

# TOEI ANIMATION CO., LTD

For FY Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

## *KADO: The Right Answer*

Airing on TOKYO MX, MBS and BS Fuji from April, 2017



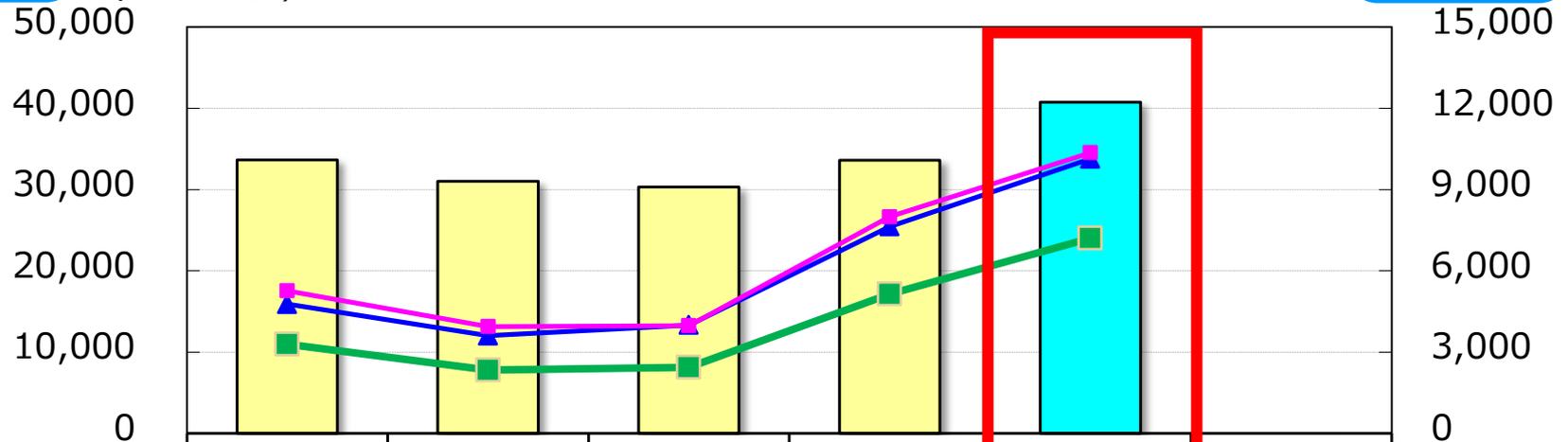
# FY2017.3 Results – Consolidated

- A significant increase in sales and profit resulted in record high net sales and income.
- The tie-up campaign with the movie *ONE PIECE FILM GOLD* had a positive impact.
- Online distribution rights and app game development rights increased and large orders for overseas merchandising rights MG were received.

## Net Sales

(Million Yen)

## Income



	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3	% v.s. prior year
Net Sales	33,644	31,027	30,313	33,612	40,747	21.2%
Cost of Sales	24,114	22,270	20,741	20,809	25,204	21.1%
SG&A	4,759	5,155	5,576	5,167	5,409	4.7%
Operating Income	4,770	3,602	3,996	7,635	10,133	32.7%
Ordinary Income	5,259	3,940	3,978	7,995	10,362	29.6%
Net Income	3,290	2,333	2,437	5,145	7,203	40.0%

# FY2017.3 Results Segment Breakdown – Consolidated

(Million Yen)		FY2016.3	FY2017.3	% v.s. prior year
FILM	Net Sales	14,005	15,939	13.8%
	Segment Income	3,298	3,491	5.8%
Licensing	Net Sales	13,803	18,192	31.8%
	Segment Income	6,157	8,682	41.0%
Sales of Goods	Net Sales	4,654	5,531	18.8%
	Segment Income	6	186	2917.9%
Others	Net Sales	1,320	1,315	-0.4%
	Segment Income	34	41	21.2%
TOTAL	Net Sales	33,612	40,747	21.2%
	Operating Income	7,635	10,133	32.7%

\*Numbers for each segment includes intra-company sales.

# FY2017.3 Results Segment Analysis (1) (Film)

(Million Yen)		FY16.3 Results	FY17.3 Results
<b>Net Sales</b>		33,612	<b>40,747</b>
<b>Operating Income</b>		7,635	<b>10,133</b>
<b>Film</b>		14,005	<b>15,939</b>
	<b>Movies</b>	1,032	<b>1,765</b>
	<b>TVs</b>	3,073	<b>3,254</b>
	<b>DVDs</b>	1,173	<b>942</b>
	<b>Overseas</b>	6,662	<b>7,860</b>
	<b>Others</b>	2,063	<b>2,117</b>
<b>Licensing</b>		13,803	<b>18,192</b>
	<b>Japan</b>	8,880	<b>10,439</b>
	<b>Overseas</b>	4,923	<b>7,752</b>
<b>Sales of Goods</b>		4,654	<b>5,531</b>
<b>Others</b>		1,320	<b>1,315</b>

\* The figures for each segment include intra-company sales.

## Film (↑ 13.8% year on year)

- In Movies, revenues rose sharply backed by the hit movie *ONE PIECE FILM GOLD*.
- In TV Anime, revenues increased due to the strong performance of sound production for games, etc., despite a decrease in the number of titles aired and distributed.
- In DVDs, revenues substantially decreased due to the incorporation of sound production for games into TV Anime.
- In the Overseas segment, revenues increased substantially thanks to the sale of large online distribution licenses for China and the strong sales of the TV broadcast rights of the *DRAGON BALL* series around the world, the right to show *DRAGON BALL Z Resurrection 'F'* in theaters in Central and South America, and the right to show *ONE PIECE FILM GOLD* in theaters in Asia.
- In the Others segment, revenues increased due to the expansion of the fixed-amount online distribution market and strong sales of the online distribution licenses, despite the impact of the termination of the social game service for *SAINT SEIYA*.

# FY2017.3 Results Segment Analysis (2)

## (Licensing/Sales of Goods/Others)

(Million Yen)		FY16.3 Results	FY17.3 Results
<b>Net Sales</b>		33,612	<b>40,747</b>
<b>Operating Income</b>		7,635	<b>10,133</b>
<b>Film</b>		14,005	<b>15,939</b>
	<b>Movies</b>	1,032	<b>1,765</b>
	<b>TVs</b>	3,073	<b>3,254</b>
	<b>DVDs</b>	1,173	<b>942</b>
	<b>Overseas</b>	6,662	<b>7,860</b>
	<b>Others</b>	2,063	<b>2,117</b>
<b>Licensing</b>		13,803	<b>18,192</b>
	<b>Japan</b>	8,880	<b>10,439</b>
	<b>Overseas</b>	4,923	<b>7,752</b>
<b>Sales of Goods</b>		4,654	<b>5,531</b>
<b>Others</b>		1,320	<b>1,315</b>

\* The figures for each segment include intra-company sales

### Licensing ( ↑ 31.8% year on year )

- In domestic licensing, revenues substantially increased due to the app game *DRAGON BALL Z DOKKAN BATTLE*, a tie-up for the theatrical release of *ONE PIECE FILM GOLD* and the solid performance of licensing for promotion.
- In overseas licensing, revenues increased substantially, reflecting the strong sales of the app game *DRAGON BALL Z DOKKAN BATTLE* in the whole world, the *SAINT SEIYA* series app game in China, and products related to *DRAGON BALL* series in Europe and North America.

### Sales of Goods ( ↑ 18.8% year on year )

- Revenues increased considerably due to the strong sales of collaborative and promotional products, and merchandise sales at overseas events in support of the theatrical release of *ONE PIECE FILM GOLD*.

### Others ( → 0.4% year on year )

- Revenues remained flat because of the favorable operation of events related to *SAINT SEIYA* series and *DRAGON BALL* series, in spite of the absence of the operation of *DR.SLUMP-ARALE-* events in the same period of the preceding fiscal year.

# FY2017.3 Results Review

(Million Yen)	FY16.3 Results	FY17.3 Results	+ -	% v.s. prior year
Net Sales	33,612	40,747	7,134	21.2%
Costs of Sales	20,809	25,204	4,394	21.1%
Gross Profit	12,803	15,543	2,740	21.4%
SG & A	5,167	5,409	242	4.7%
Operating Income	7,635	10,133	2,498	32.7%
Non-Operating Income	487	367	-119	-24.5%
Non-Operating Expense	127	138	11	8.8%
Ordinary Income	7,995	10,362	2,367	29.6%
Extraordinary Gain and Loss	-220	124	344	-
Net Income before tax	7,775	10,486	2,711	34.9%
Income Taxes	2,605	3,477	872	33.5%
Income Taxes Adjustment	24	-194	-218	-
Minority Interest	-	-	-	-
Net Income	5,145	7,203	2,057	40.0%

## Net Sales

- Businesses with sharp increases in revenues
  - Licensing Overseas[2,829] ⇒
  - Licensing Japan[1,559] ⇒
  - Film Overseas[1,197] ⇒
  - Sales of Goods[876]⇒
  - Movies[733]
- Businesses with significant declines in revenues
  - DVDs[-231] ⇒
  - Events[-4]

## Cost of Sales / Gross Profit

- The cost rate: 61.9%  
(the same as the previous FY)

## SG&A

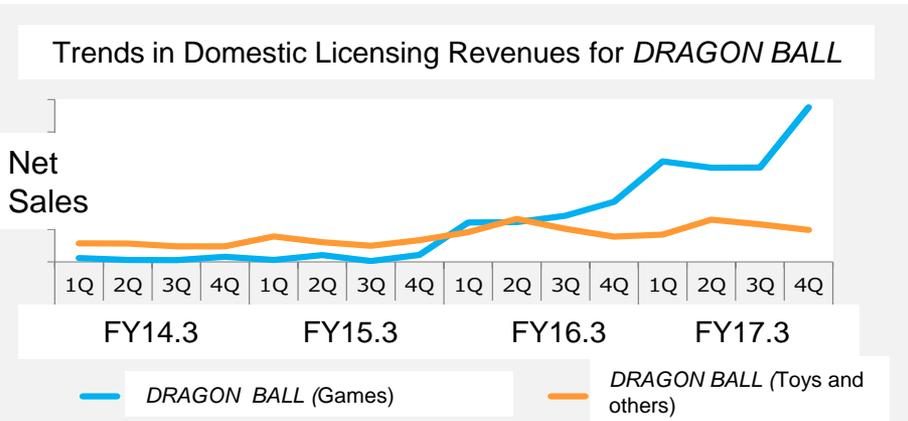
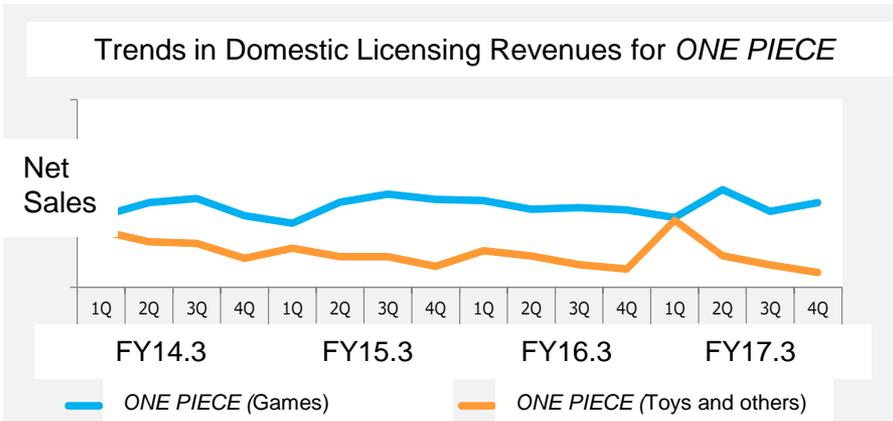
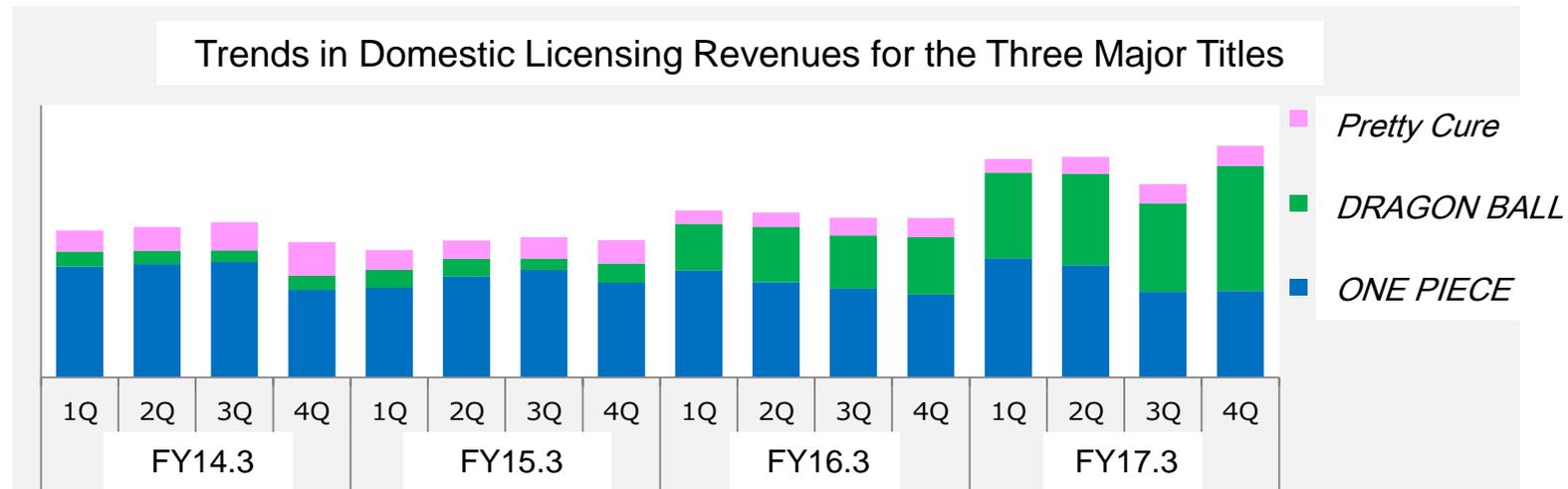
- SG&A[+242]
  - Advertising expenses[+128] (from 385 in the previous FY to 514 in the current FY)
  - Taxes and dues[+100] (from 157 in the previous FY to 257 in the current FY)
  - Executive compensation[+57] (from 173 in the previous FY to 230 in the current FY)

## Extraordinary Gain and Loss

- Extraordinary gain[260]  
gain on sales of securities
- Extraordinary loss[136]  
loss on valuation of fixed assets, etc.

# Trends in Domestic Licensing for Major Titles

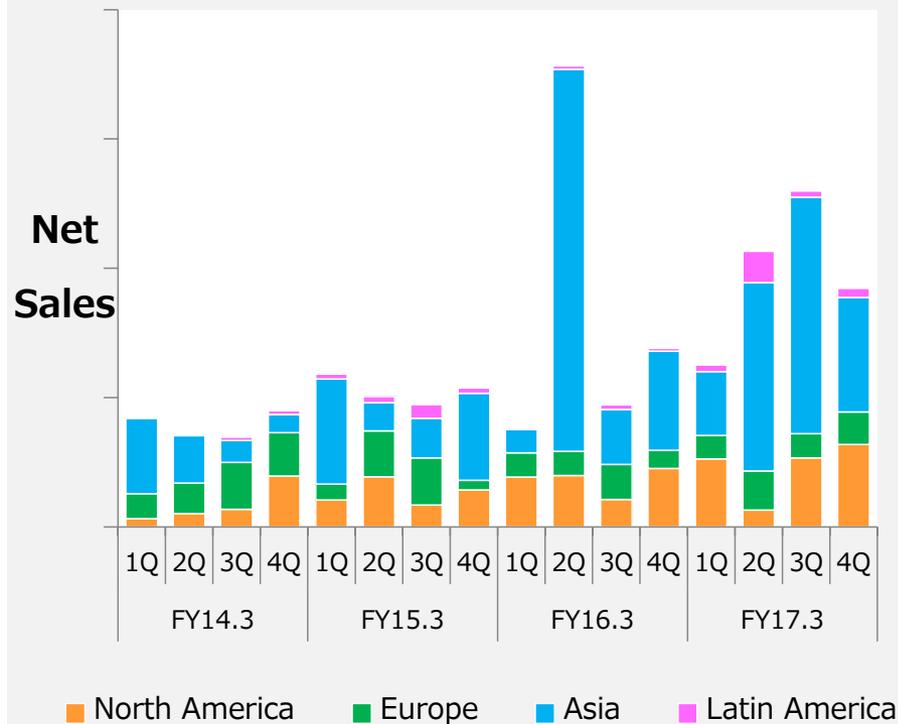
- Success with actions linked with the release of the movie *ONE PIECE*.
- Sales of app game development rights for *DRAGON BALL* increased rapidly.
- The weight of the two major titles and reliance on the app game development rights increased further.



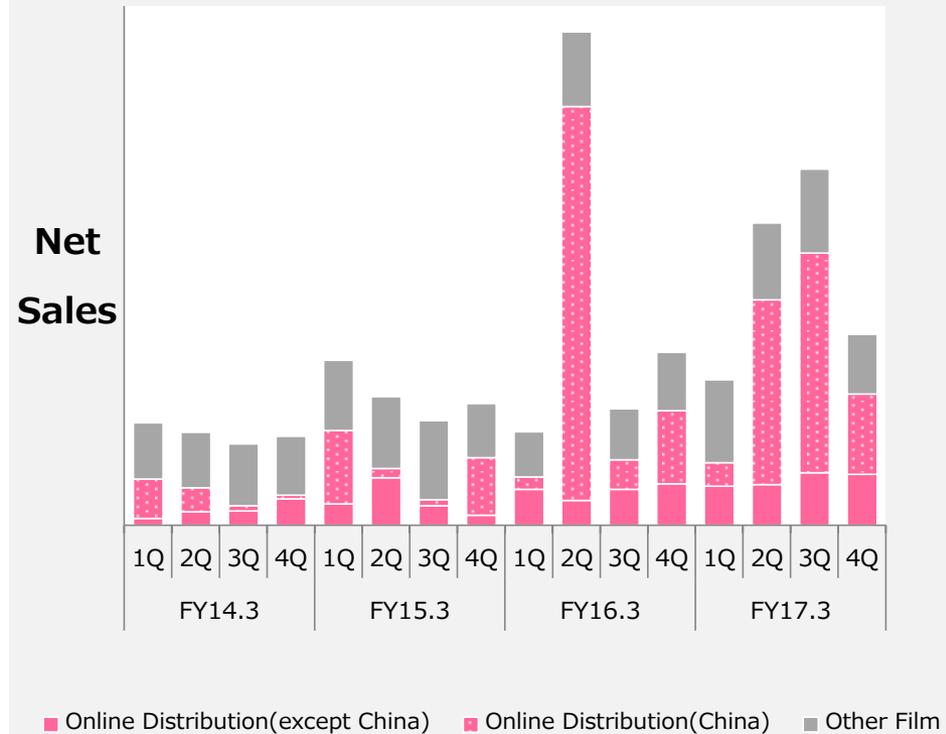
# Trends in Film Overseas

- Sales of large-scale online distribution licensing for China continued good performance.
- Good performance of overseas shows of both *DRAGON BALL Z Resurrection 'F'* and *ONE PIECE FILM GOLD*.
- The influence of exchange rates covered by a sales increase.

## Trends in Net Sales of Film Overseas



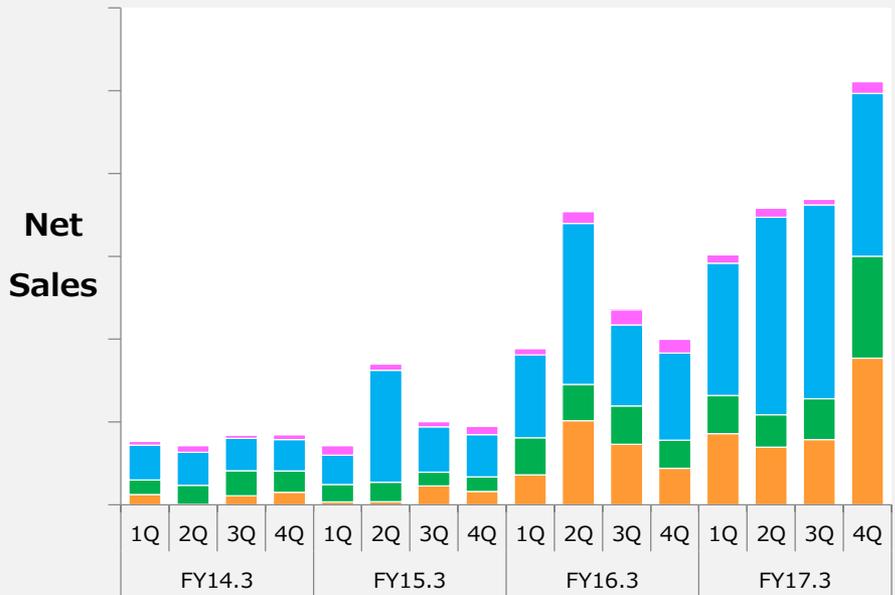
## Breakdown of Net Sales by Business



# 海外版權事業の状況

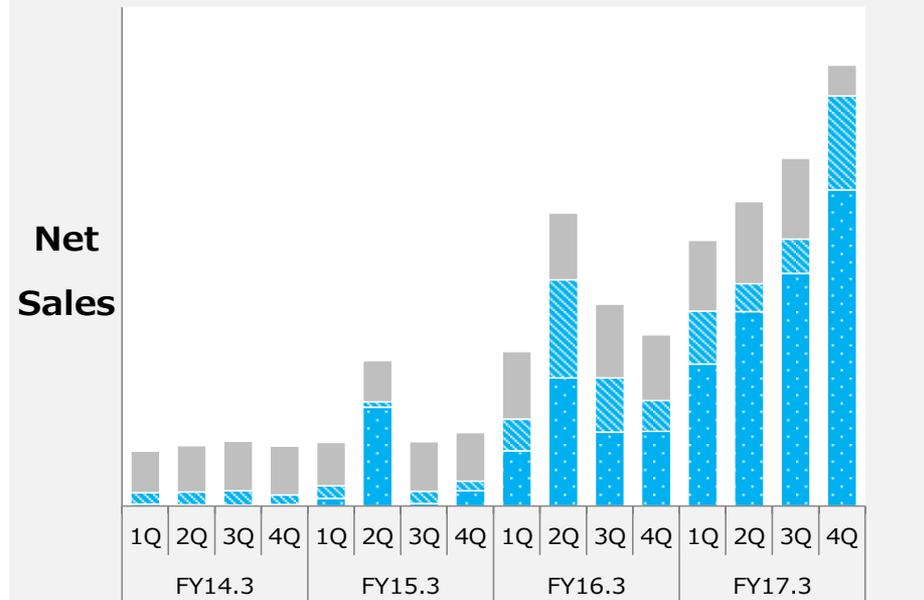
- Sales of rights to develop *DRAGON BALL* and *ONE PIECE* games increased further.
- Orders for large, multiple-year contracts for merchandising rights MG for *DRAGON BALL* in the US and Europe were received.
- While merchandising rights increased, reliance on game development rights increased further.

Trends in Net Sales of Licensing Overseas



North America Europe Asia Latin America

Breakdown of Net Sales by Business



Game(app and online) Game(home-use and others) Other Licensing

# Earnings Estimates for FY2018.3 – Consolidated

	FY17.3 Results	FY18.3 Estimates	% increase/decrease	FY17.3 Initial estimates
<b>Net Sales</b>	40,747	33,000	-19.0%	30,500
<b>SG &amp; A</b>	5,409	6,000	10.9%	5,800
<b>Operating Income</b>	10,133	6,700	-33.9%	5,700
<b>Ordinary Income</b>	10,362	7,000	-32.5%	6,000
<b>Net Income</b>	7,203	4,500	-37.5%	3,800

## 【 FY2018.3 Grounds for earnings estimates】

- Forecasts take into account the reactionary fall from ONE PIECE FILM GOLD.
- Intensifying competition of app games and cautious forecasts of manufacturers.
- The forecasts take into account the reactionary fall from merchandising rights MG of large multiple-year contracts for the US and Europe.

# Earnings Estimates for FY2018.3: Segment Breakdown

(Million Yen)	FY17.3 Results	FY18.3 Estimates
<b>Net Sales</b>	40,747	<b>33,000</b>
<b>Operating Income</b>	10,133	<b>6,700</b>
<b>Film</b>	<b>15,939</b>	<b>13,700</b>
<b>Movies</b>	1,765	<b>1,400</b>
<b>TVs</b>	3,254	<b>2,400</b>
<b>DVDs</b>	942	<b>600</b>
<b>Overseas</b>	7,860	<b>7,700</b>
<b>Others</b>	2,117	<b>1,600</b>
<b>Licensing</b>	<b>18,192</b>	<b>13,600</b>
<b>Japan</b>	10,439	<b>8,000</b>
<b>Overseas</b>	7,752	<b>5,600</b>
<b>Sales of Goods</b>	5,531	<b>4,800</b>
<b>Others</b>	1,315	<b>900</b>

## **Film (↓ 14.1% year on year)**

- Revenues from Movies are expected to fall significantly due to the absence of products equivalent to *ONE PIECE FILM GOLD* in the previous fiscal year.
- Revenues from TV Anime are expected to decline substantially due to a decrease in anime titles and orders for other sound production.
- Decreased revenues from the packaging business in the DVDs segment are expected due to market shrinkage.
- Reduced revenues are expected in the Overseas segment due to the absence of products equivalent to the theater showing rights that sold well in the previous fiscal year despite maintaining the sales of large online distribution licenses for China.

## **Licensing (↓ 25.2% year on year)**

- A sharp decline in revenues from domestic licensing is expected due to changes in the external environment and manufacturers' cautious forecasts.
- The overseas licensing segment expects a significant decrease in revenues from both game development rights and merchandising due to the reactionary fall from *ONE PIECE FILM GOLD*.

## **Sales of Goods (↓ 13.2% year on year)**

- A reactionary fall from *ONE PIECE FILM GOLD* is expected.

## **Others (↓ 31.6% year on year)**

- A reactionary fall from *ONE PIECE FILM GOLD* is expected.

# Initiatives for FY 2018.3

## ① Stabilization of existing key titles

Aim to stabilize profitability by actively developing multifaceted business based on the key titles

### ■ DRAGON BALL Super

【Domestic】

-Now showing the “Universe Survival” saga with the story written and characters created by Akira Toriyama

【Overseas】

-Start online distribution and TV broadcasting, including simultaneous distribution

-Launch full-scale sale of toys and other products in the US and Europe



### ■ ONE PIECE

【Domestic】

-Now showing “Whole Cake Island” saga

-Scheduled to hold *ONE PIECE Premiere 2017*

【Overseas】

-Start active development of events, stores, etc. for Asia



## ② App game business

Aim for the long-term stabilization of profitability while promoting global development and work in cooperation with licensees to implement a service strategy suited to each title

### ■ DRAGON BALL Z DOKKAN BATTLE

-More than 128 million downloads in the world

-Ranked first in App store, Google Play sales ranking in North America in April



### ■ Multiple development of ONE PIECE app games

-ONE PIECE TREASURE CRUISE

-ONE PIECE STRONG ROAD (Qiang zhe zhi lu)

-ONE PIECE THOUSAND STORM

-ONE PIECE Qi Hang



## ③ Development of new businesses for overseas markets

Develop new businesses beyond the boundaries of existing businesses for overseas markets with strong growth potential

### ■ Event and product sale businesses for overseas markets

-ONE PIECE LIVE STAGE

The first exclusive theater in China is scheduled to open in Shanghai

-Scheduled opening of “ONE PIECE Mugiwara Store in Shanghai” in Summer



### ■ Planning and production of titles released first overseas

-Movie Mazinger Z (tentative) project is under way

### ■ Planning and development of in-house production for overseas markets

-Multiple projects are under way



# Future Initiatives <Domestic>

## Schedule(Domestic)

Film    Licensing  
Sales of Goods    Others

FY17.3 4Q	Start of broadcast of <i>Kira Kira☆Pretty Cure A La Mode</i> [Feb.5]
	Start of broadcast of <i>DRAGON BALL Super Universe Survival saga</i> [Feb.5]
	Opening of "Magical Do Re Mi Shop" in Tokyo [May.17-Apr.5]
	Release of <i>Pretty Cure Dream Stars!</i> [Mar.18]
	Start of broadcast of <i>KADO: The Right Answer</i> [Apr.7]
FY18.3 1Q	Holding of <i>ONE PIECE WHOLE CAKE ISLAND Exhibition</i> at Fuji TV [Apr.8-May.28]
	Start of broadcast of <i>ONE PIECE</i> Whole Cake Island saga [Apr.9]
	Start of distribution of app <i>AUGMENTED REALITY GIRLS TRINARY</i> [Apr.13]
	Collaboration café "Magical Do Re Mi x Village Vanguard" [Apr.18-May.14]
	<i>3DS DRAGON BALL Heroes: Ultimate Mission X</i> [Apr.27]
	Holding of "ONE PIECE LIVE ATTRACTION 3 PHANTOM" at Tokyo Tower [Apr.29]
	Opening of <i>DRAGON BALL</i> and <i>DR. SLUMP -ARALE-</i> store in Tokyo [May.2-May.7]
	Digital card game <i>Super DRAGON BALL Heroes-4</i> [May.11]
	USJ <i>ONE PIECE Sanji's Pirates Restaurant</i> [Jun.2-Oct.1]
	USJ <i>ONE PIECE Premiere 2017</i> [Jun.30-Oct.1]
FY18.3 2Q~	USJ <i>DRAGON BALL Z THE REAL 4-D</i> [Jun.30-Oct.1]
	Release of <i>KADO: The Right Answer</i> BD/DVDBOX [Jul.26]
	PS4/PSvita <i>Digimon Story: Cyber Sleuth</i> [2017]
	<i>Digimon Adventure tri.</i> Chapter 5 to be put on theaters [2017]
	Release of <i>Mazinger Z the Movie (tentative)</i>

## Topics

### Development of *Dragon Ball series*

- **3DS *DRAGON BALL Heroes: Ultimate Mission X***  
-on sale from April 27
- **Digital card game *Super DRAGON BALL Heroes***  
-Start working 4<sup>th</sup> edition from May 11
- **Event "DRAGON BALL Z THE REAL 4-D"**  
- Scheduled to hold at Universal Studio Japan from June 30

### Development of *ONE PIECE*

- **TV *ONE PIECE***  
-Development of events and campaigns linked with "Whole Cake Island" saga broadcast from April
- **Event "ONE PIECE Premiere 2017"**  
-Scheduled to hold at Universal Studio Japan from June 2



### Development of New Titles

- **TV *KADO: The Right Answer***  
-Broadcasting as our first original CG animation series from April  
-Distributing on Amazon Prime Video
- **Movie *Mazinger Z(tentative)* project has launched**
- ***Digimon Adventure tri.* Chapter 5 scheduled to be put on theaters in 2017**



# Future Initiatives <Overseas>

## Schedule(Overseas)

Film Licensing  
Sales of Goods Others

## Topics

### Development of *Dragon Ball series*

#### ■ App Game

-*DRAGON BALL Z DOKKAN BATTLE* ranked first in App store, GooglePlay sales ranking in North America from April to May.

#### ■ TV *DRAGON BALL Super*

-Start of online distribution including simultaneous distribution

-Starting with North America, scheduled gradual TV broadcast of dubbed version in Europe and Central and South America

### Development of *ONE PIECE*

#### ■ App Games

-*ONE PIECE TREASURE CRUISE* receives a Korean mobile game award (Maeil Business Newspaper) in April  
-*ONE PIECE Jizhan* Scheduled to be released from Yesgames in China

#### ■ *ONE PIECE LIVE STAGE*

The first exclusive theater in China is scheduled to open in Shanghai



### Development of Movies for Overseas Markets

#### ■ Planning and Production of Titles Released First Overseas

-Multiple projects such as *Mazinger Z the Movie (tentative)* are under way

#### ■ Development of in-house production

-Multiple projects are under way



FY17.3 4Q	Start of broadcast of <i>DRAGON BALL Super</i> dubbed version for North America [Jan.7]
	Release of <i>ONE PIECE FILM GOLD</i> in North America and Germany [Jan.10]
	Start of broadcast of <i>DRAGON BALL Super</i> dubbed version for Spain [January]
	Distribution of <i>ONE PIECE THOUSAND STORM</i> app game(except China)[January]
FY18.3 1Q	Limited-time loadshow of <i>Sailor Moon R</i> for North America [Jan.13]
	Loadshow of <i>World Trigger</i> for North America [April~]
	<b><i>DRAGON BALL &amp; DR.SLUMP -ARALE-</i> event in China [Apr.26~]</b>
	Holding <i>DRAGON BALL SYMPHONIC ADVENTURE</i> in France [May]
	Holding <i>ONE PIECE balloon run</i> in Taiwan[Jun.10,11]
	Scheduled special event of <i>Mazinger Z the Movie (tentative)</i> at Anney International Animated Film Festival [June]
	Scheduled distribution of <i>ONE PIECE Jizhan</i> (Yesgames) app game for China [Summer]
FY18.3 2Q~	<b>Opening of <i>ONE PIECE</i> Mugiwara Store in Shanghai [Summer]</b>
	Start of broadcast of <i>DRAGON BALL Super</i> for Germany [Autumn]
	Start of broadcast of <i>DRAGON BALL Super</i> dubbed version for Latin America [Autumn]
	Release of <i>ONE PIECE FILM GOLD</i> in Australia [2017]
	Holding <i>Sailor Moon</i> orchestra concert in Europe [2017]
	<b>Opening of exclusive theater <i>ONE PIECE LIVE STAGE</i> in Shanghai [Winter]</b>
Release first overseas of <i>Mazinger Z the Movie (tentative)</i>	

# Initiatives Aimed for Medium and Long-Term Growth

## Getting back to the basics of planning and production

*Accelerate investment to remain a studio selected by the industry and viewers*

### Establish a new Planning and Production Headquarter

- **Integration of Planning and Production Departments**  
Strengthening of cooperation between planning and production
- **Review of the organization within the production department**  
Establish new groups and integrate existing groups to improve schedules and the quality of titles

### Development of production site environment

- **Strengthening of human resources of studio**  
Promotion of recruitment for excellent talents who support titles
- **Reconstruction of Oizumi Studio**  
Scheduled to be completed in the August, 2017
- **Renew the system for production progress management**  
Establish more sophisticated form



## Growth through the further development of overseas market

*Actively take on new challenges beyond the boundaries of existing businesses in overseas segments*

### Strengthen planning for overseas market

- **Planning and production of titles released first overseas**  
*Mazinger Z the Movie (tentative)* is under way
- **Planning and development of in-house production for overseas markets**  
Multiple projects are under way

### Strengthen the system in line with the growth of overseas businesses

- **Improve/increase human resources at overseas subsidiaries**  
Increase human resources at TAE(Asia) and TAI(North America)
- **Improve infrastructure of overseas subsidiaries**  
Strengthen networks between the Head Office in Japan and overseas subsidiaries

## Evolution into "Emergent Company 2.0."

*Promote system development that encourages all employees to think of projects and systems for maximizing profit and create new values.*

### Evaluation system

- **Review of new personnel system and performance evaluation system**  
Introduction of the new personnel system and total review of the performance system including contract employees

### Other initiatives

- **Implement work style reforms**
- **Increase mid-career recruitment to step up the management foundation**
- **Examine how to hire and develop global human resources**

# About Dividend

## Plan for year-end Dividend

**FY2017.3**

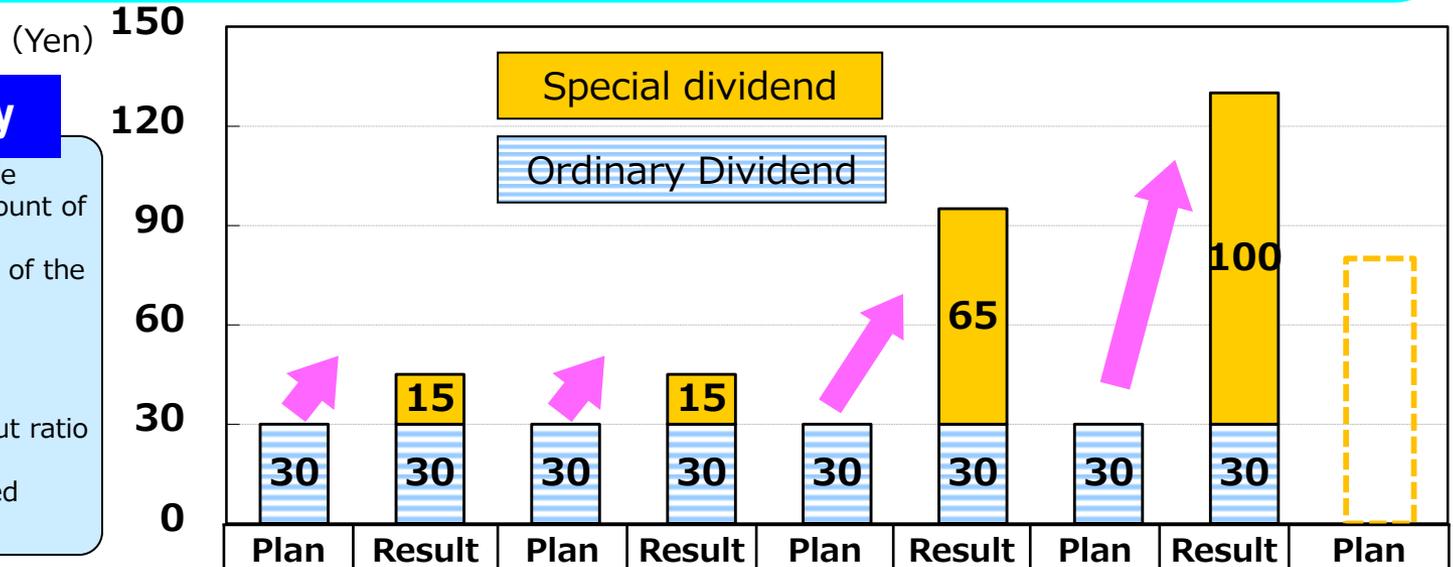
¥130 per share  
(Ordinary Dividend ¥30 + **Special Dividend ¥100**)

**FY2018.3**

payout ratio will be approximately 25%,  
depending on the consolidated financial results.

## Dividend Policy

Based on sustained and stable dividends, we decide the amount of dividend each year with comprehensive consideration of the financial results and securing internal funds for aggressive business development in the medium-to long-term. we expect the dividend payout ratio to be approximately 25%, depending on the consolidated financial results.



Fiscal Year	FY14.3	FY15.3	FY16.3	FY17.3	FY18.3
Dividend per share	45 yen	45 yen	95 yen	130 yen	80 yen
Payout ratio	26.3%	25.2%	25.2%	24.6%	25%

# Reference (1) Lineup of Titles Being Broadcast



SUN at 8:30am on ABC/TV Asahi Network  
*Kira Kira☆Pretty Cure A La Mode*



SUN at 9:30am on Fuji TV et al.  
*Dragon Ball Super*



SUN at 9:00am on Fuji TV et al.  
*ONE PIECE*



SAT at 2:30am on TV Asahi et al.  
*Tiger Mask W*



SAT at 7:00am on TV Tokyo et al.  
*Digimon Universe App Monsters*

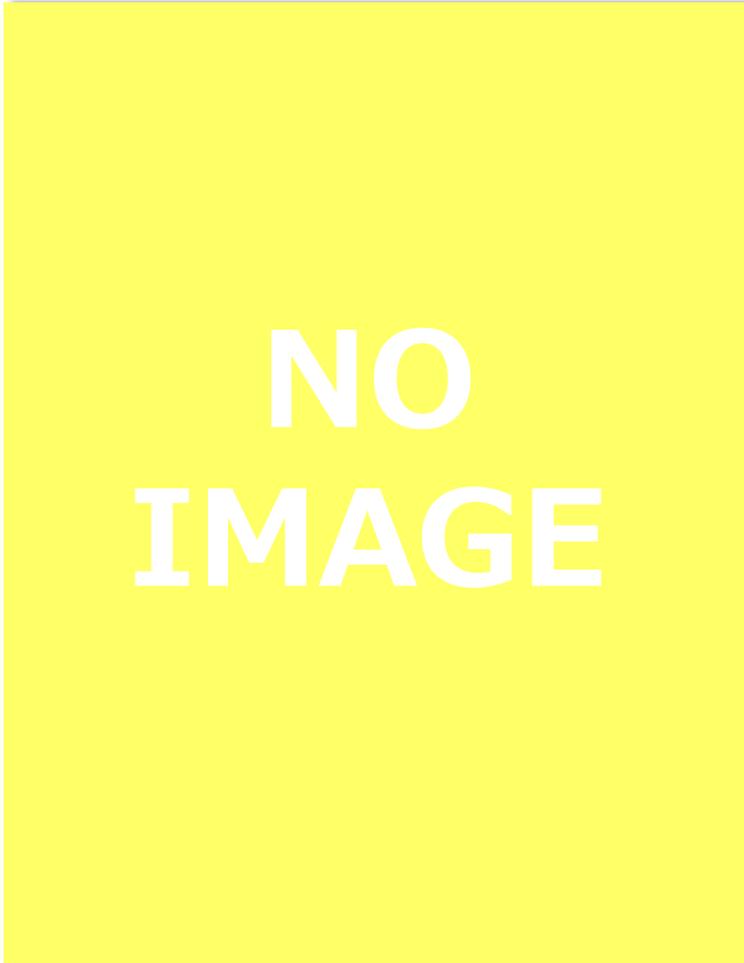


TOKYO MX, MBS, BS Fuji and others  
*KADO: The Right Answer*

# Reference (2) Movies Scheduled for Release in FY2018.3

## *Kira Kira☆Pretty Cure A La Mode the Movie(tentative)*

To be released in October, 2017



## *Digimon Adventure tri. Chapter 5*

To be put on theaters in 2017



# Reference (3) Lineup of New Titles from FY2018.3~

***Mazinger Z the Movie***  
***(tentative)***  
decided releasing  
first overseas

