

TOEI ANIMATION CO., LTD

Jan 29, 2016

For FY Ended December 31, 2015 (April 1, 2015 to December 31, 2015)



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

まほう
魔法つかい
プリキュア!
MAHO GIRLS PRECURE!

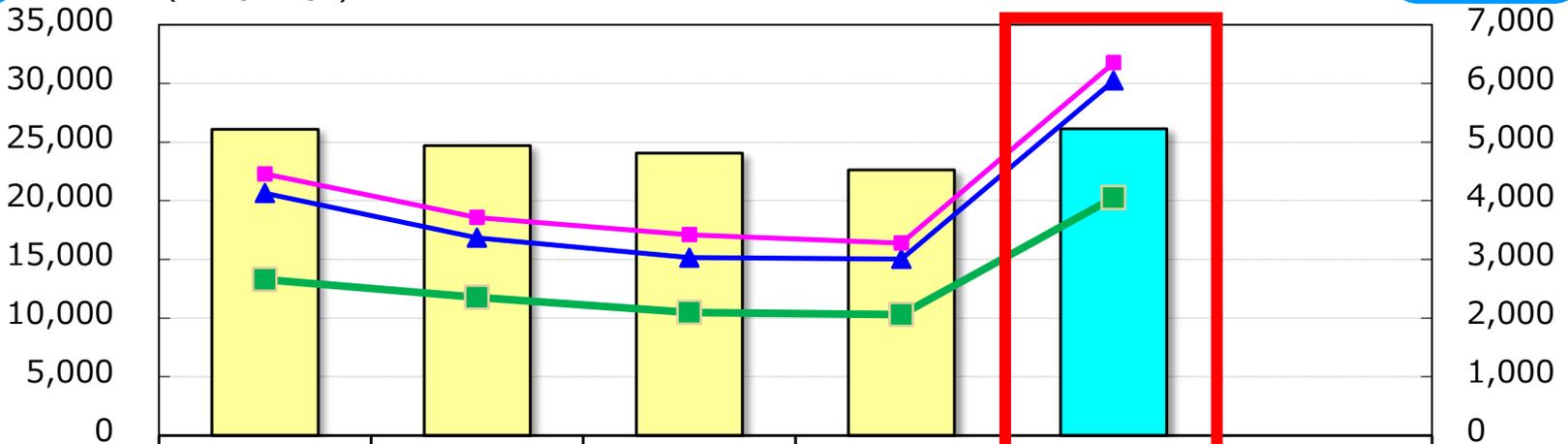
FY2016.3 Third Quarter Results – Consolidated

- As a third quarter results, net sales and each income hit a record high.
- Despite a slight decline in sales in the domestic segment, overall sales increased significantly because the overseas segment performed very well.
- Profit increased significantly, driven by the expansion of the highly profitable overseas segment.

Net Sales

(Million Yen)

Income



	FY2012.3 3Q	FY2013.3 3Q	FY2014.3 3Q	FY2015.3 3Q	FY2016.3 3Q	% v.s. prior year
Net Sales	26,108	24,708	24,067	22,639	26,144	15.5%
Cost of Sales	18,905	17,900	17,283	15,413	16,128	4.6%
SG&A	3,073	3,436	3,753	4,217	3,965	-6.0%
Operating Income	4,129	3,370	3,030	3,008	6,050	101.1%
Ordinary Income	4,456	3,716	3,421	3,280	6,354	93.7%
Net Income	2,655	2,351	2,097	2,057	4,054	97.1%

FY2016.3 3Q Results Segment Breakdown –Consolidated

(Million Yen)		FY2015.3 3Q	FY2016.3 3Q	% v.s. prior year
FILM	Net Sales	10,155	10,735	5.7%
	Segment Income	1,081	2,534	134.4%
Licensing	Net Sales	7,804	10,829	38.8%
	Segment Income	3,146	4,825	53.3%
Sales of Goods	Net Sales	3,733	3,711	-0.6%
	Segment Income	111	9	-91.4%
Others	Net Sales	1,060	994	-6.2%
	Segment Income	107	15	-85.8%
TOTAL	Net Sales	22,639	26,144	15.5%
	Operating Income	3,008	6,050	101.1%

*Numbers for each segment includes intra-company sales.

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

(Million Yen)		FY15.3 3Q	FY16.3 3Q
Net Sales		22,639	26,144
Operating Income		3,008	6,050
Film		10,155	10,735
	Movies	538	727
	TVs	3,104	2,320
	DVDs	1,119	892
	Overseas	3,132	5,286
	Others	2,261	1,509
Licensing		7,804	10,829
	Japan	6,088	6,902
	Overseas	1,715	3,926
Sales of Goods		3,733	3,711
Others		1,060	994

Film (↗ 5.7% year on year)

- In Movies, revenues rose sharply, backed by the hit movie *DRAGON BALL Z Resurrection 'F'* and *Digimon Adventure tri*.
- 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 DVD similar to that of *ONE PIECE* 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.
- In the Others segment, revenues fell sharply partly due to the effect of terminating the service for the social game *SAINT SEIYA Galaxy Card Battle* in October, in addition to the weaker performance of social games and browser games, etc. compared with the same period of the previous year.

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

FY2016.3 3Q Results Segment Analysis (2)

(Licensing/Sales of Goods/Others)

(Million Yen)		FY15.3 3Q	FY16.3 3Q
Net Sales		22,639	26,144
Operating Income		3,008	6,050
Film		10,155	10,735
	Movies	538	727
	TVs	3,104	2,320
	DVDs	1,119	892
	Overseas	3,132	5,286
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	Overseas	1,715	3,926
Sales of Goods		3,733	3,711
Others		1,060	994

Licensing (↑ 38.8% year on year)

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

Sales of Goods (→ 0.6% year on year)

- Revenues suffered a reactionary fall following the overseas event product sales in the same period of the previous year, despite the expansion of the shop business and firm sales of products related to the *DRAGON BALL* series.

Others (↘ 6.2% 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 Third Quarter Results Review

(Million Yen)	FY15.3 3Q	FY16.3 3Q	+ -	% v.s. prior year
Net Sales	22,639	26,144	3,505	15.5%
Costs of Sales	15,413	16,128	715	4.6%
Gross Profit	7,226	10,015	2,789	38.6%
SG & A	4,217	3,965	-251	-6.0%
Operating Income	3,008	6,050	3,041	101.1%
Non-Operating Income	323	359	36	11.1%
Non-Operating Expense	51	55	3	6.1%
Ordinary Income	3,280	6,354	3,074	93.7%
Extraordinary Gain and Loss	-	-220	-220	-
Net Income before tax	3,280	6,134	2,854	87.0%
Income Taxes	1,174	1,978	804	68.5%
Income Taxes Adjustment	48	101	52	108.2%
Minority Interest	-	-	-	-
Net Income	2,057	4,054	1,996	97.1%

Net Sales

- Businesses with sharp increases in revenues
 - Licensing Overseas[2,210] ⇒
 - Film Overseas[2,154] ⇒
 - Licensing Japan[814] ⇒
 - Movies[188]
- Businesses with significant declines in revenues
 - TVs [-784] ⇒
 - Film Others[-751] ⇒
 - DVDs[-226]

Cost of Sales / Gross Profit

- The cost rate was improved to 61.7% (from 68.1% in 3Q of the previous FY)
 - The ratio of sales of the overseas segment with a low cost rate increased to 34.9% (from 23.0% in 3Q of the previous fiscal year)
 - Because of the success of *Dragon Ball Z Resurrection 'F'* and *Digimon Adventure tri.*, the cost rate of films was improved.

SG&A

- SG&A[-251]
 - Depreciation and amortization[-347] (from 460 in the previous FY to 113 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[-134] (from 432 in the previous FY to 298 in the current FY)
 - Commission paid[-67](from 461 in the previous FY to 393 in the current FY)

Extraordinary Gain and Loss

- Extraordinary loss[220]
Cost for demolishing Oizumi Studio

Progress toward Earnings Estimates for FY2016.3

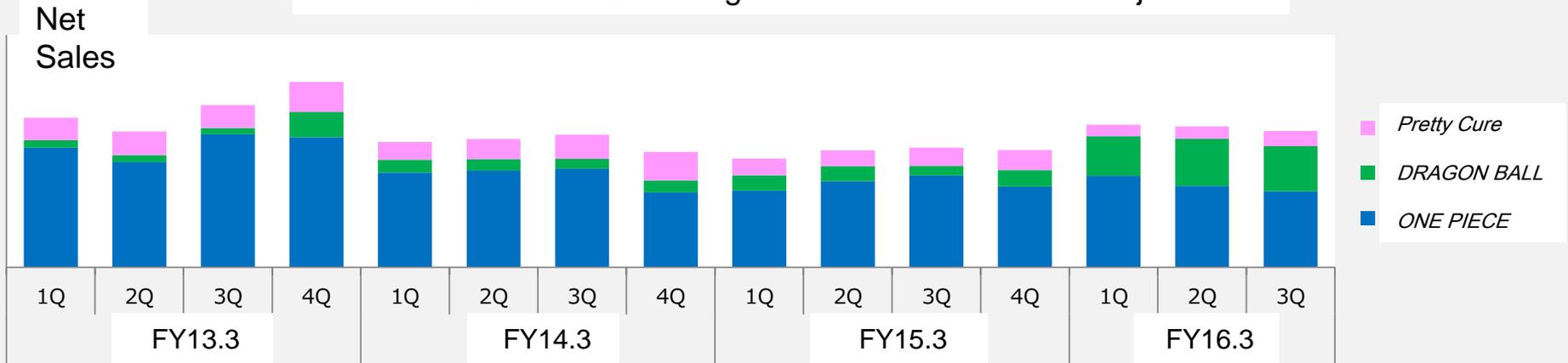
(Million Yen)	FY15.3 3Q	FY16.3 3Q	FY16.3 Initial estimates(full year) Disclosed on May 14, 2015		FY16.3 Revised estimates(full year) Disclosed on October 27, 2015	
			Estimates	Progress	Estimates	Progress
Net Sales	22,639	26,144	27,500	95.1%	32,500	80.4%
Operating Income	3,008	6,050	3,000	201.7%	6,800	89.0%
Ordinary Income	3,280	6,354	3,200	198.6%	7,000	90.8%
Net Income	2,057	4,054	1,900	213.4%	4,600	88.1%
Film	10,155	10,735	12,500	85.9%		
Movies	538	727	1,000	72.7%		
TVs	3,104	2,320	2,400	96.7%		
DVDs	1,119	892	1,100	81.2%		
Overseas	3,132	5,286	5,900	89.6%		
Others	2,261	1,509	2,100	71.9%		
Licensing	7,804	10,829	8,700	124.5%		
Japan	6,088	6,902	7,000	98.6%		
Overseas	1,715	3,926	1,700	231.0%		
Sales of Goods	3,733	3,711	4,900	75.7%		
Others	1,060	994	1,400	71.0%		

* The figures for each segment include intra-company sales

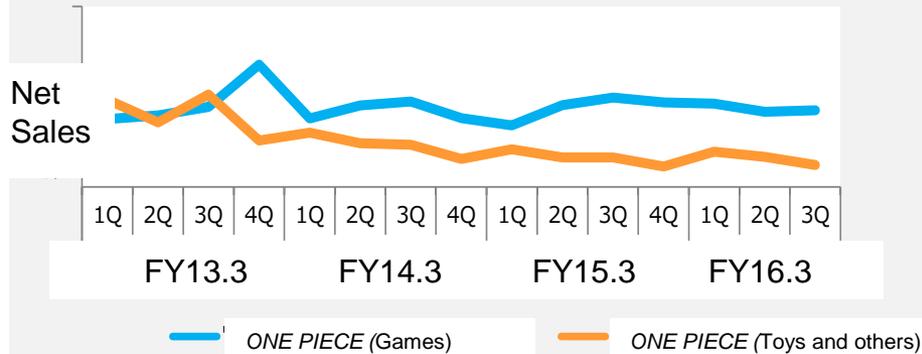
Trends in Domestic Licensing for Major Titles

- Revenues from gaming rights (home-use gaming rights and app gaming rights) of *DRAGON BALL* grew continually.
- Revenues from *ONE PIECE* seem to have bottomed out.
- Revenues from *Pretty Cure* remained weak.

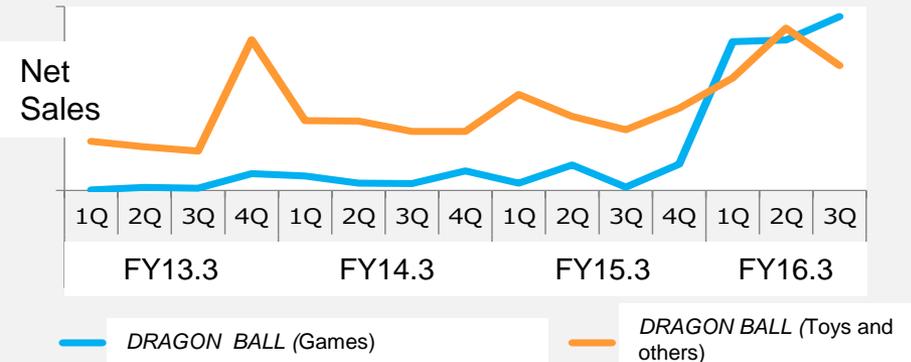
Trends in Domestic Licensing Revenues for the Three Major Titles



Trends in Domestic Licensing Revenues for *ONE PIECE*



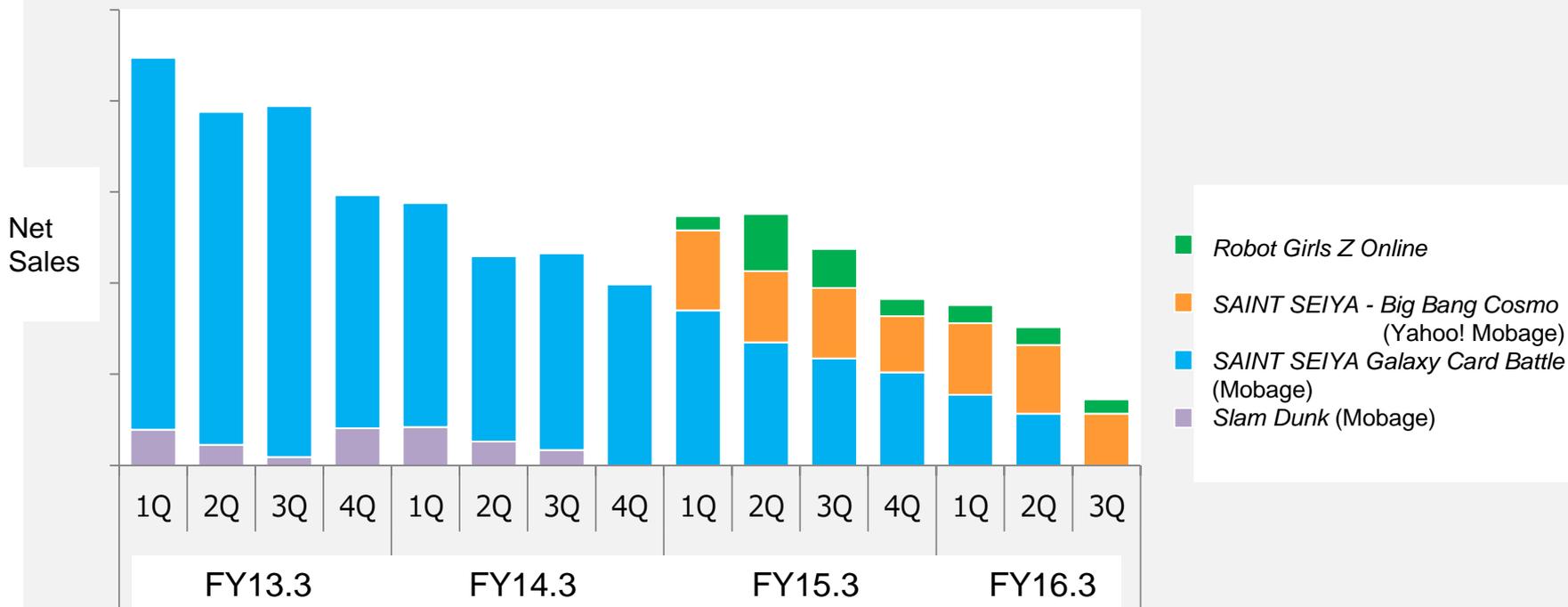
Trends in Domestic Licensing Revenues for *DRAGON BALL*



Trends in Domestic Social Games and Browser Games

- Social game *SAINT SEIYA Galaxy Card Battle* was terminated on October 30, 2015.
- Overall business revenue is on the decrease.

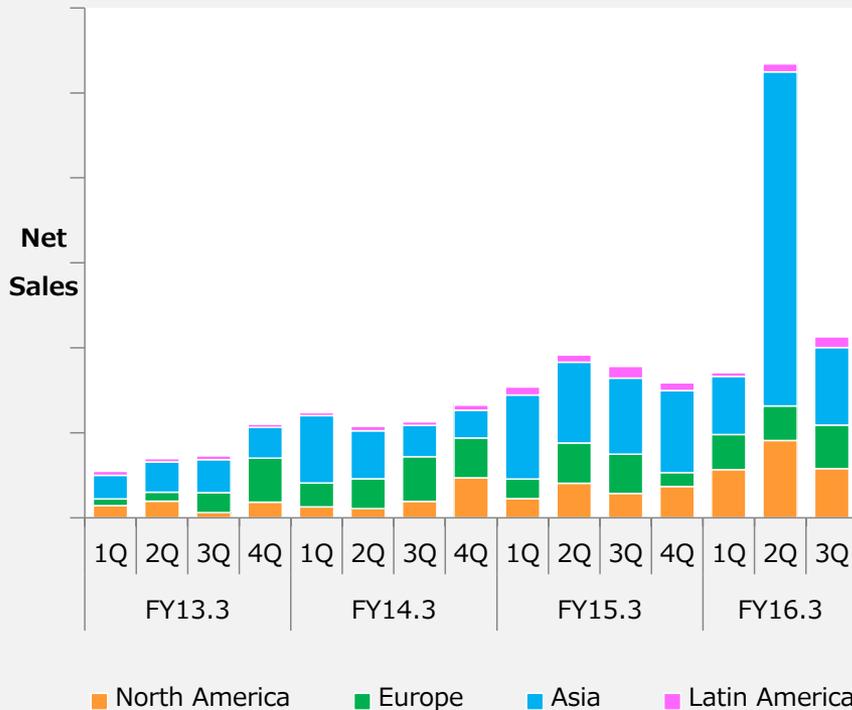
Trends in Net Sales of Domestic Social Games and Browser Games Featuring Major Titles



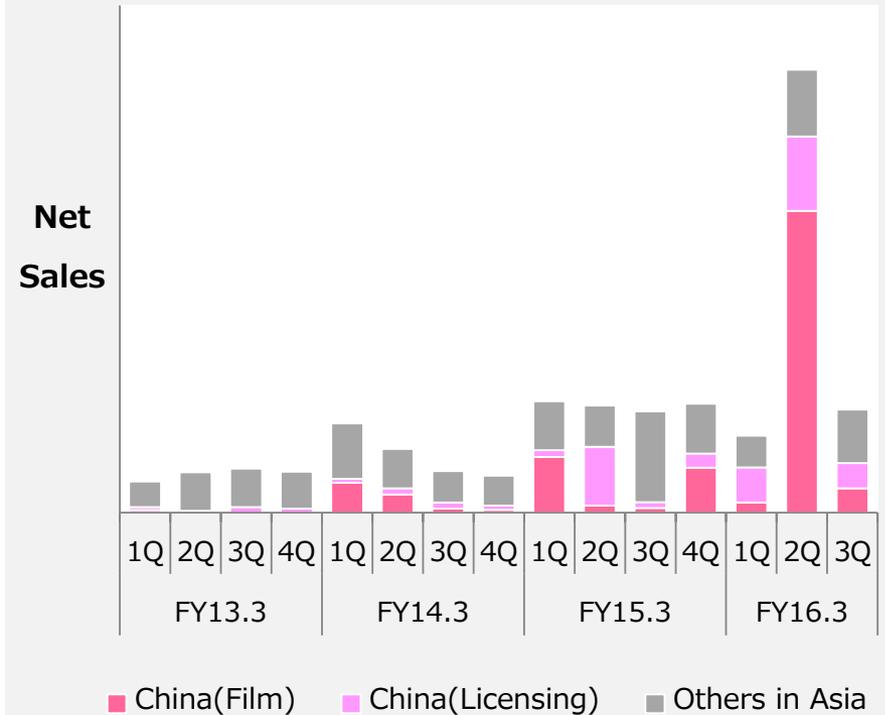
Trends in the Overseas Segment

- Business in Asia remained strong, thanks to the sales of online distribution licensing and app gaming rights for China.
- Business in North America continued to enjoy strong sales of online distribution licensing and home-use gaming rights for *DRAGON BALL*.
- There is concern about changes in international affairs and the regulation of content in the Chinese market.

Trends in Net Sales of Overseas Segment



Breakdown of Net Sales in Asia



Future Initiatives <Domestic>

Schedule(Domestic)

Film Licensing
Sales of Goods Others

FY16.3 3Q	Start of broadcast of <i>YOUNG KINDAICHI'S CASE BOOK R</i> [Oct.3]
	Release of <i>Go! Princess Pretty Cure the Movie: Go! Go! Gorgeous Triple Feature!</i> [Oct.31]
	DRAGON BALL Super McDonald's Happy Set [Nov.6]
	Digital card game DRAGON BALL Heros GDM-5 [Nov.19]
	Digimon Adventure tri. Chapter 1 on theaters[Nov.21]
FY16.3 4Q	Release of Blu-ray and DVD of <i>Digimon Adventure tri. Chapter 1</i> [Dec.18]
	Broadcast of <i>ONE PIECE TVSP ~Adventure of Nebulandia~</i> [Dec.19]
	Release of DRAGON BALL IC Carddass second booster [Dec.19]
	App game <i>SAINT SEIYA Zodiac Brave</i> [this winter]
	Start of broadcast <i>Witchy Pretty Cure!</i> [Feb.7]
FY17.3 1Q~	Digimon Adventure tri. Chapter 2 to be put on theaters [Mar.12]
	PSVita <i>Digimon World next Order</i> [Mar.17]
	Release of <i>Pretty Cure All Stars Sing Together ♪ Miracle Magic!</i> [Mar.19]
	PS4/PSVita ONE PIECE BURNING BLOOD [Apr.21]
	Start of the third phase of <i>Sailormoon Crystal</i> [this spring]
	Holding of the 30th Anniversary Exhibition of <i>SAINT SEIYA</i> [June]
	Digimon Adventure tri. Chapter 3 to be put on theaters [this summer]
Release of ONE PIECE FILM GOLD [Jul.23]	
App game ONE PIECE THOUSAND STORM [2016]	
App game Digimon Linkz [2016]	

Topics

Development of *Dragon Ball series*

■ TV **DRAGON BALL Super**

-New chapter "God of Destruction Champa" saga began in January.

-Active development of merchandising (card game, toy, etc.) and campaign.

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

-More than 25 million downloads for iOS and Android



Development of *ONE PIECE series*

■ 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)

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)

-The second chapter is to be released on March 12, followed by the third chapter this summer.

■ Scheduled to start online distribution of app game *Digimon Linkz* in 2016

■ Development of other goods



Future Initiatives <Overseas>

Schedule(Overseas)

Film Licensing
Sales of Goods Others

FY16.3 3Q	Distribution of <i>ONE PIECE TREASURE CRUISE</i> app game for Thailand [October]
	Release of <i>Dragonball Z Resurrection 'F'</i> in Korea [October]
	Release of <i>Dragonball Z Resurrection 'F'</i> DVD/BD for North America and Mexico [October]
	Release of <i>Dragonball Z Resurrection 'F'</i> in Spain [November]
	Release of <i>Dragon Ball Z Resurrection 'F'</i> in the former Yugoslavia countries (four countries) [November]
FY16.3 4Q	Distribution of <i>Digimon Soul Chaser</i> app game for Korea [December]
	Holding <i>ONE PIECE</i> carnival in Taiwan [Dec.30 - Mar.29]
	Scheduled distribution of <i>DRAGON BALL Z DOKKAN BATTLE</i> app game for China [January]
	Scheduled distribution of <i>SAINT SEIYA Zodiac Brave</i> app game for Taiwan and Korea [January]
	Scheduled localization of <i>Digimon Crusader</i> (iOS/Android) app game for Europe and North America[January]
	Scheduled distribution of <i>Robot Girls Z</i> app game (iOS/Android) for Asia and China [January]
	Scheduled distribution of <i>ONE PIECE</i> CMGE version app game for China [Jan.30]
FY17.3 1Q~	Scheduled distribution of <i>ONE PIECE</i> Yesgames version app game for China [February]
	Scheduled localization of <i>Digimon Crusader</i> (iOS/Android) app game for Asia [this spring]
	Scheduled distribution of <i>DRAGON BALL Z</i> CMGE version app game for China [2016]
	Scheduled distribution of <i>DRAGON BALL Z</i> Yesgames version app game for China [2016]
	Release of <i>Sailormoon Crystal</i> DVD/BD for North America [2016]

Topics

Development of *Dragon Ball* series

- Movie *Dragon Ball Z Resurrection 'F'***
 - Box office revenues worldwide (45 countries including Japan): 7.7 billion yen
 - More than 1 billion yen in North America (about 3 times more than the previous title)
 - This film ranks 9th among all Japanese animation films that have been released in the US
 - Ranked 1st in the US in terms of daily average
 - Release of DVD/BD for North America and Mexico
- App game *DRAGON BALL Z DOKKAN BATTLE***
 - To be localized for Europe and Asia as needed



Business in China

Online Distribution Business

- We also enjoyed favorable operations of online distribution of multiple titles of *ONE PIECE*, etc. in the present period
- Stronger crackdown on titles that may influence minors in China (our company's titles are not included)



App Games

- Development of *DRAGON BALL Z DOKKAN BATTLE* is scheduled to start in January
- Development of *Robot Girls Z for Asia and China* is scheduled to start in January
- Development of SA, Yesgames is scheduled to start in 2016
- We plan to develop *Digimon Crusader* in this spring



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" *Correct Answer for...*, is being planned.



- Original feature-length anime project "POPIN Q" started.



- We are currently making the Hollywood horror film *Haunted Temple* (tentative title) (we are also in charge of visual effects)
- 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
- Promote a revamping project for business management to respond to changes in the business environment and 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



*Presentation of results of the third project team.

Reference (1) Lineup of Titles Being Broadcast / Distributed



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 6:30am on TV Asahi network
World Trigger



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



SAT at 5:30pm on YTV/NTV
YOUNG KINDAICHI'S CASE BOOK R (Returns)

Reference (2) Movies Scheduled for Release



**Pretty Cure All Stars
Sing Together ♪ Miracle Magic!**
To be released on March 19, 2016



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