

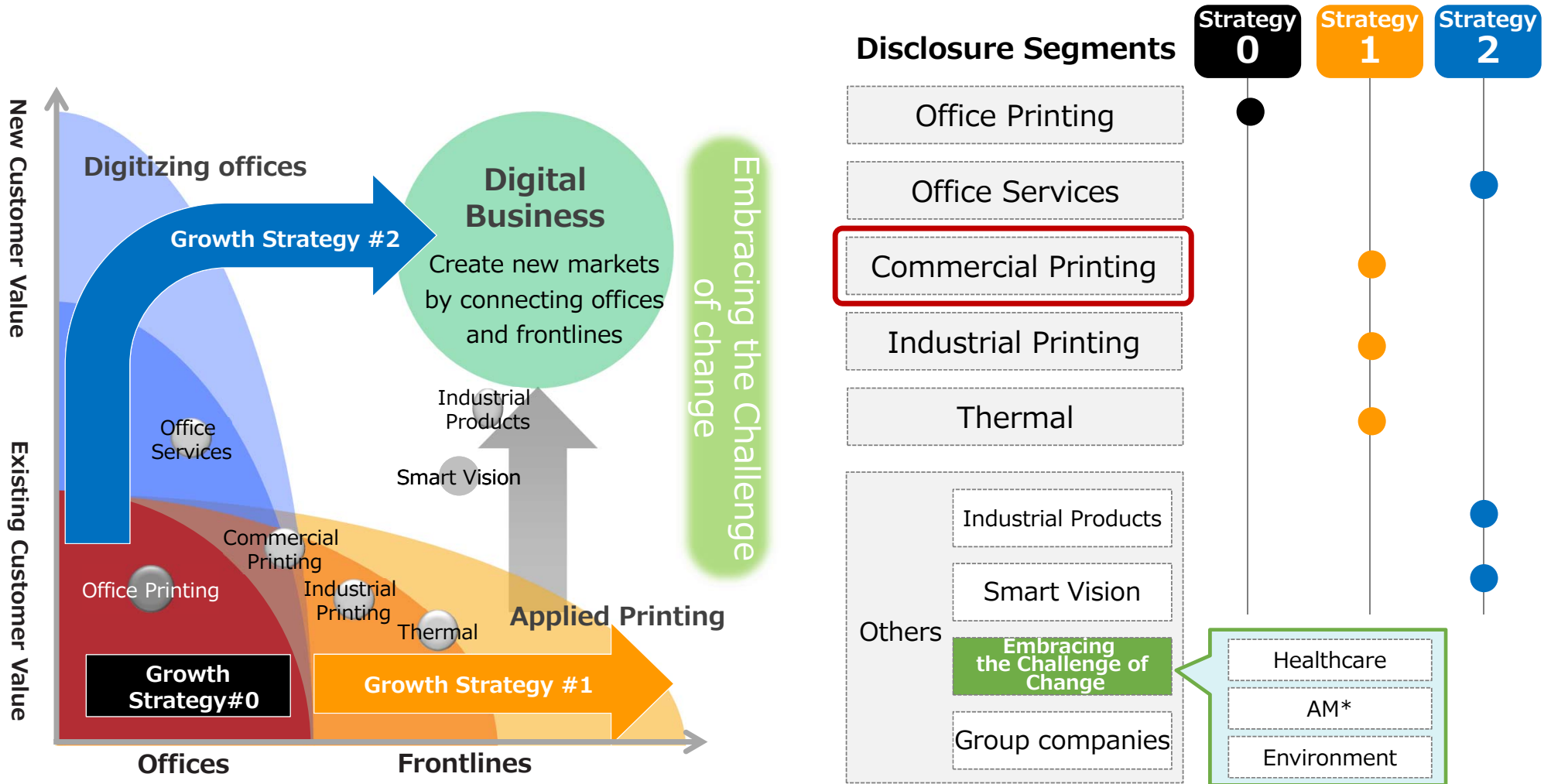
**Commercial  
Printing  
Business**

**April 11, 2019**

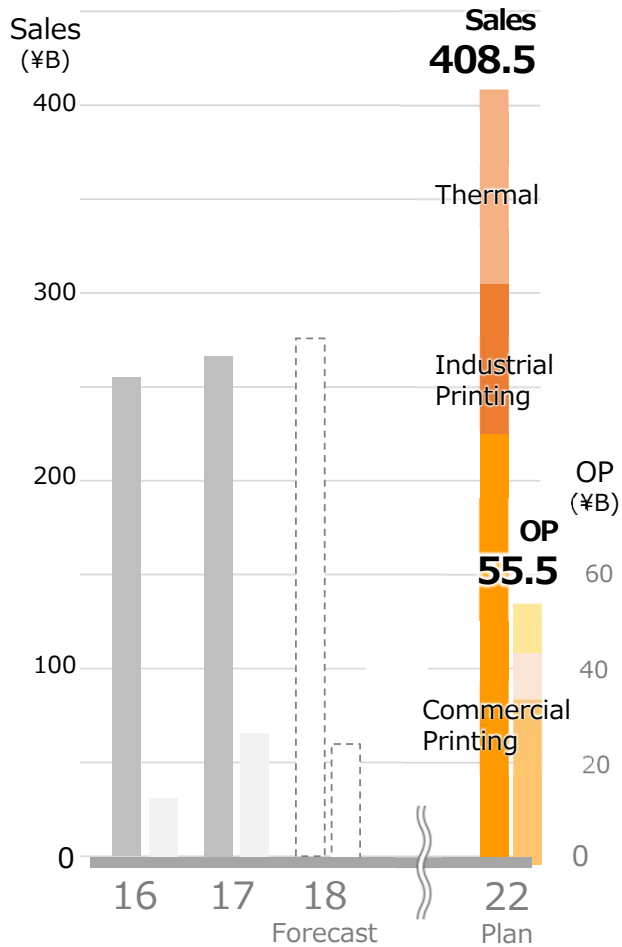
**Sergio Kato**

**General Manager of  
Commercial Printing Business Group  
Ricoh Company, Ltd.**

# RICOH Ignite Growth Strategy



\*AM: Additive Manufacturing



**Growth Strategy #1 toward FY2022**

**Expand Commercial Printing business earnings and invest headily to drive Industrial Printing business growth**

**Commercial Printing:** Bolster solutions to cater to various market needs in transaction, enterprise, commercial, and other printing areas, supporting customers and printing businesses and growing with customers

**Industrial Printing:** Expand our customer value proposition and reduce environmental impact by materializing our digital micro factory concept, opening up new vistas for industrial printing

**Thermal:** Leverage competitive edge in existing businesses to maximize earnings while launching new operations to expand our business and increase the operating margin to more than 10%

# Commercial Printing Business (Overview)

## Commercial Printing Business

Three business domains that reflect differing market characteristics, and seek to deliver customer value by combining optimal solutions for customers in each domain

		Enterprise		Commercial
		Transaction	In Plant, CRD	
Company size	Mid·Large	<b>Domain A (Transaction)</b> High productivity HPS WFS	<b>Domain B (Print on Demand)</b> High added value DAS WFS	<b>Domain C (Offset to Digital)</b> High quality, productivity, and added value DAS HPS WFS
	Small			

### Key business strategy

#### Pursue customer-centric business restructuring

- Develop new markets that harness strengths (Domain C)
- Maximize revenues in existing markets (Domains A and B)
- Build profit structure that can deliver sustainable growth (all domains)

### Main products and solutions

#### Digital application solutions (DAS)

(Cut-sheet printers)



**RICOH Pro C7200S**  
Harnessing special colors to deliver vivid results



**RICOH Pro C9200S**  
Top-quality flagship model handles an array of papers

#### High-productivity solutions (HPS)

(Continuous feed printers)



**RICOH Pro VC40000**  
High-speed transaction printer



**RICOH Pro VC70000**  
Delivers outstanding image quality and speed with offset papers

#### Workflow solutions (WFS)

**Avanti-MIS** business workflow management

**Ricoh Process Director** print production workflow management



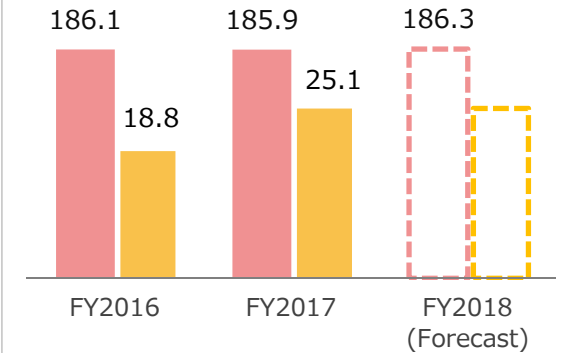
**Ricoh Supervisor**  
IoT management



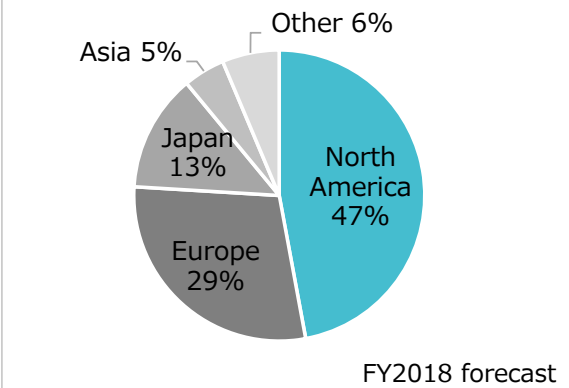
## Results

### Performances

(Billions of yen)

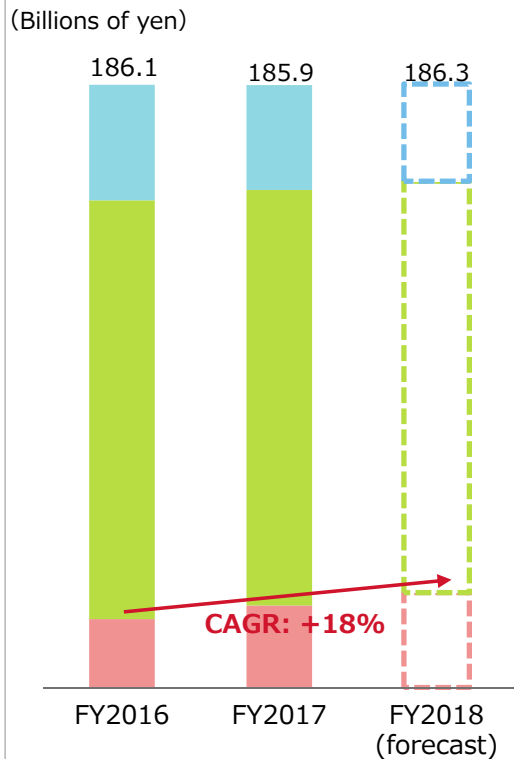


### Sales composition by region



### Sales composition

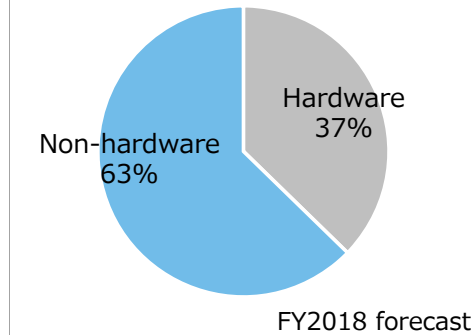
(Billions of yen)



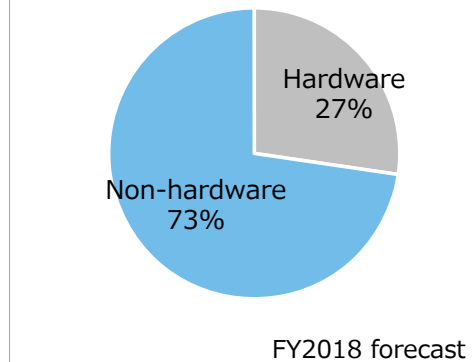
## Hardware vs non-hardware

### Sales

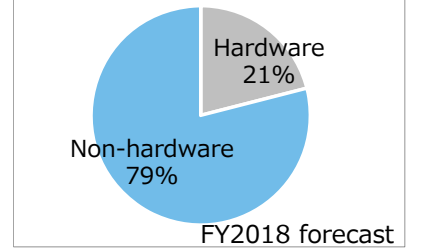
**Total:  
¥186.3 billion**



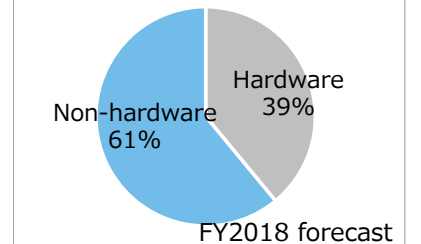
### Marginal profit



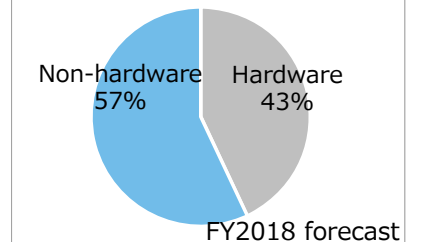
### Domain A sales



### Domain B Sales




### Domain C Sales



# Domain A (Transaction) Strategy



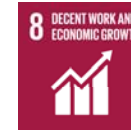
Market size	Trends and customer needs	Core customers	Ricoh's strengths and results
<p>¥130 billion (2020)</p> <p></p> <p>CAGR: -2.0% (2017 → 2020)</p>	<ul style="list-style-type: none"> <li>● Market for corporate slips, forms, and other basic printed matter</li> <li>● Overall demand declining amid shift toward digital documentation</li> <li>● Print needs focusing on operational stability, with few new requirements</li> </ul>	<ul style="list-style-type: none"> <li>● Enterprise print departments (data centers)</li> <li>● Service bureaus</li> </ul>	<ul style="list-style-type: none"> <li>● Large customer base acquired from IBM printing business</li> <li>● Transaction support operational stability</li> <li>● Ample transaction systems specialist capabilities</li> <li>● Revenue-based market share: Around 20%</li> </ul>



<p><b>Key business strategy</b></p>	<p><b>Pursue customer-centric business restructuring</b></p> <ul style="list-style-type: none"> <li>● <b>Develop new markets that harness strengths</b> (Domain C)</li> <li>● <b>Maximize revenues in existing markets</b> (Domains A and B)</li> <li>● <b>Build profit structure that can deliver sustainable growth</b> (all domains)</li> </ul>
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Domain strategy	Results stance
<ul style="list-style-type: none"> <li>● Cultivate colorization and keep providing reliable systems</li> <li>● Streamline investments as markets shrink</li> </ul>	<ul style="list-style-type: none"> <li>● Maintain machines in field to uphold non-hardware earnings</li> <li>● Enhanced cost efficiencies</li> </ul>

# Domain B (Print on Demand) Strategy



Market size	Trends and customer needs	Core customers	Ricoh's strengths and results
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¥1.2 trillion (2020)



CAGR: 1.4% (2017 → 2020)

- Promotional materials and manuals and other areas of digital printing market
- Color machine demand keeps rising owing to need for short deliveries with on-demand printing. Monochrome printing demand decreasing slightly
- As well as basic print quality, customers demand printed matter delivering added value

- Enterprise print departments (In plant, CRD)
- Small commercial printing firms

- Maintaining a direct sales and service network worldwide
- New application proposals with addition of special colors
- Deploying print solutions through alliances with post-press vendors
- Revenue-based market share: Around 10%

Key business strategy	<p><b>Pursue customer-centric business restructuring</b></p> <ul style="list-style-type: none"> <li>● Develop new markets that harness strengths (Domain C)</li> <li>● Maximize revenues in existing markets (Domains A and B)</li> <li>● Build profit structure that can deliver sustainable growth (all domains)</li> </ul>
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Domain strategy	Results stance
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- Supply digital applications that enhance the value of printed matter
- Expand sales channels and bolster sales in emerging markets

- Expanding number of machines in field to increase non-hardware earnings through and lifting hardware prices
- Lifting hardware and non-hardware revenues



## Our evolving high-value-added cutsheet printers

### Boosting sales (Success story: Company G)

**Adding value through unique new features lifts print page prices and gives our customers advantages to other printing companies.**

#### 1. White toner

White toner enhances presentation and prints easily on clear water-resistant, colored, and other challenging stock.

#### 2. Neon toner reproducing vivid colors

Differentiating by enabling vivid hues that are beyond the reach of regular ordinary process colors.

#### 3. Clear toner for decorating print surfaces

Making gloss over entire print surfaces possible to offer premium looks or using spot gloss to partially highlight print surfaces.



White



Neon



Clear

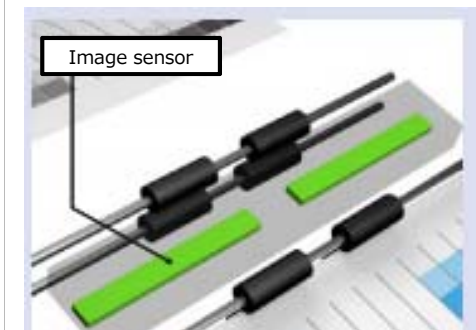
### Stable operations

Automating pre-print and other adjustments to deliver consistently high-quality output.

⇒ **Reducing resources and costs from inspection return reprints.**



Auto calibration



Real-time front and back registration



# Domain C (Offset to Digital) Business Strategy

## Market size

¥500 billion  
(2020)

  
CAGR: 8.9%  
(2017 → 2020)

## Trends and customer needs

- Offset printing-oriented market for promotional materials, direct mail, books, and other publications
- Digital printing should expand rapidly amid demand for multi-variety, small-lot runs and the need for inventory and disposal cost reductions
- Ricoh's and rival offerings to date have failed to sufficiently satisfy strong demand for print quality and productivity  
⇒The barrier to full-scale development of offset to digital
- Expectations have risen for high-value-added printing businesses using digital technology and streamlining total workflows  
⇒New expectations for offset to digital

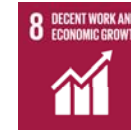
## Core customers

- Medium-sized and large commercial printing firms
- Direct mailers

## Ricoh's strengths and results

- High-speed, high-quality inkjet technology for offset coated paper employing heads, inks, systems, and other core technologies
- Solutions lineup optimizing customer workflows through compatibility with various media, electrophotographic technology management information systems ensuring high quality at low prices, process management, and other features
- Revenue-based market share: Around 7%
- Sales expanding faster than market (CAGR: 20%)

# Domain C (Offset to Digital) Strategy



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imagine. change.

## Key business strategy

- **Pursue customer-centric business restructuring**
  - **Develop new markets that harness strengths** (Domain C)
  - **Maximize revenues in existing markets** (Domains A and B)
  - **Build profit structure that can deliver sustainable growth** (all domains)

## Domain strategies

For general partners supporting improvement of management quality improvements at printing firms

- Generating new customer value with digital technology
- Providing printing systems balancing high quality and productivity
- Deploy offset and other solutions fostering efficiency

Accelerating sales and profit growth

- Continuing to invest extensively amid expanding markets and intensifying competition
- Maintaining mix of direct sales and alliance channels
- Rolling out ideal services models for commercial printing customers

## Results stance

- Expand sales (hardware and non-hardware) in growth domains
  - Increase unit sales and machines in field
  - Greatly increase print and ink volumes per machine
- Undertake extensive forward investments



## Industry-leading cutsheet printer plug-in equipment

### Boosting sales (Success story: Company V)

**Supporting a range of papers with digital machines to enable high value-added application production.**

#### 1. Handling corrugated paper

Handling luxury impression textured paper with deep paper ditch.  
Expanding sales of high-end catalogs, book covers, business cards, and other items



Catalogs

#### 2. Handling long sheets

High-quality and high-precision Printing on long sheets. Expanding sales of high-end fold-out catalogs, posters, and other items.



Fold-out catalogs



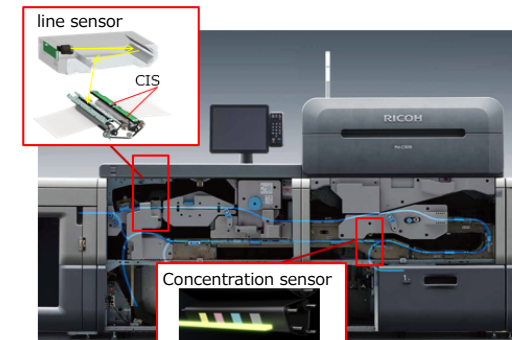
Posters

### Efficient equipment operations

#### High image quality and stability

⇒ Building on high image quality for which the 9100 was so popular by improving blacks, for offset quality with less distortion

⇒ New inline quality control technology for high-end for high color stability



⇒ **Enabling operational efficiencies without worrying about in differences in digital and offset print quality**

# Domain C Product Overview: RICOH Pro VC70000



## Continuous feed inkjet printers expanding commercial applications with new drying technology and inks

### Boosting sales (Success story: Beta Customer Company A)

#### Dramatically enhancing coated paper productivity

⇒ Systems **increase hourly sales**

\*Customer defined machine production capacity (hourly sales)

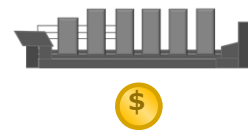
**VC70000**  
Cost x 120 mpm

>

**VC60000**  
Cost x 50 mpm

>

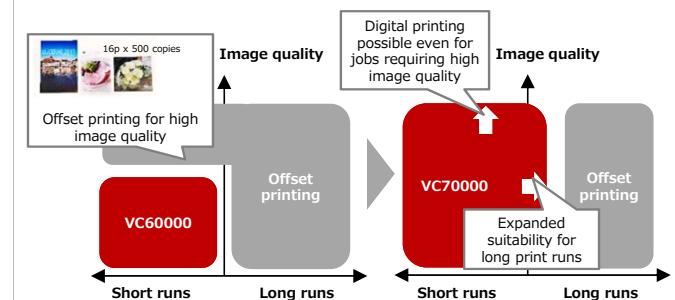
**B2 Offset**  
Cost x 133 mpm (equivalent)



### Efficient equipment operations (Beta Customer Company B success story)

High densities and wide color gamuts enable print jobs requiring high image quality, which has been elusive to date

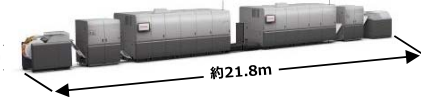
⇒ **Ensuring efficient digital and offset print facilities operations**



### Boosting sales (success story: Beta Customer Company B)

Extended Gamut ink makes it possible to print on offset coated paper without undercoats or protector coats  
 ⇒ **Space savings and installations at low initial costs**  
 ⇒ **Business expansion with low running costs**

**VC60000 (Previous ink)**



**VC70000 (New ink)**



**5.5m shorter than VC60000**

# FY2022 Goals

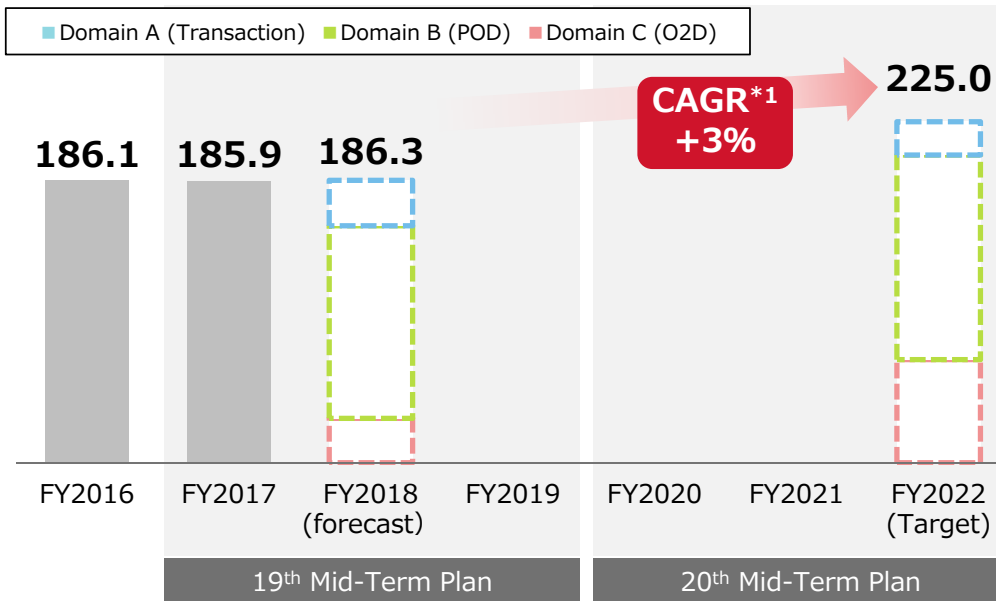
## FY2022 Targets

**Sales**                    **¥225 billion**  
**Operating profit**    **¥35 billion**

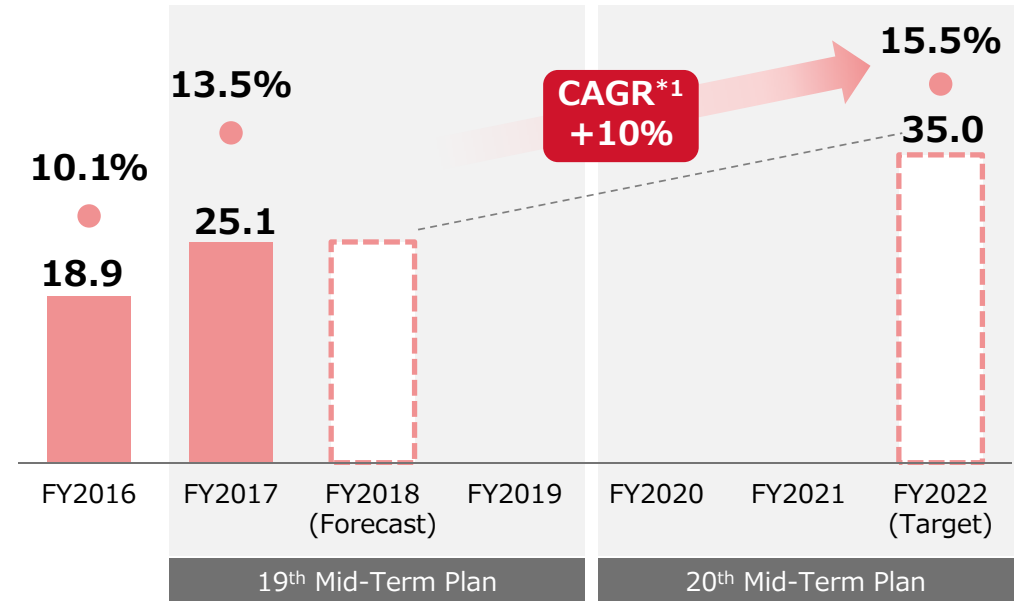
### Key strategy

1. Expand sales channels and bolster sales in emerging markets (Domain B)  
Lifting hardware and non-hardware revenues
2. Generating new customer value with digital technology and solutions (Domain B and C)  
Expanding number of machines in field to increase non-hardware earnings
3. Providing printing systems balancing high quality and productivity (Domain C)  
Expanding non-hardware revenue by increasing number of machines in field and increasing print and ink volumes per machine greatly

### Sales (Billions of yen)



### Operating profit (Billions of yen) / Operating margin (%)



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# Forward-Looking Statements

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:  
FY2018 = Fiscal year ended March 31, 2019, etc.**