



Presentation on

CLSA

Japan Forum 2015

Kimihisa Tsutsui

President & COO

SANKYO CO., LTD.

February 26, 2015 at Grand Hyatt Tokyo



Good luck. Good life.

SANKYO

CLSA
JAPAN 2015

1st Sec. of the TSE #6417

Current Price: Y4,420 (February 6, 2015)

Shares Outstanding: 97.5 million

Market Cap: Y431,380 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.



Company Overview

Company Overview



Good luck. Good life.

SANKYO

SANKYO CO., LTD.

1st Sec. of the TSE #6417

Development, Manufacture, and Sales of Pachinko and Pachislot Machines

3 Brands Structure

Good luck. Good life.

SANKYO

SANKYO

Pachinko and Pachislot Machines
Development, Manufacture, and Sales: SANKYO
Full Line-up

Bisty

Bisty

Pachinko and Pachislot Machines
Development and Manufacture: Bisty
Sales: Fields
Strength in products using licensed IP

 **JOY BRAIN**

JOY BRAIN

Pachinko Machines
Development and Manufacture: JOY BRAIN
Sales: SANKYO
Simple products not using licensed IP

Policy on Growth Strategy

Market Development

(Overseas expansion)

Overseas sales of pachinko and pachislot machines

Neutral

Diversification

(New businesses)

New businesses including operation of casinos

Passive

Market Penetration

(Market share increase)

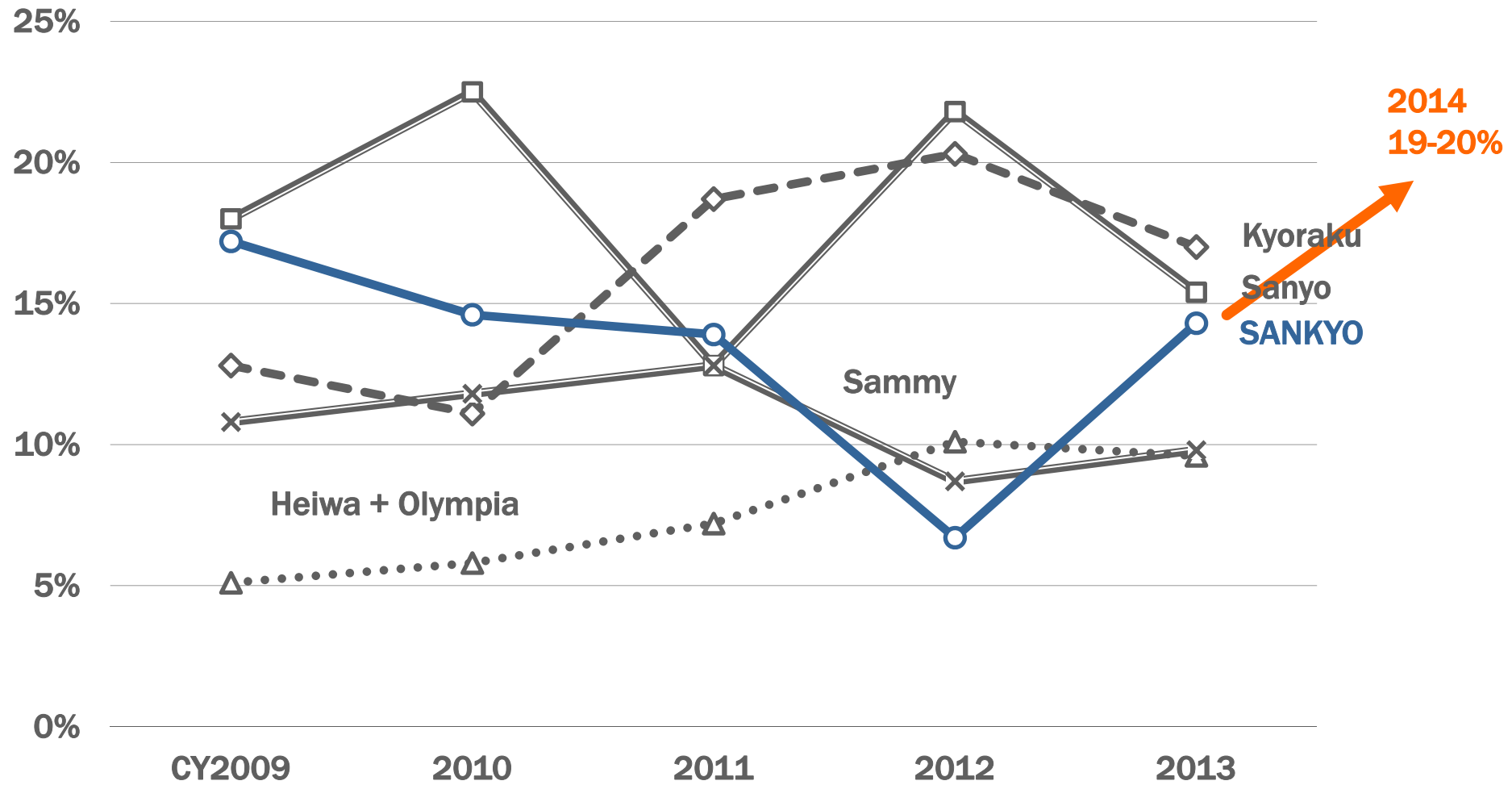
Certain demand exists (Approx. 1 trillion yen)
Schemes for patent revenues etc. have already been established
Relatively advantageous position

Product Development

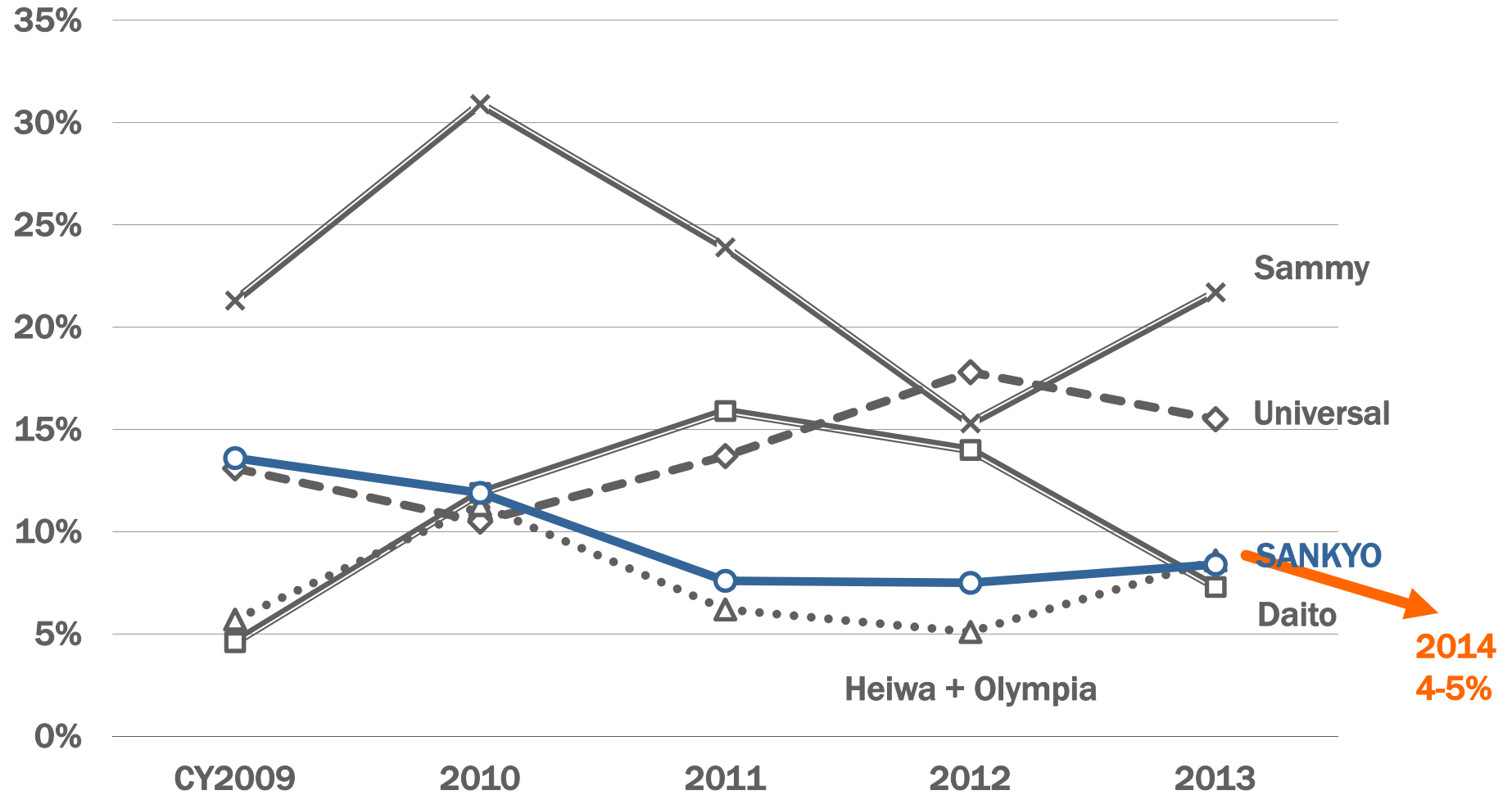
(Peripheral products)

Next-generation game machines
Resolution of management issues of pachinko parlor operators

Share of Pachinko Machines Market (unit basis)



Share of Pachislot Machines Market (unit basis)



5-year Financial Highlights

Consolidated: mil. yen	FY 3/2010	FY 3/2011	FY 3/2012	FY 3/2013	FY 3/2014
Net Sales	222,673	201,606	173,682	104,150	158,453
Pachinko Machines	180,471	149,876	123,353	53,302	101,102
Pachislot Machines	23,698	30,316	24,282	27,822	38,433
Ball Bearing Supply Systems	17,118	19,652	24,442	21,478	17,776
Other Business	1,385	1,761	1,603	1,546	1,141
Operating Income	55,776	51,923	40,315	7,023	28,023
percentage	25.0%	25.8%	23.2%	6.7%	17.7%
Recurring Income	59,366	55,909	44,396	9,488	30,144
Net Income	36,198	34,733	20,182	5,853	22,400
EPS	Y376.00	Y364.09	Y215.85	Y62.62	Y239.65
Unit Sales of Pachinko Machines	572,464	424,533	360,805	166,939	291,967
Market share	17.2%	14.6%	13.9%	6.7%	14.3%
Unit Sales of Pachislot Machines	104,266	116,424	96,158	99,208	116,291
Market share	13.6%	11.9%	7.6%	7.5%	8.4%

Forecast of FY 3/2015 (Highlights)

million yen	FY 3/2014	FY 3/2015	YoY
Net Sales	158,453	172,000	+13,547 +8.5%
Operating Income	28,023	19,200	-8,823 -31.5%
Recurring Income	30,144	20,900	-9,244 -30.7%
Net Income	22,400	14,200	-8,200 -36.6%
EPS	Y239.65	Y151.92	Repurchase of the Company's own shares has not been reflected
Unit Sales of Pachinko Machines	291,967	396,500	+104,533 +35.8%
Unit Sales of Pachislot Machines	116,291	63,000	-53,291 -45.8%

Stock Information

Price 4,420

**(February 6, 2015)
Currency in JPY**

Market Cap	431,380M
Trailing P/E (ttm)	18.44
Forward P/E (1 yr)	29.09
Price/Book (mrq)	1.01
Forward Annual Dividend Rate	150.00
Forward Annual Dividend Yield	3.39%
Payout Ratio	98.73%

**Repurchase of the
Company's own shares
has not been reflected**

Repurchase of Own Shares Conducted

8,000,000 shares

36,630 million yen

ROE*

+0.35 pt

*Shareholders' equity as of the end of the first nine months of the fiscal year is used for calculation of ROE.

EPS*

+14.2 yen

*The total number of shares outstanding excluding the number of treasury stock as of the end of the first nine months of the fiscal year is used for calculation of EPS.

Retirement of 8,000,000 Shares of Treasury Stock

Current total number of shares outstanding **97,597,500** shares

Treasury stock (Consolidated basis) **12,126,066** shares

Number of shares to be retired **8,000,000** shares

Total number of shares outstanding excluding treasury stock after retirement* **85,471,434** shares

*As of February 6, 2015

Dividend Policy

Stable dividend

Commitment to 25%
payout ratio

No dividend cut since
the listing

FY 3/2015

DPS **150** yen

Including interim dividend

Analyst Coverage

Analyst coverage
by 6 firms



Mr. Yuki Okishio



Mr. Satoshi Tanaka



Mr. Masanori Minami



Mr. Takeshi Koyama



Mr. Masashi Morita

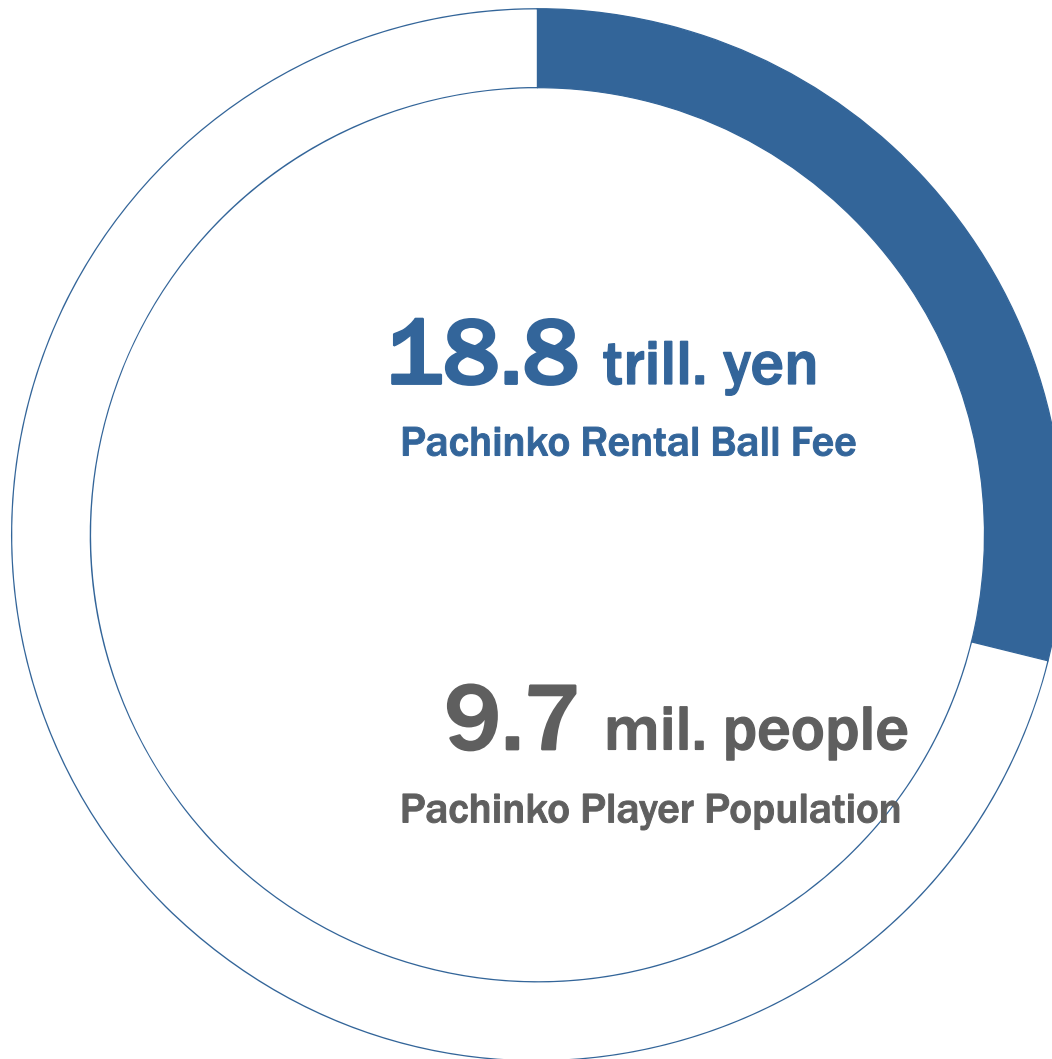


Mr. Eiji Maeda



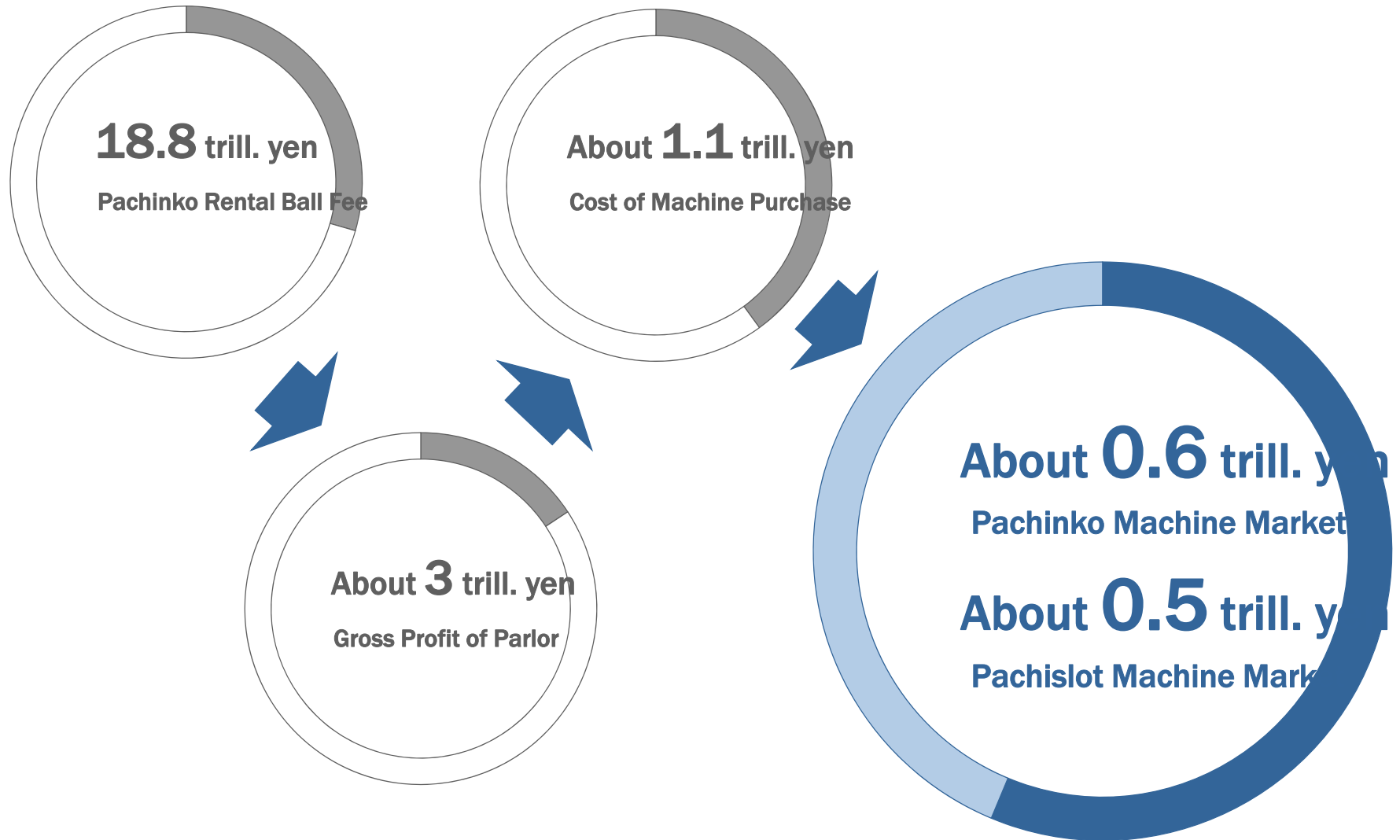
Market Forecasts

30% of the Leisure Market

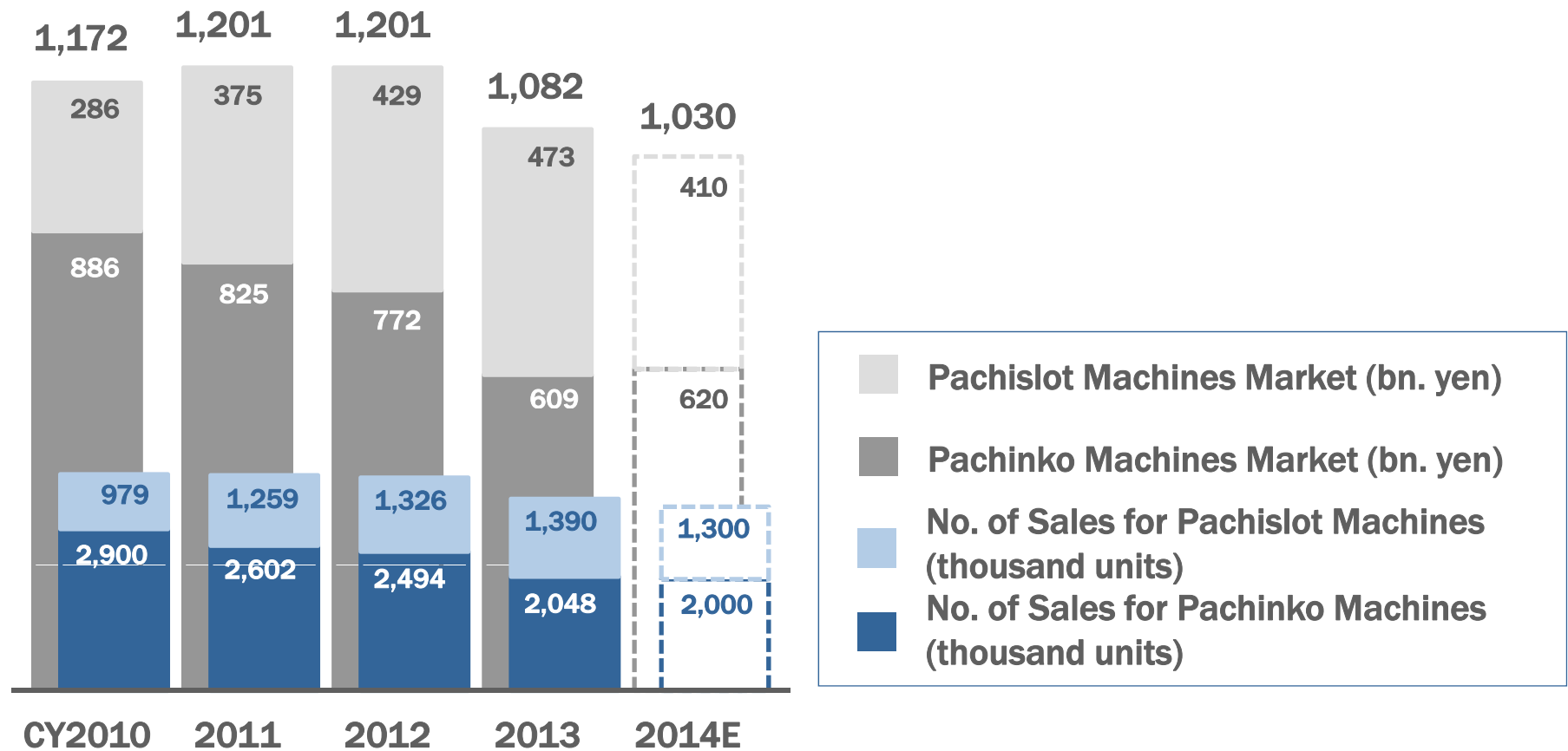


65.2 trillion yen
Leisure Market

Structure of Pachinko Industry



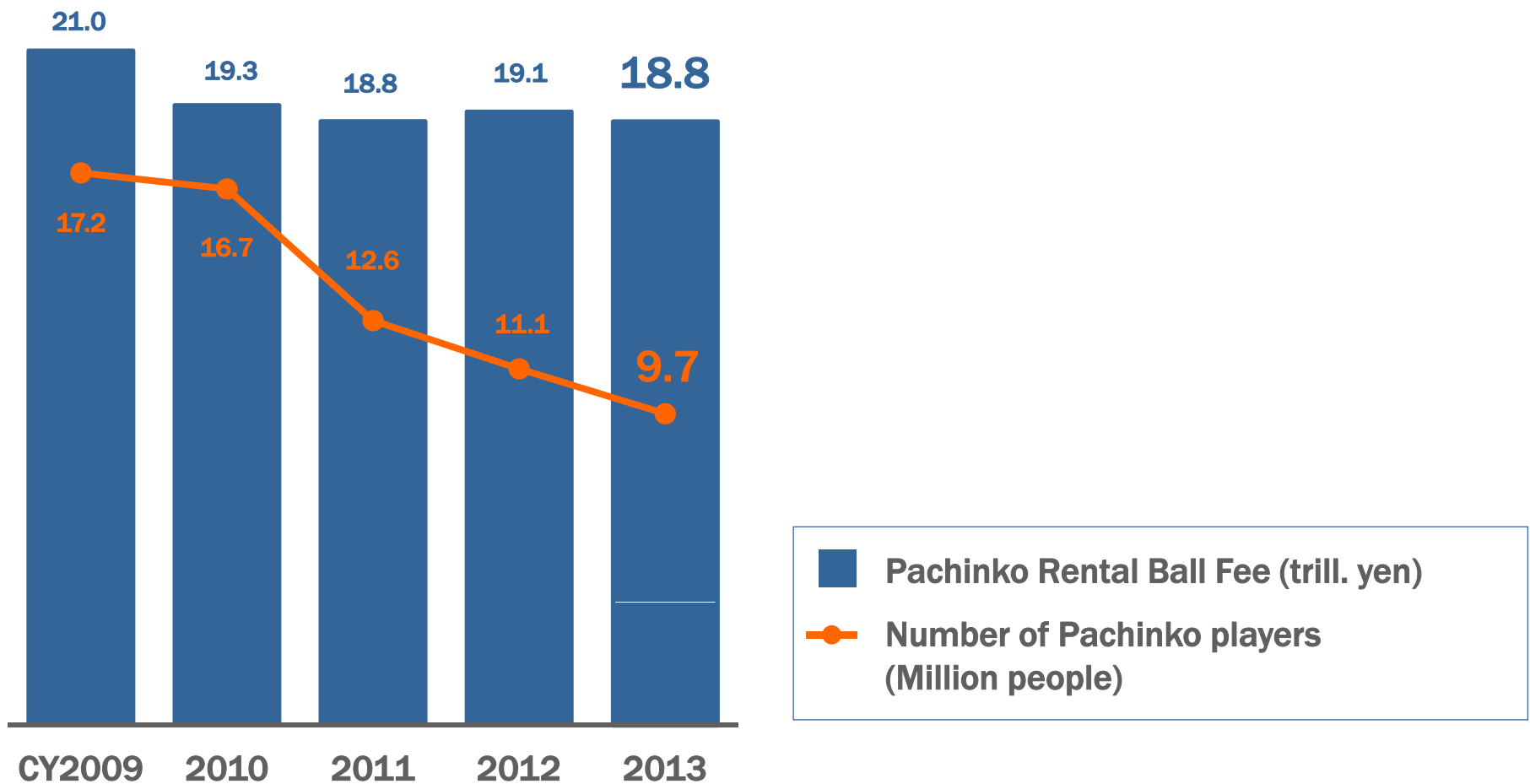
Size of Pachinko and Pachislot Machines Market



Data for CY2010- CY2013: Survey by Yano Research Institute

Preliminary data for CY2014E: Prepared by SANKYO based on Pachinko Gyokai Johokan Members

Declining Pachinko Player Population is an Issue



Background to Declining Pachinko Player Population

Reasons for not playing or quitting playing pachinko/pachislot

1

Expensive to play

2

Increase of models targeting heavy users
(Difficult to understand playing method)

3

Game machines have become stereotypical

4

Dislike the parlor environment
(smoking, noise, etc.)



SANKYO's Initiatives and Progress So Far

SANKYO's Initiatives

Short-term measures
2014 (FY 3/2015)

To increase pachinko player population

Pachinko/Pachislot Industry Vitalization Project

Strengthening of brand power

Introduction of a variety of game machines

Medium to long-term measures
2015+ (FY 3/2016+)

Revision of regulations governing game machine

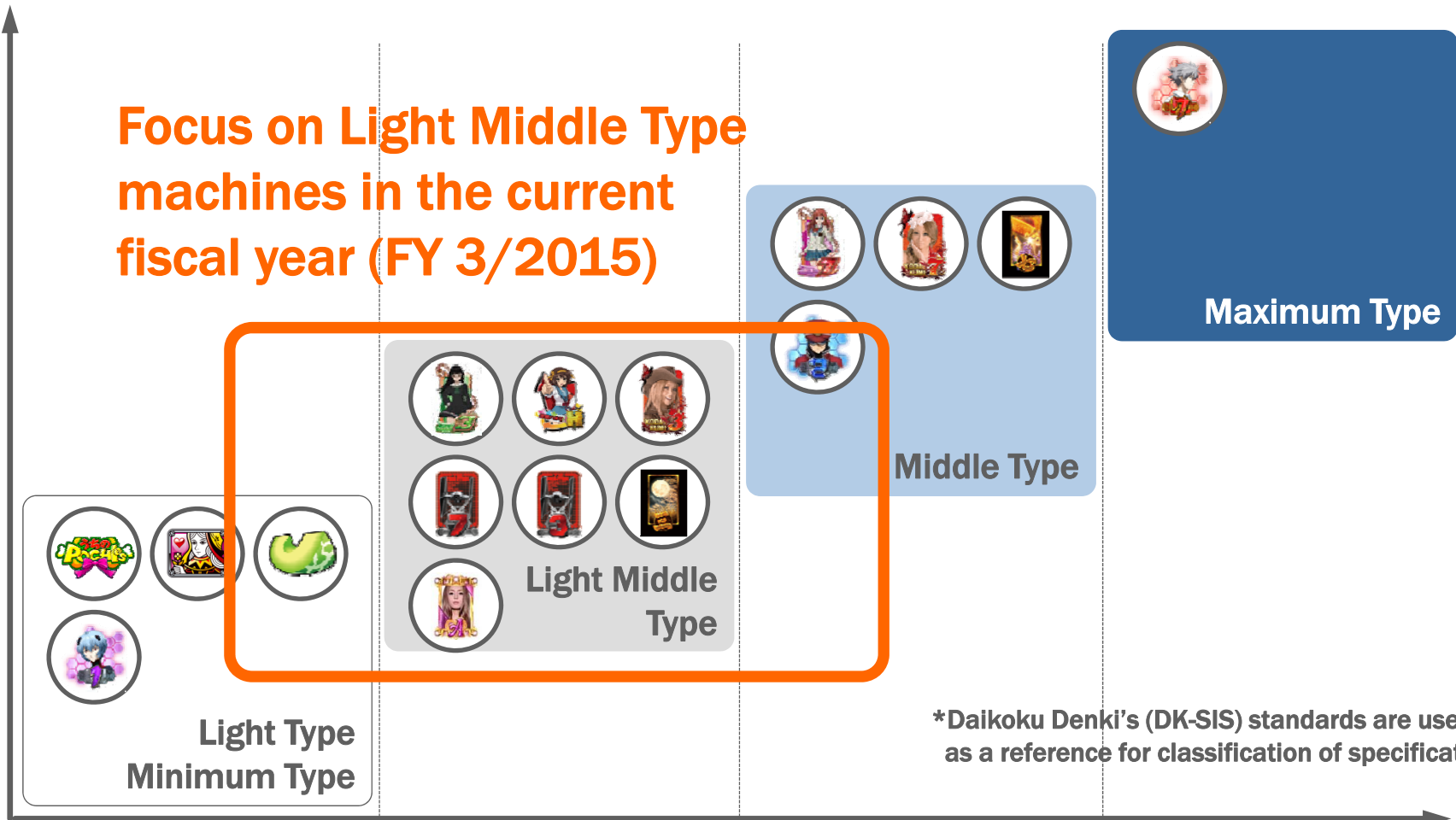
Development of game machines with new gaming performance

Commercialization of next-generation game machines

Improvement of the operating income ratio

Pachinko: Emphasis on Players' "Jackpot Experience"

High Return



*Daikoku Denki's (DK-SIS) standards are used as a reference for classification of specifications.

1/100

1/250

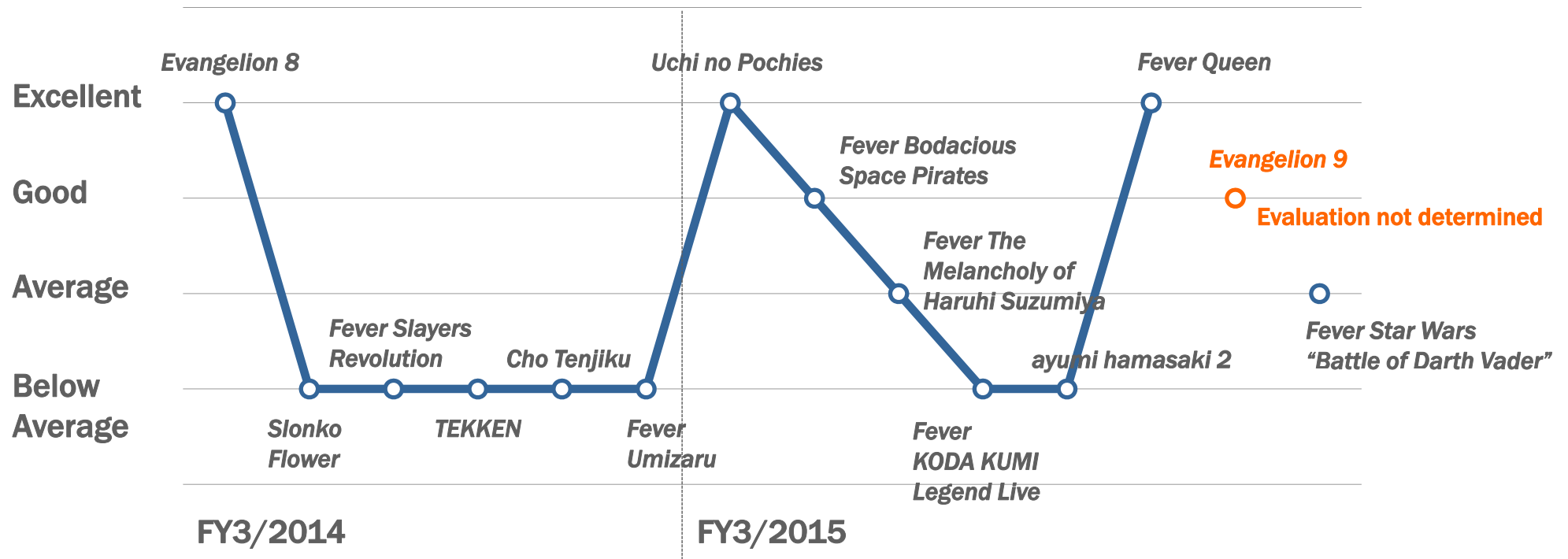
1/380

High Risk

Market Evaluation of Pachinko Machines

Evaluation of our products is on an improving trend compared with the previous fiscal year (FY 3/2014).

Among recent products, evaluation of “Fever Queen” was outstanding.



The Latest Pachinko Machine



High entertainment

Emphasize the attractiveness of characters (IPs)

Main character of the game is selectable

Original computer graphics

©SOTSU-SUNRISE

Pachinko Machines for Light Users



No use of licensed characters (IPs)

Simple gaming performance

Thrilling movement of balls

Measures to Enhance Shareholder Value

1

Introduction of stock compensation-type stock options

May 17, 2014

2

Introduction of a shareholder special benefit plan

August 20, 2014

3

Repurchase of the Company's own shares

February 3, 2015

4

Retirement of 8,000,000 shares of treasury stock

February 3, 2015
February 16, 2015



Note on the results forecast for the year ending March 31, 2015

Although we revised the pachislot sales plan on February 3, 2015 (a decrease from 75,000 units to 63,000 units), the plan for net sales, operating income, recurring income, and net income is unchanged.

Please note that the forecast of reportable segments and other details that reflect the revised pachislot sales plan have not been prepared and thus the initial results forecast is presented.

Appendix

Business Results for the First 9 Months of FY 3/2015

連結: 百万円	Consolidated: million yen	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014				FY 3/2015		
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上高	Net Sales	133,575	113,510	-20,065	172,000	63,456	41,210	28,909	24,878	20,688	16,156	76,666
パチンコ	Pachinko	91,202	85,226	-5,976	129,700	43,428	32,956	14,818	9,900	7,433	12,785	65,008
パチスロ	Pachislot	26,728	18,755	-7,973	25,600	15,327	3,862	7,539	11,705	10,683	329	7,743
補給機器	Ball Bearing Supply	14,795	8,905	-5,890	15,700	4,416	4,157	6,222	2,981	2,339	2,849	3,717
その他事業	Other Business	848	623	-225	1,000	284	235	329	293	233	192	198
売上原価	Cost of Sales	68,599	63,975	-4,624	103,500	31,655	20,344	16,600	15,410	10,609	9,065	44,301
売上総利益	Gross Profit	64,975	49,534	-15,441	68,500	31,800	20,867	12,308	9,469	10,078	7,092	32,364
販管費	SG & A Expenses	36,509	38,624	+2,115	49,300	11,313	14,938	10,258	9,911	10,059	11,964	16,601
営業利益	Operating Income	28,466	10,910	-17,556	19,200	20,487	5,928	2,051	(443)	19	(4,872)	15,763
パチンコ	Pachinko	23,870	10,483	-13,387	20,800	15,144	7,168	1,558	(2,166)	(2,497)	(1,053)	14,033
パチスロ	Pachislot	8,230	4,071	-4,159	2,800	6,460	485	1,285	2,655	3,864	(2,336)	2,543
補給機器	Ball Bearing Supply	460	313	-147	300	124	75	261	214	33	81	199
その他事業	Other Business	(531)	(410)	+121	(400)	(96)	(271)	(164)	(90)	(190)	(120)	(100)
消去又は全社	Elimination/Corporate	(3,562)	(3,548)	+14	(4,300)	(1,145)	(1,529)	(888)	(1,056)	(1,190)	(1,445)	(913)
経常利益	Recurring Income	29,883	11,511	-18,372	20,900	20,707	6,716	2,460	261	371	(4,751)	15,891
特別利益	Extraordinary Gains	4	11	+7	0	4	0	0	6	0	1	10
特別損失	Extraordinary Losses	175	1,840	+1,665	1	1	48	126	432	1,790	7	43
当期純利益	Net Income	22,929	6,996	-15,933	14,200	16,277	4,803	1,849	(529)	(1,005)	(3,157)	11,158
EPS: 円	EPS: yen				151.92							

販売台数: 台 Machines sales: units

パチンコ	Pachinko	265,046	248,057	-16,989	396,500	123,404	87,338	54,304	26,921	24,438	47,415	176,204
SANKYO+JB	SANKYO+JB	164,837	96,194	-68,643	256,500	118,530	11,973	34,334	15,576	19,310	24,851	52,033
Bisty	Bisty	100,209	151,863	+51,654	140,000	4,874	75,365	19,970	11,345	5,128	22,564	124,171
パチスロ	Pachislot	80,806	48,056	-32,750	75,000	41,590	11,171	28,045	35,485	27,999	142	19,915
SANKYO	SANKYO	54,527	48,051	-6,476	40,000	41,520	9,399	3,608	0	27,994	142	19,915
Bisty	Bisty	26,279	5	-26,274	35,000	70	1,772	24,437	35,485	5	0	0

Pachinko Machines Business

連結: 百万円	Consolidated: million yen	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014			FY 3/2015			
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上高	Net Sales	91,202	85,226	-5,976	129,700	43,428	32,956	14,818	9,900	7,433	12,785	65,008
営業利益	Operating Income	23,870	10,483	-13,387	20,800	15,144	7,168	1,558	(2,166)	(2,497)	(1,053)	14,033
営業利益率	Percentage	26.2%	12.3%	-13.9pt	16.0%	34.9%	21.8%	10.5%	(21.9%)	(33.6%)	(8.2%)	21.6%

販売台数: 台 Machines sales: units

		FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014			FY 3/2015			
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
パチンコ合計	Pachinko	265,046	248,057	-16,989	396,500	123,404	87,338	54,304	26,921	24,438	47,415	176,204
SANKYO+JB	SANKYO+JB	164,837	96,194	-68,643	256,500	118,530	11,973	34,334	15,576	19,310	24,851	52,033
枠付き	Frame	45.0%	24.7%	-20.2pt	38.8%	87.2%	9.8%	5.4%	14.7%	29.7%	35.3%	21.2%
ゲージ盤	Gauge	17.2%	14.0%	-3.2pt	25.9%	8.8%	3.9%	57.9%	43.1%	49.3%	17.1%	8.3%
Bisty	Bisty	100,209	151,863	+51,654	140,000	4,874	75,365	19,970	11,345	5,128	22,564	124,171
枠付き	Frame	36.5%	48.5%	+12.0pt	25.2%	1.5%	86.3%	35.8%	25.9%	0.4%	3.2%	67.3%
ゲージ盤	Gauge	1.4%	12.8%	+11.4pt	10.1%	2.5%	0.0%	1.0%	16.3%	20.6%	44.4%	3.2%

	Series name	No. of models	Sales: units
FY 3/2015	フィーバースレイヤーズ Revolution Y & S	Fever Slayers Revolution Y & S	(Apr-14) 2
	Q1	うちのポチーズ	Uchi no Pochies (May-14) 2
	鉄拳 R	TEKKEN R	(May-14) 1
	フィーバーモーレッツ宇宙海賊	Fever Bodacious Space Pirates	(Jun-14) 2 13,000
	超天竺 DX	Cho Tenjiku DX	(Jun-14) 1
Q2	フィーバー海猿 Y	Fever Umizaru Y	(Jul-14) 1
	エヴァンゲリオン8 L	Evangelion 8 L	(Jul-14) 1 20,600
	フィーバー涼宮ハルヒの憂鬱	Fever The Melancholy of Haruhi Suzumiya	(Jul-14) 1 20,000
Q3	フィーバー倅田来未 レジェンドライブ	Fever KODA KUMI Legend Live	(Oct-14) 2 23,500
	浜崎あゆみ2	ayumi hamasaki 2	(Oct-14) 1 23,600
	フィーバークイーン	Fever Queen	(Nov-14) 1 12,200
	エヴァンゲリオン9	Evangelion 9	(Dec-14) 1 102,700
	フィーバーモーレッツ宇宙海賊 YR	Fever Bodacious Space Pirates YR	(Dec-14) 1
	フィーバースターウォーズ バトル オブ ダース・ベイダー	"Battle of Darth Vader"	(Dec-14) 2 13,000
Q4	フィーバー真花月	Fever Shin Kagetsu	(Jan-15) 2
	フィーバー涼宮ハルヒの憂鬱 Y	Fever The Melancholy of Haruhi Suzumiya Y	(Jan-15) 1
	フィーバーパワフル	Fever Powerful	(Feb-15) 1
	エヴァンゲリオン9 Y & F	Evangelion 9 Y & F	(Feb-15) 2
	フィーバー機動戦士ガンダム V作戦発動	Fever Mobile Suit Gundam "Operation V"	(Mar-15) 1
Total			248,057

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 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014			FY 3/2015			
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上高	Net Sales	26,728	18,755	-7,973	25,600	15,327	3,862	7,539	11,705	10,683	329	7,743
営業利益	Operating Income	8,230	4,071	-4,159	2,800	6,460	485	1,285	2,655	3,864	(2,336)	2,543
営業利益率	Percentage	30.8%	21.7%	-9.1pt	10.9%	42.1%	12.6%	17.0%	22.7%	36.2%	(710.0%)	32.8%
販売台数: 台 Machines sales: units												
パチスロ合計	Pachislot	80,806	48,056	-32,750	75,000	41,590	11,171	28,045	35,485	27,999	142	19,915
SANKYO	SANKYO	54,527	48,051	-6,476	40,000	41,520	9,399	3,608	0	27,994	142	19,915
Bisty	Bisty	26,279	5	-26,274	35,000	70	1,772	24,437	35,485	5	0	0

	Series name	Sales: units
FY 3/2015	マクロスフロンティア2	Macross Frontier 2 (May-14) 28,100
Q3	蒼穹のファフナー	Fafner "Dead Aggressor" (Dec-14) 19,900
Total		48,056

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 models and models in blue are Bisty models (distributed by Fields).

Gross Margin/Operating Margin

連結	Consolidated	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014				FY 3/2015		
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
売上総利益率	Gross Margin	48.6%	43.6%	-5.0pt	39.8%	50.1%	50.6%	42.6%	38.1%	48.7%	43.9%	42.2%
営業利益率	Operating Margin	21.3%	9.6%	-11.7pt	11.2%	32.3%	14.4%	7.1%	(1.8%)	0.1%	(30.2%)	20.6%

販売費及び一般管理費

SG & A Expenses

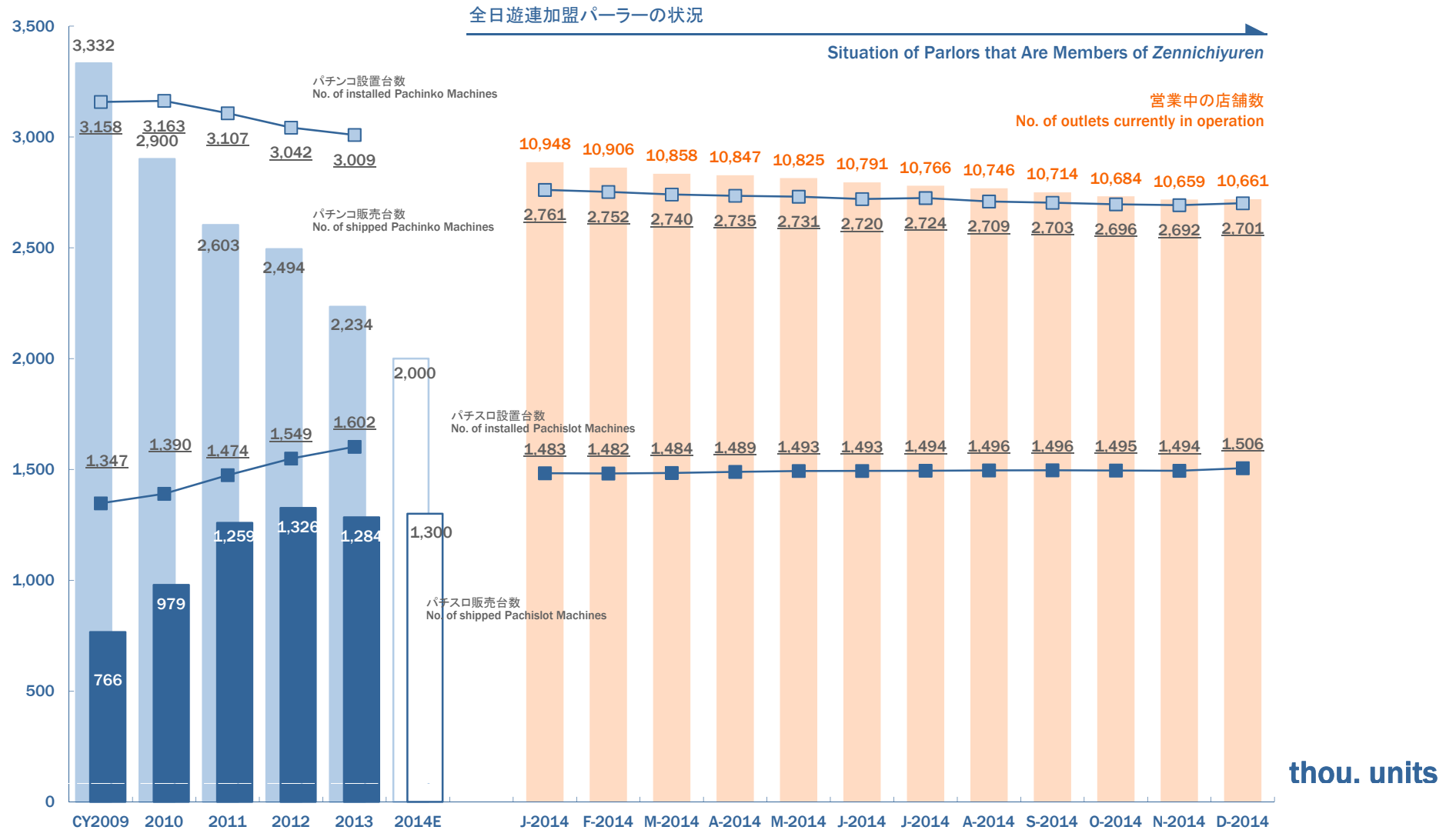
連結: 百万円	Consolidated: million yen	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014				FY 3/2015		
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
販売手数料	Sales Commission	7,378	8,155	+777	7,534	1,820	4,365	1,193	564	669	464	7,022
広告宣伝費	Advertising Expenses	2,569	2,414	-155	5,101	1,297	798	474	972	839	1,026	549
研究開発費	R&D Expenses	18,397	19,010	+613	25,523	5,341	6,897	6,159	6,102	5,701	7,688	5,621
給与手当	Salaries & Wages	2,783	2,605	-178	3,712	880	686	1,217	687	722	672	1,211
その他	Others	5,382	6,440	+1,058	7,430	1,975	2,192	1,215	1,586	2,128	2,114	2,198

連結: 百万円	Consolidated: million yen	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014				FY 3/2015		
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
設備投資額	Capital Expenditure	2,646	4,781	+2,135	8,187	991	976	679	610	1,203	1,669	1,909
減価償却費	Depreciation & Amortizat	2,585	3,044	+459	5,450	711	869	1,005	1,084	720	954	1,370

連結	Consolidated	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014				FY 3/2015		
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
従業員数	No. of Employees	1,097	1,081	-16	1,138	1,107	1,101	1,097	1,088	1,094	1,088	1,081
開発人員数	No. of R&D Staff	308	321	+13	340	306	309	308	305	318	320	321

間接販売比率(累計)	Indirect Sales Ratio	FY 3/2014	FY 3/2015	YoY	Forecast	FY 3/2014				FY 3/2015		
		9 Months	9 Months		Full Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SANKYO+JB Pachinko		35.3%	35.6%	+0.3pt	35.2%	34.9%	35.0%	35.3%	35.4%	36.3%	35.6%	35.6%
SANKYO Pachislot		45.7%	42.4%	-3.3pt	46.2%	44.7%	45.2%	45.7%	45.7%	42.9%	42.8%	42.4%

Game Machine Market



Number of Titles Sold (All Manufacturers)

パチンコ機

Pachinko Machines

・1タイトル当たり販売台数

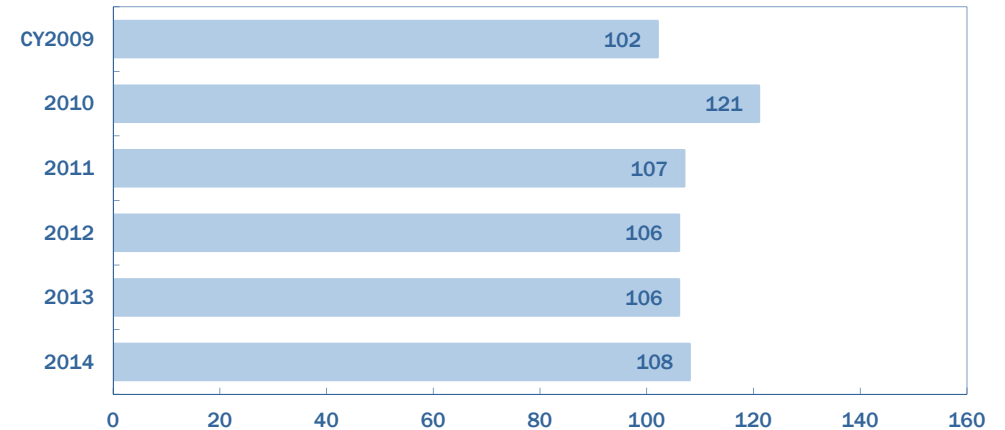
2013年度: 21,075台 (2,234千台 ÷ 106)

2014年度: 18,518台 (2,000千台 ÷ 108)

・Sales per title

CY2013: 21,075 units (2,234,000 units/106)

CY2014: 18,518 units (2,000,000 units/108)



パチスロ機

Pachislot Machines

・1タイトル当たり販売台数

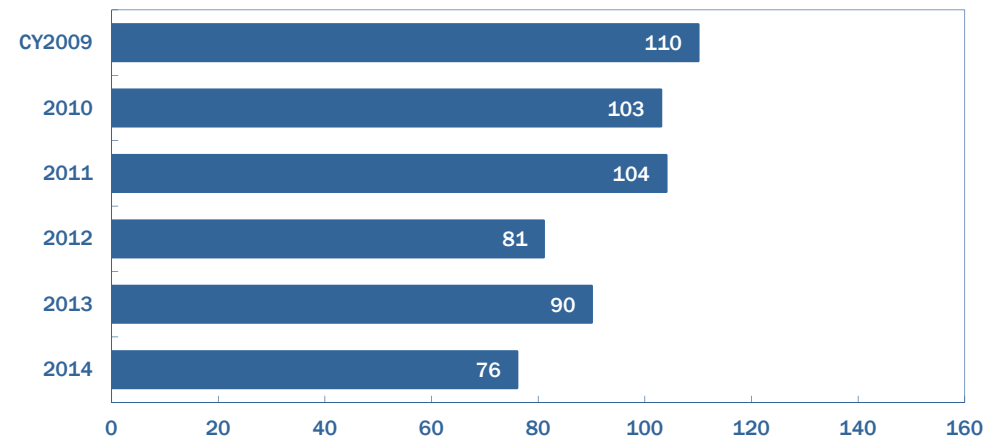
2013年度: 14,266台 (1,284千台 ÷ 90)

2014年度: 17,105台 (1,300千台 ÷ 76)

・Sales per title

CY2013: 14,266 units (1,284,000 units/ 90)

CY2014: 17,105 units (1,300,000 units/ 76)



Compliance with Format Inspection

パチンコ機

Pachinko Machines

アレンジ、じゃん球含む

including Arrange Ball, Jong-Kyu

		2009	2010	2011	2012	2013	2014
受付	Applicant	637	658	614	598	503	613
適合	Pass	537	544	536	534	412	505
不適合	Fail	134	112	69	87	71	97
SANKYO+JB		40	25	21	30	28	40
Bisty		13	9	12	6	10	10
SANKYO Group Total		53	34	33	36	38	50

パチスロ機

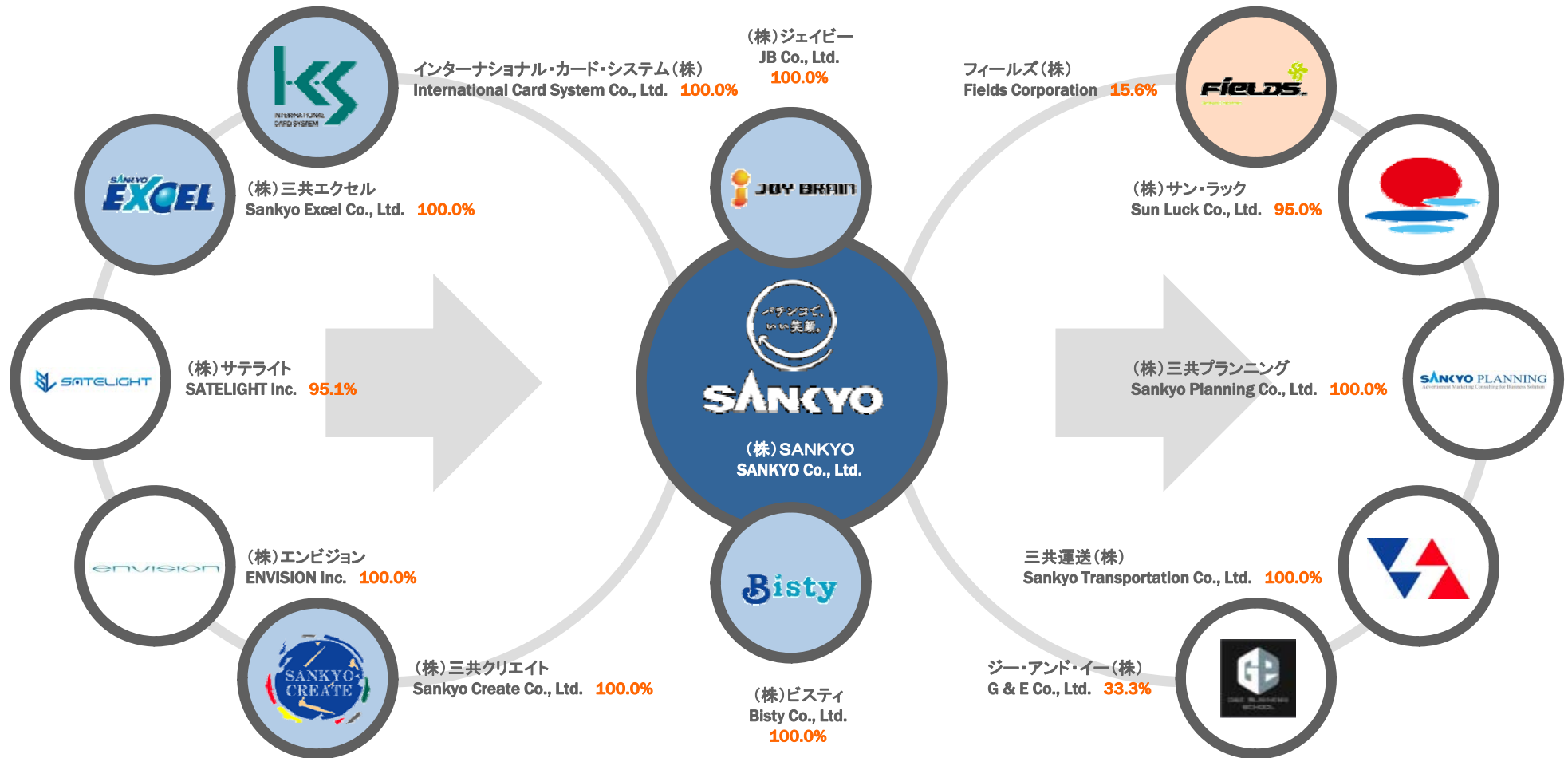
Pachislot Machines

パロットを含む

including Palot

		2009	2010	2011	2012	2013	2014
受付	Applicant	779	703	627	720	629	526
適合	Pass	349	295	242	253	251	203
不適合	Fail	436	426	373	449	391	342
SANKYO		10	15	10	8	9	9
Bisty		5	10	5	9	14	0
SANKYO Group Total		15	25	15	17	23	9

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
---	------------------------------------	---	--------------------------------------	------------	---



Good luck. Good life.

SANKYO

Contact Us

 +81-3-5778-7773

 ir-desk@sankyo-fever.co.jp