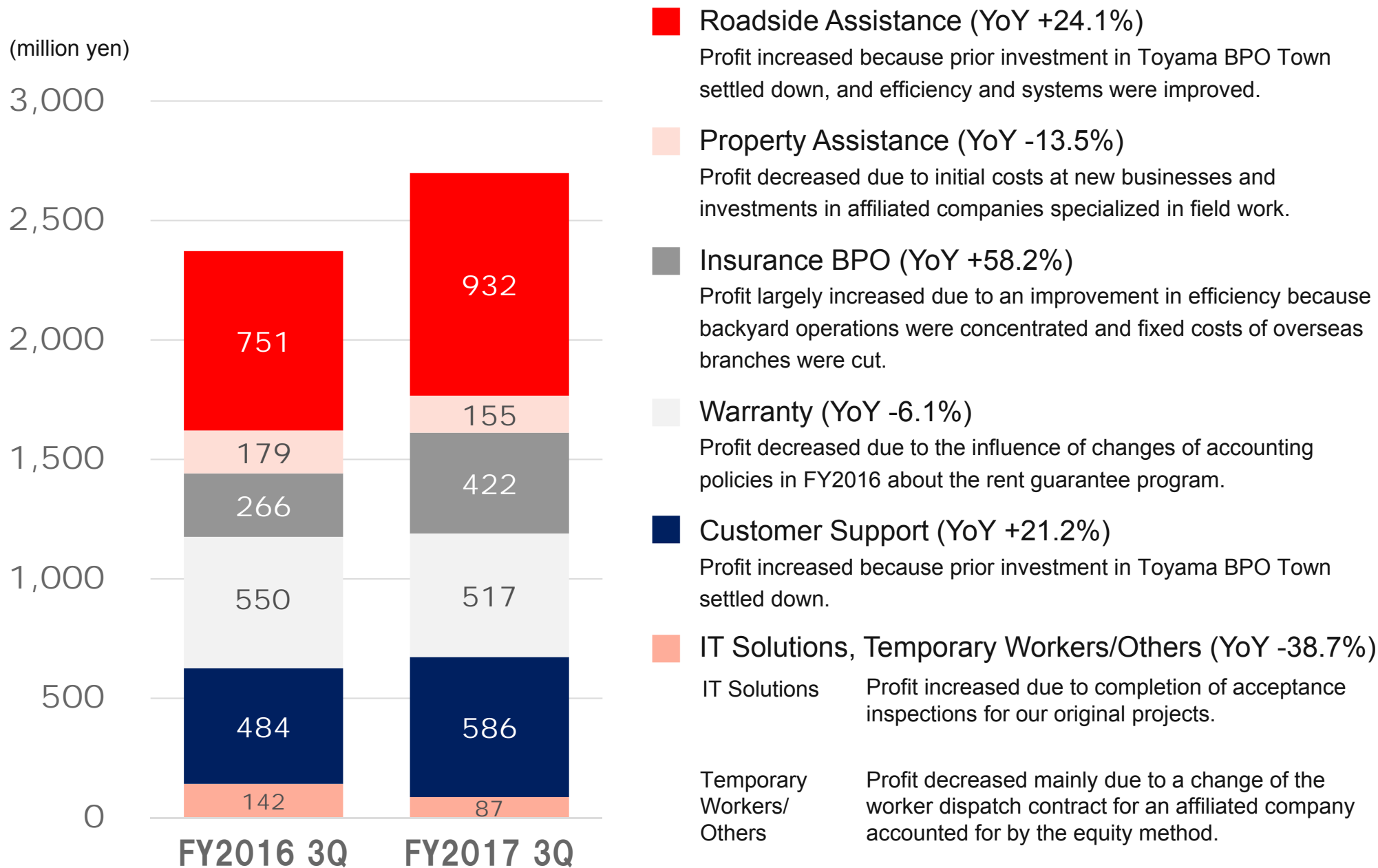
# FY2017 Q3 Sales (YoY, by Segment)

(million yen)



- **Roadside Assistance (YoY +10.8%)**  
 Sales steadily increased in the existing business due to an increase in service usage with growth in the usage rate.
- **Property Assistance (YoY +17.6%)**  
 Sales increased due to solid growth of the service for houses (Home Assist) and new clients with retail sales related to the liberalization of energy.
- **Insurance BPO (YoY +4.5%)**  
 Sales increased because of solid expansion of overseas businesses. (Claim Handling Services, Healthcare Program)
- **Warranty (YoY +15.1%)**  
 Sales increased mainly because of the solid growth in the Rent Guarantee Program.
- **Customer Support (YoY +0.8%)**  
 Sales increased because of a gain from domestic new business and solid growth of the international credit card services despite termination of some services in Japan.
- **IT Solutions, Temporary Workers/Others (YoY -17.6%)**  
 IT Solutions Sales decreased because of the delay in receiving orders at IT-related affiliated subsidiaries.  
  
 Temporary Worker/Others Sales decreased mainly due to a change of the worker dispatch contract for an affiliated company accounted for by the equity method.

# FY2017 Q3 Operating Profit (YoY, by Segment)



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for Third Quarter of FY2017

**2. Forecast for FY2017: Progress Update**

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# Forecast for FY2017: Progress Update

- Steady growth regarding main businesses is predicted.
- Not to mention meeting the budget goal, we will acquire new growth businesses for the next fiscal year and beyond.
- We will reconfirm the recruiting process from employment and training to quality improvement.  
In addition, we will make an environment where individuals can play active roles among the PI Group.

(million yen, rounded down)

	<b>FY2017 Q3 (Actual)</b>	<b>FY2017</b>	<b>Difference</b>	<b>Progress Ratio (%)</b>
<b>Sales</b>	21,880	30,000	8,119	72.9%
<b>Operating Profit</b> (sales ratio)	2,703 (12.4%)	3,750 (12.5%)	1,046	72.1%
<b>Ordinary Profit</b> (sales ratio)	2,976 (13.6%)	3,900 (13.0%)	923	76.3%
<b>Net Profit Attributable to Owners of The Parent</b> (sales ratio)	2,007 (9.2%)	2,700 (9.0%)	692	74.4%
<b>Exchange rate to the U.S. dollar (JPY)</b>	116.49	112.35	-	

## Forecast for FY2017: Progress Update (by Segment)

(million yen)

	Sales			Operating Profit		
	FY2017 Q3	Full- year Forecast (Revised)	Progress Ratio (%)	FY2017 Q3	Full- year Forecast (Revised)	Progress Ratio (%)
Roadside Assistance	8,455	11,318	74.7%	932	1,227	76.0%
Property Assistance	2,783	3,793	73.4%	155	317	48.9%
Insurance BPO	2,650	4,116	64.4%	422	624	67.6%
Warranty	2,836	4,048	70.1%	517	725	71.3%
Customer Support	3,901	4,875	80.0%	586	705	83.1%
IT Solutions	677	1,044	64.8%	147	221	66.5%
Temporary Workers/ Others	575	803	71.6%	-60	-72	-
<b>Total</b>	<b>21,880</b>	<b>30,000</b>	<b>72.9%</b>	<b>2,703</b>	<b>3,750</b>	<b>72.1%</b>

■ Roadside Assistance: Largely as scheduled due to solid operation.

■ Property Assistance: We decided to have fieldwork subsidiaries build a field network, so it will be operated to gain a profit.

■ Insurance BPO: Operating steadily during busy season. Besides, we will prepare to acquire and start new businesses for the end of the fiscal year.

■ Warranty: Operating steadily during busy season.

■ IT Solutions: Calculating the revenue and doing acceptance inspection for the end of FY2017.

■ Customer Support: Largely as scheduled due to solid operation.

■ Temporary Workers/ Others: Aiming to expand in the worker dispatch industry.

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**3. TOPIC**

# TOPIC Yokote BPO Campus

## Our New Branch in Yokote City!

We decided to build the Yokote BPO Campus in Yokote City, Akita Prefecture, following Akita BPO Campus, Yamagata BPO Garden and Toyama BPO Town.

## Schedule for Opening

Apr. 2017                    A temporary office consisting of 50 personnel will open in Yokote City.

Nov. 2018                    The campus with 150 personnel will open.



The ceremony to conclude the location agreement

The ceremony for the location agreement was held with Yokote City, Akita Prefecture.

# TOPIC Yokote BPO Campus

## Summary

Planned Final Scale **500 personnel**

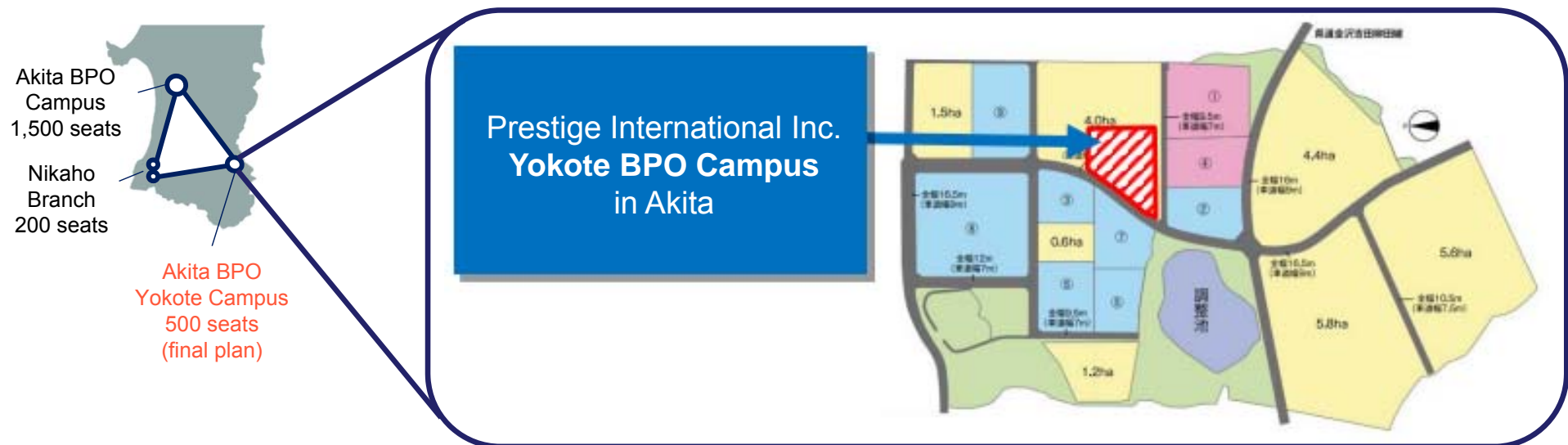
Opening Date **November 2018**

Investment Amount **About 700 million yen (current plan)**

- Offering women-friendly environment by installing a nursery and café like other BPO branches.

## Location

Yanagida area, Yokote City (Yokote Second Industrial Lot)



Map: <http://common3.pref.akita.lg.jp/kigyo-rich/>

# TOPIC Entrust Inc.

Entrust Inc. got approval for listing on Tokyo Stock Exchange's Mothers Market!

First IPO in Prestige International Group

The shareholding ratio of PI Group to 68.44% from 88.06% (end of December 2016)

## Summary of Entrust

Main Business	Offering guarantee services and solution services with focus on rent guarantee service
Main Clients	Major rental housing management company
Strength	Planning scrupulous and comprehensive services
Prospects	Developing to a general guarantee service company while entering the medical industry and so on

- An independent trust and capital policy is needed to develop into a general guarantee company from a rent guarantee one.
- It is expected to boost the PI Group's growth and value.
- It will be a consolidated company for a while and the parent company will hold over **50%** of its shares.

## ■ Participation in Japan Handball League

The women's handball team in Toyama BPO Town successfully joined the Japan Handball League.

## ■ ARANMARE Encourages Our Promotion.

The Japan Handball League is the greatest one in Japan and acts to connect to other leagues around the world. We expect it will enhance our reputation.



Women Handball (Toyama)



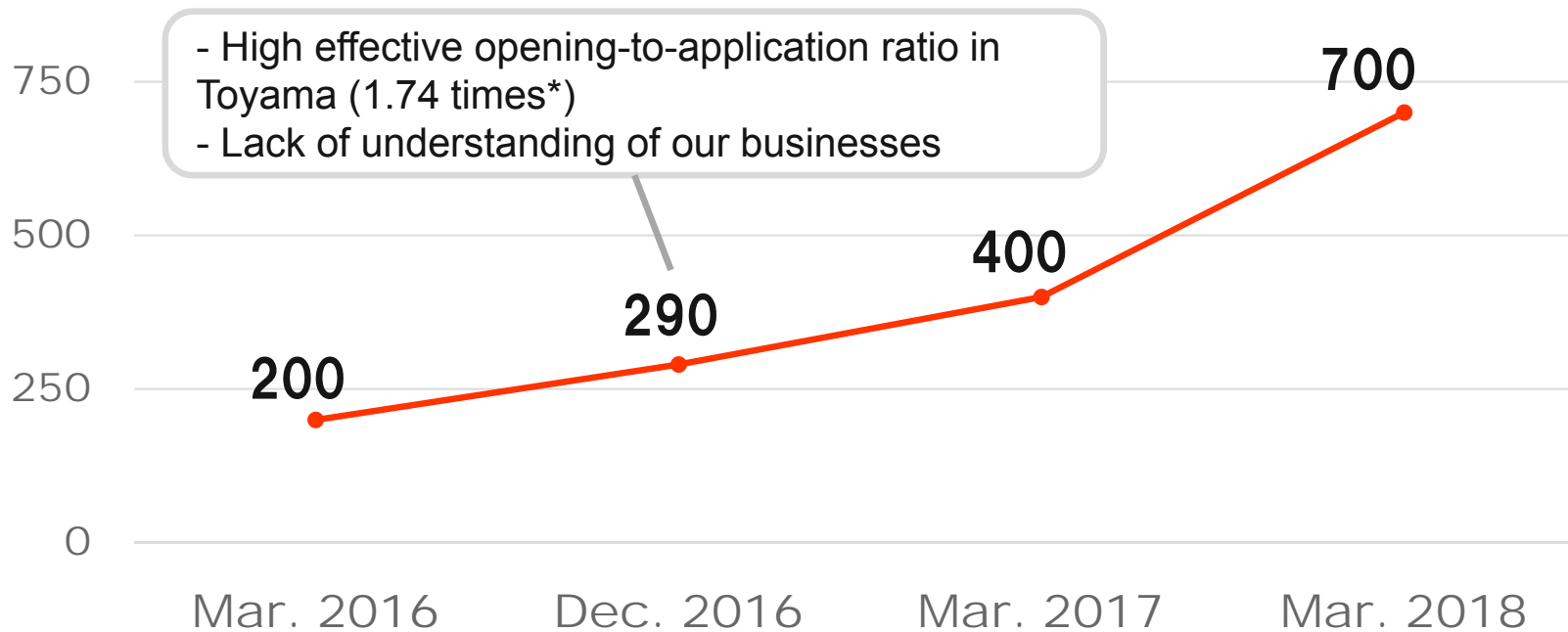
### **Prestige International Sport Teams**

You can check the details on our web page.  
<https://www.aranmare.jp/> (Japanese)

# TOPIC Recruitment Strategy in Toyama

## Recruitment Progress in Toyama BPO Town

Because of higher effective opening-to-application ratio, difficult situation is still ongoing.



\*Statistics from Oct. 2016 to Dec. 2016 by the Ministry of Health, Labour and Welfare





# Dividend Policy

## 【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.

	Dividend per share (yen)			Payout ratio (%)	ROE (%)
	Interim	Year end	Annual		
FY2017 (forecast)	<b>3.50</b> *1	<b>3.50</b> *1 <b>+2.00</b> *2	<b>9.00</b>	<b>21.1</b>	-
FY2016 (Actual)	<b>6.00</b>	<b>8.00</b>	<b>14.00</b>	<b>16.4</b>	<b>16.1</b>
FY2016 (Actual)	<b>5.00</b>	<b>6.00</b>	<b>11.00</b>	<b>19.3</b>	<b>12.4</b>

\*1 A two-for-one stock split was conducted on October 1, 2016. Besides, the interim dividend was fixed based on the stock split.

\*2 We plan to distribute dividends to celebrate the 30th anniversary and the listing of a subsidiary.

# FY2017 Q3 Summary

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- 1 Major businesses mainly earned as planned during Q3.
- 2 Regarding recruiting personnel, we kept working to hire talented individuals mainly in Toyama.
  - We made sure of the recruiting process: From recruitment to training and enhancing morale
- 3 Taking measures to tackle problems for growth in the next fiscal year.
  - Preparation for Yokote, getting new clients, suggesting services for our clients



We made efforts to grow steadily for the final year of the medium-term management plan