

TOEI ANIMATION CO., LTD

For FY Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

DRAGON BALL SUPER: BROLY
To be released on December 14, 2018

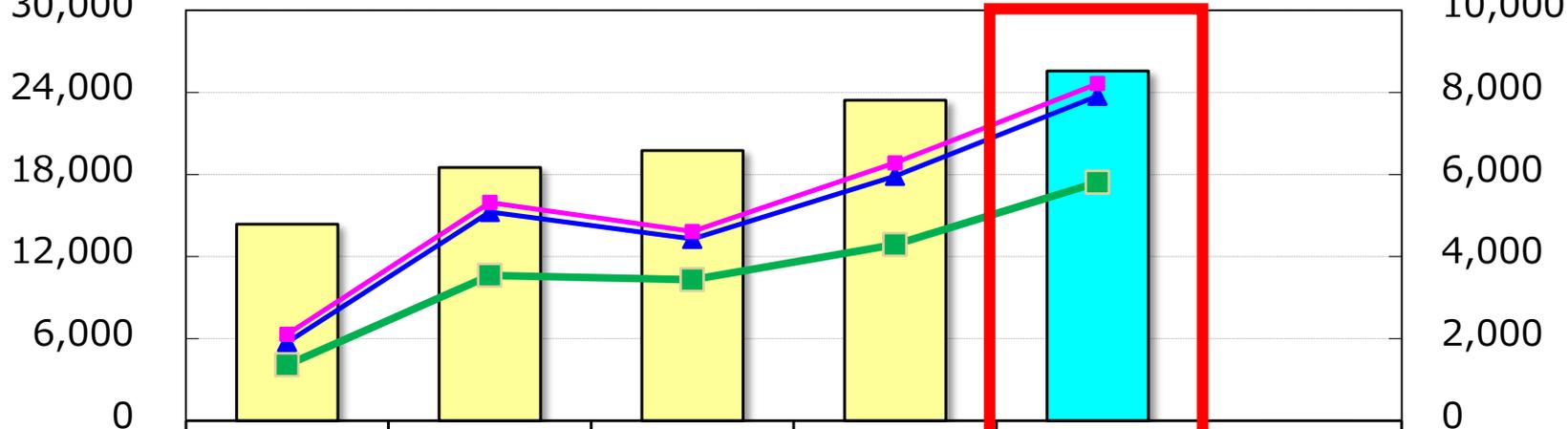


FY2019.3 Second Quarter Results – Consolidated

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

Net Sales

(Million Yen)



Income

(Million Yen)

	2015.03 2Q	2016.03 2Q	2017.03 2Q	2018.03 2Q	2019.03 2Q	% v.s. prior year
Net Sales	14,373	18,519	19,774	23,444	25,579	9.1%
Cost of Sales	9,704	10,838	12,612	14,620	14,222	-2.7%
SG&A	2,757	2,596	2,736	2,861	3,437	20.1%
Operating Income	1,911	5,085	4,426	5,962	7,918	32.8%
Ordinary Income	2,106	5,320	4,612	6,281	8,215	30.8%
Net Income	1,360	3,541	3,433	4,291	5,809	35.4%

FY2019.3 2Q Results Segment Breakdown –Consolidated

(Million Yen)		FY2018.3 2Q	FY2019.3 2Q	% v.s. prior year
FILM	Net Sales	7,667	8,365	9.1%
	Segment Income	1,010	2,528	150.3%
Licensing	Net Sales	13,019	14,719	13.1%
	Segment Income	6,097	6,907	13.3%
Sales of Goods	Net Sales	2,341	2,148	-8.2%
	Segment Income	63	19	-69.7%
Others	Net Sales	527	416	-21.0%
	Segment Income	0	-47	-
TOTAL	Net Sales	23,444	25,579	9.1%
	Operating Income	5,962	7,918	32.8%

*Numbers for each segment includes intra-company sales.

FY2019.3 2Q Results Segment Analysis (1) (Film)

(Million Yen)		FY18.3 2Q	FY19.3 2Q
Net Sales		23,444	25,579
Film		7,667	8,365
	Movies	421	184
	TVs	1,793	1,240
	DVDs	391	271
	Overseas	3,896	5,277
	Others	1,164	1,390
Licensing		13,019	14,719
	Japan	6,785	7,663
	Overseas	6,233	7,056
Sales of Goods		2,341	2,148
Others		527	416

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

Film (9.1% year on year)

- In Movies, revenues fell sharply due to the absence of production revenue from *MAZINGER Z : INFINITY* in the same period of the previous fiscal year.
- 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 increased due to strong sales of the app game *SAINT SEIYA Galaxy Spirits*.

FY2019.3 2Q Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY18.3 2Q	FY19.3 2Q
Net Sales		23,444	25,579
Film		7,667	8,365
	Movies	421	184
	TVs	1,793	1,240
	DVDs	391	271
	Overseas	3,896	5,277
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Licensing		13,019	14,719
	Japan	6,785	7,663
	Overseas	6,233	7,056
Sales of Goods		2,341	2,148
Others		527	416

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

Licensing (↑ 13.1% year on year)

- In domestic licensing, revenues increased substantially, thanks to a further rise in sales of the app game *DRAGON BALL Z DOKKAN BATTLE* above the strong sales in the previous fiscal year and the successful launch of the new app game *DRAGON BALL LEGENDS*.
- In overseas licensing, revenues increased substantially, reflecting the start of online distribution for the app game *DRAGON BALL LEGENDS* and strong sales mainly for home-use games such as *DRAGON BALL FIGHTERZ*.

Sales of Goods (↓ 8.2% year on year)

- Revenues declined because the weak sales of collaborative products equivalent to *ONE PIECE* and *DRAGON BALL Super* compared to the same period of the previous fiscal year.

Others (↓ 21.0% year on year)

- Revenues declined substantially 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 Second Quarter Results Review

(Million Yen)	FY18.3 2Q	FY19.3 2Q	+ -	% v.s. prior year
Net Sales	23,444	25,579	2,135	9.1%
Costs of Sales	14,620	14,222	-397	-2.7%
Gross Profit	8,823	11,356	2,532	28.7%
SG & A	2,861	3,437	575	20.1%
Operating Income	5,962	7,918	1,956	32.8%
Non-Operating Income	340	297	-43	-12.8%
Non-Operating Expense	21	0	-21	-97.1%
Ordinary Income	6,281	8,215	1,934	30.8%
Extraordinary Gain and Loss	-123	-	123	-
Net Income before tax	6,157	8,215	2,058	33.4%
Income Taxes	1,848	2,384	535	29.0%
Income Taxes Adjustment	17	21	3	22.1%
Minority Interest	-	-	-	-
Net Income	4,291	5,809	1,518	35.4%

Net Sales

- Businesses with sharp increases in revenues
1)Film Overseas[1,381] ⇒ 2)Licensing Japan[877]⇒ 3)Licensing Overseas[822]
- Businesses with significant declines in revenues
1)TV[-552] ⇒ 2)Movies[-236]⇒ 3)Sales of Goods[-192]

Cost of Sales / Gross Profit

- Gross profit to net sales: 44.4%
(Gross profit to net sales last year:37.6%)
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[+575]
1)Taxes and dues[+138] (from 151 in the previous FY to 290 in the current FY)
2)Outsourcing expenses[+100](from 133 in the previous FY to 233 in the current FY)

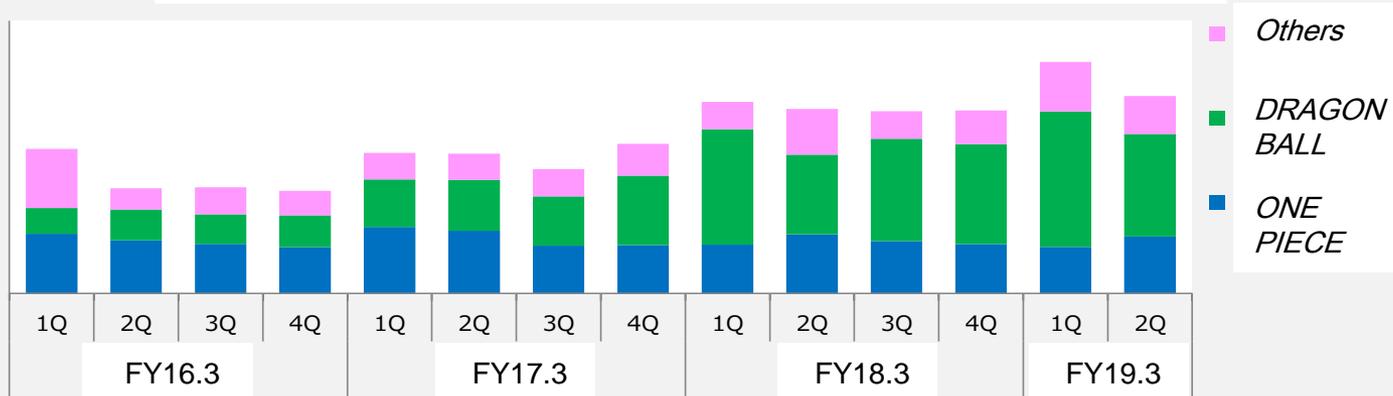
Non-Operating Income and Expense

- Non-operating income[-43]
Foreign exchange gain[-85] (from 103 in the previous FY to 17 in the current FY)

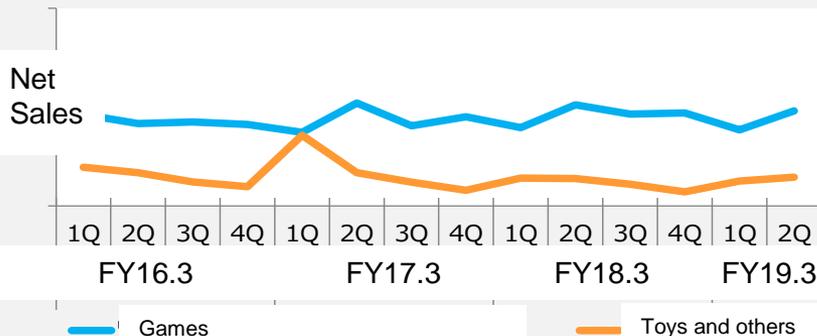
Trends in Domestic Licensing Revenues for Major Titles

- Revenues from the *DRAGON BALL* app game rose further.
- While revenues from *TREASURE CRUISE* among the *ONE PIECE* app games increased, revenues from other games decreased year on year.
- The weight of the two major titles and reliance on the app game development rights increased further.

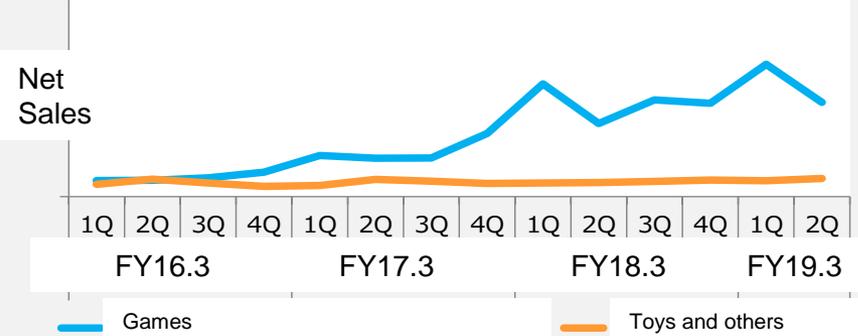
Trends in Domestic Licensing Revenues



Trends in Domestic Licensing Revenues for *ONE PIECE*



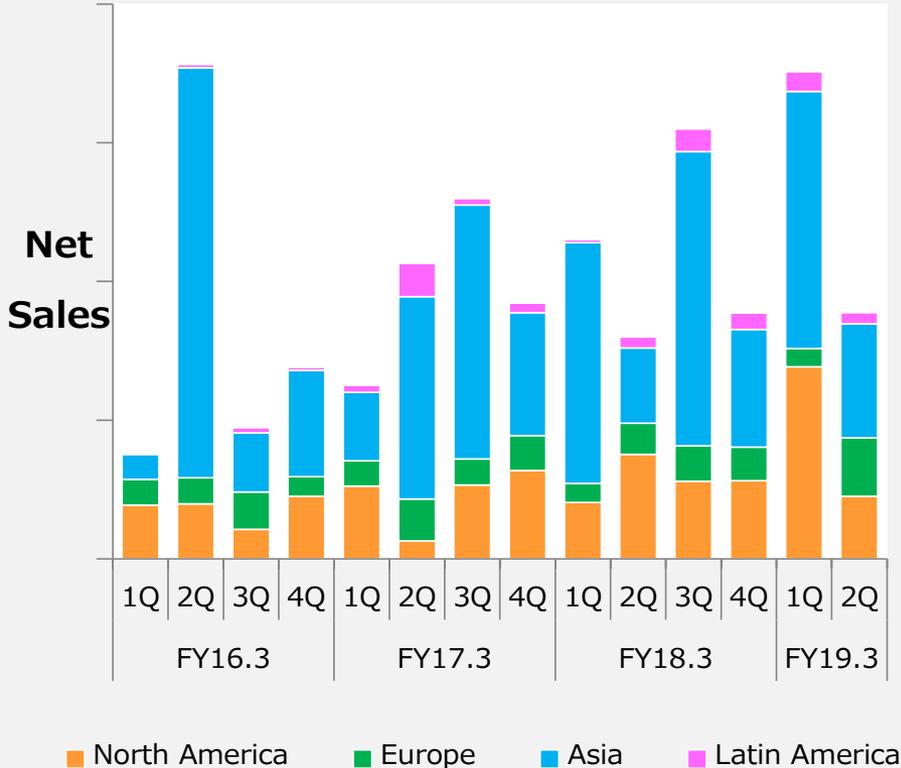
Trends in Domestic Licensing Revenues for *DRAGON BALL*



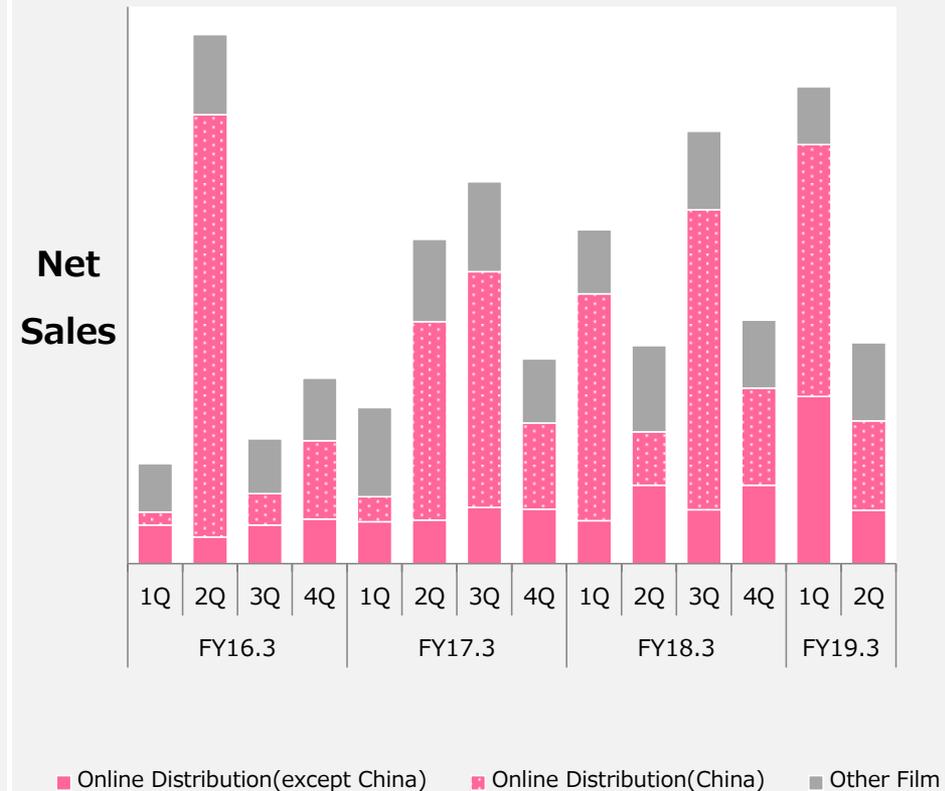
Trends in Film Overseas

- Sales volume of major online distribution rights for China increased.
- Revenues increased year in year thanks primarily to the conclusion of a multi-year contract for online distribution rights for North America.
- In Europe, sales of TV broadcasting rights of *DRAGON BALL* remained strong.

Trends in Net Sales of Film Overseas



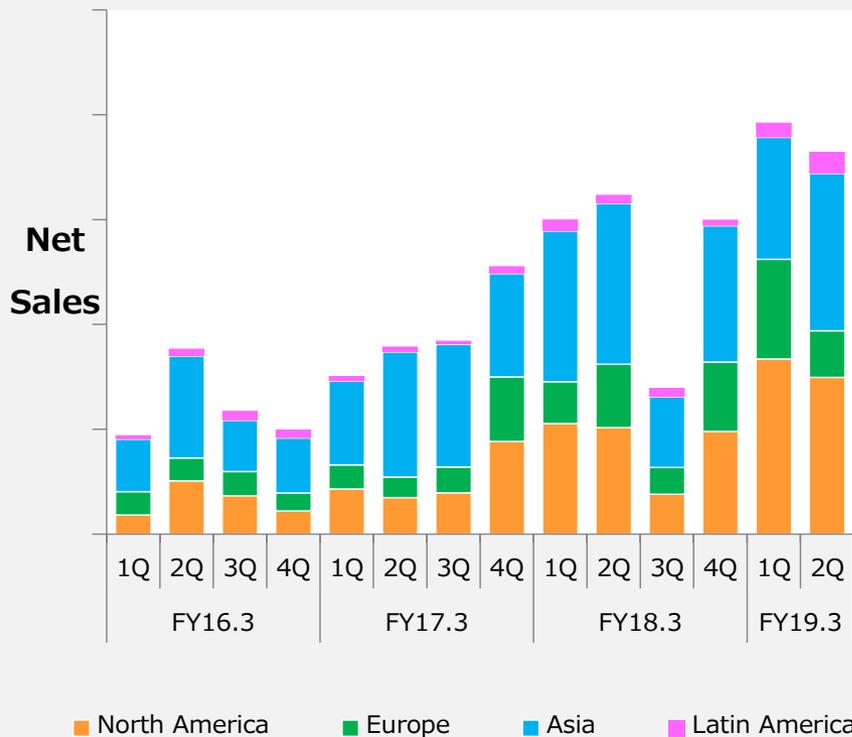
Breakdown of Net Sales by Business



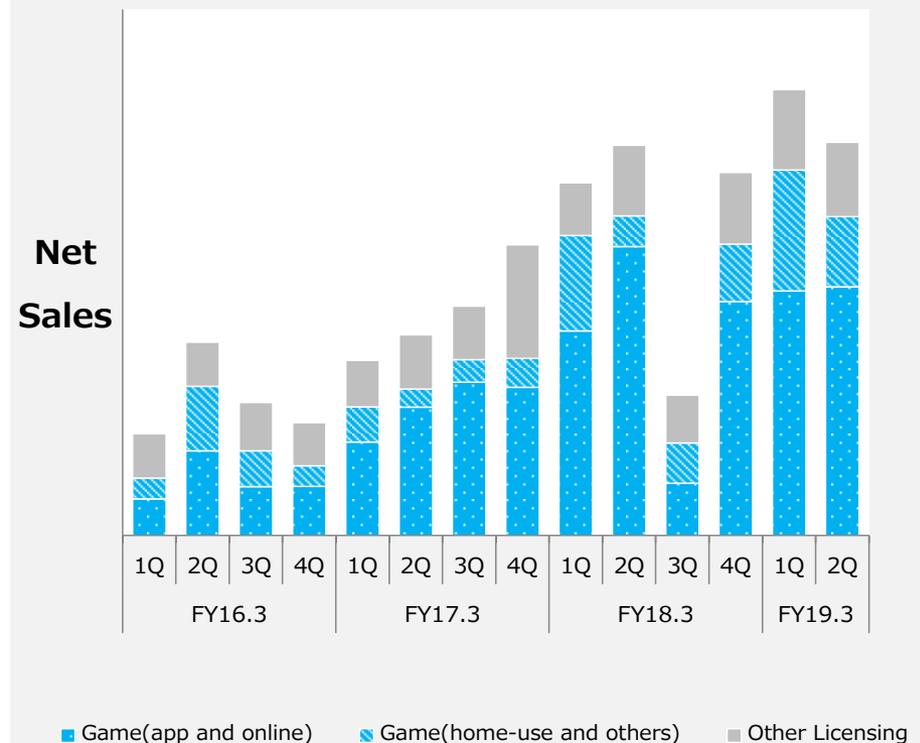
Trends in Licensing Overseas

- Sales of game development rights for *DRAGON BALL* performed strongly worldwide.
- 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



Progress toward Earnings Estimates for FY2019.3

(Million Yen)	FY19.3 Estimates(full year) Disclosed on July 27, 2018 Progress			FY18.3(full year) Results		
	Estimates	2Q Results	Progress	Full year	2Q	Progress
Net Sales	48,000	25,579	53.3%	45,992	23,444	51.0%
Operating Income	12,000	7,918	66.0%	11,272	5,962	52.9%
Ordinary Income	12,300	8,215	66.8%	11,561	6,281	54.3%
Net Income	8,500	5,809	68.3%	7,847	4,291	54.7%
Film	-	8,365	-	16,223	7,667	47.3%
Movies	-	184	-	1,169	421	36.0%
TVs	-	1,240	-	3,194	1,793	56.1%
DVDs	-	271	-	791	391	49.5%
Overseas	-	5,277	-	8,747	3,896	44.5%
Others	-	1,390	-	2,319	1,164	50.2%
Licensing	-	14,719	-	24,124	13,019	54.0%
Japan	-	7,663	-	13,451	6,785	50.4%
Overseas	-	7,056	-	10,672	6,233	58.4%
Sales of Goods	-	2,148	-	4,766	2,341	49.1%
Others	-	416	-	1,068	527	49.4%

Causes of year-on-year change from the second half of the fiscal year under review

(+/-) Sale of rights to develop games from *DRAGON BALL*

(+) Release of multiple app game titles in China

(+) Revenues related to the movie "*DRAGON BALL*"

(-) A steep rise in production costs

(-) New studio operation expenses

(-) Increased and improved personnel

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

Initiatives Aimed for Medium and Long-Term Growth

External Environment

Performance of Toei Animation

Current condition

- Growth of new game businesses based on the proliferation of smartphones
- Growth of overseas online distribution market particularly in China

- Strong sales of app game development rights
- Strong sales of online distribution rights

Future

- Expansion of character market based on economic growth in Southeast Asia
- Further expansion of game business through e-sports development

There are many "seeds of growth"

Understand the external environment and the ability to capture "seeds of growth" for ourselves.

Initiatives Aimed for Medium and Long-Term Growth

Objectives of Reorganization Implemented on October 1

Sales Headquarter

Integration of sales and planning functions => seamless process from title planning to secondary use marketing

- Develop new business schemes
- Increase the profitability of the film business
- Establish mutual cooperation of planning and sales teams

Creation of hit titles capable of generating long-term revenues

Production Headquarter

Separation of production function from the former Planning and Production Headquarter => strengthening of "Three Abilities"

1. Strengthen the ability to produce

- Improve quality, productivity, and technology
- Cooperate with external parties (increase business alliances, etc.)

2. Strengthen the ability to plan

- Propose original plans of Production Headquarter
- Improve skills and motivation through competition within the headquarter

3. Strengthen the ability to profit

- Review production cost => determine appropriate budgets

Prompt decision-making and action through "self-help and self-reliance"

Administration Headquarter

Incorporation of Business Development Department => further increase in accuracy and operation efficiency

- Concentrate knowledge and experience related to animation content accounting
- Incorporate Business Development Department that bridges production and accounting
- Strengthen alliance between Sales Headquarter and Production Headquarter

Responses to increasingly diverse and complex business schemes

Future Initiatives

Schedule

Film Licensing
Sales of Goods Others

Topics

Development of Games

- **App Game *DRAGON BALL LEGENDS***
-Started distribution from May, 2018.
-More than 10 million downloads in the world.
- **App Game *Ge-Ge-Ge no Kitaro***
-Scheduled distribution from November, 2018.
-The number of pre-registered members exceeded 80 thousand (as of October 20, 2018).
- **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
-*Digimon*

Development of New Titles

- ***BUTT DETECTIVE***
-Broadcast on NHK Educational TV from July 14 to August 25.
-Regular broadcasting starts on December 1, 2018.
- ***Bar Hunter (tentative)***
Broadcast from October 2, 2018
- ***DRAGON BALL SUPER: BROLY***
Scheduled to be released on December 14, 2018
- ***The Monkey Prince (tentative)***
Decision to internationally co-produce a full-scale animation film was finalized.

FY19.3 2Q	Broadcast of <i>BUTT DETECTIVE</i> [Jul.14-Aug.25]
	HTML game <i>DRAGON BALL Z Butchigiri Match</i> [July]
	Broadcast of <i>ONE PIECE TVSP EPISODE OF SKIPIEA</i> [Aug.25]
	<i>Sailor Moon</i> pop-up store in Asia [2018 summer]
	Holding <i>DRAGON BALL North America tour</i> [2018 summer]
FY19.3 3Q	Distribution of <i>ONE PIECE</i> app game for China [Sep.20]
	Start of broadcast of <i>Bar Hunter (tentative)</i> [Oct.2]
	Release of <i>HUG! Pretty Cure The Movie All Stars Memories (tentative)</i> [Oct.27]
	Scheduled distribution of <i>Ge-Ge-Ge no Kitaro</i> app game [November]
	Start of broadcast of <i>BUTT DETECTIVE</i> [Dec.1]
FY19.3 4Q~	Release of <i>DRAGON BALL SUPER: BROLY</i> [Dec.14]
	Scheduled distribution of <i>DRAGON BALL Awakening</i> app game for China [2018]
	Scheduled distribution of <i>DRAGON BALL</i> app game for China [2018]
	Scheduled distribution of <i>Digimon</i> app game for China [2018]
	Release of <i>DRAGON BALL SUPER: BROLY</i> in North America [Jan.16]
FY19.3 4Q~	Release of <i>DRAGON BALL SUPER: BROLY</i> in Europe [beginning of 2019]
	PS4 <i>ONE PIECE WORLD SEEKER</i> [2019]
	Release of internationally co-produce movie <i>The Monkey Prince (tentative)</i> [TBA]
	Scheduled distribution of <i>Slum Dunk</i> and <i>DR. SLUMP-ARALE-</i> app game for China [TBA]

About Dividend

Plan for year-end Dividend

FY2018.3

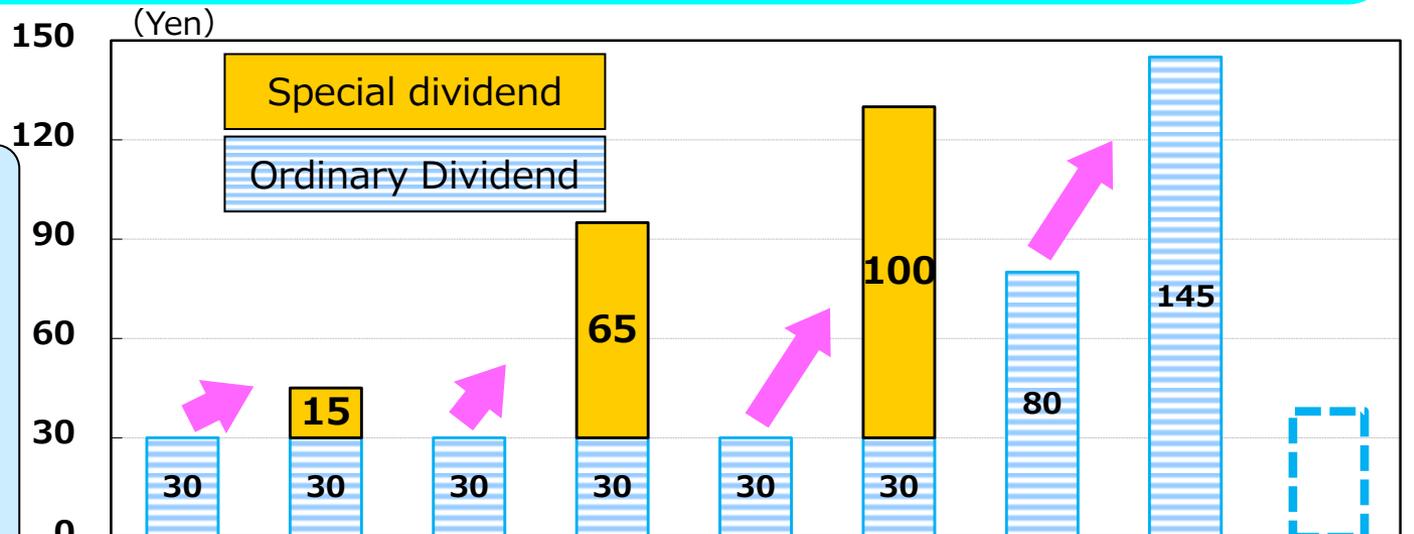
¥145 per share

FY2019.3

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.



	Plan	Result	Plan	Result	Plan	Result	Plan	Result	Plan
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		38 yen
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. For the fiscal year ending March 2019, the dividend is described considering the influence of the share split.

Reference (1) Lineup of Titles Being Broadcast



SUN at 8:30am on
ABC/TV Asahi Network
HUG! 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

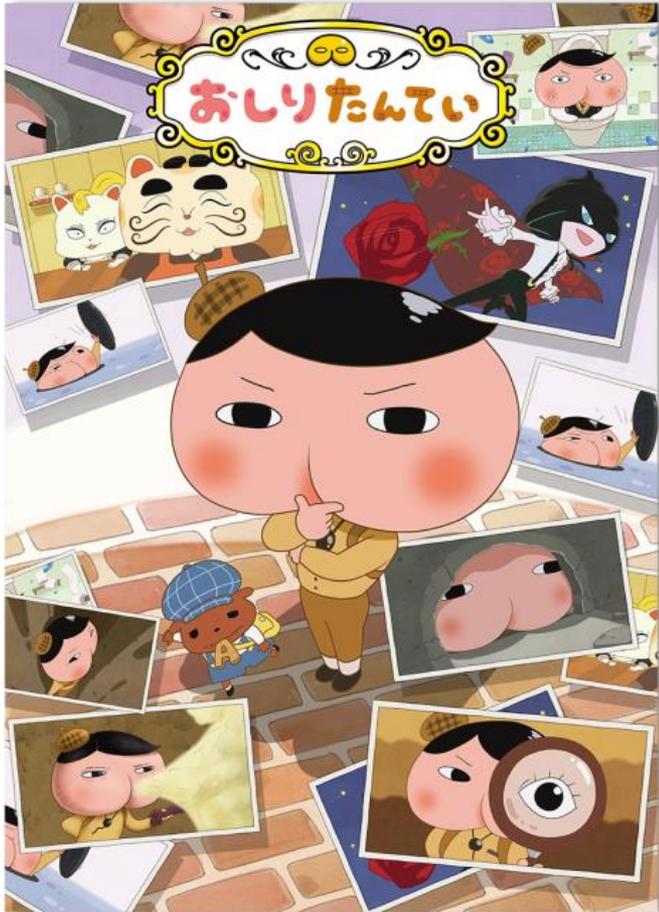


TUE at 5:55pm on
TV Tokyo et al.
Bar Hunter(tentative)

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

BUTT DETECTIVE

Saturdays at 9:00 am from December 1, 2018
on NHK Educational TV



DRAGON BALL SUPER: BROLY

To be released on
December 14, 2018





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.