



BANDAI NAMCO Group FY2008.3 Information Meeting

NAMCO BANDAI Holdings Inc.
President & Representative Director
Takeo Takasu

Dreams, Fun and Inspiration

2008.5.9 FRI



TODAY'S MENU



1. FY2008.3 Results
2. Next Medium-term Management
Plan and FY2009.3 Forecasts
3. Business Strategy (FY2009.3)
4. Management Strategy

Dreams, Fun and Inspiration





1. FY2008.3 Results
2. Next Medium-term Management Plan and FY2009.3 Forecasts
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Transition of Results



Billion yen

	FY2007.3	FY2008.3	YOY
Net Sales	459.1	460.4	+1.3
Operating Income	42.2	33.4	(8.8)
Recurring Income	45.6	36.1	(9.5)
Net Income	24.2	32.6	+8.4
Capital Expenditures	20.3	19.7	(0.6)
Depreciation	21.2	24.7	+3.5
R&D Investments	32.1	34.9	+2.8
Advertising Expenses	31.0	30.5	(0.5)
Personnel Expenses	36.0	37.2	+1.2

Extraordinary Gain and Loss

Gain on sales of land (Aoyama):
¥16.7 billion

Loss on Impairment of domestic amusement facilities, etc.:
¥2.3 billion

Loss on Impairment of foreign amusement facilities:
¥1.6 billion

Business Segments



Billion yen

		FY2007.3	FY2008.3	YOY
Toys & Hobby	Net Sales	185.5	180.1	(5.4)
	OP	17.4	14.3	(3.1)
Amusement Facility	Net Sales	88.1	89.8	+1.7
	OP	4.0	1.6	(2.4)
Game Contents	Net Sales	139.1	145.6	+6.5
	OP	11.5	14.7	+3.2
Network	Net Sales	12.4	12.0	(0.4)
	OP	0.8	0.9	+0.1
Visual & Music Content	Net Sales	43.0	36.9	(6.1)
	OP	9.4	3.8	(5.6)
Other	Net Sales	20.9	19.8	(1.1)
	OP	1.0	0.7	(0.3)
Elimination	Net Sales	(30.2)	(23.9)	-
	OP	(2.0)	(2.8)	-
Consolidated	Net Sales	459.1	460.4	+1.3
	OP	42.2	33.4	(8.8)

Established character toys remained firm, but overall results fell short of the strong results of the previous year because of the lack of hit products

New stores showed a solid performance, but existing stores struggled in the tougher operating environment

Video game software overseas and arcade game machines in Japan performed well

The declining number of fee-paying subscribers bottomed out

Package software sales struggled in the transitional period in hardware to next-generation specifications

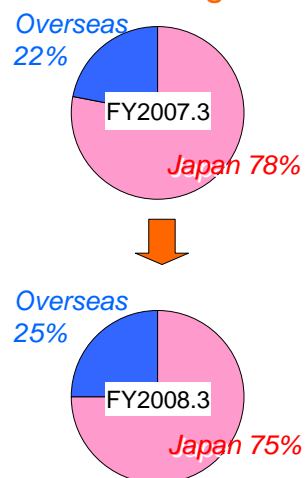
Regional Segments



Billion yen

		FY2007.3	FY2008.3	YOY
Japan	External Sales	356.2	346.7	(9.5)
	OP	33.1	24.4	(8.7)
Americas	External Sales	52.3	52.6	+0.3
	OP	3.3	2.3	(1.0)
Europe	External Sales	37.7	46.3	+8.6
	OP	5.2	6.8	+1.6
Asia	External Sales	12.8	14.7	+1.9
	OP	2.7	2.8	+0.1
Elimination	External Sales	-	-	-
	OP	(2.2)	(3.0)	-
Consolidated	External Sales	459.1	460.4	+1.3
	OP	42.2	33.4	(8.8)

Overseas Sales Percentage



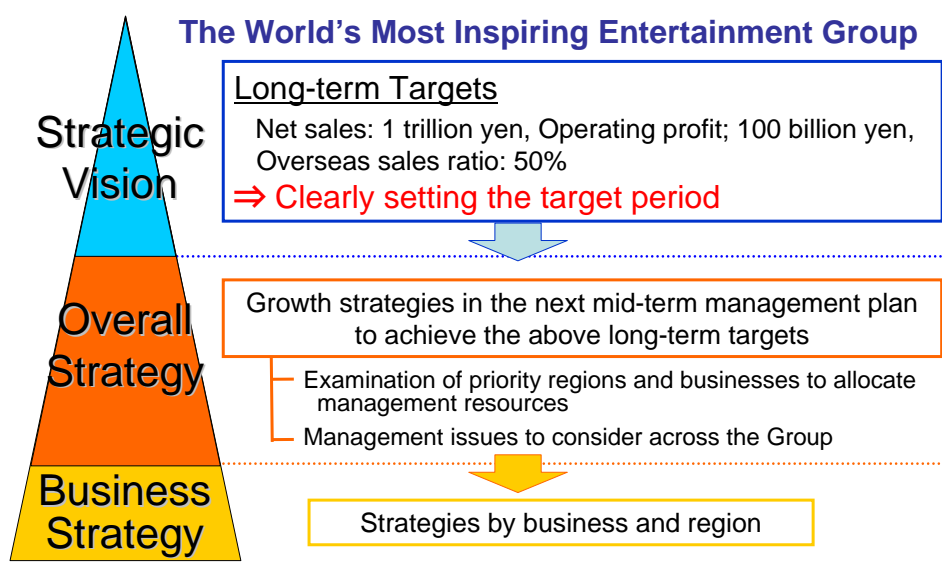


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Next Medium-term Management Plan



FY2009.3 Forecasts



The year in which we will focus on developing the foundations for growth in the next medium-term management plan

Billion yen

	FY2007.3	FY2008.3	FY2009.3 (Plan)	YOY
Net Sales	459.1	460.4	470.0	+9.6
Operating Income	42.2	33.4	38.0	+4.6
Recurring Income	45.6	36.1	39.5	+3.4
Net Income	24.2	32.6	22.5	(10.1)
Capital Expenditures	20.3	19.7	20.5	+0.8
Depreciation	21.2	24.7	23.0	(1.7)
R&D Investments	32.1	34.9	35.0	+0.1
Advertising Expenses	31.0	30.5	31.0	+0.5
Personnel Expenses	36.0	37.2	37.5	+0.3

FY2009.3 Forecasts



Unit: Billion yen
Upper cell: Net Sales (External sales for regional segments)
Lower cell: Operating Income

	FY2008.3	FY2009.3 (Plan)	YOY
Toys & Hobby	180.1	180.0	(0.1)
	14.3	16.0	+1.7
Amusement Facility	89.8	88.0	(1.8)
	1.6	2.0	+0.4
Game Contents	145.6	160.0	+14.4
	14.7	18.0	+3.3
Network	12.0	11.0	(1.0)
	0.9	0.8	(0.1)
Visual & Music Content	36.9	38.0	+1.1
	3.8	3.0	(0.8)
Other	19.8	18.0	(1.8)
	0.7	0.7	0
Elimination	(23.9)	(25.0)	—
	(2.8)	(2.5)	—
Consolidated	460.4	470.0	+9.6
	33.4	38.0	+4.6

	FY2008.3	FY2009.3 (Plan)	YOY
Japan	346.7	354.5	+7.8
	24.4	27.8	+3.4
Americas	52.6	55.0	+2.4
	2.3	3.8	+1.5
Europe	46.3	47.0	+0.7
	6.8	6.4	(0.4)
Asia	14.7	13.5	(1.2)
	2.8	2.5	(0.3)
Elimination	—	—	—
	(3.0)	(2.5)	—
Consolidated	460.4	470.0	+9.6
	33.4	38.0	+4.6



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Toys & Hobby



Billion yen

	FY2007.3	FY2008.3		FY2009.3 (Plan)	
	Full Year	1 st Half	Full Year	1 st Half	Full Year
Net Sales	185.5	83.5	180.1	78.0	180.0
Operating Income	17.4	5.7	14.3	4.0	16.0
OP margin	9.4 %	6.9 %	7.9%	5.1%	8.9%

Business Strategies

- ▶ Strengthening the products of established characters
- ▶ Expanding target customers
- ▶ Bolstering overseas operations

Toys & Hobby



Strengthening the products of established characters

Power Rangers



Apparel

Toys

Masked Rider Kiba



Toys



Capsule Toys

YES! Pretty Cure 5 GoGo!



Toys

Sundry

Ultraman Series



Toys

Candy

ONE PIECE



DATA CARDDASS

Expanding target customers

Collectors' Toy



Targeting adults, not sticking to toys

Aiming overseas expansion



Full-fledged surf brand

Provide in sport shops and company-owned stores

Enhancement of toys + Diversified operations

Toys & Hobby



Bolstering overseas operations

Expansion of operating regions and enhancement of contents

POWER RANGERS
TAMAGOTCHI



Continue to focus as established characters in the world.

BEN10



GUNDAM



Popular in the US and Europe, expanding into Asia.

Originally developed products for Asia that gain popularity

Enhancement of Contents

New Character in Toys from FY2009.3



Dragon Ball
(Action Figures, etc.)

Plan to provide other new strong characters overseas

Amusement Facility



Billion yen

	FY2007.3	FY2008.3		FY2009.3 (Plan)	
	Full Year	1st Half	Full Year	1st Half	Full Year
Net Sales	88.1	46.1	89.8	45.0	88.0
Operating Income	4.0	2.0	1.6	1.0	2.0
OP margin	4.5%	4.5%	1.8%	2.2%	2.3%

Business Strategies

- ▶ Improving profitability by closing domestic stores and reviewing the criteria for store opening and closure
- ▶ Pursuing group synergies
- ▶ Overseas operations tailored to the characteristics of each region

Amusement Facility



Improving profitability (Japan)

Pursuing group synergies

Existing Store Sales (YOY)

FY08.3 94.1% → FY09.3 (Plan) 99%

Enhancement of facilities that integrate characters



Heroes' Base (Kawasaki)

3.7 million visitors over the last year and half

Number of domestic facilities

	Begin-ning	Open	Close	Year-end
FY08.3	316	12	35	293
FY09.3 (Plan)	293	12	69	236

Overseas operations

(tailored to the characteristics of each region)

- Boost up the profit base in the United States
- Operate character facilities in Asia



Wonder Park Plus (Hong Kong)



NAMCOLAND (Ohtori, Osaka)

*Collaboration with TOEI

Game Contents



Billion yen

	FY2007.3	FY2008.3		FY2009.3 (Plan)	
	Full Year	1 st Half	Full Year	1 st Half	Full Year
Net Sales	139.1	61.8	145.6	60.0	160.0
Operating Income	11.5	4.8	14.7	2.5	18.0
OP margin	8.3 %	7.9%	10.2%	4.2%	11.3%

Business Strategies

Video Game Software

- ▶ Multi-platform strategy geared to users' preferences around the world
- ▶ Improvement of profitability by narrowing down the number of titles

Arcade Game Machine

- ▶ Development of the category leading products

Game Contents



Sales by category

Billion yen

	FY2007.3	Fy2008.3		FY2009.3 (Plan)	
	Full Year	1 st Half	Full Year	1 st Half	Full Year
Game Software	72.2	26.8	72.0	31.7	88.5
Arcade Game Machine	55.9	29.6	61.2	23.0	58.5
Others	14.2	6.8	13.9	6.0	14.9
Elimination	(3.2)	(1.4)	(1.5)	(0.7)	(1.9)
Total	139.1	61.8	145.6	60.0	160.0

Game Contents (Video Game Software)



Main Titles (FY2009.3)

Worldwide Titles

Soul Calibur IV



PS3,Xbox360

Dragon Ball Z
Burst Limit



PS3,Xbox360

Family Trainer



Wii

Domestic Titles

SUPER ROBOT
WARS A
PORTABLE



PSP

Taiko: Drum Master DS



NDS

Kotoba no Puzzle
Mojipittan Wii



Download Content for Wii Ware

Game Contents (Video Game Software)



FY2009.3 Main Title (Plan)

Title Name	Platform	Region	Release Timing	Unit Sales (thousand)
Soul Calibur IV	PS3,XB360	WW	1st half ~ 2nd half	2,000
Afro Samurai	PS3,XB360	US, E	2nd half	800
Naruto Ultimate Ninja 3	PS2	US, E	1st half ~ 2nd half	600
Dragon Ball (Title name: TBD)	NDS	J, E	2nd half	500
Super Robot Wars Z	PS2	J	1st half ~ 2nd half	500
Tales of Vesperia	XB360	J, US, A	2nd half	500
Dragon Ball Z Burst Limit	PS3,XB360	E, J	1st half	500
Family Trainer	Wii	J,US,E	1st half ~ 2nd half	500
Taiko: Drum Master	Wii	J	2nd half	400
Tales of series (Title name: TBD)	NDS	J, A	2nd half	400
Naruto series (Title name: TBD)	PS3	WW	2nd half	400
Gundam series (Title name: TBD)	PSP	J	2nd half	400

WW: Worldwide J: Japan US: United States E: Europe A: Asia

Improvement of profitability by
narrowing down the number of titles

FY07.3	FY08.3	FY09.3 Plan
109 titles	87 titles	84 titles

Boost up the sales
expansion of
individual titles

Game Contents (Arcade Game Machine)



Release of large medal game machines for arcades

Aim for increase in the share of medal games



Umi Monogatari
Lucky Marine
Theatre

Content development

Developing “Aforeko” content offering experiencing in voice acting dedicated to karaoke.



Rolling out to Asia

Taiko: Drum Master
(Chinese version)



Gundam Senjo no Kizuna
⇒The first overseas installation
(Hong Kong)

Network



Billion yen

	FY2007.3	FY2008.3		FY2009.3 (Plan)	
	Full Year	1st Half	Full Year	1st Half	Full Year
Net Sales	12.4	5.9	12.0	5.0	11.0
Operating Income	0.8	0.4	0.9	0.4	0.8
OP margin	7.0 %	7.3%	7.5%	8.0%	7.3%

Business Strategies

- ▶ Reinforcement of earnings base
~Content operations focusing on profitability~
- ▶ Preparation with an eye on the integration with NAMCO BANDAI Games (WMC)
- ▶ Reinforcing the B to B solution business

Network



Content operations focusing on profitability (thousand) ⇒ The number of pay subscribers beginning to flatten or increase

Pay Subscribers	06.3	06.9	07.3	07.9	08.3
Game	1,570	1,550	1,770	1,900	2,080
Character	1,070	940	880	910	960
Sound	1,090	920	800	530	460
Others	200	150	160	160	160
BNW Total	3,930	3,560	3,610	3,500	3,660
BNG WMC	980	1,060	1,210	1,170	1,190
Group Total	4,910	4,620	4,820	4,670	4,850

Character



Dress-up content



Provide character avatar items

Game Contents

Provide contents to each target



Mobile Suit Gundam Net Battle



SIMPLE 100 Seires



One Piece Mobile Jack



Dragon Ball Mobile

Official Character Game Sites

Visual & Music Content



Billion yen

	FY2007.3	FY2008.3		FY2009.3 (Plan)	
	Full Year	1st Half	Full Year	1st Half	Full Year
Net Sales	43.0	17.8	36.9	14.0	38.0
Operating Income	9.4	3.0	3.8	0.6	3.0
OP margin	22.1 %	17.0%	10.4%	4.3%	7.9%

Business Strategies

- ▶ Reinforcement of Blu-ray Disc software
- ▶ Strengthening the media and distribution strategies of contents
 - Construct a new worldwide business model
 - Examine the optimal group organization structure

Visual & Music Content



Reinforcement of Blu-ray Disc software

Begin selling Blu-ray Disc of new TV series (July 2008)

⇒Providing in Blu-ray Disc and DVD



Mobile Suit Gundam 00



CODE GEASS Series



MACROSS F

Begin selling Blu-ray Disc software to the rental shops (July 2008)

⇒Popular animation movies (10 titles)



Mobile Suit Gundam Series, etc.

New Business Model

Blu-ray Disc × On-demand distribution × Worldwide

▶**Simultaneous worldwide release of Blu-ray Disc (Fall 2008)**

Original video animation "FREEDOM" and others (with subtitles such as Japanese and English, etc.)

▶**Simultaneous distribution of Blu-ray disc & On-demand distribution**

Cooperative expansion with Bandai Channel



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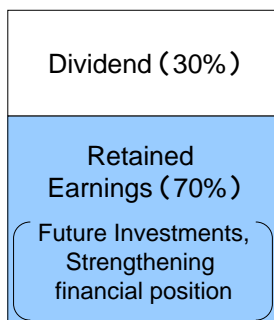
Management Strategy



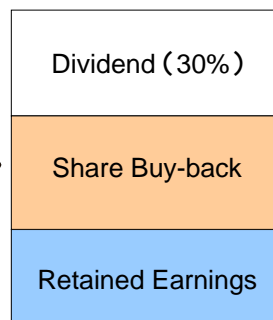
Appropriation of Earnings

After appropriation of an amount equivalent to a 30% dividend payout ratio from the consolidated periodical net income, the Company attributes a portion of this remaining balance to the acquisition of its own shares, with comprehensive consideration of aspects such as the level of cash held, its operating performance, its share price trend, and its plan for large-scale investments.

In the Past



From Now On



The Decision to Acquire the Company's Own Shares (Announced on Mar.13, 2008)

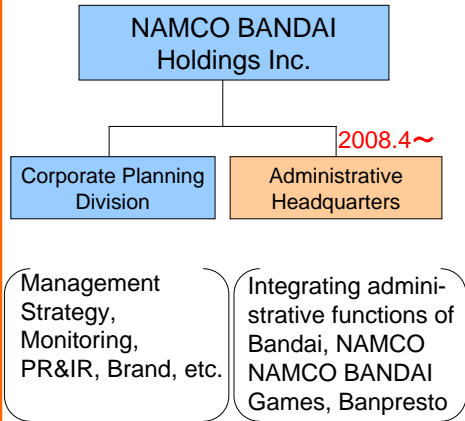
- Total number of shares authorized to be acquired: Up to 8,000,000 shares
- Total amount of shares to be acquired: Up to 12 billion yen
- Schedule of acquisition: From April 1, 2008 to December 30, 2008

* Total Payout Ratio (including share buy-back): Approximately 55%

Management Strategy



Shared Service



Pursuing cost synergy

Dream Fund

Investment to strengthen competitiveness in the medium-/long-term

Objectives

- R&D from a medium-/long-term perspective
- Creating a new business model that extends across the Strategic Business Units

Cultivating the “seeds for new businesses”



Dreams,
Fun and
Inspiration

The World's Most Inspiring
Entertainment Group

Dreams, Fun and Inspiration





Note on Projections

This document contains forward-looking statements and information related to the BANDAI NAMCO Group that are based on our knowledge as well as various assumptions made on the basis of information currently available. The words “forecast,” “plan,” “target,” “estimation,” “projection,” “intend,” “will” and similar expressions, as related to the Group, are intended to identify forward-looking statements and information. Actual results could differ materially from those projected in such forward-looking statements.

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