

**Office
Services
Business**

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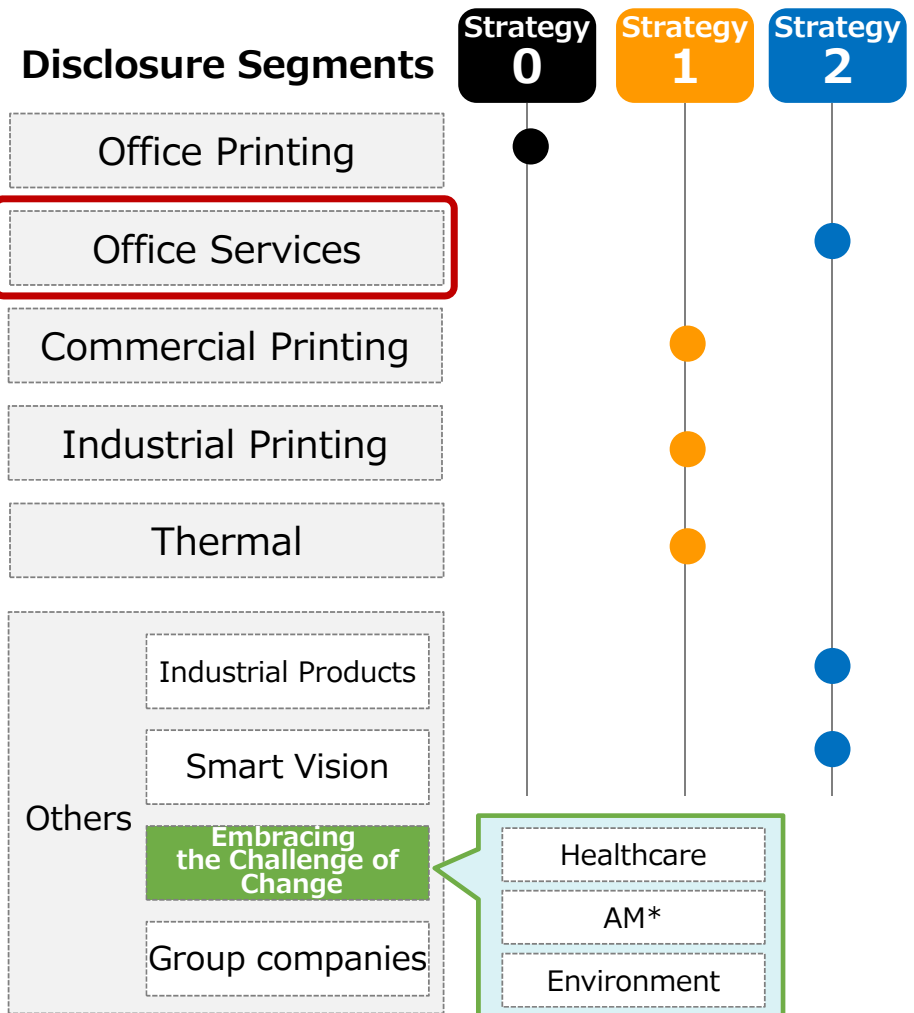
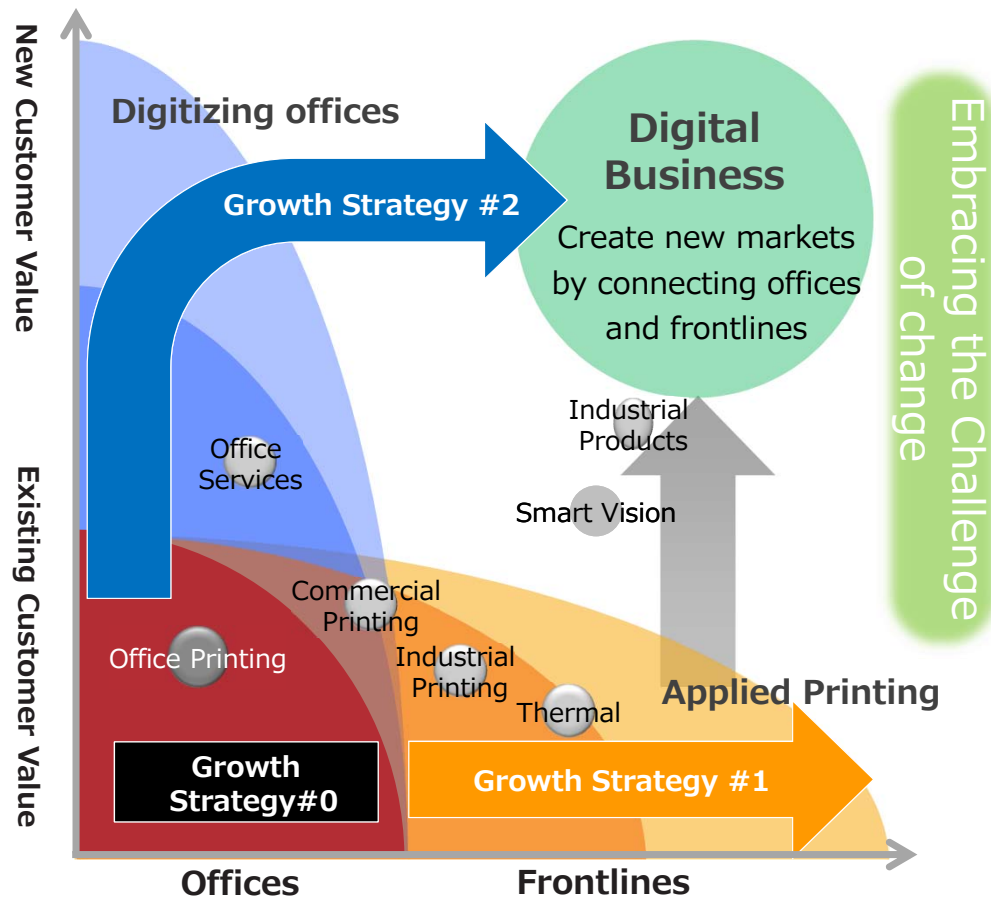
April 11, 2019

Yasuyuki Nomizu

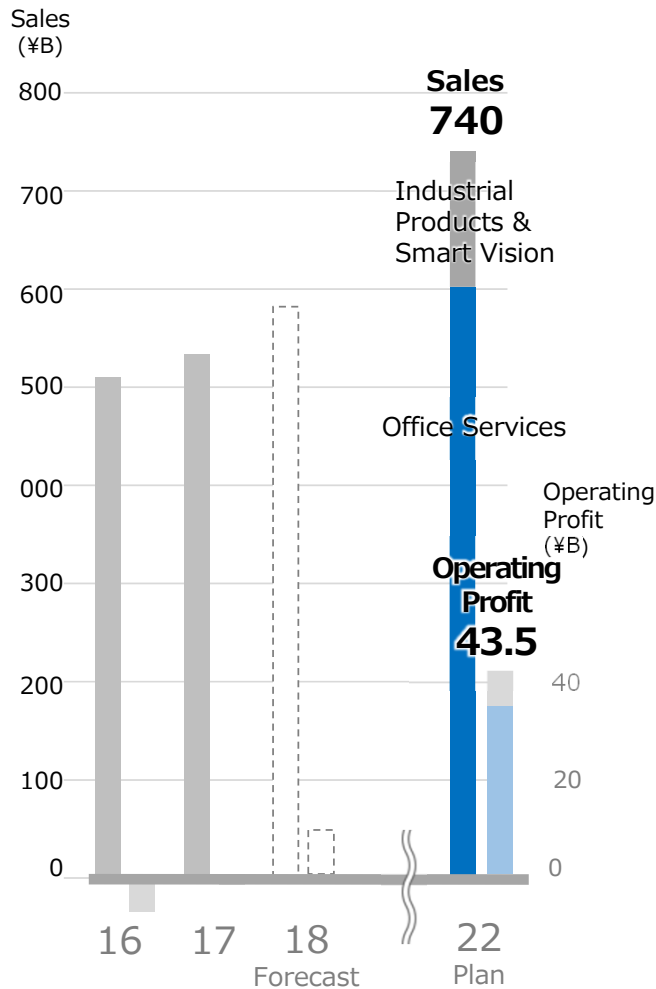
**General Manager of
Platform Business Group**

Ricoh Company, Ltd.

Growth Strategy "RICOH Ignite"



*AM: Additive Manufacturing



Growth Strategy #2 toward FY2022

Expand Office Services business earnings and create new businesses

Office Services: Reinforce our structure and invest extensively to expand operations and create a business model that produces stable earnings
Digitizing frontlines : RICOH360 data service

Industrial Products: Combine optical technologies that Ricoh has amassed over the years with Internet of Things, artificial intelligence, and other advanced technologies and visualize information through information conversion from data recognition processes to enhance the productivity of societies

Office Services Business Overview

- 1 Office Services
- 2 Platform
- 3 Digital Business



Office Services Business

Combining MFPs and other edge devices and applications to provide solutions that link offices and frontlines

1 Office Services

Streamlining efficiency within companies

Supply optimal services and solutions in line with customers' office management and business issues

IT Services	Provides total services extending from network and infrastructure construction to operations maintenance	Application Services	Deliver applications and solutions that match industry and business needs
Business Process Services	Provides business outsourcing services that help customers work more efficientl	Communi-cation Services	Offer solutions and services that drive work practice reform and streamline internal and external communications

3 Digital Business

Digitizing B2B transactions and office/frontline operations

Provide solutions and edge devices to digitize customer B2B transactions and office and frontline operations under our EMPOWERING DIGITAL WORKPLACES value proposition



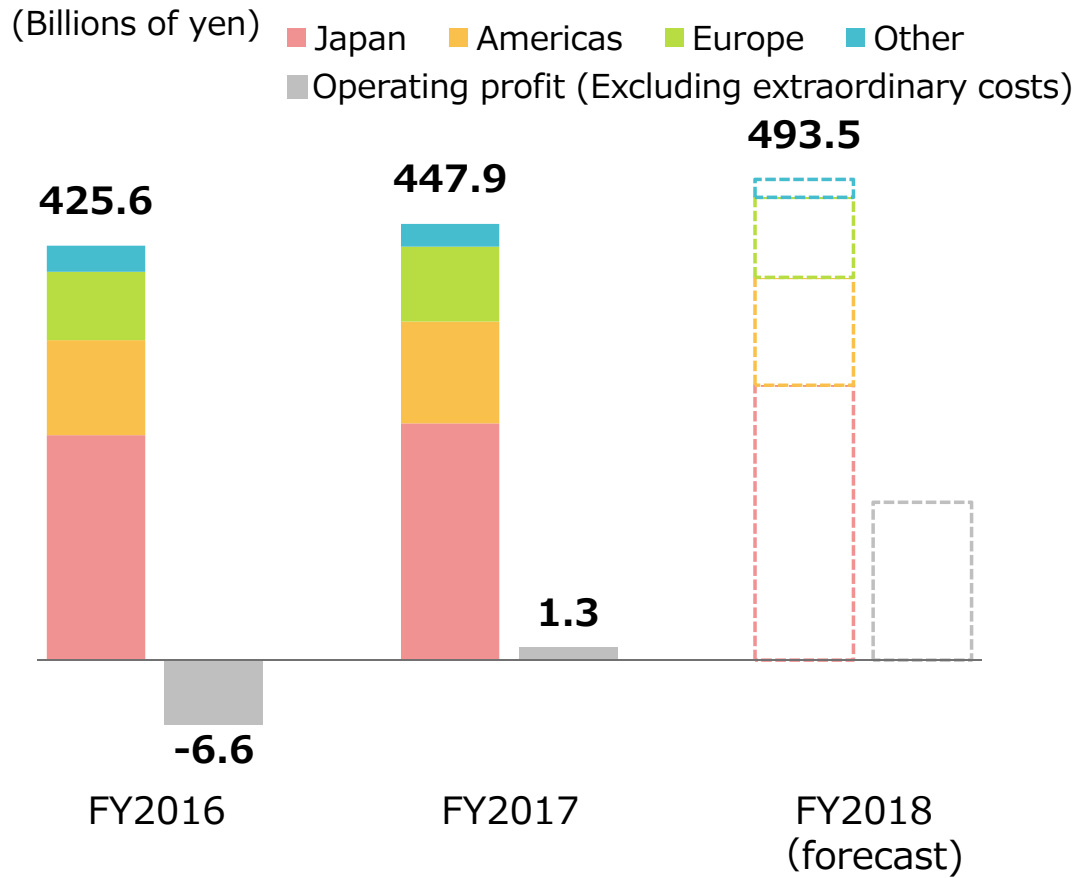
2 Platform

Provide RICOH Smart Integration subscription business platform to businesses and partners



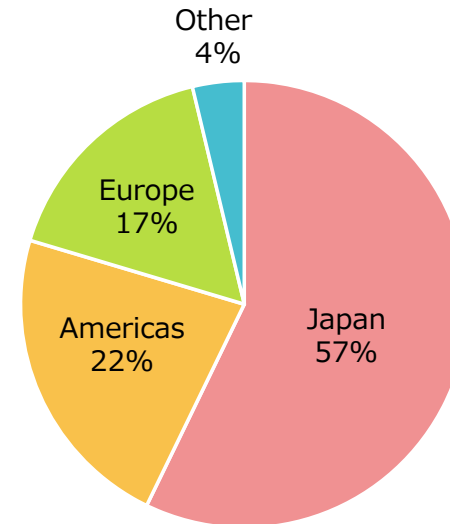
Office Services Business (Results)

Results (Sales/Operating profit)

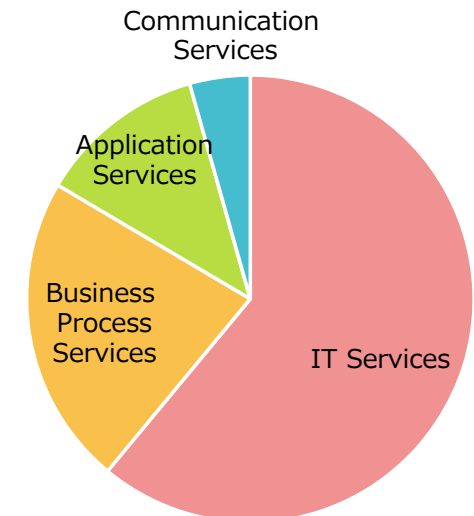


Sales composition

By region
(FY2018 forecast)



By field
(FY2018 forecast)



Office Services (Business Climate)

1 Office Services

2 Platform

3 Digital Business

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Market trends

Demand

- Projected global CAGR of 4.7%*1

Customer needs

- Rising need for subscriptions and cloud migrations
- Ongoing growth of IT, print and document outsourcing
- Security and other emerging needs expanding in line with the evolutions of 5G and other new IT technologies

PC demand and Windows end of support

- Overall PC in domestic business market rose 17% in 2018*2, and expected to keep increasing in 2019
- Windows 10 migration to continue (support for Windows 7 ending in January 2020)

Government policies

- Consumption tax hike (Japan: October 2019)
- IT subsidies for small and medium-sized enterprises (Japan)

Competitive trends

- Developing on-premises and cloud hybrid pay-as-you-go system
- Providing cloud-ready MFP platforms and applications
- Strengthening business process services business
- Expanding data centers
- Strengthening IT solutions area
- Boosting collaboration with industry and business application vendors

Ricoh's strengths

- Robust customer base in printing business
- Alliances with key partners in each country
- Global deployment capabilities

Ricoh's key customers

- Small and medium-sized enterprises that have deployed imaging equipment
- Medium-sized and large companies

Source: *1 2018 to 2019 CAGR forecast for 43 countries in Gartner's *Forecast: IT Services, Worldwide, 2017-2023, 1Q19 Update*, by Dean Blackmore et al., March 28, 2019

*2 IDC Japan Press Release "Announces domestic traditional PC market performance figures for 4Q of 2018 and 2018 Full Year" February 25, 2019

Office Services (Regional Review and Challenges)

1 Office Services

2 Platform

3 Digital Business

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Initiatives to date

Results

Challenges

Japan

- Expanded business by selling IT equipment, infrastructure and maintenance services to existing customers (IT Services)
- Application Services business driven by business application packages for specific industries (Application Services)
- Widely deployed equipment, solutions and office designs to reform work practices (Communication Services)

Americas

- Expanded outsourcing services for print- and document-related businesses (Business Process Services)
- Drew on two IT services firms acquired in United States and Canada to expand IT services to existing customers (IT Services)

Europe

- Launched shared services operations center in Europe to drive efficiencies (IT Services)
- Firms acquired in United Kingdom, Italy, Germany, Spain, and Belgium contributed to IT Services business earnings (IT Services)
- Provided print and invoicing outsourcing services as a center services (Business Process Services)
- Began expanding communication services business by leveraging audiovisual and systems integration firm purchased in Spain (Communication Services)

- Leveraged capabilities in each operating region to expand sales in Japan, United States, and Europe
- Expanded services businesses profitably in Japan and overseas
 - Projecting double-digit sales growth for FY2018
 - Anticipating revenue and earnings growth in four operating regions worldwide
 - In Japan, identified market trends*¹ and generated significant growth

*1: Windows 10 PC transition demand and IT deployment subsidies for small and medium-sized enterprises

- Boost operations for small and medium-sized enterprises and transform solutions into assets (Scrum assets) and package for deployment with mid-sized and large corporations (Application Services)
- Bolster annuity services and materialize ongoing earnings growth

- Reduce costs and enhance value and efficiencies that digitization delivers and reinforce profitability (Business Process Services on-site)
- Keep strengthening services for specific industries and boost highly profitable services as a percentage of sales (Business Process Services on-site)
- Continue to strengthen IT Services on-site by leveraging robust customer ties

- Drive efficiencies through Service Operating Centre in Europe and bolster profitability (IT Services)
- Strengthen pan-European service network, including through acquisitions (IT Services and Communication Services)

Office Services (Japan, Americas and Europe)

1 Office Services

2 Platform

3 Digital Business

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Japan: Scrum Package deployment

- Transition sales structure from focus on proposing products to offering solutions for customer industry and business challenges
- Establish efficient sales model through packaging and patterning



Scrum Packages

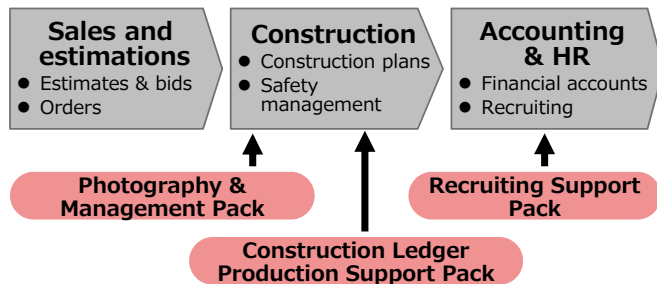
7 sectors: Construction, real estate, manufacturing, healthcare, welfare and eldercare, transportation, and tourism

3 tasks: Work practice reforms, security, and back offices



Example: Construction sector

Visualize construction workflows and problems industry and package and provide optimal solutions



Americas: Improving Business Process Services earnings

- Provide document outsourcing services for large customers
- Instituted earnings expansion measures as part of restructuring of Ricoh's U.S. operations, boosting gross profit by ¥2.4 billion year on year

On-site

Key services

- Copy & print room management
- Mailroom management
- Managed print services

Profitability measures

- Analyze causes for each service provider site, review prices, reduce costs, and close sites, etc.

Off-site

Key services

- Print and scanning services
- Document workflow service (processing invoices & other materials)
- Legal services (e-discovery)

Profitability measures

- Prioritize high-value-added services
- Make sales and service structure more convenient for legal sector

Europe: IT Services and Communication Services Efforts

IT Services

Supplying complete services from network and infrastructure construction to operational maintenance. Establishing Service Operating Centre in Warsaw



- Providing managed services for IT infrastructure and IT assets, such as by remotely monitoring customer networks and applications
- Business expanding steadily because as it can serve a diverse range of customers across Europe

Communication Services

Offering solutions and services that drive work practice reforms and streamline internal and external communications



New office at Ricoh Europe PLC

- Our office design and construction services have been very well received for contributing to work practice reform needs. Gartner, Inc., positioned Ricoh Europe in its 2019 Magic Quadrant for Managed Workplace Services, Europe report

Office Services (Business Strategies)

1 Office Services

2 Platform

3 Digital Business

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**Key
business
strategy**

Accelerate business growth by deploying cross-border success models and leveraging RICOH Smart Integration to generate new value

FY2022 sales target:
¥603.0 billion

Domain strategy	Measures	KPI	Results stance
<ul style="list-style-type: none"> ● Implement three-phase medium-term growth scenario in keeping with circumstances of 11 key sales companies ● Roll out global success model across operating regions 	<p>Japan</p> <ul style="list-style-type: none"> ● Further reinforce business- and sector-specific services and solutions <p>Overseas</p> <ul style="list-style-type: none"> ● Bolster services provision capabilities through centers of excellence that harness our strengths in each country 	<p>Office Services sales: ¥603.0 billion (FY2022)</p>	<p>Increase earnings through business expansion</p>
<ul style="list-style-type: none"> ● Further expand customer base by transitioning to subscription business 	<ul style="list-style-type: none"> ● Transition to subscription business and leverage digital marketing ● Deliver value through RICOH Smart Integration IDs 	<p>Subscription revenues as percentage of sales: 45% (FY2022)</p>	<p>Expand by building customer base</p>
<ul style="list-style-type: none"> ● Employ RICOH Smart Integration to create new customer value 	<ul style="list-style-type: none"> ● Bring together in-house products and partner applications through RICOH Smart Integration and strengthen applications within Ricoh 	<p>Number of platform developers: 520 (FY2022)</p>	<p>—</p>

Office Services (Medium-Term Growth Scenario)

1 Office Services

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3 Digital Business

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Establish priorities according to sales company management issues and deploy a three-phase medium-term growth scenario for 11 key sales companies*¹

Phase 1

- **Bolster individual strengths**
(reinforce sales and services structures in each operating region)

- Launch service models in line with capabilities in each country
- Roll out businesses to MFP customers
- Strengthen expansion into middle market
- Secure new capabilities through acquisitions and other means

Phase 2

- **Deploy individual strengths within operating regions**
- **Build new services model in Japan**
(digital business collaborations)

- **Deploy individual strengths within operating regions**
 - Locally expand strengths of each sales company and gradually expand regionally
 - Build IT center capabilities to support process
 - Reinforce partner alliances as local level
- **Build new services model in Japan**
 - Focus on large customer base of small and medium-sized enterprises and build digital business model that becomes a new revenue source

Phase 3

- **Globally deploy strengths from across operating regions**
(centers of excellence)

- Accumulate assets
- Strengthen ability to handle global projects across operating regions
- Reinforce partner alliances at global level

*1: Japan, United States, Canada, United Kingdom, Germany, France, Italy, Spain, Netherlands, Australia, and Hong Kong

Office Services (Subscription Business Deployment)

- 1 Office Services
- 2 Platform
- 3 Digital Business

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Transitioning to subscription businesses in each operating region while endeavoring to provide value from RICOH Smart Integration IDs

RICOH Smart Integration ID deployment



- 1 Distribute IDs, centered on MFPs
- 2 Expand uptakes of Ricoh offerings other than MFPs
- 3 Expand partner solutions

Subscription business expansion

By signing up for RICOH Smart Integration IDs, customers can use cloud service subscriptions (SaaS) connected with Ricoh's powerful edge devices

- Usage per customer requirements
- Monthly and annual subscriptions available
- Free trials so customers can verify task improvement benefits

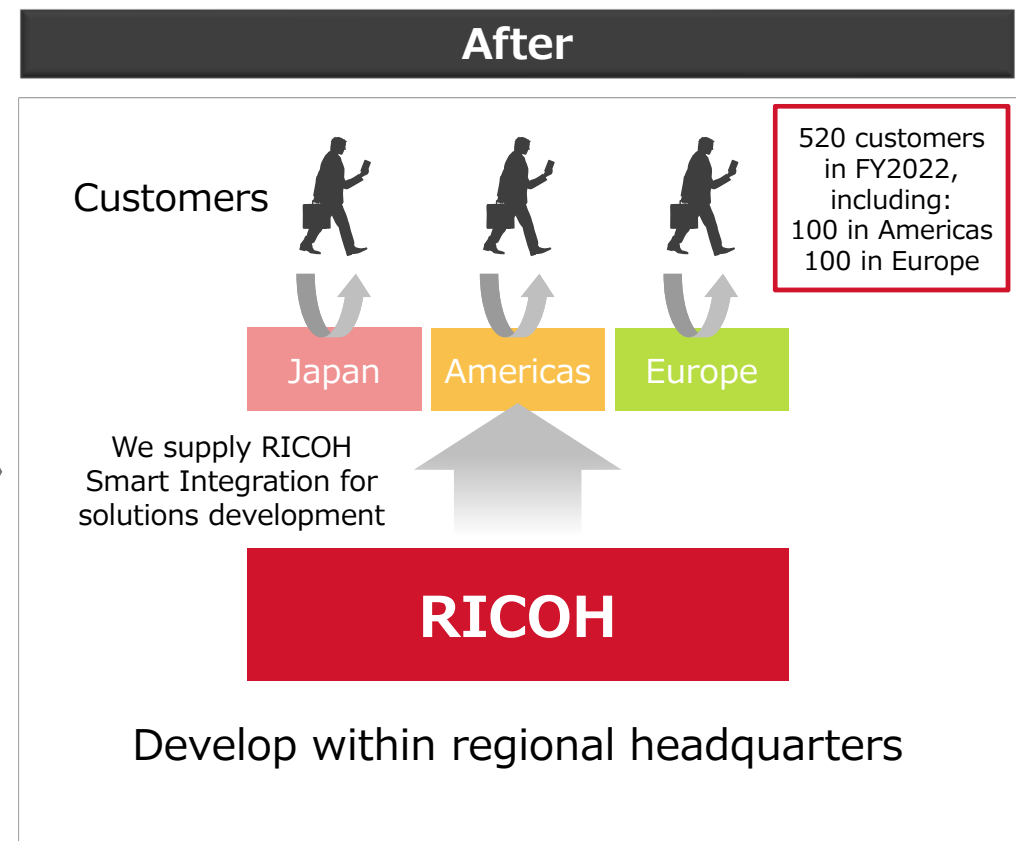
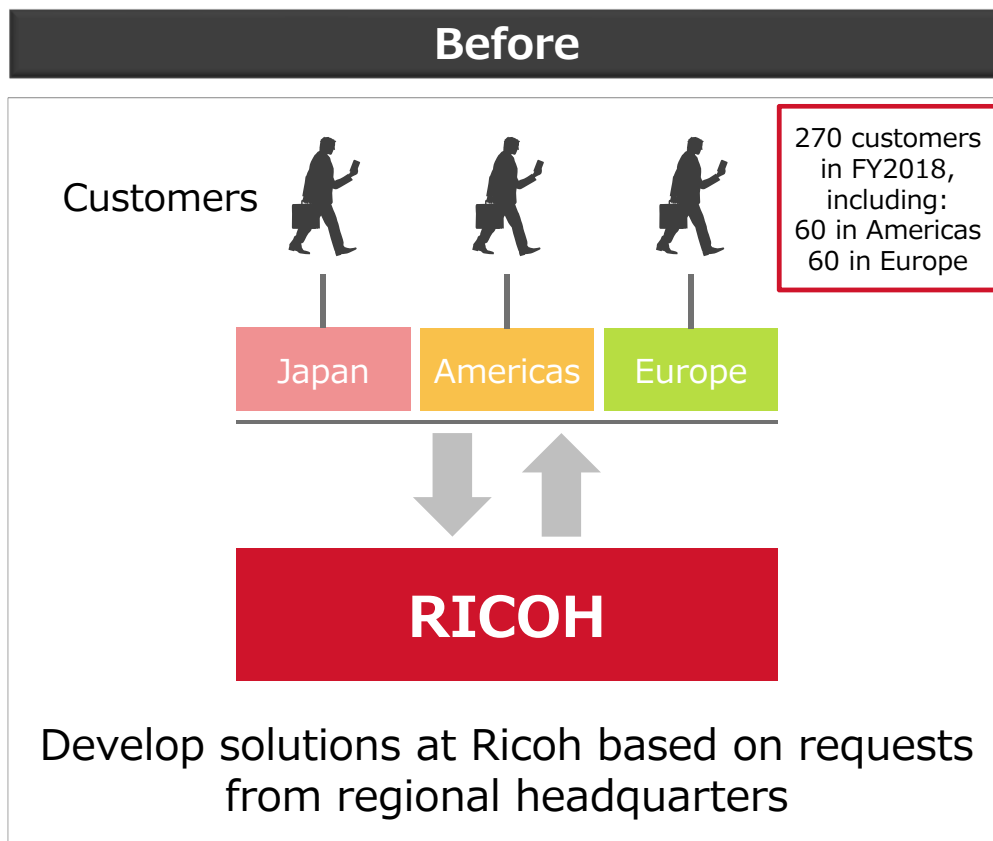
Office Services

(Strengthening Software as a Service Provision Capabilities)

- 1 Office Services
- 2 Platform
- 3 Digital Business



Leverage RICOH Smart Integration to build and constantly strengthen SaaS business structure that drives rapid solutions development in each region



Digital Business (Business Climate)

1 Office Services

2 Platform

3 Digital Business

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Market trends

Customer needs

- **Accelerate work practice reforms and digital transformation**
 - Use digital technologies to transform operations, business models, and products and services in various workplaces and accelerate efforts to build competitive edge by creating new customer experiences
 - Harness work practice reforms to increase work efficiency, productivity, quality, end user satisfaction, and marketing efficiency, boosting sales, earnings, and competitiveness
- **Evolving, applying, and introducing IT**
(including cloud, IoT and AI)
 - IoT advances for edge devices
 - Advances in applications for artificial intelligence technology enabling recognition and analysis of huge volumes of diverse data (audio and visual as well as text) worldwide
 - Materialization of new services and user experiences, including business applications, platforms, and data analysis engines over the cloud
- **Software as a Service market expansion**
 - SaaS market growing rapidly, particularly among small and medium-sized enterprises
 - Potential for market to become huge through pre-market substitutions and creations of new markets

Competitive trends

- MFP manufacturers digitizing office environments
- High-value-added solutions proposals that cater to diverse customer needs
- Startups and venture businesses intensifying digital business competition

Ricoh's strengths

- Robust customer base built in printing business
(Sales and support capabilities)
- Capabilities unavailable to startups
Examples:
 - Customer base
 - Sales and support (maintenance) capabilities
 - Strong links between capital and business support partners
 - Brand awareness and trust
 - Investment capacity

Ricoh's key customers

- Small and medium-sized enterprises that have deployed imaging equipment

Digital Business (Review and Plans)

- 1 Office Services
- 2 Platform
- 3 Digital Business**



Initiatives to date	Results	Plans
<p>Developing business-to-business and in-house and inter-company communication operations</p>	<ul style="list-style-type: none"> ● Invested in digitizing ordering, invoicing, and other transaction processes <ul style="list-style-type: none"> – Acquired billing management software vendor MakeLeaps – Developed artificial intelligence-based Cloud-OCR document workflows ● Secured communication centralization resources <ul style="list-style-type: none"> – Formed capital and business alliances with hands-free communication device company BONX and speech recognition firm Hmcomm 	<ul style="list-style-type: none"> ● Invest extensively to further expand business <ul style="list-style-type: none"> – Accelerate expansions of business-to-business and in-house and inter-company operations – Invest extensively in providing digital support in promising business areas (including manufacturing, retailing, logistics, and healthcare) ● Deploy partner strategies, including through capital and business alliances ● Develop of new IoT devices by pushing ahead with digital businesses
<p>Planning and developing digital businesses for offices and frontlines</p>	<ul style="list-style-type: none"> ● Automated visual inspections with imaging and artificial intelligence technologies through capital and business alliance with Ridge-i ● Drone and imaging-based power plant infrastructure inspections through capital and business alliance with Beijing Zhongkelifeng Technology ● Proof-of-concept for business automation through voice and artificial intelligence technologies 	
<p>Forming capital and business alliances to incubate operations more swiftly</p>	<ul style="list-style-type: none"> ● Formed capital alliances with seven companies and accelerated partnerships with startups, including MakeLeaps acquisition ● Made limited partner investment in UB Ventures ● FY2018 investments totaled ¥5 billion 	

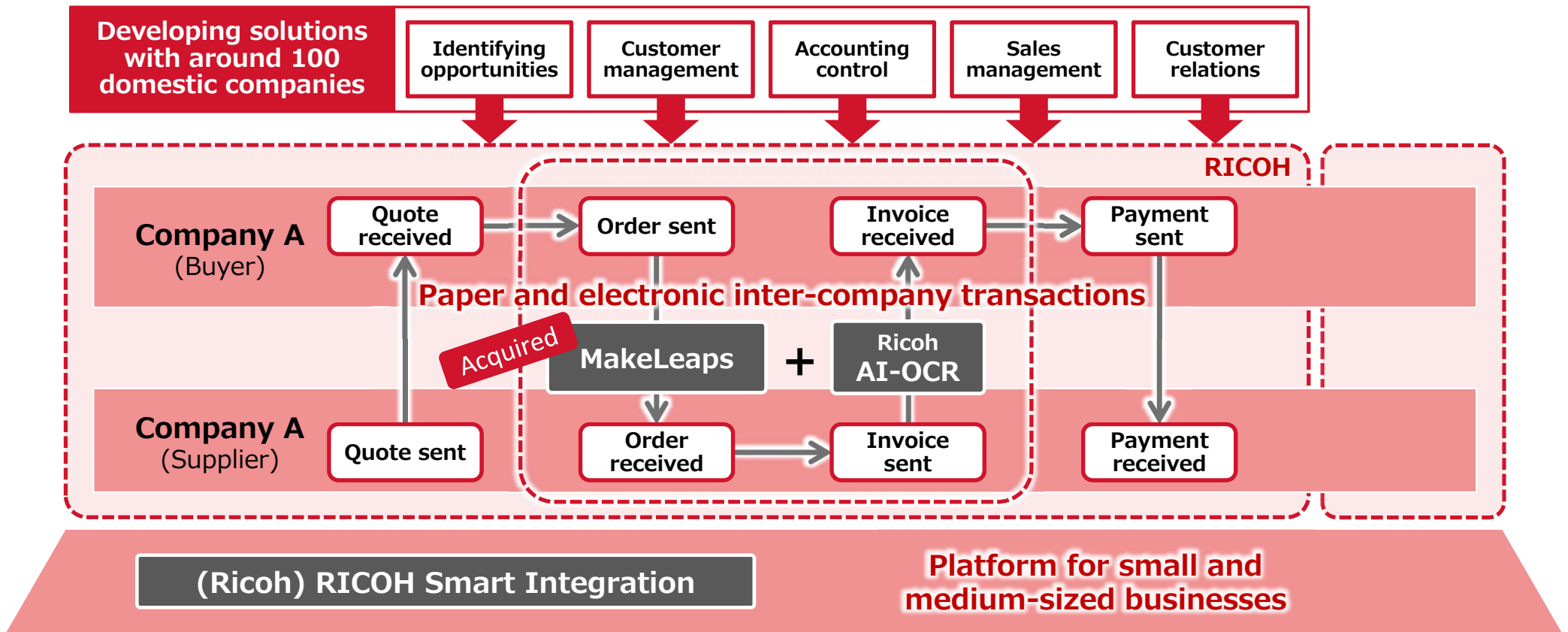
Digital Business

(Example: Streamlining operations through inter-company transactions)

- 1 Office Services
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Providing solutions that enable sellers and buyers to digitize and streamline quotation → ordering → billing → payment flows, which are often based on paper, faxing, and manual work and are very inefficient



FY2022 Goals

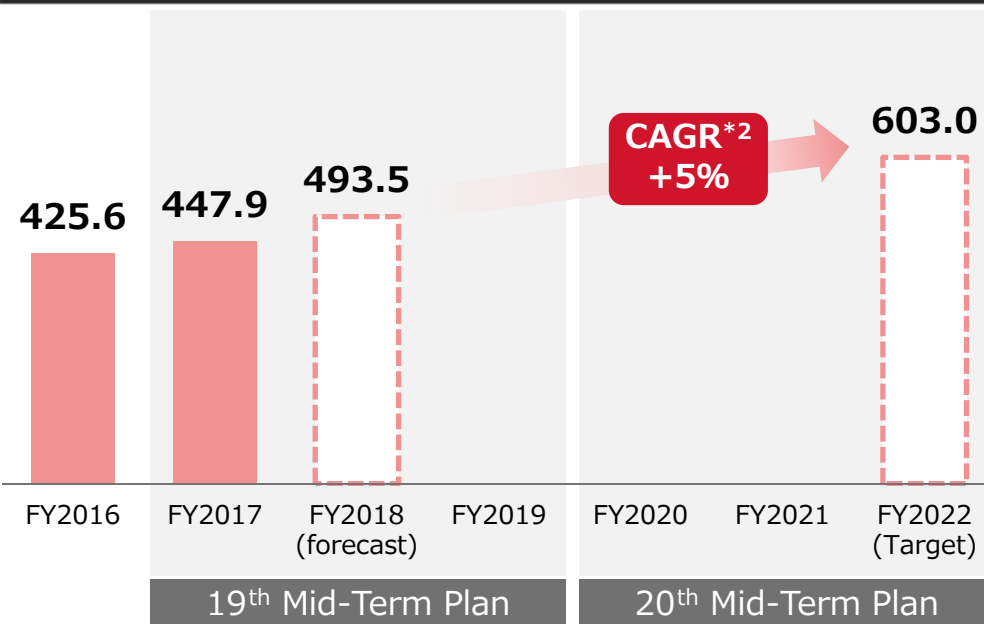
FY2022 Targets

Sales **¥603.0 billion**
Operating Profit **¥36.0 billion**

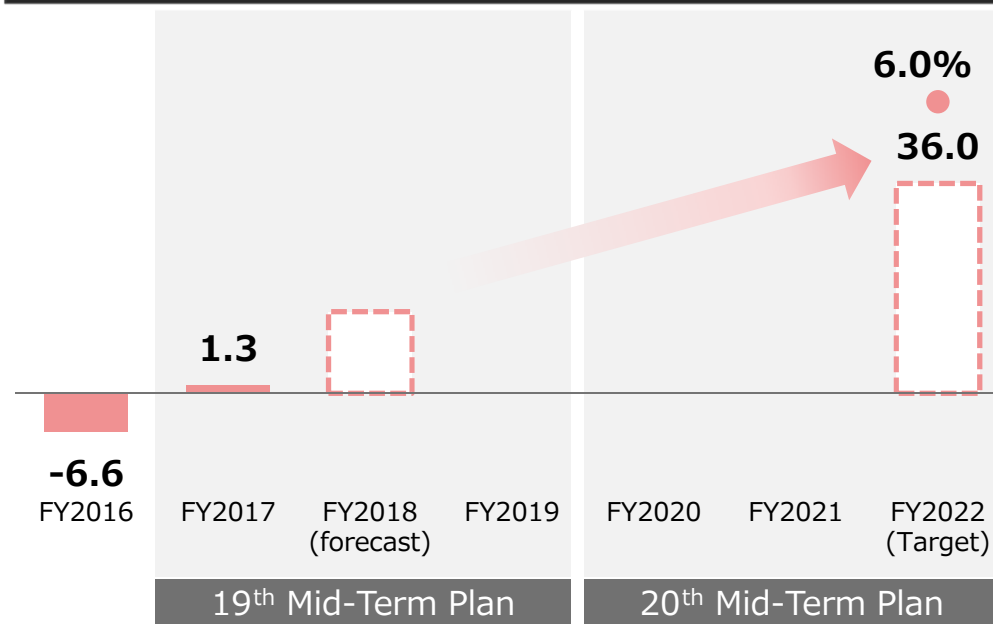
Key strategy

Expand business by reinforcing structure and investing extensively and build a business model to generate stable earnings

Sales (Billions of yen)



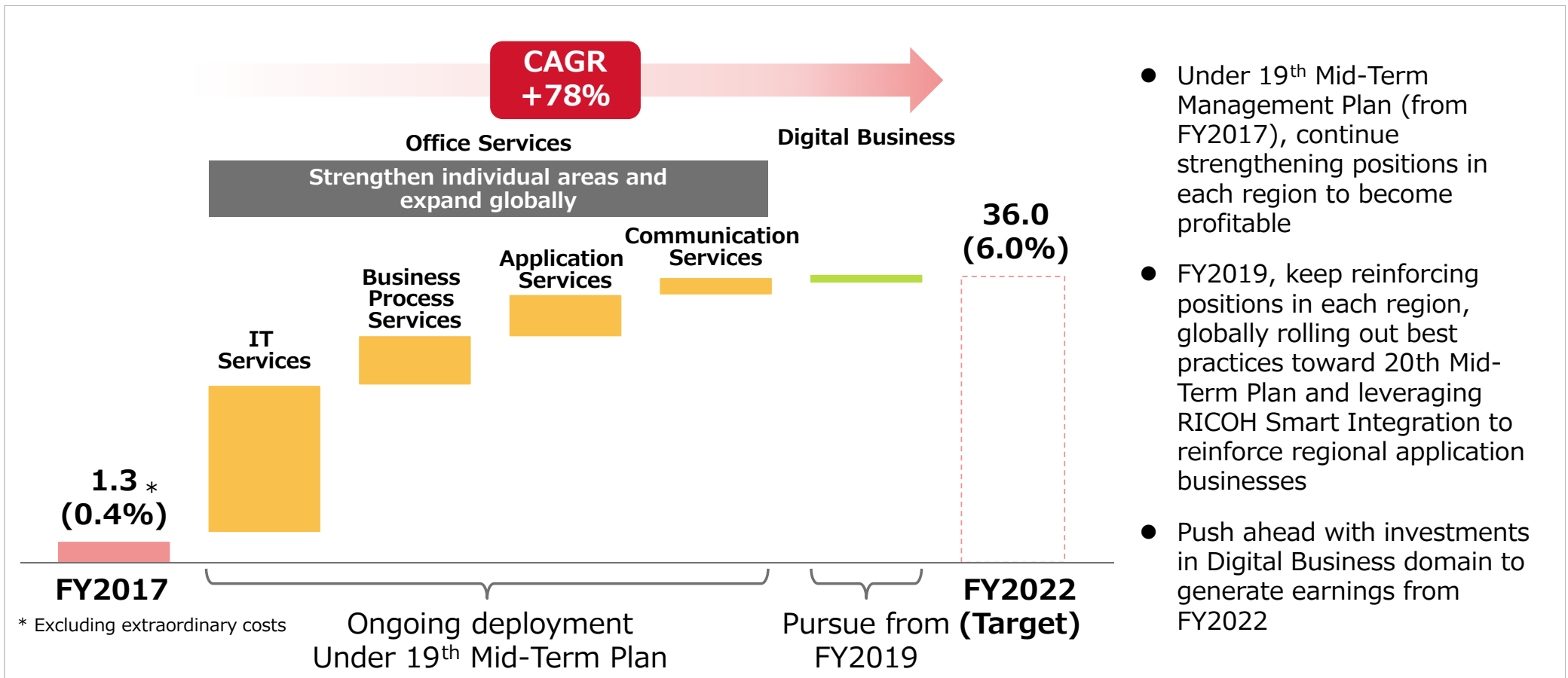
Operating profit (billions of yen) *1 / Operating margin *1



*1 Excluding extraordinary costs *2 From FY2016 to FY2022

Operating Profit Scenario for FY2022

Operating profit (billions of yen) / operating margin



- Under 19th Mid-Term Management Plan (from FY2017), continue strengthening positions in each region to become profitable
- FY2019, keep reinforcing positions in each region, globally rolling out best practices toward 20th Mid-Term Plan and leveraging RICOH Smart Integration to reinforce regional application businesses
- Push ahead with investments in Digital Business domain to generate earnings from FY2022

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Forward-Looking Statements

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. Those statements were made based on the judgment 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
- 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.**