

Consolidated  
Results for Six  
Months ended  
September 30,  
2015

**RICOH**  
imagine. change.

October 30, 2015  
Ricoh Company, Ltd.



RICOH AM S5500P, the 1<sup>st</sup> RICOH branded 3D printer



## 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

No company's name and/or organization's name used, quoted and/or referenced in this material shall be interpreted as a recommendation and/or endorsement by RICOH.

This material is not an offer or a solicitation to make investments. Please do not rely on this material as your sole source of information for your actual investments, and be aware that decisions regarding investments are the responsibility of themselves.

We have adopted a net basis for reporting a portion of lease transactions from this fiscal year in place of gross basis. Past sales figures and related indicators have also been adjusted retroactively to conform to the current year.

1. 2016/03 H1 Results
2. 2016/03 Forecast
3. Going Forward

- In my presentation, I will go over H1 results, discuss the full-year forecast, and overview our strategies.

# 1. 2016/03 H1 results

- ✓ Sales: ¥1,095.1 billion, up 6.1% from a year earlier, reflecting higher demand in MFPs, printers, production printers, overseas IT services, and industrial business categories
- ✓ Operating profit was ¥56.1 billion, a 0.4% increase that stemmed from sales promotion efforts and savings from restructuring initiatives
- ✓ Net profit was ¥34.5 billion, up 1.7%
- ✓ Management revised annual forecasts in view of changes in H1 operating results and competitive and macroeconomic climates, looks for steady growth in number of machines in field and ongoing improvements in non-hardware performance
- ✓ Management plans to increase H1 dividends, as planned, in light of earnings gain, and remains committed to boosting year-end dividends

[Note: Please refer to the key indicators on page 5.](#)

- Sales rose 6.1 year-on-year, to ¥1,095.1 billion.
- The yen depreciated against the US dollar was up slightly against the euro, but we generally benefited from a weaker yen. Sales gained 0.8% after stripping out the forex impact (declined 2.1% in Japan and grew 2.4% overseas).
- We increased sales in the MFP, printers, production printers, overseas IT services, and industrial business categories.
- Higher global sales of MFP enabled us to boost our market share.
- Production printer models launched at the end of the previous fiscal year enjoyed strong expansion.
- Sales in Japan declined 2.1%, owing partly to the absence of the previous year's IT demand surge and the divestment of the apparel business.
- Port strikes hampered operations in the Americas in the previous fiscal year, although sales started recovering from Q2.
- European sales recovered, with the production printer business performing well.
- The Other geographic segment, which mainly comprises Asia and Oceania, grew on strong sales of A4 MFPs. We secured large IT service orders in India.
- Operating profit rose 0.4%, to ¥56.1 billion. This was the fruit of efforts to boost product sales and divest assets and otherwise restructure to cut costs.

	FY16/03 H1	Change	
Sales	1,095.1 bil.Yen	+6.1%	
Operating profit	56.1 bil.yen	+0.4%	Sales Changes Excl. Forex
Operating margin	5.1%	-0.3 pt	Japan -2.1%
Profit attributable to owners of the parent	34.5 bil.yen	+1.7%	The Americas -1.8%
EPS	47.65 yen	+0.78 yen	EMEA +5.0%
FCEF*	6.0 bil.yen	+16.1 bil.yen	Other +8.8%
R&D expenditures	57.7 bil.yen	-0.4 bil.yen	Consolidated +0.8%
Capital expenditures	40.9 bil.yen	+2.2 bil.yen	
Depreciation	34.5 bil.yen	-1.2 bil.yen	
Exchange rate Yen/US\$	121.80 yen	+18.75 yen	
Yen/Euro	135.13 yen	-3.81 yen	

\*FCEF: Free cash flow excluding finance business

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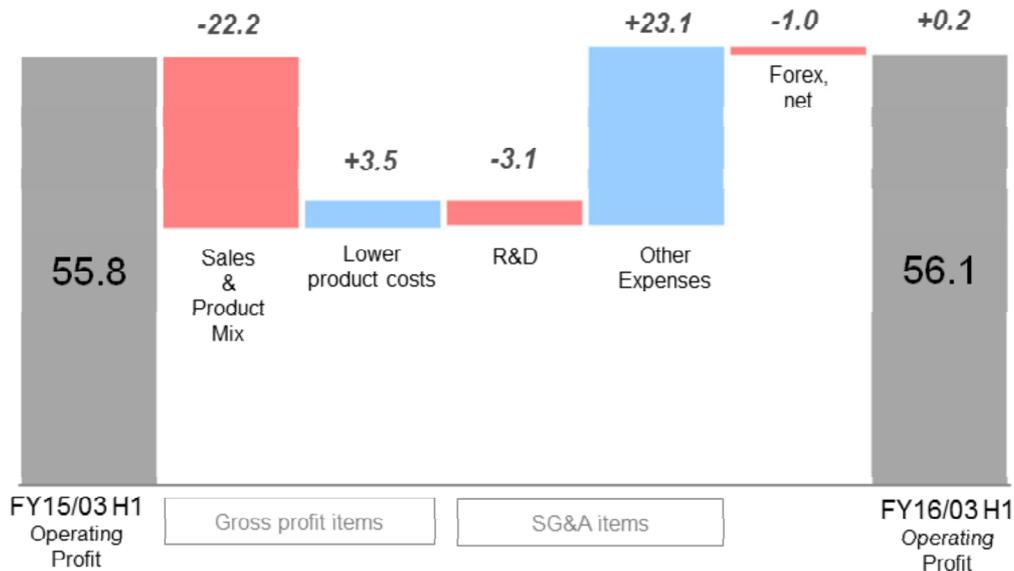
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- [P5 \(Overview continued\)](#)
- Profit attributable to owners of the parent increased 1.7%, to ¥34.5 billion.
- Free cash flow excluding the finance business was ¥6.0 billion.
- R&D and capital expenditures and depreciation were all as projected.
- Management has lowered its annual forecasts in view of changes in H1 operating results and the competitive and macroeconomic climates. It now projects sales of ¥2,300 billion and operating profit of ¥116 billion. Still, the number of machines in field is rising steadily, while non-hardware demand is expected to continue improving. Sales and earnings are climbing for industrial products, while progress is solid in other businesses.
- Management has decided to increase H1 dividends to ¥17.5 per share. Notwithstanding the downward revision in the full-year results forecast, we still anticipate some earnings growth, and have retained our year-end dividend projection.



# H1 Operating Profit Comparisons

(billions of yen)



October 30, 2015

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Operating profit increased 0.4%, to ¥56.1 billion.

## Sales & Product Mix

- Sales were down ¥22.2 billion. This was for three reasons. The first was because we accelerated efforts to drive machine in field growth. The second was that we changed the product mix. The third was that lower non-hardware sales caused gross profit to decline.

## Lower Product Costs

- We lowered manufacturing costs by ¥3.5 billion, basically as planned.

## R&D

- R&D expenditures increased ¥3.1 billion.

## Other Expenses

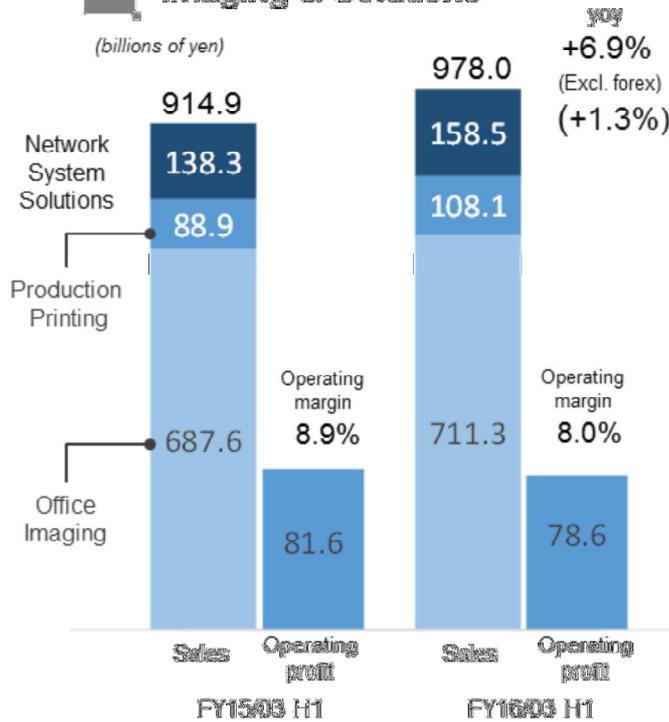
- Other expenses increased ¥23.1 billion. Although we incurred higher costs in strengthening operations, asset sales and other restructuring initiatives helped us to reduce overall costs.

## Forex, net

- The positive foreign exchange impact was ¥1.0 billion. Major currencies (dollar, euro) currency fluctuation impact other than asked in decreased profits .

Management initially targeted ¥63.0 billion in operating profit for H1, but fell short by ¥6.9 billion. Business in Q2 was in line with expectations, but this was not enough to compensate for a shortfall of ¥7.0 billion in Q1.

## Imaging & Solutions



## Highlights

Office Imaging **+3.4% (-2.5%)**

- Expanded A4 MFP lineup with SP 3610SF, MP C306, and MP 305+
- Reinforced Eastern European sales structure by acquiring Czech and Slovakian operations of Impromat



Production Printing **+21.6% (+12.7%)**

- Expanded in commercial printing market: RICOH Pro C7100/C9100 remained popular, RICOH Pro VC60000 deliveries started

Network System Solutions **+14.6% (+12.5%)**

- Overseas IT services expanded on solid performance of Indian operations
- Continued to reinforce IT services structure, acquiring Ridgian in UK and Nassion in Malaysia
- Steadily expanded visual communications business overseas

## Imaging & Solutions

- Sales of this segment increased 6.9%, to ¥978.0 billion, (up 1.3% after excluding forex impact), reflecting demand for production printers and IT services.

## Office Imaging

- Sales rose 3.4%, to ¥711.3 billion (down 2.5% after excluding forex).
- We bolstered the product lineup for A4 MFPs and increased machines in field in emerging and developed markets.

## Production Printing

- Sales increased 21.6%, to ¥108.1 billion (up 12.7% after excluding forex).
- Successes of products launched at the end of last fiscal year drove double-digit sales growth.

Complementing progress in office printing, we did well in penetrating the commercial printing market, where growth was also solid.

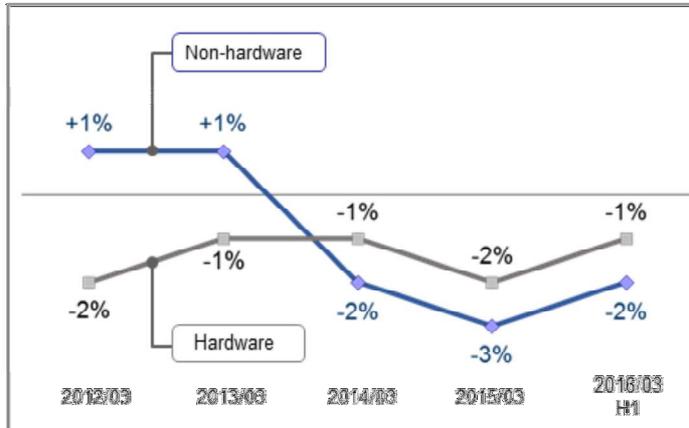
## Network System Solutions

- Sales climbed 14.6%, to ¥158.5 billion, (up 12.5% excluding forex).
- Overseas IT services expanded considerably. Also, we have continued strengthening of such M&A.
- Overseas, demand expanded solidly for visual communication products, including the Unified Communications System, projection systems, and the Interactive Whiteboard.



# Supplement: Imaging & Solutions Hardware and Non-Hardware Sales

Yoy changes for MFPs, Printers, and Production Printing combined  
(Value, excl. forex)



By category	FY16/03 H1		
		Hardware	Non-hardware
MFP	Unit +0%	Value -4%	Value -4%
Printer	Unit +20%	Value -2%	Value -1%
PP	Unit +8%	Value +15%	Value +8%
Total		Value -1%	Value -2%

(Value, excl. Forex)

By region	FY16/03 H1	
	Hardware	Non-hardware
Japan	-1%	-2%
The Americas	-6%	-3%
EMEA	+6%	-2%
Other	-3%	+4%
Total	-1%	-2%

(Value, excl. forex)

### Overview of FY16/03 H1

- Expanded unit sales of A3 color MFPs and A4 MFPs and increased number of MFPs in field
- In production printing, generated strong gains in cut sheet color models; non-hardware growth continued
- In Europe, boosted hardware sales, non-hardware sales on recovery track
- In Asia-Pacific & China, non-hardware sales grew solidly

Note: See Appendix for details of quarterly trends.

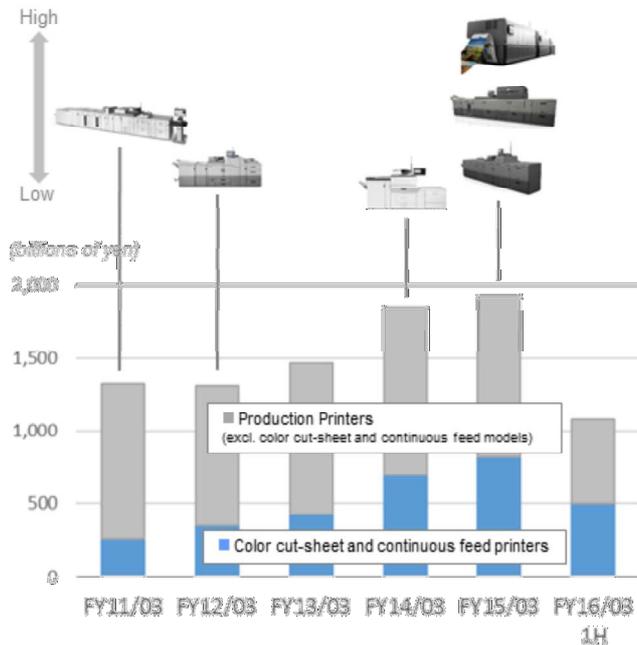
## y-o-y changes for MFPs, Printers, and Production Printers combined

- We boosted hardware sales, while non-hardware sales are on a recovery track.
- In Europe, hardware and non-hardware sales trended toward recoveries.
- In Asia-Pacific & China, hardware sales were slow before product launches, but non-hardware sales started increasing.
- Overall hardware and non-hardware sales are grew modestly. Production printers drove growth.



# Supplement: Imaging & Solutions Growth Areas

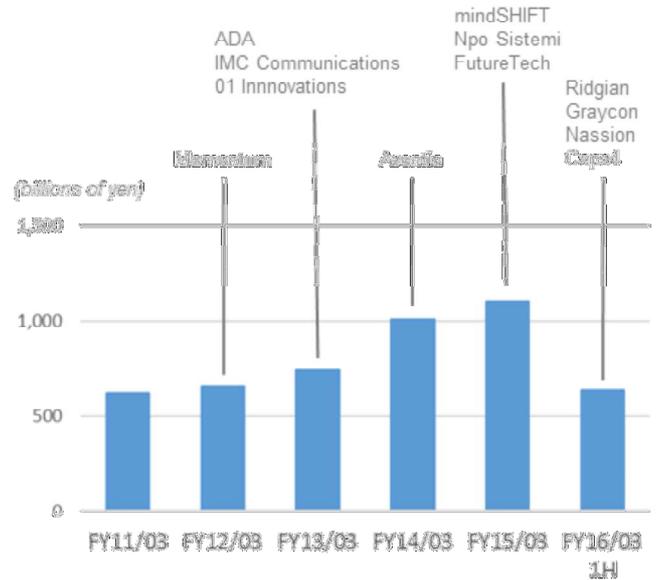
Production printing sales



- Gains in color cut-sheet and continuous feed models underpinned strong growth in commercial printing domain
- Production printing business drove results in all regions

IT services and visual communications sales\*

\*Including network solutions



- Grew IT services worldwide through strategic investments
- Expanded new value proposition through imaging, IT, and visual communications

## Production printing sales

- Products launched in the previous year drove steady growth in color cut sheet and color continuous feed model demand.

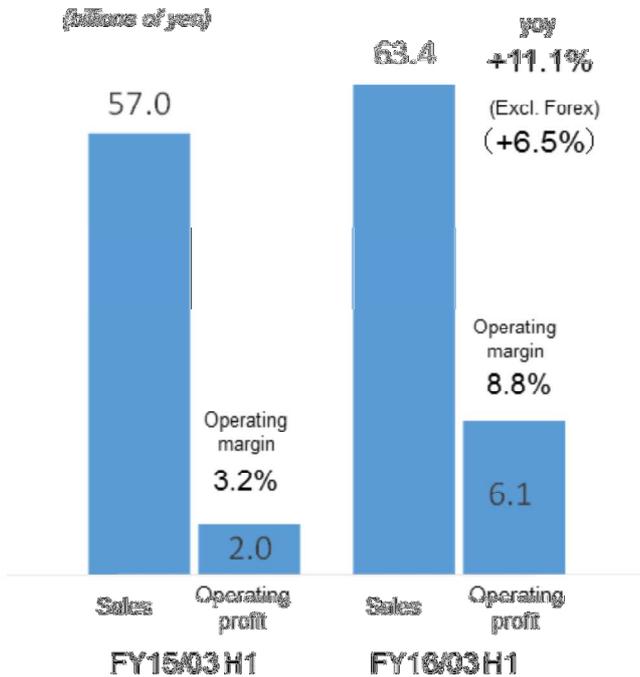
## IT services and visual communications sales

- IT services and visual communications sales continued to grow steadily.
- To enhance our competitive position, offered total solution proposals in imaging, IT, and visual communications, and expanded new value propositions in the health care and education sectors.



## Industrial Products

(billions of yen)



Note: Excluding corporate and eliminations.

### Highlights

- Expanded thermal media business in Indonesia, setting up company to process and market thermal ribbons
- Expanded industrial inkjet business in industrial printing and 3D printer areas
- Increased optical module sales
- Rolled out automotive power management semiconductors and set up European sales units?



RICOH MH/GH series of industrial inkjet heads



R12725 series automotive semiconductor

## Industrial Products

- Sales continued growing steadily, increasing 11.1% (or 6.5% after excluding forex).
- Thermal media demand rose in emerging markets.
- We expanded the industrial inkjet business for industrial printing and 3D printers, and started our own 3D printer business.
- In optical module, sales expanded in factory automation and automotive cameras.
- In electronic devices, we started to sell semiconductors for automotive applications.

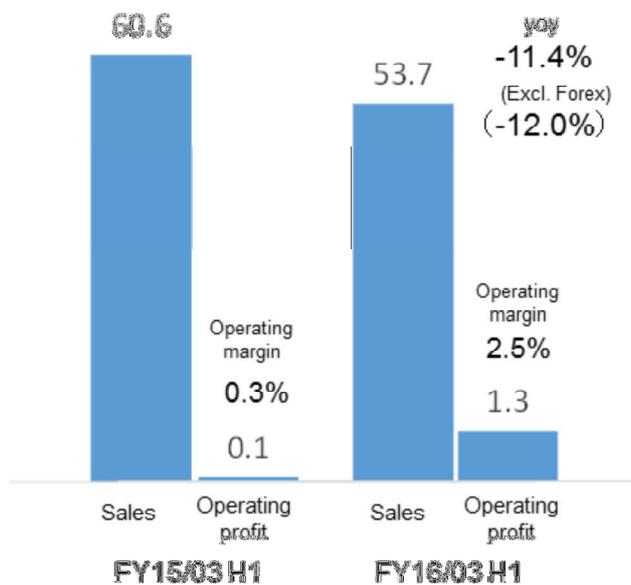


## Business Segments (3)



### Other

(billions of yen)



Note: Excluding corporate and eliminations.

### Highlights

- Lower sales owing to divestment of apparel business
- Strengthened camera lineup with high-end GRILL compact model and water- and impact-resistant RICOH WG-40W
- In camera business, expanded spherical imaging solutions by enhancing image processing and resolution of THETA S and bolstered business-to-business solutions in real estate and other areas



RICOH WG-40W



RICOH THETA

### Other

- Sales decreased 11.4% owing to the transfer of the apparel business.
- In the camera business, the water- and impact resistant WG-40W and the THETA, which offers a unique visual experience, were very well received.
- In October, we launched the THETA S, which lets users watch videos immediately after recording them. Here, we are not simply focusing on selling the hardware, and are beginning to extend our business-to-business model with such products to the real estate and other sectors.

# Statement of Financial Position as of September 30, 2015

**RICOH**  
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## Assets

(billions of yen)	As of Sep 30, 2015	Change from Mar 31, '15
<b>Current Assets</b>	<b>1,278.7</b>	<b>+62.3</b>
Cash & time deposits	180.9	+42.3
Trade and other receivables	552.8	-0.6
Other current assets	271.2	+11.1
Inventories	227.5	+3.0
Other current assets	46.1	+6.4
<b>Non-current assets</b>	<b>1,536.6</b>	<b>+22.8</b>
Property, plant and equipment	278.1	+1.5
Goodwill and intangible assets	434.5	-1.2
Other financial assets	623.9	+22.1
Other non-current assets	199.9	+0.3
<b>Total Assets</b>	<b>2,815.3</b>	<b>+85.1</b>

Exchange rate as of Sep 30, '15: (Change from Mar 31, 2015)

US\$ 1 = ¥110.96 (-0.21)

1 euro = ¥134.97 (+4.65)

## Highlights

Cash and cash equivalents rose temporarily owing to payment delays

Among other financial assets (Current and Non-current), lease assets (within Other financial assets) expanded on financial business growth

Inventories caused by last year's U.S. port strikes declined, while inventories increased for large orders. Inventory turns improved from 2.16 at end-March to 2.11 at end-September

Total assets were up ¥85.1 billion from end-March, reflecting temporary cash gains and lease asset increases

- Total assets increased ¥85.1 billion. A ¥42.3 billion increase in cash and time deposits matched a ¥43.7 billion rise in other current liabilities. In the domestic finance business, there was a delay in paying off about ¥40 billion by the end of September.
- Inventories and inventories turns improved.

## Liabilities and Equity

(billions of yen)	As of Sep 30, 2015	Change from Mar 31, '15
<b>Current Liabilities</b>	<b>794.4</b>	<b>+22.3</b>
Bonds and borrowings	222.0	+0.0
Trade and other payables	255.5	-21.4
Other current liabilities	316.8	+43.7
<b>Non-current Liabilities</b>	<b>844.1</b>	<b>+40.4</b>
Bonds and borrowings	615.0	+46.5
Accrued pension & retirement benefits	136.5	-7.5
Other non-current liabilities	92.5	+1.4
<b>Total Liabilities</b>	<b>1,638.6</b>	<b>+62.7</b>
<b>Total equity attributable to owners of the parent</b>	<b>1,107.2</b>	<b>+23.0</b>
<b>Noncontrolling interest</b>	<b>69.5</b>	<b>-0.5</b>
<b>Total Equity</b>	<b>1,176.7</b>	<b>+22.4</b>
<b>Total Liabilities and Equity</b>	<b>2,815.3</b>	<b>+85.1</b>
<b>Total Debt</b>	<b>837.1</b>	<b>+46.5</b>

Exchange rate as of Sep 30, '15 : (Change from Mar 31, 2015)

US\$1 = ¥119.98 (-0.21)

1 euro = ¥134.97 (+4.65)

October 30, 2015

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## Highlights

Total interest-bearing debt increased in keeping with finance business expansion, while there were no major changes in the debt-to-equity ratio

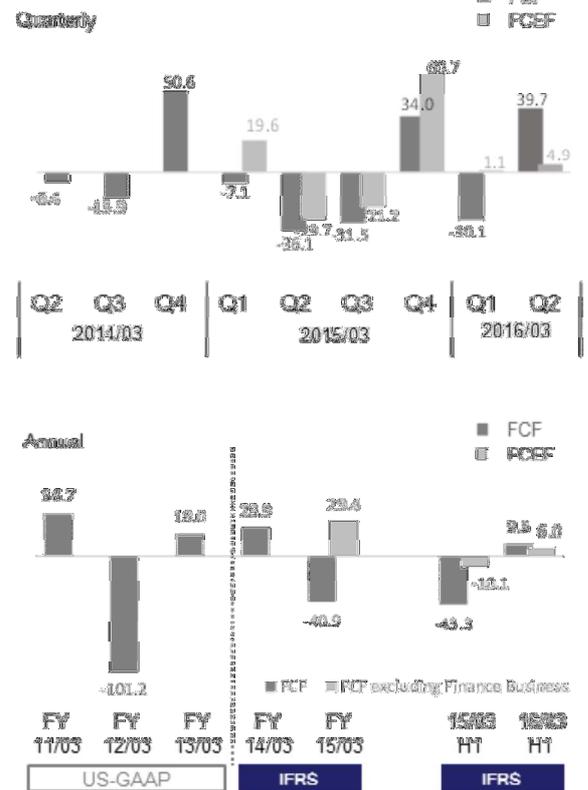
The ratio of equity attributable to owners of the parent edged up from 39.7% at end-March to 39.2% at end-September

- Total interest-bearing debt increased in keeping with finance business expansion, while there were no major changes in the debt-to-equity ratio.
- The ratio of equity attributable to owners of the parent was basically unchanged, at 39.3%.



(billions of yen)	FY2015/03 Apr-Sep	FY2016/03 Apr-Sep
Profit	36.8	37.3
Depreciation and amortization	53.9	53.1
[ Net profit + Depreciation and amortization ]	[ 90.7 ]	[ 90.5 ]
Other operating activities	-71.6	-34.8
<b>Net cash by operating activities</b>	<b>19.1</b>	<b>55.6</b>
Plant and equipment	-36.3	-22.9
Purchase of business	-4.5	-4.7
Other investing activities	-19.5	-18.3
<b>Net cash by investing activities</b>	<b>-62.4</b>	<b>-46.0</b>
Increase (Decrease) of debt	45.4	48.4
Dividend paid	-11.9	-12.3
Other financing activities	-0.3	-2.7
<b>Net cash by financing activities</b>	<b>33.0</b>	<b>33.4</b>
Effect of exchange rate	3.7	-0.4
<b>Net increase in cash and equivalents</b>	<b>-6.4</b>	<b>42.4</b>
Cash and equivalents at end of period	153.5	180.1

Free cash flow (billions of yen)



\* FCEF : Free cash flow excluding finance business

- Free cash flow was ¥9.5 billion, or ¥6.0 billion after stripping out the finance business.
- We will continue to build profits from our business and streamline our balance sheets to help generate more cash.

## 2. Full-Year Forecast

# FY2016/03 profit statement forecast

(billions of yen)		FY2015/03 Results	FY2015/03 forecast (on Oct '14)	FY2016/03 Forecast	Y-o-Y comparison		
					Change	Change(%)	Change(%) without Forex
Sales	(Japan)	759.5	800.0	770.0	+10.4	+1.4%	+1.4%
	(Overseas)	1,391.8	1,520.0	1,530.0	+138.1	+9.9%	+6.4%
	Total	2,151.4	2,320.0	2,300.0	+148.5	+6.9%	+4.6%
Gross profit		906.9	973.0	927.0	+20.0	+2.2%	
	sales %	42.2%	41.9%	40.3%			
SG&A		791.1	833.0	811.0	+19.8	+2.5%	
	sales %	36.8%	35.9%	35.3%			
Operating profit		115.7	140.0	116.0	+0.2	+0.2%	
	sales %	5.4%	6.0%	5.0%			
Profit before income tax expenses		112.2	135.0	111.0	-1.2	-1.2%	
	sales %	5.2%	5.8%	4.8%			
Profit attribute to owners of the parent		68.5	83.0	71.0	+2.4	+3.6%	
	sales %	3.2%	3.6%	3.1%			
EPS (Yen)		94.58	114.50	97.94	+3.36		
Exchange rate	US \$1	109.89	120.33	120.90	+11.01		
	(Yen)	Euro 1	138.85	127.31	132.57	-6.28	

### Investment

(billions of yen)	FY15/03 result	FY16/03 forecast
R&D	118.7	123.0
% of sales	5.5%	5.3%
CAPEX	75.9	85.0
Depreciation (tangible fixed assets)	70.9	70.0

### FY2016/03 forex assumptions

	Q2-Q4	Full year
1 US\$1	¥120.00	¥120.90
1 euro	¥120.00	¥132.57

- As I indicated at the outset, we must unfortunately revise our forecasts down.
- We initially projected ¥2,320 billion in sales, and now look for sales of ¥2,300 billion. Against an initial operating profit forecast of ¥140 billion, we now target ¥116 billion in view of our results in H1 and the business and market environments. That said, we should secure some profit growth.
- We expect that the initiatives undertaken in H1 will start bearing fruit, and in H2 we should continue to reap the benefits of structural reforms. Our forecasts only reflect solid initiatives at this juncture. We aim to roll out additional measures that position us to exceed operating target of ¥116 billion.



# Full-Year Operating Profit Comparisons

Previous forecast **+26.8** **+10.0** **-4.0** **+2.5** **-11.0** (billions of yen)

New forecast **-18.8** **+10.0** **-8.0** **+27.8** **-10.7**  
 (H1 -22.2, 2H +3.4) (H1 +3.5, 2H +6.5) (H1 -3.1, 2H -4.9) (H1 +23.1, 2H +4.7) (H1 -1.0, 2H -9.7)



Forex assumptions

(yen)	FY15/03 result	FY16/03 forecast	y-o-y
US\$	109.89	120.90	+11.01
Euro	138.85	132.57	-6.28

Forex impacts

Impacts of forex per yen annually

(billion yen)	Sales	OP
US\$	8.0	0.8
Euro	3.8	1.4

- The sales and product mix should improve and start adding ¥3.4 billion to results from the latter part of H2. In contrast, the mix was a ¥22.2 billion drag in H1.
- R&D spending should be as planned. In other expenses, we will continue to carry out structural reforms in H2, so while costs will increase owing to some upfront investments for new businesses and others, this element will contribute ¥27.8 billion to operating profit. We are benefiting faster than anticipated from structural reforms.
- For H2, we assume exchange rates of ¥120 to the dollar and ¥130 to the euro. The full-year rate assumptions are ¥120.9 to the dollar and ¥132.57 to the Euro.
- You could conclude that we will benefit from currency trends in H2. But the correlation between emerging market and major currencies like the dollar and euro is becoming more complicated. As we are endeavoring to grow the EM business, our forecasts are somewhat conservative, and we assume a negative ¥9.7 billion currency impact for H2.
- Given all these factors, we project ¥116 billion in operating profit for H2.

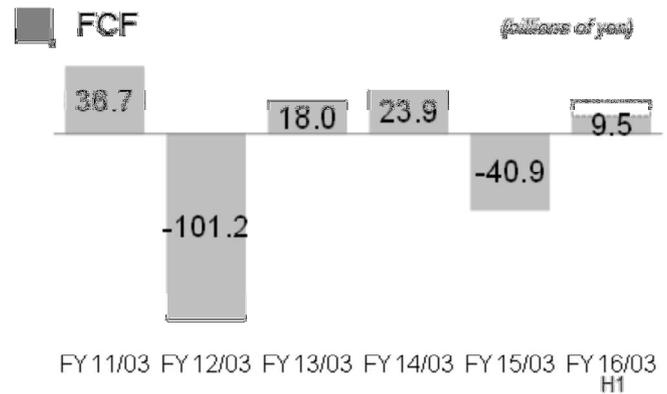
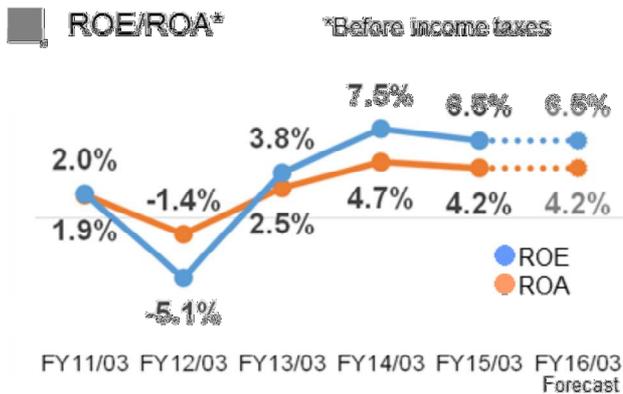


Key initiatives	H1 Progress	H2 Plans
Maximize after-sales earnings from MFP revenue growth	Boosted number of machines in field by deploying sales expansion initiatives. Continued to increase PV (Print Volume). Non-hardware sales again declined amid intensifying competition	<ul style="list-style-type: none"> <li>Factor in profitability in continuing to drive machine in field growth</li> <li>Expand on strength of marketing differentiation in imaging, IT, and visual communications</li> </ul>
Expand services operations focused on specific markets	Finished constructing business-specific sales structures worldwide	<ul style="list-style-type: none"> <li>Fully expand business specific marketing</li> </ul>
Increase profitability of production printing business through highly competitive lineup	Enjoyed solid worldwide growth among products rolled out end of previous fiscal year	<ul style="list-style-type: none"> <li>Step up efforts to expand sales in commercial printing market</li> </ul>
Expand industrial printing business	Grew solidly on favorable demand for optical modules and industrial inkjet printers	<ul style="list-style-type: none"> <li>Continue to enhance and expand products and solutions</li> </ul>
Accelerate ongoing structural reforms	Reformed business processes and reviewed business units and assets	<ul style="list-style-type: none"> <li>Review business processes companywide and keep reforming corporate functions</li> <li>Reconsider responses in sales, production, procurement, and other areas due to forex fluctuations</li> </ul>
Enhance asset efficiency		

- We'll explain our H1 progress with key initiatives that we announced at the beginning of the fiscal year and describe how we will move forward in H2.
- One initiative was to maximize after-sales earnings from MFP revenue growth. In 1H, we boosted the number of machines in field by deploying sales expansion initiatives and continued to increase print volume. But non-hardware sales again declined owing to unit price declines. In H2, we will continue to drive machine-in-field growth and differentiate even more in the market by proposing total solutions in imaging, IT, and visual communications .
- In terms of effort to expand services operations focused on specific markets, we have finished constructing business-specific sales structures worldwide, which augurs well for the future.
- In the production printing area, we have a robust lineup and we intend to expand our commercial printing business significantly in H2.
- In industrial printing, we grew solidly on favorable demand for industrial inkjet printers, and we will continue to enhance and expand products and solutions.
- The final key initiative is to accelerate ongoing structural reforms. Here, we will continue to streamline, including through the business processes reforms we deployed in H1.

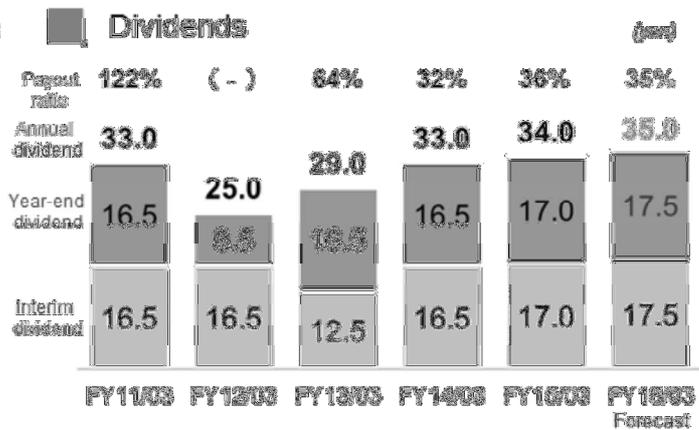
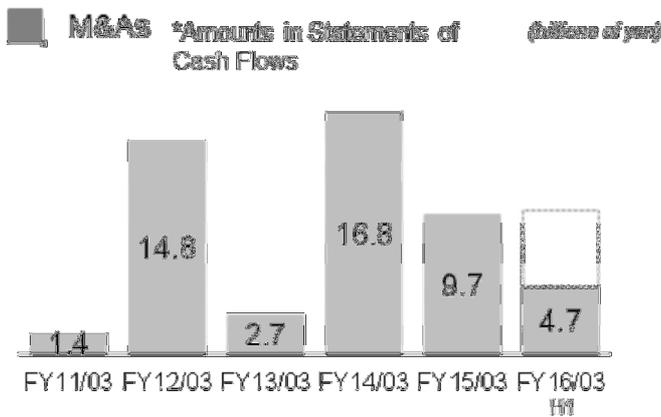


# Supplement: Management Indices



US-GAAP IFRS

US-GAAP IFRS



- We are unhappy with our current ROE and ROA levels, and aim to improve our business profitability.
- M&As and other investment should be comparable to H1 levels.
- Given the assumptions described above, management plans to pay full-year dividends of ¥35 per share.

## **3. Going Forward**

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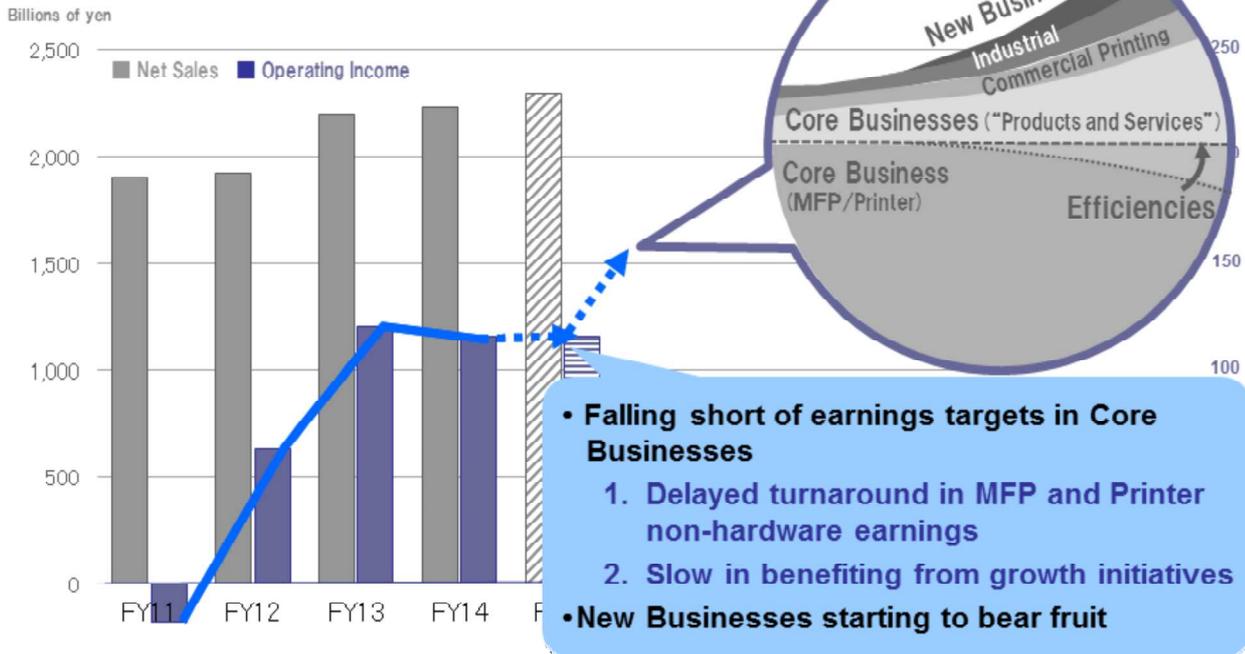
**Reinforce and develop  
earnings power for core businesses**

②

**Achieve growth by creating  
new profit generators**

- We have lagged initial plans, particularly in core businesses. At this midpoint of our 18<sup>th</sup> MTP, we are unlikely to reach our targets.
- While we are reassessing our basic strategy, the thrust of these two basic strategies remains the same, and we will continue to deploy them.

## ◆ Consolidated results



- In our core businesses, we have experienced delays in turning around our MFP and printer non-hardware earnings, hampering the benefits from growth initiatives within core businesses.
- Measures for new businesses are starting to bear fruit, however, and we would like to accelerate our efforts going forward.

①

**Reinforce and develop  
earnings power for core businesses**

②

**Achieve growth by creating  
new profit generators**

- We will separately explain our initiatives for core businesses and new businesses.



## ◆ Measures to streamline Core Business

### 1. Overhaul value chain processes

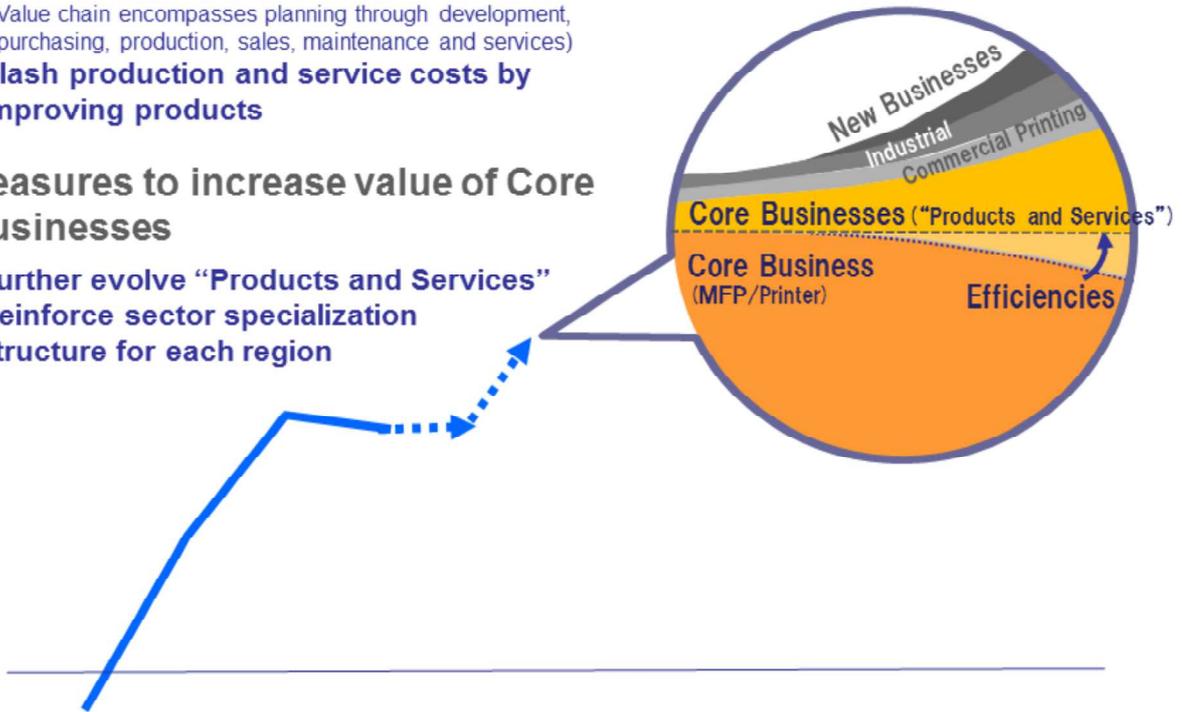
(Value chain encompasses planning through development, purchasing, production, sales, maintenance and services)

### 2. Slash production and service costs by improving products

## ◆ Measures to increase value of Core Businesses

### 1. Further evolve “Products and Services”

### 2. Reinforce sector specialization structure for each region



- In our core MFP and printer businesses, we will expand by driving efficiencies and strengthening our sales strategy.
- We will evolve both products and services and endeavor to enhance customer value.

# Revolutionize “Products and Services” in Core Businesses

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- ◆ Innovate “Products and Services” that fully support customers in a changing work environment



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## Revolutionizing Products

- We will keep offering such visual communication products as projection systems, Interactive Whiteboards, and our Unified Communication System, augmenting our paper-based MFP and printer businesses.

## Products and Services

- Augmenting our conventional service businesses for MFPs and printers, in recent years we have expanded in two key areas. One is Managed Document Services, through which we handle such tasks as optimizing locations of MFPs and printers and destroying confidential documents. The other is IT services, where we draw on our strong customer contacts and technologies.

# Revolutionize “Products and Services” in Core Businesses

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◆ Keep delivering new value in diverse business situations



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## Further Revolutionizing “Products and Services business

- While delivering Managed Document Services and IT services, we are expanding services that help customers adapt to changing work environments.
- For example, we are providing expertise and solutions to streamline work practices while supplying projection systems, Interactive Whiteboards, and video and Web meeting systems.
- The advanced value we deliver through Products and Services ensures complete support for customer office environments.
- We make anytime, anywhere mobile offices a reality by enabling customers to take advantage of cloud services.
- We keep delivering new value in diverse business situations through our Products and Services approach, harnessing a global direct sales and service network that is a key competitive strength.
- We have deployed our new Products and Services business approach in various situations.
- A good example is our Unified Communication System, which makes it easy to conduct IT services gatherings at any time and place with anyone.
- Customers can combine this system with our Interactive Whiteboards to improve work efficiency even more.
- Through our Unified Communication System, we not only sell hardware but can also create new businesses. A good example is the Annuity IT business, through which we charge for the using cloud services with that system.

# Revolutionize “Products and Services” in Core Businesses

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## Strategically acquiring IT Services Businesses

2009	Carl Lamm	
2011	Momentum Infocare	
2012	ADA	
	IMC Communications	
	01 Innovations	
2013	Aventia	
2014	mindSHIFT	
	Npo Sistemi	
	FutureTech/FutureWare	
2015	Ridgian	
	Nassion	
	Graycon	
	Capa 4	

## Noteworthy IT Services achievement

Ricoh India 

Secured 26 billion yen\* contract  
to supply India Post with  
ICT solutions to modernize  
postal and financial services  
of 129,000 post offices

\*Conversion rate as of November 25, 2014

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- We have acquired IT service companies in various areas to accelerate our Products and Services drive.
- We have greatly expanded our IT services business in India to position ourselves to expand core businesses and develop new ones.
- We will continue to invest heavily in service businesses, strengthening Products and Services by leveraging the IT service companies we have acquired.

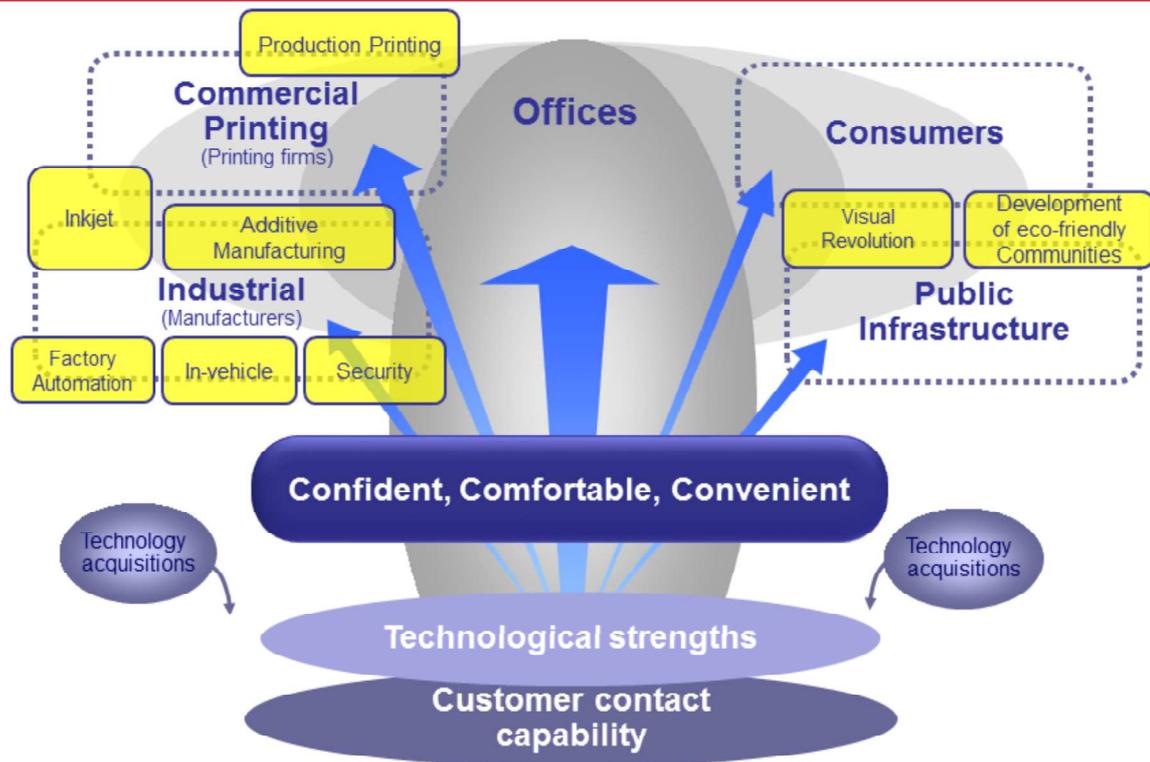
①

**Reinforce and develop  
earnings power for core businesses**

②

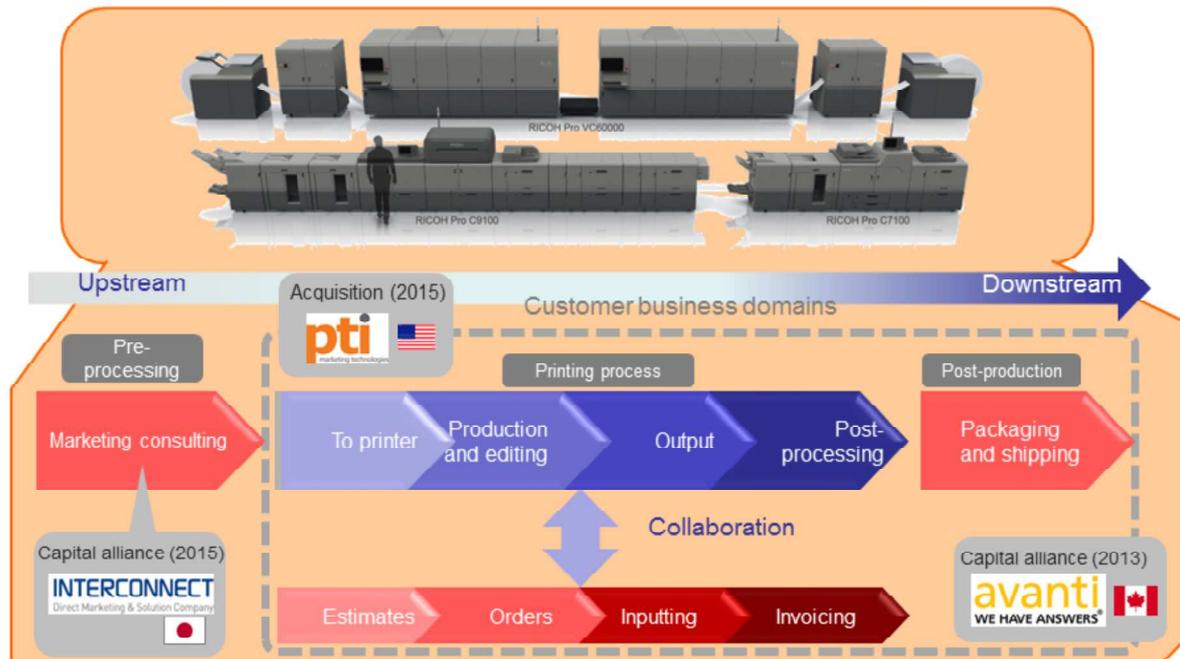
**Achieve growth by creating  
new profit generators**

# Ricoh's Direction for 2020 and the Future Beyond



- We presented this chart of Ricoh's Direction for 2020 and the Future Beyond when announcing the Ricoh Group 18<sup>th</sup> Mid-Term Management Plan.
- Here, we overview progress through Ricoh's Direction for 2020 and the Future Beyond and some new initiatives.

- ◆ Provide one-stop support for processes integrating everything from sales promotion planning through advertising media and promotional materials production



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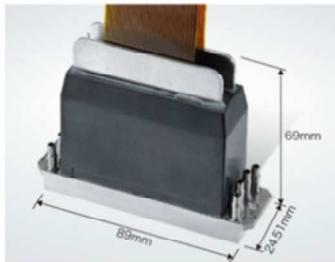
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- The production printing business now contributes significantly to profits because we offer products that match customer needs.
- We have traditionally delivered value by focusing on output & post-processing. We can offer complete upstream through downstream processes in various regions and offer useful Products and Services.
- This is one reason that we have been able to grow our production printing business so solidly.

- ◆ Leverage proprietary inkjet print head technologies to expand industrial products and services business

## Technologies

MH/GH series industrial inkjet print heads



- High durability and ink compatibility
- High-resolution printing
- High-viscosity ink
- UV inks

## Printing on diverse media

Labels and packaging



3D parts printing



Apparel



Decorative items and fixtures



- We maintain solid proprietary inkjet print head and ink technologies.
- We are already supplying ink and print heads to industrial printer producers, including 3D manufacturers.
- Inkjet technology enables customers to print on paper and on such media as labels and clothing.
- The inkjet business has tremendous potential.

### ◆ Position 3D printers as pivotal manufacturer support vehicles

- Setting up RICOH Rapid Fab facilities to advance manufacturing innovations
- Selling 3D printers and output services and providing consulting services based on Ricoh's experiences
- Rolling out the first Ricoh-branded 3D printers



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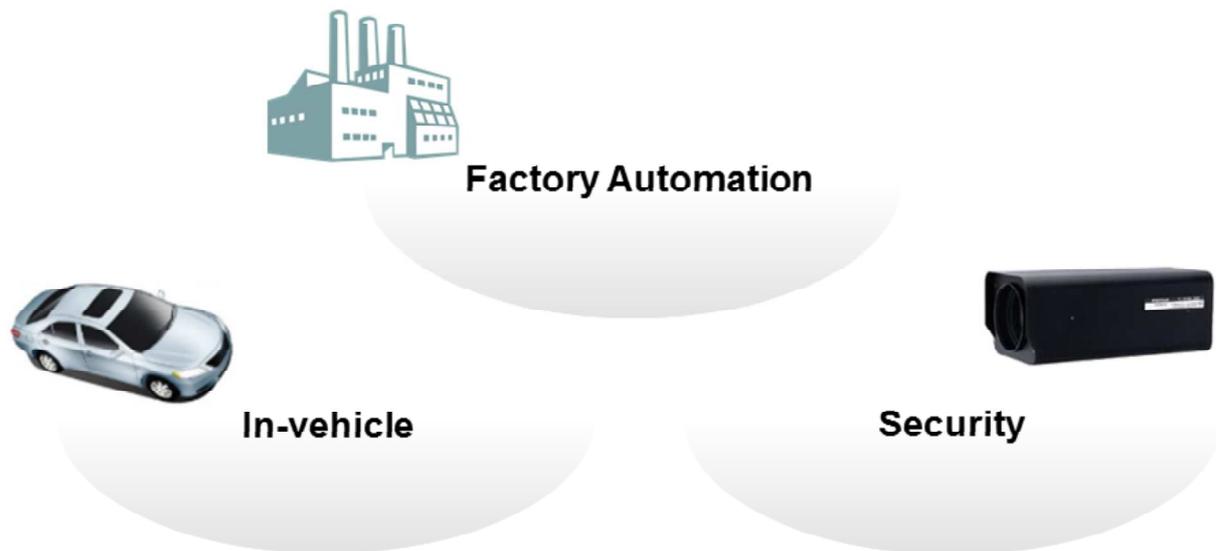
- In Additive Manufacturing, we set up RICOH Rapid Fab to sell output services and provide consulting services.

## Industrial

(Key Markets of Optical Device/Image Processing Technologies)

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- ◆ Draw on optical, image processing, and other technologies and manufacturing expertise to expand business scope, particularly in the Factory Automation, In-vehicle, and security fields



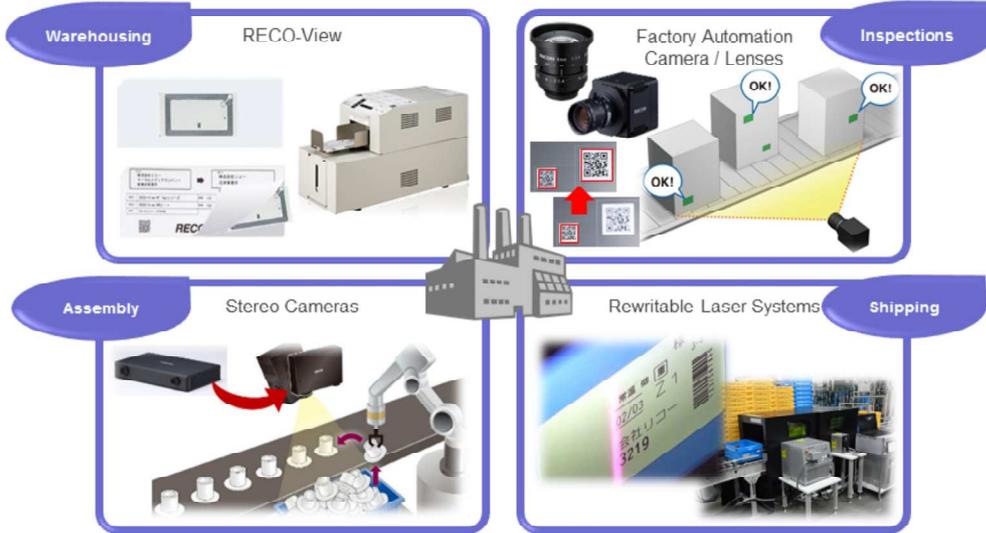
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- In factory automation , we have deployed special camera lenses that can simultaneously adjust focuses on different parts flowing along inspection lines.
- In the Industrial business, we will develop new technologies, including those combining optical and image processing.

◆ Create new value in Factory Automation area and deploy products that enhance efficiency



## ◆ Harness optical and image processing technologies of Ricoh and Pentax to revolutionize the imaging experience

- Expand applications for RICOH THETA spherical camera
  - ✓ Real estate, etc.



## ◆ Environmental initiatives

- Established RICOH Eco Business Development Center
- Developing eco-friendly communities
  - ✓ Participating in development project near Ebina Station
  - ✓ Demonstrating natural energy systems with Katsuragi, Nara Prefecture



Computer image of urban development west of Ebina Station

- We are offering an exciting new visual experience through THETA.
- On the environmental front, we established RICOH Eco Business Development Center in Gotemba to cultivate new opportunities. We are working with local governments in Ebina City and Katsuragi, Nara Prefecture, on environment-friendly communities.

## 18<sup>th</sup> MTP Basic Strategies

### ① Reinforce and develop earnings power for core businesses

#### ◆ Streamline

1. Overhaul value chain processes
2. Reduce production and service costs by improving products

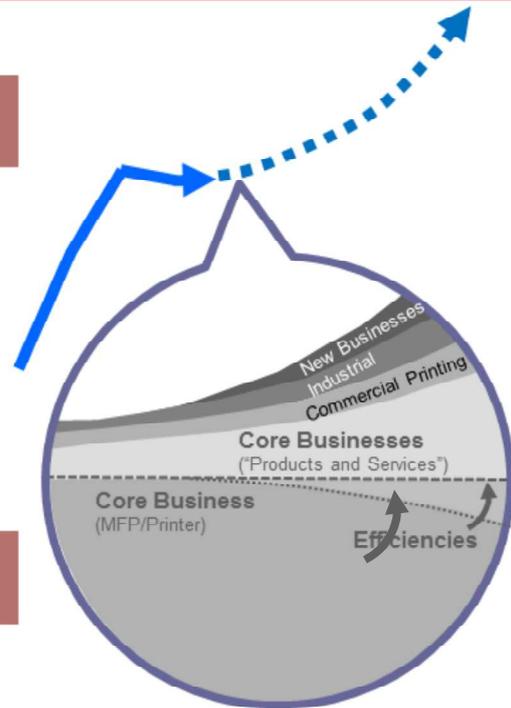
#### ◆ Improve value

1. Further evolve "Products and Services"
2. Reinforce sector specialization structure for each region

### ② Achieve growth by creating new profit generators

#### ◆ Key focuses

1. Commercial Printing
2. Industrial (Inkjet, Additive Manufacturing, Factory Automation, In-vehicle, etc.)
3. New Businesses (Visual Revolution, Environmental Solutions, etc.)



- To summarize our strategies, we will pursue efficiency and growth and expand core businesses by evolving our Products and Services approach. We will expand our production printing and other new business areas, including commercial and industrial printing, putting ourselves on a growth trajectory.
- Halfway through our 18<sup>th</sup> MTP, we recognize that it will be challenging to reach our targets. So, in light of developments to date, I look forward to speaking with you at a future date.



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## **Q&A Session**

**Q:** Although you divested assets in the first half of the fiscal year, results were considerably off target. What happened in the second quarter?

**A:** Unit sales of MFPs were on target but lower prices detracted from profitability. Non-hardware earnings were also slightly lower than expected.

**Q:** How do you plan to rebuild profit growth in light of the tough conditions in the first half?

**A:** Our regular operations are still growing in emerging nations. As we expect expansion to decelerate in developed nations, we plan to expand such value-added businesses as visual communication and IT services.

**Q:** It seems easy to imitate office solutions. How is Ricoh able to fend off rivals?

**A:** For a start, we enhance IT services, which are difficult for most hardware companies to sell. We also supply our customers with visual communication products and other total solutions that are not easy for other players to replicate.

**Q:** Will you be able to create new businesses that are sufficiently impressive for a two-trillion-yen company?

**A:** It is challenging for an enterprise as large as ours, but we look to expand our industry and industrial inkjet operations into core domains.