

# **Briefing on Business Results for the Six Months of FY2014**

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(From April 1, 2013 to September 30, 2013)

**RISO KAGAKU CORPORATION**

November 8, 2013

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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. First Half of FY2014 - Performance Overview

- Increased sales from a prosperous inkjet business

(Millions of Yen)

		First Half of FY2014	First Half of FY2013	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		39,057	35,268	3,788	10.7%	2.2%
Gross profit		21,979	20,058	1,920	9.6%	-2.0%
Selling, general and administrative expenses		19,860	17,855	2,004	11.2%	4.5%
Operating income		2,119	2,203	-84	-3.8%	-55.3%
Ordinary income		2,355	2,191	163	7.5%	
Net income		1,542	1,644	-101	-6.2%	
Exchange Rates	1US\$	98.85	79.41			
	1Euro	130.00	100.64			



# 1. First Half of FY2014 - Performance Overview

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## Net sales

- Sales: ¥39,057 million, up ¥3,788 million YOY (forexc impact: plus ¥3,016million)
- Inkjet business up 14.6%, digital duplicating business down 4.6% YOY \*exclude forexc impact
- Inkjet business represents 39% of consolidated sales
- Overseas sales represent 39.7% (up 6.1 points YOY)

## Gross profit

- Gross profit: ¥21,979 million, up ¥1,920 million YOY (forexc impact: plus¥2,332million)
- Gross profit ratio: 56.3% (up 0.6 points YOY)

# 1. First Half of FY2014 - Performance Overview

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## Selling, general and administrative exp.

- SG&A: ¥19,860 million, up ¥2,004 million YOY (forexc impact: plus¥1,197million)  
Factors: Effect of exchange rates on overseas operating expenses, expenses associated with the establishment and relocation of development bases, labor cost, etc.
- SG&A ratio: 50.8% (up 0.2 points YOY)

## Operating income

- Operating income: ¥2,119 million, down ¥83 million YOY (forexc impact: plus¥1,135million)
- Operating income ratio: 5.4% (down 0.8 points YOY)

# 1. First Half of FY2014 - Performance Overview

Net Sales		(Millions of Yen)				
	First Half of FY2014		First Half of FY2013		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	38,310	98.1%	34,513	97.9%	3,797	11.0%
Japan	22,807	58.4%	22,491	63.8%	315	1.4%
Americas	2,877	7.4%	2,263	6.4%	613	27.1%
Europe	7,365	18.9%	5,432	15.4%	1,933	35.6%
Asia	5,260	13.5%	4,325	12.3%	934	21.6%
Real estate business & others	746	1.9%	754	2.1%	-8	-1.1%

Operating Income		(Millions of Yen)				
	First Half of FY2014		First Half of FY2013		Difference	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Growth
Printing equipment business	1,885	4.8%	1,961	5.6%	-76	-3.9%
Japan	2,243	5.7%	2,493	7.1%	-250	-10.0%
Americas	-245	—	-352	—	107	—
Europe	-206	—	-336	—	130	—
Asia	93	0.2%	157	0.4%	-63	-40.4%
Real estate business & others	233	0.6%	241	0.7%	-7	-3.1%



## 2.Management Policies for FY2014

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1. Promote gaining of new markets and new customers throughout the whole RISO Group
2. Strengthen the overseas sales management and sales planning functions to expand overseas business
3. Utilize newly establishing RISO Research and Design Center efficiently and accelerate development
4. Establish production facilities towards optimization of global plant network

# 3.First Half of FY2014 - Activity Overview

- Overseas launch of the new ORPHIS models
- Sold successively in each country from May



Thailand : PackPrint (Aug.)



France: Graphitec (Jun.)



Wrapping Envelope System



Perfect Binder System



High Capacity Feeder & Stacker System





# 3.First Half of FY2014 - Activity Overview

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## ■ Opening of Riso Research and Design Center (Tsukuba City in Ibaraki Prefecture)

- Investment amount: Approximately 7.9billion yen
- Consolidation of four dispersed bases

Build a development system that maximizes our strength of complete in-house development for printing equipment hardware, consumables and software.



## 3.First Half of FY2014 - Activity Overview

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- Start construction of New plant in Thailand
  - Construct our own plant in Thailand (Rojana Industrial Park, Ayutthaya) and shift production from the current rental factories to there. Aim for optimization of production bases designed to adapt to changes in the environment from hereon.
- Construction Amount:  
Approx. 275million baht  
(825million yen)
- Plant site: 65million baht  
(211million yen)
- Site Area : 31,988m<sup>2</sup>
- Architectural Area : 8,752m<sup>2</sup>
- Completion : March, 2014



## 4.Tasks in the Second Half of FY2014

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■ Full-fledged roll out of the new ORPHIS models in overseas markets

■ Launching “RISO A2”

- Achieve an industry-first A2 size by applying our original digital duplicating technology.
- Start marketing from November



## 4.Tasks in the Second Half of FY2014

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- Establish production facilities towards optimization of global plant network
  - Build a framework for operating new plant in Thailand
  - Procurement Center Hong Kong representative office (set up in August)  
Strengthen the procurement of parts in the ASEAN region

## 5.Forecast for FY2014

(Millions of Yen)

	FY2014 Forecast	FY2013 Actual	Difference	
			Amount	Growth
Net sales	82,000	75,455	6,544	8.7%
Operating income	5,700	4,910	789	16.1%
Ordinary income	5,950	5,512	437	7.9%
Net income	3,850	4,827	-977	-20.2%
Operating income margin	7.0%	6.5%		

### Exchange Rates

1US\$	97.00	83.10
1EURO	128.00	107.14

## 5.Forecast for FY2014 - Precondition -

### ■ Assumed exchange rate

	First Half Actual	Second Half Assumed	Full-Year Assumed
1 US\$	¥ 98.85	¥ 95.00	¥ 97.00
1 Euro	¥130.00	¥125.00	¥128.00

### ■ 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

# 6.Shareholders Return

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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

## 6.Shareholders Return

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### ■Purchase of Treasury Stock:

	From May 16, 2013 to July 16, 2013	From August 9, 2013 to September 20, 2013
Number of shares purchased	901,400 shares	844,300 shares
Total purchase cost	1,999million yen	1,999million yen

- Total Number of shares purchased during first half of FY2014:1,745,700shares
- Total purchase cost during first half of FY2014: 3,999million yen

### ■Dividend Forecast for FY2014: 60 yen per share (5yen increase)



# (reference data)

(Millions of Yen)

	FY2014 Forecast			FY2013 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	82,000	100.0%	8.7%	75,455	100.0%
Printing equipment business	80,443	98.1%	8.9%	73,864	97.9%
Japan	47,600	58.0%	1.0%	47,113	62.4%
Americas	5,500	6.7%	13.8%	4,834	6.4%
Europe	16,143	19.7%	31.5%	12,274	16.3%
Asia	11,200	13.7%	16.1%	9,642	12.8%
Real estate business & others	1,557	1.9%	-2.1%	1,590	2.1%
Gross profit	46,900	57.2%	11.2%	42,168	55.9%
Selling, general & administrative expenses	41,200	50.2%	10.6%	37,258	49.4%
Operating Income	5,700	7.0%	16.1%	4,910	6.5%
Ordinary Income	5,950	7.3%	7.9%	5,512	7.3%
Net Income	3,850	4.7%	-20.2%	4,827	6.4%
Capital expenditure	7,000	8.5%	-2.3%	7,163	9.4%
Depreciation and amortization	5,300	6.5%	10.7%	4,784	6.3%

