



Briefing on Business Results

- FY2017-

(From April 1, 2016 to March 31, 2017)

RISO KAGAKU CORPORATION

May 11, 2017

Table of Contents

1. Corporate Data	Slide	2
2. FY2017 Consolidated Financial Results	Slide	6
3. FY2017 Activity Overview	Slide	13
4. Forecast for FY2018	Slide	20
5. Shareholders Return	Slide	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

- 1.1 Corporate Data
- 1.2 Business Outline and Domains
- 1.3 Market Position of RISO Products

1.1 Corporate Data (as of March 31, 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	3,604
■ Group Subsidiaries	28 (Domestic: 2 Overseas: 26)



1.2 Business Outline and Domains

Printing equipment business

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

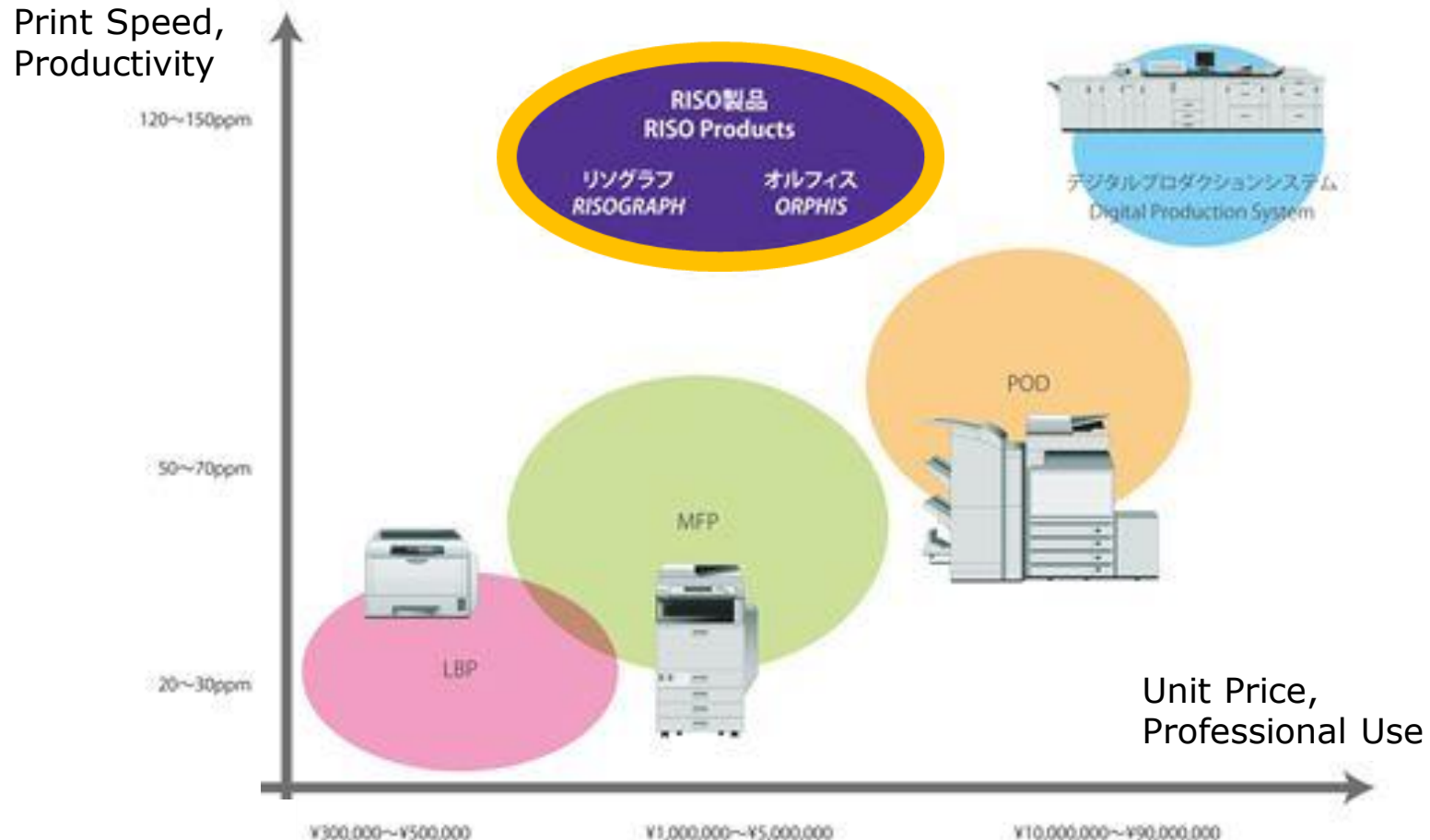


Real estate business and others

- Real Estate Business
- Print creating business



1.3 Market Position of RISO Products



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



2 FY2017

Consolidated Financial Results

- 2.1 Performance Overview
- 2.2 Results by Segment
- 2.3 Consolidated Balance Sheet

2.1 FY2017 - Performance Overview

- Net sales decreased due to the effect of yen appreciation
- Operating income fell

(Millions of Yen)

		FY2017	FY2016	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		82,995	85,454	-2,459	-2.9%	2.9%
Gross profit		46,654	49,814	-3,159	-6.3%	0.3%
	(Gross profit ratio)	(56.2%)	(58.3%)			
Selling, general and administrative expenses		42,660	43,262	-601	-1.4%	2.8%
Operating income		3,993	6,551	-2,558	-39.0%	-16.1%
	(Operating income ratio)	(4.8%)	(7.7%)			
Ordinary income		4,129	6,476	-2,346	-36.2%	
Profit attributable to the owner of parent		2,724	5,267	-2,543	-48.3%	
Average exchange rates	1US\$	108.38	120.14			
	1Euro	118.79	132.58			



2.1 FY2017 - Performance Overview

Net sales

- Sales: ¥82,995 million, down ¥2,459 million YOY
- Up 2.9% YOY if the effects of exchange rates are excluded. Sales energized by launch of new products.
- Inkjet business represents 48% of consolidated sales.
- Overseas sales ratio:41%

Gross profit

- Gross profit: ¥46,654 million, down ¥3,159 million YOY
- Items including depreciation increased with the introduction of new products.
- Up 0.3% YOY if the effects of exchange rates are excluded
- Gross profit ratio: 56.2% (down 2.1 points YOY)



2.1 FY2017 - Performance Overview

Selling, general and administrative exp.

- SG&A: ¥42,660 million, down ¥601 million YOY
- Selling expenses of new products increased. R&D expenditure decreased.
- Up 2.8% YOY if the effects of exchange rates are excluded

Operating income

- Operating income: ¥3,993 million, down ¥2,558 million YOY
- Down 16.1% YOY if the effects of exchange rates are excluded
- Operating income ratio: 4.8% (down 2.9 points YOY)



2.2 FY2017 - Results by Segment

Net sales

■ Printing equipment business : down 2.7 points YOY

▪ Japan : up 1.2 points YOY

▪ Overseas : down 7.6 points YOY

(Millions of Yen)

	FY2017		FY2016		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	81,826	98.6%	84,063	98.4%	-2,237	-2.7%
Japan	47,839	57.6%	47,276	55.3%	562	1.2%
Overseas	33,987	41.0%	36,787	43.0%	-2,799	-7.6%
Americas	5,671	6.8%	6,195	7.3%	-524	-8.5%
Europe	14,126	17.0%	15,555	18.2%	-1,429	-9.2%
Asia	14,190	17.1%	15,035	17.6%	-845	-5.6%
Real estate business & others	1,168	1.4%	1,391	1.6%	-222	-16.0%



2.2 FY2017 - Results by Segment

Operating income

■ Printing equipment business : down 39.6 points YOY

▪ Japan : down 23.7 points YOY

▪ Overseas : down 86.0 points YOY

(Millions of Yen)

	FY2017		FY2016		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	3,789	4.6%	6,275	7.3%	-2,485	-39.6%
Japan	3,564	4.3%	4,674	5.5%	-1,109	-23.7%
Overseas	224	0.3%	1,600	1.9%	-1,376	-86.0%
Americas	-452	—	-300	—	-151	—
Europe	209	0.3%	665	0.8%	-456	-68.5%
Asia	467	0.6%	1,236	1.4%	-768	-62.2%
Real estate business & others	204	0.2%	276	0.3%	-72	-26.2%

2.3 FY2017- Consolidated Balance Sheet

(millions of Yen)

Items	FY2017	FY2016	Items	FY2017	FY2016
Current assets	47,134	50,938	Current liabilities	21,194	22,198
Cash and deposits	15,058	16,943	Notes and accounts payable-trade	11,568	10,538
Notes and accounts receivable-trade	15,393	15,257	Income taxes payable	311	907
Short-term investment securities	900	3,430	Other	9,314	10,752
Merchandise and finished goods	8,987	7,740	Noncurrent liabilities	2,781	3,591
Work in process	853	730	Net defined benefit liability	2,359	3,130
Raw materials and supplies	2,205	2,728	Other	422	460
Other	3,735	4,107	Total liabilities	23,975	25,789
Noncurrent assets	40,854	40,730	Shareholders' equity	65,198	67,506
Total property, plant and equipment	33,026	32,343	Retained earnings	50,678	50,287
Intangible assets	1,916	2,671	Treasury stock	△14,375	△11,675
Investments and other assets	5,911	5,715	Other	28,894	28,894
			Accumulated other comprehensive assets	△1,184	△1,627
			Total net assets	64,013	65,879
Total assets	87,988	91,669	Total liabilities and net assets	87,988	91,669

* Equity Ratio FY2017: 72.8% FY2016: 71.9%



3 FY2017 Activity Overview

- 3.1 The 6th Medium-term Management Plan
“RISO Vision 19”
- 3.2 Management Policies for FY2017
- 3.3 FY2017
- 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



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

3.2 Management Policies for FY2017

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

3.3 FY2017 - Activity Overview

■ Started rollouts of new products

Inkjet Business

ORPHIS



FW Series
(compact size)
Japan: March 2016
Overseas: June 2016



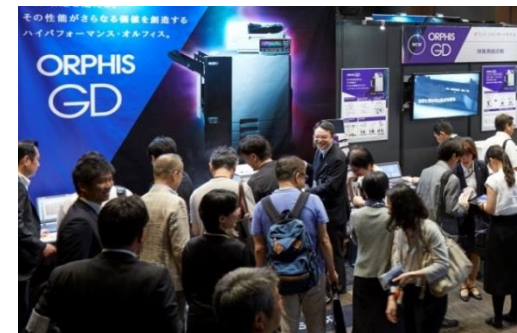
GD Series
(high speed, enhanced productivity)
Japan: September 2016
Overseas: January 2017

Digital Duplicating Business

RISOGRAPH



SF Series (standard model)
Japan: August 2016
Overseas: August 2016



Product launch event

3.3 FY2017 - Activity Overview

■ Eco Mark Award 2016 winners:

Product of the Year “ORPHIS FW”



Achieves reduction in total volatile organic compound (TVOC) levels long thought to be a challenge for high-speed printers



Certified by Germany's “Blue Angel” environmental label

3.3 FY2017 - Activity Overview

- Pursued every possibility in high-speed inkjet printers

Reference Exhibits

drupa 2016, June 2016, Germany

Graph Expo 2016, September 2016, U.S.



RISO T1
:Continuous feed



RISO T2
:Cut-sheet

3.3 FY2017 - Activity Overview

■ Acquired land for development

Purpose : Strengthening research and development

Acquisition price : ¥1,951 million

Description of acquired assets

Location : Tsukuba City, Ibaraki Prefecture

Land : 21,680.95 m² in area

Acquired in : November 2016

4 Forecast for FY2018

- 4.1 FY2018 Business Term
Management Policies
- 4.2 Forecast for FY2018

4.1 FY2018 Business Term Management Policies

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

4.2 Forecast for FY2018

(Millions of Yen)

	FY2018 Forecast	FY2017 Actual	Difference	
			Amount	Growth
Net sales	83,500	82,995	504	0.6%
Operating income	4,400	3,993	406	10.2%
Ordinary income	4,400	4,129	270	6.6%
Profit attributable to the owner of parent	3,000	2,724	275	10.1%
Operating income margin	5.3%	4.8%		

Average exchange rates

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



4.2 Forecast for FY2018 - Precondition

■ 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 FY2017 : 60 yen per share

■ Purchase of Treasury Stock:

- Total Number of shares purchased during FY2017 : 1,499,800 shares
- Total purchase cost during FY2017 : 2,699 million yen

	FY2017			
	From May 18, 2016 to June 3, 2016	From August 19, 2016 to September 8, 2016	From November 15, 2016 to December 2, 2016	From February 10, 2017 to February 27, 2017
Number of shares purchased	299,200 shares	603,000 shares	359,600 shares	238,000 shares
Purchase cost	499 million yen	999 million yen	699 million yen	499 million yen

5. Shareholders Return

■ Dividend Forecast for FY2018 : 60 yen per share

■ Purchase of Treasury Stock (Announced on May 9, 2017)

- Number of shares to be purchased : Up to 420,000 shares
- Total purchase cost : Up to 700 million yen
- Purchase Period : From May 19,2017
to June 16,2017

5. Shareholders Return

	FY2015	FY2016	FY2017
Profit attributable to the owner of parent	5,624	5,267	2,724
Cash dividends per share (Yen)	45	60	60
Cash dividends paid (A)	1,816	2,333	2,243
Payout ratio	32.8%	45.2%	84.0%
Repurchase of treasury stock (B)	2,538	3,199	2,699
Total return (A)+(B)	4,354	5,532	4,942
Total return ratio	77.4%	105.0%	181.4%

(reference data)

(Millions of Yen)

	FY2018 2 nd half Forecast			FY2017 2 nd half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	38,900	100.0%	0.8%	38,590	100.0%
Printing equipment business	38,320	98.5%	0.8%	38,011	98.5%
Japan	22,750	58.5%	0.2%	22,700	58.8%
Americas	2,820	7.2%	3.6%	2,721	7.1%
Europe	6,350	16.3%	1.1%	6,278	16.3%
Asia	6,400	16.5%	1.4%	6,311	16.4%
Real estate business & others	580	1.5%	0.2%	578	1.5%
Gross profit	22,550	58.0%	0.5%	22,445	58.2%
Selling, general & administrative expenses	20,750	53.3%	-0.3%	20,819	54.0%
Operating Income	1,800	4.6%	10.7%	1,625	4.2%
Ordinary Income	1,800	4.6%	4.6%	1,721	4.5%
Profit attributable to the owner of parent	1,200	3.1%	6.6%	1,125	2.9%



(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%

