

The logo consists of the words "BANDAI" and "NAMCO" stacked vertically in white, bold, sans-serif capital letters. The text is contained within a white, rounded, cloud-like border that has a slight 3D effect with a red shadow on the right side.

**BANDAI
NAMCO**

BANDAI NAMCO Group

Mid-term Plan

April 2015 to March 2018

Today's Presentation



Results in FY2015.3

Review of Current Mid-term Plan: April 2012 to March 2015

Overview of New Mid-term Plan: April 2015 to March 2018

- **Direction of new Mid-term Plan**
- **New Mid-term Vision**
- **New organizational framework**
- **Three-year numerical plan**
- **Focusing strategies**
- **Three-year numerical targets by segment**

Capital Policy

Results in FY2015.3

Results in the First Nine Months of the Fiscal Year



billion yen

	FY2014.3		FY2015.3		YOY	
	First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Net Sales	368.1	507.6	409.1	520.0	+41.0	+12.4
Operating Income	42.7	44.6	47.6	50.0	+4.9	+5.4
Recurring Income	45.6	47.4	50.2	52.0	+4.6	+4.6
Net Income	29.7	25.0	31.9	30.0	+2.2	+5.0
Capital Investments	16.8	23.4	15.4	18.0	-1.4	-5.4
Depreciation	15.0	21.7	16.7	23.0	+1.7	+1.3
R&D Investments	36.9	51.8	38.4	48.0	+1.5	-3.8
Advertising Expenses	24.3	38.0	27.8	38.0	+3.5	±0
Personnel Expenses	34.6	47.7	36.7	48.0	+2.1	0.3

Results by Segment



Top row: Segment sales/Bottom row: Segment income

billion yen

	FY2014.3		FY2015.3		YOY	
	First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Toys and Hobby	136.5	186.3	179.1	210.0	+42.6	+23.7
	11.6	10.5	19.4	16.0	+7.8	+5.5
Content	197.7	278.4	195.9	270.0	-1.8	-8.4
	32.5	37.2	28.3	35.0	-4.2	-2.2
Amusement Facility	43.0	58.2	41.0	58.0	-2.0	-0.2
	-0.6	-0.8	-0.8	-0.5	-0.2	+0.3
Other	20.3	27.3	20.7	25.0	+0.4	-2.3
	1.5	1.6	1.5	1.5	±0	-0.1
Corporate and Elimination	-29.6	-42.6	-27.7	-43.0	+1.9	+0.4
	-2.2	-3.8	-0.8	-2.0	+1.4	+1.8
Consolidated	368.1	507.6	409.1	520.0	+41.0	+12.4
	42.7	44.6	47.6	50.0	+4.9	+5.4

Results by Segment



Top row: Segment sales/Bottom row: Segment income

billion yen

	FY2014.3		FY2015.3		YOY	
	First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Toys and Hobby	136.5	186.3	179.1	210.0	+42.6	+23.7
	11.6	10.5	19.4	16.0	+7.8	+5.5
	<p>Japan: Favorable results by <i>Yokai Watch</i> and by established IP such as <i>Mobile Suit Gundam</i> U.S.&EU: Contributions made by <i>Power Rangers</i> and <i>BIG HERO 6</i>, but challenging conditions overall Asia: Favorable, centered on plastic models and collectable products</p>					
Content	197.7	278.4	195.9	270.0	-1.8	-8.4
	32.5	37.2	28.3	35.0	-4.2	-2.2
	<ul style="list-style-type: none"> Continued favorable results by key titles in Network Content Favorable coordinated development between visual products and music, with IP as an axis (<i>Love Live! School idol project</i>, etc.) 					
Amusement Facility	43.0	58.2	41.0	58.0	-2.0	-0.2
	-0.6	-0.8	-0.8	-0.5	-0.2	+0.3
	<p>Initiatives implemented after moving to the new system are starting to produce results, but overall conditions are challenging.</p>					

Full-Year Results



billion yen

	FY2014.3	FY2015.3 forecast	YOY
Net Sales	507.6	520.0	+12.4
Operating Income	44.6	50.0	+5.4
Recurring Income	47.4	52.0	+4.6
Net Income	25.0	30.0	+5.0

Dividends

**Maintain a base level of annual dividend payments of ¥24 per share
and a consolidated dividend payout ratio of 30%
Achieve current Mid-term plan
+ BANDAI NAMCO 10-year anniversary**

**Interim dividend: ¥12 Year-end
dividend: ¥40**

Total: ¥52

Review of Current Mid-term Plan

Results Trend



IP axis strategy has become a pillar for the Group

Review of Current Mid-term Plan

Corporate Philosophy

Dreams, Fun and Inspiration
To become the Leading Innovator in Global Entertainment

Mid-term Vision



Strive to achieve record profit



Implementing growth strategy



Enhance our business model to maximize our IP value

Focusing Strategies

Business Area Strategies



Basic Business Area
Japan



Profit Recovering Area
U.S.&EU



New Growth Area
Asia



Groupwide Network Strategy



Human Resources Strategy

Toys and Hobby

Content

AM Facility

Toys and Hobby [Japan]	Content [Japan] Arcade games/ NE/Visual&Music	AM Facility [Japan]
Toys and Hobby [U.S.&EU]	Video Game Software [Worldwide]	
Toys and Hobby [Asia]	Arcade Games [Asia]	AM Facility [Asia]

*NE : Network
 *AM : Amusement

Results under Current Mid-term Plan



Business growth in Japan



Create and foster original IP



Create new business pillars



Network content

Live events

Toys and hobby business: Expanding range of customers and implementing business model that extends across operations



Establishing dominant No. 1 position

Achieving profit recovery and growth in home video game software and in visual and music content through the IP axis strategy



Favorable growth in Asia



Business development initiatives linked with Japan
+ initiatives carefully aligned with regional characteristics

Challenges under Current Mid-term Business Plan

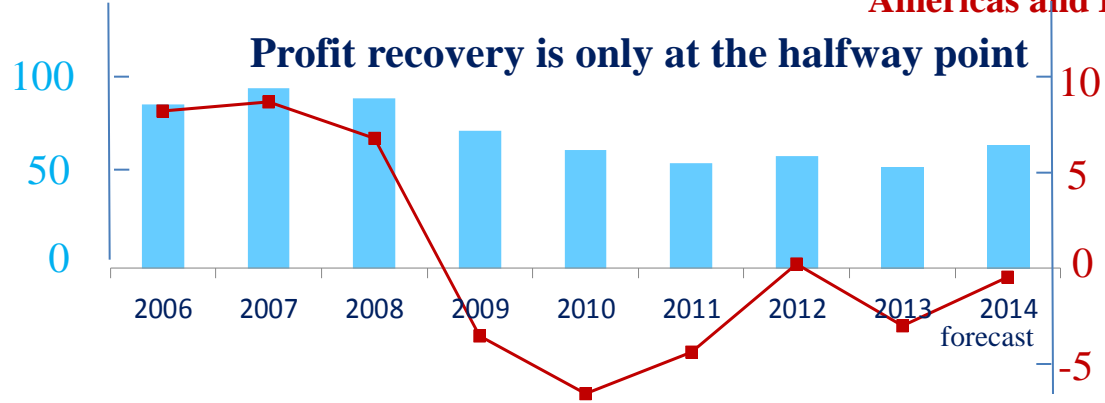


Delay in reforming business in the Americas and Europe

Sales in the Americas and Europe

billion yen

Operating income in the Americas and Europe



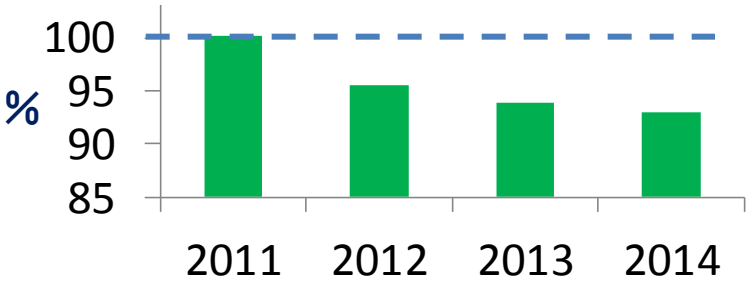
Aiming for recovery under the new Mid-term Plan

Domestic amusement facilities face challenging conditions



Challenging conditions due to changes in market environment, increase in consumption tax, etc.

Sales at existing facilities, YOY



Through organizational restructuring, strengthened links with arcade game machines and prizes and reevaluated profit structure

New Mid-term Plan

2015.4~2018.3

1) Direction of new
Mid-term plan

2) Vision

5) Focusing Strategies

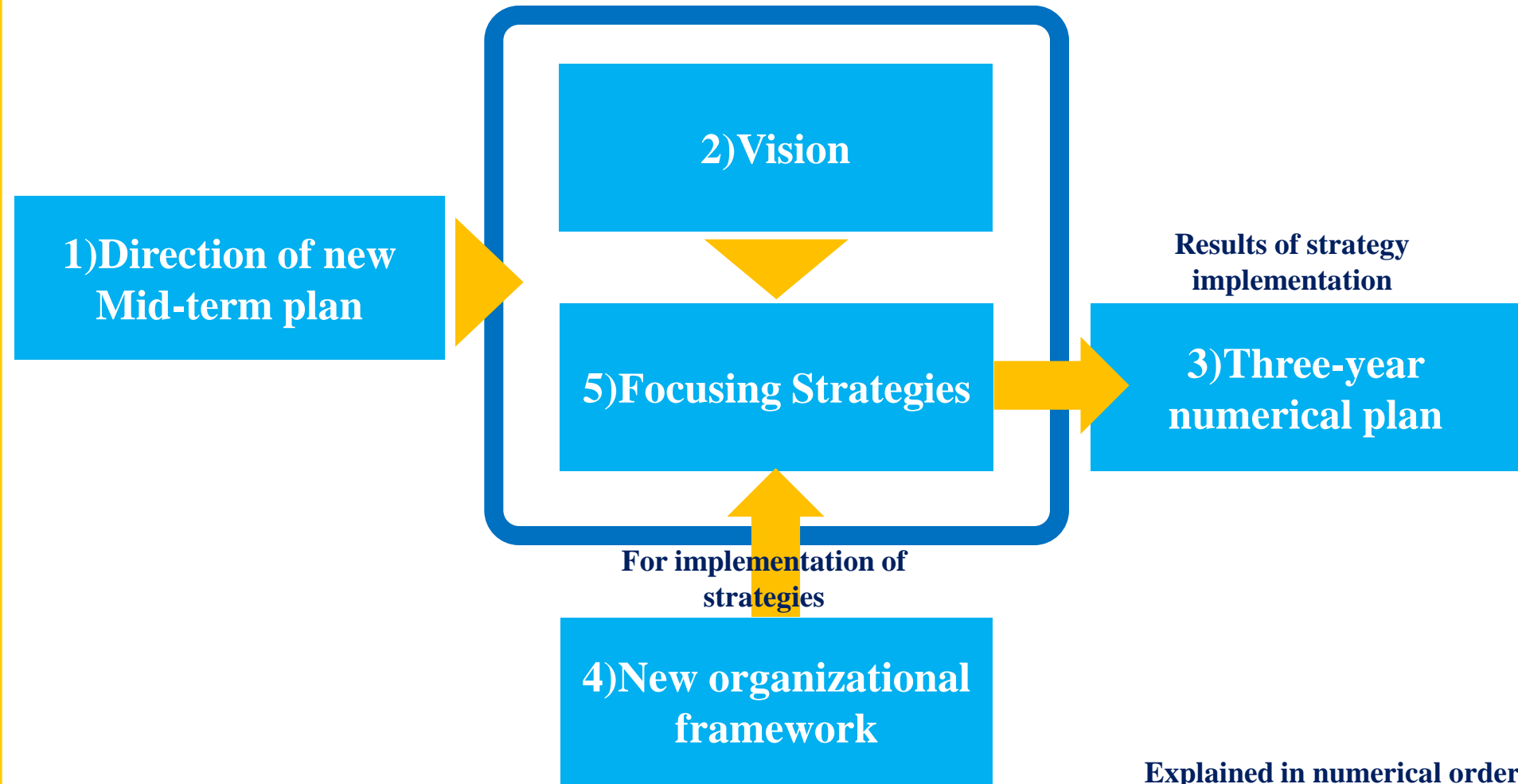
Results of strategy
implementation

3) Three-year
numerical plan

For implementation of
strategies

4) New organizational
framework

Explained in numerical order



Direction of New Mid-term Plan



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

Going Concern

**Advance to the
Next Stage**

Requirements for advancing to the next stage

Further leveraging BANDAI

NAMCO's strengths

Targeting high potential areas

IP axis strategy

Asia

Mission

**Dreams, Fun and
Inspiration**

Vision

**To become the leading
Innovator in Global Entertainment**

New Mid-term Vision



NEXT STAGE

build upon current success



New Mid-term Vision



NEXT STAGE

build upon current success



**Empower and innovate
business model**

**Grow into a global
company**

**Accelerate evolution
in IP axis strategy**

Numerical Targets



Numerical forecast for FY2015.3

Net Sales

¥520 billion

**Operating
Income**

¥50 billion

ROE

10%

Numerical plan for FY2018.3

¥600 billion

¥60 billion

More than 10%

Strengthening Our System



June 2015 ~



Toys and Hobby SBU

Core company: BANDAI



Network Entertainment SBU

Core Company: BANDAI NAMCO Entertainment
(formerly BANDAI NAMCO Games)



Visual and Music Production SBU

Core Company: BANDAI VISUAL



Affiliated Business Companies

Overview of New Mid-term Plan



**Corporate
Philosophy**

Dreams, Fun and Inspiration

To become the Leading Innovator in Global Entertainment

**Mid-term
Vision**

NEXT STAGE

build upon current success



Business

Accelerate evolution in IP axis strategy

**Cultivate Original
Group IPs**

**Expand Target
Market**

**Enlarge New IP
Businesses**

**Collaborate across
SBUs**

Region

***Through IP axis strategy, Gain momentum
in global markets***

Expand in Asia and Japan

Renew in Americas and Europe

Function

Empower and innovate business model

through BANDAI NAMCO market advantages

**Deepen the current
business model**

**Create and foster the
new IP business**

**Implement IP axis strategy in
global market**

**Strategies
Focusing**

Relationships Among Strategies



NEXT STAGE

build upon current success

Accelerate evolution in IP axis strategy

Cultivate Original Group IPs	Expand Target Market
Enlarge New IP Businesses	Collaborate across SBUs

IP fostering/creation/acquisition

Strengthening collaboration among businesses and regions

Through IP axis strategy, Gain momentum in global markets

Expand in Asia and Japan

Renew in Americas and Europe

Create and foster the new IP business
Deepen the current IP business

Building foundation for IP axis strategy

Empower and innovate business model
through BANDAI NAMCO market advantages

Deepen the current business model	Create and foster the new IP business	Implement IP axis strategy in global market
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Business

Accelerate evolution in IP axis strategy

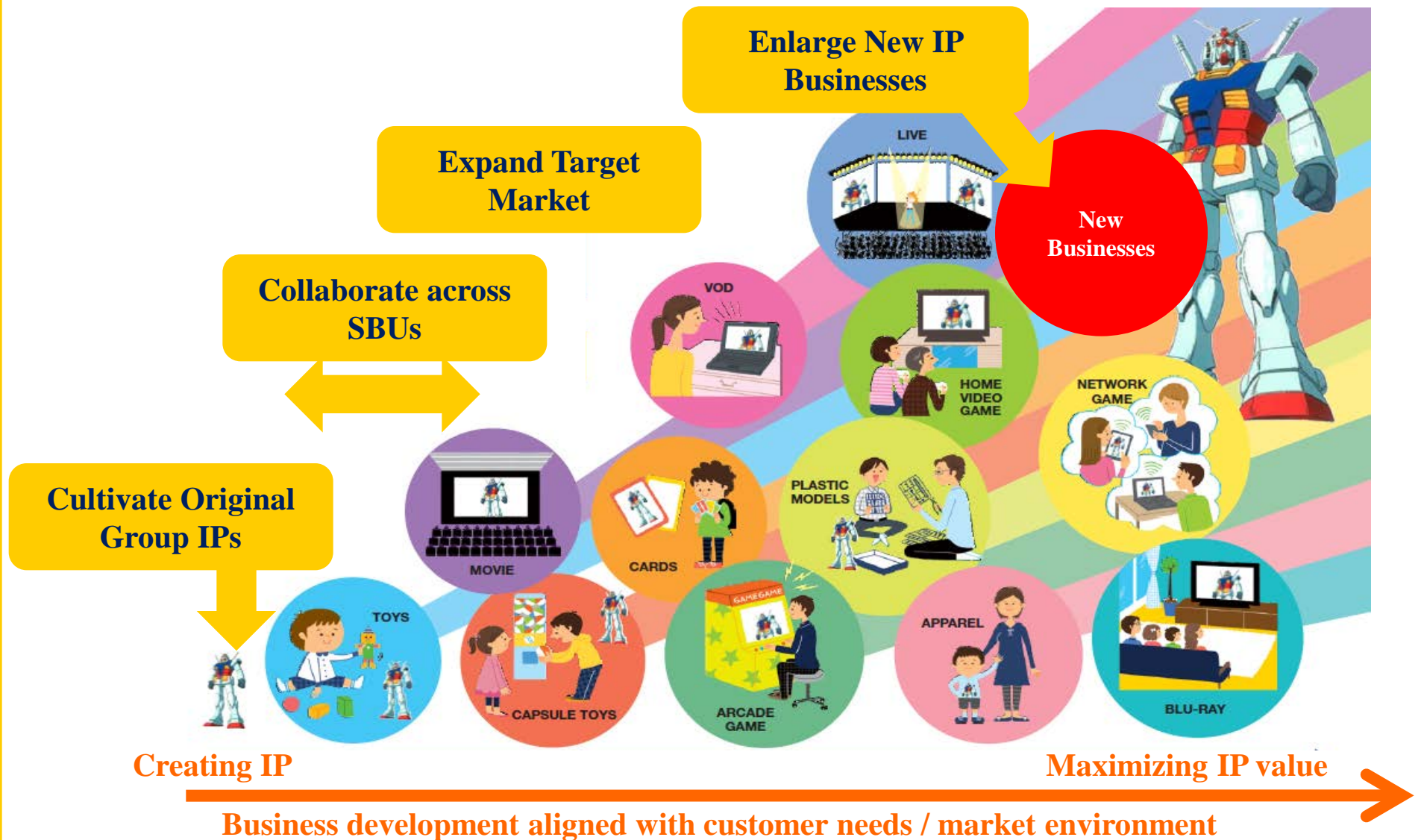
Cultivate Original Group IPs

Expand Target Market

Enlarge New IP Businesses

Collaborate across SBUs

Diagram of IP axis strategy



IP : Intellectual Property (characters, content, etc.)

Business

Accelerate evolution in IP axis strategy

Cultivate Original Group IPs

Expand Target Market

Enlarge New IP Businesses

Collaborate across SBUs

Cultivate Original Group IPs

Strengthening creation of IP that originates in products and services +strategic initiatives

Increase speed, strengthen originality

Spin off part of Sunrise



Older customers

Pursuit of quality



Pictures

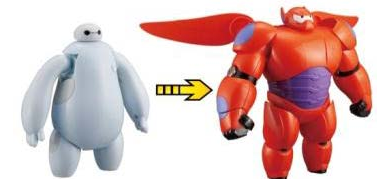
Kids / families

Providing the ideal products and services at the ideal time



Strengthening initiatives for IP from Japan, the Americas and Europe

Strengthening relationships with media licensors in the Americas and Europe through strategic human resources



Strategic, aggressive initiatives

• In-house recruiting system



• Collaboration with partner companies

• Investing in IP

¥20.0 billion additional investment over three years

Enlarge New IP Businesses

Strengthening production business

Strengthening IP event business
(Live events, live viewings, sales of related goods, etc.)



Aggressive advance into overseas markets



Taking on the challenge of new businesses

Implementing amusement facility initiatives through strengthened Group collaboration

Strengthening internal Group collaboration and considering new business formats with the addition of new services

Expand Target Market

Making approaches with "IP + category" initiatives aimed at target customer groups

Example) Women in their 20s and older



+

Cosmetics



Collaborate across SBUs

Drawing on BANDAI NAMCO's distinctive capabilities to strengthen collaboration among businesses

Example)



Rapid growth through horizontal development in various businesses from the point of launch



**Renew in
Americas and
Europe**



**Expand in Asia
and Japan**

Record-high sales

Americas : 52.3 billion yen (FY2008.3)

Europe : 52.7 billion yen (FY2010.3)

Asia : 25.4 billion yen (FY2015.3 forecast)

Aiming for growth in global markets through worldwide expansion of the IP axis strategy

Region

Gain momentum in global markets

Expand in Asia and Japan

Renew in Americas and Europe



Expand in Asia and Japan

Japan: Continue strategy of aiming for dominant No. 1 position

Asia: Collaboration with Japan + detailed product promotion in line with regional characteristics

Sales in Asia in FY2015.3

Major initiatives under current Mid-term Plan

- Animation video distribution
- Producing large events
- e-commerce
- Regional expansion

**¥30.0 billion
(including exports)**

Sales target for Asia in FY2018.3

Initiatives coordinated across Asia, including Japan

**¥60.0 billion
(including exports)**

Targeting No. 1 position in Asia, major company names will be unified as one part of the ALL BANDAI NAMCO system

BANDAI HONG KONG

BANDAI NAMCO ASIA



SHANGHAI



INDONESIA



SINGAPORE



TAIWAN



KOREA



AUSTRALIA



PHILIPPINES



THAILAND

Region

Gain momentum in global markets

Expand in Asia and Japan

Renew in Americas and Europe

BANDAI
NAMCO

Regional expansion in Toys and Hobby business

Strengthening network content



INDONESIA



Expanding area to
ASEAN/Australia



SINGAPORE



SHANGHAI

Establishing new company in China
Working with various partners and
investing aggressively

Expanding IP lineup in Toys and Hobby business



Strengthening established IP (*Power Rangers*,
KAMEN RIDER) + new IP (*Yokai Watch/Aikatsu!*, etc.)

Actively producing live events



Building foundation for overseas development



Renew in Americas and Europe

Implementing aggressive initiatives to strengthen competitiveness

Building foundation for recovery in the Americas and Europe

Increasing efficiency

- Reevaluating systems
- Closing unprofitable bases

Organizational restructuring

- Control by Japan
- Development: Japan
- Sales and Marketing: Americas and Europe
- New president at BANDAI America

Full-scale business development initiatives at Network Content SBU

Initiatives leveraging popular existing IP

Strategic development of local IP



Strengthening competitiveness in Toys and Hobby business

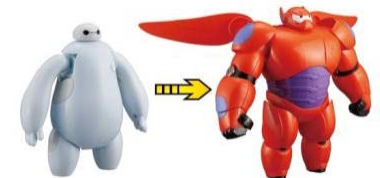
- Further strengthening of *Power Rangers*



- Expanding IP

Developing IP to follow *Power Rangers*

IP acquired this year)



- Strengthening sales capabilities

- Collaboration among SBUs

Empower and Innovate Business Model



Function

Create and foster the new IP business

Implement IP axis strategy in global market

Create and foster the new IP business

New IP businesses that leverage BANDAI NAMCO's unique capabilities

Fusion of digital and real

Digital / network

Fusion

Real / network

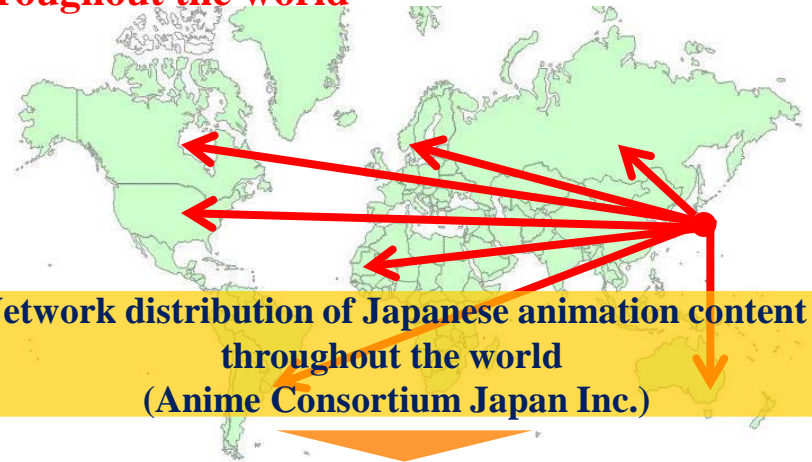
Game content
Network content
Amusement machines

Amusement facilities
Theme parks
IP facilities/events

Aiming for the creation of entirely new facilities that fuse the digital and real worlds, launch cross-divisional projects

Implement IP axis strategy in global market

Distributing Japanese animation content throughout the world



Network distribution of Japanese animation content throughout the world (Anime Consortium Japan Inc.)

Increasing awareness and popularity of Japanese animation content in countries around the world

Building the environment/foundation for the IP axis strategy in countries around the world

Implement IP axis strategy in global market

Numerical Targets



	FY2015.3 forecast	FY2016.3 numerical targets	FY2017.3 numerical targets	FY2018.3 numerical targets
Net Sales	520.0	530.0	560.0	600.0
Operating Income	50.0	45.0	50.0	60.0

Toys and Hobby	210.0	210.0	230.0	250.0
	16.0	15.0	16.0	18.0
Network Entertainment	295.0	300.0	310.0	320.0
	28.5	25.0	28.0	35.0
Visual and Music Production	40.0	35.0	40.0	45.0
	7.0	7.0	7.5	8.0
Other	25.0	28.0	30.0	32.0
	1.5	1.0	1.0	1.0
Corporate and Elimination	-50.0	-43.0	-50.0	-47.0
	-3.0	-3.0	-2.5	-2.0

Top row: Segment sales/Bottom row: Segment income

billion yen

Capital Policy



Dividends

Continue current shareholder return policy

Base level of annual dividend payments of ¥24 per share and a consolidated dividend payout ratio of 30%.

Own-stock acquisitions

Continue to examine with objective of increasing capital efficiency

Consideration for internal reserves, results trends, most-recent stock price, existence of investment projects, etc.

Other

Complimentary gifts for shareholders: Continue to examine in order to meet diversifying needs

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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Overview of the Third Quarter by Segment



Toys and Hobby

Japan: *Yokai Watch* earned society-wide popularity + established IP



Asia: Favorable growth

Americas and Europe:
Challenging conditions

Content

Favorable results by key titles in Network Content



Favorable progress with coordinated development in visual and music products



Animation packages



Music packages



Live events

Decline in home video game software in comparison with previous period, when there were multiple major titles

Amusement Facility

With a new president (2014.4) and a new organizational system, a variety of initiatives were implemented. These initiatives began to produce results, but overall conditions were challenging.