Consolidated Results for Six Months Ended September 30, 2019

November 1, 2019
Ricoh Company, Ltd.

Forward-Looking Statements

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The plans, prospects, strategies and other statements, except for the historical events, mentioned in this material are forward-looking statements with respect to future events and business results. Those statements were made based on the judgment of Ricoh's Directors from the information that is now obtainable. Actual results may differ materially from those projected or implied in such forward-looking statements and from any historical trends. Please refrain from judging only from these forward-looking statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

a. General economic conditions and business trend
b. Exchange rates and their fluctuations
c. Rapid technological innovation
d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in hot competitive market

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Note: In this document, fiscal years are defined as follows:
FY2019 = Fiscal year ended March 31, 2020, etc.

Structure of results briefing materials

Ricoh reviewed the structure and contents of its results briefing materials in light of feedback at its April 2019 IR Day. Please refer to these and appended supplementary materials.
Results briefing materials present progress with strategies and measures for the Company overall and each business segment.
Results supplementary materials present additional financial data.

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Overview of FY2019 H1 Results

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Key Indicators

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Profitability* effectively rose

	FY2018 H1	**FY2019 H1**	Year-on-year change	Effective change*
Sales (billion yen)	988.2	**994.7**	+0.7%	+4.0%
Operating profit (billion yen)	52.0	**48.6**	−6.5%	+32.4%
Operating margin	5.3%	**4.9%**	−0.4pt	+1.4pt
Profit attributable to owners of the parent (billion yen)	36.0	**29.2**	−18.8%	+13.8%
Exchange rate Yen/US$	110.34	108.72	−1.62	
Exchange rate Yen/euro	129.90	121.48	−8.42	

	FY2018 H1	**FY2019 H1**	Year-on-year change
R&D expenditures (billion yen)	55.3	**51.6**	−3.6
Capital expenditures (billion yen)	35.5	**38.1**	+2.5
Depreciation (billion yen)	34.1	**32.4**	−1.6

Progress toward full-year target

* After excluding forex and non-consolidation impacts from business transfers

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FY2019 H1 Results
Segment Operating Profit Changes

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(Billions of yen)

Office Service
- Expanded IT services and business-specific deployments and increased earnings, centered on Japan and Europe
- Q2 earnings surged on heavy PC demand ahead of tax hike

Commercial Printing
- Steadily increased new product sales, primarily in Europe and United States
- Q2 earnings down owing largely to forex impact

Thermal
- Q2 earnings decreased, reflecting Chinese economic slowdown and intensified competition

Office Printing
- Continued to review sales and contracts based on profitability
- Increased bulk deals in Q2 (emphasized profitability)

Industrial Printing
- Steadily expanded new product sales, particularly inkjet heads

Others
- Q2 earnings up after excluding 14.2 billion yen business transfer gain from previous year
- Earnings continued to rise on higher profits of Smart Vision business and finance business expansion

* Excluding gains on share sales of previous year

Eliminations and companywide
- Progressed in lowering headquarters expenses
- Allocated intellectual property and other expenses to business divisions

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FY2019 H1 Operating Profit Comparisons

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(Billions of yen)

FY2018 1H

Profitability 47.1

H1 operating profit 48.6 − transient factors 2.5 + structural reform costs 2.7

FY2019 1H

Profitability 48.9

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FY2019 H1 Results
Office Printing

Revenues and earnings down, but Q2 MFP hardware unit sales and revenues up YoY

Sales

(Billions of yen)

(YoY)
−5.4%

(Excluding forex)
−2.9%

Operating profit*

(Billions of yen)

(YoY)
−3.3%

(Profits growth)
+4.5%

H1 overview

- Revenues up, earnings down YoY
- MFP unit sales : −2%
  Hardware sales : +0%

Advanced MFPs
(IM C series)

Q2 overview

- Revenues and earnings down YoY
- MFP unit sales and hardware sales up 2%
  Accelerating sales of advanced color MFPs and increasing prices by price management
- MFP non-hardware sales down 3% (from 7% decline in Q1)
  Japan: Absence of impact of reduced business days in Q1: -2%
  Overseas: Absence of Q1 inventory adjustment: -4%
- Advanced MFPs
  - Accelerated packaged sales with apps tailored to industries by region

* Excluding corporate and eliminations

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FY2019 H1 Results
Office Services

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Earnings and revenues rose on expansion, centered in Japan and Europe

Sales

(Billions of yen)

Operating profit*

(Billions of yen)

*Excluding corporate and eliminations

H1 overview

- Continued to expand IT services and business-specific model sales in each region, boosting revenues and earnings

Q2 overview

- Japan: Expanded sales on strength of Windows 10 transition demand and business specific solutions

  Americas: Undertook measures to enhance document service productivity

  Europe: IT services expanded steadily, while we strengthened our sales and support structures in key countries

  → Operating margin rose to 6.1%

Highlights

- Strengthened IT structures in four Europeans countries
- Ricoh Japan was again No. 1 in two fields for the fifth straight year in J.D. Powers IT solutions provider customer satisfaction polls

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FY2019 H1 Results
Commercial Printing

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Increased revenues and earnings on new product sales expansion

Sales

(Billions of yen)

Operating profit*

(Billions of yen)

*Excluding corporate and eliminations

H1 overview

- Boosted revenues and earnings on higher sales in Americas, China, Latin America, and other emerging markets

Q2 overview

- Increased revenues through double-digit unit sales of new product
  - → Growth centered on color cutsheet and color continuous feed machines (Hardware sales advanced 17%)
- Strengthened technical support and sales structure

RICOH Pro VC70000 high-speed continuous feed inkjet printing system

RICOH Pro C9210/C9200 color production printer

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FY2019 H1 Results
Industrial Printing

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Increased sales on favorable demand for inkjet heads and industrial printers

Sales
(Billions of yen)

(YoY)
+19.8%
(Excluding forex)
+21.5%

Operating profit*
(Billions of yen)

*Excluding corporate and eliminations

H1 overview

- Increased sales on favorable demand for inkjet heads and new industrial printers launches

Q2 overview

- Earnings basically on target after excluding transient factors such as inventory allocations, and order delays
- Constructed structure to boost production of inkjet heads in second half of year

RICOH MH5320/5340 industrial inkjet heads

RICOH Pro TF6250 industrial large-format UV flatbed printer

RICOH Pro L5130/L5160 wide-format models for decorative and sign graphics printing

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FY2019 H1 Results
Thermal

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Revenues and earnings declined amid intensified competition

Sales
(Billions of yen)

Operating profit*
(Billions of yen)

*Excluding corporate and eliminations

H1 overview

- Demand increased for labels for logistics industry, but revenues and earnings were down owing to intensifying competition in Chinese market and customer cost-cutting

Q2 overview

- Supply shortages have eased, so gross profit should improve
- Continuing to deploy cost-cutting measures
- Fully cultivated new customers and applications outside e-commerce

Shipping labels

Food labels

Process control labels

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FY2019 H1 Results
Other

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Revenues effectively rose after factoring out removals from consolidation, while earnings rose on better business profits

Sales

(Billions of yen)

(YoY)

-5.8%

(excluding forex and non-consolidation impacts)

+5.9%

Operating profit*

(Billions of yen)

＊Excluding corporate and eliminations

H1 overview

- Increased revenues and earnings after factoring out removal of logistics business from consolidation, while earnings were up on expansion of domestic finance business and improved Smart Vision business profitability

Q2 overview

- Smart Vision business continued strong new product performance from Q1
- Industrial Products business did well in automotive area, notably in vehicular stereo cameras

RICOH THETA Z1
360° camera

RICOH GR III high-end
compact digital camera

World's first laser scanning
automotive head-up display

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Statement of Financial Position as of September 30, 2019

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Assets

(Billions of yen)	As of Sep 30, 2019	Change from Mar 31, 2019	
Current Assets	**1,398.7**	+8.9	
Cash & time deposits	**245.9**	+5.7	
Trade and other receivables	**592.1**	-12.7	Collected receivables posted at end of previous fiscal year
Other financial assets	**298.2**	+3.9	
Inventories	**215.6**	+7.9	
Other current assets	**46.7**	+6.6	
Assets classified as held for sale	**–**	-2.5	
Non-current assets	**1,453.2**	+117.8	
Property, plant and equipment	**254.8**	+4.5	
Right-of-use assets	**69.8**	+69.8	Increase from application of new lease accounting Standard (IFRS16)
Goodwill and intangible assets	**231.8**	+12.0	
Other financial assets	**727.4**	+19.1	Lease receivables increased from finance business expansion
Other non-current assets	**169.2**	+12.2	
Total Assets	**2,851.9**	+126.8	

Liabilities and Equity

(Billions of yen)	As of Sep 30, 2019	Change from Mar 31, 2019	
Current Liabilities	**879.1**	+34.9	
Bonds and borrowings	**286.0**	+19.0	Interest-bearing debt increased from finance business expansion
Trade and other payables	**299.4**	-6.7	
Lease liabilities	**29.8**	+29.8	Increase from application of new lease accounting Standard (IFRS16)
Other current liabilities	**263.7**	-7.3	
Non-current Liabilities	**961.9**	+100.0	
Bonds and borrowings	**736.2**	+69.7	Interest-bearing debt increased from finance business expansion
Lease liabilities	**45.4**	+45.4	Increase from application of new lease accounting Standard (IFRS16)
Accrued pension & retirement benefits	**99.8**	-5.4	
Other non-current liabilities	**80.4**	-9.7	
Total Liabilities	**1,841.0**	+134.9	
Total equity attributable to owners of the parent	**923.9**	-8.6	Reduction from forex translation differences
Noncontrolling Interest	**87.0**	+0.6	
Total Equity	**1,010.9**	-8.0	
Total Liabilities and Equity	**2,851.9**	+126.8	
Total Debt	**1,022.2**	+88.8	

Exchange rate as of Sep. 30, 2019: (change from Mar 31, 2019, rate)			
	US$ 1	= ¥ 107.92	(−3.07)
	EURO 1	= ¥ 118.02	(−6.54)

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FY2019 April–September Statement of Cash Flows

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(Billions of yen)

	FY2018 H1	**FY2019 H1**
Profit	38.7	**32.2**
Depreciation and amortization	48.3	**61.7**
Other operating activities	-59.5	**-63.6**
Net cash provided by operating activities	27.5	**30.2**
Plant and equipment	-26.2	**-31.2**
Purchase of business	–	**-16.1**
Other investing activities	35.1	**-36.4**
Net cash used in investing activities	8.8	**-83.8**
Increase (Decrease) of debt	5.6	**92.2**
Dividend paid	-5.4	**-9.4**
Other financing activities	2.4	**-17.5**
Net cash provided by financing activities	2.7	**65.2**
Effect of exchange rate changes	3.2	**-5.8**
Net increase in cash and cash equivalents	42.4	**5.8**
Cash and cash equivalents at end of period	203.0	**245.9**
Free cash flow (Operating + Investing net cash)	36.4	**-53.5**
FCEF (Free Cash flow Excluding Finance business)	66.4	**3.0**

Data

(Billions of yen)

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Forecasts for FY2019

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Forecasts for FY2019

Maintaining initial forecasts

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	FY2018	**FY2019 forecast**	Year-on-year change
Sales (billion yen)	2,013.2	**2,010.0**	−0.2% +1.3%*1
Operating profit (billion yen)	86.8	**100.0**	+15.2%
Operating margin	4.3%	**5.0%**	+0.7pt
Profit attributable to owners of the parent (billion yen)	49.5	**62.0**	+25.2%
ROE	5.4%	**6.5%** plus	+1.1pt
Dividends per Share	23yen	**26yen**	+3yen
R&D expenditures (billion yen)	111.0	**112.0**	+0.9
Capital expenditures (billion yen)	72.4	**74.0**	+1.5
Depreciation (billion yen)	65.4	**67.0**	+1.5
Exchange rate Yen/US$	110.95	110.00(from Q3)	
Exchange rate Yen/euro	128.46	125.00(from Q3)	

*1 After excluding forex and non-consolidation impacts from business transfers

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FY2019 Operating Profit Forecast

Initial forecast maintained

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(Billions of yen)

FY2018		FY2019 (forecast)	
Profitability	105.1	Profitability	112.0

* Including gains on Ricoh Logistics share transfer and asset divestments

Note: SG&A expenses down YoY

Total basically decreased from FY2018 after factoring out structural reform charge

Reference: Forex sensitivity*
(Billions of yen)

	Sales	Operating profit
US$	5.2	0.6
Euro	3.5	1.3

*Annual impact of ¥1 forex rate change

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Summary of FY2019 H1 Results

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H1 results	• Sales after factoring out removals from consolidation and forex increased 4% YoY • Operating profit rose 32%, to ¥48.6 billion, after by excluding the previous year's consolidation exclusion and foreign exchange effects • Progressed solidly, attaining 49% of annual operating profit target • Steadily strengthened profitability while absorbing downside forex impact
H1 business conditions	• Office Printing: Continued to prioritize profitable sales and deal negotiations Expanded new MFP sales in Japan and abroad (in Q2, increased unit sales of hardware in key regions and also boosted non-hardware earnings) • Office Services: Steadily expanded business in Japan and increased earnings in Europe on stronger IT sales structure • Commercial Printing: Generated double-digit unit sales growth on expanded demand for new color products • Industrial Printing: Demand was favorable for new inkjet heads; Ricoh invested to increase production, and looks to expand further in H2 • Thermal: Sales and profits declined in Q2 owing to intensified competition, although we embarked on cutting costs and securing new customers
Full-year forecasts	▪ Despite ongoing uncertainties from such external factors as Brexit, US-China trade friction, forex, Ricoh progressed as planned in H1, and has retained its full-year forecast ▪ The initial dividend projection is unchanged, at 26.0 yen (13.0 yen each for interim and year-end payments)

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Supplementary Information

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Office Printing-Related Indicators

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Price management situation

Prices of directly sold MFPs
(FY2018 H1= 1)

Implementation progress

Japan

- ✓ Deliveries and postings of large orders from end of previous year led to reductions in average prices (have been able to maintain profit-centric policy, including for large orders)

France, United Kingdom, and Germany

- ✓ In keeping with profit-centric sales strategy, expanded sales to highly profitable small and medium-sized business customers
- ✓ In Q2, increased packaged deal negotiations, with average unit prices falling (through profit focus)

United States

- ✓ In keeping with profit-centric sales strategy, expanded sales to highly profitable small and medium-sized business customers

Hardware and non-hardware situation

◆ Unit sales growth rates for MFPs and printers

FY2019 H1 YoY unit sales change		A3	A4
Japan	+7%	+6%	+22%
Overseas	-4%	-2%	-13%
MFP total	-2%	-0%	-8%
Printer total	-26%		

FY2019 Q2 YoY unit sales change		A3	A4
Japan	+7%	+6%	+18%
Overseas	+1%	+5%	-14%
MFP total	+2%	+5%	-5%
Printer total	-22%		

◆ Sales growth rates for MFP and printer hardware and non-hardware (excluding forex impact)

FY2019 H1 YoY sales change	Hardware		Non-hardware	
	H1	Q2	H1	Q2
Japan	+4%	+8%	-3%	-2%
Overseas	-0%	+1%	-6%	-4%
MFP total	+0%	+2%	-5%	-3%
Printer total	-17%	-19%	-4%	-1%
MFP + Printer total	-1%	-0%	-5%	-3%

Note: See Consolidated Financial Figures for information on hardware and non-hardware sales growth and growth rates.

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Quarterly Operating Profit

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FY2019 H1 Results
Office Businesses Total

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Both revenues and earnings rose

Sales

Operating profit*

H1 overview

- Although Office Printing business sales declined, overall office business sales were up

*1 Excluding corporate and eliminations

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Financial Statements Excluding Finance Business (Estimate)

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Q2 FY2019

(Billions of yen)

1. Statements of Profit or Loss

	Consolidated	Products and services	Finance
Sales	994.7	953.6	83.9
Operating profit	48.6	31.9	16.7

2. Statements of Financial Position

		Consolidated	Products and services	Finance
Assets		2,851.9	1,567.5	1,336.6
	Financial assets*	1,024.1	–	1,024.1
Liabilities		1,841.0	729.8	1,163.4
	Interest-bearing debt	1,022.2	-27.3	1,052.7
Total equity		1,010.9	837.7	173.1
Net interest-bearing debt		776.2	-275.3	1,051.6

3. Statements of Cash Flows

	Consolidated	Products and services	Finance
Free cash flow	-53.5	3.0	-56.6

Key Financial Ratios

	Consolidated	Products and services
Equity ratio	32.4%	53.2%
Debt-to-equity ratio	110.6%	-3.3%
Total assets turnover	0.71	1.22

This information is for reference only, and includes some estimates.

* Finance: Ricoh's global finance business

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Forecasts for FY2019 (Dividends per Share)

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Initial forecast maintained

Shareholder returns policy

We consider it important to expand returns to shareholders through share price growth over the medium and long terms and stable dividends from sustainable growth. We accordingly seek to boost earnings by undertaking strategic investments for sustainable growth. Our consolidated payout ratio benchmark is around 30%, and we will finalize decisions on this level after comprehensively factoring in the earnings outlook, investment plans, and our financial position, taking our credit rating into consideration. We will flexibly repurchase shares in view of the business climate. (From Corporate Governance Report published on April 8, 2019)

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