



Capcom Co., Ltd.
(Tokyo Exchanges,
First Section, 9697)

Overview of Strategies and Plans
Fiscal Year ending March 31, 2016

Forward-looking Statements

Strategies, plans, outlooks and other statements that are not historical facts are based on assumptions that use information currently available and reasonable judgments. Actual performance may be significantly different from these statements for a number of reasons.

In the entertainment industry, which includes Capcom, performance may be highly volatile because of diversifying user needs and other changes in market conditions. Items that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) the popularity of home video game consoles; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; and (7) changes in market conditions. Please note that this is not a complete list of factors that can influence Capcom's operating results.

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Summary of Major Financial Information

1. Mid-Term Goals

1. Mid-Term Goals

■ Targets (cumulative) for 5 years from FY2013 (ending FY 2017)

- **Cumulative operating income: 70 billion yen**
- **Operating margin of 20% in the year ending March 2018**

■ Breakdown by Business Segments

	Cumulative operating income from FY2013 to FY2017 (revised forecast)	FY2017 Operating margin
Digital Contents	57.0 billion yen	22%
Arcade Operations	8.5 billion yen	15%
Amusement Equipments	20.0 billion yen	27%
Other Businesses	5.5 billion yen	45%
Total	70.0 billion yen	20%

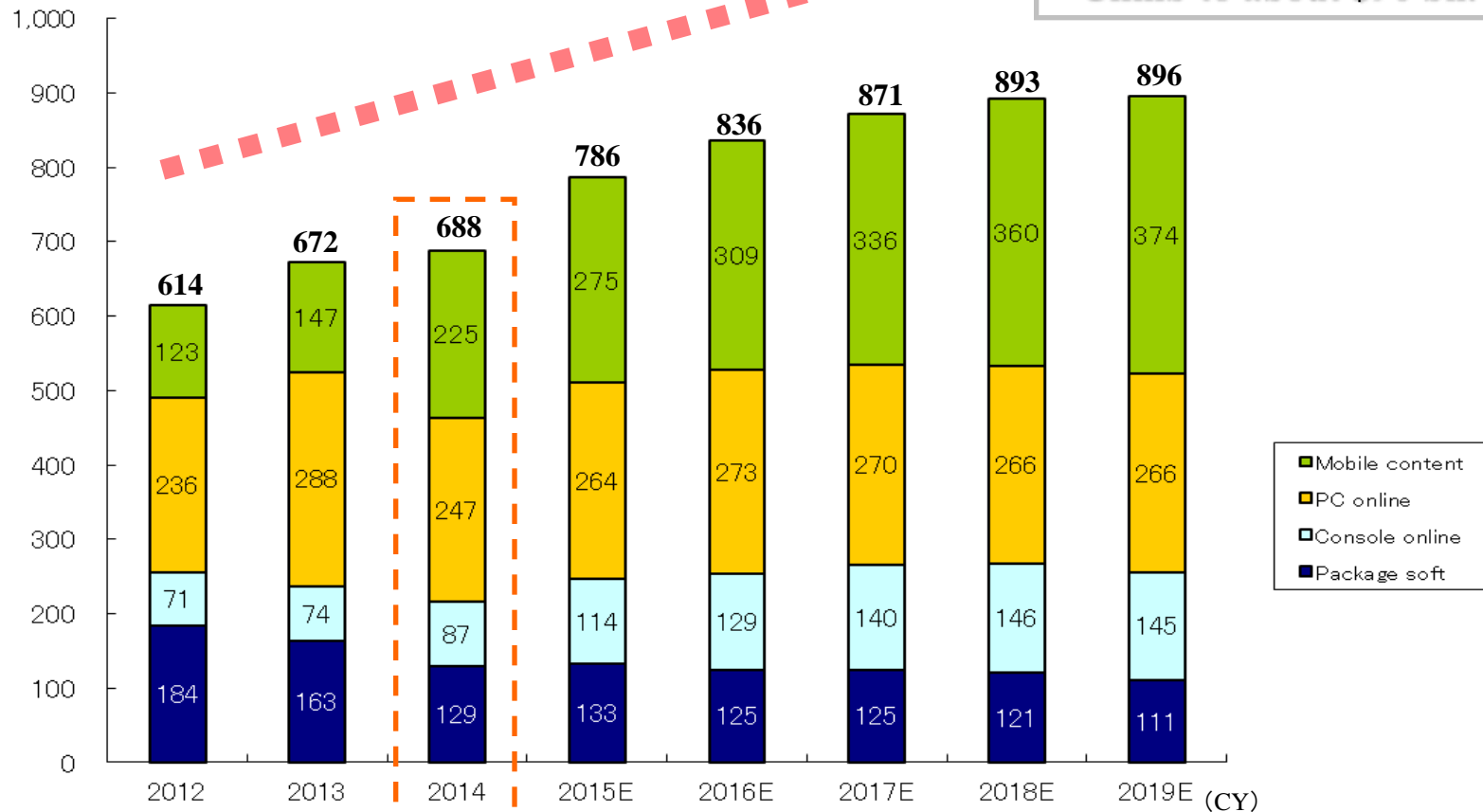
2. Strategies for Growth

2-1. Market Overview

The game market is expanding worldwide and Capcom continues to grow due to mobile and download sales

■ Total of Home Video Games, PC Online and Mobile Contents Market

(US\$ 100 Million)



Climb to about \$90 bn. market

E: Estimate *Source : Data prepared from International Development Group

Strategies for Growth

■ Strategy 1: Strengthen the Consumer business

- Reinforce digital download contents activities
- Expand the title lineup by fully implementing the 60-month map

■ Strategy 2: Step up the Online Games business

- Reinforce marketing activities and measures of monetize
- Make the lineup of internally developed titles more powerful
- Promote the alliance establishments with companies in Asia

3. Forecasts for FY 2015

3. Forecasts for FY 2015

Forecast higher sales and earnings because of stronger lineups in the Digital Contents and Amusement Equipments segments

(Million yen)

	2015/3	2016/3Plan	Difference
Net sales	64,277	76,000	11,723
Operating income	10,582	12,000	1,418
Operating margin	16.5%	15.8%	-
Ordinary income	10,851	11,700	849
Net income	6,616	7,700	1,084

- Higher sales and earnings from stronger sales activities for Digital Contents products and pachislo machines
- Plan to keep the operating margin above 15% by operating efficiently
- Net income per share forecast is ¥136.94
- Forecast a ¥15 interim dividend and ¥25 year-end dividend, resulting in a ¥40 dividend for the fiscal year

4. Business Segments Highlights

4-1. Digital Contents

4-1. Digital Contents – Strategic Objectives and Plan (1)

**Focusing on growing markets by introducing major game series titles
and increasing digital download sales**

■ Consumer– Strategic Objectives

- **Introduce more titles in Japan and overseas**
 - ⇒ Plan to launch more titles in popular game series; one example is “Street Fighter V”
 - ⇒ Will utilize existing intellectual property, such as by selling HD remastered versions of popular older games

- **Use digital download versions of full-game and add-on contents for earnings growth**
 - ⇒ For full-game downloads, extensive sales activities for catalogue titles
 - ⇒ Strategic use of additional digital download contents for major titles to extend the life of these titles
 - ⇒ Increase digital download contents sales in emerging countries by using STEAM and other online platforms

4-1. Digital Contents – Strategic Objectives and Plan (2)

■ FY2015 Sales Plan for Major Consumer Titles

(Thousand units)

Hard	Title	Plan
3DS	The title related to Monster Hunter	2,500
PS4 PC	Street Fighter V	2,000

* Plan includes the units of full game download sales

4-1. Digital Contents – Strategic Objectives and Plan (3)

Goal is to hold sales volume steady due to higher full-game download sales despite a smaller number of titles

■ FY2015 Unit Sales Plan (Consumer)

(Thousand units)

	2014/3	2015/3	2016/3 Plan	Difference
Titles	42	33	29	-4
Package				
Japan	6,700	4,000	4,300	300
North America	3,800	2,400	1,200	-1,200
Europe	1,900	1,300	300	-1,000
Asia	300	300	200	-100
Package Total	12,700	8,000	6,000	-2,000
Digital download contents				
Full-game download	4,800	5,000	7,000	2,000
Total	17,500	13,000	13,000	0

4-1. Digital Contents – Strategic Objectives and Plan (4)

**Focusing on creating hit mobile apps by leveraging powerful IP
in Japan and overseas**

■ Mobile Contents– Strategic Objectives

▪ **Create hit titles using the Capcom and Beeline brands**

⇒ Plan to distribute “Monster Hunter Explorer” (Android/iOS) in 2015

⇒ Aiming for global growth by using the Beeline brand
to sell titles for women

▪ **More Capcom brand titles in Asia**

⇒ Activities will use alliances with TEEPLAY Interactive Limited,
Asiasoft Corporation Public Company Limited,
Qihoo 360 Technology Co. Ltd.
and other prominent Asian companies



“Monster Hunter Explore”

4-1. Digital Contents – Strategic Objectives and Plan (5)

Establish a stronger profit structure by building on the popularity of major titles and introducing new titles in Japan and overseas

■ PC Other– Strategic Objectives

▪ Enlarge and strengthen the title lineup in Japan

⇒ Offer continuous updates for the PC online game “Monster Hunter Frontier G”

⇒ Plan to start distribution of the PC browser game “Breath of Fire 6” in the summer of 2015

⇒ Plan to start services for “Dragon’s Dogma Online” (PC/PS4/PS3) in 2015

▪ Launch more new titles in Asia

⇒ Closed beta testing started in April 2015 for “Monster Hunter Online”
with alliance partner Tencent Holdings Limited

⇒ Plan to start services in 2015 for “Monster Hunter Mezeoporuta Kaitakuki”
with Tencent Holdings Limited

⇒ Preparing to start distribution of several titles in other areas of Asia

4-1. Digital Contents – Strategic Objectives and Plan (6)

Expect sales and earnings growth backed by an efficient development and operations infrastructure and a larger title lineup

■ Digital Contents Plan

(100 million yen)

	2014/3	2015/3	2016/3Plan	Difference
Net sales	658	453	485	32
Operating income	44	102	110	8
Operating margin	6.8%	22.5%	22.7%	—
(Composition)				
Package	433	262	260	-2
Digital download contents	97	90	90	0
Consumer total	530	352	350	-2
Mobile Contents	65	41	55	14
PC Other	63	60	80	20

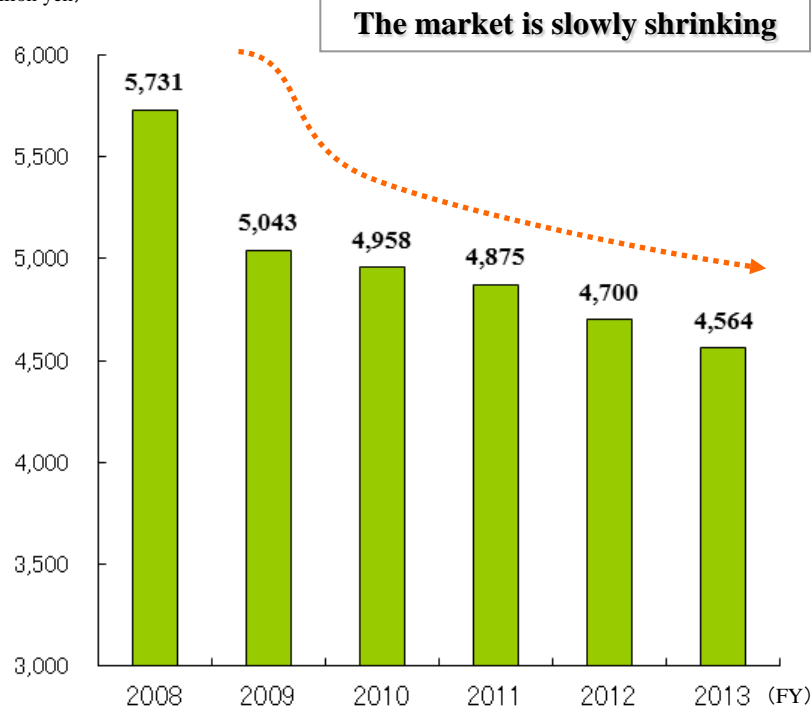
4-2. Arcade Operations

4-2. Arcade Operations – Market Overview

Japan's arcade market is shrinking slowly, but large arcade sales are generally level as small and midsize arcade sales decline

■ Amusement Arcade Market

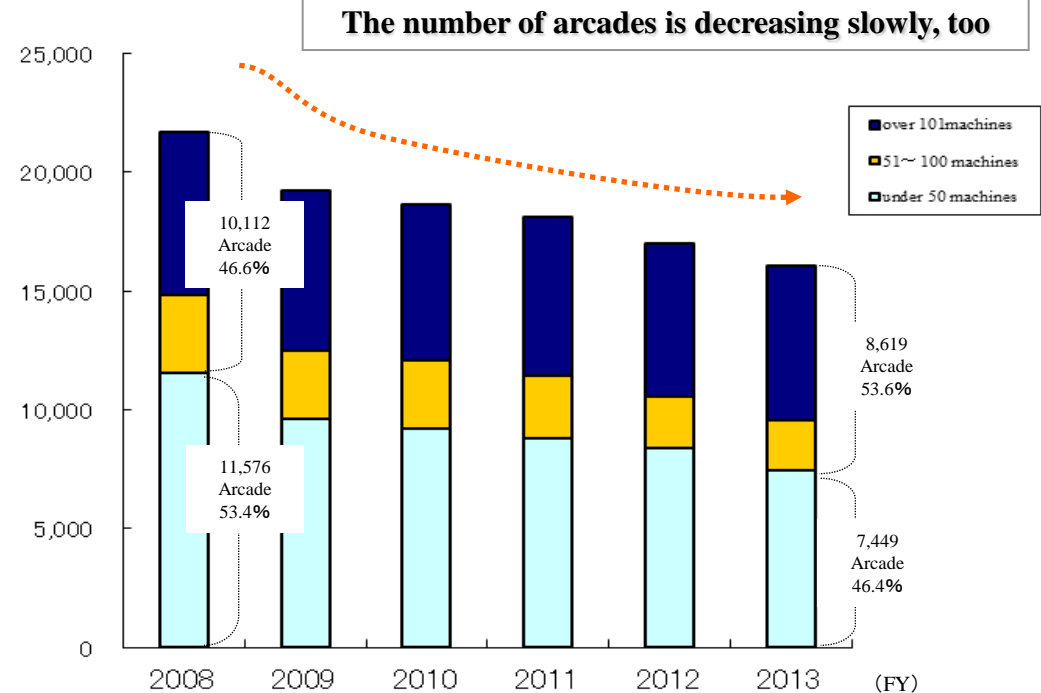
(100 million yen)



*Source: Amusement Industry Survey Report

■ Number of Amusement Arcades (by number of machines)

(Unit: Facilities)



*Source: Amusement Industry Survey Report

4-2. Arcade Operations – Strategic Objectives and Plan

Our goal is to attain performance recovery by attracting new customer segments and opening arcades in carefully selected locations

■ Arcade Operations – Strategic Objectives

▪ **Grow by creating more opportunities for earnings and opening arcades**

⇒ Increase the vitality of arcades with measures like escape attractions that use Capcom characters and the addition of cafés and restaurants

⇒ Planning on a 1% increase in sales on an existing-arcade basis

⇒ Plan to open 4 arcades and close 2 in FY3/16,
total of 35 facilities



“ASOBI library Kawaguchi”

■ Arcade Operations Plan

(100 million yen)

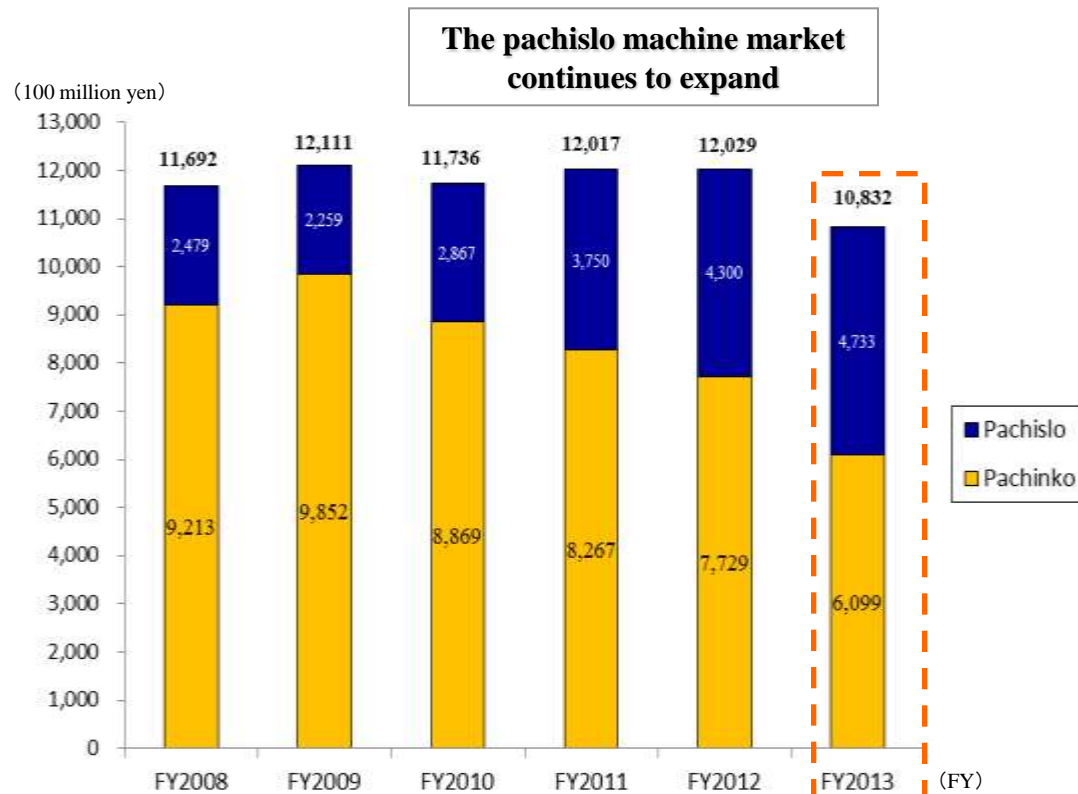
	2014/3	2015/3	2016/3 Plan	Difference
Net sales	106	92	100	8
Operating income	16	9	11	2
Operating margin	15.2%	10.2%	11.0%	-
Year-to-Year Ratio of Existing arcades	95%	90%	101%	-

4-3. Amusement Equipments

4-3. Amusement Equipments – Market Overview

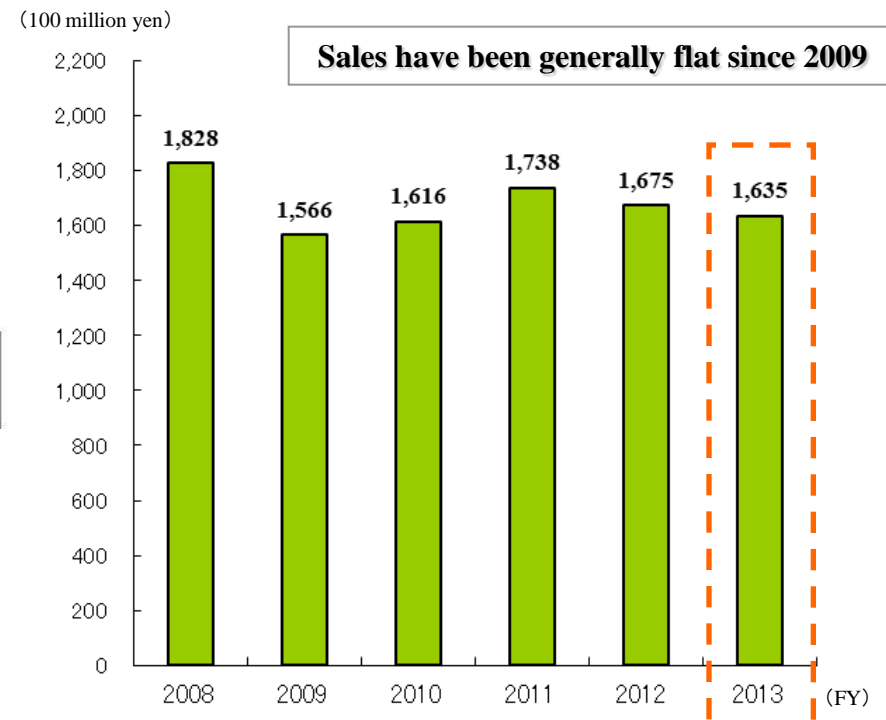
Demand for pachinko & pachislo machines is sluggish and sales in the arcade game market are declining very slowly

■ Pachinko & Pachislo Machines Market



*Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2013,2014); Yano Research Institute Ltd.

■ Arcade Machines Market



*Source: Amusement Industry Survey Report

4-3. Amusement Equipments – Strategic Objectives and Plan

Forecast higher sales and earnings as both the pachinko & pachislo and arcade game introduce new core products that reflect current market needs

■ Pachinko & Pachislo – Strategic Objectives

- Solid sales of models complying with the revised rules
 - ⇒ Planning on sales of 45,000 units for two new Capcom pachislo machines

■ Arcade Games Sales – Strategic Objectives

- Expand the lineup with music games and other new products
 - ⇒ Plan to launch “crossbeats REV.” (summer 2015), “Luigi Mansion” (June 2015) etc.
 - ⇒ Plan to use these new titles to create new business opportunities, such as a game that bills customers via the Internet

■ Amusement Equipments Plan (Sum of Pachinko & Pachislo and Arcade Games Sales)

(100 million yen)

	2014/3	2015/3	2016/3 Plan	Difference
Net sales	231	75	150	75
Operating income	71	27	30	3
Operating margin	30.8%	36.3%	20.0%	-

*FY2014 sales will be 8:2 between Pachinko & Pachislo and Arcade Games Sales

4-4. Other Business

4-4. Other Business – Strategic Objectives and Plan

Use the Single Content Multiple Usage strategy to raise awareness of major brands and maximize earnings

■ Character Contents – Strategic Objectives

- **Target non-video-game-users by using TV programs and stage shows**
 - ⇒ Debut of the stage show “Ace Attorney 2 – Saraba Gyakuten” is April 29, 2015
- **Use of major game series for joint activities with companies in other industries**
 - ⇒ Target people who do not play video games with “Monster Hunter”, “Resident Evil” and other collaboration with Universal Studios Japan
 - ⇒ Sell licenses to local governments, museums and other organizations for the use of “Sengoku BASARA”

■ Other Businesses Plan

(100 million yen)

	2014/3	2015/3	2016/3 Plan	Difference
Net sales	25	21	25	4
Operating income	10	6	10	4
Operating margin	38.6%	30.8%	40.0%	-

5. Additional Information (1)

About Capcom

5-1. The Businesses of Capcom

Capcom uses its game content as the basis for a broad range of business activities

Mature Businesses

% of Net Sales : **30%**

- * Deepen relationships with core fans
- * Increase brand value

Publishing, Video and Characters business

- * Products using characters in games
- * Movies, animation and plays based on games

Pachinko & Pachislo

- * Develop, manufacture and sell machines that use popular content
- * Develop machines for other companies

Arcade Games Sales

- * Development of arcade machines using Capcom content

- * Feedback of data from operations
- * Installation of Capcom products

Arcade Operations

CAPCOM
Capcom's Content Portfolio

Growth Potential Businesses

% of Net Sales : **70%**

Consumer business

- * Development and sale of games for home video game units
- * Download sales of main title and additional content
- * Creation of new brands by developing original content

* Activities that capture synergies

PC Other

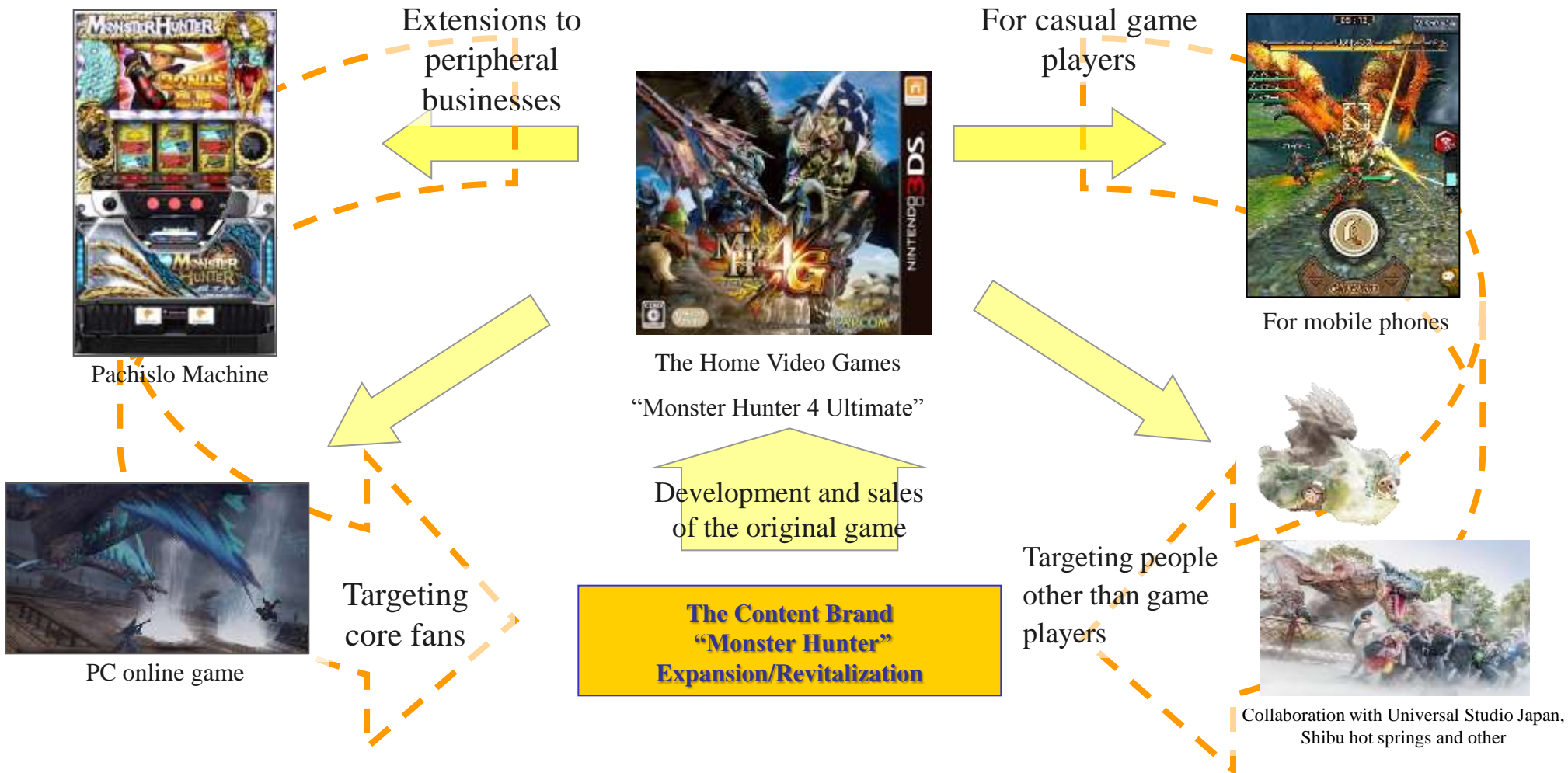
- * Operation of PC online games
- * PC browser games and other new content

Mobile Contents

- * Develop games suited for smartphones and cell phones
- * Supply content for tablets, e-book readers and many other types of hardware

5-2. Example : Expansion of “Monster Hunter”

Capcom can use its collection of powerful original game content for home video consoles as well as in many other businesses



5-3. Capcom's Competitive Edge

**Global popularity backed by many well-known brands
for home video games**

■ A lineup of powerful titles

(1) Successful home video games along with a large volume of proprietary content, the key to horizontal growth

- “Resident Evil” series: 65 million units
- “Street Fighter” series: 36 million units
- “Monster Hunter” series: 32 million units
- “Devil May Cry” series: 14 million units
- “Dead Rising” series: 8.2 million units
- “Dragon’s Dogma” series: 2.2 million units

※as of March 31, 2015

■ A world leader in game development and technology

- (1) Rather than relying solely on our major game titles, we create original content every year to establish new sources of growth.**
- (2) Basic research involving game development is another strength; we are now using a highly advanced software development tool that we created to facilitate producing games for multiple platforms.**



6. Additional Information (2)

Summary of Major Financial Information

Summary of Major Financial Information (1)

● Profit and Loss Sheet

(Million Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
Net Sales	94,075	102,200	64,277	62.9%	76,000	118.2%
Gross Profit	32,163	29,949	25,898	86.5%	29,500	113.9%
% of Gross Profit	34.2%	29.3%	40.3%	-	38.8%	-
Sales and G&A Expenses	21,942	19,749	15,403	78.0%	17,500	113.6%
Operating Income	10,151	10,299	10,582	102.7%	12,000	113.4%
% of Operating Income	10.8%	10.1%	16.5%	-	15.8%	-
Ordinary Income	10,944	10,946	10,851	99.1%	11,700	107.8%
% of Ordinary Income	11.6%	10.7%	16.9%	-	15.4%	-
Net Income	2,973	3,444	6,616	192.1%	7,700	116.4%
% of Net Income	3.2%	3.4%	10.3%	-	10.1%	-

● Sales by Business Segments

(Million Yen)

		2013/3	2014/3	2015/3	%	2016/3 Plan	%
Digital Contents	Net sales	63,636	65,824	45,351	68.9%	48,500	106.9%
	Operating income	7,062	4,489	10,208	227.4%	11,000	107.8%
	Operating margin	11.1%	6.8%	22.5%	-	22.7%	-
Arcade Operations	Net sales	10,944	10,620	9,241	87.0%	10,000	108.2%
	Operating income	1,709	1,617	940	58.1%	1,100	117.0%
	Operating margin	15.6%	15.2%	10.2%	-	11.0%	-
Amusement Equipments	Net sales	16,783	23,160	7,540	32.6%	15,000	198.9%
	Operating income	4,892	7,131	2,736	38.4%	3,000	109.6%
	Operating margin	29.1%	30.8%	36.3%	-	20.0%	-
Others	Net sales	2,711	2,594	2,144	82.7%	2,500	116.6%
	Operating income	740	1,001	661	66.0%	1,000	151.3%
	Operating margin	27.3%	38.6%	30.8%	-	40.0%	-

*Results of Digital Contents business consists of past "Consumer Online Games business" and "Mobile Contents business".

● Sales by Geographic Area

(Million Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
Japan	65,873	86,532	50,877	58.8%	59,000	116.0%
North America	17,377	10,179	8,678	85.3%	12,500	144.0%
Europe	9,406	4,320	3,413	79.0%	3,500	102.5%
Others	1,417	1,167	1,308	112.1%	1,000	76.5%

Summary of Major Financial Information (2)

● Promotional Expense

(Million Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
Capcom Japan	2,632	3,074	1,889	61.5%	2,100	111.2%
Consolidated	6,875	4,269	2,798	65.5%	4,300	153.7%

● Number of Arcades

(facilities)

	2013/3	2014/3	2015/3	difference	2016/3 Plan	difference
Consolidated	34	33	33	-	35	2

● Capital Expenditure

(Million Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
Capcom Japan	1,364	1,846	1,499	81.2%	2,800	186.8%
Consolidated	3,077	2,252	5,564	247.1%	6,200	111.4%

● Depreciation

(Million Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
Capcom Japan	2,891	4,130	2,882	69.8%	4,900	170.0%
Consolidated	3,406	4,638	3,535	76.2%	5,500	155.6%

● Number of Employees

(Persons)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
Capcom Japan	1,820	1,951	2,033	104.2%	2,200	108.2%
Consolidated	2,476	2,601	2,681	103.1%	3,000	111.9%

● R&D Investment Cost

(Million Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
R&D Investment Cost	30,978	26,691	25,301	94.8%	30,000	118.6%
Technical R&D Cost	1,982	2,002	823	41.1%	1,400	170.1%

● Foreign Exchange Rate (end of March)

(Yen)

	2013/3	2014/3	2015/3	%	2016/3 Plan	%
USD/¥	94	102	120	117.6%	118	98.3%
Euro/¥	120	141	130	92.2%	128	98.5%

Summary of Major Financial Information (3)

●Sales Units Shipped <platform>

(Thousand Units)

		2013/3	2014/3	2015/3	Difference	2016/3 Plan	Difference
Playstation 2	Total Titles	-	-	-	-	-	-
	Sub Total	100	-	-	-	-	-
Playstation 3	Total Titles	21	17	13	-5	-	-
	Sub Total	7,100	4,200	2,450	58.3%	-	-
PSP	Total Titles	4	-	5	5	-	-
	Sub Total	600	200	250	125.0%	-	-
Wii	Total Titles	2	2	-	-2	-	-
	Sub Total	700	350	150	42.9%	-	-
Nintendo DS	Total Titles	7	4	5	1	-	-
	Sub Total	1,300	4,700	3,750	79.8%	-	-
Xbox 360	Total Titles	8	11	7	-4	-	-
	Sub Total	3,700	2,950	1,200	40.7%	-	-
PC & Others	Total Titles	4	5	3	-2	-	-
	Sub Total	500	300	200	66.7%	-	-
Package total	Total Titles	46	39	33	-6	27	-6
	Sub Total	14,000	12,700	8,000	63.0%	6,000	75.0%
Full-game download	Total Titles	-	3	-	-3	2	2
	Sub Total	2,700	4,800	5,000	104.2%	7,000	140.0%
Total	Total Titles	46	42	33	-9	29	-4
	Sub Total	16,700	17,500	13,000	74.3%	13,000	100.0%

*Full-game download includes the titles distributed only by download

●Sales Units Shipped <platform>

(Thousand Units)

	2013/3	2014/3	2015/3	Difference	2016/3 Plan	Difference
Distribution titles	550	1,400	750	53.6%	500	66.7%
Old titles	3,900	5,700	6,000	105.3%	5,500	91.7%

●Sales Units Shipped <geographic>

(Thousand Units)

	2013/3	2014/3	2015/3	Difference	2016/3 Plan	Difference
Japan	4,500	6,700	4,000	59.7%	4,300	107.5%
North America	5,400	3,800	2,400	63.2%	1,200	50.0%
Europe	3,600	1,900	1,300	68.4%	300	23.1%
Asia	500	300	300	100.0%	200	66.7%
Full-game download (global)	2,700	4,800	5,000	104.2%	7,000	140.0%
Total	16,700	17,500	13,000	74.3%	13,000	100.0%