



February 1, 2017

Press Release

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**Consolidated Results for the 9 Months Ended December 31, 2016 In-line with Targets;
Poised for Four Consecutive Years of Full-Year Operating Income Growth**

- Despite a decrease of 6.2% in net sales and 51.7% in operating income compared to the same period in the previous year, sales from major titles in Q4 on the horizon-

Capcom Co., Ltd. today announced that net sales decreased to 53,507 million yen in its consolidated business results for the first nine months of the fiscal year ending March 31, 2017 (down 6.2% from the same period in the previous year). Operating income was 5,119 million yen (down 51.7% from the same period in the previous year), and ordinary income was 4,147 million yen (down 61.0% from the same period in the previous year). Net income attributable to owners of the parent decreased to 2,762 million yen (down 60.6% from the same period in the previous year).

During the nine-month period, in addition to a firm start for *Dead Rising 4*, titles such as *Monster Hunter Generations* and re-releases of popular titles from the *Resident Evil* franchise reported solid sales overseas. However, despite synergy with home video games driving *Monster Hunter Kyoryu Sensen* to be a smash hit in the Amusement Equipments business, sales and income were comparatively lower due to the release of a hit title in the same period of the previous fiscal year.

As a result, consolidated net sales were 53,507 million yen and operating income was 5,119 million yen. Further, a strong yen in the first half caused the Company to recognize a foreign exchange loss of 716 million yen, resulting in an ordinary income of 4,147 million yen and a net income attributable to owners of the parent of 2,762 million yen.

With regards to the forecast for the consolidated results for the current fiscal year ending March 31, 2017, the Company plans an aggressive sales campaign for its major titles in the Digital Contents business, including the titles *RESIDENT EVIL 7 biohazard* and *Monster Hunter XX (Double Cross)*; as such the forecast remains the same as what was projected at the financial results announcement on May 9, 2016.

1. Results for the 9 months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	Million Yen
9 months ended December 31, 2016	53,507	5,119	4,147	2,762
9 months ended December 31, 2015	57,060	10,604	10,640	7,006

2. Earnings forecast for the fiscal year ending March 31, 2017

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share of common stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Year ending March 31, 2017	85,000	13,600	13,300	9,000	162 53

3. Status of Each Operational Department

(1) Digital Contents

(Unit: Million Yen)

	9 months ended December 31, 2015	9 months ended December 31, 2016	Difference (%)
Net sales	36,080	28,428	-21.2%
Operating income	9,706	1,461	-84.9%
Operating margin	26.9%	5.1%	-

- a. In the Digital Contents business, sales of *Dead Rising 4* (for Xbox One and PC), which was released in December 2016, were firm, while the sales of *Monster Hunter Stories* (for the Nintendo 3DS family of systems), which targeted younger audiences, were soft.
- b. On the other hand, re-releases of popular titles *Resident Evil 5* (for PlayStation 4 and Xbox One) and *Resident Evil 4* (for PlayStation 4 and Xbox One) performed steadily thanks to a stable fanbase for the brand. Additionally, *Monster Hunter Generations*, known as *Monster Hunter X (Cross)* in Japan and Asia (for the Nintendo 3DS family of systems), achieved solid sales overseas thanks to Capcom's established brand capabilities.
- c. Moreover, in online games and mobile phone contents, the Company broke new ground amidst ongoing efforts to achieve progress in this static sub-segment by reviewing its development framework and operation methods. This led *Toraware no Paruma*, an enterprising romance game for smartphones (for Android devices and iOS) developed primarily by female staff, to reach the top of the App Store paid application rankings on its release date.
- d. The resulting net sales were 28,428 million yen (down 21.2% from the same period in the previous year) and operating income was 1,461 million yen (down 84.9% from the same period in the previous year).
- e. In the fourth quarter of the fiscal year ending March 31, 2017, the Company plans on an aggressive sales campaign with the release of two major titles for the quarter: *RESIDENT EVIL 7 biohazard* (for PlayStation 4, Xbox One and PC) and *Monster Hunter XX (Double Cross)* (for the Nintendo 3DS family of systems) in Japan.

(2) Arcade Operations

(Unit: Million Yen)

	9 months ended December 31, 2015	9 months ended December 31, 2016	Difference (%)
Net sales	6,578	7,069	7.5%
Operating income	459	611	33.1%
Operating margin	7.0%	8.6%	-

- a. In the Arcade Operations business, under the environment in which the regulations on entry into arcades at night were relaxed by the amendments to the Act on Control and Improvement of Amusement Business, etc. effective June 2016, efforts were made to capture a broad customer base by securing repeat customers and attracting persons of middle or advanced age and children accompanied by a parent. This was done through community-based arcade marketing to win the support of local residents by holding various events and operating arcades in a manner to offer comfortable experience to customers under the banner of “No. 1 arcade in the community.”
- b. To develop new business opportunities, the Company also pushed forward innovative new business formulas, such as opening a CharaCap shop, which mainly sells character merchandise, inside an arcade.
- c. During the period under review, a new arcade was opened in Yamaguchi Prefecture bringing the total number of arcades to 35.
- d. The resulting net sales were 7,069 million yen (up 7.5% from the same period in the previous year) and operating income was 611 million yen (up 33.1% from the same period in the previous year).

(3) Amusement Equipments

(Unit: Million Yen)

	9 months ended December 31, 2015	9 months ended December 31, 2016	Difference (%)
Net sales	13,091	16,591	26.7%
Operating income	2,895	5,422	87.3%
Operating margin	22.1%	32.7%	-

- a. In the Pachinko & Pachislo sub-segment, *Monster Hunter Kyoryu Sensen*, the featured model this term, was a mega hit due to synergy with home video games, and drove sales expansion.
- b. In the Arcade Games Sales sub-segment, the Company launched *Mario Party Fushigi no Challenge World* and focused on repeat sales of existing products.

- c. The resulting net sales were 16,591 million yen (up 26.7% from the same period in the previous year) and operating income was 5,422 million yen (up 87.3% from the same period in the previous year).

(4) Other Businesses

(Unit: Million Yen)

	9 months ended December 31, 2015	9 months ended December 31, 2016	Difference (%)
Net sales	1,310	1,418	8.3%
Operating income	354	562	58.8%
Operating margin	27.0%	39.6%	-

The net sales from Other Businesses, mainly consisting of royalty income from licensing and sale of character merchandise, were 1,418 million yen (up 8.3% from the same period in the previous year) and operating income was 562 million yen (up 58.8% from the same period in the previous year).