

FY Ending March 2015 Interim Results Presentation



November 4th, 2014
SEGA SAMMY HOLDINGS INC.

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FY Ending March 2015 Interim Results / Full Year Forecasts



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Consolidated Income Statements (Summary)



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(JPY Billion)	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015					
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 9)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 9)	Revised Full Year Forecasts (announced on Oct 31)	YoY Change
Net Sales	136.5	321.4	162.2	378.0	160.0	154.2	-5%	450.0	370.0	-2%
Pachislot and Pachinko Machines	54.3	142.2	71.2	181.8	60.0	60.6	-15%	217.5	158.5	-13%
Amusement Machine Sales	18.7	39.1	18.0	38.6	20.0	18.0	-	46.0	40.0	+4%
Amusement Center Operations	21.7	42.7	21.9	43.2	21.5	20.8	-5%	42.0	41.0	-5%
Consumer Business	35.3	83.8	43.8	99.8	51.0	48.2	+10%	128.5	116.5	+17%
Other	6.3	13.4	7.1	14.5	7.5	6.4	-10%	16.0	14.0	-3%
Operating Income	7.8	19.0	12.3	38.5	-8.0	3.4	-72%	35.0	18.0	-53%
Pachislot and Pachinko Machines	10.4	23.5	15.1	45.2	0.0	7.3	-52%	40.5	25.0	-45%
Amusement Machine Sales	0.8	1.9	-0.0	-1.2	-1.7	0.1	-	-1.7	-2.3	-
Amusement Center Operations	0.8	1.1	0.2	0.0	0.0	-0.2	-	-0.6	-0.8	-
Consumer Business	-0.7	-0.7	1.1	2.0	-0.3	0.9	-18%	6.6	5.0	+150%
Other	-0.1	-0.4	-0.4	-1.2	-2.0	-1.0	-	-2.8	-2.0	-
Eliminations	-3.2	-6.3	-3.6	-6.4	-4.0	-3.7	-	-7.0	-7.0	-
Operating Margin	5.7%	5.9%	7.6%	10.2%	-	2.2%	-5.4pt	7.8%	4.9%	-5.3pt
Ordinary Income	7.2	20.9	14.2	40.5	-8.0	3.3	-77%	35.0	17.0	-58%
Extraordinary Gain	0.3	10.1	3.8	15.7	0.0	0.3	-	0.0	0.3	-
Extraordinary Loss	0.3	5.4	0.6	8.7	0.0	3.5	-	0.5	4.6	-
Income before income taxes and minority interests	7.3	25.6	17.4	47.5	-8.0	0.0	-	34.5	12.7	-73%
Net Income	3.8	33.4	11.3	30.7	-7.0	-2.0	-	21.0	4.0	-87%
Dividends per share (JPY)	20	40	20	40	20	20	-	40	40	-
Earnings per share (JPY)	15.74	137.14	46.76	126.42	-28.74	-8.52	-	86.21	16.40	-
Net Assets per share (JPY)	1,125.09	1,304.44	1,401.90	1,409.27	-	1,387.64	-	-	-	-

<p>Net Sales/Profits Other</p>		<ul style="list-style-type: none"> Year-on-year, sales and profits decreased ⇒ Revised forecasts through 2Q upward on August 29 2014, revised full year forecasts downward on October 31, 2014
<p>Segment breakdown</p>	<p>Pachislot and Pachinko Machines</p>	<ul style="list-style-type: none"> Although TAIYO ELEC’s “Pachislot Virtua Fighter” was launched, pachislot unit sales decreased year-on-year as a result of changing sales schedule of some machines to the second half of the fiscal year Pachinko unit sales increased year-on-year due to sales of several titles including “Dejihane CR Hokuto No Ken 5 Jibo” performed well
	<p>Amusement Machine Sales</p>	<ul style="list-style-type: none"> Turned to profit as development cost was moved to 2nd half from 1st half, in spite of no sales of major titles
	<p>Amusement Center Operations</p>	<ul style="list-style-type: none"> Sales decreased year-on-year and posted loss due to the consumption tax hike although same-store sales remained stable
	<p>Consumer Business</p>	<ul style="list-style-type: none"> Sales increased year-on-year due to expanded earnings in the digital games field but profits decreased as business performance fell below the initial forecasts in packaged game field and toy sales business Mainstay digital title “PHANTASY STAR ONLINE 2” remained stable Applications for smartphones “Puyopuyo!! Quest” and “CHAIN CHRONICLE – Kizuna no Shintairiku” remained stable
	<p>Others</p>	<ul style="list-style-type: none"> Preliminary expenses in the casino related business such as casino machines development continued to be incurred

Costs and Expenses Results/Forecast

(JPY Billion)	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015					
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 9)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 9)	Revised Full Year Forecasts (announced on Oct 31)	YoY Change
R&D Expense / Content Production Expense*1	19.1	45.2	25.1	59.2	31.5	28.4	+13%	69.6	67.2	+14%
Pachislot and Pachinko Machines	8.6	18.0	9.7	19.5	12.5	10.5	+8%	23.2	23.1	+18%
Amusement Machine Sales	3.7	7.8	4.0	8.9	4.6	3.9	-3%	9.2	9.1	+2%
Amusement Center Operations	0.1	0.2	0.0	0.1	0.1	0.1	-	0.1	0.2	+100%
Consumer Business	6.6	19.5	11.3	30.1	13.2	13.7	+21%	34.9	33.8	+12%
Other, eliminations etc.	0.1	-0.3	0.1	0.6	1.1	0.2	+100%	2.2	1.0	+67%
Cap-ex	21.6	32.8	22.6	38.1	18.2	14.7	-35%	33.3	33.3	-13%
Pachislot and Pachinko Machines	9.1	11.9	2.5	7.9	5.6	4.0	+60%	10.9	10.9	+38%
Amusement Machine Sales	1.0	2.3	0.3	2.0	2.3	2.4	+700%	4.7	4.7	+135%
Amusement Center Operations	5.4	7.9	4.1	7.7	3.5	3.1	-24%	6.2	6.2	-19%
Consumer Business	4.6	8.3	4.3	8.3	5.9	4.2	-2%	9.8	9.8	+18%
Other, eliminations etc.	1.5	2.4	11.4	12.2	0.9	1.0	-91%	1.7	1.7	-86%
Depreciation*2	7.4	18.1	7.5	16.1	8.2	8.1	+8%	18.3	18.3	+14%
Pachislot and Pachinko Machines	2.0	5.4	2.8	5.8	3.0	2.9	+4%	7.1	7.1	+22%
Amusement Machine Sales	0.6	1.5	0.8	1.9	0.9	0.8	-	2.2	2.2	+16%
Amusement Center Operations	2.1	4.6	2.1	4.7	2.6	2.5	+19%	5.4	5.4	+15%
Consumer Business	2.4	6.0	1.2	2.6	1.0	1.2	-	2.2	2.2	-15%
Other, eliminations etc.	0.3	0.6	0.6	1.1	0.7	0.7	+17%	1.4	1.4	+27%
Advertising*3	5.6	13.1	7.6	16.0	12.1	10.0	+32%	24.9	22.0	+38%
Pachislot and Pachinko Machines	0.9	2.4	1.4	2.8	1.4	1.2	-14%	4.7	2.9	+4%
Amusement Machine Sales	0.4	1.2	0.6	1.4	1.0	0.8	+33%	2.2	2.0	+43%
Amusement Center Operations	0.1	0.1	0.7	1.2	0.8	0.7	-	1.3	1.4	+17%
Consumer Business	2.9	7.2	3.6	8.6	7.2	5.6	+56%	14.4	13.5	+57%
Other, eliminations etc.	1.3	2.2	1.3	2.0	1.7	1.7	+31%	2.3	2.2	+10%

*1 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.)

*2 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.)

*3 In the fiscal year ended March 2014 and after, advertising expense include the amount contained in cost of sales. (Up to the fiscal year ended March 2013, only selling, general and administrative (SG&A) expenses were included.)

Consolidated Balance Sheet (Summary)

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2014	End of 2Q	Change	Account	As of end of March 2014	End of 2Q	Change
Cash and Deposits	101.2	92.6	-8.6	Accounts Payable	37.2	34.8	-2.4
Accounts Receivable	48.1	36.8	-11.3	Corporate Bond	1.7	1.6	-0.1
Securities	107.7	124.3	+16.6	Short Term Borrowings	12.9	12.9	-
Inventories	35.9	42.4	+6.5	Other	39.2	32.4	-6.8
Other	25.5	28.4	+2.9	Total Current Liabilities	91.0	81.7	-9.3
Total Current Assets	318.4	324.5	+6.1	Corporate Bond	37.8	57.0	+19.2
Tangible Fixed Assets	102.1	106.3	+4.2	Long Term Debt	35.1	38.9	+3.8
Intangible Fixed Assets	31.7	29.8	-1.9	Other	30.6	30.0	-0.6
Investment Securities	60.8	58.7	-2.1	Total Noncurrent Liabilities	103.5	125.9	+22.4
Other	29.8	31.8	+2.0	Total Liabilities	194.6	207.6	+13.0
				Shareholders Equity	330.9	325.6	-5.3
				Total accumulated other comprehensive income	12.3	13.3	+1.0
				Warrants	1.0	0.9	-0.1
				Minority Interest	3.8	3.6	-0.2
Total Noncurrent Assets	224.4	226.6	+2.2	Total Net Assets	348.2	343.5	-4.7
Total Assets	542.9	551.2	+8.3	Total Liabilities and Net Assets	542.9	551.2	+8.3

Summary of Results Through 2Q

■ Current Assets: Cash and deposits and accounts receivable decreased while conversely, securities (short-term fund management) increased and current assets were increased by 6.1 billion yen.

■ Noncurrent Assets: Up 2.2 billion yen primarily due to the increase in tangible fixed assets and the decrease in investment securities (valuation loss on stocks held)

• Total Assets : 551.2 billion yen increased by 8.3 billion yen

■ Equity ratio : 61.5% (-1.7pt) ■ Current ratio : 397.2% (+47.5pt)

(JPY billion)	As of end of March 2014	End of 2Q	Difference
Total assets	542.9	551.2	-8.3
Net assets	348.2	343.5	-4.7
Equity ratio	63.2%	61.5%	-1.7pt
Current ratio	349.7%	397.2%	+47.5pt

Segment Results/Forecast: Pachislot and Pachinko Machines



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(JPY Billion)	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015					
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 9)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 9)	Revised Full Year Forecasts (announced on Oct 31)	YoY Change
Net Sales	54.3	142.2	71.2	181.8	60.0	60.6	-15%	217.5	158.5	-13%
Pachislot	36.1	64.2	52.2	112.7	40.5	34.6	-34%	136.8	75.5	-33%
Pachinko	14.8	72.3	16.9	63.5	16.9	25.3	+50%	76.1	82.0	+29%
Other	3.4	5.7	2.1	5.6	2.6	0.7	-67%	4.6	1.0	-82%
Operating Income	10.4	23.5	15.1	45.2	0.0	7.3	-52%	40.5	25.0	-45%
Operating Income Margin	19.2%	16.5%	21.2%	24.9%	-	12.0%	-9.2pt	18.6%	15.8%	-9.1pt
Unit Sales (Pachislot)	108,604	202,221	143,171	301,575	114,800	92,998	-35%	374,800	222,998	-26%
Unit Sales (Pachinko)	57,749	216,860	54,955	200,225	58,000	86,453	+57%	250,000	267,453	+34%

Summary of Results Through 2Q

Full Year Forecasts

Overall

- Year-on-year, sales and profits decreased

- Revised full year forecast downward on October 31, 2014

Pachislot

- Although TAIYO ELEC's "Pachislot Virtua Fighter" was launched, unit sales decreased year-on-year as a result of changing sales schedule of some machines to the second half of the fiscal year
- Main titles launched
⇒ TAIYO ELEC's "Pachislot Virtua Fighter" etc.

- Revised the lineup scheduled to be launched in the second half of the fiscal year (374 thousand units → 222 thousand units)
- Main titles to be launched
⇒ RODEO "Pachislot Salaryman Kintaro" etc.

Pachinko

- Pachinko unit sales increased year-on-year due to sales of several titles including "Dejihane CR Hokuto No Ken 5 Jibo" performed well
- Main titles launched
⇒ Sammy "Dejihane CR Hokuto No Ken 5 Jibo," "Dejihane CR SOUTEN-NO-KEN" etc.
⇒ TAIYO ELEC "CR BLACK LAGOON 2" etc.

- Revised the unit sales of full year forecast upward to 267 thousand units from 250 thousand units, 67 thousand units increase year-on-year
- Main titles to be launched in 3Q
⇒ Sammy "CR Hokuto No Ken 6 Ken-ou" (November), etc.
⇒ TAIYO ELEC "CR Ryu ga Gotoku Kenzan! Tensho-gion hen" (October), etc.

Shipment Data: Pachislot

* Number of titles reflects products which begin sales in the period

Pachislot	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015			
	Results Through 2Q	Full Year Results	Results Through 2Q	Full year Results	Initial Forecasts Through 2Q (announced on May 9)	Results Through 2Q	Initial Full Year Forecasts (announced on May 9)	Revised Full Year Forecasts (announced on Oct 31)
Sammy	3 titles	4 titles	1 title	5 titles	2 titles	2 titles	6 titles	3 titles
	69,209 units	91,484 units	114,453 units	264,365 units	84,800 units	83,468 units	319,800 units	163,468 units
RODEO	0 title	2 titles	0 title	0 title	1 title	-	1 title	1 title
	38,663 units	104,041 units	893 units	893 units	20,000 units	-	20,000 units	50,000 units
TAIYO ELEC	0 title	2 titles	1 title	2 titles	1 title	2 titles	3 titles	2 titles
	732 units	6,696 units	2,375 units	6,445 units	10,000 units	9,530 units	35,000 units	9,530 units
GINZA	-	-	1 title	2 titles	-	-	-	-
	-	-	25,450 units	29,872 units	-	-	-	-
Total	3 titles	8 titles	3 titles	9 titles	4 titles	4 titles	10 titles	6 titles
	108,604 units	202,221 units	143,171 units	301,575 units	114,800 units	92,998 units	374,800 units	222,998 units



Major Titles (Results) / Pachislot

Brand	Title	Total Sales	Installed From
TAIYO ELEC	Pachislot Virtua Fighter	7,891units	August

“Pachislot Virtua Fighter” (TAIYO ELEC)

©SEGA ©Sammy ©TAIYO ELEC

Shipment Data: Pachinko

* Number of titles reflects products which begin sales in the period

Pachinko	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015			
	Results Through 2Q	Full Year Results	Results Through 2Q	Full year Results	Initial Forecasts Through 2Q (announced on May 9)	Results Through 2Q	Initial Full Year Forecasts (announced on May 9)	Revised Full Year Forecasts (announced on Oct 31)
Sammy	5 titles	8 titles	2 titles	7 titles	4 titles	6 titles	7 titles	9 titles
	45,119 units	195,088 units	27,405 units	160,688 units	35,000 units	62,938 units	175,000 units	223,938 units
TAIYO ELEC	4 titles	6 titles	2 titles	3 titles	3 titles	3 titles	7 titles	7 titles
	12,630 units	21,772 units	27,550 units	39,537 units	23,000 units	23,515 units	75,000 units	43,515 units
Total	9 titles	14 titles	4 titles	10 titles	7 titles	9 titles	14 titles	16 titles
	57,749 units	216,860 units	54,955 units	200,225 units	58,000 units	86,453 units	250,000 units	267,453 units
Board + Frame	8,678 units	160,128 units	35,151 units	103,819 units	24,500 units	24,320 units	124,500 units	80,320 units
Board	49,071 units	56,732 units	19,804 units	96,406 units	33,500 units	62,133 units	125,500 units	187,133 units



“Dejihane CR Hokuto No Ken 5 Jibo” (Sammy)

©Buronson&Tetsuo Hara/NSP1983 ,Approved No.YMM-109 ©Sammy

Major Titles (Results)/ Pachinko

Brand	Title	Total Sales	Installed From
Sammy	Dejihane CR Hokuto No Ken 5 Jibo	13,981units	September
TAIYO ELEC	CR BLACK LAGOON 2	10,398units	June
Sammy	Dejihane CR SOUTEN-NO-KEN	4,824units	July



“CR BLACK LAGOON 2” (TAIYO ELEC)

©2006,2010 REI HIROE・SHOGAKUKAN / BLACK LAGOON PROJECT ©TAIYO ELEC



(JPY Billion)	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015					
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 9)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 9)	Revised Full Year Forecasts (announced on Oct 31)	YoY Change
Net Sales	18.7	39.1	18.0	38.6	20.0	18.0	-	46.0	40.0	+4%
Domestic	16.0	32.7	15.5	32.6	16.9	14.9	-4%	38.8	-	-
Overseas	2.7	6.4	2.5	6.0	3.1	3.1	+24%	7.2	-	-
Operating Income	0.8	1.9	-0.0	-1.2	-1.7	0.1	-	-1.7	-2.3	-
Operating Income Margin	4.3%	4.9%	-	-	-	0.6%	-	-	-	-

Summary of Results Through 2Q

- No mainstay titles released in 2Q
- Conducted sales of CVT kits for several titles
⇒ “StarHorse3 Season III CHASE THE WIND,”
“INITIAL D ARCADE STAGE 8 INFINITY,”
“SENGOKU-TAISEN” etc.
- Posted distribution of earnings from revenue sharing model (mainstay titles under revenue sharing models)
⇒ “BORDER BREAK” series, “SEGA NETWORK MAHJONG MJ5 Evolution” etc.

Full Year Forecasts

- Revised full year forecast downward on October 31, 2014
- Expects distribution of earnings from revenue sharing model
⇒ New title “Wonderland Wars”
- Promoting sales of CVT kits for mainstay titles
⇒ “WORLD CLUB Champion Football”
- To capture a broad range of users, plan to offer a lineup that can meet diverse users’ needs, from high-value added items to household items
⇒ “EDEL SUNABA”, “Uranai Collection Torotte”

Major Titles (Results)

Title	Game Type	Sales
StarHorse3 Series	Medal Game	1.0 billion yen
SENGOKU-TAISEN	Trading Card Game	0.8 billion yen
WORLD CLUB Champion Football Series	Trading Card Game	0.8 billion yen

*Sales figures include sales of expendable such as cards and distribution of earnings of revenue sharing titles.



“StarHorse3 Season III CHASE THE WIND”

©SEGA



“SENGOKU-TAISEN”

©SEGA

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Net Sales	21.7	42.7	21.9	43.2	21.5	20.8	-5%	42.0	41.0	-5%	
Operating Income	0.8	1.1	0.2	0.0	0.0	-0.2	-	-0.6	-0.8	-	
Operating Income Margin	3.7%	2.6%	0.9%	-	-	-	-	-	-	-	
Same Store Sales Comparisons *1	93.8%	93.8%	95.0%	96.1%	98.3%	98.7%	-	97.5%	97.7%	-	
Domestic Facilities *2	Opened	1 facility	3 facilities	3 facilities	5 facilities	3 facilities	3 facilities	-	3 facilities	4 facilities	-
	Closed	4 facilities	8 facilities	3 facilities	9 facilities	7 facilities	3 facilities	-	7 facilities	4 facilities	-
	Total	238 facilities	236 facilities	202 facilities	198 facilities	194 facilities	198 facilities	-	194 facilities	198 facilities	-
Overseas Facilities	3 facilities	3 facilities	2 facilities	2 facilities	2 facilities	2 facilities	-	3 facilities	2 facilities	-	

*1 The facilities targeted as same stores have been changed from fiscal year ended March 2014 as a result of the integration of the amusement center operation business within the Group

*2 The counting rules for the number of facilities have been changed for the fiscal year ended March 2014 as a result of the establishment of Sega Entertainment Co., Ltd. and the integration of the amusement center operation business within the Group

Summary of Results Through 2Q

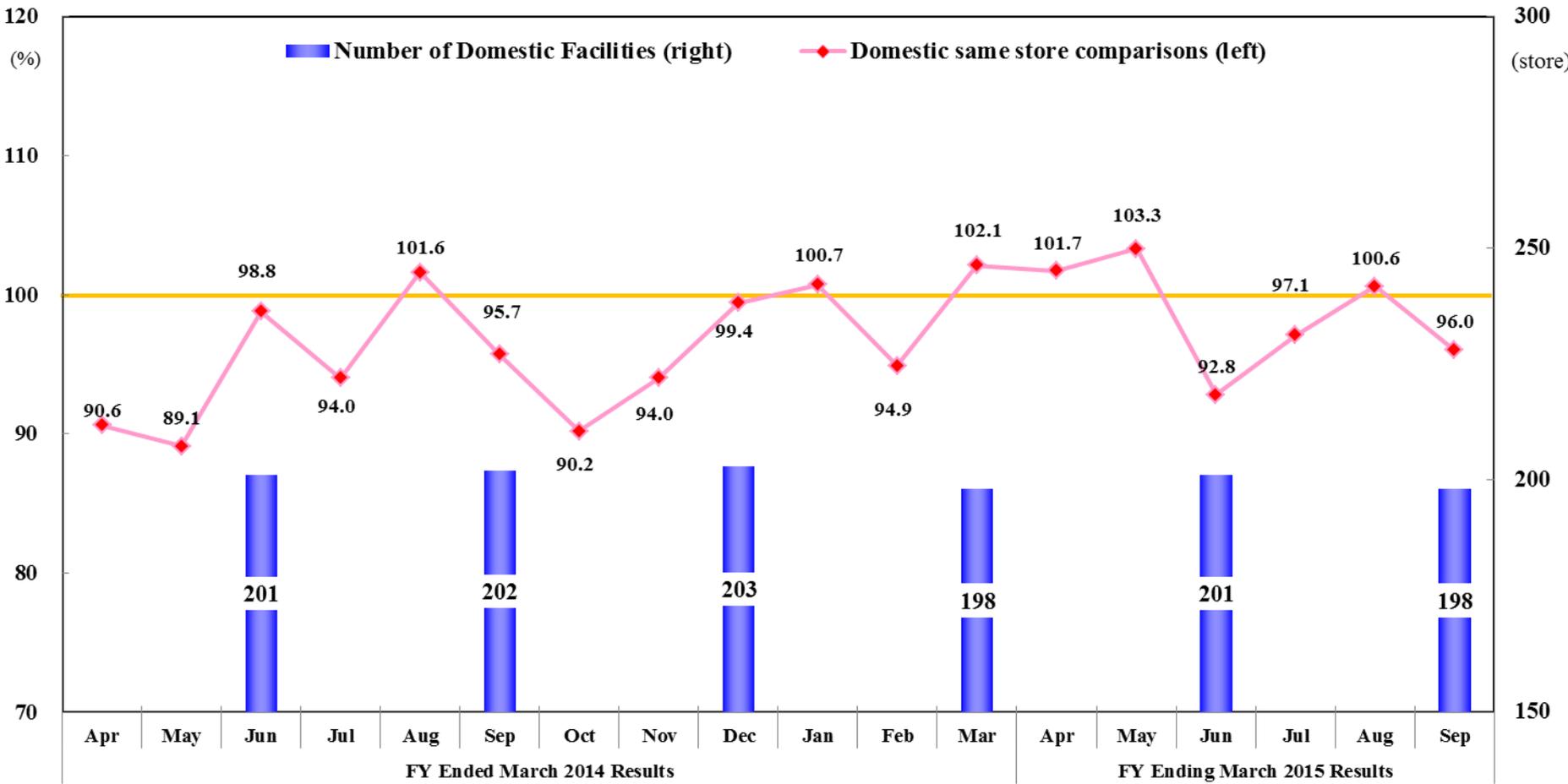
- Sales decreased year-on-year and loss was posted due to the consumption tax hike although same-store sales were stable
- Domestic same store sales year-on-year comparison: 2Q Result: 98.7% (July: 97.1%, August: 100.6%, September: 96.0%)
- Domestic facilities: End of 2Q: 198 facilities (opening of 3 facilities and closing of 3 facilities)
- Attractiveness of “Orbi Yokohama” enhanced by new contents introduced on July 19, 2014

Full Year Forecasts

- Revised full year forecast downward on October 31, 2014
- Working towards improved profitability by narrowing investments and streamlining facility operations, etc.
- Domestic same store sales year-on-year comparison: End of full year forecasts: 97.7%
- Domestic facilities: End of full year forecasts: 198 (Openings: 4, Closures: 4)
- Reviewing facilities portfolio and development and opening of facilities targeting families and facilities accompanying restaurants

Segment Results : Amusement Center Operations

Domestic Facilities Same Store Sales Comps / Domestic Facilities Number Transition



Segment Results/Forecast: Consumer Business



(JPY Billion)	FY Ended March 2013		FY Ended March 2014		FY Ending March 2015					
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Net Sales	35.3	83.8	43.8	99.8	51.0	48.2	+10%	128.5	116.5	+17%
Packaged Games	14.4	35.6	16.2	38.9	16.3	15.3	-6%	49.0	45.7	+17%
Digital Games	13.0	29.7	17.6	40.0	23.5	21.9	+24%	52.4	47.3	+18%
Toy	3.9	8.4	4.9	8.4	3.9	3.5	-29%	9.7	6.9	-18%
Animation	4.2	10.5	5.1	12.1	6.0	6.6	+29%	13.9	14.5	+20%
Other / Elimination	-0.2	-0.6	-0.1	0.4	1.3	0.8	-	3.5	2.1	+425%
Operating Income	-0.7	-0.7	1.1	2.0	-0.3	0.9	-18%	6.6	5.0	+150%
Operating Income Margin	-	-	2.5%	2.0%	-	1.9%	-0.6pt	5.1%	4.3%	+2.3pt
Sales in Units (Thousand)	2,760	10,780	3,230	8,730	4,070	4,100	+27%	12,780	11,040	+26%

Summary of Results Through 2Q

Full Year Forecasts

Overall

■ Business performance was weak in toy sales business and packaged game field, though digital field remained stable. As a result, year-on-year sales increased but profit decreased.

■ Revised full year forecast downward on October 31 2014, because business performance is expected to fall below the initial forecasts in packaged game field and toy sales business, though the digital field goes well, especially in Japan.

Packaged Games

■ Launched new titles including “PERSONA 4 The ULTIMAX ULTRA SUPLEX HOLD”

■ Revised the annual unit sales projection to 11,040 thousand units from 12,780 thousand units
 ■ Major titles planned to be launched in the second half of the fiscal year:
 Overseas: “Alien: Isolation,” “Football Manager 2015”

Digital Games

■ Number of titles under service at end of 2Q: 139 (Pay-to-play 74, Free-to-play 65)
 ■ Online RPG “PHANTASY STAR ONLINE 2” remained stable
 ■ Titles for smartphones, “Puyopuyo!! Quest” and “CHAIN CHRONICLE – Kizuna no Shintairiku” remained stable
 ■ Noah Pass: 76 companies participated and the number of users surpassed 71 million (as of October 17, 2014)
 ■ In pachinko and pachislot games for mobile phones and PCs, strengthened activities of “777TOWN for Android” and “777TOWN for iOS” for smartphones and “Moba7” for DeNA

■ Expected start delay of a service in U.S. and Europe market and weak performance in pachinko and pachislot games for mobile phones and PCs
 ■ Launch several new titles for domestic smartphones
 ⇒ “SQUADS”, “Hortensia Saga” etc.
 ■ Development of “CHAIN CHRONICLE” to English-speaking regions including Europe, the U.S. and Southeast Asia by collaborating with gumi Inc. with whom capital and business tie-up agreement was concluded

Toy

■ Sales centering on products from “Anpanman Series,” “JewelPad” etc.

■ Business performance is expected to be weak, in spite of sales of mainstay products

Animation

■ In the Animation Business, distribution earnings from the movie “Detective Conan: Dimensional Sniper,” license revenue from TV series “Yowamushi Pedal” and product sales revenue remained strong

■ Production revenue, license revenue and product sales revenue from TV series “Yowamushi Pedal” are expected to remain robust

Sales Results (Packaged Game)

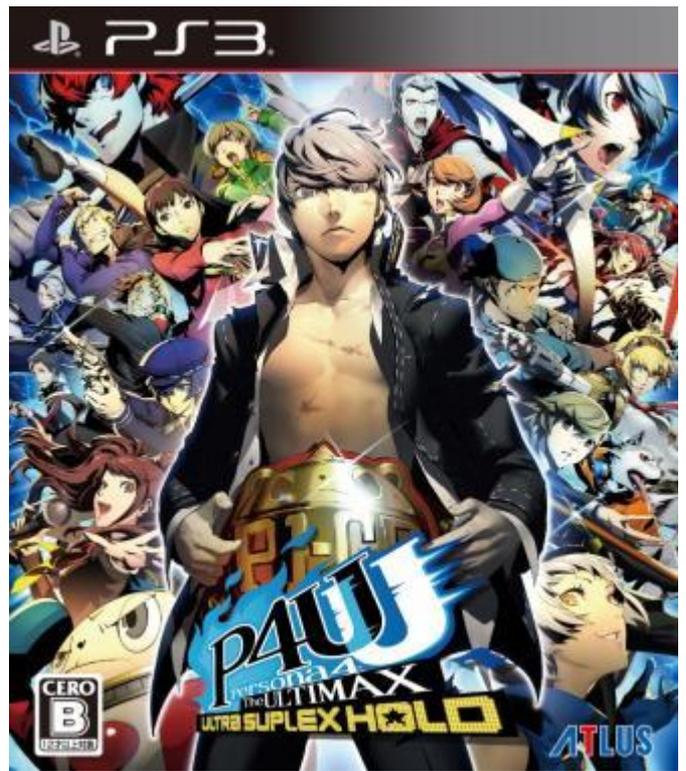
*Number of titles reflects products which begin sales in the period
(Number of titles by platform is based on SKU)

Breakdown by Region	FY Ended March 2013				FY Ended March 2014				FY Ending March 2015							
	Results Through 2Q		Full Year Results		Results Through 2Q		Full Year Results		Initial Forecasts Through 2Q (announced on May 9)		Results Through 2Q		Initial Full Year Forecasts (announced on May 9)		Revised Full Year Forecasts (announced on Oct 31)	
	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)	# of titles (SKU)	Unit Sales (Thousand)
Japan	6 (7)	640	10 (13)	2,140	3 (3)	400	12 (21)	2,150	5 (6)	1,320	3 (4)	710	14 (18)	3,340	13 (18)	2,270
US	2 (4)	1,160	8 (18)	4,200	3 (3)	1,300	5 (6)	2,800	2 (4)	1,120	1 (4)	1,420	12 (20)	4,540	9 (18)	4,120
Europe	1 (3)	960	7 (18)	4,420	2 (2)	1,520	4 (5)	3,770	2 (7)	1,620	2 (6)	1,960	5 (11)	4,890	5 (12)	4,630
Total	9 (14)	2,760	25 (49)	10,780	8 (8)	3,230	21 (32)	8,730	9 (17)	4,070	6 (14)	4,100	31 (49)	12,780	27 (48)	11,040

Breakdown by Platform	FY Ended March 2013				FY Ended March 2014				FY Ending March 2015							
	Results Through 2Q		Full Year Results		Results Through 2Q		Full Year Results		Initial Forecasts Through 2Q (announced on May 9)		Results Through 2Q		Initial Full Year Forecasts (announced on May 9)		Revised Full Year Forecasts (announced on Oct 31)	
	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)	SKU	Unit Sales (Thousand)
PS3	5	420	14	2,280	1	20	5	540	5	270	4	330	11	1,520	11	980
PS4	-	-	-	-	-	-	1	140	1	90	1	290	3	690	4	760
WiiU	-	-	2	310	1	0	5	320	1	0	1	0	4	600	4	300
Xbox360	3	300	9	1,420	0	0	0	0	2	160	2	90	3	700	3	190
Xbox One	-	-	-	-	-	-	-	-	1	90	1	140	2	440	3	340
3DS	1	10	3	200	0	0	6	780	2	450	2	310	13	2,270	12	1,380
PSP	0	0	2	130	1	130	2	160	0	0	0	0	0	0	0	0
PSV	3	250	8	520	0	0	5	330	4	570	1	50	7	790	5	360
PC	2	40	11	1,240	5	1,270	8	2,640	1	80	2	120	6	1,150	6	1,210
Catalogue etc.	-	1,720	-	4,650	-	1,790	-	3,790	-	2,340	-	2,720	-	4,590	-	5,480
Total	14	2,760	49	10,780	8	3,230	32	8,730	17	4,070	14	4,100	49	12,780	48	11,040

Major Titles (Results) / Packaged Games

Title (Region)	Platform	Sales Unit (thousand)	Launch
PERSONA 4 The ULTIMAX ULTRA SUPLEX HOLD (Japan, US)	PS3, Xbox360	230	August



“PERSONA 4 The ULTIMAX ULTRA SUPLEX HOLD”

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Major Titles (Results) /Digital Games



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<PHANTASY STAR ONLINE 2>

- A new chapter “EPISODE3” was launched on August 27, 2014
- Client distribution for PS Vita version surpassed 1 million in September 2014
- As a first project to commemorate the 15th anniversary of PHANTASY STAR series, “PHANTASY STAR ONLINE 2—ON STAGE—” is to be performed on stage for the first time

<CHAIN CHRONICLE>

- Distribution of a new chapter “CHAIN CHRONICLE – Kizuna no Shintairiku” started from July 17, 2014
- Surpassed 4 million downloads in October 2014
- Maximized IP value through multi-faceted development such as creating a version of “CHAIN CHRONICLE V” for PS Vita, its comics, short animation, etc.

<Noah Pass>

- Started implementing measures to promote use of game applications with Amazon Japan K.K. from the beginning of October 2014
- Started to offer game-focused crowdfunding service “Crowdrive” in cooperation with Fuji Television Network, Inc. and GOOPA Inc. from the beginning of November 2014
- Started retargeting advertisements
- Started to offer white paper which compiled analysis data about behavior and value of smartphone game users, and research solutions for participating titles in Noah Pass which visualizes features and distribution of the users in November 2014

Main Activities Concerning the Casino Related Business (Resort Complex / Casino Machines)

Resort Complex / Casino Facilities Operations

<Operation of Phoenix Seagaia Resort>

- Development and operation of resort complexes such as Phoenix Seagaia Resort
- Started mid-term investment project to improve occupancy ratio and profitability
 - 1) Renovation of Sheraton Grande Ocean Resort and Segaia Convention Center
 - 2) Resolution of ending examination of effective use of Ocean Dome and the close of Sun Hotel Phoenix



<Development and Operation of Resort Complexes including a Casino in Incheon, South Korea>

- Joint venture PARADISE SEGASAMMY Co., Ltd. acquired Paradise Casino Incheon, an existing casino facility (as of July 1, 2013)
- Plan to newly open a large resort complex facility on the land adjacent to Incheon International Airport (Plan to start construction in November 2014, and open in 2017)



*A rendering of facility in Incheon

<Development and Operation of Complex Facility in Busan, South Korea>

- Development and operation of complex facility, comprised of a hotel, entertainment and commercial facilities, etc., in Busan Metropolitan City, South Korea
- Accumulation of know-how for development and operation of large complex facilities



*A rendering of facility in Busan

Casino Machines Development

<Began Developing Machines for Casinos>

- Established SEGA SAMMY CREATION INC., which will develop, manufacture and sell casino machines (June 2013)
- Develop machines for casinos by utilizing Sega Sammy development resources



Future Activities



SEGA-SAMMY
HOLDINGS



Response to changes in prototype testing method

- In order to adapt to operational changes in prototype testing method, review specifications of “AT type*” titles, which are currently mainstream (*AT=Assist Time)
- Further validation of the line-up in line with the above specification reviews

Sales schedule for pachislot machines during the fiscal year ending March 2015

- As a result of further validation of the line-up, sales schedule for the fiscal year ending March 2015 has been revised as follows;
 - Number of titles to be launched during the full year: 6 titles (10 titles before the revision)
 - Unit sales during the full year: 222,998 units (374,800 units before the revision)



Future outlook and responses

<Outlook for the pachislot market>

- The number of titles on the market is expected to decrease temporarily in line with changes in specifications of AT type titles, which are currently mainstream
- Market unit sales is also expected to drop temporarily in line with the decrease in the number of titles

<Sega Sammy's initiatives>

- Working to launch titles approved by new testing method in the first quarter of next fiscal year
- Continue with aim to develop machines which will be favored by more users
- Aim to maintain high competitiveness by exerting our industry-leading development capabilities and brand strength



Current status of structure reform

- For group structure reform, the following three points have been decided up or until this stage
- Continue to progress discussion targeting the end of the fiscal year ending March 2015
 - 1) Restructuring into three business groups**
 - 2) Initiatives to improve profitability**
 - 3) Appointment of personnel in charge of structure reform in SEGA CORPORATION**

1) Restructuring into three business groups



- Work to restructure into three business groups of **“Pachislot and Pachinko Machines Business,” “Entertainment Content Business”** and **“Resort Business”** around April 2015
 - a) **Pachislot and Pachinko Machines Business:** Set Sammy’s pachislot and pachinko machines business as its core
 - b) **Entertainment Content Business:** Comprised of four business categories, adding video content business and toy business to SEGA’s existing businesses
 - ⇒Set the digital content business as its core business and focus investing management resources. For other businesses, emphasize profitability and take measures such as downsizing as needed
 - c) **Resort Business:** Develop and operate tourist/recreational facilities including resort complexes and golf courses
 - ⇒Operation of Phoenix Seagaia Resort, projects in Incheon, South Korea and in Busan, South Korea are included in the Resort Business
- Each business group will make efforts to enhance management efficiency by constructing a system to allow appropriate investment of management resources and responding to changes in business environment while working to speed up decision making and streamlining redundant functions

2) Initiatives to improve profitability

- **Policy for reduction of fixed expenses**: Reduce fixed expenses by 6 billion yen throughout entire group (in fiscal year ending March 2016 and after)

To put the Group back on a growth track as a company that can constantly post profits, the Group has determined it is essential to rehabilitate its existing business by any and all measures. Hence, starting in the fiscal year ending March 2016, the Group intends to reduce fixed expenses including labor cost by 6 billion yen throughout entire group centering on unprofitable/underperforming businesses.

3) Appointment of personnel in charge of structure reform in SEGA CORPORATION

- Haruki Satomi, Executive Vice President and Representative Director of SEGA CORPORATION

In addition to the establishment of Group Structure Reform Division in the Company in May 2014 (Chairman: Hajime Satomi, President and Chief Executive Officer), Haruki Satomi, Director of SEGA CORPORATION, assumed the position of Executive Vice President and Representative Director of SEGA CORPORATION (in charge of structure reform) on November 1, 2014 in order to swiftly implement structure reform in the SEGA.

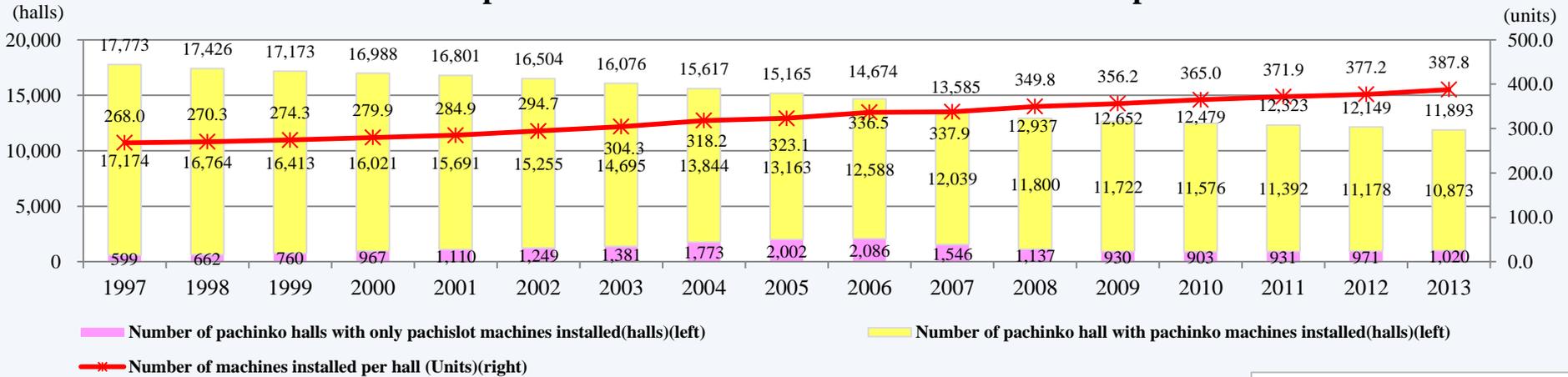
Appendix



SEGA-SAMMY
HOLDINGS

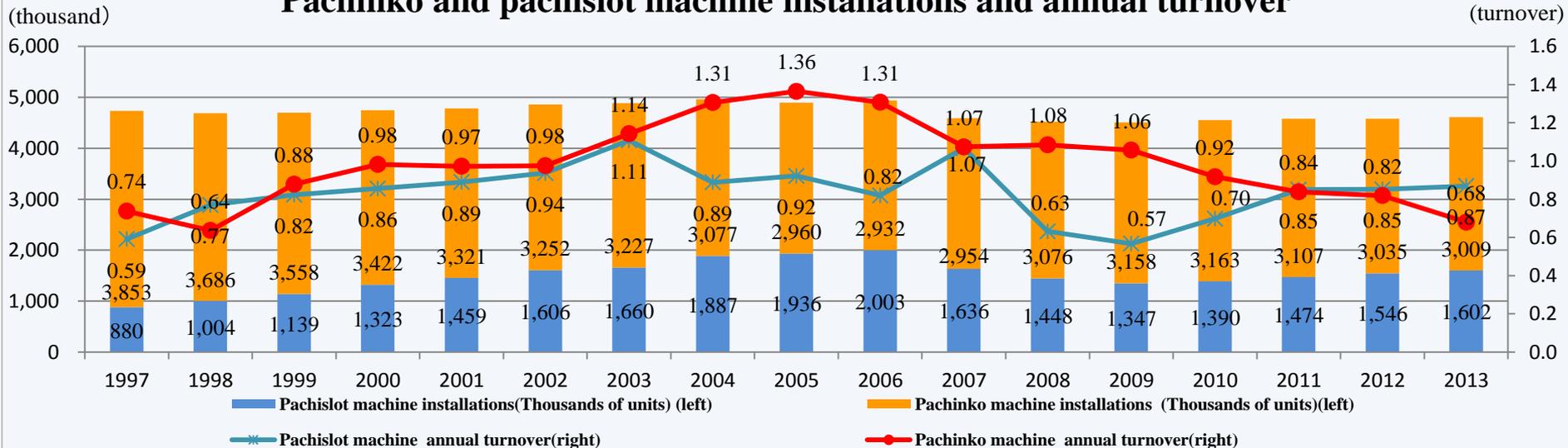
Pachinko and Pachislot Machine Markets

Number of pachinko hall and number of machines installed per hall

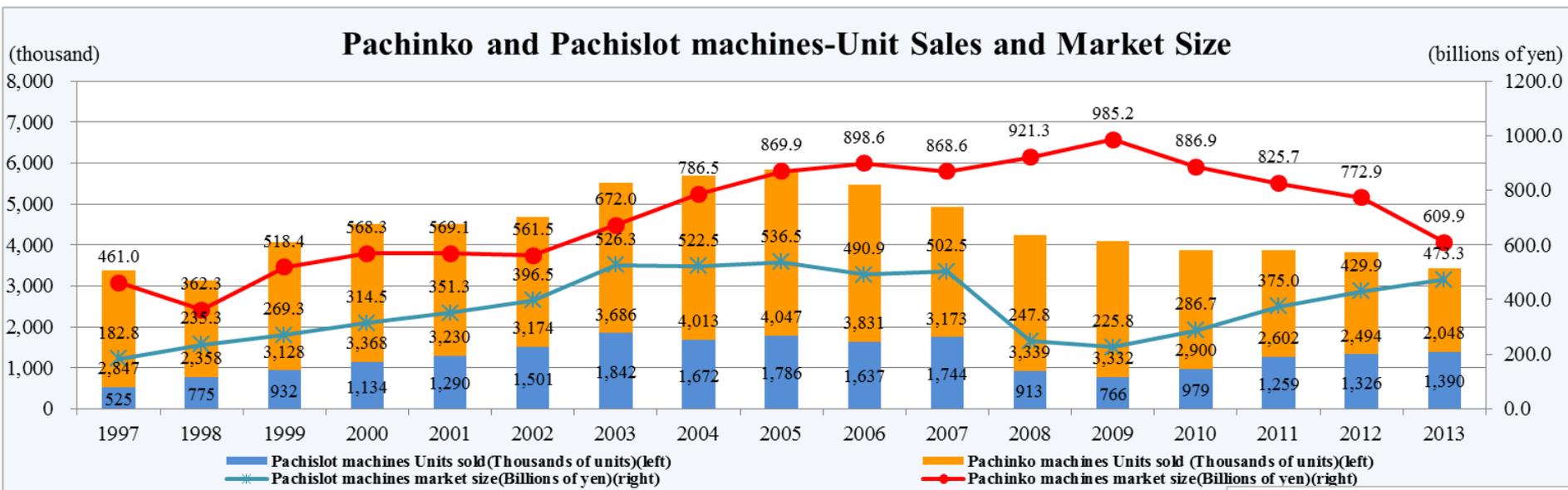


Sources : National Police Agency

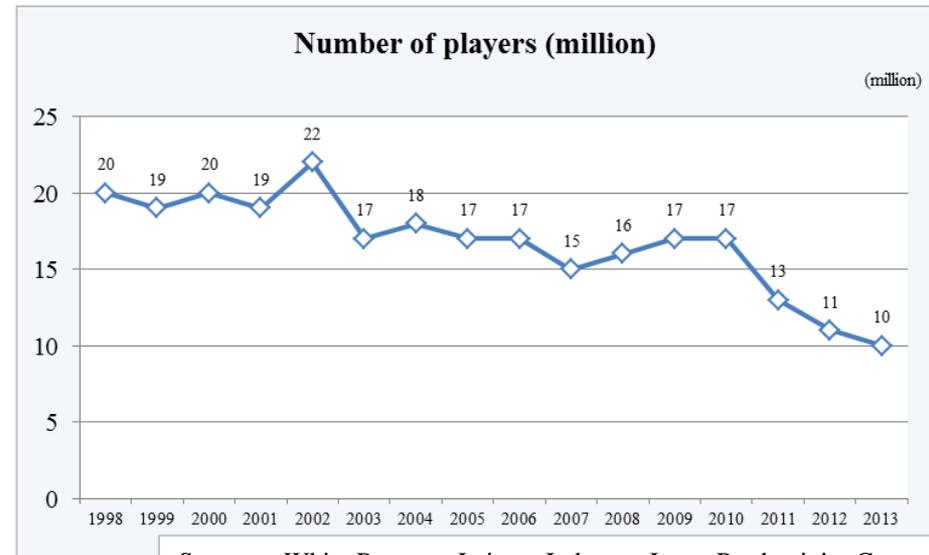
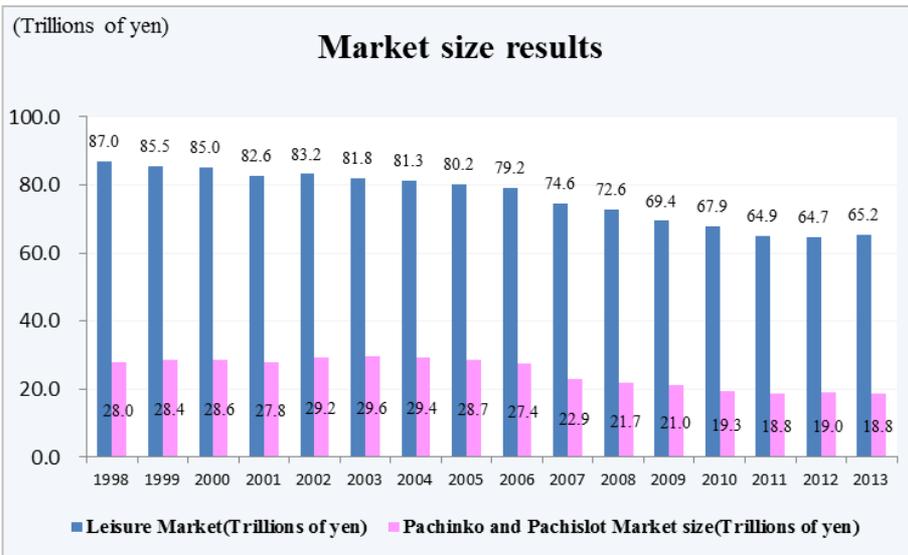
Pachinko and pachislot machine installations and annual turnover



Sources: National Police Agency and Yano research Institute Ltd.

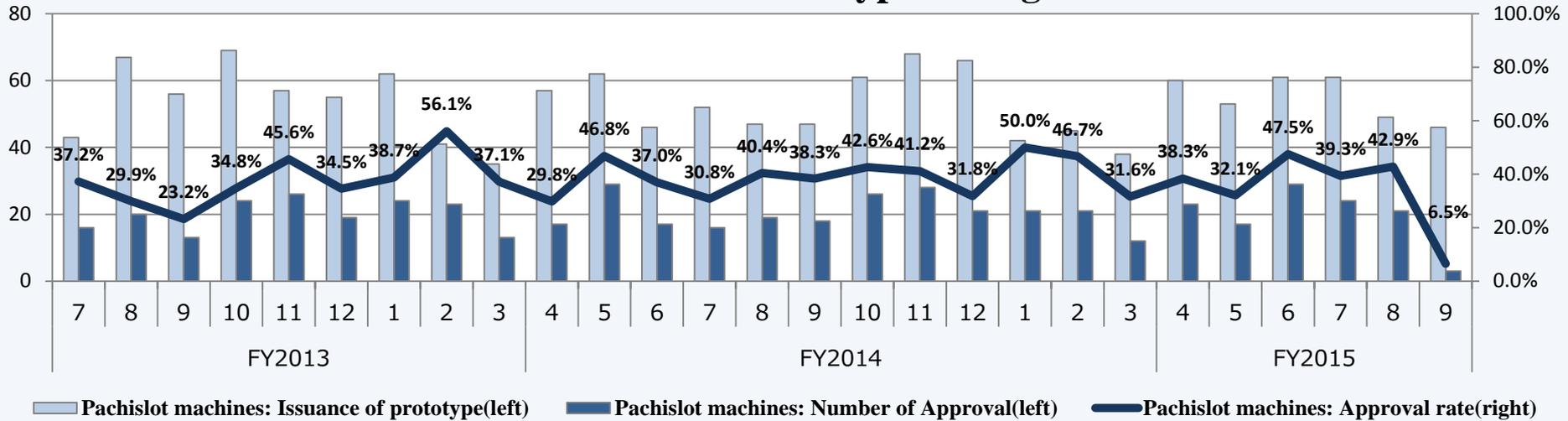


Sources: Yano research Institute Ltd.

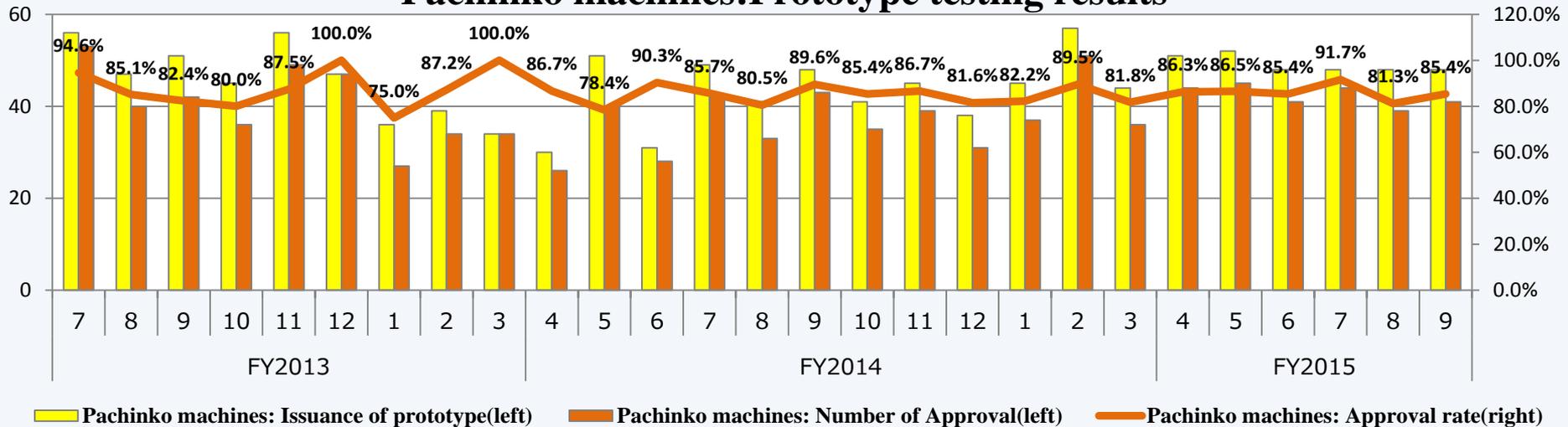




Pachislot machines: Prototype testing results



Pachinko machines: Prototype testing results



Sources: Security Communications Association



Share of Annual Pachislot Machine Sales

Rank	2009			2010			2011			2012			2013		
	Manufacturer	Units sold	Share												
1	Sammy	162,932	21.3%	Sammy	302,270	30.9%	Sammy	300,866	23.9%	U Company	236,000	17.8%	Sammy	301,575	21.7%
2	S Company	104,266	13.6%	D Company	117,000	11.9%	D Company	200,000	15.9%	Sammy	202,221	15.3%	U Company	215,000	15.5%
3	U Company	100,000	13.1%	S Company	116,424	11.9%	Y Company	196,000	15.6%	Y Company	193,000	14.6%	H Company	120,000	8.6%
4	Y Company	73,000	9.5%	H Company	111,000	11.3%	U Company	172,000	13.7%	D Company	186,000	14.0%	S Company	116,291	8.4%
5	K Company	60,000	7.8%	U Company	103,000	10.5%	S Company	96,158	7.6%	K Company	110,000	8.3%	D Company	102,000	7.3%

Share of Annual Pachinko Machine Sales

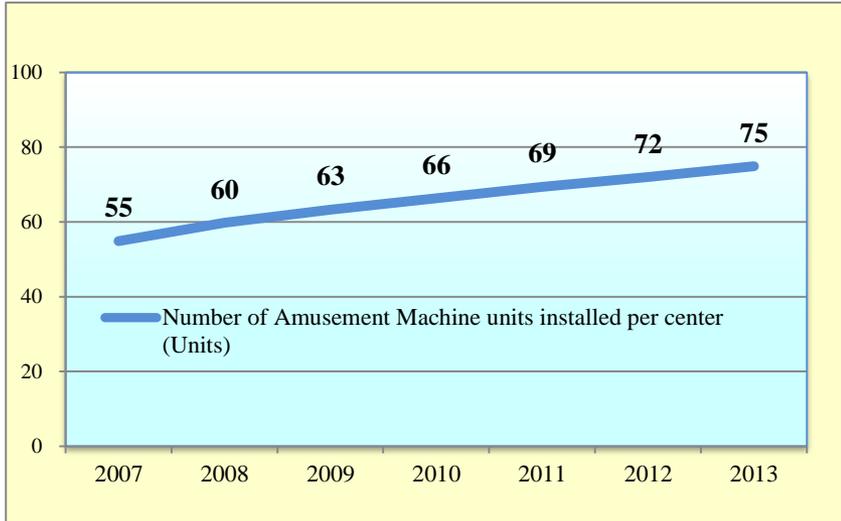
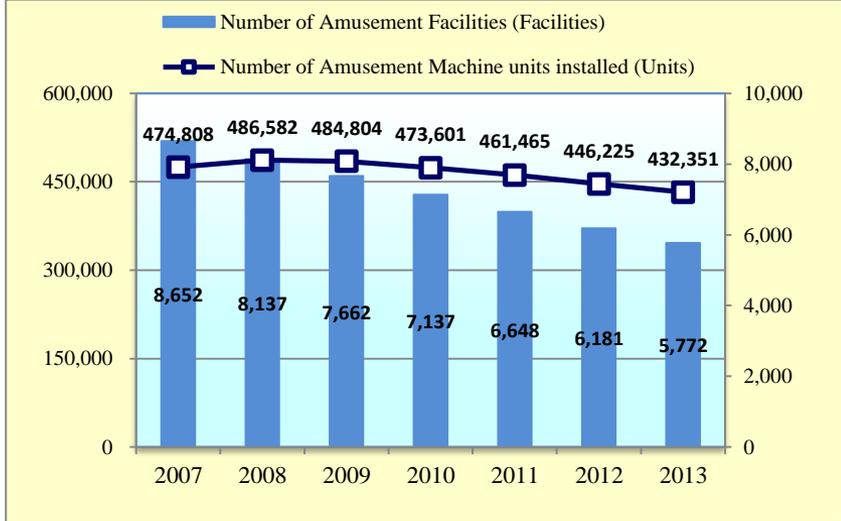
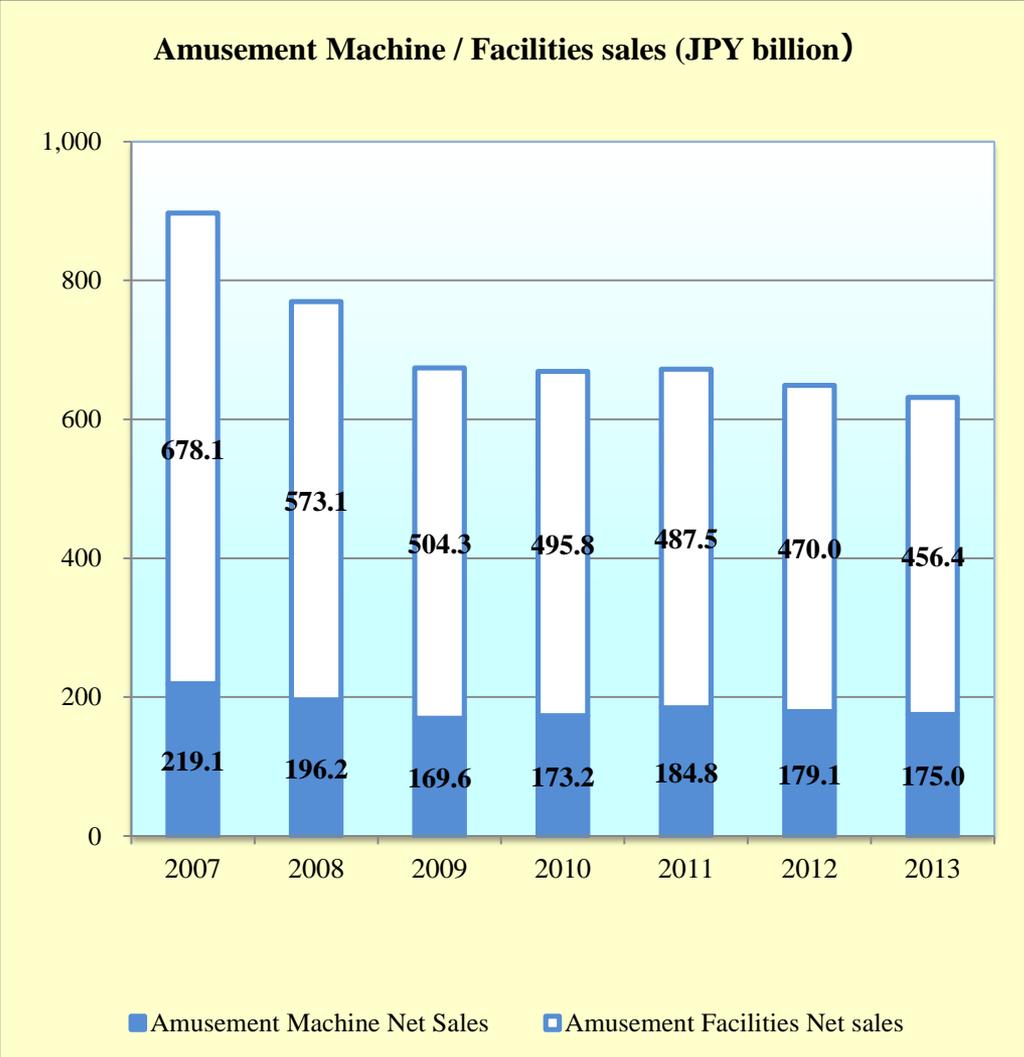
Rank	2009			2010			2011			2012			2013		
	Manufacturer	Units sold	Share												
1	S Company	600,000	18.0%	S Company	653,000	22.5%	K Company	485,000	18.6%	S Company	544,000	21.8%	K Company	349,000	17.0%
2	S Company	572,464	17.2%	S Company	424,533	14.6%	S Company	360,805	13.9%	K Company	507,000	20.3%	S Company	315,000	15.4%
3	K Company	426,000	12.8%	Sammy	343,188	11.8%	Sammy	332,288	12.8%	H Company	252,000	10.1%	S Company	291,967	14.3%
4	N Company	395,000	11.9%	K Company	322,000	11.1%	S Company	332,000	12.8%	N Company	250,000	10.0%	Sammy	200,225	9.8%
5	Sammy	360,171	10.8%	N Company	296,000	10.2%	N Company	255,000	9.8%	Sammy	216,860	8.7%	H Company	197,000	9.6%

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



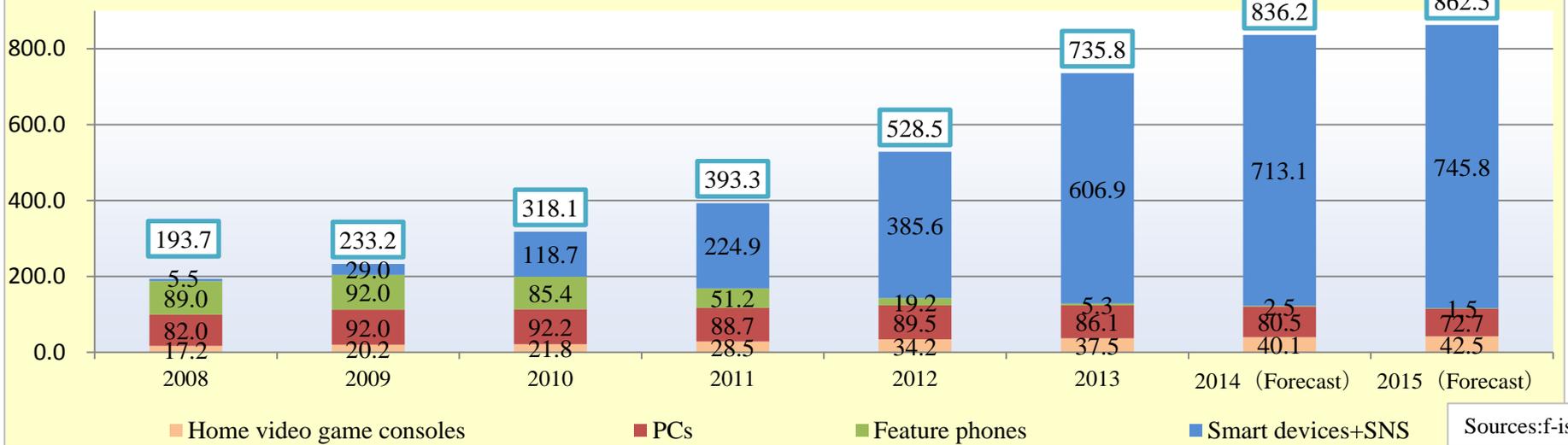
Amusement Machine and Amusement Center Operations Markets Scale



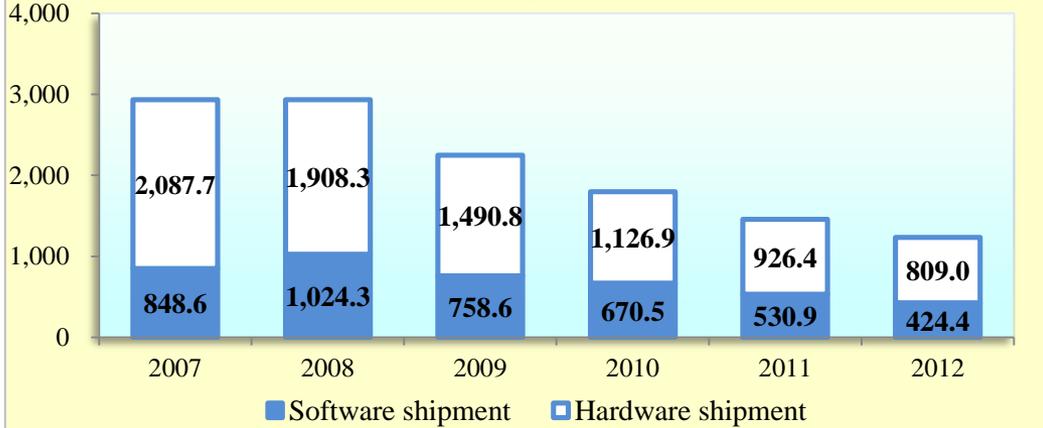
Source: JAIA, National Police Agency

Home Video Game and Online Game Markets Scale

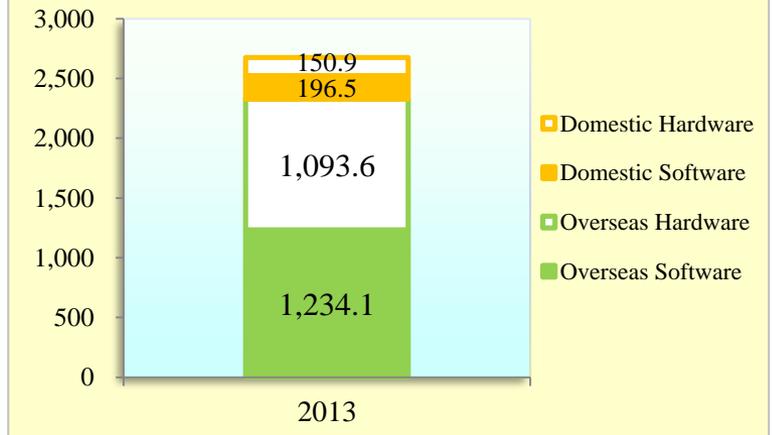
Japan's Market for Game Content with Network Connectivity (JPY billion)



Gross amount at household games shipped by Japanese Companies (JPY billion)



Home Video Games: Overall Shipment Scale (JPY billion)



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

Past Operating Results

From FY Ended March 2005 to FY Ending 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_2q_transition.xls)

※The counting rules for the number of facilities have been changed from fiscal year ending March 2014

(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 Ending March 2015		
	Full Year Results	Results Through 2Q	Full Year Results	Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q	Results Through 2Q							
Net Sales	515.6	553.2	528.2	458.9	429.1	384.6	396.7	395.5	136.5	321.4	90.7	162.2	303.9	378.0	88.3	154.2
Breakdown																
Pachislot and Pachinko Machines	280.1	265.6	211.5	145.5	161.6	160.3	212.0	212.1	54.3	142.2	51.8	71.2	160.2	181.8	47.4	60.6
Amusement Machines Sales	63.3	71.5	75.4	71.0	61.9	45.1	47.2	49.9	18.7	39.1	6.8	18.0	28.0	38.6	7.2	18.0
Amusement Center Operations	83.1	106.2	103.8	91.2	71.3	54.7	45.6	44.6	21.7	42.7	10.0	21.9	32.4	43.2	9.6	20.8
Consumer Business	65.3	90.3	119.5	141.7	131.3	121.5	88.8	85.6	35.3	83.8	18.8	43.8	72.3	99.8	21.1	48.2
Other	23.7	19.4	17.8	9.3	2.9	2.8	2.8	3.0	6.3	13.4	3.2	7.1	10.9	14.5	2.9	6.4
Operating Income	105.0	119.1	76.5	-5.8	8.3	36.7[31.0]	68.7	58.3	7.8	19.0	16.1	12.3	46.5	38.5	9.3	3.4
Breakdown																
Pachislot and Pachinko Machines	103.9	99.8	71.1	8.4	14.5	29.5	64.2	71.0	10.4	23.5	18.7	15.1	50.0	45.2	12.9	7.3
Amusement Machines Sales	7.4	12.1	11.6	7.1	6.8	7.0[5.4]	7.3	7.4	0.8	1.9	-0.4	0.0	-0.2	-1.2	-0.6	0.1
Amusement Center Operations	5.4	9.2	0.1	-9.8	-7.5	-1.3[-1.4]	0.3	0.3	0.8	1.1	0.0	0.2	0.0	0.0	-0.4	-0.2
Consumer Business	-8.8	1.9	1.7	-5.9	-0.9	6.3[2.4]	1.9	-15.1	-0.7	-0.7	0.0	1.1	2.7	2.0	-0.2	0.9
Other	-0.5	-1.7	-1.3	0.0	-0.3	0.3	0.0	0.2	-0.1	-0.4	-0.4	-0.4	-0.7	-1.2	-0.6	-1.0
Eliminations	-2.3	-2.3	-6.7	-5.5	-4.9	-5.2	-5.1	-5.4	-3.2	-6.3	-1.6	-3.6	-5.1	-6.4	-1.5	-3.7
Operating Margin	20.4%	21.5%	14.5%	-	1.9%	9.5%[8.1%]	17.3%	14.7%	5.7%	5.9%	17.8%	7.6%	15.3%	10.2%	10.5%	2.2%
Ordinary Income	104.4	119.5	81.2	-8.2	6.6	35.9[30.2]	68.1	58.1	7.2	20.9	17.0	14.2	49.1	40.5	10.0	3.3
Ordinary Income Margin	20.2%	21.6%	15.4%	-	1.5%	9.3%[7.9%]	17.2%	14.7%	5.3%	6.5%	18.7%	8.8%	16.2%	10.7%	11.3%	2.1%
Net Income	50.5	66.2	43.4	-52.4	-22.8	20.2[14.5]	41.5	21.8	3.8	33.4	12.9	11.3	44.3	30.7	5.5	-2.0
Net Income Margin	9.8%	12.0%	8.2%	-	-	5.3%[3.8%]	10.5%	5.5%	2.8%	10.4%	14.2%	7.0%	14.6%	8.1%	6.2%	-
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	19.1	45.2	10.7	25.1	38.1	59.2	12.4	28.4
Cap-ex	32.4	38.5	36.6	50.4(*1)	26.6	16.1	19.6	36.1	21.6	32.8	16.2	22.6	29.3	38.1	6.9	14.7
Depreciation *4	17.7	21.8	28.0	45.6(*2)	26.6	17.1	15.9	16.1	7.4	18.1	3.5	7.5	14.4	16.1	4.0	8.1
Advertising *5	11.8	18.9	22.2	22.8	20.7	20.7	15.1	17.2	5.6	13.1	3.0	7.6	10.7	16.0	4.1	10.0
# of pachislot titles	9 titles	14 titles	17 titles	22 titles	19 titles	12 titles	10 titles	11 titles	3 titles	8 titles	1 titles	3 titles	8 titles	9 titles	3 titles	4 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	108,604 units	202,221 units	108,247 units	143,171 units	286,396 units	301,575 units	82,901 units	92,998 units
# of pachinko titles	8 titles	8 titles	14 titles	9 titles	12 titles	13 titles	12 titles	14 titles	9 titles	14 titles	2 titles	4 titles	8 titles	10 titles	5 titles	9 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	57,749 units	216,860 units	28,606 units	54,955 units	156,538 units	200,225 units	50,806 units	86,453 units
Same Store Sales Comparisons	98.5%	103.3%	95.8%	89.0%	92.4%	91.7%	99.3%	100.5%	93.8%	93.8%	92.5%	95.0%	94.9%	96.1%	99.4%	98.7%
Domestic Facilities	477 facilities	462 facilities	449 facilities	363 facilities	322 facilities	260 facilities	249 facilities	241 facilities	238 facilities	236 facilities	201 facilities	202 facilities	203 facilities	198 facilities	201 facilities	198 facilities
# of game software titles	- (84)	- (122)	- (140)	80 (138)	78 (122)	66 (105)	51 (71)	45 (86)	9 (14)	25 (49)	3 (3)	8 (8)	15 (20)	21 (32)	3 (5)	6(14)
Sales (Thousand units)	11,790	16,400	21,270	26,990	29,470	26,750	18,710	17,240	2,760	10,780	1,210	3,230	6,310	8,730	1,700	4,100

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

* 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.)



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<http://sega.jp/> (SEGA)

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