Oriental Land Co.,Ltd.

Results for the Second Quarter of the Fiscal Year Ending March 31, 2019

October 30, 2018
Oriental Land Co., Ltd.

Oriental Land Co.,Ltd.

Financial Results

Tomoyuki Shimoda
Officer of Finance/Accounting Department

1. Results for the 1st Half Year Ended 9/18 / Same Period of Previous FY

Consolidated Statement of Income	Results for the 1st Half Ended 9/17 [¥ billion]	Results for the 1st Half Ended 9/18 [¥ billion]	Change [¥ billion]	Change
Net Sales	232.5	250.6	18.1	7.8%
Theme Park Segment	191.9	207.9	15.9	8.3%
Hotel Business Segment	32.0	35.1	3.1	9.9%
Other Business Segment	8.6	7.6	(0.9)	(11.6)%
Operating Profit	56.1	61.8	5.7	10.2%
Theme Park Segment	47.1	51.4	4.2	9.0%
Hotel Business Segment	7.6	9.0	1.3	18.2%
Other Business Segment	1.2	1.3	0.0	6.4%
Ordinary Profit	57.1	62.6	5.4	9.5%
Profit attributable to Owners of Parent	42.4	43.3	0.8	2.1%

Net sales and all levels of profit increased

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

Theme Park Segment	Results for the 1st Half Ended 9/17	Results for the 1st Half Ended 9/18	Change	Change
Net Sales [¥ billion]	191.9	207.9	15.9	8.3%
Theme Park Attendance [million people]	14.77	15.52	0.74	5.0%
Net Sales per Guest [¥]	11,473	11,700	227	2.0%
Ticket Receipts	5,234	5,267	33	0.6%
Merchandise	3,958	4,119	161	4.1%
Food and Beverages	2,281	2,314	33	1.4%

Theme Park Attendance

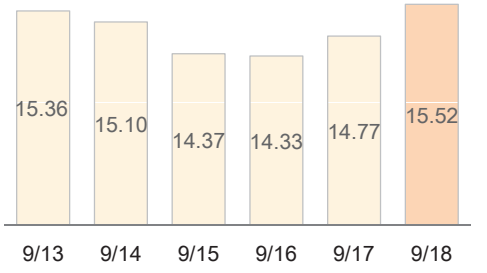
- Increase due to Tokyo Disney Resort 35th Anniversary events

Net Sales per Guest

- Increase in Merchandise
  - Increase due to strong sales of Tokyo Disney Resort 35th Anniversary events related products

Theme Park Attendance(1st Half)

(million people)



Both Theme Park attendance and net sales per Guest increased

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

Theme Park Segment	Results for the 1st Half Ended 9/17 [¥ billion]	Results for the 1st Half Ended 9/18 [¥ billion]	Change [¥ billion]	Change
Net Sales	191.9	207.9	15.9	8.3%
Operating Profit	47.1	51.4	4.2	9.0%

Increase in operating profit

- Increase in net sales
- Increase in merchandise and food/beverages sales cost ratio ¥(1.0 billion)
- Increase in personnel expenses ¥(2.1 billion)
  - Increase in personnel expenses for part-time employees ¥(0.9 billion)
  - Increase due to appearance of performance bonus ¥(0.9 billion)
  - Increase in other factors ¥(0.2 billion)
- Increase in miscellaneous costs ¥(2.6 billion)
  - Increase in Tokyo Disney Resort 35th Anniversary events related costs ¥(1.6 billion)
  - Increase in computer-system-related expenses ¥(0.5 billion)
  - Increase in other factors ¥(0.4 billion)
- Increase in depreciation and amortization expenses ¥(0.2 billion)

Although personnel expenses and miscellaneous costs increased, operating profit rose mainly due to the increase of net sales.

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

Hotel Business Segment	Results for the 1st Half Ended 9/17 [¥ billion]	Results for the 1st Half Ended 9/18 [¥ billion]	Change [¥ billion]	Change
Net Sales	32.0	35.1	3.1	9.9%
Disney Hotels	27.6	30.7	3.1	11.4%
Other	4.4	4.4	0.0	0.4%
Operating Profit	7.6	9.0	1.3	18.2%

Note: Disney Hotels includes Disney Ambassador Hotel, Tokyo DisneySea Hotel MiraCosta, Tokyo Disneyland Hotel, and Tokyo Disney Celebration Hotel.

- Increase in accommodation revenue due to Tokyo Disney Resort 35th Anniversary events
- Increase in personnel expenses
  - Increase due to appearance of performance bonus, etc.

Both net sales and operating profit grew owing to strong performance of Disney Hotels

Other Business Segment	Results for the 1st Half Ended 9/17 [¥ billion]	Results for the 1st Half Ended 9/18 [¥ billion]	Change [¥ billion]	Change
Net Sales	8.6	7.6	(0.9)	(11.6)%
Operating Profit	1.2	1.3	0.0	6.4%

Although net sales decreased due to Ikspiari business, operating profit increased

2. Results for the 1st Half Year Ended 9/18 / Initial Forecast

Consolidated Statement of Income	Initial Forecast for 1st Half Ended 9/18 [¥ billion]	Results for the 1st Half Ended 9/18 [¥ billion]	Change [¥ billion]	Change
Net Sales	241.5	250.6	9.1	3.8%
Theme Park Segment	200.7	207.9	7.2	3.6%
Hotel Business Segment	33.3	35.1	1.8	5.5%
Other Business Segment	7.4	7.6	0.1	1.7%
Operating Profit	54.0	61.8	7.8	14.5%
Theme Park Segment	44.7	51.4	6.6	14.9%
Hotel Business Segment	8.0	9.0	0.9	11.7%
Other Business Segment	1.1	1.3	0.1	14.0%
Ordinary Profit	55.0	62.6	7.5	13.7%
Profit attributable to Owners of Parent	38.5	43.3	4.7	12.4%

Net sales and all levels of profit exceeded the initial forecast

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

Theme Park Segment	Initial Forecast for 1st Half Ended 9/18 [¥ billion]	Results for the 1st Half Ended 9/18 [¥ billion]	Change [¥ billion]	Change
Net Sales	200.7	207.9	7.2	3.6%
Operating Profit	44.7	51.4	6.6	14.9%

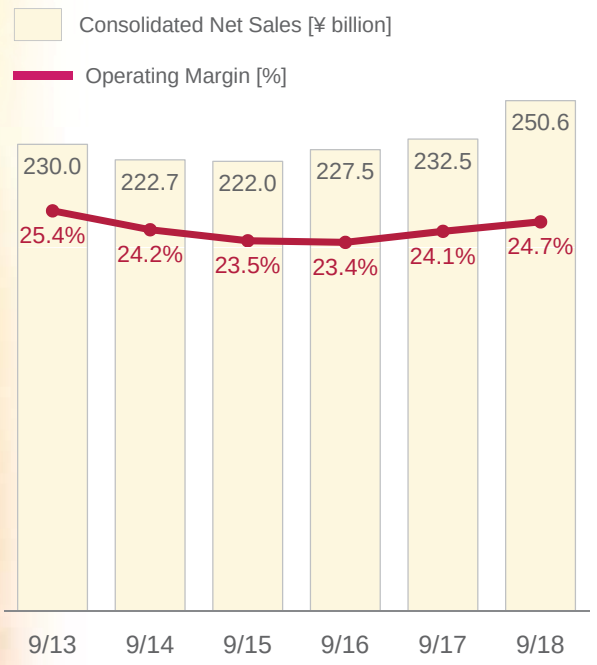
Higher-than-projected operating profit

- Increase in net sales
  - Increase in Theme Park attendance
- Decrease in miscellaneous costs
  - Postponement of costs to the 2nd half of the year, etc. About +¥1.5 billion

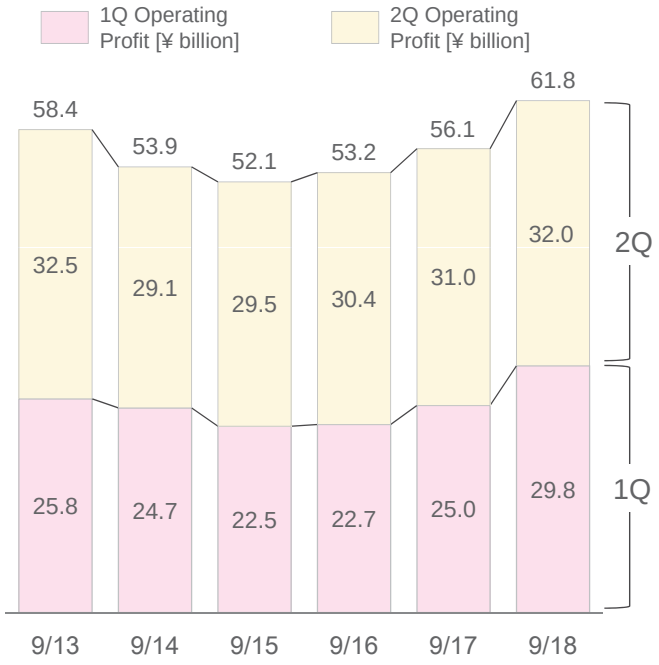
Both net sales and operating profit outperformed the initial forecast due to the increase in Theme Park attendance

3. Results for the 1st Half Year - Changes in Results

Consolidated Net Sales and Operating Margin [1st Half]



Quarterly Consolidated Operating Profit [1st Half]



Both net sales and operating profit reached a record high

4. Forecast for FY Ending 3/19 / Results for FY Ended 3/18

Consolidated Statement of Income	Results for the Full FY 3/18 [¥ billion]	Initial Forecast for the Full FY 3/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	479.2	500.8	21.5	4.5%
Theme Park Segment	395.9	417.9	21.9	5.6%
Hotel Business Segment	66.4	67.8	1.3	2.1%
Other Business Segment	16.8	15.0	(1.8)	(10.7)%
Operating Profit	110.2	113.4	3.1	2.9%
Theme Park Segment	91.6	94.4	2.8	3.1%
Hotel Business Segment	16.2	16.6	0.3	2.1%
Other Business Segment	2.0	2.2	0.1	7.7%
Ordinary Profit	111.6	114.8	3.1	2.8%
Profit attributable to Owners of Parent	81.1	80.0	(1.1)	(1.4)%
Theme Park Attendance [million people]	30.10	31.00	0.90	3.0%
Net Sales per Guest* [¥]	11,614	11,830	216	1.9%
Capital Expenditure* [¥ billion]	59.8	100.3	40.4	67.6%
Depreciation and Amortization* [¥ billion]	37.3	38.1	0.8	2.2%

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

The full-year forecast for the fiscal year ending 3/19 remain unchanged

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[Reference]
Progress of 2020 Medium-Term Plan

Note: Partially updated from the presentation material of results for the fiscal year ended March 2018

Overall Structure of 2020 Medium-Term Plan

Strengthen business foundation toward long-term sustainable growth

Targets

- To consistently provide a highly satisfying Theme Park experience
- To achieve record high Theme Park attendance and operating cash flow in FY3/21

Note: Operating cash flow = Profit attributable to owners of parent + Depreciation and amortization expenses

Strategies

1	Core Business Strategy	• Strengthen structural aspects to provide novelty and comfort • Strengthen non-structural aspects (human resources capacity) on a long-term sustainable basis
2	Financial Policy	• Allocate operating cash flow to growth investment and aim to enhance corporate value

2020 Medium-Term Plan Core Business Strategy

Background

External environment	Internal environment
• Declining birth rate and aging population • Increase in inbound tourists • Reduction in labor force	• Increasing Theme Park attendance at a faster-than-expected pace

Strategies

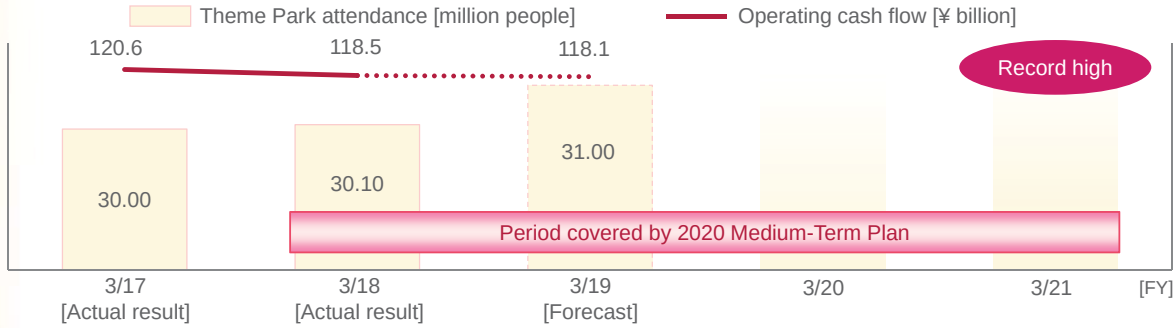
Strengthen structural aspects
- "novelty"
- "comfort"

Strengthen non-structural aspects (human resources capacity) on a long-term sustainable basis

Enhance satisfaction and capacity to attract Guests on the basis of strategies

2020 Medium-Term Plan : Current status

Theme Park attendance and operating cash flow



Note: Operating cash flow = Profit attributable to owners of parent + depreciation and amortization expenses

Core business strategies

Strengthen structural aspects	• Strengthen "novelty" and "comfort" by introducing new products	⇒Pages 15-16
	• Utilization of IT progressed; e.g., official smartphone app	⇒Page 17
	• Strengthened measures to accommodate and secure Guests from abroad	⇒Page 18
	• Launch of large-scale development	⇒Pages 19-20
Strengthen non-structural aspects (human resources capacity)	• Promotion of a comfortable workplace environment; measures to promote a tangible sense of personal growth	⇒Page 21

1. Core business strategy: Strengthen structural aspects

Major new products

Nemo & Friends SeaRider
Opened on May 12, 2017 [Investment amount Approx. ¥5.0 billion]

"it's a small world"
Opened on April 15, 2018

New daytime parade "Dreaming Up!"
Started from April 15, 2018 [Investment amount Approx.¥2.4 billion]

New nighttime spectacular "Celebrate! Tokyo Disneyland"
Started from July 10, 2018 - April 26, 2019

Soaring: Fantastic Flight
Scheduled to open in FY 3/20 summer
[Investment amount Approx. ¥18.0 billion]

New at Tokyo Disneyland

New at Tokyo DisneySea

Large-scale investment projects
Scheduled to open in FY 3/21 spring
[Investment amount Approx. ¥75.0 billion]

Tokyo Disney Resort 35th Anniversary

Note: Plans announced as of October 29, 2018.

Introduce products for strengthening "novelty" and "comfort"

1. Core business strategy: Strengthen structural aspects

Attractions

Examples	Novelty	Comfort
"it's a small world"	• Added characters featured in Disney films	• Expanded indoor queuing spaces
Nemo & Friends SeaRider	• Offered the concept depicted in the Disney/Pixar films	• Improved waiting environment by installing a roof at outdoor waiting area • Allowed more Guests to experience attraction by making operational changes

Others

- Refurbished restaurants to improve dining environment
- Planning to build a multistory parking facility in 2019 and redesign Theme Park entrances in 2020

Promoting introduction of new and remodeled attractions and other facilities

1. Core business strategy: Strengthen structural aspects

Utilization of IT

- Developed “Tokyo Disney Resort App” as our official smartphone app
- Start electronic payment service[scheduled to start from Nov. 2018]



Imagery of app screen

- Purchase park tickets and Vacation Packages
- Search and purchase merchandise sold within parks
- Make reservation for Disney Hotels and restaurants inside the Theme Parks
- Acquire information on waiting time for each attraction and facility
- Hotel check-in
- Show ticket lotteries
- Information and digital guide maps

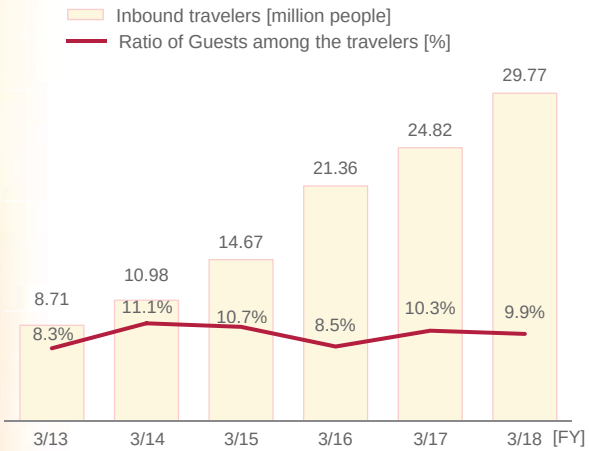
Aim at enhancing Guests’ comfort and experience value

©Disney

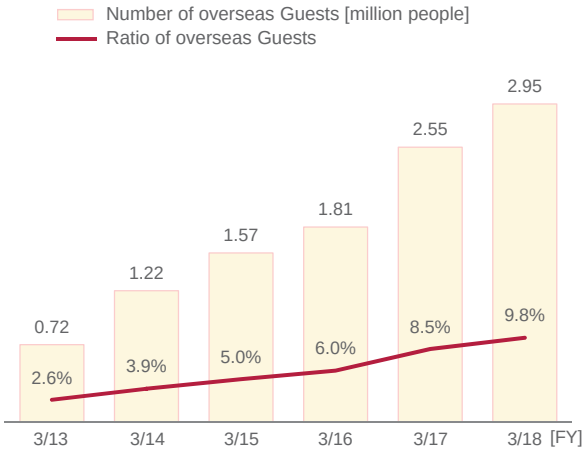
1. Core business strategy: Strengthen structural aspects

Measures for Guests from outside Japan

Number of Inbound Travelers and Ratio of Guests among the Travelers



Number/Ratio of Overseas Guests



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

- Offered official website in multiple languages for overseas Guests, introduced language assistance tools and etc.
- Marketing activities tailored to each country

Strengthened measures to accommodate and secure Guests from abroad

1. Core business strategy: Strengthen structural aspects

Large scale investment projects

Theme Park	Projects	Time of introduction/ Investment value
Tokyo DisneySea	Major attraction “Soaring: Fantastic Flight”	Summer in 2019 Approx. ¥18.0 billion





Effect	**Novelty**	• Introduce Soarin’, a popular attraction at Disney Theme Parks abroad, adding scenes exclusive to Tokyo DisneySea
	Comfort	• Allow more Guests to experience attractions • Balance out Guests’ retention time within the Theme Park

©Disney

Note: These concept images are subject to change.

1. Core business strategy: Strengthen structural aspects

Large scale investment projects

Theme Park	Projects	Time of introduction/ Investment value
Tokyo Disneyland	• Beauty and the Beast Area (tentative name) • Live Entertainment Theater • New attraction themed to the Disney film, *Big Hero 6* • New Disney Character Greeting Facility	Spring in 2020 ¥75.0 billion level





Effect	**Novelty**	• *Beauty and the Beast* and other attractions unique to Japan • First indoor theater at Tokyo Disneyland
	Comfort	• Allow more Guests to experience attractions • Introduce an all-weather-type theater and an indoor restaurant

Large-scale development launched as planned with steady progress made toward opening

©Disney

Note: These concept images are subject to change.

1. Core business strategy: Strengthen human resources capacity

Strengthen both hospitality skills and operational efficiency by creating a comfortable workplace environment and implementing measures to encourage Cast Members to feel a tangible sense of personal growth

Promotion of a comfortable workplace environment	Rectify uneven distribution of workforce among job types and time slots	• Changed recruitment marketing method • Change job-specific wages and shift allowances
	Addressing transformations in workstyles	• Allowed flexible workstyles by adopting a new schedule management system • Housing assistance for employees with long commute
Measures to promote a tangible sense of personal growth	New concept: "Creating happiness"	• Introduced training programs to promote understanding of the new concept and instill it in Cast Members' minds • Executed measures to offer Guest service based on the new concept
	Strengthen career support	• Provided career support mainly through business skills training • Implemented training programs to provide further career support

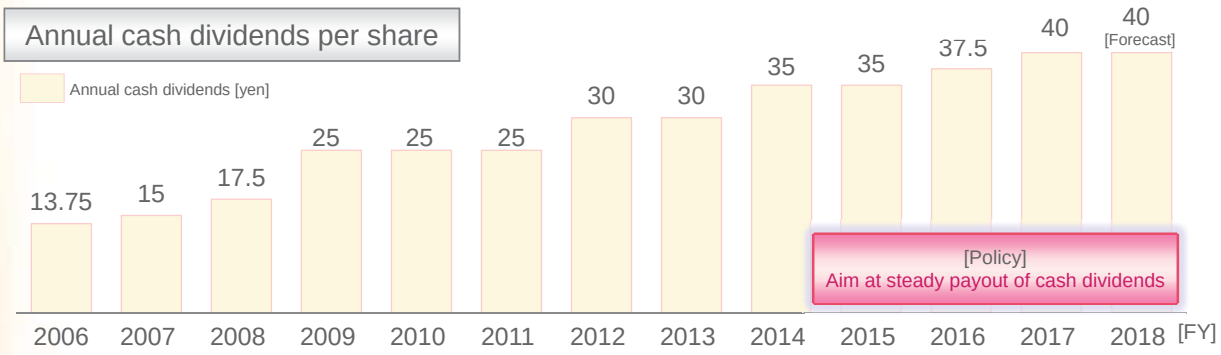
Number of Cast Members is on a steady increase; human resources development will be continued

2. Financial Policy

Policy: Allocate operating cash flow to growth investment with the aim of enhancing corporate value

Cash dividends

Annual cash dividends per share



Note: Dividend amounts up to 3/15 are evaluated retrospectively for descriptive purposes.

ROE

ROE for FY ending 3/19 is expected to reach 10.6%

Enhance shareholder returns

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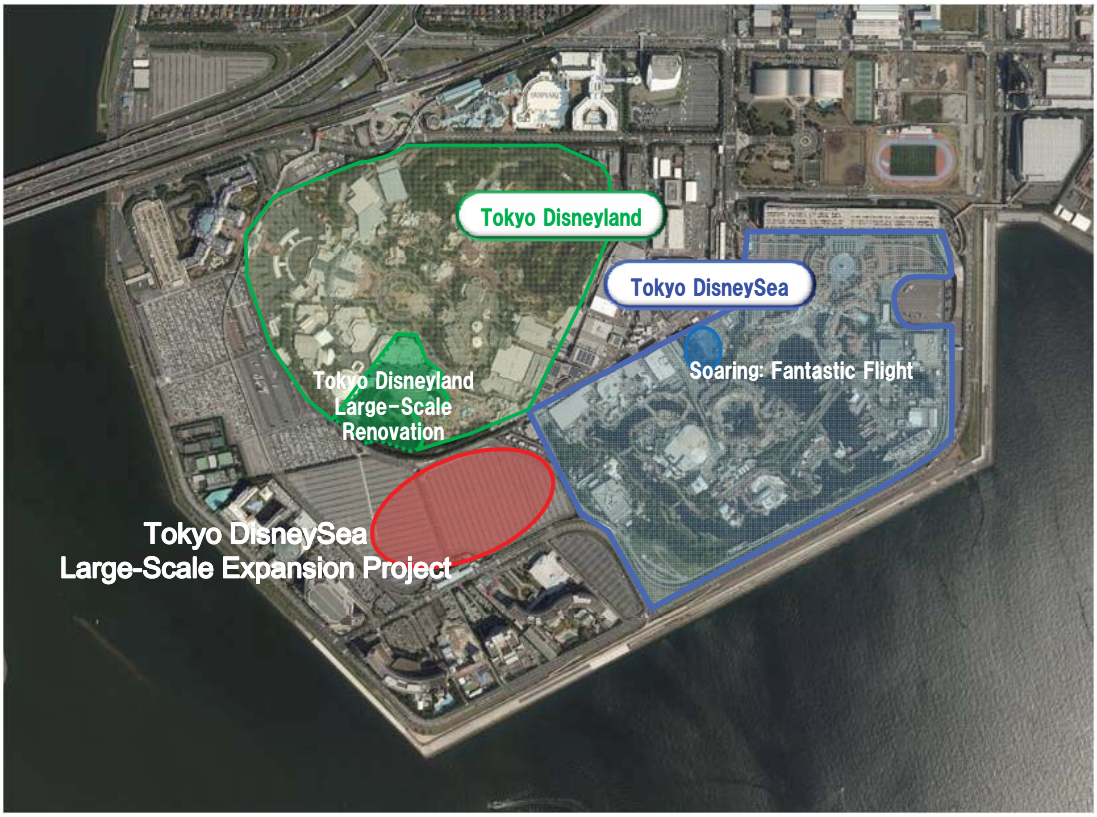
[Reference]
Tokyo DisneySea
Large-Scale Expansion Project

Tokyo DisneySea Large-Scale Expansion Project: Aerial Photo



Note: This concept image is not an exact representation of the development area of the project

Overall View of New Themed Port



Notes: 1) The new themed port will be connected to other areas of the Park through a pathway between Arabian Coast and Lost River Delta
2) The image above represents the current concept and is subject to change

Overview of "Tokyo DisneySea Large-Scale Expansion Project"

Tokyo DisneySea: New Themed Port Development Project

Location	Guest parking area diverted to area used to expand Tokyo DisneySea
Area	About 100,000 m^2 [about 140,000 m^2 including backstage area]
Opening	In fiscal year March 2023 [scheduled]
Theme	Magical springs that lead to a world of Disney fantasy

Themes of the three areas	*Frozen*	*Tangled*	*Peter pan*
Number of facilities	1 attraction 1 restaurant	1 attraction 1 restaurant	2 attractions 1 restaurant
Concept images			

Note: This information is subject to change.

The fifth Disney Hotel: A magical experience in the world of Disney



Tokyo Disney Celebration Hotel



Tokyo DisneySea Hotel MiraCosta



New Hotel located inside the Park
[Guest Rooms: 475, Restaurants: 2, etc.]



Disney Ambassador Hotel



Tokyo Disneyland Hotel

Value-type

Deluxe-type

Luxury-type

OLC

Effect of the Investment

Large-Scale Expansion Project

Investment Amount

About ¥250 billion

Through newly created “experience value,”

Investment effect: net sales

Boost-up effect on net sales by ¥50 billion annually

Consolidated net sales

Expected to reach the range of mid-¥500 billion to the high-¥500 billion

Ongoing Investment will be continued toward further growth

Policy for Long-Term Growth

Tokyo Disney Resort	<Tokyo Disneyland> The new plans will apply to all seven themed lands, including Fantasyland. An area-based development for each themed land is intended to leave a lasting impact on the park
	<Tokyo DisneySea> To achieve a significant breakthrough, the expansion of the existing site and utilization of new development will create an environment with a higher degree of Guest satisfaction from qualitative as well as quantitative standpoint
	<Hotels within Tokyo Disney Resort> Investigate various ways to add more value to Tokyo Disney Resort as a whole, such as increasing the number of guest rooms at the hotels

Further boost the level of net sales with continued large-scale investment

New Business	Plans for the new business aimed at growing it into single business segment will be considered in ways that are not by specific timeframe

Broader investigation for further development

Formulate policy from a long-term perspective and realize plans by taking the internal/external environment into consideration

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Investor Relations Group, Finance/Accounting Department
URL: www.olc.co.jp/en

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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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