

Opening bright new vistas by surpassing customer expectations through innovations in technology and services



Yoshinori "Jake" Yamashita
President and CEO

Q1

How did Ricoh fare in the year ended March 31, 2019?

Customer value perceptions and demand trends have transformed amid recent progress in digital technologies and the dramatically accelerating pace of technological innovations. Companies worldwide face rising pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help materialize Sustainable Development Goals (SDGs) > **1** cannot hope to build their marketplace reputations or generate sustainable growth. The lifestyles and values of individuals have diversified considerably. The Internet of Things (IoT) and other advances have removed constraints on where people work, driving the acceleration of personalized work practices. Such changes in the operating climate have made it a pressing challenge to overhaul existing systems and business processes to align them with future business environments.

I delivered a keynote speech during the opening ceremony of Climate Week NYC on September 24, 2018. I was invited to do so in view of the Ricoh Group earning a solid reputation for its achievements, one of them being that it was the first Japanese company to commit to RE100 > **2**, a collaborative, global initiative of influential businesses. My speech reviewed the Ricoh Group's endeavors over the years and noted that change is only possible through action. I noted that leadership, action, and collaboration are essential to protect the environment. I also shared my view that it is vital to keep pursuing new challenges for better tomorrows.

Trends affecting the business climate

Businesses that do not contribute to SDGs will be eliminated

It will become critical for business success to be compatible with resolving social issues

The needs of individuals will be more diverse

Workplaces could be anywhere and personalization will increase

The role of printing technologies will expand

Innovations replacing existing technologies

Q2

How do you sum up your performance in the year ended March 31, 2019?

Overall, it was a year in which we did more than ever under the 19th Mid-Term Management Plan that we rolled out a year earlier to improve our profitability and execute our growth strategies to position ourselves for growth in the years ahead. While consolidated sales were down 2.4% from a year before, to ¥2,013.2 billion, we progressed steadily on the earnings front. We generated ¥86.8 billion in operating profit and ¥105.1 billion in profitability (operating profit after excluding special and transient factors).

In our core Office Printing business, we engineered a dramatic earnings turnaround as a result of structural reforms, although hardware and consumables sales were down, especially overseas. In Office Services, one of our growth fields, we continued to steadily expand earnings. It was against that backdrop that we invested strategically to secure resources to expand Office Services and Industrial Printing businesses.

In another business selectivity move, we transferred our shares in Ricoh Logistics System Co., Ltd., to SBS Holdings Co., Ltd., a third-party logistics services provider that has become a new partner in efforts to reinforce our supply chain management capabilities.

Business process reforms bore steady fruit. After deploying logistics process automation in Japan and abroad, for example, we automated 60 internal processes and reduced annual workloads

i

1 Sustainable Development Goals (SDGs)

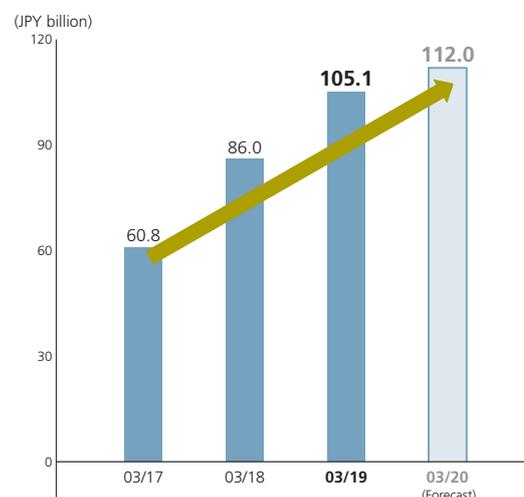
September 2015 saw the adoption of 17 goals and 169 targets at a United Nations Summit as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in terms of such areas as health, sanitation, economic development, and the environment by 2030.

2 RE100

Companies collaborating in this global initiative seek to source 100% renewable electricity.



Profitability trends



Refer to these pages

1 19th Mid-Term Management Plan
P.17-18

significantly. We will keep reviewing and automating tasks in the year ending March 31, 2020. Under our 19th Mid-Term Management Plan **▶1**, a three-year initiative ending in the year ending March 31, 2020, we aim to generate ¥100 billion in savings from the year ended March 31, 2017 levels through structural reforms. We have left no stone unturned in optimizing fixed and other costs, producing accumulated savings of ¥88.5 billion by the year ended March 31, 2019.

We have done much to boost corporate governance. In the year ended March 31, 2019, we changed the way to evaluate the performance of the CEO. Such assessments are from financial, shareholder and capital market, and nonfinancial perspectives. We adopted total shareholder returns to evaluate the CEO's contributions to shareholders and market assessment perspectives. In the five years through the year ended March 31, 2018, our operating results were below the capital market's expectations amid persistently adverse operating conditions, and our total shareholder returns during that time underperformed TOPIX (including dividends). These returns have trended upward since April 2017, however, and have recently outperformed the market. It is also worth noting that Ricoh decided to introduce a performance-based stock compensation plan for directors **▶2** to incentivize shareholder-centric efforts to enhance corporate value over the medium and long terms.

Refer to this page

2 Performance-based stock compensation plan for directors
P.63

Q3

How has the RICOH Ignite growth strategy progressed?

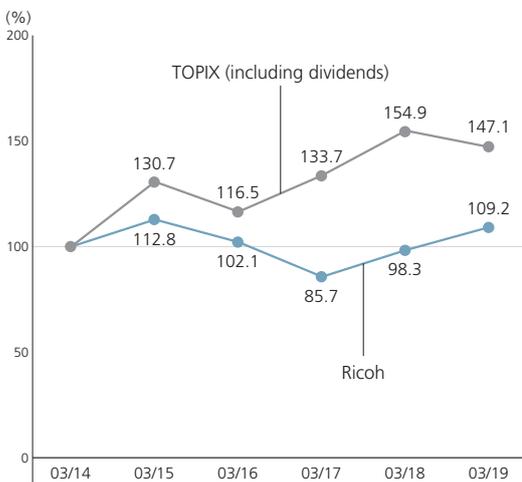
We established three stages to drive sustainable growth. Under RICOH Resurgent, launched in the year ended March 31, 2018, we devoted energy to enhancing our strengths and refining our implementation capabilities to deliver growth. We also embarked on five materiality efforts. These were to enhance productivity, create knowledge, improve the quality of life, decarbonize economies, and materialize circular economies. In the year ended March 31, 2019, we launched, RICOH Ignite, a platform for steering toward growth and achieving challenging targets companywide over two years. It is in this stage that we are helping customers to work smarter through our EMPOWERING DIGITAL WORKPLACES value proposition.

We look to broaden the value we deliver through business to cover everything from conventional offices through frontlines and society at large. We are

Stages toward ongoing growth



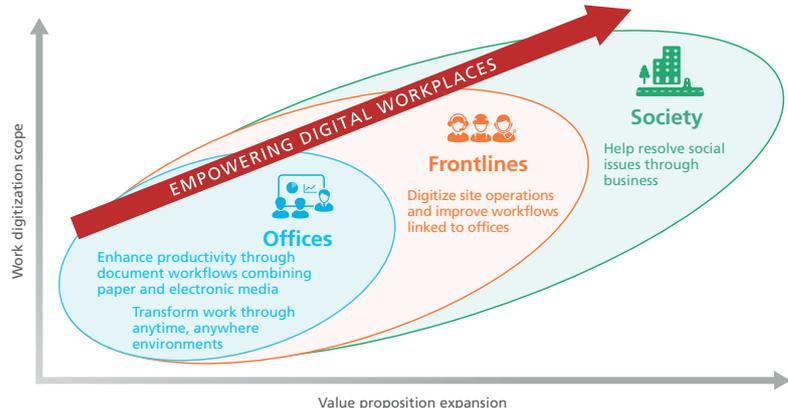
Total shareholder returns and comparative benchmarks over past five years



Closing price on March 31, 2014 = 100

Ricoh Group's approach

Workplace expansion and our value proposition



drawing on the Group's core competence in pursuing business that helps resolve social issues, thus simultaneously achieving the SDGs and enhancing our corporate value. As well as formulating business strategies to ensure the success of our five materialities, we launched a program to set and manage key performance indicators that guide business units in attaining their SDGs.

By moving away from being self-sufficient, we can swiftly deliver value in ways we could not have done before, drawing on external resources and open innovation to create new businesses. We are also changing work practices within the Group through an internal digital revolution so we can apply our practical knowledge to serve customers and provide even greater value for them.

We will endeavor to eliminate all greenhouse gases from our value chain by 2050 to materialize a decarbonized economy, which is an increasingly vital social need. In addition, we have expressed our support for the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) [P.49](#), which the Financial Stability Board set up to encourage companies to disclose risks and opportunities stemming from climate change and stabilize financial markets to streamline transitions to low-carbon economies. We disclosed our risks and opportunities stemming from climate change.

We fully pushed forward with three RICOH Ignite growth strategies from the year ended March 31, 2019, undertaking initiatives to expand our businesses.

Growth Strategy #0

Creating a robust foundation for our core businesses

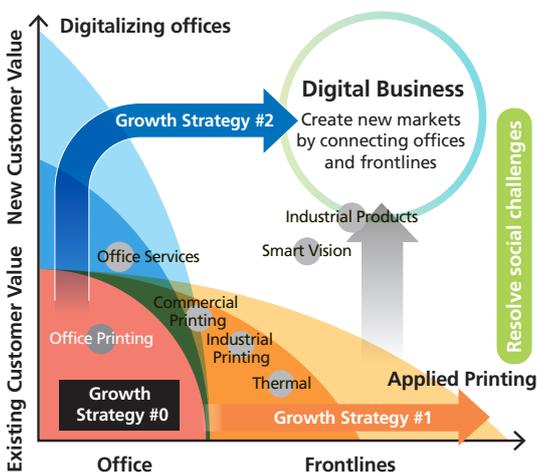
Under Growth Strategy #0, we are endeavoring to become more profitable in our Office Printing business. In the year ended March 31, 2019, we continued efforts from the previous year to systematically streamline operations while generating added value by combining price management and solutions to thereby boost profits on each business deal.

To streamline operations, we moved away from doing everything in-house, narrowing down the number of models under development and outsourcing production to significantly enhance quality and cost competitiveness. We also reduced costs, so while Office Printing sales were down from a year earlier we increased operating profit from that business area.

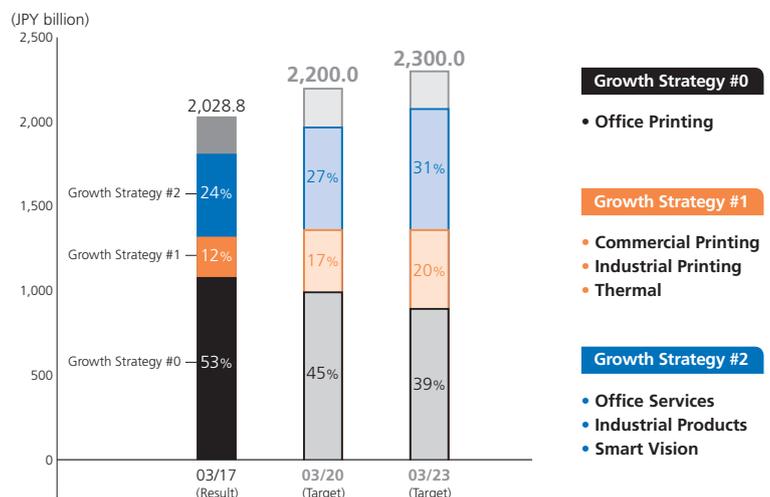
While revenues in the Office Printing business should continue to decline somewhat in developed nations, we expect demand to keep growing for color and A4 MFPs. It is against that backdrop that we will accelerate efforts to streamline all of our operations throughout the supply chain, from development through production, sales, and maintenance services. We aim to expand in China and other growth markets. On top of that, we will further enhance our MFPs and provide products and services that anticipate changes in customer information technology and environments, such as in cloud computing, thereby establishing a new earnings platform.

 Refer to this page
[TCFD](#)
P.49

Three growth strategies leveraging strengths



Sales: Business structure reform



Growth Strategy #1**Driving an industrial revolution with printing technology**

In the Commercial Printing business, we envisage that demand will expand for printing on demand and digitization in analog printing, principally in offset processes. Because we anticipate that increases in the number of machines in the field will drive earnings expansion, we have positioned Commercial Printing as vital to our profitability. We have rolled out a number of new models from 2018 that have sold well. We look to expand sales in the year ending March 31, 2020 by highlighting the on-demand printing advantages that digital technology can uniquely deliver.

The environmental impacts of what are largely analog mass printing processes have become a social issue worldwide. Our Industrial Printing business can draw on our strengths in industrial inkjet technology to deliver digital printing solutions and thereby contribute to greater safety and reliability in the clothing, food, and housing environments.

Our Thermal business should continue to expand solidly in view of growing demand worldwide for thermal labels used in displaying raw materials information and for shipping labels used in a growing Internet shopping market. In the year ended March 31, 2019, we increased sales and secured operating profit despite rising raw materials costs. We raised production capacity in North America and Europe to position ourselves for demand growth in the years ahead. We are building a new business structure, notably through fast laser printing systems that enable direct rewriting of labels on products as they progress through production lines.

We will continue to cultivate new potential for printing in and beyond such display printing areas. Such efforts will encompass additive manufacturing that applies inkjet technology and bioprinting and other functional printing.

Growth Strategy #2**Building value to bring offices and frontlines together**

In the Office Services business, we have captured IT investment demand among small and medium-sized enterprises while streamlining operations. We have undertaken business and capital alliances to build capacity for our business expansion. In our office area, we have transformed workflows and communications in regular offices while extending our focus to business-to-business workflows and frontline needs in delivering value for digitizing site work. We will broaden the value we deliver by offering workflows that link offices and frontline tasks. We will reinforce the proprietary RICOH Smart Integration platform and provide a range of workflow solutions.

In the industrial products business, we have greatly expanded sales of stereo cameras used in automotive safety support systems. The THETA 360.biz service of the Smart Vision business has broadened the applications of our 360° cameras, and our virtual property tour application has won high regard in the marketplace. In the years ahead, we will strengthen ties with the RICOH Smart Integration platform that provides services for these businesses, expanding the number of users and making the platform even more attractive.

Outlook for the year ending March 31, 2020

	03/20 Forecast	(JPY billion) Change
Sales	2,010.0	-0.2%
Operating profit	100.0	15.2%
Operating margin	5.0%	0.7%
Profit attributable to owners of the parent	62.0	25.2%
EPS (JPY)	85.53	17.21
ROE	6.5% or more	1.1%
R&D expenditures	112.0	0.9
Capital expenditures (Property, plant and equipment)	74.0	1.5
Depreciation (Property, plant and equipment)	67.0	1.5

*Exchange rate: USD/JPY=110.02; EUR/JPY=124.64

Announced on July 31, 2019

Mid-term financial targets

	(JPY billion) 03/23 Target
Sales	2,300.0
Operating profit	185.0
Operating margin	8.0%
ROE	9.0% or more
FCEF (Free cash flow excluding finance business)	250.0 Total FCEF over three years

Announced on February 6, 2018

Kindling new possibilities

Employing the Ricoh Group's core competence to resolve social issues

We will cultivate new businesses to ensure that we can grow over the medium and long terms. We are broadening our presence in the healthcare field by leveraging our image and data processing technologies to support the treatment of nervous system illnesses. Contributions include magnetoencephalographs and spinographs and DNA standard plates that result from applying inkjet technology to precisely eject live cells. Also, using our inkjet technology is the additive manufacturing business, through which we provide simple prototype production and other design support services as part of modeling services. By materializing small-lot, multi-product manufacturing at low costs, we are exploring ways to overhaul conventional manufacturing processes based on mass production approaches using molds and plates.



What steps will the Ricoh Group take to create value?

Globalization and advances in information technology are redefining the challenges that we all face. It is thus important to focus on tasks that individuals or individual communities cannot address in order to truly contribute to society. We will take on the challenge of creating new value by broadening our value proposition beyond offices to encompass frontlines and society, fully harnessing our strengths.

The Group can only continue pursuing this challenge if each employee is a party to change and acts without fear of failure. To succeed, we must maintain a corporate culture that fosters individual and team excellence. Our Group work practice reforms > > thus aim at better motivating employees. We have accordingly brought out a range of programs that encourage employees tackling new challenges as well as special measures for our younger workers.

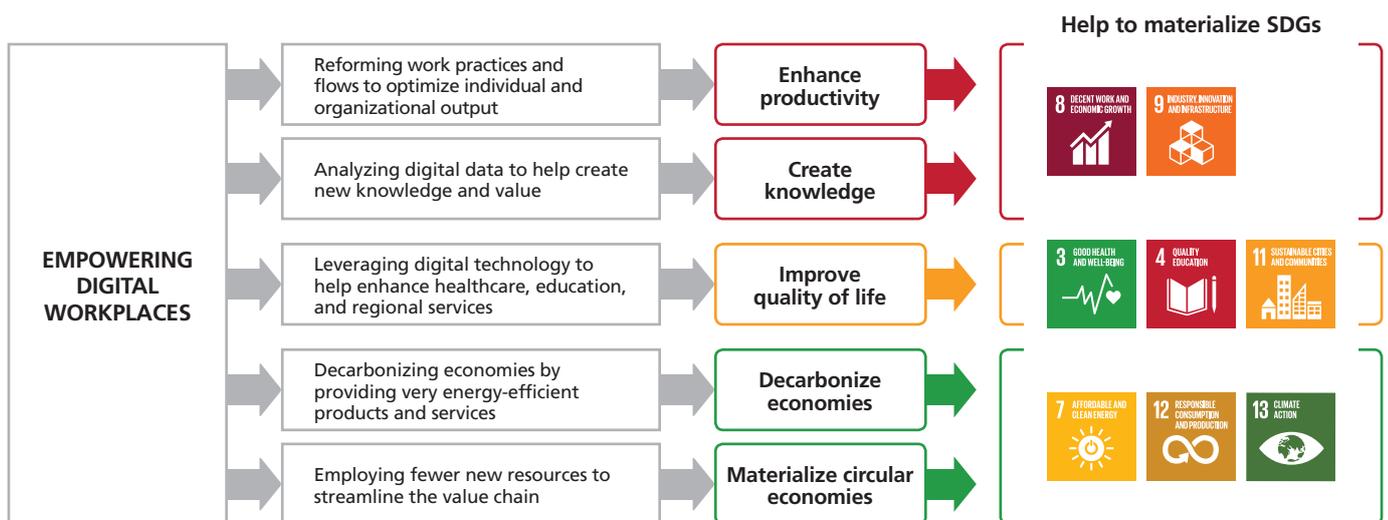
We will accordingly continue to drive innovation and transform our operating foundations so we can keep creating new businesses.

We will continue striving on your behalf to pave the way to success through our growth strategies in the months and years ahead.

Refer to these pages

Human Resources Capabilities P.53-56

Contributors to Ricoh Group materializing its value proposition and SDGs



Refer to our website

Human Resources Capabilities www.ricoh.com/sustainability/society/labor/index.html