

# Roland DG Corporation

## **Consolidated Financial Results for the Nine Months Ended September 30, 2020**

November 10, 2020



# Q3 Financial Results Summary

## ■ Q3 was better than expected and continued solid performance

- **Exceeded previous forecast** (as of Aug) despite COVID-19 affect
- Solid printer sales especially in advanced countries; 3D products (dental) also showed recovery in some regions

## ■ FY Forecast Revision

- **Revised up the FY forecast** based on latest business environment
- May revisit forecast depending on the COVID-19 situation

## Reflection of YTD performance

### ❖ We reconfirmed DG's strength through our performance

- Adapting to new applications, best-in-class service, potential of dental market

### ❖ But the situation remains unpredictable; we will implement strategies for further growth and reformation

- Become a muscular organization, explore niche markets, Strengthen service x digital offering etc



# TrueVIS

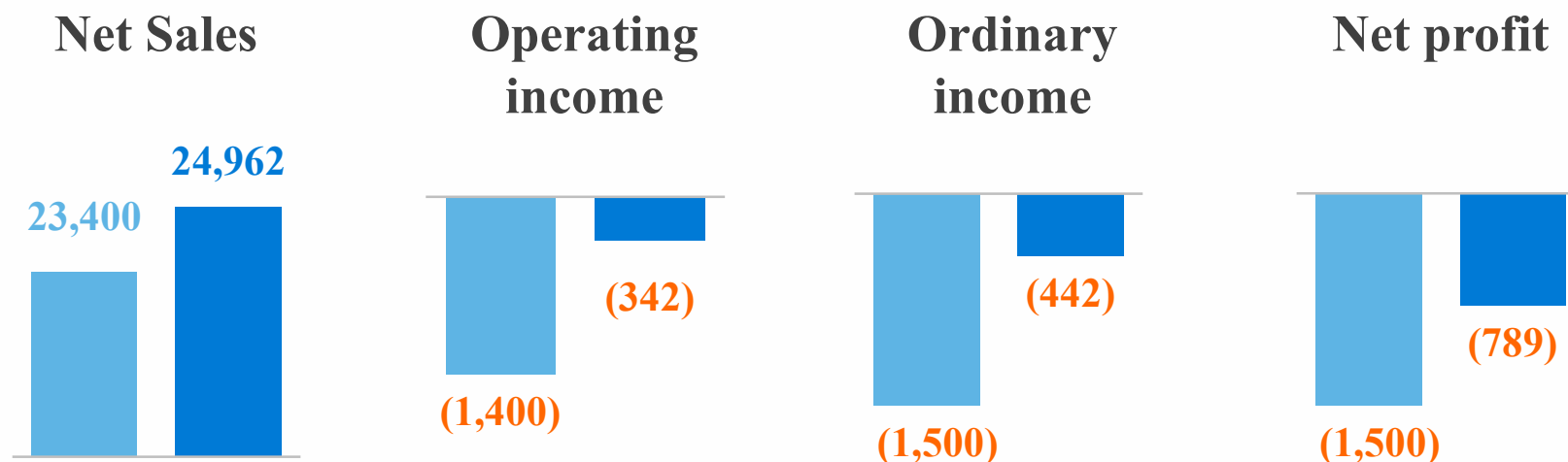
VG2-640 VG2-540

## Q3 Financial Summary

## FY2020 Q3 performance

### Exceeded previous forecast

- Exceeded previous forecast (as of Aug) despite COVID-19 affect
- Printer sales in US & Europe was above expectation



■ Forecast ■ Q3 Actual

(Millions of yen)

※ Income attributable to owners of parent

## Effect of COVID19 by region

### Q3 performance was above expectation in many regions

#### Impact on our business

Region	Q1	Q2	Q3	
			Prev. (Q2) Forecast	Act
Japan	L	M	M	L
North America	L	L	L	L
Europe	L	M	M	L
Asia	M	H	M~L	M
Other	L	H	M	L

L=Low, M=Medium, H=High

#### Business impact was low in many regions

- Exceeded expectation thanks to counter COVID initiatives
- Printing demand remained strong due to COVID related caution signs
- Dental showed recovery especially in North America and Europe
- Europe overall performed inline with original forecast

#### China struggled on the other hand

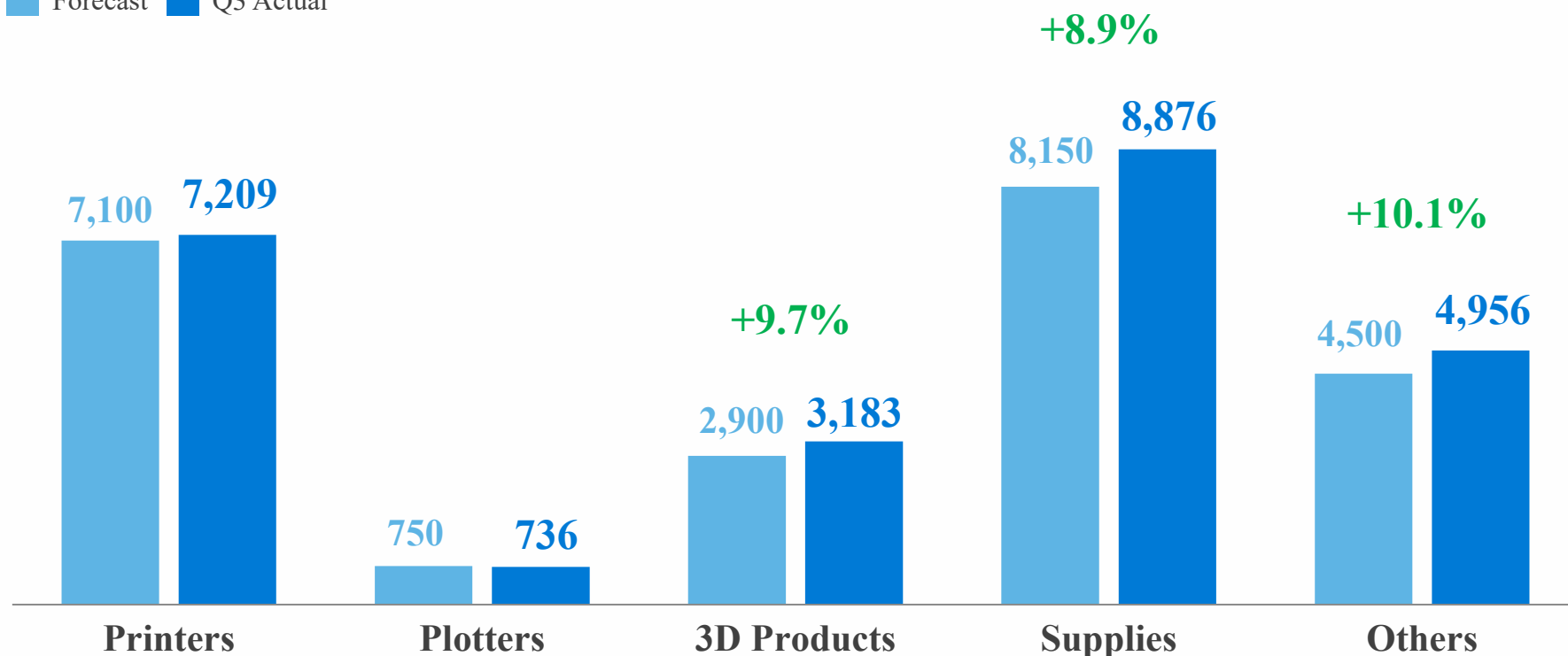
- Asia overall is recovering but China and Korea remain slow
- Expect improvement going forward by contribution of newly setup dental distributors

## FY2020Q3 Sales by product type vs previous forecasts

**Supply and Others(mainly parts) exceeded previous forecast**

(Millions of yen)

■ Forecast ■ Q3 Actual

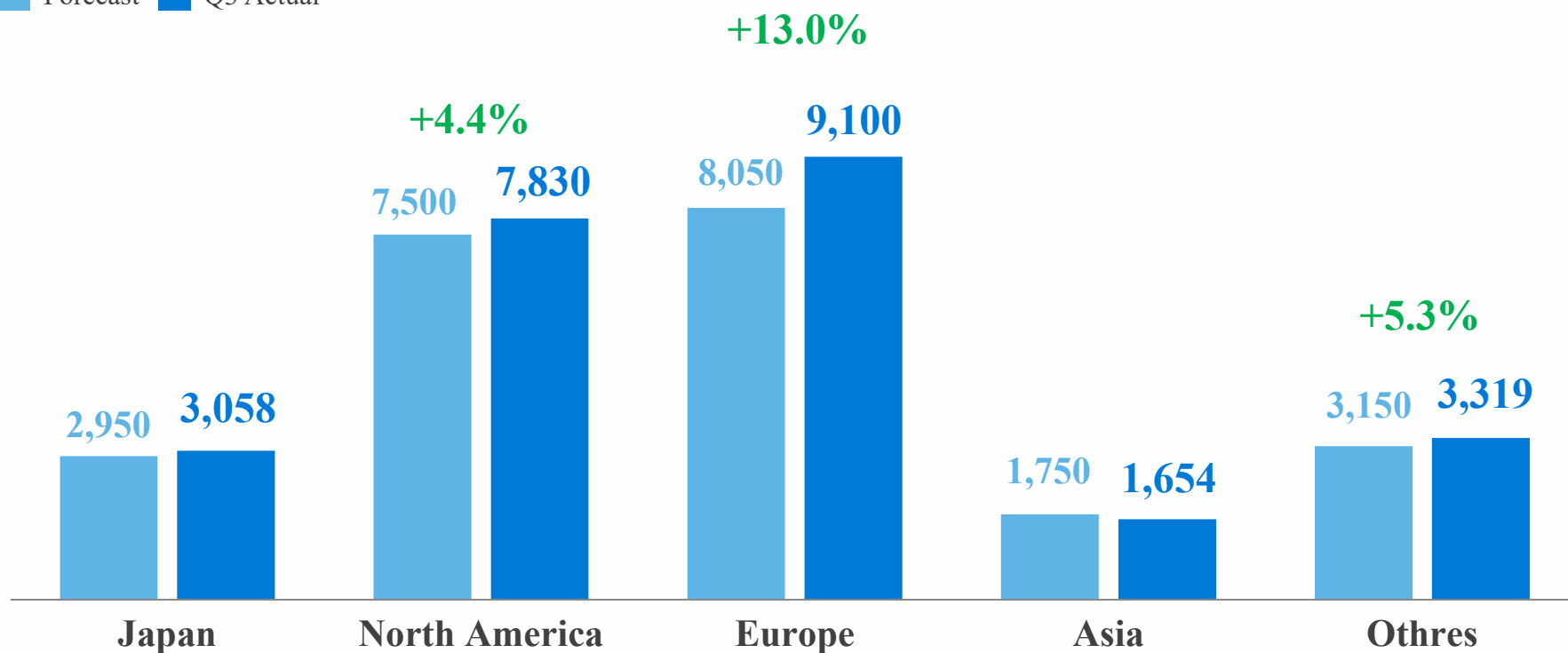


## FY2020Q3 Sales by region vs previous forecasts

**Mainly North America and Europe exceeded previous forecast**

(Millions of yen)

■ Forecast ■ Q3 Actual



# Balance sheet summary (as of 9/30/2020)

## Balance sheet remains healthy

Total Assets **34,843**

- ✓ Cash & deposit +615
- ✓ Notes and accounts receivable- trade (870)
- ✓ Inventories (2,179)

**Current assets**  
**24,711**

**Fixed assets**  
**10,132**

Assets

**Current Liabilities**  
**8,082**

**Fixed liabilities**  
**3,137**

**Net assets**  
**23,623**

**Net asset ratio 67.8%**

Liabilities/Net assets

Total interest-bearing debt **1,800**  
**(Δ1,080)**

✓ Notes and accounts payable-trade (318)

✓ Long term borrowings (1,080)

✓ Retained earnings (1,106)

✓ Net asset ratio +2.7Points

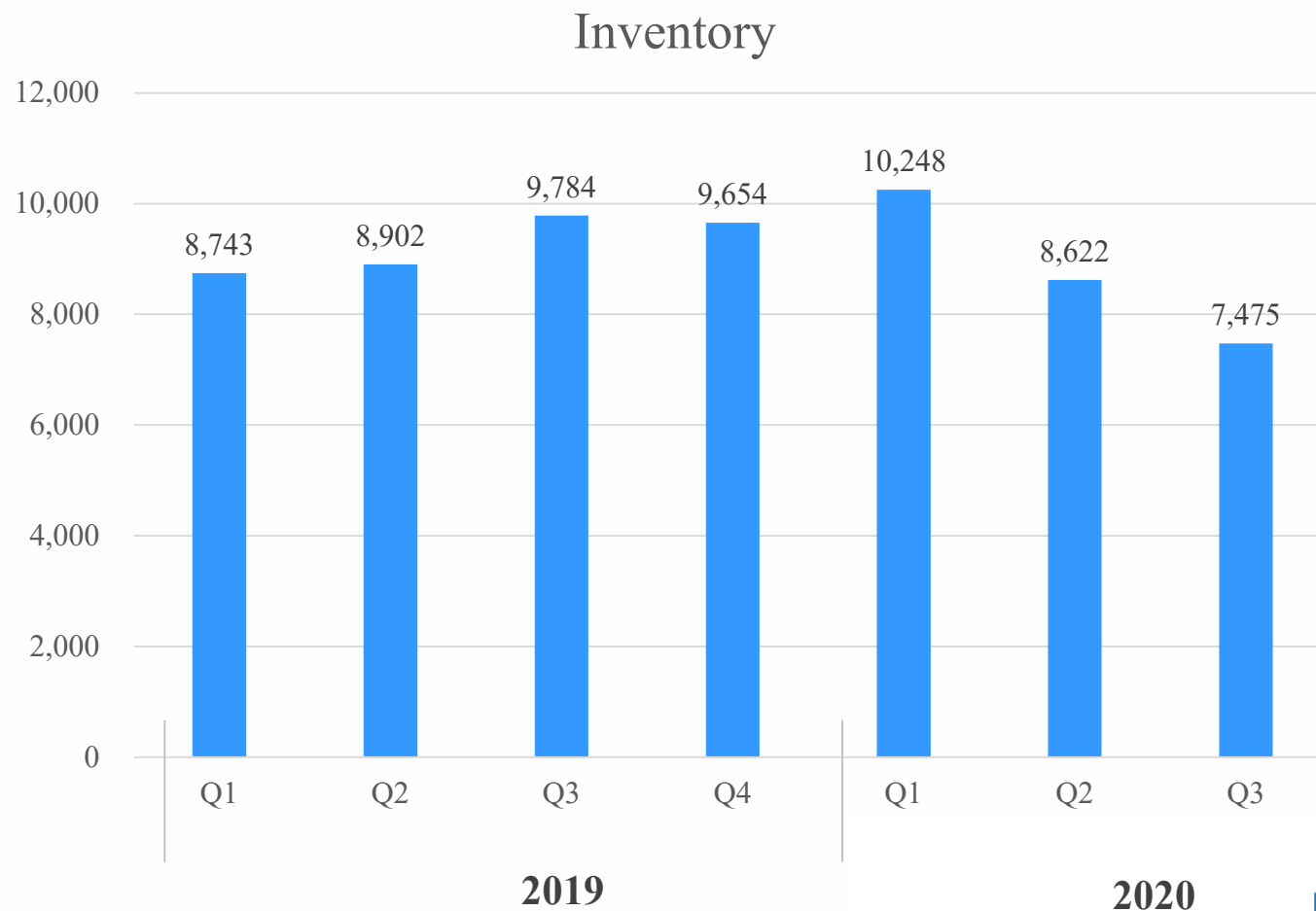
※ Change from the end of previous quarter



## Inventory trend

**Decreased due to production adjustment in Q2 and economic recovery; production now in full operation to reduce backlog**

(Millions of Yen)





**TrueVIS**  
**VF2-640**

# FY Forecast Revision

# FY20 business environment overview

## ■ Printers

- Effect of COVID-19 on the world economy is likely to be prolonged
- Overall impact partly mitigated by new COVID related sign demands
  - Originally expected severe impact on large signs, event signs, retail & restaurants
  - Ink and service parts sales to be underpinned by New COVID-related demand
  - Some backlogs in since Q3 in some products

## ■ 3D Products (Dental)

- Saw investment demand recovery in various regions in Q3
- Dental offices reopened and treatments restarted in the US

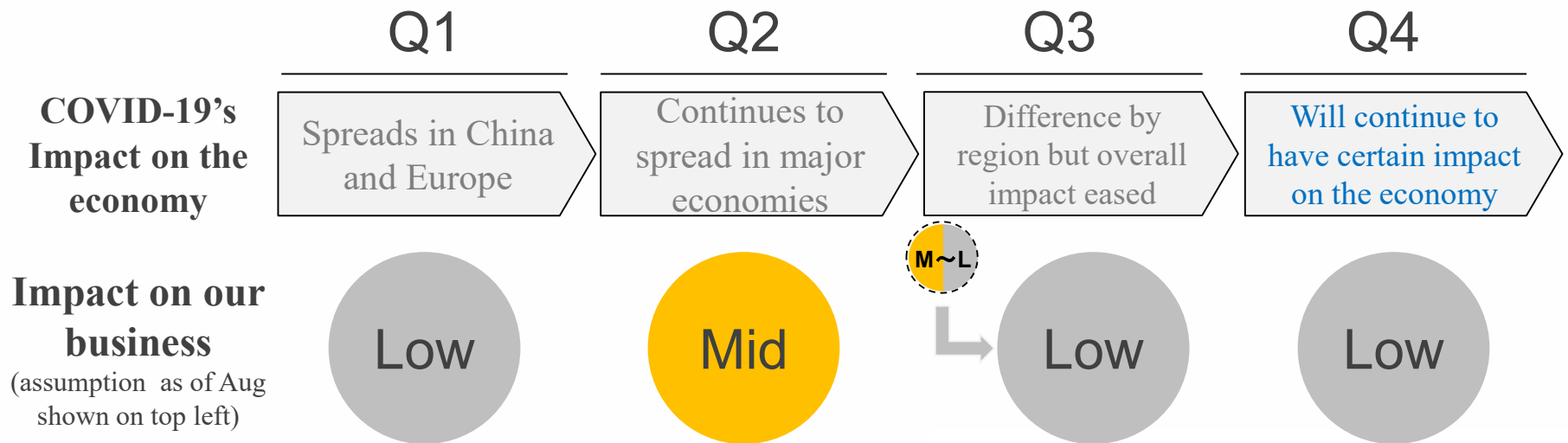


**Revising up the FY forecast further  
from the previous revision**

# Key assumptions for the FY2020 revised forecast

- Since the end of COVID-19 crisis remains uncertain, we built the forecast based on assumptions
- While we think COVID-19's impact on the overall economy will remain, we expect less impact on the printing business
- We may revisit our forecast depending on COVID-19's situation including effects of lockdowns in Europe

## ■ Global Assumption



# Key assumptions for the FY2020 revised forecast

## ■ Assumptions by region

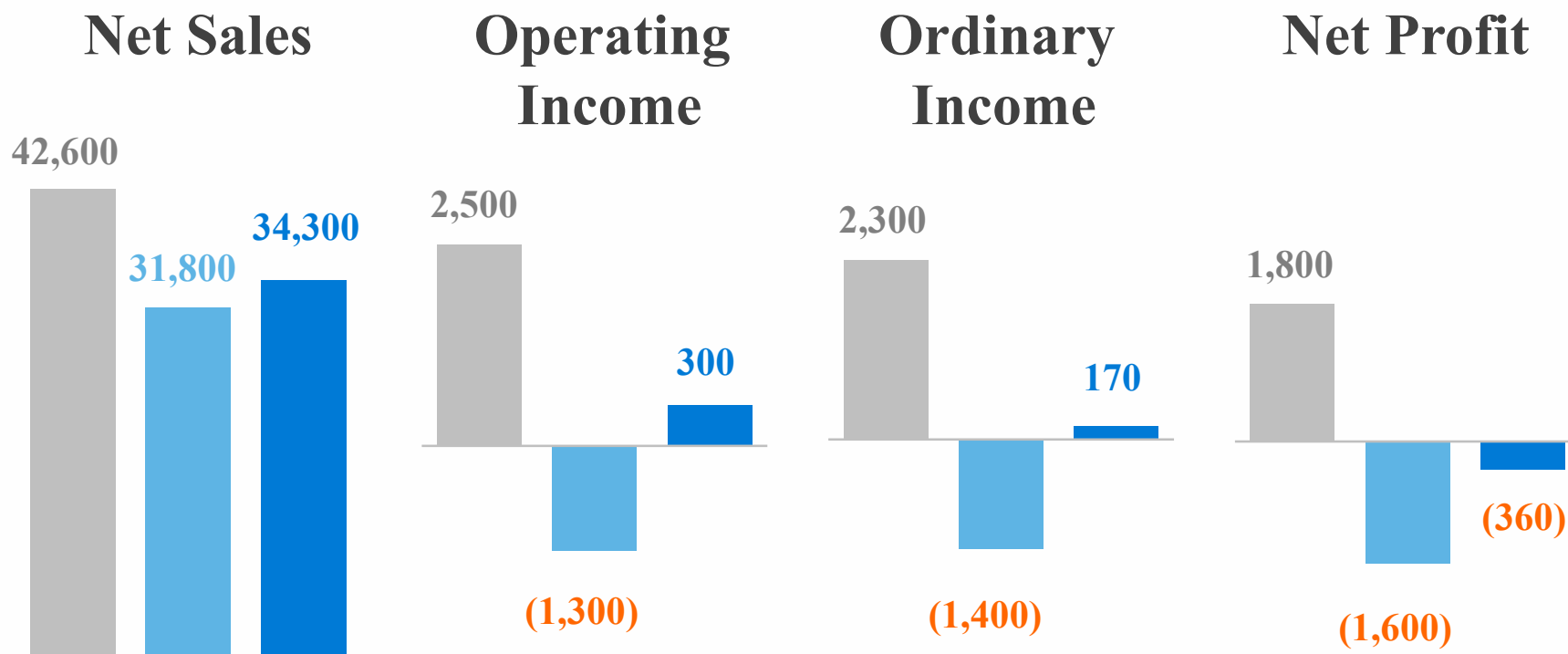
**Impact on our business**  
(prev. assumption shown on top left)

Region	Q1	Q2	Q3	Q4	Assumptions
Japan	L	M	M L	L	Economic recovery to be faster than previous assumption
North America	L	L	L	L	COVID related demand to continue driving sales; dental also recovering
Europe	L	M	M L	L	Similar to North America but some concerns around impact of lockdown
Asia	M	H	M~L M	M~L L	Recovery in dental to remains slow but expect new demand (clinics) to drive sales
Others	L	H	M L	M~L L	Oceania to recover; Latin America anticipated to struggle

L = Low  
M=Medium  
H=High

# FY forecast revision

(Millions of Yen)

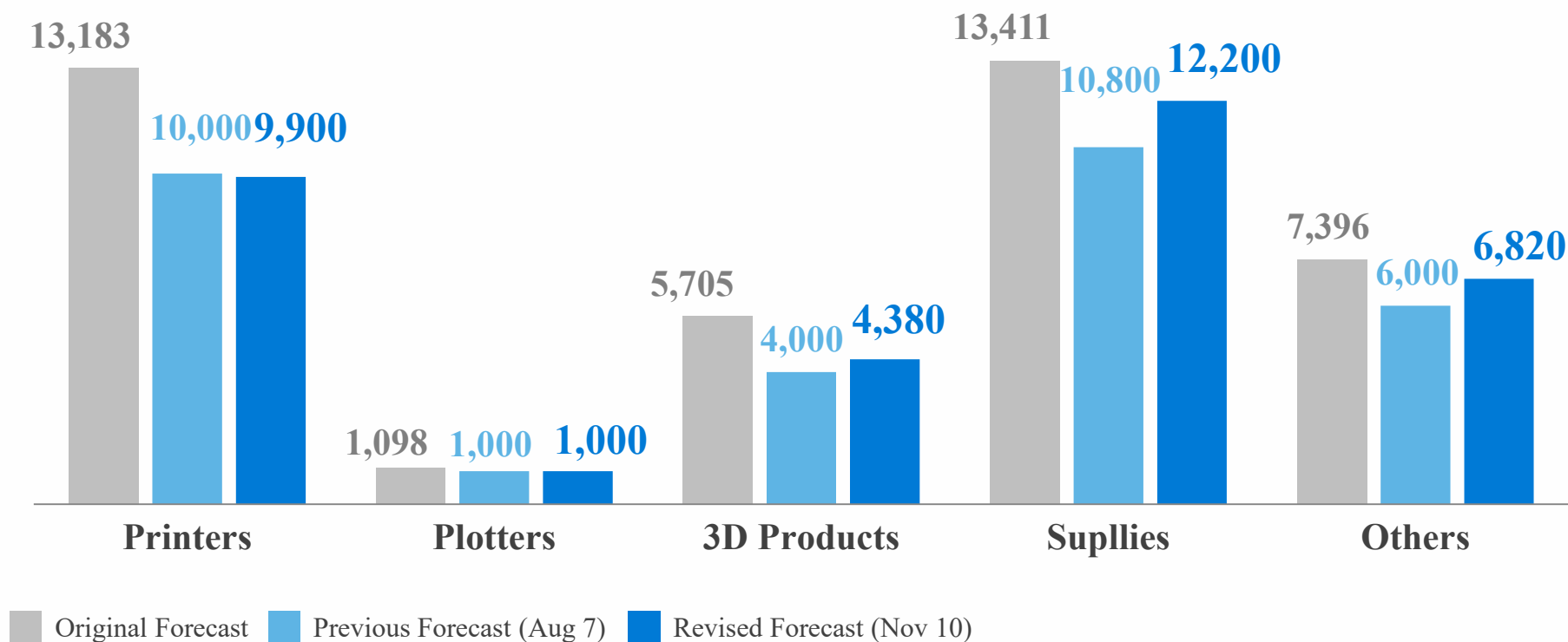


■ Original Forecast ■ Previous Forecast (Aug 7) ■ Revised Forecast (Nov 10)

※ Income attributable to owners of parent

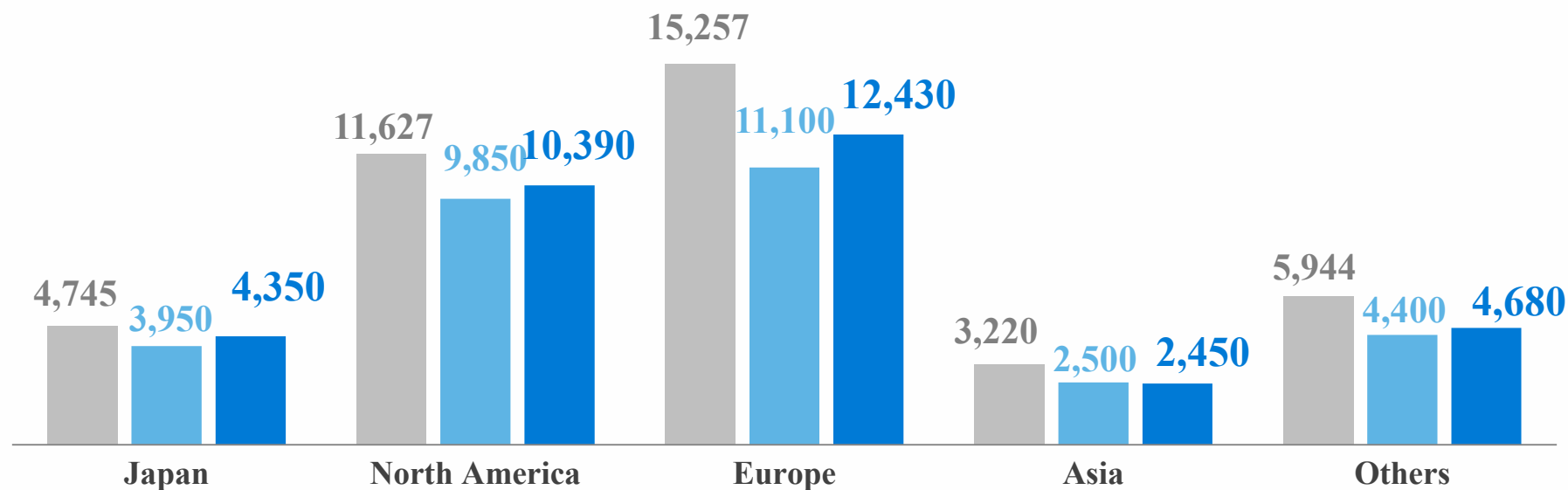
# FY2020 Sales Forecast by Products

(Millions of Yen)



# FY2020 Sales Forecast by Region

(Millions of Yen)

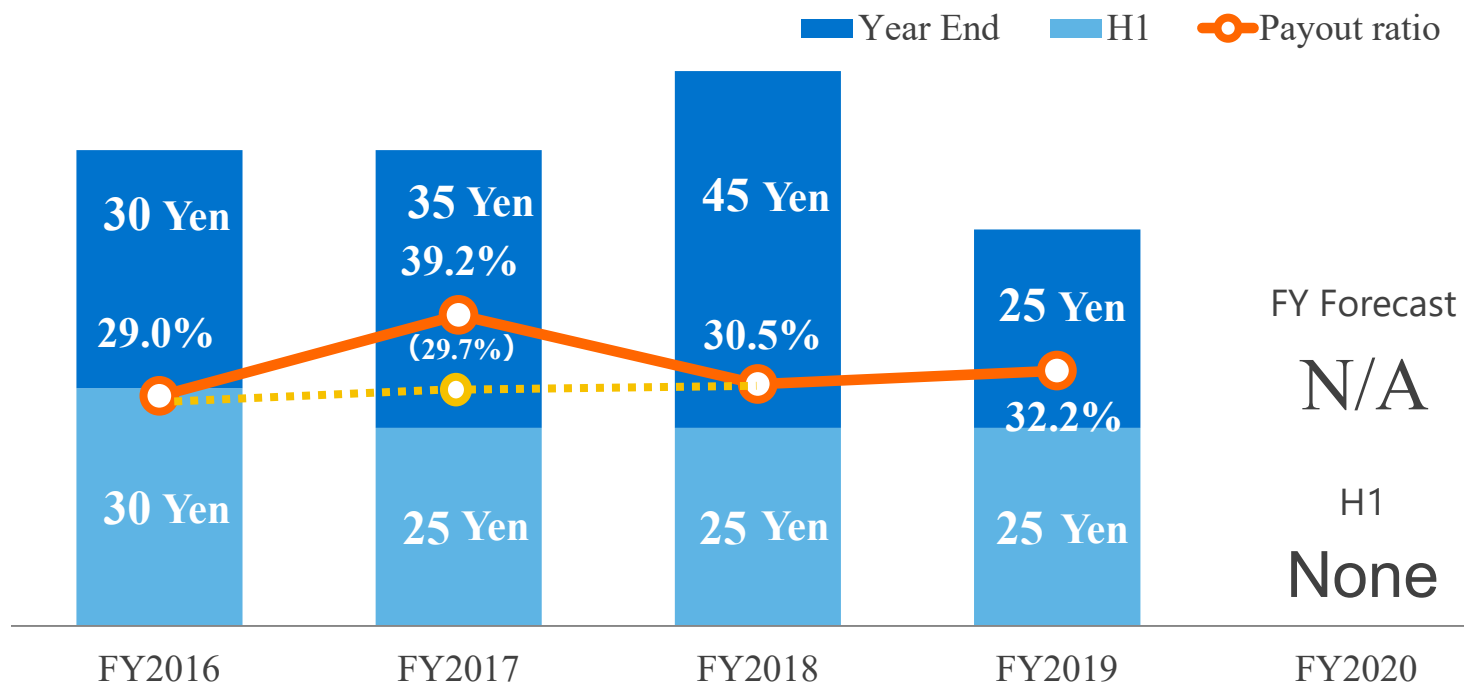


■ Original Forecast ■ Previous Forecast (Aug 7) ■ Revised Forecast (Nov 10)



## Dividend forecast

### FY forecast withdrawn



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

## Summary of YTD performance

# Reconfirmed RDG's strength amid turbulence

### Quick adaption to New applications

- Quick adaption to COVID related demand
- Diverse customer base from high volume printers to low volume SMEs



### Sales/support tailored to customer needs

- Remote support using AR
- Switched to SNS / Online events
- Start-up support and consultations for SOHOs
- Conducted individual roadshows instead of tradeshows



### Solid growth trajectory in dental

- Dental was more affected than printers but showed recovery in Q3
- Underlying growth drivers remain intact; i.e. digitization of dental labs, expansion into clinics (continued building new channels)



# RDG is committed to further growth and change

The business environment is evolving; there is **no room for optimism**

**We will build and execute strategies based on our learnings during the recent adversity**

- Evolve into a muscular organization for higher profitability
- Develop new niches (market/customers/applications) leveraging RDG's strength
- Deliver value through Service x Digital offering
- Explore opportunities in growing markets
- Execute with speed; continue the ongoing momentum for change



President

Kohei Tanabe



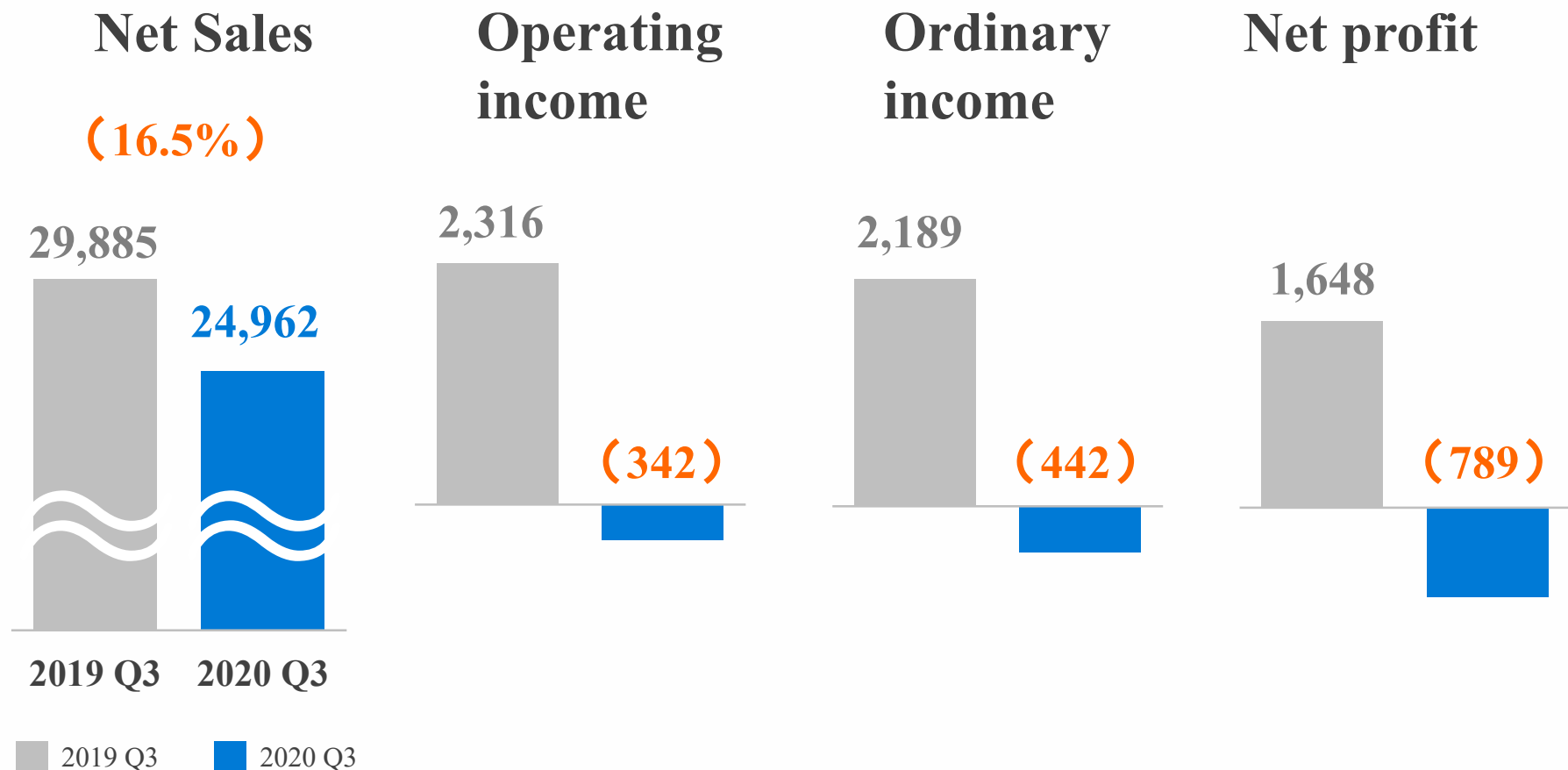
The information pertaining to our business plans and forecasts that has been provided in this presentation contains forward-looking statements that are based on the plans and prospects of the Company at this point in time. The actual business results could be significantly different from those stated 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 Q2 Consolidated financial performance

### YoY sales decline and operating loss due to COVID-19 impact

(Millions of yen)



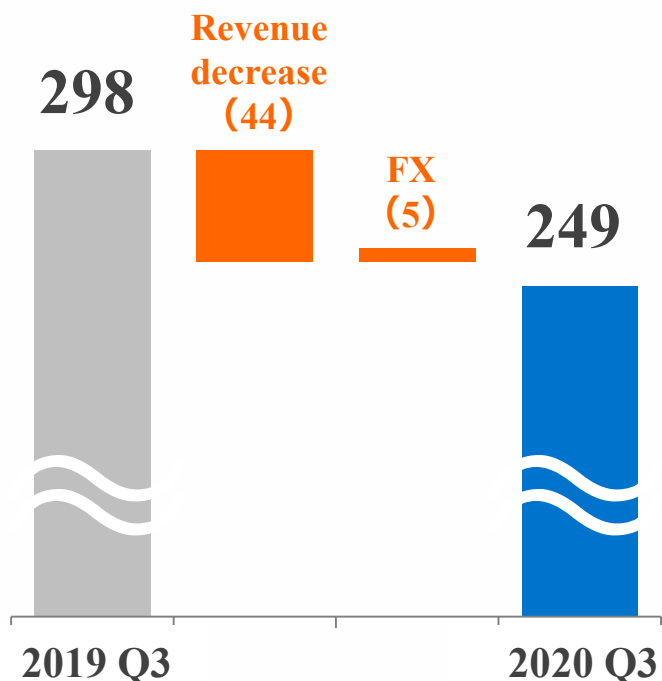
※ Income attributable to owners of parent

## YoY Change in Sales and Operating Income by factor

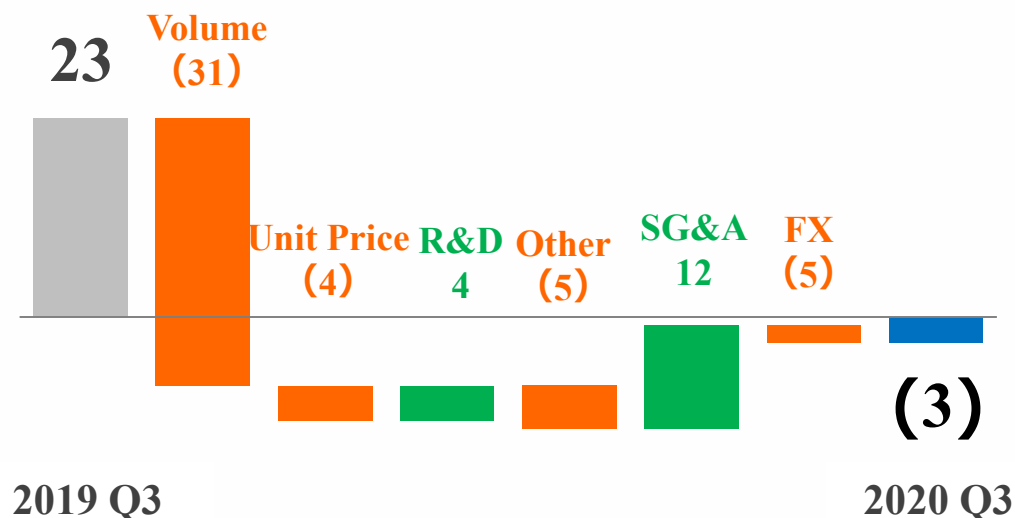
**Sales and Operating Income fell due to COVID; minimized loss through SG&A cost control**

(100 Millions of yen)

### Net Sales



### Operating income



Average FX Rate

(Unit: Yen)

2019/Q3 2020/Q3

USD 109.16 107.61 98.6%

EUR 122.69 120.95 98.6%

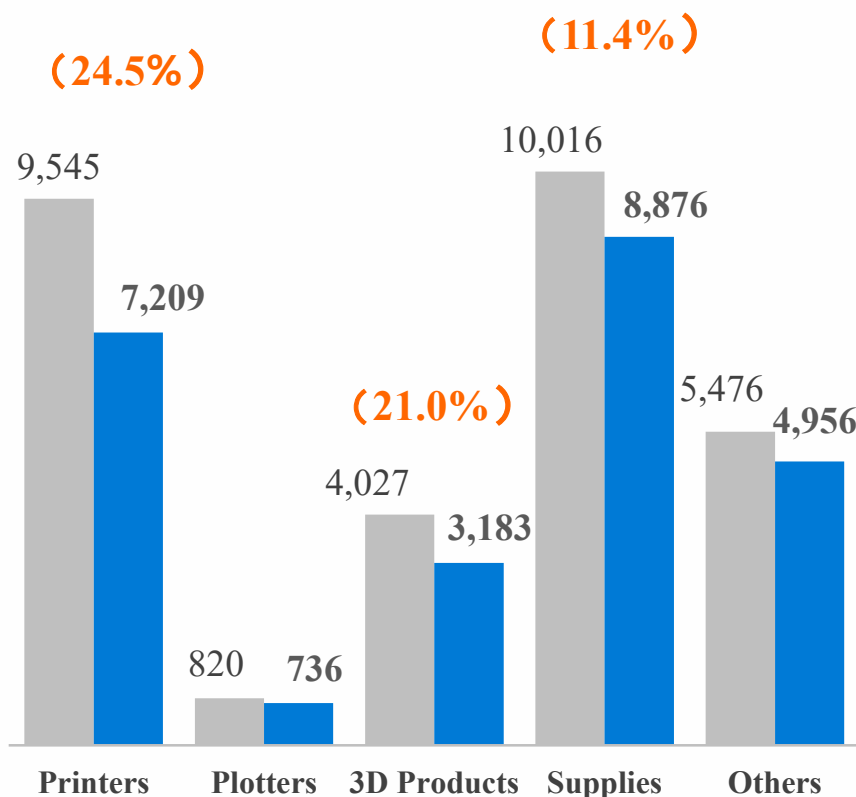
## FY2020 Q3 Sales by Products

# Capex slowed and output demand fell leading to decrease also in supply

(Millions of Yen)

2019 Q3

2020 Q3



### Printers

- ✓ Sign market printers fell due to decline in printing demand

### Plotters

- ✓ Decline in large size models for sign market

### 3D Products (DGSHAPE)

- ✓ Dental milling machines fell due to lower capex appetite

### Supplies

- ✓ Ink fell due to decline in printing demand

### Others

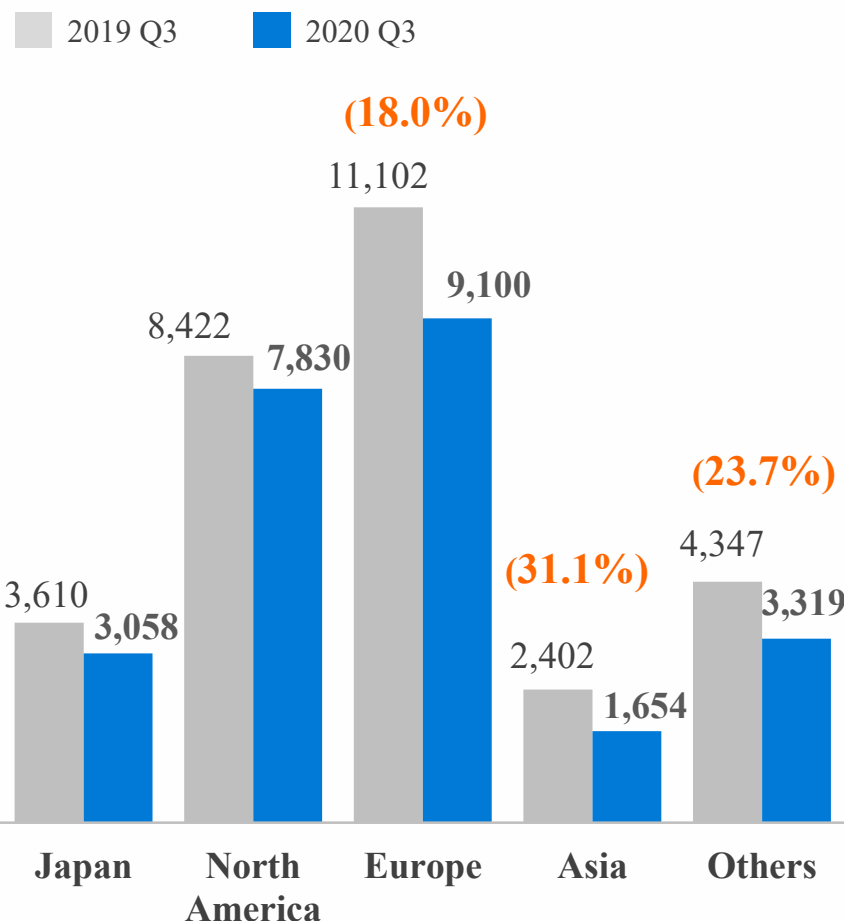
- ✓ Service parts decreased due to lower printer utilization



## FY2020 Q3 Sales by Regions

# Declined in Europe and Asia where were affected by COVID-19 at an earlier timing

(Millions of yen)



**Japan** ✓ Printers for sign market was flat YoY

**North America** ✓ Dental products increased YoY  
✓ Desk-top printers increased  
✓ Supply and parts declined

**Europe** ✓ Italy and Spain declined due to effect of COVID-19  
✓ Printers and ink declined

**Asia** ✓ China and Korea declined due to effect of COVID-19  
✓ Service parts declined in ASEAN

**Others** ✓ Printers fell in Australia and Brazil

# FY2020 Q3 Consolidates Financial Results

(Millions of yen)

		2019/12 Q3		2020/12 Q3			
		Performance	% of sales	Previous Forecast※	% of sales	Performance	Exchange rate impact excluded Real term
Net Sales		29,885	100.0%	24,962	100.0%	(4,922)	85.3%
Gross profit		13,154	44.0%	9,068	36.3%	(4,086)	71.9%
SGA cost		10,838	36.3%	9,410	37.7%	(1,427)	88.4%
Operating income		2,316	7.8%	(342)	-	(2,658)	-
Ordinary income		2,189	7.3%	(442)	-	(2,632)	-
Net profit		1,648	5.5%	(789)	-	(2,438)	-
EPS (Yen)		131.63		(63.38)			
Exchange rate Yen	USD	109.16		107.61			
	EUR	122.69		120.95			

(Millions of yen)

Exchange rate Amount of impact	Net sales	(515)
	Operating income	(229)

※ Profit attributable to owners of parent

# FY2020 Q3 Sales by Products

(Millions of yen)

	FY2019 Q3		FY2020 Q3		YoY change	
	Performance	Percentages	Performance	Percentages	Ratio	Exchange rate impact excluded Real term
<b>Printers</b>	9,545	31.9%	<b>7,209</b>	28.9%	75.5%	77.3%
<b>Plotters</b>	820	2.8%	<b>736</b>	2.9%	89.8%	91.3%
<b>3D Products (DGSHAPE)</b>	4,027	13.5%	<b>3,183</b>	12.7%	79.0%	80.3%
<b>Supplies</b>	10,016	33.5%	<b>8,876</b>	35.6%	88.6%	90.3%
<b>Others</b>	5,476	18.3%	<b>4,956</b>	19.9%	90.5%	92.6%
<b>Total</b>	29,885	100.0%	<b>24,962</b>	100.0%	83.5%	85.3%

# FY2020 Q3 Sales by Regions

(Millions of yen)

	FY2019 Q3		FY2020 Q3		YoY change	
	Performance	Percentages	Performance	Percentages	Ratio	Exchange rate impact excluded Real term
<b>Japan</b>	3,610	12.1%	<b>3,058</b>	12.2%	84.7%	84.7%
<b>North America</b>	8,422	28.2%	<b>7,830</b>	31.4%	93.0%	94.3%
<b>Europe</b>	11,102	37.2%	<b>9,100</b>	36.5%	82.0%	83.1%
<b>Asia</b>	2,402	8.0%	<b>1,654</b>	6.6%	68.9%	70.2%
<b>Others</b>	4,347	14.5%	<b>3,319</b>	13.3%	76.3%	81.8%
<b>Total</b>	29,885	100.0%	<b>24,962</b>	100.0%	83.5%	85.3%

# FY2020 Q3 Consolidates Financial Results(3 months)

(Millions of yen)

		Q1 (Jan to Mar)		Q2 (Apr to Jun)		Q3 (Jul to Sep)			
		Performance	% of sales	Performance	% of sales	Performance	% of sales	% of Q2	% of previous Q3
Net sales		9,038	100.0%	6,736	100.0%	9,187	100.0%	136.4%	92.6%
Gross profit		3,771	41.7%	1,467	21.8%	3,829	41.7%	260.9%	89.7%
SGA cost		3,446	38.1%	2,918	43.3%	3,045	33.1%	104.3%	86.6%
Operating income		324	3.6%	(1,450)	-	783	-	-	104.6%
Ordinary income		136	1.5%	(1,355)	-	776	-	-	109.9%
Net profit		92	1.0%	(1,416)	-	534	-	-	92.4%
EPS (Yen)		7.38		(121.03)		50.27			
Exchange rate Yen	USD	108.97		107.62		106.22			
	EUR	120.19		118.51		124.15			

※ Profit attributable to owners of parent

# FY2020 Q3 Consolidates Financial Results(3 months) by Products

(Millions of yen)

	Q1 (Jan to Mar)		Q2 (Apr to Jun)		Q3 (Jul to Sep)			
	Performance	% of sales	Performance	% of sales	Performance	% of sales	% of Q2	% of previous Q3
<b>Printer</b>	2,498	27.6%	2,092	31.1%	<b>2,618</b>	28.5%	125.1%	82.9%
<b>Plotter</b>	281	3.1%	215	3.2%	<b>239</b>	2.6%	111.3%	91.5%
<b>3D Products (DGSHAPE)</b>	1,334	14.8%	642	9.5%	<b>1,207</b>	13.1%	188.0%	87.4%
<b>Supply</b>	3,079	34.1%	2,485	36.9%	<b>3,311</b>	36.1%	133.2%	99.7%
<b>Others</b>	1,844	20.4%	1,300	19.3%	<b>1,811</b>	19.7%	139.3%	100.4%
<b>Total</b>	9,038	100.0%	6,736	100.0%	<b>9,187</b>	100.0%	136.4%	92.6%

# FY2020 Q3 Consolidates Financial Results(3 months) by Region

(Millions of yen)

	Q1 (Jan to Mar)		Q2 (Apr to Jun)		Q3 (Jul to Sep)			
	Performance	% of sales	Performance	% of sales	Performance	% of sales	% of Q2	% of previous Q3
<b>Japan</b>	1,173	13.0%	866	12.9%	<b>1,018</b>	11.1%	117.6%	76.1%
<b>North America</b>	2,581	28.6%	2,472	36.7%	<b>2,776</b>	30.2%	112.3%	94.6%
<b>Europe</b>	3,309	36.6%	2,242	33.3%	<b>3,549</b>	38.6%	158.3%	104.3%
<b>Asia</b>	608	6.7%	465	6.9%	<b>580</b>	6.3%	124.9%	75.0%
<b>Others</b>	1,366	15.1%	690	10.3%	<b>1,262</b>	13.8%	182.8%	85.5%
<b>Total</b>	9,038	100.0%	6,736	100.0%	<b>9,187</b>	100.0%	136.4%	92.6%

# FY20 Consolidated financials forecast

(Millions of yen)

		FY2019		FY2020		YoY change	
		Actual	Percentages	Revised Forecast	Percentages	Difference	Ratio
Net sales		40,795	100.0%	34,300	100.0%	(6,495)	84.1%
Gross profit		17,330	42.5%	12,900	37.6%	(4,430)	74.4%
SGA cost		14,536	35.6%	12,600	36.7%	(1,936)	86.7%
Operating income		2,794	6.8%	300	0.9%	(2,494)	10.7%
Ordinary income		2,648	6.5%	170	0.5%	(2,478)	7.6%
Net profit		1,944	4.8%	(360)	-	(2,304)	-
EPS (Yen)		155.39		(28.91)			
Exchange rate Yen	USD	109.06		105.00			
	EUR	122.11		120.00			

※ Revised Forecast November 10, 2020

※ Profit attributable to owners of parent



# Revisions of the consolidated result forecasts for FY2020

## Sales by Products

(Millions of yen)

	FY2019		FY2020					
	Actual	Percentages	Original Forecast	Previous Forecast	Revised Forecast	Percentages	% of original forecast	% of previous forecast
<b>Printer</b>	13,183	32.3%	14,300	10,000	<b>9,900</b>	28.8%	69.2%	99.0%
<b>Plotter</b>	1,098	2.7%	1,300	1,000	<b>1,000</b>	2.9%	76.9%	100.0%
<b>3D Products (DGSHAPE)</b>	5,705	14.0%	6,530	4,000	<b>4,380</b>	12.8%	67.1%	109.5%
<b>Supply</b>	13,411	32.9%	13,330	10,800	<b>12,200</b>	35.6%	91.5%	113.0%
<b>Others</b>	7,396	18.1%	7,140	6,000	<b>6,820</b>	19.9%	95.5%	113.7%
<b>Total</b>	40,795	100.0%	42,600	31,800	<b>34,300</b>	100.0%	80.5%	107.9%

※ Previous Forecast August 7, 2020

※ Revised Forecast November 10, 2020

# Revisions of the consolidated result forecasts for FY2020

## Sales by Region

(Millions of yen)

	FY2019		FY2020					
	Actual	Percentages	Original Forecast	Previous Forecast	Revised Forecast	Percentages	% of original forecast	% of previous forecast
<b>Japan</b>	4,745	11.6%	5,060	3,950	<b>4,350</b>	12.7%	86.0%	110.1%
<b>North America</b>	11,627	28.5%	12,200	9,850	<b>10,390</b>	30.3%	85.1%	105.5%
<b>Europe</b>	15,257	37.4%	15,400	11,100	<b>12,430</b>	36.2%	80.7%	112.0%
<b>Asia</b>	3,220	7.9%	4,010	2,500	<b>2,450</b>	7.1%	61.1%	98.0%
<b>Others</b>	5,944	14.6%	5,930	4,400	<b>4,680</b>	13.7%	78.9%	106.4%
<b>Total</b>	40,795	100.0%	42,600	31,800	<b>34,300</b>	100.0%	80.5%	107.9%

※Previous Forecast August 7, 2020  
 ※Revised Forecast November 10, 2020