

TOMY Company Ltd.

Fiscal Year 2013 1st Half (6 months) Results

(April 1, 2013 – September 30, 2013)

Nov 15, 2013
TSE Securities Code: 7867

**FY 2013 1st Half (6 months)
Financial Highlights
(April 1, 2013~September 30, 2013)**

Kazuhiro Kojima
Board Director
Chief Financial Officer
TOMY Company, Ltd.

FY2013 1st Half

Consolidated Income statements



(¥100million)

	FY2013 1st Half			FY2012 1st Half	Difference (FY2013 Actual vs. FY2012 Actual)
	Actual	Revised Forecast (8 Aug, 2013)	Original Forecast (14 May, 2013)	Actual	
Sales	805	820	880	834	-29
Gross Profit	273	—	—	271	2
Operating Income	26	27	20	11	15
Operating Profit Margin	3.3%	3.3%	2.3%	1.3%	2.0%
EBITDA	65	—	—	46	19
EBITDA Margin	8.2%	—	—	5.6%	2.6%
Ordinary Income	28	26	17	7	21
Net Income	1	1	5	-1	2

* All figures have been rounded down to the nearest ¥100million.

* Amortization of goodwill and intangible assets associated with acquisition of TOMY International : FY2013 1st Half ¥1.1bn, FY2012 1st Half ¥1.2bn

* The effects of the transfer of the shares of TOYS UNION Co., Ltd. in July (outside scope of consolidation from the second quarter) are as follows:

FY2013 1st Half Actual (results for same period of previous FY in parentheses)

Sales	45million (129million)
Operating Income	-0.1 (0.1)
Ordinary Income	0 (0.5)
Net Income	0 (0.3)

* EBITDA=operating income + depreciation + amortization of goodwill

* US\$ FX rate : FY2013 1st Half ¥98.85, FY2012 1st Half ¥79.41

(¥100million)

	FY2013 1 st Half	FY2012 1 st Half	Difference
Sales	759	705	54
Gross Profit	271	266	5
Operating Income	26	10	16
Operating Profit Margin	3.5%	1.6%	1.9%
EBITDA	65	46	19
EBITDA Margin	8.7%	6.6%	2.0%
Ordinary Income	28	7	21
Net Income	1	-2	3

* Simple deduction of TOYS UNION' s results from consolidated results

* All figures have been rounded down to the nearest ¥100million.

FY2013 1st Half

SG&A Breakdown



(¥100million)

	FY2013 1 st Half	vs. Sales	FY2012 1 st Half	vs. Sales
Cost of Sales	532	66.1%	562	67.4%

SG&A (total)	246	30.6%	260	31.2%
Personnel expense	95	11.9%	98	11.8%
Advertising expense	38	4.8%	46	5.6%
R&D expenses	8	1.1%	13	1.6%
Distribution expenses	34	4.2%	32	3.9%
Amortization of goodwill and intangible assets associated with acquisition of TI	11	1.4%	12	1.5%

* All figures have been rounded down to the nearest ¥100million.

FY2013 1st Half

Net Sales by Region



(¥100million)

Regions	FY2013 1 st Half	FY2012 1 st Half	Difference
Japan	474	554	-80
North America,	275	235	40
Europe and Oceania	42	34	8
Asia (excluding Japan)	13	10	3
Others	805	834	-29
Total	41.1%	33.6%	7.5%

* All figures have been rounded down to the nearest ¥100million.

FY2013 1st Half

Extraordinary Loss Breakdown



(¥100million)

Items		Amount	Detail
Extraordinary Loss	Loss on sales of investment securities	2.3	Sale of shares of Index Corporation shares
	Loss on sales of stocks of subsidiaries	3.1	Share transfer of TOYS UNION Co., Ltd.
	Others	1.6	Loss on valuation of investment securities it holds, Loss on retirement and sales of noncurrent assets, etc
		7	

* All figures have been rounded down to the nearest ¥100million.

FY2013 1st Half

Consolidated Balance Sheets



(¥100million)

Items	FY2013 1 st Half	FY2012 1 st Half	Difference
Current Assets	898	854	44
Noncurrent Assets	660	667	-7
Total Assets	1,559	1,522	37

Current Liabilities	486	398	88
Noncurrent Liabilities	567	651	-84
Total Liabilities	1,053	1,050	3
Total Net Assets	506	472	34

Shareholders' Equity	487	453	34
Shareholders' Equity Ratio	31.2%	29.8%	1.4%

Inventories	243	190	53
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Cash and deposits	311	304	7
Total Interest Bearing Debt	662	645	17
Loans Payable	535	507	28
Bonds and Convertible Bonds	127	138	-11

* All figures have been rounded down to the nearest ¥100million

* US\$ FX rate : FY2013 1st Half ¥97.75, FY2012 1st Half ¥77.60

Business Update for First Half

Kantaro Tomiyama
President & CEO
TOMY Company, LTD.

- Domestic Business

Establish stable revenue base with domestic business.

- North America and Europe Business

Focus investment resources to US and European markets and further enhance the globalization process.

- Asia Business

Explore opportunities in growing Asian market and create foundation for future business.

Domestic Business: Linkage With Popular Characters ①

**TAKARA
TOMY**



LINE is a highly popular application
Now over 280 million users!
Characters for stickers increasing
in popularity!

Broadcast in TV animations
Published in comic books



Extending our antennae and
actively incorporating what's
trending in the world today
into our products



サン宝石
SUNHOSEKI



Popular character started
in 2010 and booming
among elementary
school girls



The Japanese TV drama
series *Amachan*



Started in 2012! Arcade
game hugely popular with
elementary school boys!
Confirmation of animated
version ramping up its
popularity!



©Konami Digital Entertainment

Domestic Business: Linkage With Popular Characters ②

TAKARA
TOMY

Strengthening of toy business: incorporating trends into toys

LINE
TOWN

Rich lineup of products including plush toys, figures and smartphone toys



ほっぺちゃん

Introduction of products that fully realize the appeal of *Hoppe-chan*, such as handheld LCD games and the *Hoppe-chan* collection house

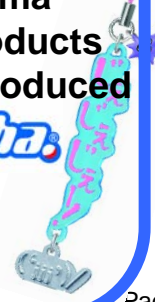


TOMIX

Release of a detailed reproduction of the N-gauge version of the model train from *Amachan*, a Japanese TV drama series. Related products for Gacha also introduced



Gacha



オレカバトル

Handheld LCD games that can be used with arcade machines and other popular contents introduced together!



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Domestic Business: Expansion in Long-Standing Products

TAKARA
TOMY

Strengthening of toy business:
Proposing new ways of playing and enjoying

New



A new, animal-themed brand launched to complement *Tomica* and *Plarail*. Not only can the figures be displayed but they are also playable toys with movable parts. While enjoying playing with the figures, children can experience the diversity, characteristics and beauty of different animals in 3 dimensions



First *Tomica* and *Plarail* movies released in October.

Introduces a new way of enjoying *Tomica* and *Plarail*, which go back over 40 and over 50 years, respectively



Sales expansion through marketing in partnership with major restaurant chains and collaboration with Sanrio



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Domestic Business: Strengthening of Trading Cards

TAKARA
TOMY

Strengthening of toy business:
Strengthening of marketing for recovery of trading card sales

Exceeded company target by 20%
(* division net sales)

- Extended maximum running time for TV animation broadcasts (from 15 to 30 minutes)
- Implemented detailed “teaching”
- Held business’ s largest event so far

Attracting and developing new customer types



Domestic Business: Business Trends

Strong exports of *Transformers*

Exceeded company target by 40%
(* division net sales)

**TRANSFORMERS
CONSTRUCT
BOTS**



**BEAST
HUNTERS**



Exports of new product line exceeding target
Fourth Hollywood movie scheduled for release in
summer 2014

Strengthening of toy peripheral business

Pokémon Tretta: One year since start of business
(started in July 2012), total deliveries have exceeded 87
million

ポケモントレタ
PokémonTRETТА™

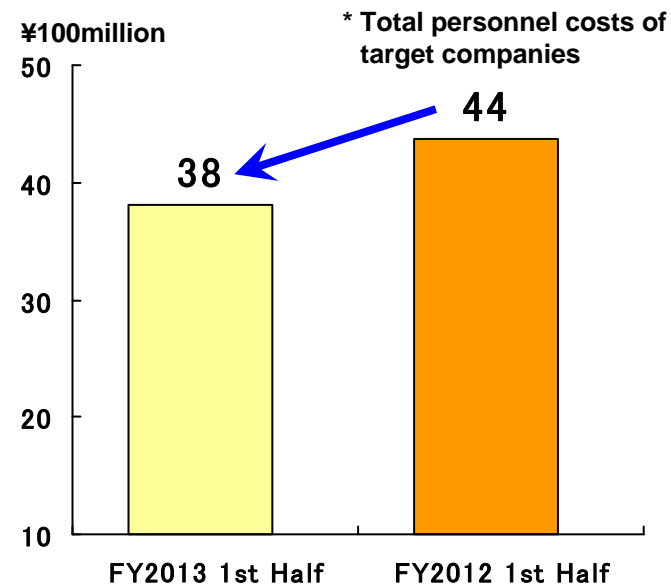


An amusement machine to play
Pokémon, in which players
search for *Pokémon*, enter into
battles, and throw monster balls
to capture *Pokémon*

Domestic Business: Working on structural reforms

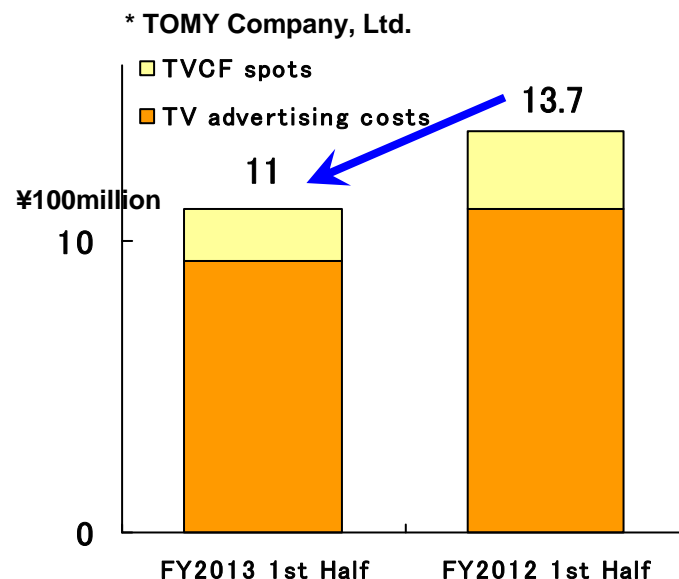
Reduction of personnel costs

- **March 2013 : 138 employees applied for voluntary retirement**
- **Applied companies : TOMY Company, Ltd. And its subsidiaries in Japan (TOMY MARKETING COMPANY, LTD. Tomy Logistics Co., Ltd. T2 ENGINEERING CO.,LTD. And TOMY BUSINESS SERVICE)**



Reduction of advertising expenses and change to variable costs

- **Review of TV advertising spots**
- **Implementation of flexible marketing through TVCF spots**



Domestic Business: Change in Subsidiary (Share Transfer)

Group restructuring to strengthen core business

- ✓ In July, all shares of TOYS UNION, a wholesaler of video game-related products, transferred to HAPPINET CORPORATION

(Purpose)

- Focus on core business
- Further expansion of core business

Boost profitability and achieve more streamlined corporate management

- ✓ Transfer Price : ¥1,850million
- ✓ Impact on consolidated results from second quarter:
net sales: ¥-29.0 billion, operating income: minor (* impacts already factored into earnings forecasts announced on August 8)

[Reference] TOYS UNION operating results and financial position

(¥100million)

	Fiscal year ended March 31.2013	Fiscal year ended March 31.2012	Fiscal year ended March 31.2011
Sales	353	286	310
Operating income	2.9	1.0	1.2
Net assets	21	19	19
Total assets	58	58	89

US and European Businesses: Global Introduction of Japan-Originated Products ①

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Promotion of cross-selling with TOMY International and constructing growth scenarios

Start *Pokémon* toy sales in various parts of the world in tandem with launches of the latest game software and the start of new animated series on TV.

With TOMY International having acquired the commercial license for *Pokémon* toys in the US and Europe, first simultaneous product launch around the world, not just in Japan and Asian regions



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US and European Businesses: Global Sales of *Pokémon*-Related Toys ②

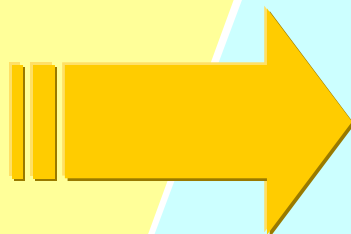
TAKARA
TOMY

Promotion of cross-selling with TOMY International and constructing growth scenarios

Operations not only involve introducing Japan-originated products around the world, but also launching in Japan *Pokémon*-related products developed independently by TOMY International that have proved popular in the US and Europe



TOMY International
「Clip 'N' Carry Pokeball」



Japan
「Monster Ball & Keromatsu」



US and European Businesses: Global Introduction of Japan-Originated Products

TAKARA
TOMY

Promotion of cross-selling with TOMY International and constructing growth scenarios

Battroborg, a Japan-originated product

Start of sales of *Battroborg* at TOMY International in autumn 2013.
Battroborg has proved popular in Japan following its launch in July 2012.
Won “TOY OF THE YEAR” award in France and Belgium



BATTROBORG



Asia Business: Expansion of Sales of Low-Price Products in ASEAN Markets

**TAKARA
TOMY**

Indonesia: Launch of *Animal Wheels*

Uses designs of original characters based on cars and animals that are liked by local children. The way of playing is similar to “menko” in Japan. 1 piece is approx. ¥50



Pokémon Craft Figures scheduled for launch this year

Plan for original product for ASEAN: parts are removed from a card and assembled together to create 3-dimensional *Pokémon* figures. Launched at a price that is affordable in various countries. 1 piece is approx. ¥150-¥160



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Asia Business: Development of Sales Spaces for Japan-Originated Toys

**TAKARA
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Expansion of store sales of *Tomica*

- ✓ Sales space expansion in ASEAN
- ✓ Sales promotion through holding events



Launch of new product *Ania*

- ✓ Start of sales of new product in ASEAN soon after Japan launch



Risks

- Deterioration in toy markets inside and outside Japan
- Harder competitive environment due to diversification of ways of playing (social games, etc.)
- Increasingly uncertain global economy
- Higher raw material costs, and Foreign exchange

Opportunities

- Full-blown cross-selling with TI: *Pokémon, Battrborg*
- Strong sales of trading cards
- Strong exports to Hasbro
- Aggressive introduction of new products



This report contains forward-looking statements, targets, plans and strategies for the future. However, these are based on current information and will not guarantee nor warrant any financial estimates or any figures. Therefore, actual results could differ from this report. This is translation on original text in Japanese.