

SEGA-SAMMY
H O L D I N G S

SEGA-SAMMY
G R O U P

FY Ending March 2018 1st Quarter Results Presentation

August 4th, 2017

SEGA SAMMY HOLDINGS INC.

[Disclaimer]

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These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.

【Contents】

1. FY Ending March 2018 1st Quarter Results/ Forecasts

Results Highlights 4

Consolidated Income Statements 5
(Summary)

Costs and Expenses 6

Consolidated Balance Sheet (Summary) 7

2. Segment Results / Forecasts

Pachislot and Pachinko Machines 9

Entertainment Contents Business 13

Resort Business 18

3. Supplementary Information on the Market

Pachinko and Pachislot Machine Markets 24

Pachislot Pachinko Sales Share 27

Packaged and Digital Game Market Data 28

Amusement Market Data 29

4. Past Operating Results / Company Profile

Past Operating Results 31

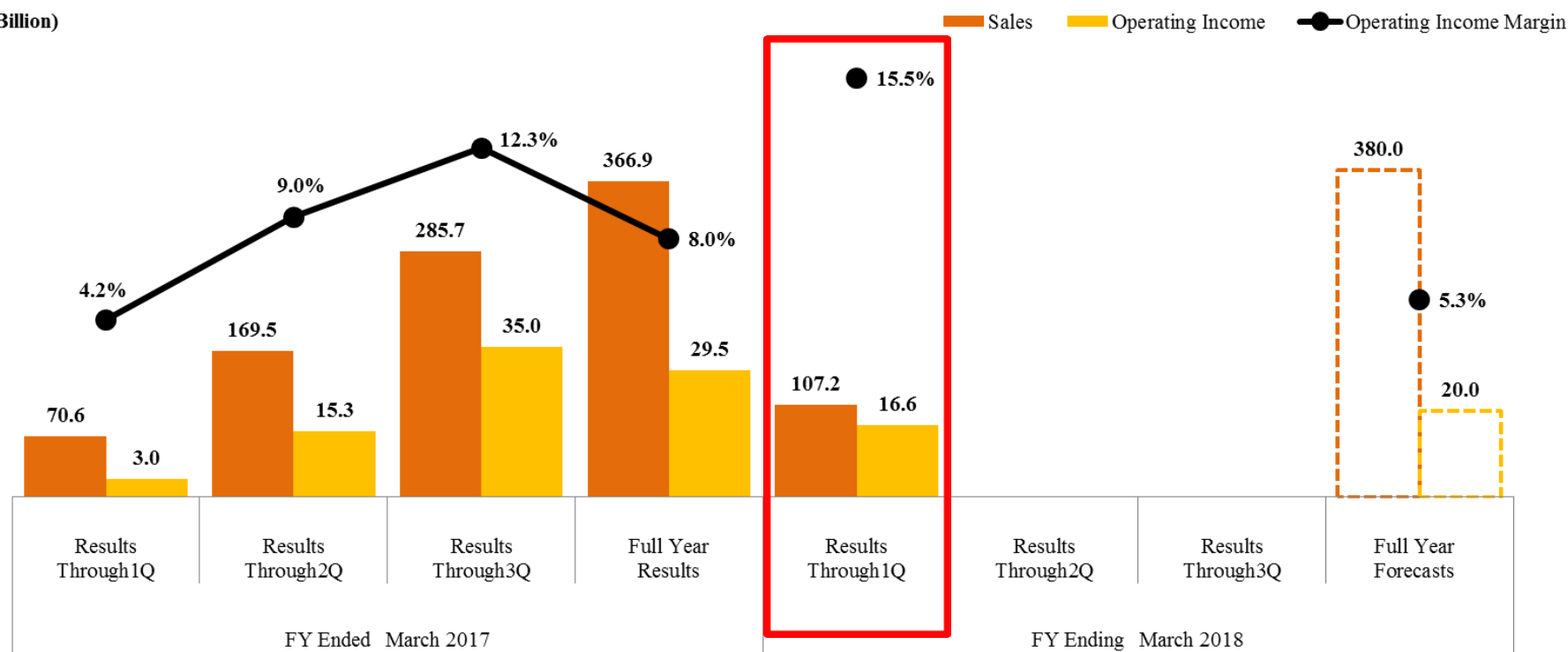
Company Profile 34

1.FY Ending March 2018 1st Quarter Results / Forecasts

Results Highlights

Sales : **107.2** JPY Billion Operating Income : **16.6** JPY Billion Operating Income Margin : **15.5%**

(JPY Billion)



Summary of Results Through 1Q

- Both sales and profits increased year-on-year with the launch of large titles mainly in Pachislot and Pachinko Machines Business.

Forecasts

- In Pachislot and Pachinko Machines Business, launch of titles are expected to concentrate in the first half.
- Since regulations are scheduled to be changed in the second half of the fiscal year, flexible approach is required in the pachislot and pachinko machines business upon carefully assessing the market environment for the second half of the fiscal year.

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 1Q	Full Year Results	Results Through 1Q	YoY Change	Full Year Forecasts	YoY Change
Sales	70.6	366.9	107.2	+52%	380.0	+4%
Pachislot and Pachinko Machines	21.2	148.2	54.9	+159%	150.0	+1%
Entertainment Contents	46.7	205.7	50.2	+7%	220.0	+7%
Resort	2.6	13.0	2.0	-23%	10.0	-23%
Operating Income	3.0	29.5	16.6	+453%	20.0	-32%
Pachislot and Pachinko Machines	0.3	26.3	15.1	+4,933%	20.0	-24%
Entertainment Contents	4.9	11.1	3.7	-24%	10.0	-10%
Resort	-0.8	-2.2	-0.7	-	-3.0	-
Other / Elimination	-1.4	-5.7	-1.5	-	-7.0	-
Operating Income Margin	4.2%	8.0%	15.5%	+11.3pt	5.3%	-2.7pt
Ordinary Income	2.9	28.5	16.2	+459%	16.0	-44%
Extraordinary Gain	1.5	13.3	0.5	-	0.0	-
Extraordinary Loss	0.1	8.1	0.3	-	0.0	-
Income before income taxes	4.3	33.7	16.4	+281%	16.0	-53%
Profit attributable to owners of parent	4.1	27.6	11.5	+180%	11.0	-60%
Dividends per share (JPY)	-	40.00	-	-	40.00	-
Earnings per share (JPY)	17.54	117.79	49.22	-	46.93	-
Net Assets per share (JPY)	1,215.03	1,313.06	1,353.20	-	-	-

Costs and Expenses

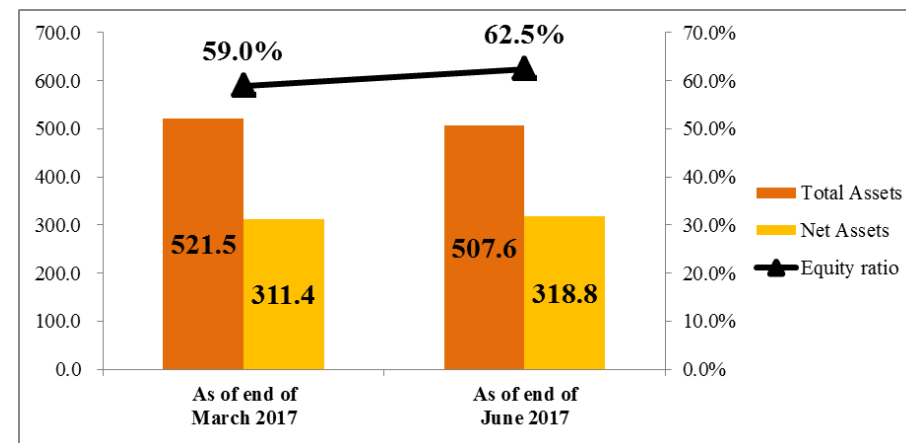
(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 1Q	Full Year Results	Results Through 1Q	YoY Change	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	13.9	67.1	15.3	+10%	71.0	+6%
Pachislot and Pachinko Machines	4.5	18.8	4.5	-	19.3	+3%
Entertainment Contents	9.3	48.1	10.8	+16%	51.7	+7%
Resort	0.0	0.2	0.0	-	0.0	-
Other / Elimination	0.1	0.0	0.0	-	0.0	-
Cap-ex	6.1	27.0	5.0	-18%	24.4	-10%
Pachislot and Pachinko Machines	1.4	5.8	1.0	-29%	5.7	-2%
Entertainment Contents	3.3	16.6	3.6	+9%	16.4	-1%
Resort	1.2	4.5	0.3	-75%	2.3	-49%
Other / Elimination	0.2	0.1	0.1	-	0.0	-
Depreciation	3.9	16.3	4.2	+8%	16.6	+2%
Pachislot and Pachinko Machines	1.5	5.8	1.5	-	5.4	-7%
Entertainment Contents	2.0	8.7	2.2	+10%	9.2	+6%
Resort	0.2	1.1	0.2	-	1.3	+18%
Other / Elimination	0.2	0.7	0.3	-	0.7	-
Advertising	3.1	14.8	3.2	+3%	20.5	+39%
Pachislot and Pachinko Machines	0.5	2.1	0.4	-20%	5.2	+148%
Entertainment Contents	2.3	10.7	2.5	+9%	13.9	+30%
Resort	0.1	0.5	0.1	-	0.2	-60%
Other / Elimination	0.2	1.5	0.2	-	1.2	-

Consolidated Balance Sheet (Summary)

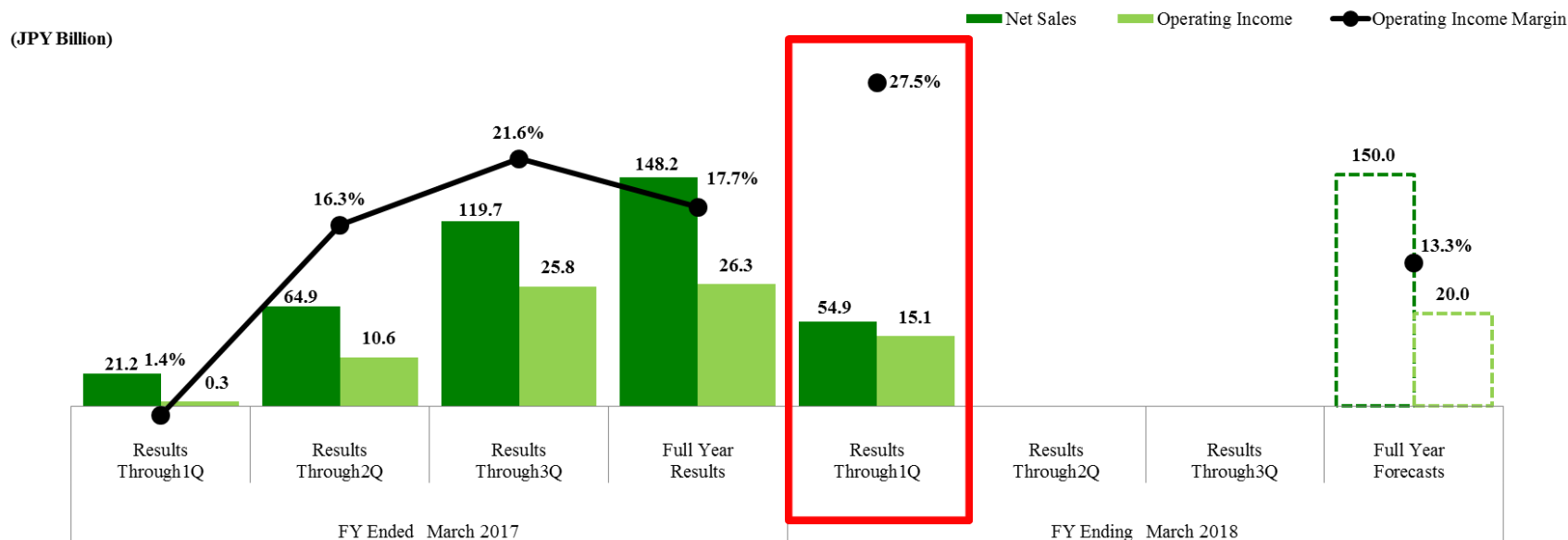
(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2017	As of end of June 2017	Change	Account	As of end of March 2017	As of end of June 2017	Change
Cash and Deposits	137.4	143.0	+5.6	Accounts Payable	45.6	36.8	-8.8
Accounts Receivable	44.5	36.0	-8.5	Corporate Bonds	19.5	14.5	-5.0
Securities	65.2	66.7	+1.5	Short Term Borrowings	6.3	4.3	-2.0
Inventories	47.4	33.8	-13.6	Other	41.1	36.2	-4.9
Other	29.6	28.3	-1.3	Total Current Liabilities	112.5	91.8	-20.7
Total Current Assets	324.1	307.8	-16.3	Corporate Bonds	32.5	32.5	-
Tangible Fixed Assets	81.6	80.4	-1.2	Long Term Debt	44.5	44.4	-0.1
Intangible Fixed Assets	22.1	22.9	+0.8	Other	20.5	19.9	-0.6
Investment Securities	69.8	70.6	+0.8	Total Noncurrent Liabilities	97.5	96.8	-0.7
Other	23.9	25.8	+1.9	Total Liabilities	210.1	188.7	-21.4
				Shareholders Equity	300.3	307.1	+6.8
				Total accumulated other comprehensive income	7.4	10.0	+2.6
				Warrants	0.3	0.4	+0.1
				Non-controlling interests	3.4	1.2	-2.2
Total Noncurrent Assets	197.4	199.7	+2.3	Total Net Assets	311.4	318.8	+7.4
Total Assets	521.5	507.6	-13.9	Total Liabilities and Net Assets	521.5	507.6	-13.9

Summary of Results Through 1Q

- Total Assets: 507.6 billion yen (decreased by 13.9 billion yen)
- Current Assets: Down 16.3 billion yen due to decrease in accounts receivable and inventories
- Liabilities: Down 20.7 billion yen due to redemption of Corporate Bonds and repayment of Borrowings
- Equity Ratio: 62.5% (+3.5pt)
- Current Ratio: 335.1% (+47.2pt)



2. Segment Results / Forecasts

Sales : **54.9** JPY BillionOperating Income : **15.1** JPY BillionOperating Income Margin : **27.5** %

Summary of Results Through 1Q

- Both sales and profits increased year-on-year due to favorable sales of mainstay titles in Pachinko.

- Secured unit sales on par with the same quarter of the previous fiscal year through sales of titles such as **“Pachislot Beast King Ouja no kakusei”** and **“Pachislot Sakura Wars ~Atsuki chishioni~.”**

- Unit sales increased year-on-year due to favorable sales of a mainstay title **“Pachinko CR Hokuto No Ken 7 Resurrection.”**

Forecasts

- Sales schedule centered on the first half.
- Revised regulations including those pertaining to the Act on Control and Improvement of Amusement Business, etc. are scheduled to be enforced on February 1, 2018.

- Planning to launch titles including **“Pachislot Hokuto No Ken Shindensetsu souzou,”** the new title of the mainstay **“Hokuto No Ken”** series.
- New voluntary regulations will be applied to new machines installed on October 1, 2017 and after.

- Planning to launch titles including **“Pachinko CR GHOST IN THE SHELL -STAND ALONE COMPLEX-,”** which adopts the motif of the popular animation, **“GHOST IN THE SHELL -STAND ALONE COMPLEX.”**

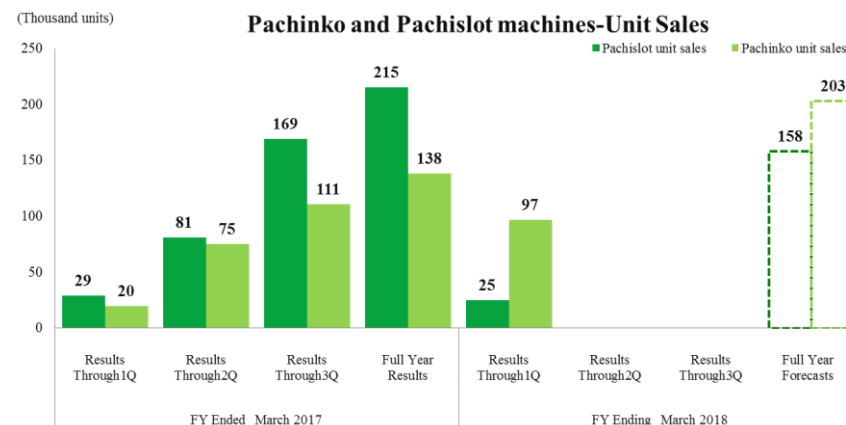
(JPY Billion)		FY Ended March 2017		FY Ending March 2018			
		Results Through 1Q	Full Year Results	Results Through 1Q	YoY Change	Full Year Forecasts	YoY Change
Sales		21.2	148.2	54.9	+159%	150.0	+1%
	Pachislot	11.4	86.2	10.2	-11%	63.1	-27%
	Pachinko	6.3	48.3	41.1	+552%	71.6	+48%
	Other / Elimination	3.5	13.7	3.6	-	15.3	-
Operating Income		0.3	26.3	15.1	+4,933%	20.0	-24%
Operating Income Margin		1.4%	17.7%	27.5%	+26.1pt	13.3%	-4.4pt
Pachislot	Number of Titles	2 titles	10 titles	3 titles	+1 title	11 titles	+1 title
	Unit Sales	29,902 units	215,736 units	25,440 units	-15%	158,000 units	-27%
Pachinko	Number of Titles	1 title	9 titles	2 titles	+1 title	7 titles	-2 titles
	Unit Sales	20,525 units	138,321 units	97,499 units	+375%	203,000 units	+47%
	Board + Frame	13,327 units	115,227 units	83,178 units	+524%	160,300 units	+39%
	Board	7,198 units	23,094 units	14,321 units	+99%	42,700 units	+85%

* New series of title is counted as one title (Machines launched in the previous fiscal year/change of specification, etc. aren't included).

1Q Major titles and number of units sold

Pachislot title	Total sales	Installed From
Pachislot Beast King Oujya no kakusei	13,500 units	April
Pachislot Sakura Wars ~Atsuki chishioni~	6,339 units	May
Pachislot Twin Angel BREAK	5,166 units	June

Pachinko title	Total sales	Installed From
Pachinko CR Hokuto No Ken 7 Resurrection	94,449 units	April
Pachinko CR BIG GACHINKO Seven	2,807 units	June



New title

Specification changed title

Major Titles in 1Q and newly titles to be launched in and after 2Q

1Q

2Q~

Pachislot

Pachislot Beast King
Oujya no kakusei

Pachislot Sakura Wars
~Atsuki chishioni~

Pachislot Twin Angel BREAK
A – SLOT ALIYAN EVOLUTION
Pachislot Hokuto No Ken
Shindensetsu souzou

Pachislot Tatakae! Salaryman
Pachislot Ys I & II
Pachislot ARPEGGIO OF BLUE STEEL
-ARS NOVA-

Pachinko

Pachinko CR Hokuto No Ken 7
Resurrection

Pachinko CR BIG GACHINKO Seven
Pachinko CR Wataru seken wa oni bakari
Dejihane CR Monster Hunter 4
Pachinko CR GHOST IN THE SHELL
-STAND ALONE COMPLEX-


“Pachislot Beast King Oujya no kakusei”

©Sammy



“Pachislot Hokuto No Ken Shindensetsu souzou”

©Buronson & Tetsuo Hara/NSP 1983, ©NSP
2007 Approved No.YBJ-918 ©Sammy



“Pachinko CR Hokuto No Ken 7 Resurrection”

©Buronson & Tetsuo Hara/NSP 1983, ©NSP
2007 Approved No.YKO-116 ©Sammy



“Pachinko CR Wataru seken wa oni bakari”

©TBS ©Sammy



“Pachinko CR GHOST IN THE SHELL
-STAND ALONE COMPLEX-”

©SHIROW MASAMUNE・Production I.G/KODANSHA
LTD.・The Ghost in the Shell Production Committee
©Sammy

Supplement (Deadline for pachislot and pachinko machines' prototype testing application/deadline for installment of new machines)

*Revised regulations including those pertaining to the Act on Control and Improvement of Amusement Business, etc. are scheduled to be enforced on February 1, 2018.

■ Pachislot

September 15, 2014

End of November 2015

End of July 2016

End of September 2017

AT
ART

Old-testing machines
(before the change of prototype testing
method)

1

Prototype testing
application
deadline

Installment of new machines

New-testing machines
(Peripheral board control)

2

Installment of new machines

No. 5.5-type machines
(Mother board control)
 $2.0 \leq$ a net increased number of medals \leq
3.0

3

Prototype testing
application
deadline

Installment of new machines

No. 5.5-type machines
(Mother board control)
a net increased number of medals < 2.0

4

Installment of new machines

No. 5.9-type machines
(Mother board control)
a net increased number of medals < 2.0
ART maximum number of continuous play:
1,500 games

5

Installment of new machines

Normal (A)

6

Installment of new machines

■ Pachinko

End of October
2015

End of January
2016

End of April
2016

End of December
2016

Machines not supporting new format
($1/320 \geq$ Rate of hitting a jackpot $> 1/400$)

1

Start of operation of new machines

Machines supporting new format (1)
(Rate of hitting a jackpot $> 1/320$)
Percentage of probability change
No upper limit

2

Start of operation of new machines

Prototype testing
application
deadline

Machines supporting new format (2)
(Rate of hitting a jackpot $> 1/320$)
Percentage of probability change Upper limit of 65%
Number of balls won by striking a ball in winning holes: 4
or more

3

Start of operation of new machines

Pachinko machines that could have different
performance from the test machine

Deadline for collection

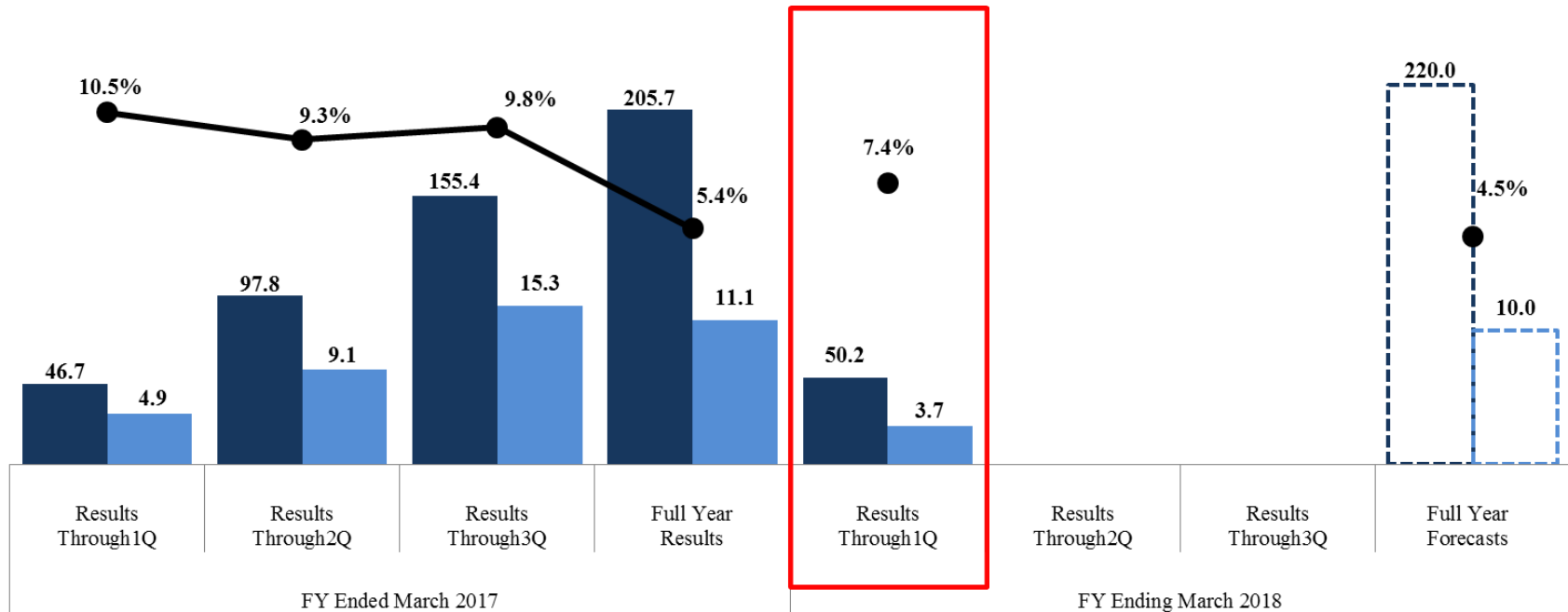
Sales : **50.2** JPY Billion

Operating Income : **3.7** JPY Billion

Operating Income Margin : **7.4** %

(JPY Billion)

■ Sales ■ Operating Income ● Operating Income Margin (right)



Summary of Results Through 1Q

- Sales increased as overseas sales of “**Persona5**” performed well and the sales of major titles in the packaged game field are concentrated.
- Profits decreased due to incurrence of cost such as development expenses as a result of launching major titles in the packaged game field.

Forecasts

- In addition to continuous efforts such as the holding of events and conducting updates for existing titles, new titles are scheduled to be launched in the second half.

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 1Q	Full Year Results	Results Through 1Q	YoY Change	Full Year Forecasts	YoY Change
Sales	46.7	205.7	50.2	+7%	220.0	+7%
Digital Games	12.0	47.3	9.5	-21%	59.0	+25%
Packaged Games	10.7	47.1	14.4	+35%	51.5	+9%
Amusement Machine Sales	10.3	49.4	10.4	+1%	43.5	-12%
Amusement Center Operations	8.8	37.2	9.0	+2%	38.0	+2%
Animation / Toy	4.2	22.7	5.1	+21%	24.5	+8%
Other / Elimination	0.7	2.0	1.8	-	3.5	-
Operating Income	4.9	11.1	3.7	-24%	10.0	-10%
Digital Games	2.4	4.9	1.2	-50%	7.3	+49%
Packaged Games	2.4	2.6	1.3	-46%	3.2	+23%
Amusement Machine Sales	-0.1	1.7	0.5	-	-0.4	-
Amusement Center Operations	0.6	2.2	0.4	-33%	1.7	-23%
Animation / Toy	-0.1	1.2	0.1	-	1.5	+25%
Other / Elimination	-0.3	-1.5	0.2	-	-3.3	-
Operating Income Margin	10.5%	5.4%	7.4%	-3.1pt	4.5%	-0.9pt
Packaged Games Number of Titles *	9 titles	42 titles	5 titles	-4 titles	38 titles	-4 titles
Japan	-	9 titles	1 title	+1 title	11 titles	+2 titles
Asia	4 titles	16 titles	1 title	-3 titles	17 titles	+1 title
North America / Europe	5 titles	17 titles	3 titles	-2 titles	10 titles	-7 titles
Packaged Games Sales in Units (Thousands)	2,410	10,280	4,560	+89%	11,600	+13%
Japan	90	1,850	150	+67%	2,000	+8%
New title	-	1,500	40	-	1,770	+18%
Repeat title	90	350	110	+22%	230	-34%
Asia	300	1,060	140	-53%	670	-37%
New title	190	700	60	-68%	640	-9%
Repeat title	110	360	70	-36%	30	-92%
North America / Europe	2,020	7,370	4,260	+111%	8,930	+21%
New title	970	3,040	1,200	+24%	5,170	+70%
Repeat title	1,050	4,330	3,060	+191%	3,760	-13%
Domestic Facilities	193	191	190	-	190	-
Same Store Sales Comparisons	111.2%	108.5%	100.1%	-11.1pt	101.3%	-7.2pt

* Added the number of titles in Asia

Digital

TOP 3 Titles (Digital Game)



“PHANTASY STAR ONLINE 2”
©SEGA



“Hortensia Saga”
©SEGA / f4samurai



“CHAIN CHRONICLE 3”
©SEGA

*Sales top three titles in the period of April-June 2017

		FY Ended March 2017				FY Ending March 2018
		1Q Results	2Q Results	3Q Results	4Q Results	1Q Results
Sales (JPY Billion)		12.0	11.0	12.0	12.3	9.5
Domestic	Average MAU(Thousands, 3 months average)*1	4,640	3,690	4,140	4,560	3,440
	ARPPMAU (JPY) *2	2,038	2,771	2,568	2,327	2,502
	Share of sales for top 3 titles *3	68.4%	70.3%	67.6%	64.6%	59.6%
Overseas	Composition ratio of sales	19.5%	8.6%	10.5%	11.1%	10.4%
Other indicators	Number of Titles(Domestic)	34	30	28	27	25
	Ratio of advertising expense to net sales *4	6.5%	7.9%	10.2%	9.2%	8.2%
	Noah Pass Average MAU(Thousands, 3 months average)*5	12,360	11,800	11,960	11,400	11,940
Accumulated Downloads (Thousands) *6		22,320	32,650	33,370	30,040	28,420
	Domestic	2,860	4,720	8,230	9,410	2,120
	Overseas	19,460	27,930	25,140	20,630	26,300

Only free-to-play titles are covered for the calculation of Number of titles under service, Domestic MAU, Domestic ARP MAU and Number of downloads. (Pay-to-play models are not included.)

*1. Average MAU (Monthly Active Users) over 3 months

*2. Calculated from dividing sales by MAU (Monthly Active Users)

*3. Sales percentage for top 3 titles in sales

*4. As of the last day of each quarter

*5. Noah pass is a marketing support tool for smart devices.

*6. We've made a correction to the FY2017 3Q number of downloads.

Summary of Results Through 1Q

- Number of titles under service(Domestic) : 27 ⇒25
- “PHANTASY STAR ONLINE 2,” which marked its 5th anniversary since commencing service, performed strongly.
- Held various events and conducted updates mainly for existing mainstay titles including “Hortensia Saga” and “Puyopuyo!! Quest.”

Forecasts

- EPISODE 5 of “PHANTASY STAR ONLINE 2,” a large-scale update, is scheduled for launch. (July 26)
- Planned launch of new titles from the second half.



Summary of Results through 1Q

- Overseas sales of “**Persona5**” by ATLUS performed well (accumulated worldwide shipment exceeded 1.8 million units.)
- Launched new PC game titles in “**Warhammer 40,000: Dawn of War III**” and “**Endless Space 2.**”

Forecasts

- Planning to launch new titles:
“**SONIC MANIA**” (August)
“**Sekaijyu to Mystery DUNGEON2**” (August)
“**Total War: WARHAMMER 2**” (September)
“**Shin Megami Tensei:DEEP STRANGE JOURNEY**” (October)

- Recorded distribution earnings from titles under revenue sharing model including “**KanColle Arcade.**”
- Sales of “**UFO CATCHER 9**” and “**UFO CATCHER TRIPLE**” were solid.
- Preliminary expenses for casino machine development and sales incurred.

- Expecting profit contributions from titles under revenue sharing model, primarily from “**KanColle Arcade.**”
- Planning to launch “**StarHorse3 SeasonVI FULL THROTTLE,**” a CVT kit for “**StarHorse3**” series.
- Preliminary expenses for casino machine development and sales to be incurred.

- Store sales of domestic (amusement) facilities performed at **100.1%** against last fiscal year's same-store sales.
- Facility operation was reinforced focusing on the prize category, although video game utilization decreased compared to the same quarter of the previous fiscal year when video game title performed well.
- Implemented measures for new-style stores such as “**SEGA VR AREA AKIHABARA**” and “**Sega Collaboration Café.**”

- Continue to reinforce facility operation focusing on the prize category.
- Scheduled to introduce e-money in existing-style game centers.
- Reinforce measures for new-style stores such as collaboration café.

- The movie “**Detective Conan Crimson Love Letter**” reached a record high box office revenue.
 - Earnings from distribution for the movie “**Detective Conan**” etc.
-
- Conducted sales of regular and mainstay products, such as “**ANPANMAN**” **D.I.Y. Moving ANPANMANGO-CAR**”

- Distribution earnings expected from movies such as “**Detective Conan Crimson Love Letter**” and “**ANPANMAN: BURUBURU'S TREASURE HUNTING.**”
-
- Planning to focus on sales of regular and mainstay products, such as “**ANPANMAN**” series and “**Disney**” series.

■ Major Titles in 1Q and newly titles to be launched in and after 2Q

	1Q	2Q~
Digital Games	Existing Titles	PHANTASY STAR ONLINE 2 (Jul 2012~) Puyopuyo!! Quest (Apr 2013~) CHAIN CHRONICLE 3 (Jul 2013~) Hortensia Saga (Apr 2015~)
Packaged Games	Warhammer 40,000: Dawn of War III	SONIC MANIA Total War: WARHAMMER 2 Sekaijyu to Mystery DUNGEON2 Shin Megami Tensei: DEEP STRANGE JOURNEY
Amusement Machines	UFO CATCHER TRIPLE	StarHorse3 Season VI FULL THROTTLE
Animation /Toys	Detective Conan Crimson Love Letter “ANPANMAN” D.I.Y. Moving ANPANMANGO-CAR Cars3 Shakin' and Movin'! Smartphone Driving	ANPANMAN: BURUBURU'S TREASURE HUNTING “ANPANMAN Museum series” GOGO MINI-CAR Kururin Basic Course HOMESTAR KIMINONAWA



“SONIC MANIA”

©SEGA



“UFO CATCHER TRIPLE”

©SEGA



“Detective Conan Crimson Love Letter”

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“ANPANMAN” D.I.Y. Moving ANPANMANGO-CAR”

©Takashi Yanase / Froebel-kan, TMS, NTV



Segment Results: Resort Business

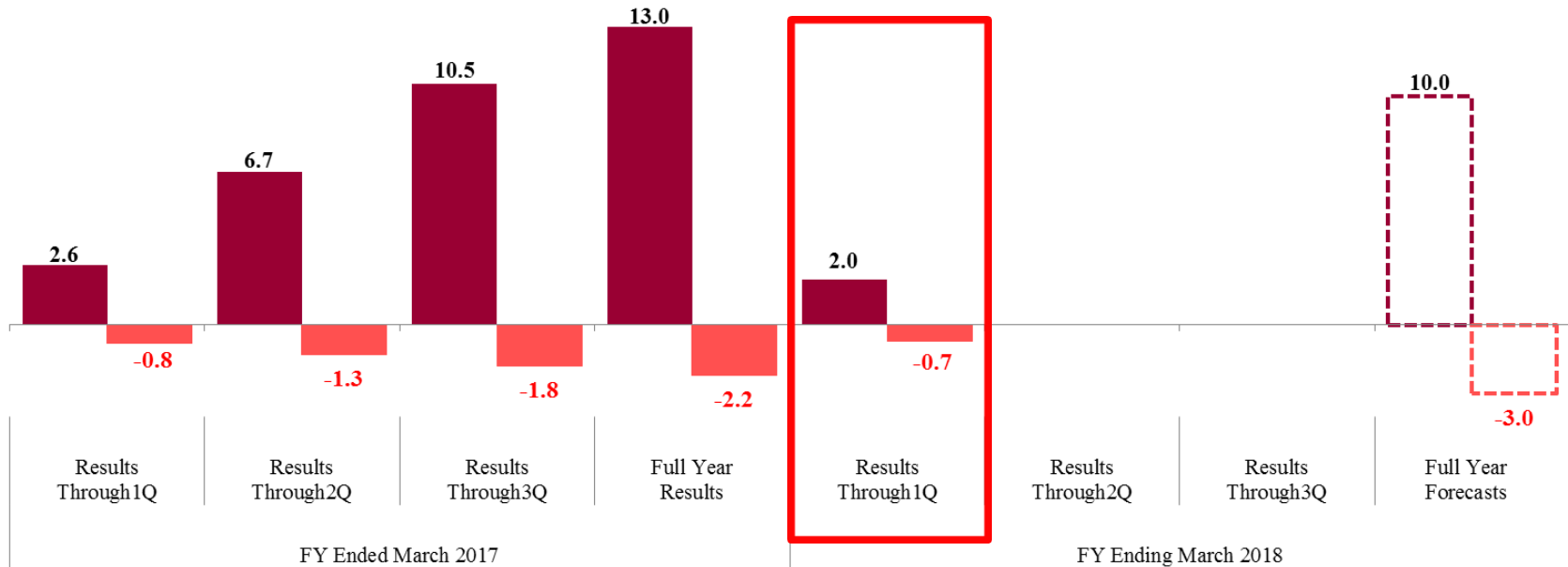
Sales : **2.0** JPY Billion

Operating Income : **-0.7** JPY Billion

Operating Income Margin : **-** %

(JPY Billion)

■ Sales ■ Operating Income



Summary of Results Through 1Q

- Number of visitors increased compared to last year which faced the impacts of the earthquake, large-scale renewal work at **“Phoenix Seagaia Resort”** and the holding of events targeting people in surrounding prefectures.
- **“PARADISE CITY,”** South Korea’s first integrated resort (IR), opened.
- Sales decrease due to partially transferred shares of subsidiary that operates indoor theme park (**JOYPOLIS**) in the previous year.

Forecasts

- Planning renewal work on garden area of **“Phoenix Seagaia Resort”** and implementation of various projects and programs only available at Seagaia as measures for the summer vacation season.
- Planning prior investments in the integrated resort (IR) business.



Segment Results: Resort Business

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 1Q	Full Year Results	Results Through 1Q	YoY Change	Full Year Forecasts	YoY Change
Sales	2.6	13.0	2.0	-23%	10.0	-23%
Operating Income	-0.8	-2.2	-0.7	-	-3.0	-

<PHOENIX RESORT>

Sales	1.4	8.4	1.8	+29%	10.0	+19%
Operating Income	-0.5	-0.8	-0.3	-	0.0	-
Number of facility users (thousand people)	99	561	126	+27%	651	+16%
3 accommodation facilities	44	293	57	+30%	332	+13%
2 golf courses	20	87	25	+25%	100	+15%
Other facilities	35	181	44	+26%	218	+20%

<PARADISE SEGASAMMY *>

Sales (Billion KRW)	21	95	22	+5%	-	-
Operating Income (Billion KRW)	15	-0	-12	-	-	-
Number of visitors (Thousands)	11	57	17	+55%	-	-

* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate

* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay



■ Major measures



“Phoenix Resort”



■ **5 meal stay plan with Seagaia’s specialty dishes**
 Targeting people in Miyazaki and adjacent prefectures (Kumamoto, Oita and Kagoshima), established a new plan to experience “new Seagaia” by focusing on “food.”
 Became a hit and reserved by over 2,500 people



■ **Seagaia Premium Members Club card holders exceeded 15,000**
 Able to redeem points earned through use of designated facilities for various benefits. Special plans for members available.



■ **New Garden Area, “THE LIVING GARDEN,” open in July**
 The garden pool now has wooden decking and comfortable furniture where guests can relax throughout the year.



■ **“Summer Vacation at New Seagaia”**
 • “Summer Sky Fireworks”(from July 23 to September 2)
 • Enrich a wide variety of experiential programs only available at Seagaia and content to enjoy the resort at nighttime as well.

“PARADISE SEGASAMMY”

■ **Opened “PARADISE CITY,” South Korea’s first integrated resort (IR) on April 20, 2017**
 Highest-quality, 5-star resort hotel and one of the largest foreigner-exclusive casinos in South Korea.
 Convention halls with ballrooms of the largest scale are established as facilities attached to the highest-quality hotel in South Korea.



■ **Progress of 1-2 Phase (Scheduled to open in first half of 2018)**

- SPA
- CLUB
- WONDER BOX (for families)
- PLAZA (Commercial facility / cultural center, shopping mall)





Segment Results: Resort Business (Phoenix Resort)



■ Exterior

■ Golf Course

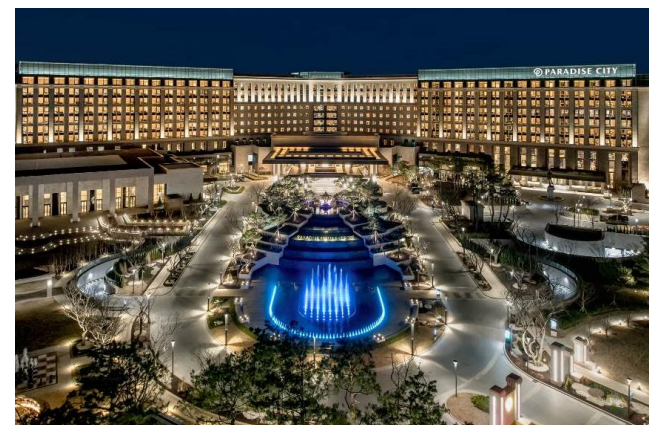
■ Convention Center

<Overview>

Facility name	Phoenix Seagaia Resort	
Operating company	Phoenix Resort Co., Ltd.	
Facility address	3083 Aza Hamayama, O-Aza Shioji, Miyazaki City, Miyazaki Prefecture	
Number of employees	753 (as of June 30, 2017) (including, concurrent officers, full-time employees, loaned employees, contract employees and part-time employees)	
Site area	2,511,144m ²	
Facility composition	Hotel	950 rooms (Sheraton Grande Ocean Resort, Luxze Hitotsuba and Cottage HIMUKA)
	Golf courses	45holes (Phoenix Country Club, Tom Watson Golf Course) Phoenix Golf Academy
	Convention Center	Approx. 5,500 m ² (capacity for approx. 5,000 people)
	Entertainment facilities	Spa, hot springs, fitness club and horse riding club
	Other facilities	Tennis court and wedding halls

<Access>

- 20-minute drive from Miyazaki Airport
- Approx. 25-minute ride on local bus (incurs a fee) or 15-minute drive from JR Miyazaki Station
- Approx. 25-minute drive from Miyazaki Interchange on the expressway



■ Exterior

■ Casino Facility

■ Lobby lounge (Hotel)

<Overview>

Facility name	PARADISE CITY	
Operating company	PARADISE SEGASAMMY Co.,Ltd.	
Facility address	186, Yeongjonghaeannam-ro 321-gil, Jung-gu, Incheon, Republic of Korea	
Number of employees	1,188 (as of June 30, 2017) (including, concurrent officers, full-time employees, loaned employees, contract employees and part-time employees)	
Site area	330,000㎡	
Investment amount	Approx. 1,300 billion KRW (amount invested by Sega Sammy: 232.9 billion KRW; shareholding ratio: 45%)	
Facility composition	Open in April 2017	<ul style="list-style-type: none"> • Casino (table games: 158 units, electronic table games: 4 units 62 seats, slot machines: 291 units) • Hotel (711 rooms; additional facilities: restaurant, banquet hall, indoor and outdoor pools, etc.) • Convention
	Opening planned for first half of 2018	<ul style="list-style-type: none"> • SPA •CLUB •WONDER BOX (for families) • PLAZA (Commercial facility / cultural center, shopping mall)

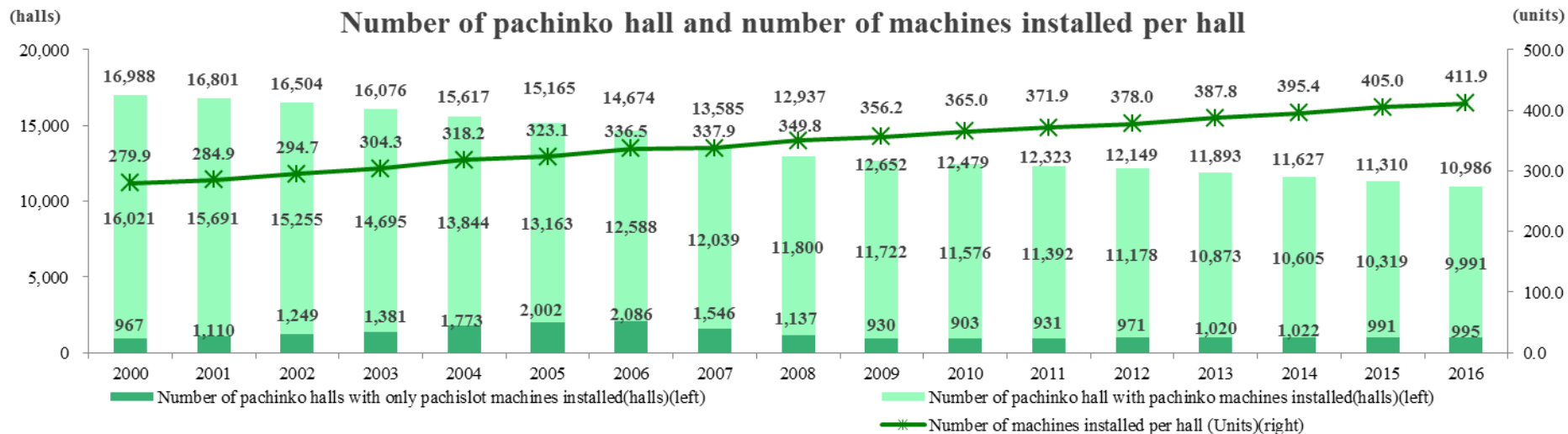
<Overview of Incheon International Airport

- Number of users: 57.77 million (2016)
- Terminal 2, which will be able to accommodate 18 million passengers, is scheduled for completion in 2017

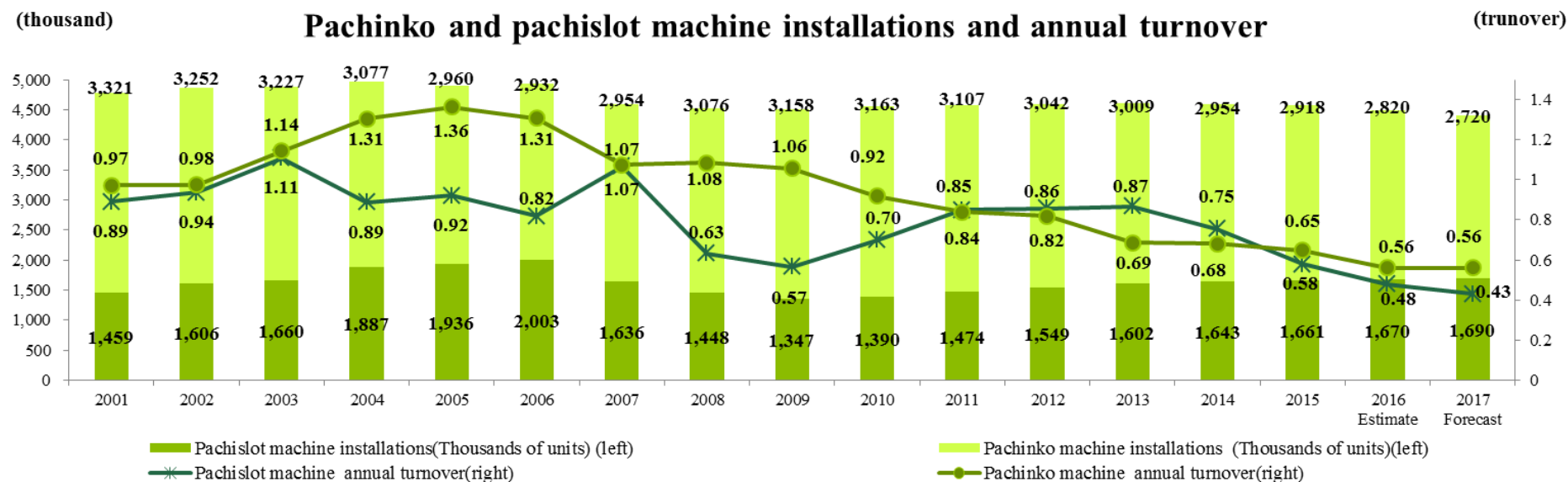
<Access to PARADISE CITY>

- 3-minute drive by car or shuttle bus (free of charge)
5-minute ride on linear monorail (free of charge) and 15-minute walk from Incheon International Airport
- Also a 5-minute drive from Incheon Interchange on the expressway

3. Supplementary Information on the Market

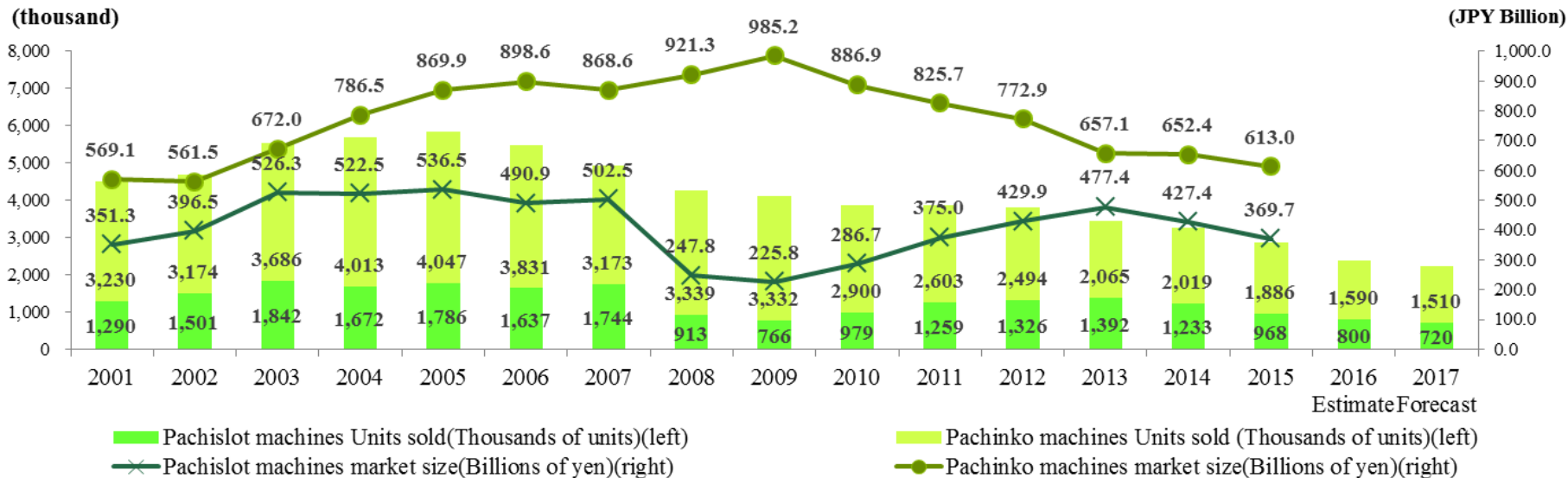


Sources : National Police Agency



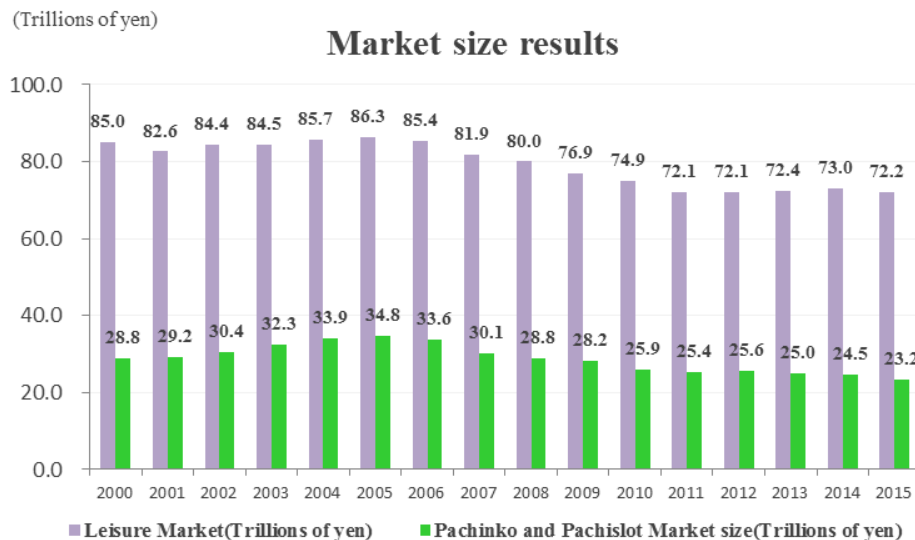
Sources: National Police Agency and Yano research Institute Ltd.

Pachinko and Pachislot machines-Unit Sales and Market Size

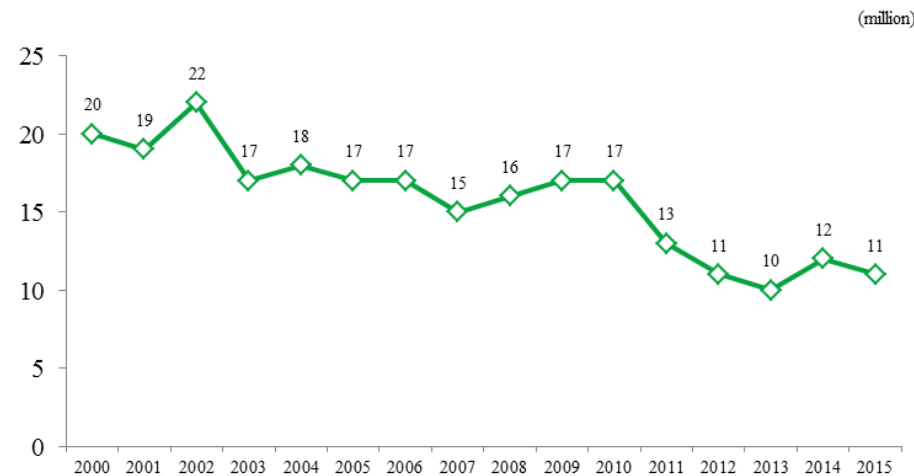


Sources:Yano research Institute Ltd.

Market size results

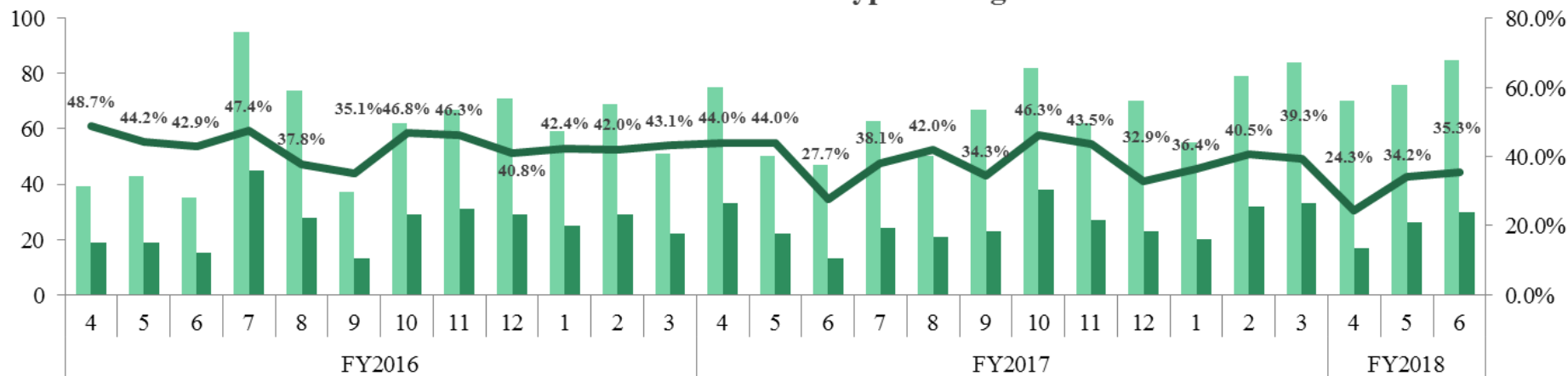


Number of players



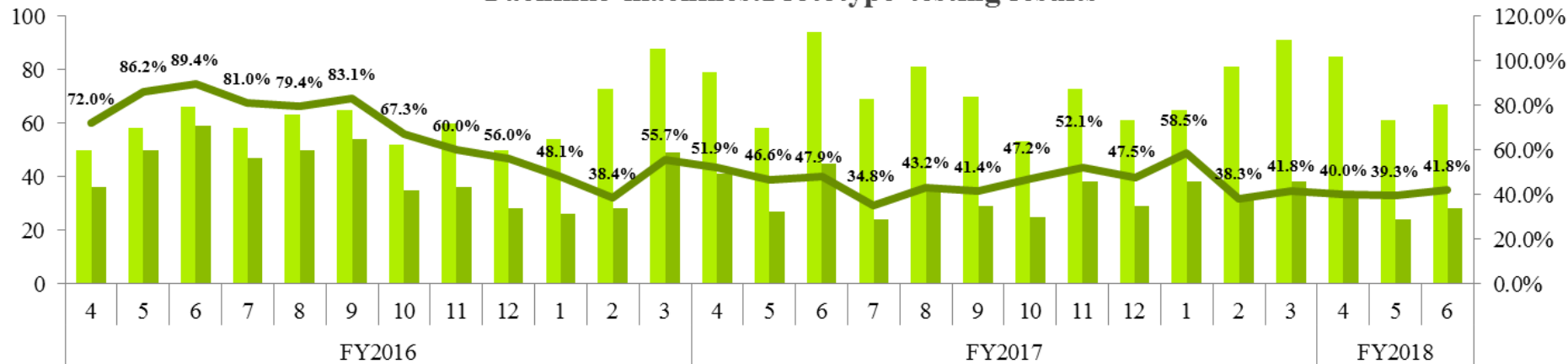
Sources : White Paper on Leisure Industry 2016, Japan Productivity Center

Pachislot machines:Prototype testing results



■ Pachislot machines: Issuance of prototype(left)
 ■ Pachislot machines: Number of Approval(left)
 — Pachislot machines: Approval rate(right)

Pachinko machines:Prototype testing results



■ Pachinko machines: Issuance of prototype(left)
 ■ Pachinko machines: Number of Approval(left)
 — Pachinko machines: Approval rate(right)

Sources:Security Communications Association

Share of Annual Pachislot Machine Sales

Rank	2010			2011			2012			2013			2014			2015		
	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	Sammy	302,270	30.9%	Sammy	300,866	23.9%	U Company	236,000	17.8%	Sammy	301,575	21.7%	Sammy	207,828	16.8%	U Company	165,000	17.0%
2	D Company	117,000	11.9%	D Company	200,000	15.9%	Sammy	202,221	15.3%	U Company	215,000	15.5%	U Company	205,000	16.6%	Sammy	142,337	14.7%
3	S Company	116,424	11.9%	Y Company	196,000	15.6%	Y Company	193,000	14.6%	H Company	120,000	8.6%	D Company	128,000	10.4%	H Company	113,997	11.8%
4	H Company	111,000	11.3%	U Company	172,000	13.7%	D Company	186,000	14.0%	S Company	116,291	8.4%	Y Company	108,000	8.7%	K Company	100,000	10.3%
5	U Company	103,000	10.5%	S Company	96,158	7.6%	K Company	110,000	8.3%	D Company	102,000	7.3%	H Company	92,763	7.5%	S Company	80,125	8.3%

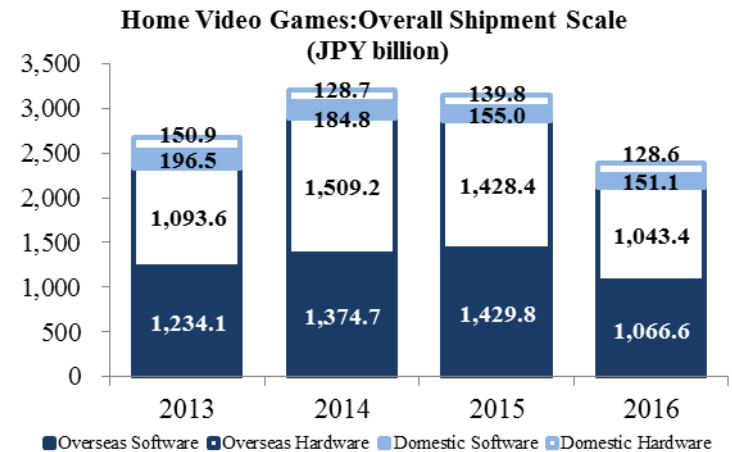
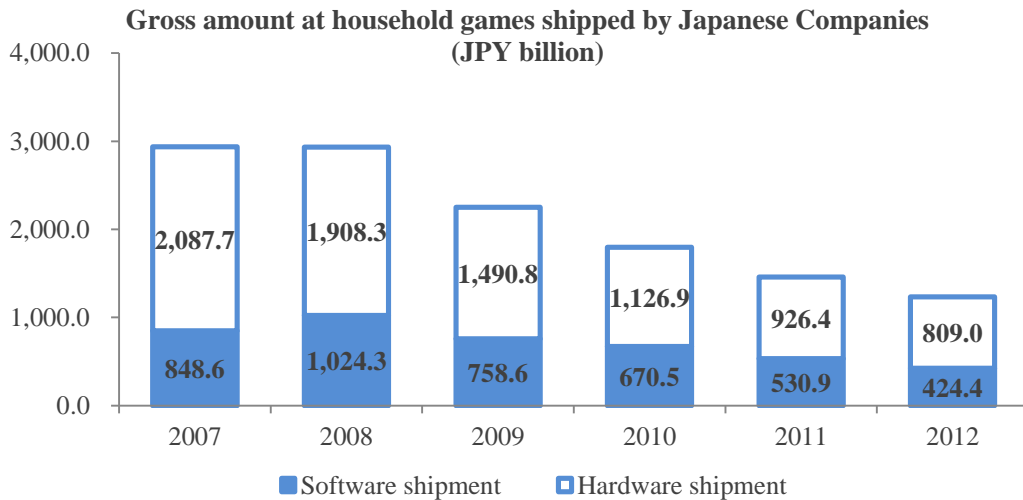
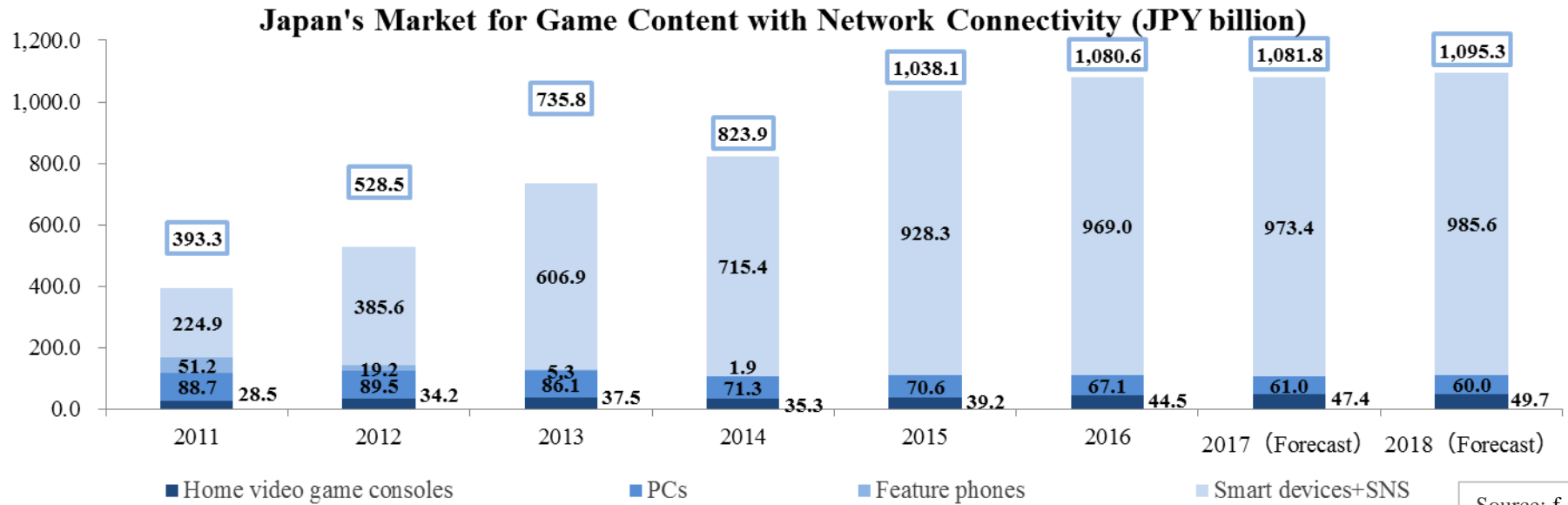
Share of Annual Pachinko Machine Sales

Rank	2010			2011			2012			2013			2014			2015		
	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	S Company	653,000	22.5%	K Company	485,000	18.6%	S Company	544,000	21.8%	K Company	349,000	17.0%	S Company	330,000	16.4%	S Company	300,000	15.9%
2	S Company	424,533	14.6%	S Company	360,805	13.9%	K Company	507,000	20.3%	S Company	315,000	15.4%	S Company	329,892	16.4%	S Company	296,346	15.7%
3	Sammy	343,188	11.8%	Sammy	332,288	12.8%	H Company	252,000	10.1%	S Company	291,967	14.3%	K Company	308,000	15.3%	S Company	275,000	14.6%
4	K Company	322,000	11.1%	S Company	332,000	12.8%	N Company	250,000	10.0%	Sammy	200,225	9.8%	H Company	252,103	12.5%	H Company	234,616	12.4%
5	N Company	296,000	10.2%	N Company	255,000	9.8%	Sammy	216,860	8.7%	H Company	197,000	9.6%	Sammy	242,847	12.0%	N Company	220,000	11.7%
6																Sammy	199,014	10.5%

Source: Yano Research Institute Ltd.

*Estimated by Yano Research Institute Ltd. with fiscal years from July of each year through June the following year as criteria

Home Video Game and Online Game Markets Scale

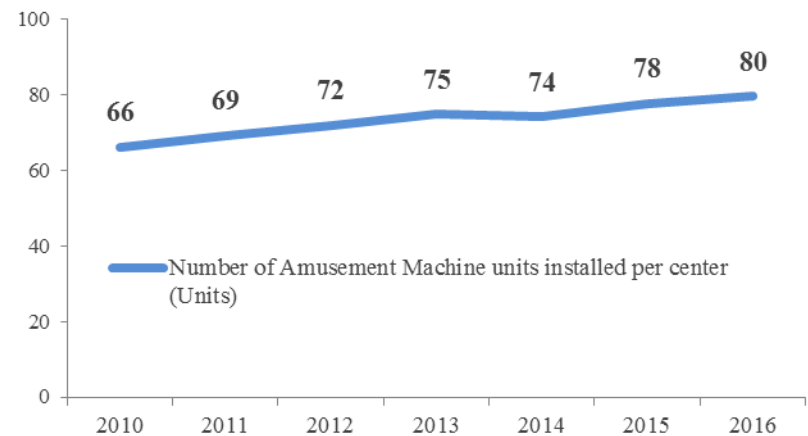
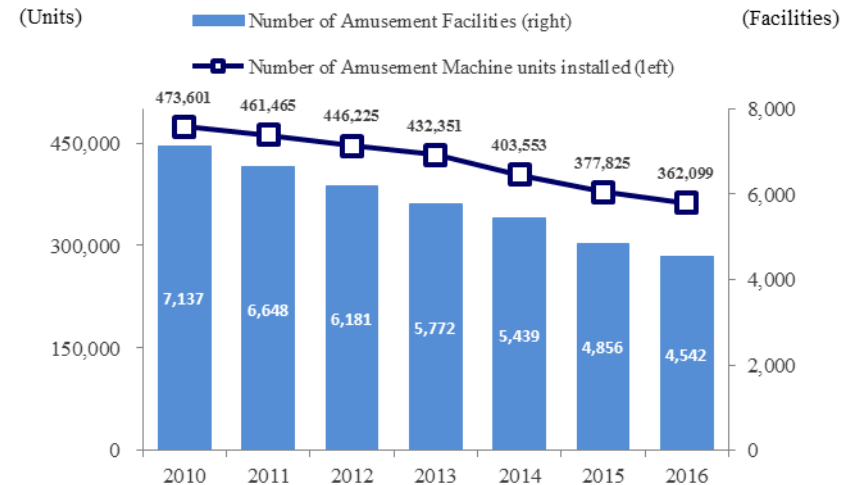
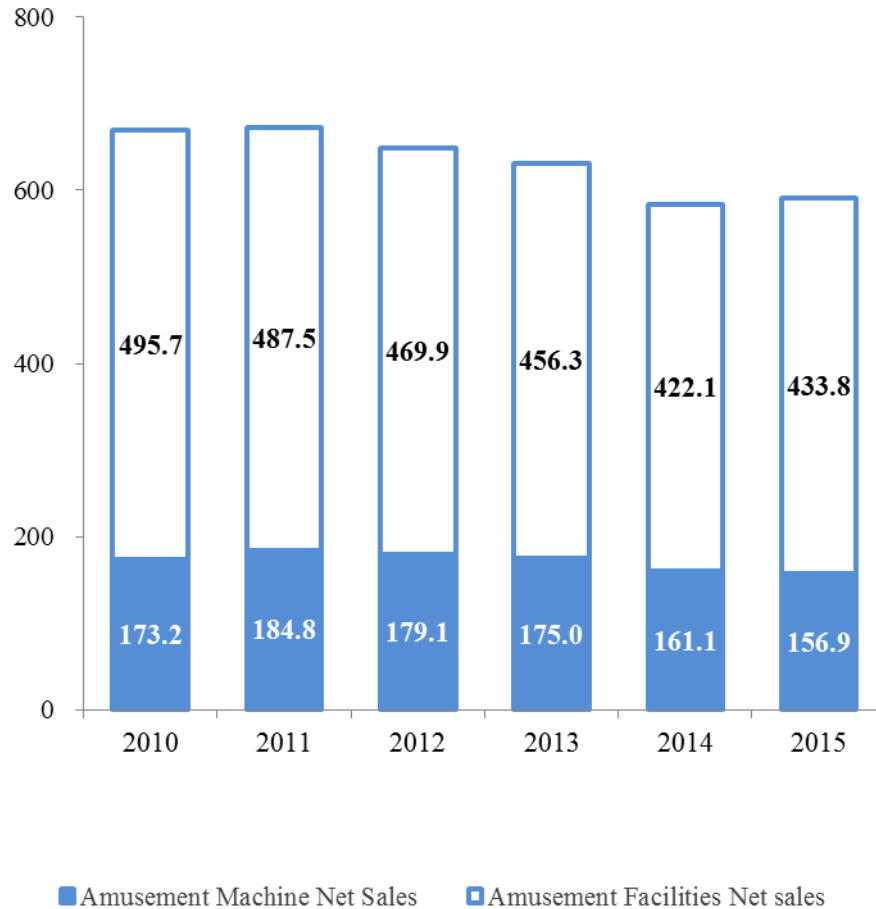


Source: CESA Games White Paper *Chart is separated from 2013 due to the change of collection method of the data.



Amusement Machine and Amusement Center Operations Markets Scale

Amusement Machine / Facilities sales (JPY billion)

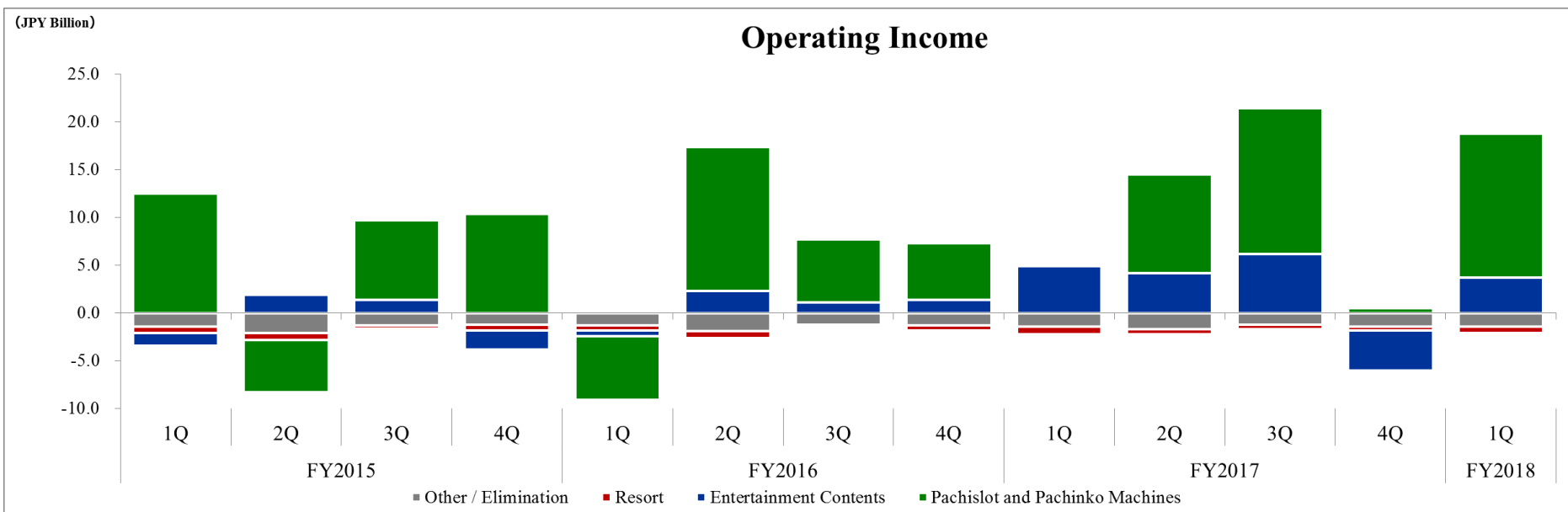
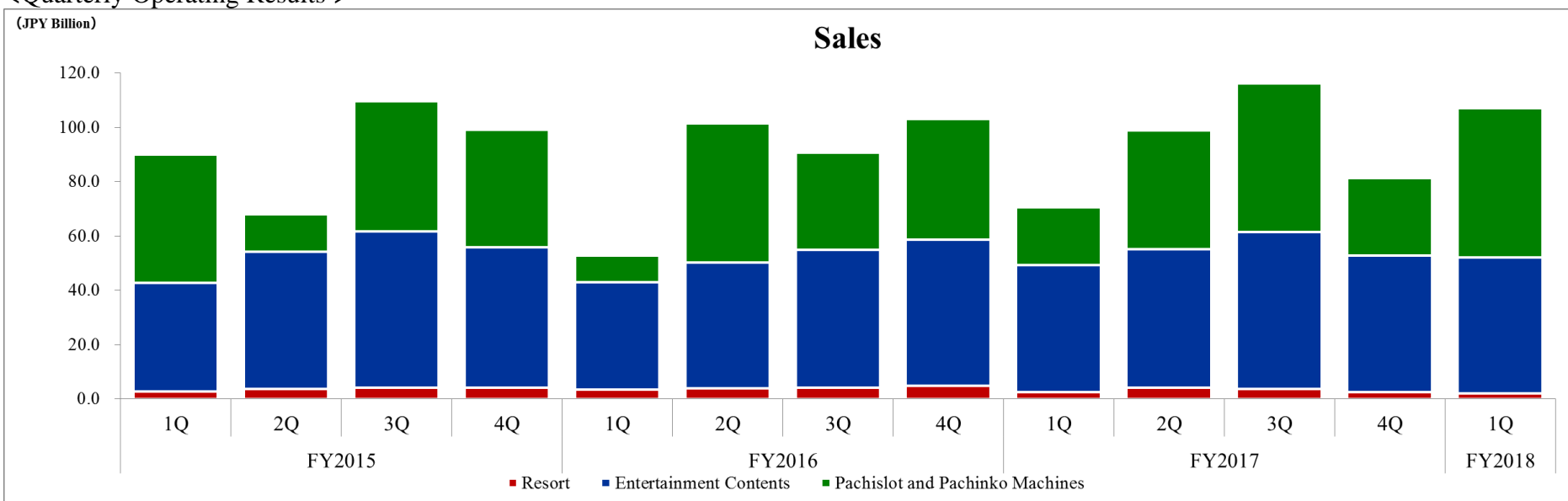


Source: JAIA, National Police Agency

4.Past Operating Results/Company Profile

Past Operating Results

<Quarterly Operating Results>



Past Operating Results (Former Segment basis)

From FY Ended March 2005 to FY Ended March 2015

*The data in this page can be downloaded from following URL.

(http://www.segasammy.co.jp/english/ir/library/pdf/settlement/2015/e_201503_4q_transition.xls)

(JPY billion)		FY Ended March 2005	FY Ended March 2006	FY Ended March 2007	FY Ended March 2008	FY Ended March 2009	FY Ended March 2010	FY Ended March 2011	FY Ended March 2012	FY Ended March 2013	FY Ended March 2014		FY Ended March 2015	
		Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results
Breakdown	Net Sales	515.6	553.2	528.2	458.9	429.1	384.6	396.7	395.5	321.4	162.2	378.0	154.2	354.9
	Pachislot and Pachinko Machines	280.1	265.6	211.5	145.5	161.6	160.3	212.0	212.1	142.2	71.2	181.8	60.6	149.1
	Amusement Machines Sales	63.3	71.5	75.4	71.0	61.9	45.1	47.2	49.9	39.1	18.0	38.6	18.0	39.6
	Amusement Center Operations	83.1	106.2	103.8	91.2	71.3	54.7	45.6	44.6	42.7	21.9	43.2	20.8	41.4
	Consumer Business	65.3	90.3	119.5	141.7	131.3	121.5	88.8	85.6	83.8	43.8	99.8	48.2	111.0
	Other	23.7	19.4	17.8	9.3	2.9	2.8	2.8	3.0	13.4	7.1	14.5	6.4	13.6
Breakdown	Operating Income	105.0	119.1	76.5	-5.8	8.3	36.7[31.0]	68.7	58.3	19.0	12.3	38.5	3.4	17.6
	Pachislot and Pachinko Machines	103.9	99.8	71.1	8.4	14.5	29.5	64.2	71.0	23.5	15.1	45.2	7.3	25.7
	Amusement Machines Sales	7.4	12.1	11.6	7.1	6.8	7.0[5.4]	7.3	7.4	1.9	-0.0	-1.2	0.1	-2.5
	Amusement Center Operations	5.4	9.2	0.1	-9.8	-7.5	-1.3[-1.4]	0.3	0.3	1.1	0.2	0.0	-0.2	-0.9
	Consumer Business	-8.8	1.9	1.7	-5.9	-0.9	6.3[2.4]	1.9	-15.1	-0.7	1.1	2.0	0.9	4.0
	Other	-0.5	-1.7	-1.3	-0.0	-0.3	0.3	0.0	0.2	-0.4	-0.4	-1.2	-1.0	-2.0
	Eliminations	-2.3	-2.3	-6.7	-5.5	-4.9	-5.2	-5.1	-5.4	-6.3	-3.6	-6.4	-3.7	-6.5
Operating Margin		20.4%	21.5%	14.5%	-	1.9%	9.5%[8.1%]	17.3%	14.7%	5.9%	7.6%	10.2%	2.2%	5.0%
Ordinary Income		104.4	119.5	81.2	-8.2	6.6	35.9[30.2]	68.1	58.1	20.9	14.2	40.5	3.3	16.9
Ordinary Income Margin		20.2%	21.6%	15.4%	-	1.5%	9.3%[7.9%]	17.2%	14.7%	6.5%	8.8%	10.7%	2.1%	4.8%
Net Income		50.5	66.2	43.4	-52.4	-22.8	20.2[14.5]	41.5	21.8	33.4	11.3	30.7	-2.0	-11.2
Net Income Margin		9.8%	12.0%	8.2%	-	-	5.3%[3.8%]	10.5%	5.5%	10.4%	7.0%	8.1%	-	-
ROA		11.5%	12.7%	7.9%	-11.2%	-5.4%	4.8%	11.7%	6.0%	6.3%	-	5.7%	-	-2.2%
ROE		19.5%	23.0%	13.3%	-17.6%	-9.5%	8.8%	16.2%	7.7%	11.0%	-	9.3%	-	-3.4%
Equity Ratio		59.0%	60.6%	61.5%	55.3%	52.4%	55.8%	60.0%	58.9%	59.7%	-	63.2%	-	60.0%
Cash flows to interest bearing debt ratio		185.6%	230.2%	89.0%	-	218.9%	137.9%	58.9%	192.4%	524.9%	-	127.7%	-	301.9%
Interest coverage ratio		105.8 times	123.8 times	196.3 times	-	35.1 times	73.0 times	134.1 times	58.1 times	22.9 times	-	90.0 times	-	45.2 times
R&D expense / content production expense *3		41.5	36.3	52.1	65.3	59.6	41.5[47.2]	41.1	53.3	45.2	25.1	59.2	28.4	67.6
Cap-ex		32.4	38.5	36.6	50.4(*1)	26.6	16.1	19.6	36.1	32.8	22.6	38.1	14.7	28.7
Depreciation *4		17.7	21.8	28.0	45.6(*2)	26.6	17.1	15.9	16.1	18.1	7.5	16.1	8.1	17.6
Advertising *5		11.8	18.9	22.2	22.8	20.7	20.7	15.1	17.2	13.1	7.6	16.0	10.0	19.1
# of pachislot titles		9 titles	14 titles	17 titles	22 titles	19 titles	12 titles	10 titles	11 titles	8 titles	3 titles	9 titles	4 titles	6 titles
Unit sales		676,933 units	607,106 units	523,422 units	380,688 units	123,286 units	162,932 units	302,270 units	300,866 units	202,221 units	143,171 units	301,575 units	92,998 units	207,828 units
# of pachinko titles		8 titles	8 titles	14 titles	9 titles	12 titles	13 titles	12 titles	14 titles	14 titles	4 titles	10 titles	9 titles	14 titles
Unit sales		233,049 units	288,895 units	132,981 units	108,184 units	391,831 units	360,171 units	343,188 units	332,288 units	216,860 units	54,955 units	200,225 units	86,453 units	242,847 units
Same Store Sales Comparisons		98.5%	103.3%	95.8%	89.0%	92.4%	91.7%	99.3%	100.5%	93.8%	95.0%	96.1%	98.7%	100.1%
Domestic Facilities		477 facilities	462 facilities	449 facilities	363 facilities	322 facilities	260 facilities	249 facilities	241 facilities	236 facilities	202 facilities	198 facilities	198 facilities	198 facilities
# of game software titles		- (84)	- (122)	- (140)	80 (138)	78 (122)	66 (105)	51 (71)	45 (86)	25 (49)	8 (8)	21 (32)	6(14)	30 (50)
Sales (Thousand units)		11,790	16,400	21,270	26,990	29,470	26,750	18,710	17,240	10,780	3,230	8,730	4,100	12,300

* Numbers shown in parentheses are based on previous accounting policy (For reference, unaudited)

* Number of titles reflects products which begin sales in the period (Numbers shown in parentheses are based on SKU)

(* 1):Includes rental assets of 17.1 billion Yen (full year) (* 2):Includes rental assets of 17.3 billion Yen (full year)

*3 In the fiscal year ended March 2014 and after, amortization cost of digital titles is included in R&D expense. (Up to the fiscal year ended March 2013, it was included in depreciation.)

*4 In the fiscal year ended March 2014 and after, amortization cost of digital titles is not included in depreciation. (In the fiscal year ended March 2014 and after, it is included in R&D expense/content production expense.)

*5 In the fiscal year ended March 2014 and after, advertising expenses are included in cost. (Up to the fiscal year ended March 2013, only selling, general and administrative (SG&A) expenses were included in cost.)

Past Operating Results (New Segment basis)

From FY Ended March 2015~

*The data in this page can be downloaded from following URL.
(http://www.segasammy.co.jp/english/ir/library/pdf/settlement/2018/e_201803_1q_transition.xls)

(JPY Billion)		FY Ended March 2015				FY Ended March 2016				FY Ended March 2017				FY Ending March 2018
		Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q
Breakdown	Net Sales	90.0	158.1	267.7	366.8	52.9	154.3	245.0	347.9	70.6	169.5	285.7	366.9	107.2
	Pachislot and Pachinko Machines	47.2	61.1	108.9	152.1	7.6[9.8]*	56.6[60.9]*	90.4[96.7]*	132.7[141.0]*	21.2	64.9	119.7	148.2	54.9
	Entertainment Contents	39.9	90.3	147.9	199.6	41.8[39.6]*	90.2[85.9]*	143.0[136.6]*	198.8[190.5]*	46.7	97.8	155.4	205.7	50.2
	Resort	2.8	6.6	10.8	14.9	3.4	7.4	11.5	16.3	2.6	6.7	10.5	13.0	2.0
Breakdown	Operating Income	8.9	2.7	10.8	17.4	-9.4	5.7	12.1	17.6	3.0	15.3	35.0	29.5	16.6
	Pachislot and Pachinko Machines	12.5	7.0	15.3	25.7	-6.7[-6.7]*	8.5[8.4]*	15.4[15.0]*	21.5[20.9]*	0.3	10.6	25.8	26.3	15.1
	Entertainment Contents	-1.3	0.6	2.0	0.0	-0.7[-0.6]*	1.5[1.7]*	2.4[2.8]*	3.6[4.2]*	4.9	9.1	15.3	11.1	3.7
	Resort	-0.7	-1.4	-1.7	-2.3	-0.5	-1.2	-1.3	-1.8	-0.8	-1.3	-1.8	-2.2	-0.7
	Other / Elimination	-1.4	-3.5	-4.8	-6.0	-1.3	-3.1[-3.2]*	-4.4	-5.7	-1.4	-3.1	-4.3	-5.7	-1.5
	Operating Margin	9.9%	1.7%	4.0%	4.7%	-	3.7%	4.9%	5.1%	4.2%	9.0%	12.3%	8.0%	15.5%
	Ordinary Income	9.6	2.6	10.7	16.8	-8.7	5.8	12.6	16.4	2.9	15.4	35.3	28.5	16.2
	Ordinary Income Margin	10.7%	1.6%	4.0%	4.6%	-	3.8%	5.1%	4.7%	4.1%	9.1%	12.4%	7.8%	15.1%
	Profit attributable to owners of parent	5.1	-2.8	-2.7	-11.3	-7.9	0.9	6.4	5.3	4.1	24.2	36.5	27.6	11.5
	Net Income Margin	5.7%	-	-	-	-	0.6%	2.6%	1.5%	5.8%	14.3%	12.8%	7.5%	10.7%
ROA		-	-	-	-2.2%	-	-	-	1.0%	-	-	-	5.2%	-
ROE		-	-	-	-3.4%	-	-	-	1.8%	-	-	-	9.2%	-
Equity Ratio		-	-	-	60.0%	-	-	-	55.3%	-	-	-	59.0%	-
Cash flows to interest bearing debt ratio		-	-	-	301.9%	-	-	-	798.8%	-	-	-	178.6%	-
Interest coverage ratio		-	-	-	45.2 times	-	-	-	19.1 times	-	-	-	61.4 times	-
R&D expense / content production expense		12.4	28.4	48.8	67.6	12.8	24.7	40.3	58.0	13.9	31.7	48.8	67.1	15.3
Cap-ex		6.9	14.7	20.5	28.7	6.8	12.5	21.0	28.0	6.1	13.8	20.8	27.0	5.0
Depreciation		4.0	8.1	12.8	17.6	4.1	8.2	12.5	16.6	3.9	7.6	12.0	16.3	4.2
Advertising		4.1	10.0	14.5	19.1	3.9	9.3	13.6	17.9	3.1	7.6	11.2	14.8	3.2
# of pachislot titles		3 titles	4 titles	5 titles	6 titles	-	2 titles	6 titles	7 titles	2 titles	3 titles	6 titles	10 titles	3 titles
Unit sales		82,791 units	93,045 units	96,111 units	207,830 units	102 units	70,260 units	121,645 units	142,337 units	29,902 units	81,895 units	169,827 units	215,736 units	25,440 units
# of pachinko titles		5 titles	5 titles	8 titles	10 titles	2 titles	6 titles	7 titles	8 titles	1 titles	3 titles	6 titles	9 titles	2 titles
Unit sales		47,711 units	82,955 units	224,519 units	241,425 units	22,362 units	79,604 units	115,396 units	199,014 units	20,525 units	75,542 units	111,104 units	138,321 units	97,499 units
Same Store Sales Comparisons		99.4%	98.7%	100.1%	100.1%	101.4%	102.2%	101.7%	103.1%	111.2%	110.8%	110.3%	108.5%	100.1%
Domestic Facilities		201 facilities	198 facilities	198 facilities	198 facilities	198 facilities	198 facilities	198 facilities	194 facilities	193 facilities	189 facilities	190 facilities	191 facilities	190 facilities
# of game software titles		3	6	25	30	5	12	24	29	5	14	19	26	5
Sales (Thousand units)		1,700	4,100	8,910	12,280	1,830	3,280	6,120	9,220	2,410	4,650	8,130	10,280	4,560

*Sales of new segment is changed to gross basis.

*Basis for recording net sales was changed from shipment to delivery starting in FY ended March 2016.

*In line with the change of accounting policy, contents of retroactive processing have been reflected on new segments since FY ended March 2015.

*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since for FY ended March 2017.

*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.

Company Profile

(As of March 31, 2017)

Company Name	SEGA SAMMY HOLDINGS INC.
Address	Shiodome Sumitomo Building 21F, 1-9-2 Higashi Shimbashi, Minato-ku, Tokyo
Established	October 1, 2004
Capital	¥29.9 billion
Number of Employees	7,639 (Consolidated)
Stock Exchange	Tokyo Stock Exchange (Stock Code : 6460)

Managements

(As of June 23, 2017)

Chairman and CEO (Representative Director)	Hajime Satomi
President and COO (Representative Director)	Haruki Satomi
Senior Executive Vice President (Director of the Board)	Naoya Tsurumi
Executive Vice President and CFO (Director of the Board)	Koichi Fukazawa
Executive Vice President (Director of the Board)	Hideki Okamura
Director of the Board (External)	Yuji Iwanaga
Director of the Board (External)	Takeshi Natsuno
Director of the Board (External)	Kohei Katsukawa
Standing Audit & Supervisory Board Member	Shigeru Aoki
Audit & Supervisory Board Member	Yukito Sakaue
Audit & Supervisory Board Member (External)	Tomio Kazashi
Audit & Supervisory Board Member (External)	Mineo Enomoto

Information on Outstanding Shares

(As of March 31, 2017)

Number of shares authorized for issuance	800,000,000 shares
Total number of shares issued and outstanding	266,229,476 shares
Number of Shareholders	85,486

■ Principal Shareholders

Name of Shareholder	Shares Held	Shareholding Ratio (%)
Hajime Satomi	31,869,338	11.97
SEGA SAMMY HOLDINGS INC.	31,841,869	11.96
FSC Co., Ltd.	12,972,840	4.87
HS Company	11,750,000	4.41
Japan Trustee Services Bank, Ltd. (Trust account)	8,169,900	3.06

■ Distribution of Shareholders

Financial Institutions	13.93%
Securities Companies	2.18%
Other Companies	12.06%
Foreign Institutions and Individuals	27.66%
Japanese Individuals and Other	32.21%
Treasury Stock	11.96%

*Including the number of share less than 1 unit



<http://www.segasammy.co.jp/>

[Disclaimer]

■ The contents in this material and comments made during the questions and
■ answers etc. of this briefing session are the judgment and forecasts of the
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