



1H Results for FY2019 Supplementary Materials

**November 5, 2019
Benesse Holdings, Inc.**

Forward-Looking Statements



This presentation contains forward-looking statements concerning the future plans, strategies, beliefs and performance of Benesse Holdings, Inc. and its subsidiaries. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions. As such, actual results may differ materially from those projected.

Results by Segment (YoY)



Six months ended September 30

(Millions of Yen)

	FY2018	FY2019	Change	%
Domestic Education	93,813	101,406	7,593	8.1
Global Kodomo Challenge	27,161	27,897	735	2.7
Nursing Care and Childcare	57,557	60,795	3,238	5.6
Berlitz	24,587	23,041	(1,545)	(6.3)
Others	11,646	11,586	(60)	(0.5)
Total Net Sales	214,766	224,727	9,960	4.6
Domestic Education	4,659	9,118	4,459	95.7
Global Kodomo Challenge	2,961	2,919	(42)	(1.4)
Nursing Care and Childcare	5,227	5,716	489	9.4
Berlitz	(2,413)	(2,049)	363	—
Others/Reconciliations	(1,758)	(1,057)	701	—
Total Operating Income	8,675	14,647	5,971	68.8
Ordinary Income	6,846	12,956	6,110	89.2
Net Income	3,028	8,378	5,349	176.7

Analysis of Net Sales/Operating Income (YoY)



(Billions of Yen)

Net Sales	Domestic Education	Shinkenzemi	2.3
		School & Teacher Support / Consolidates Classi Corp. and EDUCOM Corp.*	3.5
		Cram schools / English education, etc	1.7
	Global Kodomo Challenge	Japan : Impact of the price revision, etc	0.4
		Overseas : Impact of the price revision and due to change of the tax benefit in china	1.0
		Foreign exchange rate impact	(0.7)
Nursing Care and Childcare	Increase in nursing home residents, etc	3.2	
Berlitz	Impact of franchising conversion in Scandinavia in BTS and due to lower sales of ELS, etc	(0.8)	
	Foreign exchange rate impact	(0.7)	
Operating Income	Domestic Education	Shinkenzemi	3.4
		Due to higher sales of School & Teacher Support and Cram schools / increase investment, etc	1.0
	Global Kodomo Challenge	Japan : Increase in marketing costs, etc	(0.1)
		Overseas : Due to higher sales / Reinforce sales promotion / Foreign exchange rate impact (0.1) , etc	0.0
	Nursing Care and Childcare	Due to higher sales, etc	0.4
Berlitz	Due to lower sales / Lower costs by restructuring effect, etc	0.3	
Others/Reconciliations	Reduced costs for mail-order and publishing business, etc	0.7	

*The company converted Classi Corp. and EDUCOM Corp. into a consolidated subsidiary as of January 8, 2019.

FY2019 Forecast



Forecast announced on May 10, 2019 has not been changed. (Millions of Yen)

	FY2018	FY2019 (Forecast)	Change	%
Net Sales	439,431	459,000	19,569	4.5
Operating Income	16,245	20,000	3,755	23.1
Operating Income ratio(%)	3.7	4.4	0.7	—
Ordinary Income	12,150	16,000	3,850	31.7
Net Income	4,902	9,500	4,598	93.8
Exchange Rate(USD/JPY)	110.57	110.00	(0.57)	—

FY2019 Forecast by Segment



Forecast announced on May 10, 2019 has not been changed.

(Millions of Yen)

	FY2018	FY2019 (Forecast)	Change	%
Domestic Education	192,064	204,300	12,236	6.4
Global Kodomo Challenge	56,443	58,700	2,257	4.0
Nursing Care and Childcare	116,999	121,800	4,801	4.1
Berlitz	49,275	49,400	125	0.3
Others	24,647	24,800	153	0.6
Total Net Sales	439,431	459,000	19,569	4.5
Domestic Education	10,055	14,300	4,245	42.2
Global Kodomo Challenge	3,258	3,500	242	7.4
Nursing Care and Childcare	11,396	10,400	(996)	(8.7)
Berlitz	(4,748)	(3,300)	1,448	—
Others/Reconciliations	(3,715)	(4,900)	(1,185)	—
Total Operating Income	16,245	20,000	3,755	23.1

Breakdown of Net Sales

Six months ended September 30

(Millions of Yen)

	FY2018	FY2019	Change	%	Ratio(%)
Senior High School	7,053	6,714	(339)	(4.8)	6.6
Junior High School	13,418	14,285	866	6.5	14.1
Elementary School	25,841	28,791	2,950	11.4	28.4
School & Teacher Support	23,924	27,466	3,541	14.8	27.1
Other	23,575	24,147	572	2.4	23.8
Total	93,813	101,406	7,593	8.1	100.0

The company changed its accounting policy in following segments : School and Teacher Support and Other from the consolidated financial results for 1H FY2019. There is no effect of this change in accounting policy for the 1H of FY2020.

Breakdown of Net Sales

Six months ended September 30

(Millions of Yen)

	FY2018	FY2019	Change	%	Ratio(%)
Domestic Kodomo Challenge (Preschool)	8,699	9,064	364	4.2	32.5
Overseas Kodomo Challenge (Preschool)	13,014	13,360	346	2.7	47.9
Other	5,447	5,471	24	0.4	19.6
Total	27,161	27,897	735	2.7	100.0

【 Cumulative Enrollment for Shinkenzemi 】

Six months ended September 30

(Thousands)

	FY2018	FY2019	Change	%
Senior High School	835	780	(55)	(6.7)
Junior High School	2,328	2,260	(68)	(2.9)
Elementary School	6,866	7,049	182	2.7
Total	10,030	10,089	59	0.6

【 Cumulative Enrollment for Kodomo Challenge (Preschool) 】

(Thousands)

	FY2018	FY2019	Change	%
Domestic Kodomo Challenge (Preschool)	4,617	4,599	(17)	(0.4)
Overseas Kodomo Challenge (Preschool)	7,460	7,458	(1)	(0.0)
Total	12,077	12,058	(19)	(0.2)

Note: Cumulative enrollment represents the cumulative total No. of people who receive materials monthly from April to September. Cumulative enrollment for Kodomo Challenge in China and Indonesia represents the cumulative total No. of people who receive materials monthly from January to June, because their closing date is December 31st and its different from others.

As of October

(Thousands)

	2018	2019	Change	%
Senior High School	120	110	(10)	(9.0)
Junior High School	350	330	(20)	(5.1)
Elementary School	1,100	1,120	20	2.1
Kodomo Challenge (Preschool)	800	790	(10)	(1.2)
Total	2,360	2,350	(10)	(0.6)

As of October

(Thousands)

	2018	2019	Change	%
China	1,130	1,140	10	1.0
Taiwan	110	90	(10)	(13.6)
Total	1,240	1,230	(0)	(0.2)

	Sep. 2018	March. 2019	Sep. 2019
Aria	23	24	24
Clara	41	40	40
Granny & Granda	135	140	143
Madoka	57	57	57
Bon Sejour	45	45	46
Cocochi	14	14	14
Li-Re	2	2	2
Total	317	322	326
Occupancy Rate of Existing Facilities	95%	96%	95%

Six months ended June 30

(Thousands of Lessons)

	2018	2019	%
Americas	659	557	(15.5)
Europe	1,474	1,370	(7.1)
Asia	798	800	0.3
Total	2,932	2,728	(7.0)

Nine months ended September 30 (Preliminary figures) (Thousands of Lessons)

	2018	2019	%
Americas	1,008	846	(16.1)
Europe	2,155	1,981	(8.1)
Asia	1,223	1,216	(0.6)
Total	4,388	4,044	(7.8)

CAPEX / Depreciation and Amortization



Six months ended September 30

(Millions of Yen)

	FY2018	FY2019	Change
CAPEX	7,554	12,243	4,689
Details			
Lease Assets	2,222	6,604	4,381
Goodwill	3	0	(3)
Others	5,328	5,639	310
Depreciation and Amortization	9,715	9,886	170

Shareholder Return

[Dividend per Share/Dividend Payout Ratio]

	FY2016	FY2017	FY2018	FY2019 (Forecast)
Dividend per share(yen)	95	95	50	50
Dividend payout ration(%)	256.9	73.8	98.2	50.7
