



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

Results of Operations and Strategies
First half of fiscal year ending March 31, 2013

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.

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First Half Consolidated Financial Highlights

Big increases in sales and earnings at all levels primarily because of the strong performance of the Digital Contents business

■ 6 Months Results in FY9/11 vs. FY9/12

(Million yen)

	2011/9	2012/9	Difference
Net sales	29,252	45,538	16,286
Operating income	2,782	6,515	3,733
Ordinary income	1,907	6,076	4,169
Net income	906	4,125	3,219

- Sales and earnings up sharply mainly due to higher sales of packaged software and online contents
- Foreign exchange loss of ¥459 million caused by the yen's strength
- Net income per share was ¥71.64

Point of Financial Highlights

Growth Strategy Initiatives

■ Expansion of the home video game pipeline

- Initial shipments of “Resident Evil 6” reached 4.5 million units, a new record for Capcom
- Release of “Monster Hunter 4” scheduled for March 2013

■ Strengthened the Online Games business, which has much growth potential

- Cumulative members for social games in Japan passed 6.4 million*, including 2 million for “Minna to Monhan Card Master” *as of the end of October
- Started full-scale operations in Asia by establishing development bases in Taiwan, Korea and Thailand

Business Segment Information

Digital Contents – First Half Highlights (1)

**Sales and earnings much higher than one year earlier
due to the launch of a major title and growth of online contents**

■ Digital Contents Performance

(100 million yen)

	2011/9	2012/9	2013/3 Plan
Net sales	206	349	780
Operating income	31	57	140
Operating margin	15.2%	16.5%	17.9%
(Composition)			
Package	134	238	520
Online Contents			
DLC	12	21	50
Mobile Contents	25	60	140
PC Other	35	30	70
Online Contents Total	72	111	260

Digital Contents – First Half Highlights (2)

**“Resident Evil 6” posts record-high initial shipments
Decision made to make “Dragon’s Dogma” a series of games**

■ First Half Sales of Major Titles (Package Software)

(Thousand units)

Platform	Title	Region	Date	Result
PS3 Xbox 360	Resident Evil 6	Japan	2012/10/4	3,700
		North America	2012/10/2	
		Europe	2012/10/2	
PS3 Xbox 360	Dragon's Dogma	Japan	2012/5/24	1,200
		North America	2012/5/22	
		Europe	2012/5/25	
PS3 Xbox 360 PC	Resident Evil: Operation Raccoon City <small>*Repeat Sales in North America and Europe (Xbox 360/PS3)</small>	Japan	2012/4/26	600
		North America	2012/3/20	
		Europe	2012/3/23	

*Japan includes sales in other Asian countries

*Initial shipments of “Resident Evil 6” were 4.5 million units

*Launch of PC version of “Resident Evil: Operation Raccoon City” was May 18, 2012

Digital Contents – First Half Highlights (3)

Big increase in sales volume despite decline in number of titles due to contribution from two million-seller titles

■ Package Software Unit Sales for the 6 Months

(Thousand units)

	2010/9	2011/9	2012/9	Difference
Titles	27	34	17	-17
Japan	3,100	3,000	1,800	-1,200
North America	2,800	1,100	3,100	2,000
Europe	2,800	800	2,300	1,500
Asia	300	100	200	100
Total	9,000	5,000	7,400	2,400

(Composition) (Thousand units)

	2010/9	2011/9	2012/9	Difference
Distribution titles	350	750	300	-450
Old titles	2,500	2,000	1,800	-200

Digital Contents – First Half Highlights (4)

Online contents sales continues to climb along with higher social game and DLC sales

■ First Half Highlights (DLC)

- Sales much higher than one year earlier due to launch of DLC associated with hit titles like “Dragon’s Dogma” and “Resident Evil: Operation Raccoon City”

■ First Half Highlights (PC Others)

- Sales down following sales growth from major update one year earlier despite on target sales of the major title “Monster Hunter Frontier Online”

■ First Half Highlights (Mobile Contents)

- For the Capcom brand, the social game lineup in Japan was increased and cumulative members surpassed 6 million
- For the Beeline brand, growth continued, mainly for “Smurfs’ Village,” and cumulative downloads surpassed 74 million

Digital Contents – Second Half Strategies (1)

Plan to launch major titles and focus on repeat sales of “Resident Evil 6”

■ Second Half Sales Plans for Major Titles (Package Software)

(Thousand units)

Platform	Title	Region	Date	Plan
PS3 Xbox 360	Resident Evil 6	Japan	2012/10/4	6,000 (Total)
		North America	2012/10/2	
		Europe	2012/10/2	
PS3 Xbox 360	DmC Devil May Cry	Japan	2013/1/17	2,000
		North America	2013/1/15	
		Europe	2013/1/15	
3DS	Monster Hunter 4	Japan	Mar. 2013	2,000

*Japan includes other Asian countries.



“Monster Hunter 4”



“DmC Devil May Cry”

Digital Contents – Second Half Strategies(2)

Revised fiscal year sales volume and number of titles mainly because of changes to the timing for introductions of some titles

■ FY2012 Digital Contents Plan

(Thousand units)

	2011/3	2012/3	2013/3 Plan	Difference
Titles	53	68	50	-18
Japan	9,000	6,800	7,500	700
North America	6,000	5,100	5,600	500
Europe	5,000	3,300	4,400	1,100
Asia	500	500	500	-
Total	20,500	15,700	18,000	2,300

(Composition) (Thousand units)

	2011/3	2012/3	2013/3 Plan	Difference
Distribution titles	650	1,250	400	-850
Old titles	4,000	3,900	4,000	100

Digital Contents – Second Half Strategies(3)

Concentrating on growing markets, such as by enlarging the lineup of content in Japan and overseas and expanding Asian operations

■ Second Half Strategy (DLC)

- Will aggressively distribute additional DLC for major titles like “Dragon’s Dogma” and “Resident Evil 6”
- Strengthen handling of sales for primary software downloads like “Monster Hunter 3 (Tri) G”

■ Second Half Strategy (PC Others)

- Start offering services for the “Ixion Saga” PC online game and “Onimusha Soul” browser game
- Established Capcom Taiwan Co., Ltd. and established a development line at the subsidiary in Korea

■ Second Half Strategy (Mobile Contents)

- **Capcom brand:**
 - ⇒ Plan to launch many new social games in Japan
 - ⇒ Will launch three titles overseas for the GREE Platform
- **Beeline brand:**
 - ⇒ Will launch 15 titles (through the year) based on popular content, including “Smurf Life” and “Chibimaruko-Chan to Okashi no Kuni”
 - ⇒ Establish Beeline Interactive Thailand Co., Ltd. to strengthen game development operations



“Chibimaruko-Chan to Okashi no Kuni”

Arcade Operations – First Half Highlights

Existing arcade sales down from one year earlier due to surge in 2011 in demand in Japan for leisure activities following the Great East Japan Earthquake

■ First Half Highlights

- Existing arcade sales down 6% from one year earlier (down 8% in first quarter and 4% in second quarter)
- Closed two arcades

■ First Half Arcade Operations Performance

(Million yen)

	2010/9	2011/9	2012/9	Difference
Net sales	59	60	56	-4
Operating income	7	12	9	-3
Operating margin	12.4%	20.2%	17.5%	-
Year-to-Year Ratio of Existing arcades	98%	102%	94%	-

■ Number of Arcades

(Facilities)

	2011/3	2012/3	2012/9	2013/3 Plan
New arcades	0	0	0	2
Closing arcades	1	0	2	3
Total	37	37	35	36

Arcade Operations – Second Half Strategies

Revised fiscal year outlook and now expect lower sales, but operating margin is improving due to more efficient operations

■ Second Half Strategy

- Will continue to generate earnings by rigorously managing costs
- Targeting new customer segments such as by holding hands-on tours for seniors

■ Second Half Plan

- Plan to open two arcades and close one (total of 36 arcades)
- Plan on 2% decrease in existing arcade sales

■ FY2012 Arcade Operations Business Plan

(Million yen)

	2011/3	2012/3	2013/3 Plan	Difference
Net sales	116	117	110	-7
Operating income	11	17	17	0
Operating margin	9.7%	15.2%	15.5%	-
Year-to-Year Ratio of Existing Stores	99%	101%	98%	-

Amusement Equipments – First Half Highlights

Big improvement in profitability due to strong performance by products for other companies in P&S business

■ Arcade Games Sales business First Half Highlights

- Launched the new coin-operated game “Mario Party Kuru-Kuru Carnival”

■ Pachinko&Pachislo business First Half Highlights

- Solid performance due to repeat sales from the “Monster Hunter” pachislo machine launched in the previous fiscal year and strength in products for other companies, such as the “CR Sengoku BASARA 3 – Battle of Sekigahara” pachinko machine

■ Amusement Equipments First Half Performance

(Million yen)

	2010/9	2011/9	2012/9	Difference
Net sales	14	11	35	24
Operating income	0	-2	13	15
Operating margin	1.4%	-19.0%	37.2%	-

*Arcade Games Sales is about 40% of net sales, and Pachinko & Pachislo about 60%

Amusement Equipments – Second Half Strategies

Aiming for big increases in P&S business sales and earnings sustained by sales of Capcom machines

Arcade Game Sales business Second Half Strategies

- More repeat sales of coin-operated machines using popular content

Pachinko & Pachislo business Second Half Strategies

- Growth in sales of Capcom machines and in products made for other companies
⇒ Plan to start distributing the “Resident Evil 5” Capcom machine in December 2012

FY2012 Amusement Equipments Business Plan

(Million yen)

	2011/3	2012/3	2013/3 Plan	Difference
Net sales	79	76	130	54
Operating income	26	8	35	27
Operating margin	33.4%	11.6%	26.9%	-

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



“Resident Evil 5”

Forecast for Year Ending March 31, 2013

Forecast for Year Ending March 31, 2013

No change in fiscal year outlook – Focusing on sales of major titles and increasing sales in the Online Contents business

(Million yen)

	2012/3	2013/3 Plan	Difference
Net sales	82,065	105,000	22,935
Operating income	12,318	15,800	3,482
Ordinary income	11,819	15,700	3,881
Net income	6,723	9,800	3,077

- No change in initial forecast for the current fiscal year
- Fiscal year EPS forecast is 170.19 yen
- Forecast first half dividend of 15 yen and year-end dividend of 25 yen, resulting in a FY3/13 dividend of 40 yen



Additional Information

Summary of Major Financial Information

Summary of Major Financial Information (1)

● Profit and Loss Sheet

(Unit: Million Yen)

	2011/3	2012/3	2013/3 E	%	2012/9
Net Sales	97,716	82,065	105,000	127.9%	45,538
Gross Profit	37,304	32,456	39,300	121.1%	17,460
% of Gross Profit	38.2%	39.5%	37.4%	-	38.3%
Sales and G&A Expenses	23,009	20,150	23,500	116.6%	10,945
Operating Income	14,295	12,318	15,800	128.3%	6,515
% of Operating Income	14.6%	15.0%	15.0%	-	14.3%
Ordinary Income	12,861	11,819	15,700	132.8%	6,076
% of Ordinary Income	13.2%	14.4%	15.0%	-	13.3%
Net Income	7,750	6,723	9,800	145.8%	4,125
% of Net Income	7.9%	8.2%	9.3%	-	9.1%

● Sales by Business Segments

(Unit: Million Yen)

		2011/3	2012/3	2013/3 E	%	2012/9
Digital Contents	Net Sales	74,297	59,809	78,000	130.4%	34,993
	Operating Income	13,865	12,887	14,000	108.6%	5,777
	Operating Margin	18.7%	21.5%	17.9%	-	16.5%
Arcade Operations	Net Sales	11,621	11,729	11,000	93.8%	5,630
	Operating Income	1,131	1,787	1,700	95.1%	986
	Operating Margin	9.7%	15.2%	15.5%	-	17.5%
Amusement Equipments	Net Sales	7,903	7,663	13,000	169.6%	3,594
	Operating Income	2,638	890	3,500	393.3%	1,336
	Operating Margin	33.4%	11.6%	26.9%	-	37.2%
Others	Net Sales	3,893	2,862	3,000	104.8%	1,320
	Operating Income	1,098	877	800	91.2%	497
	Operating Margin	28.2%	30.6%	26.7%	-	37.7%

● Sales by Geographic Area

(Unit: Million Yen)

	2011/3	2012/3	2013/3 E	%	2012/9
Japan	67,033	57,899	60,000	103.6%	27,060
North America	19,340	15,867	28,000	176.5%	11,089
Other territories	9,966	6,930	15,000	216.5%	6,853
Total	1,376	1,368	2,000	146.2%	536

Summary of Major Financial Information (2)

● Promotional Expense

(Unit: Million Yen)

	2011/3	2012/3	2013/3 E	%	2012/9
Capcom Japan	3,293	2,833	4,400	155.3%	1,530
Consolidated	7,046	5,639	10,600	188.0%	3,971

● Number of Arcades

(Unit: Facilities)

	2011/3	2012/3	2013/3 E	%	2012/9
Consolidated	37	37	36	-1	35

● Capital Expenditure

(Unit: Million Yen)

	2011/3	2012/3	2013/3 E	%	2012/9
Capcom Japan	1,561	1,519	2,400	158.0%	636
Consolidated	1,725	2,289	4,300	187.9%	889

● Depreciation

(Unit: Million Yen)

	2011/3	2012/3	2013/3 E	%	2012/9
Capcom Japan	2,846	2,606	2,000	76.7%	1,180
Consolidated	3,315	3,123	2,600	83.3%	1,426

● Number of Employees

(Unit: Persons)

	2011/3	2012/3	2013/3 E	%	2012/9
Capcom Japan	1,636	1,698	1,857	109.4%	1,782
Consolidated	2,089	2,265	2,552	112.7%	2,385

● R&D Investment Cost

(Units:Million Yen)

	2011/3	2012/3	2013/3 E	%	2012/9
R&D Investment Cost	26,150	30,648	32,000	104.4%	15,097
Technical R&D Cost	2,924	2,326	2,300	98.9%	853

● Foreign Exchange Rate (End of period)

	2011/3	2012/3	2013/3 E	%	2012/9
USD/¥	83	82	78	95.1%	77
Euro/¥	117	109	100	91.7%	100

Summary of Major Financial Information (3)

● Sales Units Shipped <platform>

(Thousand Units)

		2011 /3	2012/3	2012/3 E	Difference	2012/9
Playstation 2	Total Titles	1	0	-	-	0
	Sub Total	300	200	-	-	50
Playstation 3	Total Titles	11	25	-	-	6
	Sub Total	6,200	6,200	-	-	4,100
PSP	Total Titles	11	9	-	-	3
PS Vita	Sub Total	6,200	1,900	-	-	250
Wii	Total Titles	5	4	-	-	0
	Sub Total	1,400	650	-	-	50
NintendoDS	Total Titles	11	12	-	-	2
Nintendo3DS	Sub Total	1,700	3,300	-	-	250
Xbox 360	Total Titles	11	16	-	-	4
	Sub Total	4,200	3,200	-	-	2,500
PC & Others	Total Titles	3	2	-	-	2
	Sub Total	500	250	-	-	200
Total	Total Titles	53	68	50	-18	17
	Sub Total	20,500	15,700	18,000	114.6%	7,400

● Sales Units Shipped <geographic>

(Thousand Units)

	2011/3	2012/3	2013/3 E	Difference	2012/9
Japan	9,000	6,800	7,500	110.3%	1,800
North America	6,000	5,100	5,600	109.8%	3,100
Europe	5,000	3,300	4,400	133.3%	2,300
Asia	500	500	500	100.0%	200
Total	20,500	15,700	18,000	114.6%	7,400