

KONAMI

Saori Higuchi

Satoshi Sugiura

Yuichiro Nakata

Tomomi Chikaoka



Today's Topic

- 1: What is KONAMI???**
- 2: KONAMI's Core Business**
- 3: Advantage of KONAMI**
- 4: Sales Forecast**
- 5: Conclusion**

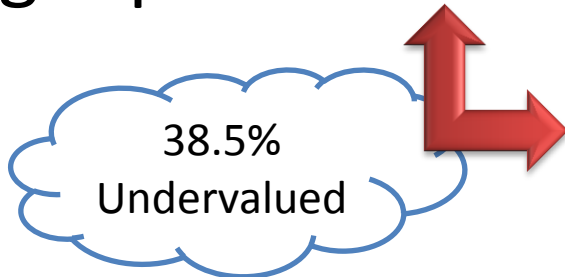
Investment Suggestion : BUY

Growing SNS market

Contents applicative skills

Great success in SNS games market

Target price : 3304 Yen



*Enterprise Discounted Cash Flow Model

Current price : 2030 Yen
(21, July, 2011)

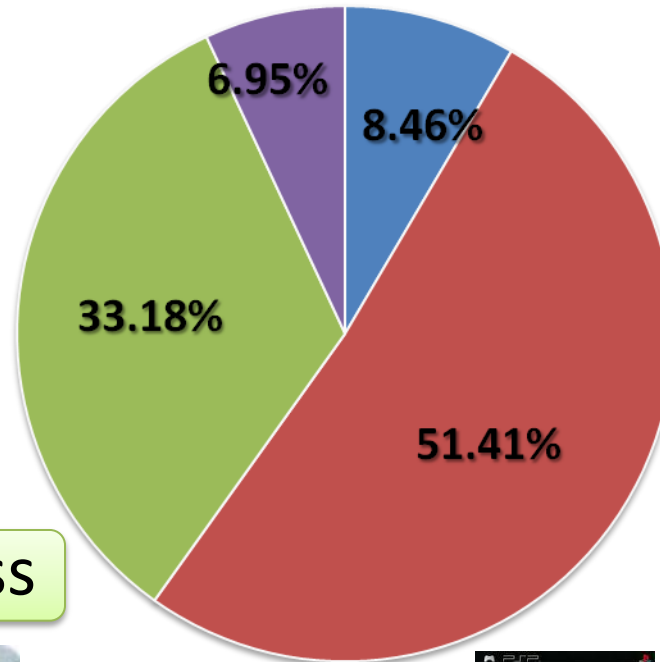
KONAMI

What is KONAMI??

Pachinko & Slot



Gaming & Systems

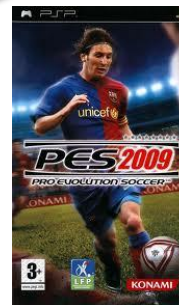


Health & Fitness



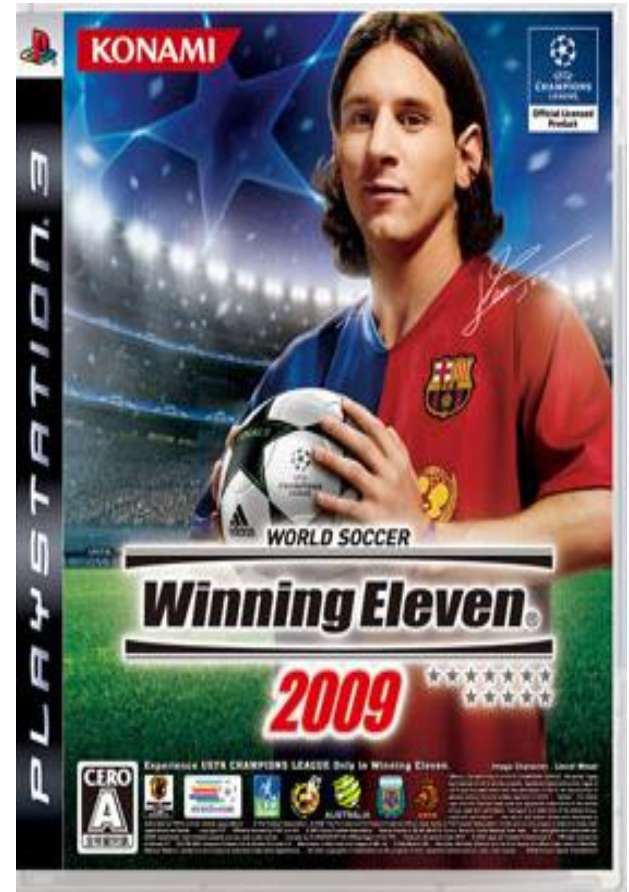
Digital Entertainment

game software
arcade games
card games
social games



KONAMI

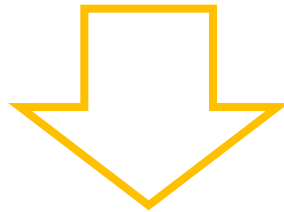
Game Software



KONAMI

Core Business of KONAMI

Former: Game software business



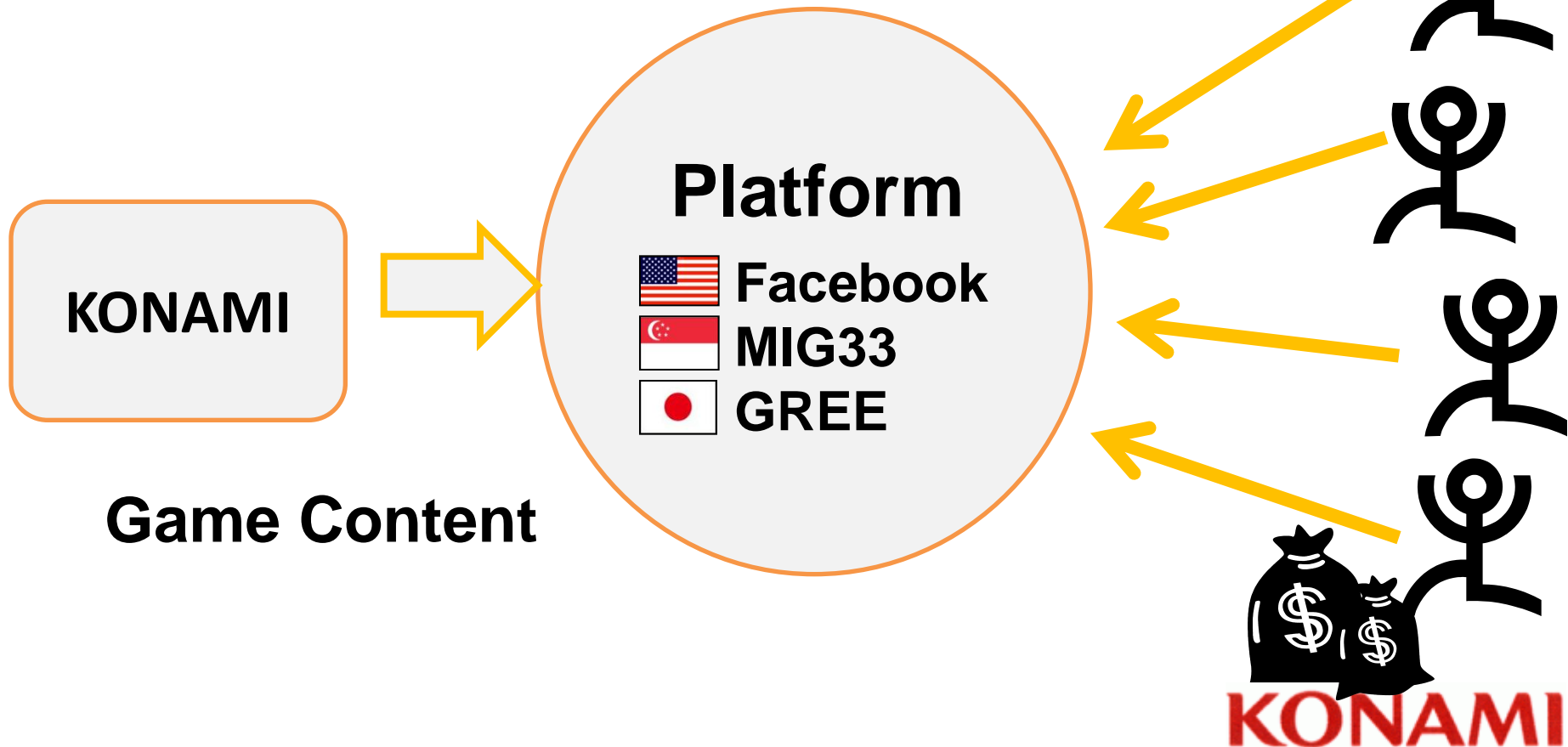
New : SNS business

What??

Why??

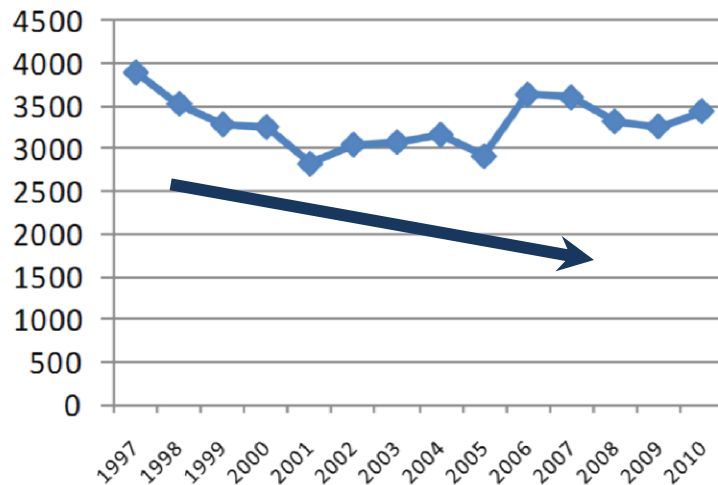
What is SNS Business ??

Profit structure



Why Does KONAMI's Core Business Change①

Domestic Game Software Market



Source: FAMITU Game Report



Peaked

- Low price
- Convenient
- Everywhere



KONAMI

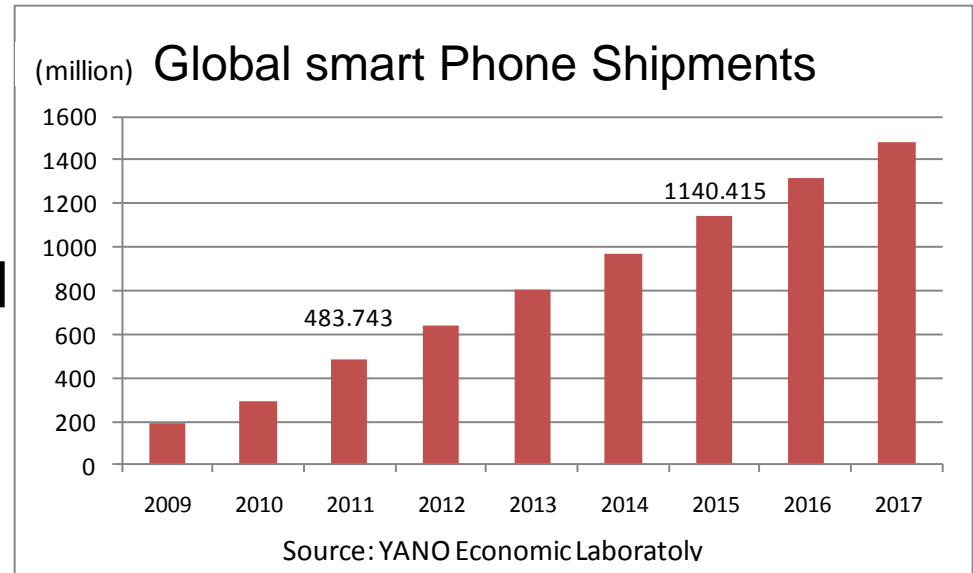
Why Does KONAMI's Core Business Change②

⇒KONAMI can have a chance for global launch

Reason

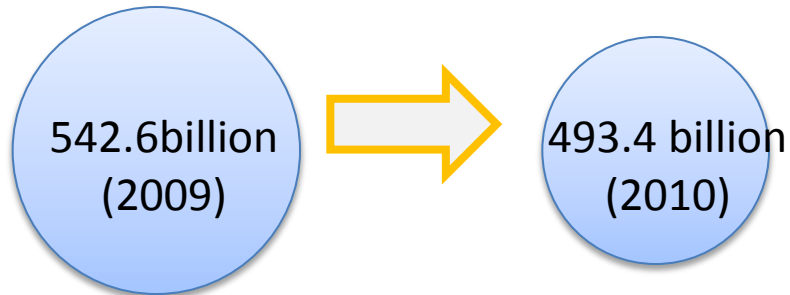
1)Platform company started networking for smartphone

2)Smartphone has increased rapidly in the world

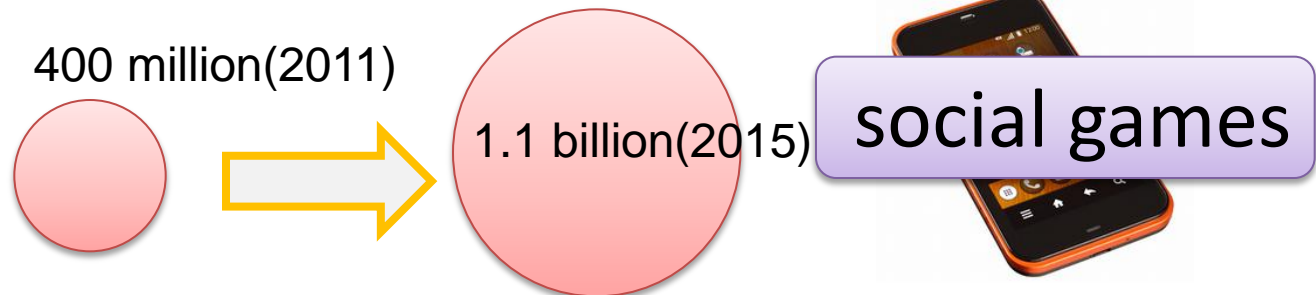


Summary of SNS

Declination of Game Software in Japan



Growing SNS Market in the World



Advantage of KONAMI



▪ Past performance

3 million downloads

No.1!!!

for 44 weeks in GREE download ranking (Hall of Fame)

**KONAMI creates hits products.
⇒ success at SNS business**

KONAMI

Attention to Advantage of KONAMI

① Why can KONAMI develop hit products??

② Can KONAMI develop
hit products from now on??

We think advantage of KONAMI is...

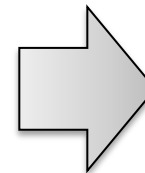
Contents applicative skills

Example①

Social
Card game

- 1)The fullness of rule
- 2)Card type and effect
- 3)Hierarchical rankings of card

Card game
business



KONAMI

Contents Applicative Skills

Example②

Baseball
card game



New popular Products

SNS game
+
Card game



Baseball game

KONAMI

A summary of contents applicative skills

**KONAMI can produce hit products
by using past products**



**KONAMI acquired 100%
ownership of HUDSON which has
an edge on social game.**



hit products in the world

KONAMI

Sales Forecast

Digital Entertainment

Health & Fitness

Gaming & Systems

Pachinko & Slot Machines



Total Sales

Game software
Arcade games
Card games
Social games

Sales depend on
SNS Business

KONAMI

SNS Business

Sales = users × charging price per person × charging rate

	Japan	Abroad
Users	Growth rate of GREE's membership	Growth rate of Smartphone market
Charging Price	1322 Yen (Reference : Same as above)	554 Yen (compared JPN's GDP to abroad)
Charging rate	23.8% (Reference :SOFTBANK Human Capital CORP.)	

Valuation

Compute operating free cash flow from future net sales

Prediction term: **10** years

WACC : **6.66%**

Permanent growing rate : **1%**

Target price



3304 Yen

Conclusion

Growing SNS market

Contents applicative skills

Great success in SNS games market

Target price : 3304 Yen

38.5 %
Undervalued

Investment
suggestion : BUY

KONAMI



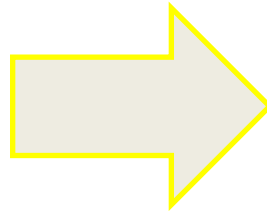
Thank you for listening !!!!



Qs and As

KONAMI

KONAMI delivers
70% SNS game



GREE's Platform

KONAMI

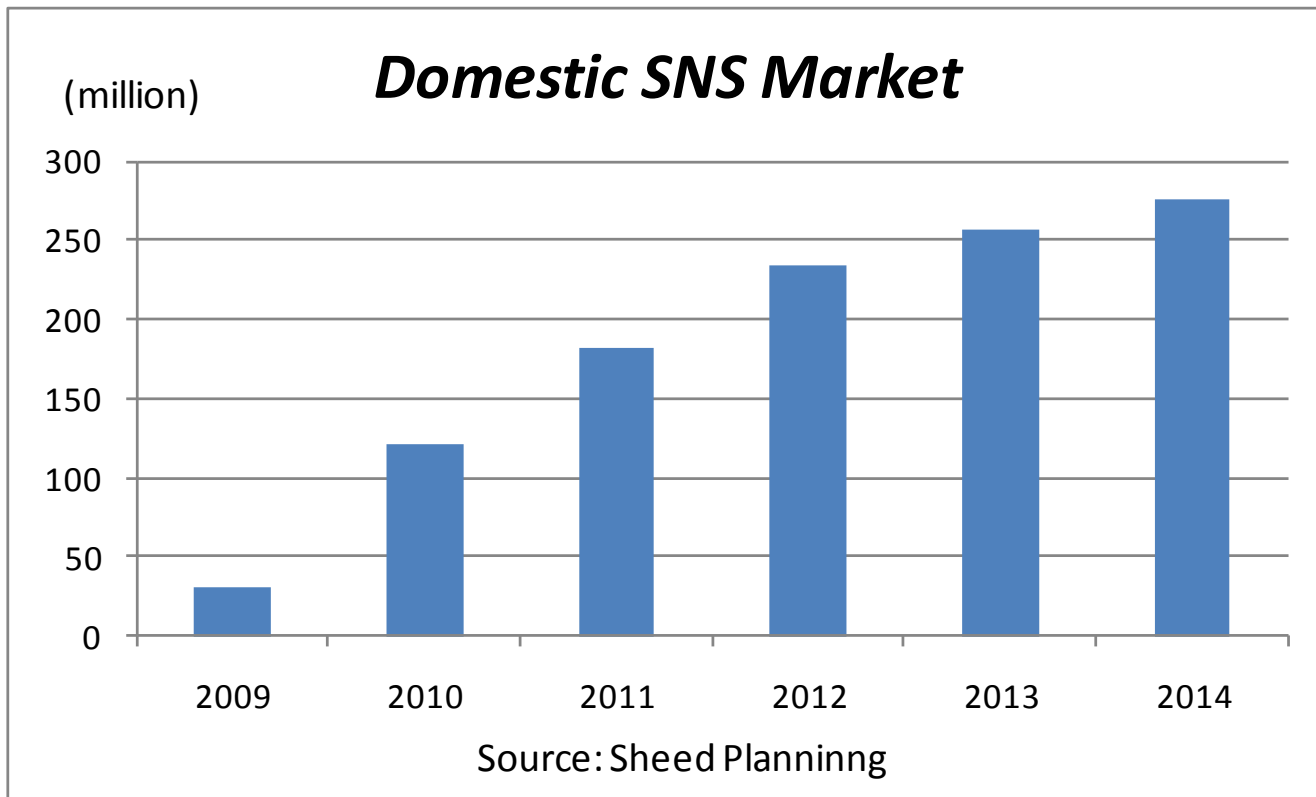
Qs and As



We decided centralization of capital.

Moreover, we bought “HADOSON ”
to brush up SNS contents.

Qs and As



Qs and As

⇒ We think game software in domestic won't recover. Because of low birthrate.

⇒ No damage. We think.

Because...1) Overseas development 2) age-group

Qs and As

Risk factor....

Key person risk.

President Kagemasa Kozuki, KONAMI has been active in the front lines. And, he has leaded the growth and development of KONAMI.

Therefore, after he retires, it is question that his successor can lead KONAMI



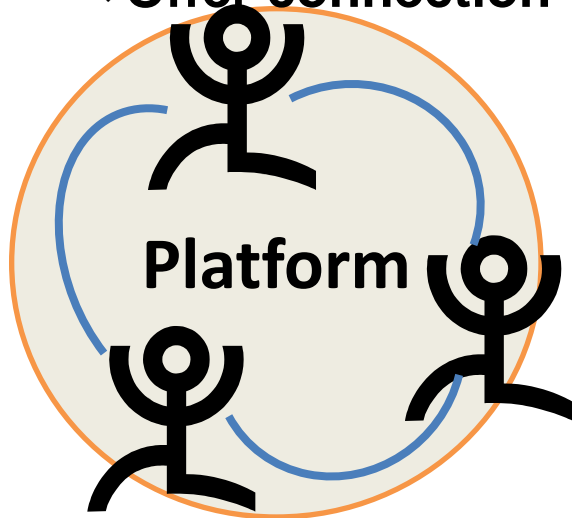
KONAMI

Qs and As

Is it different from between SNS game
and Smartphone game??

SNS game

⇒ Offer connection



Smartphone game

⇒ People download game

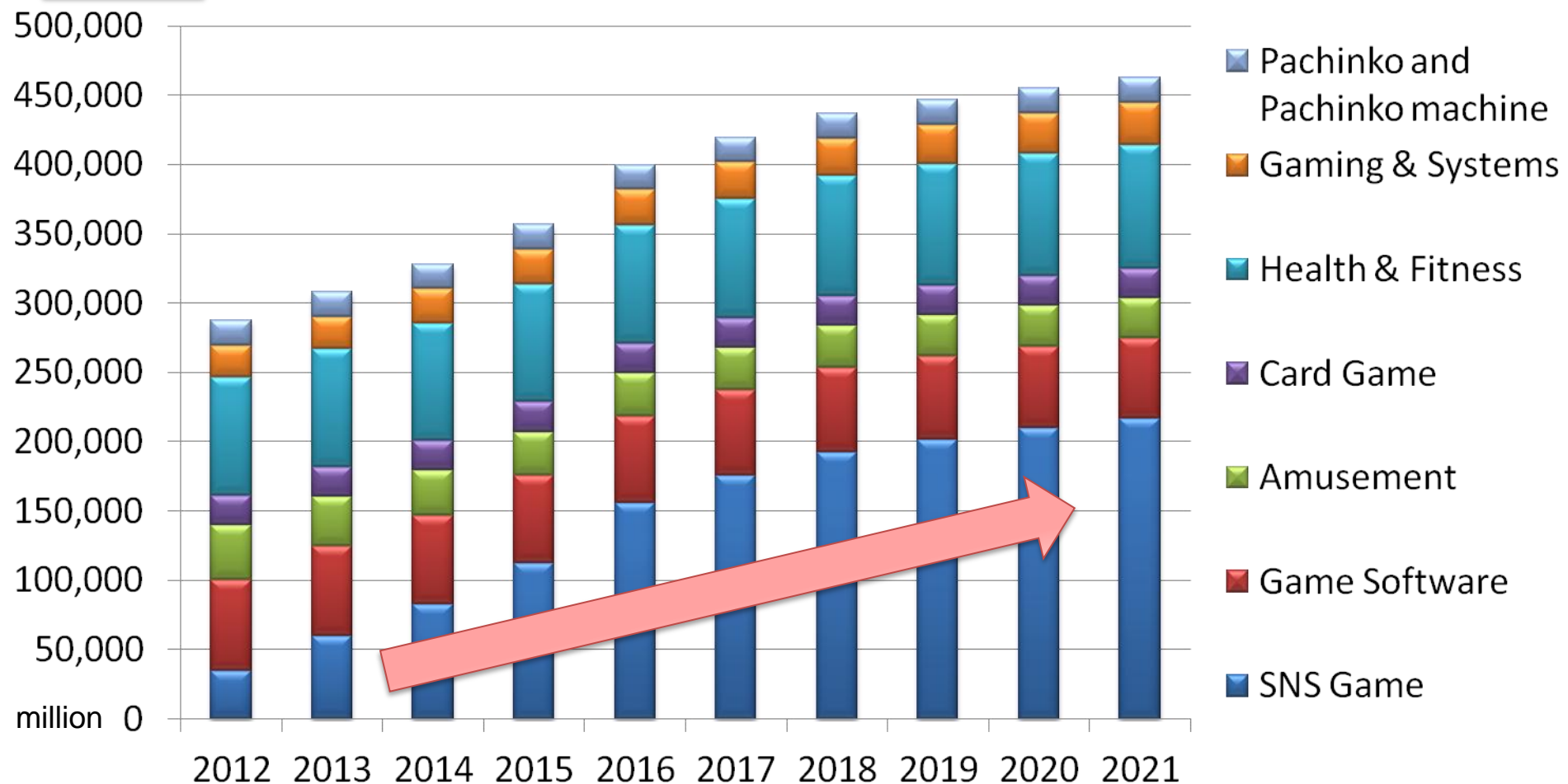
and play it by oneself.



KONAMI

Qs and As

Sales

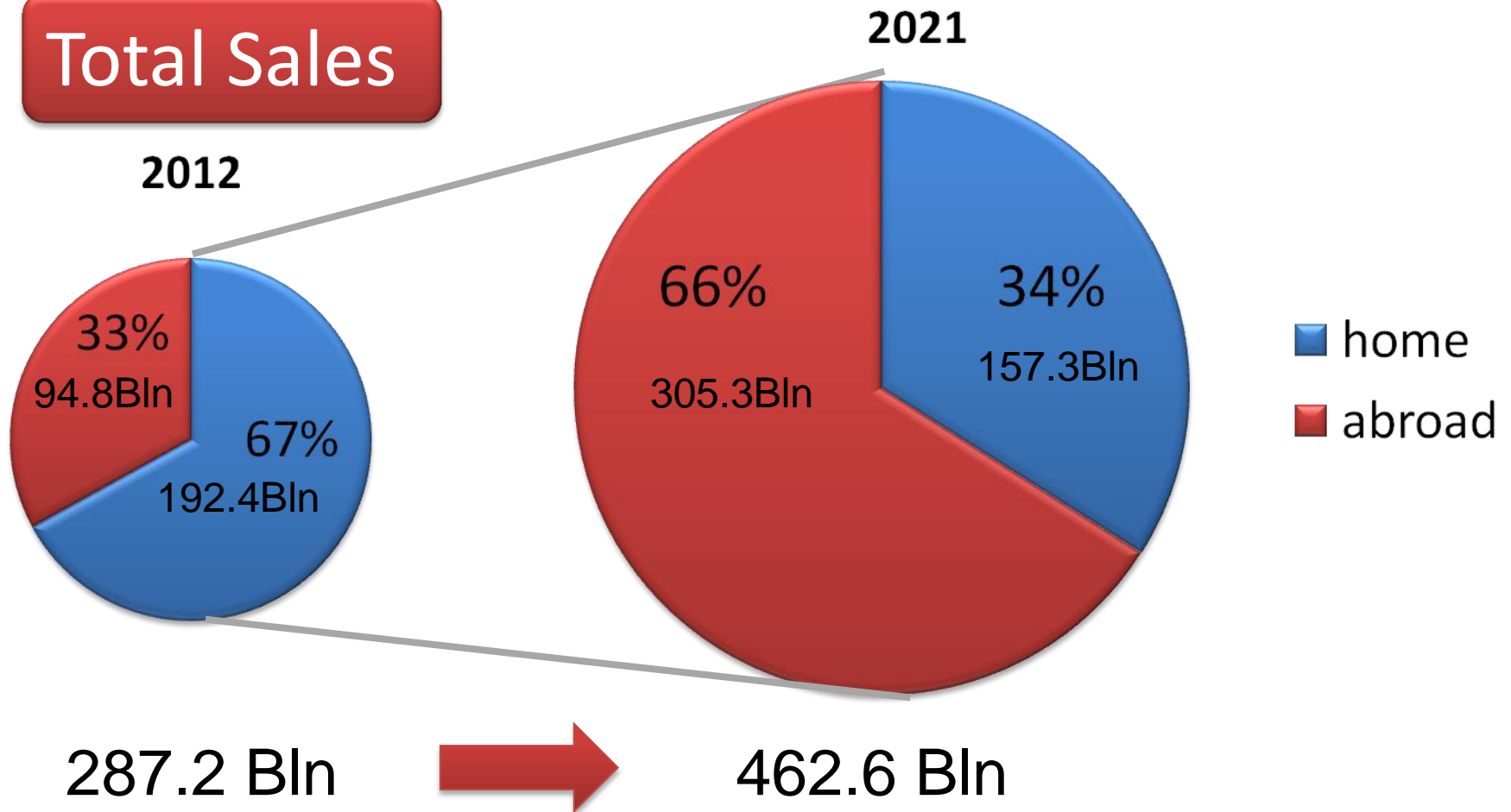


Qs and As

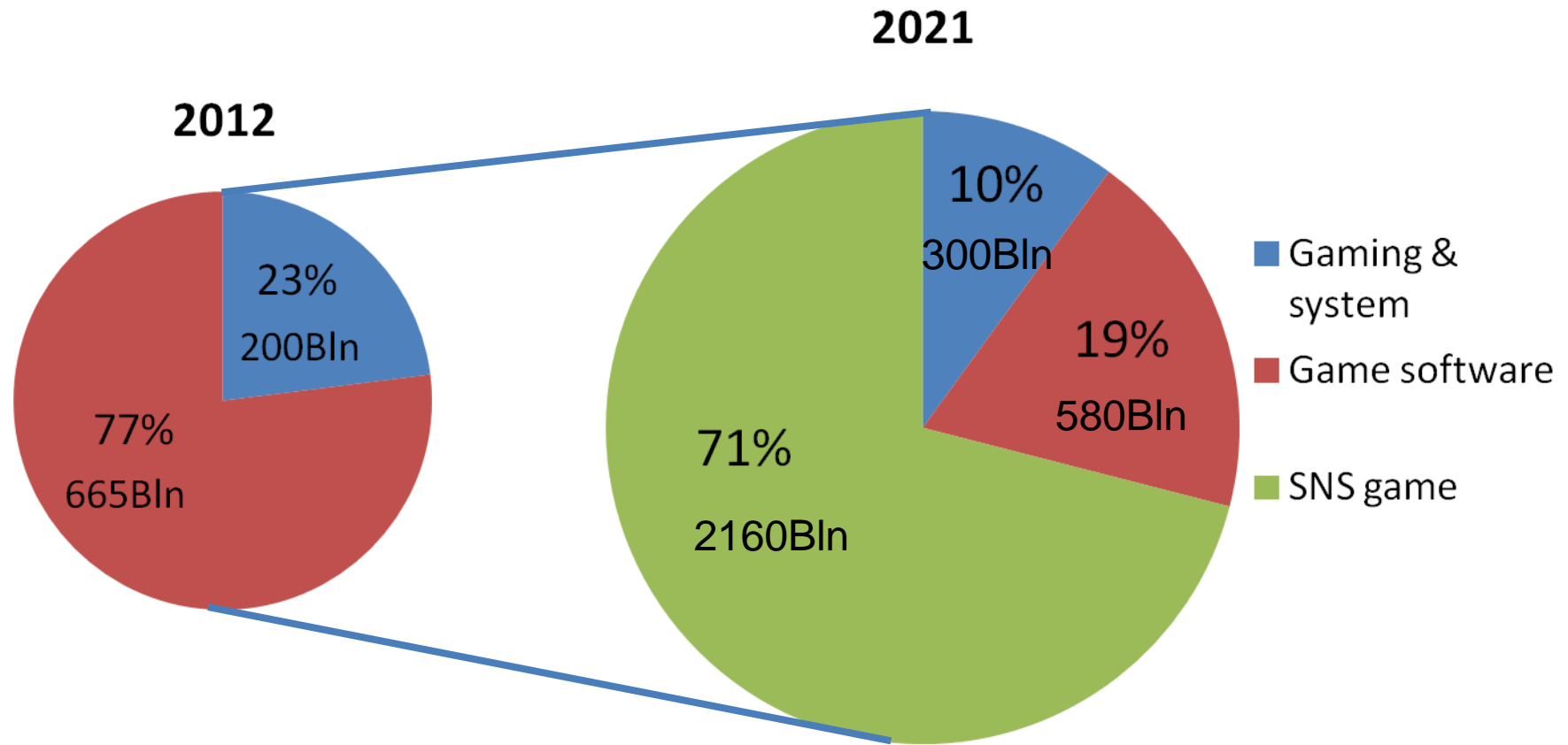
Bond Interest	1.08%
Risk Premium	5.26%
β	1.24
r_E	7.60%
r_D	3.64%
Tax Rate	40.70%
WACC	6.66%
Discount Rate	1.07%

Qs and As

Total Sales

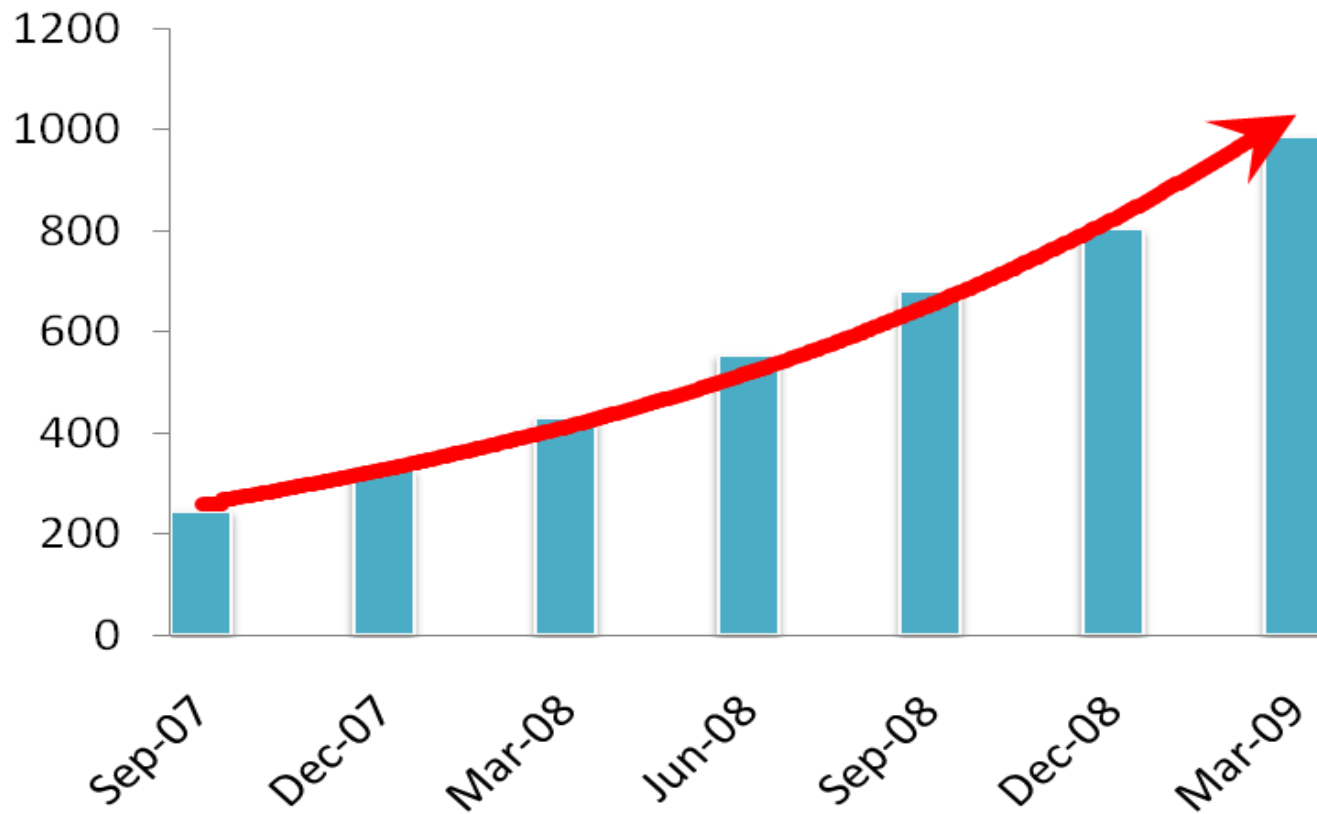


Qs and As



Qs and As

GREE's membership



Reference :
GREE's financial report

Qs and As



Singapore
EU
South Africa
China



Southeast Asia
South Asia
Africa
Middle East