BANDAI NAMCO Group
Mid-term Plan
April 2015 to March 2018
Results in FY2015.3

Review of Current Mid-term Plan: April 2012 to March 2015

Overview of New Mid-term Plan: April 2015 to March 2018
  • Direction of new Mid-term Plan
  • New Mid-term Vision
  • New organizational framework
  • Three-year numerical plan
  • Focusing strategies
  • Three-year numerical targets by segment

Capital Policy
Results in FY2015.3
### Results in the First Nine Months of the Fiscal Year

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<tr>
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<th>FY2014.3</th>
<th>FY2015.3</th>
<th>YOY</th>
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## Results by Segment

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<td>U.S.&amp;EU:</td>
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<td><strong>Content</strong></td>
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<tr>
<td>Japan:</td>
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<td>Asia:</td>
<td>-0.6</td>
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<td>-0.8</td>
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**Toy and Hobby**
- Japan: Favorable results by *Yokai Watch* and by established IP such as *Mobile Suit Gundam*.
- U.S.&EU: Contributions made by *Power Rangers* and *BIG HERO 6*, but challenging conditions overall.
- Asia: Favorable, centered on plastic models and collectable products.

**Content**
- Continued favorable results by key titles in Network Content.
- Favorable coordinated development between visual products and music, with IP as an axis (e.g., *Love Live! School idol project*, etc.).

**Amusement Facility**
- Initiatives implemented after moving to the new system are starting to produce results, but overall conditions are challenging.
# Full-Year Results

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<th>FY2015.3 forecast</th>
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<td>507.6</td>
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<td><strong>Operating Income</strong></td>
<td>44.6</td>
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<td><strong>Recurring Income</strong></td>
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<tr>
<td><strong>Net Income</strong></td>
<td>25.0</td>
<td>30.0</td>
<td>+5.0</td>
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</table>

## Dividends

- Maintain a base level of annual dividend payments of ¥24 per share and a consolidated dividend payout ratio of 30%
- Achieve current Mid-term plan
- + BANDAI NAMCO 10-year anniversary

**Interim dividend:** ¥12  **Year-end dividend:** ¥40  **Total:** ¥52
Review of Current Mid-term Plan
IP axis strategy has become a pillar for the Group.
Review of Current Mid-term Plan

Corporate Philosophy
Dreams, Fun and Inspiration
To become the Leading Innovator in Global Entertainment

Mid-term Vision
Strive to achieve record profit
Implementing growth strategy
Enhance our business model to maximize our IP value

Focusing Strategies

Business Area Strategies
Basic Business Area [Japan]
Profit Recovering Area [U.S.&EU]
New Growth Area [Asia]

Functional Strategies
Groupwide Network Strategy

Implmenting growth strategy

Toys and Hobby
Content
AM Facility

Toys and Hobby [Japan]
Content [Japan]
AM Facility [Japan]

Toys and Hobby [U.S.&EU]
Video Game Software [Worldwide]

Toys and Hobby [Asia]
Arcade Games [Asia]

* NE : Network
* AM : Amusement

Human Resources Strategy
Results under Current Mid-term Plan

Business growth in Japan

Create and foster original IP

- Network content
- Live events

Create new business pillars

Toys and hobby business: Expanding range of customers and implementing business model that extends across operations

Establishing dominant No. 1 position

Achieving profit recovery and growth in home video game software and in visual and music content through the IP axis strategy

Favorable growth in Asia

Business development initiatives linked with Japan + initiatives carefully aligned with regional characteristics
Delay in reforming business in the Americas and Europe

Sales in the Americas and Europe

Operating income in the Americas and Europe

Profit recovery is only at the halfway point

Aiming for recovery under the new Mid-term Plan

Domestic amusement facilities face challenging conditions

Challenging conditions due to changes in market environment, increase in consumption tax, etc.

Sales at existing facilities, YOY

Through organizational restructuring, strengthened links with arcade game machines and prizes and reevaluated profit structure
New Mid-term Plan
2015.4～2018.3

1) Direction of new Mid-term plan
2) Vision
3) Three-year numerical plan
4) New organizational framework
5) Focusing Strategies

Explained in numerical order

Results of strategy implementation

For implementation of strategies
Consistently achieve
Sales of ¥500 billion
Operating income of ¥50 billion

Requirements for advancing to the next stage
Further leveraging BANDAI
NAMCO’s strengths
Targeting high potential areas

Advance to the Next Stage

Going Concern

IP axis strategy
Asia
Mission

Dreams, Fun and Inspiration

Vision

To become the leading Innovator in Global Entertainment
New Mid-term Vision

NEXT STAGE

build upon current success

挑戰 成長 進化

EMPOWER

GAIN MOMENTUM

ACCELERATE EVOLUTION
New Mid-term Vision

NEXT STAGE

Empower and innovate business model

Grow into a global company

Accelerate evolution in IP axis strategy
Numerical Targets

**Numerical forecast for FY2015.3**

- **Net Sales**: ¥520 billion
- **Operating Income**: ¥50 billion
- **ROE**: 10%

**Numerical plan for FY2018.3**

- **Net Sales**: ¥600 billion
- **Operating Income**: ¥60 billion
- **ROE**: More than 10%
June 2015 ~

- **Toys and Hobby SBU**
  - Core company: BANDAI

- **Network Entertainment SBU**
  - Core Company: BANDAI NAMCO Entertainment (formerly BANDAI NAMCO Games)

- **Visual and Music Production SBU**
  - Core Company: BANDAI VISUAL

**Affiliated Business Companies**
Overview of New Mid-term Plan

Corporate Philosophy
Dreams, Fun and Inspiration
To become the Leading Innovator in Global Entertainment

Mid-term Vision

Business
Accelerate evolution in IP axis strategy
- Cultivate Original Group IPs
- Enlarge New IP Businesses
- Expand Target Market
- Collaborate across SBUs

Region
Through IP axis strategy, Gain momentum in global markets
- Expand in Asia and Japan
- Renew in Americas and Europe

Focusing Strategies
Function
Empower and innovate business model
through BANDAI NAMCO market advantages
- Deepen the current business model
- Create and foster the new IP business
- Implement IP axis strategy in global market
Accelerate evolution in IP axis strategy

Cultivate Original Group IPs
Enlarge New IP Businesses

Expand Target Market
Collaborate across SBUs

IP fostering/creation/acquisition
Strengthening collaboration among businesses and regions

Through IP axis strategy, Gain momentum in global markets

Expand in Asia and Japan
Renew in Americas and Europe

Create and foster the new IP business
Deepen the current IP business

Empower and innovate business model through BANDAI NAMCO market advantages

Deepen the current business model
Create and foster the new IP business
Implement IP axis strategy in global market
Creating IP

Business development aligned with customer needs / market environment

Maximizing IP value

Diagram of IP axis strategy

Cultivate Original Group IPs

Enlarge New IP Businesses

Expand Target Market

Collaborate across SBUs

Business

Create Original Group IPs

Enlarge New IP Businesses

Collaborate across SBUs

Expand Target Market

Business development aligned with customer needs / market environment

IP: Intellectual Property (characters, content, etc.)
Cultivate Original Group IPs

Strengthening creation of IP that originates in products and services + strategic initiatives

Increase speed, strengthen originality

Spin off part of Sunrise

Older customers

Pursuit of quality

Kids / families

Providing the ideal products and services at the ideal time

Strengthening initiatives for IP from Japan, the Americas and Europe

Strengthening relationships with media licensors in the Americas and Europe through strategic human resources

Strategic, aggressive initiatives

• In-house recruiting system

• Collaboration with partner companies

• Investing in IP

¥20.0 billion additional investment over three years
Enlarge New IP Businesses

- Strengthening production business
- Strengthening IP event business (Live events, live viewings, sales of related goods, etc.)
- Aggressive advance into overseas markets
- Taking on the challenge of new businesses
  - Implementing amusement facility initiatives through strengthened Group collaboration
  - Strengthening internal Group collaboration and considering new business formats with the addition of new services

Expand Target Market

- Making approaches with “IP + category” initiatives aimed at target customer groups
  - Example) Women in their 20s and older

Collaborate across SBUs

- Drawing on BANDAI NAMCO’s distinctive capabilities to strengthen collaboration among businesses
  - Example) Rapid growth through horizontal development in various businesses from the point of launch
Aiming for growth in global markets through worldwide expansion of the IP axis strategy

**Gain momentum in global markets**

- **Renew in Americas and Europe**
  - Americas: 52.3 billion yen (FY2008.3)
  - Europe: 52.7 billion yen (FY2010.3)

- **Expand in Asia and Japan**
  - Asia: 25.4 billion yen (FY2015.3 forecast)
Expand in Asia and Japan

Japan: Continue strategy of aiming for dominant No. 1 position
Asia: Collaboration with Japan + detailed product promotion in line with regional characteristics

Targeting No. 1 position in Asia, major company names will be unified as one part of the ALL BANDAI NAMCO system

Sales in Asia in FY2015.3

Major initiatives under current Mid-term Plan
- Animation video distribution
- Producing large events
- e-commerce
- Regional expansion

Sales target for Asia in FY2018.3

¥30.0 billion (including exports)
Initiatives coordinated across Asia, including Japan

¥60.0 billion (including exports)
Regional expansion in Toys and Hobby business

- Expanding area to ASEAN/Australia
- Expanding IP lineup in Toys and Hobby business
  - Strengthening established IP (Power Rangers, KAMEN RIDER) + new IP (Yokai Watch/Aikatsu!, etc.)

Strengthening network content

- Establishing new company in China
- Working with various partners and investing aggressively

Actively producing live events

- Building foundation for overseas development
Renew in Americas and Europe
Implementing aggressive initiatives to strengthen competitiveness

Building foundation for recovery in the Americas and Europe

- Increasing efficiency
  - Reevaluating systems
  - Closing unprofitable bases

Organizational restructuring
- Control by Japan
- Development: Japan
- Sales and Marketing: Americas and Europe
- New president at BANDAI America

Strengthening competitiveness in Toys and Hobby business

- Further strengthening of Power Rangers
- Expanding IP
  - Developing IP to follow Power Rangers
    - IP acquired this year

Full-scale business development initiatives at Network Content SBU

- Initiatives leveraging popular existing IP
- Strategic development of local IP

- Strengthening sales capabilities
- Collaboration among SBUs
Create and foster the new IP business

New IP businesses that leverage BANDAI NAMCO’s unique capabilities

Digital / network

Real / network

Fusion of digital and real

Game content
Network content
Amusement machines

Aiming for the creation of entirely new facilities that fuse the digital and real worlds, launch cross-divisional projects

Implement IP axis strategy in global market

Distributing Japanese animation content throughout the world

Network distribution of Japanese animation content throughout the world
(Anime Consortium Japan Inc.)

Increasing awareness and popularity of Japanese animation content in countries around the world

Building the environment/foundation for the IP axis strategy in countries around the world

Implement IP axis strategy in global market
## Numerical Targets

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<th>FY2015.3 forecast</th>
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Top row: Segment sales/Bottom row: Segment income  

billion yen
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<td>Own-stock acquisitions</td>
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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.
Overview of the Third Quarter by Segment

Toys and Hobby

Japan: *Yokai Watch* earned society-wide popularity + established IP

Asia: Favorable growth

Americas and Europe: Challenging conditions

Content

Favorable results by key titles in Network Content

Favorable progress with coordinated development in visual and music products

Decline in home video game software in comparison with previous period, when there were multiple major titles

Amusement Facility

With a new president (2014.4) and a new organizational system, a variety of initiatives were implemented. These initiatives began to produce results, but overall conditions were challenging.