

FY February-2012 2Q Presentation

October 7, 2011

Tokyo Individualized Education Institute (4745)



Overview of FY February-2012 2Q

Director: Shoich Funato

Overview

- **In the first quarter, the continuous ration was improved strongly as previous year.**
- **In this Q2, the new students especially in July was achieved far beyond previous year.**
- **In addition, the summer workshop was achieved far beyond original plan.**
- **Above the reason, we made this fiscal year's business forecast to upward revision.**

FY Feb-2012 2Q Business Result Summary

(million yen)

	FY Feb-2012 2Q Result	【Reference】 Previous Year	Comparison	YOY %
Sales	5,898	6,612	△713	89.2%
Cost of Sales	3,895	4,115	△220	94.6%
Sales cost ration	66.0%	62.2%		
Gross Profit	2,003	2,496	△492	80.3%
Gross Margin	34.0%	37.8%		
SG & A	2,287	2,482	△195	92.1%
SG&A ratio	38.8%	37.5%		
Operating Profit	△284	13	△297	—%
OP margin	—%	0.2%		
Recurring Profit	△280	15	△296	—%
RP margin	—%	0.2%		
Net Profit	△180	△261	△80	—%
NP margin	—%	-		

※Due to the no-announcement of the 2Q business forecast, we quoted the only comparison with previous year (YOY).

Upwardly-revised Business Forecast FY Feb-2012

(million yen)

	Announced May 20 th , 2011	Upwardly -revised Sep 29 th , 2011	Difference	Change %
S a l e s	12, 422	12, 545	123	1. 0%
Operating Profit	250	327	77	30. 8%
Recurring Profit	252	331	79	31. 4%
Net Profit	125	184	58	46. 4%
EPS (yen)	2. 32	3. 40	1. 08	46. 6%

[Reason for the full-year earnings forecast upward revision]

1. Improving classroom management capabilities and service quality to existing customers, contributed to continuous ratio recovery
2. Achieved high performance in getting new students in the summer high season
Sales exceeded the plan in summer workshop
3. Improve profitability by further cutting costs and promote additional investment to increase the number of students enrolled for next year

Capital Policy

➔ Retirement of own stocks

Type of shares to be retired : Company's common stock

Number of retired shares : 4,576,751 (7.77 % to total outstanding shares)

Expected date to be retired : May 31, 2011

➔ Dividends

	2 nd Quarter	Fiscal year	Annually
Forecast (FY Feb-2012)	3 yen	3 yen	6 yen
(Reference) Last FY (FY Feb-2011)	4 yen (OD 3 yen) (AD 1 yen)	4 yen (OD 3 yen) (AD 1 yen)	8 yen (OD 6 yen) (AD 2 yen)



1st Half business overview & 2nd Half business focusing point

Director: Katsuki Saitou

KPI Result VS. Budget & YOY

		Mar	Apr	May	1Q	Jun	Jul	Aug	2Q	2QTotal
NEW	Plan	1,256	1,371	773	3,400	1,079	2,563	890	4,532	7,932
	Result	985	1,261	696	2,942	1,183	3,068	759	5,010	7,952
Student	Plan%	78%	92%	90%	87%	110%	120%	85%	111%	100%
	Last year%	54%	67%	81%	64%	99%	120%	77%	106%	85%
Withdrawal ratio	Plan	13.73%	3.86%	3.70%	21.29%	2.03%	2.54%	1.94%	6.51%	27.80%
	Result	13.46%	2.77%	2.90%	19.13%	2.37%	2.86%	2.06%	7.29%	26.42%
	Plan%	98%	72%	78%	90%	117%	113%	106%	112%	95%
	Last Year%	94%	62%	71%	84%	105%	102%	97%	101%	88%
Student Numbers	Plan	18,667	19,317	19,376		20,061	22,114	22,575		
	Result	18,451	19,201	19,340		20,065	22,560	22,855		
	Plan%	99%	99%	100%		100%	102%	101%		
	Difference	-216	-116	-36		4	446	280		
	Last year%	93%	92%	93%		93%	96%	95%		
	Difference	-1,397	-1,631	-1,498		-1,501	-960	-1,153		

*** Withdrawal ratio is better less than 100%**

- Reproduce the withdrawal rate quantification, achieved strong results more than last year's
- New students exceeded previous year with Strengthen team and centralized solution deployment in 2Q
- Steady progress toward catching up with the number of students enrolled next year

The success of the recovery of new students and summer workshop

1. Integrated organization between field and sales make plan and execute through consistent organization
2. Careful preparation for workshops → Focusing on July enrollment
3. Leaflets dropped and implementation for new students in consideration of regional characteristics

		Jun	Jul	Aug	2Q	2Q Total
New Students	Plan	1,079	2,563	890	4,532	7,932
	Result	1,183	3,068	759	5,010	7,952
	Plan%	110%	120%	85%	111%	100%
	Last Year%	99%	120%	77%	106%	85%
Withdrawal ratio	Plan	2.03%	2.54%	1.94%	6.51%	27.80%
	Result	2.37%	2.86%	2.06%	7.29%	26.42%
	Plan%	117%	113%	106%	112%	95%
	Last Year%	105%	102%	97%	101%	88%
Students number	Plan	20,061	22,114	22,575		
	Result	20,065	22,560	22,855		
	Plan%	100%	102%	101%		
	Difference	4	446	280		
	Last Year%	93%	96%	95%		
	Difference	-1,501	-960	-1,153		

「New Students」
Far beyond
previous year

「Withdrawal Ratio」
Strong as previous
year's

「Total Students」
Steady progress for
catching up next year

* Withdrawal ratio is better less than 100%

CONET STYLE introducing to All Schools

[Strategic quality Improvement]

「Offer value」 is strength of 「Business」
 Contents & Strength of “Commitment to customer”
 (Beyond expectation = Accordance 「Offer」 & 「Results」)

Commitment Quality



コネットスタイル

CONET STYLE

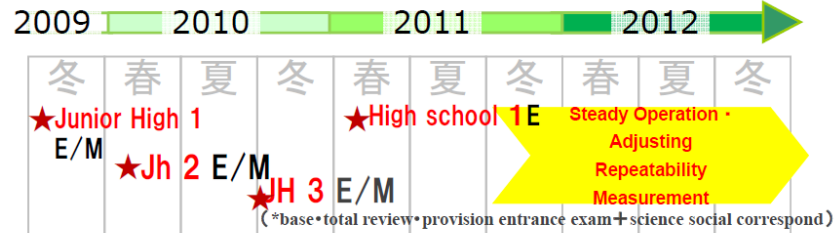
In addition to 「Result」, enhancing students’
 「Self convincing」

<http://www.kobetsu.co.jp/> 東京個別指導学院

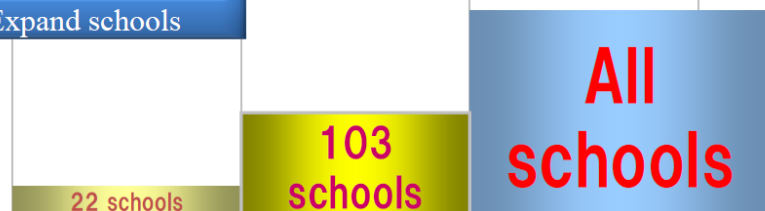
Conet Style process situation [Planning]

◆ One year earlier than original plan, **Conet Style would be introduced all schools in the winter 2011**

Expand grade



Expand schools



<http://www.kobetsu.co.jp/> 東京個別指導学院

- Complete training to classroom teachers and employees of 94 schools including the maximum number schools of Tokyo, from this winter start operation
- To achieve high results in all 197 schools at science exam & ending year
- Continuation to new school year, hope to ensure students enrolled next season in beginning

<http://www.kobetsu.co.jp/>



東京個別指導学院

2nd Half business focusing point

Sales Growth

Enhancing Quality
(Teaching, Instructors, Class)
Reproducing in winter like summer!

All classrooms introduced
CONET STYLE
Lead to result and achievement
further satisfaction & intent to
continue by improvement the quality of
communication

Growth Strategy for FY 2012 after

Field force, increased sales
force, strengthening
management

Strengthen the management and
execution by company project
focusing on Tokyo, Kanagawa
→ Horizontal expansion to
other areas

Continue to be evaluated on customer choice
To ensure students enrolled beginning in 2012



Business Strategy

President and CEO : Kazunari Taniyama

We need a change

2009 2010 2011 2012 2015 ...

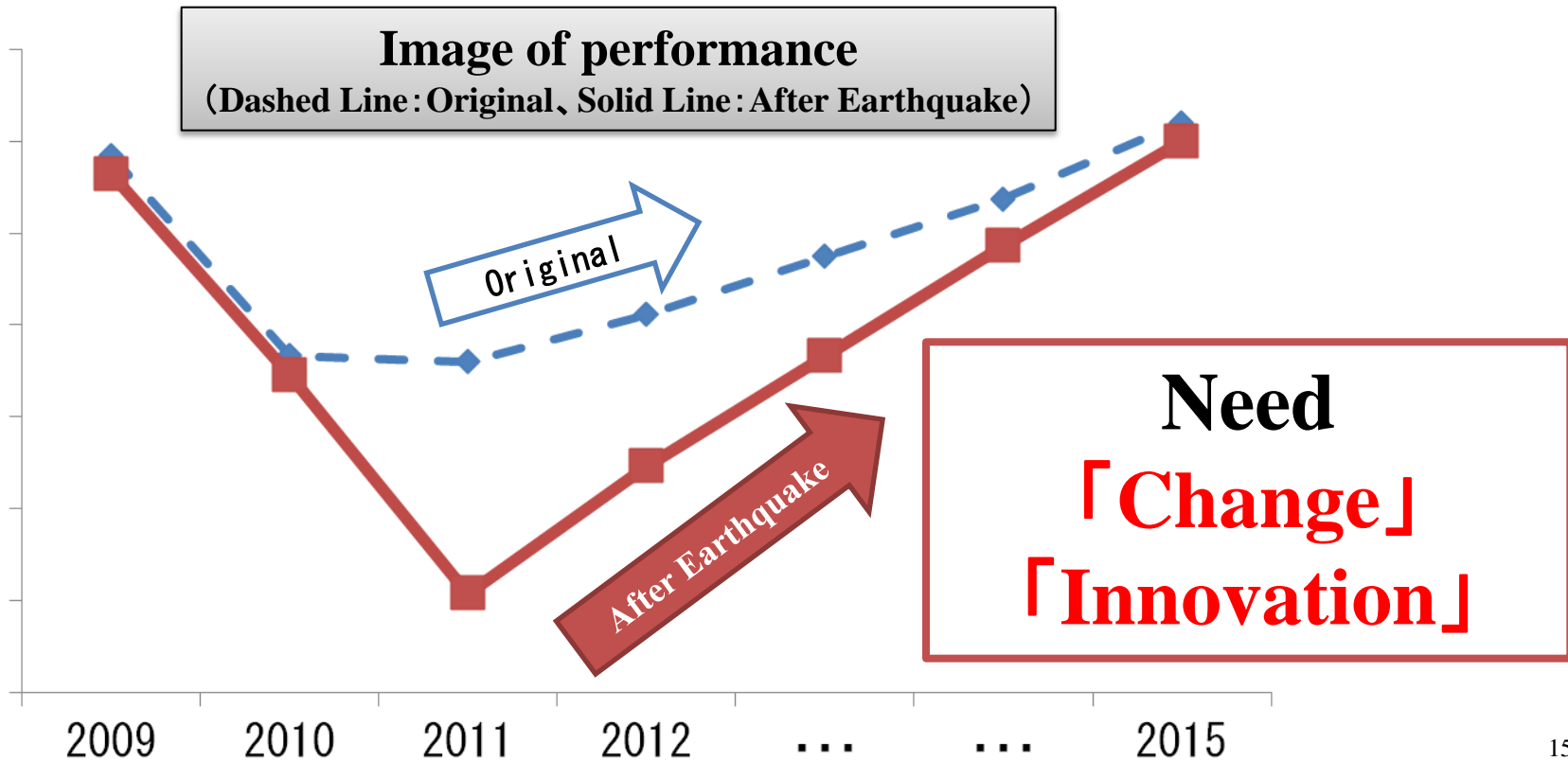
Sales

148.2 137.3 125.4 X

Medium term
Management Plan

Operating
Profit

16.2 7.9 3.2 Y



TKG “Overall reform process”

To be a No1 school in each local area

“ We provide customer with satisfaction of deep understanding students and supporting student growth “



197 schools [Employees / Instructors]

Strengthen
Field force

Reform
operational
process

Change
marketing

Develop
products &
Service

TKG “4 tasks for change”

1

Strengthen Field Force

- Quality Teaching/Instructors/Operation
- Sales Strengthen Performance Management
- Profit Strict Cost Management

2

Reform Operation Process

- One stop servicing
- Be slim & Reform Organization
- Operation management
Next generational system

3

Change Marketing

- Understand customer needs
- Increase inquiry, strengthen web marketing
- Standard model development
of school open & close, school performance

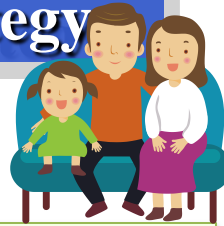
Change
Theme ▪ Task

4

Develop Products & Service

- New service form
(Elementary, Junior, High school)
- Formula price change
- Reasonable pricing plan
formulation for execution

2011~2015 Overall medium-term growth strategy



"Business expansion by new schools opening strategy" as the main objective, we aim at put value-added services on classrooms, "Re-strengthening the field force".

In all schools, we execute "We provide customer with satisfaction of deep understanding students and supporting student growth"

2011

2012

2013

2014

2015

① Strengthen field force

Preparation for growth
Shift to a strong structure

② Reform operation process

④ Develop product & service

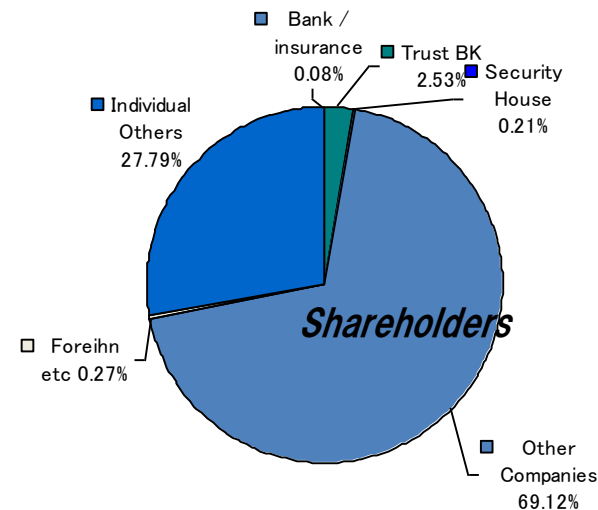
③ Change marketing

2015
Founding
30th
anniversary

Corporate Profile as of August 31, 2011

- **Established** : August 1985
- **Listing** : TSE 1st in August 2003 (code;4745)
- **C E O** : Kazunari Taniyama
- **Capital** : 642.15 million yen
- **Number of schools** :197 (Kanto 148, Kansai 37, Tokai 7, Kyushu 5)
- **Enrollment** : 22,855 students (Primary school 2,181 Junior high 9,010 Senior High 11,664)
- **Employees** : 419 (Part time teaches included 5,819)
- **Share outstanding** : 54,291,435 shares
- **Number of shareholders** : 5,224

	Shareholders	Shares	%
1	Benesse Corporation	33,610,800	61.92%
2	Shinji Baba	7,057,200	13.00%
3	SB asset management	3,315,000	6.09%
4	Takao Yasuda	1,424,600	2.62%
5	Trans Pacific Education Network	270,000	0.50%
6	Nippon trusty service trust B/K (TA1)	267,600	0.49%
7	Kyoko Ishihara	250,000	0.46%
8	Isao Ishihara	248,300	0.46%
9	Nippon trusty service trust B/K (TA)	236,000	0.43%
10	Atsuko Tanaka	216,700	0.40%



(Note)

May 31, 2011 TKG's owned 4,576,751 shares were fully retired, 7.77% to total outstanding shares. As a result, now there is not company owned shares.

IR Inquiry

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This presentation was prepared to provide information on TKG's FY Feb-2012 2Q 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 August, 2011 and considering maximum effect of March 11th East Japan Earthquake. 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.