

Overview of Business Segments

Berlitz

One of the largest language-education companies in the world.

Under a new CEO, we are moving ahead with radical reforms.



11.2%
¥49.2 billion



Strengths

- 461 language centers in over 70 countries and regions worldwide
- The Berlitz Method of learning a target language through immersion in life situations using that language only Verified as effective with a 140-year track record of success in the world
- Able to offer language learning through intercultural understanding
- Extensive track record in language training for companies, schools, and public offices, implemented at more than 4,800 companies in Japan and over 20,000 around the world

Social Changes

Opportunities

- Language learning needs are increasing around the world due to the globalization of business
- More students going to study abroad as economies of developing countries grow
- Increasing needs for language learning and the intercultural understanding that accompanies it

Risks

- Diversification and intensifying (price) competition in products and services due to the shift to digital mediums
- Intensifying competition from new entrants coming from sectors other than the existing education field
- Increasing needs of customers who want to take lessons through more flexible methods

FY2020 Targets

Net sales CAGR **2%**

- Restore business performance by reforming the cost structure and transforming products and business processes

FY2018 Results and FY2019 Initiatives

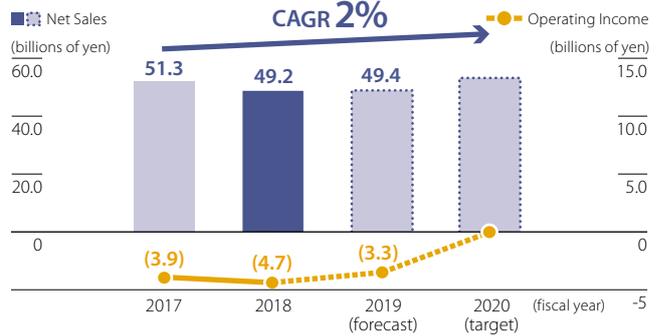
Putting the finishing touches on restructuring, while pursuing initiatives aimed at growth

Curtis Uehlein CEO, Berlitz Corporation



- Revenues decreased mainly due to less language lessons taking place in Europe, and less Chinese students going to study abroad
- Profit significantly decreased due to an additional rise in restructuring costs, resulting in a second consecutive year of operating loss

Net Sales & Operating Income



FY2018 Results

- Pushed through cost reductions with thorough restructuring mainly at US headquarters and ELS centers
- Performance within Japan was strong, including more business with corporate customers
- Launched the Berlitz 2.0 project to develop and launch new products, improve business processes, and boost satisfaction with the customer experience
- Entered into a master franchise agreement with CIIC Co., Ltd. in China

FY2019 Initiatives

- Enhance the product and solutions portfolio, including the launch of Berlitz 2.0
- Upgrading operational infrastructure and optimizing systems and processes
- Improve business efficiency by franchising in low-earnings countries and concentrating operational resources in strategically important countries
- Develop marketing and optimize business processes

Highlights

Planning to roll out Berlitz 2.0 to all regions around December 2019

Seeking to radically update our products, the goal of Berlitz 2.0 is to maintain the positive aspects of face-to-face language learning while allowing students to choose learning styles and content that match their own schedules. While offering curriculum that utilizes AI and voice recognition technologies to cater to various language learning needs, we are also developing interfaces that make it simple for students to choose and schedule the lessons they want to take.

As the only language services company to conclude a global alliance agreement with Google, Berlitz is also harnessing the world's highest level of digital marketing skills.

Berlitz 2.0 overview

