

KONAMI

FY2017 Financial Results

Fiscal year ended March 31, 2017

KONAMI HOLDINGS CORPORATION

May 11, 2017

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

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Consolidated Financial Results

(Yen in Billions)

	FY2016 Results 12 months ended March 2016	FY2017 Results 12 months ended March 2017	YoY Change (Amount)	YoY Change (%)	FY2017 Guidance Revised in Jan '17 12 months ended March 2017
Revenue	249.9	229.9	-20.0	-8.0%	225.0
Operating profit	24.7	36.4	11.7	47.3%	36.0
Profit before income taxes	23.8	35.5	11.8	49.5%	35.0
Profit for the period (attributable to owners of the parent)	10.5	26.0	15.4	146.8%	24.0
Earnings per share (JPY)	76.44	191.89	115.45		177.46

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2016 Results	FY2017 Results	YoY Change (Amount)	FY2017 Guidance
	12 months ended March 2016	12 months ended March 2017		Revised in Jan '17 12 months ended March 2017
<u>Revenue</u>				
Digital Entertainment	115.0	105.6	-9.5	101.0
Health & Fitness	71.3	68.6	-2.6	69.0
Gaming & Systems	34.3	31.3	-3.0	31.0
Amusement	29.8	25.3	-4.4	24.5
Eliminations	-0.5	-0.9	-0.4	-0.5
Total	249.9	229.9	-20.0	225.0
<u>Segment profit (loss)</u>				
Digital Entertainment	29.8	33.8	3.9	30.0
Health & Fitness	2.7	4.2	1.5	4.5
Gaming & Systems	5.6	4.8	-0.7	5.0
Amusement	4.7	5.2	0.5	4.5
Corporate expenses and eliminations	-4.6	-4.4	0.2	-4.0
Other income and other expenses	-13.5	-7.3	6.2	-4.0
Total Operating Profit	24.7	36.4	11.7	36.0

(Yen in Billions)

	FY2017	FY2018 Guidance	YoY Change (Amount)	YoY Change (%)
	12 months ended March 2017	12 months ending March 2018		
Revenue	229.9	245.0	15.1	6.6%
Operating profit	36.4	40.0	3.6	10.0%
Profit before income taxes	35.5	39.0	3.5	9.8%
Profit for the period (attributable to owners of the parent)	26.0	27.0	1.0	4.0%
Earnings per share (JPY)	191.89	199.65	7.76	

Guidance by Business Segment

(Yen in Billions)

	FY2017 Results	FY2018 Guidance	YoY Change (Amount)
	12 months ended March 2017	12 months ending March 2018	
<u>Revenue</u>			
Digital Entertainment	105.6	118.0	12.4
Health & Fitness	68.6	69.0	0.4
Gaming & Systems	31.3	32.0	0.7
Amusement	25.3	27.0	1.7
Eliminations	-0.9	-1.0	-0.1
Total	229.9	245.0	15.1
<u>Segment profit (loss)</u>			
Digital Entertainment	33.8	31.0	-2.8
Health & Fitness	4.2	4.5	0.3
Gaming & Systems	4.8	5.5	0.7
Amusement	5.2	5.2	0.0
Corporate expenses and eliminations	-4.4	-4.5	-0.1
Other income and other expenses	-7.3	-1.7	5.6
Total Operating Profit	36.4	40.0	3.6

Dividend declared / dividend forecast for FY2018

(JPY)

	FY2016 12 months ended March 2016	FY2017 Forecast Revised in Jan '17 12 months ending March 2017	FY2017 Dividend declared 12 months ending March 2017	YoY Change (Amount)	FY2018 Forecast
Interim dividend	10.50	17.00	17.00	6.50	30.00 (Forecast)
Year-end dividend	12.50	37.00 (Forecast)	41.00 (declared)	28.50	30.00 (Forecast)
Annual dividend	23.00	54.00 (Forecast)	58.00 (declared)	35.00	60.00 (Forecast)

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2016 Results	FY2017 Results	YoY Change (%)	FY2018 Guidance
	12 months ended March 2016	12 months ended March 2017		12 months ending March 2018
Revenue	115.0	105.6	-8.2%	118.0
Segment profit	29.8	33.8	13.1%	31.0
Margin	25.9%	32.0%		26.3%

Note: Other expenses of JPY 1.5 billion (FY2016) and JPY 2.8 billion (FY2017) are not included in segment profit

FY2017 Q4 summary

- Launched mobile game "Yu-Gi-Oh! Duel Links" in over 150 countries / regions reaching 40 million downloads worldwide (as of April '17) while "JIKKYOU PAWAFURU PUROYAKYU" and "Professional Baseball Spirits A" continues to perform well
- Continued global sales of Yu-Gi-Oh! trading card games, with the movie release overseas and the global launch of "Yu-Gi-Oh! Duel Links" creating a surge in Yu-Gi-Oh! interest
- Launched video game "Super Bomberman R" for Nintendo Switch™ in March, reaching a wide range of customers

Revenue and segment profit

(Yen in Billions)

	FY2016 Results	FY2017 Results	YoY Change (%)	FY2018 Guidance
	12 months ended March 2016	12 months ended March 2017		12 months ending March 2018
Revenue	71.3	68.6	-3.7%	69.0
Segment profit	2.7	4.2	57.1%	4.5
Margin	3.8%	6.2%		6.5%

Note: Other expenses of JPY 1 billion (FY2016) and JPY 0.5 billion (FY2017) are not included in segment profit

FY2017 Q4 summary

- Revenue decline due to closures of gyms; service quality improvement and cost reduction through optimization of operations
- Introduced a bouldering facility in Konami Sports Club Ikebukuro, with sports climbing officially approved for Tokyo 2020 Olympics
- Relocated Konami Sports Club Yukarigaoka as a new fitness club dedicated to workout machines and studios
- Released sports underwear “Powerful Gear Sports Support Underwear”, developed under the supervision of Konami Sports Club athletic trainers

Revenue and segment profit

(Yen in Billions)

	FY2016 Results	FY2017 Results	YoY Change (%)	FY2018 Guidance
	12 months ended March 2016	12 months ended March 2017		12 months ending March 2018
Revenue	34.3	31.3	-8.8%	32.0
Segment profit	5.6	4.8	-13.0%	5.5
Margin	16.3%	15.5%		17.2%

Note: YoY negative impact from the yen appreciation - revenue JPY 3 billion, segment profit JPY 0.4 billion

FY2017 Q4 summary

- Sales growth of the Concerto series with enhanced lineup meeting the needs of players and operators in North America, and solid sales of the long-seller Podium series in Latin America, Africa and Asian markets
- Installed casino management system “SYNKROS” in cruise ships and casinos in North America and Australia
- Test launched skill-based gaming machine Frogger: Get Hoppin’ at a casino in Las Vegas, receiving great response from players

Revenue and segment profit

(Yen in Billions)

	FY2016 Results	FY2017 Results	YoY Change (%)	FY2018 Guidance
	12 months ended March 2016	12 months ended March 2017		12 months ending March 2018
Revenue	29.8	25.3	-14.9%	27.0
Segment profit	4.7	5.2	11.4%	5.2
Margin	15.8%	20.7%		19.3%

Note: Other expenses of JPY 11 billion (FY2016) and JPY 4 billion (FY2017) are not included in segment profit

FY2017 Q4 summary

- Stable recurring revenues from “e-AMUSEMENT Participation” arcade games including “MAH-JONG FIGHT CLUB ZERO” and music games. Released a piano-infused music game Nostalgia, ball-shooting medal game Magical Shooter and a brand new jackpot medal game Treasure Shoot
- Launched a horse racing pachislot machine GI Derby Club with real name racing horse appearance and an original pachislot title Bouku Shojo Love Kyure, both winning high acclaim and recording stable operation

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Titles Released in Jan - Mar 2017 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
Yu-Gi-Oh! Duel Links	App Store Google Play	Global	Japan: Nov '16 Global: Jan '17	DE
FORTUNE TRINITY3	Arcade (Medal game)	Japan	Jan 2017	AM
ELDORA CROWN	Arcade (Medal game)	Japan	Jan 2017	AM
GI Derby Club	Pachislot	Japan	Feb 2017	AM
Bouku Shojo Love Kyure	Pachislot	Japan	Mar 2017	AM
SUPER BOMBERMAN R	Nintendo Switch™	Global	Mar 2017	DE
NOSTALGIA	Arcade (Video game)	Japan	Mar 2017	AM
MAGICAL SHOOTER	Arcade (Medal game)	Japan	Mar 2017	AM
Treasure Shoot	Arcade (Medal game)	Japan	Mar 2017	AM
Winning Eleven 2017 (PES 2017 -PRO EVOLUTION SOCCER-)	App Store Google Play	Global	May 2017	DE

※1 DE: Digital Entertainment AM: Amusement

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Yu-Gi-Oh! Duel Links



Winning Eleven 2017
(PES 2017 -PRO EVOLUTION SOCCER-)



SUPER BOMBERMAN R



FORTUNE TRINITY3



NOSTALGIA



Treasure Shoot

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Titles Released in Jan - Mar 2017 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Luck Vegas	Pachislot	Japan	May 2017	AM
100% Pasukaru Sensei Perfect Paint Bombers	Nintendo 3DS™	Japan	Jul 2017	DE
Castlevania Lords of Shadow	Pachislot	Japan	Jul 2017	AM
METAL GEAR SURVIVE	PS4 XboxOne / PC	Global	2017	DE
Bomber Girl	Arcade (Video game)	Japan	2017	AM
Concerto Crescent	Gaming Machine	Global	2017 H1 (Initially North America)	GS
Concerto Stack	Gaming Machine	Global	2017 H1 (Initially North America)	GS
Beat Square	Gaming Machine	North America	2017 H1	GS
Frogger: Get Hoppin'	Gaming Machine	North America	2017 H1	GS
Fortune Cup	Gaming Machine	TBD	TBD	GS

※ DE: Digital Entertainment AM: Amusement GS: Gaming & Systems

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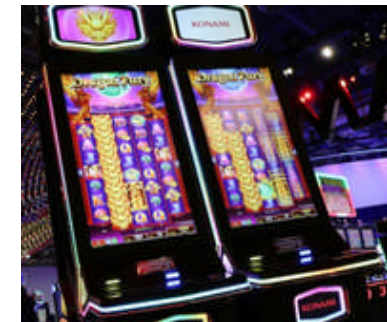
GI Derby Club



Bouku Shojo Love Kyure



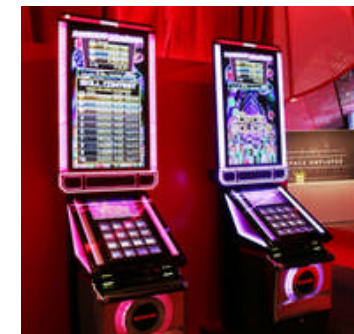
Concerto Crescent



Concerto Stack



Fortune Cup



Beat Square

Consolidated Business Performance

(Yen in Billions)

	FY2016	percentile	FY2017	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	249.9	100.0%	229.9	100.0%	-20.0	-8.0%
Total cost of revenue	-162.5	65.0%	-141.2	61.4%	21.3	
SG&A	-49.3	19.7%	-45.1	19.6%	4.2	
Other income and other expenses	-13.5	5.4%	-7.3	3.2%	6.2	
Operating profit	24.7	9.9%	36.4	15.8%	11.7	47.3%
Finance income	0.2		0.2		-0.1	
Finance costs	-1.4		-1.3		0.1	
Profit from investments accounted for using the equity method	0.2		0.3		0.0	
Profit before income taxes	23.8	9.5%	35.5	15.4%	11.8	49.5%
Income taxes	-13.2	5.3%	-9.5	4.2%	3.7	
Profit for the year	10.5	4.2%	26.0	11.3%	15.4	146.7%
Profit attributable to:						
Owners of the parent	10.5	4.2%	26.0	11.3%	15.4	146.8%
Non-controlling interests	0.0	0.0%	0.0	0.0%	0.0	

Consolidated Financial Position

(Yen in Billions)

	March 31, 2016	March 31, 2017	YoY change		March 31, 2016	March 31, 2017	YoY change
Current assets				Current liabilities			
Cash and cash equivalents	113.9	134.7	20.8	Bonds and borrowings	9.0	10.6	1.6
Trade and other receivables	23.4	26.0	2.6	Trade and other payables	24.8	25.9	1.1
Inventories	9.2	7.4	Δ 1.7	Other current liabilities	27.7	20.4	Δ 7.3
Other current assets	7.8	6.8	Δ 0.9	Total current liabilities	61.5	56.8	Δ 4.6
Total current assets	154.2	174.9	20.7	Non-current liabilities			
	47.0%	51.9%		Bonds and borrowings	24.6	19.7	Δ 4.9
Non-current assets				Other non-current liabilities	28.6	25.4	Δ 3.2
Property, plant and equipment, net	80.3	75.6	Δ 4.7	Total non-current liabilities	53.2	45.1	Δ 8.1
Goodwill and intangible assets	39.5	34.8	Δ 4.7	Total liabilities	114.7	102.0	Δ 12.8
Investments accounted for using the equity method	2.6	2.8	0.2	Total equity attributable to owners of the parent	212.8	234.4	21.7
Deferred tax assets	22.7	22.3	Δ 0.3		64.8%	69.5%	
Other non-current assets	29.0	26.7	Δ 2.3	(per share: yen)	(1,573.11)	(1,733.57)	(160.46)
Total non-current assets	174.0	162.2	Δ 11.8	Non-controlling interests	0.7	0.8	0.0
	53.0%	48.1%		Total equity	213.5	235.2	21.7
Total assets	328.2	337.1	9.0	Total liabilities and equity	328.2	337.1	9.0

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THANK YOU

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