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Press Release

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**Sales for the 9 Months of FY2013 Increased 3.5%,
Operating Income was decreased by 13.4% from the Same Term Last Year**

- Favorable sales from the latest version of major series contributed globally, including “Monster Hunter 4” -

Capcom Co., Ltd. would like to announce that net sales increased to 75,221 million yen (up 3.5% from the same term last year) in the 9 months of fiscal year ending March 31, 2014. As for profits, operating income decreased to 8,521 million yen (down 13.4 % from the same term last year), and ordinary income decreased to 9,251 million yen (down 8.0% from the same term last year). Net income for the current period decreased to 5,957 million yen (down 10.3 % from the same term last year).

During the 9 months, our much-anticipated flagship title “Monster Hunter 4” introduced in September 2013 became a huge hit with people lining up at major shops across the country from the day of release. Furthermore, a million sales was achieved for “Dead Rising 3” (for Xbox One) that has been geared toward the European and North American.

In the Amusement Equipments business, new pachislo machine “DEVIL MAY CRY 4”, which was released last September, realized better-than-expected sales, serving to lead sales expansion and support earnings. However, due to the backlash from the huge hit “Resident Evil 5” in the third quarter of the previous fiscal year, there was a substantial decrease in sales and income.

As a result, consolidated financial results for ended December 31, 2013 increased in sales and profits declined from the previous term.

The forecast for the consolidated business results for the current fiscal year ending March 31, 2014 remains the same as what was projected at the financial results announcement on May 8, 2013.

1. Consolidated Financial Results for the 9 months ended December 31, 2013

(April 1, 2013 – December 31, 2013)

	Net sales	Operating income	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen	Million Yen
9 months ended Dec. 31, 2013	75,221	8,521	9,251	5,957
9 months ended Dec. 31, 2012	72,699	9,838	10,054	6,645

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	120.62

3. Status of Each Operational Department

(1) Digital Contents

(Unit: Millions of Yen)

	9 months ended Dec. 31, 2012	9 months ended Dec. 31, 2013	Difference (%)
Net sales	49,720	56,067	12.8%
Operating income	7,322	6,919	-5.5%
Operating margin	14.7%	12.3%	-

- a. In the Digital Contents business, in addition to the feature title “Monster Hunter 4” (for Nintendo 3DS) being supported by overwhelming popularity, as mentioned above, and creating a huge buzz even comparable to a sort of social phenomenon, “Dragon’s Dogma: Dark Arisen” (for PlayStation 3 and Xbox 360) also steadily increased sales.
- b. Furthermore, projected sales were basically achieved for not only “Dead Rising 3” (for Xbox One) that has been geared toward the European and North American markets, “Resident Evil Revelations” (for PlayStation 3, Xbox 360, Wii U and PC), but also “Phoenix Wright: Ace Attorney - Dual Destinies” (for Nintendo 3DS).
- c. Furthermore, the downloadable versions, which respond to changes in forms of distribution, contributed to expansion of sales by growing significantly both overseas and domestically in line with the progress in diversification of business models, including the better-than-expected performance of “DuckTales: Remastered” for overseas markets in addition to the aforementioned “Monster Hunter 4” showing strong sales.

- d. On the other hand, sales of “Lost Planet 3” (for PlayStation 3, Xbox 360 and PC) were below expectations due in part to intensifying competition in the European and North American markets.
- e. Meanwhile, in addition to the online game “Monster Hunter Frontier G” (for PC, Xbox 360, PlayStation 3 and Wii U) performing steadily, the browser game “Onimusha Soul” is garnering a great deal of attention in Taiwan, including being at the top of the charts, with the start of its distribution there. In order to expand Capcom’s business field, this marked the beginning of the Company’s base in Taiwan, which was established in 2012, in gaining a foothold.
- f. In addition, the Beeline brand’s mainstay title “Smurfs’ Village” also maintained its ongoing popularity, providing stable income.
- g. However, mobile contents did not achieve expected level of sales throughout the period under review, due in part to lack of major titles and the fierce competition even though “Monster Hunter Hunting Quest” performed steadily.
- h. The resulting net sales were 56,067 million yen (up 12.8% from the same term last year), and operating income was 6,919 million yen (down 5.5% from the same term last year).

(2) Arcade Operations

(Unit: Millions of Yen)

	9 months ended Dec. 31, 2012	9 months ended Dec. 31, 2013	Difference (%)
Net sales	8,198	7,949	-3.0%
Operating income	1,271	1,242	-2.3%
Operating margin	15.5%	15.6%	-

- a. In the Arcade Operations business, Capcom has been working to capture a wide range of customers including core customers, repeat customers and families as well as to get new customers through development of elaborate activities to draw in customers such as conducting “free game experiencing tours” for middle-aged and seniors, and setting up “kids’ corners” for pre-school children to broaden the customer base in continued stagnant market.
- b. However, the lack of high-performing game machines, intensification of competition with other modes of entertainment and bad weather adversely impacted efforts to attract customers.
- c. Capcom opened an arcade in Shizuoka city and closed an unprofitable arcade during the period under review, bringing the total number of arcades to 34 as of the end of the period.

- d. The resulting net sales were 7,949 million yen (down 3.0% from the same term last year), and operating income was 1,242 million yen (down 2.3% from the same term last year).

(3) Amusement Equipments

(Unit: Millions of Yen)

	9 months ended Dec. 31, 2012	9 months ended Dec. 31, 2013	Difference (%)
Net sales	12,847	9,213	-28.3%
Operating income	3,701	2,450	-33.8%
Operating margin	28.8%	26.6%	-

- a. In the Pachinko & Pachislo division, “DEVIL MAY CRY 4”, which was released last September, realized better-than-expected sales, serving to lead sales expansion and support earnings.
- b. In addition, in the Arcade Games Sales division, a new coin-operated game machine “Mario Party Fushigi no Korokoro Catcher 2” performed solidly.
- c. However, due to the backlash from the huge hit “Resident Evil 5” in the third quarter of the previous fiscal year, there was a substantial decrease in sales and income.
- d. The resulting net sales were 9,213 million yen (down 28.3% from the same term last year), and operating income was 2,450 million yen (down 33.8% from the same term last year).

(4) Other Businesses

(Unit: Millions of Yen)

	9 months ended Dec. 31, 2012	9 months ended Dec. 31, 2013	Difference (%)
Net sales	1,933	1,991	3.0%
Operating income	676	721	6.7%
Operating margin	35.0%	36.2%	-

In Other Businesses, which is mainly the publication of game guidebooks, etc. and selling of character and other goods, net sales were 1,991 million yen (up 3.0% from the same term last year), and operating income was 721 million yen (up 6.7% from the same term last year).