



Briefing on Business Results

- FY2018-

(From April 1, 2017 to March 31, 2018)

RISO KAGAKU CORPORATION

May 10, 2018

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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

- 1.1 Corporate Data
- 1.2 Business Outline and Domains
- 1.3 Change in the Inkjet Business'
Share of Consolidated Net Sales
- 1.4 Market Position of RISO
Products

1.1 Corporate Data (as of March 31, 2018)

■ 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	3,638
■ Group Subsidiaries	28 (Domestic: 2 Overseas: 26)



1.2 Business Outline and Domains

Printing equipment business

- Inkjet Business:

 - Full Color Inkjet Printer **ORPHIS**



ORPHIS
GD9630

- Digital Duplicating Business:

 - High Speed Digital Duplicator **RISOGRAPH**



RISOGRAPH
MF935W

Others

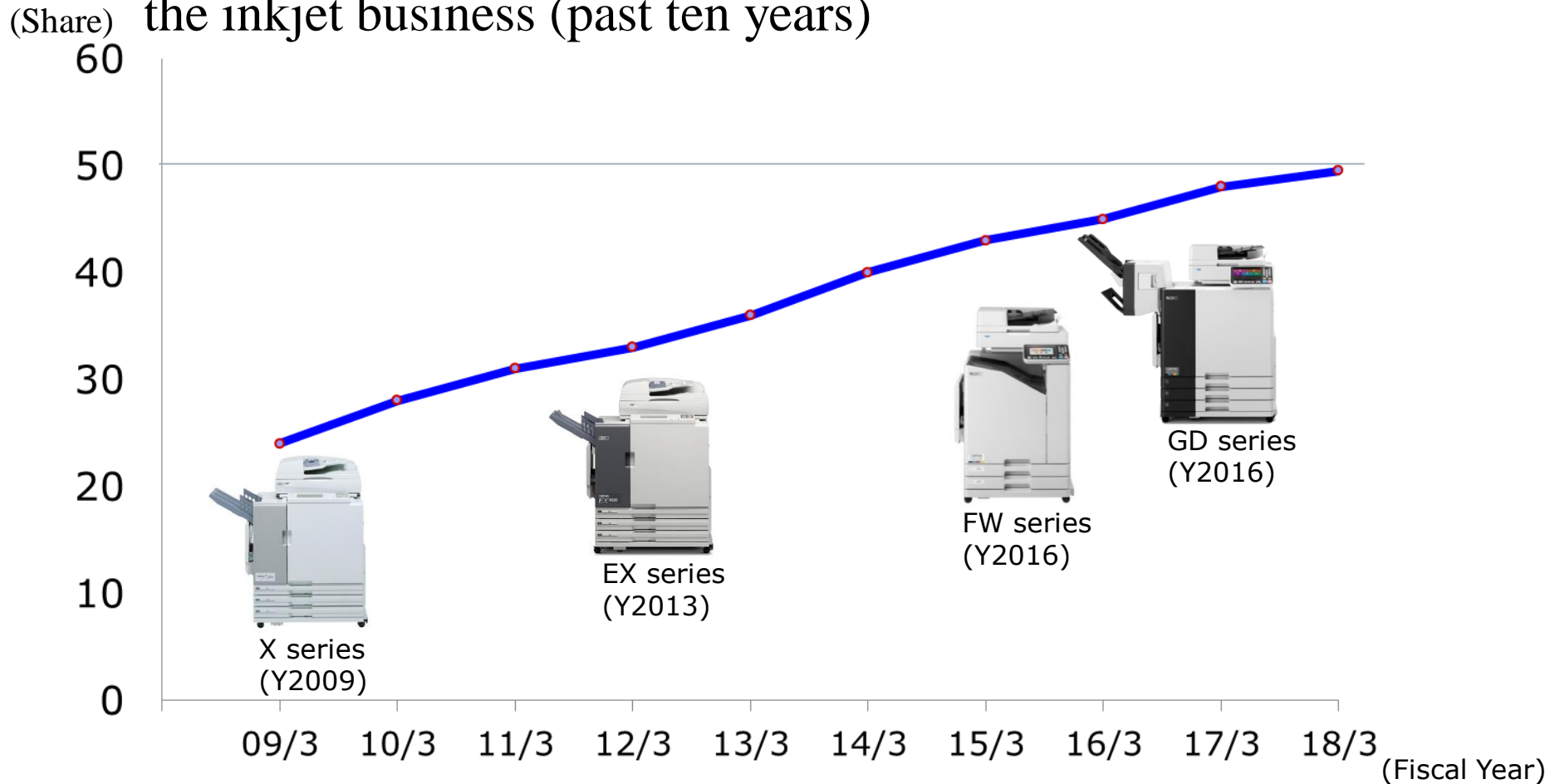
- Real Estate Business

- Print creating business

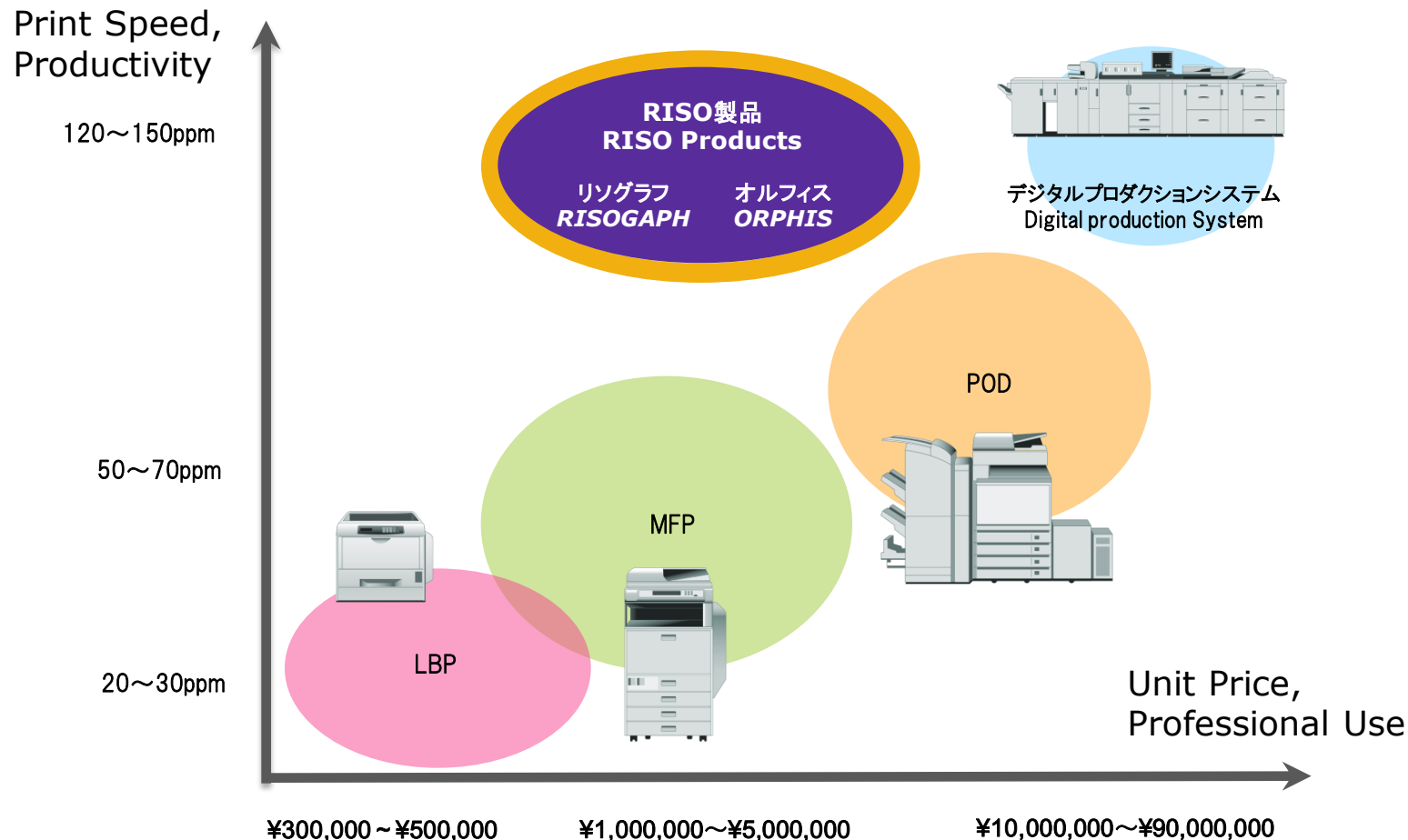


1.3 Change in the Inkjet Business' Share of Consolidated Net Sales

Change in the share of consolidated net sales accounted for by the inkjet business (past ten years)



1.4 Market Position of RISO Products



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



2 FY2018

Consolidated Financial Results

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

2.1 FY2018 - Performance Overview

- Net sales increased 3.0% and operating income decreased 3.1% year on year.
- If exchange rate effects are excluded, net sales increased 0.6% and operating income decreased 22.5% year on year.

(Millions of Yen)

		FY2018	FY2017	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		85,507	82,995	2,511	3.0%	0.6%
Gross profit		47,588	46,654	934	2.0%	-1.3%
	(Gross profit ratio)	(55.7%)	(56.2%)			
Selling, general and administrative expenses		43,718	42,660	1057	2.5%	0.6%
Operating income		3,870	3,993	-122	-3.1%	-22.5%
	(Operating income ratio)	(4.5%)	(4.8%)			
Ordinary income		3,931	4,129	-197	-4.8%	
Profit attributable to the owner of parent		3,033	2,724	309	11.3%	
Average exchange rates	1US\$	110.85	108.38			
	1Euro	129.70	118.79			



2.1 FY2018 - Performance Overview

Net sales

- Sales: ¥85,507 million, up ¥2,511 million YOY
- Up 0.6% YOY if the effects of exchange rates are excluded.
- Overseas sales ratio: 43.3%

Gross profit

- Gross profit: ¥47,588 million, up ¥934 million YOY
- In the inkjet business, due mainly to amortization of investment in molds for new products, gross profit increased.
- In the digital duplicating business, with a drop in sales, gross profit decreased.
- Down 1.3% YOY if the effects of exchange rates are excluded
- Gross profit ratio: 55.7%



2.1 FY2018 - Performance Overview

Selling, general and administrative exp.

- SG&A: ¥43,718 million, up ¥1,057 million YOY
- R&D expenditure decreased.
- There was an increase in selling expenses associated with sales of new products in Europe and Asia.
- Up 0.6% YOY if the effects of exchange rates are excluded

Operating income

- Operating income: ¥3,870 million, down ¥122 million YOY
- Down 22.5% YOY if the effects of exchange rates are excluded
- Operating income ratio: 4.5%



2.2 FY2018 - Results by Region

Net sales

■ Printing equipment business : up 3.0 points YOY

▪ Japan : down 1.2 points YOY

▪ Overseas : up 9.0 points YOY

(Millions of Yen)

	FY2018		FY2017		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	84,293	98.6%	81,826	98.6%	2,467	3.0%
Japan	47,244	55.3%	47,839	57.6%	-595	-1.2%
Overseas	37,049	43.3%	33,987	41.0%	3,062	9.0%
Americas	5,512	6.4%	5,671	6.8%	-158	-2.8%
Europe	15,921	18.6%	14,126	17.0%	1,795	12.7%
Asia	15,615	18.3%	14,190	17.1%	1,425	10.0%
Others	1,213	1.4%	1,168	1.4%	44	3.8%



2.2 FY2018 - Results by Segment

Operating income

■ Printing equipment business : down 7.9 points YOY

▪ Japan : down 11.8 points YOY

▪ Overseas : up 54.4 points YOY

(Millions of Yen)

	FY2018		FY2017		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	3,489	4.1%	3,789	4.6%	-299	-7.9%
Japan	3,143	3.7%	3,564	4.3%	-421	-11.8%
Overseas	346	0.4%	224	0.3%	122	54.4%
Americas	-577	—	-452	—	-125	—
Europe	321	0.4%	209	0.3%	112	53.8%
Asia	602	0.7%	467	0.6%	135	28.9%
Others	380	0.4%	204	0.2%	176	86.5%



2.3 FY2018- Consolidated Balance Sheet

(millions of Yen)

Items	FY2018	FY2017	Items	FY2018	FY2017
Current assets	50,654	47,134	Current liabilities	23,861	21,194
Cash and deposits	17,047	15,058	Notes and accounts payable-trade	12,803	11,568
Notes and accounts receivable-trade	16,047	15,393	Income taxes payable	547	311
Short-term investment securities	1,400	900	Other	10,510	9,314
Merchandise and finished goods	9,402	8,987	Noncurrent liabilities	2,417	2,781
Work in process	891	853	Net defined benefit liability	1,781	2,359
Raw materials and supplies	2,220	2,205	Other	636	422
Other	3,645	3,735	Total liabilities	26,279	23,975
Noncurrent assets	39,434	40,854	Shareholders' equity	64,488	65,198
Total property, plant and equipment	32,393	33,026	Retained earnings	51,468	50,678
Intangible assets	1,541	1,916	Treasury stock	△ 15,874	△ 14,375
Investments and other assets	5,498	5,911	Other	28,894	28,894
			Accumulated other comprehensive assets	△ 678	△ 1,184
			Total net assets	63,810	64,013
Total assets	90,089	87,988	Total liabilities and net assets	90,089	87,988

* Equity Ratio FY2018:70.8% FY2017:72.8%



3 FY2018 Activity Overview

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

■ Rollout of new products

Digital Duplicating Business

Market launch of the new RISOGRAPH series Domestic: October 2017
Overseas: December 2017

- Market launch worldwide of all six models for the two high-end series
 - Two-color model: Enables easy, quick two-color printing
 - One-color model: At 190 sheets per second, it sets the record for the industry's fastest high-speed printing



RISOGRAPH MF935W



RISOGRAPH SF939G

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 FY2017 - 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

Print Week Live, March 2018, England



RISO T2
:Cut-sheet



Print 17

4 Forecast for FY2019

- 4.1 FY2019 Business Term
Management Policies
- 4.2 Forecast for FY2019

4.1 FY2019 Business Term Management Policies

Focus on the growth of the number of machine installation, while strengthening the corporate structure over the medium-and long-term.

4.2 Forecast for FY2019

(Millions of Yen)

	FY2019 Forecast	FY2018 Actual	Difference	
			Amount	Growth
Net sales	85,500	85,507	-7	-0.0%
Operating income	3,800	3,870	-70	-1.8%
Ordinary income	3,800	3,931	-131	-3.3%
Profit attributable to the owner of parent	2,400	3,033	-633	-20.9%
Operating income margin	4.4%	4.5%		

Average exchange rates

1US\$	¥ 105.00	¥ 110.85
1EURO	¥ 130.00	¥ 129.70



4.2 Forecast for FY2019 - Precondition

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

	Net sales	Operating income
US\$	150 million yen	30 million yen
Euro	70 million yen	50 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:

- Total Number of shares purchased during FY2018 : 686,700 shares
- Total purchase cost during FY2017 : 1,499 million yen

	FY2018			
	From May 19, 2017 to June 2, 2017	From August 18, 2017 To August 31, 2017	From November 16, 2017 to December 7, 2017	From February 14, 2018 To March 6, 2018
Number of shares purchased	311,900 shares	97,000 shares	140,100 shares	137,700 shares
Purchase cost	699 million yen	199 million yen	299 million yen	299 million yen

5. Shareholders Return

■ Dividend Forecast for FY2019 : 60 yen per share

■ Purchase of Treasury Stock (Announced on May 8, 2018)

- Number of shares to be purchased : Up to 540,000 shares
- Total purchase cost : Up to 1 billion yen
- Purchase Period : From May 18,2018
to June 15,2018

5. Shareholders Return

	FY2016	FY2017	FY2018
Profit attributable to the owner of parent	5,267	2,724	3,033
<i>Cash dividends per share (Yen)</i>	60	60	60
Cash dividends paid(A)	2,333	2,243	2,202
Repurchase of treasury stock (B)	3,199	2,699	1,499
Total return (A)+(B)	5,532	4,942	3,701

Payout ratio	45.2%	84.0%	73.2%
Total return ratio	105.0%	181.4%	122.0%

(reference data)

(Millions of Yen)

	FY2019 2 nd half Forecast			FY2018 2 nd half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	40,100	100.0%	-0.1%	40,128	100.0%
Printing equipment business	39,460	98.4%	-0.2%	39,523	98.5%
Japan	22,900	57.1%	0.3%	22,839	56.9%
Americas	2,535	6.3%	-6.7%	2,716	6.8%
Europe	7,280	18.2%	4.7%	6,954	17.3%
Asia	6,745	16.8%	-3.8%	7,013	17.5%
Real estate business & others	640	1.6%	5.8%	604	1.5%
Gross profit	23,000	57.4%	3.1%	22,307	55.6%
Selling, general & administrative expenses	21,400	53.4%	2.3%	20,920	52.1%
Operating Income	1,600	4.0%	15.3%	1,387	3.5%
Ordinary Income	1,600	4.0%	0.9%	1,585	4.0%
Profit attributable to the owner of parent	900	2.2%	-26.3%	1,221	3.0%



(reference data)

(Millions of Yen)

	FY2019 Forecast			FY2018 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	85,500	100.0%	0.0%	85,507	100.0%
Printing equipment business	84,200	98.5%	-0.1%	84,293	98.6%
Japan	47,400	55.4%	0.3%	47,244	55.3%
Americas	5,450	6.4%	-1.1%	5,512	6.4%
Europe	16,200	18.9%	1.7%	15,921	18.6%
Asia	15,150	17.7%	-3.0%	15,615	18.3%
Real estate business & others	1,300	1.5%	7.1%	1,213	1.4%
Gross profit	48,100	56.3%	1.1%	47,588	55.7%
Selling, general & administrative expenses	44,300	51.8%	1.3%	43,718	51.1%
Operating Income	3,800	4.4%	-1.8%	3,870	4.5%
Ordinary Income	3,800	4.4%	-3.3%	3,931	4.6%
Profit attributable to the owner of parent	2,400	2.8%	-20.9%	3,033	3.5%
Capital expenditure	4,900	5.7%	1.8%	4,815	5.6%
Depreciation and amortization	5,100	6.0%	-7.2%	5,493	6.4%

