



**BANDAI NAMCO Group**  
**Mid-term Plan**  
 April 2018 to March 2021



February 9, 2018

**Results in the First Nine Months of the Fiscal Year**

**billion yen**

	FY 2017.3		FY 2018.3		Vs. previous year's results	
	First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Net Sales	459.1	620.0	483.1	630.0	+24.0	+10.0
Operating Profit	60.1	63.2	53.4	57.0	-6.7	-6.2
Recurring Profit	60.5	63.2	54.7	58.0	-5.8	-5.2
Profit Attributable to Owners of Parent	46.5	44.1	40.8	41.5	-5.7	-2.6
Capital Investments	16.1	19.5	48.8	54.0	+32.7	+34.5
Depreciation	15.2	21.8	16.7	23.0	+1.5	+1.2
Game content R&D investments	41.9	59.0	50.3	67.0	+8.4	+8.0
Advertising Expenses	27.4	39.3	26.5	42.0	-0.9	+2.7
Personnel Expenses	38.5	53.6	41.3	52.0	+2.8	-1.6

## Trends by Business (compared with the same period of the previous fiscal year)

### Toys and Hobby

billion yen	
Segment sales	-1.3
Segment profit	-2.1

- Steady performance of mainstay IPs in all regions  
Japan: *KAMEN RIDER*, *DRAGON BALL*  
Japan and greater Asia: *Gundam*, etc.

### Network Entertainment

Segment sales	+24.4
Segment profit	-2.0

- Network content: Mainstay titles continued to perform well  
Home video games: Favorable sales of newly released *TEKKEN 7*, repeat sales in Europe and the Americas  
Amusement: Prior costs due to active rollout of new facilities

### Visual and Music Production

Segment sales	-3.1
Segment profit	-2.9

- Rollout of new visuals and products for mainstay IPs starting from 3Q
- License revenue from the *Love Live!* series, etc.

## Results by Segment (Vs. previous year's results)

billion yen

		FY 2017.3		FY 2018.3		Vs. previous year's results	
		First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Toys and Hobby	Segment sales	165.6	218.0	164.3	215.0	-1.3	-3.0
	Segment profit	15.3	13.3	13.2	15.0	-2.1	+1.7
Network Entertainment	Segment sales	260.9	355.5	285.3	380.0	+24.4	+24.5
	Segment profit	35.8	42.0	33.8	36.0	-2.0	-6.0
Visual and Music Production	Segment sales	40.9	56.2	37.8	50.0	-3.1	-6.2
	Segment profit	11.9	13.4	9.0	12.0	-2.9	-1.4
Other	Segment sales	20.2	26.7	20.2	30.0	±0	+3.3
	Segment profit	1.2	0.7	0.8	1.0	-0.4	+0.3
Corporate and Elimination	Segment sales	-28.6	-36.7	-24.6	-45.0	+4.0	-8.3
	Segment profit	-4.2	-6.2	-3.5	-7.0	+0.7	-0.8
Consolidated	Net sales	459.1	620.0	483.1	630.0	+24.0	+10.0
	Operating profit	60.1	63.2	53.4	57.0	-6.7	-6.2

## Full-year Results (Dividend)

	billion yen		
	FY 2017.3	FY 2018.3 Forecast	YOY
Net Sales	620.0	630.0	+10.0
Operating profit	63.2	57.0	-6.2
Recurring Profit	63.2	58.0	-5.2
Profit Attributable to Owners of Parent	44.1	41.5	-2.6

### Dividend (Forecast)

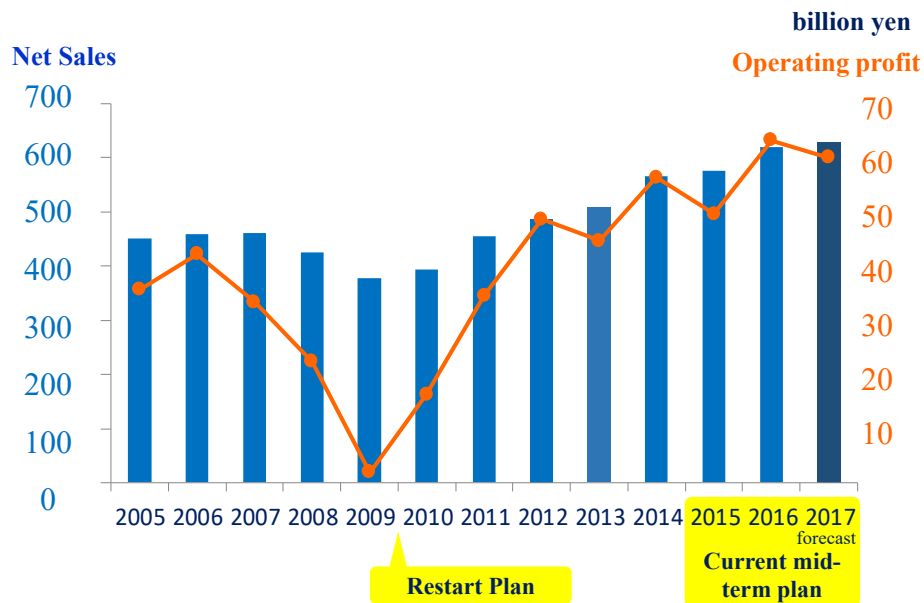
Apply the shareholder returns policy of the new Mid-term Plan ahead of schedule, starting from the year-end dividend

Interim dividend: ¥12

Year-end dividend: ¥83 (base dividend: ¥20; performance-based dividend: ¥63)

→ Annually ¥95 per share (base dividend: ¥32; performance-based dividend: ¥63)

## The BANDAI NAMCO Group Thus Far



# Review of Current Mid-term Plan

<b>Corporate Philosophy</b>	<b>Dreams, Fun and Inspiration</b> <b>To become the Leading Innovator in Global Entertainment</b>		
<b>Mid-term Vision</b>			
<b>Strategies Focusing</b>	<b>Business Strategies</b>	<b>Region Strategies</b>	
	<b>Accelerate evolution in the IP axis strategy</b>		
	Cultivate Original Group IPs	Expand Target Market	Through the IP axis strategy, <b>gain momentum</b> in global markets
	Enlarge New IP Businesses	Collaborate across SBUs	Expand in Asia and Japan Renew in Americas and Europe
<b>Function Strategies</b>		<b>Empower and innovate business model through BANDAI NAMCO market advantages</b>	
Deepen the current business model	Create and foster the new IP business	Implement IP axis strategy in global market	

# Results under Current Mid-term Plan

<b>Product and service innovation for established IPs</b> 	<b>IP creation and cultivation</b> 
<b>Expansion of target customer base</b> Successful overseas events 	<b>Growth of IP outlets</b> Overseas video games Live events Japan and overseas network contents 

## Challenges under Current Mid-term Plan

### New IP creation



### Drive new IP creation

- ◎ Establish structure for IP creation
- ◎ Invest aggressively in IP creation
- ◎ Expand collaborations with external partners

More IP could have been created.

### Overseas expansion

Performance in Europe and the Americas

Strong performance of CS and NE businesses in Europe and the Americas



### Change methods for adopting an aggressive stance

- ◎ Avoid an over reliance on specific IPs
- ◎ Establish an abundant IP portfolio
- ◎ Expand business through the enhancement of products for mature fan base
- ◎ Take on the challenge of creating IP in each region

More expansion could have been realized.

## Opportunities under the New Mid-term Plan

### New technologies + IP axis strategy



### Expansion of Japanese IP in worldwide markets

#### Overseas network contents



#### Overseas live events



#### Products for mature fan base



#### Chinese market



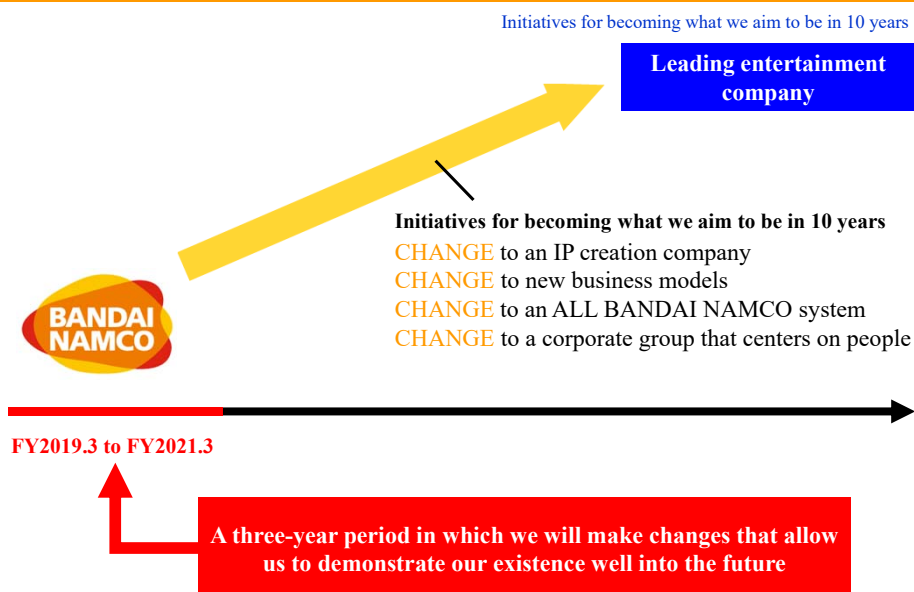
## What We Aim to Be in 10 Years



### Leading entertainment company

- A company that earns the trust of children and fans around the world
- A group of highly individual companies and employees that create products and services respected by fans for their quality and excitement

## Direction of the New Mid-term Plan



## Corporate Philosophy

### MISSION STATEMENT

**Dreams, Fun and Inspiration**

### VISION

**The Leading Innovator in  
Global Entertainment**

## New Mid-term Vision

**CHANGE** *for the* **NEXT**  
**挑戰 成長 進化**  
EMPOWER      GAIN MOMENTUM      ACCELERATE EVOLUTION

## Numerical Targets

	FY2018.3 forecasts	FY2021.3 targets
Net Sales	¥630.0 billion	¥750.0 billion
Operating Profit	¥57.0 billion	¥75.0 billion
Operating profit margin	9.0%	10.0% or more
ROE	11.4%	10.0% or more

## New Organizational Framework

Starting from April 2018  
Five-unit structure



### Toys and Hobby Unit

Core company : BANDAI CO., LTD.



### Network Entertainment Unit

Core company : BANDAI NAMCO Entertainment Inc.



### Real Entertainment Unit

Core company : BANDAI NAMCO Amusement Inc.  
(Name changed from NAMCO LIMITED)



### Visual and Music Production Unit

Core company : BANDAI NAMCO Arts Inc.  
(Integration of BANDAI VISUAL CO., LTD. and Lantis Co., Ltd.)



### IP Creation Unit

Core company : Sunrise Inc.




Affiliated Business Companies

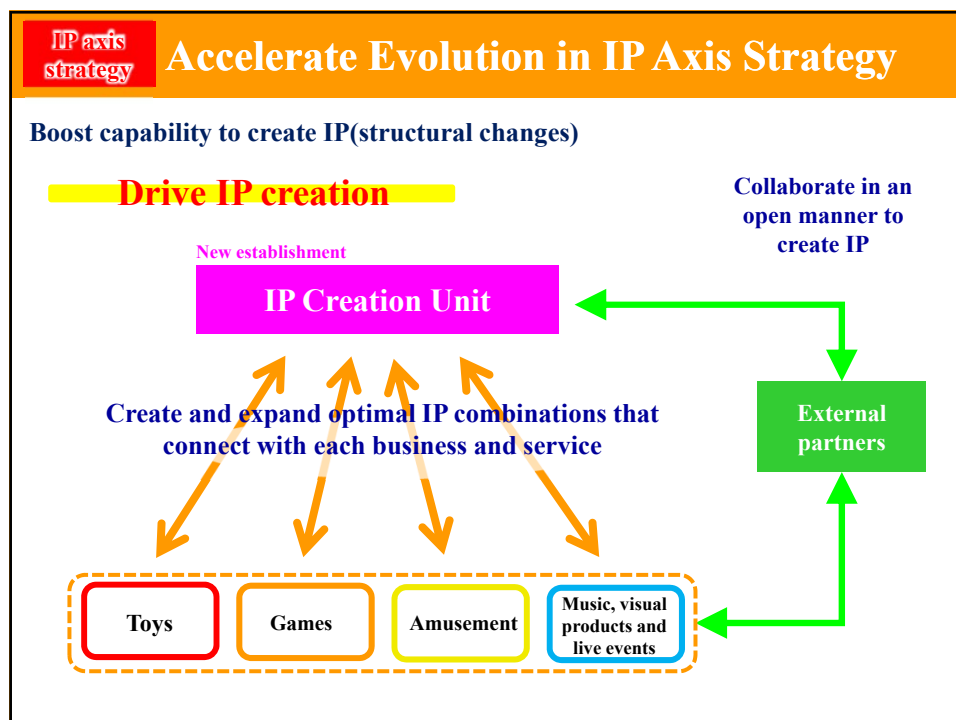
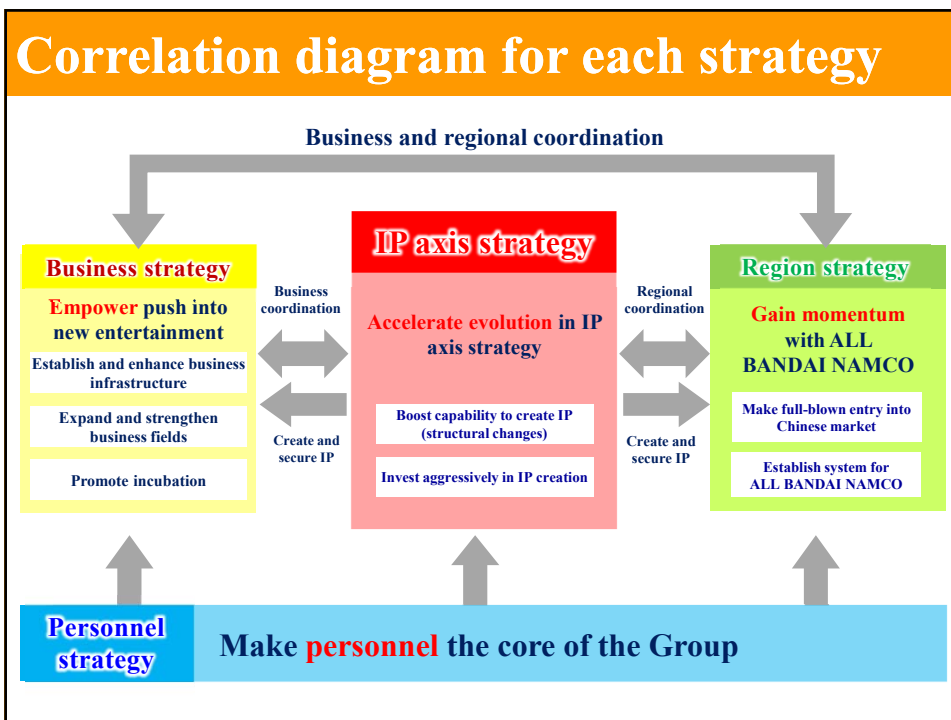


## Outline of the New Mid-term Plan

<b>Corporate Philosophy</b>	<b>Dreams, Fun and Inspiration</b> <b>The Leading Innovator in Global Entertainment</b>		
<b>Mid-term Vision</b>			
<b>Strategies Focusing</b>	<b>IP axis strategy</b>	<b>Accelerate evolution in IP axis strategy</b>	
		Boost capability to create IP (structural changes)	Invest aggressively in IP creation
	<b>Business strategy</b>	<b>Empower push into new entertainment</b>	
		Establish and enhance business infrastructure	Expand and strengthen business fields
	<b>Region strategy</b>	<b>Gain momentum with ALL BANDAI NAMCO</b>	
		Make full-blown entry into Chinese market	Establish system for ALL BANDAI NAMCO
	<b>Personnel strategy</b>	<b>Make personnel the core of the Group</b>	
		Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures	

## Correlation Diagram for Key Strategies and Units

		Toys and Hobby Unit	Network Entertainment Unit	Real Entertainment Unit	Visual and Music Production Unit	IP Creation Unit
<b>IP axis strategy</b>	Boost capability to create IP (structural changes)				◎	◎
	Invest aggressively in IP creation				◎	◎
<b>Business strategy</b>	Establish and enhance business infrastructure		◎			
	Expand and strengthen business fields	◎	◎	◎	◎	
	Promote incubation					
<b>Region strategy</b>	Make full-blown entry into Chinese market	◎	◎			
	Establish system for ALL BANDAI NAMCO					
<b>Personnel strategy</b>	Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures					



## Invest aggressively in IP creation

FY2019.3 to FY2021.3  
**Invest in IP creation**

\* Does not include investment (financing) to strengthen partnerships

**25.0 billion**

FY2016.3 to FY2018.3  
**Investment in IP creation 20.0 billion**

**Support for IP creation and IP axis strategy 5.0 billion**

Investment (financing) to strengthen partnerships 15.0 billion

Fivefold increase

- Investment in the creation of original IP

**10.0 billion**

- IP Creation Unit 6.0 billion
- Original IP development (each unit) 4.0 billion

- Investment by the IP Strategy Division

**10.0 billion**

- Initiatives with external IP 5.0 billion
- Support for internal IP axis strategy 5.0 billion

- Investment to support new challenges

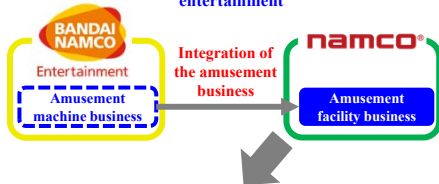
**5.0 billion**

- New businesses, technologies, etc.

## Establish and enhance business infrastructure

### Establishment of the new Real Entertainment Unit

Through the integration with the amusement business, the Real Entertainment Unit will aim for further evolution as an organization that provides real entertainment



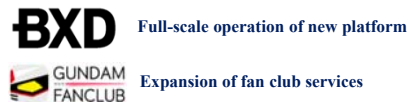
### Creation of new digital services

Accelerate the creation of new digital services through the integration of digital capabilities and the enhancement and expansion of platforms

- Integrate video distribution capabilities



- Enhancement and expansion of platforms



Business strategy

## Empower Push into New Entertainment

Expand and strengthen business fields : ① Strengthen businesses aimed at mature fan base

### Establishment of BANDAI SPIRITS CO., LTD.



**Work to accelerate business expansion through the rollout of specific brands for businesses aimed at mature fan base.  
In doing so, become the No. 1 integrated hobby and entertainment company**

Business strategy

## Empower Push into New Entertainment

Expand and strengthen business fields : ② Strengthen the live entertainment business

### Establishment of BANDAI NAMCO Arts Inc.



Creation of new entertainment that fuses visuals with music  
Creation of IP with even deeper connections between visuals and music

### Strengthen live events overseas

Strengthening of live events aimed at overseas fans of Japanese IP and anime songs



### Creation of a multipurpose facility in Shibuya, Tokyo

Bolstering the live entertainment business through the management of a Company-owned facility



### Full-scale entrance into e-sports

Take on challenges in new genres of games and live events



Region strategy

## Gain Momentum with ALL BANDAI NAMCO

### Initiatives for a regional axis structure

#### Full-scale expansion in the Chinese market



**Promote business expansion in the Chinese Market and undertake efforts under the ALL BANDAI NAMCO concept**

Establish a regional holding company in China (Shanghai)

**BANDAI NAMCO Holdings CHINA CO., LTD**

Establishment plans



Promote an IP axis strategy deeply rooted in local communities with the aim of becoming the No. 1 entertainment company

#### Establish system

**Establish a structure to promote the ALL BANDAI NAMCO concept in each area**

#### Promote an integrated office structure

Hong Kong and the United Kingdom :  
Completion of an integrated office structure  
China: Implementation slated to start from FY2019.3

Transition to a structure that implements the ALL BANDAI NAMCO concept in other regions as well

#### Promote the BANDAI NAMCO brand



Gradually unify our corporate mark in each region

Personnel strategy

## Make Personnel the Core of the Group

**Becoming a corporate group where employees with various personalities can work in a lively and energetic manner**



**A group centered on human resource management, particularly on entertainment and imagination**

Cultivation of global human resources

IP creation and support for undertaking new businesses

“Challenge” evaluation system

Utilization of a diverse group of human resources

Efforts to reform work styles

Personnel exchange

## Capital Policy (Shareholder Returns Policy)

Revise shareholder returns policy to place more emphasis on capital costs and ROE

**【Current policy】**

Based on stable annual per share dividend payments of **¥24**, aiming for a consolidated dividend payout ratio of **30%**



**【Revised policy】**

Based on stable annual dividend payments reflecting **DOE 2%**, aiming for a consolidated **dividend payout ratio of 50% or higher**

**Implement revised policy ahead of schedule, starting with the year-end dividend for FY2018.3**

## Aim for 10 Years in the Future



**CHANGE** for the **NEXT**

**挑戦 成長 進化**

EMPOWER ORIGIN MOMENTUM ACCELERATE EVOLUTION

**Take on new challenges with a sense of urgency and a high level of curiosity**



## Reference: Numerical Targets (by unit)

<b>billion yen</b>					
		FY2018.3	FY2021.3		
		Forecast	Full-year targets for FY2021.3		
Toys and Hobby	Segment sales	215.0	Toys and Hobby	Segment sales	<b>275.0</b>
	Segment profit	15.0		Segment profit	<b>20.0</b>
Network Entertainment	Segment sales	380.0	Network Entertainment	Segment sales	<b>310.0</b>
	Segment profit	36.0		Segment profit	<b>41.0</b>
Visual and Music production	Segment sales	50.0	Real Entertainment	Segment sales	<b>130.0</b>
	Segment profit	12.0		Segment profit	<b>8.0</b>
Other	Segment sales	30.0	Visual and Music production	Segment sales	<b>40.0</b>
	Segment profit	1.0		Segment profit	<b>8.0</b>
Elimination and Corporate	Segment sales	-45.0	IP Creation	Segment sales	<b>18.0</b>
	Segment profit	-7.0		Segment profit	<b>6.0</b>
Consolidated	Net sales	<b>630.0</b>	Other	Segment sales	<b>32.0</b>
	Operating profit	<b>57.0</b>		Segment profit	<b>1.0</b>
			Elimination and Corporate	Segment sales	<b>-55.0</b>
				Segment profit	<b>-9.0</b>
			Consolidated	Net sales	<b>750.0</b>
				Operating profit	<b>75.0</b>