

Ricoh Group Mid-Term Management Plan

(April 2014 – March 2017)

RICOH
imagine. change.

April 25th, 2014
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
- (Refer to: www.ricoh.com/IR/risk.html)

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1. Results and Challenges from the 17th MTP (Mid-Term Management Plan)

2. Vision 2020

3. The 18th MTP

- Three Fundamental Transformation Initiatives
- Actionable Strategies
- Creating Corporate Robustness
- Key Financial Targets

Results and Challenges from the 17th MTP



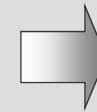
Simultaneously Achieve Growth and Transformation

1. Business creation and integration



Growth

2. Establish highly efficient management



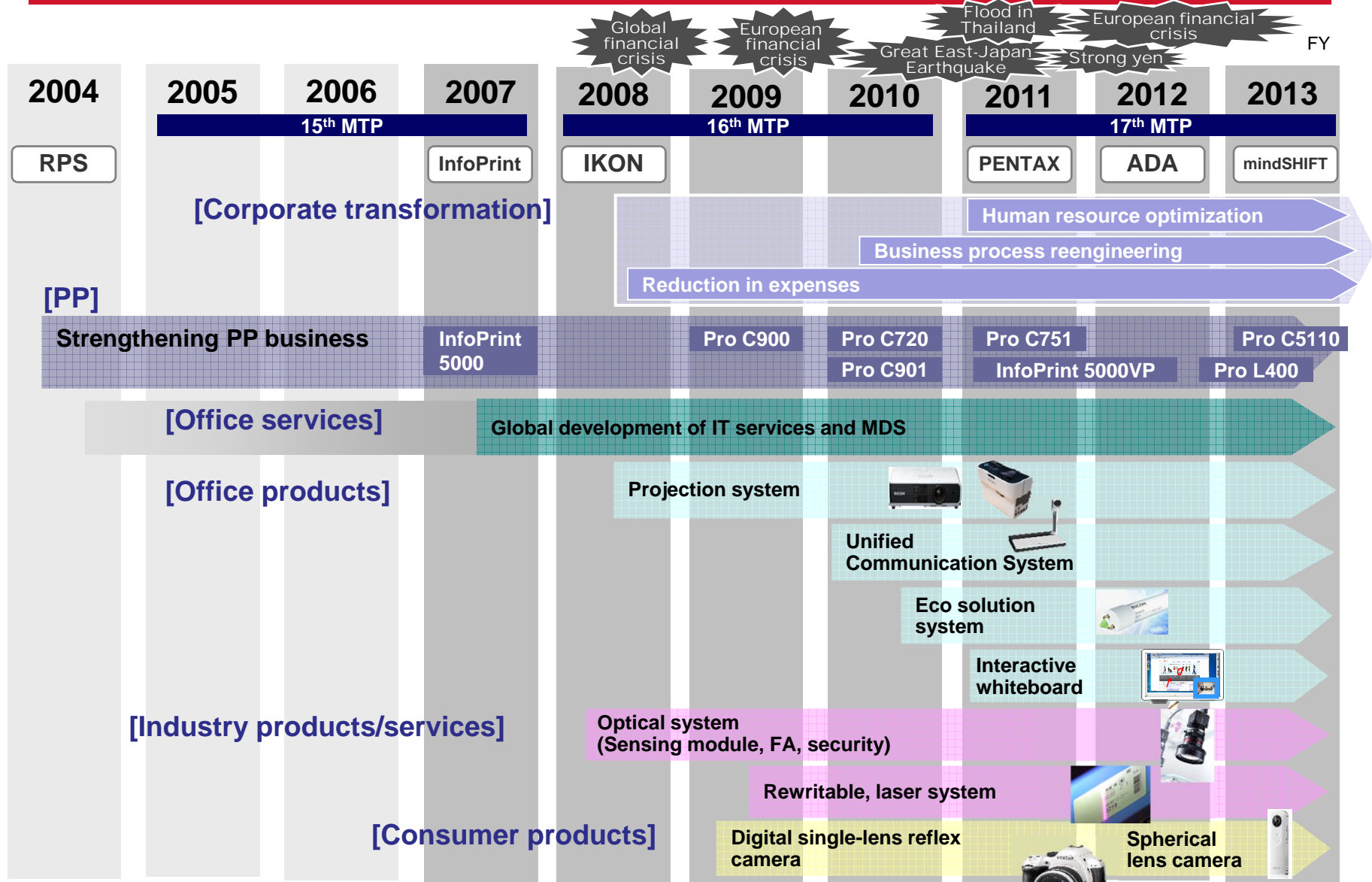
Transformation



Review

- Good progress has been made in transformation and business structure change
- The realization of growth is still on the way

To Achieve Growth and Transformation Simultaneously



Simultaneously Achieve Growth and Transformation

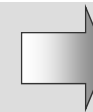
1. Business creation and integration



Growth

- 1) For core businesses, maintain the No.1 market share and streamline operations simultaneously
- 2) For developed markets, accelerate business structure shift to service business
- 3) Achieve business expansion in emerging markets
- 4) Achieve profit contribution by Product Printing (PP) businesses in early stages
- 5) Expand new businesses

2. Establish highly efficient management



Transformation

Realize a streamlined company structure to accelerate growth

Results and Challenges from the 17th MTP

1. Business creation and integration



Growth

Measures	Results	Challenges
<p>1-1 For core businesses, maintain the No.1 market share and streamline operations simultaneously</p>	<p>Reinforced products and services</p> <ul style="list-style-type: none"> - Innovated A3 color MFP lineup - Developed MFPs with cloud functions - Reinforced MFP's environmental performance - Enhanced A4 MFP and printer lineups - Increased solution proposals based on "products + services" <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin: 10px 0;"> <p>A3 color MFP share in global market No. 1 (CY2013)</p> </div> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin: 10px 0;"> <p>Operating margin in core business* 7.7% → 9.4% (FY2011/03) (FY2014/03)</p> </div> <p><small>*Core business: Imaging & Solutions business</small></p>	<ul style="list-style-type: none"> - Continuously release highly competitive products and services - Continuously reduce product and service costs and streamline all operations

The 17th MTP Major Strategies: Results and Challenges



1. Business creation and integration



Growth

Measures	Results	Challenges
<p>1-2 For developed markets, accelerate business structure shift to service business</p>	<p>Expanded service businesses - Reinforced MDS and IT services</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Net sales from NSS*</p> <p style="text-align: center;">181.4 bn yen ➔ 308 bn yen</p> <p style="text-align: center;">(FY11/03) (FY14/03)</p> </div> <p style="text-align: center; font-size: small;">*NSS: Network System Solutions</p>	<p>Continuously reinforce value proposition capability</p> <p>Improve profitability</p>
<p>1-3 Achieve business expansion in emerging markets</p>	<p>Reinforced sales and service structures - Restructured regional sales organizations in China and AP - Reinforced and expanded sales channels (Vietnam, Turkey, India etc.)</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Net sales in China and AP</p> <p style="text-align: center;">130.3 bn yen ➔ 172.6 bn yen</p> <p style="text-align: center;">(FY11/03) (FY14/03)</p> </div>	<p>Continuously reinforce sales and service structures</p> <p>Improve product lineups and further promote marketing activities in target markets</p>

The 17th MTP Major Strategies: Results and Challenges

1. Business creation and integration



Growth

Measures	Results	Challenges
<p>1-4 Achieve profit contribution by Product Printing (PP) businesses in early stages</p>	<p>Reinforced product portfolio</p> <ul style="list-style-type: none"> - Released light print volume production printing systems - Released printers to support large-sized paper <p>Net sales in PP business 132.3 bn yen → 185 bn yen (FY11/03) (FY14/03)</p>	<p>Maximize earnings in in-plant printing</p> <p>Accelerate expansion of business in the commercial printing domain</p>
<p>1-5 Expand new businesses</p>	<p>Innovated and expanded new growth businesses</p> <ul style="list-style-type: none"> - Expanded product ranges including PJS, UCS, IWB, etc. - Continuously developed new businesses <p>New business sales ratio 25% → 28% (MTP target) (FY14/03)</p>	<p>Reinforce and expand industrial businesses</p> <p>Continuously develop new businesses and achieve growth</p>


*New businesses (17th MTP): PP, IT services, new products, etc.

The 17th MTP Major Strategies: Results and Challenges

2. Establish highly efficient management



Transformation

Measures	Results	Challenges
<p>Realize a streamlined company structure to accelerate growth (1/2)</p>	<p>Innovated development processes</p> <ul style="list-style-type: none"> - Reorganized Office product development functions - Conducted simulation-based design and engineering <p><Examples></p>  <p>Enhanced production capability</p> <ul style="list-style-type: none"> - Integrated production companies in Japan - Reinforced overseas production sites <p>Reinforced sales and service structures</p> <ul style="list-style-type: none"> - Reorganized sales and marketing structures in Japan - Reorganized PP sales structures 	<p>Continuously conduct self-motivated transformation</p>

The 17th MTP Major Strategies: Results and Challenges

2. Establish highly effective management



Transformation

Measures	Results	Challenges
<p>Realize a streamlined company structure to accelerate growth (2/2)</p>	<p>Reorganized Office business structures</p> <ul style="list-style-type: none"> - Established Business Solutions Group <p>Restructured unprofitable businesses</p> <ul style="list-style-type: none"> - Transferred measurement device business - Improved electronic devices business - Improved camera business - Improved business performance in the US <p>Conducted human resource transformation</p> <ul style="list-style-type: none"> - Optimized human resources - Relocated human resources to new businesses <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <p>Generated profit (3-year total)</p> <p>79.2 bn yen</p> <p><Total cost: 61.7 bn yen></p> </div>	<p>Continuously achieve self-motivated transformation</p> <p>Reinforce WHQ-Tokyo's support to business frontlines</p>

17th MTP Results of Key Financial Targets

FY2014/03

Targets
<Adjusted in May, 2012>

Actual

Net sales

2,100 billion yen or higher

2,236.9 billion yen

Operating income

150 billion yen or higher

120.3 billion yen

Operating margin

7.1% or higher

5.4%

ROE

10.0% or higher

7.6%

FCF

+100 billion yen or higher

+24.7 billion yen

Total return ratio

Approx. **30%**

33%

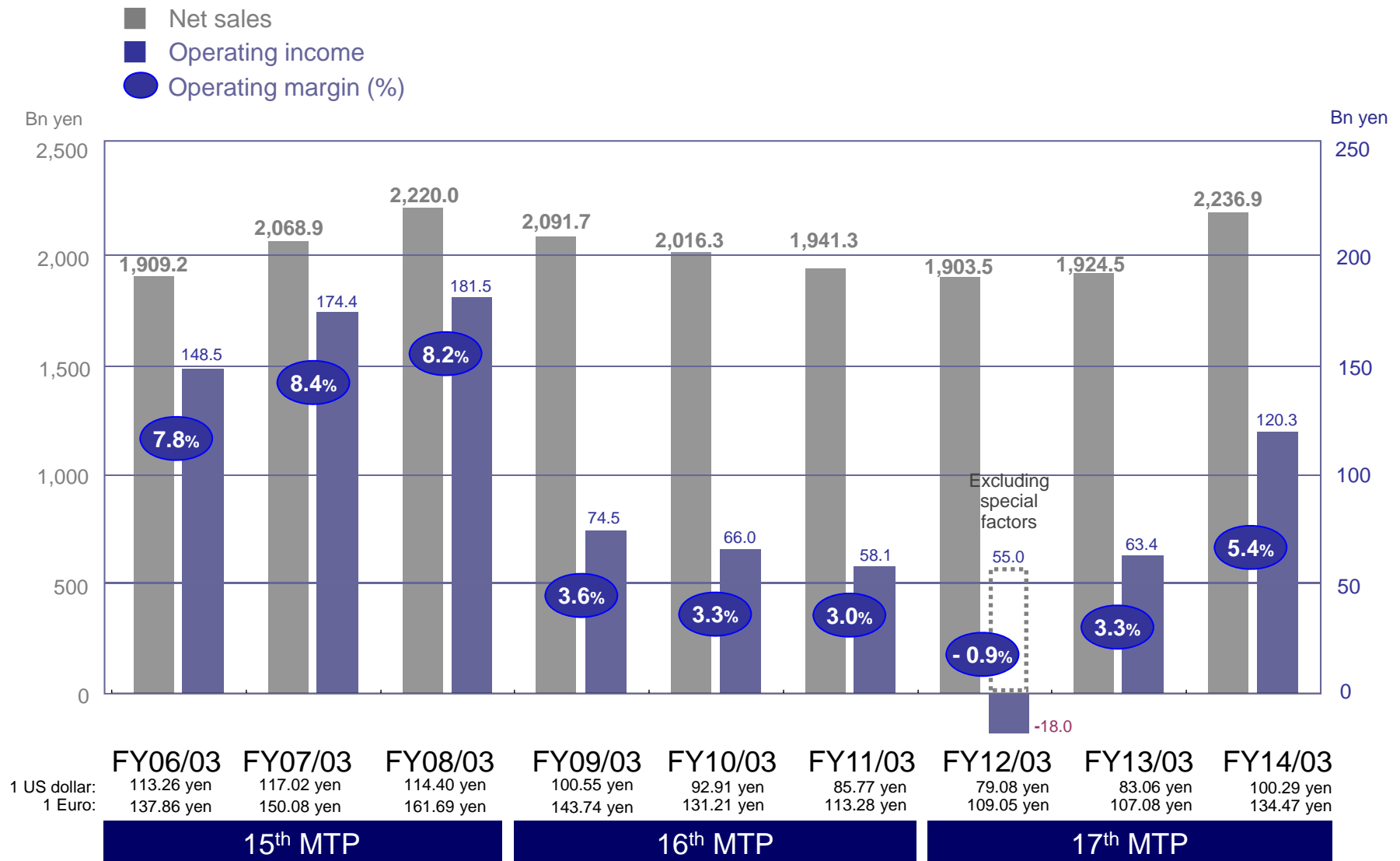
(Dividends and share buyback)

Exchange rate

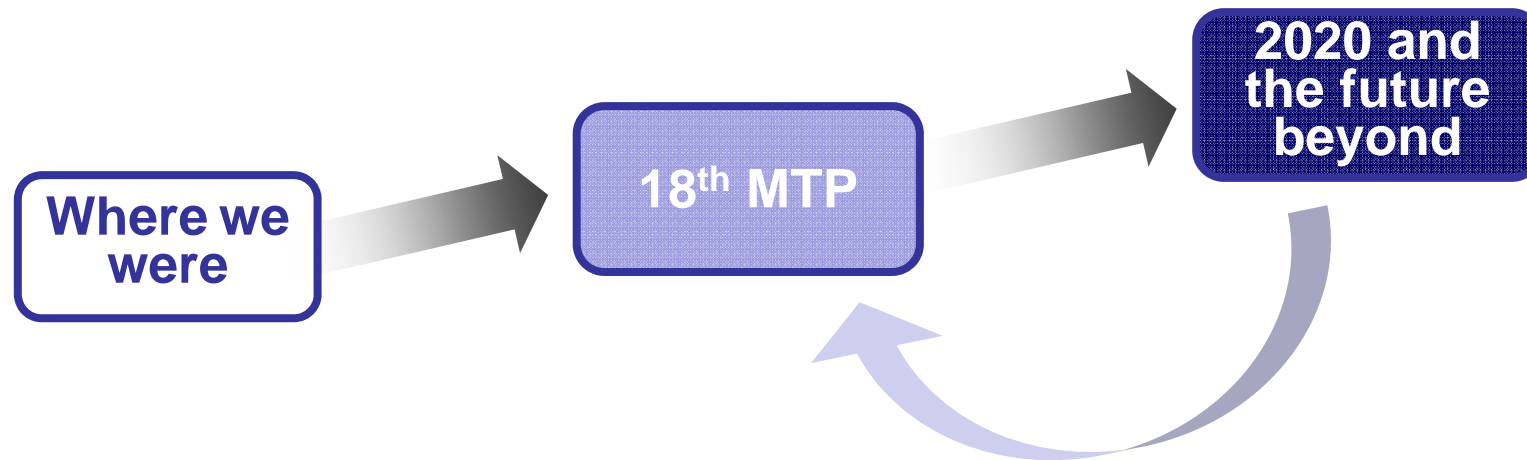
1 dollar = 75.00 yen; 1 euro = 105.00 yen

1 dollar = 100.29 yen; 1 euro = 134.47 yen

Reference: Trends of Key Financial Indicators



Transform now by thinking back from the future



18th MTP is positioned as a turning point to ensure Ricoh Group's long-term growth

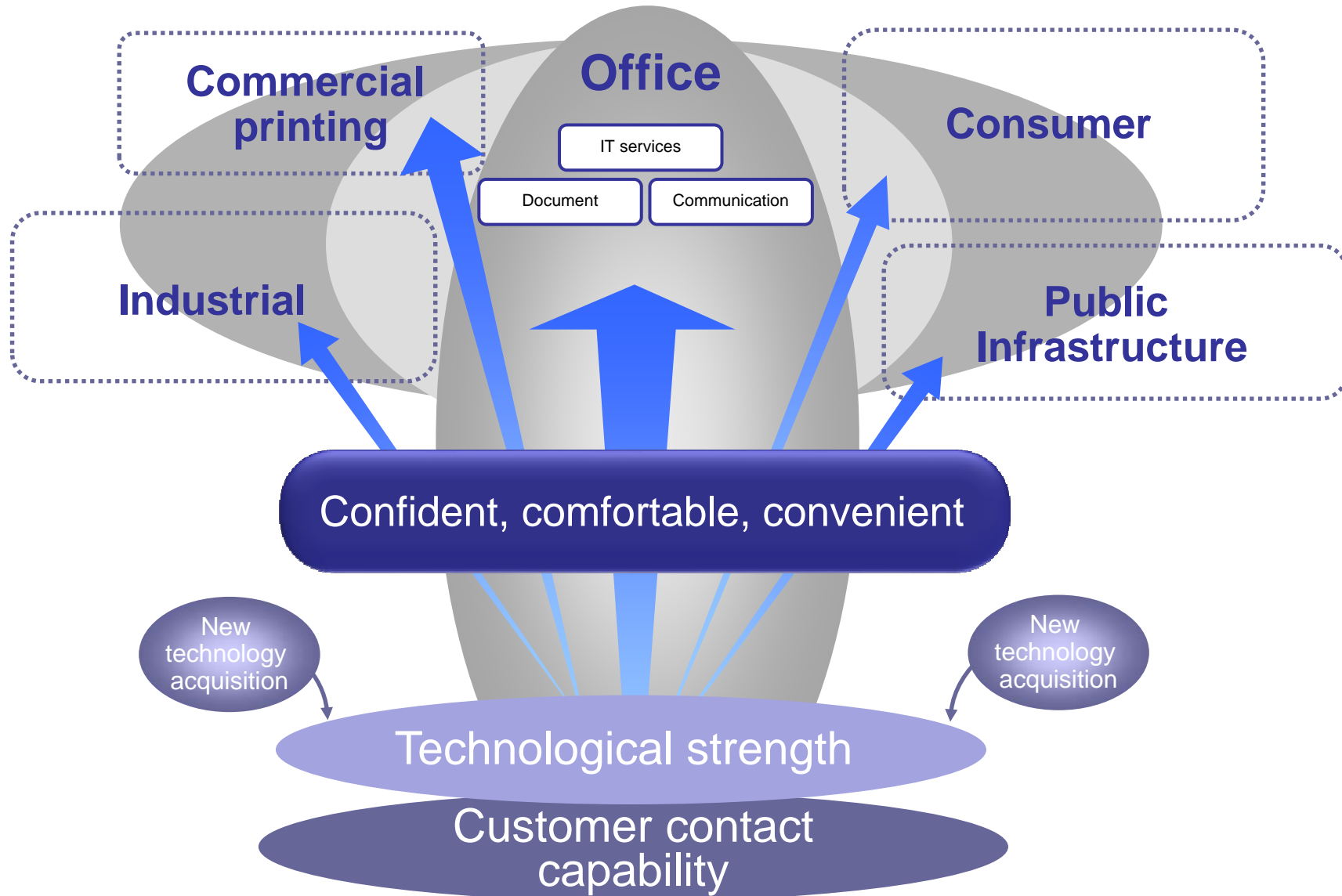
Vision 2020



**An environmentally friendly company to
provide customers with
“confident, comfortable, convenient”
beyond expectations and to support
lifestyle transformation**

From now on we strive to achieve Ricoh’s
sustainability for 2020 and the future beyond

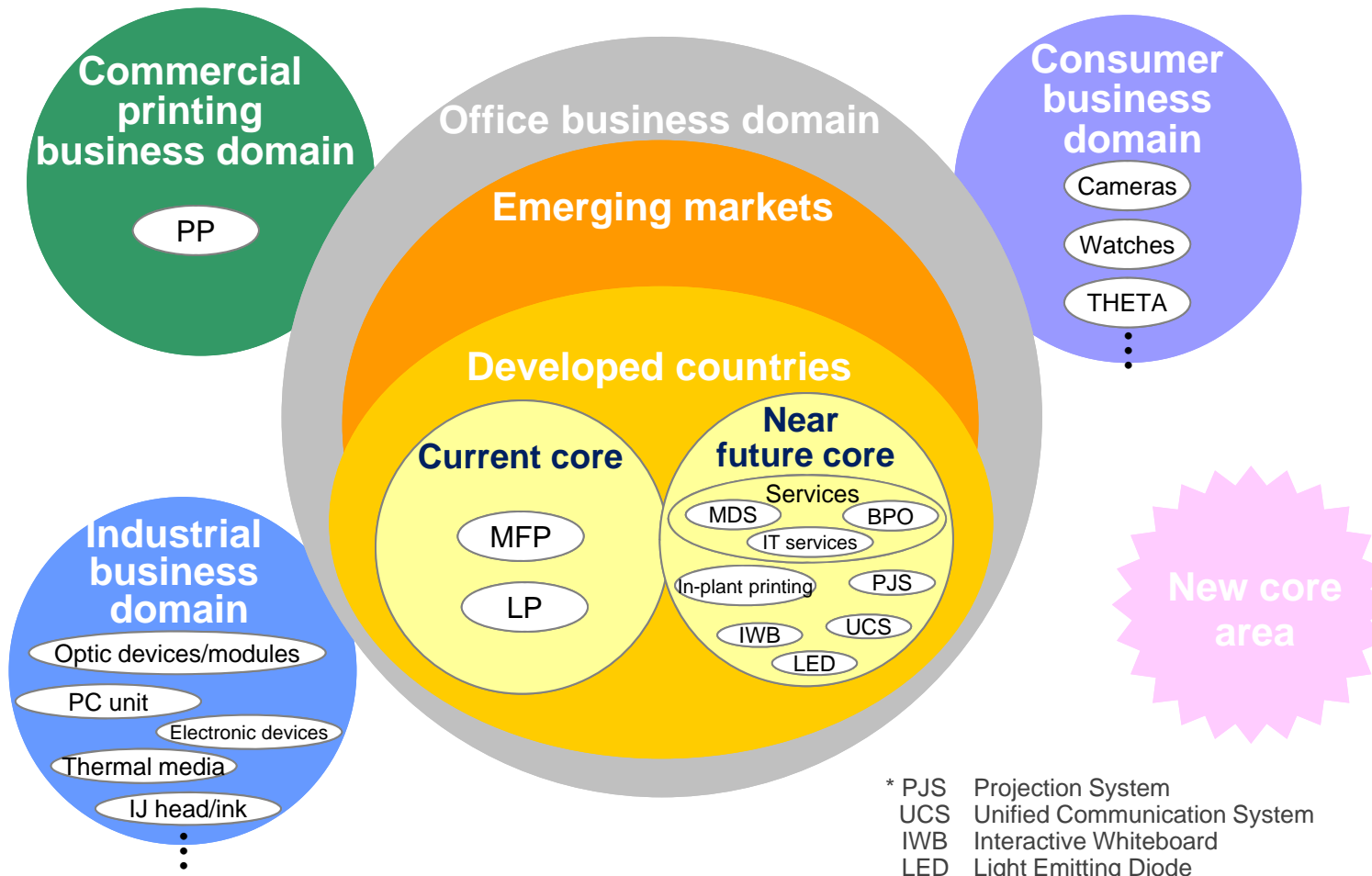
Ricoh's Direction for 2020 and the Future Beyond





Business Domains in the 18th MTP

- ◆ Concentrate on four business domains that are customer-oriented, and formulate and develop business strategies.
- ◆ Develop new businesses by obtaining new customers or needs



The 18th MTP

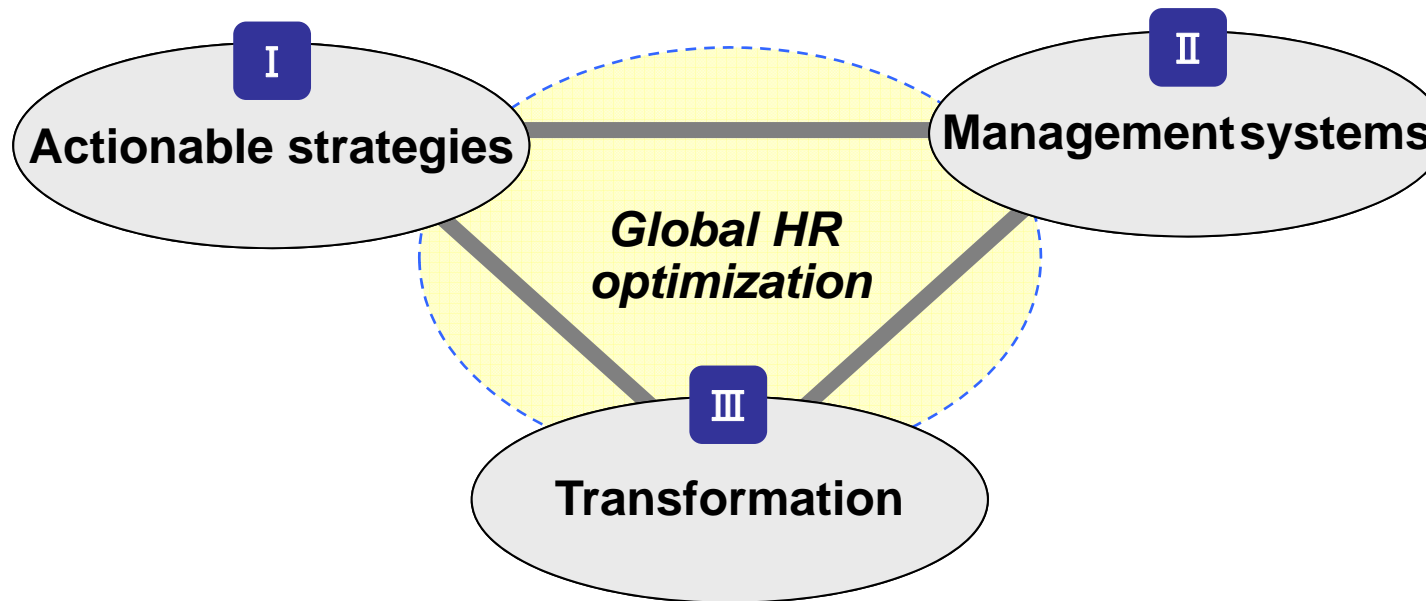
(Three-Year Plans from April 2014 to March 2017)



To ensure Ricoh's long-term growth



Specify targets to enhance corporate value, and achieve it through the three fundamental transformation initiatives



Actionable Strategies

Specify two basic strategies for the 18th MTP, and develop businesses under the three fundamental transformation initiatives

I		
<p>1</p> <p>Reinforce and develop earnings power for core businesses</p>	<p>1-1. Current core</p>	<p>[A] Office business domain in developed countries Commit to reinforcing earnings capability in the current core businesses</p> <p>Achieve an MIF (MFPs in the market) growth ratio of 2%</p>
	<p>1-2. Near future core</p>	<p>[B] Office business domain in emerging markets Create new profit generators for Ricoh's future</p> <p>Double the current business size for emerging markets</p>
		<p>[C] IT services, new products, etc. Obtain Office's growth opportunities in Office business domain, and create new profit generators for Ricoh's future</p> <p>Increase the size of service-related net sales by 130%</p>
<p>2</p> <p>Achieve growth by creating new profit generators</p>	<p>2-1. Growth</p>	<p>[D] Creation of new profit generators in growing business domains Utilizing Ricoh's strength, create new profit generators, so that they contribute to the group's earnings</p> <p>Increase the size of net sales in the industrial business domain by 150%</p>
	<p>2-2. New core</p>	<p>[E] Creation of new businesses Leveraging Ricoh's core assets, create businesses that can be vital for the 19th MTP onward</p> <p>Launch three or more new businesses worth 10 billion yen</p>

*Growing business domains: Commercial printing business domain, industrial business domain, consumer business domain

Reinforce strategic execution as “One Global Ricoh”

<Targets for management system transformation>

**Speed up management
and business**

**Streamline management
and business**

**Reinforce support to
business divisions**

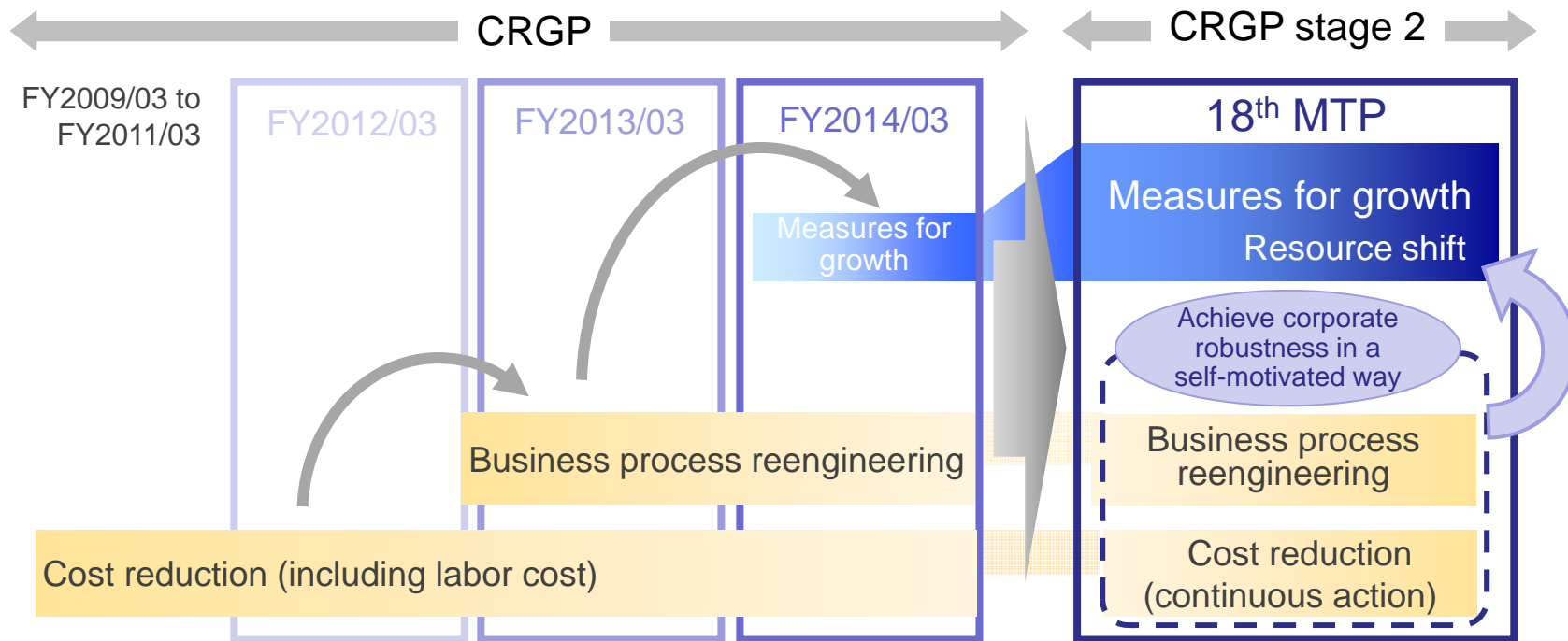


<Major implementations>

- Transform business organization systems
- Restructure WHQ-Tokyo
- Restructure the technological management system

Creating Corporate Robustness: Transformation

◆ Continuously reinforce corporate robustness in a self-motivated way toward CRGP stage 2



<Major projects>

- Purchasing process transformation
- SCM transformation
- Production process transformation
- Design and development transformation, etc.

Key Financial Targets

FY2017/03
Financial
targets

Net sales: **2,500** billion yen or higher

Operating income: **200** billion yen or higher

Operating margin: **8.0%** or higher

ROE: **10.0%** or higher

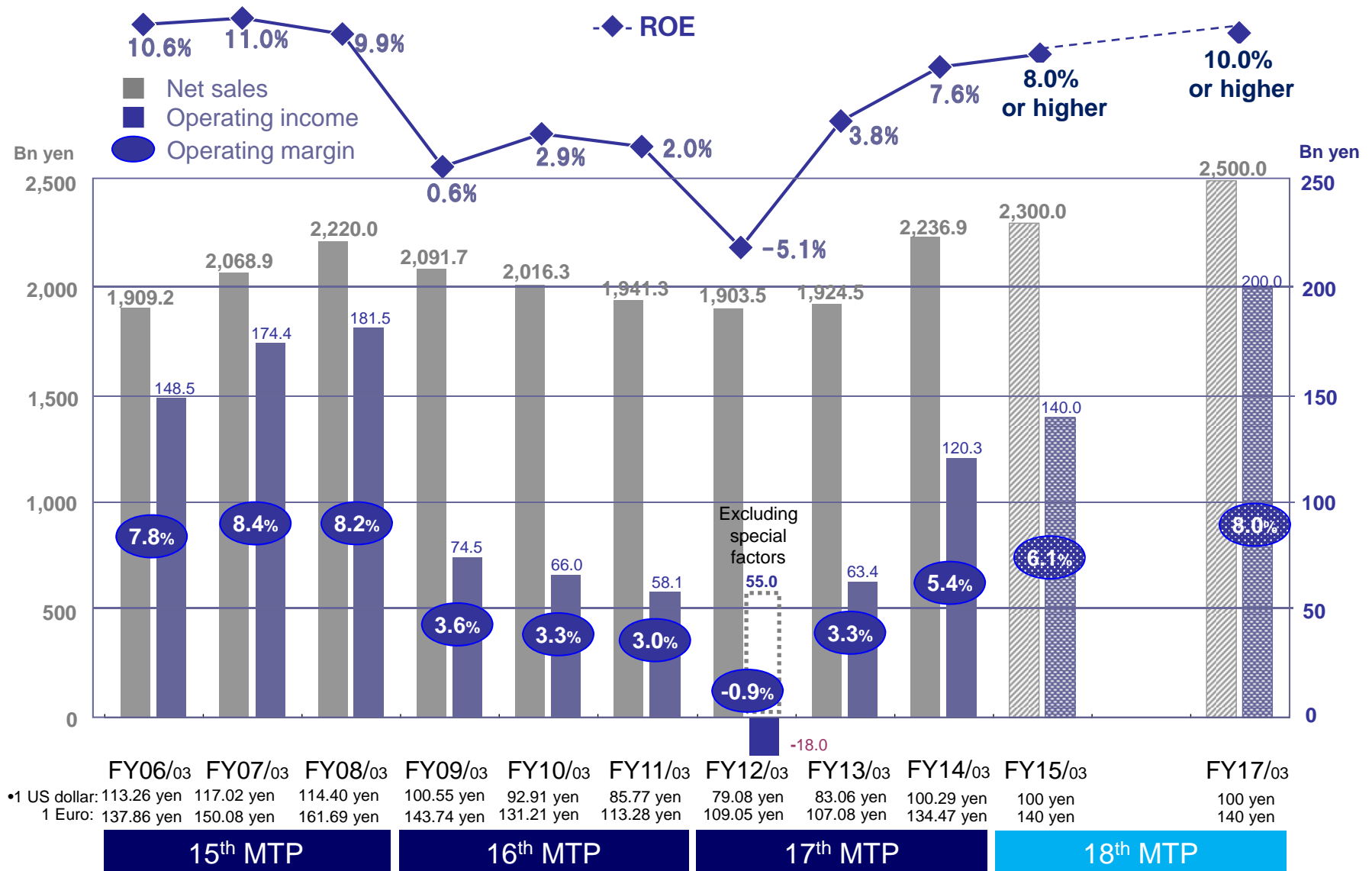
Total return ratio*: Approx. **30.0%**

* Total return ratio: Dividends and share buyback

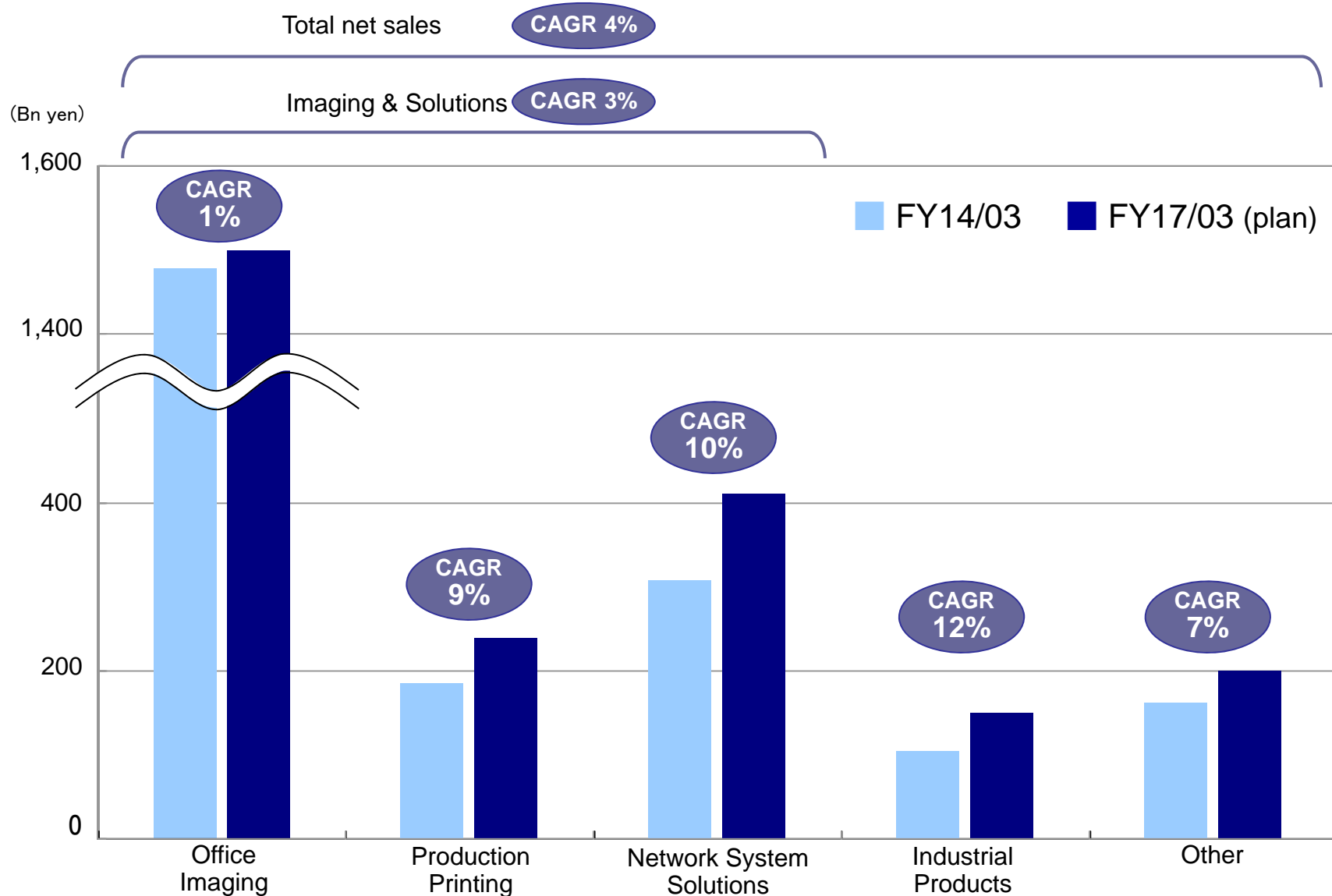
* Exchange rate:
1 US dollar = 100 yen; 1 euro = 140 yen



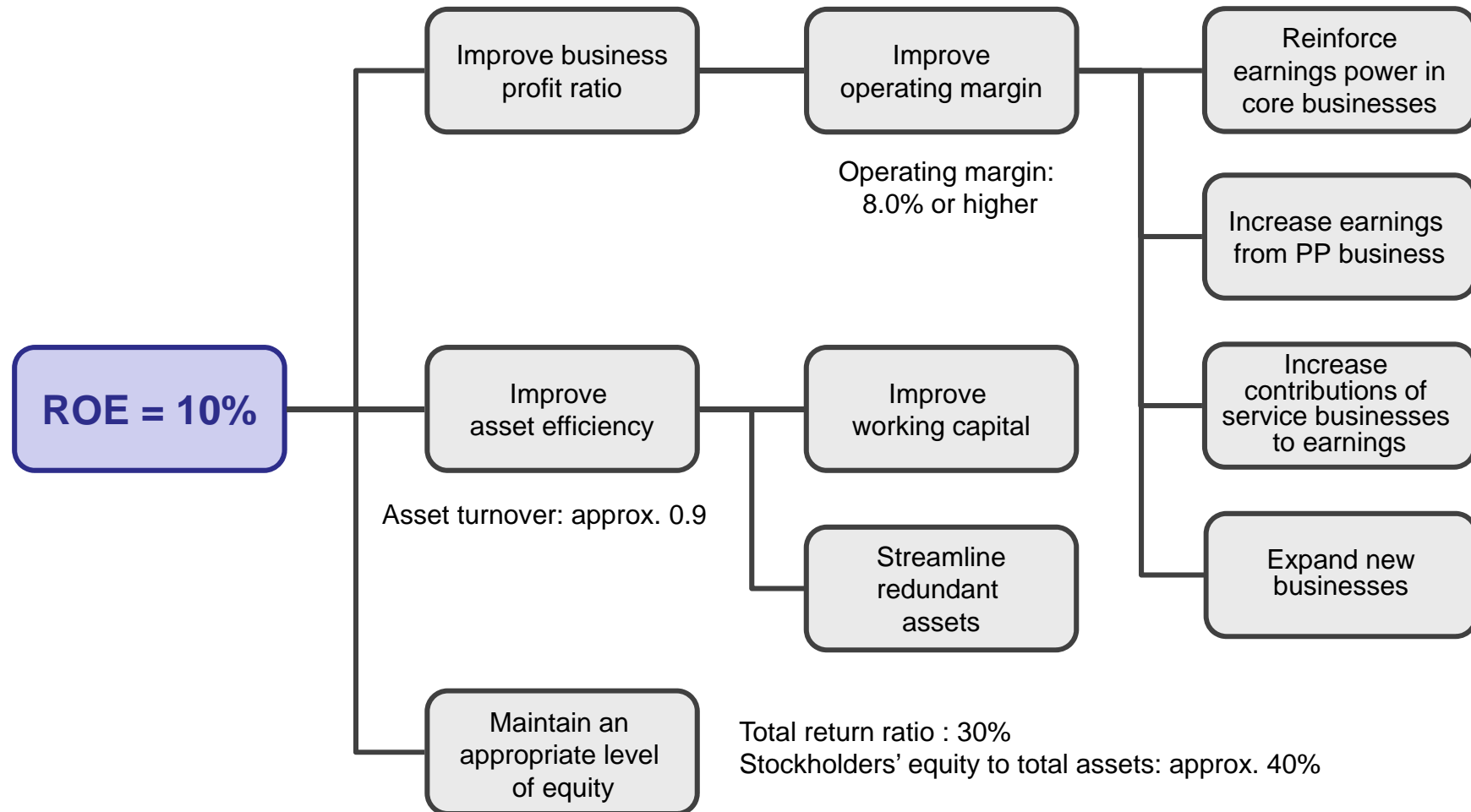
Trends of Major Financial Indicators



Net Sales Growth Scenario by Business Segment

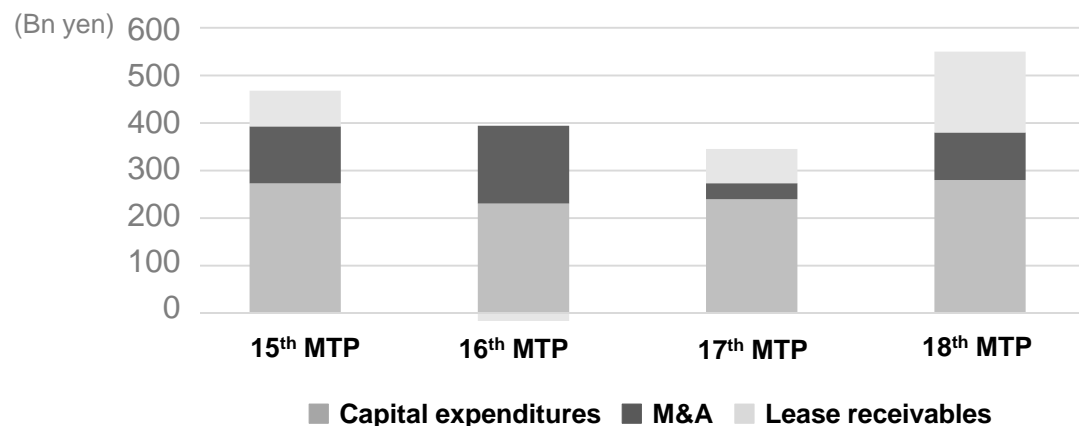


Measures to Improve ROE



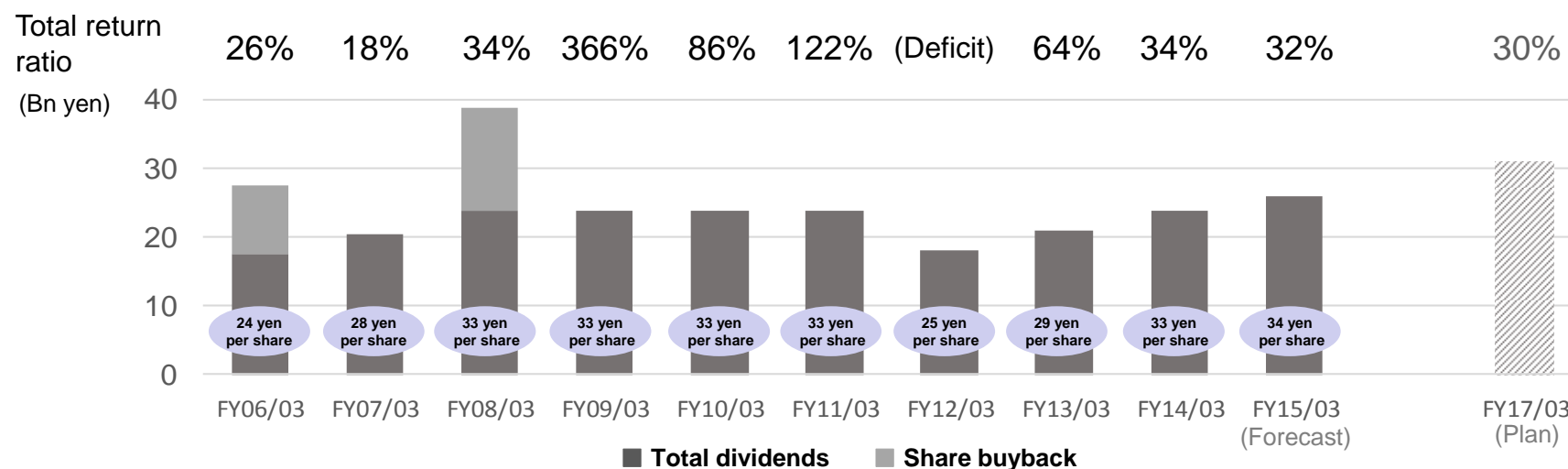
Investments and Return to Shareholders

Investments



	18 th MTP 3-year total
Capital expenditures	Approx. 280 bn yen
M&A	Approx. 100 bn yen
Lease receivables	Approx. 150 bn yen
Total	Approx. 530 bn yen

Return to shareholders



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