



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

Results of Operations and Strategies
First half of fiscal year ending March 31, 2015

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 players; (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.

Contents

1. Consolidated Financial Highlights	... P3
3. Point of Financial Highlights	... P 5
4. Business Segment Information	... P 7
5. Forecast for Year ending March 31, 2015	... P 23
6. Additional Information	... P 25

Consolidated Financial Highlights

First Half Consolidated Financial Highlights

Although sales and earnings were down, mainly because of the contribution of a major title one year earlier, profitability improved due mostly to cost cutting

■ 6 Months Results in FY9/13 vs. FY9/14

(Million yen)

	2013/9	2014/9	Difference
Net sales	53,234	25,917	-27,317
Operating income	7,509	4,383	-3,126
Operating margin	14.1%	16.9%	2.8 _{points}
Ordinary income	8,190	4,540	-3,650
Net income	4,950	2,973	-1,977

■ Consumer business sales and earnings were down chiefly because of the contribution one year earlier from the launch of “Monster Hunter 4”

■ Net income per share was ¥52.89

Point of Financial Highlights

Growth Strategy Initiatives

■ Improve the Consumer business

- **“Monster Hunter 4 Ultimate” shipments in Japan reached 2 million units**

**As of October 15, 2014, including full-game download sales*

- **The first half digital download sales ratio in the Consumer sub-segment was about 43%**

■ Strengthen the Online Games business

- **Started distribution of native apps and online games in Asia**

Business Segment Information

Digital Contents

Digital Contents – First Half Highlights (1)

Concentrating on repeat sales of current titles and digital download sales amid an absence of major new titles

First Half Highlights (Consumer)

- Sales down from one year earlier when “Monster Hunter 4” contributed to sales
- Sales of “Ultra Street Fighter IV” are as planned with shipments now more than 500,000 units
- Strong digital download (DLC) sales chiefly repeat titles, which have high profit margins

First Half Sales of Major Titles (Consumer)

(Thousand units)

Platform	Title	Region	Date	Result
PS3 Xbox 360 PC	Ultra Street Fighter IV	Japan	8/7	500
		North America	8/5	
		Europe	8/8	

* Result includes the units of full-game download version

*Japan includes sales in other Asian countries

Digital Contents – First Half Highlights (2)

**Sales volume down due to strong sales of a major title one year earlier,
but full-game download sales were increased**

■ Unit Sales for the 6 Months (Consumer)

(Thousand units)

	2012/9	2013/9	2014/9	Difference
Titles	17	20	14	-6
Package				
Japan	1,800	3,800	600	-3,200
North America	3,100	1,600	1,050	-550
Europe	2,300	1,100	400	-700
Asia	200	200	50	-150
Package Total	7,400	6,700	2,100	-4,600
Digital download contents				
Full-game download	800	2,000	2,100	100
Total	8,200	8,700	4,200	-4,500

* Titles includes the new titles available only for download

Digital Contents – First Half Highlights (3)

Mobile Contents sales were lower because of ongoing structural reforms but PC and others sales were higher, mainly for major titles

■ First Half Highlights (Mobile Contents)

- The absence of major titles brought down sales for the Capcom and Beeline brands, but operating profit increased because of a decline in expenses
- For the Capcom brand, the new title “Street Fighter IV Arena” launched in Korea in July 2014
- For the Beeline brand, “Snoopy’s Sugar Drop” started in June 2014

■ First Half Highlights (PC Others)

- Sales of “Monster Hunter Frontier G”, the core title, were strong due in part to the August 2014 launch of a PlayStation Vita version
- In China, distribution started for the PC browser game “Onimusha Soul” and the PC online game “Ghosts ’n Goblins Online” in July 2014
- Developing is proceeding on “Monster Hunter Online” in China with Tencent Holdings Limited

Digital Contents – First Half Performance

Sales and earnings down due to absence of major titles,
but rigorous cost controls raised profitability

■ First Half Digital Contents Performance

(100 million yen)

	2012/9	2013/9	2014/9	Difference
Net sales	349	375	134	-241
Operating income	57	53	21	-32
Operating margin	16.5%	14.3%	16.0%	—
(Composition)				
Package	238	253	45	-208
Digital Download Contents	21	54	34	-20
Consumer total	259	307	79	-228
Mobile Contents	60	36	24	-12
PC Other	30	32	31	-1

Digital Contents – Second Half Strategies (1)

**Concentrating on sales of major titles
and on increasing DLC sales**

■ Second Half Strategy (Consumer)

- **Started selling “Monster Hunter 4 Ultimate” in Japan on October 11 and plan to launch in Europe and US early in 2015**
- **Plan to launch “Resident Evil Revelations 2” early in 2015 globally with the sales goal of one million units**
- **Plan to raise the DLC sales ratio by increasing sales of full-game downloads and add-on content downloads**

■ Second Half Sales Plans for Major Titles (Consumer)

(Thousand units)

Platform	Title	Region	Date	Plan
3DS	Monster Hunter 4 Ultimate	Japan	10/11	3,900
		North America	Early 2015	
		Europe	Early 2015	

* Result includes the units of full-game download version

* Japan includes other Asian countries

Digital Contents – Second Half Strategies(2)

Expect sales volume to surpass the initial plan of 13,000 thousand units due to strong DLC sales

■ FY2014 Unit Sales Plan (Consumer)

(Thousand units)

	2013/3	2014/3	2015/3 Plan	Difference
Titles	46	42	25	-17
Package				
Japan	4,500	6,700	5,200	-1,500
North America	5,400	3,800	2,600	-1,200
Europe	3,600	1,900	1,000	-900
Asia	500	300	200	-100
Package Total	14,000	12,700	9,000	-3,700
DLC				
Full-game download	2,700	4,800	6,000	1,200
Total	16,700	17,500	15,000	-2,500

* Titles includes the new titles available only for download

Digital Contents – Second Half Strategies(3)

**Goal is to create hit titles in the mobile and PC online categories
by introducing many titles**

■ Second Half Strategy (Mobile Contents)

▪ Capcom brand :

⇒ Plan to introduce many native apps that use existing brands

“Monster Hunter Hunting Quest”(Simplified Chinese character version)

plan to start distribution in 2014 for iOS/Android,

“Street Fighter Puzzle Spirits” plan to start distribution in this winter
for iOS/Android, and other apps

▪ Beeline brand :

⇒ Plan to launch new titles targeting female casual game players

■ Second Half Strategy (PC Others)

▪ For the PC browser game “Monster Hunter Mezeporuta Kaitakuki”,
plan to start offering services on November 27, 2014

▪ Plan to launch “Breath of Fire 6” in the spring of 2015



“Monster Hunter Hunting Quest”
(Simplified Chinese character version)

Digital Contents Plan

Revised the fiscal year Consumer business plan
due to strong repeat sale in the first half

■ FY2014 Digital Contents Plan

(100 million yen)

	2013/3	2014/3	2015/3Plan	Difference
Net sales	636	658	565	-93
Operating income	70	44	80	36
Operating margin	11.1%	6.8%	14.2%	—
(Composition)				
Package	407	433	320	-113
Digital Download Contents	52	97	115	18
Consumer total	459	530	435	-95
Mobile Contents	110	65	50	-15
PC Other	67	63	80	17

Arcade Operations

Arcade Operations – First Half Highlights

Sales and earnings down due to lower existing arcade sales and the impact of the consumption tax hike

■ First Half Highlights

- Existing arcade sales down 8% from one year earlier (down 7% in Q1 and 9% in Q2)
- Closed one arcade (the Iruma arcade in July 2014)

■ First Half Arcade Operations Performance

(100 million yen)

	2012/9	2013/9	2014/9	Difference
Net sales	56	54	48	-6
Operating income	9	9	6	-3
Operating margin	17.5%	17.9%	13.7%	-
Year-to-Year Ratio of Existing arcades	-6%	-5%	-8%	-

■ Number of Arcades

(Facilities)

	2013/3	2014/3	2014/9	2014/3 Plan
New arcades	0	1	0	3
Closing arcades	3	2	1	1
Total	34	33	32	35

Arcade Operations – Second Half Strategies

Lowered the earnings plan due to the first half performance and aiming to generate earnings by operating arcades efficiently

■ Second Half Strategy

- Plan to attract more customers by adding content and holding events for younger age segments, seniors and women
- Plan to add the “Asobi Oukoku peekaboo” kids corner with fees based on time at about three arcades in a year

■ Second Half Plan

- Plan to open three arcades and close no arcades (resulting in total of 35 arcades)
- Existing arcade sales plan through fiscal year : Down by 5%

■ FY2014 Arcade Operations Plan

(100 million yen)

	2013/3	2014/3	2015/3 Plan	Difference
Net sales	109	106	100	-6
Operating income	17	16	13	-3
Operating margin	15.6%	15.2%	13.0%	-
Year-to-Year Ratio of Existing Stores	-5%	-5%	-5%	-

Amusement Equipments

Amusement Equipments – First Half Highlights

Sales down due to lower sales of pachislo machines and arcade games
Earnings up because of sales of high-margin Capcom pachislo machines

Pachinko&Pachislo First Half Highlights

- Sales of the “Sengoku BASARA 3” pachislo machine have reached 20,000 units following the September 2014 launch
- Repeat sales of the “Monster Hunter Gekka Raimei” pachislo machine contributed to sales

Arcade Games Sales First Half Highlights

- Started sales of the new coin-operated game “Onimusha Soul Card Rush” in June 2014

First Half Amusement Equipments Performance

	2012/9	2013/9	2014/9	Difference
Net sales	35	89	68	-21
Operating income	13	25	31	6
Operating margin	37.2%	28.2%	45.9%	-

(100 million yen)

*Arcade Games Sales is about 10% of net sales, and Pachinko & Pachislo about 90%



“Sengoku BASARA 3”

Amusement Equipments – Second Half Strategies

Plan to launch a new pachislo machine in the second half
Expect sales and earnings to fall short of the initial plan

■ Pachinko & Pachislo Second Half Strategies

- Revised fiscal year plan due to revision in pachislo testing method by the Security Communications Association
- Plan to launch one new pachislo machine instead of the two machines initially planned

■ Arcade Game Sales Second Half Strategies

- Concentrating on repeat sales of existing titles

■ FY2014 Amusement Equipments Plan

(100 million yen)

	2013/3	2014/3	2015/3 Plan	Difference
Net sales	167	231	110	-121
Operating income	48	71	40	-31
Operating margin	29.1%	30.8%	36.4%	-

*Arcade Games Sales is about 10% of net sales, and Pachinko & Pachislo about 90%



Forecast for Year Ending March 31, 2015

Forecast for Year Ending March 31, 2015

**No change in initial plan – Priorities are sales of major titles
and energizing the lineup of online contents**

(Million yen)

	2014/3	2015/3 Plan	Difference
Net sales	102,200	80,000	-22,200
Operating income	10,299	10,500	201
Ordinary income	10,946	10,200	-746
Net income	3,444	6,600	3,156

- **No change in initial forecast for the current fiscal year**
- **Fiscal year EPS forecast is 117.37 yen**
- **Forecast first half dividend of 15 yen and year-end dividend of 25 yen,
resulting in a FY3/15 dividend of 40 yen**



Additional Information

Summary of Major Financial Information

Summary of Major Financial Information (1)

● Profit and Loss Sheet

(Million Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
Net sales	94,075	102,200	80,000	78.3%	25,917
Gross profit	32,163	29,949	28,800	96.2%	11,276
% of Gross profit	34.2%	29.3%	40.7%	-	43.5%
Sales and G&A expenses	21,942	19,749	18,300	92.7%	6,892
Operating income	10,151	10,299	10,500	102.0%	4,383
% of Operating income	10.8%	10.1%	14.1%	-	16.9%
Ordinary income	10,944	10,946	10,200	93.2%	4,540
% of Ordinary income	11.6%	10.7%	14.0%	-	17.5%
Net income	2,973	3,444	6,600	191.6%	2,973
% of Net income	3.2%	3.4%	8.1%	-	11.5%

● Sales by Business Segments

(Million Yen)

		2013/3	2014/3	2015/3 E	%	2014/9
Digital Contents	Net sales	63,636	65,824	56,500	85.8%	13,463
	Operating income	7,062	4,489	8,000	178.2%	2,150
	Operating margin	11.1%	6.8%	14.2%	-	16.0%
Arcade Operations	Net sales	10,944	10,620	10,000	94.2%	4,820
	Operating income	1,709	1,617	1,300	80.4%	660
	Operating margin	15.6%	15.2%	13.0%	-	13.7%
Amusement Equipments	Net sales	16,783	23,160	11,000	47.5%	6,881
	Operating income	4,892	7,131	4,000	56.1%	3,159
	Operating margin	29.1%	30.8%	36.4%	-	45.9%
Others	Net sales	2,711	2,594	2,500	96.4%	752
	Operating income	740	1,001	900	89.9%	225
	Operating margin	27.3%	38.6%	36.0%	-	29.9%

● Sales by Geographic Area

(Million Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
Japan	65,873	86,532	69,000	79.7%	21,890
North America	17,377	10,179	7,500	73.7%	2,978
Other territories	9,406	4,320	2,200	50.9%	871
Total	1,417	1,167	1,300	111.4%	177

Summary of Major Financial Information (2)

● Promotional Expense

(Million Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
Capcom Japan	2,632	3,074	3,100	100.8%	693
Consolidated	6,875	4,269	4,100	96.0%	1,064

● Number of Arcades

(facilities)

	2013/3	2014/3	2015/3 E		2014/9
Consolidated	34	33	35	2	32

● Capital Expenditure

(Million Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
Capcom Japan	1,364	1,846	3,200	173.3%	786
Consolidated	3,077	2,252	8,200	364.1%	1,454

● Depreciation

(Million Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
Capcom Japan	2,891	4,130	3,000	72.6%	1,330
Consolidated	3,406	4,638	3,400	73.3%	1,557

● Number of Employees

(Persons)

	2013/3	2014/3	2015/3 E	%	2014/9
Capcom Japan	1,820	1,951	2,211	113.3%	2,039
Consolidated	2,476	2,601	2,906	111.7%	2,674

● R&D Investment Cost

(Million Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
R&D Investment Cost	30,978	26,691	28,000	104.9%	11,849
Technical R&D Cost	1,982	2,002	1,500	74.9%	380

● Foreign Exchange Rate (End of period)

(Yen)

	2013/3	2014/3	2015/3 E	%	2014/9
USD/¥	94	102	100	98.0%	109
Euro/¥	120	141	135	95.7%	138

Summary of Major Financial Information (3)

●Sales Units Shipped <platform>

		(Thousand Units)				
		2013/3	2014/3	2015/3 E	Difference	2014/9
Playstation 2	Titles	-	-	-	-	-
	Total Units	100	-	-	-	-
Playstation 3	Titles	21	17	-	-	5
	Total Units	7,100	4,200	-	-	900
PSP	Titles	4	0	-	-	3
	Total Units	600	200	-	-	100
Wii	Titles	2	2	-	-	-
	Total Units	700	350	-	-	100
NintendoDS	Titles	7	4	-	-	3
	Total Units	1,300	4,700	-	-	400
Xbox 360	Titles	8	11	-	-	4
	Total Units	3,700	2,950	-	-	500
PC & Others	Titles	4	5	-	-	2
	Total Units	500	300	-	-	100
Package total	Titles	46	39	25	-14	14
	Total Units	14,000	12,700	9,000	70.9%	2,100
Full-game download	Titles	0	3	0	-3	-
	Total Units	2,700	4,800	6,000	125.0%	2,100
Total	Titles	46	42	25	-17	14
	Total Units	16,700	17,500	15,000	85.7%	4,200

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

●Sales Units Shipped <platform>

		(Thousand Units)				
		2013/3	2014/3	2015/3 E	Difference	2014/9
	Distribution titles	550	1,400	450	32.1%	300
	Old titles	3,900	5,700	8,000	140.4%	3,300

●Sales Units Shipped <geographic>

		(Thousand Units)				
		2013/3	2014/3	2015/3 E	Difference	2014/9
	Japan	4,500	6,700	5,200	77.6%	600
	North America	5,400	3,800	2,600	68.4%	1,050
	Europe	3,600	1,900	1,000	52.6%	400
	Asia	500	300	200	66.7%	50
	Full-game download (global)	2,700	4,800	6,000	125.0%	2,100
	Total	16,700	17,500	15,000	85.7%	4,200



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