Ricoh Group Consolidated Financial Results for Fiscal 2016

Year ended March 31, 2016

Operating Results

Ricoh's consolidated sales for fiscal 2016 (April 1, 2015 to March 31, 2016) increased 2.7% compared with the previous fiscal year, to ¥2,209.0 billion. During this period, the average exchange rates of the Japanese yen against the U.S. dollar and the euro were ¥120.12 (down ¥10.23 from the previous fiscal year) and ¥132.68 (up ¥6.17), respectively.

The Japanese economy continued to maintain its gradual recovery by the improvement in corporate profits and labor market, but the unpredictable economy has been caused by strengthening of the yen and low stock price from the beginning of this year. Under such market conditions, as for the sales in the domestic market, sales in the Imaging & Solutions and the Industrial Products segment increased through the increase in sales of Network System Solutions and so on, but was offset by the sales decrease in the Other segment derived from sale of San-ai apparel business and so on. As a result, the sales in the overall domestic market increased by 0.3% as compared to the previous corresponding period.

As for the overseas market, the U.S. economy continued to show a solid recovery, but the outlook of the overall global economy remains uncertain with the increasing European geopolitical risk and the continuous slowdown in the growth of the emerging markets including China. Even under such market conditions, in addition to the increase in the sales of color MFP models, the weak yen against U.S. dollar and the acquisition have contributed to the overall increase in Ricoh's overseas sales.

As for overseas sales by region, sales in the Americas increased by 7.0% (a decrease of 2.1% excluding foreign currency exchange fluctuation), sales in Europe, Middle East and Africa decreased by 0.3% (an increase of 4.3% excluding foreign currency exchange fluctuation) and sales in Other region, which includes China, South East Asia and Oceania, increased by 5.6% (an increase of 5.1% excluding foreign currency exchange fluctuation).

Owing to these factors, sales in overseas markets increased 4.0% (an increase of 1.4% excluding foreign currency exchange fluctuations) compared with the previous fiscal year.

Although sales increased, gross profit decreased by 2.8% as compared to the previous corresponding period, to ¥881.9 billion, due to unit price declines caused by the deteriorated market conditions and the intensification of market competition. Although group-wide activities to streamline costs have contributed in controlling selling, general and administrative expenses, these expenses have increased by 0.7% as compared to the previous corresponding period, to ¥799.4 billion, due mainly to the weakening of the yen against U.S. dollar and acquisitions.

As a result, operating profit decreased 11.6% compared with the previous fiscal year, to ¥102.2 billion.

As for finance income and costs, foreign exchange loss increased as compared to the previous corresponding period.

Profit before income tax expenses decreased by 14.8% as compared to the previous corresponding period, to ¥95.6 billion.

As a result, profit attributable to owners of the parent decreased by 8.1% as compared to the previous corresponding period, to ¥62.9 billion.

Financial Position

Assets, Liabilities, and Equity at Year-End

Total assets increased by ¥46.2 billion as compared to the previous corresponding period, to ¥2,776.4 billion, mainly due to the increase in "other financial assets" including "lease receivables."

Total liabilities increased by ¥52.8 billion as compared to the previous corresponding period, to ¥1,628.6 billion, mainly due to the increase in "bonds and borrowings" to meet the demand for working capital along with the increase of lease receivables.

Total equity decreased by ¥6.5 billion as compared to the previous corresponding period, to ¥1,147.7 billion, mainly due to the decrease in "other components of equity."

Cash Flows

Net cash provided by operating activities decreased by ¥2.6 billion, to ¥99.8 billion, primarily due to decrease in profit by unit price declines caused by the deteriorated market conditions and the intensification of market competition.

Net cash used in investing activities decreased by ¥39.3 billion, to ¥104.1 billion, primarily due to gains on sales of idle places and offices as a result of group-wide activities to streamline costs such as reorganization. Net cash used in investing activities consisted mainly of ¥83.7 billion of expenditures for property, plant and equipment, ¥28.9 billion of expenditures for intangible fixed assets and ¥5.6 billion for business acquisitions. Expenditures for property, plant and equipment consisted primarily of increases in the production capacity and improvement of the production efficiency for office equipment, network system and purchase of rental assets.

Net cash provided by financing activities is ¥42.6 billion. Net cash provided by financing activities consisted primarily of ¥84.4 billion to repay long-term debt and ¥25.0 billion to pay dividends, which were partially offset by ¥20.0 billion of proceeds received from the issuance of bonds and ¥198.8 billion of proceeds received from the issuance of long-term indebtedness.

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Securities report for the fiscal year ended March 31, 2016 www.ricoh.com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_116th.pdf
Flash report for the fiscal year ended March 31, 2016 www.ricoh.com/IR/financial_data/financial_result/data/28/q4_report.pdf