




挑戦  
GROW THROUGH CHALLENGE

成長  
GROWTH

進化  
FISCAL STRATEGIC EVOLUTION

**BANDAI NAMCO GROUP**  
Fiscal year ended March 2015  
2nd Quarter Results Presentation

November 6, 2014  
BANDAI NAMCO Holdings Inc.  
President & Representative Director  
Shukuo Ishikawa



**FY2015.3 1st Half Results**

<b>1<sup>st</sup> Half Results</b>					
billion yen					
	FY 2014.3 1st Half Results	FY 2015.3 1st Half Forecast (end of 1Q)	FY 2015.3 1st Half Results	YOY	Vs.Forecast (end of 1Q)
Net Sales	228.5	255.0	259.3	+30.8	+4.3
Operating Income	26.3	25.0	31.8	+5.5	+6.8
Recurring Income	28.5	25.0	33.3	+4.8	+8.3
Net Income	19.6	16.0	21.2	+1.6	+5.2
Capital Expenditures	10.9	7.0	8.5	-2.4	+1.5
Depreciation	9.1	10.0	10.4	+1.3	+0.4
R&D Investments	23.3	22.0	25.7	+2.4	+3.7
Advertising Expenses	14.8	17.0	17.0	+2.2	0
Personnel Expenses	22.8	22.5	23.8	+1.0	+1.3

<b>1<sup>st</sup> Half Results by Segment</b>					
billion yen					
<b>Top row: Segment sales/Bottom row: Segment income</b>					
	FY 2014.3 1st Half Results	FY 2015.3 1st Half Forecast (end of 1Q)	FY 2015.3 1st Half Results	YOY	Vs.Forecast (end of 1Q)
Toys and Hobby	80.7	100.0	106.3	+25.6	+6.3
	5.4	7.0	9.7	+4.3	+2.7
Content	123.0	130.0	130.4	+7.4	+0.4
	21.7	18.0	22.1	+0.4	+4.1
Amusement Facility	29.2	30.0	27.9	-1.3	-2.1
	-0.1	0.5	-0.1	0	-0.6
Other	12.8	12.0	13.4	+0.6	+1.4
	0.8	0.5	0.9	+0.1	+0.4
Corporate and Elimination	-17.4	-17.0	-18.9	—	—
	-1.5	-1.0	-0.7	—	—
Consolidated	228.5	255.0	259.3	+30.8	+4.3
	26.3	25.0	31.8	+5.5	+6.8

# 1<sup>st</sup> Half Results by Segment



## Toys and Hobby

### Japan

Established IP favorable  
+ *Yokai Watch* favorable  
→ *Yokai Watch* first-half sales:  
¥22.5 billion



### Overseas

Asia: Favorable centered on  
*Gundam* products  
U.S. and Europe:  
Preparation for yearend sales  
season

## Content

### Home video game software

U.S. and Europe:  
*DARK SOULS II* remains hit

Japan:  
Centered on small and medium-sized titles

### Network

Apps: Existing titles' steady performances  
+ new hit titles



### Arcade game machine

First half: According to plan overall  
Prizes: Weak yen affects costs

### Visual & Music Content

Original IP -related visual content,  
music, and live performances  
favorable




## Amusement Facility


Sales of existing amusement facilities in Japan decline 9.5% year on year  
Efforts to build new pillars, such as taking on challenge of new business formats

# Full Year Forecast



	FY 2014.3 Results	FY 2015.3 Forecast (end of 1Q)	FY 2015.3 Forecast	YOY	billion yen Vs. Forecast (end of 1Q)
Net Sales	507.6	500.0	520.0	+12.4	+20.0
Operating Income	44.6	45.0	50.0	+5.4	+5.0
Recurring Income	47.4	45.0	52.0	+4.6	+7.0
Net Income	25.0	28.0	30.0	+5.0	+2.0
Capital Expenditures	23.4	18.0	18.0	-5.4	0
Depreciation	21.7	23.0	23.0	+1.3	0
R&D Investments	51.8	46.0	48.0	-3.8	+2.0
Advertising Expenses	38.0	36.0	38.0	0	+2.0
Personnel Expenses	47.7	46.0	48.0	+0.3	+2.0

Results by Segment					
Top row: Segment sales/Bottom row: Segment income					billion yen
	FY 2014.3 Results	FY 2015.3 Forecast (end of 1Q)	FY 2015.3 Forecast	YOY	Vs. Forecast (end of 1Q)
Toys and Hobby	186.3	200.0	210.0	+23.7	+10.0
	10.5	13.0	16.0	+5.5	+3.0
Content	278.4	260.0	270.0	-8.4	+10.0
	37.2	32.0	35.0	-2.2	+3.0
Amusement Facility	58.2	60.0	58.0	-0.2	-2.0
	-0.8	1.0	0.5	+1.3	-0.5
Other	27.3	25.0	25.0	-2.3	0
	1.6	1.0	1.0	-0.6	0
Corporate and Elimination	-42.6	-45.0	-43.0	-	-
	-3.8	-2.0	-2.5	-	-
Consolidated	507.6	500.0	520.0	+12.4	+20.0
	44.6	45.0	50.0	+5.4	+5.0

Results by Segment					
Toys and Hobby	FY 2014.3 Results	FY 2015.3 Forecast (end of 1Q)	FY 2015.3 Forecast	YOY	Vs. Forecast (end of 1Q)
Segment sales	186.3	200.0	210.0	+23.7	+10.0
Segment income	10.5	13.0	16.0	+5.5	+3.0
→Although favorable trends of year-end / new-year shopping season expected to continue, cost burden likely to accompany second-half changeover of established IP					
Content	FY 2014.3 Results	FY 2015.3 Forecast (end of 1Q)	FY 2015.3 Forecast	YOY	Vs. Forecast (end of 1Q)
Segment sales	278.4	260.0	270.0	-8.4	+10.0
Segment income	37.2	32.0	35.0	-2.2	+3.0
→Network content: Plan to introduce strategic titles/Home video game software: Title lineup's off-season / Visual and music content: Will center on new titles					
Amusement Facility	FY 2014.3 Results	FY 2015.3 Forecast (end of 1Q)	FY 2015.3 Forecast	YOY	Vs. Forecast (end of 1Q)
Segment sales	58.2	60.0	58.0	-0.2	-2.0
Segment income	-0.8	1.0	0.5	+1.3	-0.5
→Through various measures will target catch-up at yearend / new year					billion yen

# Business Strategy

## Toys and Hobby SBU

Japan

**Continuing to vigorously advance our strategy of having overwhelming No.1 position**

### 【Established IP】

Recording good starts by new programs



Strengthening promotions for year-end / new year



### 【New IP】

Aiming to make established IP long-lasting through cross-media strategy



Strengthening / expanding / improving IP lineup further


Taking on the challenge of Disney IP









Strengthening female customer group




# Toys and Hobby SBU



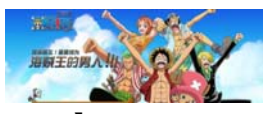







<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">U.S. and Europe</p> <p style="color: red; font-weight: bold;">Expanding and improving IP with a view to next medium-term plan</p> <p>【Power Rangers】</p> <p style="background-color: yellow;">Strengthening promotions and sales-area creation</p> <div style="display: flex; align-items: center;">  <div style="border: 1px solid gray; padding: 5px; font-size: small;">             U.S.: February next year              ~ Plan to air new program           </div> </div> <p>【New IP】</p> <p style="background-color: yellow;">Expanding IP and sales areas</p> <div style="display: flex; align-items: center;">  </div> </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Asia</p> <p style="color: red; font-weight: bold;">Expanding steadily</p> <p style="background-color: yellow;">Gundam products and products for older customers favorable</p> <div style="display: flex; align-items: center;">  <div> <p>Synchronizing throughout Japan and Asia</p> </div> </div> <p style="background-color: yellow;">Expanding IP and regions</p> <div style="display: flex; align-items: center;">    </div> <p>Expanding into Southwest Asia</p> </div>
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# Content SBU



Advancing IP-based strategy further

<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Network</p> <p>【Application game】</p> <p style="background-color: yellow;">Increasing titles steadily</p> <p style="background-color: yellow;">Introducing new strategic titles</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>【Overseas】</p> <p style="background-color: yellow;">Accumulating experience and results and expanding in medium term</p> <p>【Application game】</p> <p>Planning to introduce <i>ONE PIECE</i>, <i>THE IDOLM@STER</i>, <i>Gundam</i>, etc. in future</p>  </div>
<div style="border: 1px solid black; padding: 5px;"> <p>【SNS】</p> <p style="background-color: yellow;">Managing mainstay titles steadily</p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div> </div>	<div style="border: 1px solid black; padding: 5px;"> <p>【PC online game】</p> <p>Beginning services for <i>NARUTO</i>, <i>Gundam</i>, etc</p>  </div>

# Content SBU



## Advancing IP-based strategy further

### Visual and Music content

#### 【Visual】

Continuing to roll out powerful established IP



Taking on the challenge of new IP



#### 【Music / Live performance】

Establishing music content and live performance businesses as pillars



#### Going on a world tour!

Planning to hold events in six cities—including Singapore, Taipei, Seoul, Hong Kong, and Las Vegas—beginning in January 2015

# Content SBU

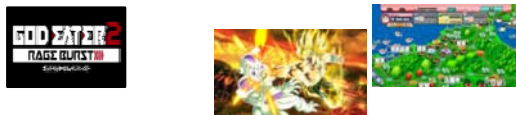


## Advancing IP-based strategy further

### Home video game

Conducting multifaceted rollouts of original IP

Popular existing series + New platforms, genres, and IP



#### 【Main titles (2<sup>nd</sup> Half)】

GOTOUCHI TESUDO	3DS•WiiU	Nov.
Tales of Zestiria	PS3	Jan.
GOD EATER 2 RAGE BURST	PS4•PSVITA	Feb.
DRAGON BALL Z XENOVERSE	PS4•XBoxONE•PS3•XBox360	Feb.

### Arcade game machine

Catering to diverse sales formats

Helping attract customers through appealing equipment and prizes




#### Rolling out worldwide

Beginning operations in 2015

STAR WARS BATTLE POD



# Amusement Facility SBU



## Achieving a recovery for existing amusement facilities + Building new pillars of business


**【Amusement Facility in Japan】**  
**Focusing on large amusement facilities in SC**

Changing from a uniform management style to a personal management style for each amusement facility


↓

Equipment, prizes, and services that reflect regions and user groups


**【Taking on the challenge of new business formats】**






Puzzle-solving game X restaurant



Anime song X restaurant




**【Theme park】**  
**Implementing IP measures that heighten appeal of amusement facilities**

**In J-WORLD TOKYO**


**【Overseas】**




*Level 257: PI* *Level 257:*  
 Planning to open in January 2015  
 planning to open in January 2015

Opening entertainment facility themed on *PAC-MAN* in Chicago, the U.S.

# Topics




**【Creating original IP】**



オリジナル  
スターIP事務所  
Original Star-IP Office

**In-house proposal-collection system aimed at fostering original IP creation**


Proposals received  
 First time: 160 proposals  
 → Ultimately 5 proposals displayed at trade shows  
 Second time: More than 100 proposals



**Strengthening original IP and other companies' powerful IP**

**【Distributing anime overseas】**

**Anime Consortium Japan Inc.**



Executive vice president & representative director of BANDAI NAMCO Games Inc., Shin Unozawa, appointed president (holding posts concurrently)

Will conduct Japanese anime content streaming and e-commerce operations targeting overseas markets

**By receiving investment from Cool Japan Fund Inc. and distributing anime overseas as one of Japan's cultural flagships**

→ Aim to increase anime fans



## Aims of next medium-term management plan

**Consistently achieve**  
Sales of ¥500 billion  
Operating income of  
¥50 billion

Advance to the  
Next Stage

Requirements for advancing to the next stage  
**Make extensive mutual use of individuality and expertise**  
**Take maximum advantage of BANDAI NAMCO's combined strength**



**挑戦** CHALLENGE  
**成長** GROWTH  
**進化** ACCELERATE EVOLUTION

**BANDAI NAMCO GROUP**  
**Fiscal year ended March 2015**  
**2nd Quarter Results Presentation**

November 6, 2014  
BANDAI NAMCO Holdings Inc.  
President & Representative Director  
Shukuo Ishikawa

### 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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