

## **BANDAI NAMCO Group**

Information Meeting
Fiscal Year Ending March 2019
2nd Quarter Result Presentation



# FY2019.3 1st Half Results

## First Half Results

billion yen

	FY 2018.3 1st Half Results	FY 2019.3 1st Half Forecast (as of Aug. 2018)	FY 2019.3 1st Half Results	Vs. previous year's results	Vs. previous forecast
Net Sales	308.8	306.0	334.6	+25.8	+28.6
<b>Operating Profit</b>	34.9	29.0	43.9	+9.0	+14.9
Recurring Profit	35.6	29.5	45.8	+10.2	+16.3
Profit Attributable to Owners of Parent	28.1	22.0	34.1	+6.0	+12.1
<b>Capital Investments</b>	44.6	10.5	10.7	-33.9	+0.2
Depreciation	10.5	11.0	9.3	-1.2	-1.7
<b>Advertising Expenses</b>	16.7	18.0	18.5	+1.8	+0.5
<b>Personnel Expenses</b>	26.8	26.0	28.4	+1.6	+2.4

## 1st Half Results by Segment

						billion yen
		FY 2018.3 1st Half Results	FY 2019.3 1st Half Forecast (as of Aug. 2018)	FY 2019.3 1st Half Results	Vs. previous year's results	Vs. previous forecast
Toys and Hobby -	Segment sales	98.1	110.0	112.3	+14.2	+2.3
	Segment profit	5.5	7.0	12.8	+7.3	+5.8
Network Entertainment	Segment sales	150.9	140.0	154.6	+3.7	+14.6
	Segment profit	24.1	17.0	23.4	-0.7	+6.4
Real Entertainment	Segment sales	44.6	46.0	46.0	+1.4	±0
	Segment profit	2.1	2.0	2.0	-0.1	±0
Visual and Music Production	Segment sales	16.3	19.0	20.5	+4.2	+1.5
	Segment profit	2.6	3.0	4.7	+2.1	+1.7
IP Creation	Segment sales	6.8	7.0	9.3	+2.5	+2.3
	Segment profit	2.4	2.0	2.5	+0.1	+0.5
Other	Segment sales	12.8	15.0	14.2	+1.4	-0.8
	Segment profit	0.2	0.5	0.5	+0.3	±0
Corporate and Elimination	Segment sales	-21.0	-31.0	-22.4	-1.4	+8.6
	Segment profit	-2.1	-2.5	-2.1	±0	+0.4
Consolidated -	Net sales	308.8	306.0	334.6	+25.8	+28.6
	Operating profit	34.9	29.0	43.9	+9.0	+14.9

## 1st Half Results by Segment

### **Toys and Hobby**

Japan: Favorable performances by plastic models, figures for the mature fan base, card games, etc.

Smooth progress with established IP, such as KAMEN RIDER and PRETTY CURE!

Asia: Favorable performance by Gundam plastic models, Ultraman products popular in China

Europe and the Americas: *DRAGON BALL* trading card games and products for the mature fan base were popular

#### **Network Entertainment**

**Network content:** Conditions remained favorable, centered on existing key titles that

had annual events

New titles also got off to good starts

New platform start-ups generated expenses

Home video games: Multiple new titles became smash hits, such as

Mobile Suit Gundam BATTLE OPERATION 2

Repeat sales and sales of titles from other companies also made

a contribution

## 1st Half Results by Segment

#### **Real Entertainment**

Game machines: Favorable results with new Wangan Midnight title

Facilities: New-format facilities, such as VS PARK, were favorable, but existing facilities

in Japan did not record growth

### **Visual and Music Production**

Packaged content: Favorable results recorded by high-value-added, high-priced products

Live events: Held large-scale events, such as Love Live! Sunshine!! and IDOLiSH7 events

### **IP Creation**

Worked to create new products and foster interest in key IP series, such as *Mobile Suit Gundam* series and *Love Live! Sunshine!!* 

## Initial Plan for Fiscal Year

### billion yen

	FY 2018.3 Results	FY 2019.3 Initial plan (as of May 2018)	Vs. previous forecast
Net Sales	678.3	650.0	-28.3
<b>Operating Profit</b>	75.0	60.0	-15.0
Recurring Profit	75.3	61.0	-14.3
Profit Attributable to Owners of Parent	54.1	43.0	-11.1
<b>Capital Investments</b>	54.8	22.0	-32.8
Depreciation	23.5	24.0	+0.5
<b>Advertising Expenses</b>	39.7	42.0	+2.3
<b>Personnel Expenses</b>	56.5	54.5	-2.0

The initial plan will not be revised at this point

It will be carefully reviewed in the future

## Initial Plan for Fiscal Year

			bil	lion yen
		FY 2018.3 Results	FY 2019.3 Initial plan	Vs. previous
			(as of May 2018)	forecast
Toys and Hobby	Segment sales	222.4	230.0	+7.6
	Segment profit	14.4	15.0	+0.6
Network Entertainment	Segment sales	326.5	300.0	-26.5
	Segment profit	50.1	35.0	-15.1
Real Entertainment	Segment sales	90.5	100.0	+9.5
	Segment profit	3.1	3.5	+0.4
Visual and Music Production	Segment sales	40.6	40.0	-0.6
	Segment profit	6.6	6.0	-0.6
IP Creation	Segment sales	16.9	15.0	-1.9
	Segment profit	5.2	4.5	-0.7
Other	Segment sales	27.6	30.0	+2.4
	Segment profit	0.7	1.0	+0.3
Corporate and Elimination	Segment sales	-46.4	-65.0	-18.6
	Segment profit	-5.4	-5.0	+0.4
Consolidated	Net sales	678.3	650.0	-28.3
	Operating profit	75.0	60.0	-15.0

The initial plan will not be revised at this point

It will be carefully reviewed in the future

## Factors Affecting Full-Year Outlook

### Variable factors in businesses

- Trends in the coming Christmas / New Year selling season, the largest selling season of the year for the Toys and Hobby business
- Plans for multiple new home video game titles in 3rd quarter onward
- Changes in operating environment for digital content, which is currently recording favorable results
- Careful review of title lineup for visual and music packaged products

## Will reexamine full-year outlook

## **Toys and Hobby**

Strengthening roll-outs for the mature fan base in Japan and overseas

#### **Gundam Plastic Model**



Favorable results, centered on Japan and Asia

#### THE GUNDAM BASE SHANGHAI



First flagship shop in inland China

Opened in August 2018

#### Collectable items

Expanding brand recognition in Japan and overseas



**Card Products** 

Japan: *DATA CARDDASS* favorable
North America: Trading card games popular

Full-blown entry to North America through establishment of new company







## **Toys and Hobby**

### Mainstay products for children in Japan + launch of new products

### **Established IPs**



New KAMEN RIDER off to a favorable start



Launch of new *Tamagotchi* model



Launch of new card game products using AI technologies

### **Toy-related items**

Successive launches of toy-related items, such as apparel, capsule toys,

cosmetics, and confectionery / foods



**Smartphone-linked shoes:** *UNLIMITIV* 



Capsule toys: Roly Poly Bug



Food: Charaful



## **Network Entertainment**

Continued favorable performances by key titles & taking on the challenge of providing new value

**Network content: Existing key titles** 

Maintaining popularity through operations that reflect effective event implementation and data analysis









**Network content: New titles** 

Launches of titles with a focus on quality



Group collaboration for new IP



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Moving forward, start fullscale collaboration with Group businesses

Dragonball Dragon Potato (Bucchigiri Match Ver.)



## **Network Entertainment**

Launches of major titles concentrated in 2nd half, strengthening e-sports initiatives

#### **Home Video Games**

Launch major worldwide titles in 2nd half









SOULCALIBUR VI

GOD EATER3

ACE COMBAT7

JUMP FORCE

### e-Sports

Strengthen initiatives with aim of expanding base of fans and users





Tokyo Game Show: *TEKKEN* Pro Championships — Play-Off Match to Determine the Japan Representative

## Real Entertainment

In addition to the launch of new machines, start to roll-out new venues

#### **Facilities**



Favorable results with new-format facilities

Amusement facilities: Targeting the busy yearend/New Year's sales period, roll out a variety of initiatives, such as limited-edition prizes

#### **Amusement machines**

Start of operation of Mobile Suit Gundam: Extreme Vs. 2





### **Retail-tainment mall**

### **Start of Hamleys roll-out in Japan**

**BANDAI NAMCO's hospitality** 

X

Hamleys' worldview





## Trends by Business Visual and Music Production

Continued roll-out of business collaborations, targeting IP creation and development

### **Strengthening IP creation capabilities**

- Strengthening collaboration among visual, music, and live
- Strengthening development system at Actas





### **Future high-expectation titles**



That Time I Got Reincarnated as a Slime **October: Start of animation** broadcast



The Magnificent KOTOBUKI January: Start of animation broadcast

### Major live events









IDOLiSH7 1st LIVE MetLife Dome

Love Live! Sunshine!! Agours 4th LoveLive! **Tokyo Dome** 

### **IP Creation**

### Simultaneously rolling out newly created IP and key innovations

**Strengthening IP creation capabilities** 



Investment in Sublimation Inc., which has high-quality computer graphics product capabilities

⇒ Strengthening IP creation capabilities

### **High-expectation products in the 2nd half**



DOUBLE DECKER!
Doug & Kirill



Theatrical version

Love Live! Sunshine!!

#### Mobile Suit Gundam

Advancing strategies, targeting theatrical product openings & worldwide roll-outs







## Progress with main strategies

### Strengthening IP axis strategy

## **BANDAI NAMCO Content Fund**

- Groupwide investment
- Collaboration with external partners
- Full-scale operation from FY2020.3
- Investment limit: ¥5.0 billion

### Make full-blown entry into Chinese market

## In process of building organizational foundation

Also preparing for roll-outs in businesses
 other than Toys and Hobby and Network Entertainment

## Mid-term Vision





#### **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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