

TOEI ANIMATION CO., LTD

For FY Ended December 31, 2018 (April 1, 2018 to December 31, 2018)



Star Twinkle Pretty Cure
Sunday at 8:30am on ABC/TV Asahi
Network

FY2019.3 Third Quarter Results – Consolidated

- Net sales and each income item hit new third-quarter record highs.
- Sales of game development rights, particularly those of app games, were strong in Japan and overseas.
- Sales of online distribution rights in China and North America remained strong.

Net Sales

Income



	2015.03 3Q	2016.03 3Q	2017.03 3Q	2018.03 3Q	2019.03 3Q	% v.s. prior year
Net Sales	22,639	26,144	30,339	34,557	41,821	21.0%
Cost of Sales	15,413	16,128	18,920	21,375	24,049	12.5%
SG&A	4,217	3,965	4,040	4,477	5,112	14.2%
Operating Income	3,008	6,050	7,377	8,704	12,659	45.4%
Ordinary Income	3,280	6,354	7,739	9,108	13,044	43.2%
Net Income	2,057	4,054	5,551	6,233	9,276	48.8%

FY2019.3 3Q Results Segment Breakdown –Consolidated

(Million Yen)		FY2018.3 3Q	FY2019.3 3Q	% v.s. prior year
FILM	Net Sales	12,425	14,615	17.6%
	Segment Income	2,142	4,087	90.8%
Licensing	Net Sales	17,775	22,637	27.3%
	Segment Income	8,377	10,617	26.7%
Sales of Goods	Net Sales	3,762	4,016	6.8%
	Segment Income	160	116	-27.0%
Others	Net Sales	738	674	-8.7%
	Segment Income	-82	-41	-
TOTAL	Net Sales	34,557	41,821	21.0%
	Operating Income	8,704	12,659	45.4%

*Numbers for each segment includes intra-company sales.

FY2019.3 3Q Results Segment Analysis (1) (Film)

(Million Yen)		FY18.3 3Q	FY19.3 3Q
Net Sales		34,557	41,821
Film		12,425	14,615
	Movies	832	1,295
	TVs	2,359	1,926
	DVDs	567	494
	Overseas	6,971	8,446
	Others	1,694	2,452
Licensing		17,775	22,637
	Japan	10,126	12,252
	Overseas	7,649	10,384
Sales of Goods		3,762	4,016
Others		738	674

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

Film (↑ 17.6% year on year)

- In Movies, revenues rose sharply due to the production revenue from *DRAGON BALL SUPER: BROLY*.
- In TV Anime, revenues fell sharply due to a decrease in the number of new titles aired or distributed.
- In DVDs, revenues fell sharply with the absence of Blu-ray/DVD equivalent to Sailor Moon Crystal in the same period of the previous fiscal year.
- In the Overseas segment, revenues increased substantially thanks to strong sales of online distribution rights in China and North America.
- In the Others segment, revenues rose sharply due to strong sales of the online distribution rights and the app game *SAINT SEIYA Galaxy Spirits*.

FY2019.3 3Q Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY18.3 3Q	FY19.3 3Q
Net Sales		34,557	41,821
Film		12,425	14,615
	Movies	832	1,295
	TVs	2,359	1,926
	DVDs	567	494
	Overseas	6,971	8,446
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Licensing		17,775	22,637
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* The figures for each segment include intra-company sales.

Licensing (↑ 27.3% year on year)

- In domestic licensing, revenues rose sharply, reflecting the strong performance of app games such as *DRAGON BALL Z DOKKAN BATTLE* and *DRAGON BALL LEGENDS*, and large licensing deals for game machines in multiple works.
- In overseas licensing, revenues grew substantially because in addition to favorable sales of the merchandising rights of app game *DRAGON BALL Z DOKKAN BATTLE* and home-use games centering on *DRAGON BALL FIGHTERZ* and the *DRAGON BALL* series in Europe and North America, online distribution of the app game *DRAGON BALL LEGENDS* was initiated.

Sales of Goods (↗ 6.8% year on year)

- Revenues increased because of the strong sales of tie-up campaign-related products for *DRAGON BALL SUPER: BROLY* as well as the favorable sales of the shop business, including the *Pretty Cure* store.

Others (↘ 8.7% year on year)

- Revenues declined because of the absence of events equivalent to those related to *DRAGON BALL Super* in the same period of the previous fiscal year.

FY2019.3 Third Quarter Results Review

(Million Yen)	FY18.3 3Q	FY19.3 3Q	+ -	% v.s. prior year
Net Sales	34,557	41,821	7,264	21.0%
Costs of Sales	21,375	24,049	2,674	12.5%
Gross Profit	13,181	17,771	4,590	34.8%
SG & A	4,477	5,112	634	14.2%
Operating Income	8,704	12,659	3,955	45.4%
Non-Operating Income	459	413	-45	-10.0%
Non-Operating Expense	55	29	-26	-47.1%
Ordinary Income	9,108	13,044	3,935	43.2%
Extraordinary Gain and Loss	-123	29	153	-
Net Income before tax	8,984	13,073	4,088	45.5%
Income Taxes	2,686	3,689	1,003	37.4%
Income Taxes Adjustment	65	107	42	66.1%
Minority Interest	-	-	-	-
Net Income	6,233	9,276	3,042	48.8%

Net Sales

- Businesses with sharp increases in revenues
1)Licensing Overseas[2,735]⇒ 2)Licensing Japan[2,125]⇒ 3)Film Overseas[1,475]
- Businesses with significant declines in revenues
1)TV[-433]⇒ 2)DVDs[-73]⇒ 3)Events[-63]

Cost of Sales / Gross Profit

- Gross profit to net sales: 42.5%
(Gross profit to net sales last year:38.1%)
Gross profit to net sales improved as a result of a significant increase in the ratio of sales in the profitable overseas business and licensing business; however, the ratio of production cost deteriorated.

SG&A

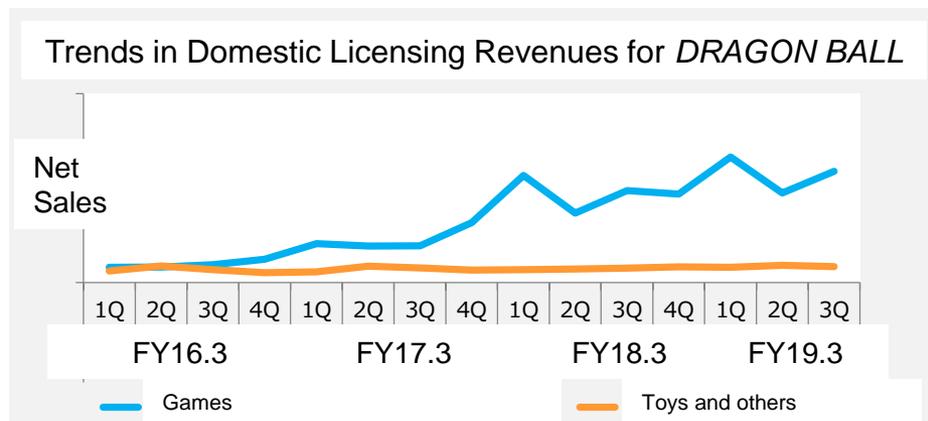
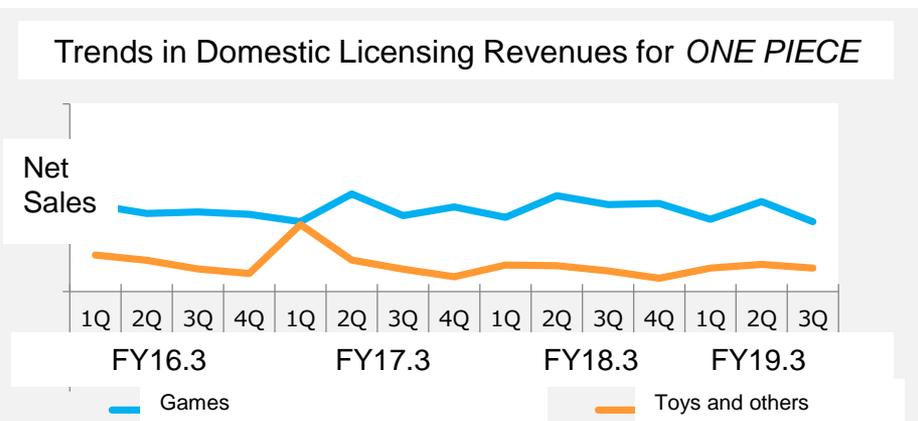
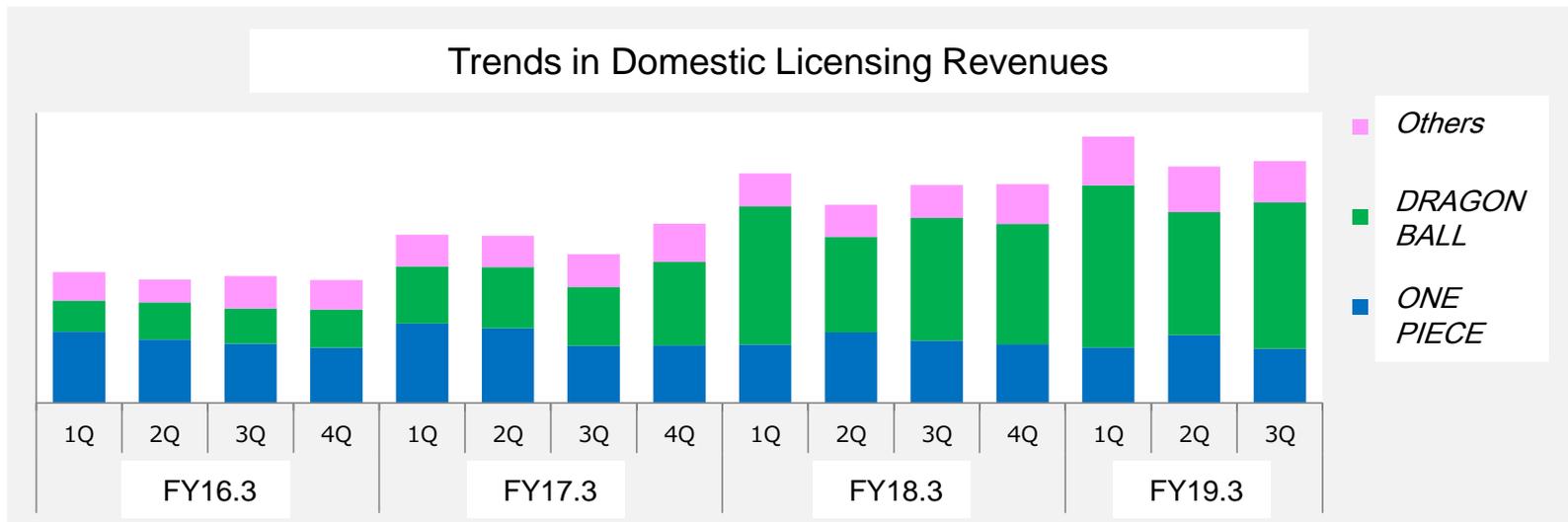
- SG&A[+634]
1)Taxes and dues[+145](from 214 in the previous FY to 360 in the current FY)
2)Personnel expenses[+117](from 1,150 in the previous FY to 1,268 in the current FY)

Extraordinary Gain and Loss

- Gain on sales of investment securities[29]
(previous FY:Loss on sale of Shinjuku office -123)

Trends in Domestic Licensing Revenues for Major Titles

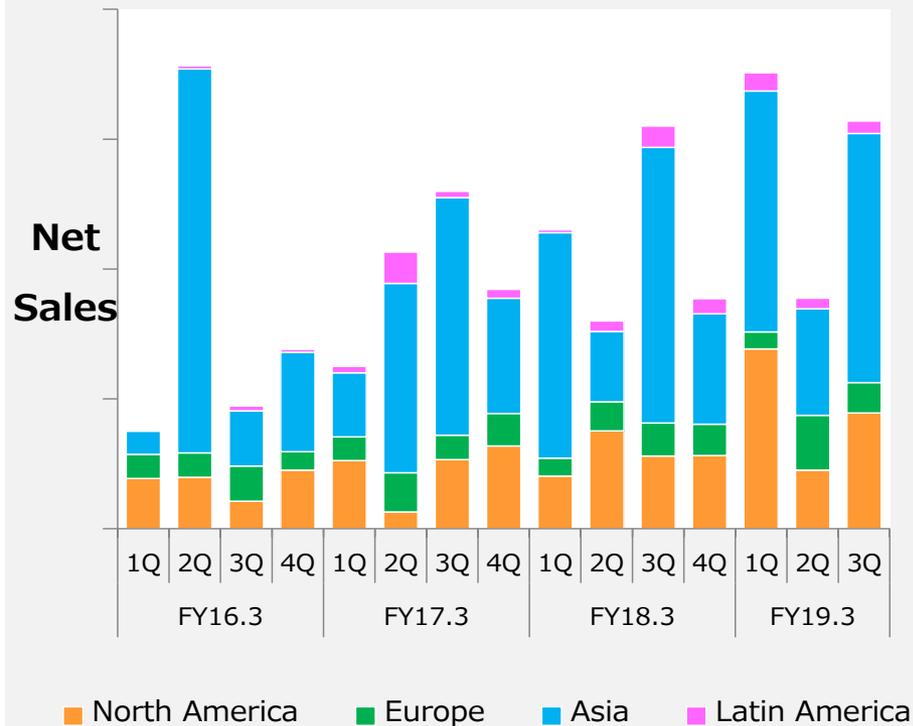
- Revenues from the *DRAGON BALL* app game rose further.
- Revenues from the *ONE PIECE* app game decreased year on year.
- The weight of *DRAGON BALL* and reliance on the app game development rights increased further.



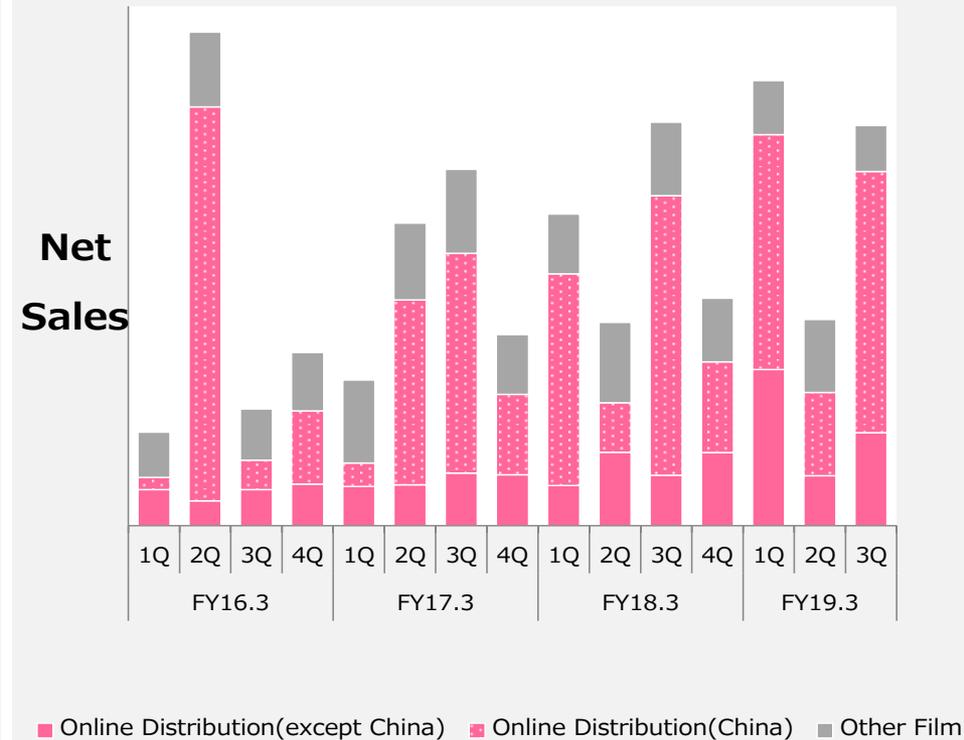
Trends in Film Overseas

- Sales volume of major online distribution rights for China increased because of the addition of the number of stories of a popular weekly title.
- Revenues increased year in year thanks primarily to the conclusion of a multi-year contract and strong sales of *DRAGON BALL* for online distribution rights for North America.

Trends in Net Sales of Film Overseas



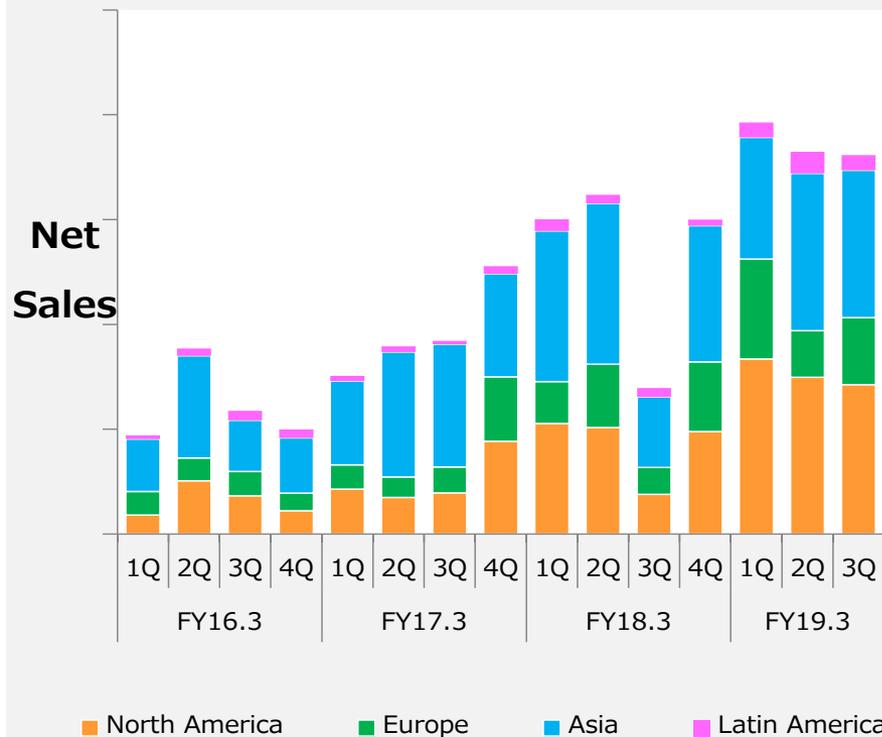
Breakdown of Net Sales by Business



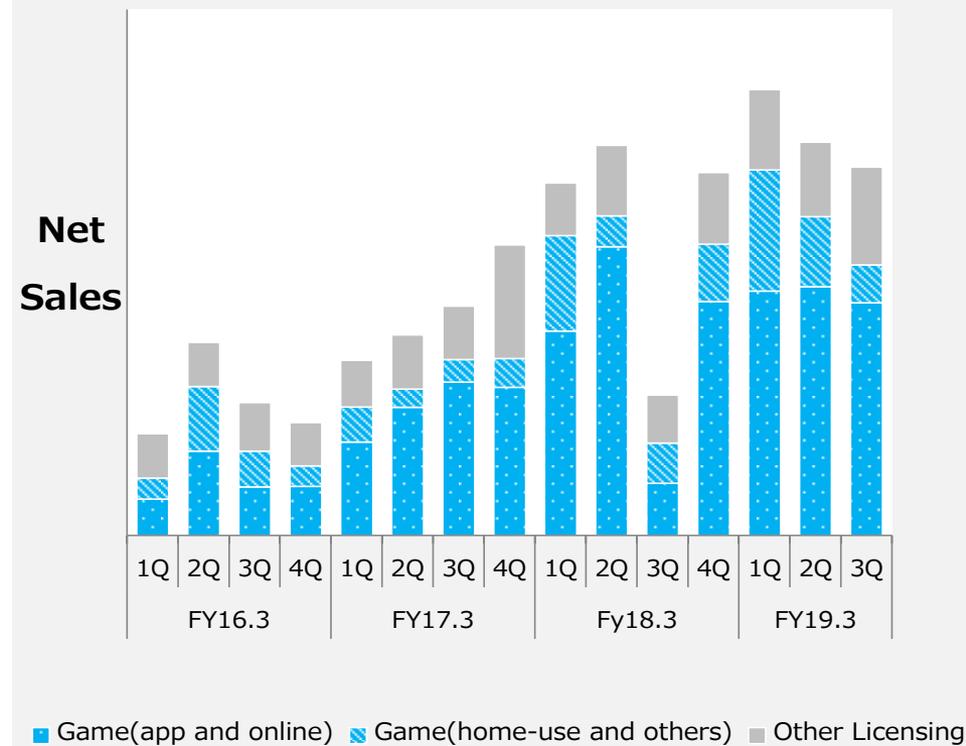
Trends in Licensing Overseas

- Sales of licensing for the app game and merchandising rights for *DRAGON BALL* performed strongly in Europe and the U.S.
- The sales of the home-use game *DRAGON BALL FIGHTERZ* for North America performed strongly as well.
- MG for multiple app games for China was recorded.

Trends in Net Sales of Licensing Overseas



Breakdown of Net Sales by Business



FY2019.3 Revised Estimates and Progress

(Million Yen)	FY18.3 3Q	FY19.3 3Q	Previous Estimates (July.27, 2018)	Revised Estimates (Jan.28, 2019)	+ -	%	Progress
Net Sales	34,557	41,821	48,000	53,500	5,500	11.5%	78.2%
Operating Income	8,704	12,659	12,000	15,000	3,000	25.0%	84.4%
Ordinary Income	9,108	13,044	12,300	15,300	3,000	24.4%	85.3%
Net Income	6,233	9,276	8,500	10,200	1,700	20.0%	90.9%
Film	12,425	14,615					
Movies	832	1,295					
TVs	2,359	1,926					
DVDs	567	494					
Overseas	6,971	8,446					
Others	1,694	2,452					
Licensing	17,775	22,637					
Japan	10,126	12,252					
Overseas	7,649	10,384					
Sales of Goods	3,762	4,016					
Others	738	674					

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【Causes of upward revision to earnings estimates】
 In domestic and overseas licensing, sales of app games including *DRAGON BALL Z DOKKAN BATTLE* continued to be more favorable than forecast in the previous announcement.

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

Future Initiatives

Schedule

Film	Licensing
Sales of Goods	Others

Topics

Development of Games

- **App Game *Ge-Ge-Ge no Kitano***
-Started distribution from November 1, 2018.
-More than a million downloads (as of January 21, 2019).
- **App Game *ONE PIECE* for China**
-Started distribution from September, 2018.
-Ranked first in App Store free game download ranking.
- **Multiple App Games for China Scheduled to be released**
-Two *DRAGON BALL* app games

Development of New Titles

- ***DRAGON BALL SUPER: BROLY***
-Released in North America on January 16, 2019.
-Top in the daily ranking on opening day in North America.
A remarkable achievement for a Japanese animation film for the first time in 20 years.
- ***Toei Manga Matsuri***
-Scheduled to be released on April 26, 2019.
-“*BUTT DETECTIVE*”, “*Bar Hunter (tentative)*”, “*MY 3 DAUGHTERS*”, “*recycleZOO*” are included.
- ***ONE PIECE STAMPEDE***
Scheduled to be released on August 9, 2019
- ***The Monkey Prince (tentative)***
Decision to internationally co-produce a full-scale animation film was finalized.

FY19.3 3Q	Start of broadcast of <i>Bar Hunter (tentative)</i> [Oct.2]
	Release of <i>Hug! Pretty Cure, Futari wa Pretty Cure the Movie</i> [Oct.27]
	Distribution of <i>Ge-Ge-Ge no Kitano</i> app game [Nov.1]
FY19.3 4Q	Distribution of <i>Digimon</i> app game for China [Nov.22]
	Start of broadcast of <i>BUTT DETECTIVE</i> [Dec.1]
	Release of <i>DRAGON BALL SUPER: BROLY</i> [Dec.14]
	Release of <i>DRAGON BALL SUPER: BROLY</i> in North America [Jan.16]
	<i>DRAGON BALL FighterZ World Tour final</i> in LA [Jan.26-27]
FY20.3 1Q~	Release of <i>DRAGON BALL SUPER: BROLY</i> in Europe and Asia [from January to March]
	<i>PS4 ONE PIECE WORLD SEEKER</i> [Mar.14]
	Release of <i>Pretty Cure Miracle Universe (tentative)</i> [Mar.16]
	Digital card game <i>Super DRAGON BALL Heroes World Mission</i> [Apr.4]
	Release of <i>Toei Manga Matsuri</i> [Apr.26]
	Release of <i>ONE PIECE STAMPEDE</i> [Aug.9]
	Scheduled distribution of <i>SAINT SEIYA: KNIGHTS OF THE ZODIAC</i> worldwide on Netflix [2019 summer]
	Release of <i>ONE PIECE STAMPEDE</i> worldwide [2019]
	Scheduled distribution of <i>DRAGON BALL Awakening</i> app game for China [2019]
	Scheduled distribution of <i>DRAGON BALL</i> app game for China [2019]
Release of internationally co-produce movie <i>The Monkey Prince (tentative)</i> [TBA]	

About Dividend

Plan for year-end Dividend

FY2018.3

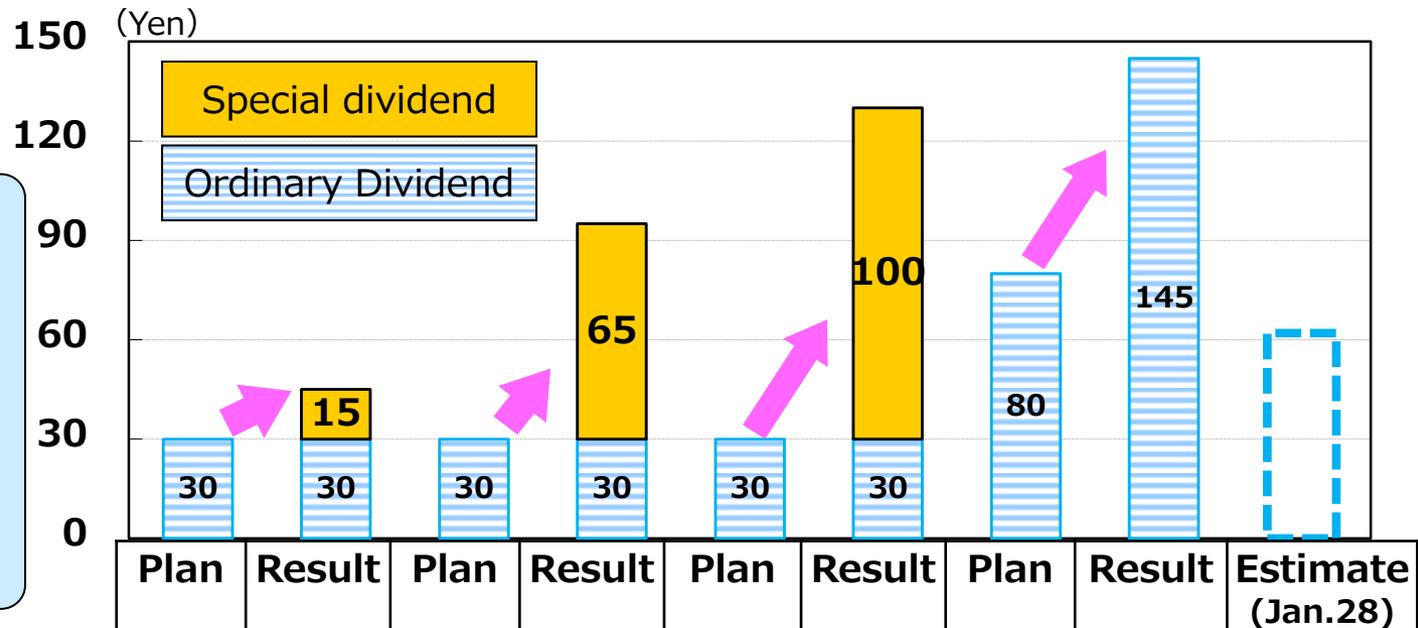
¥145 per share

FY2019.3

¥62 per share (estimate)

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	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3
Dividend per share	45(15)yen	95(31.7)yen	130(43.3)yen	145(48.3)yen	62yen
Payout ratio	25.2%	25.2%	24.6%	25.2%	25%

*The company conducted a share split on April 1, 2018. The dividend prior to the fiscal year ending March 2018 was calculated based on the assumption that shares are split at the beginning of each term, as described in parenthesis, in addition to the actual dividend.

Reference (1) Lineup of Titles Being Broadcast



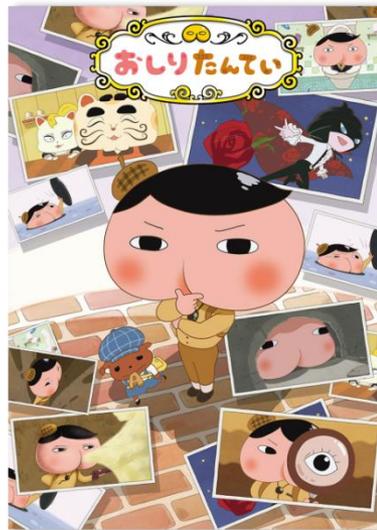
SUN at 8:30am on
ABC/TV Asahi Network
Star Twinkle Pretty Cure



SUN at 9:00am on
Fuji TV et al.
Ge-Ge-Ge no Kitaro



SUN at 9:30am on
Fuji TV et al.
ONE PIECE



SAT at 9:00am on
NHK Educational TV
BUTT DETECTIVE



TUE at 5:55pm on
TV Tokyo et al.
Bar Hunter (tentative)

Reference (2) Titles Scheduled for Release in FY2019.3

Pretty Cure Miracle Universe (tentative) To be released on March 16, 2019



Reference (3) Lineup of New Titles from FY2020.3~

Toei Manga Matsuri
To be released on April 26, 2019



ONE PIECE STAMPEDE
To be released on August 9, 2019





TOEI ANIMATION

Since 1956

[Precautions regarding outlook]

The contents described in this material are based on judgments and assumptions made with reference to information available as of the time of writing.

The Company does not warrant that estimated figures, strategies or measures will necessarily be achieved.