

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2018

February 18, 2019

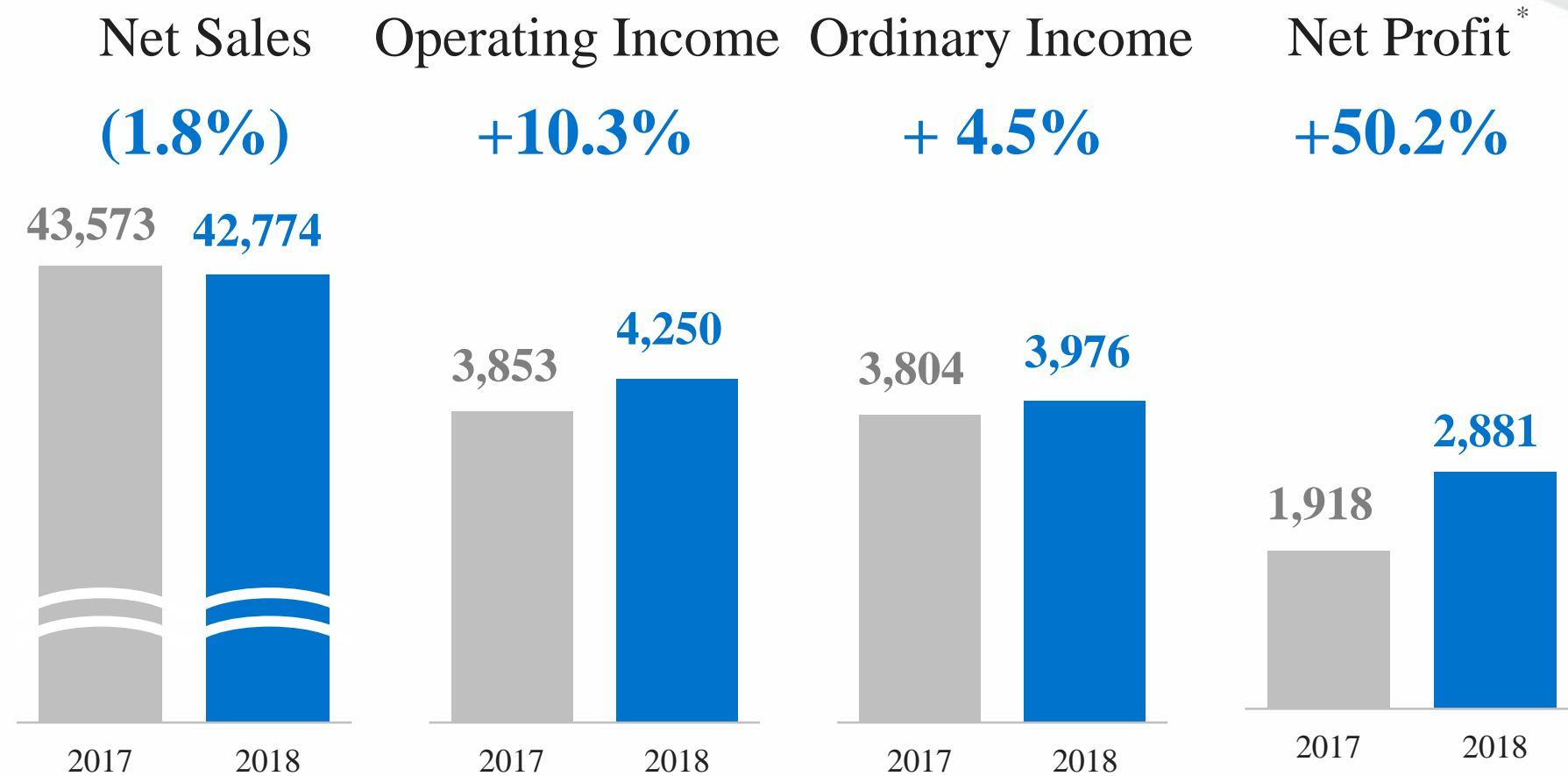
# **Consolidated Financial Results for the Fiscal Year Ended December 31, 2018**

### Decrease in sales and increase in profits from the previous fiscal year

- ▶ Despite steady growth in sales of dental milling machines, overall sales decreased due to a decrease in sales of printers
- ▶ Operating income increased due to a reduction in SG&A expenses, including personnel expenses and advertising and sales promotion expenses

# FY2018 Consolidated Financial Results

(Millions of Yen)

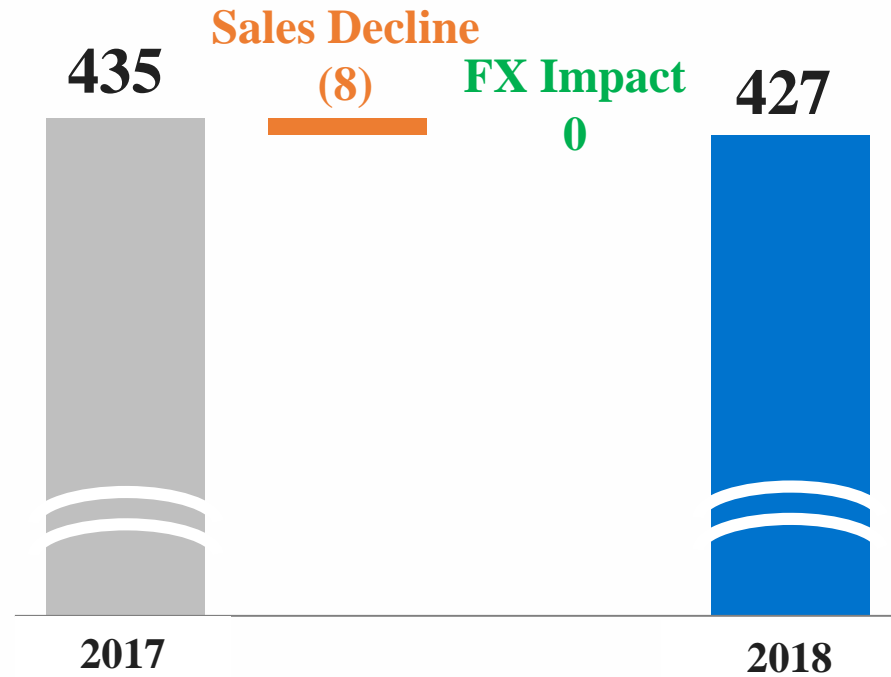


\* Profit attributable to owners of parent

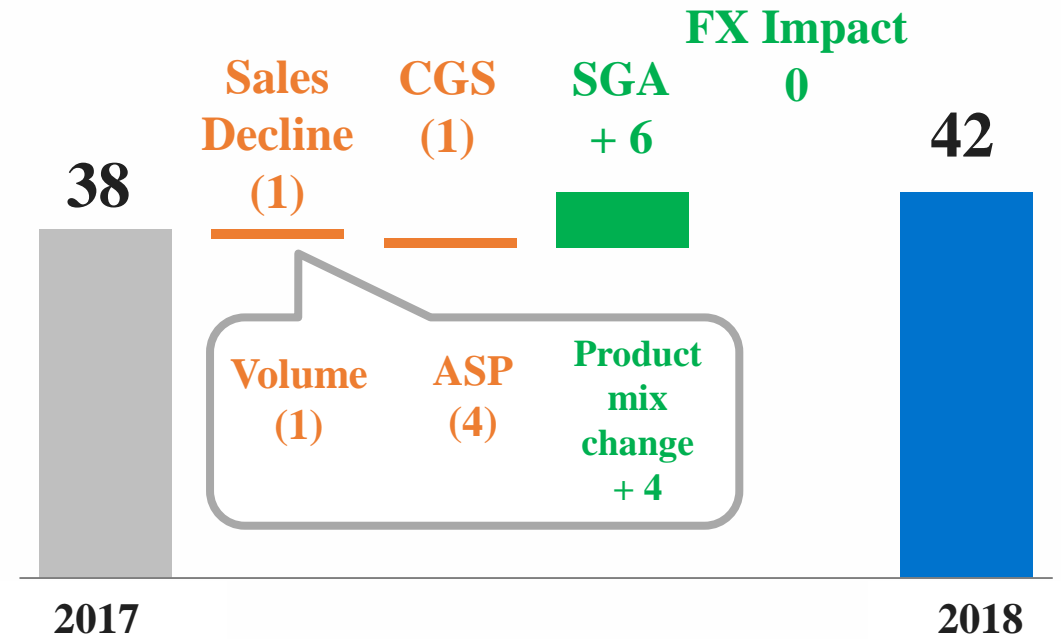
# Variance Analysis YoY

(100 Million Yen)

## Net Sales



## Operating Income



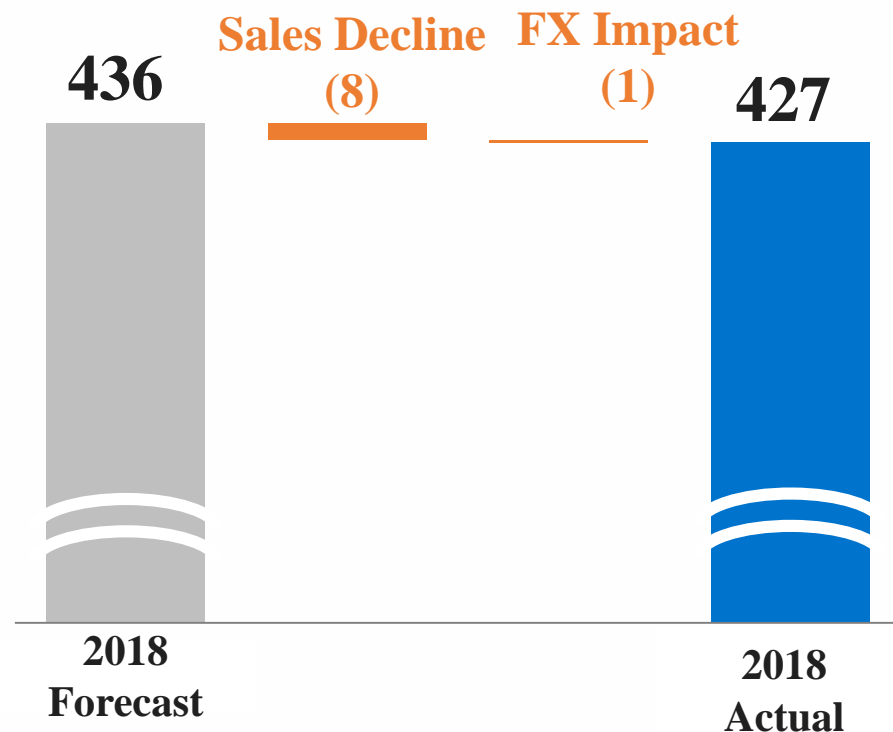
Average exchange rate for the year  
(Yen)

	2017	2018	
USD	112.20	110.44	98.4%
EUR	126.70	130.45	103.0%

# Variance Analysis vs. Forecast

(100 Million Yen)

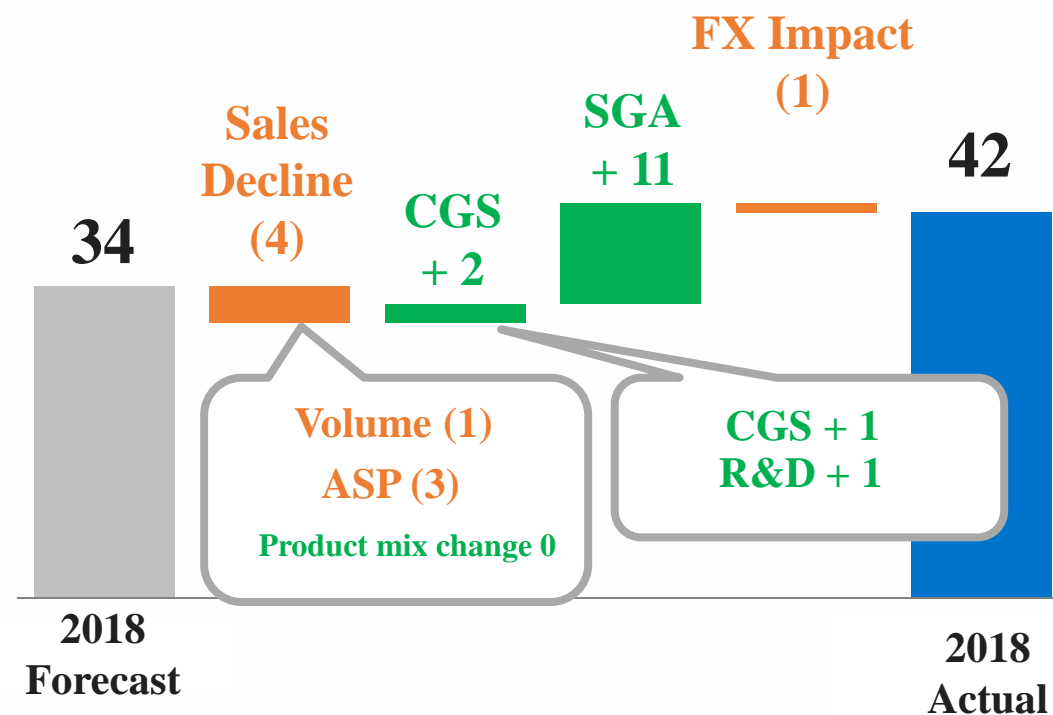
## Net Sales



Average exchange rate for the year  
(Yen)

	2018 Assumption	2018 Performance	
USD	110.00	110.44	100.4%
EUR	130.00	130.45	100.3%

## Operating Income



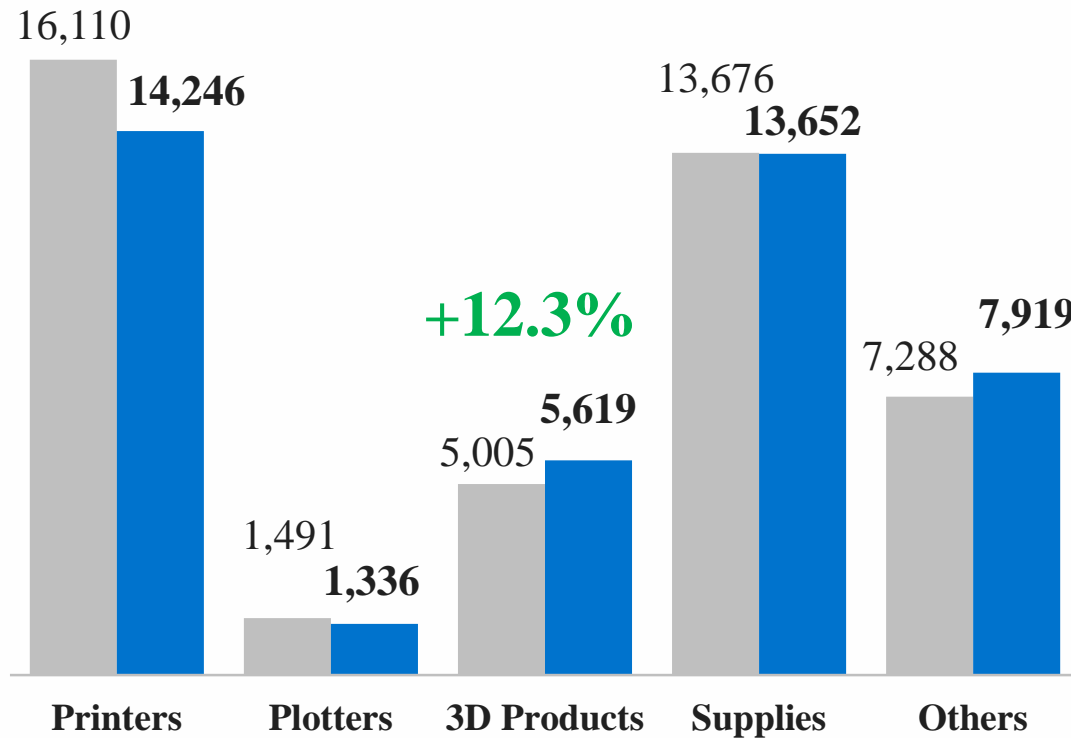
# FY2018 Sales by Product

(Millions of Yen)

■ 2017

■ 2018

**-11.6%**



## Printers

- ✓ Printers for signage down
- ✓ Wide-format UV printers up in Europe and North America

## Plotters

- ✓ Wide-format models for signage decreased

## 3D Products (DGSHAPE)

- ✓ Sales of dental milling machines continued to grow
- ✓ Sales of 3D milling machines and engraving machines decreased

## Supplies

- ✓ Eco-solvent ink for signage down
- ✓ The decrease was made up by the increase of UV ink

## Others

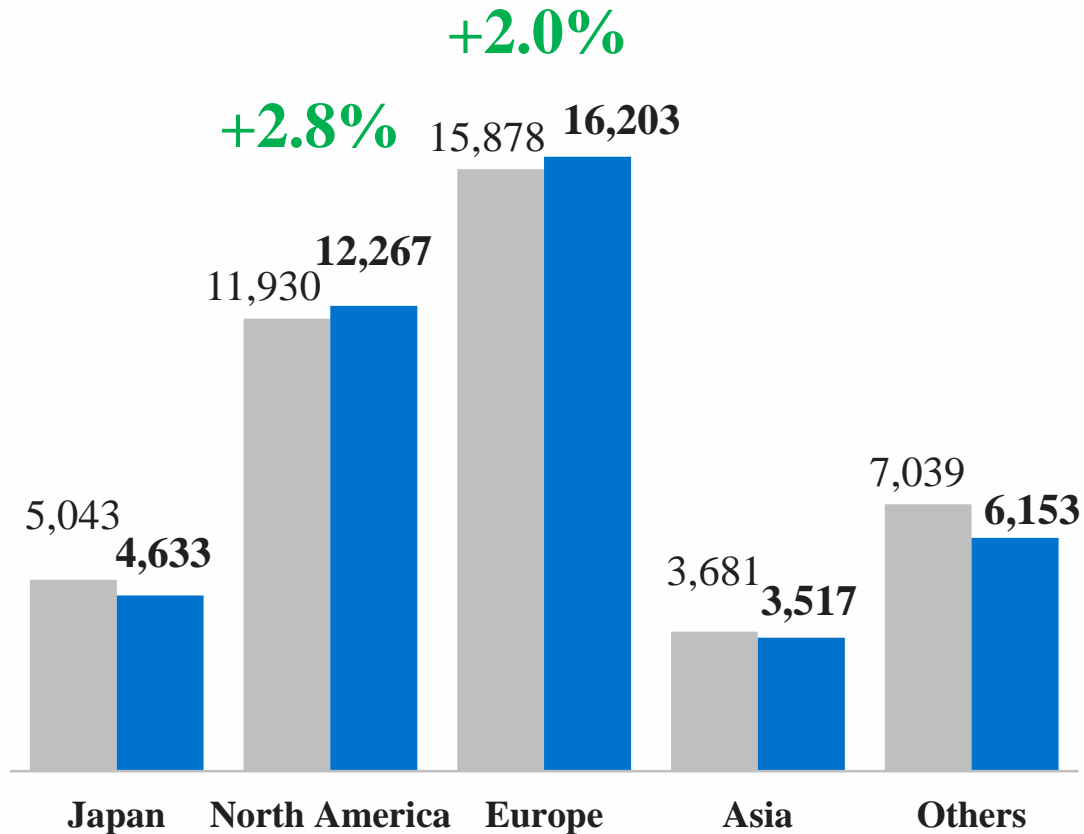
- ✓ Increase in service parts and maintenance fees

# FY2018 Sales by Region

(Millions of Yen)

■ 2017

■ 2018



- |               |   |
|---------------|---|
| Japan         | ✓ Printers way down due to fierce competition   |
|               | ✓ Increase in sales of dental milling machines  |
| <hr/>         |   |
| North America | ✓ Successful expansion of dealers by dedicated team led to a sharp increase in UV printer sales |
|               | ✓ Printers for signage down   |
| <hr/>         |   |
| Europe        | ✓ Significant increase in sales of dental milling machines                                      |
|               | ✓ Printers for signage decreased  |
| <hr/>         |   |
| Asia          | ✓ Printers declined   |
|               | ✓ Dental milling machines increased   |
| <hr/>         |   |
| Others        | ✓ Printers declined   |
|               | ✓ Dental milling machines increased   |
|               | ✓ Sales down in Australia, Latin America and the Middle East                                    |



# Consolidated Balance Sheet as of December 31, 2018

(Millions of Yen)

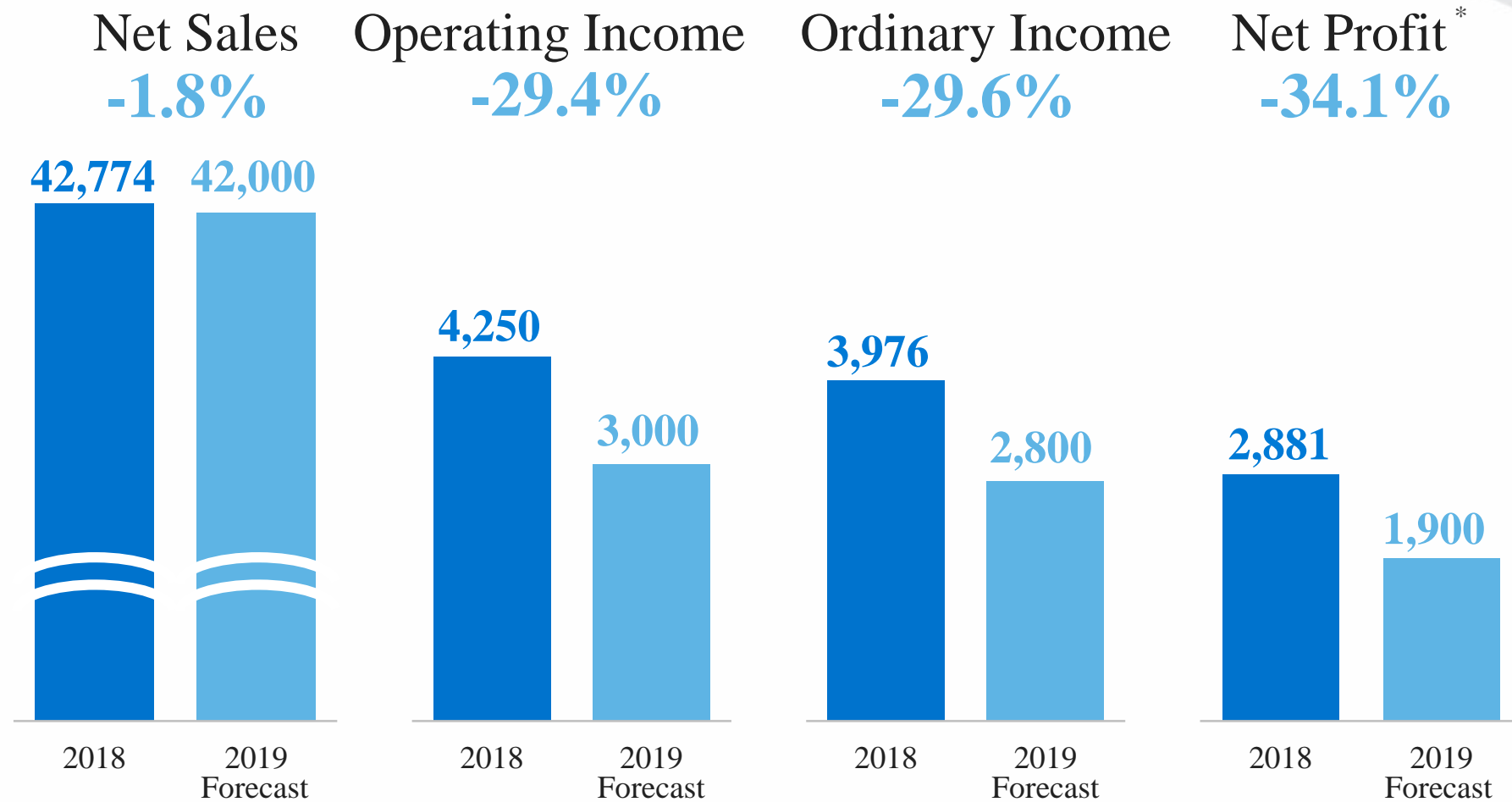
<b>Total Assets 36,710</b>		Total interest-bearing debt 3,240 (1,580)
<div> <div>✓ Cash and deposits + 1,403</div> <div>✓ Inventories (387)</div> </div>	<b>Current assets 27,185 million yen</b>	<div>✓ Notes and accounts payable (86)</div> <div>✓ Long-term loans payable (360)</div>
	<b>Non-current assets 9,525 million yen</b>	
	<b>Net assets 24,182</b>	<div>✓ Retained earnings + 2,122</div> <div>✓ Net assets ratio +4.3 points</div>
	<b>Net assets ratio 65.9%</b>	
Assets		Liabilities/Net Assets
		Change from the end of the previous fiscal year

# **Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2019**

- ▶ Halt the decline in printer sales by expanding the product lineup
- ▶ Make aggressive investments towards entering a growth stage
- ▶ Speed up business operations and put them on track through divisional organizational structure (strategic business units)

# Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2019

(Millions of Yen)

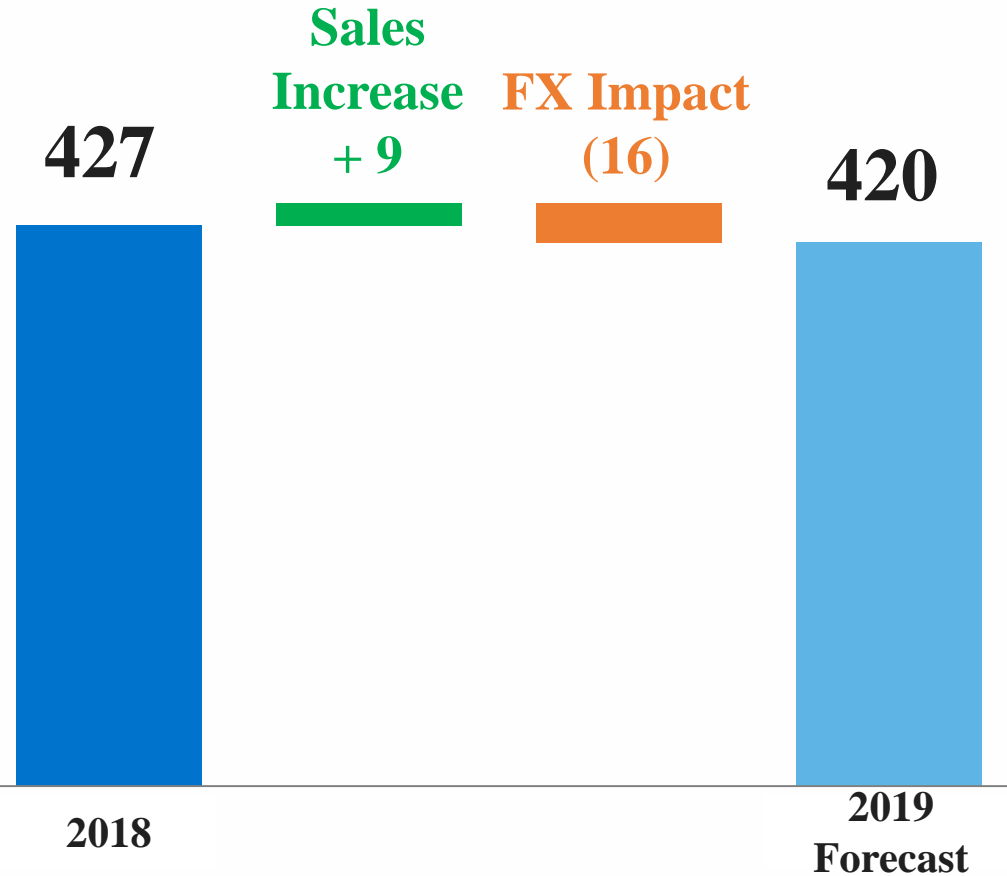


\* Profit attributable to owners of parent

# Variance Analysis YoY

(100 Million Yen)

## Net Sales



- ▶ Increase printer sales by expanding the lineup
- ▶ Dental continued to grow and 3D products sales increase
- ▶ Forecast exchange rate has a stronger yen than 2018, leading to loss of ¥1.6bn. Without this, we would have a ¥0.9bn Increase over 2018

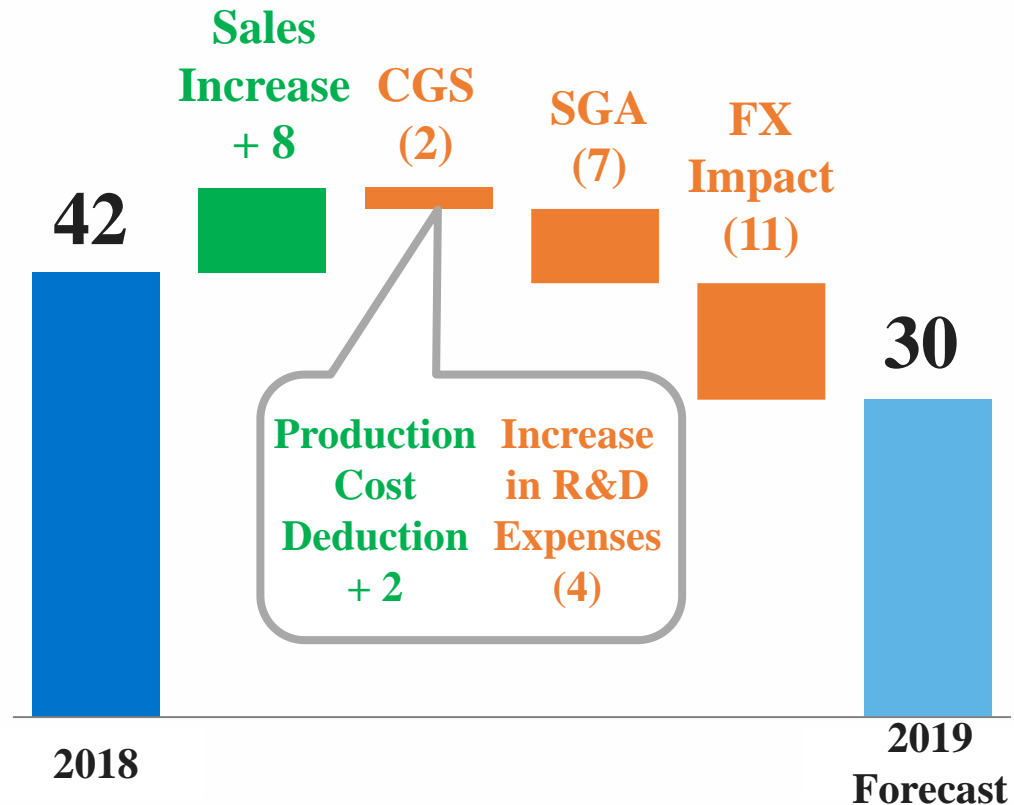
Average exchange rate for the year  
(Yen)

	2018	2019 (Forecast)	
USD	110.44	105.00	95.1%
EUR	130.45	125.00	95.8%

# Variance Analysis YoY

(100 Million Yen)

## Operating Income

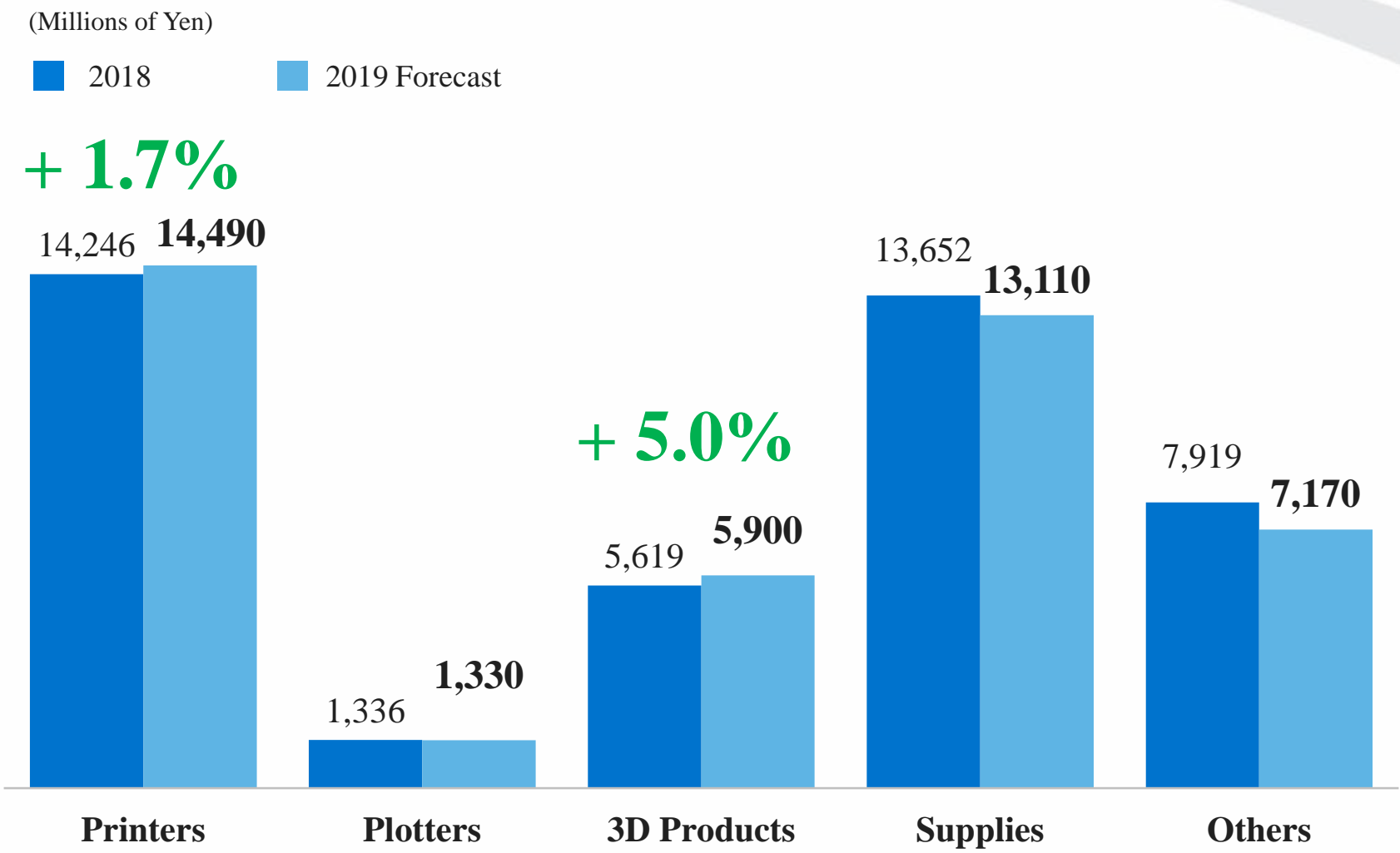


- ▶ Gross profit improved with sales increase and production cost deduction
- ▶ Make aggressive investment towards future growth
- ▶ Forecast exchange rate has a stronger yen than 2018, leading to loss of 1.1bn JPY. Without this, we would have a 100mm JPY increase over 2018

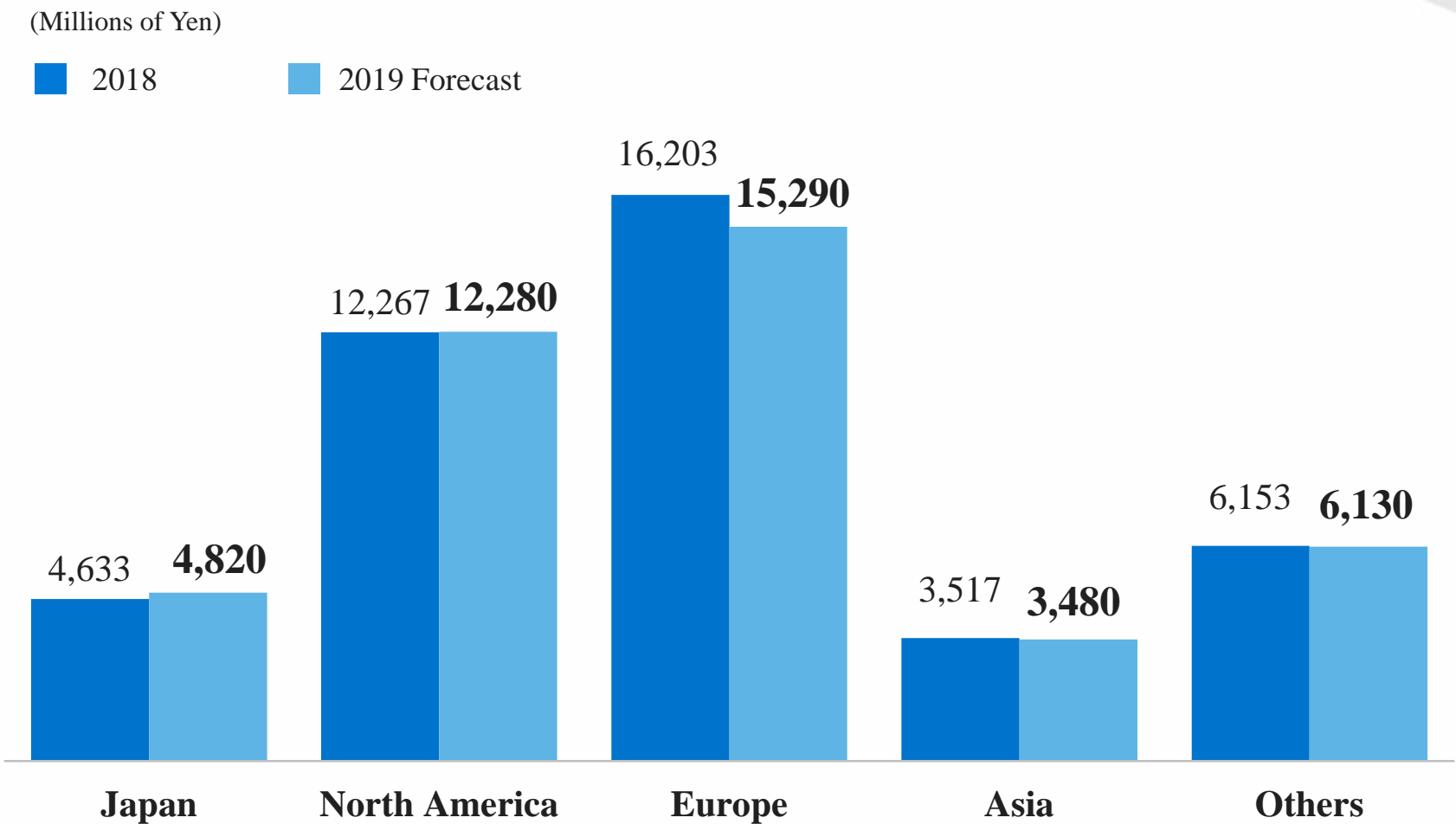
Average exchange rate for the year  
(Yen)

	2018	2019 Forecast	
USD	110.44	105.00	95.1%
EUR	130.45	125.00	95.8%

# FY2019 Sales Forecast by Product

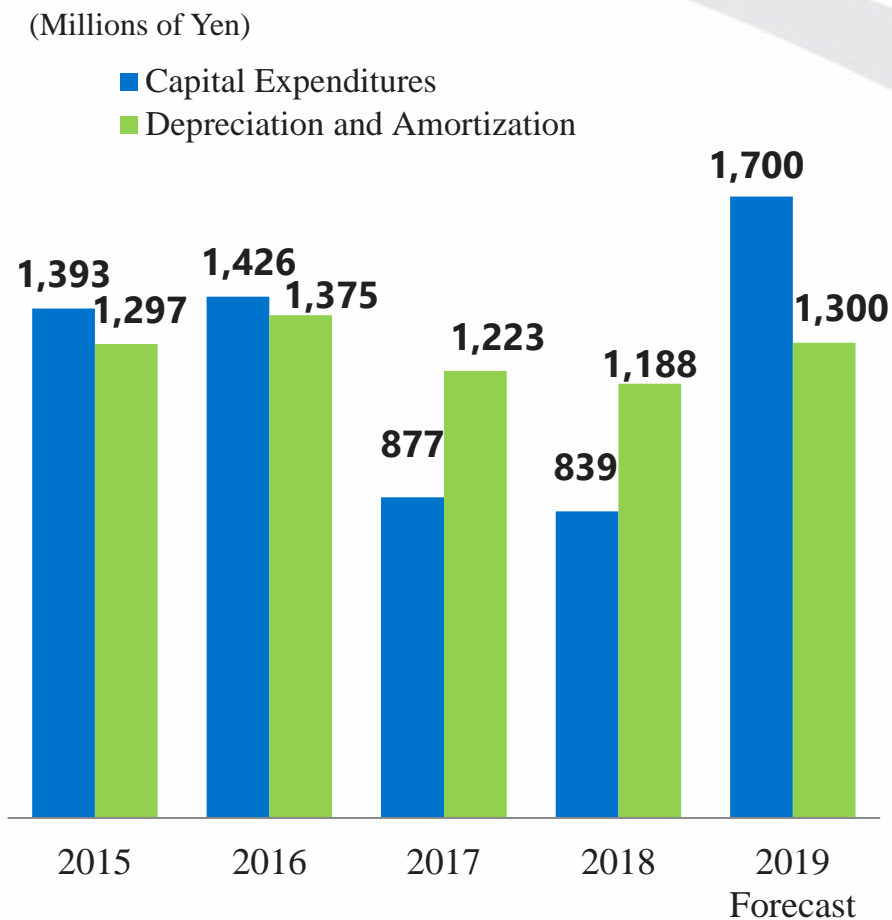
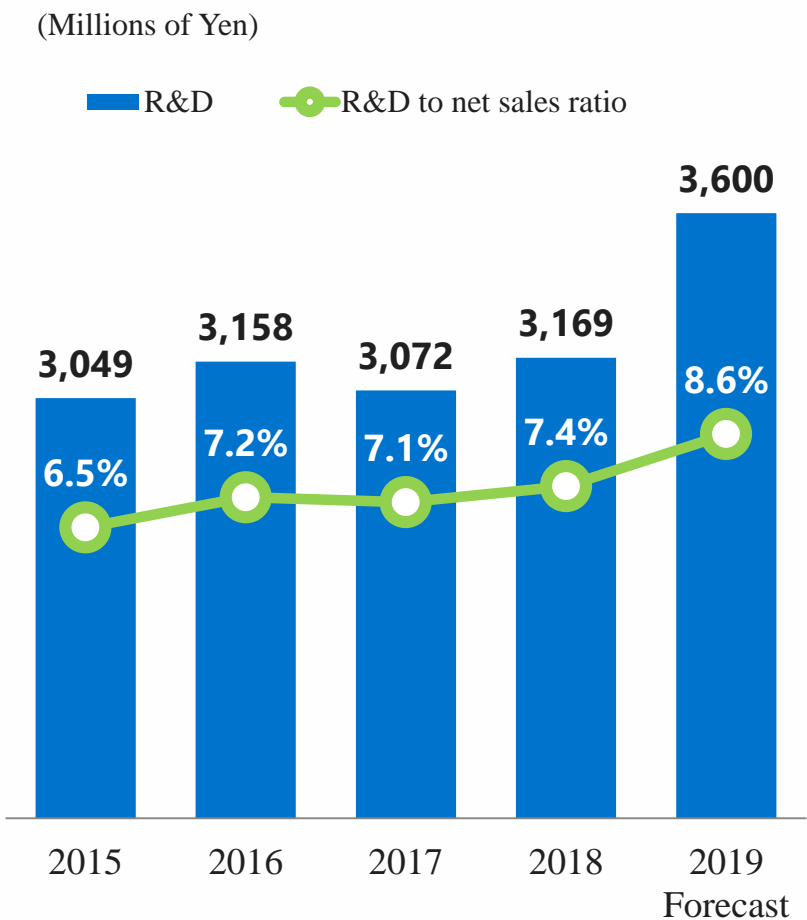


# FY2019 Sales Forecast by Region





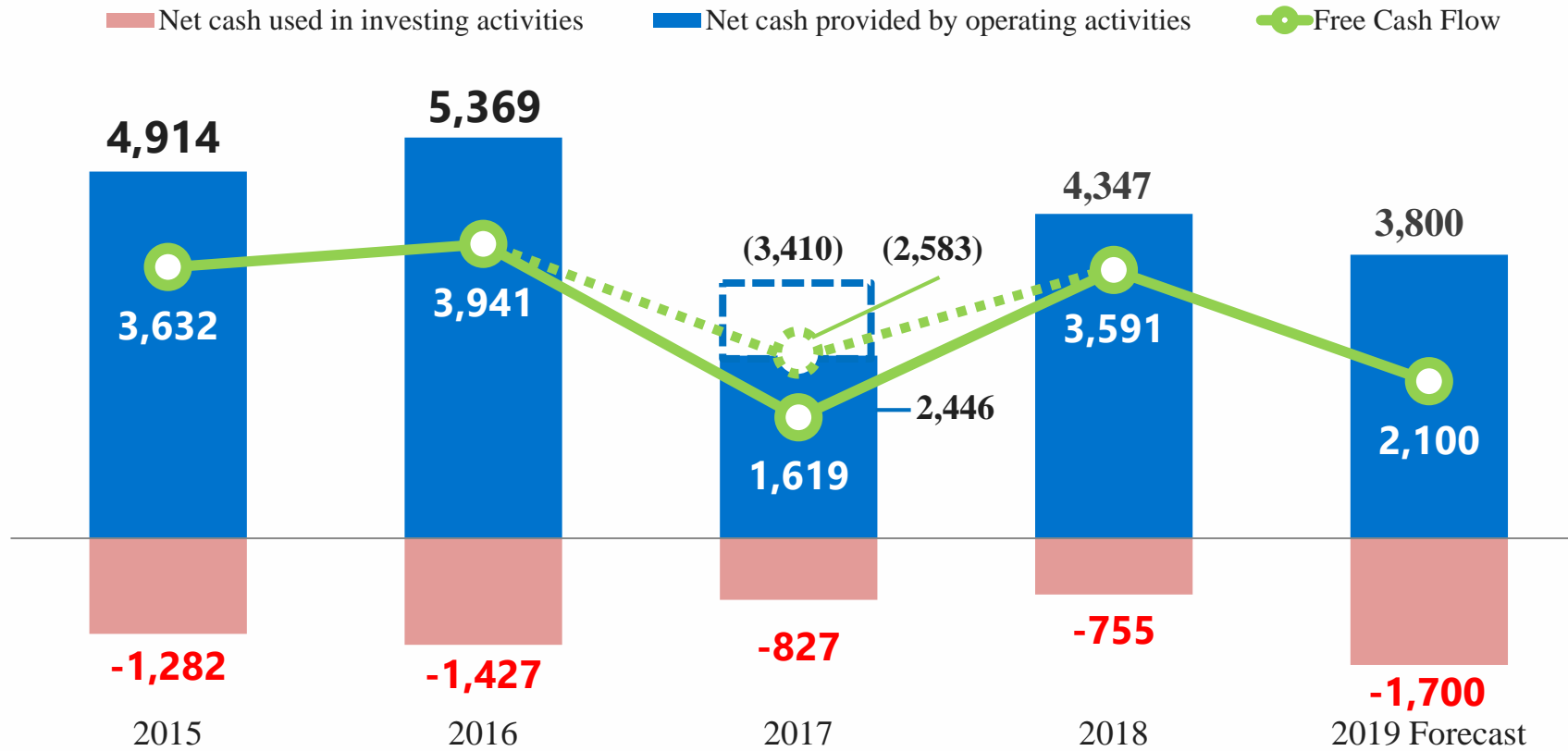
# R&D, Capital Expenditures, and Depreciation and Amortization



Figures for FY2015 are adjusted to the 12-month period

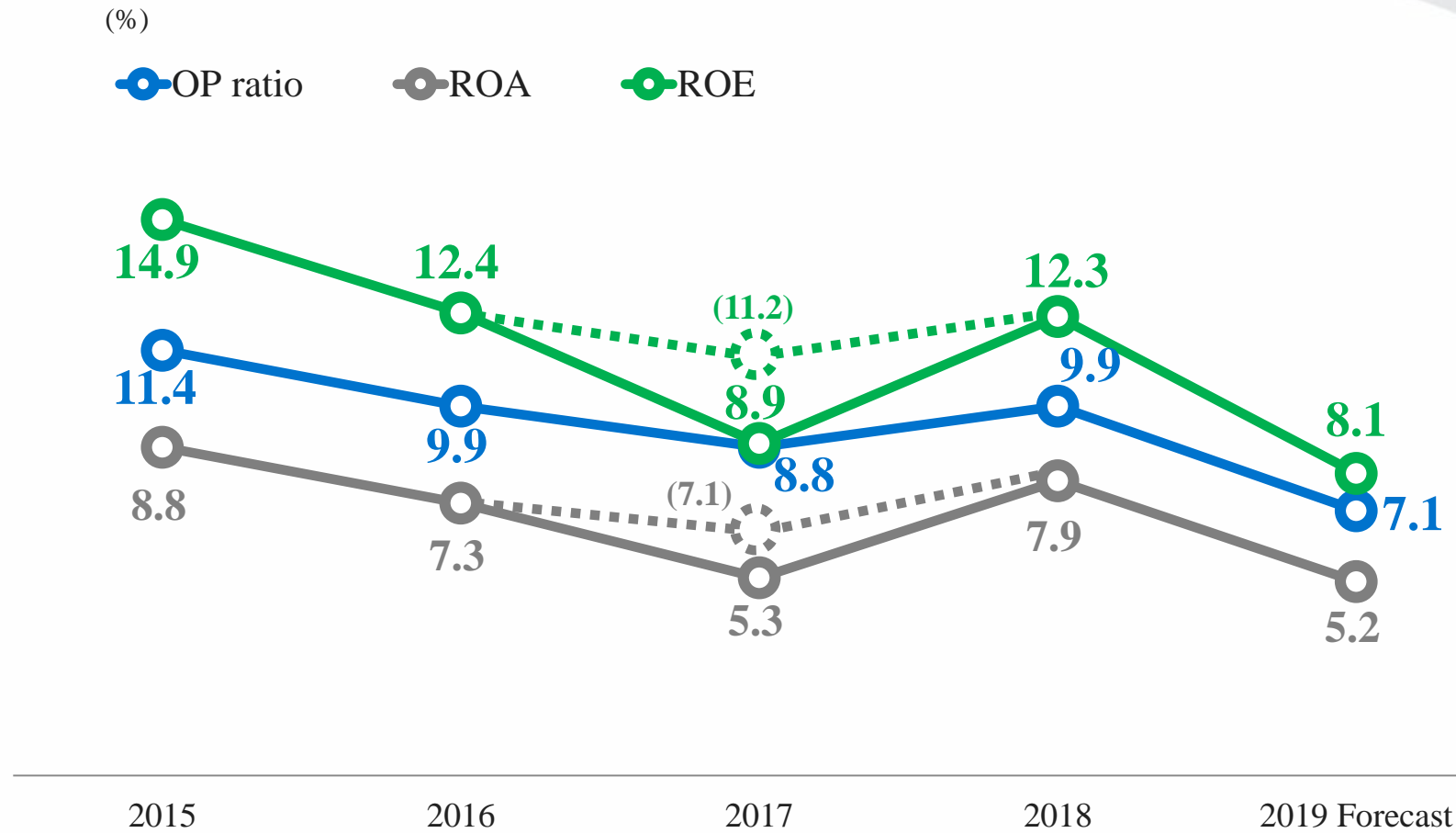
# Free Cashflow

(Millions of Yen)



Figures for FY2015 are adjusted to the 12-month period  
Dotted line denote figure excluding extraordinary loss

## Selected Financial Data

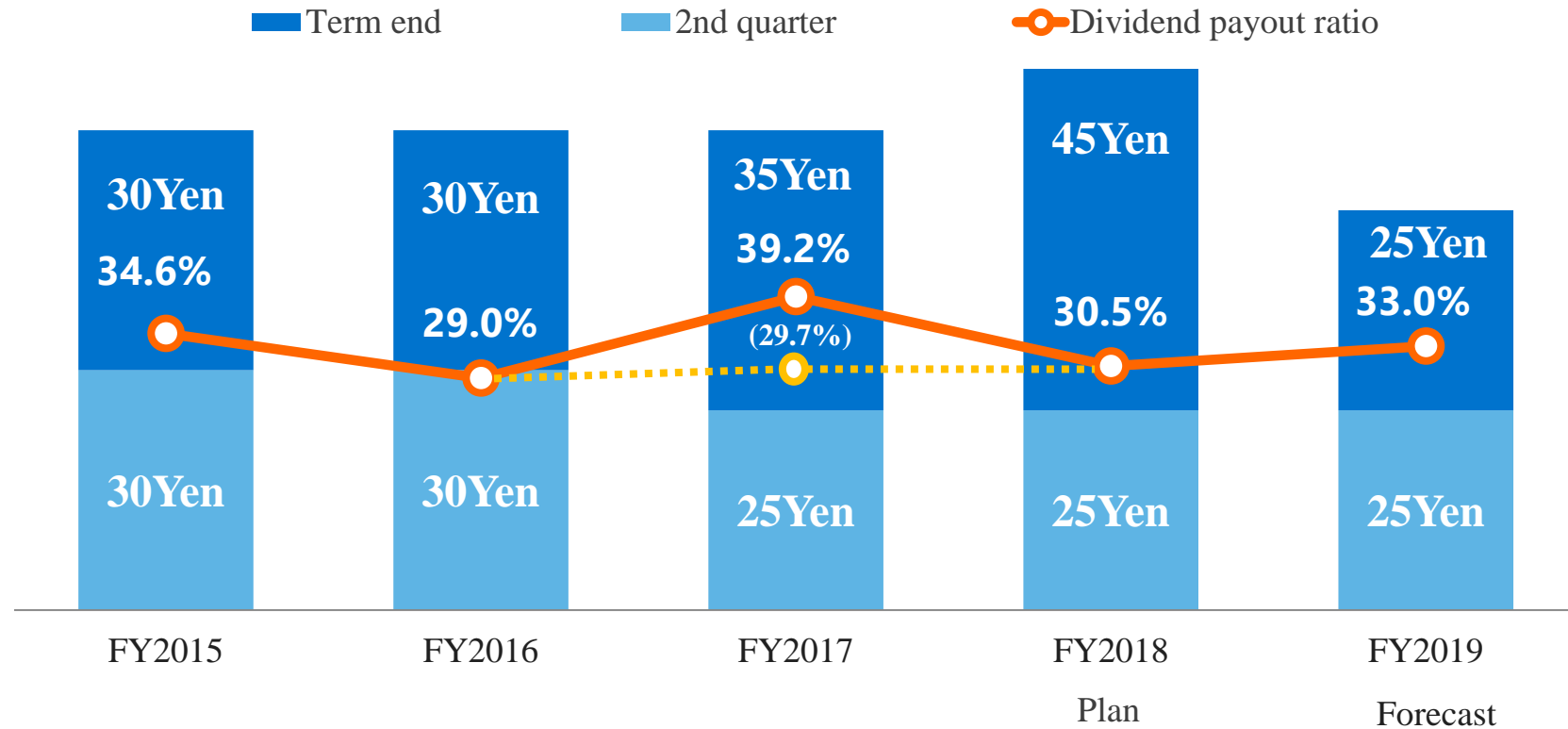


Figures for FY2015 are adjusted to the 12-month period  
Dotted line denote figure excluding extraordinary loss

# Dividend Forecast

FY2018: ¥25 paid as an interim dividend, ¥45 planned for the year-end dividend. Annual dividend payout ratio will be 30.5%

FY2019 Forecast: ¥50, down ¥20 from FY2018, expected. Annual dividend payout ratio will be 33%



Dotted line denote figure excluding extraordinary loss

# Changes to Directors

## New Candidate for Director

Name	New Position	Current Position
Toshiharu Uwai	Director	Executive Officer Division President of Corporate Division

## Director Scheduled for Retirement

Name	Current Position
David Goward	Executive Vice President and Director

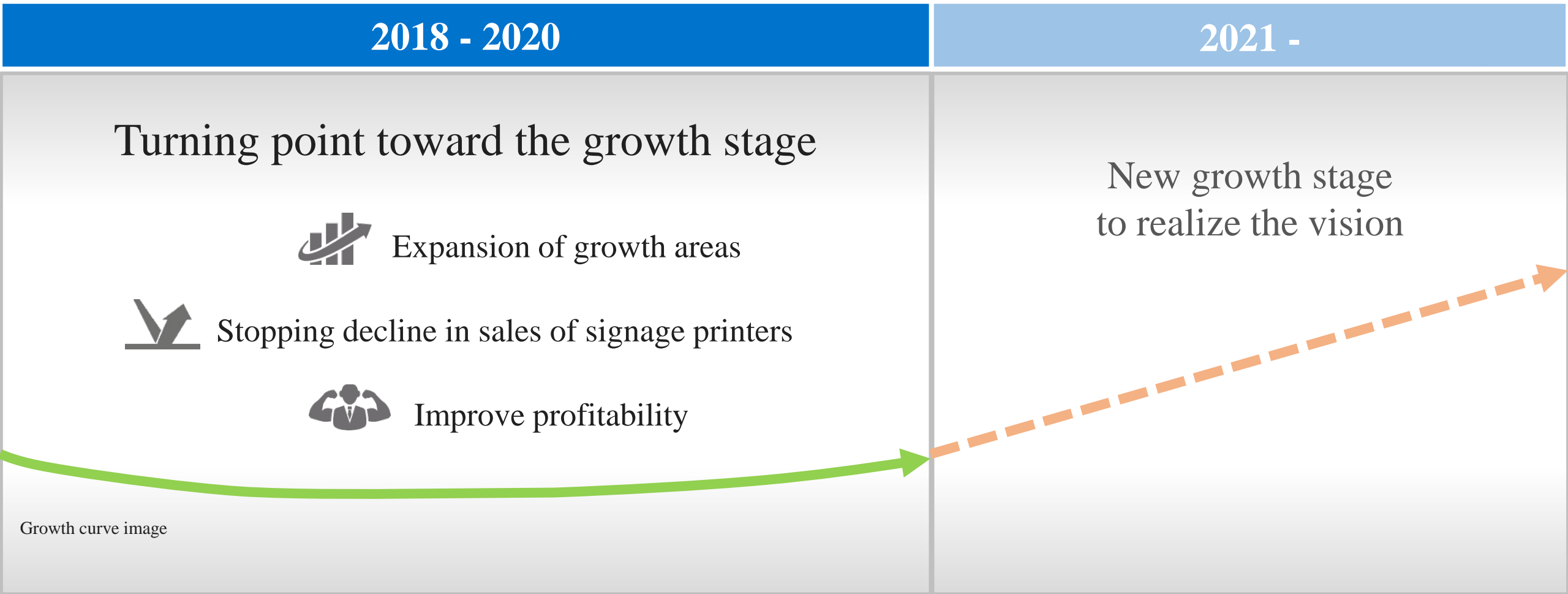
## Audit & Supervisory Board Member to be reappointed

Name	Current Position
Shigeki Matsuda	External Audit & Supervisory Board Member

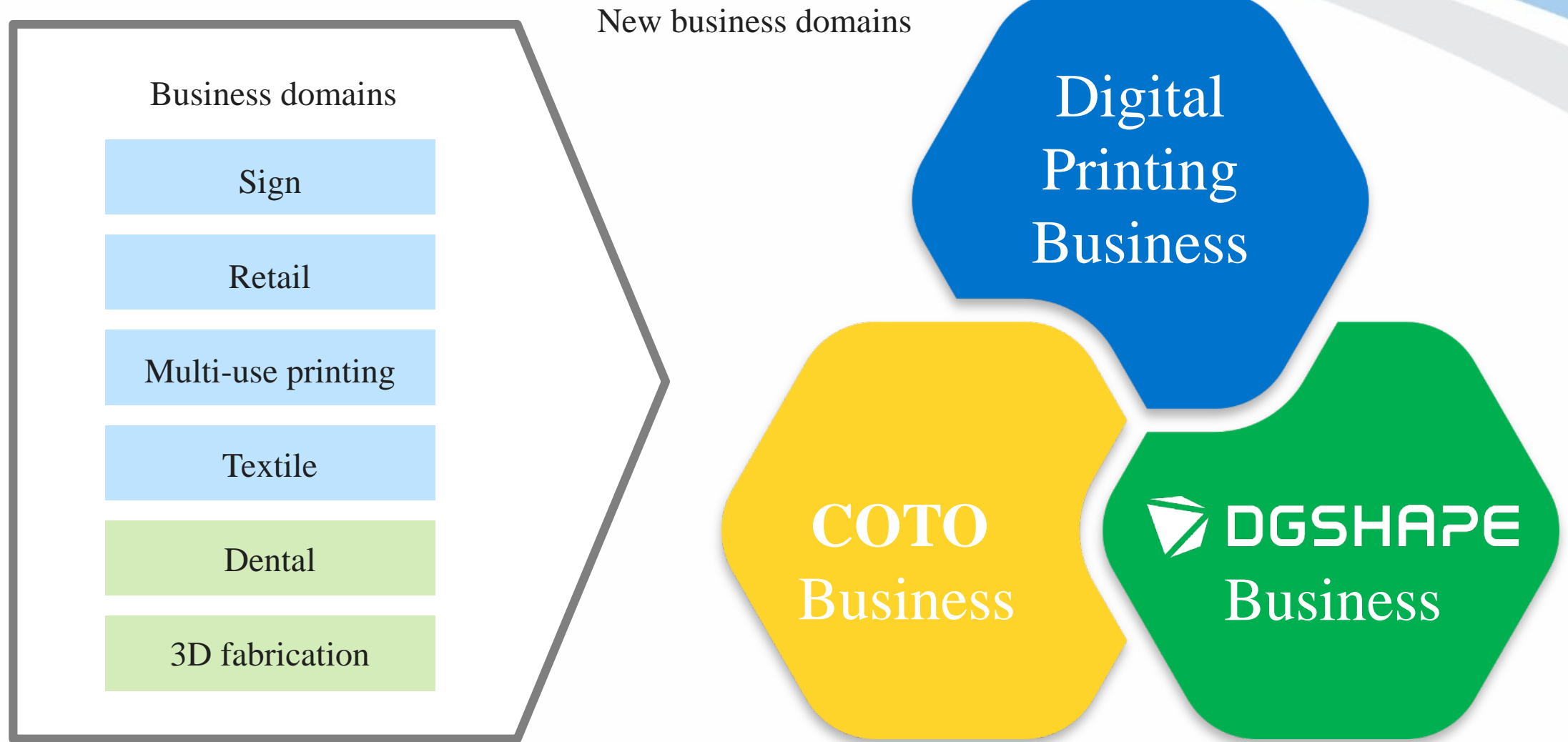
To be effective upon the approval of the Ordinary General Meeting of Shareholders scheduled on March 20, 2019

# Business Plans

# Positioning and Issues of the Medium-Term Management Plan



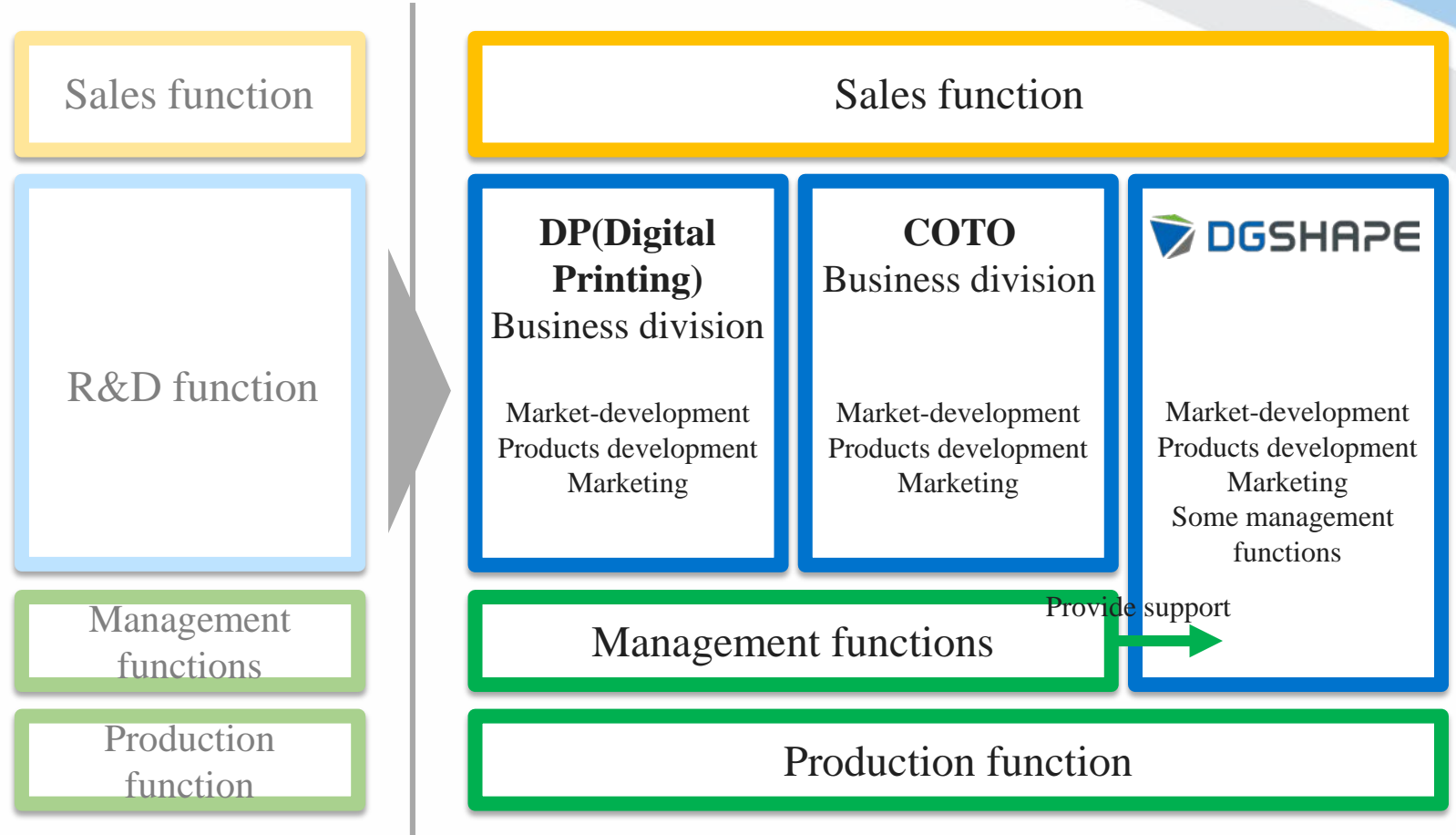
# Review of Business Domains

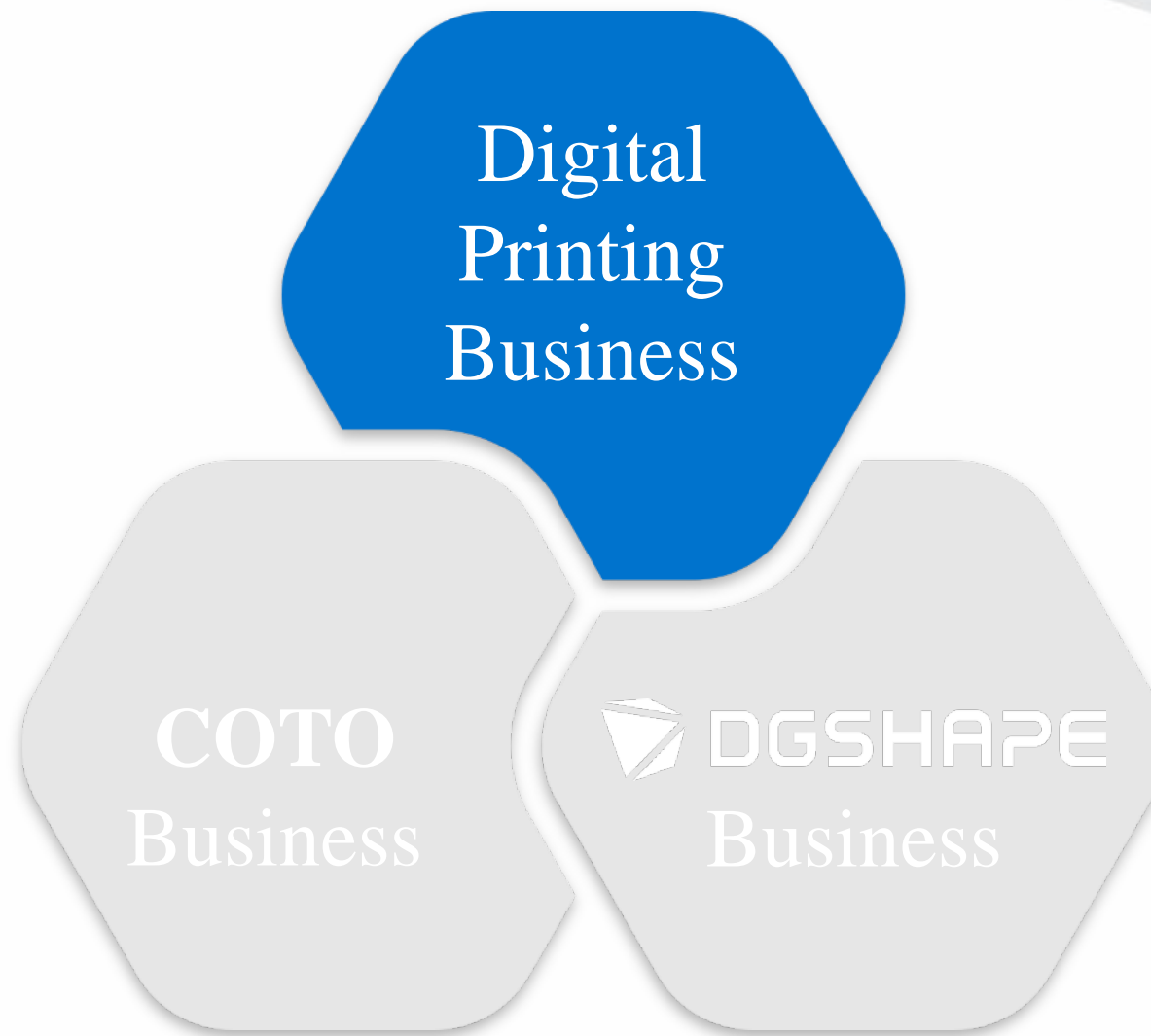




# Strengthen Operations: Shift to Divisional Organizational Structure

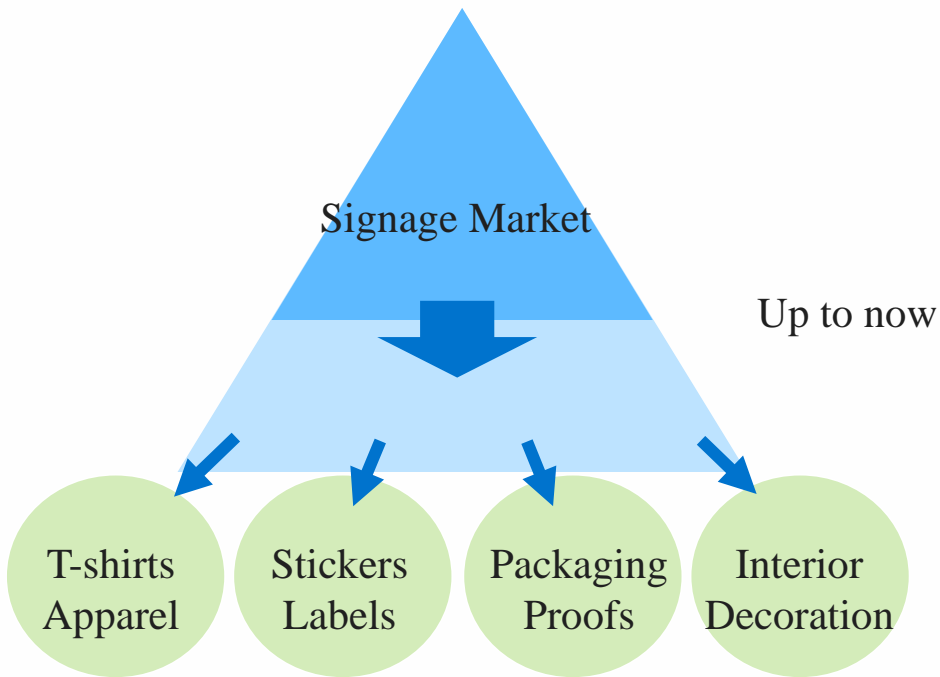
- ▶ Set focus around three new business domains
- ▶ Strengthen ownership to accelerate business growth
- ▶ Place market development, product development and marketing functions in each business divisions and strengthen operations



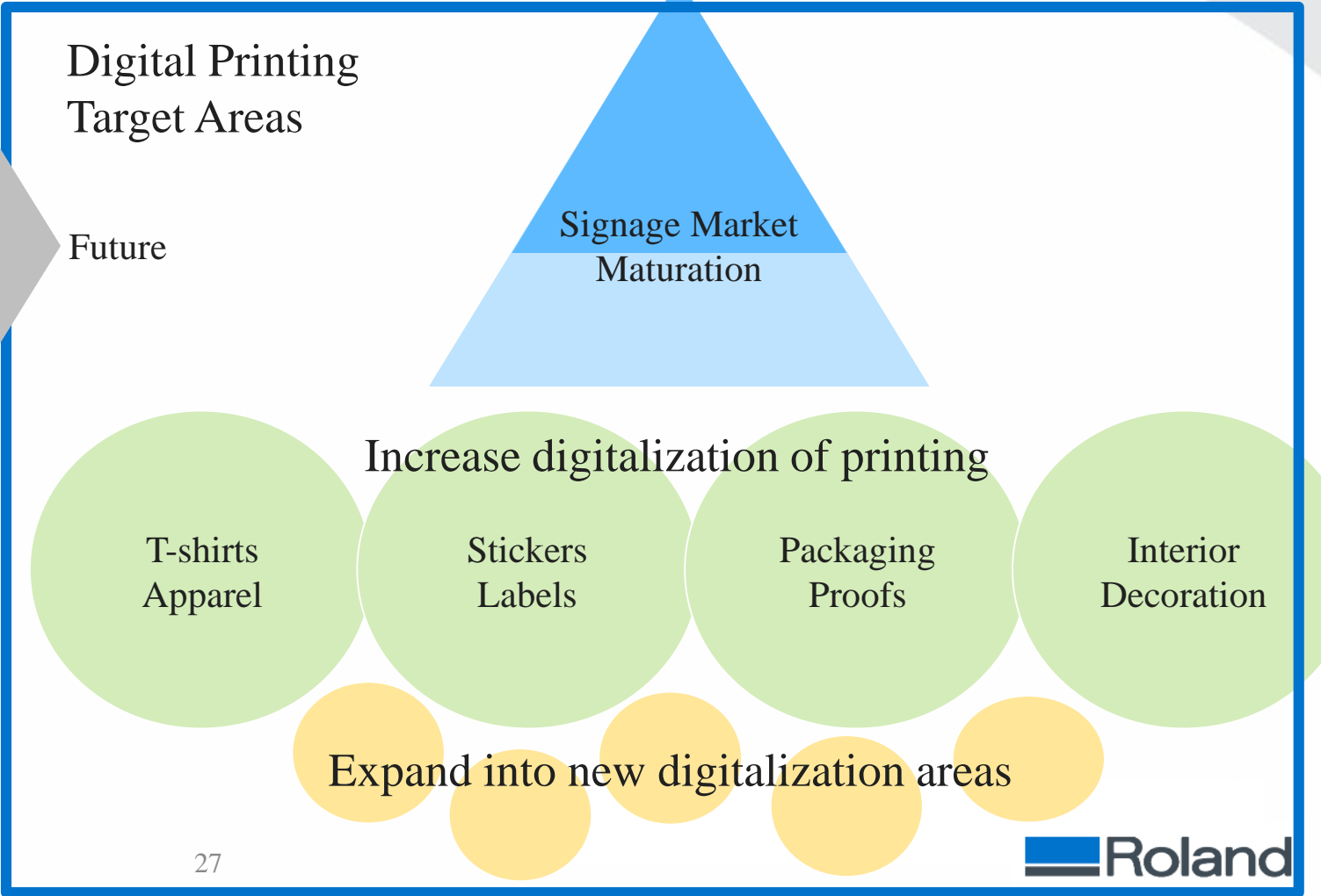


# Expansion of Digital Printing Market

Expand signage market (solvent printer market) and cultivate variety of applications

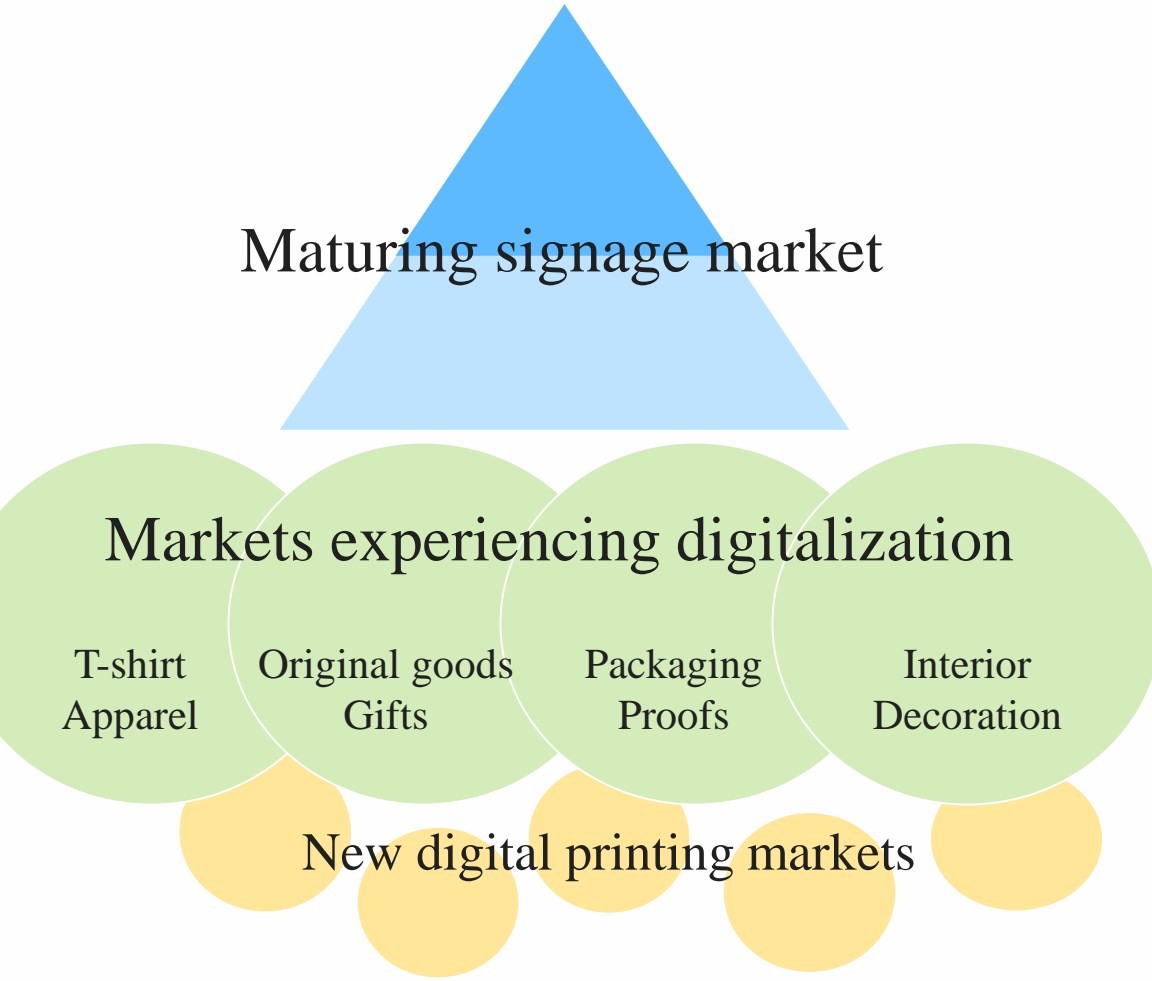


Technology	Digital Devices/Network/Cloud/ICT/IoT /AI
Society	Digital data utilization/Diverse needs/Personalization/SNS sharing



# Key Issues in the Digital Printing Business

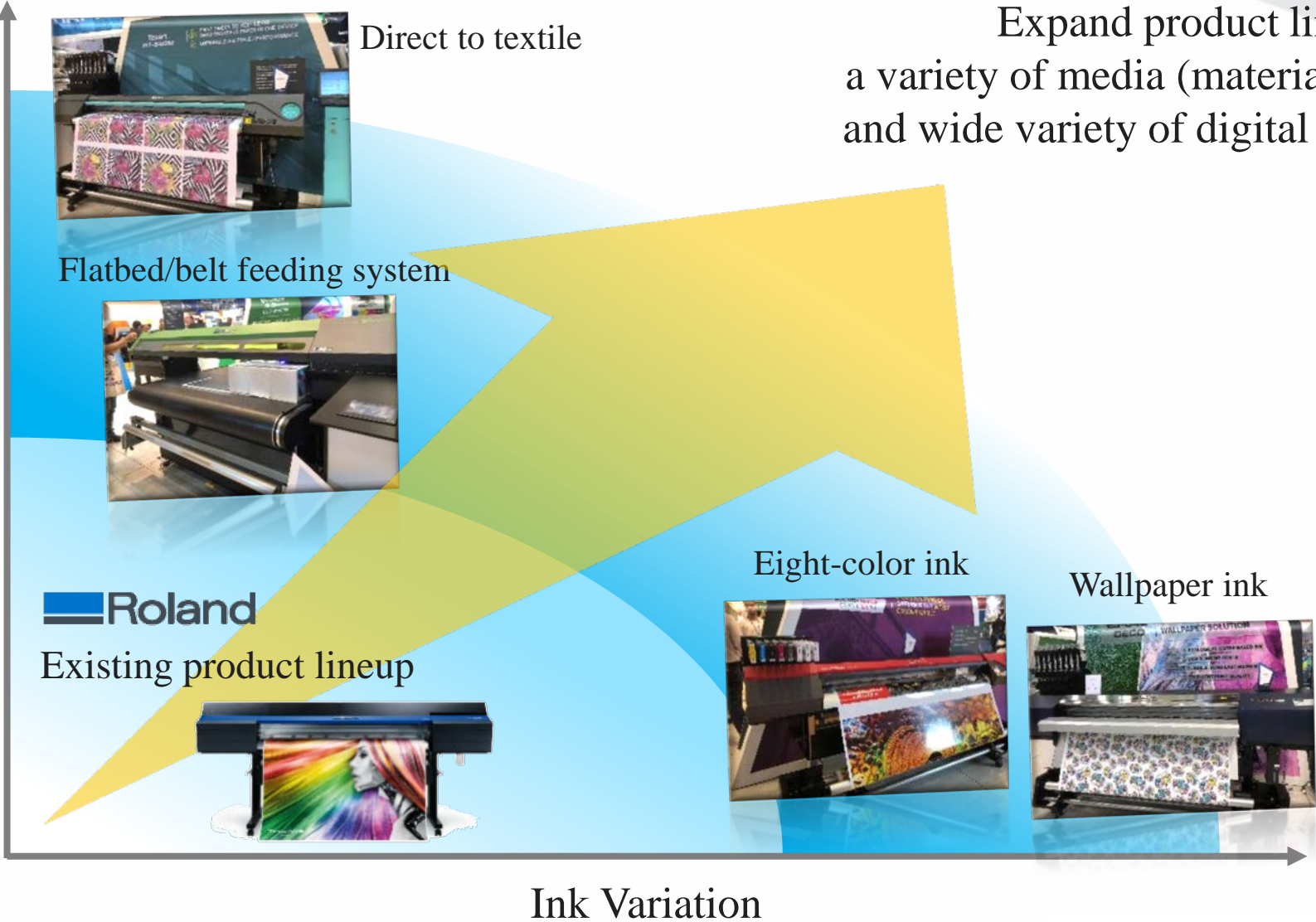
## Digital Printing Target Areas



Improve existing products and invest in new ones to stop sales declines in signage

Collaborate with local partners (Co-Creation) to expand lineup of products and services, expand into adjacent markets and cultivate them

# Expand Product Lineup for Printers



# Product Development through Co-Creation

Develop products through collaboration (Co-Creation) with local partners,  
and cultivate new digital printing markets

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## Local Partners

(having strengths in ink,  
mechanism, feeding system)



 **Roland**

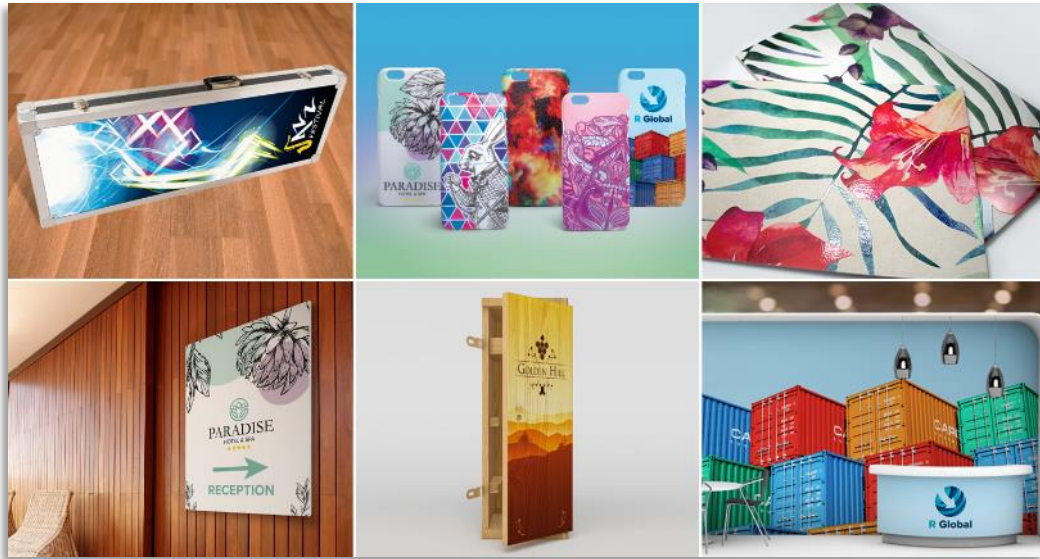
**Set up a dedicated team  
to promote Co-creation**



# Co-Creation Products

## 64-inch, 30-inch UV printer with flatbed/belt system

- ▶ Enable to direct print onto almost any substrate or object either rigid or flexible, from leather and canvas to wood, plastic, glass, metals, acrylic, banner, vinyl, paper and more
- ▶ Also support volume production runs of customized smaller items



## Co-Creation Products

### Eco-solvent ink jet printer

### *VersaEXPRESS RF-640* 8 Colour

- ▶ Red, Green and Orange ink extend the range of achievable colors across the color spectrum, and with Light Black deliver eye-popping color, exceptional skin tones and smooth gradients for stunning photographic reproduction.
- ▶ Excellent color reproduction capabilities perfect for PSPs looking to match corporate brand colors



### Multi-function dye-sublimation printer

### *Texart RT-640M*

- ▶ Enables direct-to-textile and indirect sublimation printing in a single device
- ▶ Makes it possible to print onto polyester fabrics for a huge range of applications (visual communication, fashion, sports and décor)





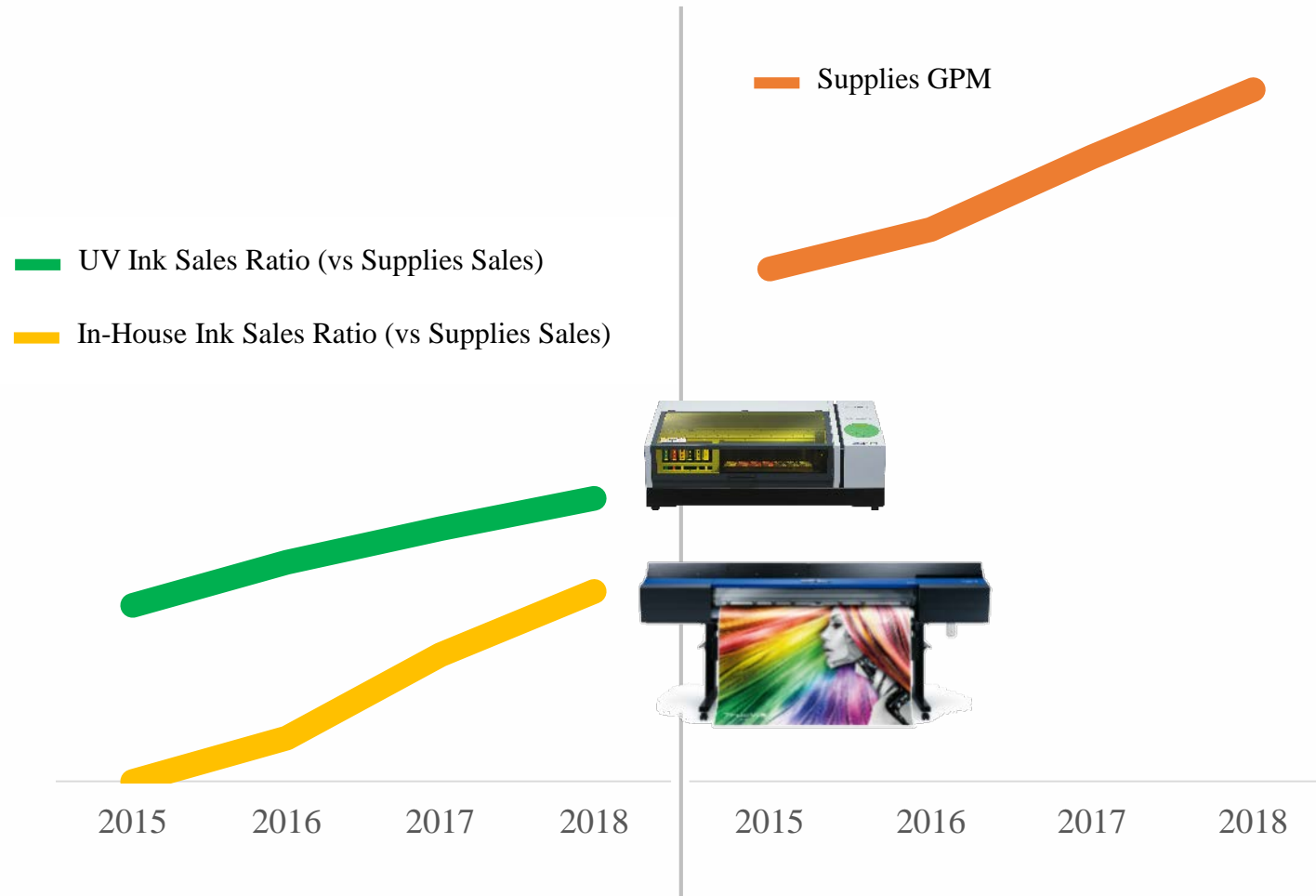
# Global Rollout of Co-Creation Products

Expanding Co-Creation products developed in Europe around the world



Discover latent needs in each region, further strengthen Co-Creation development

# Change in Sales Composition by Ink and Increase in GP Margin on Supplies



Increase in sales ratio of in-house ink and UV ink leads to increase in the GP margin of supplies



Expand sales for models using in-house ink and UV ink

Develop new models using in-house ink and UV ink



Overall improvement of profitability in printers including hardware and ink

## Sales Expansion Activities for the Retail Market

- ▶ US sales subsidiary has set up a dedicated retail team to cultivate demand for retail stores, online retailers, and consumer brands

Retail UV printer sales YoY

**Up 37%**

- ▶ Successful adoption by large-scale fashion and sports brands

**LEF-12i**



**LEF-200**



**LEF-300**

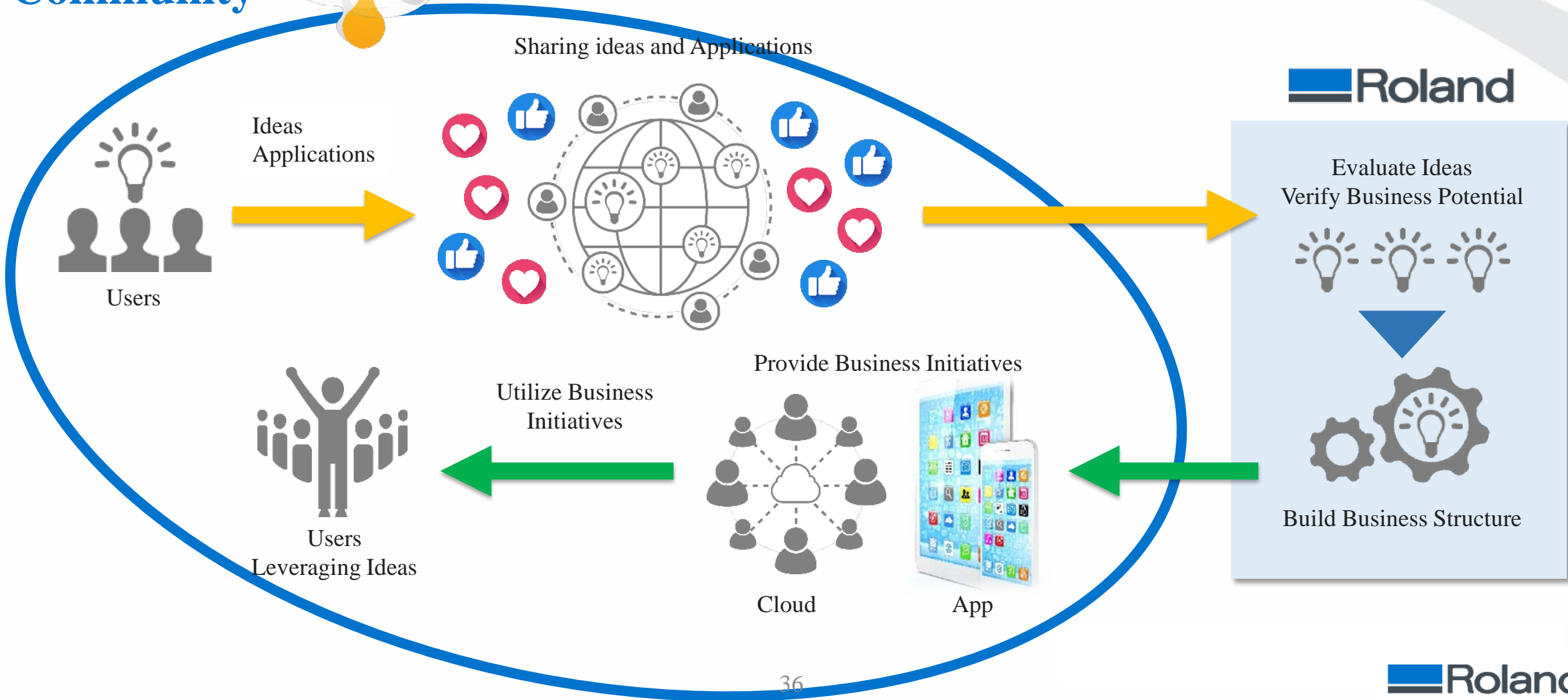


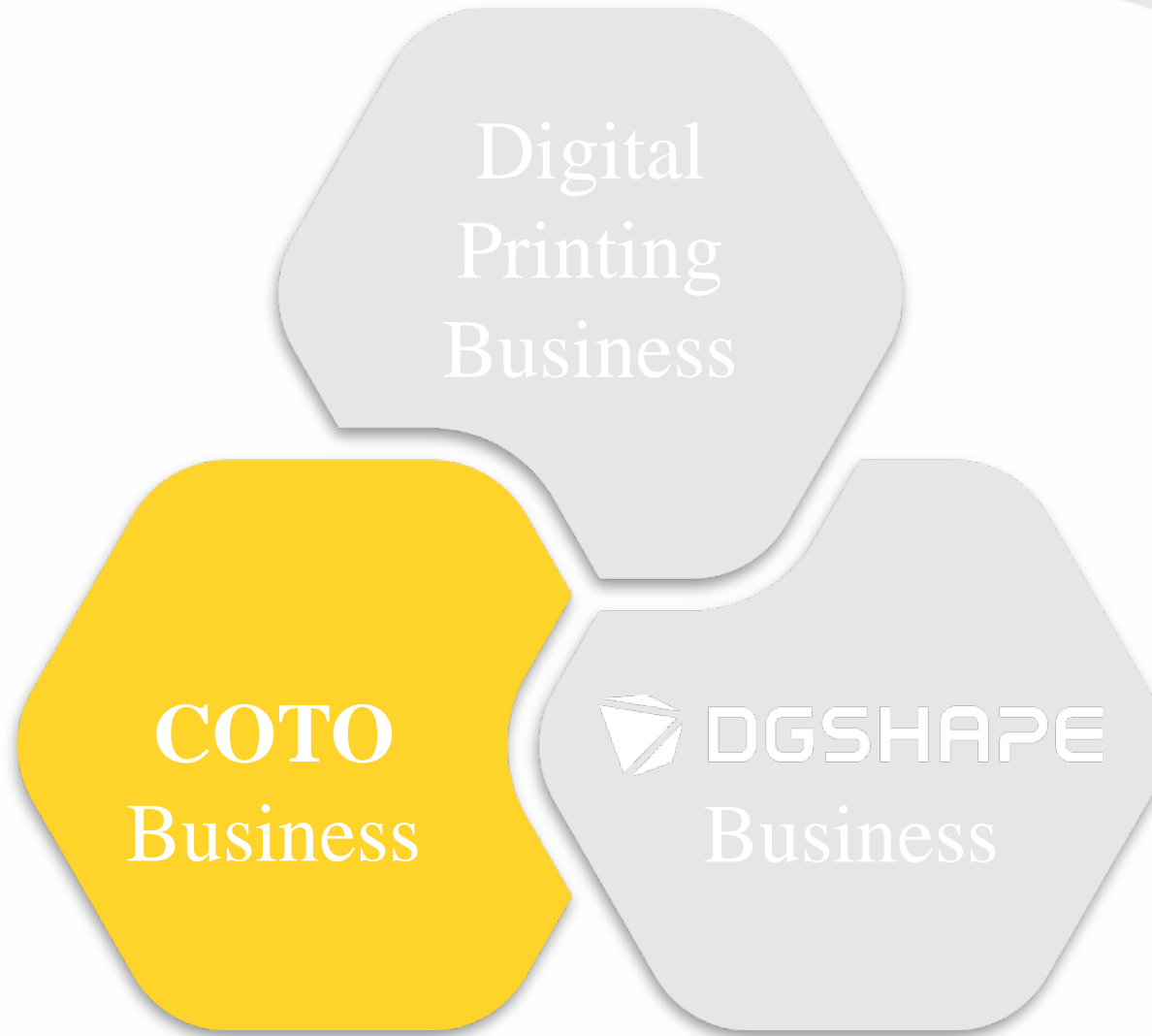


# Roland DG Community



Create a “Place” where we can develop ideas from advanced users into business initiatives that benefit other users





# Focus on Individual Customers

Create joy, surprise and happiness  
with personalized goods that evoke feelings



Customers seeking personalized goods



Happiness



Enjoyment

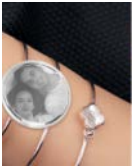


Joy



Various factors behind the needs

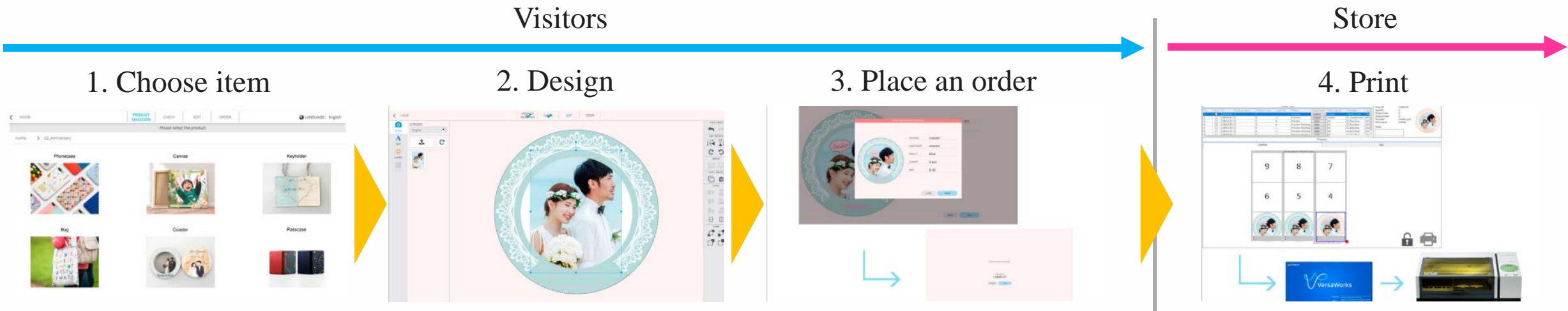
Personalized goods that evoke feelings



# cotodesign: Design & Print Management Software



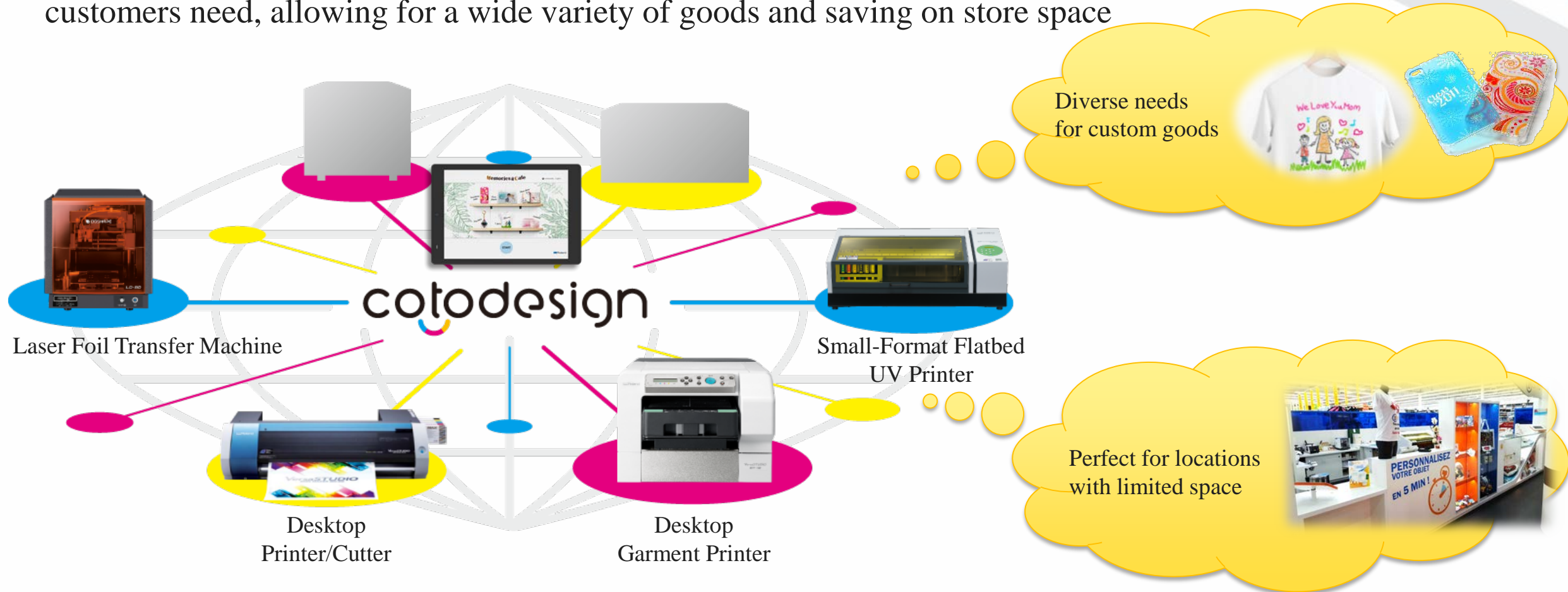
- ▶ Visitors use an in-store tablet to select goods and directly create original designs with ease
- ▶ Store can easily output data and manage all orders
- ▶ Customize screen design and layout to match location





# Business Proposals with cotodesign

With the ability to connect to a wide variety of desktop-sized machines, it offers the flexibility customers need, allowing for a wide variety of goods and saving on store space







## Desktop-sized Garment Printer **VersaSTUDIO BT-12**

- ▶ Easily print direct to cotton items

T-shirts, tote bags,  
interior goods and more



- ▶ Compact size saves space



- ▶ Works with cotodesign  
software for total support  
of in-store printing services

### VOGUE FASHION'S NIGHT OUT 2018 Urban Research Omotesando Hills



Distributed original goods printed with event designs and names using our printer to visitors

### WILD-1, Inzai Big Hop (Collaboration with outdoor magazine “fam”)

Distributed personalized lantern-shaped charms printed on our UV printer to visitors



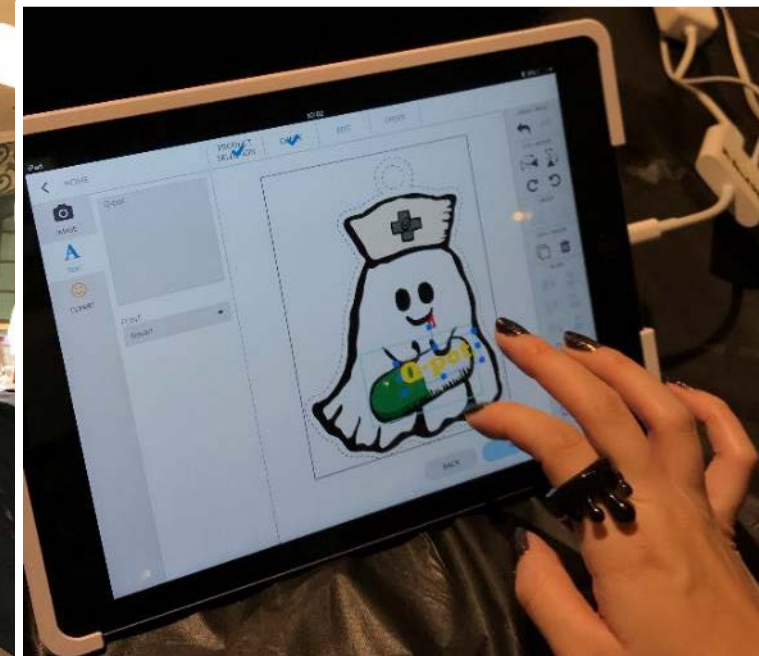
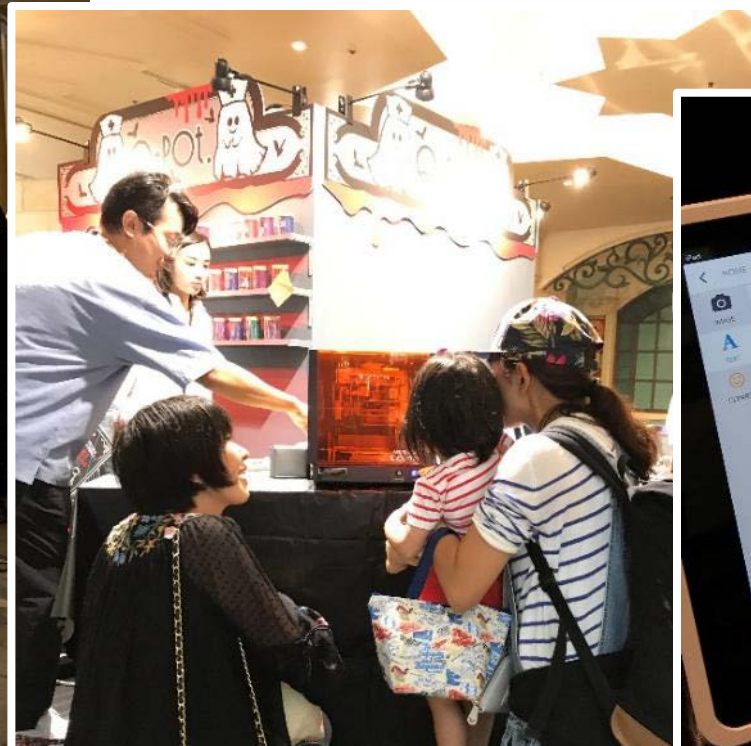


## PR Activities at Events

### Q-pot. (Gram Co., Ltd.)

Limited-time store  
at Ikspiari (Tokyo Disney Resort)

Sold personalized charms  
printed with our LD-80 laser foil decorator



# COTO Business Future Developments

## Software

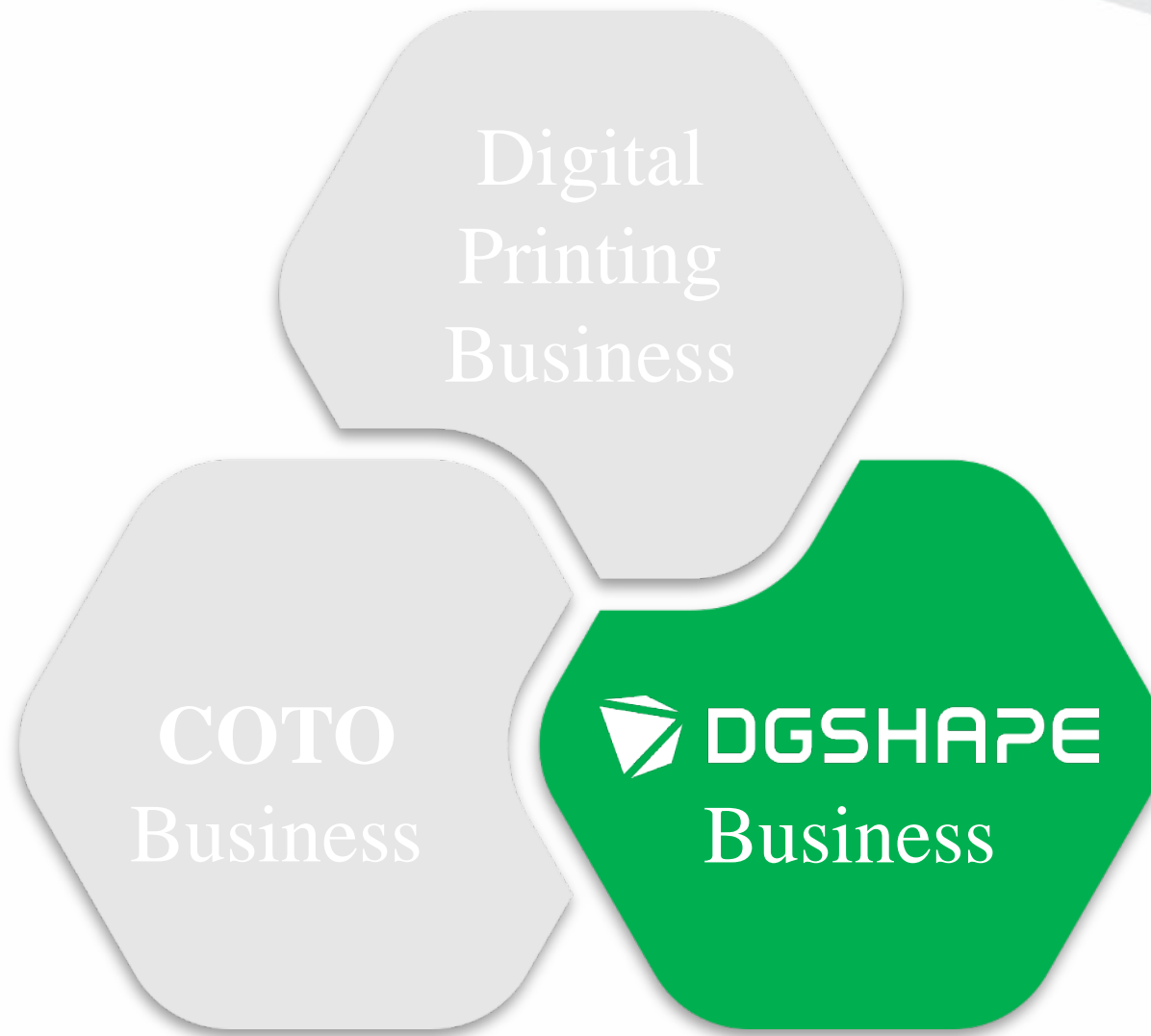
- Increase products supporting cotodesign software and expand applications
  - Improve cotodesign software functionality and ease of use
- 

## Content

- Obtain and deliver design content to meet diverse needs of customers
- 

## Business Model

- Build business model for each target industry
- Cultivate sales channels to expand sales







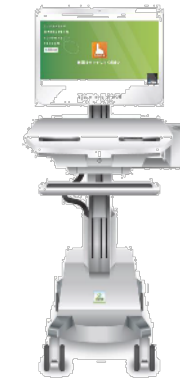
## Dental



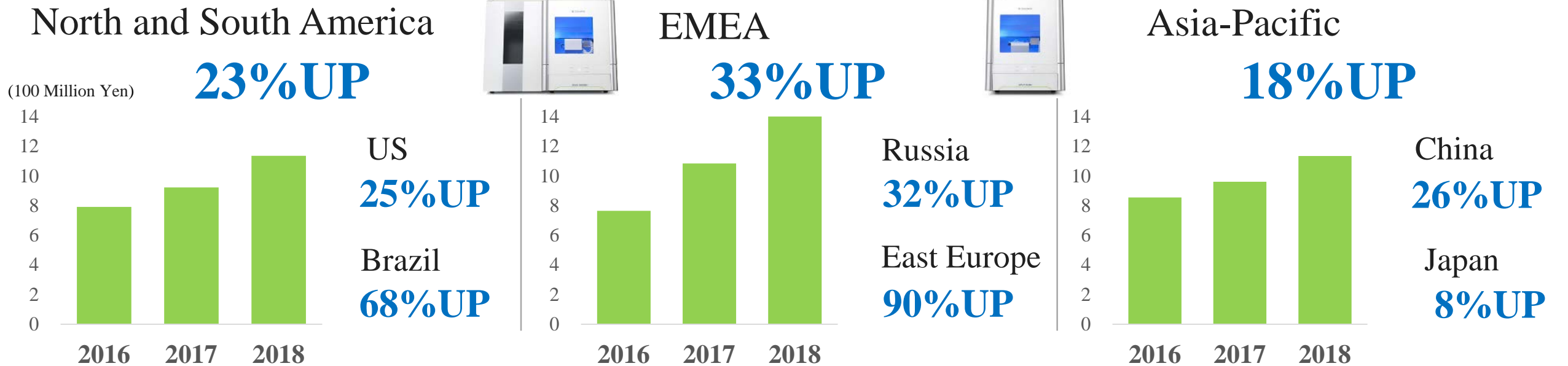
## 3D Digital Fabrication



## Medical



# Dental: Sales of Dental Milling Machines by Region

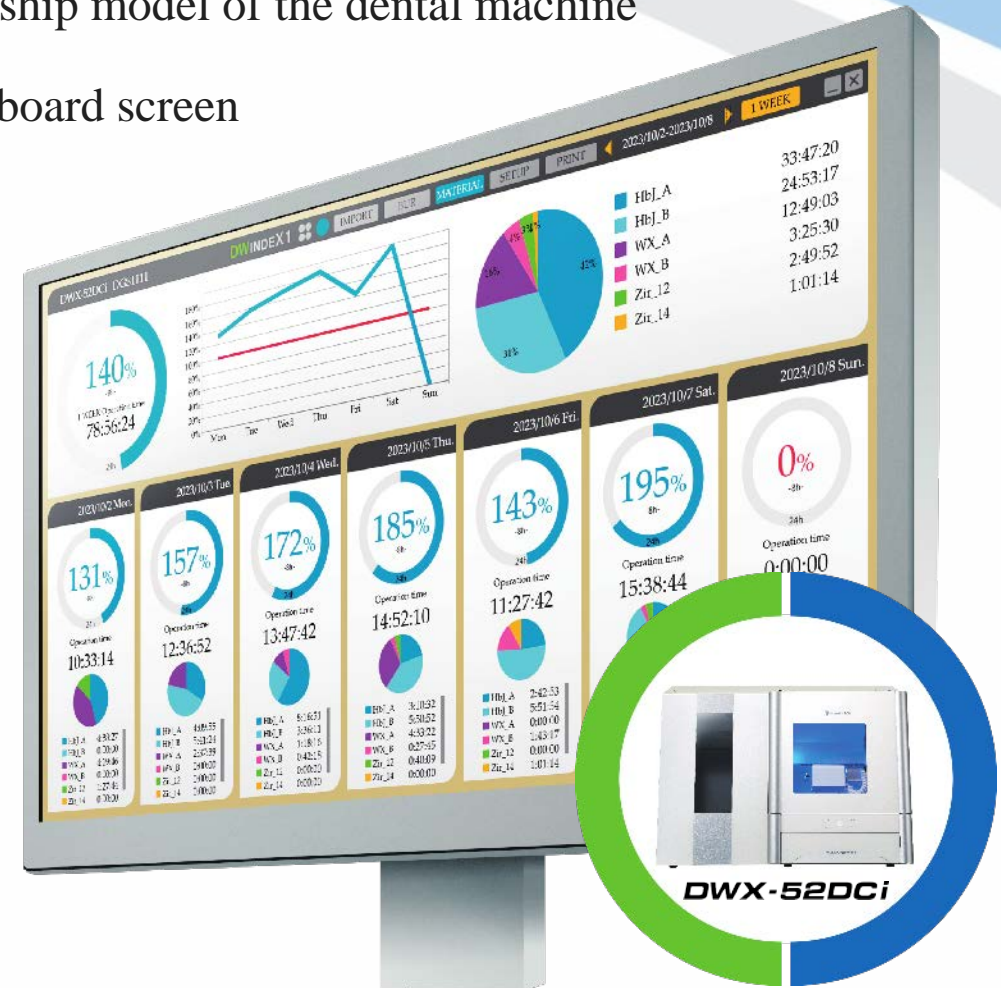


# Dental: New Value Proposition with Software

DWINDEX

DWINDEX : Operation management software for the DWX-52DCi, flagship model of the dental machine

- ▶ Automatically monitors operational status and shows data on dashboard screen
  - Operating time and rate of milling machine
  - Usage time and rate of milling bar
  - Processing time and usage history of materials
- ▶ Contribute to efficient operation management and calculation of return on investment
- ▶ Customer Value: streamline operation and management  
Competitiveness: Give a competitive edge over similar machines and models
- ▶ New version with enhanced functionality and convenience is under development





# Dental: New Wet Dental Milling Machine

The DWX-42W can produce highly-esthetic restorations from the glass-ceramic and hybrid resins

- ▶ Equipped with a newly-designed, in-house spindle

Reduced air pressure and volume requirements (which eliminates the need for an additional compressor), up to 50% faster milling times



- ▶ Compact design and high maintainability are ideal for dental clinics



**DWX-42W**

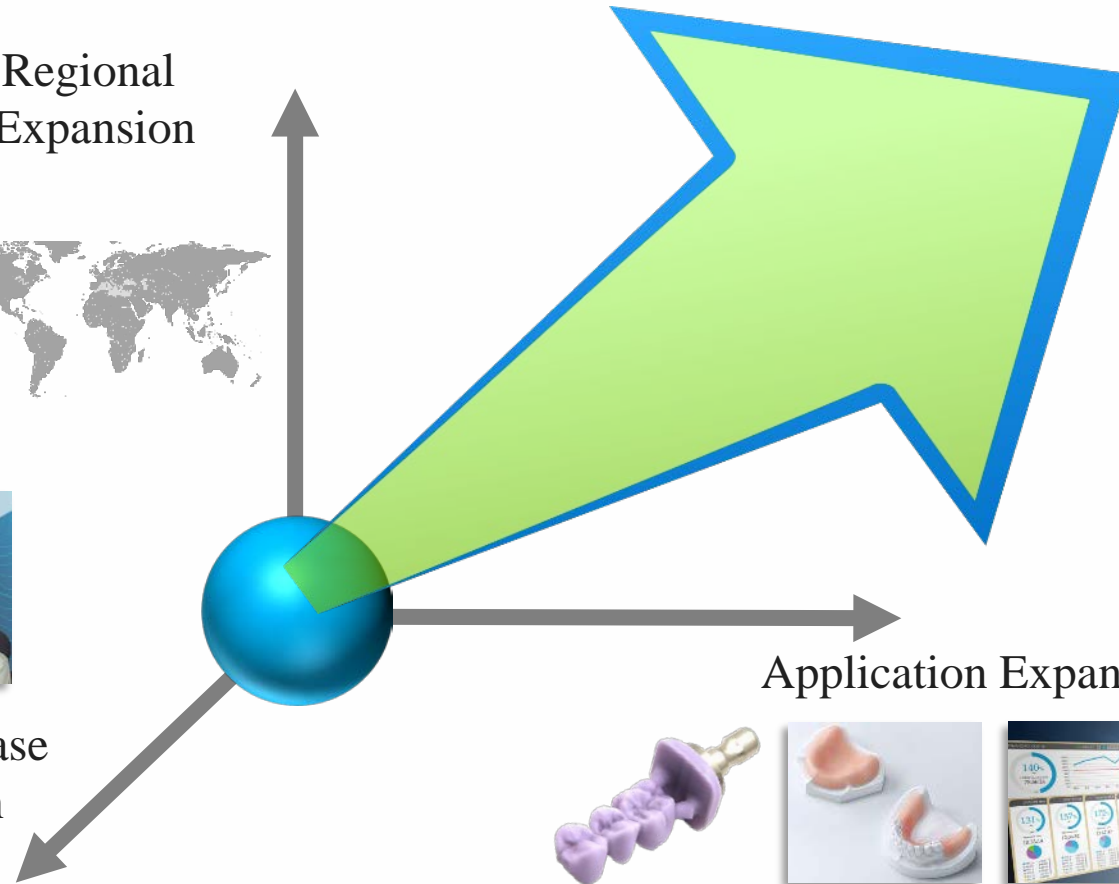


# Dental: Towards Sustainable Growth

Regional  
Expansion



Customer Base  
Expansion



**Realize sustainable growth for the dental business by strengthening technological development around 3 key drivers of growth**

Strengthen technological development

# Medical: Medical Instrument Safety and Maintenance Support System



## Eirthemis

Software for comprehensive support of medical  
Instrument safety and maintenance

- ▶ Eirthemis MD, Eirthemis KT,  
Eirthemis BManager
- ▶ Utilize the technology and knowhow of our  
proprietary digital cell production system to  
help hospitals solve issues with medical  
instruments management
- ▶ Target medium-sized hospitals  
(300 to 500 beds)

NEW

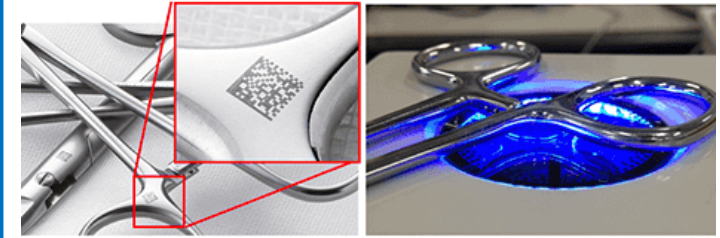
### Eirthemis MD

Digitization of work instructions



### Eirthemis KT

Support for maintenance and work management

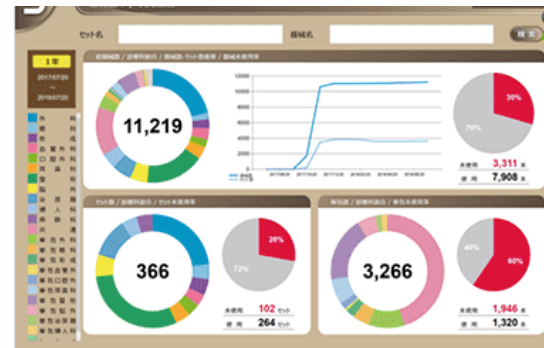


Markings to instruments

Automatic recognition

### Eirthemis BManager

Logging data  
reference



Clear display of aggregated data

Working  
Data  
Registration



Management function of each instrument

# 3D Digital Fabrication: New Desktop Engraver

A new desktop engraver built on 30 years experience

Successor to the EGX-350 which shipped close to a total of 10,000 units

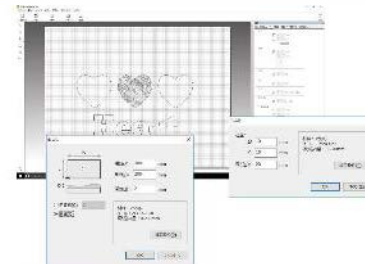
- ▶ A variety of engraving applications including industrial nameplates, signage, awards, and gift personalization



- ▶ Reviewed interfaces and software to improve user convenience



Laser pointer for precise material alignment



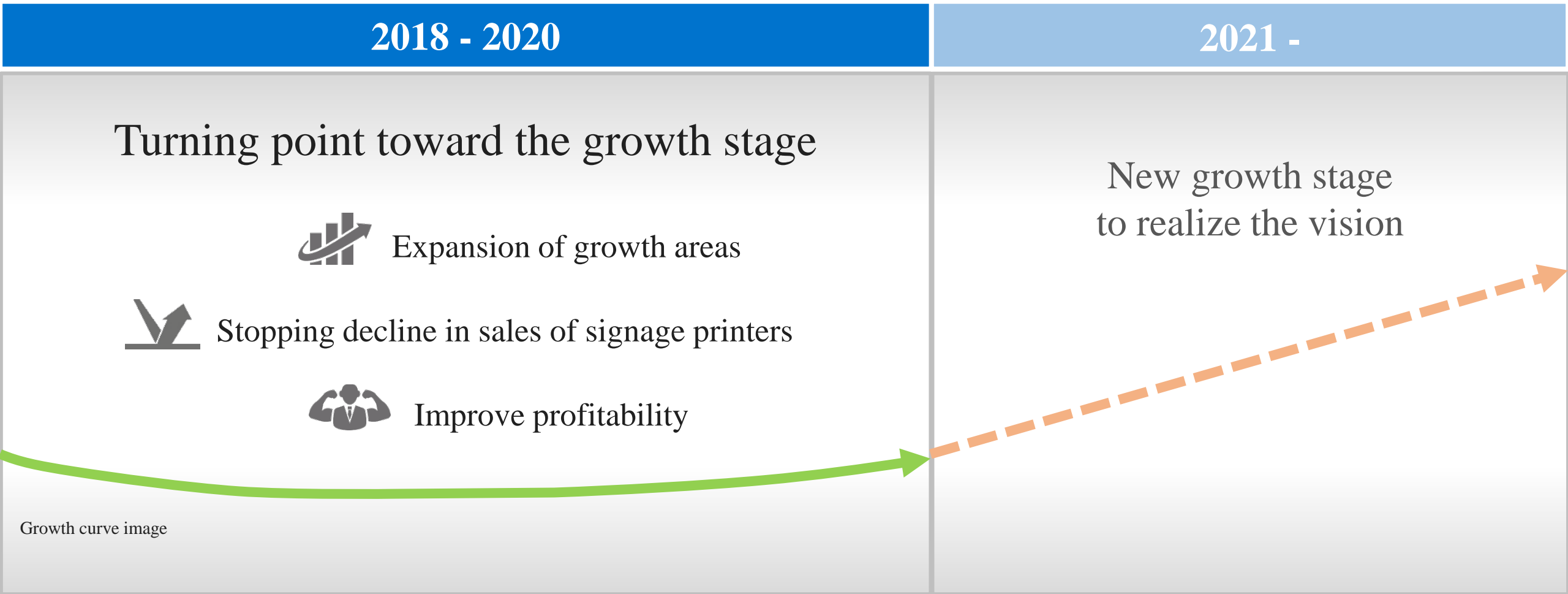
New application software  
Dr.EngravePlus



## DE-3



# Positioning and Issues of the Medium-Term Management Plan



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 (as of February 18, 2019). 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.