



# Bandai Namco Group Interim Period for the Fiscal Year ending March 2006

November 24, 2005

**NAMCO BANDAI Holdings Inc.**

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1st Half Results		BANDAI (Consolidated)		
		(Millions of Yen)		
	1st Half Results	Prior Year 1st Half Results	% Change	
<b>Net Sales</b>	<b>134,645</b>	<b>121,277</b>	<b>+11.0%</b>	
<b>Operating Income</b>	<b>15,332</b>	<b>9,829</b>	<b>+56.0%</b>	
<b>Ordinary Income</b>	<b>15,946</b>	<b>10,132</b>	<b>+57.4%</b>	
<b>Net Income</b>	<b>5,607</b>	<b>3,883</b>	<b>+44.4%</b>	

1st Half Highlights		BANDAI (Consolidated)		
				
<b>Toys &amp; Hobby</b>	Posted good results, centered around girls' toys			
<b>Visual and Music Contents</b>	Mobile Suit Gundam Series displays and provides group synergy effects			
<b>North America</b>	While continuing to struggle due to harsh market conditions and tight competition, our efforts of "selection and focus" resulted in some improvements.			

# 1st Half Results

NAMCO (Consolidated)



**namco**

(Millions of Yen)

	1st Half Results	Prior Year 1st Half Results	% Change
<b>Net Sales</b>	<b>85,052</b>	<b>81,980</b>	<b>+3.7%</b>
<b>Operating Income</b>	<b>2,538</b>	<b>4,422</b>	<b>- 42.6%</b>
<b>Ordinary Income</b>	<b>2,632</b>	<b>4,200</b>	<b>- 37.3%</b>
<b>Net Income</b>	<b>2,526</b>	<b>2,679</b>	<b>- 5.7%</b>

# 1st Half Highlights

NAMCO (Consolidated)



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## Coin-Op Game Machines

Domestic sales posted strong results. Installation of large-sized game machines in 2nd half.

## Home Videogame Software

Increase in number of units sold overseas. Concentration of franchise title releases in 2nd half.

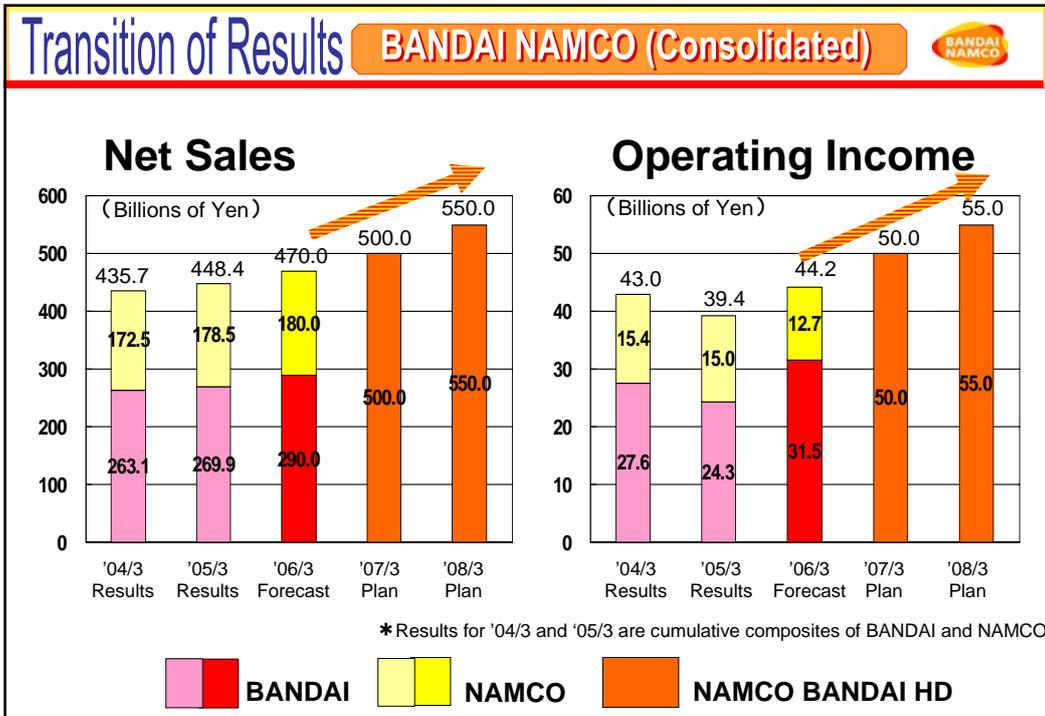
## Amusement Facility Operations

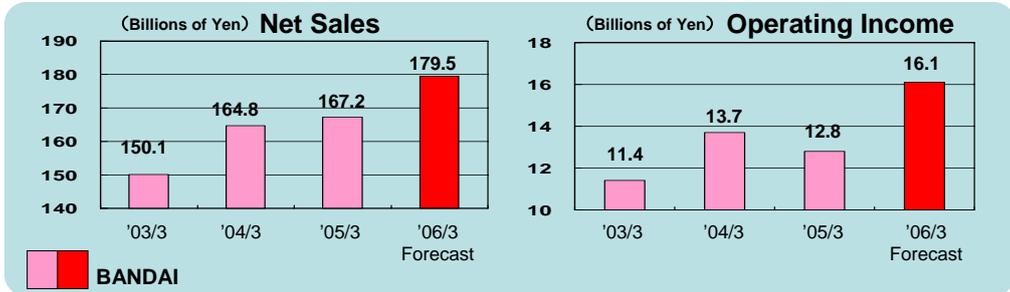
Whilst harsh market conditions, same store sales year on year was 95.7% domestically (Japan), and 97.7% for North America.

## 1st Half Results BANDAI NAMCO (Consolidated)

(Billions of Yen)

	1st Half Results	2nd Half Forecast	Full Year Forecast
<b>Net Sales</b>	<b>218.8</b>	<b>251.2</b>	<b>470.0</b>
<b>Operating Income</b>	<b>17.5</b>	<b>26.7</b>	<b>44.2</b>
<b>Ordinary Income</b>	<b>18.2</b>	<b>25.9</b>	<b>44.1</b>
<b>Net Income</b>	<b>7.8</b>	<b>16.6</b>	<b>24.4</b>





►Tamagotchi posts strong results

Worldwide Sales top 5.8 million units in 1st half

Character Merchandise: Strong results

**New Tamagotchi Series (Entama)**

11/23 On-Sale



Plans to link with Data Carddass

► Popular, Long-established Boys' Character Toys



Maji Ranger (Power Rangers)



Masked Rider Hibiki Disk Animals

2005 Good Design Award

►Strong Start for Data Carddass

**Dragon Ball Z series**

Started March 2005

2nd Series

NARUTO also starts off strong

4,750 machines installed (as of Oct. 2005)



►Apparel, Sundries Strong



Pretty Cure Max Heart



Cinnamoroll



Mushiking

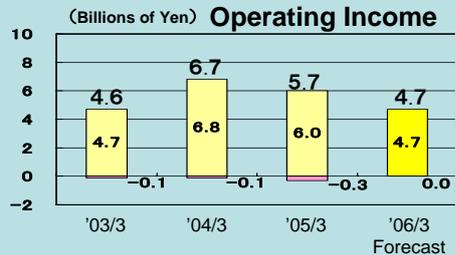
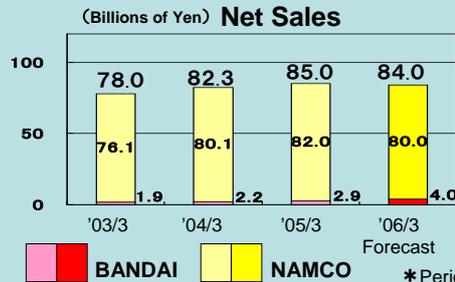
Topics for 2nd Half

☆Strengthen product competitiveness of Boys' Characters

☆Secure profit overseas

# Business Strategy

## Amusement Facility



\* Periods prior to 05/3 are combined results of BANDAI and NAMCO

► **Same store sales** vs. prior year % (domestic): 95.7%



Region	APR	MAY	JUN	JUL	AUG	SEP
Japan	95.4	89.1	94.6	101.3	95.7	97.7
North America	100.2	94.3	97.8	98.3	97.8	97.9

### Topics for 2nd Half

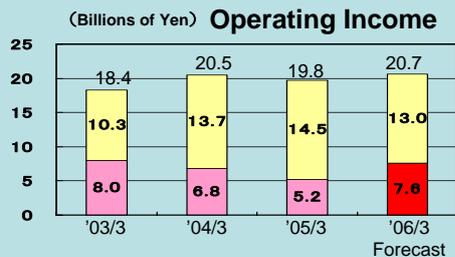
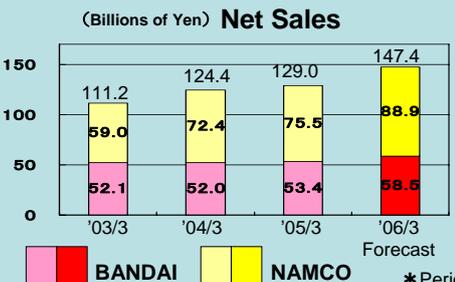
- ☆ Development of new types of location businesses
- ☆ Invigorate same store sales with installation of new AM machines, etc.
- ☆ Further progress in high quality services and low cost operations

Spa Resort Liberty



# Business Strategy

## Game Contents



\* Periods prior to 05/3 are combined results of BANDAI and NAMCO

► **Domestic Sales of AM machines post strong 1st half results**



### Topics for 2nd Half

- ☆ Earn higher results from installation of new machines
- ⇒ synergies with AM facility operations



► **NAMCO mobile phone content subscribers top 1 million in Japan**



Taiko no Tatsujin

Together with Bandai Networks subscribers, total subscriptions amount to more than 5 million

# Business Strategy

## Game Contents



Home Videogame Software

Despite severe market conditions, the following titles contributed to strong sales



Super Robot Wars α



Dragon Ball Z Sparking!



Tamagotchi

**namco**



Ridge Racers (US/Europe)



Tekken 5 (Europe)

### Topics for 2nd Half

☆High expectations for 2nd half releases of franchise titles



Tales of the Abyss for PS2

Soul Caliber III for PS2



Mobile Suit Gundam SEED for PS2

☆Increased emphasis on multi-platform strategy

Support next generation hardware systems



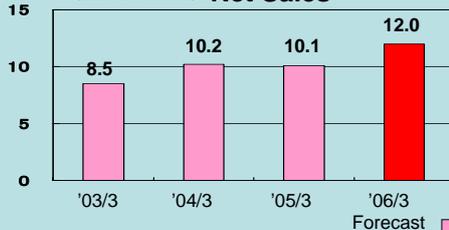
Ridge Racer 6 for Xbox 360

# Business Strategy

## Network



(Billions of Yen) **Net Sales**



(Billions of Yen) **Operating Income**



BANDAII

### ▶Game Contents Strong

Subscribers at 1.48 million at the end of September 2005

⇒ An increase of 35% year on year

Various content implementation that match diversified consumer needs

### ▶Strengthen Solutions Business

⇒ 3D engine contributed to results



GNO Mobile



Tamagotchi (for mobile phones)

### Topics for 2nd Half

☆Effective implementation of inter-group resources

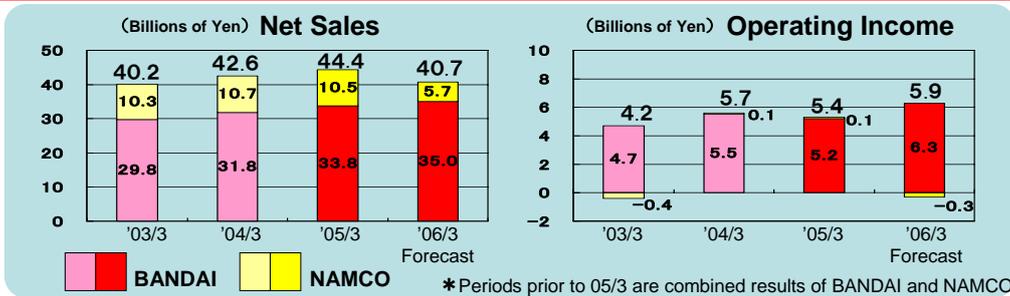
Service begins Winter 2006

Joint development with NAMCO



SD Gundam RPG for i-mode

# Business Strategy Visual and Music Content



## ► Gundam Displays Group Synergy Effect

**Mobile Suit Gundam Series Strong**  
 ⇒ Group Synergy Effect increases income rate



Mobile Suit Z Gundam  
-A New Translation-

### Topics

TAKESHIS'

In theaters in Japan



### Topics

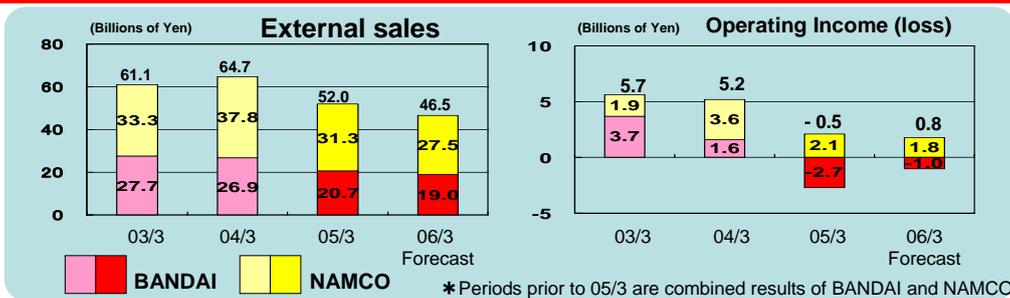
#### ☆Business Expansion

Expansion of contents business from Visual content to Audio, as well as text content

#### ☆Area Expansion

Expansion overseas based on 'Made in Japan' high value-added business model

# North America Area Business Strategy



## ►1st Half Results

### Toys & Hobby

Tamagotchi series posts very strong results



### Game Contents

Ridge Racer for PSP posts strong results



### Amusement Facility

Efficiency improvement measures have positive impact on income rate

⇒ However, the results fell short of the initial plan due to more emphasis on the 2<sup>nd</sup> half of the FY as well as severe market conditions and competitions

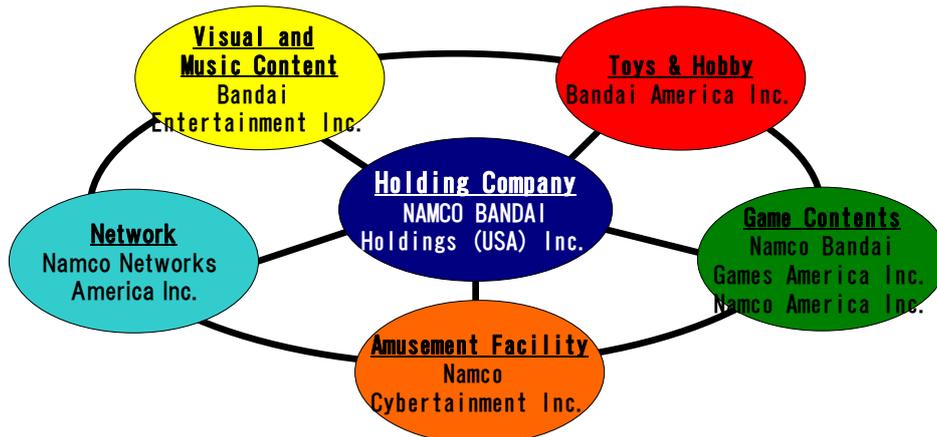
# North America Area Business Strategy



## Topics

### ★ Enhancement of portfolio function

Organization from January 2006



# Management Integration Synergy Effects



## Fusion Plans and Projects within the New Group

### BANDAI NAMCO management integration commemorative essay

Over 2000 entries  
Announcement of winners/inductees in  
January, 2006  
⇒ Realization of Ideas



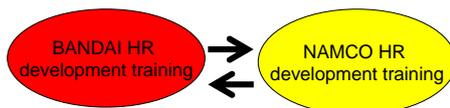
### Bandai, NAMCO intercompany HR transfer

Inter-company departments with available  
openings posted and start transfer process  
based on entries

November 2005 Listing  
December 2005 Decision  
April 2006 Transfer



### HR Development Program bilateral participation



February thru July, 2006

### Groupwide Projects

- Environmental Project
- BANDAI NAMCO Group Rights Project
- BANDAI NAMCO Group Intellectual Property Project



**Merchandising expansion of NAMCO contents**

Toys & Hobby × Game Contents

Revival of past hit arcade games with "Let's TV Play"

- Dragon Buster
- GAPLUS
- Xevious • MAPPY



Let's TV Play Series

Visual × Game Contents

Arrange NAMCO game contents to visual content

- Idol Master, etc.



Idle Master

Toys & Hobby × Game Contents

Plastic models of futuristic jets from 'Ace Combat Zero'



×



Simulated images

Scheduled for sale Spring 2006

Toys & Hobby × Game Contents

Production and sale of figure toys based on NAMCO game content

- Soul Caliber III
- Tekken



Scheduled for sale Winter 2006



**Location expansion**

Toys & Hobby × Locations

Tamagotchi Café (tentative)



Installation of 'Deka-tamagotchi' at NAMCO facilities ⇒ Over 200 facilities

Toys & Hobby × Locations

Installation of Data Carddass units at NAMCO locations

⇒ 160 locations, 260 units



**Collaborative development**

Game Contents × Locations

Development of Amusement Machines "Mobile Suit Gundam Senjo no Kizuna"



Domestic release next fiscal year

Game Contents × Network

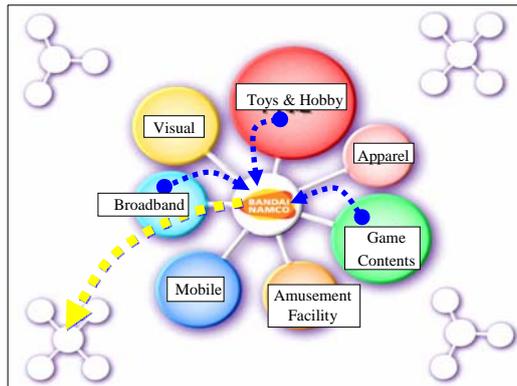
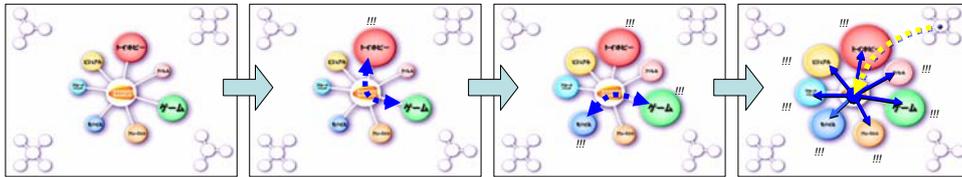
Development of Mobile contents

Offer SD Gundam RPG for i-mode services this winter



Service starts Winter 2006

# Our Business Model: Entertainment Hub



URL: [www.bandainamco.co.jp/](http://www.bandainamco.co.jp/)

## Warning concerning forward-looking statements:

This report contains figures that are based on the information currently available to management and estimates involving uncertain factors thought likely to have an effect on future results.

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