

# **Results for the Second Quarter of the Fiscal Year Ending March 31, 2020**

October 30, 2019  
Oriental Land Co., Ltd.

## **I. Financial Results**

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**Kenji Horikawa**  
**Officer, Director of Finance/Accounting Department**



## 1. Results for the 1st Half Year Ended 9/19 / Same Period of Previous FY

Consolidated Statement of Income	Results for the 1st Half Ended 9/18 [¥ billion]	Results for the 1st Half Ended 9/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	250.6	248.4	(2.2)	(0.9)%
Theme Park Segment	207.9	205.3	(2.5)	(1.2)%
Hotel Business Segment	35.1	34.7	(0.4)	(1.3)%
Other Business Segment	7.6	8.3	0.7	9.3%
Operating Profit	61.8	60.9	(0.9)	(1.5)%
Theme Park Segment	51.4	49.9	(1.4)	(2.9)%
Hotel Business Segment	9.0	9.0	0.0	0.6%
Other Business Segment	1.3	1.8	0.4	37.9%
Ordinary Profit	62.6	62.0	(0.5)	(0.8)%
Profit attributable to Owners of Parent	43.3	43.0	(0.2)	(0.7)%

Net sales and all levels of profit decreased

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

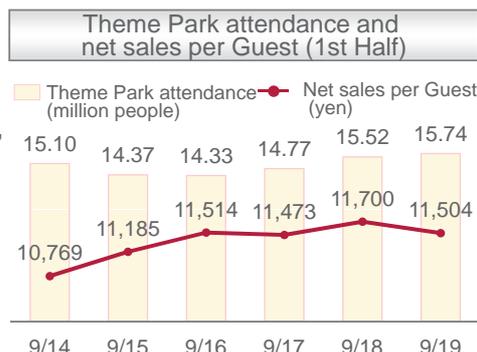
Theme Park Segment [1]	Results for the 1st Half Ended 9/18	Results for the 1st Half Ended 9/19	Change	Change
Net Sales [¥ billion]	207.9	205.3	(2.5)	(1.2)%
Theme Park Attendance [million people]	15.52	15.74	0.22	1.4%
Net Sales per Guest [¥]	11,700	11,504	(196)	(1.7)%
Ticket Receipts	5,267	5,252	(15)	(0.3)%
Merchandise	4,119	3,821	(298)	(7.2)%
Food and Beverages	2,314	2,432	118	5.1%

### Theme Park Attendance

- Increase due to contribution of special events held at both Theme Parks
- Increase due to new attraction "Soaring: Fantastic Flight"

### Net Sales per Guest

- Decrease in Merchandise
- Decrease owing to the end of sales of Tokyo Disney Resort 35th anniversary events related products



Although Theme Park attendance hit a record high,  
net sales per Guest decreased

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

Theme Park Segment [2]	Results for the 1st Half Ended 9/18 [¥ billion]	Results for the 1st Half Ended 9/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	207.9	205.3	(2.5)	(1.2)%
Operating Profit	51.4	49.9	(1.4)	(2.9)%

### Decrease in operating profit

Note: Increase in costs is expressed by figures in brackets, which shows by how much operating profit was negatively affected

Decrease in net sales	
Decrease in merchandise and food/beverages sales cost ratio	+¥1.2 billion
Increase in personnel expenses	¥(1.4 billion)
Increase in personnel expenses for full-time employees	¥(0.6 billion)
Increase in performance bonus	¥(0.5 billion)
Increase in other factors	¥(0.1 billion)
Increase in miscellaneous costs	¥(0.4 billion)
Increase in maintenance costs	¥(1.2 billion)
Increase in computer-system-related expenses	¥(1.1 billion)
Increase in costs related to special events	¥(0.5 billion)
Decrease in costs related to Tokyo Disney Resort 35th anniversary events	+¥1.5 billion
Decrease in other factors	+¥0.9 billion

Note: Depreciation and amortization expenses were roughly on a par with previous fiscal year

**In addition to the decrease of net sales, operating profit decreased due to increase in personnel expenses and miscellaneous costs**

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

Hotel Business Segment	Results for the 1st Half Ended 9/18 [¥ billion]	Results for the 1st Half Ended 9/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	35.1	34.7	(0.4)	(1.3)%
Disney Hotels	30.7	30.7	0.0	0.2%
Other Hotels	4.4	3.9	(0.5)	(11.5)%
Operating Profit	9.0	9.0	0.0	0.6%

- Decrease due to close Hotel Brighton City Kyoto Yamashina
- Decrease in miscellaneous costs
  - Decrease in research and development expenses, etc.

Note: "Disney Hotels" consist of Disney Ambassador Hotel, Tokyo DisneySea Hotel MiraCosta, Tokyo Disneyland Hotel and Tokyo Disney Celebration Hotel

**Although net sales decreased, operating profit grew due to decrease in miscellaneous costs**

Other Business Segment	Results for the 1st Half Ended 9/18 [¥ billion]	Results for the 1st Half Ended 9/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	7.6	8.3	0.7	9.3%
Operating Profit	1.3	1.8	0.4	37.9%

**Both net sales and operating profit increased due to a rise in Monorail business**

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## 2. Results for the 1st Half Year Ended 9/19 / Initial Forecast

Consolidated Statement of Income	Initial Forecast for 1st Half Ended 9/19 [¥ billion]	Results for the 1st Half Ended 9/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	233.3	248.4	15.0	6.5%
Theme Park Segment	192.7	205.3	12.6	6.6%
Hotel Business Segment	32.7	34.7	1.9	6.0%
Other Business Segment	7.9	8.3	0.4	5.2%
Operating Profit	48.4	60.9	12.4	25.7%
Theme Park Segment	39.1	49.9	10.7	27.6%
Hotel Business Segment	7.9	9.0	1.1	14.9%
Other Business Segment	1.3	1.8	0.4	32.0%
Ordinary Profit	49.4	62.0	12.5	25.5%
Profit attributable to Owners of Parent	34.7	43.0	8.3	24.2%

Net sales and all levels of profit exceeded the initial forecast

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

Theme Park Segment	Initial Forecast for 1st Half Ended 9/19 [¥ billion]	Results for the 1st Half Ended 9/19 [¥ billion]	Change [¥ billion]	Change
Net Sales	192.7	205.3	12.6	6.6%
Operating Profit	39.1	49.9	10.7	27.6%

### Increase in operating profit

Increase in net sales

Decrease in merchandise and food/beverages sales cost ratio                      about +¥1.5 billion

Increase in personnel expenses    about ¥(1.5 billion)

  Increase due to appearance of performance bonus, etc.

Decrease in miscellaneous costs    about +¥1.5 billion

  Postponement of costs to the second half of the year, etc.

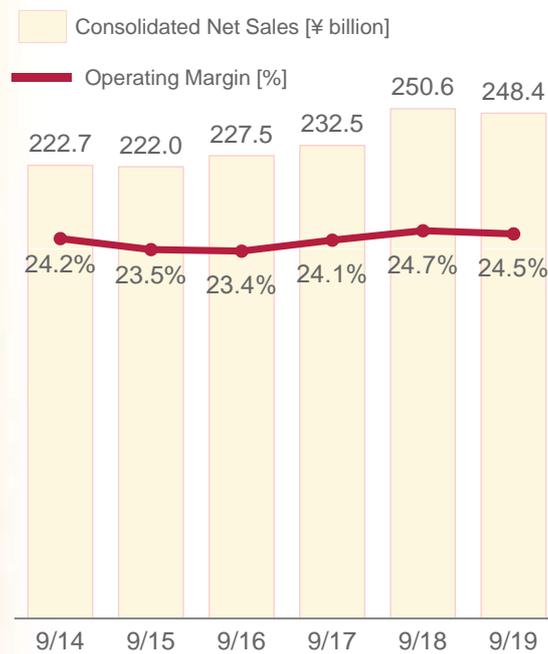
Both net sales and operating profit outperformed the initial forecast due to the increase in Theme Park attendance

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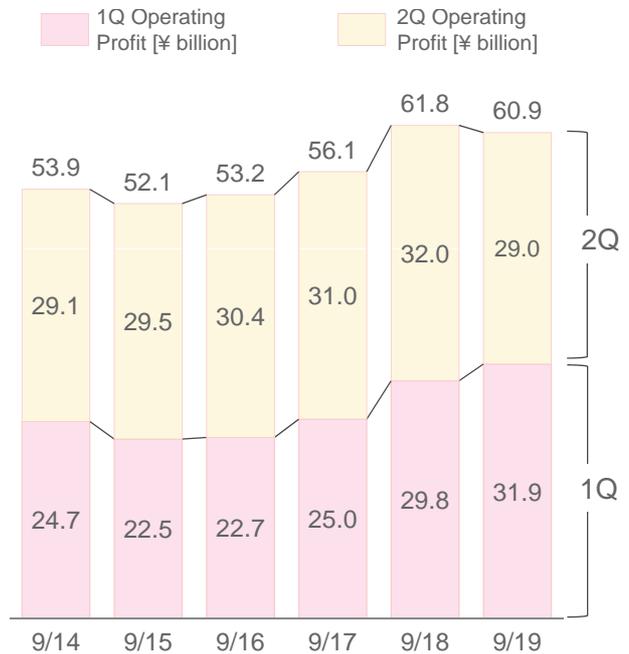


### 3. Results for the 1st Half Year - Changes in Results

#### Consolidated Net Sales and Operating Margin [1st Half]



#### Quarterly Consolidated Operating Profit [1st Half]



Both net sales and operating profit stayed at the high levels

## II. Forecast for the Full Year

II. Forecast for the Full Year



### 1. Revised Forecast for the Full Fiscal Year / Initial Forecast for FY Ending 3/20

Consolidated Statement of Income	Initial Forecast for the Full FY 3/20 [¥ billion]	Revised Forecast for the Full FY 3/20 [¥ billion]	Change [¥ billion]	Change
Net Sales	479.2	503.8	24.6	5.1%
Theme Park Segment	397.5	417.4	19.8	5.0%
Hotel Business Segment	65.6	69.5	3.8	5.9%
Other Business Segment	16.0	16.9	0.8	5.5%
Operating Profit	92.9	108.8	15.9	17.2%
Theme Park Segment	75.9	89.0	13.1	17.3%
Hotel Business Segment	14.6	16.8	2.1	14.9%
Other Business Segment	2.1	2.7	0.5	26.5%
Ordinary Profit	93.8	109.9	16.0	17.1%
Profit attributable to Owners of Parent	65.3	76.2	10.9	16.8%
Theme Park Attendance [million people]	30.00	31.50	1.50	5.0%
Net Sales per Guest* [¥]	11,640	11,630	(10)	(0.1)%
Capital Expenditure* [¥ billion]	167.6	157.4	(10.2)	(6.1)%
Depreciation and Amortization* [¥ billion]	39.9	39.2	(0.6)	(1.6)%

\* For the breakdown, please refer to "Supplementary Materials"

**Forecast for the full year is revised upward due to attendance growth**

## 2. Main Reasons for Change [2nd Half / Initial Forecast]

Consolidated Statement of Income	Initial Forecast for the 2nd Half Ending 3/20 [¥ billion]	Revised Forecast for the 2nd Half Ending 3/20 [¥ billion]	Change [¥ billion]	Change
Net Sales	245.8	255.4	9.5	3.9%
Operating Profit	44.4	47.9	3.4	7.8%
Theme Park Segment	36.7	39.0	2.3	6.3%
Hotel Business Segment	6.7	7.7	1.0	14.9%
Other Business Segment	0.7	0.9	0.1	16.9%

### ¥2.3 billion increase in Theme Park Segment

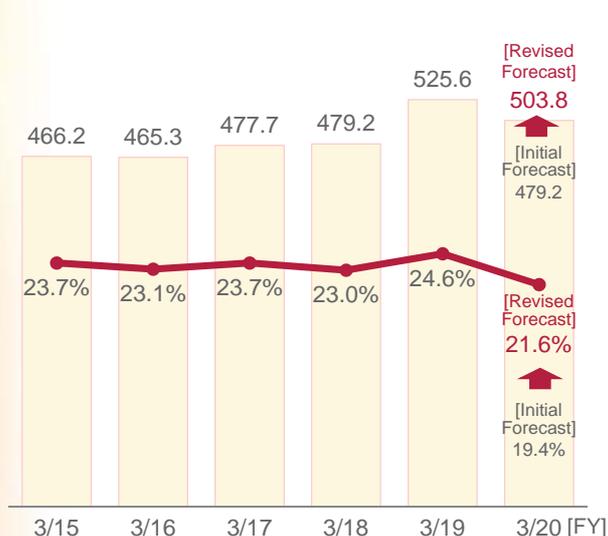
Increase in net sales	
Decrease in merchandise and food/beverages sales cost ratio	about +¥1.0 billion
Increase in personnel expenses	about ¥(1.0 billion)
Increase due to appearance of performance bonus	about ¥(1.5 billion)
Decrease in personnel expenses for full-time employees, etc.	about +¥0.5 billion
Increase in miscellaneous costs	about ¥(2.5 billion)
Increase in removal costs	about ¥(1.0 billion)
Increase in computer-system-related expenses	about ¥(0.5 billion)
Others	about ¥(1.0 billion)
Decrease in depreciation and amortization expenses	+¥0.6 billion

Despite rise in costs, revised forecast is expected to exceed the initial forecast

## 3. Revised Forecast for the Full Fiscal Year – Changes in Results

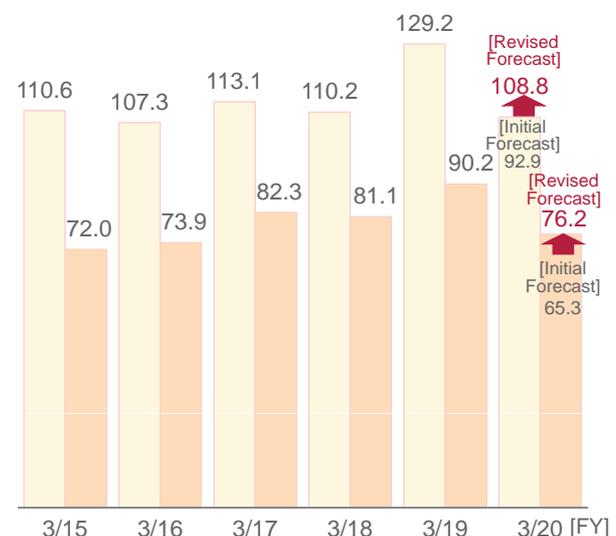
### Consolidated Net Sales and Operating Margin

Net Sales [¥ billion]    Operating Margin [%]



### Consolidated Operating Profit and Profit attributable to Owners of Parent

Operating Profit [¥ billion]    Profit attributable to Owners of Parent [¥ billion]



Although net sales and profits decrease from the previous fiscal year, forecast remains at a high level

## III. Non-Financial Activities



### Non-financial Activities

III. Non-financial Activities

#### Activities during 1st Half Ended 9/19

Donation	<ul style="list-style-type: none"> <li>Donated total of ¥40 million in hope of reconstruction for affected areas by typhoon "Faxai" and "Hagibis"</li> </ul> <p>Note: Faxai hit Japan and caused severe damage in September, and Hagibis in October</p>
Established Nomination/Remuneration Committee	<ul style="list-style-type: none"> <li>Established nomination and compensation committee</li> <li>Consists of two from board of directors and two from external executive director</li> </ul>
Acts for environment	<ul style="list-style-type: none"> <li>In accordance with our environmental policy, we declared reduction of disposal plastic wastes</li> <li>Altering Guide-maps and TODAY previously made of waste paper pulp paper into FSC certified-paper from 2nd half year</li> </ul>

Enhance non-financial activities in the medium- to long-term aspects

# [Reference] Progress of 2020 Medium-Term Plan

Note: Partially updated from the presentation material of results for the fiscal year ended March 2019

## 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

### Strategies

1	Core Business Strategy	<ul style="list-style-type: none"> <li>• Strengthen structural aspects to provide “novelty” and “comfort”</li> <li>• Strengthen non-structural aspects (human resources capacity) on a long-term sustainable basis</li> </ul>
2	Financial Policy	<ul style="list-style-type: none"> <li>• Allocate operating cash flow to growth investment and aim to enhance corporate value</li> </ul>

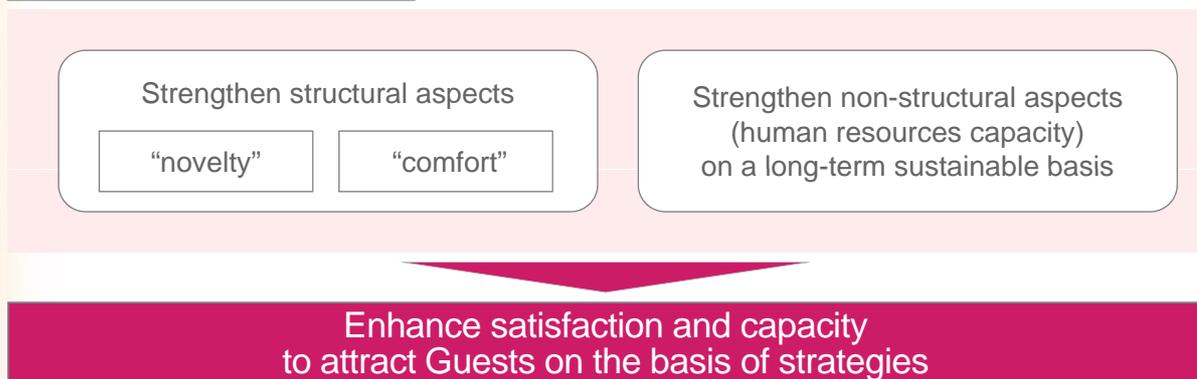
Note: Operating cash flow = Profit attributable to owners of parent + Depreciation and amortization expenses

## 2020 Medium-Term Plan: Core Business Strategy

### Background

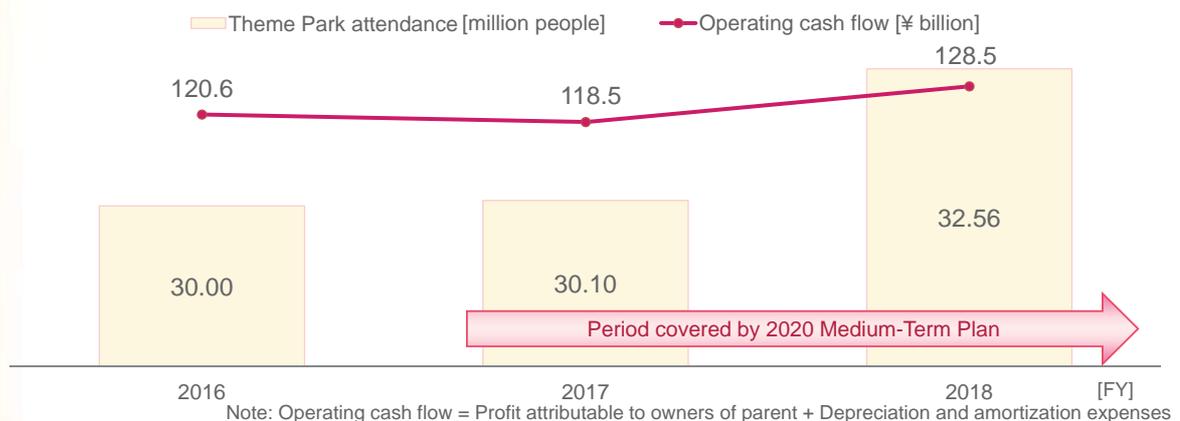
External environment	Internal environment
<ul style="list-style-type: none"> <li>Declining birth rate and aging population</li> <li>Increase in inbound tourists</li> <li>Reduction in labor force</li> </ul>	<ul style="list-style-type: none"> <li>Increasing Theme Park attendance at a faster-than-expected pace</li> </ul>

### Strategies



## 2020 Medium-Term Plan: Current status

### Theme Park attendance and operating cash flow



### Core business strategies

Strengthen structural aspects	<ul style="list-style-type: none"> <li>Strengthen “novelty” and “comfort” by introducing new products</li> <li>Utilize digital technology to improve convenience of Guest using official apps, etc</li> <li>Strengthen acceptance mechanism for overseas Guests, and marketing</li> </ul>
Strengthen non-structural aspects (human resources capacity)	<ul style="list-style-type: none"> <li>Reached the highest number of Cast Members; will continue to strengthen hospitality skills</li> </ul>

# 1. Core business strategy: Strengthen structural aspects

## Measures introduced in FY2018

“it’s a small world”	“Novelty”	• Added characters featured in Disney films
	“Comfort”	• Expanded indoor queuing spaces
Tokyo Disney Resort 35th Anniversary events	“Novelty”	• Development of new daytime parade “Dreaming Up!” • New challenges such as “Celebration Street”
Produce Dining opportunities	“Comfort”	• Refurbished restaurants to enhance dining environment

Steady progress made toward achieving highly satisfying Park experience

# 1. Core business strategy: Strengthen structural aspects

## Utilization of Digital Technology

- Released “Tokyo Disney Resort App” as an official app for smartphones [Jul. 2018]
- Started electronic payment service [Nov. 2018]
- Started offering Disney FASTPASS tickets through Tokyo Disney Resort App [Jul. 2019]



Digital Guide Map



Tokyo Disney Resort Shopping



Disney FASTPASS tickets

Apps also include functions of Park ticket purchasing, show lotteries, restaurant reservation, etc.

Continue enhancing convenience for Guests by leveraging Digital Technology



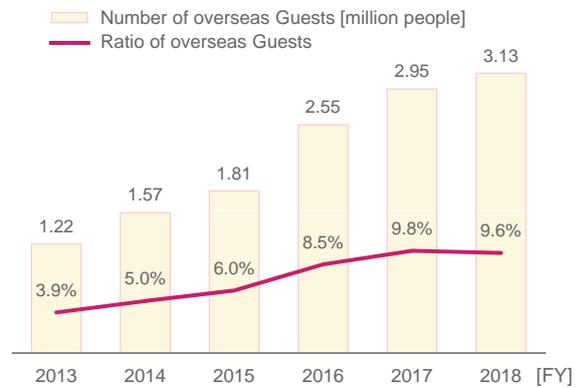
# 1. Core business strategy: Strengthen structural aspects

## Overseas Guests

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)

### Acceptance mechanism

- Improved Cast Members' communication tools and Park information tools
- Introduced new training programs to promote understanding of foreign culture

### Marketing

- Implemented marketing activities tailored to each country
- Enhance sales channel

Strengthen acceptance mechanism and marketing



# 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

Create a comfortable workplace environment	Rectify uneven distribution of workforce among job types and time slots	<ul style="list-style-type: none"> <li>• Changed recruitment marketing method</li> <li>• Change job-specific wages and shift allowances</li> <li>• Introduced housing assistance program for new Cast Members residing in remote areas</li> <li>• Enforced recruitment system</li> </ul>
	Addressing transformations in workstyles	<ul style="list-style-type: none"> <li>• Addressed diversified work styles by using a new schedule management system</li> <li>• New Employment Category to be Introduced called "Theme Park operations employee"</li> </ul>
Promote a tangible sense of personal growth	Improvement of hospitality	<ul style="list-style-type: none"> <li>• Executed a new service training program for all employees</li> <li>• Harnessed Tokyo Disney Resort 35th anniversary events as an opportunity to improve Cast Members' workplace environment with the aim of enhancing their hospitality skills</li> </ul>
	Strengthen career support	<ul style="list-style-type: none"> <li>• Opened "OLC Career College" to support Cast Members' career development; Expanded its program offerings</li> </ul>

With a record high number of Cast Members, we aim at further enhancing hospitality

# 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 on 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”

Opened on July 23, 2019

[Investment amount Approx. ¥18.0 billion]

New at Tokyo Disneyland

New at Tokyo DisneySea

Tokyo Disney Resort 35th anniversary

Tokyo Disneyland Large-scale investment  
 “Enchanted Tale of Beauty and the Beast”  
 “Fantasyland Forest Theatre”  
 “The Happy Ride with Baymax”  
 “Minnie’s Style Studio”, etc.

Scheduled to open on April 15, 2020  
 [Investment amount Approx. ¥75.0 billion]

Introduce products to strengthen “novelty” and “comfort”

Note: Plans announced as of October 30, 2019

# 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”	July 23, 2019
		Approx. ¥18.0 billion



Effect	“Novelty”	<ul style="list-style-type: none"> <li>Introduce Soarin’, a popular attraction at Disney Theme Parks abroad, adding scenes exclusive to Tokyo DisneySea</li> </ul>
	“Comfort”	<ul style="list-style-type: none"> <li>Allow more Guests to experience attractions</li> <li>Balance out Guests’ retention time within the Park</li> </ul>

First large scale investment project opened

# 1. Core business strategy: Strengthen structural aspects

## Improve service facilities

### Tokyo Disneyland Main Entrance



- Scheduled to open in Apr. 2020 [west side opened in May, 2019]
- Latest face authentication system for Annual Passport holders
- Gate style replacement for more smooth entering
- Ticket vending machines offered in several languages

### Multi-story parking lot



- Started operating in Jul. 2019
- Increased parking space near Tokyo Disneyland Main Entrance
- Improved Guest guidance efficiency

Renovate large service facilities to enhance Guest “comfort”

# 1. Core business strategy: Strengthen structural aspects

## Large scale investment projects

Theme Park	Projects	Time of introduction/ Investment value
Tokyo Disneyland	<ul style="list-style-type: none"> <li>• Major Attraction “Enchanted Tale of Beauty and the Beast”</li> <li>• Indoor theater “Fantasyland Forest Theatre”</li> <li>• Attraction “The Happy Ride with Baymax”</li> <li>• Attraction “Minnie’s Style Studio”, etc.</li> </ul>	April 15, 2020
		¥75.0 billion level



Effect	“Novelty”	“Comfort”
	<ul style="list-style-type: none"> <li>• <i>Beauty and the Beast</i> and other attractions unique to Japan</li> <li>• First indoor theater at Tokyo Disneyland</li> </ul>	<ul style="list-style-type: none"> <li>• Allow more Guests to experience attractions</li> <li>• Introduce an all-weather-type theater and an indoor restaurant</li> </ul>

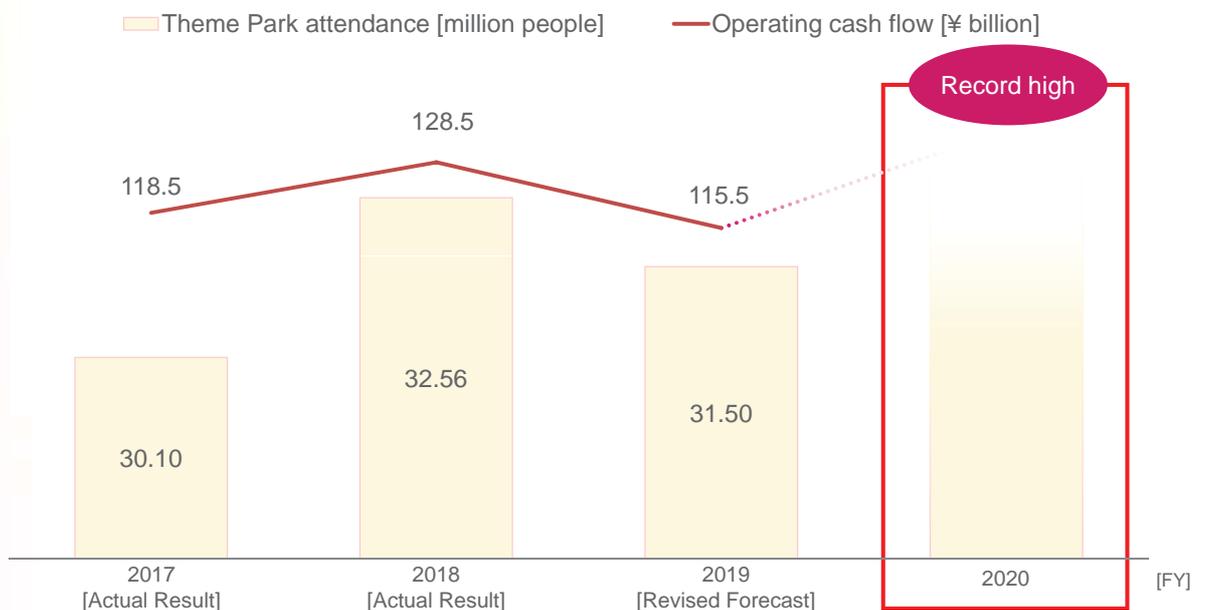
Large-scale development launched as planned with steady progress made toward opening



# 2020 Medium-Term Plan

[Reference] Progress of 2020 Medium-Term Plan

## Goal for Medium-Term Plan



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

**Aim for record high Theme Park attendance and operating cash flow at FY ending March 2021**



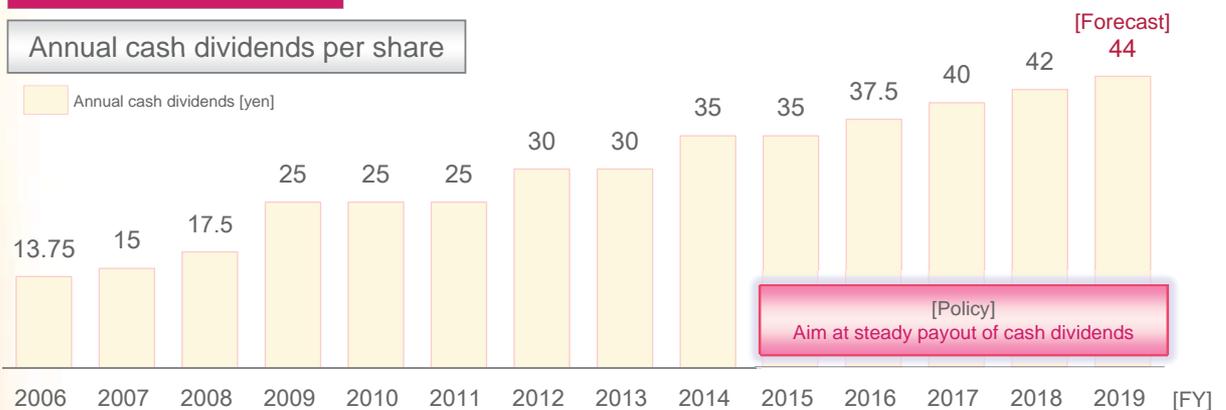
## 2. Financial Policy

[Reference] Progress of 2020 Medium-Term Plan

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

### Cash dividends

Annual cash dividends per share



[Policy] Aim at steady payout of cash dividends

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

### ROE

ROE for FY ending March 2020 is expected to be 9.1%

**Enhance shareholder returns**

# [Reference] Large-Scale Investment Plans



The investment amount of each year after FY ending 3/20  
will be around 100 billion to 150 billion





## **Oriental Land Co., Ltd.**

Investor Relations Group, Finance/Accounting Department

[www.olc.co.jp/en](http://www.olc.co.jp/en)

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### Cautionary Statement:

This document includes statements about Oriental Land's plans, estimates, strategies and beliefs. The statements made that are not based on historical fact represent the assumptions and expectations of Oriental Land in light of the information available to it as of the date when this document was prepared, and should be considered as forward-looking.

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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