



# BANDAI NAMCO Group

## Information Meeting


Fiscal Year Ended March 2016  
2nd Quarter Result Presentation


November 8, 2016

Mitsuaki Taguchi  
President and Representative Director  
BANDAI NAMCO Holdings Inc.



FY2017.3 1st Half Results

First Half Results						
billion yen						
	FY 2016.3 1st Half Results	FY 2017.3 1st Half forecast (end of 1Q)	FY 2017.3 1st Half Results	Vs. previous year's results	Vs. previous forecast	
Net Sales	272.7	290.0	294.5	+21.8	+4.5	
Operating Income	31.1	32.0	38.9	+7.8	+6.9	
Recurring Income	33.2	32.0	38.2	+5.0	+6.2	
Net Income Attributable to Shareholders of the Parent	22.7	24.0	30.1	+7.4	+6.1	
Capital Investments	9.9	9.0	9.4	-0.5	+0.4	
Depreciation	9.7	11.0	9.4	-0.3	-1.6	
R&D Investments	27.0	25.0	27.1	+0.1	+2.1	
Advertising Expenses	15.9	17.0	16.4	+0.5	-0.6	
Personnel Expenses	25.8	24.0	25.7	-0.1	+1.7	

1st Half Results by Segment						
billion yen						
		FY 2016.3 1st Half Results	FY 2017.3 1st Half forecast (end of 1Q)	FY 2017.3 1st Half Results	Vs. previous year's results	Vs. previous forecast
Toys and Hobby	Segment sales	103.9	100.0	91.1	-12.8	-8.9
	Segment income	11.5	6.5	6.9	-4.6	0.4
Network Entertainment	Segment sales	147.2	170.0	179.7	+32.5	+9.7
	Segment income	14.7	21.5	25.8	+11.1	+4.3
Visual and Music production	Segment sales	23.5	24.0	27.5	+4.0	+3.5
	Segment income	5.9	6.0	8.0	+2.1	+2.0
Other	Segment sales	13.4	14.0	13.0	-0.4	-1.0
	Segment income	0.5	0.5	0.5	0.0	0.0
Corporate and Elimination	Segment sales	-15.4	-18.0	-16.8	-1.4	+1.2
	Segment income	-1.6	-2.5	-2.5	-0.9	0.0
Consolidated	Net sales	272.7	290.0	294.5	+21.8	+4.5
	Operating income	31.1	32.0	38.9	+7.8	+6.9

# 1st Half Results by Segment



**Toys and Hobby**

Strong performance of products related to established IP in all regions  
Progress more or less in line with initial forecasts

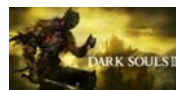




**Network Entertainment**

Home video game software  
Major success of *DARK SOULS III*


Network content  
Japan: Favorable performance of mainstay and new titles  
Overseas: Strong performance of titles around the world and in China  
Overseas ratio: 17%





Amusement Facilities  
Solid performance of existing facilities in Japan

**Visual and Music Production**

Major success of packaged visual and music content for *Girls und Panzer*  
Continued popularity of the *Love Live!* series

# Full Year Forecast



billion yen

	FY 2016.3 Results	FY 2017.3 forecast (as of May 2016)	FY 2017.3 forecast	Vs. previous year's results	Vs. previous forecast
Net Sales	575.5	580.0	590.0	+14.5	+10.0
Operating Income	49.6	50.0	57.0	+7.4	+7.0
Recurring Income	50.7	51.0	57.0	+6.3	+6.0
Net Income Attributable to Shareholders of the Parent	34.5	35.0	39.0	+4.5	+4.0
Capital Investments	21.3	20.0	20.0	-1.3	0.0
Depreciation	21.6	24.0	24.0	+2.4	0.0
R&D Investments	54.5	55.0	55.0	+0.5	0.0
Advertising Expenses	37.7	40.0	41.5	+3.8	+1.5
Personnel Expenses	50.4	50.0	51.0	+0.6	+1.0

		billion yen				
		FY 2016.3 Results	FY 2017.3 forecast (as of May 2016)	FY 2017.3 forecast	Vs. previous year's results	Vs. previous forecast
Toys and Hobby	Segment sales	206.4	210.0	200.0	-6.4	-10.0
	Segment income	16.6	16.0	14.0	-2.6	-2.0
Network Entertainment	Segment sales	320.9	340.0	350.0	+29.1	+10.0
	Segment income	23.9	28.0	34.5	+10.6	+6.5
Visual and Music production	Segment sales	51.9	43.0	47.0	-4.9	+4.0
	Segment income	11.6	9.0	12.0	+0.4	+3.0
Other	Segment sales	27.4	28.0	28.0	+0.6	0.0
	Segment income	1.1	1.0	1.0	-0.1	0.0
Corporate and Elimination	Segment sales	-31.2	-41.0	-35.0	-3.8	+6.0
	Segment income	-3.7	-4.0	-4.5	-0.8	-0.5
Consolidated	Net sales	575.5	580.0	590.0	+14.5	+10.0
	Operating income	49.6	50.0	57.0	+7.4	+7.0

		billion yen		
		FY 2017.3 1st Half Results	FY2017.3 2nd Half forecast	FY2017.3 forecast
Toys and Hobby	Segment sales	91.1	108.9	200.0
	Segment income	6.9	7.1	14.0
<p>Japan: Expected changes to product mix            Overseas: Investment in large-scale promotions of <i>Power Rangers</i> series in the second half, among others</p>				
Network Entertainment	Segment sales	179.7	170.3	350.0
	Segment income	25.8	8.7	34.5
<p>Frontload costs in network content in the second half (increase in new titles, large-scale, worldwide promotions)            Incubation investment in the second half for growth in the next fiscal year and on            Significant repeat sales and sales of titles from other companies in the current product lineup            for home video game software not expected in the second half</p>				
Visual and Music Production	Segment sales	27.5	19.5	47.0
	Segment income	8.0	4.0	12.0
<p>Disproportionate release of major titles in the first half, such as <i>Love Live!</i> and <i>Girls und Panzer</i></p>				

## Progress of Mid-Term Plan

## Mid-term Vision

### Mid-term Vision

**NEXT STAGE** *build upon current success*



### Requirements for advancing to the next stage

Accelerate Evolution  
in IP Axis Strategy

Gain momentum  
in global markets



# NEXT STAGE *build upon current success*

**Consistently achieve**

Net sales of **¥500 billion**

Operating income of **¥50 billion**

**Continue taking on new challenges  
and accumulating innovations**

## Results of Mid-term Plan



### Accelerate Evolution in IP Axis Strategy

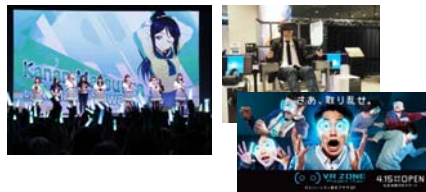
**Bolstered capabilities to create and develop IP**



**Acquired new range of target customers**



**Created new IP business and expanded outlets**



**Established the IP Strategy Division**  
Currently working on multiple cross-organizational projects

**Increased investment to bolster IP Axis Strategy**

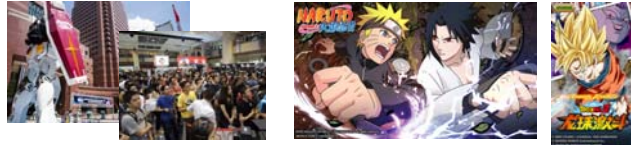
Strengthened relationships with IP holders  
Reinforced planning and development capabilities, etc.

# Results of Mid-term Plan

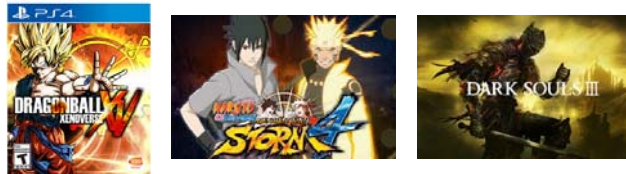


## Gain momentum in global markets

**Asia:** Increased popularity of *Mobile Suit Gundam* series  
 Carried out the full-scale development of the network content business



**Europe and the Americas:**  
 Expanded home video game software and network content businesses  
 Strengthened product lineup in all businesses



# Progress of Mid-term Plan



**NEXT STAGE** *build upon current success*



Numerical targets for the last year of the Mid-term Plan (FY2017)

Net sales **¥600 billion**      Operating income **¥60 billion**

## Direction for Each Business

## Toys and Hobby

**Japan** Release new IP → Strengthen IP portfolio

### *Kamen Rider*



### *Mobile Suit Gundam*



New IP geared toward elementary school boys





# Toys and Hobby

BANDAI NAMCO

## Asia

### Expand IP popularity

On-demand distribution of new *Mobile Suit Gundam* titles overseas that coincide with TV broadcasts in Japan  
Strengthen marketing development (events, promotions, etc.)



## Europe and the Americas

### Expand IP lineup

Introduce new IP geared toward girls



### Strengthen existing IP

Strengthen promotions for the March movie release and new television programs in North America next year



### Increased category

Expand product categories, including collector items  
Commence sales of toys and other *DRAGON BALL* products that tie in with the development of *DRAGON BALL*-related games and apps



# Network Entertainment

BANDAI NAMCO

## Home video game software

### Continuous introduction of powerful titles



April release: Over 3.7 million copies sold overseas



Overseas: October release (December release in Asia)  
Japan: November release: 1.4 million copies sold initially



### Undertaking challenges on new platforms



IP Axis Strategy × Technological capabilities

## Network content

### Continued popularity of existing titles

Maintain strong performance by carrying out various measures, including holding events



### Release new titles in Japan and overseas

Japan



Implement massive promotions



Overseas



# Network Entertainment



Creating new customers through space + the BANDAI NAMCO essence

## Amusement Facilities

Solid progress in differentiation befitting of BANDA NAMCO



× Technological capabilities



× Anime music



× Puzzle solving



× New collaborations

## Amusement Machines

Currently working on business projects that combine machines and facilities



New application of VR ZONE know-how



Example: VR + Amusement facilities

# Visual and Music production



Simultaneously reinforce IP creation and production capabilities

### Create and develop IP



Develop IP together with fans

### Expand development of existing IP



### Expand business range

Fan club business



# Mid-term Vision



## NEXT STAGE *build upon current success*



### 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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