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Press Release

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**Financial Results for the 9 Months ended December 31, 2014 Decreased in Net Sales by 36.4%,
Increased by 14.1% in Operating Income from the Previous Term**

- Profitability improved through the structural reform and creating
an efficient business base with cost reduction -

Capcom Co., Ltd. (Capcom) today announced that net sales decreased to 47,830 million yen (down 36.4% from the same term last year) in the 9 months of fiscal year ending March 31, 2015. As for profits, operating income increased to 9,727 million yen (up 14.1 % from the same term last year), and ordinary income increased to 10,114 million yen (up 9.3% from the same term last year). Net income for the current period increased to 6,540 million yen (up 9.8 % from the same term last year).

During the 9 months ended December 31, 2014, sales of the special feature title “Monster Hunter 4 Ultimate” were largely in line with the plan and sales of “Ultra Street Fighter IV” were also solid, reflecting its strong popularity in the Digital Contents business. Furthermore, a steady increase in the sales volume of digital download sales for catalogue titles contributed to profits.

However, due to the delay in the introduction of a new pachislo model combined with the downturn in “Monster Hunter 4”, a mega hit in the same term last year, consolidated sales for the nine month were down 36.4% from the same term last year.

On the other hand, as profitability improved owing to the successful implementation of profitability improvement measures such as cost reduction efforts as well as an increase in digital download sales, operating income was increased 14.1% from the same term last year.

The forecast for the consolidated business results for the current fiscal year ending March 31, 2015, which was originally announced on May 8, 2014, was revised on January 9, 2015. For the details of the revision, please refer to the “Capcom Announces Revision of Business Forecast, Non-consolidated Business Forecast and Reasons behind the Difference from Previous Year's Business Results” dated January 9, 2015.

1. Results for the 9 months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

	Net sales	Operating income	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen	Million Yen
9 months ended December 31, 2014	47,830	9,727	10,114	6,540
9 months ended December 31, 2013	75,221	8,521	9,251	5,957

2. Earnings forecast for the fiscal year ending March 31, 2015

	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, 2015	65,000	10,500	10,700	6,800	120.93

3. Status of Each Operational Department

(1) Digital Contents

(Unit: Million Yen)

	9 months ended December 31, 2013	9 months ended December 31, 2014	Difference (%)
Net sales	56,067	32,408	-42.2%
Operating income	6,919	8,469	22.4%
Operating margin	12.3%	26.1%	-

- a. In the Digital Contents business, sales of the special feature title “Monster Hunter 4 Ultimate” (for New Nintendo 3DS and Nintendo 3DS) were largely in line with the plan and sales of “Ultra Street Fighter IV” (for PlayStation 3, Xbox 360, and PC) targeting overseas markets were also solid, reflecting its strong popularity. In addition to the satisfactory sales of “Dead Rising 3” (for Xbox One and PC), which was a million seller in the previous fiscal year, an online game “Monster Hunter Mezeoporuta Kaitakuki” made a robust start. Furthermore, a steady increase in the sales volume of download sales contributed to profits due to their high profitability.
- b. On the other hand, sales of a major title “Gaist Crusher God” (for Nintendo 3DS) were below expectations. Moreover, there was a lack of major titles among Capcom’s mobile phone contents with certain exceptions including “Monster Hunter Freedom Unite for iOS”, although the overhaul of the profit structure contributed to profitability improvement.
- c. However, overall sales did not offset the aforementioned downturn in “Monster Hunter 4” (for Nintendo 3DS).
- d. The resulting net sales were 32,408 million yen (down 42.2% from the same term last year), and operating income was 8,469 million yen (up 22.4% from the same term last year).

(2) Arcade Operations

(Unit: Million Yen)

	9 months ended December 31, 2013	9 months ended December 31, 2014	Difference (%)
Net sales	7,949	6,952	-12.5%
Operating income	1,242	763	-38.6%
Operating margin	15.6%	11.0%	-

- a. In the Arcade Operations business, with the market continuing to be weak due to the decentralization of the entertainment industry, a lack of products that attract new customers, and other factors, Capcom strived to acquire new visitors including female and family customers as well as to deepen the relationship with existing customers through holding promotional events and installing game machines that appeal to a broad range of customers.
- b. However, business remained weak due to the underperformance of existing arcades, in addition to the impact of the consumption tax hike and fickle weather. During the period under review, one unprofitable arcade was closed, bringing the total number of arcades to 32.
- c. The resulting net sales were 6,952 million yen (down 12.5% from the same term last year), and operating income was 763 million yen (down 38.6% from the same term last year).

(3) Amusement Equipments

(Unit: Million Yen)

	9 months ended December 31, 2013	9 months ended December 31, 2014	Difference (%)
Net sales	9,213	7,002	-24.0%
Operating income	2,450	2,789	13.9%
Operating margin	26.6%	39.8%	-

- a. In the Pachinko & Pachislo sub-segment, although the product lineup lacked variety to some extent due to the delay in the introduction of a new model caused by the revision in the method used for testing new models, “Sengoku BASARA 3” introduced in the second quarter as well as highly profitable repeat sales supported the revenue stream.
- b. In the Arcade Games Sales sub-segment, business was generally weak due to a lack of strong products as sales centered on existing products.
- c. The resulting net sales were 7,002 million yen (down 24.0% from the same term last year), and operating income was 2,789 million yen (up 13.9% from the same term last year).

(4) Other Businesses

(Unit: Million Yen)

	9 months ended December 31, 2013	9 months ended December 31, 2014	Difference (%)
Net sales	1,991	1,466	-26.3%
Operating income	721	458	-36.5%
Operating margin	36.2%	31.2%	-

The net sales from Other Businesses, mainly consisting of publication of game guidebooks and the sales of related goods were 1,466 million yen (down 26.3% from the same term last year), and operating income was 458 million yen (down 36.5% from the same term last year).