

TOMY Company, Ltd.
FY 2011 Results
(April 1, 2011 – March 31, 2012)

May 17, 2012
TSE Securities Code: 7867

FY 2011 Financial Highlights

(April 1, 2011~March 31, 2012)

Toshiki Miura
Managing Director
Chief Financial Officer
TOMY Company, Ltd.

FY2011 Consolidated Income statements



(¥100million)

	FY 2011	FY2010	Difference (Yr-to-Yr comparison)
	Actual	Actual	
Sales	1,872	1,594	278
Operating income	101	103	-2
Operating Profit margin	5.4%	6.5%	-1.1%
EBITDA	168	146	22
EBITDA Margin	9.0%	9.2%	-0.2%
Ordinary income	98	101	-3
Net income	36	89	-53

※All figures have been rounded down to the nearest ¥100million.

- ※ TOMY International (former RC2) has been added to the scope of consolidation effective April 29, 2011
- ※ In this FY, Amortization of Goodwill and intangible assets regarding TI acquisition ¥2.2bn
- ※ EBITDA=Operating income + Depreciation + Amortization of Goodwill
- ※ US\$ FX rate: FY2011 ¥79.08, FY2010 ¥85.72

FY2011 Analysis of change in operating income

**TAKARA
TOMY**

【Consolidated】

(¥100million)

FY 2010
Results

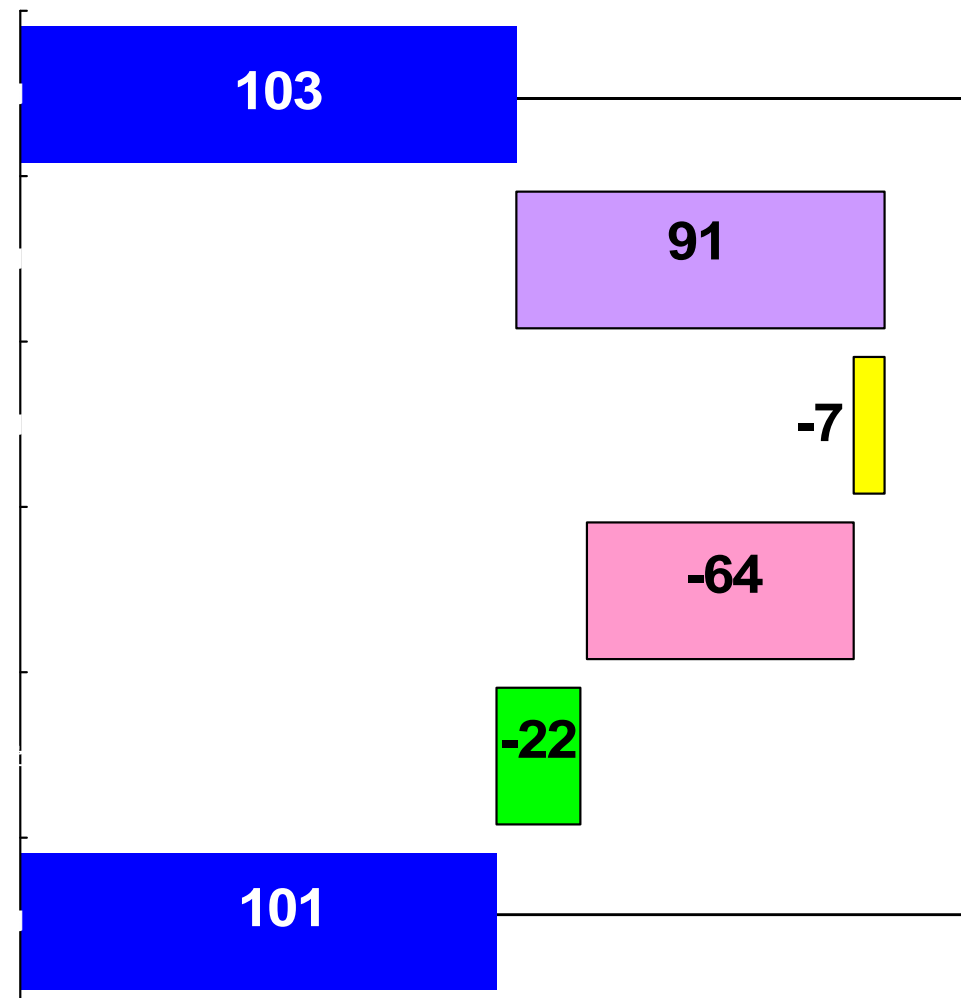
Gross margin increased
by sales expansion

Gross margin decreased by
aggravated cost of sales ratio

Increase in SG&A

- **SG&A** (decluded Amortization of Goodwill and intangible assets regarding TI acquisition)
- **Amortization of Goodwill and intangible assets regarding TI acquisition**

FY 2011
Results



※All figures have been rounded down to the nearest ¥100million.

FY2011 Breakdown of SG&A



(¥100million)

	FY2011	vs. sales	FY2010	vs. sales
Cost of Sales	1,261	67.4%	1,068	67.0%

SG&A (total)	509	27.2%	423	26.6%
Personnel expense	194	10.4%	172	10.8%
Advertising expense	89	4.8%	83	5.2%
R&D expenses	25	1.4%	21	1.4%
Distribution expenses	63	3.4%	44	2.8%
Amortization of Goodwill and intangible assets regarding TI acquisition	22	1.2%	—	—

※All figures have been rounded down to the nearest ¥100million.

FY2011 International Sales



(¥100million)

Area	FY 2011	FY 2010	Difference (Yr-to-Yr comparison)
North America	376	97	279
Europe	171	114	57
Asia · Oceania	106	90	16
Others	23	10	13
Total	677	313	364
Ratio to Consolidated Net Sales	36.2%	19.7%	16.5%

※All figures have been rounded down to the nearest ¥100million.

FY2011 Consolidated Balance Sheets



(¥100million)

Subject	FY2011	FY2010	Difference (Yr-to-Yr comparison)
Current Assets	869	667	202
Noncurrent Assets	696	277	419
Total Assets	1,566	945	621

Current Liabilities	352	324	28
Noncurrent Liabilities	696	133	563
Total Liabilities	1,048	458	590
Total Net Assets	518	487	31

Shareholders' Equity	494	472	22
Shareholders' Equity Ratio	31.6%	49.9%	-18.3%

Inventories	170	117	53
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Cash and deposits	376	293	83
Total Interest Bearing Debt	688	212	476
Loans payable	544	56	488
Bonds and convertible bonds	143	155	-12

※. US\$ FX rate : FY2011 ¥82.19, FY2010 ¥83.15

※All figures have been rounded down to the nearest ¥100million.

FY2011 Breakdown of Extraordinary Loss



(¥100million)

Subject		Amount	Detail
Extraordinary Loss	Loss on disaster	12	Loss on retirement of noncurrent assets and loss on valuation of inventories related to the flooding in Thailand , etc
	Business structure improvement expenses	5	Business restructuring expenses at overseas offices accompanying the inclusion of the TI Group as a subsidiary.
	Loss on valuation of investment securities	4	Index share, etc.
	Others	3	
		26	

※All figures have been rounded down to the nearest ¥100million.

TOMY GROUP

New Medium Term Plan

17 May 2012

**Kantaro Tomiyama
President & CEO
TOMY Company, Ltd.**

Re-engineering

- Positioned fiscal years from 2009 to 2012 as the “4 years of Re-engineering and Globalization
- Achieved management tasks such as “strengthening consolidated business management”, “improving profitability without depending on sales growth” and “strengthening overseas business in fiscal 2009, resulting in the highest profit ever since the merger of Takara and TOMY
- Under the theme of “Re-engineering” in the toy business drove initiatives such as “reinforcing and expanding core business”, “expanding toy business in Asia” and “globalizing boys category products”

Dramatic growth

- Aiming to accelerate and maximize global expansion toward the “Three Years for Growth” which wraps up the “Decade of Opportunity”, acquired TOMY International (“TI,” former “RC2”)
 - As a true global player:
 - Achieve sales of \$3 billion, operating income of \$300 million
 - Aim for international sales ratio of 50%

Japan

FY2010

FY2011

¥128.1billion⇒¥119.5billion

- Established a global business structure through acquisition of TI,
- Reinforced core business by introducing new product lines such as 'Treena' and 'Plarail Advance'
- Tomica and Plarail business was negatively impacted as a result of damages from Thailand flood.

Europe, USA and Oceania

FY2010

FY2011

¥22.6billion⇒¥60.6billion

- Integrated operations in North America
- Promoted integration of sales offices in Europe, including personnel cut
- Enjoyed strong overseas sales of 'Transformers' and 'Beyblade'
- Sales dampened in Europe due to a drop in personal consumption
- Strengthened baby business through acquisition of BOON & KEEN

Asia

FY2010

FY2011

¥8.4billion⇒¥7.1billion

- Promoted integration of production management and sales bases with TI
- Prepared for business expansion in China
Sales: Expanded alliances with toy distributors
Products: Launched localized TOMICA
- Prepared for full introduction of TI's baby products

- **April 28, 2011 : Completed acquisition of TI**
- **June 2011 : Launched a task force team in order to promote integration**
- **Sent executive officers and planning & development staff from Japan**
 - **Actively promoted mutual exchange of the management between TOMY and TI**
 - **TI became a wholly-owned subsidiary of TOMY and Mr. Curtis Stoelting was appointed Board Director of TOMY Company, Ltd.**
- **Changes in corporate structure:**
 - **March 2012 : Formed a world-wide PJT for global items**
Launched a global business structure with the person responsible for business in the headquarter as the project leader.
 - **April 2012 : Established Global Planning & Development Team under the direct control of the Board Director responsible for business in the headquarter with the aim of further driving global expansion and creating new products**
 - **April 2012 : Newly established PMI Team to maximize the capability of driving integration**
TI Business Synergy Team was also set up to smoothly drive TI business.

Smooth progress of integration has enabled us to be in a position to develop global items and achieve synergies.

**North
America**

“Prompt materialization of sales synergy in the largest toy market”

- September 2011: Completed unification of operations into TI
- Launched joint development projects such as “Global Chugging PJT” and “Global Character PJT” across TOMY and TI.
- Currently researching new markets in Latin America



Europe

“Strategic expansion through existing production base and network”

- April 2012 : Integrated operations under new organizational structure
- Maximized effects of FY2012 integration mainly in baby, infant and preschool categories
- Currently seeking to expand to new markets in Northern Europe and East Europe



Oceania

“Starting Business in New Market”

- Expand sales by introducing the same product lines sold in Asia from 2013



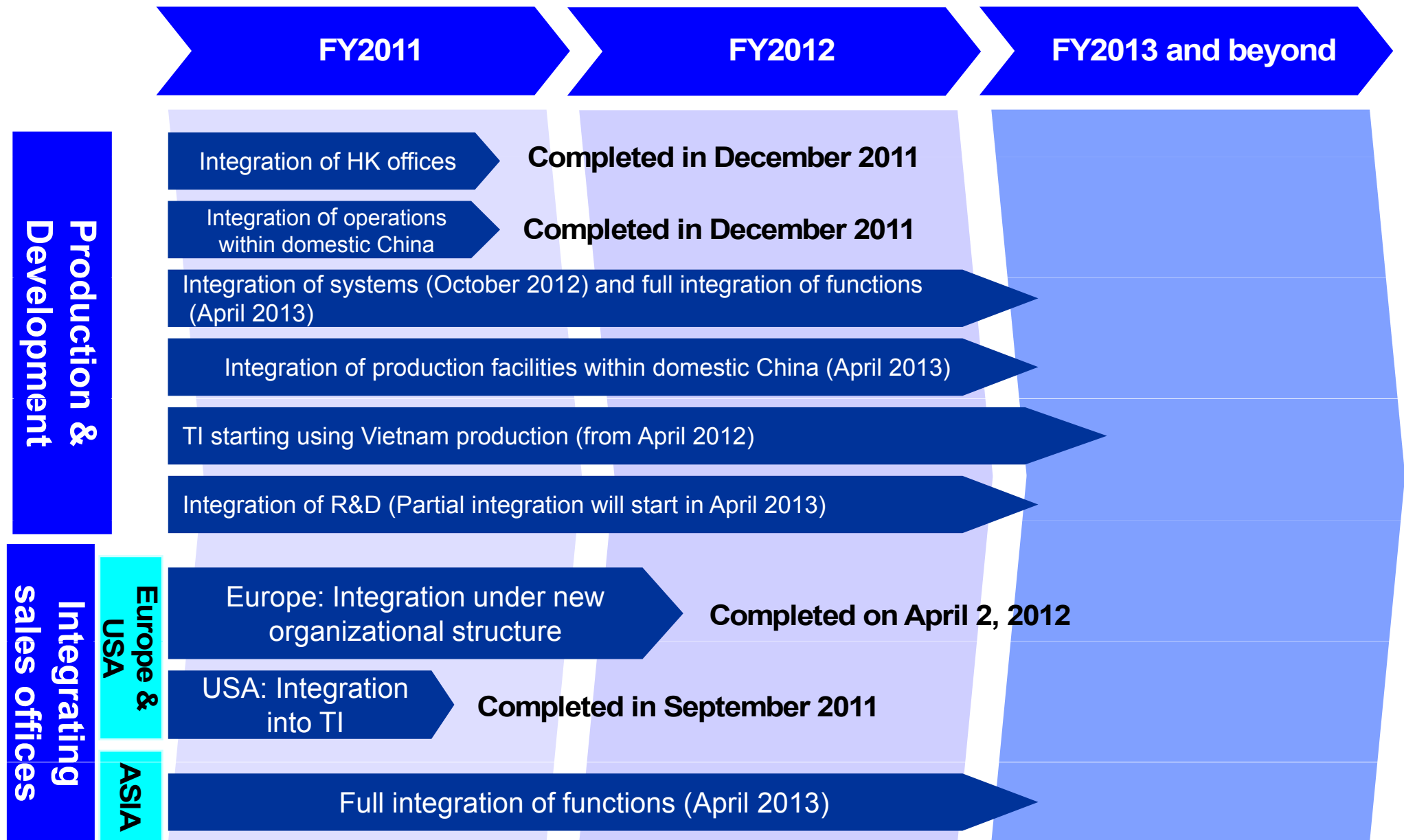
Asia

“Accelerated expansion in growing markets and improved production efficiency”

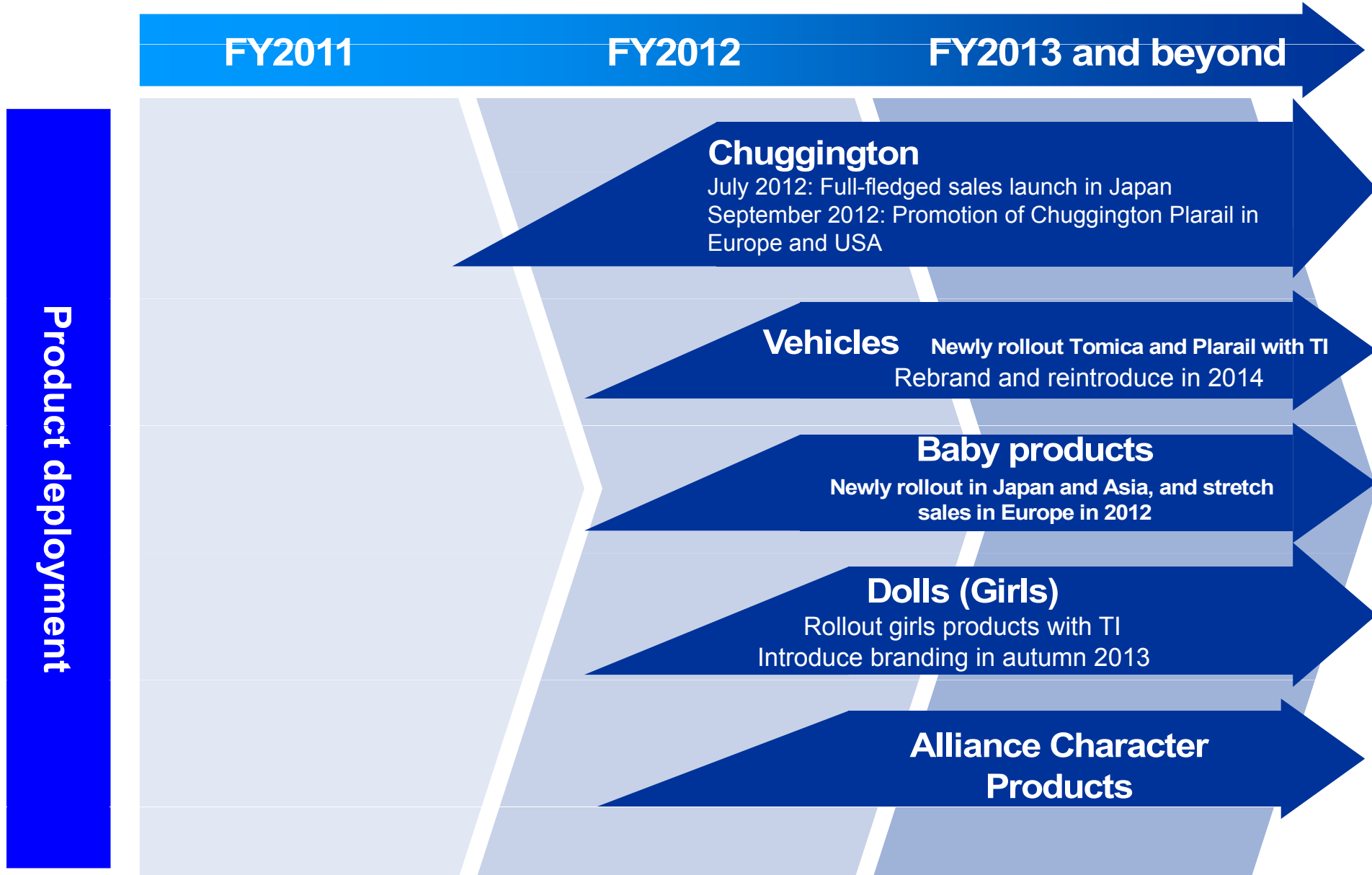
- China: Introduce baby products in 700 stores in 46 areas from autumn 2012
- Complete integration of production and development systems in FY2012. Cut production cost significantly by optimizing the use of production bases in Vietnam
- April 2013: With Hong Kong office as a core sales base, build a satellite-type sales network to expand sales to the middle-income group



Accelerating the merger to become top global player



Prioritizing high sales-synergy product categories



FY2011 Business Review

New Medium Term Plan

- Management Goals of TOMY Group (refer to results briefing for FY2010)
- Issues and Approaches for the Achievement of Management Goals
- Approaches by Regional Segment
- Reinforcement and Expansion of Focus Categories
- Review of Production Bases and Reinforcement of Production Structure
- Medium-Term Objectives: Net Sales and Operating Income

* Refer to results briefing for FY2010

Target for the 90th anniversary of founding (FY2014)

As a true global player:

- Realization of sustainable growth
- Achievement of sales of \$3 billion, operating income of \$300 million
- Achievement of international sales ratio of 50%

Medium Term Plan

“Re-engineering” Toy Business

- Reinforcing and Expanding Core Business
- Expanding Toy Business in Asia
- Globalizing Boys Category Products

Acquisition of RC2

Acceleration and
maximization of global
rollout

TOMY(FY2010)

【Issues】

- Toy business in Japan (TOMY's core business) is stagnant.
- Global rollout of products from Japan is delayed.
- Needs to reinforce production system and stably control supply.



【Approaches】

- Development of focus strategies by region
- Reinforcement and expansion of focus categories
- Review of production bases and reinforcement of production structure

Approaches by Regional Segment

Japan

FY2011
Sales ¥119.5billion ⇒ FY2014
¥140billion

Product Rollout

- Concentrate R&D functions into HQ and unify management on a global basis for the Group's core categories of Vehicles, Boys, and Girls: Think "localization" from planning stage and drive value engineering.
- Reinforcing planning and development for high-value added products
- Launch product range relevant to overseas markets by promoting VE and based on analysis of "added value" and "reasonable price" balance.
- Create a new markets with new concepts based on success scenario in Japan
- Accelerate product deployment by maximizing group synergy effects
- Expand the market by planning and developing products that can prove instant hits

Marketing

- Reinforce brand management capability
- Promote HQ-led mass marketing approaches
- Develop measures to revitalize sales space through joint efforts of marketing and sales

Organizational structure

- Foster a global toy business structure
- New Planning Team was newly established with the objective of planning and developing new concepts.

Approaches by Regional Segment

North America, Europe & Oceania

	FY2011	FY2014
Sales	¥60.6billion	⇒ ¥62billion

Product rollout

- Concentrate R&D functions into TI and unify management on a global basis for the Group's core categories of Baby, Infant and Preschool: Think "localization" from planning stage and drive value engineering.
- Achieve development efficiency by expanding products commonly sold in Europe and the USA for the categories of Baby, Infant and Preschool
- Further reinforce categories of Vehicles and Boys
- Continue product rollout based on good relationship with business partners

Marketing

- Promote unique retail marketing by enhancing promotion relevant to the characteristics of each market
- Each sales company actively drives local marketing in line with HQ-led mass marketing measures

Organizational structure

- Improve business efficiency through expansion of scale and synergy effects as a result of the merger of TOMY Europe and TI
 - ⇒ Promoting global rollout of products of TOMY Europe and TI through optimizing effects of integration of the unified business structures

ASIA

	FY2011	FY2014
Sales	¥7.1billion	⇒¥18billion

Product Rollout

- Reinforce and expand core areas such as Vehicles and Baby, Infant and Preschool
- Actively introduce localized products
- Introduce Boys category products

Marketing

- Reinforce distribution network and promote sales expansion by starting new transactions with toy distributors in 46 areas in China
- Actively invest in TVMD
- Reinforce and expand approaches to emerging countries

Organizational structure

- Strengthen TOMY (Shanghai) and place salespersons at its four bases in China (i.e., North, East, Central and South China) and develop local demand-based sales
- Expand to the growing markets through the integration with TI

Vehicles



- Introduction of Plarail Chuggington
Maximize Chuggington business globally
- Expansion of localized Tomica in Asia

Baby, Infant and Preschool



- Grow steadily as a core business in Europe and the USA
- Expansion of sales in China

Boys



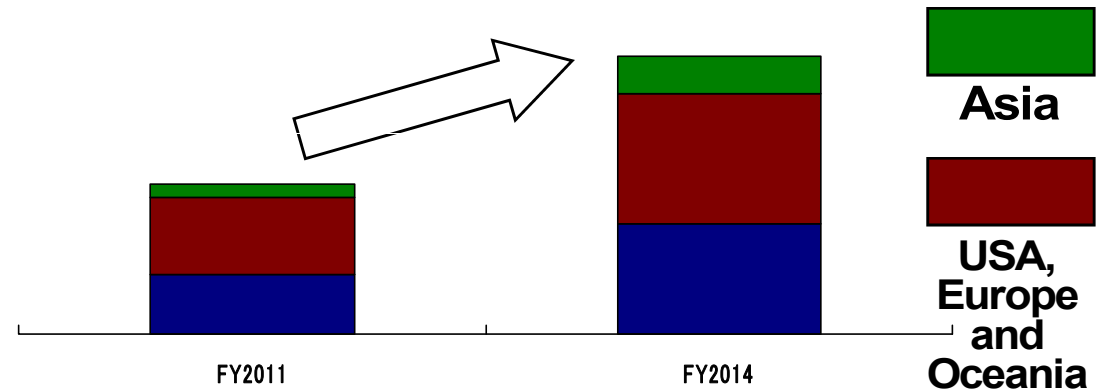
- Launch of new products to boost sales in Europe and the USA as well as China
- Keep the top position in boys category by creating post-Beyblade products

Reinforcement and Expansion of Focus Categories

**TAKARA
TOMY**

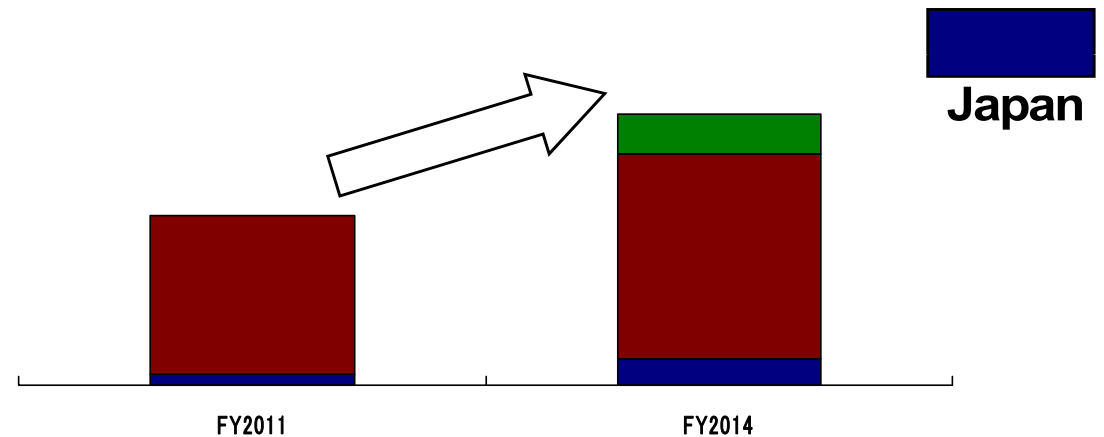
Vehicles

FY2011 FY2014
¥21.6billion ⇒ ¥40billion



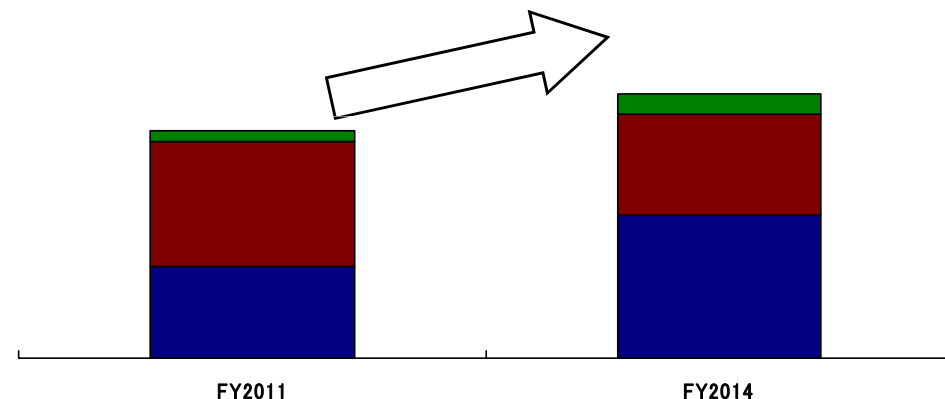
Baby, Infant and Preschool

FY2011 FY2014
¥22billion ⇒ ¥35billion



Boys

FY2011 FY2014
¥43billion ⇒ ¥50billion



■ Reduce cost and cost of materials by shifting production bases

1. Transform the China-dependent production structure by shifting production bases to Vietnam and its neighboring countries

⇒ Reduce manufacturing cost (including labor costs) to cut costs

2. Promote planned material procurement and joint procurement with vendors and business partners

⇒ Cut cost of materials

Medium-Term Goals



- FY2012: Expand advance investments toward future growth
- FY2014: Aim for steady growth as a stepping stone toward the management goals of sales of \$3 billion and operating income of \$300 million

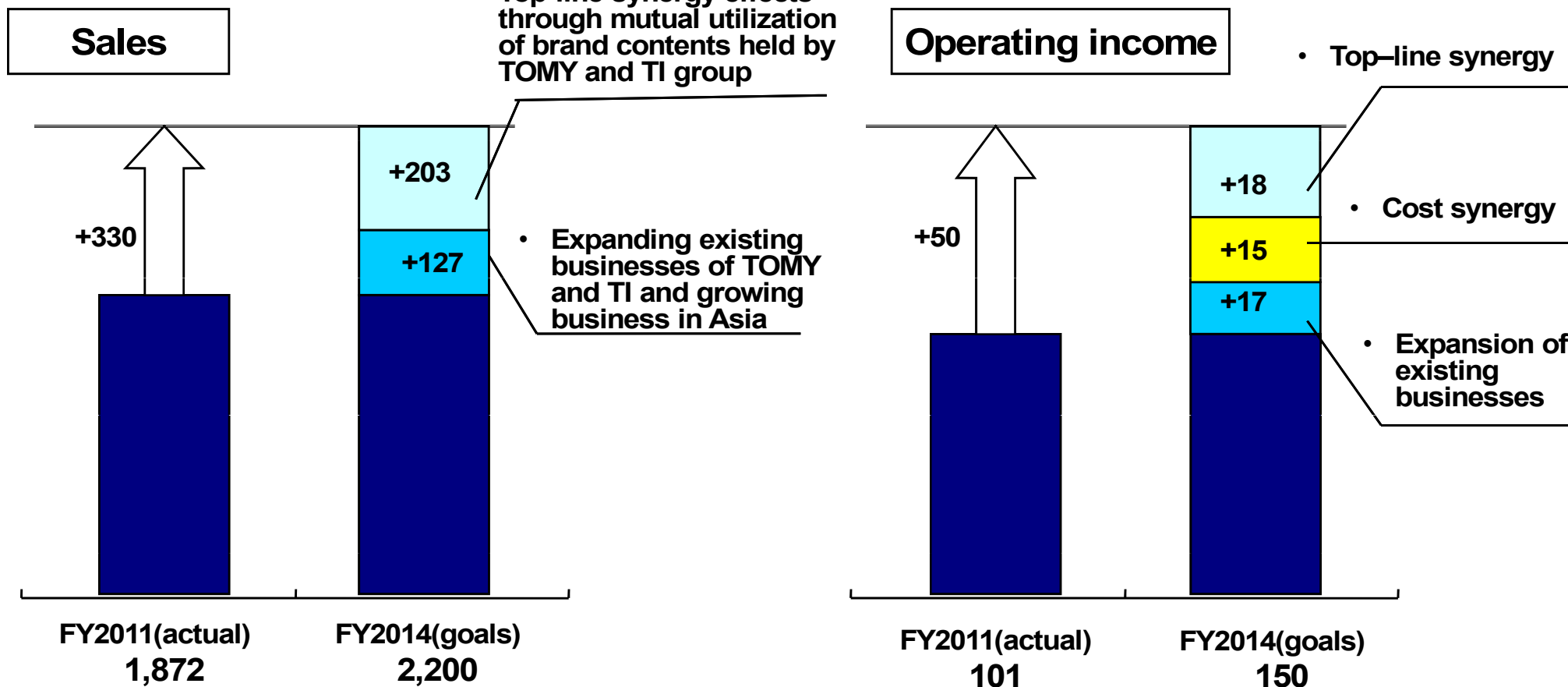
	FY2011 (actual)	FY2012 (forecasts)		(¥100 million)	
				FY2014 Goals at 90th Anniversary	
Sales	1,870	1,900		2,200	As a true global player: Aim to achieve sales of \$3 billion, operating income of \$300 million and an international sales ratio of 50%
Operating income	101	100		150	
Operating Profit Ratio	5.5%	5.3%		6.8%	
EBITDA	168	171		237	
EPS	39.0	53.1		85.0	

※EBITDA=operating income + depreciation + amortization of goodwill

Medium-Term Objectives: Sales and Operating Income



(¥100million)





This report contains forward-looking statements, targets, plans and strategies for the future. However, these are based on current information and will not guarantee nor warrant any financial estimates or any figures. Therefore, actual results could differ from this report. This is translation on original text in Japanese.