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Press Release

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Financial Results for the Fiscal Year Ended March 31, 2013

14.6% Increase in Net Sales, 17.6% Decrease in Operating Income Compared to Previous Term

**- Aim for more profitability for the next generation by the overhaul of the development system
and pursuing online contents strategy -**

Capcom Co., Ltd. would like to announce that net sales increased to 94,075 million yen (up 14.6 % from the previous year). As for profit, operating income decreased to 10,151 million yen (down 17.6 % from the previous year), and ordinary income decreased to 10,944 million yen (down 7.4 % from the previous year). Net income for the current period decreased to 2,973 million yen (down 55.8 % from the previous year).

During the fiscal year ended March 31, 2013, in the Digital Contents business, which constitutes our core competence, the package flagship title “Resident Evil 6” sold 4.9 million units, however, subsequently plateaued. As a result, it did not meet with our projection. In contrast, “Dragon’s Dogma” became a greater-than-expected hit product in the domestic market, which has high profitability, and became an unprecedented million seller in the recent years as an original title.

Additionally, “Minna to Monhan Card Master” and “Resident Evil: Outbreak Survive” steadily gained new users thanks to the increasingly widespread of smartphones and as a consequence, both titles enjoyed membership exceeding two million each. In addition, “Smurf’s Village” under the “Beeline” brand has securely built stable sales over a long range.

Furthermore, in the Amusement Equipments business, the business scale steadily expanded. This was due in part to the pachislo machine flagship title “Resident Evil 5”, whose sales significantly exceeded expectations in a synergy with home video game software and buoyed profits.

As a result, consolidated financial results for ended March 31, 2013 increased in net sales but decreased 17% in operating income from the previous year due to increased cost of sales and higher selling, general and administrative expenses. Also, net income decreased due to special loss relating to the cost of business restructure that was necessitated by the overhaul of the development system.

As for the forecast for the next fiscal year ending March 31, 2014, we expect high profit, which are 97,000 million yen in net sales and 12,000 million yen in operating income by directing our development resources to the development of online games (mobile, PC online and downloads for consumer games), which is a growing area, and by releasing large-scale titles such as “Monster Hunter 4” and “Lost Planet 3” focused on the domestic and overseas markets respectively.

1. Consolidated Financial Results of the Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

	Net sales	Operating income	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March 31, 2013	94,075	10,151	10,944	2,973
Year ended March 31, 2012	82,065	12,318	11,819	6,723

2. Forecast for the Fiscal Year Ending March 31, 2014

	Net sales	Operating income	Ordinary income	Net income	Earnings per share of common stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Year ending March 31, 2014	97,000	12,000	11,700	6,800	118.91

Note: Capcom discloses a full year business forecast, as it manages its business performance on an annual basis.

3. Status of Each Operational Department

(1) Digital Contents

(Unit: Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Difference (%)
Net sales	59,810	63,636	6.4%
Operating income	12,888	7,062	-45.2%
Operating margin	21.5%	11.1%	-

- a. In the Digital Contents business, which constitutes our core competence, the flagship title “Resident Evil 6” (for PlayStation 3 and Xbox 360) sold at a brisk pace initially when it was launched. Its sales, however, subsequently plateaued. As a result, it did not meet with our projection and thus was not able to play a role in leading the segment’s sales growth. In contrast, “Dragon’s Dogma” (for PlayStation 3 and Xbox 360) became a greater-than-expected hit product in the domestic market, which has high profitability, and became an unprecedented million seller in the recent years as an original title. In addition, “DmC Devil May Cry” (for PlayStation 3 and Xbox 360) enjoyed stable popularity in overseas markets and posted solid sales. Furthermore, “Monster Hunter 3 (Tri) G HD Ver.”, which was our first title for the new home video console “Wii U” that was launched in December 2012, also became a smash hit. However, its package sales were generally soft.
- b. In the meantime, “Minna to Monhan Card Master”, which the Company began to distribute via Mobage in the previous fiscal year, continued to post growth, thanks to the increasingly widespread of smartphones. At the same time, “Resident Evil: Outbreak Survive” for GREE steadily gained new users. As a consequence, both titles enjoyed membership exceeding two million each.

- c. Additionally, the “Monster Hunter Frontier Online” series has remained a perennial favorite and continued to bring in stable income. Strong results being achieved by the contents segment is leading the Company’s profit structure to undergo a transformation.
- d. Furthermore, “Smurf’s Village” under “Beeline” brand has securely built stable sales over a long range.
- e. The resulting net sales were 63,636 million yen (up 6.4 % from the previous year) and operating income was 7,062 million yen (down 45.2 % from the previous year).

(2) Arcade Operations

(Unit: Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Difference (%)
Net sales	11,729	10,944	-6.7%
Operating income	1,787	1,709	-4.4%
Operating margin	15.2%	15.6%	-

- a. In the Arcade Operations business, Capcom focused its attention on securely capturing core users by holding various events and providing pleasant facilities in an effort to attract a greater number of customers in the increasingly sluggish market. In addition, the Company concentrated its efforts on building a broad customer base so as to find new customers. In line with this strategy, the Company conducted promotional tours to let middle-aged and older people try their hands at game machines free of charge, and installed machines that parents and their children can play together. Nonetheless, the segment results were soft, partly because of the dispersion of entertainment, resulting from overlapping of arcade game players with smartphone users. The other issues to the weak results were a shortage of sales-driving products and the Company’s inability to avoid the recoiling from an increase in demand in the months following the Great East Japan Earthquake.
- b. During this fiscal year, new arcade openings were postponed in consideration of the market environment. As three unprofitable arcades were closed down, the total number of arcades became 34 as of the end of the current period.
- c. The resulting net sales were 10,944 million yen (down 6.7 % from the previous year) and operating income was 1,709 million yen (down 4.4 % from the previous year).

(3) Amusement Equipments

(Unit: Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Difference (%)
Net sales	7,663	16,783	119.0%
Operating income	890	4,892	449.3%
Operating margin	11.6%	29.1%	-

- a. In the Pachinko & Pachislo division, the business scale steadily expanded. This was due in part to the flagship title “Resident Evil 5”, whose sales significantly exceeded expectations in a synergy with home video game software and buoyed profits. The expanding contracted product development business was another factor contributing to the segment growth.
- b. In the Arcade Games Sales business, “Mario Party Kurukuru! Carnival”, which is a coin-operated game machine, posted solid sales against the backdrop of a gap in the new product supply cycle. Repeat sales of existing products were also sound.
- c. The resulting net sales were 16,783 million yen (up 119.0 % from the previous year) and operating income was 4,892 million yen (up 449.3 % from the previous year).

(4) Other Businesses

(Unit: Millions of Yen)

	Year ended March 31, 2012	Year ended March 31, 2013	Difference (%)
Net sales	2,862	2,711	-5.3%
Operating income	877	740	-15.6%
Operating margin	30.6%	27.3%	-

Publication of game guidebooks and sales of character-related goods constitute the main component of sales in other businesses. Net sales of the segment were 2,711 million yen (down 5.3% from the previous year) and operating income was 740 million yen (down 15.6 % from the previous year).