

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018 (Japanese accounting standards)

April 26, 2018

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.olc.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 28, 2018

Planned Date for Submission of Securities Report (*Yuka shoken hokokusho*): June 28, 2018

Planned Date for Start of Dividend Payment: June 29, 2018

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, 2018

(April 1, 2017 – March 31, 2018)

(1) Consolidated Operating Results

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

	Net sales (¥ million)	Year-on-year change (%)	Operating profit (¥ million)	Year-on-year change (%)	Ordinary profit (¥ million)	Year-on-year change (%)
Fiscal Year ended March 31, 2018	479,280	0.3	110,285	(2.5)	111,660	(2.6)
Fiscal Year ended March 31, 2017	477,748	2.7	113,152	5.4	114,611	4.9

(Note) Comprehensive income:

Fiscal year ended March 31, 2018: ¥85,014 million (6.3%)

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

	Profit attributable to owners of parent (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)	Return on equity (%)	Ordinary profit/total assets (%)	Operating profit/total net sales (%)
Fiscal Year ended March 31, 2018	81,191	(1.4)	246.70	236.50	11.7	12.7	23.0
Fiscal Year ended March 31, 2017	82,374	11.4	248.39	239.95	12.7	13.8	23.7

(Reference) Equity in earnings of affiliates:

Fiscal year ended March 31, 2018: ¥109 million

Fiscal year ended March 31, 2017: ¥150 million

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of March 31, 2018	915,564	721,976	78.9	2,196.56
As of March 31, 2017	849,798	669,515	78.8	2,020.58

(Reference) Equity capital:

As of March 31, 2018: ¥721,976 million

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

(3) Consolidated Cash Flows

	Net cash provided by (used in) 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, 2018	122,860	(44,981)	(33,345)	186,350
Fiscal Year ended March 31, 2017	117,611	(33,631)	(28,788)	141,801

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, 2017	—	17.50	—	20.00	37.50	12,448	15.1	1.9
Fiscal Year ended March 31, 2018	—	20.00	—	20.00	40.00	13,167	16.2	1.9
Fiscal Year ending March 31, 2019 (Est.)	—	20.00	—	20.00	40.00		16.5	

(Note) Total dividends paid include dividends paid to the trust to the employee stock plan (Fiscal year ended March 31, 2017 ¥23 million, Fiscal year ended March 31, 2018 ¥20 million).

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, 2019 (April 1, 2018 – March 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Six months ending September 30, 2018	241,540	3.9	54,040	(3.7)	55,080	(3.6)	38,590	(9.2)	117.41
Fiscal Year ending March 31, 2019	500,860	4.5	113,470	2.9	114,810	2.8	80,030	(1.4)	243.48

*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: None

(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, 2018:	363,690,160 shares	Year ended March 31, 2017:	363,690,160 shares
(b) Number of treasury stock at end of period	Year ended March 31, 2018:	35,004,817 Shares	Year ended March 31, 2017:	32,341,617 shares
(c) Average number of shares outstanding (quarterly cumulative period)	Year ended March 31, 2018:	329,108,245 shares	Year ended March 31, 2017:	331,634,931 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, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated Operating Results

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

	Net sales (¥ million)	Year-on-year change (%)	Operating profit (¥ million)	Year-on-year change (%)	Ordinary profit (¥ million)	Year-on-year change (%)
Fiscal Year ended March 31, 2018	408,150	0.4	94,703	(3.6)	104,098	2.4
Fiscal Year ended March 31, 2017	406,513	2.6	98,225	4.5	101,705	4.2

	Net profit (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Fiscal Year ended March 31, 2018	75,450	2.9	229.26	219.83
Fiscal Year ended March 31, 2017	73,347	11.3	221.17	213.74

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of March 31, 2018	861,666	664,557	77.1	2,021.86
As of March 31, 2017	798,894	618,546	77.4	1,866.75

(Reference) Equity capital:

As of March 31, 2018: ¥664,557 million

As of March 31, 2017: ¥618,546 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 showed a gradual recovery, sustained by an improvement trajectory in the employment and income environment. A recovery was also seen in consumer spending.

Regarding the OLC Group, theme park attendance increased driven by a new attraction, “Nemo & Friends SeaRider,” and seasonal special events at Tokyo Disneyland and Tokyo DisneySea, and net sales per guest also climbed, resulting in net sales increasing to ¥479,280 million (up 0.3% from the previous fiscal year). Meanwhile, operating profit, ordinary profit, and profit attributable to owners of parent decreased to ¥110,285 million (down 2.5%), ¥111,660 million (down 2.6%), and ¥81,191 million (down 1.4%), respectively, owing to a rise in expenses including allowances for part-time employees.

The following is the results of each segment.

Summary of Results by Segment for the Fiscal Year Ended March 31, 2018

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change (decrease)	Change (%)
Net Sales	477,748	479,280	1,532	0.3
Theme Park	394,215	395,978	1,762	0.4
Hotel	66,144	66,447	303	0.5
Other	17,388	16,854	(533)	(3.1)
Operating Profit	113,152	110,285	(2,866)	(2.5)
Theme Park	95,880	91,636	(4,244)	(4.4)
Hotel	14,647	16,298	1,650	11.3
Other	2,400	2,071	(329)	(13.7)
Elimination and Corporate	223	279	56	25.1
Ordinary Profit	114,611	111,660	(2,950)	(2.6)
Profit Attributable to Owners of Parent	82,374	81,191	(1,182)	(1.4)

(2) Analysis of Consolidated Financial Position

[Assets]

Total assets as of March 31, 2018 were ¥915,564 million (up 7.7% compared with the end of the previous fiscal year). Current assets rose to ¥365,545 million (up 14.6%) due mainly to an increase in cash and deposits. Non-current assets climbed to ¥550,019 million (up 3.6%) due to an increase in property, plant and equipment, etc.

[Liabilities]

Total liabilities as of March 31, 2018 were ¥193,588 million (up 7.4%).

Current liabilities increased to ¥123,623 million (up 11.3%) as a result of various factors, including a rise in advance received – other.

Non-current liabilities climbed to ¥69,965 million (up 1.1%) as a result of a rise in deferred tax liability, etc.

[Net Assets]

Total net assets as of March 31, 2018 were ¥721,976 million (up 7.8%) due to various factors, including a growth in retained earnings. Net worth ratio stood at 78.9% (up 0.1 points).

(3) Cash Flows

Despite decreases in net cash from investing and financing activities, the balance of cash and cash equivalents at the end of the fiscal year under review was ¥186,350 million (an increase of ¥44,548 million compared with the end of the previous fiscal year) owing to an increase in net cash from operating activities.

[Net Cash Provided by Operating Activities]

Net cash from operating activities increased to ¥122,860 million (a growth of ¥5,249 million) due to factors including a decrease in the payment of income taxes.

[Net Cash Used in Investing Activities]

Net cash used in investing activities was ¥44,981 million (a decrease of ¥11,349 million) due to factors including an increase in payments into time deposits.

[Net Cash Used in Financing Activities]

Net cash used in financing activities was ¥33,345 million (a decrease of ¥4,556 million) due to factors including a decrease in proceeds from long-term loans payable.

(4) Forecast of Results by Segment for the Fiscal Year Ending March 31, 2019

In the fiscal year ending March 31, 2019, Tokyo Disney Resort 35th Anniversary events will be rolled out and are expected to push up theme park attendance and net sales per guest. As a result, net sales, operating profit, and ordinary profit are projected to increase to ¥500,860 million (up 4.5% from the fiscal year ended March 31, 2018), ¥113,470 million (up 2.9%), and ¥114,810 million (up 2.8%), respectively. Meanwhile, as total income taxes declined year on year in the fiscal year ended March 31, 2018 owing to a recording of deferred tax assets for subsidiaries, profit attributable to owners of parent is projected to decrease to ¥80,030 million (down 1.4%).

The following is the forecast of each segment.

(Millions of yen)

	Results for the fiscal year ended March 31, 2018	Forecast for the fiscal year ending March 31, 2019	Change (decrease)	Change (%)
Net Sales	479,280	500,860	21,579	4.5
Theme Park	395,978	417,970	21,991	5.6
Hotel	66,447	67,840	1,392	2.1
Other	16,854	15,050	(1,804)	(10.7)
Operating Profit	110,285	113,470	3,184	2.9
Theme Park	91,636	94,460	2,823	3.1
Hotel	16,298	16,640	341	2.1
Other	2,071	2,230	158	7.7
Elimination and Corporate	279	140	(139)	(50.0)
Ordinary Profit	111,660	114,810	3,149	2.8
Profit Attributable to Owners of Parent	81,191	80,030	(1,161)	(1.4)

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, 2017)	At the end of the fiscal year (March 31, 2018)
ASSETS		
Current assets		
Cash and deposits	263,801	296,350
Notes and accounts receivable—trade	18,874	19,990
Securities	10,999	21,709
Merchandise and finished goods	9,874	10,301
Work in process	151	177
Raw materials and supplies	7,222	7,494
Other	8,145	9,524
Allowance for doubtful accounts	(1)	(2)
Total current assets	319,069	365,545
Non-current assets		
Property, plant and equipment		
Buildings and structures	661,920	676,401
Accumulated depreciation	(386,805)	(400,892)
Buildings and structures, net	275,114	275,508
Machinery, equipment and vehicles	257,646	262,533
Accumulated depreciation	(229,893)	(235,340)
Machinery, equipment and vehicles, net	27,753	27,193
Land	115,082	117,653
Construction in progress	18,306	38,747
Other	89,633	86,795
Accumulated depreciation	(73,915)	(72,320)
Other, net	15,717	14,475
Total property, plant and equipment	451,973	473,578
Intangible assets		
Goodwill	247	—
Other	9,328	8,865
Total intangible assets	9,576	8,865
Investments and other assets		
Investment securities	57,535	51,493
Net defined benefit asset	3,221	4,664
Other	8,513	11,509
Allowance for doubtful accounts	(92)	(91)
Total investments and other assets	69,178	67,575
Total non-current assets	530,728	550,019
Total assets	849,798	915,564

(Millions of yen)

Items	At the end of the previous fiscal year (March 31, 2017)	At the end of the fiscal year (March 31, 2018)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	17,498	17,557
Current portion of long-term loans payable	4,760	4,845
Income taxes payable	17,412	19,989
Provision for loss on disaster	2	—
Other	71,429	81,230
Total current liabilities	111,103	123,623
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	5,814	4,739
Net defined benefit liability	4,400	4,631
Other	8,963	10,594
Total non-current liabilities	69,179	69,965
Total liabilities	180,282	193,588
NET ASSETS		
Shareholders' equity		
Capital stock	63,201	63,201
Capital surplus	111,911	111,911
Retained earnings	551,630	619,599
Treasury shares	(70,464)	(89,794)
Total shareholders' equity	656,279	704,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,405	15,585
Deferred gains or losses on hedges	(319)	(314)
Remeasurements of defined benefit plans	1,149	1,787
Total accumulated other comprehensive income	13,235	17,058
Total net assets	669,515	721,976
Total liabilities and net assets	849,798	915,564

(2) Consolidated Statements of Income

(Millions of yen)

Items	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net sales	477,748	479,280
Cost of sales	299,543	302,771
Gross profit	178,204	176,508
Selling, general and administrative expenses	65,052	66,223
Operating profit	113,152	110,285
Non-operating income		
Interest income	339	170
Dividend income	652	734
Share of profit of entities accounted for using equity method	150	109
Insurance received and insurance dividends	524	498
Other	814	931
Total non-operating income	2,480	2,443
Non-operating expenses		
Interest expenses	210	208
Commission fee	537	575
Other	272	284
Total non-operating expenses	1,021	1,068
Ordinary profit	114,611	111,660
Extraordinary income		
Gain on sales of investment securities	—	1,336
Total extraordinary income	—	1,336
Profit before income taxes	114,611	112,997
Income taxes—current	31,788	35,432
Income taxes—deferred	449	(3,626)
Total income taxes	32,237	31,805
Profit	82,374	81,191
Profit attributable to owners of parent	82,374	81,191

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Profit	82,374	81,191
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,957)	3,179
Deferred gains or losses on hedges	266	5
Remeasurements of defined benefit plans, net of tax	(697)	637
Total other comprehensive income	(2,388)	3,822
Comprehensive income	79,986	85,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	79,986	85,014
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

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

Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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	551,630	(70,464)	656,279
Changes of items during period					
Dividends of surplus			(13,222)		(13,222)
Profit attributable to owners of parent			81,191		81,191
Purchase of treasury shares				(19,999)	(19,999)
Disposal of treasury shares				669	669
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	67,969	(19,330)	48,639
Balance at end of current period	63,201	111,911	619,599	(89,794)	704,918

	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	12,405	(319)	1,149	13,235	669,515
Changes of items during period					
Dividends of surplus					(13,222)
Profit attributable to owners of parent					81,191
Purchase of treasury shares					(19,999)
Disposal of treasury shares					669
Net changes of items other than shareholders' equity	3,179	5	637	3,822	3,822
Total changes of items during period	3,179	5	637	3,822	52,461
Balance at end of current period	15,585	(314)	1,787	17,058	721,976

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	114,611	112,997
Depreciation	38,280	37,339
Amortization of goodwill	247	247
Increase (decrease) in net defined benefit liability	380	388
Interest and dividend income	(992)	(904)
Interest expenses	210	208
Foreign exchange losses (gains)	26	(14)
Shares of loss (profit) of entities accounted for using equity method	(150)	(109)
Loss (gain) on sales of investment securities	—	(1,336)
Decrease (increase) in notes and accounts receivable—trade	6,868	(1,126)
Decrease (increase) in inventories	(135)	(743)
Increase (decrease) in notes and accounts payable—trade	(1,215)	(66)
Increase (decrease) in accrued consumption taxes	592	1,147
Other, net	(6,522)	7,180
Subtotal	152,203	155,206
Interest and dividend income received	1,241	966
Interest expenses paid	(210)	(207)
Income taxes paid	(35,623)	(33,104)
Net cash provided by (used in) operating activities	117,611	122,860
Cash flows from investing activities		
Payments into time deposits	(188,500)	(240,000)
Proceeds from withdrawal of time deposits	213,000	245,000
Purchase of securities	(25,998)	(36,998)
Proceeds from redemption of securities	23,999	43,998
Purchase of property, plant and equipment	(48,199)	(55,122)
Purchase of intangible assets	(2,107)	(2,665)
Purchase of investment securities	(4,797)	(1,019)
Proceeds from sales of investment securities	—	2,336
Other, net	(1,027)	(511)
Net cash provided by (used in) investing activities	(33,631)	(44,981)
Cash flows from financing activities		
Proceeds from long-term loans payable	7,850	3,850
Repayments of long-term loans payable	(4,374)	(4,839)
Cash dividends paid	(11,611)	(13,173)
Purchases of treasury shares	(25,234)	(19,999)
Proceeds from sales of treasury shares	4,585	876
Other, net	(2)	(59)
Net cash provided by (used in) financing activities	(28,788)	(33,345)
Effect of exchange rate change on cash and cash equivalents	(26)	14
Net increase (decrease) in cash and cash equivalents	55,164	44,548
Cash and cash equivalents at beginning of period	86,636	141,801
Cash and cash equivalents at end of period	141,801	186,350