

NOMURA

Nomura Investment Forum · 3-7 December 2012 · Tokyo, Japan



Good luck. Good life.
SANKYO

Presentation on

Nomura Investment Forum 2012

Kimihisa Tsutsui

President & COO

SANKYO CO., LTD.

December 5-6, 2012 at The Palace Hotel Tokyo

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.

1st Sec. of the TSE #6417

Current Price: ¥3,470 (November 20, 2012)

Shares Outstanding: 97.5 million

Market Cap: ¥338,663 million

野村 インベストメント フォーラム 2012

平成24年12月5-6日

株式会社SANKYO

代表取締役社長 筒井 公久

【見直しに関する注意事項】

本資料に記載されている、当期ならびに将来の業績に関する予想、計画、見直し等は、現在入手可能な情報に基づき当社の経営者が合理的と判断したものです。実際の業績は、様々な要因の変化により、記載の予想、計画、見直しとは大きく異なることがあります。そのような要因としては、主たる事業領域でありますパチンコ・パチスロ市場の経済状況および製品需要の変動、国内外の各種規制ならびに会計基準・慣行等の変更などが含まれます。



2013年3月期 業績予想の修正

Revision of the Forecast of
the Financial Results
for FY 3/2013

Revision of the Forecast of the Financial Results for FY 3/2013

2013年3月期 業績予想の修正

FY 3/2013 million yen	(9-May)	(5-Nov)	Change
Net Sales 売上高	210,000	123,000	-87,000 -41.4%
Operating Income 営業利益	50,000	12,000	-38,000 -76.0%
Recurring Income 経常利益	53,000	14,000	-39,000 -73.6%
Net Income 当期純利益	35,000	8,000	-27,000 -77.1%
EPS	Y374.44	Y85.59	
Unit Sales / Pachinko パチンコ機販売台数	432,000	190,000	-242,000 -56.0%
Unit Sales / Pachislot パチスロ機販売台数	188,000	138,000	-50,000 -26.6%

Market Movements: in Line with the Forecast

Pachinko Machines パチンコ機	(9-May)	Monthly Average (Jan-Sep)	x12	
Market Size 市場規模	800		803	bn. yen 十億円
No. of Machines Sold 販売台数	2,500	209	2,508	thous. units 千台
Average Sales Price 平均販売単価	320	320	320	thous. yen 千円
Pachislot Machines パチスロ機				
Market Size 市場規模	390		404	bn. yen 十億円
No. of Machines Sold 販売台数	1,200	99	1,188	thous. units 千台
Average Sales Price 平均販売単価	325	340	340	thous. yen 千円

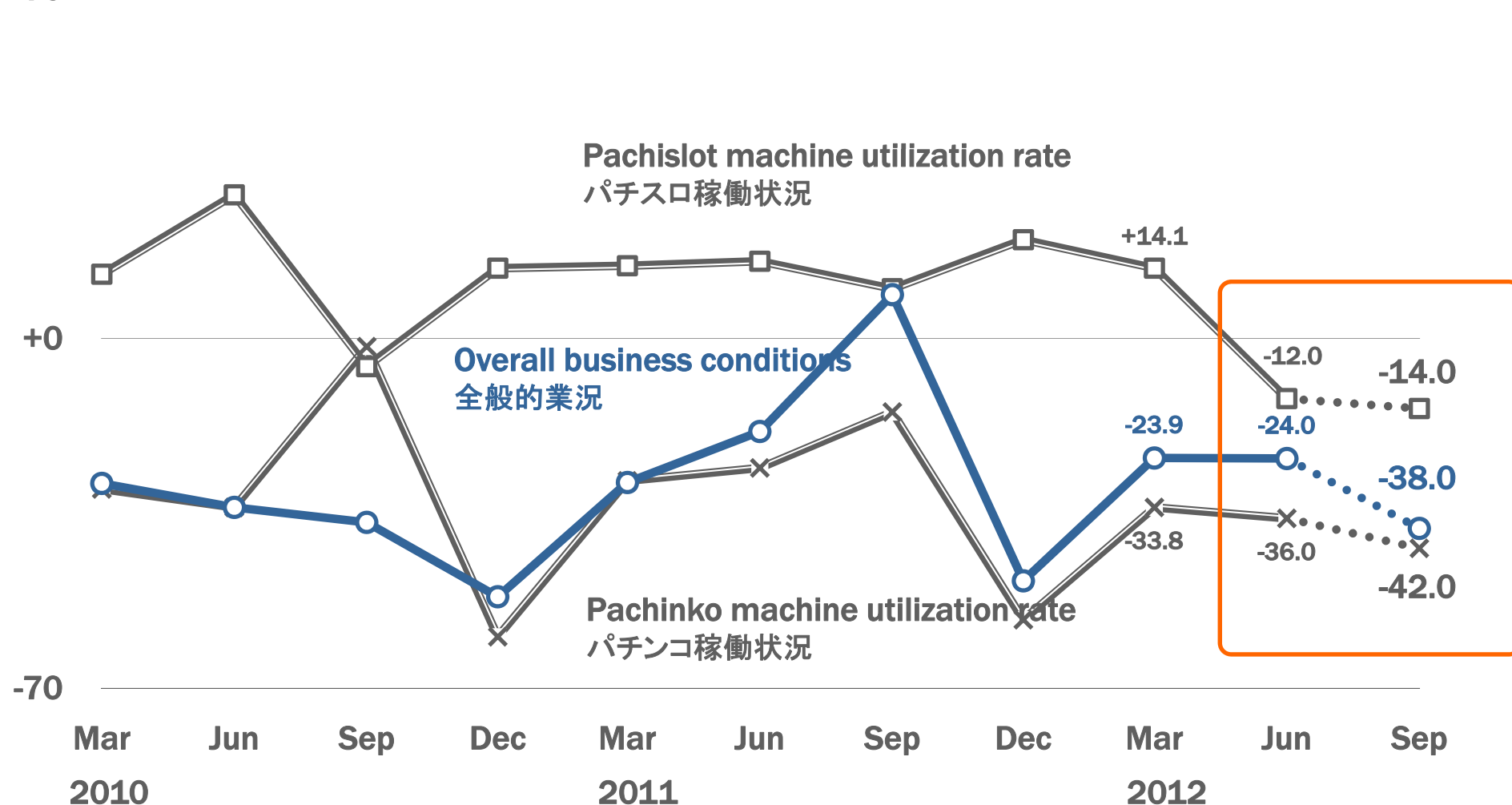
Downturn of Business Conditions:

Increasingly Cautious Approach on Deciding Purchase of Pachinko/Pachislot Machines

業況悪化
遊技機購入は一層慎重に

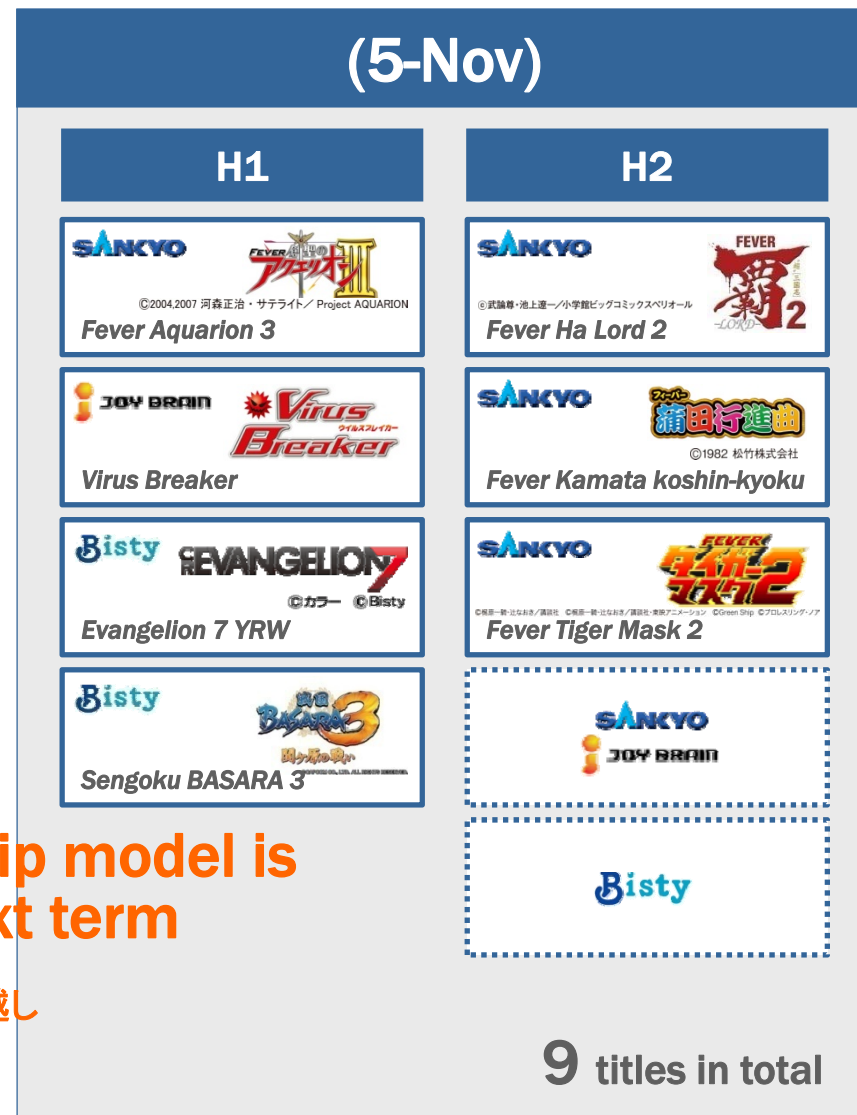
Pachinko Diffusion Index パチンコDI調査

+70



Number of Pachinko Titles to be Released (Excluding Reused Models)

パチンコ機 販売予定タイトル数
(リユースを除く)

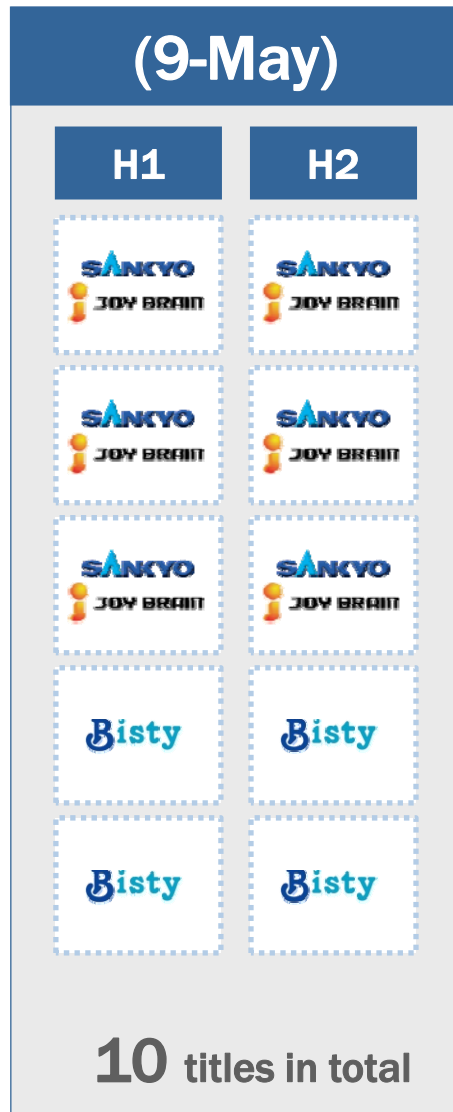


Launch of flagship model is postponed to next term

「旗艦モデル」は次期に繰り越し

Number of Pachislot Titles to be Released

パチスロ機 販売予定タイトル数



Business Results for the First Six Months of FY 3/2013 (Highlights)

2013年3月期 第2四半期実績

million yen	FY 3/2012 6 Months	FY 3/2013 6 Months	YoY
Net Sales 売上高	71,535	53,782	-17,753 -24.8%
Operating Income 営業利益	11,841	6,952	-4,889 -41.3%
Recurring Income 経常利益	13,928	7,668	-6,260 -44.9%
Net Income 当期純利益	6,754	4,607	-2,147 -31.8%
Unit Sales / Pachinko パチンコ機販売台数	143,104	89,097	-54,007 -37.7%
Unit Sales / Pachislot パチスロ機販売台数	43,668	38,808	-4,860 -11.1%



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



SANKYO

Bisty

JOY BRAIN

- ・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

Stock Information

Price 3,470 (November 20, 2012) Currency in JPY

時価総額

Market Cap 338,663M

実績PER

Trailing P/E (ttm) 16.08

予想PER

Forward P/E (1 yr) 40.54

実績PBR

Price/Book (mrq) 0.80

予想配当金

Forward Annual Dividend Rate 150.00

配当利回り

Forward Annual Dividend Yield 4.32%

配当性向

Payout Ratio 175.25%

Analyst Coverage



Mr. Souichiro Fukuda



Mr. Satoshi Tanaka

Deutsche Bank Group
Japan



Mr. Satoru Kikuchi



Mr. Masanori Minami

J.P.Morgan

Mr. Yusuke Maeda

MIZUHO

Mr. Takeshi Koyama

NOMURA

Mr. Yuta Sakurai



Mr. Masashi Morita

SMBC NIKKO

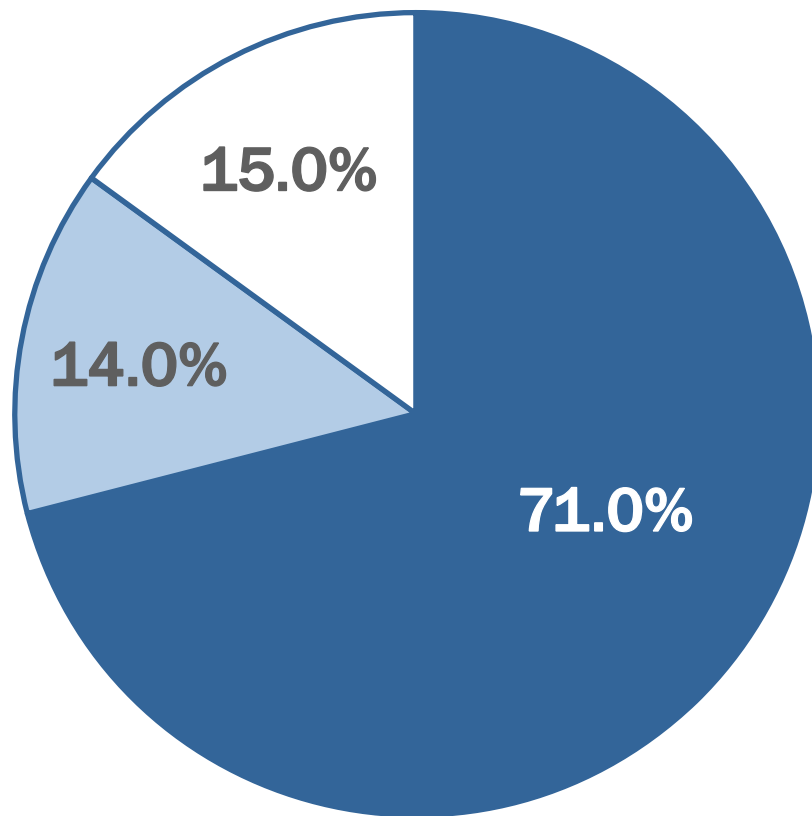
Mr. Eiji Maeda




Analyst coverage
by 9 firms

Focused on Game Machine-related Businesses

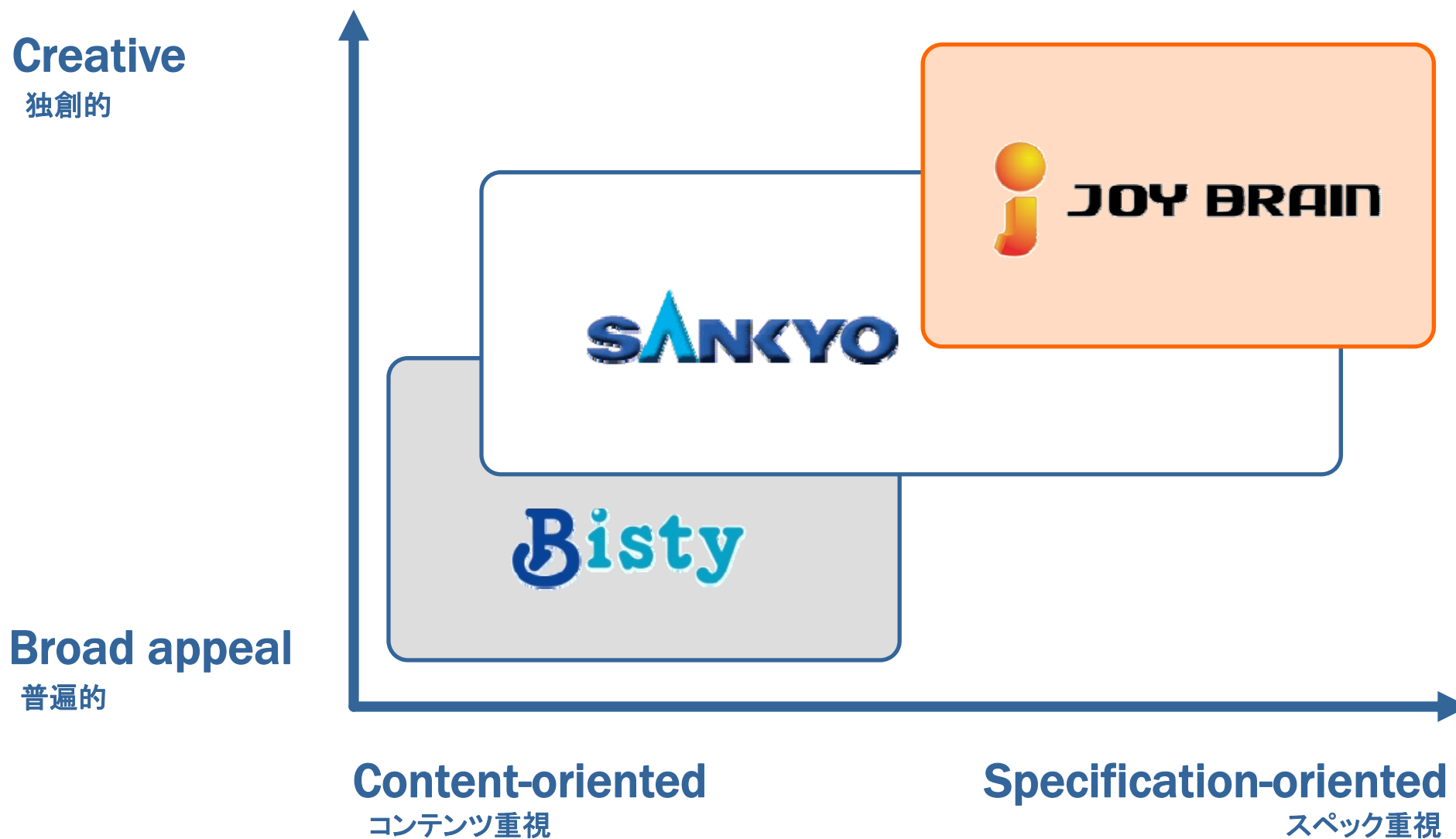
Sales Composition

売上高比率



-  Pachinko Machines
-  Pachislot Machines
-  Ball Bearing Supply Systems and Others

Positioning of the 3 Brands



Prosper with the Pachinko Industry

1975



Open Tulip

1980



Fever

1992



Fever Powerful III

2001



*CR Fever
Wide Powerful*

2012



*CR Fever KODA KUMI III
Love Romance*

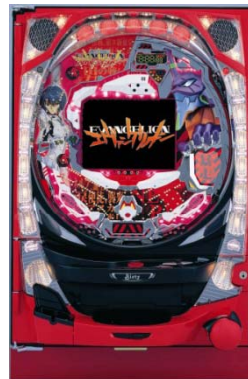
©avex management inc. ©avex entertainment inc.

Debut of *Neon Genesis Evangelion* in 2004

7 pachinko titles: 1,303,000 units

6 pachislot titles: 422,000 units

2004



2005



2012



2012



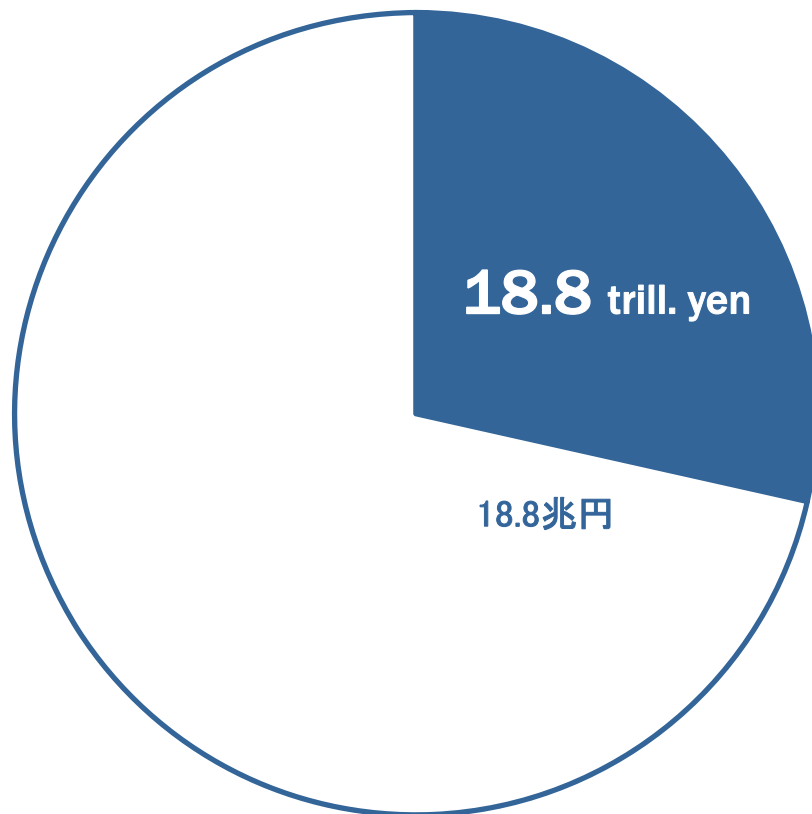


産業の動向

Industry Trend

30% of the Leisure Market

Leisure Market 64.9 trill. yen



Pachinko player population:
12.6 million

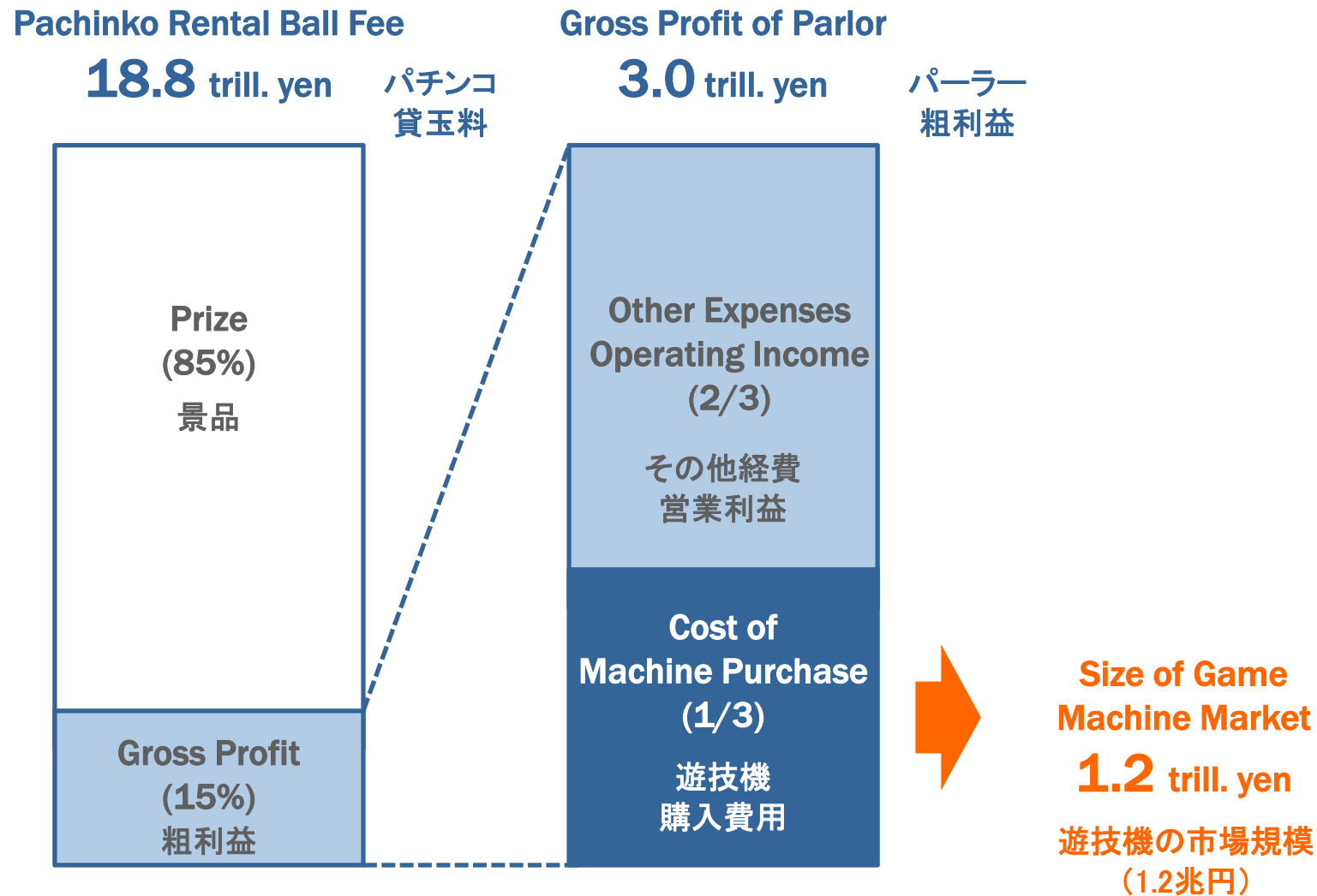
One in every 8.5 of Japan's
population aged 18 or older plays
pachinko or pachislot

■ Pachinko Rental Ball Fee

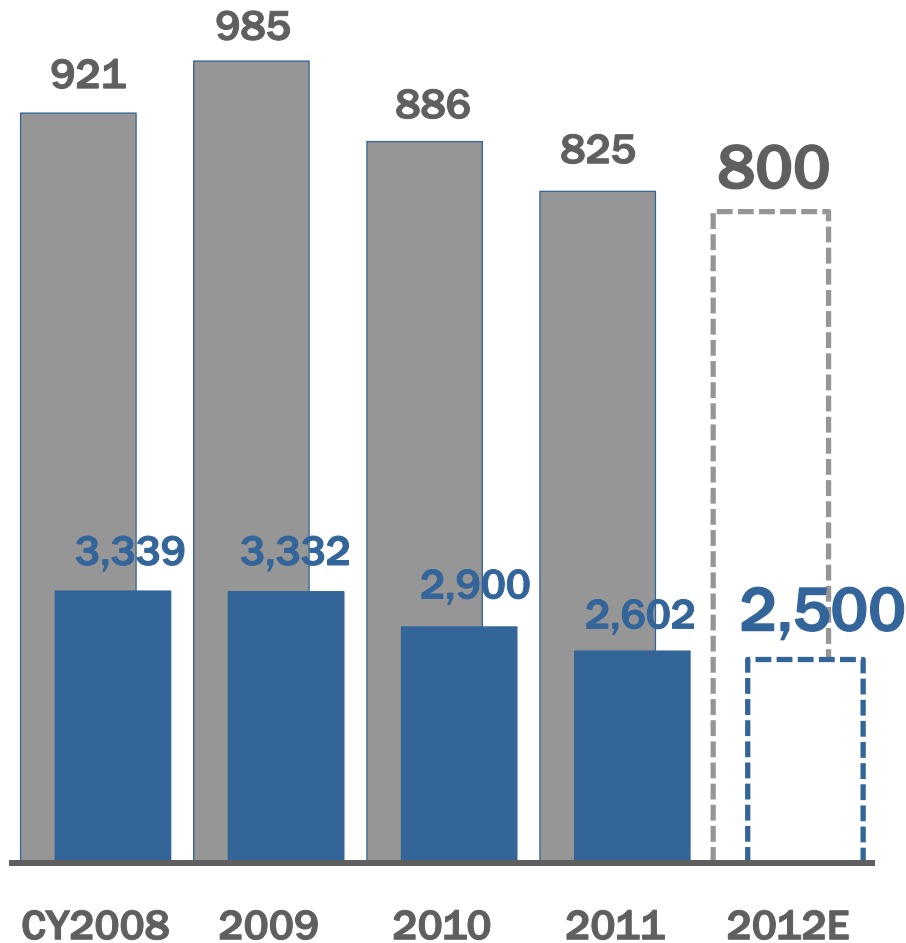
パチンコファン人口 1,260万人

18歳以上の 約8.5人に1人

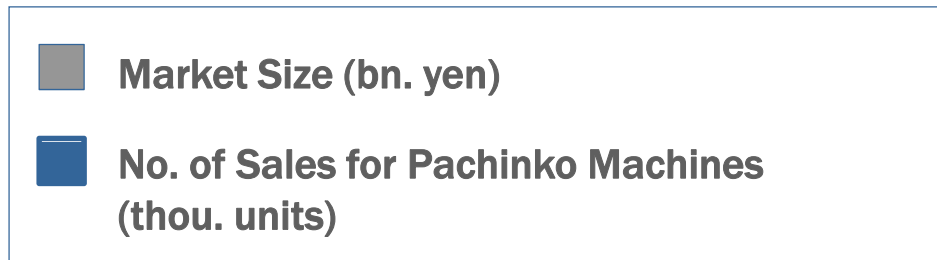
Structure of Pachinko Industry



Size of Pachinko Machine Market

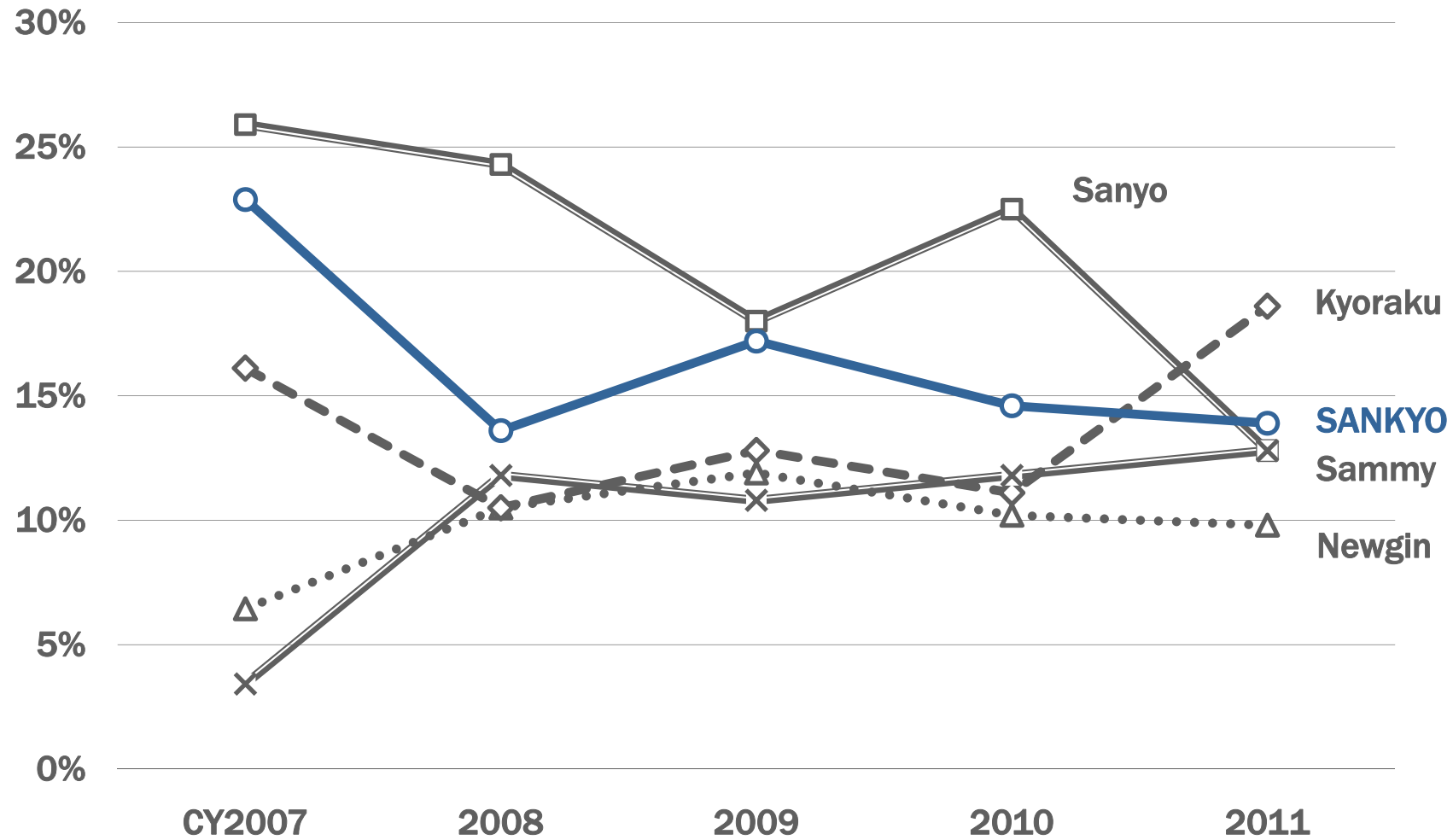


CY2012
 Expected to be flat or decline slightly

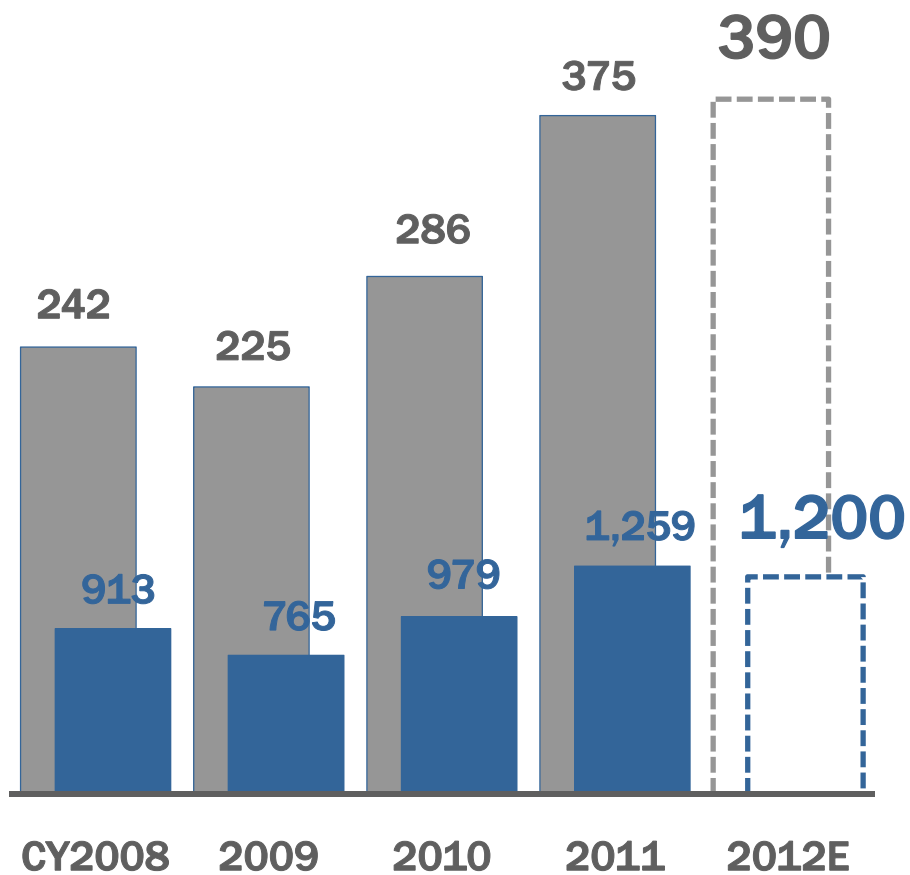


2012年度
 横ばい～若干減少を予想

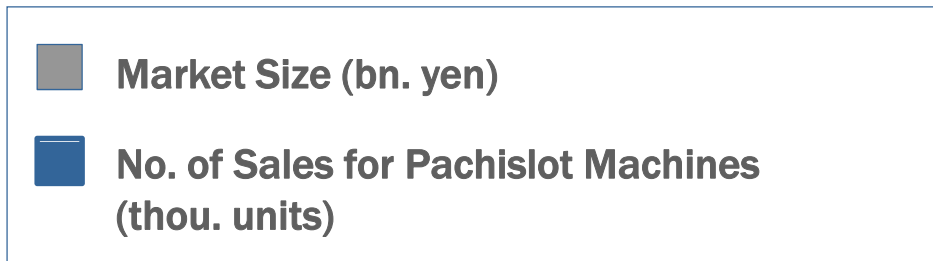
Share of Pachinko Machine Market (unit basis)



Size of Pachislot Machine Market

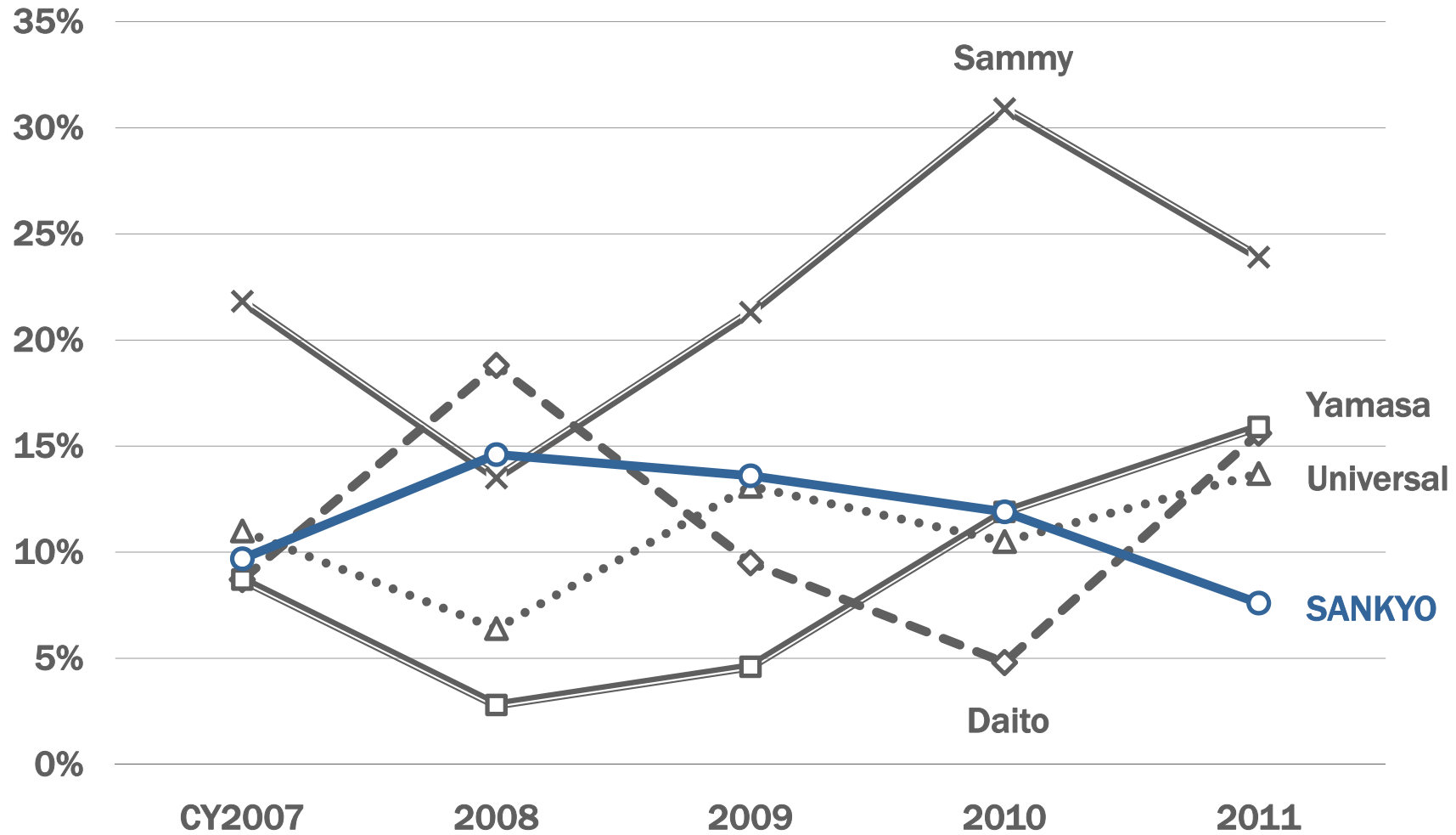


CY2012
Slight decrease following strong growth



2012年度
引き続き堅調に推移

Share of Pachislot Machine Market (unit basis)





現況と取り組み

Current Situations
and Initiatives

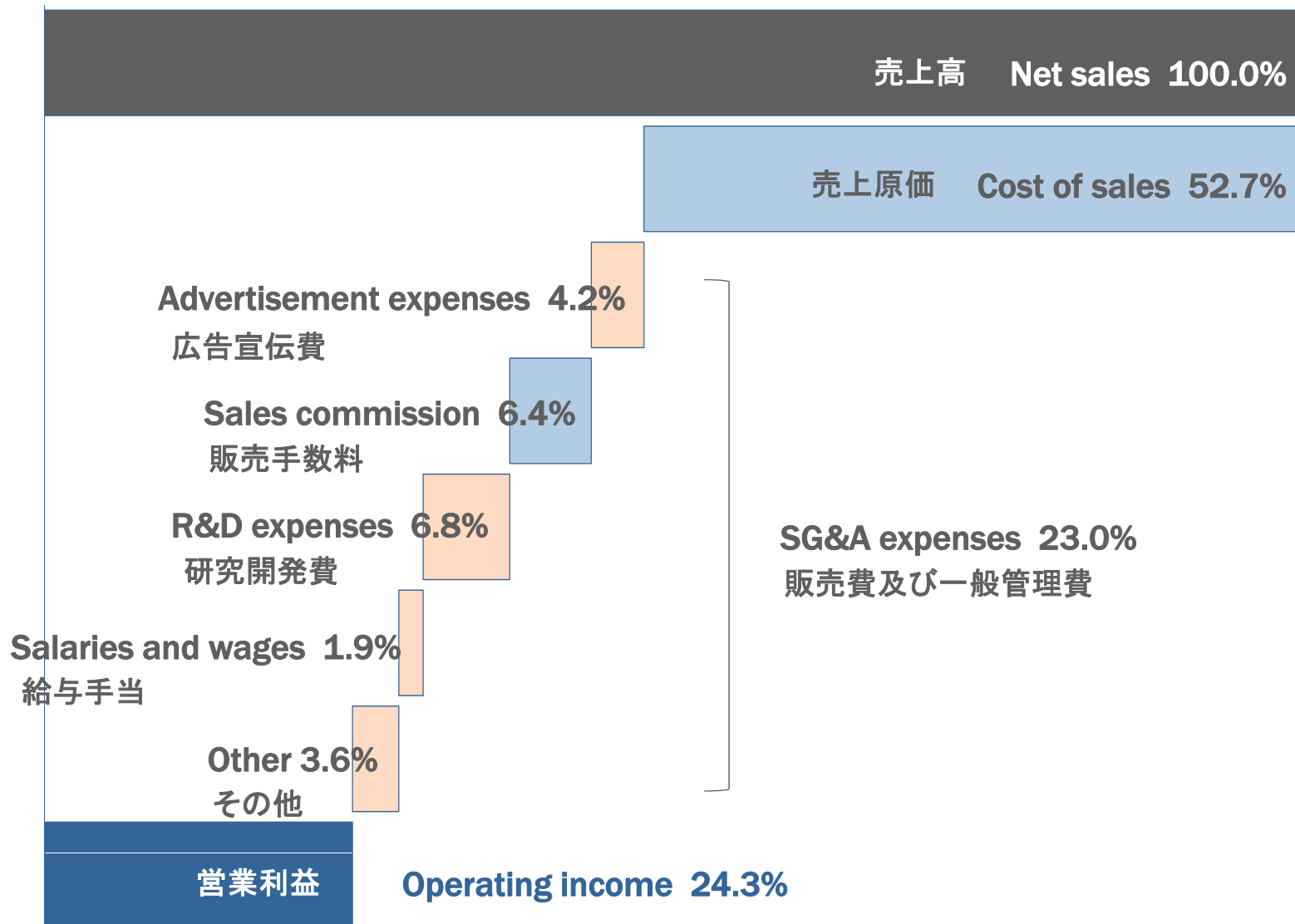
5-year Financial Highlights

Consolidated: mill. yen	FY 3/2008	FY 3/2009	FY 3/2010	FY 3/2011	FY 3/2012
Net Sales	280,511	187,877	222,673	201,606	173,682
Pachinko Machines	217,955	133,195	180,471	149,876	123,353
Pachislot Machines	40,511	33,598	23,698	30,316	24,282
Ball Bearing Supply Systems	20,652	19,566	17,118	19,652	24,442
Other Business	1,391	1,516	1,385	1,761	1,603
Operating Income	72,294	40,626	55,776	51,923	40,315
percentage	25.8%	21.6%	25.0%	25.8%	23.2%
Recurring Income	75,770	44,900	59,366	55,909	44,396
Net Income	45,672	27,883	36,198	34,733	20,182
Net Income per Share (basic)	Y468.78	Y288.92	Y376.00	Y364.09	Y215.85
Unit Sales of Pachinko Machines	725,819	451,941	572,464	424,533	360,805
Market share	22.9%	13.6%	17.2%	14.6%	13.9%
Unit Sales of Pachislot Machines	169,239	133,714	104,266	116,424	96,158
Market share	9.7%	14.6%	13.6%	11.9%	7.6%

Stable Operating Income Ratio

(24.3% on Average for the Past 5 years)

安定した営業利益率
(過去5年間の平均 24.3%)



SANKYO's Ideal Profile

Forging ahead in the Market

市場を切り開く



No.1 時価総額

Market Capitalization



No.1 遊技機販売シェア

Market Share



No.1 ファンの人気

Popularity among Players

Key Issues for FY 3/2013

Continued promotion as key issues

重点課題として引き続き推進

1

Successful introduction of the flagship pachinko model

パチンコ旗艦モデルの投入と成功

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

Maintain the Current Level of Cash Dividend

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 3/2013

DPS 150 yen

Including interim dividend

中間配当を含む



附属資料

Appendix

Business Results for the First Six Months of FY 3/2013

2013年3月期 第2四半期実績

連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2012	Forecast			FY 3/2013		修正予想	Revised Forecast		FY 3/2012	YoY
		6 Months	6 Months	YoY	(13-Sep)	Change	Q1	Q2	(5-Nov)	(9-May)	Change		YoY
売上高	Net Sales	53,782	71,535	-17,753	52,500	+1,282	22,864	30,918	123,000	210,000	-87,000	173,682	-50,682
パチンコ	Pachinko	29,948	49,927	-19,979	29,600	+348	10,895	19,053	60,900	142,700	-81,800	123,353	-62,453
パチスロ	Pachislot	12,154	10,874	+1,280	12,000	+154	5,705	6,449	40,200	49,300	-9,100	24,282	+15,918
補給機器	Ball Bearing Supply	10,710	9,935	+775	10,500	+210	6,073	4,637	20,300	17,400	+2,900	24,442	-4,142
その他事業	Other Business	969	798	+171	400	+569	190	779	1,600	600	+1,000	1,603	-3
売上原価	Cost of Sales	26,367	38,934	-12,567	25,900	+467	11,954	14,413	65,000	105,000	-40,000	89,155	-24,155
売上総利益	Gross Profit	27,415	32,600	-5,185	26,600	+815	10,910	16,505	58,000	105,000	-47,000	84,526	-26,526
販管費	SG & A Expenses	20,463	20,759	-296	21,400	-937	9,693	10,770	46,000	55,000	-9,000	44,210	+1,790
営業利益	Operating Income	6,952	11,841	-4,889	5,200	+1,752	1,217	5,735	12,000	50,000	-38,000	40,315	-28,315
パチンコ	Pachinko	5,532	11,637	-6,105	4,300	+1,232	421	5,111	6,200	39,200	-33,000	37,695	-31,495
パチスロ	Pachislot	3,497	1,551	+1,946	3,000	+497	1,664	1,833	9,800	14,400	-4,600	5,459	+4,341
補給機器	Ball Bearing Supply	435	380	+55	400	+35	311	124	800	500	+300	1,243	-443
その他事業	Other Business	(164)	269	-433	(200)	+36	(83)	(81)	(400)	200	-600	634	-1,034
消去又は全社	Elimination/Corporate	(2,349)	(1,998)	-351	2,300	-4,649	(1,096)	(1,253)	(4,400)	(4,300)	-100	(4,717)	+317
経常利益	Recurring Income	7,668	13,928	-6,260	6,200	+1,468	1,805	5,863	14,000	53,000	-39,000	44,396	-30,396
特別利益	Extraordinary Gains	0	8	-8	0	+0	0	0	0	0	+0	359	-359
特別損失	Extraordinary Losses	26	2,368	-2,342	0	+26	25	1	30	0	+30	7,929	-7,899
当期純利益	Net Income	4,607	6,754	-2,147	3,700	+907	947	3,660	8,000	35,000	-27,000	20,182	-12,182
EPS: 円	EPS: yen								85.59	374.44	-288.85	215.85	-130.26

販売台数: 台 Machines sales: units

パチンコ	Pachinko	89,097	143,104	-54,007	89,000	+97	30,550	58,547	190,000	432,000	-242,000	360,805	-170,805
SANKYO+JB	SANKYO+JB	56,128	70,666	-14,538	56,000	+128	13,060	43,068	112,000	272,000	-160,000	176,572	-64,572
Bisty	Bisty	32,969	72,438	-39,469	33,000	-31	17,490	15,479	78,000	160,000	-82,000	184,233	-106,233
パチスロ	Pachislot	38,808	43,668	-4,860	39,000	-192	18,346	20,462	138,000	188,000	-50,000	96,158	+41,842
SANKYO+JB	SANKYO+JB	29,790	9,181	+20,609	30,000	-210	14,958	14,832	59,000	68,000	-9,000	14,903	+44,097
Bisty	Bisty	9,018	34,487	-25,469	9,000	+18	3,388	5,630	79,000	120,000	-41,000	81,255	-2,255

Pachinko Machines Business

連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2012	Forecast			FY 3/2013		修正予想	Revised Forecast		FY 3/2012	YoY
		6 Months	6 Months	YoY	(13-Sep)	Change	Q1	Q2	(5-Nov)	(9-May)	Change		
売上高	Net Sales	29,948	49,927	-19,979	29,600	+348	10,895	19,053	60,900	142,700	-81,800	123,353	-62,453
営業利益	Operating Income	5,532	11,637	-6,105	4,300	+1,232	421	5,111	6,200	39,200	-33,000	37,695	-31,495
営業利益率	Percentage	18.5%	23.3%	-4.8pt	14.5%	+3.9pt	3.9%	26.8%	10.2%	27.5%	-17.3pt	30.6%	-20.4pt

販売台数: 台 Machines sales: units

		FY 3/2013	FY 3/2012	YoY	Forecast	Change	FY 3/2013	修正予想	Revised Forecast	Change	FY 3/2012	YoY
		6 Months	6 Months		(13-Sep)		Q1	(5-Nov)	(9-May)			
パチンコ合計	Pachinko	89,097	143,104	-54,007	89,000	+97	30,550	190,000	432,000	-242,000	360,805	-170,805
SANKYO+JB	SANKYO+JB	56,128	70,666	-14,538	56,000	+128	13,060	112,000	272,000	-160,000	176,572	-64,572
枠付き	Frame	13.4%	23.4%	-10.0pt			15.3%	25.3%	42.4%	-17.1pt	19.7%	+5.6pt
ゲージ盤	Gauge	49.6%	26.0%	+23.7pt			27.5%	33.7%	20.6%	+13.1pt	29.2%	+4.5pt
Bisty	Bisty	32,969	72,438	-39,469	33,000	-31	17,490	78,000	160,000	-82,000	184,233	-106,233
枠付き	Frame	10.3%	48.8%	-38.4pt			19.4%	9.5%	22.5%	-13.0pt	28.6%	-19.1pt
ゲージ盤	Gauge	26.7%	1.9%	+24.8pt			37.9%	31.6%	14.6%	+17.0pt	22.5%	+9.1pt

	Series name	No. of models	Sales: units
FY 3/2012	フィーバー宇宙戦艦ヤマト 六連波動砲発射&魂7	"Rokurenhadouhou" & "Tamashii 7"	(Mar-12) 2
FY 3/2013	EVAライトⅢ/エヴァンゲリオン7 YRW	Evangelion 7 YRW	(May-12) 1 16,000
Q1	ウィルスブレイカー	Virus Breaker	(Jun-12) 1
	フィーバー霸王伝 零 α & 魂7 α	Fever Haouden ZERO α & "Tamashii 7 α"	(Jun-12) 2
Q2	戦国BASARA3 関ヶ原の戦い	Sengoku BASARA 3 "The Battle of Sekigahara"	(Jul-12) 1 16,000
	フィーバー創聖のアクエリオンⅢ	Fever Aquarion III	(Jul-12) 1 32,000
	フィーバー倅田来未Ⅲ Y&魂7 & S	Fever Koda Kumi III Y, "Tamashii 7" & S	(Aug-12) 3 10,000
Q3	フィーバー覇-LORD- 2	Fever Ha Lord 2	(Oct-12) 2
	フィーバー蒲田行進曲	Fever Kamata koshin-kyoku	(Nov-12) 2
Q4	フィーバー創聖のアクエリオンⅢ Y α	Fever Aquarion III Y α	(Jan-13) 1
	フィーバータイガーマスク 2	Fever Tiger Mask 2	(Jan-13) 1
Total			89,097

販売予定シリーズ数

No. of Pachinko Models to be released

	1H	2H
SANKYO+JB	2	4
Bisty	2	1

Note: 黒字 SANKYO機種、
青字 ビスティ機種(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 3/2013	FY 3/2012	Forecast			FY 3/2013		修正予想	Revised Forecast		FY 3/2012	YoY
		6 Months	6 Months	YoY	(13-Sep)	Change	Q1	Q2	(5-Nov)	(9-May)	Change		
売上高	Net Sales	12,154	10,874	+1,280	12,000	+154	5,705	6,449	40,200	49,300	-9,100	24,282	+15,918
営業利益	Operating Income	3,497	1,551	+1,946	3,000	+497	1,664	1,833	9,800	14,400	-4,600	5,459	+4,341
営業利益率	Percentage	28.8%	14.3%	+14.5pt	25.0%	+3.8pt	29.2%	28.4%	24.4%	29.2%	-4.8pt	22.5%	+1.9pt
販売台数: 台		Machines sales: units											
パチスロ合計	Pachislot	38,808	43,668	-4,860	39,000	-192	18,346	20,462	138,000	188,000	-50,000	96,158	+41,842
SANKYO+JB	SANKYO+JB	29,790	9,181	+20,609	30,000	-210	14,958	14,832	59,000	68,000	-9,000	14,903	+44,097
Bisty	Bisty	9,018	34,487	-25,469	9,000	+18	3,388	5,630	79,000	120,000	-41,000	81,255	-2,255

	Series name	Sales: units		
FY 3/2013	マクロスフロンティア	Macross Frontier	(Apr-12)	17,000
Q1	GTO Limit Break	GTO Limit Break	(Jun-12)	
Q2	パトラッシュ	Patrush	(Jul-12)	
	夜王	Yaoh	(Aug-12)	5,000
	霸王伝 零	Haouden ZERO	(Sep-12)	8,000
Total				38,808

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

Note: 黒字 SANKYO機種、
青字 ビスティ機種(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 3/2013	FY 3/2012	Forecast			FY 3/2013		修正予想	Revised Forecast		FY 3/2012	YoY
		6 Months	6 Months	YoY	(13-Sep)	Change	Q1	Q2	(5-Nov)	(9-May)	Change		
売上総利益率	Gross Margin	51.0%	45.6%	+5.4pt	50.7%	+0.3pt	47.7%	53.4%	47.2%	50.0%	-2.8pt	48.7%	-1.5pt
営業利益率	Operating Margin	12.9%	16.6%	-3.6pt	9.9%	+3.0pt	5.3%	18.5%	9.8%	23.8%	-14.1pt	23.2%	-13.5pt

販売費及び一般管理費

SG & A Expenses

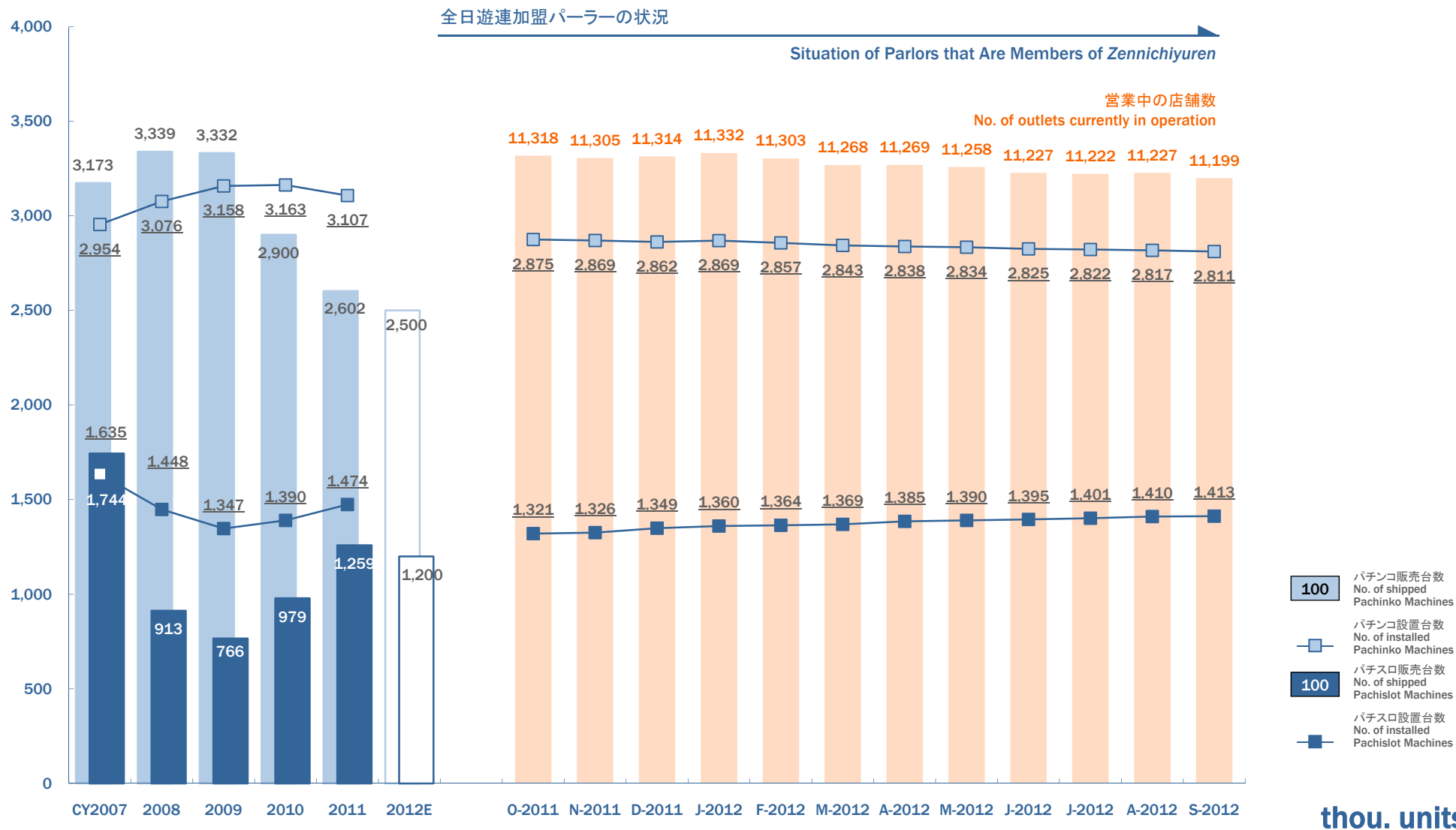
連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2012	Forecast			FY 3/2013		修正予想	Revised Forecast		FY 3/2012	YoY
		6 Months	6 Months	YoY	(13-Sep)	Change	Q1	Q2	(5-Nov)	(9-May)	Change		
販売手数料	Sales Commission	2,331	4,698	-2,367	2,326	+5	1,056	1,275	4,792	10,985	-6,193	11,086	-6,294
広告宣伝費	Advertising Expenses	1,338	1,056	+282	1,439	-101	817	521	4,120	5,653	-1,533	3,592	+528
研究開発費	R&D Expenses	10,618	9,729	+889	11,708	-1,090	4,965	5,653	25,649	27,201	-1,552	19,502	+6,147
給与手当	Salaries & Wages	1,533	1,603	-70	1,509	+24	703	830	3,644	3,644	+0	3,806	-162
その他	Others	4,643	3,673	+970	4,418	+225	2,152	2,491	7,795	7,517	+278	6,224	+1,571

連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2012	YoY	(13-Sep)	Change	Q1	Q2	修正予想	(9-May)	Change	FY 3/2012	YoY
設備投資額	Capital Expenditure	3,236	841	+2,395	3,599	-363	1,077	2,159	6,410	6,410	+0	5,141	+1,269
減価償却費	Depreciation & Amortizat	1,761	1,400	+361	2,028	-267	783	978	4,504	5,516	-1,012	3,306	+1,198

連結	Consolidated	FY 3/2013	FY 3/2012	YoY	(13-Sep)	Change	Q1	Q2	修正予想	(9-May)	Change	FY 3/2012	YoY
従業員数	No. of Employees	1,155	1,121	+34	1,117	+38	1,097	1,155	1,121	1,121	+0	1,087	+34
開発人員数	No. of R&D Staff	293	309	-16	311	-18	301	293	308	308	+0	303	+5

間接販売比率(累計) Indirect Sales Ratio		FY 3/2013	FY 3/2012	YoY	(13-Sep)	Change	Q1	Q2	修正予想	(9-May)	Change	FY 3/2012	YoY
SANKYO+JB Pachinko		37.3%	38.2%	-0.9pt	38.8%	-1.5pt	38.2%	37.3%	36.2%	38.8%	-2.6pt	38.8%	-2.6pt
SANKYO+JB Pachislot		45.4%	47.8%	-2.4pt	46.6%	-1.2pt	44.9%	45.4%	46.2%	46.6%	-0.4pt	47.3%	-1.1pt

Game Machine Market



Source: National Police Agency, Yano Research Institute, Zennichiyuren



Good luck. Good life.

SANKYO