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Consolidated Results for Six Months Ended September 30, 2018

October 26, 2018
Ricoh Company, Ltd.

- Today, we will review Ricoh’s consolidated results for the six months ended September 30, 2018

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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Summary of FY 2019/03 H1 Results

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- If not for the impact of removals from consolidation in line with share transfers, sales would have been were basically unchanged
- Operating profit surged on a turnaround gains in office printing, expanded earnings from office services, and gains on share sales
- Office services sales drove revenues and earnings growth in Japan, while earnings in the Americas were up from improvements in office services, notwithstanding lower revenues
- Structural reform measures progressed as planned

➡ **We slightly exceeded our projection (generating around 65% of the operating profit targeted for the year)**

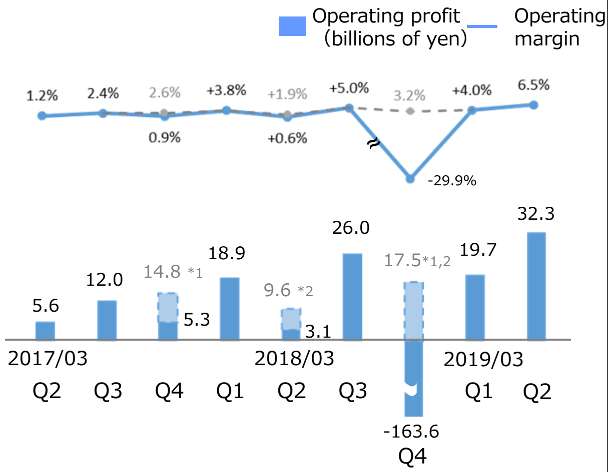
- After factoring out the transfer of Ricoh Logistics shares as a special factor, we slightly exceeded our projection for the term.
- After factoring out the impacts transfers of shares in our semiconductor and logistics businesses, sales would have been basically year-on-year flat.
- Operating profit surged on a turnaround in office printing, expanded earnings from office services, and gains on share sales.
- Revenues and earnings rose in Japan on office services sales growth. Notwithstanding lower revenues in the Americas, earnings there rose on improvements in office services.
- Structural reform measures progressed as planned.

Key Indicators

	FY19/03 H1	Change
Sales	988.2 billion yen	-1.1%
Operating profit	52.0 billion yen	+136.2%
Operating margin	5.3%	+3.1pt
Profit attributable to owners of the parent	36.0 billion yen	+696.2%
EPS	49.73 yen	+43.48円
Free cash flow excluding finance business	66.4 billion yen	+50.4 billion yen
R&D expenditures	55.3 billion yen	+0.8 billion yen
Capital expenditures	35.6 billion yen	+7.2 billion yen
Depreciation	34.1 billion yen	-0.6 billion yen
Exchange rate Yen/US$ Yen/euro	110.34 yen 129.90 yen	-0.75 yen +3.67 yen

→Would have been +0.0% if not for semiconductor and logistics business transfers

Quarterly operating profit



*1: Excluding impairment charge
*2: Excluding India-related expenses

- Sales for the term declined 1.1% from the previous corresponding period, to 988.2 billion yen. Sales would have been basically year-on-year flat. if not for the transfers of our semiconductor and logistics businesses.

- Operating profit rocketed 236%, to 52 billion yen.

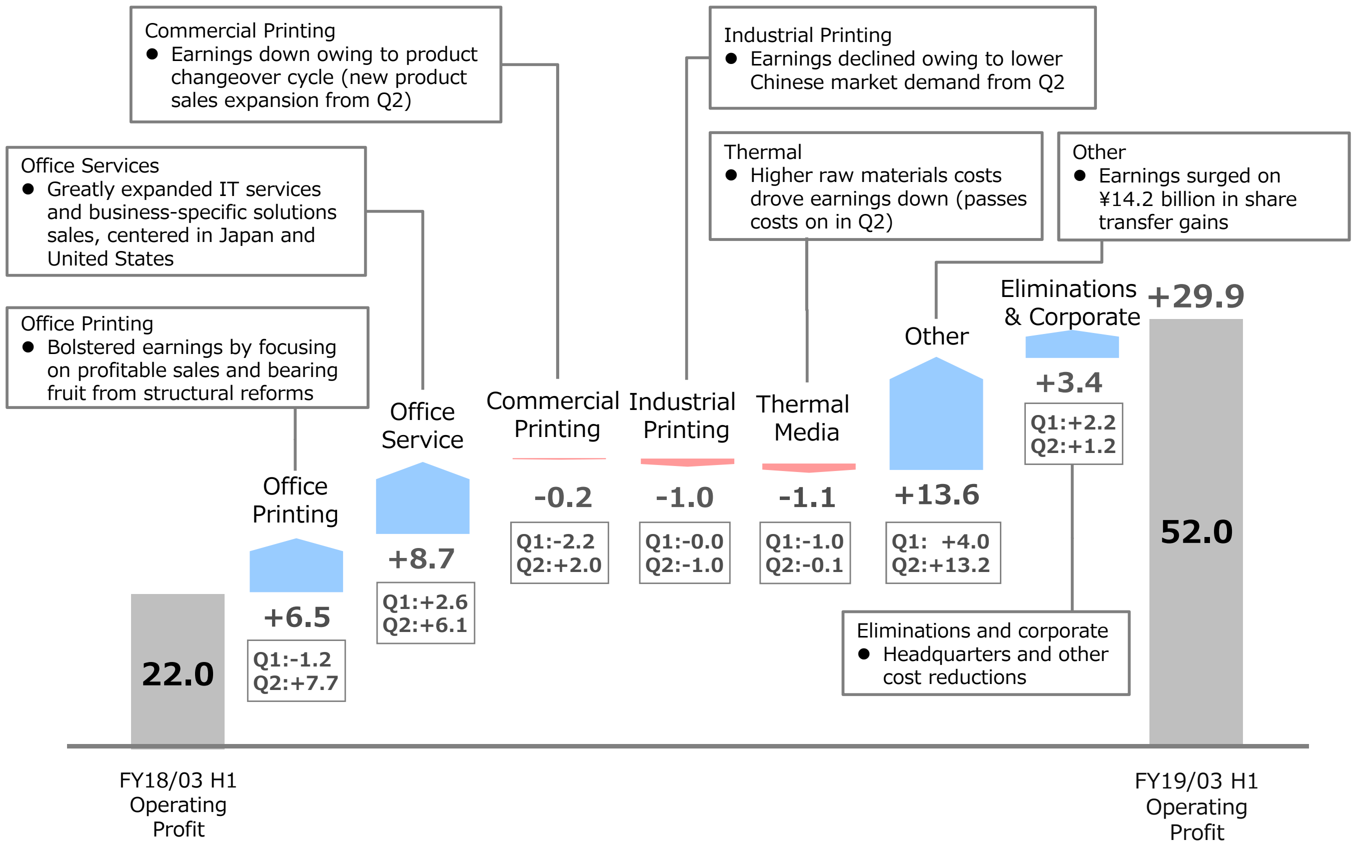
- Profit attributable to owners of the parent were up almost eight-fold, to 36 billion yen, and free cash flow increased steadily.

- R&D, capital, and other investment expenditures were on track, and both operating profit and profitability were on recovery paths.

- The yen depreciated slightly against the dollar and was basically in line with the projected euro exchange rate.

Second-Quarter Results
Segment Operating Profit Changes

(billions of yen)



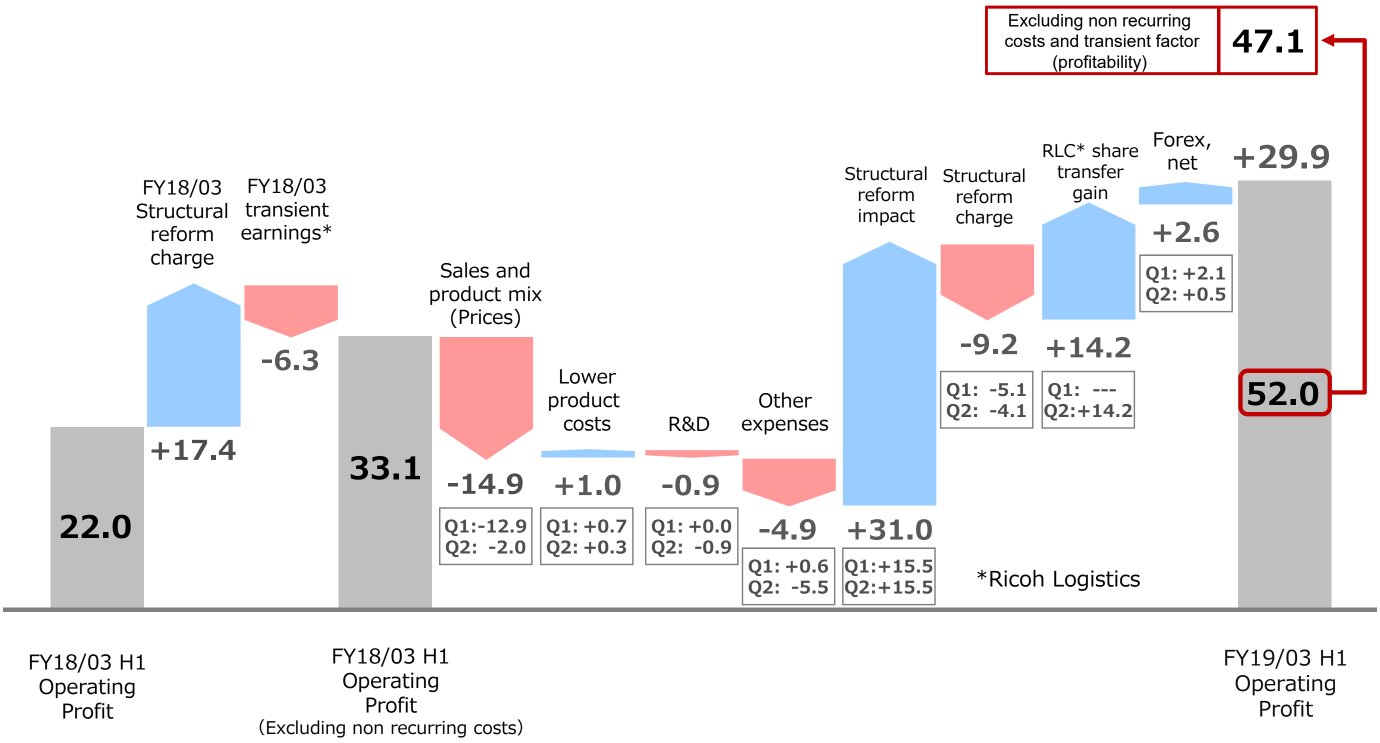
- I will now look at segment operating profit changes.

- In office printing, we increased earnings from the second quarter on concerted global efforts to cultivate profitable sales and as a result of structural reforms.
- Office services earnings were up significantly, with the greatest gains coming from Japan and the United States. Contributors in Japan were business-specific solutions, while the U.S. gains were largely from IT services.
- Commercial printing earnings were down owing to a product changeover cycle, although earnings picked up from the second quarter on increased sales of new offerings.
- In industrial printing, profits declined because trade friction between the United States and China dampened demand in the Chinese market.
- Thermal earnings dropped amid higher raw materials costs, although we progressed in passing on costs in the second quarter.
- In other areas, we generated significant gains from selling Ricoh Logistics shares.
- On the eliminations and corporate front, we posted gains from headquarters and other cost reductions.

- As a result of these factors, operating profit for the term climbed 29.9 billion yen, to 52 billion yen.

FY2019/03 H1 Operating Profit Comparisons

(billions of yen)



FY18/03 transient earnings: machine in field divestment

- I will take you through the main factors in operating profit changes.
- After stripping out extraordinary factors, operating profit would have been 33.1 billion yen on FY18/03 H1.
- As expected, the sales and product mix decline was down from the second half. It was 12.9 billion yen in the first half and 2 billion yen in the second.
- Other expenses increased owing to an enhanced personnel management system, including in terms of modifications to results-based evaluations. Also, work practice reform and other expenses were up.
- The impacts of structural reforms and the deployment of measures progressed as planned.
- We posted a 14.2 billion yen gain on the transfer of shares in Ricoh Logistics.
- Operating profit for the first half of the term thus rose 29.9 billion yen, to 52 billion yen.

Business Segments

(Billions of yen)

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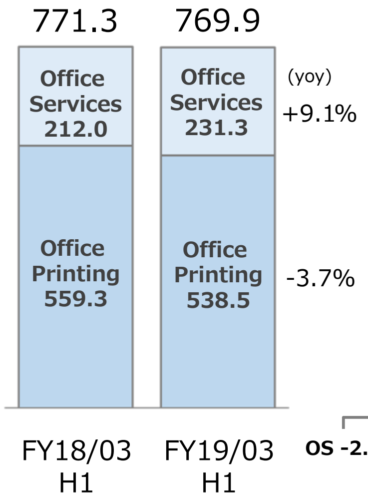
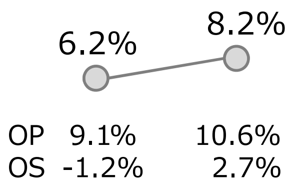
Office

Sales basically year-on-year flat
Office printing and services earnings rose

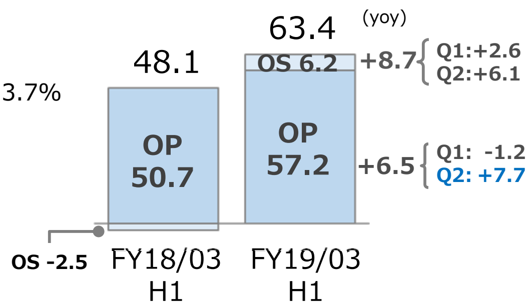
Sales



Operating margin*



Operating profit*



*Excluding corporate and eliminations

Office Printing

- Earnings increased on profit-centric sales and progress with profit structure improvements
- North American sales reforms in the previous fiscal year ran their course, with results normalizing from the second quarter

(Billions of yen)	FY18/03 H1	FY19/03 H1	Change
Operating profit	50.7	57.2	+6.5
Structural reform costs	7.0	8.5	+1.5
MIF sales gains	6.3	-	-6.3
OP excluding extraordinary factors	51.4	65.7	+14.3

yoy by value (excluding forex)	Hardware	Non-hardware
MFPs	-8%	-3%
Printers	-4%	-2%
MFPs & Printers	-8%	-3%

yoy by unit		
MFP	-5%	A3:-7% A4:-0%
Printer	-21%	

Office Services

- Japan: Generated double-digit growth with business- and task-specific models
- Americas: Document-related and communications services performed well

- Office business sales were basically year-on-year flat, and earnings rose both in office printing and office services.

Office Printing

- These sales were 538.5 billion yen.
- Operating profit improved on a focus on profit-centric sales and structural reforms.
- North American sales reforms in the previous year ran their course, and sales fluctuations dissipated from the second quarter.
- Operating profit would have risen 14.3 billion yen after stripping out structural reform changes and other extraordinary factors.

Office Services

- Here, sales were 231.3 billion yen.
- Both revenues and earnings rose on contributions from business-specific solutions in Japan and the United States and IT services expansion.

Business Segments

(Billions of yen)

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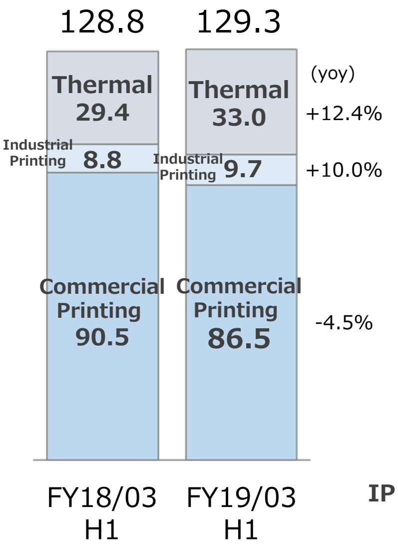
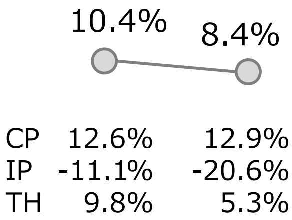
Printing

Sales were basically year-on-year flat, while earnings were down owing to extraordinary factors

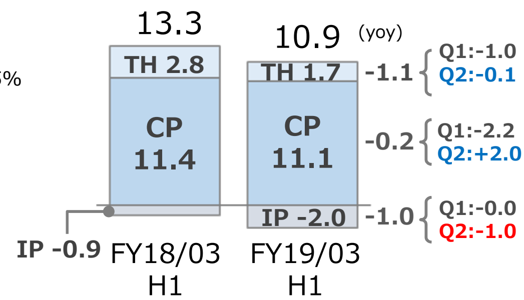
Sales



Operating margin*



Operating profit*



*Excluding corporate and eliminations

Commercial Printing

- Revenues were down due to product cycle of hardware
- Earnings increased in second quarter, reflecting sales growth for new models

yoy by value (excluding forex)	Hardware	Non-Hardware
Commercial Printing	-15%	+1%

Industrial Printing

- Sales grew on expanded inkjet head revenues in Europe and United States
- From second quarter, demand stagnated in Chinese market, with earnings decreasing

Thermal

- We generated steady sales growth in Japan and abroad
- Earnings declined on higher raw materials and supplies costs
- We passed on costs in the second quarter, slowing an earnings decline

- Earnings in the Printing segment were down, while sales were basically year-on-year flat. The principal downside factors were industrial printing and thermal businesses.

Commercial Printing

- Sales were 86.5 billion yen.
- Revenues and earnings were down amid a switch to new products, but these offerings began contributing to performance from the second quarter.
- We look forward to growth in view of pipeline expansion in the United States, which accounts for more than half of sales in this business area.

Industrial Printing

- Sales were 9.7 billion yen.
- Inkjet head revenues expanded in Europe and the United States, but earnings were down on stagnant demand in the Chinese market owing to trade friction.

Thermal

- Sales were 33 billion yen.
- Although we passed on costs in the second quarter, earnings were down amid higher raw material costs.

Business Segments

(Billions of yen)

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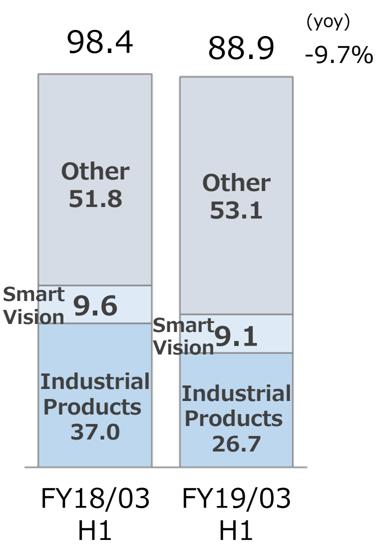
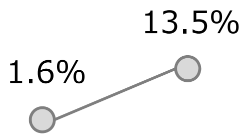
Other

Revenues and earnings increased after factoring out impact of removals from consolidation from share transfers

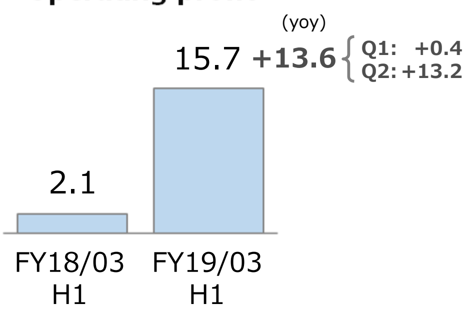
Sales



Operating margin*



Operating profit*



*Excluding corporate and eliminations

Industrial Products

- After factoring out impact of semiconductor business share transfer, revenues and earnings were up
- Industrial optical parts and modules continued to expand


On-board stereo camera


Compact 3D laser scanner

Smart Vision

- Earnings rose despite sales falling from narrowing down of products
- RICOH THETA and other products performed well

Other

- Revenues up on finance and domestic power retailing businesses
- Removed logistics business from consolidation through share transfer

- In the Other segment, revenues were down owing to the transfers of shares in semiconductor and logistics business that we removed from consolidation.
- Revenues and earnings would have risen after excluding share transfers and removals from consolidation.

Industrial Products

- Sales were 26.7 billion yen.
- Revenues and earnings were up after factoring out the impact of the removal of the semiconductor business from consolidation.

Smart Vision

- Sales were 9.1 billion yen.
- Earnings rose despite sales falling from the narrowing down of products.
- The RICOH THETA 360° camera and other products performed well.

Other

- Sales were 53.1 billion yen.
- Favorable performances of the finance and domestic power retailing business drove sales growth.

Statement of Financial Position as of September 30, 2018

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Assets

(billions of yen)	As of Sep 30, 2018	Change from Mar 31, '18
Current Assets	**1,353.9**	+25.9
Cash & time deposits	**203.1**	+42.4
Trade and other receivables	**588.0**	-1.6
Other financial assets	**296.6**	+5.4
Inventories	**207.1**	+26.7
Other investments	**-**	-55.9
Other current assets	**58.9**	+8.8
Non-current assets	**1,345.6**	+32.6
Property, plant and equipment	**245.9**	-4.0
Goodwill and intangible assets	**217.5**	+0.4
Other financial assets	**697.3**	+7.7
Other non-current assets	**184.7**	+28.4
Total Assets	**2,699.6**	+58.5

Exchange rate as of Sep 30, '18 : (Different from Mar 31, '18)
US$1 = ¥113.57 (+ 7.33)
1 euro = ¥132.14 (+ 1.62)

Liabilities and Equity

(billions of yen)	As of Sep 30, 2018	Change from Mar 31, '18
Current Liabilities	**834.0**	+45.5
Bonds and borrowings	**270.0**	+46.8
Trade and other payables	**291.9**	-8.7
Other current liabilities	**272.1**	+7.4
Non-current Liabilities	**818.3**	-45.3
Bonds and borrowings	**619.3**	-39.3
Accrued pension&retirement benefits	**100.6**	-4.3
Other non-current liabilities	**98.4**	-1.5
Total Liabilities	**1,652.4**	+0.1
Total equity attributable to owners of the parent	**962.6**	+53.1
Noncontrolling Interest	**84.5**	+5.3
Total Equity	**1,047.1**	+58.4
Total Liabilities and Equity	**2,699.6**	+58.5
Total Debt	**889.3**	+7.4

- Total assets increased 58.5 billion yen on an increase in inventories ahead of second quarter business negotiations and the impact of a lower yen.
- With the sale of shares in Coca-Cola Bottlers Japan Holding, 55.9 billion yen in other investments went to cash.
- Total liabilities were basically unchanged because the debt shift was from the long to the short term.
- Total equity was up on higher earnings and a foreign exchange impact.
- The balance sheets were basically as projected.

FY2019/03 H1 Statement of Cash Flows

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(billions of yen)	FY2018/03 1H	**FY2019/03 1H**
Profit	7.3	**38.7**
Depreciation and amortization	55.0	**48.3**
[Net profit + Depreciation and amortization]	[62.4]	**[87.0]**
Other operating activities	-53.6	**-59.5**
Net cash provided by operating activities	8.8	**27.5**
Plant and equipment	-16.2	**-26.2**
Purchase of business	-0.4	**0.0**
Other investing activities	-3.4	**35.1**
Net cash used in investing activities	-20.0	**8.8**
Increase (Decrease) of debt	48.8	**5.6**
Dividend paid	-9.0	**-5.4**
Other financing activities	-0.4	**2.4**
Net cash provided by financing activities	39.3	**2.7**
Effect of exchange rate changes	2.1	**3.2**
Net increase in cash and cash equivalents	30.2	**42.4**
Cash and cash equivalents at end of period	156.7	**203.0**
Free cash flow (Operating + Investing net cash)	-11.2	**36.4**
FCEF (Free cash flow excluding finance business)	15.9	**66.4**

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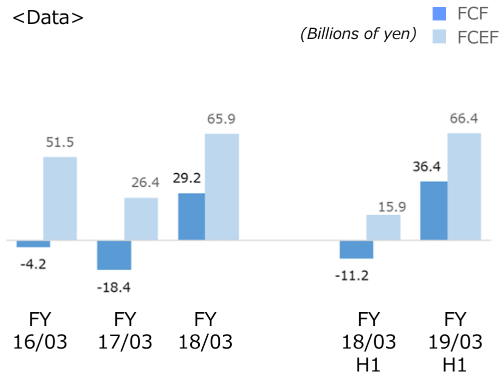

*FCEF: Free cash flow excluding finance business

- Net cash provided by operating activities benefited from a gain in profit.
- Net cash used in investing activities reflected transfers of shares in Coca-Cola Bottlers Japan Holding Shares and Ricoh Logistics.
- Free cash flow excluding the finance business was 66.4 billion yen, 50.4 billion yen from the previous corresponding period.
- Cash flows were solid, as anticipated.

Stance on Forecasts for FY 2019/03

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External climate	● Uncertainty owing to US-China trade friction and EU turmoil ● The business machine market demand and competitive environments will remain tough ● The information and communication technology market should keep expanding solidly
In-house initiatives	● Step up focus on core business profitability ● Keep expanding in office services, commercial printing, and other growth areas → Optimize models by customer category and region ● Tackle impact of trade friction and Ricoh India situation

➡ **Revise operating profit forecasts in view of first-half conditions**

- This slide presents our stance on forecasts for the current fiscal year.

External climate

- Uncertainty has risen, notably because of trade friction between the United States and China and turmoil in the European Union over Brexit.
- The business machine market demand and competitive environments will remain tough.
- That said, I look for the information and communication technology to keep expanding on booming demand for replacement of windows7 PCs.

In-house initiatives

- We will focus on enhancing profitability in core businesses while expanding in such growth areas as office services and commercial printing.
- We particularly seek to keep developing globally in office services.
- As well as facing the challenge of trade friction, we need to tackle the Ricoh India situation.

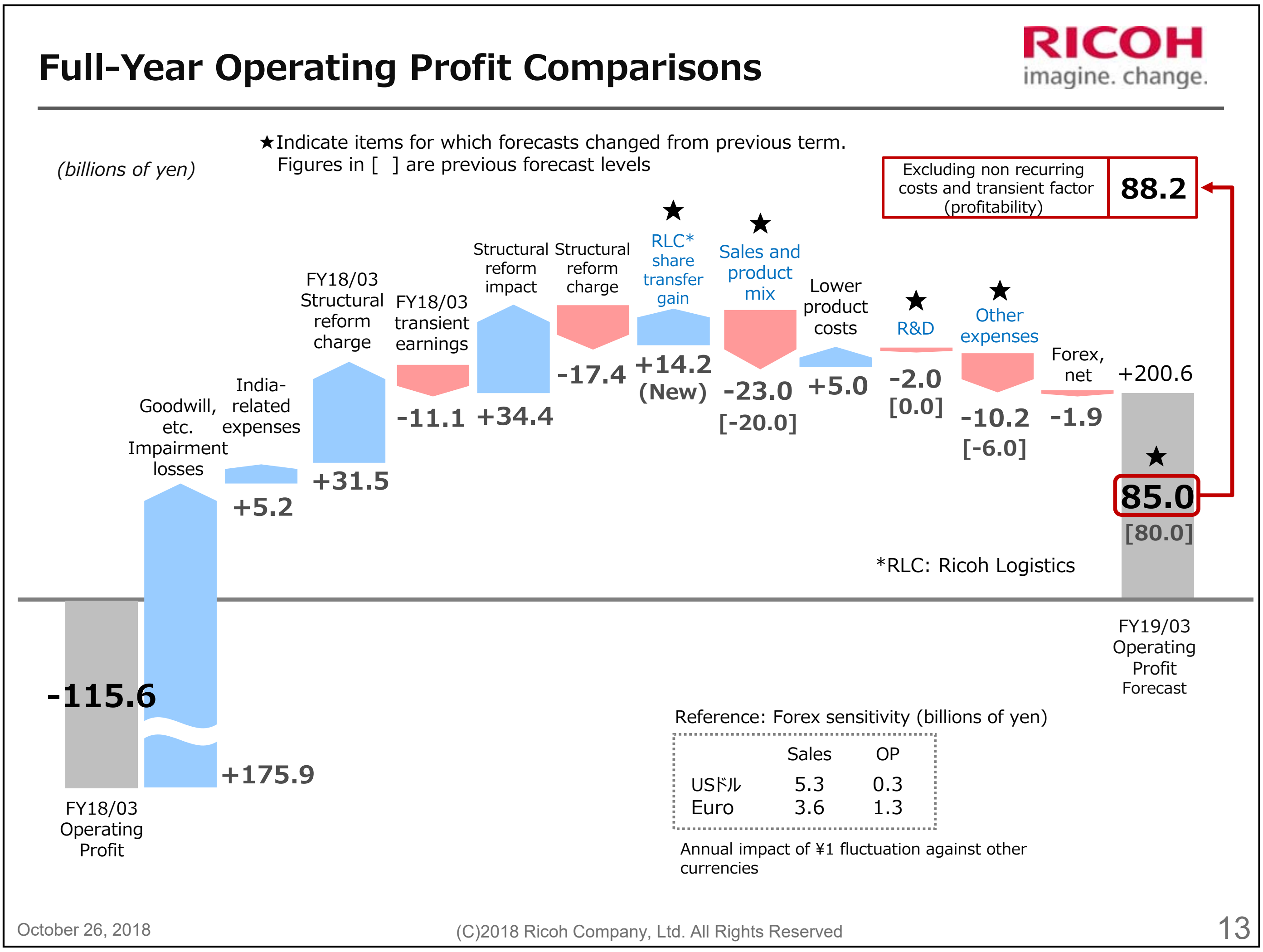
- We will revise our operating profit forecasts in view of such business conditions.

Forecast for FY2019/03

	FY19/03 forecast	Year-on-year change	
Sales	2,040.0 billion yen	-1.1%	-0.0% (excluding forex)
Operating profit	85.0 billion yen	-	
Operating margin	4.2%	-	
Profit attributable to owners of the parent	54.0 billion yen	-	
EPS	74.50 yen	-	
ROE	5% plus	-	
Dividends per Share	20.0 yen	+5.0 yen	
R&D expenditures	110.0 billion yen	-1.0 billion yen	
Capital expenditures (Tangible fixed assets)	83.0 billion yen	+10.7 billion yen	
Depreciation	66.5 billion yen	-1.9 billion yen	
Yen/US$	107.67 yen	-3.24 billion yen	
Yen/euro	129.95 yen	+0.28 billion yen	

- We have raised our full-year forecasts for operating profit and profit attributable to owners of the parent.

- We have increased our operating profit projection by 5 billion yen, to 85 billion yen. We have increased our forecast for profit attributable to owners of the parent from 47 billion yen, to 54 billion yen.



- Here, we present our forecasts for factors affecting operating profit.

- Four areas changed based on first-half results. We have indicated revised elements with stars.
- The first starred item is the gain on the transfer of Ricoh Logistics shares.
- The second starred item is the sales and product mix.
  Although we have retained our outlook for office printing, we expect the gross margin to drop around 4 billion yen from the removal from consolidation of Ricoh Logistics. In the Industrial Printing and Thermal businesses, our figures reflect a roughly 2 billion yen negative impact of lower Chinese demand. There is also a total 3 billion reduction for the sales and product mix, incorporating a gross profit gain from a solid office services performance.
- The third starred item is R&D expenses.
  This reflects higher development spending in office services and other growth areas.
- Fourth is other expenses.
  These are increasing amid higher personnel system spending, including to change the employee evaluation setup. We are also spending more to accelerate work practice reforms.

Positioning of FY 2019/03 in growth strategies

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Slide from February 6 ,2018 company briefing materials

➢ **From structural reforms to growth**

From FY 2018/03	From FY 2019/03	From FY 2020/03
Resurgent Enhance our strengths and refine our implementation capabilities to deliver growth	Ignite Pursue high targets companywide in steering toward growth	Take Off Ensure sustainable growth and further progress

- We showed this growth strategies chart in February this year.

- I would like to talk about the course we are steering from this fiscal year.
  One challenge is to maintain short-term profitability in the office printing business. Another key issue is how to expand the office services and commercial printing business issue. We will naturally push forward with structural reform plans.

- That concludes our overview of results for the first half of this fiscal year.