

# Consolidated Financial Results for the Fiscal Year Ended on December 31, 2016

**Roland DG Corporation**  
February 2017

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# **Consolidated Financial Results for the Fiscal Year Ended on December 31, 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 12 months for comparison.

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

# Financial Highlights

## ❖ Both sales revenue and net profit declined YOY

- Printer sales declined due to fierce competition.
- Sales revenue increased in N. America and European market in local currency.
- Yen appreciation had negative impact on revenue and profit.

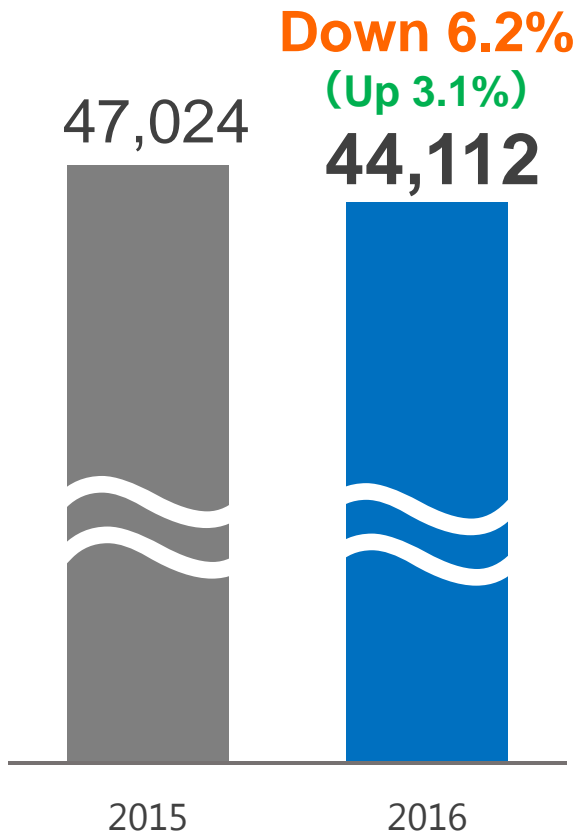
## ❖ Actions taken for Business Growth

- Focusing on commercialization of new business.
- Re-allocation of resources in growing area.
- Significant sales growth achieved in dental and retail business.

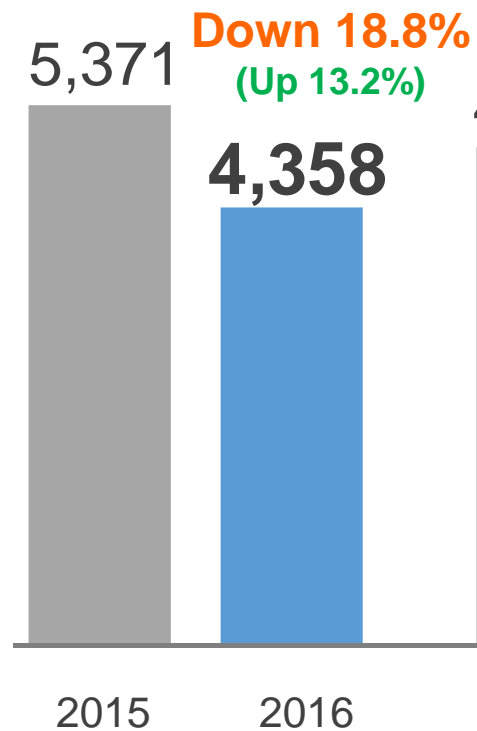
# Consolidated Financial Results

Yen: Million    % in ( ) excludes FX impact.

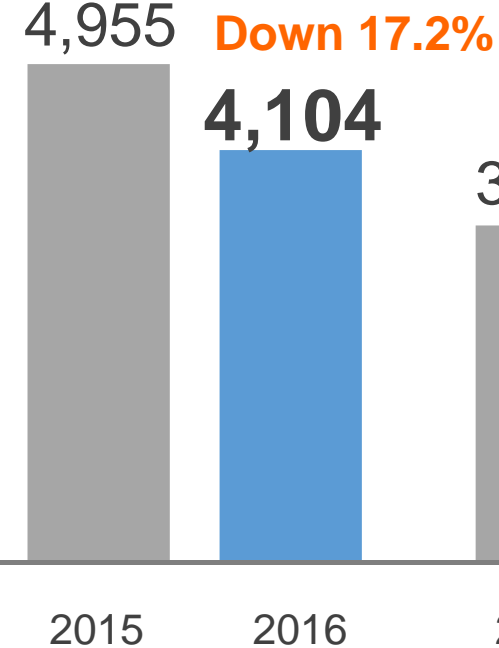
## Revenue



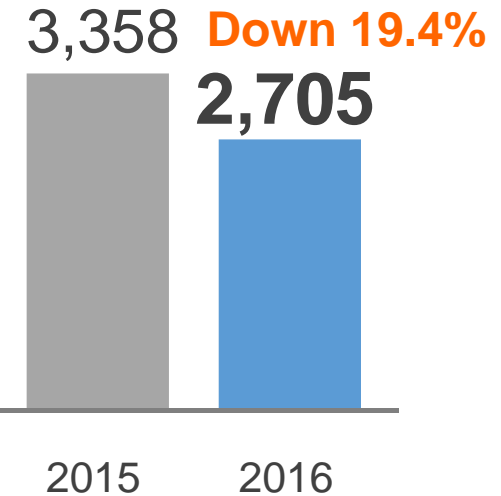
## Operating Profit



## Ordinary Profit



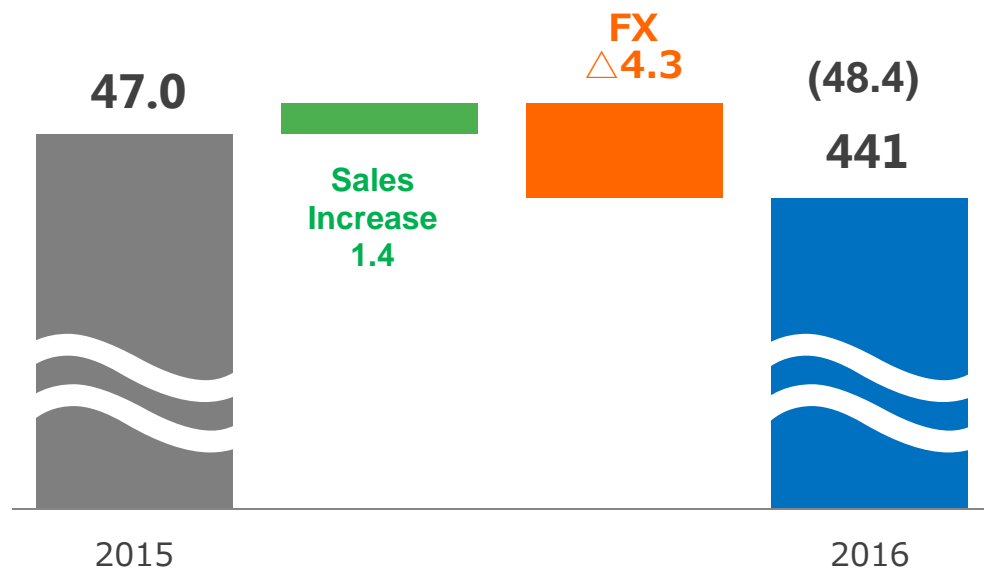
## Net Profit



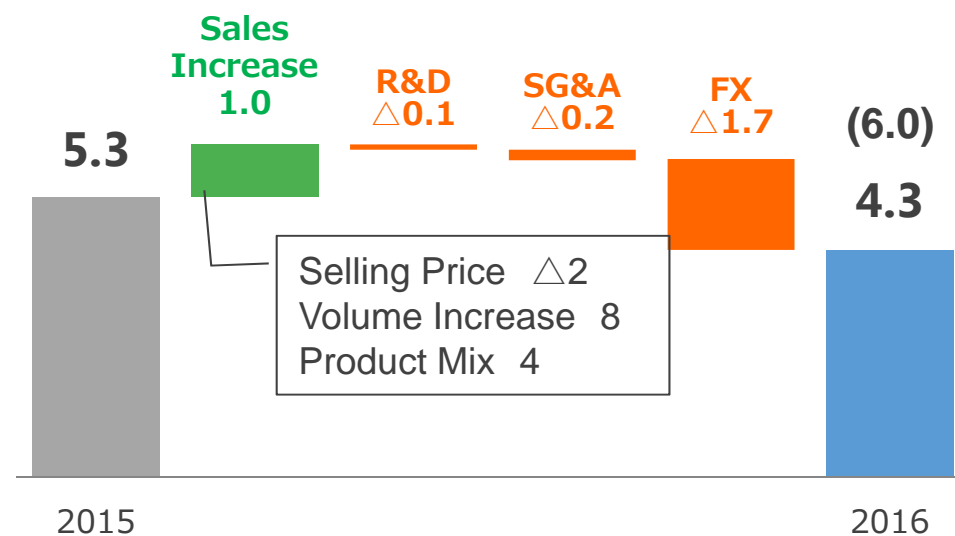
# Variance Analysis Year over Year

Yen: Billion

## Revenue



## Operating Profit



Average exchange rate during the accounting period

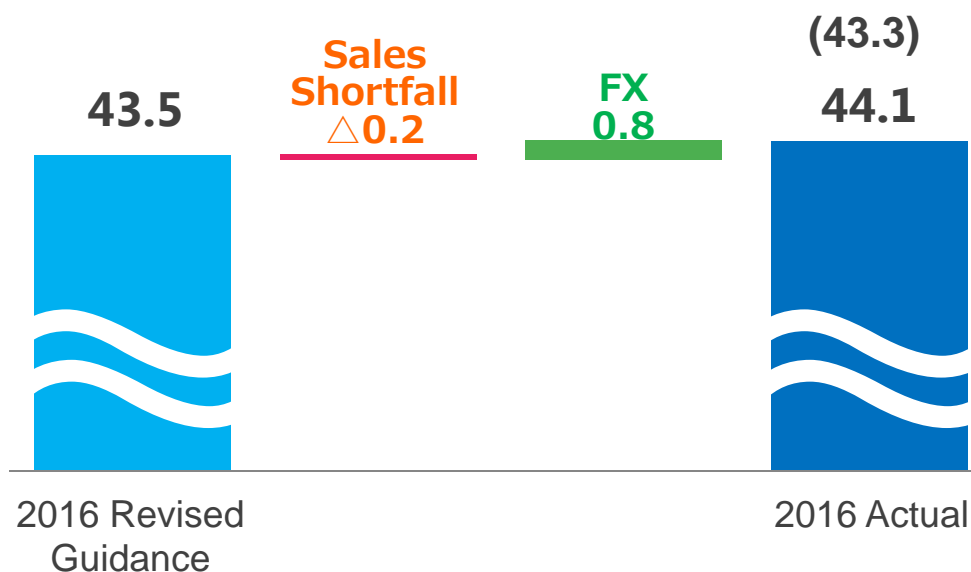
	2015	2016	
USD	121.06	108.88	89.9%
EUR	134.36	120.40	89.6%

Figures in ( ) exclude FX impact.

# Variance Analysis against the Guidance

Yen: Billion

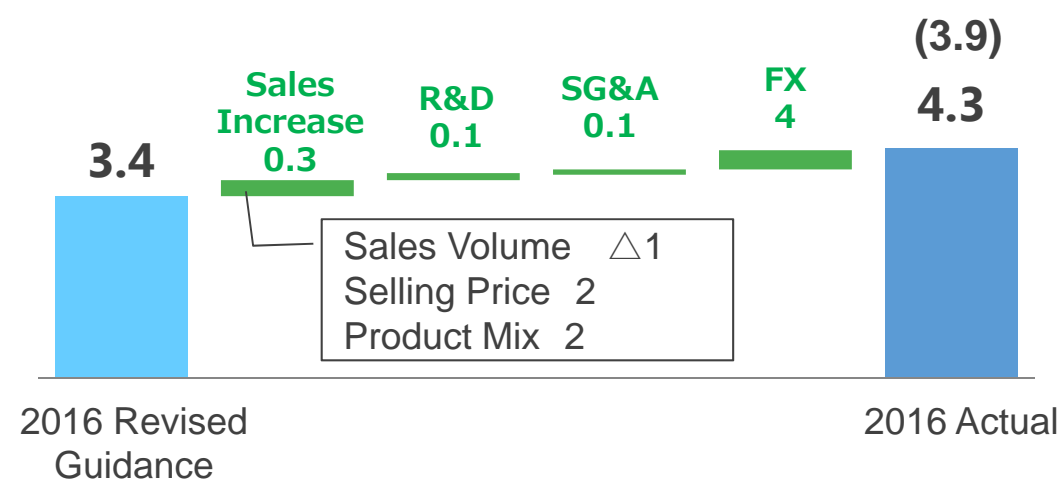
## Revenue



Average exchange rate during the accounting period

	2015	2016	
USD	106.00	108.88	102.7%
EUR	118.00	120.40	102.9%











## Operating Profit



Figures in ( ) exclude FX impact.

# Business Highlights

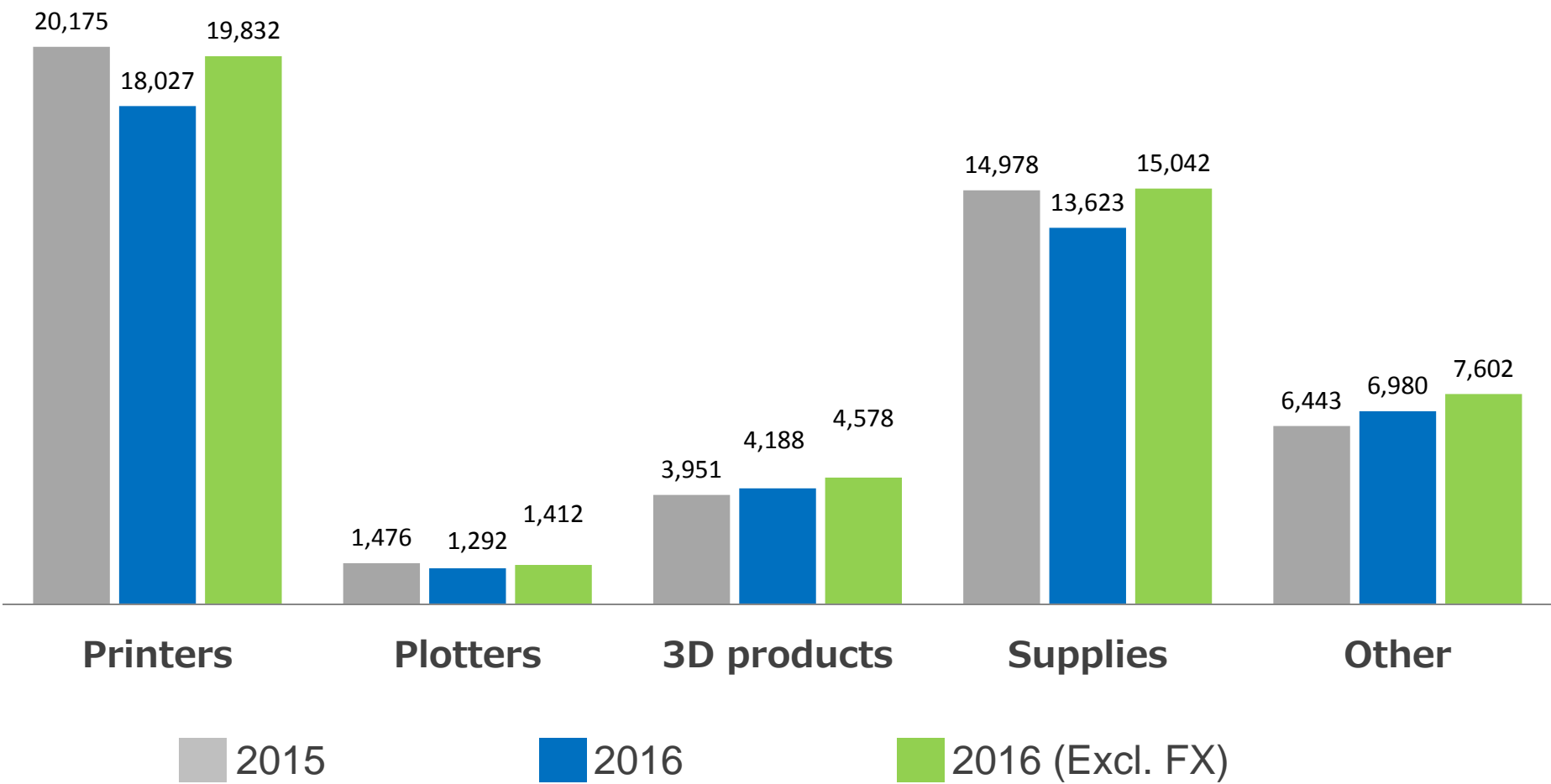
## Products

		YOY	YOY (Excl. FX))
Printers	<ul style="list-style-type: none"><li>Compact UV Flatbed sales grew by 20%.</li><li>Inkjet printers for signage declined.</li></ul>	89.4% 	98.3% 
Plotters	<ul style="list-style-type: none"><li>Slow high end model sales.</li></ul>	87.5% 	95.6% 
3D Products	<ul style="list-style-type: none"><li>Dental milling machine sales grew by 20%.</li></ul>	106.0% 	115.9% 
Supplies	<ul style="list-style-type: none"><li>UV Ink sales grew by 15%.</li><li>Solvent Ink sales declined.</li></ul>	91.0% 	100.4% 
Other	<ul style="list-style-type: none"><li>Sales of service parts and service contract increased.</li></ul>	108.3% 	118.0% 













# Sales by Product

Yen: Million



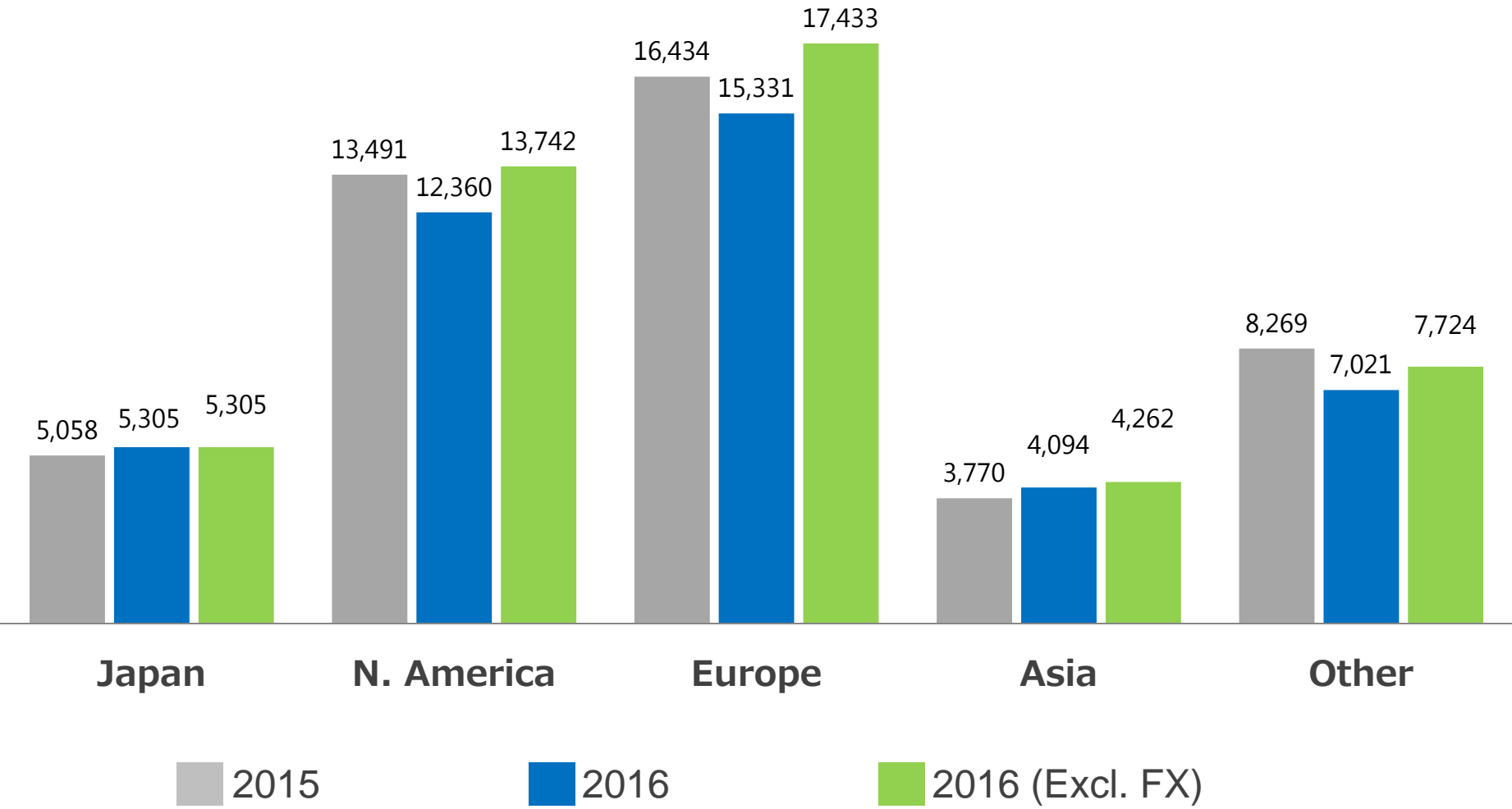
# Business Highlights

## Regions

		YOY 104.9 % 	YOY (Excl. FX) 104.9% 
Japan	<ul style="list-style-type: none"> <li>Sales of UV printers and Dental milling machines increased.</li> </ul>		
N. America	<ul style="list-style-type: none"> <li>Printers for signage and dental milling machines contributed to sales increase.</li> <li>Sales declined due to Yen appreciation.</li> </ul>	91.6% 	101.9% 
Europe	<ul style="list-style-type: none"> <li>Sales of Dental milling machine increased due to addition of exclusive staff.</li> <li>Sales declined due to Yen appreciation.</li> </ul>	93.3% 	106.1% 
Asia	<ul style="list-style-type: none"> <li>Sales network expansion of UV printers and Dental milling machines in China/Korea contributed to sales increase.</li> </ul>	108.6% 	113.1% 
Other	<ul style="list-style-type: none"> <li>Significant sales decline mainly due to economic turmoil in Brazil.</li> </ul>	84.9% 	93.4% 

# Sales by Region

Yen: Million



# Own share buyback and cancellation of the share purchased

1,729,200 of own shares purchased was cancelled on June 1, 2016.

	As of end of 2015	As of end of 2016 after cancellation	Ref. 2016 without cancellation
Number of shares issued	14,385,511	12,656,311	14,385,511
Equity (Yen: Million)	22,910	20,617	24,032
Equity to asset ratio	60.3%	56.7%	60.4%
BPS (Yen)	1,608.94	1,647.59	1,687.66
<b>EPS (Yen)</b>	173.36	<b>206.73</b>	190.02
<b>ROE (%)</b>	11.0%	<b>12.4%</b>	11.5%

Ref. Hypothetical figures, if cancellation did not happen.

# Consolidated Balance Sheet

Yen: Million

As of Dec.31, 2015

Cash & deposits 9,995	Account Payable 2,135
	Short Term Debt 1,440
	<b>Other current liabilities</b> 5,104
Account Receivable 4,427	Long Term Debt 4,320
	Other Long Term Liabilities 2,069
Inventory 9,420	Net Assets 22,910
Other Assets 3,299	
Fixed Assts 10,837	
	Incl. Retained Earnings 16,167
Assets	Liabilities



As of Dec. 31, 2016

Cash & deposits 10,003	Account Payable 1,923
	Short Term Debt 1,440
	<b>Other Current Liabilities</b> 4,897
Account Receivable 4,919	Long Term Debt 4,680
	Other Long Term Liabilities 2,783
Inventory 8,368	Net Assets 20,617
Other Assets 2,360	
Fixed Assets 10,689	
	Incl. Retained Earnings 14,808
Assets	Liabilities

## Retained Earnings

△1,359

Net Profit 2,705  
**Share Buy Back** △3,253  
 Dividends △811

**FX impact & other.**  
 △475

※Short-term debt includes current portion of long-term debt.

# **Consolidated Forecast for the Fiscal Year Ending December 31, 2017**

# Consolidated Forecast for the Fiscal Year Ending December 31, 2017: Summary

## ❖ Revenue and profit increase

- 3D product sales is expected to increase significantly, while printers and supplies to show modest increase.
- FX assumption in 2017 is the same level as that of 2016.

## ❖ Aggressive resource allocation to growth area

- Identify resources to be allocated to 3D business and accelerate the 3D business, centering dental business.
- Extend success story of the retail business in European markets to other regions.

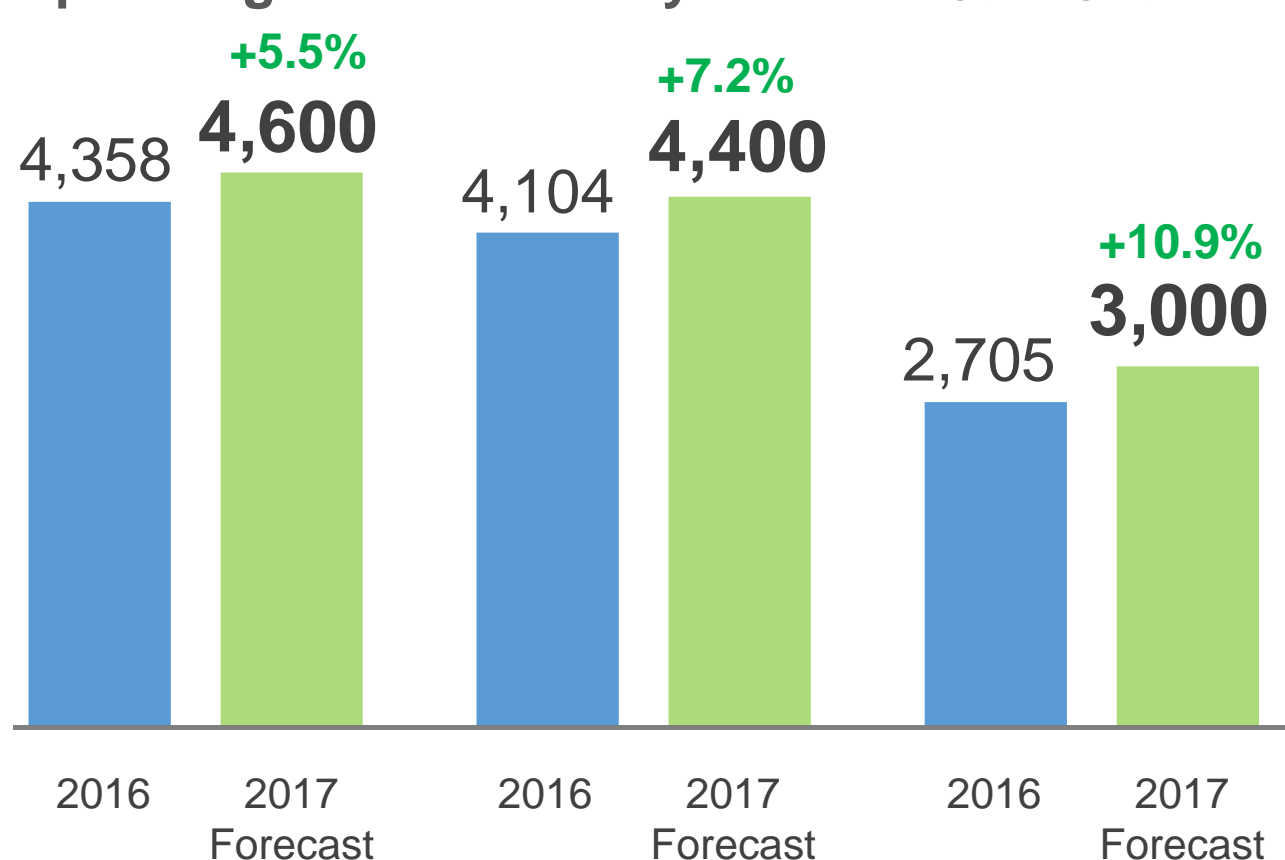
# Consolidated Financial Forecast

Yen: Million

## Revenue



## Operating Profit Ordinary Profit Net Profit

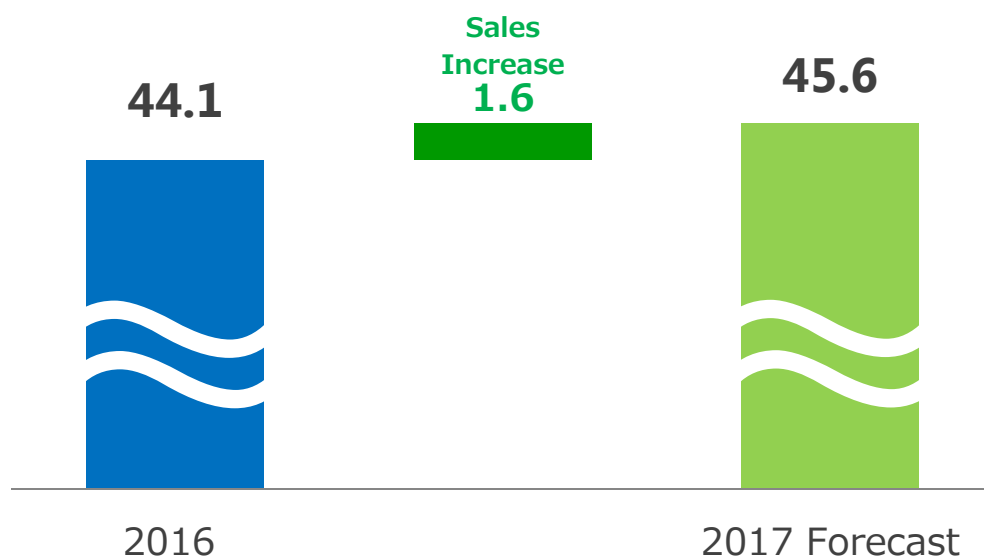




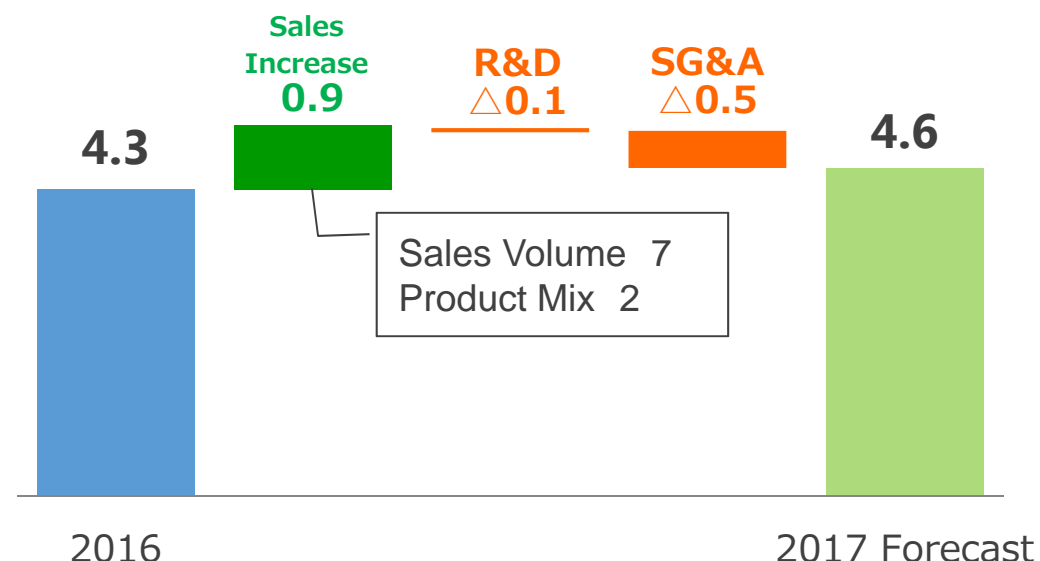
# Consolidated Financial Forecast: Variance Analysis

Yen: Billion

## Revenue



## Operating Profit

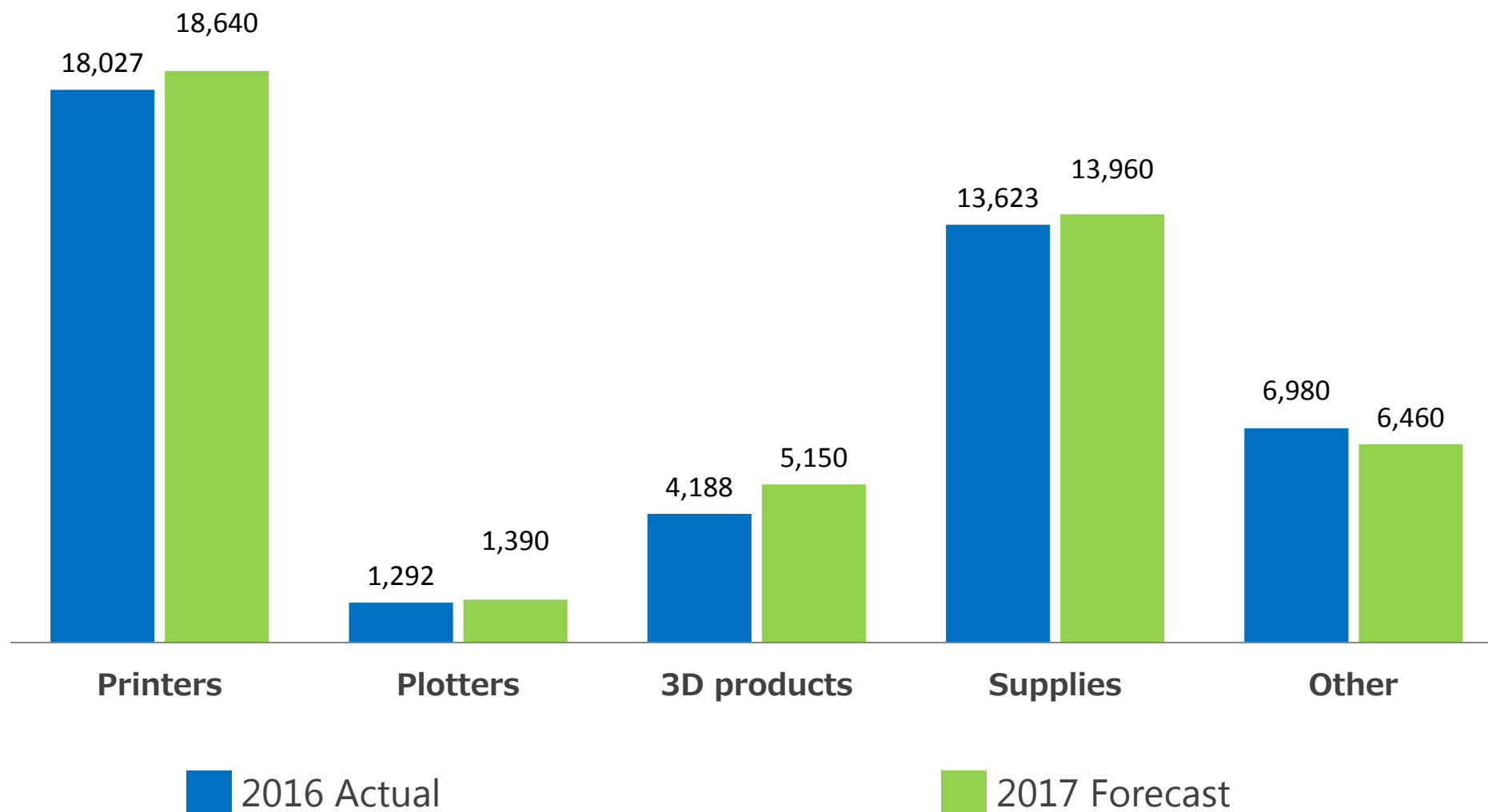


Average exchange rate during the accounting period

	2016 Actual	2017 Est.	
USD	108.88	110.00	101.0%
EUR	120.40	120.00	99.7%

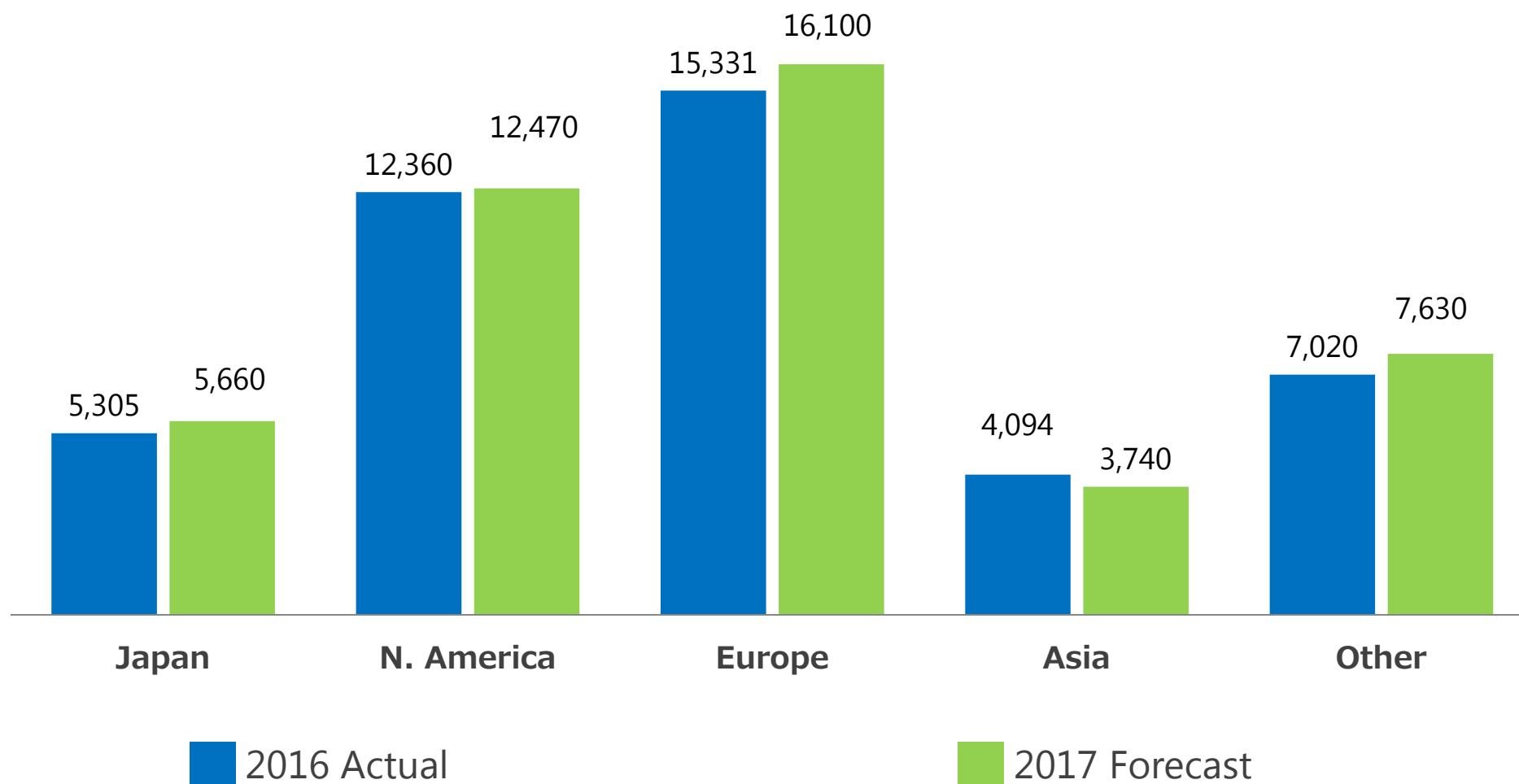
# Consolidated Financial Forecast: By Product

Yen: Billion



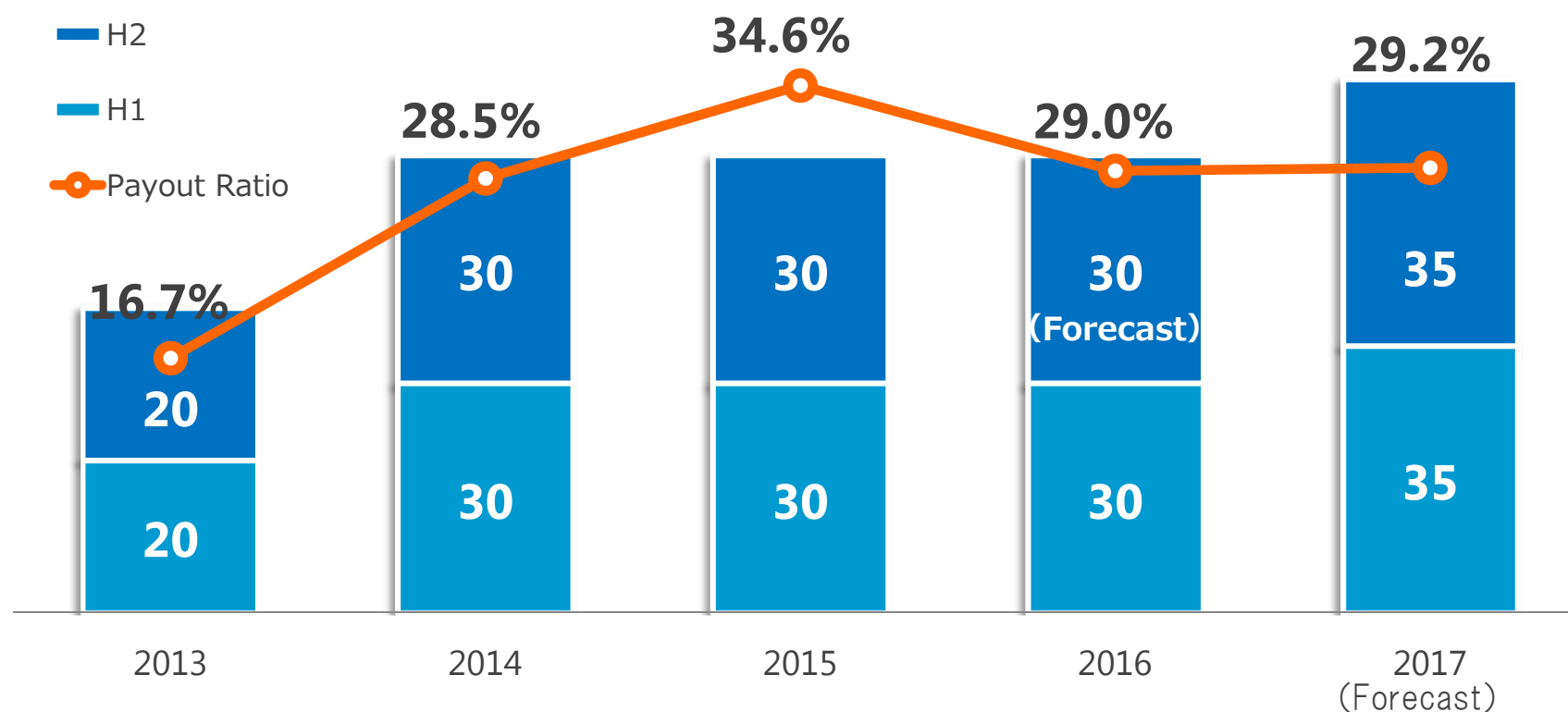
# Consolidated Financial Forecast: By Region

Yen: Billion



# Consolidated Financial Forecast: Dividend Outlook

- ❖ Yen 30/share dividend is confirmed for H2 2016.
- ❖ For the fiscal year 2017, Yen 35/share for H1/H2, Yen 70/share/year is scheduled.



## Directors and Audit & Supervisory Board Members

Chairman

President

Executive Vice President

Managing Director

Director

Outside Director

Outside Director

Outside Director

Audit & Supervisory Board Member

Audit & Supervisory Board Member

External Audit & Supervisory Board Member

External Audit & Supervisory Board Member

Masahiro Tomioka

Hidehiko Fujioka

David Goward

Shuji Hotta

Koichi Hashimoto

Takuo Hirose

Chieko Okuda

Katsuhiko Endo

Masanori Nakagawa

Masayasu Suzuki

Shigeki Matsuda

Mitsuhiro Honda

To be effective upon the approval of the AGM and following BOD meeting scheduled on March 23, 2017.

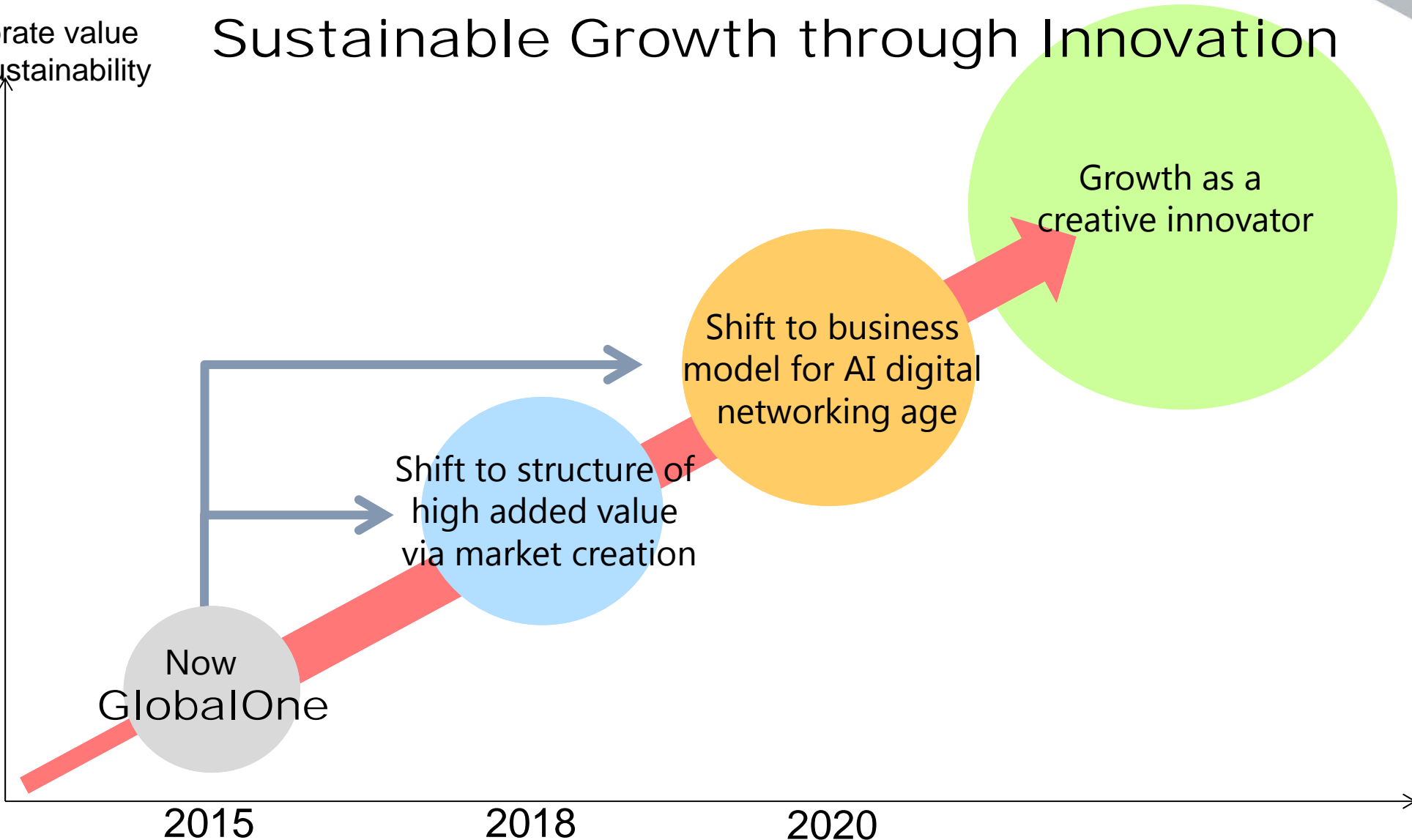
# Current Business Status

# Roadmap to Sustainable Growth

GrowthOne

## Sustainable Growth through Innovation

Corporate value  
and sustainability



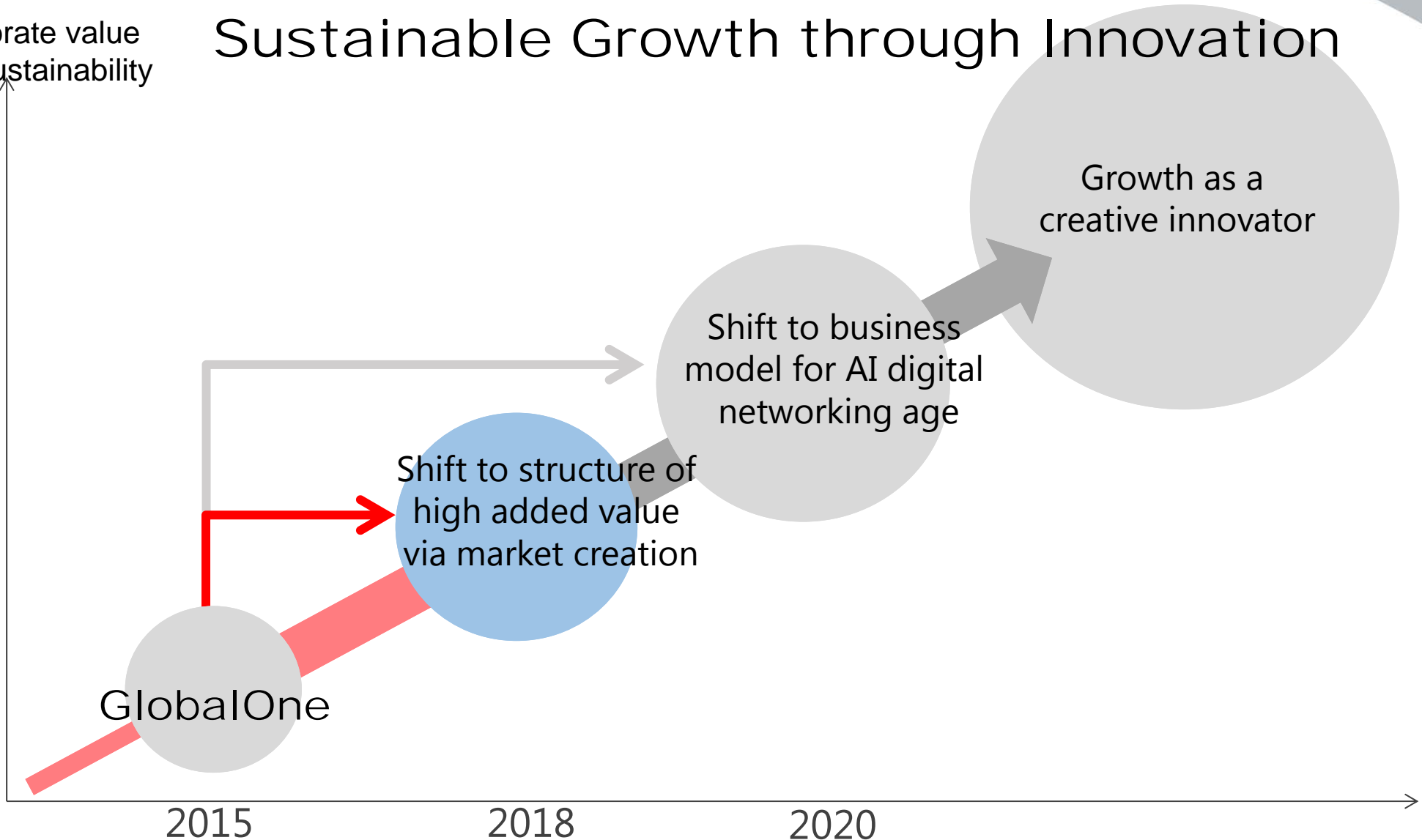
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# Roadmap to Sustainable Growth

GrowthOne

## Sustainable Growth through Innovation

Corporate value  
and sustainability



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Business Area

# Imaging & Healthcare

## Focusing Area

**Retail**

**Textile**

**Printing for Multi-  
purpose**

**Signage**

**Dental**

**3D Fabrication**

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Business Area

# Imaging & Healthcare

Focusing Area



**DGSHAPE**

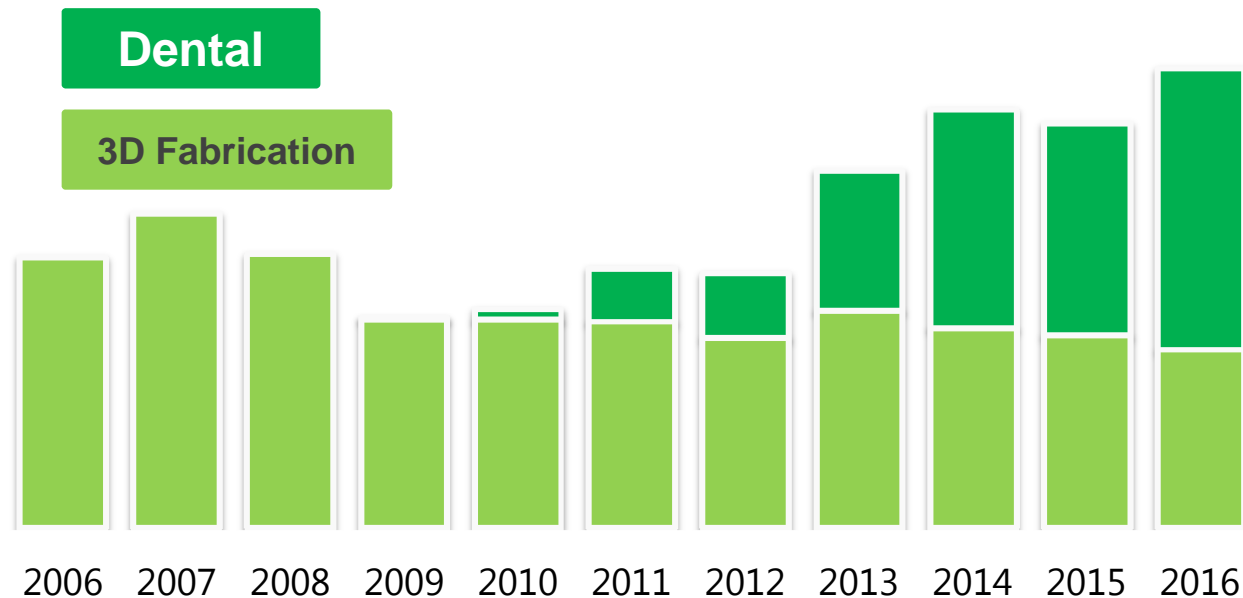
**Dental**

**3D Fabrication**

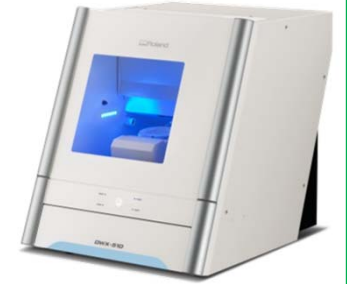
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# DGSHAPE - Background

- Promoting digital fabrication over 30 years.
- Enjoying stable sales in 3D fabrication area.
- Establishing dental business to expand sales.



Production of artificial crowns at dental labs.

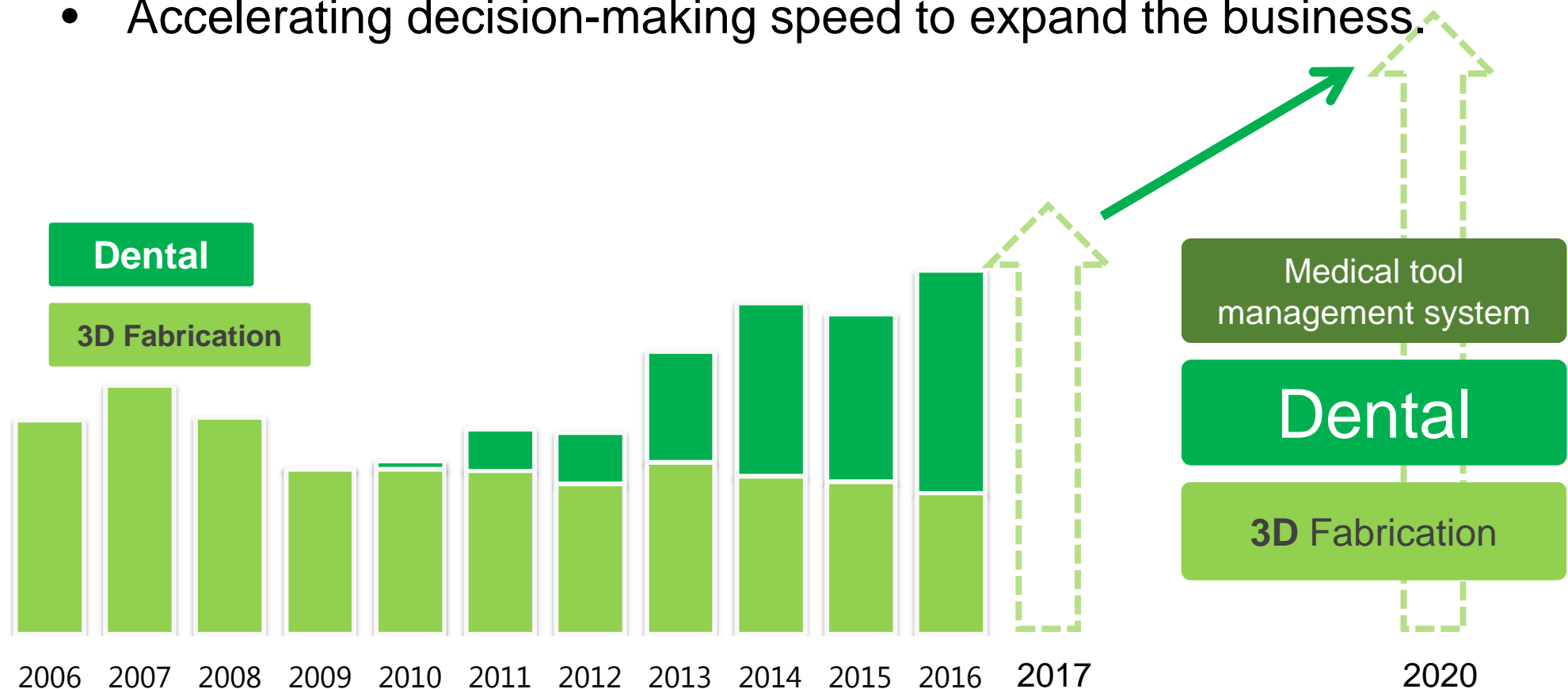


- Prototyping
- Education
- Gift/Goods
- FABLAB
- Makers



# DGSHAPE - Objectives

- Focusing more on Dental business.
- Introducing a new brand.
- Accelerating decision-making speed to expand the business.



# DGSHAPE - Mission

## Dental

- To be a total solution provider in dental industry.

## 3D Fabrication

- To deliver additional value by development and utilization of digital technology.

## Medical Instrument Safety & Support system

- To contribute to security and safety in medical area by commercializing tool management system.

# Dental – Our Advantage

Open system

Training of digital process

Compact/Stylish design

One-button operation

Adequate support



## Dental – Sales status in each region

Sales increase supported by additional sales resources.

**22% UP**



2015

2016

**67% UP**

**15% UP**

**20% UP**

2015 vs 2016



## Dental – Digitalization in dental industry

- Digitalization in dental industry in growth stage

No. of dental  
clinics worldwide:  
625,000

- Sales increase in dental lab
- Cultivate clinics with proposal of digitalization

No. of Dental labs  
worldwide:  
125,000




Initial/Growing Stage





# Dental – Solution Development

Provide solutions for better matching with usage and material

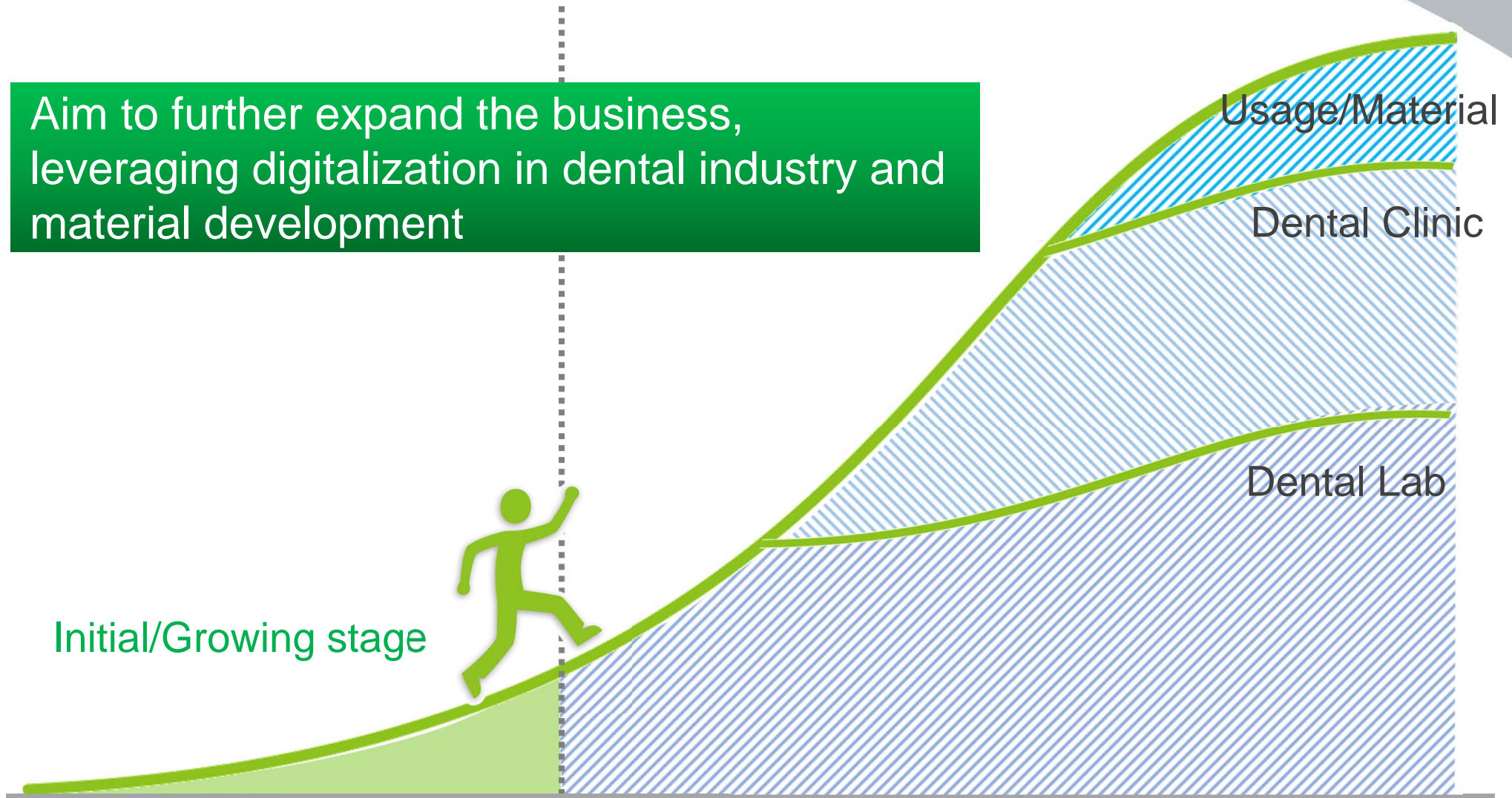
		Material			
		Metal	Ceramic	Resin	New
Usage					
Crown & Bridge			Current available DGSHAPE solution	Current available DGSHAPE solution	Potential area for business expansion
Implant		Potential area for business expansion	Current available DGSHAPE solution	Potential area for business expansion	Potential area for business expansion
Denture			Potential area for business expansion	Potential area for business expansion	Potential area for business expansion

Legend:

- Current available DGSHAPE solution
- Potential area for business expansion

# Dental – Acceleration of digitalization and business expansion

Aim to further expand the business, leveraging digitalization in dental industry and material development



# 3D Fabrication – New product launch

Brand new 3D milling machine **MDX-50**

Launched in October 2016

Extensive utility, ease of use and safety that realizes wide range 3D fabrication.

- Work area 1.6x larger than previous model.
- Built-in control panel for easy operation.
- Auto tool changer included.
- Improved safety.





# 3D Fabrication – Implementation in educational area

Cultivate demand in STEM educational area

Safety/Ease of use



Use in high school in the U.S.

※ STEM education: Science, Technology, Engineering, Mathematics. An integrated curriculum is considered to be critical for economic growth in the U.S.

# Medical instrument traceability and maintenance support system

To provide solutions for more efficient management of surgical tools in hospitals.

A proposal is being prepared for use in hospitals. It is intended to be commercialized in 2017.



## Regulation implementation status

- U.S.: Gradual implementation in process.
- China: Discussion just begun.
- Japan: Taskforce for regulation formed.

## Issues of tool management in work field

- Majority of work being done manually.
- Difficult to standardize for complicated processes.
- Low efficiency affects management of hospitals.

Business Area

# Imaging & Healthcare

## Focusing Areas

Retail

Textile

Printing for Multiple  
purpose

Signage

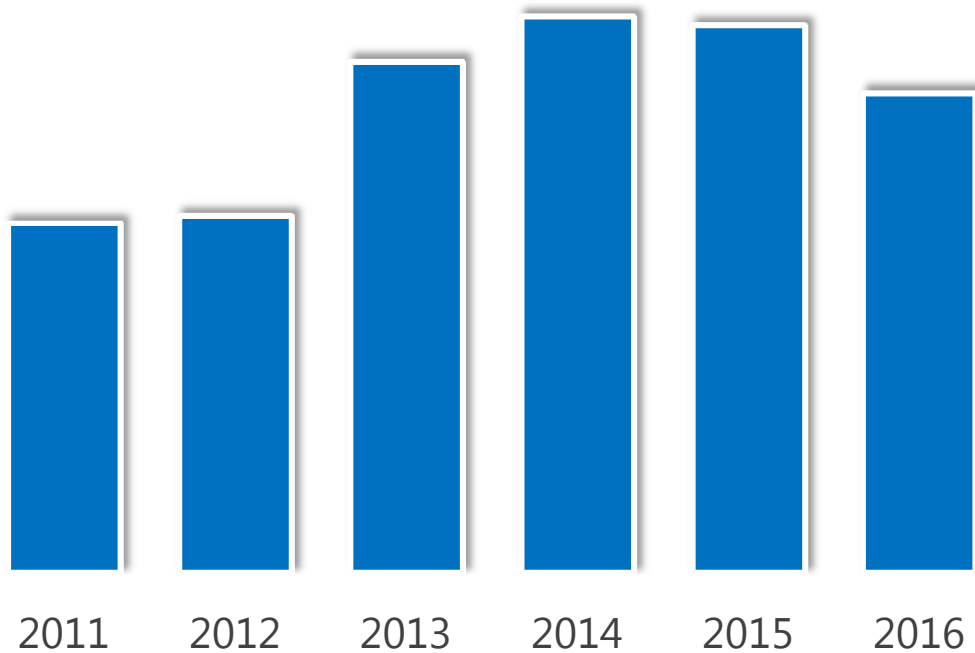
## Digital Printing

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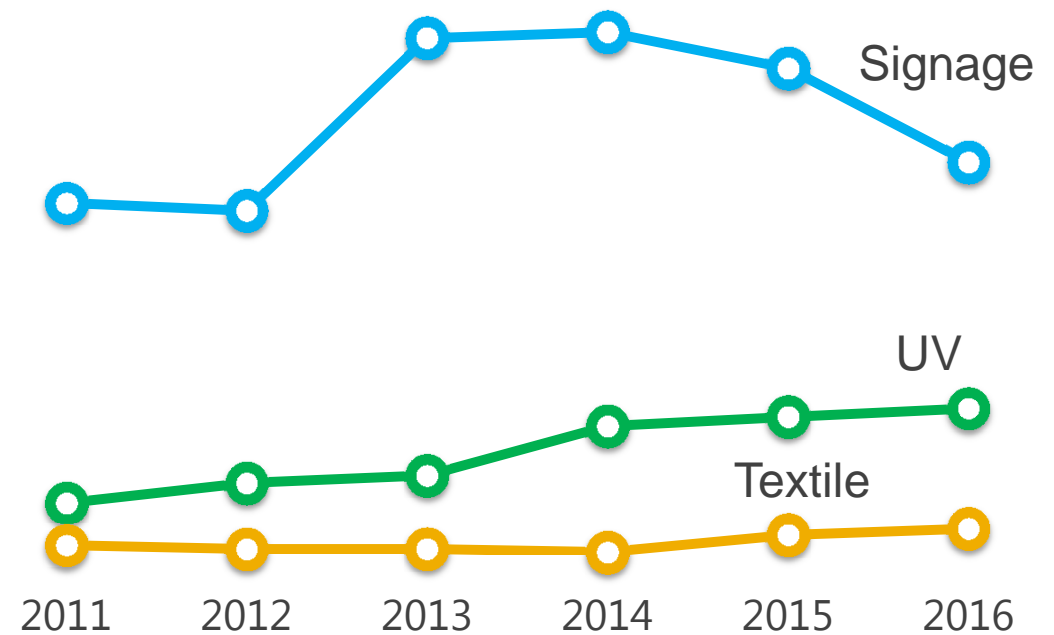
# Printer sales trend

- UV/Textile printer underpinning entire printer sales

Printer Sales Trend

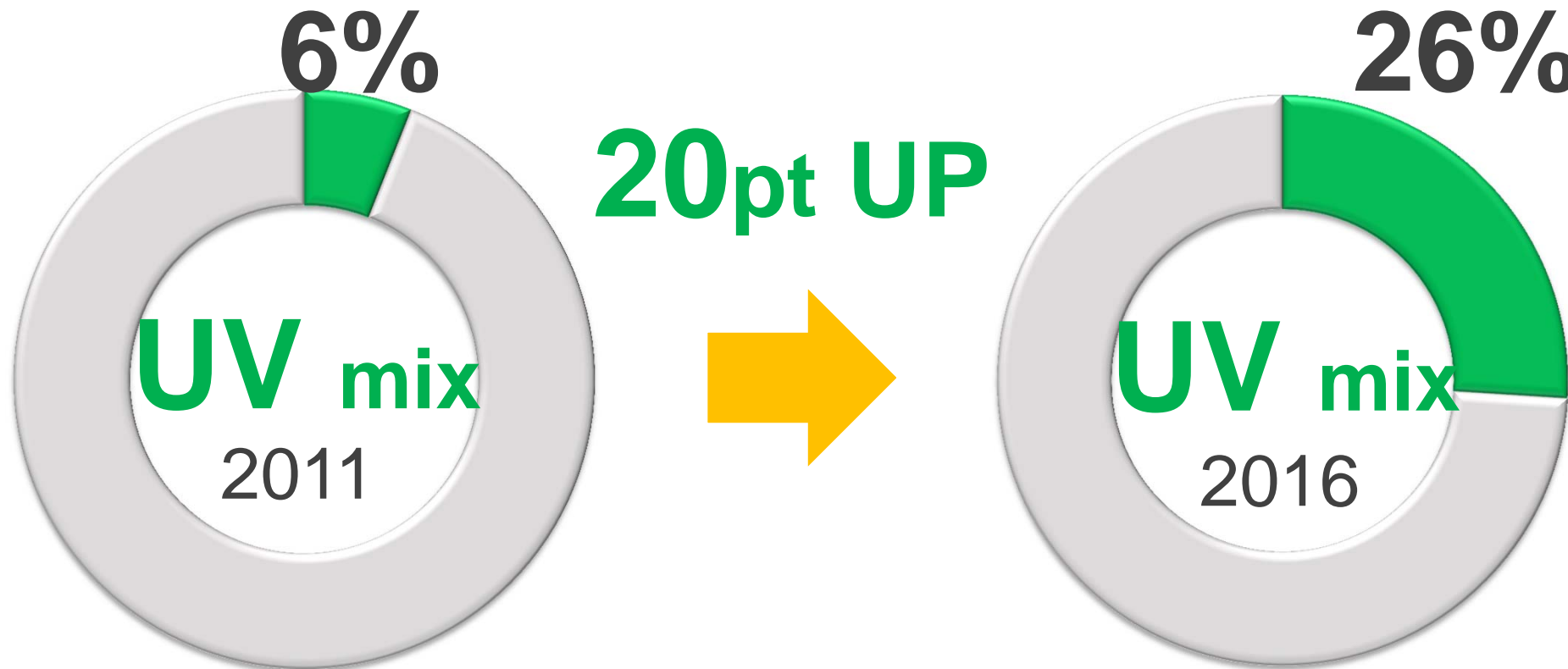


Printer Sales Trend by Category



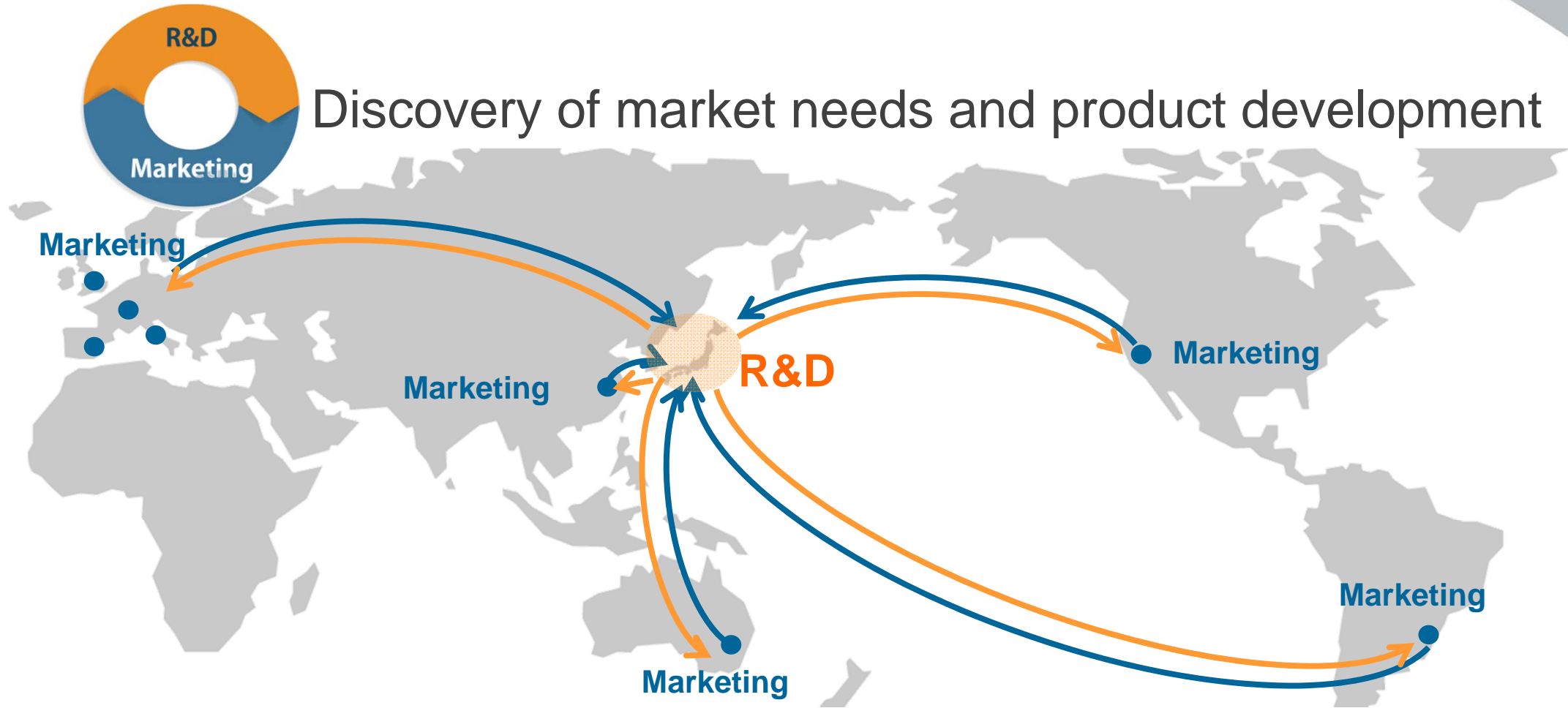
## UV printer mix trend

Mix of UV printers improved significantly in the past 5 years.





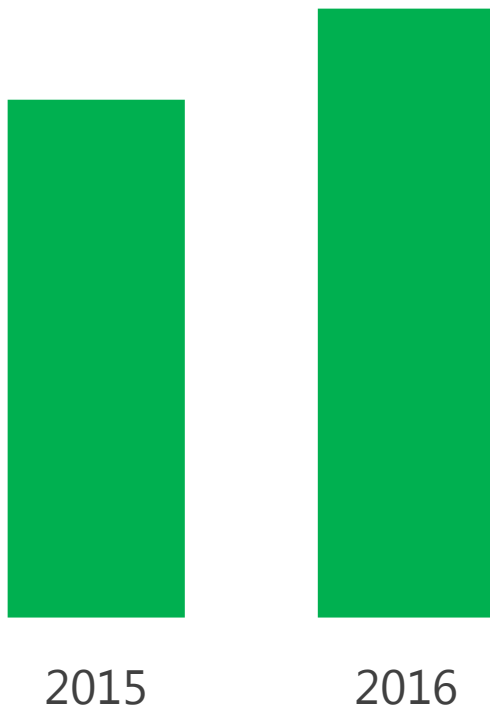
# Product development process



# Sales increase of Compact UV Flatbed Printer

Sales Revenue

**Approx. 30% UP**



- Introduction of brand new LEF-300
- Introduction to new business area: Retail.
- Extend success story horizontally to other markets.



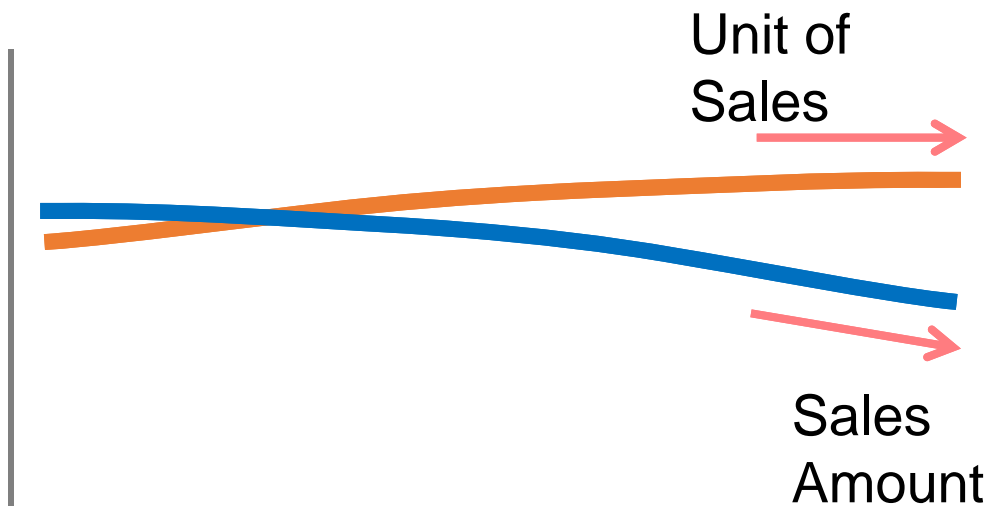
# Expansion of Retail Business

- Proposal of solution, utilizing desk top machines and software.
- Approach to potential customers (Large super market chain – mid/compact size super market chain – electric appliance store chain).



## Signage: Market Condition

Profitability is down, due to per unit selling price reduction.



※General Trend of Sales Unit/Amount of Printers for Signage

## Maintain Existing Customers/Brand

- Provide new technology/products
- Provide value including service





# Signage: Introduction of New Products

Enhancement of product line-up with products with new printer head and ink

- High quality print realized by new printer head and ink.
- Roland DG Mobile Panel enables remote setting through a smart phone or a tablet.

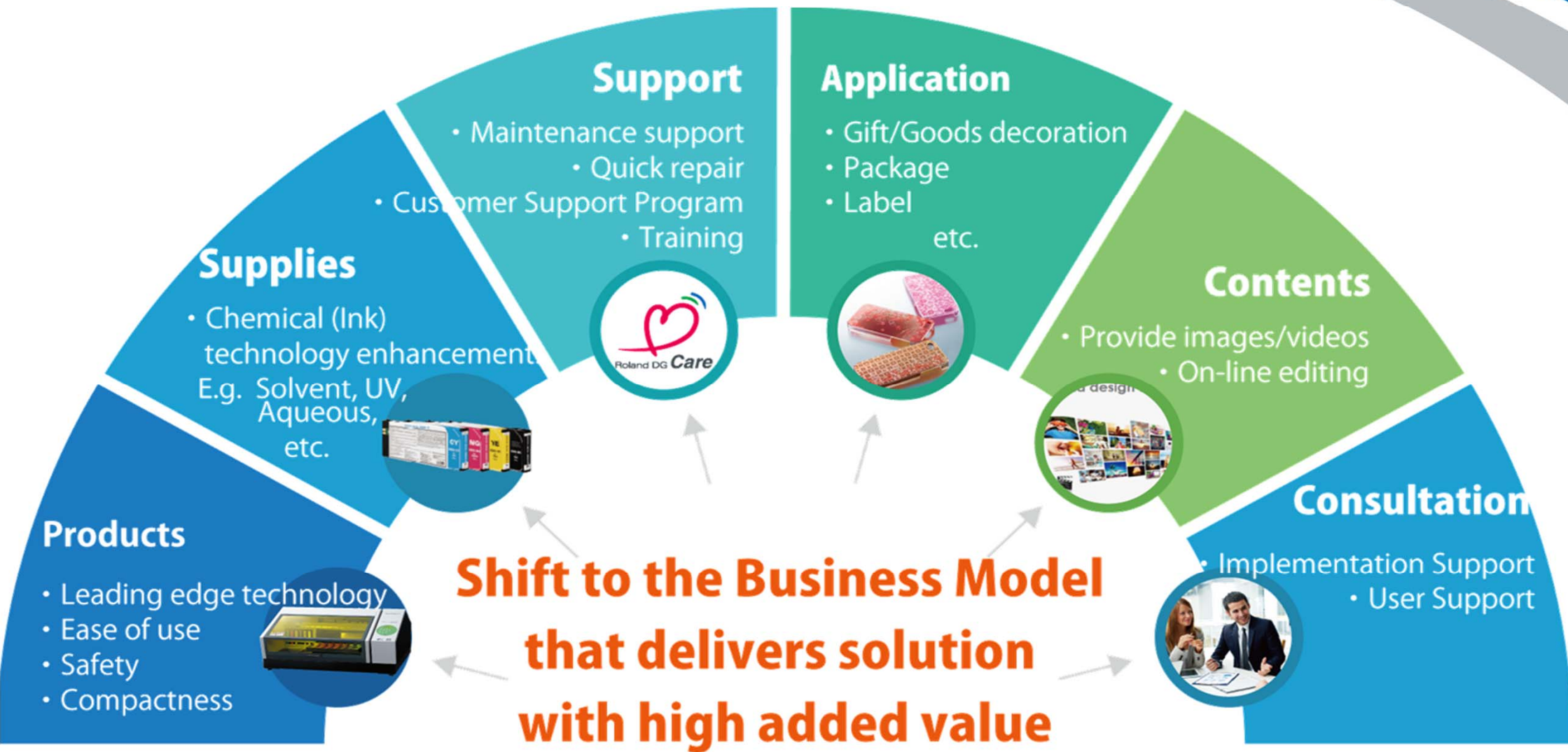
## TrueVIS

Released in Jul. 2016 **VG-640 / VG-540**  
Released in Sep. 2016 **SG-540 / SG-300**



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# Digital Printing – New Business Model





 Roland  DGSHAPE

*Transforming your imagination into reality*

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:

## Consolidated Financial Results

	2015	2016		2017	
Yen: Million	Actual	Actual	YOY	Forecast	YOY
Sales Revenue	47,024	<b>44,112</b> (48,469)	<b>93.8%</b> (103.1%)	45,600	103.4%
G. Profit	22,131	20,041	90.6%	20,800	103.8%
SG&A	16,759	15,682	93.6%	16,200	103.3%
Operating Profit	5,371	<b>4,358</b> (6,082)	<b>81.2%</b> (113.2%)	4,600	105.5%
Ordinary Profit	4,955	<b>4,104</b>	<b>82.8%</b>	4,400	107.2%
Net Profit	3,358	<b>2,705</b>	<b>80.6%</b>	3,000	110.9%
USD	121.06	108.88	89.9%	110.00	101.0%
EUR	134.36	120.40	89.6%	120.00	99.7%

Figures in ( ) exclude FX impact.

# Appendix: FY 2016 Sales Revenue

## By Product

	2015	2016		Ref: 2016		2017	
Yen: Million	Actual	Actual	YOY	Excl. FX	YOY	Forecast	YOY
Printers	20,175	<b>18,027</b>	<b>89.4%</b>	19,832	98.3%	<b>18,640</b>	<b>103.4%</b>
Plotters	1,476	<b>1,292</b>	<b>87.5%</b>	1,412	95.6%	<b>1,390</b>	<b>107.6%</b>
3D Products	3,951	<b>4,188</b>	<b>106.0%</b>	4,578	115.9%	<b>5,150</b>	<b>123.0%</b>
Supplies	14,978	<b>13,623</b>	<b>91.0%</b>	15,042	100.4%	<b>13,960</b>	<b>102.5%</b>
Other	6,443	<b>6,980</b>	<b>108.3%</b>	7,602	118.0%	<b>6,460</b>	<b>92.5%</b>
Total	47,024	<b>44,112</b>	<b>93.8%</b>	48,469	103.1%	<b>45,600</b>	<b>103.4%</b>

# Appendix: FY 2016 Sales Revenue

## By Region

	2015	2016		Ref: 2016		2017	
Yen: Million	Actual	Actual	YOY	Excl. FX	YOY	Forecast	YOY
Japan	5,058	<b>5,305</b>	<b>104.9%</b>	5,305	104.9%	<b>5,660</b>	<b>106.7%</b>
N. America	13,491	<b>12,360</b>	<b>91.6%</b>	13,742	101.9%	<b>12,470</b>	<b>100.9%</b>
Europe	16,434	<b>15,331</b>	<b>93.3%</b>	17,433	106.1%	<b>16,100</b>	<b>105.0%</b>
Asia	3,770	<b>4,094</b>	<b>108.6%</b>	4,262	113.1%	<b>3,740</b>	<b>91.3%</b>
Other	8,269	<b>7,021</b>	<b>84.9%</b>	7,724	93.4%	<b>7,630</b>	<b>108.7%</b>
Total	47,024	<b>44,112</b>	<b>93.8%</b>	48,469	103.1%	<b>45,600</b>	<b>103.4%</b>