

Consolidated Financial Results

for the Three Months Ended March 31, 2020

May 13, 2020





President
Kohei Tanabe

We extend our deepest sympathies to those who were infected by COVID-19.

COVID-19 has spread extensively causing vast disruptions to the globally economy. Our company is no exception and have faced large limitations to business activities, effecting our financial performance.

The situation will continue to be unclear but the health and safety of our stakeholders and employees, and the prevention of the disease will remain our utmost priority.

Roland DG group will strongly unify to overcome this unprecedented age of challenge.

Summary

■ Q1 result

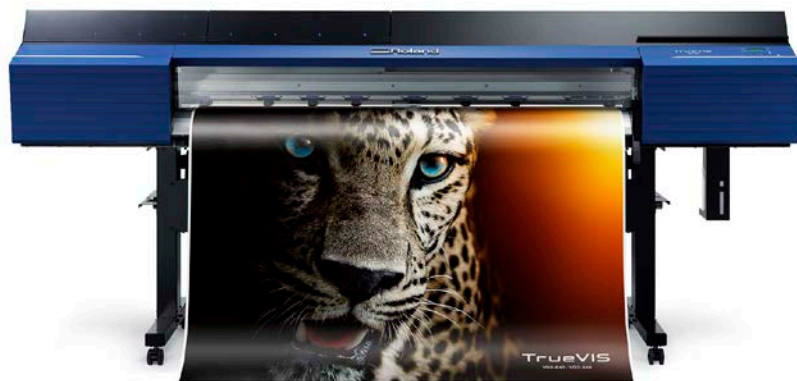
- YoY decrease in sales and profit due to COVID-19
- Dental milling machines grew YoY; robust sales in North America
- Balance sheet remains healthy

■ Full year forecast revision

- While it is uncertain when the COVID-19 situation will end, we built the forecast using assumption
- May update the forecast if necessary depending on how the situation evolves
- **Working on a drastic operational improvement to respond to the current situation and to enhance long term competitiveness**

■ Mid/long-term view

- **Short term head winds, but digitization trend will benefit Roland DG in the longer term**
- Flexibly respond to market change using our healthy balance sheet



TrueVIS

VG2-640 VG2-540

Q1 Financial Summary

FY2020Q1 Consolidated Financial Results

Sales and profit fell YoY due to COVID-19

(Millions of Yen)

Net Sales

(8.6%)

Operating
Income

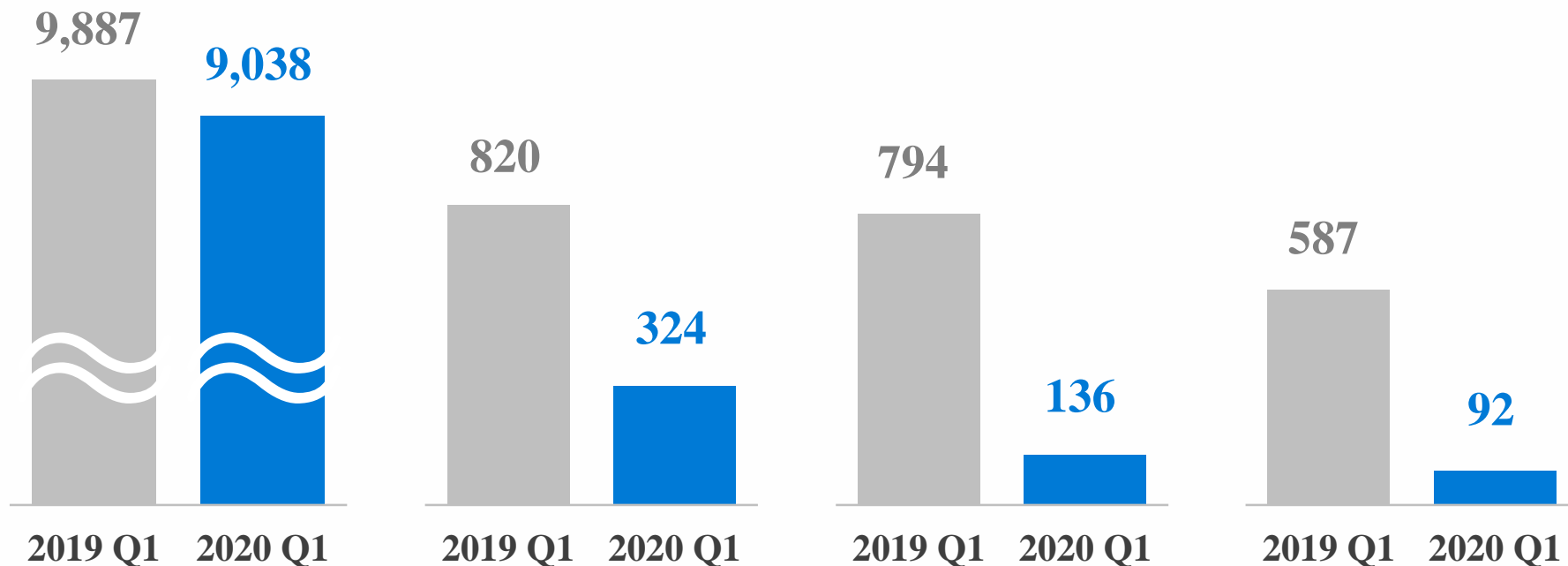
(60.5%)

Ordinary
Income

(82.8%)

Net profit

(84.3%)



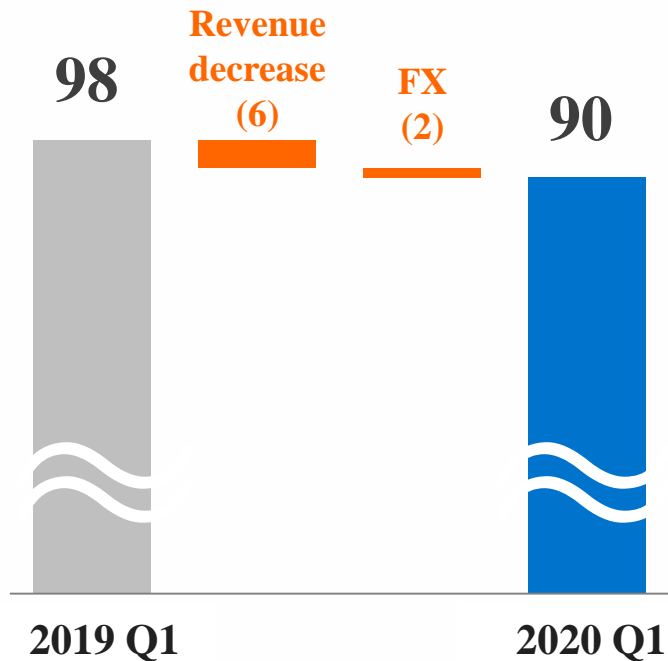
※Profit attributable to owners of parent

Variance analysis YoY

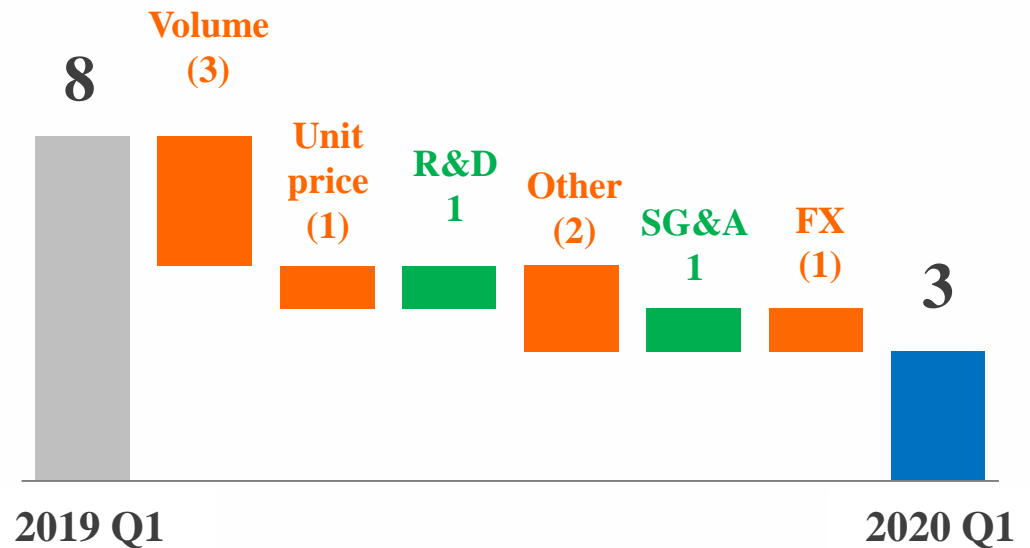
Revenue decrease mainly drove down profit

(100 Millions of Yen)

Net Sales



Operating Income



Average FX rate

(Unit : Yen)

2019/Q1 2020/Q1

USD 110.21 108.97 98.9%

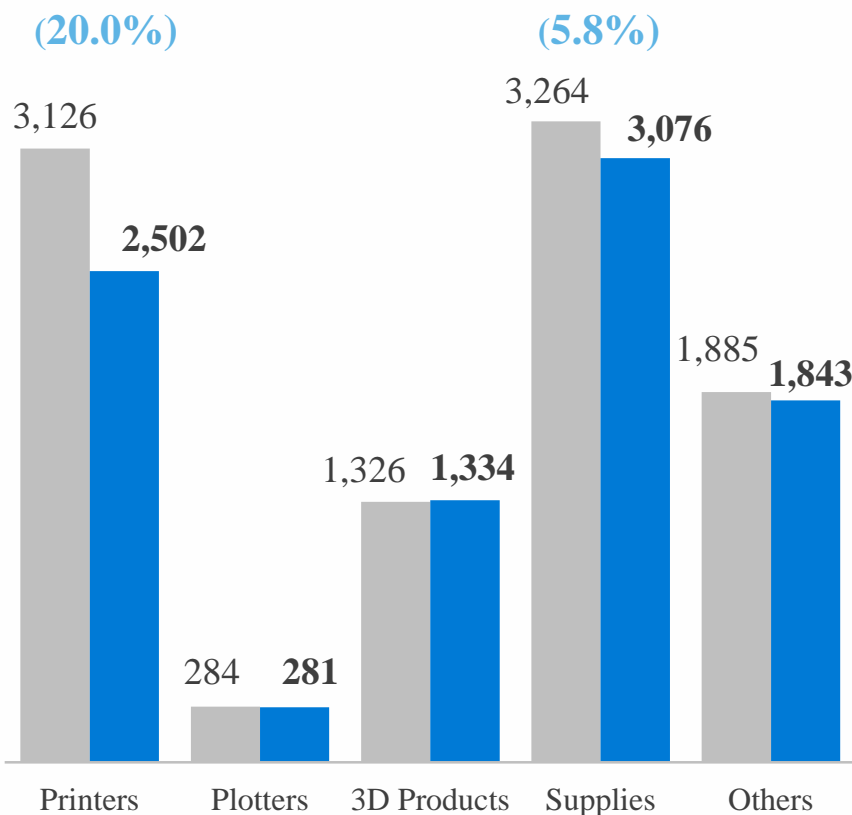
EUR 125.19 120.19 96.0%

FY2020 Q1 Sales by Product

Printers declined but 3D products remained solid

(Millions of Yen)

■ 2019 Q1 ■ 2020 Q1



Printers

- ✓ Decrease in signage resulted in overall decline

Plotters

- ✓ Wide-format models for signage decreased

3D Products (DGSHAPE)

- ✓ Dental milling machined continued to grow
- ✓ 3D milling machines and engraving machines decreased

Supplies

- ✓ Ink for signage decreased

Others

- ✓ Service parts decreased

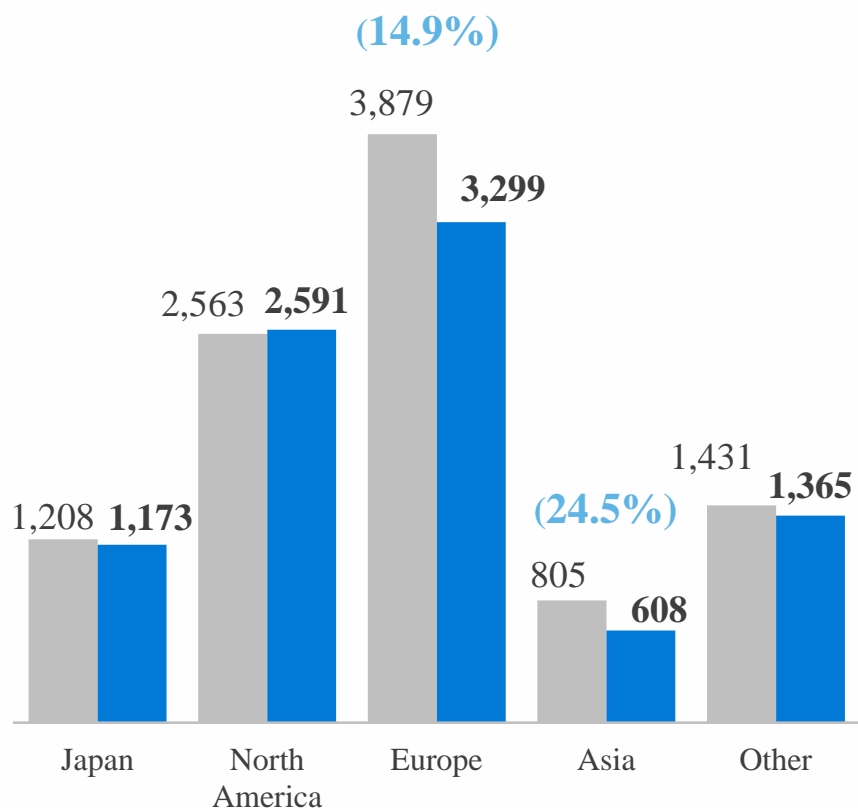
FY2020 Q1 Sales by region

China and Europe declined due to COVID-19 effect

(Millions of Yen)

■ 2019 Q1

■ 2020 Q1



Japan

- ✓ Printers for signage increased
- ✓ Dental milling machines decreased

North America

- ✓ Dental milling machines grew fast
- ✓ Signage printers increased but overall printers decreased

Europe

- ✓ Business activities limited due to COVID-19
- ✓ Printers and ink decreased

Asia

- ✓ Decreased mainly in China where COVID-19 spread
- ✓ Printers and service parts decreased

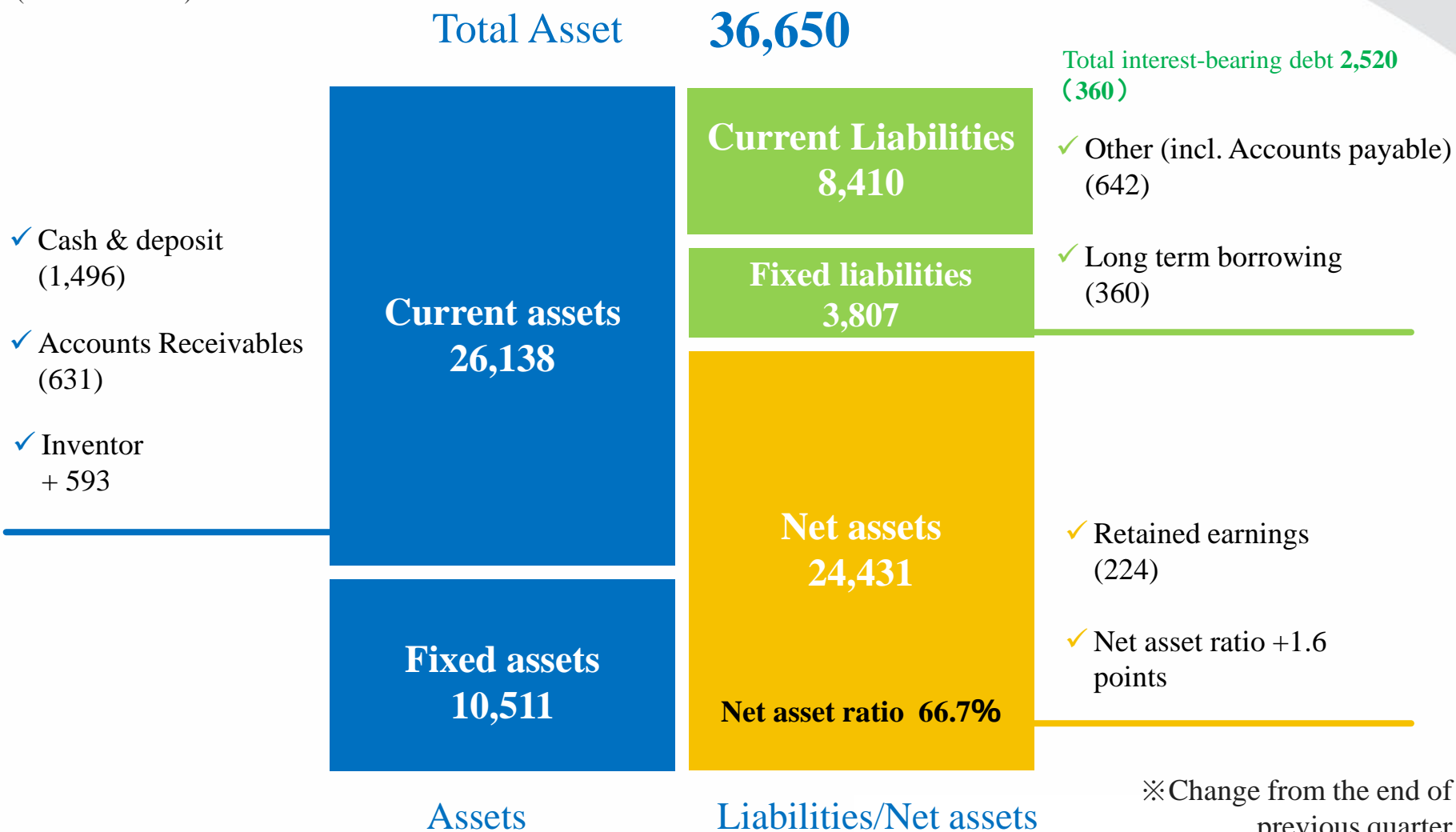
Others

- ✓ Printers for signage decreased

Balance sheet summary (as of 3/31/2020)

Balance sheet remains healthy

(Millions of Yen)



※ Change from the end of previous quarter



Forecast revision

DWX-52DCi

FY2020 business overview

■ Printers

- Demand to shrink by around 30%* in 2020 due to COVID-19
 - ✓ Decline in advertisement and decoration demand at stores due to customers staying at home
 - ✓ Economic situation dampening investment appetite for printers
- **Trade shows for new product release are to restart from Q3**

■ 3D products (dental)

- Dental operations stopped in some regions due to stay-at-home rules around the globe
- **Reopening in Europe and North America is key**

Important to closely monitor the COVID-19 situation and restart of economic activities

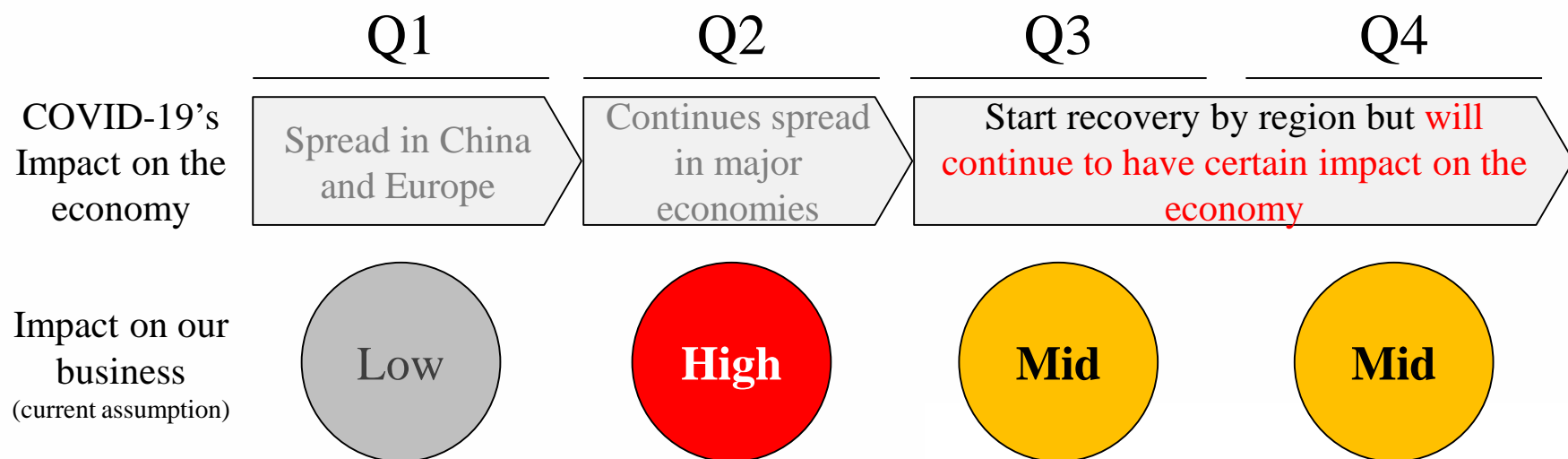
* COVID-19's effect on Wide format printers (Graphics) market

Source: Market research company data and Roland DG analysis 11

Key assumptions for the FY2020 revised forecast

- Since it is uncertain when the COVID-19 situation will end, we built the forecast based on assumptions
- We assumed that Q2 will be the bottom globally followed by a slow recovery from July but with continuing effect until year end (see next slide for assumptions by region)
- **Forecast may be updated if necessary depending on how the situation evolves**

■ Quarterly assumption



Key assumptions for the FY2020 revised forecast

■ Assumptions by region

Impact on our business
(Current assumption)

Region	Q1	Q2	Q3	Q4	Assumptions
Japan	L	M	M	M	Start recovery after Q2
North America	L	H	M	M	Partial start in economic activities; gradual recovery after Q2
Europe	L	H	M	L	Relatively large impact in the short term, but to recover from Q3 South Europe and UK to recover in Q4
Asia	M	H	M	M	China back to normal in H2 but other regions to have remaining impact
Other	L	H	M	M	Oceania to recover from H2

Printers industry forecast

New product demand to recover after Q3

Dates of Key events

Region	Trade show	Product	Original date	Revised date
Japan	Japan Shop	Printer	Early March	Cancelled
	Chubu Pack	Printer	Late April	Cancelled
North America	ISA	Printer	Early April	Late August
	LMT West	Dental	Mid May	Cancelled
	NBM Long Beach	Printer	Mid August	TBD
Europe	FESPA	Printer	Mid March	Early October
	DRUPA	Printer	Mid June	Late April, 2021
	Expodental	Dental	Mid March	Early July
Asia	APPPEXPO	Printer	Early March	Late July
	Sourcing Fair	Printer	Early April	Early October
	Dental Academic Mtg	Dental	Late March	Early September
Others	Visual Impact	Printer	Late April	Cancelled
	FESPA Brasil	Printer	Mid March	Late September

Situation of US dental market

Restart of economy in large East & West coast cities is key

Reopening situation of dentists in the US

State Mandates and Recommendations on COVID-19

This page was updated on May 7, 2020



States Reopened for Elective Procedures

23

States with Dentistry Essential

9

States with Dentistry Essential - Emergency Only

14

States with No Mandate for Dentistry

7

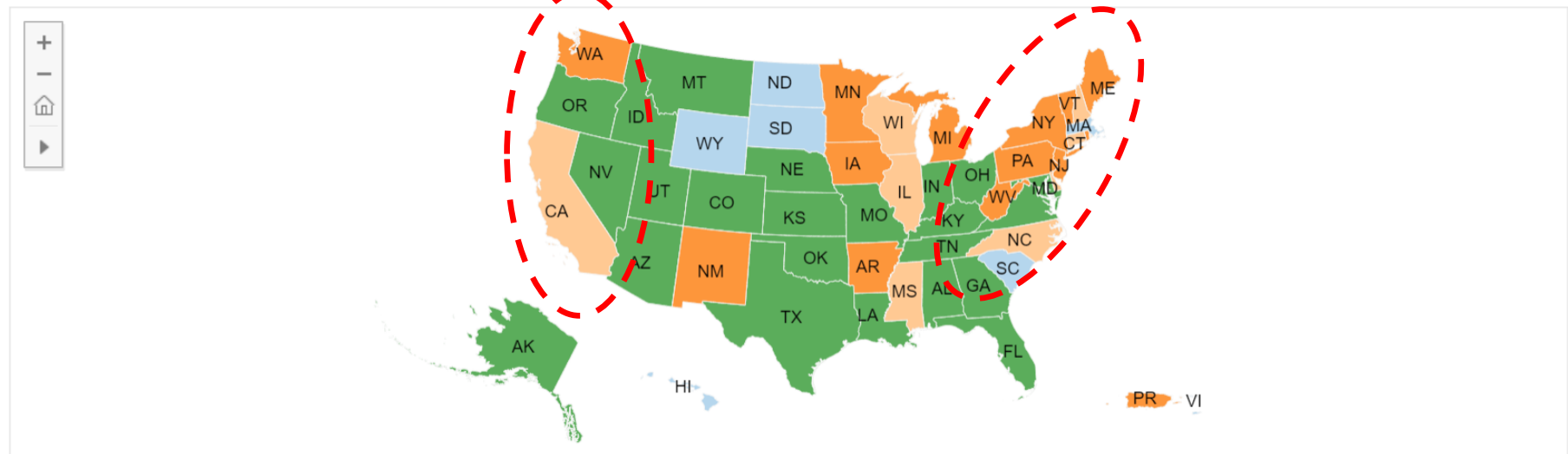
States Reopened for Elective Procedures

States with Dentistry Essential

States with Dentistry Essential - Emergency Only

States with No Mandate for Dentistry

Other Recommendations



Revised consolidated financial forecast

Revised forecast is based on assumptions; to be updated if necessary depending the situation

(Millions of Yen)

Net Sales

(36.2%)

21,000

13,400

Original
forecast

Revised
forecast

Operating income

--

700

(1,500)

Original
forecast

Revised
forecast

Ordinary income

--

700

(1,700)

Original
forecast

Revised
forecast

Net profit

--

600

(1,200)

Original
forecast

Revised
forecast

Q2

(35.9%)

42,600

27,300

Original
forecast

Revised
forecast

2,500

(2,600)

Original
forecast

Revised
forecast

2,300

(2,900)

Original
forecast

Revised
forecast

1,800

(2,000)

Original
forecast

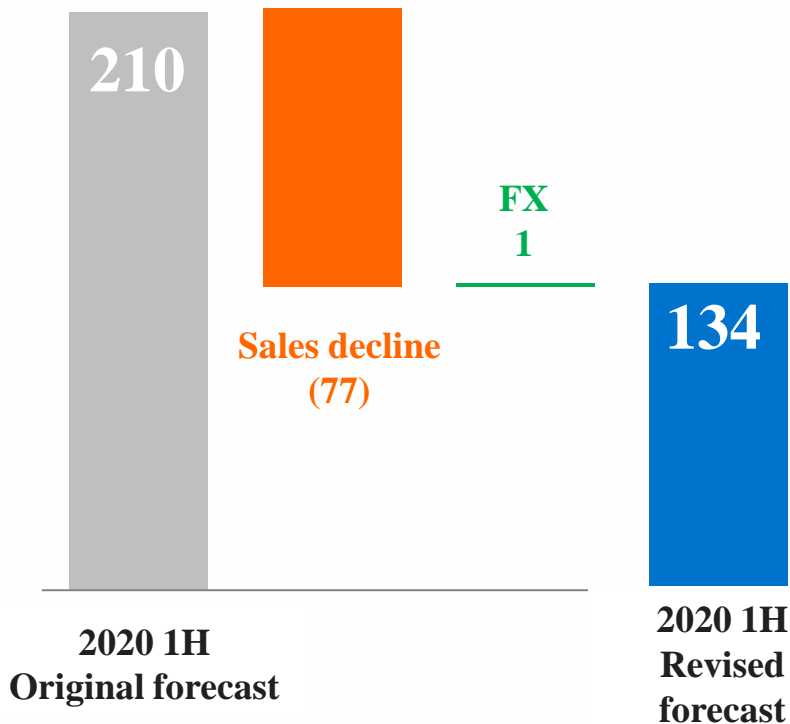
Revised
forecast

Full year

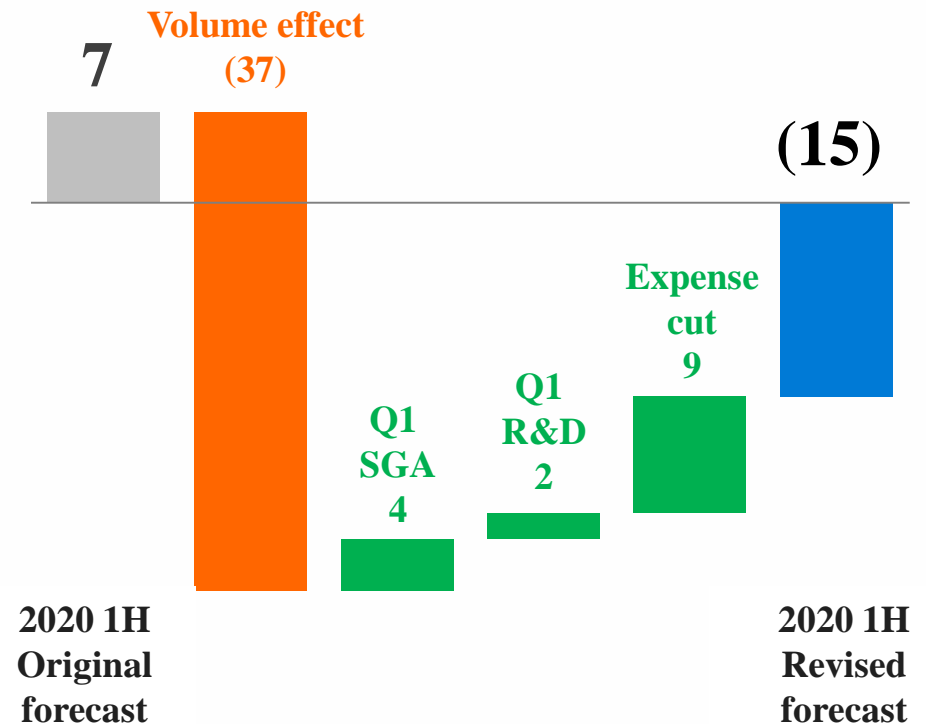
Q2 variance analysis vs original forecast

(100 Millions of Yen)

Net Sales



Operating Income



Average FX rate
(Unit : Yen)

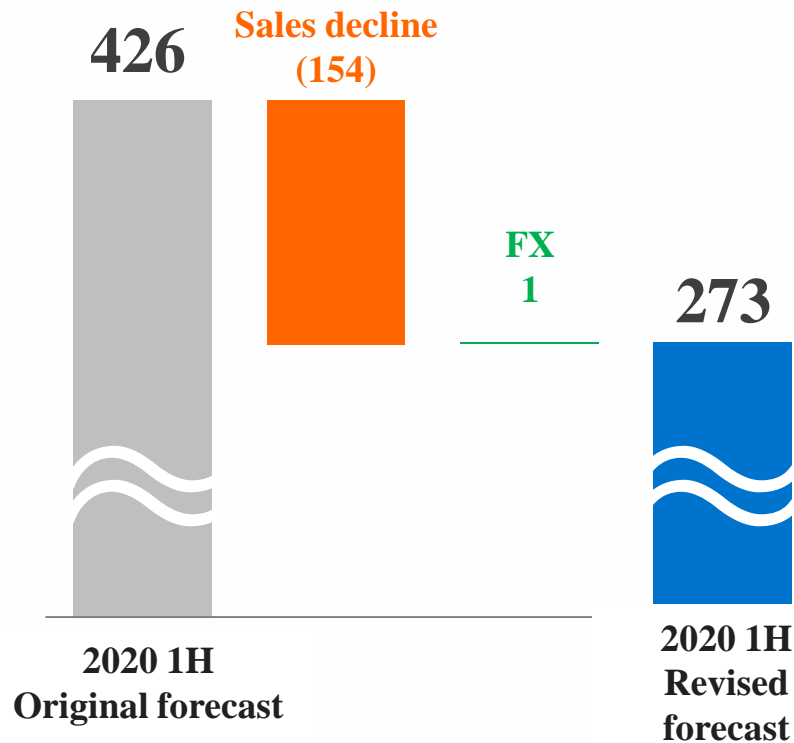
USD 105.00

EUR 120.00

Full year variance analysis vs original forecast

(100 Millions of Yen)

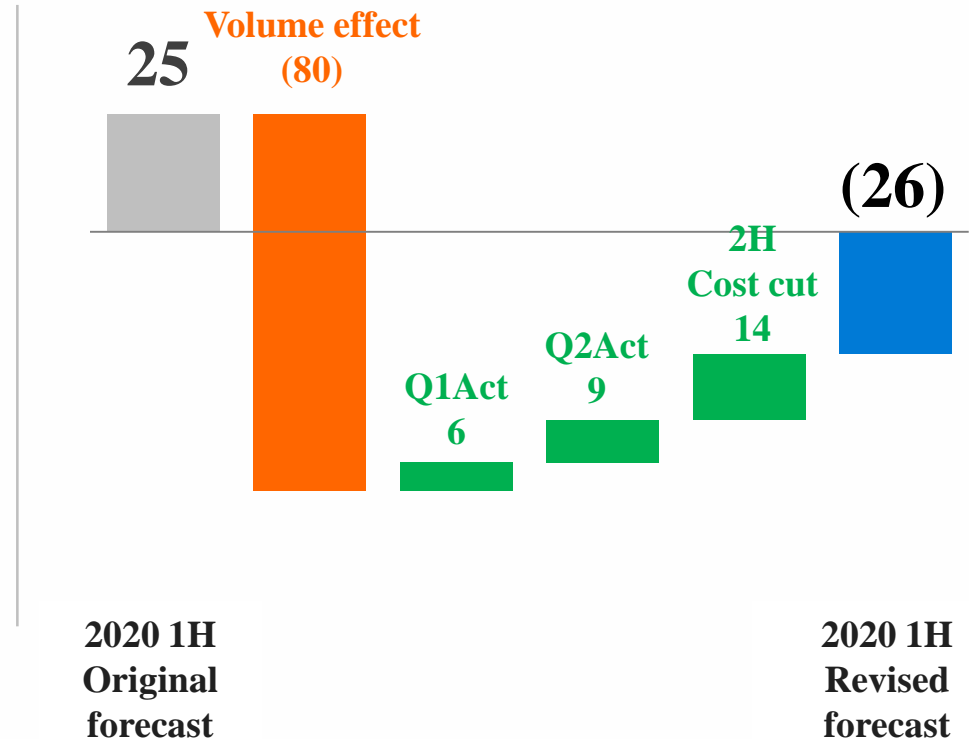
Net Sales



Average FX rate
(Unit : Yen)

USD	105.00
EUR	120.00

Operating Income



Our response to the situation

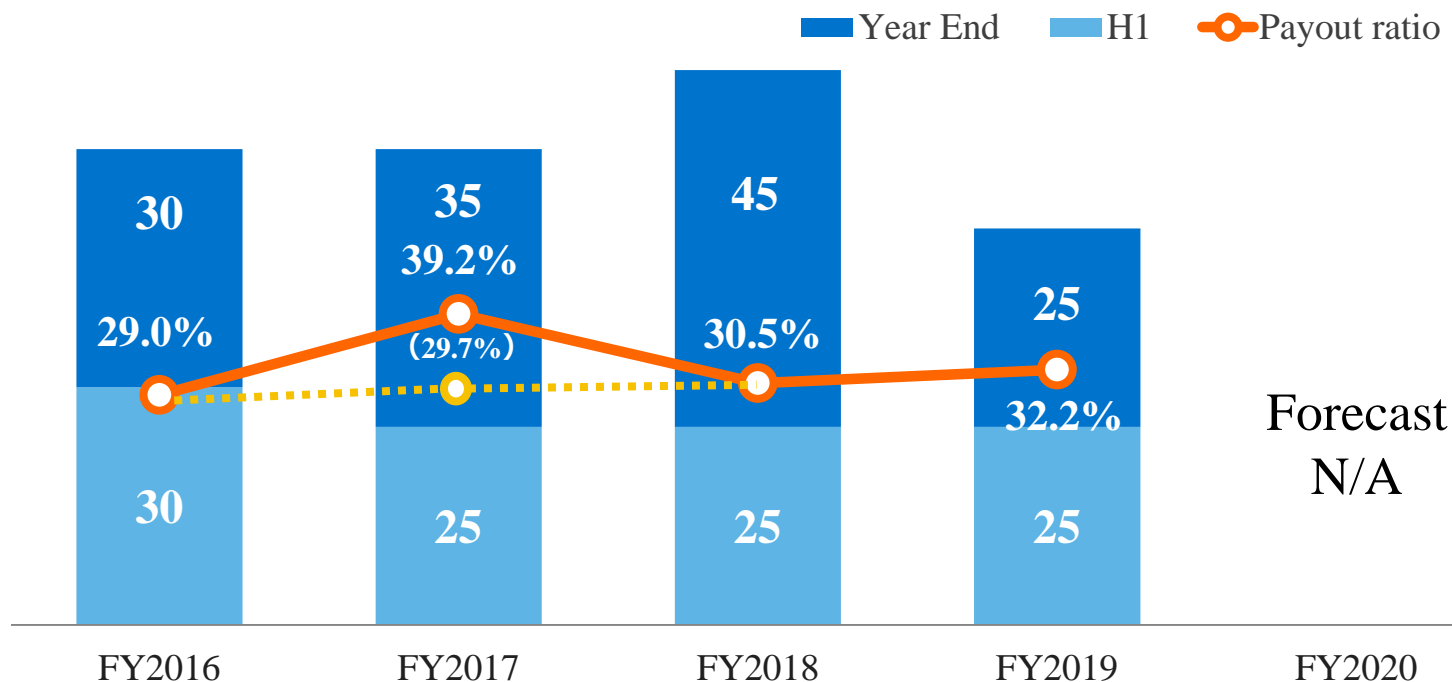
Emergency measures in place and drastic operational improvement planned

■ Emergency measures

- Cost reduction mainly in SG&A
- Management bonus cut
- Addition of credit line to prepare for potential cash needs in the future
- Production adjustment to respond to the demand situation
- Operational improvement through drastic change in production and organizational structure

Dividend forecast

Forecast withdrawn given the current business environment



※ Yellow dotted line excludes effect from extraordinary factors e.g. settlement payments

Our response to the situation

Emergency measures and forward-looking strategies for after-COVID19

■ Emergency measures

- Prevention measures for employees' safety
- Cost reduction mainly in SG&A
- Management bonus cut

■ Maintaining stability

- Addition of credit line to prepare for potential cash needs in the future
- Production adjustment to respond to the demand situation

■ Strategies for the future

- Production and organizational reform
- Forward-looking strategies leveraging our strength

Mid/long-term perspective

Market shift after COVID-19

Proactively responding to changes by leveraging our strength

Change in market

Acceleration of **work process digitization**

- ✓ Especially in medical field

Shift in end customer needs/behaviors

- ✓ Increase in stay-at-home related demands

Change in the way we interact with customers

- ✓ Fewer tradeshows
- ✓ Less face-to-face interaction with customers

Our response

- Further support workflow optimization for Dental customers (e.g. **DWINDEX software**)
- Accelerate our **medical support system** product - **Eirthemis**
- Capture end user needs (e.g. **Interior decoration Printers**) and drive sales
- Started providing **remote maintenance services using AR** (US)
- Leverage **online/SNS** to communicate with dealers and customers

Workflow optimization for dental customer

Providing value-added products beyond milling machines for dental customers



Dental milling machines



DWINDEX



Management software



Denture kits

Enhance productivity by visualizing business performance for dental labs

Automating manual denture manufacturing process cutting down production time significantly

Support systems for medical customers

First implementation of Eirthemis - our medical support system

Implemented at Hamamatsu Red Cross Hospital where we were running a pilot system



Eirthemis MD

Digitization of instructions



Eirthemis KT

Operation equipment management system



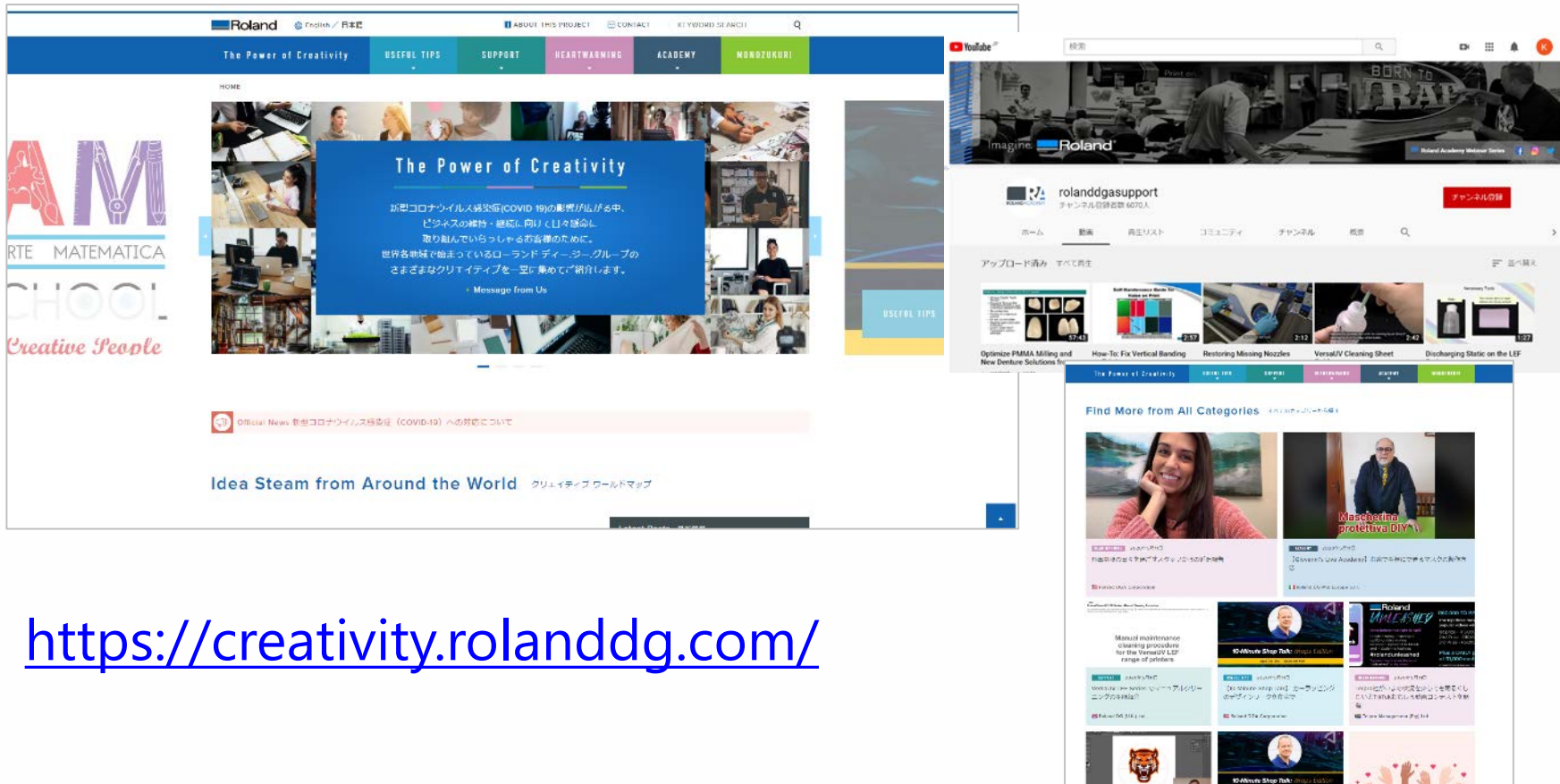
Eirthemis BIManager

User friendly data dashboard



Started providing customer support and product info online

Providing creative TIPS and support info on websites and SNS
to help our customers' business



<https://creativity.rolanddg.com/>

Leveraging our global network to deliver our high-quality customer support

Lastly...

Roland DG has the power to thrive in the after-Corona age

- Capacity to invest to gain further competitiveness (healthy balance sheet)
- Unparalleled global network to capture changing customer trends (strong local sales subsidiaries)
- Unique R&D and business development capability to address emerging needs (DNA of creating new businesses)

Roland DG will continue to strive placing utmost priority on the health and safety of our customers, employees, and all our stakeholders

The information pertaining to our business plans and forecasts that has been provided in this presentation contains forward-looking statements that are based on the plans and prospects of the Company at this point in time. The actual business results could be significantly different from those stated in this presentation due to changes in conditions. As such, please be advised that it cannot be guaranteed that these statements will not differ materially from actual results.

Appendix

FY2020 Q1 Consolidates Financial Results

(Millions of yen)

		FY2019 Q1		FY2020 Q1		YoY change		
		Performance	% of sales	Performance	% of sales	Change	Ratio	Exchange rate impact excluded Real term
Net sales		9,887	100.0%	9,038	100.0%	(849)	91.4%	94.0%
Gross profit		4,458	45.1%	3,771	41.7%	(687)	84.6%	89.5%
SGA cost		3,637	36.8%	3,446	38.1%	(191)	94.7%	97.0%
Operating income		820	8.3%	324	3.6%	(496)	39.5%	56.2%
Ordinary income		794	8.0%	136	1.5%	(657)	17.2%	34.5%
Net profit		587	5.9%	92	1.0%	(495)	15.7%	46.7%
EPS (Yen)		46.79		7.38				
Exchange rate Yen	USD	110.21		108.97				
	EUR	125.19		120.19				

(Millions of yen)

Exchange rate Amount of impact	Net sales	(256)
	Operating income	(136)

※ Income attributable to owners of parent

FY2020 Q1 Sales by Products

(Millions of yen)

	FY2019 Q1		FY2020 Q1		YoY change	
	Performance	Percentages	Performance	Percentages		Exchange rate impact excluded Real term
Printer	3,126	31.6%	2,502	27.7%	80.0%	82.4%
Plotter	284	2.9%	281	3.1%	98.8%	101.3%
3D Products (DGSHAPE)	1,326	13.4%	1,334	14.8%	100.6%	103.0%
Supply	3,264	33.0%	3,076	34.0%	94.2%	97.0%
Others	1,885	19.1%	1,843	20.4%	97.8%	100.6%
Total	9,887	100.0%	9,038	100.0%	91.4%	94.0%

FY2020 Q1 Sales by Regions

(Millions of yen)

	FY2019 Q1		FY2020 Q1		YoY change	
	Performance	Percentages	Performance	Percentages		Exchange rate impact excluded Real term
Japan	1,208	12.2%	1,173	13.0%	97.1%	-
North America	2,563	25.9%	2,591	28.7%	101.1%	101.9%
Europe	3,879	39.2%	3,299	36.5%	85.1%	88.8%
Asia	805	8.2%	608	6.7%	75.5%	77.4%
Others	1,431	14.5%	1,365	15.1%	95.4%	100.6%
Total	9,887	100.0%	9,038	100.0%	91.4%	94.0%

Revisions of the consolidated result forecasts for FY2020 Q2(6 months)

Sales by Products

(Millions of yen)

	FY2019 Q2		FY2020 Q2 Revised Forecast		
	Performance	Percentages	Forecast	Percentages	YoY
Printer	6,388	32.0%	3,950	29.5%	61.8%
Plotter	558	2.8%	400	3.0%	71.6%
3D Products (DGSHAPE)	2,645	13.3%	1,850	13.8%	69.9%
Supply	6,694	33.5%	4,600	34.3%	68.7%
Others	3,671	18.4%	2,600	19.4%	70.8%
Total	19,958	100.0%	13,400	100.0%	67.1%

Revisions of the consolidated result forecasts for FY2020 Q2(6 months)

Sales by Regions

(Millions of yen)

	FY2019 Q2		FY2020 Q2 Revised Forecast		
	Performance	Percentages	Forecast	Percentages	YoY
Japan	2,271	11.4%	1,900	14.2%	83.7%
North America	5,487	27.5%	3,950	29.5%	72.0%
Europe	7,701	38.6%	4,550	34.0%	59.1%
Asia	1,628	8.1%	1,050	7.8%	64.5%
Others	2,870	14.4%	1,950	14.6%	67.9%
Total	19,958	100.0%	13,400	100.0%	67.1%

Revisions of the consolidated result forecasts for FY2020

Sales by Products

(Millions of yen)

	FY2019		FY2020 Revised Forecast		
	Performance	Percentages	Forecast	Percentages	YoY
Printer	13,183	32.3%	8,700	32.0%	66.0%
Plotter	1,098	2.7%	770	2.8%	70.1%
3D Products (DGSHAPE)	5,705	14.0%	3,640	13.3%	63.8%
Supply	13,411	32.9%	9,540	34.9%	71.1%
Others	7,396	18.1%	4,650	17.0%	62.9%
Total	40,795	100.0%	27,300	100.0%	66.9%

Revisions of the consolidated result forecasts for FY2020

Sales by Regions

(Millions of yen)

	FY2019		FY2020 Revised Forecast		
	Performance	Percentages	Forecast	Percentages	YoY
Japan	4,745	11.6%	3,470	12.7%	73.1%
North America	11,627	28.5%	7,890	28.9%	67.9%
Europe	15,257	37.4%	9,930	36.4%	65.1%
Asia	3,220	7.9%	2,260	8.3%	70.2%
Others	5,944	14.6%	3,750	13.7%	63.1%
Total	40,795	100.0%	27,300	100.0%	66.9%