



# FY February-2013 1Q Presentation

July 6, 2012

**Tokyo Individualized Education Institute**

**(4745)**

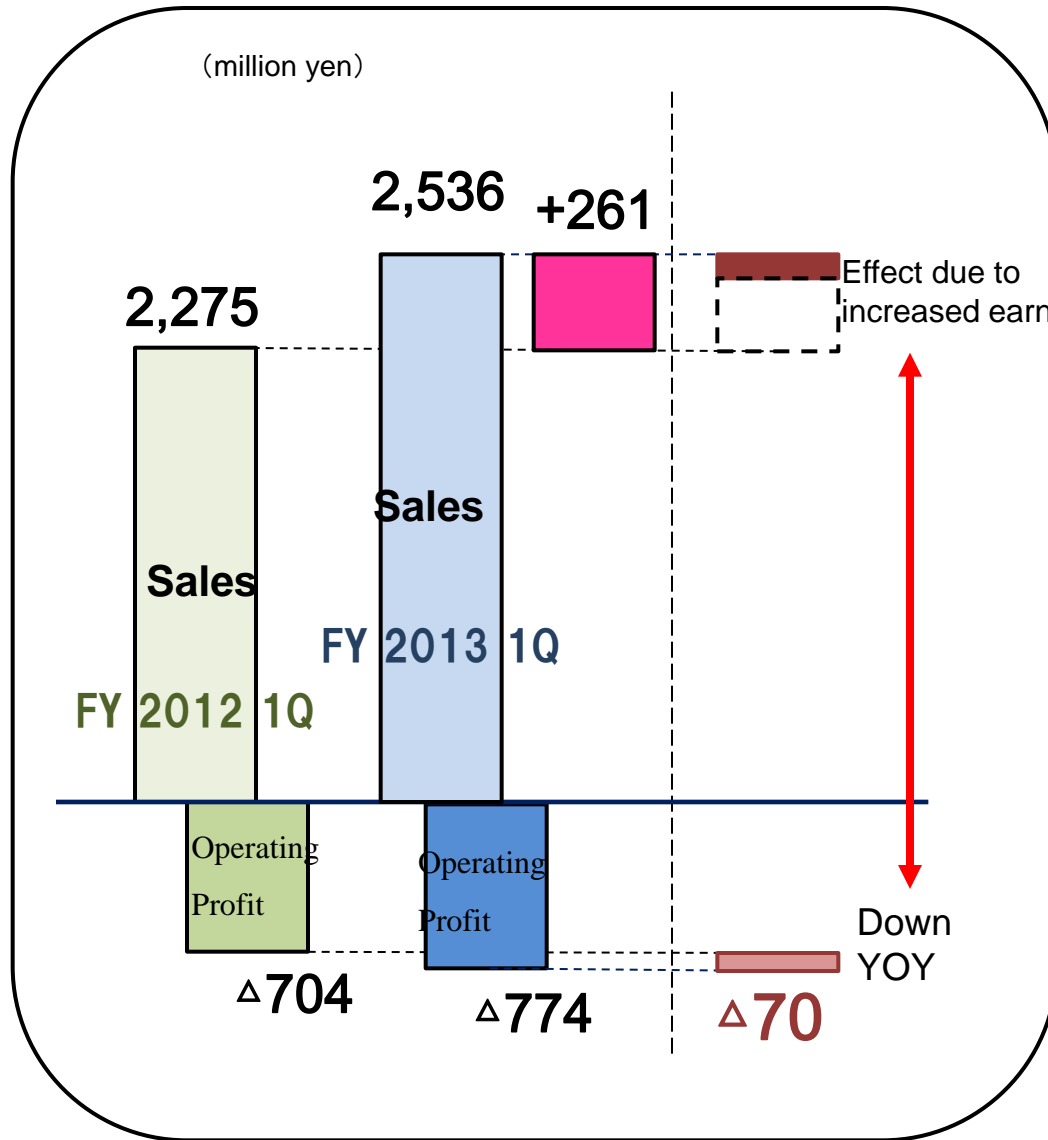


# Overview of FY February-2013 1Q

**Director: Shoichi Funato**

	FY Feb-2013 1Q Result	FY Feb-2012 1Q Result	Change	Change %
<b>Sales</b>	<b>2,536</b>	<b>2,275</b>	+261	111.5%
<b>Cost of Sales</b>	<b>1,907</b>	<b>1,750</b>	+156	109.0%
Sales cost ration	75.2%	76.9%		
<b>Gross Profit</b>	<b>629</b>	<b>524</b>	+105	120.0%
Gross Margin	24.8%	23.1%		
<b>SG &amp; A</b>	<b>1,404</b>	<b>1,228</b>	+175	114.3%
SG&A ratio	55.4%	54.0%		
<b>Operating Profit</b>	<b>△774</b>	<b>△704</b>	△70	—
OP margin	—%	—%		
<b>Recurring Profit</b>	<b>△773</b>	<b>△702</b>	△70	—
RP margin	—%	—%		
<b>1Q Net Profit</b>	<b>△470</b>	<b>△424</b>	△46	—
NP margin	—%	—%		

**Annual Forecast (Sales 12,900M, Operating Profit 570M)  
has not been changed and going on line.**



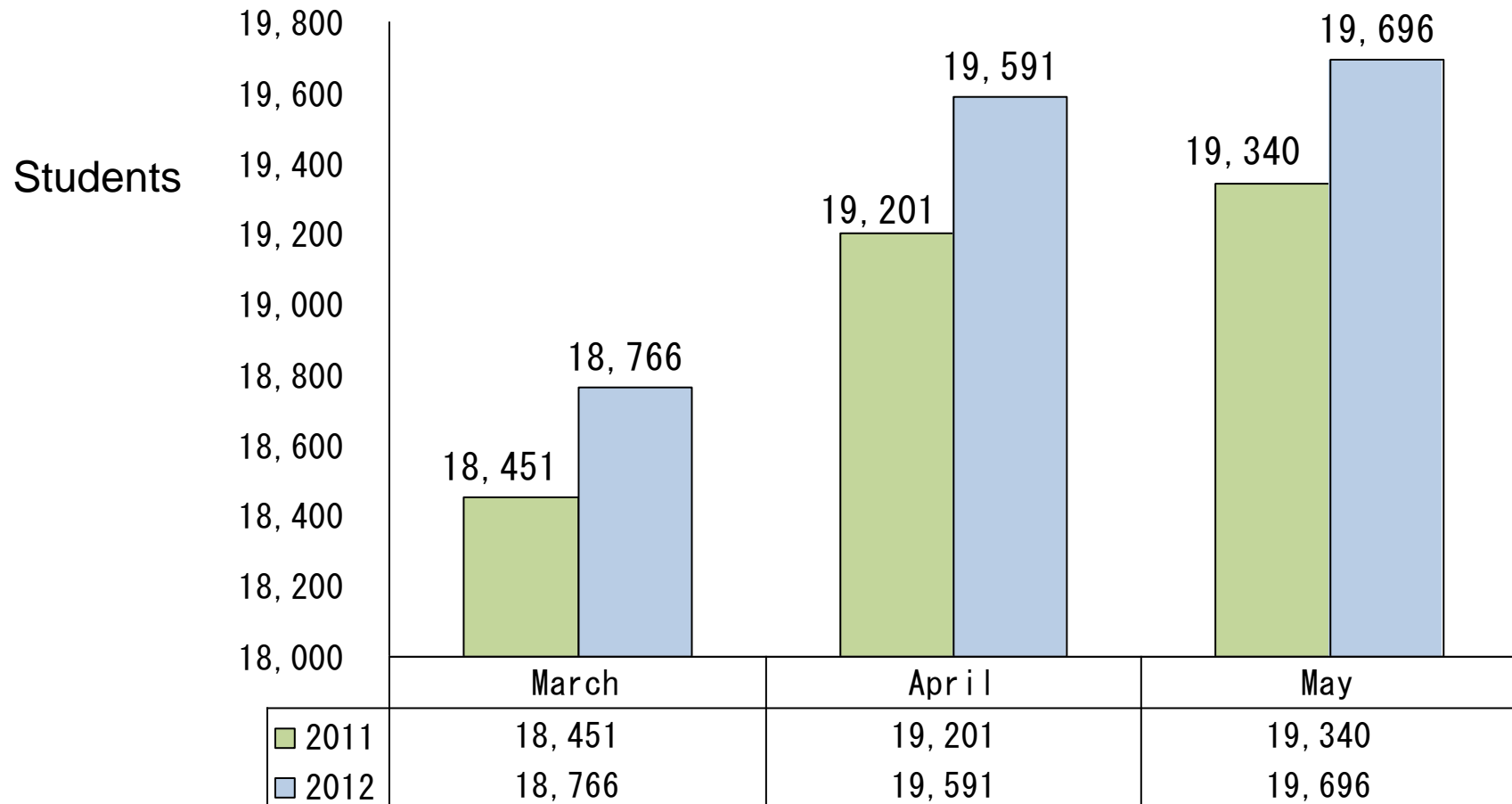
**YOY (increased earnings by sale)  
Factor of ▲70 M profit down**

⇒ Increased Advertisement cost  
(About 200 million yen)

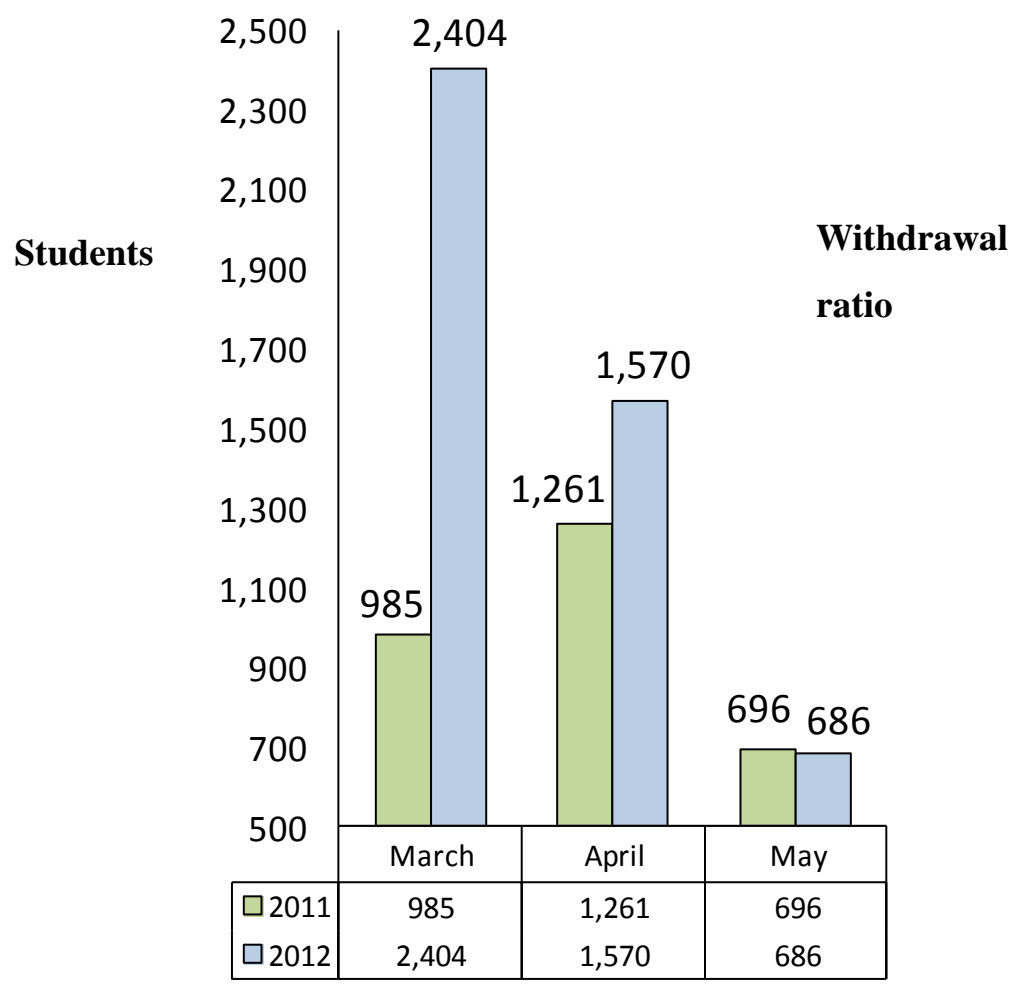


**For the increased cost is  
already factored into the  
budget for fiscal year,  
No change in full-year earnings  
forecast**

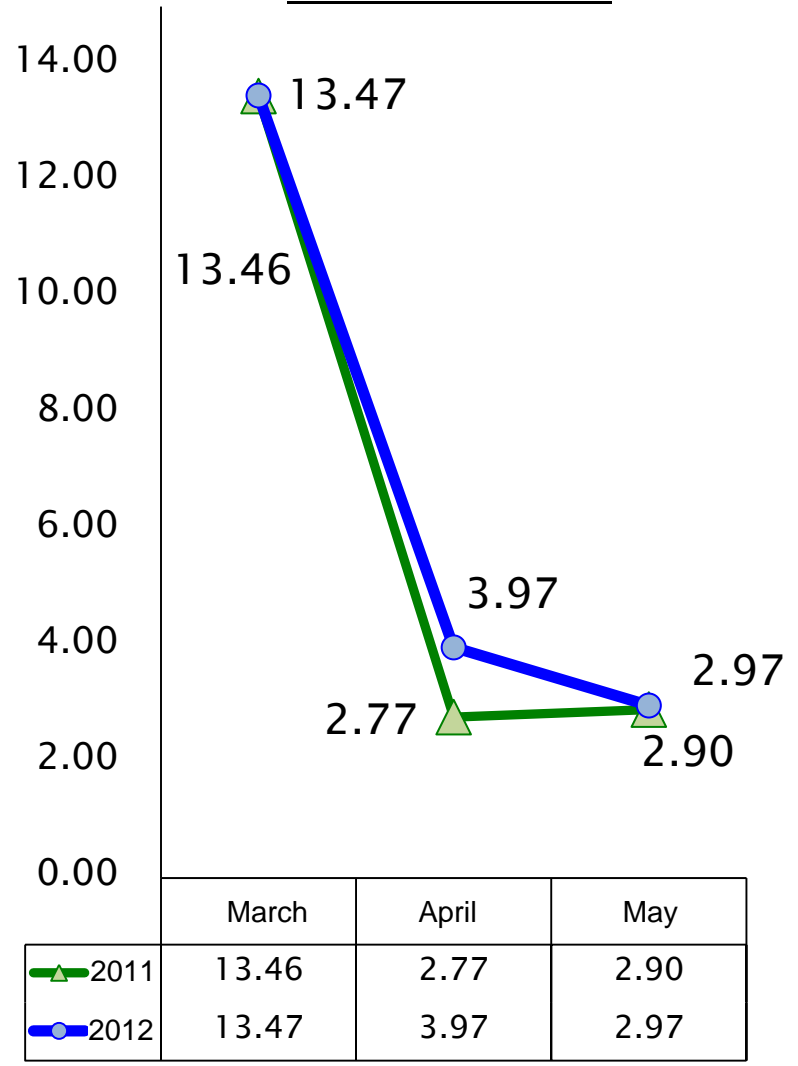
## Monthly students numbers



## New students



## Withdrawal ratio



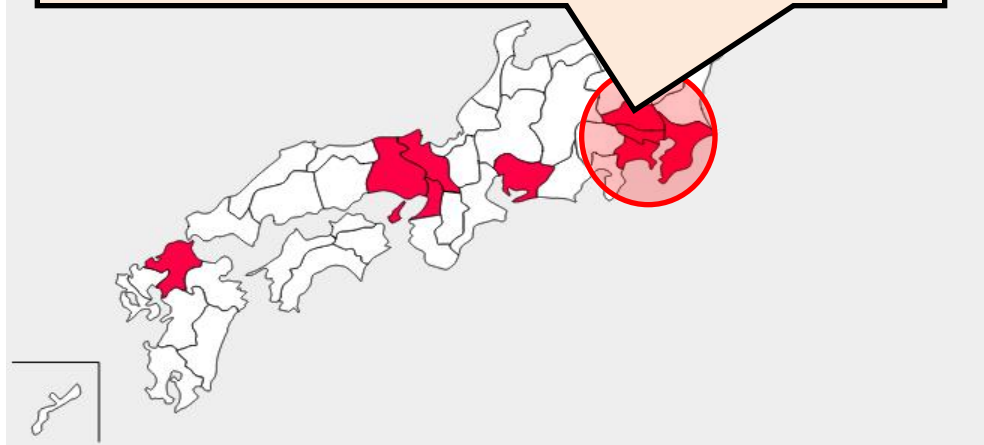
- ✓ **The number of students at the level of as planned**
- ✓ **Year-over-year decrease in operating profit in first quarter had already been original budget**
- ✓ **No change FY Feb-2013 annual forecast**

## June-2012: Re-started opening new schools

# Nation wide 200 schools

 (All direct schools) ※as of end of June, 2012

- ◆ **Toyota school** (Nino city in Tokyo in June)
- ◆ **Center North school** (Yokohama city in June)
- ◆ **Shimoigusa school** (Suginami-ku Tokyo in June)



**From June-2012, plan to open 20 new schools within three years**





# Business Growth Strategy

**CEO Kazunari Matoba**

## 【Target objective for FY Feb-2013】

**Sales 12,900 M    Operating Profit 570 M    (Profit Margin 4.4%)**

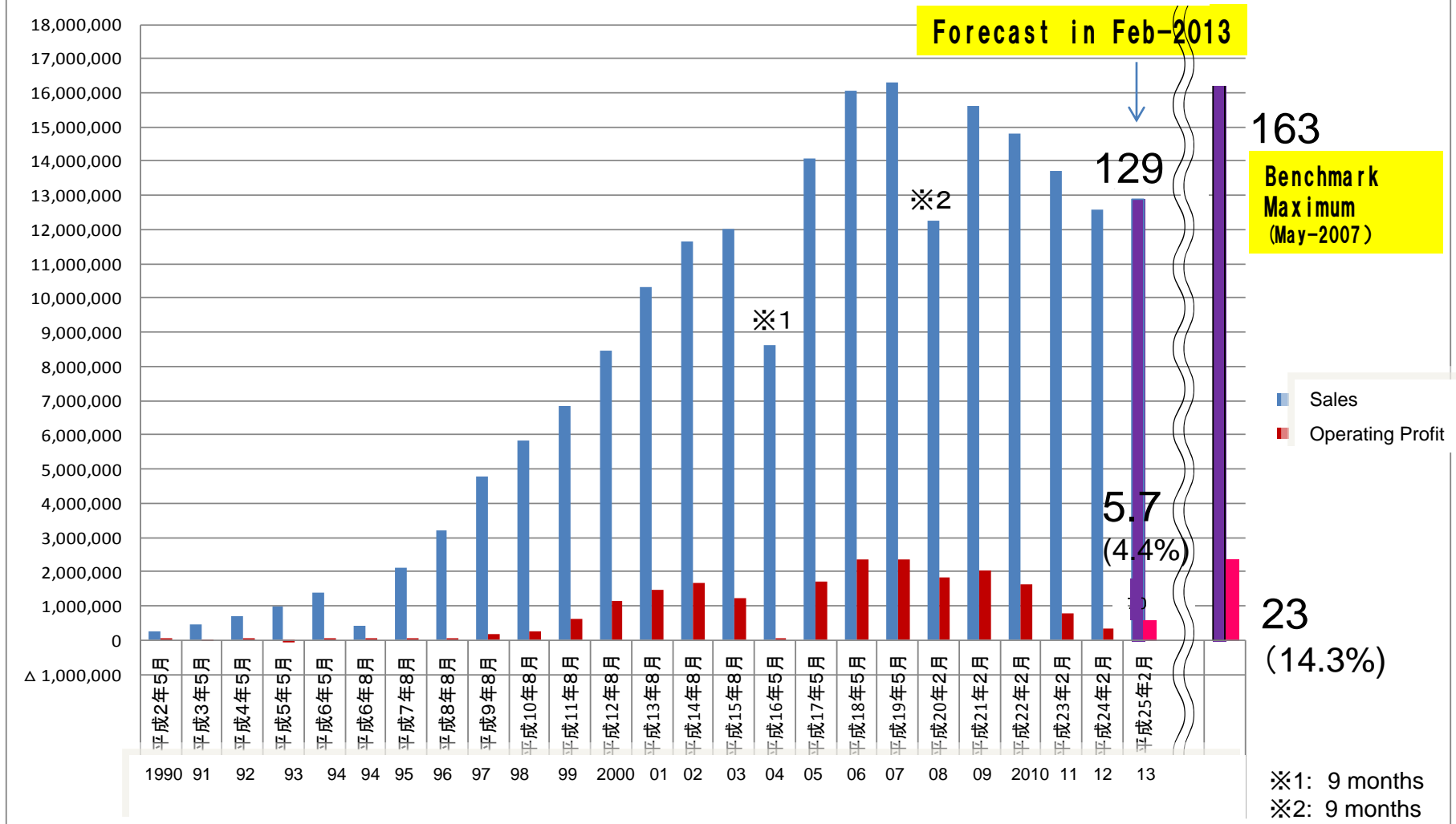
※ Prepare new mid-term management plan for this autumn announcement

## 【Strategy】

**Focusing on 「High Quality ・ High add-value」  
Continuous annual growth**

## Achieving Maximum Level in the past

Sales & Operating profit since 1990



## Mission

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**Through our philosophy, provide many students  
with the power to survive the future**

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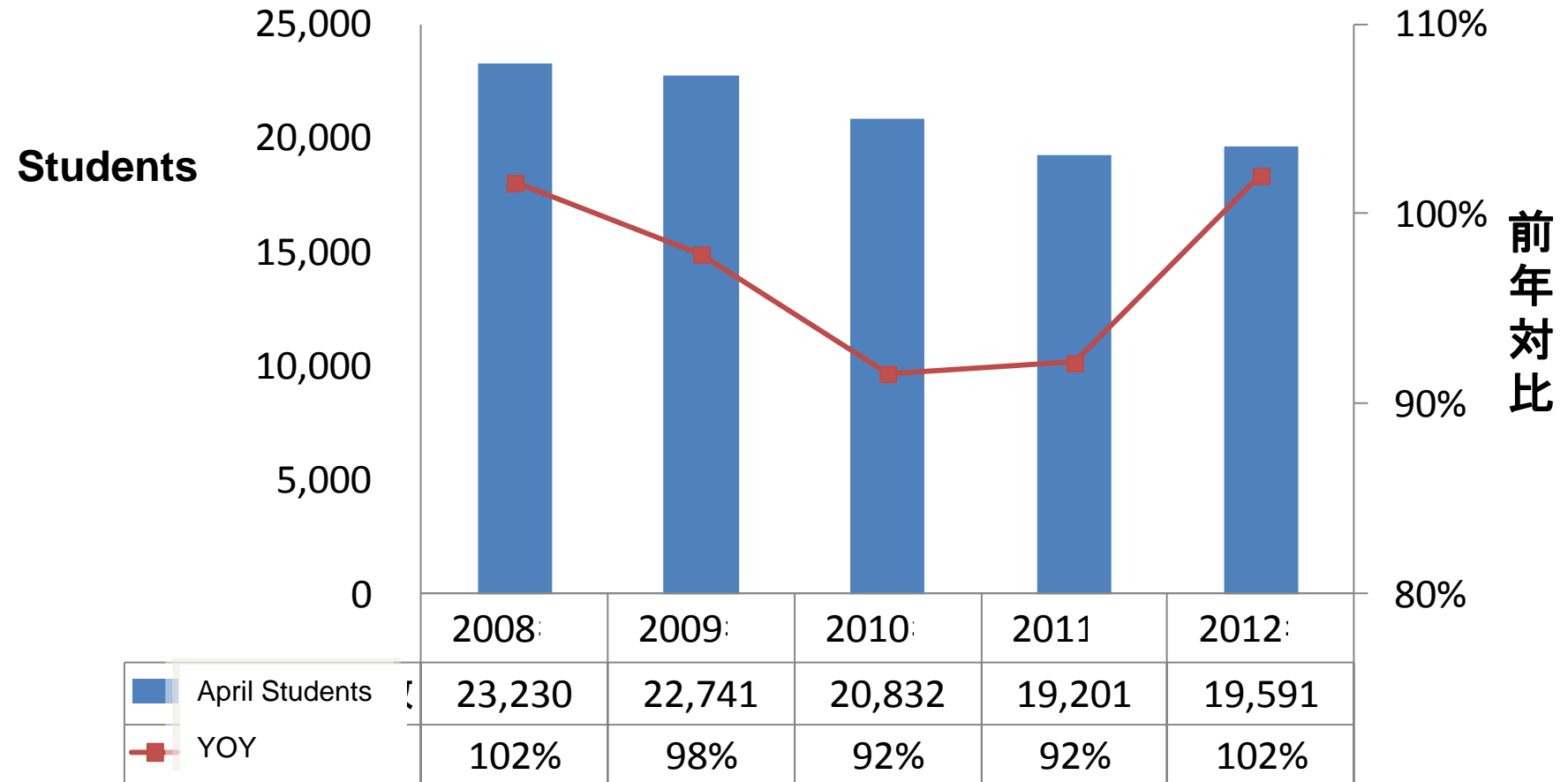
## Focusing in schools

**One person alone  
successful experience and Achieve targets**

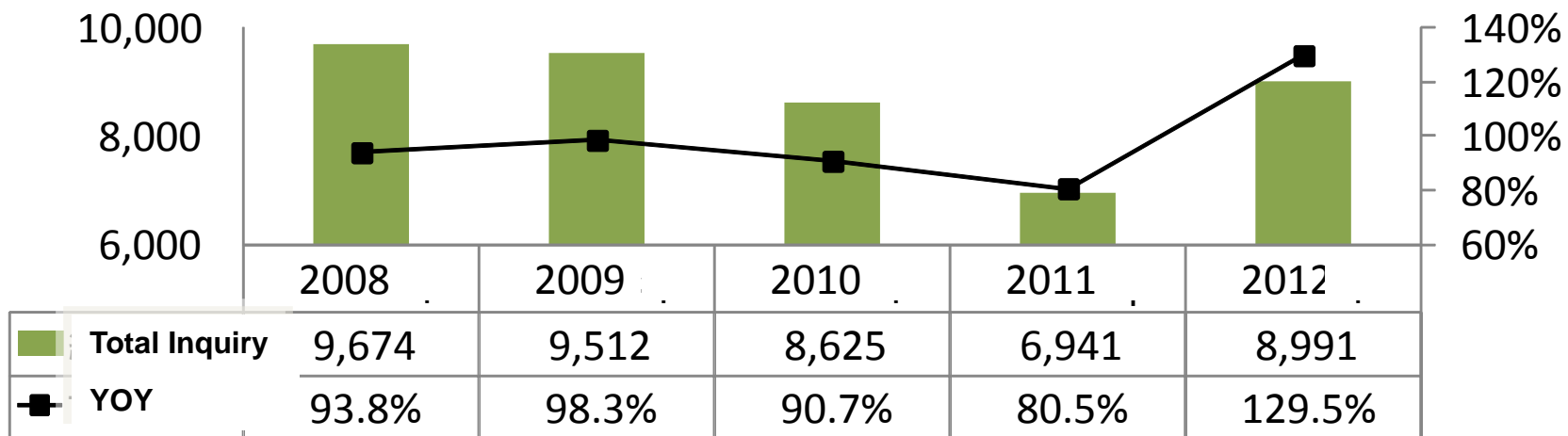


**Can-do  
Joy challenge  
The importance of having a dream**

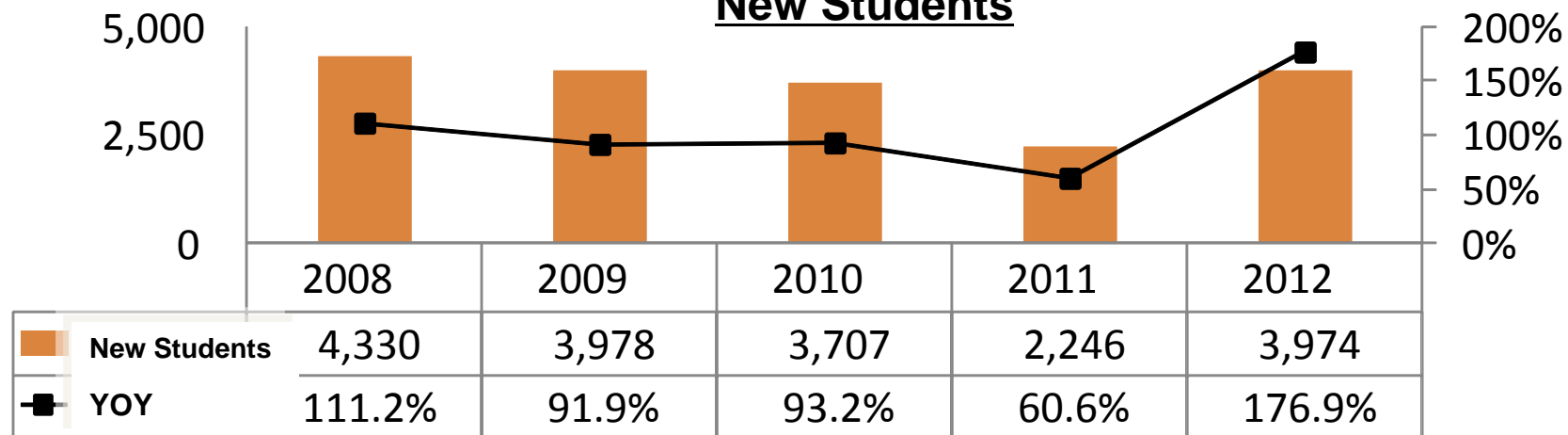
Students number was bottomed out and expected V-shaped recovery



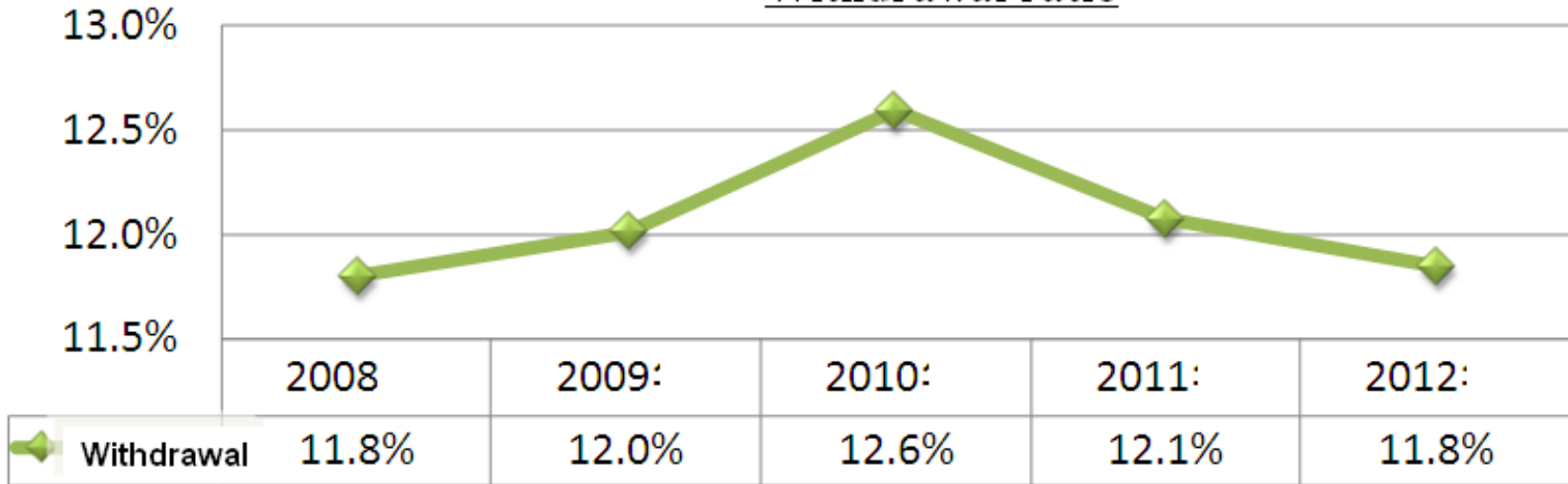
## Total Inquiry



## New Students



Withdrawal ratio



※ Feb-Apr withdrawal students ÷ Fe-Apr total students



## [University Exam Results] Result example

Number of examinees of high and high school graduates 3 were decrease slightly, the actual pass waas up from last year.

■ National Univ  
**YOY 115%**

■ Waseda/Keio/Jyochi Level  
**YOY 100%**

■ GMARCH  
Kangaku/Doshisha Level  
**YOY 115%**

■ Nichidai/Koma  
zawa level  
**YOY 111%**

## Carefully support for implementation of each course, and result performance to pass the difficult exam.

### [High school exam] Success in entrance exams (Extracted)

	Pass performance in top level prefectural public schools
Tokyo	Hibiya, Nishi, Kunitachi, Toyama, Tachikawa
Kanagawa	Syonan, Hakuyou, Midorigaoka, Kawawa
Chiba	Hunabashi, Higashikatsushika
Saitama	Urawa, Omiya, Kawagoe, Kawagoe Jyoshi
Aichi	Meiwa, Kikuzato, Meito
Kyoto	Sagano (Cosmos)
Osaka	Ibaraki, Toyonaka, Kasugaoka
Hyogo	Nagata, Municipal Nishinomiya, Seiryu
Hukuoka	Shuyukan, Chikushigaoka, Jyonan

### [Junior high school exam] Success in entrance exams (Extracted)

	Pass performance in High level schools
Tokyo	Kaisei, KomabaToho, Oin, Jyohoku, Sugamo, Keio Chutobu, Meidaimoji
Public Junior-high school	Koishikawa, Oshyukan, TachikaKokusai, Oizumi, Fuji, Inage, Saikyo, Ashiyakokusai
Kanagawa	SeikoGakuin, Eikogakuen, Asano, Kumonkokusai, YokohamaHutaba
Chiba	ShowaShuei, Konodai Girl's
Saitama	UrawaAkenohoshi, SakaeHigashi, RikkyoNii za
Aichi	Taki, Nanzan(boy's)
Kyoto	Doshisya, Ritumeikan
Osaka	Daikyodailkeda, KansaidaigakuChutobu
Hyogo	KansaigakuinChutobu, Koubekaiseijyoshi
Hukuoka	Chikushijyoshi, HukuokaHutaba

※Described only school name.

It's not the number of who passed.

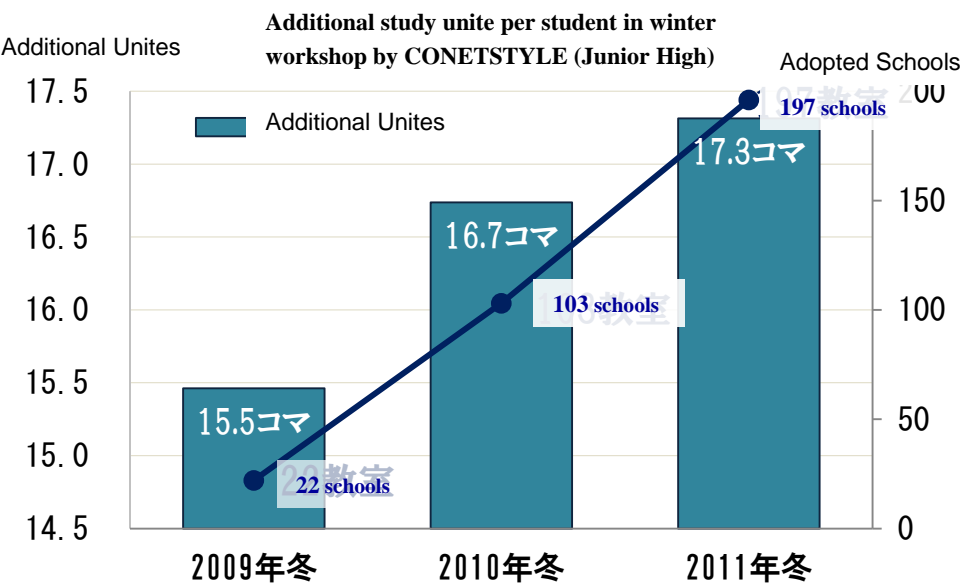


コネットスタイル  
**CONET STYLE**

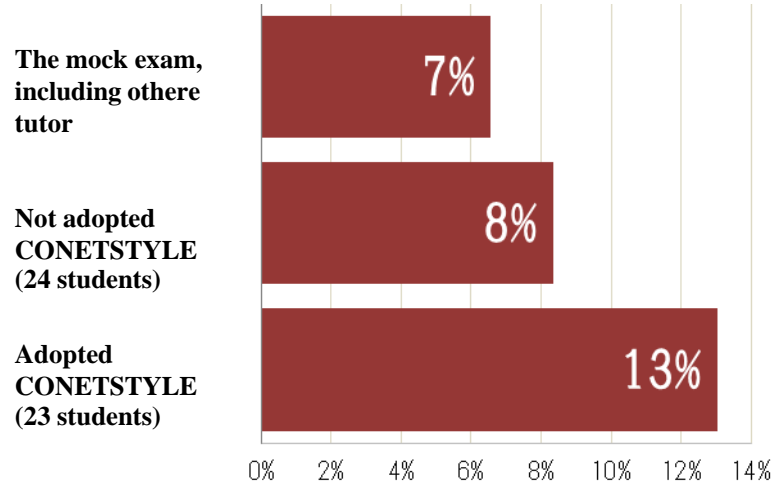
**In winter 2011, all school had installed,  
As of June-30, 2012, 200 schools included new ones operate**

**By CONETSTYLE**  
Able to secure the absolute amount of quality learning.

**By CONETSTYLE**  
Improvement the deviation exam



2011 Spring → 2012 Winter  
Deviation increase three subjects (Junior High 1・2 grade)



**Increased according to school numbers**  
By CONET STYLE, Implementation for individual interviews and the best separate curriculum. The future improvement of the accuracy level operation and services.

Spring 2011 & Winter 2012, Deviation increased ratio in three subjects (Eng, Mas, Lan)  
◎Increased ratio = Up - Down  
**Deviation improvement rate of introduction CONETSTYLE classroom is Two times in the entire private school student, including the other candidates mock**

CONET STYLE is our own original teaching system combines the good learning content of Benesse Group's and our individual guidance

The materials & curriculum to each  
**Created by order-made**

Instructor pulls the motivation  
**Quality Up for calssroom study**

### Original Textbook for students

Original text correlation with homework and class studys  
※ uses the text in a different level at Junior High 3 grade

### Confirmed Exam

Check level of understanding by the study ⇒ homework confirmation ⇒ test tuition

### Achievement Test

An objective judgment

### Order-made Curriculum

Carefully selected learning curriculum by consider the pace and learning situation of children by the achievement test

3 Step iterative study & confirmation test



**BY CONET STYLE, increased deviation up ratio dramatically,**  
**Also increased additional unite study**  
**⇒ Contribute continuous ratio by satisfaction**

For adjusting market, continue to do renewal for schools in 2012

Environmental improvement ■ In 1Q: Renewal 5 Schools

(Ex) Tachikawa School (Tokyo) Self-renewal

Before



After



(Ex) North Urawa school (Saitama) reception renewal

Before



After



**For adjusting market, continue to do renewal for schools in 2012**

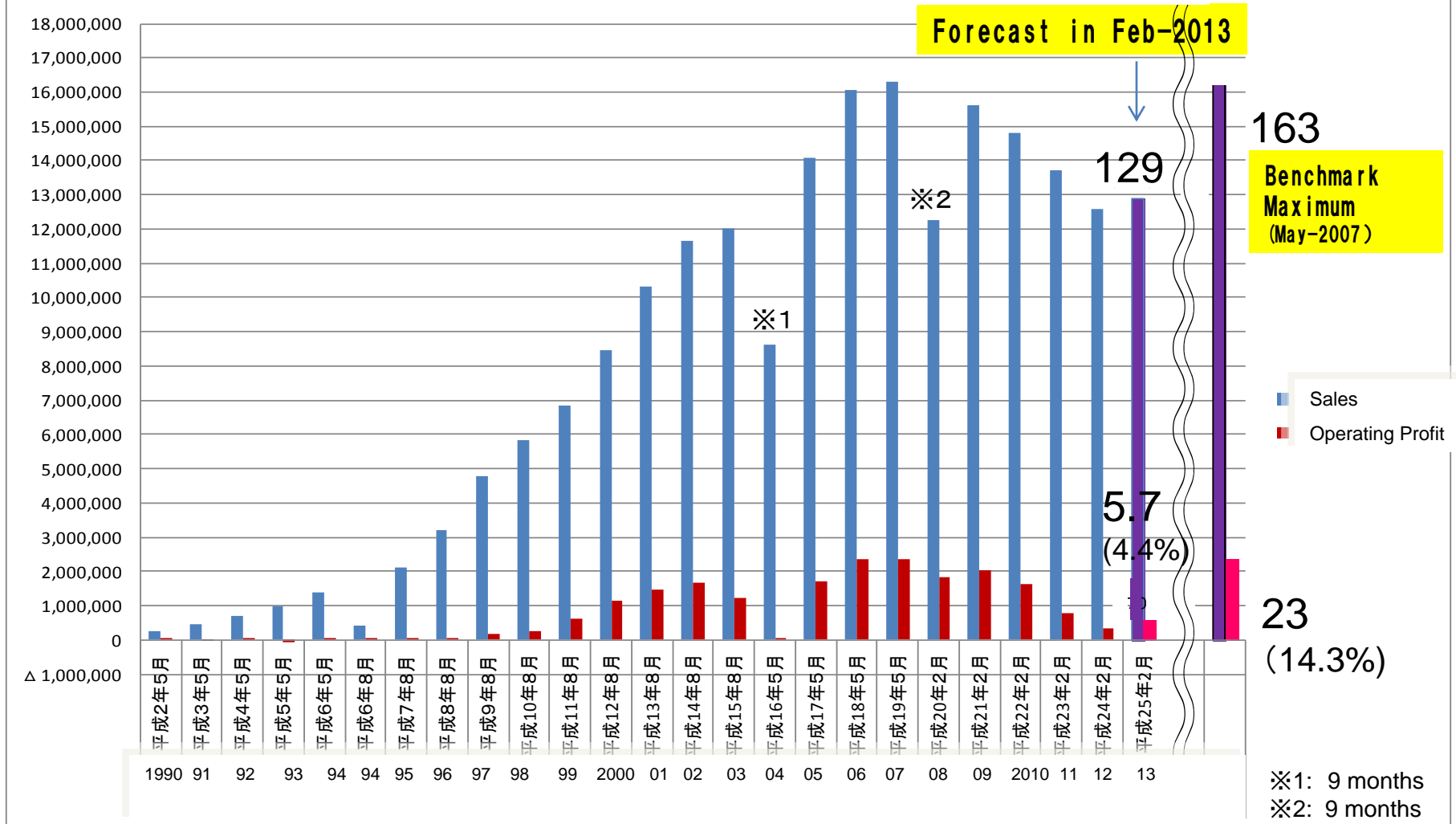
**Customer attraction ▪ Convenience ▪ earning growth ■ In 1Q:relocated 7 schools**

		Customer attraction			Convenience	Earning growth
Date	Schools	Floor	Visual	Others	Distance	Rent
March	<b>kashiwa</b>	UP study room	UP (Sign set)	Safety	<b>Close to station</b>	
March	<b>Yabashira</b>	UP study room	UP (More competitive, Sign Plan )			<b>Decreased huge</b>
March	<b>Toyonaka</b>	UP study room	UP (direct to station)	Safety	<b>Direct to station</b>	
March	<b>Hikarigaoka</b>		UP (1 <sup>st</sup> floor)			<b>Decreased huge</b>
April	Nakamurabashi		UP (Road face)	Safety		<b>Decreased</b>
May	<b>Sagamiohno</b>	UP room & study room	UP (direct to station)		<b>Direct to station</b>	
May	<b>Tachikawa</b>	UP many study rooms (Maximum)				

1	<b>Horizontal expansion by successful schools</b>	<ul style="list-style-type: none"> <li>•Run over the implementation of the annual communication plan</li> <li>•More operational efficiency of CONET STYLE</li> <li>•Best Practice (GT forum, All staffs meeting)</li> <li>•Standardization of instruction for schools by SV</li> </ul>
2	<b>Motivation UP</b>	<ul style="list-style-type: none"> <li>•Personnel evaluation system reform</li> <li>•Work Environmental improvement focus on customer</li> </ul>
3	<b>Redefinition and strengthening of core values</b>	<ul style="list-style-type: none"> <li>•Redefinition of TKG's core value</li> <li>•Menu for products line</li> <li>•Deepening of the adoption and development of teachers</li> </ul>
4	<b>New schools</b>	<ul style="list-style-type: none"> <li>•Restart for new schools</li> <li>•Select location for potential</li> <li>※Until June 2012 3 new schools (Tokyo 2 + Kanagawa1)</li> </ul>
5	<b>Marketing Reform</b>	<ul style="list-style-type: none"> <li>•Shifting media (Flyer → Web)</li> <li>•Introduction / Development for message</li> <li>•Marketing for more recognition</li> </ul>
6	<b>Operation Reform</b>	<ul style="list-style-type: none"> <li>•Cost cutting by appropriate expense</li> <li>•Optimal allocation of management resources</li> </ul>

## Achieving Maximum Level in the past

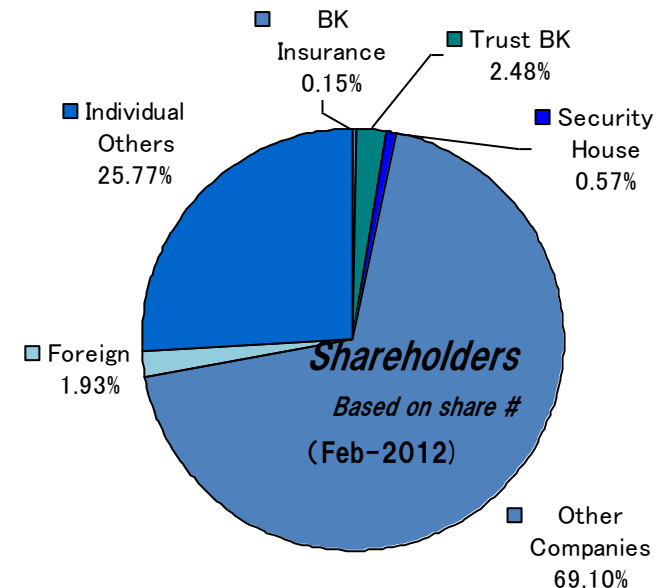
Sales & Operating profit since 1990





- **Established** : August 1985
- **Listing** : TSE 1st in August 2003 (code;4745)
- **C E O** : Kazunari Matoba
- **Capital** : 642.15 million yen
- **Number of schools** : 197 (Kanto 148, Kansai 37, Tokai 7, Kyushu 5)
- **Enrollment** : 19,696 students (Primary school 1,881 Junior high 7,202 Senior High 10,813)
- **Employees** : 412 (Part time teaches included 5,578)
- **Share outstanding** : 54,291,435
- **Number of shareholders** : 5,154 (as of February 29, 2012)

	Shareholders (as of Feb-29,2012)	Shares	%
1	Benesse Corporation	33,610,800	61.91%
2	Shinji Baba	7,057,200	13.00%
3	SB asset management	3,315,000	6.11%
4	Ma Ahyou	745,200	1.37%
5	Ma Yarpin	679,400	1.25%
6	Trans Pacific Education Network	270,000	0.50%
7	Nippon trusty service trust B/K (TA)	266,300	0.49%
8	Nippon trusty service trust B/K (TA1)	263,200	0.48%
9	Kyoko Ishihara	250,000	0.46%
10	Isao Ishihara	248,300	0.46%



(Note)

May 31, 2011 TKG's owned 4,576,751 shares were fully retired, 7.77% to total outstanding shares.  
 As of February 29, 2012 there are 50 shares company owned. Share ratio was calculated except own shares.

## IR Inquiry

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This presentation was prepared to provide information on TKG's FY Feb-2013 1Q results and management strategies. The purpose of these materials is not to solicit investments in TKG's stock or other securities.

All information in this presentation is based on data that is current as of end of May, 2012.

The company makes no guarantees regarding the accuracy or completeness of this information and retains the right to revise this information at any time with no prior notification.

