



Briefing on Business Results - for the Six Months of FY2019-

(From April 1, 2018 to September 30, 2018)

RISO KAGAKU CORPORATION

November 6, 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 September 30, 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	3,679
■ 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

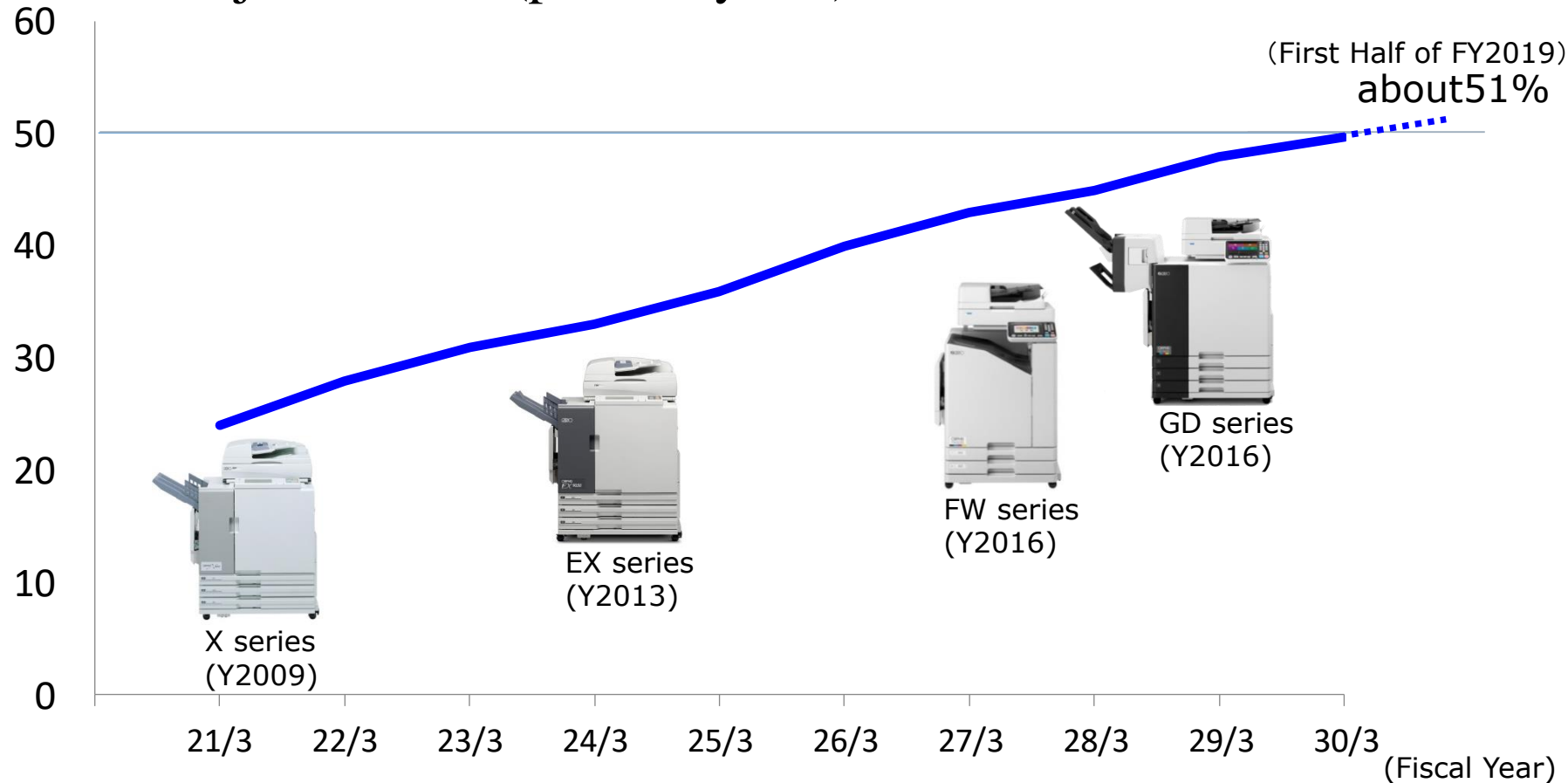
- Real Estate Business

- Print creating business

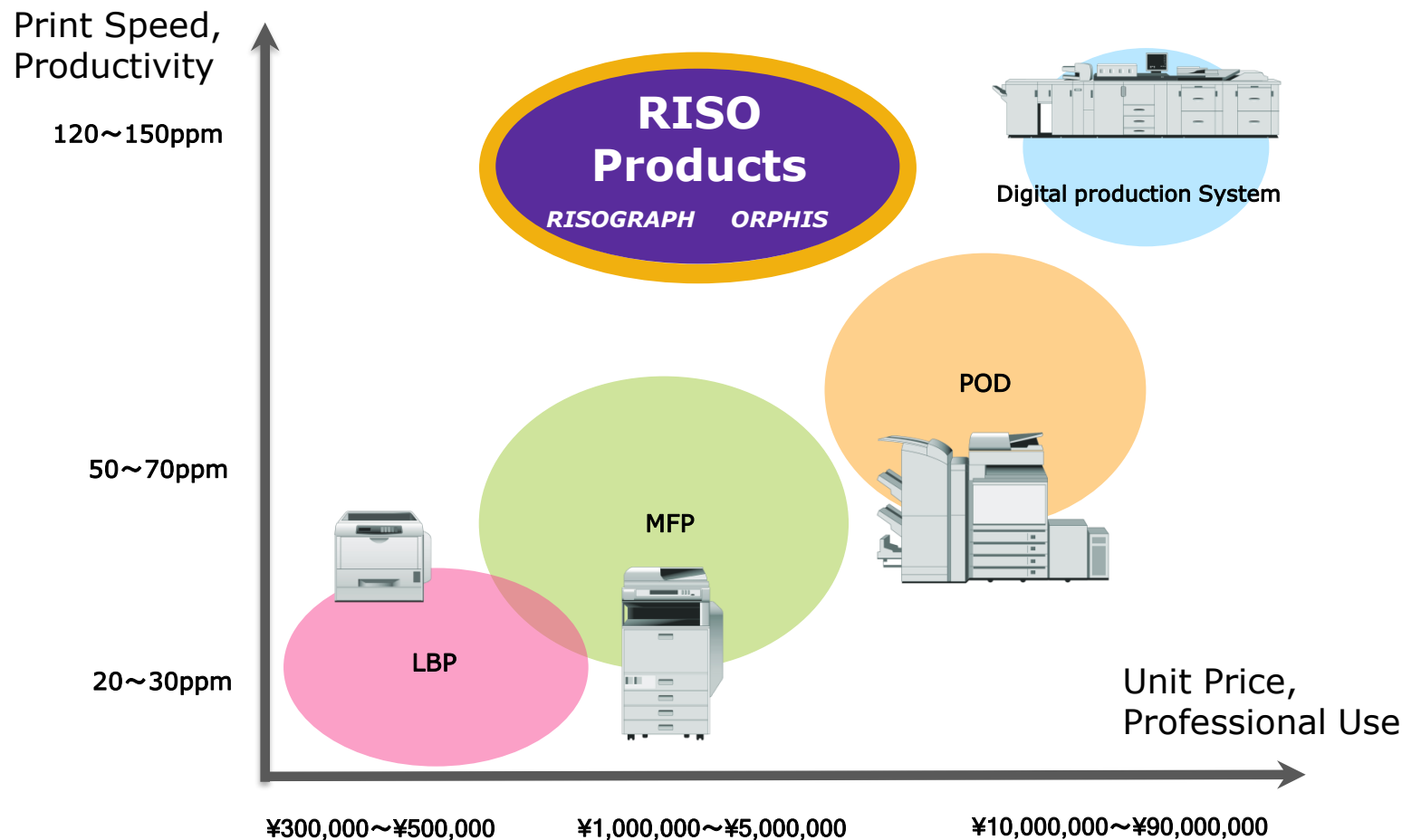


1.3 Change in the Inkjet Business' Share of Consolidated Net Sales

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 First Half of FY2019 Consolidated Financial Results

2.1 Performance Overview

2.2 Results by Region

2.1 First Half of FY2019 - Performance Overview

- Net sales decreased 0.1% and operating income increased 24.7% year on year.
- If exchange rate effects are excluded, net sales decreased 0.4% and operating income increased 19.7% year on year.

(Millions of Yen)

		FY2019	FY2018	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		40,092	40,128	-35	-0.1%	-0.4%
Gross profit		22,992	22,307	685	3.1%	2.4%
(Gross profit ratio)		(57.3%)	(55.6%)			
Selling, general and administrative expenses		21,262	20,920	342	1.6%	1.3%
Operating income		1,730	1,387	342	24.7%	19.7%
(Operating income ratio)		(4.3%)	(3.5%)			
Ordinary income		1,659	1,585	73	4.6%	
Profit attributable to the owner of parent		1,365	1,221	143	11.7%	
Average exchange rates	1US\$	110.26	111.06			
	1Euro	129.85	126.29			

2.1 First Half of FY2019 - Performance Overview

Net sales

- Sales: ¥40,092 million, down ¥35 million YOY
- With net sales increasing in the first quarter and decreasing in the second, cumulative net sales were about the same as in the first half of the previous year.
- Down 0.4% YOY if the effects of exchange rates are excluded.

Gross profit

- Gross profit: ¥22,992 million, up ¥685 million YOY
- Gross profit increased on the rise in sales in both Europe and Asia
- Up 2.4% YOY if the effects of exchange rates are excluded
- Gross profit ratio: 57.3%



2.1 First Half of FY2019 - Performance Overview

Selling, general and administrative exp.

- SG&A: ¥21,262 million, up ¥342 million YOY
- Personnel expenses and general expenses associated with sales overseas increased.
- Up 1.3% YOY if the effects of exchange rates are excluded

Operating income

- Operating income: ¥1,730 million, up ¥342 million YOY
- Up 19.7% YOY if the effects of exchange rates are excluded
- Operating income ratio: 4.3%



2.2 First Half of FY2019 - Results by Region

Net sales

■ Printing equipment business : down 0.3 points YOY

▪ Japan : down 5.0 points YOY

▪ Overseas : up 6.2 points YOY

(Millions of Yen)

	FY2019		FY2018		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	39,422	98.3%	39,523	98.5%	-101	-0.3%
Japan	21,705	54.1%	22,839	56.9%	-1,133	-5.0%
Overseas	17,716	44.2%	16,684	41.6%	1,031	6.2%
Americas	2,544	6.3%	2,716	6.8%	-172	-6.3%
Europe	7,615	19.0%	6,954	17.3%	661	9.5%
Asia	7,555	18.8%	7,013	17.5%	541	7.7%
Others	670	1.7%	604	1.5%	65	10.9%

2.2 First Half of FY2019 - Results by Region

Operating income

■ Printing equipment business : up 22.2 points YOY

▪Japan : down 23.4 points YOY

▪Overseas : Operating income: ¥341 million
(operating losses of 267 million yen in the same period of the previous fiscal year)

(Millions of Yen)

	FY2019		FY2018		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	1,464	3.7%	1,198	3.0%	266	22.2%
Japan	1,122	2.8%	1,465	3.7%	-342	-23.4%
Overseas	341	0.9%	-267	—	608	—
Americas	-410	—	-309	—	-100	—
Europe	375	0.9%	-72	—	448	—
Asia	376	0.9%	114	0.3%	261	227.5%
Others	265	0.7%	188	0.5%	76	40.5%



3 Activity in the Fiscal Year Ending March 31, 2019

- 3.1 The 6th Medium-term Management Plan
“RISO Vision 19”
- 3.2 Management Policies for FY2019
- 3.3 Activity in the Fiscal Year Ending
March 31, 2019

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
<https://www.riso.co.jp>

3.2 Management Policies for FY2019

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

3.3 Activity in the Fiscal Year Ending March 31, 2019

■ New ORPHIS product

We released ORPHIS GD9630 Premium, the top-end model, in October 2018.

- By substantially increasing the paper feeding capacity, we significantly increased productivity



ORPHIS GD9630 Premium

3.3 Activity in the Fiscal Year Ending March 31, 2019

■ Efforts to develop new printing markets

Pursued every possibility in high-speed inkjet printers

Reference Exhibits

Print Week Live, March 2018, England

The Print Show, September 2018, England

Print 18, September 2018, U.S.



RISO T2
:Production Printer



Print 18, U.S.

3.3 Activity in the Fiscal Year Ending March 31, 2019

■ Purchase of Treasury Stock:

- Total Number of shares purchased during first half of FY2019 : 789,900 shares
(About 1.67% of total shares issued)
- Total purchase cost during first half of FY2019 : 1,999 million yen

4 Forecast for FY2019

4. Forecast for FY2019

- There is no revision of the forecast for the full-year consolidated results released in July.

(Millions of Yen)

	FY2019 Forecast	FY2018 Actual	Difference	
			Amount	Growth
Net sales	85,500	85,507	-7	-0.0%
Operating income	4,000	3,870	129	3.3%
Ordinary income	4,000	3,931	68	1.7%
Profit attributable to the owner of parent	2,800	3,033	-233	-7.7%
Operating income margin	4.7%	4.5%		

Average exchange rates

1US\$	¥ 110.00	¥ 110.85
1EURO	¥ 130.00	¥ 129.70



4. Forecast for FY2019 - Precondition

■ Impact of fluctuation of exchange rate

(¥1/term):reference

	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 FY2019 : 60 yen per share
- Purchase of Treasury Stock: (Announced on November 2, 2018)
 - Number of shares to be purchased : Up to 60,000 shares
 - Total purchase cost : Up to 100 million yen
 - Purchase Period : From November 14, 2018
to November 30, 2018

(reference data)

(Millions of Yen)

	FY2018				FY2019	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	20,178	19,949	20,730	24,648	20,564	19,528
Gross profit	11,332	10,974	11,881	13,400	12,198	10,793
(Gross profit ratio)	(56.2%)	(55.0%)	(57.3%)	(54.4%)	(59.3%)	(55.3%)
Selling, general and administrative expenses	10,491	10,428	11,208	11,589	10,803	10,458
Operating income	840	546	672	1,810	1,395	334
(Operating income ratio)	(4.2%)	(2.7%)	(3.2%)	(7.3%)	(6.8%)	(1.7%)
Ordinary income	928	657	677	1,668	1,344	314
Profit attributable to the owner of parent	702	518	247	1,564	1,042	322

(reference data)

Net Sales

(Millions of Yen)

	FY2018				FY2019	
	1Q	2Q	3Q	4Q	1Q	2Q
Printing equipment business	19,890	19,632	20,427	24,343	20,218	19,204
Japan	11,463	11,375	10,387	14,018	10,918	10,786
Overseas	8,427	8,257	10,039	10,325	9,299	8,417
Americas	1,320	1,395	1,358	1,437	1,238	1,306
Europe	3,472	3,481	4,410	4,557	4,079	3,536
Asia	3,634	3,379	4,271	4,330	3,981	3,573
Others	288	316	303	305	345	324

Operating Income

(Millions of Yen)

	FY2018				FY2019	
	1Q	2Q	3Q	4Q	1Q	2Q
Printing equipment business	761	438	577	1,713	1,266	198
Japan	954	511	493	1,184	913	209
Overseas	-193	-73	84	529	353	-11
Americas	-184	-125	-138	-130	-227	-182
Europe	-98	26	105	288	270	105
Asia	89	25	116	371	310	65
Others	79	109	94	96	128	137

