



Presentation on

CLSA Japan Forum 2013

Masahiko Komuro

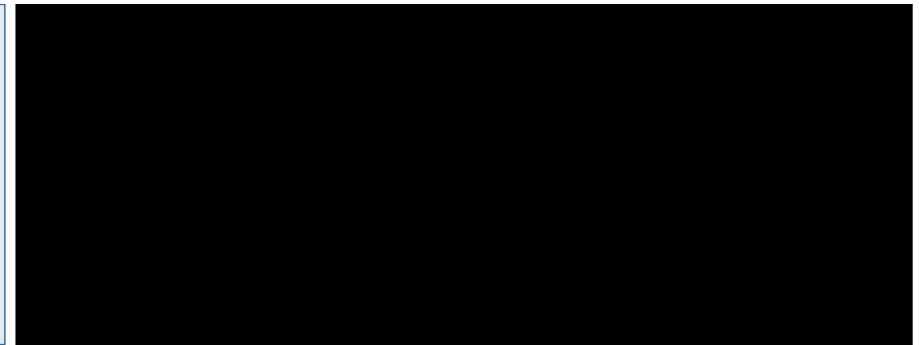
Office Manager of IR Office, Corporate Planning Division

SANKYO CO., LTD.

February 28, 2013 at Grand Hyatt 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: ¥3,830 (February 15, 2013)

Shares Outstanding: 97.5 million

Market Cap: ¥373,798 million





2013年3月期 業績予想の修正

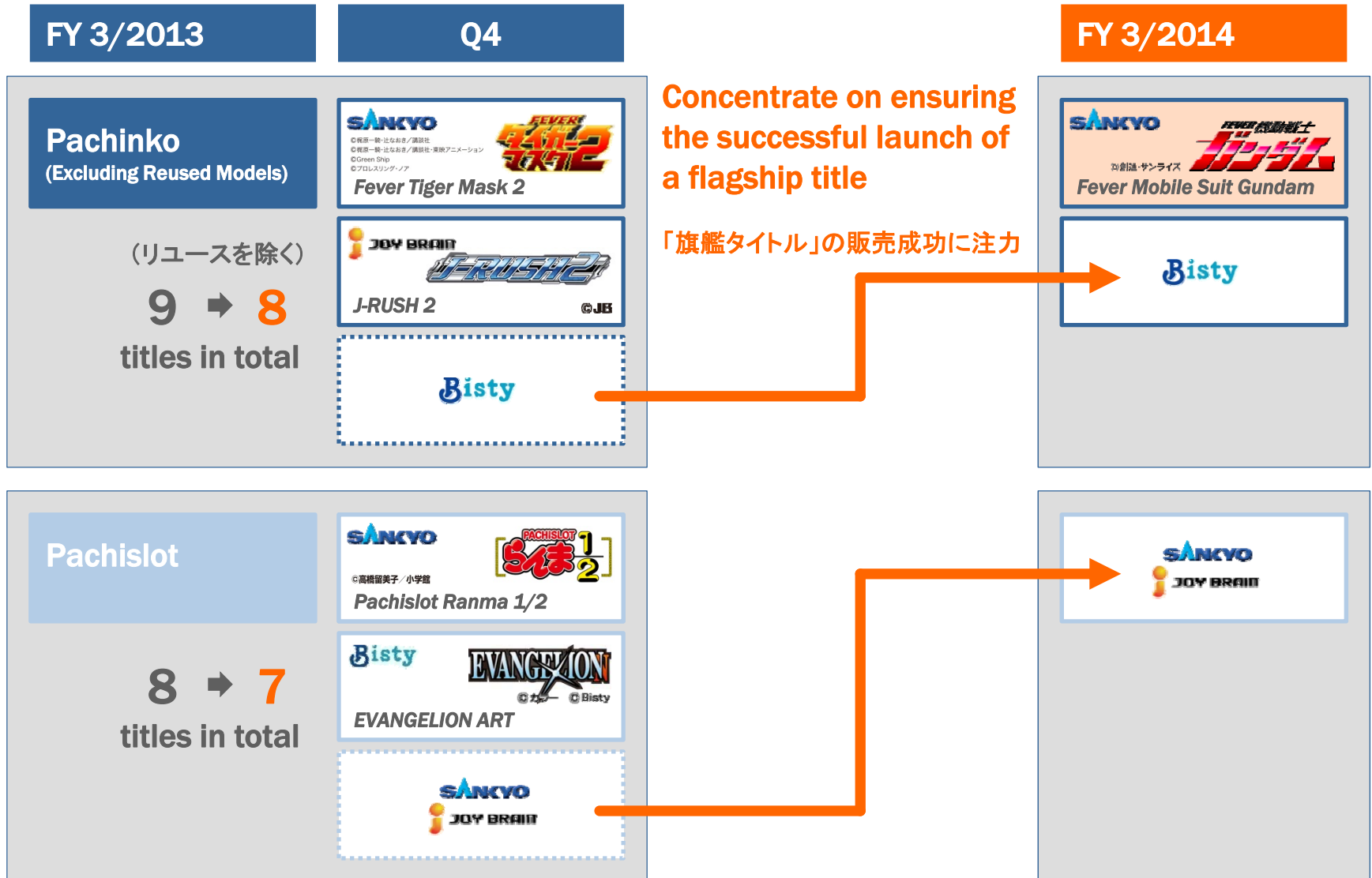
Revision of the Forecast
(FY 3/2013)

Revision of the Forecast (FY 3/2013)

million yen	(7-Nov)	(26-Feb)	Change
Net Sales	123,000	103,000	-20,000 -16.3%
Operating Income	12,000	4,500	-7,500 -62.5%
Recurring Income	14,000	6,500	-7,500 -53.6%
Net Income	8,000	3,500	-4,500 -56.3%
EPS	Y85.59	Y37.44	
Unit Sales of Pachinko Machines	190,000	167,000	-23,000 -12.1%
Unit Sales of Pachislot Machines	138,000	99,000	-39,000 -28.3%

Postponed Launch of One Pachinko Title and One Pachislot Title

パチンコ、パチスロ各1タイトルの販売を先送り

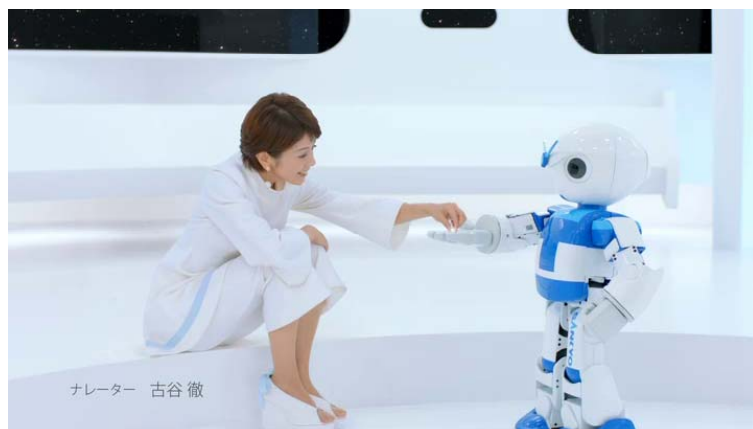




SANKYOご紹介

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 3,830 (February 15, 2013) Currency in JPY

時価総額

Market Cap 373,798M

実績PER

Trailing P/E (ttm) 17.74

予想PER

Forward P/E (1 yr) 44.74

実績PBR

Price/Book (mrq) 0.93

予想配当金

Forward Annual Dividend Rate 150.00

配当利回り

Forward Annual Dividend Yield 3.91%

配当性向

Payout Ratio 175.25%

Analyst Coverage



Mr. Souichiro Fukuda



Mr. Masanori Minami

J.P.Morgan

Mr. Yusuke Maeda

Mr. Takeshi Koyama



Mr. Masashi Morita



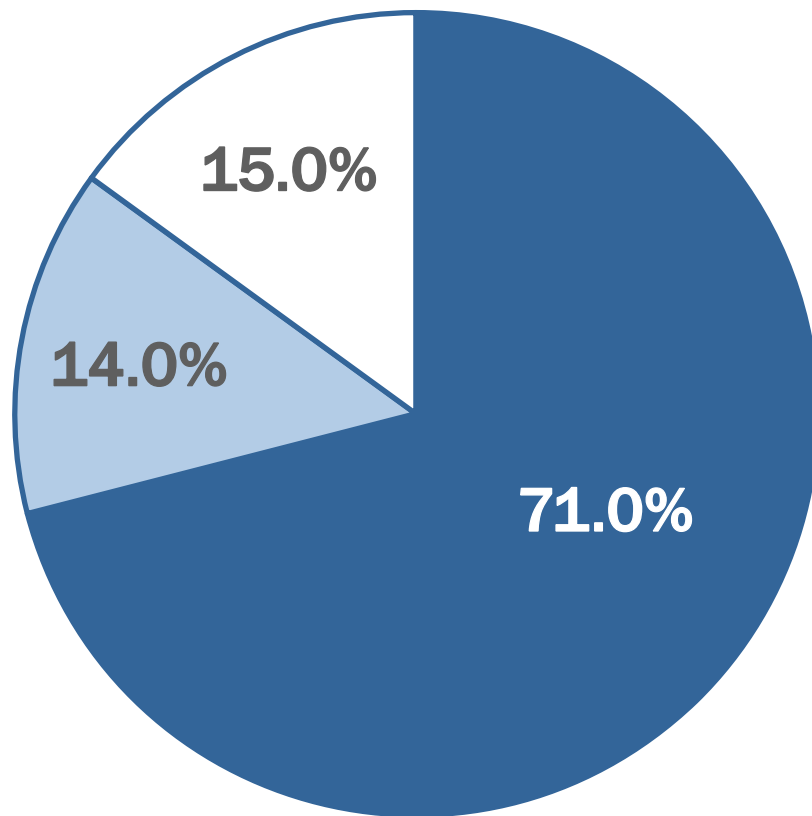
Mr. Eiji Maeda




Analyst coverage
by 6 firms

Focused on Game Machine-related Businesses

Sales Composition

売上高比率



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

Prosper with the Pachinko Industry

1975



Open Tulip

1980



Fever

1992



Fever Powerful III

2001



*CR Fever
Wide Powerful*

2013



CR Fever Tiger Mask 2

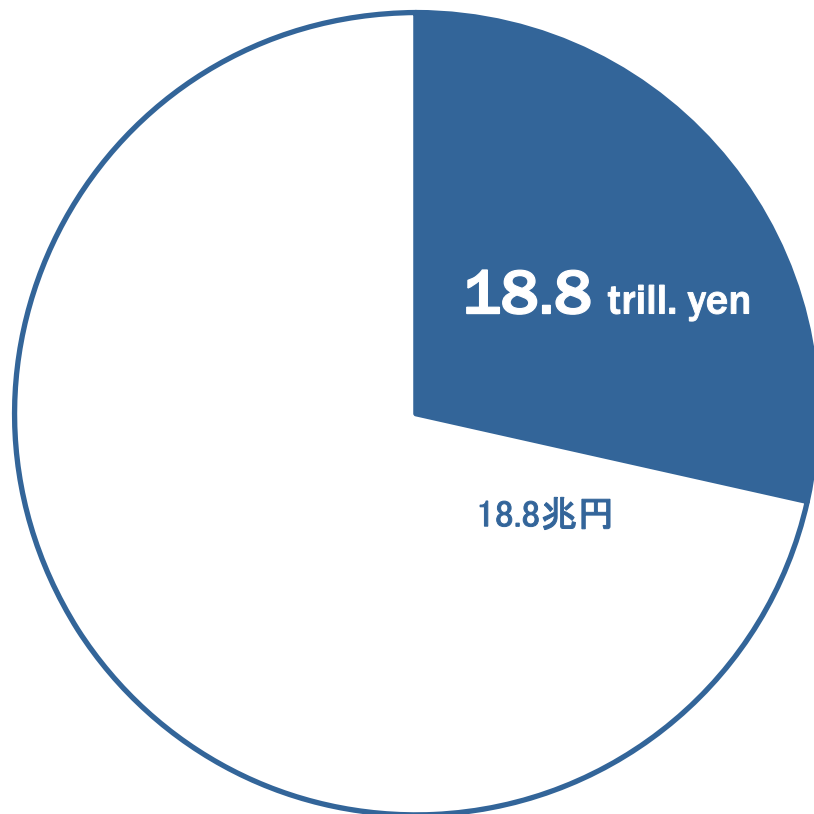


産業の動向

Industry Trend

30% of the Leisure Market

Leisure Market 64.9 trill. yen



Pachinko player population:
12.6 million

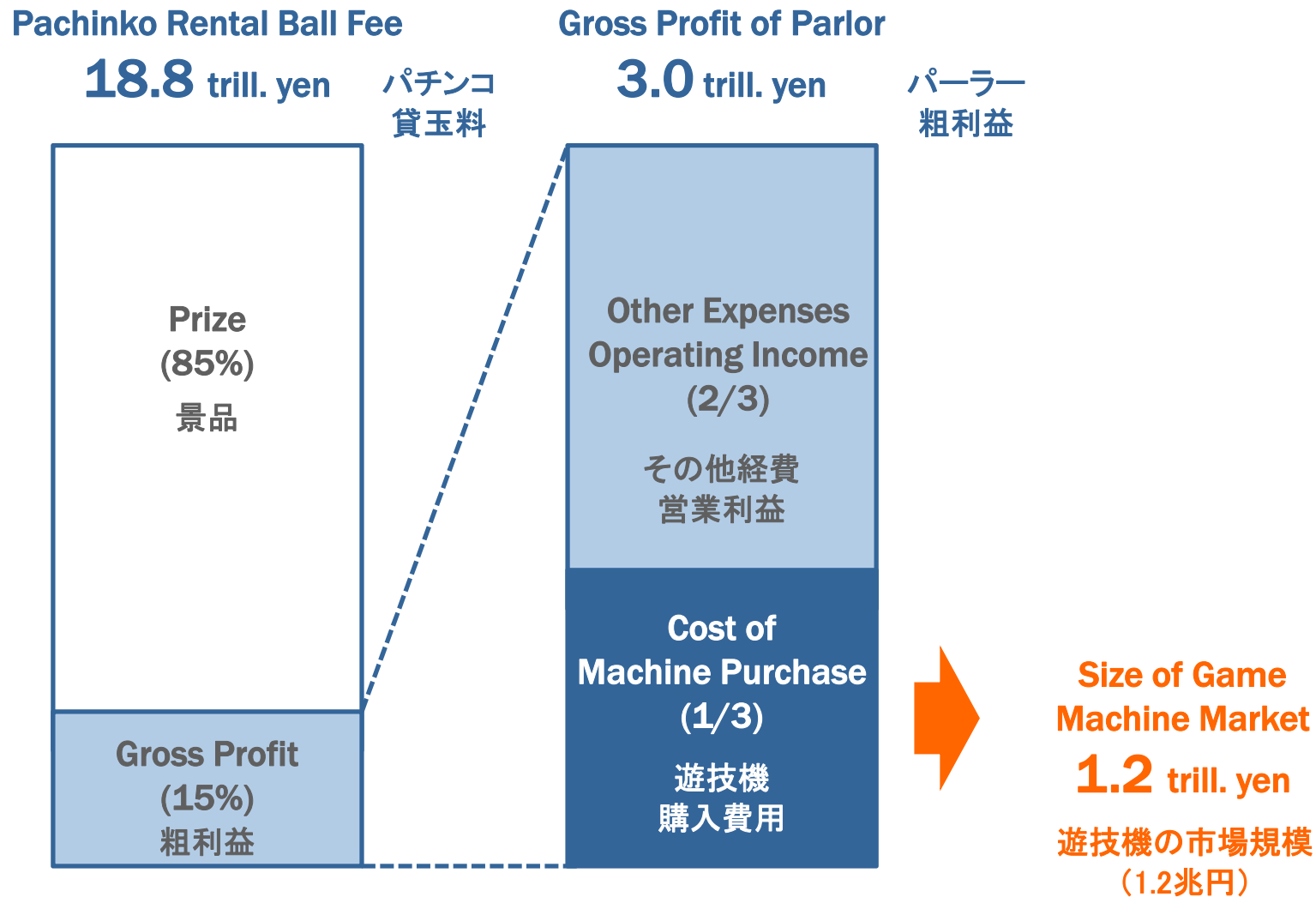
One in every 8.5 of Japan's
population aged 18 or older plays
pachinko or pachislot

■ Pachinko Rental Ball Fee

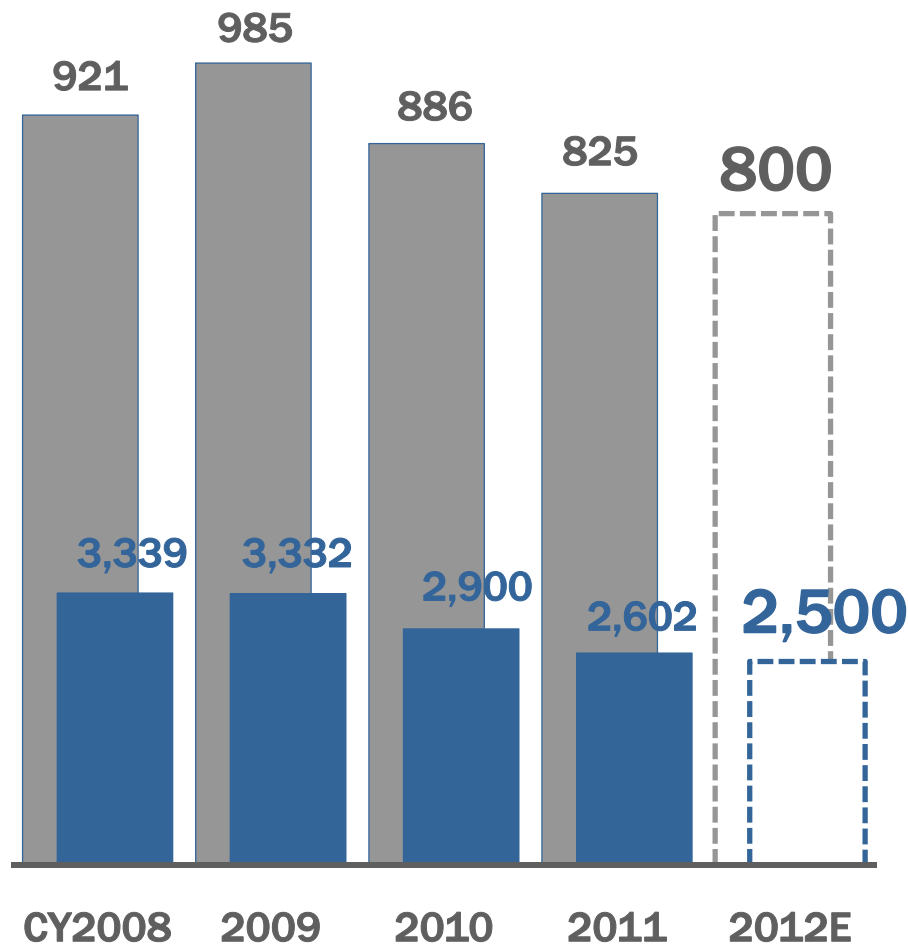
パチンコファン人口 1,260万人

18歳以上の 約8.5人に1人

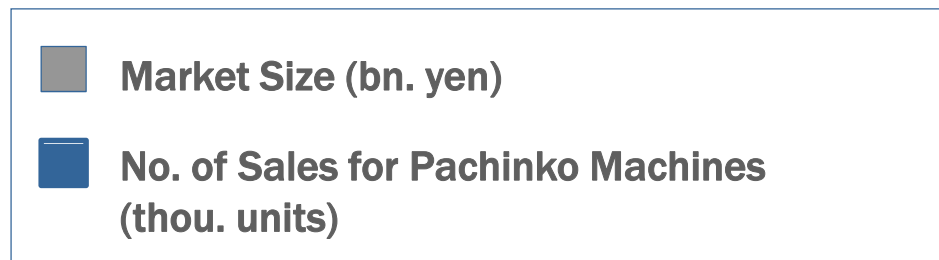
Structure of Pachinko Industry



Size of Pachinko Machine Market

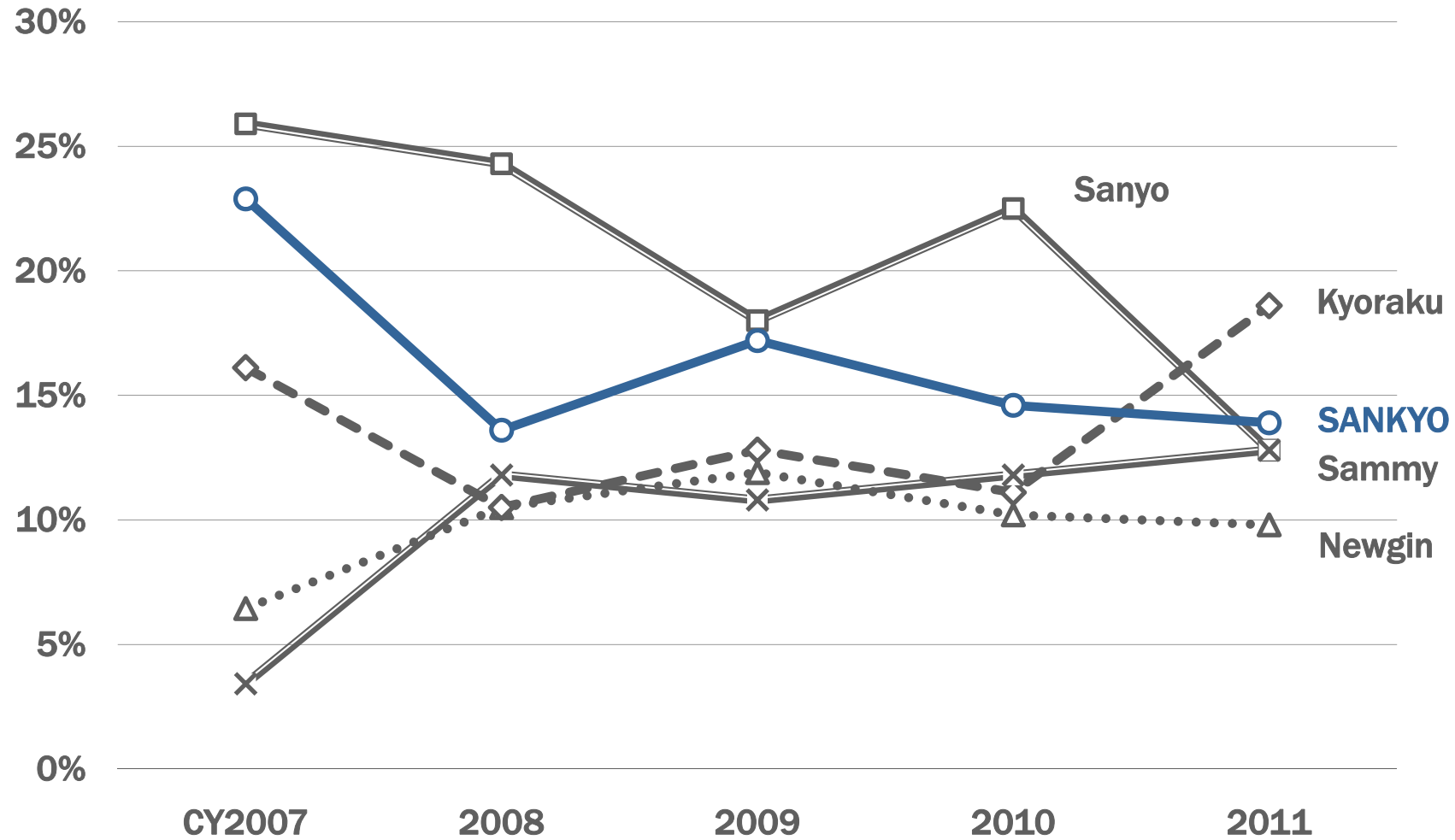


CY2012
 Expected to be flat or decline slightly

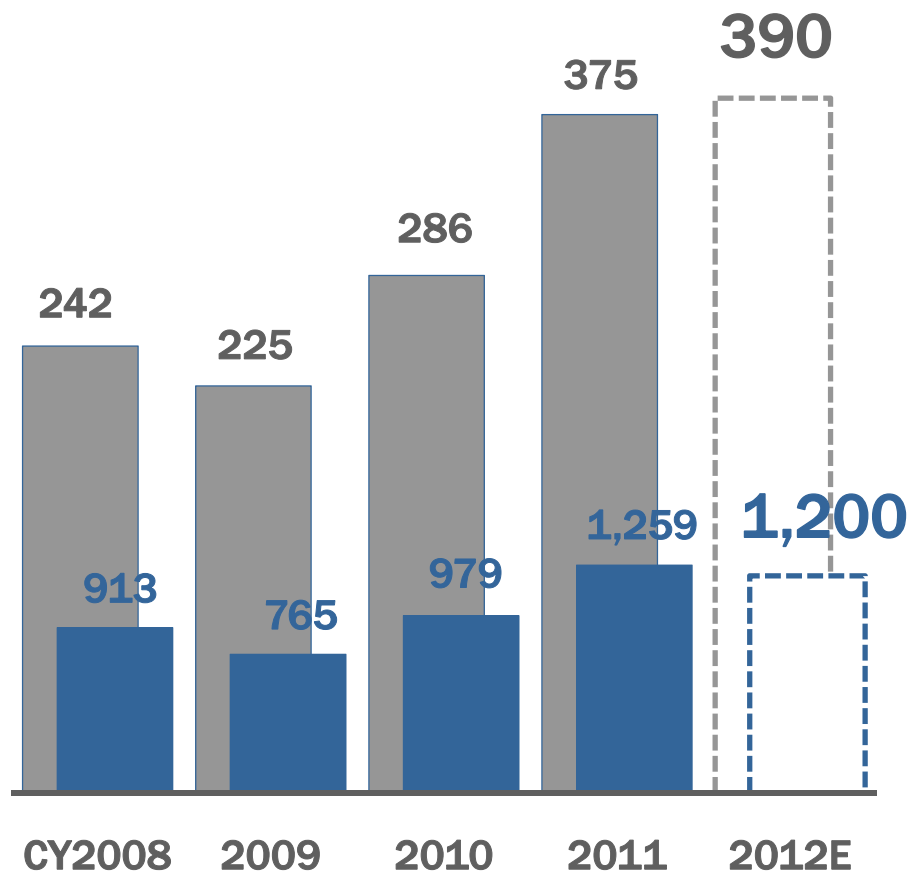


2012年度
 横ばい～若干減少を予想

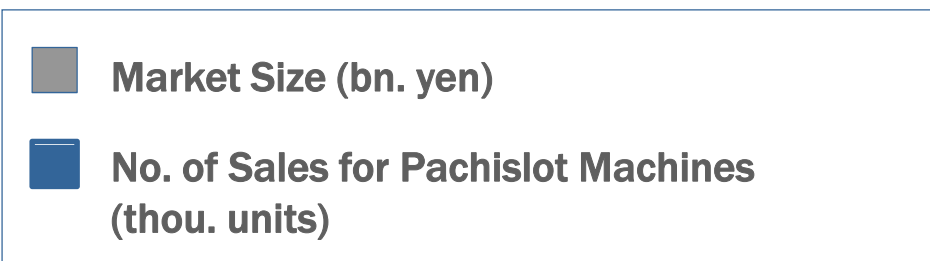
Share of Pachinko Machine Market (unit basis)



Size of Pachislot Machine Market

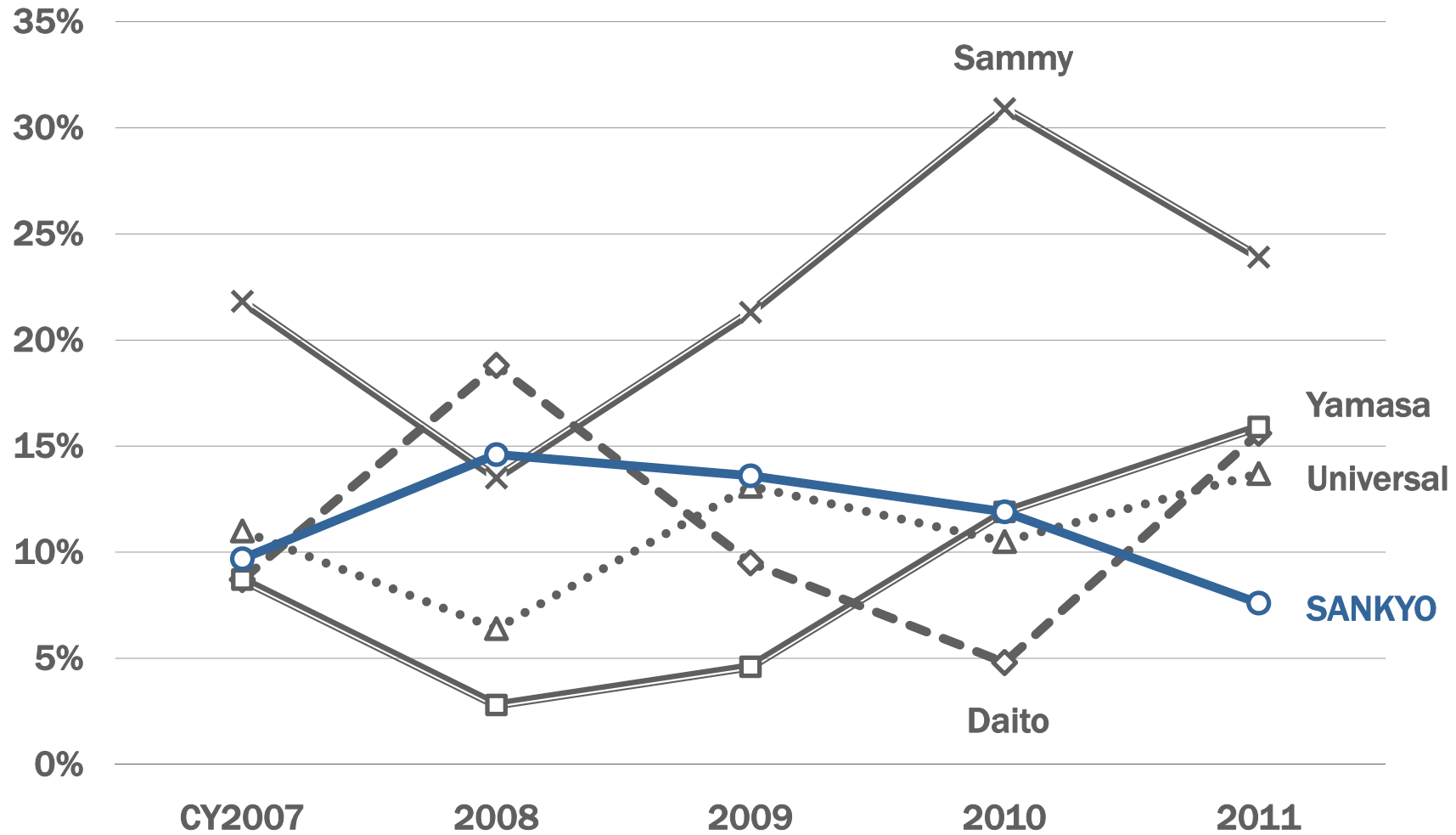


CY2012
Slight decrease following strong growth



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

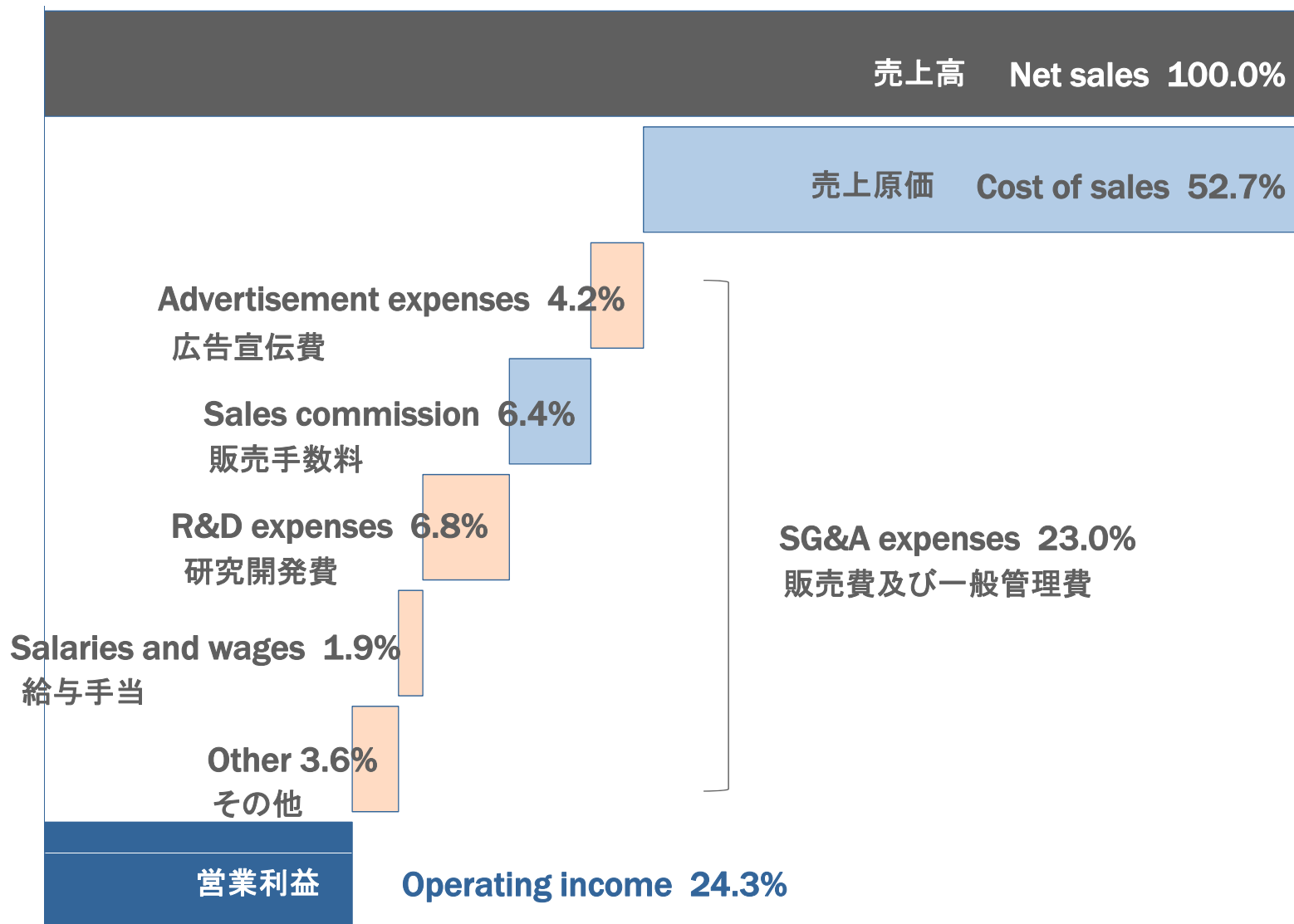
5-year Financial Highlights

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%)



FY 3/2013 Forecast

million yen	FY 3/2012	FY 3/2013E	YoY
Net Sales	173,682	123,000	-50,682 -29.2%
Operating Income	40,315	12,000	-28,315 -70.2%
Recurring Income	44,396	14,000	-30,396 -68.5%
Net Income	20,182	8,000	-12,182 -60.4%
EPS	Y215.85	Y85.59	
Unit Sales of Pachinko Machines	360,805	190,000	-170.805 -47.3%
Unit Sales of Pachislot Machines	96,158	138,000	+41.842 +43.5%

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

Major Manufacturers and Their Mainstay Pachinko Titles

上位メーカーとパチンコ定番タイトル

Kyoraku

“Hissatsu Shigotonin”

必殺仕事人

4 titles

Sanyo

“Sea Story”

海物語

14 titles

Sammy

“Fist of the North Star”

北斗の拳

5 titles

SANKYO

Bisty

“Evangelion”

エヴァンゲリオン

7 titles

Newgin

“Hana no Keiji”

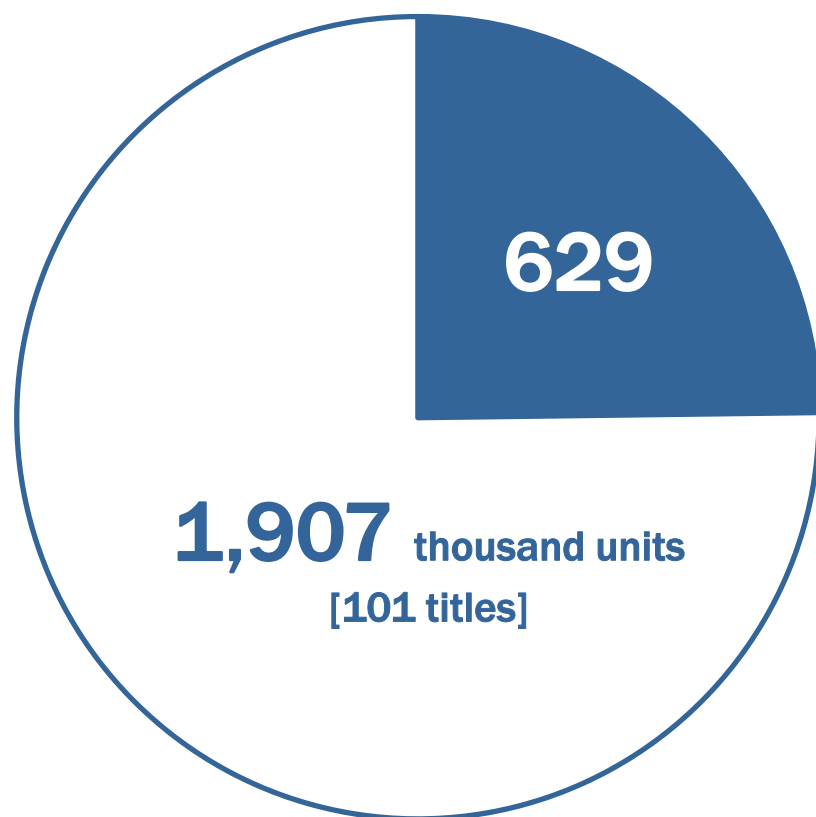
花の慶次

6 titles

Mainstay Titles Account for a Quarter of Annual Unit Sales

定番タイトルが年間販売台数の1/4

Unit Sales of Pachinko Machines in CY2012



■ Total unit sales of the five mainstay titles*
(*Refer to previous page)

定番5タイトル(前頁)の販売台数合計

Develop

Fever Mobile Suit Gundam into Mainstay Title

「フィーバー機動戦士ガンダム」を定番タイトルへ



© 創通・サンライズ

Bisty



© カラー © Bisty



Mainstay Titles

x 2

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 “Fever Mobile Suit Gundam”

「フィーバー機動戦士ガンダム」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 Nine Months of FY 3/2013

2013年3月期 第3四半期実績

連結: 百万円	Consolidated: million yen	FY 3/2012 9 Months	FY 3/2013 9 Months	YoY	Forecast (5-Nov)	FY 3/2012 Q1	Q2	Q3	Q4	FY 3/2013 Q1	Q2	Q3
売上高	Net Sales	102,201	67,525	-34,676	123,000	31,641	39,894	30,666	71,481	22,864	30,918	13,743
パチンコ	Pachinko	67,318	37,061	-30,257	60,900	18,135	31,792	17,391	56,035	10,895	19,053	7,113
パチスロ	Pachislot	12,579	12,349	-230	40,200	8,388	2,486	1,705	11,703	5,705	6,449	195
補給機器	Ball Bearing Supply	21,136	16,888	-4,248	20,300	4,711	5,224	11,201	3,306	6,073	4,637	6,178
その他事業	Other Business	1,167	1,225	+58	1,600	406	392	369	436	190	779	256
売上原価	Cost of Sales	55,545	35,056	-20,489	65,000	16,697	22,237	16,611	33,610	11,954	14,413	8,689
売上総利益	Gross Profit	46,655	32,468	-14,187	58,000	14,944	17,656	14,055	37,871	10,910	16,505	5,053
販管費	SG & A Expenses	29,380	29,378	-2	46,000	8,945	11,814	8,621	14,830	9,693	10,770	8,915
営業利益	Operating Income	17,274	3,090	-14,184	12,000	5,998	5,843	5,433	23,041	1,217	5,735	(3,862)
パチンコ	Pachinko	18,319	4,368	-13,951	6,200	4,636	7,001	6,682	19,376	421	5,111	(1,164)
パチスロ	Pachislot	1,019	1,793	+774	9,800	2,103	(552)	(532)	4,440	1,664	1,833	(1,704)
補給機器	Ball Bearing Supply	1,167	727	-440	800	161	219	787	76	311	124	292
その他事業	Other Business	440	(240)	-680	(400)	102	167	171	194	(83)	(81)	(76)
消去又は全社	Elimination/Corporate	(3,671)	(3,558)	+113	(4,400)	(1,005)	(993)	(1,673)	(1,046)	(1,096)	(1,253)	(1,209)
経常利益	Recurring Income	20,141	4,290	-15,851	14,000	7,294	6,634	6,213	24,255	1,805	5,863	(3,378)
特別利益	Extraordinary Gains	8	0	-8	0	6	2	0	351	0	0	0
特別損失	Extraordinary Losses	2,392	110	-2,282	30	1,611	757	24	5,537	25	1	84
当期純利益	Net Income	10,261	1,922	-8,339	8,000	3,249	3,505	3,507	9,921	947	3,660	(2,685)
EPS: 円	EPS: yen				85.59							

販売台数: 台 Machines sales: units

パチンコ	Pachinko	198,526	114,810	-83,716	190,000	49,862	93,242	55,422	162,279	30,550	58,547	25,713
SANKYO+JB	SANKYO+JB	115,507	70,315	-45,192	112,000	46,478	24,188	44,841	61,065	13,060	43,068	14,187
Bisty	Bisty	83,019	44,495	-38,524	78,000	3,384	69,054	10,581	101,214	17,490	15,479	11,526
パチスロ	Pachislot	49,840	39,113	-10,727	138,000	35,844	7,824	6,172	46,318	18,346	20,462	305
SANKYO+JB	SANKYO+JB	14,903	29,795	+14,892	59,000	1,367	7,814	5,722	0	14,958	14,832	5
Bisty	Bisty	34,937	9,318	-25,619	79,000	34,477	10	450	46,318	3,388	5,630	300

Pachinko Machines Business

連結: 百万円	Consolidated: million yen	FY 3/2012	FY 3/2013	Forecast			FY 3/2013					
		9 Months	9 Months	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上高	Net Sales	67,318	37,061	-30,257	60,900	18,135	31,792	17,391	56,035	10,895	19,053	7,113
営業利益	Operating Income	18,319	4,368	-13,951	6,200	4,636	7,001	6,682	19,376	421	5,111	(1,164)
営業利益率	Percentage	27.2%	11.8%	-15.4pt	10.2%	25.6%	22.0%	38.4%	34.6%	3.9%	26.8%	(16.4%)

販売台数: 台 Machines sales: units

		FY 3/2012	FY 3/2013	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
パチンコ合計	Pachinko	198,526	114,810	-83,716	190,000	49,862	93,242	55,422	162,279	30,550	58,547	25,713
SANKYO+JB	SANKYO+JB	115,507	70,315	-45,192	112,000	46,478	24,188	44,841	61,065	13,060	43,068	14,187
枠付き	Frame	22.3%	12.8%	-9.5pt	25.3%	49.5%	9.5%	19.5%	16.5%	15.3%	12.4%	11.0%
ゲージ盤	Gauge	35.9%	48.4%	+12.5pt	33.7%	43.7%	16.5%	61.4%	21.1%	27.5%	61.2%	44.2%
Bisty	Bisty	83,019	44,495	-38,524	78,000	3,384	69,054	10,581	101,214	17,490	15,479	11,526
枠付き	Frame	35.5%	8.0%	-27.4pt	9.5%	6.8%	71.2%	1.2%	20.2%	19.4%	5.6%	0.2%
ゲージ盤	Gauge	6.3%	30.7%	+24.4pt	31.6%	0.0%	2.9%	17.9%	42.2%	37.9%	20.9%	44.6%

	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
	フィーバー倅田來未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
	Smile Model/エヴァンゲリオン7 L	Evangelion 7 L	(Dec-12) 1 11,000
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
	J-RUSH 2	J-RUSH 2	(Jan-13) 2
Total			114,810

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 3/2012	FY 3/2013	Forecast		FY 3/2012			FY 3/2013			
		9 Months	9 Months	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上高	Net Sales	12,579	12,349	-230	40,200	8,388	2,486	1,705	11,703	5,705	6,449	195
営業利益	Operating Income	1,019	1,793	+774	9,800	2,103	(552)	(532)	4,440	1,664	1,833	(1,704)
営業利益率	Percentage	8.1%	14.5%	+6.4pt	24.4%	25.1%	(22.2%)	(31.2%)	37.9%	29.2%	28.4%	(873.8%)
販売台数: 台 Machines sales: units												
パチスロ合計	Pachislot	49,840	39,113	-10,727	138,000	35,844	7,824	6,172	46,318	18,346	20,462	305
SANKYO+JB	SANKYO+JB	14,903	29,795	+14,892	59,000	1,367	7,814	5,722	0	14,958	14,832	5
Bisty	Bisty	34,937	9,318	-25,619	79,000	34,477	10	450	46,318	3,388	5,630	300

	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
Q4	らんま1/2	Ranma 1/2 (Feb-13)
	EVANGELION ART	Evangelion ART (Feb-13)
Total		39,113

販売予定シリーズ数

No. of Pachislot Models to be released

	1H	2H
SANKYO+JB	3	2
Bisty	2	1

Note: 黒字 SANKYO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 3/2012	FY 3/2013	Forecast		FY 3/2012				FY 3/2013		
		9 Months	9 Months	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上総利益率	Gross Margin	45.7%	48.1%	+2.4pt	47.2%	47.2%	44.3%	45.8%	53.0%	47.7%	53.4%	36.8%
営業利益率	Operating Margin	16.9%	4.6%	-12.3pt	9.8%	19.0%	14.6%	17.7%	32.2%	5.3%	18.5%	(28.1%)

販売費及び一般管理費

SG & A Expenses

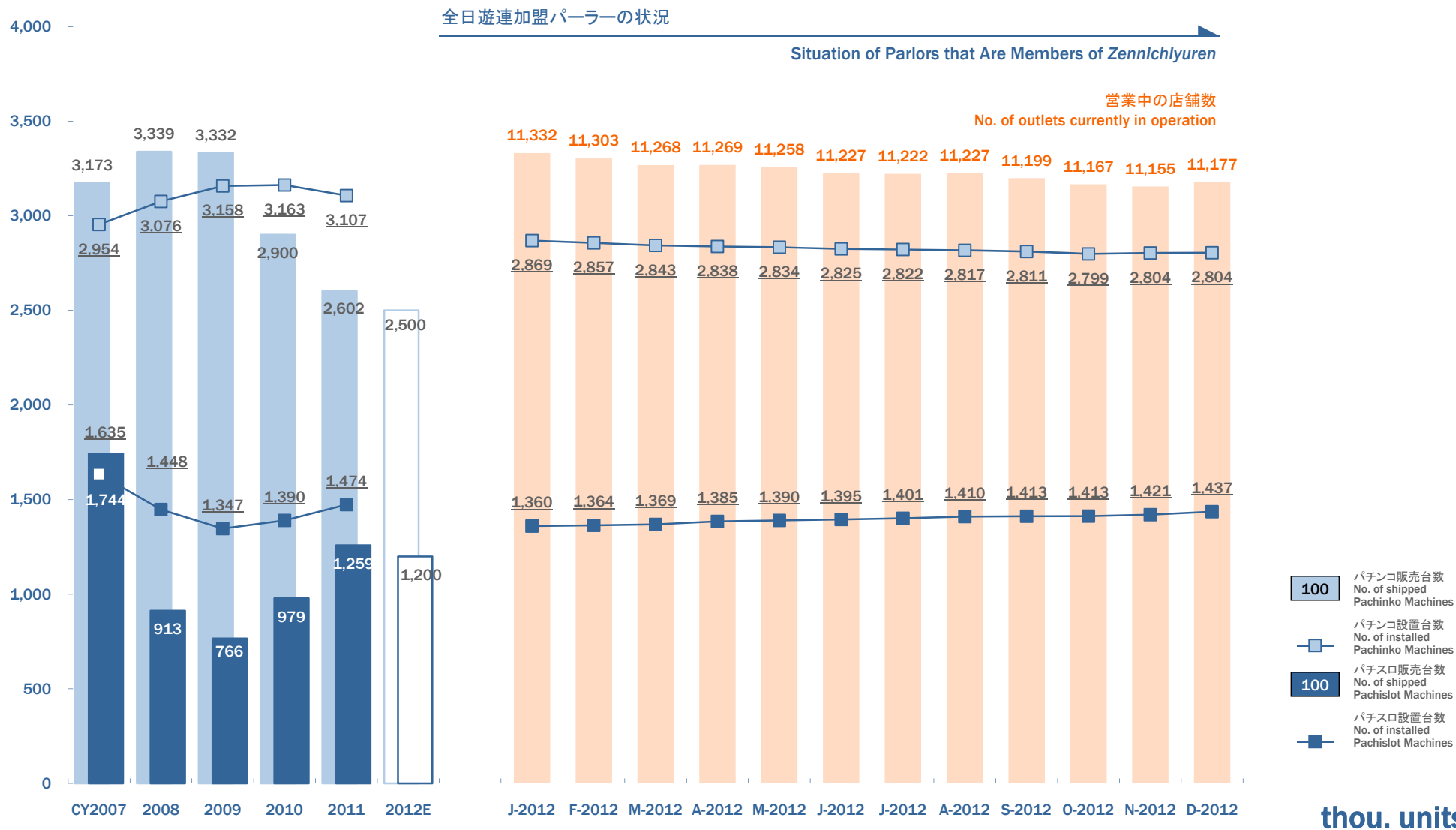
連結: 百万円	Consolidated: million yen	FY 3/2012	FY 3/2013	Forecast		FY 3/2012				FY 3/2013		
		9 Months	9 Months	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
販売手数料	Sales Commission	5,331	2,569	-2,762	4,792	549	4,149	633	5,755	1,056	1,275	238
広告宣伝費	Advertising Expenses	2,456	1,956	-500	4,120	693	363	1,400	1,136	817	521	618
研究開発費	R&D Expenses	13,968	16,108	+2,140	25,649	4,937	4,792	4,239	5,534	4,965	5,653	5,490
給与手当	Salaries & Wages	2,951	2,746	-205	3,644	823	780	1,348	855	703	830	1,213
その他	Others	4,674	5,999	+1,325	7,795	1,943	1,730	1,001	1,550	2,152	2,491	1,356

連結: 百万円	Consolidated: million yen	FY 3/2012	FY 3/2013	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
設備投資額	Capital Expenditure	1,449	4,127	+2,678	6,410	340	501	608	3,692	1,077	2,159	891
減価償却費	Depreciation & Amortizat	2,262	2,959	+697	4,504	661	739	862	1,044	783	978	1,198

連結	Consolidated	FY 3/2012	FY 3/2013	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
従業員数	No. of Employees	1,102	1,123	+21	1,121	1,131	1,121	1,102	1,087	1,097	1,155	1,123
開発人員数	No. of R&D Staff	306	301	-5	308	306	309	306	303	301	293	301

間接販売比率(累計)	Indirect Sales Ratio	FY 3/2012	FY 3/2013	YoY	(5-Nov)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SANKYO+JB Pachinko		39.1%	36.6%	-2.5pt	36.2%	38.2%	38.2%	39.1%	38.8%	38.2%	37.3%	36.6%
SANKYO+JB Pachislot		47.3%	45.4%	-1.9pt	46.2%	41.4%	47.8%	47.3%	47.3%	44.9%	45.4%	45.4%

Game Machine Market



Source: National Police Agency, Yano Research Institute, Zennichiyuren



Good luck. Good life.

SANKYO