

FY Ended February 2018 (FY 2/18) Presentation

April 4, 2018



Tokyo Individualized Educational Institute, Inc.
(TSE 1st Section, Securities Code 4745)



Highlights of Results for FY 2/18

Achievements of Medium-Term Management Plan Dynamic Challenge 2017

Yasushi Agawa, Executive Officer and CFO
Tokyo Individualized Educational Institute, Inc.

Growth in Sales and Income (vs. Previous Year)

(Millions of yen)

	Previous Year (FY 2/17)	Current Year (FY 2/18)	YoY Change	% Change
Net sales	17,909	19,175	+1,266	+7.1%
Cost of sales	11,049	11,699	+650	+5.9%
Cost of sales ratio	61.7%	61.0%	-0.7 pts.	-
Gross profit	6,859	7,475	+615	+9.0%
Gross profit margin	38.3%	39.0%	+0.7 pts.	-
SG&A expenses	4,553	4,841	+287	+6.3%
SG&A expenses ratio	25.4%	25.2%	-0.2 pts.	-
Operating income	2,305	2,634	+328	+14.2%
Operating income margin	12.9%	13.7%	+0.9 pts.	-
Ordinary income	2,308	2,636	+328	+14.2%
Ordinary income margin	12.9%	13.7%	+0.9 pts.	-
Net income	1,438	1,744	+306	+21.3%
Net income margin	8.0%	9.1%	+1.1 pts.	-

Achieved the Plan for Net Sales and Every Level of Income

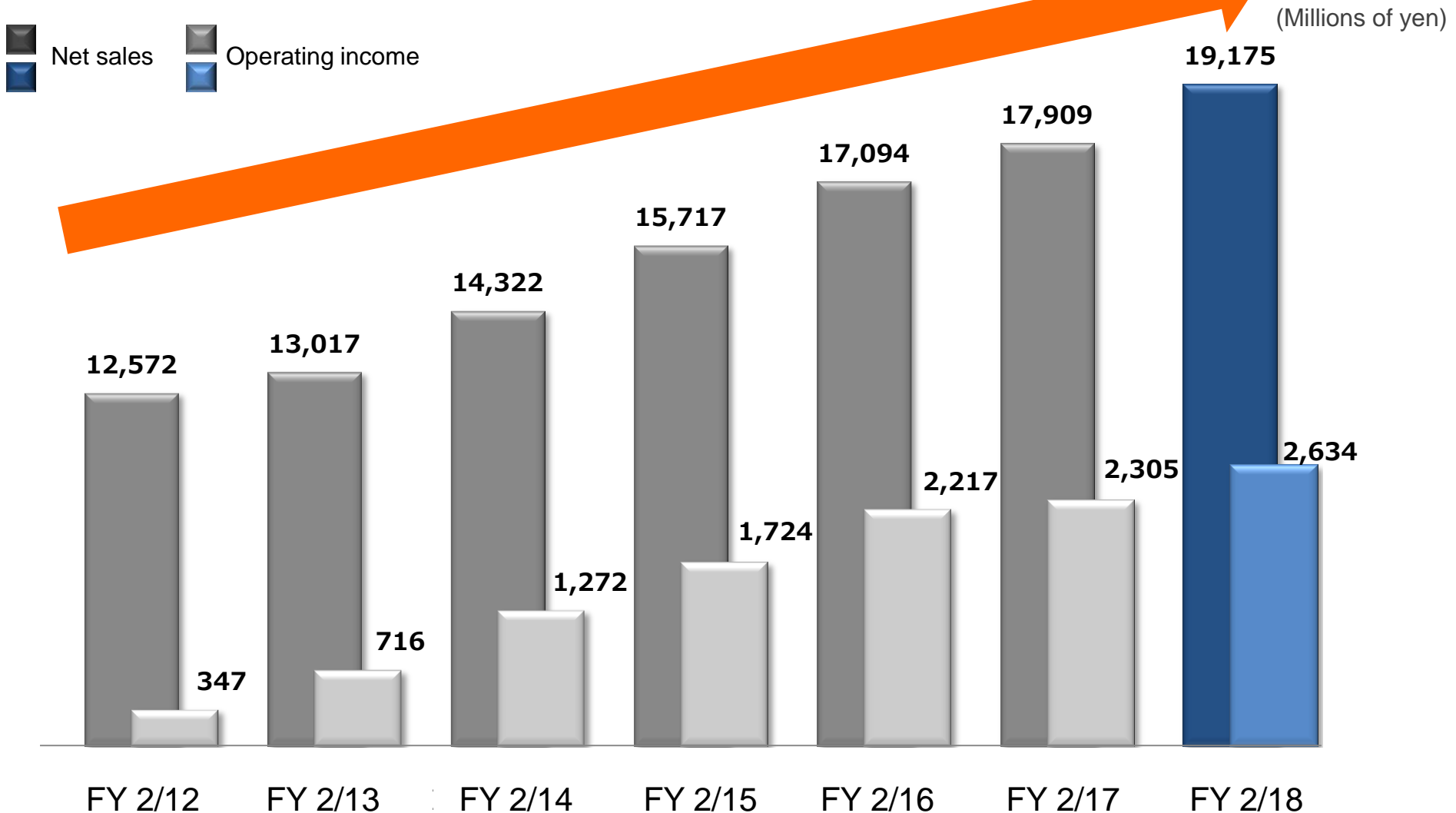
(Millions of yen)

	FY 2/18 Plan	FY 2/18 Results	Difference from Plan	% Difference
Net sales	18,800	19,175	+375	+2.0%
Operating income	2,560	2,634	+74	+2.9%
Operating income margin	13.6%	13.7%	+0.1 pts.	-
Ordinary income	2,560	2,636	+76	+3.0%
Ordinary income margin	13.6%	13.7%	+0.1 pts.	-
Net income	1,690	1,744	+54	+3.2%
Net income margin	9.0%	9.1%	+0.1 pts.	-

Steady Growth in Number of Students Enrolled, Enhancement of Teacher Capabilities

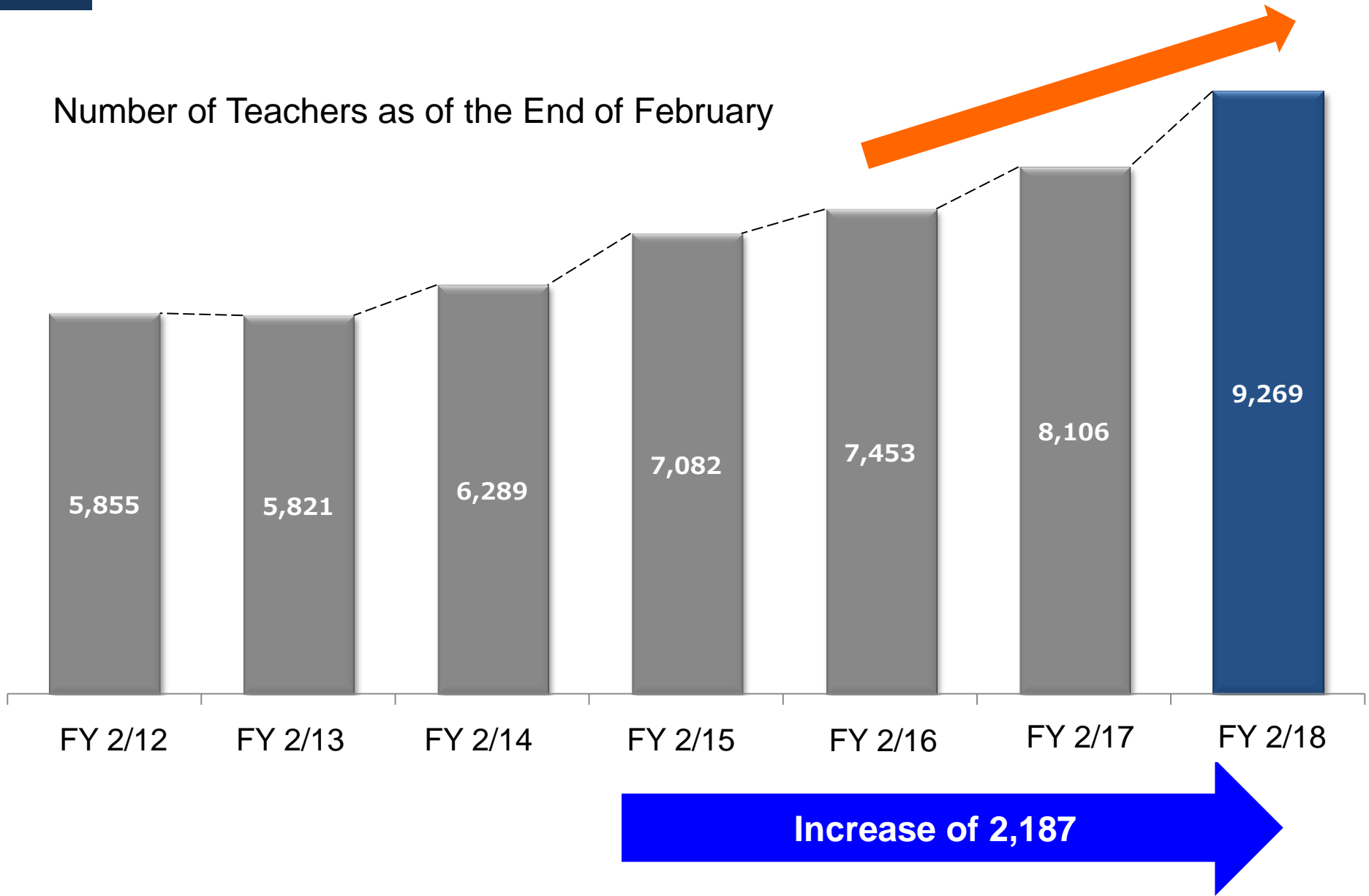
Net Sales	Operating Income
<p data-bbox="306 505 990 622">¥1,266 million increase YoY ¥375 million higher than plan</p> <ul data-bbox="306 654 1052 1082" style="list-style-type: none">➤ Steady increase in sales from tuition fees, with growth in number of new students well balanced among elementary, junior high and high school students➤ Increase in sales per customer due to enhanced proposal capabilities backed by a larger teacher pool and growth in sales of short courses	<p data-bbox="1104 501 1757 618">¥328 million increase YoY ¥74 million higher than plan</p> <ul data-bbox="1104 649 1850 1120" style="list-style-type: none">➤ Main factor was net sales that exceeded the plan➤ Teacher training expenses to handle the increase in new and enrolled students, and proactive investment to deal with school capacity expansion, etc.➤ Made a shift in media to both control advertising costs and increase opportunities for customer contact

Achieved Sixth Consecutive Year of Increases in Net Sales and Operating Income



Hiring and Training Capable Teachers

Number of Teachers as of the End of February



School Openings Concentrated in High-Need Areas

Increase sales efficiency, recruiting efficiency and share in each area

Number of Schools	Feb. 28, 2015	Feb. 29, 2016	Feb. 28, 2017	Feb. 28, 2018
	218	225	230	240

FY 2/18 10 New School Openings

Ebisu School (Shibuya-ku, Tokyo) March 2017	Kugayama School (Suginami-ku, Tokyo) December 2017
Gotanda School (Shinagawa-ku, Tokyo) March 2017	Komazawa Daigaku School (Setagaya-ku, Tokyo) February 2018
Machiya School (Arakawa-ku, Tokyo) June 2017	Akihabara School (Chiyoda-ku, Tokyo) February 2018
JR Ibaraki School (Ibaraki-shi, Osaka) June 2017	Asakadai School (Asaka-shi, Saitama Pref.) February 2018
Ashiya School (Ashiya-shi, Hyogo Pref.) June 2017	Ningyo-cho School (Chuo-ku, Tokyo) February 2018

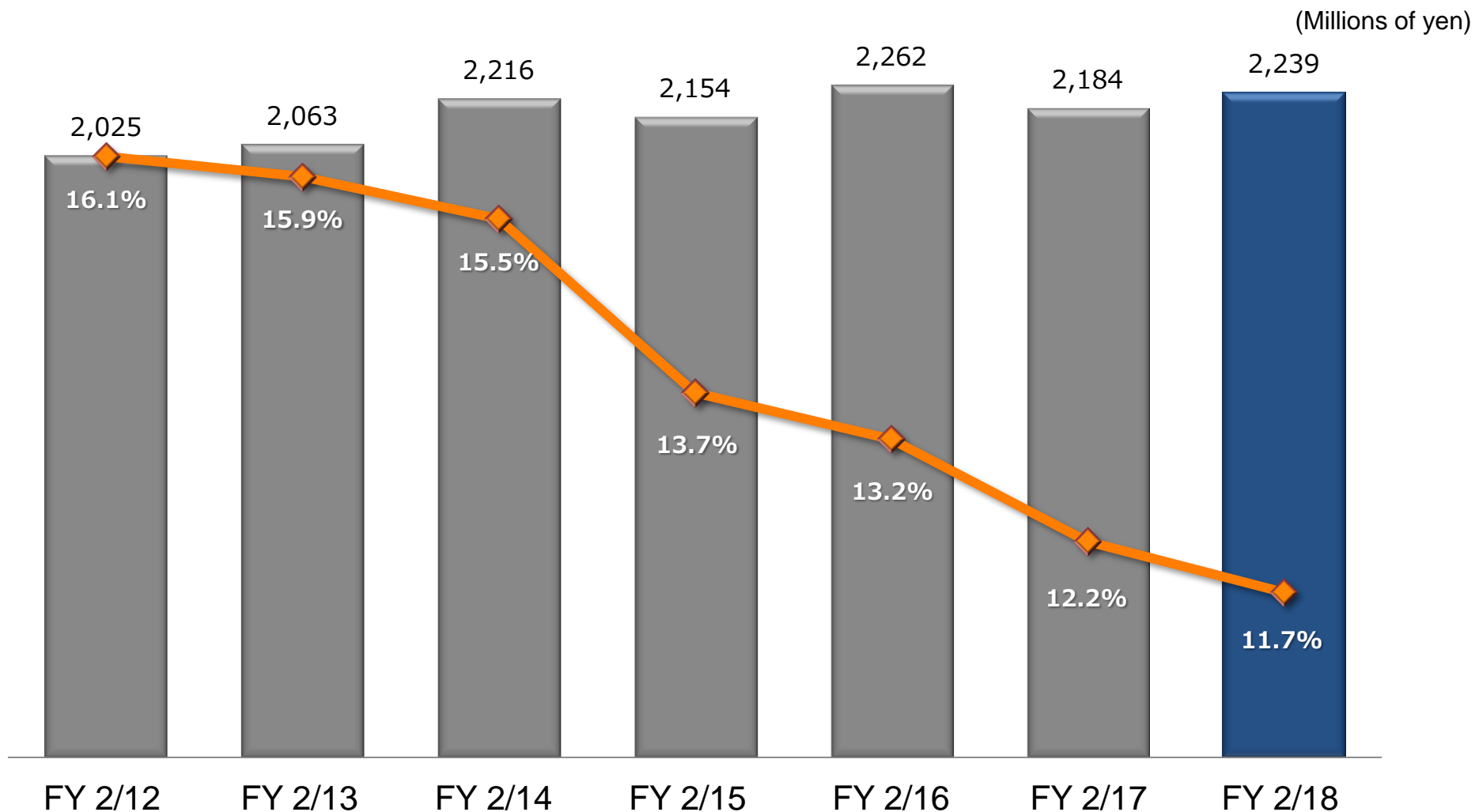
FY 2/18 16 School Expansions or Relocation/Expansions

Omori School (Tokyo)	Nishiarai School (Tokyo)
Musashi-Koganei School (Tokyo)	Ohashi School (Fukuoka Pref.)
Mizonokuchi Minamiguchi School (Kanagawa Pref.)	Musashi-Kosugi School (Kanagawa Pref.)
Chitose-Karasuyama School (Tokyo)	Ichikawa School (Chiba Pref.)
Kichijoji Ekimae School (Tokyo)	Toyonaka School (Osaka)
Imafuku Tsurumi School (Osaka)	Nippori School (Tokyo)
Meinohama School (Fukuoka Pref.)	Takarazuka School (Hyogo Pref.)
Kasukabe School (Saitama Pref.)	Yokohama Nishiguchi School (Kanagawa Pref.)

Note: With the school openings in FY 2/18, TIEI now has schools in all 23 wards of Tokyo.

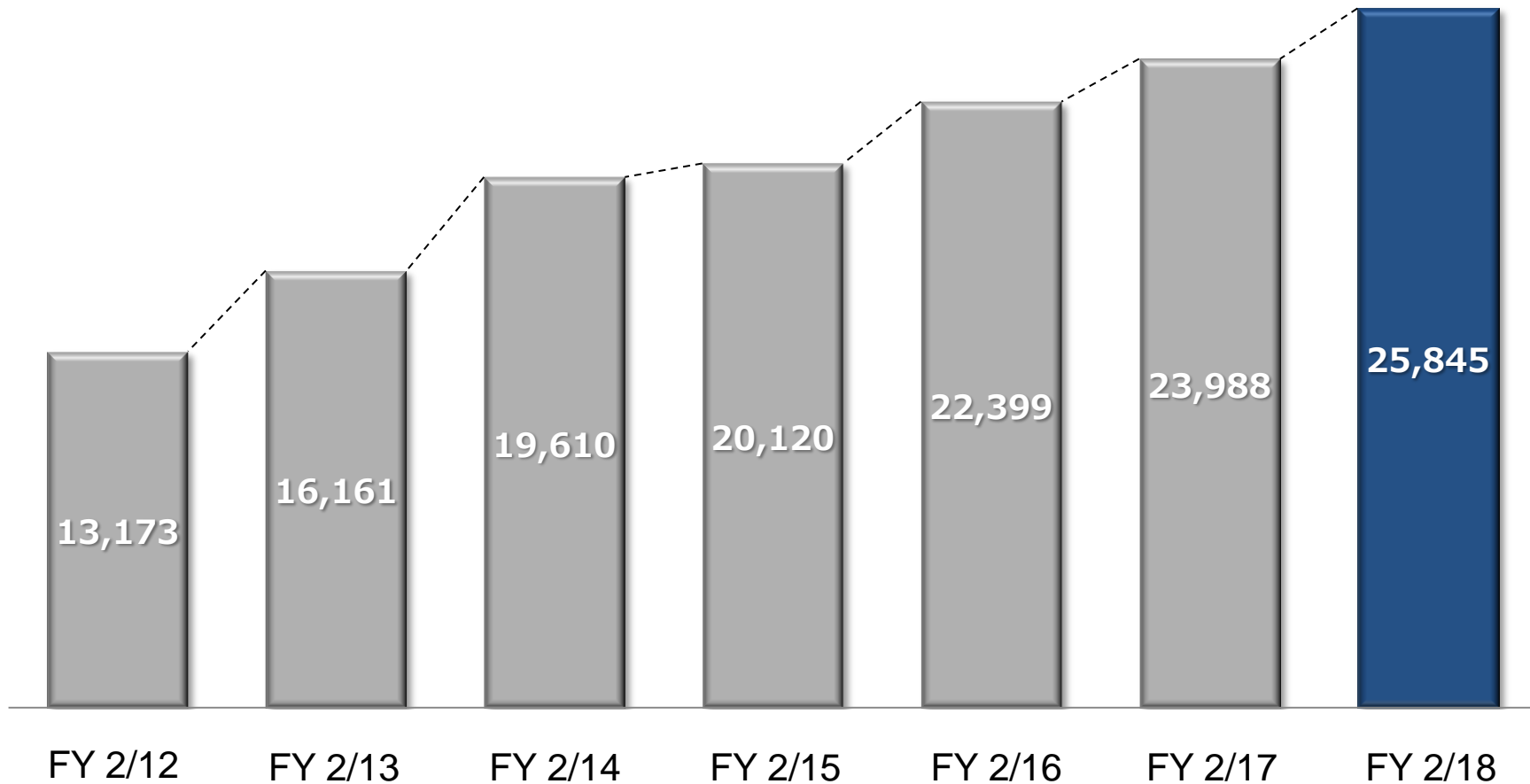
Efficient Expansion of Points of Customer Contact

Advertising Expenses/Ratio of Advertising Expenses to Net Sales

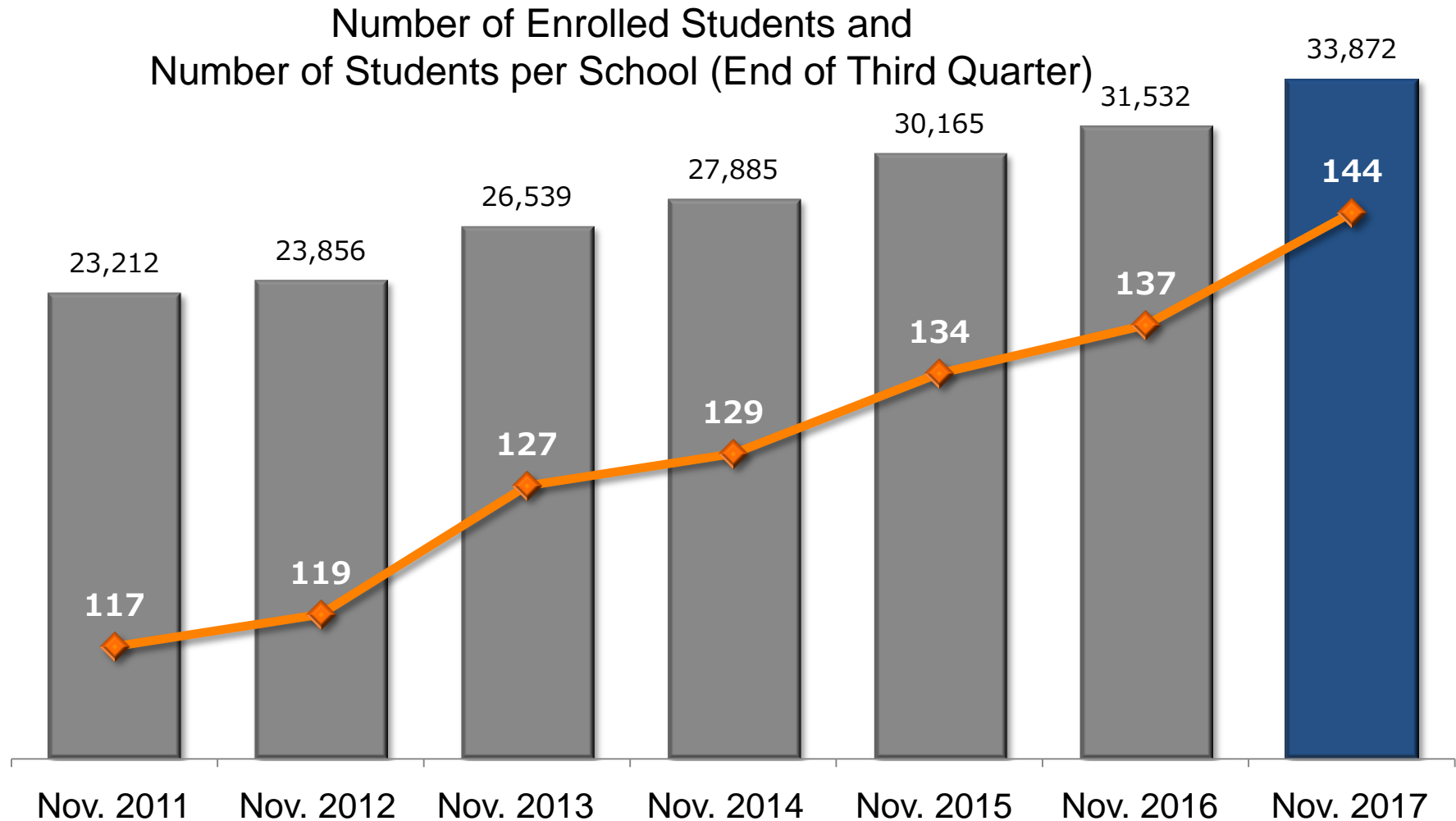


Record High New Student Enrollment

Cumulative Number of New Students from March to February



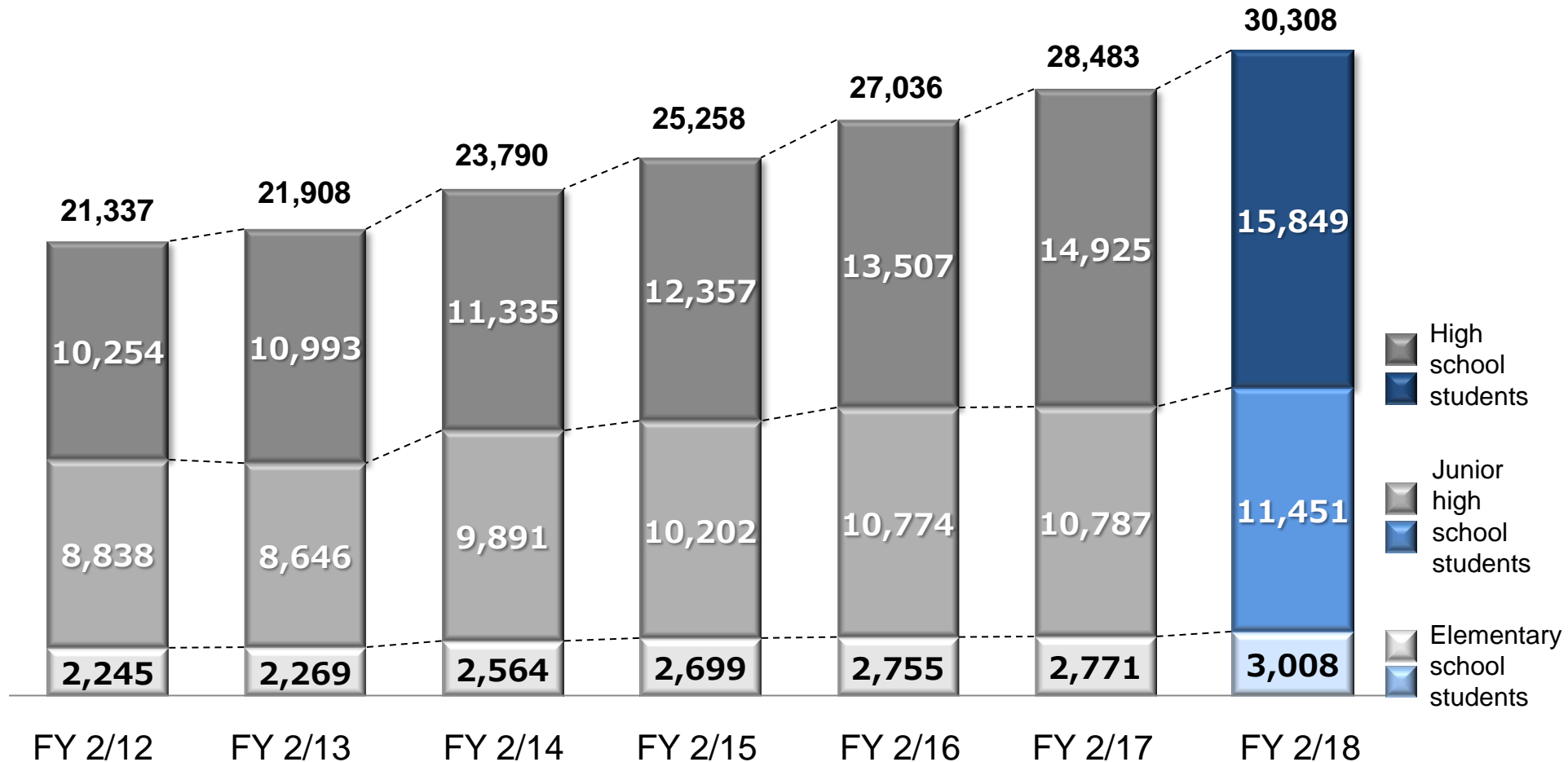
An Increase of 27 Students per School over Six Years



Note: Number of students enrolled in individualized instruction only
(Average number of students enrolled divided by the number of schools as of November 30)

Record High Number of Students Enrolled

Average Number of Students from March to February



YoY Growth in Enrollment: High school students +6.2% / Junior high school students +6.2% / Elementary school students +8.6%

Note: Number of students enrolled in individualized instruction only

TO GO FOR THE NEXT



Hospitality Management 2020


(Millions of yen)

	FY 2/19 Plan	FY 2/20 Plan	FY 2/21 Plan
Net sales	19,600	20,400	21,200
Operating income	2,637	2,790	2,875
Operating income margin	13.5%	13.7%	13.6%

Updated Forecast of Results for FY 2/19

(Millions of yen)

	FY 2/19 Plan Announced in Medium-term Plan	FY 2/19 Forecast	Increase/ Decrease
Net sales	19,600	19,800	+200
Operating income	2,637	2,700	+63
Operating income margin	13.5%	13.6%	+0.1 pts.



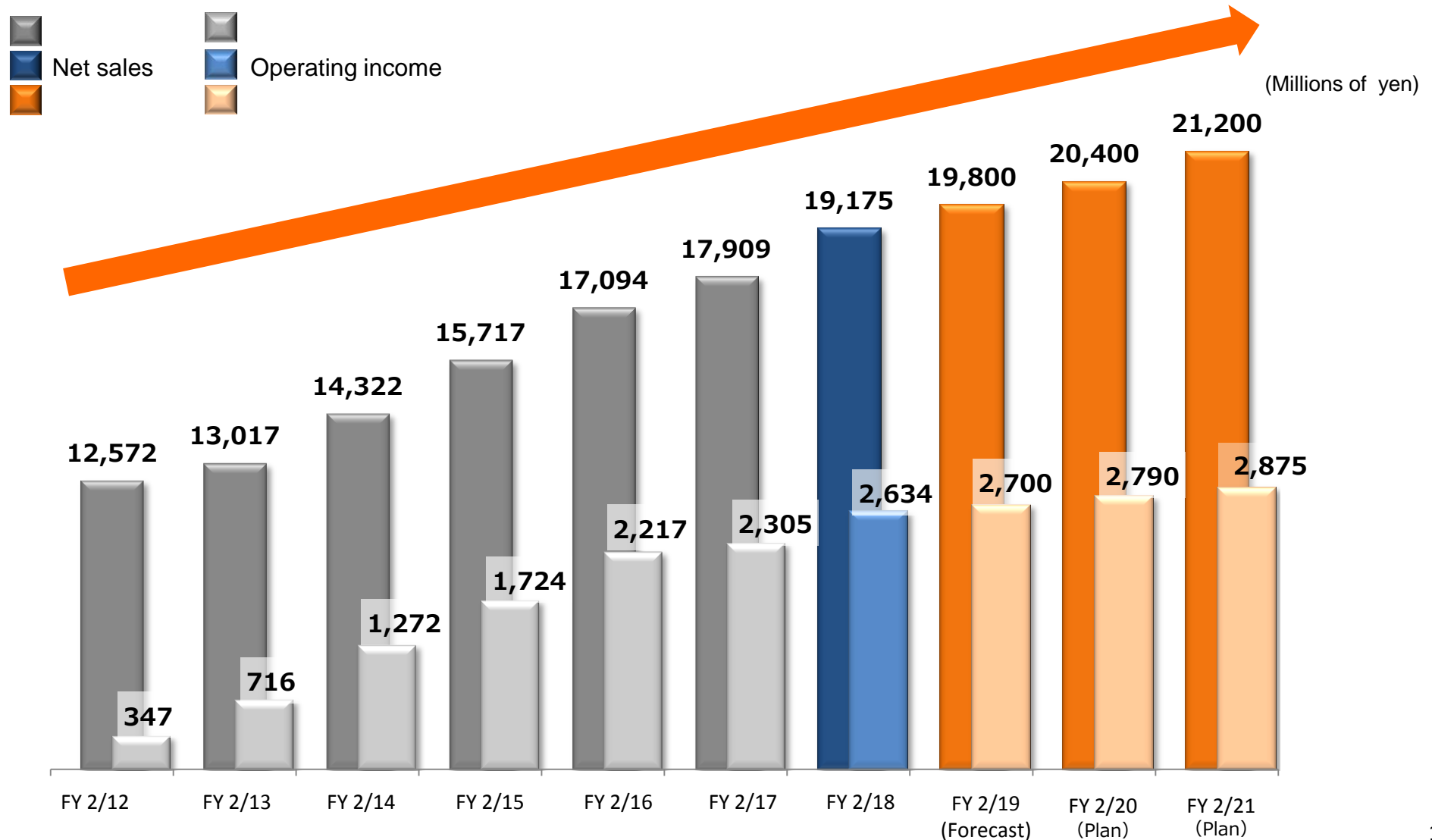
FY 2/19

Initiatives for Sustained Growth

Katsuki Saito, President and Representative Director

Tokyo Individualized Educational Institute, Inc.

Aiming for Nine Consecutive Years of Increases in Net Sales and Operating Income



TO GO FOR THE NEXT

Hospitality Management 2020

Achieve sustained business growth by refining hospitality-centered human resource development methods

Growth
Strategy

1

Systematize human resource development

Growth
Strategy

2

Continue opening dominant schools

Growth
Strategy

3

Develop new services

Build a stronger, more efficient operating foundation

Establish Total Branding of Human Resource Development

TEACHERS' SUMMIT

Both heads of schools and teachers go through the PDCA cycle to improve school management. We will work for brand penetration using this annual schedule, called "TEACHERS' SUMMIT."



TEACHERS' SUMMIT

TEACHERS' SUMMIT ACADEMY

TEACHERS' SUMMIT

Learn through
practice

×

NEW

TEACHERS' SUMMIT ACADEMY

Learn
independently



TEACHERS' SUMMIT Annual Schedule

May

September January

March

Plan preparation

Kickoff Meeting

Prepare and announce plan



Summer course



Midterm Briefing

Share progress of annual plan

Winter course

Final Briefing

Select Regional Representative Schools



TEACHERS' SUMMIT

Best Practice

- Announcement of Regional Representative Schools
- Departmental and individual awards, etc.

TEACHERS' SUMMIT ACADEMY

Leadership Program

TEACHERS' SUMMIT ACADEMY Leadership Program



1 Leadership/Communication

2 Backcasting approach

3 Coaching skills

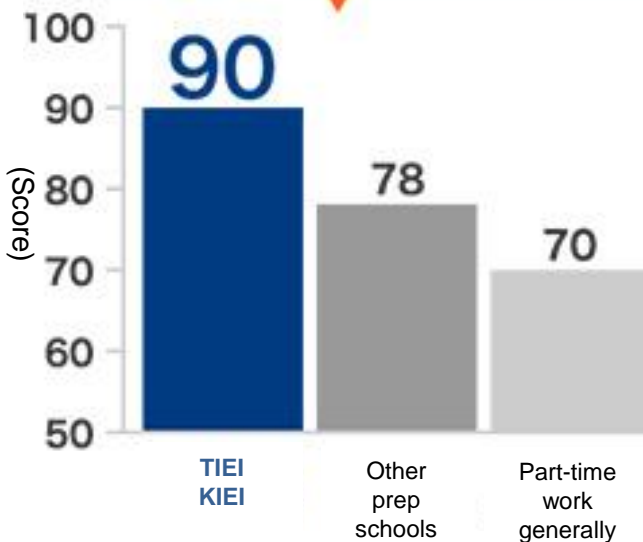
4 Grit (Perseverance)

5 Presentation skills

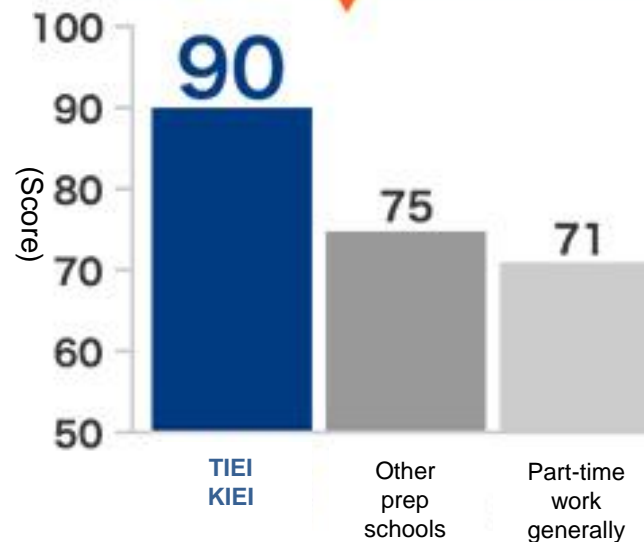
6 Graduation presentation

Generate Vitality by Improving the Working Environment and Providing Opportunities for Growth

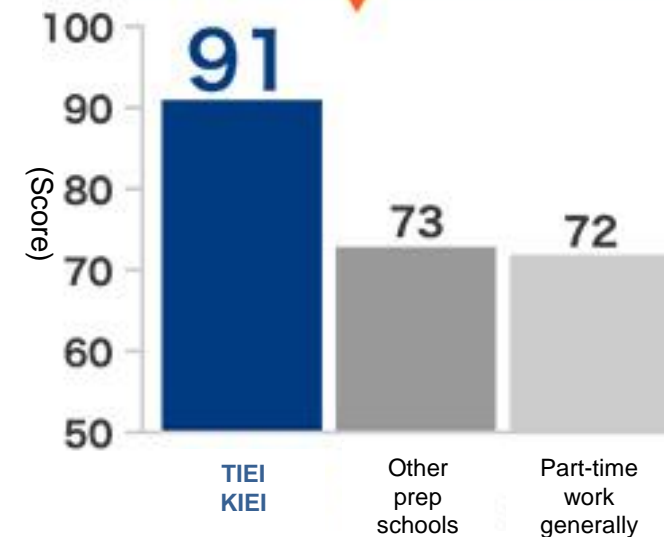
My work is worthwhile



I learn a lot in my job



I acquire communication skills required of working adults



Note: Excerpt from "Survey of University Student Part-Time Workers"

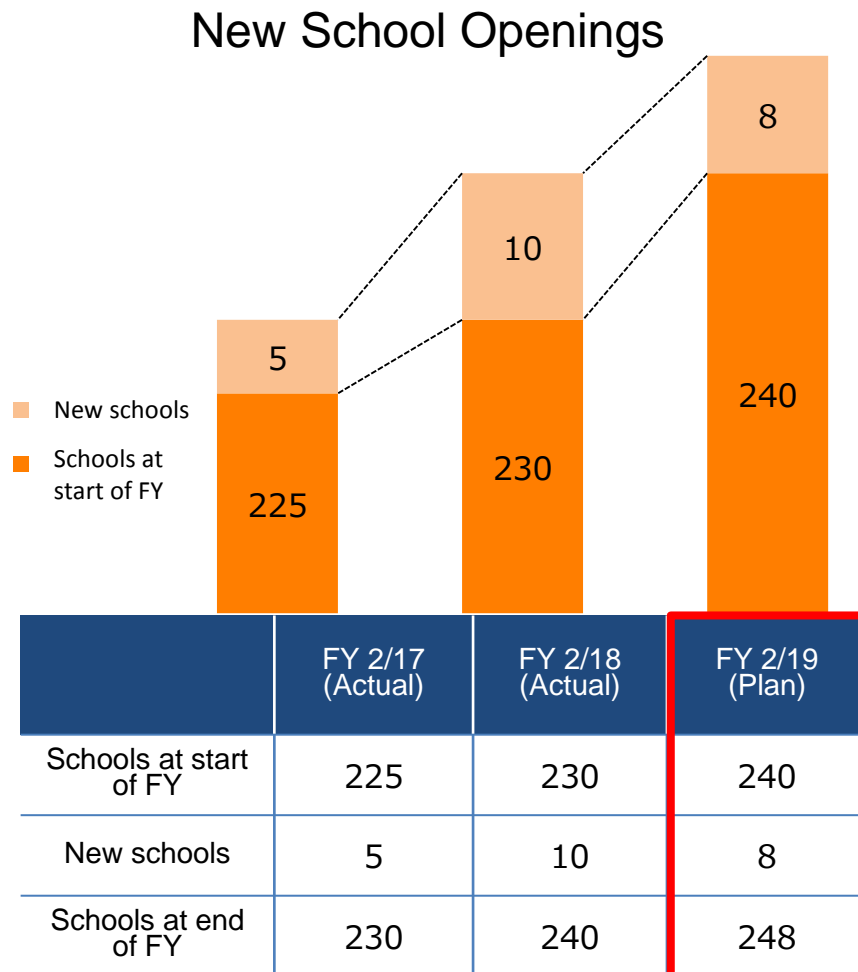
Method: Internet survey (calculated from a 100-point score for each item)

Survey subjects: 973 current student part-time workers continuously employed for 3 months or more

Survey period: January 17 to February 16, 2018

Source: Oricon ME Co., Ltd.

Open Eight New Schools during FY 2/19



FY 2/19

New School Openings

Naka-Meguro School (Tokyo)
March 2018

Shin-Okachimachi School (Tokyo)
March 2018

Nishi-Funabashi School (Chiba Pref.)
March 2018

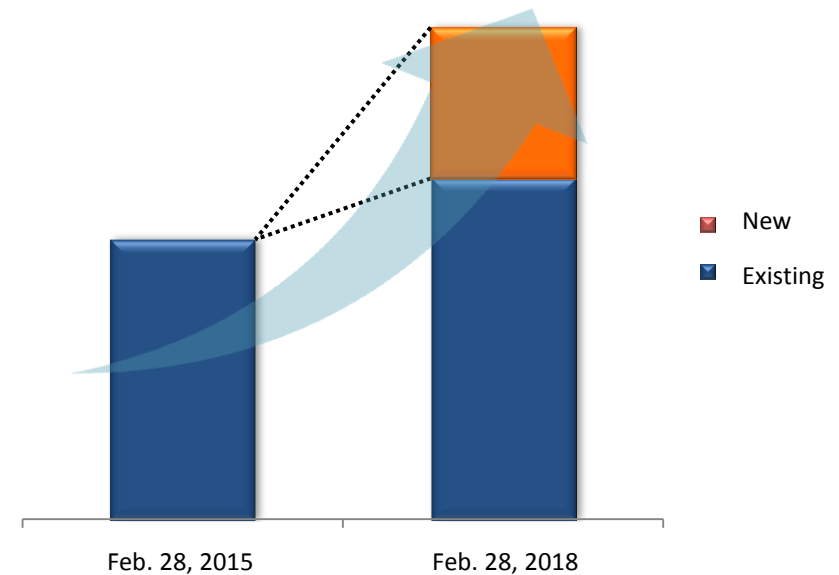
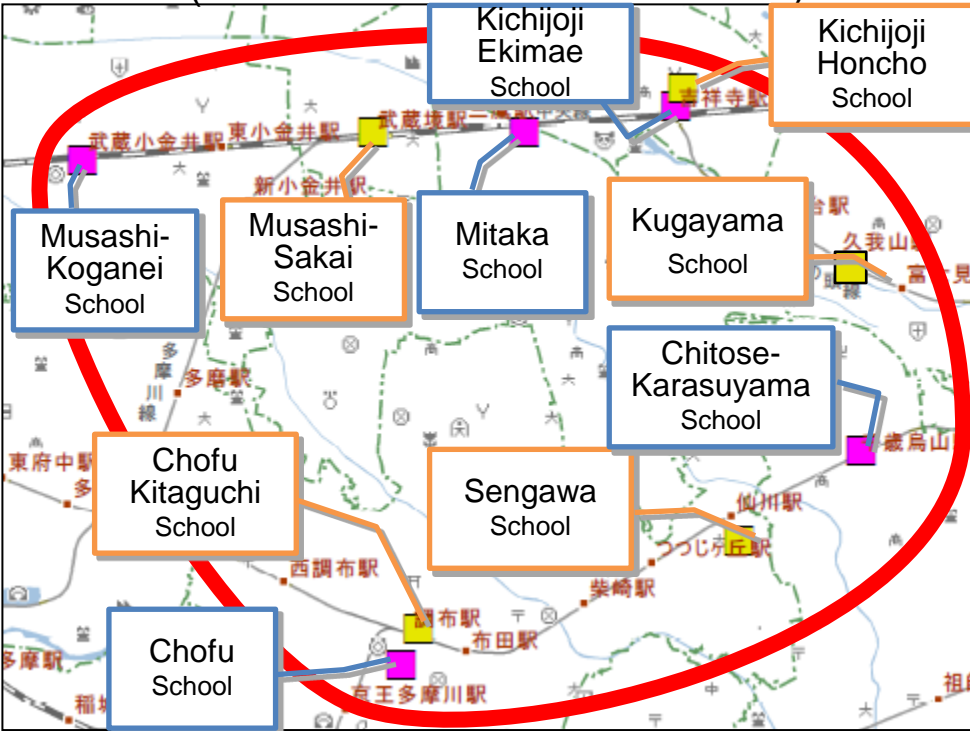
Suita School (Osaka)
May 2018 (scheduled)

At existing schools,
proactively increase
seating and floor space
and conduct relocations

Continue Opening New Schools That Dominate Their Respective Areas, with an Aim of Eight Openings Each Year

Examples of dominant school openings
(Portion of Chuo and Keio Lines)

Student Enrollment on Chuo and Keio Lines
(Portion)



Chuo and Keio Lines (portion) New School Openings

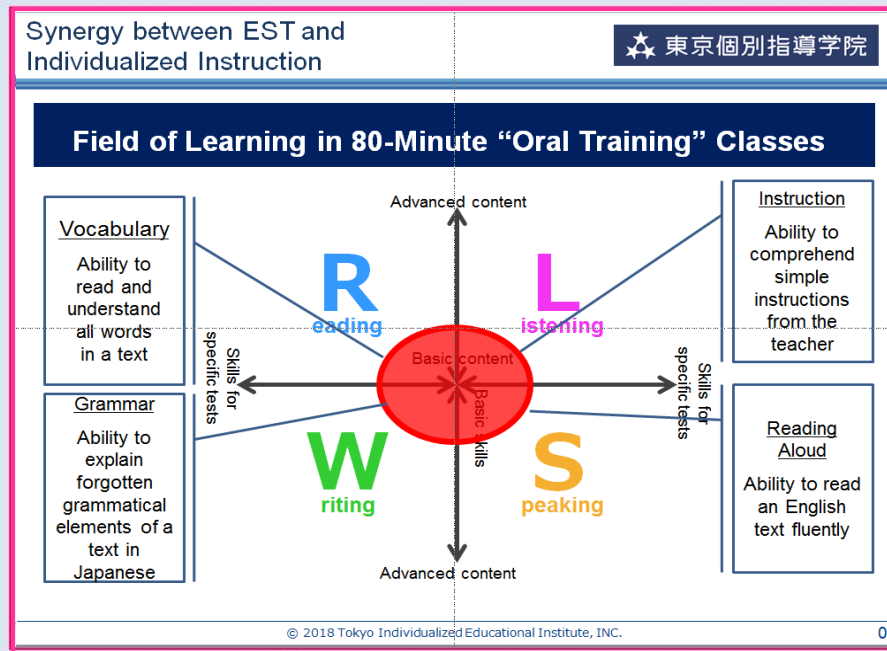
Kichijoji Honcho School June 2015	Musashi-Sakai School September 2015	Kugayama School December 2017
Sengawa School June 2015	Chofu Kitaguchi School October 2015	

School openings concentrated along Chuo and Keio lines

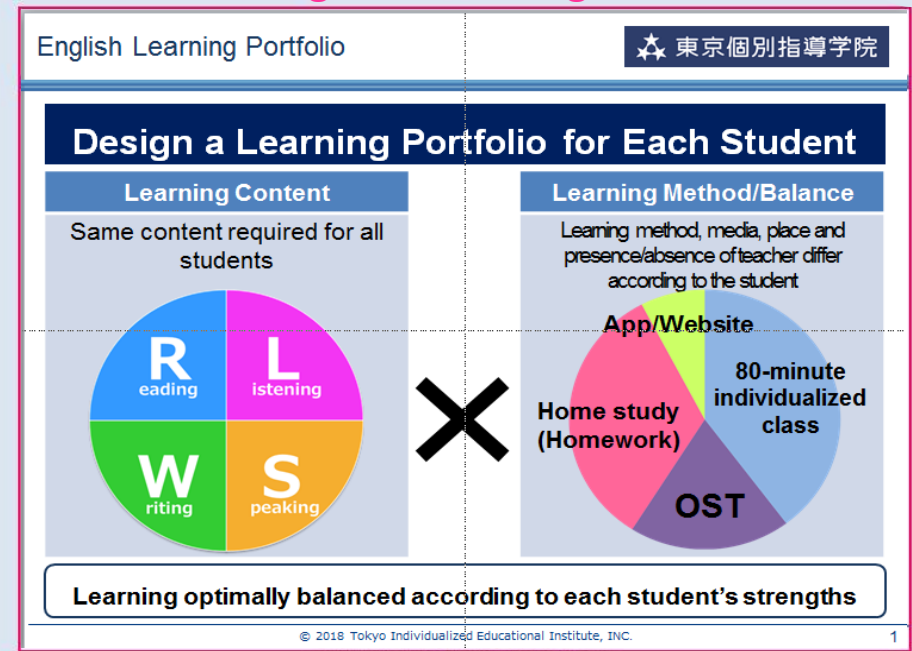
⇒ **75%** increase in students in about 3 years

Measures for Synergy between Individualized Instruction and the Four English Skills

Development of a Combination of EST and Individualized Instruction



Development of TIEI's Original Portfolio for Learning the Four English Skills



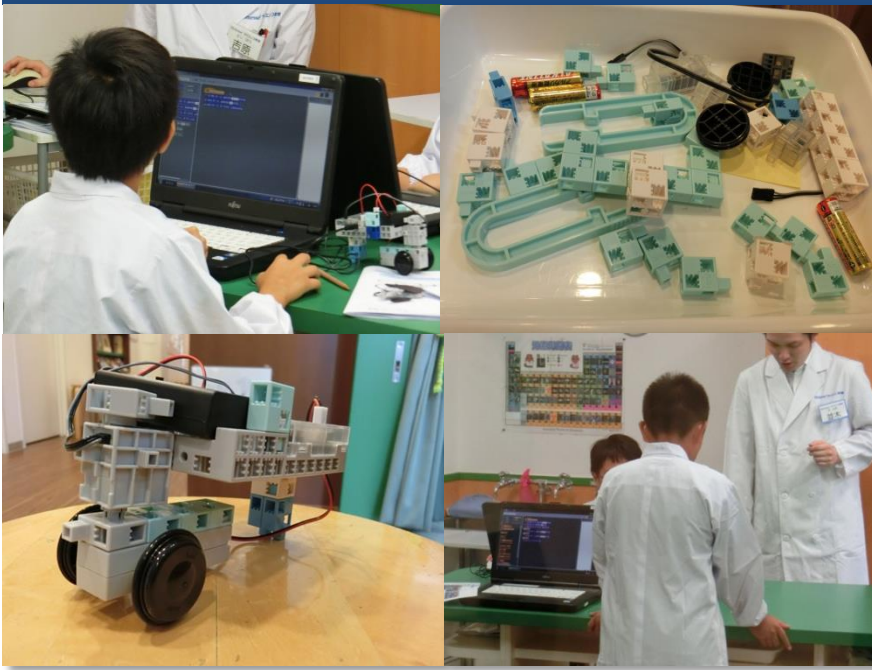
English Speaking Training for GTEC

(Formerly Online Speaker Training (OST))

Standard Offerings in All Schools (Scheduled)

Roll Out Programming as a Regular Course

Science Class optional summer course Programming Course



We started a course focused on “collaborative learning” to foster “thinking like a programmer,” which will be required for all kinds of occupations in the future. Based on the positive reception, we plan to roll it out as a regular course.



Create an Organization for Former TIEI Teachers



Build lasting relationships with co-workers

Consider development using the new platform as an opportunity

Thank you for your attention today.



Forward-Looking Statements

These materials include forward-looking statements concerning future financial performance, including business strategies and forecasts. Such statements are based on the Company's judgment at the time of publication, and include inherent risks and uncertainties. These strategies and forecasts may be amended due to changes in the external environment or other factors.

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