



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

**Results of Operations and Strategies**  
**First half of fiscal year ending March 31, 2016**

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# 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.**

# Consolidated Financial Highlights

# First Half Consolidated Financial Highlights

Sales were higher but earnings declined as some pachislo machines did not meet sales goals and the cost of new titles increased

## ■ 6 Months Results in FY9/14 vs. FY9/15

(Million yen)

	2014/9	2015/9	Difference
Net sales	25,917	31,638	5,721
Operating income	4,383	2,844	-1,539
Operating margin	16.9%	9.0%	-
Ordinary income	4,540	2,891	-1,649
Net income attributable to owners of the parent	2,973	1,951	-1,022

- Sales were higher mainly due to the introduction of major new pachislo products
- Negative effect on earnings from Amusement Equipments and Digital Contents as the cost of sales ratio increased and sales of some titles fell short of expectations
- Net income per share was 34.71 yen

# Point of Financial Highlights

## Growth Strategy Initiatives

### ■ Strengthen the Consumer business

- **“Monster Hunter 4 G” (including "Monster Hunter 4 Ultimate") sales reach one million units overseas and more than four million units overall\*<sup>1</sup>**

\*1 As of October 21

### ■ Step up the Online Games business

- **Downloads of “Dragon’s Dogma Online” (PS4/PS3/PC) top one million\*<sup>2</sup>**
- **Downloads of “Monster Hunter Explorer” (Android/iOS) top two million\*<sup>3</sup>**

\*2 Five days after service started on August 27

\*3 Distribution of Android version started on September 3 and the iOS version on September 29; downloads as of October 28

# Business Segment Information

# Digital Contents

# Digital Contents – First Half Highlights (1)

**Concentrating on new titles in Japan and repeat sales overseas amid an absence of major new titles**

## ■ First Half Highlights (Consumer)

- Repeat sales of prior year’s titles increased for both download and package
- Started selling “DAIGYAKUTENSAIBAN”, “Sengoku BASARA 4 SUMERAGI” and other small and midsize titles in Japan

## ■ First Half Sales of Major Titles (Consumer)

(Thousand units)

Platform	Title	Region	Date	Result
3DS	Monster Hunter 4 Ultimate (Repeat)	Japan	2014/10/11	500
		North America	2015/2/13	
		Europe	2015/2/13	
PS3/PS4 Xbox 360 Xbox One PC	Resident Evil Revelations 2 (Repeat)	Japan	2015/2/25	400
		North America	2015/2/24	
		Europe	2015/2/25	

\* Result includes the units of full-game download version

\* Japan includes sales in other Asian countries

\* Units of “Resident Evil Revelations 2” represents package sales and all season passes for digital download versions

\* Launch date of “Resident Evil Revelations 2” is distribution of the first episode

# Digital Contents – First Half Highlights (2)

Sales volume was higher due to growth in full-game download sales, mostly repeat sales

## ■ Unit Sales for the 6 Months (Consumer)

(Thousand units)

	2013/9	2014/9	2015/9	Difference
<b>Titles</b>	<b>20</b>	<b>14</b>	<b>20</b>	<b>6</b>
<b>Package</b>				
<b>Japan</b>	<b>3,800</b>	<b>600</b>	<b>1,000</b>	<b>400</b>
<b>North America</b>	<b>1,600</b>	<b>1,050</b>	<b>800</b>	<b>-250</b>
<b>Europe</b>	<b>1,100</b>	<b>400</b>	<b>250</b>	<b>-150</b>
<b>Asia</b>	<b>200</b>	<b>50</b>	<b>50</b>	<b>0</b>
<b>Package Total</b>	<b>6,700</b>	<b>2,100</b>	<b>2,100</b>	<b>0</b>
<b>Digital download contents</b>				
<b>Full-game download</b>	<b>2,000</b>	<b>2,100</b>	<b>2,400</b>	<b>300</b>
<b>Total</b>	<b>8,700</b>	<b>4,200</b>	<b>4,500</b>	<b>300</b>

\* Titles includes the new titles available only for download

**Started offering services in Japan for major titles  
in Mobile Contents and PC Online**

## ■ First Half Highlights (Mobile Contents)

- **Started distribution for the Capcom brand “Monster Hunter Explorer” and expect a full-scale contribution to performance starting in the second half  
⇒Distribution of Android version started on September 3 and the iOS version on September 29**
- **High-profile marketing for the Beeline brand “Snoopy Drops” has resulted in steady increase in the number of new users**

## ■ First Half Highlights (PC Others)

- **Solid sales of “Monster Hunter Frontier G” after the update to “G8”**
- **Started “Dragon’s Dogma Online” (PS4/PS3/PC) services in Japan on August 27  
⇒A fair launch: downloads reached one million after five days  
and simultaneous players topped 100,000**

# Digital Contents – First Half Performance

Sales were higher because of growth in Consumer unit sales  
Slower sales of current Mobile Contents and PC Online titles  
brought down earnings

## ■ First Half Digital Contents Performance

(100 million yen)

	2013/9	2014/9	2015/9	Difference
Net sales	375	134	143	9
Operating income	53	21	15	-6
Operating margin	14.3%	16.0%	10.7%	—
<b>(Composition)</b>				
Package	253	45	66	21
Digital Download Contents	54	34	37	3
Consumer total	307	79	103	24
Mobile Contents	36	24	13	-11
PC Other	32	31	27	-4

# Digital Contents – Second Half Strategies (1)

**Concentrating on global sales of major titles and on increasing digital download sales of both old and new titles**

## ■ Second Half Strategy (Consumer)

- Plan to launch “Monster Hunter X (Cross)” on November 28
- “Street Fighter V” second closed beta test was on October 22-25  
⇒ Goal is long-term popularity by using promotions with e-sports and other activities
- Plan to raise the digital download sales ratio by increasing sales of full-game and add-on contents

## ■ Second Half Sales Plans for Major Titles (Consumer)

(Thousand units)

Platform	Title	Date	Plan
3DS	Monster Hunter X (Cross)	2015/11/28	2,500
PS4 PC	Street Fighter V	2016/2/18	2,000

\* Result includes the units of full-game download version

# Digital Contents – Second Half Strategies (2)

**Repeat sales of catalogue titles are as expected  
No change in initial fiscal year plan**

## ■ FY2015 Unit Sales Plan (Consumer)

(Thousand units)

	2014/3	2015/3	2016/3 Plan	Difference
<b>Titles</b>	42	33	29	-4
<b>Package</b>				
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
<b>DLC</b>				
Full-game download	4,800	5,000	7,000	2,000
<b>Total</b>	17,500	13,000	13,000	0

\* Titles includes the new titles available only for download

# Digital Contents – Second Half Strategies (3)

Anticipate new title contributions in the Mobile Contents and PC Online sub-segment  
Expect sales and earnings growth rate to increase starting in the second half

## ■ Second Half Strategy (Mobile Contents)

- **Capcom brand:**
  - ⇒ Full-scale operation of native apps using existing brands
  - “Monster Hunter Explorer” (Android/iOS distribution started in September 2015)
- **Beeline brand:**
  - ⇒ Consistent operation of content targeting casual female game players



“Monster Hunter Explore”

## ■ Second Half Strategy (PC Others)

- Aiming to increase daily active users by offering frequent updates of “Dragon’s Dogma Online”
- Plan to start services for “Breath of Fire 6” by the end of 2015
- “Monster Hunter Online” is preparing for launch in China with Tencent Holdings Limited

# Digital Contents Plan

**No change in fiscal year plan  
based on current sales of consumer and online titles**

## ■ FY2015 Digital Contents Plan

(100 million yen)

	2014/3	2015/3	2016/3 Plan	Difference
Net sales	658	453	485	32
Operating income	44	102	110	8
Operating margin	6.8%	22.5%	22.7%	—
<b>(Composition)</b>				
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

# Arcade Operations

# Arcade Operations – First Half Highlights

Sales and earnings down as existing arcade sales decreased and the absence of popular content that attracts people continues

## ■ First Half Highlights

- Existing arcade sales down 8% from one year earlier (down 11% in Q1 and 5% in Q2)
- Closed one arcade and opened one arcade

## ■ First Half Arcade Operations Performance

(100 million yen)

	2013/9	2014/9	2015/9	Difference
Net sales	54	48	44	-4
Operating income	9	6	3	-3
Operating margin	17.9%	13.7%	8.1%	-
Year-to-Year Ratio of Existing arcades	95%	92%	92%	-

## ■ Number of Arcades

(Facilities)

	2014/3	2015/3	2015/9	2016/3 Plan
New arcades	1	1	1	4
Closing arcades	2	1	1	2
<b>Total</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>35</b>

# Arcade Operations – Second Half Strategies

**Goal is to be profitable by using efficient operations  
in a second half**

## ■ Second Half Strategy

- Increase the use of Capcom characters by adding Capcom Cafes and other character-linked facilities
- Use merchandise corners and other facilities to attract customers and maximize opportunities to earn profits

## ■ Second Half Plan

- Plan to open three arcades and close one arcade (resulting in total of 35 arcades)
- Fiscal year existing arcade sales plan: 1% higher than in FY3/15

## ■ FY2015 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 Stores	95%	90%	101%	-

# Amusement Equipments

# Amusement Equipments – First Half Highlights

**Launch of major pachislo machines raised sales but profitability declined as some titles were less than planned**

## ■ Pachinko&Pachislo First Half Highlights

- Launched “Resident Evil 6” in July 2015: 35,000 units
- Launched “ASURA’s Wrath” in September 2015: 4,500 units

## ■ Arcade Games Sales First Half Highlights

- Launched the new music game “cross beats REV.” in July 2015



“Resident Evil 6”

## ■ First Half Amusement Equipments Performance

(100 million yen)

	2013/9	2014/9	2015/9	Difference
Net sales	89	68	121	53
Operating income	25	31	25	-6
Operating margin	28.2%	45.9%	21.0%	-

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

# Amusement Equipments – Second Half Strategies

**Concentrating on repeat and subcontracting business  
in the second half, no change in the fiscal year forecast**

## ■ Pachinko & Pachislo Second Half Strategies

- No plans for a new Capcom model
- Foresee repeat sales and subcontracting business sales

## ■ Arcade Game Sales Second Half Strategies

- Expect earnings from the new music game that bills customers via the Internet

## ■ FY2015 Amusement Equipments Plan

(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%	-

\*Arcade Games Sales is about 20% of net sales, and Pachinko & Pachislo about 80%

# Forecast for Year Ending March 31, 2016

# Forecast for Year Ending March 31, 2016

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

(Million yen)

	2015/3	2016/3 Plan	Difference
Net sales	64,277	76,000	11,723
Operating income	10,582	12,000	1,418
Ordinary income	10,851	11,700	849
Net income attributable to owners of the parent	6,616	7,700	1,084

- No change in the initial fiscal year plan
- Fiscal year EPS forecast is 136.94 yen
- Forecast first half dividend of 15 yen and year-end dividend of 25 yen, resulting in a FY3/16 dividend of 40 yen



# **Additional Information**

## **Summary of Major Financial Information**

# Summary of Major Financial Information (1)

## ● Profit and Loss Sheet

(Million Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
Net sales	102,200	64,277	76,000	118.2%	31,638
Gross profit	29,949	25,898	29,500	113.9%	10,892
% of Gross profit	29.3%	40.3%	38.8%	-	34.4%
Sales and G&A expenses	19,749	15,403	17,500	113.6%	8,048
Operating income	10,299	10,582	12,000	113.4%	2,844
% of Operating income	10.1%	16.5%	15.8%	-	9.0%
Ordinary income	10,946	10,851	11,700	107.8%	2,891
% of Ordinary income	10.7%	16.9%	15.4%	-	9.1%
Net income	3,444	6,616	7,700	116.4%	1,951
% of Net income	3.4%	10.3%	10.1%	-	6.2%

## ● Sales by Business Segments

(Million Yen)

		2014/3	2015/3	2016/3 E	%	2015/9
Digital Contents	Net sales	65,824	45,351	48,500	106.9%	14,304
	Operating income	4,489	10,208	11,000	107.8%	1,533
	Operating margin	6.8%	22.5%	22.7%	-	10.7%
Arcade Operations	Net sales	10,620	9,241	10,000	108.2%	4,405
	Operating income	1,617	940	1,100	117.0%	355
	Operating margin	15.2%	10.2%	11.0%	-	8.1%
Amusement Equipments	Net sales	23,160	7,540	15,000	198.9%	12,132
	Operating income	7,131	2,736	3,000	109.6%	2,551
	Operating margin	30.8%	36.3%	20.0%	-	21.0%
Others	Net sales	2,594	2,144	2,500	116.6%	795
	Operating income	1,001	661	1,000	151.3%	253
	Operating margin	38.6%	30.8%	40.0%	-	31.8%

## ● Sales by Geographic Area

(Million Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
Japan	86,532	50,877	59,000	116.0%	25,879
North America	10,179	8,678	12,500	144.0%	3,527
Other territories	4,320	3,413	3,500	102.5%	1,484
Total	1,167	1,308	1,000	76.5%	746

# Summary of Major Financial Information (2)

## ● Promotional Expense

(Million Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
Capcom Japan	3,074	1,889	2,100	111.2%	828
Consolidated	4,269	2,798	4,300	153.7%	1,702

## ● Number of Arcades

(facilities)

	2014/3	2015/3	2016/3 E	Difference	2015/9
Consolidated	33	33	35	2	33

## ● Capital Expenditure

(Million Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
Capcom Japan	1,846	1,499	2,800	186.8%	886
Consolidated	2,252	5,564	6,200	111.4%	1,036

## ● Depreciation

(Million Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
Capcom Japan	4,130	2,882	4,900	170.0%	1,747
Consolidated	4,638	3,535	5,500	155.6%	2,105

## ● Number of Employees

(Persons)

	2014/3	2015/3	2016/3 E	%	2015/9
Capcom Japan	1,951	2,033	2,200	108.2%	2,114
Consolidated	2,601	2,681	3,000	111.9%	2,816

## ● R&D Investment Cost

(Million Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
R&D Investment Cost	26,691	25,301	30,000	118.6%	13,164
Technical R&D Cost	2,002	823	1,400	170.1%	407

## ● Foreign Exchange Rate (End of period)

(Yen)

	2014/3	2015/3	2016/3 E	%	2015/9
USD/¥	102	120	118	98.3%	119
Euro/¥	141	130	128	98.5%	134

# Summary of Major Financial Information (3)

## ●Sales Units Shipped <platform>

(Thousand Units)

		2014/3	2015/3	2016/3 Plan	Difference	2015/9
Playstation 2	Titles	-	-	-	-	-
	Total Units	-	-	-	-	-
Playstation 3	Titles	17	13	-	-	9
Playstation 4	Total Units	4,200	2,450	-	-	800
PSP	Titles	0	5	-	-	3
PS Vita	Total Units	200	250	-	-	150
Wii	Titles	2	-	-	-	0
Wii U	Total Units	350	150	-	-	50
NintendoDS	Titles	4	5	-	-	4
Nintendo 3DS	Total Units	4,700	3,750	-	-	850
Xbox 360	Titles	11	7	-	-	2
Xbox One	Total Units	2,950	1,200	-	-	200
PC & Others	Titles	5	3	-	-	1
	Total Units	300	200	-	-	50
Package total	Titles	39	33	27	-6	19
	Total Units	12,700	8,000	6,000	75.0%	2,100
Full-game download	Titles	3	-	2	2	1
	Total Units	4,800	5,000	7,000	140.0%	2,400
Total	Titles	42	33	29	-4	20
	Total Units	17,500	13,000	13,000	100.0%	4,500

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

## ●Sales Units Shipped <Distribution/Catalogue>

(Thousand Units)

	2014/3	2015/3	2016/3 Plan	Difference	2015/9
Distribution titles	1,400	750	500	66.7%	200
Old titles	5,700	6,000	5,500	91.7%	3,500

## ●Sales Units Shipped <geographic>

(Thousand Units)

	2014/3	2015/3	2016/3 Plan	Difference	2015/9
Japan	6,700	4,000	4,300	107.5%	1,000
North America	3,800	2,400	1,200	50.0%	800
Europe	1,900	1,300	300	23.1%	250
Asia	300	300	200	66.7%	50
Full-game download (global)	4,800	5,000	7,000	140.0%	2,400
Total	17,500	13,000	13,000	100.0%	4,500



**CAPCOM**