

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2017 (Japanese accounting standards)

April 27, 2017

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Oriental Land Co., Ltd.

Code number: 4661, First Section of the Tokyo Stock Exchange

URL: <http://www.olic.co.jp/en/>

Representative: Kyoichiro Uenishi, Representative Director and President

Contact: Tomoyuki Shimoda, Director of Finance/Accounting Department

Planned Date for Annual General Meeting of Stockholders: June 29, 2017

Planned Date for Submission of Securities Report (*Yuka shoken hokokusho*): June 29, 2017

Planned Date for Start of Dividend Payment: June 30, 2017

Supplementary materials for the financial statements: Yes

Briefing session on financial results: Yes (for institutional investors)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Fiscal Year Ended March 31, 2017

(April 1, 2016 – March 31, 2017)

(1) Consolidated Operating Results

(Percentages represent change compared with the previous fiscal year.)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Fiscal Year ended March 31, 2017	477,748	2.7	113,152	5.4	114,611	4.9
Fiscal Year ended March 31, 2016	465,353	(0.2)	107,357	(2.9)	109,214	(1.2)

(Note) Comprehensive income:

Fiscal year ended March 31, 2017: ¥79,986 million (10.5%)

Fiscal year ended March 31, 2016: ¥72,390 million ((12.6%))

	Profit attributable to owners of parent (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)	Return on equity (%)	Ordinary income/total assets (%)	Operating income/total net sales (%)
Fiscal Year ended March 31, 2017	82,374	11.4	248.39	239.95	12.7	13.8	23.7
Fiscal Year ended March 31, 2016	73,928	2.6	221.26	214.90	12.4	14.0	23.1

(Reference) Equity in earnings of affiliates:

Fiscal year ended March 31, 2017: ¥150 million

Fiscal year ended March 31, 2016: ¥147 million

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of March 31, 2017	849,798	669,515	78.8	2,020.58
As of March 31, 2016	810,268	624,941	77.1	1,870.10

(Reference) Equity capital:

As of March 31, 2017: ¥669,515 million

As of March 31, 2016: ¥624,941 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities (¥ million)	Net cash provided by (used in) investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Fiscal Year ended March 31, 2017	117,611	(33,631)	(28,788)	141,801
Fiscal Year ended March 31, 2016	110,910	(118,754)	(11,814)	86,636

2. Dividends

	Annual dividends (¥)					Total dividends paid (total) (¥ million)	Payout ratio (consolidated) (%)	Dividends/ Net assets (consolidated) (%)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal Year ended March 31, 2016	—	17.50	—	17.50	35.00	11,720	15.9	2.0
Fiscal Year ended March 31, 2017	—	17.50	—	20.00	37.50	12,448	15.1	1.9
Fiscal Year ending March 31, 2018 (Est.)	—	20.00	—	20.00	40.00		18.8	

(Note) Total dividends paid include dividends paid to the trust to the employee stock plan (FY2015 25million yen, FY2016 23million yen) and payout ratio has been calculated by dividing total dividends paid by profit attributable to owners of parent.

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2018

(April 1, 2017 to March 31, 2018)

(Percentages represent change compared with the previous fiscal year or the same quarter of the previous fiscal year, as applicable.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Six months ending September 30, 2017	226,990	(0.2)	48,290	(9.3)	49,450	(9.0)	34,490	(9.5)	104.09
Fiscal Year ending March 31, 2018	469,300	(1.8)	100,170	(11.5)	101,610	(11.3)	70,810	(14.0)	213.70

*Notes

(1) Changes in Major Subsidiaries During the Period (Changes in specified subsidiaries due to changes in the scope of consolidation): None

New: — companies (Company name:)

Eliminated: — companies (Company name:)

(2) Changes in Accounting Policies, Changes in Accounting Estimates, or Restatement

(a) Changes in accounting policies due to changes in accounting standards: Yes

(b) Changes other than (a) above: None

(c) Changes in accounting estimates: None

(d) Restatement: None

(3) Number of Shares Issued and Outstanding (Common stock)

(a) Number of shares issued at end of period (including treasury stock)	Year ended March 31, 2017:	363,690,160 shares	Year ended March 31, 2016:	363,690,160 shares
(b) Number of treasury stock at end of period	Year ended March 31, 2017:	32,341,617 shares	Year ended March 31, 2016:	29,514,717 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Year ended March 31, 2017:	331,634,931 shares	Year ended March 31, 2016:	334,134,714 shares

(Note)

Number of treasury stock includes dividends paid to the trust to the employee stock plan.

[Reference] Non-consolidated Results

Non-consolidated Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Non-consolidated Operating Results

(Percentages represent change compared with the previous fiscal year.)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Fiscal Year ended March 31, 2017	406,513	2.6	98,225	4.5	101,705	4.2
Fiscal Year ended March 31, 2016	396,262	(0.7)	93,955	(4.2)	97,619	(1.4)

	Net income (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Fiscal Year ended March 31, 2017	73,347	11.3	221.17	213.74
Fiscal Year ended March 31, 2016	65,928	1.2	197.31	191.72

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of March 31, 2017	798,894	618,546	77.4	1,866.75
As of March 31, 2016	763,703	582,378	76.3	1,742.73

(Reference) Equity capital:

As of March 31, 2017: ¥618,546 million

As of March 31, 2016: ¥582,378 million

* These financial statements are not subject to audit procedure.

* Explanation on the Appropriate Usage of Performance Projections and Other Specific Matters

The projections and other statements with respect to the future included in this material are based on currently available information and certain assumptions that are judged reasonable by the Company. Please be advised that the Company does not in any way guarantee the achievement of the projections and other goals in this material and that cases may occur where the actual results and other situations differ materially from the projections due to various factors.

1. Operating Results

(1) Overview of Operating Results

During the fiscal year under review, amid the risks of downward swings in overseas business conditions, the Japanese economy continued to show a gradual recovery trend, sustained by an improvement trajectory in the employment and income environment, and consumer spending remained roughly unchanged.

Regarding the OLC Group, although theme park attendance decreased mainly due to factors such as the Tokyo DisneySea's villain-themed Disney's Halloween event entering its second year as well as the unfavorable weather conditions in the first half of the fiscal year, net sales per guest increased, driven by ticket price revision. As a result, net sales were ¥477,748 million (up 2.7% from the previous fiscal year), operating income was ¥113,152 million (up 5.4%), ordinary income was ¥114,611 million (up 4.9%), and profit attributable to owners of parent was ¥82,374 million (up 11.4%).

The following is the results of each segment.

Summary of Results by Segment for the Fiscal Year Ended March 31, 2017

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Change (decrease)	Change (%)
Net Sales	465,353	477,748	12,395	2.7
Theme Park	384,602	394,215	9,613	2.5
Hotel	63,173	66,144	2,970	4.7
Other	17,576	17,388	(188)	(1.1)
Operating Income	107,357	113,152	5,795	5.4
Theme Park	91,692	95,880	4,188	4.6
Hotel	13,800	14,647	847	6.1
Other	1,604	2,400	795	49.6
Elimination and Corporate	259	223	(36)	(13.9)
Ordinary Income	109,214	114,611	5,396	4.9
Profit Attributable to Owners of Parent	73,928	82,374	8,445	11.4

(2) Analysis of Consolidated Financial Position

[Assets]

Total assets as of March 31, 2017 were ¥849,798 million (up 4.9% compared with the end of the previous fiscal year).

Current assets rose to ¥319,069 million (up 8.6%) due to an increase in cash and deposits.

Non-current assets climbed to ¥530,728 million (up 2.7%) due to an increase in property plant and equipment, etc.

[Liabilities]

Total liabilities as of March 31, 2017 were ¥180,282 million (down 2.7%).

Current liabilities decreased to ¥111,103 million (down 6.7%) as a result of various factors, including a drop in advance received – other.

Non-current liabilities climbed to ¥69,179 million (up 4.4%) as a result of various factors, including a rise in long-term loans payable.

[Net Assets]

Total net assets as of March 31, 2017 were ¥669,515 million (up 7.1%) due to various factors, including a growth in retained earnings owing to increased profit attributable to owners of parent. Net worth ratio stood at 78.8% (up 1.7 points).

(3) Cash Flows

Despite decreases in net cash provided by financing activities, the balance of cash and cash equivalents at the end of the fiscal year under review was ¥141,801 million (an increase of ¥55,164 million compared with the end of the previous fiscal year) owing to increases in net cash used in investing activities and operating activities.

[Net Cash Provided by Operating Activities]

Net cash from operating activities increased to ¥117,611 million (a growth of ¥6,700 million) due to factors including an increase in profit before income taxes.

[Net Cash Used in Investing Activities]

Net cash used in investing activities was ¥33,631 million (a growth of ¥85,122 million) due to factors that including an increase of repayments into time deposits.

[Net Cash Used in Financing Activities]

Net cash used in financing activities was ¥28,788 million (a decrease of ¥16,973 million) due to an increase of expenses owing to acquisition of treasury shares.

(4) Forecast of Results by Segment for the Fiscal Year Ending March 31, 2018

As the fiscal year ending March 31, 2018 follows on the heels of the Tokyo DisneySea 15th Anniversary, net sales, operating income, ordinary income, and profit attributable to owners of parent are projected to decrease to ¥469,300 million (down 1.8% from the fiscal year ended March 31, 2017), ¥100,170 million (down 11.5%), ¥101,610 million (down 11.3%), and ¥70,810 million (down 14.0%), respectively.

(Millions of yen)

	Results for the fiscal year ended March 31, 2017	Forecast for the fiscal year ending March 31, 2018	Change (decrease)	Change (%)
Net Sales	477,748	469,300	(8,448)	(1.8)
Theme Park	394,215	386,040	(8,175)	(2.1)
Hotel	66,144	66,340	195	0.3
Other	17,388	16,920	(468)	(2.7)
Operating Income	113,152	100,170	(12,982)	(11.5)
Theme Park	95,880	82,600	(13,280)	(13.9)
Hotel	14,647	15,690	1,042	7.1
Other	2,400	1,760	(640)	(26.7)
Elimination and Corporate	223	120	(103)	(46.3)
Ordinary Income	114,611	101,610	(13,001)	(11.3)
Profit Attributable to Owners of Parent	82,374	70,810	(11,564)	(14.0)

2. Basic Policy on the selection of accounting standards

As the OLC group is not engaged in global business operations or capital procurement, its consolidated financial statement are formulated based on Japanese accounting standards.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2016)	At the end of the fiscal year (March 31, 2017)
ASSETS		
Current assets		
Cash and deposits	209,138	263,801
Notes and accounts receivable—trade	25,740	18,874
Securities	32,999	10,999
Merchandise and finished goods	10,206	9,874
Work in process	71	151
Raw materials and supplies	6,836	7,222
Deferred tax assets	5,604	5,265
Other	3,134	2,880
Allowance for doubtful accounts	(2)	(1)
Total current assets	293,728	319,069
Non-current assets		
Property, plant and equipment		
Buildings and structures	645,113	661,920
Accumulated depreciation	(370,373)	(386,805)
Buildings and structures, net	274,739	275,114
Machinery, equipment and vehicles	258,317	257,646
Accumulated depreciation	(227,531)	(229,893)
Machinery, equipment and vehicles, net	30,785	27,753
Land	110,391	115,082
Construction in progress	9,072	18,306
Other	84,421	89,633
Accumulated depreciation	(70,358)	(73,915)
Other, net	14,063	15,717
Total property, plant and equipment	439,052	451,973
Intangible assets		
Goodwill	495	247
Other	10,429	9,328
Total intangible assets	10,925	9,576
Investments and other assets		
Investment securities	55,440	57,535
Net defined benefit asset	3,566	3,221
Deferred tax assets	1,279	1,471
Other	6,361	7,041
Allowance for doubtful accounts	(85)	(92)
Total investments and other assets	66,562	69,178
Total non-current assets	516,540	530,728
Total assets	810,268	849,798

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2016)	At the end of the fiscal year (March 31, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	18,723	17,498
Current portion of long-term loans payable	4,257	4,760
Income taxes payable	20,660	17,412
Provision for loss on disaster	12	2
Other	75,441	71,429
Total current liabilities	119,095	111,103
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	2,842	5,814
Net defined benefit liability	4,101	4,400
Other	9,288	8,963
Total non-current liabilities	66,232	69,179
Total liabilities	185,327	180,282
NET ASSETS		
Shareholders' equity		
Capital stock	63,201	63,201
Capital surplus	111,911	111,911
Retained earnings	480,925	551,630
Treasury shares	(46,721)	(70,464)
Total shareholders' equity	609,317	656,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,362	12,405
Deferred gains or losses on hedges	(585)	(319)
Remeasurements of defined benefit plans	1,847	1,149
Total accumulated other comprehensive income	15,624	13,235
Total net assets	624,941	669,515
Total liabilities and net assets	810,268	849,798

(2) Consolidated Statements of Income

(Millions of yen)

Items	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net sales	465,353	477,748
Cost of sales	294,217	299,543
Gross profit	171,135	178,204
Selling, general and administrative expenses	63,778	65,052
Operating profit	107,357	113,152
Non-operating income		
Interest income	575	339
Dividend income	629	652
Share of profit of entities accounted for using equity method	147	150
Insurance received and insurance dividends	475	524
Other	1,158	814
Total non-operating income	2,986	2,480
Non-operating expenses		
Interest expenses	217	210
Commission fee	532	537
Loss on retirement of non-current assets	77	107
Other	301	164
Total non-operating expenses	1,129	1,021
Ordinary income	109,214	114,611
Extraordinary income		
Gain on sales of investment securities	130	—
Total extraordinary income	130	—
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	210	—
Total extraordinary losses	210	—
Profit before income taxes	109,135	114,611
Income taxes—current	34,518	31,788
Income taxes—deferred	687	449
Total income taxes	35,206	32,237
Profit	73,928	82,374
Profit attributable to owners of parent	73,928	82,374

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Profit	73,928	82,374
Other comprehensive income		
Valuation difference on available-for-sale securities	(744)	(1,957)
Deferred gains or losses on hedges	(589)	266
Remeasurements of defined benefit plans, net of tax	(204)	(697)
Total other comprehensive income	(1,538)	(2,388)
Comprehensive income	72,390	79,986
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	72,390	79,986
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	63,201	111,911	418,716	(46,863)	546,966
Changes of items during period					
Dividends of surplus			(11,720)		(11,720)
Profit attributable to owners of parent			73,928		73,928
Purchase of treasury shares				(22)	(22)
Disposal of treasury shares				164	164
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	62,208	141	62,350
Balance at end of current period	63,201	111,911	480,925	(46,721)	609,317

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	15,107	4	2,051	17,162	564,129
Changes of items during period					
Dividends of surplus					(11,720)
Profit attributable to owners of parent					73,928
Purchase of treasury shares					(22)
Disposal of treasury shares					164
Net changes of items other than shareholders' equity	(744)	(589)	(204)	(1,538)	(1,538)
Total changes of items during period	(744)	(589)	(204)	(1,538)	60,812
Balance at end of current period	14,362	(585)	1,847	15,624	624,941

Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	63,201	111,911	480,925	(46,721)	609,317
Changes of items during period					
Dividends of surplus			(11,669)		(11,669)
Profit attributable to owners of parent			82,374		82,374
Purchase of treasury shares				(25,234)	(25,234)
Disposal of treasury shares				1,491	1,491
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	70,705	(23,742)	46,962
Balance at end of current period	63,201	111,911	551,630	(70,464)	656,279

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	14,362	(585)	1,847	15,624	624,941
Changes of items during period					
Dividends of surplus					(11,669)
Profit attributable to owners of parent					82,374
Purchase of treasury shares					(25,234)
Disposal of treasury shares					1,491
Net changes of items other than shareholders' equity	(1,957)	266	(697)	(2,388)	(2,388)
Total changes of items during period	(1,957)	266	(697)	(2,388)	44,574
Balance at end of current period	12,405	(319)	1,149	13,235	669,515

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	109,135	114,611
Depreciation	35,982	38,280
Amortization of goodwill	247	247
Increase (decrease) in net defined benefit liability	687	380
Interest and dividend income	(1,204)	(992)
Interest expenses	217	210
Foreign exchange losses (gains)	(15)	26
Shares of (profit) loss of entities accounted for using equity method	(147)	(150)
Losses (gains) on sales of investment securities	(130)	—
Losses (gains) on sales of shares of subsidiaries and affiliates	210	—
Decrease (increase) in notes and accounts receivable—trade	(1,001)	6,868
Decrease (increase) in inventories	205	(135)
Increase (decrease) in notes and accounts payable—trade	(1,399)	(1,215)
Increase (decrease) in accrued consumption taxes	(3,839)	592
Other, net	6,357	(6,522)
Subtotal	145,304	152,203
Interest and dividend income received	1,158	1,241
Interest expenses paid	(217)	(210)
Income taxes paid	(35,334)	(35,623)
Net cash provided by (used in) operating activities	110,910	117,611
Cash flows from investing activities		
Payments into time deposits	(170,500)	(188,500)
Proceeds from withdrawal of time deposits	95,000	213,000
Purchase of securities	(29,000)	(25,998)
Proceeds from redemption of securities	32,999	23,999
Purchase of property, plant and equipment	(33,839)	(48,199)
Proceeds from sales of property, plant and equipment	19	35
Purchase of intangible assets	(3,582)	(2,107)
Purchase of investment securities	(10,000)	(4,797)
Proceeds from sales of investment securities	481	—
Other, net	(332)	(1,063)
Net cash provided by (used in) investing activities	(118,754)	(33,631)
Cash flows from financing activities		
Proceeds from long-term loans payable	3,850	7,850
Repayments of long-term loans payable	(4,577)	(4,374)
Cash dividends paid	(11,666)	(11,611)
Purchases of treasury shares	(22)	(25,234)
Proceeds from sales of treasury shares	620	4,585
Payments for long-term accounts payable—other	(14)	—
Other, net	(3)	(2)
Net cash provided by (used in) financing activities	(11,814)	(28,788)
Effect of exchange rate change on cash and cash equivalents	15	(26)
Net increase (decrease) in cash and cash equivalents	(19,642)	55,164
Cash and cash equivalents at beginning of period	106,279	86,636
Cash and cash equivalents at end of period	86,636	141,801