

# TOEI ANIMATION CO., LTD

For FY Ended September 30, 2015 (April 1, 2015 to September 30, 2015)



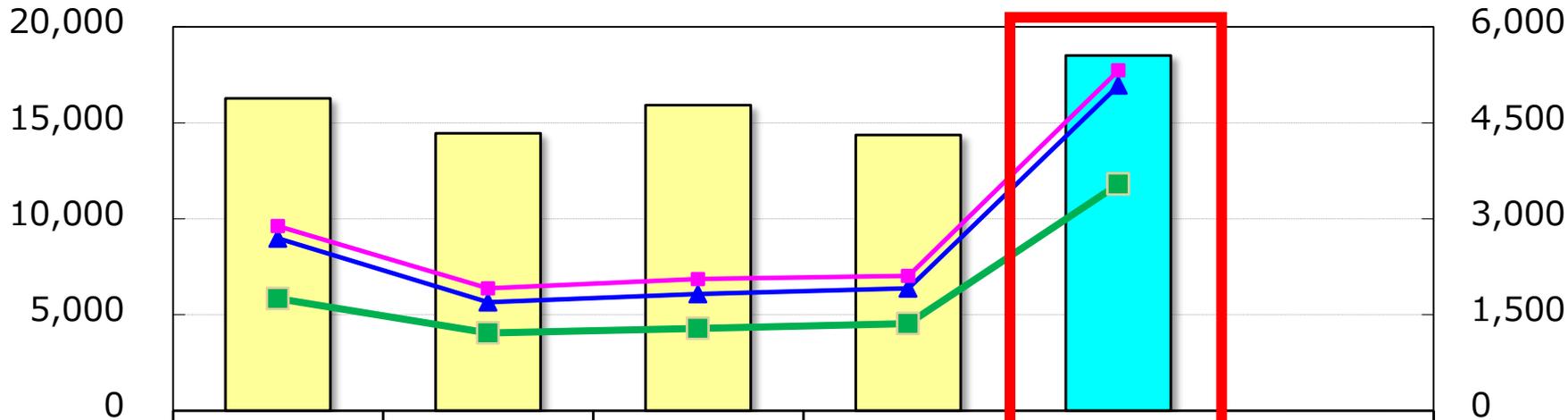
Go! Princess Pretty Cure  
 the Movie: Go! Go!! Gorgeous  
 Triple Feature!!!  
 Showing at Theaters  
 From Oct. 31<sup>st</sup>, 2015

# FY2016.3 Second Quarter Results – Consolidated

- As a second quarter results, net sales and each income hit a record high.
- Both the domestic and the overseas segment continued to perform well, resulting in a substantial increase in overall sales.
- Profit increased significantly, driven by the expansion of the highly profitable overseas segment.

## Net Sales ( Million Yen )

## Income



	FY2012.3 2Q	FY2013.3 2Q	FY2014.3 2Q	FY2015.3 2Q	FY2016.3 2Q	% v.s. prior year
Net Sales	16,276	14,467	15,920	14,373	18,519	28.8%
Cost of Sales	11,592	10,451	11,551	9,704	10,838	11.7%
SG&A	1,989	2,321	2,546	2,757	2,596	-5.8%
Operating Income	2,693	1,694	1,822	1,911	5,085	166.0%
Ordinary Income	2,884	1,911	2,059	2,106	5,320	152.5%
Net Income	1,749	1,216	1,286	1,360	3,541	160.3%

# FY2016.3 2Q Results Segment Breakdown – Consolidated

(Million Yen)		FY2015.3 2Q	FY2016.3 2Q	% v.s. prior year
FILM	Net Sales	6,633	7,869	18.6%
	Segment Income	735	2,604	254.2%
Licensing	Net Sales	4,843	7,526	55.4%
	Segment Income	2,012	3,357	66.8%
Sales of Goods	Net Sales	2,157	2,357	9.2%
	Segment Income	31	-1	-104.9%
Others	Net Sales	828	862	4.0%
	Segment Income	91	27	-70.0%
TOTAL	Net Sales	14,373	18,519	28.8%
	Operating Income	1,911	5,085	166.0%

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

# FY2016.3 2Q Results Segment Analysis (1) (Film)

(Million Yen)		FY15.3 2Q	FY16.3 2Q
<b>Net Sales</b>		<b>14,373</b>	<b>18,519</b>
<b>Operating Income</b>		<b>1,911</b>	<b>5,085</b>
<b>Film</b>		<b>6,633</b>	<b>7,869</b>
	<b>Movies</b>	<b>119</b>	<b>317</b>
	<b>TVs</b>	<b>2,167</b>	<b>1,537</b>
	<b>DVDs</b>	<b>561</b>	<b>521</b>
	<b>Overseas</b>	<b>2,208</b>	<b>4,329</b>
	<b>Others</b>	<b>1,577</b>	<b>1,163</b>
<b>Licensing</b>		<b>4,843</b>	<b>7,526</b>
	<b>Japan</b>	<b>3,641</b>	<b>4,808</b>
	<b>Overseas</b>	<b>1,202</b>	<b>2,717</b>
<b>Sales of Goods</b>		<b>2,157</b>	<b>2,357</b>
<b>Others</b>		<b>828</b>	<b>862</b>

## Film ( 18.6% year on year)

- In Movies, revenues rose sharply, backed by the hit movie *DRAGON BALL Z Resurrection 'F'* released in April.
- In TV Anime, revenues fell sharply due to a decrease in the number of titles aired or distributed (from eight to seven).
- In DVDs, revenues fell. Although sales of the *DIGIMON ADVENTURE* Blu-ray were strong, sales of the other titles were generally weak.
- In the Overseas segment, revenues jumped significantly, reflecting the large-scale online distribution licensing deals of multiple titles in China and strong sales of the *DRAGON BALL* series in North America.
- In the Others segment, revenues fell sharply due to the weak performance of the social game *SAINT SEIYA Galaxy Card Battle*, the browser game *SAINT SEIYA - Big Bang Cosmo*, and other games.

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

# FY2016.3 2Q Results Segment Analysis (2)

## (Licensing/Sales of Goods/Others)

(Million Yen)		FY15.3 2Q	FY16.3 2Q
<b>Net Sales</b>		<b>14,373</b>	<b>18,519</b>
<b>Operating Income</b>		<b>1,911</b>	<b>5,085</b>
<b>Film</b>		<b>6,633</b>	<b>7,869</b>
	<b>Movies</b>	<b>119</b>	<b>317</b>
	<b>TVs</b>	<b>2,167</b>	<b>1,537</b>
	<b>DVDs</b>	<b>561</b>	<b>521</b>
	<b>Overseas</b>	<b>2,208</b>	<b>4,329</b>
	<b>Others</b>	<b>1,577</b>	<b>1,163</b>
<b>Licensing</b>		<b>4,843</b>	<b>7,526</b>
	<b>Japan</b>	<b>3,641</b>	<b>4,808</b>
	<b>Overseas</b>	<b>1,202</b>	<b>2,717</b>
<b>Sales of Goods</b>		<b>2,157</b>	<b>2,357</b>
<b>Others</b>		<b>828</b>	<b>862</b>

### Licensing (↑ 55.4% year on year)

- In domestic licensing, revenues rose sharply, reflecting large licensing deals for game machines in multiple works, and 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 games in the US and Europe.

### Sales of Goods (↗ 9.2% year on year)

- Although revenues increased compared to the same period of the previous year due to the expansion of tie-ups, promotions, and shop business following the theater release of *DRAGON BALL Z Resurrection 'F'*, costs related to new stores increased.

### Others (↗ 4.0% year on year)

- Although revenues rose sharply due to the favorable operation of *DR.SLUMP-ARALE-* events, planning and production costs for events increased.

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

# FY2016.3 Second Quarter Results Review

(Million Yen)	FY15.3 2Q	FY16.3 2Q	+ -	% v.s. Prior year
Net Sales	14,373	18,519	4,146	28.8%
Costs of Sales	9,704	10,838	1,134	11.7%
Gross Profit	4,668	7,681	3,012	64.5%
SG & A	2,757	2,596	-161	-5.8%
Operating Income	1,911	5,085	3,173	166.0%
Non-Operating Income	215	263	47	22.1%
Non-Operating Expense	20	27	7	35.9%
Ordinary Income	2,106	5,320	3,213	152.5%
Extraordinary Gain and Loss	-	-220	-220	-
Net Income before tax	2,106	5,100	2,993	142.1%
Income Taxes	777	1,518	740	95.3%
Income Taxes Adjustment	-30	41	72	-235.3%
Minority Interest	-	-	-	-
Net Income	1,360	3,541	2,180	160.3%

## Net Sales

- Businesses with sharp increases in revenues
  - 1) Film Overseas[2,121] ⇒ 2) Licensing Overseas[1,515] ⇒ 3) Licensing Japan[1,167]
- Businesses with significant declines in revenues
  - 1) TVs[-629] ⇒ 2) Film Others[-413] ⇒ 3) DVDs[-39]

## Cost of Sales / Gross Profit

- The cost rate was improved to 58.5% (from 67.5% in 2Q of the previous FY)
  - 1) The ratio of sales of the overseas segment with a low cost rate increased to 37.9% (from 23.9% in 2Q of the previous fiscal year)
  - 2) Because of the success of *Dragonball Z Resurrection 'F'*, the cost rate of films was improved.

## SG&A

- SG&A[-161]
  - 1) Depreciation and amortization [-252] (from 327 in the previous FY to 74 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.
  - 2) Advertising expenses [-107] (from 244 in the previous FY to 136 in the current FY)
  - 3) Commission paid [-57] (from 313 in the previous FY to 256 in the current FY)

## Extraordinary Gain and Loss

- Extraordinary loss [220]  
Cost for demolishing Oizumi Studio

# FY2016.3 Revised Estimates – Consolidated

(Million Yen)	First-half				Second-half			
	Previous estimates (Jul.31)	Revised estimates (Oct.27)	+ -	%	Previous estimates (Jul.31)	Revised estimates (Oct.27)	+ -	%
<b>Net Sales</b>	16,000	18,500	2,500	15.6%	14,000	14,000	0	0%
<b>Operating Income</b>	3,000	5,100	2,100	70.0%	1,200	1,700	500	41.7%
<b>Ordinary Income</b>	3,100	5,300	2,200	71.0%	1,200	1,700	500	41.7%
<b>Net Income</b>	1,900	3,500	1,600	84.2%	800	1,100	300	37.5%

	Full Year			
	Previous estimates (Jul.31)	Revised estimates (Oct.27)	+ -	%
<b>Net Sales</b>	30,000	32,500	2,500	8.3%
<b>Operating Income</b>	4,200	6,800	2,600	61.9%
<b>Ordinary Income</b>	4,300	7,000	2,700	62.8%
<b>Net Income</b>	2,700	4,600	1,900	70.4%

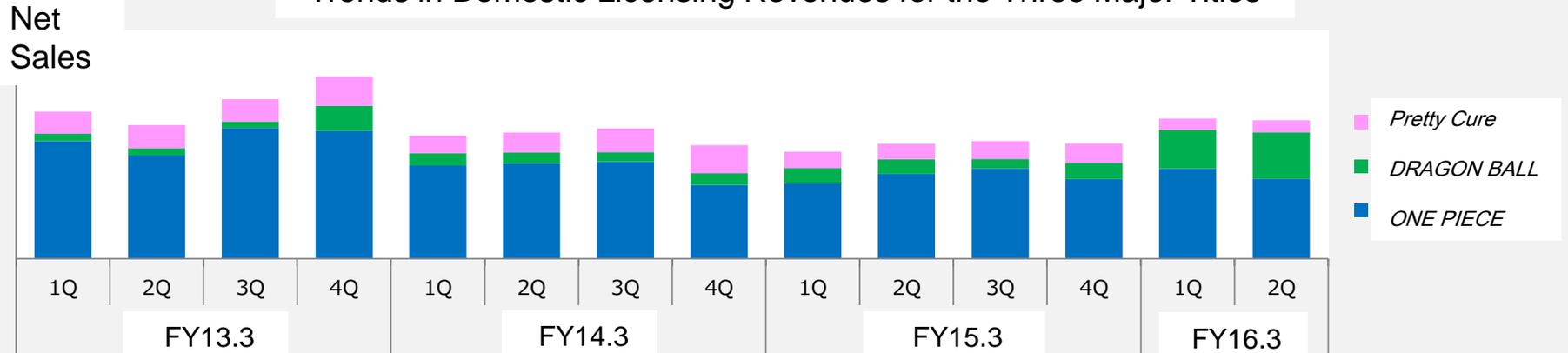
## 【Causes for upward revision of the earnings estimates for FY2016.3】

- Favorable operation of products related to *DRAGON BALL* series in Japan and abroad
- For China, sales of online distribution licensing and the *ONE PIECE* game were strong.
- As for profit, the cost rate was improved substantially, because the amount offset between sales of internal transactions with overseas subsidiaries and cost was larger than expected.

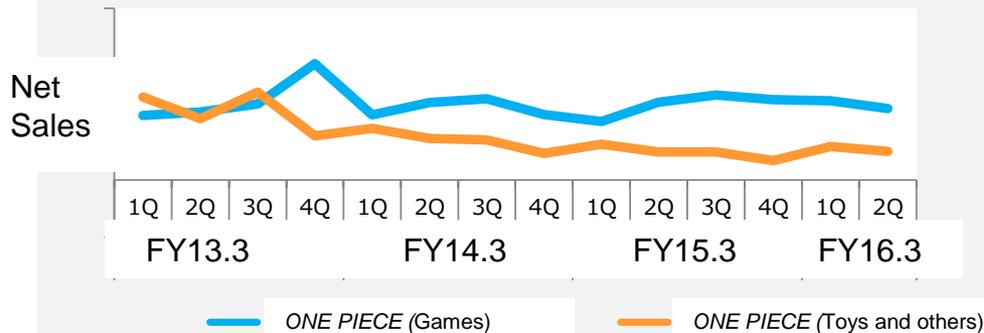
# Trends in Domestic Licensing for Major Titles

- Revenues from merchandising of *ONE PIECE* (toys, etc.) seem to have bottomed out.
- Revenues from app game/merchandising of *DRAGON BALL* increased rapidly.
- Revenues from *Pretty Cure* remained weak.

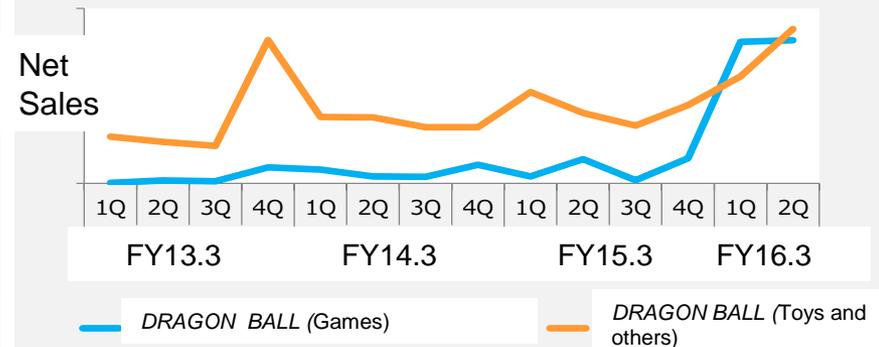
Trends in Domestic Licensing Revenues for the Three Major Titles



Trends in Domestic Licensing Revenues for *ONE PIECE*



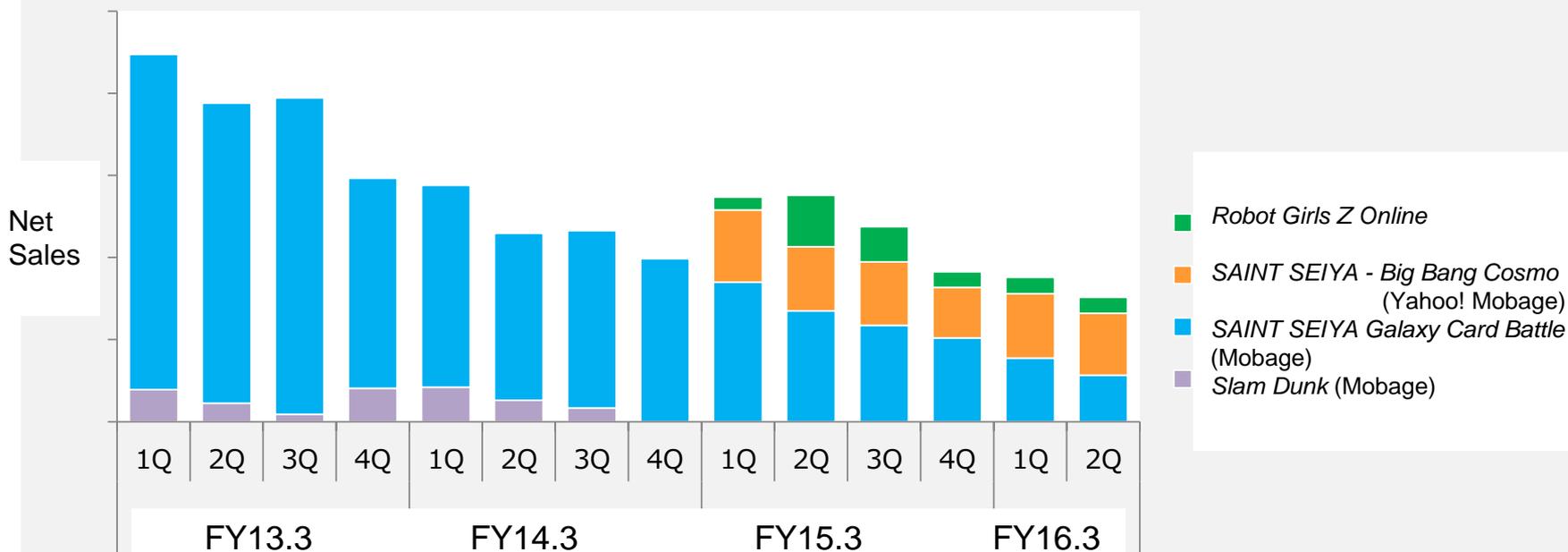
Trends in Domestic Licensing Revenues for *DRAGON BALL*



# 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.

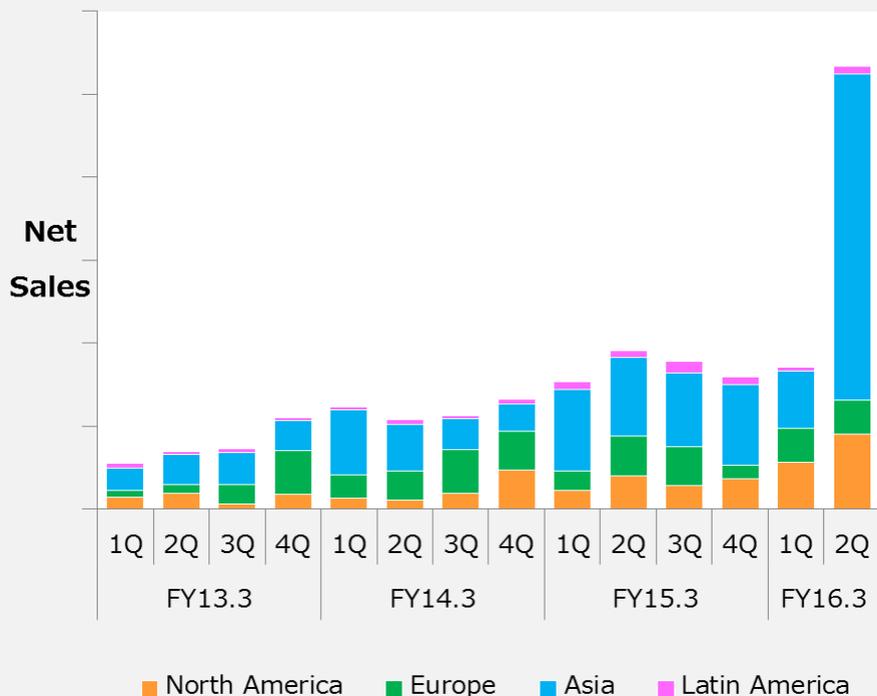
Trends in Net Sales of Domestic Social Games and Browser Games Featuring Major Titles



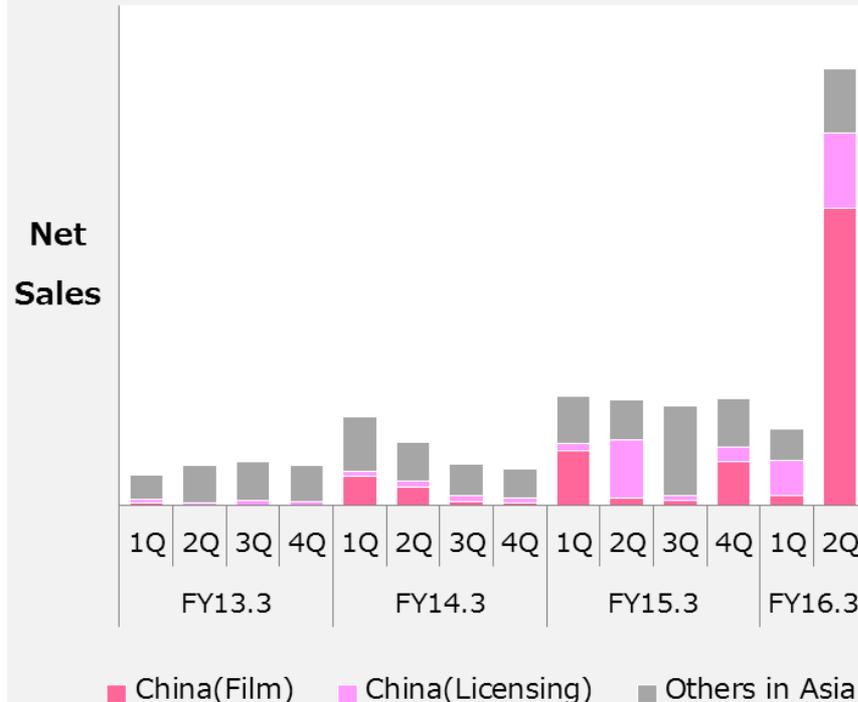
# Trends in the Overseas Film Segment

- 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 for the second half of the FY2016. 3

## Continue aggressive promotion of the multidimensional development of *DRAGON BALL*

### Domestic market

#### ■ *DRAGON BALL Super* TV series now airing

- Active development of merchandising and campaign

#### ■ Strong sales of app game

- *DRAGON BALL Z DOKKAN BATTLE*



### Overseas market

#### ■ Movie *Dragon Ball Z Resurrection 'F'*

- The box office revenues surpassed 7 billion yen worldwide including Japan.

#### ■ Localize app game marketed in Japan

- *DRAGON BALL Z DOKKAN BATTLE*  
Scheduled to begin in China in December



## Seeding period for release of the *ONE PIECE* FILM

### [ONE PIECE FILM]

#### ■ Set to be released in the summer of 2016

- The previous film, *ONE PIECE FILM Z*, recorded Toei's best box office revenues of 6.8 billion yen  
- For the release, we are preparing to merchandising, a campaign, and other measures.



### Developing games in Japan

#### ■ App game *ONE PIECE THOUSAND STORM*

- A new title to follow *ONE PIECE TREASURE CRUISE*

#### ■ Home-use game *ONE PIECE BURNING BLOOD*

- Scheduled to be released for PS4/PSVita in 2016

## Stabilize profit base for business in China

### Online distribution business

#### ■ Favorable operations

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



### App games

#### ■ Plan to introduce popular titles

*ONE PIECE*, *DRAGON BALL*, etc.

#### ■ Continue to strengthen development, including the introduction of new titles

### Strengthening licensing business

#### ■ Strengthening local affiliates in Asia

- Dispatching staff to handle operations in China  
- Strengthen the structure to transform licensing business (merchandising) into the primary source of revenue

# Future Initiatives for the FY2016. 3 Domestic

## Schedule(Domestic)

Film    Licensing  
Sales of Goods    Others

FY16.3 2Q	Release of Dragon Ball Z: Extreme Butoden(3DS)[Jun.11]
	Start of ONE PIECE: Real Escape Game 2nd (11 venues nationwide) [Jun.19-]
	USJ ONE PIECE premiere 2015 [Jul.3-Sep.30]
	Start of broadcast of New TV Series - Dragon Ball Super[Jul.5]
	Start of second part of ONE PIECE x Coca-Cola campaign [Jul.13]
	App game World Trigger Smush Borders [Jul. 23]
FY16.3 3Q	Broadcast of ONE PIECE TVSP Episode of Sabo: The Three Brother's Bond - The Miraculous Reunion and the Inherited Will [Aug.22]
	Release of DRAGON BALL IC Carddass first booster [September]
	PRETTY CURE PRETTY CAFÉ to be held at Nagoya Parco[Sep. 4 to Oct. 18]
	Release of DRAGON BALL Z Resurrection 'F' special limited edition Blu-ray [Oct.7]
	Release of DRAGON BALL DISCROSS 06 - ZENKAI BATTLE - [Middle of October]
FY16.3 4Q~	Release of Go! Princess Pretty Cure the Movie: Go! Go! Gorgeous Triple Feature! [Oct.31]
	Digital card game DRAGON BALL Heros GDM-5 [November]
	DRAGON BALL Super McDonald's Happy Set [Nov. 6]
	Digimon Adventure tri. to be put on theaters [Nov.21]
	App game Digimon Linkz [2015 fall]
	App game SAINT SEIYA Zodiac Brave [this winter]
	Release of the latest PRETTY CURE All Stars film [2016 spring]
ONE PIECE PS4/PSVita ONE PIECE BURNING BLOOD [2016]	
ONE PIECE app game ONE PIECE THOUSAND STORM [2016]	
Release of ONE PIECE FILM [2016 summer]	

## Topics

### Development of Dragon Ball series

#### ■ TV DRAGON BALL Super

- An all new original story broadcast on the Fuji Television Network
- Active development of merchandising (card game, toy, etc.) and campaign.



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

- More than 20 million downloads for iOS and Android

### Development of ONE PIECE series

#### ■ Release of ONE PIECE FILM set for the summer of 2016

- For the release, we are preparing to merchandising, a campaign, other measures.

#### ■ ONE PIECE THOUSAND STORM

- New RPG app game
- Scheduled to be released in 2016



### Development of Digimon series

#### ■ Digimon Adventure tri.

- On November 21, 2015, theater release and presale of limited theater-release Blu-ray edition and pre-pay-per-view online distribution will begin simultaneously
- Premier advance screening (October 23)

- Scheduled to start online distribution of app game Digimon Linkz in the autumn of 2015

- Development of other goods



# Future Initiatives for the FY2016. 3 Overseas

## Schedule(Overseas)

Film Licensing  
Sales of Goods Others

## Topics

### Development of *Dragon Ball* series

- Movie Dragon Ball Z Resurrection 'F'**
  - Box office revenues worldwide (including Japan): More than 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 *ONE PIECE* on CMGE, Yesgames is scheduled to start in November
- Development of *DRAGON BALL Z DOKKAN BATTLE* is scheduled to start in December
- We plan to develop *Robot Girls Z* for Asia and China

FY16.3 2Q	China: Starting simultaneous distribution of <i>Dragon Ball Super</i> [July]
	Release of <i>Dragon Ball Z Resurrection 'F'</i> in North America [August]
	Distribution of <i>ONE PIECE TREASURE CRUISE</i> app game for Taiwan [August]
	Release of <i>Dragon Ball Z Resurrection 'F'</i> in Italy, England and Ireland [September]
	Distribution of <i>DRAGON BALL Z DOKKAN BATTLE</i> app game for France [September]
FY16.3 3Q	Distribution of <i>ONE PIECE TREASURE CRUISE</i> app game for Thailand [October]
	Release of <i>Dragonball Z Resurrection 'F'</i> DVD/BD for North America and Mexico [October]
	Scheduled distribution of <i>ONE PIECE</i> CMGE version app game for China [November]
	Scheduled distribution of <i>ONE PIECE</i> Yesgames version app game for China [November]
	<i>ONE PIECE festival</i> scheduled to be held in Taiwan [December]
FY16.3 4Q~	Scheduled distribution of <i>DRAGON BALL Z DOKKAN BATTLE</i> app game for China [December]
	Localization of <i>Digimon Crusader</i> (iOS/Android) app game for Europe, North America, and Asia [in 2015]
	Scheduled distribution of <i>Robot Girls Z</i> app game (iOS/Android) for Asia and China [2015]
	Scheduled distribution of <i>SAINT SEIYA Zodiac Brave</i> app game for Taiwan and Korea [this fiscal year]
	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]

# 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 movie project *file(N): project PO* is being planned.



- 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.

# About Dividend

## Plan for year-end Dividend

**FY 2015.3**

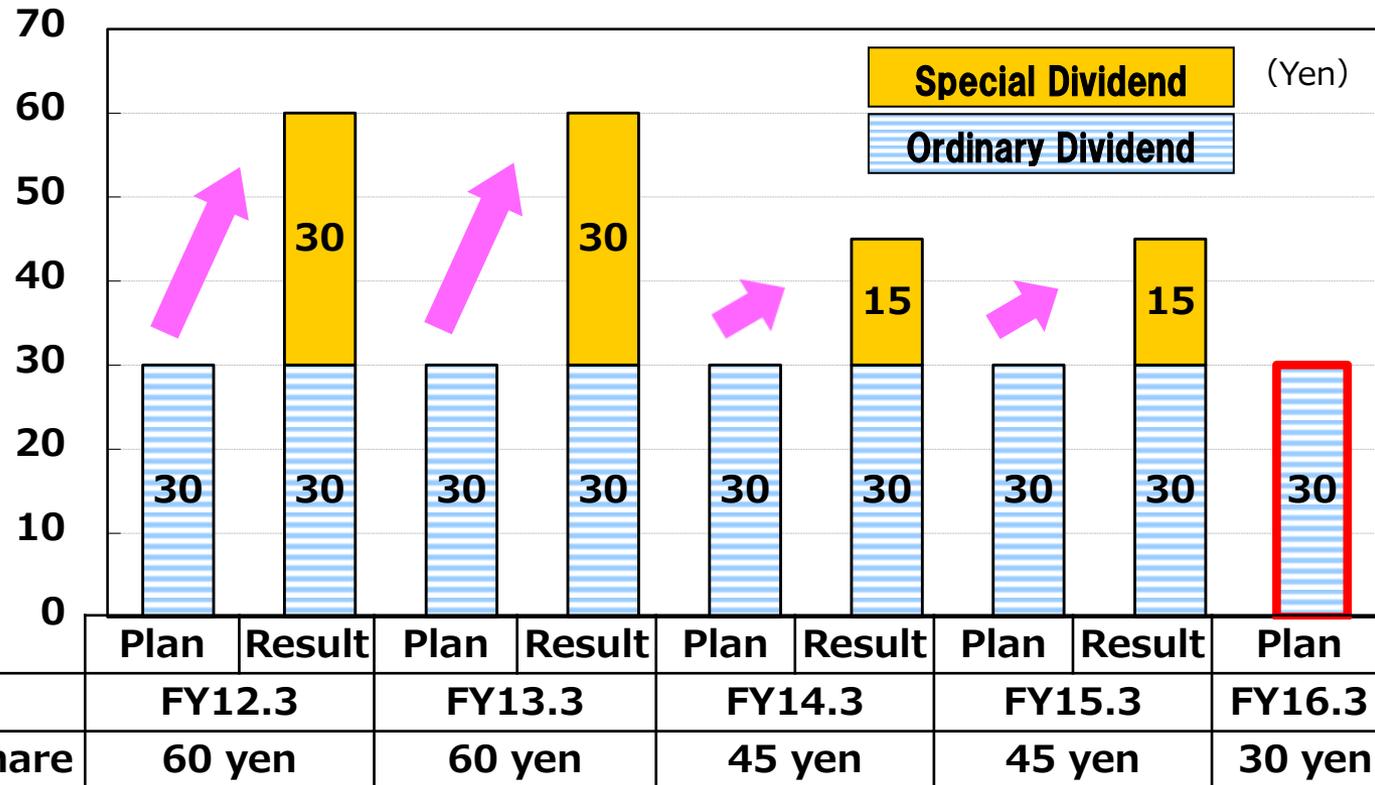
Ordinary Dividend ¥30 + **Special Dividend ¥15** (per share)

**FY 2016.3**

Ordinary Dividend ¥30 (per share)

### 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.



# Reference (1) Lineup of Titles Being Broadcast / Distributed



SUN at 8:30am on ABC/TV Asahi Network  
*Go! Princess 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*

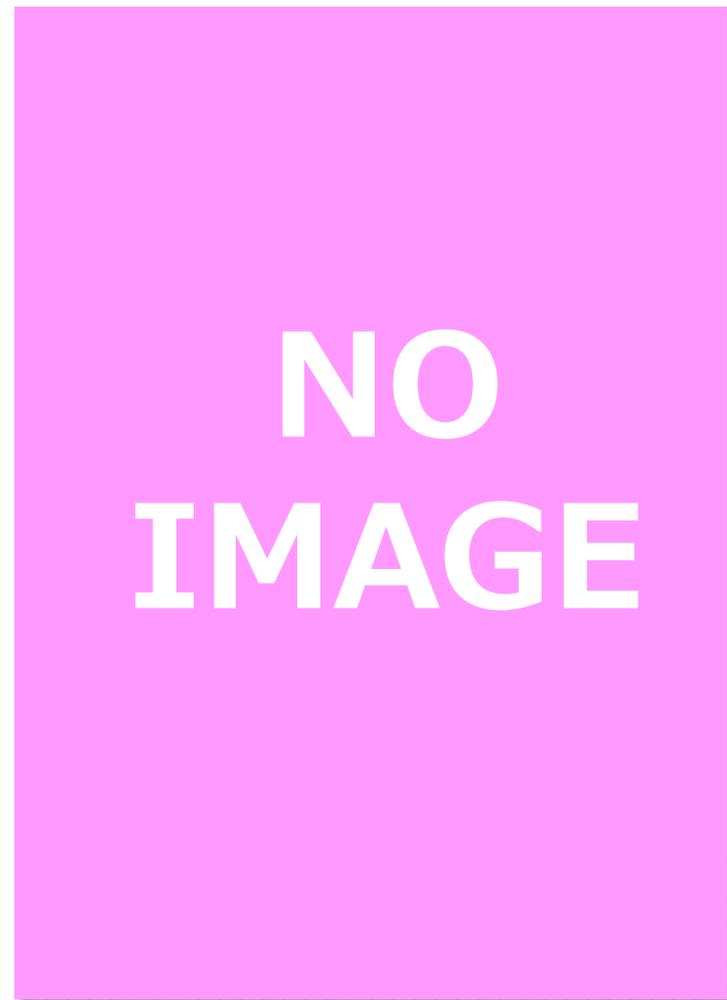


SAT at 5:30pm on YTV/NTV  
*YOUNG KINDAICHI'S CASE BOOK R (Returns)*

# Reference (2) Movies Scheduled for Release in FY2016.3



***Digimon Adventure tri.***  
To be put on theaters  
on November 21, 2015



The latest movie of  
***Pretty Cure All Stars***  
To be released on spring 2016