

Long (New)

Target Price
HK\$ 16.5 (New)

Market	HK
Price (2/20)	13.44 HK\$ (162 JPY)
Shares	742.85 million
Market cap	9,984 mn HK\$ (120,536 mn JPY)
FX rate (2/20)	12.07 HK\$/JPY

Valuations

PER (2012/3 A)	- x
PER (2013/3 CE)	- x
PER (2013/3 ARJE)	6.6 x
PER (2014/3 ARJE)	6.5 x
PBR (2012/3 A)	- x
PBR (2013/3 ARJE)	1.1 x
PBR (2014/3 ARJE)	1.0 x
ROE (2012/3 A)	17.8 %
ROE (2013/3 ARJE)	17.7 %
ROE (2014/3 ARJE)	15.8 %
EV/EBITDA (12/3 A)	- x
EV/EBITDA (13/3 ARJE)	2.4 x
EV/EBITDA (14/3 ARJE)	2.1 x
Div Yield (2012/3 A)	- %
Div Yield (2013/3 ARJE)	7.1 %
Div Yield (2014/3 ARJE)	7.2 %

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Focus on High Dividend Yield and Long-term Growth Story Investment Opportunity

The company is one of the top operators of Pachinko Halls in Japan, with the highest number of halls at 356, and second highest revenues at ¥897.7bn (FY3/12 actual results, not the same figure as sales) after No.1 Maruhan. The company listed on the Hong Kong Stock Exchange last August, and is the first pachinko hall operator to become a listed company. ARJ believes the following points present an investment opportunity:

1) As a value stock

We think it is necessary for a company to be recognized as a value stock to have a solid balance sheet, earnings stability, and aggressive shareholder rebates, and the company has all three.

[Balance Sheet] As of 1H FY3/13, the company has a shareholders' equity ratio of 69%, and net cash of ¥26.5bn.

[Shareholder Rebates] The company has a dividend payout of 45-50%, and is currently on a dividend yield at the 7% level.

[Earnings Stability] In the pachinko industry, the majority of listed companies are machine makers, and earnings are subject to whether or not there is a hit machine during the period. However, since the company is a pachinko hall operator, short-term volatility is small, and through opening new halls earnings can be steadily expanded.

2) Long-term growth scenario

The pachinko market itself is seeing an ongoing declining trend, and the company thinks it is necessary to expand business through aggressive new openings. Also after the expansion, the company is planning to proceed with in-house manufacture of pachinko and pachislot machines (under its own brand outsourced to machine makers). This will reduce investment cost in new machines, and dramatically boost margins.

Catalysts

ARJ sees the following points as drivers to support a rise of the share price:

[Improved Recognition] While the company became a topic of interest when it listed on the HSE, it is difficult to say the company has a high level of recognition. The company plans to step up IR activities both domestically and overseas going forward, and potentially recognition as a hidden blue chip stock will rise.

[Validation of Earnings Stability] Regarding the company's earnings and dividend, the company does not disclose guidance. Results will become clear with each period's announcement.

[Perception of Aggressive New Openings Spreads] The company is targeting a

*As of 2/20/2013

Year	SALES	yoy	OP	yoy	RP	yoy	NI	yoy	**EPS	yoy	**DPS
12/3 A	165,078	-2.7%	30,237	-1.2%	28,404	-0.3%	15,898	-1.8%	21.4	-1.8%	4.4
13/3 CE	-	-	-	-	-	-	-	-	-	-	-
13/3 ARJE	168,000	1.8%	30,500	0.9%	29,700	4.6%	18,300	15.1%	24.6	15.1%	11.5
13/3 CONS*	166,883	1.1%	32,013	5.9%	30,411	7.1%	17,902	12.6%	24.5	14.5%	-
14/3 ARJE	171,800	2.3%	31,000	1.6%	30,200	1.7%	18,600	1.6%	25.0	1.6%	11.7
14/3 CONS*	174,008	4.3%	32,150	0.4%	31,393	3.2%	18,564	3.7%	25.4	3.5%	-
15/3 ARJE	182,100	6.0%	33,100	6.8%	32,300	7.0%	19,900	7.0%	26.8	7.0%	12.5

**Based on number of shares of 742,850,360

Source: Company data, Bloomberg and ARJ

pace of annual new openings of 40 from FY3/14 (ARJ estimates 30-40). If aggressive new openings becomes a topic, perception of the pachinko industry as a decaying industry could be wiped away.

[Beneficiary of Macro Recovery] The economy recovering leads to improved consumer sentiment and improved income levels, so of course it is a positive factor. Also, the non-bank sector which has a high correlation with the pachinko industry is recovering, which is another supporting factor.

Valuation

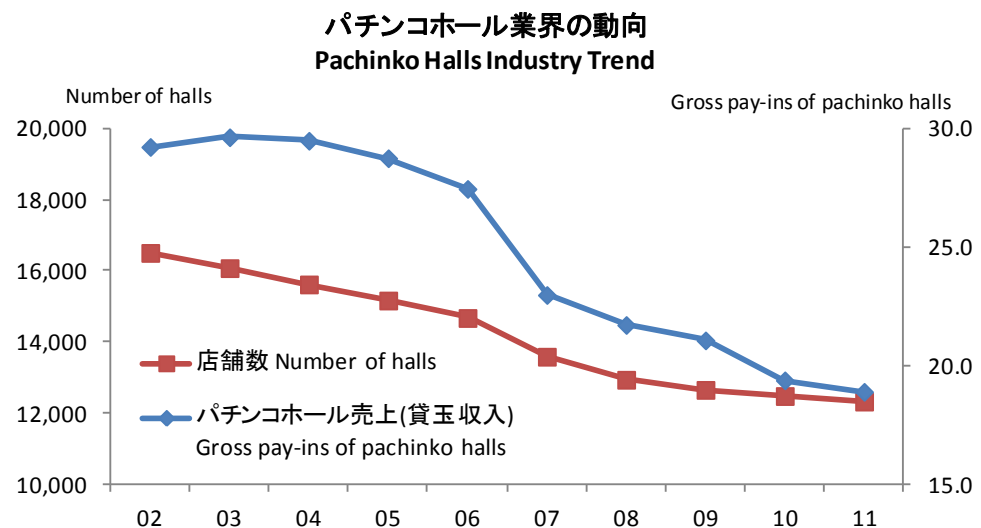
We set our target price based on a dividend yield of 6% estimated FY3/13 DPS. For ordinary Japanese stocks a dividend yield of 5% is more than sufficient, however the company also has the constraints of foreign currency risk and being listed in Hong Kong, so we assigned a 1% discount to the DY.

Earnings stability supports attractiveness as a value stock

When thinking about the attractiveness of the company as a value stock, there is not much room to debate the balance sheet and shareholder rebates (discussed later), however there are likely various ways to look at earnings stability. There is a strong perception that the pachinko industry is a decaying industry, and there are likely many who view it with skepticism. We explain ARJ's view on this.

[Pachinko Hall Trends]

According to the "Leisure White Paper" by the Japan Productivity Center, the size of pachinko hall sales (ball rental gross receipts basis) accounts for over 40% of Japan's entertainment market (games, gambling, dining out, karaoke etc), boasting an overwhelming share. However, looking at the recent trend, it has been in a steady decline since 2004. In particular the scale of revenues has declined by one-third in less than a decade. This is the main factor giving a strong perception that the pachinko industry is a decaying industry.



Source: 日本生産性本部および警察庁 Japan Productivity Center and National Police Agency

ARJ believes the sharp decline of the market is due to the following factors:

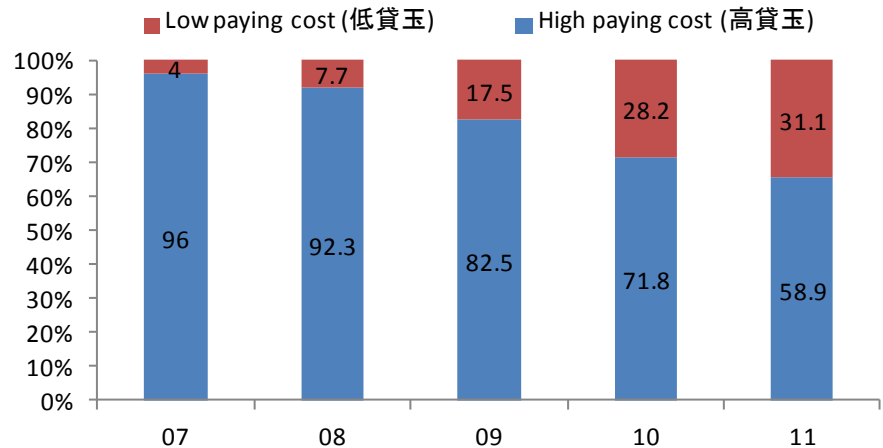
- 1) Revised Money Lending Business Law (2006)
- 2) Widespread diffusion of low priced pachinko (from 2007~)
- 3) Post-Lehman recession (2008~)
- 4) Advent of new forms of entertainment such as mobile social games (2010~)

Of these factors number 2) actually had the biggest impact. When you play pachinko, you first have to rent balls from the pachinko hall, and previously ¥4 per ball was the going rate. However recently ¥1 or ¥2 per ball rates have spread rapidly. This likely fit the deflationary environment, allowing patrons to play for a long time with small funds. This of course results in a decline of revenues for the pachinko hall. This is the major reason for the sharp decline in gross receipts of the overall market.

This forced many medium and small sized operators into financial difficulty, however there were also some examples like this company who successfully seized the opportunity to expand business. Stripping out the special factor of the impact from the March disaster in 2011, the

population of pachinko patrons itself has remained relatively stable, and at the very least, the pachinko hall market has not contracted on the same level as gross receipts.

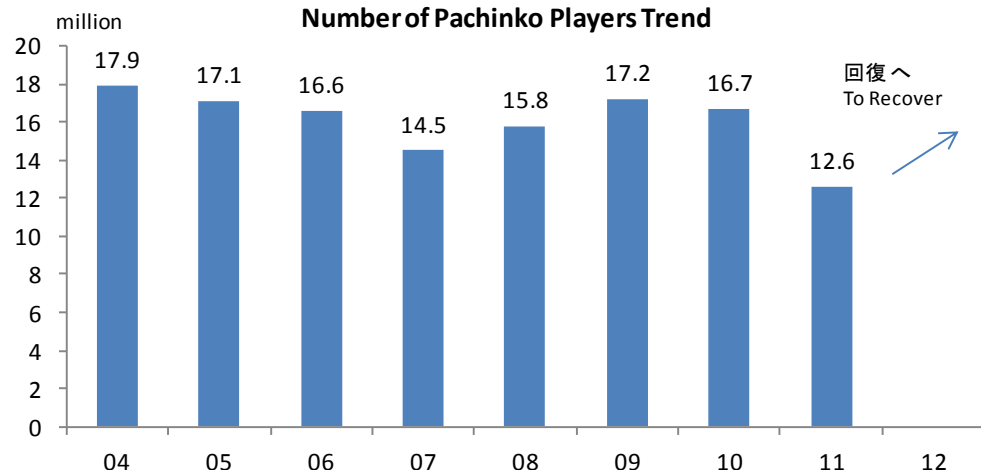
パチンコホール業界における低貸玉機と高貸玉機の構成比 Mix of Low and High Playing Cost Machines in the Industry



Source: 会社資料 Company data

Pachinko halls was one industry that had a large impact from the March disaster in 2011. And this is not just direct damage from many halls that were destroyed and could no longer be operated. The nuclear accident forced all of Japan to conserve energy, and there was a feeling that people should refrain from playing at pachinko halls whose machines consume large amounts of electricity. There was also industry "bashing" from prominent politicians. And since pachinko equipment makers also refrained from launching new models, halls lost an important method for drawing customers (replacing old models with new machines). Since this special factor has already run its course, ARJ believes there is a high likelihood the number of pachinko players recovered in 2012.

パチンコ遊技人口の推移 Number of Pachinko Players Trend



Source: 日本生産性本部 Japan Productivity Center

[Special Features and Strengths of Dynam]

So, with this market environment how did the company manage to achieve growth? Founded in 1967, the company has a long history, however the number of halls first exceeded 100 as recently as 2001, and in the last decade has grown rapidly to 356 (as of the end of Jan-2013).

The main factors that allowed the company to grow while the overall industry was contracting in a severe environment include the following points.

1) Through standardization of the hall profit model and focusing new openings on roadside locations, the company implemented strict management controls and low-cost management (conversely Maruhan focuses on central urban large-scale halls).

2) As a result, it was one of the first to introduce low-priced pachinko, and was able to use this as a differentiating factor in attracting customers.

3) And it put personnel capable of implementing this strategy on site (the company has been hiring 4-year college grads for the last 20 years).

4) Setting listing as a goal, managers were focused on growth expansion.

As a result, while ball rental revenue per hall declined 38%, sales per hall only declined 10% (since introducing IFRS accounting standards, the company books sales as hall gross profits after deducting the cost of prizes from ball rental revenues). While maintaining the earnings strength of existing halls, the company proceeded with aggressive new openings, and RP has nearly doubled. In the last several years economic deterioration has caused a slowdown in the number of new openings and RP has not grown, however as we explain below, new openings are set to accelerate again from FY3/14. Even if a slight decline in existing hall sales going forward is unavoidable, sustainable stable growth for the Group is achievable in our view.

当社の単独業績推移 Historical Earnings Trend (Non Consolidated)

単位: 百万円 Millions of yen

	貸玉収入 Gross pay-ins	売上高 Revenue	経常利益 RP	経常利益率 RP ratio	店舗数 Number of halls	①店舗あたり貸玉収入 Gross pay-ins per hall	②店舗あたり売上高 Revenue per hall
03.3	638,610	79,100	16,182	20.5%	152	4,201	520
04.3	827,779	95,800	12,093	12.6%	193	4,289	496
05.3	1,074,620	116,600	14,224	12.2%	233	4,612	500
06.3	1,183,209	135,400	13,053	9.6%	272	4,350	498
07.3	1,100,901	125,900	923	0.7%	287	3,836	439
08.3	1,067,831	144,700	12,424	8.6%	280	3,814	517
09.3	972,620	158,400	32,567	20.6%	302	3,221	525
10.3	857,139	163,800	32,102	19.6%	325	2,637	504
11.3	853,030	166,600	27,368	16.4%	342	2,494	487
12.3	897,653	161,500	29,324	18.2%	346	2,594	467
13.3 1H	458,875	79,977	16,372	20.5%	347	1,322	230
①過去10年間の変化率 Change in past 10 years (03.3-12.3)						-38%	
②過去10年間の変化率 Change in past 10 years (03.3-12.3)							-10%

Source: 会社資料及びARJ Company data and ARJ analysis

Medium-to-Long-Term Growth Scenario

There are two main points for the company's medium-to-long-term growth scenario. The first is accelerating new openings. The second is over a longer horizon, which is introducing in-house manufactured pachinko and pachislot machines under its own brand. We examine these two points in detail.

[Re-accelerating New Openings]

The company has three hall formats: existing Dynam halls (176 at the end of Jan-2013), Yuttari-Kan ("Relaxed Hall", 136) and Shinrai no Mori ("Faithful Forest", 44). Existing Dynam halls have mainly traditional ¥4 per ball high-priced machines, Yuttari-Kan have mainly ¥1 and ¥2 per ball low-priced machines (pachislot medallions ¥5 and ¥10 versus traditional ¥20) where players can spend a long time enjoying playing with low risk/low return. Shinrai no Mori halls have all machines at ¥1 per ball (pachislot medallions ¥5), are completely non-smoking, and prizes are on the level of convenience store goods, taking the concept of Yuttari-Kan one step further.

However, going forward the company plans to focus on only Yuttari-Kan halls as the format having the highest growth potential. Existing Dynam halls and Shinrai no Mori halls that are struggling with profitability will be converted to Yuttari-Kan halls. For FY3/13 the company has completed 1 new opening, and plans to open 6 more for a total of 7 by the end of the term, and in FY3/14 the company is targeting 40 new openings.

The standard model for new opening of a Yuttari-Kan includes the following:

Installed machines: 480 (360 pachinko machines, 120 pachislot machines)

First year total investment: ¥0.46bn

Standard sales from year 3: ¥0.42bn/year

OP: ¥0.13bn/year

ROI: 27% CAGR over 10 years

[In-House Machine Mfg.]

Pachinko halls normally buy pachinko and pachislot machines from machine makers, and the cost is extremely high at ¥300,000-400,000 per machine. As a result, while the machine makers boast high GPM, there are many pachinko hall operators that have fallen into financial difficulty from the heavy investment burden. In other words the division of industry profits is weighted with the machine makers, which is an unhealthy situation. Since the company replaces all machines once a year, for example in the case of a standard hall with 480 machines, the investment in machines alone is over ¥150mn. Applying this across 356 halls is quite an investment sum (all machine expenses are booked under SG&A).

Here the company is working on bringing machine manufacture in-house. Strictly speaking, the company will have the machine makers manufacture them OEM under the company's own brand. By doing this the company will be able to hold cost per one machine to around ¥200,000. For the machine makers as well, while the ASP per unit and GP per unit will decline, since the operator of the largest number of halls will give them a firm order, the company knows the number of units, and can eliminate advertising expenditure, benefits that outweigh the negatives.

With the current number of halls this is still in the experimental phase, but the company has indicated it is targeting a 50% ratio for its own brand in the future. While it is too early to begin discounting this in the current share price, this is an attractive business model to steadily

improve profitability over the long-term.

Shareholder Rebate Policy

For its shareholder rebate policy, the company has worked out a dividend payout of 45-50% (dividend estimates are not disclosed). This was set at a level that is common for companies listed on the HSE. 1H FY3/13 was 45.8%. There is no focus like many ordinary firms in Japan to maintain a stable dividend even when profits decline. This means dividends should be expected to rise and fall with earnings. However, since ARJ views the company's earnings as stable, while there may be minor adjustments, there is little risk of fluctuations in the dividend affecting the dividend yield calculation.

Earnings Trends

Leaving aside the long-term growth scenario, we want to touch on short-term earnings trends. Our outlook for the three years including FY3/13 is presented below (please see the P/L provided at the end of the report).

[FY3/13]

1H results

Total sales ¥85bn, of which pachinko hall revenues were ¥82bn (+2.2% YOY), OP 15.5bn (+11.7% YOY), EPS 14.02, DPS 5.75, number of halls 356 (1 new opening).

1H results were firm overall. And sales per hall recovered favorably after the drop from the March disaster last term.

On the cost side, listing related expenses including new share issuance were roughly ¥1bn, however conspicuous high-priced new machines did not emerge, and the company leveraged used models, so it was able to hold down machine purchasing expense by ¥0.8bn. Also, March disaster related losses disappeared, and there was only 1 new opening (new openings for the company tend to be seasonally concentrated in the 2H), holding down costs, resulting in double-digit growth in OP. On a parent basis (non-consolidated), 1H earnings achieved a new record.

Full-term outlook (company guidance is not disclosed)

Total sales ¥174bn, of which pachinko hall revenues ¥168bn (+1.8% YOY), OP ¥30.5bn (+0.9% YOY), EPS 24.6, DPS 11.5 (46.7% payout), number of halls 362 (7 new openings).

We expect favorable trends in the 1H to continue in the 2H. However, since there will be 6 new openings concentrated in the 4Q, there will be a hefty new opening cost. Also, replacement of old models with new machines is likely to be higher than in the 1H.

Compared with 1H earnings, sales have a seasonality effect (agriculture off-season so easy to rise) and should rise slightly, but increased costs will likely cause OP to be slightly lower. As a result, full-term OP will likely be up only fractionally. On the other hand, the actual corporate tax rate will likely decline to the level of ordinary Japanese firms, so we estimate NP will have relatively higher growth.

We estimate the same dividend as the 1H for the 2H.

[FY3/14]

Total sales ¥177.8bn, of which pachinko hall revenues ¥171.8bn (+2.3% YOY), OP ¥31bn (+1.6% YOY), EPS 25.0, DPS 11.7 (46.7% payout), number of halls 392 (30 new openings).

Regarding sales per hall for existing Dynam and Shinrai no Mori formats, as mentioned earlier from historical trends will likely decline roughly 1% per year. However ARJ believes the recent shift in sentiment to a more positive outlook on the economy going forward likely has a positive effect on the pachinko hall industry, and we assumed a decline of 0.5%. On the other hand for the Yuttari-Kan format, while maintaining existing store sales at roughly flat, new openings at the end of FY3/13 will make a contribution.

We are estimating 30 new openings (more conservative than the company goal of 40), however since new openings concentrate in the 2H, the contribution to sales is limited, and up-front initial investments will compound to depress profit growth.

One-time charges of listing expenses on the HSE disappear, and while the company will continue to leverage the use of old models to improve efficiency of operating expenses, FY3/14 is likely to be lackluster from a profit growth point of view.

[FY 3/15]

Total sales ¥188.1bn, of which pachinko hall revenues ¥182.1bn (+6.0% YOY), OP ¥33.1bn (+6.8% YOY), EPS 26.8, DPS 12.5 (46.7% payout), number of halls 432 (40 new openings).

New openings from the 2H of FY3/14 will begin to contribute, and FY3/15 should see leading investments appear in earnings figures. It is difficult to forecast trends after the consumption tax hike, and we assume a 1% decline of existing store sales for existing Dynam and Shinrai no Mori formats, and a 0.5% decline for Yuttari-Kan, using slightly more conservative assumptions for this term. On the other hand, we also assume the company moves into a medium-term cruising mode for new store openings of 40. Compared with FY3/14, the YOY cost increase is less, and profits should grow at a higher rate than sales.

Peers Comparison

Since the company is the only listed pachinko hall operator, there is no directly comparable firm. Therefore we look at 4 major pachinko and pachislot machine makers with similar levels of profit to Dynam, as well as a maker of karaoke equipment and operator of karaoke boxes (7458) Daiichikoshō. We see similarities with Daiichikoshō as a value stock with its business model of in-house manufacture of equipment used in its shops, earnings stability, solid financial position and aggressive shareholder rebates (also doing ongoing share buy backs),

Looking at the table below, Dynam is not necessarily especially cheap on P/E or P/B ratios, but its high dividend yield stands out. While there is foreign currency risk as a foreign listed stock,

on the other hand its earnings are stable compared with the other pachinko-related stocks. This is clearly one of the company's attractive investment points.

類似企業比較 Peer Comparison

単位: 百万円 Millions of yen

	6412 平和 Heiwa	6417 SANKYO SANKYO	6425 ユニバーサルエンターテインメント Universal Entertainment	6460 セガサミーHDS Sega SammyHDS	7458 第一興商 Daiichikoshoh	HK06889 ダイナムジャパンHDS Dynam Japan HDS
Price (2/20/2013)	1,737	3,905	1,555	1,588	2,322	13.44HK\$
Market Cap (JPY)	173,368	381,118	124,703	422,772	138,681	120,536
PER (FY12 CE)	6.4	45.6	5.2	9.7	11.6	6.6
PBR (FY12 1H A)	1.2	0.9	0.8	1.4	1.5	1.0
Equity ratio (FY12 1H A)	32%	93%	83%	61%	62%	69%
Net cash (FY12 1H A)	-81,547	263,842	34,316	99,443	13,446	26,563
Net cash/ Market cap	-47%	69%	28%	24%	10%	22%
Payout ratio (FY12 CE)	22%	175%	20%	24%	27%	47%
Div. Yield (FY12 CE)	3.5%	3.8%	3.9%	2.5%	2.4%	7.1%
ROA (FY11 A)	10.2%	9.0%	22.9%	12.2%	14.7%	17.6%
ROE (FY11 A)	18.5%	4.8%	24.9%	7.5%	11.8%	17.8%
Sales						
FY10 A	85,880	201,606	45,019	396,732	127,885	176,599
FY11 A	95,120	173,682	74,858	395,502	127,246	171,650
FY12 CE	166,900	123,000	98,000	470,000	128,000	174,000
OP						
FY10 A	15,276	51,923	5,264	68,750	16,510	30,613
FY11 A	20,741	40,315	26,349	58,384	18,774	30,237
FY12 CE	33,800	12,000	34,000	66,000	18,800	30,500
OP margin						
FY10 A	17.8%	25.8%	11.7%	17.3%	12.9%	17.3%
FY11 A	21.8%	23.2%	35.2%	14.8%	14.8%	17.6%
FY12 CE	20.3%	9.8%	34.7%	14.0%	14.7%	17.5%

As of 2/20/2013

Source: 会社資料及びダイナムについてはARJ予想 Company's data and Estimates on Dynam by ARJ

Risks

We discuss the risk factors for the company below, however ARJ's estimates do not include any of these. In particular, we recommend being aware of the currency risk.

[Consumption Tax Hike]

In the short-term, this is likely the biggest risk. In past cases of the introduction of the consumption tax and consumption tax increases, the pachinko hall industry did not pass on these increases. In other words pachinko halls absorbed the entire tax increase. During these instances, the industry was still experiencing growth and was able to absorb the increases, however this approach will be more difficult this time with the industry contracting. The company's gross receipts of ball rentals is ¥900bn to ¥1trn, so 3% is equivalent to ¥30bn, and 5% ¥50bn of profits disappearing. Since this is unrealistic, the company is likely to pass this on to consumers.

Specifically, options to secure hall GP include adjusting ball rental rates or changing rates of conversion to cash. However, consensus agreement has yet to be reached in the industry. Also, all other operators are unlisted, so in theory they do not need to worry about profit growth per se. Even if absorbing the total increase is not possible, in the event some halls go for absorbing some of the tax hike themselves, the company may be forced to deal with this in some fashion.

[Foreign Currency Risk]

The company is a completely domestic enterprise, so there is no business impact from currency. However, when the company listed on the HSE and issued new shares, of course these were paid in HKD, and the company currently has ¥15.8bn of HKD cash deposits. This is translated into yen at the exchange rate on the last day of the term, and translation gains/losses can impact the P/L. A 10% fluctuation would have an impact of ¥1.58bn.

In the 1H of FY3/13, the company booked a forex translation loss of ¥0.23bn, but the sharp weakening of the yen after that is raising the likelihood of a translation gain at the end of the term. This is determined by the exchange rate at the end of March, so nothing is definite, however the current rate is now roughly 20% weaker than the end of September, which would result in a hefty gain.

Since translation gains are booked in sales under IFRS accounting, OP would also get a boost. However, this is only stated sales and OP, and does not represent a large cash inflow. Therefore we believe there is a high likelihood this will not be reflected in the dividend, and for that reason is not incorporated in our estimates.

Further, although completely unrelated to the company's fundamentals, currency fluctuation also impacts the share price itself. Because DPS is set in JPY, it is critical to be aware of currency fluctuations when considering the dividend yield.

[Laws and Regulations]

The pachinko industry is in practice under the supervision of the National Police Agency, and regulations can change dramatically depending on the will of the government, and there have been a number of cases where this has affected earnings. This will likely remain a risk going forward.

[End of the Ban on Casinos]

Pachinko-related stocks often rise when the topic of ending the ban on casinos comes up. This is because almost all related stocks are machine makers, and expectations rise for a potential brand new customer base. However, for pachinko halls this would be a negative with potential competition from casino slot machines which are similar to pachislot machines. At the very least the stock market may see it that way in the short-term.

However the situation is quite different for Dynam. Since low-priced ¥1 per ball and ¥5 per medallion are its mainstay, its customer base is probably different from the wealthier class that would avail itself to casinos. Also there is no territorial overlap of its suburban roadside halls with candidate sites that have been put forward for Tokyo, Odaiba, and for Osaka, the vicinity of the Kansai International Airport. Of course there are pachinko patrons that will want to check out casinos, however it is difficult to imagine them completely changing over to casinos. Customers would likely return to their pachinko halls in a short period. At the very least we believe the impact on Dynam is limited.

[M&A to Different Sectors]

The company has cited M&A as one option for utilizing funds on hand, and the basic view is other pachinko hall operators in the domestic market, and overseas potentially financials like investment banks. The company is listed in the financial center of Asia in HK, and we are not unsympathetic to how they arrived at this. However, there are not many examples of successful M&A by Japanese firms of overseas financials. Particularly for this company this would dramatically change the risk profile, and should be monitored.

連結損益計算書 Income Statement and Valuation

単位: 百万円 Millions of yen

	10.3	11.3	12.3	13.3E	14.3E	15.3E
総売上高 Total revenue	172,359	176,599	171,650	174,000	177,800	188,100
遊技業収入 Revenue	165,461	169,637	165,078	168,000	171,800	182,100
総店舗数 Total number of halls	331	350	355	362	392	432
既存店舗 Traditional halls	121,840	118,174	110,914	111,500	110,900	110,900
店舗数 Number of halls	176	176	176	176	176	176
ゆったり館 Yuttari kan	41,193	42,378	42,922	44,900	49,400	59,800
店舗数 Number of halls	130	132	135	142	172	212
信頼の森 Shinrai no mori	2,428	9,085	11,242	11,600	11,500	11,400
店舗数 Number of halls	25	42	44	44	44	44
自販機手数料等収入 Other income	6,898	6,962	6,572	6,000	6,000	6,000
Total expenses from operations	136,617	145,986	141,413	143,500	146,800	155,000
店舗営業費用 Hall operating expenses	134,787	144,239	138,785	138,100	141,600	149,600
一般管理費 General & administrative expenses	642	934	1,754	2,800	2,500	2,600
その他営業費用 Other operating expenses	1,188	813	874	2,600	2,700	2,800
営業利益 Profit from operations	35,742	30,613	30,237	30,500	31,000	33,100
金融費用 Finance costs	2,442	2,137	1,833	800	800	800
税引前利益 Profit before tax	33,300	28,476	28,404	29,700	30,200	32,300
税金費用 Income tax expenses	13,086	12,285	12,506	11,400	11,600	12,400
当期純利益 Profit for the period	20,214	16,191	15,898	18,300	18,600	19,900

*As of 2/20/2013

Source: 会社資料およびARJ予想 Company data and Estimates by ARJ

EBITDA	47,144	42,075	41,041	40,600	41,300	43,700
(売上比 % of revenue)						
営業費用 SGA	79.3%	82.7%	82.4%	82.5%	82.6%	82.4%
EBITDA	28.5%	24.8%	24.9%	24.2%	24.0%	24.0%
営業利益 Operating income	21.6%	18.0%	18.3%	18.2%	18.0%	18.2%
経常利益 Ordinary income	20.1%	16.8%	17.2%	17.7%	17.6%	17.7%
当期純利益 Net income	12.2%	9.5%	9.6%	10.9%	10.8%	10.9%
(変化率 Change)						
遊技業収入 Revenue	-	2.5%	-2.7%	1.8%	2.3%	6.0%
営業費用 SGA	-	6.9%	-3.1%	1.5%	2.3%	5.6%
営業利益 Operating income	-	-14.4%	-1.2%	0.9%	1.6%	6.8%
経常利益 Ordinary income	-	-14.5%	-0.3%	4.6%	1.7%	7.0%
当期純利益 Net income	-	-19.9%	-1.8%	15.1%	1.6%	7.0%
ROA	-	17.1%	17.6%	18.6%	18.0%	18.3%
ROE	-	20.6%	17.8%	17.7%	15.8%	15.6%
自己資本比率 Equity ratio	43.1%	51.1%	59.7%	68.9%	71.6%	73.5%
修正EPS Modified EPS(Yen)	27.21	21.80	21.40	24.6	25.0	26.8
修正BPS Modified BPS(Yen)	97	115	126	152	165	179
修正DPS Modified DPS(Yen)	9.6	5.7	4.4	11.5	11.7	12.5

*上場後の発行済み株式数(742,850,360株)で修正 Based on total shares of 742,850,360 after listed

配当性向 Payout ratio	35.4%	26.1%	20.5%	46.7%	46.7%	46.7%
P/E	-	-	-	6.6	6.5	6.1
P/B	-	-	1.29	1.07	0.98	0.90
EV/EBITDA	-	-	-	2.4	2.1	1.7
配当利回り Dividends yield	-	-	-	7.1%	7.2%	7.7%

連結貸借対照表 Balance Sheet

単位: 百万円 Millions of yen

	10.3	11.3	12.3	13.3E	14.3E	15.3E
資産 Assets						
固定資産 Non-current assets						
有形固定資産 Property, plant & equipment	101,191	98,004	95,033	96,030	97,030	98,030
無形固定資産 Intangible assets	1,775	1,678	1,489	1,000	1,000	1,000
繰延税金資産 Deferred tax assets	12,572	11,549	10,864	12,510	12,720	13,610
その他 Others	18,449	20,930	12,204	12,650	12,650	12,650
固定資産合計 Total non-current assets	133,987	132,161	119,590	122,190	123,400	125,290
流動資産 Current assets						
棚卸資産 Inventories	5,981	4,747	4,531	4,090	4,190	4,440
売掛金及び前払い費用等 Prepayments etc.	2,948	2,321	3,415	4,390	4,480	4,750
現金及び預金 Cash and deposit	22,087	17,460	28,524	32,470	38,630	46,200
その他 Others	1,955	10,238	401	500	510	540
流動資産合計 Total current assets	32,971	34,766	36,871	41,450	47,810	55,930
資産合計 Total assets	166,958	166,927	156,461	163,640	171,210	181,220
負債 Liabilities						
流動負債 Current liabilities						
買掛金等 Trade payables	1,459	1,232	1,148	1,390	1,420	1,510
未払金等 Accruals & other payables	19,329	17,600	21,090	24,280	24,680	26,400
有利子負債 Borrowings	26,335	15,439	1,654	1,000	0	0
その他 Others	8,624	10,749	9,492	9,660	9,880	10,470
流動負債合計 Total current liabilities	55,747	45,020	33,384	36,330	35,980	38,380
固定負債 Non-current liabilities						
有利子負債 Borrowings	27,934	22,578	21,583	7,000	5,000	2,000
その他 Others	11,348	13,959	8,020	7,570	7,570	7,570
固定負債合計 Total non-current liabilities	39,282	36,537	29,603	14,570	12,570	9,570
負債合計 Total liabilities	95,029	81,557	62,987	50,900	48,550	47,950
純資産 Net assets						
資本金 Share capital	5,540	6,100	5,000	15,000	15,000	15,000
剰余金 Reserves	66,389	79,270	88,474	112,744	122,661	133,272
純資産合計 Total Equity	71,929	85,370	93,474	112,740	122,660	133,270
負債・純資産合計 Total liabilities and net assets	166,958	166,927	156,461	163,640	171,210	181,220
Source: 会社資料及びARJ予想 Company data and Estimates by ARJ						
自己資本比率 Equity Ratio	43.1%	51.1%	59.7%	68.9%	71.6%	73.5%
現金及び現金同等物合計 Total cash	22,087	17,460	28,524	32,470	38,630	46,200
有利子負債合計 Total debt	54,269	38,017	23,237	8,000	5,000	2,000
純有利子負債 Net cash	-32,182	-20,557	5,287	24,470	33,630	44,200

連結キャッシュフロー分析 Cash Flow Analysis

単位: 百万円 Millions of yen

	10.3	11.3	12.3	13.3E	14.3E	15.3E
営業キャッシュフロー Net cash from operating activities	19,229	33,399	31,906	29,110	29,740	31,070
税引前当期純利益 Profit before tax	33,300	28,476	28,404	29,700	30,200	32,300
減価償却費 Depreciation	11,402	11,462	10,804	10,100	10,300	10,600
運転資本増減 Change in Working Capital	-5,507	-553	2,704	-292	-160	-430
法人税支払額 Tax	-20,429	-6,975	-12,360	-11,400	-11,600	-12,400
その他 Others	463	989	2,354	1,000	1,000	1,000
投資キャッシュフロー Net cash from investing activities	-10,053	-17,248	10,998	-11,100	-11,300	-11,600
固定資産の取得 Purchase of PP&E	-11,133	-6,152	-7,471	-11,100	-11,300	-11,600
その他 Others	1,080	-11,096	18,469	0	0	0
財務キャッシュフロー Net cash used in financing activities	-7,560	-20,778	-31,840	140	-11,680	-12,290
銀行借入金の増加等 Bank loans raised	43,098	13,850	22,000	8,000	0	0
銀行借入金の返済等 Repayment of bank loans	-43,305	-30,527	-37,453	-15,200	-3,000	-3,000
新株発行 Equity finance	0	0	0	15,884	0	0
配当金支払 Dividends paid	-7,242	-4,295	-4,885	-8,543	-8,683	-9,290
その他 Others	-111	194	-11,502	0	0	0
為替換算調整額 Effect of exchange rate changes	0	0	0	0	0	0
フリーキャッシュフロー FCF	1,616	-4,627	11,064	18,150	6,760	7,180

Source: 会社資料およびARJ予想 Company data and Estimates by ARJ



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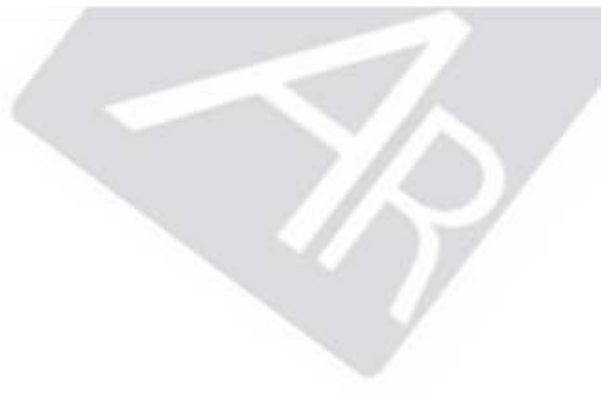
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新規 Short： 新規に売りを推奨

継続 Long： 新規の買いで推奨中、継続して買いを推奨

継続 Short： 新規の売りで推奨中、継続して売りを推奨

ポジション・クローズ（Long/Short）：

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Research Report： 6～12カ月

Sales Note： 6カ月以内

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