

Thanks!

1st

Anniv.



Dreams,
Fun and
Inspiration

2006.11.10

Presentation of the Financial Results
for the Interim Period of FY 07.3

BANDAI NAMCO Group

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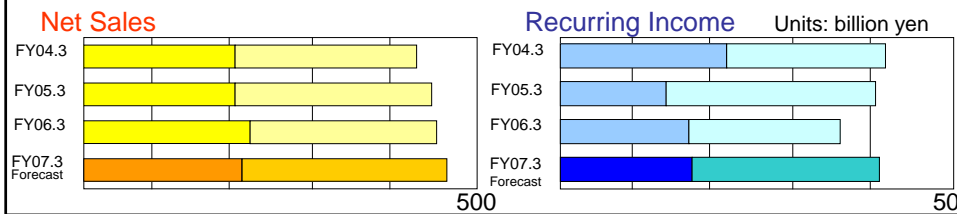
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FY07.3 First Half Results

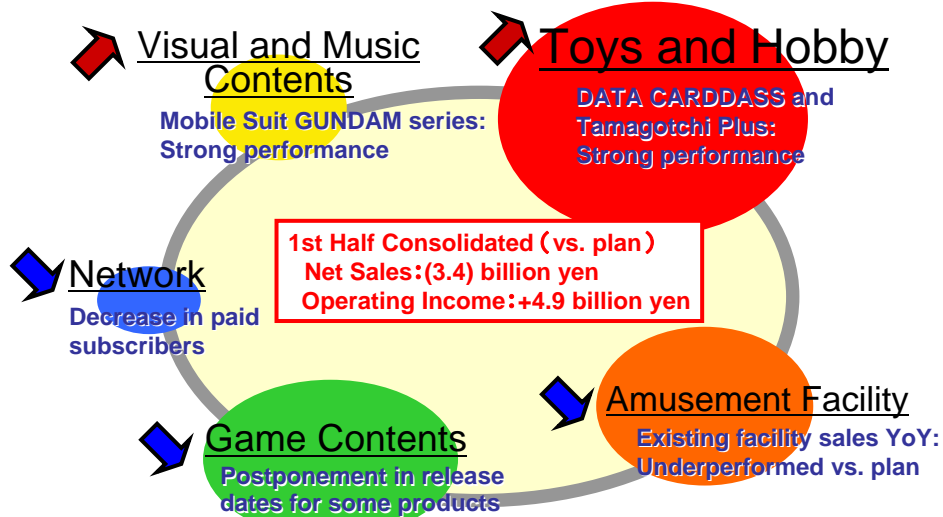


Transition of Results	FY04.3	FY05.3	FY06.3	FY07.3 1st Half		FY07.3 Full Year	
	Results	Results	Results	Plan	Results	Plan	Forecast
Net Sales	435.7	448.4	450.8	210.0	206.6	470.0	470.0
Operating Income	43.0	39.4	35.6	12.3	17.2	40.0	40.0
Recurring Income	41.6	40.3	37.1	12.5	18.5	40.5	40.5
Net Income	21.7	20.6	14.1	6.8	11.0	22.0	23.5
Capital Expenditures	23.2	20.9	20.8	10.0	9.0	22.5	22.5
Depreciation	18.2	19.1	19.1	11.0	8.9	22.0	22.0
R&D Investments	27.3	30.2	32.2	19.0	16.0	33.0	33.0
Advertising Expenses	31.7	31.4	31.0	17.5	14.0	34.5	33.0
Personnel Expenses	30.0	32.1	33.7	17.5	17.6	35.0	35.5

*Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).



FY07.3 First Half Results



Exhibited Effects of the Business Portfolio Function

FY07.3 First Half Results



Units: billion yen

By Business Segment		FY07.3 First Half			FY07.3 Full Year		
		Initial Plan	Actual Results	Diff.	Initial Plan	Revised Plan	Diff.
Toys and Hobby	Net Sales	81.5	85.7	+4.2	180.0	180.0	-
	Operating Income	5.0	8.1	+3.1	15.7	16.5	+0.8
Amusement Facility	Net Sales	44.6	43.2	(1.4)	90.0	90.0	-
	Operating Income	2.3	1.8	(0.5)	4.8	3.8	(1.0)
Game Contents	Net Sales	62.0	57.0	(5.0)	153.0	153.0	-
	Operating Income	2.5	1.8	(0.7)	13.0	13.0	-
Network	Net Sales	6.5	6.2	(0.3)	13.5	13.0	(0.5)
	Operating Income	0.9	0.5	(0.4)	1.9	1.1	(0.8)
Visual and Music Content	Net Sales	17.0	19.2	+2.2	37.5	38.0	+ 0.5
	Operating Income	2.5	4.5	+2.0	6.4	7.0	+ 0.6
Other	Net Sales	9.2	10.9	+1.7	19.0	19.0	-
	Operating Income	0.3	0.8	+0.5	0.7	1.0	+ 0.3

FY07.3 First Half Results



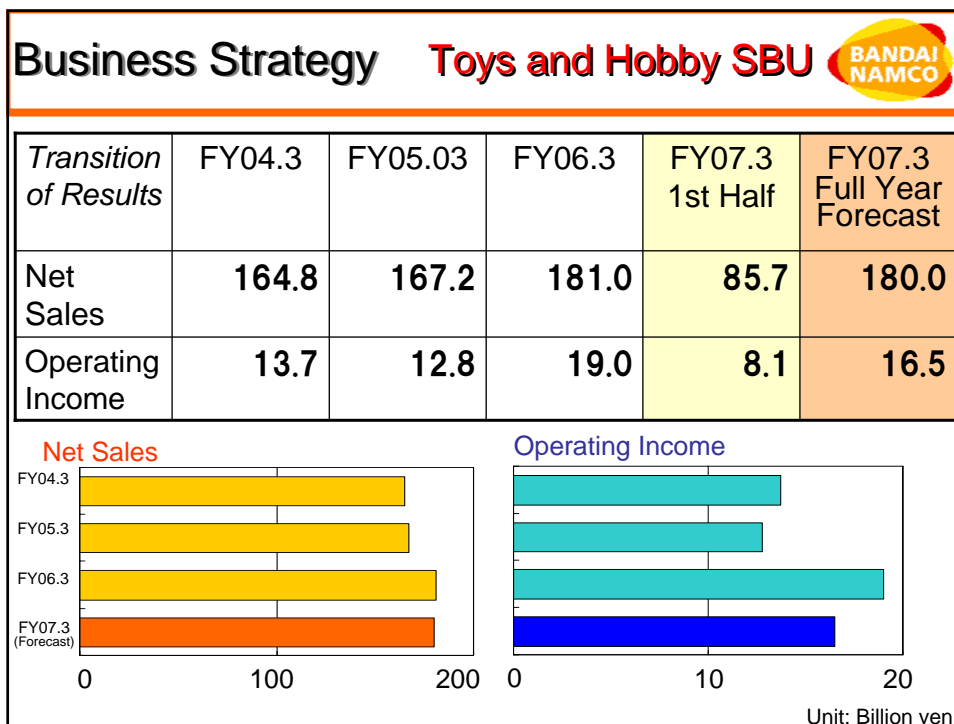
Units: billion yen

By Geographic Segment		FY07.3 First Half			FY07.3 Full Year		
		Initial Plan	Actual Results	Diff.	Initial Plan	Revised Plan	Diff.
Japan	Net Sales (External)	170.2	166.1	(4.1)	370.0	367.0	(3.0)
	Operating Income	12.7	16.5	+ 3.8	34.5	33.0	(1.5)
Americas	Net Sales (External)	22.0	19.9	(2.1)	54.5	54.5	-
	Operating Income	(1.3)	(0.8)	+ 0.5	1.9	2.5	+ 0.6
Europe	Net Sales (External)	11.6	13.9	+ 2.3	33.0	36.0	+ 3.0
	Operating Income	1.0	1.4	+ 0.4	4.0	4.5	+ 0.5
Asia	Net Sales (External)	6.2	6.5	+ 0.3	12.5	12.5	-
	Operating Income	1.1	1.3	+ 0.2	2.1	2.5	+ 0.4

Overall Strong Performance by Overseas Companies



Business Strategy



Business Strategy Toys and Hobby SBU

Product Strategy

Main Items in X-mas sales

Established product lines

- Boukenjar
- Masked Rider Kabuto
- Ultraman Mebius
- Pretty Cure Splash Star
- Mobile Suit GUNDAM, etc.


Aim to be overwhelmingly #1!

New product lines

- Tamagotchi School
- Let'sTV Play series
- Treasure Gaust
- Kids' cell phone – papipo!, etc.




DATA CARDDASS Expansion image




FY05.3
20 bill. yen

FY06.3
50 bill. yen

FY07.3 (Forecast)
60 bill. yen

* Estimated market size based on BANDAI research




Aim for Market Expansion through Market Share Growth

Business Strategy Toys and Hobby SBU

Content Strategy

Tamagotchi Synergy output with other SBUs



Network
Mobile Contents

Game Contents
Game software for DS•Wii

Amusement Facility
Directly operated facilities
Events
Seal print machines

Toys and Hobby
New versions
Goods
DATA
CARDPASS

⇒ Cultivate into an established character

GUNDAM


Product Strategies for the year with no TV broadcasts

- Merchandising with on-demand films, DVD sales, coin operated game sales, etc.
- Many events ⇒ **Preventing decline of sales from prior year**

Treasure Gaust

Character MD with Corocoro Comic

⇒ **Anticipated as a leading character for elementary school boys**



Business Strategy Toys and Hobby SBU

Other

M&A

CCP Co., Ltd.

- Radio controlled models
- Home appliances

↓

Entry into New Business Area

Collaboration

Kokuyo

UNIQLO “Kadokeshi” & “Tamagotchi” Collaboration product

- Sales of Character T-shirts
- Section at NY location

Further Expansion of Business Domain

Overseas

Americas,
Europe

Tamagotchi,
Power Rangers:
Strong performance

Americas

BEN10:
Good start

China

Tamagotchi: Good start

India
Power Rangers: Good start

Business Strategy Amusement Facility SBU

<i>Transition of Results</i>	FY04.3	FY05.03	FY06.3	FY07.3 1st Half	FY07.3 Full Year Forecast
Net Sales	82.3	85.0	81.2	43.2	90.0
Operating Income	6.7	5.7	1.8	1.8	3.8

* Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).
* FY06.3 figures are based on business segmentation of FY07.3.

Net Sales

Operating Income

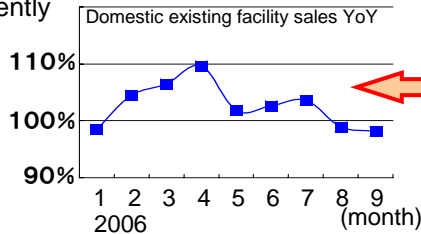
Unit: billion yen

Business Strategy

Amusement Facility SBU



Currently



1st half avg.: 102.2%

Recovering trend ⇒ Leveling off

Business Strategy

Large-scale Facility Openings

1st half: **4** facilities opened

+ 2nd half:

9 facilities scheduled



Installation of Popular Game Machines

"Mobile Suit GUNDAM Senjo no Kizuna"



Re-evaluation of Operations

Cost cuts through efficient operation

YoY: decrease of 400 million yen

Business Strategy

Amusement Facility SBU



Business Strategy

Synergy

"Character & Location" Synergies

Facilities

1st Half Aso-base (Sapporo), HERO'S BASE (Kawasaki)

2nd Half Tamagotchi-themed facility scheduled to be open within the fiscal year!



Campaign

DATA CARDDASS campaign only available at NAMCO facilities



Events

Tamagotchi event linked with NAMJA TOWN

Overseas

Europe

Operation of hybrid facility bowling alleys

1st half 2006: Acquisition of 5 facilities in UK

⇒ Total 16 facilities in Europe!



Business Strategy

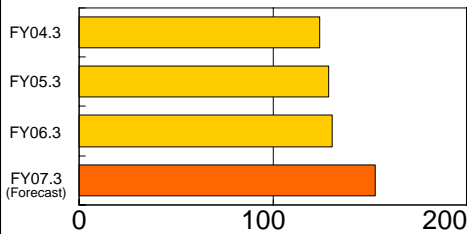
Game Contents SBU



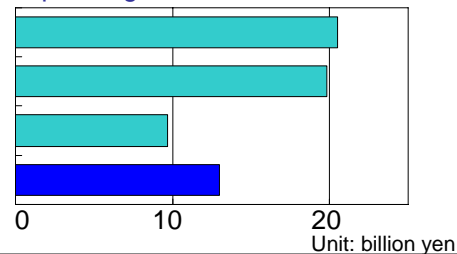
Transition of Results	FY04.3	FY05.03	FY06.3	FY07.3 1st Half	FY07.3 Full Year Forecast
Net Sales	124.4	129.0	130.7	57.0	153.0
Operating Income	20.5	19.8	9.7	1.8	13.0

* Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).
 * FY06.3 figures are based on business segmentation of FY07.3.

Net Sales



Operating Income



Business Strategy

Game Contents SBU



Home Video Game Software	Anticipated Titles	
	<p>PS3</p> <p>Mobile Suit GUNDAM Target in Sight Ridge Racer 7, etc.</p>	<p>Wii</p> <p>Ennichi no Tatsujin, Tamagotchi no Pika-pika Daitoryo!, Crayon Shinchan, etc.</p>
	<p>DS</p> <p>Tales of the Tempest, Dragon Ball Z, Heisei Kyoiku linkai, etc.</p>	<p>PS2</p> <p>GUNDAM, NARUTO, TAIKO Drum Master, Super Robot Wars OG, etc.</p>
	<p>PSP</p> <p>TEKKEN®: DARK RESURRECTION, Gunpey, Tales of series, etc.</p>	<p>Xbox360</p> <p>Idol M@ster, GUNDAM, etc.</p>

Multi-Platform Strategy based on Customer Needs

Business Strategy **Game Contents SBU** 

Coin-Op Game Machines

Anticipated Game Machines


“Mobile Suit GUNDAM Senjo No Kizuna” **GREAT START!**  **Mobile Suit GUNDAM “Spirits of ZEON”**

Pasha-pasha Seal Tamagotchi to Tama-2 shot 

16 pods installed at HERO'S BASE! 



Attract core users *Attract families*

Pursue Synergy Effects with Facilities

Business Strategy **Game Contents SBU** 

WMC

Surpassed 1.06 million paid subscribers!

Transfer Popular Game Contents to Mobile Phones

Other

Consolidation of Domestic Offices (Shinagawa Area)

“Face to Face Office”

Concentration of People, Equipment, and Skills

Overseas

Reorganization of Europe region

Clarification of Responsibilities

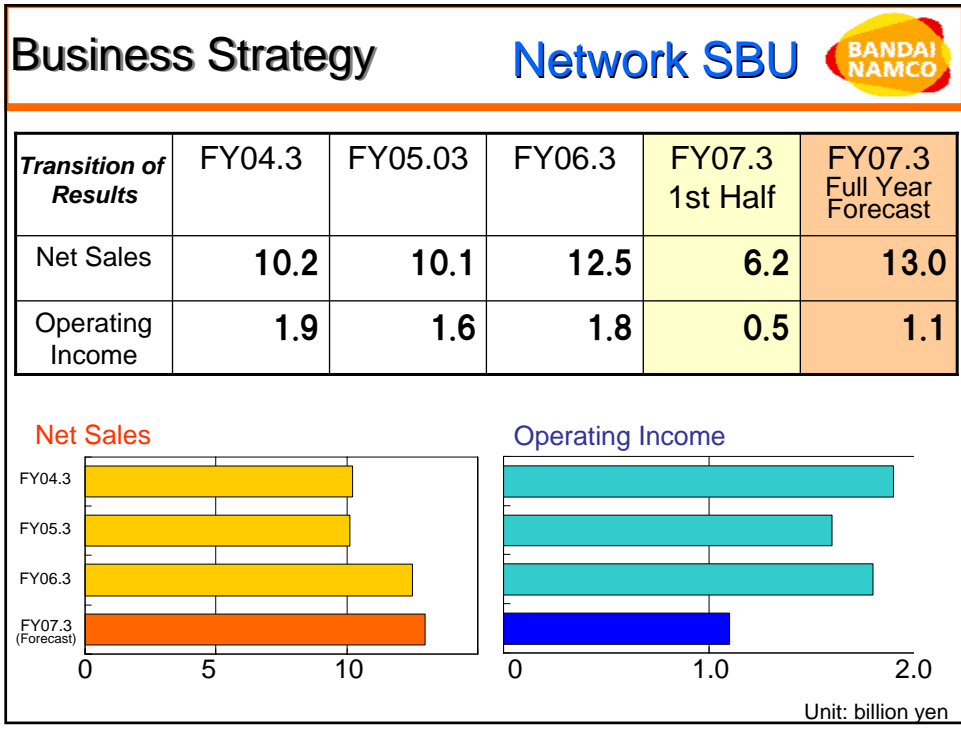
Speedy Operations

Establishment of New Companies

NAMCO BANDAI Games Europe S.A.S.
⇒ Consolidation of home video game businesses

NAMCO EUROPE LIMITED
⇒ Coin operated game machine sales company

NAMCO BANDAI Networks Europe Limited
⇒ Consolidation of mobile phone content businesses





Business Strategy Network SBU

Content Strategy

Selective Content Expansion

- Reevaluation of content profitability
- Higher unit-value and efficiency through site consolidation
- Strengthening R&D of rich contents

New business

Establishment of Solid Business Foundation through Expansion of Business Domain

Start of service and expansion of "Picture Recognition Engine"



Internet advertising business: Steady start



Over 140,000 subscribers!



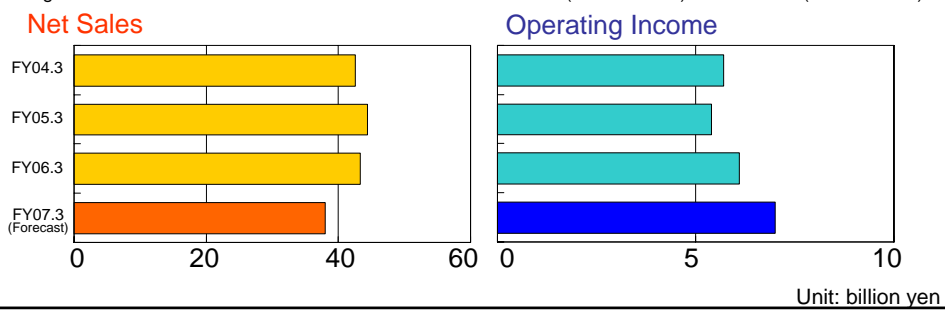
Business Strategy

Visual and Music Content SBU



Transition of Results	FY04.3	FY05.03	FY06.3	FY07.3 1st Half	FY07.3 Full Year Forecast
Net Sales	42.6	44.4	43.3	19.2	38.0
Operating Income	5.7	5.4	6.1	4.5	7.0

*Figures from FY04.3 and FY05.3 are combined results of Bandai (Consolidated) and NAMCO (Consolidated).




Business Strategy

Visual and Music Content SBU



Content Strategy



First GUNDAM DVD-BOX on sale




Part 1(¥37,800)
Over 120,000 sets pre-ordered

Anticipated contents

CODE GEASS
Lelouch of the Rebellion
(TBS・MBS broadcast)
SUNRISE X CLAMP

Synergy



Animation of Idol M@ster

New business

Anime Channel ● ANIME
<http://www.dot-anime.com>
-Internet sales of DVDs, etc.
-Video streaming distribution
-Downloads of full-length songs
-Planning and sales of original products, etc.

-バンダイチャンネル キッズ-

BANDAI CHANNEL Kids

Nov.2 Start

Collaboration with USEN

Market Development for Distribution of Visual Content for Children

Group Mission and Vision



MISSION

Dreams, Fun and Inspiration

VISION

To Become the World's Most Inspiring Entertainment Group

Thanks!
1st 
Anniv. Dreams,
Fun and
Inspiration

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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