

RICOH
Resurgent

First year review

April 27, 2018

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**President and CEO
Ricoh Company, Ltd.**

Break from past management approaches

Conduct reviews casting aside the traditions and precedents that hamper growth

1. Reform cost structure

Drive structural reforms from top down

2. Prioritize growth businesses centered on our strengths

Focus on growth businesses that leverage strengths and deploy winning strategies

3. Implementation that delivers results and has clear accountability

Present results and rebuild trust with all stakeholders

Tackling Key Management Issues

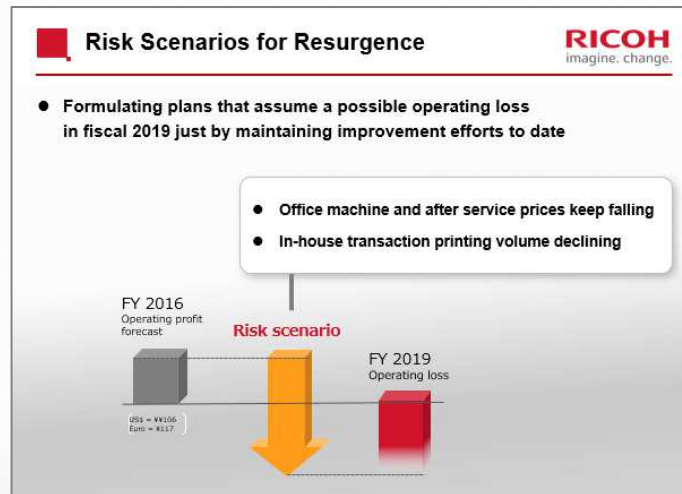
We have drawn on the support and supervision of the Board of Directors to push forward with management reforms to ensure accurate decision-making and swift action.

Themes | Goal
Completed

Reinforce investor and shareholder relations	Make management aware of capital efficiencies and capital costs by engaging with shareholders and other investors (PDCAs based on progress reports for important themes with investor relations, engaging with domestic and foreign shareholders, and conducting small meeting for analysts)
Push ahead with structural reforms	Review earnings structure in line with strategic transformation and boost profitability (to be explained later)
Formulate growth strategies	Restructure business portfolio through growth strategies based on Ricoh's strengths (to be explained later)
Headquarters reforms	Reinforce headquarters functions to support management (Overhaul new business creation process, bolster accounting and finance, and review business management units based on strategic transformations)
Comprehensively reinforce governance	Comprehensively reinforce Group governance through Board of Directors, Audit and Supervisory Board, and internal audits (Assess and improve Group governance, set up global audit team, and create senior level internal auditor certification system)
Reform executive officer system	Clarify responsibilities of executives and redesign incentives (Have one-year directorship terms and terminate senior advisory post held by former presidents and chairmen)

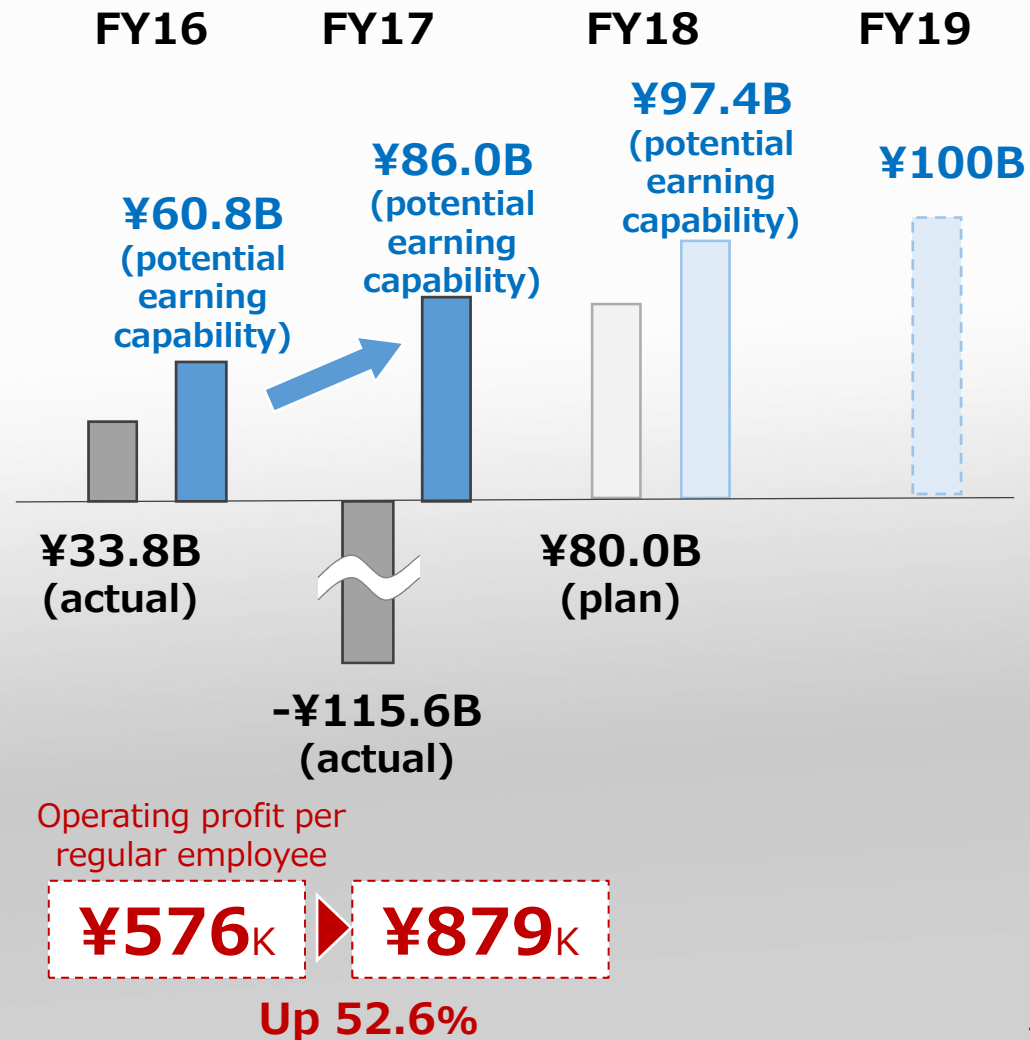
Structural Reform Initiatives & Achievements Based on Risk Scenarios

Regain profitability by implementing structural reform initiatives based on risk scenarios set when formulating the 19th Mid-Term Management Plan



April 12, 2017 IR meeting

- Main structural reform measures**
- 1. Reorganized business sites**
Consolidated production sites and relocate headquarters
 - 2. Reviewed business segments**
Shifted to strategies matching business and regional characteristics
 - 3. Pursued business selectivity**
Ricoh Electronic Devices, San-Ai Kanko



Measures to Bolster Profitability **RICOH** imagine. change.

In light of changes in the business climate, we continue efforts to bolster profitability

1. Lower cost of sales ratio

- ✓ Tremendous potential for further earnings improvements

2. Rebuild US sales structure

- ✓ Sales price management, review unprofitable businesses, and undertake back office reforms

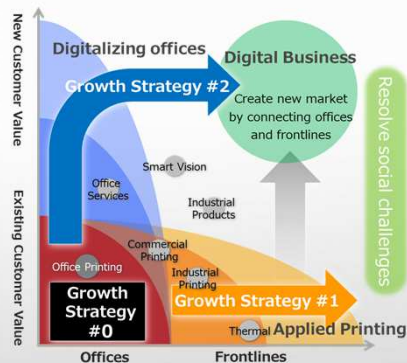
3. “Our Digital Revolution”

- ✓ Harnessing robotic process automation to undertake business process reforms that involve all employees and commercialize our practice

Growth Strategy

Key Initiatives and KPIs

Determining and implementing key initiatives measures and KPIs



Growth Strategy 0

1. Improve ability to generate earnings through rigorous sales price management
2. Build model plants for digital manufacturing
3. Streamline maintenance service operations

KPI: MFP sales prices

Total A3 and A4 MFP sales divided by number of units sold

Growth Strategy 1

1. Increase of commercial printer MIF by launching new models
2. Set up inkjet head technical support sites
3. Secure external resources through acquisitions and other means

KPI: Number of new models sold

Global units sales of strategic Pro C7200S series and Pro C9200 series

Growth Strategy 2

1. Prioritization based on business and regional characteristics
2. Enrichment of applications on the integrated platform
3. Secure external resources through acquisitions and other means

KPI: Number of application downloaded units

Number of MFPs operating with applications on integrated platform

“Open” Practices

New customer value generated through “Open” partnership

MFP based cloud solutions

Global product co-development agreement with

- 1) **KOFAX** with edge processing technologies
- 2) **Docuware** with indexing technologies



Machine disorder sensing

Target to equip **FANUC Corporation's** machinery

FANUC

as a monitoring system to check the robo-drilling status. This development is supported by FANUC Corporations. Ricoh provides the system for better productivity and usability.

RICOH

Bed-sensor System

Plan to launch new product co-developed with **MinebeaMitsumi Inc.** within this fiscal year. Can be bundled with nurse call system, to reduce workload in nursing care frontlines.

MinebeaMitsumi
Passion to Create Value through Difference



Medical Imaging (MEG)

High-accuracy sensing technology developed with **Kanazawa Institute of Technology.** Entered North America market (Dec, 2017) Pursuing open innovation with the following partners.

Tohoku Univ.
Epilepsies clinical
Kanazawa Univ.
Development disability clinical

Tokyo Medical & Dental Univ.
Spinal disease clinical

Hokuto Hospital
Brain checkup for dementia

Consolidated Financial Targets

ROE forecasted to exceed 5.0% in FY2018

	FY2017	FY2018	FY2019	FY2022
Sales	2,063.3	2,040.0	2,200.0	2,300.0
Operating Profit	-115.6	80.0	100.0	185.0
Operating Margin	-5.6%	3.9%	4.5%	8.0%
ROE	-13.9%	More than 5.0%	6.9%	More than 9.0%
FCEF Free cash flow excluding finance business	65.9	—	100.0 Total for FY2017 to and 2019	250.0 Total for FY2020 to and 2022

Billions of Yen

Progress Reporting at Investors' Meeting

Update the progress of Growth Strategy execution in quarterly Investors' Meetings.



Board of directors

Reinforcing monitoring and reflecting findings in assessments
(Monthly or quarterly)

Management council

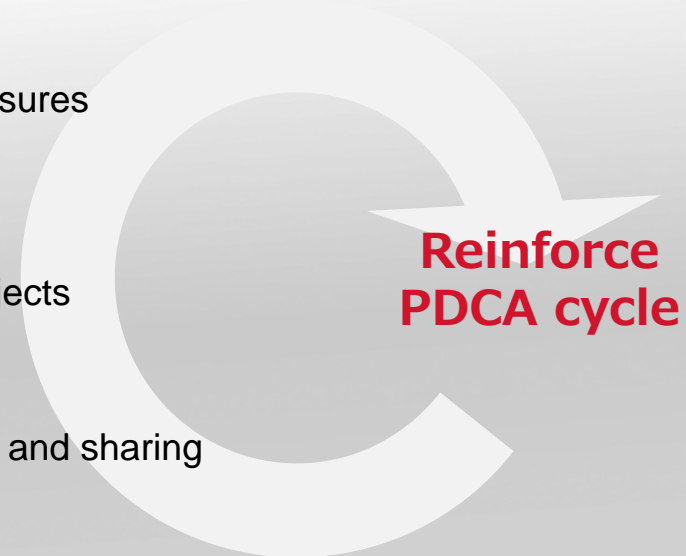
Confirming progress and sharing issues and measures while deciding on structural reinforcement efforts
(When making decisions)

Project

Confirming progress and making decisions in projects
(As needed)

Business division

Confirming progress through business unit heads and sharing and addressing issues
(As needed)



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