
**BRIEFING ON
BUSINESS RESULTS
- FY 2011 -**

RISO KAGAKU CORPORATION

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

Table of Contents

1. Summary of Business Results in FY 2011	Slide No. 3—5
2. FY 2011 Performance Overview	Slide No. 6—9
3. FY 2011 Activity Overview	Slide No. 10—12
4. Progress of Medium-Term Management Plan “Riso Vision 13”	Slide No. 13
5. Management Policies for FY 2012	Slide No. 14
6. Forecast for FY 2012	Slide No. 15—16
7. Shareholders Return	Slide No. 17

● Notes on the descriptions in this briefing

The amounts indicated have been rounded down to a million yen.

● A note on the descriptions relating to forecasts

The forward-looking statements, including forecast, 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.

Summary of Business Results in FY 2011 (1)

Net Sales - decreased for three consecutive terms due to foreign exchange impact

- Net Sales: ¥76,897 million (-2.0% year on year)
 - Calculation excluding forex impact shows +1.4% y-o-y
 - Inkjet business (high speed color printers)
 - Sales in Japan and Europe increased, while sales in Americas dropped below the level of FY2010
 - Overall inkjet sales increased, amounting to 31% of consolidated sales (a 3% point increase)
 - Digital duplicating business (digital duplicators)
 - Sales in emerging countries increased, but overall sales dropped due to decrease in developed countries
 - Impact of the Great East Japan Earthquake was minimal

Summary of Business Results in FY 2011 (2)

Gross Profit - increased

- Gross profit: ¥38,624 million
 - Gross profit margin ratio was 50%, a 1.2% point increase from the previous term
 - Sales shift to upper models, as well as lowered cost of sales resulting from increased inkjet printer sales, contributed to the better gross profit

SG&A - decreased

- Selling, general and administrative expenses: ¥34,217 million
 - Down approx. ¥2,500 million from the previous term
 - Expenses: reduction of fixed cost, reduction of advertisement expenses, decreased research and development expenses

Summary of Business Results in FY 2011 (3)

Net Income - returned to the black after two terms' loss

- Operating income: ¥4,406 million
 - Up approx. ¥2,700 million (+164.0%) from the previous term
 - Expansion of inkjet business contributed
- Net income for the term: ¥6,288 million
 - Extraordinary income
 - ¥1,293 million of “gain on step acquisition” was recognized as ORTEK CORPORATION became a wholly owned subsidiary when the joint venture agreement with Olympus was terminated
 - Extraordinary loss
 - Cost for reorganizing the operation of the U.S. Subsidiary: ¥194 million

FY 2011 Performance Overview (1)

Consolidated Base

(Millions of Yen)

	FY2010	FY2011	Difference (y-o-y)		Calculated with the exchange rate of the previous year	
			Amount	%	Calculation	Foreign exchange impact
Net sales	78,469	76,897	-1,572	-2.0%	79,591	-2,694
Gross profit	38,416	38,624	208	0.5%	40,729	-2,105
Selling, general and administrative exp.	36,746	34,217	-2,529	-6.9%	35,226	-1,008
Operating income	1,669	4,406	2,737	164.0%	5,504	-1,097
Ordinary income	2,113	4,939	2,826	133.7%		
Net income	-5,937	6,288	12,225	—		
Exchange Rates	Yen/US\$	92.85	85.72			
	Yen/Euro	131.15	113.12			

FY 2011 Performance Overview (2)

Sales by Segment — Actual value comparison

(Millions of Yen)

	Printing equipment-related business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Sub Total		
FY2011	46,082	6,747	13,203	9,157	75,191	1,705	76,897
Difference (amount)	320	-1,199	-777	198	-1,457	-116	-1,572
Rate of change (%)	0.7%	-15.1%	-5.6%	2.2%	-1.9%	-6.4%	-2.0%
FY2010	45,762	7,946	13,980	8,959	76,648	1,821	78,469

FY 2011 Performance Overview (3)

Sales by Segment — Calculated with the exchange rate of the previous year

(Millions of Yen)

	Printing equipment-related business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Sub Total		
FY2011	46,082	7,308	14,976	9,157	77,884	1,707	79,591
Difference (amount)	320	-638	996	558	1,236	-114	1,122
Rate of change (%)	0.7%	-8.0%	7.1%	6.2%	1.6%	-6.3%	1.4%
FY2010	45,762	7,946	13,980	8,959	76,648	1,821	78,469

Exchange rate (Average of the period)	U.S. \$1.00	EURO 1.00
FY2011	85.72yen	113.12yen
FY2010	92.85yen	131.15yen



FY 2011 Performance Overview (4)

Operating income by Segment

(Millions of Yen)

	Printing equipment-related business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Sub Total		
FY2011	4,147	-1,582	0	1,259	3,825	581	4,406
Difference (amount)	1,348	63	710	525	2,648	90	2,737
Rate of change (%)	48.2%	—	—	71.5%	225.0%	18.3%	164.0%
FY2010	2,799	-1,645	-710	734	1,177	491	1,669



FY 2011 Activity Overview (1)

Main focuses for FY2011

■ Challenges our Company group has to address:

- (1) Accelerate the growth speed of inkjet business
- (2) Aim to maintain and recover the digital duplicating business which keeps decreasing

■ Main Focuses for FY 2011

- (1) Develop, cultivate and strengthen sales channels in the inkjet business
- (2) Improve internal structure for product development best suited to the markets

FY 2011 Activity Overview (2)

■ Develop, cultivate and strengthen sales channels in the inkjet business

- Japan: The plan went well and sales increased as expected
- Overseas: Concentrated on building up sales channels to cultivate new market segment e.g. variable data printing
- Europe: ComColor series was officially released in April 2010, resulting in good increase of inkjet MIF

■ Improve internal structure for product development best suited to the markets

- Several measures taken, e.g. setting up Overseas Marketing Strategy Dept. to have product planning reflect local requirements, as well as to research and verify potential demand, sales methodology, sales channel, etc. in each market



ComColor 9050

FY 2011 Activity Overview (3)

■ Inkjet business - to be conducted independently

<Agreement with Olympus Corporation (announced 25th Feb 2011)>

- RISO would acquire all the shares of the joint venture held by Olympus Corporation (share ownership of 50%) – the joint venture, ORTEK CORPORATION, would become RISO's wholly-owned subsidiary
- RISO would acquire office-use inkjet printer related business operated by the Olympus group, inclusive of production equipment and patents
- Total price of the above transaction would be 3,818 million yen
- Date of the above transaction would be 31st March 2011

RISO will independently conduct the inkjet business

Progress of Medium-Term Management Plan “Riso Vision 13”

【Management Objectives】

Realize strong growth by gaining new customers through the utilization of optimum corporate resources in order to re-establish a stable profit-making business model.

【Targets for FY2013】

Consolidated sales : ¥83 billion
Consolidated operating income : ¥2.5 billion

【Strategic Items】

1. Develop, cultivate and strengthen sales channels in the inkjet business.
2. Build up both the product planning system and sales planning system on a global basis.
3. Conduct a dynamic review of both the manufacturing system as well as the structure of selling, general and administrative expenses.

Management Policies for FY 2012

While working to overcome the destabilizing factors caused by the earthquake and its aftermath, RISO shall energize its sales activities and strengthen its profit structure

- a. Steady production and continuous shipment of consumables and hardware
- b. Establishment of inkjet development and production systems for entirely in-house operations
- c. Development, cultivation and strengthening of overseas sales channels
- d. Cultivating new market segments and strengthening relationships with customers in existing sales channels in Japan

Forecast for FY 2012 (1)

(Millions of Yen)

	FY2011 Actual	FY2012 Forecast	Difference (y-o-y)	
			Amount	%
Net sales	76,897	77,700	803	1.0%
Operating income	4,406	2,500	-1,906	-43.3%
Ordinary income	4,939	2,510	-2,429	-49.2%
Net income	6,288	2,530	-3,758	-59.8%
Consolidated ROE	5.7%	3.2%		
Operating income margin	10.4%	4.0%		
Exchange Rates	Yen/US\$	85.72	86.00	
	Yen/Euro	113.12	115.00	



Forecast for FY 2012 (2) – Precondition –

■ Assumed exchange rate

1 Dollar: 86.00 Yen

1 Euro : 115.00 Yen

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

(when the value of the yen shifts 1 yen in the full term)

	Net sales	Operating income
Yen/US\$	130 million yen	11 million yen
Yen/Euro	80 million yen	55 million yen

Shareholders Return

