



Tri-Stage

株式会社トリスステージ

**FY2/10 First Quarter Results
Presentation**

July 2009

Code: 2178

URL: www.tri-stage.jp/

Record quarter for sales and operating income due to growth in the TV shopping business among client companies

Part 1: FY2/10 1Q Results

FY2/10 1Q was Tri-Stage's best quarter ever
Net Sales ¥8,000million (YoY up34.0%) Operating Income ¥964million (YoY up78.5%)

Part 2: Current Status of FY2/10 Forecasts

We are revising upward our first half and full-year forecasts

	First Half Forecasts for FY2/10	Full Year Forecasts for FY2/10
NetSales	¥15,094million (up7.9%※)	¥31,150million (up3.7%※)
Operating Income	¥1,465million (up47.3%※)	¥2,644million (up21.6%※)

※ percentage change from previous forecasts (March 31 2009)

Part 3: Future Prospects and Measures

We expect the positive business climate for media acquisitions and sales to continue

Part 1: FY2/10 1Q Results

Part 2: Current Status of FY2/10 Forecasts

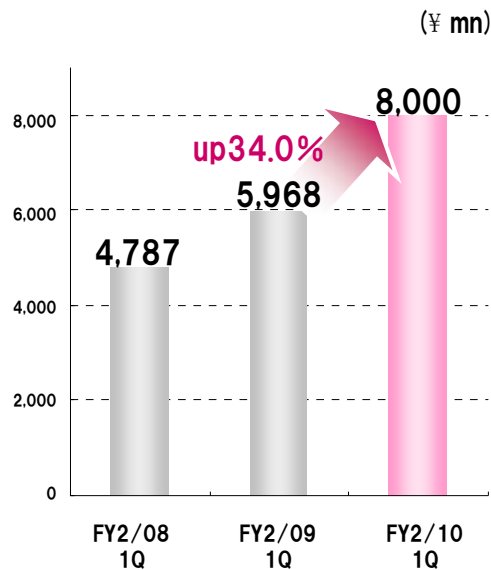
Part 3: Future Prospects and Measures

Reference Materials

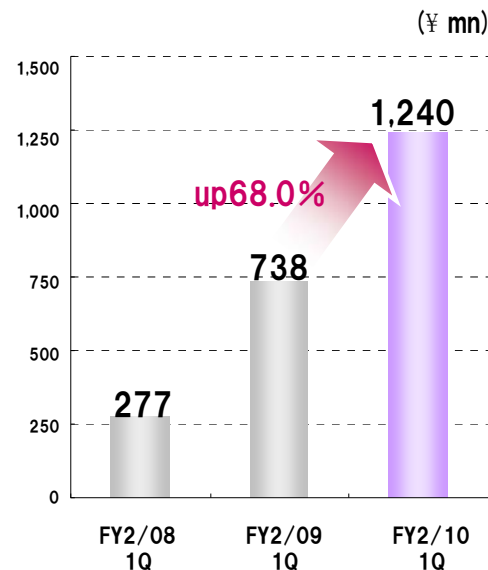
FY2/09 1Q Results Highlights①

First-quarter results were up significantly from the same period of the previous fiscal year.
 Net Sales YoY up34.0%、Gross Profit YoY up68.0%、Operating Income YoY up78.5%

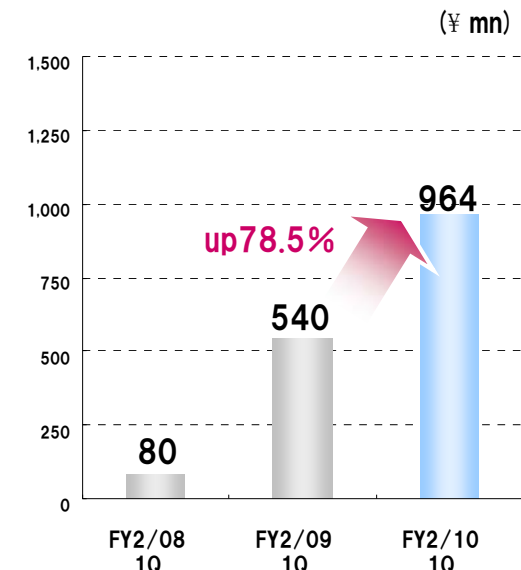
Net Sales



Gross Profit



Operating Income



FY2/09 1Q Results Highlights②

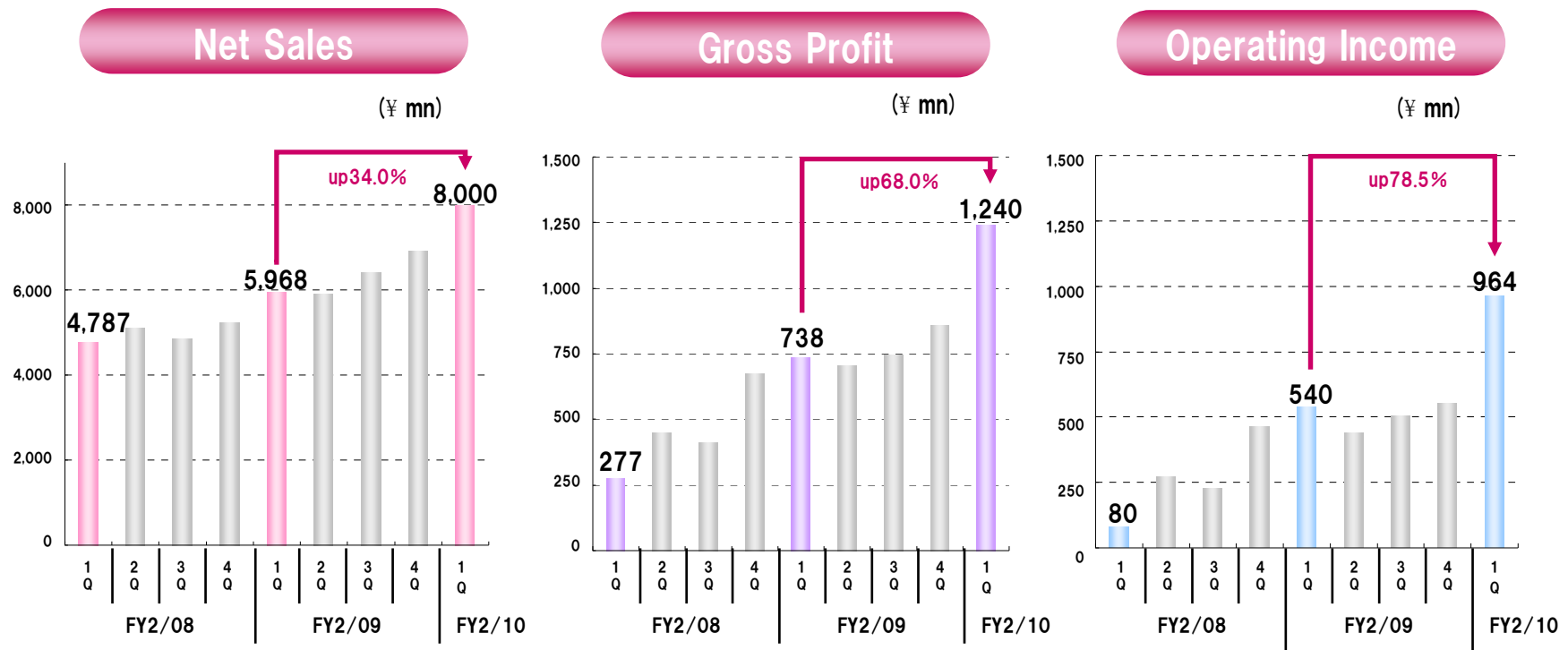
First-quarter results were up significantly from the same period of the previous fiscal year.
 Net Sales YoY up34.0%、Gross Profit YoY up68.0%、Operating Income YoY up78.5%

(¥ mn)

	FY2/09 1Q (Actual)	FY2/10 1Q (Actual)	Increase/ Decrease	YoY Change
Net Sales	5,968	8,000	+2,032	+34.0%
Cost of Sales (%)	5,230 (87.6%)	6,760 (84.5%)	+1,529	+29.2%
Gross Profit (%)	738 (12.4%)	1,240 (15.5%)	+502	+68.0%
SG&A Expenses (%)	197 (3.3%)	275 (3.4%)	+77	+39.4%
Operating Income (%)	540 (9.1%)	964 (12.1%)	+424	+78.5%
Ordinary Income (%)	535 (9.0%)	965 (12.1%)	+429	+80.2%
Net Income (%)	308 (5.2%)	570 (7.1%)	+262	+85.2%

Results by Quarter

Net sales, gross profit and operating income all rose considerably on a quarterly basis. Tri-Stage achieved its highest quarterly results since its founding.



(¥ mn)

	FY2/08				FY2/09				FY2/10
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net Sales	4,787	5,098	4,860	5,240	5,968	5,915	6,413	6,924	8,000
Gross Profit	277	449	409	672	738	705	748	856	1,240
Operating Income	80	271	228	464	540	441	504	551	964
Gross Profit Margin	5.8%	8.8%	8.4%	12.8%	12.4%	11.9%	11.7%	12.4%	15.5%
Operating Margin	1.7%	5.3%	4.7%	8.9%	9.1%	7.5%	7.9%	8.0%	12.1%

Net Sales

Solution sales rose on the back of growth in the TV shopping business among client companies

(¥ mn)

	FY2/09 1Q (Actual)	FY2/10 1Q (Actual)	Increase/ Decrease	YoY Change
Net Sales	5,968	8,000	+2,032	+34.0%
Solution Sales (%)	5,808 (97.3%)	7,933 (99.2%)	+2,124	+36.6%
Product Sales (%)	159 (2.7%)	67 (0.8%)	△ 92	△ 57.9%

Increase in volume of media space sales, program production and call center operations

Cost of Sales, Gross Profit

Increase in gross profit as a result of greater volume of media available, along with diversification of media buying and efficient distribution.

(¥ mn)

	FY2/09 1Q (Actual)	Cost composition ratio	FY2/10 1Q (Actual)	Cost composition ratio	Increase/ Decrease	YoY Change	
Cost of Sales (%)	5,230 (87.6%)	100.0%	6,760 (84.5%)	100.0%	+1,529	+29.2%	Increase in volume of TV commercials in particular
Media Acquisition Costs (Media Buying) (%)	4,493 (75.3%)	85.9%	5,947 (74.3%)	88.0%	+1,454	+32.4%	
TV (programs) (%)	3,736 (62.6%)	71.4%	4,434 (55.4%)	65.6%	+697	+18.7%	Increase in volume of radio and newspaper flyer inserts
TV (commercials) (%)	733 (12.3%)	14.0%	1,334 (16.7%)	19.7%	+600	+81.8%	
Other (%)	23 (0.4%)	0.4%	179 (2.2%)	2.7%	+156	+673.7%	Increase in volume of call center operations
Outsourcing Costs (%)	597 (10.0%)	11.4%	752 (9.4%)	11.1%	+155	+26.0%	
Cost of Goods Sold (%)	139 (2.3%)	2.7%	59 (0.7%)	0.9%	△ 79	△57.2%	
Gross Profit (%)	738 (12.4%)		1,240 (15.5%)		+502	+68.0%	

SG&A Expenses, Operating Income

Increase in gross profit covers rise general expenses:
operating income YoY up 78.5%

(¥ mn)

	FY2/09 1Q (Actual)	FY2/10 1Q (Actual)	Increase/ Decrease	YoY Change
SG&A Expenses	197	275	+77	+39.4%
(%)	(3.3%)	(3.4%)		
Personnel Costs	105	138	+32	+30.8%
(%)	(1.8%)	(1.7%)		
Depreciation	3	4	+1	+56.7%
(%)	(0.1%)	(0.1%)		
Other	88	132	+43	+49.0%
(%)	(1.5%)	(1.7%)		
Operating Income	540	964	+424	+78.5%
(%)	(9.1%)	(12.1%)		

Total employees increased
by 14
(new graduates 5,
experienced personnel 9)

•Increased rent expense
driven by expansion of
office space

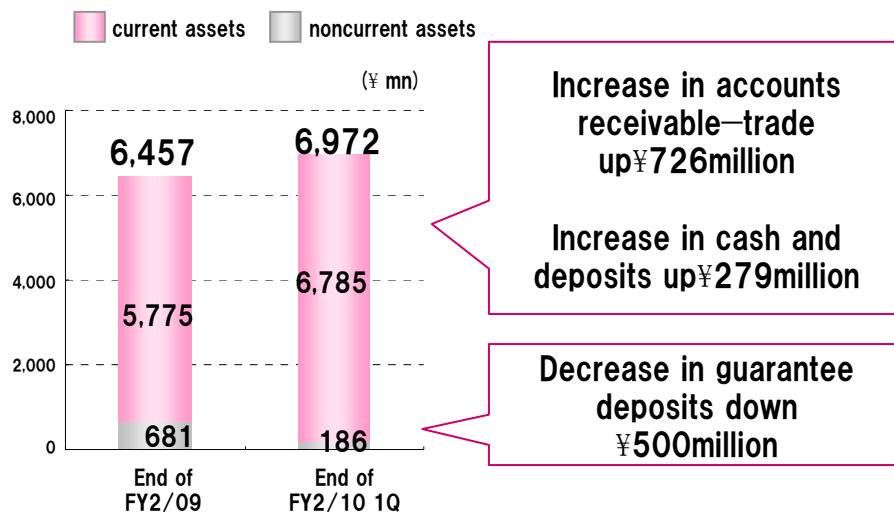
•Increase in listing
maintenance expenses
following public listing

No. of Employees	43	57		+32.6%
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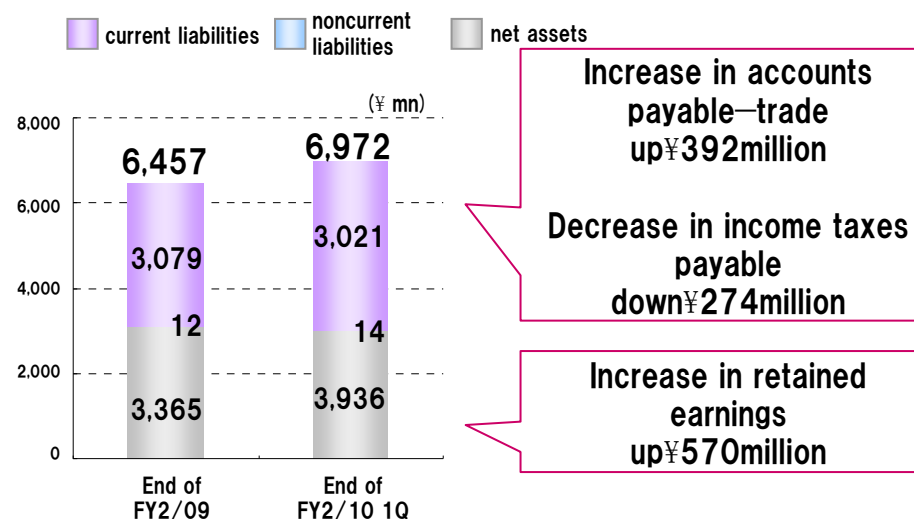
Strengthened financial base

Balance Sheets

Assets



Liabilities and Net Assets



Cash Flows

	(¥ mn)	
	FY2/09 1Q (Actual)	FY2/10 1Q (Actual)
Operating C/F	△ 5	300
Investing C/F	△ 2	△ 20
Financing C/F	-	-
Cash and cash equivalents at end of First Quarter	943	3,170

Income before income taxes up ¥965million

Decrease in guarantee deposits up ¥500million

Increase in accounts payable—trade up ¥392million

Increase in accounts receivable—trade down ¥726million

Income taxes paid down ¥656million

Part 1: FY2/09 1Q Results

Part 2: Current Status of FY2/10 Forecasts

Part 3: Future Prospects and Measures

Reference Materials

Upward Revision to First Half Forecasts for FY2/10

First half forecasts have been revised upward due to positive performance in first quarter

(¥ mn)

	FY2/10 First Half (Previous Forecast)	FY2/10 First Half (Revised Forecast)	Increase/ Decrease	Percentage change from previous forecasts
Net Sales	13,984	15,094	+1,110	+7.9%
Operating Income (%)	995 (7.1%)	1,465 (9.7%)	+470	+47.3%
Ordinary Income (%)	992 (7.1%)	1,464 (9.7%)	+471	+47.5%
Net Income (%)	570 (4.1%)	857 (5.7%)	+286	+50.2%

Upward Revision to Full Year Forecasts for FY2/10

Full year forecasts have also been revised upward due to positive performance in first quarter

(¥ mn)

	FY2/10 Full Year (Previous Forecast)	FY2/10 Full Year (Revised Forecast)	Increase/ Decrease	Percentage change from previous forecasts
Net Sales	30,040	31,150	+1,110	+3.7%
Cost of Sales (%)	26,561 (88.4%)	27,220 (87.4%)	+658	+2.5%
Gross Profit (%)	3,478 (11.6%)	3,929 (12.6%)	+451	+13.0%
SG&A Expenses (%)	1,303 (4.3%)	1,284 (4.1%)	△ 18	△ 1.5%
Operating Income (%)	2,174 (7.2%)	2,644 (8.5%)	+470	+21.6%
Ordinary Income (%)	2,168 (7.2%)	2,640 (8.5%)	+471	+21.7%
Net Income (%)	1,247 (4.2%)	1,533 (4.9%)	+286	+23.0%

Current Status

Progress against new forecasts at end of first quarter
: net sales 25.7%; operating income 36.5%

(¥ mn)

	FY2/10 1Q (Actual)	FY2/10 First Half (Revised Forecast)	Progress Rate	FY2/10 Full Year (Revised Forecast)	Progress Rate
Net Sales	8,000	15,094	53.0%	31,150	25.7%
Cost of Sales (%)	6,760 (84.5%)	—	—	27,220 (87.4%)	24.8%
Gross Profit (%)	1,240 (15.5%)	—	—	3,929 (12.6%)	31.6%
SG&A Expenses (%)	275 (3.4%)	—	—	1,284 (4.1%)	21.5%
Operating Income (%)	964 (12.1%)	1,465 (9.7%)	65.8%	2,644 (8.5%)	36.5%
Ordinary Income (%)	965 (12.1%)	1,464 (9.7%)	65.9%	2,640 (8.5%)	36.6%
Net Income (%)	570 (7.1%)	857 (5.7%)	66.5%	1,533 (4.9%)	37.2%

Business climate for
media acquisition
remains positive

Expected increase in
personnel expenses

Part 1: FY2/09 1Q Results

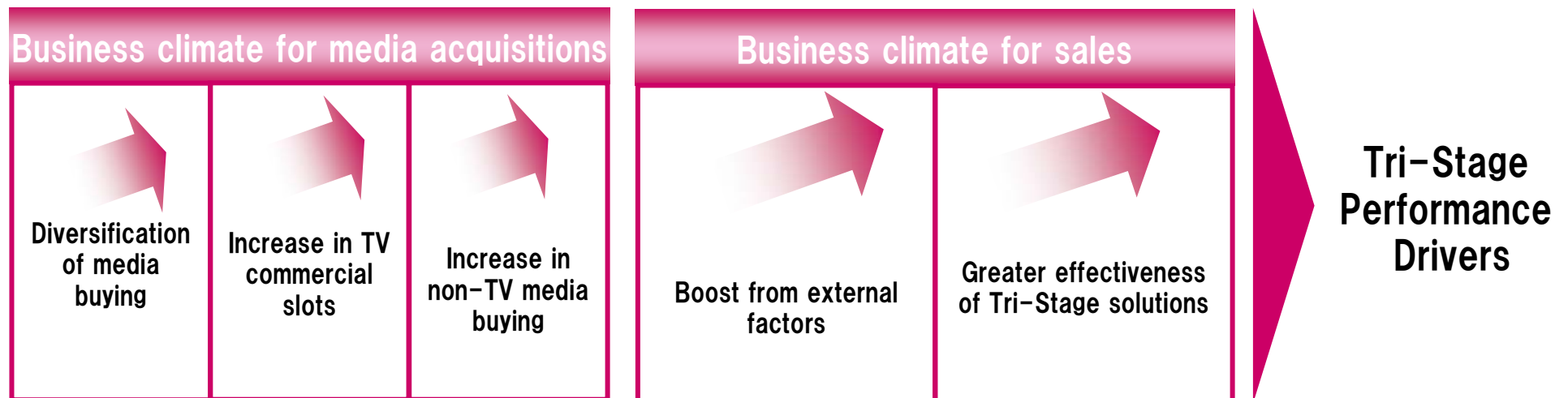
Part 2: Current Status of FY2/10 Forecasts

Part 3: Future Prospects and Measures

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Future Prospects

We expect the positive business climate for media acquisitions and sales to continue



Prospects for Media Acquisitions

We expect the business climate for media acquisitions to remain strong, due to diversification in media buying, a greater number of TV commercial slots, an increase in non-TV media buying, and other improvements to business conditions.

Improvements in the business climate for media acquisitions

Increase in volume of acquired media through diversification
in media buying

Increase in TV commercial slots

Increase in non-TV media buying

Continued positive environment
for media acquisitions

Prospects for Sales

We expect the business climate for sales to remain strong, with steady client desire for media placements due to a boost from external factors, and enhanced effectiveness of Tri-Stage solutions.

Boost from external factors

Boost from rise in TV shopping and other forms of “stay-at-home” consumption

Greater effectiveness of Tri-Stage solutions

Better able to provide customers with appropriate media slots due to increase in media acquisition, and diversification of media purchases

Improved ability to produce TV commercials

Call center services (gaining additional orders, cost efficiency) that provide high levels of customer satisfaction

Client desire for media placements remains steady

Future Measures①

Tri-Stage will continue to expand existing business, strengthen solution services, and develop cross-media business.

Future Measures

1 Measures to expand existing business

2 Strengthening of solution services

3 Development of cross-media business

Future Measures②

We will provide monthly disclosures and conduct a stock split to strengthen IR and other activities.

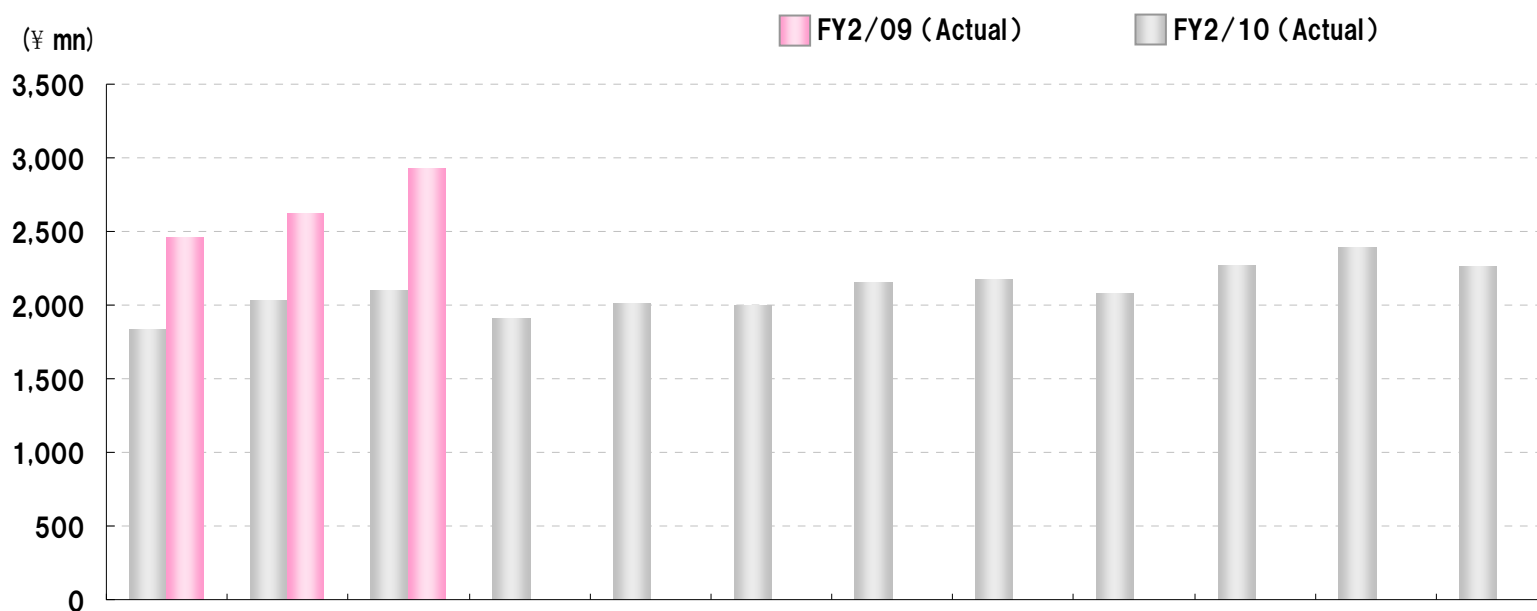
Strengthening IR and other activities.

1 Monthly disclosure

2 Stock split

Monthly disclosure

Tri-Stage will provide monthly sales disclosures on the 10th business day of each month to allow shareholders, investors and all stakeholders to quickly gain an understanding of corporate information.



	March	April	May	June	July	August	September	October	November	December	January	February
FY2/09 (¥ mn)	1,838	2,030	2,100	1,908	2,008	1,998	2,158	2,174	2,080	2,270	2,393	2,260
FY2/10 (¥ mn)	2,459	2,619	2,922									
YoY	+33.8%	+29.0%	+39.2%									

Stock split

**Tri-Stage will conduct a stock split
in order to increase liquidity and broaden the range of shareholders**

Overview of stock split

Ratio	1 : 3
Record date	August 31 2009
Effective date	September 1 2009
No. of issued shares after split	7,467,900

Overview of Stock Status (at February 28, 2009)

No. of issued shares	2,489,300
No. of Shareholders	1,043
No. of shares per unit	100 shares
Foreign corporate entities and others	2.9%
Investment trusts	1.4%
Major shareholders	86.4%
Floating Shareholders	9.8%

Part 1: FY2/09 1Q Results

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Analysis of Client Base by Sales Level

(Number of clients)

	FY2/08				FY2/09				FY2/10
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Over ¥250 million	5	4	4	6	6	6	7	8	7
¥125 million to ¥250 million	5	7	9	5	6	7	3	3	4
¥50 million to ¥125 million	8	6	5	7	4	6	10	8	8
Other	27	28	24	20	26	16	18	25	26
Total	45	45	42	38	42	35	38	44	45

Company Profile

- Established March 2006
- Head Office 2-4-1, Shiba-koen, Minato-ku, Tokyo, Japan
- Representatives Isao Senoo (CEO) ; Kyohei Nakamura (CMO) ; Akio Maruta (COO)
- Business Content Support services for direct marketing, centered on television shopping sales
- Capital ¥627 million (As of May 31, 2009)
- Shares Issued 2,489,300 shares (As of May 31, 2009)
- No. of Employees 57 (As of May 31, 2009)

Definition of “Direct Marketing”

Providing a phone number, URL or other contact information through **TV, Internet or other media outlets**, and **selling products and services through direct, interactive communication** with consumers via telephone or email.

Corporate Philosophy

We will contribute to society as a company that strives wholeheartedly to resolve issues in order to properly establish bonds between our clients' products and services and consumers.

Company Creed

The consumer's satisfaction is the client's satisfaction, and ours.

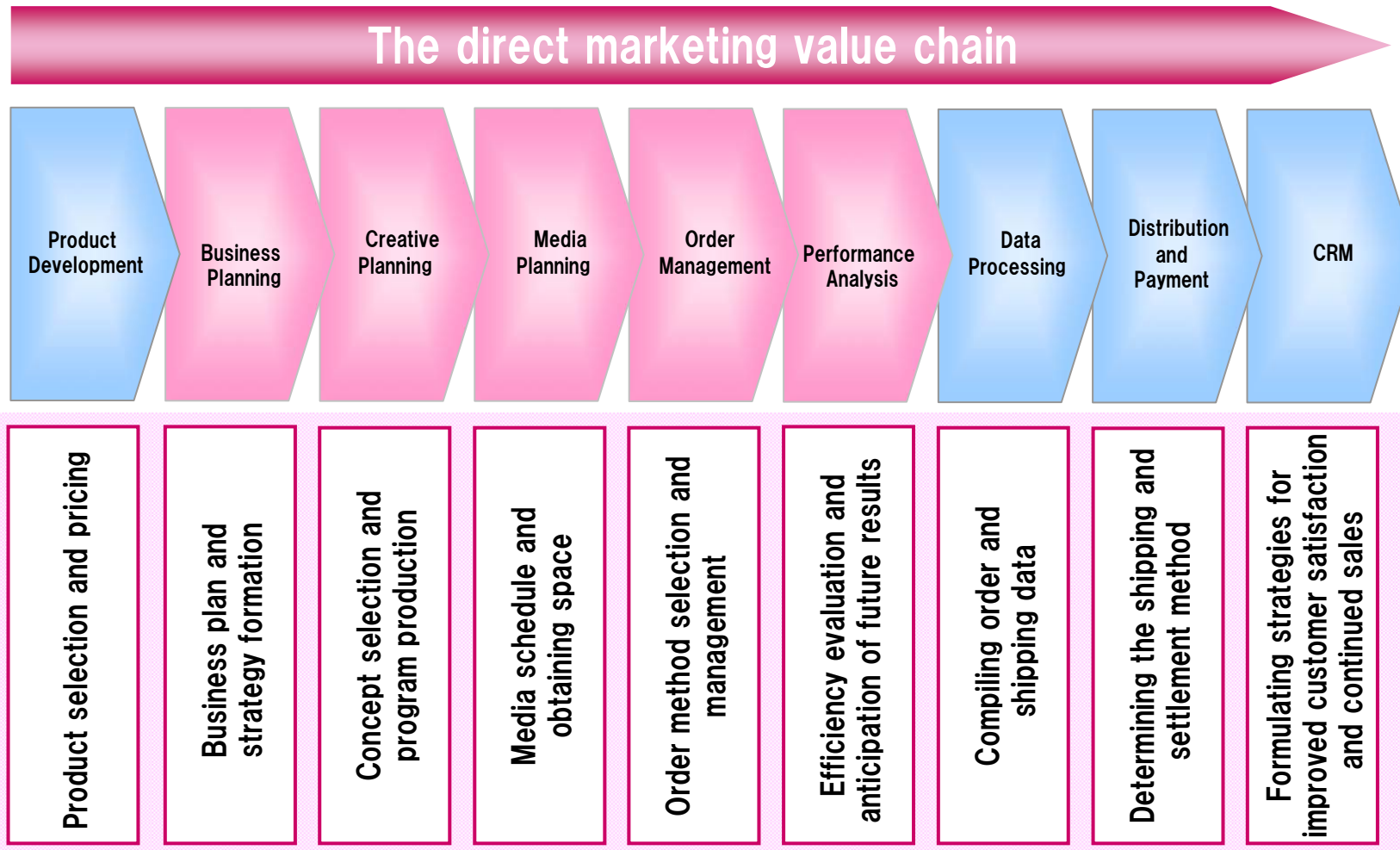
Management Principles

Speedy

Going Concern

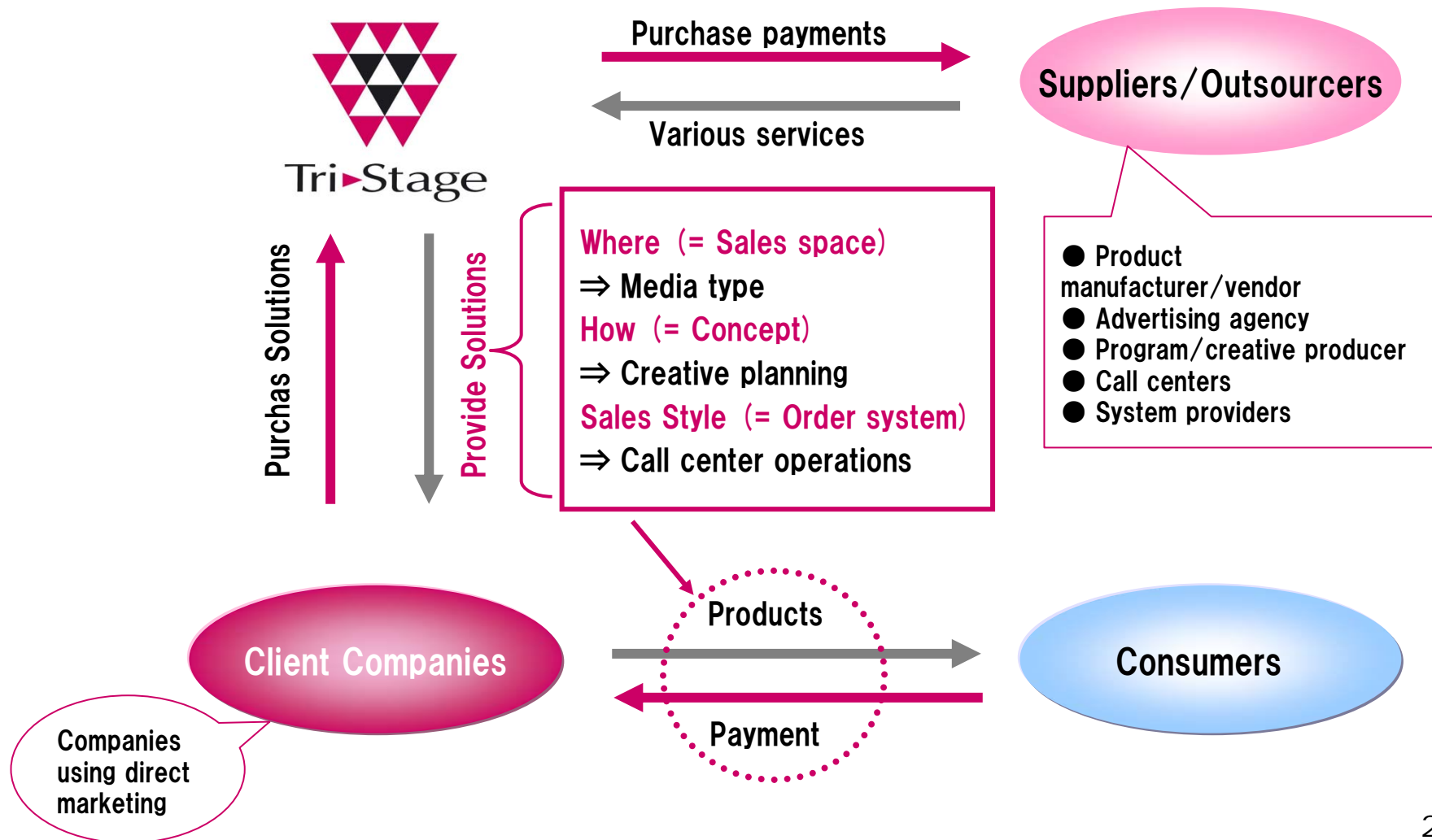
Innovation

Comprehensive Suite of Services for Direct Marketing

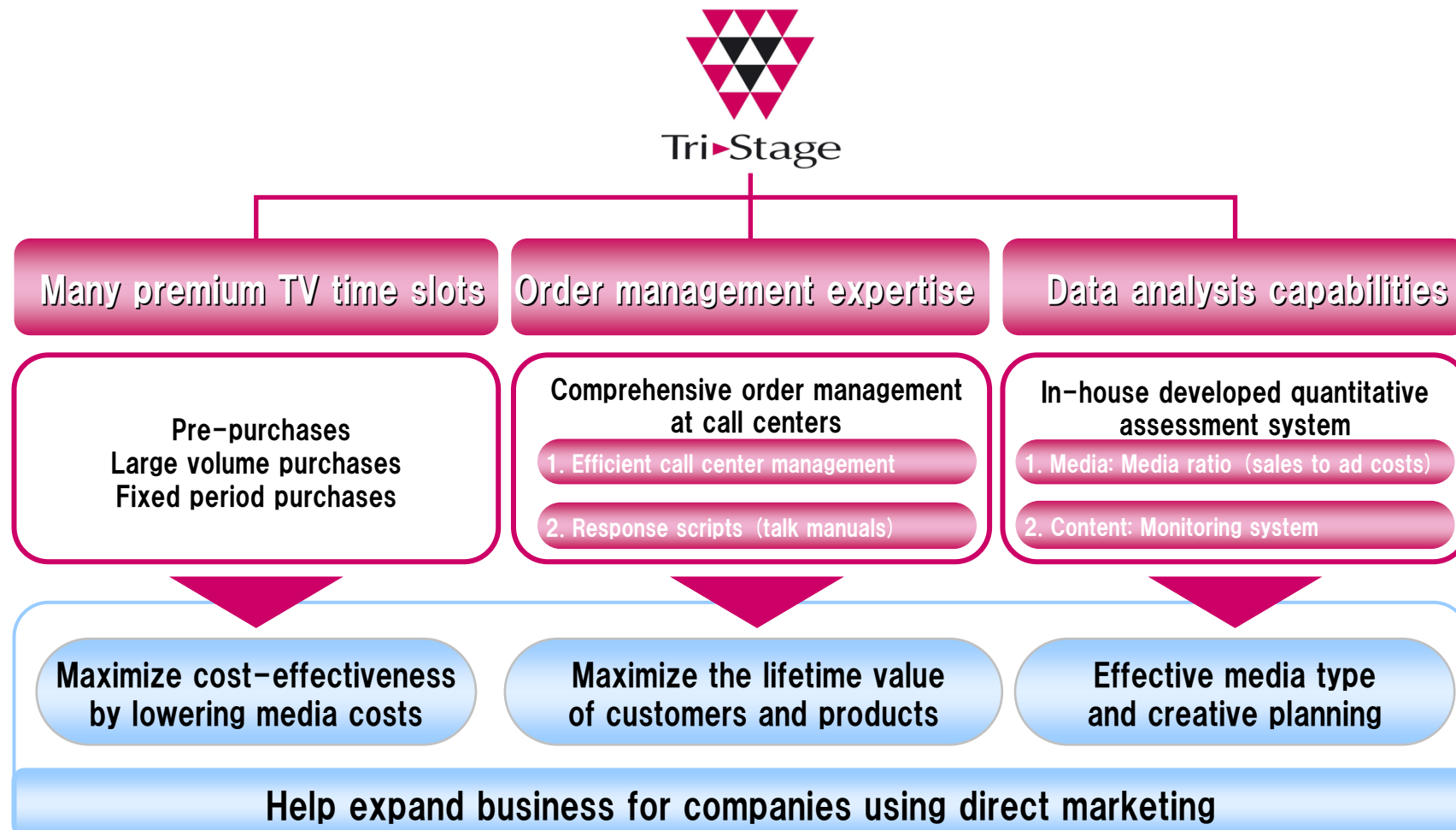


Example of Tri-Stage's Solutions Lineup

Customer service utilizing independent strength



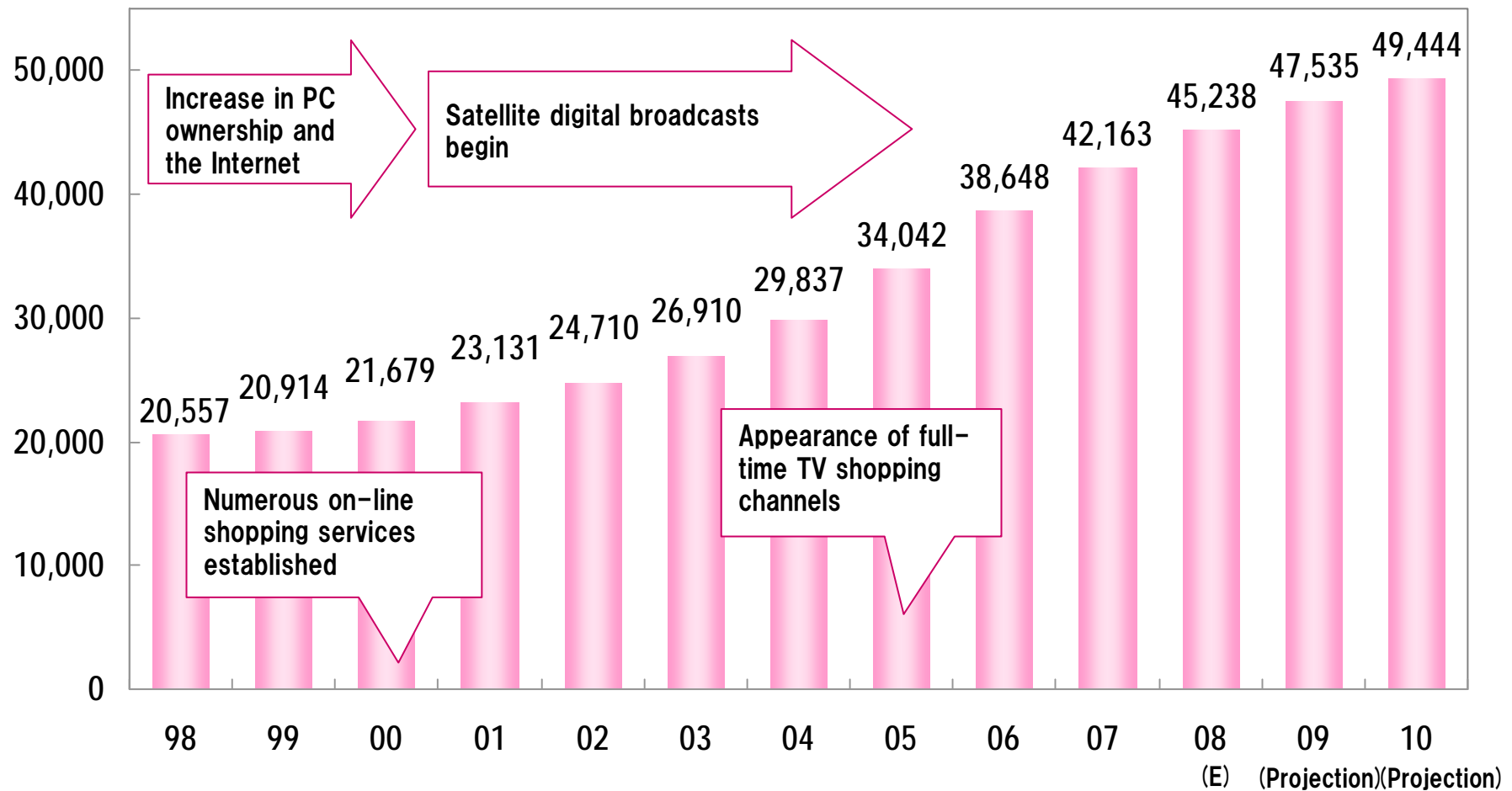
Total solutions based on data analysis



Direct Marketing (Merchandise) Trends

Direct marketing (merchandise) — ¥4.7 trillion market in FY2009

(¥100 mn)

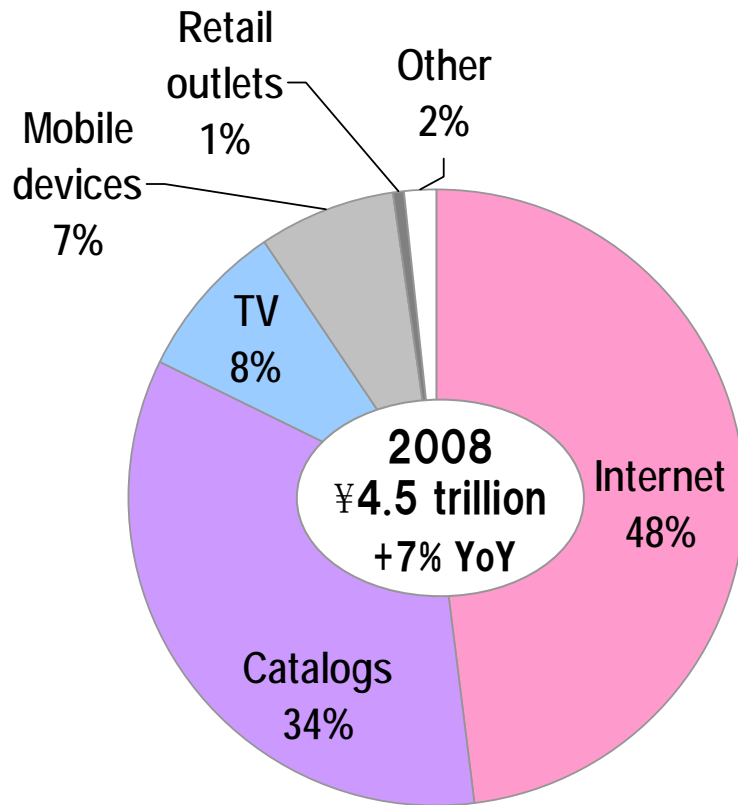


Source: 2008-2009 Direct Marketing and eCommerce Market: Situation and Outlook, Nov. 2008, Fuji-Keizai Co., Ltd.

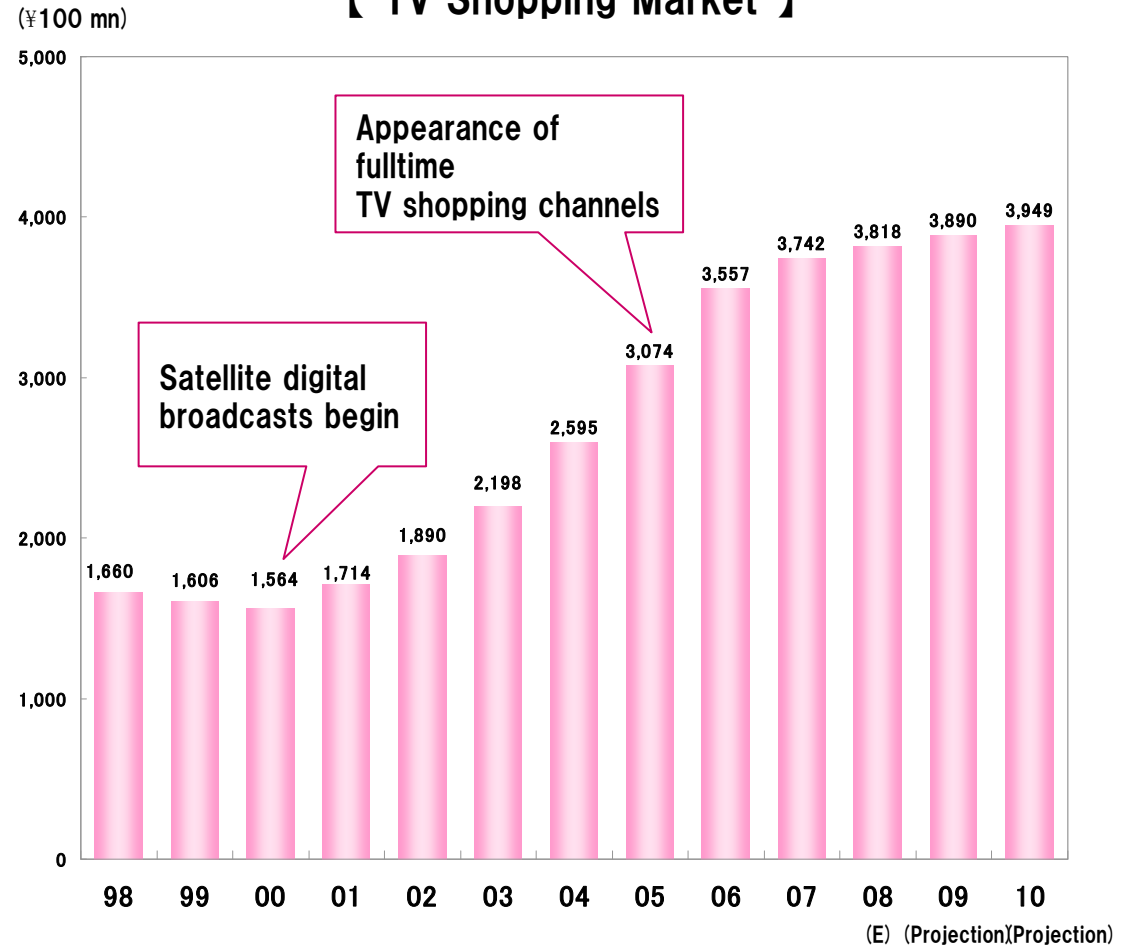
Direct Marketing (TV Shopping) Trends

Sales through Internet, TV and mobile devices growing

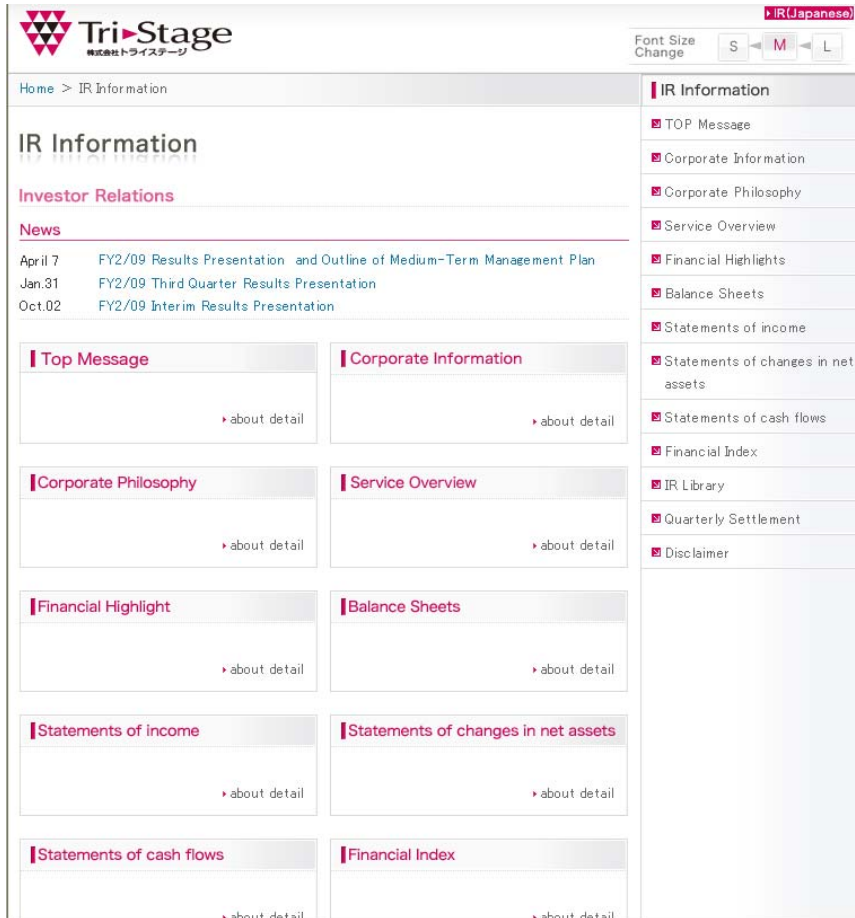
【 Market Share by Media Type 】



【 TV Shopping Market 】



Source: 2008-2009 Direct Marketing and eCommerce Market: Situation and Outlook, Nov. 2008, Fuji-Keizai Co., Ltd.



The screenshot shows the IR Information page of the Tri-Stage website. The page is in Japanese and features a navigation menu on the right with links to various sections: TOP Message, Corporate Information, Corporate Philosophy, Service Overview, Financial Highlights, Balance Sheets, Statements of income, Statements of changes in net assets, Statements of cash flows, Financial Index, IR Library, Quarterly Settlement, and Disclaimer. The main content area is divided into several sections, each with a 'about detail' link: Top Message, Corporate Information, Corporate Philosophy, Service Overview, Financial Highlight, Balance Sheets, Statements of income, Statements of changes in net assets, Statements of cash flows, and Financial Index. A news section at the top left lists recent presentations: April 7 (FY2/09 Results Presentation and Outline of Medium-Term Management Plan), Jan.31 (FY2/09 Third Quarter Results Presentation), and Oct.02 (FY2/09 Interim Results Presentation). The page also includes a font size change control (S, M, L) and a language selector (IR(Japanese)).

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Will the market for direct marketing continue to grow?

- Consumer behavior is shifting from external to internal consumption. Although the rate of growth in the market for direct marketing is sluggish, we expect it to expand steadily.
- We anticipate a boost from the substantial expansion of media spots available with the increase in TV channels from 2011.

What is the potential for the rise of competitors?

- We do not recognize any other company as a true competitor at this point.
- While there is always the potential for a competitor to arise in the future, we believe that our expertise founded on many years of experience, along with continual refinements that will enable us to retain the highest skill levels, will allow us to remain solidly competitive (in terms of market share, skill, expertise and personnel).

How does Tri-Stage charge client companies?

- There are two methods: (1) a fixed fee on top of total costs from solution services; and (2) a fixed percentage of client company sales.

How will earnings change with the increase in cross-media marketing?

- The benefits of cross media are (1) greater earnings from new markets and an increase in customers; (2) an increase in sales synergies from cross-selling; and (3) reduced risk of earnings fluctuation. We feel that cross-media marketing will allow us to both increase earnings and reduce risk.

What are your plans for increasing personnel (consultants), and your investment plans (financing needs)?

- We are aggressively hiring new graduates each year, equalizing our age groups.
- We will invest to expand business, including investing in internal IT systems, paying deposits to suppliers, and promoting the development of cross-media marketing.

Forecasts regarding future earnings presented in this presentation are estimated by the Company based on information available at the time of release, and include risks and other uncertainties. Accordingly, there is no guarantee that the Company will achieve these forecast figures.

Changes in the internal circumstances of the Company or external business environment may have an impact, whether direct or indirect, on the Company's earnings. Please be aware of the possibility that the forecasts presented in this presentation may change.