

Financial Results for the Third Quarter of FY 2019

January 25th, 2019



Prestige International Inc.
Security Code: **4290**

1. Summary of Financial Results for FY2019 Q3

2. Forecast for FY2019: Progress Update

3. Major Strategies

4. Topics

Summary of Financial Results for FY2018 Q3 PRESTIGE INTERNATIONAL

- Achieved double-digit growth year on year in sales and at all profit levels! Forecasts are in line with the budget!
- Sales: Driven by the enhancement of existing programs in the Roadside Assistance and Property Assistance services.
- Operating profit: Recovered to the previous year's level in terms of percentage due to stable operations, although issues remained unsolved for some programs.
- Ordinary profit: Y **137** million was posted as profit on investments, mainly due to profit on investments accounted for using the equity method.

(unit: million yen, with decimal place omitted)

	FY2018 Q3 (actual)	FY2019 Q3 (actual)	YoY Change (%)	FY 2019 Full- Year (revised forecast)	Progress Rate (full-year forecast, %)
Sales	24,434	27,379	+12.1%	36,000	76.0%
Operating Profit (sales ratio)	2,862 (11.7%)	3,196 (11.7%)	+11.7%	4,700 (13.1%)	68.0%
Ordinary Profit (sales ratio)	3,122 (12.8%)	3,472 (12.7%)	+11.2%	4,900 (13.6%)	70.8%
Net Profit Attributable to Owners of the Parent (sales ratio)	1,965 (8.0%)	2,305 (8.4%)	+17.3%	3,200 (8.9%)	72.0%
Exchange Rate (JPY/USD)	113.00	111.00	-	106.30	-

Summary of Consolidated P&L Statement

- An increase of **0.6** points in the cost-to-sales ratio
 - : Securing of human resources (Yokote, Tsuruoka and Toyama) and regional vitalization (expansion of day-care centers, events, etc.) ⇒ Positioned as upfront costs to maintain growth.
 - : Efforts are being made to solve programs that have issues.
- A decrease of **0.6** points in the SG&A expenses ratio: Efforts were made to curtail administrative expenses, in particular.

(unit: million yen, with decimal place omitted)

	FY2018 Q3	FY2019 Q3	YoY	
	Amount	Amount	Change	% Change
Sales	24,434	27,379	+2,945	+12.1%
Cost of Sales (sales ratio)	19,007 (77.8%)	21,476 (78.4%)	+2,468	+13.0%
Gross Profit (sales ratio)	5,426 (22.2%)	5,903 (21.6%)	+477	+8.8%
SG&A Expense (sales ratio)	2,564 (10.5%)	2,707 (9.9%)	+142	+5.6%
Operating Profit (sales ratio)	2,862 (11.7%)	3,196 (11.7%)	+334	+11.7%
Ordinary Profit (sales ratio)	3,122 (12.8%)	3,472 (12.7%)	+349	+11.2%
Net Profit Attributable to Owners of the Parent (sales ratio)	1,965 (8.0%)	2,305 (8.4%)	+340	+17.3%

Summary of Consolidated Balance Sheet

The net asset ratio stood at **75.5%**.

Increases in net assets were used for investment in fixed assets.

⇒ Expansion of day-care centers: Improvement of workplace environments & community vitalization

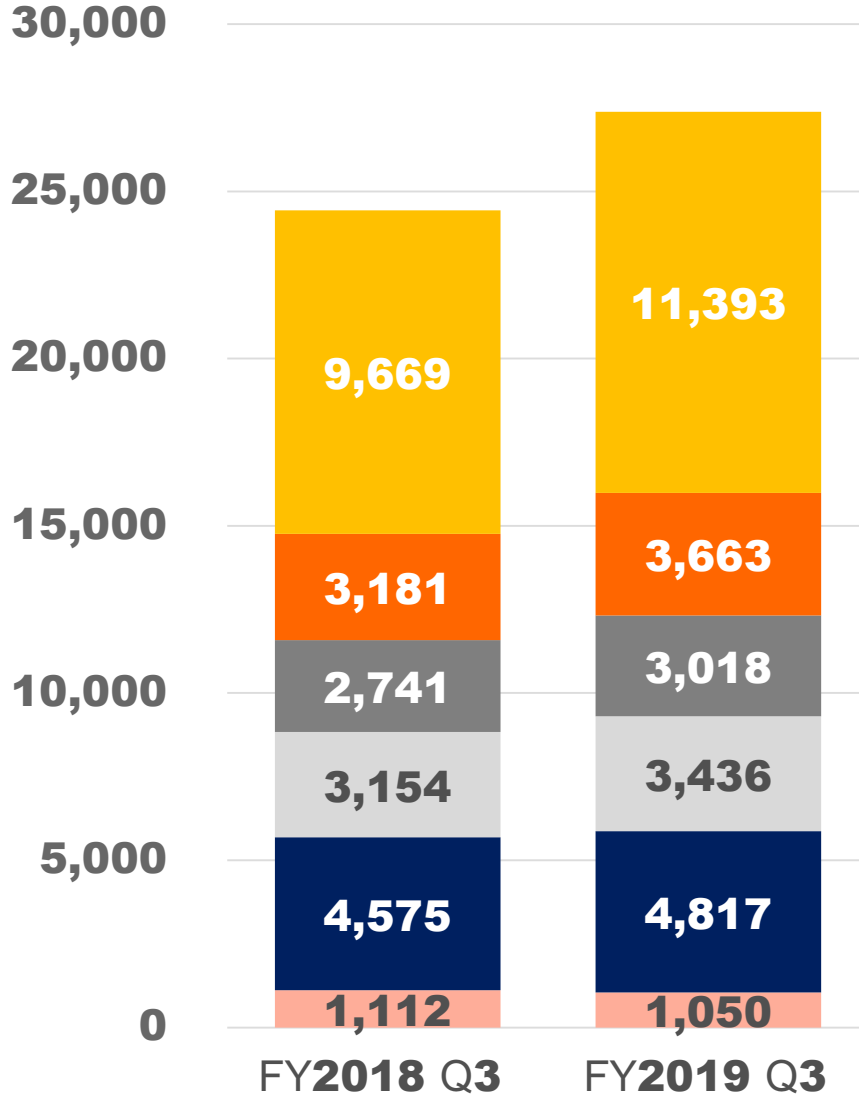
⇒ Construction of Yokote Center (construction in progress): Growth investment

(unit: million yen, with decimal place omitted)

	FY 2018 Year-End	FY2019 Q3	Change	Main Reason for Change
Current Assets	22,771	22,073	-697	Cash and deposits -1,010
Fixed Assets	11,359	13,114	+1,755	Tangible fixed assets/other (net amount) +1,145
Total Assets	34,131	35,188	+1,057	
Current Liabilities	7,851	7,400	-450	Income taxes payable -648
Noncurrent Liabilities	1,201	1,212	+11	Asset retirement obligations +61
Net Assets	25,079	26,575	+1,496	Retained earnings +1,475
Liabilities and Net Assets	34,131	35,188	+1,057	

Sales by Segment (YoY Change)

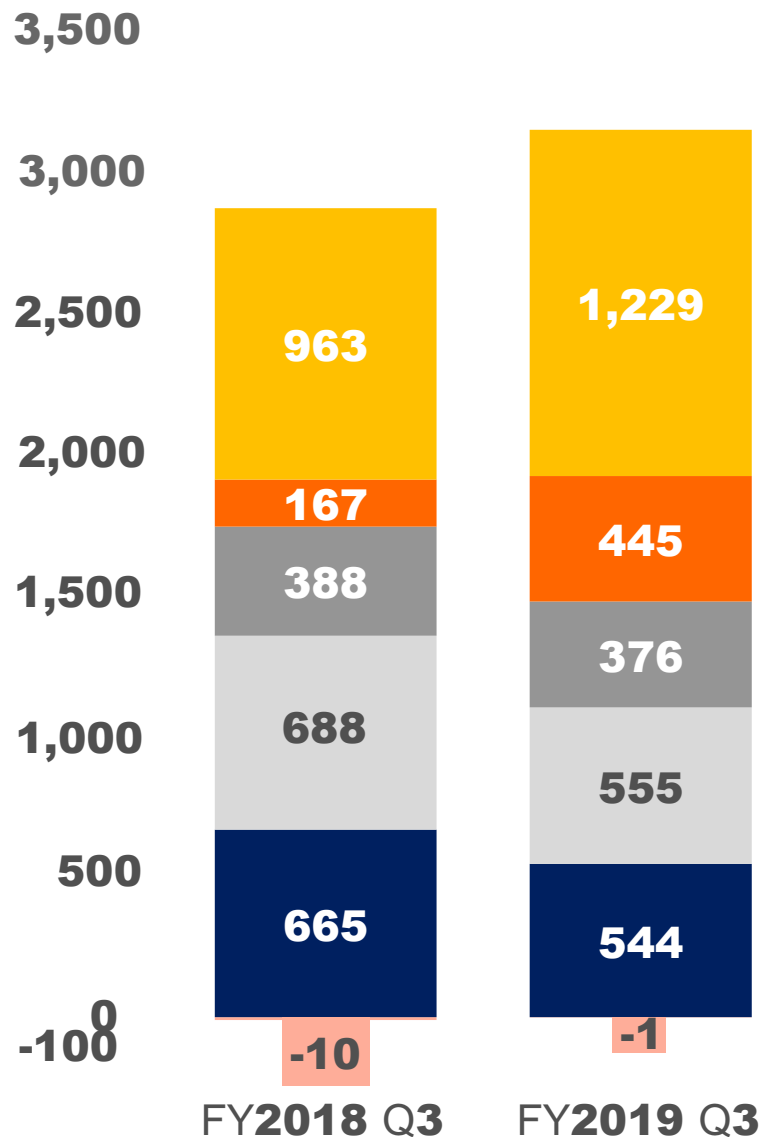
(unit: million yen)



- **Roadside Assistance (YoY +17.8%)**
 Solid growth in services for nonlife insurance agencies and ongoing strong demand from manufacturers for services
 ⇒ Increased sales
- **Property Assistance (YoY +15.2%)**
 Solid existing businesses ⇒ Increased sales
- **Insurance BPO (YoY +10.1%)**
 Steady growth in services for Japanese expatriates ⇒ Increased sales
- **Warranty (YoY +8.9%)**
 Solid existing businesses ⇒ Increased sales
- **Customer Support (YoY +5.3%)**
 Solid existing businesses ⇒ Increased sales
- **IT Solutions, Temporary Worker / Other (YoY -11.6%)**
 - **IT Solutions**
 Efforts to allocate development resources for internal purposes
 ⇒ Decreased sales
 - **Temporary Worker / Other**
 Inclusion of the day-care center business ⇒ Increased sales

Operating Profit by Segment (YoY Change)

(unit: million yen)



- **Roadside Assistance (YoY +27.6%)**
 Stabilization of operations at the Group's companies specializing in on-site work and the reviewing of contract terms ⇒ Increased profit
- **Property Assistance (YoY +165.3%)**
 Efforts to increase the profitability of existing businesses and stabilization of operations at the Group's companies specializing in on-site work ⇒ Increased profit
- **Insurance BPO (YoY -2.9%)**
 Investments for the improvement of service quality and a decrease in contracts for some services related to overseas travel insurance ⇒ Decreased profit
- **Warranty (YoY -14.3%)**
 Delay in restoring profitability, despite signs of recovery, for some of the rent guarantee programs with outstanding issues ⇒ Decreased profit
- **Customer Support (YoY -16.6%)**
 Continuation of upfront cost burdens for some services contracted in the previous year ⇒ Decreased profit
- **IT Solutions, Temporary Worker / Other (YoY +22.4%)**

IT Solutions	Increased profit
Temporary Worker / Other	Delay in restoring profitability in the sport business ⇒ Decreased profit

1. Summary of Financial Results for FY2019 Q3

2. Forecast for FY2019: Progress Update

3. Major Strategies

4. Topics

Forecast for FY2019: Progress Update

Overall, the Group is making progress in line with the forecast.

Sales: Making good progress towards the forecast

Operating profit:

Assuming opportunities for generating revenue from brisk businesses in 4Q ⇒ In line with the forecast Some programs have issues ⇒ Measures for improvement will be taken promptly.

(unit: million yen, with decimal place omitted)

	FY2019 Q3 (actual)	FY2019 Full-year	Difference	Progress Rate (%)
Sales	27,379	36,000	+8,621	76.0%
Operating Profit (sales ratio)	3,196 (11.7%)	4,700 (13.1%)	+1,504	68.0%
Ordinary Profit (sales ratio)	3,472 (12.7%)	4,900 (13.6%)	+1,428	70.8%
Net Profit Attributable to Owners of the Parent (sales ratio)	2,305 (8.4%)	3,200 (8.9%)	+895	72.0%
Exchange Rate (JPY/USD)	111.00	106.30	-	

Forecast for FY2019: Progress Update (by Segment)

(unit: million yen, with decimal place omitted)

	Sales			Operating Profit		
	FY2019 Q3	Full-year Forecast (Revised)	Progress Rate(%)	FY2019 Q3	Full-year Forecast (Revised)	Progress Rate(%)
Roadside Assistance	11,393	14,850	76.7%	1,229	1,800	68.2%
Property Assistance	3,663	4,900	74.7%	445	660	67.4%
Insurance BPO	3,018	4,000	75.4%	376	500	75.2%
Warranty	3,436	4,600	74.6%	590	980	60.2%
Customer Support	4,817	6,400	75.2%	555	800	69.3%
IT Solutions	442	550	80.3%	72	80	90.0%
Temporary Worker / Other	608	700	86.8%	- 73	- 120	-
Total	27,379	36,000	76.0%	3,196	4,700	68.0%

Roadside Assistance

- Almost in line with the forecast.
- Aim to win contracts for brisk businesses consistently.
- Make preparations to expand business areas in the next fiscal year.

Property Assistance

- Almost in line with the forecast.
- Make investments in systems for improving efficiency and quality.

InsuranceBPO

- Almost in line with the forecast.
- Make investments in facilities and systems for enhancing the value of services and improving efficiency, respectively.

Warranty

- Sales are almost in line with the forecast.
- Signs of recovery in profitability for the rent guarantee programs that have issues.
- Delay in the restoration of profitability for some programs ⇒ Win contracts for brisk businesses consistently.

Customer Support

- Almost in line with the forecast, despite a decline in profits year on year.
- Continue with efforts for improving the profitability of services that are facing issues.
- Seek to recover earnings by restoring profitability for card issuance services, etc.

- 1. Summary of Financial Results
for FY2019 Q3**
- 2. Forecast for FY2019: Progress Update**
- 3. Major Strategies**
- 4. Topics**

Transition to a New Holding Company System (effective April 1, 2019)

| Purpose

We consider bolder, faster decision-making and execution processes with clear responsibilities and authority to be important factors. To implement operations effectively based on these factors, we have decided from an organizational perspective that our business should be implemented responsibly by smaller, more agile business units.



We will take advantage of growth trends with a focus on achieving sustained and stable growth.

Integration and Enhancement of On-site Teams (effective April 1, 2019)

Purpose

We have positioned the enhancement of PREMIER Assist, the brand of our on-site work functions, as an important strategy in the medium-term business plan. We have decided to build a strategic foundation based on these functions to implement strategies on the improvement of facilities, human resources and training systems in a more comprehensive manner, with a view to creating multitasked teams.

On-site work information

(as of December 31, 2018)

	Road Assist	Home Assist	Park Assist
Number of facilities	31	13	9
Number of staff	210	100	194
Number of vehicles	174	54	96

We will strengthen on-site work functions by establishing a system that operates the Road Assistance, Home Assistance and Park Assistance services comprehensively.

- 1. Summary of Financial Results
for FY2019 Q3**
- 2. Forecast for FY2019: Progress Update**
- 3. Major Strategies**
- 4. Topics**

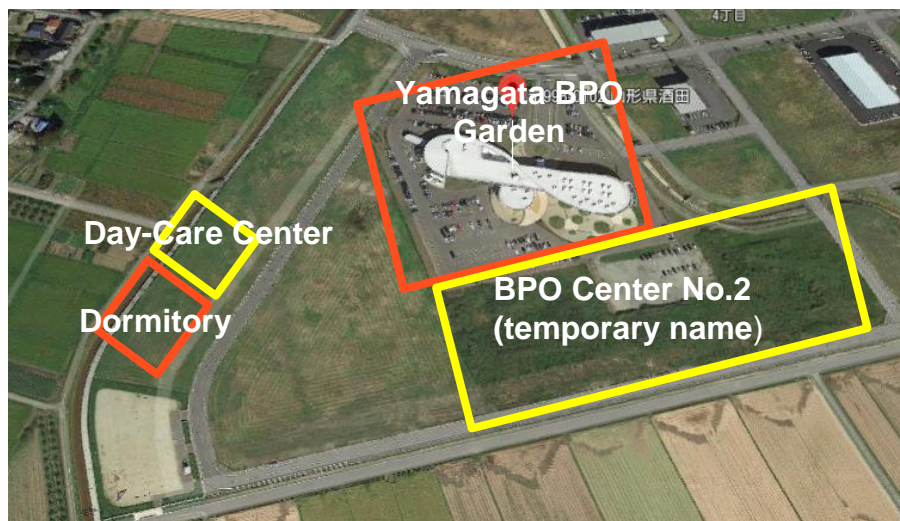
TOPIC (i)

The construction of the Yamagata BPO Garden BPO Center No. 2 (temporary name) was decided.

We have decided to construct the Yamagata BPO Garden BPO Center No. 2 (temporary name) in the Sakata Kyoden Nishi Industrial Zone where the Yamagata BPO Garden is located.

Purpose of expansion

The Yamagata BPO Garden is marking six years in business since its establishment in **2013**. The number of employees is expected to increase by **10%** per year going forward. We will work to improve the value of the Yamagata BPO Garden and become a role model for companies that facilitate participation by women who live in the Shonai area and support people who relocate to the area. Through these efforts, we will contribute to the local communities.



- **Total investment** Approximately Y2.0 billion
- **Capacity** Approximately 500 seats
- **Installed facilities** Equipped with Day-Care Center No.2, a cafeteria, training facilities and other welfare facilities
- **Construction schedule** October 2019 - October 2020
- **Start of operations** November 2020

TOPIC (ii)

A new company was established in Cambodia.

We established P.I. PRESTIGE INTERNATIONAL (CAMBODIA) CO., LTD, the **19th** of our facilities built in **16** countries globally. Operation was commenced on December **11, 2018**.

Purpose and background of the establishment

With the number of Japanese companies operating in Cambodia and the number of Japanese people staying in the country increasing every year, there is growing concern over medical consultations at a general hospital in Khmer, the official language there. Given this situation, we began providing them with total support in Japanese for medical consultations to ensure that they are able to undergo medical treatment without concern.



- **Location** Phnom Penh, Cambodia (within ROYAL PHNOM PENH HOSPITAL, a general hospital)
- **Capital** Approximately JPY **22** million
- **Date of establishment** October **19, 2018**
- **Description of business** Operation of the Japanese Help Desk, provision of assistance for healthcare program preparation services and establishment of networks

Dividend Plan

[Dividend Policy]

Returning profit to our shareholders is one of our most important management tasks. Regarding dividends, our basic policy is **to make continuous and stable payments** while considering the enhancement of internal reserves for future business plans and expansions, as well as consolidated profit levels and cash flow situations for each accounting period.

[Payout Ratio]

While taking into account the above dividend policy, we will implement dividend strategies toward the achievement of **a total return ratio of 30% in FY 2021** as set forth in the new mid-term business plan beginning in FY **2019**.

	Dividend Per Stock (yen)			Payout Ratio (%)	ROE(%)
	Mid-Year	Year-End	Total		
FY2019(forecast)	6.00	6.00	12.00	23.9	-
FY2018(actual)	5.00	7.00 ※1	12.00	26.0	13.1
FY2017(actual)	3.50	5.50 ※2	9.00	20.4	14.0

*1 Includes Y2 of commemorative dividend for the listing of a subsidiary on the 1st section of TSE

*2 Includes Y2 of commemorative dividends for the 30th foundation anniversary and the IPO of a subsidiary

1 Double-digit growth was achieved in sales and at the respective profit levels, reflecting the steady growth of the main businesses.

The growth was driven mainly by the enhancement of existing programs in Road Assistance and Property Assistance.

2 Measures will continue to be taken for projects that have issues to be addressed.

Efforts will be made for business stabilization and improvement.

3 The organizational structure will be strengthened through a transition to a holding company system.

Starting from the next fiscal year, preparations will be made with a view to commencing the operation of the new system.



We will further strengthen our steadily growing businesses and continue to take measures for sustained and stable growth, while at the same time sparing no efforts to make preparations in a sure-footed manner.

Cautionary Statement

Please note that this presentation material has been prepared to provide information on our Company and is not to be construed as a solicitation of investment. Forward-looking statements in this presentation material are intended as a reference and we do not guarantee that the information will remain accurate in the future. Such forward-looking statements are subject to change without notice due to changes in business conditions including, but not limited to, changes in the economy.

For inquiries regarding IR

Prestige International Inc. Corporate Management Department

TEL: +81(0)3-5213-0826 FAX: +81(0)3-5213-0221 E-MAIL: ir@prestigein.com