



# BANDAI NAMCO Group FY2009.3 2Q (6 months) Information Meeting

NAMCO BANDAI Holdings Inc.  
President & Representative Director  
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Dreams, Fun and Inspiration

2008.11.6 thu



## TODAY'S MENU



1. FY2009.3 2Q (6 months) Results
2. FY2009.3 Full Year Forecasts
3. Business Strategies
4. Next Mid-term Business Plan

Dreams, Fun and Inspiration





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## FY2009.3 2Q (6 months) Results



Billion yen

	FY08.3 2Q Results	FY09.3 2Q Previous Forecasts (A)	FY09.3 2Q Results (B)	B - A
Net Sales	213.5	200.0	190.7	(9.3)
Operating Income	15.0	7.5	5.5	(2.0)
Recurring Income	17.3	8.5	7.2	(1.3)
Net Income	7.9	4.5	1.2	(3.3)
Capital Expenditures	10.8	10.5	7.9	(2.6)
Depreciation	11.1	11.0	10.3	(0.7)
R&D Investments	15.5	18.0	18.6	+0.6
Advertising Expenses	12.8	13.0	12.9	(0.1)
Personnel Expenses	19.3	19.5	18.4	(1.1)

Loss on valuation  
of investment  
securities  
0.9 bn. yen

Higher tax  
expenses  
in Americas  
0.9 bn. yen

## FY2009.3 2Q (6 months) Results by Business



		Billion yen				
		FY08.3 2Q Results	FY09.3 2Q Previous Forecasts (A)	FY09.3 2Q Results (B)	B - A	
Toys & Hobby	Net Sales	83.5	78.0	73.2	(4.8)	Despite the sluggish market environment, products featuring established characters showed solid performance.
	OP	5.7	4.0	4.4	+0.4	
Amusement Facility	Net Sales	46.1	43.0	40.5	(2.5)	Existing stores struggled due to the current sluggish environment, but cost reduction efforts helped cover losses.
	OP	2.0	1.0	1.0	0	
Game Contents	Net Sales	61.8	60.0	56.4	(3.6)	A portion of domestic game software shifted to the 2 <sup>nd</sup> half. Arcade game machine repeat sales were low due to the depressed amusement facilities market
	OP	4.8	2.5	0.1	(2.4)	
Network	Net Sales	5.9	5.0	5.3	+0.3	Game and character contents favorable, while music content slumping. Overall performance progressing according to plan.
	OP	0.4	0.4	0.3	(0.1)	
Visual & Music Content	Net Sales	17.8	14.0	15.9	+1.9	Game and character contents favorable, while music content slumping. Overall performance progressing according to plan.
	OP	3.0	0.6	0.6	0	
Other	Net Sales	10.0	10.0	9.5	(0.5)	Game and character contents favorable, while music content slumping. Overall performance progressing according to plan.
	OP	0.4	0.3	0.2	(0.1)	
Elimination	Net Sales	(11.9)	(10.0)	(10.3)	-	Showed solid interim results despite the transitional period to next-generation hardware.
	OP	(1.5)	(1.3)	(1.3)	-	
Consolidated	Net Sales	213.5	200.0	190.7	(9.3)	Showed solid interim results despite the transitional period to next-generation hardware.
	OP	15.0	7.5	5.5	(2.0)	

## FY2009.3 2Q (6 months) Results by Region



		Billion yen				
		FY08.3 2Q Results	FY09.3 2Q Previous Forecasts (A)	FY09.3 2Q Results (B)	B - A	
Japan	External Sales	164.5	156.0	146.5	(9.5)	
	OP	12.0	6.4	4.2	(2.2)	
Americas	External Sales	21.2	17.0	17.3	+0.3	
	OP	0.1	(1.2)	(0.8)	+0.4	
Europe	External Sales	21.0	20.5	20.3	(0.2)	
	OP	3.0	2.5	2.7	+0.2	
Asia	External Sales	6.7	6.5	6.4	(0.1)	
	OP	1.2	1.0	0.9	(0.1)	
Elimination	External Sales	-	-	-	-	
	OP	(1.3)	(1.2)	(1.5)	-	
Consolidated	External Sales	213.5	200.0	190.7	(9.3)	
	OP	15.0	7.5	5.5	(2.0)	



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## FY2009.3 Full Year Forecasts



Billion yen

	FY08.3 Results	FY09.3 Initial Plan (A)	FY09.3 Latest Forecasts (B)	B - A
Net Sales	460.4	470.0	440.0	(30.0)
Operating Income	33.4	38.0	24.0	(14.0)
Recurring Income	36.1	39.5	26.0	(13.5)
Net Income	32.6	22.5	13.0	(9.5)
Capital Expenditures	19.7	20.5	19.5	(1.0)
Depreciation	24.7	23.0	22.0	(1.0)
R&D Investments	34.9	35.0	35.0	0
Advertising Expenses	30.5	31.0	31.0	0
Personnel Expenses	37.2	37.5	37.0	(0.5)

2<sup>nd</sup> half plan revised entirely in response to severe market conditions

## FY2009.3 Full Year Forecasts by Business



Billion yen

		FY08.3 Results	FY09.3 Initial Plan (A)	FY09.3 Latest Forecasts (B)	B - A
Toys & Hobby	Net Sales	180.1	180.0	170.0	(10.0)
	OP	14.3	16.0	10.5	(5.5)
Amusement Facility	Net Sales	89.8	88.0	78.0	(10.0)
	OP	1.6	2.0	0.5	(1.5)
Game Contents	Net Sales	145.6	160.0	149.0	(11.0)
	OP	14.7	18.0	13.0	(5.0)
Network	Net Sales	12.0	11.0	11.0	0
	OP	0.9	0.8	0.8	0
Visual & Music Content	Net Sales	36.9	38.0	35.5	(2.5)
	OP	3.8	3.0	1.5	(1.5)
Other	Net Sales	19.8	18.0	19.0	+1.0
	OP	0.7	0.7	0.5	(0.2)
Elimination	Net Sales	(23.9)	(25.0)	(22.5)	-
	OP	(2.8)	(2.5)	(2.8)	-
Consolidated	Net Sales	460.4	470.0	440.0	(30.0)
	OP	33.4	38.0	24.0	(14.0)

### Points of revision for the 2nd half of the fiscal year

Given severe market conditions, plans for the 2nd half revised regarding domestic peripheral toys and the U.S. region.

Given continued sluggishness in the market, the 2nd half plan revised centering on existing stores.

As the domestic market continues to struggle, 2nd half sales plans for video game software and arcade game machines revised

As the transition to next-generation standards continues, sales plans for the 2nd half revised.

## FY2009.3 Full Year Forecasts by Region



Billion yen

		FY08.3 Results	FY09.3 Initial Plan (A)	FY09.3 Latest Forecasts (B)	B - A
Japan	External Sales	346.7	354.5	332.0	(22.5)
	OP	24.4	27.8	16.5	(11.3)
Americas	External Sales	52.6	55.0	49.5	(5.5)
	OP	2.3	3.8	2.0	(1.8)
Europe	External Sales	46.3	47.0	45.0	(2.0)
	OP	6.8	6.4	6.0	(0.4)
Asia	External Sales	14.7	13.5	13.5	0
	OP	2.8	2.5	2.5	0
Elimination	External Sales	-	-	-	-
	OP	(3.0)	(2.5)	(3.0)	-
Consolidated	External Sales	460.4	470.0	440.0	(30.0)
	OP	33.4	38.0	24.0	(14.0)



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## Toys and Hobby



Billion yen

	FY2007.3	FY2008.3		FY2009.3			
	Full Year	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full Year	1 <sup>st</sup> Half	2 <sup>nd</sup> Half Forecasts	Full Year Forecasts
Net Sales	185.5	83.5	96.6	180.1	73.2	96.8	170.0
Operating Income	17.4	5.7	8.6	14.3	4.4	6.1	10.5
OP margin	9.4%	6.9%	8.8%	7.9%	6.0%	6.3%	6.2%

### Business Strategies

- ▶ Strengthening the products of established characters
- ▶ Reinforcing peripheral toy products
- ▶ Bolstering overseas operations

# Toys and Hobby



## Strengthening the products of established characters

Mobile Suit Gundam 00



Engine Sentai Go-onger



Masked Rider Kiba



Yes! Pretty Cure 5 Go Go!



Second movie to be released



Tamagotchi Plus Color

Long-established character sales TOP5 (Bandai non-consolidated)	FY09.3			FY08.3
	1st Half	2nd Half	Full Year	
Mobile Suit Gundam	¥ 7.0bn.	¥ 9.5bn.	¥ 16.5bn.	¥ 11.3bn.
Power Rangers	¥ 6.2bn.	¥ 6.3bn.	¥ 12.5bn.	¥ 3.7bn.
Pretty Cure	¥ 5.5bn.	¥ 4.5bn.	¥ 10.0bn.	¥ 5.4bn.
Masked Rider	¥ 3.8bn.	¥ 4.7bn.	¥ 8.5bn.	¥ 5.6bn.
Anpanman	¥ 4.1bn.	¥ 5.4bn.	¥ 9.5bn.	¥ 5.0bn.
Sub Total	¥ 26.6bn.	¥ 30.4bn.	¥ 57.0bn.	¥ 31.0bn.
New: Battle Spirits	¥ 0.2bn.	¥ 1.8bn.	¥ 2.0bn.	¥ 0.0bn.
Total	¥ 26.8bn.	¥ 32.2bn.	¥ 59.0bn.	¥ 31.0bn.

**Strengthen product lineups for the Christmas sales season!**

# Toys and Hobby



## Reinforcing peripheral toy products

Trading Card



Battle Spirits

DATA CARDASS



New Products



Mugen

Peri Peri

Masked Rider

## Bolstering overseas operations

BEN10



**Developing BEN10 to the character pillar after Power Rangers and Tamagotchi.**

New Contents



Dragon Ball



**KAMEN RIDER DRAGON KNIGHT Full-fledged start from the next term**

# Amusement Facility



Billion yen

	FY2007.3	FY2008.3		Full Year	FY2009.3		
	Full Year	1st Half	2nd Half		1st Half	2nd Half Forecasts	Full Year Forecasts
Net Sales	88.1	46.1	43.7	89.8	40.5	37.5	78.0
Operating Income	4.0	2.0	(0.4)	1.6	1.0	(0.5)	0.5
OP margin	4.5%	4.5%	-	1.8%	2.5%	-	0.6%

## Business Strategies

- ▶ Improving profitability by closing stores and reviewing the criteria for store opening and closure
- ▶ Pursuing group synergies

# Amusement Facility



## Improving Profitability

### Domestic Existing Store Sales (YOY)

	1st half	2nd half	Full Year
FY08.3 results	95.8%	92.5%	94.1%
FY09.3 initial plan	98%	101%	99%
FY09.3 results/forecasts	87.2%	87%	87%

### Number of domestic facilities

	Start of term	openings	closures	Year-end
FY08.3 Full Year	316	12	35	293
FY09.3 1st half	293	7	38	262
FY09.3 2nd half (forecasts)	262	6	31	237

**Strengthening the earnings base !**

## Group Synergies

### Enhancement of facilities that integrate characters



Opened in Sep. 2006

NAMCO Wonder Park Hero's Base (Kawasaki)

Maintaining favorable results despite the severe market conditions

Apr. 2008: Wonder Park Plus opened in Hong Kong



Oct. 2008: NAMCOLAND Hero's Camp opened in Nagoya, Japan



# Game Contents



Billion yen

	FY2007.3	FY2008.3		Full Year	FY2009.3		
	Full Year	1st Half	2nd Half		1st Half	2nd Half Forecasts	Full Year Forecasts
Net Sales	139.1	61.8	83.8	145.6	56.4	92.6	149.0
Operating Income	11.5	4.8	9.9	14.7	0.1	12.9	13.0
OP margin	8.3%	7.9%	11.9%	10.2%	0.2%	13.9%	8.7%

## Business Strategies

- ▶ Game Software : Balanced platform strategy aimed at worldwide markets
- ▶ Arcade Machine : Providing new added value in collaboration with amusement facility business
- ▶ Common : Strengthening “One Content, Multi-use” strategy

# Game Contents: Game Software



## 2nd Half Main Titles

### Worldwide

Soul Calibur IV



PS3,Xbox360

### Japan

Gundam Musou 2



PS3,Xbox360,PS2



Taiko Drum Master Wii

Wii

Mobile Suit Gundam VS. Gundam

PSP



Active Life Outdoor Challenge



Wii

Dragon Ball Z Infinite World



PS2

### Overseas

NARUTO



PS3

WE Cheer



Wii

**Balanced platform strategy aimed at worldwide markets !**

# Game Contents: Game Software



## 2<sup>nd</sup> Half Forecasts

Title Name	Platform	Region	Unit Sales		
			1st Half	2nd Half Forecasts	Full Year Forecasts
Soul Calibur IV	PS3·Xb360	US,E,J,A	190K	2010K	2200K
Active Life Outdoor Challenge	Wii	US,E,J	130K	870K	1000K
Dragon Ball Z Infinite World	PS2	J,E	-	50K	500K
Taiko Drum Master Wii	Wii	J	-	50K	500K
Tales of Hearts	NDS	J	-	40K	400K
Natuto Ultimate Ninja Storm	PS3	US,E	-	40K	400K
Moile Suit Gundam Gundam VS. Gundam	PSP	J	-	40K	400K
Gundamu Musou 2	PS3·Xb360 PS2	J	-	Not Disclosed	

	1st Half		2nd Half		Full Year	
	# of titles	Unit sales	# of titles	Unit sales	# of titles	Unit sales
FY2008.3	36	9,640K	51	14,570K	87	24,210K
FY2009.3	25	8,900K	46	14,600K	71	23,500K

Including the results of 4.2 million unit sales overseas in the third quarter (Jul. - Sep.)

Improvement of profitability by narrowing down the number of titles

# Game Contents: Arcade Machine



## 2<sup>nd</sup> Half Main Game Machines

Mobile Suit Gundam Senjo no Kizuna

Raising Storm



Taking advantage of synergy with amusement facilities !

## One Content, Multi-use Strategy

Mobile Suit Gundam  
Gundam VS. Gundam



Arcade Machine  
Released in Mar. '08

Game Software (PSP)  
Released in Nov. '08

Tekken 6



Arcade Machine  
Released in winter '07  
Version-up in winter '08  
(Tekken 6 BLOODLINE  
REBELLION)

Game Software  
(PS3·Xbox360)  
To be released in Fall '09

## Network



Billion yen

	FY2007.3	FY2008.3		FY2009.3			
	Full Year	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full Year	1 <sup>st</sup> Half	2 <sup>nd</sup> Half Forecasts	Full Year Forecasts
Net Sales	12.4	5.9	6.1	12.0	5.3	5.7	11.0
Operating Income	0.8	0.4	0.5	0.9	0.3	0.5	0.8
OP margin	7.0%	7.3%	7.7%	7.5%	7.1%	7.5%	7.3%

## Business Strategies

- ▶ Creating synergy by integration with NAMCO BANDAI Games (Web & Mobile Content Division)

## Network



Number of pay subscribers (thousand)

	2006.3	2006.9	2007.3	2007.9	2008.3	2008.9
Game	1,570	1,550	1,770	1,900	2,080	2,050
Character	1,070	940	880	910	960	910
Sound	1,090	920	800	530	460	400
Others	200	150	160	160	160	140
<b>BNW Total</b>	<b>3,930</b>	<b>3,560</b>	<b>3,610</b>	<b>3,500</b>	<b>3,660</b>	<b>3,500</b>



<b>BNG WMC</b>	<b>980</b>	<b>1,060</b>	<b>1,210</b>	<b>1,170</b>	<b>1,190</b>	<b>1,130</b>
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<b>Group Total</b>	<b>4,910</b>	<b>4,620</b>	<b>4,820</b>	<b>4,670</b>	<b>4,850</b>	<b>4,630</b>
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**Aim to become the No. 1 content provider in the world !**

# Visual and Music Content



Billion yen

	FY2007.3	FY2008.3		FY2009.3			
	Full Year	1st Half	2nd Half	Full Year	1st Half	2nd Half Forecasts	Full Year Forecasts
Net Sales	43.0	17.8	19.1	36.9	15.9	19.6	35.5
Operating Income	9.4	3.0	0.8	3.8	0.6	0.9	1.5
OP margin	22.1%	17.0%	4.2%	10.4%	4.1%	4.3%	4.2%

## Business Strategies

- ▶ Strengthening the Blu-ray Disc software
  - Simultaneous development of TV series for Blu-ray Disc and DVD
  - Utilizing strong contents from the past
  - Constructing a new worldwide business model

# Visual and Music Content



## Strengthening the Blu-ray Disc Software

- ▶ Simultaneous development of TV series for Blu-ray Disc and DVD



Mobile Suit Gundam 00

CODE GEASS  
Lelouch of the Rebellion R2



Macross Frontier

**100K units sold per vol. !**

- ▶ Strong past contents



Mobile Suit Z Gundam  
Memorial Box

- ▶ Constructing a new worldwide business model



AKIRA



FREEDOM

**Simultaneous worldwide release of Blu-ray Disc**



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## Next Mid-term Business Plan



# Next Mid-term Business Plan



## Strengthen Global Strategies

### 1. Investment for the overseas business expansion

**Making investments by focusing on the critical businesses and regions.**

Announced on Sep. 9, 2008

Considering to make a capital investment in the game software sales company planned to be established by Atari Europe in the European region

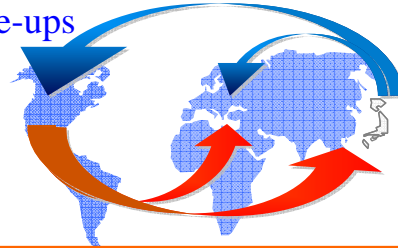
Share: 34% initially, with the possible aim of eventually making it a 100% subsidiary

Investment: Estimated to be around 30 million euro initially

\* Details to be announced when decided

### 2. Reinforcement of our content line-ups

**Strengthening development of content created abroad**



Dreams,  
Fun and  
Inspiration



The World's Most Inspiring  
Entertainment Group

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