

# Business Results Highlights

Years ended March 31

## Consolidated Business Highlights

	2005	2006	2007	2008	2009	2010	2011
Net sales	¥515,668	¥553,240	¥528,238	¥458,977	¥429,194	¥384,679	¥396,732
Gross profit	211,559	229,011	203,079	120,403	119,092	138,867	166,055
Selling, general and administrative (SG&A) expenses	106,469	109,867	126,548	126,232	110,728	102,154	97,304
Operating income (loss)	105,090	119,144	76,530	(5,829)	8,363	36,712	68,750
EBITDA* <sup>2</sup>	122,764	140,999	104,578	39,782	35,007	53,887	84,699
Net income (loss)	50,574	66,221	43,456	(52,470)	(22,882)	20,269	41,510
Capital expenditures* <sup>3</sup>	32,468	37,650	59,271	50,422	26,610	16,164	19,686
Depreciation and amortization	17,674	21,854	28,048	45,611	26,644	17,175	15,949
R&D expenses, content production expenses* <sup>3</sup>	41,590	36,337	52,106	65,384	59,676	41,502	41,104
Net cash provided by (used in) operating activities	77,762	83,228	60,623	(25,878)	32,199	54,998	87,696
Net cash provided by (used in) investing activities	(39,618)	(54,706)	(75,395)	(10,399)	936	(7,640)	(29,585)
Net cash provided by (used in) financing activities	(25,703)	(21,152)	(1,712)	(7,579)	(7,653)	(3,401)	(57,168)
Free cash flows* <sup>4</sup>	38,144	28,522	(14,772)	(36,277)	33,135	47,358	58,111
Total assets	438,991	522,914	549,940	469,642	423,938	423,161	458,624
Total net assets / shareholders' equity* <sup>5</sup>	258,954	316,679	358,858	281,627	242,532	256,770	285,461
Number of shares outstanding (shares)	140,551,522	283,229,476	283,229,476	283,229,476	283,229,476	283,229,476	266,229,476
Number of employees (employees)	5,407	6,416	7,734	7,665	6,856	6,236	6,000
Net sales per employee	95.4	86.2	68.3	59.9	62.6	61.7	66.1
<b>Per Share Data</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Net income (loss)	¥ 205.27	¥ 261.06	¥ 172.47	¥ (208.26)	¥ (90.83)	¥ 80.46	¥ 163.19
Diluted net income	200.48	260.35	172.35	—	—	—	163.01
Total net assets / shareholders' equity* <sup>5</sup>	1,033.96	1,254.14	1,341.80	1,030.09	882.47	937.80	1,093.23
Cash dividends	60.00	80.00	60.00	45.00	30.00	30.00	40.00
<b>Key Ratios</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross profit margin	41.0	41.4	38.4	26.2	27.7	36.1	41.9
SG&A ratio	20.6	19.9	24.0	27.5	25.8	26.6	24.5
Operating margin	20.4	21.5	14.5	—	1.9	9.5	17.3
R&D expenses to net sales	8.1	6.6	9.9	14.2	13.9	10.8	10.4
ROE	19.5	23.0	13.3	—	—	8.8	16.2
ROA* <sup>6</sup>	11.5	24.8	15.2	—	1.5	8.5	15.5
Equity ratio	59.0	60.6	61.5	55.3	52.4	55.8	60.0

\*1 Yen amounts have been translated into U.S. dollars solely for convenience at the rate of ¥102.88 to U.S. \$1, the prevailing exchange rate at March 31, 2014.

\*2 EBITDA = Operating income (loss) + Depreciation and amortization; For fiscal 2014, calculations are based on the inclusion of amortization cost of digital game titles in depreciation and amortization.

\*3 The aggregate calculation method has changed as of fiscal 2014. Consequently, R&D expenses and content production expenses include amortization cost of digital game titles.

Until fiscal 2013, depreciation and amortization included amortization cost of digital game titles.

\*4 Free cash flows = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

\*5 Following the enactment of the new Companies Act of Japan in 2006, the Company presents total net assets for the fiscal year ended March 31, 2007, and subsequent fiscal years,

which represent the shareholders' equity figure used in previous years plus minority interests and share subscription rights.

\*6 ROA = Ordinary income ÷ Total assets

Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1	
2012	2013	2014	2014	
¥395,502	¥321,407	<b>¥378,011</b>	<b>\$3,674,294</b>	
161,663	116,938	<b>147,970</b>	<b>1,438,283</b>	
103,279	97,865	<b>109,437</b>	<b>1,063,740</b>	
58,384	19,073	<b>38,533</b>	<b>374,543</b>	
74,542	37,254	<b>58,276</b>	<b>566,448</b>	
21,820	33,460	<b>30,721</b>	<b>298,612</b>	
36,141	32,871	<b>38,182</b>	<b>371,131</b>	
16,158	18,181	<b>16,182</b>	<b>157,291</b>	
53,348	45,294	<b>59,219</b>	<b>575,616</b>	
38,023	18,603	<b>75,201</b>	<b>730,960</b>	
(59,012)	6,396	<b>(38,547)</b>	<b>(374,681)</b>	
914	(1,116)	<b>(11,512)</b>	<b>(111,900)</b>	
(20,989)	24,999	<b>36,654</b>	<b>356,279</b>	
497,451	528,504	<b>542,936</b>	<b>5,277,379</b>	
296,376	320,034	<b>348,270</b>	<b>3,385,213</b>	
266,229,476	266,229,476	<b>266,229,476</b>		
6,700	7,008	<b>7,472</b>		
59.0	45.9	<b>50.6</b>	<b>491</b>	

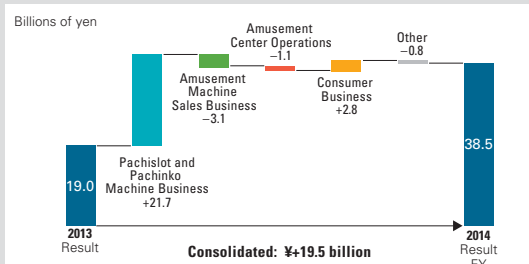
Yen			U.S. dollars*1	
2012	2013	2014	2014	
¥ 86.73	¥ 137.14	<b>¥ 126.42</b>	<b>\$ 1.22</b>	
86.54	136.85	<b>125.39</b>	<b>1.21</b>	
1,167.59	1,304.44	<b>1,409.27</b>	<b>13.69</b>	
40.00	40.00	<b>40.00</b>	<b>0.38</b>	

%		
2012	2013	2014
40.9	36.4	<b>39.1</b>
26.1	30.4	<b>29.0</b>
14.8	5.9	<b>10.2</b>
13.5	14.1	<b>15.7</b>
7.7	11.0	<b>9.3</b>
12.2	4.1	<b>7.6</b>
58.9	59.7	<b>63.2</b>

## Operating Income

**¥38.5 billion** (up 103%, or ¥19.5 billion, year on year)

### Change in Segment Operating Income



## Main Other Income and Expenses

### Other Income

Gain on sales of investment securities	<b>¥11.9 billion</b>
Gain on sales of noncurrent assets	<b>¥3.5 billion</b>

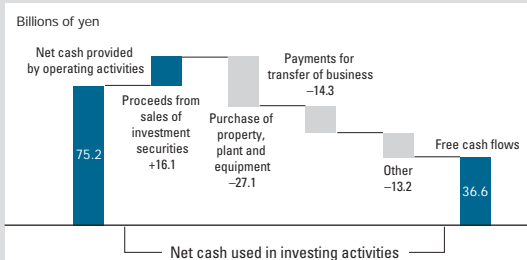
### Other Expenses

Loss on liquidation of subsidiaries and affiliates	<b>¥6.6 billion</b>
Impairment loss	<b>¥1.7 billion</b>

## Free Cash Flows

**¥36.6 billion**

### Main Causes of Changes in Free Cash Flows



## Business Results Highlights

Years ended March 31

## Business Results by Business Segment

<b>Pachislot and Pachinko Machine Business</b>	2005	2006	2007	2008	2009	2010	2011
Net sales	¥280,109	¥265,631	¥211,539	¥145,582	¥161,691	¥160,376	¥212,060
Operating income	103,931	99,847	71,102	8,443	14,528	29,502	64,284
Operating margin (%)	37.1	37.6	33.6	5.8	9.0	18.4	30.3
R&D expenses*2	6,952	6,940	9,325	12,632	14,289	13,019	13,485
Capital expenditures	2,842	6,670	8,790	23,829	4,516	3,297	5,725
Pachislot machine unit sales (units)	676,933	607,106	523,422	380,688	123,286	162,932	302,270
Pachinko machine unit sales (units)	233,049	288,895	132,981	108,184	391,831	360,171	343,188

<b>Amusement Machine Sales Business</b>	2005	2006	2007	2008	2009	2010	2011
Net sales	¥63,305	¥71,512	¥75,454	¥71,061	¥61,926	¥45,117	¥47,237
Operating income (loss)	7,424	12,176	11,682	7,152	6,890	7,094	7,317
Operating margin (%)	11.7	17.0	15.5	10.1	11.1	15.7	15.5
R&D expenses, content production expenses*2	12,029	10,002	12,527	13,695	11,450	7,841	9,195

<b>Amusement Center Operations</b>	2005	2006	2007	2008	2009	2010	2011
Net sales	¥83,194	¥106,245	¥103,850	¥91,226	¥71,310	¥54,788	¥45,695
Operating income (loss)	5,472	9,244	132	(9,807)	(7,520)	(1,338)	342
Operating margin (%)	6.6	8.7	0.1	—	—	—	0.7
Capital expenditures	24,886	24,577	40,754	15,910	14,893	7,796	7,701
Depreciation and amortization*2	11,937	17,148	18,052	17,161	15,908	8,212	6,126
Number of domestic amusement centers*3 (centers)	477	462	449	363	322	260	249
Existing domestic amusement center sales*4 year on year (%)	98.5	103.3	95.8	89.0	92.4	91.7	99.3

<b>Consumer Business</b>	2005	2006	2007	2008	2009	2010	2011
Net sales	¥65,341	¥90,352	¥119,593	¥141,790	¥131,361	¥121,575	¥88,896
Operating income (loss)	(8,810)	1,977	1,749	(5,989)	(941)	6,332	1,969
Operating margin (%)	—	2.2	1.5	—	—	5.2	2.2
R&D expenses, content production expenses*2	21,736	17,823	26,583	37,129	32,875	19,644	18,150
Home video game software unit sales (thousands)	11,790	16,400	21,270	26,990	29,470	26,750	18,710

\*1 Yen amounts have been translated into U.S. dollars solely for the convenience of readers at the rate of ¥102.88 to U.S. \$1, the prevailing exchange rate at March 31, 2014.

\*2 The aggregate calculation method has changed as of fiscal 2014. Consequently, R&D expenses and content production expenses include amortization cost of digital game titles.

Until fiscal 2013, depreciation and amortization included amortization cost of digital game titles.

\*3 The establishment of SEGA ENTERTAINMENT Co., Ltd., integrated the Group's amusement center operations. As a result, the aggregate calculation method for the number of amusement centers has changed as of fiscal 2014.

\*4 As a result of the above-mentioned integration, the amusement centers classified as existing amusement centers have changed as of fiscal 2014.

	Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
	2012	2013	2014	2014
	¥212,189	¥142,281	<b>¥181,834</b>	<b>\$1,767,445</b>
	71,040	23,534	<b>45,292</b>	<b>440,247</b>
	33.5	16.5	<b>24.9</b>	
	14,393	18,056	<b>19,510</b>	<b>189,639</b>
	12,726	11,914	<b>7,905</b>	<b>76,841</b>
	300,866	202,221	<b>301,575</b>	
	332,288	216,860	<b>200,225</b>	

### Pachislot and Pachinko Machine Business — Causes of business results changes

- In the pachislot machine business, generally solid sales of such mainstay titles as *Pachislot Hokuto No Ken Chapter of Resurrection* led to a 49% year-on-year rise in unit sales.
- In the pachinko machine business, other than such mainstay titles as *Pachinko CR Hokuto No Ken 5 Hyakuretsu*, sales struggled in a tough market.

	Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
	2012	2013	2014	2014
	¥49,929	¥39,134	<b>¥38,604</b>	<b>\$375,238</b>
	7,415	1,902	<b>(1,264)</b>	<b>(12,288)</b>
	14.9	4.9	—	
	9,374	7,819	<b>8,950</b>	<b>87,002</b>

### Amusement Machine Sales Business — Causes of business results changes

- The segment incurred an operating loss due to lackluster sales of new titles that reflected market sluggishness.
- Revenues from revenue-sharing titles were steady.

	Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
	2012	2013	2014	2014
	¥44,608	¥42,707	<b>¥43,216</b>	<b>\$420,070</b>
	355	1,194	<b>60</b>	<b>586</b>
	0.8	2.8	<b>0.1</b>	
	8,328	7,923	<b>7,729</b>	<b>75,128</b>
	6,184	4,671	<b>4,725</b>	<b>45,934</b>
	241	236	<b>198</b>	
	100.5	93.8	<b>96.1</b>	

### Amusement Center Operations — Causes of business results changes

- The absence of market-driving titles led to a 3.9% year-on-year decline in the net sales of existing domestic amusement centers.

	Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
	2012	2013	2014	2014
	¥ 85,688	¥83,874	<b>¥99,841</b>	<b>\$970,470</b>
	(15,182)	(732)	<b>2,089</b>	<b>20,306</b>
	—	—	<b>2.1</b>	
	29,316	19,538	<b>30,166</b>	<b>293,219</b>
	17,240	10,780	<b>8,730</b>	

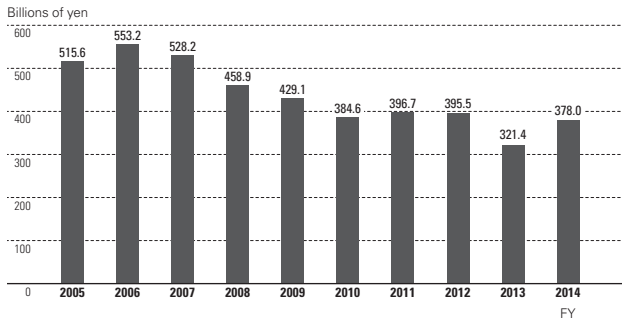
### Consumer Business — Causes of business results changes

- The segment moved into the black on earnings growth in the digital game area.
- Home video game software (packaged game software) unit sales decreased year on year.

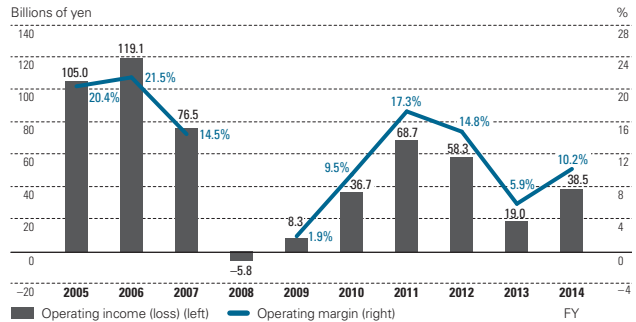
# Business Results Highlights

## Business Trend

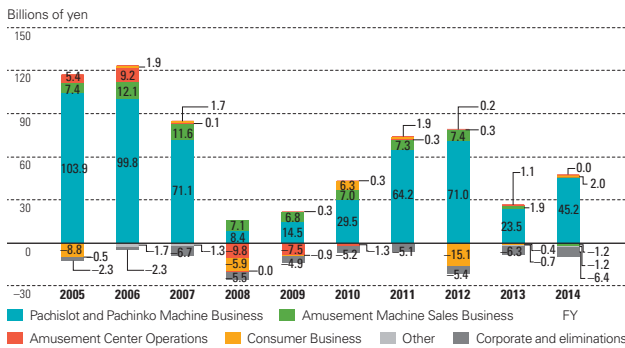
### Net Sales



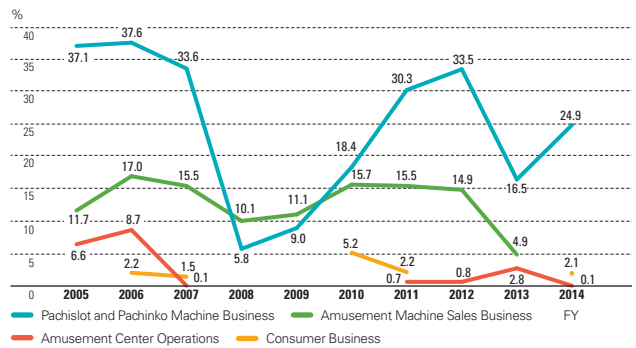
### Operating Income (Loss) / Operating Margin



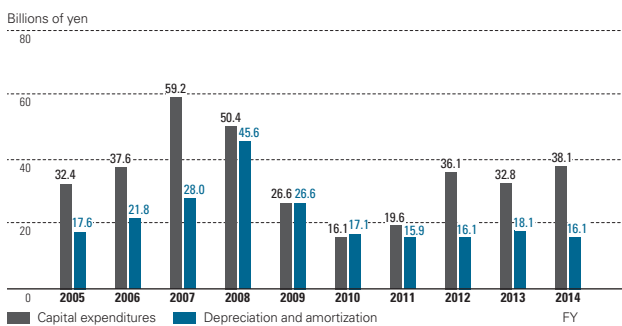
### Operating Income (Loss) by Segment



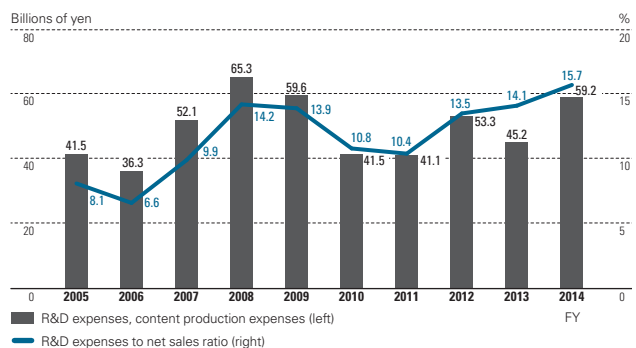
### Operating Margin by Segment



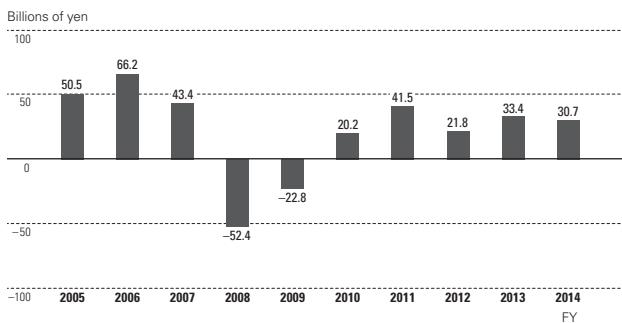
### Capital Expenditures / Depreciation and Amortization\*1



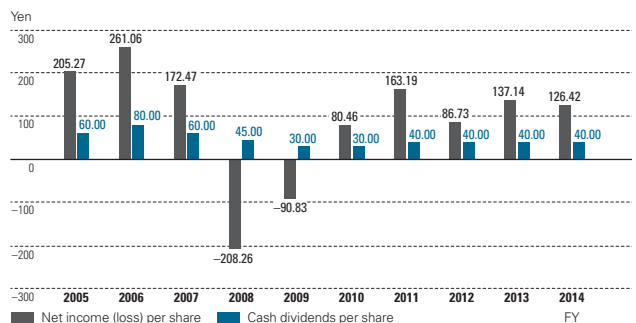
### R&D Expenses, Content Production Expenses\*1 / R&D Expenses to Net Sales Ratio



### Net Income (Loss)



### Net Income (Loss) per Share / Cash Dividends per Share



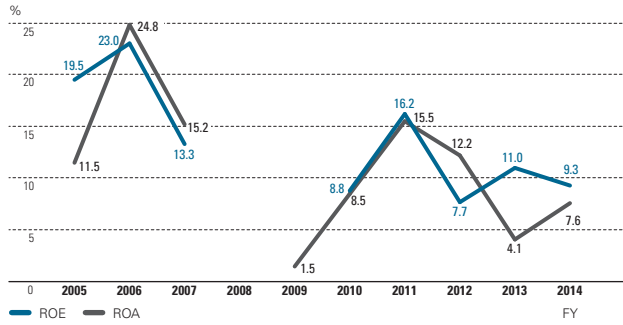
\*1 The aggregate calculation method has changed as of fiscal 2014. Consequently, R&D expenses and content production expenses include amortization cost of digital game titles.

Until fiscal 2013, depreciation and amortization included amortization cost of digital game titles.

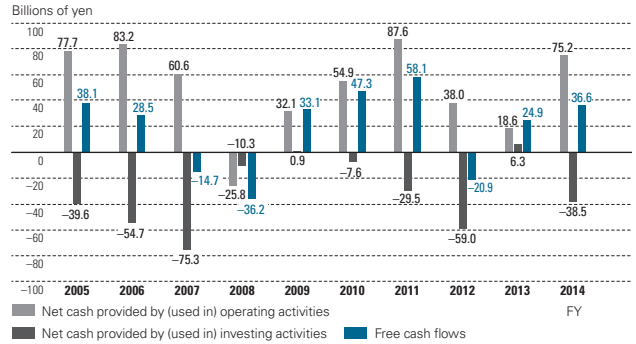
\*2 The establishment of SEGA ENTERTAINMENT Co., Ltd., integrated the Group's amusement center operations. As a result, the aggregate calculation method for the number of amusement centers has changed as of fiscal 2014.

\*3 As a result of the above-mentioned integration, the amusement centers classified as existing amusement centers have changed as of fiscal 2014.

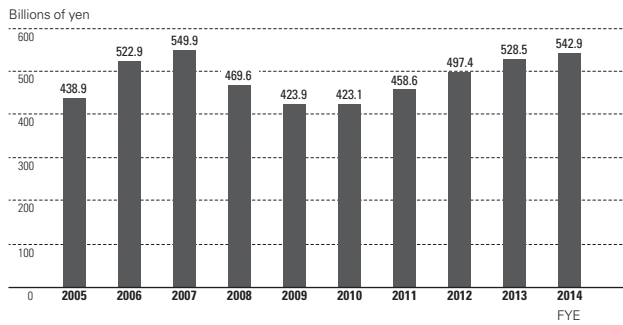
### ROE / ROA



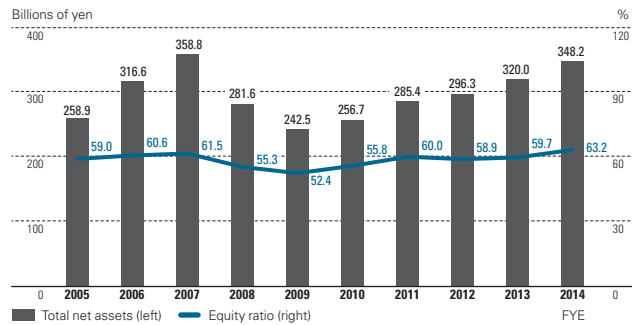
### Free Cash Flows



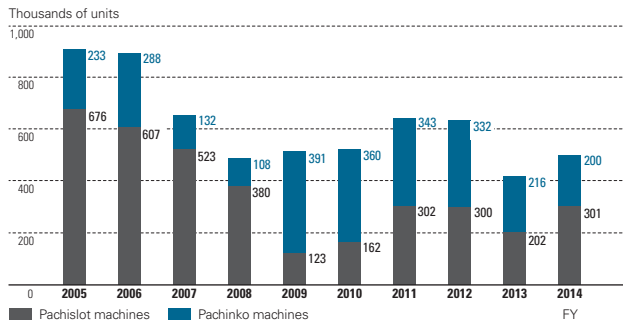
### Total Assets



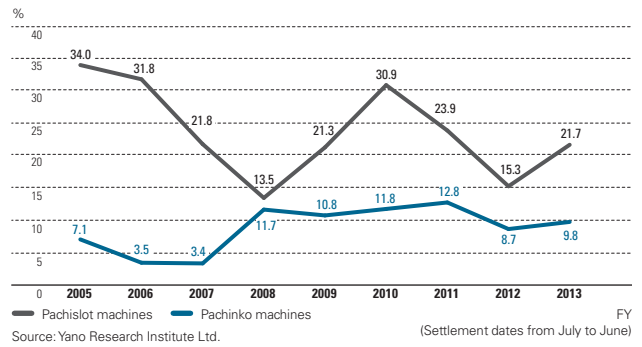
### Total Net Assets / Equity Ratio



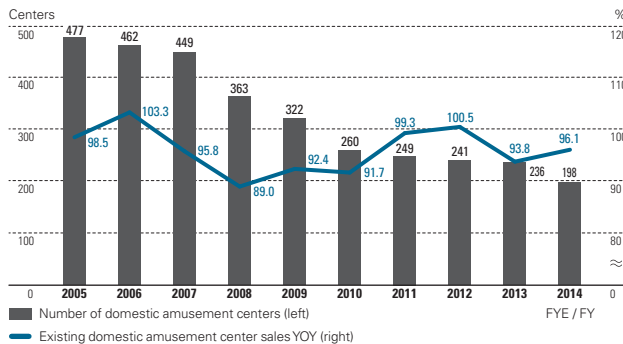
### Pachislot and Pachinko Machine Unit Sales



### Market Share of Pachislot and Pachinko Machines



### Number of Domestic Amusement Centers\*2 / Existing Domestic Amusement Center Sales YOY\*3



### Home Video Game Software Unit Sales / Consumer Business R&D Expenses, Content Production Expenses\*1

