



May 8, 2013

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Notice of Formulation of Medium-term Business Plan

Roland Corporation (the “Company”) hereby announces the formulation of “Medium-term Business Plan 2016/3” for the three years from the fiscal year ending March 31, 2014, as detailed below.

1. Background behind the Formulation of Medium-term Business Plan

The Roland Group is engaged in two businesses: Electronic Musical Instruments Business, and Computer Peripherals Business developed by Roland DG Corporation, a subsidiary of the Company. Following the collapse of Lehman Brothers, the management environment has changed dramatically for both businesses and their performance has been affected by factors including economic downturn and rapid and prolonged appreciation of the yen. The Company has established the future vision of the Roland Group as Medium-term Business Plan, reflecting on the past developments and clearly identifying issues to be addressed.

2. Overview of Medium-term Business Plan for Electronic Musical Instruments Business

(1) Management Vision

- 1) Strive to be an attractive brand which stimulates creativity
- 2) Expand the number of people who actively enjoy music and video
- 3) Create richer lifestyles with electronic musical instruments technologies

(2) Medium-term Business Plan Policy

This medium-term period is positioned as a business restructuring phase. The Company will leverage its strengths while appropriately responding to the issues it faces in order to create a stable revenue base.

Roland's strengths	<ul style="list-style-type: none">▪ Strong global brand▪ Creative digital technologies▪ Product power in musical instruments backed by “artware (sensibility)”▪ Market creation strength through solutions unique to electronic musical instruments
Reasons for performance decline	<ul style="list-style-type: none">▪ Divergence from market needs▪ Weak region-specific marketing▪ High cost structure (costs, selling, general and administrative expenses)▪ Bloated and redundant supply chain for development, production and sales

(3) Responding to Issues

1) LOW-COST OPERATION ~ Improvement of Earnings Power and Establishment of Foundation

The Company will continue business structural reforms implemented during the fiscal year ended March 31, 2013 and further improve its earnings power. In the medium term, it will focus on reducing procurement costs through such initiatives as the promotion of global purchasing and the optimization of back office with a view to cutting fixed costs. In addition, the Company will strengthen the revenue management system, and optimize inventory by further advancing supply chain management on the basis of the production system in Japan which was consolidated last year and the centralized warehouses in North America and Europe.

2) GLOCALIZATION ~ Strengthening Regional Response

While globalization is making progress in various fields along with the development of the information-oriented society, music and musical instruments are fields still characterized by strong regional features and traits. The Company will strive to expand sales through global operations while at the same time undertaking activities suited to regional traits. In Japan, Europe and the United States where changes in distribution are conspicuous as seen by the oligopoly of distribution and the expansion of Internet sales, the Company will strengthen direct approach to customers and acquire potential customers by providing solutions unique to electronic musical instruments. In China and emerging countries where the market is expanding, the Company will make efforts for development of distribution, as well as cope with products supporting unique music culture and contents such as sounds and accompaniment style, in proceeding with the cultivation of the market.

3) INNOVATION ~ Strengthening of Product Power

Since its founding, Roland has created markets through solutions unique to electronic musical instruments based on its own technology and has worked to increase the population of musicians. By utilizing the Internet and cloud systems, the possibilities of electronic musical instruments will further expand. We will further advance proprietary digital signal processing technologies and bring them together in custom LSI, realizing such technologies as our core competence. Our aim is to realize product innovation.

In existing fields, the Company will strive to stabilize sales through measures such as further incorporating market needs and appropriate price-setting, mainly for pianos, drums and guitar-related products, which boast a large market size. In addition, the Company will proceed with cultivating and expanding in the musical instruments sector, including dance music and vocal-related products, professional video and professional audio equipment. In the long term, the Company will proceed with extending usage of proprietary technologies without being bound by the existing market and seek to also expand the business domain.

3. Computer Peripherals Business

Please see the annex “Medium-term Business Plan (FY2013 - FY2015) Initiatives” released today by the Roland DG Corporation.

4. Quantitative Targets

(Billions of Yen, unless otherwise stated)

	Fiscal year ended March 31, 2013 Results	Fiscal year ending March 31, 2014 ← Medium-term Business Plan →	Fiscal year ending March 31, 2016	Fiscal year ended March 31, 2013 Difference
Net sales	72.3	81.2	92.0	+19.6[+27%]
Electronic Musical Instruments Business	39.8	42.5	47.0	+7.1[+18%]
Computer Peripherals Business	32.4	38.7	45.0	+12.5[+39%]
Operating income	(0.4)	3.5	7.2	+7.6[-]
Operating margin	-	4%	8%	
Electronic Musical Instruments Business	(2.0)	(0.5)	2.5	+4.5[-]
Operating margin	-	-	5%	
Computer Peripherals Business	1.6	4.0	4.7	+3.0[+186%]
Operating margin	5%	10%	10%	
Net income	(4.0)	0.0	2.5	+6.5[-]
ROE	-	0%	6%	
Exchange rate	US\$ 80 yen EUR 103 yen	90 yen 120 yen	90 yen 120 yen	

In the Electronic Musical Instruments Business, we will improve profitability during the fiscal year ending March 31, 2015, as well as recovering sales and reducing inventories, etc., in order to achieve operating margin of 5% or more and ROIC* of 6% or more, exceeding capital costs, in the fiscal year ending March 31, 2016.

*ROIC = Operating income after tax ÷ Invested capital (= Operating capital + Noncurrent assets)

Medium-Term Business Plan (FY2014 to FY2016)



May 8, 2013

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Roland DG Corporation hereby announces that the Company has created a 3-year medium-term business plan beginning in FY2014, which is described below.

1. Background to the Medium-Term Business Plan

We have focused our efforts on developing digital technologies and providing creative devices that make it possible for our customers around the world to “Transform Imagination into Reality,” based on our vision.

As the digitalization of society has rapidly progressed, we have grown by managing highly efficient businesses centered on sign and display markets in developed countries. However, since the Lehman Shock we have faced severe conditions as these markets have matured and the yen strengthened.

At the same time, as society’s requirements have diversified and digital technologies have advanced in recent years, an age of “diversification of MONO-Zukuri” has begun as opportunities for “MONO-Zukuri,” or “creating things,” have expanded for both industries and individuals in many fields. In addition, economic globalization has turned developing nations into new markets one after another, and our company’s business activities are transitioning from a focus on advanced countries to becoming a global business covering the whole world.

Reflecting these circumstances, we have begun a group structural reform, GlobalOne, to earn healthy profits even as changes continue to occur in our business environment, and to achieve sustainable growth through continuing investment and challenges in new fields.

We will implement our Medium-Term Business Plan, as summarized in our GlobalOne structural reform and the business targets that follow.

2. Basic Policies of the Medium-Term Business Plan

Promote GlobalOne structural innovation, and build a business foundation for new growth.

3. Major Measures of the Medium-Term Business Plan

(1) Create opportunities for new growth in creative fields

Focus business resources on digital printing, medical and 3D creation fields, and provide highly unique digital solutions that make maximum use of the convenience of digital technology. At the same time, improve

profitability by strengthening marketing globally, and by creating and fostering markets where our company group's strengths can thrive.

- Develop inkjet and peripheral technologies to meet diversifying printing needs.
- Accelerate expansion of dental business customer base in developed countries, and cultivation in emerging markets.
- Develop business models for new areas of 3D MONO-Zukuri.
- Maintain and expand our customer base in sign and display businesses by continuously pursuing customer value.
- Enhance development processes and improve core technologies to enable quick commercialization of products in response to changing market needs.

(2) Strengthen the Global Brand

Our company group has established a high value-added brand by providing unique and innovative products and global services of equivalent quality around the world. Furthermore, in the future we will provide total support to customers' diversifying needs, and will further strengthen our brand by providing products, services and business support that match regional needs.

- Continuously provide unique and innovative products and services.
- Provide high quality products and solutions that take into consideration the environment and safety.
- Establish a business model centered on a unique customer support system.
- Enhance the value of the brand with proactive PR/IR activities.

(3) Management that is Responsive to Diversification

We will strengthen our corporate structure against risk, as we deploy our business globally and seek opportunities in continually diversifying regions and industries. We will foster global personnel, and reform our organization and management structure to utilize the diversity of our personnel. We will promote diversity as the most important basis for our future growth.

- Promote a global MONO-Zukuri structure in order to provide products that match regional characteristics.
- Manage the global market as three regional blocks and cultivate emerging markets where we can apply group management knowhow.
- Maximize supply chain efficiency and optimize costs by unifying the group.
- Effectively utilize group personnel and foster global personnel.
- Introduce consolidated business management based on GlobalOne.

4. Consolidated Business Targets

We will implement our business plan with the aim to achieve annual sales growth of 10% or more as well as an operating income margin of 10% or more.

	Results	Medium-Term Plan		
	FY2013 (ended March 31, 2013)	FY2014	FY2015	FY2016
Sales	¥31.2 billion	¥38.5 billion	¥40.0 billion	¥45.0 billion
Operating income	¥1.4 billion	¥3.7 billion	¥3.0 billion	¥4.5 billion
Operating income ratio	4%	9%	7%	10%

Exchange rates of major currencies

1 US\$	¥80	¥90	¥90	¥90
1 euro	¥103	¥120	¥120	¥120

5. Dividend Policy

We believe in prioritizing a return of profits to our shareholders, and we strive to provide returns to shareholders by paying out cash dividends based on a target dividend payout ratio of 20% of consolidated net income while keeping in mind investments to maintain continuous growth and our consolidated business performance. At the same time, from a mid-to-long term standpoint, we are working to strengthen our internal reserves in order to be able to meet future demands for strategic investments in order to strengthen our company.

Note: The business targets contained in this document may vary to a considerable degree in the future due to a number of factors.