



SHINKA 2019
Evolution



Konica Minolta, Inc.
4th Quarter/FY2017 ended in March 2018
Consolidated Financial Results

Three months: January 1, 2018 – March 31, 2018
Fiscal Year 2017: April 1, 2017 – March 31, 2018
– Announced on May 14, 2018 –

Shoei Yamana
President and CEO
Konica Minolta, Inc.

FY2017 Performance Overview



KONICA MINOLTA

[¥ billions]

	12M Mar 2018	12M Mar 2017	YoY	YoY (W/O Forex)	4Q Mar 2018	4Q Mar 2017	YoY	YoY (W/O Forex)
Revenue	1,031.3	962.6	+ 7%	(+ 3%)	281.0	262.9	+ 7%	(+ 5%)
Operating Profit	53.8	50.1	+ 7%	(- 2%)	24.8	15.7	+ 58%	(+ 39%)
Profit attributable to owners of the company	32.2	31.5	+ 2%		13.6	6.6	+ 106%	
FOREX [Yen]								
USD	110.85	108.38	2%		108.30	113.64	-5%	
Euro	129.70	118.79	9%		133.22	121.08	10%	

Revenue

- There was a 7% YoY increase for the Group as a whole, with all business segments recording growth in revenue.
- In the Office Business, North America and China, etc. remained solid, while in Professional Print Europe and China grew, and sales of DR continued to increase in North America. Measuring instruments remained solid in the Industrial Business, posting significant increases, while Performance Materials revenues also grew.

Operating Profit

- There was a 7% YoY increase for the Group as a whole, with all business segments recording growth in profit.
- The trend of improved profitability seen in Office and Professional Print since 2Q continued, resulting in a turnaround to profit growth for the fiscal year.

FY2017 4Q Revenue by Segment

[¥ billions]

<u>Revenue</u>	12M Mar 2018	12M Mar 2017	YoY	YoY (W/O Forex)	4Q Mar 2018	4Q Mar 2017	YoY	YoY (W/O Forex)
Office	583.9	558.2	+ 5%	(- 0%)	156.2	150.9	+ 3%	(+ 1%)
Professional Print	214.3	204.0	+ 5%	(+ 1%)	59.2	55.8	+ 6%	(+ 4%)
Healthcare	96.5	89.9	+ 7%		29.6	26.6	+ 11%	
Industrial	118.2	101.6	+ 16%		28.1	27.5	+ 2%	
Optical systems for industrial use	43.1	29.3	+ 47%		8.8	10.5	- 17%	
Materials and components	75.1	72.2	+ 4%		19.4	17.0	+ 14%	
New business / corporate, etc.	18.4	8.9	+ 107%		7.8	2.1	+ 270%	
Company overall	1031.3	962.6	+ 7%		281.0	262.9	+ 7%	

FY2017 4Q Operating Profit by Segment

[¥ billions]

Operating profit

	12M Mar 2018	12M Mar 2017	YoY	YoY (W/O Forex)	4Q Mar 2018	4Q Mar 2017	YoY	YoY (W/O Forex)
Office	44.9	44.3	+ 1%	(-3%)	15.0	13.1	+ 15%	(-5%)
Professional Print	9.3	8.3	+ 12%	(-13%)	4.2	1.5	+ 189%	(+153%)
Healthcare	5.6	2.9	+ 95%		1.7	1.4	+ 25%	
Industrial	23.5	22.0	*+ 6%		5.9	5.3	+ 11%	
New business / corporate, etc.	-29.4	-27.4	-		-2.0	-5.5	-	
Company overall	53.8	50.1	+ 7%		24.8	15.7	+ 58%	

* YoY +65% : Without previous year's special factor in Industrial Business.

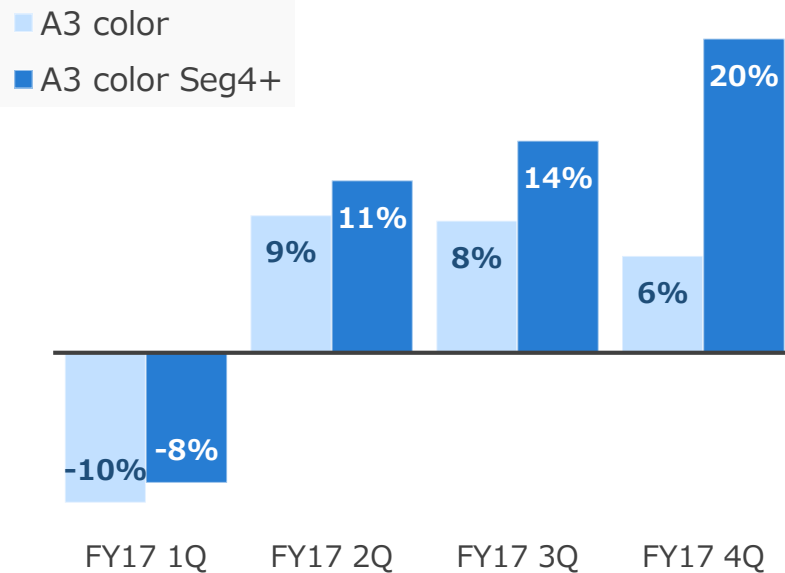
Operating profit margin

	4Q Mar 2018	4Q Mar 2017	Increase or decrease
Office	9.6%	8.7%	+ 0.9%
Professional Print	7.1%	2.6%	+ 4.5%
Healthcare	5.7%	5.1%	+ 0.8%
Industrial	20.8%	19.1%	+ 1.6%
New business / corporate, etc.	-	-	-
Company overall	8.8%	6.0%	+ 2.8%

Office

New 65/75 PPM products released at latter half of FY2017 have seen significant growth, primarily in North America and China.

Year-on-year growth rate in A3 color MFP shipments

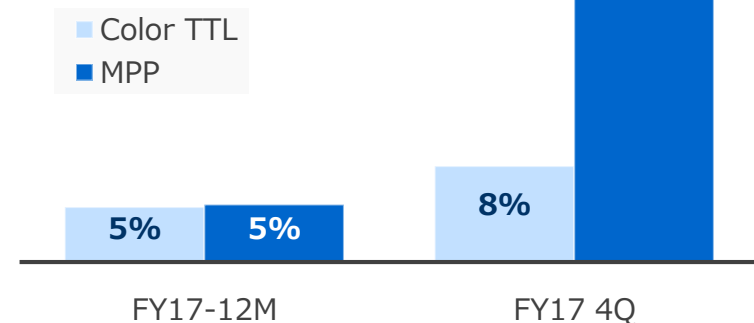


• A3 monochrome MFP sales volumes +3% YoY

Production Print

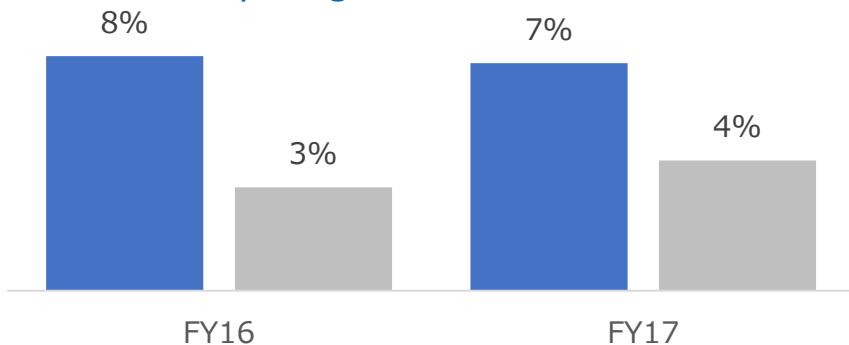
The strategy of differentiating by means of the IQ-501 option, which automatically controls output and improves the efficiency of customer workflows, bore fruit, leading to higher PV and contributing to higher revenue. Sales volumes grew significantly in Europe and China in particular

Year-on-year growth rate in Color Production Print models

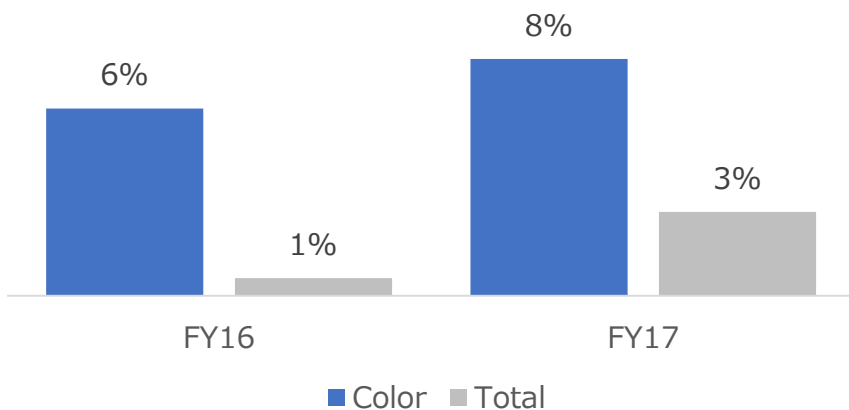


Office

Year-on-year growth rate in Office MIF

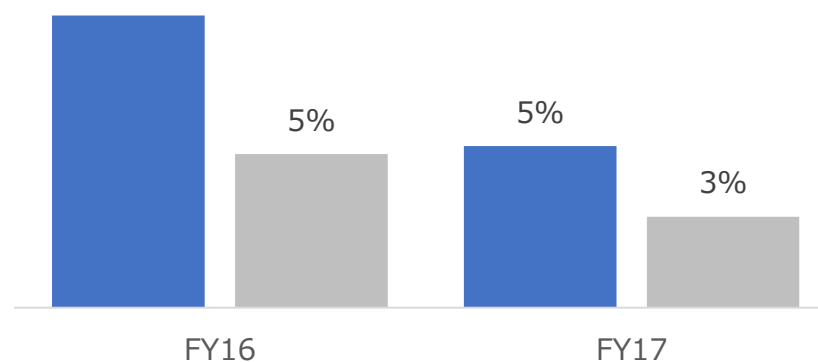


Year-on-year growth rate in Office PV

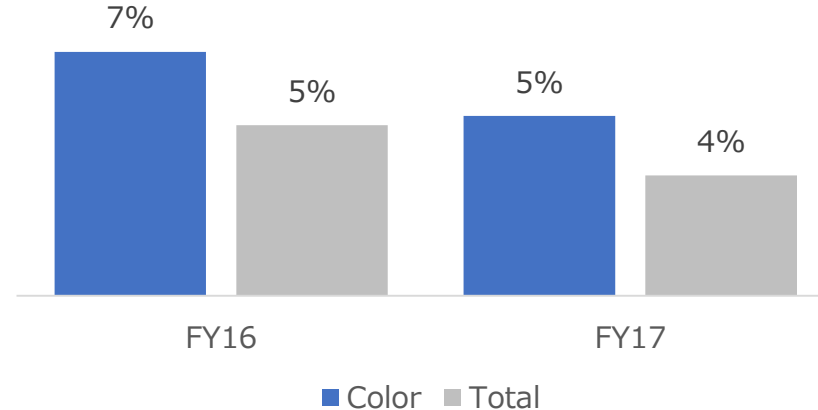


Production Print

Year-on-year growth rate in PP MIF



Year-on-year growth rate in PP PV

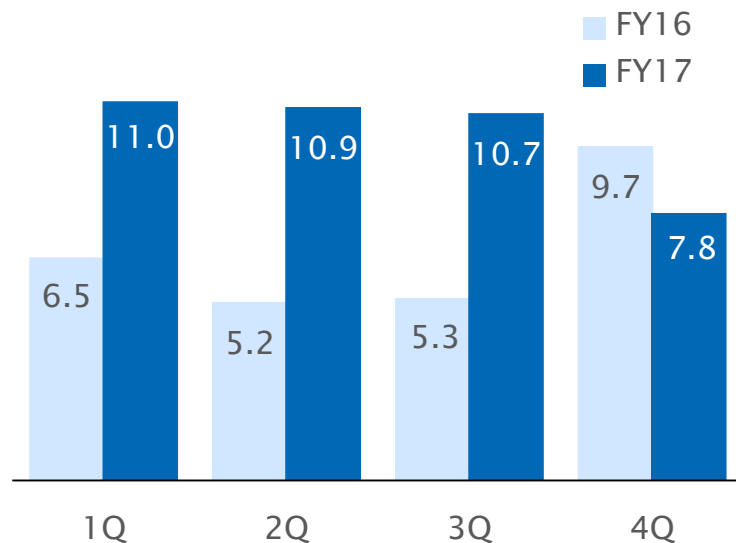


Measuring instruments

Won orders from multiple customers by providing solutions in response to innovation in mobile equipment, thus achieving significant revenue growth.

The momentum that had continued since 4Q FY2016 slowed, but there was a continued broadening of the customer base and applications.

Measuring instruments revenue (¥ billions)

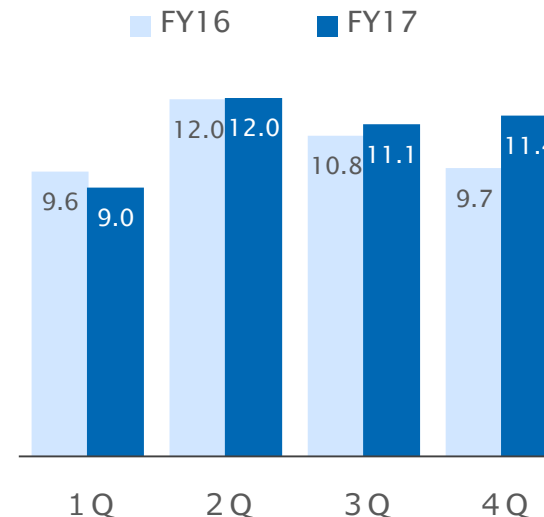


Performance Materials

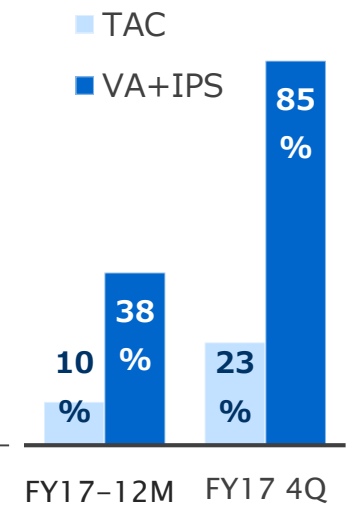
Picked up the trend to larger displays and diversification of manufacturers early on, increased sales of higher value-added products resulting in higher revenue.

After 3Q revenues began to trend upwards, contributing to earnings.

Performance Materials revenue (¥ billions)



YoY growth rate in TAC film shipment



FY2018 Financial Forecast

Priority initiatives for FY2018

Looking back at FY2017

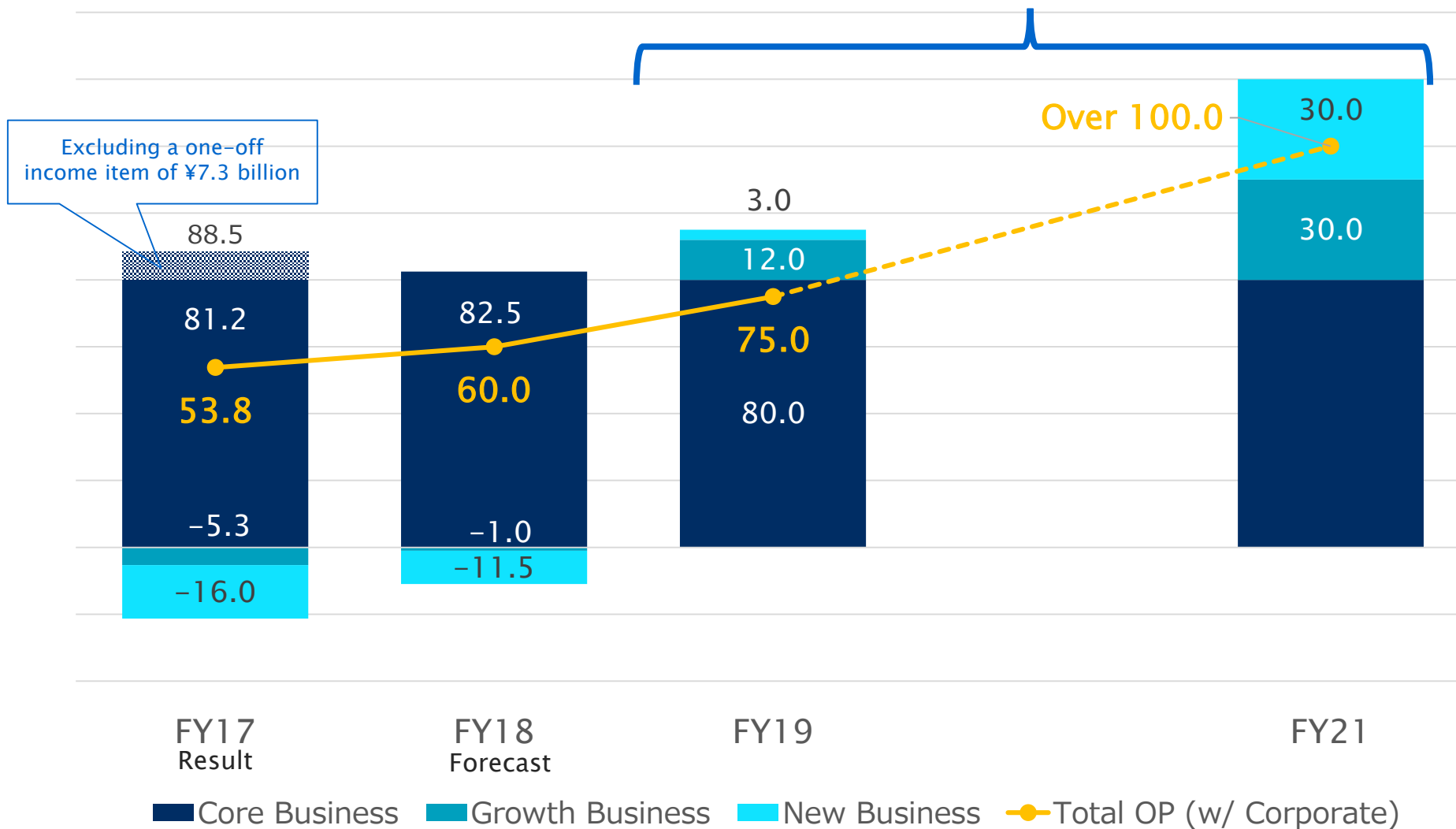
Priority initiatives for FY2018

		Looking back at FY2017	Priority initiatives for FY2018
Core	Results	<ul style="list-style-type: none"> ● Office, Production Print profitability recovered (3Q, 4Q) ● In measuring instruments, the customer base and applications expanded 	<p>Fundamental strengthening of profitability</p> <ul style="list-style-type: none"> ✓ Creating factors that appeal from the customer's perspective ✓ Making manufacturing/service cost reductions bear fruit ✓ Human resources shift resulting from increased productivity
	Issues	<ul style="list-style-type: none"> ● Office, Production Print to demonstrate their profitability over the full year 	
Growth	Results	<ul style="list-style-type: none"> ● Growth in industrial printing top line ● Tests at customers to demonstrate value of measuring instruments, visual inspection 	<p>Increased scale, leading to contribution to earnings in FY2019</p> <ul style="list-style-type: none"> ✓ Expanding industrial printing top line ✓ Expanding visual inspection business by leveraging existing customer base in measuring instruments
	Issues	<ul style="list-style-type: none"> ● Increase specialist and experts for selling industrial print 	
New	Results	<ul style="list-style-type: none"> ● Established business foundation/structure for Bio-Healthcare ● Verified value of Workplace Hub to customers 	<p>Efficient investment aimed at implementing medium- to long-term growth</p> <ul style="list-style-type: none"> ✓ Solid launch for Workplace Hub ✓ Making Bio-Healthcare tripartite operating structure bearing fruit (KM, Ambry, Invicro)
	Issues	<ul style="list-style-type: none"> ● Adding final touches to Workplace Hub 	

SHINKA 2019 Management targets

Announced on May 11, 2017

[¥ billions]



FY2018 Performance Forecast



KONICA MINOLTA

[¥ billions]

	Mar 2019 estimates	Mar 2018 results	YoY
Revenue	1,080.0	1,031.3	+ 5%
Operating Profit	60.0	53.8	+ 11%
Profit attributable to owners of the company	37.0	32.2	+ 15%
<hr/>			
FOREX [Yen]			
USD	105	110.9	
Euro	125	129.7	

Full-year forecast

- As the interim year of the Medium Term Business Plan SHINKA 2019, FY2018 will be used to pave the way to achieving the management target of operating profit of ¥75 billion in the final year of FY2019.
- We will tackle “increasing the earning capacity of our core business” and “accelerating transformation” as priority initiatives.
- Incorporating the risk of the stronger yen against the US dollar and the euro, our forex assumptions have been set at [¥105 to the US dollar and ¥125 to the euro].

Dividend forecast

- Actual figures for FY2017 have been used unchanged at ¥30 per share.

FY2018 Earnings Forecast– Segments



KONICA MINOLTA

<u>Revenue</u>	Mar 2019 estimates	Mar 2018 results	YoY	[¥ billions]
Office	585.0	583.9	+ 0%	
Professional Print	232.5	214.3	+ 9%	
Healthcare	92.5	96.5	- 4%	
Industrial	120.0	118.2	+ 1%	*1
Optical systems for industrial use	40.0	43.1	- 7%	
Materials and components	80.0	75.1	+ 6%	
New business	50.0	17.3	+ 188%	
Bio-Healthcare	35.0	9.0	+ 290%	
Other	15.0	8.4	+ 79%	
Corporate, etc.	0	1.0	-	
Company overall	1080.0	1031.3	+ 5%	

*1: YoY +4% excluding impact from terminating OEM business approx. ¥5 billion

<u>Operating profit / OPM</u>	Mar 2019 estimates		Mar 2018 results		YoY	
Office	45.0	7.7%	44.9	7.7%	+ 0%	*2
Professional Print	12.5	5.4%	9.3	4.3%	+ 35%	
Healthcare	5.0	5.4%	5.6	5.8%	-10%	*3
Industrial	19.0	15.8%	23.5	19.8%	-19%	
New business	-11.5	- 23.0%	-16.0	-92.0%	-	
Corporate, etc.	-10.0	-	-13.4	-	-	
Company overall	60.0	5.6%	53.8	5.2%	+ 11%	

*2: YoY +14% excluding one-off earnings in FY17

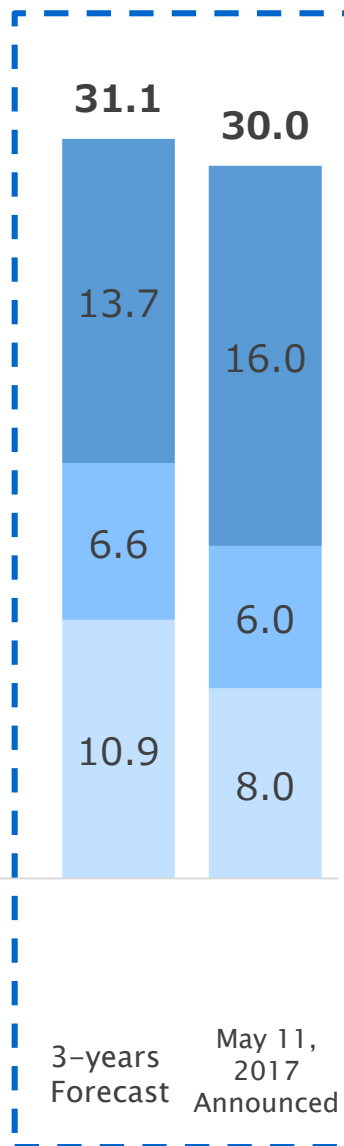
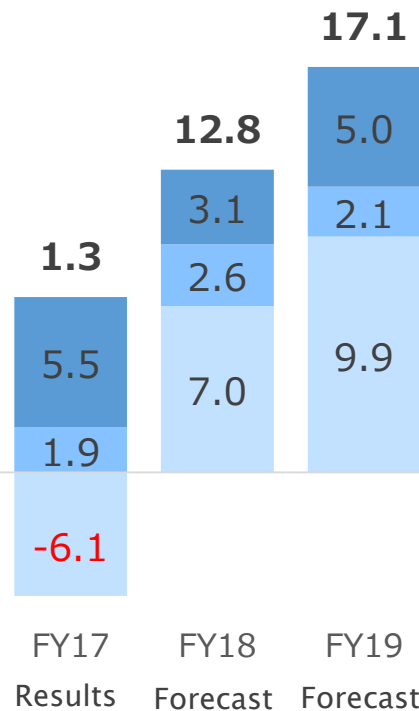
*3: YoY +42% excluding one-off earnings in FY17

*Figures for FY2017 have been recalculated based on business segmentation for FY2018.

Strengthening profitability in the Core Business

【¥ billions】

- Indirect operations
- Service costs
- Manufacturing costs



Manufacturing costs reduction

- Extend digital manufacturing to all factories and suppliers.
- Concurrent engineering for reducing costs for new products.
- Strategic disposition of manufacturing allocation, expanded local procurement.
- Mold-free production matched to the part lot.
- Automated production of consumables.

Service costs reduction

- Long-life consumable/parts
- Reduce costs per MIF by predictive maintenance
- Remote maintenance expansion

Administrative /indirect operations

- Conversion of fixed costs to variable cost through structural reform (consolidation/outsourcing)
- Consolidation of locations/warehouses
- Utilize RPA to automate routine operations

Measures to expand gross profit by selling high value-added products

Using sales to shift high-profitability medium-sized enterprises to high value-added products, promoting reforms with the aim of improving earnings power

Office Business

- Developed countries: expand color MIF → maintain momentum of rising PV
- Growth countries: strengthen market position through expanding sales channels in Eastern Europe and China, where there is significant potential for expansion from the shift to color.
- Decisively capture high-profitability medium-sized enterprises by strengthening pipeline management

Meticulously provide high added value to commercial print customers, maintain top position in MPP color, strengthen cost competitiveness

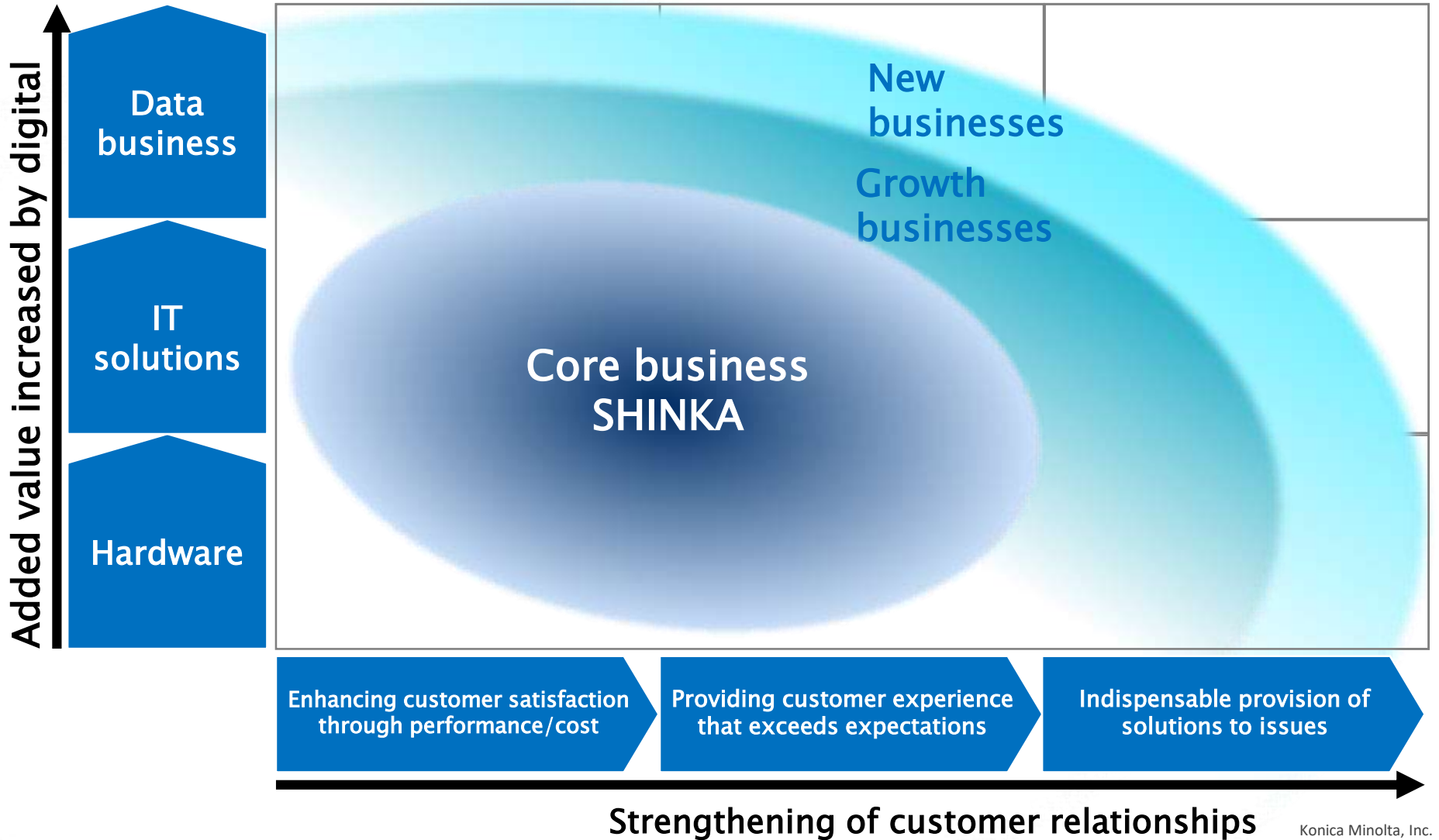
Professional Printing Business

- Developed countries: increase average selling price per customer × increase in units × increase in PV (expanded attachment ratio of IQ-501 and following PV increase)
- Growth countries: expand in APAC, primarily in China and India where share is high
- Product lineup: expand market by launching color 70/80 ppm models

- Promotion of structural reforms in Japan and overseas continues as part of the strengthening of profitability in core businesses set out in Medium Term Business Plan SHINKA 2019
- Implement sale & leaseback as part of corporate real estate (CRE) strategy

Target and purpose		Impact on profit and loss		
		FY17-1H	FY17-2H	FY18
Structural reform expenses	Special early retirement program in Japan, consolidation of warehouses/outsourcing of back-office in Europe, consolidation of locations in North America, etc.	- ¥6.2bn	- ¥3.8bn	-¥2.0~3.0bn
CRE strategy	Global optimization of facilities use (land/buildings)	¥11.5bn	¥9.4bn	¥10.0bn + (Including expenses related to repairs/removals)

By building up “growth” and “new” on top of our Core business, we sustainably generate a large “surface”



Continuous expansion of color
MIF in Office Business

(Expansion of customer base)



Hybrid sales, which include IT
services, to the small and
medium-sized enterprises that
make up our core customer base

(Deepening of customer base)

Providing customer experience
that exceeds expectations /
indispensable solutions to issues,
by means of the Workplace Hub

(Providing value to customer)

FY17	FY18				FY19
4Q	1Q	2Q	3Q	4Q	1Q

Development of applications with partners and customers by design thinking method

Sales of Workplace Hub itself, and applications, begin (managed IT, TEAM SPACE, IoT kits for manufacturing, security, backup, etc.)

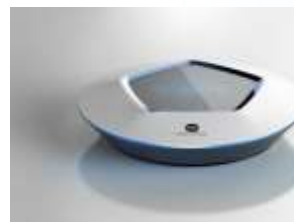
Local events hosted in Europe, the US, Japan

Start deployment of decision support and industry-specific applications in turn

Prepare for launch of new-generation workplace Hub



workplacehub



Customer Value

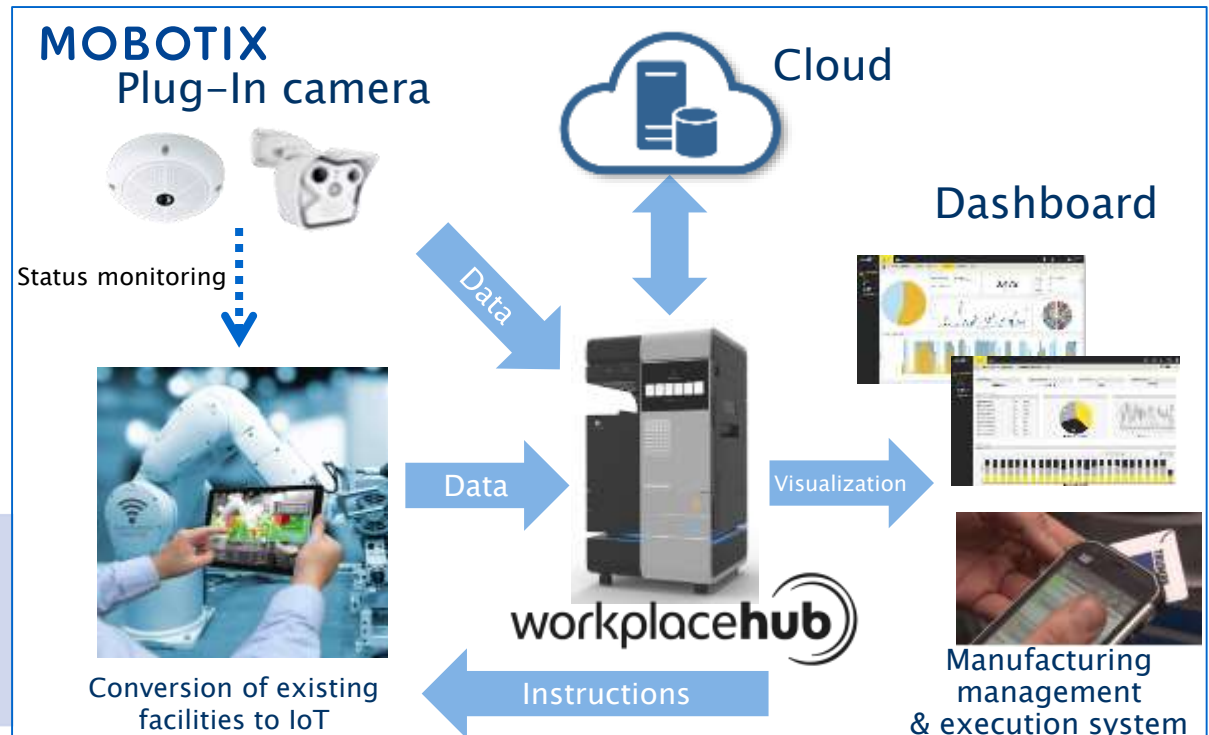
- Use All-in-One package solutions to support the deployment of IoT for small and medium-sized manufacturers
 - Cover deployments from the consulting stage up to after-sales support
 - Provide devices and software necessary for introducing IoT
 - Predictive maintenance that uses data guaranteed to be secure (→ improved utilization rates)

Business challenges

- Improving productivity through the digitalization of manufacturing sites

Pain points

- Know-how and resources
- Acquiring and communicating data from manufacturing facilities
- Manufacturing cost reductions



Workplace Hub and working style reforms for small and medium-sized customers (TEAM SPACE)

Customer Value

- Support improvements in productivity and creativity by enabling the easy deployment of a digital workplace
 - Simple customization and maintenance based on templates
 - Wide range of collaboration functions (internal SNS, team site, enterprise search, dashboards etc.)
 - Release from specific workplace/work hours (→ improved intellectual productivity/creativity resulting from diversity of human resources)

Business challenges

- Improving productivity/creativity through the digitalization of the workplace

Pain points

- IT skills and resources required for deployment
- One-way communications (e-mail, intranet)



Customer Value

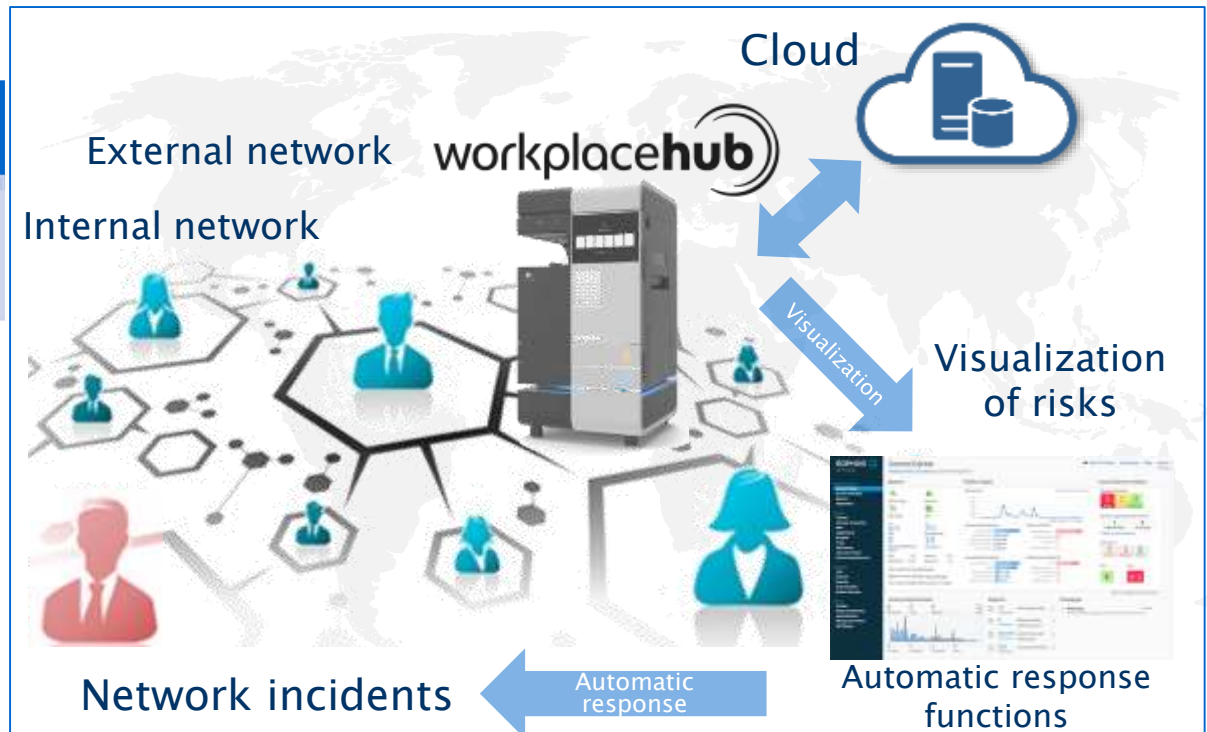
- Provide centralized administration of network security, monitoring, and self-resolving solutions
 - Workplace Hub as a network gateway equipped with firewall
 - Unification of security-related functions
 - Visualization of risks and auto-respond functions when problems occur

Business challenges

- Strengthening security countermeasures for the ICT/digitalization era

Pain points

- Understanding your company's security situation
- Skills needed for making complex security settings
- Ability to respond to security problems



Domain	Short term	Medium to long term
<p>Genetic diagnostics (Ambry)</p>	<p>Strengthen channels to specialist cancer doctors</p> <ul style="list-style-type: none"> ● Won comprehensive agreement with major hospital group <p>Strengthen marketing capabilities</p> <ul style="list-style-type: none"> ● Strengthen the structure through new senior sales management, and strengthen relationships of trust with major insurance companies 	<p>Strengthen genetic testing business for pharmaceuticals</p> <p>Build a genetics database originating in Japan, accelerate the genetic testing business</p> <p>Expand into the market for genetic testing (at one's own expense) in the Asia-Pacific region</p>
<p>Drug discovery /support (Invicro)</p>	<p>Winning new projects</p> <ul style="list-style-type: none"> ● Win long-term projects in clinical trial support field <p>Strengthen clinical testing design function</p> <ul style="list-style-type: none"> ● Expand services lineup through clinical testing menu, and HSTT testing menu 	<p>Generate business synergies through joint “K-magic” projects between Konica Minolta, Ambry Genetics and Invicro</p>

FY2018 Earnings Forecast– Overview



KONICA MINOLTA

[¥ billions]

	Earning Forecast Mar 2019	Results Mar 2018	YoY
Revenue	1,080.0	1,031.3	+ 5%
Operating Profit	60.0	53.8	+ 11%
<i>Operating Profit ratio</i>	<i>5.6%</i>	<i>5.2%</i>	-
Profit before tax	55.0	49.1	+ 12%
Profit attributable to owners of the company	37.0	32.2	+ 15%
<i>Profit attributable to owners of the company ratio</i>	<i>3.4%</i>	<i>3.1%</i>	-
EPS [Yen]	74.82	65.17	
ROE [%]	6.9%	6.1%	
ROE* [%]	-	6.3%	
CAPEX	55.0	38.7	
Depreciation and Amortization Expenses	60.0	56.3	
R&D expenses	80.0	77.0	
FCF (Mar 2019 forecast does not include investment and lending)	35.0	- 68.4 *)	
Investment and lending	30.0	125.0	
FOREX [Yen]	105.0	110.9	
USD euro	125.0	129.7	

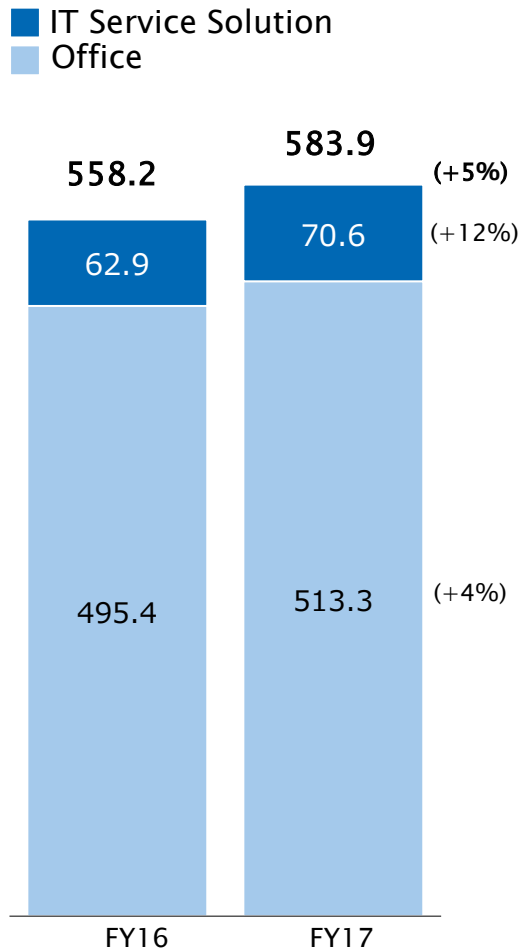
ROE*: profit for the year attributable to the owners of the company, divided by the average (using figures from start and end of year) of the sum of share capital, share premium, retained earnings and treasury shares

*) -33.0 without contribution from INCJ for acquisition of Ambray Genetics Corporation

Appendix

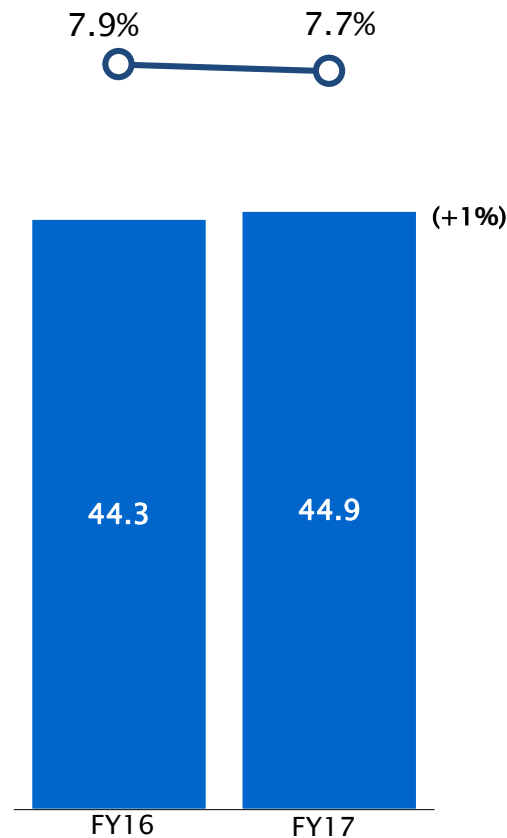
Revenue

[¥ billions]



Operating Profit

[¥ billions]



4Q Summary

IT Service Solution

- In the US, in addition to the effects of newly consolidated subsidiaries, growing sales of highly profitable security solutions also made a contribution, and revenues increased.
- In Europe, sales of managed content services with improved margins rose due to enhancements to the service structure.

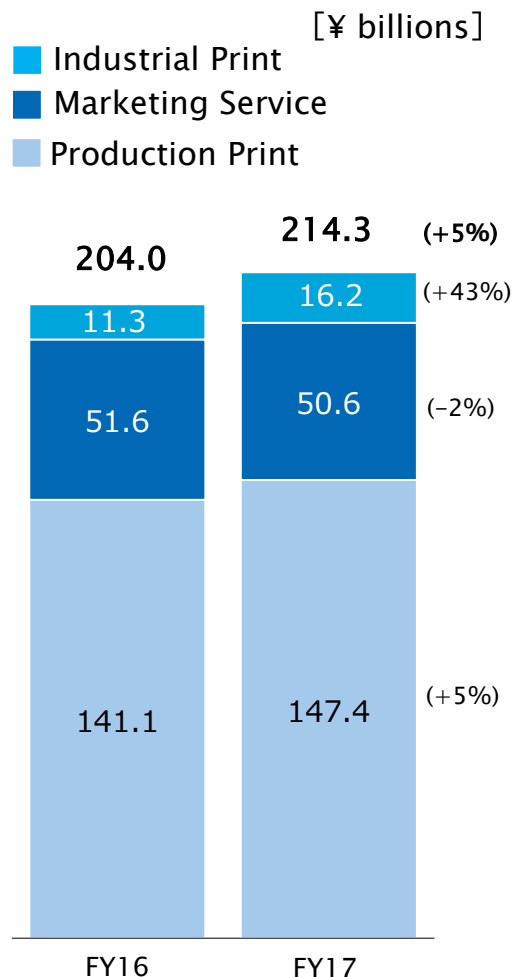
Office

- In North America, favorable sales of A3 color models continued, primarily for high-speed models, while sales of high-speed A3 color models grew year on year in Europe.
- In China, sales rose significantly due to the shift to high-speed A3 color models while sales year on year declined overall.
- Sales to existing customers were robust, in addition to which there was an increase in major new projects.

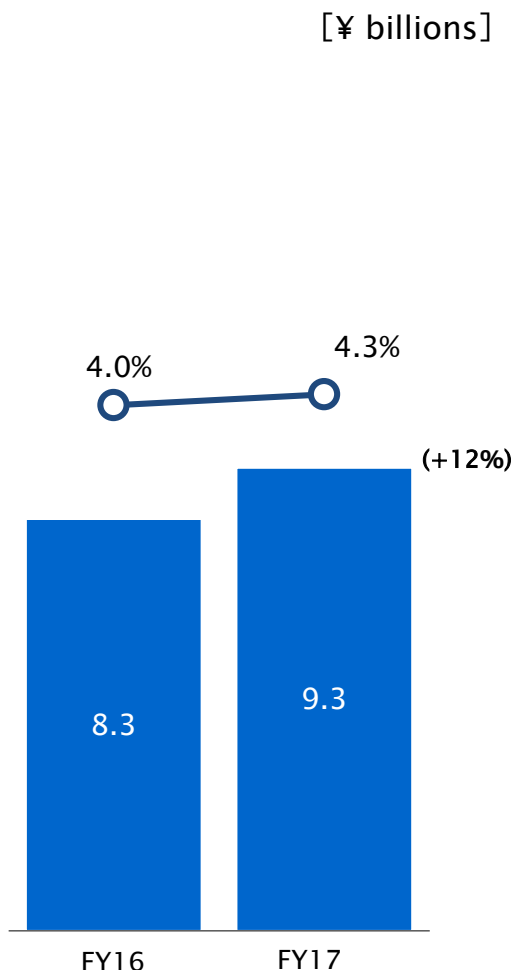
OPs revenue: ¥29.1 billion (+20% YoY)

GMA revenue: ¥9.4 billion (+10% YoY)

Revenue



Operating Profit



4Q Summary

Industrial Printing

- Sales of the “AccurioJet KM-1” digital inkjet press, digital decoration printing equipment produced by French subsidiary MGI, and label printers accelerated, primarily in North America.

Marketing Service

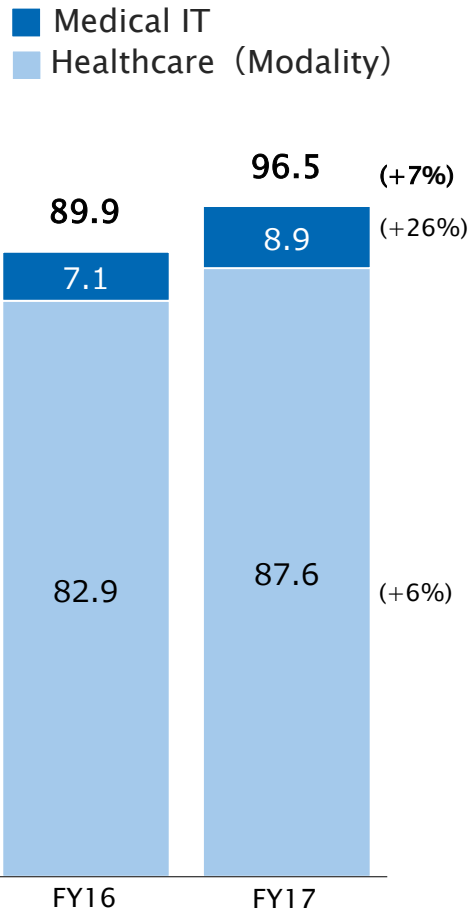
- As MPM, orders from major customers recovered, which, together with orders from new customers, drove revenues higher.
- Favorable conditions at Kinko's continued for both the corporate and retail business.

Production Print

- Although markets were slow, chiefly in developed countries, sales volumes were flat in North America and sales rose significantly in Europe, primarily due to the top-of-the-line “AccurioPress C6100” series.
- China also continued to post significant year-on-year growth in sales.

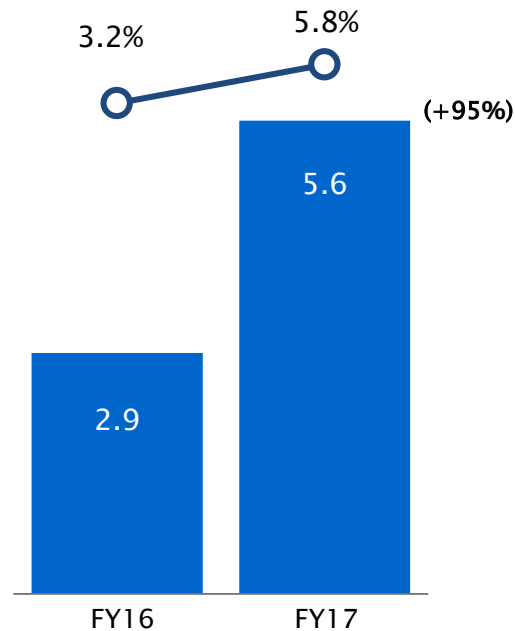
Revenue

[¥ billions]



Operating Profit

[¥ billions]



4 Q Summary

Healthcare (Modality)

- DR: Despite Japan being flat year on year, sales volumes expanded in the US due to strengthened cooperation with an X-ray system manufacturer, and also winning some major projects.
- Diagnostic ultrasound systems: Due to establishing a position as a "genre-top" product in the field of orthopedics, and launching new products, sales in Japan remained solid. Sales volumes also grew year on year in Europe, the US, and China.
- Service contracts also grew steadily.

Medical IT

- Higher sales volume in the US is contributing to revenue.
- Service contract revenue is also rising steadily.

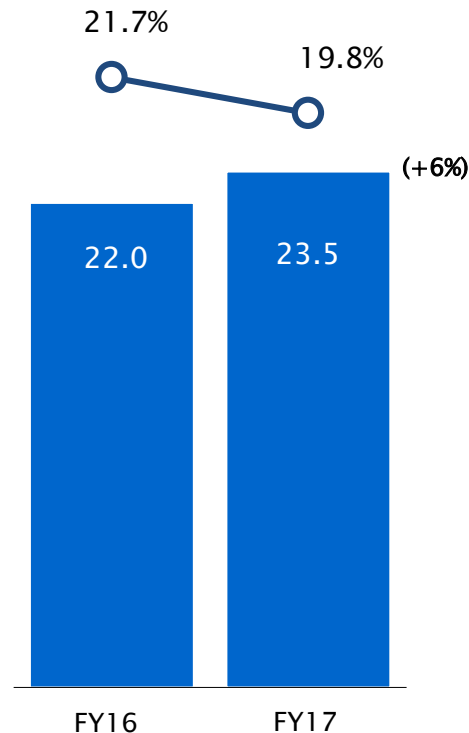
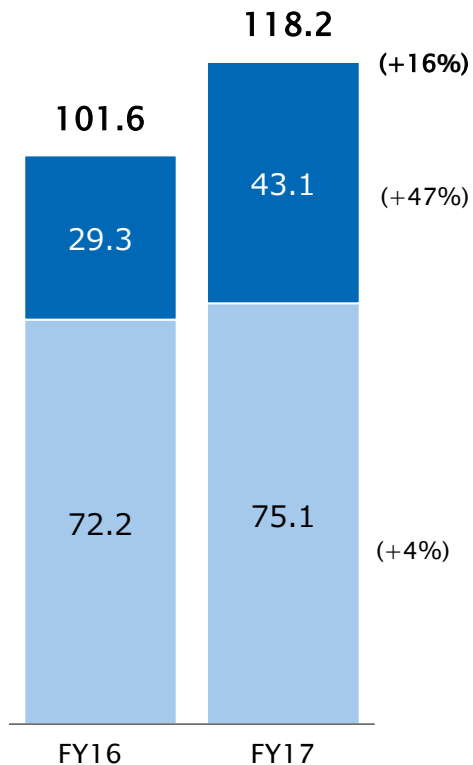
Revenue

[¥ billions]

Operating Profit

[¥ billions]

- Optical systems for industrial use
- Materials and components



4 Q Summary

Optical systems for industrial use

- Measuring instruments: In the light source color area, revenues declined due to shipments for a major project in the same period of the previous year, but the broadening of the customer base and the range of applications continued. Sales in the object color area also grew.

Materials and components

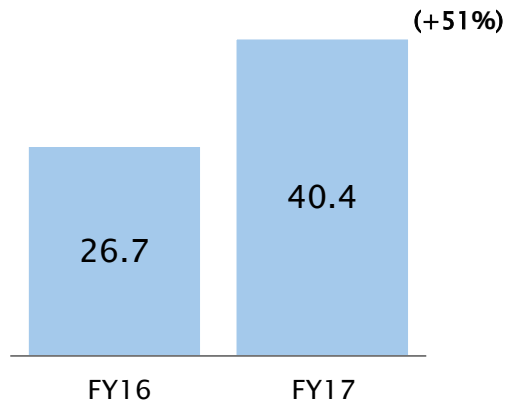
- Performance materials: In line with the increasing size of LCD TVs, we grew sales volumes of high value-added film products such as water-resistant VA-TAC films and ZeroTAC film for IPS panels, raising revenue despite suffering from price pressure.
- Optical components: Revenues increased due to higher sales of projector and interchangeable lenses.
- IJ (inkjet) components: Higher revenues were again driven by sales in Europe/Asia.

Revenue in Industrial Business Sub-Segments: 12 Months

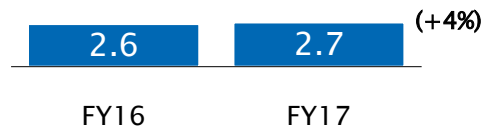
[¥ billions]

Optical systems for industrial use

Measuring Instruments

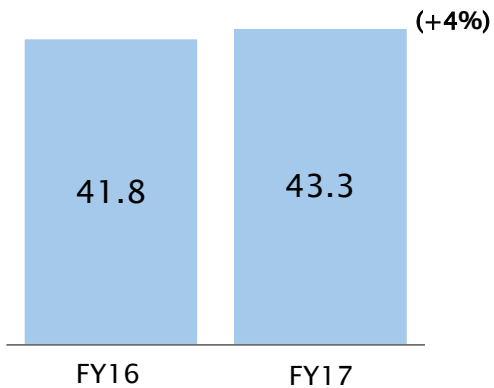


Imaging Solutions

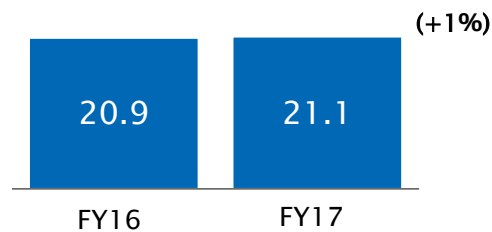


Materials and components

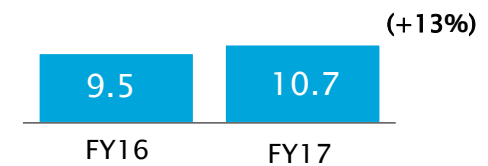
Performance Materials



Optical Components



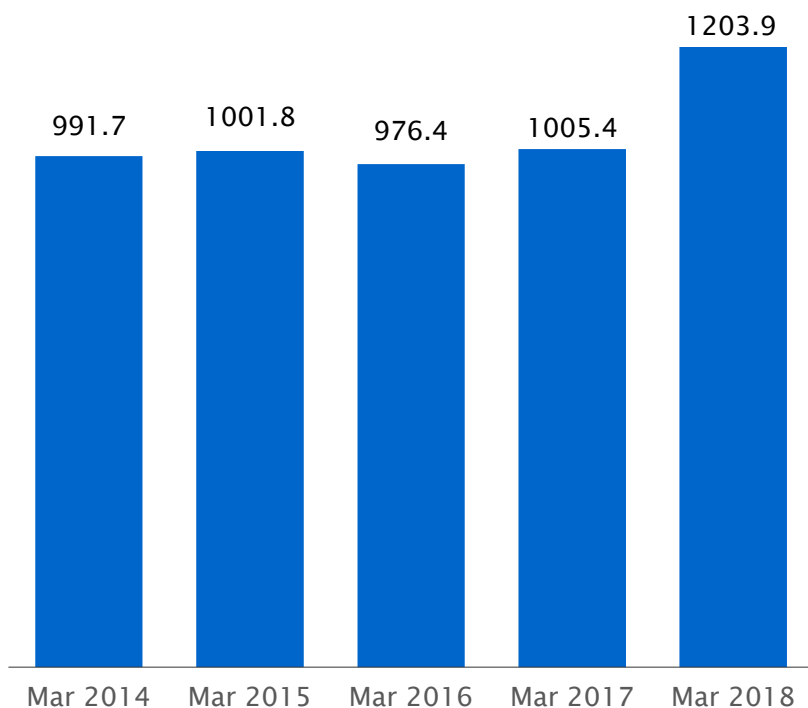
IJ (inkjet) Component



Total Assets

[¥ billions]

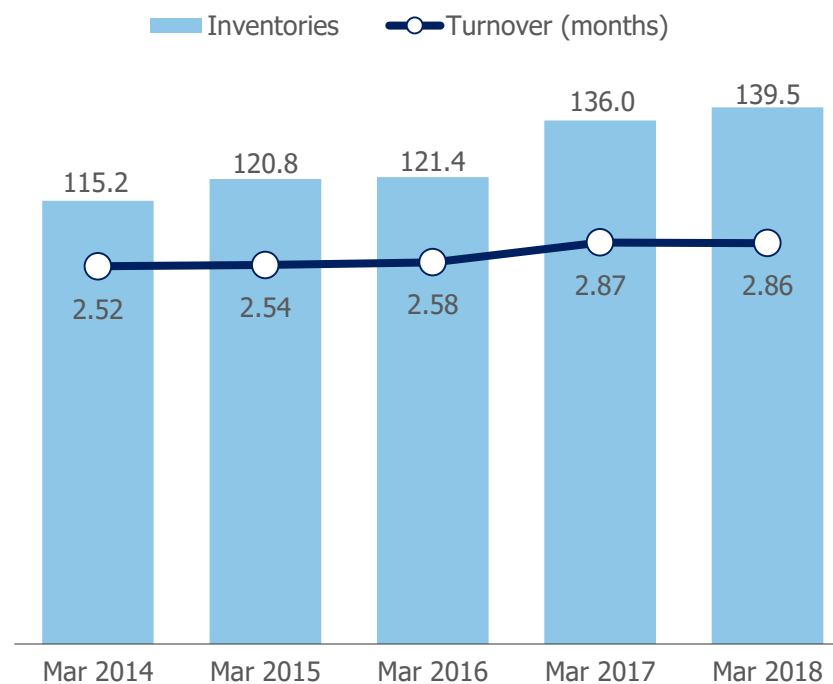
Increase in total assets caused by goodwill/intangible assets arising from Ambry/Invicro acquisitions



Inventory/Turnover

[¥ billions]

In Office/Professional Print, rising sales in high-end products and in emerging countries, and strong sales of measuring instruments led to higher sales, resulting in higher inventories

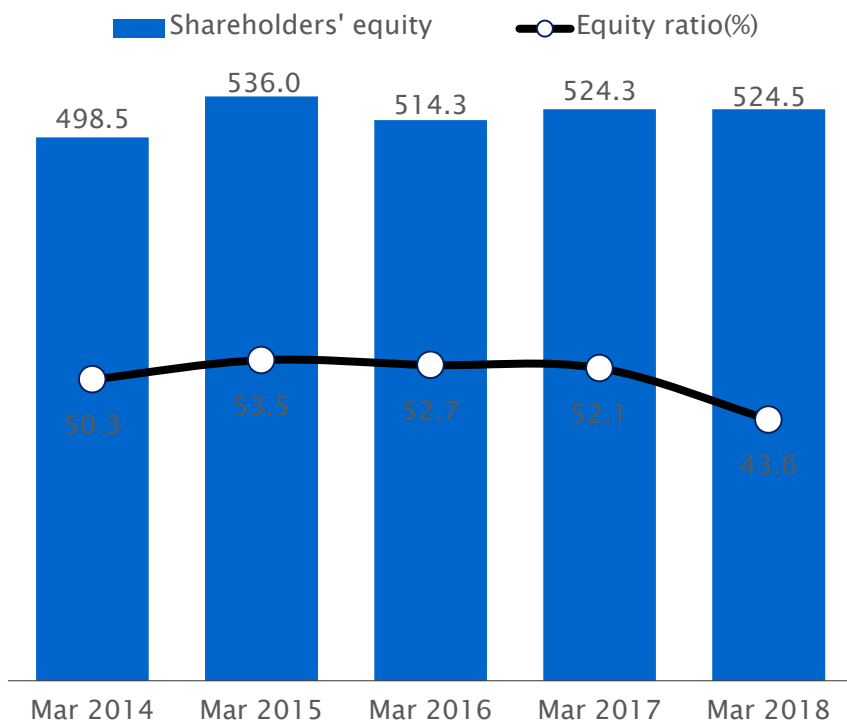


* Inventory turnover, in months = Inventory balance at end of fiscal year / Average cost of sales for most recent three months

Equity & Equity Ratio [¥ billions]

Attributable to owners of the parent company

Despite the decline in the equity ratio caused by borrowing the funds necessary for the acquisition of the bio-healthcare business, utilizing hybrid loans allowed us to maintain our credit rating at “A”



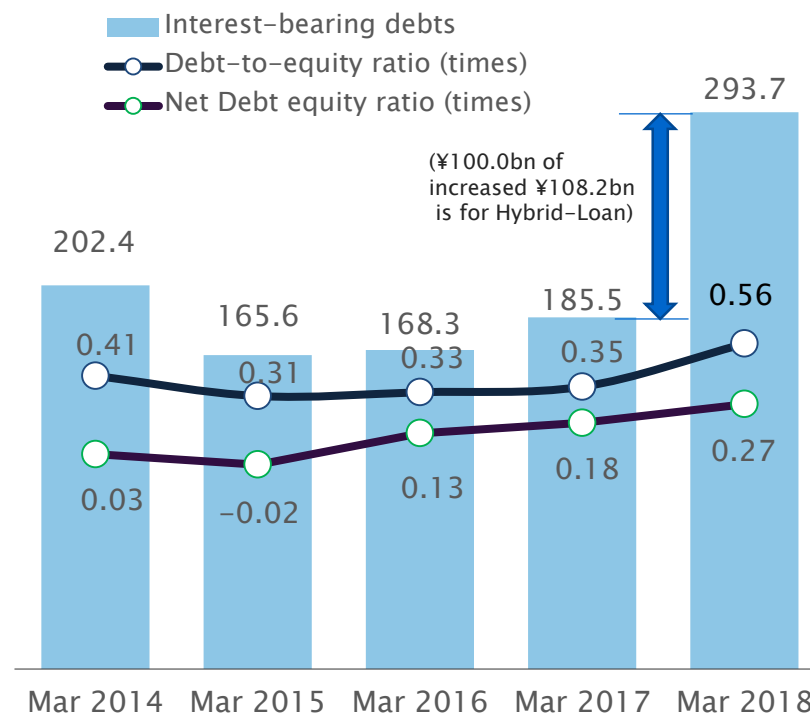
(For Company Rating 47.6%)

Equity = Equity attributable to owners of the company

Equity ratio = Equity attributable to owners of the company / Total assets

Interest-Bearing Debts & D/E Ratio [¥ billions]

Interest-bearing debts increased due to hybrid loan borrowings, resulting in higher debt-to-equity and net debt equity ratios



FY2017 4Q Financial Results Highlight – Overview



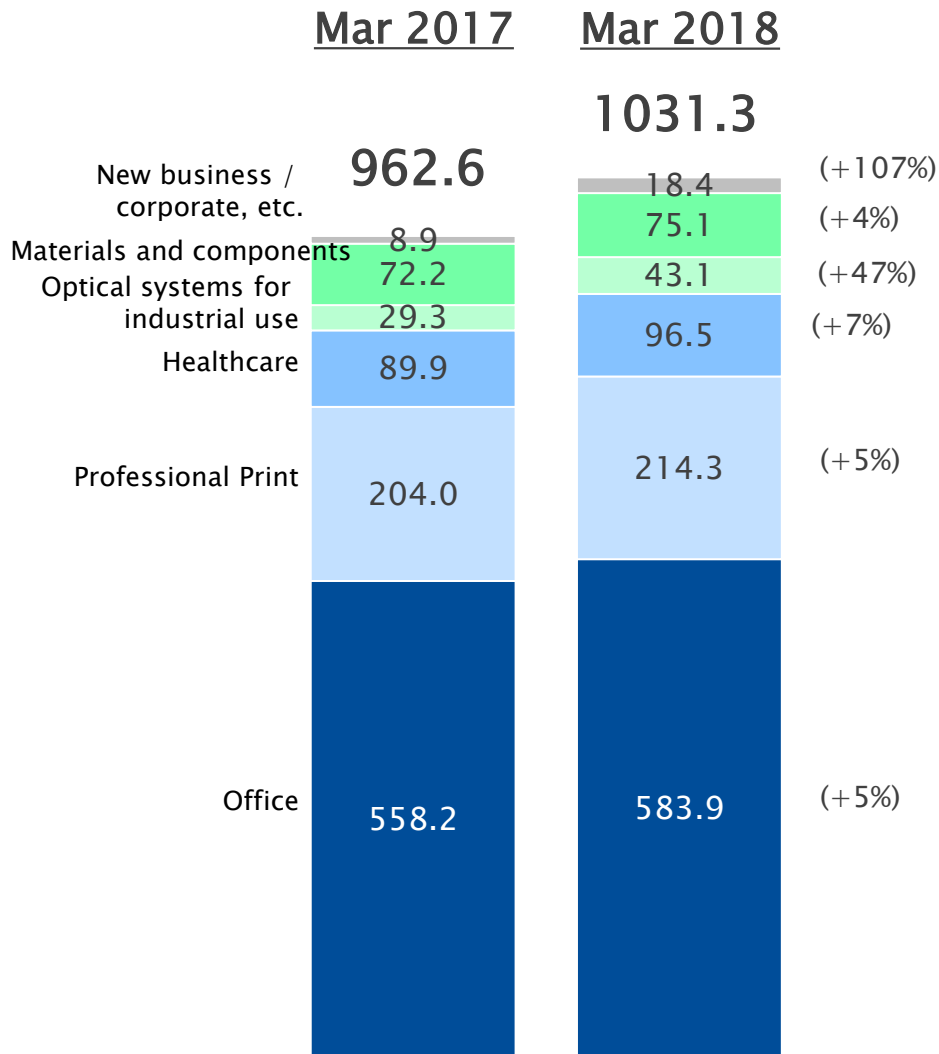
	12M Mar 2018	12M Mar 2017	YoY	4Q Mar 2018	4Q Mar 2017	YoY	[¥ billions]
Revenue	1,031.3	962.6	+ 7%	281.0	262.9	+ 7%	
Gross Profit	489.8	459.9	+ 6%	132.3	120.9	+ 9%	
<i>Gross Profit ratio</i>	<i>47.5%</i>	<i>47.8%</i>	-	<i>47.1%</i>	<i>46.0%</i>	-	
Operating Profit	53.8	50.1	+ 7%	24.8	15.7	+ 58%	
<i>Operating Profit ratio</i>	<i>5.2%</i>	<i>5.2%</i>	-	<i>8.8%</i>	<i>6.0%</i>	-	
Profit before tax	49.1	49.3	- 0%	22.0	15.2	+ 44%	
<i>Profit before tax ratio</i>	<i>4.8%</i>	<i>5.1%</i>	-	<i>7.8%</i>	<i>5.8%</i>	-	
Profit attributable to owners of the company	32.2	31.5	+ 2%	13.6	6.6	+ 106%	
<i>Profit attributable to owners of the company ratio</i>	<i>3.1%</i>	<i>3.3%</i>	-	<i>4.9%</i>	<i>2.5%</i>	-	
EPS [Yen]	65.17	63.65		27.57	13.38		
CAPEX	38.7	38.9		14.0	11.4		
Depreciation and Amortization Expenses	56.3	51.8		14.9	12.7		
R&D expenses	77.0	73.3		20.0	19.8		
FCF	*) -68.4	-1.9		25.6	7.8		
Investment and lending	125.0	36.7		3.2	0.3		
FOREX [Yen]	110.85	108.38	2%	108.30	113.64	-5%	
USD							
euro	129.70	118.79	9%	133.22	121.08	10%	

*) -33.0 without contribution from INCJ for acquisition of Ambray Genetics Corporation

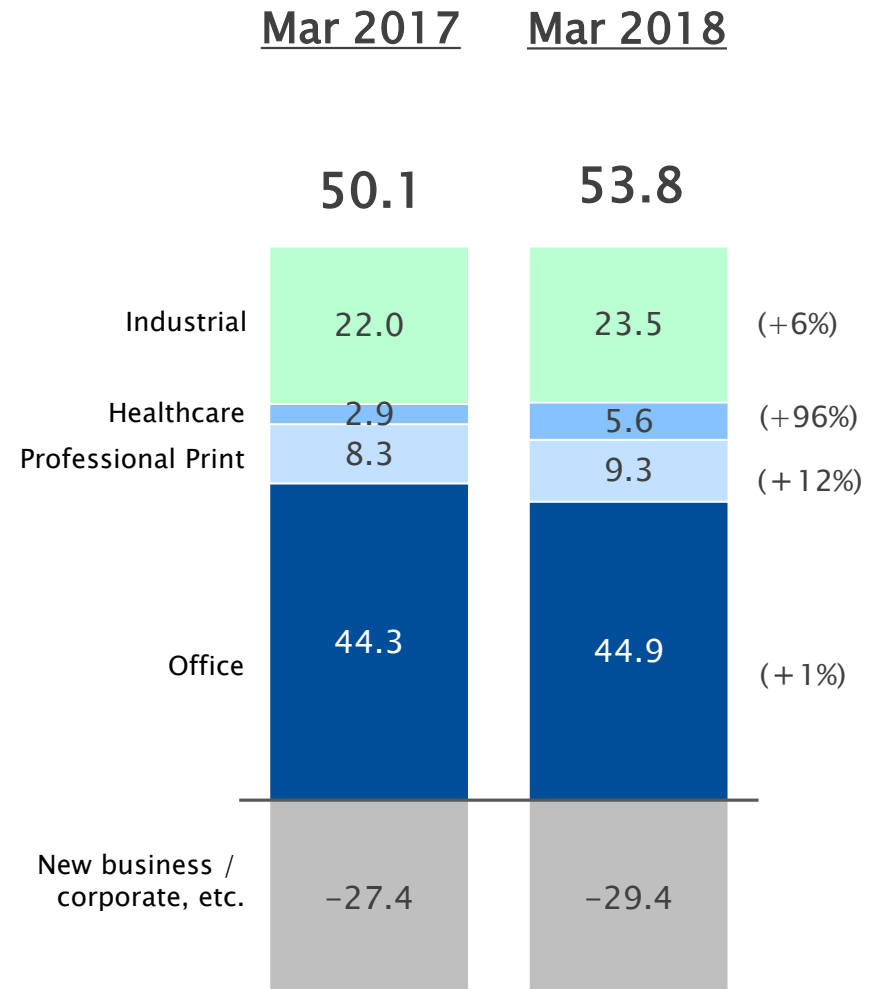
FY2017-12M Revenue and Operating Profit by Segment

[¥ billions]

Revenue



Operating Profit



FY2017 4Q Operating Profit Analysis

FY2017/12M vs FY2016/12M

[¥ billions]

	Office	Professional Printing	Healthcare	Industrial Business	New business / corporate, etc.	Total
[Factors]						
Forex impact	2.1	2.1	0.4	0.5	-0.2	4.9
Price change	-2.2	-1.9	-2.0	-2.7	-	-8.8
Sales volume change, and other, net	-0.7	3.9	2.6	10.8	3.9	20.5
Cost up/down	-0.3	-0.3	0.4	0.4	-0.3	0.0
SG&A change, net	-1.2	-0.2	-0.6	0.6	-12.8	-14.2
Other income and expense	2.9	-2.5	1.8	-8.2	7.3	1.3
[Operating Profit]						
Change, YoY	0.6	1.0	2.7	1.4	-2.0	3.7

FY2017/4Q vs FY2016/4Q

	Office	Professional Printing	Healthcare	Industrial Business	New business / corporate, etc.	Total
[Factors]						
Forex impact	2.6	0.5	0.1	-0.1	0.0	3.0
Price change	1.2	-0.2	-0.7	-0.4	-	0.0
Sales volume change, and other, net	-0.3	3.0	0.9	0.6	2.1	6.3
Cost up/down	0.4	-0.2	0.1	0.0	-0.2	0.2
SG&A change, net	-1.0	0.6	0.0	0.9	-6.0	-5.5
Other income and expense	-1.0	-1.1	0.1	-0.3	7.6	5.0
[Operating Profit]						
Change, YoY	1.9	2.8	0.3	0.6	3.5	9.1

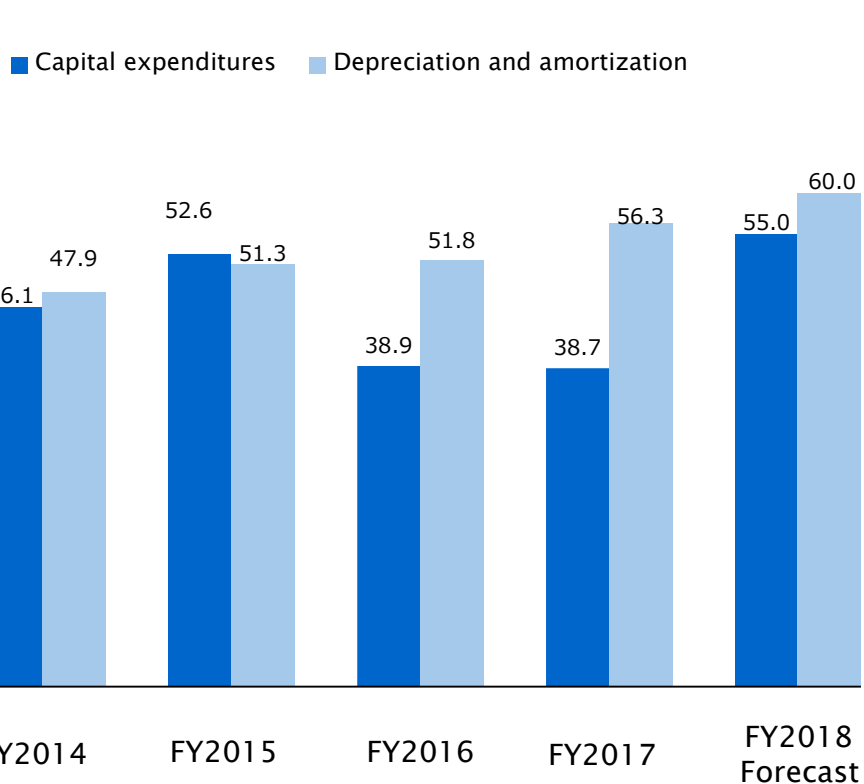
SG&A – Other Income/ Expenses–Finance Income/Loss

				[¥ billions]		
	12M Mar 2018	12M Mar 2017	Increase or decrease	4Q Mar 2018	4Q Mar 2017	Increase or decrease
SG&A:						
Selling expenses – variable	48.2	46.8	+1.4	11.1	12.0	-0.8
R&D expenses	77.0	73.3	+3.7	20.0	19.8	+0.3
Personnel expenses	202.8	192.1	+10.7	53.8	49.8	+4.0
Other	116.0	104.5	+11.5	28.1	24.5	+3.6
SG&A total	444.0	416.6	+27.4	113.0	106.0	+7.0
	<i>* Forex impact: ¥+13.2 bn. (Actual: ¥+14.2bn.)</i>			<i>¥+1.5 bn. (Actual: ¥+5.5bn.)</i>		
Other income:						
Gain on sales of property, plant and equipment	20.9	1.0	+19.9	9.7	0.8	+8.8
Patent-related income	-	7.8	-7.8	-	-	-
Other income	4.0	5.3	-1.3	1.6	2.8	-1.2
Other income total	24.9	14.1	+10.7	11.2	3.6	+7.6
Other expenses						
Loss on sales of property, plant and equipment	1.0	1.0	-0.0	0.4	0.4	+0.0
Impairment losses on property	0.6	0.4	+0.2	0.6	0.3	+0.2
Special extra retirement payments	5.3	0.2	+5.2	-	-	-
Other expenses	9.9	5.8	+4.1	4.7	2.1	+2.7
Other expenses total	16.8	7.3	+9.5	5.7	2.8	+2.9
Finance income/loss:						
Interest income/Dividends received/Interest expense	-1.8	-0.2	-1.7	-1.1	-0.1	-1.0
Foreign exchange gain/loss (net)	-2.4	0.0	-2.4	-1.6	-0.2	-1.4
Other	0.2	-0.5	+0.7	0.4	-0.3	+0.7
Finance income/loss, net	-4.1	-0.7	-3.3	-2.2	-0.5	-1.7

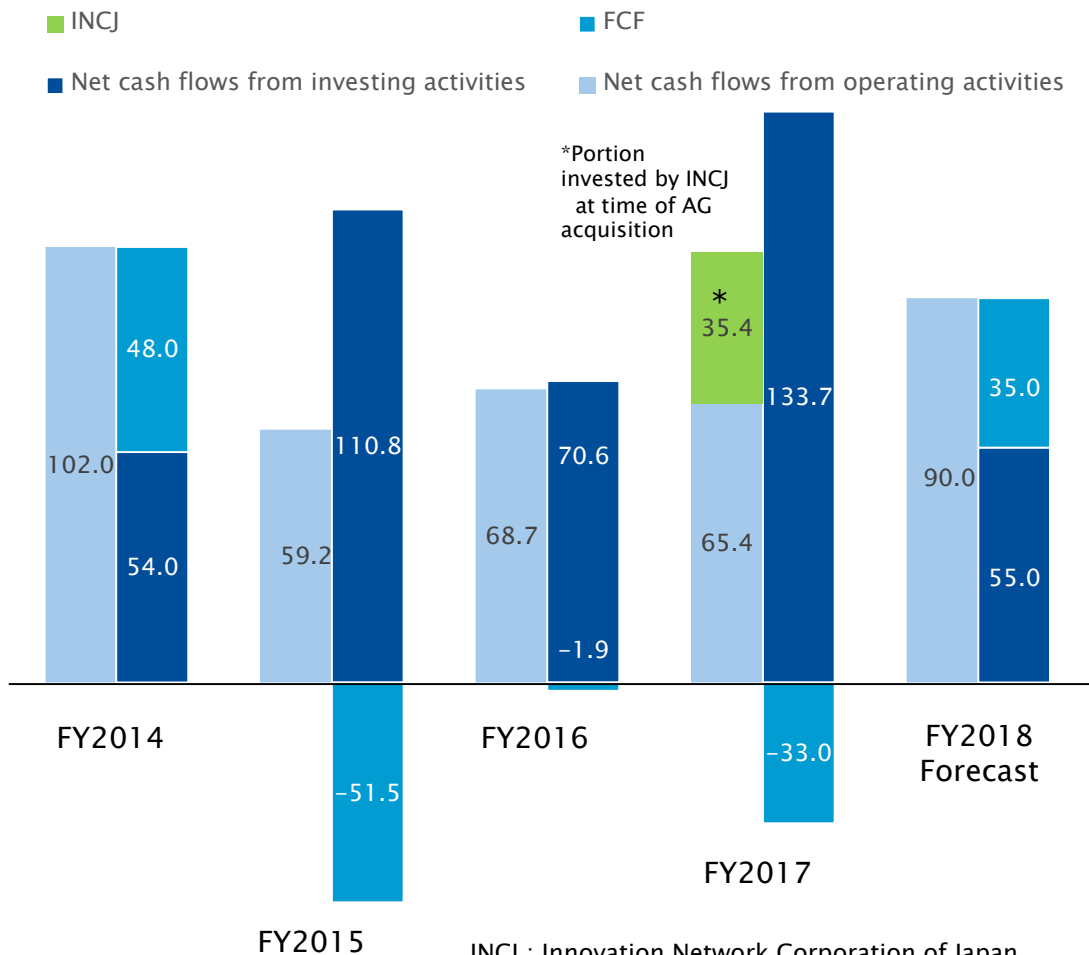
Outlook for Capital Expenditure and Depreciation and Amortization Expenses/ Free Cash Flows

[¥ billions]

Capital Expenditure and Depreciation and Amortization Expenses



Free Cash Flows

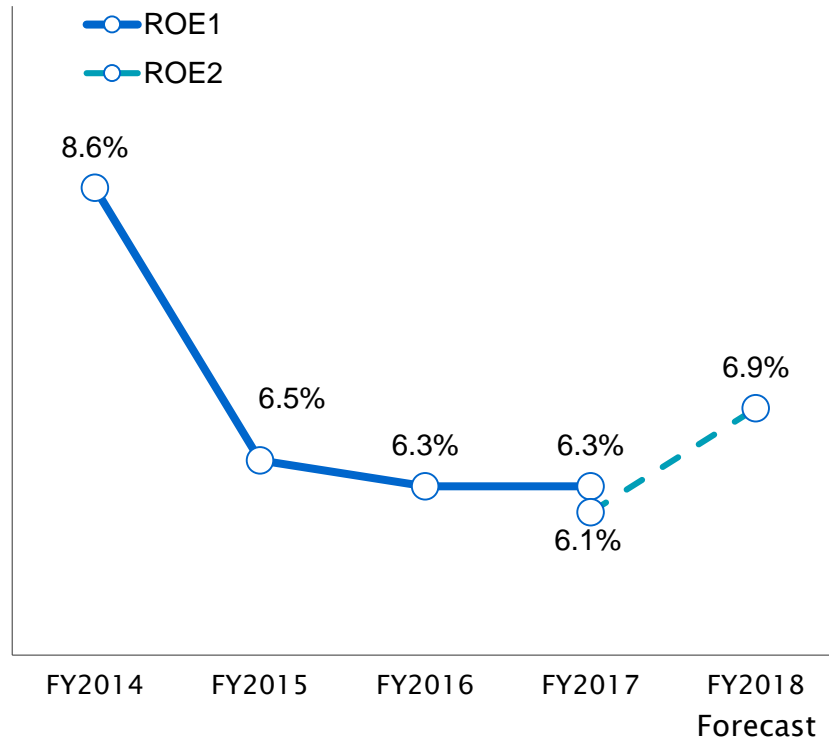


*FCF forecast for FY2018 does not include investment and lending

ROE

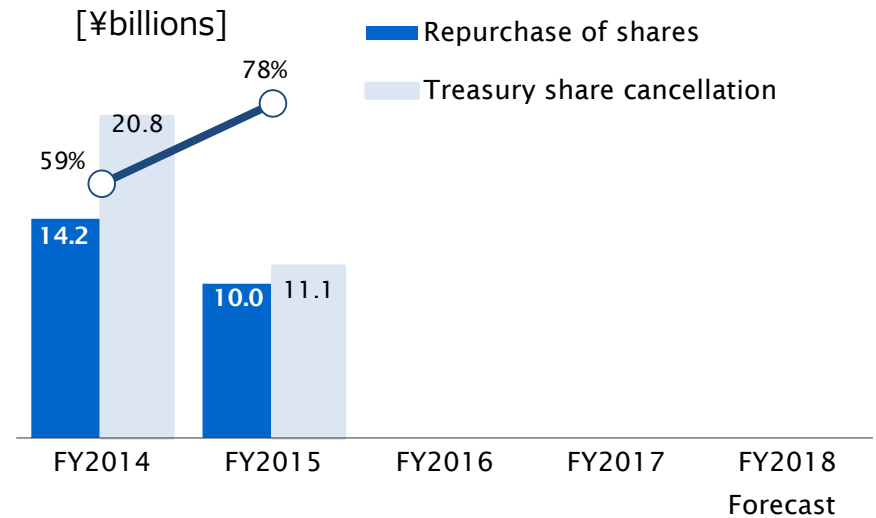
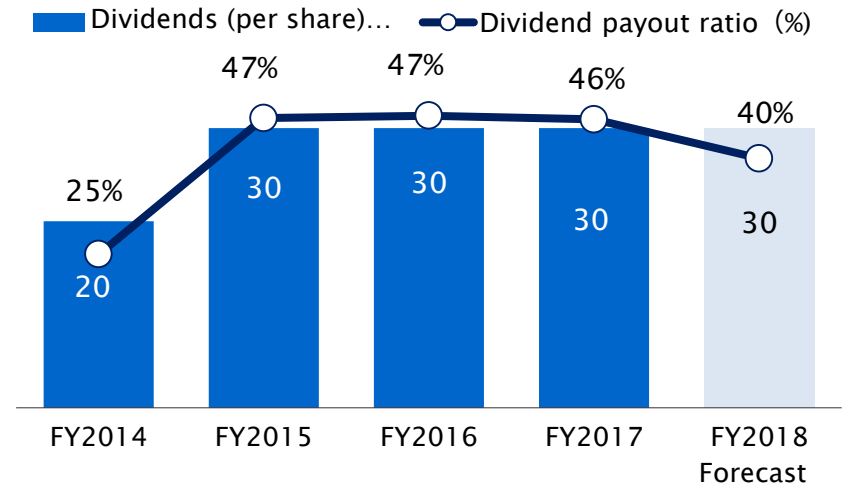
ROE1: profit for the year attributable to the owners of the company, divided by the average (using figures from start and end of year) of the sum of share capital, share premium, retained earnings and treasury shares

ROE2: Profit attributable to owners of the company divided by equity attributable to owners of the company (average of beginning and ending balances)



Shareholder Returns

[Per share/Yen]



Unit Sales Trends: Office/Professional Print

■ Composition of revenue by region (in yen)

	FY2015				FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	12%	12%	12%	13%	13%	12%	13%	13%	13%	13%	12%	12%
N. America	33%	34%	34%	33%	32%	34%	33%	32%	34%	34%	33%	31%
Europe	37%	36%	38%	38%	37%	36%	36%	38%	36%	36%	38%	40%
Others	18%	18%	17%	16%	18%	18%	18%	16%	17%	17%	17%	17%

■ Change in Revenue by region (w/o FOREX)

	FY2015				FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	+1%	+1%	+1%	-0%	-1%	-1%	-1%	-2%	+2%	+0%	-1%	-1%
N. America	+5%	+1%	+3%	+0%	+2%	+3%	+6%	-3%	+2%	+3%	-3%	+8%
Europe	+3%	+0%	+3%	+2%	+4%	+4%	+9%	+4%	-1%	+2%	+1%	+4%
Others	+20%	-3%	-4%	-1%	+4%	+7%	-12%	-1%	-10%	-8%	-5%	-2%

■ Percentage of color in sales of hardware

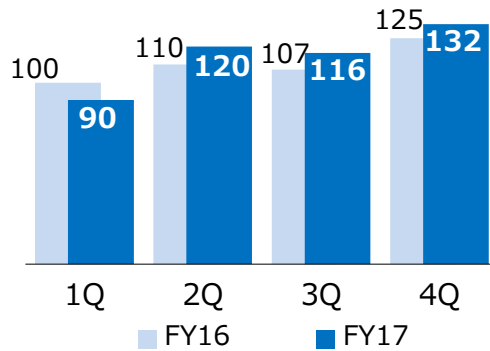
	FY2015				FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Office	68%	66%	71%	71%	71%	72%	72%	72%	69%	72%	72%	72%
PP	68%	71%	73%	73%	74%	73%	73%	72%	78%	76%	80%	78%

Unit Sales Trend: Office/Professional Print

A3 Color MFP- Units*

YoY : +6%

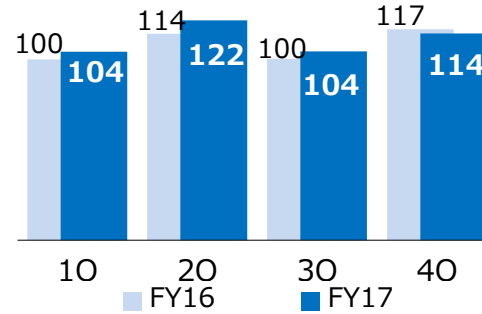
QoQ : +14%



A3 B&W MFP- Units*

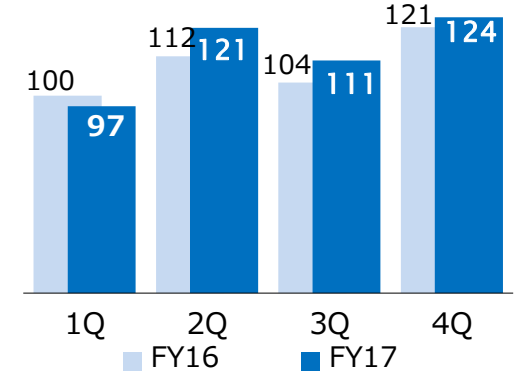
YoY : - 2%

QoQ : +9%



YoY : +2%

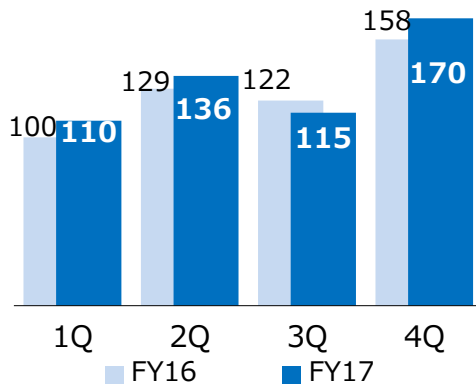
QoQ : +12%



Color Production Print - Units*

YoY : +8%

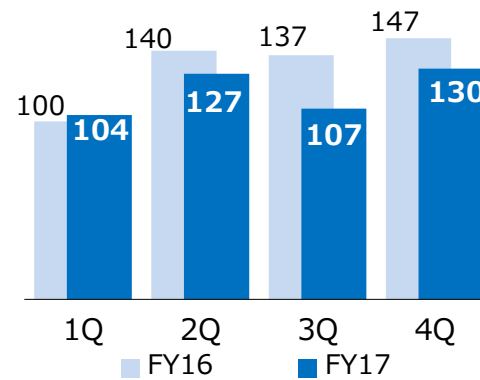
QoQ : +49%



B&W Production Print - Units*

YoY : Δ 12%

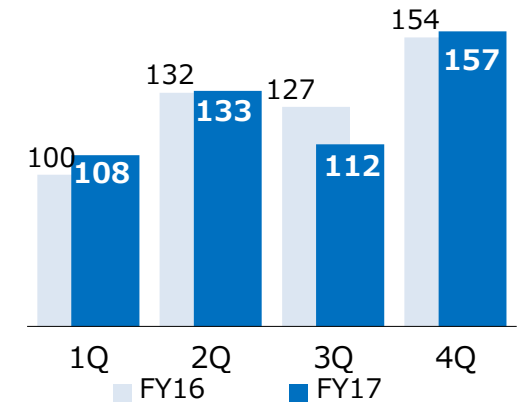
QoQ : +21%



Production Print - Units*

YoY : +2%

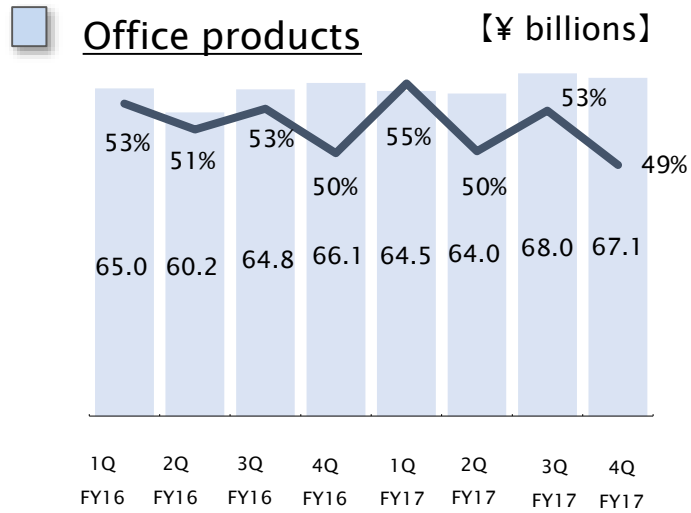
QoQ : +40%



* Base index : "1Q Mar2016" = 100

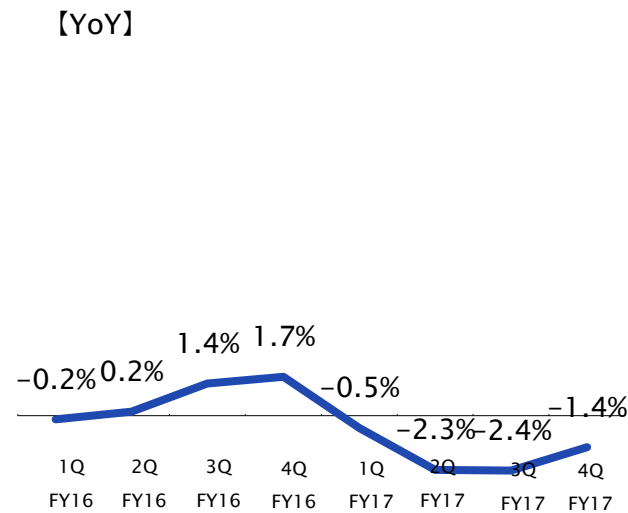
Office/Professional Print: Sales Results for Non-Hard

Revenue & ratio of non-hard

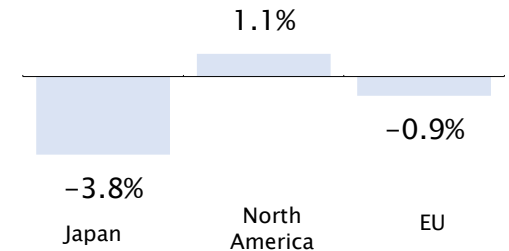


YoY revenue increase in non-hard

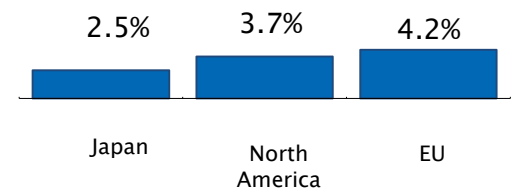
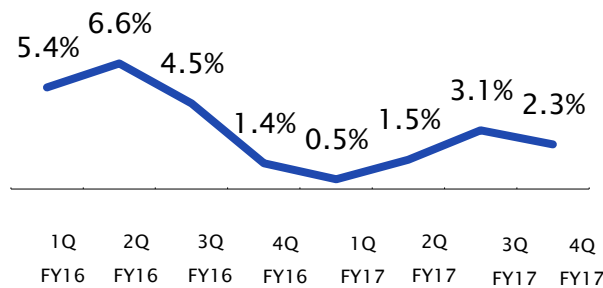
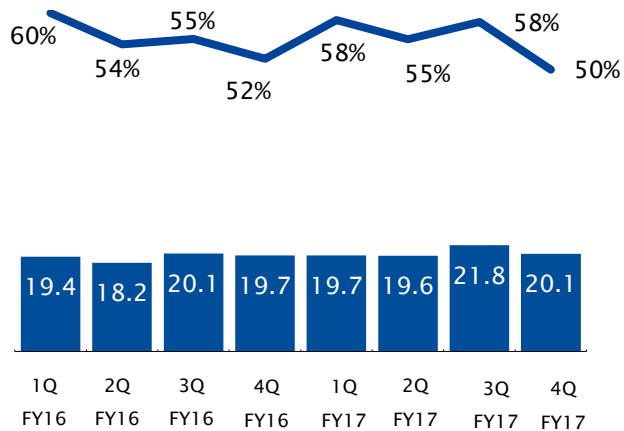
(w/o FOREX)



[Regional]



Production printing



FOREX Impact on Revenue and Operating Profit: 12M

[FOREX : ¥]

[Impact, Sensitivity : ¥ billions]

	FY16	FY17	Impact to 2016		FX Sensitivity *2	
	12M	12M	Revenue	OP	Revenue	OP
USD	108.38	110.85	+ 7.7	- 0.1	+ 3.2	+ 0.0
EUR	118.79	129.70	+ 20.1	+ 9.3	+ 1.8	+ 0.7
GBP	141.60	147.03	+ 1.8	- 0.0	+ 0.3	+ 0.1
European Currency*1	—	—	+ 26.3	+ 9.6	+ 2.6	+ 1.1
CNY	16.11	16.75	+ 2.0	+ 0.4	+ 2.9	+ 1.1
AUD	81.56	85.78	+ 1.6	+ 0.5	+ 0.4	+ 0.1
Other	—	—	+ 2.1	+ 0.9	—	—
Exchange contract effect	—	—	—	- 6.4	—	—
Total impact from FY2016			+ 39.7	+ 4.9		

*1 European currencies: Currencies used in Europe excluding EUR/GBP

*2 FOREX Sensitivity: FOREX impact at ¥1 change (annual)

Business Segments Update for FY 2018

Business Segments for FY 2017

Office Business	<ul style="list-style-type: none"> ■ IT Service Solutions ■ Office
-----------------	--

Professional Print Business	<ul style="list-style-type: none"> ■ Industrial Print ■ Marketing Services ■ Production Print
-----------------------------	--

Healthcare Business	<ul style="list-style-type: none"> ■ Healthcare (Modality) ■ Medical IT
---------------------	---

Industrial Business	Optical Systems for Industrial Use
	■ Measuring Instruments
	■ Visual Solutions (Planetariums)
	Materials/Components
	■ Performance Materials (+OLED/Raw materials)
	■ Optical Components
	■ IJ Components

New Businesses • Corporate etc.

■ Core Business ■ Growth Business ■ New Business

Business Segments for FY 2018

Office Business	<ul style="list-style-type: none"> ■ IT Service Solutions ■ Office
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Professional Print Business	<ul style="list-style-type: none"> ■ Industrial Print ■ Marketing Services ■ Production Print
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Healthcare Business	<ul style="list-style-type: none"> ■ Healthcare (Modality) ■ Medical IT
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Industrial Business	Optical Systems for Industrial Use
	■ Measuring Instruments
	■ Visual Solutions (Planetariums)
	Materials/Components
	■ Performance Materials (+OLED/Raw materials)
	■ Optical Components
	■ IJ Components

New Businesses • Corporate etc.	New Businesses
	■ Bio-Healthcare
	■ Others(WPH, Monitoring, QOL, Digital manufacturing)
	Corporate etc.

Financial Results: Segments (Quarterly: FY16/1Q~FY17/2Q)



[¥ billions]

	FY 2016				FY 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue								
Office Business	136.2	132.5	138.5	150.9	133.0	146.5	148.2	156.2
Professional Print Business	47.5	49.6	51.1	55.8	49.0	52.2	53.9	59.2
Healthcare Business	18.5	22.9	22.0	26.6	19.5	23.3	24.0	29.6
Industrial Business	24.9	25.1	24.1	27.5	28.7	31.3	30.1	28.1
Optical Systems for Industrial Use	7.0	5.7	6.1	10.5	11.7	11.5	11.1	8.8
Material and Components	17.9	19.4	18.0	17.0	17.0	19.8	19.0	19.4
New Business / Corporate etc.	2.1	2.6	2.0	2.1	2.1	2.5	6.0	7.8
Company Total	229.1	232.8	237.7	262.9	232.4	255.8	262.2	281.0
Operating Profit								
Office Business	11.4	10.3	9.6	13.1	5.3	14.8	9.8	15.0
Professional Print Business	1.6	2.7	2.5	1.5	1.6	0.9	2.6	4.2
Healthcare Business	0.2	1.0	0.3	1.4	-0.5	3.4	1.0	1.7
Industrial Business	3.4	3.0	10.4	5.3	6.1	5.9	5.6	5.9
New Business / Corporate etc.	-7.7	-7.4	-6.8	-5.5	-3.8	-13.2	-10.3	-2.0
Company Total	8.9	9.6	15.9	15.7	8.7	11.8	8.6	24.8

• **MCS (Managed Content Service) : (Office Business)**

The collective term given to services for centrally managing paper or digital documents, e-mails, forms, diagrams, and other such business content, and for building systems to properly use, store, and dispose of this content.

• **OPS (Optimized Print Services) : (Office Business)**

OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment.

• **GMA (Global Major Account): (Office Business)**

Refers to our major enterprise customers (businesses) that operate on a global scale

• **IQ-501 (Intelligent Quality Optimizer): (Professional Print Business)**

An optional unit that implements constant monitoring/control during printing to automate color management and front/back register control. This drastically cuts down on control times and increases production time.

• **MGI (MGI Digital Graphic Technology): (Professional Print Business)**

MGI is an output device manufacturer based in France. Konica Minolta formed a financial and strategic alliance with MGI in 2014, and MGI became a consolidated subsidiary in 2016. MGI provides unique products requiring special techniques such as decorative printing that are tailored to customer needs, and operates its global business in North America and Asia with a particular focus on Europe.

• **Precision Medicine: (New Business)**

With this approach, advanced technology is used to perform genetic analyses of cells to match individual patients with the most appropriate treatments and optimal drug dosages for their specific disease.

• **DM (Digital Manufacturing) : (New Business)**

New manufacturing solutions based on ICT and the IoT that are not dependent on people, places, countries, or fluctuations.

• **Workplace Hub (WPH): (New Business)**

This is a platform that will become the base for the IoT business that Konica Minolta plans to focus on. In addition to MFP functions, a server is integrated to create a solution that drives efficiencies by reducing the overall costs of IT infrastructure management, providing real-time data-driven visibility of IT usage patterns that help to improve business processes. This will link people and data, and empower them to make smarter decisions and solve problems in the office.



KONICA MINOLTA

Cautionary Statement:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks:

Yen amounts are rounded to the nearest 100 million.