

Ignite

Ricoh Group Growth Strategy

February 6, 2018

Yoshinori Yamashita

President and CEO

Ricoh Company, Ltd.

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- Good morning. I am Yoshinori Yamashita.
- Today, I will present the Ricoh Group's growth strategy.

Position “Ignite” as a stage in the growth strategy through 2023



- I will start by summarizing the positioning of the growth strategy that I will discuss today.
- In fiscal 2018, we rolled out the RICOH Resurgent strategy to enhance our strengths and refine our implementation capabilities to deliver growth.
- Over two years through fiscal 2020, we aim to pursue high targets companywide in steering toward growth.
- The two years after that, through fiscal 2023, will be a stage for ensuring sustainable growth and further progress.

1. RICOH Resurgent in Review

Outcomes of structural reforms and stronger governance



- I will first review our RICOH Resurgent initiatives in fiscal 2018.

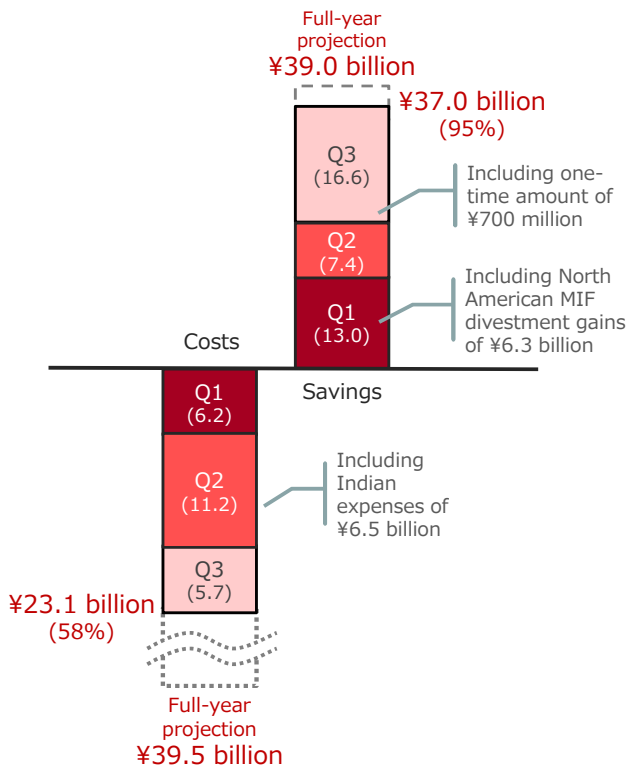


We reviewed our five major principles to create an open corporate structure

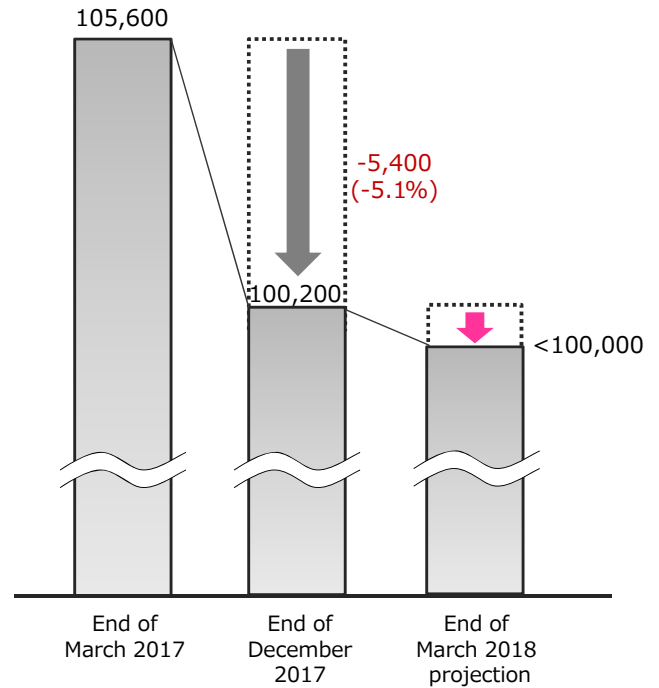
	Completed in FY 2018	Planned
1. Cost structure reforms and streamlining <ul style="list-style-type: none"> Reviewed in-house manufacturing focus Revamped direct sales and service 	<ul style="list-style-type: none"> Integrated or closed production sites Rationalized product line-up created in-house Streamlined headquarters and back office operations 	⇒ Substantially completed in FY 2018 Note: North American structural changes in progress
2. Business process reforms <ul style="list-style-type: none"> Improved digitized processes 	<ul style="list-style-type: none"> Enhanced productivity by expanding shared services Improved service efficiency by employing Smart Support across more products Lowered costs through production automation 	⇒ Continued implementation through FY 2019
3. Business focus <ul style="list-style-type: none"> No stone left unturned in evaluating businesses based on the following criteria: 	<ul style="list-style-type: none"> Transferred shares in electronic devices business Transferred shares in San-Ai Kanko Changed support policy for Ricoh India Decide to sell CCBJ shares 	⇒ Ongoing business evaluation

- Under RICOH Resurgent, we reviewed our five major principles to eliminate impediments to growth.
- We undertook various cost structure reform and streamlining steps. We look to attain certain goals by the end of the current fiscal year in these regards. Note, however, that we believe that we will need a little more time to optimize our North American structure.
- We are making progress in business reforms in Japan and overseas. It is through ongoing endeavors in this regard that we will become a strong enterprise.
- Third, we became more focused, evaluating businesses and reaching conclusions on several of them. We will continue this process.

FY 2018 Costs and Savings (Compared with FY 2017)

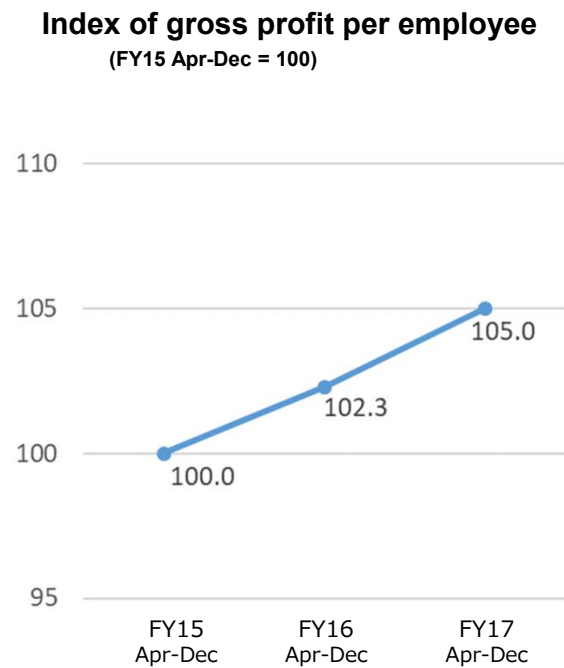
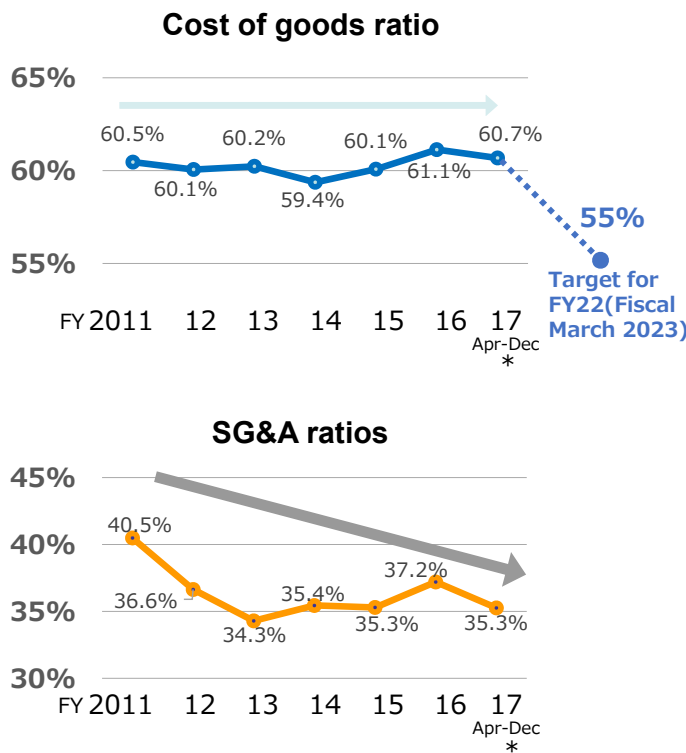


Number of full-time employees



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- This chart is from the presentation materials that we distributed at our third quarter financial announcement on February 1.
- At the end of March this year, we expect the number of regular employees to drop below 100,000.



* FY17 Apr-Dec :Excluding expense for structural reform and transient gain/expense.

- It is vital to assess the extent to which your policies have enhanced profitability.
- We evaluate the cost of goods sold, selling, general and administrative cost ratio, and the index of gross profit per employee.
- The cost of sales ratio in the FY17 Apr-Dec was 60.7%, which was basically unchanged from fiscal 2017.
- This was largely because while product costs were down on a model basis, not much changed companywide because of the impact of the product MIX.
- I think that we must analyze companywide targets and lower the costs of goods to initial departmental targets.
- Our companywide cost of goods ratio target for fiscal 2023 is 55%.
- In the third quarter, the selling, general, and administrative expenses ratio decreased 1.9 percentage point from fiscal 2017.
- From a base point of 100 for the FY15 Apr-Dec, profit per employee rose to 105 in the period under review.
- We will augment these benchmarks in the drive to reinforce our profitability.



Foundational reforms to support our growth strategies

Completed in FY 2018

Overhaul governance	<ul style="list-style-type: none">▪ Limit director terms to one year▪ Establish performance evaluation system for internal directors▪ Abolish management advisory system▪ Set up governance review committee
Review management structure	<ul style="list-style-type: none">▪ Review results management structure▪ Reform organization
Institute headquarters reforms	<ul style="list-style-type: none">▪ Reinforce investor and shareholder relations▪ Headquarters functional enhancement
Reinforce global governance (Review in light of Ricoh India)	<ul style="list-style-type: none">▪ Have headquarters accounting department manage financial affairs of overseas subsidiaries and transactions exceeding certain amounts▪ Review criteria for appointing accounting firms of overseas subsidiaries▪ Strengthen internal audit by creating a global audit team structure▪ Replace accounting auditors of Group subsidiaries

- This chart highlights our efforts this fiscal year to reinforce our governance and management structure.
- Here, we have abbreviated the initiatives that we have presented in previous results briefings.

2.Growth Strategy

Achieved through an open culture

Ignite



- I will now discuss our growth strategies.



Businesses that do not contribute to SDGs* will be eliminated

It will become critical for business success to be compatible with resolving social issues

The needs of Individuals will be more diverse

Workplaces could be anywhere and personalization will increase

The role of printing technologies will expand

Innovations replacing existing technologies

*SDGs: Sustainable Development Goals

In September 2015, the United Nations Summit adopted 17 Sustainable Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in terms of such areas as health, sanitation, economic development, and the environment by 2030.

- I will first go through trends affecting the business climate.
- First, we recognize that will be critical for business success to be compatible with resolving social issues, and we will eliminate businesses that do not contribute to Sustainable Development Goals.
- Second, there will be more diversification among individuals.
- The information technology infrastructure and progress with the Internet of Things will mean that workplaces could be anywhere, with personalization accelerating.
- Third, the role of printing technologies will expand. Printing technology ranks alongside compasses and gunpowder as great inventions.
- Historically, printing has transformed civilization by enabling it to disseminate and share information and accumulate knowledge.
- Copiers have become digital devices, connecting to networks and processing workflows over the cloud.
- I believe that we can continue to create new things with printing and digital technologies.



Issues

Possible solution using printing technologies

Clothes : Textiles

- Existing need for "Short run with greater variety, Large variety" (e.g. Fast fashion)
- Environmental pollution/A large amount of waste water (Over 2.5 billion tons in China)



- Wash-less production by water-based ink
- Less inventories thanks to on-demand digital printing

Food : Packaging

- Need for multi-lingual information due to an increasingly borderless food culture
- Huge wastes caused by seasonal packaging



- Deliver short run with greater variety capability to food packaging using safe and secure production

Housing : Interior decoration

- Wallpaper and flooring materials may generate a large number of waste due to seasonal/fashion trend changes



- Aim to achieve zero stock /waste by providing inks that are superior in safety and durability

Medical care : Human tissue

- Current technology can't produce human tissue modeling close enough for medical test



- Provide human tissue that can replicable biological functions, control the number of cells and position of cells

Industry : Manufacturing innovation

- Long lead times for mold creation
- Increase of the number of parts due to complicated manufacturing



- Simplify complicated manufacturing process by 3D printing
- Lead time reduction

Reduce waste by building an efficient value chain, and contribute to

solving social issues

by promoting strategies for security and safety

Increase consumer choice by responding to their

diversified needs

through mass customization

- Societies have issues to be overcome in many areas as shown on the chart.
- Printing technology can provide solutions in these areas and ultimately resolve social issues and cater to diversified needs.
- For example, in textiles for clothing, fast fashion symbolizes growing demand for diverse items in small quantities.
A drawback of conventional printing techniques, however, is pollution from dyes in huge volumes of wastewater.
- On the interior decoration front, there is strong demand for frequent replacements of wallpaper and flooring, particularly in Europe.
- I heard one wallpaper maker say that it maintains a huge inventory, of which it has to dispose around 30% every year.
- Our research found that digital technology accounts for just 5% of printing on textiles and 7% in the interior decoration market, including wallpaper and flooring materials.
- This is just one illustration of the many social issues we can resolve with printing technology.



Commitments to Stakeholders	Employees	Create a vibrant workplace and corporate culture
	Customers	Deliver on EMPOWERING DIGITAL WORKPLACES
	Shareholders	Corporate value enhanced through ESG+F(Finance)
	Society	Drive Sustainability for Our Future

The tireless pursuit of working smarter.
The expansion of printing technologies.
The contribution to achieving SDGs through our business.

Ricoh's five materiality challenges to deliver on SDGs*

Enhance
productivity

Create
knowledge

Improve
quality of life

Decarbonize
economies

Materialize
circular
economies

*The five materialities

Ricoh formulated these materialities as part of its focus on attaining SDGs through a principle of balancing its approach to prosperity, people, and the planet.

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- In light of what I have stated so far in this presentation, I would now like to outline our growth direction, starting with our commitments to stakeholders.
- We seek to create a vibrant workplace and corporate culture for employees. For customers, we aim to deliver on EMPOWERING DIGITAL WORKPLACES.
- Our shareholder goal is to enhance corporate value through a combination of Finance and ESG. Finally, we will benefit society by driving sustainability for our future.
- We are taking two tacks to stay true to our pledges, helping to materialize Sustainable Development Goals through our business.
- The first is to tirelessly pursue the notion of working smarter. The second is to expand printing technologies.

(Fiscal Year ending March)

(Billions of yen)	FY 2017	FY 2020	FY 2023
Sales	2,028.8	2,200.0	2,300.0
Operating profit	33.8	100.0	185.0
Operating margin	1.7%	4.5%	8.0%
Return on equity	0.3%	6.9%	9.0%~
FCEF *	—	100.0	250.0
		<small>Total FCEF over three years</small>	<small>Total FCEF over three years</small>

*Free cash flow excluding finance business

- I will begin by talking about our consolidated financial targets.
- We have retained our operating profit target for fiscal 2020.
- We have formulated new targets for fiscal 2023.
- Our targets for that year are sales of 2,300 billion yen and operating profit of 185 billion yen.
- So, for that year, we aim to surpass the operating profit record of 181.5 billion yen that we set in fiscal 2008.

Develop businesses that leverage our strengths

- Draw on our strengths to cater to on-demand printing and mass customization needs
 - Customers, sales and service network, and total number of devices
 - Print and capture (optical and imaging) technologies embedded in our devices

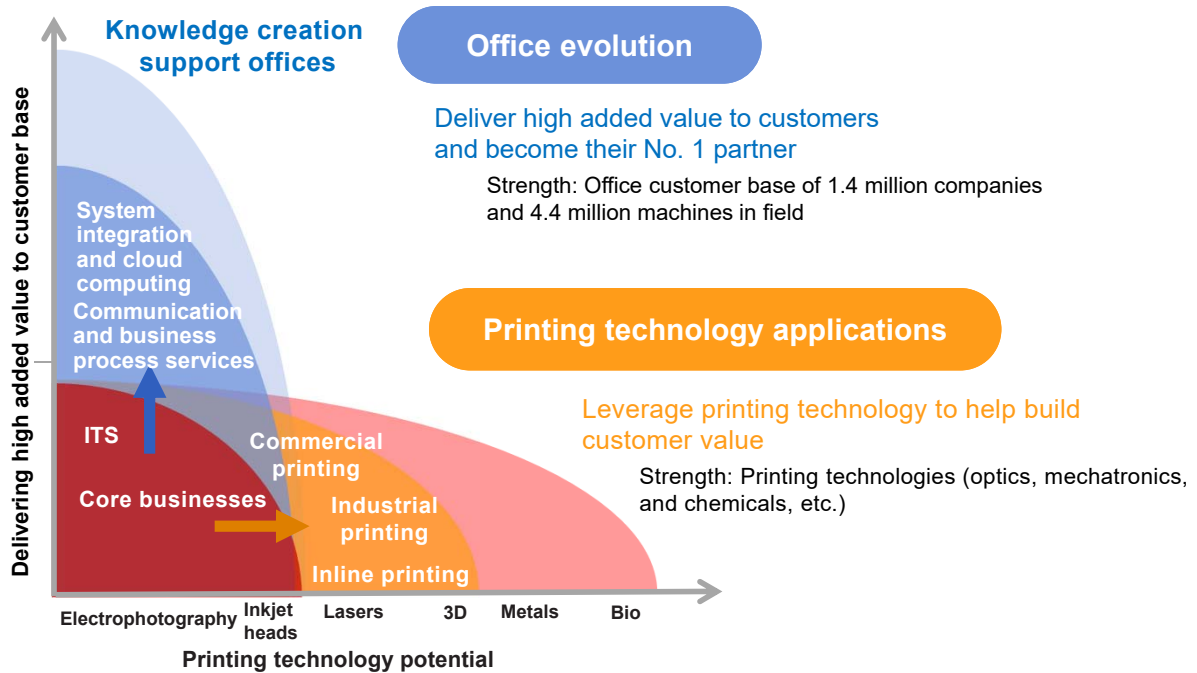
An open management style

- Eliminate self-sufficiency by creating new businesses harnessing open innovation and external capital
- Launch improved digitized processes by leveraging cloud-based groupware worldwide and making communications more open

Focused investments

- Plan to invest more than ¥200 billion in M&A across Fiscal March 2019 & 2020

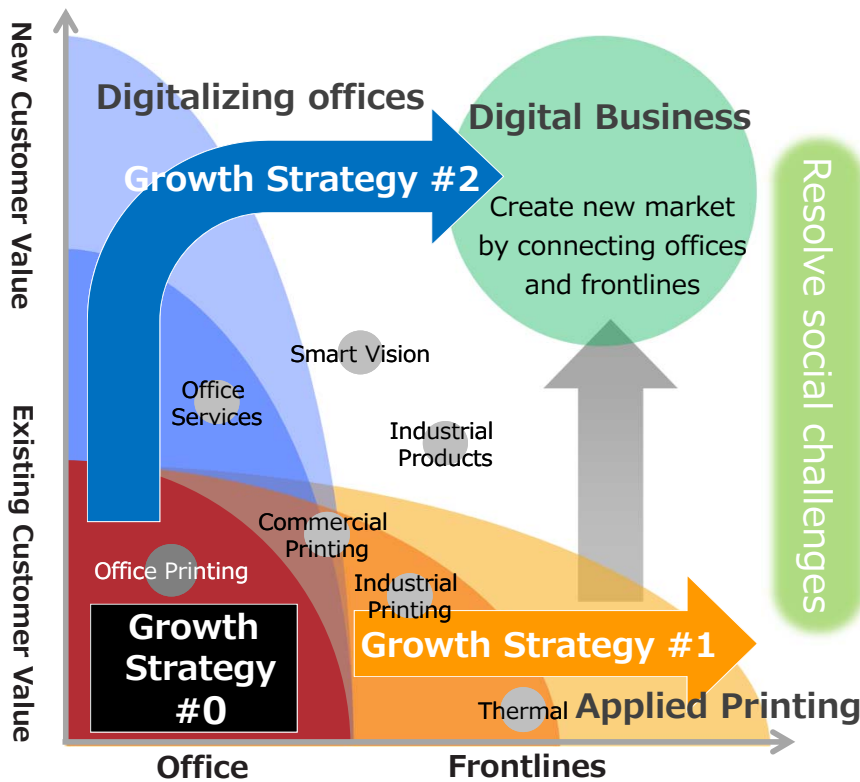
- Our growth strategy has three fundamentals.
- The first is to develop businesses that leverage our strengths.
- The second is to maintain an open management style.
- And the third is to pursue focused investments.
- We plan to spend more than 200 billion yen on mergers and acquisitions as part of growth investments in fiscal 2019 and 2020.



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- I will first explain how we are growing through our strengths.
- This chart shows the strengths that I described at an investor briefing in April last year.
- Our first and greatest strength is our office customer base, which comprises 1.4 million customers and 4.4 million machines in field worldwide, including units that we monitor remotely. We will draw on this strength to step up business development.
- Our second strength is our printing technologies, which encompass such areas as optics, mechatronics, chemicals, and controls.
- I will outline our three strategies based on these strengths.



Growth strategy #0

Evolve MFP, enhance our operations and secure our customer base

Growth strategy #1

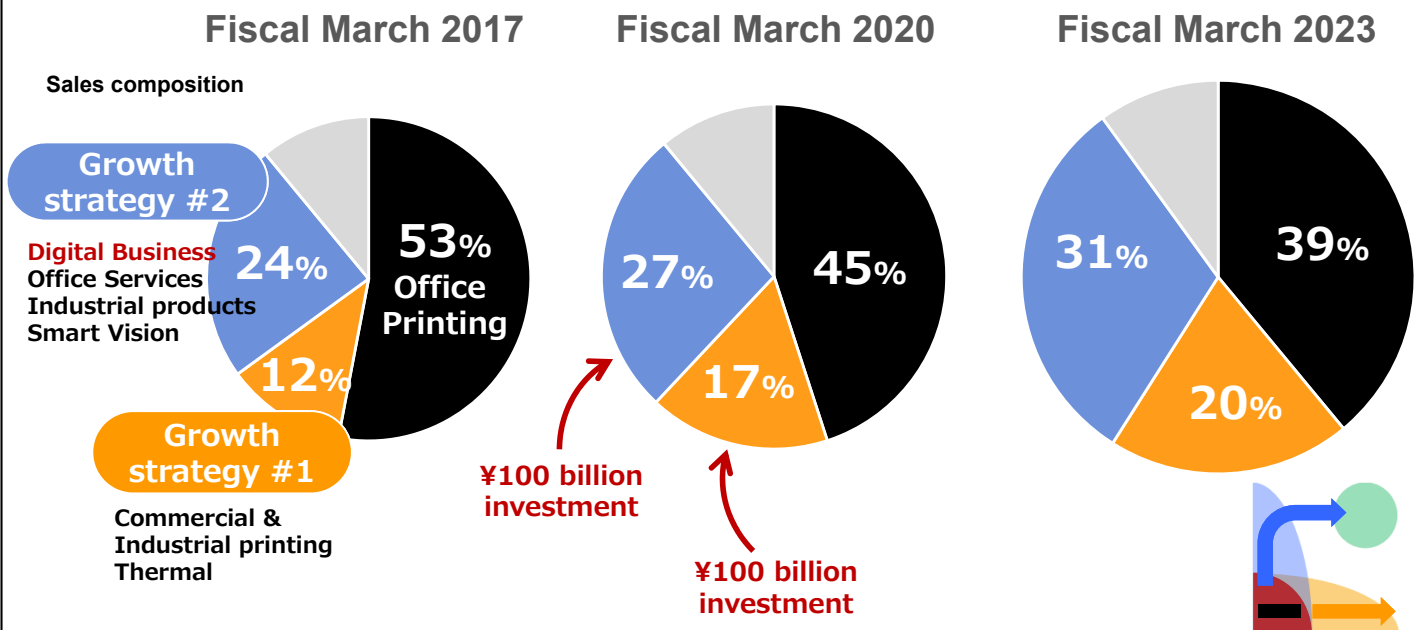
Expand customer base by pursuing possibilities of printing technologies
"Display printing" to "Applied printing"

Growth strategy #2

Add Ricoh-oriented value to customer base, and connect offices & frontlines

- In this chart, the Vertical-axis shows the transition from existing to new customer value. The Horizontal-axis shows the progression from offices to frontlines.
- The grey circles show the positioning of Office Printing, Office Services, Commercial Printing, Industrial Printing, Thermal, and Smart Vision, which are the business segments that we adopted this fiscal year.
- Growth Strategy #0 on the bottom left shows that we will pursue the evolution of MFPs, enhance our operations, and solidify our customer base. This field will remain important to us.
- Under Growth Strategy #1, we will expand our customer base by cultivating the potential of printing technology. While our printing business currently focuses on offices, we will expand our presence in the commercial and industrial printing and thermal areas. We will also expand in applied printing.
- Growth Strategy #2 entails augmenting current customer value in the office space with unique new value.
- We will step up commercial and industrial printing digitization for customer frontlines. We will be able to create a digital business based on new markets that derive from linking offices with frontlines.
- We believe that we can generate new value from the value that comes from building a customer base that extends from offices to commercial and industrial printing sites, shops, hospitals, and other frontlines and from connecting offices and frontlines.

Invest ¥100 billion in each of growth strategy #1 and #2
to diversify our business portfolio

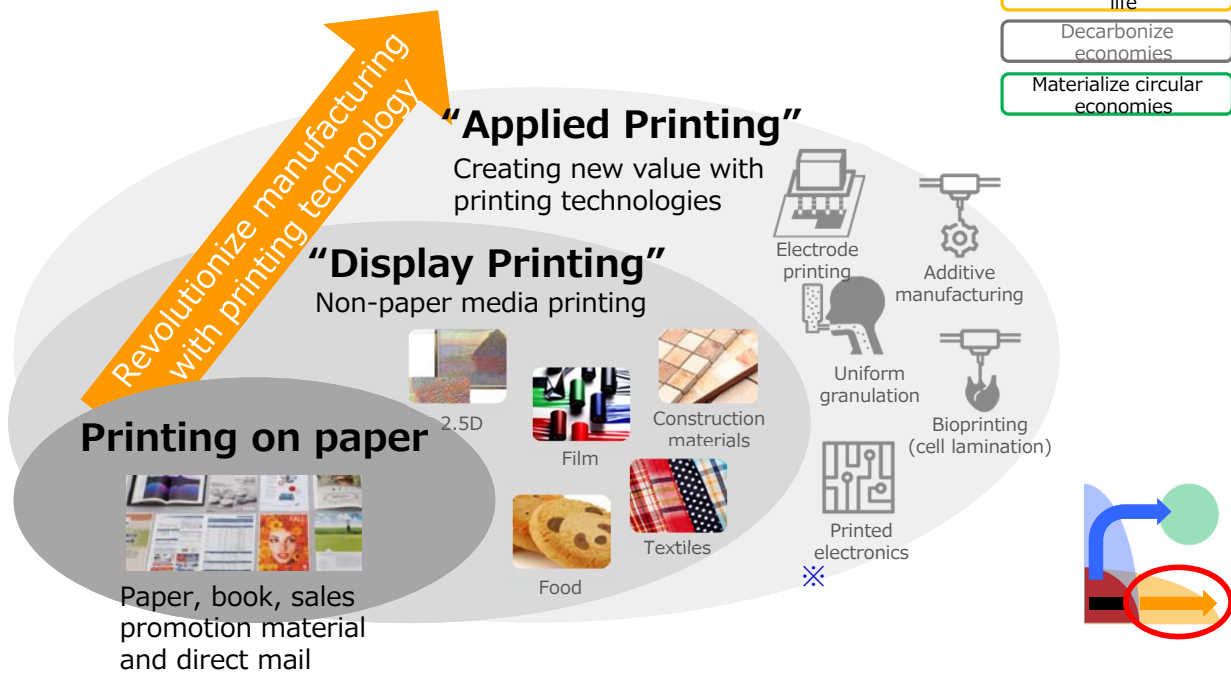


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- This slide presents current and future sales compositions under our growth strategies.
- In fiscal 2017, the Office Printing business of Strategy #0 represented 53% of sales. The Commercial and Industrial Printing and Thermal businesses of Strategy #1 comprised 12% of sales. The Digital Business, encompassing Office Services, Industrial Products, and Smart Vision, accounted for 24% of sales.
- In fiscal 2020, we plan to invest 100 billion yen each in growth strategies #1 and #2.
- As a result, we seek to create a business portfolio in which Growth Strategy #0 businesses represent 39% of sales in fiscal 2023, with Growth Strategy #1 accounting for 20% and Growth Strategy #2 contributing 31%.

Expand our business domains with “Display Printing” & bring industrial innovation with “Applied Printing”



- Under Growth Strategy #1, we aim to ignite a revolution in manufacturing with printing technology.
- As I mentioned a little earlier, we seek to leverage our strengths in printing to broaden our customer base beyond offices. We will start by generating earnings largely from commercial and industrial printing.
- But customers cannot benefit just from us digitizing frontline printing. We must also cover frontline management and business process flows extending to planning, production, ordering, and collections for printing firms.
- I believe that the main point here is less to increase the productivity of office tasks and lower costs and more to expand commercial and industrial printing operations to boost the top lines of customers.
- To that end, it will be important for us to transform operations, including customer sales and service, to strengthen our position not through internal knowledge from our focus to date on offices but by incorporating external knowledge.
- We will also expand our business domains by shifting from paper-based printing to display and applied printing.
- Inkjet heads will be the core technology for applied printing.



A wide variety, from office printing to industrial decor.

Head



MH54xx



MH52xx



MH24xx



GH xxxx

Ink

UV

Latex

Water-based

Printer



Pro T7210



Pro L4160



VC60000



Ri 3000/6000



Ri 100



GELJET printer

Application



Product décor/
plastic sheet



Soft Signage/film



Garment print/
textile

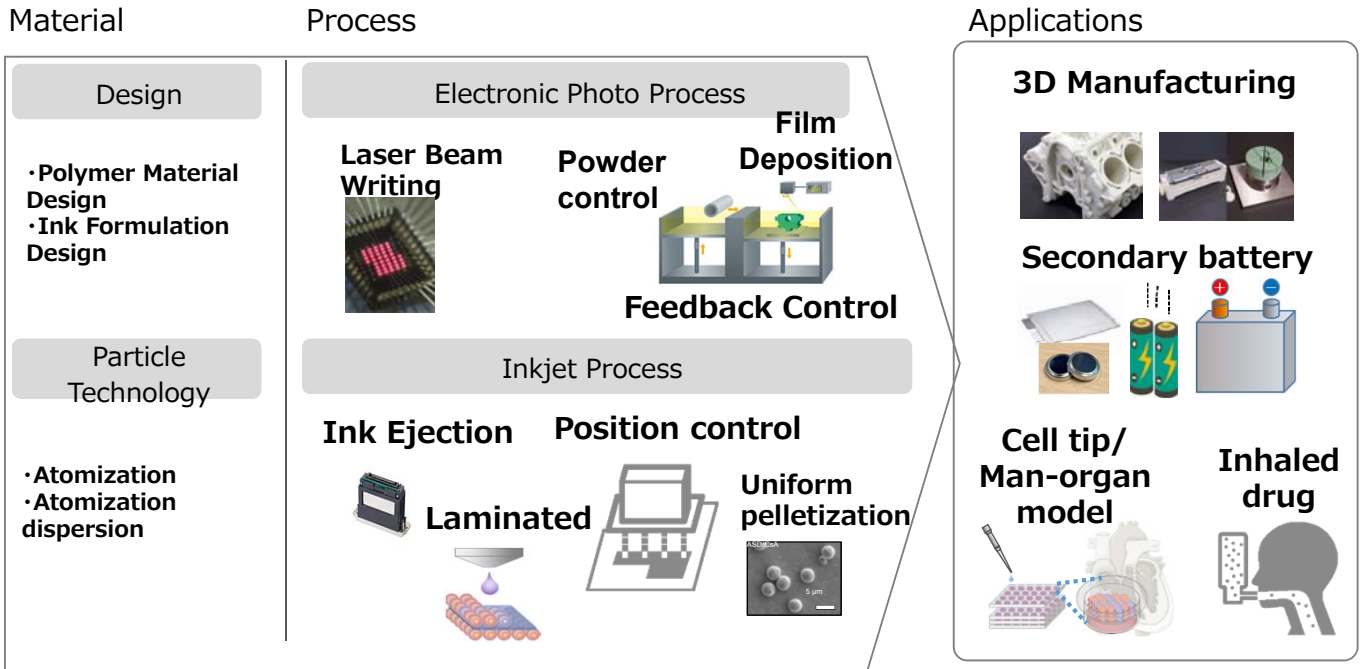


Office print/
plain paper

- I will now discuss display printing.
- Our inkjet head lineup can cater to everything from ultraviolet to water-based inks.
- These heads can serve in various printers, including 3D models, for a range of applications.



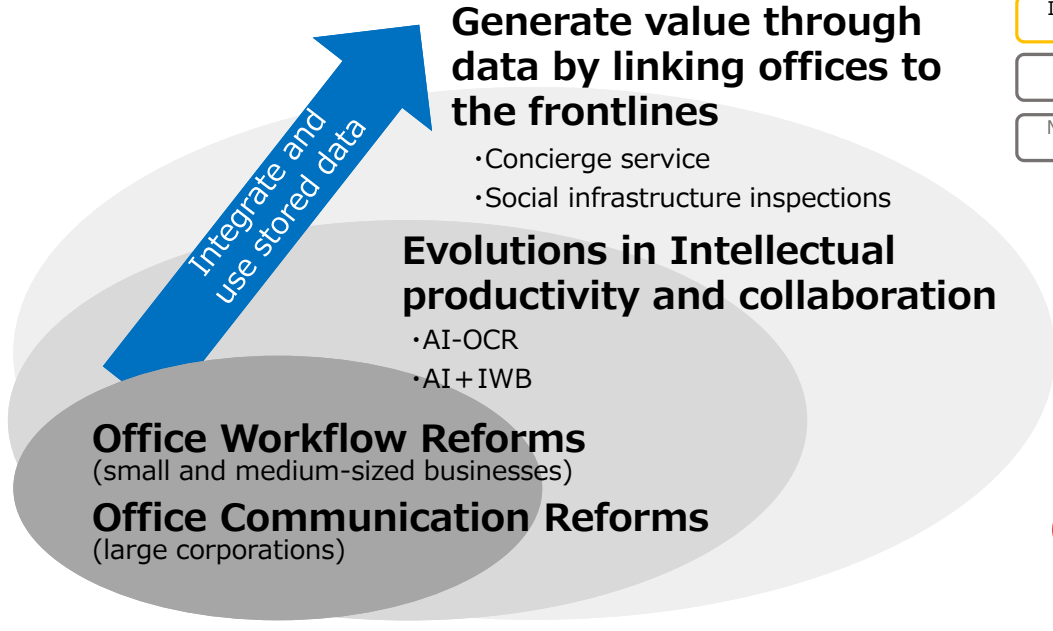
New value by printing technologies (material + process)



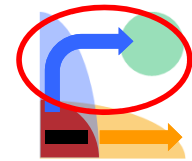
- I will now discuss applied printing. We have two key strengths here.
- One is polymer and ink formulation design materials.
- The other is electrophotographic and inkjet processes.
- We believe that by harnessing these four strengths we can deliver new value in such areas as 3D manufacturing, secondary batteries, cell tips and human tissue models, and inhaled medicines. We plan to focus on these fields. We have already commercialized some offerings there, while others are at the research stage.



Combine edge devices with applications to create new value

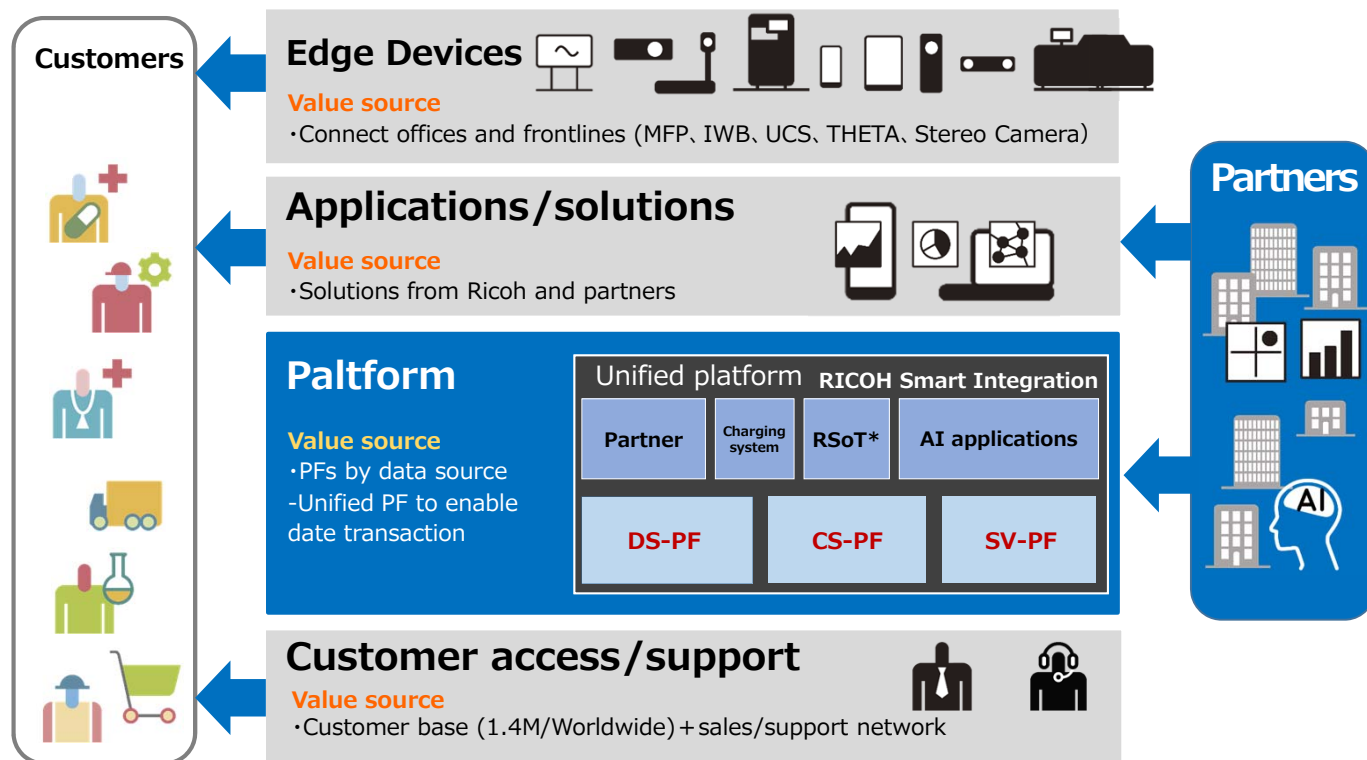


- Enhance productivity
- Create knowledge
- Improve quality of life
- Decarbonize economies
- Materialize circular economies



- I will now talk about our drive to create customer value by linking offices to the frontlines.
- We are starting that effort by pushing ahead with office workflow and communication reforms.
- It is estimated that small and medium-sized businesses use faxes to send order forms and invoices. These businesses lag large corporations in digitizing workflows, as the latter have progressed in building enterprise systems.
- So, Ricoh Japan spearheaded initiatives to collaborate with partners in supplying commercial packages to small and medium-sized businesses.
- Customers have installed more than a million cloud-connected MFPs, which we launched last year. We will supply workflow reform applications through our worldwide MFP platform.
- Note that there is no need for customers to change their existing hardware. We will increase the value of MFPs already in the field in offices and frontlines.
- As part of communication reforms, we will harness tools that we already supply, principally for large corporations. These offerings include our Unified Communication System videoconferencing solution.
- We will thereafter take advantage of evolutions in intellectual productivity and collaboration to generate more value for value-creating workplaces.

Combine Ricoh's strength and external insight to enhance platform's value



*Offering as "RICOH Open Remote Services" to build remote monitoring environment for industrial equipment.

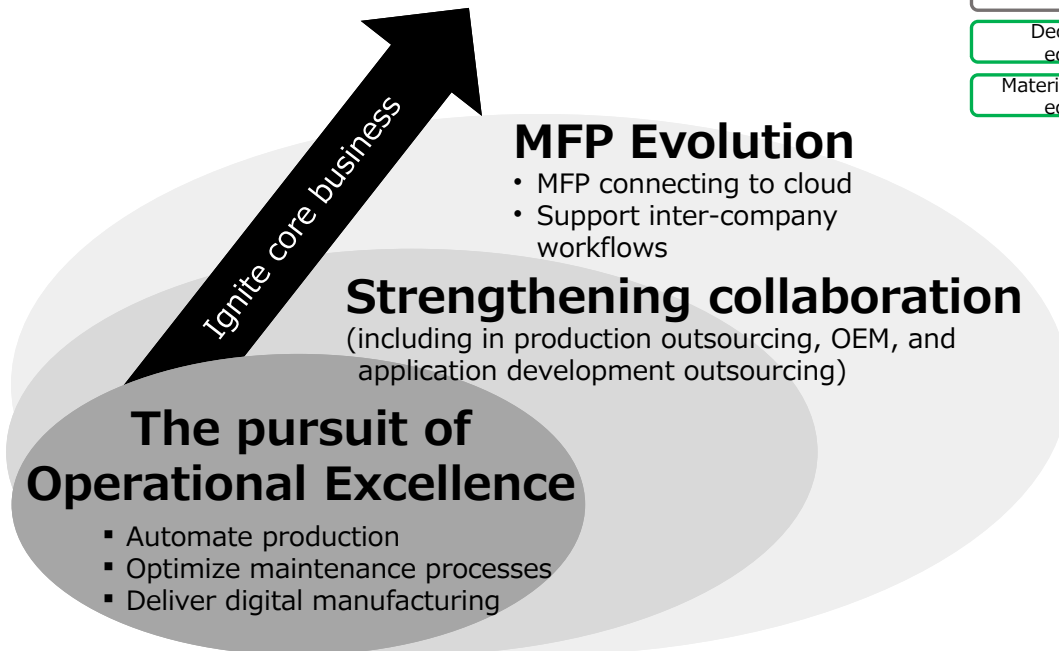
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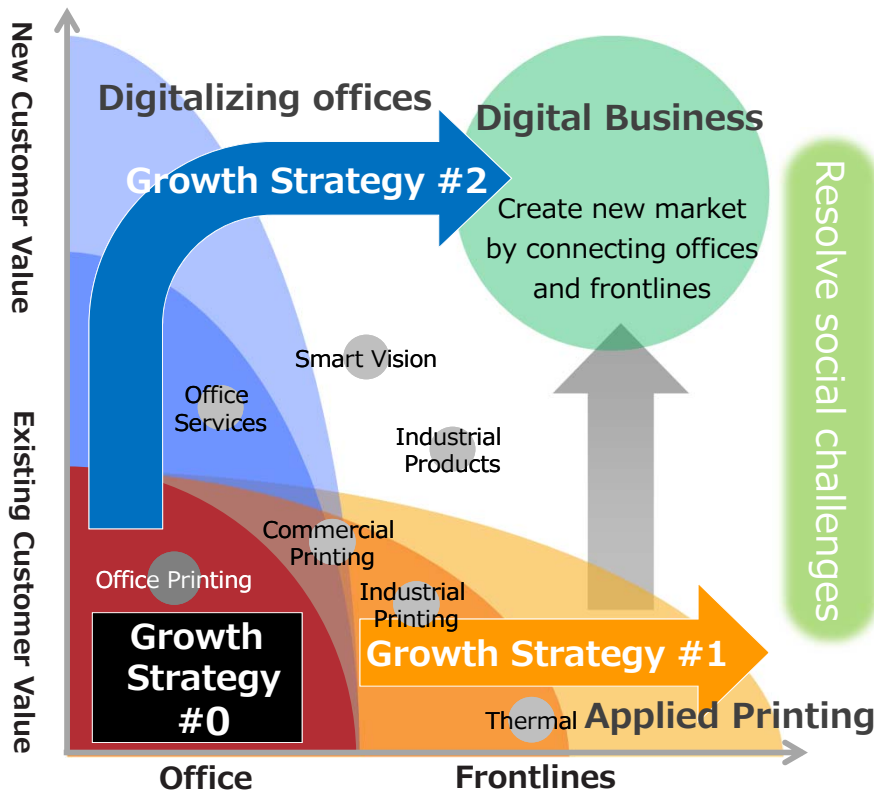
- I will now present our platform for delivering value to customers.
- The Ricoh products installed on customer frontlines and offices are edge devices. They are a gateway to amassing a range of digital data, including image capturing capabilities.
- We will draw on the capabilities of partners for applications. Ricoh will itself develop applications it is focusing on for various sectors and tasks.
- We will analyze amassed data by platform. Each platform will accumulate a range of data, including for internal documentation and invoices, conference details and customer feedback, and frontline images captured by cameras.
- We will still use platforms for each business, integrating them and providing new value to our customers.
- For integrated platforms, we connect devices from companies other than Ricoh for remote diagnosis and other tasks. We are looking to link and apply platforms with artificial intelligence. Also, I believe that we can provide value to customers through partnerships and through billing contracts and other features.
- Engaging with and supporting customers is paramount in providing new value, and we must urgently strengthen our sales capabilities.

Enhance the value of our MFPs and printers (hardware and after service) and remain #1 in Customer Satisfaction

- Enhance productivity
- Create knowledge
- Improve quality of life
- Decarbonize economies
- Materialize circular economies



- I will move on to explain Growth Strategy #0.
- Most Ricoh employees today work in our core businesses. I believe that it is vital to step up our pursuit of operational excellence in these areas.
- With the penetration of the Internet of Things, artificial intelligence, and other technologies, we will pursue operational excellence in production, development, sales, supply chain management, and other areas, pushing ahead with our capabilities to ensure that we can truly materialize digital manufacturing. And instead of going it alone we will collaborate with partners.
- The evolution of MFPs will underpin growth strategies #1 and #2. We will pursue further progress in MFPs so we can improve alliances and support workflows between companies.



Growth strategy #0

Evolve MFP, enhance our operations and secure our customer base

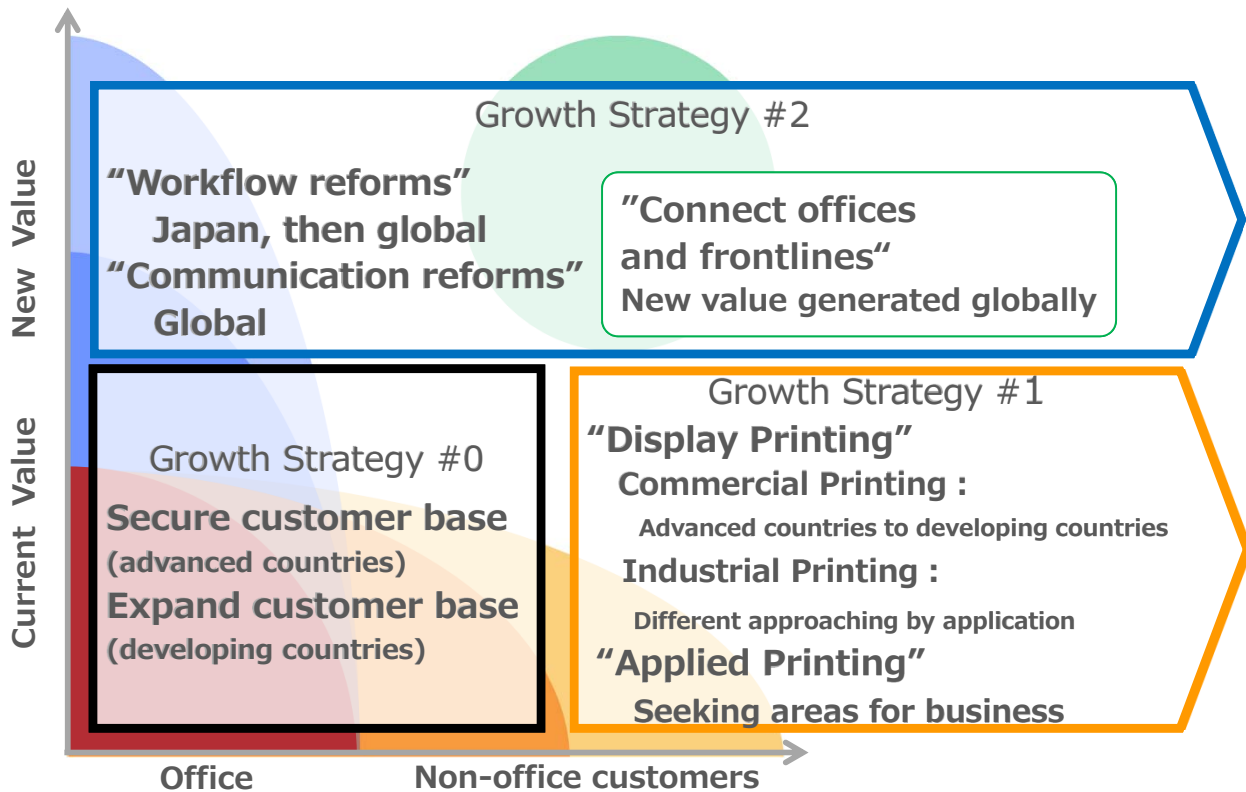
Growth strategy #1

Expand customer base by pursuing possibilities of printing technologies
"Display printing" to "Applied printing"

Growth strategy #2

Add Ricoh-oriented value to customer base, and connect offices & frontlines

- This slide summarizes our growth strategies under RICOH Ignite.
- I will now discuss our regional strategy.



- Take a look at Growth Strategy #0 on the bottom left. The point to note here is that while we have a solid share in advanced countries, our position in developing countries is a little weak, so we want to expand our customer base there.
- Now look at display printing in Growth Strategy #1 on the bottom right. We have a lot of demand in Japan, the United States, and Europe for commercial printing, and we will roll out our advanced nations model in developing countries. The situation in industrial printing varies according to applications. We will take a focused regional approach bearing in mind, for example, that demand is heavy in China and other countries and wallpaper printing demand is strong in Europe.
- Demand for applied printing under Growth Strategy #1 is primarily in Japan and the United States, so we will choose regions in which we can push forward with business development with partners.
- For workflow reforms under Growth Strategy #2, we will differentiate between small and medium-sized businesses and large corporations deploying these reforms first in Japan and then in Europe and the United States. Communication reforms will be simultaneous worldwide.



Ricoh has delivered customer value over the years by innovating.

The transformation of society is making it vital for corporate activities to address emerging social issues.

Ricoh seeks to make a real difference by embracing the challenges of change—creating new value in fields where it can help resolve social issues.

Left: The cylindrical, glass-covered San-ai Dream Center in Tokyo's glittering Ginza area was a sensation when Ricoh Kiyoshi Ichimura founder established it in the early 1960s, and affirms the company's enduring quest to making the impossible possible.

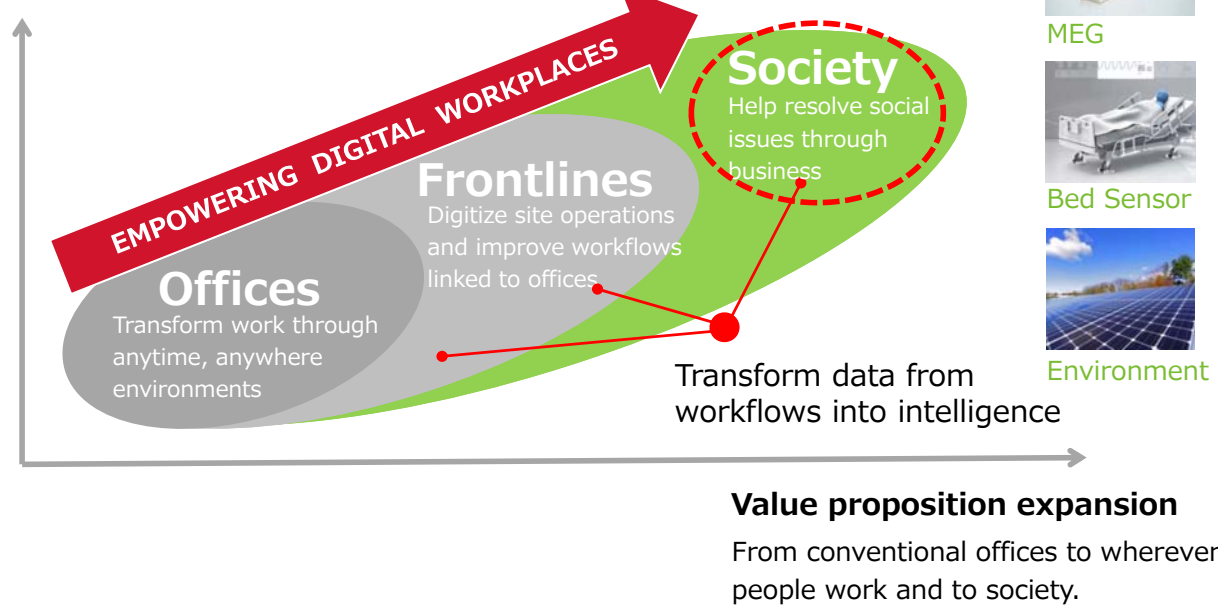
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- On this slide, we explain how we are embracing the challenges of change.
- The Ricoh Group aims to help resolve social issues through its business.

Work digitization scope

Digitize workplace tasks. Support customers by connecting digitized work and analyzing accumulated data.



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- Ricoh delivers value that extends from offices and frontlines through society, and will step up efforts to help resolve social issues through its operations.
- Brain activity measuring equipment, bed sensors, and the environmental business are three examples of operations related to society.
- With brain activity measuring equipment, we will combine sensing technologies and image processing and analyze the data.
- The data can be used to detect early signs of epilepsy and Alzheimer's Disease. Our brain activity measurement business has started delivering product in Japan and the United States.

Develop businesses that leverage our strengths

- Draw on our strengths to cater to on-demand printing and mass customization needs
 - Customers, sales and service network, and total number of devices
 - Print and capture (optical and imaging) technologies embedded in our devices

An open management style

- Eliminate self-sufficiency by creating new businesses harnessing open innovation and external capital
- Launch improved digitized processes by leveraging cloud-based groupware worldwide and making communications more open

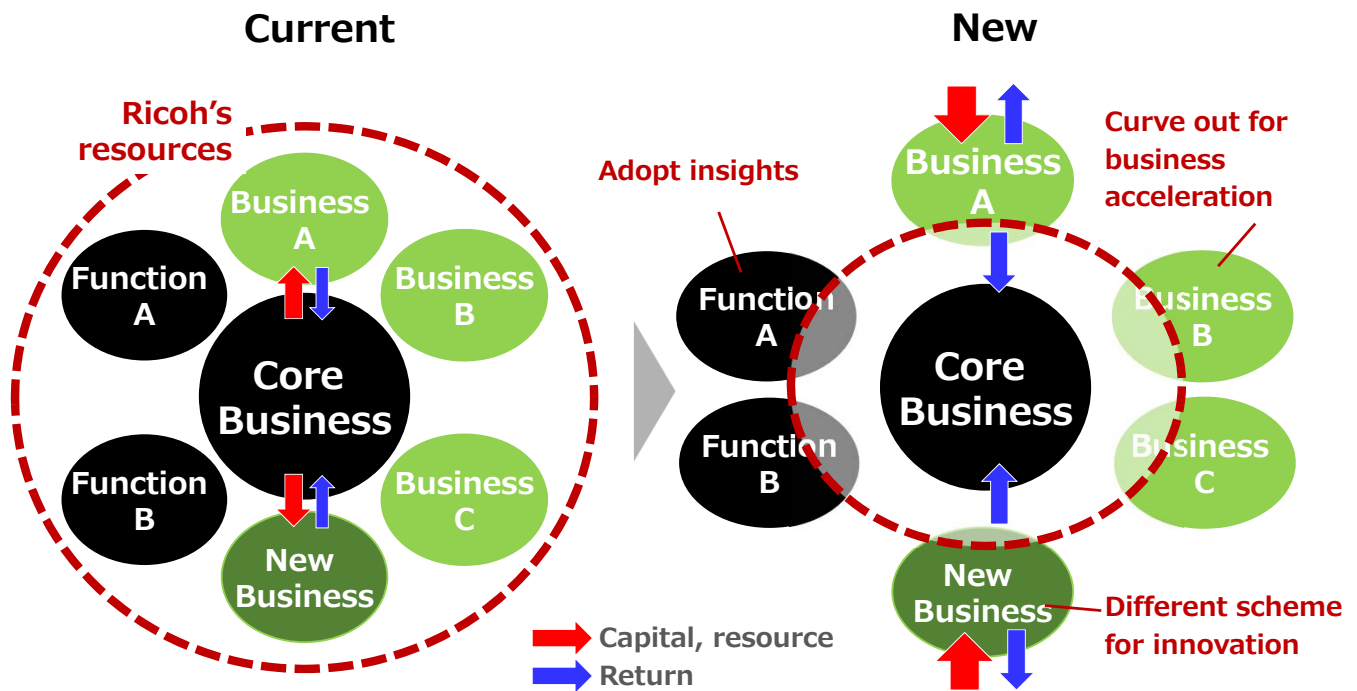
Focused investments

- Plan to invest more than ¥200 billion in M&A across Fiscal March 2019 & 2020

- I would like to touch on our open management style in endeavoring to make our strategies more effective.
- Ricoh's management style is still shaped by traditional decision-making processes and allocations of work with its partners. There is a tendency to transport existing practices from core to new businesses, and we don't want that to happen.

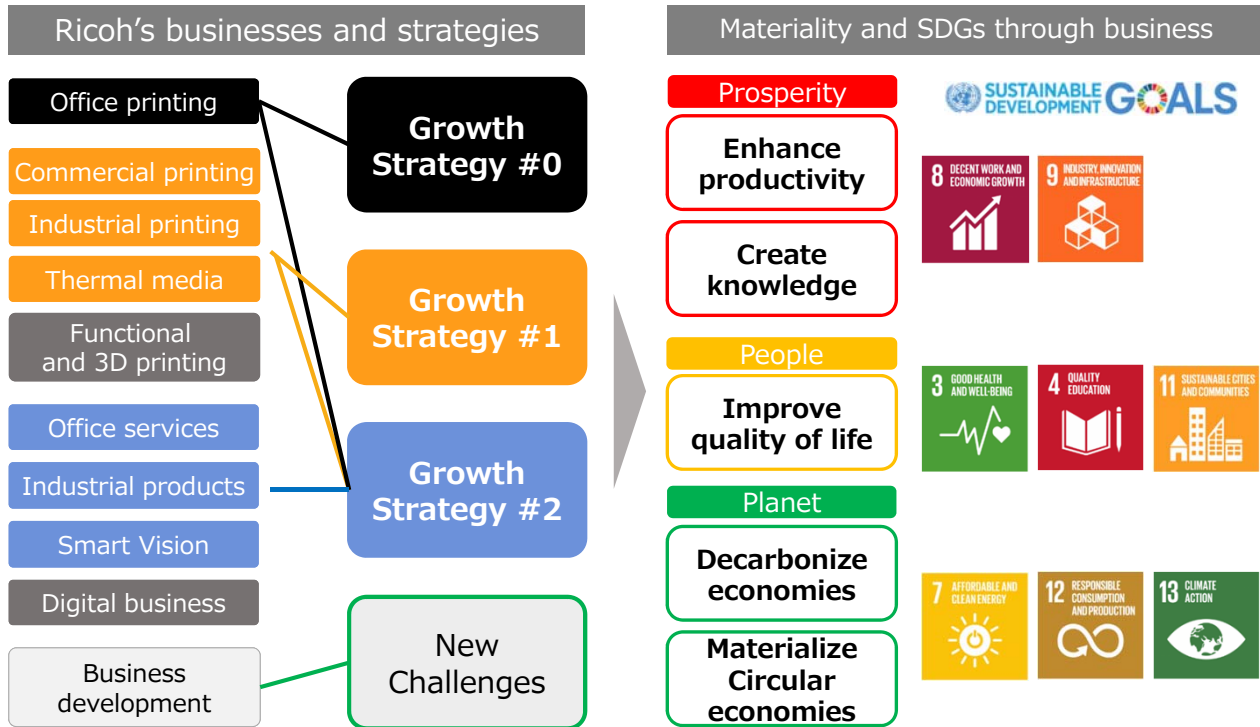


Open innovation, leveraging external capital/insight for speeding up



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- Our management style traditionally employed funds and resources obtained from core businesses to expand new businesses. While Ricoh did its best with its own resources, that meant that it became overly self-sufficient.
- If the businesses of customer or rivals differ, the processes to be taken should be complete different.
- That means being agile, and in that respect actions inside Ricoh have frequently been anything but agile.
- This situation prompted us to start an in-house program in which that we call the One Country, Two Systems Special Innovation Zone. We set up a preparatory office in January this year, and will institute full-fledged themes in April.
- For example, for the peripheral functions of core businesses we will draw on external funding and knowledge to accelerate management speed.
- There have likely been several cases in which those in core businesses were naysayers about brand new businesses offering some potential. So, we want outsiders to conduct assessments in such situations.
- Under One Country, Two Systems Special Innovation Zone setup, we aim to accelerate decision-making and take a different tack to personnel evaluations.



- At the end, let me recap on the strategies I have presented today.
- Growth Strategy #1 is about cultivating our printing business and future potential.
- Growth Strategy #2 entails connecting frontlines and offices to create new value.
- Growth Strategy #0 involves building new core businesses.
- By deploying these strategies, we will be able to undertake Ricoh's five materialities and contribute to reaching Sustainable Development Goals.



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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 hot competitive market

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RICOH
imagine. change.