

# Consolidated Financial Results for the Six Months Ended June 30, 2016

August 2016

# Consolidated Financial Results for the Six Months Ended June 30, 2016

# Change of Accounting Period

- ❖ From 2016, both Japan and overseas subsidiaries have the same accounting period of 12 months from January to December.
- ❖ Figures in the previous year have been adjusted for the same 6 months for comparison.

	Month	Year N												Year N+1		
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3
Previous Accounting Period	Subsidiaries	12 months														
	Japan				9 months											
Past Fiscal Year (Adjusted)	Subsidiaries	6 months for comparison														
	Japan	6 months for comparison														
Current Accounting Period	Subsidiaries	6 months														
	Japan	6 months														

## Financial Results for the Six Months – Highlights

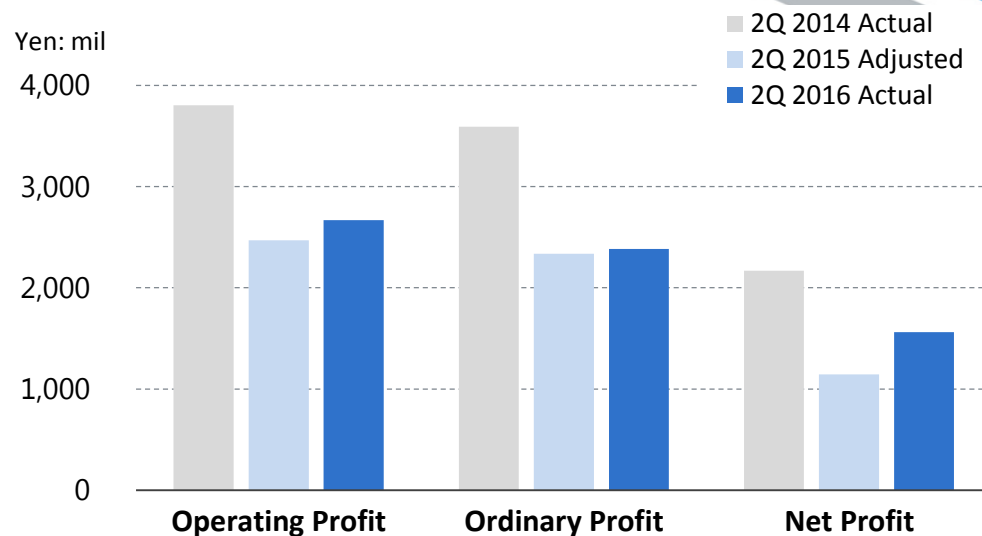
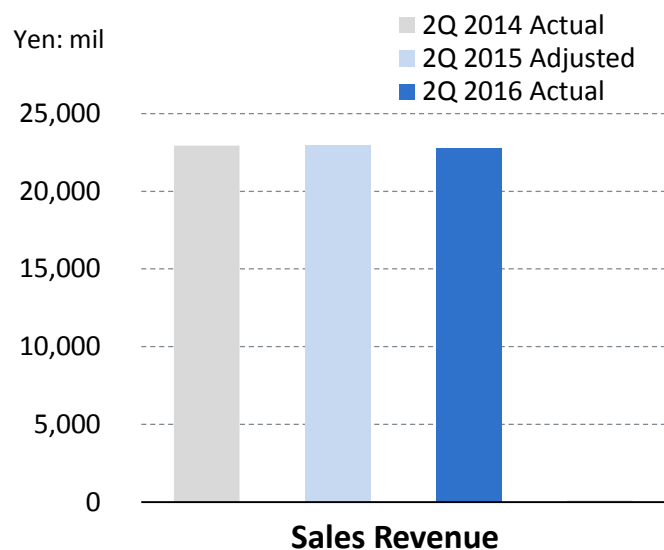
Operating profit increased, while net revenue declined YOY.

- Sales revenue of UV printers and dental machines increased.
- Selling price declined in the signage market due to tougher competition.
- Sales in Asia improved and sales in Europe and N. America were stable, while sales in Central/South America declined.
- Yen appreciation resulted in revenue decline.
- Operating profit increased due to reduction of inventory and SG&A.

Dissolution of the capital relationship with Roland Corp.

- Shareholders' value increase due to share buyback (12% of issued stocks) and cancellation of shares.
- More diversified shareholder structure due to the secondary offering.
- Bank loan of Yen 3.0 billion prepared to support share buyback. (Yen 3.4 billion in total required for the buyback action.)

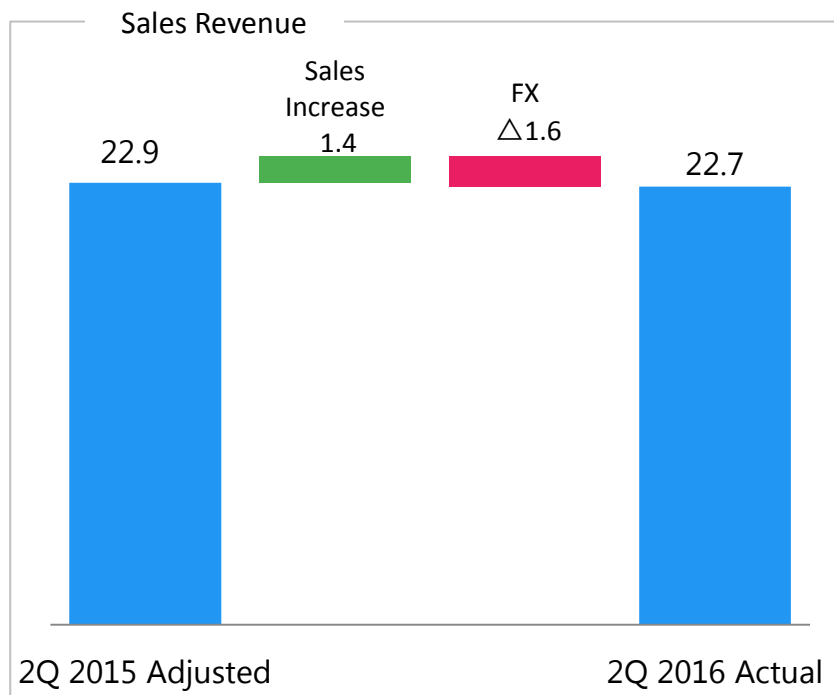
# Consolidated Financial Results for Q2 FY2016



(Yen: million)	2Q 2014	2Q 2015	2Q 2016	
	Actual	Adjusted	Actual	YOY
Sales Revenue	22,934	22,973	<b>22,770</b>	<b>99.1%</b>
Gross Profit	11,789	10,797	10,870	100.7%
SG&A	7,986	8,326	8,202	98.5%
Operating Profit	3,803	2,471	<b>2,668</b>	<b>108.0%</b>
Ordinary Profit	3,592	2,336	<b>2,385</b>	<b>102.1%</b>
Net Profit	2,169	1,144	<b>1,562</b>	<b>136.5%</b>
USD	102.47	120.24	<b>111.86</b>	<b>93.0%</b>
EUR	140.44	134.21	<b>124.70</b>	<b>92.9%</b>

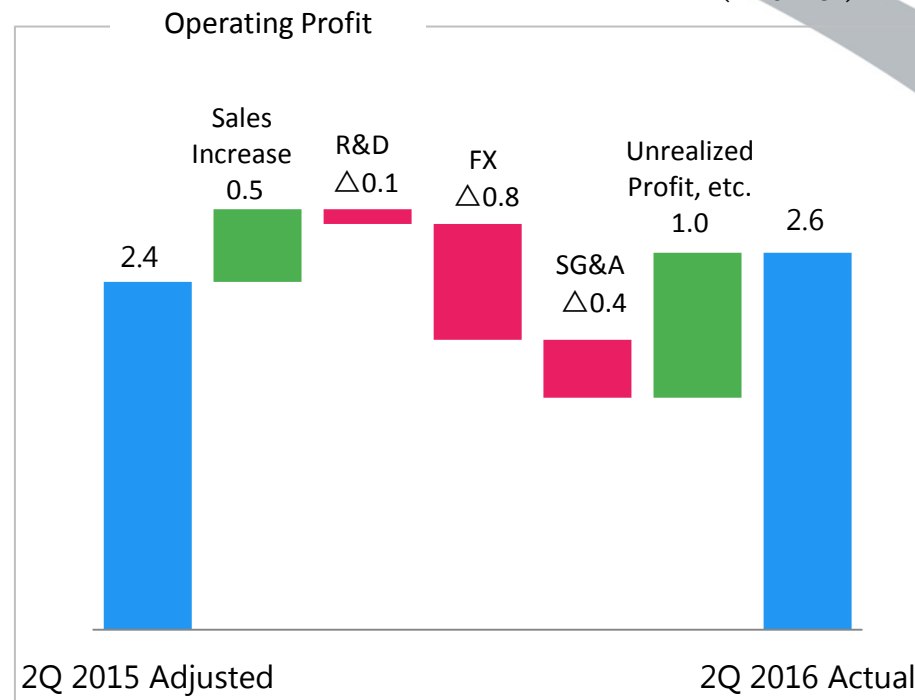
# Variance Analysis Year over Year

(Billion Yen)



- Yen 1.4 billion revenue increase offset by Yen 1.6 billion negative FX impact.

(Billion Yen)

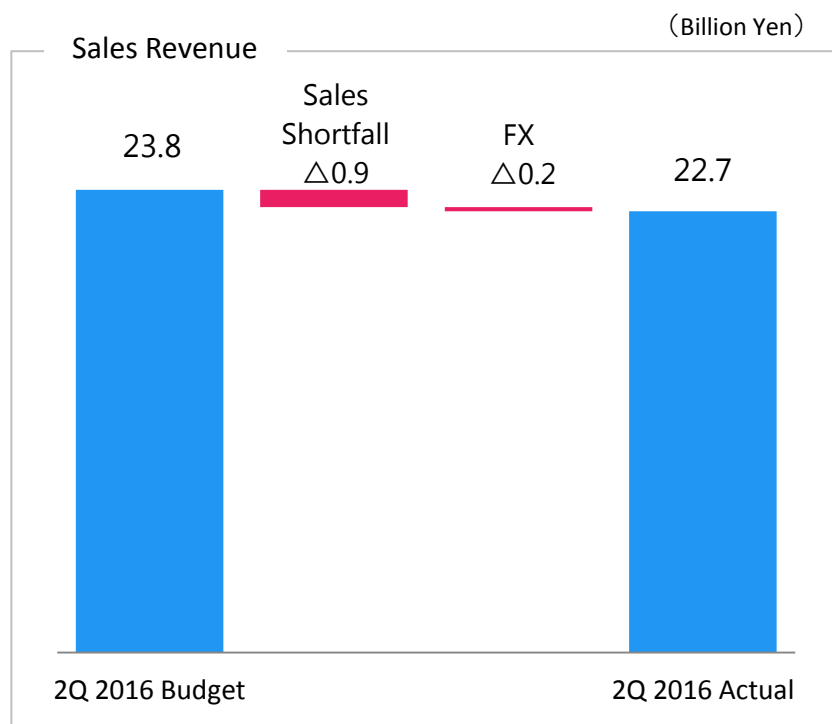


- SG&A increase and negative FX impact offset by sales increase and reduction of unrealized profit.

Average FX Rate in the accounting period (yen)

	2Q 2015 Adjusted	2Q 2016 Actual	
USD	120.24	111.86	93.0%
EUR	134.21	124.70	92.9%

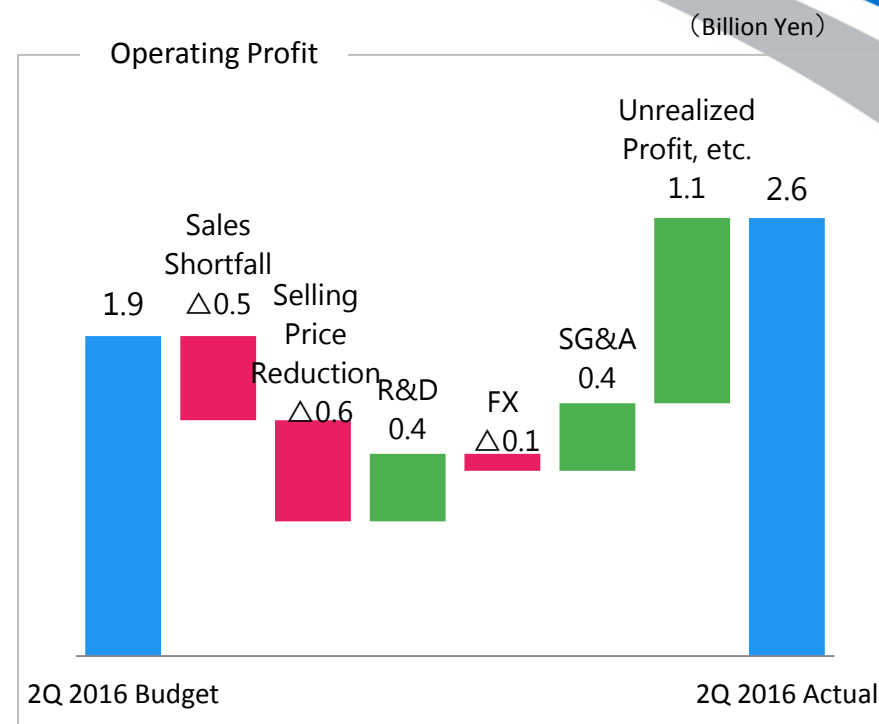
# Variance Analysis vs. Budget



- Sales revenue went below budget due to sales shortfall (Yen 0.9 billion) and negative FX Impact (Yen 0.2 billion).

Average FX Rate in the accounting period (yen)

	Budget Rate	2Q 2016 Actual	
USD	115.00	111.86	97.3%
EUR	125.00	124.70	99.8%



- Operating profit exceeded budget due to reduction of R&D, SG&A, and unrealized profit (Inventory) that offset sales shortfall and selling price decline.

## Business Performance for the Six Months – Highlights

### ❖ By product

- Inkjet Printers: UV printer sales significantly increased (by double-digit %), while sales of printers for signage declined.
- 3D Products: Sales of dental milling machines increased significantly by 50%.
- Supplies: Sales of UV ink increased significantly, while sales of solvent ink decreased.
- Other: Sales of service and spare parts also increased.

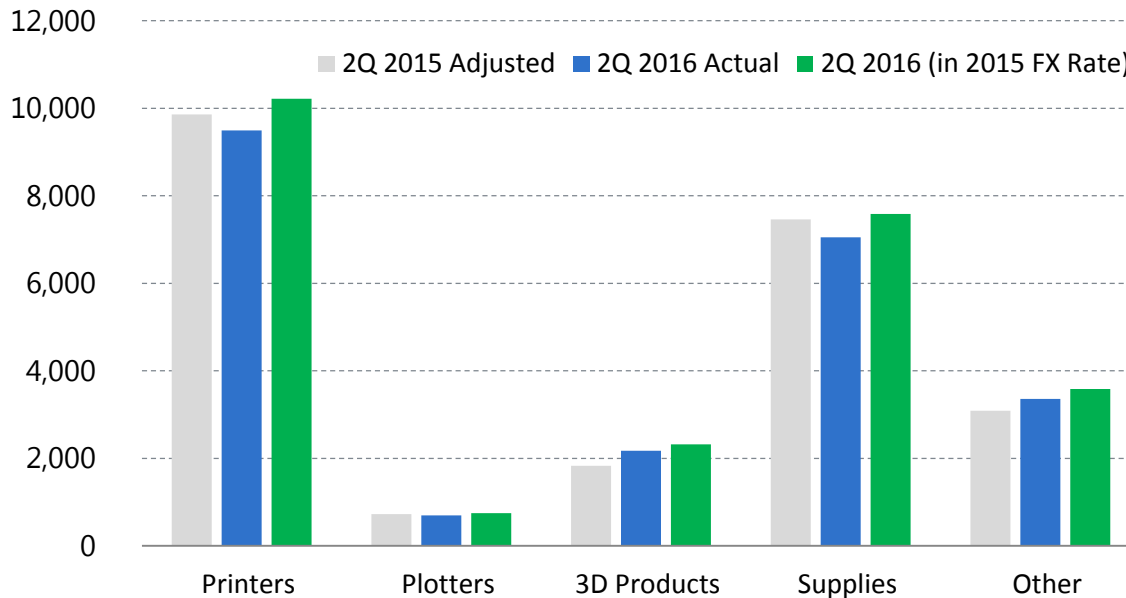
### ❖ By region

- N. America/Europe: Sales are flat vs. last year. (Increased in local currency.)
- Asia: Sales increased due to sales network enhancement in China and Korea.
- Other: Sales declined mainly in Latin America due to financial uncertainty.

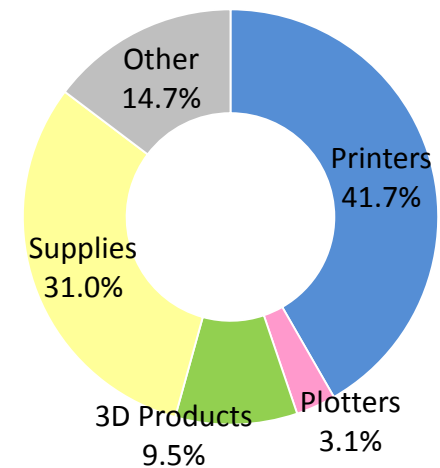


# Consolidated Financial Results for Q2 FY2016: Sales by Product

Yen: million



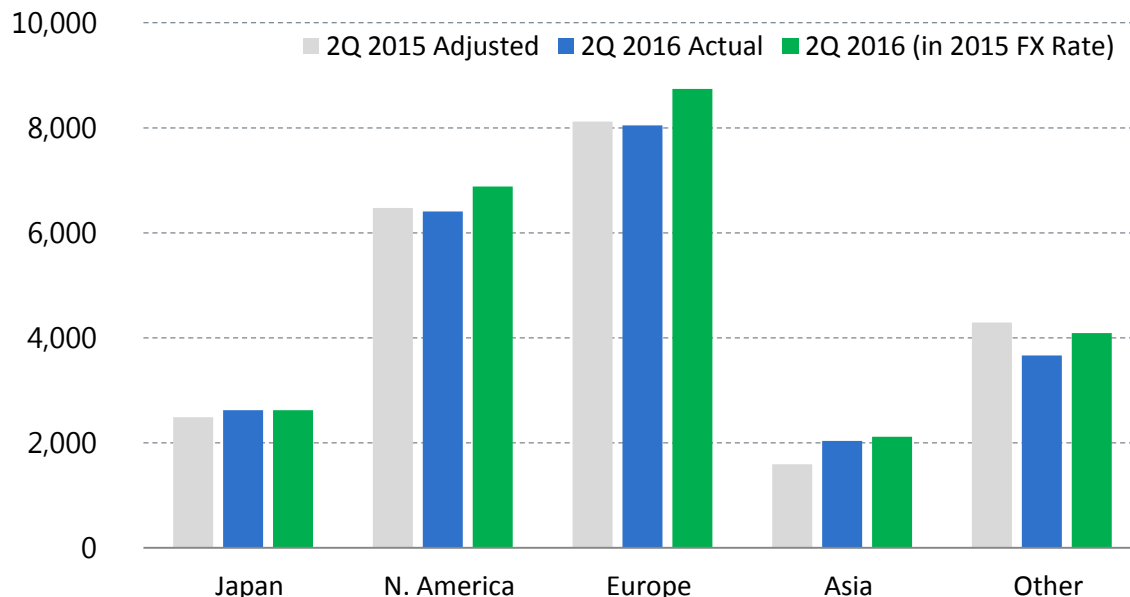
Sales Composition by Products



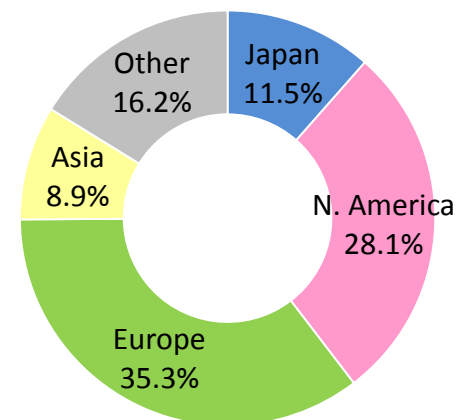
(Yen: million)	2Q 2015 (Adjusted)		2Q 2016 (Actual)			Ref: 2Q 2016 (in 2015 FX Rate)	
	Amount	Mix	Amount	Mix	YOY	Amount	YOY
Printers	9,863	42.9%	9,494	41.7%	96.3%	10,217	103.6%
Plotters	725	3.2%	699	3.1%	96.3%	745	102.7%
3D Products	1,831	8.0%	2,172	9.5%	118.6%	2,322	126.8%
Supplies	7,464	32.5%	7,048	31.0%	94.4%	7,585	101.6%
Other	3,088	13.4%	3,355	14.7%	108.7%	3,587	116.2%
Total	22,973	100.0%	22,770	100.0%	99.1%	24,458	106.5%

# Consolidated Financial Results for Q2 FY2016: Sales by Region

Yen: million

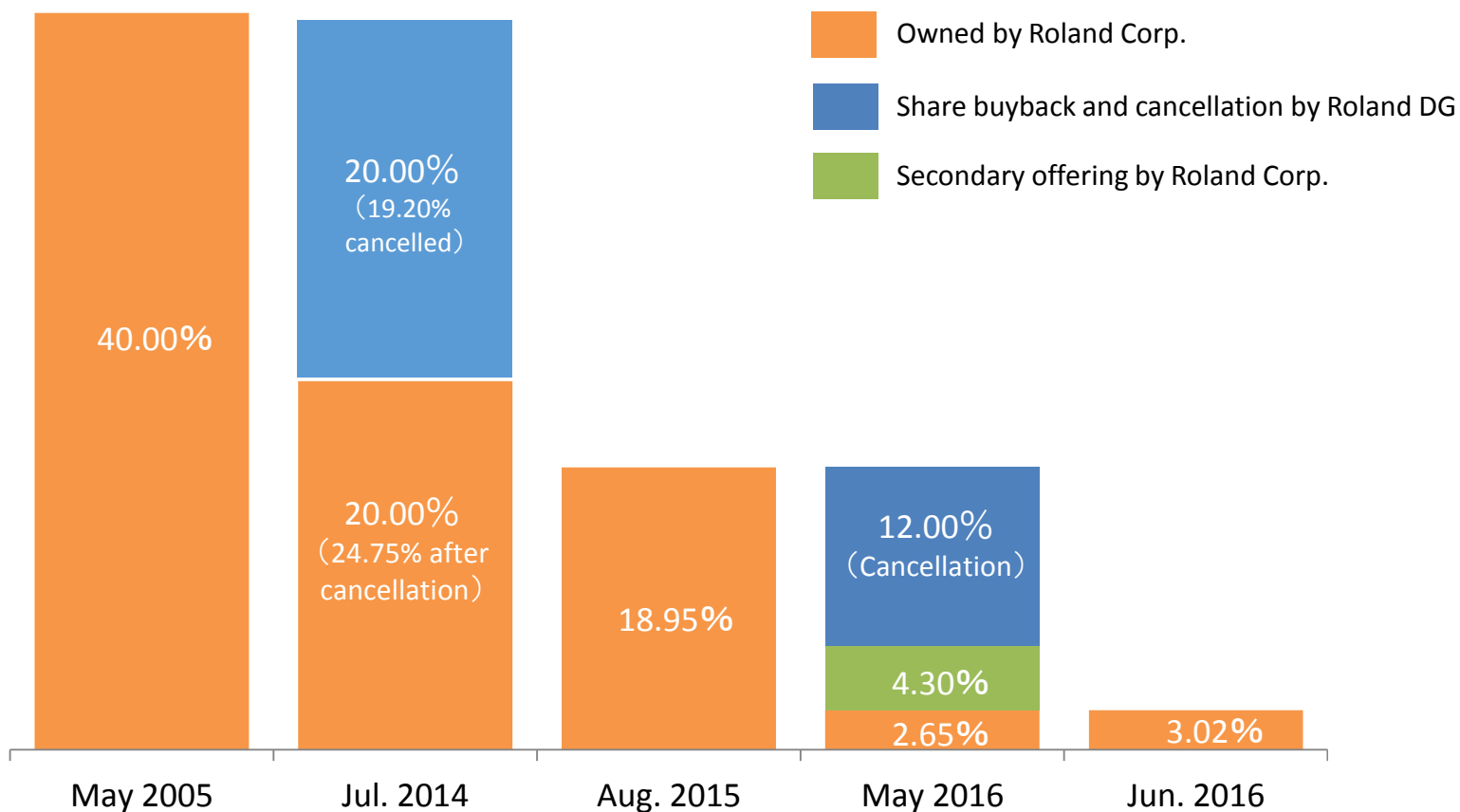


Sales Composition by Region



(Yen: million)	2Q 2015 (Adjusted)		2Q 2016 (Actual)			Ref: 2Q 2016 (in 2015 FX Rate)	
	Amount	Mix	Amount	Mix	YOY	Amount	YOY
Japan	2,490	10.8%	2,621	11.5%	105.3%	2,621	105.3%
N. America	6,475	28.2%	6,404	28.1%	98.9%	6,884	106.3%
Europe	8,121	35.4%	8,046	35.3%	99.1%	8,741	107.6%
Asia	1,594	6.9%	2,034	8.9%	127.6%	2,117	132.8%
Other	4,291	18.7%	3,662	16.2%	85.3%	4,093	95.4%
Total	22,973	100.0%	22,770	100.0%	99.1%	24,458	106.5%

## Dissolution of the capital relationship with Roland Corp.



Total number of shares issued

May 2005～ : 17,800,000

Sep. 2014～ : 14,385,511

Jun. 2016～ : 12,656,311

# Consolidated Balance Sheet

As of Dec. 31, 2015

(Yen: million)

Cash & Time Deposits 9,995	Account Payable 2,135
Accounts Receivable 4,427	*Short Term Debt 1,440
Inventory 9,420	Other Current Liabilities 5,104
Other Assets 3,299	Long Term Debt 4,320
Fixed Assets 10,837	Other Long Term Liabilities 2,069
	Net Assets 22,910
Debit 37,980	Credit 37,980

As of June 30, 2016

(Yen: million)

Cash & Time Deposits 9,620	Account Payable 2,029
Accounts Receivable 4,729	*Short Term Debt 4,542
Inventory 8,652	Other Current Liabilities 4,901
Other Assets 3,111	Long Term Debt 3,600
Fixed Assets 10,421	Other Long Term Liabilities 2,097
	Net Assets 19,363
Debit 36,534	Credit 36,534

Decrease due to  
cancellation of shares  
bought back  
△Yen 3,253 mil.

Adjustment by FX  
△Yen 1,263 mil.

\*Short Term Debt includes current portion of long-term debt

# **Consolidated Forecast for the Fiscal Year Ending December 31, 2016**

## Consolidated Forecast for the Fiscal Year Ending December 31, 2016: Summary

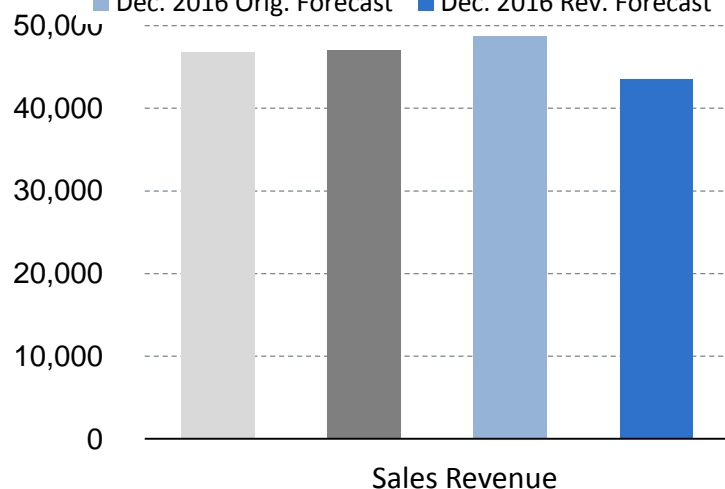
- ❖ Tougher business environment is projected in the second half of the fiscal year due to FX assumption change and slow sales of inkjet printers.
  - Operating profit projection is lower than the original forecast, in spite of improvement of product mix and SG&A reduction to secure profit.
  - FX revision impact: Yen 2.4 billion (negative) on revenue and Yen 1.4 billion (negative) on operating profit.

	Orig. Forecast	Revised Forecast	
	Jan. – Dec.	Jan. – Dec.	Jun. – Dec.
Yen/USD	115	106	100
Yen/Euro	125	118	110

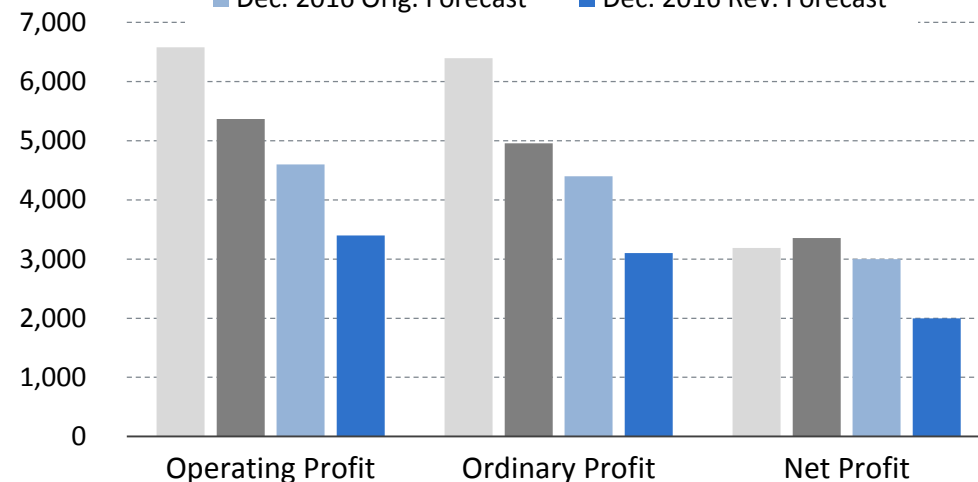
- ❖ Market activation and expansion are projected, leveraging new products.
  - To accelerate replacement of current printers for signage with the new VG series.
  - To promote expansion of the retail business with UV printers. (Share success stories in Europe with other markets.)
  - To enlarge market of dental milling business.

# Consolidated Forecast for the Fiscal Year Ending December 31, 2016

Mil. Yen ■ Mar. 2015 Actual ■ Dec. 2015 Adjusted  
■ Dec. 2016 Orig. Forecast ■ Dec. 2016 Rev. Forecast



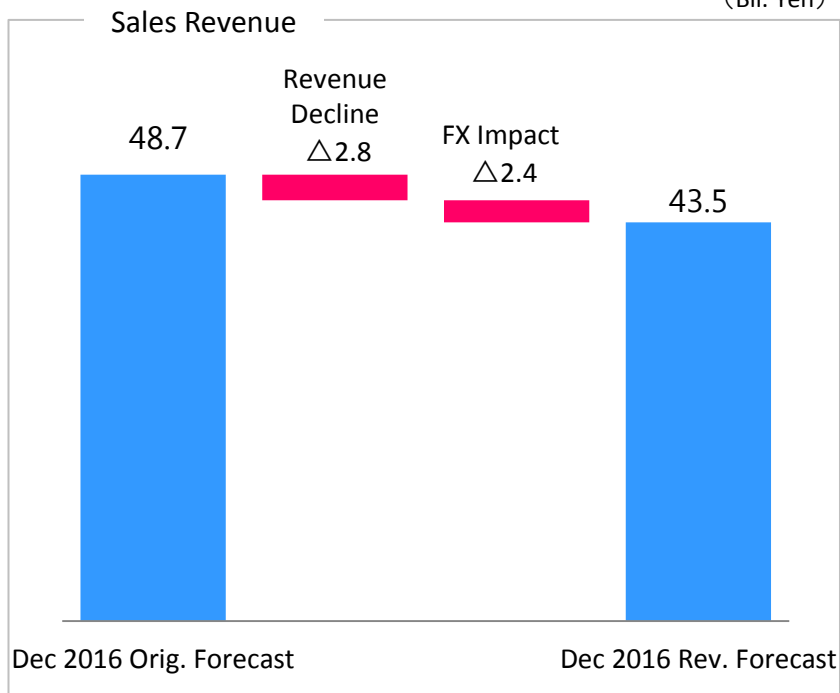
Mil. Yen ■ Mar. 2015 Actual ■ Dec. 2015 Adjusted  
■ Dec. 2016 Orig. Forecast ■ Dec. 2016 Rev. Forecast



(Yen: million)	Mar. 2015	Dec. 2015	Dec. 2016	Dec. 2016		
	Actual	Adjusted	Orig. Forecast	Revised Forecast	YOY	VS Orig. Forecast
Sales Revenue	46,770	47,024	48,700	43,500	92.5%	89.3%
Gross Profit	22,928	22,131	21,800	19,000	85.9%	87.2%
SG&A	16,350	16,759	17,200	15,600	93.1%	90.7%
Operating Profit	6,578	5,371	4,600	3,400	63.3%	73.9%
Ordinary Profit	6,398	4,955	4,400	3,100	62.6%	70.5%
Net Profit	3,190	3,358	3,000	2,000	59.6%	66.7%

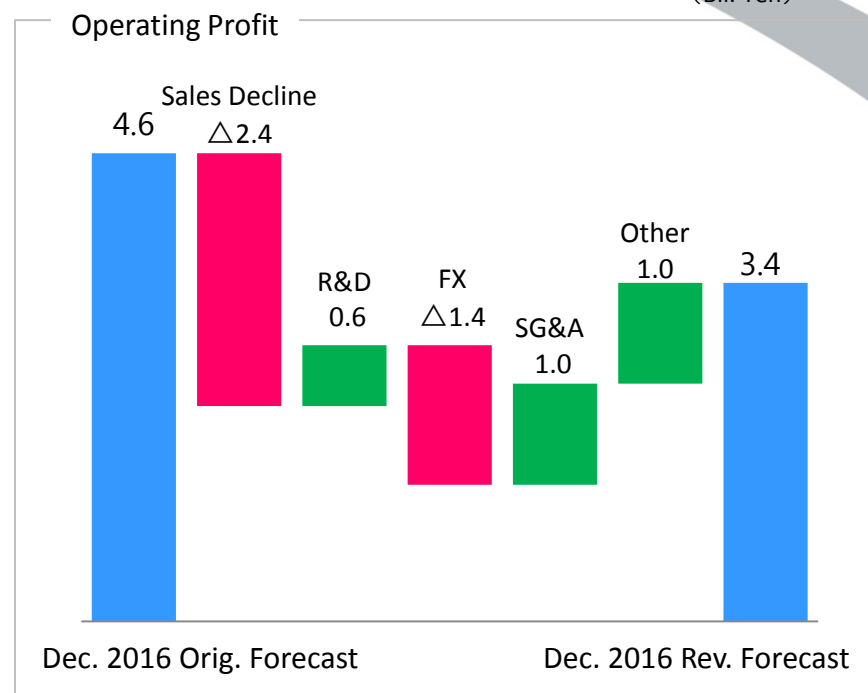
# Consolidated Forecast for the Fiscal Year Ending December 31, 2016: Variance Analysis

(Bil. Yen)



- Sales forecast reduced by Yen 5.2 billion due to sales decline and FX impact.

(Bil. Yen)



- Operating profit forecast reduced by Yen 1.2 billion due to FX impact in addition to model mix change.

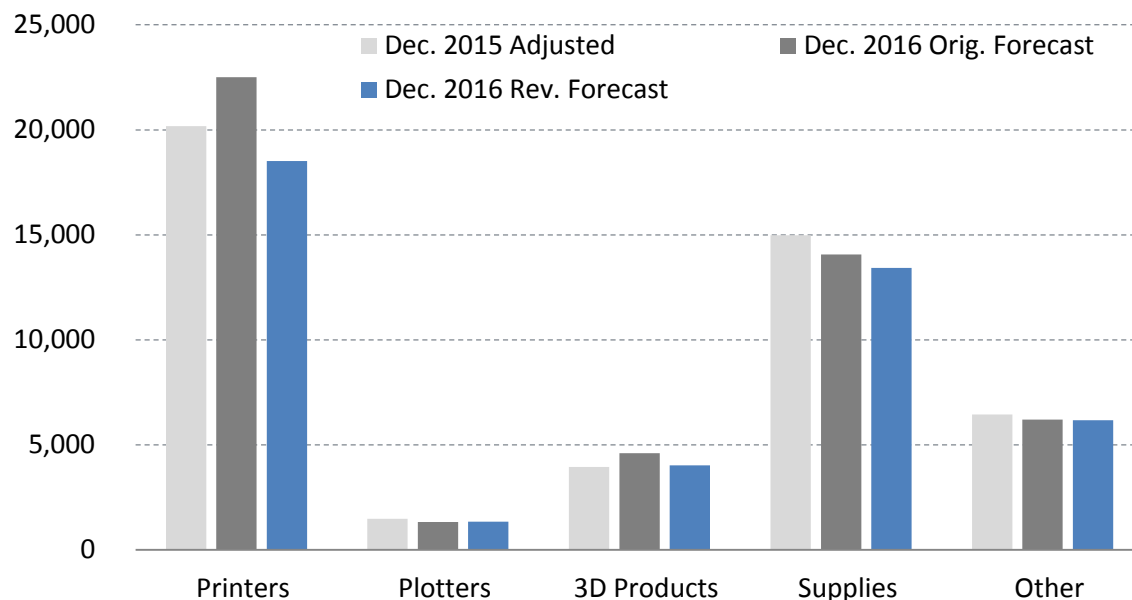
Average FX rate in the accounting period

	Original Assumption	Revised Assumption	
Y/USD	115.00	106.00	92.2%
Y/EUR	125.00	118.00	94.4%

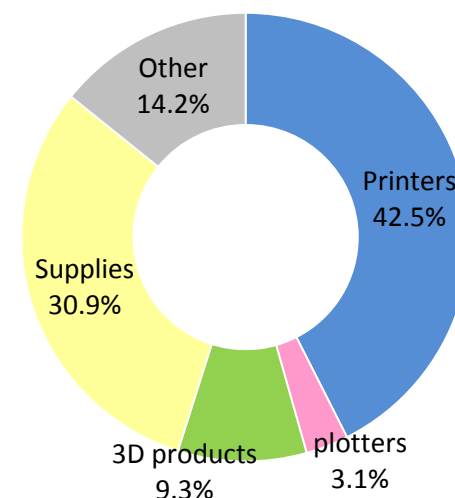


# Consolidated Forecast for the Fiscal Year Ending December 31, 2016: Sales by Product

Yen: Million



Composition by Product

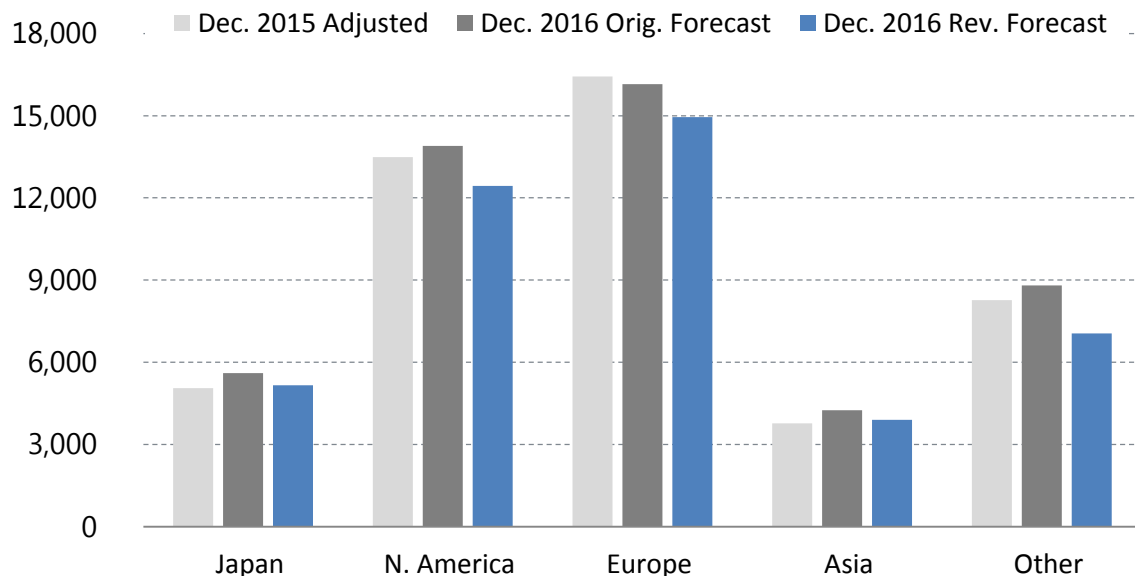


(Ref:)

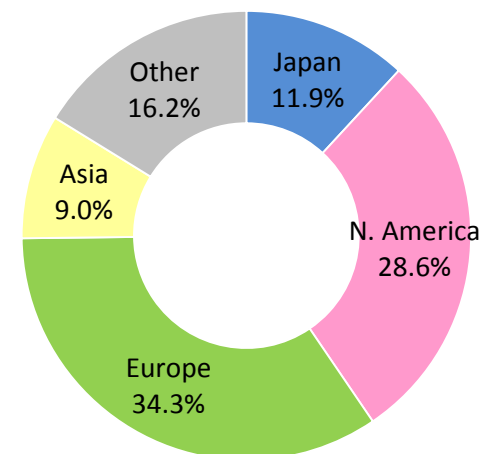
(Yen: million)	Dec. 2015 (Adjusted)		Dec. 2016 (Orig. Forecast)		Dec. 2016 (Revised forecast)			YOY Local Currency
	Amount	%	Amount	%	Amount	%	YOY	
Printers	20,175	42.9%	22,500	46.2%	18,520	42.5%	91.8%	103.8%
Plotters	1,476	3.1%	1,330	2.7%	1,350	3.1%	91.4%	101.6%
3D Products	3,951	8.4%	4,600	9.5%	4,030	9.3%	102.0%	113.1%
Supplies	14,978	31.9%	14,070	28.9%	13,420	30.9%	89.6%	100.8%
Other	6,443	13.7%	6,200	12.7%	6,180	14.2%	95.9%	107.2%
Total	47,024	100.0%	48,700	100.0%	43,500	100.0%	92.5%	104.0%

# Consolidated Forecast for the Fiscal Year Ending December 31, 2016: Sales by Region

Yen: million



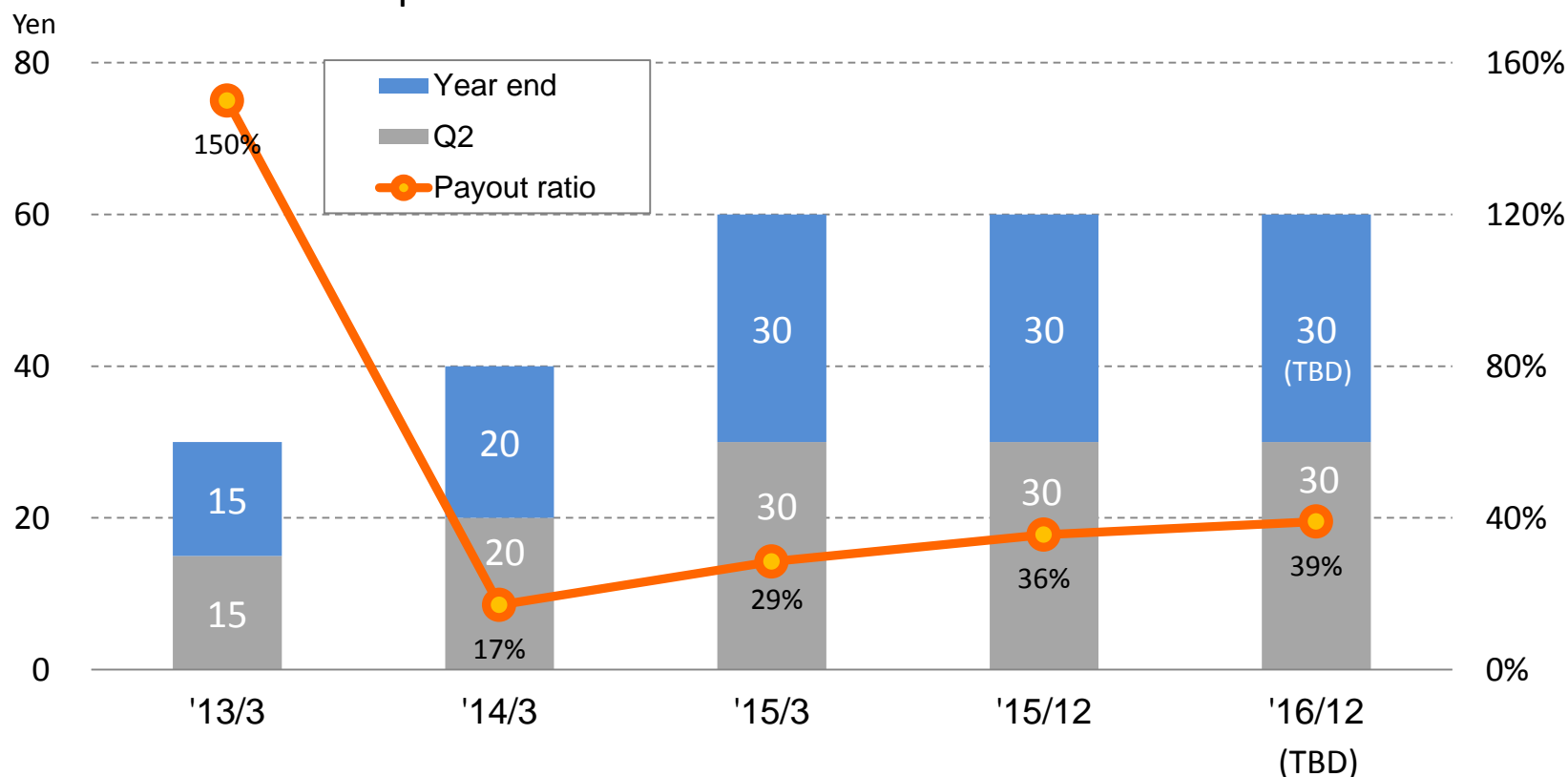
Composition by Region



(Yen: million)	Dec. 2015 ( Adjusted)		Dec. 2016 (Orig. Forecast)		Dec. 2016 (Revised Forecast)			(Ref.)
	Amount	Mix	Amount	Mix	Amount	Mix	YOY	YOY Local Currency
Japan	5,058	10.8%	5,600	11.5%	5,160	11.9%	102.0%	102.0%
N. America	13,491	28.7%	13,900	28.5%	12,440	28.6%	92.2%	105.3%
Europe	16,434	34.9%	16,150	33.2%	14,950	34.3%	91.0%	105.1%
Asia	3,770	8.0%	4,250	8.7%	3,900	9.0%	103.4%	117.4%
Other	8,269	17.6%	8,800	18.1%	7,050	16.2%	85.3%	95.1%
Total	47,024	100.0%	48,700	100.0%	43,500	100.0%	92.5%	104.0%

## Consolidated Forecast for the Fiscal Year Ending December 31, 2016: Dividend Outlook

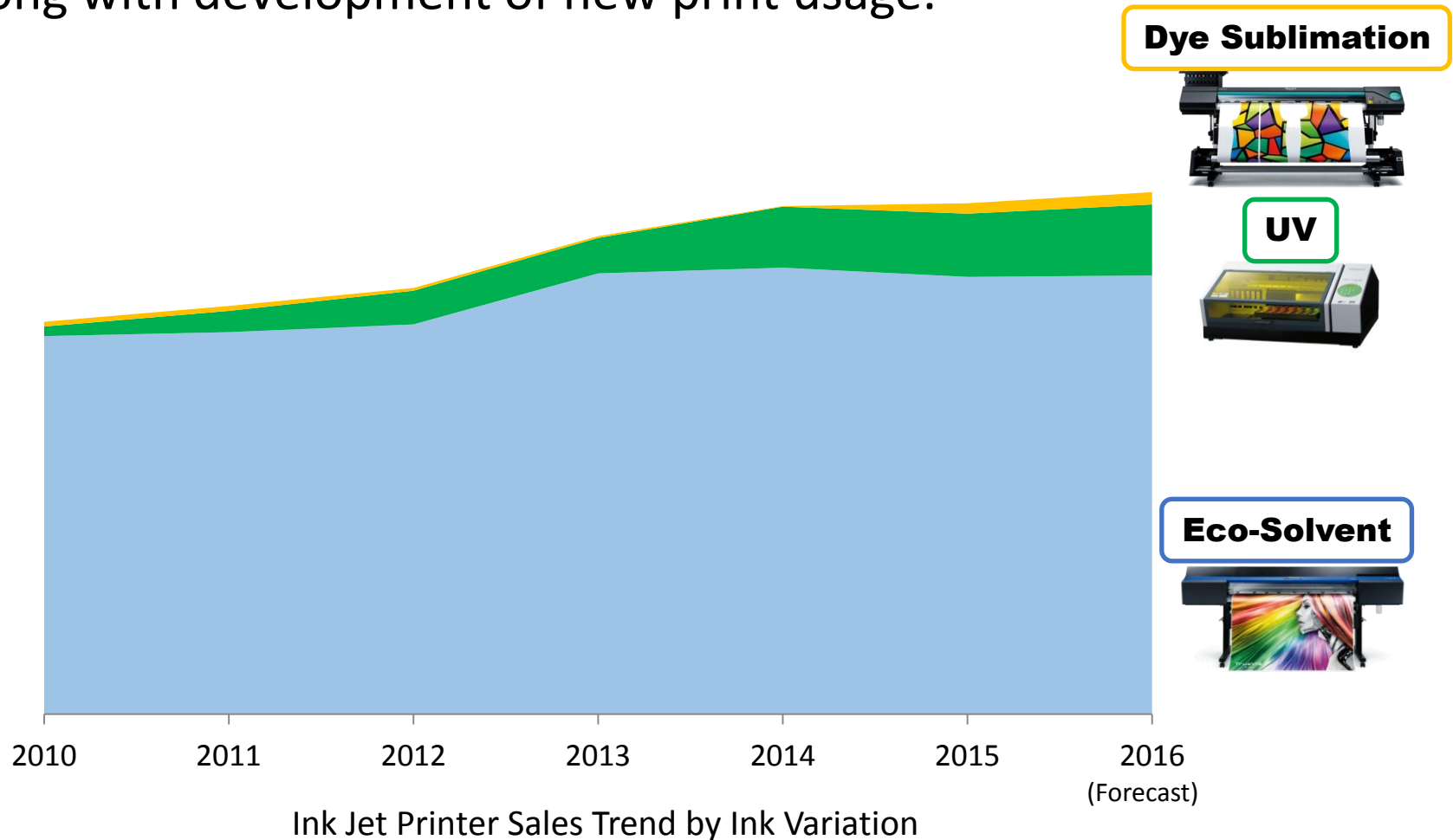
- ❖ Yen 30/share dividend is confirmed for the Q2.
- ❖ Dividend for the fiscal year end to be reviewed considering progress of the business performance.



# Roland DG Corporation Business Overview

## Business Overview: Inkjet Printers

Change of printer business structure along with development of new print usage.



# Business Overview: UV Printers

## ❖ Characteristics of Roland DG's UV Printers

- Rich print representation by high resolution and thick ink injection.
- Printability on multi-print surface by LED lamp and high security.

### Print & Cut Models

Main Usage:

- Labels, containers



### Large Hybrid Models

Main Usage:

- Sign display, signboards



### Flatbed Models

Main Usage:

- Original goods production, e.g. smartphone cases



# Business Overview: UV Flat Bed Models

Establishment of the business model for smartphone case production and proposal of a solution for retail business.

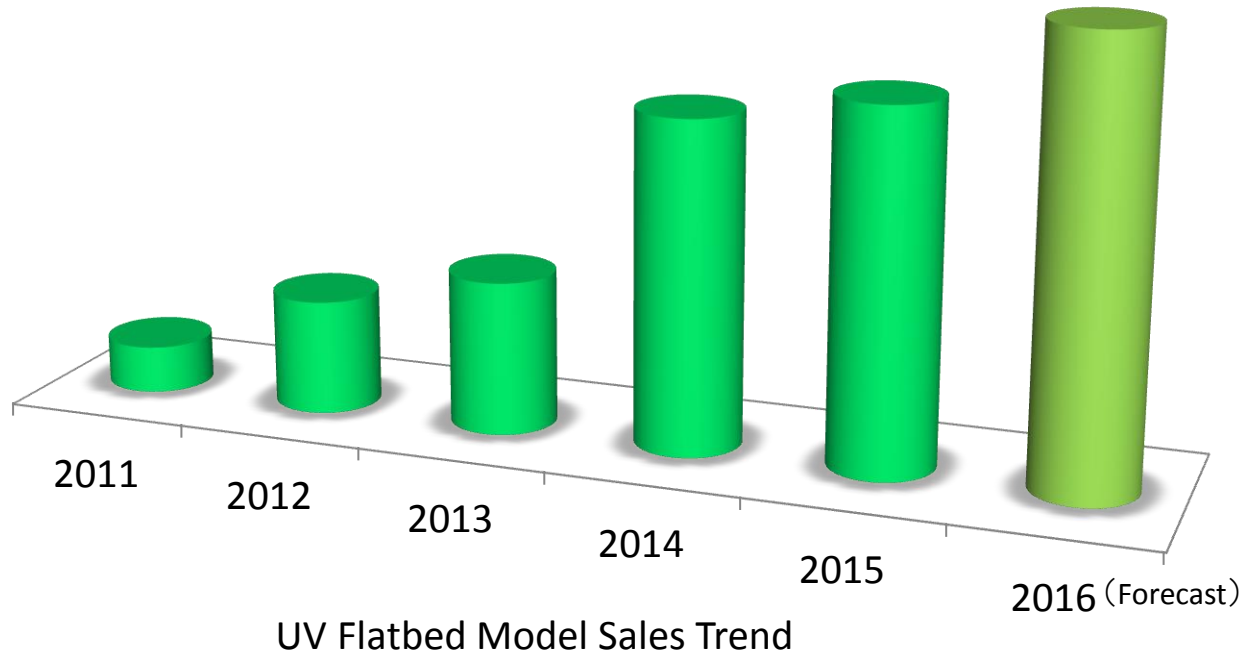


**LEF-20**

Smartphone case production



Proposal of a solution for retail business



# Business Overview: UV Retail Solution Proposal

A proposal of a booth for customized goods production in a large supermarket.

【A package solution combining Roland DG's desktop products】

UV Flatbed Printer

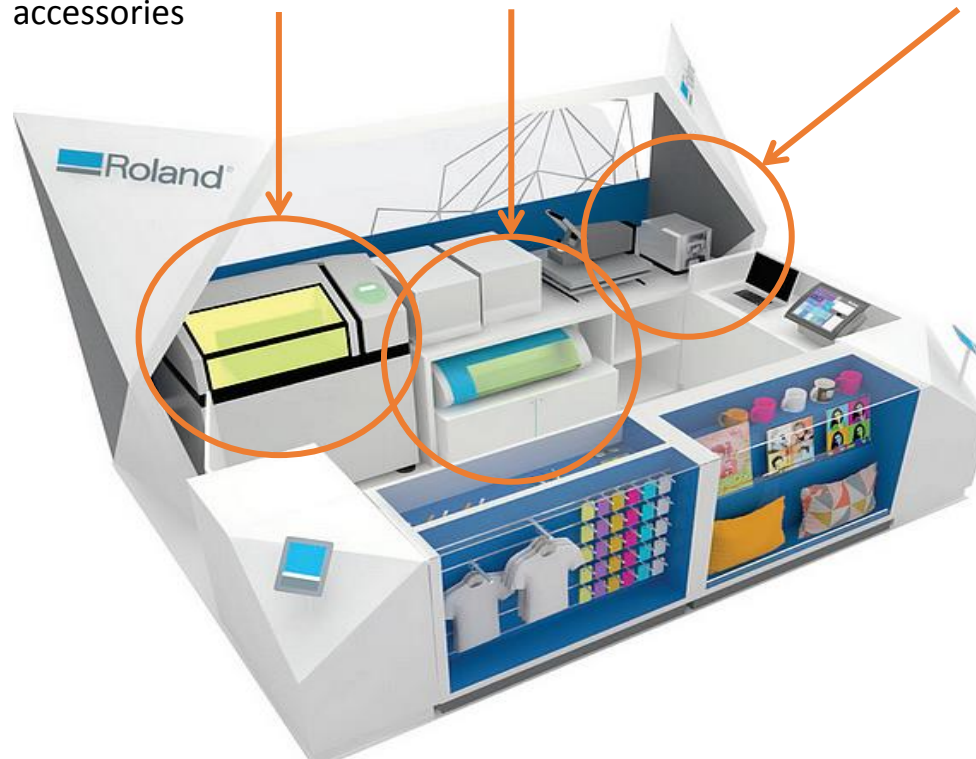
Print on smartphones/  
accessories

Desktop Solvent Printer

Print on T-shirts/labels

Metal Printer

Name print on accessories/goods





# Business Overview: UV Solution

- Being introduced in large supermarket chains in Europe.



**E.Leclerc** (Spain)



(France)

**Carrefour**



# Business Overview: UV New Product

## New UV Flatbed Printer: LEF-300



- ❖ Significantly improves productivity
  - Printing speed: 1.6 times faster than the previous model.
- ❖ Enlarged Printing Area
  - 1.5 times bigger than the previous model.
- ❖ Additional UV-LED Lamps
  - Dual-direction printing due to lamps added on both sides of the print head.



**VersaUV LEF-300**

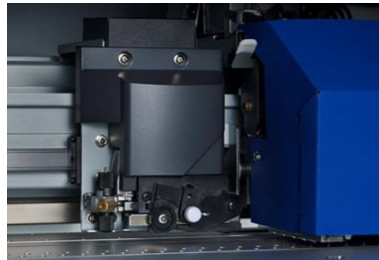
# Business Overview: New Product for Signage

New mid-range product with the latest printing technology.

## TrueVIS VG-640 / VG-540



Next generation print head  
Roland DG FlexFire



The latest cutting technology



TrueVIS Ink



Smartphone/tablet-connectible

- ❖ Advanced/futuristic exterior design.
- ❖ Renewal of key functions, e.g. print head, ink, cutting, RIP, and operation.
- ❖ Brilliant and glossy resolution for signage use.

# Business Overview: New Solution for Textiles

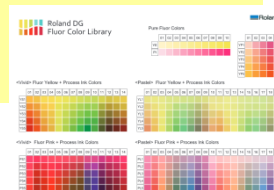
## Proposal of Fluorescent Ink Solution for Textiles.

Dye Sublimation Printer

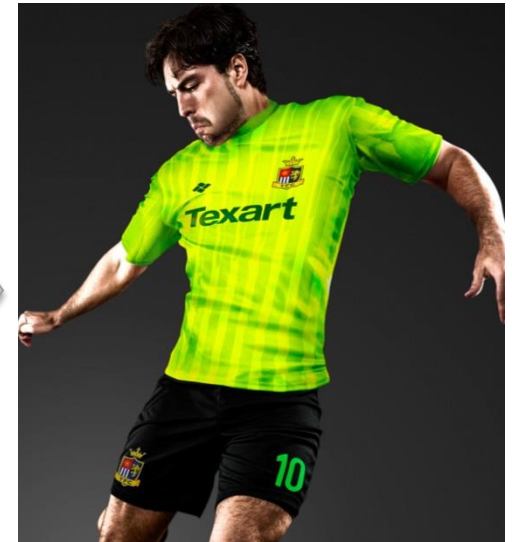
Fluorescent Ink  
(Pink/Yellow)

new

- Distinctive color presentation in sports/fashion apparel.
- Wide variation of fluorescent colors with combination of standard colors.



Easy color setting with a color library





# Business Overview: Show & Exhibit

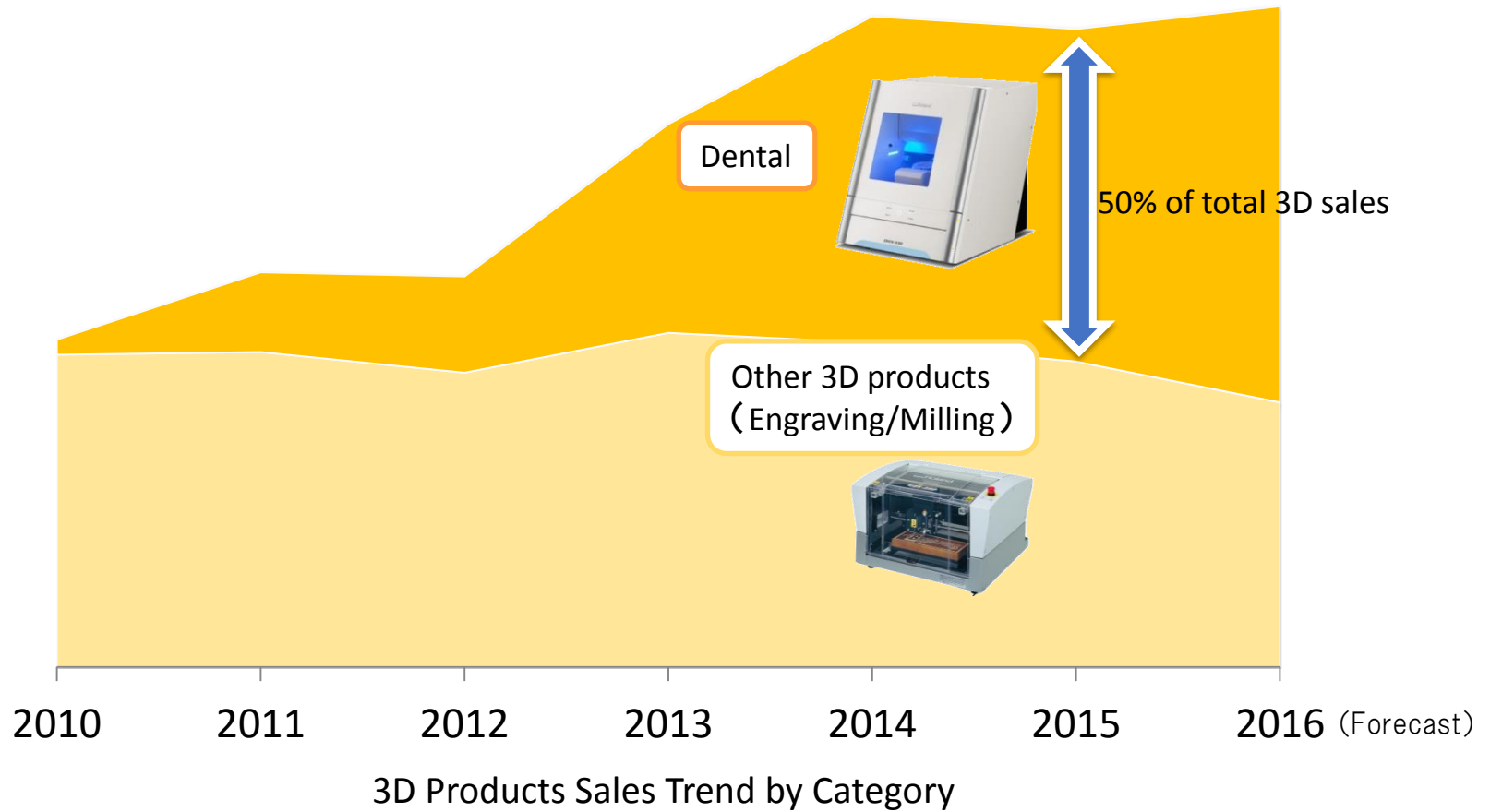
Participated in “drupa”, the largest printing equipment exhibition in the world.

- ❖ Display of full product line-up.
- ❖ Brand new EJ-640 (VG Series) received EDP (European Digital Press) award.



## Business Overview: 3D Business

Dental is the driving force of entire 3D sales increase.



# Business Overview: Dental Customer Base Expansion

Develop the best solution for dental labs and dental offices.

Dental Milling Machine

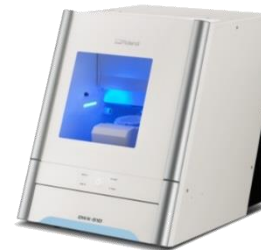


Installment  
in dental labs



Expansion of use in dental labs

Proposal of compact machine for multiple uses



No. of dental labs  
in the world:  
125,000

Proposal for dental offices

Proposal of uses in dental offices



No. of dentists  
in the world:  
625,000

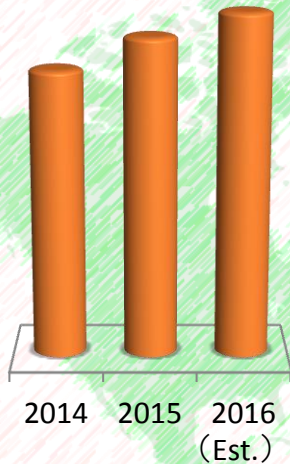
※ Source of above numbers: Internal research



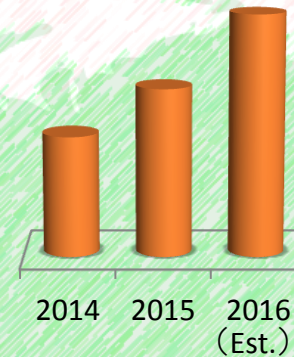
## Business Overview: Dental Machine Sales Status

Addition of exclusive dental staff and sales network grew sales.

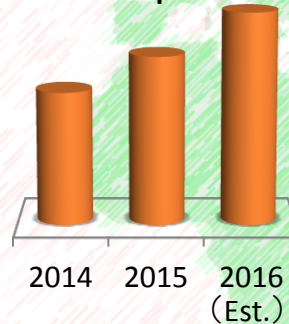
N. America



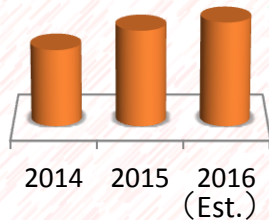
Asia



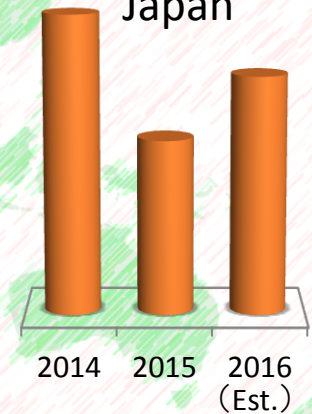
Europe



Latin America



Japan



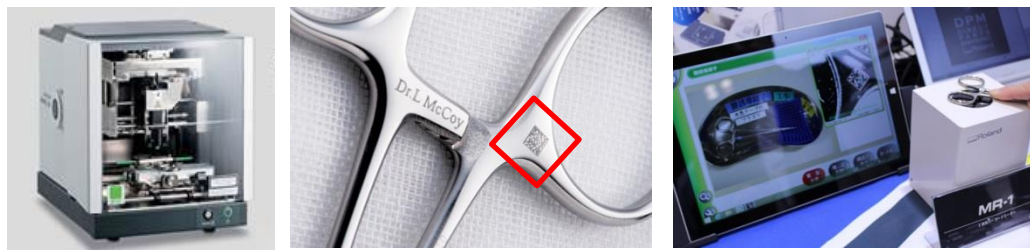
**Sales Trend of Dental Milling Machines by Region**

\*Sales in Japan in 2014 were exceptional due to start of medical insurance coverage.



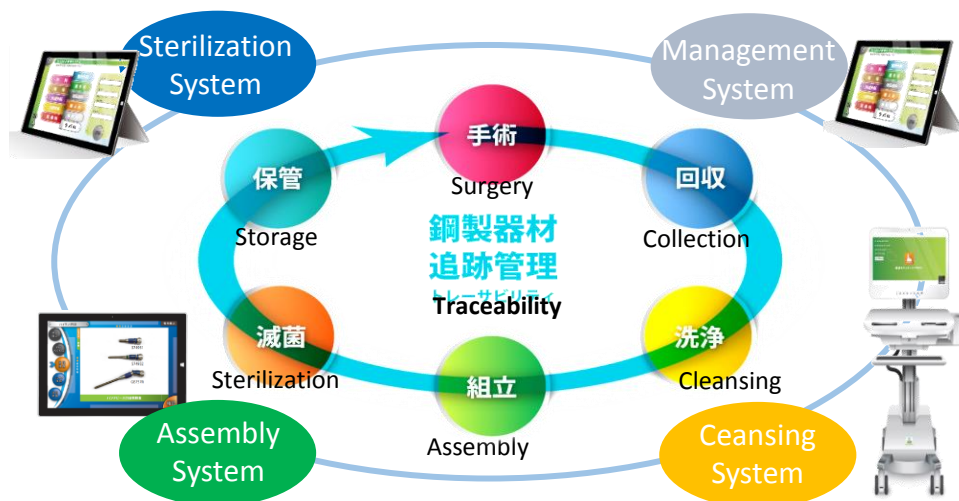
# Medical Instruments Management System for Hospitals

## Metal impact printer for marking



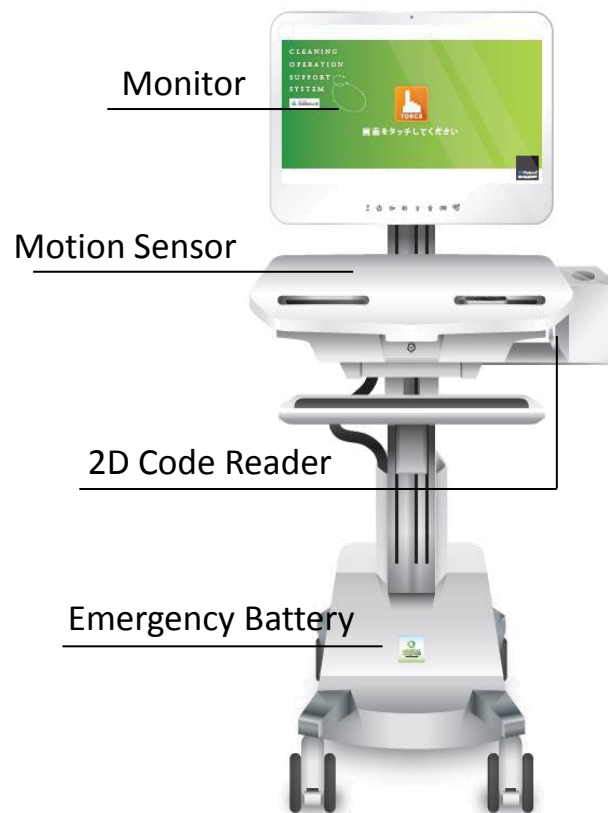
Complies with UDI regulation that requires traceable information for medical instruments.

※ UDI (Unique Device Identification)



Under development through collaboration with Hamamatsu University School of Medicine.

## Digitalized instrument management with Digital YATAI



Imagine. **Roland**

# An example of assembly support system for surgical robots in hospitals



Instruction displayed on tablet

A packaged support service of operation instruction and other support.

- Registration support
- Procedure design support
- Repair support
- Numbering support
- Report & consultancy

Instruction by illustration



Instruction by animation for movable parts



# Global Expansion of UDI Regulation

Compliance with UDI starts in China.

Roland DG will make a presentation at the Medical Instruments Management Forum in China in September.



※ UDI (Unique Device Identification)

## Status of UDI

U.S. : Effective from Sep. 2020

EU : Effective from late 2019

China : Announcement in 2016  
(TBD)

Image: China Medical Instruments Management Forum in 2015  
(Source: CIMDR website)

# 3D Monozukuri: Educational Field

A solution for STEM to expand educational business.



## HELPING TODAY'S STUDENTS BECOME TOMORROW'S LEADERS.

Empower your students to design and produce 3D prototypes, signs, packaging, apparel, and more with devices that can be used right out-of-the-box in your classrooms or fab labs. With Roland's industry leading technology, students are better prepared for Science, Technology, Engineering, Arts and Math related careers.

Roland educational equipment providers support STEM/STEAM programs with tutorials and ready-to-teach projects that make it easy for educators to get students learning immediately.





# 3D Monozukuri:

## Promotion of desktop fabrication

Roland DG is participating in the FAB12 held in China from August 8.



- ❖ Full product line-up of desktop manufacturing displayed.
- ❖ Desktop fabrication to be promoted.



FAB11 in 2015

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.