

**TOMY Company, Ltd.
Fiscal Year 2015 Results
(April 1, 2015 – March 31, 2016)**

**May 13, 2015
TSE Securities Code: 7867**

FY 2015 Financial Highlights

(April 1, 2015 ~ March 31, 2016)

May 13, 2016

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

Consolidated Income statements



¥100million

	FY2015			FY2014	Difference
	Actual	Revised Forecast (9 Feb, 2016)	Original Forecast	Actual	
Sales	1,630	1,600	1,700	1,499	+131
Cost of Sales	1,057	—	—	972	+85
Gross Profit	573	—	—	527	+46
Operating income	26	26	40	24	+2
Operating Profit Margin	1.7%	1.6%	2.4%	1.6%	+0.1%
EBITDA	116	—	—	111	+5
Ordinary Income	14	16	33	20	-6
Net Income (Loss)	-67	-75	13	-18	-49

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

- ◆ Sales In the Japanese market, we strengthened development of each product groups “long-standing,” “new,” “BIG BET (highest priority products),” and “Toys 4.0,” and posted strong sales. .
- ◆ Gross Profit Gross profit rose as a result of higher net sales despite weaker yen compared with the previous fiscal year.
- ◆ Operating Income There were increases in advertising and R&D expenses due to the focus on marketing and new product development to promote sales growth (see page 2).
- ◆ Ordinary Income There was an increase in foreign exchange losses in non-operating expenses
- ◆ Profit Posted impairment losses in goodwill and some intangible assets at TOMY International Group (see page 4)

* Amortization of goodwill and intangible assets associated with acquisition of TOMY International: FY2015 ¥2.6 bn, FY2014 ¥2.5 bn

*EBITDA = operating income + depreciation + amortization of goodwill * US\$ FX rate: FY2015 ¥120.14, FY2014 ¥109.92

SG&A Breakdown

¥100million

SG&A (total)	FY2015	FY2014	Difference
Personnel expense	546	502	+44
Advertising expense	185	179	+6
R&D expenses	116	89	+27
Distribution expenses	28	22	+6
SG&A (total)	71	68	+3
Amortization of goodwill and intangible assets associated with acquisition of TI	26	25	+1
	\$22.4MM	\$22.5MM	-0.1

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

◆ SG&A (total)

Personnel, advertising and R&D expenses increased by ¥3,836 million year on year due to the focus on marketing and new product development to promote sales growth.

Net Sales by Region



¥100million

Area	FY2015	FY2014	Difference
Japan	952	857	+95
North America	389	376	+13
Europe	116	114	+2
Oceania	27	26	+1
Asia	113	101	+12
Others	30	22	+8
Total	1,630	1,499	+131
Ratio of overseas sales	41.6%	42.8%	-1.2%

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

- ◆ **Japan**
We strengthened development of each product groups “long-standing,” “new,” “BIG BET (highest priority products),” and “Toys 4.0,” and posted strong sales.
- ◆ **North America**
Shipments of agricultural machinery toys and baby products fell, but sales of character-related products were strong.
- ◆ **Europe**
The preschool market remains challenging, and sales of baby products struggled due to price competition with rival companies. On the other hand, character-related products being released on a global scale have had a favorable reception.
- ◆ **Oceania**
Sales of baby products declined, but net sales increased due to the roll-out of character-related products.
- ◆ **Asia (excluding Japan)**
Shipments in Asian regions expanded due to the focus on sales of popular products such as “TOMICA.”

Extraordinary Loss Breakdown



■ Major year-on-year items changed

¥100million

	FY2015	FY2014	Difference
Extraordinary Loss	85	18	+67
Impairment Loss	74	1	+73
Business Structure Improvement Expenses	6	-	+6
Loss from fraud	-	2	-2
Settlement fee	-	11	-11

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

◆ Impairment Loss

Posted impairment losses in goodwill and some intangible assets at TOMY International Group as a result of revising the business plan following changes in management structure

Posted impairment losses in goodwill and some intangible assets at TOMY International Group

◆ Business Structure Improvement Expenses

Posted as a result of moves to rebuild TOMY International Group

Consolidated Balance Sheets Breakdown

Major year-on-year items changed

¥100million

account	FY2015	FY2014	Difference
Inventories	200	211	-11
Japan	124	119	+5
Overseas	113	125	-12
Elimination of unrealized profits	-37	-33	-4

Total Interest Bearing Debt	717	753	-36
Loans Payable	617	653	-36
Bonds	100	100	-

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

◆ Inventories

Overseas subsidiary TOMY International \$-5 million (YoY) (¥-1.3 bn converted)

(FY2015: \$91 million; FY2014: \$97 million. US\$ FX rate: FY2015: ¥112.68; FY2014: ¥120.17)

		FY2015	FY2014	Difference
Amortization on goodwill of TI	\$ MM	195	234	-39
	¥ 100million	220	282	-62
intangible assets of TI	\$ MM	112	146	-34
	¥ 100million	126	175	-49

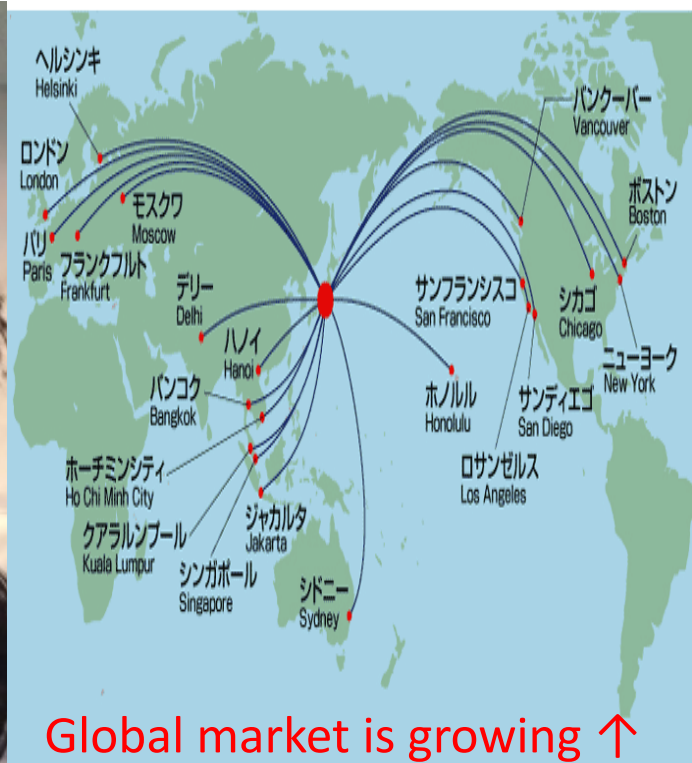
**The results of
our efforts have
taken visible form**



**H. G. MEIJ
May 13, 2016**



Toys environment is changing



Global market is growing ↑



Products?

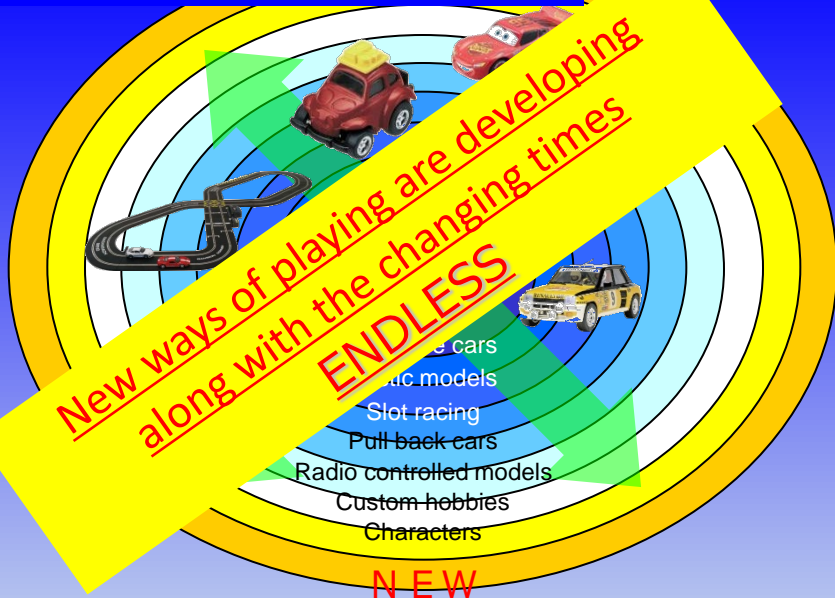


Brands?



Business cannot be performed by one person

Choices in the toy market are multiplying



Age of user is declining and period of use is becoming shorter

Licca Licca

What girls wish for, including TV anime, is diversifying

4~10

Initiatives to attract new age groups
AGELESS

LEGO

What boys wish for is diversifying

2~10

2~4

Diversification in media is accelerating

New marketing
BORDERLESS

YouTube Facebook
 LINE twitter

Transition in retail outlets is progressing

	1979	→	2012
Number of outlets (Toy stores, Department stores, Electrical stores)	17,812		8,622
Stores carrying TOMY products	約4,000		

New retail spaces
POA/POI

Global Toy Market Size Forecasts

Data source: Euromonitor International, TT original Estimate



US\$ million

2013 to 2020 Average annual growth rate ~~3.0%~~

Reasons for Switching from “Products” to “Brands” Strategy



The “product” may change,
but “brand” is forever



High investment efficiency

Establish “brand” image



Can be expanded outside toys
(Licensing)



New source of income

What are our competitive edges?

TOMY original products • Brands

Imports

Best partner products
(Licensed products)

Localized products

DISNEY...

SNACK WORLD
etc

POKEMON...

Main Negative Factors in Results for Previous Fiscal Year



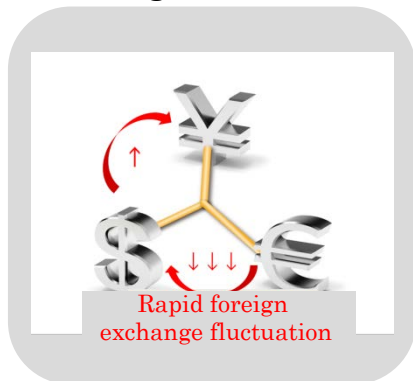
Weakness at TOMY International





Main Causes of TI Weakness

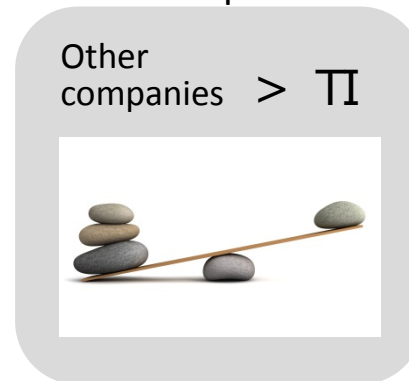
Foreign exchange fluctuation



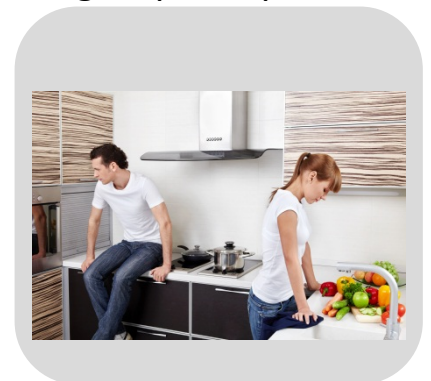
European business pressures



Lopsided development



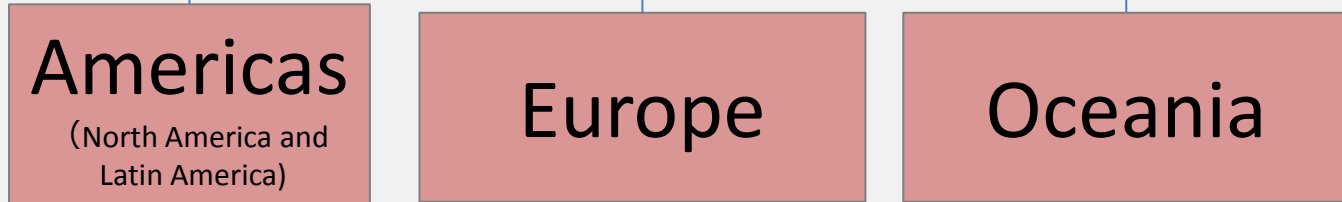
Cooperation between group companies



New Structure to Rebuild TI

TOMY International

Board of Directors
President H.G. Meij
Board Director
Takashi Konosu
Board Director
Kazuhiro Kojima
Executive Officer
Masayuki Nagatake



Headquarters
Director in charge

President
H.G. Meij

Board Director
Kazuhiro Kojima

Board Director
Takashi Konosu

Headquarters
support operations

**US & EU Business
Division**

Executive Officer
Yoshikazu Abe

US & EU
Strategy
Department

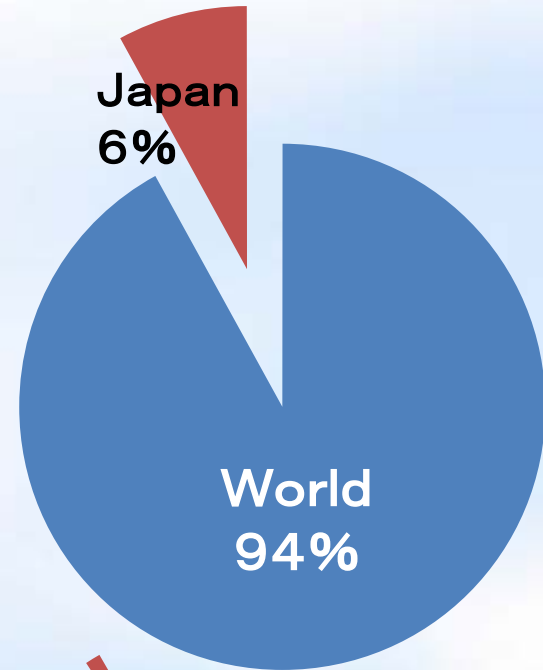
US & EU
Management
Department

staff
increased

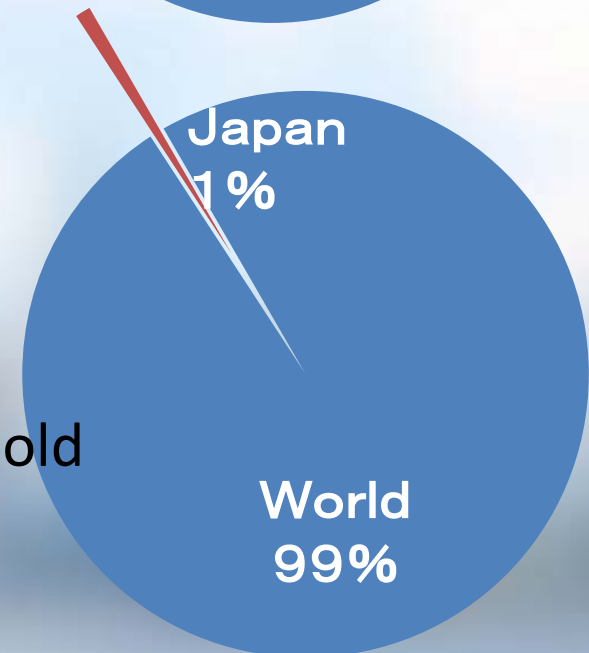
newly
established

TOMY's Substantial Overseas Potential

Toy Market
Japan vs The World



Population ratio
Japan vs The World 0 to 14 years old



We will turn TI around, without fail

Changes in operations

→ Direct management and administration by

Product selection and focus

→ Withdraw from low-margin products

Strengthen deployment of

→ New source of income

these products overseas

Improve European profitability

→ Use distribution sales for high-risk regions

Cost reduction activities

→ Cut purchasing, manufacturing costs

Restructuring in US & Europe

→ As part of selection and focus initiative





In consideration of the state of
impairment losses have become
⇒ When should these be imp

Now is the only time



STRONG

(Japan)

- All long-standing products are selling well

20% increase YOY※



10% increase YOY※

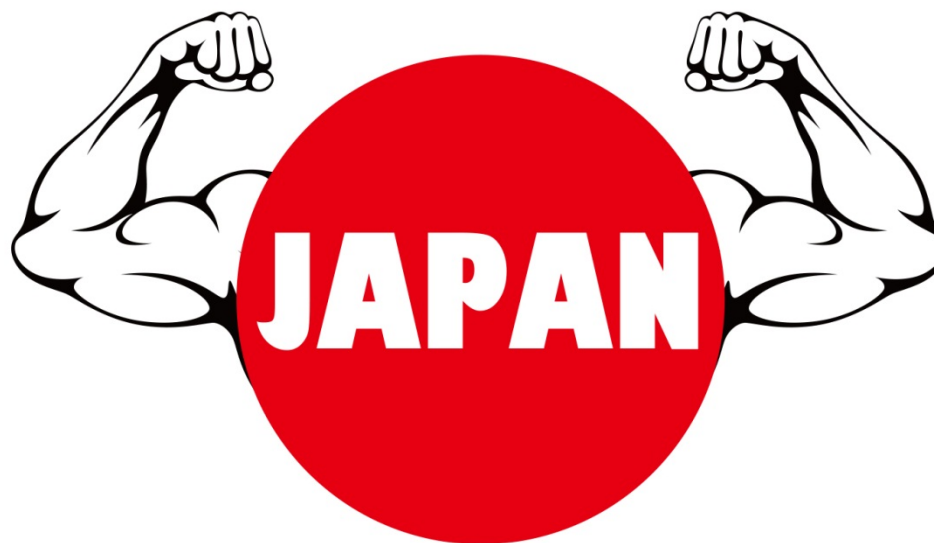


about 50% increase YOY※



about 40% increase YOY※





STRONG

(Japan)

▪ All long-standing products are selling well

▪ New products

Exceeded sales target※
by about 20%

Recorded highest anime
viewer rate of 6%,
favorable year-end sales

Exceeded store sales target
in December
by about 30%

Ranked No.1 in girl's toys
for year-end sales

**STAR
WARS**



© & ™ Lucasfilm Ltd.

THUNDERBIRDS
ABC CO



他社IP

自社IP

※ Shipments of TOMY in Japan for FY2015 **19**



STRONG



(Japan)

▪ All long-standing products are selling well

• New products

• BIG BET

(highest priority products)

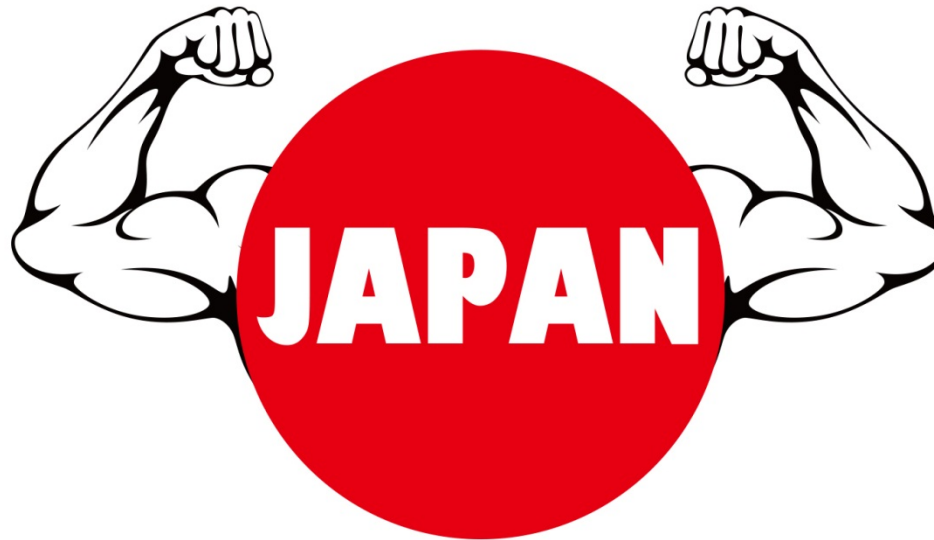
Exceeded target ※
by about 30%

No.1 in story comic

**Total of
3,500 events held**

**Operating free
machines**





STRONG

(Japan)

- All long-standing products are selling well
- New products
- BIG BET (highest priority products)
- Toys 4.0

On sale at 2,400
NTT docomo shops

OHANAS
オハナス



Containing NFC chip

BAYBLADE
KILLER



No.1 best seller at
Takaratomy Mall

LinearLiner



Endless possibilities



ASIA RISING

(Japan)

- All long-standing products are selling well
- New products
- BIG BET (highest priority products)
- Toys 4.0
- Asian business has performed well

POA



SKU



Expanding regions



Developing events





F Y 2015
Q 1

FY2015 Q1	Consolidated Difference	Difference
Sales	✓	+4%

Q 2

FY2015 Q2	Consolidated Difference	Difference
Sales	✓	+5%

Q 3

FY2015 Q3	Consolidated Difference	Difference
Sales	✓	+17%

Q 4

FY2015 Q4	Consolidated Difference	Difference
Sales	✓	+8%



F Y 2015
Full Fiscal Year

FY2015	Consolidated Difference	Difference
Sales	✓	+9%

**Eight consecutive
quarters of
ear-on-year growth**



**Flat market
(Japan)**



**Deteriorating consumer
Confidence (Japan)**

Much to be proud of



Asian sales growing at double-digit rates year on year

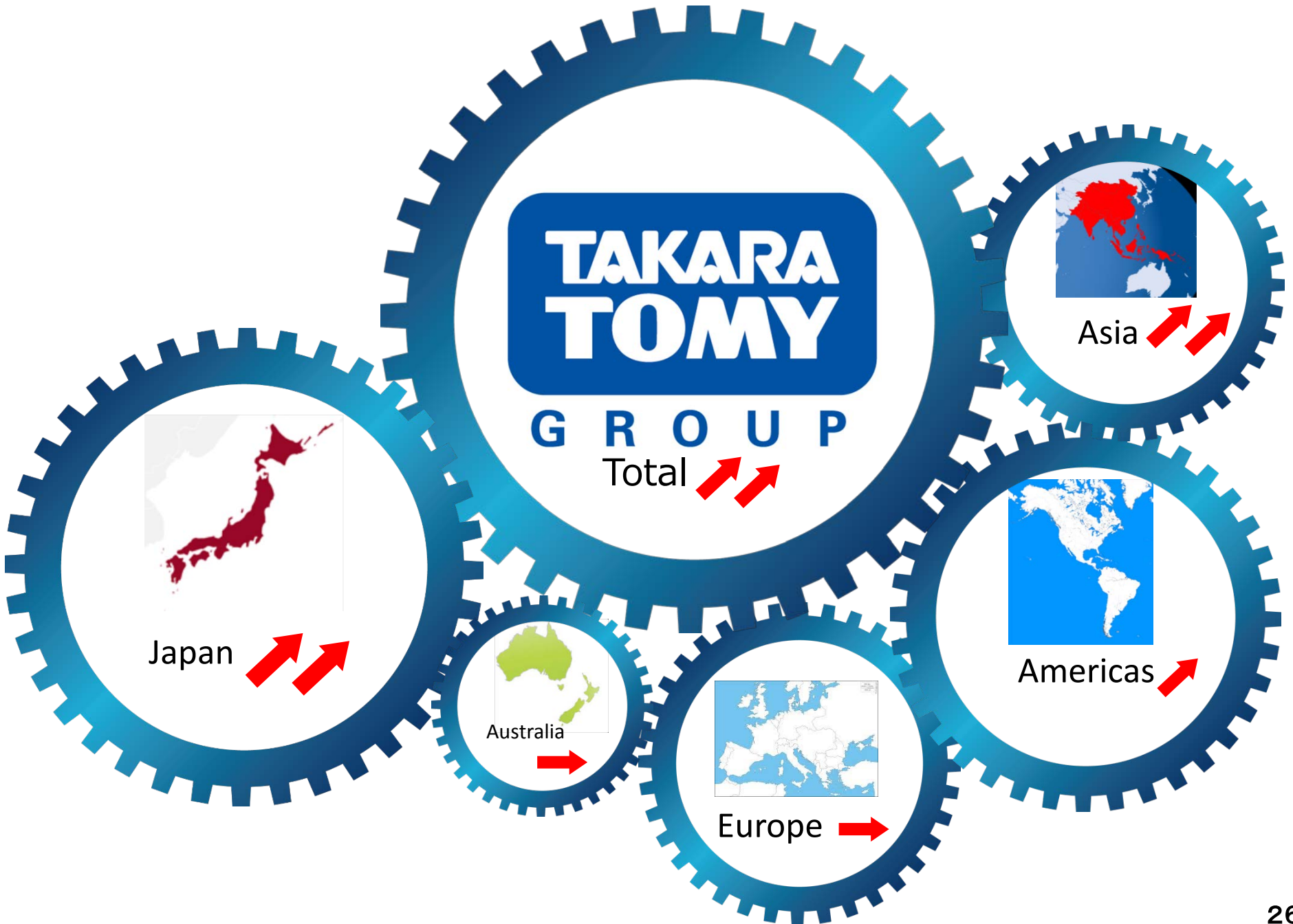
Customer satisfaction ratio at all-time high of 98.4%*

LICCA dolls highly profitable for first time in 23 years

Business results of TOMICA reached highest ever level

Business results of PLARAIL reached highest ever level

TOMY sales in December hit record high for single month



¥100million

	FY2014 Actual	FY2015 Actual	FY2015 Original Forecast
Sales	1,499	1,630	1,700
Operating Income	24.7	26.9	40
Operating Profit Margin	1.6%	1.7%	2.4%
EBITDA	111	116	135

Operating

Income 40 → 26.9 Δ¥1.31 billion

→ TOMY Asia ↑

→ Overseas ↓

A stone bridge with wooden planks and railings leads from the foreground towards a large stone castle built on a cliffside. The castle has several buildings with blue roofs. The background is a bright blue sky with white clouds.

We are headed in the right direction

Leadership

Group cooperation

Strengthening PR

Partner collaborations

Employees are contributing

How we nurture the business

1. Grow products already on sale
 - Long-standing products
 - New products
 - BIG BET (highest priority products)
 - Toys 4.0
2. Increase categories
 - Adults — Web — SNS
3. Make real connections with consumers
 - Messages and methods that fit the times
4. Expand the market
 - Overseas — POA/POI
5. Increase assets / value
 - Branding
 - Licensing





National Center Test for University Admissions

Licca



ヒット商品番付

ライフスタイル編

	商品名	寸評
横網	二子玉川ライズ2期棟	東急が開発した複合施設。職住商をコンパクトにまとめ、新業態の店舗が並ぶ
大関	スプラトゥーン	任天堂の「Wii U」用ソフト。インクを塗り合うゲームでヒットした
関脇	コットン	ハイアールアジアの超小型洗濯機。服の汚れをピンポイントで洗える
小結	ワンピースタワー	東京タワー内の施設。人気漫画の世界を再現した。国内外から観光客を集める
前頭	ブリオール カラーケアシャンプー/カラーコンディショナー	資生堂のシニア向けヘアケア商品。洗髪時に白髪染めが気軽にできる
同	コインランドリー	多忙な単身世帯や布団を干せないマンションが増え、全国で店舗が増えた
同	高齢ネコ向けペットフード	ユニ・チャーム「20歳を過ぎてもすこやかに」がヒット。ペットも高齢化時代に
同	リカちゃんシリーズ	タカラトミーの着せ替え人形。大人向けの新商品はすぐ完売。人気ぶりを示した
同	ハミングファン	表面にとどまった成分が着心地をさらりとする
同	小屋	趣味や仕事の場として屋内外に小屋を作る人が増えた。独りになりたい需要も

Hit ranking

Source: Nikkei Marketing Journal

	FY2014 Actual	FY2015 Actual	FY2016 Targets	FY2017 Targets
Sales	1,499	1,630	1,680	1,900
Operating Income	24.7	26.9	40	80
Operating Profit Margin	1.6%	1.7%	2.4%	4.2%
EBITDA	111	116	133	173

Sales 163.0 → 168.0 +¥5.0 billion

- BEYBLADE, KAMIWAZA WANDA, MY HERO ACADEMIA, etc. in Japan
- Stable growth in long-standing products
- Overseas business Profit improving Focus

Operating Income 2.69 → 4.0 +¥1.31 billion

- Higher sales and improvement in overseas business

FY2016

FY2017

FY2018

FY2019

Japan

Asia

Overseas

BAYBLADE BURST

KAMIWAZA WANDA

MY HERO ACADEMIA

STAR WARS

STAR WARS

STAR WARS

STAR WARS

TRANSFORMERS movie 5

TRANSFORMERS movie 6

TRANSFORMERS movie 7

Movie content

Movie content

TAKARA TOMY GROUP

Around 20 major items of content

New content

New content

New content

	FY2014 Actual	FY2015 Actual	FY2016 Targets	FY2017 Targets
Sales	1,499	1,630	1,680	1,900
Operating Income	24.7	26.9	40	80
Operating Profit Margin	1.6%	1.7%	2.4%	4.2%
EBITDA	111	116	133	173

Sales 168.0 → 190.0 +¥22.0 billion

- Overseas BAYBLADE
- TRANSFORMERS movie 5
- Other New content

Operating Income 4.0 → 8.0 +¥4.0 billion

→ Higher sales leading to higher profits



Products?



Brands?

ENDLESS

AGELESS

BORDERLESS

POA/POI

2016

Switch from "products" to "brands"

Keywords

Global development



We can do it Confidence





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.

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