



Briefing on Business Results for the Six Months of FY2016

(From April 1, 2015 to September 30, 2015)

RISO KAGAKU CORPORATION

November 9, 2015

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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, 2015)

■ 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	3,549
■ Group Subsidiaries	26 (Domestic: 2 Overseas: 24)

2. Business Outline and Domains

Printing equipment business

- Digital Duplicating Business:
High speed digital duplicator **RISOGRAPH**
- Inkjet Business:
Full Color Inkjet Printer **ORPHIS**



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 cost, and easy operation as their strengths

3. First Half of FY2016 - Performance Overview

- Net sales rose due to solid growth in the inkjet business and the effects of the exchange rate.
- Operating income fell due to higher selling, general and administrative expenses.

(Millions of Yen)

		First Half of FY2016	First Half of FY2015	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		40,785	40,107	678	1.7%	-1.2%
Gross profit		23,906	23,369	536	2.3%	0.4%
(Gross profit ratio)		(58.6%)	(58.3%)		(0.3p)	
Selling, general and administrative expenses		21,168	20,497	670	3.3%	0.9%
Operating income		2,738	2,872	-133	-4.7%	-3.5%
(Operating income ratio)		(6.7%)	(7.2%)		(-0.5p)	
Ordinary income		2,699	3,072	-373	-12.1%	
Profit attributable to the owner of parent		1,849	2,214	-364	-16.5%	
Exchange Rates	1US\$	121.80	103.04			
	1Euro	135.07	138.92			



3. First Half of FY2016 - Performance Overview

Net sales

- Sales: ¥40,785 million, up ¥678 million YOY
- Inkjet business represents 45% of consolidated sales

Gross profit

- Gross profit: ¥23,906 million, up ¥536 million YOY
- Gross profit ratio: 58.6% (up 0.3 points YOY)
- The increase in sales of inkjet consumables contributed.



3. First Half of FY2016 - Performance Overview

Selling, general and administrative exp.

- SG&A: ¥21,168 million, up ¥670 million YOY
- SG&A ratio: 51.9% (up 0.8 points YOY)
- Primarily an increase in R&D expenses and the impact of the yen depreciation.

Operating income

- Operating income: ¥2,738 million, up ¥133 million YOY
- Operating income ratio: 6.7% (down 0.5 points YOY)
- Decreased owing to the increase in SG&A.

3. First Half of FY2016 - Performance Overview

Net sales

- Net sales in Japan declined due to sluggish sales of inkjet hardware.
- The percentage of overseas sales increased 1.1 points to 43.4%.
- In Europe, net sales fell as a result of lower inkjet hardware sales in France and the UK.

(Millions of Yen)

	First Half of FY2016		First Half of FY2015		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	40,100	98.3%	39,388	98.2%	712	1.8%
Japan	22,419	55.0%	22,442	56.0%	-23	-0.1%
Overseas	17,681	43.4%	16,945	42.3%	735	4.3%
Americas	3,227	7.9%	2,780	6.9%	447	16.1%
Europe	7,609	18.7%	8,433	21.0%	-824	-9.8%
Asia	6,844	16.8%	5,731	14.3%	1,112	19.4%
Real estate business & others	685	1.7%	718	1.8%	-33	-4.6%



3. First Half of FY2016 - Performance Overview

Operating income

- Lower profit in Japan and Europe
- Smaller losses in the USA, higher profits in Asia

(Millions of Yen)

	First Half of FY2016		First Half of FY2015		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	2,630	6.4%	2,661	6.6%	-31	-1.2%
Japan	2,093	5.1%	2,203	5.5%	-110	-5.0%
Overseas	537	1.3%	458	1.1%	78	17.2%
Americas	-25	—	-297	—	271	—
Europe	300	0.7%	584	1.5%	-283	-48.6%
Asia	262	0.6%	170	0.4%	91	53.7%
Real estate business & others	107	0.3%	210	0.5%	-102	-48.7%

4. First Half of FY2016 - Activity Overview

- Launched new RISOGRAPH models for emerging nations
 - Same resolution as high-end machines
 - Ease of operation improved due to use of LCD panel



4. First Half of FY2016 - Activity Overview

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

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

Established : April 27 , 2015

Operations commence : July 1, 2015

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

Established : September 14 , 2015

Operations commence : January 1, 2016 (scheduled)



4. First Half of FY2016 - Activity Overview

■ Purchase of Treasury Stock:

	First half of FY2016	
	From May 19, 2015 to June 2, 2015	From August 18, 2015 to September 1, 2015
Number of shares purchased	414,400 shares	209,600 shares
Purchase cost	999 million yen	499 million yen

- Total Number of shares purchased during first half of FY2016: 624,000 shares
- Total purchase cost during first half of FY2016: 1,499 million yen

5. Forecast for FY2016

(Millions of Yen)

	FY2016 Forecast	FY2015 Actual	Difference	
			Amount	Growth
Net sales	86,100	85,674	426	0.5%
Operating income	7,370	6,839	531	7.8%
Ordinary income	7,340	6,999	341	4.9%
Profit attributable to the owner of parent	4,810	5,624	-814	-14.5%
Operating income margin	8.6%	8.0%		

Exchange Rates

1US\$	120.00	109.93
1EURO	134.00	138.77

5. Forecast for FY2016 - Precondition

■ Assumed exchange rate

	First Half Actual	Second Half Assumed	Full-Year Assumed
1 US\$	¥ 121.80	¥ 118.00	¥ 120.00
1 Euro	¥ 135.07	¥ 133.00	¥ 134.00

■ Impact of fluctuation of exchange rate (¥1/term)

	Net sales	Operating income
Yen/US\$	145 million yen	55 million yen
Yen/Euro	75 million yen	50 million yen

6. Shareholders Return-Basic Policy

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
3. Earnings Distribution in the “RISO Vision 16”
Increase distribution of profits when operating results are strong

6. Shareholders Return-Purchase of Treasury Stock

■ Purchase schedule (announced on November 5, 2015)

- Purchase period : November 6, 2015 to December 18, 2015
- Number of shares to be purchased : Up to 600,000 shares
- Total purchase cost : Up to 1,200 million yen

* On November 6, 2015, the Company purchased 378,300 shares of treasury stock at a total cost of 816 million yen through the Tokyo Stock Exchange Trading NeTwork (ToSTNeT-3), out of a total authorized share purchase framework of 600,000 shares

6. Shareholders Return-Dividend Forecast

- Dividend Forecast for FY2016: 60 yen per share (15 yen increase)

(reference data)

(Millions of Yen)

	FY2016 Forecast			FY2015 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	86,100	100.0%	0.5%	85,674	100.0%
Printing equipment business	84,750	98.4%	0.7%	84,195	98.3%
Japan	47,880	55.6%	0.2%	47,778	55.8%
Americas	6,480	7.5%	11.8%	5,797	6.8%
Europe	16,100	18.7%	-8.2%	17,547	20.5%
Asia	14,290	16.6%	9.3%	13,072	15.3%
Real estate business & others	1,350	1.6%	-8.7%	1,478	1.7%
Gross profit	50,670	58.9%	1.5%	49,939	58.3%
Selling, general & administrative expenses	43,300	50.3%	0.5%	43,100	50.3%
Operating Income	7,370	8.6%	7.8%	6,839	8.0%
Ordinary Income	7,340	8.5%	4.9%	6,999	8.2%
Profit attributable to the owner of parent	4,810	5.6%	-14.5%	5,624	6.6%
Capital expenditure	6,780	7.9%	56.9%	4,320	5.0%
Depreciation and amortization	5,240	6.1%	-1.6%	5,324	6.2%

