

TOEI ANIMATION CO., LTD

For FY Ended March 31, 2018 (April 1, 2017 to March 31, 2018)



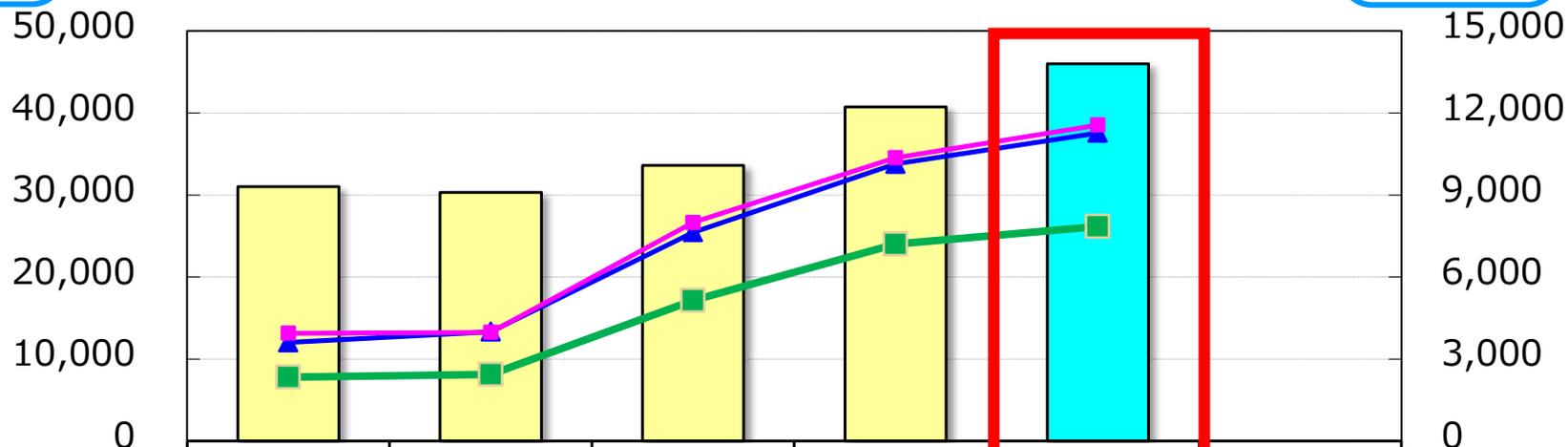
FY2018.3 Results – Consolidated

- Both net sales and income hit a record high thanks to robust growth in revenue and profit.
- Sales of game development rights mainly for *DRAGON BALL Z DOKKAN BATTLE* were strong in Japan and overseas.
- The sales of major online distribution rights in China performed strongly.

Net Sales

(Million Yen)

Income



	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3	% v.s. prior year
Net Sales	31,027	30,313	33,612	40,747	45,992	12.9%
Cost of Sales	22,270	20,741	20,809	25,204	28,410	12.7%
SG&A	5,155	5,576	5,167	5,409	6,309	16.6%
Operating Income	3,602	3,996	7,635	10,133	11,272	11.2%
Ordinary Income	3,940	3,978	7,995	10,362	11,561	11.6%
Net Income	2,333	2,437	5,145	7,203	7,847	8.9%

FY2018.3 Results Segment Breakdown – Consolidated

(Million Yen)		FY2017.3	FY2018.3	% v.s. prior year
FILM	Net Sales	15,939	16,223	1.8%
	Segment Income	3,491	2,423	-30.6%
Licensing	Net Sales	18,192	24,124	32.6%
	Segment Income	8,682	11,439	31.8%
Sales of Goods	Net Sales	5,531	4,766	-13.8%
	Segment Income	186	123	-33.8%
Others	Net Sales	1,315	1,068	-18.8%
	Segment Income	41	-59	-242.2%
TOTAL	Net Sales	40,747	45,992	12.9%
	Operating Income	10,133	11,272	11.2%

*Numbers for each segment includes intra-company sales.

FY2018.3 Results Segment Analysis (1) (Film)

(Million Yen)		FY17.3 Results	FY18.3 Results
Net Sales		40,747	45,992
Film		15,939	16,223
	Movies	1,765	1,169
	TVs	3,254	3,194
	DVDs	942	791
	Overseas	7,860	8,747
	Others	2,117	2,319
Licensing		18,192	24,124
	Japan	10,439	13,451
	Overseas	7,752	10,672
Sales of Goods		5,531	4,766
Others		1,315	1,068

Film (1.8% year on year)

- In movies, revenues fell sharply with the absence of a hit equivalent to *ONE PIECE FILM GOLD* in the same period of the previous fiscal year.
- In TV Anime, revenues fell slightly due to a decrease in the number of new titles aired or distributed.
- In DVDs, revenues fell sharply due to generally weak sales of packaged film.
- In the Overseas segment, revenues increased substantially thanks to strong sales of major online distribution rights in China.
- In the Others segment, revenues increased due to strong sales of the app game *SAINT SEIYA Galaxy Spirits*.

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

FY2018.3 Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY17.3 Results	FY18.3 Results
Net Sales		40,747	45,992
Film		15,939	16,223
	Movies	1,765	1,169
	TVs	3,254	3,194
	DVDs	942	791
	Overseas	7,860	8,747
	Others	2,117	2,319
Licensing		18,192	24,124
	Japan	10,439	13,451
	Overseas	7,752	10,672
Sales of Goods		5,531	4,766
Others		1,315	1,068

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

Licensing (↑ 32.6% year on year)

- In domestic licensing, revenues increased substantially because revenues from the app game *DRAGON BALL Z DOKKAN BATTLE* increased above the strong sales in the previous fiscal year.
- In overseas licensing, revenue increased substantially due to the conclusion of multiple contracts regarding the app game for "*ONE PIECE*" in addition to the globally strong demand for the app game for "*DRAGONBALL Z DOKKAN BATTLE*."

Sales of Goods (↓ 13.8% year on year)

- Revenues declined substantially because there was no collaborative products equivalent to *ONE PIECE FILM GOLD* in the same period of the previous fiscal year, despite strong sales of shop business such as "*Pretty Cure Pretty Store*".

Others (↓ 18.8% year on year)

- Revenues declined substantially because of the absence of events equivalent to those related to *SAINT SEIYA* series in the same period of the previous fiscal year and weak sales of *ONE PIECE* compared to the same period of the previous fiscal year.

FY2018.3 Results Review

(Million Yen)	FY17.3 Results	FY18.3 Results	+ -	% v.s. prior year
Net Sales	40,747	45,992	5,244	12.9%
Costs of Sales	25,204	28,410	3,206	12.7%
Gross Profit	15,543	17,581	2,037	13.1%
SG & A	5,409	6,309	899	16.6%
Operating Income	10,133	11,272	1,138	11.2%
Non-Operating Income	367	430	62	17.0%
Non-Operating Expense	138	140	1	1.3%
Ordinary Income	10,362	11,561	1,198	11.6%
Extraordinary Gain and Loss	124	-123	-247	-
Net Income before tax	10,486	11,438	951	9.1%
Income Taxes	3,477	3,646	168	4.9%
Income Taxes Adjustment	-194	-56	138	-
Minority Interest	-	-	-	-
Net Income	7,203	7,847	644	8.9%

Net Sales

- Businesses with sharp increases in revenues
1)Licensing Japan[3,011] ⇒ 2)Licensing Overseas[2,920] ⇒ 3)Film Overseas[887]
- Businesses with significant declines in revenues
1)Sales of Goods[-765]⇒ 2)Movies[-595]⇒ 3)Events[-247]

Cost of Sales / Gross Profit

- Gross profit to net sales : 38.2% (Gross profit to net sales last year:38.1%)
The profit rate of film business worsened. The ratio of sales of the overseas and licensing segment with a low cost rate increased sharply. Consequently, the overall gross profit to net sales remained almost the same.

SG&A

- SG&A[+899]
1)Outsourcing expenses[+183] (from 200 in the previous FY to 384 in the current FY)
2)Personnel expenses[+139] (from 1,412 in the previous FY to 1,552 in the current FY)
3)Commission paid[+92] (from 452 in the previous FY to 545 in the current FY)

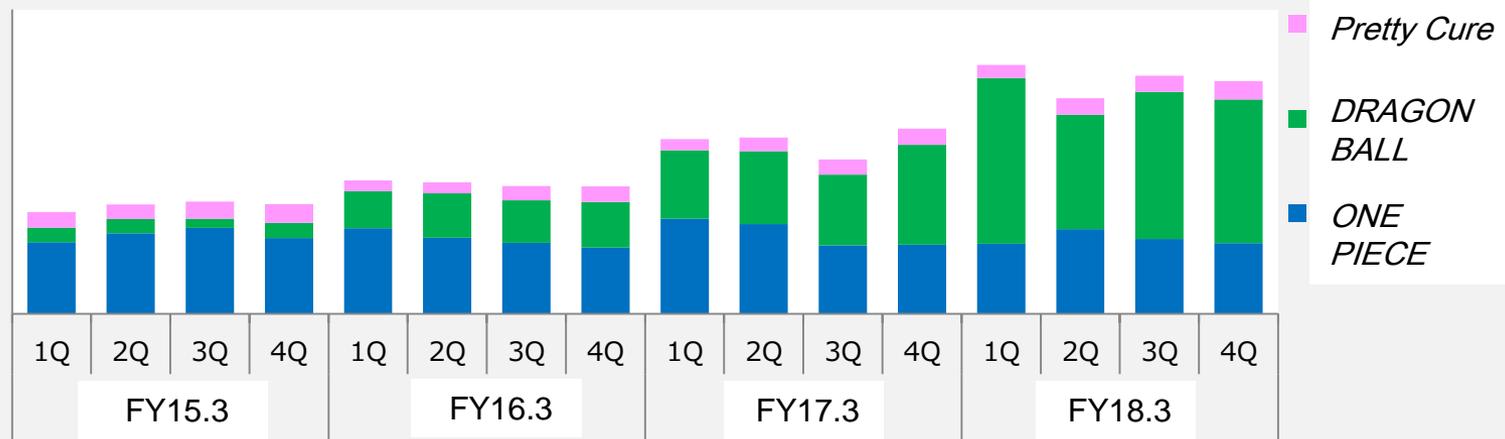
Extraordinary Gain and Loss

- Loss on sale of Shinjuku office [-123] (previous FY: gain on sales of investment securities +260)

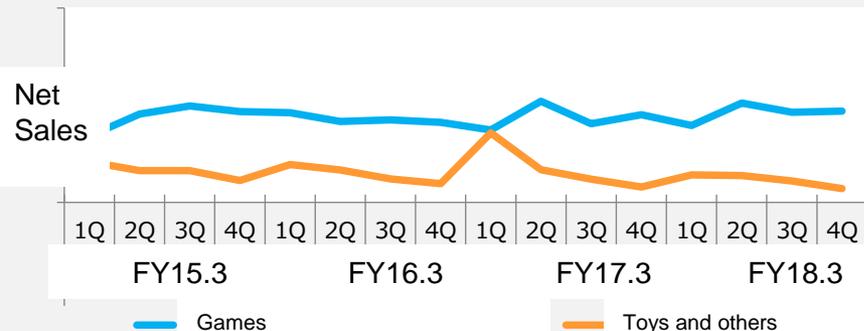
Trends in Domestic Licensing for Major Titles

- Revenues from the *DRAGON BALL* app game increased above the strong sales in the previous fiscal year.
- The weight of the two major titles and reliance on the app game development rights increased further.

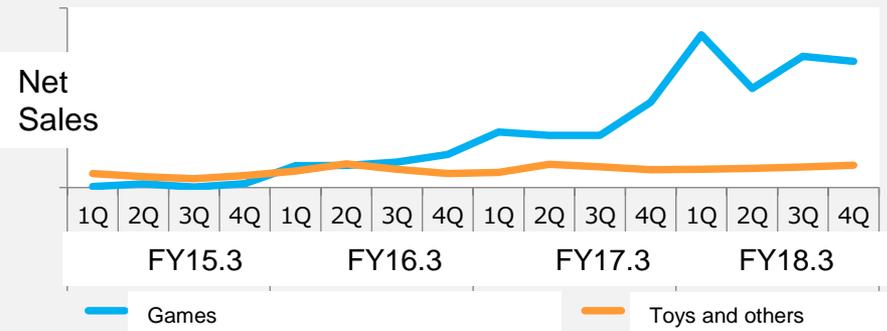
Trends in Domestic Licensing Revenues for the Three Major Titles



Trends in Domestic Licensing Revenues for *ONE PIECE*



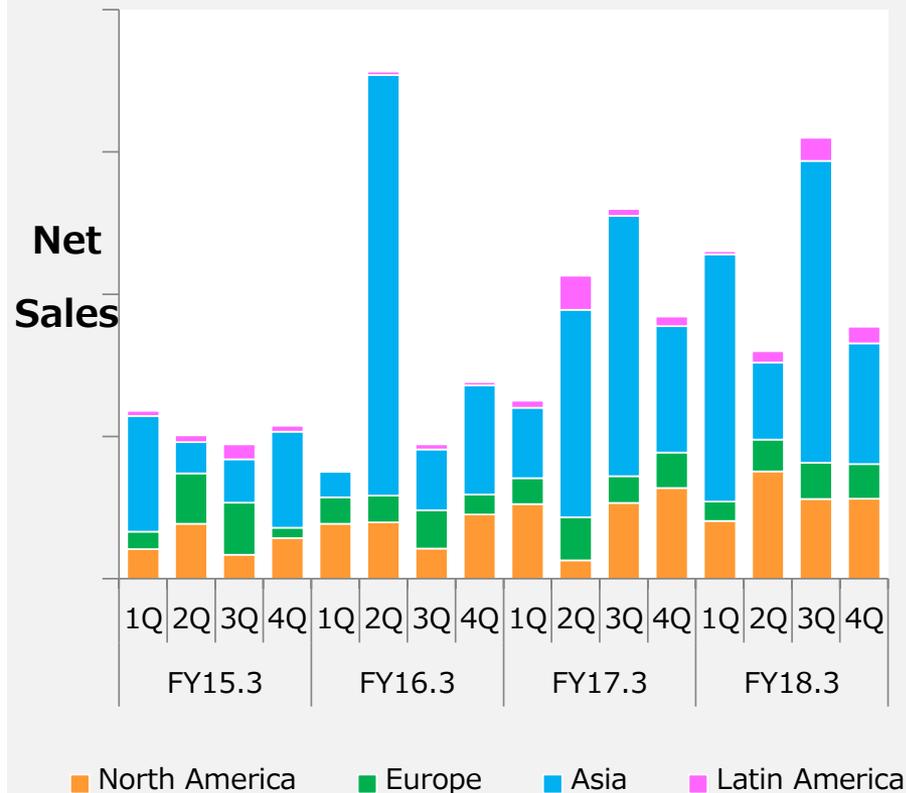
Trends in Domestic Licensing Revenues for *DRAGON BALL*



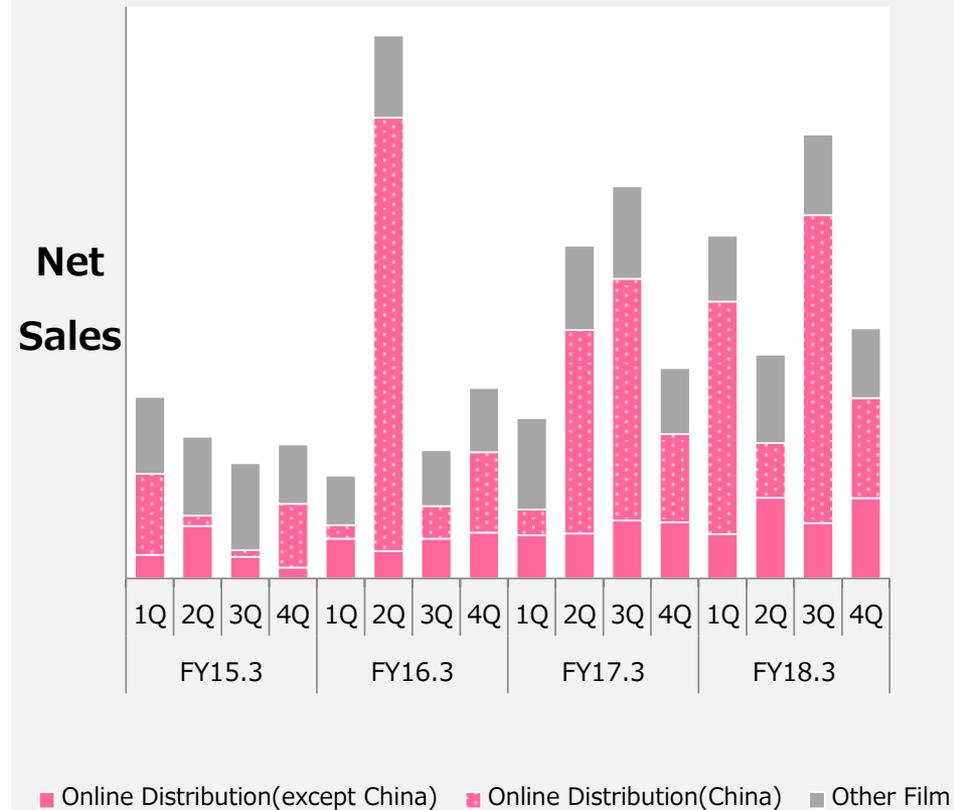
Trends in Film Overseas

- The sales of major online distribution rights in China performed strongly.
- Compared to the expectations at the beginning of the term, the Japanese yen continued to weaken, contributing to revenue.

Trends in Net Sales of Film Overseas



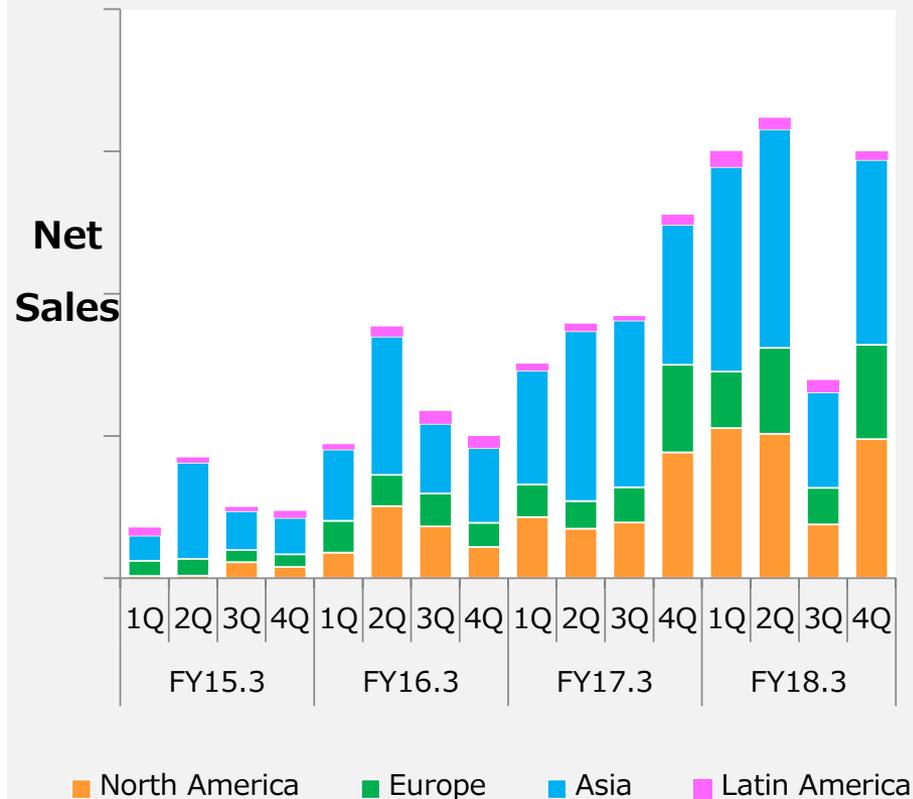
Breakdown of Net Sales by Business



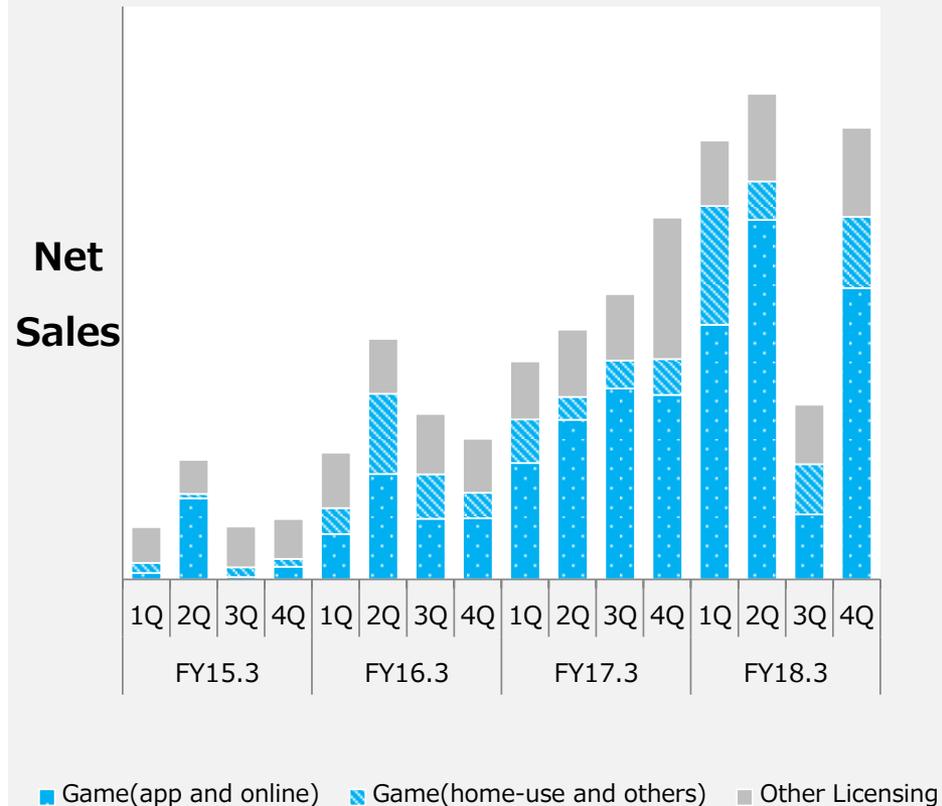
Trends in Licensing Overseas

- The sales of the app game *DRAGON BALL Z DOKKAN BATTLE* in the whole world performed strongly.
- Multiple contracts were concluded regarding the app game for “*ONE PIECE*.”

Trends in Net Sales of Licensing Overseas



Breakdown of Net Sales by Business



Earnings Estimates for FY2019.3 – Consolidated

	FY18.3 Results	FY19.3 Estimates	% increase/ decrease	FY18.3 Initial estimates
Net Sales	45,992	40,000	△13.0%	33,000
SG & A	6,309	7,000	11.0%	6,000
Operating Income	11,272	9,000	△20.2%	6,700
Ordinary Income	11,561	9,300	△19.6%	7,000
Net Income	7,847	6,300	△19.7%	4,500

【FY2019.3 Grounds for earnings estimates】

- In both domestic and overseas licensing, performance is estimated to be equivalent to the results of the fiscal year ending March 2017.
- There was a reactionary fall in the game development rights MG for *“ONE PIECE.”*
- There was an increase in SG&A due to the rise in human resources costs and the operating cost of a new studio.

Earnings Estimates for FY2019.3: Segment Breakdown

(Million Yen)	FY18.3 Results	FY19.3 Estimates
Net Sales	45,992	40,000
Film	16,223	15,600
Movies	1,169	1,500
TVs	3,194	2,800
DVDs	791	400
Overseas	8,747	8,700
Others	2,319	2,200
Licensing	24,124	19,100
Japan	13,451	10,900
Overseas	10,672	8,200
Sales of Goods	4,766	4,600
Others	1,068	700

Film (↘ 3.8% year on year)

- In the Movies segment, a substantial increase in revenue is estimated because of the release of the movie "DRAGONBALL Super."
- In the TV segment, a substantial decrease in revenue is estimated because the prospect of receiving orders for film production in preparation for events is unclear.
- In the Contents segment, a substantial decrease in revenue is estimated with the decrease in the release of new titles and shrinking of the market.
- In the Overseas film segment, although there are continuously strong sales of major online distribution rights in China, revenue is estimated to remain roughly flat because of the decrease in sales from the conclusion of "DRAGONBALL Super."
- In the Others segment, a decrease in revenue is estimated with the decrease in sales of existing titles of domestic online distribution rights.

Licensing (↓ 20.8% year on year)

- In domestic licensing, revenue is estimated to be equivalent to the fiscal year ending March 2017, reflecting a change in the external environment and manufacturers' predictions.
- In overseas licensing, a substantial decrease in revenue is estimated because of the reactionary fall of multiple contracts regarding the app game for "ONE PIECE."

Sales of Goods (↘ 3.5% year on year)

- Although there will be a simultaneous tie-up campaign with the release of the movie "DRAGONBALL Super," an overall decrease in revenue is estimated.

Others (↓ 34.5% year on year)

- A substantial decrease in revenue is estimated because of the reactionary fall of a USJ event held in the previous term.

Future Initiatives

Schedule

Film Licensing
Sales of Goods Others

FY18.3 4Q	Release of <i>MAZINGER Z : INFINITY</i> in Japan [Jan.13]	Film
	Worldwide home-use game <i>DRAGON BALL FighterZ</i> [Feb.1]	Sales of Goods
	Start of broadcast of <i>HUG! Pretty Cure</i> [Feb.4]	Film
	US] <i>PRETTY GUARDIAN SAILOR MOON THE MIRACLE 4-D</i> [Mar.16-Jun.24]	Sales of Goods
	Release of <i>Pretty Cure Super Stars!</i> [Mar.17]	Film
FY19.3 1Q	PC browser game <i>DRAGON BALL Z XKEEPERZ</i> [Mar.20]	Licensing
	Start of broadcast of <i>Ge-Ge-Ge no Kitaro</i> [Apr.1]	Film
	Release of <i>MAZINGER Z : INFINITY</i> in Latin America [April]	Film
	<i>Digimon Adventure tri. Chapter 6</i> to be put on theaters [May.5]	Film
	HTML game <i>DRAGON BALL Z Butchigiri Match</i> [2018 spring]	Licensing
	Sailor Moon pop-up store in Asia [2018 summer]	Sales of Goods
	Broadcast of <i>BUTT DETECTIVE</i> [Jul.14-Aug.25]	Film
FY19.3 2Q~	Scheduled distribution of <i>DRAGON BALL LEGENDS</i> worldwide app game [2018 summer]	Licensing
	Holding <i>DRAGON BALL North America tour</i> [2018 summer]	Sales of Goods
	Release of movie <i>DRAGON BALL Super</i> [Dec.14]	Film
	Scheduled distribution of <i>Digimon ReArise</i> app game [2018]	Licensing
	Scheduled distribution of <i>DRAGON BALL Awakening</i> app game for China [2018]	Licensing
	PS4 <i>ONE PIECE WORLD SEEKER</i> [2018]	Licensing
	Start of closed beta test of <i>ONE PIECE</i> app game for China [2018]	Licensing
	Scheduled distribution of <i>DRAGON BALL</i> app game for China [2018]	Licensing
Scheduled distribution of <i>Digimon</i> app game for China [2018]	Licensing	

Topics

Development of Games

■ App Game *DRAGON BALL LEGENDS*

- Scheduled distribution from 2018 summer
- The number of pre-registered members exceeded 3 million (as of May 2, 2018).

■ Multiple App Games for China Scheduled to be released

- Two *DRAGON BALL* app games
- ONE PIECE*
- Digimon*

■ Worldwide Home-use Game *DRAGON BALL FighterZ*

- This is the fastest-selling game in the "*DRAGON BALL*" series, which achieved 2 million shipments worldwide (*including the DL version).

Development of New Titles

■ TV *Ge-ge-ge no Kitaro*

broadcast from April 1, 2018

■ *Digimon Adventure tri. Chapter 6*

To be put on theaters on May 5, 2018

■ *BUTT DETECTIVE*

Scheduled broadcast on NHK Educational TV 9:00am every Saturday from July 14 to August 25

■ Movie *DRAGON BALL Super*

scheduled to be released on December 14, 2018

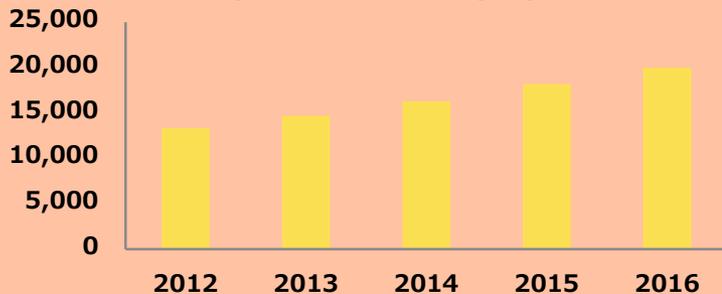
■ *Bar Hunter Project* has launched

Scheduled animation production

Initiatives Aimed for Medium and Long-Term Growth

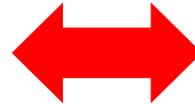
- The domestic anime industry market is expanding due to an increase in anime sales on the app and distribution as a result of the spread of smart devices and increase in overseas anime sales.
- On the other hand, the merchandising right market (toys and others) excluding app and distribution is shrinking.

Domestic market trends of anime industry (hundred million yen)

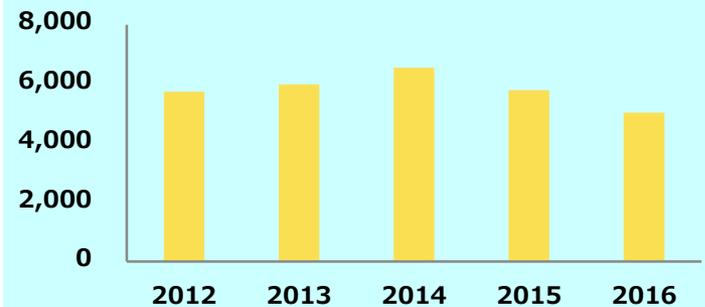


Source: Anime industry report 2017

Strong overall sales in industry, however...

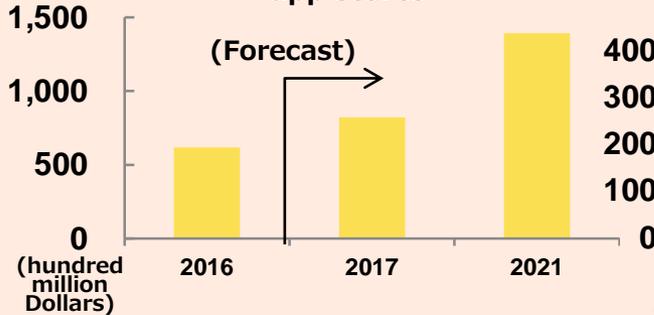


Merchandising market of Japanese anime characters



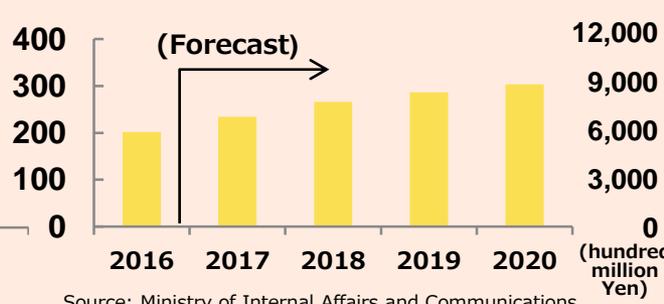
Source: Anime industry report 2017

Gross revenue of worldwide app stores



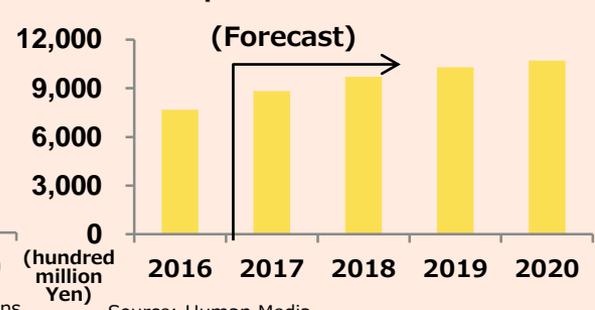
Source: App Annie "App market size forecast 2016 to 2021"

Trends in and forecast of worldwide film distribution



Source: Ministry of Internal Affairs and Communications "WHITE PAPER Information and Communications 2017"

Overseas market trends of Japanese anime contents



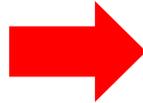
Source: Human Media "Japan and world media x contents market database 2018"

Require a business scheme that responds to changes in the market environment

Initiatives Aimed for Medium and Long-Term Growth

Prepare a variety of titles based on the portfolio (Area x Title x Business) strategy.

- The environment surrounding our company is changing at an accelerated pace.
- It is necessary to develop a recovery model in response to the market environment regardless of the existing business.



① Netflix original series
"Knights of the Zodiac:
SAINT SEIYA (tentative)"
worldwide distribution



② Collaboration with Saudi
Arabia-based Manga
Productions



③ Create a new business model for overseas planning.
Globally execute fundraising, planning, entertainment, and secondary use voluntarily.

Expand new suppliers and develop novel secondary use through business development.

- Although the latest performance is good, it is weighted in specific titles and businesses.



"BUTT DETECTIVE"
Children's book published
by POPLAR Publishing is
being broadcast on NHK
Educational TV.

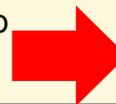


"Bar Hunter"

Collaborative project between BANDAI,
Shogakukan, and TOEI ANIMATION.
Scheduled to be deployed in cross media, such as
manga, toys, anime broadcasting and others.

Make efforts toward appropriate production cost management.

- Appropriate production cost management is required to continuously promote new challenges in the future.



In addition to building a new studio and introducing a new system, establish an organization for cost management and the development of young people.

Build a structure to promote a new business scheme in response to the market environment.

- Develop a new business scheme tailored to titles by immediately responding to changes in the market environment, and aim to maximize the contents value.



Within the company, consider the role of organizations.
As a trial organization for each title, newly establish Development & Production Dept. #3.

About Dividend

Plan for year-end Dividend

FY2018.3

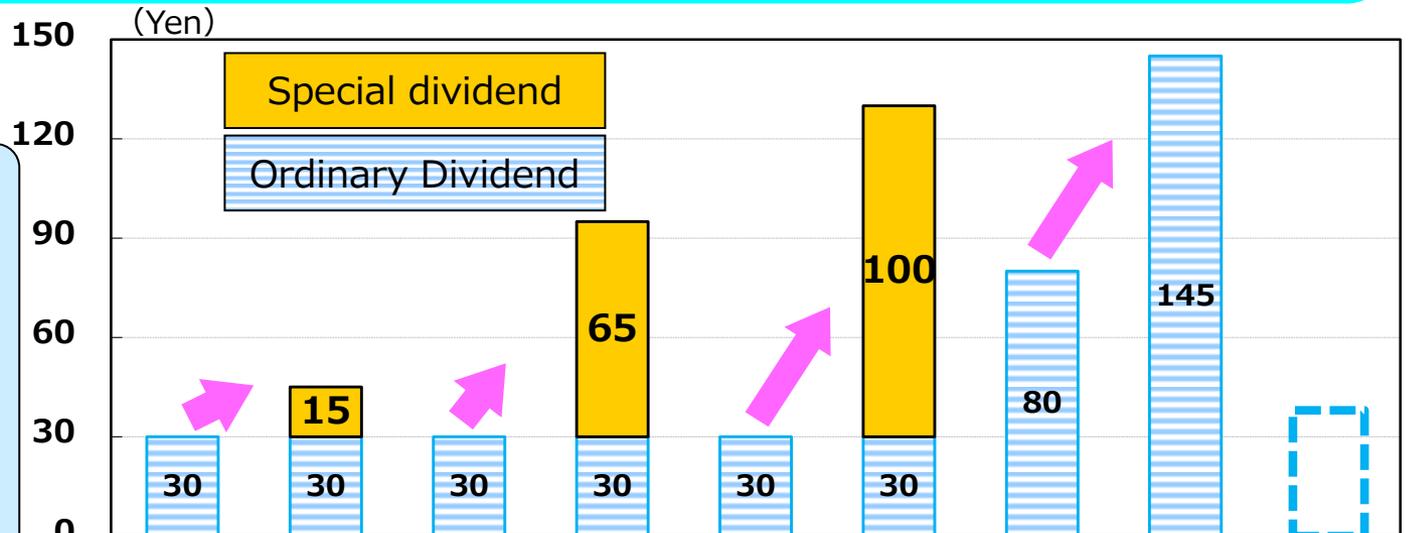
¥145 per share

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

Reference (2) Lineup of New Titles from FY2019.3~

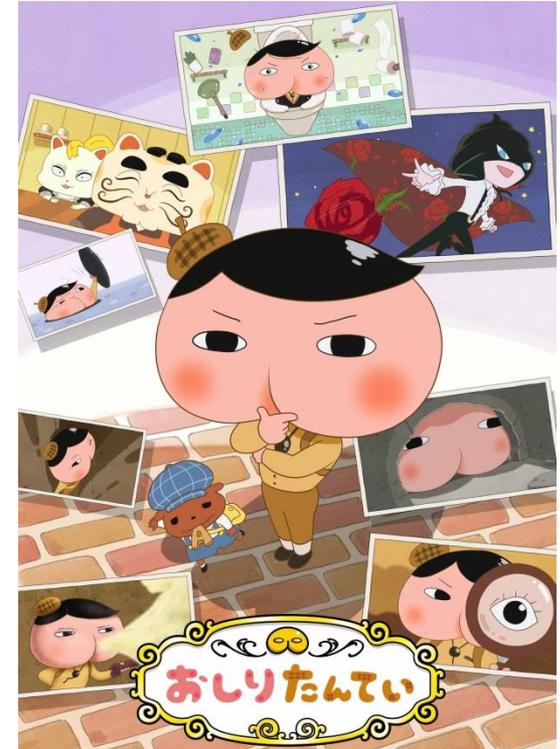
Digimon Adventure tri. Chapter 6

To be put on theaters on
May 5, 2018



BUTT DETECTIVE

Scheduled broadcast at 9:00am
every Saturday from July 14 to August 25
on NHK Educational TV



DRAGON BALL Super
To be released on
December 14, 2018

Bar Hunter (tentative)
Scheduled animation
production





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.