

# Financial Results Briefing

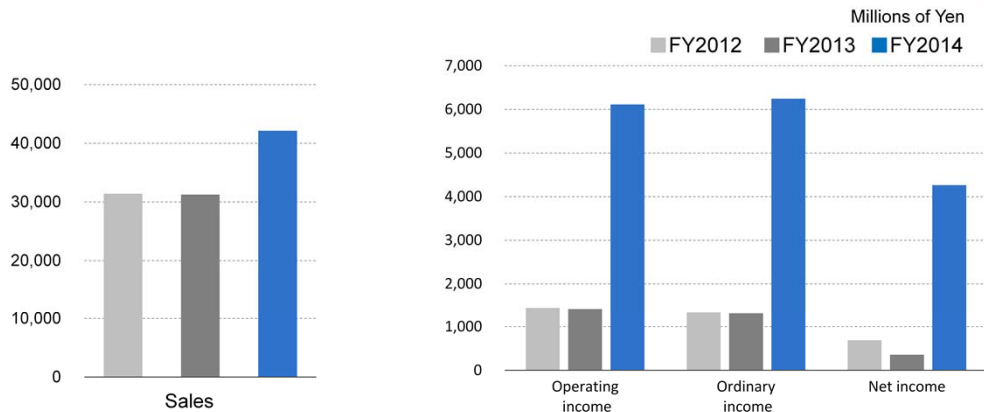
for the FY2014 ended March 31, 2014

May 16, 2014

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## Consolidated Results for FY2014



	FY2012	FY2013	FY2014	Year-on-year change
Sales	31,379	31,264	42,141	34.8%
Operating income	1,449	1,423	6,111	329.2%
Ordinary income	1,324	1,306	6,244	377.8%
Net income	687	356	4,265	1096.6%

### Yearly Average Currency Exchange Rates

	FY2013	FY2014	Appreciation rate of the yen
USD	79.82	97.65	22.3%
EUR	102.65	129.71	26.4%

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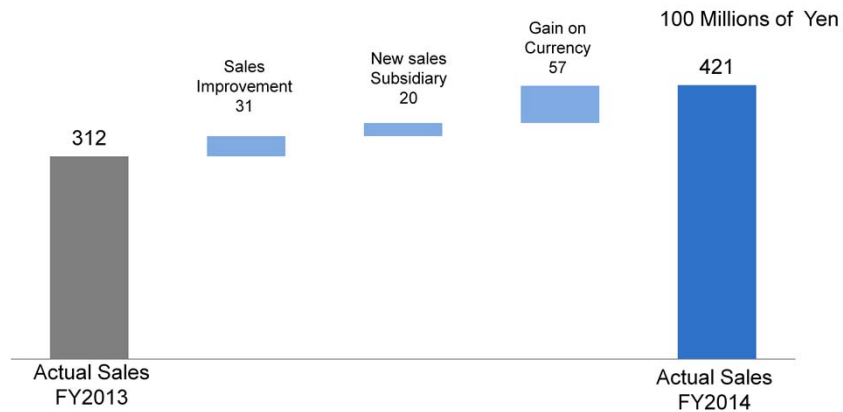
The business environment this term gave us a number of signs that point towards a brighter future. America maintained a gradual recovery, while the EU made the switch to positive growth despite economic trouble in southern Europe. In Asia, China and India experienced slowing economic growth, but Japan enjoyed a relatively good year thanks to Abenomics, yen depreciation and rising stock prices.

Under these conditions, we managed a large increase in income compared with the previous term due to strong sales of new products released over the past year.

SGA expenses also increased as consolidated sales companies went into full operation and we focused aggressively on sales activities. However, our consolidated results show that we were able to widely improve costs due to efforts to increase production of new products and decreased overseas purchasing costs from yen depreciation.

As a result, we saw great increases in operating income, ordinary income and net income.

## Analysis of Sales Changes



Yearly Average Currency Exchange Rates

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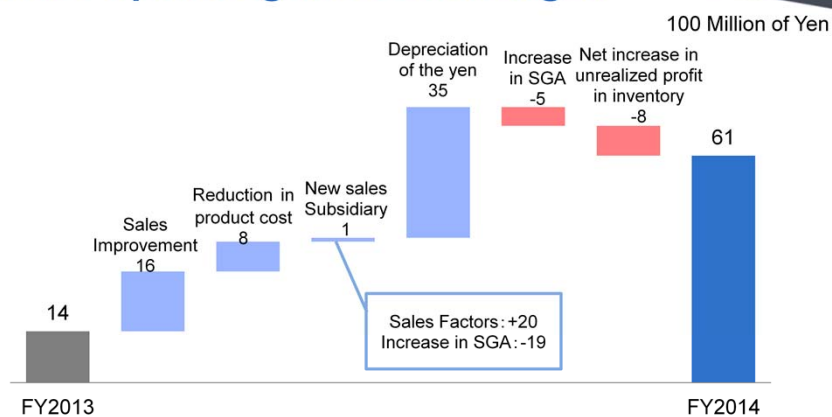
Note: The exchange rates indicated are averages for the period of January to December 2013, which is the fiscal year of the Company's foreign consolidated subsidiaries.

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When comparing sales with the previous term, actual sales equaled 3.1 billion yen, new consolidated sales companies contributed 2 billion yen, and the effect of yen depreciation added another 5.7 billion yen for a total increase of 10.8 billion yen.

## Analysis of Operating income Changes

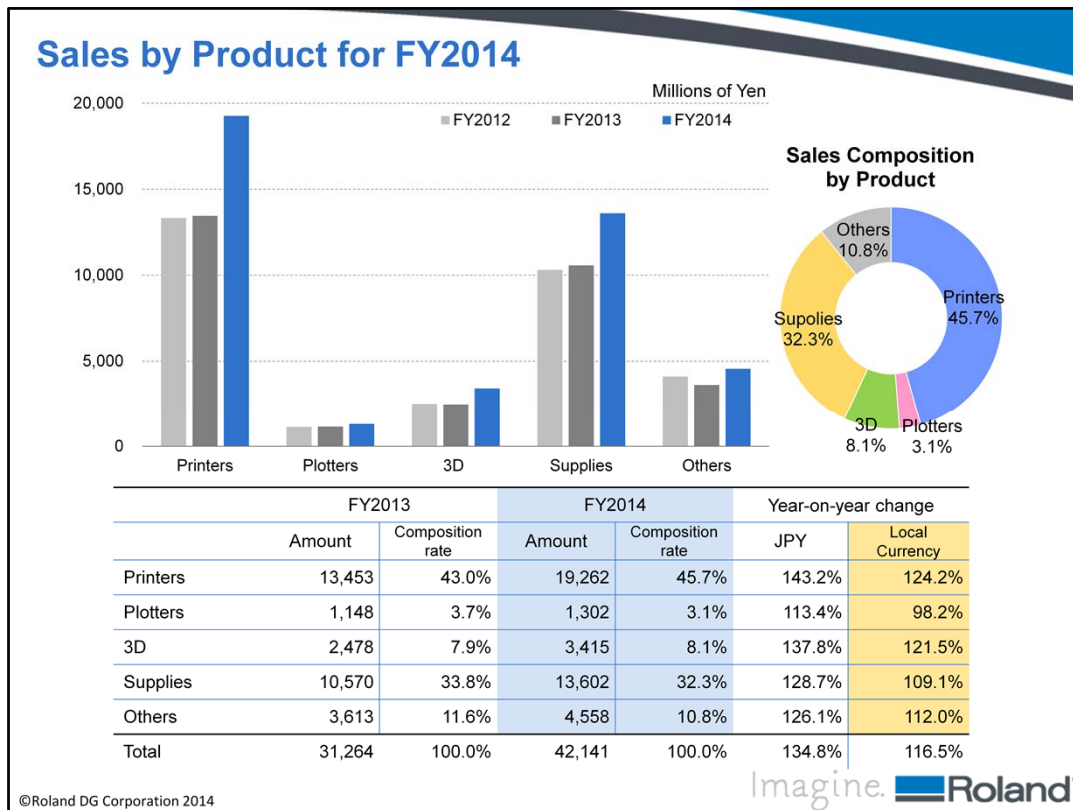


Yearly Average Currency Exchange Rates

	FY2013	FY2014	Appreciation rate of the yen
USD	79.82	97.65	22.3%
EUR	102.65	129.71	26.4%

Note: The exchange rates indicated are averages for the period of January to December 2013, which is the fiscal year of the Company's foreign consolidated subsidiaries.

Next, let us compare with the previous term to look at the causes of operating income fluctuation. The increase in gross profit from the net increase in sales improved cost ratios along with contributions from new consolidated sales companies, and yen depreciation absorbed SGA and inventory transfer expenses, leading to a 4.7 billion yen increase in income.



Now, let us look at sales by product.

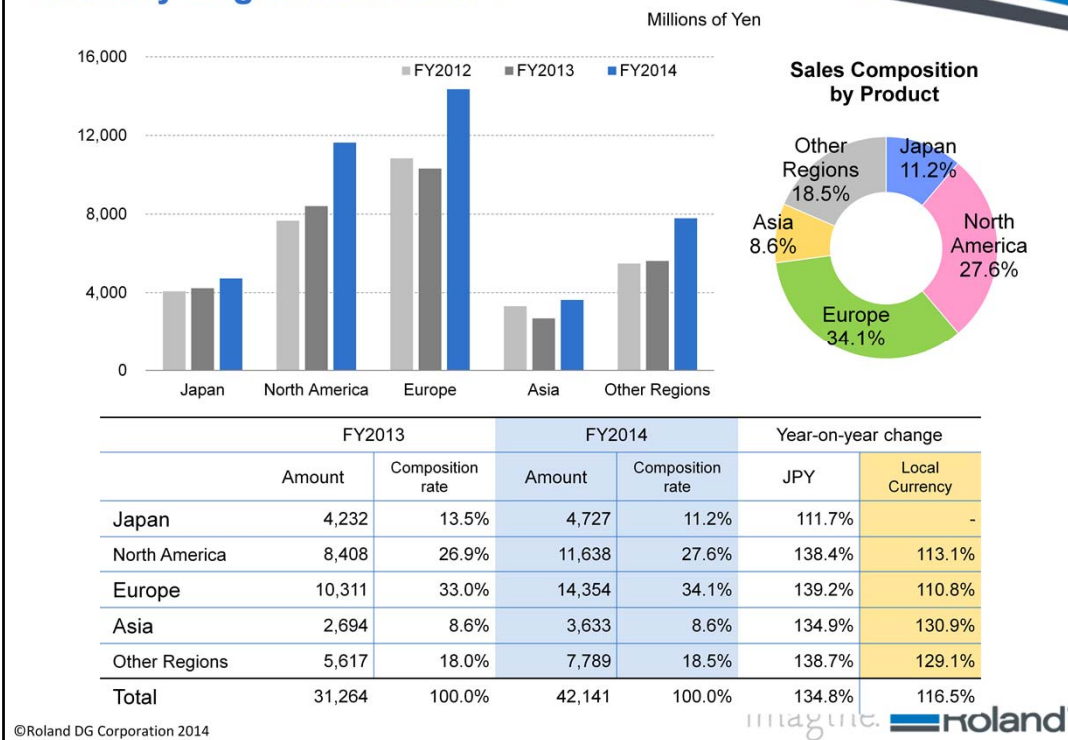
Printer sales were 143% that of last term, driven mainly by continued strong sales of two new models for professional signage.

Furthermore, if we look at “adjusted currency” on the right-hand side, which removes the effects of exchange rates, we can see the actual change in sales.

In 3D, sales of dental milling machines expanded in North America and Europe, as well as in China and Japan by 137% year over year.

Supplies, particularly ink, also increased in developed countries in North America and Europe by 128% year over year.

## Sales by Region for FY2014



Looking at sales by region, increased demand for buying up to newer printer models for signage, along with strong initial sales of dental milling machines, brought growth.

In addition, certain dental prosthetic material is now covered under insurance as of April 2014, which drove further demand for dental milling machines leading to increased income by the end of the term.

In North America, sales of both new and existing printer models were up, and solutions provided for dental milling machines paid off with sales of 138% year over year.

Europe experienced similar growth to North America with growing sales of professional-use signage printers as well as bed-type UV printers for sales of 139% year over year.

In Asia, sales of signage printers grew in China.

In addition, sales companies in China, Korea and Australia began direct marketing efforts through local dealers, which have begun to strengthen our sales network and lead to sales of 134% year over year.

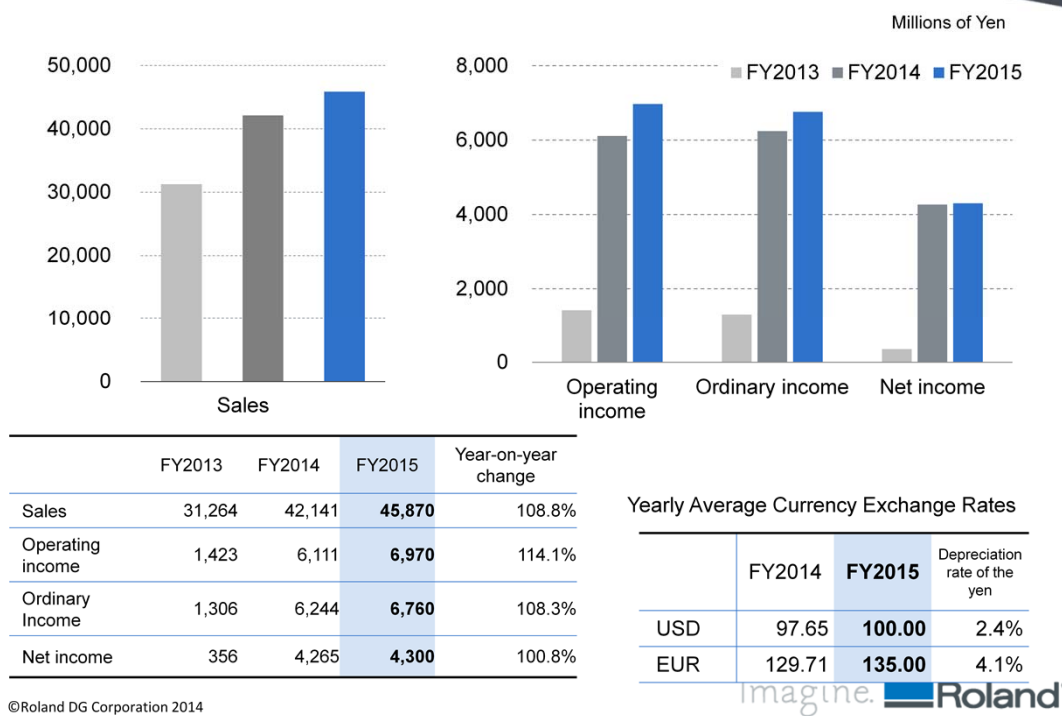
In Other regions, as a result of consolidating our sales company in Brazil, in addition to strong performance in Oceania and Africa, sales were 138% year over year.

# Consolidated Forecasts for FY2015

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## Consolidated Forecasts for FY2015

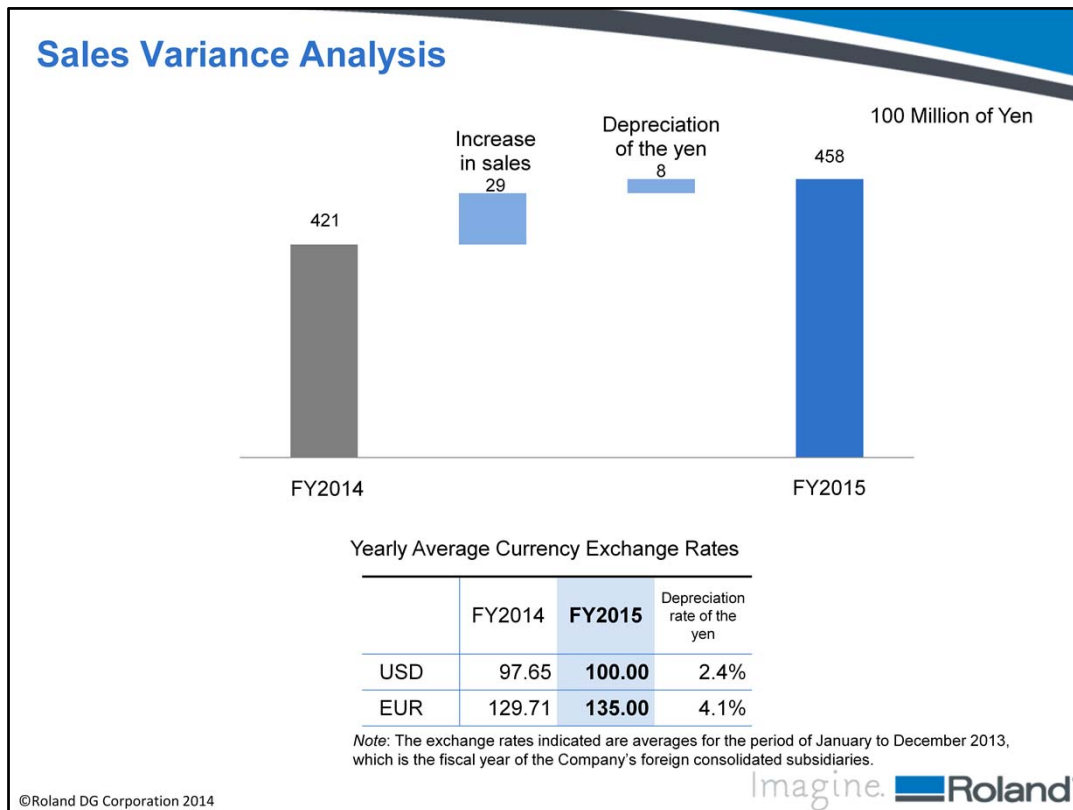


The following forecast assumes an exchange rate of 100 yen to the dollar and 135 yen to the Euro for March 2015:

Sales	45.87 billion yen	108.8% YOY
Operating Income	6.97 billion yen	114.1% YOY
Ordinary Income	6.76 billion yen	108.3% YOY
Term Net Income	4.3 billion yen	100.8% YOY

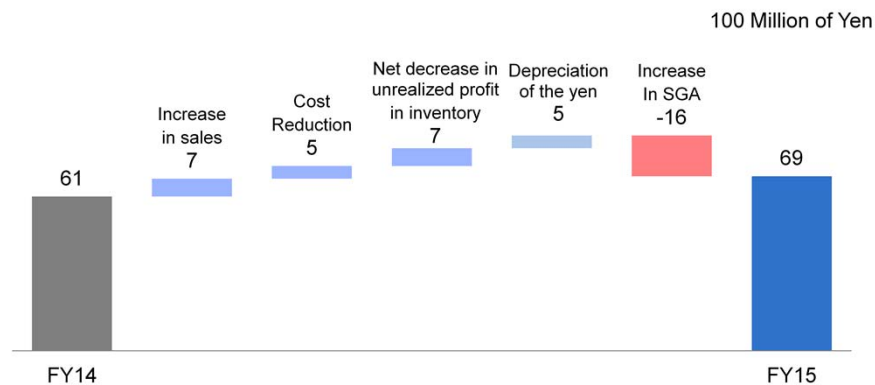
It is worth nothing that March 2015 marks the second year of our midterm plan, so I would like to discuss our Midterm Plan Review with you now.





Looking at the causes behind fluctuation in our consolidated sales forecast, compared with this term, we predict an actual sales increase of 2.9 billion yen with an additional 800 million yen from exchange rates for a total of 3.7 billion yen.

## Operating Income Variance Analysis



Yearly Average Currency Exchange Rates

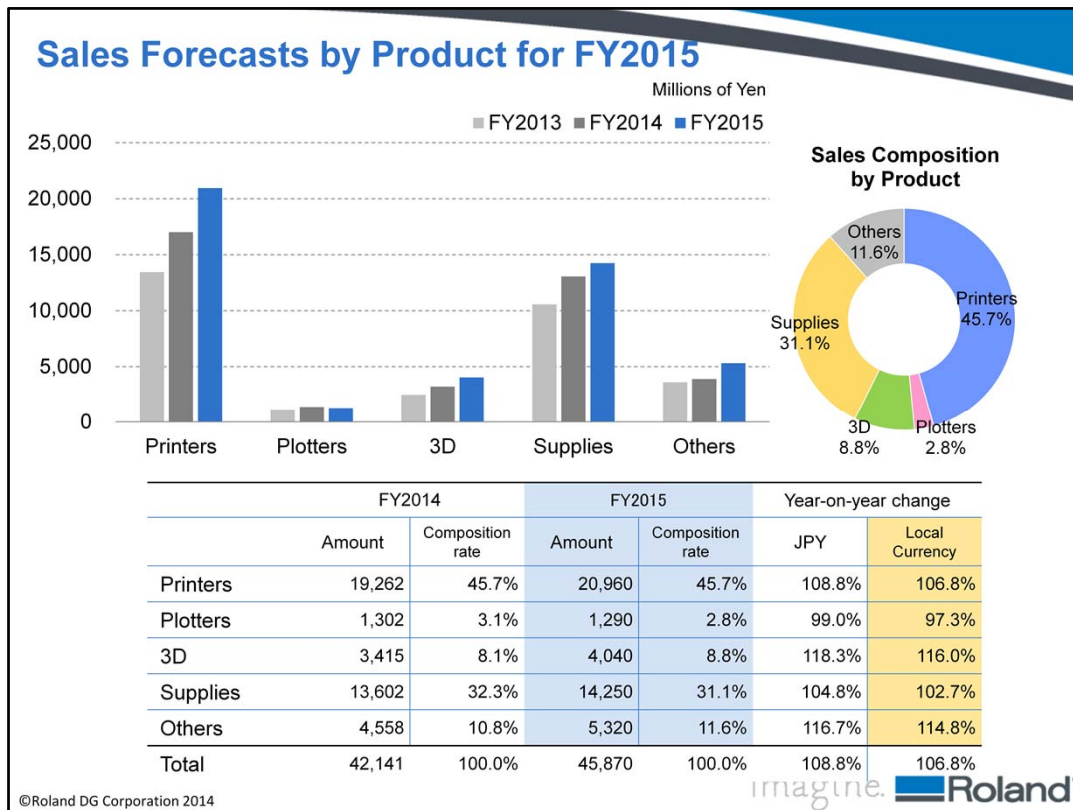
	FY2014	FY2015	Depreciation rate of the yen
USD	97.65	100.00	2.4%
EUR	129.71	135.00	4.1%

Note: The exchange rates indicated are averages for the period of January to December 2013, which is the fiscal year of the Company's foreign consolidated subsidiaries.

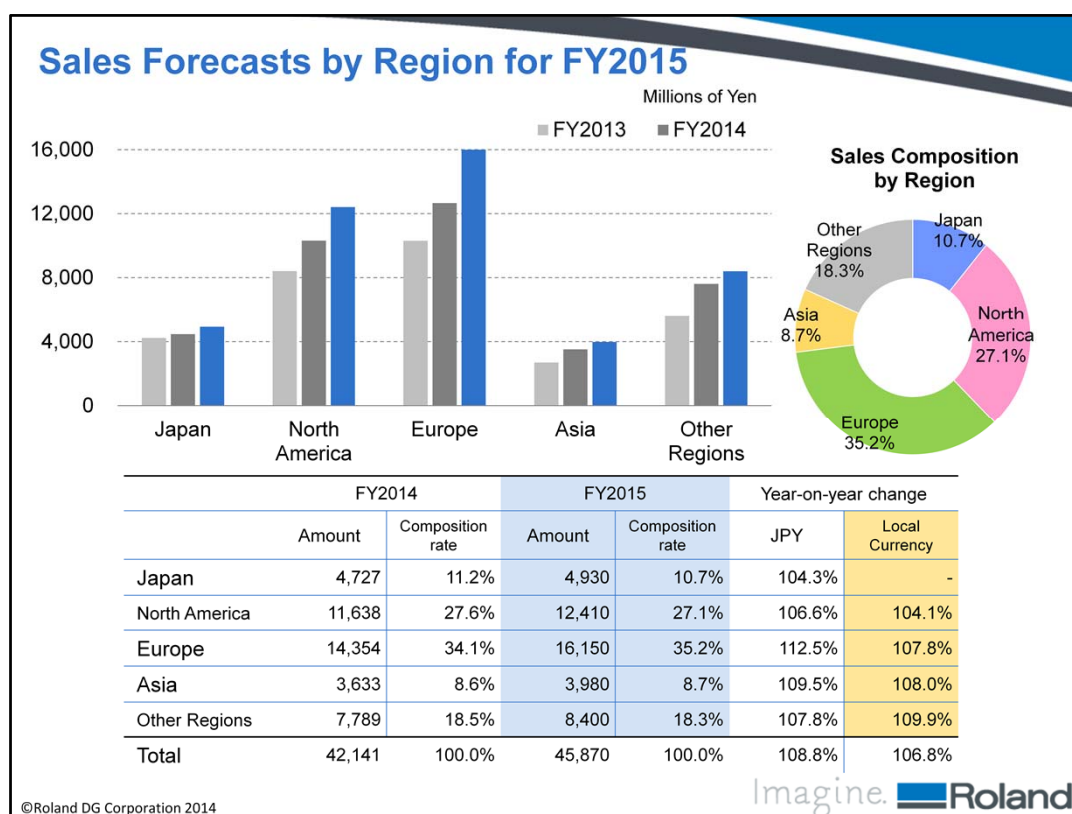
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Looking at the causes behind fluctuation in our consolidated operating income forecast, compared with the previous term, increase in gross profit from the net increase in sales improved cost ratios along with yen depreciation will absorb increased SGA expenses, and lead to an 800 million yen total increase in income.



Our forecast for sales by product shows strong sales in printers continuing the rise in income seen this term, which will be driven mainly by two new professional signage models and last October's new standard model. 3D machines will be driven by expansion of sales areas for dental milling machines. We predict Supplies will grow along with printer sales.



Sales forecasts by region show increased sales for all regions.

In North America, printers and dental milling machines will boost sales as they did in this term, so we forecast continuous strong growth.

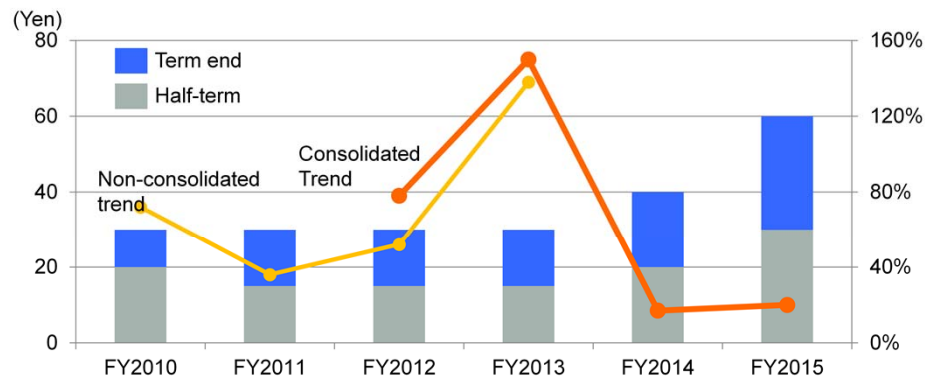
In Europe, we predict stable sales in Germany, and recovery for southern Europe.

In Asia and Other regions, we will continue to shift away from direct Japan-to-local sales and start routing sales channels through our sales companies. At the same time, we aim to strengthen marketing and promotional activities and expand sales.

## Shareholder Returns

### Per Share Returns and Trend

Policy starting March 2014: Maintain stable returns of 20% consolidated income



		FY2010	FY2011	FY2012	FY2013	FY2014	FY15(Forecast)
Per share	Year-long	¥30	¥30	¥30	¥30	¥40	¥60
	Term-end	¥10	¥15	¥15	¥15	¥20	¥30
	Half-term	¥20	¥15	¥15	¥15	¥20	¥30
Trend	Consolidated			78%	150%	17%	20%
	Non	72%	36%	52%	138%		

※Previous benchmark was 30% of non-consolidated income

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Now, let us look at shareholder returns.

Our basic policy for returns takes our global management into account and uses consolidated income as a base. Our goal is to maintain stable and consistent returns equal to 20% of consolidated income.

Returns for the March 2014 term will be paid as originally planned. The first half-term is forecast to be 20 yen, and the second half-term 20 yen, for a year-end total of 40 yen, which is a 10 yen increase over this term. Furthermore, the trend for returns against consolidated income over the year is 16.7%.

Also, for the March 2015 term, both half-terms will see returns of 30 yen, for a total of 60 yen, which is an increase of 20 yen year over year.

## 2014–2015 Consolidated Targets

Adjusted for review of business trends and expected currency rates

	FY 2013	FY 2014		FY 2015	
	Performance	Initial Plan	Adjusted	Initial Plan	Adjusted
<b>Sales</b>	¥42.1bn	¥40bn	<b>¥45.8bn</b>	¥45bn	<b>¥49.4bn</b>
<b>Operating Income</b>	¥6.1bn	¥3bn	<b>¥6.9bn</b>	¥4.5bn	<b>¥7.5bn</b>
<b>Income Ratio</b>	14%	7%	<b>15%</b>	10%	<b>15%</b>
<b>1 US Dollar</b>	¥97	¥90	<b>¥100</b>	¥90	<b>¥100</b>
<b>1 Euro</b>	¥127	¥120	<b>¥135</b>	¥120	<b>¥135</b>

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Until now, I have discussed our forecasted performance for the March 2015 term. We also released our Midterm Plan Revisions along with our financial results announcement.

If we compare the current plan to when it was first drafted, we see a large change in the movement of exchange rates, and as a result, we were able to achieve the income objectives of our final year within this, the first year of the plan. Therefore, we are making some revisions.

Taking currency exchange rates into consideration, these are the target numbers for the final year of the plan:

Sales	49.4 billion yen
Operating Income	7.5 billion yen
Operating Income Ratio	15%

The original plan was based on exchange rates of 90 yen to the dollar and 120 yen to the Euro, which are now revised to 100 yen to the dollar and 135 yen to the Euro.

There are no changes to the basic policies or key initiatives in the plan. We will continue to work on structural reformation to aid new growth.



Moving along, I would like to report on our business situation.

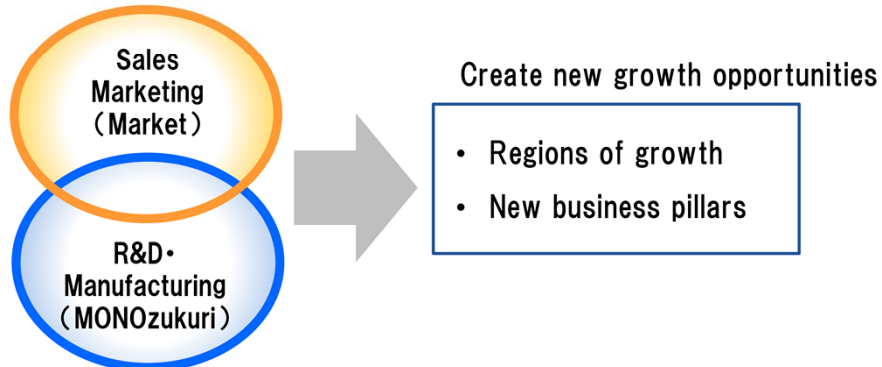
## Towards New Growth

Basic Midterm Plan Policy(FY2014—FY2016)

**GlobalOne structural reform**, new management foundation

### GlobalOne

Unite market and MONOzukuri



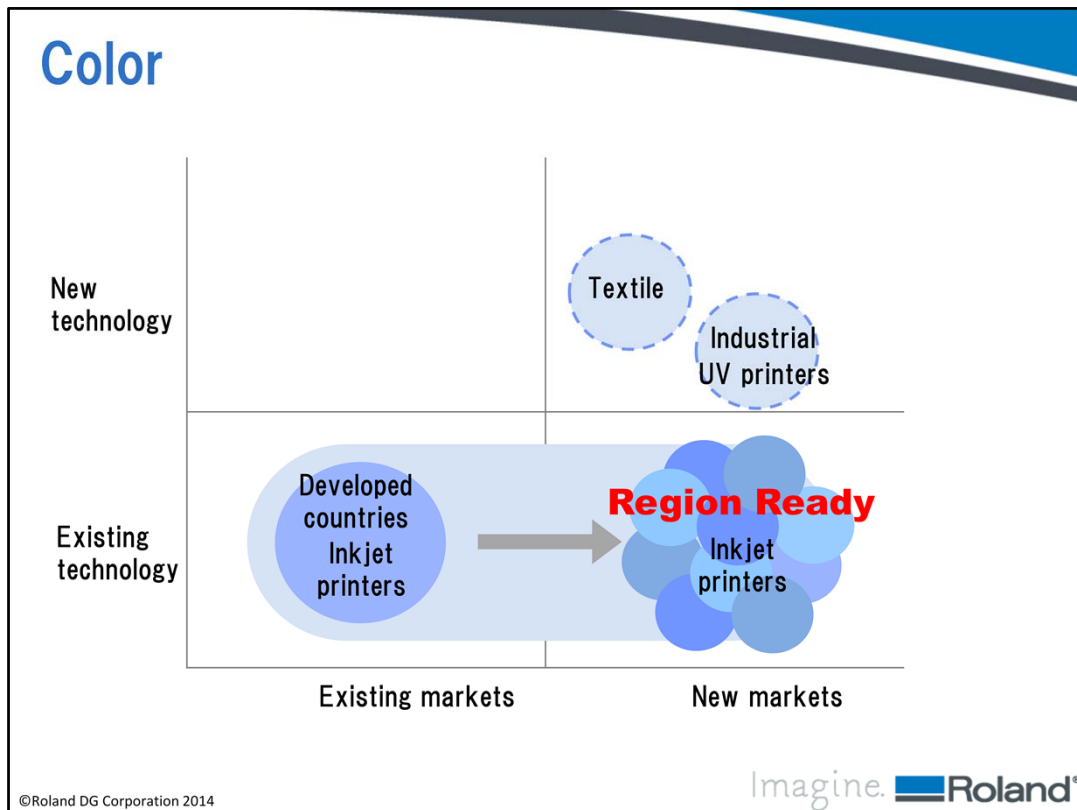
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Seeking New Growth, our company is undertaking initiatives to Cultivate Regions of Growth and Build New Business Pillars.

In addition, upon that foundation, we will continue our GlobalOne structural reform and unify sales and marketing with MONOzukuri.





First, let us look at our Color.

Our signage business expanded with focus on developed countries, but we are now launching Region Ready in order to deliver optimal solutions globally, which includes emerging countries.

To support Region Ready, we have restructured production and sales systems and started on the path to new growth.

## Expansion of Thailand Production

	2013 Year-End	2014
Assembly	40 persons	
Production	2,800 units	7,500units(forecast
Local Parts	25%	40% (goal)



Roland Digital Group (Thailand) Ltd.

Samut Sakhon Province Thailand  
Sinsakhon Printing City and Industrial Estate  
(production began Oct. 2012)

Produced in 2013 at Thai factory



Expansion underway (to be completed Sept. 2014)

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Our factory in Thailand went into full operation in October 2012 and is producing our main lineup of Versa series printers.

Currently, there are 40 personnel producing around 30% of all printers.

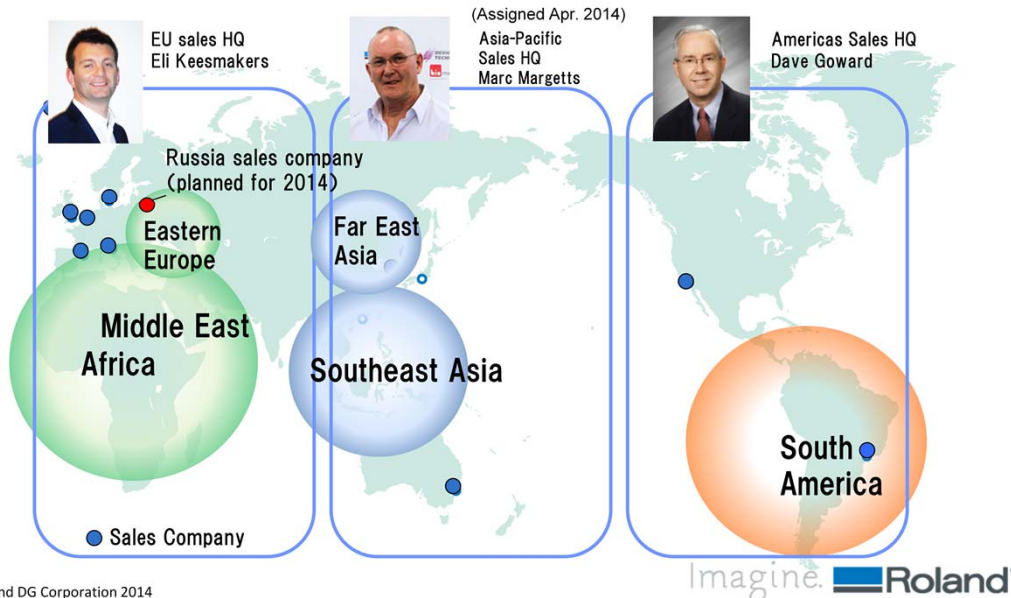
Using digital production stalls like those in Japan, they are able to maintain high product quality and support increased production.

The Thailand factory is also undergoing an expansion. This term, they are forecast to produce 7,500 units over the course of the year.

This, combined with an objective of 40% local procurement of parts, will create a cost structure of high income.

## Three Regional Block Sales Structure

- System of three regional blocks managed by regional HQ
- Use performance as local no. 1 to promote growth and shape market



Our sales structure is now divided into three regional blocks, with each block managed by an HQ.

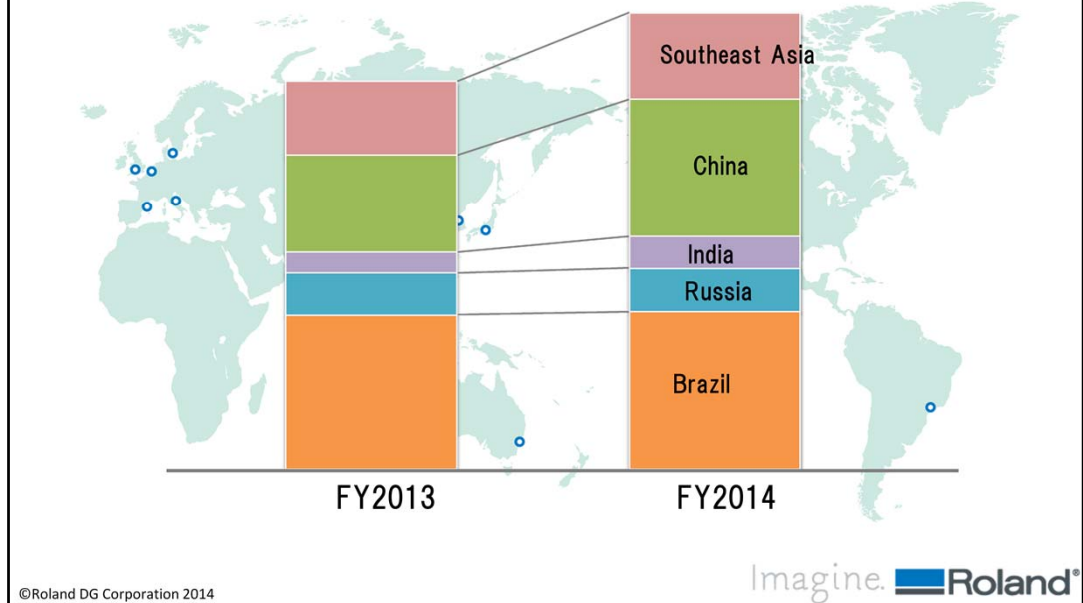
In emerging countries, we have traditionally routed sales through local dealers, but with the three-regional block structure, we will utilize locally-based sales companies in addition to local dealers.

Our sales companies have earned their spot as No. 1 in their local markets in North America and Europe. Using their experience and knowhow, we will work to understand the needs of these growing regions and combine their function with MONOzukuri under Region Ready.

To strengthen our sales companies, we established new companies in China, Korea and Brazil between 2012 and 2013.

In this term, we plan to establish a sales company in Russia.





## Non-consolidated Printer Units Shipped Emerging Regions




With these structural reforms, we increased non-consolidated units shipped for printers by 15% year over year.

In emerging countries, we have seen growth as displayed on this graph. China and East Asia in particular have experienced positive growth.

## Signage:Product Lineup

	Multi-use Print & Cut	High productivity Print-only
<b>Professional Models</b>	 <p><b>SOLJET<sup>PRO4</sup> XR-640</b></p>	 <p><b>SOLJET<sup>PRO4</sup> XF-640</b></p>
<b>Standard Models</b>	 <p><b>VersaCAMM</b> VS-640i / VS-540i / VS-300i</p>	 <p><b>VersaArt</b> RE-640 RA-640</p>

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Here is our current main lineup. We have created a robust lineup to handle the global market.

The XF-640 is a professional print-only model released in April 2013. It boasts a revolutionary printing speed of 2.5 times faster than previous models and has contributed to the increased sales we saw this term.

The XR-640 Print&Cut machine is our high-functionality flagship model which has driven a lot of demand for customers to purchase up from the previous generation.

The Versa CAMM VS-I series got an update in October 2013 which has already gained wide global demand.

The print-only Versa Art series aims to meet the needs of emerging countries and has doubled sales in China compared with the previous term.

## UV Printer Usage

### Desktop UV Printer LEF Series

Released Oct. 2013

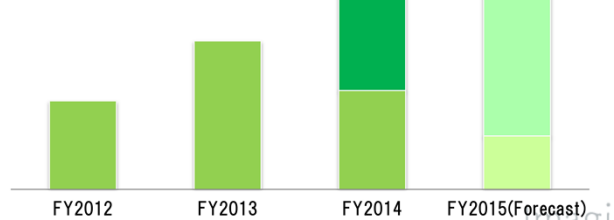


High resolution, expressive capability and twice the speed and printing size

- A safe, user-friendly printer with a polished, compact design. For small-scale on demand printing tasks in the store or office

LEF Series sales trends (in units)

■ LEF-20 ■ LEF-12



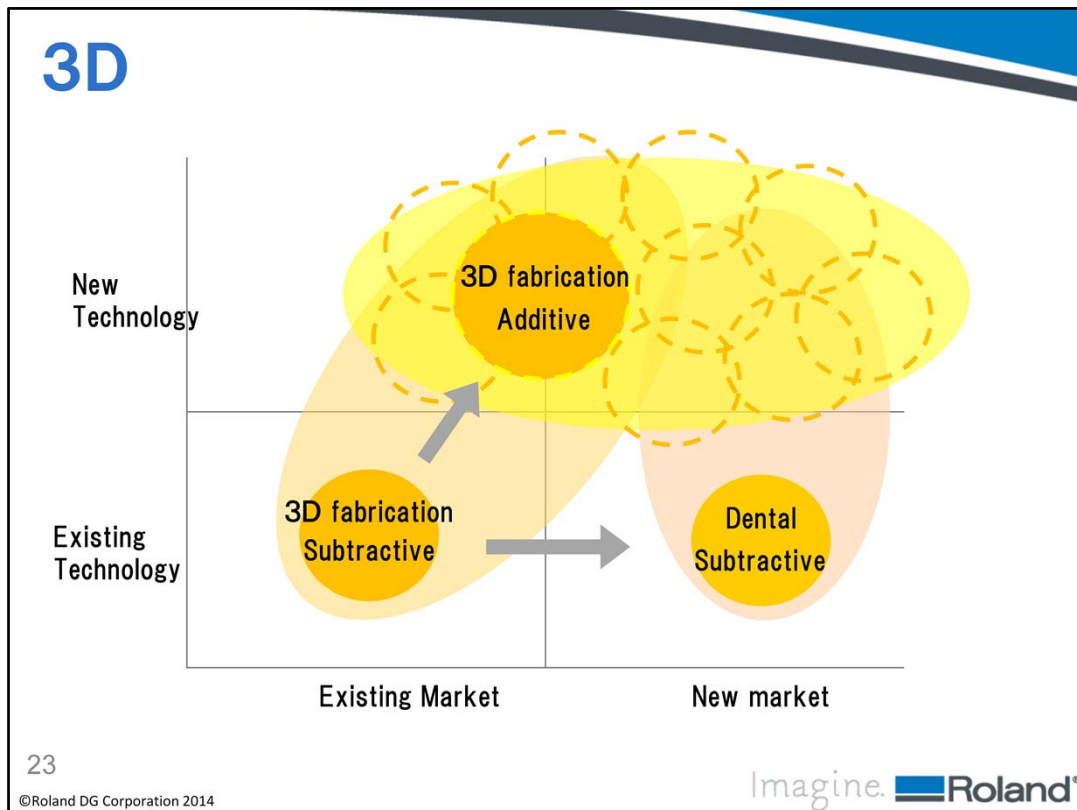
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In UV printers, we released new products for the LEF series of desktop models in October 2013.

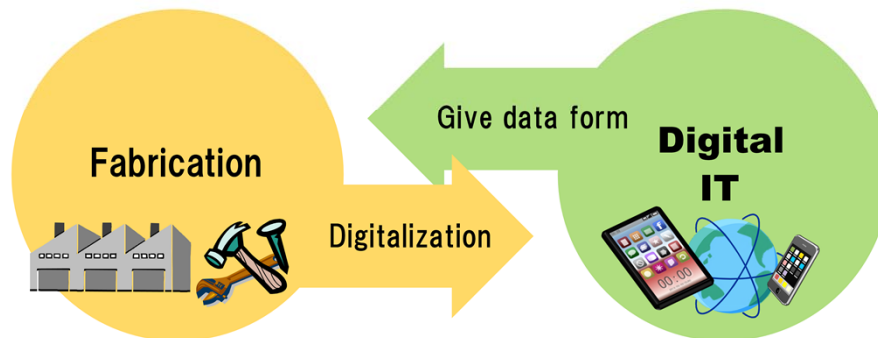
The strength of our UV printers lies in their high resolution and expressive capability, and the LEF-20 greatly improves productivity with twice the speed and printing size.

With this functionality, we meet the needs of smartphone case production and are catching the attention of store chains in Europe and increasing demand. We will continue to improve our user-friendly design and recommend our machines for stores and offices.



Next, I would like to talk about our 3D business.

## 3D Fabrication:Market Shift



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Digital and IT technology are evolving rapidly, and with smartphones and the cloud, anyone can enjoy virtual creation in the digital space.

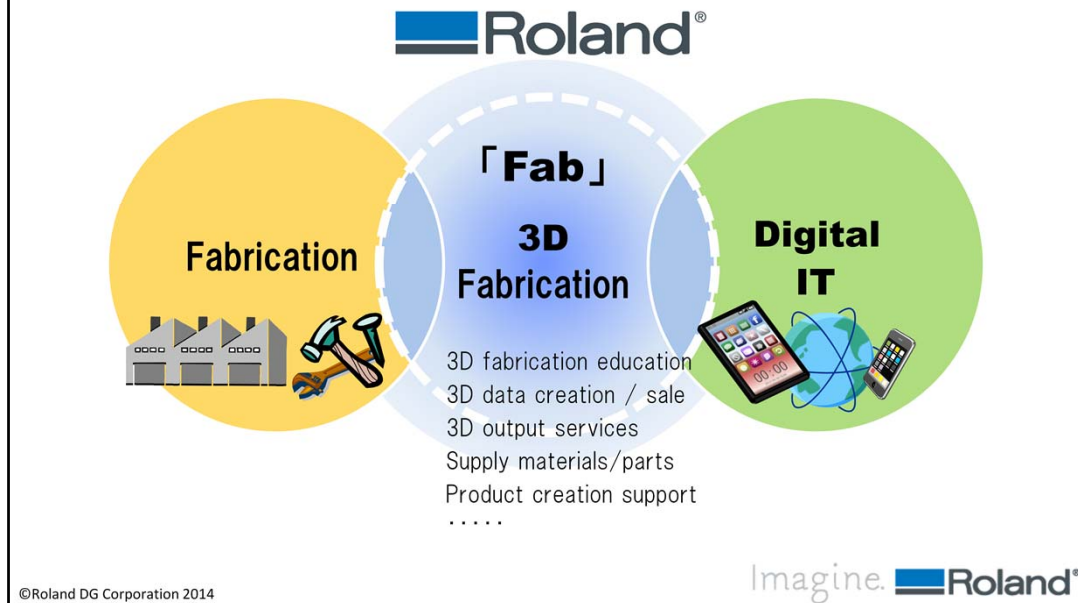
In addition, 3D printers have been born from this technology and have sparked renewed interest in fabrication.

All the while, MONOzukuri continues quietly in the background bringing a wealth of convenience to people's lives no matter the era.

However, we are continuing the digitalization of MONOzukuri in order to keep up with the speed of societal changes and the evolution of digital technology.



## 3D Fabrication:Market Shift

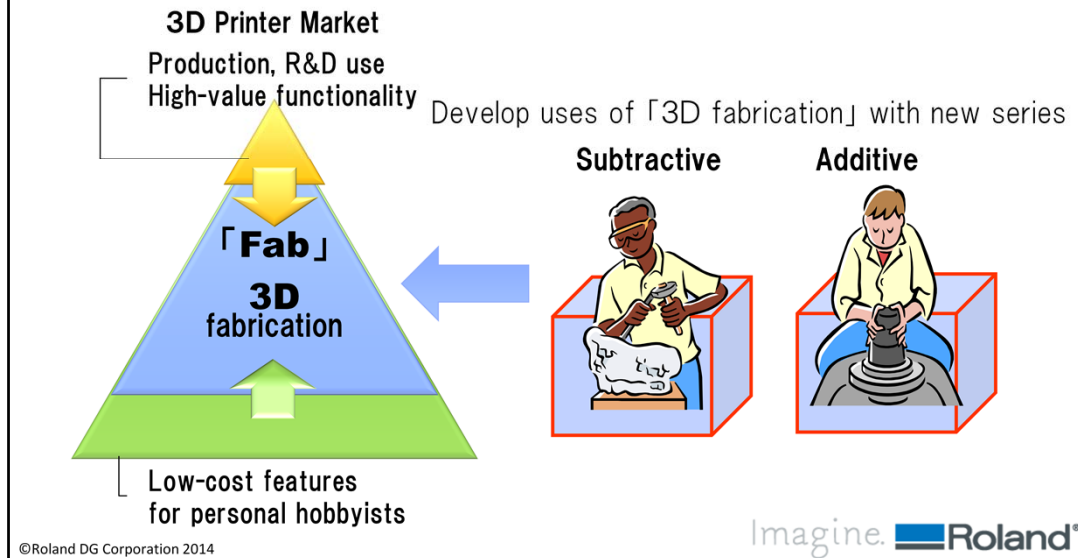


We believe that MONOzukuri and Digital share an area where they create the needs of 3D MONOzukuri and give rise to markets full of potential. Assistant Professor Hiroya Tanaka at Keio University's Fablab Japan calls this the Fab Industry. We believe this is where Digital Natives will take over MONOzukuri and pioneer a new world of creation.

Our company is targeting this area as our future market with the development of two products: small-format 3D subtractive manufacturing machines and additive manufacturing machines, or 3D printers. We aim to release these products in the fall of this year.

## 3D Fabrication: New Series Development

- Release new series of fabrication basics: 「Subtractive tools」 「Additive tools」
- Unique digital solutions through combination of 「Subtractive」 「Additive」



Currently, 3D Printers are experiencing an amazing global boom, but the market is largely polarized.

On one end, you have highly technical and specialized usage examples at high cost. For example, the manufacturing industry using molding machines to create large-scale prototypes or the creation of models for internal organs in the medical field.

On the other end, you have simplified, low-cost 3D printers for individuals and hobbyists that could be sold at home electronics stores.

Our company is targeting the hidden market between these two extremes, called 3D MONOzukuri. We are starting a new 3D business to deliver the basics of creation—additive and subtractive—in our new products.

The general concept of the 3D printer is taking 3D data and giving it physical shape. What our company will deliver are the two methods—additive and subtractive—in the form of actual tools used in MONOzukuri to transform imagination into reality.

Our subtractive manufacturing machines have sold a total of 20,000 units and are used by a variety of markets from hobbyists to industrial designers, and the brand is now over 20 years strong.

If we combine additive manufacturing tools, any shape will become possible and the target markets will expand even further.

## 3D Medical:Dental

### DWX series dental milling machines

Released Oct. 2013



4-axis, small-scale, low cost  
For dental clinics



Academy in Germany

U.S.: Strengthen sales support via partnerships

Japan: Sales expansion depends on decision to  
cover hybrid resin under insurance plans

China : Shape market via direct sales

EU : Build Academies to form business foundation

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In the field of dental, we currently provide a user-friendly, desktop-sized dental milling machine for the production of dental prosthetics.

This term, we enhanced our lineup and complemented the 5-axis DWX-50 for dental laboratories with the release of the 4-axis small-scale DWX-4 for dental clinics.

On the sales side, we experienced good sales growth by strengthening local partnerships in America and acquiring customers through production support. In Japan, sales continued to expand greatly due to increased demand prior to the tax increase and the coverage under insurance of hybrid resin materials for capping dental prosthetics.

Dental is a competitive market in developed countries in Europe, but with the establishment of Academies in Italy and Germany along with process flow training, we strengthened our business foundation and maintained sales.

Going forward, we want to accelerate the development of digitalization and make in-house dental processing possible. We hope to erect a new pillar of business based on delivering targeted solutions that no other company can.

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