

Briefing on Business Results

-FY2014-

(From April 1, 2013 to March 31, 2014)

RISO KAGAKU CORPORATION

May 12, 2014

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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. FY2014 Consolidated Financial Results

- Net sales increased for the second consecutive fiscal years
- Operating income increased by the growth in inkjet business and the effect of weaker yen

(Millions of Yen)

	FY2014	FY2013	Difference (year-on-year)		Calculated with exchange rates of the previous year
			Amount	Growth%	Growth%
Net sales	83,938	75,455	8,482	11.2%	3.5%
Gross profit	47,756	42,168	5,588	13.3%	3.0%
Selling, general and administrative expenses	41,168	37,258	3,910	10.5%	4.5%
Operating income	6,588	4,910	1,677	34.2%	-8.6%
Ordinary income	7,192	5,512	1,680	30.5%	
Net income	4,578	4,827	-248	-5.1%	
ROE	7.0%	7.6%			
Exchange Rates	1US\$	100.24	83.10		
	1Euro	134.37	107.14		



1. FY2014 Consolidated Financial Results

Net Sales

- Sales: ¥83,938 million, up ¥8,482 million YOY
- Inkjet business represents 40% of consolidated sales
- Overseas sales represent 40.3% (up 4.8 points YOY)

Gross Profit

- Gross profit: ¥47,756 million, up 5,588 million YOY
- Gross profit ratio: 56.9% (up 1.0 point YOY)



1. FY2014 Consolidated Financial Results

Selling, general and administrative exp.

- SG&A: ¥41,168 million, up ¥3,910 million YOY
- Increased due to establishment of and relocation to the new R&D center, as well as higher personnel expenses
- SG&A ratio: 49.0% (down 0.4% points YOY)

Operating income

- Operating income: ¥6,588 million, up ¥1,677 million YOY
- Operating income ratio: 7.8% (up 1.3 point YOY)

1. FY2014 Consolidated Financial Results – excluding forex impact

(Millions of Yen)

	FY2014	FY2013	Difference (year-on-year)		Calculated with exchange rates of the previous year
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1. FY2014 Consolidated Financial Results

Net Sales

(Millions of Yen)

	FY2014		FY2013		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	82,358	98.1%	73,864	97.9%	8,494	11.5%
Japan	48,662	58.0%	47,113	62.4%	1,548	3.3%
Americas	5,728	6.8%	4,834	6.4%	893	18.5%
Europe	16,191	19.3%	12,274	16.3%	3,917	31.9%
Asia	11,777	14.0%	9,642	12.8%	2,134	22.1%
Real estate business & others	1,579	1.9%	1,590	2.1%	-11	-0.7%

Operating Income

(Millions of Yen)

	FY2014		FY2013		Difference	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Growth
Printing equipment business	6,131	7.3%	4,448	5.9%	1,683	37.9%
Japan	6,047	7.2%	5,557	7.4%	490	8.8%
Americas	-415	-	-636	-	221	-
Europe	5	0.0%	-877	-	883	-
Asia	493	0.6%	404	0.5%	88	21.8%
Real estate business & others	456	0.5%	462	0.6%	-6	-1.3%



2. FY2014 Activity Overview

The Fifth 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

2. FY2014 Activity Overview

Management Policies for FY2014

1. Promote gaining of new markets and new customers throughout the whole RISO Group
2. Strengthen the overseas sales management and sales planning functions to expand overseas business
3. Utilize newly establishing RISO Research and Design Center efficiently and accelerate development
4. Establish production facilities towards optimization of global plant network

2. FY2014 Activity Overview

■ Launching New Products

Launch of new ORPHIS models in overseas markets in May 2013



Wrapping Envelope System



Perfect Binder System



High Capacity
Feeder & Stacker System

The industry-first A2 digital duplicator on the market in November 2013



Launch of digital screen maker GOCCOPRO QS200 in February, 2014



2. FY2014 Activity Overview

■ Opening of Riso Research and Design Center

(Tsukuba City in Ibaraki Prefecture)

- Investment amount: Approximately 7.9billion yen
- Consolidation of four dispersed bases
- Created a development system to provide unique products and solutions.



2. FY2014 Activity Overview

■ Completion of New plant in Thailand

- Construction of our own plant in Thailand (Rojana Industrial Park, Ayutthaya) completed
- Decentralized RISOGRAPH's production bases into 2 countries, China and Thailand, with the aim of stabilizing supply

▪ Investment amount:

Approx. 340 million baht
(1,036 million yen)

▪ Completion: March 20, 2014

▪ Start of production: April 24, 2014



3. Management Policies for FY2015

1. Concentrate on increasing the MIF by promoting both the development of new sales channels and the acquisition of new accounts
2. Achieve increased sales and profit by organizing a proper overseas sales structure
3. Shift to new production structure by reorganizing production facilities
4. Take on the challenge to create new business
5. Enhance the ability of RISO employees to lead and grow the business more effectively by focusing on developing their skills

4. Forecast for FY2015

(Millions of Yen)

	FY2015 Forecast	FY2014 Actual	Difference	
			Amount	Growth
Net sales	86,000	83,938	2061	2.5%
Operating income	6,500	6,588	-88	-1.3%
Ordinary income	6,550	7,192	-642	-8.9%
Net income	4,400	4,578	-178	-3.9%
Operating income margin	7.6%	7.8%		

Exchange Rates

1US\$	102.00	100.24
1EURO	138.00	134.37

4. Forecast for FY2015 –Precondition

■ Assumed exchange rate

1US\$	¥102.00
1 Euro	¥138.00

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

	Net sales	Operating income
Yen/US\$	155 million yen	45 million yen
Yen/Euro	75 million yen	50 million yen

5. Shareholders Return

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

5. Shareholders Return

■Purchase of Treasury Stock:

	From May 16, 2013 to June 11, 2013	From August 9, 2013 to September 6, 2013	From February 12, 2014 To February 26, 2014
Number of shares purchased	901,400 shares	844,300 shares	446,900 shares
Total purchase cost	1,999 million yen	1,999 million yen	999 million yen

-Total Number of shares purchased : 2,192,600 shares

-Total purchase cost : 4,999 million yen

(Average purchase price per share: 2,280 yen)

■Dividend for FY2014:

60 yen per share (5 yen increase)



5. Shareholders Return

(Millions of Yen)

	FY2010	FY2011	FY2012	FY2013	FY2014
Net income (loss)	-5,937	6,288	2,886	4,827	4,578
Cash dividends per share (Yen)	30	50	40	55	60
Cash dividends paid (A)	770	1,261	966	1,270	1,254
Payout ratio	—	20.2%	34.1%	26.7%	28.6%
Repurchase of treasury stock (B)	—	499	1,499	1,499	4,999
Total return (A)+(B)	770	1,760	2,465	2,769	6,253
Total return ratio	—	28.0%	85.4%	57.4%	136.6%



5. Shareholders Return

■ Dividend Forecast for FY2015 : 60 yen per share

■ Purchase of Treasury Stock (Announced on May 8, 2014)

- Purchase Period : From May 19, 2014 to June 23, 2014
- Number of shares to be purchased : Up to 850,000 shares
- Total purchase cost : Up to 2,000,000,000 yen

(reference data)

(Millions of Yen)

	FY2015 2 nd half Forecast			FY2014 2 nd half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	40,300	100.0%	3.2%	39,057	100.0%
Printing equipment business	39,500	98.0%	3.1%	38,310	98.1%
Japan	22,600	56.1%	-0.9%	22,807	58.4%
Americas	3,150	7.8%	9.5%	2,877	7.4%
Europe	7,900	19.6%	7.3%	7,365	18.9%
Asia	5,850	14.5%	11.2%	5,260	13.5%
Real estate business & others	800	2.0%	7.2%	746	1.9%
Gross profit	23,600	58.6%	7.4%	21,979	56.3%
Selling, general & administrative expenses	21,100	52.4%	6.2%	19,860	50.8%
Operating Income	2,500	6.2%	18.0%	2,119	5.4%
Ordinary Income	2,500	6.2%	6.2%	2,355	6.0%
Net Income	1,600	4.0%	3.7%	1,542	3.9%



(reference data)

(Millions of Yen)

	FY2015 Forecast			FY2014 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	86,000	100.0%	2.5%	83,938	100.0%
Printing equipment business	84,400	98.1%	2.5%	82,358	98.1%
Japan	48,000	55.8%	-1.4%	48,662	58.0%
Americas	6,650	7.7%	16.1%	5,728	6.8%
Europe	17,200	20.0%	6.2%	16,191	19.3%
Asia	12,550	14.6%	6.6%	11,777	14.0%
Real estate business & others	1,600	1.9%	1.3%	1,579	1.9%
Gross profit	49,700	57.8%	4.1%	47,756	56.9%
Selling, general & administrative expenses	43,200	50.2%	4.9%	41,168	49.0%
Operating Income	6,500	7.6%	-1.3%	6,588	7.8%
Ordinary Income	6,550	7.6%	-8.9%	7,192	8.6%
Net Income	4,400	5.1%	-3.9%	4,578	5.5%
Capital expenditure	4,500	5.2%	-39.0%	7,374	8.8%
Depreciation and amortization	5,100	5.9%	-5.8%	5,416	6.5%

