SEGA SAMMY GROUP

SEGA SAMMY HOLDINGS

FY Ended March 2017
Full Year Results Presentation

May 15th, 2017
SEGA SAMMY HOLDINGS INC.

[Disclaimer]
The contents of this material and comments made during the questions and answers etc of this briefing session are the judgment and projections of the Company's management based on currently available information.
These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

【Contents】

1.FY Ended March 2017 Full Year Results/ FY Ending March 2018 Full Year Forecasts

- Results Highlights 4
- Consolidated Income Statements (Summary) 5
- Costs and Expenses 6
- Extraordinary Gain/Loss 7
- Consolidated Balance Sheet (Summary) 8
- Consolidated Cash Flows 9

2.Segment Results / Forecasts

- Segment Results / Forecasts : Pachislot and Pachinko Machines 11
- Segment Results / Forecasts : Entertainment Contents Business 16
- Segment Results / Forecasts : Resort Business 22

3.Review of Structure Reform

- Initiatives in Business Structure Reform Phase 27
- Review of Structure Reform/Changing Mindsets 28

4. Road to 2020

- Changing Mindsets (Our Missions) 31
- Major Issues (Summary by Segment) 33
- Mid-term Business Results Trends 34
- Segment Target / Business Strategies (Pachislot and Pachinko Machines Business) 37
- Segment Target / Business Strategies (Entertainment Contents Business) 42
- Segment Target / Business Strategies (Resort Business) 48
- Build Business Environment 55
- Capital Policy 58

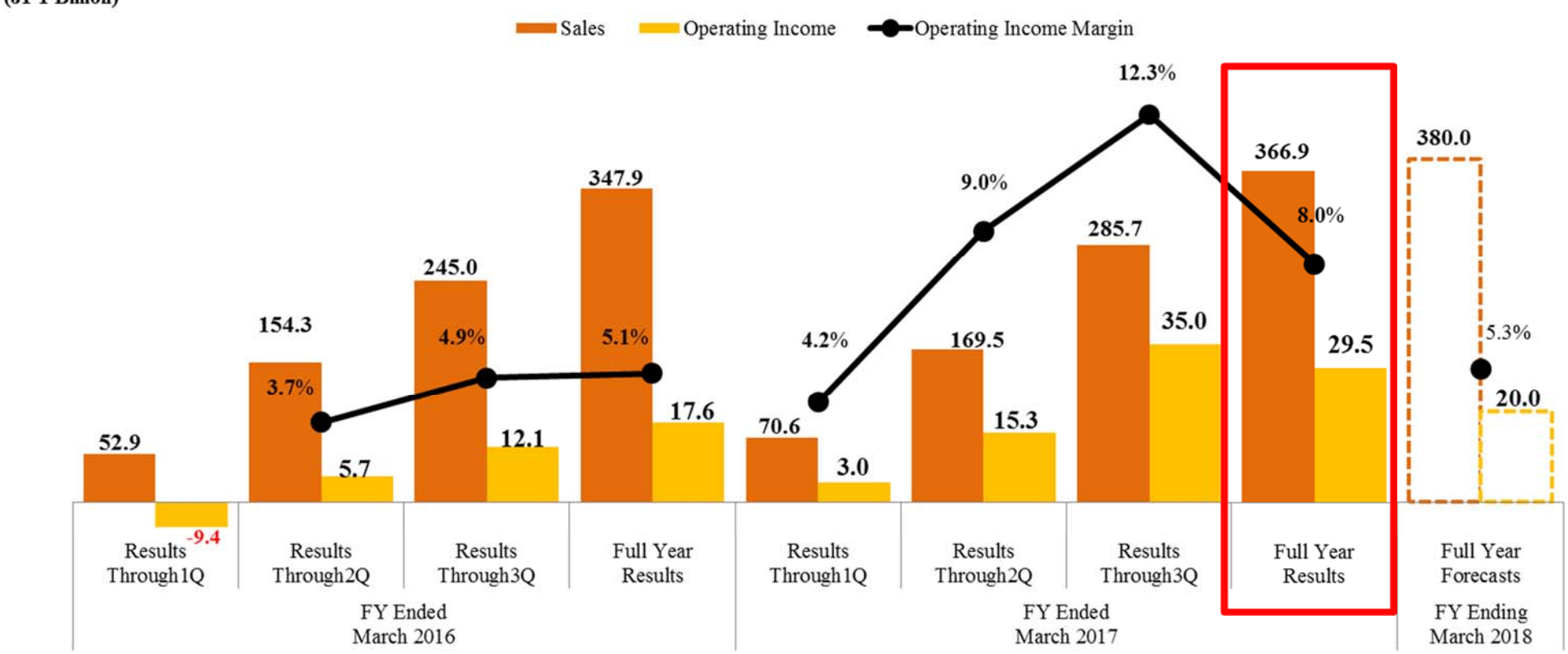
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

FY Ended March 2017 Full Year Results
FY Ending March 2018 Full Year Forecasts

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Results Highlights

Sales : **366.9** JPY Billion Operating Income : **29.5** JPY Billion Operating Income Margin : **8.0**% ROA* : **5.2**%



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

FY Ended March 2017 Results

- Sales and profits increased year-on-year
- For the Pachislot and Pachinko Machines Business, several titles were launched centering on machines for series with good track records.
- Operating results of each business area in Entertainment Contents Business performed well.

FY Ending March 2018 Forecasts

- Planning to increase sales and decrease profits year-on-year.
- A conservative level of earnings is expected for Pachislot and Pachinko Machines Business
- Planning to increase sales year-on-year for the digital game field in the Entertainment Contents Business due to increase in number of new titles to be launched.
- Expenses for consolidation of head office functions are planned to be incurred.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2016		FY Ended March 2017			FY Ending March 2018	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Full Year Forecasts	YoY Change
Sales	**154.3**	**347.9**	**169.5**	**366.9**	**+5%**	**380.0**	**+4%**
Pachislot and Pachinko Machines	60.9	141.0	64.9	148.2	+5%	150.0	+1%
Entertainment Contents	85.9	190.5	97.8	205.7	+8%	220.0	+7%
Resort	7.4	16.3	6.7	13.0	-20%	10.0	-23%
Operating Income	**5.7**	**17.6**	**15.3**	**29.5**	**+68%**	**20.0**	**-32%**
Pachislot and Pachinko Machines	8.4	20.9	10.6	26.3	+26%	20.0	-24%
Entertainment Contents	1.7	4.2	9.1	11.1	+164%	10.0	-10%
Resort	-1.2	-1.8	-1.3	-2.2	-	-3.0	-
Other / Elimination	-3.2	-5.7	-3.1	-5.7	-	-7.0	-
Operating Income Margin	3.7%	5.1%	9.0%	8.0%	+2.9pt	5.3%	-2.7pt
Ordinary Income	**5.8**	**16.4**	**15.4**	**28.5**	**+74%**	**16.0**	**-44%**
Extraordinary Gain	0.5	1.2	11.9	13.3	-	0.0	-
Extraordinary Loss	2.3	5.6	0.3	8.1	-	0.0	-
Income before income taxes	**4.0**	**12.0**	**27.1**	**33.7**	**+181%**	**16.0**	**-53%**
Profit attributable to owners of parent	**0.9**	**5.3**	**24.2**	**27.6**	**+421%**	**11.0**	**-60%**
Dividends per share (JPY)	**20**	**40**	**20**	**40**	**-**	**40**	**-**
Earnings per share (JPY)	**4.11**	**22.90**	**103.47**	**117.79**	**-**	**46.93**	**-**
Net Assets per share (JPY)	**1,310.36**	**1,257.43**	**1,292.06**	**1,313.06**	**-**	**-**	**-**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Costs and Expenses

(JPY Billion)	FY Ended March 2016		FY Ended March 2017			FY Ending March 2018	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	**24.7**	**58.0**	**31.7**	**67.1**	**+16%**	**71.0**	**+6%**
Pachislot and Pachinko Machines	10.5	20.0	9.3	18.8	-6%	19.3	+3%
Entertainment Contents	14.1	37.7	22.2	48.1	+28%	51.7	+7%
Resort	0.1	0.5	0.1	0.2	-60%	0.0	-
Other / Elimination	0.0	-0.2	0.1	0.0	-	0.0	-
Cap-ex	**12.5**	**28.0**	**13.8**	**27.0**	**-4%**	**24.4**	**-10%**
Pachislot and Pachinko Machines	3.2	6.7	3.0	5.8	-13%	5.7	-2%
Entertainment Contents	7.8	16.1	8.0	16.6	+3%	16.4	-1%
Resort	1.3	5.0	2.7	4.5	-10%	2.3	-49%
Other / Elimination	0.2	0.2	0.1	0.1	-	0.0	-
Depreciation	**8.2**	**16.6**	**7.6**	**16.3**	**-2%**	**16.6**	**+2%**
Pachislot and Pachinko Machines	3.2	6.5	3.0	5.8	-11%	5.4	-7%
Entertainment Contents	4.3	8.4	3.7	8.7	+4%	9.2	+6%
Resort	0.4	1.0	0.5	1.1	+10%	1.3	+18%
Other / Elimination	0.3	0.7	0.4	0.7	-	0.7	-
Advertising	**9.3**	**17.9**	**7.6**	**14.8**	**-17%**	**20.5**	**+39%**
Pachislot and Pachinko Machines	1.0	2.8	1.2	2.1	-25%	5.2	+148%
Entertainment Contents	6.9	13.1	5.0	10.7	-18%	13.9	+30%
Resort	0.3	0.6	0.3	0.5	-17%	0.2	-60%
Other / Elimination	1.1	1.4	1.1	1.5	-	1.2	-

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Extraordinary Gain/Loss

<JPY Billion>

FY Ended March 2016 Results		
Extraordinary Gain	Gain on reversal of provision for dismantling of fixed assets	0.5
	Gain on sales of investment securities	0.1
	Gain on liquidation of subsidiaries and affiliates	0.3
	Other	0.3
	Total	1.2

FY Ended March 2017 Results		
Extraordinary Gain	Gain on sales of noncurrent assets	9.5
	Gain on sales of investment securities	1.3
	Gain on reversal of subscription rights to shares	0.8
	Other	1.7
	Total	13.3

Extraordinary Loss	Impairment loss	1.3
	Early extra retirement payments	1.9
	Restructuring loss	1.2
	Other	1.2
	Total	5.6

Extraordinary Loss	Impairment loss	6.0
	Loss on valuation of investment securities	1.1
	Restructuring loss	0.4
	Other	0.6
	Total	8.1

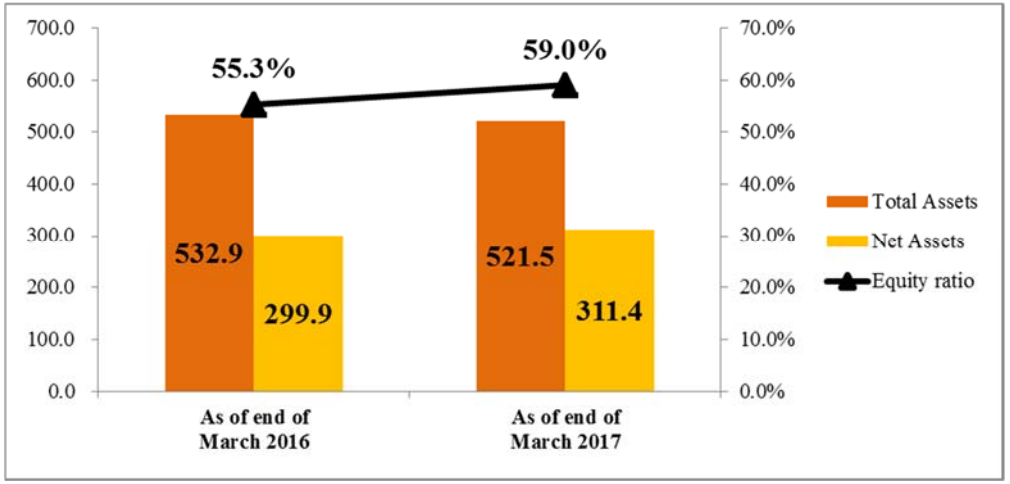
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Consolidated Balance Sheet (Summary)

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2016	As of end of March 2017	Change	Account	As of end of March 2016	As of end of March 2017	Change
Cash and Deposits	141.3	137.4	-3.9	Accounts Payable	33.0	45.6	+12.6
Accounts Receivable	55.6	44.5	-11.1	Corporate Bonds	14.2	19.5	+5.3
Securities	48.4	65.2	+16.8	Short Term Borrowings	14.0	6.3	-7.7
Inventories	34.4	47.4	+13.0	Other	44.7	41.1	-3.6
Other	22.5	29.6	+7.1	**Total Current Liabilities**	**105.9**	**112.5**	**+6.6**
Total Current Assets	**302.2**	**324.1**	**+21.9**	Corporate Bonds	52.0	32.5	-19.5
Tangible Fixed Assets	101.0	81.6	-19.4	Long Term Debt	48.8	44.5	-4.3
Intangible Fixed Assets	24.8	22.1	-2.7	Other	26.2	20.5	-5.7
Investment Securities	76.5	69.8	-6.7	**Total Noncurrent Liabilities**	**127.0**	**97.5**	**-29.5**
Other	28.3	23.9	-4.4	**Total Liabilities**	**233.0**	**210.1**	**-22.9**
				Shareholders Equity	288.1	300.3	+12.2
				Total accumulated other comprehensive income	6.6	7.4	+0.8
				Warrants	0.8	0.3	-0.5
				Non-controlling intesrests	4.4	3.4	-1.0
Total Noncurrent Assets	**230.6**	**197.4**	**-33.2**	**Total Net Assets**	**299.9**	**311.4**	**+11.5**
Total Assets	**532.9**	**521.5**	**-11.4**	**Total Liabilities and Net Assets**	**532.9**	**521.5**	**-11.4**

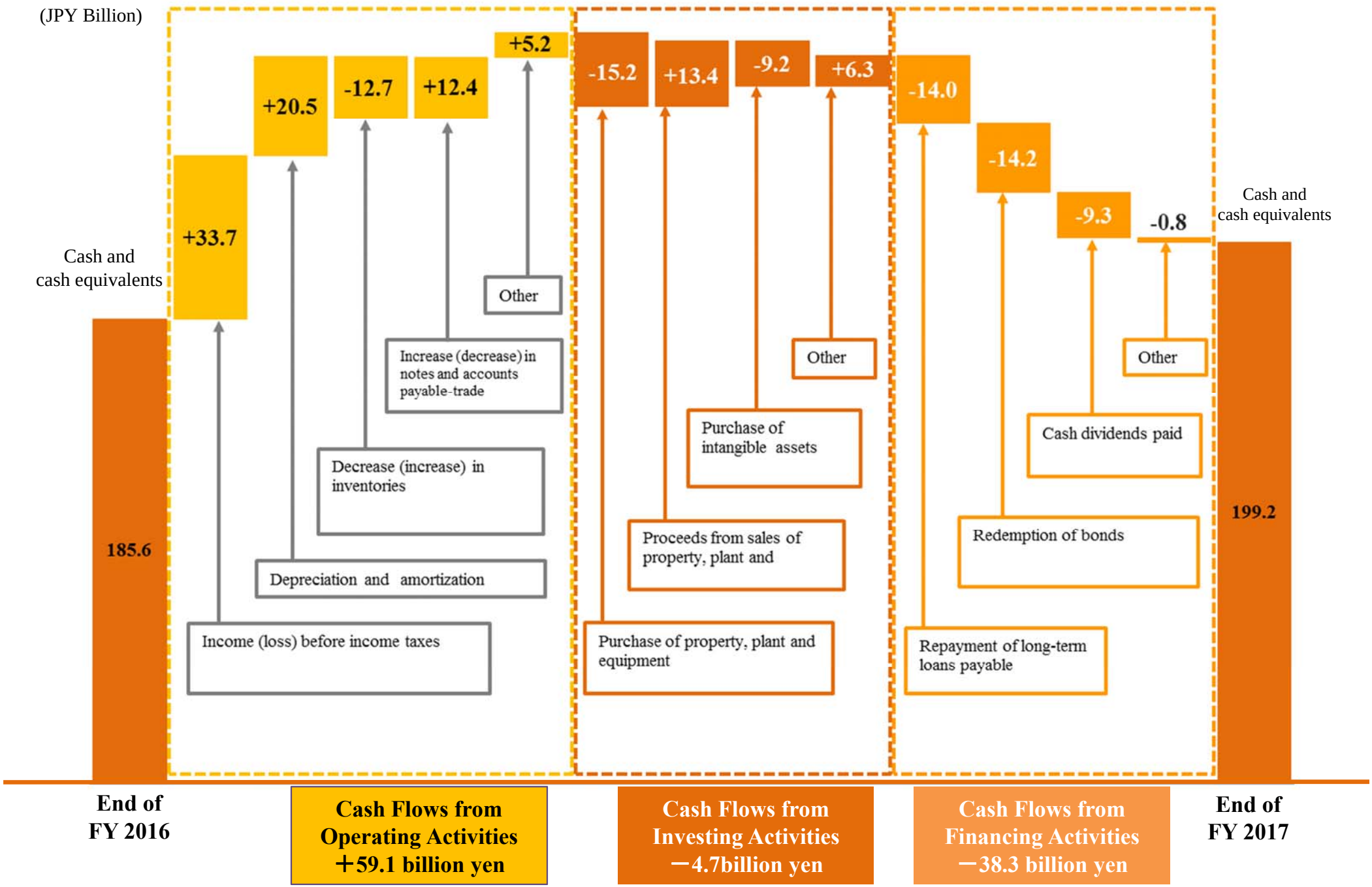
FY Ended March 2017 Results

- Total Assets: 521.5 billion yen (decreased by 11.4 billion yen)
- Current Assets: Up 21.9 billion yen due to an increase in securities and inventories
- Noncurrent Assets: Down 33.2 billion yen due to a decrease in tangible fixed assets and investment securities
- Liabilities: Down 22.9 billion yen due to redemption of Corporate Bonds and repayment of Borrowings
- Equity Ratio: 59.0% (+3.7pt) ■ Current Ratio: 287.9% (+2.7pt)



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Consolidated Cash Flows



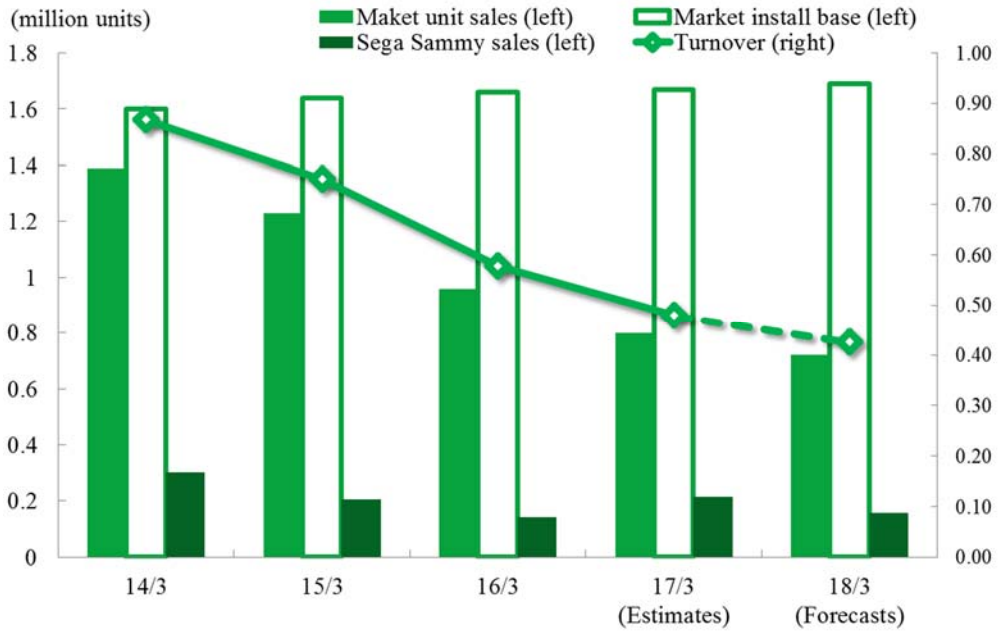
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results / Forecasts

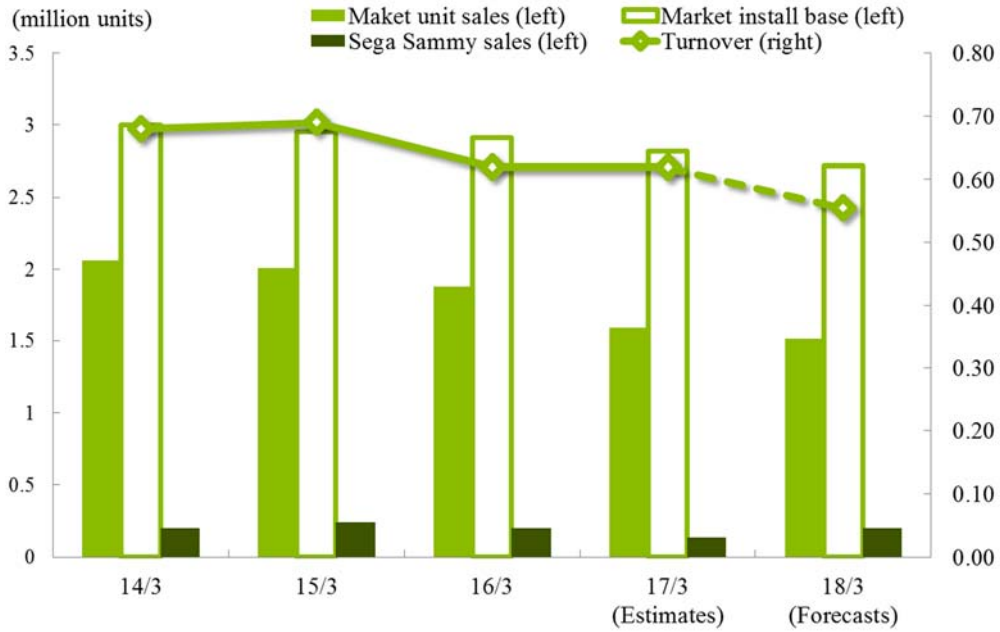
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Market Forecasts

Pachislot Machine



Pachinko Machine



Pachislot	14/03 Results	15/03 Results	16/03 Results	17/03 Estimate	18/03 Forecast
Market Unit Sales (million)	1.39	1.23	0.96	0.80	0.72
Market Installed Base (million)	1.60	1.64	1.66	1.67	1.69
Turnover (Sales/Installation)	0.87	0.75	0.58	0.48	0.43
Sega Sammy's Unit Sales (Thousands)	301	207	142	215	158

Pachinko	14/03 Results	15/03 Results	16/03 Results	17/03 Estimate	18/03 Forecast
Market Unit Sales (million)	2.06	2.01	1.88	1.59	1.51
Market Installed Base (million)	3.00	2.95	2.91	2.82	2.72
Turnover (Sales/Installation)	0.69	0.68	0.65	0.56	0.56
Sega Sammy's Unit Sales (Thousands)	200	241	199	138	203

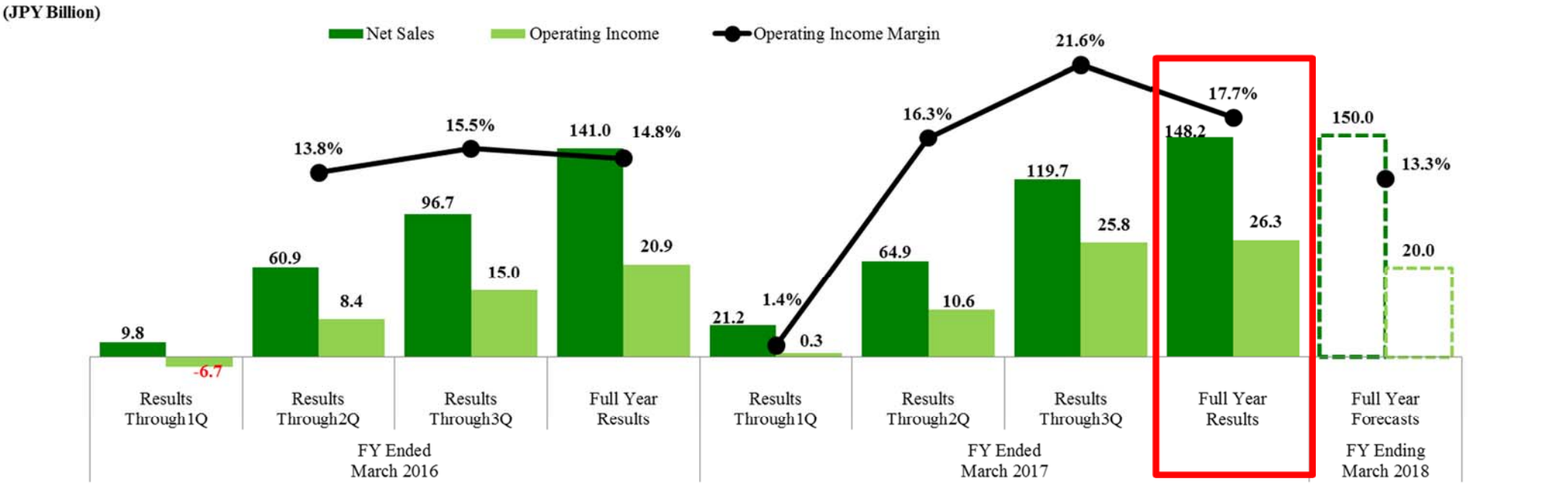
Source: National Police Agency, Yano Research Institute Ltd.,

* The data for 17/03 and 18/03, which have not been publicized yet, are our estimates and forecasts.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Pachislot and Pachinko Machines

Sales : **148.2** JPY Billion　　Operating Income : **26.3** JPY Billion　　Operating Income Margin : **17.7** %



FY Ended March 2017 Results

Overall

■ Sales and profits increased year-on-year due to sales of machines for series with good track records, including mainstay titles, primarily in Pachislot.

Pachislot

■ Conducted sales including "**Pachislot Hokuto No Ken Syura no kuni hen**" and "**Pachislot CODE GEASS Lelouch of the Rebellion R2.**"

■ Unit sales increased year-on-year due to the increase in number of titles.

Pachinko

■ Unit sales decreased year-on-year as sales of major titles were strategically changed to the next fiscal year.

FY Ending March 2018 Forecasts

■ Planning to launch multiple titles, especially in the first half.

■ A conservative level of earnings is expected by taking in account the composition of sales and market environment.

■ Planning to decrease unit sales as new voluntary regulations will be applied to new machines installed on October 1, 2017 and after.

■ Planning to increase unit sales with launch of several titles including "**Pachinko CR Hokuto No Ken 7 Resurrection**," a mainstay title.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Pachislot and Pachinko Machines

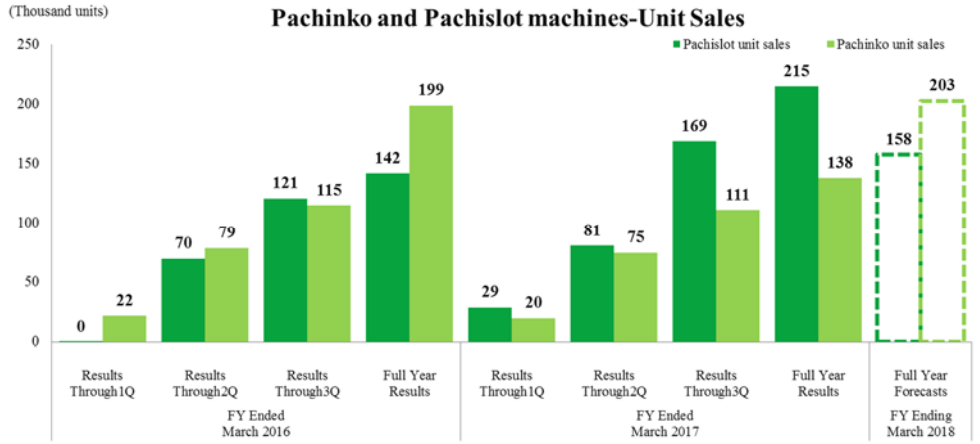
(JPY Billion)		FY Ended March 2016		FY Ended March 2017			FY Ending March 2018	
		Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Full Year Forecasts	YoY Change
Sales		**60.9**	**141.0**	**64.9**	**148.2**	**+5%**	**150.0**	**+1%**
	Pachislot	31.0	61.1	31.8	86.2	+41%	63.1	-27%
	Pachinko	23.1	66.8	26.4	48.3	-28%	71.6	+48%
	Other / Elimination	6.8	13.1	6.7	13.7	-	15.3	-
Operating Income		**8.4**	**20.9**	**10.6**	**26.3**	**+26%**	**20.0**	**-24%**
	Operating Income Margin	13.8%	14.8%	16.3%	17.7%	+2.9pt	13.3%	-4.4pt
Pachislot	**Number of Titles**	**2 titles**	**7 titles**	**3 titles**	**10 titles**	**+3 titles**	**11 titles**	**+1 title**
	Unit Sales	**70,260 units**	**142,337 units**	**81,895 units**	**215,736 units**	**+52%**	**158,000 units**	**-27%**
Pachinko	**Number of Titles**	**6 titles**	**8 titles**	**3 titles**	**9 titles**	**+1 title**	**7 titles**	**-2 titles**
	Unit Sales	**79,604 units**	**199,014 units**	**75,542 units**	**138,321 units**	**-30%**	**203,000 units**	**+47%**
	Board + Frame	14,617 units	93,863 units	68,175 units	115,227 units	+23%	160,300 units	+39%
	Board	64,987 units	105,151 units	7,367 units	23,094 units	-78%	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).

FY Ended March 2017 Major titles and number of units sold

Pachislot title	Total sales	Installed From
Pachislot Hokuto No Ken Syura no kuni hen	90,175 units	October
Pachislot CODE GEASS Lelouch of the Rebellion R2	25,750 units	May
Pachislot BLOOD+ futari no joou	25,335 units	September

Pachinko title	Total sales	Installed From
Pachinko CR SOUTEN-NO-KEN Tenki	44,238 units	August
Pachinko CR Monster Hunter 4	15,055 units	November
Pachinko CR Shin Hokuto Muso 219Ver.	13,713 units	December



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Titles in FY Ended March 2017 / FY Ending March 2018

New title
Specification changed title

	FY Ended March 2017 1Q	2Q	3Q	4Q	FY Ending March 2018
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion R2	Pachislot BLOOD+ futari no joou	Pachislot Hokuto No Ken Syura no kuni hen	Pachislot Eureka Seven AO	Pachislot Beast King Oujya no kakusei
		A－SLOT Hokuto No Ken Shou	Pachislot INUYASHA	Pachislot GARO-Mamorishimono-	Pachislot Sakura Wars ~Atsuki chishioni~
				Pachislot STAR BLAZERS 2199	Pachislot Twin Angel BREAK
				PACHISLOT GHOST IN THE SHELL -STAND ALONE COMPLEX- 2nd GIG	
Pachinko	CR BIG DREAM ～SHINGEKI 99Ver.	Pachinko CR SOUTEN-NO-KEN Tenki	Pachinko CR Monster Hunter 4	CR 81diver	Pachinko CR Hokuto No Ken 7 Resurrection
		Pachinko CR GAOGAOKING 2	CR Kayou Suspense Gekijou Shinsou no tobira ~22 no ayamachi~	CR Nogaremono Orin3	Pachinko CR BIG GACHINKO Seven
			Dejihane CRA Kudamonobatake	Pachinko CR Shin Hokuto Muso Mugentouran	
			Pachinko CR Shin Hokuto Muso 219Ver.	Dejihane CR SUPER ROBOT WARS OG	



"Pachislot Hokuto No Ken Syura no kuni hen"

©Buronson & Tetsuo Hara/NSP 1983,©NSP 2007 Approved No.YSC-506 ©Sammy



"Pachislot Beast King Oujya no kakusei"

©Sammy



"Pachinko CR SOUTEN-NO-KEN Tenki"

©Tetsuo Hara & Buronson/NSP 2001, Approved No.YDM-406 ©Sammy



"Pachinko CR Monster Hunter 4"

©CAPCOM CO., LTD. ALL RIGHTS RESERVED. ©Sammy



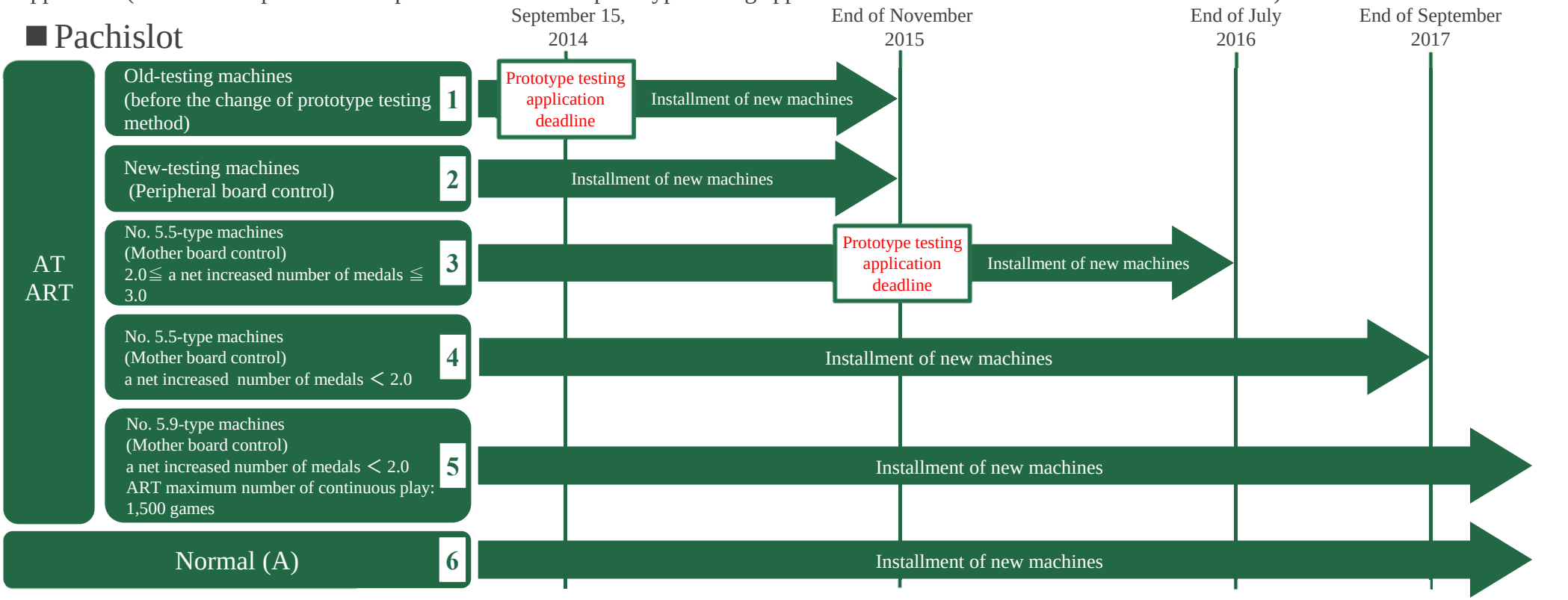
"Pachinko CR Hokuto No Ken 7 Resurrection"

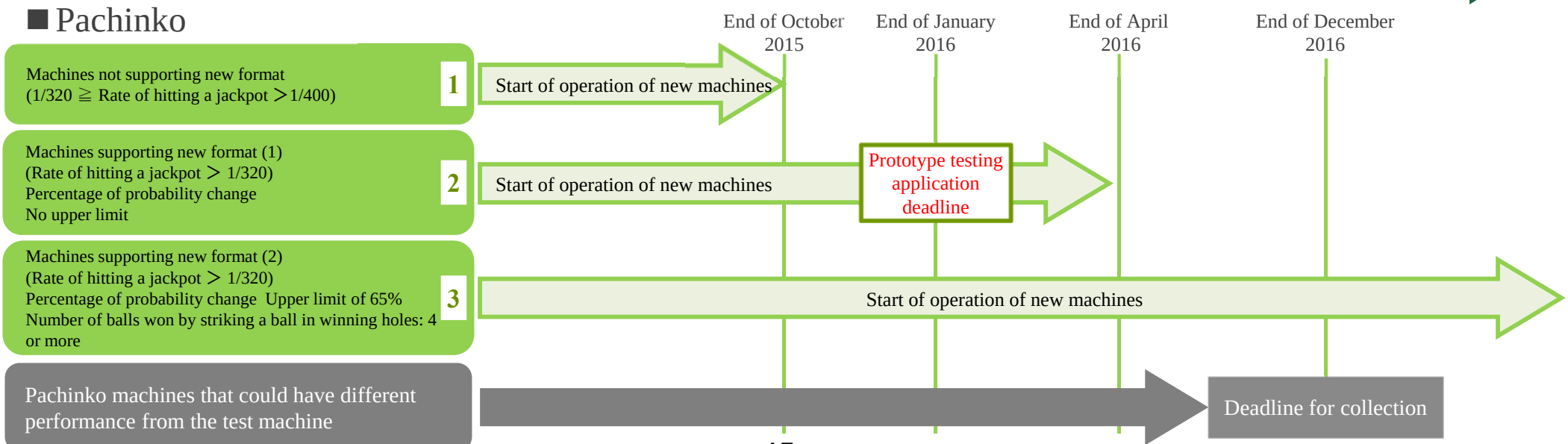
©Buronson & Tetsuo Hara/NSP 1983,©NSP 2007 Approved No.YKO-116 ©Sammy

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Pachislot and Pachinko Machines

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

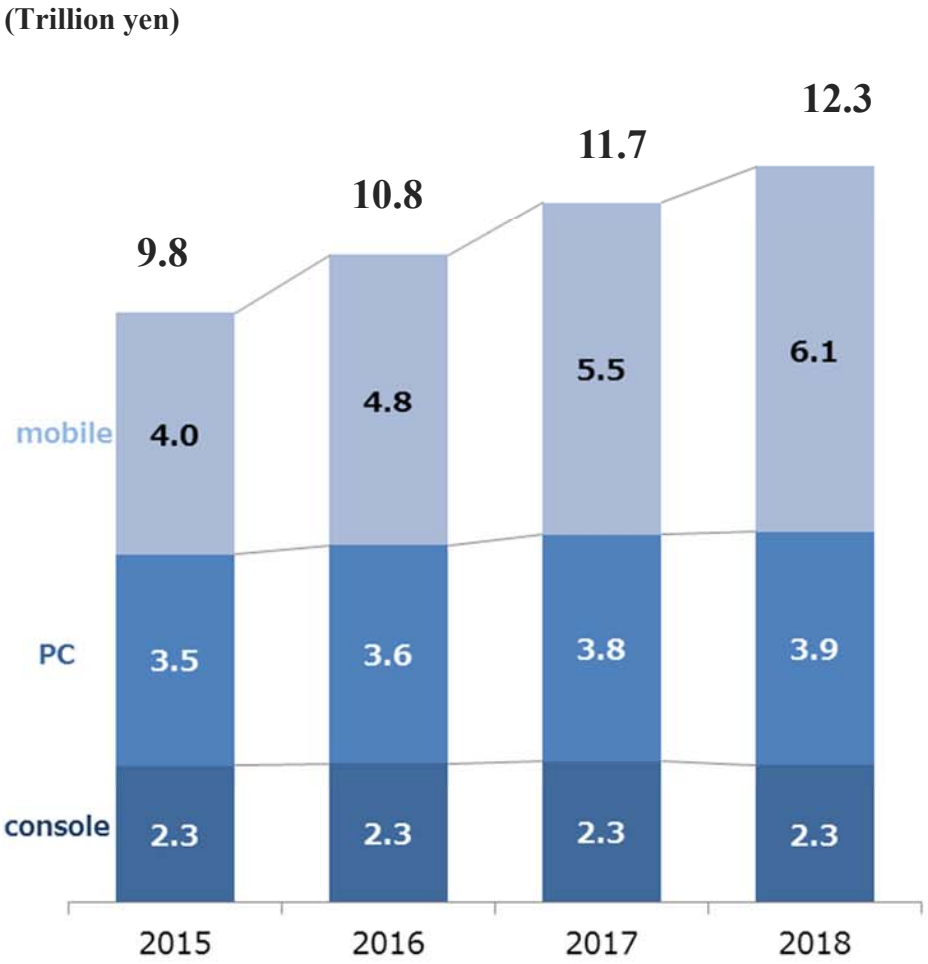




© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Market Forecasts（Digital Games, Packaged Games）

[By Device]



[By Region]



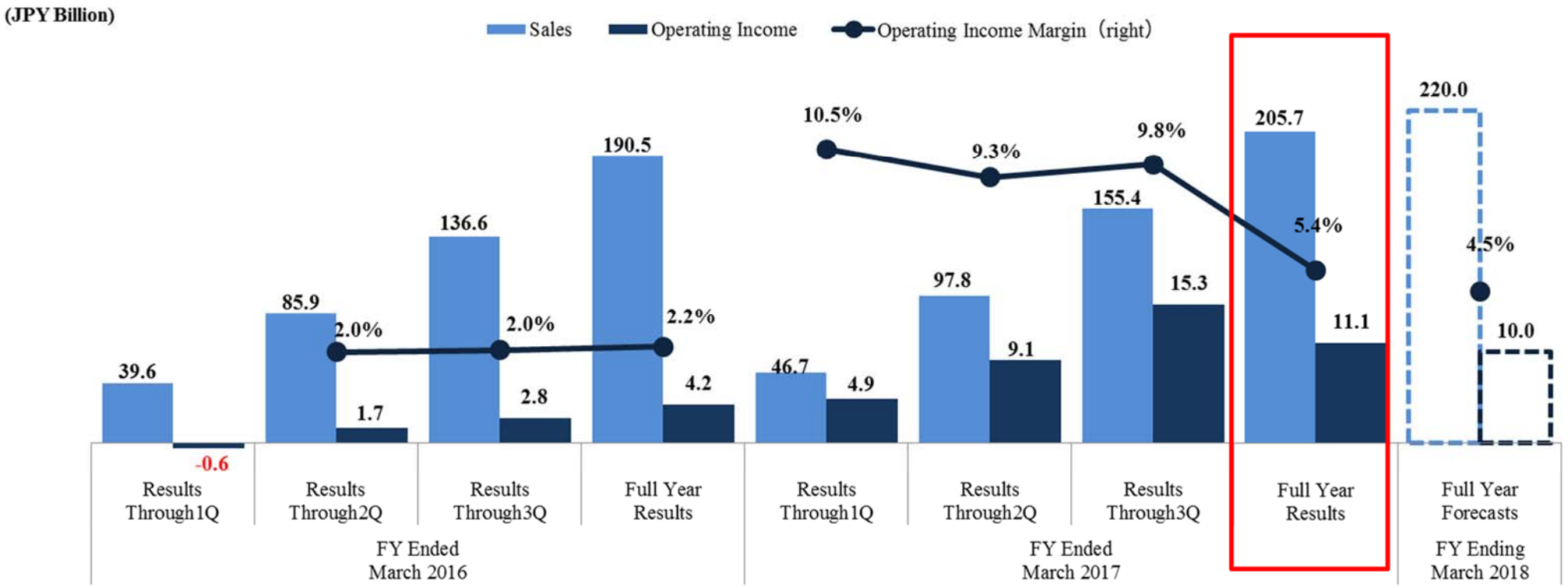
※Console and PC include packaged products, downloads, Free-to-play, fixed rate services, etc.
※Figures of packaged version is not included in Asia because out of scope of the survey
※Mobile includes tablet devices
※Figures in 2017 and 2018 are estimates

Sources: Prepared by SEGA SAMMY HOLDINGS INC. based on the data of International Development Group, etc.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Entertainment Contents Business

Sales : **205.7** JPY Billion　　Operating Income : **11.1** JPY Billion　　Operating Income Margin : **5.4** %



FY Ended March 2017 Results

- Sales and profits increased year-on-year due to operating results of each business area performed well.
- Existing mainstay titles in the digital game field performed strongly.
- Performed well with concentration of major title launches in the packaged game field and amusement machine field.

FY Ending March 2018 Forecasts

- Planning sales increase and profits decrease year-on-year.
- Planning to increase sales by increasing number of new titles to be launched in the digital game field and improving and extending oversea PC game titles to be launched in the packaged game field.
- Number of titles to be launched in the amusement machine field is forecasted to decrease.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Entertainment Contents Business

(JPY Billion)	FY Ended March 2016		FY Ended March 2017			FY Ending March 2018	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Full Year Forecasts	YoY Change
Sales	**85.9**	**190.5**	**97.8**	**205.7**	**+8%**	**220.0**	**+7%**
Digital Games	21.5	45.6	23.0	47.3	+4%	59.0	+25%
Packaged Games	14.6	42.3	23.0	47.1	+11%	51.5	+9%
Amusement Machine Sales	20.6	41.9	22.5	49.4	+18%	43.5	-12%
Amusement Center Operations	18.9	38.0	19.0	37.2	-2%	38.0	+2%
Animation / Toy	9.5	21.2	9.4	22.7	+7%	24.5	+8%
Other / Elimination	0.8	1.5	0.9	2.0	-	3.5	-
Operating Income	**1.7**	**4.2**	**9.1**	**11.1**	**+164%**	**10.0**	**-10%**
Digital Games	0.9	-0.4	3.8	4.9	-	7.3	+49%
Packaged Games	-0.9	2.4	2.7	2.6	+8%	3.2	+23%
Amusement Machine Sales	0.2	-0.1	0.8	1.7	-	-0.4	-
Amusement Center Operations	1.3	1.8	2.0	2.2	+22%	1.7	-23%
Animation / Toy	0.0	0.6	0.1	1.2	+100%	1.5	+25%
Other / Elimination	0.2	-0.1	-0.3	-1.5	-	-3.3	-
Operating Income Margin	2.0%	2.2%	9.3%	5.4%	+3.2pt	4.5%	-0.9pt
Packaged Games Number of Titles	**12 titles**	**29 titles**	**14 titles**	**26 titles**	**-3 titles**	**21 titles**	**-5 titles**
Domestic	4 titles	14 titles	3 titles	9 titles	-5 titles	11 titles	+2 titles
Overseas	8 titles	15 titles	11 titles	17 titles	+2 titles	10 titles	-7 titles
Packaged Games Sales in Units (Thousands)	**3,280**	**9,220**	**4,650**	**10,280**	**+11%**	**11,600**	**+13%**
Japan	430	1,740	1,000	1,850	+6%	2,000	+8%
New title	260	1,330	850	1,500	+13%	1,770	+18%
Repeat title	170	410	150	350	-15%	230	-34%
Asia	130	380	410	1,060	+179%	670	-37%
New title	100	340	240	700	+106%	640	-9%
Repeat title	40	40	170	360	+800%	30	-92%
Overseas	2,720	7,100	3,240	7,370	+4%	8,930	+21%
New title	200	970	1,450	3,040	+213%	5,170	+70%
Repeat title	2,510	6,130	1,790	4,330	-29%	3,760	-13%
Domestic Facilities	**198**	**194**	**189**	**191**	**-**	**190**	**-**
Same Store Sales Comparisons	**102.2%**	**103.1%**	**110.8%**	**108.5%**	**+5.4pt**	**101.3%**	**-7.2pt**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Entertainment Contents Business

Digital

		FY Ended March 2016				FY Ended March 2017			
		1Q Results	2Q Results	3Q Results	4Q Results	1Q Results	2Q Results	3Q Results	4Q Results
Sales（JPY Billion）		10.4	11.1	11.5	12.6	12.0	11.0	12.0	12.3
Domestic	Average MAU(Thousands, 3 months average)*1	4,430	6,400	5,120	6,600	4,640	3,690	4,140	4,560
	ARPMAU (JPY) *2	1,840	1,604	1,739	1,630	2,038	2,771	2,568	2,327
	Share of sales for top 3 titles *3	52.5%	48.6%	52.2%	58.4%	68.4%	70.3%	67.6%	64.6%
Overseas	Composition ratio of sales	14.3%	10.1%	17.6%	12.9%	19.5%	8.6%	10.5%	11.1%
Other indicators	Number of Titles(Domestic)	35	39	41	35	34	30	28	27
	Ratio of advertising expense to net sales *4	17.9%	18.6%	15.1%	11.3%	6.5%	7.9%	10.2%	9.2%
	Noah Pass Average MAU(Thousands, 3 months average)*5	11,020	11,400	12,940	12,330	12,360	11,800	11,960	11,400
Accumulated Downloads (Thousands) *6		26,890	25,070	44,070	27,430	22,320	32,650	33,370	30,040
	Domestic	7,220	3,860	4,770	2,330	2,860	4,720	8,230	9,410
	Overseas	19,670	21,210	39,300	25,100	19,460	27,930	25,140	20,630

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; the counting method for MAU (Monthly Active Users) has been changed since FY 2016 2Q.
*6. We've made a correction to the FY2017 3Q number of downloads.

TOP 3 Titles (Digital Game)



"PHANTASY STAR ONLINE 2"
©SEGA



"CHAIN CHRONICLE 3"
©SEGA



"Puyopuyo!! Quest"
©SEGA

*Sales top three titles in the period of January-March 2017

FY Ended March 2017 Results

■ "**PHANTASY STAR ONLINE 2**" for which PlayStation®4 service was started performed well.

■ Existing mainstay titles including "**Hortensia Saga**" and "**Puyopuyo!! Quest**" performed strongly.

FY Ending March 2018 Forecasts

■ Planning continuous profit contribution through efforts such as holding events and conducting updates mainly for domestic existing mainstay titles.

■ Number of new titles for smart devices to be launched is forecasted to increase year-on-year

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Entertainment Contents Business

	FY Ended March 2017 Results	FY Ending March 2018 Forecasts
Packaged Games	■ Sales of "**Total War: WARHAMMER**," the latest title of the "**Total War**" series which sold more than 20 million units in total over 16 years, performed well. ■ Sales of "**Persona 5**," the latest title of "**Persona**" series, performed well. ■ Unit sales were 10,280 thousand, surpassing the figure in the previous fiscal year, as the launch of large titles have concentrated.	■ Develop "**Persona 5**" overseas (accumulated worldwide shipment exceeded 1.5 million units in April 2017). ■ Planning unit sales of **11,600** thousand units as measures for improving and extending PC game titles to be launched will be taken. "**Warhammer 40,000: Dawn of War III**," "**Endless Space 2**," "**Total War: WARHAMMER 2**," etc.
Amusement Machine Sales	■ Recorded continuous earnings from titles under revenue sharing model including "**KanColle Arcade**." ■ Sales of the latest title of the popular trading card game "**SANGOKUSHI TAISEN**" were solid. ■ Sales of "**UFO CATCHER 9**" were solid. ■ New casino machine "**Exciting Baccarat**" started operation in the Macau market.	■ Number of titles will decrease compared to previous fiscal year (3 titles to 2 titles) ■ Planning to launch new title "**SOUL REVERSE**" as part of the "**Multi-device X One Service**" effort. ■ Planning profit contributions from titles under revenue sharing model, primarily from "**KanColle Arcade.**" ■ Preliminary expenses for casino machine development and sales to be incurred.
Amusement Center Operations	■ Performed strongly at 108.5% against the same-store sales of last fiscal year. ■ Video game titles centered on "**KanColle Arcade**" performed well. ■ Facility operations improved due to execution of the Revised Act on Control and Improvement of Amusement Business.	■ Planning the introduction of e-money in existing-style game centers. ■ Continue to reinforce facility operation focusing on the prize category. ■ Reinforce measures for new style stores such as collaboration café.
Animation / Toys	■ Recorded distribution earnings from the movie "**Detective Conan The Darkest Nightmare**," which exceeded record-high box office revenue, and earnings from production of TV animations, etc. ■ Focused on sales of regular and mainstay products, such as "**ANPANMAN**" series and "**Puni♡Gel**" series.	■ Planning distribution earnings from movies such as "**Detective Conan Crimson Love Letter**" and "**ANPANMAN: BURUBURU'S TREASURE HUNTING"** ■ Focus on sales of regular and mainstay products, such as "**ANPANMAN**" series and "**Disney**" series.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Entertainment Contents Business

■ Major Titles in FY Ended March 2017 / FY Ending March 2018

	FY Ended March 2017 1Q	2Q	3Q	4Q	FY Ending March 2018
Digital Games	Existing Titles: PHANTASY STAR ONLINE 2 (Jul 2012~)				
	Puyopuyo!! Quest (Apr 2013~)				
	CHAIN CHRONICLE 3 (Jul 2013~)				
	Hortensia Saga (Apr 2015~)				
	Liberasion of azure (May 2016~)				
	WORLD CHAIN (Sep 2016~)				
	SOUL REVERSE ZERO (Nov 2016~)				
	StarHorse Pocket (Jan 2017~)				
	SANPOKE ～SANGOKUSHI TAISEN Pocket～				
Packaged Games	Total War: WARHAMMER	Persona5	Football Manager 2017	Valkyria: Azure Revolution	Warhammer 40,000: Dawn of War III
			Ryu ga Gotoku 6: Inochi no Uta		Total War: WARHAMMER 2
Amusement Machines	KanColle Arcade	StarHorse3 Season Ⅴ EXCEED THE LIMIT	SANGOKUSHI TAISEN	INITIAL D ARCADE STAGE Zero	SOUL REVERSE
Animation /Toys	Detective Conan The Darkest Nightmare）		Chi's Sweet Adventure	Yowamushi Pedal NEW GENERATION	Detective Conan Crimson Love Letter
	Rilu Rilu Fairilu FairiluCamera		Puni♡Gel YumePuniAccessories DX	“ANPANMAN” Talking Picture Book SUPER DX	HOMESTAR KIMINONAWA



“SANPOKE ～SANGOKUSHI TAISEN Pocket～”

©SEGA



“Persona5”

©ATLUS ©SEGA All rights reserved.



“SOUL REVERSE”

©SEGA



“Detective Conan Crimson Love Letter”

©2017 GOSHO AOYAMA / DETECTIVE CONAN COMMITTEE All Rights Reserved



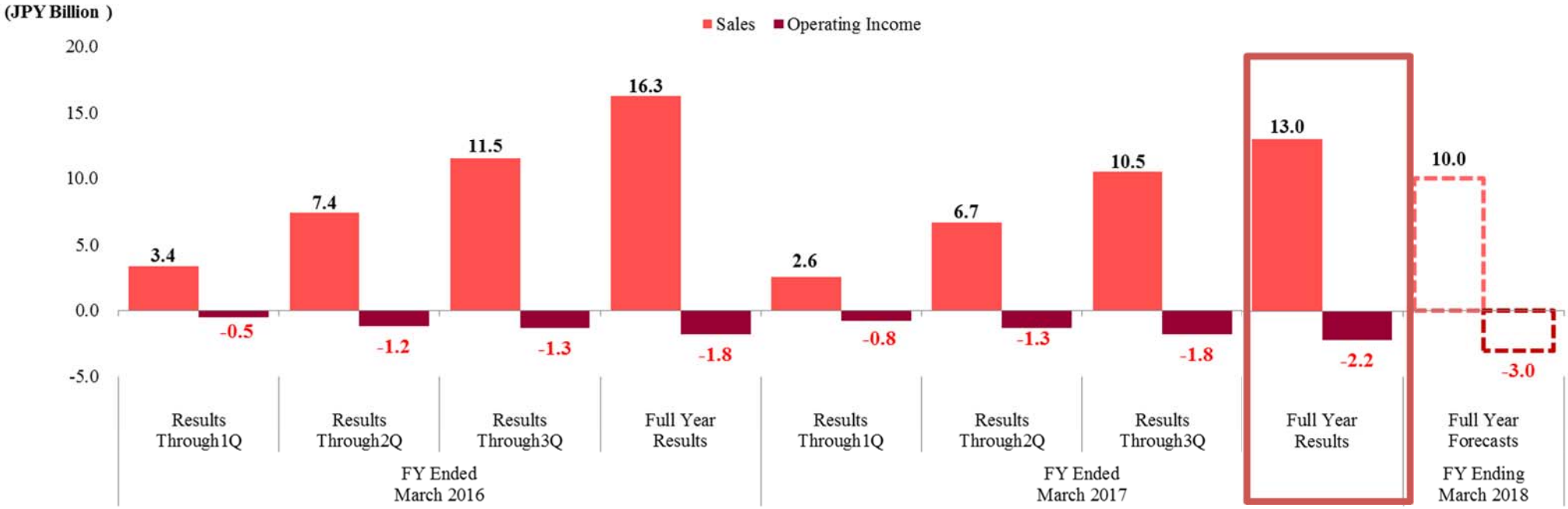
“Puni♡Gel YumePuniAccessories DX”

©SEGA TOYS

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Resort Business

Sales : **13.0** JPY Billion　　Operating Income : **-2.2** JPY Billion　　Operating Income Margin : **-** %



FY Ended March 2017 Results

- Although renewal opening of a hotel at "Phoenix Seagaia Resort" was implemented, it performed weakly due to the impact of the 2016 Kumamoto Earthquake.
- Sold part of shares of subsidiary that operates indoor theme park (JOYPOLIS) on January 1, 2017.
- Made efforts on operation of "Paradise Casino Incheon," an existing casino facility in Incheon, South Korea.

FY Ending March 2018 Forecasts

- Planning sales decrease due to the effect of sale of indoor theme park (JOYPOLIS)
- Planning renewal work on garden area of "Phoenix Seagaia Resort."
- "PARADISE CITY", South Korea's first full-fledged integrated resort (IR), opened on April 20, 2017.
- Prior investments and other expenses to be incurred in the integrated resort (IR) business.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Resort Business

(JPY Billion)	FY Ended March 2016		FY Ended March 2017			FY Ending March 2018	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Full Year Forecasts	YoY Change
Sales	7.4	16.3	6.7	13.0	-20%	10.0	-23%
Operating Income	-1.2	-1.8	-1.3	-2.2	-	-3.0	-
<PHOENIX RESORT>							
Sales	4.2	9.0	3.5	8.4	-7%	10.0	+19%
Operating Income	-0.2	-0.1	-0.7	-0.8	-	0.0	-
Number of facility users (thousand people)	299	597	259	561	-6%	651	+16%
3 accommodation facilities	145	297	134	293	-1%	332	+13%
2 golf courses	42	92	39	87	-5%	100	+15%
Other facilities	111	207	85	181	-13%	218	+20%
<PARADISE SEGA SAMMY *>							
Sales (Billion KRW)	51	95	46	95	-	-	-
Operating Income (Billion KRW)	8	10	3	-0	-	-	-
Number of visitors (Thousands)	24	48	24	57	+19%	-	-

* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate
* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Resort Business

■Major measures in FY Ended March 2017 and FY Ending March 2018

FY Ended March 2017 Results

“Phoenix Resort”



■Reopened after implementing major renovation

Implemented renovation of guest rooms and the front desk area of “Sheraton Grande Ocean Resort” as well as adjacent “Sheraton Convention Center”



■Seagaia Premium Members Club card holders exceeded 10,000

Able to redeem points earned through use of designated facilities for various benefits. Special plans for members available.

FY Ending March 2018

“Phoenix Resort”



■New Garden Area "Water Garden" (provisional name) opens in July

The garden pool now has wooden decking and comfortable furniture where guests can relax throughout the year.



■Fireworks every day during summer vacation period

Enjoy fireworks at eye level in your guestroom at “Sheraton Grande Ocean Resort”. Firework shows are held every night during summer vacation. Every guestroom has a perfect view of the fireworks.

PARADISE SEGASAMMY





■ "PARADISE CITY" opened in Incheon, South Korea on April 20

Opened “PARADISE CITY,” South Korea’s first full-fledged integrated resort (IR), on April 20, 2017

- One of the largest foreigner exclusive casinos in South Korea
- Highest quality resort hotel with more than 5 stars
- Convention facilities with the largest scale ballroom

©フェニックスリゾート

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Segment Results: Resort Business



■ 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	1,204 (as of May 8, 2017) (including, concurrent officers, full-time employees, loaned employees, contract employees and part-time employees are included)	
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	• 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	• SPA, CLUB ・WONDER BOX (for families) • PLAZA (Commercial facility / cultural center, shopping mall)

＜Overview of Incheon International Airport
■ Number of users: 49.28 million (2015)
■ Terminal 2, which will be able to accommodate 18 million passengers, is scheduled for completion in 2017

＜Access to PARADISE CITY＞
■ 3-minute drive, 5-minute ride on linear monorail (free of charge) and 15-minute walk from Incheon International Airport
⇒Free shuttle bus service to be arranged
■ Also a 5-minute drive from Incheon IC on the expressway

©WATG

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Review of Structure Reform

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Initiatives in Structure Reform Phase (from FY Ended March 2015)

SEGA SAMMY GROUP

FY Ended March 2015 | FY Ended March 2016 | FY Ended March 2017 | FY Ending March 2018

Cost Structure Reform

■ Reduced fixed expenses by 6 billion yen

Business Structure Reform

■ Review Business Portfolio

【Growth Investment Businesses】
Invest in growth businesses
Sales growth

- Digital Games
- IR (Integrated Resorts)
- Other New Areas

【Core Businesses】
Reform into profit structure
Expand fan clients

- Pachislot and Pachinko Machines
- Packaged Games
- Amusement Machines
- Amusement Center Operations
- Animation

■ Improve Business Efficiency

Pachislot and Pachinko Machines
Consolidate and streamline development/production resources

Entertainment Contents
Disposition of non-core business

Implementation Phase

■ Implement various initiatives

Growth Investment Businesses

Resort
Improve asset efficiency
・Transfer of JOYPOLIS
・Discontinuance of development of complex in Busan

Core Businesses

Packaged Games
Reinforce PC games
・Acquisition of PC game developer Amplitude

Amusement Center Operations
Improve asset efficiency
・Sold land in Shinsaibashi

Pachislot and Pachinko Machines
Establishment of a joint venture "ZEEG" with Universal Entertainment Corporation

ZEEG

To Growth Phase

■ Implement various initiatives

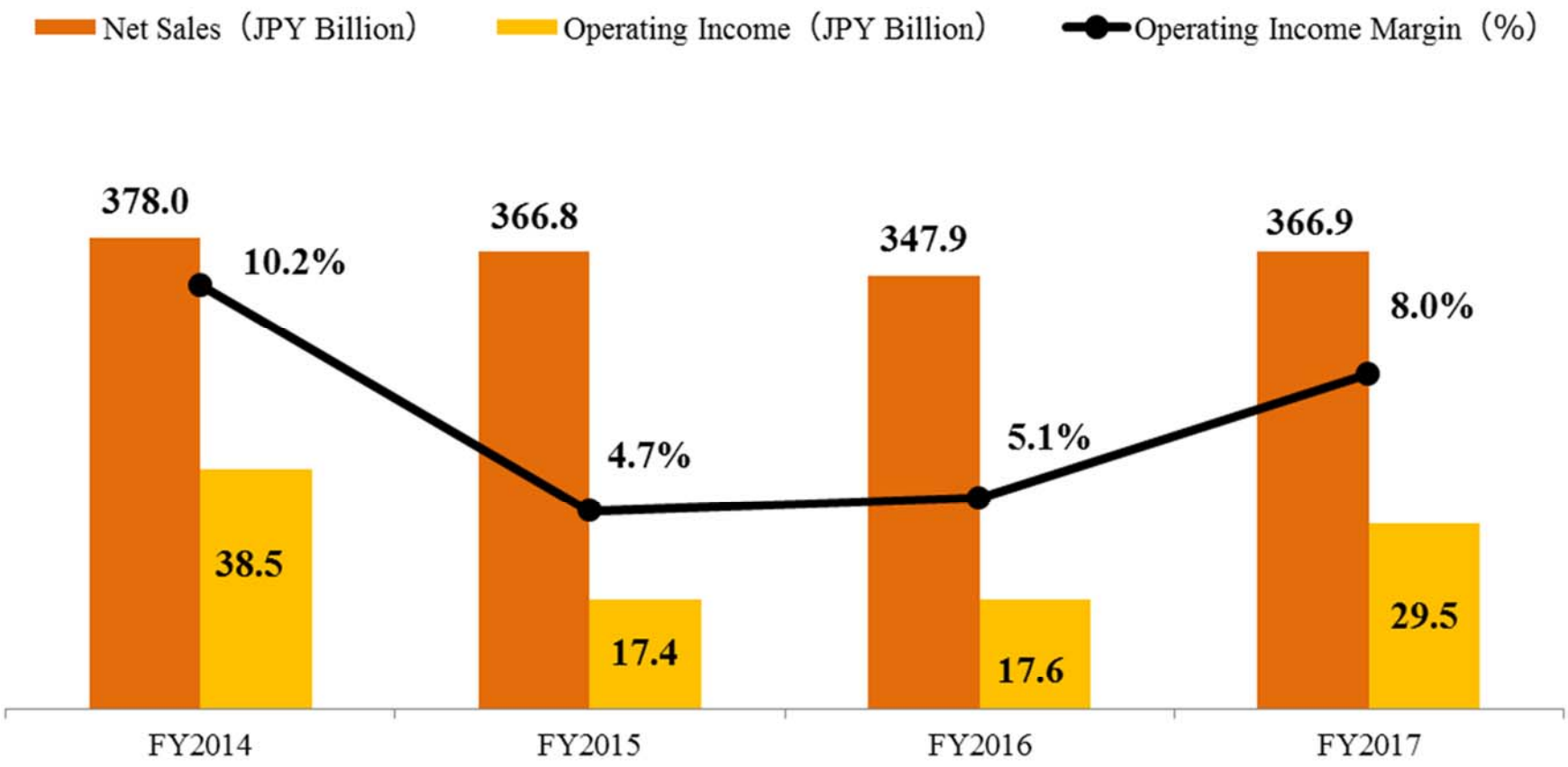
Growth Investment Businesses

Resort
Accumulate know-how on integrated resort (IR)
・Opened PARADISE CITY (April 20, 2017)



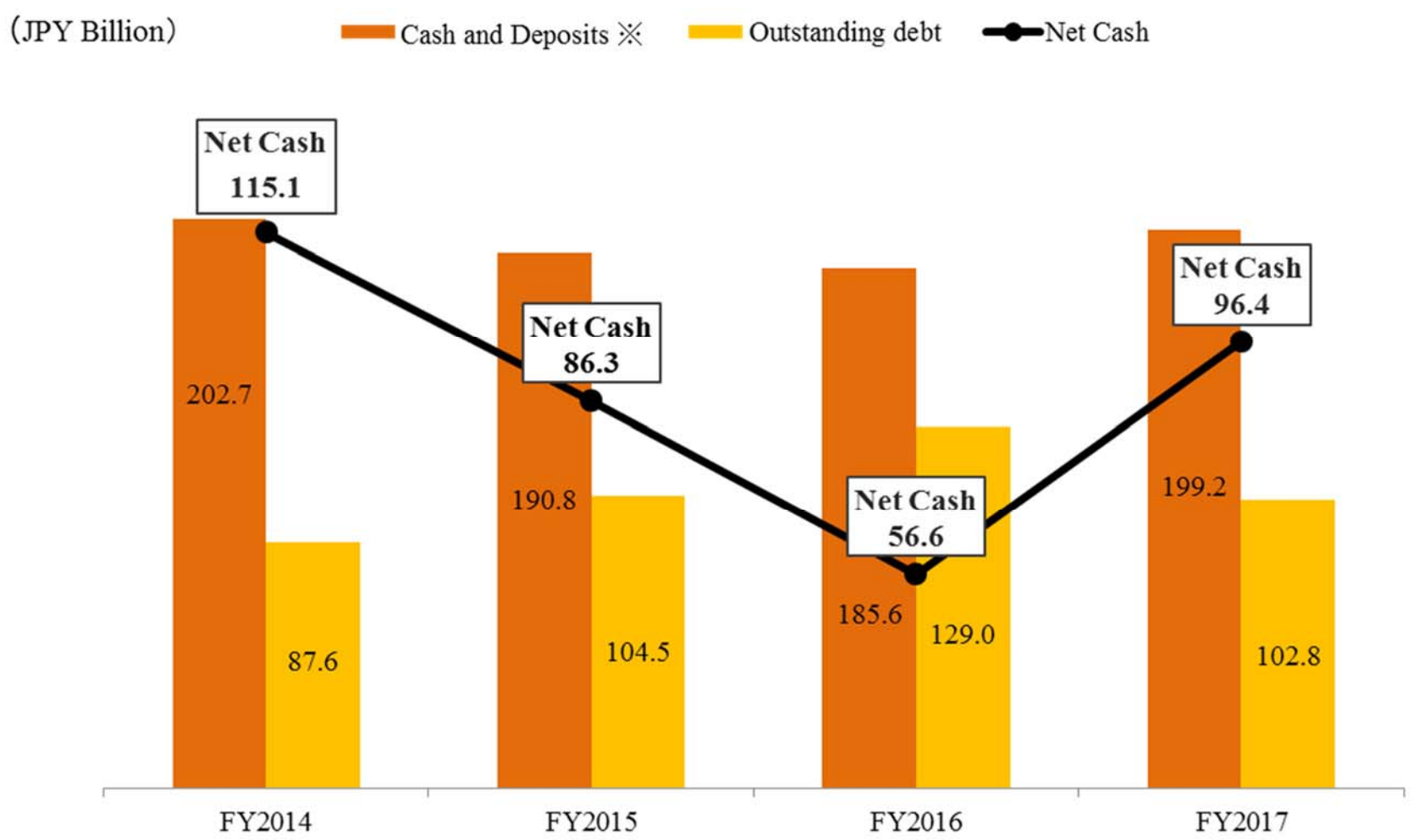
Changing mindsets

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.



✓ **Following the start of structure reform, profit is on a recovery trend**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.



※Cash and cash equivalents in cash flow statement

✓ **Broke away from decrease trend in net cash which continued until FY Ended March 2016**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

SEGA SAMMY GROUP



Road to 2020
SEGA SAMMY GROUP

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

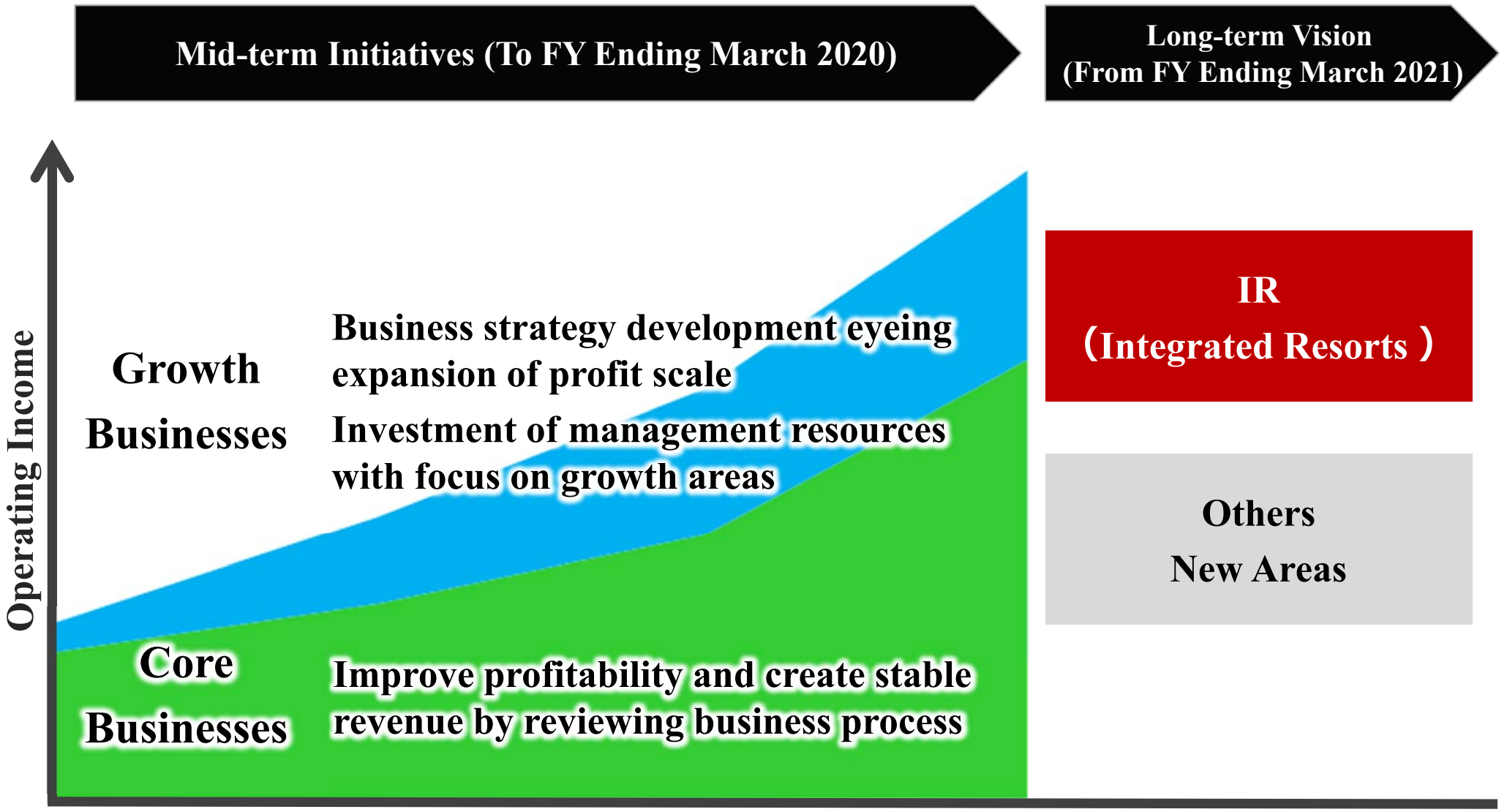
Changing Mindsets (Our Missions)

Build Mission Pyramid



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Long-term events



✓ **Reinforce earnings base → Enter new growth areas**

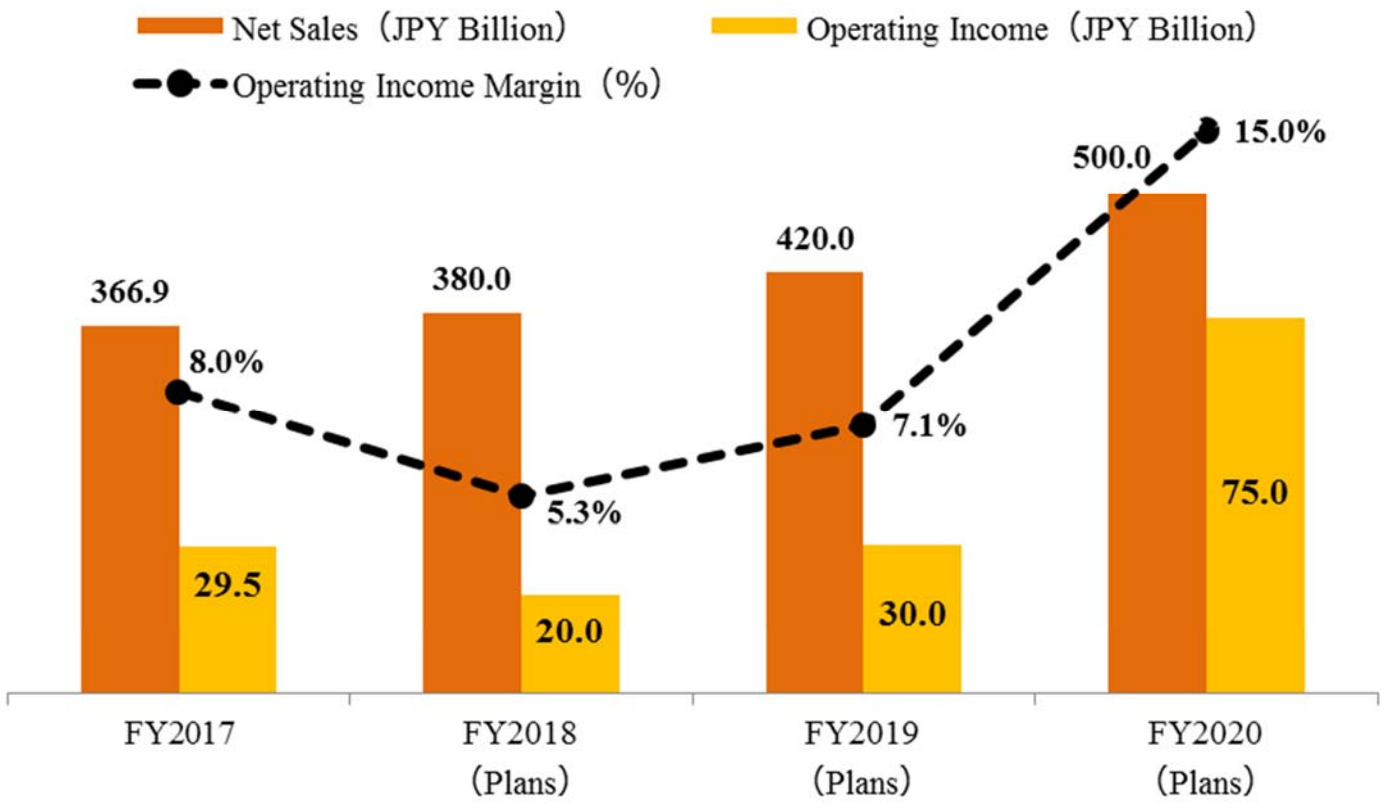
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Major Issues (Summary by Segment)

Growth Investment Businesses	Resort	・Obtain expertise toward success in IR businesses
	Digital Games/ Packaged Games	・Create titles that will become global hits
Core Businesses	Pachislot and Pachinko Machines	・Promote reuse ・Develop industry platform ・Improve development efficiency
Build Business Environment		・Integrate group offices and reform workstyle ・B to C initiatives toward expansion of fan base

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Target for FY Ending March 2020



✓ **Operating income margin of at least 15%**

Sales: 500 billion yen　　Operating income: 75 billion yen

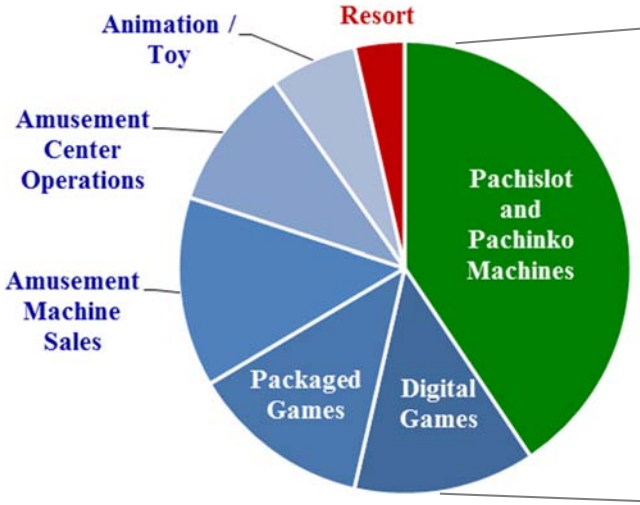
✓ **Expect ROA of at least 5% based on the assumption that total asset size will be the same as current level**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Mid-term Business Results Trends（Sales/Operating income composition）

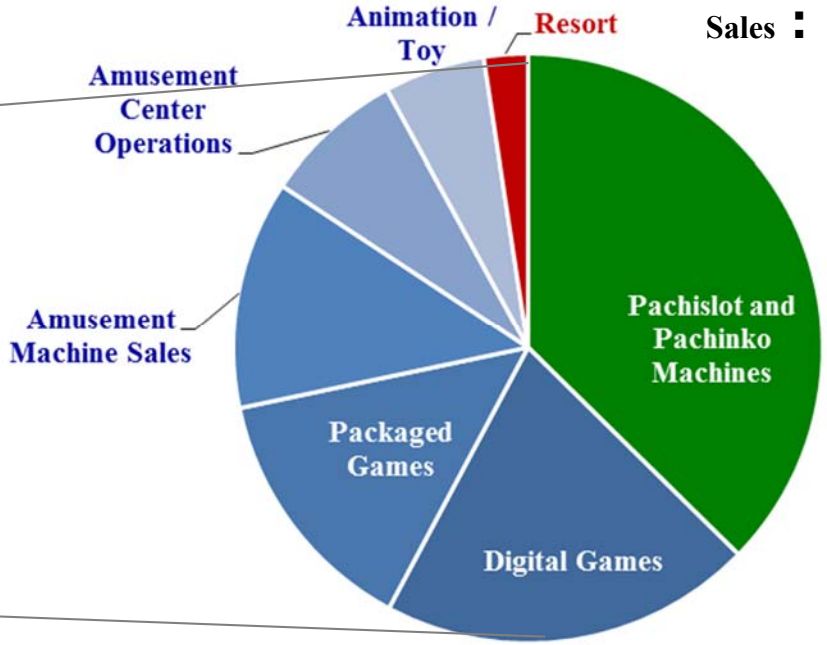
FY Ended March 2017

Sales：¥366.9 billion



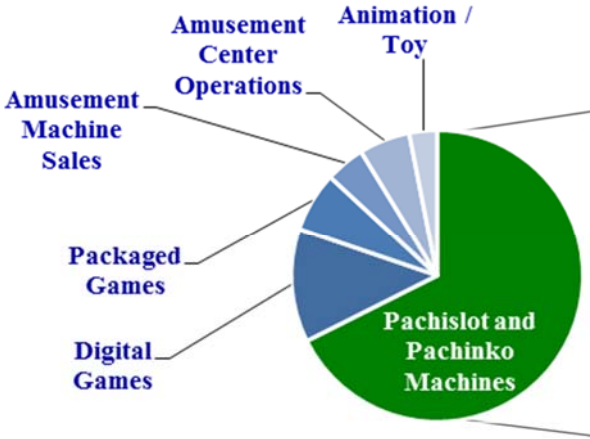
FY Ending March 2020

Sales：¥500.0 billion



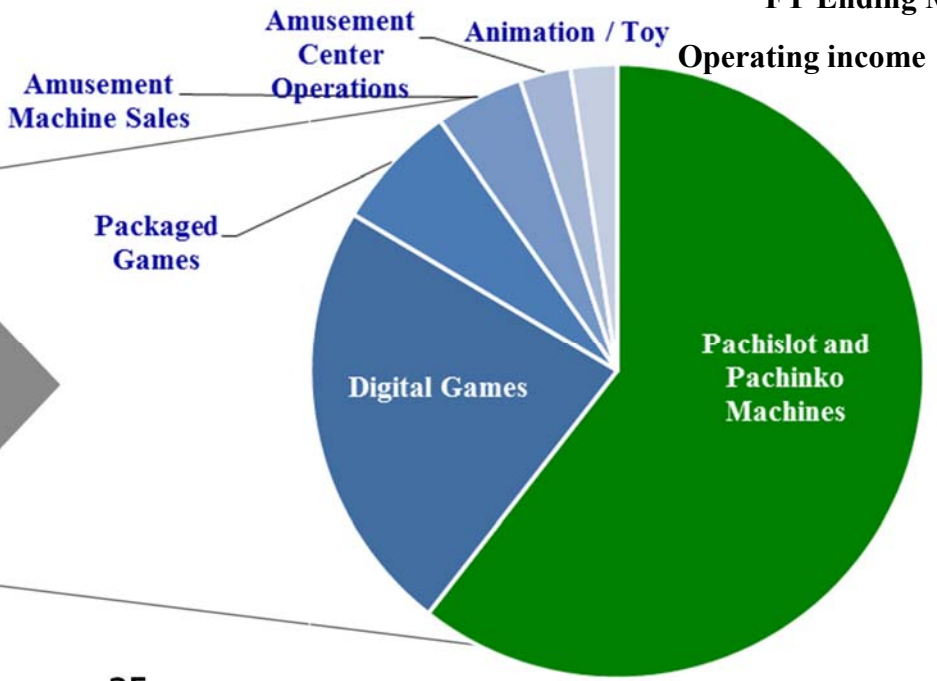
FY Ended March 2017

Operating income：¥29.5 billion



FY Ending March 2020

Operating income：¥75.0 billion



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Sales (consolidated)
¥500.0 billion

Operating income (consolidated)
¥75.0 billion

Operating income margin (consolidated)
15.0 %

		FY Ended March 2017	FY Ending March 2018	FY Ending March 2019	FY Ending March 2020
Consolidated	Sales	366.9	380.0	420.0	500.0
	Operating Income	29.5	20.0	30.0	75.0
	Operating Income Margin	8.0%	5.3%	7.1%	15.0%
Pachislot and Pachinko Machines	Sales	148.2	150.0	165.0	185.0
	Operating Income	26.3	20.0	28.0	52.0
	Operating Income Margin	17.7%	13.3%	17.0%	28.1%
Entertainment Contents	Sales	205.7	220.0	245.0	305.0
	Operating Income	11.1	10.0	15.0	32.0
	Operating Income Margin	5.4%	4.5%	6.1%	10.5%
Resort	Sales	13.0	10.0	10.0	10.0
	Operating Income	-2.2	-3.0	-2.0	-1.0
	Operating Income Margin	-	-	-	-
Other / Elimination	Sales	-	-	-	-
	Operating Income	-5.7	-7.0	-11.0	-8.0

※ PARADISE SEGASAMMY is not included because of application of the equity method

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Sammy

Founding principle: Mindset Always Proactive, Always Pioneering

【Mission】

Continuing to create moving experiences

【Vision】

Sammy…the wellspring of new ideas as an innovator in the industry

Segment Target (Goal)

Operating income margin of at least 30%*

※Operating income margin of excluding "other/elimination" of Pachislot and pachinko Machines business

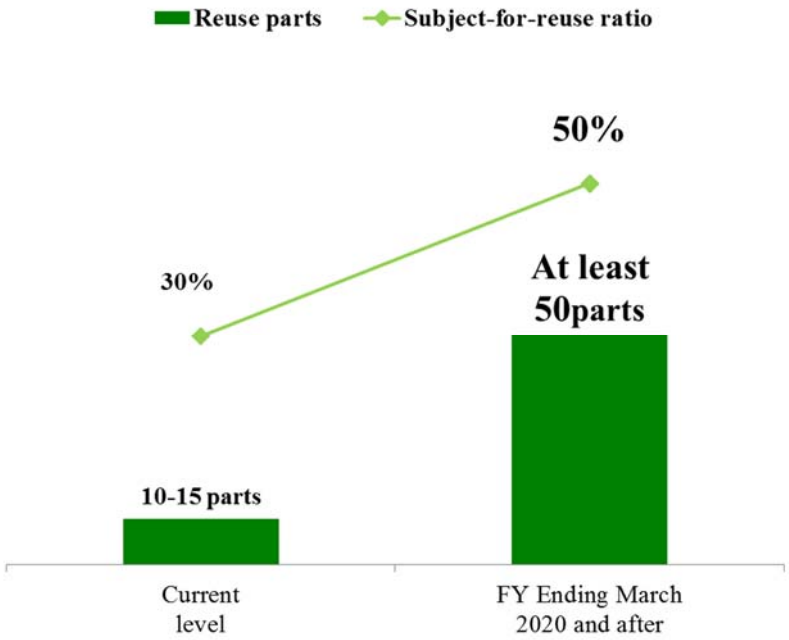
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issue① "Promote reuse"

Increase subject-for-reuse ratio

- ➢Product design that is conscious of reuse
- ➢Product line-ups for maximization of reuse
- ➢Expand parts subject for reuse

【Number of parts for reuse and Target subject-for-reuse ratio (Pachislot)】



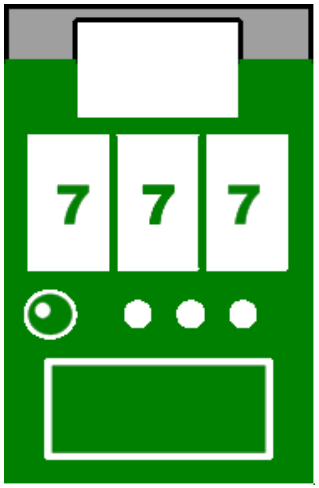
Promote introduction of common components

- ➢Promote introduction of common components
- ➢Expand common components for Pachinko and Pachislot machines

⇒Reduce disposal risks and expand scale of reuse

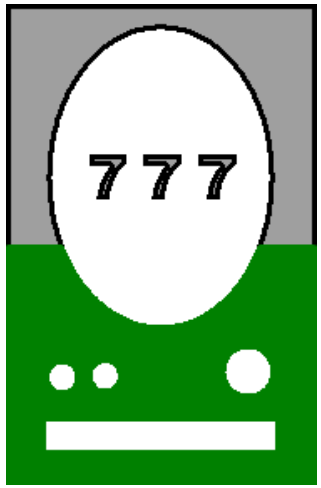
【Target ratio of common components (FY Ending March 2020)】

Pachislot



At least 90%

Pachinko



At least 50%

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issue② "Develop industry platform"

Development and sales of common machine cabinets and component units

Development and sales of products that adopt ZEEG machine cabinets and component units

ZEEG™



© ZEEG

- **Sammy**
- **Universal Entertainment**
- **Other manufacturers**

→ **Pachinko parlor**

- ✓ **Enhance product appeal by adopting high-quality machine cabinets**
- ✓ **Improve costs by reusing machine cabinets in the future**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issue③ "Improve development efficiency"

Review development process • Advance product quality

- **Launch products at the peak of market needs by shortening development period**
  - ⇒Narrow down the number of titles/increase number of personnel per title
  - ⇒Drastically review development process
    (in-house approval system, quality control process, in-house production, etc.)
- **Strengthening quality assessment process (test play etc.)**



✓ **Launch products at the peak of market needs by shortening development period and strengthening quality assessment process**

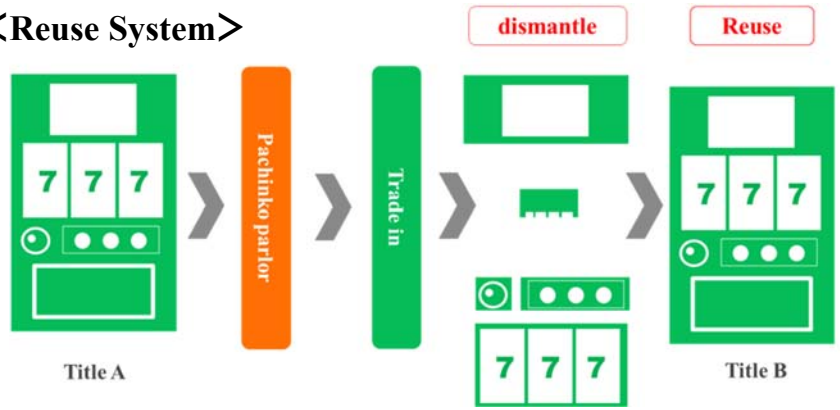
© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Points by Initiative

Reuse

- Product design that is conscious of reuse
- Expand parts subject for reuse
- Promote introduction of common components

<Reuse System>



Establishment of ZEEG and Utilization of Brands

- Collaborate with Universal Entertainment Corporation
- Implement joint purchasing
- Adopt high-quality machine cabinets
- Integrate into Sammy brand
- Select the number of titles to be developed carefully
- Improve development/production/sales efficiency

Sammy × UNIVERSAL ENTERTAINMENT

ZEEG™

Cost Reduction

- Reinforce cost management using cost indices
- Drastically review debug operations
- Select exclusive items such as devices carefully

B to C

- Hold fan events, etc.
- Operate information website for smartphones

ぱちガッ!



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

【Mission】

Continuing to create moving experiences

SEGA®

Group Value

Creation is Life

【Vision】

Be a Game Changer

Segment Target (Goal)

<Sales>	<Operating income>	<Operating income margin>
At least ¥300 billion	At least ¥30 billion	At least 10%

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issue "Create titles that will become global hits"

Transition from diversified investment to focused investment

- ➢ **Select titles carefully**
  (aim for middle hits ⇒ aim for big hits)
- ➢ **Focused investment on promising titles**
  (reinforce promotion)

Create system to promote global development

- ➢ **Shift business pillar from device-centric to IP-centric**
- ➢ **Reinforce by integrating functions of regional bases**

✓ **Restructure business structures including organizations to achieve strategies mentioned above**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issue "Create titles that will become global hits"

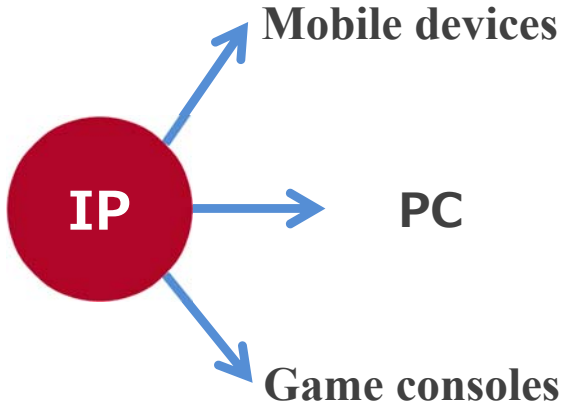
Expand utilized IPs

Reinforce various IP measures including reutilization of dormant IPs, in addition to existing IPs

- ■ Revival IPs
- ■ Existing IPs
- ■ New IPs
- ■ External IPs

Multi-channel development

Expand IP development channels



Expand development regions

Expand areas of IP development
Release simultaneously around the globe



Send customers

Attract customers for each other and send customers to each other (O2O, etc.)

Support development (publishing and localization)

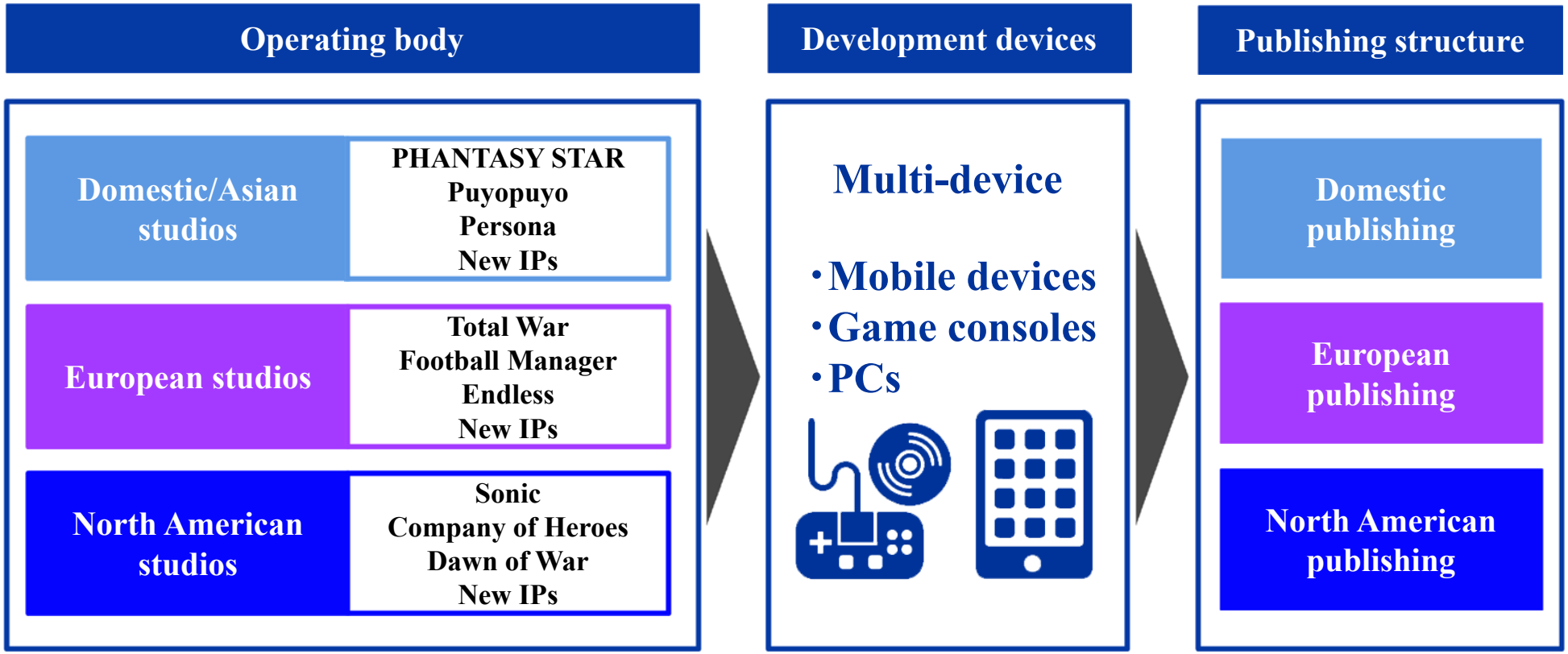
Digital marketing platform

- ✓ Revival of past IPs and active utilization of external IPs, etc.
- ✓ Maximize value of IPs by expanding development channels and regions of respective IPs

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issue "Create titles that will become global hits"

<Future Organization Structure>



✓ Promote multi-device/global development by organizing studios centered on IPs
✓ Improve efficiency by integrating publishing and other functions by region

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Major Points by Field

Digital game field

- Create titles that will become global hits
- Establish digital marketing business
- Expand overseas publishing business
- Maintain profits through long-term operation of existing titles
- Develop next-generation titles



"Puyopuyo!! Quest"
©SEGA



"Hortensia Saga"
©SEGA / f4samurai



"CHAIN CHRONICLE 3"
©SEGA



"PHANTASY STAR ONLINE 2"
©SEGA

Packaged game field

- Expand existing IPs and obtain new IPs for North American and European PC games
- Build revenue base by being entrusted with outsourced development
- Challenge for new IPs
- Revival of major IPs
- Effective utilization of development engines



"Total War: WARHAMMER"

© Copyright Games Workshop Limited 2016. Warhammer, the Warhammer logo, GW, Games Workshop, The Game of Fantasy Battles, the twin-tailed comet logo, and all associated logos, illustrations, images, names, creatures, races, vehicles, locations, weapons, characters, and the distinctive likeness thereof, are either ® or TM, and/or © Games Workshop Limited, variably registered around the world, and used under licence.
All Rights Reserved to their respective owners.



"
"Ryu ga Gotoku 6: Inochi no Uta"
©SEGA



『Football Manager 2017』

© Sports Interactive Limited 2016. Published by SEGA Publishing Europe Limited. Developed by Sports Interactive Limited. SEGA and the SEGA logo are either registered trademarks or trademarks of SEGA Holdings Co., Ltd. or its affiliates. SEGA is registered in the U.S. Patent and Trademark Office. Football Manager, the Football Manager logo, Sports Interactive and the Sports Interactive logo are either registered trademarks or trademarks of Sports Interactive Limited. All rights reserved.



"Persona5"
©ATLUS ©SEGA
All rights reserved.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Points by Field

Amusement machine field

- Launch No.1 titles in the genre
- Reinforce efforts for cost reduction

StarHorse3 SeasonV EXCEED THE LIMIT



"SOUL REVERSE"

©SEGA

Amusement center operations field

- Improve operational efficiency by introducing e-money, etc.
- Gain revenue from new businesses
- Scrap-and-build existing facilities



"SEGA LaLaport FUJIMI"

©SEGA ENTERTAINMENT Co. Ltd.



"Ikebukuro GIGO"

©SEGA ENTERTAINMENT Co. Ltd.

Animation/Toy field

<Animation>

- Reinforce profitability of three major IPs
- Reinforce distribution business targeting Japan and overseas
- Reinforce 3D CG production

Reinforce three major IPs, "**Detective Conan**," "**ANPANMAN**" and "**LUPIN THE 3rd**"



"Detective Conan Crimson Love Letter"

©2017 GOSHO AOYAMA / DETECTIVE CONAN COMMITTEE All Rights Reserved

<Toy>

- Reinforce profitability of existing IPs
- Challenge new areas by utilizing partnerships

Create stable revenue centered on "**ANPANMAN**" series



"ANPANMAN" Talking Picture Book SUPER DX"

©Takashi Yanase/Froebel-kan,TMS,NTV

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

【Mission】

Continuing to create moving experiences

【Vision】

Be an Experiential Innovator

Segment Target (Goal)

Succeed in IR businesses
Enhance brand recognition

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Issues "Obtain expertise toward success in IR businesses"

Components of IR (Integrated Resorts) Businesses

	PARADISE CITY	Phoenix Seagaia Resort
Casino	**Approx. 15,500 ㎡** (Slot Machines：291 units, Table Game:158 units, Electronic Table Game :4 units 62 seats)	-
Hotel	**711 rooms** (Additionally construct a boutique hotel with approx. 60 rooms)	**950 rooms** ※3 facilities total
Convention	**Approx. 3,000 ㎡** (Capacity for up to approx. 3,000 people)	**Approx. 5,500 ㎡** (Capacity for up to approx. 5,000 people)
Entertainment facilities	**SPA, CLUB, WONDER BOX (for families)** (Opening planned in FY 2018)	**SPA, Hot springs, Fitness, Horse riding club**
Other facilities	**PLAZA (Commercial facility / cultural center, shopping mall)** (Opening planned in FY 2018)	**Golf courses, Tennis courts, Wedding halls**

※3 facilities：Sheraton Grande Ocean Resort, Cottage Himuka, Luxze Hitotsuba

- ✓ **Operate hotels which will be the hub for stay-type tourism**
- ✓ **Operate large convention halls that can handle international class conventions**
- ✓ **Obtaining expertise on operation and development of casino through "PARADISE CITY"**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Reference (PARADISE CITY overview)

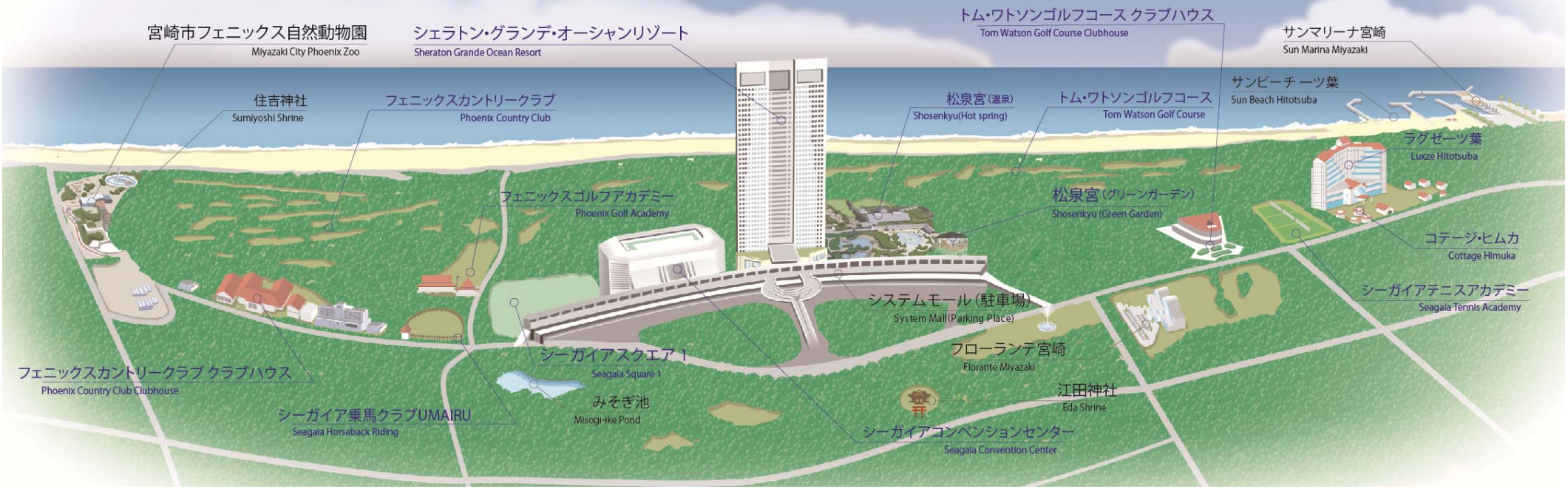




- ✓ 3 minute-drive from Incheon International Airport, one of the largest hub airports in Asia
- ✓ Opened luxury hotel, one of the largest foreigner exclusive casino in South Korea and convention hall in April 2017
- ✓ Boutique hotel, commercial facility, premium spa, etc. will be open in the first half of FY 2018

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

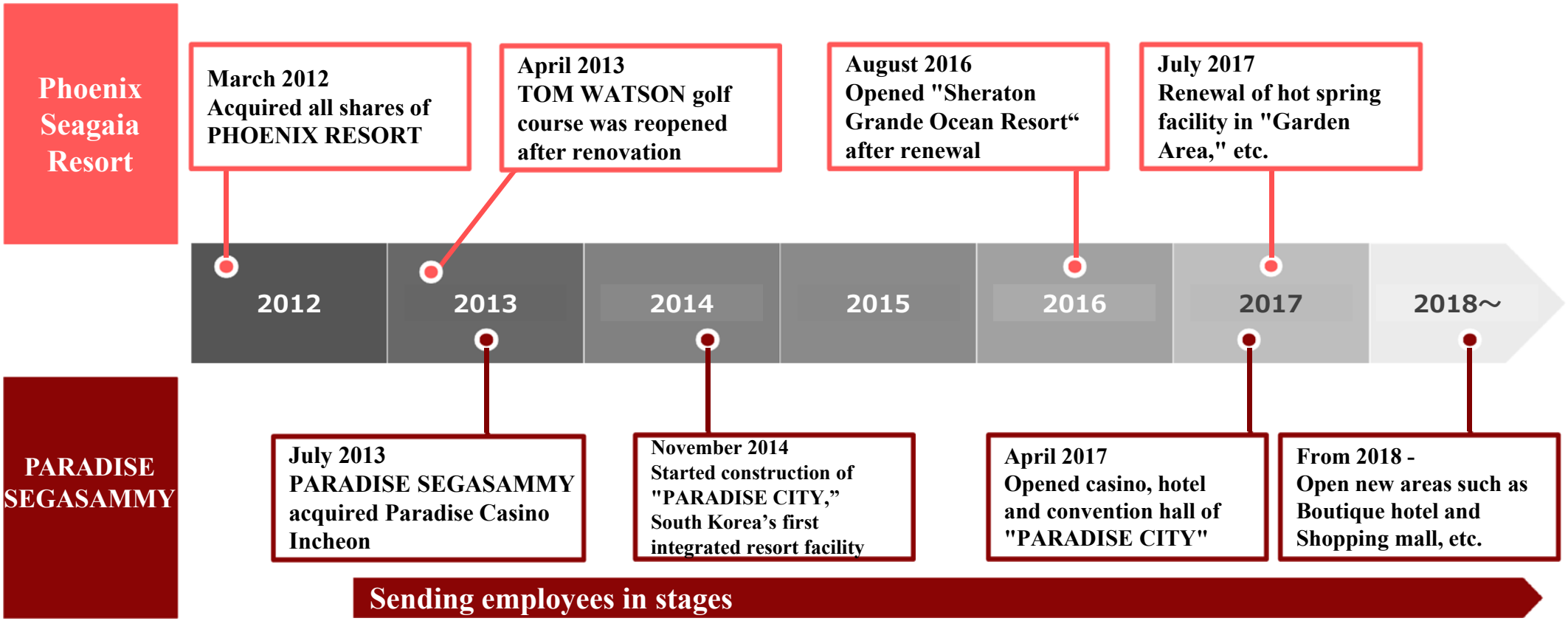
■ Reference (Phoenix Seagaia Resort overview)



- ✓ 3 accommodation facilities including "Sheraton Grande Ocean Resort"
- ✓ World class Convention facility which accommodates up to 5,000 people
- ✓ Sport facilities including "Phoenix Country Club“, one of the most prominent golf courses in Japan

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Reference (Initiatives in the Resort Business)



- ✓ Accumulate expertise on resort facility operation through PHOENIX RESORT
- ✓ Directly accumulate expertise on operation and development of casinos by sending officers and employees to "PARADISE SEGASAMMY"

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Japan Gaming Congress (May 11, 2017)











© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

■ Major Points by Facility

Phoenix Seagaia Resort

・Improve guestroom occupancy rate and profitability of "**Sheraton Grande Ocean Resort**"
・Improve operation rates for rounds of golf of "**Phoenix Country Club**"
・Obtain expertise on development and operation of hotel, golf course, convention, etc.
・Enhance customer loyalty through reinforcement of membership program



PARADISE CITY (Incheon) South Korea

・Obtain expertise through development and operation of "**IR (Integrated Resorts)**"
・Enhance facility operation by carrying out Phase1-Stage2 facility construction
(Development of Spa, Club, facilities for families, Commercial facility, cultural center, hotel, etc.)
・Obtain further expertise through reinforcement of sending employees



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Consolidation of Head Office Functions and Promotion of reforming workstyle





Companies to be relocated	Number of personnel to be relocated (person)
SEGA SAMMY HOLDINGS INC.	Approx. 140
Sammy Corporation	Approx. 1,460
SEGA Holdings Co., Ltd.	Approx. 300
SEGA Games Co., Ltd.	Approx. 2,200
ATLUS. CO., LTD.	Approx. 220
Sammy Networks Co., Ltd.	Approx. 270
DARTSLIVE Co., Ltd.	Approx. 200
Total	Approx. 4,790

※Full-time employees, contract employees, temporary employees, part-time employees, etc. are included

■ Integration of group offices aiming reforming workstyle

- ✓ Relocation to Osaki area
- ✓ Reinforce collaboration among group companies
- ✓ Improve business efficiency by introducing core time

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Major Initiatives (Sammy)

■**“Universal Carnival × Sammy Festival 2017”** Hold collaboration events with Pachinko and Pachislot manufacturers





※Picture above was taken in 2016



※Picture above was taken in 2016

■**Staging/sponsoring events**（Club event, fan event, sponsoring nation-wide tour of a famous music group）







© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Major Initiatives (SEGA)

■ SEGA staged event for fans　Hold SEGA Festival at Akihabara

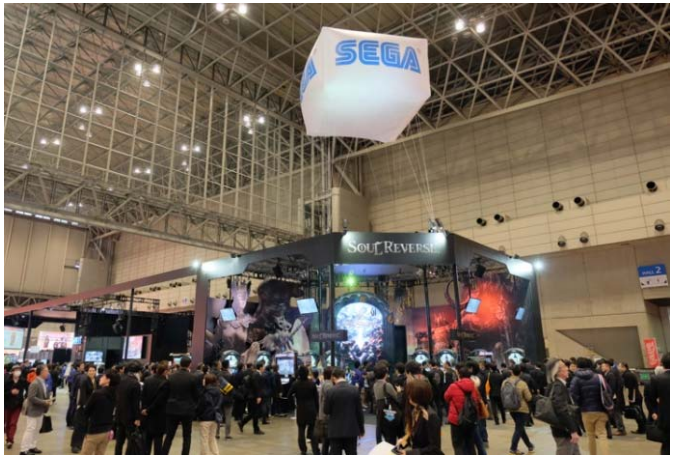






■ Exhibited at game events
(TOKYO GAME SHOW 2016, JAPAN AMUSEMENT EXPO 2017, AnimeJapan 2017, etc.)

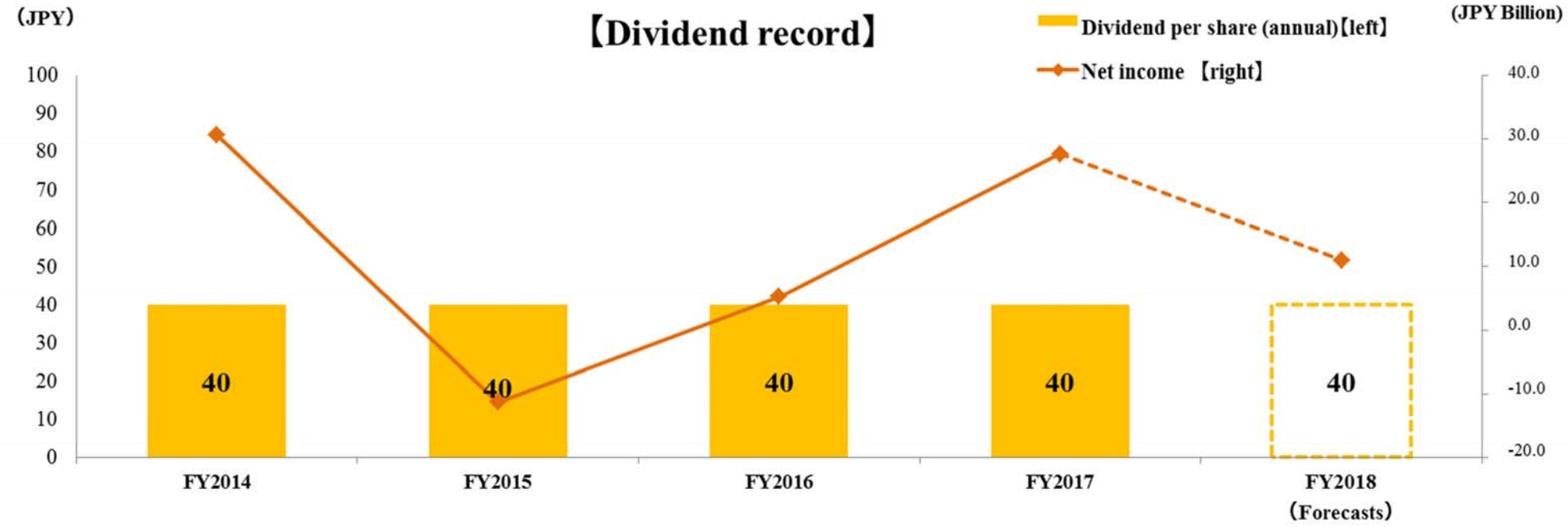






© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Capital Policy



✓ **Continue to position return of profits to shareholders through stable dividends as a basic policy**
(forecast for FY ending March 2018: 40 yen per annum)

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

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 Company's management based on the currently available information. These contents involve risk and uncertainty, and the actual results may differ materially from these contents/comments.

Please visit below websites for products and service information.
http://www.sega.jp/ (SEGA Group)
http://www.sammy.co.jp/ (Sammy)

*** Company / product names in this document are trademarks or registered trademarks of the respective companies.**

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.