



May 8, 2018

Press Release

Company Name: Capcom Co., Ltd.

Representative: Haruhiro Tsujimoto, President and COO  
(Code No. 9697 First Section of Tokyo Stock Exchange)

Contact: Public Relations and Investor Relations Section

Phone Number: +81-6-6920-3623

**Consolidated Results for the Year Ended March 2018 Saw Highest Levels of Profitability in Company History Following Record-Breaking Hit Title**

- Five consecutive years of OP growth; net sales up 8.4%, operating income up 17.5% -

Capcom Co., Ltd. today announced that in its consolidated business results for the for the fiscal year ended March 31, 2018, net sales increased to 94,515 million yen (up 8.4 % year-over-year), operating income increased to 16,037 million yen (up 17.5 % year-over-year), ordinary income increased to 15,254 million yen (up 21.2 % year-over-year), and net income attributable to owners of the parent increased to 10,937 million yen (up 23.2 % year-over-year).

During the fiscal year ended March 31, 2018, in Capcom's core Digital Contents business, *Monster Hunter: World* was a massive, record-setting success, becoming the best-selling title in company history, while Nintendo Switch titles such as *Monster Hunter XX (Double Cross) Nintendo Switch Ver.* and *Ultra Street Fighter II: The Final Challengers* enjoyed hit status as well. Meanwhile, in its Amusement Equipments business, the impact of recent changes in model-testing methods has worsened market conditions, presenting Capcom with a challenging situation; nevertheless, the strong performance from its Digital Contents business has more than offset this, delivering sales and profit growth in the company's consolidated results. As a result, Capcom has achieved five consecutive years of operating income growth, with all profitability figures from operating income down setting record highs.

Moving forward, Capcom will strengthen digital download sales and increase its pipeline of major title releases according to its medium-term strategic map, with the aim of continuing to grow the Digital Contents business. Further, in response to the worldwide excitement surrounding esports, and the increased attention paid to them within the Japanese market, Capcom is committed to making this sector a priority area of investment for business resources, and has established a new, dedicated esports division and facilities. Capcom aims to monetize this business at an early stage through leveraging its popular content and brands, including *Street Fighter*. As such, Capcom forecasts increased sales and profit for the fiscal year ending March 31, 2019, anticipating net sales of 96,000 million yen and operating income of 17,000 million yen.

### 1. Consolidated Financial Results of the Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March 31, 2018	94,515	16,037	15,254	10,937
Year ended March 31, 2017	87,170	13,650	12,589	8,879

### 2. Forecast for the Fiscal Year Ending March 31, 2019

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Year ending March 31, 2019	96,000	17,000	16,500	12,000	109.60

Note: 1. Capcom discloses only full year business forecasts, as it manages its business performance on an annual basis.

2. With an effective date of April 1, 2018, Capcom performed a 2-for-1 stock split of its common stock.

For "Net income per share", Capcom took the stock split into consideration.

### 3. Status of business by operating segment

#### (1) Digital Contents

(Unit: Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Difference (%)
Net sales	58,704	74,141	26.3%
Operating income	11,096	19,103	72.2%
Operating margin	18.9%	25.8%	-

- a. In this business, the record-breaking success of *Monster Hunter: World* (for PlayStation 4 and Xbox One) drove the increase in sales and contributed greatly to improved profit. Furthermore, in addition to *Resident Evil 7 biohazard* (for PlayStation 4, Xbox One and PC) and *Monster Hunter XX (Double Cross) Nintendo Switch Ver.* (for Nintendo Switch) giving strong performances, *Ultra Street Fighter II: The Final Challengers* (for Nintendo Switch) became a smash hit.
- b. Meanwhile, sales of *Marvel vs. Capcom: Infinite* (for PlayStation 4, Xbox One and PC), which was launched in September 2017 targeting the US and European markets, tended to be soft.
- c. In Mobile contents, amid business reforms, including alliance strategies carried out by the Company to bring about a breakthrough in the business, *Monster Hunter Explore* maintained steady popularity, as licensing revenue utilizing our intellectual property (IP) successfully contributed to increased profits.

- d. The resulting net sales were 74,141 million yen (up 26.3 % from the previous fiscal year) and operating income was 19,103 million yen (up 72.2 % from the previous fiscal year).

## (2) Arcade Operations

(Unit: Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Difference (%)
Net sales	9,525	10,231	7.4%
Operating income	752	879	17.0%
Operating margin	7.9%	8.6%	-

- a. In this business, the market was on a recovery trend owing to the growing number of new users, including women and inbound tourists. Under these circumstances, the Company employed various methods to secure repeat customers and acquire new customers, such as families with children. These included installing machines that meet diverse customer needs, holding events and conducting service-day campaigns, as well as reducing store-operating costs.
- b. During the period under review, the Company opened two new stores and closed two, bringing the total number of stores to 36.
- c. The resulting net sales were 10,231 million yen (up 7.4 % from the previous fiscal year), and operating income was 879 million yen (up 17.0 % from the previous fiscal year).

## (3) Amusement Equipments

(Unit: Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Difference (%)
Net sales	16,856	7,803	-53.7%
Operating income	5,106	-764	-
Operating margin	30.3%	-	-

- a. The Pachinko & Pachislo sub-segment faced adverse conditions, despite which the Company was able to secure a certain amount of profit for *Resident Evil: Revelations* by lowering its cost of sales ratio. However, the effects of the recent changes in model-testing methods have forced the Company into a challenging situation.
- b. In the Arcade Games Sales sub-segment, sales for *Monster Hunter Medal Hunting G*, a consistently popular medal game, remained solid. Nevertheless, sales for this business overall were soft, due to an undeniable lack of new products.

- c. The resulting net sales were 7,803 million yen (down 53.7 % from the previous fiscal year). The Company recorded an operating loss of 764 million yen (compared with an operating income of 5,106 million yen in the previous fiscal year).

(4) Other Businesses

(Unit: Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Difference (%)
Net sales	2,083	2,338	12.2%
Operating income	969	1,126	16.2%
Operating margin	46.5%	48.2%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 2,338 million yen (up 12.2% from the previous fiscal year), and operating income was 1,126 million yen (up 16.2% from the previous fiscal year).