



Presentation on

**Nomura**

**Investment Forum 2013**



**Kimihisa Tsutsui**

President & COO

**SANKYO CO., LTD.**

November 5, 2013 at Palace Hotel Tokyo

**1<sup>st</sup> Sec. of the TSE #6417**

**Current Price: ¥4,680 (December 2, 2013)**

**Shares Outstanding: 97.5 million**

**Market Cap: ¥456,756 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.

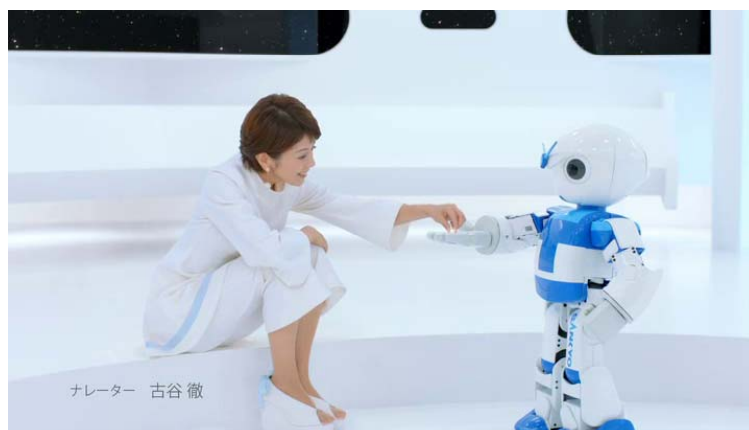
The Company assumes that the 'factors of potential risk and uncertainty' may include the economic climate, especially concerning the pachinko and pachislot markets which constitute the Company's main business field, competition in the market and competitiveness of the Company's products, and also include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



SANKYOご紹介

Company Overview

# Company Overview



**SANKYO CO., LTD.**

**1<sup>st</sup> 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



# Prosper with the Pachinko Industry

2013

2004

2001

1992

1980

1975



Open Tulip



Fever



Fever  
Powerful III



CR Fever  
Wide Powerful



CR Evangelion



CR Fever Mobile Suit Gundam

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## Stock Information

**Price 4,680****(December 2, 2013)**  
**Currency in JPY**

時価総額

**Market Cap 456,756M**

実績PER

**Trailing P/E (ttm) 74.73**

予想PER

**Forward P/E (1 yr) 17.31**

実績PBR

**Price/Book (mrq) 1.04**

予想配当金

**Forward Annual Dividend Rate 150.00**

配当利回り

**Forward Annual Dividend Yield 3.20%**

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



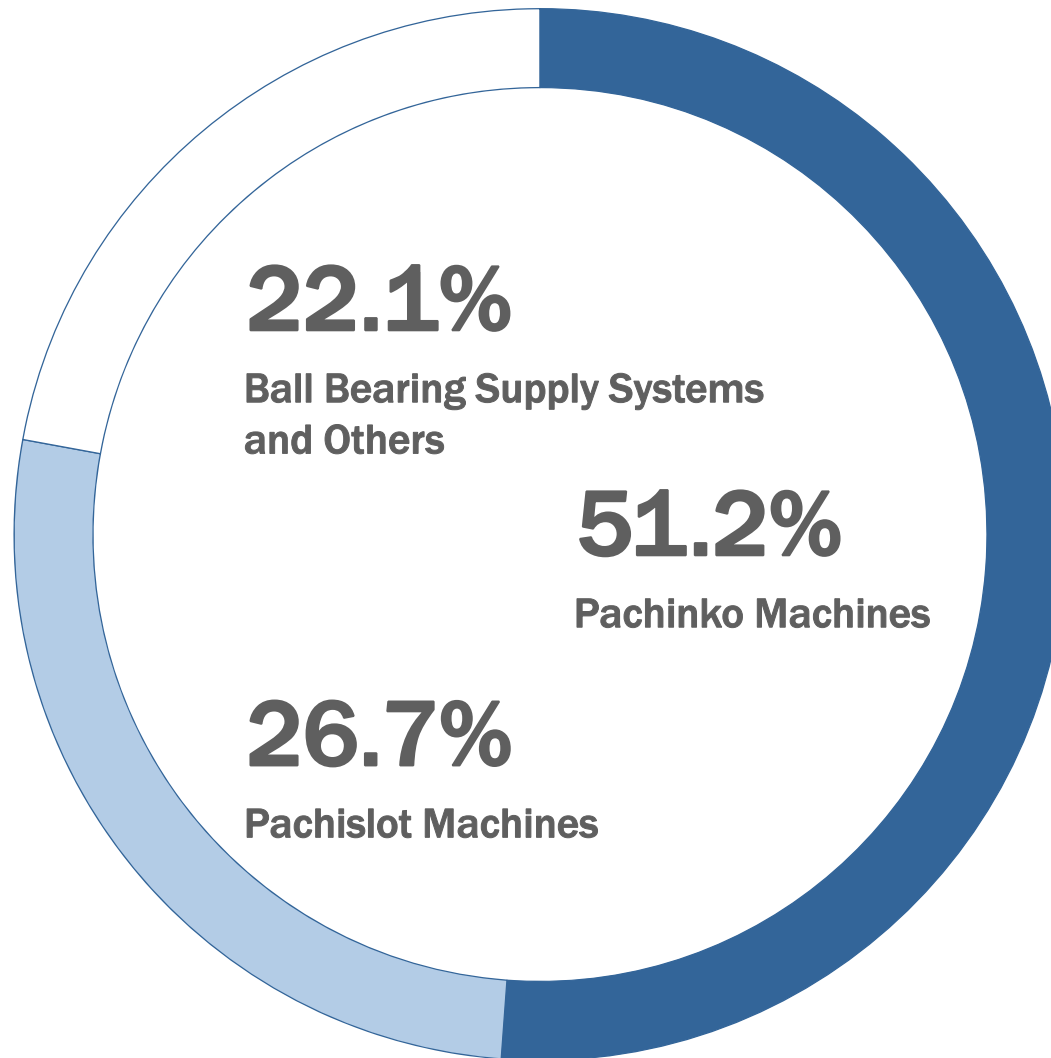
Mr. Masashi Morita



Mr. Eiji Maeda

Analyst coverage  
by **7** firms

## Focused on Game Machine-related Businesses



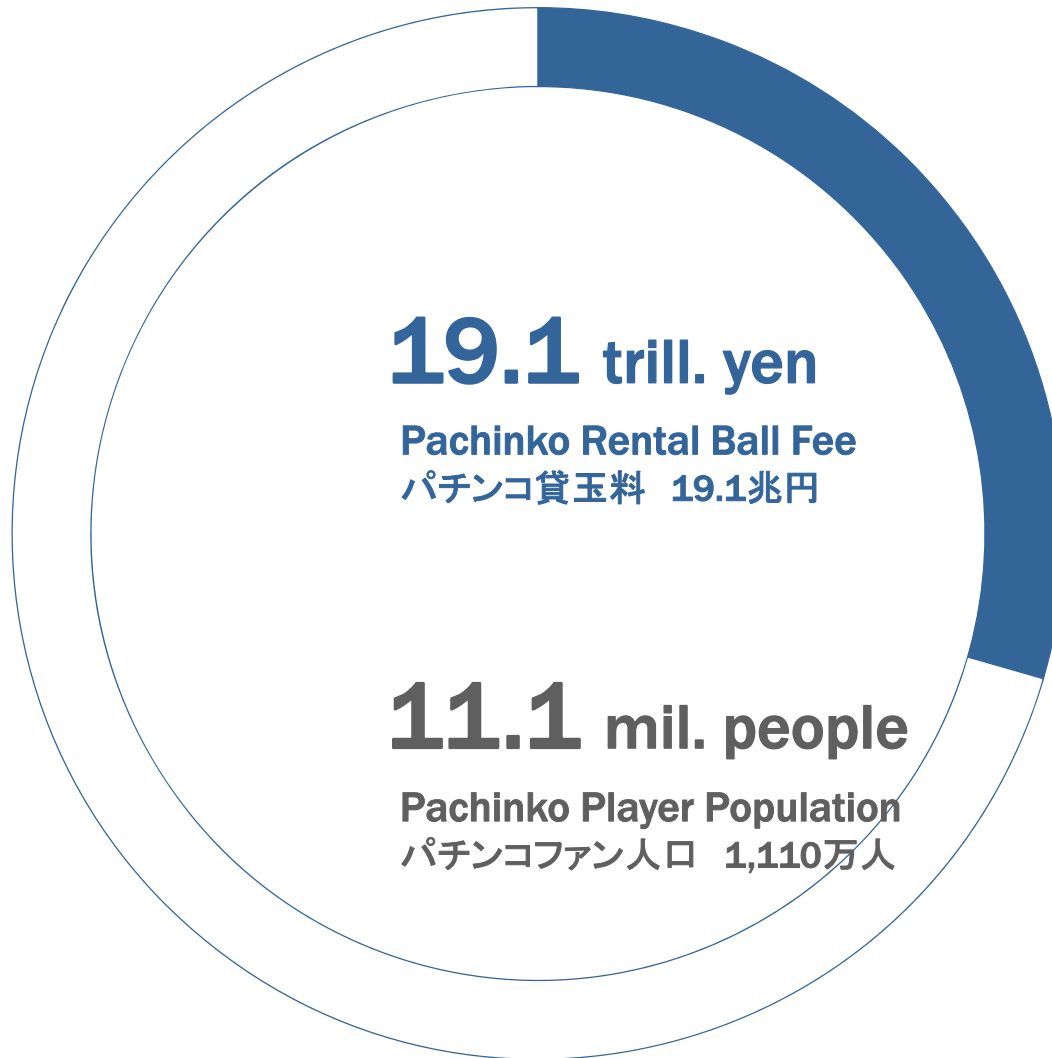




産業の動向

Industry Trend

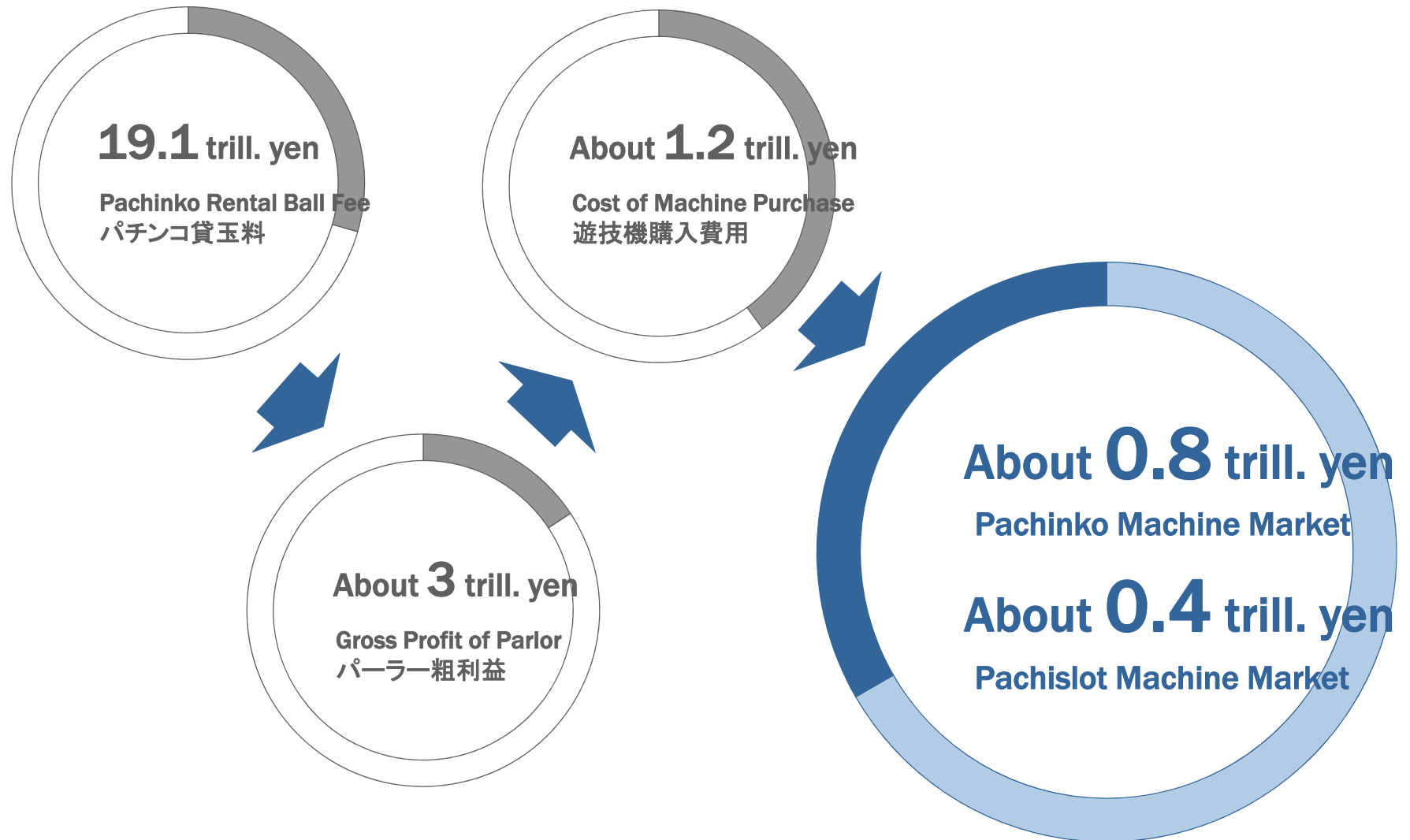
## 30% of the Leisure Market



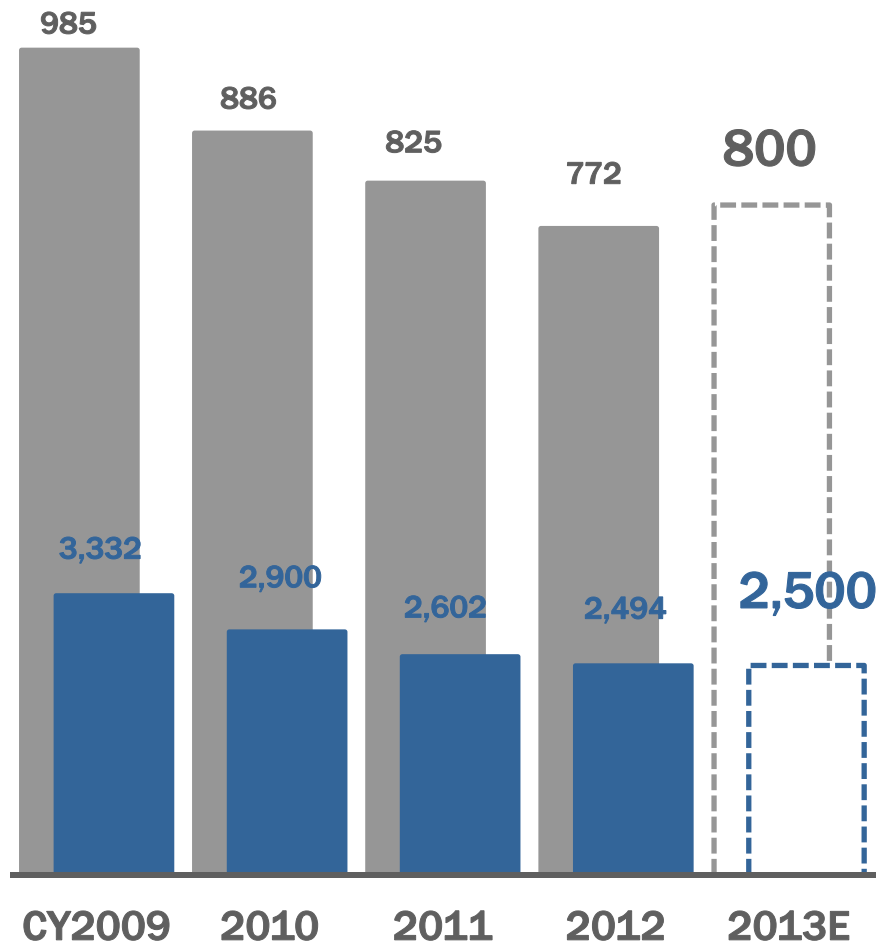
**64.7 trillion yen**

Leisure Market  
余暇市場全体

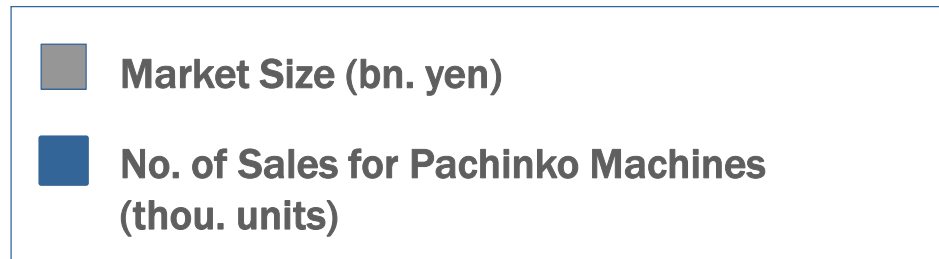
# Structure of Pachinko Industry



# Size of Pachinko Machine Market



**CY2013**  
Expected to be almost on par

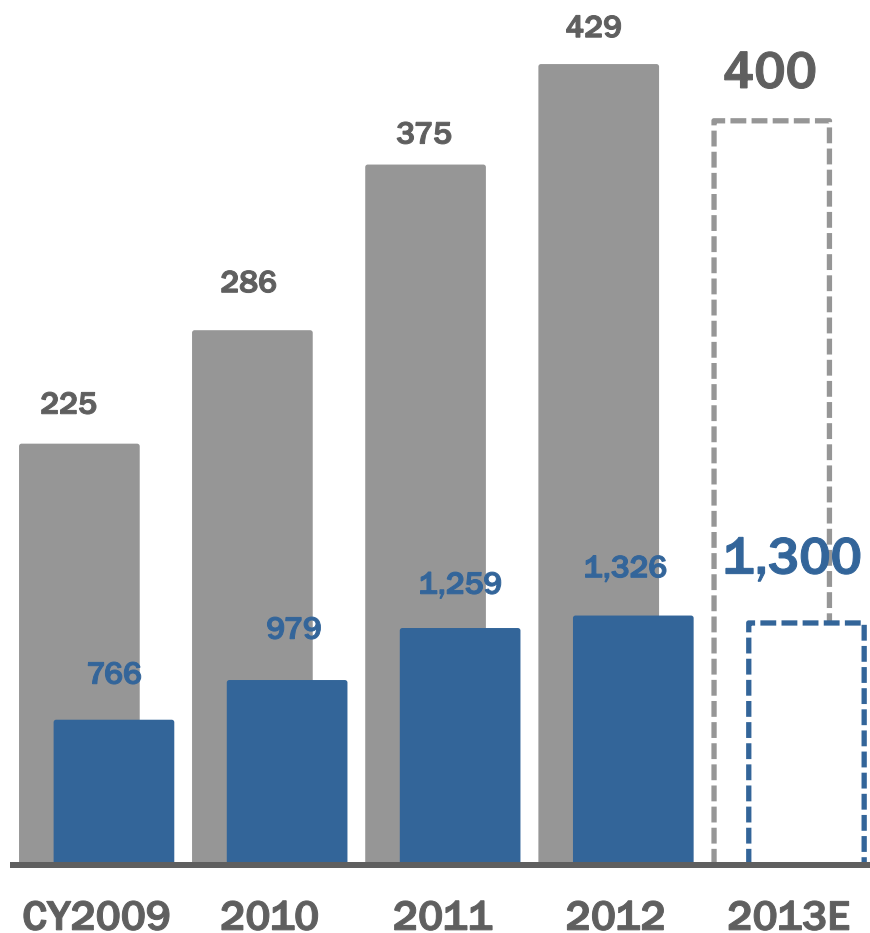


2013年度 ほぼ横ばいを予想

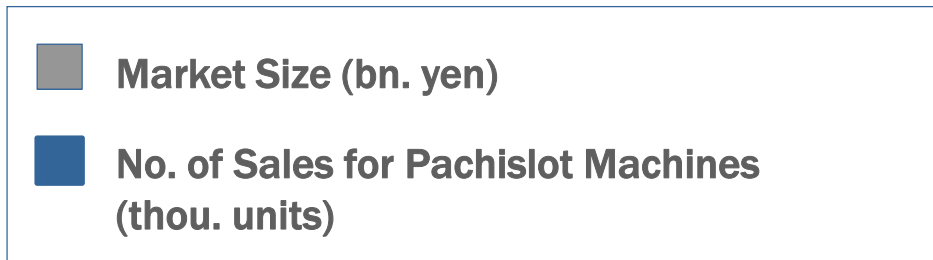
Data for CY2009- CY2012: Survey by Yano Research Institute

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

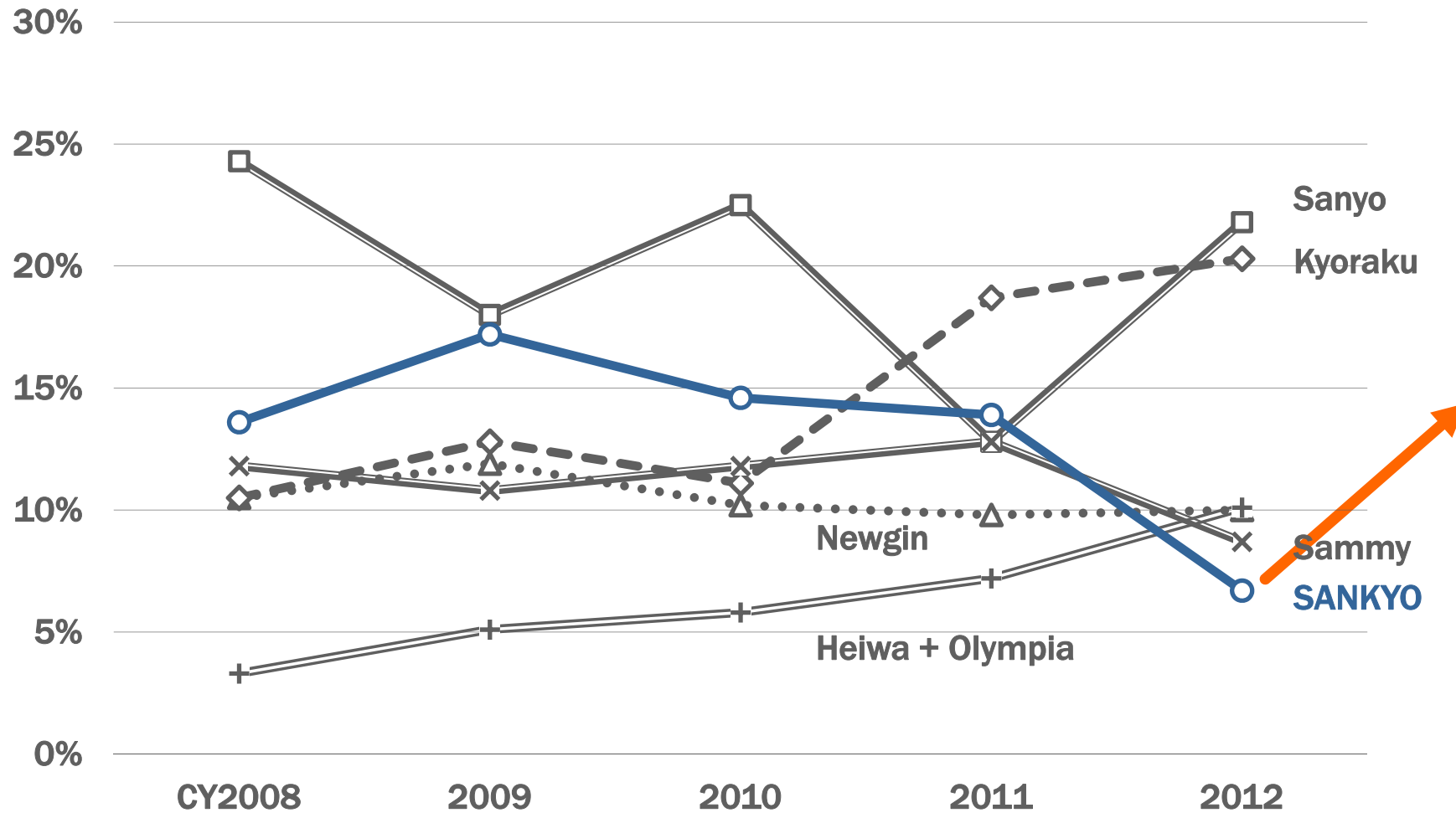


2013年度 ほぼ横ばいを予想

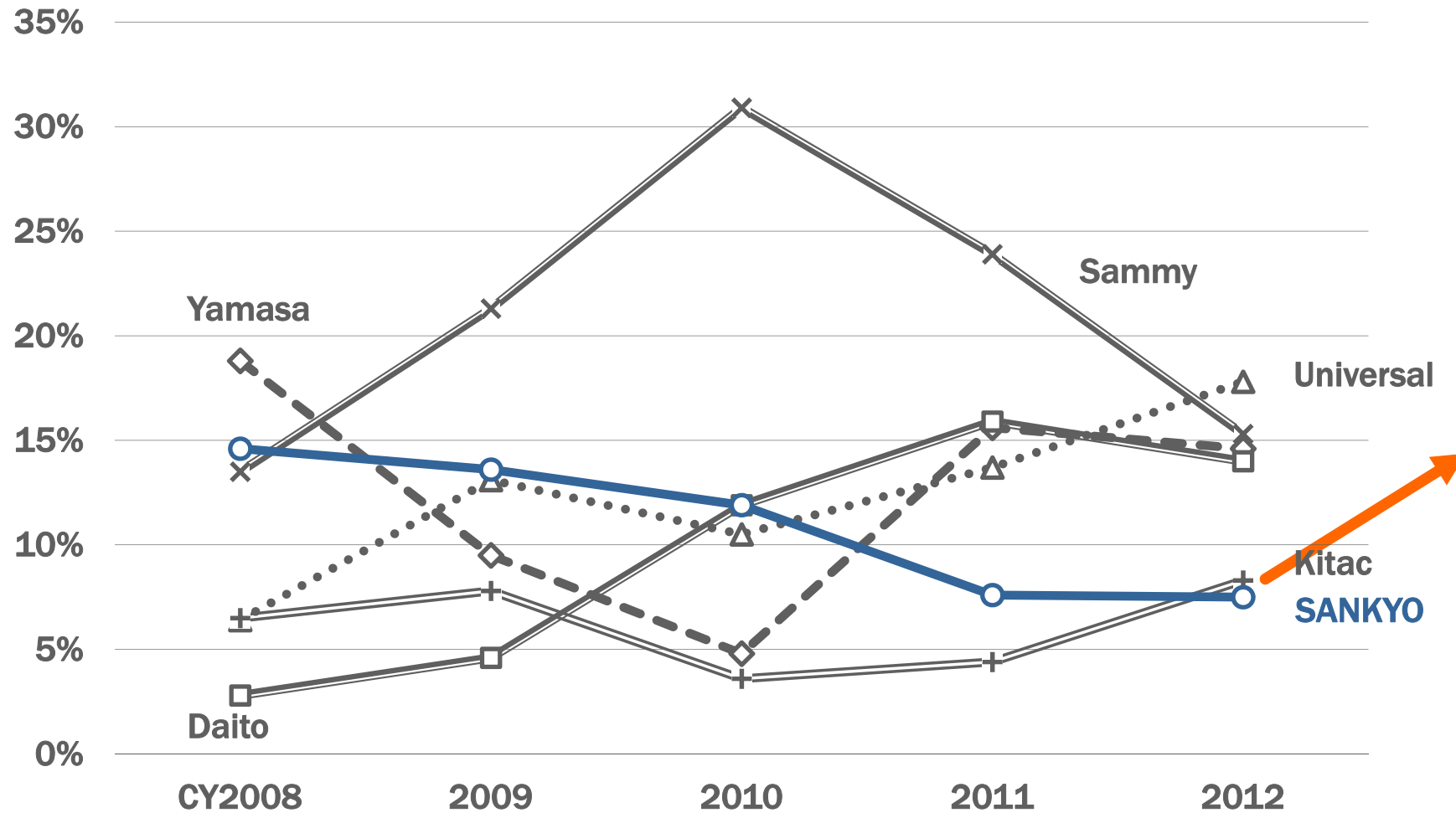
Data for CY2009- CY2012: Survey by Yano Research Institute

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

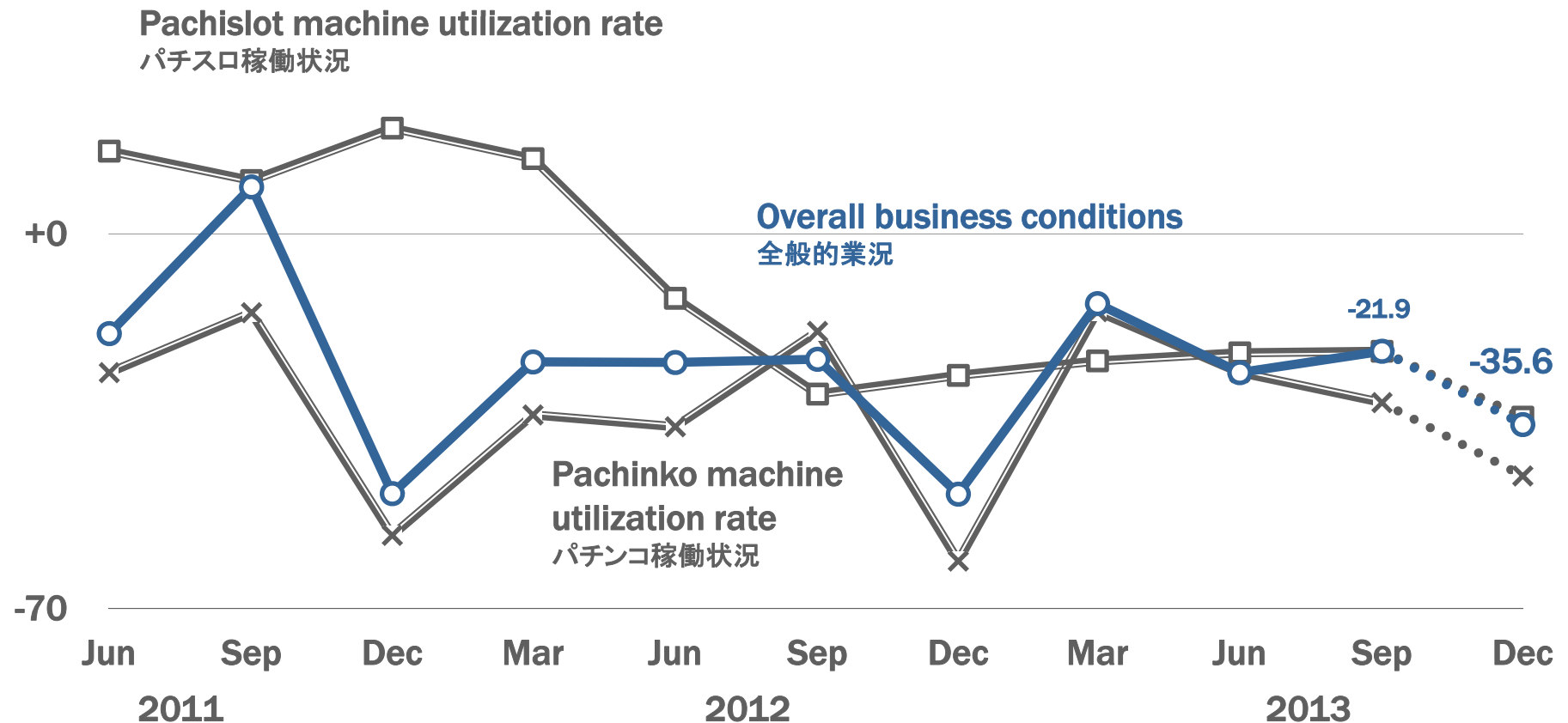


# Business Outlook: Still Challenging

## Pachinko Diffusion Index

パチンコDI調査

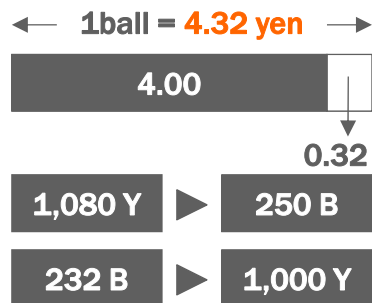
+70



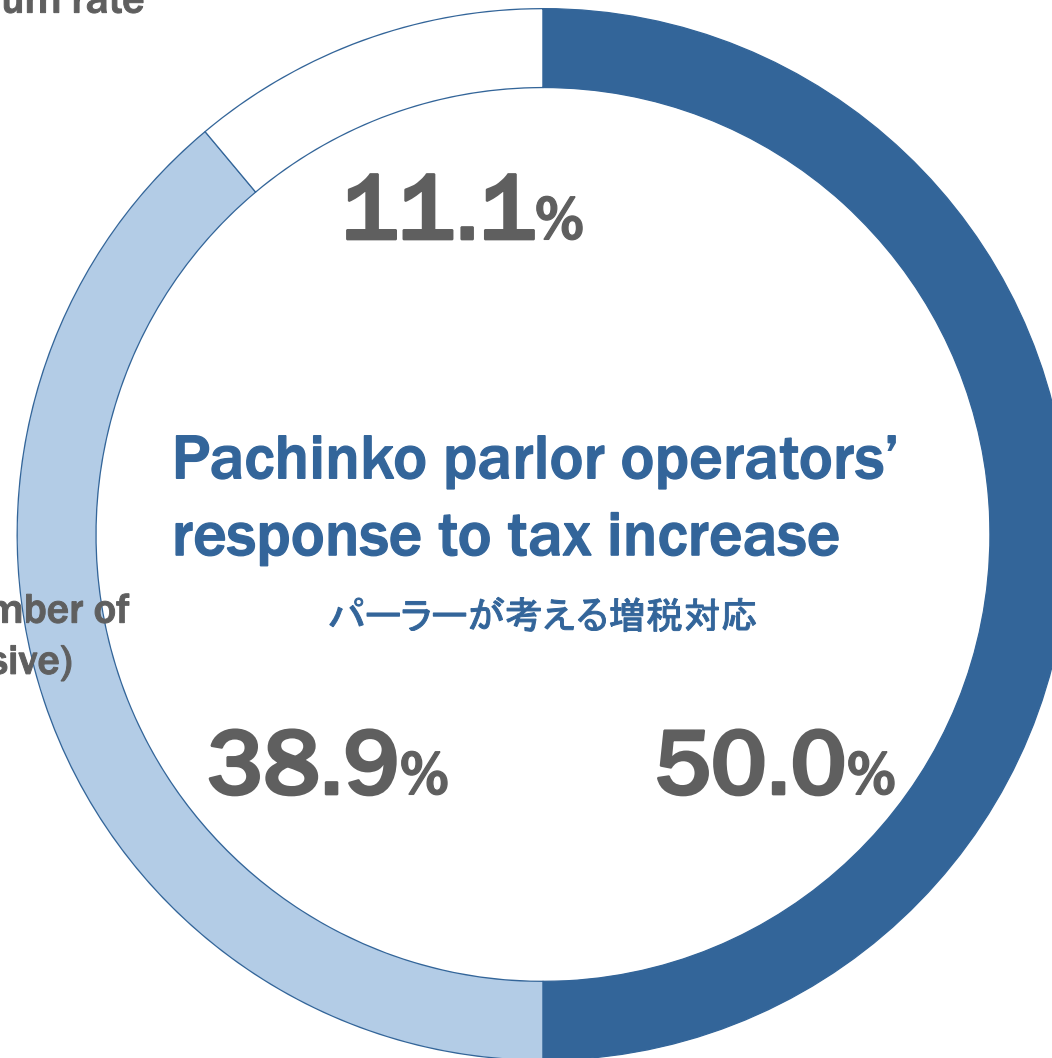
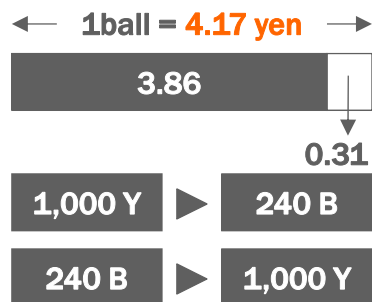
# Impact of the Consumption Tax Increase on Rental Balls

消費税率引き上げが貸玉料に与える影響

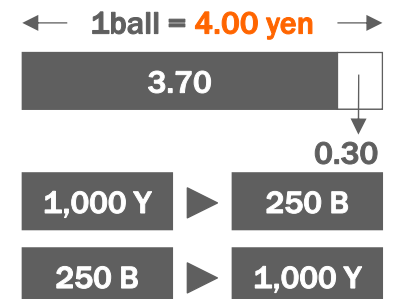
Lending at the maximum rate  
(tax exclusive)  
上限貸出(外税)



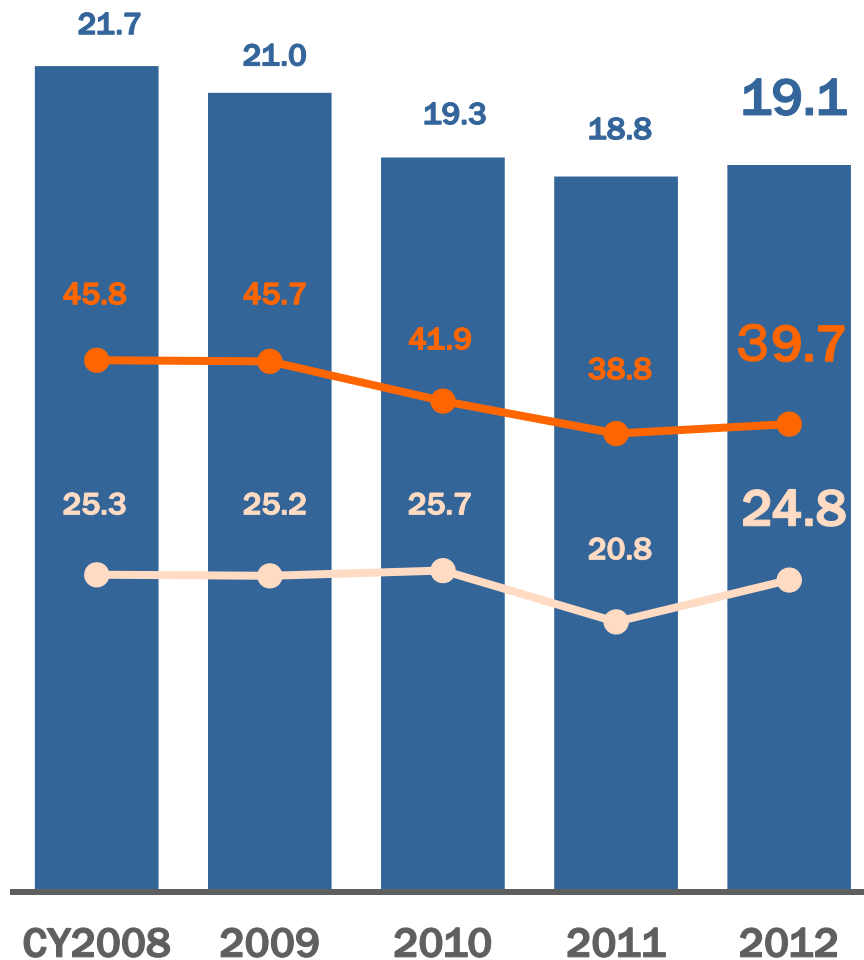
Adjustment of the number of rental balls (tax exclusive)  
貸玉個数調整(外税)



Current method  
(tax inclusive)  
現行方式(内税)

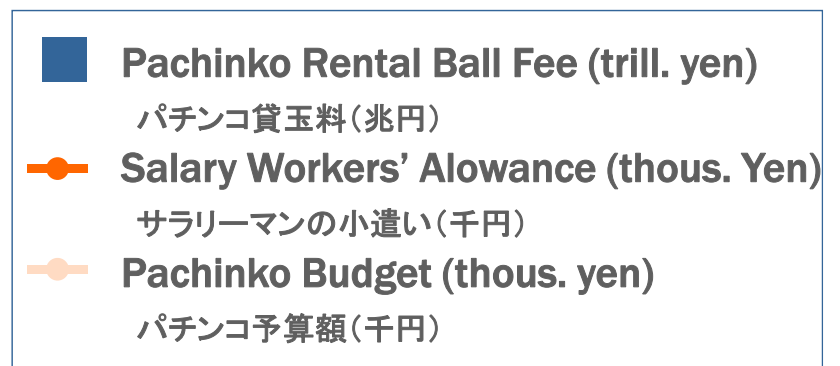


# Pachinko Rental Ball Fee 市場(貸玉料)は「サラリーマンの小遣い」に連動 Is Linked to Salary Workers' Allowance



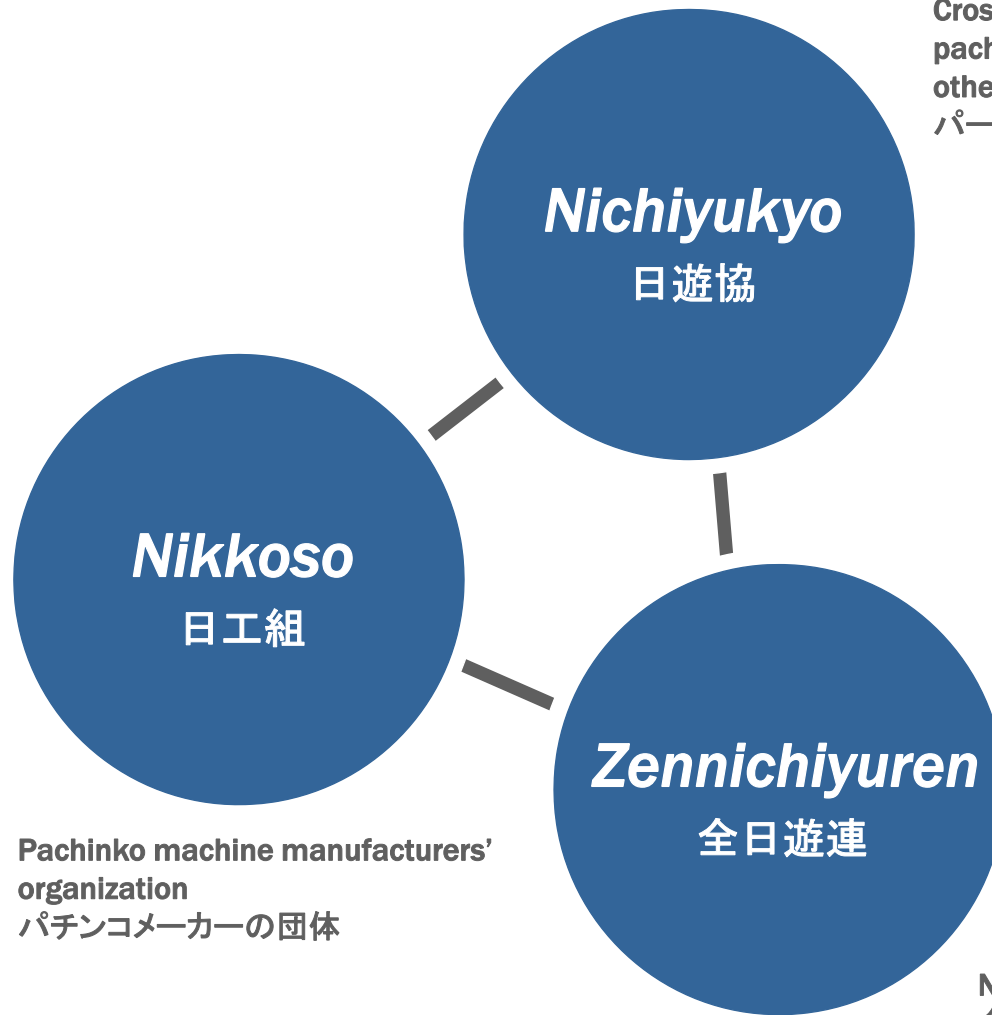
**Expect benefits from the impact of Abenomics**

アベノミクス効果に期待



# Pachinko/Pachislot Industry Vitalization Project

Cross-sector organization involving pachinko parlor operators, pachinko machine manufacturers, trading companies, and others related to the pachinko/pachislot industry  
パーラー、メーカー、商社等業界を横断する団体



- 1. Cultivating more fans**  
ファンの創出
- 2. Shifting from high-cost structure**  
高コスト体質の改善
- 3. Sound development of the pachinko/pachislot industry**  
健全化

# 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

# 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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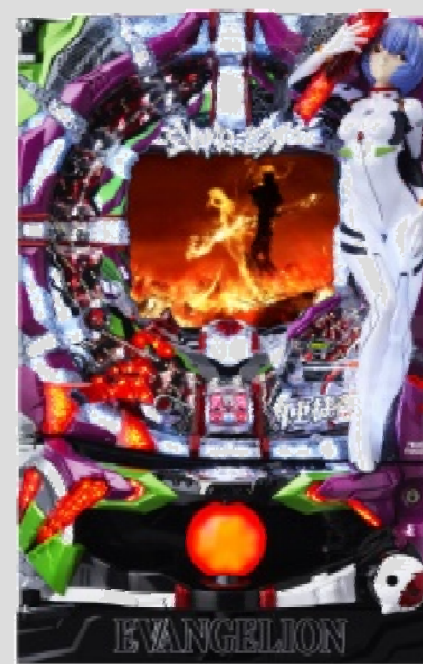


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Mainstay Titles

定番タイトル

x 2



## Forecast of FY 3/2014 (Highlights)

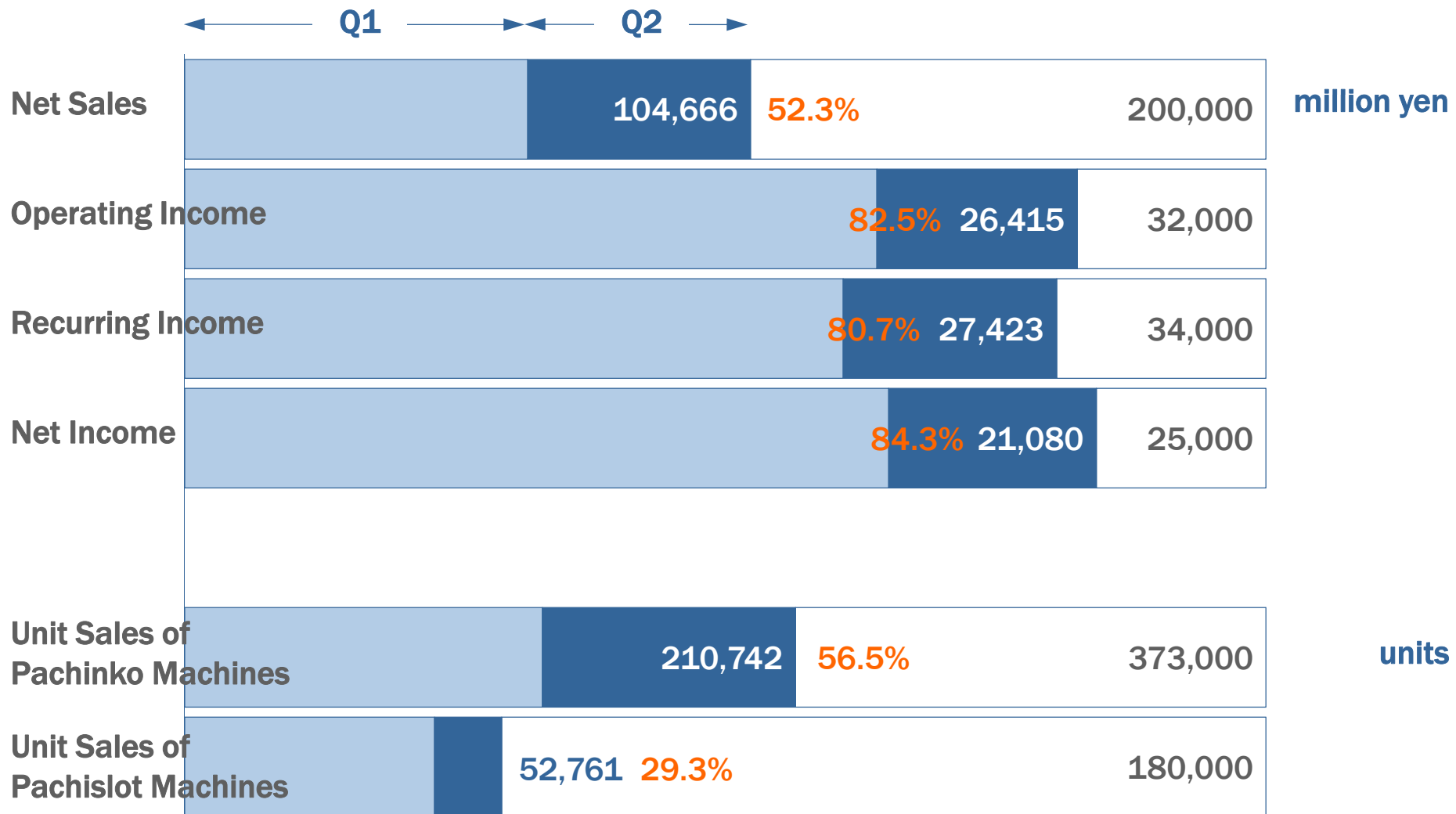
Consolidated: mill. yen	FY 3/2013	FY 3/2014	YoY	
<b>Net Sales</b>	<b>104,150</b>	<b>200,000</b>	<b>+95,850</b>	<b>+92.0%</b>
Pachinko Machines	53,302	127,000		
Pachislot Machines	27,822	55,100		
Ball Bearing Supply Systems	21,478	16,400		
Other Business	1,546	1,500		
<b>Operating Income</b>	<b>7,023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



# Number of Pachinko/Pachislot Titles to be Released

FY 3/2014	Q1	Q2	Q3	Q4
<b>Pachinko</b> (Excluding Reused Models)  (リユースを除く)  <b>10+1 titles</b>	<p>Fever Mobile Suit GUNDAM</p> <p>Beyond the Horizon</p> <p>Magicape</p> <p>Ghost Neo</p>	<p>Evangelion 8</p> <p>Slonko Flower</p>	<p>Fever Slayers Revolution</p> <p>TEKKEN</p> <p>Ghost Neo</p>	<p>Evangelion 8 Y</p> <p>Cho Tenjiku</p>
<b>Reused Models</b>  <b>3 titles</b>	<p>Fever Tiger Mask 2</p>		<p>Fever Mobile Suit GUNDAM</p>	
<b>Pachislot</b>  <b>6 titles</b>	<p>Aquarion II</p>	<p>Bomber PowerFrenzy</p>	<p>Ultraman Wars</p> <p>Tiger Mask</p>	<p>Mobile Suit GUNDAM</p>

# Progress up to the First Six Months of FY 3/2014



# 5-year Financial Highlights

Consolidated: mil. yen	FY 3/2009	FY 3/2010	FY 3/2011	FY 3/2012	FY 3/2013
<b>Net Sales</b>	<b>187,877</b>	<b>222,673</b>	<b>201,606</b>	<b>173,682</b>	<b>104,150</b>
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
<b>Operating Income</b>	<b>40,626</b>	<b>55,776</b>	<b>51,923</b>	<b>40,315</b>	<b>7,023</b>
<b>percentage</b>	<b>21.6%</b>	<b>25.0%</b>	<b>25.8%</b>	<b>23.2%</b>	<b>6.7%</b>
<b>Recurring Income</b>	<b>44,900</b>	<b>59,366</b>	<b>55,909</b>	<b>44,396</b>	<b>9,488</b>
<b>Net Income</b>	<b>27,883</b>	<b>36,198</b>	<b>34,733</b>	<b>20,182</b>	<b>5,853</b>
<b>EPS</b>	<b>Y288.92</b>	<b>Y376.00</b>	<b>Y364.09</b>	<b>Y215.85</b>	<b>Y62.62</b>
<b>Unit Sales of Pachinko Machines</b>	<b>451,941</b>	<b>572,464</b>	<b>424,533</b>	<b>360,805</b>	<b>166,939</b>
<b>Market share</b>	<b>13.6%</b>	<b>17.2%</b>	<b>14.6%</b>	<b>13.9%</b>	<b>6.7%</b>
<b>Unit Sales of Pachislot Machines</b>	<b>133,714</b>	<b>104,266</b>	<b>116,424</b>	<b>96,158</b>	<b>99,208</b>
<b>Market share</b>	<b>14.6%</b>	<b>13.6%</b>	<b>11.9%</b>	<b>7.6%</b>	<b>7.5%</b>

## 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 Six Months of FY 3/2014

連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2014	Forecast (6-Aug)			FY 3/2013				FY 3/2014		
		6 Months	6 Months	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
売上高	Net Sales	53,782	104,666	+50,884	102,000	+2,666	200,000	22,864	30,918	13,743	36,625	63,456	41,210
パチンコ	Pachinko	29,948	76,384	+46,436	74,900	+1,484	127,000	10,895	19,053	7,113	16,241	43,428	32,956
パチスロ	Pachislot	12,154	19,189	+7,035	18,500	+689	55,100	5,705	6,449	195	15,473	15,327	3,862
補給機器	Ball Bearing Supply	10,710	8,573	-2,137	7,900	+673	16,400	6,073	4,637	6,178	4,590	4,416	4,157
その他事業	Other Business	969	519	-450	700	-181	1,500	190	779	256	321	284	235
売上原価	Cost of Sales	26,367	51,999	+25,632	51,000	+999	110,000	11,954	14,413	8,689	19,730	31,655	20,344
売上総利益	Gross Profit	27,415	52,667	+25,252	51,000	+1,667	90,000	10,910	16,505	5,053	16,895	31,800	20,867
販管費	SG & A Expenses	20,463	26,251	+5,788	26,000	+251	58,000	9,693	10,770	8,915	12,962	11,313	14,938
営業利益	Operating Income	6,952	26,415	+19,463	25,000	+1,415	32,000	1,217	5,735	(3,862)	3,933	20,487	5,928
パチンコ	Pachinko	5,532	22,312	+16,780	21,400	+912	22,800	421	5,111	(1,164)	149	15,144	7,168
パチスロ	Pachislot	3,497	6,945	+3,448	6,300	+645	13,700	1,664	1,833	(1,704)	4,981	6,460	485
補給機器	Ball Bearing Supply	435	199	-236	100	+99	500	311	124	292	268	124	75
その他事業	Other Business	(164)	(367)	-203	(300)	-67	(400)	(83)	(81)	(76)	(170)	(96)	(271)
消去又は全社	Elimination/Corporate	(2,349)	(2,674)	-325	(2,500)	-174	(4,600)	(1,096)	(1,253)	(1,209)	(1,295)	(1,145)	(1,529)
経常利益	Recurring Income	7,668	27,423	+19,755	26,000	+1,423	34,000	1,805	5,863	(3,378)	5,198	20,707	6,716
特別利益	Extraordinary Gains	0	4	+4	4	+0	0	0	0	0	178	4	0
特別損失	Extraordinary Losses	26	49	+23	21	+28	21	25	1	84	65	1	48
当期純利益	Net Income	4,607	21,080	+16,473	20,000	+1,080	25,000	947	3,660	(2,685)	3,931	16,277	4,803
EPS: 円	EPS: yen						267.46						

## 販売台数: 台 Machines sales: units

パチンコ	Pachinko	89,097	210,742	+121,645	208,000	+2,742	373,000	30,550	58,547	25,713	52,129	123,404	87,338
SANKYO+JB	SANKYO+JB	56,128	130,503	+74,375	130,000	+503	218,000	13,060	43,068	14,187	51,036	118,530	11,973
Bisty	Bisty	32,969	80,239	+47,270	78,000	+2,239	155,000	17,490	15,479	11,526	1,093	4,874	75,365
パチスロ	Pachislot	38,808	52,761	+13,953	52,000	+761	180,000	18,346	20,462	305	60,095	41,590	11,171
SANKYO+JB	SANKYO+JB	29,790	50,919	+21,129	51,930	-1,011	65,000	14,958	14,832	5	3,400	41,520	9,399
Bisty	Bisty	9,018	1,842	-7,176	70	+1,772	115,000	3,388	5,630	300	56,695	70	1,772

## Pachinko Machines Business

連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2014	Forecast (6-Aug)			FY 3/2013			FY 3/2014			
		6 Months	6 Months	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
売上高	Net Sales	29,948	76,384	+46,436	74,900	+1,484	127,000	10,895	19,053	7,113	16,241	43,428	32,956
営業利益	Operating Income	5,532	22,312	+16,780	21,400	+912	22,800	421	5,111	(1,164)	149	15,144	7,168
営業利益率	Percentage	18.5%	29.2%	+10.7pt	28.6%	+0.6pt	18.0%	3.9%	26.8%	(16.4%)	0.9%	34.9%	21.8%

## 販売台数: 台 Machines sales: units

		FY 3/2013	FY 3/2014	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
パチンコ合計	Pachinko	89,097	210,742	+121,645	208,000	+2,742	373,000	30,550	58,547	25,713	52,129	123,404	87,338
SANKYO+JB	SANKYO+JB	56,128	130,503	+74,375	130,000	+503	218,000	13,060	43,068	14,187	51,036	118,530	11,973
枠付き	Frame	13.4%	55.2%	+41.8pt	56.2%	-1.0pt	38.9%	15.3%	12.4%	11.0%	72.2%	87.2%	9.8%
ゲージ盤	Gauge	49.6%	6.8%	-42.9pt	6.3%	+0.4pt	19.5%	27.5%	61.2%	44.2%	25.7%	8.8%	3.9%
Bisty	Bisty	32,969	80,239	+47,270	78,000	+2,239	155,000	17,490	15,479	11,526	1,093	4,874	75,365
枠付き	Frame	10.3%	36.6%	+26.3pt	36.0%	+0.6pt	40.6%	19.4%	5.6%	0.2%	0.8%	1.5%	86.3%
ゲージ盤	Gauge	26.7%	1.5%	-25.2pt	1.5%	-0.0pt	0.9%	37.9%	20.9%	44.6%	1.3%	2.5%	0.0%

	Series name	No. of models	Sales: units
FY 3/2014	フィーバー機動戦士ガンダム	<i>Fever Mobile Suit GUNDAM</i>	(Apr-13) 1 81,600
Q1	蒼天航路	<i>Beyond the Heavens</i>	(May-13) 1
	マジカペ	<i>MagiCape</i>	(May-13) 2 13,600
	フィーバータイガーマスク 2 Y&魂	<i>Fever Tiger Mask 2 Y &amp; "Tamashii"</i>	(May-13) 2 10,100
	ゴーストNEO	<i>Ghost NEO</i>	(Jun-13) 2 13,500
Q2	エヴァンゲリオン8	<i>Evangelion 8</i>	(Jul-13) 1 75,500
	するんこ FLOWER	<i>Slonko Flower</i>	(Aug-13) 2
Q3	フィーバースレイヤーズ Revolution	<i>Fever Slayers Revolution</i>	(Oct-13) 2
	ゴーストNEO DX	<i>Ghost NEO DX</i>	(Nov-13) 1
	鉄拳	<i>TEKKEN</i>	(Nov-13) 1
	フィーバー機動戦士ガンダム Y&YS	<i>Fever Mobile Suit GUNDAM Y &amp; YS</i>	(Dec-13) 2
Q4	エヴァンゲリオン8 Y	<i>Evangelion 8 Y</i>	(Jan-14) 1
	超天竺	<i>Cho Tenjiku</i>	(Jan-14) 1
Total			210,742

## 販売予定シリーズ数

## No. of Pachinko Models to be released

	H1	H2
SANKYO+JB	4	3
Bisty	2	2

Note: 黒字 SANKYO、JB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 3/2014	Forecast (6-Aug)			FY 3/2013			FY 3/2014			
		6 Months	6 Months	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
売上高	Net Sales	12,154	19,189	+7,035	18,500	+689	55,100	5,705	6,449	195	15,473	15,327	3,862
営業利益	Operating Income	3,497	6,945	+3,448	6,300	+645	13,700	1,664	1,833	(1,704)	4,981	6,460	485
営業利益率	Percentage	28.8%	36.2%	+7.4pt	34.1%	+2.1pt	24.9%	29.2%	28.4%	(873.8%)	32.2%	42.1%	12.6%
<b>販売台数: 台 Machines sales: units</b>													
パチスロ合計	Pachislot	38,808	52,761	+13,953	52,000	+761	180,000	18,346	20,462	305	60,095	41,590	11,171
SANKYO+JB	SANKYO+JB	29,790	50,919	+21,129	51,930	-1,011	65,000	14,958	14,832	5	3,400	41,520	9,399
Bisty	Bisty	9,018	1,842	-7,176	70	+1,772	115,000	3,388	5,630	300	56,695	70	1,772

	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) 9,300
Q3	ウルトラマンウォーズ M78星雲の光 タイガーマスク	Ultraman Wars (Oct-13) Tiger Mask (Nov-13)
Q4	機動戦士ガンダム	Mobile Suit GUNDAM (Jan-14)
Total		52,761

## 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 3/2014	Forecast (6-Aug)			FY 3/2013				FY 3/2014		
		6 Months	6 Months	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
売上総利益率	Gross Margin	51.0%	50.3%	-0.7pt	50.0%	+0.3pt	45.0%	47.7%	53.4%	36.8%	46.1%	50.1%	50.6%
営業利益率	Operating Margin	12.9%	25.2%	+12.3pt	24.5%	+0.7pt	16.0%	5.3%	18.5%	(28.1%)	10.7%	32.3%	14.4%

## 販売費及び一般管理費

## SG & A Expenses

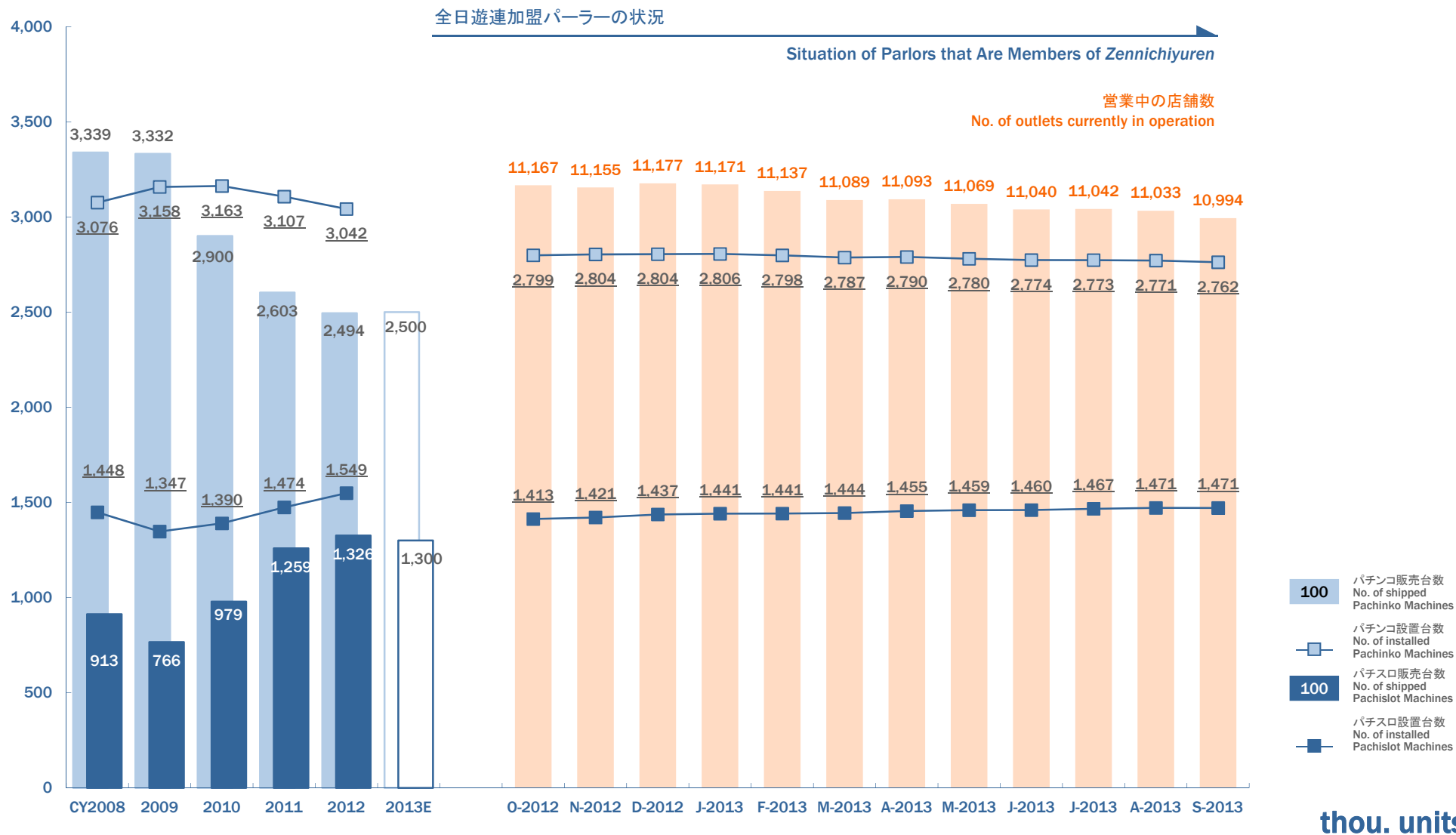
連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2014	Forecast (6-Aug)			FY 3/2013				FY 3/2014		
		6 Months	6 Months	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
販売手数料	Sales Commission	2,331	6,185	+3,854	6,062	+123	11,366	1,056	1,275	238	467	1,820	4,365
広告宣伝費	Advertising Expenses	1,338	2,095	+757	2,112	-17	5,414	817	521	618	2,595	1,297	798
研究開発費	R&D Expenses	10,618	12,238	+1,620	12,074	+164	30,097	4,965	5,653	5,490	7,180	5,341	6,897
給与手当	Salaries & Wages	1,533	1,566	+33	1,682	-116	3,752	703	830	1,213	757	880	686
その他	Others	4,643	4,167	-476	4,070	+97	7,371	2,152	2,491	1,356	1,963	1,975	2,192

連結: 百万円	Consolidated: million yen	FY 3/2013	FY 3/2014	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
設備投資額	Capital Expenditure	3,236	1,967	-1,269	2,421	-454	4,890	1,077	2,159	891	590	991	976
減価償却費	Depreciation & Amortizat	1,761	1,580	-181	1,619	-39	4,668	783	978	1,198	1,279	711	869

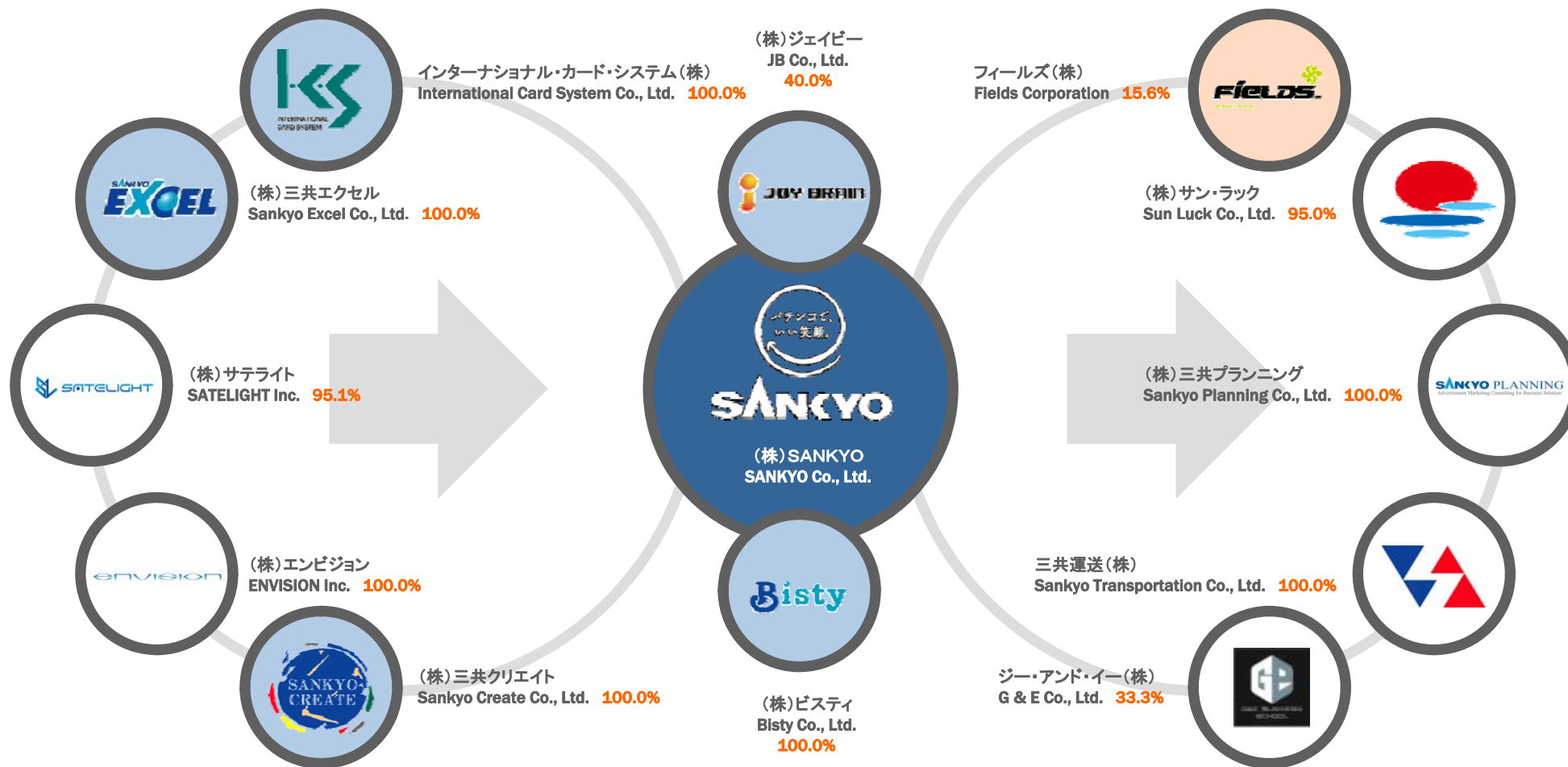
連結	Consolidated	FY 3/2013	FY 3/2014	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
従業員数	No. of Employees	1,155	1,101	-54	1,134	-33	1,149	1,097	1,155	1,123	1,108	1,107	1,101
開発人員数	No. of R&D Staff	307	309	+2	317	-8	329	315	307	301	299	306	309

間接販売比率(累計) Indirect Sales Ratio		FY 3/2013	FY 3/2014	YoY	6 Months	Change	Full Year	Q1	Q2	Q3	Q4	Q1	Q2
SANKYO+JB Pachinko		37.3%	35.0%	-2.3pt	35.0%	+0.0pt	36.6%	38.2%	37.3%	36.6%	36.9%	34.9%	35.0%
SANKYO+JB Pachislot		45.4%	45.2%	-0.2pt	44.7%	+0.5pt	44.5%	44.9%	45.4%	45.4%	45.5%	44.7%	45.2%

# Game Machine Market



# SANKYO Group Companies



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

**SANKYO**