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

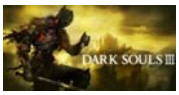
		FY 2016.3 1st Half Results	FY 2017.3 1st Half forecast (end of 1Q)	FY 2017.3 1st Half Results	Vs. previous year's results	Vs. previous forecast
Toys and Hobby	Segment sales	103.9	100.0	91.1	-12.8	-8.9
	Segment income	11.5	6.5	6.9	-4.6	0.4
Network Entertainment	Segment sales	147.2	170.0	179.7	+32.5	+9.7
	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

Forecast by Segment

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

Forecast by Segment

First half vs. Second half

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

Japan: Expected changes to product mix
Overseas: Investment in large-scale promotions of *Power Rangers* series in the second half, among others

		FY 2017.3 1st Half Results	FY2017.3 2nd Half forecast	FY2017.3 forecast
Network Entertainment	Segment sales	179.7	170.3	350.0
	Segment income	25.8	8.7	34.5

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

		FY 2017.3 1st Half Results	FY2017.3 2nd Half forecast	FY2017.3 forecast
Visual and Music Production	Segment sales	27.5	19.5	47.0
	Segment income	8.0	4.0	12.0

Disproportionate release of major titles in the first half, such as *Love Live!* and *Girls und Panzer*

Progress of Mid-Term Plan

Mid-term Vision

Mid-term Vision

Requirements for advancing to the next stage

Accelerate Evolution in IP Axis Strategy	Gain momentum in global markets

Direction to Aim for in the Mid-Term Plan

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

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

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

Overseas

Implement massive promotions

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

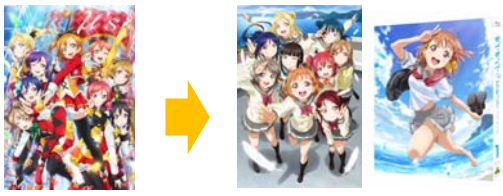
New application of VR ZONE know-how

Example:
VR + Amusement facilities

Visual and Music production

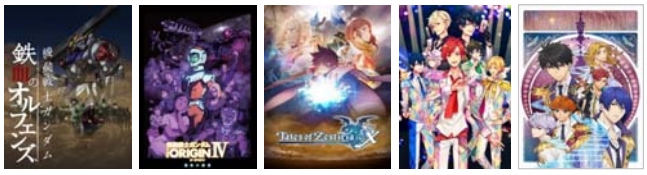
Simultaneously reinforce IP creation and production capabilities

Create and develop IP



Develop IP together with fans

Expand development of existing IP



Expand business range

Fan club business

Mid-term Vision

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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