

# TOEI ANIMATION CO., LTD

For FY Ended March 31, 2016 (April 1, 2015 to March 31, 2016)



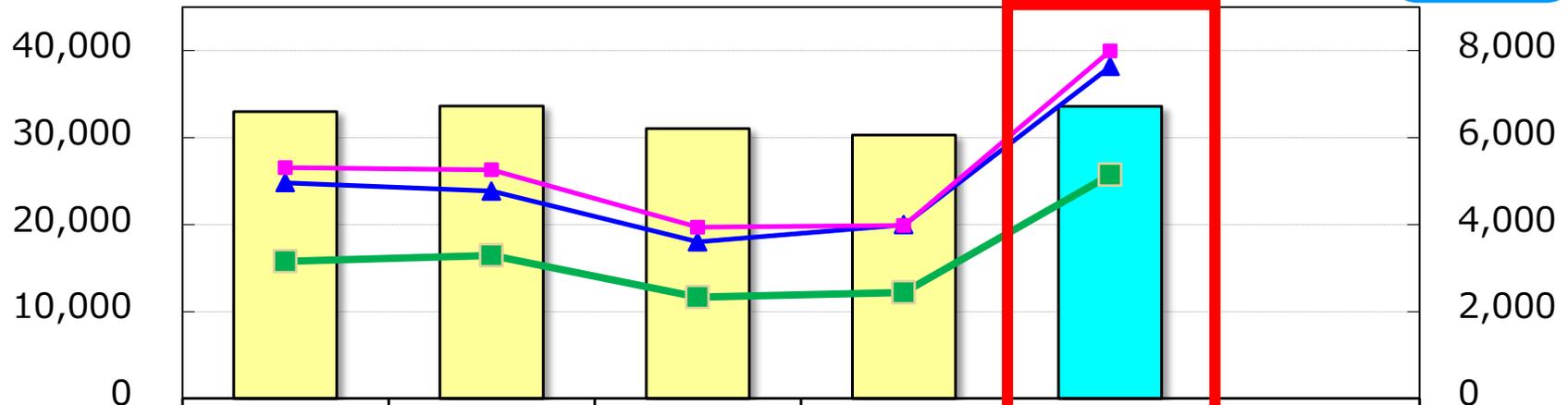
# FY2016.3 Results – Consolidated

- Each income item hit a new record high and net sales were at their second highest ever.
- Despite a slight decline in sales in the domestic segment, the overseas segment continued to grow.
- Profit increased significantly, driven by the expansion of the overseas segment.

## Net Sales

(Million Yen)

## Income



	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3	% v.s. prior year
Net Sales	33,011	33,644	31,027	30,313	33,612	10.9%
Cost of Sales	23,786	24,114	22,270	20,741	20,809	0.3%
SG&A	4,262	4,759	5,155	5,576	5,167	-7.3%
Operating Income	4,962	4,770	3,602	3,996	7,635	91.1%
Ordinary Income	5,309	5,259	3,940	3,978	7,995	100.9%
Net Income	3,154	3,290	2,333	2,437	5,145	111.1%

# FY2016.3 Results Segment Breakdown –Consolidated

(Million Yen)		FY2015.3	FY2016.3	% v.s. prior year
FILM	Net Sales	14,155	14,005	-1.1%
	Segment Income	1,531	3,298	115.4%
Licensing	Net Sales	10,250	13,803	34.7%
	Segment Income	4,104	6,157	50.0%
Sales of Goods	Net Sales	4,628	4,654	0.6%
	Segment Income	93	6	-93.4%
Others	Net Sales	1,437	1,320	-8.2%
	Segment Income	138	34	-75.2%
TOTAL	Net Sales	30,313	33,612	10.9%
	Operating Income	3,996	7,635	91.1%

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

# FY2016.3 Results Segment Analysis (1) (Film)

(Million Yen)		FY15.3 Results	FY16.3 Results
<b>Net Sales</b>		30,313	<b>33,612</b>
<b>Operating Income</b>		3,996	<b>7,635</b>
<b>Film</b>		14,155	<b>14,005</b>
	<b>Movies</b>	1,159	<b>1,032</b>
	<b>TVs</b>	4,046	<b>3,073</b>
	<b>DVDs</b>	1,847	<b>1,173</b>
	<b>Overseas</b>	4,240	<b>6,662</b>
	<b>Others</b>	2,861	<b>2,063</b>
<b>Licensing</b>		10,250	<b>13,803</b>
	<b>Japan</b>	8,029	<b>8,880</b>
	<b>Overseas</b>	2,220	<b>4,923</b>
<b>Sales of Goods</b>		4,628	<b>4,654</b>
<b>Others</b>		1,437	<b>1,320</b>

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

## Film ( ↘ 1.1% year on year )

- In movies, revenues fell sharply with the absence of production revenues from *DRAGON BALL Z Resurrection 'F'* in the same period of the preceding fiscal year.
- In TV Anime, revenues fell sharply due to a decrease in the number of titles aired or distributed (from nine to eight).
- In DVDs, revenues declined significantly due to the lack of a Blu-ray/DVD title similar to that of *ONE PIECE* and production of images for games in the same period of the previous year.
- In the Overseas segment, revenues jumped significantly, reflecting the large-scale online distribution licensing deals of multiple titles in China, and the strong sales of online distribution licensing in North America of *DRAGON BALL*.
- In the Others segment, revenues fell sharply largely due to the effect of terminating the service for the social game *SAINT SEIYA Galaxy Card Battle*, despite the strong performance of online distribution service.

# FY2016.3 Results Segment Analysis (2)

## (Licensing/Sales of Goods/Others)

(Million Yen)		FY15.3 Results	FY16.3 Results
<b>Net Sales</b>		30,313	<b>33,612</b>
<b>Operating Income</b>		3,996	<b>7,635</b>
<b>Film</b>		14,155	<b>14,005</b>
	<b>Movies</b>	1,159	<b>1,032</b>
	<b>TVs</b>	4,046	<b>3,073</b>
	<b>DVDs</b>	1,847	<b>1,173</b>
	<b>Overseas</b>	4,240	<b>6,662</b>
	<b>Others</b>	2,861	<b>2,063</b>
<b>Licensing</b>		10,250	<b>13,803</b>
	<b>Japan</b>	8,029	<b>8,880</b>
	<b>Overseas</b>	2,220	<b>4,923</b>
<b>Sales of Goods</b>		4,628	<b>4,654</b>
<b>Others</b>		1,437	<b>1,320</b>

### Licensing ( ↑ 34.7% year on year )

- In domestic licensing, revenues rose sharply, reflecting the strong performance of app games such as *DRAGON BALL* and *ONE PIECE*, and products related to *DRAGON BALL* series.
- In overseas licensing, revenues increased substantially, reflecting the strong sales of home-use game *DRAGON BALL XENOVERSE* in the US and Europe and of the *ONE PIECE* game and the *SAINT SEIYA* series app game in China.

### Sales of Goods ( → 0.6% year on year )

- Although revenues increased compared to the previous fiscal year due to the expansion of the shop business and firm sales of products related to *DRAGON BALL* series, costs related to new stores increased.

### Others ( ↘ 8.2% year on year )

- Revenues fell due to the weak overall performance although the operation of *DR.SLUMP-ARALE-* events was favorable.

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

# FY2016.3 Results Review

(Million Yen)	FY15.3 Results	FY16.3 Results	+ -	% v.s. prior year
Net Sales	30,313	33,612	3,298	10.9%
Costs of Sales	20,741	20,809	67	0.3%
Gross Profit	9,572	12,803	3,230	33.7%
SG & A	5,576	5,167	-408	-7.3%
Operating Income	3,996	7,635	3,639	91.1%
Non-Operating Income	283	487	204	72.1%
Non-Operating Expense	300	127	-173	-57.6%
Ordinary Income	3,978	7,995	4,016	100.9%
Extraordinary Gain and Loss	-	-220	-220	-
Net Income before tax	3,978	7,775	3,796	95.4%
Income Taxes	1,553	2,605	1,051	67.7%
Income Taxes Adjustment	-12	24	36	-298.0%
Minority Interest	-	-	-	-
Net Income	2,437	5,145	2,708	111.1%

## Net Sales

- Businesses with sharp increases in revenues
  - Licensing Overseas[2,702] ⇒
  - Film Overseas[2,422] ⇒
  - Licensing Japan[850]
- Businesses with significant declines in revenues
  - TVs [-973] ⇒
  - Film Others[-798] ⇒
  - DVDs[-673]

## Cost of Sales / Gross Profit

- The cost rate was improved to 61.9%(from 68.4% in the previous FY)
  - The ratio of sales of the overseas segment with a low cost rate increased to 34%(from 22% in the previous FY)
  - Because of the success of *Dragon Ball Z Resurrection 'F'* and *Digimon Adventure tri.* series, the cost rate of films was improved.

## SG&A

- SG&A[-408]
  - Depreciation and amortization[-353] (from 518 in the previous FY to 165 in the current FY). Advance amortization due to the change in the useful life resulting from the reconstruction of Oizumi Studio in the previous FY.
  - Advertising expenses[-121] (from 506 in the previous FY to 385 in the current FY)
  - Commission paid[-82](from 601 in the previous FY to 519 in the current FY)

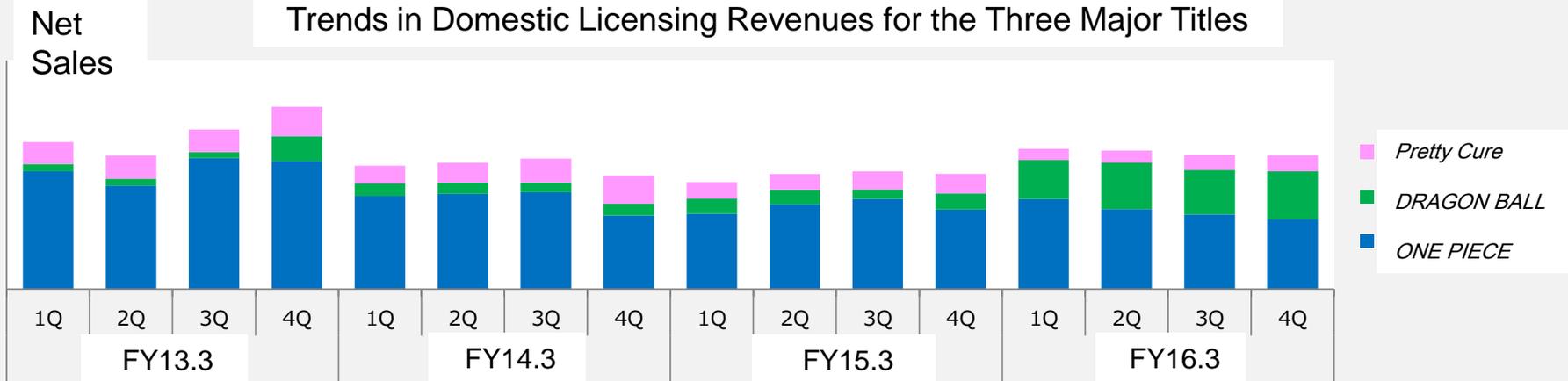
## Extraordinary Gain and Loss

- Extraordinary loss[220]  
Cost for demolishing Oizumi Studio

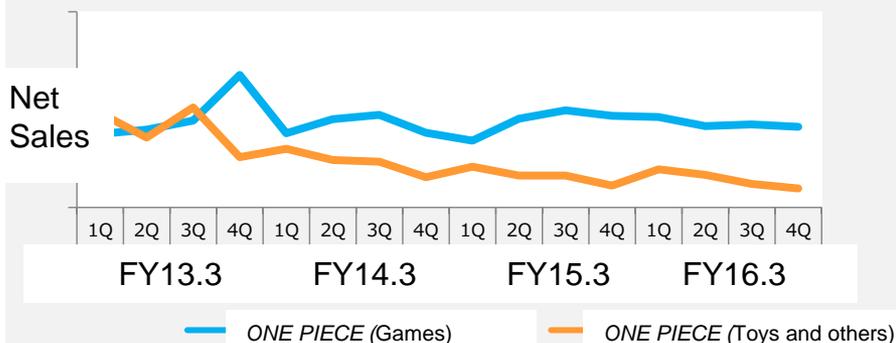
# Trends in Domestic Licensing for Major Titles

- Revenues from gaming rights and merchandising of *DRAGON BALL* in the previous fiscal year soared thanks to a film and a new title.
- Revenues declined gradually despite the strong performance of *ONE PIECE* games. Revenues from toys, etc. were still trending downward.
- Revenues from *Pretty Cure* remained weak, but signs of a recovery were seen.

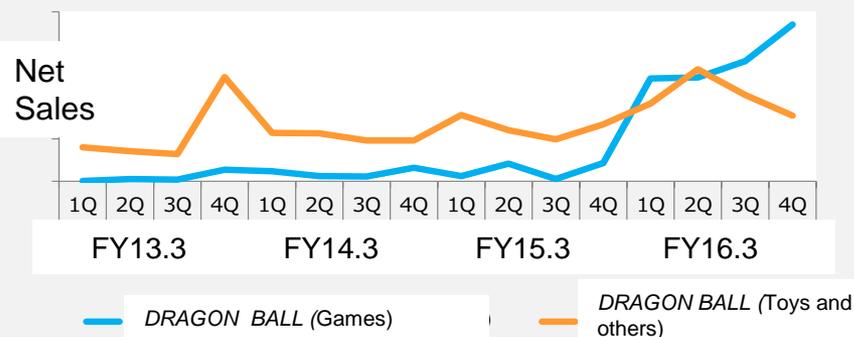
Trends in Domestic Licensing Revenues for the Three Major Titles



Trends in Domestic Licensing Revenues for *ONE PIECE*



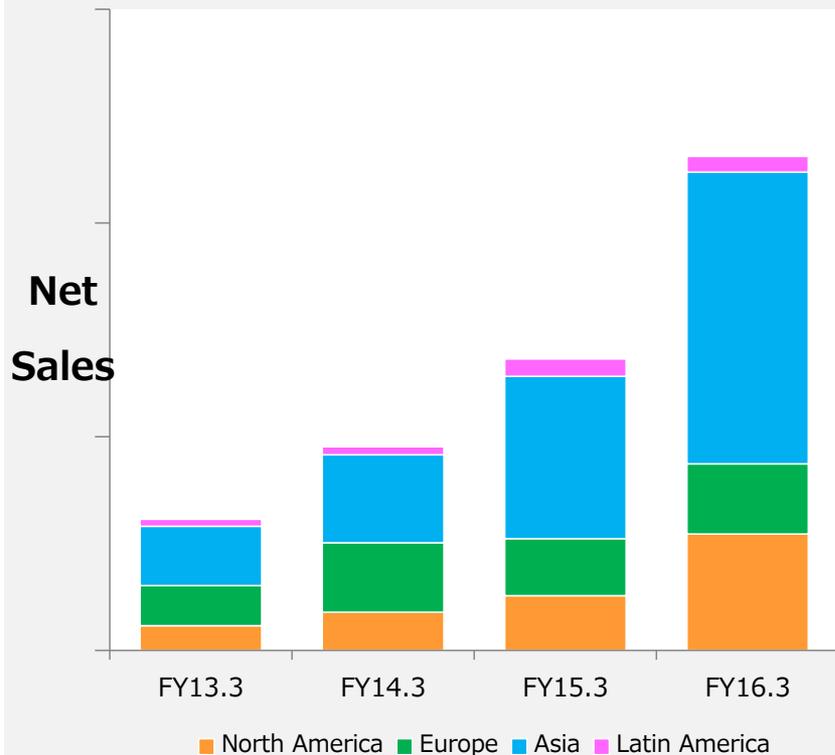
Trends in Domestic Licensing Revenues for *DRAGON BALL*



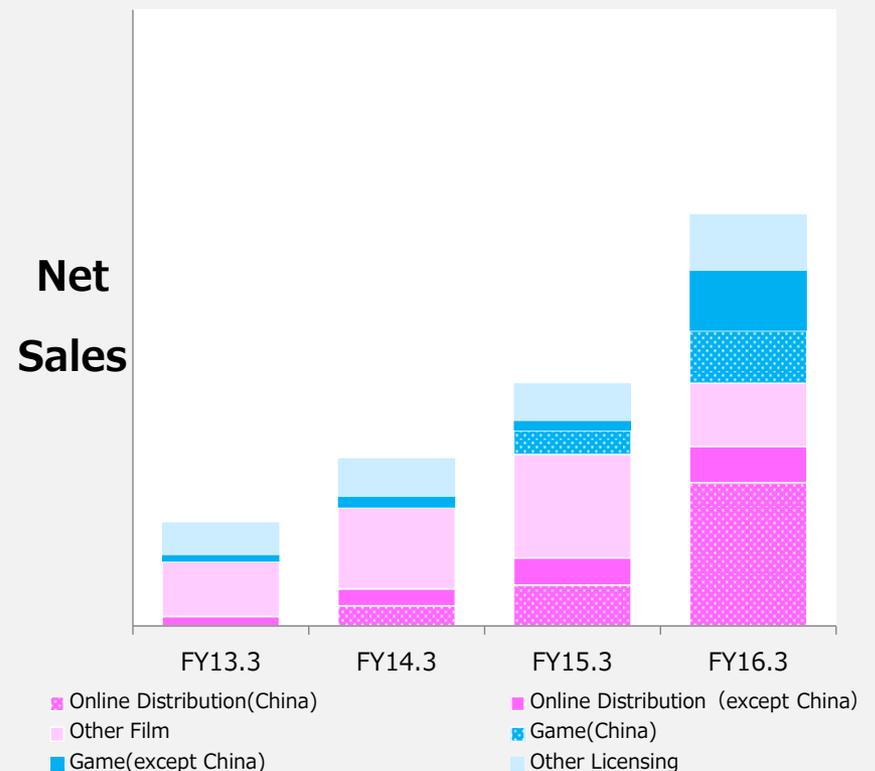
# Trends in the Overseas Segment

- Sales of online distribution licensing for China stabilized after a period of rapid expansion.
- Additional revenues from MG of app games, etc. for China and home-use game *DRAGON BALL XENOVERSE* in the US and Europe were collected.
- The influence of exchange rates, changing international circumstances and concerns about restrictions on content in China.

## Trends in Net Sales of Overseas Segment



## Breakdown of Net Sales by Business



# Earnings Estimates for FY2017.3 – Consolidated

( Million Yen )	FY16.3 Results	FY17.3 Estimates	% increase/ decrease
<b>Net Sales</b>	33,612	30,500	-9.3%
<b>SG &amp; A</b>	5,167	5,800	12.2%
<b>Operating Income</b>	7,635	5,700	-25.4%
<b>Ordinary Income</b>	7,995	6,000	-25.0%
<b>Net Income</b>	5,145	3,800	-26.2%

(Breakdown of major SG & A expenses Unit: Million Yen)

Item	Results in FY16.3	Estimates for FY17.3	+ -
Advertising expenses	385	772	386
Personnel expenses	1,390	1,493	102

# Earnings Estimates for FY2017.3: Segment Breakdown

( Million Yen )		FY16.3 Results	FY17.3 Estimates
<b>Net Sales</b>		<b>33,612</b>	<b>30,500</b>
<b>Operating Income</b>		<b>7,635</b>	<b>5,700</b>
<b>Film</b>		<b>14,005</b>	<b>13,200</b>
	<b>Movies</b>	<b>1,032</b>	<b>2,000</b>
	<b>TVs</b>	<b>3,073</b>	<b>2,600</b>
	<b>DVDs</b>	<b>1,173</b>	<b>900</b>
	<b>Overseas</b>	<b>6,662</b>	<b>5,900</b>
	<b>Others</b>	<b>2,063</b>	<b>1,800</b>
<b>Licensing</b>		<b>13,803</b>	<b>11,700</b>
	<b>Japan</b>	<b>8,880</b>	<b>8,000</b>
	<b>Overseas</b>	<b>4,923</b>	<b>3,700</b>
<b>Sales of Goods</b>		<b>4,654</b>	<b>4,600</b>
<b>Others</b>		<b>1,320</b>	<b>1,000</b>

## **Film ( ↘ 5.7% year on year )**

- In Movie, revenues are expected to increase significantly from the release of *ONE PIECE FILM GOLD*.
- In TVs, The number of TV anime shows produced will decline substantially due to a decrease in the lineup of products.
- In DVDs, revenues are expected to decline due to decreased revenues from the packaging business caused by the market contraction and decreased contracts for other filmmaking.
- In the Overseas segment, although sales of large-scale online distribution licensing for China are maintained, revenues are expected to decline due to exchange rates.

## **Licensing ( ↓ 15.2% year on year )**

- In Domestic Licensing, revenues are expected to decrease in deals for library titles for game machines and weak sales of gaming rights.
- In Overseas Licensing, although revenues from the overall app games are expected to increase, revenues are expected to fall in a reactionary decline to home-use games in the US and Europe in the previous fiscal year and because of exchange rates.

## **Sales of Goods ( ↘ 1.2% year on year )**

- Despite the opening of new shops, overall revenues are expected to be weak.

## **Others ( ↓ 24.3% year on year )**

- A reactionary decline is expected given the absence of a large event like *DR.SLUMP-ARALE*- events in the previous period.

# Initiatives for FY 2017.3

## ① Active development of *ONE PIECE*

Centering on the film, diversified businesses are aggressively operated to bolster revenues



### ■ New film titles

-*ONE PIECE FILM GOLD* (July 23)

A new film for the first time in about 3 and a half years  
(Box office revenues)

Previous film (*FILM Z*): 6.8 billion yen

Film before the previous one (*STRONG WORLD*): 4.8 billion yen

### ■ Secondary use

-Active development of a variety of tie-up campaigns

-Development of a variety of goods

-Opening of a new *Mugiwara Store* / Development of large events

## ② Online distribution business for China

Expansion of online distribution is expected in Asia, mainly in China, where the marketing is expanding rapidly



### ■ Large-scale online distribution licensing

-Stabilization of online distribution licensing deals of multiple titles

Because of an exclusive contract with one company, unit-price and brand power are increasing, while growth is slowing.

### ■ Concerns

- Regulations on content in China

- Concerns about regulations on foreign-affiliated companies

## ③ App game business

Through widespread use of smartphones, promote global development

### ■ DRAGON BALL Z DOKKAN BATTLE

-More than 50 million downloads worldwide

-Developed in about 40 countries

-Online distribution began in China (March 28)

Ranked 3rd in the top sales ranking of apps



### ■ ONE PIECE TREASURE CRUISE

-More than 20 million downloads in Japan

Developed in more than 35 countries worldwide

-To be localized localized for other areas as needed



# Future Initiatives <Domestic>



## Schedule(Domestic)

Film    Licensing  
Sales of Goods    Others

FY16.3 4Q	App game <i>SAINT SEIYA Zodiac Brave</i> (Android) [Jan.29]
	Start of broadcast <i>Witchy Pretty Cure!</i> [Feb.7]
	Digital card game <i>DRAGON BALL Heroes GDM-7</i> [Mar.10]
	<i>Digimon Adventure tri.</i> Chapter 2 on theaters[Mar.12]
	Release of <i>DRAGON BALL IC Carddass</i> third booster [Mar.12]
	Release of <i>Pretty Cure All Stars Sing Together♪ Miracle Magic!</i> [Mar.19]
	PSVita <i>Digimon World next Order</i> [Mar.17]
FY17.3 1Q	App game <i>Digimon Linkz</i> (iOS/Google) [Mar.24]
	App game <i>SAINT SEIYA Zodiac Brave</i> (iOS) [Apr.12]
	PS4/PSVita <i>ONE PIECE BURNING BLOOD</i> [Apr.21]
	App game <i>ONE PIECE THOUSAND STORM</i> [Apr.21]
	Opening of "ONE PIECE Mugiwara Store" in Shibuya [Apr.21]
	Start of the third phase of <i>Sailormoon Crystal</i> [April]
	Tie-up campaigns for <i>ONE PIECE FILM GOLD</i> [from April]
	Holding of the Exhibition of <i>PRETTY GURDIAN SAILOR MOON</i> [Apr.16-Jun.19]
	Digital card game <i>DRAGON BALL Heroes GDM-8</i> [May.12]
	Limited-time opening of " <i>Digimon tri. Shop</i> " [May.12-Jun.1]
FY17.3 2Q~	Holding of the 30th Anniversary Exhibition of <i>SAINT SEIYA</i> [Jun.18-29]
	USJ <i>ONE PIECE Premiere Summer</i> [Jul.1-Sep.4]
	Release of <i>ONE PIECE FILM GOLD</i> [Jul.23]
	USJ <i>DRAGON BALL Z THE REAL 4-D</i> [this summer]
	<i>Digimon Adventure tri.</i> Chapter 3 to be put on theaters [Sep.24]

## Topics

### Development of *Dragon Ball series*

#### ■ TV *DRAGON BALL Super*

- New chapter "'Future' Trunks" saga began in June
- Active development of merchandising(card game, toy, etc)

#### ■ App Game *DRAGON BALL Z DOKKAN BATTLE*

- More than 50 million downloads in the world for iOS and Android

#### ■ Event "DRAGON BALL Z THE REAL 4-D"

- Scheduled to hold at Universal Studio Japan

### Development of *ONE PIECE*

#### ■ Release of *ONE PIECE FILM GOLD*(Jul.23)

- For the release, we are preparing to merchandising, a campaign, other measures.
- Plan to continue developing new games
  - *ONE PIECE THOUSAND STORM* (app game)
  - *ONE PIECE BURNING BLOOD* (home-use game)
- Active development of events and shop business

### Development of *Digimon series*



#### ■ *Digimon Adventure tri.*

- Box office revenues of the first chapter: 0.23 billion yen (ranked first in the Mini Theater Ranking for four consecutive weeks)
- Box office revenues of the second chapter: 0.16 billion yen
- The third chapter is to be released on September 24, followed by the fourth chapter in order
- App Game *Digimon Linkz* (released on Mar.24)
  - More than 3 million downloads in two weeks
- Development of other goods
  - Enhance development including limited-time opening of shops

# Future Initiatives <Overseas>

## Schedule(Overseas)

Film Licensing  
Sales of Goods Others

Holding *ONE PIECE* carnival in Taiwan [Dec.30 - Mar.29]

Distribution of *ONE PIECE* CMGE version app game for China [Jan.14]

Distribution of *SAINT SEIYA Zodiac Brave* app game for Taiwan and Korea [Jan.29]

Release of *Dragonball Z Resurrection 'F'* in England [Jan.20]

Holding *ONE PIECE* marathon in Taiwan [Jan.31]

Distribution of *Robot Girls Z* app game (iOS/Android) for Asia and China [January]

Release of *SAINT SEIYA LEGEND of SANCTUARY* in China [Feb.26]

Distribution of *DRAGON BALL Z DOKKAN BATTLE* app game for China [Mar.28]

Scheduled distribution of *SAINT SEIYA Zodiac Brave* app game for Hong Kong and Macau [Apr.12]

Holding *SEINT SAIYA PEGASUS SYMPHONY* in France [April]

Holding *SEINT SAIYA PEGASUS SYMPHONY* in Spain [July]

Scheduled distribution of *DRAGON BALL Z* CMGE version app game for China [2016]

Scheduled distribution of *DRAGON BALL Z* Yesgames version app game for China [2016]

Release of *Sailormoon Crystal* DVD/BD for North America [2016]

Global release of *ONE PIECE FILM GOLD* [2016]

Scheduled distribution of *ONE PIECE* Yesgames version app game for China [2016]

## Topics

### Development of *ONE PIECE*



#### ■ *ONE PIECE FILM GOLD*

- To be released on July 23 in Japan
- Planning release/online distribution mainly in regions where the title is more popular

#### ■ App Game *ONE PIECE TREASURE CRUISE*

- Planning to expand areas for online distribution in regions such as North America, Europe, and Southeast Asia



### Business in China

#### ■ Online Distribution Business

- online distribution of multiple titles of *ONE PIECE*, etc. is going to stabilize
- Stronger crackdown on titles that may influence minors in China (our company's titles are not included)



#### ■ App Games

- New contracts for app games will decline from the preceding fiscal year.
- Development of *Robot Girls Z for Asia*, *ONE PIECE* on CMGE and *SAINT SEIYA Zodiac Brave* was started in January
- Distribution of *DRAGON BALL Z DOKKAN BATTLE* Ranked 3rd in the top sales ranking of apps
- We plan to develop *ONE PIECE* on Yesgames in 2016

FY16.3  
4Q

FY17.3  
1Q

FY17.3  
2Q~

# Initiatives Aimed for Medium and Long-Term Growth

## Promoting projects for planning/ producing new film titles

- Original CG project following up on *Expelled from paradise*, “KADO: The Right Answer” is being planned.



- Original feature-length anime project “POPIN Q” is scheduled to be released in this winter



- Multiple other planning/production projects are in progress.

## Strategic investment in planning/production to accelerate growth

- Reconstruction of Oizumi Studio is scheduled to be completed in the summer of 2017



- Production of pilot movies to create the seeds of hit titles that will support future growth
- Measures to improve processes related to the production of products and administrative work
- Development of new video technology (development of rendering technology, various development projects for CG TV series)

## Preparation of a system led by personnel working on site that supports the creation of business

- Continue Reshuffling personnel to vitalize vertical and horizontal cooperation and help cultivate business producers
- Conduct active personnel reshuffle, and introduce an education, training, and cultivation system
- Inauguration of a new department, Business Development Department for enhancing the accuracy and integrity of accounting operations
- Introduce incentive scheme (president's award)
- Transform proposals for cross-department projects into actual projects in order to consider the growth strategy for the future



\*Photo of presentation of the policy for the new fiscal year in April

# About Dividend

## Plan for year-end Dividend

**FY2016.3**

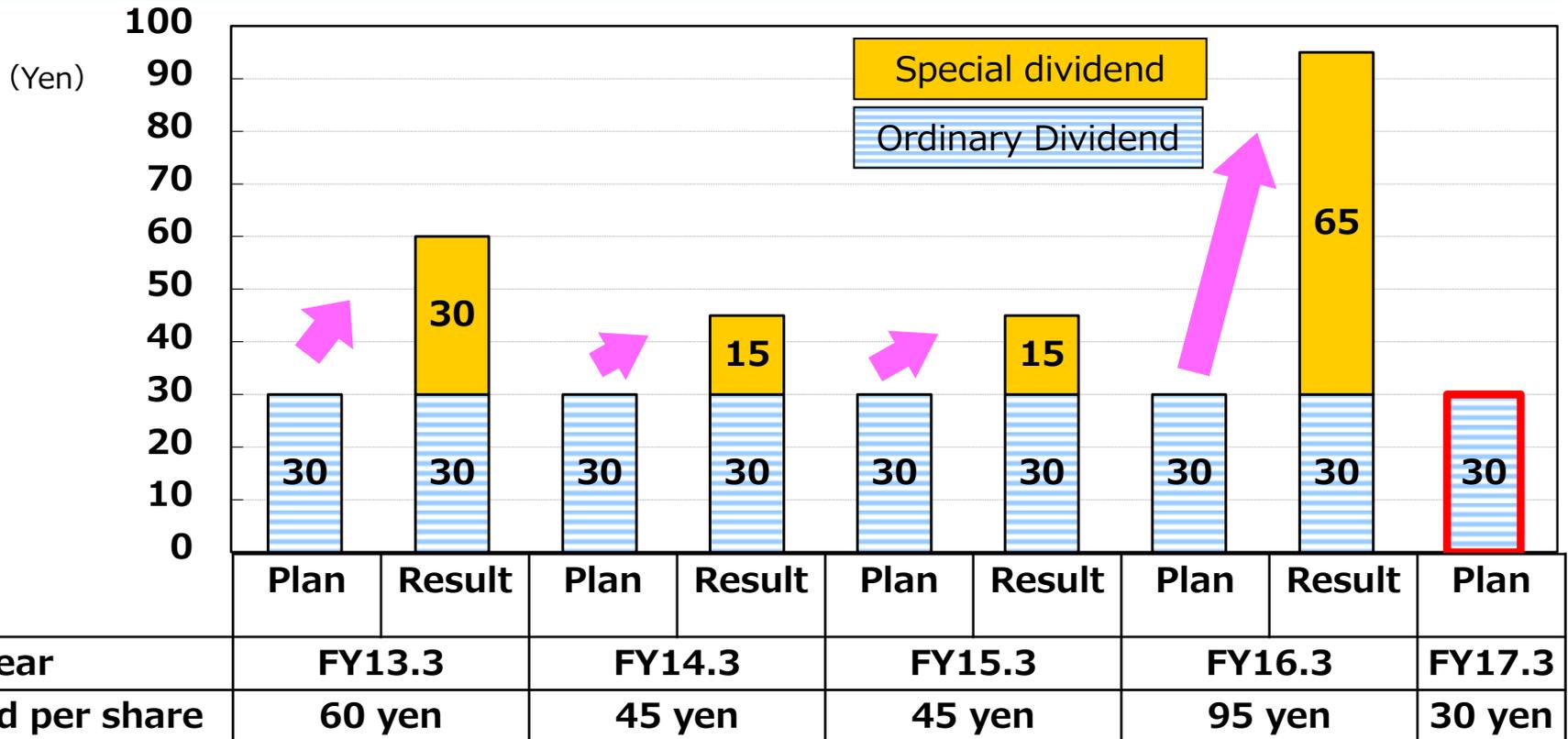
¥95 per share

(Ordinary Dividend ¥30 + **Special and Anniversary Dividend ¥65**)

**FY2017.3**

Ordinary Dividend Planned: ¥30+ per share

(in consideration of actual results; special dividend)



# Reference (1) Lineup of Titles Being Broadcast



SUN at 8:30am on ABC/TV Asahi Network  
*Witchy Pretty Cure!*



SUN at 9:00am on Fuji TV et al.  
*ONE PIECE*



SUN at 9:30am on Fuji TV et al.  
*Dragon Ball Super*



TOKYO MX and others  
*Sailormoon Crystal*

# Reference (2) Title Scheduled for Broadcast in FY2017.3



***Tiger Mask(tentative)***

# Reference (3) Movies Scheduled for Release



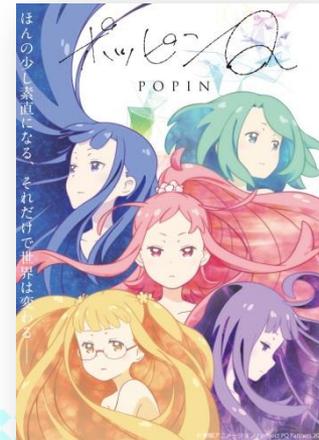
**ONE PIECE FILM GOLD**  
To be released on July 23, 2016



**Digimon Adventure tri. Chapter 3**  
To be put on theaters on September 24, 2016



**Witchy Pretty Cure! the Movie(tentative)**  
To be released in fall 2016



**POPIN Q**  
To be released in this winter