

Briefing on Business Results

-FY2015-

(From April 1, 2014 to March 31, 2015)



RISO KAGAKU CORPORATION

May 11, 2015

Table of Contents

1.	Corporate Data	Slide	3		
2.	Business Outline and Domains	Slide	4	—	5
3.	FY2015 Consolidated Financial Results	Slide	6	—	10
4.	Consolidated Balance Sheet	Slide	11		
5.	FY2015 Activity Overview	Slide	12	—	16
6.	Management Policies for FY2016	Slide	17		
7.	Establishment of New Subsidiary	Slide	18		
8.	Forecast for FY2016	Slide	19	—	20
9.	Shareholders Return	Slide	21	—	24

■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)

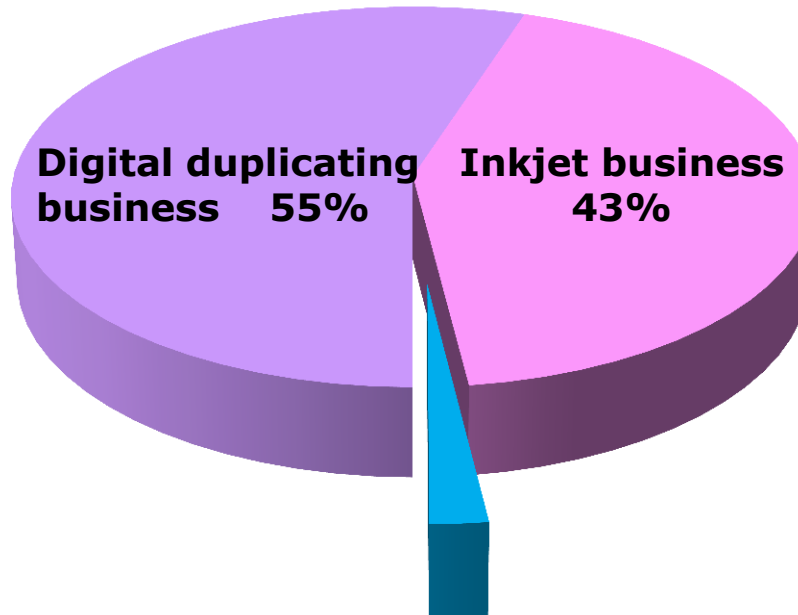
2. Business Outline and Domains

Fiscal Year 2015

**Printing Equipment
Business 98%**



**High speed
digital duplicator
RISOGRAPH**



**Full Color Inkjet Printer
ORPHIS**

**Real estate business
and others 2%**

- Real estate business
- Print creating business



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

2. Business Outline and Domains



Developing unique products with fast printing speed, low cost, and easy operation as their strengths

3. FY2015 Consolidated Financial Results

- Inkjet sales performed well and overall net sales grew for the third consecutive year
- Operating Income increased due to the improved profitability in overseas and the effect of weaker yen

(Millions of Yen)

	FY2015	FY2014	Difference (year-on-year)		Calculated with exchange rates of the previous year
			Amount	Growth%	Growth%
Net sales	85,674	83,938	1,736	2.1%	-0.2%
Gross profit	49,939	47,756	2,182	4.6%	2.2%
Selling, general and administrative expenses	43,100	41,168	1,931	4.7%	2.9%
Operating income	6,839	6,588	250	3.8%	-2.3%
Ordinary income	6,999	7,192	-193	-2.7%	
Net income	5,624	4,578	1,045	22.8%	
ROE	8.4%	7.0%			
Exchange Rates	1US\$	109.93	100.24		
	1Euro	138.77	134.37		



3. FY2015 Consolidated Financial Results

Net sales

- Sales: ¥85,674 million, up ¥1,736 million YOY (forex impact ¥1,873 million)
- Inkjet business represents 43% of consolidated sales
- Overseas Sales represent 42.6%

Gross profit

- Gross profit: ¥49,939 million, up ¥2,182 million YOY (forex impact ¥1,143 million)
- Gross profit ratio: 58.3% (up 1.4 points YOY)

3. FY2015 Consolidated Financial Results

Selling, general and administrative exp.

- SG&A: ¥43,100 million, up ¥1,931 million YOY (forex impact ¥738 million)
- Increased primarily in R&D and higher personnel expenses
- SG&A ratio: 50.3% (up 1.3% points YOY)

Operating income

- Operating income: ¥6,839 million, up ¥250 million YOY (forex impact ¥405 million)
- Operating income ratio: 8.0% (up 0.2 points YOY)

Net income

- Net income: ¥5,624 million, up ¥1,045 million YOY
- Tax expenses decreased by ¥678 million due to recording of deferred tax assets by US subsidiary
- Tax expense decreased by ¥273 million accompanying sale of under-utilized real estate

3. FY2015 Consolidated Financial Results

Net sales

- Sales in Japan fell as a result of the reaction to the consumption tax rate increase
- Overseas net sales increased due to the strong Inkjet business in Europe and Asia

(Millions of Yen)

	FY2015		FY2014		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	84,195	98.3%	82,358	98.1%	1,836	2.2%
Japan	47,778	55.8%	48,662	58.0%	-884	-1.8%
Overseas	36,417	42.5%	33,696	40.1%	2,720	8.0%
Americas	5,797	6.8%	5,728	6.8%	69	1.2%
Europe	17,547	20.5%	16,191	19.3%	1,355	8.4%
Asia	13,072	15.3%	11,777	14.0%	1,295	11.0%
Real estate business & others	1,478	1.7%	1,579	1.9%	-100	-6.4%



3. FY2015 Consolidated Financial Results

Operating income

- Improved profitability in Europe contributed to the higher operating income.

(Millions of Yen)

	FY2015		FY2014		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	6,415	7.5%	6,131	7.3%	283	4.6%
Japan	5,208	6.1%	6,047	7.2%	-839	-13.9%
Overseas	1,207	1.4%	83	0.0%	1,123	—
Americas	-534	—	-415	—	-119	—
Europe	1,105	1.3%	5	0.0%	1,100	—
Asia	636	0.7%	493	0.6%	142	28.9%
Real estate business & others	423	0.5%	456	0.5%	-32	-7.1%

4. FY2015 Consolidated Balance Sheet

(millions of Yen)

Items	Fiscal Year 2015	Fiscal Year 2014	Items	Fiscal Year 2015	Fiscal Year 2014
Current assets	51,988	47,780	Current liabilities	22,682	21,819
Cash and deposits	14,074	12,899	Notes and accounts payable-trade	10,323	9,560
Notes and accounts receivable-trade	15,877	15,596	Income taxes payable	488	1,286
Short-term investment securities	5,120	2,876	Other	11,871	10,972
Merchandise and finished goods	9,232	9,781	Noncurrent liabilities	2,709	5,117
Raw materials and supplies	2,924	2,373	Net defined benefit liability	2,277	4,589
Work in process	606	479	Other	432	528
Other	4,153	3,774	Total liabilities	25,392	26,936
Noncurrent assets	42,350	43,960	Shareholders' equity	67,255	65,426
Total property, plant and equipment	32,790	32,742	Retained earnings	46,837	42,467
Intangible assets	3,299	4,586	Treasury stock	△ 8,475	△ 5,935
Investments and other assets	6,260	6,631	Other	28,894	28,894
			Accumulated other comprehensive assets	1,690	△ 622
			Total net assets	68,946	64,804
Total assets	94,338	91,740	Total liabilities and net assets	94,338	91,740



5. FY2015 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

5. FY2015 Activity Overview

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 a 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

5. FY2015 Activity Overview

■ Inkjet Business

Inkjet sales strong both in Japan and overseas

- World's fastest print speed (150 sheets per minute)*
- Cultivated new applications through highly expandable options

*As of January 2014 (Source: RISO data)



■ Digital Duplicating Business

New RISOGRAF Series launched

- Top 2 series, total of 9 models launched all over the world
- Print speed increased for the first time in 8 years

(185 sheets per minute)



5. FY2015 Activity Overview

■ Production Started at New plant in Thailand

- The company's own plant in Thailand (Rojana Industrial Park, Ayutthaya) started production
- Decentralizing RISOGRAPH's production bases into 2 countries, China and Thailand, with the aim of stabilizing the product's supply
- Completion : March 2014
- Start of production : April 2014



5. FY2015 Activity Overview

■ Stock Split

Date of record : December 31, 2014

Effective date : January 1, 2015

Purpose of the stock split : To increase liquidity of the Company's shares and expand its shareholder base

Split method : Splitting shares held by shareholders recorded in the register of shareholders on the record date into two shares for each share

6. 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

7. Establishment of a New Subsidiary

■ Established a new sales subsidiary in Republic of Singapore

Trading Name : RISO (SG) PTE. LTD.

Objective : Sales expansion of printing equipment business in the Singapore market

Established : April 27, 2015

Operations Commence : July 1, 2015

8. Forecast for FY2016

(Millions of Yen)

	FY2016 Forecast	FY2015 Actual	Difference	
			Amount	Growth
Net sales	88,900	85,674	3,225	3.8%
Operating income	7,990	6,839	1,150	16.8%
Ordinary income	8,160	6,999	1,160	16.6%
Net income	5,740	5,624	115	2.1%
Operating income margin	9.0%	8.0%		

Exchange Rates

1US\$	118.00	109.93
1EURO	130.00	138.77

8. Forecast for FY2016 - Precondition

■ Assumed exchange rate

1US\$	¥118.00
1 Euro	¥130.00

■ 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

9. 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

9. Shareholders Return

■ Purchase of Treasury Stock:

	From May 19, 2014 to June 23, 2014	From August 18, 2014 to October 2, 2014	From November 18, 2014 To November 26, 2014
Number of shares purchased	14,700 shares	575,100 shares	137,800 shares
Total purchase cost	38 million yen	1,999 million yen	500 million yen

-Total Number of shares purchased : 727,600 shares

-Total purchase cost : 2,538 million yen

■ Annual Dividend Forecast for FY2015: 45 yen per share

·Dividend increase of 15 yen over the previous year following revision of stable dividend level.

*RISO conducted a two-for-one split of its common shares on January 1, 2015.

9. Shareholders Return

■ Purchase of Treasury Stock (Announced on May 8, 2015)

- Purchase Period : From May 19, 2015 to June 19, 2015
- Number of shares to be purchased : Up to 500,000 shares
- Total purchase cost : Up to 1,000,000,000 yen

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

*RISO conducted a two-for-one split of its common shares on January 1, 2015.

9. Shareholders Return

(Millions of Yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
Net income (loss)	6,288	2,886	4,827	4,578	5,624	5,740
Cash dividends per share (Yen)	50	40	55	60	45	60
Cash dividends paid (A)	1,261	966	1,270	1,254	1,816	2,422
Payout ratio	20.2%	34.1%	26.7%	28.6%	32.8%	42.2%
Repurchase of treasury stock (B)	499	1,499	1,499	4,999	2,538	
Total return (A)+(B)	1,760	2,465	2,769	6,253	4,354	
Total return ratio	28.0%	85.4%	57.4%	136.6%	77.4%	

*RISO conducted a two-for-one split of its common shares on January 1, 2015.

(reference data)

(Millions of Yen)

	FY2016 2 nd half Forecast			FY2015 2 nd half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	41,940	100.0%	4.6%	40,107	100.0%
Printing equipment business	41,180	98.2%	4.5%	39,388	98.2%
Japan	22,840	54.5%	1.8%	22,442	56.0%
Americas	3,250	7.8%	16.9%	2,780	6.9%
Europe	8,050	19.2%	-4.5%	8,433	21.0%
Asia	7,040	16.8%	22.8%	5,731	14.3%
Real estate business & others	760	1.8%	5.8%	718	1.8%
Gross profit	24,560	58.6%	5.1%	23,369	58.3%
Selling, general & administrative expenses	21,530	51.3%	5.0%	20,497	51.1%
Operating Income	3,030	7.2%	5.5%	2,872	7.2%
Ordinary Income	3,140	7.5%	2.2%	3,072	7.7%
Net Income	2,080	5.0%	-6.1%	2,214	5.5%



(reference data)

(Millions of Yen)

	FY2016 Forecast			FY2015 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	88,900	100.0%	3.8%	85,674	100.0%
Printing equipment business	87,370	98.3%	3.8%	84,195	98.3%
Japan	48,690	54.8%	1.9%	47,778	55.8%
Americas	6,660	7.50%	14.9%	5,797	6.8%
Europe	17,420	19.6%	-0.7%	17,547	20.5%
Asia	14,600	16.4%	11.7%	13,072	15.3%
Real estate business & others	1,530	1.7%	3.5%	1,478	1.7%
Gross profit	51,880	58.4%	3.9%	49,939	58.3%
Selling, general & administrative expenses	43,890	49.4%	1.8%	43,100	50.3%
Operating Income	7,990	9.0%	16.8%	6,839	8.0%
Ordinary Income	8,160	9.2%	16.6%	6,999	8.2%
Net Income	5,740	6.5%	2.1%	5,624	6.6%
Capital expenditure	6,780	7.6%	56.9%	4,320	5.0%
Depreciation and amortization	5,240	5.9%	-1.6%	5,324	6.2%

