

Ricoh Group Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

Operating results

In the year under review, consolidated sales rose 1.7%, to ¥2,063.3 billion. The average exchange rate of the Japanese yen against the U.S. dollar was ¥110.91, down ¥2.52 from a year earlier, while the rate against the euro was ¥129.67, a depreciation of ¥10.85.

The Japanese economy continued to pick up moderately during the term. It was against this backdrop that in the Office Services segment domestic sales climbed for personal computers and other IT infrastructure and for communication services. In other areas, sales expanded for optical equipment and electricity retailing. Sales in Japan overall were therefore up 4.2%.

Overseas, economic conditions in the Americas continued to improve and recovered in Europe, the Middle East, and Africa. While the Chinese economy decelerated, other emerging nations continued to recover. While sales were down overseas in office printing they rose in all other segments. Sales were down 5.2% in the Americas (or 7.3% after factoring out exchange rate fluctuations), up 4.6% in Europe, the Middle East, and Africa (down 4.0% after excluding exchange rate changes), and up 6.4% in China, Asia, and other regions (up 2.4% after factoring out exchange rate fluctuations). Overall, overseas sales increased 0.2%.

Gross profit rose 0.3%, to ¥791.0 billion, reflecting sales growth. Selling, general and administrative expenses increased 3.0%, to ¥777.9 billion. Selling, general and administrative expenses included ¥30.1 billion in impairment losses on intangible and tangible assets in the office printing, office services, and other businesses. Structural reform costs for future growth businesses were admittedly up after factoring out these losses. Despite a large increase in costs, Ricoh lowered expenses from structural reforms bearing fruit earlier than planned, as well as from groupwide cost-cutting initiatives, which included reforming business processes.

Other income was up, owing largely to gains from agreements to transfer customers for the Group's direct sales and services to regional dealers as part of efforts to optimize its direct sales structure in the Americas. Another factor was transfers of shares in such subsidiaries as Ricoh Electronic Devices Co., Ltd. Goodwill impairment losses included ¥145.8 billion in such losses in the office printing and services businesses.

The Company thus posted an operating loss of ¥115.6 billion, compared with an operating profit of ¥33.8 billion a year earlier.

On the finance income and costs front, the Group incurred a higher net foreign currency exchange loss. The Group posted a ¥124.1 billion loss before income tax expenses, compared with a ¥29.9 billion profit before income tax expenses a year earlier.

This led to a loss attributable to owners of the parent of ¥135.3 billion, from a profit attributable to owners of the parent of ¥3.4 billion in the previous term.

Financial position

Assets, liabilities, and equity at year-end

Total assets decreased ¥118.2 billion, to ¥2,641.0 billion, reflecting impairment losses on property, plant and equipment and on goodwill and intangible assets.

Total liabilities increased ¥9.8 billion, to ¥1,652.2 billion. This was despite decreases in other current liabilities and in accrued pension and retirement benefits.

Total equity was ¥988.7 billion, down ¥128.1 billion, reflecting a decline in retained earnings because of the loss attributable to owners of the parent.

Cash Flows

Net cash provided by operating activities increased ¥21.9 billion, to ¥110.2 billion, reflecting a larger decrease in inventories and a smaller increase in lease receivables.

Net cash used in investing activities dropped ¥25.6 billion, to ¥81.0 billion, owing to a decrease in time deposits.

Net cash provided by financing activities increased ¥26.3 billion, to ¥6.4 billion. The prime factors in this increase were decreases in repayments of long-term debt and in dividends paid.

 Refer to our website

Investor relations www.ricoh.com/IR/

Annual securities report for the fiscal year ended March 31, 2018 www.ricoh.com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_118th.pdf

Flash report for the fiscal year ended March 31, 2018 www.ricoh.com/IR/financial_data/financial_result/data/30/q4_report.pdf