

RICOH Ignite

**Growth Strategy:
Update on actions**

October 26, 2018

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President and CEO
Ricoh Company, Ltd.

■ Stages for Sustainable Growth



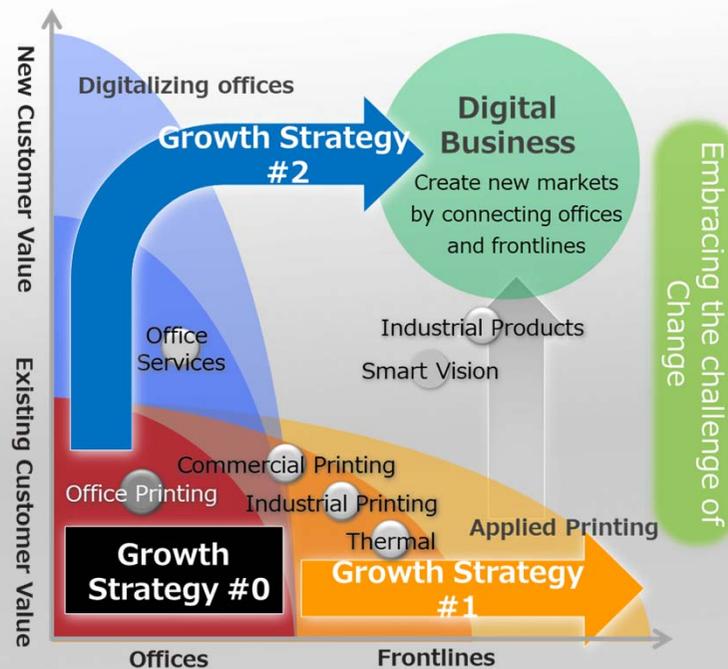
- Completed structural reforms
- Business prioritization around growth strategy domains
- Reformed governance
- Reinforced management structure

- Full deployment of growth strategies
- Reform management to underpin growth strategy plan



Periodical Reporting at Results Briefings

At the quarterly results briefing we will also report on the progress of our growth strategies.



Challenge
"Self-sufficiency"

Practice "OPEN"

Addressing stakeholder concerns



How will Ricoh's Growth Strategies deliver a ¥185B profit by 2022?

How does Ricoh propose growing its commercial printing business when the market itself seems stagnant?



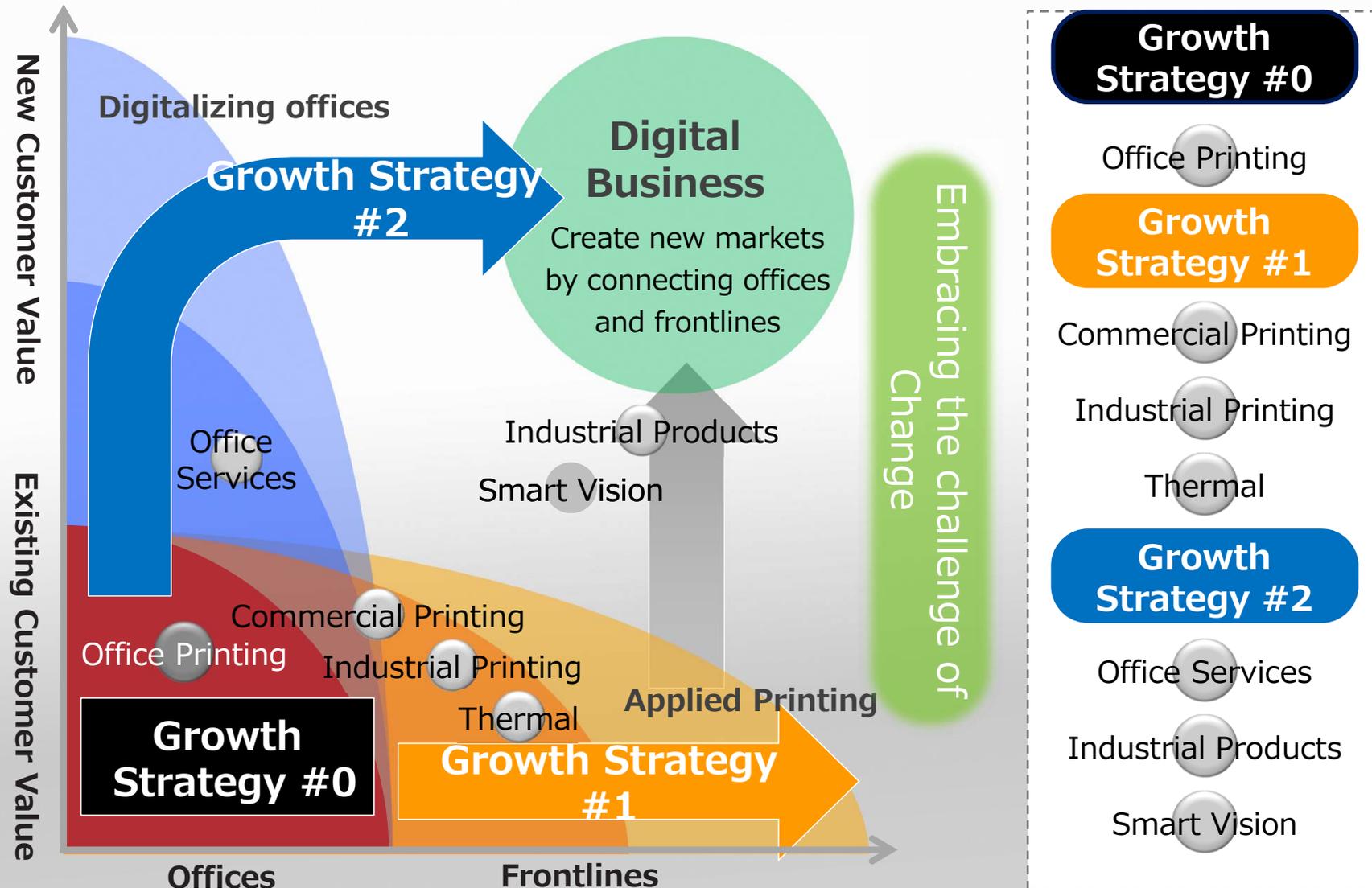
Competitors are also focusing on industrial printing, so how will Ricoh differentiate itself?



What is your plan to expand your digital business under your Growth Strategy 2?
(Product, Services, Market Size, Strengths etc.)

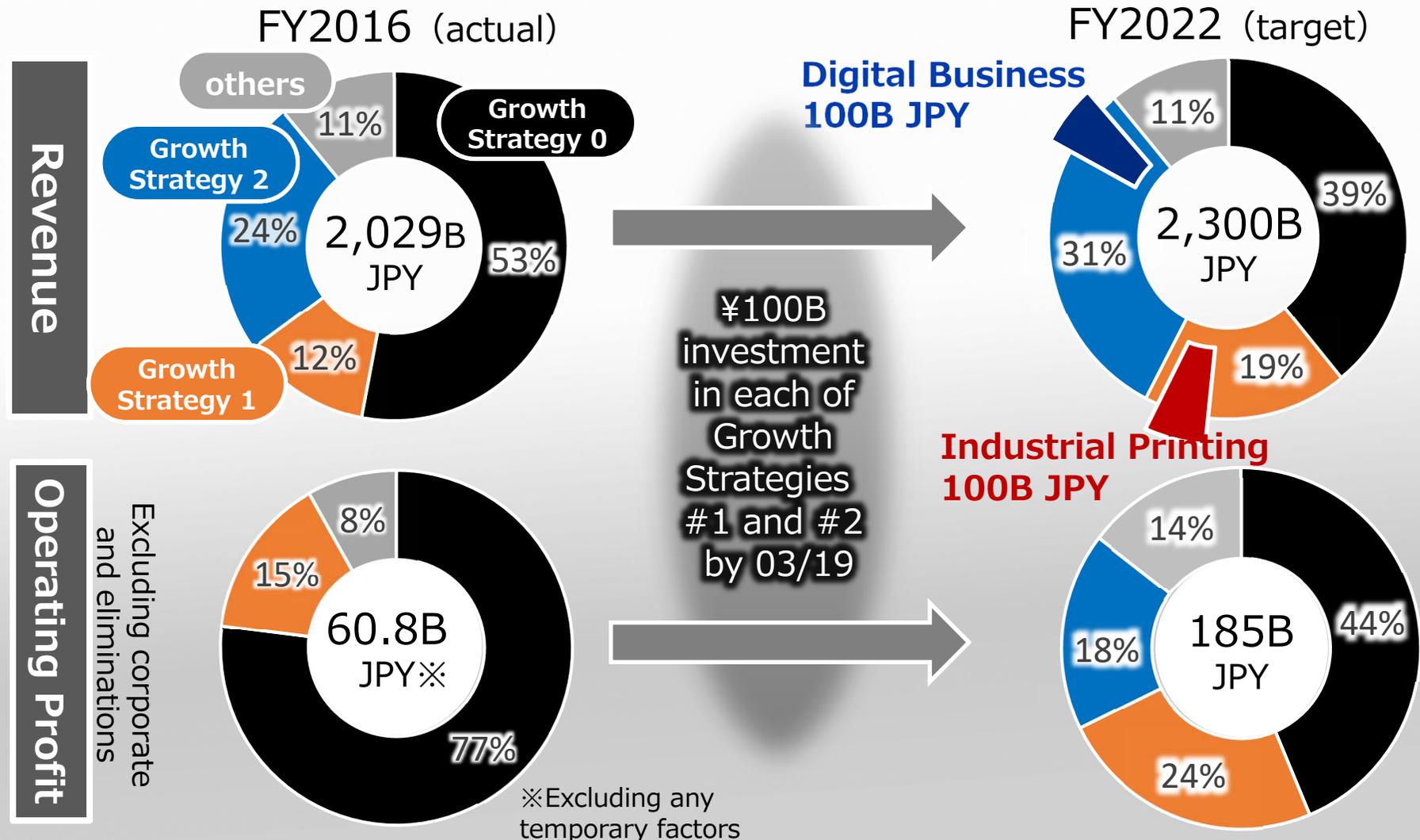
How is your ¥200B investment fund being spent?
How can you be sure ¥200B is enough?

RICOH Ignite Growth Strategy



Changing business portfolio

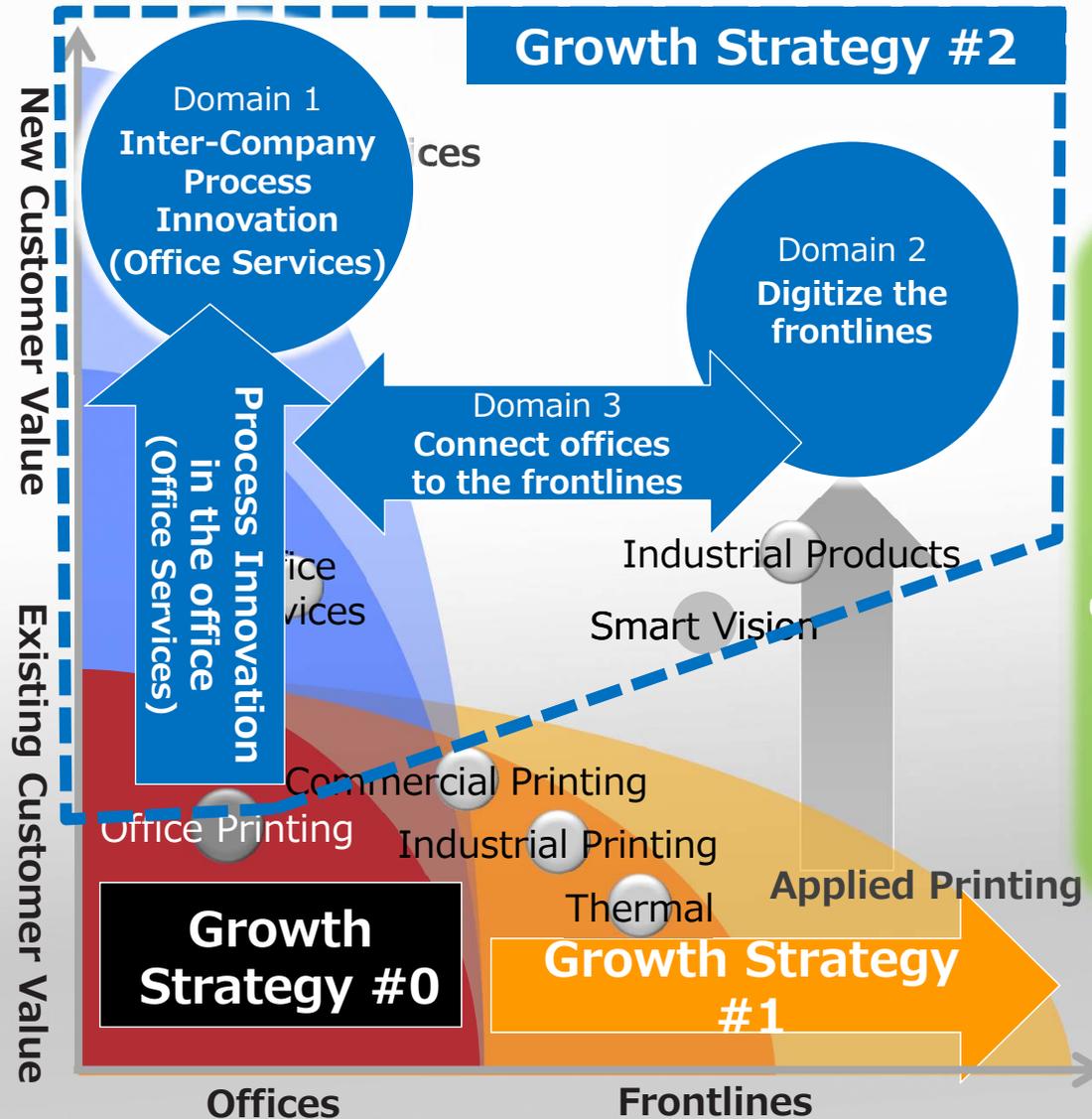
The sources of profit will change as we execute our growth strategy plan





Growth Strategy #2

Steps for Strategy Achievement



- Growth Strategy #0**
- Office Printing
- Growth Strategy #1**
- Commercial Printing
- Industrial Printing
- Thermal
- Growth Strategy #2**
- Office Services
- Industrial Products
- Smart Vision



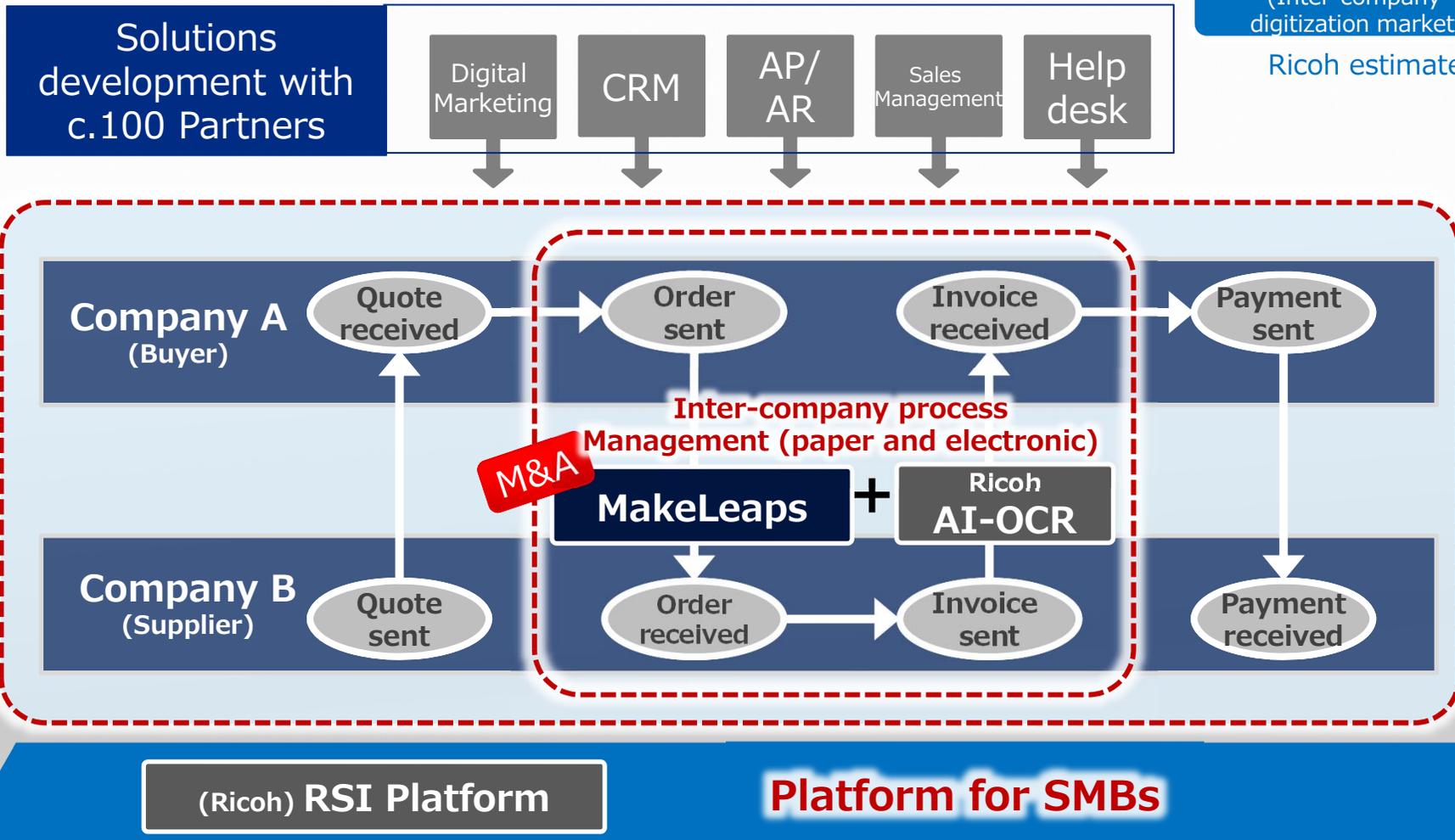
Growth Strategy #2

Domain 1: Inter-Company Process Innovation

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Support inter-company processes, mainly targeting SMBs

Market size in 2022
150B JPY
(Inter-company digitization market)
Ricoh estimate

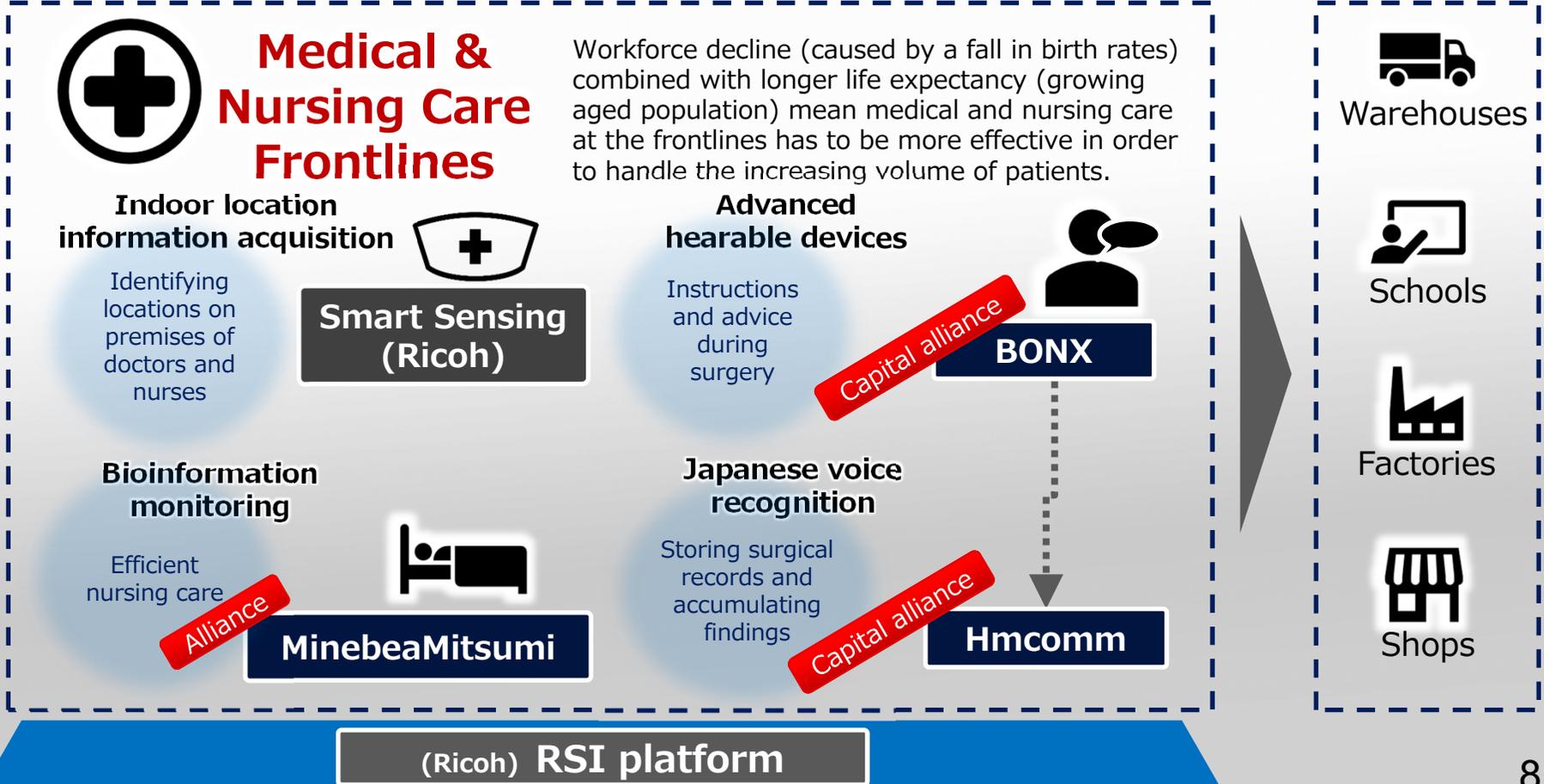


*RSI : Ricoh Smart Integration



Accelerate digitization on the frontlines by capturing voice and location data, in addition to image data

Market size in 2022
33B JPY
(Target market in medical/nursing-care industry)
Ricoh estimate





Growth Strategy #2

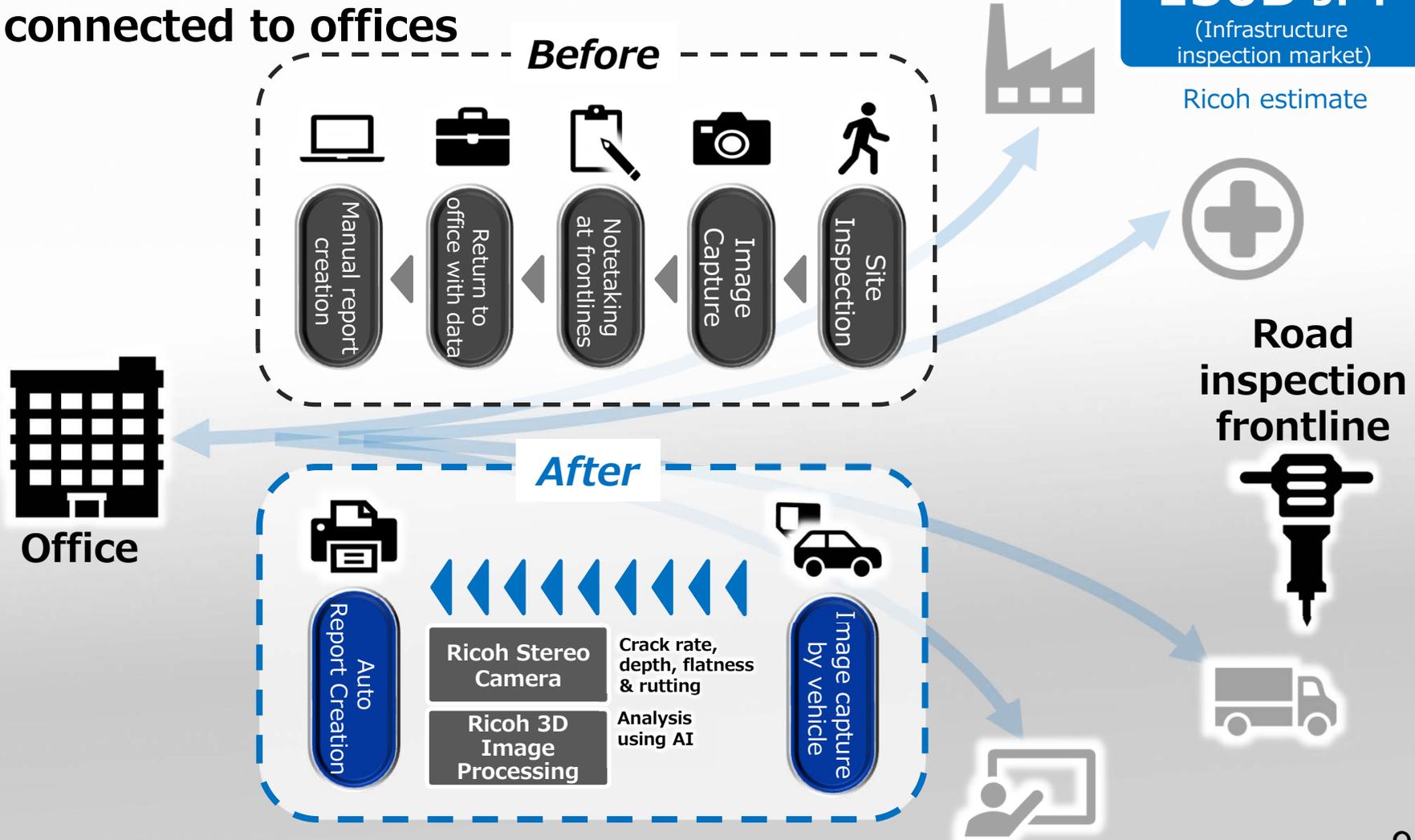
Domain 3: Connect offices to the frontlines

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By digitizing frontlines, workflows can be easily connected to offices

Market size in 2022
130B JPY
(Infrastructure inspection market)

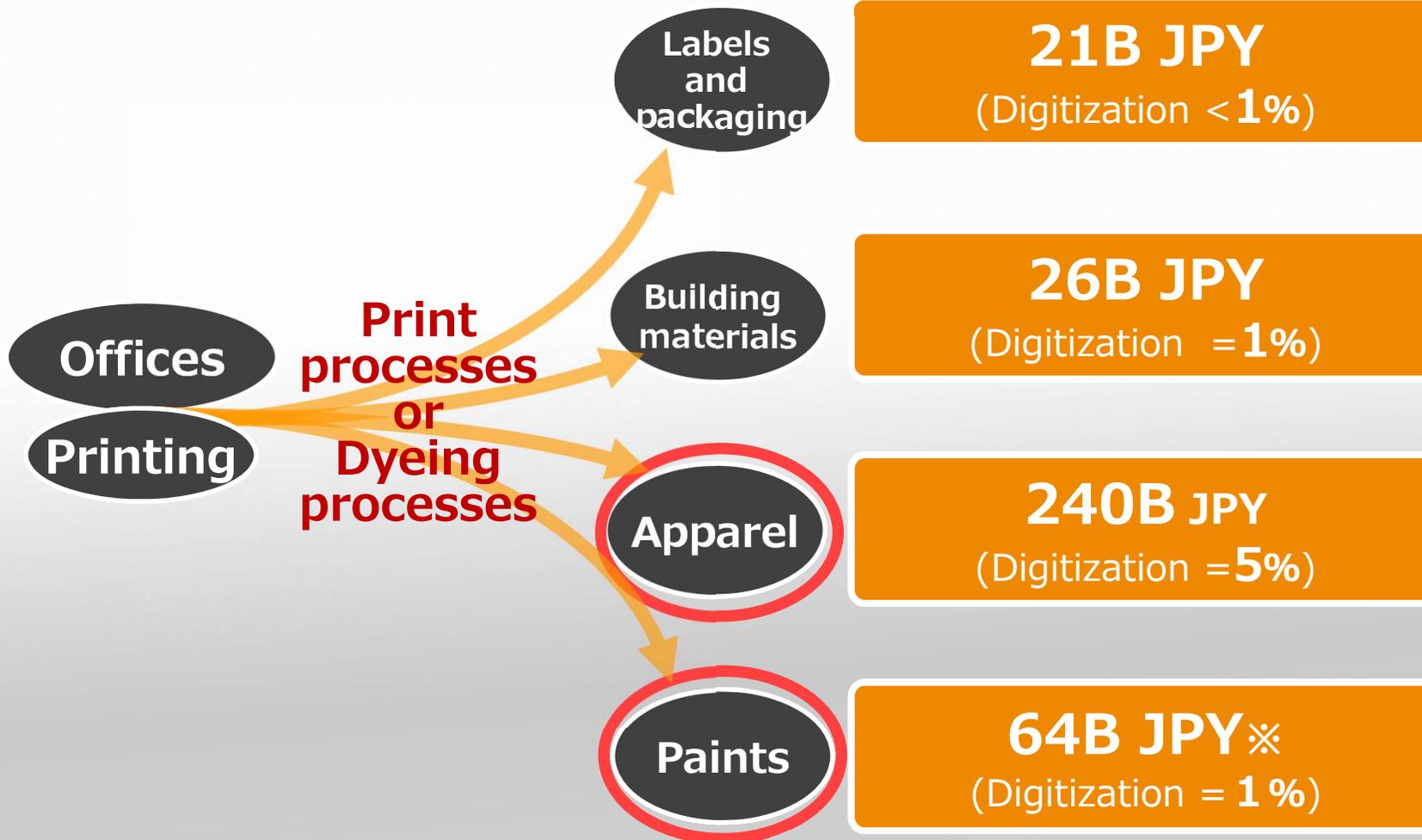
Ricoh estimate





From analog to digital processes

Market Size in 2022 & current rate of digitization



※Car and airplane printing market only



Augment capabilities in decoration, textiles, labels and packaging, with paint capabilities

		Textile (Apparel)	Decoration (Building materials)	Labels and packaging	Paints
Total solutions		✓			LAC
Modules		Coloreel	✓		
Parts	Inks	✓	✓		
	Heads	✓	✓		
Software		✓	✓	✓	
Sales and service			✓		



Enhance internal strengths



Strengthen position through collaboration

Alliance

Coloreel (Sweden)

Develops and makes yarn dyeing units for industrial embroidery machines

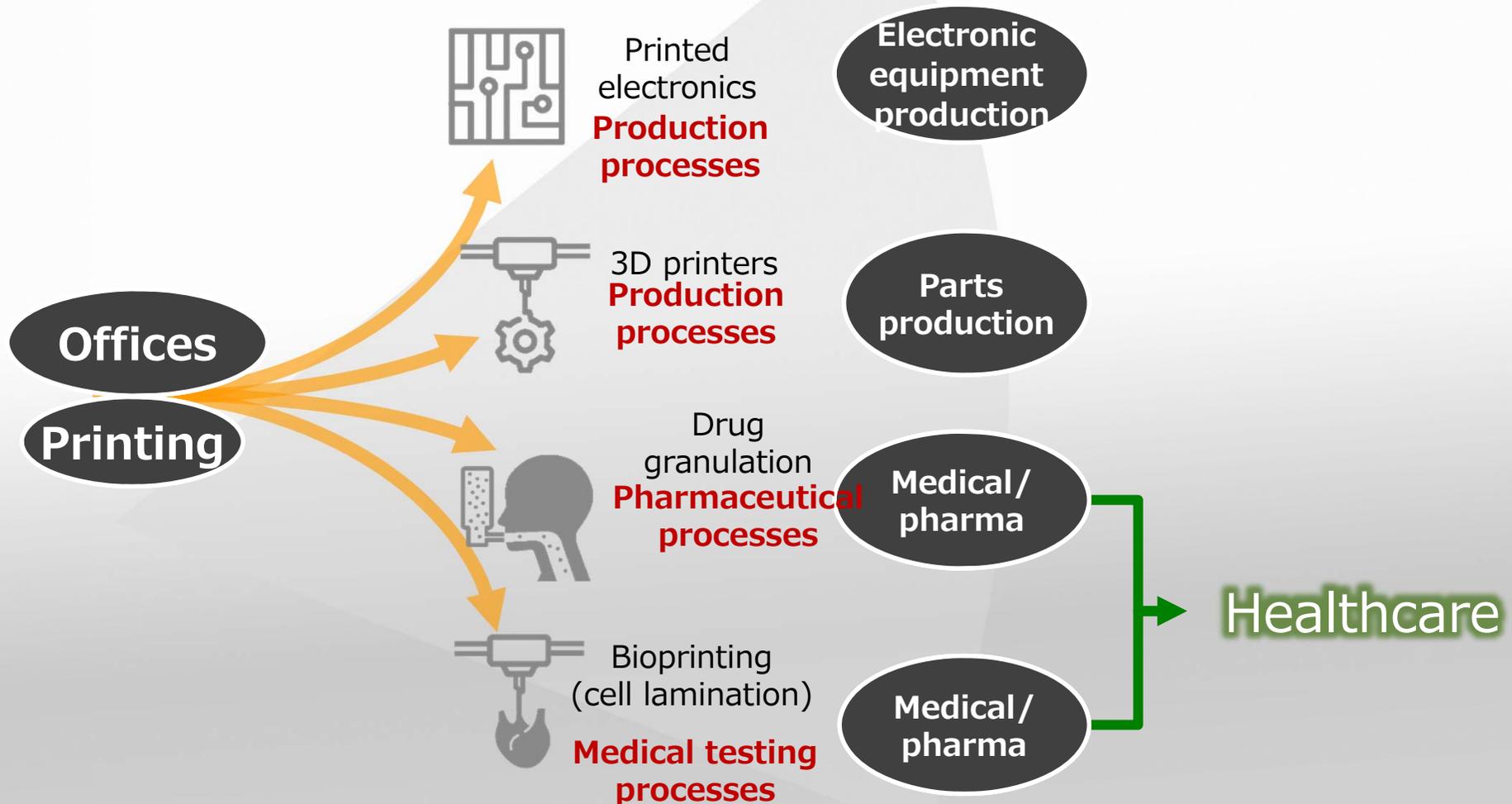
Acquisition

LAC (Japan)

Acquired technology for high viscosity and long distance discharge, to enable printing on 3D surfaces



From analog to digital processes





Embracing the
challenge of
change

Healthcare

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Help diagnose and swiftly detect and treat neurological diseases and contribute to a society in which people lead long and healthy lives

Medical imaging

Biomagnetic diagnostic equipment (magnetoencephalographs/spinographs)

- High-precision analysis and detection of neural activity
- In December 2017, entered U.S. market and started sales

Biomedical

Bio 3D printers

- DNA reference plate and drug efficacy and toxicity evaluation system
- Have started exploring commercialization in United States

Additionally, we are nurturing the drug granulation processes using our toner production technology & know-how



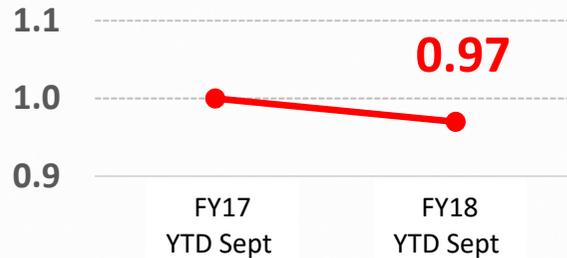
Price Management

Pushing ahead with customer realignment and increasing the value add

Prices of directly sold MFPs
(changes from a base of 1 in fiscal 2017)

Results and issues

Japan



- ✓ Maintained sales price in SMBs so we're shifting more to **growing SMB sales** by adding new customers.

France, UK, Germany



- ✓ Improving sales price in major accounts through effective **deal management** in all 3 countries
- ✓ Germany SMB sales price increased due to **revised commission plan**.

United States



- ✓ **Shift from public sector to private sector** (7% improvement Vs FY17)
- ✓ 9% increase in SMB sales price due to **price structure adjustment** and **revised commission plan**

We anticipate driving further price increases, as the new MFPs have an enhanced solutions capability *2H'18 New MFP launch

Reforming Management to Underpin Our Growth Strategies

Strengthen management structure to reflect capital costs and corporate value

- Establish an Investment Committee
- Management based on capital costs
- Reassess capital policies
- Strengthen investor and shareholder relations and disclosure

Reinforce management structure

- Headquarters functions
- Group administrative structure
- Strengthen risk management structure

Reform governance

- Continue beefing up corporate governance
 - Keep enhancing appointment and dismissal process
 - Explore corporate value-linked remuneration framework
 - Reinforce audits, etc.
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