



**Capcom Co., Ltd.**  
**Tokyo and Osaka Stock Exchange,**  
**First Section, 9697**

**Overview of Strategies and Plans**  
**Fiscal Year ending March 31, 2014**

# 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.**

## < Contents >

1. **Our Mid-Term Goals** . . . P3
2. **Strategies for Growth** . . . P5
3. **Forecasts for FY 2013** . . . P9
4. **Business Segments Highlights** . . . P11
5. **Additional Information (1)** . . . P27  
**About Capcom**
6. **Additional Information (2)** . . . P31  
**Summary of Major Financial Information**

# 1. Mid-Term Goals

### **Revised Mid-Term Goals**

**During the five-year period from the fiscal year ending March 2014**

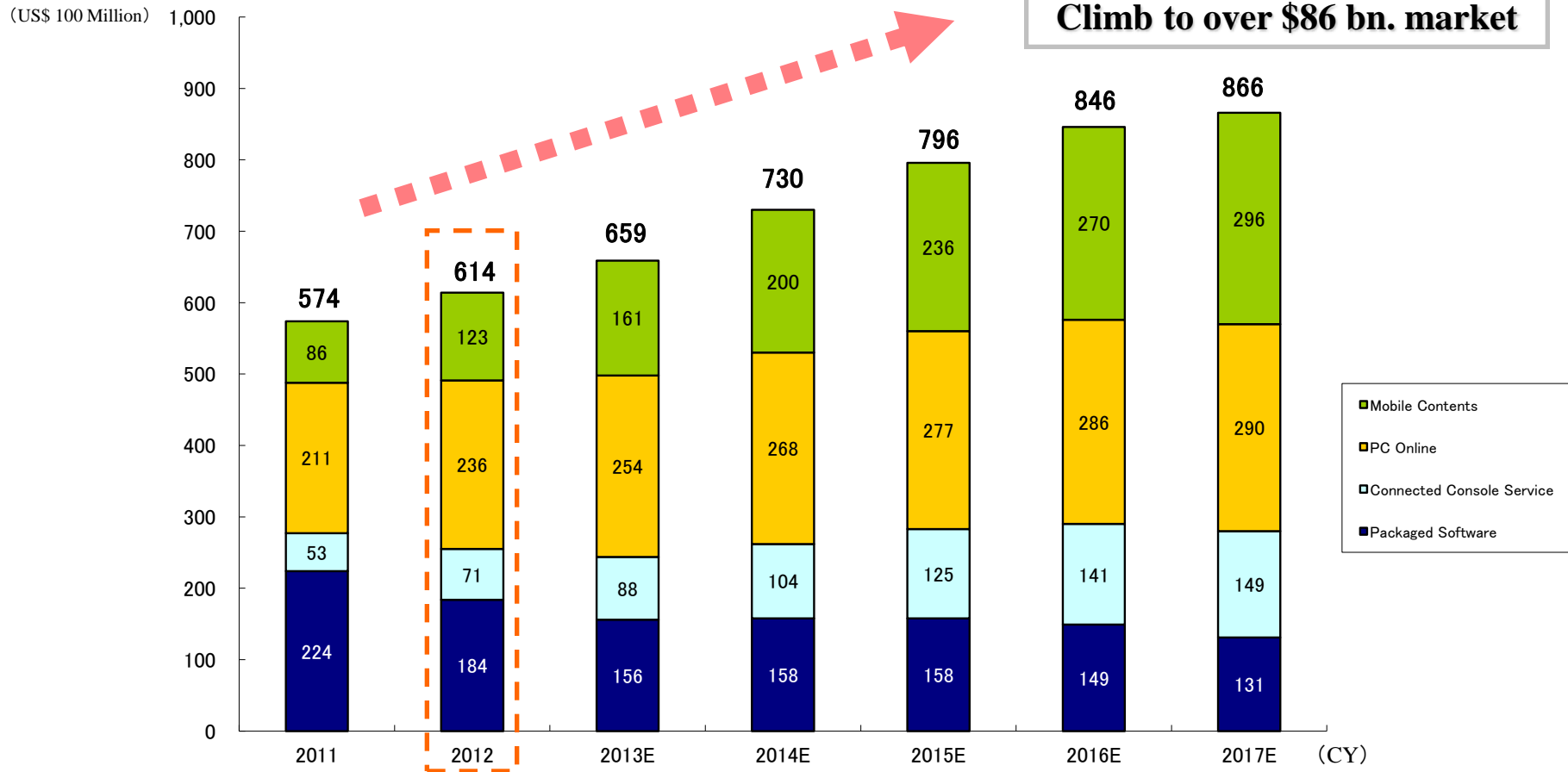
- **Accumulative operating income to  
75 - 80 billion yen**
- **Achieving an operating margin of 20%  
in the year ending March 2018**

## 2. Strategies for Growth

## 2-1. Market Overview

The PC online and mobile game markets continue to grow worldwide.

### ■ Total of Home Video Games, PC Online and Mobile Contents Market



E: Estimate \*Source : Data prepared from International Development Group

# Strategies for Growth

### ■ Strategy 1: Improve the Consumer business

- Reinforce the digital (DLC) strategy
- Raise development efficiency and quality by producing more titles internally
- Shorten the development-to-launch cycle for series titles

### ■ Strategy 2: Strengthen the Online Games business, which has much growth potential

- Sell social games for many types of platforms
- Increase measures to expand the Online business outside Japan
- Beef up development staff

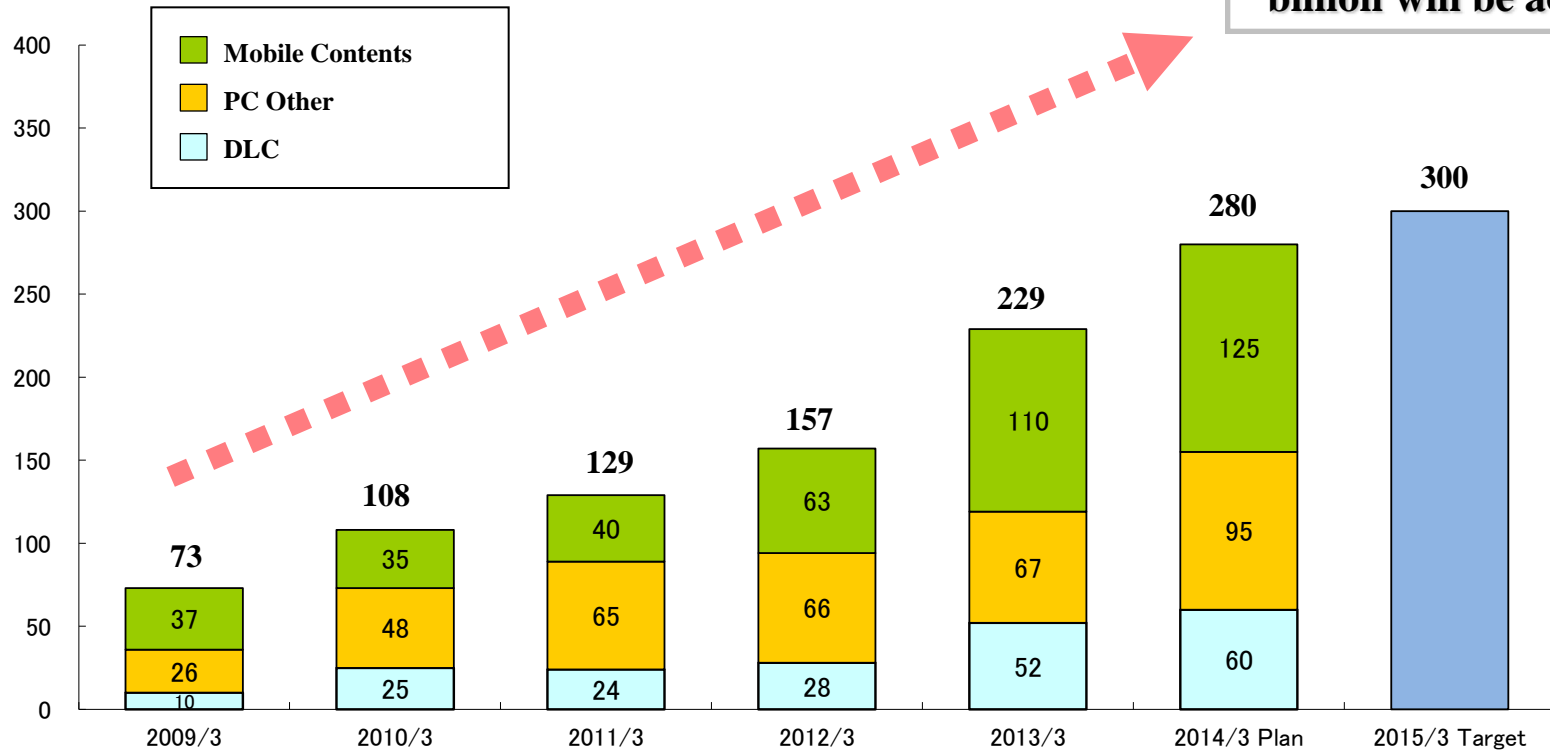


## 2-3. Online Contents Sales

**Aim for consistent growth  
by focusing resources on the Online Business**

### ■ Capcom's Online Contents Sales Growth

(100 million yen)



**Increasingly likely that  
the FY3/15 goal of ¥30  
billion will be achieved**

### **3. Forecasts for FY 2013**

### 3. Forecasts for FY 2013

**Higher sales and earnings are expected due to expansion of the online contents lineup, a strong performance by the Amusement Equipments business, and other reasons**

(Million yen)

	2013/3	2014/3Plan	Difference
Net sales	94,075	97,000	2,925
Operating income	10,151	12,000	1,849
Operating margin	10.8%	12.4%	-
Ordinary income	10,944	11,700	756
Net income	2,973	6,800	3,827

- **Aiming for higher sales and earnings primarily by pursuing the digital (DLC) strategy in the Consumer business and expanding the Online contents**
- **Earnings per share of common stock forecast is 118.91 yen**
- **Forecast a 15 yen interim dividend and 25 yen year-end dividend, resulting in 40 yen dividend for the fiscal year**

## 4-1. Digital Contents

## 4-1. Digital Contents – Strategic Objectives and Plan (1)

**Make the Consumer business more profitable  
by reinforcing the digital strategy**

### ■ Packaged software and downloadable content (DLC)– Strategic Objectives

- **Become more competitive overseas by deepening global ties between development and marketing operations**
  - ⇒ Establish a new organizational framework for next-generation game hardware
  - ⇒ Development is proceeding on “deep down”, a new title for the PlayStation 4
- **Launch several proven titles in Japan, a highly profitable market**
  - ⇒ Planned introductions include “Monster Hunter 4”, “Ace Attorney 5” and “Sengoku BASARA 4”
- **Increase sales of downloadable content (DLC)**
  - ⇒ Extend the lifetime of content by strategically launching additional content for major titles
  - ⇒ Increase sales from main title downloads
    - Add more titles that are sold exclusively as downloads like “Dungeons & Dragons”

# 4-1. Digital Contents – Strategic Objectives and Plan (2)

## ■ FY2013 Sales Plan for Major Package Titles

(Thousand units)

Title		Region	Releasing Date	Plan
3DS	Monster Hunter 4	Japan	Summer 2013	2,800
PS3 Xbox 360 Wii U PC	Resident Evil Revelations	Japan	5/23	1,200
		North America	5/21	
		Europe	5/24	
PS3 Xbox 360	Lost Planet 3	Japan	8/29	1,200
		North America	8/27	
		Europe	8/30	

\*Japan includes sales in other Asian countries

## 4-1. Digital Contents – Strategic Objectives and Plan (3)

**Anticipate a decline in sales volume as a cyclical market downturn and business restructuring take place at once**

### ■ FY2013 Package Software Unit Sales Plan

(Thousand units)

	2012/3	2013/3	2014/3Plan	Difference
<b>Titles (units)</b>	<b>68</b>	<b>46</b>	<b>30</b>	<b>-16</b>
<b>Japan</b>	<b>6,800</b>	<b>4,500</b>	<b>6,300</b>	<b>1,800</b>
<b>North America</b>	<b>5,100</b>	<b>5,400</b>	<b>4,000</b>	<b>-1,400</b>
<b>Europe</b>	<b>3,300</b>	<b>3,600</b>	<b>2,400</b>	<b>-1,200</b>
<b>Asia</b>	<b>500</b>	<b>500</b>	<b>300</b>	<b>-200</b>
<b>Total</b>	<b>15,700</b>	<b>14,000</b>	<b>13,000</b>	<b>-1,000</b>

(Composition) (Thousand units)

	2012/3	2013/3	2014/3Plan	Difference
<b>Distribution titles</b>	<b>1,250</b>	<b>550</b>	<b>750</b>	<b>200</b>
<b>Old titles</b>	<b>3,900</b>	<b>3,900</b>	<b>3,000</b>	<b>-900</b>

\* "Titles" are the number of the new package titles released during the fiscal year

## 4-1. Digital Contents – Strategic Objectives and Plan (4)

**The goal is to grow along with the market  
by hiring more developers for online contents**

### **■ Mobile Contents (Beeline Brand) – Strategic Objectives**

- **Continue to supply titles worldwide for the family user segment**
  - ⇒ Cumulative Beeline brand downloads have surpassed 100 million
  - ⇒ The brand's flagship title "Smurfs' Village" (iOS, Android) is still in the top 25
  - ⇒ Activities target e-book readers and many other types of hardware
- **Reinforce the four-region development infrastructure  
(North America, Europe, Thailand, Japan)**
  - ⇒ Fully start operations of "Beeline Interactive Thailand Co., Ltd."
  - ⇒ Plan to distribute "Snoopy2 (tentative)" of winter in 2013



## 4-1. Digital Contents – Strategic Objectives and Plan (5)

**The goal is to grow along with the market  
by hiring more developers for online contents**

### ■ Mobile Contents (Capcom Brand) – Strategic Objectives

- **Social games using primarily powerful existing brands**
  - ⇒ Activities for both apps and browsers using the Osaka and Tokyo development bases
  - ⇒ Increase the internal production workforce to introduce more titles

### ■ PC Other – Strategic Objectives

- **Use major updates of core titles to become more profitable**
  - ⇒ PC online game “Monster Hunter Frontier G” was launched on April 17, 2013
  - ⇒ Plan to launch PC browser game “Onimusha Soul” in the new platform
- **Initiatives for overseas growth**
  - ⇒ Launch “Monster Hunter Online” in China by collaborating with Tencent Holdings Limited  
Plan to start beta testing in 2013
  - ⇒ Start distributing the “Onimusha soul” PC browser game in Taiwan  
Started beta testing on April 30, 2013

## 4-1. Digital Contents – Strategic Objectives and Plan (6)

**Expansion of online contents is expected  
to lead to growth in sales and earnings**

### ■ Digital Contents Plan

(100 million yen)

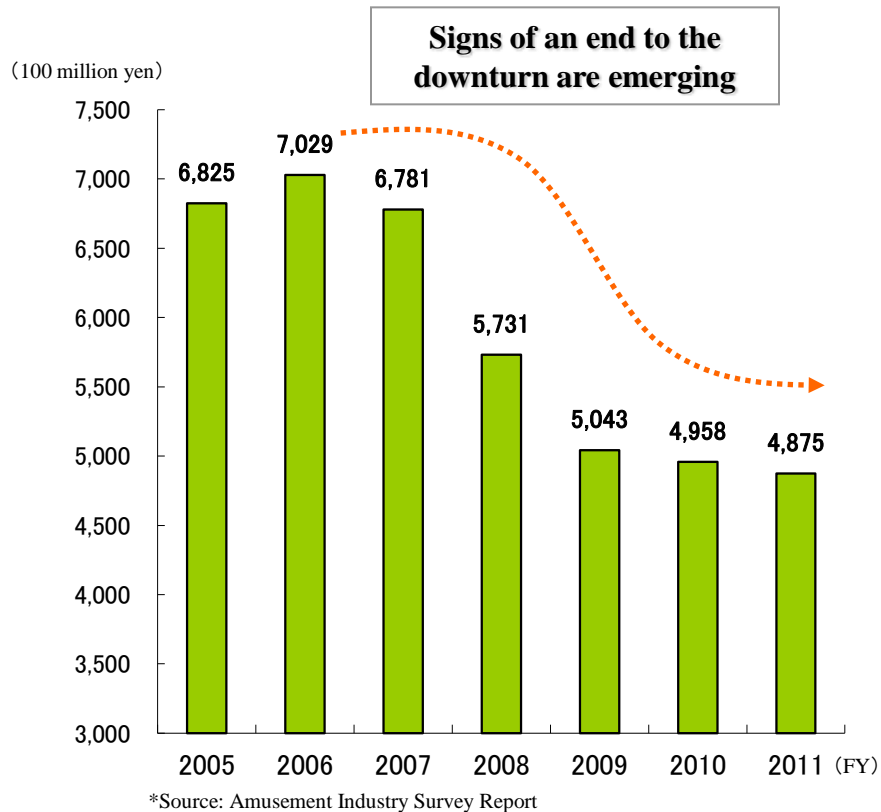
	2012/3	2013/3	2014/3Plan
Net sales	598	636	645
Operating income	128	70	91
Operating margin	21.5%	11.1%	14.1%
<b>(Composition)</b>			
①Package	441	407	365
②DLC	28	52	60
③Mobile Contents	63	110	125
④PC Other	66	67	95
<b>Online contents total (②+③+④)</b>	<b>157</b>	<b>229</b>	<b>280</b>

## 4-2. Arcade Operations

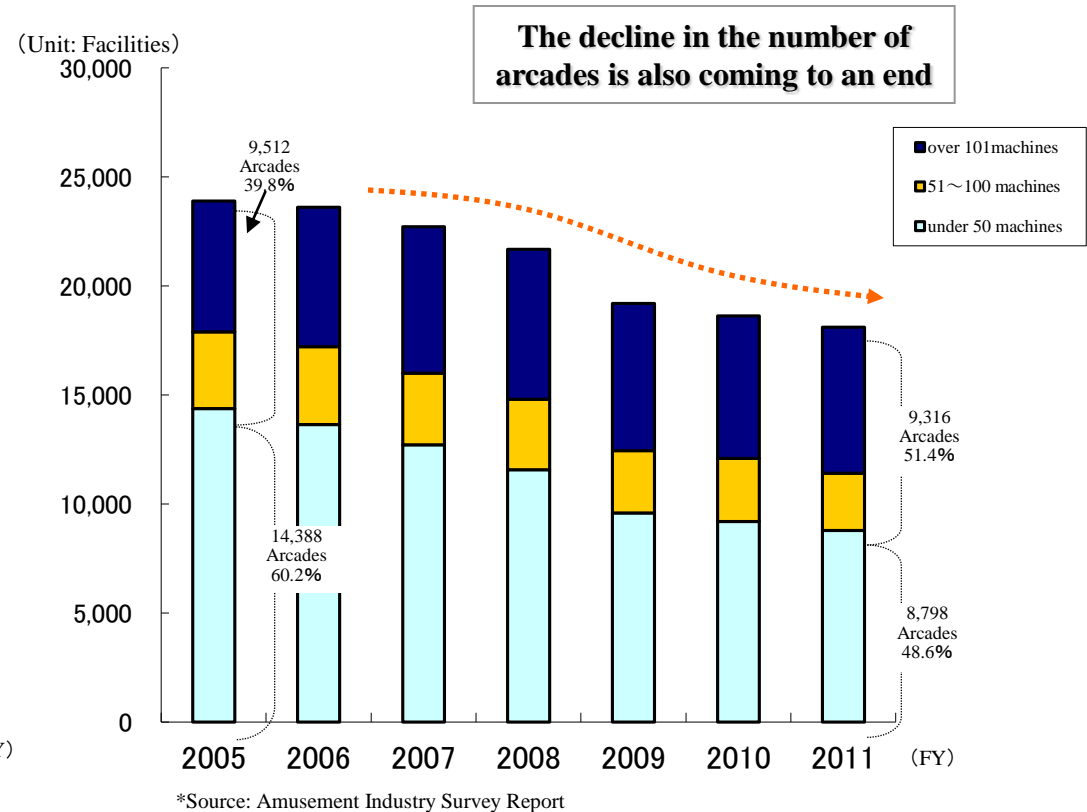
## 4-2. Arcade Operations – Market Overview

**The market continues to shrink slowly  
but Signs of an end to the downturn are emerging**

### Amusement Arcade Market



### Number of Amusement Arcades (by number of machines)



## 4-2. Arcade Operations – Strategic Objectives and Plan

**Plan on holding sales and earnings steady with measures to deal with unprofitable locations and other rigorous actions to manage costs**

### ■ Arcade Operations – Strategic Objectives

- **Make operations at existing arcades as efficient as possible**
  - ⇒ Target new user segments, such as by holding events for seniors
  - ⇒ Planning on a 1% decrease in sales on an existing-arcade basis
  - ⇒ Plan to open 3 arcades and close 5 in FY3/14, total of 32 facilities



“Plaza Capcom Nogata Arcade”

### ■ Arcade Operations Plan

(100 million yen)

	2012/3	2013/3	2014/3 Plan	Difference
Net sales	117	109	110	1
Operating income	17	17	17	0
Operating margin	15.2%	15.6%	15.5%	-
Year-to-year ratio of existing stores	101%	95%	99%	-

## 4-3. Amusement Equipments

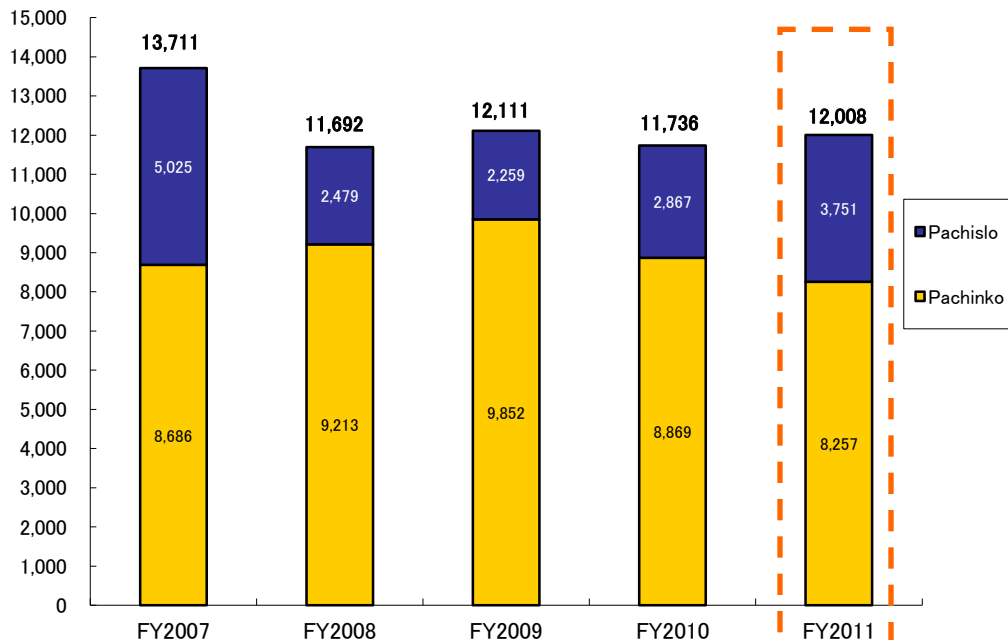
# 4-3. Amusement Equipments – Market Overview

**In the pachinko & pachislo market,  
growth continues in the pachislo sector  
Market for arcade game sales is recovering  
as the arcade market downturn ends**

## ■ Pachinko & Pachislo Machines Market

**Steady expansion is continuing  
in the pachislo market**

(100 million yen)

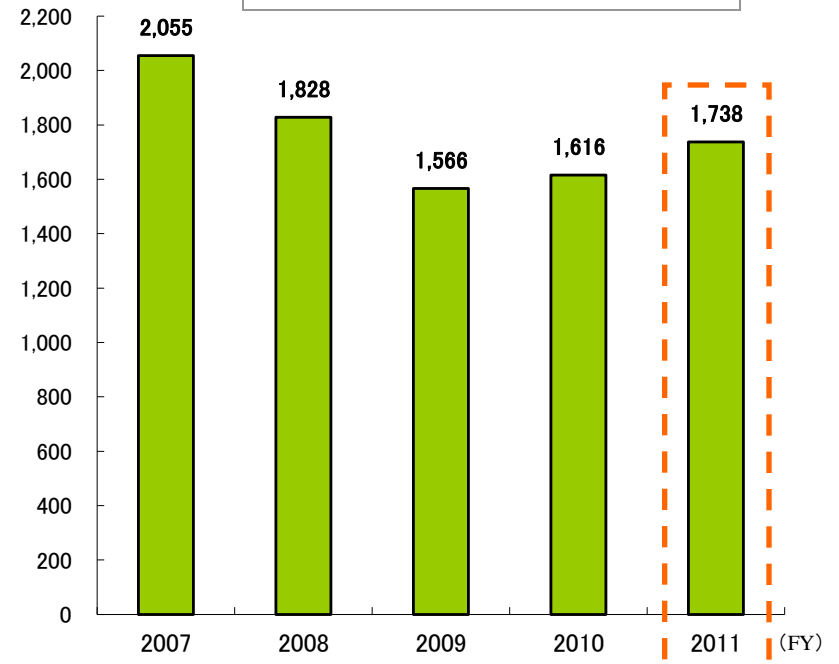


\*Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2010-2012); Yano Research Institute Ltd.

## ■ Arcade Machines Market

**Signs are emerging of a rebound  
in the desire of arcade operators  
to make new investments**

(100 million yen)



\*Source: Amusement Industry Survey Report

## 4-3. Amusement Equipments – Strategic Objectives and Plan (1)

**Aiming to increase earnings  
by making extensive use of popular home video game series**

### ■ Pachinko & Pachislo – Strategic Objectives

- **Strengthen operations for making Capcom's own machines**
  - ⇒ Plan to introduce two Capcom pachislo models
  - ⇒ Will maintain access to a sales network  
by continuing the alliance with **FIELDS CORPORATION**
  - ⇒ Reduce opportunity losses by enlarging production capabilities
- **Earn profits from the consigned business**
  - ⇒ Stabilize earnings by using consigned operations along with  
the production of Capcom's own models
  - ⇒ Plan to develop and start selling several models  
for other companies



Consigned Pachislo Machine

“Shin Onimusha Sairin”

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## 4-3. Amusement Equipments – Strategic Objectives and Plan (2)

**Goal is more earnings growth by making extensive use of popular home video game series**

### ■ Arcade Games Sales – Strategic Objectives

▪ **Earn profits with the consistent introduction of new products**

⇒ **Installations of the new coin-operated game “Mario Party Fushigi no Korokoro Catcher 2” started in April 2013**

⇒ **Plan to start operating the new arcade game “Monhan Nikki Puripuri Pugi Race” in the summer of 2013**

### ■ Amusement Equipments Plan (Sum of Pachinko & Pachislo and Arcade Games Sales)

(100 million yen)

	2012/3	2013/3	2014/3 Plan	Difference
Net sales	76	167	185	18
Operating income	8	48	43	-5
Operating margin	11.6%	29.1%	23.2%	-

\*FY2013 sales will be 9: 1 between Pachinko & Pachislo and Arcade Games Sales

## 4-4. Other Businesses

## 4-4. Other Businesses – Strategic Objectives and Plan

**Strengthen global business activities  
as one element of the Single Content Multiple Usage strategy**

### ■ Character Contents – Strategic Objectives

- **Raise awareness of characters by linking TV programs and stage productions with the release of game software**

⇒ Takarazuka Revue “Sengoku BASARA” to start on June 15, 2013

⇒ Project under way to produce an animated TV program “Gaist Crusher”

- **Business activities that key off Capcom’s 30th anniversary**

⇒ Moving ahead with plans for commemorative books  
and other activities worldwide



『Gaist Crusher』

### ■ Other Businesses Plan

(100 million yen)

	2012/3	2013/3	2014/3 Plan	Difference
Net sales	28	27	30	3
Operating income	8	7	12	5
Operating margin	30.6%	27.3%	40.0%	-

# **5. Additional Information (1)**

## **About Capcom**

# 5-1. The Businesses of Capcom

Capcom uses its game content as the basis for a broad range of business activities

## Mature Businesses

% of Net Sales : **30%**

- \* Deepen relationships with core fans
- \* Increase brand value

**Publishing, Video and Characters business**

- \* Products using characters in games
- \* Movies, animation and plays based on games

**Pachinko & Pachislo**

- \* Develop, manufacture and sell machines that use popular content
- \* Develop machines for other companies

**Arcade Games Sales**

- \* Development of arcade machines using Capcom content

- \* Feedback of data from operations
- \* Installation of Capcom products

**Arcade Operations**

**CAPCOM**  
Capcom's Content Portfolio

## Growth Potential Businesses

% of Net Sales : **70%**

**Consumer business**

- \* Development and sale of games for home video game units
- \* Download sales of main title and additional content
- \* Creation of new brands by developing original content

\* Activities that capture synergies

**PC Other**

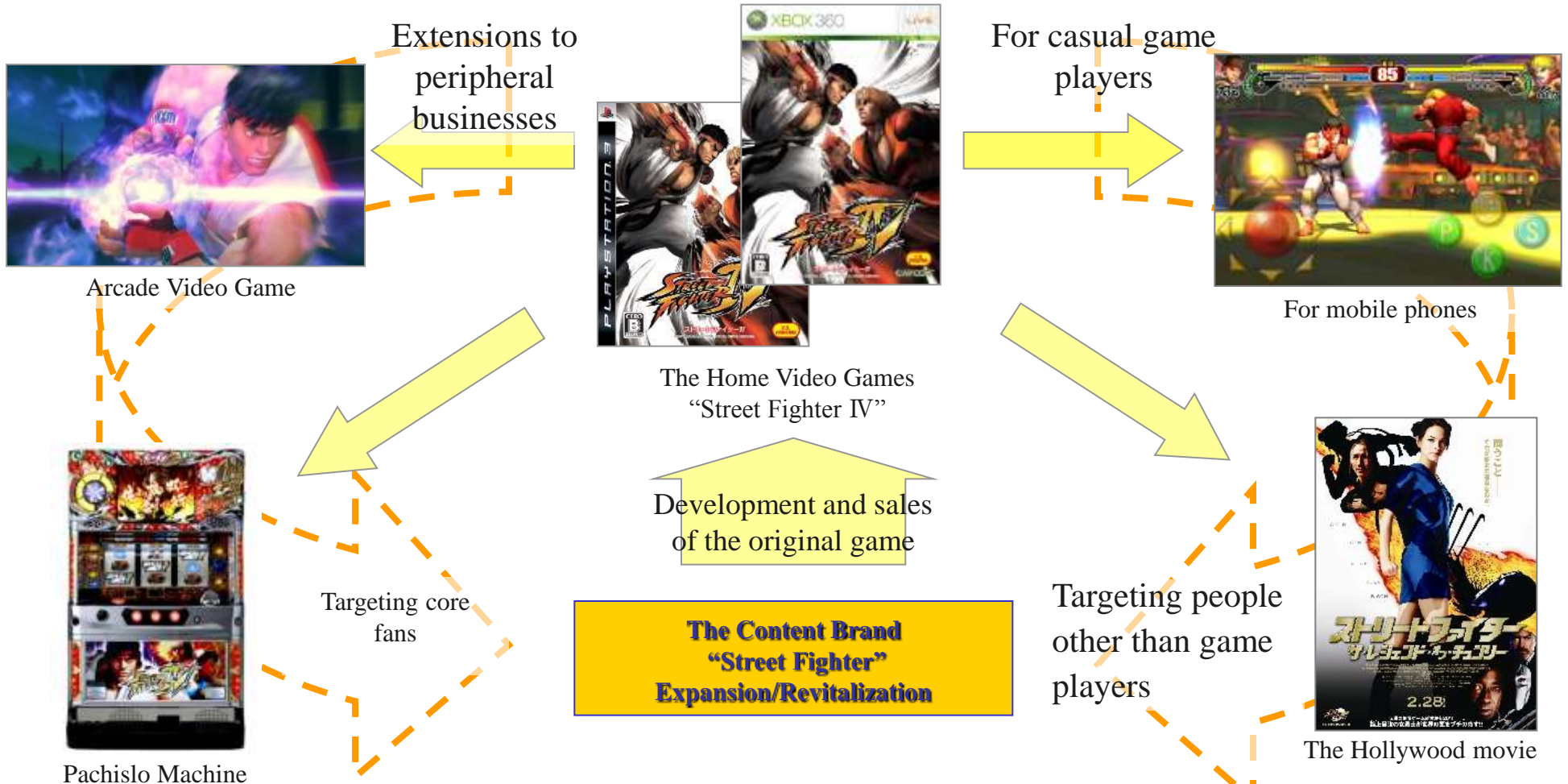
- \* Operation of PC online games
- \* PC browser games and other new content

**Mobile Contents**

- \* Develop games suited for smartphones and cell phones
- \* Supply content for tablets, e-book readers and many other types of hardware

## 5-2. Example : Expansion of “Street Fighter”

Capcom can use its collection of powerful original game content for home video consoles as well as in many other businesses.



© CAPCOM CO., LTD. / Based on Capcom's Street Fighter Video Games

**CAPCOM**



## 5-3. Capcom's Competitive Edge

**Global popularity backed by many well-known brands  
for home video games**

### **■ A lineup of powerful titles**

**(1) Successful home video games along with a large volume of proprietary content, the key to horizontal growth**

- “Resident Evil” series: 56 million units
  - “Devil May Cry” series: 12 million units
  - “Lost Planet” series: 4.9 million units
  - “Street Fighter” series: 34 million units
  - “Monster Hunter” series: 23 million units
  - “Dead Rising” series: 5.4 million units
- ※as of March 31, 2013

### **■ Strong Expansion in overseas market**

**(1) Consistent release of platinum hits in North America and Europe, which have excellent growth prospects.**

**(2) Sales of major game titles are 90% overseas, 10% Japan**

### **■ A world leader in game development and technology**

**(1) Rather than relying solely on our major game titles, we create original content every year to establish new sources of growth.**

**(2) Basic research involving game development is another strength; we are now using a highly advanced software development tool that we created to facilitate producing games for multiple platforms.**

# **6. Additional Information (2)**

## **Summary of Major Financial Information**



# 6-1. Summary of Major Financial Information (1)

## ● Profit and Loss Sheet

(Million Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
Net Sales	97,716	82,065	94,075	114.6%	97,000	103.1%
Gross Profit	37,304	32,456	32,163	99.1%	32,000	99.5%
% of Gross Profit	38.2%	39.5%	34.2%	-	33.0%	-
Sales and G&A Expenses	23,009	20,150	21,942	108.9%	20,000	91.1%
Operating Income	14,295	12,318	10,151	82.4%	12,000	118.2%
% of Operating Income	14.6%	15.0%	10.8%	-	12.4%	-
Ordinary Income	12,861	11,819	10,944	92.6%	11,700	106.9%
% of Ordinary Income	13.2%	14.4%	11.6%	-	12.1%	-
Net Income	7,750	6,723	2,973	44.2%	6,800	228.7%
% of Net Income	7.9%	8.2%	3.2%	-	7.0%	-

## ● Sales by Business Segments

(Million Yen)

		2011/3	2012/3	2013/3	%	2014/3 Plan	%
Digital Contents	Net sales	74,297	59,809	63,636	106.4%	64,500	101.4%
	Operating income	13,865	12,887	7,062	54.8%	9,100	128.9%
	Operating margin	18.7%	21.5%	11.1%	-	14.1%	-
Arcade Operations	Net sales	11,621	11,729	10,944	93.3%	11,000	100.5%
	Operating income	1,131	1,787	1,709	95.6%	1,700	99.5%
	Operating margin	9.7%	15.2%	15.6%	-	15.5%	-
Amusement Equipments	Net sales	7,903	7,663	16,783	219.0%	18,500	110.2%
	Operating income	2,638	890	4,892	549.7%	4,300	87.9%
	Operating margin	33.4%	11.6%	29.1%	-	23.2%	-
Others	Net sales	3,893	2,862	2,711	94.7%	3,000	110.7%
	Operating income	1,098	877	740	84.4%	1,200	162.2%
	Operating margin	28.2%	30.6%	27.3%	-	40.0%	-

\*Results of Digital Contents business consists of past "Consumer Online Games business" and "Mobile Contents business".

## ● Sales by Geographic Area

(Million Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
Japan	67,033	57,899	65,873	113.8%	81,000	123.0%
North America	19,340	15,867	17,377	109.5%	11,000	63.3%
Europe	9,966	6,930	9,406	135.7%	4,000	42.5%
Others	1,376	1,368	1,417	103.6%	1,000	70.6%

## 6-2. Summary of Major Financial Information (2)

### ● Promotional Expense

(Million Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
	3,293	2,833	2,632	92.9%	4,000	152.0%
Consolidated	7,046	5,639	6,875	121.9%	5,500	80.0%

### ● Number of Arcades

(facilities)

	2011/3	2012/3	2013/3	difference	2014/3 Plan	difference
Consolidated	37	37	34	-3	32	-2

### ● Capital Expenditure

(Million Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
Capcom Japan	1,561	1,519	1,364	89.8%	*****	*****
Consolidated	1,725	2,240	3,077	137.4%	*****	*****

\*Will be announce in 1st Quarter FY213

### ● Depreciation

(Million Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
Capcom Japan	2,846	2,606	2,891	110.9%	*****	*****
Consolidated	3,315	3,123	3,406	109.1%	*****	*****

\*Will be announce in 1st Quarter FY213

### ● Number of Employees

(Persons)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
Capcom Japan	1,636	1,698	1,820	107.2%	1,958	107.6%
Consolidated	2,089	2,265	2,476	109.3%	2,646	106.9%

### ● R&D Investment Cost

(Million Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
R&D Investment Cost	26,086	30,648	30,992	101.1%	*****	*****
Technical R&D Cost	2,924	2,236	1,982	88.6%	*****	*****

\*Will be announce in 1st Quarter FY213

### ● Foreign Exchange Rate (end of March)

(Yen)

	2011/3	2012/3	2013/3	%	2014/3 Plan	%
USD/¥	83	82	94	114.6%	90	95.7%
Euro/¥	117	109	120	110.1%	120	100.0%

## 6-3. Summary of Major Financial Information (3)

### ●Sales Units Shipped <platform>

(Thousand Units)

		2011/3	2012/3	2013/3	Difference	2014/3 Plan	Difference
Playstation 2	Total Titles	1	0	0	0	-	-
	Sub Total	300	200	100	50.0%	-	-
Playstation 3	Total Titles	11	25	21	-4	-	-
	Sub Total	6,200	6,200	7,100	114.5%	-	-
PSP	Total Titles	11	9	4	-5	-	-
	Sub Total	6,200	1,900	600	31.6%	-	-
Wii	Total Titles	5	4	2	-2	-	-
	Sub Total	1,400	650	700	107.7%	-	-
NintendoDS	Total Titles	11	12	7	-5	-	-
	Sub Total	1,700	3,300	1,300	39.4%	-	-
Xbox 360	Total Titles	11	16	8	-8	-	-
	Sub Total	4,200	3,200	3,700	115.6%	-	-
PC & Others	Total Titles	3	2	4	2	-	-
	Sub Total	500	250	500	200.0%	-	-
Total	Total Titles	53	68	46	-22	30	-16
	Sub Total	20,500	15,700	14,000	89.2%	13,000	92.9%

### ●Sales Units Shipped <geographic>

(Thousand Units)

	2011/3	2012/3	2013/3	Difference	2014/3 Plan	Difference
Japan	9,000	6,800	4,500	66.2%	6,300	164.4%
North America	6,000	5,100	5,400	105.9%	4,000	61.1%
Europe	5,000	3,300	3,600	109.1%	2,400	55.6%
Asia	500	500	500	100.0%	300	60.0%
Total	20,500	15,700	14,000	89.2%	13,000	92.9%