



FY 2007 1st Quarter Results

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SEGA SAMMY HOLDINGS INC

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Contents

FY 2007 1st Quarter Results

Highlights	3
Condensed Consolidated Income Statement	4
Results by Segment	.....	5
Segment Reviews		
– Pachinko · Pachislot	.....	6
– Pachislot	.....	7
– Pachinko	.....	8
– Amusement Machines	.....	9
– Amusement Facilities	.....	11
– Consumer Business	.....	13
Results of Listed Subsidiaries	.....	15
Appendix	.....	18

Highlights

■ Net Sales · Operating Profit

Net Sales: JPY 85.6 Billion, Operating Profit: JPY 2.7 Billion

⇒ Compared to 1Q 2006, which was influenced by a major pachislot release, results were down, but were in line with plans

■ Amusement Machines and Facilities Very Strong

Pachinko · Pachislot : Ginza brand off and running in Pachinko

Sales pushed back into 2nd quarter in Pachislot

AM Machines : Large medal games sell well leading to higher profitability

AM Facilities : High profitability with strong contribution from kids cards

Consumer : Online business delayed

■ Corporate Action

- Acquired two overseas development companies

- Convertible Bond

⇒ Almost all converted, call option to be exercised (August)

Condensed Consolidated Income Statement

(JPY Billions)	FY 2006			FY 2007		
	1Q	1H	FY	1Q	1H Plan	FY Plan
Net Revenue	100.5	248.5	553.2	85.6	296.0	682.0
Operating Profit	17.5	49.8	119.1	2.7	43.0	124.0
Ordinary Profit	17.0	49.4	119.5	2.4	42.5	123.0
Net Income	10.7	24.9	66.2	0.7	22.0	75.0

Segment Information

(JPY Billions)		FY 2006			FY 2007		
		1Q	1H	FY	1Q	1H Plan	FY Plan
Net Sales		100.5	248.5	553.2	85.6	296.0	682.0
Break-down	Pachinko Pachislot	49.7	129.8	265.6	21.5	152.0	332.0
	Amusement Machines	12.6	30.8	71.5	17.7	36.0	84.0
	Amusement Facilities	21.0	48.5	106.2	25.2	61.0	125.0
	Consumer	11.5	28.5	90.3	16.5	39.0	123.0
	Other	5.5	10.7	19.4	4.5	10.0	22.0
Operating Profit		17.5	49.8	119.1	2.7	43.0	124.0
Break-down	Pachinko Pachislot	18.2	46.4	99.8	2.1	47.5	105.0
	Amusement Machines	0.4	4.5	12.1	4.0	4.0	12.5
	Amusement Facilities	0.6	4.3	9.2	2.0	6.0	12.0
	Consumer	-2.0	-4.3	1.9	-4.0	-10.5	2.5
	Other	0.0	-0.4	-1.7	-0.2	0.0	0.0
	Eliminations	0.3	-0.5	-2.3	-1.1	-4.0	-8.0

Segment Results : Pachinko Pachislot

1Q Results	
Pachislot	<ul style="list-style-type: none"> Continued orders for “Ore no Sora” Introduced 3 less titles than planned ⇒Approvals granted, but sales strategically delayed Strategic development and supply of new regulation machines
Pachinko	<ul style="list-style-type: none"> Ginza brand introduced Title count falls by 1 ⇒Introduction of new styles of machines delayed in consideration of market conditions
Cost Reduction	<ul style="list-style-type: none"> Continue with re-use of LCD panels and other components




1 st Half Drivers				
P A C H I S L O T	Hokuto no Ken SE			
	Orders			
		1H	2H	Total
	Results	300k+	* See Below: Continuing Demand	
	Plan	150k	150k	300k
	Continuing Demand			
	<ul style="list-style-type: none"> ★ Approximately 200k of the original Hokuto no Ken units are still installed ★ All remaining original Hokuto no Ken units must be pulled in October ⇒ We expect more replacement demand to coincide with this period 			
	Production			
	★ Have the capacity to respond to even very heavy demand			
	Introduction of numerous approved titles			
P A C H I N K O	Installation of Hokuto no Ken STV			
	Continue to roll out multi-brand strategy with Sammy’s “Ring ni Kakeru”, Ginza’s “1,2 no Sanshiro”			
	Strategically introduce products according to our assessment of the market			

Pachislot

1Q Results

(JPY Billions)	FY 2006			FY 2007		
	1Q	1H	FY	1Q	1H Plan	FY Plan
Net Sales	49.7	129.8	265.6	21.5	152.0	332.0
Pachislot	42.0	73.0	189.4	10.9	73.5	173.5
Pachinko	5.3	52.6	67.0	9.1	69.0	134.0
Peripherals and Other	2.4	4.2	9.2	1.7	9.5	24.5
Operating Profit	18.2	46.4	99.8	2.1	47.5	105.0
Operating Margin	36.6%	35.7%	37.5%	10.0%	31.2%	31.6%

Sales Breakdown

Brand	FY 2006	FY 2007		
	1Q	1Q	1H Plan	FY Plan
	1 Title	1 Title	3 Titles	7 Titles
	68,025 Units	12,081 Units	180,000 Units	400,000 Units
	1 Title	1 Title	3 Titles	7 Titles
	51,643 Units	19,755 Units	30,000 Units	70,000 Units
	-	-	-	4 Titles
	-	-	-	30,000 Units
Unit Supply	2 Titles	-	5 Titles	11 Titles
	33,638 Units	-	37,000 Units	75,000 Units
Total	4 Titles	2 Titles	11 Titles	29 Titles
	153,306 Units	31,836 Units	247,000 Units	575,000 Units

Top Sellers



Brand	Title	1Q Sales	Installed From
	Bomberman Victory	9,723	April
	Aladdin 2 Evolution	1,621	Prior Period
	Ore no Sora	19,751	Prior Period
Unit Supply	No New Titles		

Pachinko

1Q Results

(JPY Billions)		FY 2006			FY 2007		
		1Q	1H	FY	1Q	1H Plan	FY Plan
Net Sales		49.7	129.8	265.6	21.5	152.0	332.0
	Pachislot	42.0	73.0	189.4	10.9	73.5	173.5
	Pachinko	5.3	52.6	67.0	9.1	69.0	134.0
	Peripherals and Other	2.4	4.2	9.2	1.7	9.5	24.5
Operating Profit		18.2	46.4	99.8	2.1	47.5	105.0
Operating Margin		36.6%	35.7%	37.5%	10.0%	31.2%	31.6%

Sales Breakdown

Brand	FY 2006	FY 2007		
	1Q	1Q	1H Plan	FY Plan
	1 Title	3 Titles	6 Titles	13 Titles
	25,813 Units	33,431 Units	270,000 Units	490,000 Units
	-	1 Title	3 Titles	5 Titles
	-	12,201 Units	30,000 Units	80,000 Units
Total	1 Title	4 Titles	9 Titles	18 Titles
	25,813 Units	45,632 Units	300,000 Units	570,000 Units

Top Sellers

Brand	Title	1Q Sales	Installed From
	CR Freddy vs Jason	19,734	May
	CR Hokuto no Ken STV	9,243	June
	CR Gamera	4,454	April
	CR Mangetsu no Yoru ni Shoten Shitai	12,201	June

Segment Results : Amusement Machines

1Q Results

- Continued shipments of Star Horse 2
- Machines introduced in the 1st Quarter also performing well
 - ⇒ Large Medal Game "Amigyo"
 - ⇒ Trading Card Game "Sangokushi Taisen 2"
- With strong sales of the high value-add products listed above we were able to secure high margins
- Location tests of "Virtua Fighter 5" showed promising results

1H Drivers

- Continued shipments of Star Horse 2
- Continued strong sales of Amigyo and Sangokushi Taisen
- Full introduction of Virtua Fighter 5
 - ⇒ New profit model based on more stable profitability (ALL.Net P-ras)

Segment Results : Amusement Machines

1Q Results

(JPY Billions)		FY 2006			FY 2007		
		1Q	1H	FY	1Q	1H Plan	FY Plan
Net Sales			30.8	71.5	17.7	36.0	84.0
Break-down	Domestic	12.6	27.1	63.3	15.8	31.5	69.5
	International		3.7	8.1	1.8	4.5	14.5
Operating Profit		0.4	4.5	12.1	4.0	4.0	12.5
Operating Margin		3.2%	14.6%	17.0%	22.5%	11.1%	14.8%

Top Sellers

1Q Titles	Units Sold
Sangokushitaisen 2	CVTKIT Body: 603 CVTKIT Satellite: 2,608
Star Horse 2 New Generation	Body: 48 Satellite: 1415
Amigyo	Body: 316
WCCF EC 2004-2005 Ver.2	Body: 30 Satellite: 240

Segment Results : Amusement Facilities

1Q Results

- Same store sales up 3.8%
- Kids Card Games continue to perform well
- Store openings and closings around plan
- Continued scrap and build
- ⇒ Efficient management of facilities
- Contributed to overall profitability
- Opening of LB Style Square and LB Style Spot shops continues
- ⇒ 63 shops as of 6/30

1H Drivers

- Launch of hot products beginning with “Virtua Fighter 5”
 - ⇒ Will draw customers to facilities
- Increased summer demand
(Summer holidays in Japan began 7/20)
 - ⇒ Continued popularity of products oriented towards children

Segment Results : Amusement Facilities

1Q Results

JPY Billions		FY 2006			FY 2007			
		1Q	1H	FY	1Q	1H Plan	FY Plan	
Net Sales		21.0	48.5	106.2	25.2	61.0	125.0	
(Overseas Portion)			2.6	6.1	1.9	3.9	8.7	
Operating Profit		0.6	4.3	9.2	2.0	6.0	12.0	
Operating Margin		3.2%	8.9%	8.7%	7.9%	9.8%	9.6%	
Depreciation		2.7	6.5	17.1	3.5	8.6	18.5	
Capex		6.7	14.3	25.3	4.5	10.9	19.5	
Facility Operation Results		Stores Opened	5	6	14	4	12	23
		Stores Closed	12	32	52	6	12	14
		# Stores	470	451	462(*)	460	462	471
		Same Store Comps	98.4%	100.0%	103.3%	103.8%	106.9%	103.4%
Kids Card Games	Mushiking	Total Units	12,000 Units	13,500 Units	13,400 Units	13,000 Units	13,400 Units	13,400 Units
		Total Card Sales	215 Million	280 Million	350 Million	371 Million	416 Million	478 Million
	Love and Berry	Total Units	3,500 Units	4,700 Units	7,600 Units	8,800 Units	10,800 Units	10,800 Units
		Total Card Sales	19 Million	43 Million	133 Million	173 Million	225 Million	316 Million
	Dinosaur King	Total Units	-	-	6,000 Units	6,650 Units	7,200 Units	7,200 Units
		Total Card Sales	-	-	32 Million	39 Million	50 Million	70 Million

(*)Facility statistics for TMS Entertainment included as of consolidation in 3Q FY 2006.

Segment Results : Consumer Business

1Q Results

- Brain training related software and toys sales were firm
- M&A: Acquired 2 foreign development companies
 - SPORTS INTERACTIVE, LTD.
 - SECRET LEVEL, Inc.
- ⇒SPORTS INTERACTIVE's "Football Manager" sales continue to be strong
- Online development pushed back

1H Drivers

- Will deliver Hokuto no Ken simulation software on multiple platforms in August
- Popular series titles "Mushiking: Road to the Greatest Champion 2" and "Kamaitachi no Yoru 3" will ship in the quarter
- Continue online development process

Segment Results : Consumer Business

1Q Results

JPY Billions		FY 2006			FY 2007		
		1Q	1H	FY	1Q	1H Plan	FY Plan
Net Sales		11.5	28.5	90.3	16.5	39.0	123.0
Break-down	Entertainment Software	6.2	14.9	56.2	7.9	21.2	77.9
	Network/Other	5.3	13.6	34.1	8.6	17.8	45.1
Operating Income		-2.0	-4.3	1.9	-4.0	-10.5	2.5
Operating Margin		-	-	2.1%	-	-	2.0%

Sales Region		FY 2006 1Q		FY2007 1Q	
		# of Titles	Sales (Thousands)	# of Titles	Sales (Thousands)
Break-down	Japan	6	840	15	580
	US	0	380	5	870
	Europe	7	640	9	680
Total		13	1860	29	2140

Region	Platform	FY 2007 1Q Titles	Sales (Thousands)
Japan	(PSP)	Brain Trainer Portable 2	90
US	(PS2/XB/GC)	Sonic Riders	130
Europe	(PSP/X360/PC)	Football Manager 2006	220

Platform		FY 2006 1Q		FY 2007 1Q	
		# of Titles	Sales (Thousands)	# of Titles	Sales (Thousands)
Break-Down	PS2	5	580	9	290
	GC	0	160	-	0
	XB	2	170	1	150
	PS3	-	-	-	-
	Wii	-	-	-	-
	Xbox360	-	-	3	10
	NDS	1	60	2	20
	PSP	1	40	9	490
	GBA	1	550	-	0
	PC	3	110	5	140
Catalogue	-	170	-	1040	

Results of Listed Subsidiaries



Results of Listed Subsidiaries

Sammy NetWorks

(JPY Billions)	FY 2006	FY 2007		
	1Q	1Q	1H Plan	FY Plan
Net Sales	1.8	2.1	4.6	10.1
Operating Profit	0.5	0.5	1.1	2.5
Operating Margin	29.1%	26.9%	24.7%	25.2%

Sammy Networks

- Moving forward smoothly with improved sales and profitability.
- Successful in expanding the existing site's number of areas and service while experiencing profit growth in its 3 segments (Amusement, Sound Communication, and Overseas).

SEGA TOYS

(JPY Billions)	FY 2006	FY 2007		
	1Q	1Q	1H Plan	FY Plan
Net Sales	2.3	3.0	7.0	17.0
Operating Profit	0.1	0.09	0.2	1.4
Operating Margin	4.6%	3.0%	3.5%	8.2%

Sega Toys

- Sales and operating profit strong
- Compared to the prior year's period overseas sales (idog, etc.) and the license business (Ochainu, etc.) drove profits.
- The fall in operating margin was a factor of a higher mix of revenue from overseas and license and the associated rise in costs.

Results of Listed Subsidiaries



(JPY Billions)	FY 2006	FY 2007		
	1Q	1Q	1H Plan	FY Plan
Net Sales	3.3	2.7	6.5	15.2
Operating Profit	0.2	0.1	0.6	1.6
Operating Margin	8.3%	4.4%	9.9%	10.9%

TMS Entertainment

- The fall in profits from the prior year was the result of a amusement facility subsidiary being deconsolidated and plans for major animation to be released in the 2nd Half.
- Including the impact of the costs associated with the addition of two new facilities operating profit was below plan, but the first half forecast remains unchanged.



(JPY Billions)	FY 2006	FY 2007		
	1Q	1Q	1H Plan	FY Plan
Net Sales	4.7	3.7	8.6	18.5
Operating Profit	-0.02	-0.07	0.04	0.19
Operating Margin	-	-	5.0%	1.0%

Nisshou Interlife

- Revenues and SG&A costs were off slightly, but on target to meet 1H Plan.
- Gross margin fell well short of plan, but due to the thoroughness of test marketing and pre-construction planning increased 1.4% over the prior year period.
- Entertainment related projects contributed about JPY 700 million to the top line.



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