



Good luck. Good life.
SANKYO

Presentation on CLSA Japan Forum 2012

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Director & Senior Executive Vice President

February 27, 2012 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.





Company Overview



SANKYO CO., LTD.

1st Sec. of the TSE #6417

**Development, Manufacture, and Sales
of Pachinko and Pachislot Machines**

2 Brands Structure

SANKYO

Bisty



5-year Financial Highlights

3

Consolidated: mill. yen	FY 3/2008	FY 3/2009	FY 3/2010	FY 3/2011	Forecast FY 3/2012
Net Sales	280,511	187,877	222,673	201,606	160,000
Pachinko Machines	217,955	133,195	180,471	149,876	110,000
Pachislot Machines	40,511	33,598	23,698	30,316	25,000
Ball Bearing Supply Systems	20,652	19,566	17,118	19,652	23,600
Other Business	1,391	1,516	1,385	1,761	1,400
Operating Income	72,294	40,626	55,776	51,923	33,000
(percentage)	(25.8%)	(21.6%)	(25.0%)	(25.8%)	(20.6%)
Recurring Income	75,770	44,900	59,366	55,909	37,000
Net Income	45,672	27,883	36,198	34,733	21,000
Net Income per Share (basic)	Y468.78	Y288.92	Y376.00	Y364.09	Y224.73
Sales Units: Pachinko	725,819	451,941	572,464	424,533	322,000
Sales Units: Pachislot	169,239	133,714	104,266	116,424	100,000

Analyst Coverage

4

 Citigroup Global Markets Japan

Mr. Souichiro Fukuda

 Daiwa
Capital Markets

Mr. Koki Shiraishi

Deutsche Bank Group
Japan



Mr. Satoru Kikuchi

 ICHIYOSHI
SECURITIES

Mr. Masanori Minami

KAZAKA  かざか証券

Mr. Yoshihiko Tabei

 MIZUHO

Mr. Takeshi Koyama

 NOMURA

Mr. Yuta Sakurai

 岡三証券
OKASAN SECURITIES

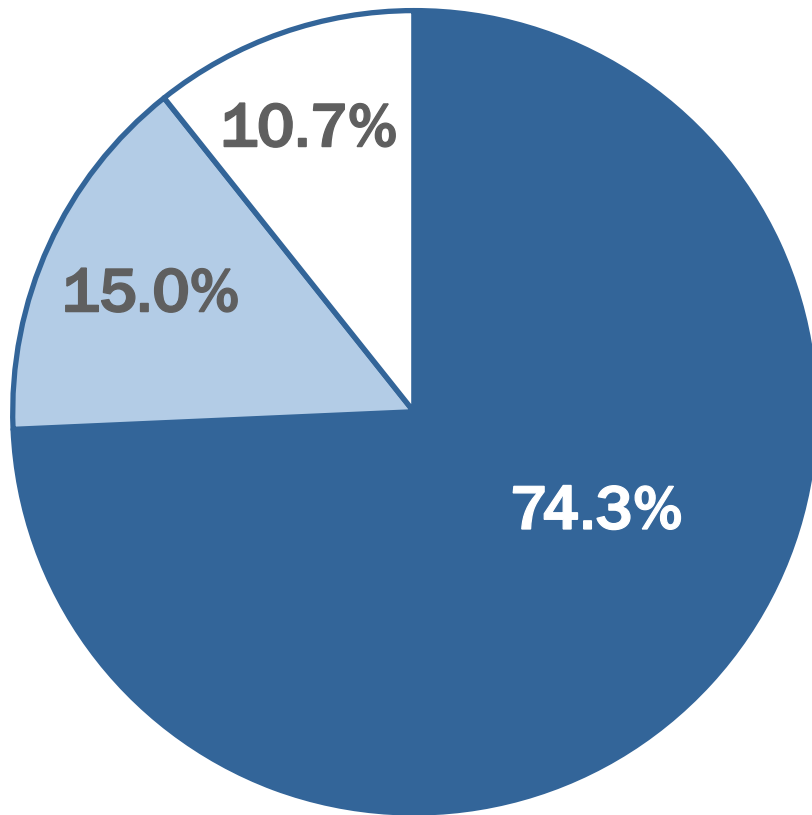
Mr. Masashi Morita




 SMBC NIKKO

Mr. Eiji Maeda

Source: QUICK

Sales Composition



-  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

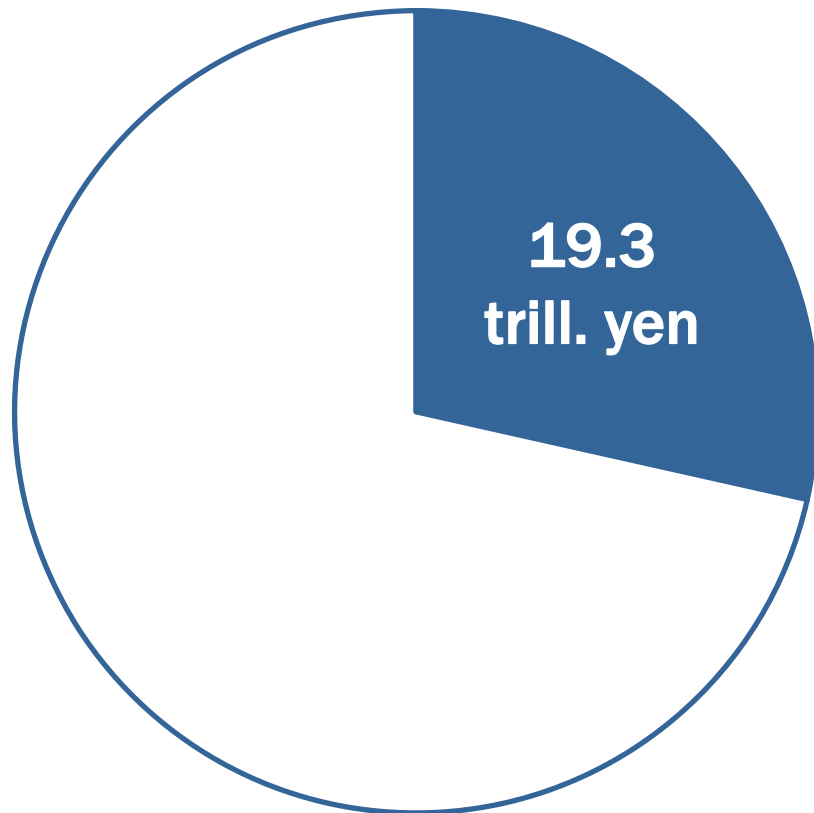
2012



CR Evangelion 7

30% of the Leisure Market

Leisure Market 67.9 trill. yen



**Pachinko player population:
16.7 million**

1 in every 6.3 adults

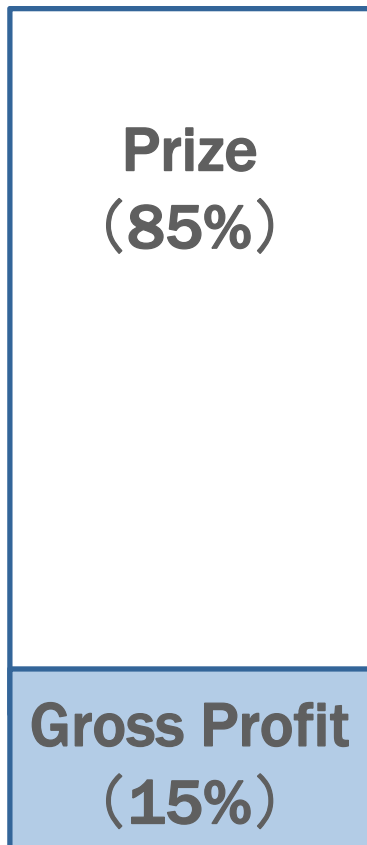
 Pachinko Rental Ball Fee

Source: Japan Productivity Center for Socio-Economic Development

Structure of Pachinko Industry

8

**Pachinko Rental
Ball Fee
19.3 trill. yen**



**Gross Profit
of Parlor
3.0 trill. yen**

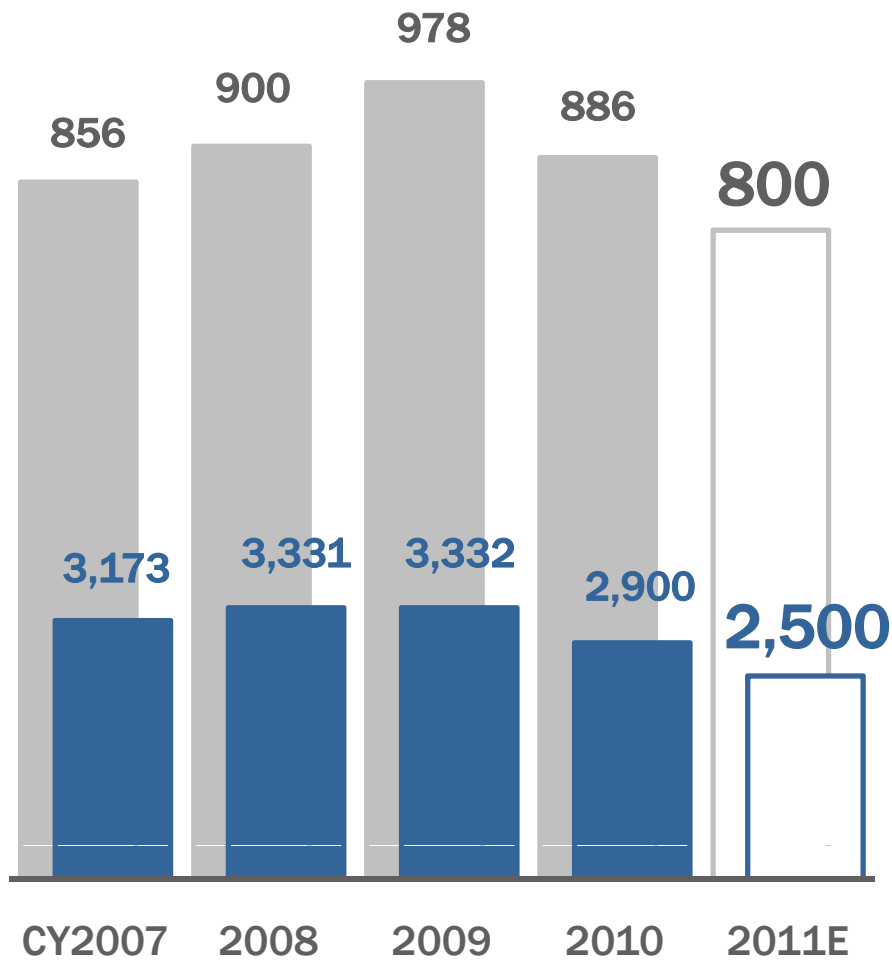
**Other Expenses
Operating Income
(2/3)**

**Cost of
Machine
Purchase
(1/3)**



**Size of Game
Machine Market
1.0 trill. yen**

Size of Pachinko Machine Market



Challenging for the time being

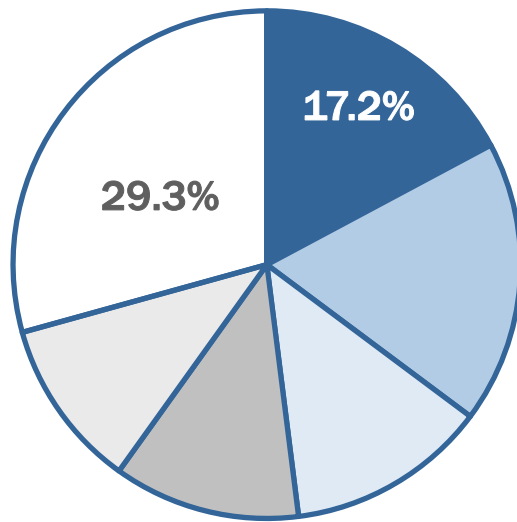
- Market Size (bn. yen)
- No. of Sales for Pachinko Machines (thou. units)

Source: Yano Research Institute Ltd.

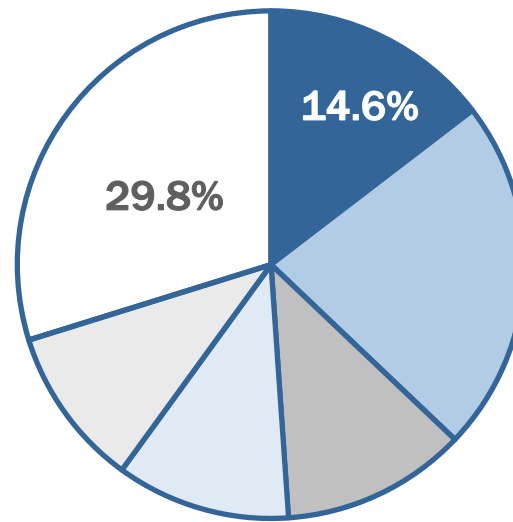
Share of Pachinko Machine Market (unit basis)

10

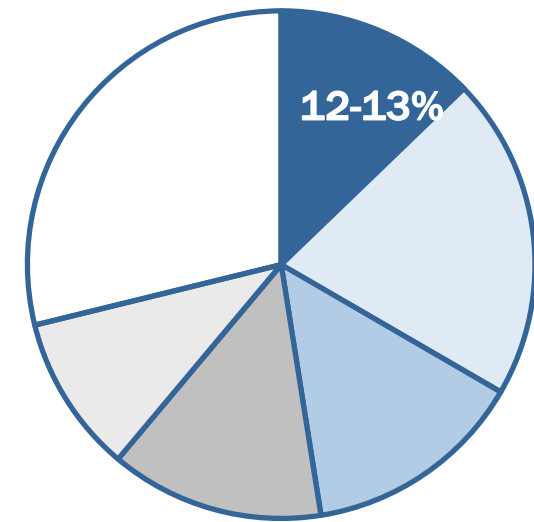
Dominance of top-tier companies



CY 2009



CY 2010

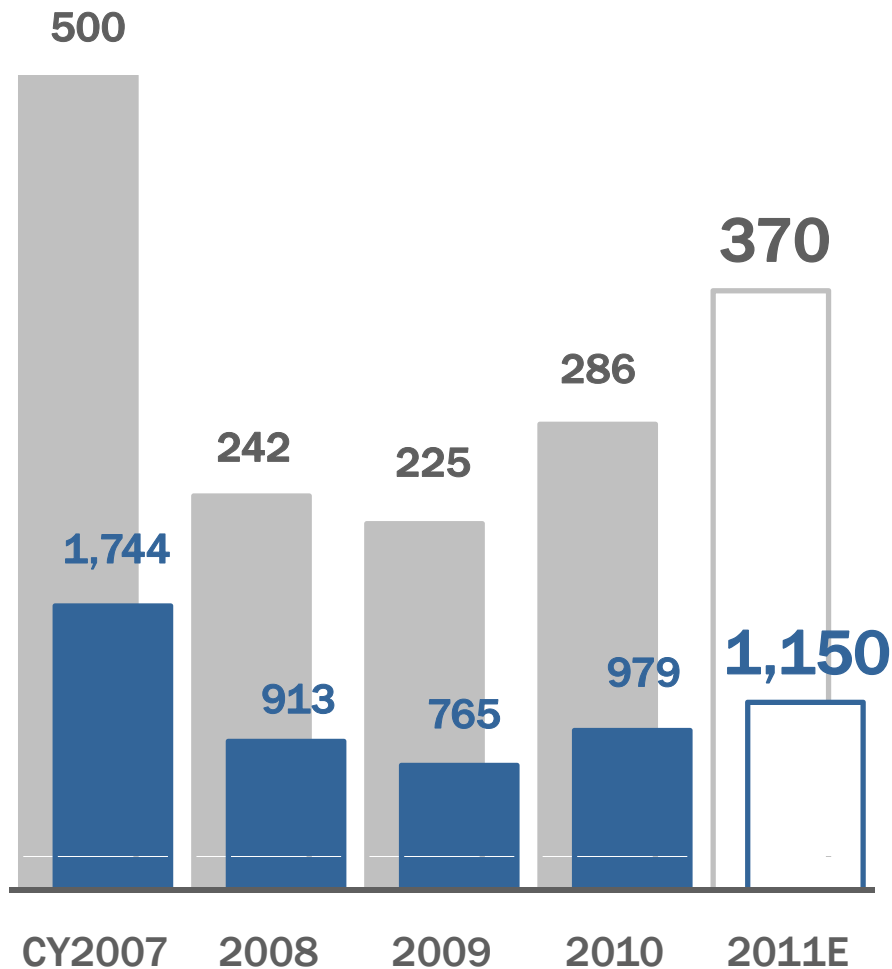


CY 2011E

■ SANKYO □ Kyoraku □ Sanyo □ Sammy □ Newgin □ Others

Source: Yano Research Institute Ltd.

Size of Pachislot Machine Market



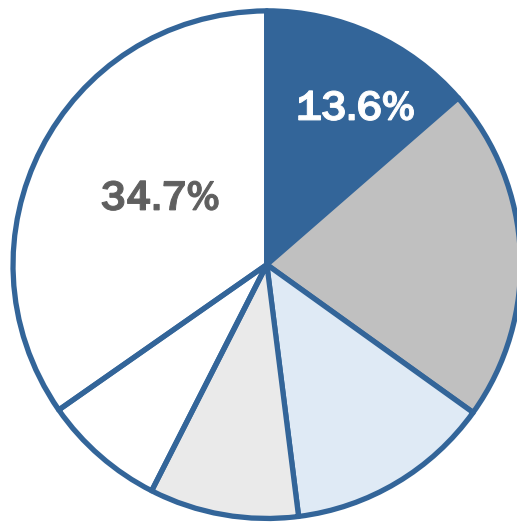
Upward trend after hitting bottom in 2009

- Market Size (bn. yen)
- No. of Sales for Pachislot Machines (thou. units)

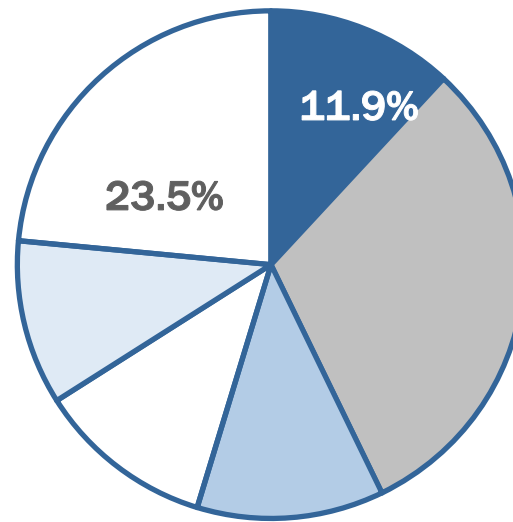
Share of Pachislot Machine Market (unit basis)

12

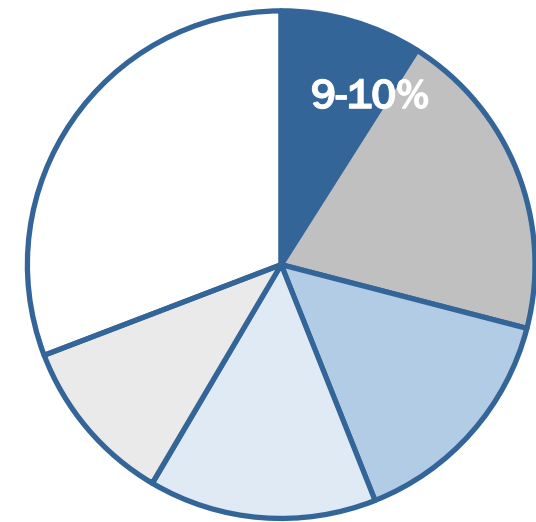
Increasing dominance of top-tier companies



CY 2009



CY 2010



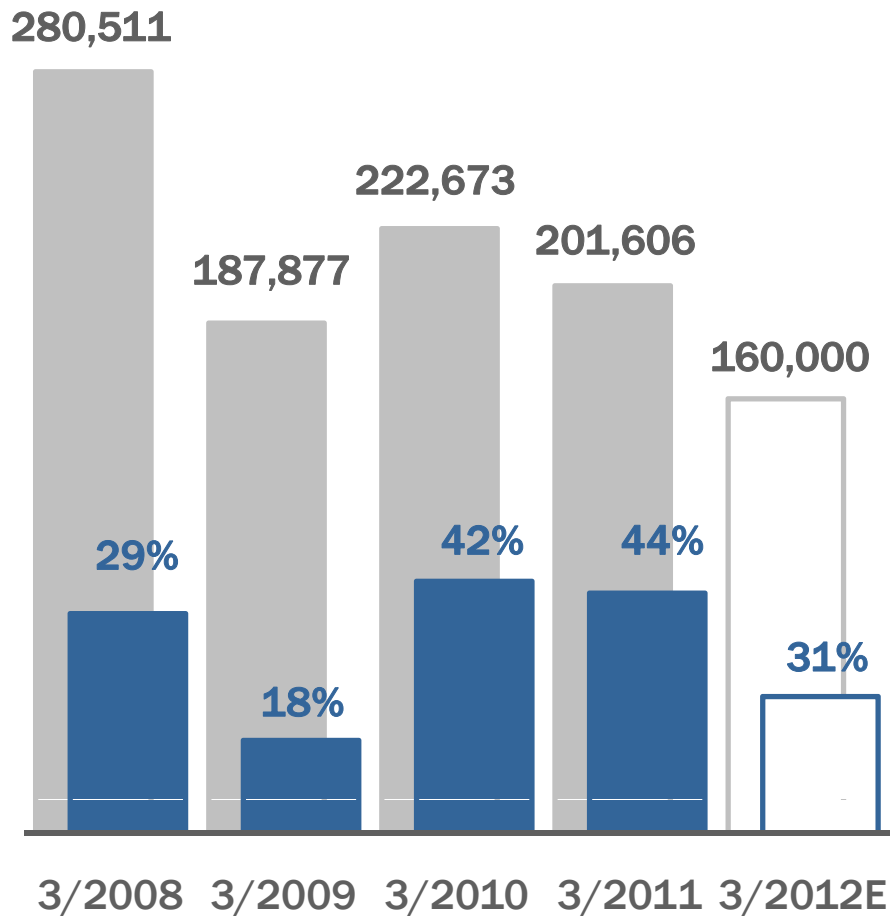
CY 2011E

■ SANKYO ■ Sammy ■ Daito ■ Universal ■ Yamasa ■ Others

Source: Yano Research Institute Ltd.

“Evangelion” Bolstered Sales and Profit

Net Sales (mill. yen)



■ Sales of “Evangelion” series (value)



Present Situation and Initiatives

Expansion of the Market



No.1
Market Capitalization



No.1
Market Share



No.1
Popularity among Players

FY 3/2012

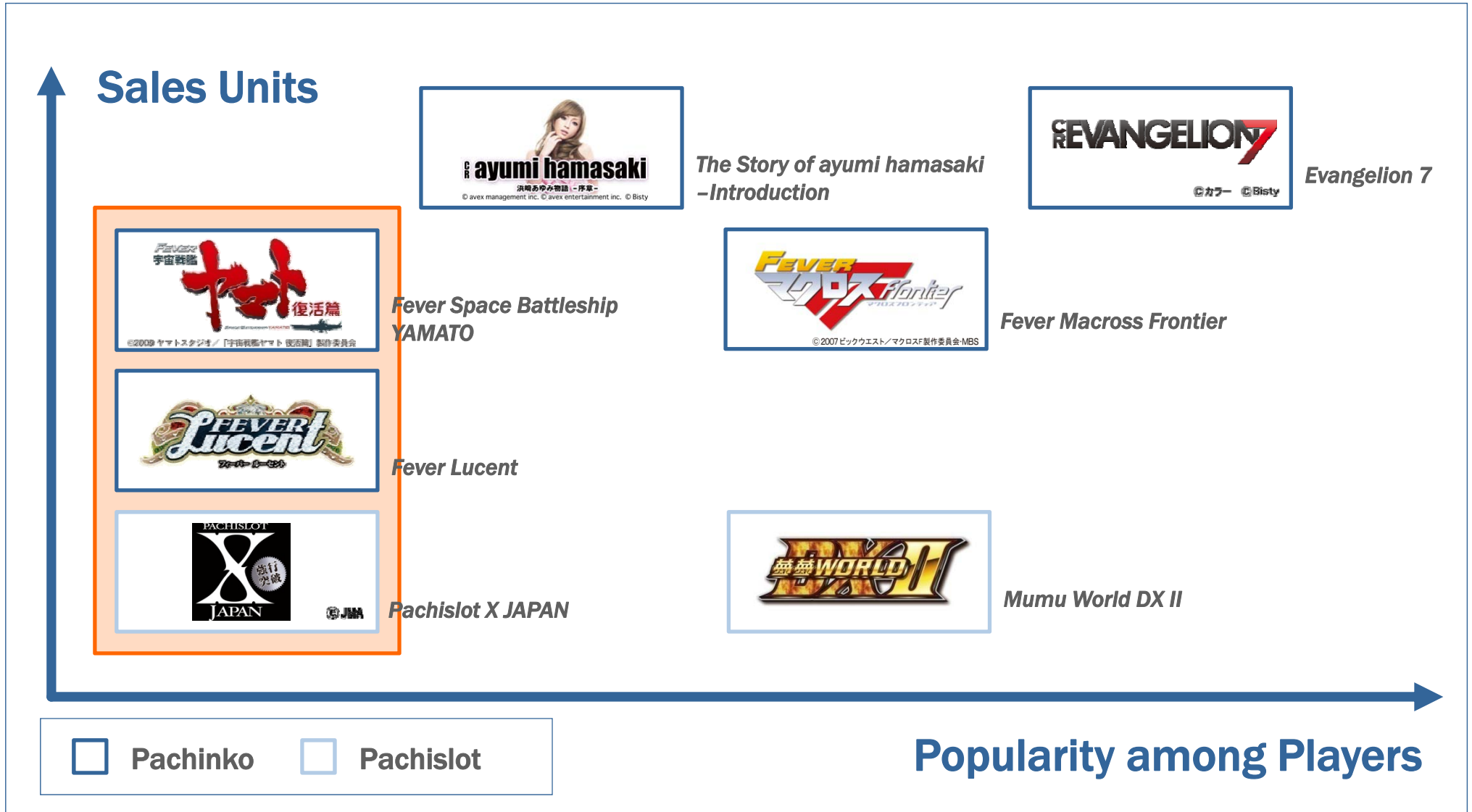


Revision of the Forecast (FY 3/2012)

16

FY 3/2012 million yen	(2-Feb)	(13-May)	Change
Net Sales	160,000	182,000	-22,000 -12.1%
Operating Income	33,000	40,000	-7,000 -17.5%
Recurring Income	37,000	43,000	-6,000 -14.0%
Net Income	21,000	26,000	-5,000 -19.2%
Sales Units: Pachinko	322,000	369,000	-47,000 -12.7%
Sales Units: Pachislot	100,000	169,000	-69,000 -40.8%

Limited Popularity of Models Introduced in 3Q among Players



Introduction of Promising Products Postponed to the Next Fiscal Year

4Q FY 3/2012

FY 3/2013



Fever Haouden ZERO



Fever Space Battleship YAMATO
- Amadeji & Tamashii 7



Evangelion 7



2 Titles



Evangelion- the Heartbeat of Life



3 Titles



Pachinko



Pachislot

Flying Start of “*Evangelion 7*” Pachinko Machine

19



High hopes for vitalization of the lackluster mid-spec segment

Entrenched popularity of *Evangelion* recognized anew



このアイデアは
新しいかも。

“This may be a new idea”



8月 本社を東京都渋谷区に移転
2009年 未来研究チーム発足

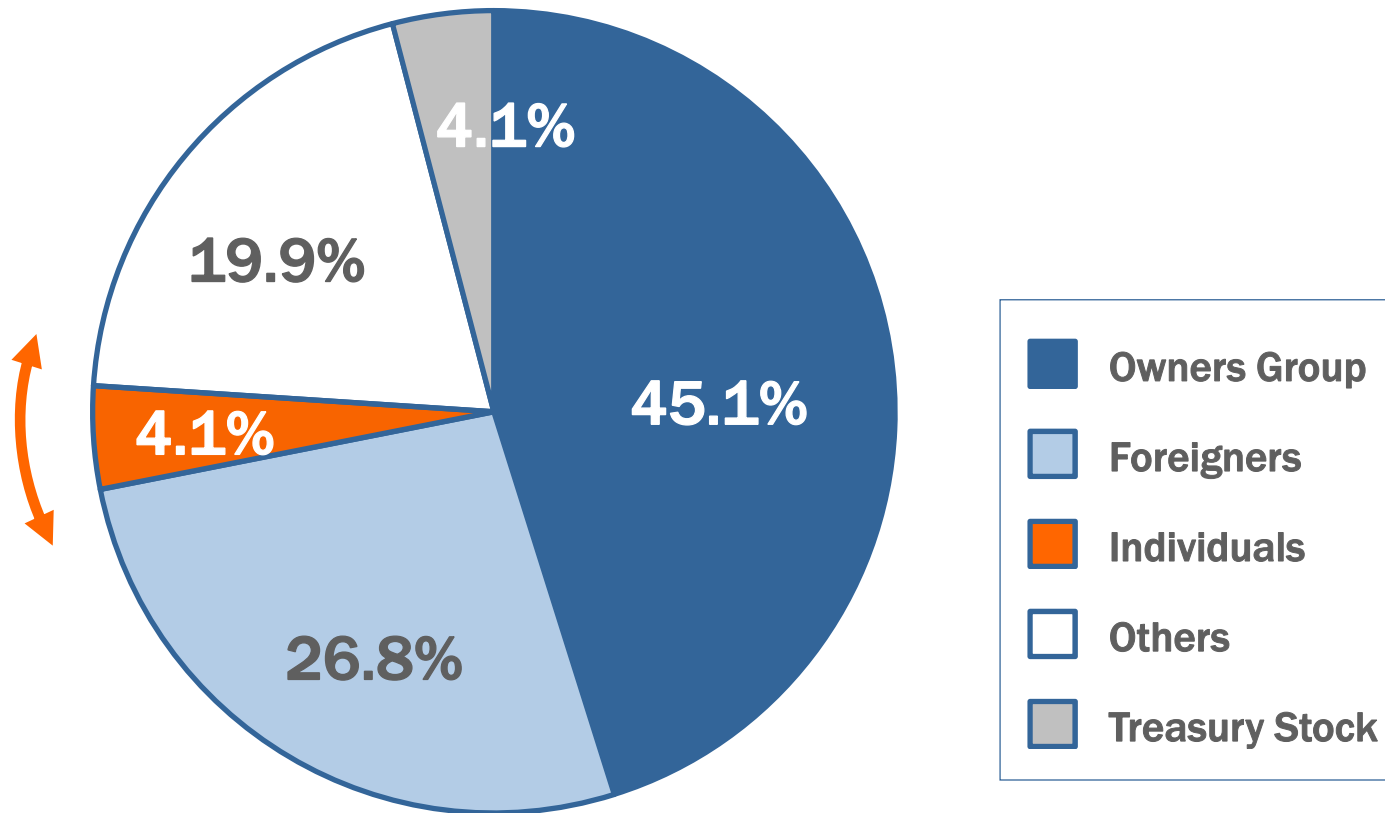
“2009: Future Research Team launched”

**New development structure came
into its own**

Line-up of super-powerful content

The Issue is to Expand the Base of Individual Shareholders

Shareholder Composition



As of September 30, 2011

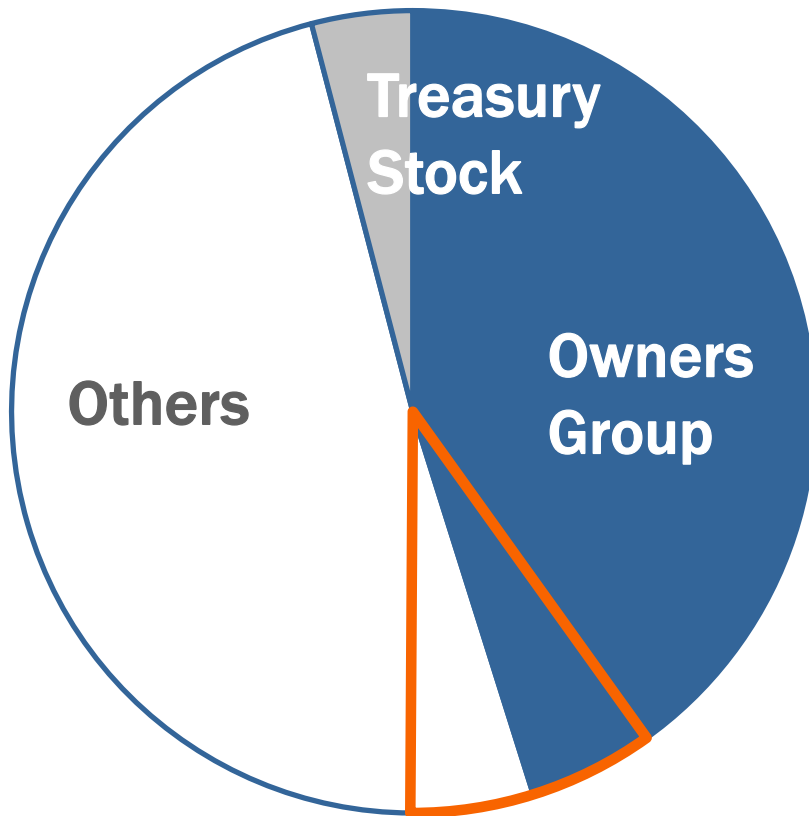
Dividends per Share

	(yen)
3/1992	25
3/1993 - 3/1995	30
3/1996 - 3/1997	40
3/1998	50*
3/1999 - 3/2004	40
3/2005	70
3/2006 - 3/2007	100
3/2008 -	150

No dividend cut since the listing
Commitment to 25% payout ratio

*Note: Commemorative dividends

Shareholder Composition



Decide the timing and the amount flexibly

Purchase shares from the owners group as well as from other shareholders

As of September 30, 2011

1

Focused on Game Machine-related Businesses

2

***“Evangelion”* Bolstered Sales and Profit**

3

Three No. 1’s (Popularity among Players, Market Share, Market Capitalization)

4

Flexible Share Buyback

5

No Dividend Cut since the Listing in 1991



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