

Towards Next MTP

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President and CEO

Ricoh Company, Ltd

Forward-Looking Statement

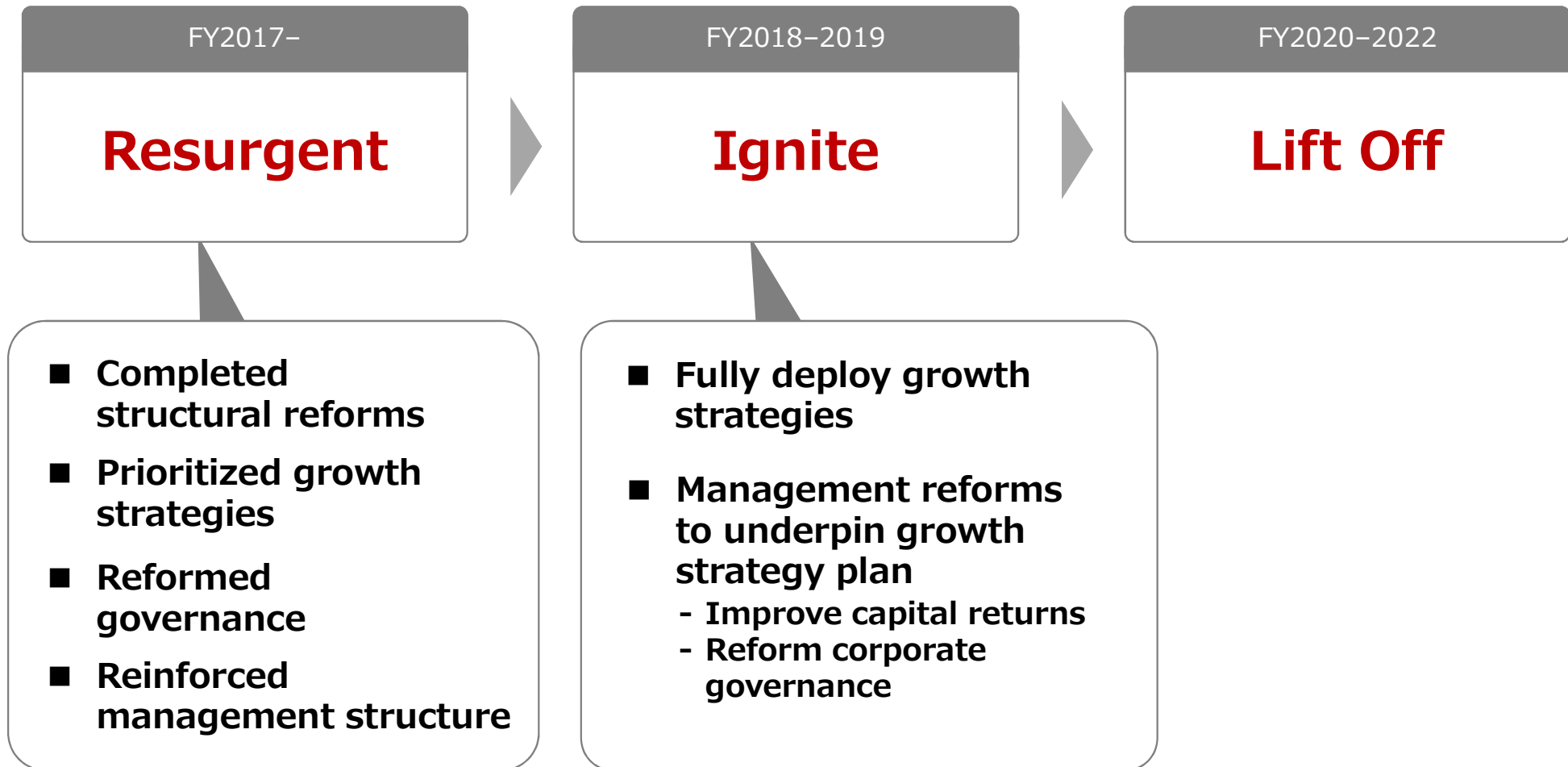
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- a. General economic conditions and business trend
- b. Exchange rates and their fluctuations
- c. Rapid technological innovation
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that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

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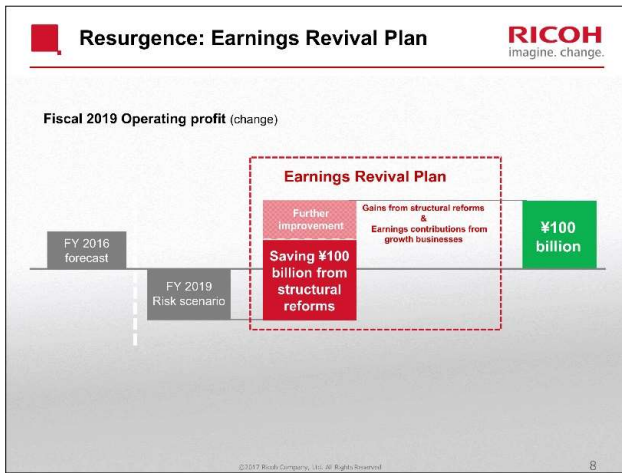
Sustainable Growth Stages



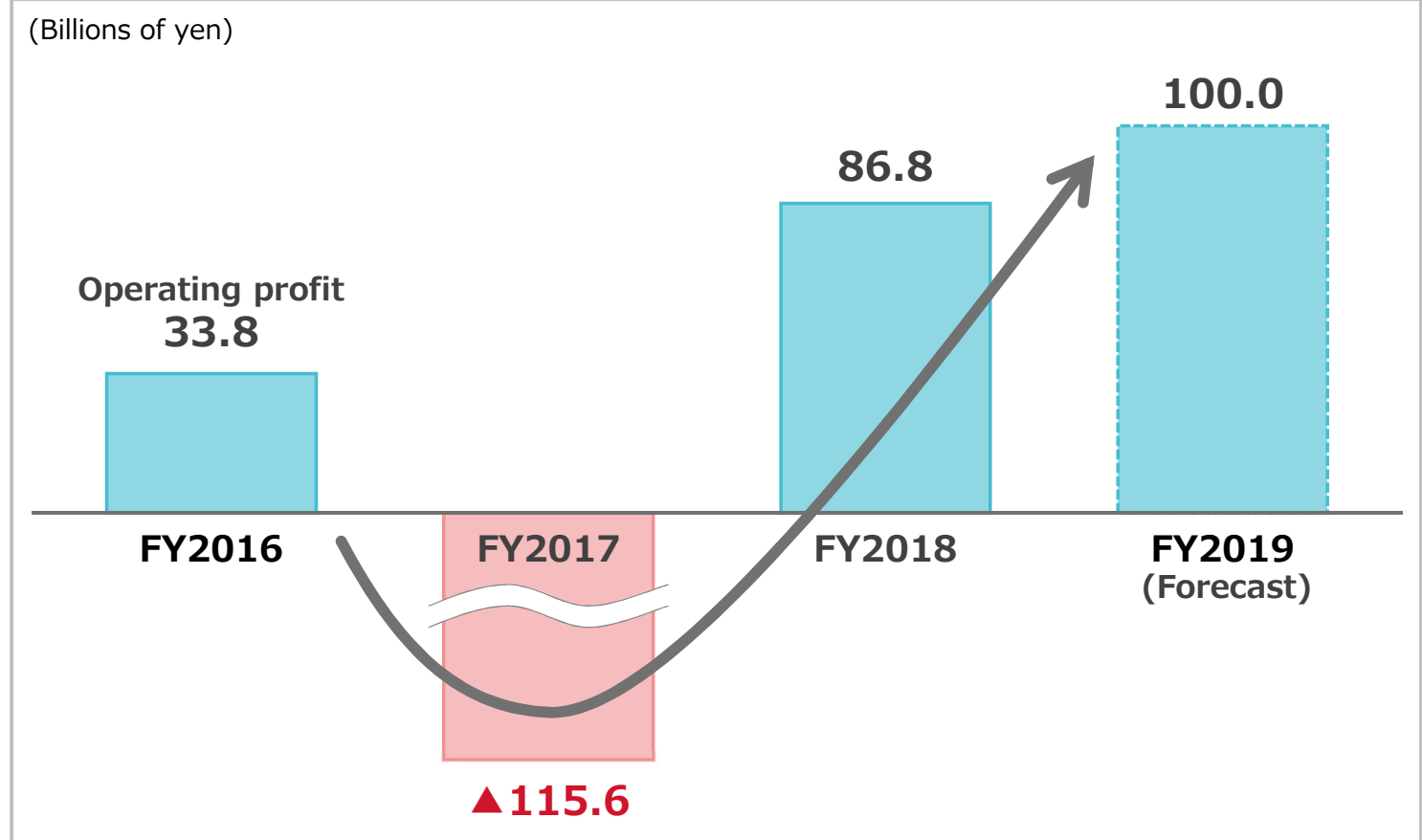
Reviewing 19th MTP*: Regaining Profitability

*MTP = Mid-Term Management Plan

We have made structural reforms to avert losses in fiscal 2019 that may have otherwise arisen



From investors' meeting presentation on April 12, 2017



Reviewing 19th MTP: Our Pledge to the Capital Markets

We are on track to reach our targets

	Targets announced on April 12, 2017	Projection
Operating profit (FY2019)	More than ¥100 billion	More than ¥100 billion (in Q2 FY2019)
Structural reform savings (Compared with FY2016)	More than ¥100 billion	¥105 billion (in Q2 FY2019)
FCEF over three years (Free cash flow excluding finance business)	More than ¥100 billion	¥154.3 billion (total through Q2 FY2019)

Reviewing 19th MTP: Growth Investments

We implemented R&D, capital expenditure, mergers and acquisitions, and other growth driver strategies

R&D

- Launched products that deliver new value while boosting investment ratios in new areas

Capital expenditures

- Invested in digital manufacturing (e.g. a new plant in Huanan, China), while expanding industrial printing, thermal media, and other production facilities

M&A and capital alliances

Growth strategy #1

- Obtain resources to expand industrial printing business

Growth strategy #2

- Secure sales and services structures to expand information technology services
- Acquire resources to grow digital businesses

Reviewing 19th MTP: Cash Flow Allocation

We reviewed our capital policies in light of our MTP progress

Dramatically improved cash flow under current MTP

Reviewed surplus cash use commensurate with MTP progress

Evaluated shareholder returns in light of some results (exploring measures, including share buyback)

Plan for FY2017 to FY2019*

Generate	Use
Operating cash flow (Excluding finance business) ¥285 billion	Capital expenditure (Excluding finance business) ¥210 billion
	Dividends ¥35 billion
	Strategic investments ¥35 billion
Business and asset divestments ¥115 billion	Cash flow ¥120 billion

* Through Q2 FY2019

Towards 2020

Our next mid-term plan will focus on sustainably improving corporate value

19th MTP

FY2017–FY2019

**Switch from scale expansion
to profitability focus**

**Enhance
profitability**

**Prioritize growth
businesses**

Next MTP

FY2020–FY2022

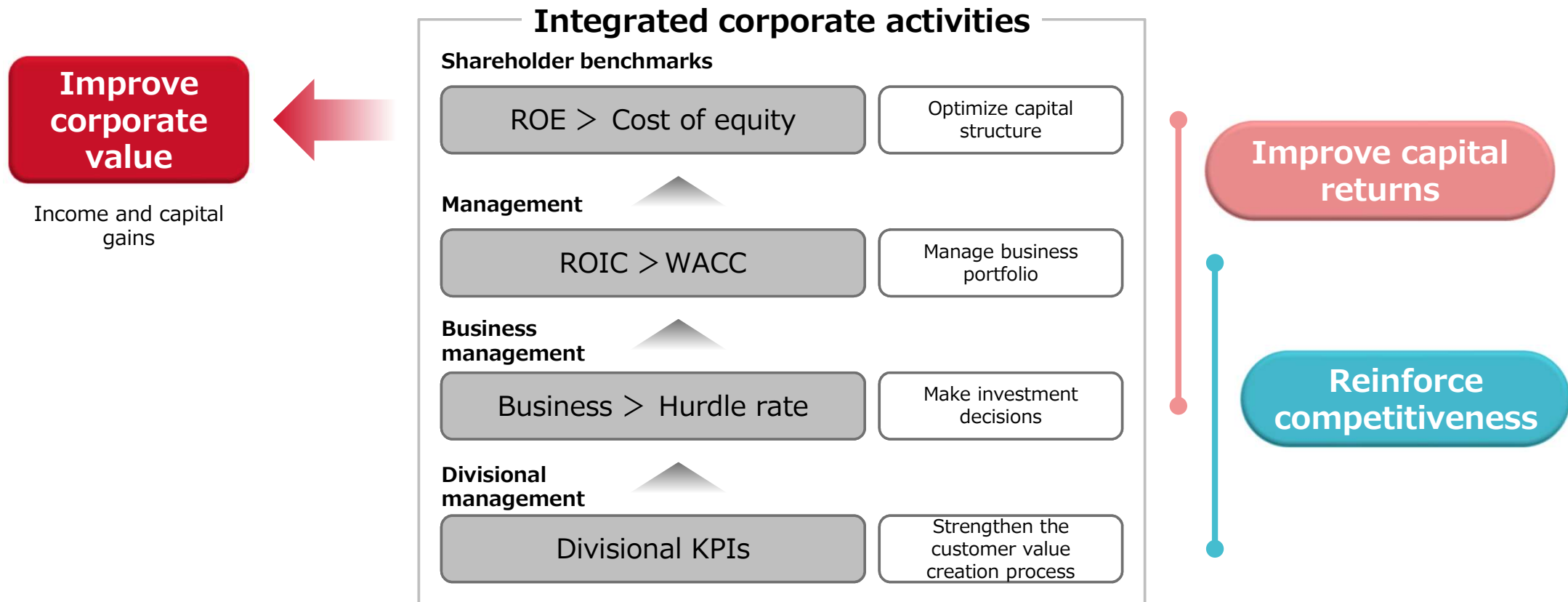
**Sustainably improve
corporate value**

**Boost capital
returns**

**Strengthen
profitability**

Improving Capital Returns: Bolster Benchmark Management

We have positioned ROE and other capital return benchmarks as key performance indicators and will integrate and progress these alongside our corporate activities



Improving Capital Returns: Strengthen Capital Policies

We have strengthened our capital policies to enhance business competitiveness and corporate value

19th MTP progress

Improve profitability	Profitability	FY2016	FY2019
		¥60.8 billion	¥112 billion (Forecasts)

Addressing shortfalls
(notably by posting impairment losses
and reviewing businesses and assets)

Prudent financial strategies

Stable shareholder returns based on pay out ratio

Improve operating margin and ROE		FY2016	FY2019
	Margin	1.7%	5.0%
	ROE	0.3%	6.5% or above

(Forecasts)

Toward next MTP

Improve capital profitability
(ROE and ROIC)

Allocate capital according to
business potential

Pursue an optimized **capital structure**,
underpinning corporate growth

Generate previously unimagined
shareholder returns

Attain sustainable **equity spread**

Reinforce Competitiveness

We are work to sustainably expand cash flows

19th MTP progress

Improve Office Printing profitability		FY2016	FY2019 H1		
	Operating margin	9%	11%		
Control pricing and review unprofitable contracts	Optimize sales and service structure	Cut costs (Production site optimization. Model consolidation, common platforms)			
Expand Office Service earnings		FY2016	FY2019 H1		
	Operating margin	-2%	5%		
Reform business structure in line with growth strategies	Sales proportion	FY2016	FY2019 H1		
	Growth Strategy 0	57%	51%		
	Growth Strategy 1	12%	13%		
	Growth Strategy 2	26%	31%		
Pursue open innovation		FY2016	FY2017	FY2018	FY2019 H1
	No. of external announcements	1	5	14	11

Toward next MTP

Position **office domain as a growth business** and drive ongoing profit expansion

Deliver new value by **digitizing frontlines** and **linking frontlines and offices**

Pursue more **strategic R&D** and **human resources development**

Manage speed by reforming corporate culture and leveraging external resources

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