

**KONAMI**

# FY2017 1<sup>st</sup> Quarter Financial Results

Three months ended June 30, 2016

**KONAMI HOLDINGS CORPORATION**

**July 29, 2016**

## Cautionary statement with respect to forward-looking statements

Statements made in this presentation with respect to KONAMI HOLDINGS' current plans, estimates, strategies and beliefs, including forecasts, are forward-looking statements about the future performance of the Company. These statements are based on management's assumptions and beliefs in light of information currently available to it and, therefore, you should not place undue reliance on them. A number of important factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to (1) Changes in economic conditions affecting our operations; (2) Fluctuations in foreign exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (3) the Company's ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (4) the Company's ability to successfully expand internationally with a focus on our Digital Entertainment business and Gaming & Systems business; (5) the Company's ability to successfully expand the scope of our business and broaden our customer base through our Health & Fitness business; (6) Regulatory developments and changes and our ability to respond and adapt to those changes; (7) the Company's expectations with regard to further acquisitions and the integration of any companies we may acquire; and (8) the outcome of contingencies.

- Financial information included herein is not audited by independent public accountants
- (1) Numbers included in this presentation material are;
  - a) in accordance with IFRS
  - b) rounded to the nearest one hundred million yen
- (2) Revenues of each segment include inter-segment sales

## Consolidated Financial Results

(Yen in Billions)

	FY2016 Q1	FY2017 Q1	YoY Change	FY2017 Guidance
	3 months ended June 2015	3 months ended June 2016		12 months ending March 2017
Revenue	51.2	49.4	△3.5%	210.0
Operating profit	6.5	9.1	40.2%	25.0
Profit before income taxes	6.9	8.4	22.7%	24.0
Profit for the period (attributable to owners of the parent)	4.3	5.8	35.8%	15.0
Earnings per share (JPY)	30.89	42.99		110.91
Dividends per share (JPY)	—	—		34.00

## Revenue and Profit by Business Segment

(Yen in Billions)

	FY2016 Q1 3 months ended June 2015	FY2017 Q1 3 months ended June 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
<u>Revenue</u>				
Digital Entertainment	23.8	25.2	5.6%	95.0
Health & Fitness	17.6	17.2	△2.0%	70.0
Gaming & Systems	6.8	6.8	△0.8%	33.0
Pachislot & Pachinko Machines	3.1	0.4	△88.2%	12.0
Eliminations	-0.1	-0.1	-	-
<b>Total</b>	<b>51.2</b>	<b>49.4</b>	<b>△3.5%</b>	<b>210.0</b>
<u>Segment profit (loss)</u>				
Digital Entertainment	6.4	8.7	34.3%	20.0
Health & Fitness	0.5	1.0	122.0%	3.0
Gaming & Systems	0.6	0.7	16.3%	6.0
Pachislot & Pachinko Machines	0.2	-0.3	-	0.0
Corporate expenses and eliminations	-0.9	-0.9	△0.8%	-4.0
Other income and other expenses	-0.3	-0.1	△65.2%	-
<b>Total Operating Profit</b>	<b>6.5</b>	<b>9.1</b>	<b>40.2%</b>	<b>25.0</b>

## Digital Entertainment (1)

### Revenue and segment profit

(Yen in Billions)

	FY2016 Q1	FY2017 Q1	YoY Change	FY2017 Guidance
	3 months ended June 2015	3 months ended June 2016		12 months ending March 2017
Revenue	23.8	25.2	5.6%	95.0
Segment profit	6.4	8.7	34.3%	20.0
Margin	27.1%	34.4%		21.1%

Note: Other expenses of JPY 0.1 billion (FY2016) and JPY 0 billion (FY2017) are not included in segment profit

### FY2017 Q1 summary

- Mobile games “JIKKYOU PAWAFURU PUROYAKYU”, “World Soccer Collection” series and “Professional Baseball Spirits A” delivers solid results
- Stable recurring revenues from “e-AMUSEMENT Participation” arcade games including “MAH-JONG FIGHT CLUB ZERO” and music games
- Released card game products to commemorate the launch of the movie “Yu-Gi-Oh! THE DARK SIDE OF DIMENSIONS” and took measures to cooperate on its cross-promotion
- Released video games “JIKKYOU PAWAFURU PUROYAKYU 2016” and “UEFA EURO 2016 / Winning Eleven 2016” in April

## Digital Entertainment (2)

### ■ Contributing titles in Apr - Jun 2016 / Pipeline

Title	Platform	Geography	Release Date
JIKKYOU PAWAFURU PUROYAKYU	App Store Google Play	Japan	Dec 2014
UEFA EURO 2016 / Winning Eleven 2016	PS4 / PS3	Global	Apr 2016
JIKKYOU PAWAFURU PUROYAKYU 2016	PS4 / PS3 PS Vita	Japan	Apr 2016
JIKKYOU PAWAFURU PUROYAKYU SUCCESS SPECIAL	PS4 / PS3 PS Vita	Japan	Apr 2016
Yu-Gi-Oh! Duel Monsters Saikyo Card Battle	3DS	Japan	Jul 2016
Winning Eleven 2017 / PES 2017 - Pro Evolution Soccer	PS4 / PS3 XboxOne / Xbox360 PC(※)	Global	Sep 2016
Yu-Gi-Oh! Duel Links	App Store Google Play	Global (Initially Japan)	2016
FEATURE Premium TwinkleDrop JUKE! & Frozen Tower	Arcade (Medal game)	Japan	2016
JIKKYOU POWERFUL SOCCER	App Store Google Play	Japan	TBD

※ Available platform differs depending on the region  
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JIKKYOU PAWAFURU PUROYAKYU



Yu-Gi-Oh! Duel Monsters  
Saikyo Card Battle



Yu-Gi-Oh! Duel Links



Winning Eleven 2017 /  
PES 2017 - Pro Evolution Soccer



JIKKYOU POWERFUL SOCCER



FEATURE Premium  
TwinkleDrop JUKE!  
& Frozen Tower

### Revenue and segment profit

(Yen in Billions)

	FY2016 Q1 3 months ended June 2015	FY2017 Q1 3 months ended June 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
Revenue	17.6	17.2	Δ2.0%	70.0
Segment profit	0.5	1.0	122%	3.0
Margin	2.6%	5.8%		4.3%

Note: Other expenses of JPY 0.2 billion (FY2016) and JPY 0 billion (FY2017) are not included in segment profit

### FY2017 Q1 summary

- Focus on increasing membership by expanding number of gyms that offer swimming and gymnastics lessons as well as popular weekend lessons to the meet the demands
- Started operation of 29 new contract-based facilities during the quarter
- Initiated development of health related products to cater to the rising demand and to increase market share and presence
- Revenue decline due to closures of gyms in FY 2016; recovery of profitability through cost reduction measures and optimization of operations

### Revenue and segment profit

(Yen in Billions)

	FY2016 Q1	FY2017 Q1	YoY Change	FY2017 Guidance
	3 months ended June 2015	3 months ended June 2016		12 months ending March 2017
Revenue	6.8	6.8	Δ0.8%	33.0
Segment profit	0.6	0.7	16.3%	6.0
Margin	9.3%	10.9%		18.2%

### FY2017 Q1 summary

- Expanded sales of “Concerto” and “Podium” cabinets in North America and Australian markets
- Sales of casino management system “SYNKROS” to cruise ships in addition to land-based casinos
- Showcased the multi-station horse racing game “Fortune Cup” catering to the Asian market and attracted attention at the Global Gaming Expo Asia in Macau



## Pachislot & Pachinko Machines

### Revenue and segment profit (loss)

(Yen in Billions)

	FY2016 Q1 3 months ended June 2015	FY2017 Q1 3 months ended June 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
Revenue	3.1	0.4	Δ88.2%	12.0
Segment profit (loss)	0.2	-0.3	—	0.0
Margin	7.8%	—		-

Note: Other expenses of JPY 0 billion (FY2016) and JPY 0.1 billion (FY2017) are not included in segment profit

### FY2017 Q1 summary

- Repeat orders from the pachislot title “Magical Halloween 5” which recorded high usage among the parlors

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THANK YOU

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