



**BANDAI NAMCO GROUP**  
**Information Meeting**  
**(Second Quarter of the Fiscal**  
**Year ending March 2011)**

November 5, 2010

NAMCO BANDAI Holdings Inc.  
President & Representative Director

**Shukuo Ishikawa**

**BANDAI NAMCO Group**

**Table of Contents**

---



- 1. FY2011.3 Performance --- 2**
- 2. Business Strategies --- 7**

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## 1. FY2011.3 Performance

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### Transition of Results



(billion yen)

	FY2010.3 1st Half Results	FY2011.3 1st Half Previous Forecasts	FY2011.3 1st Half Results	YOY	VS. Previous Forecasts
Net Sales	172.7	175.0	173.5	+0.8	-1.5
Operating Income	-2.6	1.5	5.0	+7.6	+3.5
Recurring Income	-2.8	1.5	5.0	+7.8	+3.5
Net Income	-6.0	-3.5	-1.9	+4.1	+2.6
Capital Expenditures	5.5	7.0	5.1	-0.4	-1.9
Depreciation	8.8	9.0	7.7	-1.1	-1.3
R&D Investments	20.4	20.0	20.2	-0.2	+0.2
Advertising Expenses	13.3	13.5	12.1	-1.2	-1.4
Personnel Expenses	19.8	19.0	20.1	+0.3	+1.1

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## Transition of Results



(billion yen)

	FY2010.3 Results	FY2011.3 Previous Forecasts	FY2011.3 Latest Forecasts	YOY	VS. Previous Forecasts
Net Sales	378.5	400.0	400.0	+21.5	0
Operating Income	1.8	11.0	11.0	+9.2	0
Recurring Income	1.9	10.5	10.5	+8.6	0
Net Income	-29.9	4.5	1.8	+31.7	-2.7
Capital Expenditures	11.5	15.0	15.0	+3.5	0
Depreciation	18.9	20.0	20.0	+1.1	0
R&D Investments	38.5	40.0	40.0	+1.5	0
Advertising Expenses	29.5	32.0	32.0	+2.5	0
Personnel Expenses	39.2	37.0	38.5	-0.7	+1.5

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## Results by Segment



Upper Cell : Net Sales

Lower Cell : Operating Income

(billion yen)

	FY2010.3 Results		FY2011.3 Results / Forecasts		YOY	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Toys and Hobby	66.7	148.8	72.2	155.0	+5.5	+6.2
	3.7	10.7	7.0	9.5	+3.3	-1.2
Content	72.6	166.7	71.4	184.0	-1.2	+17.3
	-6.4	-7.7	-2.6	3.5	+3.8	+11.2
Amusement Facility	33.7	65.3	31.6	63.0	-2.1	-2.3
	1.0	0.2	1.5	1.0	+0.5	+0.8
Others	8.8	17.4	8.7	19.0	-0.1	+1.6
	0	0.3	0.4	0.5	+0.4	+0.2
Corporate and Elimination	-9.2	-19.8	-10.3	-21.0	-	-
	-1.0	-1.8	-1.3	-3.5	-	-
Consolidated	172.7	378.5	173.5	400.0	+0.8	+21.5
	-2.6	1.8	5.0	11.0	+7.6	+9.2

\* FY2010.3 results for "Content" are the simple sum of the "Game Contents" and "Visual & Audio Content."

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## Results by Region



Upper Cell : External Sales

(billion yen)

Lower Cell : Operating Income

	FY2010.3 Results		FY2011.3 Results / Forecasts		YOY	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Japan	134.4	286.2	139.7	308.0	+5.3	+21.8
	2.6	5.5	9.6	18.0	+7.0	+12.5
Americas	13.4	29.2	13.6	35.0	+0.2	+5.8
	-3.8	-3.3	-1.8	-4.0	+2.0	-0.7
Europe	17.8	45.9	13.5	41.0	-4.3	-4.9
	-0.8	-0.3	-1.8	-1.0	-1.0	-0.7
Asia	7.0	17.1	6.6	16.0	-0.4	-1.1
	0.9	2.7	0.8	1.5	-0.1	-1.2
Corporate and Elimination	-	-	-	-	-	-
	-1.5	-2.7	-1.6	-3.5	-	-
Consolidated	172.7	378.5	173.5	400.0	+0.8	+21.5
	-2.6	1.8	5.0	11.0	+7.6	+9.2

\* FY2011.3 figures are estimates based on management accounting.

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## Operating Performance by Segment



### Toys and Hobby

(billion yen)

	FY2010.3 Results		FY2011.3 Results / Forecasts		YOY	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Net Sales	66.7	148.8	72.2	155.0	+5.5	+6.2
Operating Income	3.7	10.7	7.0	9.5	+3.3	-1.2
OP Margin (%)	5.6%	7.2%	9.8%	6.1%	-	-

#### FY2011.3 1st Half

Japan: Established character toys such as Kamen Rider and cards performed well.

Peripheral toys bounced back.

Overseas: Struggled mainly in the U.S.

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## Operating Performance by Segment



### Toys and Hobby: 2<sup>nd</sup> half Topics

Accelerate our strategy of building a dominant No.1 position in Japan.

#### Kamen Rider OOO

Better sales than the previous series, attributable to a collaboration of toys and peripheral items centered on medals.



#### VooV

Sold more than 1 million units ! Increasing our share in vehicle toy market.



#### Card Data Carddass

Good performance centering on Kamen Rider.



Installing new machines.



#### Pro Baseball Owners League

Popular among adults as well, thanks to a new business model involving a collaborating of cards and networks.



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## Operating Performance by Segment



### Content

(billion yen)

	FY2010.3 Results		FY2011.3 Results / Forecasts		YOY	
	1 <sup>st</sup> Half	Full Year	1 <sup>st</sup> Half	Full Year	1 <sup>st</sup> Half	Full Year
Net Sales	72.6	166.7	71.4	184.0	-1.2	+17.3
Operating Income	-6.4	-7.7	-2.6	3.5	+3.8	+11.2
OP Margin (%)	-	-	-	1.9%	-	-

#### FY2011.3 1st Half

##### Japan

Video Game Software: In a recovery trend, led by character games.

Arcade Game Machine: Good Performance centering on “Dead Storm Pirates” and prize products.

Visual Package Software: Improved profitability due to the selection and focus.

##### Overseas

New video game software titles struggled.

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## Operating Performance by Segment



### Content: 2<sup>nd</sup> Half Topics

Thanks to the effects of the Restart Plan, domestic sales recovering, complementing underperformance of overseas.

#### Video Game Software: Main Titles (Japan)



Gundam Musou 3



GOD EATER BURST

Gaining shares in the new platforms.



#### Arcade Game: Expanding actively into the amusement market.

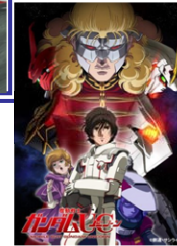


Strategic release of popular character prizes.

Release the latest titles for accomplished game machines.



Mobile Suit Gundam EXTREME VS.



Visual Package Software  
Gundam UC Vol. 2  
Selection and Focus.

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## Operating Performance by Segment



### Amusement Facility

(billion yen)

	FY2010.3 Results		FY2011.3 Results / Forecasts		YOY	
	1 <sup>st</sup> Half	Full Year	1 <sup>st</sup> Half	Full Year	1 <sup>st</sup> Half	Full Year
Net Sales	33.7	65.3	31.6	63.0	-2.1	-2.3
Operating Income	1.0	0.2	1.5	1.0	+0.5	+0.8
OP Margin (%)	3.1%	0.4%	4.8%	1.6%	-	-

#### FY2011.3 1st Half

Recovering, with domestic same-store sales at 99% and topping 100% since August.

Expand based on differentiated facilities characteristic of BANDAI NAMCO.

Build strength with sustained cost-cutting measures.

Existing Store Sales YOY (Japan)

	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full Year
FY2010.3 Results	89.7%	93.0%	91.2%
FY2011.3 Initial Plan	100%	100%	100%
FY2011.3 Results/Forecasts	99.0%	101%	100%

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# Operating Performance by Segment



## Amusement Facility: 2<sup>nd</sup> Half Topics

Business that takes advantage of BANDAI NAMCO's strengths and the characteristics of each store.

Character package-type amusement corner



Kamen Rider, etc.

Facility that offers the experience of a character's world



Character campaign

Pokémon Best Wish Campaign

- ▶ Tie-up with TV Anime
- ▶ Tie-up with Banpresto



Reform of existing stores



Operation that takes advantage of local characteristics and focuses on a certain target.



The Shibuya store that collaborates with *Egg* magazine.

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## 2. Business Strategies

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## Mid-term Business Plan: Initial Strategies



### Business Strategy: Focus

Clarify mission for each business based on the market environment and competitive advantage.

**Toys and Hobby**

**Game Contents**

**Visual and Music  
Content**

**Amusement  
Facility**

### Dynamic Growth Business

Aiming for global growth mainly on the US and European markets.

### Profit Improvement Business

Aiming at improving profitability mainly on domestic market.

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## Toys and Hobby



Initial  
strategies

- Building a dominant No.1 position in Japan
- Developing a global business base for growth

Current  
condition

### Japan performing well

Expand share by appealing to new targets and categories.

### Overseas struggling

Initial cost involved in expanding target/category in the U.S. and Europe.

Future  
strategies

### Continue aggressive expansion

Further accelerate on the positive trends of domestic performance. Continue to invest actively in strengthening growth overseas.

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# Content



Initial strategies



Current condition



Future strategies

- Maximizing content value
- Developing a global base for growth

## Promote measures based on the Restart Plan.

### Japan

Video Game: Solid performance centering on small to mid-size titles.  
Arcade Game: Sales of game machines and prizes going well due to the revitalized amusement facility market.

Visual package: Improved profitability due to the selection and focus.

### Overseas

Struggling mainly the new video game titles that we have challenged.

## Change business model

Adapting promptly to the change of business environment.

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# Amusement Facility



Initial strategies



Current condition



Future strategies

- Increasing profitability by efficient operations
- Differentiated facilities with a competitive edge

Build strength with sustained cost-cutting measures.

Increase the customer base and improve sales through the differentiation of stores characteristic to BANDAI NAMCO.

## Strengthen market position and launch a fresh attack

Stabilize profit with selection and focus, as well as establish new profit drivers.

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# Toys and Hobby



## Continue aggressive expansion

### Overseas: Preparing for the future growth

High potential content, plus our strength (boys' characters)

#### ▶POWER RANGERS

Release of new TV series and products in the U.S. starting 2011.  
⇒ Market strongly worldwide.



#### ▶Thundercats

A new series of the popular U.S. animation from the 80s will be shown on TV from 2011.

Expansion of target customers and product categories



Expansion of areas

Mexico ⇒ Latin America  
Poland ⇒ Eastern Europe  
New sales companies having good starts



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# Content



## Change business model

(1) Quality & Balance

(2) Speed

(3) Challenge

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# Content



## Change business model (1) Quality & Balance

Worldwide New Titles	Release Date	Score Metacritic (End of Oct.)	Targets	Unit Sales Forecasts
DEAD TO RIGHTS RETRIBUTION	2010 1H	61	700K	350K
CLASH OF THE TITANS	2010 1H	41	700K	250K
Enslaved: Odyssey to the West	2010 2H	81	1,000K	800K
Majin And The Forsaken Kingdom	2010 2H	-	1,000K	300K
SPLATTERHOUSE	2010 2H	-	1,000K	350K

► **Rework the organizational system for developing worldwide video game software.**

Establish a Japan-led development system and take advantage of the Group's strengths.

NARUTO Shippuden: Ultimate Ninja Storm 2	2010 2H	76	700K	1,000K
Ben 10 Ultimate Alien Cosmic Destruction	2010 2H	-	700K	800K

► **Balance of titles**

Try to seek a balance between franchise titles and challenge titles.

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# Content



## Change business model (2) Speed

**Speedy and timely supply of products and services.**

► **Video Game Software**



Title Name	Release Date	Unit Sales Forecasts
ONE PIECE GIGANT BATTLE !	2010.9	300K
Kamen Rider Series (2 titles)	2010.7, 12	300K
GOD EATER BURST	2010.10	500K
AKB1/48	2010.12	200K

► **Prize for Arcade Machine**

- Gather and analyze customer needs.
- Insist on announcements over the web.
- Tie-up between prizes and lottery products.



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## Change business model (3) Challenge

**For new market and customers:**

**⇒ Establish a new business model; acquire new customers.**

▶ Collaborate, in a way that matches the characteristics of the content.

MACCROSS F (Hybrid Pack)

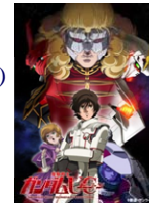


One package featuring movie (Blu-ray) and Game (PS3)

Gundam UC (Unicorn)

Vol.1: 200K units sold (BD&DVD)  
Pre-orders for the Vol.2 have also been strong.

⇒ Expand the strategy of collaboration across multiple media, such as event showings, packages, and the web to other content as well.



▶ Acquire new customers through the promotion effect.

Increase number of users by attracting them through SNS.



▶ Acquire light users at new outlets for content.

## Change business model

(1) Quality & Balance

(2) Speed

(3) Challenge





## Medium to Long-term Vision

# Globally Recognized Entertainment Group

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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.

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