

# TOEI ANIMATION CO., LTD

For FY Ended December 31, 2017 (April 1, 2017 to December 31, 2017)



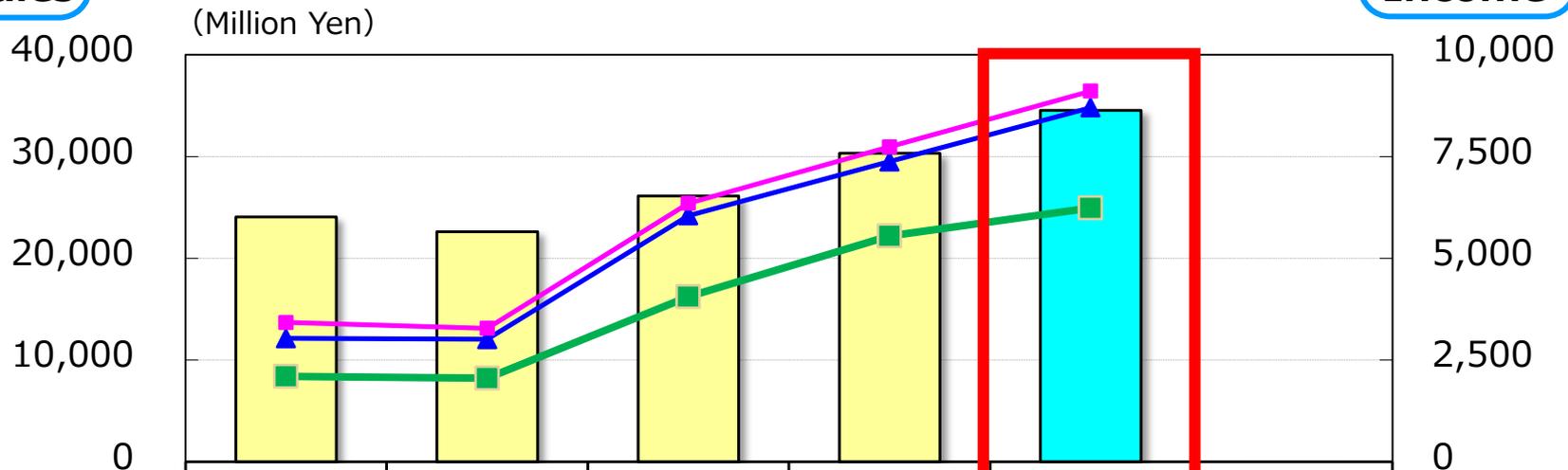
*HUG! Pretty Cure*  
Sunday at 8:30am on ABC/TV Asahi  
Network

# FY2018.3 Third Quarter Results – Consolidated

- Net sales and each income item hit new third-quarter record highs.
- 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

## Income



	2014.3 3Q	2015.3 3Q	2016.3 3Q	2017.3 3Q	2018.3 3Q	% v.s. prior year
Net Sales	24,067	22,639	26,144	30,339	34,557	13.9%
Cost of Sales	17,283	15,413	16,128	18,920	21,375	13.0%
SG&A	3,753	4,217	3,965	4,040	4,477	10.8%
Operating Income	3,030	3,008	6,050	7,377	8,704	18.0%
Ordinary Income	3,421	3,280	6,354	7,739	9,108	17.7%
Net Income	2,097	2,057	4,054	5,551	6,233	12.3%

# FY2018.3 3Q Results Segment Breakdown – Consolidated

(Million Yen)		FY2017.3 3Q	FY2018.3 3Q	% v.s. prior year
FILM	Net Sales	12,010	12,425	3.5%
	Segment Income	3,022	2,142	-29.1%
Licensing	Net Sales	12,778	17,775	39.1%
	Segment Income	5,919	8,377	41.5%
Sales of Goods	Net Sales	4,669	3,762	-19.4%
	Segment Income	188	160	-14.8%
Others	Net Sales	1,071	738	-31.0%
	Segment Income	44	-82	-284.7%
TOTAL	Net Sales	30,339	34,557	13.9%
	Operating Income	7,377	8,704	18.0%

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

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

(Million Yen)		FY17.3 3Q	FY18.3 3Q
<b>Net Sales</b>		<b>30,339</b>	<b>34,557</b>
<b>Operating Income</b>		<b>7,377</b>	<b>8,704</b>
<b>Film</b>		<b>12,010</b>	<b>12,425</b>
	<b>Movies</b>	<b>1,429</b>	<b>832</b>
	<b>TVs</b>	<b>2,467</b>	<b>2,359</b>
	<b>DVDs</b>	<b>550</b>	<b>567</b>
	<b>Overseas</b>	<b>5,881</b>	<b>6,971</b>
	<b>Others</b>	<b>1,680</b>	<b>1,694</b>
<b>Licensing</b>		<b>12,778</b>	<b>17,775</b>
	<b>Japan</b>	<b>7,693</b>	<b>10,126</b>
	<b>Overseas</b>	<b>5,084</b>	<b>7,649</b>
<b>Sales of Goods</b>		<b>4,669</b>	<b>3,762</b>
<b>Others</b>		<b>1,071</b>	<b>738</b>

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

## Film ( 3.5% 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 due to weak sales of other film production and sound production for games despite an increase in the number of new titles aired or distributed.
- In DVDs, revenues increased slightly due to the sales of the Blu-ray/DVD of *Sailor Moon Crystal* despite 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 remained almost the same due to the decrease in large online distribution rights contracts in Japan recorded for the same period in the previous year, despite strong sales of the app game *SAINT SEIYA Galaxy Spirits*.

# FY2018.3 3Q Results Segment Analysis (2)

## (Licensing/Sales of Goods/Others)

(Million Yen)		FY17.3 3Q	FY18.3 3Q
<b>Net Sales</b>		<b>30,339</b>	<b>34,557</b>
<b>Operating Income</b>		<b>7,377</b>	<b>8,704</b>
<b>Film</b>		<b>12,010</b>	<b>12,425</b>
	<b>Movies</b>	<b>1,429</b>	<b>832</b>
	<b>TVs</b>	<b>2,467</b>	<b>2,359</b>
	<b>DVDs</b>	<b>550</b>	<b>567</b>
	<b>Overseas</b>	<b>5,881</b>	<b>6,971</b>
	<b>Others</b>	<b>1,680</b>	<b>1,694</b>
<b>Licensing</b>		<b>12,778</b>	<b>17,775</b>
	<b>Japan</b>	<b>7,693</b>	<b>10,126</b>
	<b>Overseas</b>	<b>5,084</b>	<b>7,649</b>
<b>Sales of Goods</b>		<b>4,669</b>	<b>3,762</b>
<b>Others</b>		<b>1,071</b>	<b>738</b>

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

### Licensing ( ↑ 39.1% 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, revenues increased substantially, reflecting strong sales of the app game *DRAGON BALL Z DOKKAN BATTLE* worldwide and of the home-use game *DRAGON BALL XENOVERSE 2* for North America.

### Sales of Goods ( ↓ 19.4% year on year )

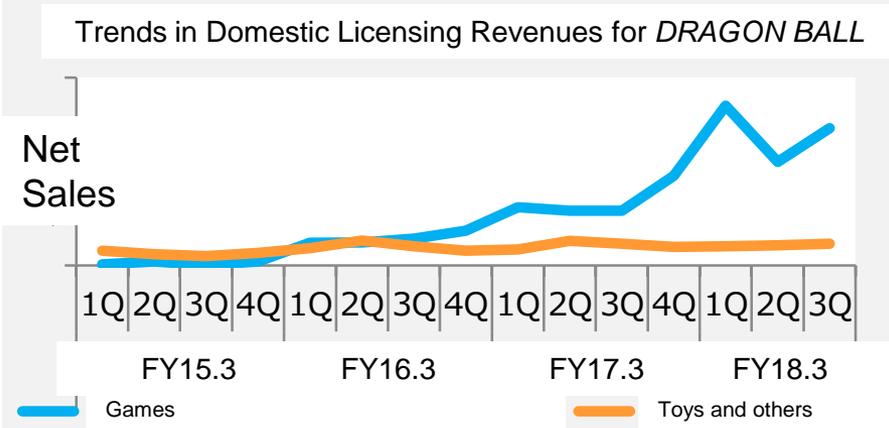
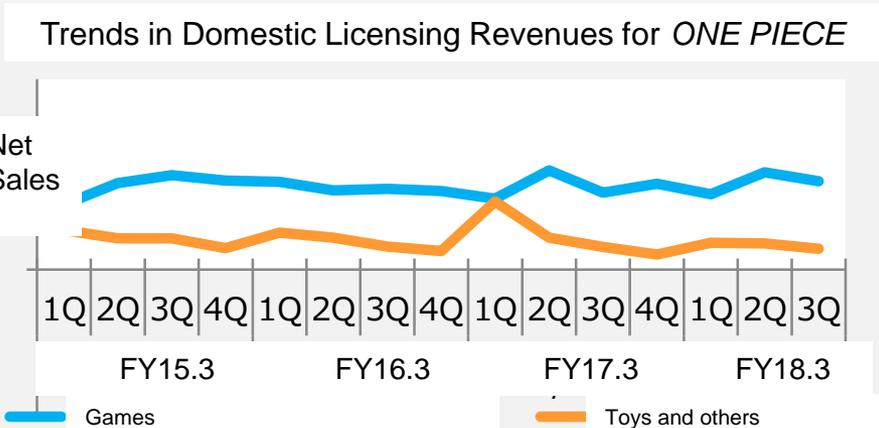
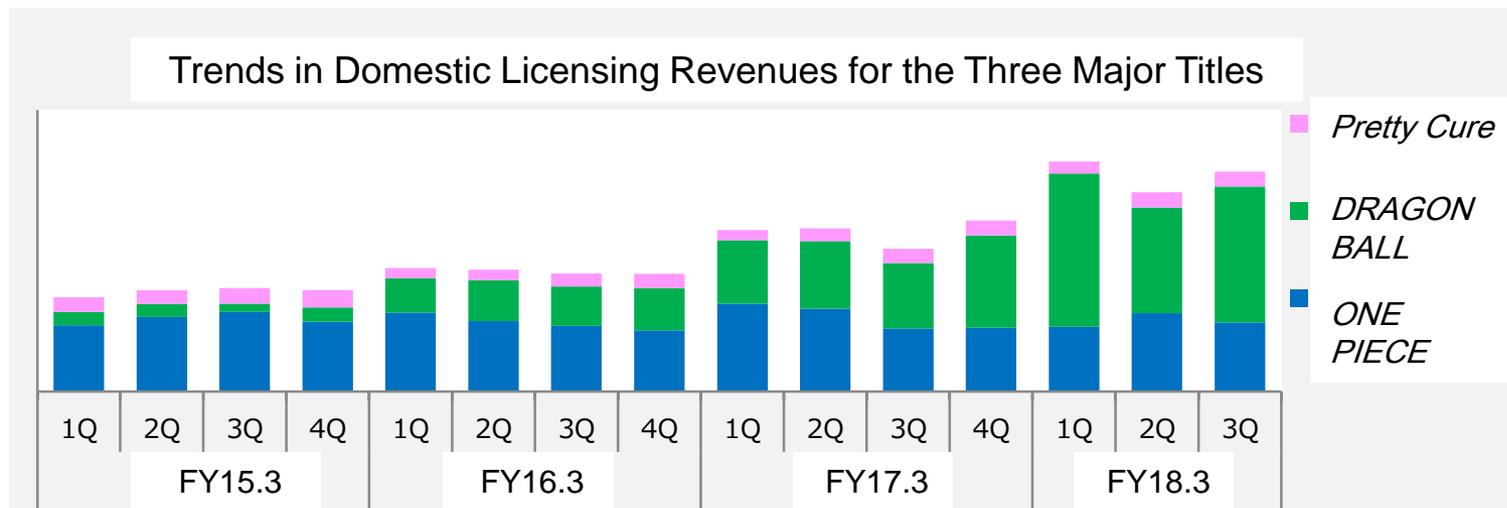
- Revenues declined substantially because there was no collaborative products equivalent to *ONE PIECE FILM GOLD* in the same period of the previous fiscal year.

### Others ( ↓ 31.0% 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.

# Trends in Domestic Licensing for Major Titles

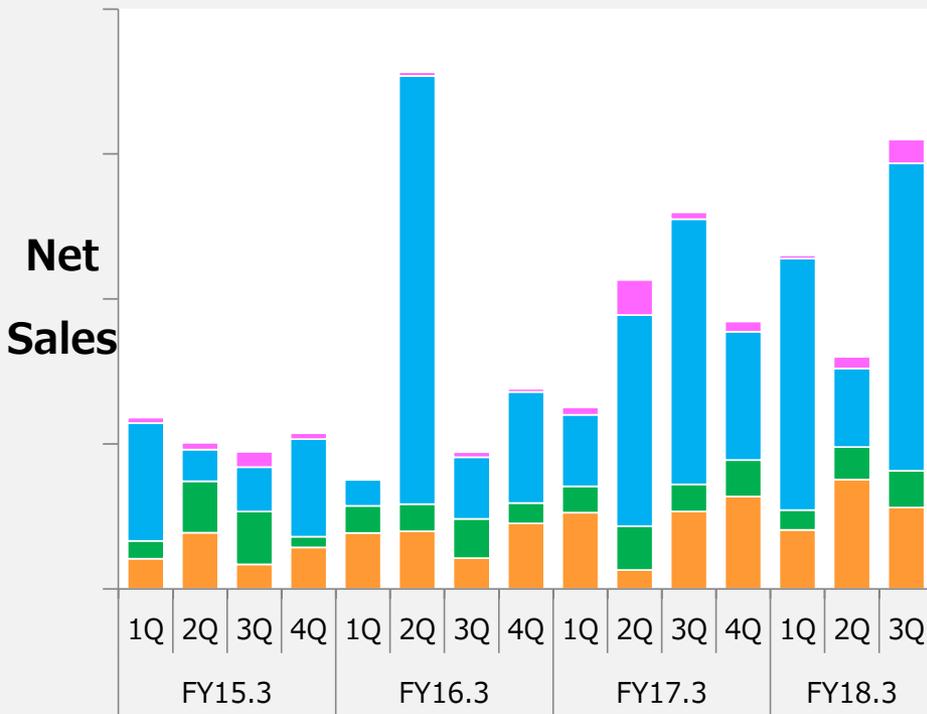
- Revenues from the *DRAGON BALL* app game increased above the strong sales in the previous fiscal year.
- The weight of the two major titles and reliance on the app game development rights increased further.



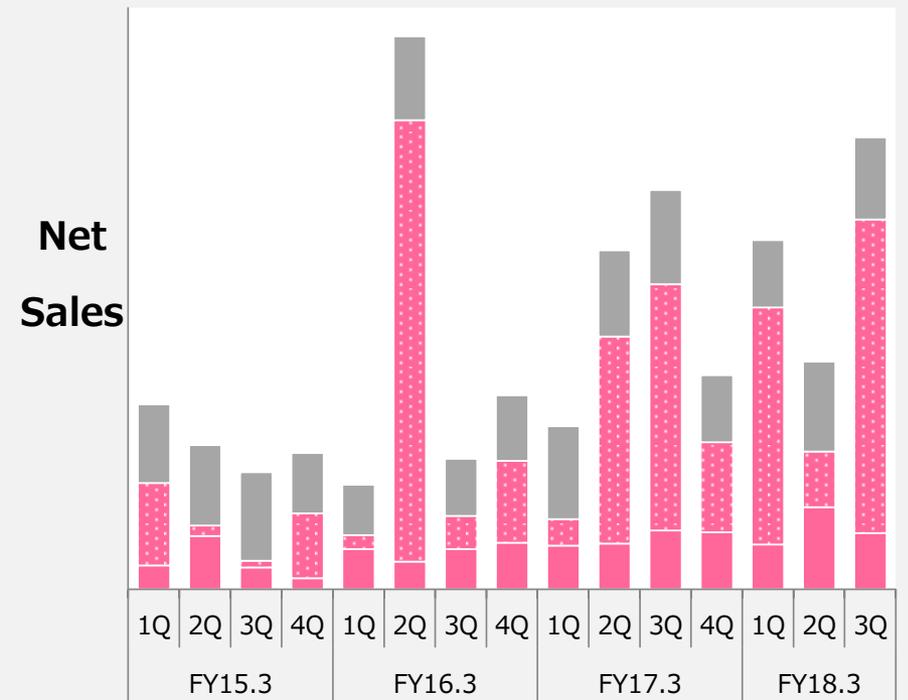
# Trends in Film Overseas

- The sales of major online distribution rights in China performed strongly.
- The sales of online distribution rights for the *DRAGON BALL* series in North America performed strongly as well.

## Trends in Net Sales of Film Overseas



## Breakdown of Net Sales by Business

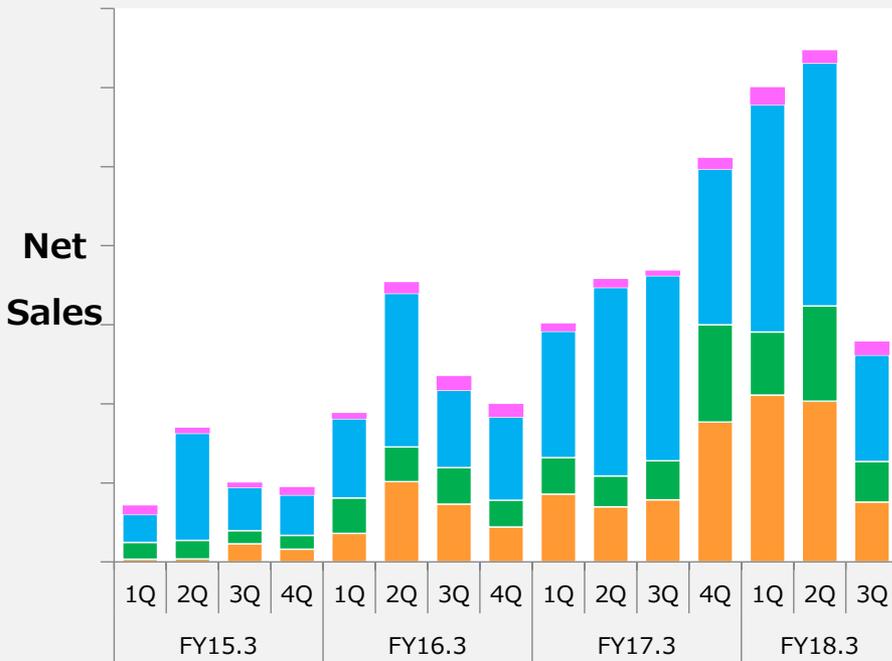


■ North America   
 ■ Europe   
 ■ Asia   
 ■ Latin America   
 ■ Online Distribution(except China)   
 ■ Online Distribution(China)   
 ■ Other Film

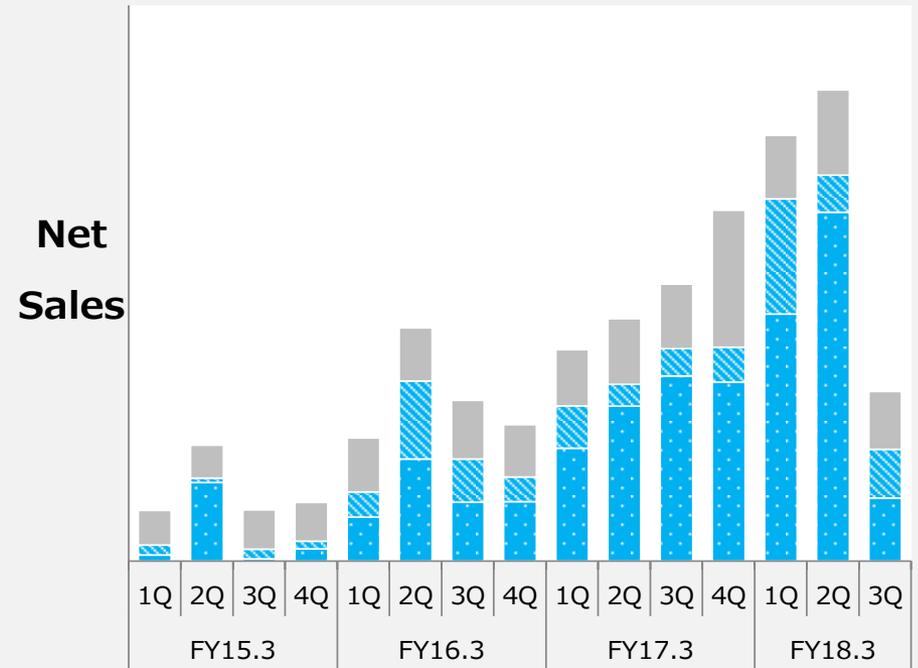
# Trends in Licensing Overseas

- The sales of the app game *DRAGON BALL Z DOKKAN BATTLE* in the whole world performed strongly.
- The total revenues exceeded those of the same period in the previous year due to the concentration of MG renewal contracts for existing app games in the first half, despite a downturn in the third quarter.

Trends in Net Sales of Licensing Overseas



Breakdown of Net Sales by Business



■ North America ■ Europe ■ Asia ■ Latin America

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

# FY2018.3 Third Quarter Results Review

(Million Yen)	FY17.3 3Q	FY18.3 3Q	+ -	% v.s. prior year
Net Sales	30,339	34,557	4,218	13.9%
Costs of Sales	18,920	21,375	2,455	13.0%
Gross Profit	11,418	13,181	1,762	15.4%
SG & A	4,040	4,477	436	10.8%
Operating Income	7,377	8,704	1,326	18.0%
Non-Operating Income	372	459	87	23.5%
Non-Operating Expense	10	55	44	424.9%
Ordinary Income	7,739	9,108	1,368	17.7%
Extraordinary Gain and Loss	204	-123	-328	-
Net Income before tax	7,943	8,984	1,040	13.1%
Income Taxes	2,545	2,686	140	5.5%
Income Taxes Adjustment	-153	65	218	-
Minority Interest	-	-	-	-
Net Income	5,551	6,233	682	12.3%

## Net Sales

- Businesses with sharp increases in revenues  
1)Licensing Overseas[2,564] ⇒ 2)Licensing Japan[2,433]⇒ 3)Film Overseas[1,089]
- Businesses with significant declines in revenues  
1)Sales of Goods[-907] ⇒ 2)Movies[-597]⇒ 3)Events[-332]

## Cost of Sales / Gross Profit

- Gross profit to net sales : 38.1%  
(Gross profit to net sales last year:37.6%)  
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 was improved.

## Non-Operating Income and Expense

- Non-operating income [+87]  
1)Foreign exchange gain[+87] (from 26 in the previous FY to 114 in the current FY)  
2)Dividend income[+47] (from 175 in the previous FY to 222 in the current FY)
- Non-operating expense [+44]  
Miscellaneous expenses[+45] (from 9 in the previous FY to 55 in the current FY)

## Extraordinary Gain and Loss

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

# FY2018.3 Revised Estimates and Progress

(Million Yen)	FY17.3 3Q	FY18.3 3Q	Previous Estimates (Jul.28, 2017)	Revised Estimates (Jan.26, 2018)	+ -	%	Progress
<b>Net Sales</b>	<b>30,339</b>	<b>34,557</b>	<b>38,000</b>	<b>46,000</b>	<b>8,000</b>	<b>21.1%</b>	<b>75.1%</b>
<b>Operating Income</b>	<b>7,377</b>	<b>8,704</b>	<b>9,100</b>	<b>11,600</b>	<b>2,500</b>	<b>27.5%</b>	<b>75.0%</b>
<b>Ordinary Income</b>	<b>7,739</b>	<b>9,108</b>	<b>9,400</b>	<b>12,000</b>	<b>2,600</b>	<b>27.7%</b>	<b>75.9%</b>
<b>Net Income</b>	<b>5,551</b>	<b>6,233</b>	<b>6,300</b>	<b>8,300</b>	<b>2,000</b>	<b>31.7%</b>	<b>75.1%</b>
<b>Film</b>	<b>12,010</b>	<b>12,425</b>					
Movies	1,429	832					
TVs	2,467	2,359					
DVDs	550	567					
Overseas	5,881	6,971					
Others	1,680	1,694					
<b>Licensing</b>	<b>12,778</b>	<b>17,775</b>					
Japan	7,693	10,126					
Overseas	5,084	7,649					
<b>Sales of Goods</b>	<b>4,669</b>	<b>3,762</b>					
<b>Others</b>	<b>1,071</b>	<b>738</b>					

[Causes of upward revision to earnings estimates]

Sales of *DRAGON BALL Z DOKKAN BATTLE* and other app games in Japan and overseas were strong, exceeding previously announced estimates.

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

# Future Initiatives

## Schedule

Film    Licensing  
Sales of Goods    Others

FY18.3 3Q	Release of <i>MAZINGER Z : INFINITY</i> in Italy [Oct.31]
	Release of <i>MAZINGER Z : INFINITY</i> in France [Nov.22]
	Distribution of <i>SAINT SEIYA Zodiac Brave</i> app game for China [December]
FY18.3 4Q	PC game <i>ONE PIECE ONLINE</i> for China [Dec.29]
	Release of <i>MAZINGER Z : INFINITY</i> in Japan [Jan.13]
	<b>Worldwide home-use game <i>DRAGON BALL FighterZ</i> [Feb.1]</b>
	<b>Start of broadcast of <i>HUG! Pretty Cure</i> [Feb.4]</b>
	<b>USJ <i>PRETTY GUARDIAN SAILOR MOON THE MIRACLE 4-D</i> [Mar.16-Jun.24]</b>
	Release of <i>Pretty Cure Super Stars! The Movie (tentative)</i> [Mar.17]
	<b>Start of broadcast of <i>Ge-Ge-Ge no Kitaro</i> [Apr.1]</b>
FY19.3 1Q~	<b>Opening of exclusive theater <i>ONE PIECE LIVE STAGE</i> in Shanghai [Apr.28]</b>
	<b><i>Digimon Adventure tri. Chapter 6</i> to be put on theaters [May.5]</b>
	Scheduled distribution of <i>ONE PIECE BOUNTY RUSH</i> app game [2018 spring]
	PC browser game <i>DRAGON BALL Z XKEEPERZ</i> [2018 spring]
	HTML game <i>DRAGON BALL Z Butchigiri Match</i> [2018 spring]
	Scheduled distribution of <i>Digimon ReArise</i> app game [2018]
	Scheduled distribution of <i>DRAGON BALL Awakening</i> app game for China [2018]
	PS4 <i>ONE PIECE WORLD SEEKER</i> [2018]
	Start of closed beta test of <i>ONE PIECE</i> app game for China [2018]
	Scheduled distribution of <i>DRAGON BALL</i> app game for China [2018]

## Topics

### Development of *Dragon Ball* series

- **App Game *DRAGON BALL Z DOKKAN BATTLE***
  - More than 200 million downloads in the world
  - Ranked first in App store, GooglePlay sales ranking in 16 countries and regions
- **Worldwide home-use game *DRAGON BALL FighterZ***  
On sale from February 1

### Development of *ONE PIECE*

- ***ONE PIECE LIVE STAGE***  
The first exclusive theater in China is scheduled to open in April 28, 2018

### Development of New Titles

- **TV *HUG! Pretty Cure***  
Start of broadcast (15th series title) from February 4  
Active development in 2018 which is 15<sup>th</sup> anniversary year of *Pretty Cure*
- **TV *Ge-Ge-Ge no Kitaro***  
Scheduled broadcast from April 1, 2018
- ***Digimon Adventure tri. Chapter 6***  
To be put on theaters on May 5, 2018
- ***BUTT DETECTIVE***  
Animation project has launched  
Scheduled broadcast on NHK Educational TV from May
- ***DRAGON BALL 20<sup>th</sup> Movie Project* has launched**  
Scheduled to be released in December, 2018
- ***Bar Hunter (tentative)* Project has launched**  
Scheduled animation production



# About Dividend

## Plan for year-end Dividend

**FY2017.3**

Ordinary Dividend ¥30 + **Special Dividend ¥100** per share

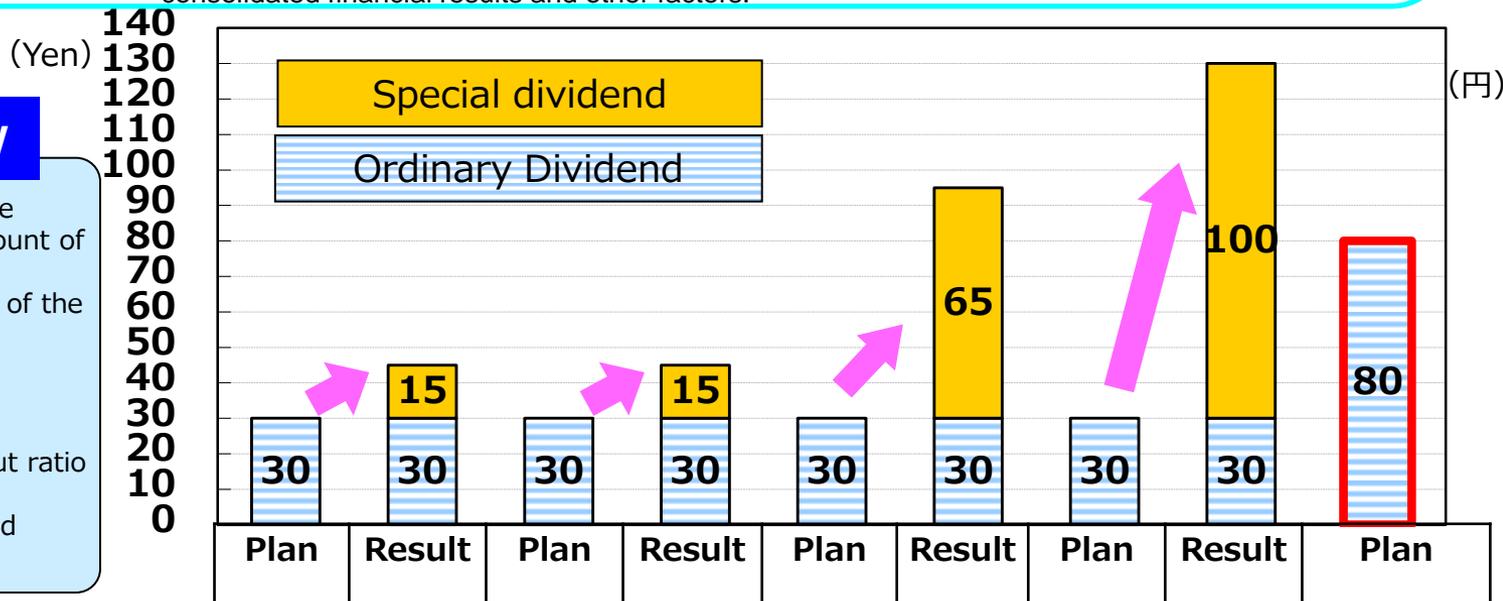
**FY2018.3**

Ordinary Dividend ¥80 per share(forecast)

\* The year-end dividend for the fiscal year ending March 31, 2018 is the amount initially forecast at the beginning of the fiscal year. Any revision of the forecast will be considered separately by examining consolidated financial results and other factors.

## 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	80yen (forecast)
Payout ratio	26.3%	25.2%	25.2%	24.6%	25%

# Stock split

The Company will split the stocks on April 1, 2018 effectively.

**Purpose** To increase the liquidity of shares and expand the investor base.

**Common stock 1 share => 3 shares**

**Record date**

Saturday, March 31, 2018

\*Substantially Friday, March 30, 2018

**Effective date**

Sunday, April 1, 2018

## [Number of shares to be increased upon split]

Total number of issued shares prior to stock split  
14,000,000 shares

Number of shares to be increased upon stock split  
28,000,000 shares

Total number of issued shares following stock split  
42,000,000 shares

Total number of authorized shares following stock split

168,000,000 shares

## [Dividend]

The year-end dividend for the fiscal year ending March 31, 2018 will be paid based on the number of shares prior to the stock split on the record date of March 31, 2018.

## [Change of shareholders' special benefit plan]

### ■ Change of the shareholders' special benefit plan

Upon this stock split, the shareholders' special benefit plan will be partially changed. The details were announced on January 26, 2018.

Refer to the "notice regarding stock split and partial amendment to the Articles of Incorporation and change of the shareholders' special benefit plan upon stock split."

<http://corp.toei-anime.co.jp/ir/news/>

### ■ Time for change

The shareholders' special benefits will be changed from the time when they are offered to the shareholders, as stated or recorded in the shareholder registry on March 31, 2019.

# 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.  
*Dragon Ball Super*



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

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

## Pretty Cure Super Stars! The Movie(tentative) To be released on March 17, 2018



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

## *Ge-Ge-Ge no Kitaro*

SUN at 9:00am on Fuji TV et al.  
To be aired from April 1, 2018



## *Digimon Adventure tri. Chapter 6*

To be put on theaters on May 5, 2018

## *DRAGON BALL*

20th Movie Project has launched  
Scheduled to be released in December, 2018



## *BUTT DETECTIVE*

Scheduled broadcast on  
NHK Educational TV from May

## *Bar Hunter*

(tentative)  
Scheduled animation  
production

