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## Reference: Strategies by Segment

## Consolidated Subsidiaries: Results & Forecasts

(¥100mIn)

Overseas	FY3/06 Results				FY3/07 Forecasts			
	Sales	Y-O-Y	O.P.	Y-O-Y	Sales	Y-O-Y	O.P.	Y-O-Y
<b>U.S.A.</b>	83.7	100.5%	9.0	119.1%	93.7	111.9%	12.2	136.0%
Hong Kong	36.1	137.8%	1.8	107.8%	41.1	113.9%	2.6	139.0%
Taiwan	13.7	116.0%	2.2	166.7%	12.1	88.8%	2.4	107.7%
Korea	6.2	135.9%	1.4	148.2%	7.2	117.6%	1.7	125.0%
China	1.2	—	-0.1	—	1.5	128.6%	0.0	—
<b>Asia</b>	57.2	134.3%	5.3	134.7%	61.9	108.6	6.7	125.4%
<b>Europe</b>	22.4	135.0%	3.6	185.7%	24.1	107.7%	4.4	119.7%

Domestic	FY3/06 Results				FY3/07 Forecasts			
	Sales	Y-O-Y	O.P.	Y-O-Y	Sales	Y-O-Y	O.P.	Y-O-Y
Sanrio Puroland	59.5	107.3%	3.1	181.3%	67.9	114.2%	7.0	227.6%
Harmony Land	18.6	109.0%	1.3	751.7%	21.2	113.8%	2.0	148.7%
Sanrio Far East	35.0	110.9%	2.5	261.1%	38.0	108.6%	2.3	89.0%

## Domestic Sales (Number of Shops)

As of March 31st, 2006	Number of shops
<b>Gift gates (company-operated)</b>	<b>164</b>
<b>Department stores (Company-operated)</b>	<b>149</b>
Department stores (inventory-basis)	60
Chain stores	960
Specialty stores	150
Total	1,483

Sales comparison to FY3/05

( Company-operated shops)

Sales	All stores	101%
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Existing stores	94%
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### Aeon Miyazaki Gift Gate

Opened in May 2005  
Shop space: 12 m<sup>2</sup>



### Aeon Tomakomai Gift Gate

Opened on April 23, 2005  
Shop space: 9 m<sup>2</sup>



The first Kitty Gate in Hokkaido

### Hamamatsu-Ichino Gift Gate

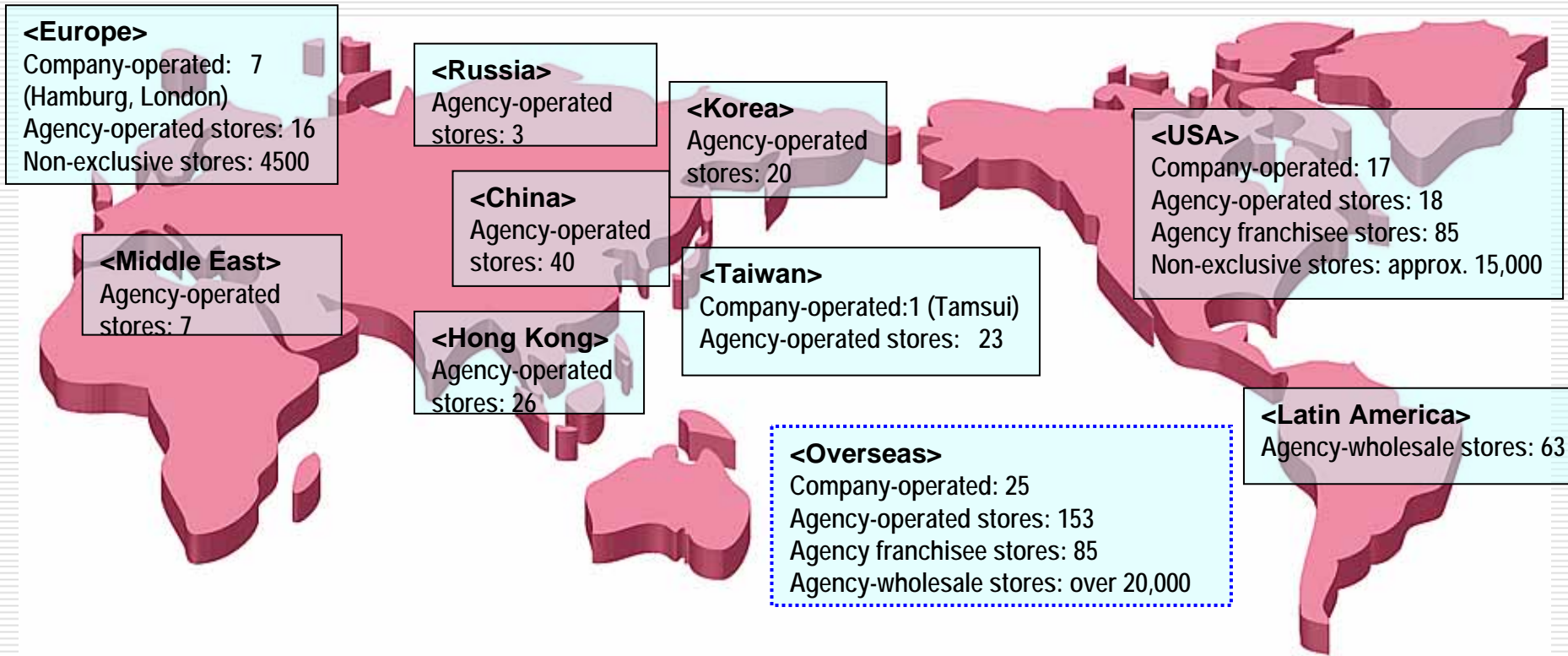
Opened in June 2005  
Shop space: 15 m<sup>2</sup>



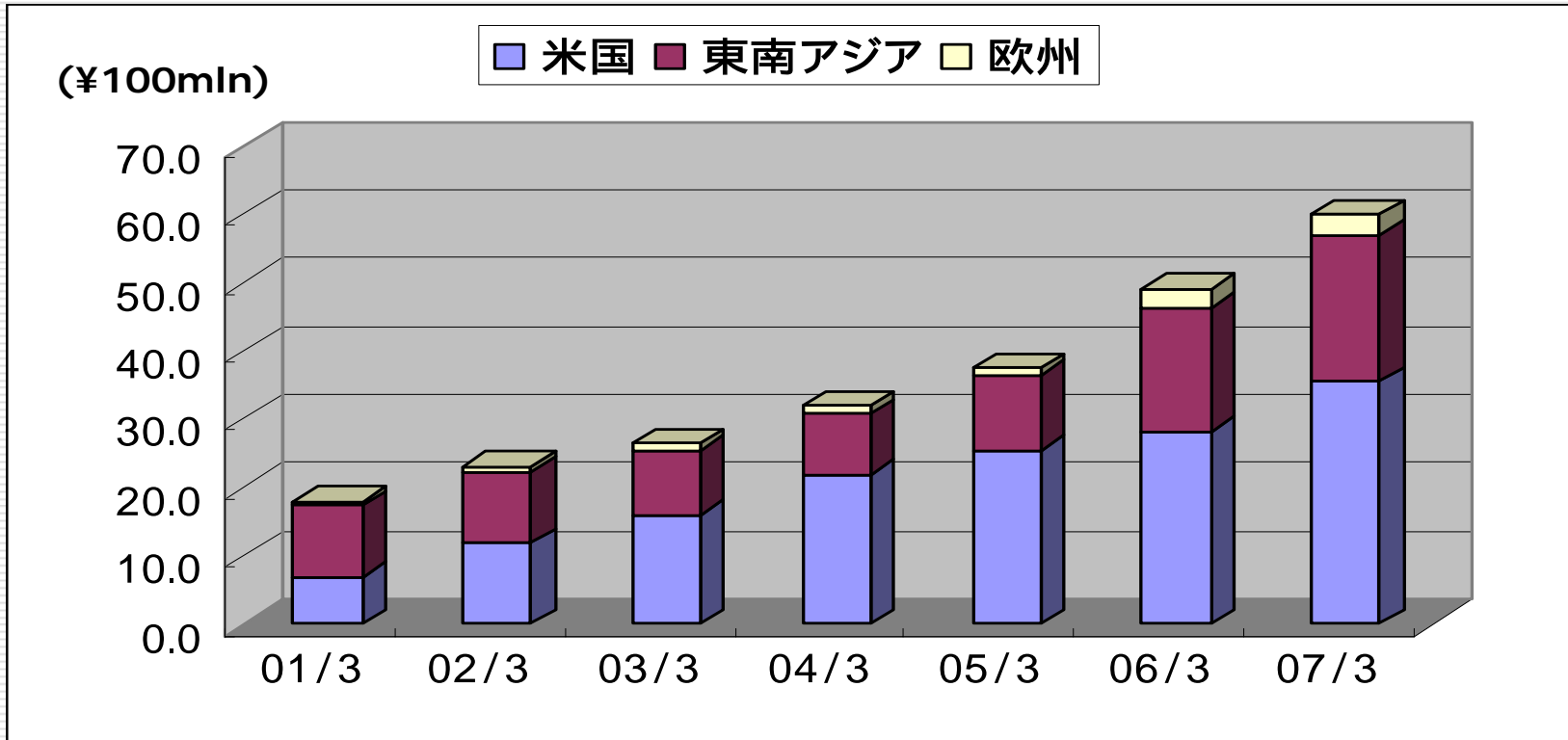
# Overseas Distribution Network and Sales

(¥100mln)

	FY3/04	Y-O-Y	FY3/05	Y-O-Y	FY3/06	Y-O-Y
<b>Overseas sales</b>	<b>186</b>	<b>108%</b>	<b>153</b>	<b>82%</b>	<b>165</b>	<b>108%</b>
<b>North America</b>	<b>121</b>	<b>105%</b>	<b>80</b>	<b>66%</b>	<b>76</b>	<b>95%</b>
<b>Other regions</b>	<b>64</b>	<b>115%</b>	<b>72</b>	<b>112%</b>	<b>88</b>	<b>124%</b>
<b>Overseas sales ratio</b>	<b>18%</b>	<b>+2%</b>	<b>15%</b>	<b>3%</b>	<b>17%</b>	<b>+2%</b>



## Overseas Licensing Sales



(¥100mIn)

	01/3	02/3	03/3	04/3	05/3	06/3	07/3(E)
USA	7.0	12.0	16.0	22.0	25.6	28.2	35.5
SE Asia	10.4	10.3	9.5	8.8	10.9	18.2	21.6
Europe	0.6	0.9	1.0	1.2	1.1	2.9	3
TOTAL	18.0	23.2	26.5	32.0	37.6	49.3	60.1

# Sanrio Puroland: Results and Forecasts

(¥100mln)

Sanrio Puroland		FY3/06 Results	vs. Plan		vs. FY3/05			FY3/07(E)		
			Initial Plan	Increase	FY3/06 Results	Increase	Change y-o-y	Plan	vs. FY3/06	
									Increase	Change y-o-y
Average spending per visitor	Visitors	91.9	92.5	0.6	89.2	2.7	3.0%	98.0	6.1	6.6%
	Total spending (Yen)	5,230	5,455	225	5,145	85	1.7%	5,375	145	2.8%
	Entrance fee (Yen)	2,300	2,481	181	2,263	37	1.6%	2,341	41	1.8%
	Products (Yen)	1,934	1,942	8	1,908	26	1.4%	2,000	66	3.4%
	Foods, beverage(Yen)	995	1,033	38	974	21	2.2%	1,034	39	3.9%
In-site revenues (Yenbln)		48.3	50.7	2	46.2	2.1	4.5%	53.0	4.7	9.7%
Off-site revenues (Yenbln)		11.1	11.1	0	9.2	1.9	20.4%	14.9	3.8	33.8%
Sales (Yenbln)		59.5	61.9	2	55.4	4.1	7.3%	67.9	8.4	14.2%
Gross profit (Yenbln)		39.4	42.9	3	37.3	2.1	5.7%	45.5	6.0	15.3%
SG&A expenses (Yenbln)		36.4	35.0	1	35.6	0.8	2.1%	38.5	2.1	5.8%
Operating profit (Yenbln)		3.1	7.9	5	1.7	1.4	81.2%	7.0	3.9	127.6%
Gross profit margin		33.7%	30.7%	+3.0%	32.7%	+1.0%		33.0%	0.7%	

**FY3/06 results** : Visitors up 3%; average spending +1%; sales up ¥0.2bln; advertising revenues up ¥0.2bln; total sales up ¥0.4bln; O.P. up ¥0.1bln

**vs. Plan** : Visitors in line; average spending 4% less; sales ¥0.2 bln less; O.P. ¥0.5bln less due to higher cost of sales for launching a new show and more expenses

**FY3/07 forecasts:** Visitors up 6%; average spending + 2%; sales up ¥0.4 bln; corporate marketing proposal up ¥0.3 bln; total sales up ¥0.8 bln; O.P. up ¥0.3 bln

# Sanrio Harmony Land: Results and Forecasts

(¥100mln)

Harmony Land		FY3/06 Results	vs. Plan		vs. FY3/05			Plan	FY3/07(E) vs. FY3/06	
			Initial Plan	Increase	FY3/06 Results	Increase	Change y-o-y		Increase	Change y-o-y
Average spending per visitor	Visitors	35.1	38.0	2.9	34.0	1.1	3.2%	39.0	3.9	11.1%
	Total spending (Yen)	4,576	4,733	157	4,569	7	0.2%	4,783	207	4.5%
	Entrance fee (Yen)	2,114	2,167	53	2,110	4	0.2%	2,204	90	4.3%
	Products (Yen)	1,641	1,742	101	1,679	38	2.3%	1,745	104	6.3%
	Foods, beverage(Yen)	820	824	4	779	41	5.3%	834	14	1.7%
In-site revenues (Yenbln)		16.1	18.0	1.9	15.5	0.5	3.4%	18.7	2.6	16.5%
Off-site revenues (Yenbln)		2.5	2.6	0.1	1.5	1.0	65.9%	2.5	0.0	1.4%
Sales (Yenbln)		18.6	20.6	2.0	17.1	1.5	9.0%	21.2	2.6	13.8%
Gross profit (Yenbln)		12.7	14.1	1.4	11.2	1.5	13.2%	15.0	2.3	17.9%
SG&A expenses (Yenbln)		11.4	11.6	0.2	11.1	0.3	2.9%	13.0	1.6	14.2%
Operating profit (Yenbln)		1.3	2.5	1.2	0.2	1.2	652.0%	2.0	0.7	48.7%
Gross profit margin		31.6%	31.6%	+0.0%	34.2%	2.6%		29.2%	2.4%	

**FY3/06 results** : Number of visitors +3%; average spending +0.2%; sales up ¥60 mln; advertising revenues up ¥0.1bln; total sales up ¥0.1bln; O.P. up ¥0.1bln

**vs. plan** : Number of visitors down 8% due to record-cold winter; average spending down 3% ; sales ¥0.2 bln less; O.P. ¥0.1bln less due to higher cost of sales

**FY3/07 forecasts:** Number of visitors +11%; average spending + 4%; sales up ¥0.2 bln; O.P. up ¥70 mln

## Segment (1) Product Sales: Measures & Strategies

Theme	FY3/06 What we achieved	FY3/07 What we plan to do	Long-term strategies
Direct-operated stores: scrap & build	<ul style="list-style-type: none"> <li>❑ Opened: 10 stores</li> <li>❑ Closed: 16 stores</li> <li>❑ Net decrease: 6 stores</li> </ul>	<ul style="list-style-type: none"> <li>❑ Open: 11 stores</li> <li>❑ Close: 11 stores plus 1 store within department store</li> <li>❑ Net decrease: 1 store</li> </ul>	<ul style="list-style-type: none"> <li>❑ More high-priced items. Open stores in station buildings (Traditional stores are in shopping centers).</li> </ul>
Review interiors & product strategies at existing stores	<ul style="list-style-type: none"> <li>❑ Product differentiation by store format</li> <li>❑ Dep't stores: Installed special displays of products for "Mom &amp; Kids" at 76 stores</li> <li>❑ Direct-operated stores: licensing products' sales up ¥0.4 bln, +28% y-o-y</li> </ul>	<ul style="list-style-type: none"> <li>❑ Product differentiation by store format</li> <li>Promote young staff in charge of direct-owned stores, shops in dep't store, and GMS</li> <li>Strengthen product planning</li> <li>Introduce products designed for overseas market</li> </ul>	<ul style="list-style-type: none"> <li>❑ Review store concept</li> <li>• Families (traditional style)</li> <li>• Young professionals</li> <li>• Brand apparels</li> <li>• Brand accessories</li> <li>• Confectionery, etc.</li> </ul>
Develop new-concept stores for broadening customer base	<ul style="list-style-type: none"> <li>❑ Plan to develop new concept stores: Negotiations under way with a famous foreign designer</li> </ul>	<ul style="list-style-type: none"> <li>❑ Plan to open a new concept store of apparels and confectionery for adults in the 2<sup>nd</sup> half</li> </ul>	

## Segment (2) Licensing: Measures & Strategies

Theme	FY3/06 What we achieved	FY3/07 What we plan to do	Long-term strategies
Characters	<ul style="list-style-type: none"> <li>❑ 3 popular characters: sales growth               <ul style="list-style-type: none"> <li>”Cinnamoroll” : sales grew 3x</li> <li>”Charmmy Kitty”: sales grew 6x</li> <li>”Sesame Street”: sales grew 4x</li> </ul> </li> <li>❑ “Hello Kitty” lost its share in licensing transactions by 6%</li> </ul>	<ul style="list-style-type: none"> <li>❑ Continued expansion of the 3 popular characters</li> <li>❑ “Licensing-out” characters for corporate advertising</li> </ul>	<ul style="list-style-type: none"> <li>❑ Acquire domestic licensing rights for other companies’ popular characters, in addition to fostering Sanrio’s core characters.</li> <li>❑ A share of “Hello Kitty” in total licensing revenues to reduce from the present 66%.</li> </ul>
Collaborations	<ul style="list-style-type: none"> <li>❑ More collaboration with popular fashion brands (“ANNA SUI”, “RODY”)</li> <li>❑ “Impressive selection” series: Developed “Impressive plus” foods (Kitty explains special contents)</li> </ul>	<ul style="list-style-type: none"> <li>❑ More collaboration with popular fashion brands (i.e., “Sakai Noriko”)</li> <li>❑ “Impressive plus” characters: Enhance sales channels to CVS, drug stores</li> <li>❑ Corporate marketing: Mitsubishi Motors</li> </ul>	<ul style="list-style-type: none"> <li>❑ More collaboration with major companies and fashion brands</li> <li>❑ Expand licensing partners from traditional manufacturers to service industries (credit card companies, store interiors, etc.)</li> </ul>
Revitalizing existing characters	<ul style="list-style-type: none"> <li>❑ New products from TV animation program version of “My Melody”: profit growth of 1.5x</li> <li>❑ Animation programs and books on new “Kero Kero Keroppi”</li> <li>❑ Launched 30<sup>th</sup> anniversary series of “Little Twin Stars”</li> </ul>	<ul style="list-style-type: none"> <li>❑ 2<sup>nd</sup> year on TV animation programs of “My Melody”: Expand product sales</li> <li>❑ Collaboration of “Kuromi” featured in the above program with “Akiba Maid Café”</li> <li>❑ Continue development of new “Kero Kero Keroppi”</li> </ul>	<ul style="list-style-type: none"> <li>❑ Revitalize existing characters with new methods</li> </ul>

## Segment (3) Theme Parks: Measures in Sanrio Puroland

Theme	FY3/06 What we achieved	FY3/07 What we plan to do	Long-term strategies
Increase number of visitors	<ul style="list-style-type: none"> <li>❑ Increase in visitors by 27,000 or 3%, thanks mainly to popularity of “Cinnamoroll”</li> <li>❑ Increase in girls by 34,000 (some double-counting with general visitor numbers), thanks to new “Love &amp; Berry”</li> <li>❑ Increase in boys by 7,000, thanks to new “Mushi King”</li> <li>❑ Increase in foreign visitors in group, up 2,000</li> </ul>	<ul style="list-style-type: none"> <li>❑ Visitor growth by 61,000 or 6%</li> <li>❑ 14,000 more visitors, thanks to more value-added attraction               <ul style="list-style-type: none"> <li>New digital collection game “Hello Kitty Visits Various Countries”</li> <li>New musical “Nutcrackers”</li> <li>New 3D theater “Dejimon”</li> <li>Extended attraction of “Love &amp; Berry” (from 5 weeks to 12)</li> </ul> </li> <li>❑ Corporate promotional visits up 14,000</li> <li>❑ Group visits (from companies, kindergartens) - up 10,000</li> <li>❑ Foreign groups - up 9,000</li> <li>❑ Through corporate route - up 7,000</li> </ul>	<ul style="list-style-type: none"> <li>❑ Create and distribute various contents, as a production studio and theater park operator which own live shows and AV contents</li> </ul>
Raise spending per customer	<ul style="list-style-type: none"> <li>❑ Average spending per visitor up 1%</li> <li>❑ Average ticket price up 1% with revised discount rate charges</li> <li>❑ Average product sales up 1%, thanks to “Cinnamoroll”, “Mushi King”, and “Love &amp; Berry”</li> <li>❑ Average food/beverage sales up 2%. Opened “Cinnamoroll” café</li> </ul>	<ul style="list-style-type: none"> <li>❑ Average spending per visitor up 2%</li> <li>❑ Average ticket price up 2% with new premium shows and less discount</li> <li>❑ Average product sales up 3%. Additional sales space for products featuring shows and events (May and December)</li> <li>❑ Average food/beverage sales up 4%. More dinner shows (June and Nov.)</li> </ul>	<ul style="list-style-type: none"> <li>❑ Value-added products and services</li> </ul>
Diversify outside revenue sources (i.e., contents, ads)	<ul style="list-style-type: none"> <li>❑ Outside revenues rose 20% y-o-y.</li> <li>❑ ¥50 mln sales in IT game software developed by Puroland</li> <li>❑ Character/event sales to corporations (¥50 mln)</li> </ul>	<ul style="list-style-type: none"> <li>❑ Grow outside revenues by 33%</li> <li>❑ Character/event sales to corporations : TEPCO, ECC, East Nippon Expressway Company</li> <li>❑ More outside performance; more events in the Puroland dome</li> <li>❑ More collaboration events with other companies’ characters</li> </ul>	<ul style="list-style-type: none"> <li>❑ Diversify outside revenues</li> </ul>

## Segment (3) Theme Parks: Measures in Harmony Land

Theme	FY3/06 What we achieved	FY3/07 What we plan to do	Long-term strategies
Increase number of visitors	<ul style="list-style-type: none"> <li>❑ Number of visitors up 11,000 or 3% thanks to “Cinnamoroll”</li> <li>❑ Night visitors up 7,000 (night operations: 47 days vs. 33 days in FY3/05)</li> <li>❑ Overseas group visits up 6,000, led by groups from Taiwan and Korea</li> <li>❑ Record-cold winter: 10,000 fewer visitors in October-December</li> </ul>	<ul style="list-style-type: none"> <li>❑ Number of visitors up 39,000 or 11%</li> <li>❑ More three day weekends; 14,000 more visitors (Culture Day, National Foundation Day)</li> <li>❑ Value-added attractions; 10,000 more visitors               <ul style="list-style-type: none"> <li>”Cinnamoroll” show (March)</li> <li>15<sup>th</sup> anniversary parade (July)</li> <li>New 3D theater play (July)</li> </ul> </li> <li>❑ Extended night operations; 7,000 more visitors</li> <li>❑ Release of “My Melody” animation program in local TV . Related new show launch in April</li> </ul>	<ul style="list-style-type: none"> <li>❑ 15<sup>th</sup> anniversary project (FY3/07): Renewed show, parade, attractions</li> <li>❑ Successful local broadcasting of TV animation program with “My Melody”</li> <li>❑ Attract boys</li> </ul>
Raise spending per customer	<ul style="list-style-type: none"> <li>❑ Average sales per visitor up 0.2%</li> <li>❑ Average ticket sales up 0.2%, thanks to more individual visitors</li> <li>❑ Average product sales down 2%</li> <li>❑ Average food/beverage sales up 5%, thanks to new “Cinnamon terrace” and more night visitors</li> </ul>	<ul style="list-style-type: none"> <li>❑ Average sales per visitor up 4%</li> <li>❑ Average ticket sales up 4%, with a new 3D theater play</li> <li>❑ Average product sales up 6%, thanks to launch of the new parade-related products</li> <li>❑ Average food/beverage sales up 1%, with introduction of the new show-related menus and an increase in night visitors</li> </ul>	<ul style="list-style-type: none"> <li>❑ Sell 15<sup>th</sup> anniversary goods</li> <li>❑ More plans to raise pricing in night operation</li> </ul>
Diversify outside revenue sources (i.e., contents, ads)	<ul style="list-style-type: none"> <li>❑ Outside revenues up 65%</li> <li>❑ Outside performance revenues up 15%</li> </ul>	<ul style="list-style-type: none"> <li>❑ Outside revenues unchanged</li> <li>❑ Maintain the same measures as FY3/06</li> </ul>	

## Segment (4) Overseas: Measures & Strategies

Theme	FY3/06 What we achieved	FY3/07 What we plan to do	Long-term strategies
Enhance licensing business and profits	<ul style="list-style-type: none"> <li>❑ Overseas royalty revenues up 31%</li> <li>❑ Asia up 68%</li> <li>❑ Acquired big contract to supply Taiwan Seven Eleven</li> <li>❑ America up 10%</li> <li>❑ Europe up 164%</li> <li>❑ Expanded licensing partners</li> <li>❑ Credit cards (U.S.A.)</li> <li>❑ Airlines (Taiwan)</li> <li>❑ Consumer electronics (Europe)</li> </ul>	<ul style="list-style-type: none"> <li>❑ Overseas royalty revenues up 22%</li> <li>❑ Asia up 19%</li> <li>❑ America up 23%</li> <li>❑ Europe up 3%</li> <li>❑ Keep expanding licensing partners (i.e., foods in America and fashion makers in Europe)</li> </ul>	<ul style="list-style-type: none"> <li>❑ USA: licensing or tie-ups in media, music, shows, education, and theme parks.</li> </ul>
Build supply channels, expand business	<ul style="list-style-type: none"> <li>❑ Strengthened distribution facilities in Germany</li> <li>❑ Consolidated purchasing function in China to a newly-established subsidiary in HK</li> <li>❑ China: Agency opened 27 stores</li> <li>❑ Brazil: strengthened distribution facilities</li> </ul>	<ul style="list-style-type: none"> <li>❑ China: The agency plans to aggressively open 43 stores (to 70 by year-end).</li> <li>❑ Middle East, Europe, Russia, etc. The agencies will open 4 stores (to 37 by year-end)</li> <li>❑ Brazil: Strengthen management</li> </ul>	<ul style="list-style-type: none"> <li>❑ Develop untapped markets: Middle East, Russia, India, South Africa, etc.</li> </ul>

## Segment (5) Contents & Other Businesses: Measures

Theme	FY3/06 What we achieved	FY3/07 What we plan to do	Long-term strategies
Enhance lotto business at CVS and catalogue sales	<ul style="list-style-type: none"> <li>❑ Lotto business at convenience stores using Sanrio's and other characters</li> <li>Consumer price-based sales of ¥5.8 bln, up 45% yoy, thanks to large lot sales to Seven Eleven and higher priced lotto for New Year</li> </ul>	<ul style="list-style-type: none"> <li>❑ Expand lotto business: Introduce ¥1000 lotto in addition to ¥500 lotto during summer bonus and dividend payment season</li> <li>❑ Strengthen catalogue sales. Introduce more items. Increase catalogue pages from 36 to 52.</li> </ul>	<ul style="list-style-type: none"> <li>❑ Evolve into a content production/distribution company</li> </ul>
Tie-up with Universal Studios Japan	<ul style="list-style-type: none"> <li>❑ Sales growth in US J. Expand the sales space to 21 m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>❑ "Kitty" to appear in new show and parade</li> <li>❑ Deformed design "ET" merchandize</li> </ul>	<ul style="list-style-type: none"> <li>❑ Expand collaboration: ex. Renew USJ's character designs by Sanrio</li> </ul>
Develop new concept shops	<ul style="list-style-type: none"> <li>❑ "Expo 2005 Aichi" - Supplied official goods and acquired licensing trade (profit gain of ¥200 mln)</li> </ul>	<ul style="list-style-type: none"> <li>❑ Supply official goods to FIBA World Championship 2006 (Sanrio's "BAD BADTZ-MARU" character is adopted.)</li> <li>❑ Collaboration of "Kitty" with the Takarazuka Revue</li> </ul>	<ul style="list-style-type: none"> <li>❑ Collaborate for large-scale events in various areas</li> </ul>
Content business	<ul style="list-style-type: none"> <li>❑ Create DVDs from movie contents. Sell less-expensive DVDs at book stores, CVS, and record shops</li> </ul>	<ul style="list-style-type: none"> <li>❑ Make a new animation movie (launch in winter of 2007)</li> </ul>	<ul style="list-style-type: none"> <li>❑ Primary and secondary utilization of movie contents</li> </ul>

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**Fractions less than ¥1 million have been omitted.**

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