

**Consolidated
Results for the
year ended
March 31,
2015**

RICOH
imagine. change.

April 28, 2015
Zenji Miura, Director,
President & CEO
Ricoh Company, Ltd.





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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- ✓ Net sales was ¥2,231.9 bil., a 1.7% increase y-o-y
Operating income was ¥115.7 bil., a 3.8% decrease y-o-y
Net income was ¥68.5 bil., a 5.8% decrease y-o-y
- ✓ Increase in sales of color MFP and PP products as well as overseas IT services but a decrease in profit due to knock-on effect of previous year's IT special procurements, port strike in the US, intensified competition and increased expense for expanding the organization
- ✓ A year-end dividend of ¥17 (Annual dividend ¥34)
- ✓ Forecast for FY2016/03
Net sales ¥2,400.0 bil., a 7.5% increase y-o-y
Operating income ¥140.0 bil., a 20.9% increase y-o-y
Net income ¥83.0 bil., a 21.1% increase y-o-y
Annual dividend of ¥35, a 1 yen increase y-o-y

We have started to adopt International Financial Reporting Standards (IFRS) for the consolidated financial statements from FY March 31, 2015, instead of U.S. GAAP.
In this material we also adopted IFRS for part of last fiscal year for the purpose of reference.

- Full year results ending March 2015, net sales was ¥2,231.9 bil., a 1.7% increase y-o-y.
- OP was ¥115.7 bil., a 3.8% decrease y-o-y.
- Profit attribute to owners of the parent was ¥68.5 bil., a 5.8% decrease y-o-y.
- In our core business, color MFPs (Multi-Function Printer), PP (Production Printer) products, and overseas IT services did relatively well.
- However Q4 profit declined due to reactive loss from previous year's special demand for the migration from Windows XP in Japan as well as the recent port strike in the US. We also increased expenses for organizational expansion and these resulted in a profit decrease compared to the previous year.
- However there is no change for the year-end dividend of 17 yen (full year dividend will be 34 yen).
- The forecast for FY 2016/03, net sales is ¥2,400.0 bil., a 7.5% increase y-o-y.
- OP is ¥140.0 bil., a 20.9% increase y-o-y.
- Profit attribute to owners of the parent is ¥83.0 bil., a 21.1% increase y-o-y.
- Based on this forecast, annual dividend will be 35 yen, which is a 1 yen increase y-o-y.



	FY15/03	Diff.
Sales	2,231.9 bil.	+1.7%
Operating profit	115.7 bil.	▲3.8%
OP margin	5.2%	▲0.3pt
EPS	94.58 yen	▲5.8%
ROE	6.5%	▲1.0pt
FCEL*	51.3 bil.	▲38.8 bil.
Dividend	34.0 yen	+1.0 yen

*FCEL: Free Cash flow Excluding Leasing asset

- OP margin was 5.2%, a 0.3pt decrease y-o-y. Both EPS and ROE have declined as well.
FCEL (Free Cash Flow Excluding Leasing asset) is ¥51.3 bil.
- Full year dividend is 34 yen.
- Unfortunately our results were below our forecast at the time of Q3.

Projected operating income (as of Q3)	¥140.0 bil.
Structural reform contribution	+3.3
Sales factors	▲25.8
Breakdown {	
Quantity factor	▲10.2
Price factor	▲15.6
Production cost decrease	▲1.5
R&D expenses	+1.3
Other expenses	▲3.7
FOREX	+2.1
Operating income results	¥115.7 (▲24.2)

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- Forecast of ¥140.0 bil. During Q3, actual result of ¥115.7 bil., a difference of ¥24.2

< Structural reform contribution >

- Structural reform effect, was forecasted as ¥18.8 bil., but was in fact ¥22.1 bil., which was ¥3.3 bil. plus.

< Sales factors >

- Sales factors, was forecasted as ¥8.4 bil., but in fact ¥-17.4 bil., which was ¥25.8 bil. minus.
- ¥25.8bil represents a ¥10.2 bil. minus by quantity factor and ¥15.6 bil. minus by price factor.
- For decrease by quantity factor, the biggest portion was due to the port strike in the US mentioned earlier. As a result, new black and white A3 MFPs became a significant sales loss. Also, we could not reach the year-end target that we set relatively high in Japan.
And in Europe, the MFPs recovered but LP sales declined due to shift to new products.
- For decrease by price factor, in Japan, unit price declined due to large-scale negotiated re-pricing at the end of year.
- Also, there has been a larger demand for A4 products worldwide which caused lower profitability due to the product mix. In addition, profitability was also affected by a price decline of non-hardware which was lower than expected.

< Product Cost Down >

- Production cost down, was forecasted as ¥5.0 bil., but was in fact ¥3.5 bil., which was ¥1.5 bil. minus.
- Effect declined due to unachieved sales volume.

< R&D >

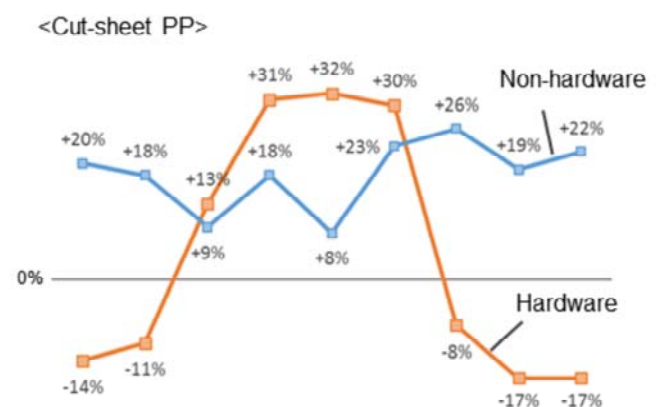
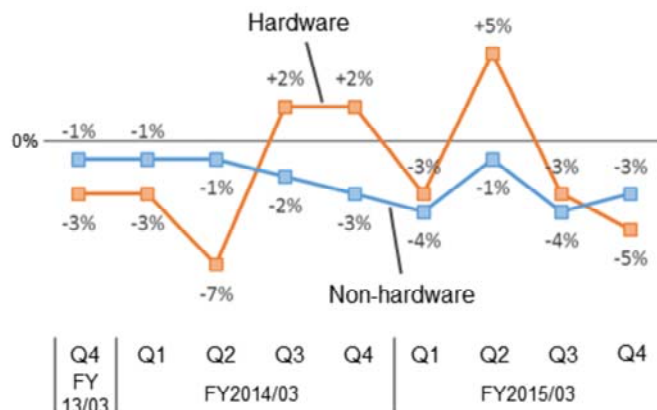
- R&D, was forecasted as ¥-5.0 bil., but in fact ¥-3.7 bil. by optimizing R&D activities, which was ¥1.3 bil. plus..

< Other Expenses >

- Other expenses, were forecasted as ¥-18.2 bil., but in fact ¥-21.9 bil., which was ¥3.7 bil. minus.
- These are mainly investments in emerging countries and for expanding the service business.
- In addition, the positive Foreign Exchange impact came to ¥2.1 bil. plus. As a result, OP was ¥115.7 bil.

year-on-year comparison (Value, excluding Forex)

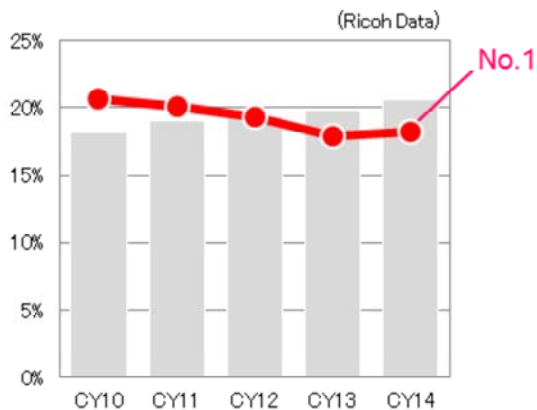
< MFP / Printer / PP >



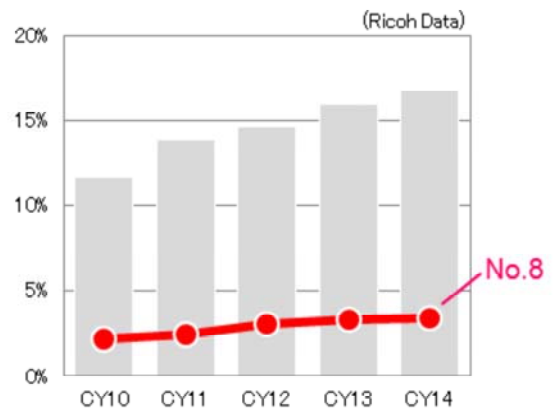
- Hardware for our core business (MFP, LP and PP) at Q4 decreased by 5% and non-hardware by 3% y-o-y.
- But these results are based on figures and unit amount is increasing.
- Renegotiated contracts in Japan at the end of last fiscal year and the US port strike caused this -5% result in hardware.
- We guess -2% for non-hardware at Q4 but -3% result against our forecast.
- MIF enlargement will improve this situation at this term.
- In our MIF enlargement plan, among strategically progressed color and cut sheet MFPs, hardware and non-hardware constantly pile up and will contribute to our non-hardware results.



<A3 MFP>



<A4 MFP>



<Main new products for FY2015/3>

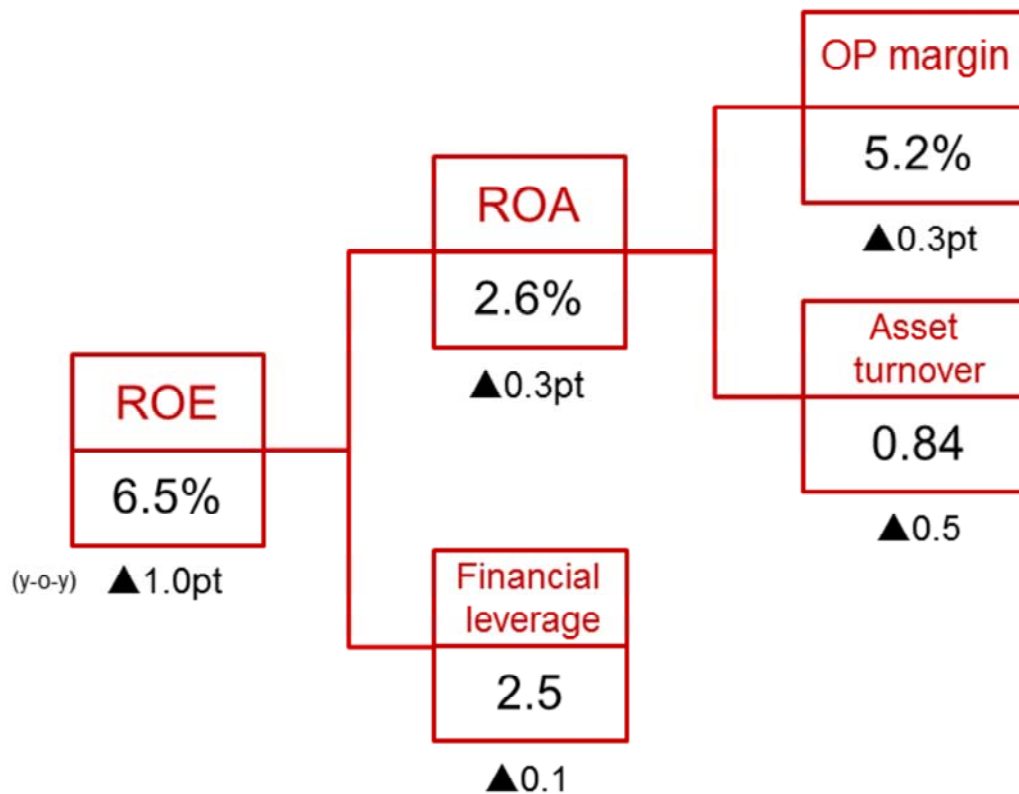
(A3 MFP)



(A4 MFP)



- A3 MFPs share is No.1. A4 MFPs share is expanding little by little and we aim to increase our share by releasing new products.



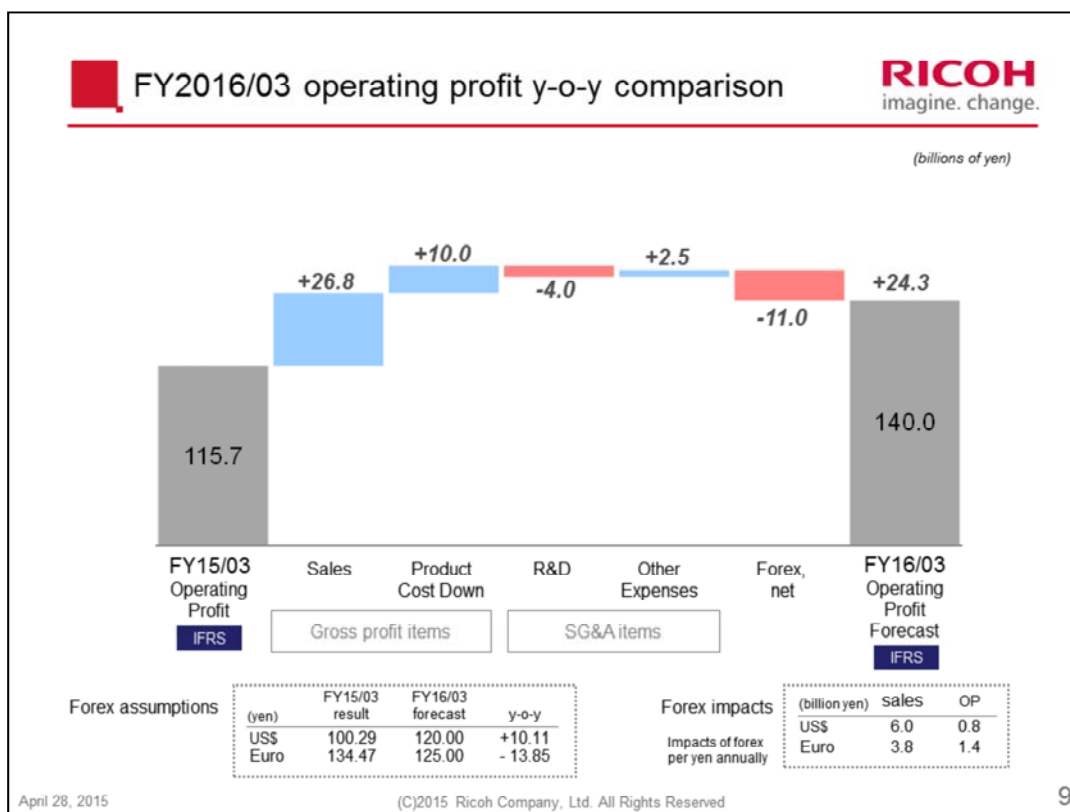
- As operating profit wasn't achieved, ROE came to 6.5% (-1.0pt y-o-y).
- We need to improve financial leverage by capital and financial measures.
- We planned to increase asset turnover for ROA improvement but because the US port strike and other factors caused over inventory and asset turnover got worse.
- We will manage unnecessary assets and bad business this term.



	FY16/03 forecast	Diff.
Sales	2,400.0 bil.	+7.2%
Operating profit	140.0 bil.	+20.9%
OP margin	5.8%	+0.6pt
EPS	114.50 yen	+21.0%
ROE	8.0% or higher	+1.4pt or higher
FCEL*	80.0 bil. or higher	+28.7 bil. or higher
Dividend	35.0 yen	+1.0 yen

*FCEL: Free Cash flow Excluding Leasing asset

- We would like to achieve ¥2,400 bil. in sales and ¥140 bil. OP.
- We also aim to increase 0.6pt on OP margin to reach 5.8%. As for FCEL, we are targeting about ¥80 bil., which is ¥28.7 bil. more than the previous year. By expansion of profit and improvement of inventory turnover, we should get better cash flow y-o-y for new investment.
- As a result, dividend forecast is 35 yen, which is 17.5 yen for both mid-year and year-end.



- ¥26.8 bil. of profit increase through sales.
- There are three factors included here. Among the ¥26.8 bil., ¥10 bil. is from profit increase by sales volume growth of core business. We are now trying hard to expand global sales in color, and black and white MFPs on a new platform. At the same time, we are expanding our business in emerging countries. As for PP business, we are extending sales on new products such as Color Inkjet Continuous Feed Printing System, Cut-sheet High Speed Machine, and Cut-sheet Middle Speed Machine.
- Another ¥10 bil. of the ¥26.8 bil. will come from profit increase in non-hardware. We are shooting for sales increase y-o-y of 1% or so in full year. Recovery impact from that new platform for new products is incorporated.
- In addition, ¥6.8 bil. of profit increase from other business is expected. One is from the Service business. Industry Business is also going to contribute. Then, we also have the digital camera business. This year, we are hoping to make it profitable.
- Then, we have ¥10 bil. plus by product cost down largely thanks to a new platform. These new products will increase sales volume, and can also contribute to product cost down.
- R&D expenditure will increase about ¥4 bil. due to investment for new business.
- Other expenses are plus ¥2.5 bil., which means profit increase. Another ¥10 bil. is for increase of salary, expansion of service business and expansion in emerging countries. ¥12.5 bil. of decrease is for a further cross-functional and global expansion of the Ricoh group, a further strengthening of optimization and reforms of headquarter function. We would like to make savings by these measures.
- FOREX impact is forecasted as ¥11 bil. negative. We forecast 120 yen for US\$ and 125 yen for Euro.



■ Office business

- Maximization of after services profit by MFP expansion
- Service expansion in the particular markets

■ New business

- PP business expansion with the strongest lineup
- Expansion in industrial products business

■ Ricoh Group

- Accelerating ongoing structural reform
- Enhancing asset efficiency (reviewing assets, capital policy and so on)

- For Office business, we will maximize after services profit by MFP expansion and accumulation of MIF.
- We have succeeded in transferring to new platform for color, and black and white products, so we should expand sales in this area. Product supply issues and quality issues have returned to normal state from second half of last year. New products should contribute fully to our result of FY2015/03.
- The most important thing is to increase profit on MIF, service and non-hardware with high competitive edge with new machine.
- In developed markets, we need to grow the service and solution business.
- On the other hand in emerging markets, we need to grow strategically. In fact, in emerging countries, there has been 2 digits growth continuously. OP margin is also more than 10%. We would like to further expand there.
- In terms of selling style, we will focus on particular markets. For example in some area, we will concentrate vertically on the health care market, and in other area, on the education market. We will proceed with these efforts individually and pull them together horizontal expansion.
- For new business, we are almost finalizing new machine line-up in PP business. We will expand further.
- As for Industrial Products Business, we are ready for expansion in areas such as factory automation market, in-vehicle camera and security related business.
- As for accelerating ongoing structural reforms, we will move to the next step from enforced CRGP(Corporate Restructuring and Growth Project) to organic CRGP.
- We will strengthen our core business and generate cash flow to invest in new business. This baseline has not changed from our 18th Mid-term Plan.
- Further, we will enhance asset efficiency. We have started various measures such as reorganizing headquarter function, or spinning off the SAN-AI business.



Black and white MFP



MP3554

Color production printer



Pro C9110

Industrial products



stereo camera

Start of 3D printer production services



Strengthening businesses

- Ricoh Middle-East established
- Acquisition of PTI
- Investment in Interconnect

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- Recent new products and the reinforcement of business which can be expected to contribute to good results.

< Black and white MFP >

- RICOH MP3554 can cover 5 models ranging from 25 ppm to 60 ppm on one platform.
- This is the model that was launched at Q3 in Japan and Q4 overseas, and we are expanding sale this term.

< Color production printer >

- RICOH Pro C9110 is a high-speed 130ppm color production printer (and earlier Ricoh machine was 90ppm), and we are planning sales for commercial print use.

< Industrial products >

- Stereo camera for factory automation can be utilized as the eyes of a robot for production at a factory.
- As this stereo camera is capable of measuring the shape of solid objects which move quickly, working efficiency rises.

< Start of 3D printer production services >

- We established RICOH Rapid Fab in our Atsugi factory, and have started new business in cooperation with 'Stratasys' and 'ALTECH (Japanese distributor of Stratasys)' to contribute to manufacturing of special material parts and small lot production.

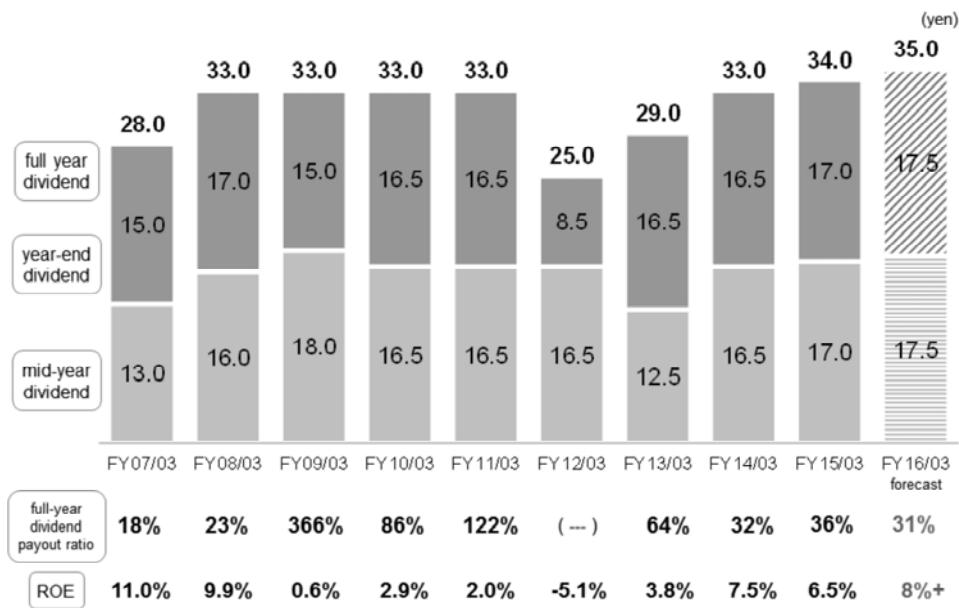
< Strengthening businesses >

- We established Ricoh Middle-East FTZ in Dubai, and aim to expand business in the Middle East and North Africa.
- In the PP business, we have acquired 'PTI (PTI Marketing Technologies)', and we will offer workflow improvement solutions such as marketing asset management on contents and web-to-print solutions.
- As we invested in 'Interconnect' (an advertisement marketing company) in Japan, we can support marketing process from sales promotion idea to making of marketing production in one stop.



Dividend and ROE

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- The forecast is for 35 yen dividend for end of March, 2016.
- This full-year dividend payout ratio is in line with the 18th Mid-term Plan, general return disposition 30%.



<Appendix> Calculation information Financial Statements excluding Finance Businesses

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*Finance: Finance business Ricoh conducts globally

1.Profit Statement (billions of yen)			
	Consolidated	Products & Services	Finance
Sales	2,231.9	2,180.2	132.9
Operating profit	115.7	88.1	27.6

2.Statement of Financial Position			
	Consolidated	Products & Services	Finance
Assets	2,730.2	1,910.2	1,043.8
Financial Assets	857.6	-	857.6
Liabilities	1,575.8	917.3	882.4
Interest-bearing debt	790.5	170.6	792.4
Total Equity	1,154.3	992.9	161.4
Net debt	651.9	Δ130.8	791.8

3.Statement of Cash Flow			
	Consolidated	Products & Services	Finance
Free cash flow	Δ19.0	51.3	Δ70.3

<Key Financial Ratios>

	Consolidated	Products & Services
ROA	4.2%	4.5%
ROE	6.5%	5.6%
Equity ratio	39.7%	51.9%
D/E ratio	72.9%	17.2%
Total assets turn over	0.82	1.14

This chart includes approximate calculations, and excludes impact of exchange transaction ¥21.9 bil from Free cash flow.
<Impact of exchange transaction>
Cash expenditure of the balance between financing and payment for overseas subsidiaries.

- Based on expansion of the finance business, we prepared financial statements excluding finance business not only Ricoh Lease but also Finance Business worldwide.
- We separated Finance from Products & Services, allowing you can check real achievements of the Ricoh Group.



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