

Results of the 16th MTP. Overview of the 17th MTP.



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Results of the 16th MTP and Future Challenges



Please outline the results of the 16th Mid-Term Management Plan completed in March 2011.

In the fiscal year ended March 2011, we were unfortunately unable to achieve the expected business results.

In the three years since the launch of the 16th Mid-Term Management Plan (16th MTP) in April 2008, we have faced a range of business difficulties due to drastic changes in the external environment, including the world economic downturn triggered by the world financial crisis in 2008, the economic crisis in Europe in

2009 and the Great East Japan Earthquake that took place in 2011. Moreover, we were badly affected by substantial adverse changes in foreign exchange rates.

Amid these hardships, the Ricoh Group has embarked on structural reforms to drastically streamline our organizational structure and operational processes, while pressing forward with strategic investments for future growth.



Specifically what achievements have you accomplished in the 16th MTP?

In the 16th MTP, we worked to reform our business structure based on the following five key strategies: 1) becoming No. 1 in the target business areas, 2) reinforcing and accelerating sustainable environmental management, 3) promoting RICOH Quality, 4) creating new growth areas, and 5) building a strong global brand.

In particular for “becoming No. 1 in the target business areas,” we have maintained the largest share* in the Japanese, American, and European markets for color and monochrome MFPs. Also for the RICOH Pro C900/C901 series, which we released in the production printer market as a strategic model, we won the world’s No. 1 share, capturing up to 49%* of the middle segment. This

achievement in the production printer market provides proof that we have established a strong base for this business, and one might say it is our major achievement during the three years.

As for “creating new growth areas,” we are taking steps toward full-scale global growth in the new service business, including Managed Document Services (MDS) and IT services. In addition, we were able to launch new businesses to provide new value to customers, such as the projection system business, the unified communication system business, and the eco solution business.

* Ricoh figures



What issues have emerged from the 16th MTP?

We recognized the need to increase Ricoh group synergy, improve efficiency in existing business, concentrate on new growth areas, and make a commitment to innovation as the new challenges that we should meet toward the future. These challenges indeed provide

Ricoh with new opportunities to achieve further growth. We will miss none of these opportunities, in order to achieve further growth under the 17th Mid-Term Management Plan (17th MTP) we started in April 2011.

Outline and Key Strategies of the 17th MTP

Q4

What are the underlying ideas for the 17th MTP?

In the 17th MTP, we are focusing on simultaneously achieving “growth” and “restructuring.” For further growth, we need to execute drastic restructuring far beyond conventional structural

reforms. Under the new MTP, we will transform our organization into one that can create new value for customers in every aspect of our business activities.

Q5

What are the basic strategies for the 17th MTP?

In the new MTP, we have highlighted “business creation and integration” and “establishment of highly efficient management” as the two basic strategies.

For “business creation and integration,” aiming for “regeneration,” we will implement measures to achieve the following five targets: “to maintain the top market share while streamlining operations in existing business,” “to achieve profit contribution in

the production printing business,” “to accelerate business structure transformation to service business in developed countries,” “to realize business growth in emerging markets,” and “to expand new businesses.”

With regard to the “establishment of highly efficient management,” we will foster “restructuring” to build a robust corporate structure.

Q6

Specifically, what do you mean by “maintaining top market share while streamlining operations in existing business”?

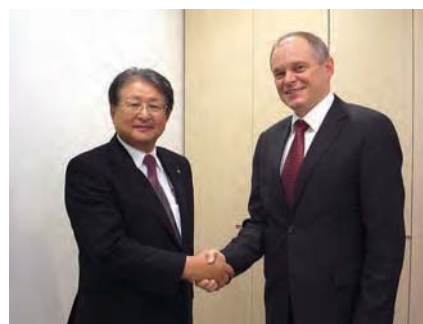
In the printing business, we will keep the top share in the Japanese, American, and European markets for MFPs, printers, etc., by providing customers with more value through the combination of products and related services, while streamlining operations to

conduct business more efficiently by reducing the use of resources. Through these measures we will improve our profitability and shift more resources to the service business and also to new business.

Q7

What do you mean by “achieving profit contribution in the production printing business”?

In the production printing business, we will continue to restructure and strengthen the sales and service system and enhance our product lineup to make the business more profitable. In February 2011, we concluded a cooperation agreement with Heidelberg Druckmaschinen AG, a leading printing company in Germany. I expect that we will be able to expand the business on a global scale in cooperation with this powerful partner.



Ricoh has concluded a strategic cooperation agreement with Heidelberg Druckmaschinen AG.

<Accelerating transformation to service business>



Please describe the background to accelerating transformation to service business in developed countries.

Customers, in particular those in developed countries attribute more importance to the quality of service than ownership of equipment. Recently customers have been required to reduce their total cost of ownership (TCO), and their needs for workflow improvement have been increasing. This means more business

opportunities for us.

The Ricoh Group has a full lineup of products, including MFPs, laser printers, and production printers. We will increase our market share by providing more services to customers, making full use of our highly competitive global sales and service network.



What measures will you implement and what targets will you pursue to expand the services business?

Specifically, we will expand MDS and IT services on a global scale. In the fiscal year ended March 2011, total sales of MDS and IT services increased by 15% year on year (in local currency) and we will continue to achieve a two-digit sales increase in this rapidly growing business field. By the fiscal year ending March 2014, we

want to triple sales of the MDS business to 300 billion yen. Also for IT services, we have been expanding business size mainly through the sales of a packaged product named “BB pack” in Japan and are starting the global expansion of the business.



How will you go about strengthening the services business?

We acquired IKON in 2008, which has greatly contributed to the expansion of our global MDS business. In order to further enhance our global MDS system, we will invest a total of 26 billion yen in infrastructure improvements over the next three years while introducing successful examples across the board and strengthening the technological base. Moreover we will continue to enhance the structure for the expansion of the service business, including the IT services business, by such measures as acquiring external resources.



<Realizing business growth in emerging markets>

Q11 What measures have you implemented to “realize business growth in emerging markets”?

The Ricoh Group enjoyed the No. 1 share in the Chinese and Asia-Pacific MFP markets in 2010, winning a 15%* share and a 20%* share, respectively. Total sales in these markets also increased 10% year on year (in local currency) in the fiscal year ended March 2011,

and we are also expecting a high growth rate (17%) in the markets for the fiscal year ending March 2012.

* Ricoh figures

Q12 What measures will you take to achieve growth in emerging markets?

We established a factory in Thailand in 2009, in order to build a local production and consumption system in the Asia-Pacific region.

In line with the 17th MTP, we will enhance our product lineup for emerging markets, including A4 MFPs. We are planning to release at least 10 models in the markets over the next three years. We will further increase the efficiency of our development and production activities for cost reduction, by such measures as the local

development of products.

We will enhance our sales system, mainly targeting China and India, to increase our shares in the local markets. Through these measures, we plan to increase sales in the Chinese and Asia-Pacific markets from 7% of total in the fiscal year ended March 2011 to 17% by the end of the fiscal year ending March 2014.



<New businesses>

Q13

What is the background to and the targets for “expanding new businesses”?

The working styles of our customers have been changing, with the emergence of smartphones, tablet PCs and cloud computing. Amid this trend, which will further increase the flexibility of information sharing and working styles, Ricoh wants to lead customers in a constant manner. To this end, we will develop products, software

and services that foster communications and will provide customers with new value through our highly competitive services and support capabilities.

In the 17th MTP, we aim to increase sales of new business to about 25% of total.

Q14

What do you expect from new businesses?

In the projection system business, we have begun to market projectors and services, which are well received by customers. For the Unified Communication System business, which we have recently announced, we will start providing cloud-based communication products and services in the first half of the year ending March 2012. We will build a new world of communication through the linkage of business networks across different business fields.



Q15

What is the new “eco solution business”?

In response to a rapid increase in the environmental awareness of our customers, we have launched the eco solution business. The Ricoh Group is focused on the need to save energy at offices, and we make proposals to reduce the total environmental impact of offices, not limited to energy conservation solutions for imaging devices. As an initial product, we launched a straight tube LED lamp for office use in July 2011. We will also expand the Energy Service Company (ESCO) business (comprehensive services to achieve energy savings in offices) and recycling business.



<Restructuring>

Q16

What do you mean by “restructuring for the establishment of highly efficient management”?

Restructuring for us is closer to reengineering. The Ricoh Group has been conducting structural reforms under the Corporate Restructuring and Growth Project (CRGP) since October 2008. The initial purpose of the project was to reduce costs as part of emergency measures against the world financial crisis and later in the project we also began changing our organizational structure and shifting resources to new business fields while continuing cost reduction measures.

In the 17th MTP, we will review our operational processes to eliminate the duplication of operations and redesign the processes to achieve more drastic restructuring. We have also been reforming the Group’s personnel system for several years. Based on the achievements, we will substantially improve the use of human resources, including reallocation, which I believe will help the Ricoh Group become a more robust organization.



Specific measures for CRGP

● What are the specific measures for CRGP?

In line with the 17th MTP, we will review our sales bases and increase the efficiency of our sales system to create more synergies from M&A; consolidate the production bases after examining their roles; review unprofitable business; foster the reengineering of operations by reviewing operational processes and eliminating the duplication of operations; enhance the use of human resources based on continuous reform of the personnel evaluation system and optimized human resource allocation; promote global purchasing to reduce costs through the enhancement of purchasing power; and review development processes to increase low-cost development capabilities.

● What achievements do you plan to accomplish through CRGP?

By implementing the aforementioned measures, we will achieve growth and restructuring at the same time to accelerate the growth of our Group, thereby increasing operating income by 140 billion yen from the level of the fiscal year ended March 2011 in the fiscal year ending March 2014 (the final year of the MTP).

Numerical Targets for the 17th MTP

Q17

What numerical targets have you set for the 17th MTP?

Under the 17th MTP, we aim to achieve the largest net sales and operating income in the fiscal year ending March 2014, which is the final year of the 17th MTP. We aim to achieve net sales of at least 2,400 billion yen not only by keeping the top share in the existing business, but also by expanding the production printing business and service business, enhancing business in emerging markets, and expanding new business areas. Of that amount, about 200 billion yen will be gained from the expansion of new business areas. As for operating income, we will earn at least 210 billion yen by implementing measures for restructuring and also realize an operating margin of at least 8.8%. Moreover by achieving record-high results, we will increase ROE to 10% or higher.

■ The 17th Mid-Term Management Plan (MTP) Targets (FY2013, Group consolidated)

Net sales	2.4 trillion (or more)
Operating income	210 billion (or more)
Operating income ratio	8.8% (or more)
ROE	10.0% (or more)
FCF (free cash flow)	+ 200 billion yen (total of FY 2011 through FY 2013)
Total return ratio (dividends & stock buy-back)	around 30%

*exchange rate set based on the 17th MTP; \$=¥85.00: euro=¥120.00

Q18

Lastly, what is your message to shareholders and investors?

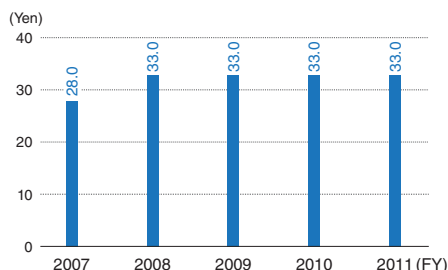
By implementing the 17th MTP, the Ricoh Group will transform itself into an organization that has muscle to thrive in the midst of global competition.

We have been paying dividends steadily to shareholders despite the difficulties, and during the 17th MTP period we plan to increase the amount of payment and also to purchase treasury stocks as

appropriate, in order to increase our corporate value by achieving further growth.

Finally, I want to introduce the slogan that I have been privately upholding as a manager: "Never give up until you win." I ask for your continued support for the Ricoh Group.

■ Dividend per share (declared)



Common stock price

