

**Overview of Results
for Six Months Ended
September 30**

**Challenges and
Direction**

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October 27, 2016
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President & CEO
Ricoh Company, Ltd.

1. Review of 18th Mid-Term Management Plan

2. Future Direction

- Growth Strategies
- Structural Reform Initiatives

Review of 18th Mid-Term Management Plan **RICOH** imagine. change.

- ◆ Generate growth through concerted reforms that encompass strategies, management systems, and transformation

Review

Strategies

- Reinforce and develop earnings power for core businesses
- Achieve growth by creating new profit generators

- Despite cultivating customer value through products plus services, have found it hard to expand earnings owing to declining prices in the printing market and the impact of forex
- Expanded the production printing business, which began to contribute steadily to profits, but have yet to attain the targeted business scale
- The potential of industrial printing as a key business became evident

P3~5

Transformation

- Accelerate transformation

- Progressed in cutting costs and instituting business process reforms, but were unable to overcome lower earnings in core businesses

P6~7

Management systems

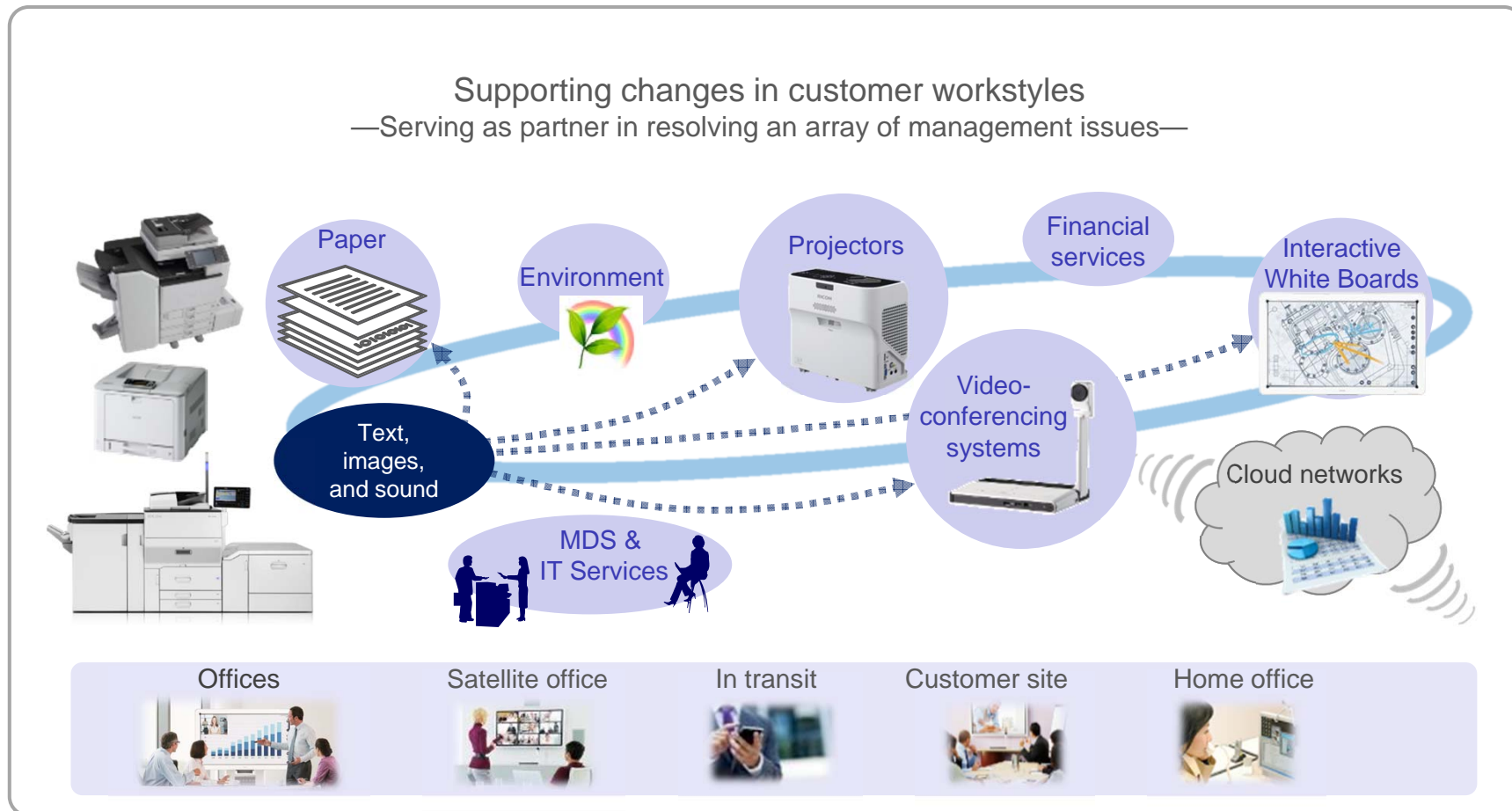
- Rebuild management systems

- Rebuilt business organization, headquarters functions, and technology management structure
- Reinforced corporate governance structure

Review of 18th Mid-Term Management Plan

Core Businesses Overview

- ◆ Expand customer value by delivering products plus services that combine Ricoh's strengths in imaging equipment, Visual Communications (including projectors, interactive white boards, and unified communication system), and information technology services



Review of 18th Mid-Term Management Plan

Key Initiatives and Challenges of Core Businesses (1)

Products plus services



- Deploy workflow solutions through next-generation MFPs
- Cultivate value with new visual communication offerings

Sales and service network



- Global direct sales and service network
- Strengthen vertical sales structure

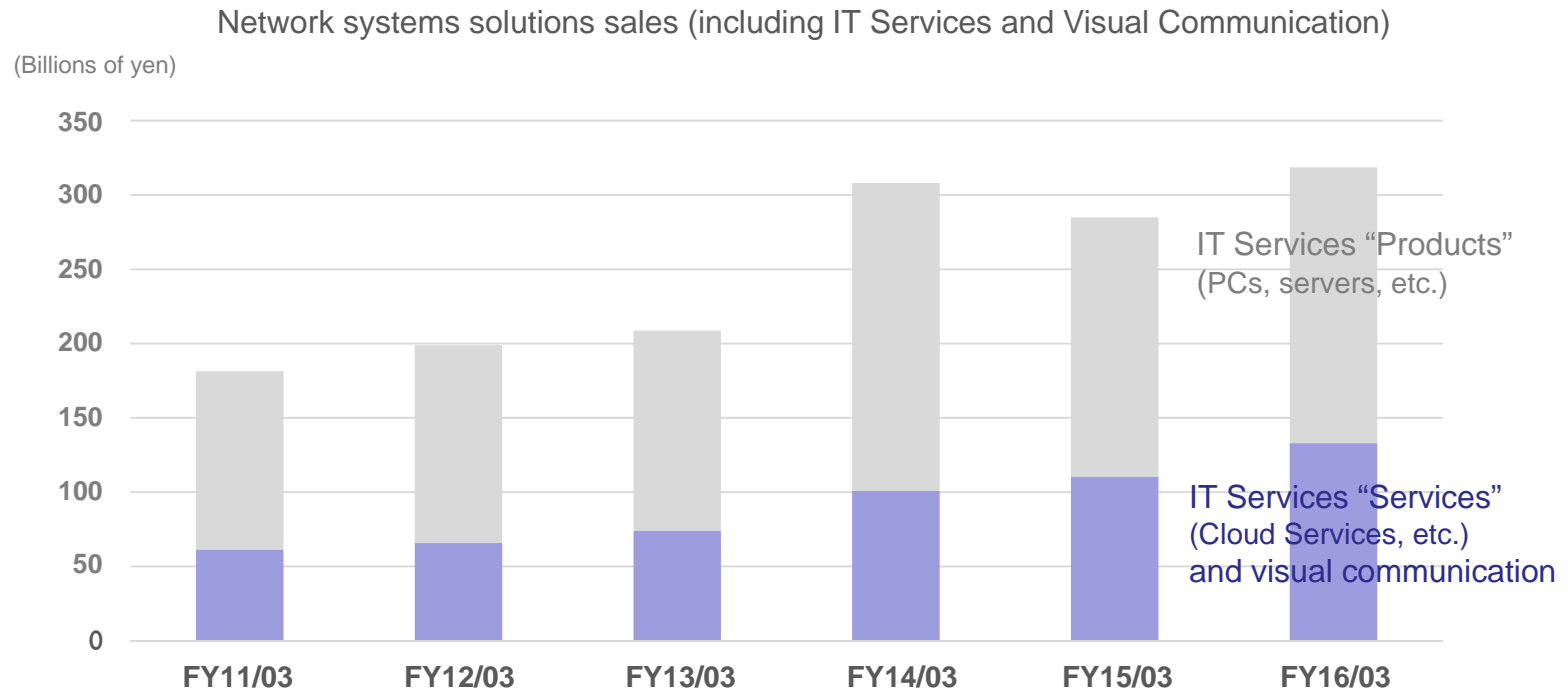
Challenges

- Have yet to establish a business structure that can expand customer value in deploying products plus services faster than printing market prices decline

Review of 18th Mid-Term Management Plan

Key Initiatives and Challenges of Core Businesses (2)

- Expand services business structure by strategically acquiring IT Services companies



Challenges

- Have yet to globally optimize overall operations in keeping with business scale

Review of 18th Mid-Term Management Plan

Key Initiatives of Structural Reform

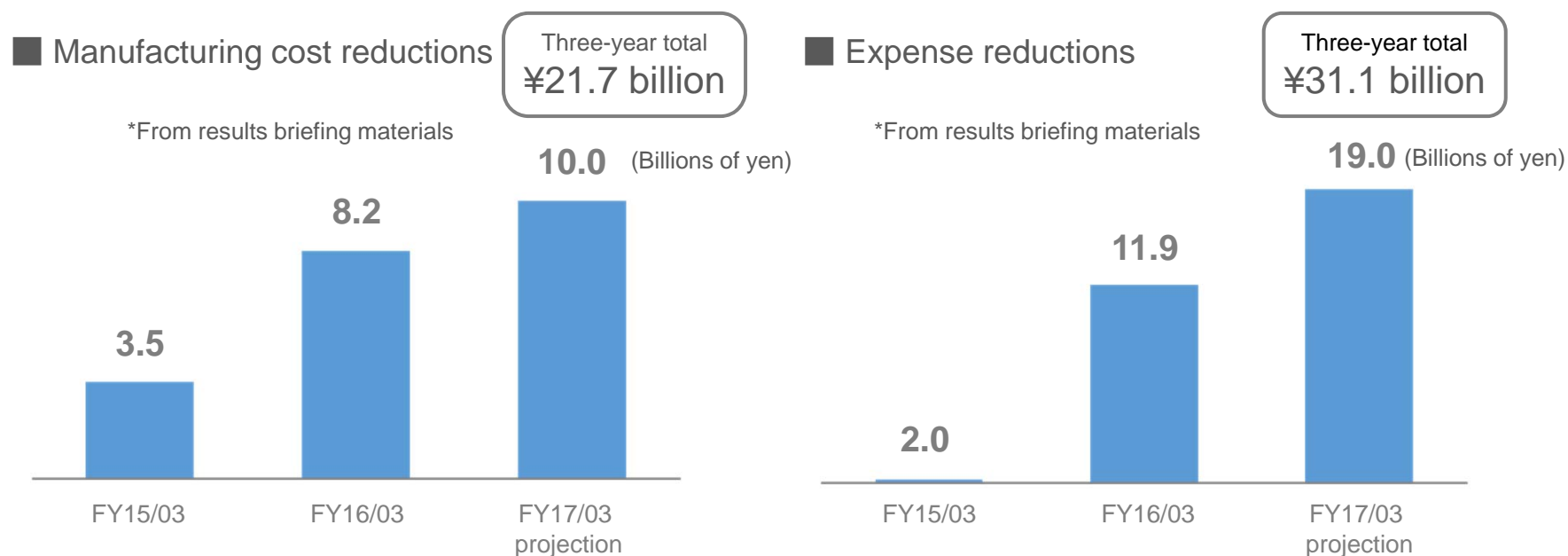
◆ Structural reforms matching market changes (intensifying competition/customer changes)

Area	Overview	
Sales and maintenance services	Sales process review	Optimized sales structure
	Maintenance process review	Streamlined maintenance services by using common service parts
Engineering development and production	Production site and role review	Reduced number of domestic recycling sites from 18 to 5
	Development site and process review	<ul style="list-style-type: none"> • Cut development costs by using common platforms • Brought software development people in-house
Headquarters functions	Business process review	Outsourced indirect operations, etc.
Personnel optimization	Shifting people into growth areas	Shifted people by optimizing personnel allocations
Business divestments	Divesting or withdrawing from noncore businesses	Divested San-Ai swimwear business
Asset reviews	Continuing to review asset portfolio	Sold business premises in Ginza, Tokyo

Review of 18th Mid-Term Management Plan

Cost reduction from structural reform

◆ Delivering value and cutting costs by undertaking structural reforms



- Integrated A3 MFP platforms
- Enhanced production efficiencies
- Reinforced Group purchasing activities, etc.

- Reviewed business processes
- Integrated/closed sites
- Shifted personnel, etc.



Need to accelerate activities in view of dramatically changing business climate

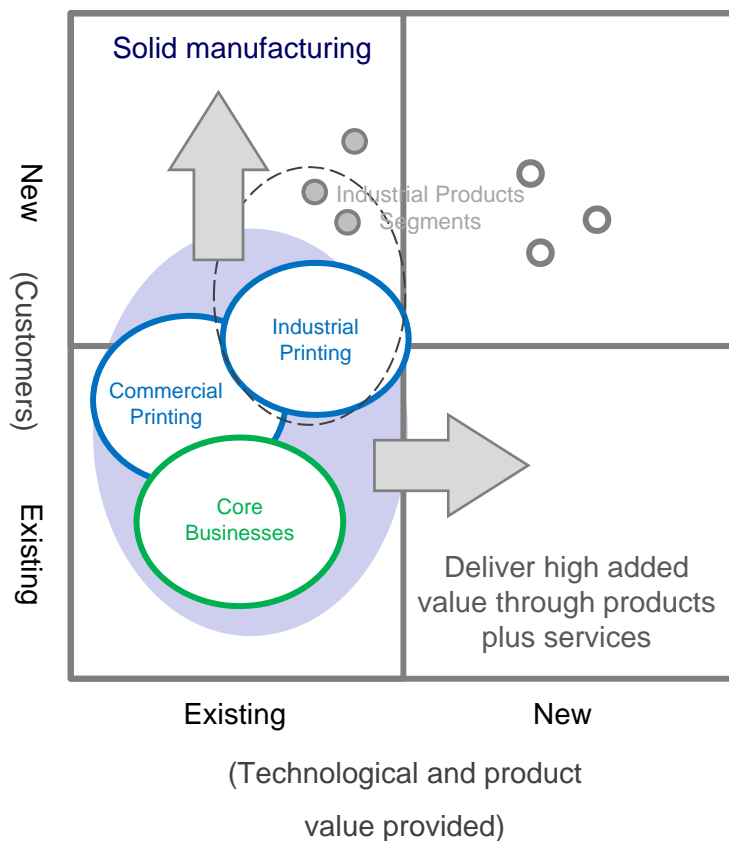
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- **Growth Strategies**
- **Structural Reform Initiatives**

Growth Strategies (Direction)

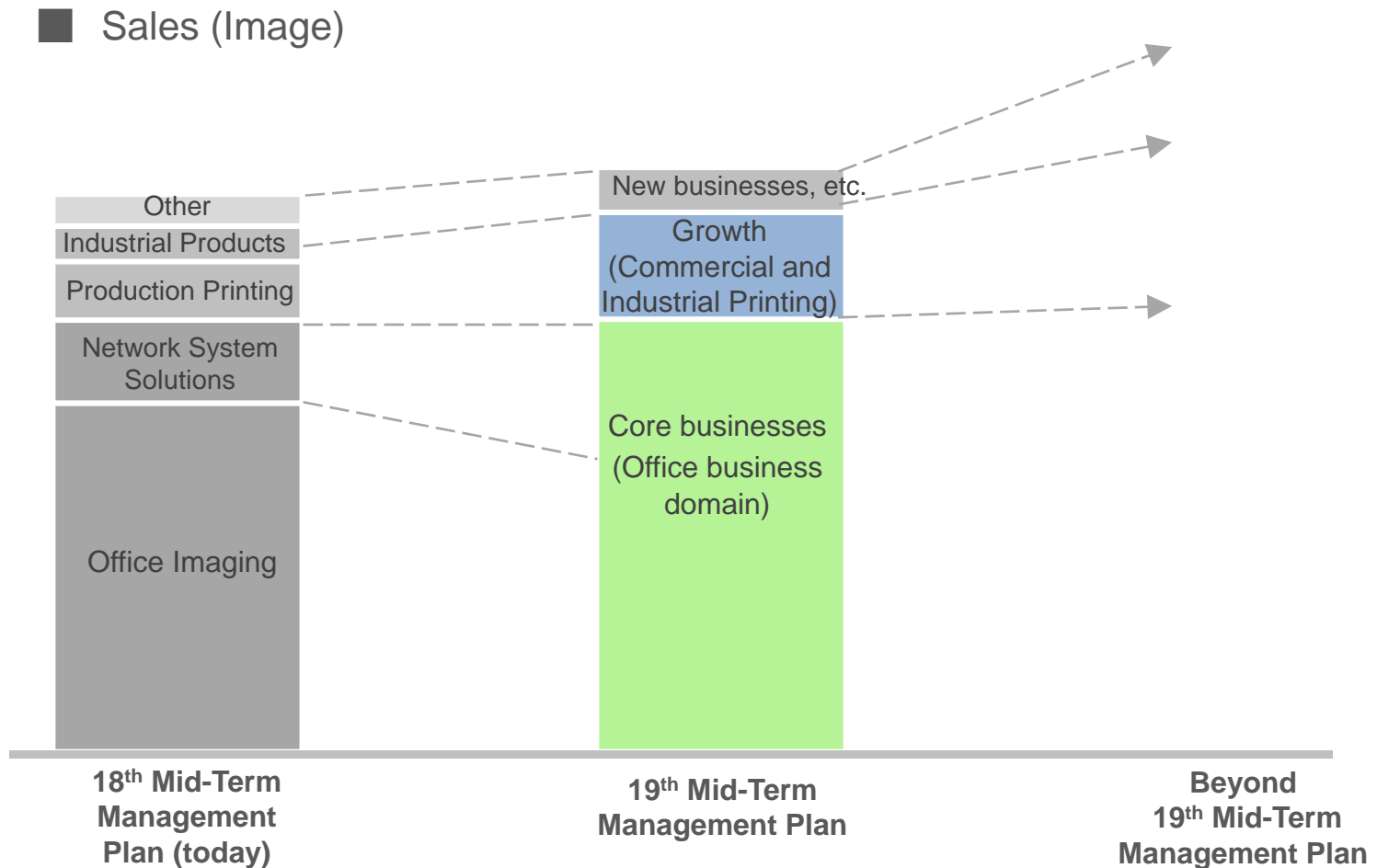
- ◆ Growth strategies for three key businesses centered on core competencies
 - Expand customer value by combining product plus services strengths



	Growth direction
Core businesses	<p>Reinforce profitability of core businesses</p> <ul style="list-style-type: none"> ➤ Accelerate and strengthen support for workstyle changes <ul style="list-style-type: none"> ➤ Specialize in creating solid products plus services ➤ Further reinforce deployment capabilities
Commercial printing	<p>Concentrate management resources to generate steady growth</p> <ul style="list-style-type: none"> ➤ Accelerate Offset-to-Digital and Offset-plus-Digital strategies ➤ Expand value by providing end-to-end services
Industrial printing	<p>Concentrate management resources to generate solid growth</p> <ul style="list-style-type: none"> ➤ Offer competitively superior inkjet head lineup ➤ Expand print systems business ➤ Reinforce collaborations with external partners

Growth Strategies (Sales Composition)

- ◆ Changing sales composition to become a highly profitable enterprise



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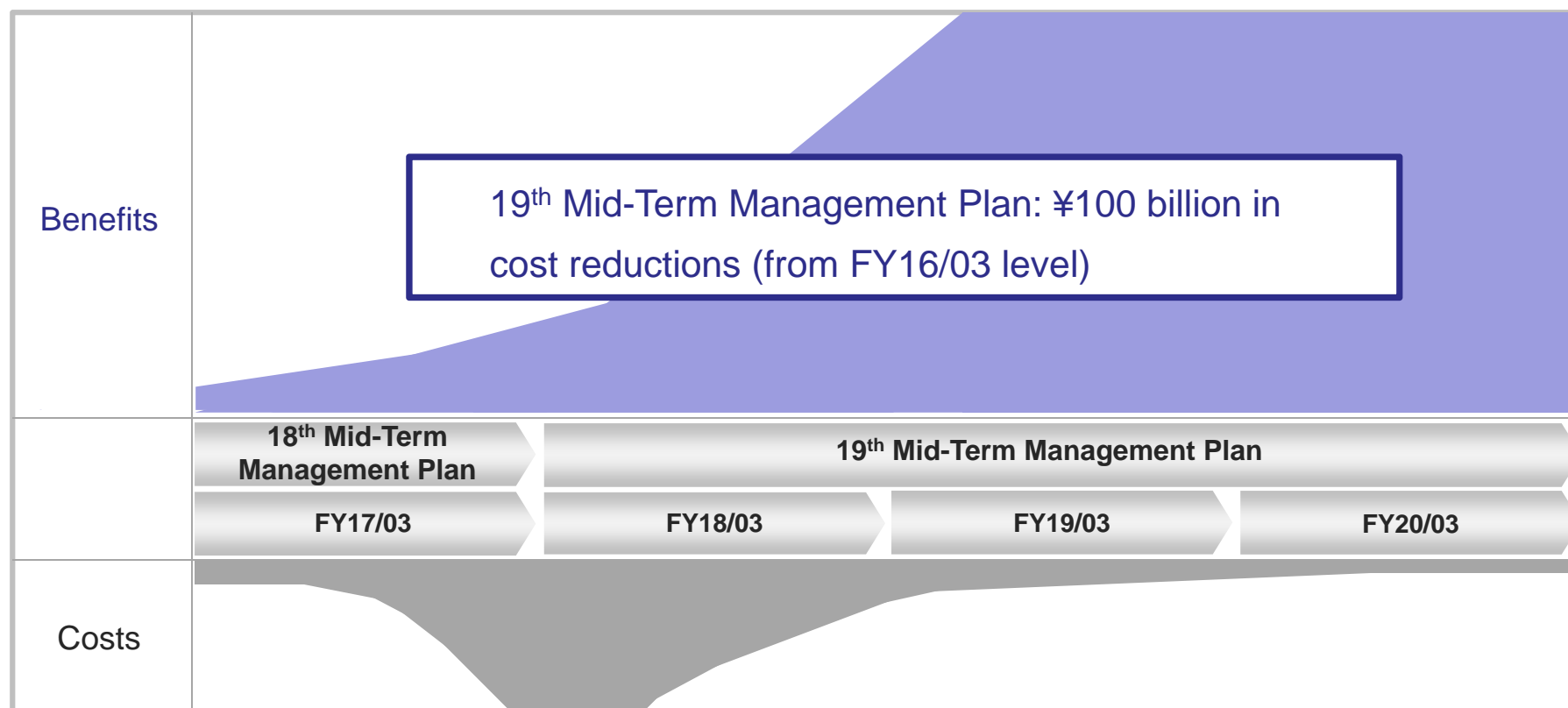
- Growth Strategies
- **Structural Reform Initiatives**

Structural Reform Initiatives (Additional and Accelerated)

Area	Overview	
Sales and maintenance services	Review sales channels	Optimize direct and indirect sales structure to match regions and business model
	Cut service costs	Roll out next-generation models that enhance service quality and efficiency
	Consolidate back offices	Integrate shared service centers (globalize as per European example)
Engineering development and production	Consolidate models developed	Review product portfolio
	Reorganize sites	<ul style="list-style-type: none"> • Cease production at two sites globally by March 2018 • Shifts/consolidations at Research and Development Center in Yokohama
	Accelerate cost-cutting	<ul style="list-style-type: none"> • Boost productivity through automation • Accelerate mass production cost reductions
Support functions (Corporate)	Shift personnel	Relocate headquarters and indirect operations people to interact more closely with customers and strengthen growth businesses
	Reorganize offices	Divest Ginza headquarters and relocate to Omori facilities
	Review headquarters functions	Halve number of headquarters people

Structural Reform Initiatives (Benefits)

- ◆ In light of rapid changes in the business environment, step up structural reform efforts, bringing them forward from the second half of fiscal 2017





Initiatives to drive further growth

**Swiftly reform structure and reinforce profitability
of core businesses**

Position growth businesses as key earnings drivers



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