

# Ricoh's Medium-Term Management Plan

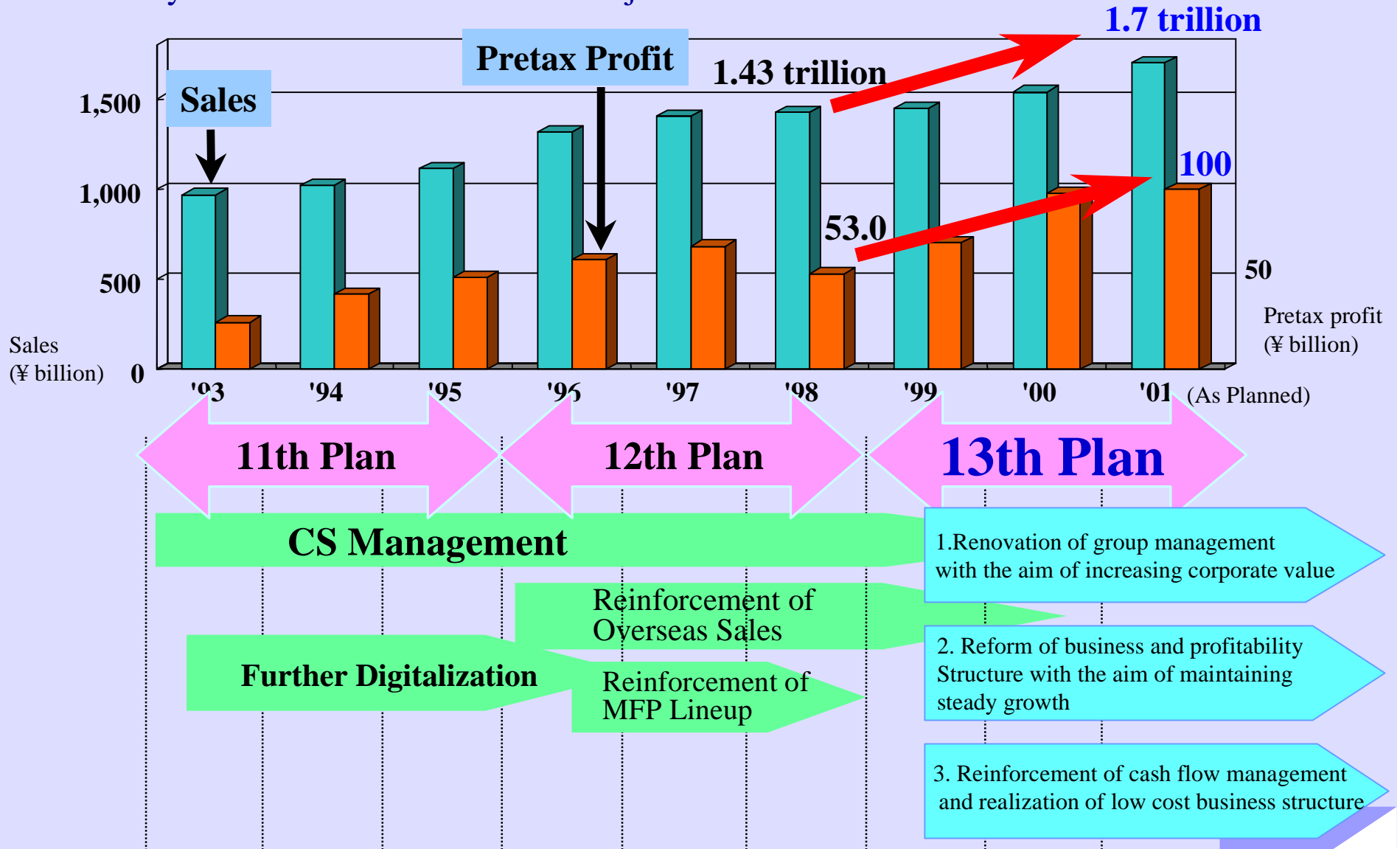
March 19, 2002

**Masamitsu Sakurai**  
President and COO  
Ricoh Company, Ltd.

1. Review of 13th Medium-Term Management Plan
2. Business Environment Awareness
3. 14th Medium-Term Management Plan  
- Group Vision/Management Policy
4. Major Business Strategy
5. New Technology Area to be further reinforced
6. Financial Targets

# Review of 13th Medium-Term Management Plan (1)

## -Basic Policy and Business Performance Projection-



# Review of 13th Medium-Term Management Plan (2)

4

## Financial Achievements

¥billion

		'99		'00		'01	
		As Planned	Actual	As Planned	Actual	As Planned	Forecast
	Domestic	<b>856.8</b>	<b>873.1</b>	<b>900.6</b>	<b>930.4</b>	<b>954.0</b>	<b>905.0</b>
	Overseas	<b>633.3</b>	<b>573.9</b>	<b>679.4</b>	<b>607.8</b>	<b>746.0</b>	<b>765.0</b>
	(Growth ratio)		<b>(1.5%)</b>		<b>(6.3%)</b>		<b>(8.6%)</b>
	Net Sales	<b>1,490.0</b>	<b>1,447.1</b>	<b>1,580.0</b>	<b>1,538.2</b>	<b>1,700.0</b>	<b>1,670.0</b>
	(Pretax profit/Net Sales)	<b>(3.8%)</b>	<b>(4.9%)</b>	<b>(4.7%)</b>	<b>(6.4%)</b>	<b>(5.9%)</b>	<b>(6.8%)</b>
	Pretax Profit	<b>57.0</b>	<b>70.4</b>	<b>75.0</b>	<b>97.7</b>	<b>100.0</b>	<b>113.0</b>
	Net Income	<b>33.1</b>	<b>41.9</b>	<b>43.5</b>	<b>53.2</b>	<b>58.0</b>	<b>61.5</b>
	<b>RIVAC Spread</b>	<b>0.7%</b>	<b>2.8%</b>	<b>1.6%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>4.1%</b>
	<b>Free Cash Flow</b>	<b>10.0</b>	<b>57.1</b>	<b>15.0</b>	<b>40.0</b>	<b>50.0</b>	<b>18.9</b>
	<u>\$</u>	¥115	¥112	¥115	¥111	¥115	¥124
	<u>EURO</u>	¥132	¥115	¥132	¥100	¥132	¥110

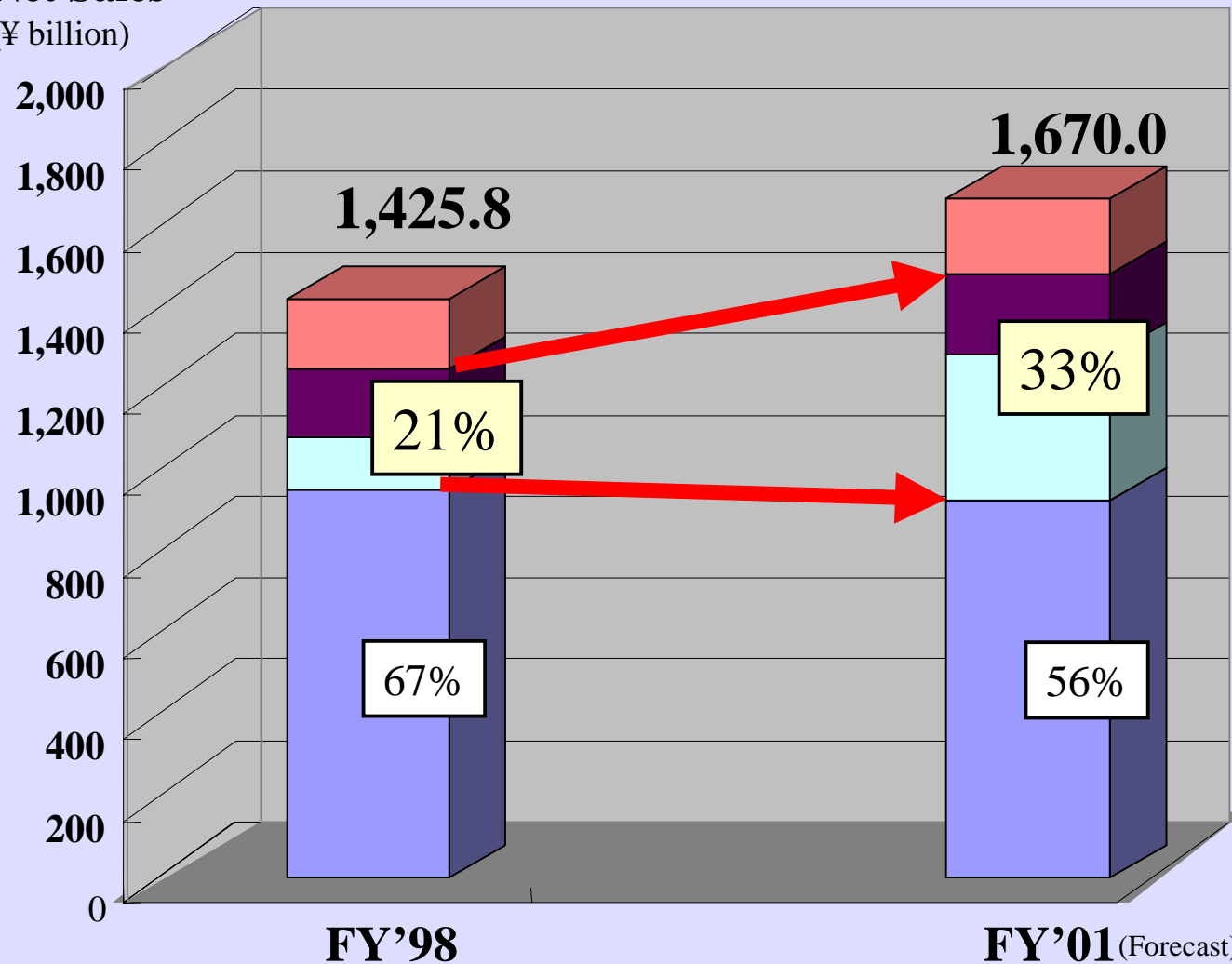
■ Reasons for Achievements: Reform of Operational Profit Structure

- Expansion of High-Speed Machines
- Black&White to Color Transition
- MFP+P
- Solutions Business

## Transition of Sales by Product Category

### Net Sales

(¥ billion)



- **Other Businesses**  
...Semiconductors, etc.
- **Network System Solutions**  
...Software, useware, PCs, etc.
- **Networking I/O Systems**  
...MFPs, LPs, optical discs, scanners, etc.
- **Imaging solutions**  
...PPCs, facsimile machines, digital duplicators

## Demand Trend ('01 - '04)

- Total PPC/MFP markets are almost flat, but color is tremendously growing.
- Total LP market is one-digit growth rate, but color is tremendously growing.
- Sales of MFPs are progressing in both PPC and LP markets.
- TDV is increasing in line with greater information volume.

## Customer Needs

- Colorization, higher speed, lower cost
- Reduction of TCO, Improvement in business productivity
- One-Stop, total solution

\* MFP : Multi Function Printer

\* LP : Laser Printer

\* TDV : Total Document Volume(copy volume+print volume)

\* TCO : Total Cost of Ownership

## Winners in the 21st Century

- Contribute to productivity improvement and knowledge creation for individuals working anytime, anywhere, providing high reliability and new value creation.
- Ricoh-like values should be clearly recognized by stakeholders, and the Ricoh brand globally established.

**Customer**

**1. World No.1 Products**

**2. Solid relationship with customers**

**Employee**

**3. Vital and motivated culture**

**Shareholders**

**4. Performance Excellence**

**Society**

**5. Responsible action as a corporate citizen**

**Business  
Domain**

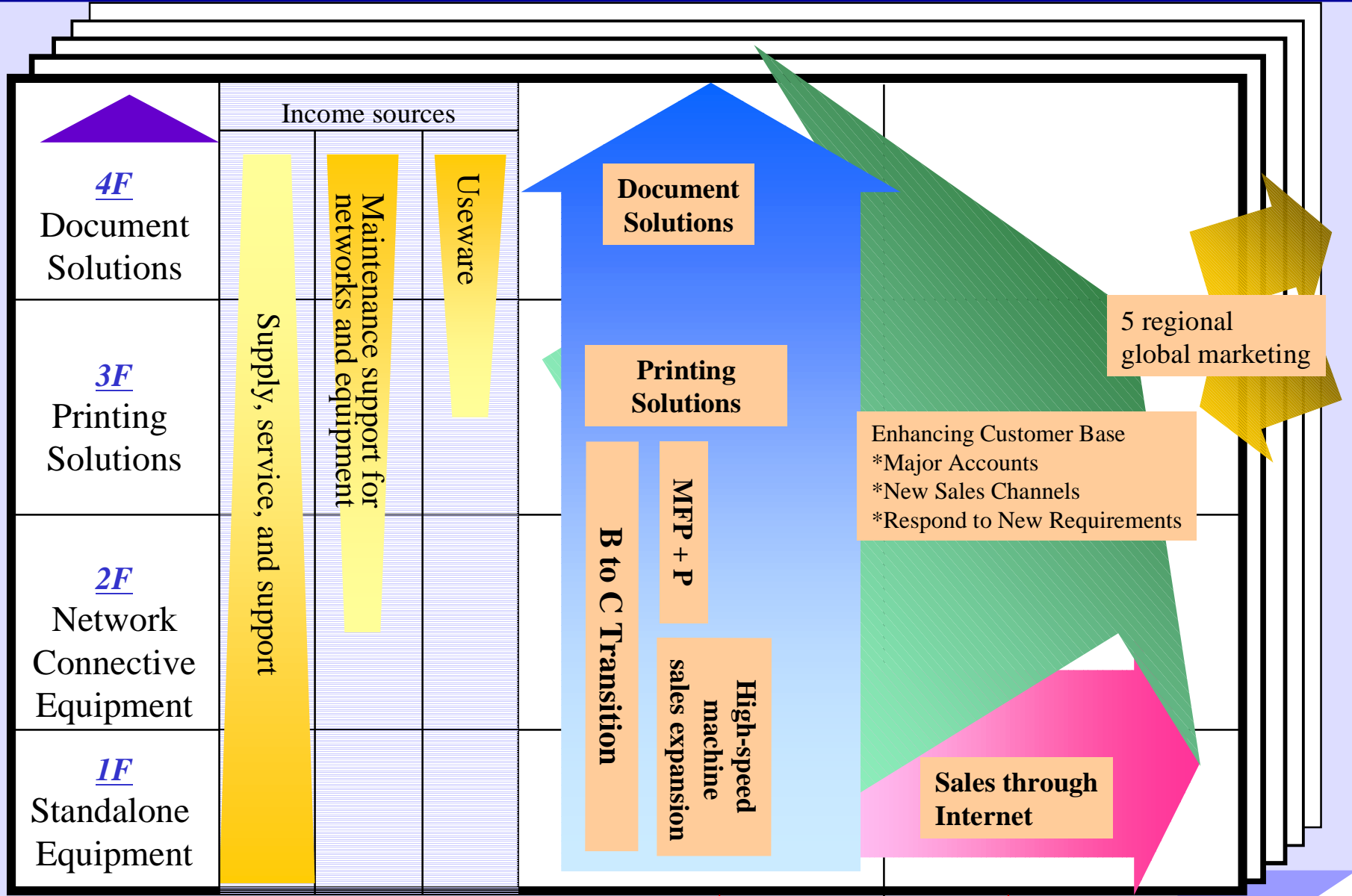
To provide working individuals with improvements in productivity and knowledge creation anytime, anywhere.

Practice Ricoh group management to increase  
“Individual Strengths” and maximize  
“Group Collective Strengths” for growth and progress

1. Realize a “vital and motivated culture”
2. Strengthen technologies to become “the world No.1 product engineering” company
3. Build “Customer-Friendly” and “Environmentally-Friendly” company.
4. Strengthen each business unit and revolutionize group business structures.
5. Strengthen management constitution for competitive advantage

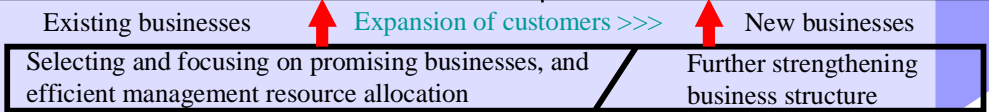


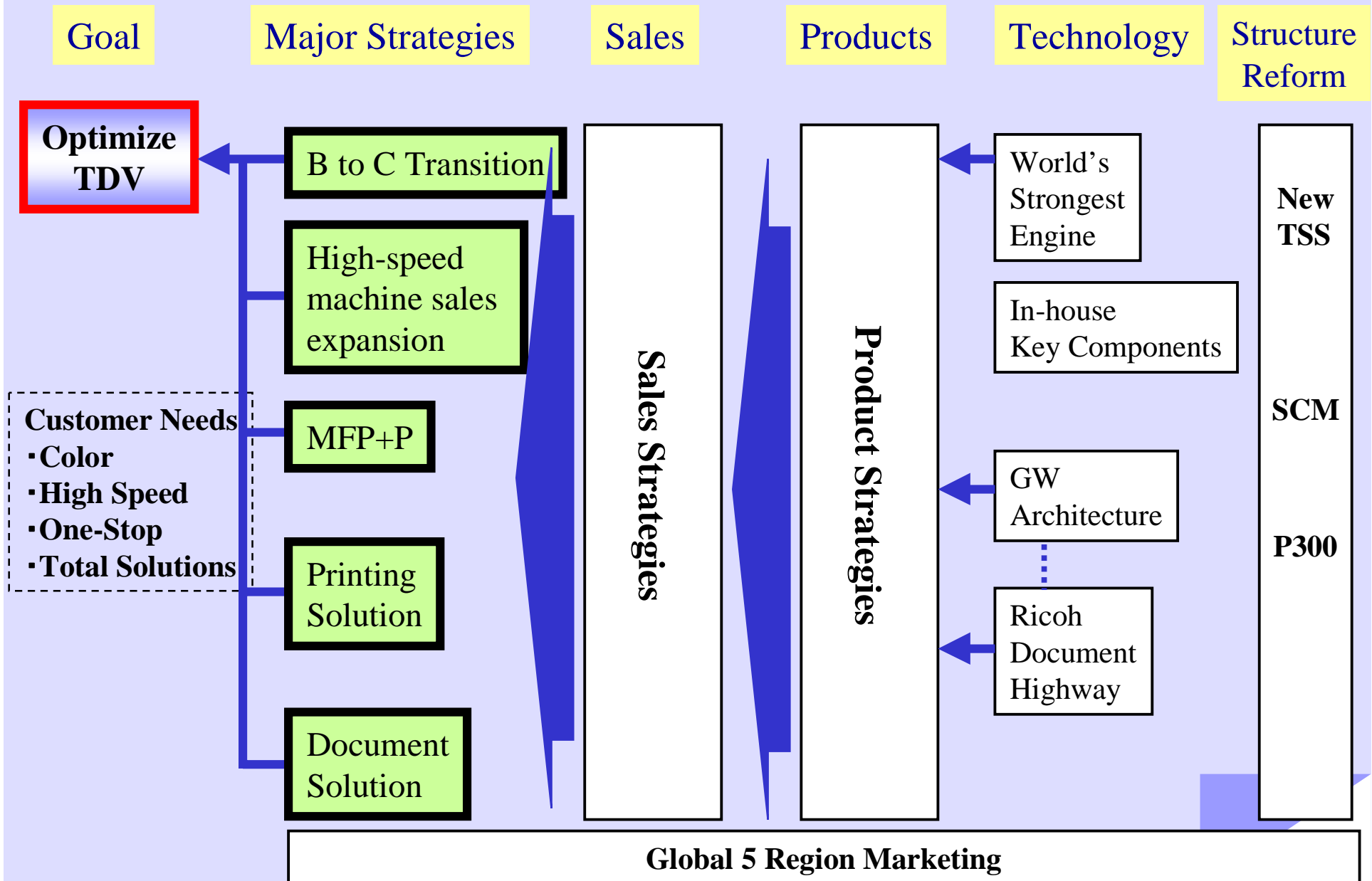
<<<Provide customers with new values (Customer enclosure, higher added value)



**Major Strategies**

\* B to C...Black and White to Color





What Black and White to Color transition is meant for and aimed at (to be confirmed)

### <Background>

- \*To meet the needs for colorization

### <Aim>

- \*Increase TDV

- \*Add more value per copy/print

### <Contents>

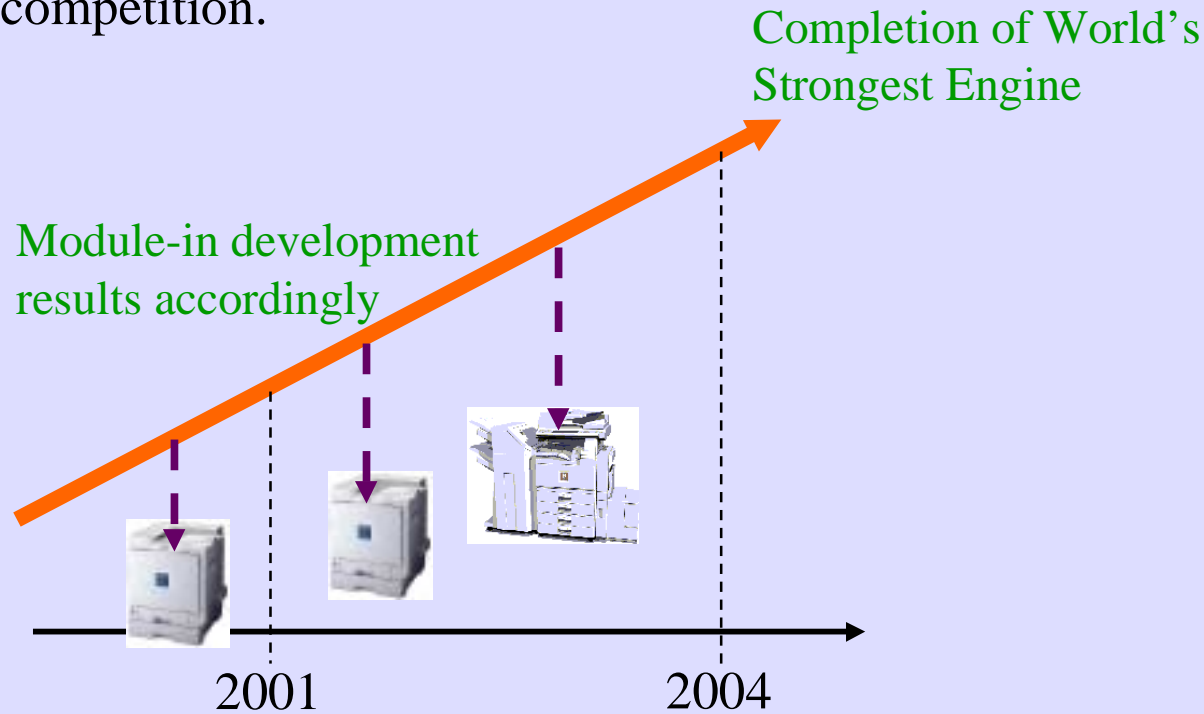
- \*Replace existing B/W machines with color

- \*Cultivate new market with color

- \*During the 13th MTP, Ricoh performed successfully by strengthening color machines centered on the mid-volume segment.
- \*In the 14th MTP, we will launch a flagship color model in the high-volume segment, thus establishing a comprehensive lineup.

## World's Strongest Engine

In terms of its image quality, reliability, environmental friendliness, and appliance-like ease, Ricoh will provide the strongest color LP/MFP engine, which overwhelms the competition.



Strengthen in-house key components which supports the strongest engine

## Printing Solution

### <Aim>

Aimed to increase our market share, acquire TDV, and raise the customer loyalty

### <Contents>

Provide our customers with the most appropriate printing environment that meets with the needs of the digital network era.

## Document Solution

### <Aim>

Raise the customer loyalty, and add new profit such as in TDV, consultation and training

### <Contents>

Provide our customers with the best combination of I/O equipment and software programs to improve their document flow and operation.



**4. Reliable Support and Service**

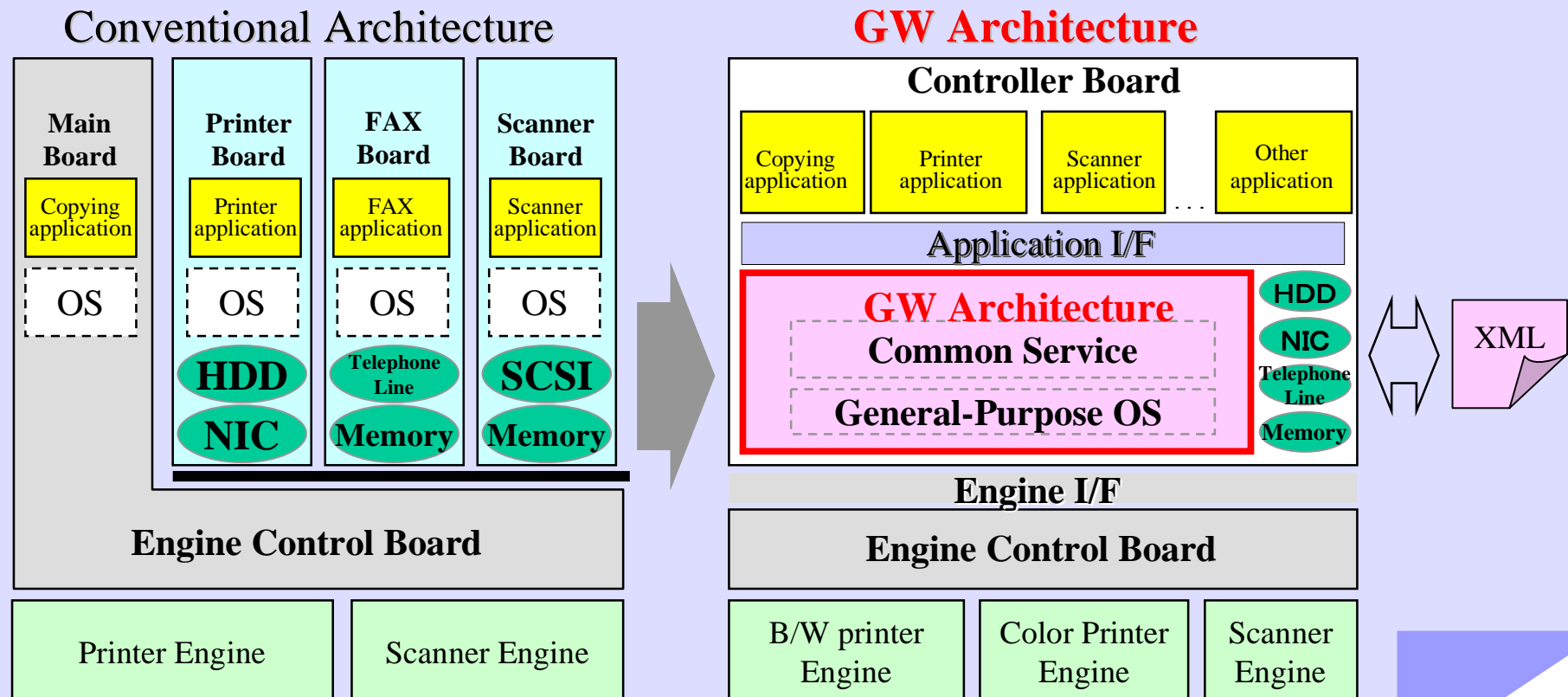
**3. Proposal/Arrangement Ability**

**2. Meeting “Open & Modular”**

**1. Products-Basic Functions, Reliability**

## GW Architecture

By adopting open technology, and utilizing modular common architecture in all the products, development lead time and costs can be drastically reduced and secure flexibility achieved.



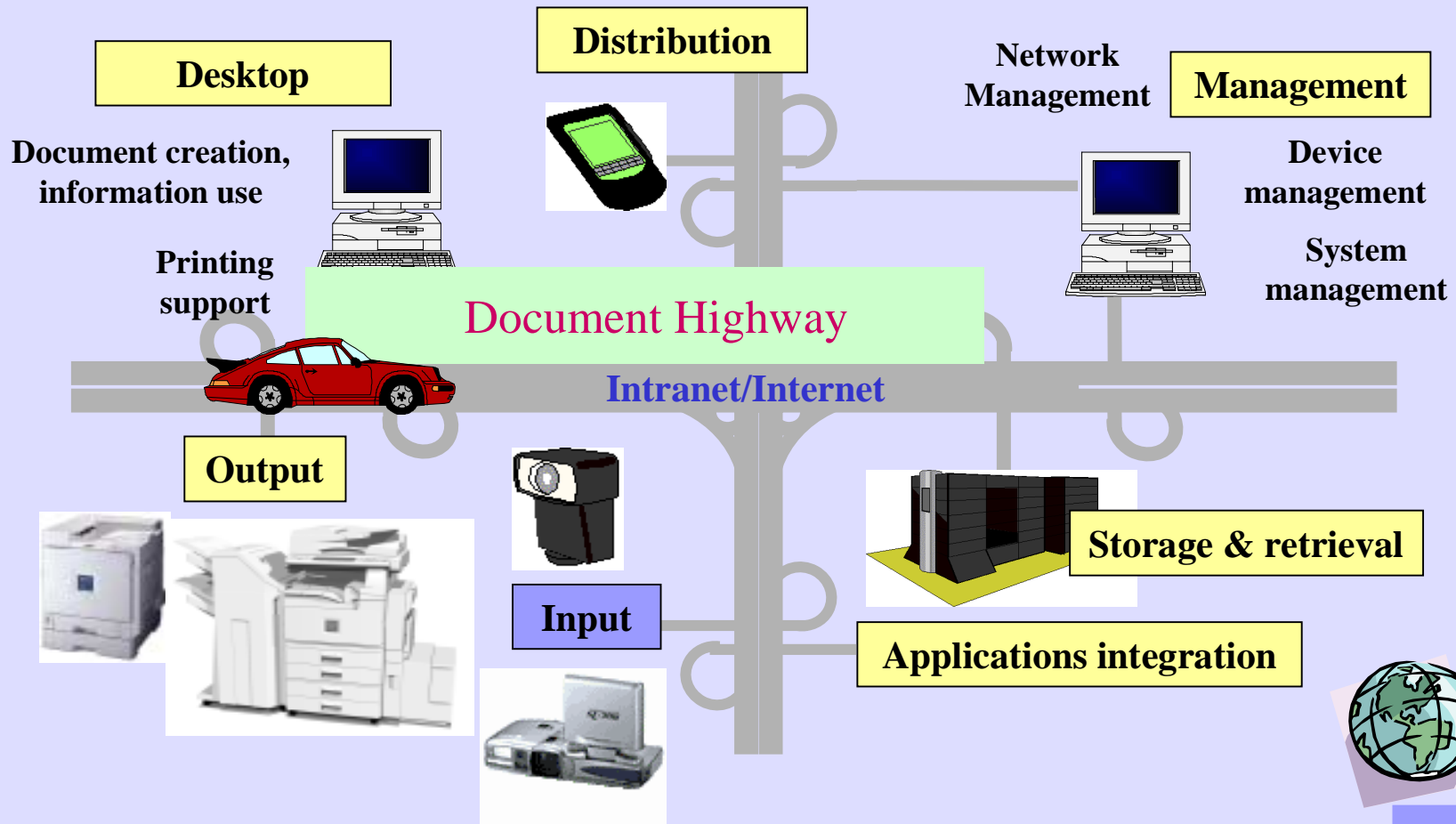


## Ricoh Document Highway (RDH) Concept

Promote "Open & Appliance-like ease platform" which realizes seamless communication between hardware and applications



## Ricoh Document Highway (RDH) Concept



## Proposal for Optimal Products

Program to propose optimal configuration of office products

◆ Japan

Customer Configuration Sheet  
Sahoo

◆ North America

Print Wise  
Docutivity

◆ Europe

Pay Per Page



**MFP**

**+**

**LP**



## TCO Administration

Software to administrate status of office product use

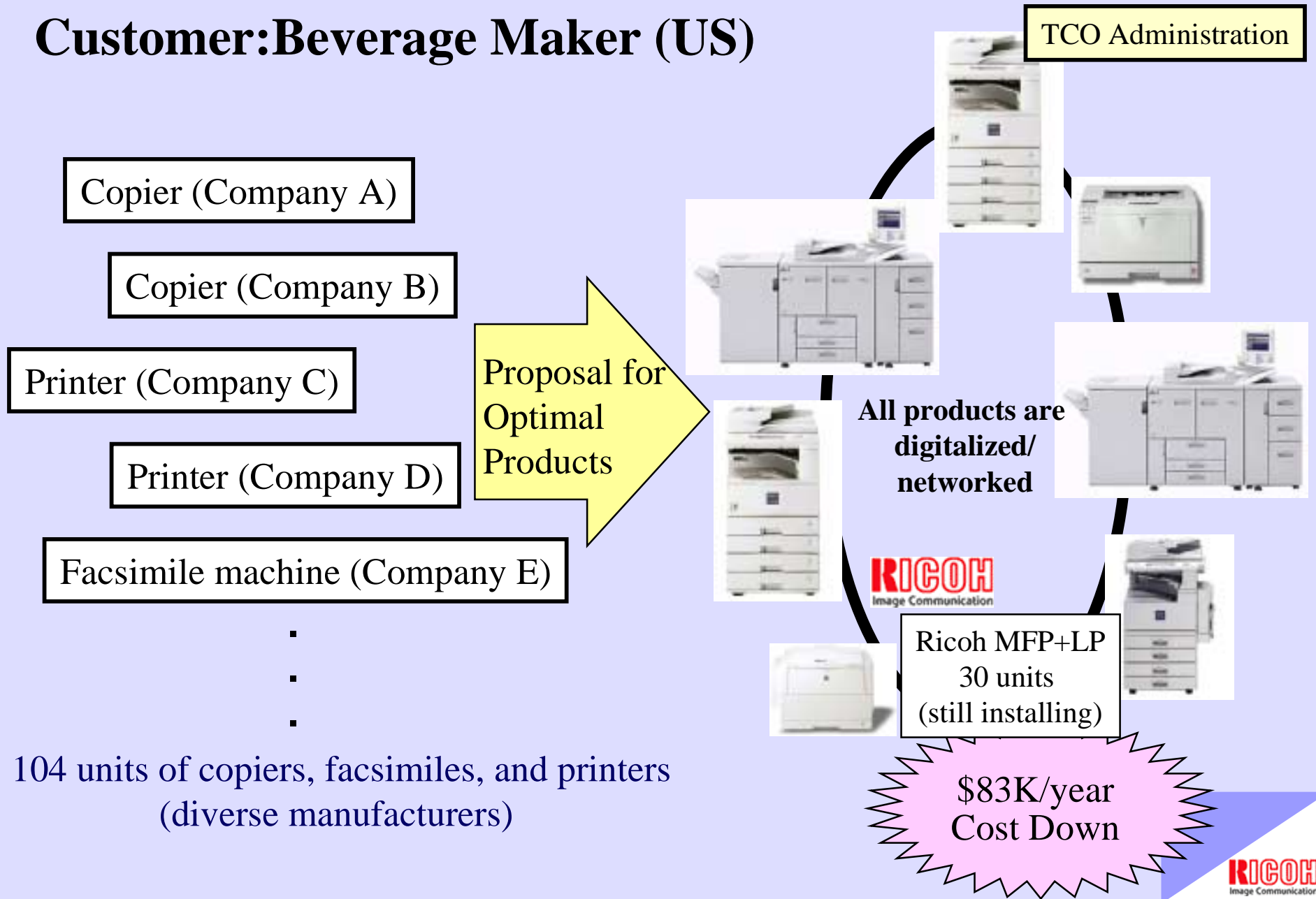
◆ Japan

Ridoc IO Account  
Ridoc IO Gate

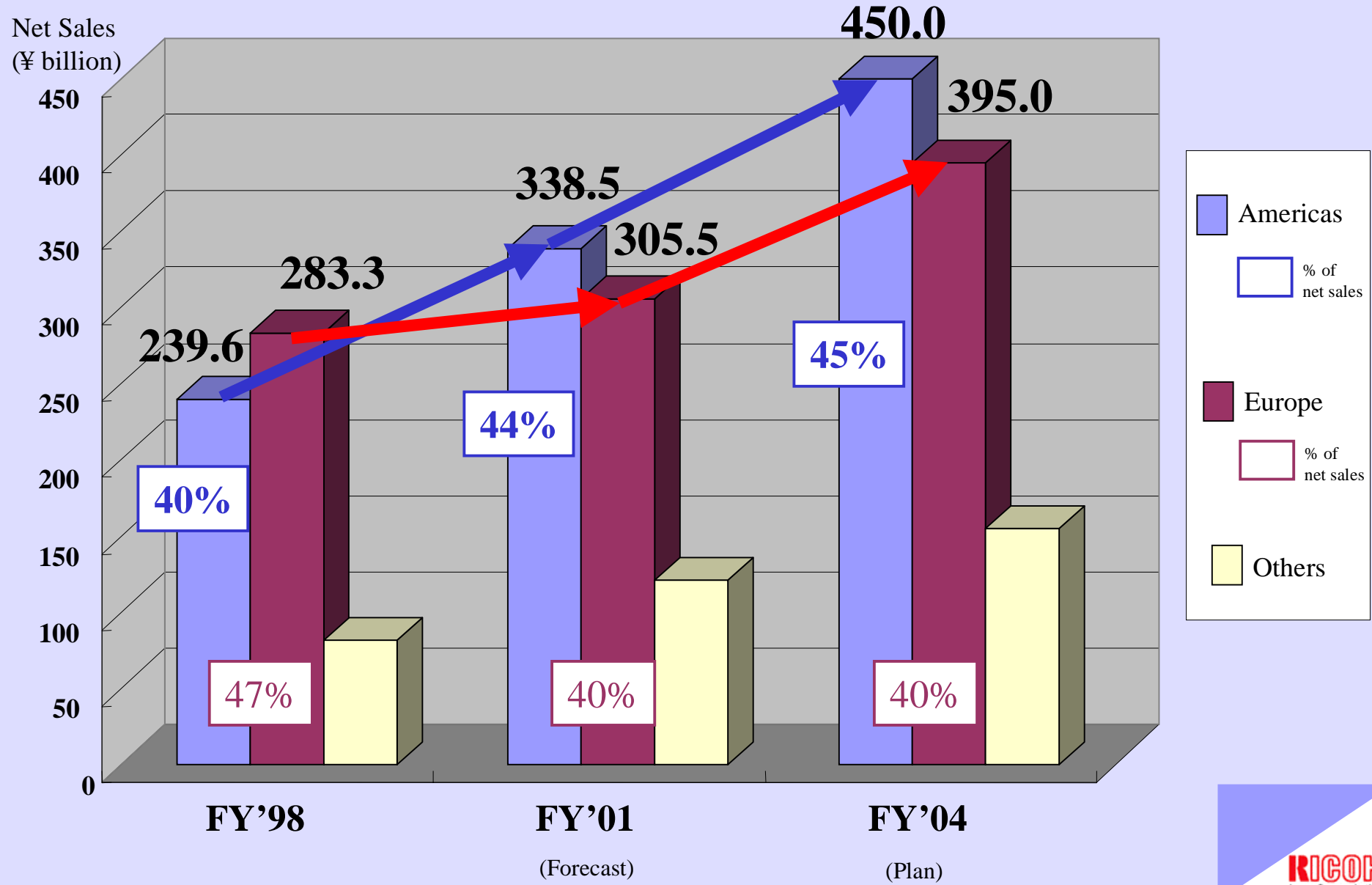
◆ Overseas

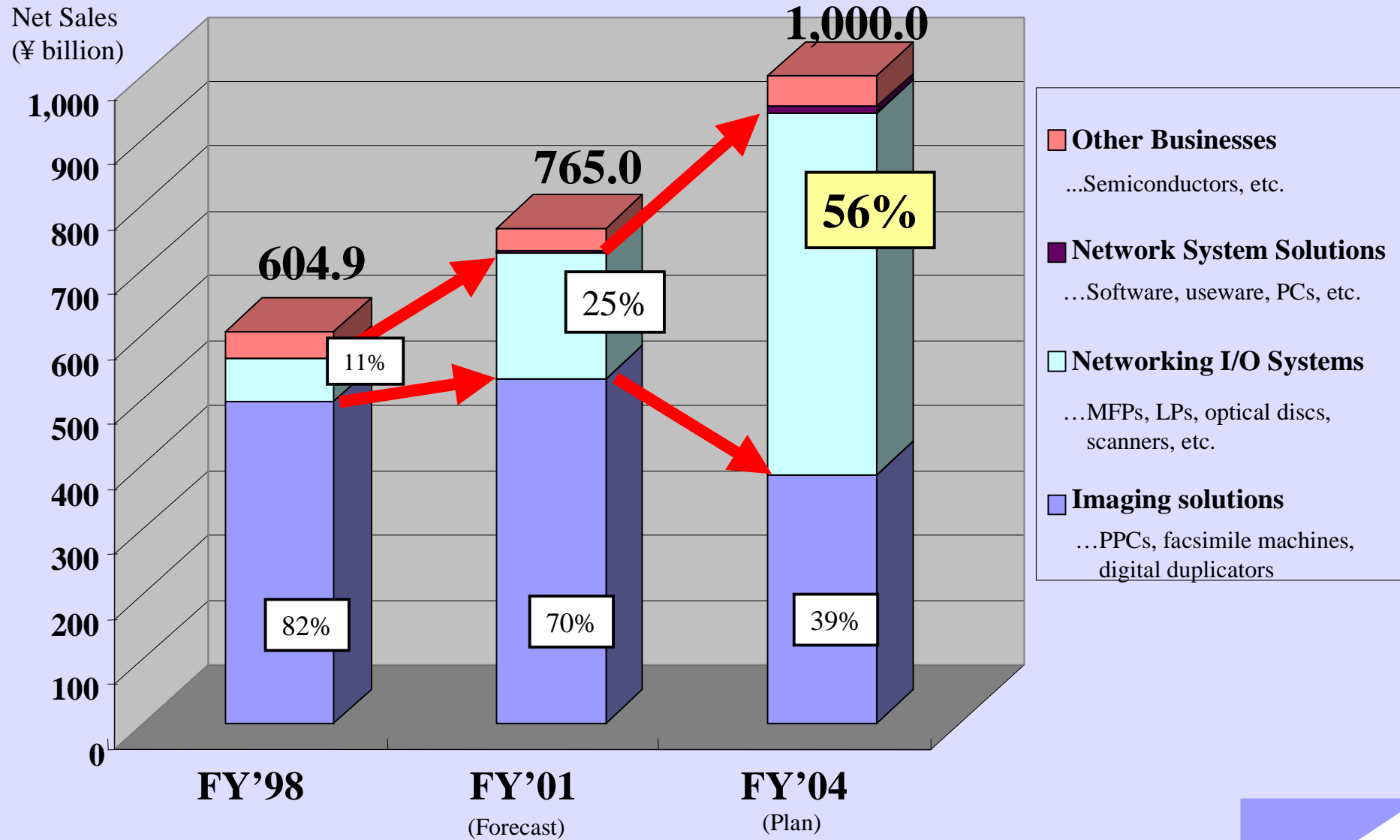
Print Observer  
Print Trender  
PAS  
Docosoft

## Customer: Beverage Maker (US)



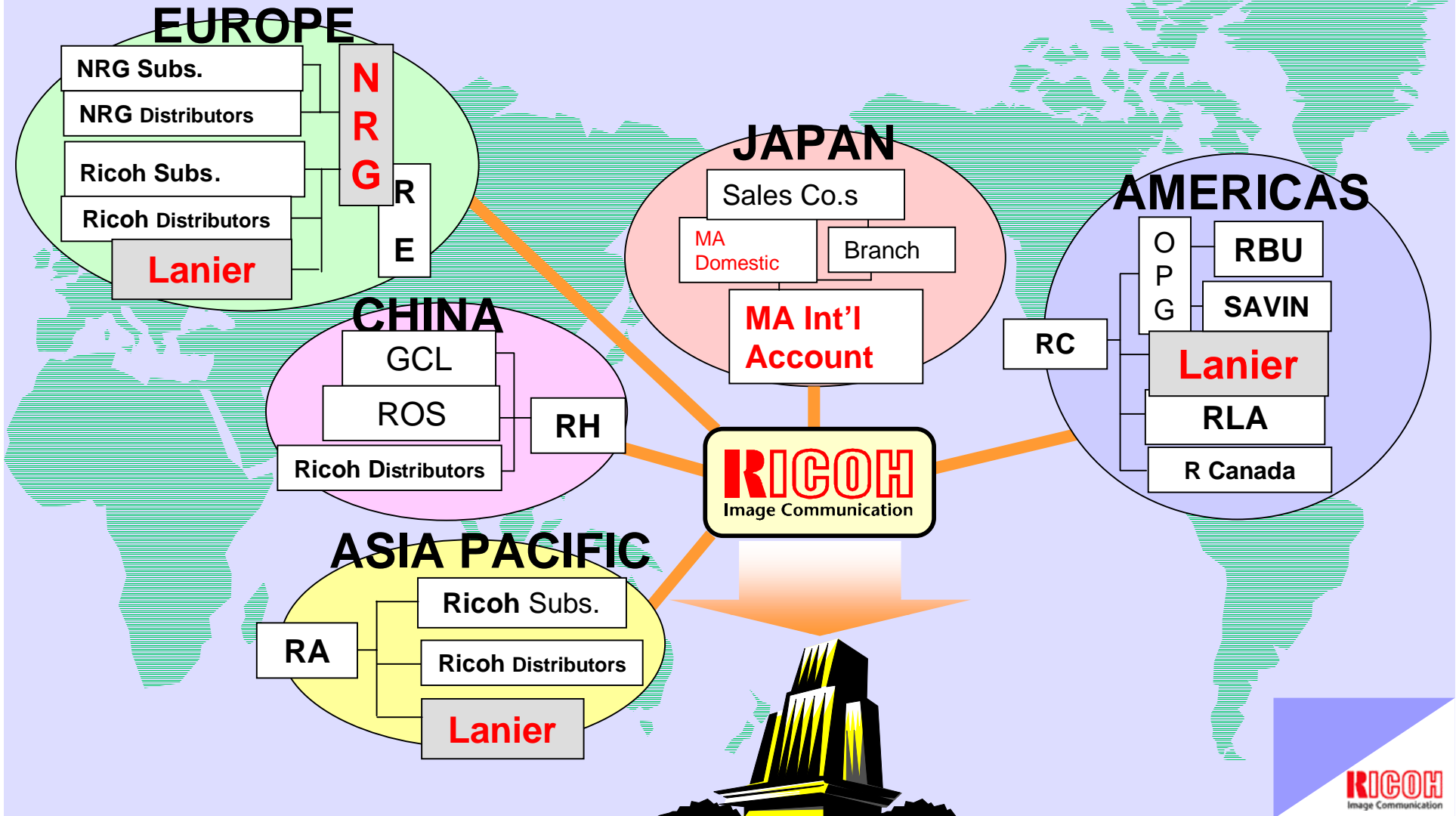
# Global 5 region marketing strategy (1) -Overseas Sales by Region

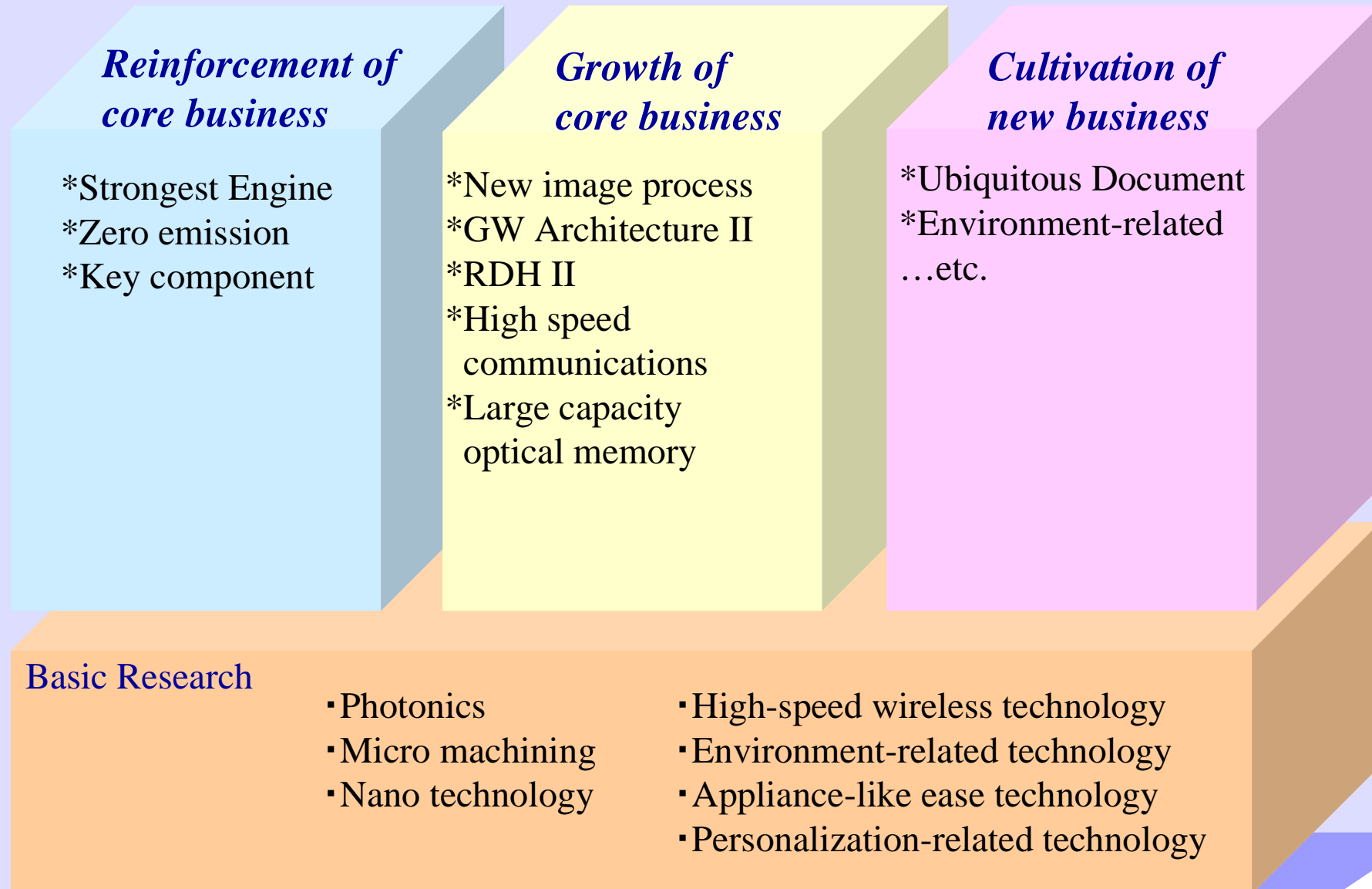




## Strengthening Global Major Account(MA)

- Strengthen MA sales structure globally
- Integrate Ricoh group sales power including Lanier and NRG





\* RDH : Ricoh Document Highway



## 1. Total Process Reform Activity (New TSS)

- \*Reduce development time
- \*Quality up
- \*Cost down

## 2. SCM

- \*Reduce inventories
- \*Reduce lead time

## 3. Company-wide structural reform activity (P300)

- \*Sales structure reform
- \*Review of product base

# 14th MTP Financial Targets

26

(¥ billion, %)

	'01			'04		CAGR	Growth Ratio
	Forecast	% of net sales		14 MTP	% of net sales		
Domestic	<b>905.0</b>	<b>54%</b>		<b>1,000.0</b>	<b>50%</b>	<b>3.4%</b>	<b>10%</b>
Overseas	<b>765.0</b>	<b>46%</b>		<b>1,000.0</b>	<b>50%</b>	<b>9.3%</b>	<b>31%</b>
Net Sales	<b>1,670.0</b>			<b>2,000.0</b>		<b>6.2%</b>	<b>20%</b>
Operating Income	<b>126.0</b>	<b>7.5%</b>		<b>180.0</b>	<b>9.0%</b>	<b>12.6%</b>	<b>43%</b>
Pretax Profit	<b>113.0</b>	<b>6.8%</b>		<b>160.0</b>	<b>8.0%</b>	<b>12.3%</b>	<b>42%</b>
Net Income	<b>61.5</b>	<b>3.7%</b>	<b>90.0</b>	<b>4.5%</b>	<b>13.5%</b>	<b>46%</b>	

¥124/\$

¥120/\$

**Total assets turnover 0.95**

**1.03**

**ROA 6.4%**

**8.3%**

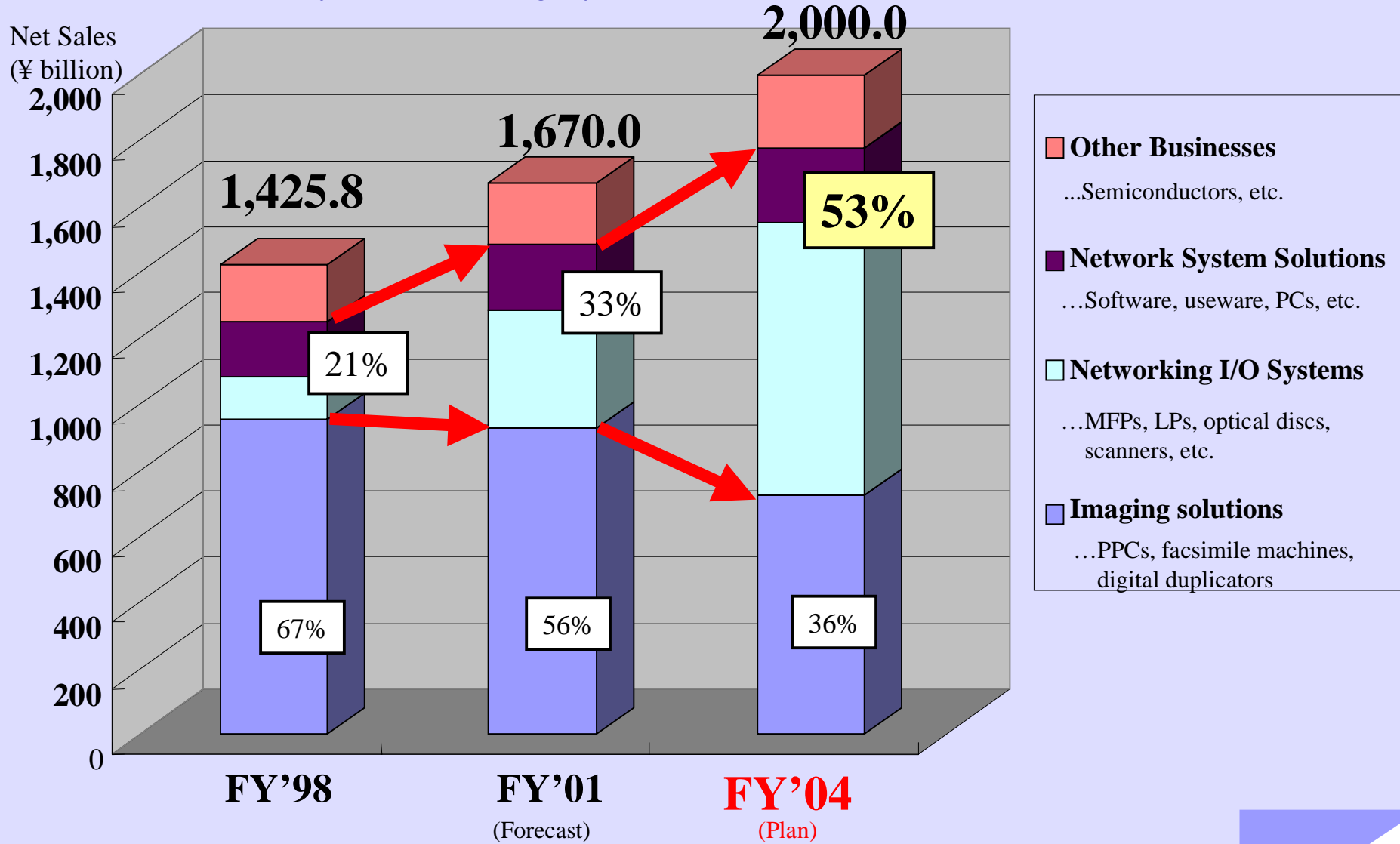
**RIVAC Spread 4.1%**

**5.5%**

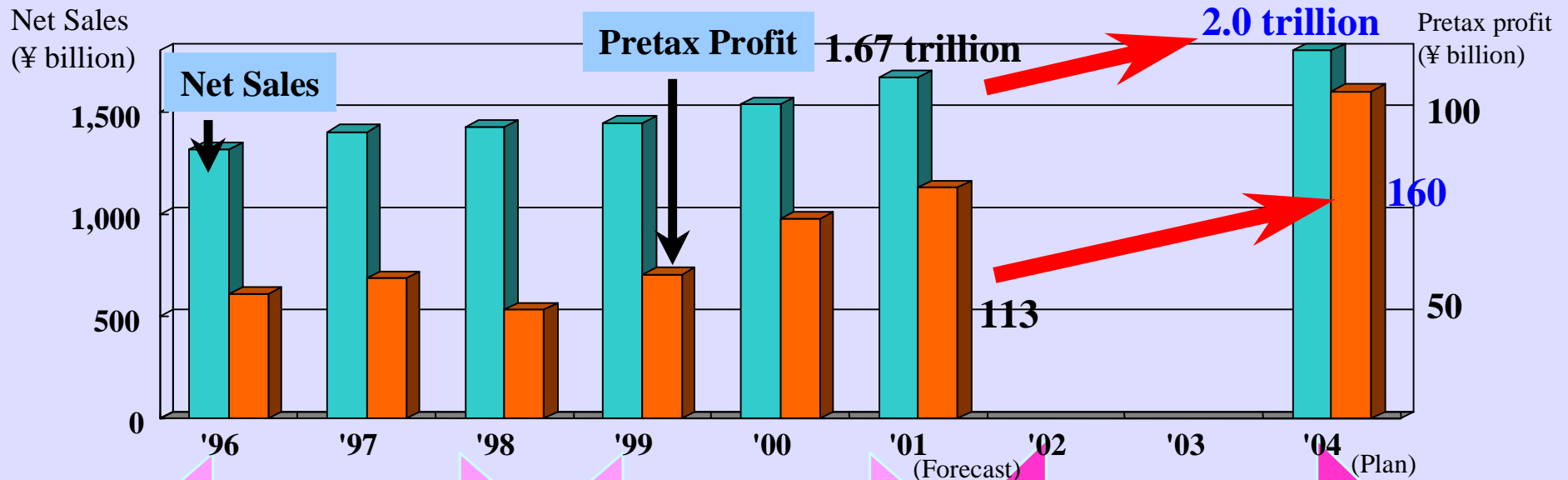
**Free Cash Flow ¥116.0 billion('99-'01)**

**¥150.0 billion('02-'04)**

## Transition of Sales by Product Category



Further Accelerate Business Structure Reform toward Growth Areas



**12th Plan**

**13th Plan**

**14th Plan**

- CS Management
- Reinforcement of Overseas Sales
- Further Digitalization
- Reinforcement of MFP Lineup

Continuous Promotion of Business Structure Reform

- \*High-speed machine sales expansion
- \*MFP+P
- \*B to C Transition
- \*Solution Business

Further Reinforcement of Technology

Continuous promotion of company-wide structural reform

Contribute to productivity improvement and knowledge creation for individuals working anytime, anywhere

\*The Company bases the estimates above on information currently available to management, which involves risks and uncertainties that would cause actual results to differ materially from those projected.