

# FY Ending February 2019 (FY 2/19) Presentation

April 10, 2019



**Tokyo Individualized Educational Institute, Inc.**

(TSE 1st Section, Securities Code 4745)

# Agenda

- 1) FY 2/19 Results & FY 2/20 Plan**
- 2) Looking Beyond 2020**



# **FY 2/19 Results & FY 2/20 Plan**

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Takeharu Tsutsumi  
Executive Officer,  
Corporate Strategy & Finance/Accounting Officer  
Tokyo Individualized Educational Institute, Inc.

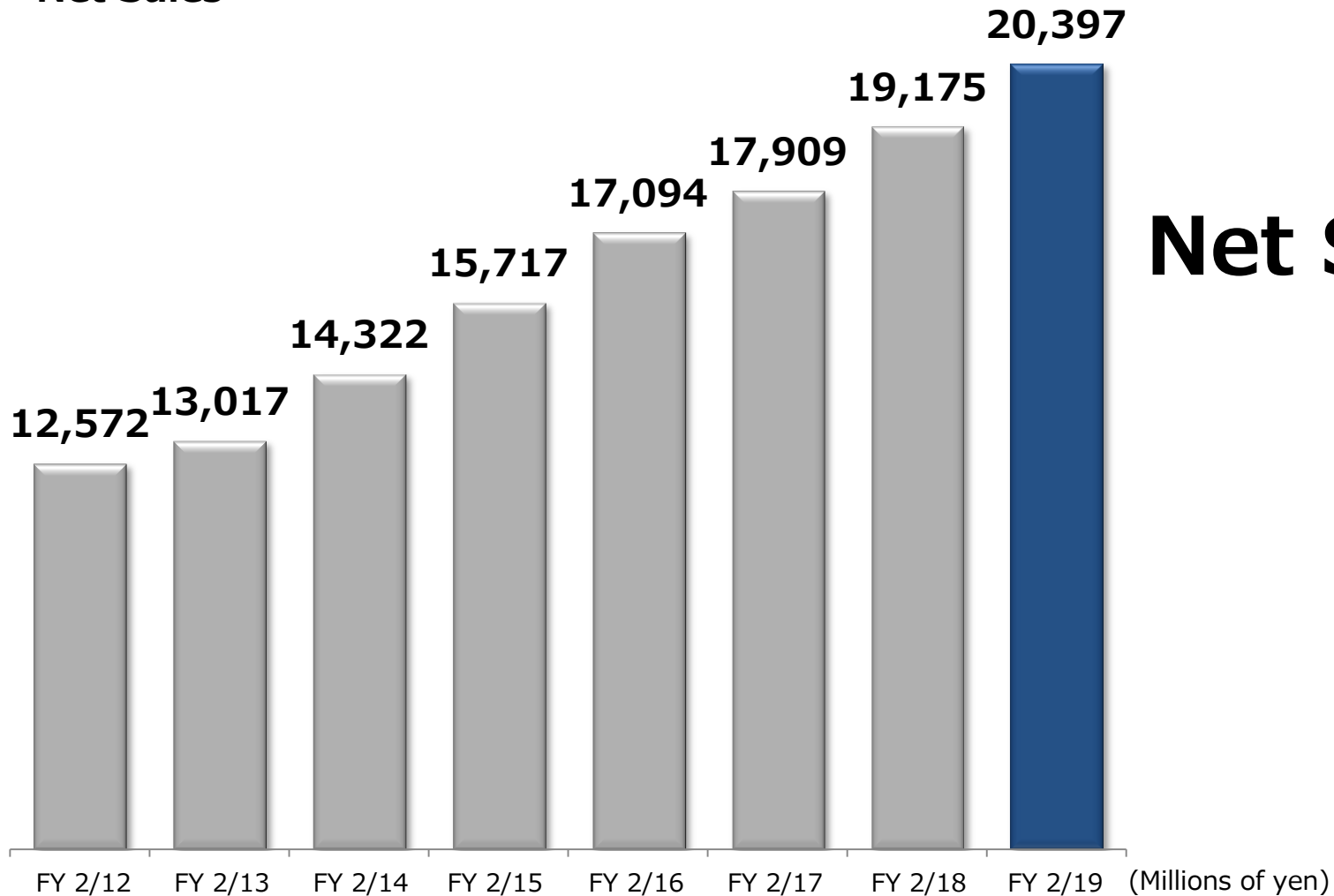
# Net Sales Break 20 Billion Yen

(Millions of yen)

|                         | FY 2/19<br>Full-Year Results | FY 2/19 Full-Year Forecast |        |          |
|-------------------------|------------------------------|----------------------------|--------|----------|
|                         |                              | Full Year                  | Change | % Change |
| <b>Net sales</b>        | <b>20,397</b>                | 20,100                     | 297    | +1.5%    |
| <b>Operating income</b> | <b>2,790</b>                 | 2,730                      | 60     | +2.2%    |
| Operating income margin | <b>13.7%</b>                 | 13.6%                      | 0.1%   | -        |
| <b>Ordinary income</b>  | <b>2,793</b>                 | 2,732                      | 61     | +2.2%    |
| <b>Net income</b>       | <b>1,932</b>                 | 1,835                      | 97     | +5.3%    |
| Net income margin       | <b>9.5%</b>                  | 9.1%                       | 0.3%   | -        |

# Achieved 7 Straight Years Growth in Revenue

Net Sales

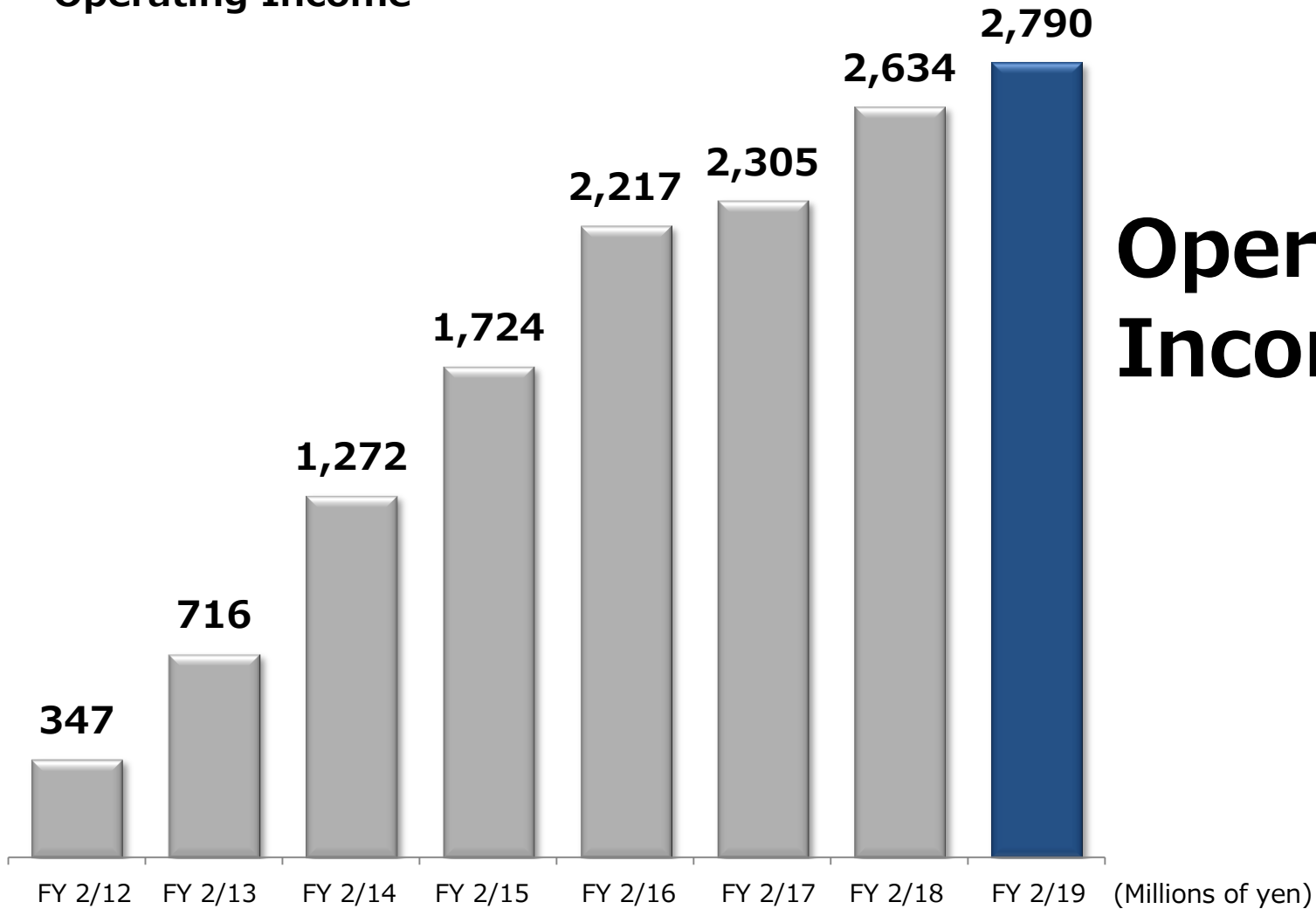


**Net Sales** YoY

**+6.4%**

# Achieved 7 Straight Years Growth Earnings

## Operating Income

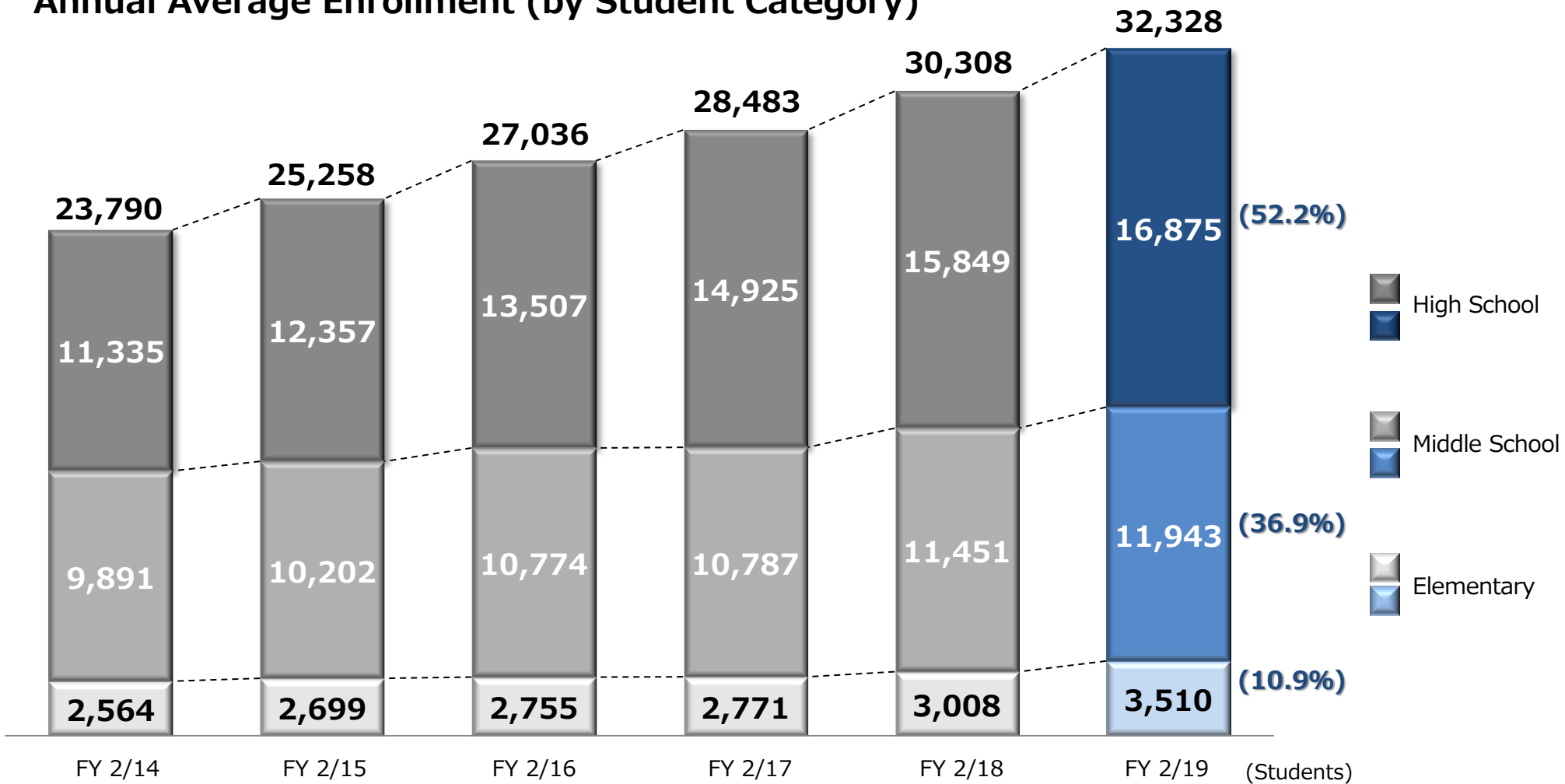


**Operating  
Income** YoY

**+5.9%**

# Better Balance Across All Segments

Annual Average Enrollment (by Student Category)

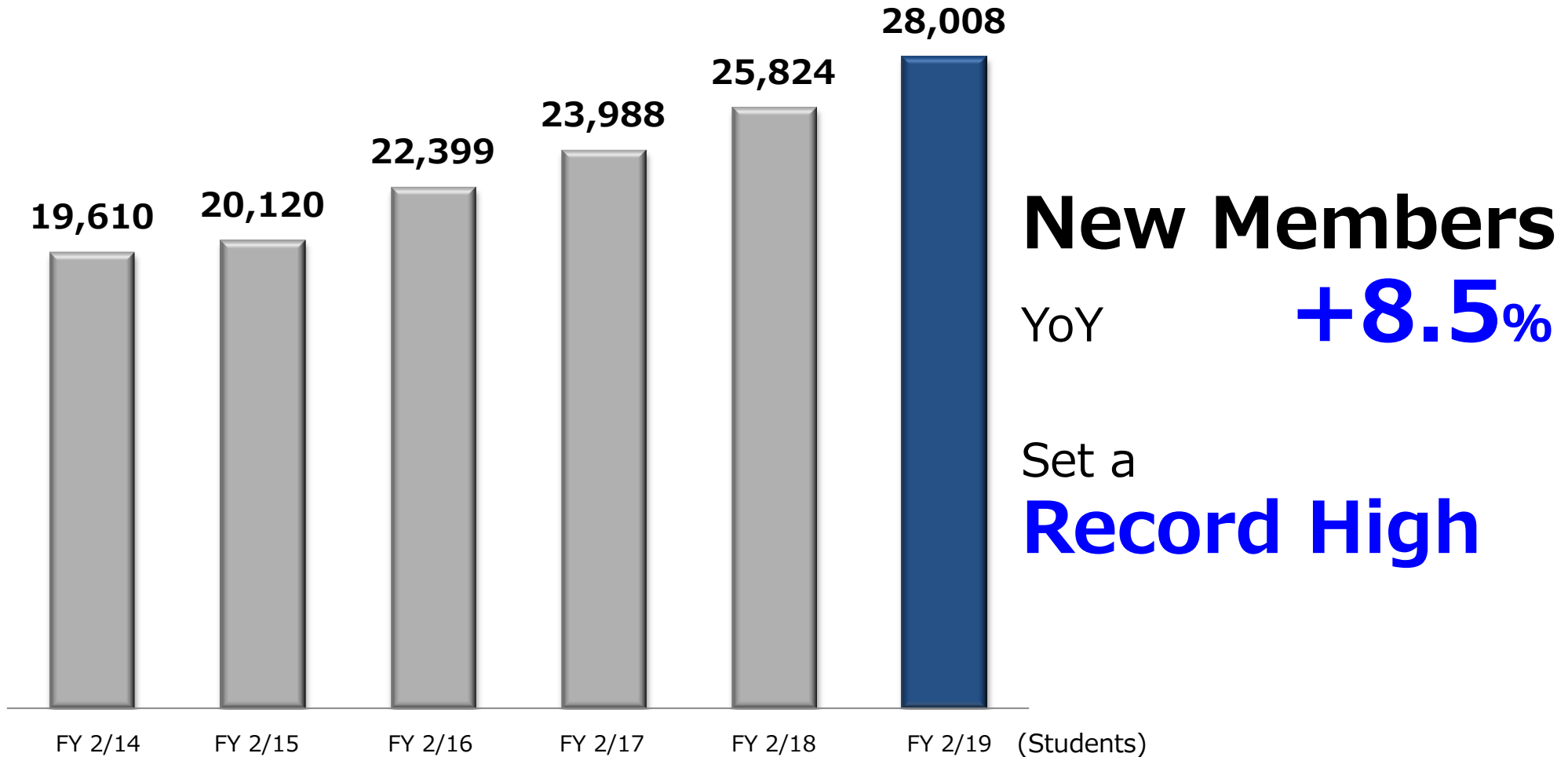


**Enrolled students (YoY): high school (+6.5%), middle school (+4.3%), elementary (+16.7%)**

\* Students enrolled in individualized teaching

# Driver of Enrolled Student Growth

Total New Members

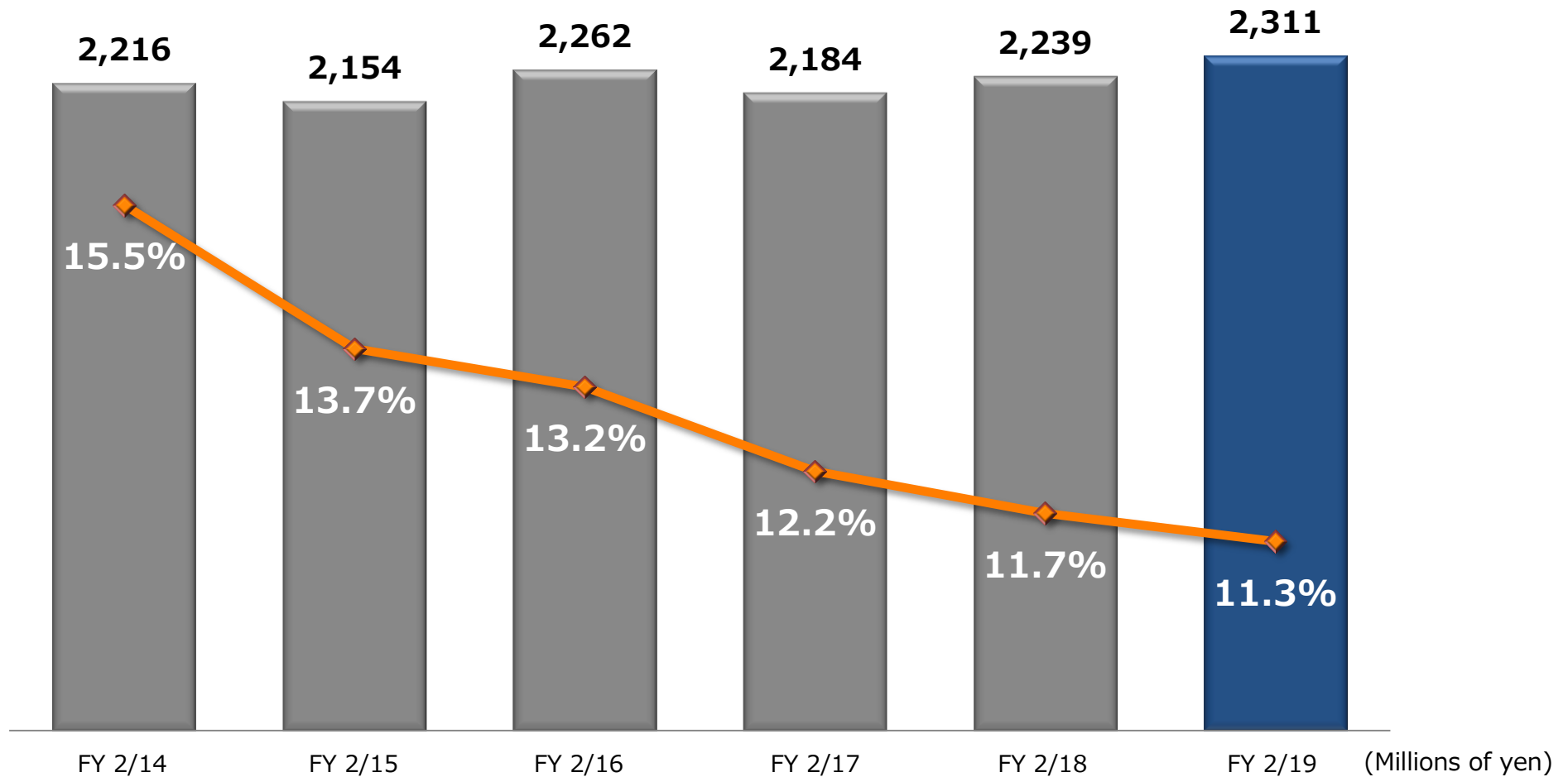


\* New members in individualized teaching only



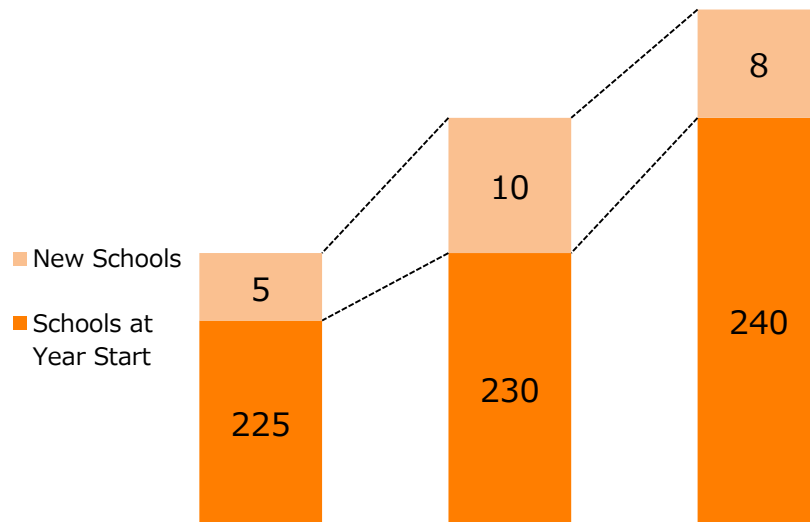
# Greater Presence in Areas of Operations from Recognition of Brand Value

Ad Spending & Ratio of Ad Spending to Net Sales



# 8 Schools Opened on Schedule

## New School Openings



|                       | FY 2/17 Results | FY 2/18 Results | FY 2/19 Results |
|-----------------------|-----------------|-----------------|-----------------|
| Schools at Year Start | 225             | 230             | 240             |
| New Schools           | 5               | 10              | 8               |
| Schools at Year End   | 230             | 240             | 248             |

## FY 2/19 Newly Opened Schools

Naka-Meguro School (Tokyo)  
March 2018

Shin-Okachimachi School (Tokyo)  
March 2018

Nishi-Funabashi School (Chiba Pref.)  
March 2018

Suita School (Osaka Pref.)  
May 2018

Musashi-Koyama School (Tokyo)  
June 2018

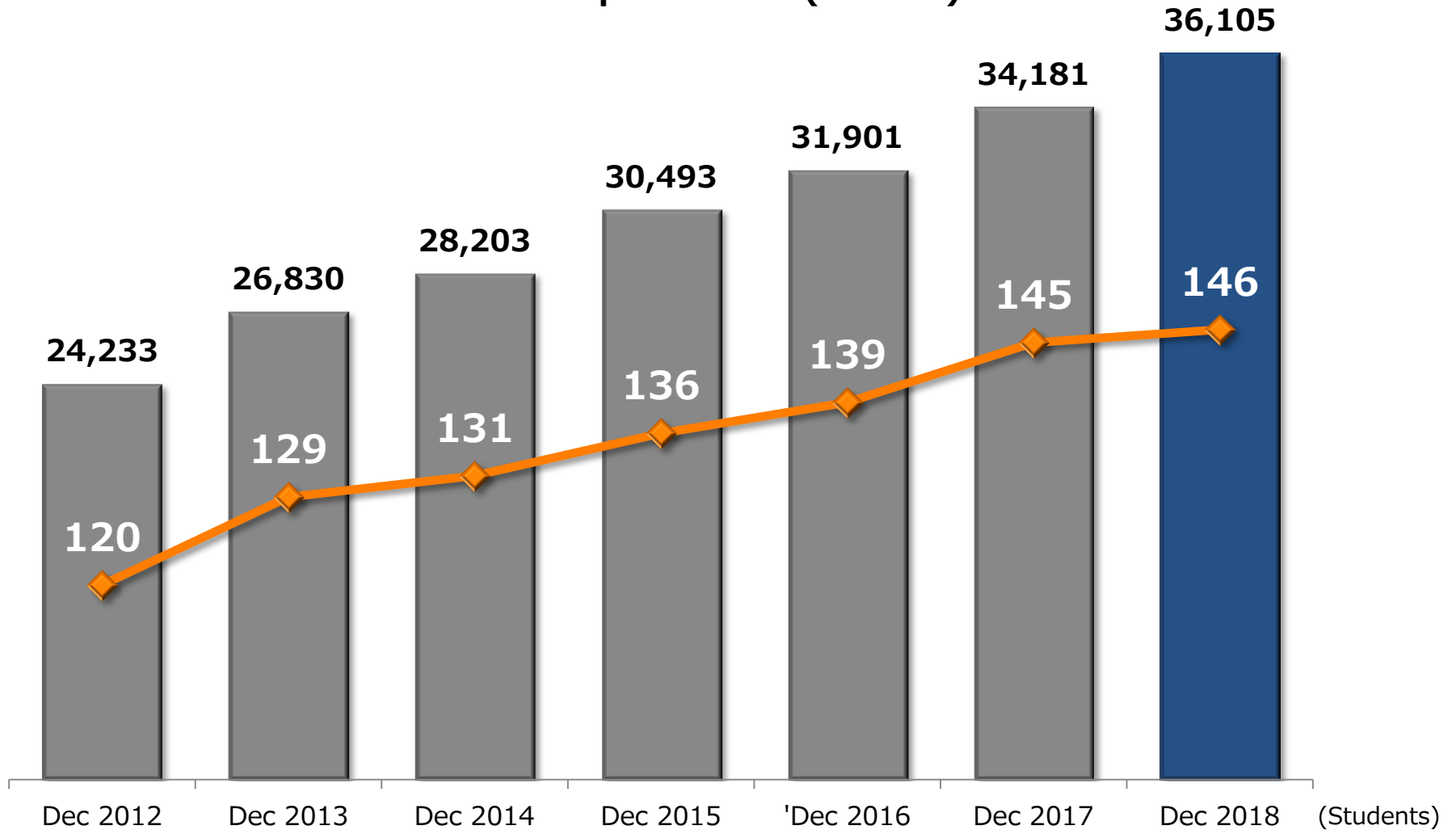
Sasazuka School (Tokyo)  
November 2018

Shin-Kawasaki School (Kanagawa Pref.)  
December 2018

Kiyosumi-Shirakawa School (Tokyo)  
February 2019

# Steadily Growing Enrollment at Each School

Students Enrolled and Students per School (Dec 31)



\* Students enrolled in individualized teaching only (average enrollment per school as of Dec 31)



# TEACHERS' SUMMIT

## PDCA in Schools

May

September January

March

Plan preparation

Summer course

Winter course

Kickoff Meeting

Prepare and announce plans

Midterm Briefing

Share progress of annual plan

Final Briefing Select Regional Representative School



## TEACHERS' SUMMIT

Best Practices

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

# Independent Study Program for the Skills Society Wants



## TEACHERS' SUMMIT Academy

### Leadership Program

#### OUTPUT

Backcasting thinking method

Coaching skills

Grit

Know the self

Sharing learnings

### Support Seminars

#### Job Search

Self-analysis & ES writing

Groupwork, discussion

Industry research

Meet former employees

#### Hiring Teachers

Understand teaching issues

One-on-one interview strategies

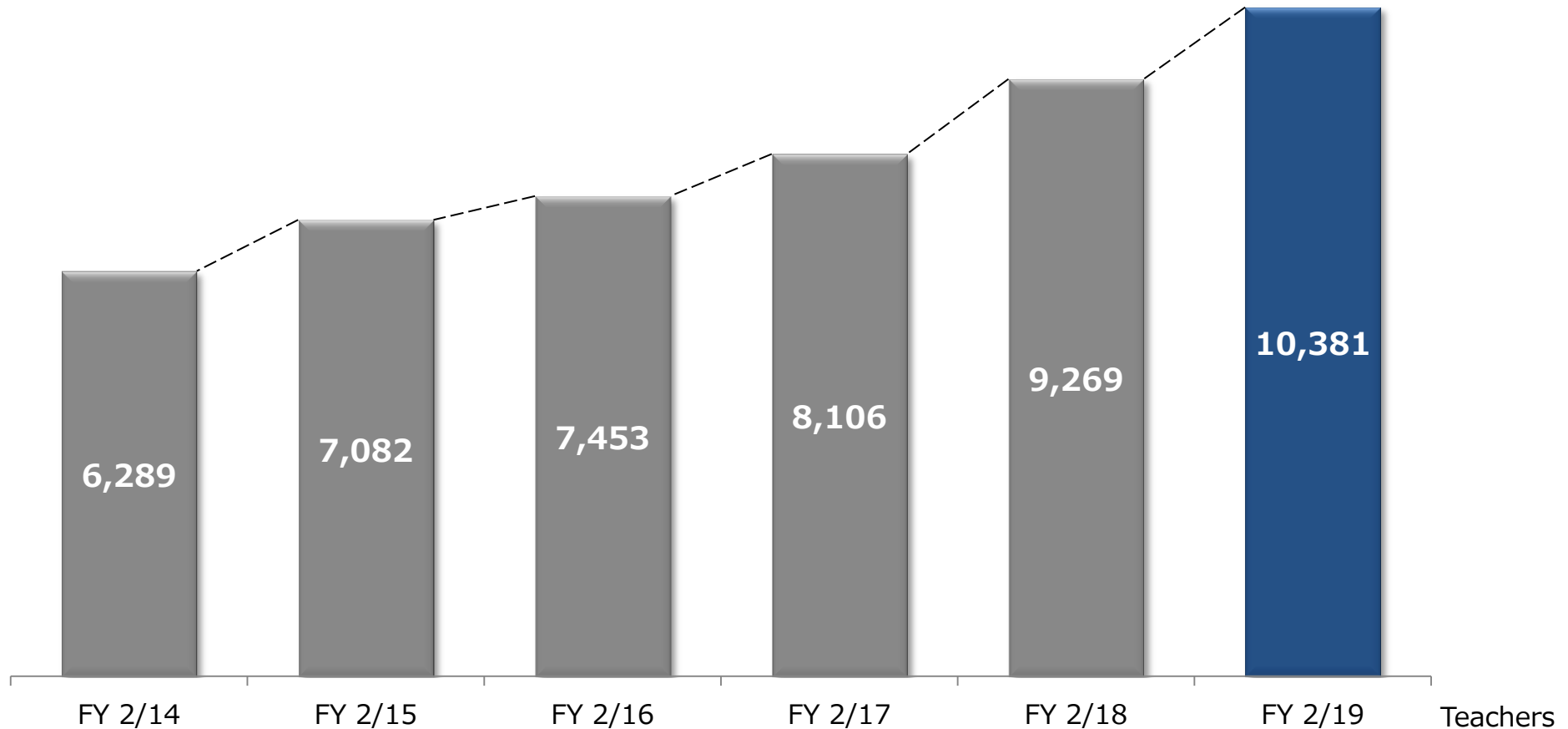
Short essay strategies

Localized strategies  
(Mock lessons, group discussion)

# Contribution to Steady Provision of Teaching Services

## Teachers (Feb 28)

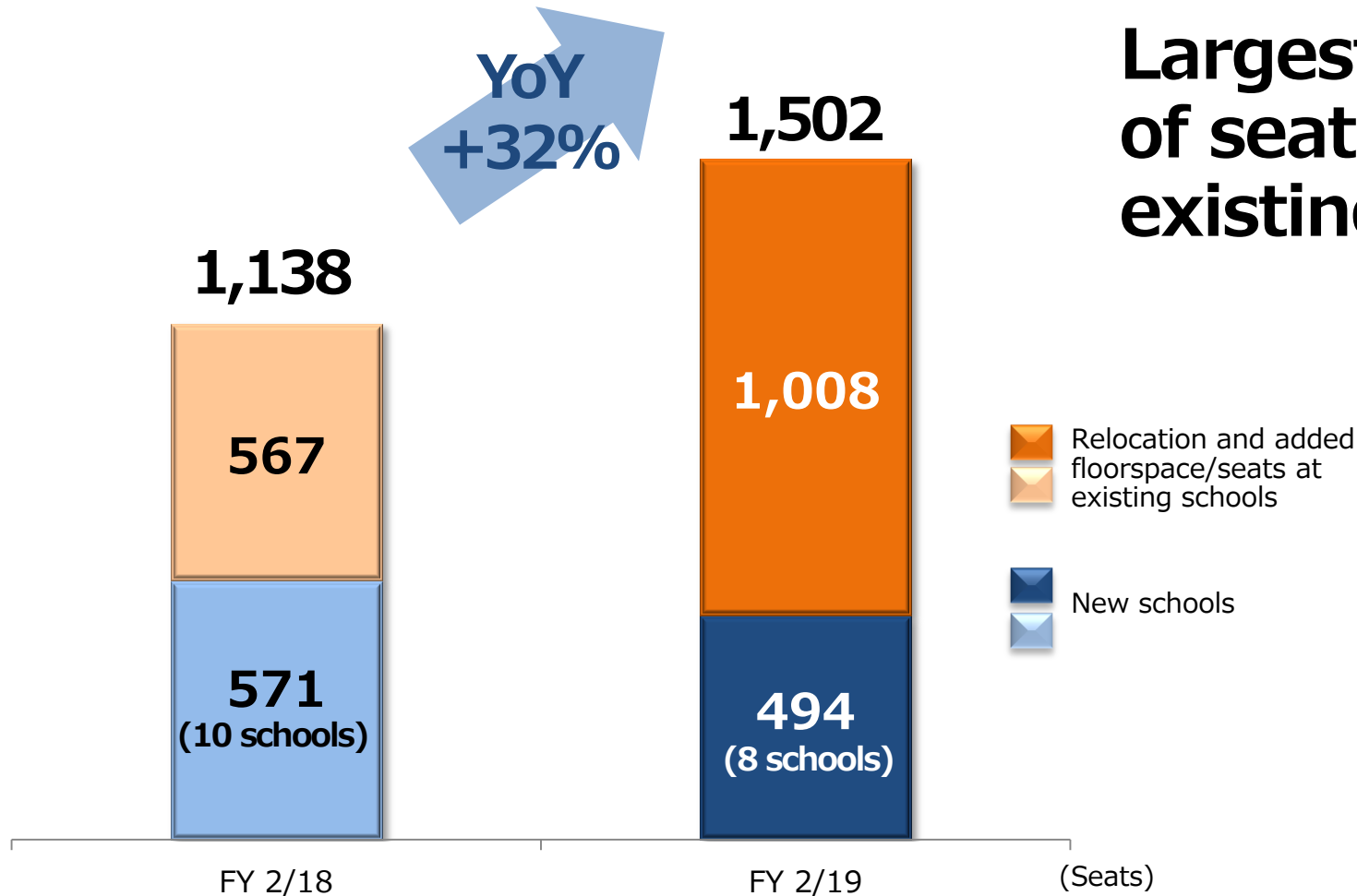
\* Including part-time office staff



# Accelerated Investment in Environments

## YoY Addition of Seats

**Largest addition  
of seats to  
existing schools**



# Record Net Sales & Earnings

(Millions of yen)

|                         | FY 2/18 Full-Year Results | FY 2/19 Full-Year Results | Change | % Change |
|-------------------------|---------------------------|---------------------------|--------|----------|
| <b>Net sales</b>        | 19,175                    | <b>20,397</b>             | 1,221  | +6.4%    |
| Cost of sales           | 11,699                    | <b>12,542</b>             | 843    | +7.2%    |
| Cost of sales ratio     | 61.0%                     | <b>61.5%</b>              | 0.5%   | -        |
| <b>Gross profit</b>     | 7,475                     | <b>7,854</b>              | 378    | +5.1%    |
| Gross profit margin     | 39.0%                     | <b>38.5%</b>              | -0.5%  | -        |
| SG&A                    | 4,841                     | <b>5,063</b>              | 222    | +4.6%    |
| SG&A ratio              | 25.2%                     | <b>24.8%</b>              | -0.4%  | -        |
| <b>Operating income</b> | 2,634                     | <b>2,790</b>              | 155    | +5.9%    |
| Operating income margin | 13.7%                     | <b>13.7%</b>              | -0.1%  | -        |
| <b>Ordinary income</b>  | 2,636                     | <b>2,793</b>              | 156    | +5.9%    |
| <b>Net income</b>       | 1,744                     | <b>1,932</b>              | 187    | +10.7%   |
| Net income margin       | 9.1%                      | <b>9.5%</b>               | 0.4%   | -        |



# Balance Sheet/Cash Flow Statement

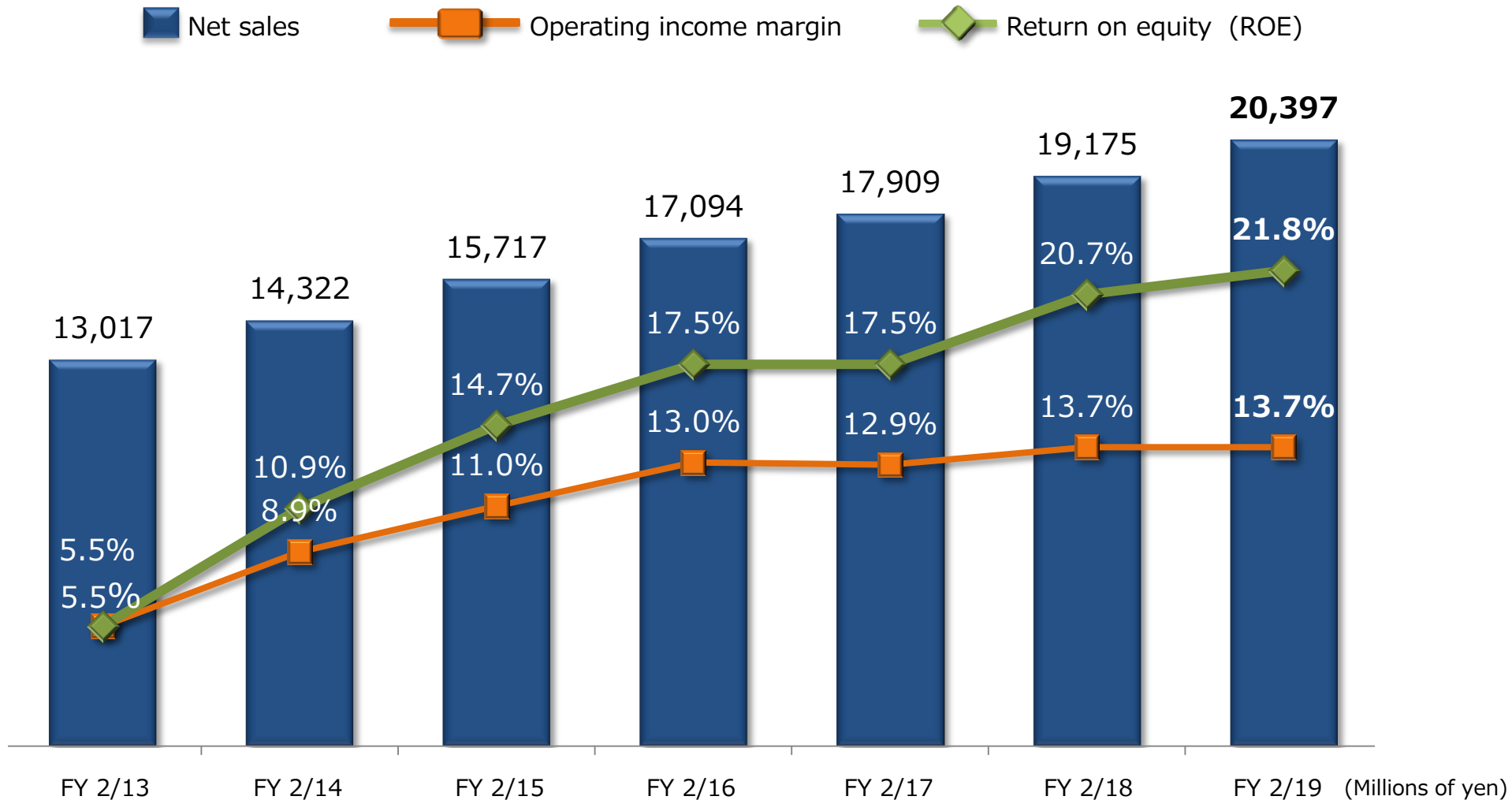
(Millions of yen)

|   | Feb 28, 2018  | Feb 28, 2019  |
|---|---------------|---------------|
| Current assets                          | 8,936         | 9,568         |
| Fixed assets                            | 2,477         | 2,546         |
| <b>Total assets</b>                     | <b>11,414</b> | <b>12,114</b> |
| Current liabilities                     | 2,822         | 3,003         |
| Long-term liabilities                   | 5             | 4             |
| <b>Total liabilities</b>                | <b>2,828</b>  | <b>3,008</b>  |
| <b>Total net assets</b>                 | <b>8,585</b>  | <b>9,106</b>  |
| <b>Total liabilities and net assets</b> | <b>11,414</b> | <b>12,114</b> |

(Millions of yen)

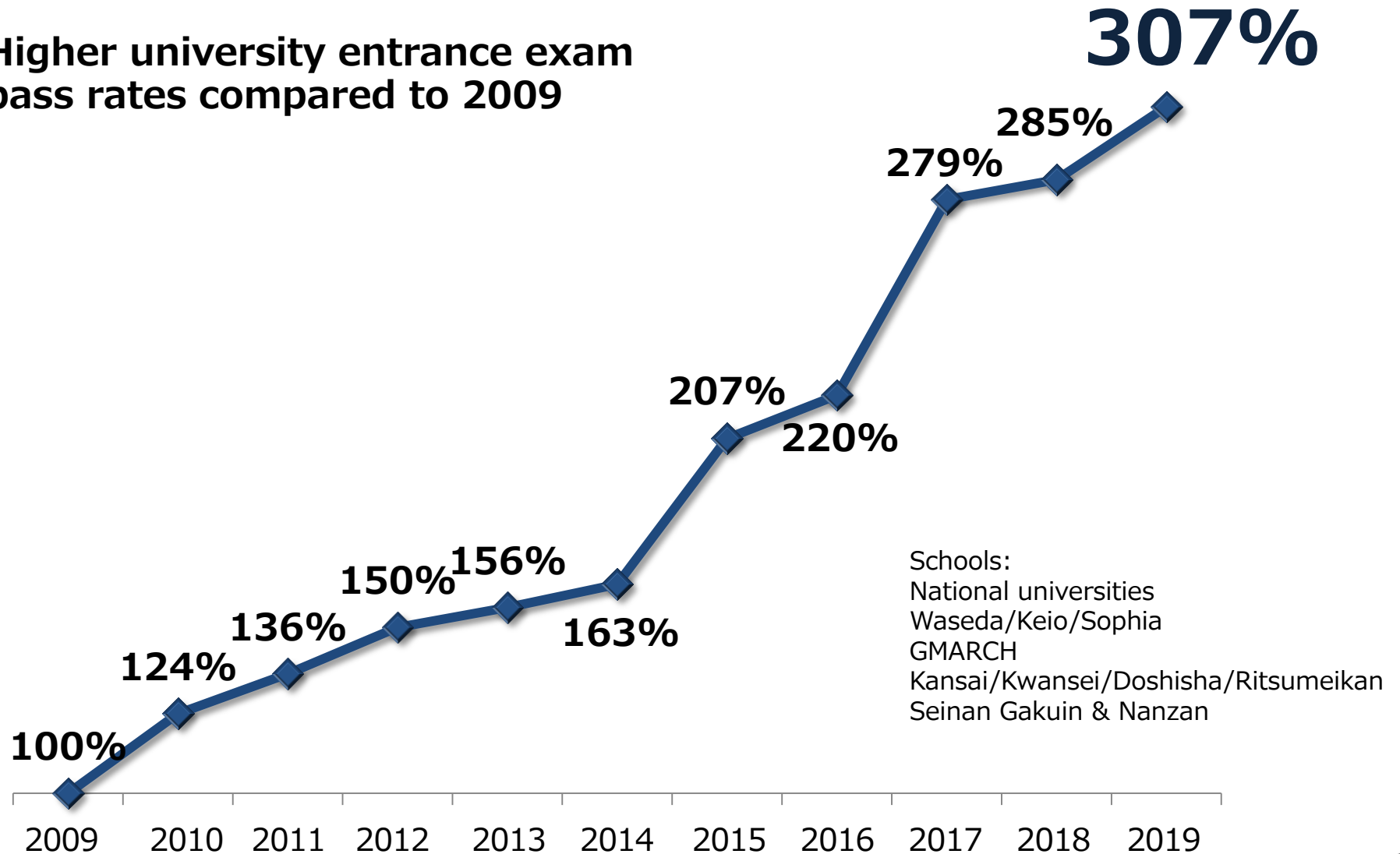
|  | FY 2/18 | FY 2/19 |
|--|---------|---------|
| Operating cash flow                            | 2,366   | 2,438   |
| Investment cash flow                           | (388)   | (379)   |
| Financing cash flow                            | (1,411) | (1,412) |
| Increase (decrease) in cash & cash equivalents | 566     | 646     |
| Cash & cash equivalents at beginning of year   | 7,207   | 7,773   |
| Cash & cash equivalents at end of period       | 7,773   | 8,420   |

# Sustainable Earnings Growth and Rising Corporate Value



# Higher Passing Rates for Selective Schools' Entrance Exams

Higher university entrance exam pass rates compared to 2009



# Improved & Restructured Individualized Teaching

Implement the medium-term management plan and establish a forward-looking platform

Growth  
Strategy

Apply our unique strengths to improve individualized teaching

## Develop people

- 1 Stronger staff development

## Develop environment

- 2 Open dominant schools

## Develop the future

- 3 Reorganize & strengthen portfolio

Restructuring

Strengthen managerial foundation for sustainable growth



# Partners & Alumni Organization Network for Connecting Minds

# Seek to Fulfill Plan 1 Year Early

## Initial Plan

**TO GO FOR THE NEXT**

ホスピタリティ経営 2020

(Millions of yen)

|                            | FY2/19<br>Forecast | FY 2/20<br>Plan | FY 2/21<br>Plan |
|----------------------------|--------------------|-----------------|-----------------|
| Net sales                  | 20,100             | <b>20,400</b>   | <b>21,200</b>   |
| Operating income           | 2,730              | <b>2,790</b>    | <b>2,875</b>    |
| Operating income<br>margin | 13.6%              | <b>13.7%</b>    | <b>13.6%</b>    |

## April 10 Revision

(Millions of yen)

|                            | FY 2/19<br>Results | FY 2/20<br>Revised Forecast |
|----------------------------|--------------------|-----------------------------|
| Net sales                  | <b>20,397</b>      | <b>21,200</b>               |
| Operating income           | <b>2,790</b>       | <b>2,875</b>                |
| Operating income<br>margin | <b>13.7%</b>       | <b>13.6%</b>                |

# Steady Shareholder Return

## Dividend Payout Results & Forecast

|                       | FY 2/16 | FY 2/17 | FY 2/18 | FY 2/19 | FY 2/20 Forecast |
|-----------------------|---------|---------|---------|---------|------------------|
| Full-year dividend    | 24 yen  | 26 yen  | 26 yen  | *26 yen | 26 yen           |
| Dividend payout ratio | 94.2%   | 98.1%   | 80.9%   | *73.1%  | 73.0%            |
| Mid-year dividend     | 12 yen  | 13 yen  | 13 yen  | 13 yen  | 13 yen           |
| End-of-year dividend  | 12 yen  | 13 yen  | 13 yen  | *13 yen | 13 yen           |

\* Includes 8-yen dividend (full-year) for company's 30<sup>th</sup> anniversary

\* Decided at 36th Ordinary General Meeting of Shareholders

\* Forecast figures announced April 10, 2019



# Doing More for the SDGs

<https://www.tkg-jp.com/en/sdgs/>

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EN | JP

MENU

## Initiatives for the SDGs

For the Sustainable Development Goals (SDGs)

IR

SUSTAINABLE DEVELOPMENT GOALS  
17 GOALS TO TRANSFORM OUR WORLD

### Aiming for a Future of People with Smiles

~Contributing to a Sustainable World through Our Corporate Philosophy~

TEACHERS' SUMMIT 2019



# Promoting Better & Sustained Employee Health



2019  
健康経営優良法人  
Health and productivity  
ホワイト500





# Looking Beyond 2020

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Katsuki Saito  
President and Representative Director  
Tokyo Individualized Educational Institute, Inc.

# VISION 2030

## New Committee

**Technology**



**Online  
Business**



**Univ. Student &  
Adult Education**



**More  
Schools**



**STEAM  
Education**



# **Corporate Identity**

**The confidence that you can do it if you try  
The joy of taking on a new challenge  
The importance of having dreams**

**With these three educational ideals and  
hospitality as the linchpin of our business  
activities, we shall contribute to a happy  
future for humanity.**

# Thank you for your attention.



## 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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