

Business  
Strategies for  
Next Mid-Term  
Management  
Plan

**RICOH**  
imagine. change.

September 6th, 2013  
Zenji Miura  
President and CEO  
Ricoh Company, Ltd.

# Forward-Looking Statement

The plans, prospects, strategies and other statements, except for the historical events, mentioned in this material are forward-looking statements with respect to future events and business results. These statements were made based on the judgement of RICOH's Directors from the information that is now obtainable. Actual results may differ materially from those projected or implied in such forward-looking statements and from any historical trends. Please refrain from judging only from these forward-looking statements with respect to future events and business results.

The following important factors, without limiting the generality of the foregoing, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- a. General economic conditions and business trend
- b. Exchange rates and their fluctuations
- c. Rapid technological innovation related to the Company's business domains
- d. Uncertainty as to RICOH's ability to continue to design, develop, produce and market products and services that achieve market acceptance in competitive markets

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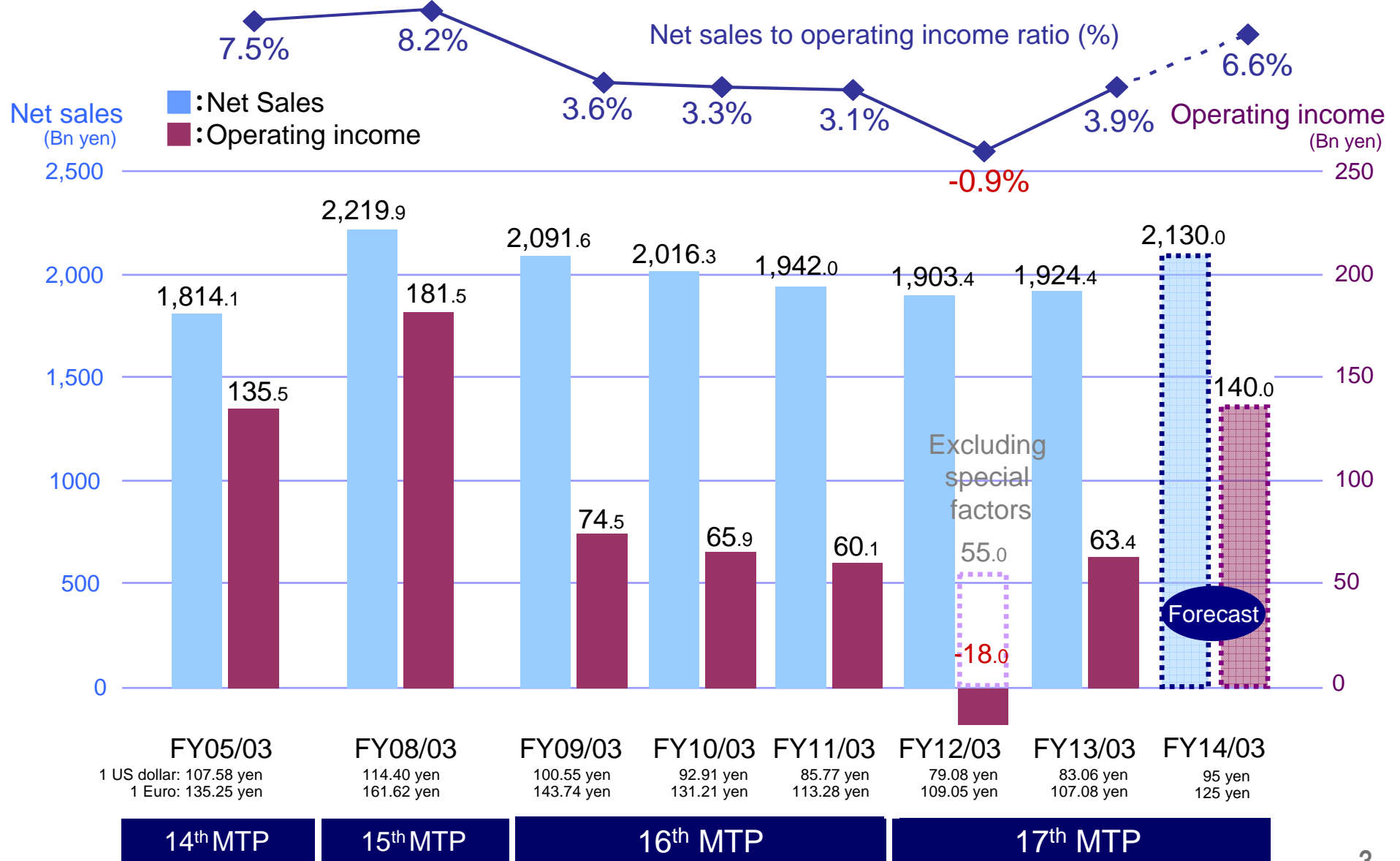
# Today's Major Topics

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1. Current Status of the 17<sup>th</sup> Mid-Term Management Plan
2. FY2014/03 Management Policies and Financial Targets
3. Directions for the next Mid-Term Management Plan



# Trends over 4 MTPs (14<sup>th</sup>-17<sup>th</sup>)



## Simultaneous achievement of “Growth” and “Transformation”

### 1. Business creation and integration



Regeneration

- For core businesses, maintain the top market share and streamline operations simultaneously
- For developed markets, accelerate business structure shift to service businesses
- Achieve business expansion in emerging markets
- Achieve profit contribution by Production Printing (PP) businesses in early stages
- Expand new businesses

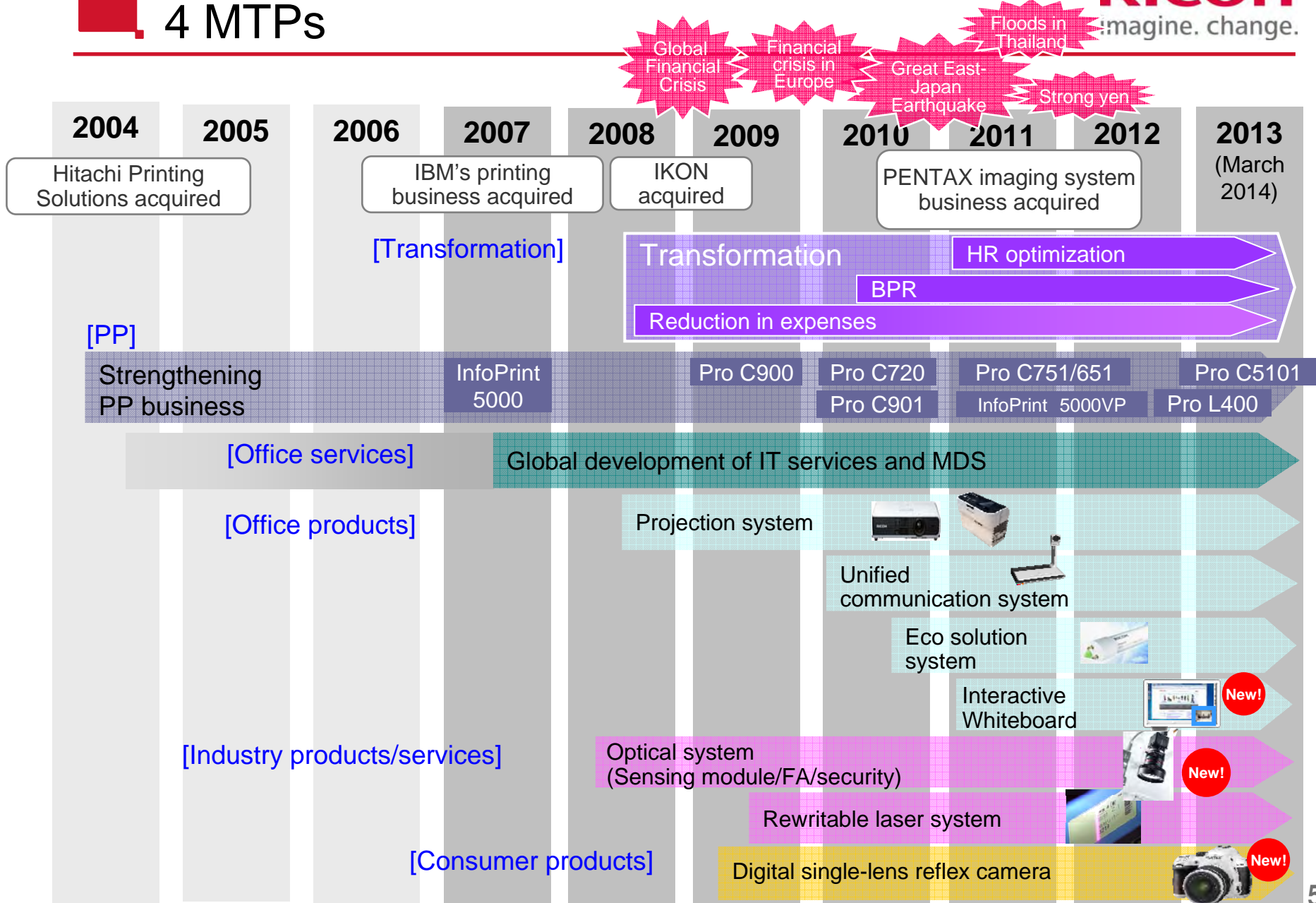
### 2. Establish highly efficient management

- Realize a streamlined company structure to accelerate growth



Transformation

# Management Strategy Development for 4 MTPs



# Commitments to and Results from “Transformation” in the 17<sup>th</sup> MTP (1)

★ Items to be implemented newly or continuously in FY2014/03

Innovate  
development  
processes

- Integration of engineering and development functions at Ricoh Technology Center in Ebina
- Establishment of Ricoh Technologies Company, Ltd. ★

Streamline  
sales and after-  
sales support

- Integration of regional sales and operating companies in China, Asia, and Pacific ★
- Reorganization of regional sales and operating companies in Americas
- Integration of PP sales companies

Consolidate  
production sites

- Consolidation and reorganization of production companies in Japan ★
- Establishment of Ricoh Industry Company, Ltd. ★
- Reinforcement of overseas production sites ★

Reorganize  
office business  
structures

- Establishment of Business Solutions Group ★
- Integration of imaging technology development functions ★
- Reorganization of software development functions ★

# Commitments to and Results from “Transformation” in the 17<sup>th</sup> MTP (2)

★ Items to be implemented newly or continuously in FY2014/03

Optimize HR

- Optimization of HR worldwide ★  
(Reduce approx. 10,000 employees)
- Relocation of HR to new business domains

Promote globally  
integrated  
purchasing

- Establishment of Global Procurement Division
- Establishment of purchasing sites in Thailand

Re-engineer  
operations

- Improvement of sales processes ★
- Standardization, integration, outsourcing of indirect operations ★

Review  
unprofitable  
businesses

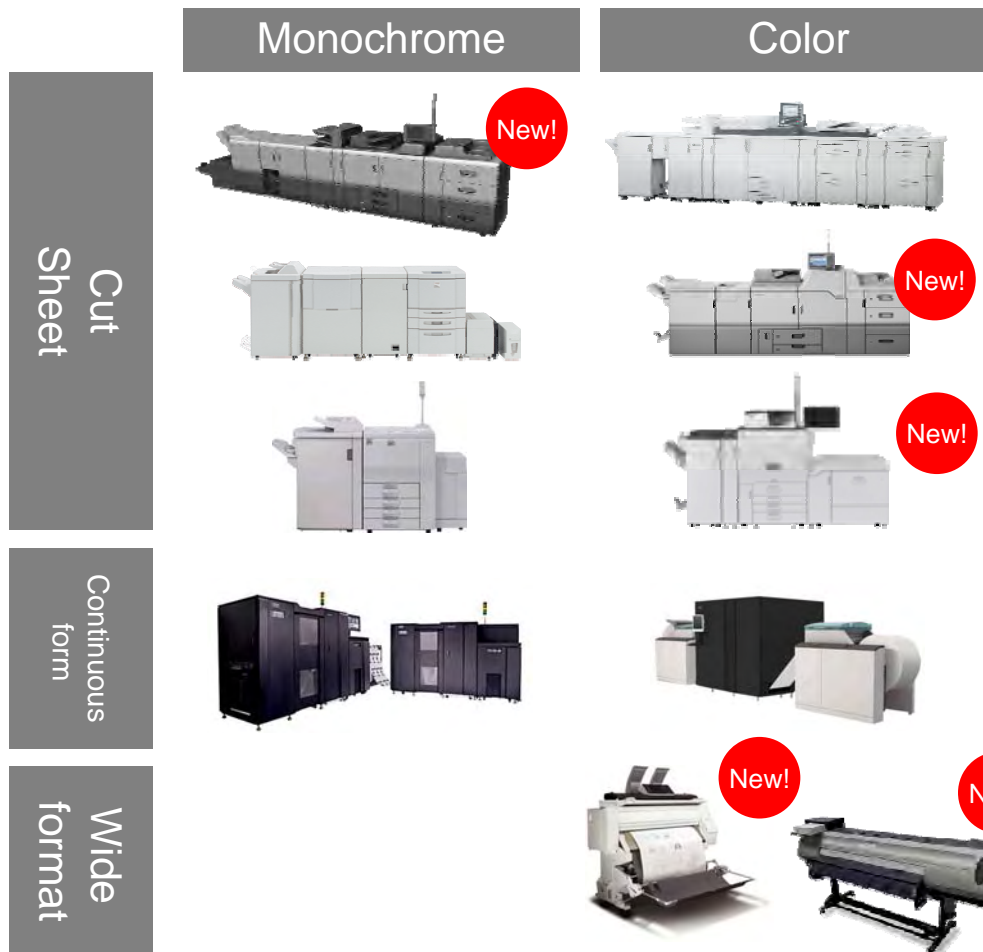
- Selling of measuring device business
- Transformation of semi-conductor business
- Transformation of camera business ★



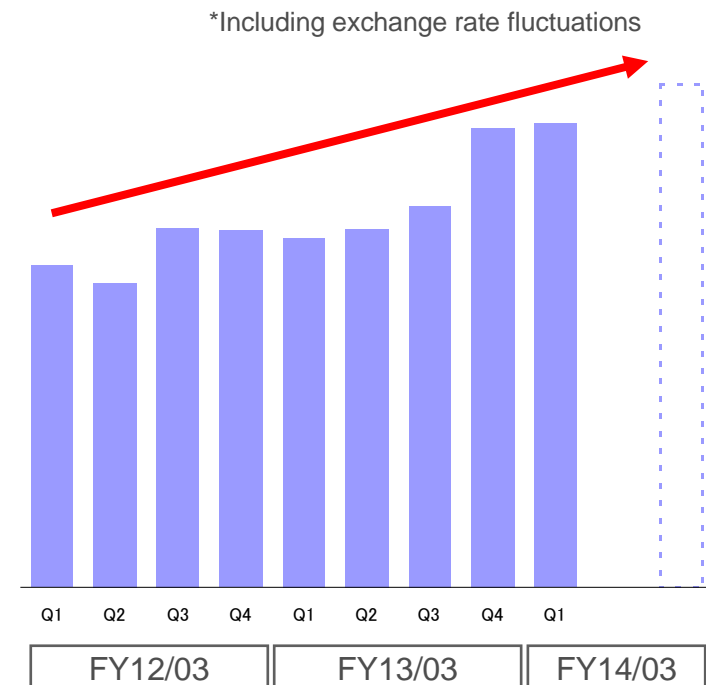
# Commitments to and Results from “Growth” in the 17<sup>th</sup> MTP (1)

- Expanded the product line for PP business, and steadily increased sales of non-hardware to create stable business structures

Main Products by segment



Quarterly Sales trend for non-hardware



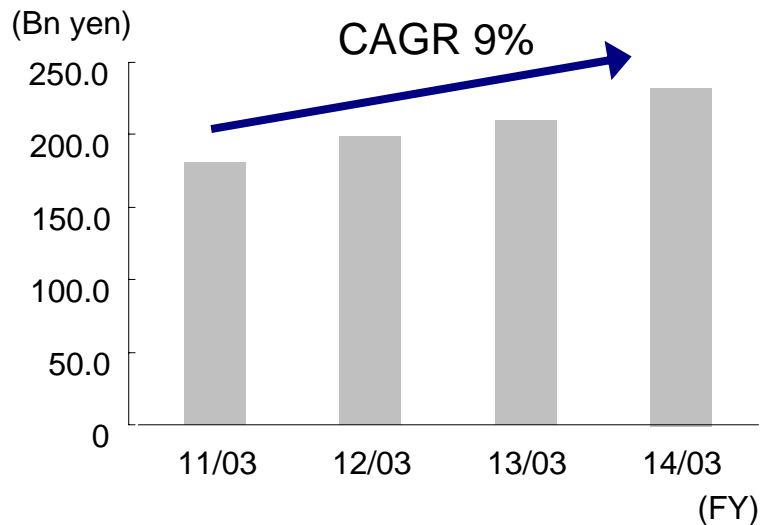
**New!** Products released in the recent year

# Commitments to and Results from “Growth” in the 17<sup>th</sup> MTP (2)

## ■ Accelerate business structure shift to services

- Global expansion of MDS, IT services
- Further investment in M&A and HR talent to reinforce management structures
- Further acquisition of results from past investment

Sales trends in network system solutions



Investment to expand service businesses (M&A)

Year	Company	Region	Business
2011	Momentum Infocare	India	IT services
2011	Print Solutions Group	Australia	MDS
2012	HSSK Forensics	US	MDS
2012	ADA	Germany	IT services
2012	IMC Communications	Australia	IT services
2012	01 Innovations	Singapore	IT services
2013	Aventia	Spain	IT services

# Commitments to and Results from “Growth” in the 17<sup>th</sup> MTP (3)

- Continuously released new products and services to expand new businesses

### New domains in core businesses (Communication products)

Projection System (PJS)




Unified Communication System (UCS)




Interactive Whiteboard (IWB)




### Industrial products

FA lens/camera



Security camera



RECO-View  
(Thermal rewritable sheet)




Rewritable laser system




### Other

Digital SLR



Mirrorless



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<17<sup>th</sup> MTP basic strategy>

Simultaneous achievement of “growth” and “transformation”



<FY2014/03 basic policy>

Ensure activities for transformation and  
accelerate growth

**1**

Thoroughly reinforce  
the earning power  
through core businesses

**2**

Create new profit  
models in current  
core businesses

**3**

Accelerate  
development for  
new growth businesses

**4**

Improve  
resource efficiency

 FY2014/03 Consolidated Financial Results  
Forecast



Net sales	2,130.0 billion yen
Operating income	140.0 billion yen (Operating margin: 6.6%)
Net income per share	110.34 yen
ROE	8.5 %
Full-year dividends	33.0 yen
.....	
Assumed exchange rate (2Q onward)	95.00 yen for 1 dollar 125.00 yen for 1 Euro

\*This forecast was issued on July 26, 2013

\*Actual financial results may differ from this forecast due to economic or business conditions, or other factors.

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# Prospects for market growth for core businesses

- There are large markets or growth markets adjacent to Imaging

	Hardware Software	Consulting Services	Implementation Services	Support Services	Outsourcing Services
Business Process					
Application					
Communication					
IT Infrastructure					
Imaging					

CAGR% : Less than +1%

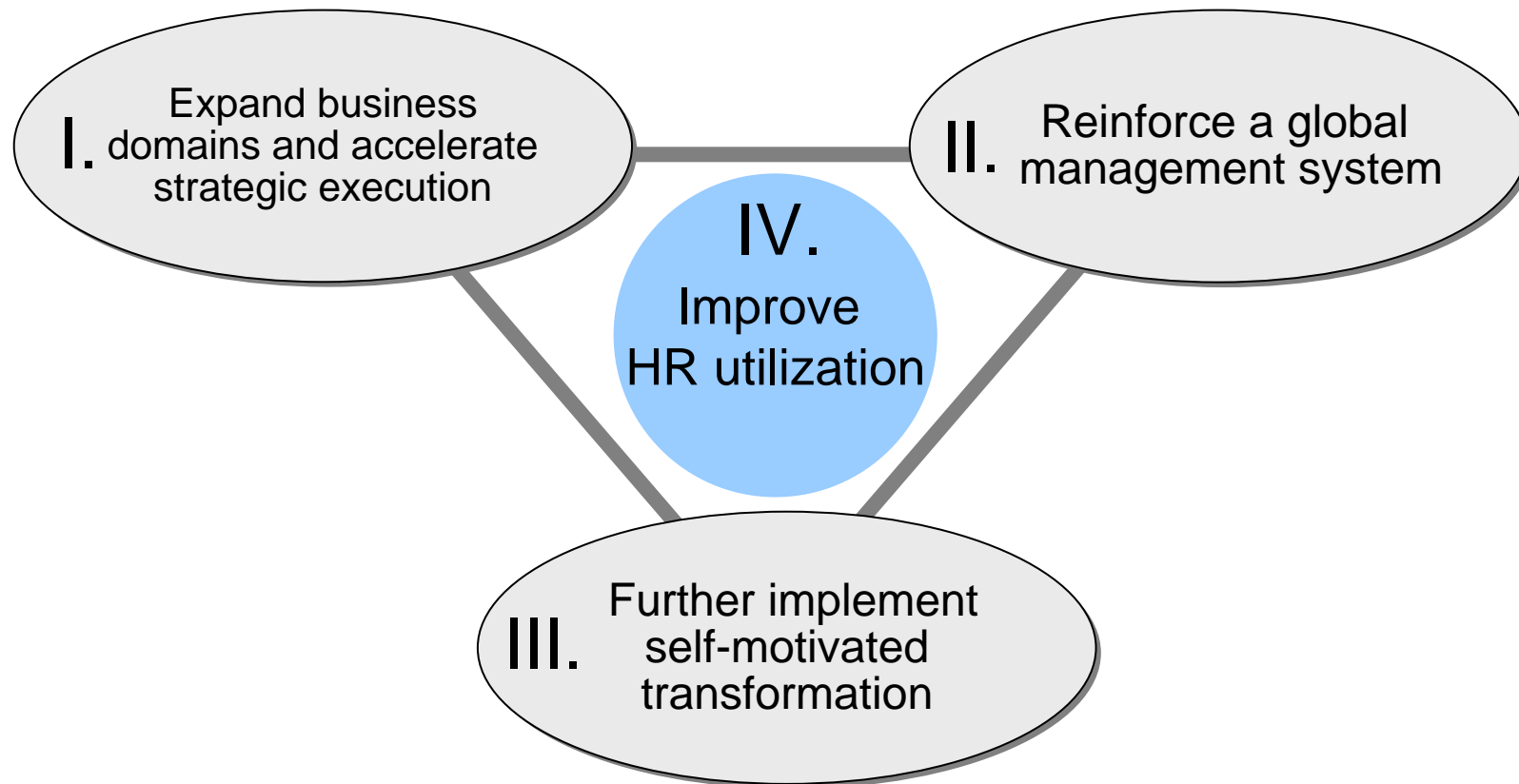
CAGR% : +1% - +5%

CAGR% : Over +5%

(2012-2016)

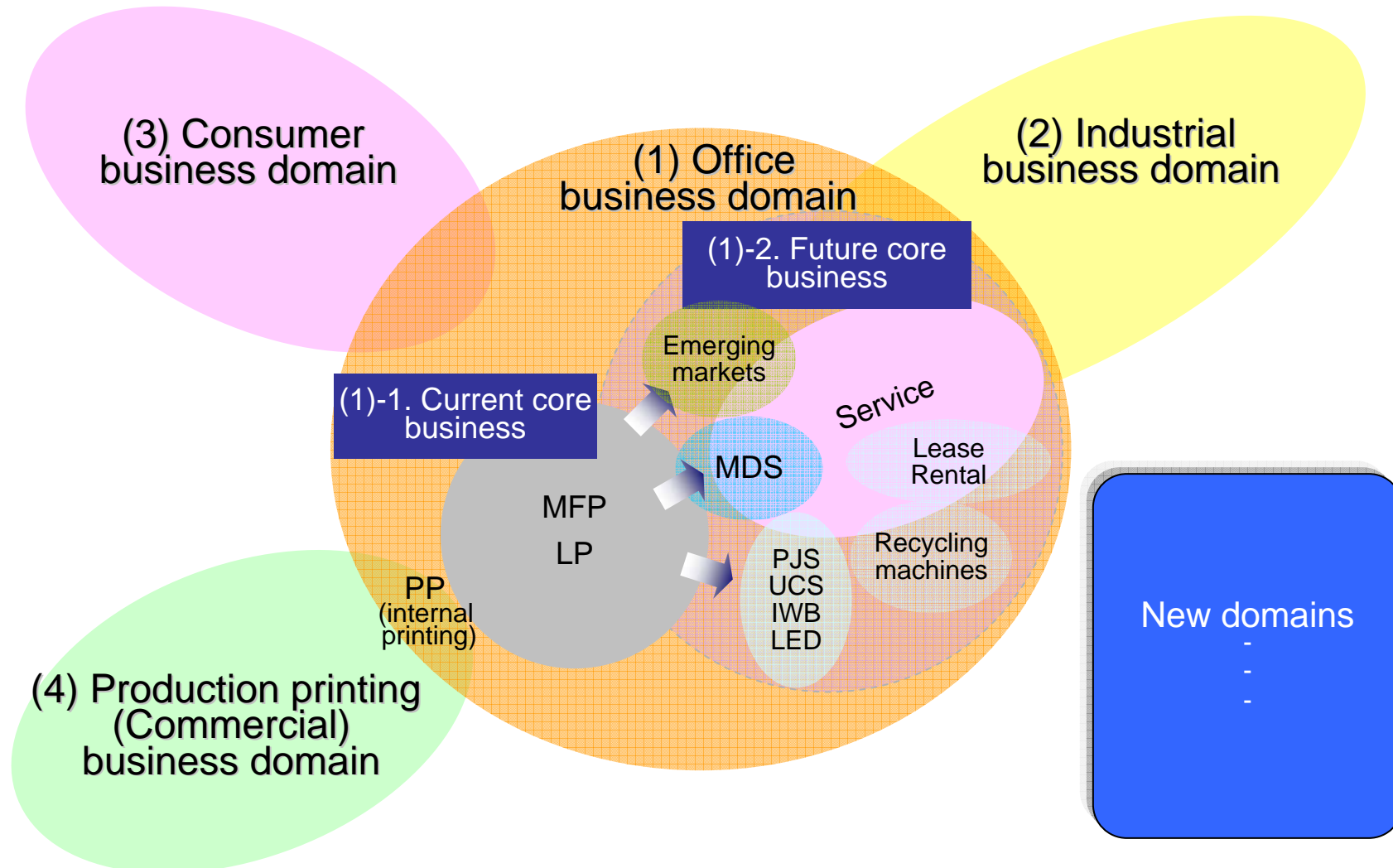


- Accelerate execution of business strategies, management systems, transformation, and HR utilization



# I. Expand Business Domains and Accelerate Strategic Execution

- Specify four business domains from customers-oriented perspective

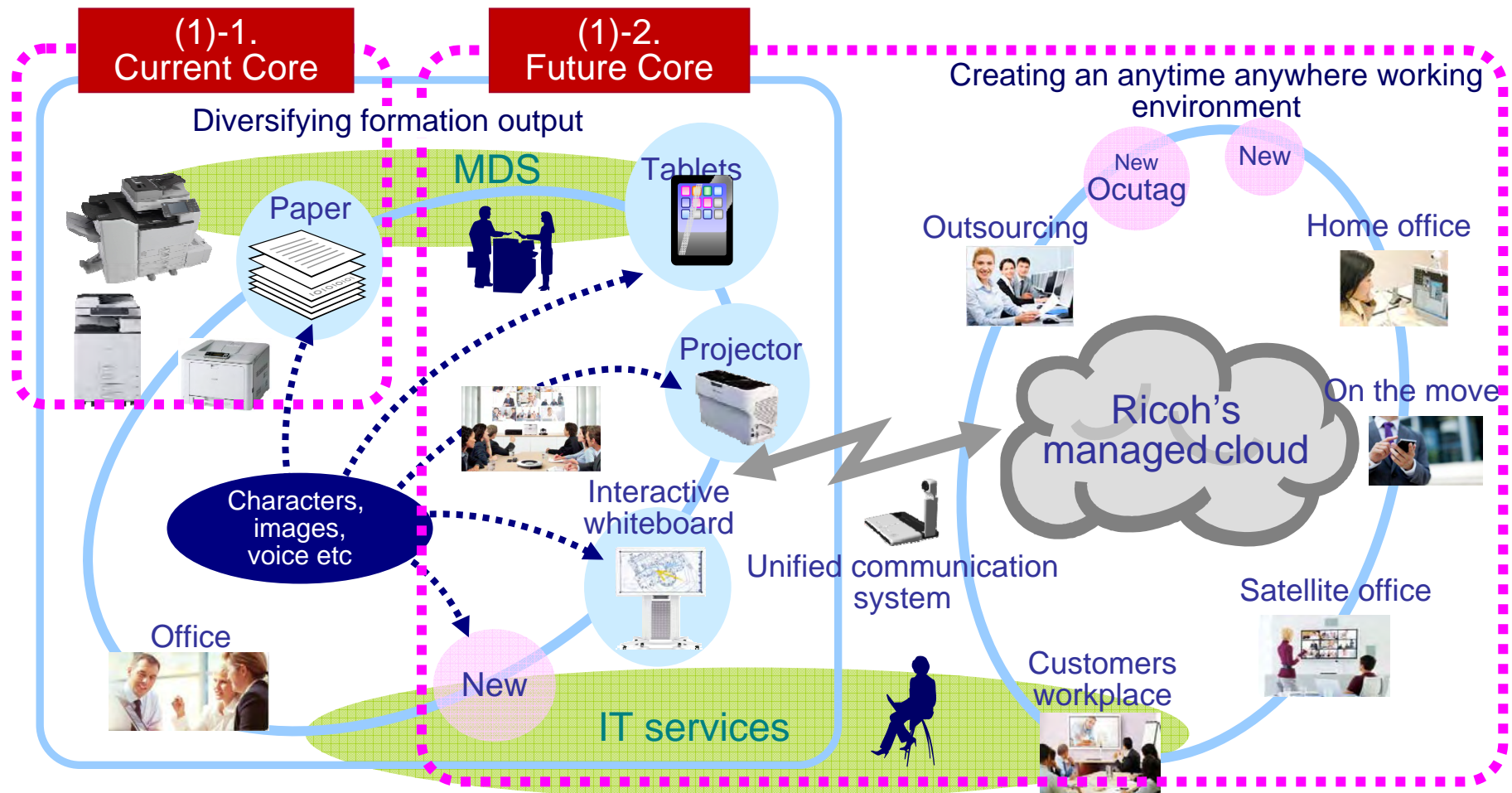


# I. Expand Business Domains and Accelerate Strategic Execution

## (1) Overview of Office Business Domain

(1)-1. Strengthen profitability in the current core businesses

(1)-2. Establish new profit models in the future core businesses



## (1) Emerging Markets

### ■ Reinforce market development in Asia and other emerging markets

Accelerate business expansion in prioritized markets

Examples:  
China, Russia, India, Brazil, Mexico, Turkey, and Vietnam

Reinforce R&D

- Reinforce local R&D and marketing
- Accelerate product or service releases in emerging markets

Further develop sales networks

- Further develop sales or maintenance service networks
- Further invest to expand the growth business

Intensify production

- Reinforce production capabilities to enable local production for local consumption
- Expand production capability in Thailand

# PENTAX × RICOH

Create new value for industrial markets  
by combining Pentax technology and Ricoh technology

## Security

Infrared camera



Security camera



Digital binoculars



## FA (Factory Automation)

FA lens/camera



Depth of field enlargement camera



Ultra-small stereo camera



# PENTAX × RICOH

Further strive to enhance a strong brand built  
around interchangeable lens cameras

Medium size digital  
single-lens reflex



Digital SLR



Mirrorless



High-end compact

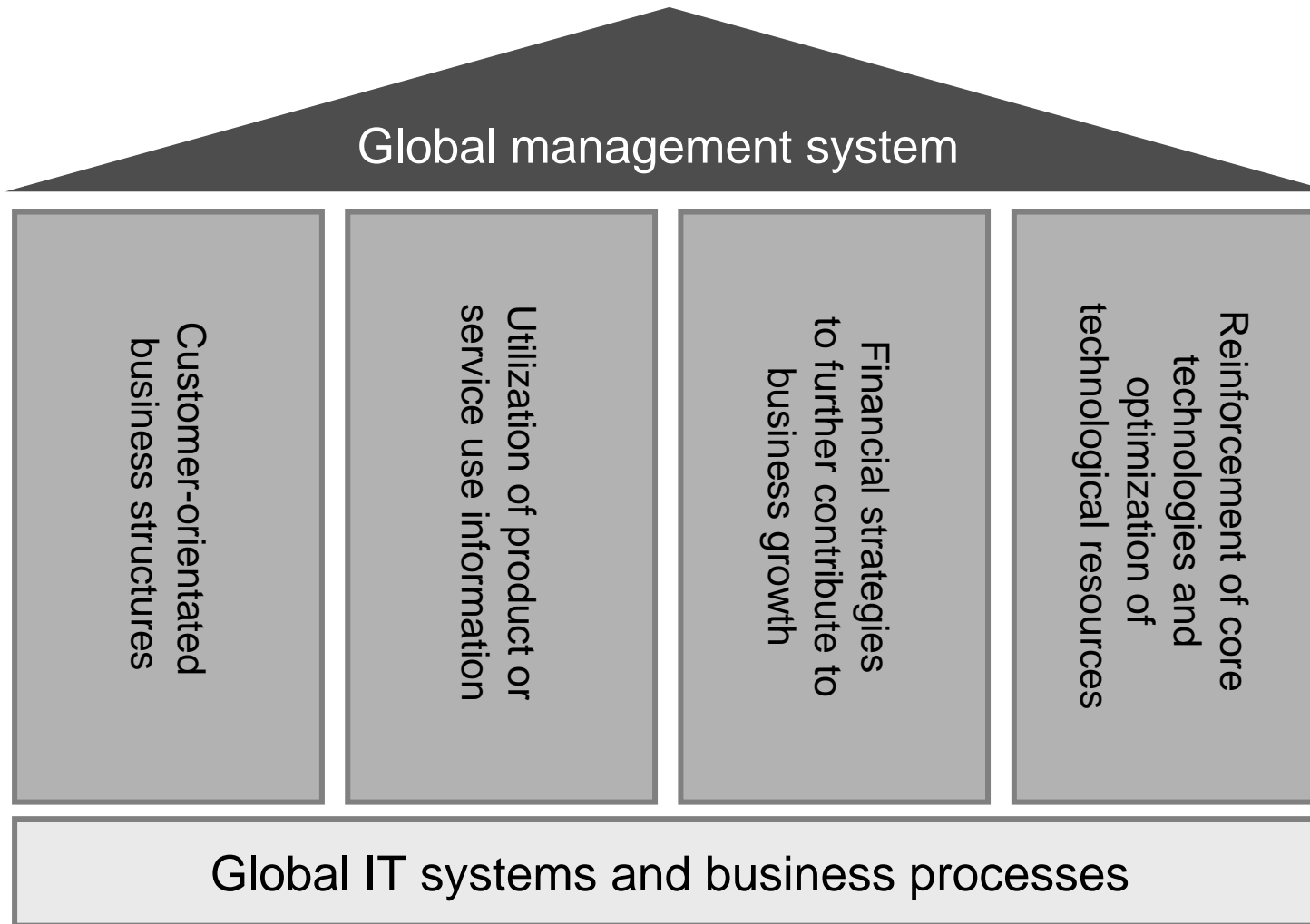


Spherical Camera



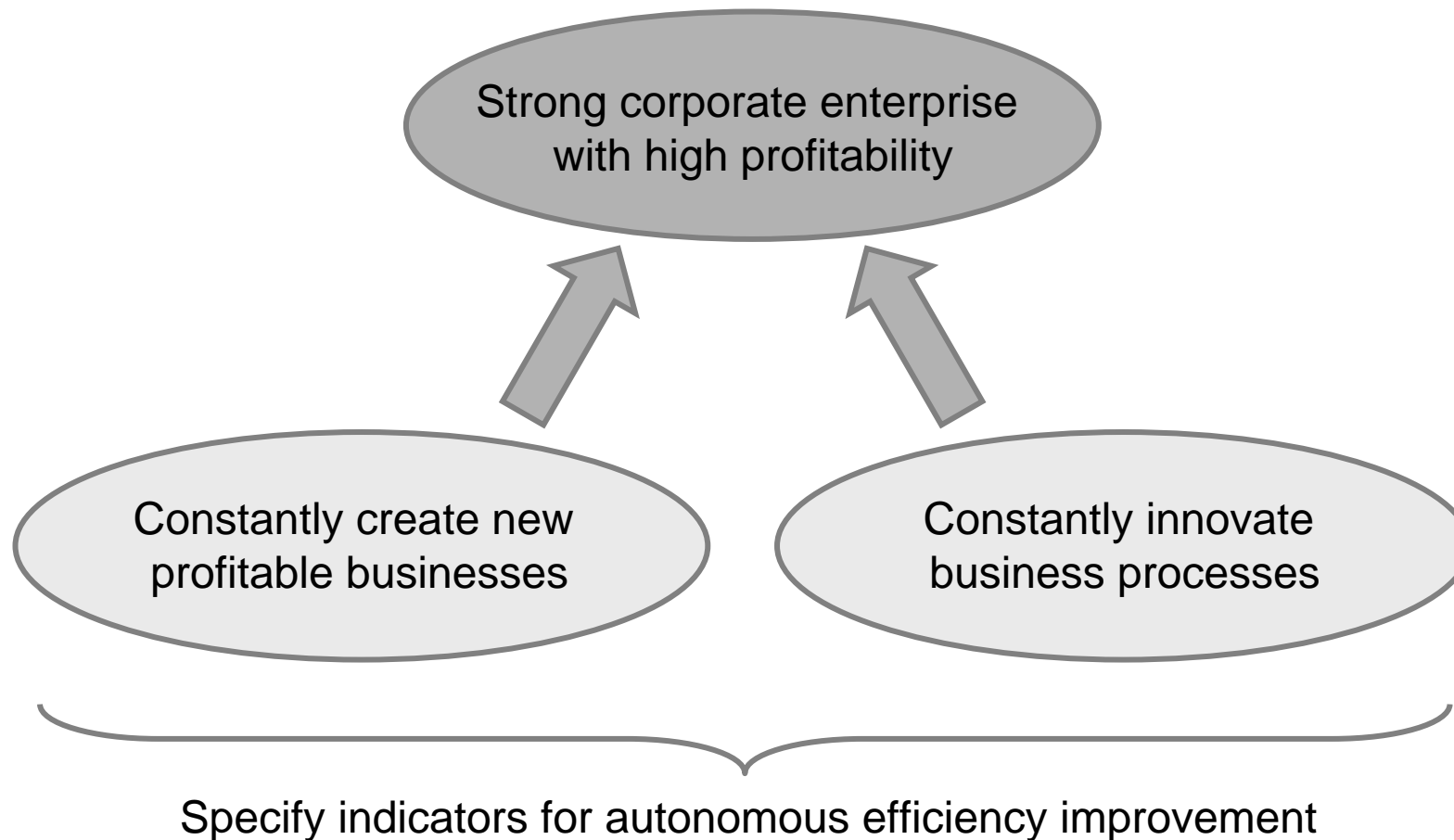


## II. Reinforce a Global Management System



### III. Further Implement Self-Motivated Transformation

- Constantly improve efficiency through “autonomous transformation”







## IV. Improve HR Utilization

### ■ Reinforce global talents and professional talents

Develop HR to accelerate  
globalized business  
management

Secure HR for  
new/growth businesses

Develop systems or programs to optimize the use of  
those talents

- Continue Ricoh's global executive conference to globally resolve business challenges and find senior management candidates
- Create the Talent Base System
- Reinforce the Mobility Program
- Adopt core HR systems that can be shared among Group companies

18th Mid-Term Management Plan:  
Three years to ensure  
Ricoh Group's long-term growth

**Goals**

**Record new highs for ROE during early stages of the 18th MTP**

**Create a management structure to steadily generate an annual FCF of approx. 100 billion yen**

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