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Press Release

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Financial Results for the Fiscal Year Ended March 31, 2015

Decreased in Net Sales by 37.1%, Increased by 2.7% in Operating Income from the Previous year

- Profitability improved to 16.5% through the efficient development infrastructure -

Capcom Co., Ltd. (Capcom) today announced that net sales decreased to 64,277 million yen (down 37.1 % from the previous year). As for profit, operating income increased to 10,582 million yen (up 2.7 % from the previous year), and ordinary income increased to 10,851 million yen (down 0.9 % from the previous year). Net income for the current period was raised to 6,616 million yen (up 92.1% from the previous year).

During the fiscal year ended March 31, 2015, in the Digital Contents business sales of the special feature title “Monster Hunter 4G” (including “Monster Hunter 4 Ultimate”) were largely in line with the plan and “Resident Evil Revelations 2” which is sold in a variety manner (separate digital download sales of each episode followed by package sales) has also made a strong start to be a million seller. Additionally, a steady increase in the sales volume of digital download sales of repeat titles contributed to profits due to their high profitability. However, net sales in Digital Contents business decreased due in part to lack of major titles in mobile contents combined with the downturn in big title released in the previous year. Moreover, in Amusement Equipments business the product lineup lacked variety to some extent due to the delay in the introduction of a new model caused by the revision in pachislo model certification method by the Security Communications Association. As a result, the resulting net sales were 37.1% down from the previous fiscal year.

On the other hand, as profitability operating income was 2.7% up from the previous fiscal year because the Company endeavored to improve its profits by reducing the cost of sales and cutting back on general and administrative expenses, as well as improvement in the increase download sales and efficient development infrastructure in the Consumer.

As for future outlook, Capcom will aim to expand revenue by, among others, launching major titles and strengthening digital download sales and also work to develop a corporate structure that can secure stable profit through the increase in internal production rate and business efficiency improvement. As for the forecast for the next fiscal year ending March 31, 2016, we expect 76,000 million yen in net sales and 12,000 million yen in operating income.

1. Consolidated Financial Results of the Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March 31, 2015	64,277	10,582	10,851	6,616
Year ended March 31, 2014	102,200	10,299	10,946	3,444

2. Forecast for the Fiscal Year Ending March 31, 2016

	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, 2016	76,000	12,000	11,700	7,700	136.94

Note: Capcom discloses a full year business forecast, as it manages its business performance on an annual basis.

3. Status of Each Operational Department

(1) Digital Contents

(Unit: Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Difference (%)
Net sales	65,824	45,351	-31.1%
Operating income	4,489	10,208	127.4%
Operating margin	6.8%	22.5%	-

- a. In the Digital Contents business, sales of the special feature title “Monster Hunter 4G” (including “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.
- b. “Resident Evil Revelations 2” (for PlayStation 3, PlayStation 4, Xbox 360, Xbox One, and PC), which is sold in a variety of purchase options (separate digital download sales of each episode followed by package sales), has also made a strong start.
- c. 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, a steady increase in the sales volume of digital download sales of repeat titles contributed to profits due to their high profitability.
- d. On the other hand, sales of “Gaist Crusher God” (for Nintendo 3DS) were below expectations. Moreover, although there was a lack of major titles among Capcom’s mobile phone contents with certain exceptions including “Monster Hunter Freedom Unite for iOS”, the overhaul of the profit structure contributed to profitability improvement.

- e. However, overall sales did not offset the aforementioned downturn in “Monster Hunter 4” (for Nintendo 3DS).
- f. The resulting net sales were 45,351 million yen (down 31.1% from the previous fiscal year), and operating income was 10,208 million yen (up 127.4% from the previous fiscal year).

(2) Arcade Operations

(Unit: Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Difference (%)
Net sales	10,620	9,241	-13.0%
Operating income	1,617	940	-41.8%
Operating margin	15.2%	10.2%	-

- a. In the Arcade Operations business, with the market continuing to be weak due to the increased diversity in how people spend leisure time, a lack of products that attract new customers, and other factors, Capcom strived to expand its customer base by acquiring new visitors such as senior and family customers in addition to the core younger generation customers. Specific measures taken included free experience tour offerings for elderly persons and the nationwide opening of five “Asobi Okoku peekaboo” sites targeting younger children.
- 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 fiscal year under review, a new arcade was open in Saitama Prefecture while one unprofitable arcade was closed, bringing the total number of arcades to 33.
- c. The resulting net sales were 9,241 million yen (down 13.0% from the previous fiscal year), and operating income was 940 million yen (down 41.8% from the previous fiscal year).

(3) Amusement Equipments

(Unit: Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Difference (%)
Net sales	23,160	7,540	-67.4%
Operating income	7,131	2,736	-61.6%
Operating margin	30.8%	36.3%	-

- 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 pachislo model certification method by the Security Communications Association, “Sengoku BASARA 3” introduced in the first half of the current fiscal year 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 7,540 million yen (down 67.4% from the previous fiscal year), and operating income was 2,736 million yen (down 61.6% from the previous fiscal year).

(4) Other Businesses

(Unit: Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Difference (%)
Net sales	2,594	2,144	-17.4%
Operating income	1,001	661	-34.0%
Operating margin	38.6%	30.8%	-

The net sales from Other Businesses, mainly consisting of publication of game guidebooks and the sales of related goods, were 2,144 million yen (down 17.4% from the previous fiscal year), and operating income was 661 million yen (down 34.0% from the previous fiscal year).