



**Capcom Co., Ltd.**

**(Tokyo and Osaka Exchanges,  
First Section, 9697)**

**3rd Quarter Report**

**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 consoles; (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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# Financial Highlights

# Financial Highlights -Consolidated Business Results (1)

**FY2012 plan for sales and earnings was lowered  
in December 2012**

## ■ FY2012 Previous forecast vs. Revised forecast

(Million yen)

	Previous forecast	Revised forecast	Difference
Net sales	105,000	93,500	-11,500
Operating income	15,800	10,000	-5,800
Ordinary income	15,700	10,000	-5,700
Net income	9,800	6,500	-3,300

- Sales and earnings at all levels were reduced mainly because the performance of major packaged software titles fell short of the plan and the launch of some titles was pushed back
- In the Amusement Equipments business, sales of Capcom pachislo machines were strong

## Financial Highlights -Consolidated Business Results (2)

**Sales and earnings up from one year earlier due to launches of major titles and strong sales of Capcom pachislo machines**

### ■ 9 Months Results in FY12/11vs. FY12/12

(Million yen)

	2011/12	2012/12	Difference
Net sales	50,270	72,699	22,429
Operating income	6,744	9,838	3,094
Ordinary income	5,823	10,054	4,231
Net income	3,242	6,645	3,403

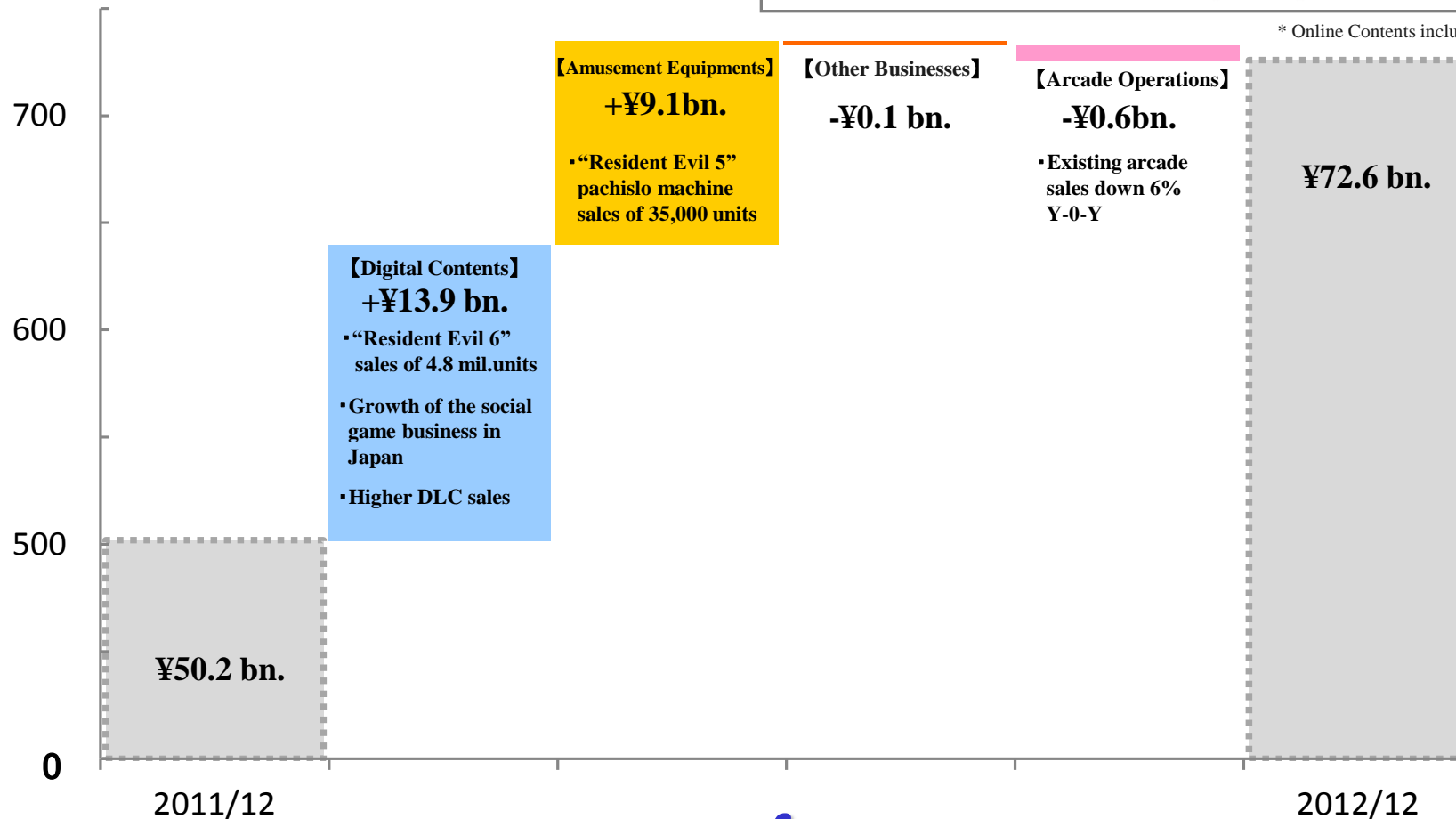
- Sales and earnings were higher mainly because of launches of major package software titles and strong sales of Capcom pachislo machines
- Foreign exchange gain of 241 million yen due to the yen's weakness
- Net income per share was 115.40 yen

# Financial Highlights -Consolidated Business Results (3)

## ■ FY12/12 Net Sales (Fact of Increase and Decrease)

- Sales growth due to major title launches and the growth of Online contents operations in the Digital Contents business
- Big sales increase in the Amusement Equipments business because of strong sales of Capcom pachislo machines

(100 Million Yen)



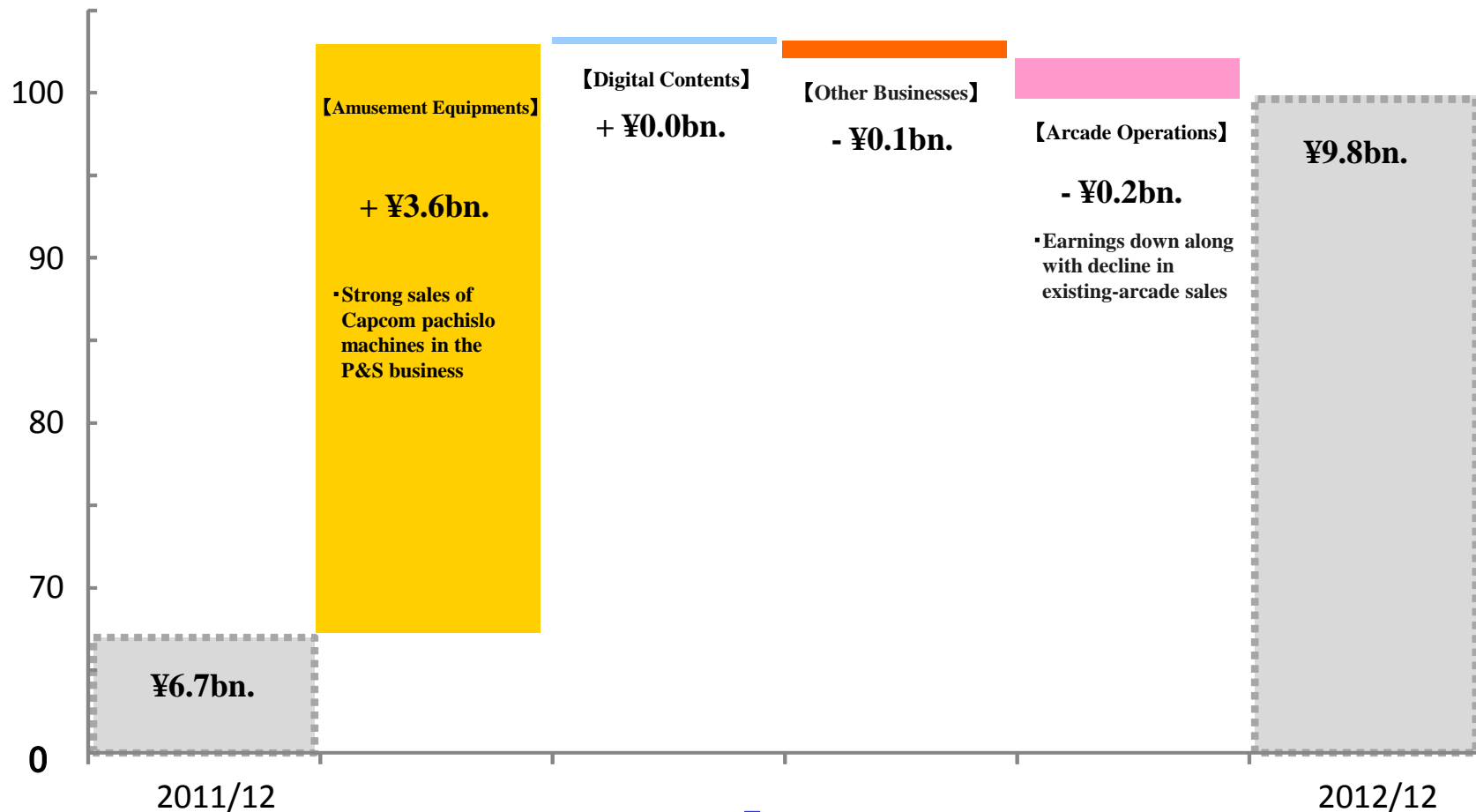
\* Online Contents includes DLC, MC and PC Others

# Financial Highlights - Consolidated Business Results (4)

## ■ FY12/12 Operating Income (Fact of Increase and Decrease)

▪ Earnings up mainly because of the strong performance of the Amusement Equipments business

(100 Million Yen)





# Financial Highlights – Balance Sheet

## ■ Major Changes in Balance Sheet Items

(Million yen)

Assets	2012/3	2012/12	Difference
Cash on hand and in banks	24,752	28,405	3,653
Notes and accounts receivable, trade	17,285	14,561	-2,724
Work-in-progress for game software	22,373	25,943	3,570

### (1) Notes and accounts receivable, trade

Decreased due to collection of receivables associated with the release of a major title late in the previous fiscal year

### (2) Work-in-progress for game software

Increasing steadily along with reinforcement of the development pipeline despite the introduction of major titles

(Million yen)

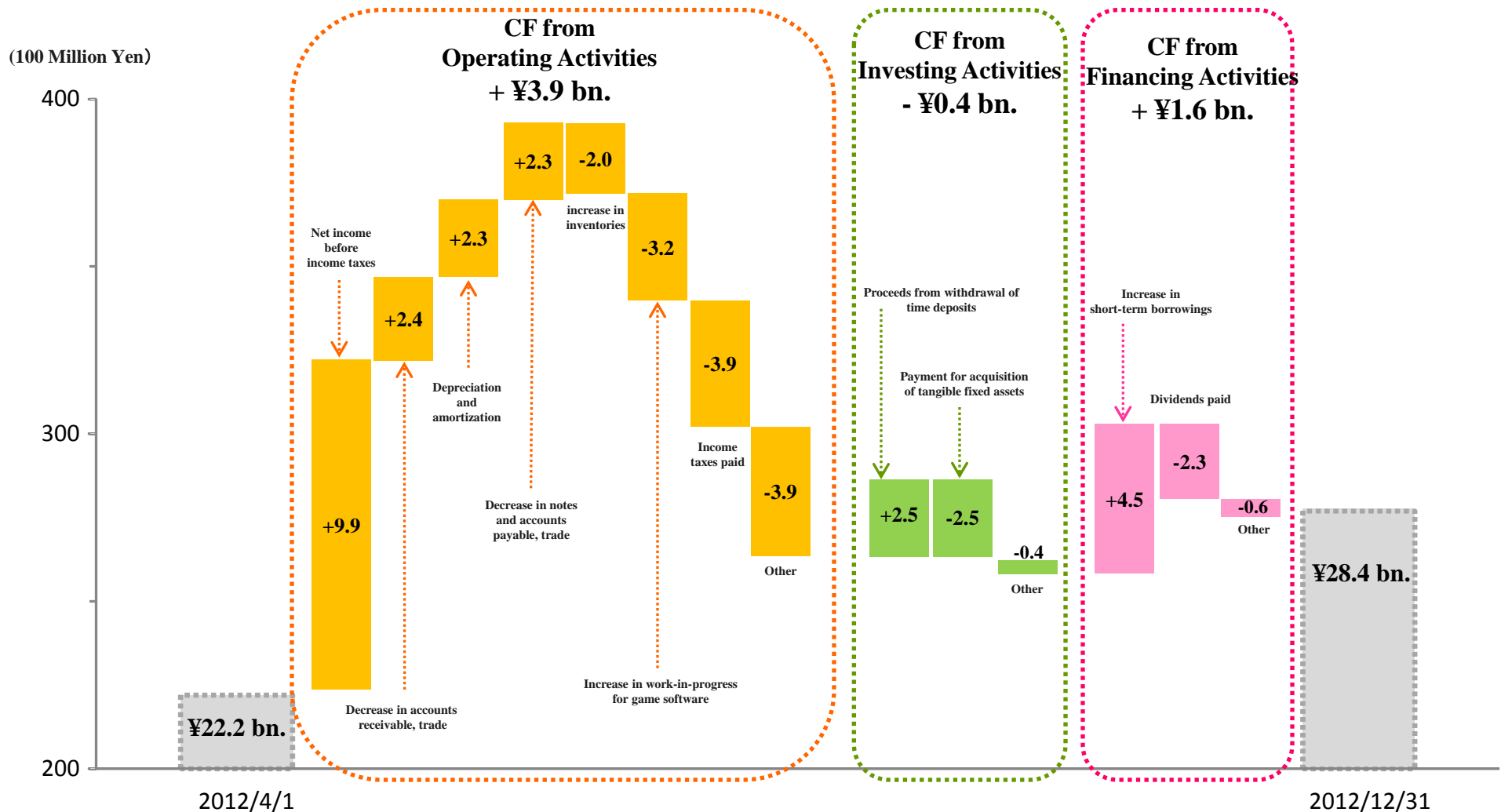
Liability	2012/3	2012/12	Difference
Short-term borrowings	7,259	11,595	4,336

### (3) Short-term borrowings

Used the commitment line

# Financial Highlights - Consolidated Cash Flows

## ■ FY12/12 Consolidated Cash Flows (Fact of Increase and Decrease)



# Business Segments

# Business Segments -Digital Contents (1)

**Sales up from one year earlier because of major new titles and higher Online contents sales**

## ■ Digital Contents Performance

(100 million yen)

	2011/12	2012/12	2013/3 Plan
Net sales	357	497	655
Operating income	73	73	77
Operating margin	20.5%	14.7%	11.8%
<b>(Composition)</b>			
Package	248	330	395
<b>Online Contents</b>			
DLC	19	33	50
Mobile Contents	40	86	140
PC Other	50	48	70
<b>Online Contents Total</b>	<b>109</b>	<b>167</b>	<b>260</b>

# Business Segments -Digital Contents (2)

Third quarter “Resident Evil 6” sales were 1.1 million units but repeat sales were lackluster

## ■ Sales of Major Titles for the 9 Months (Package Software)

(Unit: Thousand)

Platform	Title	Region	Date	Result
PS3 Xbox 360	Resident Evil 6	Japan	2012/10/4	4,800
		North America	2012/10/2	
		Europe	2012/10/2	
PS3 Xbox 360	Dragon's Dogma	Japan	2012/5/24	1,250
		North America	2012/5/22	
		Europe	2012/5/25	
PS3 Xbox 360 PC	Resident Evil: Operation Raccoon City *Repeat Sales in North America and Europe(Xbox 360/PS3)	Japan	2012/4/26	650
		North America	2012/3/20	
		Europe	2012/3/23	

\*Sales for Japan include the entire Asian region.

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

# Business Segments -Digital Contents (3)

**Sales volume was strong as the contribution of major titles offset a decline in the number of titles**

## ■ Package Software Unit Sales for the 9 Months

(Unit: Thousand)

	2010/12	2011/12	2012/12	Difference
<b>Titles</b>	<b>37</b>	<b>46</b>	<b>33</b>	<b>-13</b>
<b>Japan</b>	<b>7,500</b>	<b>5,000</b>	<b>3,700</b>	<b>-1,300</b>
<b>North America</b>	<b>3,900</b>	<b>2,500</b>	<b>4,000</b>	<b>1,500</b>
<b>Europe</b>	<b>3,700</b>	<b>1,700</b>	<b>2,600</b>	<b>900</b>
<b>Asia</b>	<b>400</b>	<b>200</b>	<b>400</b>	<b>200</b>
<b>Total</b>	<b>15,500</b>	<b>9,400</b>	<b>10,700</b>	<b>1,300</b>

(Composition) (Unit: Thousand)

	2010/12	2011/12	2012/12	Difference
<b>Distribution titles</b>	<b>550</b>	<b>900</b>	<b>450</b>	<b>-450</b>
<b>Old titles</b>	<b>3,700</b>	<b>3,300</b>	<b>3,500</b>	<b>200</b>

**Online contents sales continue to climb along with growth of the social game and DLC lineups**

## **■ 9 Months Highlights (DLC)**

- **Big increase in sales from one year earlier because of new DLC associated with major titles and higher sales from primary software downloads**

## **■ 9 Months Highlights (Mobile Contents)**

- **For the Capcom brand, the social game lineup in Japan was expanded and cumulative members surpassed 7.2 million**
- **For the Beeline brand, cumulative downloads surpassed 86 million, mainly for “Smurfs Village”**
- **“Smurf Life” (iOS) and “Chibimaruko-Chan to Okashi no Kuni” (iOS/Android) are off to a smooth start**

## **■ 9 Months Highlights (PC Other)**

- **Sales of the core title “Monster Hunter Frontier Online” remain favorable**
- **Strong operation of browser game “Onimusha Soul”**

# Business Segments -Digital Contents (5)

**Initial shipments of “DmC Devil May Dry”  
reached 1 million units in January 2013**

## ■ FY2012 Sales Forecast for Major Titles (Package Software)

(Unit: Thousand)

Platform	Title	Region	Date	Plan
PS3 Xbox 360	Resident Evil 6	Japan	2012/10/4	5,000 (cumulative)
		North America	2012/10/2	
		Europe	2012/10/2	
PS3 Xbox 360	DmC Devil May Cry	Japan	2013/1/17	1,200
		North America	2013/1/15	
		Europe	2013/1/15	

\*Sales for Japan include the entire Asian region.



“DmC Devil May Cry”



# Business Segments -Digital Contents (6)

Lowered the sales volume plan for FY2012  
along with the December 2012 revision

## ■ FY2012 Package Software Units Sales Plan

(Unit: Thousand)

	2011/3	2012/3	2013/3 Plan	Difference
<b>Titles</b>	<b>53</b>	<b>68</b>	<b>40</b>	<b>-28</b>
<b>Japan</b>	<b>9,000</b>	<b>6,800</b>	<b>4,800</b>	<b>-2,000</b>
<b>North America</b>	<b>6,000</b>	<b>5,100</b>	<b>5,200</b>	<b>100</b>
<b>Europe</b>	<b>5,000</b>	<b>3,300</b>	<b>3,500</b>	<b>200</b>
<b>Asia</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>
<b>Total</b>	<b>20,500</b>	<b>15,700</b>	<b>14,000</b>	<b>-1,700</b>

	2011/3	2012/3	2013/3 Plan	Difference
<b>Distribution titles</b>	<b>650</b>	<b>1,250</b>	<b>450</b>	<b>-800</b>
<b>Old titles</b>	<b>4,000</b>	<b>3,900</b>	<b>4,000</b>	<b>100</b>

**Aiming to increase earnings by increasing the online lineup**

## **■ FY2012 Outlook for remainder (DLC)**

- Continue to introduce additional content for “Resident Evil 6” and other major titles

## **■ FY2012 Outlook for remainder (Mobile Contents)**

- For the Beeline brand, distribution of the well-known licensed title “Ghostbusters” (iOS) started on January 24, 2013
- For the Capcom brand, many new social games will be introduced, including “Minna to Onimusha Card Master” (Mobage)

## **■ FY2012 Outlook for remainder (PC Other)**

- Plan to start offering services for the PC online game “Ixion Saga” on March 14

# Business Segments -Arcade Operations (1)

Sales declined as existing arcade sales were down from one year earlier but the operating margin was about 15%

## ■ 9 Months Highlights

- Existing arcade sales down 6% from one year earlier  
(down 6% in first half and 4% in third quarter)
- Closed three arcades

## ■ 9 Months Business Results

(100 million yen)

	2010/12	2011/12	2012/12	Difference
Net sales	87	88	81	-7
Operating income	9	14	12	-2
Operating margin	10.7%	16.9%	15.5%	-
Year-to-Year Ratio of Existing arcades	100%	100%	94%	-

## ■ Number of Arcades

(Facilities)

	2011/3	2012/3	2012/12	2013/3 Plan
New arcades	0	0	0	0
Closing arcades	1	0	3	3
Total	37	37	34	34

## Business Segments -Arcade Operations (2)

**Expect lower sales but small increase in operating margin  
due to more efficient operations**

### **FY2012 Outlook for remainder**

- Foresee improvement in profitability due to a continuation of rigorous cost management
- Targeting new customer segments such as by holding hands-on tours for seniors
- No arcade openings or closings planned in the fourth quarter (total of 34 arcades)
- Plan on 2% decrease in existing arcade sales

### **FY2012 Business Plan**

(100 million yen)

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

# Business Segments -Amusement Equipments (1)

**Launch of the “Resident Evil 5” pachislo machines generates big increases in sales and earnings**

## **■ 9 Months Highlights (Arcade Games Sales business)**

- Repeat sales of other arcade machines were largely unchanged

## **■ 9 Months Highlights (P&S business)**

- Capcom’s “Resident Evil 5” pachislo machine, which was introduced in December, posted sales of 35,000 units, a new record for Capcom, and made a big contribution to sales and earnings

## **■ 9 Months Business Results**

(100 million yen)

	2010/12	2011/12	2012/12	Difference
Net sales	28	36	128	92
Operating income	4	0	37	37
Operating margin	15.6%	0.5%	28.8%	-

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

# Business Segments -Amusement Equipments (2)

**Reinforcing the organization  
to make the P&S business a future core profit center**

## ■ FY2012 Outlook for remainder (Arcade Games Sales business)

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

## ■ FY2012 Outlook for remainder (P&S business)

- Focusing on repeat sales of the “Resident Evil 5” pachislo machine

## ■ FY2012 Business Plan

(100 million yen)

	2011/3	2012/3	2013/3 Plan	Difference
Net sales	79	76	140	64
Operating income	26	8	40	32
Operating margin	33.4%	11.6%	28.6%	-

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



“Resident Evil 5”



# **Forecast for Year Ending March 31, 2013**

# Forecast for Year Ending March 31, 2013

**Following the December 2012 revisions, forecast higher sales and lower earnings compared with the previous fiscal year**

(million yen)

	2012/3	2013/3 Plan	Difference
Net sales	82,065	93,500	11,435
Operating income	12,318	10,000	-2,318
Ordinary income	11,819	10,000	-1,819
Net income	6,723	6,500	-223

- Consolidated sales up and earnings down due to revisions to the packaged software sales plan
- Fiscal year EPS forecast is 112.88 yen
- No change in annual dividend forecast of 40 yen
  - First half dividend of 15 yen and year-end dividend of 25 yen





# **Additional Information**

## **-Summary of Major Financial Information**

# Summary of Major Financial Information(1)

## ● Profit and Loss Sheet

	2011/3	2012/3	2013/3 E	%	2012/12
Net Sales	97,716	82,065	93,500	113.9%	72,699
Gross Profit	37,304	32,469	32,900	101.3%	26,674
% of Gross Profit	38.2%	39.6%	35.2%	-	36.7%
Sales and G&A Expenses	23,009	20,150	22,900	113.6%	16,835
Operating Income	14,295	12,318	10,000	81.2%	9,838
% of Operating Income	14.6%	15.0%	10.7%	-	13.5%
Ordinary Income	12,861	11,819	10,000	84.6%	10,054
% of Ordinary Income	13.2%	14.4%	10.7%	-	13.8%
Net Income	7,750	6,723	6,500	96.7%	6,645
% of Net Income	7.9%	8.2%	7.0%	-	9.1%

## ● Sales by Business Segments

		2011/3	2012/3	2013/3 E	%	2012/12
Digital Contents	Net Sales	74,297	59,809	65,500	109.5%	49,720
	Operating Income	13,865	12,887	7,700	59.8%	7,322
	Operating Margin	18.7%	21.5%	11.8%	-	14.7%
Arcade Operations	Net Sales	11,621	11,729	11,000	93.8%	8,198
	Operating Income	1,131	1,787	1,700	95.1%	1,271
	Operating Margin	9.7%	15.2%	15.5%	-	15.5%
Amusement Equipments	Net Sales	7,903	7,663	14,000	182.7%	12,847
	Operating Income	2,638	890	4,000	449.4%	3,701
	Operating Margin	33.4%	11.6%	28.6%	-	28.8%
Others	Net Sales	3,893	2,862	3,000	104.8%	1,933
	Operating Income	1,098	877	800	91.2%	676
	Operating Margin	28.2%	30.6%	26.7%	-	35.0%

## ● Sales by Geographic Area

	2011/3	2012/3	2013/3 E	%	2012/12
Japan	67,033	57,899	67,500	116.6%	51,453
North America	19,340	15,867	15,500	97.7%	12,887
Europe	9,966	6,930	9,000	129.9%	7,318
Other territories	1,376	1,368	1,500	109.6%	1,040

# Summary of Major Financial Information(2)

## ● Sales Units Shipped <platform>

(Thousand Units)

		2011 /3	2012/3	2013/3 E	Difference	2012/12
Playstation 2	Total Titles	1	0	-	-	0
	Sub Total	300	200	-	-	50
Playstation 3	Total Titles	11	25	-	-	15
	Sub Total	6,200	6,200	-	-	5,800
PSP	Total Titles	11	9	-	-	4
	Sub Total	6,200	1,900	-	-	550
Wii	Total Titles	5	4	-	-	2
	Sub Total	1,400	650	-	-	400
NintendoDS	Total Titles	11	12	-	-	5
	Sub Total	1,700	3,300	-	-	700
Xbox 360	Total Titles	11	16	-	-	5
	Sub Total	4,200	3,200	-	-	3,000
PC & Others	Total Titles	3	2	-	-	2
	Sub Total	500	250	-	-	200
Total	Total Titles	53	68	40	-28	33
	Sub Total	20,500	15,700	14,000	89.2%	10,700

## ● Sales Units Shipped <geographic>

(Thousand Units)

	2011/3	2012/3	2013/3 E	Difference	2012/12
Japan	9,000	6,800	4,800	70.6%	3,700
North America	6,000	5,100	5,200	102.0%	4,000
Europe	5,000	3,300	3,500	106.1%	2,600
Asia	500	500	500	100.0%	400
Total	20,500	15,700	14,000	89.2%	10,700