

# **Briefing on Business Results**

## **-FY2013-**

---

(From April 1, 2012 to March 31, 2013)

**RISO KAGAKU CORPORATION**

May 8, 2013

# Table of Contents

---

1.	<b>FY2013 Performance Overview</b>	Slide	3 - 10
2.	<b>Review the Fourth Medium-term Management Plan RISO Vision 13</b>	Slide	11
3.	<b>The Fifth Medium-term Management Plan “RISO Vision 16”</b>	Slide	12 - 14
4.	<b>Management Policies for Fiscal Year Ending March 31, 2014</b>	Slide	15
5.	<b>About RISO Research and Design Center</b>	Slide	16
6.	<b>Forecast for FY2014</b>	Slide	17 - 18
7.	<b>Shareholders Return</b>	Slide	19 - 20

■ **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.

# FY2013 Performance Overview

- Net sales increased for the first time in five years
- Gross profit increased (establishing the inkjet business as an independent business contributed)

(Millions of Yen)

		FY2013	FY2012	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		75,455	74,847	607	0.8%	0.2%
Gross profit		42,168	40,588	1,580	3.9%	3.5%
Selling, general and administrative expenses		37,258	36,538	720	2.0%	1.4%
Operating income		4,910	4,050	860	21.2%	22.7%
Ordinary income		5,512	4,309	1,202	27.9%	
Net income		4,827	2,886	1,940	67.2%	
Exchange Rates	1US\$	83.10	79.08			
	1Euro	107.14	108.98			



# FY2013 Performance Overview

Net Sales		(Millions of Yen)				
		FY2013		FY2012		Difference
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	73,864	97.9%	73,149	97.7%	715	1.0%
Japan	47,113	62.4%	46,572	62.2%	540	1.2%
Americas	4,834	6.4%	5,177	6.9%	-343	-6.6%
Europe	12,274	16.3%	12,390	16.6%	-116	-0.9%
Asia	9,642	12.8%	9,008	12.0%	634	7.0%
Real estate business & others	1,590	2.1%	1,698	2.3%	-107	-6.3%

Operating Income		(Millions of Yen)				
		FY2012		FY2011		Difference
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Growth
Printing equipment business	4,448	5.9%	3,528	4.7%	919	26.0%
Japan	5,557	7.4%	5,150	6.9%	406	7.9%
Americas	-636	—	-1,110	—	473	—
Europe	-877	—	-897	—	20	—
Asia	404	0.5%	386	0.5%	18	4.7%
Real estate business & others	462	0.6%	521	0.7%	-58	-11.3%



# FY2013 Performance Overview

---

## Net sales

- Sales: ¥75,455 million, up ¥607 million YOY (forexc impact: plus ¥425million)
- Inkjet business up 8.0%, digital duplicating business down 3.0% YOY
- Inkjet business represents 36% of consolidated sales

## Gross profit

- Cost of sales decreased and gross profit increased with our in-house manufacturing of printers
- Gross profit: ¥42,168 million, up ¥1,580 million YOY
- Gross profit ratio: 55.9% (up 1.7 points YOY)

# FY2013 Performance Overview

---

## Selling, general and administrative exp.

- Increased with sales function improvement and sales promotion in the inkjet business
- SG&A: ¥37,258 million, up ¥720 million YOY
- SG&A ratio: 49.4% (up 0.6 points YOY)

## Operating income

- Operating income: ¥4,910 million, up ¥860 million YOY
- Operating income ratio: 6.5% (up 1.1 points YOY)



# FY2013 Performance Overview

---

## ■ Management Policy for FY 2013

Achieve sales increase by expanding the inkjet business and maintaining digital duplicating business.

## ■ Main Focuses for FY2013

1. Increase the number of inkjet printers operating in the market
2. Maintain steady sales in the digital duplicating business
3. Make a smooth transition to the new hardware production system

# FY2013 Performance Overview (New Products)

---

■ Launched three new models for the RISOGRAPH SD series in May, 2012

- Renewed main lineups of the RISOGRAPH series



RISOGRAPH SD5630



# FY2013 Performance Overview (New Products)

- The ORPHIS EX Series was launched in Japan in January, 2013
  - Feature enhancement using ORPHIS high-speed performance and cost efficiency
    - Delivers a unique solution with systems for automatic binding, automatic wrapping envelope, as well as high capacity paper feeding and stacking



Automatic Binding System



Automatic Wrapping Envelope System

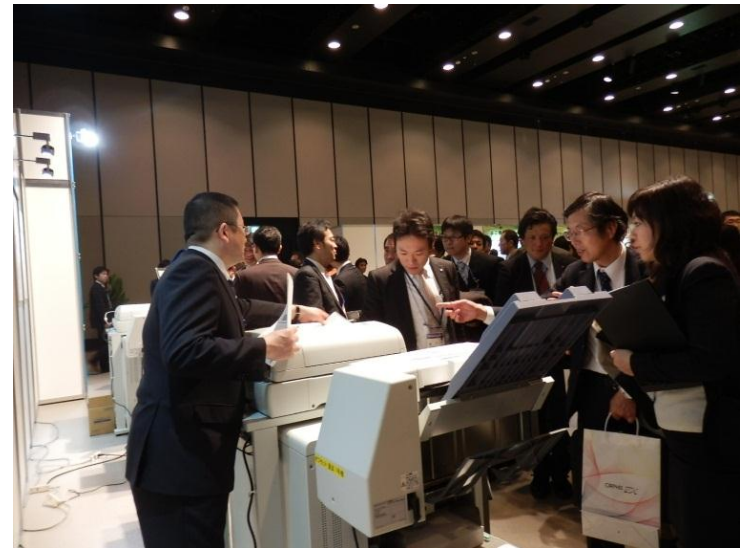


High Capacity Paper Feeder and Stacker System

# FY2013 Performance Overview

---

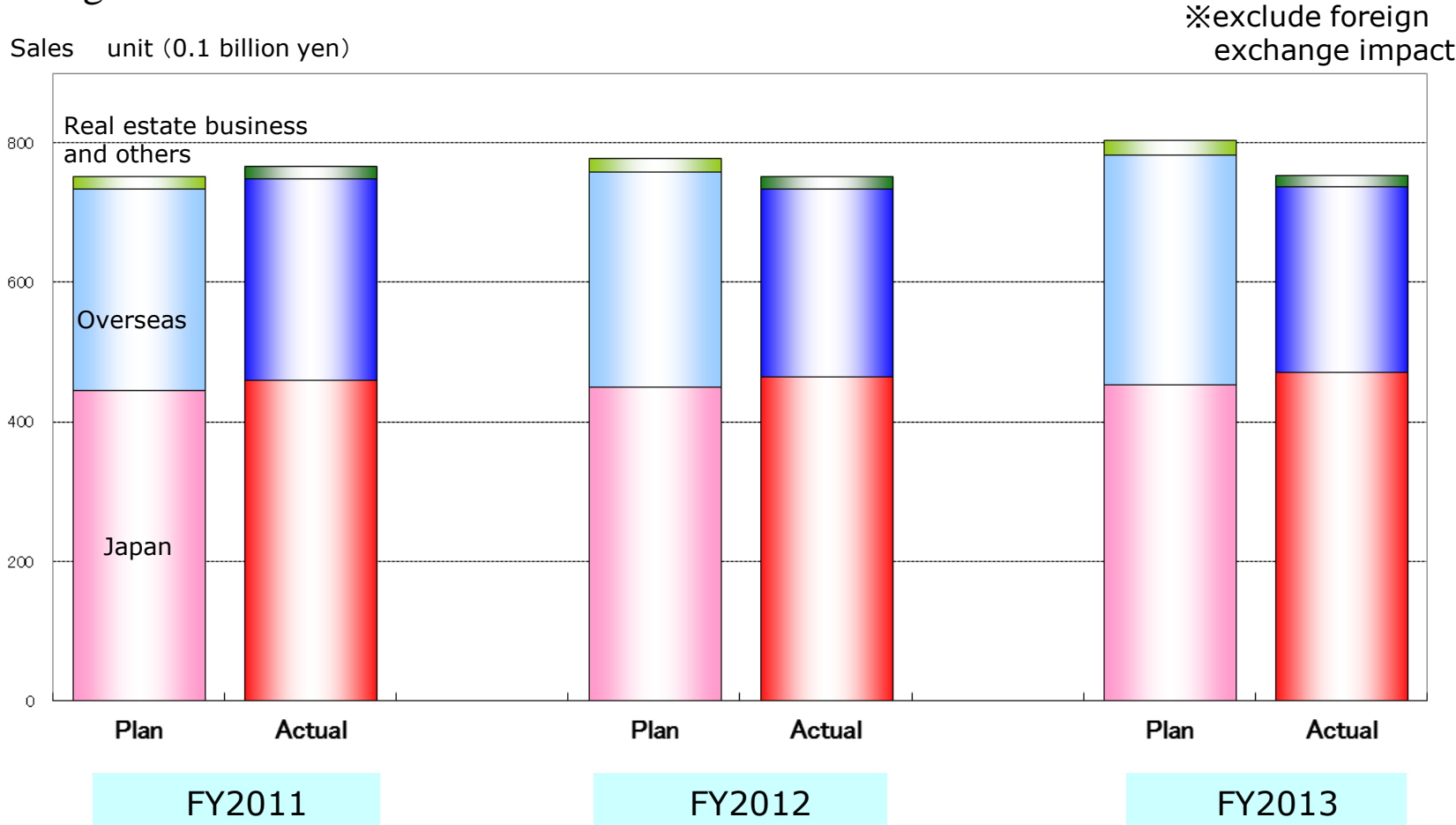
- Held new product roll-outs and exhibitions nationwide
  - Held them at 109 venues nationwide in conjunction with launching the ORPHIS EX Series



3,100 companies attended over two days at the Tokyo venue (Shibuya Hikarie)

# Review the Fourth Medium-term Management Plan RISO Vision 13 (Sales of Japan/Overseas)

■ Net sales did well in Japan, but we could not increase sales overseas, so our net sales target was not achieved



# The Fifth Medium-term Management Plan “RISO Vision 16”

---

The Fifth Medium-term Management Plan “RISO Vision 16”  
(From April 1, 2013 to March 31, 2016)

## 【Management Policy】

Energize corporate activities through individual ideas and action to expand sales channels and gain new customers worldwide

## 【Financial Target】

Consolidated net sales : ¥86 billion

Consolidated operating income : ¥7 billion

ROE : 7%

\*Exchange rates: 1US dollar: ¥90.00, 1euro: ¥116.00

# The Fifth Medium-term Management Plan “RISO Vision 16”

---

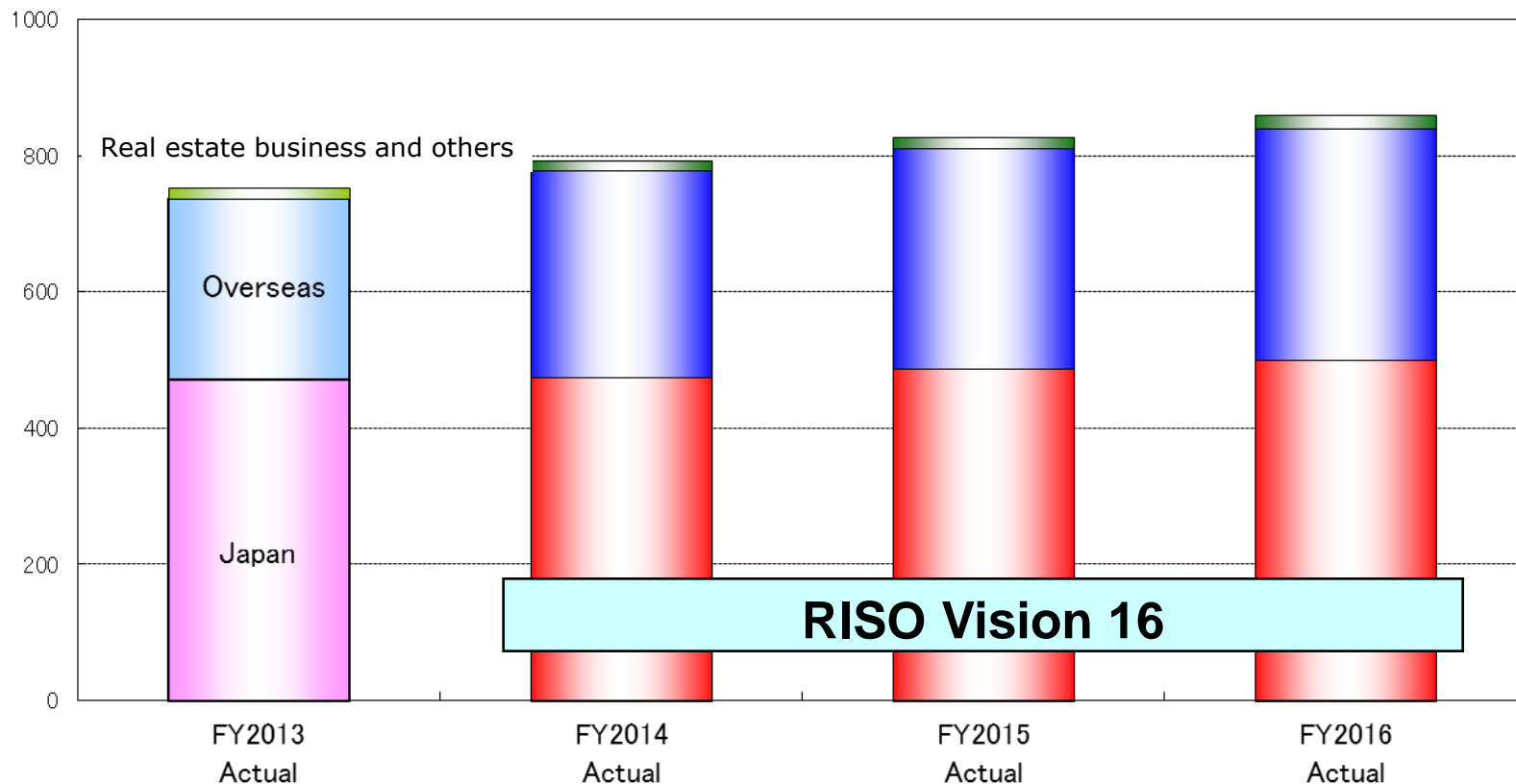
## 【Priority Action】

1. Expand RISO business by strengthening overseas sales planning/promotions
2. Increase new inkjet hardware installations by expanding and reinforcing sales channels
3. Maintain revenue in the digital duplicating business by focusing customer management
4. Establish a new production structure and prepare for a changing environment
5. Take on the challenge to create new businesses
6. Involvement of all employees to challenge beyond individual potential to be more involved in RISO business

# The Fifth Medium-term Management Plan “RISO Vision 16” (Sales of Japan/Overseas)

■ By steadily growing our overseas business, we will aim for consolidated net sales of 86 billion yen

Sales unit (0.1 billion yen)



Exchange rates: 1US dollar 90yen, 1euro 116yen

# Management Policies for Fiscal Year Ending March 31, 2014

---

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

# About RISO Research and Design Center

---

## ■ Purpose of establish :

To integrate 4 facilities of R&D Division in Ibaraki prefecture into one facility in Tsukuba city to shorten development period by improved efficiency

## ■ Investment amount:

Approximately 7.9billion yen

## ■ Completion : May 31, 2013

## ■ Establishment of business :

June 27, 2013



RISO Research and Design Center



# Forecast for FY2014

(Millions of Yen)

	FY2014 Forecast	FY2013 Actual	Difference	
			Amount	Growth
Net sales	79,300	75,455	3,844	5.1%
Operating income	5,400	4,910	489	10.0%
Ordinary income	5,500	5,512	-12	-0.2%
Net income	3,600	4,827	-1,227	-25.4%
Operating income margin	6.8%	6.5%		

## Exchange Rates

1US\$	90.00	83.10
1EURO	116.00	107.14



# Forecast for FY2014 - Precondition -

---

## ■ Assumed exchange rate

1 US\$	¥90.00
1 Euro	¥116.00

## ■ 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	15 million yen
Yen/Euro	75 million yen	50 million yen

# Shareholders Return

Basic policy for the distribution of earnings

- Allocate an appropriate portion of earnings in accordance with our business results while retaining the means to strengthen the corporate structure
- Strive to make continued, stable dividend payments

\* Regard the repurchasing of shares as a measure for allocating earnings to shareholders, and will effectuate it in consideration of market trends

(Millions of Yen)

	FY2009	FY2010	FY2011	FY2012	FY2013
Net income (loss)	-641	-5,937	6,288	2,886	4,827
Cash dividends per share (Yen)	30	30	50	40	55
Cash dividends paid (A)	770	770	1,261	966	1,270
Payout ratio	—	—	20.2%	34.1%	26.7%
Repurchase of treasury stock (B)	665	—	499	1,499	1,499
Total shareholder return (A) + (B)	1,714	770	1,760	2,465	2,769
Total return ratio	—	—	28.0%	85.4%	57.4%



# Shareholders Return

---

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

■ Purchase of Treasury Stock (Announced May 7, 2013)

▪ Purchase Period : From May 16, 2013 to July 16, 2013

▪ Number of shares to be purchased : Up to 1,000,000 shares

▪ Total purchase cost : Up to 2,000,000,000 yen

# (reference data)

(Millions of Yen)

	FY2014 2 <sup>nd</sup> half Forecast			FY2013 2 <sup>nd</sup> half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	37,600	100.0%	6.6%	35,268	100.0%
Printing equipment business	36,867	98.0%	6.8%	34,513	97.9%
Japan	22,728	60.4%	1.1%	22,491	63.8%
Americas	2,684	7.1%	18.6%	2,263	6.4%
Europe	6,418	17.0%	18.1%	5,432	15.4%
Asia	5,037	13.3%	16.4%	4,325	12.3%
Real estate business & others	733	1.9%	-2.9%	754	2.1%
Gross profit	21,250	56.5%	5.9%	20,058	56.9%
Selling, general & administrative expenses	19,250	51.1%	7.8%	17,855	50.6%
Operating Income	2,000	5.3%	-9.2%	2,203	6.2%
Ordinary Income	2,050	5.4%	-6.5%	2,191	6.2%
Net Income	1,300	3.4%	-20.9%	1,644	4.7%



# (reference data)

(Millions of Yen)

	FY2014 Forecast			FY2013 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	79,300	100.0%	5.1%	75,455	100.0%
Printing equipment business	77,743	98.0%	5.3%	73,864	97.9%
Japan	47,600	60.0%	1.0%	47,113	62.4%
Americas	5,462	6.8%	13.0%	4,834	6.4%
Europe	14,243	17.9%	16.0%	12,274	16.3%
Asia	10,438	13.1%	8.3%	9,642	12.8%
Real estate business & others	1,557	1.9%	-2.1%	1,590	2.1%
Gross profit	45,000	56.7%	6.7%	42,168	55.9%
Selling, general & administrative expenses	39,600	49.9%	6.3%	37,258	49.4%
Operating Income	5,400	6.8%	10.0%	4,910	6.5%
Ordinary Income	5,500	6.9%	-0.2%	5,512	7.3%
Net Income	3,600	4.5%	-25.4%	4,827	6.4%
Capital expenditure	7,000	8.8%	-2.3%	7,163	9.4%
Depreciation and amortization	5,300	6.6%	10.7%	4,784	6.3%

