

We will gather collective strengths of the Ricoh Group and begin our transformation to “change the course”



Zenji Miura
President and CEO

Q: What changes characterize the business environment, and what is the corporate role in this environment?

The business environment is so different from what it once was. Society today is beset by population problems, an increase in the number of disasters attributed to climate change, shortages of water and food, and biodiversity depletion—these are issues with a global impact, and the situation is further exacerbated by a mountain of social concerns, notably, poverty and a widening gap between the haves and the have-nots—arguably, the negative side of economic growth and globalization—as well as human rights, natural resource and energy consumption, and pollution problems.

Against this backdrop, companies are expected to assume larger roles as corporate citizens and wield greater influence in society. Companies with deep pockets, skilled human resources, innovation-driving technologies, and the ability to conduct business on a global scale are expected to assume more responsibility and provide specific solutions to mitigate the issues that plague society.

I believe what a company needs more than anything else is to be recognized and wanted in society. Toward this end, at the Ricoh Group, we vigorously undertake activities to protect the environment and make the world a better place in our responsibility as a corporate citizen. With this in mind, we will naturally emphasize solutions to social issues in the course of doing business and raise our corporate value.

Q: What management goals does the Ricoh Group aim to achieve?

To contribute to the global environment and promote a sustainable society, the Ricoh Group must ensure its own longevity. It is therefore vital that we raise corporate value to ensure our existence into the future.

To me, corporate value is a concept that embodies overall improvement, cultivated as the Ricoh Group strives to meet the expectations of stakeholders, including customers, shareholders, employees and society, by raising their value.

➡ p. 15-18

Q: What is the cornerstone for improving corporate value?

The RICOH Way is a cornerstone concept shared by employees throughout the Ricoh Group and underpins efforts to improve corporate value.

The RICOH Way comprises Ricoh’s founding principles—The Spirit of Three Loves—and its Management Philosophy (Mission,^{*1} Vision,^{*2} and Values^{*3}). It is a philosophy and a set of values that forms the heart of our activities as a corporate group. It infuses all corporate activity and guides our decisions and actions to deal effectively with the complex, high-level issues that we face as a corporate group.

Amid the great changes transforming the business environment, activities based on The RICOH Way are sure to acquire greater importance as we draw on the overall capabilities of the Group to achieve growth.

I believe, with all employees within the Ricoh Group putting The RICOH Way into practice, we can continue to provide new value to customers, play a responsible role in the creation of a sustainable society, and boost corporate value as we grow our businesses. ➡ p. 1

^{*1} Mission Statement
At the Ricoh Group, we are committed to providing excellence to improve the quality of living and to drive sustainability.

^{*2} Vision Statement
To be the most trusted brand with irresistible appeal in the global market.

^{*3} Values Statement
To be one global company, we must care about people, our profession, our society, and our planet. We must dedicate our winning spirit, innovation and teamwork to sharpen our customer-centric focus, and we also must commit to the highest standards of ethics and integrity.

• Raising corporate value



Q: What kind of group does the Ricoh Group aspire to be?

In 2014, with the announcement of our 18th Mid-term Management Plan (18th MTP), running from April 2014 through March 2017, we looked to 2020 and beyond and saw ourselves as an environment-friendly company that makes customers feel “confident, comfortable and convenient,” while exceeding their expectations and to support lifestyle transformation.

Looking a few years down the road, society is likely to be much different, owing to digitization and networking, urbanization, global warming and further diversification in lifestyles and personal value perceptions. Given this evolution—that is, megatrends—in the business environment, we will draw on inherent technological strengths and customer contact capability, now and in the future, to realize the kind of group we aspire to be.

• **The Ricoh Group in 2020 and beyond**

An environment-friendly company that makes customers feel **“confident, comfortable and convenient,”** while exceeding their expectations and to support lifestyle transformation

Q: Please describe the long-term approaches that will get the Ricoh Group to its destination.

We have a road map that charts our path toward 2020 and beyond. ➡ p. 12

In our core office business domain, we will reinforce our position and promote further business growth, while applying accumulated expertise to other fields, such as commercial printing, industrial, consumer, and public sector and infrastructure business domains.

To be more precise, from our earliest days to the present—nearly 80 years—we have achieved growth by pursuing businesses with an emphasis on the office business domain. To make this pillar of operations more secure, we will sharpen our competitive edge by providing not only “products” but also “products + services,” which offer the added value of solutions drawing on the close relationship we have built with our customers. Specifically, we will vigorously promote managed document services as well as IT services that present a transformation in workstyle paralleling increased document digitization and networking. We will also expand the visual communication business, with a focus on unified communication systems that facilitate remote communication anytime, anywhere and by anyone with anyone, as well as interactive whiteboards, which support remote conferencing even with points overseas, and ultra-short-throw projectors.

We also seek to expand activities in the commercial printing business domain, a new growth domain in the production printing business that utilizes core business capabilities, as well as other areas, particularly the industrial business domain and the consumer business domain, where our technological expertise and manufacturing capabilities can be maximized.

In the public sector and infrastructure business domains, we will take a forward-looking perspective and sow the seeds of new businesses, with an emphasis on the creation of safe, low environmental impact communities and various environmental solutions.

• Ricoh's direction for 2020 and beyond

Confident, Comfortable and Convenient



Q: Can you tell me about your strategies for Ricoh's short- and medium-term objectives?

I see the 18th MTP as a three-year period during which we will establish the basis for long-term growth of the Ricoh Group and ensure steady progress toward higher corporate value.

Two business strategies form the backbone of the 18th MTP. One is to reinforce and develop earnings power of core businesses, and the other is to achieve growth by creating new profit generators.

To reinforce and develop earnings power of core businesses, we aim to hone a sharper competitive edge on functionality and cost fronts for new products in the office business and maximize revenue

from after-sales services, namely, consumables and maintenance. We will boost profitability by focusing on specific markets by sector and by promoting services business that capitalize on our strengths. We will also extend our business reach in emerging markets by providing products and services matched to the characteristics of each region.

To achieve growth by creating new profit generators, we will, for example, pursue full-scale entry into the commercial printing business domain by drawing on production printing. In the industrial business domain, our efforts will target factory automation, on-board automotive cameras and security where we can demonstrate mutually beneficial cooperative approaches among companies in the Ricoh Group.

- For more details**
- Office business domain p. 21–24
 - Commercial printing business domain p. 25–26
 - Industrial business domain p. 27–28
 - New core area p. 29

Q: What progress was made on the business front in fiscal 2015?

We did not reach our original targets, as operations were adversely impacted by such factors as a delayed recovery, from a macroeconomic perspective, as well as an increase in investments for the future and higher costs to reinforce emerging market and services structures. Nevertheless, efficiency steadily improved thanks to structural reforms, and we also ramped up our efforts to provide customers with new value.

In office imaging, we rolled out measures to sharpen our competitive edge and ensure profitability. We strengthened our revenue base by revamping the product lineup, and we recaptured the No. 1 position in the world’s A3 laser MFP market in 2014. In emerging markets, we established innovation centers in such locations as Dubai, India and China as points for enhanced added-value matched to customer needs.

In production printing, we released new models, expanded the sales and service structure, and secured resources such as software, which facilitated our ability to meet varied customer needs. In addition, we executed strategic investments to underpin an improvement in the value we offer for in-house printing and commercial printing segments.

In industrial products, Group resources were reorganized and operations spun off into companies to achieve efficient management infrastructure suited to business activities and to expedite management decisions. New products have been introduced, with an emphasis on key categories—factory automation, on-board automotive cameras and security—to create new value in industrial applications and to promote efficiency.

In new pursuits, we entered the additive manufacturing business in the autumn of 2014. We will complement product sales and output services with component design and manufacturing-oriented consultation services, based on Ricoh’s accumulated 3D design technologies, and support innovation on the factory floors of our customers.

Q: Given the current status, is the Group focused on any issue in particular?

Since the global financial crisis of 2008, world economic and market conditions have remained in a state of flux, and clearing a definite path into the future has been no easy task for any company.

Even against this backdrop, the Ricoh Group is determined to stick to its mission—to maintain growth and contribute to the resolution of social issues through business activities. But when the economic environment is so muddled, determining a clear path into the future is impossible with any method used to date.

So I declared this to be the perfect time for us to draw on the collective strengths of the Ricoh Group and begin our transformation to “change the course.” Such reforms are not changes at the level of daily improvements but rather activities that go beyond conventional approaches and ideas and inspire innovations with the potential to significantly change our own perspectives, those of our customers and even the world.

Since its earliest days, Ricoh has been responsible for numerous innovations and created new value in its markets, fueling corporate growth. In this way, our transformation to “change the course” is in our corporate blood, an enduring quality worthy of admiration.

Now again, the Ricoh Group is tackling our transformation to “change the course” that is, striving for new innovations.

Q: What approaches are planned for boosting shareholder value?

As I have mentioned, with long-term growth in mind, we seek to strengthen our core businesses while creating new profit generators. Paralleling associated strategies, we are working to enhance asset efficiency—a process that includes a review of assets in possession—on the road toward ROE of 10%. To return profits to shareholders, we will continue to strive to provide a stable dividend with due consideration to the consolidated payout ratio. Our target remains a total consolidated payout ratio in the vicinity of 30%. We will also maintain self-directed actions on corporate governance as a basis for corporate activity.

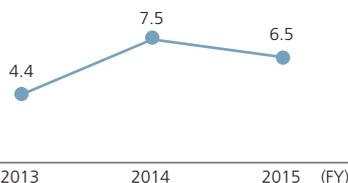
Through these approaches, we will achieve a sustainable increase in corporate value and meet the expectations of our shareholders.



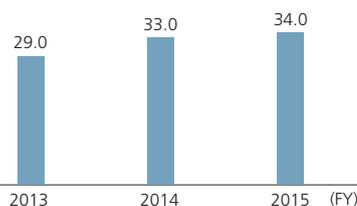
Q: Lastly, any comments on future expansion of the Ricoh Group?

The global economy is in the midst of a shake-up, and customers' value standards are changing at a rapid pace. Against this backdrop, we will be even more resolute in our stance to bravely pursue our transformation to "change the course" and create a better tomorrow. The entire Ricoh Group firmly supports this transformation. We aim to celebrate success with our stakeholders at our 80th anniversary in February 2016, moving forward together toward our 100th anniversary and beyond.

• ROE (%)



• Cash dividends per share (JPY)



• Stock price (JPY)

