Oriental Land Co.,Ltd.

Results for the Second Quarter of the Fiscal Year Ending March 31, 2016

October 29, 2015
Oriental Land Co., Ltd.

Oriental Land Co.,Ltd.

I. Financial Results

Kenji Yoshida
Officer, Director of Finance/Accounting Department

1. Results for the First Half Year Ended 9/15 / Same Period of Previous FY

Consolidated Statement of Income	Results for the 1st Half Ended 9/14 [¥ billion]	Results for the 1st Half Ended 9/15 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	222.7	222.0	(0.6)	(0.3)%
Theme Park Segment	184.4	182.5	(1.8)	(1.0)%
Hotel Business Segment	29.7	30.5	0.8	3.0%
Other Business Segment	8.6	8.8	0.2	3.2%
Operating Income	53.9	52.1	(1.8)	(3.4)%
Theme Park Segment	46.1	43.9	(2.1)	(4.7)%
Hotel Business Segment	6.8	7.1	0.2	3.8%
Other Business Segment	0.9	0.9	0.0	8.5%
Ordinary Income	54.9	53.2	(1.6)	(3.1)%
Profit Attributable to Owners of Parent	36.3	35.9	(0.3)	(1.1)%

Both net sales and operating income fell short of the performance achieved in the previous FY when the theme park segment was especially strong

1. Main Reasons for Change [1st Half / Same Period of Previous FY]

Theme Park Segment [1]	Results for the 1st Half Ended 9/14	Results for the 1st Half Ended 9/15	Change	Change [%]
Net Sales [¥ billion]	184.4	182.5	(1.8)	(1.0)%
Theme Park Attendance [million people]	15.10	14.37	(0.73)	(4.8)%
Net Sales per Guest [¥]	10,769	11,185	416	3.9%
Ticket receipts	4,565	4,925	360	7.9%
Merchandise	3,924	3,945	21	0.5%
Food and beverages	2,280	2,315	35	1.5%

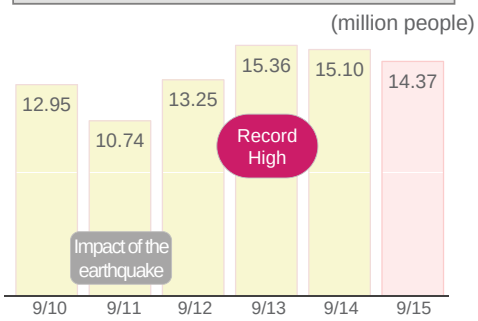
Decrease in theme park attendance

- Reached the third highest attendance despite a decrease due to the fact that “Once Upon a Time” entered its second year of operation and the poor weather

Increase in net sales per guest

- Increase in ticket receipts
  - Increase due to ticket price revision

Theme Park Attendance (1st Half)



Although ticket receipts increased thanks to ticket price revision, net sales dropped

1. Main Reasons for Change [1st Half / Same Period of Previous FY]

Theme Park Segment [2]	Results for the 1st Half Ended 9/14 [¥ billion]	Results for the 1st Half Ended 9/15 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	184.4	182.5	(1.8)	(1.0)%
Operating Income	46.1	43.9	(2.1)	(4.7)%

Decrease in operating income

- Decrease in net sales
  - Decrease in theme park attendance
  - Increase in net sales per guest
- Rises in merchandise sales cost ratio and food/beverages sales cost ratio ¥(2.4 billion)
- Decrease in personnel expenses +¥1.0 billion
  - Decrease in performance bonus
- Increase in depreciation and amortization expenses ¥(0.1 billion)
- Increase in miscellaneous costs ¥(1.1 billion)
  - Increase in costs for large-scale investment projects, etc.

Operating income declined due mainly to a decrease in net sales and rises in merchandise sales cost ratio and food/beverages sales cost ratio

1. Main Reasons for Change [1st Half / Same Period of Previous FY]

Hotel Business Segment	Results for the 1st Half Ended 9/14 [¥ billion]	Results for the 1st Half Ended 9/15 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	29.7	30.5	0.8	3.0%
Operating Income	6.8	7.1	0.2	3.8%

- Increase in average charge per room
- Increase in costs related to renovation of guest rooms

Occupancy Rates and Average Charge per Room

	Tokyo Disneyland Hotel		Tokyo DisneySea Hotel MiraCosta		Disney Ambassador Hotel	
	9/14	9/15	9/14	9/15	9/14	9/15
Occupancy rates	96-99%	96-99%	96-99%	91-94%	91-94%	About 90%
Average charge per room	About ¥55,000	About ¥55,000	About ¥55,000	About ¥55,000	About ¥50,000	About ¥50,000

Operating income climbed owing to an increase in net sales

Other Business Segment	Results for the 1st Half Ended 9/14 [¥ billion]	Results for the 1st Half Ended 9/15 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	8.6	8.8	0.2	3.2%
Operating Income	0.9	0.9	0.0	8.5%

Net sales and operating income stayed at the same level as the previous FY

2. Results for the First Half Year Ended 9/15 / Initial Forecast

Consolidated Statement of Income	Initial Forecast for 1st Half Ended 9/15 [¥ billion]	Results for the 1st Half Ended 9/15 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	227.6	222.0	(5.6)	(2.5)%
Theme Park Segment	188.7	182.5	(6.1)	(3.3)%
Hotel Business Segment	30.2	30.5	0.3	1.0%
Other Business Segment	8.6	8.8	0.2	2.6%
Operating Income	52.0	52.1	0.0	0.1%
Theme Park Segment	44.6	43.9	(0.6)	(1.5)%
Hotel Business Segment	6.5	7.1	0.5	8.6%
Other Business Segment	0.8	0.9	0.1	18.8%
Ordinary Income	52.9	53.2	0.3	0.7%
Profit Attributable to Owners of Parent	35.6	35.9	0.2	0.8%

Operating income exceeded our initial forecast despite decreases in net sales and operating income for the theme park segment

2. Main Reasons for Change [1st Half / Initial Forecast]

Theme Park Segment	Initial Forecast for the 1st Half Ended 9/15 [¥ billion]	Results for the 1st Half Ended 9/15 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	188.7	182.5	(6.1)	(3.3)%
Operating Income	44.6	43.9	(0.6)	(1.5)%

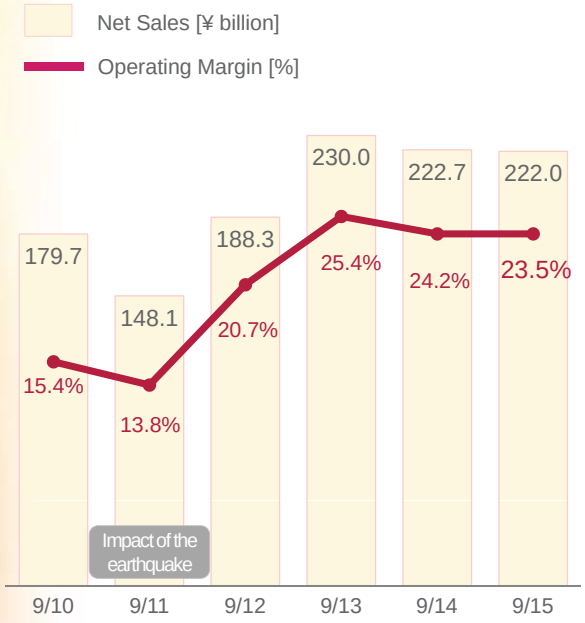
Decrease in operating income

- Decrease in net sales
  - Drop in theme park attendance owing to poor weather, etc.
- Rises in merchandise sales cost ratio and food/beverages sales cost ratio about ¥(0.5 billion)
- Decrease in personnel expenses about +¥0.5 billion
  - Decrease in work hours of part-time employees
- Decrease in depreciation and amortization expenses about +¥0.5 billion
- Decrease in miscellaneous costs about +¥2.5 billion
  - Decrease in costs related to large-scale investment projects (transfer to capital expenditures and postponement to the 2nd half, etc.) about +¥1.0 billion
  - Decrease in other costs (postponement to the 2nd half, etc.) about +¥1.5 billion

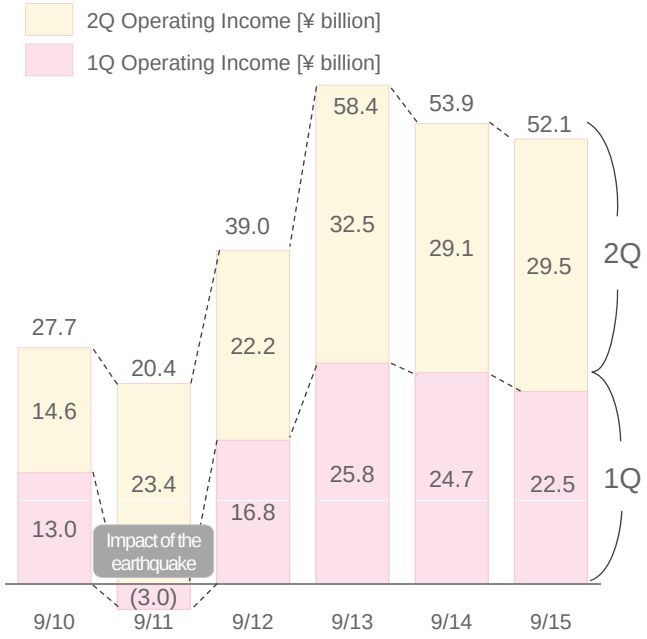
Mainly drop in net sales depressed operating income in spite of decrease in costs

3. Results for the First Half Year – Changes in Results

Consolidated Net Sales and Operating Margin [1st Half]



Quarterly Consolidated Operating Income [1st Half]



Both net sales and operating income achieved the third highest figures after the previous fiscal year

4. Forecast for FY Ending 3/16 / Results for FY Ended 3/15

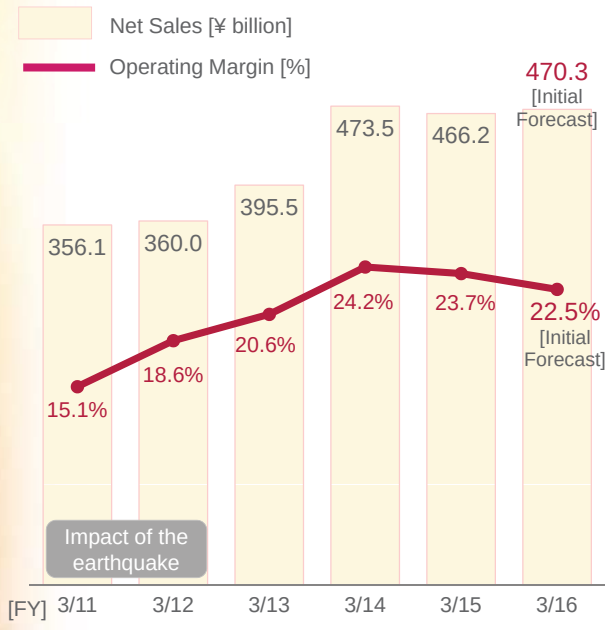
Consolidated Statement of Income	Results for the FY Ended 3/15 [¥ billion]	Forecast for the FY Ending 3/16 [¥ billion]	Change [¥ billion]	Change [%]
Net Sales	466.2	470.3	4.0	0.9%
Theme Park Segment	387.6	390.6	3.0	0.8%
Hotel Business Segment	61.0	62.2	1.1	1.9%
Other Business Segment	17.6	17.4	(0.2)	(1.2)%
Operating Income	110.6	106.0	(4.5)	(4.1)%
Theme Park Segment	95.6	92.0	(3.6)	(3.8)%
Hotel Business Segment	13.1	12.5	(0.5)	(4.2)%
Other Business Segment	1.6	1.3	(0.2)	(18.3)%
Ordinary Income	110.4	107.3	(3.1)	(2.9)%
Profit Attributable to Owners of Parent	72.0	72.2	0.1	0.2%
Theme Park Attendance [million people]	31.38	30.40	(0.98)	(3.1)%
Net Sales per Guest [¥]	10,955	11,360	405	3.7%
Capital Expenditure* [¥ billion]	37.0	69.7	32.7	88.5%
Depreciation and Amortization* [¥ billion]	34.6	36.8	2.2	6.5%

* For the breakdown, please refer to “Supplementary Materials.”

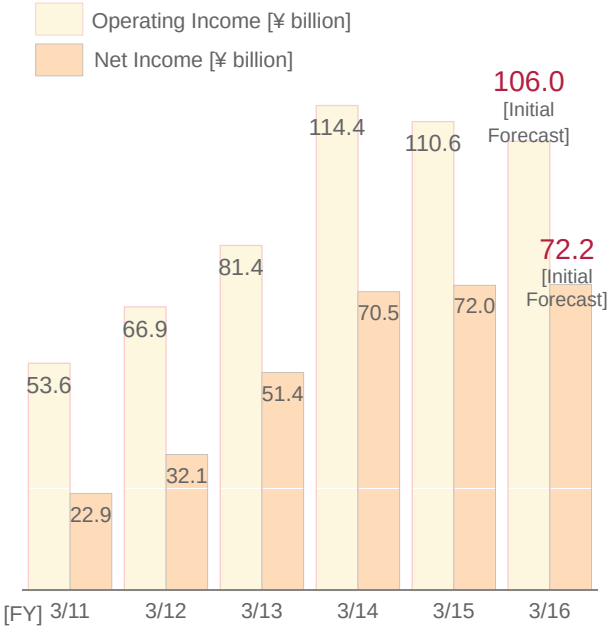
Forecast for the full year stays unchanged

5. Forecast for the Full Fiscal Year – Changes in Results

Consolidated Net Sales and Operating Margin



Consolidated Operating Income and Net Income



Both net sales and operating income remain at a high level

Oriental Land Co.,Ltd.

II. Progress of 2016 Medium-Term Plan

OLC in 2023

Investment to actualize the greatest value of the theme park

OLC continues to raise the level of hospitality provided by Cast Members and will implement following investment.

Amount of investment in the Theme Park Segment
¥500 billion level [Total amount from FY ending 3/15 to FY ending 3/24]

Orientation of Investment		
Tokyo Disneyland	•Redevelopment of Fantasyland [renovation and expansion] •Investment in other new products	Investment in On-Stage About ¥400 billion Investment for enhancing value About ¥250 billion Investment for renewal and improvement About ¥150 billion
Tokyo DisneySea	•Development of new themed port in an area south of Lost River Delta •Investment in other new products	
Both Parks	•Development of special events •Preparations for creating a comfortable environment •Various improvements [including maintenance and preparation of infrastructure]	
Backstage	•Strengthen the operations base, including support functions, etc.	Investment in Backstage About ¥100 billion

Review of large-scale investment projects is being carried out at the moment

2016 Medium-Term Plan - Overall Structure

Quantitative Target:
Operating cash flow* of over ¥280.0 billion in a three-year period
Toward OLC in 2023, we will endeavor to maximize operating cash flow to make large-scale investments in our core business and fund investments in new business.

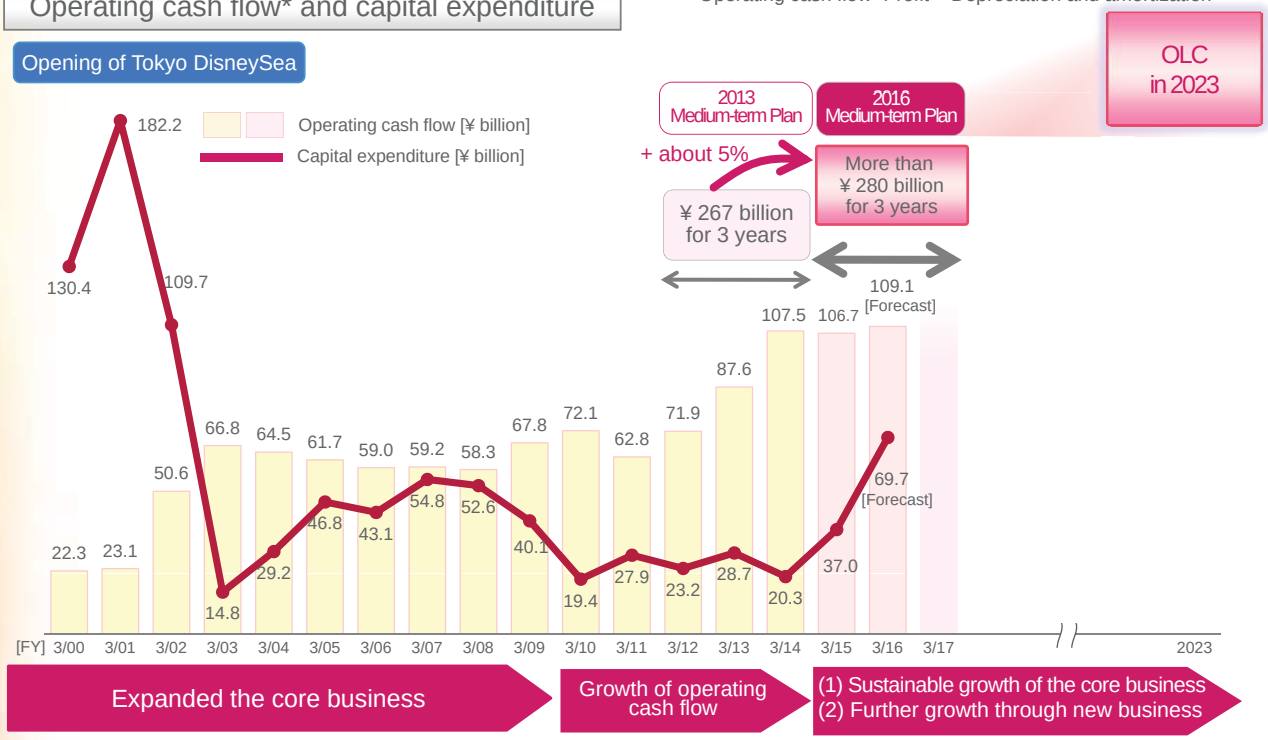
1	Sustainable growth of the core business	•While seeking to build a business foundation in line with upcoming changes in the market, we will strive to maximize operating cash flow •Toward OLC in 2023, we will decide on and sequentially launch large-scale investment projects that help us maximize the value of our theme parks
2	Further growth through new business	•Toward OLC in 2023, we will move forward our research and development of a business with the potential to contribute to our future earnings outside the Maihama area
3	Financial policies	•We will use operating cash flow to enhance our corporate value

* Operating cash flow=Profit + Depreciation and amortization

2016 Medium-Term Plan - Target

Operating cash flow* and capital expenditure

* Operating cash flow=Profit + Depreciation and amortization



Expanded the core business → Growth of operating cash flow → (1) Sustainable growth of the core business (2) Further growth through new business

Exceeding the plan thanks to the favorable performance of the core business

1. Sustainable Growth of the Core Business

Outline of strategy for the core business

Target

OLC in 2023 Build a business foundation in line with upcoming changes in the market

All kinds of families including parents and children, couples, and multigenerational extended families

Aging society ▶ Focus on attracting

- Families with children
- New-Aging [middle-aged couples whose children have grown up]

Growing inbound ▶ Be more prepared to welcome

- Overseas guests

Strategies

Enhancing products targeting families and preparing for further comfortable environment

Enhance capacity to attract guests (Attendance) × Enhance earning power (Net sales per guest)

- [1] Enhance theme park value ⇒P.17
- [2] Increase theme park attendance by stabilizing attendance levels ⇒P.18
- [3] Pricing strategy that reflects experience value ⇒P.18
- [4] Be more prepared to welcome overseas guests ⇒P.19

1. Sustainable Growth of the Core Business

[1] Enhance theme park value

Main new products

Once Upon a Time [Investment amount Approx. **¥2.0 billion**]
Started on **May 29, 2014** [New night entertainment using projection mapping]

Jungle Cruise: Wildlife Expedition [Investment amount Approx. **¥1.6 billion**]
Opened on **September 8, 2014** [With new effects and music]

New show viewing area in Mediterranean Harbor [Investment amount Approx. **¥ 2.5 billion**]
Opened on **March 1, 2015**

King Triton's Concert at Mermaid Lagoon Theater [Investment amount Approx. **¥ 4.0 billion**]
Started on **April 24, 2015** [New musical show based on the film *The Little Mermaid*]

Renewed Tokyo Disneyland Electrical Parade *Dreamlights*
[Investment amount Approx. **¥2.0 billion**]
Started on **July 9, 2015** [New float based on the film *Tangled* is added, etc.]

Stitch Encounter [Investment amount Approx. **¥2.0 billion**]
Opened on **July 17, 2015** [Theater-type attraction offering interactive communication with Stitch]

Out of Shadowland at Hangar Stage [Investment amount **TBA**]
Scheduled to start on **July 9, 2016** [New musical show based on the original story]

New at Tokyo Disneyland

New at Tokyo DisneySea

New Disney Character Greeting Facility and Adjoining Restaurant in Westernland
[Investment amount Approx. **¥3.0 billion**, including new restaurant]
Scheduled to open in **Autumn-Winter 2016**

New attraction themed to *Finding Nemo* series
[Investment amount Approx. **¥5.0 billion**] Scheduled to open in **Spring 2017**

We will decide on and sequentially launch large-scale investment projects to maximize the value of our theme parks

*Plans announced as of October 29, 2015

Tokyo DisneySea 15th Anniversary

Tokyo Disney Resort 35th Anniversary

[FY] 3/15 3/16 3/17 3/18 3/19

2016 Medium-term Plan

Further enhance value of theme park toward OLC in 2023

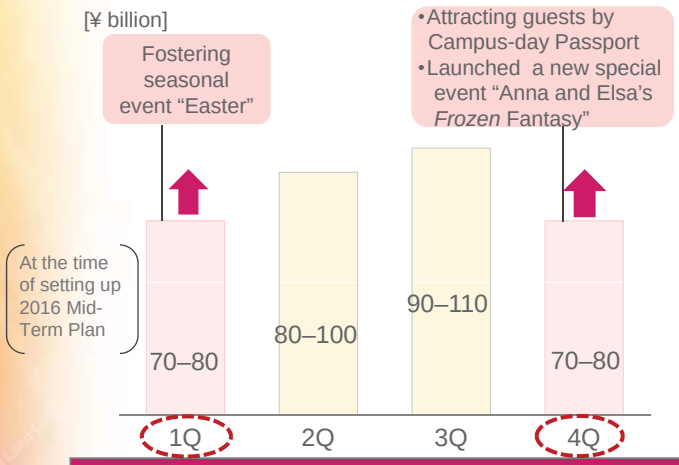
1. Sustainable Growth of the Core Business

[2] Increase theme park attendance by stabilizing attendance levels

Increase attendance level in 1Q and 4Q

Strengthen our capacity to attract guests by rolling out special events in combination with marketing activities

Quarterly net sales in theme park segment

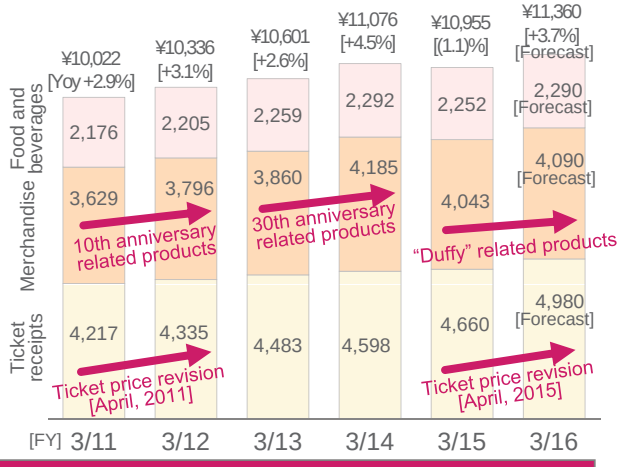


[3] Pricing strategy that reflects experience value

Increase guest spending in the mid-long term

Increase guest spending by creating new value and setting prices strategically

Net sales per guest



Aim to maximize net sales by increasing attendance level and guest spending

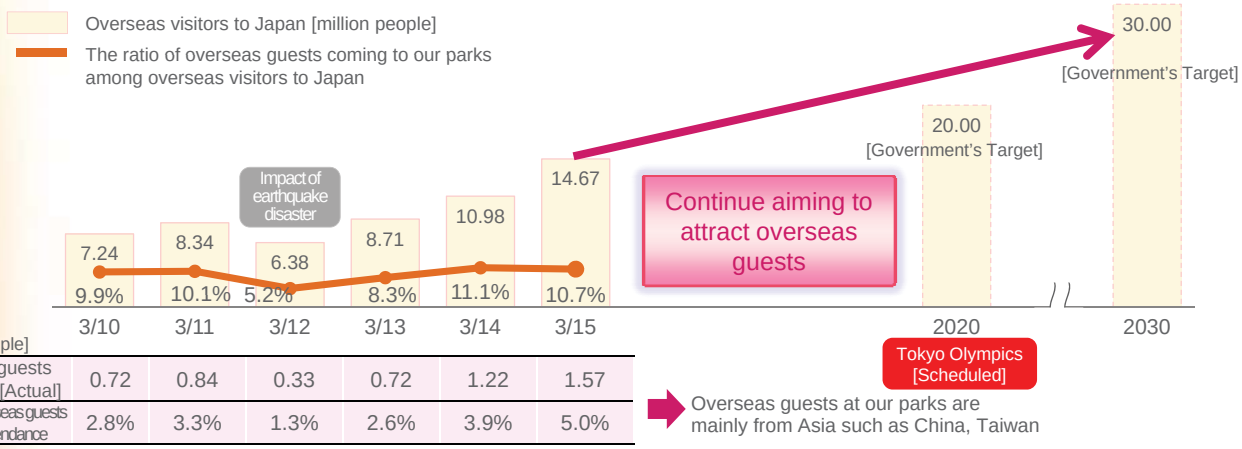
1. Sustainable Growth of the Core Business

[4] Be more prepared to welcome overseas guests

Enhance experience value	Aim to enhance experience value by improving both our tangible and intangible features so as to be more prepared to welcome overseas guests
Strengthen our appeal	Strengthen marketing activities focusing on Southeast Asia, where growth is expected
	Launched websites in Thai and Indonesian, in addition to English, Chinese, and Korean

The number of overseas visitors to Japan and the ratio of our parks' overseas guests among overseas visitors to Japan

Source:
Prepared by the OLC Group based on materials created by the Japan National Tourist Organization (JNTO) and the Japan Tourism Agency.



[million people]	3/10	3/11	3/12	3/13	3/14	3/15
Overseas guests attendance [Actual]	0.72	0.84	0.33	0.72	1.22	1.57
The ratio of overseas guests among all attendance	2.8%	3.3%	1.3%	2.6%	3.9%	5.0%

Overseas guests at our parks are mainly from Asia such as China, Taiwan

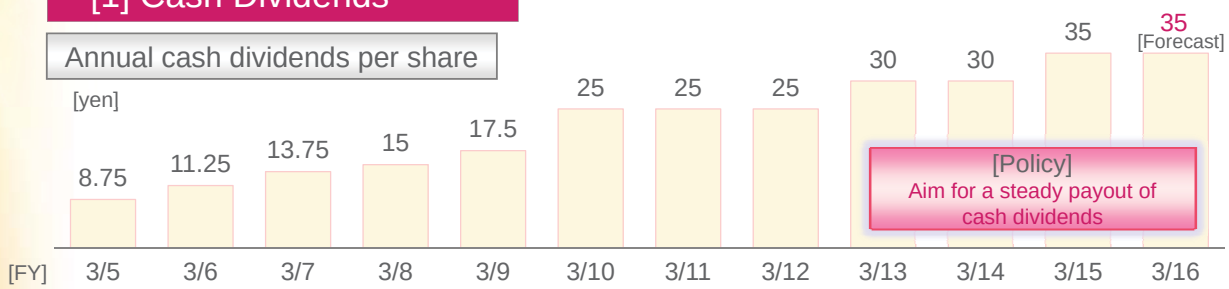
Take advantage of the growth in foreign tourists visiting Japan and respond appropriately

2. Financial Policies

Policy: By using operating cash flow for further growth, strive to enhance corporate value

[1] Cash Dividends

Annual cash dividends per share

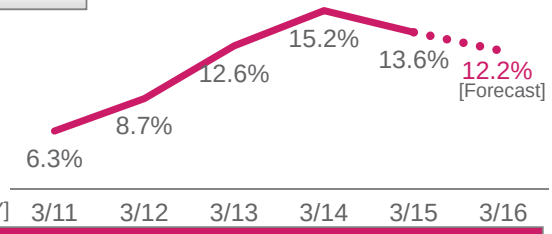


Notes: Conducted a 4-for-1 stock split effective from April 1, 2015.
Dividend amounts up to 3/15 are evaluated retrospectively for descriptive purposes.

[2] ROE

ROE is expected to be 12.2% for the fiscal year ending March 31, 2016.
Continue aiming to achieve ROE of 8% or more.

Changes in ROE



Provide stockholder returns steadily

Oriental Land Co.,Ltd.

[Reference]

Note: Following material is based on “Large-scale development plan for both parks” as we announced before.
Review of the plan is being carried out at the moment

OLC in 2023

Large-scale development plans for both parks

	Tokyo Disneyland Redevelopment of Fantasyland [renovation and expansion]		Tokyo DisneySea Development of new themed port in an extension area
Overview	Overall redevelopment of Fantasyland with major attractions, shops, restaurants and other facilities	Overview	Development of major attractions, shops, restaurants and other facilities for a new themed port
Themes	Consisting of multiple areas with specific themes, such as the Disney films *Beauty and the Beast* and *Alice in Wonderland*	Themes	Themed to Scandinavia Note: Including area where the world of the Disney film *Frozen* will be experienced
Period of Introduction	After FY ending March 2018	Period of Introduction	After FY ending March 2018
Area of Development	The entire existing Fantasyland (renovation) and parts of Tomorrowland, parking, and “backstage” areas (expansion of site) Note: This will nearly double the size of the existing Fantasyland	Area of Development	Utilization of the expansion area to the south of Lost River Delta Note: The scale of the new themed port will be about the same as Arabian Coast

Concept image for the redevelopment of Fantasyland at Tokyo Disneyland



©Disney

Note: These are concept images only and are subject to change.

Tokyo Disneyland "Redevelopment of Fantasyland"

Area themed to *Beauty and the Beast* in Fantasyland, Tokyo Disneyland



©Disney

Note: These are concept images only and are subject to change.

Tokyo Disneyland “Redevelopment of Fantasyland”

Area themed to *Alice in Wonderland* in Fantasyland, Tokyo Disneyland



©Disney

Note: These are concept images only and are subject to change.

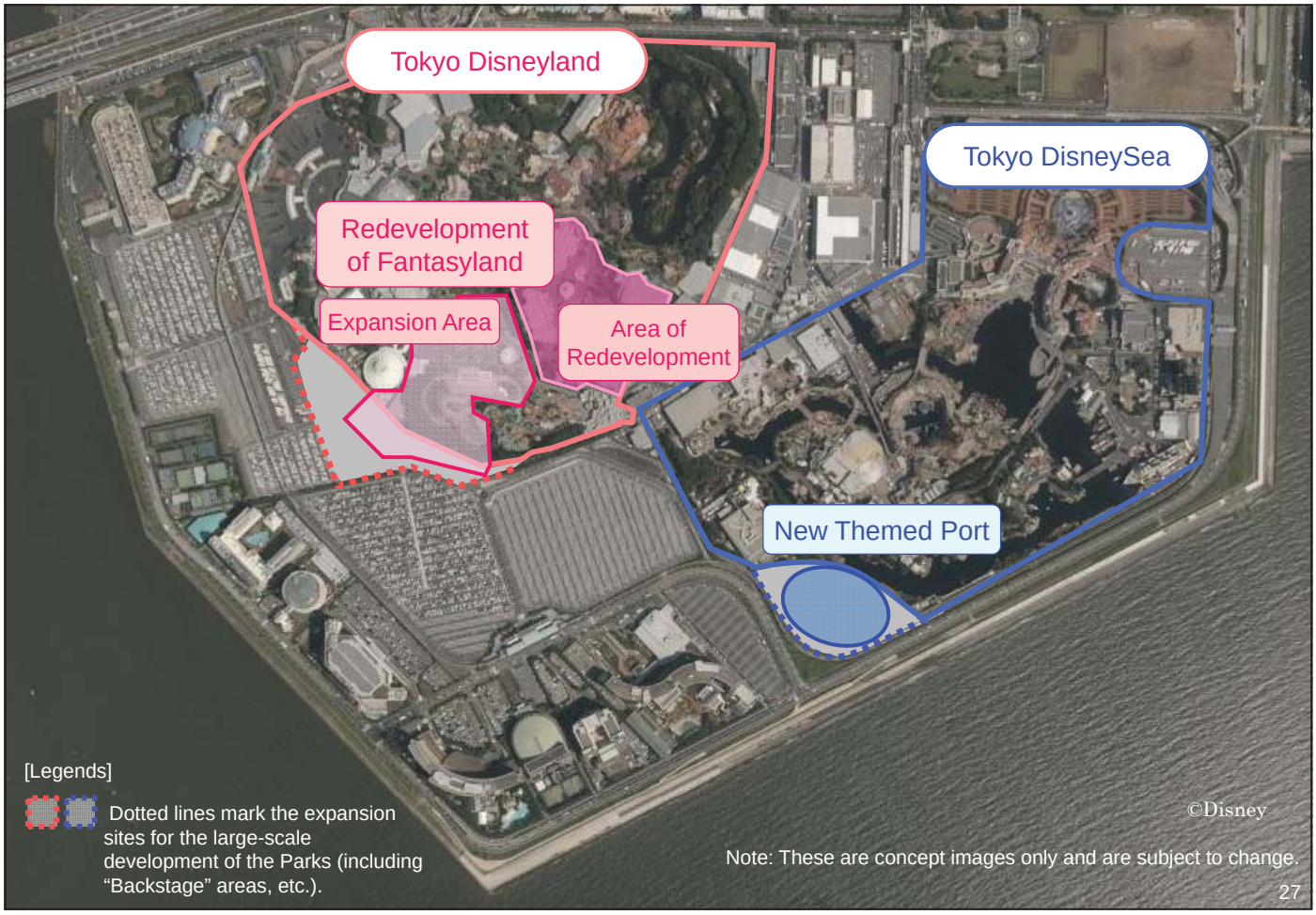
Tokyo DisneySea “Development of new themed port”

Development of new themed port inspired by Scandinavia



©Disney

Note: These are concept images only and are subject to change.



[Reference]

OLC in 2023

Preparations for creating a comfortable environment at both parks

Direction

- Enhance the level of service to gain a high degree of guest satisfaction

Concrete examples

Consider and execute followings:

- Restructure the show viewing area
- Enhance restaurants further
- Make service facilities more comfortable
- Restructure the IT environment

Strengthening the base for operations including support functions

Direction

- Enlarge support facilities aiming at the highest level of theme park attendance and best Guest service
- Create land for future business use by moving and reallocating support facilities

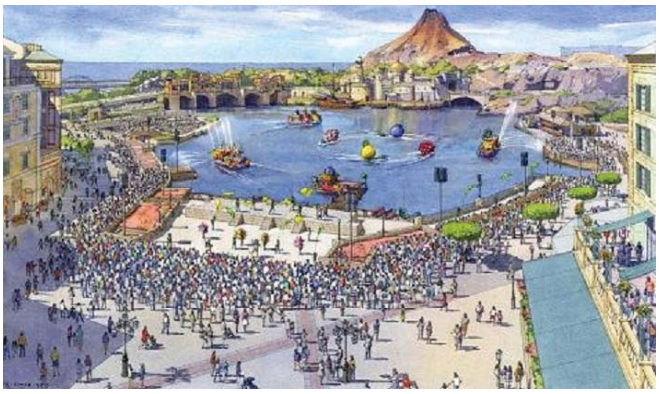
Concrete examples

Consider and execute followings:

- Move and enlarge the Logistics Center and Central Kitchen to company-owned property nearby
- Move part of the administration functions to company-owned property nearby

Concept images of restructuring the show viewing area and enhancing restaurants further

Concept image of enlargement and enhancement of show viewing area



A moveable stage has been installed in Mediterranean Harbor at Tokyo DisneySea to increase visibility of shows and the areas from which shows can be viewed will be expanded.
[Started utilization from March 1, 2015]

Concept image of parade viewing area set up in a restaurant



Under consideration for Tokyo Disneyland is the introduction of a restaurant situated on the parade route so that Guests can leisurely enjoy dining while watching a parade.

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Note: These are concept images only and are subject to change.

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Oriental Land uses a variety of business measures to constantly strive to increase its net sales and management efficiency. However, Oriental Land recognizes that there are certain risks and uncertainties that should be considered which could cause actual performance results to differ from those discussed in the forward-looking statements.
Potential risks could include, but are not limited to, weather, general economic conditions, and consumer preferences. Therefore, there is no firm assurance that the forward-looking statements in this document will prove to be accurate.

Theme park attendance figures have been rounded. Financial figures have been truncated.

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