



BANDAI NAMCO Group

Mid-term Plan

April 2018 to March 2021



February 9, 2018

Results in the First Nine Months of the Fiscal Year

billion yen

	FY 2017.3		FY 2018.3		Vs. previous year's results	
	First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Net Sales	459.1	620.0	483.1	630.0	+24.0	+10.0
Operating Profit	60.1	63.2	53.4	57.0	-6.7	-6.2
Recurring Profit	60.5	63.2	54.7	58.0	-5.8	-5.2
Profit Attributable to Owners of Parent	46.5	44.1	40.8	41.5	-5.7	-2.6
Capital Investments	16.1	19.5	48.8	54.0	+32.7	+34.5
Depreciation	15.2	21.8	16.7	23.0	+1.5	+1.2
Advertising Expenses	27.4	39.3	26.5	42.0	-0.9	+2.7
Personnel Expenses	38.5	53.6	41.3	52.0	+2.8	-1.6

Trends by Business (compared with the same period of the previous fiscal year)

Toys and Hobby

billion yen

Segment sales	-1.3
Segment profit	-2.1

- Steady performance of mainstay IPs in all regions
Japan: *KAMEN RIDER*, *DRAGON BALL*
Japan and greater Asia: *Gundam*, etc.

Network Entertainment

Segment sales	+24.4
Segment profit	-2.0

- Network content: Mainstay titles continued to perform well
Home video games: Favorable sales of newly released *TEKKEN 7*, repeat sales in Europe and the Americas
Amusement: Prior costs due to active rollout of new facilities

Visual and Music Production

Segment sales	-3.1
Segment profit	-2.9

- Rollout of new visuals and products for mainstay IPs starting from 3Q
- License revenue from the *Love Live!* series, etc.

Results by Segment (Vs. previous year's results)

billion yen

		FY 2017.3		FY 2018.3		Vs. previous year's results	
		First nine months	Full-year	First nine months	Full-year forecast	First nine months	Full-year
Toys and Hobby	Segment sales	165.6	218.0	164.3	215.0	-1.3	-3.0
	Segment profit	15.3	13.3	13.2	15.0	-2.1	+1.7
Network Entertainment	Segment sales	260.9	355.5	285.3	380.0	+24.4	+24.5
	Segment profit	35.8	42.0	33.8	36.0	-2.0	-6.0
Visual and Music Production	Segment sales	40.9	56.2	37.8	50.0	-3.1	-6.2
	Segment profit	11.9	13.4	9.0	12.0	-2.9	-1.4
Other	Segment sales	20.2	26.7	20.2	30.0	±0	+3.3
	Segment profit	1.2	0.7	0.8	1.0	-0.4	+0.3
Corporate and Elimination	Segment sales	-28.6	-36.7	-24.6	-45.0	+4.0	-8.3
	Segment profit	-4.2	-6.2	-3.5	-7.0	+0.7	-0.8
Consolidated	Net sales	459.1	620.0	483.1	630.0	+24.0	+10.0
	Operating profit	60.1	63.2	53.4	57.0	-6.7	-6.2

Full-year Results (Dividend)

billion yen

	FY 2017.3	FY 2018.3 Forecast	YOY
Net Sales	620.0	630.0	+10.0
Operating profit	63.2	57.0	-6.2
Recurring Profit	63.2	58.0	-5.2
Profit Attributable to Owners of Parent	44.1	41.5	-2.6

Dividend (Forecast)

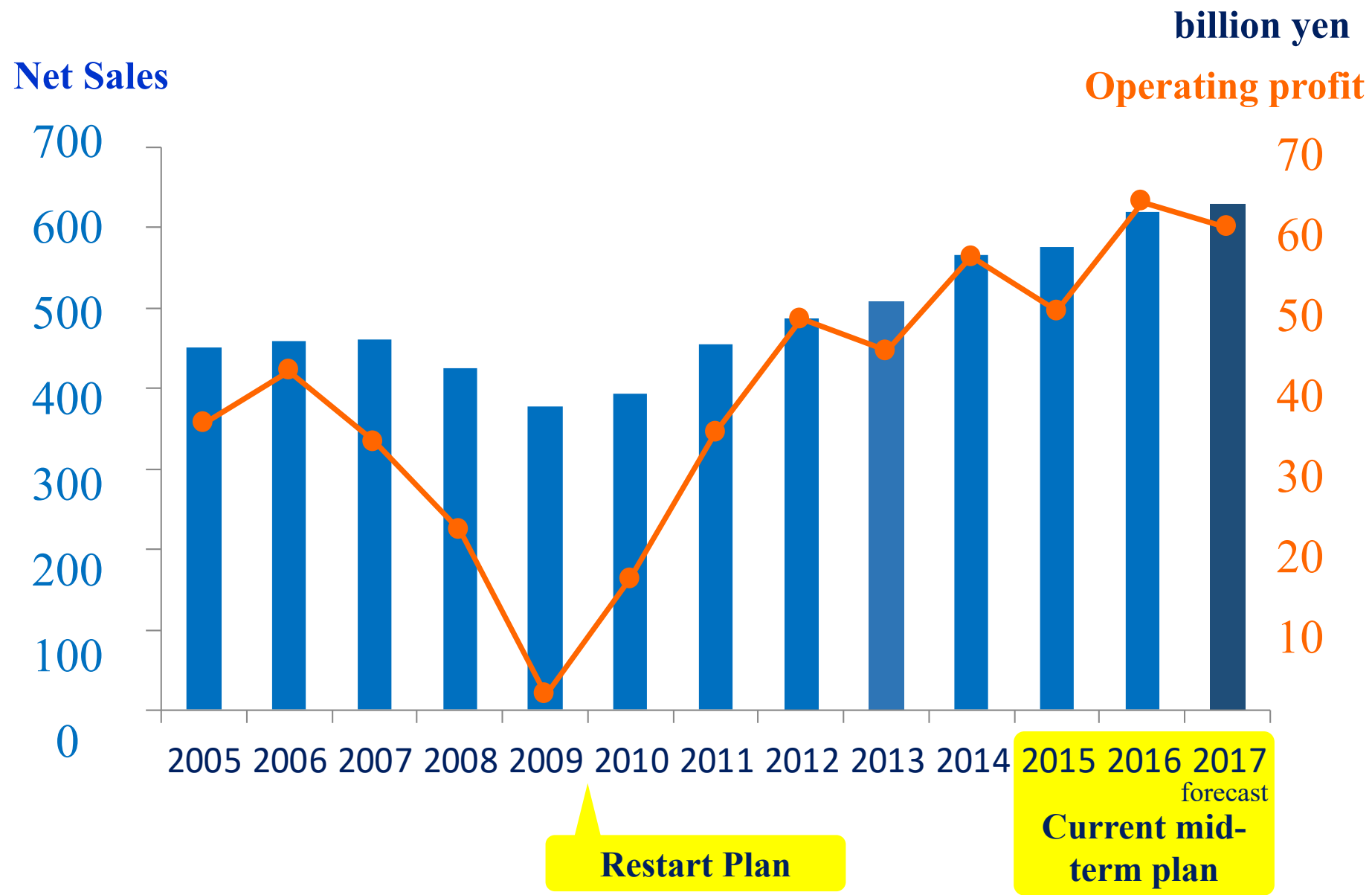
Apply the shareholder returns policy of the new Mid-term Plan ahead of schedule, starting from the year-end dividend

Interim dividend: ¥12

Year-end dividend: ¥83 (base dividend: ¥20; performance-based dividend: ¥63)

→ Annually ¥95 per share (base dividend: ¥32; performance-based dividend: ¥63)

The BANDAI NAMCO Group Thus Far



Review of Current 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 Strategies

Accelerate evolution in the
IP axis strategy

Cultivate Original
Group IPs

Expand Target
Market

Enlarge New IP
Businesses

Collaborate across
SBUs

Region Strategies

Through the IP axis strategy,
gain momentum in global markets

Expand in Asia and Japan

Renew in Americas and Europe

Function Strategies

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

Results under Current Mid-term Plan

Product and service innovation for established IPs



IP creation and cultivation



Expansion of target customer base

Successful overseas events



Growth of IP outlets

Live events



Overseas video games

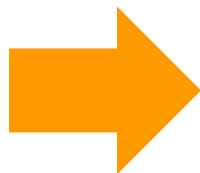


Japan and overseas network contents



Challenges under Current Mid-term Plan

New IP creation



More IP could have been created.

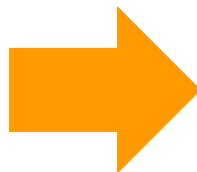
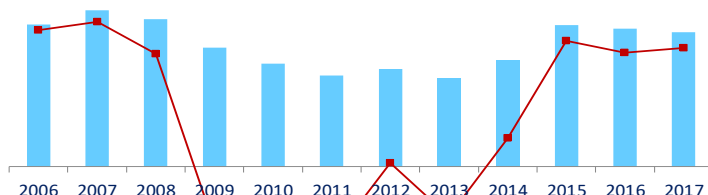
Drive new IP creation

- ◎ Establish structure for IP creation
- ◎ Invest aggressively in IP creation
- ◎ Expand collaborations with external partners

Overseas expansion

Performance in Europe and the Americas

Strong performance of CS and NE businesses in Europe and the Americas



More expansion could have been realized.

Change methods for adopting an aggressive stance

- ◎ Avoid an over reliance on specific IPs
Establish an abundant IP portfolio
- ◎ Expand business through the enhancement of products for mature fan base
- ◎ Take on the challenge of creating IP in each region

Opportunities under the New Mid-term Plan

New technologies + IP axis strategy



未来と遊ぼう! with Future

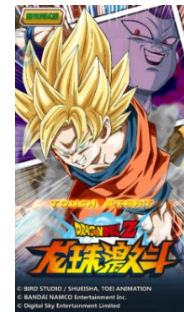
BN・Bot

ガンダムコンシェルジュ / 110
GUNDAM CONCIERGE



Expansion of Japanese IP in worldwide markets

Overseas network contents



Overseas live events



Products for mature fan base



Chinese market



What We Aim to Be in 10 Years



Leading entertainment company

- A company that earns the trust of children and fans around the world
- A group of highly individual companies and employees that create products and services respected by fans for their quality and excitement

Direction of the New Mid-term Plan

Initiatives for becoming what we aim to be in 10 years

**Leading entertainment
company**



Initiatives for becoming what we aim to be in 10 years

CHANGE to an IP creation company

CHANGE to new business models

CHANGE to an ALL BANDAI NAMCO system

CHANGE to a corporate group that centers on people

FY2018.3 to FY2021.3

**A three-year period in which we will make changes that allow
us to demonstrate our existence well into the future**

Corporate Philosophy

MISSION STATEMENT

Dreams, Fun and Inspiration

VISION

**The Leading Innovator in
Global Entertainment**

New Mid-term Vision

CHANGE *for the* **NEXT**

挑戰 成長 進化

EMPOWER

GAIN MOMENTUM

ACCELERATE EVOLUTION

Numerical Targets

FY2018.3 forecasts

FY2021.3 targets

Net Sales	¥630.0 billion	¥750.0 billion
Operating Profit	¥57.0 billion	¥75.0 billion
Operating profit margin	9.0%	10.0% or more
ROE	11.4%	10.0% or more

New Organizational Framework

Starting from April 2018

Five-unit structure



Toys and Hobby Unit

Core company : BANDAI CO., LTD.



Network Entertainment Unit

Core company : BANDAI NAMCO Entertainment Inc.



Real Entertainment Unit

Core company : BANDAI NAMCO Amusement Inc.
(Name changed from NAMCO LIMITED)



Visual and Music Production Unit

Core company : BANDAI NAMCO Arts Inc.
(Integration of BANDAI VISUAL CO., LTD. and
Lantis Co., Ltd.)



IP Creation Unit

Core company : Sunrise Inc.



Affiliated Business Companies

Outline of the New Mid-term Plan

Corporate Philosophy

Dreams, Fun and Inspiration
The Leading Innovator in Global Entertainment

Mid-term Vision

CHANGE for the **NEXT**
挑戦 成長 進化
EMPOWER GAIN MOMENTUM ACCELERATE EVOLUTION

IP axis strategy

Accelerate evolution in IP axis strategy

Boost capability to create IP (structural changes)

Invest aggressively in IP creation

Business strategy

Empower push into new entertainment

Establish and enhance business infrastructure

Expand and strengthen business fields

Promote incubation

Region strategy

Gain momentum with ALL BANDAI NAMCO

Make full-blown entry into Chinese market

Establish system for ALL BANDAI NAMCO

Personnel strategy

Make **personnel** the core of the Group

Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures

Strategies Focusing

Correlation Diagram for Key Strategies and Units



Units

Toys and Hobby Unit

Network Entertainment Unit

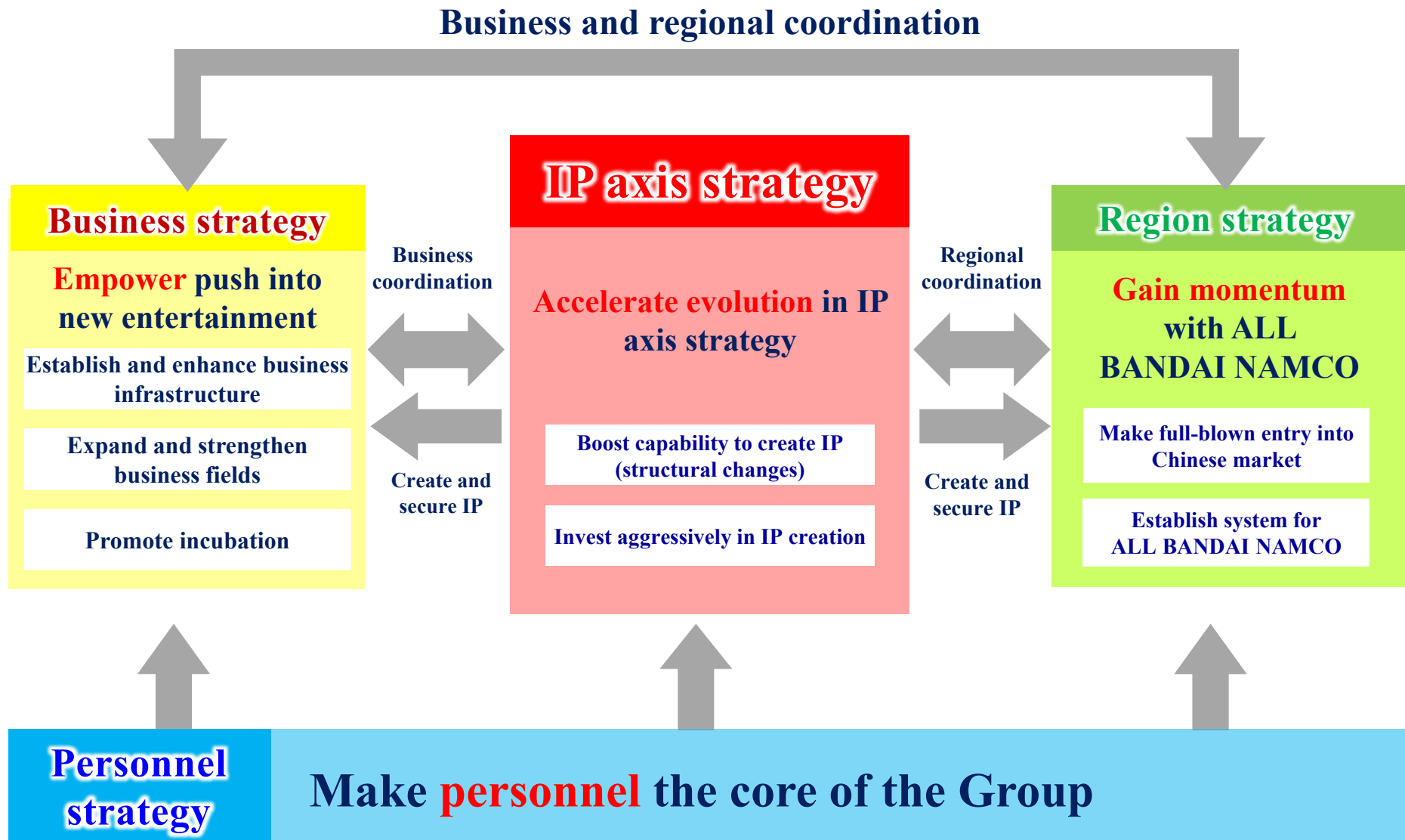
Real Entertainment Unit

Visual and Music Production Unit

IP Creation Unit

IP axis strategy	Boost capability to create IP (structural changes)				◎	◎
	Invest aggressively in IP creation				◎	◎
Business strategy	Establish and enhance business infrastructure		◎			
	Expand and strengthen business fields	◎	◎	◎	◎	
	Promote incubation					
Region strategy	Make full-blown entry into Chinese market	◎	◎			
	Establish system for ALL BANDAI NAMCO					
Personnel strategy	Establish environment to optimize employees' performance by tapping their individual strengths, and to empower new ventures					

Correlation diagram for each strategy



Accelerate Evolution in IP Axis Strategy

Boost capability to create IP(structural changes)

Drive IP creation

**Collaborate in an
open manner to
create IP**

New establishment

IP Creation Unit

**Create and expand optimal IP combinations that
connect with each business and service**

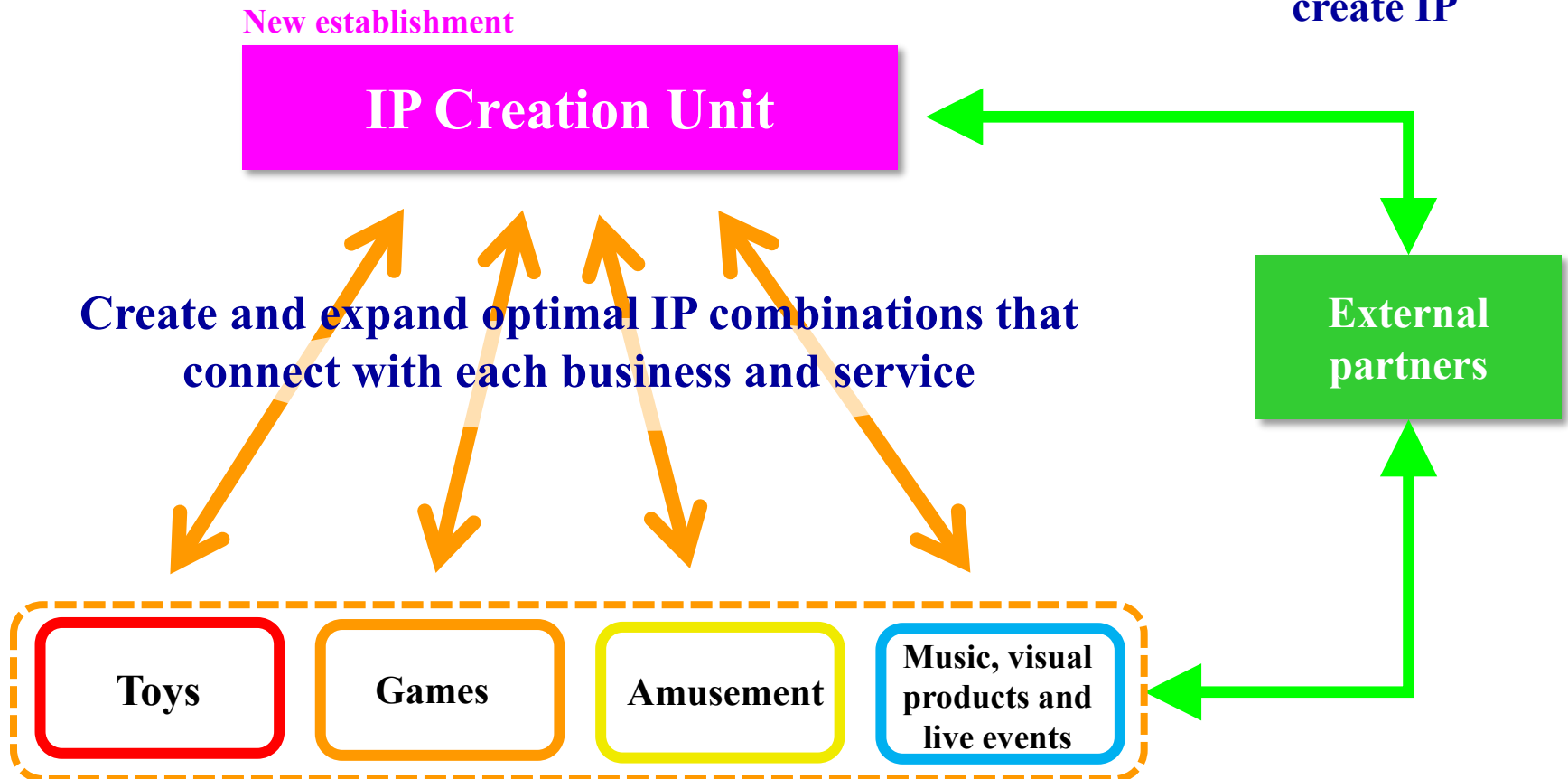
**External
partners**

Toys

Games

Amusement

**Music, visual
products and
live events**



Accelerate Evolution in IP Axis Strategy

Invest aggressively in IP creation

FY2019.3 to FY2021.3

Invest in IP creation

* Does not include investment (financing) to strengthen partnerships

25.0 billion



FY2016.3 to FY2018.3

Investment in IP creation 20.0 billion

Support for IP creation and

IP axis strategy

5.0 billion

Investment (financing) to
strengthen partnerships

15.0 billion

**Fivefold
increase**

● Investment in the creation of original IP

10.0 billion

- IP Creation Unit 6.0 billion
- Original IP development 4.0 billion (each unit)

● Investment by the IP Strategy Division

10.0 billion

- Initiatives with external IP 5.0 billion
- Support for internal IP axis strategy 5.0 billion

● Investment to support new challenges

5.0 billion

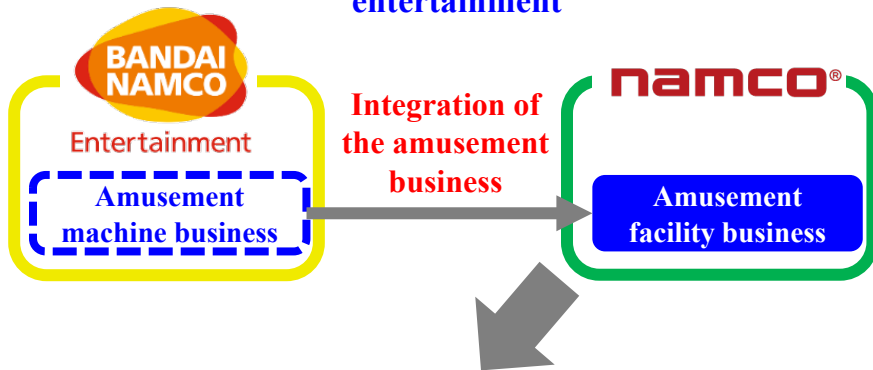
- New businesses, technologies, etc.

Empower Push into New Entertainment

Establish and enhance business infrastructure

Establishment of the new Real Entertainment Unit

Through the integration with the amusement business, the Real Entertainment Unit will aim for further evolution as an organization that provides real entertainment



BANDAI NAMCO Amusement Inc.

Manufacture and
sale of amusement
machines

Management of
amusement
facilities

Creation and
delivery of new
kinds of fun

Creation of new digital services

Accelerate the creation of new digital services through the integration of digital capabilities and the enhancement and expansion of platforms

- Integrate video distribution capabilities



- Enhancement and expansion of platforms

BXD Full-scale operation of new platform

 Expansion of fan club services

Empower Push into New Entertainment

Expand and strengthen business fields : ① Strengthen businesses aimed at mature fan base

Establishment of BANDAI SPIRITS CO., LTD.



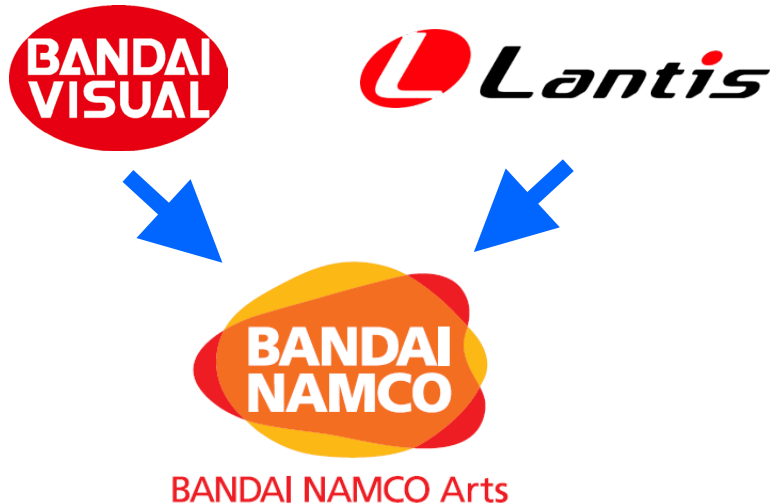
Work to accelerate business expansion through the rollout of specific brands for businesses aimed at mature fan base.

In doing so, become the No. 1 integrated hobby and entertainment company

Empower Push into New Entertainment

Expand and strengthen business fields : ② Strengthen the live entertainment business

Establishment of BANDAI NAMCO Arts Inc.



Creation of new entertainment that fuses
visuals with music
Creation of IP with even deeper connections
between visuals and music

Strengthen live events overseas

Strengthening of live events aimed
at overseas fans of Japanese IP
and anime songs



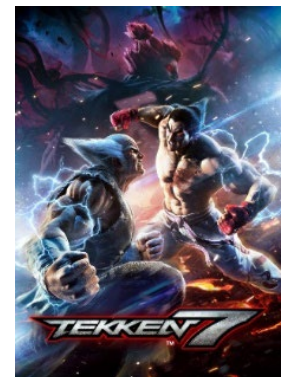
Creation of a multipurpose facility in Shibuya, Tokyo

Bolstering the live entertainment
business through the management of
a Company-owned facility



Full-scale entrance into e-sports

Take on challenges in new genres
of games and live events



Initiatives for a regional axis structure

Full-scale expansion in the Chinese market

Promote business expansion in the Chinese Market and undertake efforts under the ALL BANDAI NAMCO concept

Establish a regional holding company in China (Shanghai)

BANDAI NAMCO Holdings CHINA CO., LTD

Establishment plans

Game company
(Shanghai)

Toy company
(Shanghai)

Visual and music
company
(Shanghai)

Promote an IP axis strategy deeply rooted in local communities with the aim of becoming the No. 1 entertainment company

Establish system

Establish a structure to promote the ALL BANDAI NAMCO concept in each area

Promote an integrated office structure

Hong Kong and the United Kingdom :

Completion of an integrated office structure

China: Implementation slated to start from FY2019.3

Transition to a structure that implements the ALL BANDAI NAMCO concept in other regions as well

Promote the BANDAI NAMCO brand



Gradually unify our corporate mark in each region

Make Personnel the Core of the Group

Becoming a corporate group where employees with various personalities can work in a lively and energetic manner



**A group centered on human resource management,
particularly on entertainment and imagination**

Cultivation of global human resources

“Challenge” evaluation system

Efforts to reform work styles

**IP creation and support for
undertaking new businesses**

**Utilization of a diverse group
of human resources**

Personnel exchange

Capital Policy (Shareholder Returns Policy)

Revise shareholder returns policy to place more emphasis on capital costs and ROE

【Current policy】

Based on stable annual per share dividend payments of **¥24**, aiming for a consolidated dividend payout ratio of **30%**



【Revised policy】

Based on stable annual dividend payments reflecting **DOE 2%**, aiming for a consolidated **dividend payout ratio of 50% or higher**

Implement revised policy ahead of schedule,
starting with the year-end dividend for FY2018.3

Aim for 10 Years in the Future



CHANGE *for the* **NEXT**

挑戰 成長 進化

EMPOWER

GAIN MOMENTUM

ACCELERATE EVOLUTION

**Take on new challenges with a sense of urgency
and a high level of curiosity**

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.



BANDAI NAMCO Group

Mid-term Plan

April 2018 to March 2021



Reference: Numerical Targets (by unit)

		billion yen
		FY2018.3
		Forecast
Toys and Hobby	Segment sales	215.0
	Segment profit	15.0
Network Entertainment	Segment sales	380.0
	Segment profit	36.0
Visual and Music production	Segment sales	50.0
	Segment profit	12.0
Other	Segment sales	30.0
	Segment profit	1.0
Elimination and Corporate	Segment sales	-45.0
	Segment profit	-7.0
Consolidated	Net sales	630.0
	Operating profit	57.0



		FY2021.3
		Full-year targets for FY2021.3
Toys and Hobby	Segment sales	275.0
	Segment profit	20.0
Network Entertainment	Segment sales	310.0
	Segment profit	41.0
Real Entertainment	Segment sales	130.0
	Segment profit	8.0
Visual and Music production	Segment sales	40.0
	Segment profit	8.0
IP Creation	Segment sales	18.0
	Segment profit	6.0
Other	Segment sales	32.0
	Segment profit	1.0
Elimination and Corporate	Segment sales	-55.0
	Segment profit	-9.0
Consolidated	Net sales	750.0
	Operating profit	75.0