



TOEI ANIMATION
夢は世界とともに

TOEI ANIMATION CO., LTD

For FY Ended June 30, 2017 (April 1, 2017 to June 30, 2017)



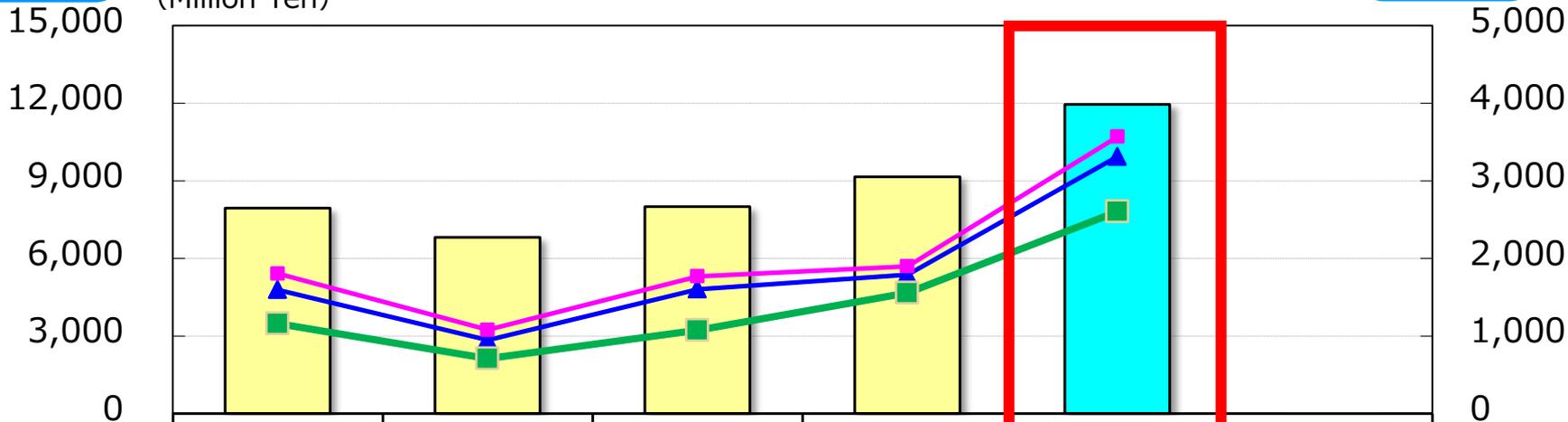
FY 2018.3 First Quarter Results – Consolidated

- Net sales and each income item hit new first-quarter record highs.
- Sales of game development rights mainly for *DRAGON BALL Z DOKKAN BATTLE* were strong in Japan and overseas.
- Sales of major online distribution rights in China in first-quarter, on a par with those in second-quarter of the previous year, were posted.

Net Sales

Income

(Million Yen)



	2014.03 1Q	2015.03 1Q	2016.03 1Q	2017.03 1Q	2018.03 1Q	% v.s. prior year
Net Sales	7,941	6,806	7,999	9,154	11,948	30.5%
Cost of Sales	5,171	4,464	5,135	5,929	7,237	22.1%
SG&A	1,176	1,393	1,261	1,433	1,398	△2.5%
Operating Income	1,594	948	1,602	1,791	3,312	84.9%
Ordinary Income	1,804	1,079	1,769	1,897	3,569	88.1%
Net Income	1,161	709	1,073	1,555	2,606	67.5%

FY2018.3 1Q Results Segment Breakdown – Consolidated

(Million Yen)		FY2017.3 1Q	FY2018.3 1Q	% v.s. prior year
FILM	Net Sales	2,926	4,236	44.8%
	Segment Income	499	911	82.7%
Licensing	Net Sales	4,157	6,402	54.0%
	Segment Income	1,796	2,986	66.3%
Sales of Goods	Net Sales	1,764	1,064	-39.7%
	Segment Income	95	9	-90.2%
Others	Net Sales	381	296	-22.3%
	Segment Income	27	14	-48.1%
TOTAL	Net Sales	9,154	11,948	30.5%
	Operating Income	1,791	3,312	84.9%

*Numbers for each segment includes intra-company sales.

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

(Million Yen)		FY17.3 1Q	FY18.3 1Q
Net Sales		9,154	11,948
Operating Income		1,791	3,312
Film		2,926	4,236
	Movies	104	77
	TVs	953	934
	DVDs	240	262
	Overseas	1,234	2,278
	Others	393	683
Licensing		4,157	6,402
	Japan	2,646	3,440
	Overseas	1,511	2,961
Sales of Goods		1,764	1,064
Others		381	296

Film (↑ 44.8% year on year)

- In movies, revenues fell sharply with the absence of a hit equivalent to *Digimon Adventure tri. Chapter 2* in the same period of the previous fiscal year.
- In TV Anime, revenues declined slightly because although the number of titles broadcast increased, the performance of sound production for games, etc., was weaker than that of the same period of the previous fiscal year.
- In DVDs, revenues increased due to sales of Blu-ray/DVD of *Sailor Moon Crystal*.
- In the Overseas segment, revenues increased substantially because of sales in first-quarter, on a par with those of large online distribution rights for multiple titles in China in second-quarter of the previous fiscal year.
- In the Others segment, revenues rose sharply due to the expansion of the fixed-amount online distribution market and strong sales of the online distribution rights.

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

FY2018.3 1Q Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY17.3 1Q	FY18.3 1Q
Net Sales		9,154	11,948
Operating Income		1,791	3,312
Film		2,926	4,236
	Movies	104	77
	TVs	953	934
	DVDs	240	262
	Overseas	1,234	2,278
	Others	393	683
Licensing		4,157	6,402
	Japan	2,646	3,440
	Overseas	1,511	2,961
Sales of Goods		1,764	1,064
Others		381	296

Licensing (↑ 54.0% year on year)

- In domestic licensing, revenues increased substantially because sales of the app game *DRAGON BALL Z DOKKAN BATTLE* continued to be strong from 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 (↓ 39.7% 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. Income decreased substantially due to weak merchandise sales at overseas events, which are generally profitable.

Others (↓ 22.3% 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.

* The figures for each segment include intra-company sales

FY2018.3 First Quarter Results Review

(Million Yen)	FY17.3 1Q	FY18.3 1Q	+ -	% v.s. prior year
Net Sales	9,154	11,948	2,794	30.5%
Costs of Sales	5,929	7,237	1,308	22.1%
Gross Profit	3,224	4,710	1,485	46.1%
SG & A	1,433	1,398	-35	-2.5%
Operating Income	1,791	3,312	1,520	84.9%
Non-Operating Income	189	260	70	37.4%
Non-Operating Expense	83	3	-80	-96.4%
Ordinary Income	1,897	3,569	1,672	88.1%
Extraordinary Gain and Loss	260	-	-260	-100.0%
Net Income before tax	2,157	3,569	1,411	65.4%
Income Taxes	584	790	205	35.2%
Income Taxes Adjustment	17	172	155	895.1%
Minority Interest	-	-	-	
Net Income	1,555	2,606	1,050	67.5%

Net Sales

- Businesses with sharp increases in revenues
 - 1)Licensing Overseas[1,450]⇒ 2)Film Overseas[1,043] ⇒ 3)Licensing Japan[794]
- Businesses with significant declines in revenues
 - 1)Sales of Goods[-700] ⇒ 2)Events [-85] ⇒ 3)Movies[-26]

Cost of Sales / Gross Profit

- Gross profit to net sales : 39.4%
(Gross profit to net sales last year:35.2%)
-The ratio of sales of the overseas and licensing segment with a low cost rate increased sharply.

SG&A

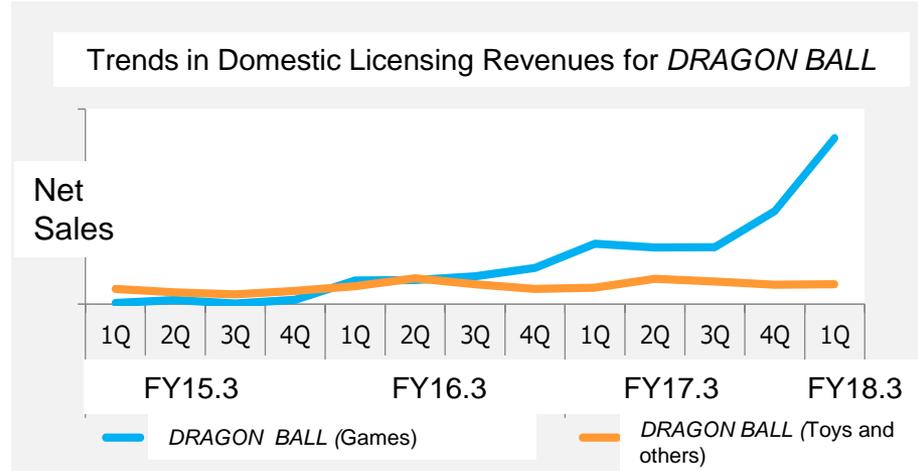
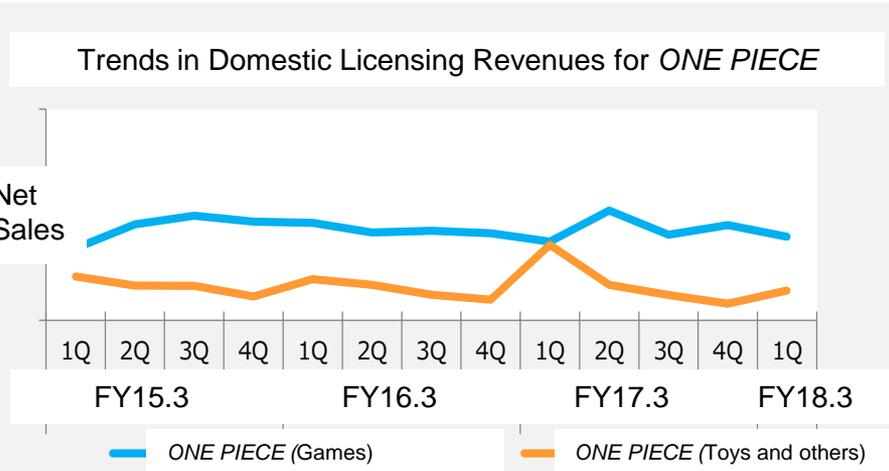
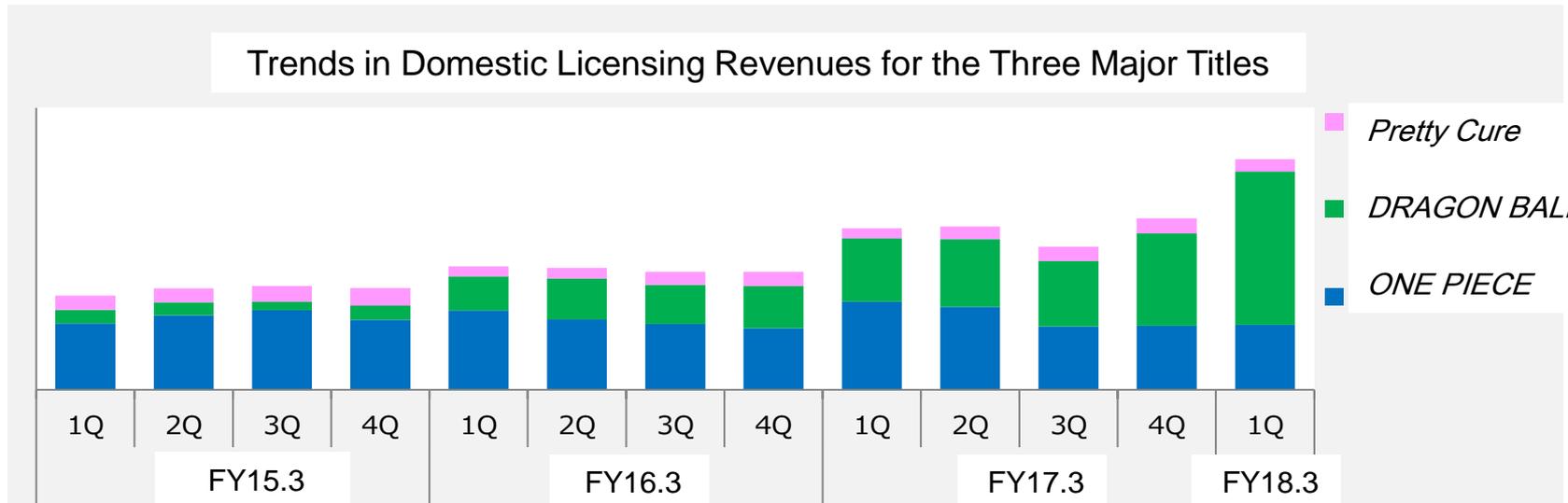
- SG&A[-35]
 - 1)Provision for retirement benefits[-55] (from 85 in the previous FY to 29 in the current FY)
 - 2)Commission paid[-18](from 132 in the previous FY to 114 in the current FY)

Non-Operating Income and Expense

- Non-operating income [+70]
 - 1)Foreign exchange gain[+63] (from 0 in the previous FY to 63 in the current FY)
 - 2)Dividend income[+45] (from 115 in the previous FY to 161 in the current FY)
- Non-operating expense[-80]
Foreign exchange loss[-81] (from 81 in the previous FY to 0 in the current FY)

Trends in Domestic Licensing for Major Titles

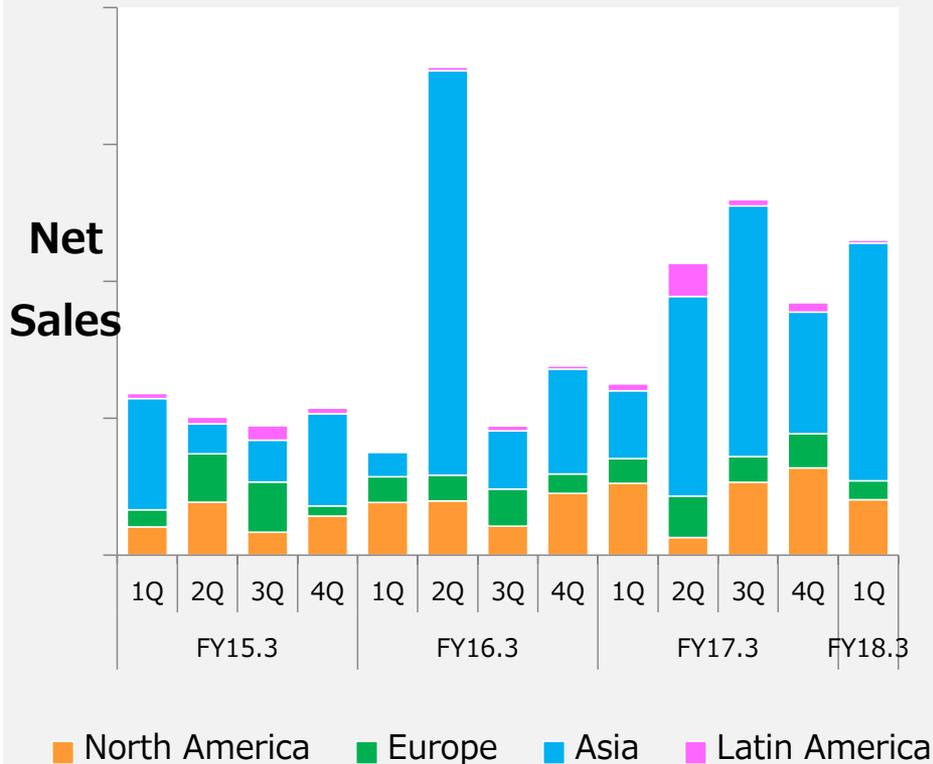
- Revenues from an app game of *DRAGON BALL* remained strong.
- The weight of the two major titles and reliance on the app game development rights increased further.



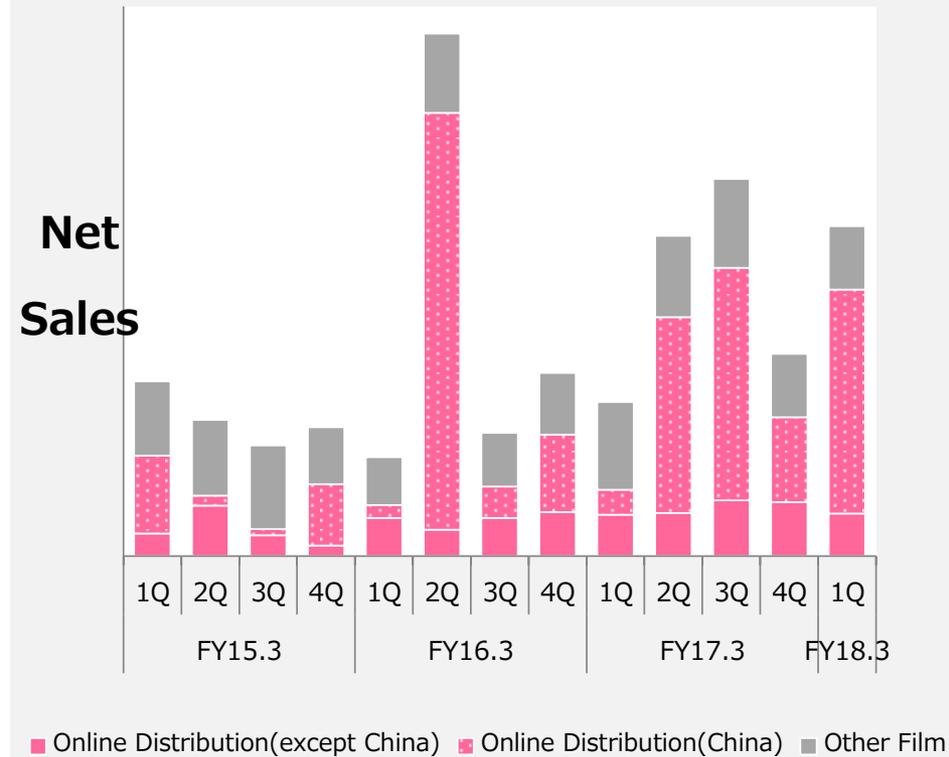
Trends in Film Overseas

- Sales of major online distribution rights in China in first-quarter, on a par with those in second-quarter of the previous year, were posted.
- A reactionary decline in sales of the theater showing rights, which was favorable in the same period in the previous fiscal year.

Trends in Net Sales of Film Overseas



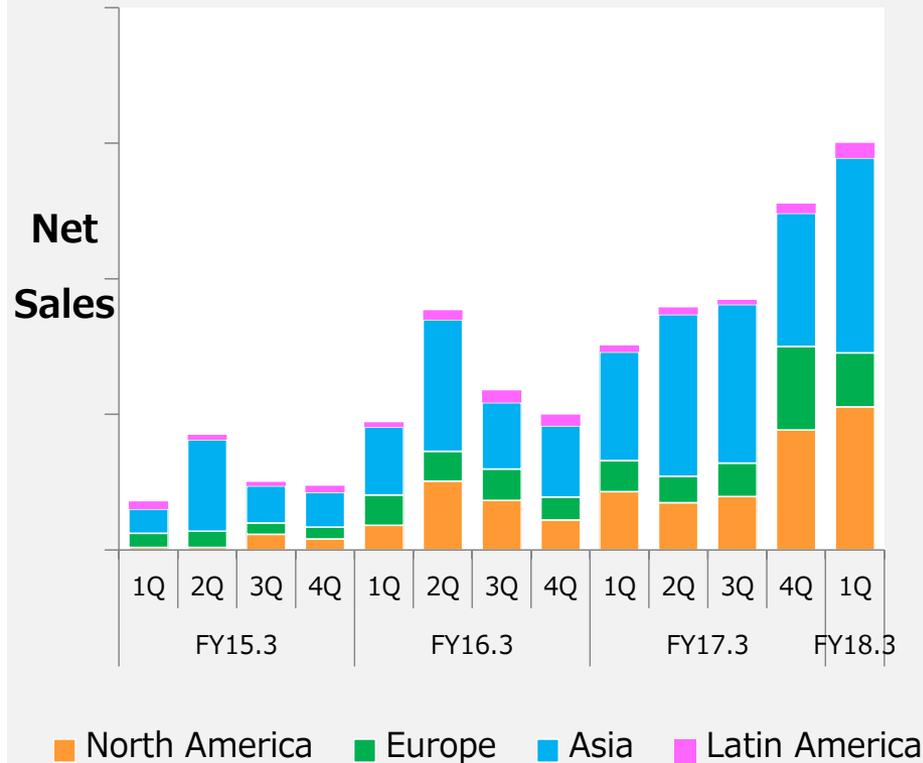
Breakdown of Net Sales by Business



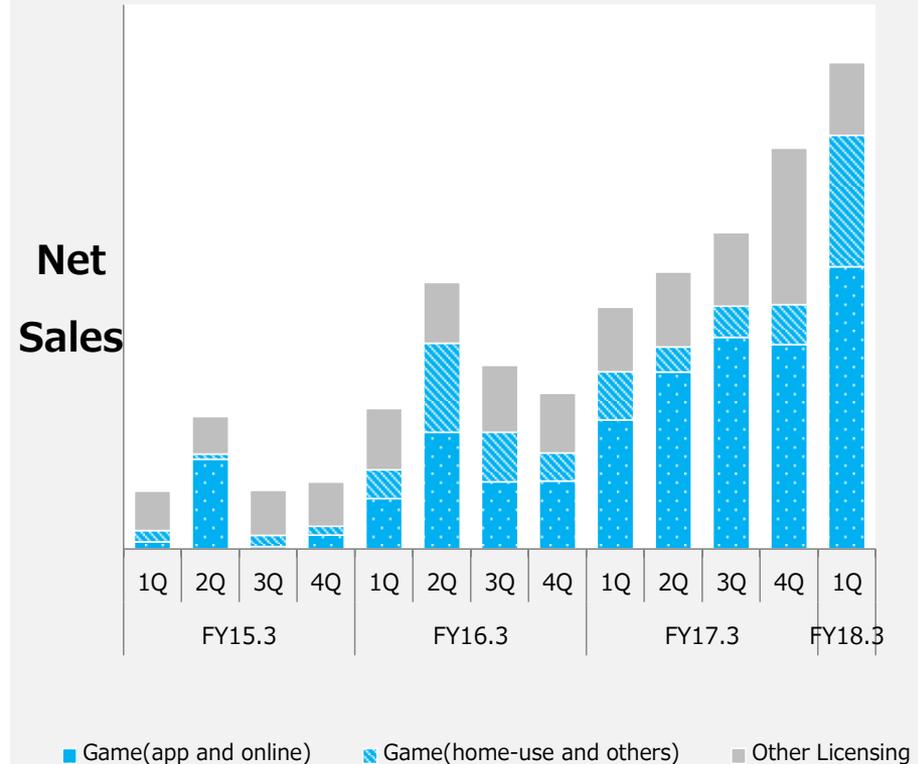
Trends in Licensing Overseas

- The sales of app games of *DRAGON BALL* and *ONE PIECE* in the whole world performed strongly.
- The sales of the home-use game *DRAGON BALL XENOVERSE 2* for North America performed strongly as well.

Trends in Net Sales of Licensing Overseas



Breakdown of Net Sales by Business



Progress toward Earnings Estimates for FY2018.3

(Million Yen)	FY18.3 Initial estimates(full year) Disclosed on May 12, 2017		FY18.3 Revised estimates (first-half) Disclosed on July 28, 2017		FY18.3 Revised estimates(full year) Disclosed on July 28, 2017	
	Estimates	Progress	Estimates	Progress	Estimates	Progress
Net Sales	33,000	36.2%	22,400	53.3%	38,000	31.4%
Operating Income	6,700	49.4%	5,200	63.7%	9,100	36.4%
Ordinary Income	7,000	51.0%	5,400	66.1%	9,400	38.0%
Net Income	4,500	57.9%	3,500	74.5%	6,300	41.4%
Film	13,700	30.9%				
Movies	1,400	5.6%				
TVs	2,400	39.0%				
DVDs	600	43.7%				
Overseas	7,700	29.6%				
Others	1,600	42.7%				
Licensing	13,600	47.1%				
Japan	8,000	43.0%				
Overseas	5,600	52.9%				
Sales of Goods	4,800	22.2%				
Others	900	33.0%				

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

Future Initiatives

Schedule

Film Licensing
Sales of Goods Others

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 14 countries such as North America and France
- **Events in Japan**
 - "*DRAGON BALL Z THE REAL 4-D*"
Holding at Universal Studio Japan from June 30
 - "*DRAGON BALL Tenkaichi Budosai 2017*"
Scheduled to hold at Ikebukuro from August 10

Development of *ONE PIECE*

- "*ONE PIECE Premiere 2017*"
Holding at Universal Studio Japan from June 2
- "*ONE PIECE*" 20th Anniversary Campaign!
Holding 20th Anniversary events at app games "*TREASURE CRUISE*," "*THOUSAND STORM*," and "*GRAND COLLECTION*" from the end of July

Development of New Titles

- ***Mazinger Z the Movie (tentative)***
 - Decided releasing first overseas
Scheduled to be released in Italy in October
 - Scheduled to be released in Japan on January 13
- ***Digimon Adventure tri. Chapter 5***
To be put on theaters on September 30
- ***Oshiri Tantei***
Animation project has launched



FY18.3 1Q	Start of broadcast of <i>KADO: The Right Answer</i> [Apr.7]
	Distribution of <i>ONE PIECE Jizhan</i> app game for China [May]
	Start of distribution of the preview of <i>Oshiri Tantei</i> on YouTube [May 31]
	Special event of <i>Mazinger Z the Movie (tentative)</i> at Ancey International Animated Film Festival [June]
	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]
	Holding <i>DRAGON BALL Tenkaichi Budosai 2017</i> [Aug.10-Aug.27]
	Scheduled distribution of <i>SAINT SEIYA Zodiac Brave</i> app game for China [Summer]
	Start of closed beta test of <i>DRAGON BALL Z</i> app game for China [Summer]
	<i>Digimon Adventure tri. Chapter 5</i> to be put on theaters [Sep.30]
FY18.3 3Q~	Release of <i>Kira Kira Pretty Cure A La Mode the Movie</i> [Oct.28]
	Release of <i>Mazinger Z the Movie (tentative)</i> in Italy [October]
	Start of closed beta test of <i>ONE PIECE</i> app game for China [2017]
	Scheduled distribution of <i>DR.SLUMP -ARALE-</i> app game for China [2017]
	PC game <i>ONE PIECE ONLINE</i> for China [2017]
	PS4/PSvita <i>Digimon Story: Cyber Sleuth</i> [2017]
	Release of <i>Mazinger Z the Movie (tentative)</i> in Japan [Jan.13]
	Scheduled distribution of <i>DRAGON BALL</i> app game for China [2018]
	Worldwide home-use game <i>DRAGON BALL FighterZ</i> [2018]
Opening of exclusive theater <i>ONE PIECE LIVE STAGE</i> in Shanghai [Winter]	

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 9:00am on Fuji TV et al.
Dragon Ball Super



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



SAT at 9:30am on TV Tokyo et al.
Digimon Universe App Monsters

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

Kira Kira Pretty Cure A La Mode the Movie

To be released on October 28, 2017



Digimon Adventure tri. Chapter 5

To be put on theaters on September 30, 2017



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

Mazinger Z the Movie (tentative)

To be released in Italy in October, 2017
To be released in Japan on January 13, 2018

