



BANDAI NAMCO GROUP
Information Meeting
(Second Quarter of the Fiscal
Year ending March 2013)

November 2, 2012

NAMCO BANDAI Holdings Inc.
President & Representative Director
Shukuo Ishikawa

BANDAI NAMCO Group

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FY2013.3 Performance

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1st Half Results



(billion yen)

	FY2012.3 1 st half results	FY2013.3 1 st half Previous Forecasts	FY2013.3 1 st half results	YOY	VS. Previous Forecasts
Net Sales	194.2	215.0	222.6	+28.4	+7.6
Operating Income	15.7	20.0	27.7	+12.0	+7.7
Recurring Income	15.9	20.0	28.0	+12.1	+8.0
Net Income	8.0	12.0	17.3	+9.3	+5.3
Capital Expenditures	5.3	5.5	7.5	+2.2	+2.0
Depreciation	8.3	8.5	8.5	+0.2	0
R&D Investments	19.0	19.0	20.4	+1.4	+1.4
Advertising Expenses	13.2	14.0	14.3	+1.1	+0.3
Personnel Expenses	20.8	21.5	20.9	+0.1	-0.6

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1st Half Results by Segments



Upper Cell : Net Sales

Lower Cell : Operating Income (billion yen)

	FY2012.3 1 st half results	FY2013.3 1 st half		
		Results	Previous Forecasts	YOY
Toys and Hobby	81.6	80.4	78.0	-1.2
	8.9	6.4	6.5	-2.5
Content	86.7	116.6	114.0	+29.9
	5.3	20.1	13.5	+14.8
Amusement Facility	31.3	29.8	30.5	-1.5
	1.8	1.0	1.5	-0.8
Other	11.5	12.8	11.0	+1.3
	1.0	1.2	0.5	+0.2
Corporate and Elimination	-16.9	-17.2	-18.5	-0.3
	-1.5	-1.1	-2.0	+0.4
Consolidated	194.2	222.6	215.0	+28.4
	15.7	27.7	20.0	+12.0

Toys and Hobby

Japan: Long-established character toys and goods for adult customers performed well

US&EU: POWER RANGERS gained popularity

Asia: Plastic models and goods for adult customers gained popularity

Content

“Intellectual Property (IP)-Focused Strategy” produced excellent results

In particular, network content significantly contributed to earnings growth

Amusement Facility

Same store sales in Japan lost the previous year's momentum and fell short at 94.6% YOY

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Full Year Forecasts



(billion yen)

	FY2012.3 Results			FY2013.3 Results/Forecasts			YOY
	1 st half	2 nd half	Full Year	1 st half	2 nd half	Full Year	
Net Sales	194.2	260.0	454.2	222.6	232.4	455.0	+0.8
Operating Income	15.7	18.9	34.6	27.7	12.3	40.0	+5.4
Recurring Income	15.9	19.0	34.9	28.0	12.0	40.0	+5.1
Net Income	8.0	11.3	19.3	17.3	5.7	23.0	+3.7
Capital Expenditures	5.3	7.5	12.8	7.5	7.5	15.0	+2.2
Depreciation	8.3	9.8	18.1	8.5	10.0	18.5	+0.4
R&D Investments	19.0	22.1	41.1	20.4	19.6	40.0	-1.1
Advertising Expenses	13.2	20.1	33.3	14.3	18.2	32.5	-0.8
Personnel Expenses	20.8	22.7	43.5	20.9	23.1	44.0	+0.5

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Full Year Forecasts by Segments



Upper Cell : Net Sales

Lower Cell : Operating Income

(billion yen)

	FY2012.3 Results			FY2013.3 Results/Forecasts			YOY
	1 st half	2 nd half	Full Year	1 st half	2 nd half	Full Year	
Toys and Hobby	81.6	96.3	177.9	80.4	89.6	170.0	-7.9
	8.9	7.2	16.1	6.4	7.1	13.5	-2.6
Content	86.7	138.8	225.5	116.6	122.4	239.0	+13.5
	5.3	11.7	17.0	20.1	7.9	28.0	+11.0
Amusement Facility	31.3	29.7	61.0	29.8	30.2	60.0	-1.0
	1.8	0.5	2.3	1.0	0	1.0	-1.3
Other	11.5	15.9	27.4	12.8	12.2	25.0	-2.4
	1.0	1.0	2.0	1.2	-0.2	1.0	-1.0
Corporate and Elimination	-16.9	-20.9	-37.8	-17.2	-21.8	-39.0	-1.2
	-1.5	-1.4	-2.9	-1.2	-2.3	-3.5	-0.6
Consolidated	194.2	260.0	454.2	222.6	232.4	455.0	+0.8
	15.7	18.9	34.6	27.7	12.3	40.0	+5.4

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Results by Segments



Toys and Hobby	FY2012.3 Results			FY2013.3 Results/Forecasts			2 nd half YOY	Full Year YOY
	1 st half	2 nd half	Full Year	1 st half	2 nd half	Full Year		
Net Sales	81.6	96.3	177.9	80.4	89.6	170.0	-6.7	-7.9
Operating Profit	8.9	7.2	16.1	6.4	7.1	13.5	-0.1	-2.6

Decrease in gross profit due to a change in the product mix
Increase in advertising expenses, etc. in the U.S.

Content	FY2012.3 Results			FY2013.3 Results/Forecasts			2 nd half YOY	Full Year YOY
	1 st half	2 nd half	Full Year	1 st half	2 nd half	Full Year		
Net Sales	86.7	138.8	225.5	116.6	122.4	239.0	-16.4	+13.5
Operating Profit	5.3	11.7	17.0	20.1	7.9	28.0	-3.8	+11.0

Pachinko and pachislot machines : Sales of LCD units concentrated in the 1st half

Home video games overseas: Sales of high-margin titles concentrated in the 1st half

Visual software: Repeat and lucrative titles in the 1st half; and new titles with initial cost in the 2nd half

Prize: Forecast of the Prizes business based on the market environment

Amusement Facility	FY2012.3 Results			FY2013.3 Results/Forecasts			2 nd half YOY	Full Year YOY
	1 st half	2 nd half	Full Year	1 st half	2 nd half	Full Year		
Net Sales	31.3	29.7	61.0	29.8	30.2	60.0	+0.5	-1.0
Operating Profit	1.8	0.5	2.3	1.0	0	1.0	-0.5	-1.3

Reflecting the effects of a decline in same store sales in Japan in the 1st half







Business Strategies



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New Mid-term Plan: Focus Strategies



(1) Business Area Strategies		Toys and Hobby	Content	Amusement Facility
 Basic Business Area Achieve profitable expansion in basic business area Japan	Toys & Hobby (Japan)	Content (Japan) Arcade game, SNS, Visual & Music	Amusement Facility (Japan)	
 Profit Recovering Area Recover low-profit and loss-making businesses U.S., EU	Toys & Hobby (U.S. & EU)	Video Game Software (Worldwide)		
 New Growth Area Create and develop new growth area Asia	Toys & Hobby (Asia)	Arcade Game (Asia)	Amusement Facility (Asia)	
(2) Functional Strategies				
 Group-wide Network Strategy		 Human Resources Strategy		

Toys and Hobby







 Japan
 

Age 0 3 5 7 9 12 15 20 30 40 50

Female ← → →


Male →







Become overwhelming No. 1 in Japan

<p style="background-color: green; color: white; padding: 2px;">Strengthen toys for pre-school children</p> <p>Kamen Rider Wizard</p>  <p>A good start, exceeding the previous series!</p>  <p style="color: red;">Group-wide promotion across all SBUs</p>	<p style="background-color: pink; color: white; padding: 2px;">Expand share for girls' toys</p> <p>Aikatsu!</p>  <p>Completely link a TV animation series to a digital card game!</p> <p>Tamagotchi</p>  <p>Launch of a new model to contribute to sales expansion</p>
<p style="background-color: blue; color: white; padding: 2px;">Strengthen development of goods for adult customers</p>	
<p>Chogokin Robot: Mickey & Friends</p>  <p style="color: red;">Target all age groups</p>	<p>Goods for adults: SOYA</p>  <p>Targeting 60's/70's</p>

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Toys and Hobby



<p style="background-color: orange; color: white; padding: 2px;">U.S. & EU</p> <p style="background-color: blue; color: white; padding: 2px;">Carry out integrated brand management of the U.S. and Europe</p> <p>Sales of POWER RANGERS products grow steadily</p> <p>Promotions for the Christmas shopping season</p>   <p>Broadcast of a new series in 2013 decided</p> <p style="color: red;">Promote as a main IP through integrated efforts of the U.S. and Europe</p> <p style="background-color: blue; color: white; padding: 2px;">A new series of BEN 10 starts</p>   <p style="color: red;">Grow with integrated efforts in the U.S. and Europe</p>	<p style="background-color: blue; color: white; padding: 2px;">Asia</p> <p style="background-color: blue; color: white; padding: 2px;">Conduct Japan-originated business activities simultaneously in Asia</p> <p>Use the portal site (GUNDAM INFO) + Japan's headquarters takes initiative in promotion</p>   <p style="color: red;">Implement carefully planned marketing campaigns</p> <p style="color: blue;">➔ Increase areas to install digital card machines Release new IP goods (The Little Battlers, etc.)</p> <p style="background-color: blue; color: white; padding: 2px;">Construction of a plant in the Philippines Scheduled to start a full-scale production in FY 2014.3</p>
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Content



Strategy based on IP as an axis

Arcade game machines

Promote sales of popular series
+
Challenge for new series
with new features



Prize

Expand IP lineup



Meet a wide variety
of needs



Lottery

Japan: Expand new sales channels
Asia (Taiwan): Continue to release new
products and expand sales channels

Visual package software

Promote carefully selected top-rate titles
Continuous challenge for new titles



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Content



Network Content

Steadily promote social games using the IP-Focused
strategy unique to the BANDAI NAMCO Group

Integrate "IN" IPs and operation and development
know-how cultivated through the business of arcade
game machines, etc.



Accumulate know-how of development
and operation using the features of IP

Strengthen the on-line gaming business

Starting GUNDAM ONLINE
service in winter 2012



Genre: Multi-player fighting game
Billing system: No basic fee
+ Charging on items
Operator: NAMCO BANDAI Online

Total registered members for social games
as of the end of Sep. 2012:
26.5 million people

Titles recently released and
to be released in the future

Title	Platform	Launch
Super Robot Wars	Mobage	Sep. 2012
Tales of Card Evolve	GREE	Sep. 2012
Knight Gundam Carddass Senki	Mobage	Oct. 2012
Hero Spirits Kamen Rider Legend Tales of Kizuna	dgame	Nov. 2012
Idol Master	GREE	TBD

Maximize IP value

Continuously promote the
business as one of areas
where the Company uses IP

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Content



Video Game Software



Spin off NAMCO BANDAI Studios into a separate subsidiary

Obtain orders for development of competitors' main titles
Release in-house developed social games

Sales plan for main titles of home video games

Title	Platform	Launch	Unit sales (Plan)
Tekken Tag Tournament 2	Multi	On sale	1,700K
Tales of Xillia 2	PS3	On sale	650K
BEN10	Multi	2012 3Q	400K
Super Robot Wars OG 2	PS3	2012 3Q	350K
Run for money	3DS	On sale	300K

Meet diversified needs

Release "IN" IPs speedily



Promote titles using development capabilities



Evolution of an operational-type business model

Gundam Battle Operation



A new business model that distributes game software free of charge and charges on items

Promote contents for "all exits" in comprehensive way through the IP-focused strategy

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Amusement Facility



Japan



Develop models to utilize IP at facilities

Existing store sales in Japan YOY (%)

	1 st half	2 nd half	Full Year
FY2012.3	103.3	96.8	100.1
FY2013.3	94.6	101(Forecast)	98(Forecast)

Further strengthen character-packaged entertainment facilities



Character events at NAMCO Namjatown using regional characteristics performing well



NAMCO Namjatown scheduled to open after renovation in summer 2013

New development using know-how



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Mid-term Vision



The graphic features three calligraphic characters in black ink, each with a red arrow pointing to the right. The characters are arranged in a descending staircase pattern from top-right to bottom-left. The top character is '進化' (Evolution), the middle is '成長' (Growth), and the bottom is '挑戦' (Challenge). Below each character is its corresponding English translation in red capital letters: 'ACCELERATE EVOLUTION', 'GAIN MOMENTUM', and 'EMPOWER'. The BANDAI NAMCO Group logo is positioned at the bottom right of the graphic area.

Note on Projections

This document contains forward-looking statements and information related to the BANDAI NAMCO Group that are based on our knowledge as well as various assumptions made on the basis of information currently available.

The words “forecast,” “plan,” “target,” “estimation,” “projection,” “intend,” “will” and similar expressions, as related to the Group, are intended to identify forward-looking statements and information. Actual results could differ materially from those projected in such forward-looking statements.

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