



# **Briefing on Business Results**

## **-FY2016-**

(From April 1, 2015 to March 31, 2016)

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**RISO KAGAKU CORPORATION**

May 11, 2016

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## ■ Notes on the descriptions in this briefing

The amounts indicated have been rounded down to a million yen unless otherwise noted.

## ■ A note on the description relating to forecasts

The following statements, including forecasts, contained in these materials are based on information currently available to the Company. Actual business may differ substantially from the forecasts due to various factors in the future.



# 1. Corporate Data (as of March 31, 2016)

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■ Corporate Name	RISO KAGAKU CORPORATION
■ President & CEO	Akira Hayama
■ Head Office	5-34-7 Shiba, Minato-ku, Tokyo 108-8385, Japan
■ Established	September 2, 1946
■ Incorporated	January 25, 1955
■ Paid-in Capital	¥14,114,985,384
■ Group Employees	3,563
■ Group Subsidiaries	28 (Domestic: 2 Overseas: 26)



## 2. Business Outline and Domains

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### Printing equipment business

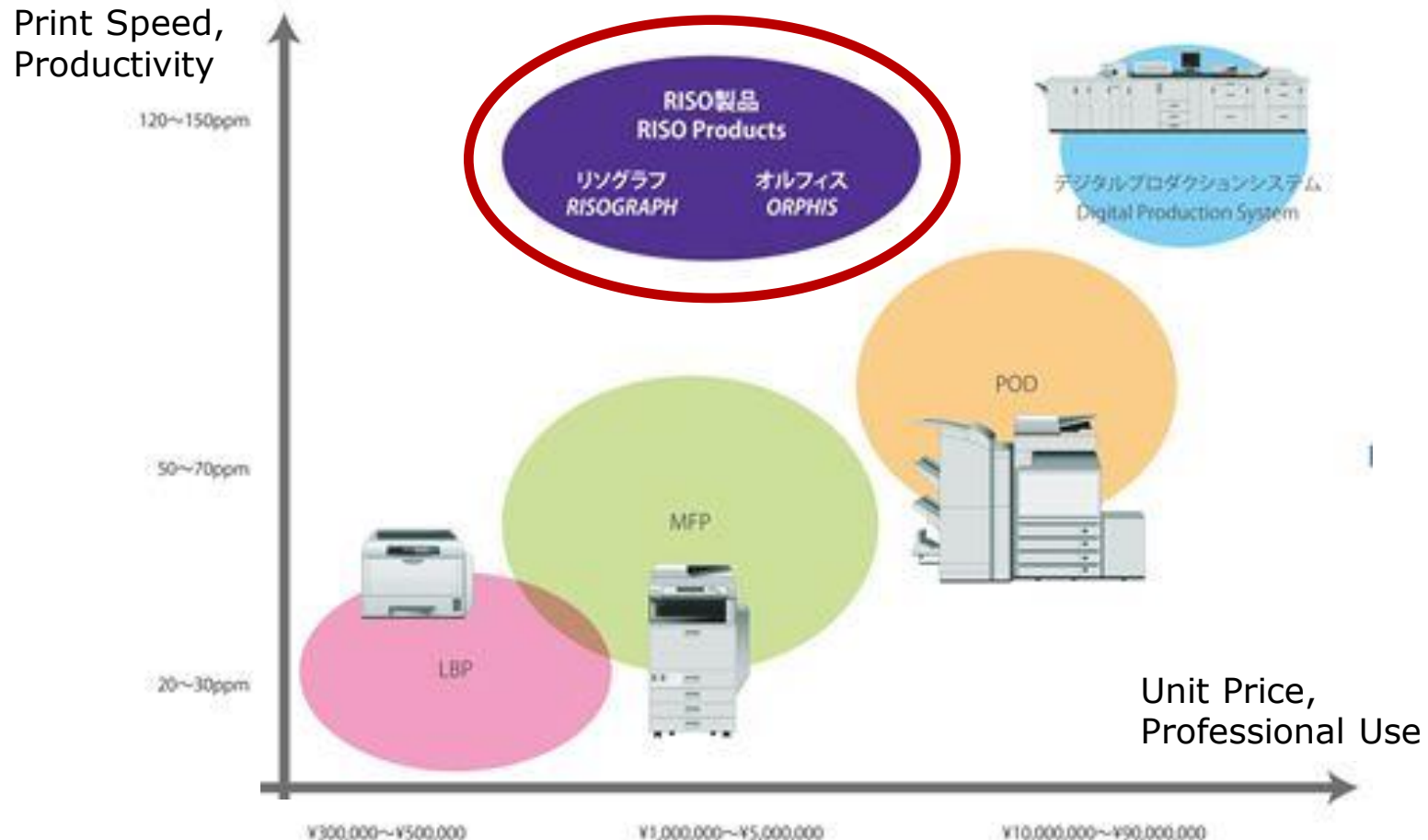
- Inkjet Business:  
Full Color Inkjet Printer **ORPHIS**
- Digital Duplicating Business:  
High Speed Digital Duplicator **RISOGRAPH**



### Real estate business and others

- Real Estate Business
- Print creating business

## 2. Business Outline and Domains



**Deployment of original products with fast printing speed, low running cost, and easy operation as their strengths**



### 3. FY2016 Consolidated Financial Results

- Net sales down slightly
- Operating income fell due to the effects of exchange rate.

(Millions of Yen)

	FY2016	FY2015	Difference (year-on-year)		Calculated with exchange rates of the previous year
			Amount	Growth%	Growth%
Net sales	85,454	85,674	-219	-0.3%	-0.6%
Gross profit	49,814	49,939	-125	-0.3%	0.3%
(Gross profit ratio)	(58.3%)	(58.3%)			
Selling, general and administrative expenses	43,262	43,100	162	0.4%	-0.1%
Operating income	6,551	6,839	-287	-4.2%	3.0%
(Operating income ratio)	(7.7%)	(8.0%)			
Ordinary income	6,476	6,999	-523	-7.5%	
Profit attributable to the owner of parent	5,267	5,624	-356	-6.3%	
ROE	7.8%	8.4%			
Exchange Rates	1US\$	¥120.14	¥109.93		
	1Euro	¥132.58	¥138.77		



# 3. FY2016 Consolidated Financial Results

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## Net sales

- Sales: ¥85,454 million, down ¥219 million YOY (forex impact ¥321 million)
- Inkjet business represents 45.3% of consolidated sales.
- Overseas sales represent 43.2% of consolidated sales.

## Gross profit

- Gross profit: ¥49,814 million, down ¥125 million YOY (forex impact -¥296 million)
- Gross profit ratio: 58.3% (same as last year's figure)



# 3. FY2016 Consolidated Financial Results

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## Selling, general and administrative exp.

- SG&A: ¥43,262 million, up ¥162 million YOY (forex impact ¥195 million)
- The amortization of goodwill that arose as a result of the transfer of the inkjet business to the Company came to an end in the previous fiscal year.
- Selling expenses in Asia and R&D costs increased.
- SG&A ratio: 50.6% (up 0.3 points YOY)

## Operating income

- Operating income: ¥6,551 million, down ¥287 million YOY (forex impact -¥491 million)
- Operating income ratio: 7.7% (down 0.3 points YOY)

## Net income

- Net income: ¥5,267 million, down ¥356 million YOY
- Booked 1,181 million yen in extraordinary income associated with the sale of the Shin-Osaka Building





# 3. FY2016 Consolidated Financial Results

## Net sales

■ Printing equipment business : down 0.2 points YOY

▪ Japan : down 1.0 points YOY

▪ Overseas : up 1.0 points YOY

(Millions of Yen)

	FY2016		FY2015		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	84,063	98.4%	84,195	98.3%	-132	-0.2%
Japan	47,276	55.3%	47,778	55.8%	-501	-1.0%
Overseas	36,787	43.1%	36,417	42.5%	369	1.0%
Americas	6,195	7.3%	5,797	6.8%	397	6.9%
Europe	15,555	18.2%	17,547	20.5%	-1,991	-11.4%
Asia	15,035	17.6%	13,072	15.3%	1,963	15.0%
Real estate business & others	1,391	1.6%	1,478	1.7%	-87	-5.9%



# 3. FY2016 Consolidated Financial Results

## Operating income

■ Printing equipment business : down 2.2 points YOY

▪ Japan : down 10.2 points YOY

▪ Overseas : up 32.6 points YOY

(Millions of Yen)

	FY2016		FY2015		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	6,275	7.5%	6,415	7.6%	-140	-2.2%
Japan	4,674	5.5%	5,208	6.1%	-533	-10.2%
Overseas	1,600	1.9%	1,207	1.4%	393	32.6%
Americas	-300	—	-534	—	233	—
Europe	665	0.8%	1,105	1.3%	-440	-39.8%
Asia	1,236	1.4%	636	0.7%	600	94.3%
Real estate business & others	276	0.3%	423	0.5%	-147	-34.8%



# 4. FY2016 Consolidated Balance Sheet

(millions of Yen)

Items	FY2016	FY2015	Items	FY2016	FY2015
Current assets	<b>50,938</b>	<b>51,988</b>	Current liabilities	<b>22,198</b>	<b>22,682</b>
Cash and deposits	16,943	14,074	Notes and accounts payable-trade	10,538	10,323
Notes and accounts receivable-trade	15,257	15,877	Income taxes payable	907	488
Short-term investment securities	3,430	5,120	Other	10,752	11,871
Merchandise and finished goods	7,740	9,232	Noncurrent liabilities	<b>3,591</b>	<b>2,709</b>
Raw materials and supplies	2,728	2,924	Net defined benefit liability	3,130	2,277
Work in process	730	606	Other	460	432
Other	4,107	4,153	<b>Total liabilities</b>	<b>25,789</b>	<b>25,392</b>
Noncurrent assets	<b>40,730</b>	<b>42,350</b>	Shareholders' equity	<b>67,506</b>	<b>67,255</b>
Total property, plant and equipment	32,343	32,790	Retained earnings	50,287	46,837
Intangible assets	2,671	3,299	Treasury stock	△11,675	△ 8,475
Investments and other assets	5,715	6,260	Other	28,894	28,894
			Accumulated other comprehensive assets	<b>△1,627</b>	<b>1,690</b>
			<b>Total net assets</b>	<b>65,879</b>	<b>68,946</b>
<b>Total assets</b>	<b>91,669</b>	<b>94,338</b>	<b>Total liabilities and net assets</b>	<b>91,669</b>	<b>94,338</b>



# 5. FY2016 Activity Overview

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## Management Policies for FY2016

1. Expand new sales channels and acquire new accounts worldwide
2. Accelerate RISO overseas business by focusing on potential regions
3. Develop next-generation products
4. Proceed to the next phase of the new production structure
5. Focus on human resource development to enhance the managerial and leadership capabilities of RISO employees

# 5. FY2016 Activity Overview

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## ■ Inkjet Business

### NEW ORPHIS series launched

- Compact : just two-thirds width of the earlier model



ORPHIS FW5230

## ■ Digital Duplicating Business

### New RISOGRAPH models for emerging nations launched

- Same resolution as high-end machines
- Ease of operation improved due to adoption of LCD panel



RISO CV3230

## 5. FY2016 Activity Overview

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- Established new sales subsidiaries to expand sales in printing equipment business

**Republic of Singapore**    Trading name : RISO (SG) PTE. LTD.

Established    : April 2015

**Republic of Turkey**    Trading name : RISO TURKEY BASKI COZUMLERI A.S.

Established    : September 2015



## 6.Review the 5th Medium-term Management Plan “ RISO Vision 16”

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The 5th Medium-term Management Plan “RISO Vision 16”  
(From April 1, 2013 to March 31, 2016)

### 【Management Objectives】

Energize corporate activities through individual ideas and action to expand sales channels and gain new customers worldwide

### 【Financial Target】

Consolidated net sales	: ¥86 billion
Consolidated operating income	: ¥7 billion
ROE	: 7%

\*Exchange rates: 1US dollar: ¥90.00, 1euro: ¥116.00



## 6. Review the 5th Medium-term Management Plan “RISO Vision 16”

(Millions of Yen)

		FY2013	FY2014	FY2015	FY2016	Overview by regions
Net sales		75,455	83,938	85,674	85,454	
Printing equipment business		73,864	82,358	84,195	84,063	
	Japan	47,113	48,662	47,778	47,276	Rise in net sales in first year, followed by two consecutive years of decline
	Americas	4,834	5,728	5,797	6,195	Although sales on a declining trend, net sales rose due to the effects of exchange rate
	Europe	12,274	16,191	17,547	15,555	Net sales rose in first two years, declined in third
	Asia	9,642	11,777	13,072	15,035	Net sales increased for all three years
Real estate business & others		1,590	1,579	1,478	1,391	
Exchange Rates	1US\$	¥83.10	¥100.24	¥109.93	¥120.14	
	1Euro	¥107.14	¥134.37	¥138.77	¥132.58	





## 6.Review the 5th Medium-term Management Plan “ RISO Vision 16”

(Millions of Yen)

		FY2013	FY2014	FY2015	FY2016	RISO Vision 16 Financial Target
Net sales		75,455	83,938	85,674	85,454	86,000
Operating income		4,910	6,588	6,839	6,551	7,000
Printing equipment business		73,864	82,358	84,195	84,063	
		4,448	6,131	6,415	6,275	
Japan		47,113	48,662	47,778	47,276	
		5,557	6,047	5,208	4,674	
Americas		4,834	5,728	5,797	6,195	
		-636	-415	-534	-300	
Europe		12,274	16,191	17,547	15,555	
		-877	5	1,105	665	
Asia		9,642	11,777	13,072	15,035	
		404	493	636	1,236	
Real estate business & others		1,590	1,579	1,478	1,391	
		462	456	423	276	
ROE		7.6%	7.0%	8.4%	7.8%	7.0%
Exchange Rates	1US\$	¥83.10	¥100.24	¥109.93	¥120.14	
	1Euro	¥107.14	¥134.37	¥138.77	¥132.58	



# 7. The 6th Medium-term Management Plan “RISO Vision 19”

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## The 6th Medium-term Management Plan “RISO Vision 19”

(From April 1, 2016 to March 31, 2019)

### <Management Objectives>

Accomplish the growth of the number of machine installation by taking full advantage of RISO’s utmost unique products to ensure a stable revenue & profit growth

### <Priority Actions>

1. Gain new customers and increase the consumable profit which is the lifeline to pursue RISO’s future business
2. Take on the challenge to create new business and pursue every technological possibility by the R&D Division
3. Provide opportunities for long-term human resource developments for younger-generations and improve organization structures within the Production Division
4. Develop human resources to enhance the managerial and leadership performance by enriching RISO corporate culture which will enable RISO employees to bring out their ability at full potential

### <Financial Target>

Consolidated net sales: ¥86 billion

Consolidated operating income: ¥7 billion

ROE: 7%                      \*Exchange rates: 1 US dollar: ¥108.00 1 euro: ¥122.00



RISO KAGAKU CORPORATION  
<http://www.riso.co.jp>

## 8.Management Policies for FY2017

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1. Ensure successful launching and sales expansion of the new products by R&D, Production and Sales Divisions
2. Accomplish the growth of the number of machine installation by taking full advantage of new products

# 9.Launching New Products

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## ■ Inkjet Business

**ORPHIS FW series, launched in March, will be in the world's market**

- Outside Japan, will exhibit new products at drupa 2016, an international print and media industry exhibition starting May 31
- In Japan, will hold new products presentation event starting from June 9



ORPHIS FW5230

## ■ Digital Duplicating Business

**Launching new mass-market duplicator RISOGRAPH SF series in August**

- Vastly improved productivity, imaging, and operability
- Developed the world's first Rice Ink for digital duplicator ink



RISOGRAPH SF935

# 10 . Forecast for FY2017

(Millions of Yen)

	FY2017 Forecast	FY2016 Actual	Difference	
			Amount	Growth
Net sales	82,000	85,454	-3,454	-4.0%
Operating income	4,000	6,551	-2,551	-38.9%
Ordinary income	4,000	6,476	-2,476	-38.2%
Profit attributable to the owner of parent	2,800	5,267	-2,467	-46.8%
Operating income margin	4.9%	7.7%		

## Average exchange Rates

1US\$	¥108.00	¥120.14
1EURO	¥122.00	¥132.58

# 10. Forecast for FY2017 – Precondition

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## ■ Assumed exchange rate

1US\$	¥ 108.00
1 Euro	¥ 122.00

## ■ Impact of Fluctuation of exchange rate(¥1/term)

	Net sales	Operating income
Yen/US\$	140 million yen	40 million yen
Yen/Euro	70 million yen	50 million yen

# 11.Shareholders Return

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Basic policy for the distribution of earnings

■ Allocate an appropriate portion of earnings in accordance with our business results while continuing to strengthen our corporate structure

■ Strive to provide a stable dividend

\*Consider the repurchasing of shares as a measure for allocating earnings to shareholders, and acquire treasury stock in consideration of market trends

1. Dividend: Distribute annual dividends from surplus once a year at the end of fiscal year
2. Purchase and retirement of treasury stock:
  - Acquire treasury stock in consideration of market trends
  - Retire treasury stock, as a general rule

# 11.Shareholders Return

■ Dividend Forecast for FY2016 : 60 yen per share

▪ 15 yen increase

■ Purchase of Treasury Stock:

-Total Number of shares purchased : 1,487,800 shares

-Total purchase cost : 3,199 million yen

	From May 19, 2015 to June 2, 2015	From August 18, 2015 to September 1, 2015	From November 6, 2015 to December 1, 2015	From February 9, 2016 to February 25, 2016
Number of shares purchased	414,400 shares	209,600 shares	569,200 shares	294,600 shares
Total purchase cost	999 million yen	499 million yen	1,199 million yen	499 million yen





# 11.Shareholders Return

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■ Dividend Forecast for FY2017 : 60 yen per share

■ Purchase of Treasury Stock (Announced on May 9, 2016)

- Number of shares to be purchased : Up to 340,000 shares
- Total purchase cost : Up to 500 million yen
- Purchase Period : From May 18, 2016 to June 17, 2016

# 11.Shareholders Return

	RISO Vision 10 (From April 1, 2007 to March 31, 2010)	RISO Vision 13 (From April 1, 2010 to March 31, 2013)	RISO Vision 16 (From April 1, 2013 to March 31, 2016)
Net income (loss) (cumulative for period)	-4,921	14,001	15,470
Cash dividends paid (A)	2,592	3,499	5,405
Repurchase of treasury stock (B)	1,007	3,499	10,737
<b>Total return (A)+(B)</b>	<b>3,599</b>	<b>6,998</b>	<b>16,143</b>
Total return ratio	—	50.0%	104.3%

# 11.Shareholders Return

	FY2014	FY2015	FY2016	FY2017 (Forecast)
Net income	4,578	5,624	5,267	2,800
Cash dividends per share (Yen)	60	45	60	60
Cash dividends paid (A)	1,254	1,816	2,333	2,333
Payout ratio	28.6%	32.8%	45.2%	83.3%
Repurchase of treasury stock (B)	4,999	2,538	3,199	
<b>Total return (A)+(B)</b>	<b>6,253</b>	<b>4,354</b>	<b>5,532</b>	
Total return ratio	136.6%	77.4%	105.0%	

※The Company conducted a two-for-one split of its common shares on January 1, 2015. Actual dividend amounts for the year ended March 31, 2014 have been stated on a basis prior to the said stock split.



## (reference data)

(Millions of Yen)

	FY2017 2 <sup>nd</sup> half Forecast			FY2016 2 <sup>nd</sup> half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	38,750	100.0%	-5.0%	40,785	100.0%
Printing equipment business	38,110	98.3%	-5.0%	40,100	98.3%
Japan	22,490	58.0%	0.3%	22,419	55.0%
Americas	2,870	7.4%	-11.1%	3,227	7.9%
Europe	6,430	16.6%	-15.5%	7,609	18.6%
Asia	6,320	16.3%	-7.7%	6,844	16.8%
Real estate business & others	640	1.7%	-6.6%	685	1.7%
Gross profit	22,430	57.9%	-6.2%	23,906	58.6%
Selling, general & administrative expenses	20,530	53.0%	-3.0%	21,168	51.9%
Operating Income	1,900	4.9%	-30.6%	2,738	6.7%
Ordinary Income	1,900	4.9%	-29.6%	2,699	6.6%
Profit attributable to the owner of parent	1,400	3.6%	-24.3%	1,849	4.5%



## (reference data)

(Millions of Yen)

	FY2017 Forecast			FY2016 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	82,000	100.0%	-4.0%	85,454	100.0%
Printing equipment business	80,700	98.4%	-4.0%	84,063	98.4%
Japan	47,700	58.2%	0.9%	47,276	55.3%
Americas	5,600	6.8%	-9.6%	6,195	7.3%
Europe	13,800	16.8%	-11.3%	15,555	18.2%
Asia	13,600	16.6%	-9.6%	15,035	17.6%
Real estate business & others	1,300	1.6%	-6.6%	1,391	1.6%
Gross profit	46,200	56.3%	-7.3%	49,814	58.3%
Selling, general & administrative expenses	42,200	51.5%	-2.5%	43,262	50.6%
Operating Income	4,000	4.9%	-38.9%	6,551	7.7%
Ordinary Income	4,000	4.9%	-38.2%	6,476	7.6%
Profit attributable to the owner of parent	2,800	3.4%	-46.8%	5,267	6.2%
Capital expenditure	8,100	9.9%	15.7%	7,001	8.2%
Depreciation and amortization	6,600	8.0%	23.9%	5,327	6.2%

