




# BANDAI NAMCO Group Information Meeting (Fiscal Year Ended March 2017)


**May 10, 2017**

Mitsuaki Taguchi  
President and Representative Director  
BANDAI NAMCO Holdings Inc.



Results in FY2017.3

Results in FY2017.3					
					
billion yen					
	FY2016.3 results	FY2017.3 forecast (as of February 2017)	FY2017.3 results	Vs. previous year's results	Vs. previous forecast
Net Sales	575.5	590.0	620.0	+44.5	+30.0
Operating Profit	49.6	57.0	63.2	+13.6	+6.2
Recurring Profit	50.7	57.0	63.2	+12.5	+6.2
Profit Attributable to Owners of Parent	34.5	39.0	44.1	+9.6	+5.1
Capital Investments	21.3	21.0	19.5	-1.8	-1.5
Depreciation	21.6	23.0	21.8	+0.2	-1.2
Game Content R&D Investments	54.5	58.0	59.0	+4.5	+1.0
Advertising Expenses	37.7	41.5	39.3	+1.6	-2.2
Personnel Expenses	50.4	51.0	53.6	+3.2	+2.6

Results by Segment						
						
billion yen						
		FY2016.3 results	FY2017.3 forecast (as of February 2017)	FY2017.3 results	Vs. previous year's results	Vs. previous forecast
Toys and Hobby	Segment sales	206.4	190.0	193.2	-13.2	+3.2
	Segment profit	16.6	10.0	10.9	-5.7	+0.9
Network Entertainment	Segment sales	320.9	360.0	380.2	+59.3	+20.2
	Segment profit	23.9	38.5	44.2	+20.3	+5.7
Visual and Music production	Segment sales	51.9	50.0	56.2	+4.3	+6.2
	Segment profit	11.6	12.0	13.4	+1.8	+1.4
Other	Segment sales	27.4	28.0	26.7	-0.7	-1.3
	Segment profit	1.1	1.0	0.7	-0.4	-0.3
Elimination and Corporate	Segment sales	-31.2	-38.0	-36.5	-5.3	+1.5
	Segment profit	-3.7	-4.5	-6.1	-2.4	-1.6
Consolidated	Net sales	575.5	590.0	620.0	+44.5	+30.0
	Operating profit	49.6	57.0	63.2	+13.6	+6.2

# Results by Segment (Vs. Previous Forecast)



## Toys and Hobby

billion yen	
Segment sales	+3.2
Segment profit	+0.9

- Foreign and domestic progress in line with initial forecasts
- Steady performance of new products launched in 4Q related to new IP in Japan



## Network Entertainment

Segment sales	+20.2	• Network content: Favorable performance continues (full year sales: ¥158.6 billion, apps: ¥137.9 billion)
Segment profit	+5.7	• Home video games: Positive performance of <i>DRAGONBALL XENOVERSE 2</i> and strong repeat sales and download sales of home video game
		• Amusement machines: Return to profitability



## Visual and Music Production

Segment sales	+6.2	• Continued success of visual and music software for the <i>Love Live!</i> Series
Segment profit	+1.4	• Strong performance of sales associated with live events in 4Q



# Results by Segment (Vs. Previous Year)



## Toys and Hobby

billion yen			
Segment sales	-13.2	Japan	: Despite a favorable performance of established IP, decreased sales of Yo-kai Watch drove profits down
Segment profit	-5.7	Asia	: Steady performance of <i>Gundam</i> plastic models for adult customers
		Americas and Europe	: Advance promotion of <i>Power Rangers</i>

## Network Entertainment

Segment sales	+59.3	Network content	: Mainstay titles performed positively in Japan and overseas
Segment profit	+20.3	Home video game	: Contribution of worldwide titles, particularly in Europe and the Americas
		Amusement	: Return to profitability in the amusement machine business and steady performance of existing facilities in Japan

## Visual and Music Production

Segment sales	+4.3	<i>Love Live!</i>	: Continued popularity due to favorable performance of new series
Segment profit	+1.8	<i>GIRLS und PANZER</i>	: Expanded popularity of IP, particularly the theatrical version
		<i>Mobile Suit Gundam</i>	: Stable popularity of <i>THE ORIGIN</i> series, etc.

## FY2017.3 Dividend



	End of second quarter	FY2016.3 Year-End	Total
FY2017.3 Dividend	¥12	¥70	¥82
FY2017.3 forecast (as of February 2016)	¥12	¥42	¥54
FY2016.3 Dividend	¥12	¥40	¥52

### Dividend Policy

**Maintain a base level of annual dividend payments of ¥24 per share and a consolidated dividend payout ratio of 30%**

**Interim ¥12 Year-end ¥70**

**Stable dividend ¥24**

**+ Performance-based dividend ¥38 + Special dividend ¥20**



## FY2018.3 Plan

# FY2018.3 Plan



billion yen

	FY2017.3		FY2018.3	
	First half	Full-year	First-half plan	Full-year plan
Net Sales	294.5	620.0	275.0	600.0
Operating Profit	38.9	63.2	22.5	57.0
Recurring Profit	38.2	63.2	23.0	58.0
Profit Attributable to Owners of Parent	30.1	44.1	16.0	40.0
Capital Investments	9.4	19.5	9.5	21.0
Depreciation	9.4	21.8	10.0	23.0
Game Content R&D Investments	27.1	59.0	27.0	59.0
Advertising Expenses	16.4	39.3	17.0	42.0
Personnel Expenses	25.7	53.6	25.0	52.0

Note: Roughly ¥3.0 billion in strategic investment related to IP planned for FY2018.3

# FY2018.3 Plan by Segment



billion yen

		FY2017.3		FY2018.3 Plan	
		First half	Full-year	First-half plan	Full-year plan
Toys and Hobby	Segment sales	91.1	193.2	100.0	215.0
	Segment profit	6.9	10.9	6.0	15.0
Network Entertainment	Segment sales	179.7	380.2	160.0	350.0
	Segment profit	25.8	44.2	14.0	36.0
Visual and Music Production	Segment sales	27.5	56.2	20.0	50.0
	Segment profit	8.0	13.4	5.0	12.0
Other	Segment sales	13.0	26.7	15.0	30.0
	Segment profit	0.5	0.7	0.5	0.1
Elimination and Corporate	Segment sales	-16.8	-36.5	-20.0	-45.0
	Segment profit	-2.5	-6.1	-3.0	-7.0
Consolidated	Net sales	294.5	620.0	275.0	600.0
	Operating profit	38.9	63.2	22.5	57.0

# FY2018.3 Plan by Segment



## Toys and Hobby (vs. previous year's results)

- Prizes and lottery business integrated into the Toys and Hobby Business (FY2017.3 performance: roughly ¥25.0 billion)
- Strengthening of established mainstay IP and products for adult customers in all regions
- Depreciation cost of *DATA CARDDASS* machines on a par with previous fiscal year
- Promotional costs for *Power Rangers* products in Europe and the Americas in the second half of the previous year



# FY2018.3 Plan by Segment



## Network Entertainment (vs. previous year's results)

### Network content

- With stable popularity in mainstay titles, outlook is on a par with previous year's performance
- Initial costs and increased advertising and promotional expenses associated with introducing new titles
- Upfront investment to set up new services



### Home video game

#### • Impacts of title lineup

Previous FY: The release of *DARK SOULS III* in April was a big contributor in the first half, particularly 1Q. New worldwide titles performed well throughout the year.



### Amusement

- Active opening of amusement facilities in Japan and overseas
- Upfront costs associated with establishing a VR facility
- Prizes and lottery business integrated into the Toys and Hobby Business



# FY2018.3 Plan by Segment



## Visual and Music Production (vs. previous year's results)

- Impacts of major IP title lineup, such as *Mobile Suit Gundam*, *Love Live! Sunshine!!*, and *GIRLS und PANZER*

**Previous FY:** Contribution throughout the year from new titles and the introduction of core products in the first half

**Current FY:** Next volume of *Mobile Suit Gundam THE ORIGIN* release planned for September

Second season of *Love Live! Sunshine!!* anime starting in the fall

First episode of the final *GIRLS und PANZER* OVA to be released in December



## Progress of Mid-Term Plan

**Direction to Aim for in the Mid-Term Plan** 

**Consistently achieve**  
 Net sales of **¥500 billion**  
 Operating profit of **¥50 billion**  
**Going Concern**

**Advance to the Next Stage**

**Requirements for advancing to the Next Stage**

Further leveraging BANDAI NAMCO's strengths **IP axis strategy**  
 Targeting high potential areas **Asia**

**Conducting strategic investment to promote focus strategies**  
 FY2016.3-2017.3: roughly ¥10.0 billion FY2018.3: ¥6.0 billion projected

**Results of the Mid-Term Plan** 

**Strengthened innovation in established IP**

**Integration of IP and leading-edge technologies**



**Expansion of global development**

**Growth of new IP outlet**



**Toward the next Mid-term Plan** 

**Promoting focus strategies**


<b>Business Strategies</b>	<b>Accelerate evolution</b> in the IP axis strategy
<b>Region Strategies</b>	Through the IP axis strategy, <b>gain momentum</b> in global markets
<b>Function Strategies</b>	<b>Empower and innovate</b> business model through BANDAI NAMCO market advantages



**Further growth through the next Mid-term Plan**



**Continuous, long-term growth**



**Direction for Each Business in FY 2018.3**

# Toys and Hobby

## Japan



### Maximizing established IP

#### For boys / For girls



Start of new series of *Ultraman* and *Yo-kai Watch*

#### *Mobile Suit Gundam*



Stirring excitement among fans in Japan and overseas  
Improving IP brand equity



#### *DRAGON BALL*

Strengthening *DATA CARDDASS*



### Target and category expansion

#### Adult customers and adult women

#### Developing new categories



# Toys and Hobby

## Overseas



### Strengthening mainstay IP in Europe and the Americas



TV series and theater pieces  
Maximizing IP equity



### Strengthening our approach to adult customers



Full-scale introduction of action figures designed for Europe and the Americas



Expanded development of *Gundam* plastic models, which are successful in Asia

### Strengthening the IP lineup

### Japan-originated business activities simultaneously in Asia

Accelerating the introduction of *DRAGON BALL* products in Europe and the Americas

Developing for a wide range of ages and prices



Expansion of IP and areas of operation

# Network Entertainment



## Network content

Stabilization and growth of mainstay titles

【Worldwide】



【Japan】



+ Development and introduction of new titles

*THE IDOLM@STER: Million Live!*

## Home video game

Introduction of major titles for a worldwide audience



Tekken 7



ACE COMBAT 7  
SKIES UNKNOWN

Take on the challenge of releasing IP games of foreign origin

Actively taking on new platforms

Titles for the Nintendo Switch

*DRAGON BALL XENOVERSE 2* (tentative)

*TAIKO: DRUM MASTER*

*Tales of... Series, etc.*

# Network Entertainment



Promoting customer creation by taking on challenges in new domains

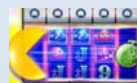
## Amusement Machines

New development in the VR business

*VR ZONE SHINJUKU*



Full-scale development in the gaming business



## New business creation

Creating new services using AI technology, etc.

New services integrating physical and online services

Life Entertainment Business

## Amusement Facilities

Stable operations of existing stores    The challenge of new enterprises



+α

Extending the IP worldview



# Visual and Music Production



## Strengthening our IP portfolio



*Mobile Suit Gundam: The Origin  
Battle of Loum Edition*



*Love Live! Sunshine!!  
season 2*



*GIRLS und PANZER  
first episode of the final OVA*



*The Bears' School  
15th anniversary movie*



*Space Battleship Yamato 2022:  
Warriors of Love*



*In this Corner of the World*



# Visual and Music Production



## Strengthening IP production from B to C



Commence *Anison* fixed-rate downloadable service



Actively develop live events in Japan and overseas



Expand fan club apps



Expand multidimensional business development

# 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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**BANDAI NAMCO Group**  
**Information Meeting**  
**(Fiscal Year Ended March 2017)**

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