



# FY Ending March 2020 1Q Results Presentation

Jul 30, 2019

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# **1. Fiscal Year ending Mar 2020, 1Q Results / Full Year Forecasts**

# Results Highlights

(JPY Billion)

	2019/3		2020/3	
	Results Through 1Q	Full Year Results	Results Through 1Q	Full Year Forecast
Sales	68.8	331.6	72.7	390.0
Operating Income	0.9	13.0	3.4	27.0
Operating Income Margin	1.3%	3.9%	4.7%	6.9%
Non-operating income	0.7	2.1	0.8	1.5
Non-operating expenses	0.9	7.7	1.9	5.5
Ordinary Income	0.6	7.4	2.3	23.0
Extraordinary income	0.0	8.2	0.0	-
Extraordinary losses	0.0	8.7	0.1	-
Income before income taxes	0.7	6.9	2.2	23.0
Profit (loss) attributable to owners of parent	0.3	2.6	1.7	15.0
ROA <sup>*</sup>	-	0.6%	-	-

\* ROA = Profit attributable to owners of parent / Total assets

## 2020/3 1Q Results

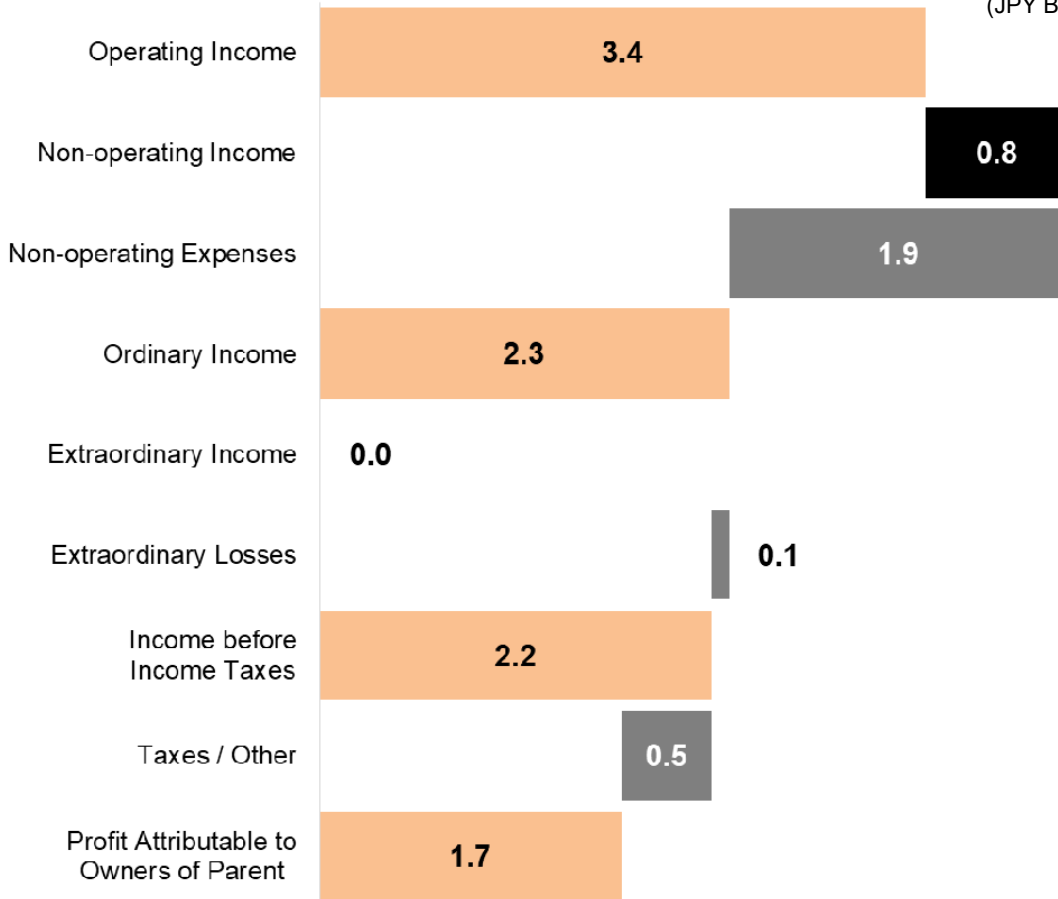
- ◆ Both sales and profits increased QoQ.
  - ✓ Strong performance in Packaged Games and other areas in Entertainment Contents business
  - ✓ Recorded income from alienation of titles in Digital Games area

## 2020/3 Forecast

- ◆ Plan to sell major titles in Pachislot and Pachinko business but need to observe the approval status of prototype testing carefully in Pachislot business
- ◆ Launch new titles in each area in Entertainment Contents business

# Breakdown of Income (2020/3 1Q Results )

(JPY Billion)



## Break down of non-operating income / losses and extraordinary income / losses

(JPY Billion)

<b>Non-operating income</b>	<b>0.8</b>
Dividends income	0.2
Foreign exchange gains	0.1
<b>Non-operating expenses</b>	<b>1.9</b>
Equity in losses of affiliates	1.2

# Consolidated Costs and Expenses

(JPY Billion)

	2019/3		2020/3		2020/3 1Q results / main factors
	Results Through 1Q	Full Year Results	Results Through 1Q	Full Year Forecast	
R&D Expense / Content Production Expense	14.1	66.6	17.1	72.5	Increased in association with the launch of new titles in Packaged Games area
Cap-ex	6.4	34.4	5.1	24.8	Decreased in association with the completion of relocation
Depreciation	3.9	14.5	3.6	13.6	-
Advertising	3.3	16.0	3.6	21.0	-

## Consolidated Balance Sheet

(JPY Billion)

	As of end of March 2019	As of end of June 2019	Change
Total Current Assets	260.4	239.7	-20.7
Cash and Deposits	137.4	76.8	-60.6
Securities	14.5	54.2	+39.7
Total Noncurrent Assets	204.1	204.7	+0.6
Total liabilities and net assets	464.6	444.5	-20.1
Total Current Liabilities	87.5	83.1	-4.4
Corporate Bonds	12.5	12.5	-
Total Noncurrent Liabilities	71.7	62.8	-8.9
Corporate Bonds	10.0	-	-10.0
Total Liabilities	159.3	146.0	-13.3
Total Net Assets	305.3	298.4	-6.9
<b>Total Liabilities and Net Assets</b>	<b>464.6</b>	<b>444.5</b>	<b>-20.1</b>

	As of end of March 2019	As of end of June 2019	Change
Cash and cash equivalents	148.0	124.5	-23.5
Interest bearing debt	76.1	66.2	-9.9
Net cash	71.8	58.3	-13.5
Equity Ratio	65.1%	66.5%	

## Consolidated Balance Sheet Summary

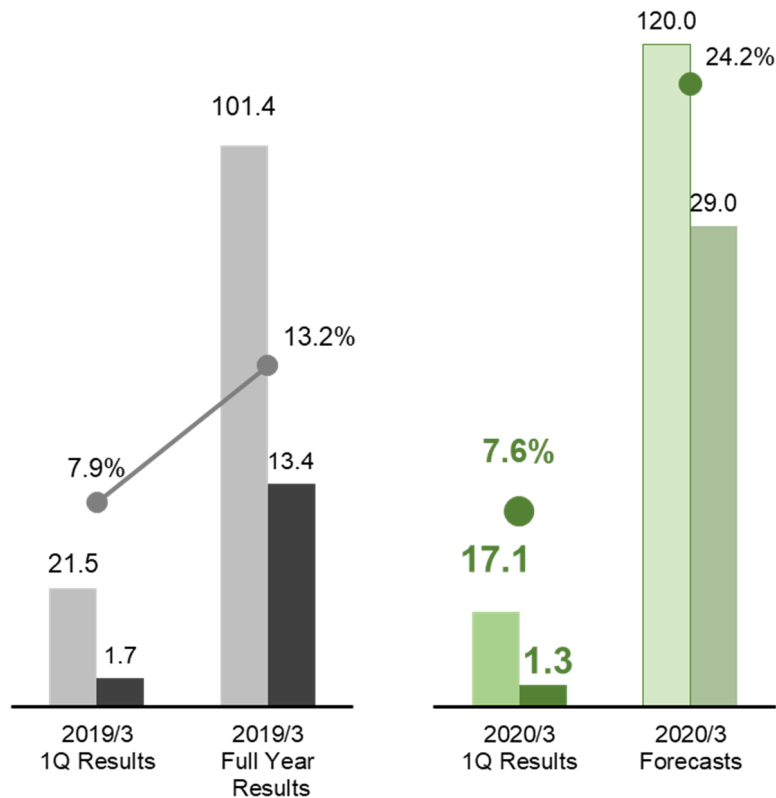
Main factors	Changes
<b>Current Assets</b>	<b>-20.7</b>
Decreased due to redemption of corporate bonds, payment of year-end dividends, etc.	
<b>Non-current Assets</b>	<b>+0.6</b>
Investment securities decreased due to market valuation but tangible fixed assets increased in association with change of accounting regulation in some overseas subsidiaries	
<b>Liabilities</b>	<b>-13.3</b>
Decreased due to redemption of corporate bond	

## **2. 1Q Results / Full Year Forecast per Segments**

# Pachislot and Pachinko Machines Business

■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



## 2020/3 1Q Results

- ◆ Pachislot and Pachinko Machines business as a whole made steady start due to continued sales of Pachislot title released in last fiscal year.
  - ✓ Pachislot: Sales of title released last fiscal year remained steady.
  - ✓ Pachinko: Sold centered on machines with a high jackpot continuous rate but sales unit decreased QoQ.

## 2020/3 Forecast

- ◆ Plan to sell major titles in stages
  - ✓ Pachislot: Demand for replacement expected to increase as major previous regulation machines are removed in 3Q but need to observe approval status of prototype testing carefully as approval ratio is transitioning low.
  - ✓ Pachinko: Launch major title, “P Hokuto No Ken 8 Haou”.

(Sales units transition)

	2019/3 1 Q Results	2019/3 Full Year Results	2020/3 1 Q Results	2020/3 Full Year Forecasts
Pachislot	9,073	67,140	17,930	120,000
Pachinko	40,997	159,848	16,212	164,000
Board+ Frame	13,908	91,858	8,020	78,600
Board	27,089	67,990	8,192	85,400



# Pachislot and Pachinko Machines Business

## Major titles in 1Q



**“Pachislot DISC UP”**

**5th version: White panels**

©Sammy

**SEGA**Sammy



**“P SHOW BY ROCK!!”**

©2012,2019 SANRIO CO.,LTD. APPROVAL  
NO.S593668 SP# ©Sammy

## Titles in and after 2Q



**“P Anohana: The Flower  
We Saw That Day”**

©ANO HANA PROJECT ©Sammy



**“Pachislot Anohana:  
The Flower We Saw That Day”**

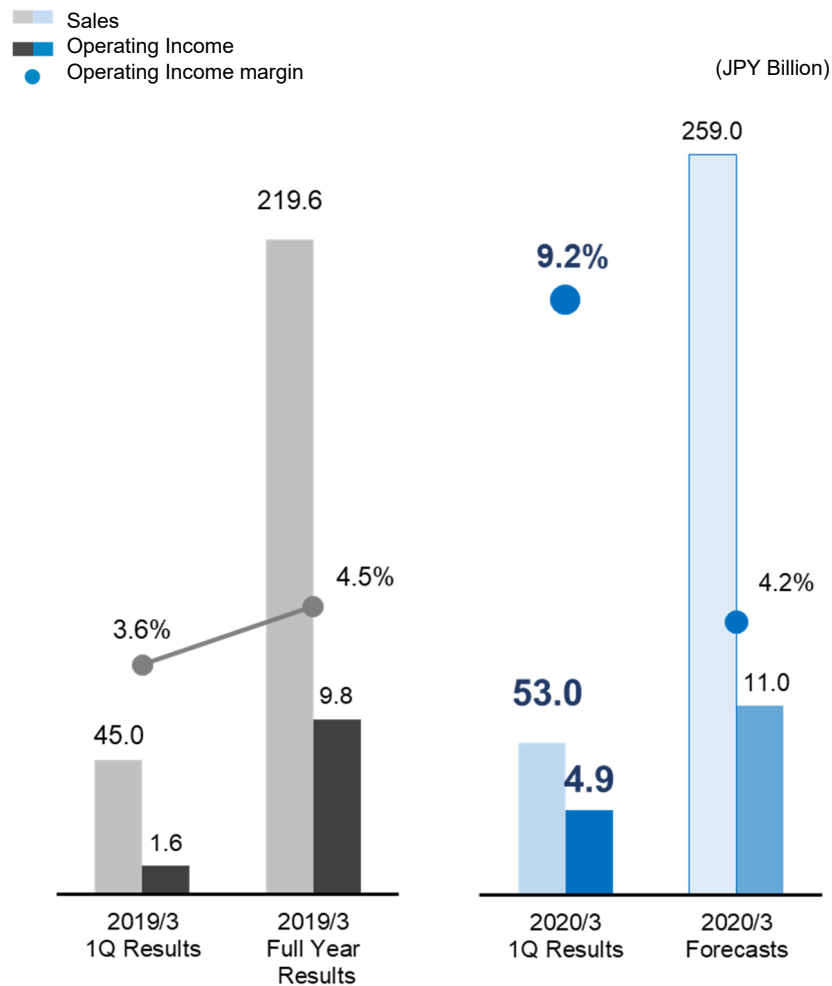
©ANO HANA PROJECT ©Sammy



**“P Hokuto No Ken 8  
Haou”**

©Buronson & Tetsuo Hara/NSP 1983,  
©NSP 2007 Approved No.YSE-020  
©Sammy

# Entertainment Contents Business



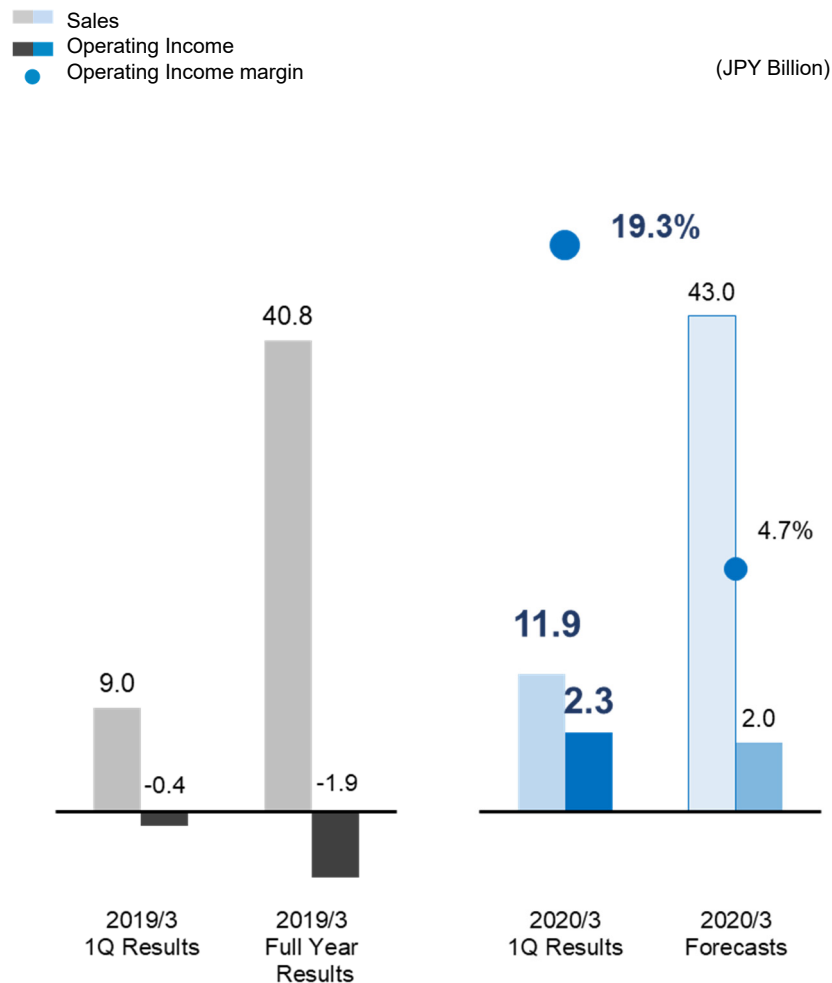
## 2020/3 1Q Results

- ◆ Strong performance in overall business segment.
  - ✓ New title in Packaged Games area performed strongly.
  - ✓ Some existing titles went well and recorded revenues from alienation of titles, etc. in Digital Games area.

## 2020/3 Forecast

- ◆ Launch new titles in each area.
- ◆ Continue the optimization of scope of mobile title under operation and resource transfer in Digital Games area.

# Digital Games



## 2020/3 1Q Results

- ◆ Major improvement due to solid performance of some existing titles.
  - ✓ Major update of “PHANTASY STAR ONLINE 2” saw good start.
  - ✓ “SEGA Pocket Club Manager” 1-year anniversary event went well.
- ◆ Optimization of the titles under development/management and resource transfer progressed.
  - ✓ Closed the service of 2 titles
  - ✓ Recorded income from alienation of titles, etc.

## 2020/3 Forecast

- ◆ Launch multiple new titles.
  - ✓ “Kemono Friends 3”: Service to launch in Sep 24, 2019
  - ✓ “Fist of the North Star LEGENDS ReVIVE”: Service to launch in 2019
  - ✓ “LEAGUE OF WONDERLAND”: Service to launch in 2019
- ◆ Continuously proceed optimization of titles under development/operation and resource transfer.
  - ✓ Decided to close the service of 1 title

# Digital Games

## Major topics in 1Q

### Good start of Episode 6



“PHANTASY STAR ONLINE 2”  
© SEGA

### Successful 1-year anniversary event



“SEGA Pocket Club Manager”

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## Major topics in and after 2Q

### Launch service of multiple titles



“Kemono Friends 3”  
©Kemono Friends Project2G ©SEGA



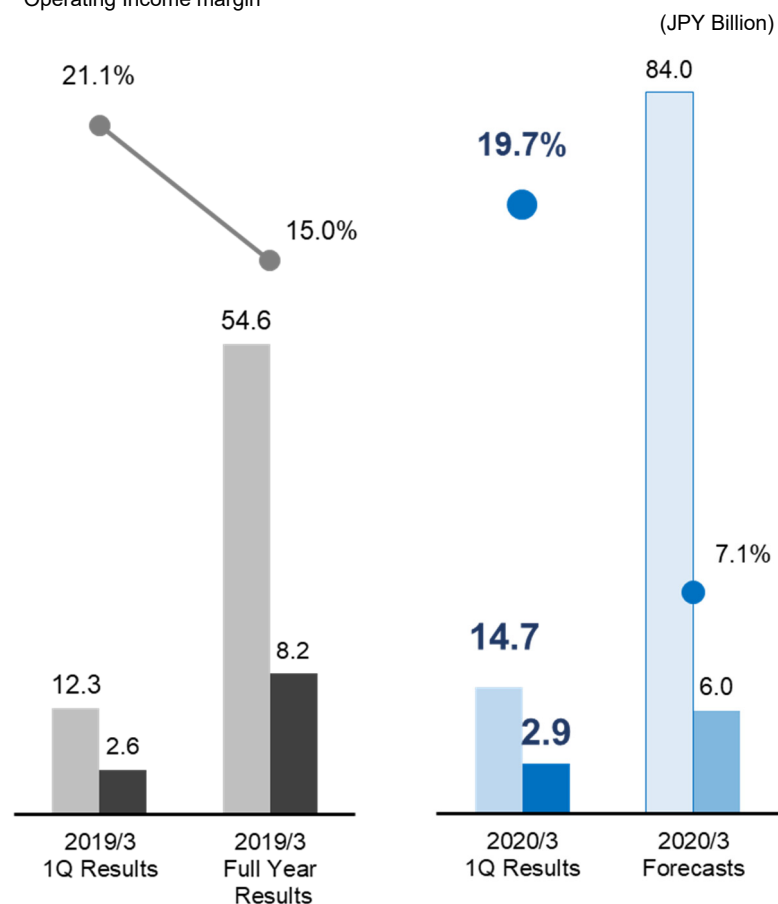
“Fist of the North Star LEGENDS ReVIVE”

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©SEGA



# Packaged Games

■ Sales  
■ Operating Income  
● Operating Income margin



**SEGA**Sammy

## 2020/3 1Q Results

### ◆ New title contributed to strong performance.

- ✓ Sales of “Total War: THREE KINGDOMS” exceeded expectations.
- ✓ Fewer new titles last year led to reduced repeat sales QoQ.

## 2020/3 Forecast

### ◆ Launch multiple new titles.

- ✓ “Mega Drive Mini”: To be released on Sep 19, 2019
- ✓ “Mario & Sonic at the Olympic Games Tokyo 2020™”: To be released in Nov 2019
- ✓ “PERSONA 5 ROYAL”: To be released on Oct 31, 2019

## Unit sales of Packaged Games

(Thousand units)

	2019/3 1 Q Results	2019/3 Full Year Results	2020/3 1 Q Results	2020/3 Full Year Forecasts
New titles	850	4,090	2,300	10,690
Repeat titles	4,850	19,350	3,940	14,500
Total	5,700	23,440	6,240	25,190

# Packaged Games

## Major topics in 1Q

“Total War: THREE KINGDOMS” sold a million copies in under a week



“Total War: THREE KINGDOMS”

© SEGA. Developed by The Creative Assembly Limited.

Acquired all shares of  
Two Point Studios Limited



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## Major topics in and after 2Q

Release multiple titles



“Mega Drive Mini”

© SEGA



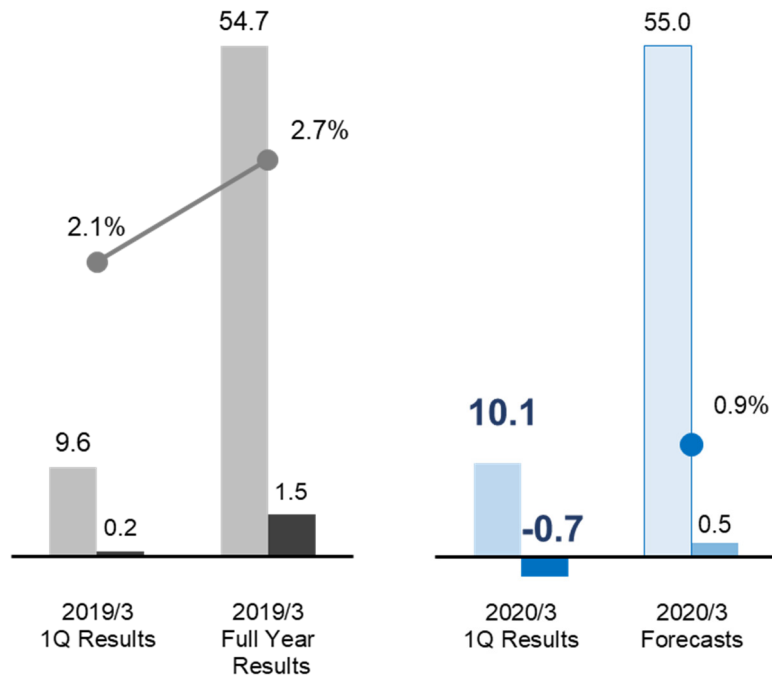
“Mario & Sonic at the Olympic Games Tokyo 2020™”

TM IOC/TOKYO2020/USOC 36USC220506.  
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# Amusement Machine Sales

■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



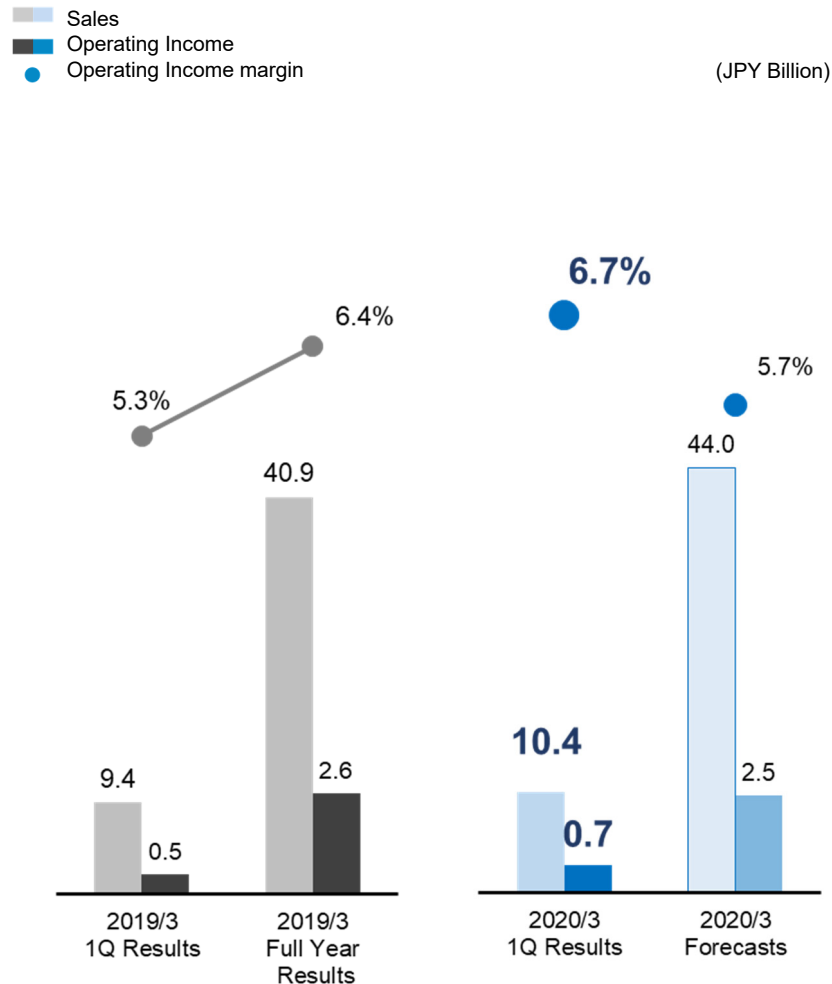
## 2020/3 1Q Results

- ◆ Recorded losses due to increased common fixed expenses associated with relocation of headquarters.
- ◆ Sales of prize machine remained strong while utilization of video games went below expectation.

## 2020/3 Forecast

- ◆ Launch new series of major title “StarHorse” as well as prize machines.
  - ✓ “ StarHorse4 ”: To be in service in Winter, 2019
  - ✓ “ maimai DX ”: Service launched in Jul, 2019

# Amusement Center Operations



## 2020/3 1Q Results

- ◆ Solid performance centering on prize machines.
- ◆ Sales at existing stores exceeded 100% YoY for the fifth consecutive fiscal year.
- ◆ Store openings: 1 Closings: 0

## 2020/3 Forecast

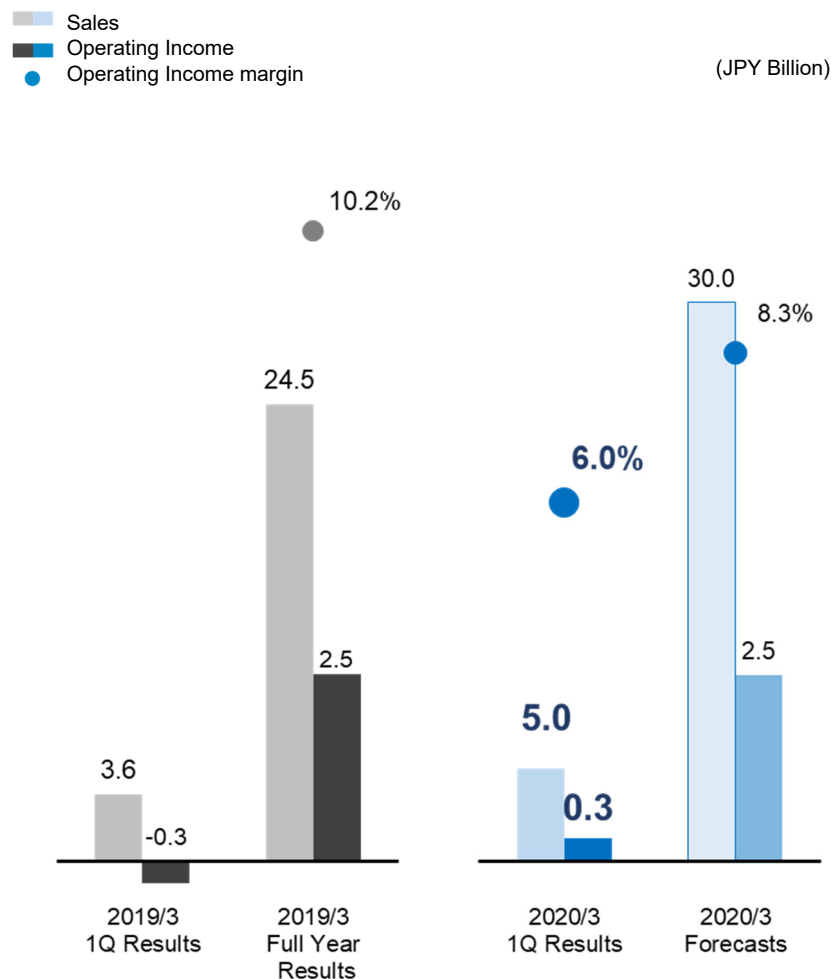
- ◆ Open new stores (scheduled to open 9 stores this fiscal year).
- ◆ Estimate the impact of consumption tax hike in October.

Domestic amusement centers: No. of stores / YoY sales ratio comparison

	2019/3 1 Q Results	2019/3 Full Year Results	2020/3 1 Q Results	2020/3 Full Year Forecasts
No. of stores	189	190	191	195
YoY Sales Ratio comparison (%)	104.2	104.0	109.0	104.4



# Animation / Toys



## 2020/3 1Q Results

- ◆ Sales and profits increased QoQ for both animation and toys.
  - ✓ Animation: Recorded the revenue from video distribution and overseas license.
  - ✓ Toys: Mainly sold regular products.

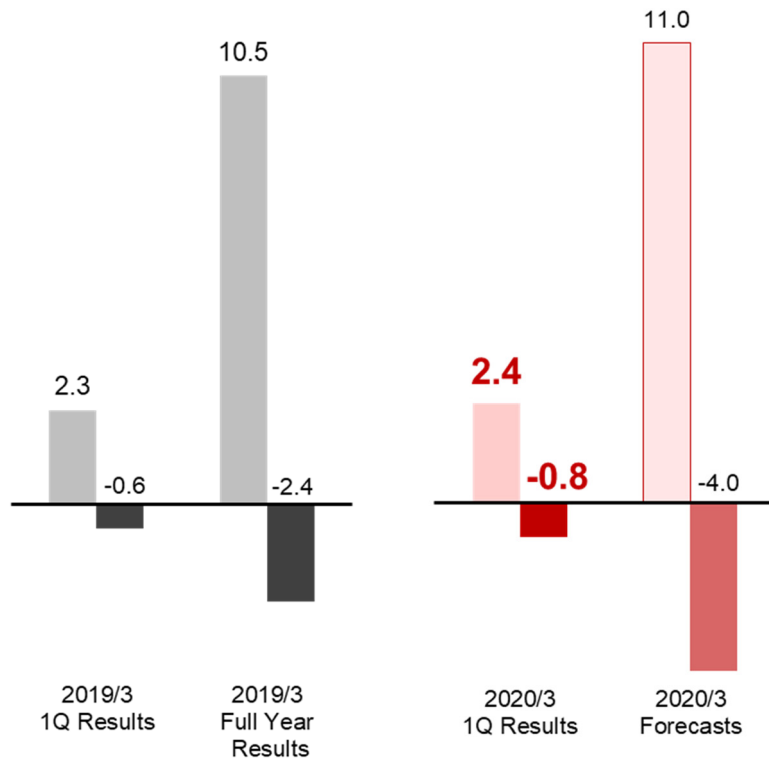
## 2020/3 Forecast

- ◆ Estimate to record allocated revenue from Animation area and to launch new products in Toys area.
  - ✓ Animation: Box office revenue of “Detective Conan The Fist of Blue Sapphire” breaks the record of past series.
  - ✓ Toys: Products won Tokyo Toy Show 2019 awards will be launched. “YUME-PETS "coming babies" series” (Innovative toy category)

# Resort Business

■ Sales  
■ Operating Income

(JPY Billion)



## 2020/3 1Q Results

- ◆ Profitability of PHOENIX RESORT improved, while expenses for domestic Integrated Resort (IR) increased, resulting increase of sales and losses.

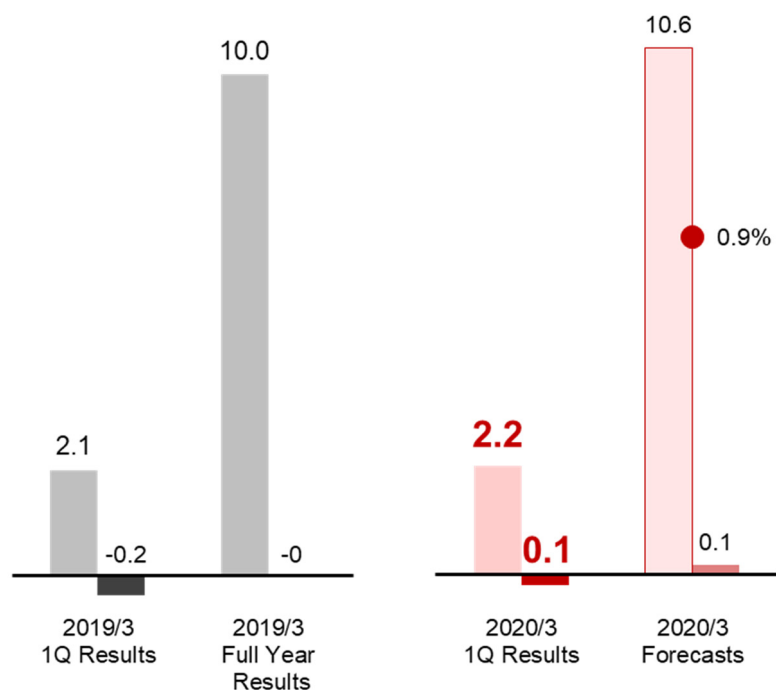
## 2020/3 Forecast

- ◆ Continue efforts to improve profitability of existing facilities
- ◆ Expect increase of expenses as the actions required for participating domestic IR will be activated.

# PHOENIX RESORT

■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



## 2020/3 1Q Results

- ◆ Solid performance with increase in users of each facility.
  - ✓ Effect of extended consecutive holiday in May (Golden Week holiday)
  - ✓ Implemented measures targeting surrounding Kyushu area
  - ✓ Increase in MICE users

## 2020/3 Forecast

- ◆ Continuously implement various promotion activities to improve profitability.
  - ✓ Implement promotion under new brand slogans based on the theme of 'food × experience'
  - ✓ Measures to improve repeat rate by Seagaia Premium Members' Club members
- ◆ Implement measures to boost golf and MICE use.

New brand slogan

# The DELICIOUS RESORT

PHOENIX RESORT



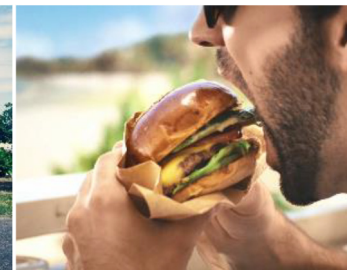
Food  
食 × 眺



Food  
食 × 時

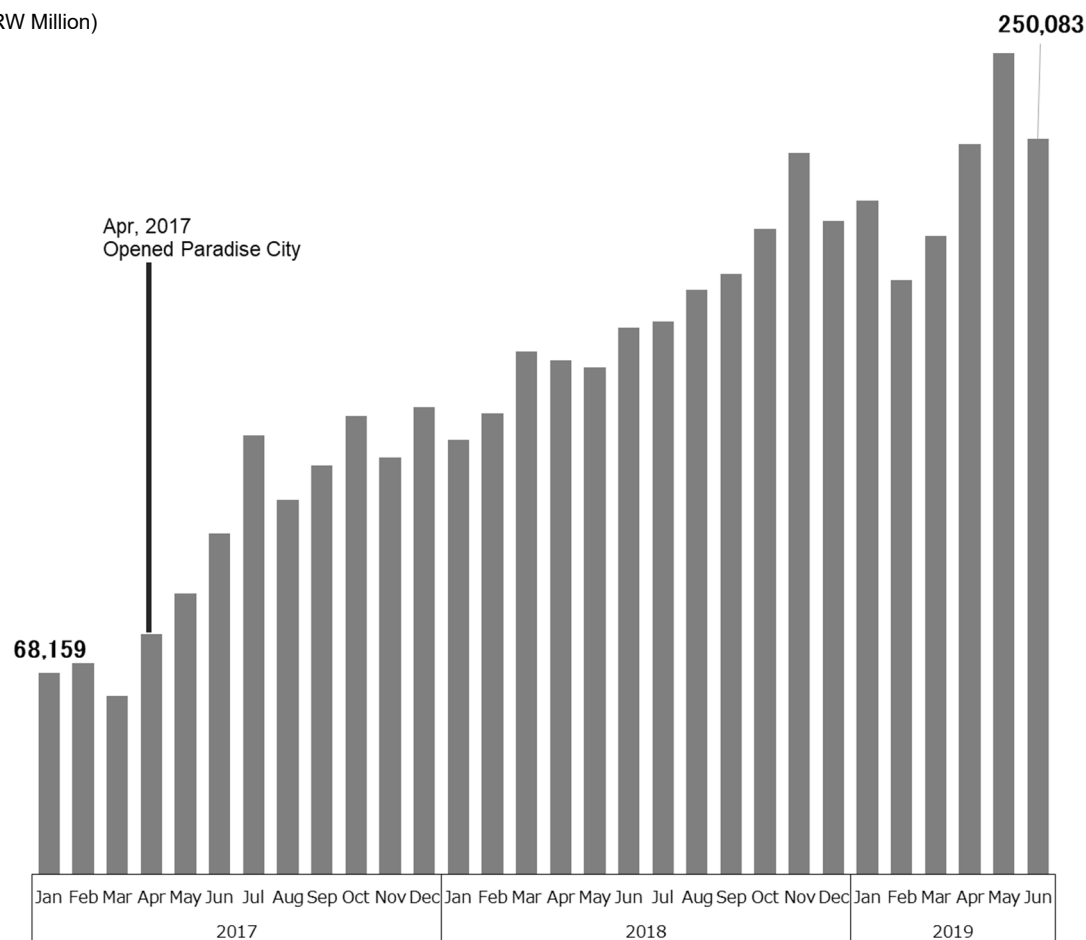


Food  
食 × 動



## Transition of Drop\* amount at Paradise SegaSammy

( KRW Million)



\* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate of SEGA SAMMY HOLDINGS INC.  
\* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay

## PARADISE SEGASAMMY (Equity method affiliate)

(KRW Billion)

		FY2019 1Q	FY2020 1Q
Sales		65.2	90.6
	Casino	55.6	74.7
	Hotel	9.5	13.2
	Other	-	2.6
Cost of sales		58.2	88.7
	Casino	36.2	44.5
	Hotel	21.9	27.3
	Other	-	16.7
Gross profit		6.9	1.9
SG&A		6.0	9.0
Operating profit		0.8	-7.1
EBITDA		9.6	8.2
Net profit		-4.1	-14.3

Source: Paradise IR

SEGASAMMY		
Equity method acquisition amount (Billion yen)	-0.3	-0.8

\*Drop : The amount of cash exchanged for chips by customers at the table



<https://www.segasammy.co.jp/english/>

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<https://www.segasammy.co.jp/english/ir/stock/regulation/>

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<https://www.segasammy.co.jp/english/pr/corp/group/list.html>  
(SegaSammy Group Website list)

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