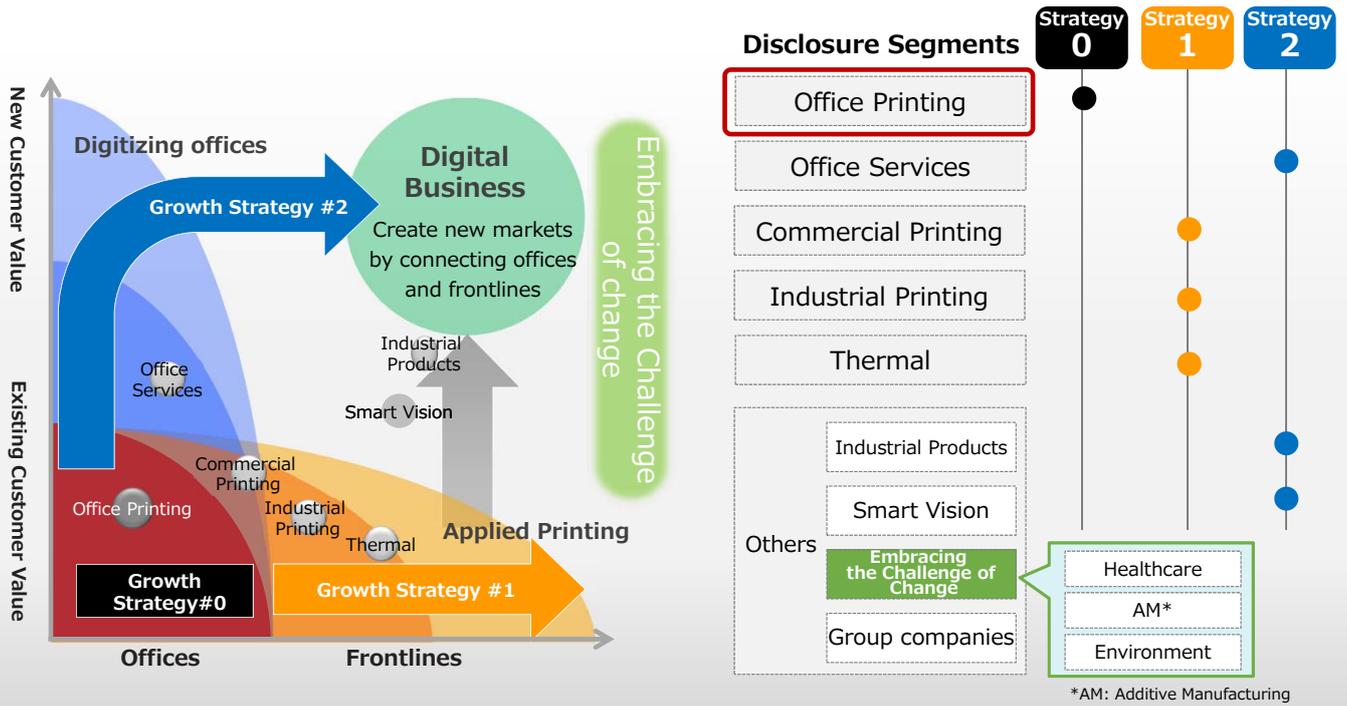


**Office
Printing
Business**

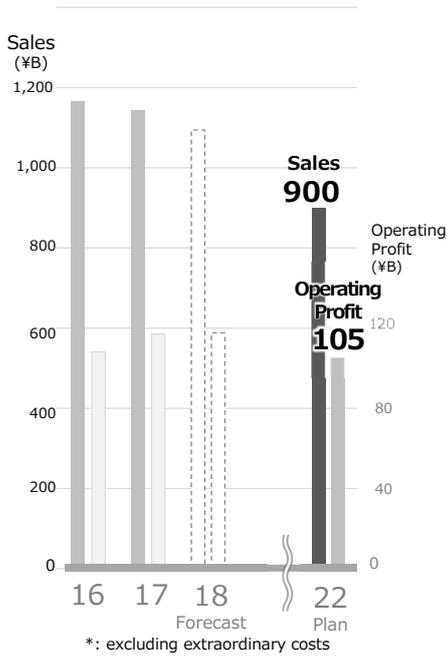
April 11, 2019

**Katsunori Nakata
General Manager of
Office Printing Business Group
Ricoh Company, Ltd.**

- I'm Katsunori Nakata, Head of Office Printing Business Group.



- Mr. Yamashita already covered this and next page, so I will move on.



Growth Strategy #0 toward FY2022
Increase profitability by evolving MFPs and pursuing operational excellence

- 1. Strengthen efforts in growth areas:** Determine areas for regions, products, and channels on which we will focus and undertake concerted efforts
- 2. Pursue operational excellence:** Strengthen development, production, sales, and service while boosting productivity and customer satisfaction
- 3. Establish new earnings model:** Draw on collaboration with Office Services business to integrate subscription models

Office Printing Business

Providing solutions to improve customers workplace productivity, centered on MFPs, printers, and other imaging equipment

MFP

Bolster solutions that streamline customer workflows through the cloud by accommodating work practices change

Top share in global A3 laser MFP market*¹
(in terms of unit shipments in 2018)

RICOH IM C series
A3 laser MFPs



Large, cloud service-accessible touch panels



MFP-linked document solutions software



Printers

Printer lineup matching customer industry and business needs (paper compatibility and durability)

Ricoh Japan was first in 2018 for customer satisfaction in color laser printer category

RICOH P501
A4 laser printer



No.1 in customer satisfaction
(2018 J.D. Powers study)

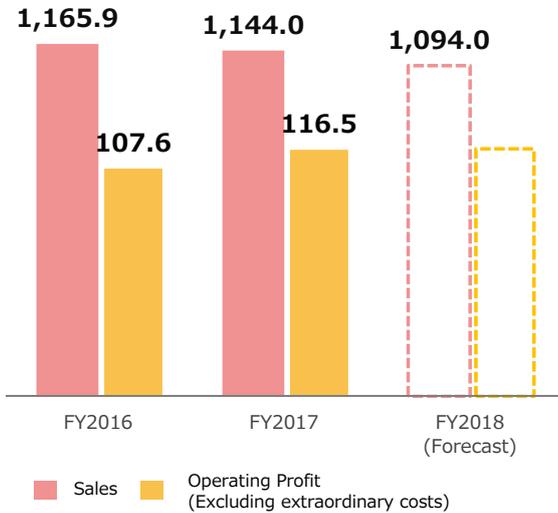


*1 Source: IDC's Worldwide Quarterly Hardcopy Peripherals Tracker, 2018 Q4 A3 Laser, MFP/SFDC, A3 Speed Range less than 91ppm, incl. SFDC

- I will overview the Office Printing business.
- Here, we provide software, consumables, and services, centered on MFPs, printers, and other imaging equipment to improve the workflows of customers.
- A recent highlight was that we secured the top share of the global A3 laser MFP market.
- We have moved a step away from the low end of the printer market, where the price competition has become incredibly intense. We are incorporating the workflow requirements of customers in our hardware. In terms of paper compatibility in particular, we are offering products that are a step ahead of the competition.
- We announced the RICOH IM C series in January 2019. These cloud-connected A3 MFPs deliver new solutions for customer workflows.

Results

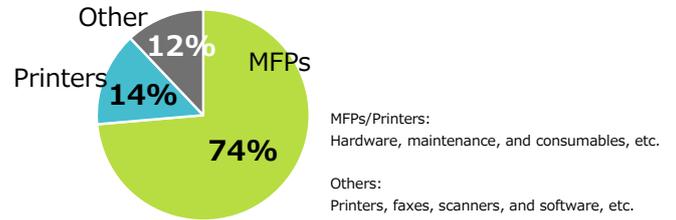
(Billions of yen)



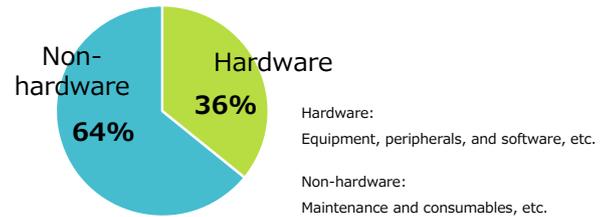
Sales composition

FY2018 Apr-Dec

By product



Hardware vs non-hardware



- This page presents our segment performances for FY2017. Although sales declined slightly, we had a structure in place to generate operating profit.
- MFPs accounted for 74% of sales. Non-hardware represented 64% of sales, which has been and have become a core of our business.

Business Climate (MFP Market Forecasts for 2022)

- 1 A3 MFPs to account for 80% of overall hardware demand
- 2 Number of color machines increasing worldwide and A4 MFPs revenues expanding
- 3 Color MFP growth drives emerging markets demand, also non-hardware grows

MFP Market 2022 forecasts	Hardware								Non-hardware
	A3 MFPs				A4 MFPs				MFPs + Laser printers
	Revenues		Unit volume		Color		Color (31-90ppm)		
Overall demand value & unit volume	CY17→22CAGR								
	-3.6%	+0.3%	-2.4%	+1.5%	-0.9%	+1.4%	+3.0%	+10.1%	-1.2%
	¥2.7 trillion	4.1 million	¥2.0 trillion	2.3 million	¥0.7 trillion	17.4 million	¥0.1 trillion	0.6 million	¥5.5 trillion
Developed market regions Hardware: North America, Western Europe, Japan Non-hardware: North America, Europe, Japan	-4.4%	-1.7%	-2.7%	+0.4%	-2.1%	+0.2%	+3.4%	+10.6%	-2.1%
	¥2.0 trillion	2.0 million	¥1.7 trillion	1.6 million	¥0.4 trillion	5.5 million	¥0.1 trillion	0.5 million	¥4.0 trillion
Emerging market regions Other than those above	-0.6%	+2.5%	-1.2%	+4.4%	+0.3%	+2.0%	+1.2%	+7.3%	+1.5%
	¥0.6 trillion	2.1 million	¥0.4 trillion	0.7 million	¥0.4 trillion	11.8 million	¥0.0 trillion	0.1 million	¥1.4 trillion

Source: Hardware: IDC WW HCP Tracker_ForecastPivot_2018Q4 (Laser printers, MFPs, 90ppm or less, A3 MFPs including A2 MFPs, developed markets: US/Canada/Western Europe/Japan, Latin America/Central and Eastern Europe/Middle East and Africa/Asia Pacific)
 April 11, 2019 Non-hardware: Interwatch February 2018 (C)2019 Ricoh Company, Ltd. All Rights Reserved

- I will now describe our business climate.
- The first thing to note is that the A3 MFP market is vital for us, accounting for around 80% of overall hardware demand. While demand value amounts are declining, A3 machines still dominate in the marketplace, and we aim to maintain a solid position in that area.
- The number of color A4 and A3 machines is increasing worldwide. While demand value amounts are declining slightly for A3 models, we anticipate growth in machines in field in view of more customers using them in their workflows. This is therefore an important focus for us.
- In A4 MFPs, we are seeing double-digit unit growth rates that should outstrip any price declines, so we anticipate monetary gains overall.
- On the non-hardware front, we look for unit growth to continue over the next five years in emerging market regions, thereby driving significant non-hardware growth.

Large enterprises

From visible costs toward workplace productivity

- Service quality and reliability
- Compatibility with workflow and systems
- Robust data and network security

Small and medium-sized enterprises

Printing cost reductions and digital applications

- Lower print costs
- Improving efficiency by document digitization
- Robust equipment security

- This page summarizes what customers expect from MFP and printer manufacturers.
- Large enterprises need to shift from visible costs toward workplace productivity. They look at the roles that MFPs should play in their overall workflows and how investments in MFPs can enhance the overall productivity of the workflows. Accordingly, there is extremely high requirement for Service Level Agreements, including service quality and support provided in case things go wrong.
- Customer requirements extend to compatibility of our products with customers' IT system environments, security level of our offerings to ensure they will not become security holes, and robustness against viruses.
- On the other side of the coin, small and medium-sized enterprises are far more interested in their investments reducing printing costs. In the years ahead, such customers may have needs that are similar to those of large enterprises. At this stage, however, they look to lower print costs, improve efficiency by digitizing documents, and reinforce their security, such as in situations when people forget to retrieve paper documents.

Initiatives to date	Results	Challenges												
<ul style="list-style-type: none"> Price management 	<ul style="list-style-type: none"> Prices of directly sold color MFPs*1 Note: Baseline of 1 for FY2017 <table border="1"> <caption>Price Index Data</caption> <thead> <tr> <th>Region</th> <th>FY2017 Q1-Q3</th> <th>FY2018 Q1-Q3</th> </tr> </thead> <tbody> <tr> <td>Japan</td> <td>1.00</td> <td>1.02</td> </tr> <tr> <td>Western Europe</td> <td>1.00</td> <td>1.01</td> </tr> <tr> <td>United States</td> <td>1.00</td> <td>1.00</td> </tr> </tbody> </table>	Region	FY2017 Q1-Q3	FY2018 Q1-Q3	Japan	1.00	1.02	Western Europe	1.00	1.01	United States	1.00	1.00	<ul style="list-style-type: none"> 5% unit sales decline <ul style="list-style-type: none"> Maintain price management and expanding number of units
Region	FY2017 Q1-Q3	FY2018 Q1-Q3												
Japan	1.00	1.02												
Western Europe	1.00	1.01												
United States	1.00	1.00												
<ul style="list-style-type: none"> Streamlined maintenance services operations 	<ul style="list-style-type: none"> Reduced man-hours and service hours by 25% for core A3 color MFPs from FY2016 level 	<ul style="list-style-type: none"> Further improve efficiency and customer satisfaction 												
<ul style="list-style-type: none"> Reviewed direct sales and service structure 	<ul style="list-style-type: none"> Enhanced sales productivity in United States (transferred machines in field to dealers) Lifting gross profit per sales person by 14% above FY2016 level 	<ul style="list-style-type: none"> Cultivate other overseas markets in keeping with local needs 												
<ul style="list-style-type: none"> Develop and deploy solutions sales to materialize customer workflow improvements 	<ul style="list-style-type: none"> Completed cloud infrastructure and released 109 applications Launched subscription business (Secured 20% of new small and medium-sized business contracts in major European nations through subscriptions) 	<ul style="list-style-type: none"> Develop new revenue models <ul style="list-style-type: none"> Expand applications by strengthening collaborations with partners Broaden various fee models in line with customer needs 												

*1: 20-60cpm color MFPs *2: France, United Kingdom, and Germany

April 11, 2019

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- I will now review our efforts to date. Since April 2018, Mr. Yamashita has spoken about price management, efforts to streamline maintenance services operations, and reviews of our direct sales and service structure.
- On the sales management front, the prices of color MFPs, which are core offerings in Japan, the United States, and Europe, trended up slightly from a year earlier in the first three quarters of FY2018. This was because we were able to put in place a sales framework in which we shifted our focus from public sector deals to those in the private sector.
- One strategic initiative was to itemize everything for products and customers and determine detailed recommended selling prices for all products and options. On top of that, at overseas business sites we included the rates of adherence to recommended target price into sales compensation plan. We have been able to maintain such measures throughout the year. We will continue those measures from FY2019 in endeavoring to lift our market share.
- We have streamlined maintenance services operations by reducing man-hours and service hours by 25% for A3 color machines between FY2016 and 2018. The reduction in such hours was worth more than 20 billion yen.
- In terms of direct sales and services, in the United States we transferred machines in field to top-quality dealers in areas in which we were facing challenges to provide immediate support with our own sales personnel or in areas in which worker turnover rates were high. We also made some inside sales transfers. As a result of these efforts we improved gross profit per salesperson by 14% in the United States.
- The fourth initiative that I wish to share is in preparation for new challenges in FY2019 and beyond. In January this year, we announced new products that enable collaboration through the cloud. We look to use these new offerings as central tools for various customer tasks. The first result of this approach was our release of 109 applications.
- We are developing a subscription model in which we change how we sell and generate returns in keeping with customer needs. In Europe, we have secured 20% of new small and medium-size business contracts through subscriptions.

**FY2022
business
targets**

**Enhance profitability by evolving MFPs
and pursuing operational excellence**

**Key
Strategies**

- 1 Accelerating business in growth areas**
- 2 Pursue operational excellence**
- 3 Establish new earnings model**

- In light of what I have described, our business targets for FY2022 are to enhance profitability by evolving MFPs and pursuing operational excellence. Shown here are the three key strategies, which I will explain.

Key strategy		1 Accelerating business in growth areas
Main initiative		
Regions	Developed markets	<ul style="list-style-type: none"> ● Solidify customer base in A3 color MFPs and capture demand for A4 MFPs needed in office workflows
	China	<ul style="list-style-type: none"> ● Deploy products matching market needs through strong dealer networks ● Anticipate print and scanning needs under advanced IT environments
Products		<ul style="list-style-type: none"> ● Evolve products to edge devices that deliver value in workplaces ● Evolve controllers that enable functions always up to date ● Hardware that minimizes lifetime costs
Channels		<ul style="list-style-type: none"> ● Reinforce and expand dealer business draw on direct sales expertise

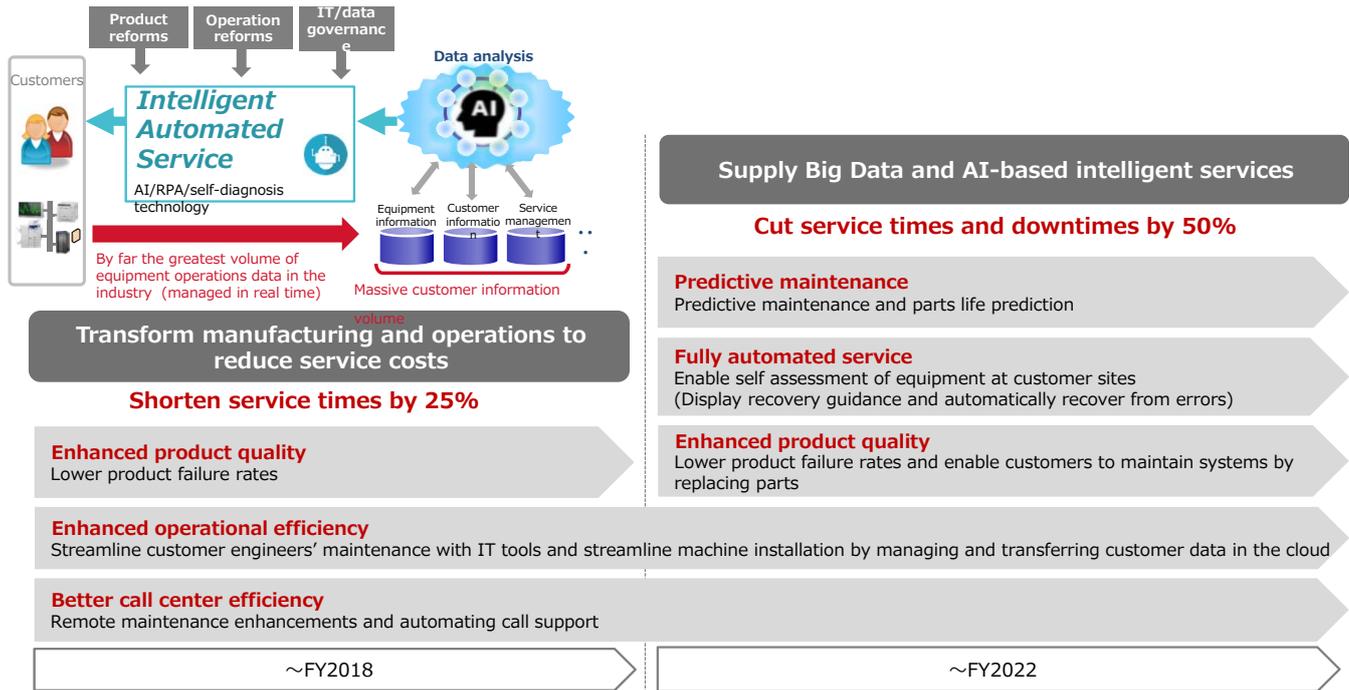
- The first strategy is to accelerate our business in growth areas.
- We will undertake initiatives in terms of regions, products, and channels to cultivate areas in which we have growth prospects.
- In developed markets, we have secured customers by integrating standalone printers into A3 MFPs. With customers thereby using what are center MFPs, we have been able to advise them on workflow approaches and evolve with them. With progress, demand for A4 MFPs has risen in areas where machines are decentralized. We therefore came to steadily provide A4 MFPs that core customers need.
- In China, we traditionally sold hardware, with the bulk of customers not using our original toner or other consumables thereafter. But now more than 70% of local customers have maintenance agreements with us. With full-color machines, almost all of consumables are genuine manufacturer items. Also, from FY2017 we created a robust dealer network with connections with end-users. We formed a partnership with a software producing dealer, for example, which is collaborating with a local Ricoh software affiliate to develop applications for deployment with hardware to customers.
- We are evolving products to edge devices that deliver value in workplaces. We are also evolving controllers for functions are always up to date. In cases where A3 MFP is installed as a center machine and A4 models are installed sequentially around that machine, it could be sometimes challenging to link everything because of different hardware security levels and network environments. Ricoh announced a new feature that ensures all deployed equipment can be kept up-to-date, and also we will continue to work on further enhancement of MFP controllers.



Key strategy	2 Pursue operational excellence	
	Main initiative	KPIs
R&D	<ul style="list-style-type: none"> Shorten development lead times through new device architecture Fully automate controller evaluations to cut development man-hours while enhancing quality 	Cut controller development man-hours from FY2018 level
Production	<ul style="list-style-type: none"> Enhance quality and further cost reduction through digital manufacturing <ul style="list-style-type: none"> - Digitize expertise of veteran employees - Freely locate assembly plants 	Increase productivity 30% from FY2018 level
Sales	<ul style="list-style-type: none"> Build channels that optimally match market and customer characteristics <ul style="list-style-type: none"> - Strengthen dealer businesses in Europe and United States - Accelerate digital marketing by leverage customer equipment usage data 	Increase number of units for dealer sales by 20% from FY2018 level
Service	<ul style="list-style-type: none"> Enhance customer satisfaction and lower service costs through digital transformation <ul style="list-style-type: none"> - Shift to proactive support through predictive maintenance from enhancing equipment reliability and operability 	Halve downtime from level of FY2016 models

- Our second key strategy is to pursue operational excellence for each supply chain function.
- We will overhaul operations for R&D, production, sales, and service.
- In R&D, instead of defining hardware lifetimes at two or four years, we will materialize advanced controllers that deliver value to each customer for three, six, or 10 years. As a result, we will be able to simplify module designs from development perspectives. Our R&D key performance indicator is to cut development man-hours for controller modules by 30%.
- In production, we are pursuing digital manufacturing at new plants in China. This does not mean fully automating production. Instead, it entails digitizing the knowhow that we have amassed over the years at the fronts and backs of the supply chain and through our experts. By properly managing collaborative processes relating to assemblies from key module parts we want to make it possible for our Chinese plants to mass-produce from the following day even if we outsource assembly. We thereby look to enhance production efficiency by 30%.
- In terms of sales, we will endeavor to optimize direct sales in Europe and the United States. We estimate that 1.4 million devices worldwide employ @Remote. Around 3.7 million units are operational every day, and we use information from @Remote to optimally time proposals of the products and software that are best for customers.
- Analyzing @Remote information means that we can propose replacement timing to customers.
- We would like to offer this sort of digital marketing approach to dealers as well.

Note: @Remote is the internet-based service for the remote administration of devices in the office



- I have some additional comments on the digital transformation of services.
- Ricoh has been able to shorten service times by 25% through initiatives to date.
- We have improved product quality and created hardware that is less vulnerable to breakdowns.
- At the same time, we have streamlined operations, notably by shortening visit times by customer engineers and using various tools, including to shorten routes and eliminate the possibility of issues recurring.
- From FY2019 through 2022, we will continue to streamline operations and our call centers. We will also improve predictive maintenance, fully automate service, and enhance product quality.
- Ricoh should thereby cut service times by 50% from FY2016 levels. In other words, we will generate a 25% improvement from where we are now.

Key strategy **3 Establish new earnings model** **Collaborate with Office Services Business**

Main initiative	
Device evolution	<ul style="list-style-type: none"> ● Evolve edge devices that deliver workplace value ● Launching program in June 2019 to constantly maintain latest device controller versions
Bolster our software	<ul style="list-style-type: none"> ● Create simple package solutions includes Ricoh devices for authentication and equipment management, and deploy extensively to small and medium-sized enterprises
Accelerate businesses with partners	<ul style="list-style-type: none"> ● Open the application programming interface for the RICOH Smart Integration platform and collaborate partners to enhance our sector- and business specific application lineup
Transform earnings model	<ul style="list-style-type: none"> ● Integrate globally deployed hardware and non-hardware with subscription model software and deploy new offerings

- Our third key strategy is to establish a new earnings model by collaborating with the Office Services business.
- With print opportunities decreasing, customers still anticipate much from MFPs.
- We consider it important to revise our after-sales approach. Will accordingly drive a device evolution, bolster our software, and accelerate businesses with partners while transforming our fee structure.
- An example of device evolution is the advanced controller on the RICOH IM C series, which we announced in January this year. We will launch a program in June this year.
- With RICOH Smart Integration, with which we are accelerating business with partners, we will disclose MFP component interfaces for scanning, optical character recognition, and data definitions and placements for customers providing software for our MFPs. This will make it simple to use MFPs from various applications that will be open to software partners.
- We want to make application programming interfaces open to software partners so they can easily access and swiftly use the components they require, deepening our ties with software firms.

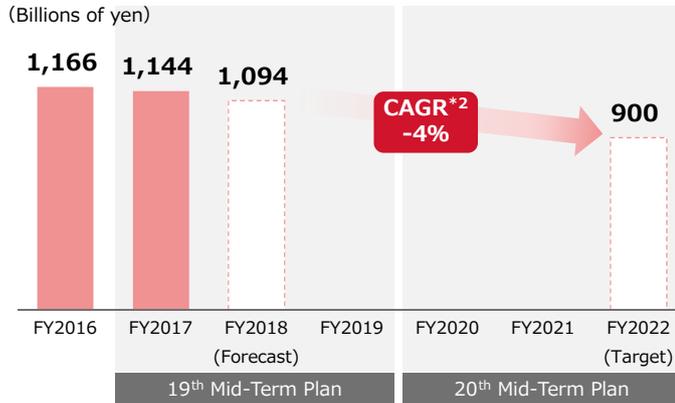
FY2022 Targets

Sales ¥600 billion
Operating profit ¥105 billion

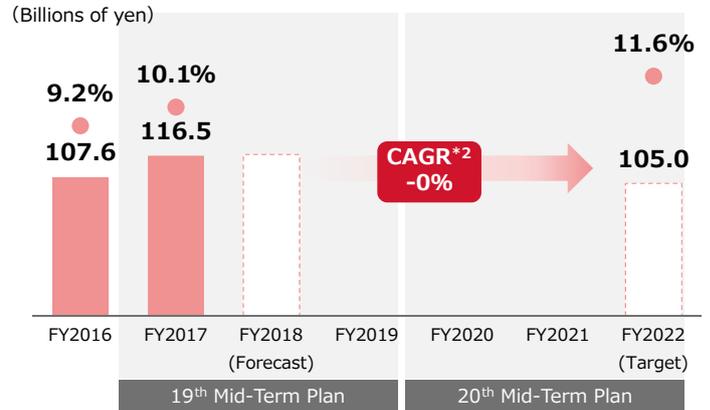
Key strategies

1. Accelerating business in growth areas
2. Pursue operational excellence
3. Establish new earnings model

Sales

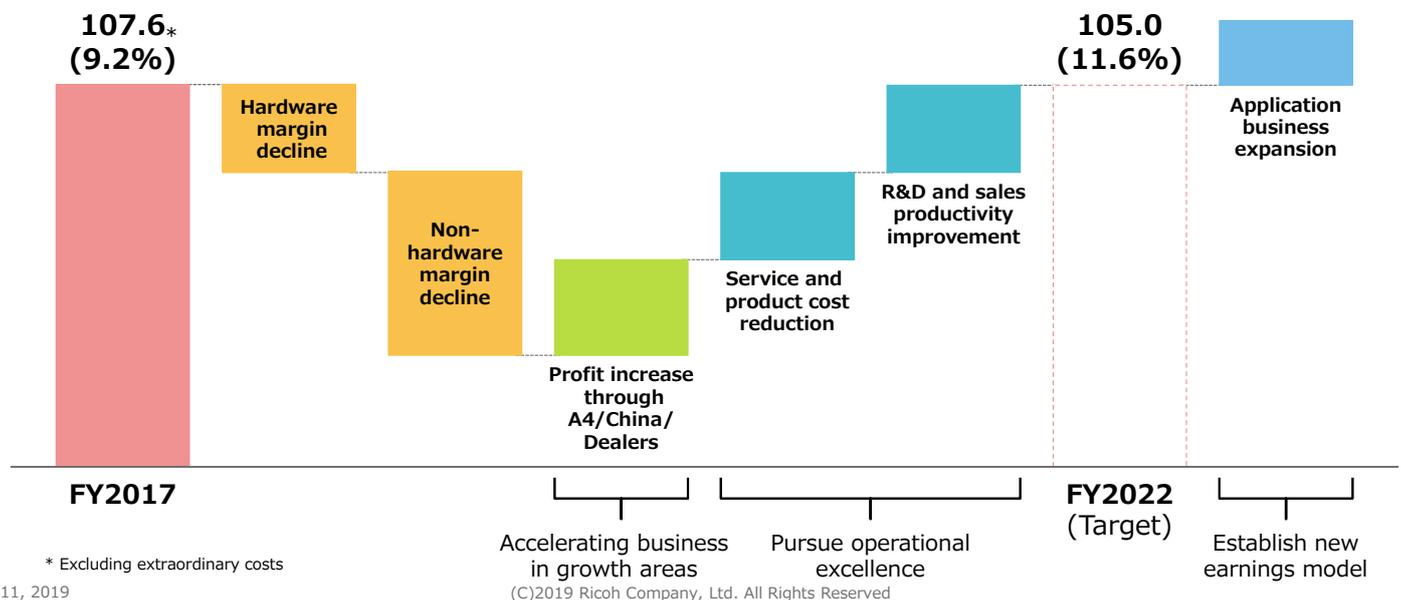


Operating profit*¹/Operating margin*¹



- For FY2022, we target 900 billion yen in sales and 105 billion yen in operating profit.
- While CAGR may drop 4%, in assessing our next midterm management plan we will revise our situation in light of market conditions and efforts to date.
- Based on our sales target of 900 billion yen, we will endeavor to lift our operating margin from 10.1% in FY2017 to 11.6% in FY2022. In view of the measures that I have described thus far, I believe that this objective is achievable.

Operating profit(billions of yen)/Operating margin(%)



April 11, 2019

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- Here, we present our operating profit scenario for FY2022.
- From FY2016, our hardware and non-hardware margins declined. We expect such decreases to have been mainly through FY2018, however, and non-hardware prices have likely bottomed out.
- I believe that we can offset a decline in the number of print pages per machine by delivering new added value to China and other regions and to new customers.
- As a result of progress with the three key strategies that have described, we target 105 billion yen in operating income for FY2022.
- By extending our businesses through cost reductions and unit growth we look to generate an operating margin of 11.6% in that year.
- That concludes my presentation. Thank you for your time.

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

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**Note: In this document, fiscal years are defined as follows:
FY2018 = Fiscal year ended March 31, 2019, etc.**