

Business Results Highlights

Years ended March 31

Consolidated Business Highlights

	2006	2007	2008	2009	2010	2011	2012
Net sales	¥553,240	¥528,238	¥458,977	¥429,194	¥384,679	¥396,732	¥395,502
Gross profit	229,011	203,079	120,403	119,092	138,867	166,055	161,663
Selling, general and administrative (SG&A) expenses	109,867	126,548	126,232	110,728	102,154	97,304	103,279
Operating income (loss)	119,144	76,530	(5,829)	8,363	36,712	68,750	58,384
EBITDA* ²	140,999	104,578	39,782	35,007	53,887	84,699	74,542
Net income (loss)	66,221	43,456	(52,470)	(22,882)	20,269	41,510	21,820
Capital expenditures	37,650	59,271	50,422	26,610	16,164	19,686	36,141
Depreciation and amortization* ³	21,854	28,048	45,611	26,644	17,175	15,949	16,158
R&D expenses, content production expenses* ³	36,337	52,106	65,384	59,676	41,502	41,104	53,348
Net cash provided by (used in) operating activities	83,228	60,623	(25,878)	32,199	54,998	87,696	38,023
Net cash provided by (used in) investing activities	(54,706)	(75,395)	(10,399)	936	(7,640)	(29,585)	(59,012)
Net cash provided by (used in) financing activities	(21,152)	(1,712)	(7,579)	(7,653)	(3,401)	(57,168)	914
Free cash flows* ⁴	28,522	(14,772)	(36,277)	33,135	47,358	58,111	(20,989)
Total assets	522,914	549,940	469,642	423,938	423,161	458,624	497,451
Total net assets / shareholders' equity* ⁵	316,679	358,858	281,627	242,532	256,770	285,461	296,376
Number of shares outstanding (shares)	283,229,476	283,229,476	283,229,476	283,229,476	283,229,476	266,229,476	266,229,476
Number of employees (employees)	6,416	7,734	7,665	6,856	6,236	6,000	6,700
Net sales per employee	86.2	68.3	59.9	62.6	61.7	66.1	59.0
Per Share Data	2006	2007	2008	2009	2010	2011	2012
Net income (loss)	¥ 261.06	¥ 172.47	¥ (208.26)	¥ (90.83)	¥ 80.46	¥ 163.19	¥ 86.73
Diluted net income	260.35	172.35	—	—	—	163.01	86.54
Total net assets / shareholders' equity* ⁵	1,254.14	1,341.80	1,030.09	882.47	937.80	1,093.23	1,167.59
Cash dividends	80.00	60.00	45.00	30.00	30.00	40.00	40.00
Key Ratios	2006	2007	2008	2009	2010	2011	2012
Gross profit margin	41.4	38.4	26.2	27.7	36.1	41.9	40.9
SG&A ratio	19.9	24.0	27.5	25.8	26.6	24.5	26.1
Operating margin	21.5	14.5	—	1.9	9.5	17.3	14.8
R&D expenses to net sales	6.6	9.9	14.2	13.9	10.8	10.4	13.5
ROE	23.0	13.3	—	—	8.8	16.2	7.7
ROA* ⁶	24.8	15.2	—	1.5	8.5	15.5	12.2
Equity ratio	60.6	61.5	55.3	52.4	55.8	60.0	58.9

*1 Yen amounts have been translated into U.S. dollars solely for convenience at the rate of ¥119.89 to U.S.\$1, the prevailing exchange rate at March 31, 2015.

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

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

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

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

*5 Following the enactment of the new Companies Act of Japan in 2006, the Company presents total net assets for the fiscal year ended March 31, 2007, and subsequent fiscal years, which represent the shareholders' equity figure used in previous years plus minority interests and share subscription rights.

*6 ROA = Ordinary income ÷ Total assets

Millions of yen, unless stated otherwise			Thousands of U.S. dollars**1
2013	2014	2015	2015
¥321,407	¥378,011	¥354,921	\$2,960,389
116,938	147,970	134,876	1,125,004
97,865	109,437	117,267	978,125
19,073	38,533	17,609	146,878
37,254	58,276	39,356	327,999
33,460	30,721	(11,258)	(93,907)
32,871	38,182	28,780	240,060
18,181	16,182	17,615	146,928
45,294	59,219	67,622	564,035
18,603	75,201	37,010	308,703
6,396	(38,547)	(37,734)	(314,741)
(1,116)	(11,512)	(15,058)	(125,599)
24,999	36,654	(724)	(6,038)
528,504	542,936	528,898	4,411,529
320,034	348,270	322,673	2,691,412
266,229,476	266,229,476	266,229,476	

Yen		U.S. dollars**1	
2013	2014	2015	2015
¥ 137.14	¥ 126.42	¥ (46.22)	\$(0.38)
136.85	125.39	—	—
1,304.44	1,409.27	1,337.46	11.15
40.00	40.00	40.00	0.33

%		
2013	2014	2015
36.4	39.1	38.0
30.4	29.0	33.0
5.9	10.2	5.0
14.1	15.7	19.1
11.0	9.3	—
4.1	7.6	3.2
59.7	63.2	60.0

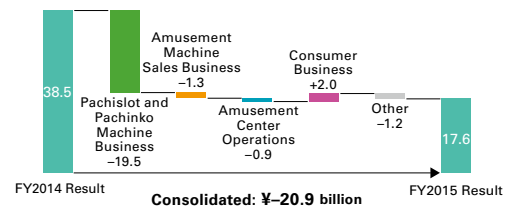
Operating Income

¥17.6 billion

(down ¥20.9 billion, or 54% year on year)

Change in Segment Operating Income

Billions of yen



Main Other Expenses

Other Expenses

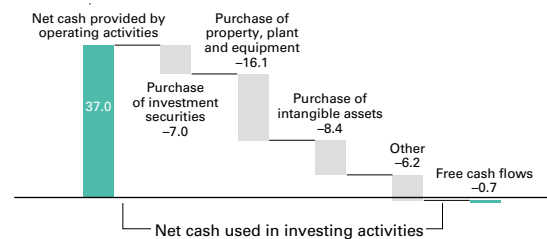
Impairment loss	¥7.8 billion
Provision for dismantling of fixed assets	¥2.7 billion
Loss on the discontinuance of independent film production	¥1.8 billion
Early extra retirement payments	¥1.8 billion

Free Cash Flows

¥-0.7 billion

Main Causes of Changes in Free Cash Flows

Billions of yen



Business Results Highlights

Years ended March 31

Business Results by Business Segment

Pachislot and Pachinko Machine Business	2006	2007	2008	2009	2010	2011	2012
Net sales	¥265,631	¥211,539	¥145,582	¥161,691	¥160,376	¥212,060	¥212,189
Operating income	99,847	71,102	8,443	14,528	29,502	64,284	71,040
Operating margin (%)	37.6	33.6	5.8	9.0	18.4	30.3	33.5
R&D expenses, content production expenses*2	6,940	9,325	12,632	14,289	13,019	13,485	14,393
Capital expenditures	6,670	8,790	23,829	4,516	3,297	5,725	12,726
Pachislot machine unit sales (units)	607,106	523,422	380,688	123,286	162,932	302,270	300,866
Pachinko machine unit sales (units)	288,895	132,981	108,184	391,831	360,171	343,188	332,288
Amusement Machine Sales Business							
	2006	2007	2008	2009	2010	2011	2012
Net sales	¥71,512	¥75,454	¥71,061	¥61,926	¥45,117	¥47,237	¥49,929
Operating income (loss)	12,176	11,682	7,152	6,890	7,094	7,317	7,415
Operating margin (%)	17.0	15.5	10.1	11.1	15.7	15.5	14.9
R&D expenses, content production expenses*2	10,002	12,527	13,695	11,450	7,841	9,195	9,374
Amusement Center Operations							
	2006	2007	2008	2009	2010	2011	2012
Net sales	¥106,245	¥103,850	¥91,226	¥71,310	¥54,788	¥45,695	¥44,608
Operating income (loss)	9,244	132	(9,807)	(7,520)	(1,338)	342	355
Operating margin (%)	8.7	0.1	—	—	—	0.7	0.8
Capital expenditures	24,577	40,754	15,910	14,893	7,796	7,701	8,328
Depreciation and amortization*2	17,148	18,052	17,161	15,908	8,212	6,126	6,184
Number of domestic amusement centers*3 (centers)	462	449	363	322	260	249	241
Existing domestic amusement center sales*4 year on year (%)	103.3	95.8	89.0	92.4	91.7	99.3	100.5
Consumer Business							
	2006	2007	2008	2009	2010	2011	2012
Net sales	¥90,352	¥119,593	¥141,790	¥131,361	¥121,575	¥88,896	¥ 85,688
Operating income (loss)	1,977	1,749	(5,989)	(941)	6,332	1,969	(15,182)
Operating margin (%)	2.2	1.5	—	—	5.2	2.2	—
R&D expenses, content production expenses*2	17,823	26,583	37,129	32,875	19,644	18,150	29,316
Home video game software unit sales (thousands)	16,400	21,270	26,990	29,470	26,750	18,710	17,240

*1 Yen amounts have been translated into U.S. dollars solely for the convenience of readers at the rate of ¥119.89 to U.S.\$1, the prevailing exchange rate at March 31, 2015.

*2 The aggregate calculation method has changed as of fiscal 2014. Consequently, R&D expenses and content production expenses include amortization cost of digital game titles. Until fiscal 2013, depreciation and amortization included amortization cost of digital game titles.

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

*4 As a result of the abovementioned integration, the amusement centers classified as existing amusement centers have changed as of fiscal 2014.

Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
2013	2014	2015	2015
¥142,281	¥181,834	¥149,160	\$1,244,140
23,534	45,292	25,796	215,169
16.5	24.9	17.3	
18,056	19,510	22,327	186,234
11,914	7,905	6,709	55,965
202,221	301,575	207,828	
216,860	200,225	242,847	

Pachislot and Pachinko Machine Business: Reasons for business results changes

- In the pachislot machine business, a change in model-testing operation methods lowered the number of new titles that we introduced, causing a 31% year-on-year decrease in unit sales.
- In the pachinko machine business, unit sales rose 21% year on year due to steady sales of *Pachinko CR Hokuto No Ken 6* series, *Pachinko CR Bakemonogatri*, and other products.

Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
2013	2014	2015	2015
¥39,134	¥38,604	¥39,641	\$330,651
1,902	(1,264)	(2,536)	(21,156)
4.9	—	—	
7,819	8,950	11,253	93,866

Amusement Machine Sales Business: Reasons for business results changes

- Operating loss increased to ¥2.5 billion due to lackluster sales of new titles and a reduction of the book value of certain inventory assets.
- The Group recognized revenues from revenue-sharing titles.

Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
2013	2014	2015	2015
¥42,707	¥43,216	¥41,416	\$345,457
1,194	60	(946)	(7,897)
2.8	0.1	—	
7,923	7,729	6,534	54,503
4,671	4,725	5,232	43,643
236	198	198	
93.8	96.1	100.1	

Amusement Center Operations: Reasons for business results changes

- The sales of existing amusement centers increased year on year for the first time in three years, rising 0.1%.
- Due to the consumption tax rate increase, the segment saw a year-on-year decline in revenues and recorded operating loss of ¥0.9 billion.

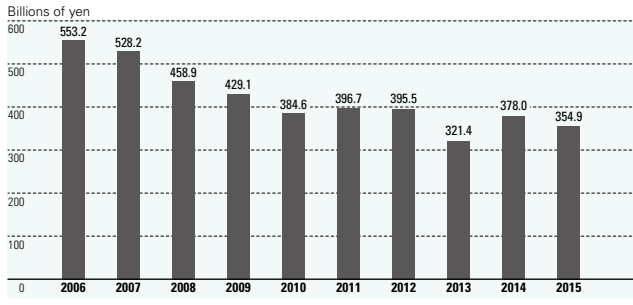
Millions of yen, unless stated otherwise			Thousands of U.S. dollars*1
2013	2014	2015	2015
¥83,874	¥99,841	¥111,025	\$926,058
(732)	2,089	4,033	33,646
—	2.1	3.6	
19,538	30,166	33,467	279,149
10,780	8,730	12,300	

Consumer Business: Reasons for business results changes

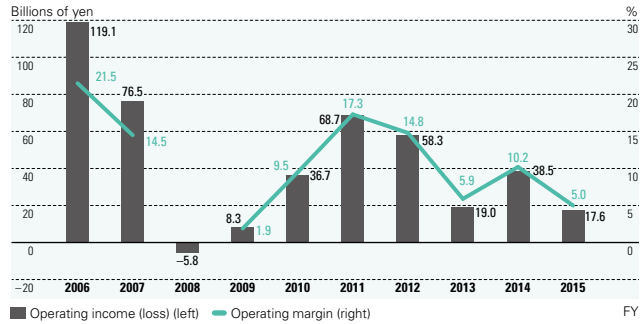
- Revenues rose and operating income grew significantly year on year as the digital game area's solid performance counteracted sluggish sales in the packaged game software and toy sales areas.
- In the digital game area, revenues were up 12% thanks to contributions from existing non-mainstay titles.

Business Trends

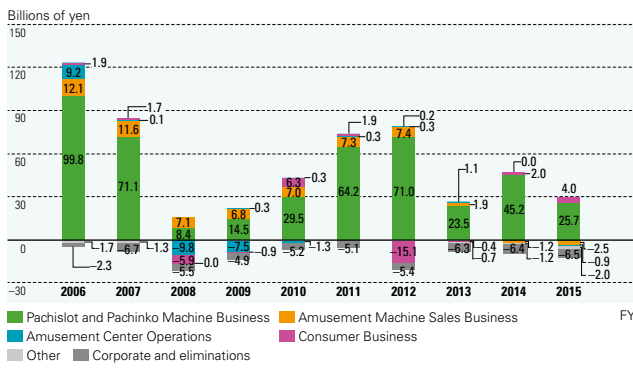
Net Sales



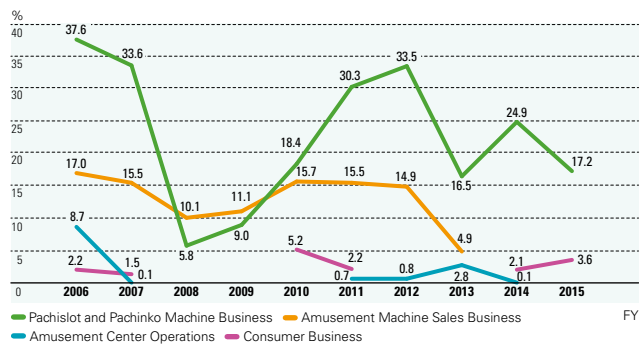
Operating Income (Loss) / Operating Margin



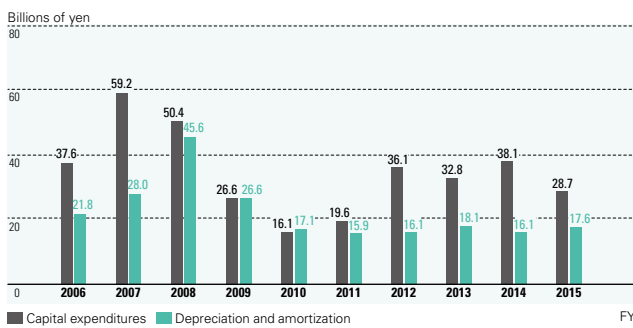
Operating Income (Loss) by Segment



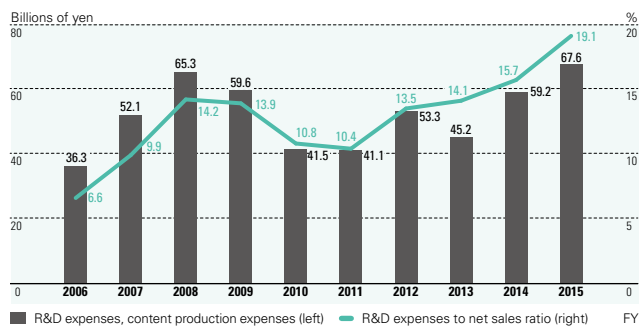
Operating Margin by Segment



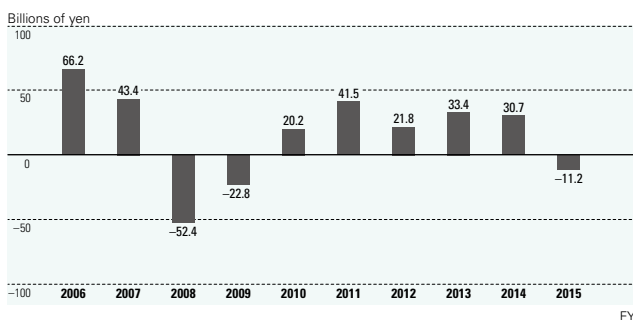
Capital Expenditures / Depreciation and Amortization*1



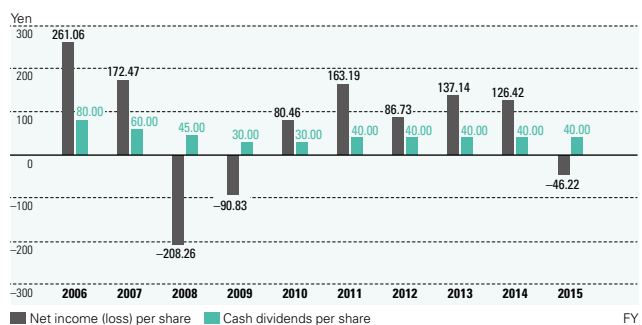
R&D Expenses, Content Production Expenses*1 / R&D Expenses to Net Sales Ratio



Net Income (Loss)



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



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

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