



# **Briefing on Business Results -for the Six Months of FY2018-**

(From April 1, 2017 to September 30, 2017)

---

**RISO KAGAKU CORPORATION**

November 7, 2017

# Table of Contents

---

1. Corporate Data	Slide	2
2. First Half of FY2018 Consolidated Financial Results	Slide	6
3. First Half of FY2018 Activity Overview	Slide	12
4. Forecast for FY2018	Slide	19
5. Shareholders Return	Slide	22

■ **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

---

1.1 Corporate Data

1.2 Business Outline and Domains

# 1.1 Corporate Data (as of September 30, 2017)

---

■ 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	3,656
■ Group Subsidiaries	28 (Domestic: 2 Overseas: 26)



# 1.2 Business Outline and Domains

## Printing equipment business



ORPHIS  
GD9630

- Inkjet Business:

Full Color Inkjet Printer **ORPHIS**

- Digital Duplicating Business :

High Speed Digital Duplicator **RISOGRAPH**



RISOGRAPH  
MF935W

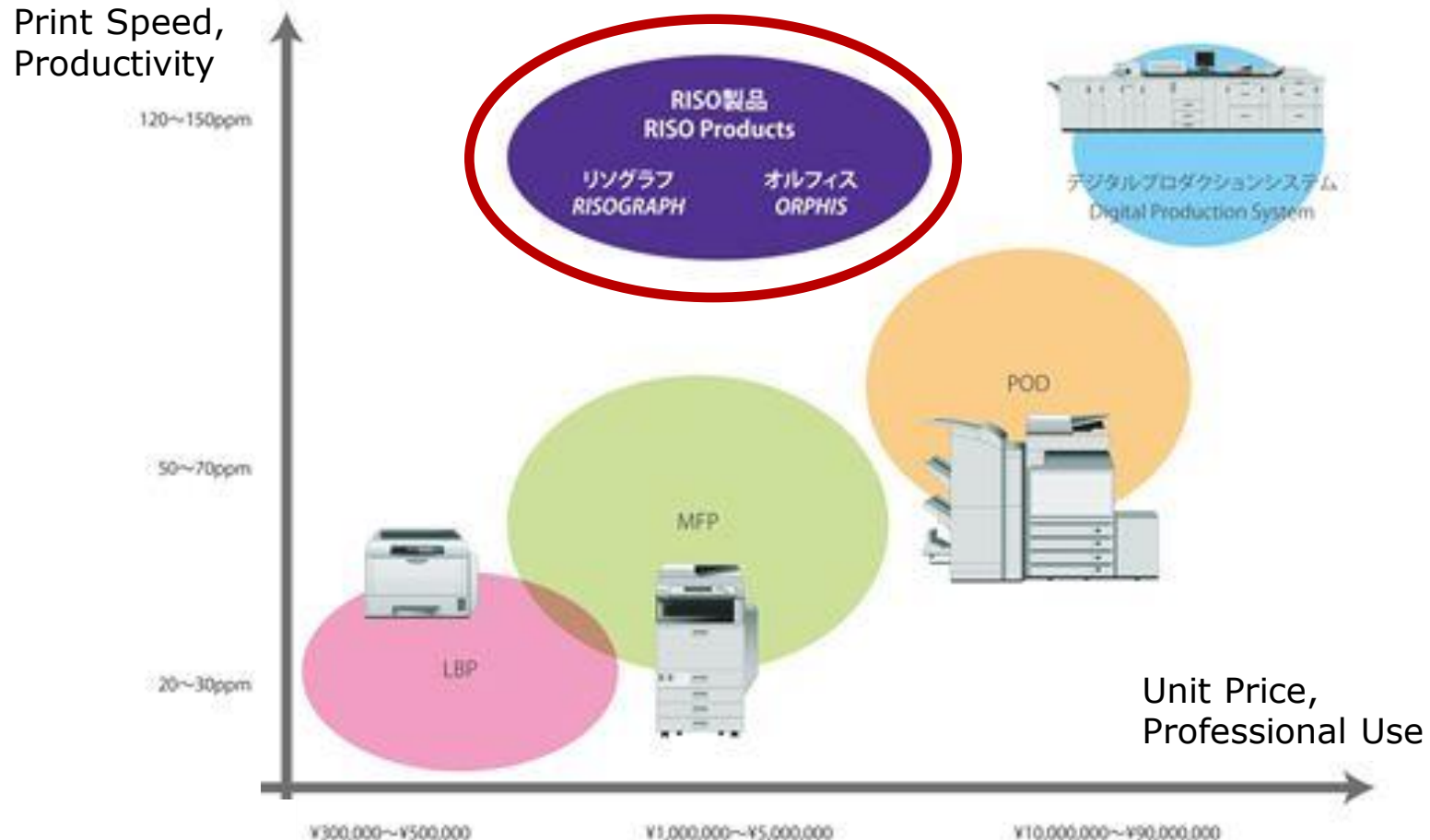
## Real estate business and others

- Real Estate Business

- Print creating business



# 1.2 Business Outline and Domains



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



## **2 First Half of FY2018 Consolidated Financial Results**

---

- 2.1 Performance Overview
- 2.2 Results by Segment

## 2.1 First Half of FY2018 - Performance Overview

- Net sales increased due to favorable sales of new products introduced the previous fiscal year, partly boosted by the depreciation of the yen.
- Operating income fell because of a decline in gross profit and an increase in selling, general and administrative expenses due to the depreciation of the yen.

(Millions of Yen)

	First Half of FY2018	First Half of FY2017	Difference (year-on-year)		Calculated with exchange rates of the previous year
			Amount	Growth%	Growth%
Net sales	40,128	38,590	1,538	4.0%	1.7%
Gross profit	22,307	22,445	-137	-0.6%	-3.0%
(Gross profit ratio)	(55.6%)	(58.2%)			
Selling, general and administrative expenses	20,920	20,819	100	0.5%	-1.2%
Operating income	1,387	1,625	-238	-14.7%	-26.2%
(Operating income ratio)	(3.5%)	(4.2%)			
Ordinary income	1,585	1,721	-135	-7.9%	
Profit attributable to the owner of parent	1,221	1,125	96	8.6%	
Exchange Rates	1US\$	111.06	105.29		
	1Euro	126.29	118.15		





## 2.1 First Half of FY2018 - Performance Overview

---

### Net sales

- Sales: ¥40,128 million, up ¥1,538 million YOY
- Sales of new products introduced the previous year remain favorable.
- Up 1.7% YOY if the effects of exchange rates are excluded
- Inkjet business represents 49% of consolidated sales.

### Gross profit

- Gross profit: ¥22,307 million, down ¥137 million YOY
- The overall gross profit ratio declined, as products with lower gross profit ratios made up a larger percentage of sales.
- Down 3.0% YOY if the effects of exchange rates are excluded



## 2.1 First Half of FY2018 - Performance Overview

---

### Selling, general and administrative exp.

- SG&A: ¥20,920million, up ¥100 million YOY
- Selling, general and administrative expenses increased partly due to the depreciation of the yen, while R&D expenditures and other expenses associated with the introduction of new products decreased.
- Down 1.2% YOY if the effects of exchange rates are excluded

### Operating income

- Operating income: ¥1,387million, down ¥238million YOY
- Down 26.2% YOY if the effects of exchange rates are excluded
- Operating income ratio: 3.5%

## 2.2 First Half of FY2018 - Results by Segment

### Net sales

■ Printing equipment business : up 4.0 points YOY

▪ Japan : up 0.6 points YOY

▪ Overseas : up 9.0 points YOY

(Millions of Yen)

	First Half of FY2018		First Half of FY2017		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	39,523	98.5%	38,011	98.5%	1,511	4.0%
Japan	22,839	56.9%	22,700	58.8%	138	0.6%
Overseas	16,684	41.6%	15,311	39.7%	1,373	9.0%
Americas	2,716	6.8%	2,721	7.1%	-4	-0.2%
Europe	6,954	17.3%	6,278	16.3%	675	10.8%
Asia	7,013	17.5%	6,311	16.4%	702	11.1%
Real estate business & others	604	1.5%	578	1.5%	26	4.5%



## 2.2 First Half of FY2018 - Results by Segment

### Operating income

■ Printing equipment business : down 22.0 points YOY

▪ Japan : up 20.0 points YOY

▪ Overseas : Operating losses ¥267 million

(Millions of Yen)

	First Half of FY2018		First Half of FY2017		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	1,198	3.0%	1,535	4.0%	-337	-22.0%
Japan	1,465	3.7%	1,221	3.2%	244	20.0%
Overseas	-267	—	314	0.8%	-581	—
Americas	-309	—	-183	—	-126	—
Europe	-72	—	146	0.4%	-218	—
Asia	114	0.3%	350	0.9%	-235	-67.3%
Real estate business & others	188	0.5%	89	0.2%	99	110.6%



# **3 First Half of FY2018 Activity Overview**

---

- 3.1 The 6th Medium-term Management Plan  
“RISO Vision 19”
- 3.2 Management Policies for FY2018
- 3.3 First Half of FY2018  
- Activity Overview

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

---

## 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: ¥85 billion

Consolidated operating income: ¥7 billion

ROE: 7%

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



## 3.2 Management Policies for FY2018

---









Take full advantage of new products to accomplish the increase of the number of machine installation while resolving medium- and long-term management challenges

## 3.3 First Half of FY2018- Activity Overview

### ■ Rollout of new products

New products in the inkjet business and digital duplicating business were used to accelerate sales.

The ORPHIS was rolled out in two separate series.

		2016	2017
<b>Inkjet Business ORPHIS</b>	Japan	 March FW Series  September GD Series	
	Over seas	 June FW Series	 January GD Series
<b>Digital Duplicating Business RISOGRAPH</b>	Japan	 August SF Series (standard model)	October MF/SF Series (high-end model) 
	Over seas	 August SF Series (standard model)	December MF/SF Series (high-end model) 



## 3.3 First Half of FY2018 - Activity Overview

---

### ■ Print creating business

Market launch of high-end model GOCCOPRO QS2536 digital screen printing machine

- The heat from a thermal head perforates a screen master that is used to make prints.
- The main target is the demand for T-shirt printing in the United States.



GOCCOPRO QS2536



Example of T-shirt print

## 3.3 First Half of FY2018 - Activity Overview

- Pursued every possibility in high-speed inkjet printers

### Reference Exhibits

China Print 2017, May 2017, China  
graphitec 2017, May 2017, France

Print17, September 2017, U.S.

The Print Show, October 2017, England



RISO T2  
:Cut-sheet



Print 17

## 3.3 First Half of FY2018 - Activity Overview

### ■ Purchase of Treasury Stock:

- Total Number of shares purchased during first half of FY2018 : 408,900 shares
- Total purchase cost during first half of FY2018 : 899 million yen

	First half of FY2018	
	From May 19, 2017 to June 2, 2017	From August 18, 2017 to August 31, 2017
Number of shares purchased	311,900 shares	97,000 shares
Purchase cost	699 million yen	199 million yen

## **4 Forecast for FY2018**

---

## 4 . Forecast for FY2018

- No revision of the forecast consolidated financial results for the full year

(Millions of Yen)

	FY2018 Forecast	FY2017 Actual	Difference	
			Amount	Growth
Net sales	83,500	82,995	505	0.6%
Operating income	4,400	3,993	407	10.2%
Ordinary income	4,400	4,129	271	6.6%
Profit attributable to the owner of parent	3,000	2,724	276	10.1%
Operating income margin	5.3%	4.8%		

### Average exchange Rates

1US\$	¥ 109.00	¥ 108.38
1EURO	¥ 116.00	¥ 118.79

## 4. Forecast for FY2018

■(Reference)

### Assumed exchange rate

	First Half Actual	Second Half Assumed
1 US\$	¥ 111.06	¥ 112
1 Euro	¥ 126.29	¥ 132

■(Reference)

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

	Net sales	Operating income
US\$	150 million yen	40 million yen
Euro	70 million yen	45 million yen

# **5 Shareholders Return**

---

# 5. 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



# 5. Shareholders Return

---

■ Dividend Forecast for FY2018  
60 yen per share

■ Purchase of Treasury Stock (Announced on November 2,2017)

- Number of shares to be purchased : Up to 160,000 shares
- Total purchase cost : Up to 300 million yen
- Purchase Period : From November 16,2017  
to December 15,2017

## (reference data)

(Millions of Yen)

	FY2018 Forecast			FY2017 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	83,500	100.0%	0.6%	82,995	100.0%
Printing equipment business	82,300	98.6%	0.6%	81,826	98.6%
Japan	48,100	57.6%	0.5%	47,839	57.6%
Americas	5,800	6.9%	2.3%	5,671	6.8%
Europe	14,200	17.0%	0.5%	14,126	17.0%
Asia	14,200	17.0%	0.1%	14,190	17.1%
Real estate business & others	1,200	1.4%	2.7%	1,168	1.4%
Gross profit	47,600	57.0%	2.0%	46,654	56.2%
Selling, general & administrative expenses	43,200	51.7%	1.3%	42,660	51.4%
Operating Income	4,400	5.3%	10.2%	3,993	4.8%
Ordinary Income	4,400	5.3%	6.6%	4,129	5.0%
Profit attributable to the owner of parent	3,000	3.6%	10.1%	2,724	3.3%
Capital expenditure	7,300	8.7%	0.6%	7,260	8.7%
Depreciation and amortization	5,800	6.9%	-10.9%	6,509	7.8%

