

# **AOI TYO Holdings**

Earnings Presentation

Third Quarter, FYE December 2019

November, 2019

AOI TYO Holdings Inc.

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# 1. Summary of Consolidated Financial Results

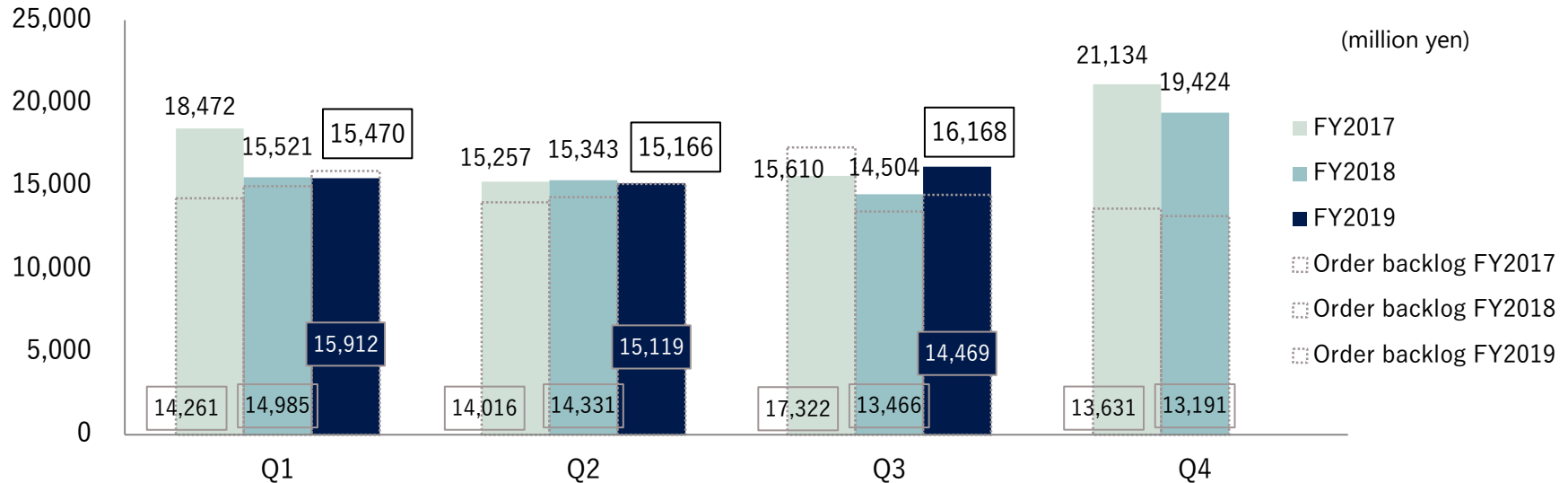
# Financial Highlights

- Net sales grew due to increase of direct transactions. On the other hand, cost increases for new enterprise systems and lower profit margins associated with higher order volume in the Video Advertising Business led to lower profits year on year.

(million yen)	Q3 FY2017	Q3 FY2018	Q3 FY2019	YoY Change
Net Sales	49,339	45,368	46,804	+1,435
Operating Income	3,519	2,365	1,153	-1,212
Ordinary Income	3,372	2,374	921	-1,453
Profit Attributable to Owners of Parent	1,897	1,520	348	-1,172
EBITDA	4,389	3,231	2,245	-986

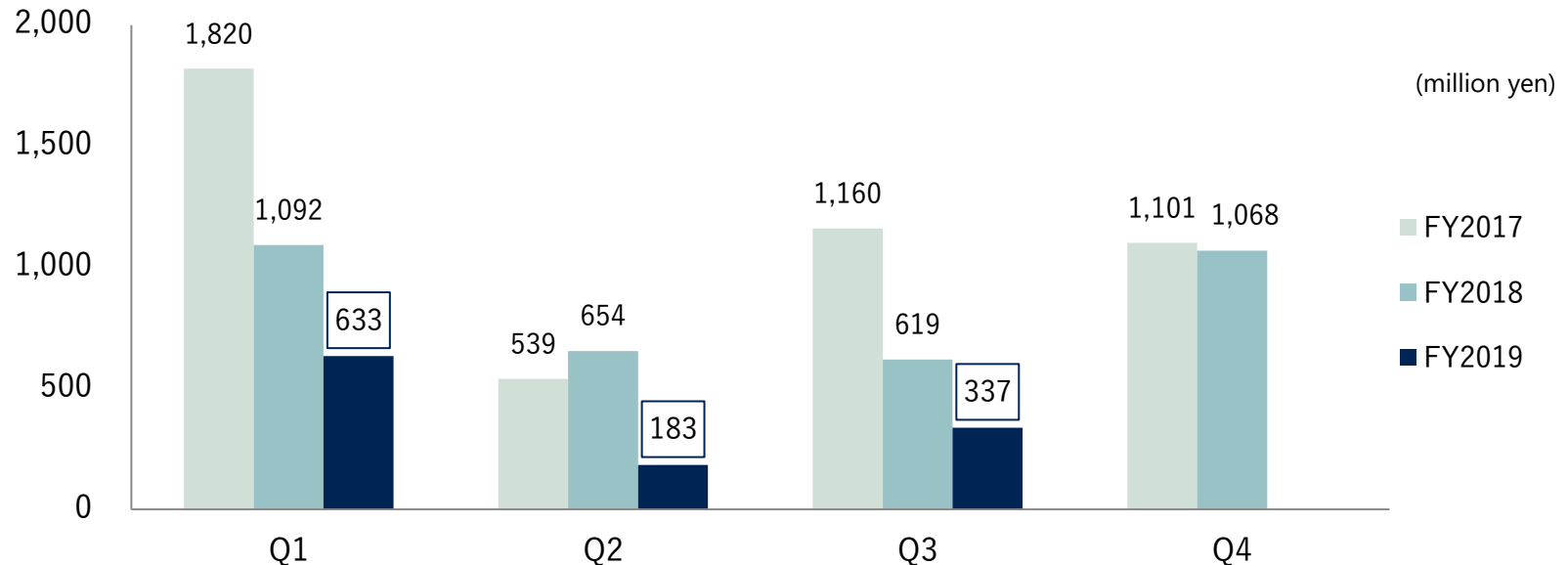
# Trend of Net Sales by Quarter and Order Backlog

- Net sales for Q1 and Q2 were level year on year; however, Q3 net sales were higher year on year.
- End of Q3 order backlog amounted to 14,469 million yen (up 7.4% year on year) demonstrating order strength.



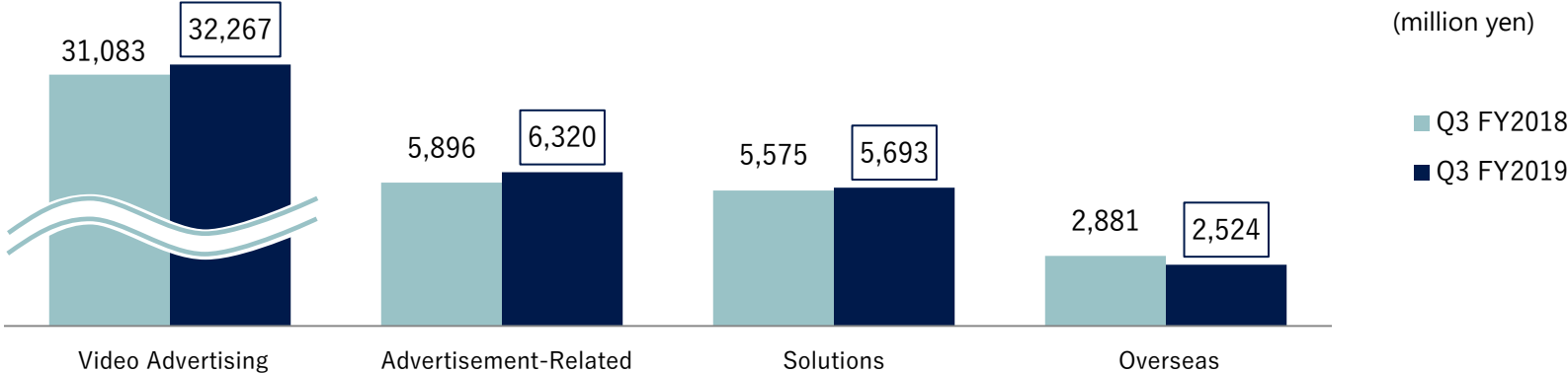
# Trends of Operating Income by Quarter

- We experienced lower margins in the Video Advertising Business (which had experienced improving margins to date) due to expanding order volume. Q3 operating profit rose compared to Q2 due to sales growth.



# Net Sales by Business Segment

- The Video Advertising Business recorded strong orders from and net sales to major advertising agencies; TV commercial and online video both recorded higher year-on-year product sales.
- Promotional event business subsidiaries performed well in the Advertisement-Related Business sales.
- The Solutions Business compensated for lower media sales, resulting in higher year-on-year sales.
- Overseas Business recorded lower sales due to the business reorganization of a local entity in Beijing.



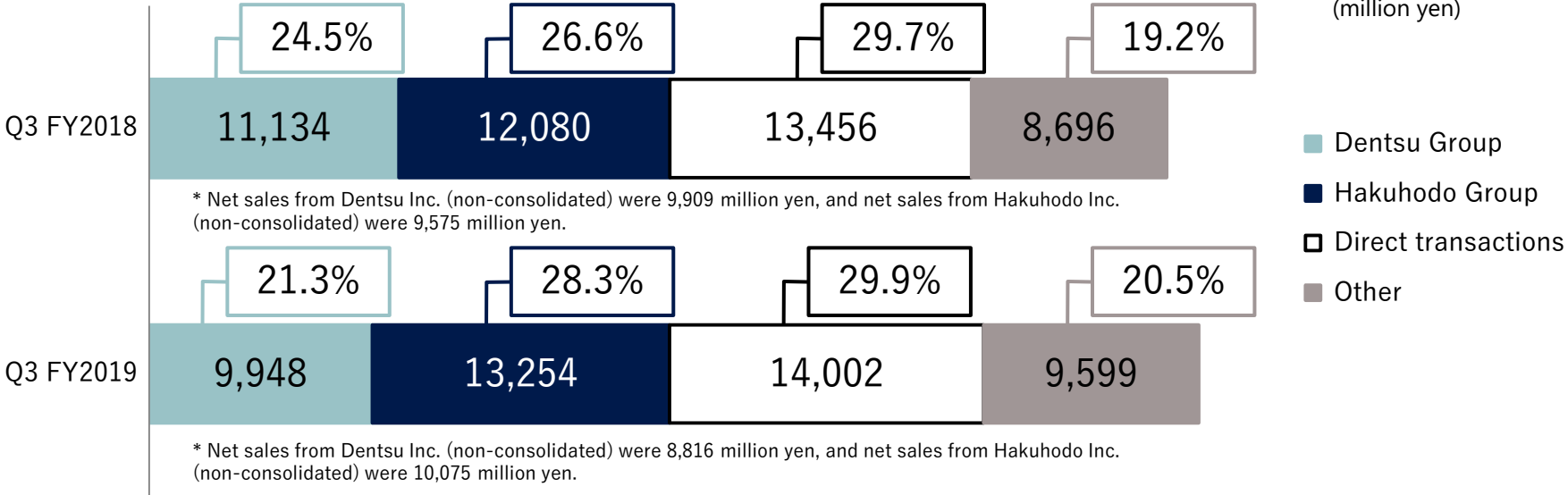
# Overview of Business Segments

Business	Overview
Video Advertising	Planning and production of TV commercials, online video, and other video advertising
Advertisement-Related	Planning and production of movies, TV dramas, and events; production of digital content, promotional content, and music videos
Solutions	Solutions that answer customer issues(direct business with advertisers, video content marketing, etc.)
Overseas	Business in Southeast Asia and other locations overseas; video production orders received from overseas



# Net Sales by Customer

- Orders from and sales to major advertising agencies were strong.
- Direct transactions with clients grew.



# Net Sales by Medium

(million yen)

Medium	Q3 FY2018	Component Ratio	Q3 FY2019	Component Ratio	YoY Change
TV commercial production	27,037	58.9%	27,916	59.0%	+879
TV commercial	25,571	55.7%	26,731	56.5%	+1,161
Printed commercial materials	1,467	3.2%	1,185	2.5%	-282
Entertainment contents	1,650	3.6%	1,359	2.9%	-290
Digital contents	7,336	16.0%	9,513	20.1%	+2,177
Overseas	3,097	6.7%	2,522	5.3%	-575
Other	6,781	14.8%	6,030	12.7%	-751
Total	45,901	100.0%	47,341	100.0%	+1,440

\* The results are simple totals of the consolidated financial results of AOI Pro. Inc. and TYO Inc.

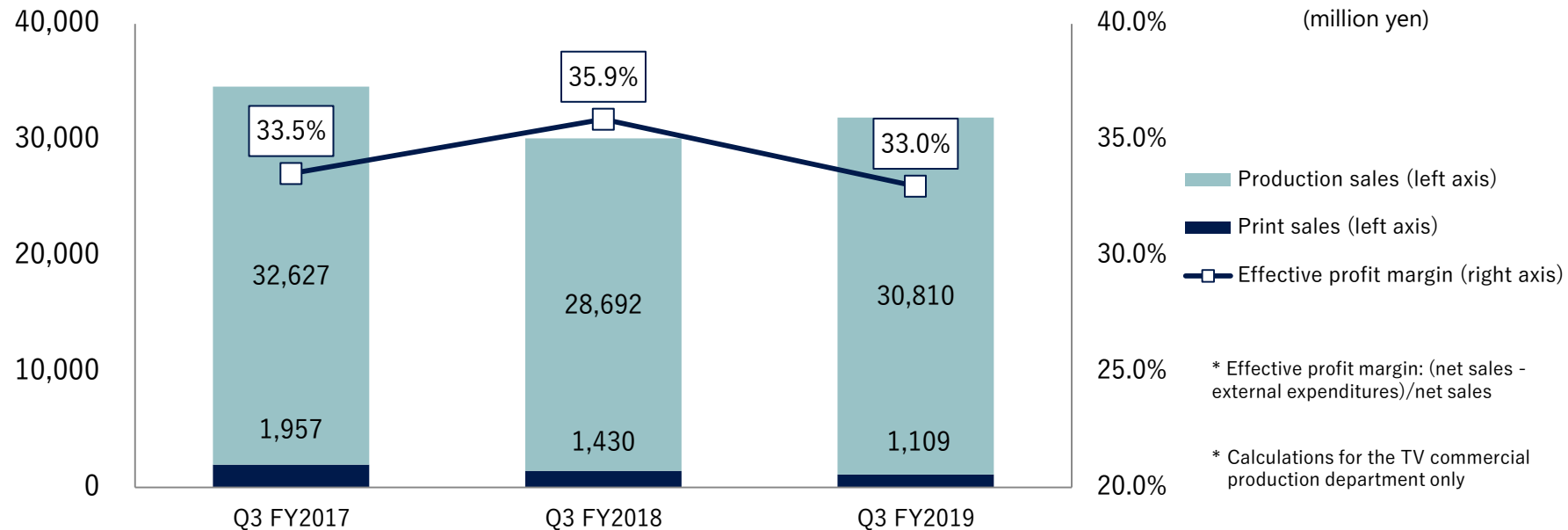
# Summary of Consolidated Balance Sheet

(million yen)	FY2018	Q3 FY2019	Major Components
Current Assets	35,937	35,181	Cash and deposits (+ 1,118); notes and accounts receivable (-3,819); electronically recorded monetary claims (+1,424); work in process (+ 173)
Non-current Assets	19,693	19,435	intangible assets (-223)
<b>Total Assets</b>	<b>55,631</b>	<b>54,616</b>	
Current Liabilities	20,114	17,025	Accounts payable (-575); short-term loans payable (-2,277)
Non-current Liabilities	9,837	12,574	Long-term loans payable (+ 2,898)
<b>Total Liabilities</b>	<b>29,951</b>	<b>29,599</b>	
<b>Total Net Assets</b> (percentage of total assets)	<b>25,679</b> (46.2%)	<b>25,016</b> (45.8%)	Retained earnings(-370)
<b>Total Liabilities and Net Assets</b>	<b>55,631</b>	<b>54,616</b>	

\* AOI TYO Holdings adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) as of the beginning of Q1 of the current consolidated fiscal year.

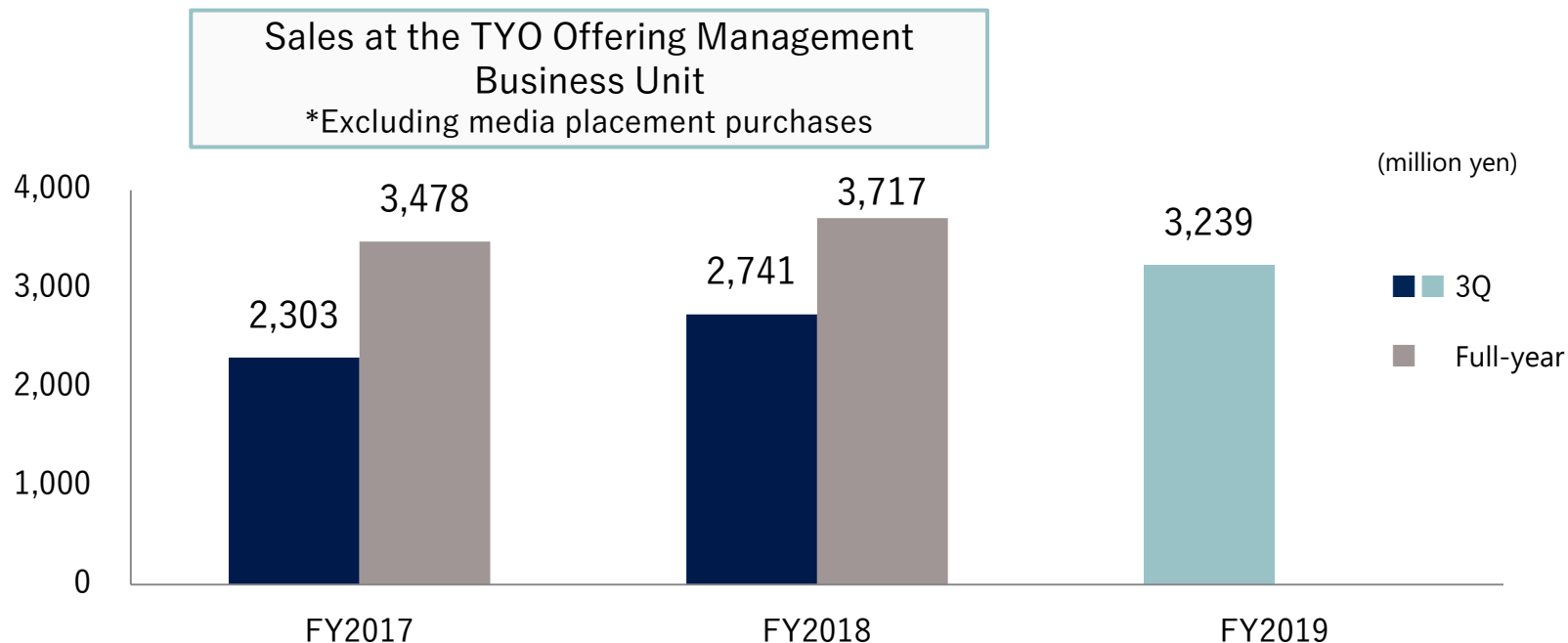
# Initiatives in the Video Advertising Business

- In addition to the impact of lower print sales, effective profit margin for production projects (which had been improving) fell due to order volume growth this year.



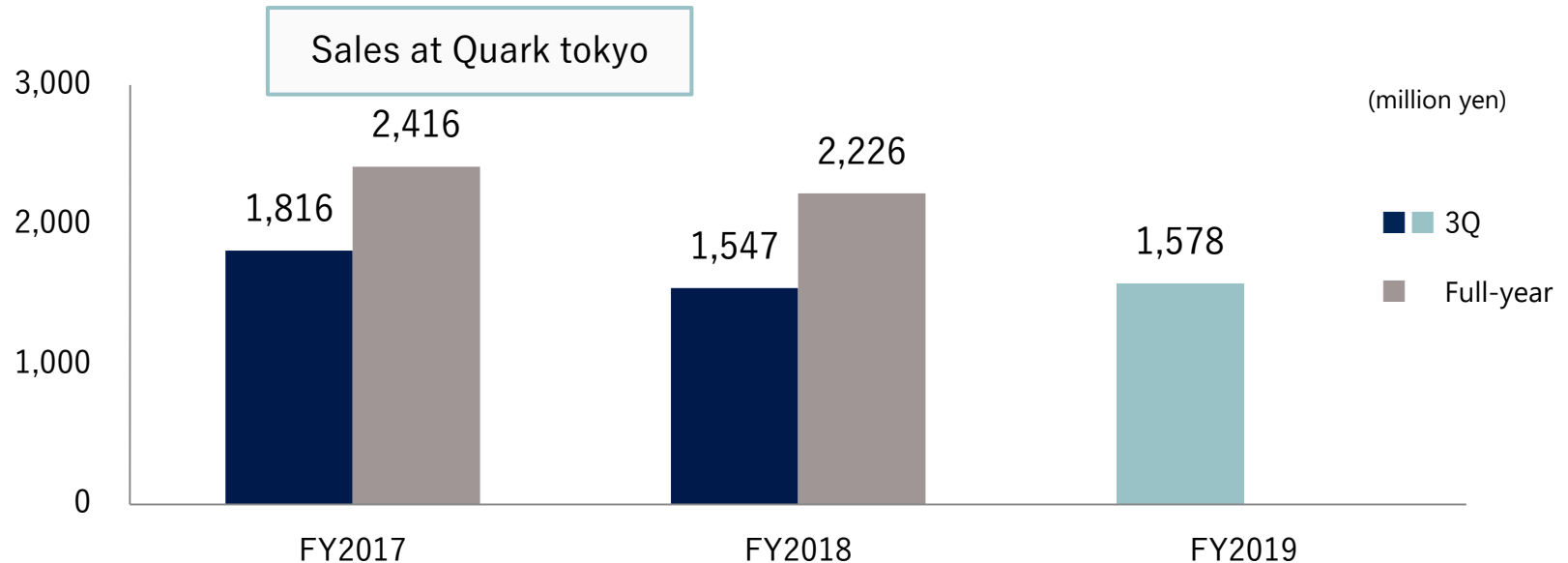
# Initiatives in the Solutions Business (1)

- Orders for TV commercial and promotional event production for both new and existing customers rose, driving net sales growth.



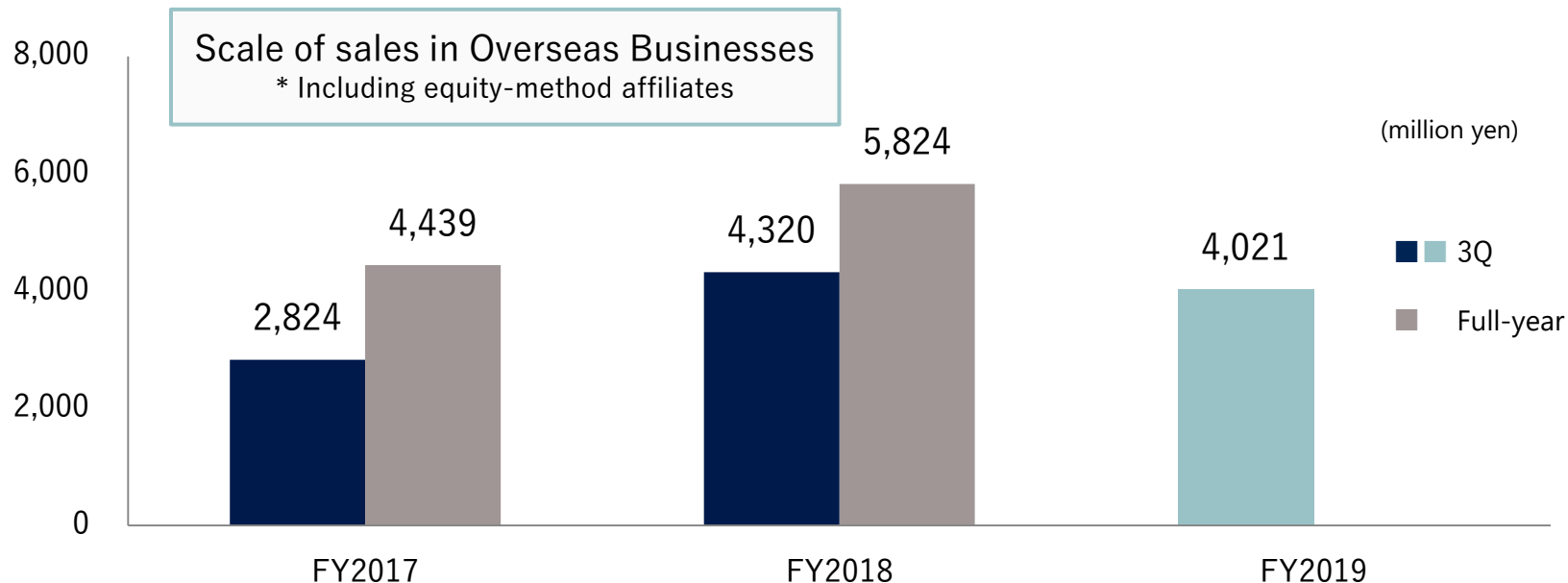
# Initiatives in the Solutions Business (2)

- Despite a scale-back in existing large-scale projects, orders for promotion planning resulted in net sales being level year on year.



# Initiatives in the Overseas Business

- Slight decrease in the scope of sales due to the business reorganization of a local entity in Beijing.



## 2. Consolidated Earnings Forecast



# Progress in Consolidated Earnings Forecast

(million yen)	FY2019	FY2019		FY2019	
	Q3 Result	Fiscal Year Forecast	YoY Change	Amount Required for Q4	YoY Change
Net Sales	46,804	63,600	+1,436	16,796	-2,628
Operating Income	1,153	2,300	-1,212	1,147	+79
Operating margin	2.5%	3.6%	-	-	-
Ordinary Income	921	2,150	-1,453	1,229	+278
Profit Attributable to Owners of Parent	348	1,050	-1,172	702	+270
EBITDA	2,245	3,760	-986	-	-

### 3. Appendix – Company Profile, Stock Information, etc.

# Company Profile

Company Name	AOI TYO Holdings Inc.
Representatives	Hiroaki Yoshida, Representative Director, Chairman & CEO Yasuhito Nakae, Representative Director, President & COO
Establishment	January 4, 2017
Capital	5.0 billion yen
Fiscal Year-end	December 31
Location of Head Office	1-5-1 Osaki, Shinagawa-ku, Tokyo 141-8580, Japan +81 3-6893-5005 (main)
Securities Code	3975 First Section of the Tokyo Stock Exchange
URL	<a href="http://aoityo.com/en/">http://aoityo.com/en/</a>

# Founding of AOI TYO Holdings

## AOI TYO Holdings

\*As of Sep. 30, 2019.

Consolidated subsidiaries: 35 total  
Consolidated employees: 1,702

## AOI Pro.

Date of establishment: Oct. 25, 1963  
Consolidated subsidiaries: 19 (including AOI Pro.)  
Consolidated employees: 777



Date of establishment: Apr. 2, 1982  
Consolidated subsidiaries: 16 (including TYO)  
Consolidated employees: 771

# Shareholder Return

## ■ Dividends

- Policy: 30%-plus consolidated payout ratio
- FY2019: Forecast dividend of 20 yen per share

	End of Q2	End of FY	Total	Dividend Payout Ratio
FY2018	8 yen	22 yen	30 yen	36.4%
FY2019 (forecast)	8 yen	12 yen	20 yen	44.8%

## ■ Purchase of treasury shares

	Period of Purchase	Type of Shares	Total Number of Shares Purchased	Total Value of Shares purchased
Previous Purchase	Jun. 1, 2018 – Jun. 7, 2018	Common Stock	400,000 shares	531 million yen
Current Purchase*	Mar. 1, 2019 – Nov. 14, 2019	Common Stock	105,000 shares	79 million yen

\*The most-recent purchase of treasury stock concluded on November 14, 2019

# Shareholder Benefit Program

- The following shareholder benefits are provided to investors with 500 or more shares of AOI TYO Holdings, who are listed on the share register as of June 30, 2019.

## Shareholder Gifts

500 shares or more	Original Quo Card	3,000 yen
1,000 shares or more	Original Quo Card	5,000 yen
2,000 shares or more	Original Catalog	value of 10,000 yen

\*Original catalog allows shareholders to choose from original products, Quo Cards, or charitable donations

## Animation Studio Tour

500 shares or more (randomly selected from those who enter the draw)

Studio tour of AOI TYO Group character development and stop-motion animation division TYO/dwarf



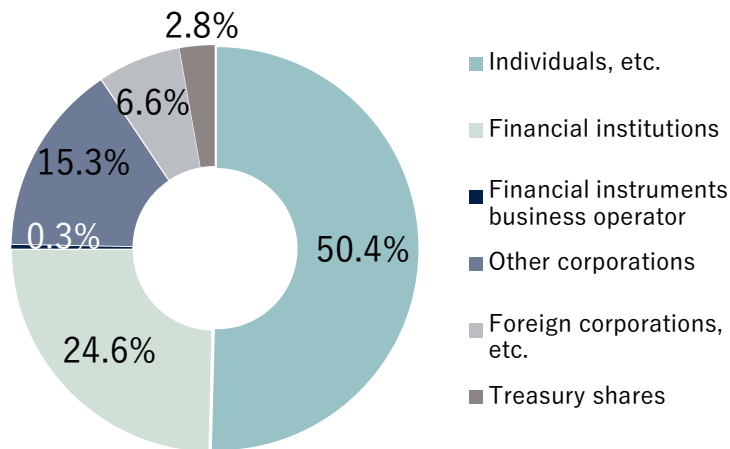
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# Status of Stock and Shareholders (as of June 30, 2019)

## Number of Shares and Shareholders

Total number of shares issued	24,566,447
Total number of shareholders	13,489

## Shareholder Composition by Type of Shareholder



## Status of Large Shareholders

	Shareholder Name	Number of Shares Held	Shareholding Ratio
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	1,629,900	6.83%
2	Cosmo Channel	1,153,740	4.83%
3	IMAGICA GROUP Inc.	1,018,000	4.26%
4	Japan Trustee Services Bank, Ltd. (Trust Account 9)	810,800	3.40%
5	Japan Trustee Services Bank, Ltd. (Trust Account)	806,200	3.38%
6	Fields Corporation	479,660	2.01%
7	Trust & Custody Services Bank, Ltd. (Trust Account E)	418,900	1.75%
8	Japan Trustee Services Bank, Ltd. (Trust Account 5)	418,000	1.75%
9	Hitoshi Hara	400,000	1.68%
10	Fumiko Hara	328,000	1.37%

\* The shareholding ratios are calculated by subtracting treasury shares (690,291).

## Disclaimer

This document includes future forecasts that reflect the plans and outlook of AOI TYO Holdings.

The future forecasts and related descriptions are based on information available to the company at the time of the preparation of this document, and the forecasts are affected by the economic environment of the company's businesses, competition, the results of new services provided, and other factors that involve uncertainties. Please acknowledge, therefore, that the actual business results may deviate significantly from the forecasts and related information provided in this document.

In addition, the company does not have any obligation to update and publish the information concerning future forecasts in this document after its publication.

Please contact the following for any questions:  
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