



Ready

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Building the future with you



Good luck. Good life.
SANKYO

Presentation on

2013 Mizuho Investment Conference

Kimihisa Tsutsui

President & COO

SANKYO CO., LTD.

September 10, 2013 at Palace Hotel Tokyo

1st Sec. of the TSE #6417

Current Price: ¥4,580 (September 2, 2013)

Shares Outstanding: 97.5 million

Market Cap: ¥446,996 million

The Company's plans, strategies and forecasts, except historical facts, contained in this document may be subject to change due to factors of risk and uncertainty. Therefore, the Company does not guarantee their attainability explicitly or implicitly.

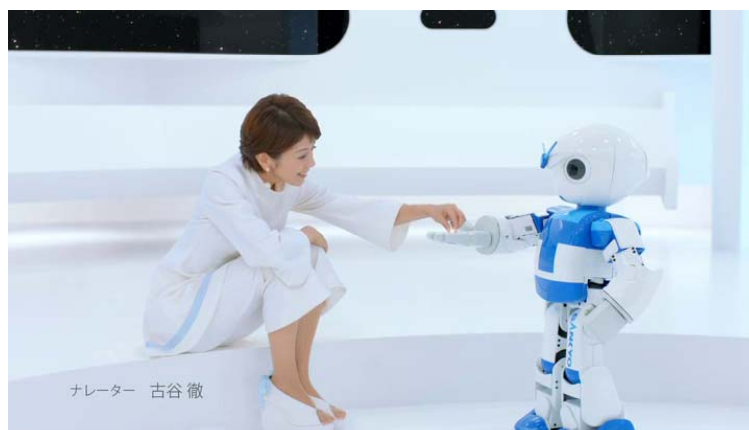
The Company assumes that the 'factors of potential risk and uncertainty' may include the economic climate, especially concerning the pachinko and pachislot markets which constitute the Company's main business field, competition in the market and competitiveness of the Company's products, and also include other unpredictable factors.



SANKYOご紹介

Company Overview

Company Overview



SANKYO CO., LTD.

1st Sec. of the TSE #6417

Development, Manufacture, and Sales of Pachinko and Pachislot Machines

3 Brands Structure



- ・東証1部上場(銘柄コード 6417)
- ・パチンコ、パチスロ機の開発・製造・販売
- ・3ブランド展開

3 Brands Structure



Stock Information

Price 4,580

(September 2, 2013)

Currency in JPY

時価総額

Market Cap 446,996M

実績PER

Trailing P/E (ttm) 73.13

予想PER

Forward P/E (1 yr) 17.12

実績PBR

Price/Book (mrq) 1.03

予想配当金

Forward Annual Dividend Rate 150.00

配当利回り

Forward Annual Dividend Yield 3.27%

配当性向

Payout Ratio 56.08%

Analyst Coverage



Mr. Souichiro Fukuda



Mr. Satoshi Tanaka



Mr. Masanori Minami



Mr. Yusuke Maeda



Mr. Takeshi Koyama



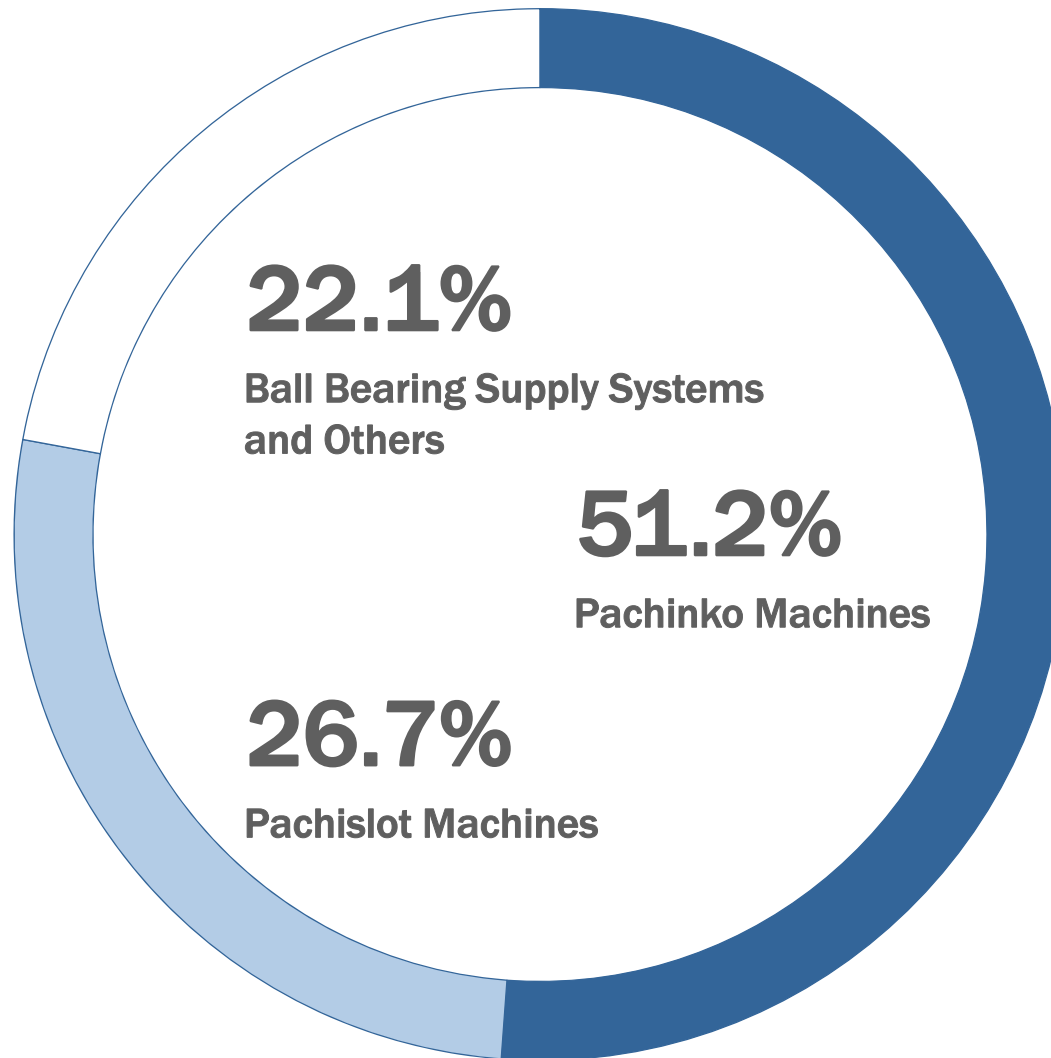
Mr. Masashi Morita



Mr. Eiji Maeda

Analyst coverage
by **7** firms

Focused on Game Machine-related Businesses

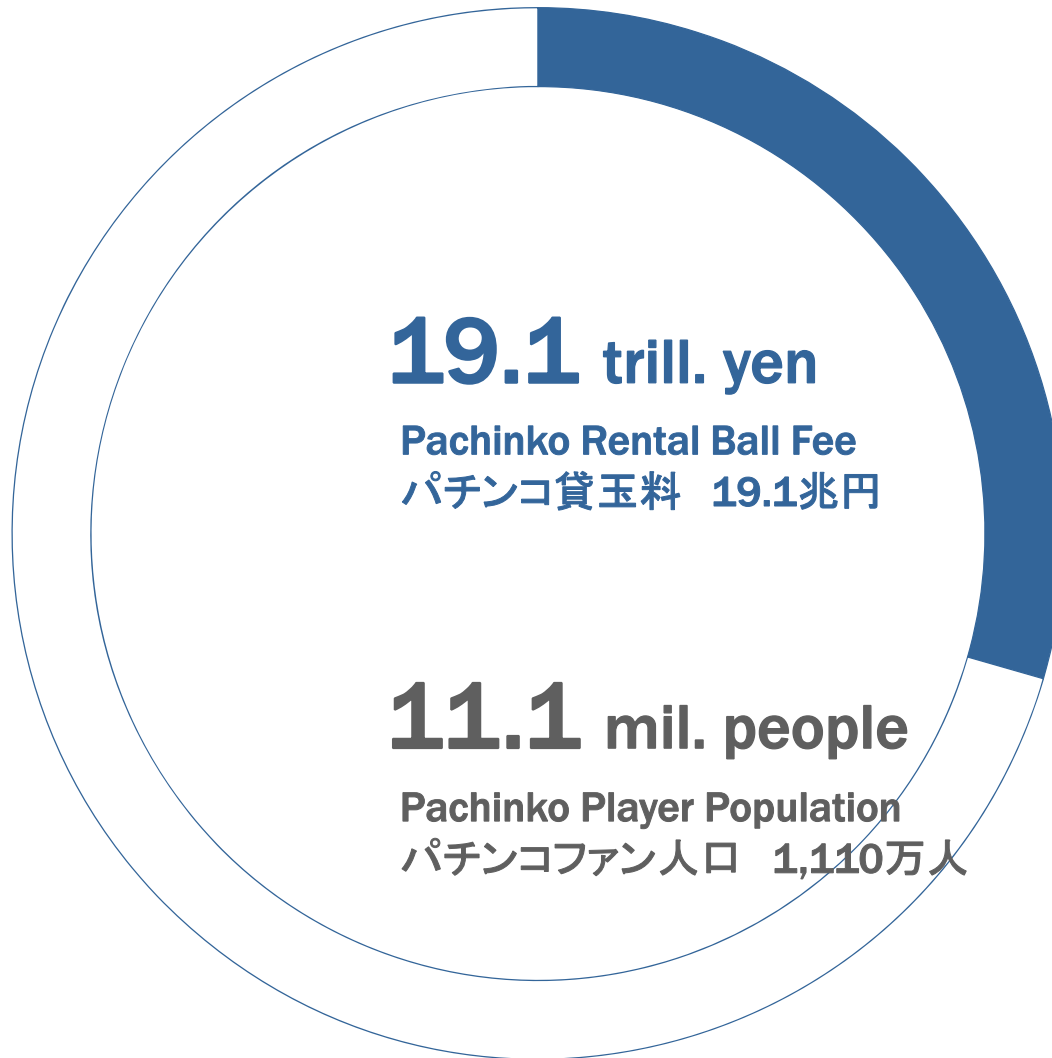




産業の動向

Industry Trend

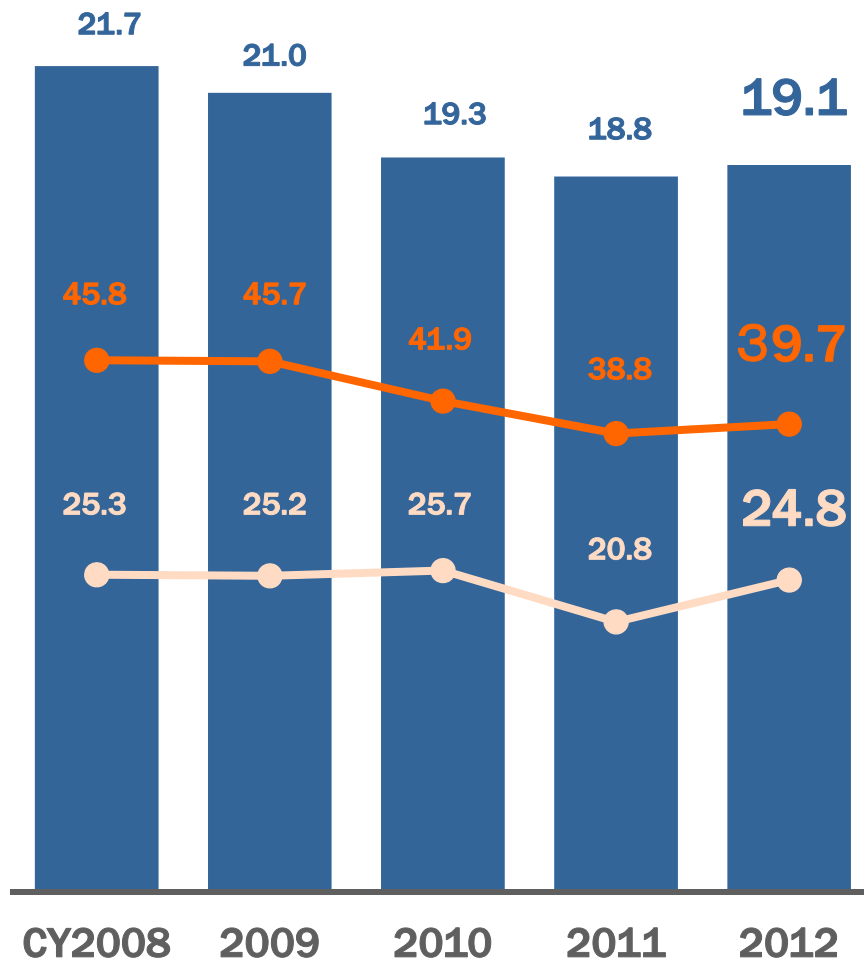
30% of the Leisure Market



64.7 trill. yen

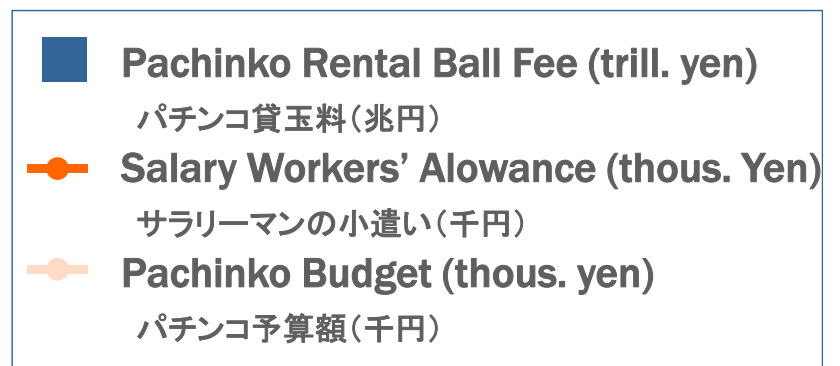
Leisure Market
余暇市場全体

Pachinko Rental Ball Fee 市場(貸玉料)は「サラリーマンの小遣い」に連動 Is Linked to Salary Workers' Allowance

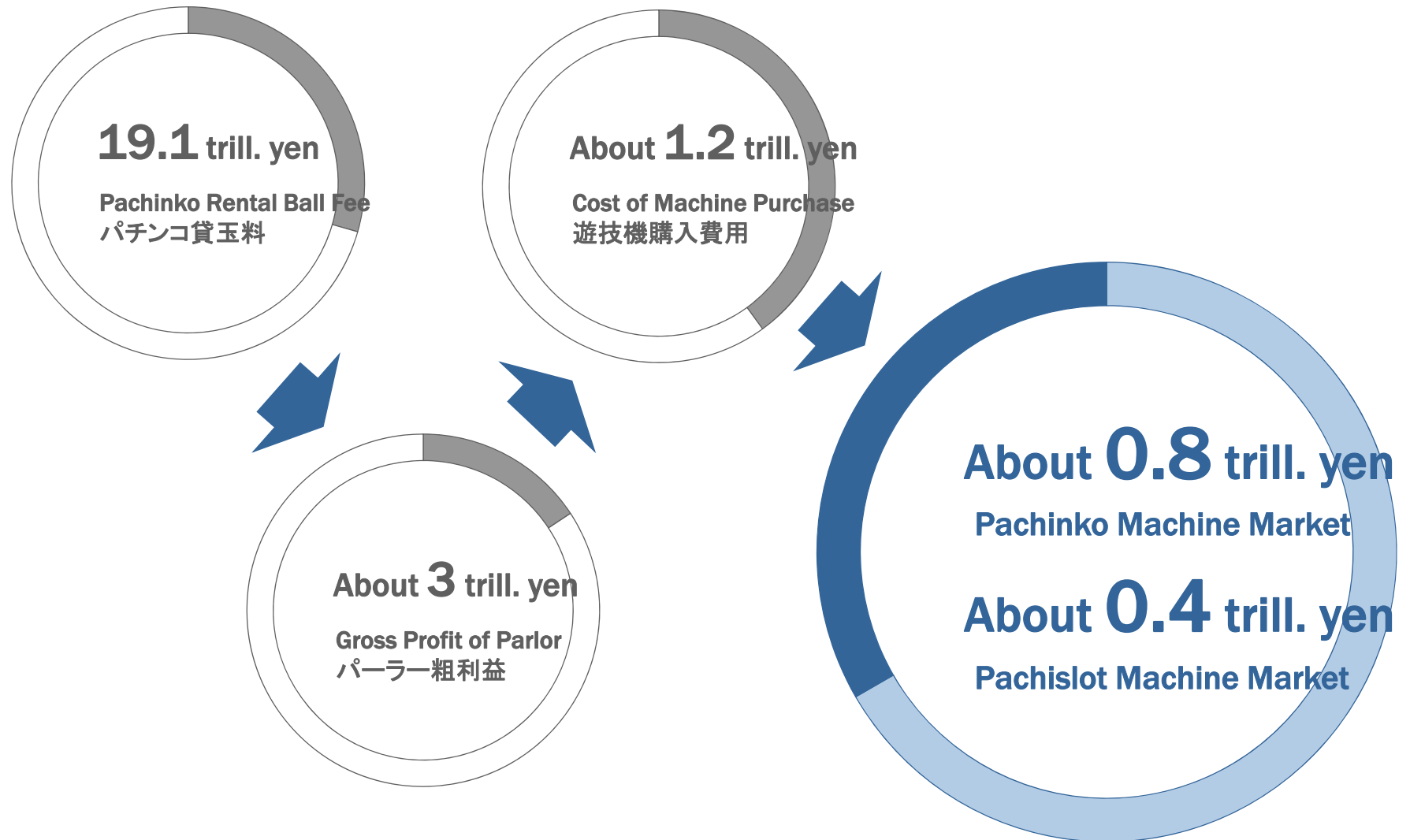


Expect benefits from the impact of Abenomics

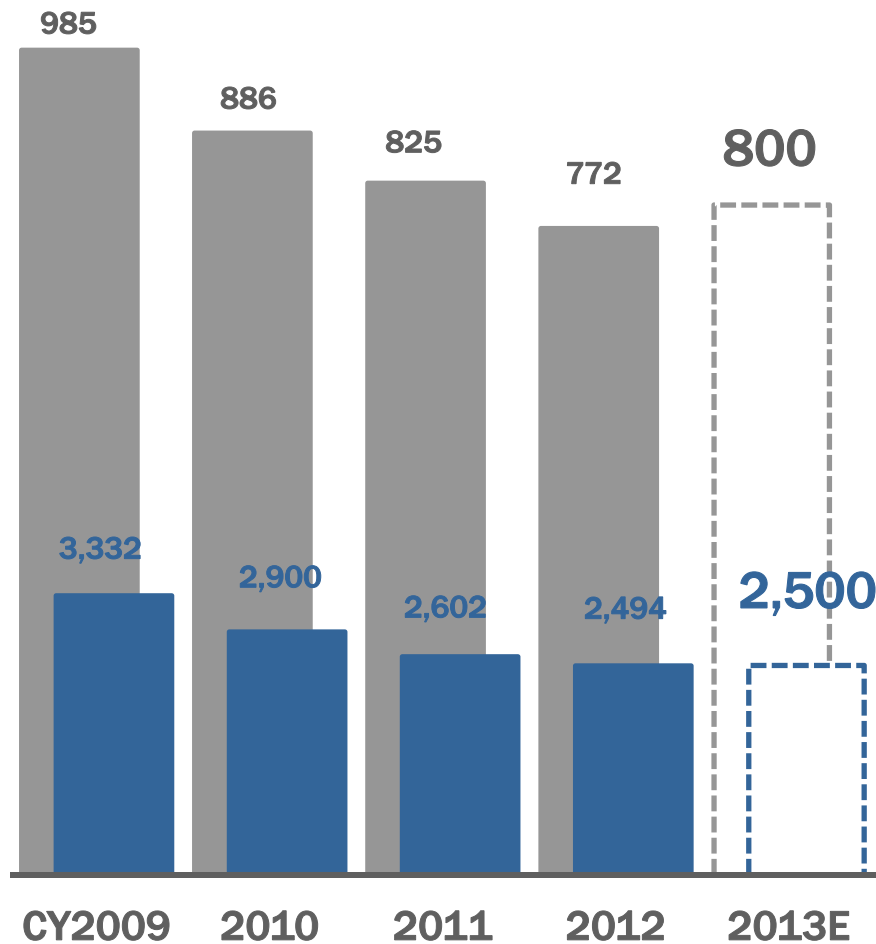
アベノミクス効果に期待



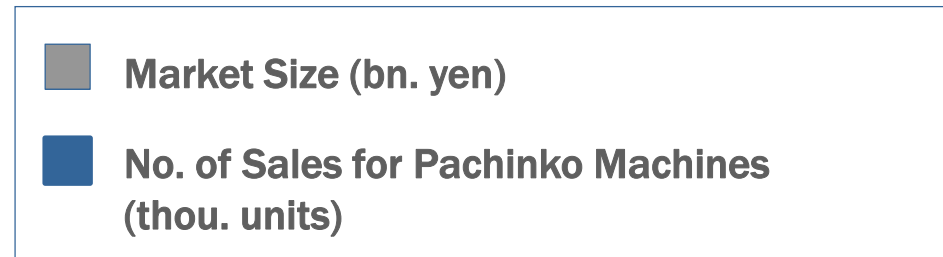
Structure of Pachinko Industry



Size of Pachinko Machine Market



CY2013
Expected to be almost on par

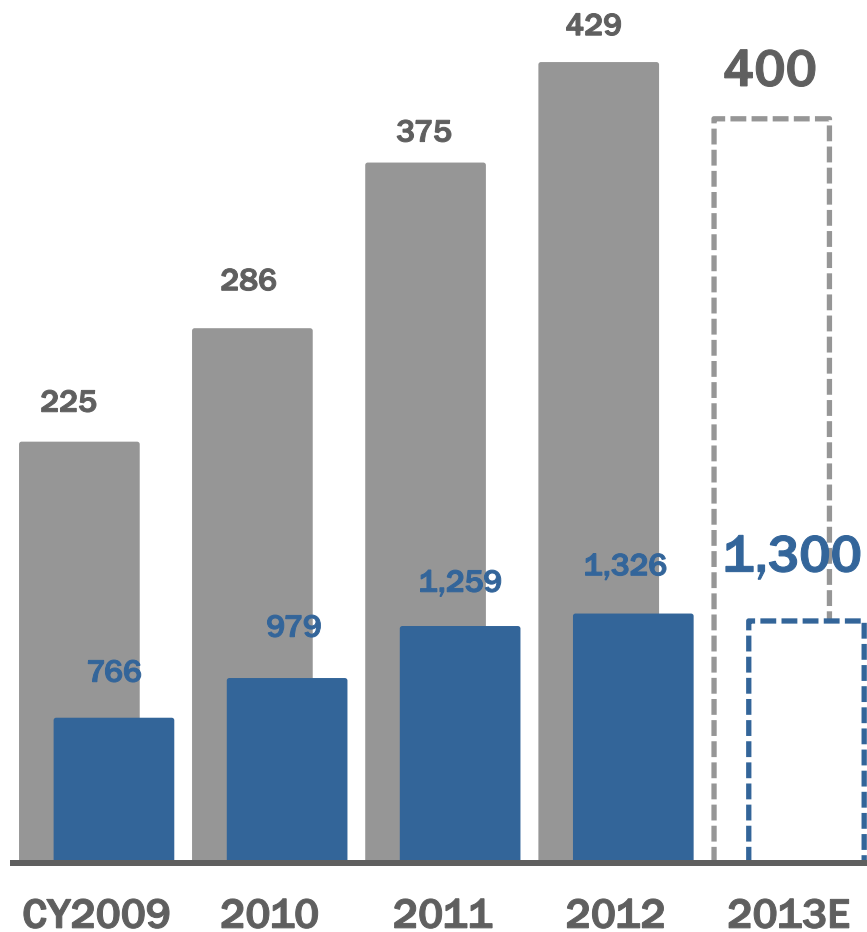


2013年度 ほぼ横ばいを予想

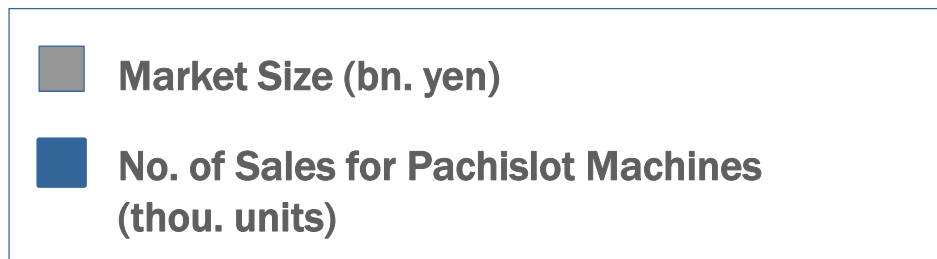
Data for CY2009- CY2012: Survey by Yano Research Institute

Preliminary data for CY2013E: Prepared by SANKYO based on Pachinko Gyokai Johokan Members

Size of Pachislot Machine Market



CY2013
Expected to be almost on par

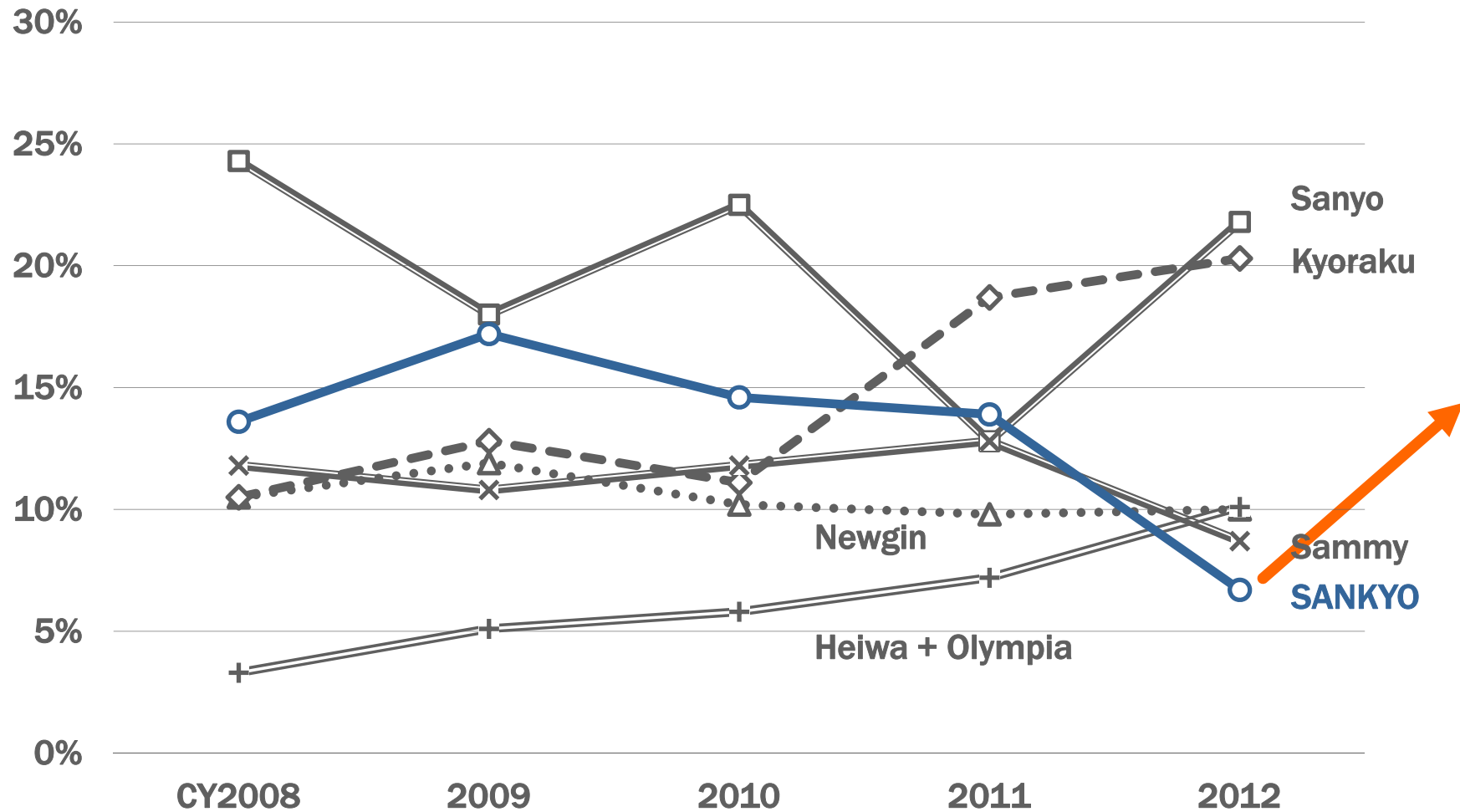


2013年度 ほぼ横ばいを予想

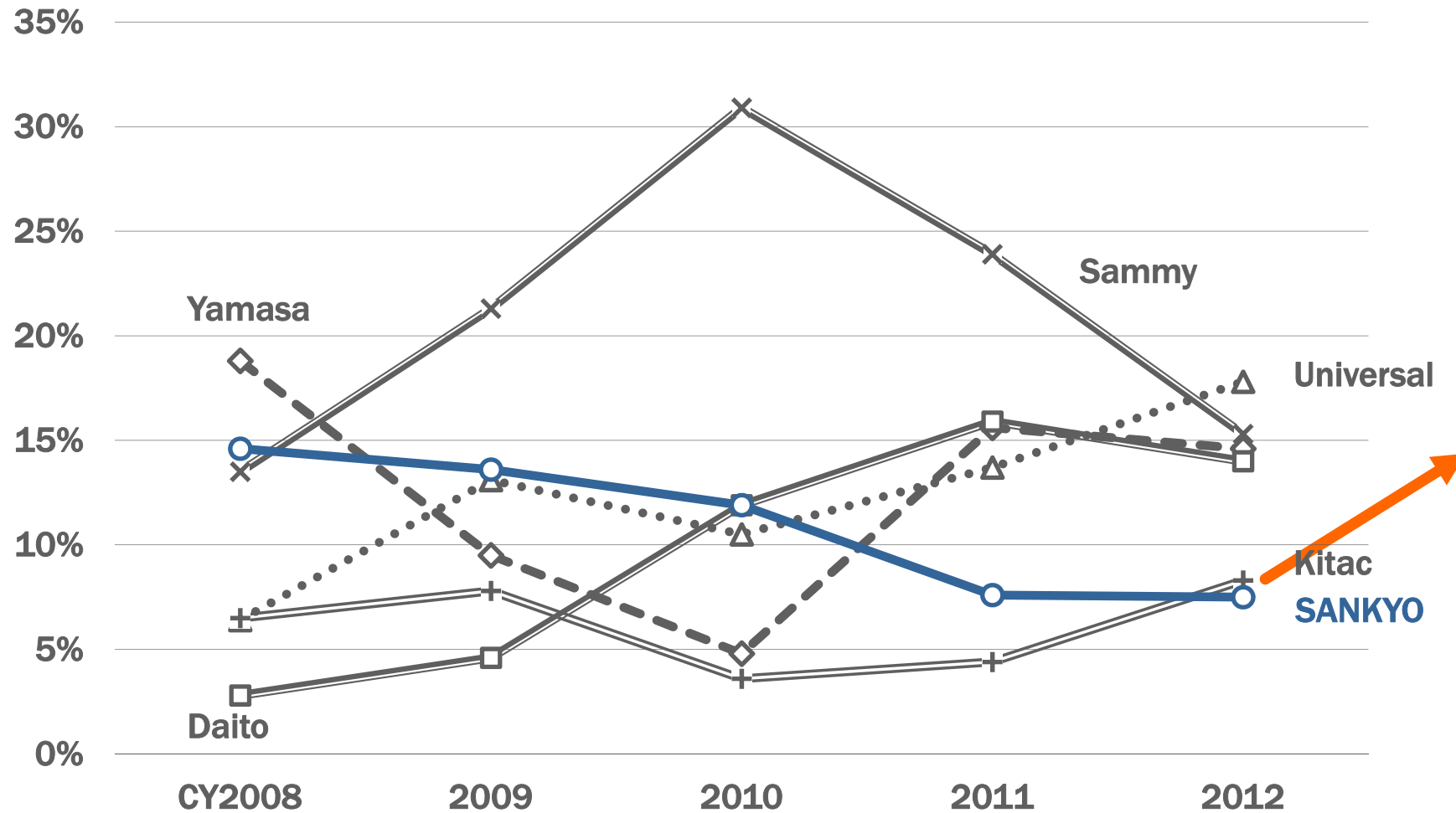
Data for CY2009- CY2012: Survey by Yano Research Institute

Preliminary data for CY2013E: Prepared by SANKYO based on Pachinko Gyokai Johokan Members

Share of Pachinko Machine Market (unit basis)



Share of Pachislot Machine Market (unit basis)





現況と取り組み

Current Situations
and Initiatives

Growth Strategy: Begin with Establishing the Brand

成長戦略:まずはブランドの確立



Develop

「フィーバー機動戦士ガンダム」を定番タイトルへ

“Fever Mobile Suit Gundam” into Mainstay Title



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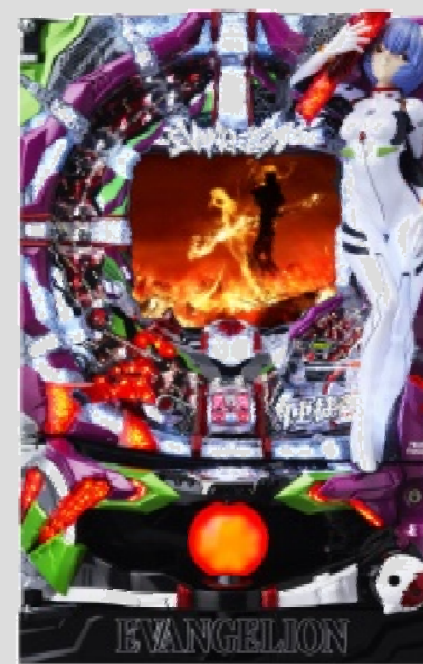


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Mainstay Titles

定番タイトル

x 2



Key Issues for FY 3/2014

Continued promotion as key issues

重点課題として引き続き推進

1

Establishment of the SANKYO brand

SANKYOブランドの確立

2

Enhanced presence in the pachislot market

パチスロ市場における存在感の向上

3

















Early establishment of the 3-brand structure

3ブランド体制の早期構築

Forecast of FY 3/2014 (Highlights)

Consolidated: mill. yen	FY 3/2013	FY 3/2014	YoY	
Net Sales	104,150	200,000	+95,850	+92.0%
Pachinko Machines	53,302	127,000		
Pachislot Machines	27,822	55,100		
Ball Bearing Supply Systems	21,478	16,400		
Other Business	1,546	1,500		
Operating Income	7,023	32,000	+24,977	+355.6%
Recurring Income	9,488	34,000	+24,512	+258.3%
Net Income	5,853	25,000	+19,147	+327.1%
EPS	Y62.62	Y267.46		
Unit Sales of Pachinko Machines	166,939	373,000	+206,061	+123.4%
Unit Sales of Pachislot Machines	99,208	180,000	+80,792	+81.4%

Number of Pachinko/Pachislot Titles to be Released

FY 3/2014	Q1	Q2	H2 (Q3-Q4)	
<p>Pachinko (Excluding Reused Models)</p> <p>(リユースを除く) 10 titles in total</p>	   	 	  	
<p>Pachislot</p> <p>6 titles in total</p>			 	 

パチンコ、パチスロ各1タイトルの販売時期を下期へ変更
 Launch of one pachinko title and one pachislot title postponed
 to the second half of FY 3/2014.

Progress up to the First Quarter of FY 3/2014

Net Sales	63,456	31.7%	200,000	(Mil. yen)
Operating Income	20,487	64.0%	32,000	
Recurring Income	20,707	60.9%	34,000	
Net Income	16,277	65.1%	25,000	
Unit Sales of Pachinko Machines	123,404	33.0%	373,000	(Units)
Unit Sales of Pachislot Machines	41,590	23.1%	180,000	

5-year Financial Highlights

Consolidated: mil. yen	FY 3/2009	FY 3/2010	FY 3/2011	FY 3/2012	FY 3/2013
Net Sales	187,877	222,673	201,606	173,682	104,150
Pachinko Machines	133,195	180,471	149,876	123,353	53,302
Pachislot Machines	33,598	23,698	30,316	24,282	27,822
Ball Bearing Supply Systems	19,566	17,118	19,652	24,442	21,478
Other Business	1,516	1,385	1,761	1,603	1,546
Operating Income	40,626	55,776	51,923	40,315	7,023
percentage	21.6%	25.0%	25.8%	23.2%	6.7%
Recurring Income	44,900	59,366	55,909	44,396	9,488
Net Income	27,883	36,198	34,733	20,182	5,853
EPS	Y288.92	Y376.00	Y364.09	Y215.85	Y62.62
Unit Sales of Pachinko Machines	451,941	572,464	424,533	360,805	166,939
Market share	13.6%	17.2%	14.6%	13.9%	6.7%
Unit Sales of Pachislot Machines	133,714	104,266	116,424	96,158	99,208
Market share	14.6%	13.6%	11.9%	7.6%	7.5%

Dividend Policy

Stable dividend

安定配当

**Commitment to 25%
payout ratio**

公約配当性向25%

**No dividend cut since
the listing**

上場以来 減配がない

FY 3/2014

DPS 150 yen

Including interim dividend

中間配当を含む



附属資料

Appendix

Business Results for the First Quarter of FY 3/2014

連結: 百万円	Consolidated: million yen	FY 3/2014	Forecast (6-Aug)			FY 3/2012	FY 3/2013						
		Q1	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
売上高	Net Sales	63,456	+40,592	102,000	200,000	31,641	39,894	30,666	71,481	22,864	30,918	13,743	36,625
パチンコ	Pachinko	43,428	+32,533	74,900	127,000	18,135	31,792	17,391	56,035	10,895	19,053	7,113	16,241
パチスロ	Pachislot	15,327	+9,622	18,500	55,100	8,388	2,486	1,705	11,703	5,705	6,449	195	15,473
補給機器	Ball Bearing Supply	4,416	-1,657	7,900	16,400	4,711	5,224	11,201	3,306	6,073	4,637	6,178	4,590
その他事業	Other Business	284	+94	700	1,500	406	392	369	436	190	779	256	321
売上原価	Cost of Sales	31,655	+19,701	51,000	110,000	16,697	22,237	16,611	33,610	11,954	14,413	8,689	19,730
売上総利益	Gross Profit	31,800	+20,890	51,000	90,000	14,944	17,656	14,055	37,871	10,910	16,505	5,053	16,895
販管費	SG & A Expenses	11,313	+1,620	26,000	58,000	8,945	11,814	8,621	14,830	9,693	10,770	8,915	12,962
営業利益	Operating Income	20,487	+19,270	25,000	32,000	5,998	5,843	5,433	23,041	1,217	5,735	(3,862)	3,933
パチンコ	Pachinko	15,144	+14,723	21,400	22,800	4,636	7,001	6,682	19,376	421	5,111	(1,164)	149
パチスロ	Pachislot	6,460	+4,796	6,300	13,700	2,103	(552)	(532)	4,440	1,664	1,833	(1,704)	4,981
補給機器	Ball Bearing Supply	124	-187	100	500	161	219	787	76	311	124	292	268
その他事業	Other Business	(96)	-13	(300)	(400)	102	167	171	194	(83)	(81)	(76)	(170)
消去又は全社	Elimination/Corporate	(1,145)	-49	(2,500)	(4,600)	(1,005)	(993)	(1,673)	(1,046)	(1,096)	(1,253)	(1,209)	(1,295)
経常利益	Recurring Income	20,707	+18,902	26,000	34,000	7,294	6,634	6,213	24,255	1,805	5,863	(3,378)	5,198
特別利益	Extraordinary Gains	4	+4	4	0	6	2	0	351	0	0	0	178
特別損失	Extraordinary Losses	1	-24	21	21	1,611	757	24	5,537	25	1	84	65
当期純利益	Net Income	16,277	+15,330	20,000	25,000	3,249	3,505	3,507	9,921	947	3,660	(2,685)	3,931
EPS: 円	EPS: yen				267.46								

販売台数: 台 Machines sales: units

パチンコ	Pachinko	123,404	+92,854	208,000	373,000	49,862	93,242	55,422	162,279	30,550	58,547	25,713	52,129
SANKYO+JB	SANKYO+JB	118,530	+105,470	130,000	218,000	46,478	24,188	44,841	61,065	13,060	43,068	14,187	51,036
Bisty	Bisty	4,874	-12,616	78,000	155,000	3,384	69,054	10,581	101,214	17,490	15,479	11,526	1,093
パチスロ	Pachislot	41,590	+23,244	52,000	180,000	35,844	7,824	6,172	46,318	18,346	20,462	305	60,095
SANKYO+JB	SANKYO+JB	41,520	+26,562	51,930	65,000	1,367	7,814	5,722	0	14,958	14,832	5	3,400
Bisty	Bisty	70	-3,318	70	115,000	34,477	10	450	46,318	3,388	5,630	300	56,695

Pachinko Machines Business

連結: 百万円	Consolidated: million yen	FY 3/2014	Forecast (6-Aug)				FY 3/2012				FY 3/2013			
		Q1	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
売上高	Net Sales	43,428	+32,533	74,900	127,000	18,135	31,792	17,391	56,035	10,895	19,053	7,113	16,241	
営業利益	Operating Income	15,144	+14,723	21,400	22,800	4,636	7,001	6,682	19,376	421	5,111	(1,164)	149	
営業利益率	Percentage	34.9%	+31.0pt	28.6%	18.0%	25.6%	22.0%	38.4%	34.6%	3.9%	26.8%	(16.4%)	0.9%	

販売台数: 台 Machines sales: units

		FY 3/2014	YoY	6 Months	Full Year	FY 3/2012	Q1	Q2	Q3	Q4	FY 3/2013	Q1	Q2	Q3	Q4
パチンコ合計	Pachinko	123,404	+92,854	208,000	373,000	49,862	93,242	55,422	162,279	30,550	58,547	25,713	52,129		
SANKYO+JB	SANKYO+JB	118,530	+105,470	130,000	218,000	46,478	24,188	44,841	61,065	13,060	43,068	14,187	51,036		
	枠付き	87.2%	+72.0pt	56.2%	38.9%	49.5%	9.5%	19.5%	16.5%	15.3%	12.4%	11.0%	72.2%		
	ゲージ盤	8.8%	-18.7pt	6.3%	19.5%	43.7%	16.5%	61.4%	21.1%	27.5%	61.2%	44.2%	25.7%		
Bisty	Bisty	4,874	-12,616	78,000	155,000	3,384	69,054	10,581	101,214	17,490	15,479	11,526	1,093		
	枠付き	1.5%	-17.9pt	36.0%	40.6%	6.8%	71.2%	1.2%	20.2%	19.4%	5.6%	0.2%	0.8%		
	ゲージ盤	2.5%	-35.4pt	1.5%	0.9%	0.0%	2.9%	17.9%	42.2%	37.9%	20.9%	44.6%	1.3%		

	Series name	No. of models	Sales: units
FY 3/2013	J-RUSH 2	J-RUSH 2 (Jan-13)	2
FY 3/2014	フィーバー機動戦士ガンダム	Fever Mobile Suit GUNDAM (Apr-13)	1 81,600
Q1	蒼天航路	Beyond the Heavens (May-13)	1
	マジカペ	MagiCape (May-13)	2 13,000
	フィーバータイガーマスク 2 Y&魂	Fever Tiger Mask 2 Y & "Tamashii" (May-13)	2
	ゴーストNEO	Ghost NEO (Jun-13)	2 13,300
Q2	エヴァンゲリオン 8	Evangelion 8 (Jul-13)	1
	すろんこ FLOWER	Slonko Flower (Aug-13)	2
Total			123,404

販売予定シリーズ数

No. of Pachinko Models to be released

	H1	H2
SANKYO+JB	4	3
Bisty	2	1

Note: 黒字 SANKYO、JB機種
青字 ビステイ機種(総販売元 フィールズ)

Note: Models in black are SANKYO/JB models and models in blue are Bisty models (distributed by Fields).

Pachislot Machines Business

連結: 百万円	Consolidated: million yen	FY 3/2014	Forecast (6-Aug)			FY 3/2012					FY 3/2013			
		Q1	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
売上高	Net Sales	15,327	+9,622	18,500	55,100	8,388	2,486	1,705	11,703	5,705	6,449	195	15,473	
営業利益	Operating Income	6,460	+4,796	6,300	13,700	2,103	(552)	(532)	4,440	1,664	1,833	(1,704)	4,981	
営業利益率	Percentage	42.1%	+13.0pt	34.1%	24.9%	25.1%	(22.2%)	(31.2%)	37.9%	29.2%	28.4%	(873.8%)	32.2%	

販売台数: 台		Machines sales: units													
		FY 3/2014	YoY	6 Months	Full Year	FY 3/2012	Q1	Q2	Q3	Q4	FY 3/2013	Q1	Q2	Q3	Q4
パチスロ合計	Pachislot	41,590	+23,244	52,000	180,000	35,844	7,824	6,172	46,318	18,346	20,462	305	60,095		
SANKYO+JB	SANKYO+JB	41,520	+26,562	51,930	65,000	1,367	7,814	5,722	0	14,958	14,832	5	3,400		
Bisty	Bisty	70	-3,318	70	115,000	34,477	10	450	46,318	3,388	5,630	300	56,695		

	Series name	Sales: units
FY 3/2014	創聖のアクエリオン II	Aquarion II (May-13) 41,500
Q2	ボンバーパワフル II	Bomber Powerful II (Sep-13)
Q3	ウルトラマンウォーズ M78星雲の光	Ultraman Wars (Oct-13)
Total		41,590

販売予定シリーズ数		
No. of Pachislot Models to be released		
	H1	H2
SANKYO+JB	2	1
Bisty	0	3

Note: 黒字 SANKYO、JB機種
青字 ビステイ機種(総販売元 フィールズ)

Note: Models in black are SANKYO/JB models and models in blue are Bisty models (distributed by Fields).

Gross Margin/Operating Margin

連結	Consolidated	FY 3/2014	Forecast (6-Aug)				FY 3/2012				FY 3/2013			
		Q1	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
売上総利益率	Gross Margin	50.1%	+2.4pt	50.0%	45.0%	47.2%	44.3%	45.8%	53.0%	47.7%	53.4%	36.8%	46.1%	
営業利益率	Operating Margin	32.3%	+27.0pt	24.5%	16.0%	19.0%	14.6%	17.7%	32.2%	5.3%	18.5%	(28.1%)	10.7%	

販売費及び一般管理費

SG & A Expenses

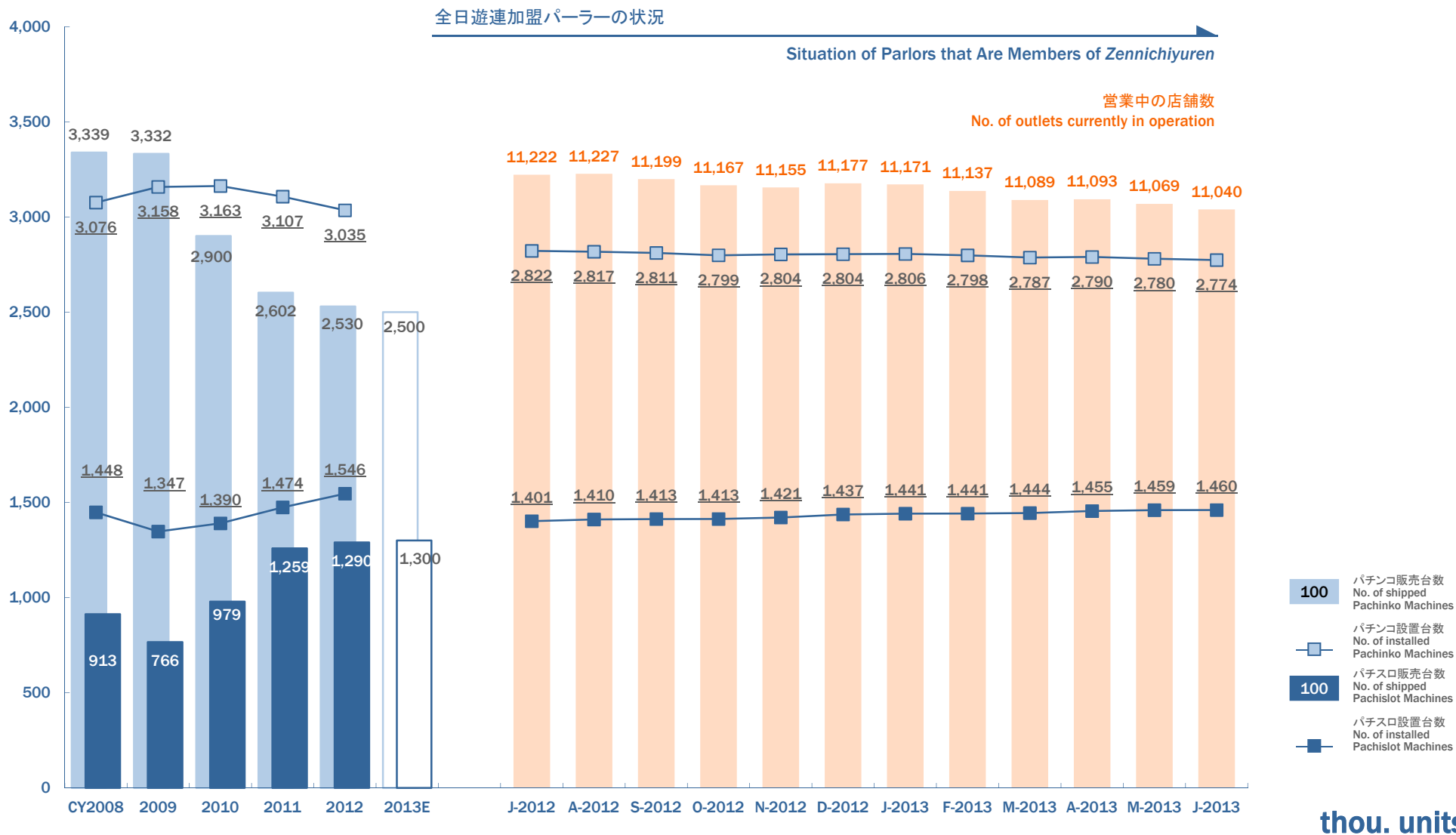
連結: 百万円	Consolidated: million yen	FY 3/2014	Forecast (6-Aug)			FY 3/2012				FY 3/2013			
		Q1	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
販売手数料	Sales Commission	1,820	+764	6,062	11,366	549	4,149	633	5,755	1,056	1,275	238	467
広告宣伝費	Advertising Expenses	1,297	+480	2,112	5,414	693	363	1,400	1,136	817	521	618	2,595
研究開発費	R&D Expenses	5,341	+376	12,074	30,097	4,937	4,792	4,239	5,534	4,965	5,653	5,490	7,180
給与手当	Salaries & Wages	880	+177	1,682	3,752	823	780	1,348	855	703	830	1,213	757
その他	Others	1,975	-177	4,070	7,371	1,943	1,730	1,001	1,550	2,152	2,491	1,356	1,963

連結: 百万円	Consolidated: million yen	FY 3/2014	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
設備投資額	Capital Expenditure	991	-86	2,421	4,890	340	501	608	3,692	1,077	2,159	891	590
減価償却費	Depreciation & Amortizat	711	-72	1,619	4,668	661	739	862	1,044	783	978	1,198	1,279

連結	Consolidated	FY 3/2014	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
従業員数	No. of Employees	1,107	+10	1,134	1,149	1,131	1,121	1,102	1,087	1,097	1,155	1,123	1,108
開発人員数	No. of R&D Staff	306	-9	317	329	306	309	306	303	315	307	301	299

間接販売比率(累計)	Indirect Sales Ratio	FY 3/2014	YoY	6 Months	Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SANKYO+JB Pachinko		34.9%	-3.3pt	35.0%	36.6%	38.2%	38.2%	39.1%	38.8%	38.2%	37.3%	36.6%	36.9%
SANKYO+JB Pachislot		44.7%	-0.2pt	44.7%	44.5%	41.4%	47.8%	47.3%	47.3%	44.9%	45.4%	45.4%	45.5%

Game Machine Market



Unit of Sales of Pachinko Machine Volume by Brand

	2013 Jan-Jun		2012 Jan-Jun		CY2012 (Jan-Dec)			
1 A	179,000	17.8%	3	134,000	10.4%	1	461,000	18.2%
2 B	162,000	16.1%	5	108,000	8.4%	7	140,000	5.5%
3 SANKYO	132,933	13.2%	8	69,096	5.4%	8	126,288	5.0%
4 C	131,000	13.0%	10	53,000	4.1%	9	109,000	4.3%
5 D	67,000	6.7%	1	231,000	17.9%	2	425,000	16.8%
6 E	59,000	5.9%	2	146,000	11.3%	3	274,000	10.8%
7 F	41,000	4.1%	6	90,000	7.0%	5	164,000	6.5%
8 G	38,000	3.8%	7	82,000	6.4%	4	225,000	8.9%
9 JB	36,633	3.6%	20	8,301	0.6%	22	8,364	0.3%
10 H	23,000	2.3%	18	10,000	0.8%	18	19,000	0.7%
	1,005,000	100.0%		1,288,000	100.0%		2,536,000	100.0%

パチンコ機販売台数が前年比20%超の減少
Over 20% YoY decline in unit of sales of pachinko machine

JBブランドが躍進
JB brand makes remarkable progress

Unit of Sales of Pachislot Machine Volume by Brand

	2013 Jan-Jun		2012 Jan-Jun			CY2012 (Jan-Dec)		
1 A	130,000	18.9%	7	39,000	6.1%	6	77,000	5.8%
2 B	80,000	11.6%		N.A			N.A	
3 C	63,000	9.1%	8	33,000	5.2%	7	61,000	4.6%
4 D	63,000	9.1%	2	98,000	15.3%	5	98,000	7.4%
5 Bisty	56,765	8.2%	6	49,706	7.8%	8	55,636	4.2%
6 E	53,000	7.7%	5	52,000	8.1%	4	103,000	7.7%
7 SANKYO	44,920	6.5%	10	14,958	2.3%		29,795	2.2%
8 F	33,000	4.8%	1	140,000	21.9%	1	271,000	20.3%
9 G	30,000	4.4%	3	95,000	14.8%	2	221,000	16.6%
10 H	26,000	3.8%		N.A		9	53,000	4.0%
	689,000	100.0%		640,000	100.0%		1,332,000	100.0%

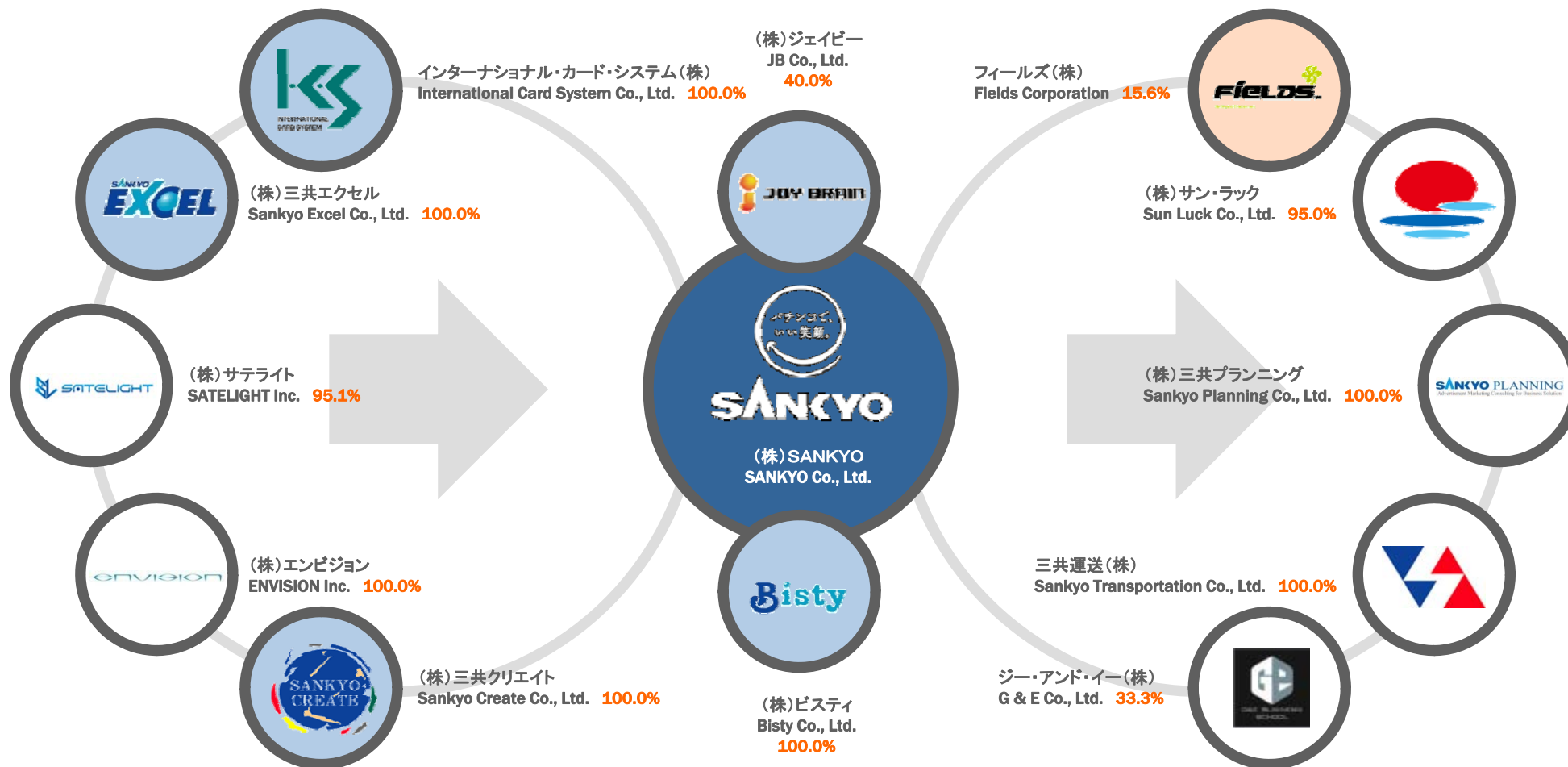
パチスロ機販売台数は前年比7%増加で堅調に推移

Unit sales of pachislot machines are progressing favorably, with a 7% YoY increase in sales volume

SANKYO、ビスティともベスト10入り

SANKYO and Bisty both ranked top 10

SANKYO Group Companies



	連結子会社 Consolidated subsidiaries		持分法適用関連会社 Equity method companies	xx%	SANKYOの持株比率 % of SANKYO's voting right
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Good luck. Good life.

SANKYO