

Message from the CEO

As a truly customer-centric company, we focus on the creation of new value to achieve sustainable profit growth.



Shoei Yamana
President and CEO

Achieving significant profit increase and over 8% ROE while accelerating investment for future growth

Since being appointed as president and CEO in April 2014, I have been reorganizing the Konica Minolta Philosophy, which is the foundation of all corporate activities and defines our 6 values as shown in page 2. Moreover, in the new three-year Medium Term Business Plan, “TRANSFORM 2016,” Konica Minolta pledges it will transform into a company that is truly customer-centric and create new value by leveraging the strength of its connections with customers around the world, thus further advancing the “genre-top” strategy.

In the first year of TRANSFORM 2016, which began in the fiscal year ending March 31, 2015, in addition to our core Business Technologies Business performing favorably, the performance materials unit also did well following a recovery in TAC film sales and other products. As a result, we experienced a smooth increase in existing business sales, enabling us to achieve a consolidated revenue ¥1 trillion for the first time in seven years. Moreover, there were significant increases in both operating profit, which was ¥65.7 billion, an increase of 65.0% year on year* and profit for the year, which was ¥40.9 billion, an increase of 44.1% year on year* resulting in a return on equity (ROE) of 8.7%*. Sales and general administrative expenses includes advance expenses of approximately ¥8 billion for various items such as those required for strengthening our service business, which is one of the aims for achieving the targets of the Medium Term Business Plan. In fiscal 2014, we also invested approximately ¥20 billion in M&A activities and other areas in order to accelerate a shift in the focus of our business as part of our efforts towards achieving sustainable growth.

As one initiative of this shift, we established a global framework for Marketing Print Management (MPM) services, which are anticipated to be a driving force for growth in the field of commercial and industrial printing. MPM services comprehensively manage the printing needs of marketing divisions in major global enterprise customers, providing a wide variety of services including cost-reduction solutions and business process improvement. Significant growth in this area is anticipated in the future.

On another front, the Konica Minolta R&D framework has been revised in order to strengthen our ability to create new value in the name of achieving future growth. A new R&D center, Konica Minolta Hachioji SKT, commenced operations in April 2014. In addition to integrating the development functions of the digital printing systems that drive the growth of our core Business Technologies Business, SKT has begun activities in an effort to become the hub of “new value creation” by promoting open innovation within Konica Minolta and with external sources.

Additionally, the Business Innovation Centers (BICs) launched during the previous fiscal year to develop new business in five major regions around the world—North America, Europe, Asia Pacific, China and Japan—are now fully operational. Activities of the production division include the establishment of a state-of-the-art production site in Malaysia.

* IFRS base

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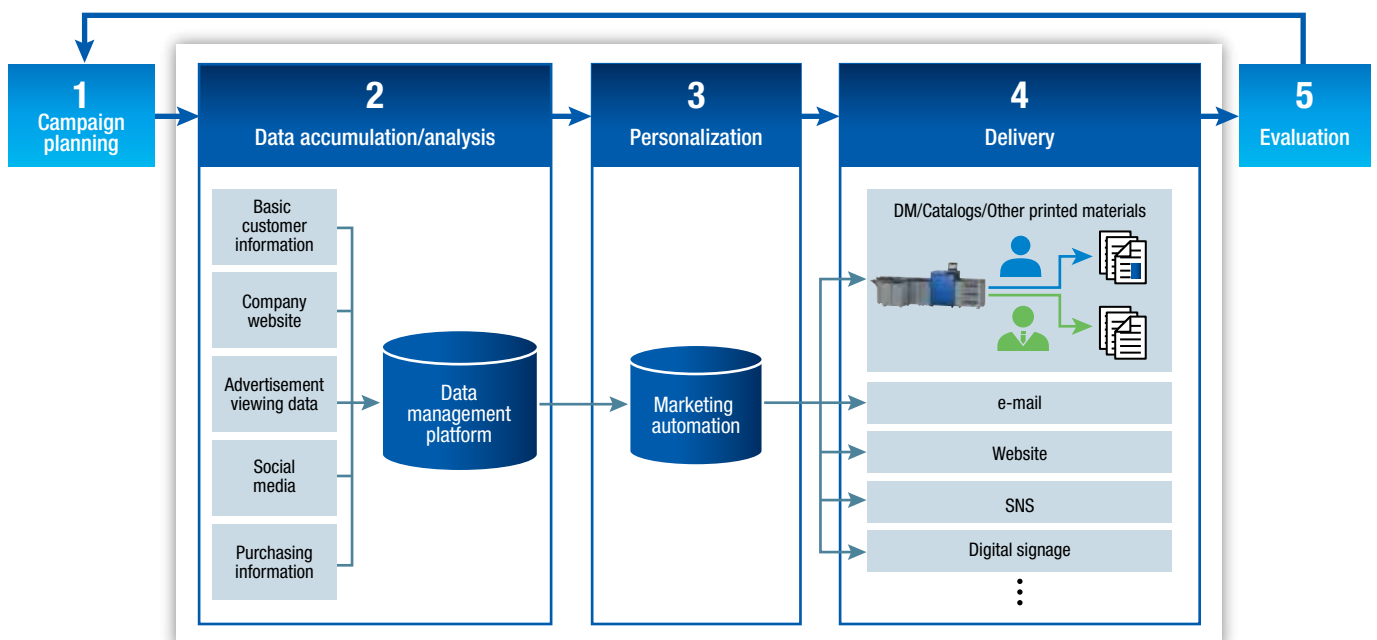
Anticipating digital innovation and accelerating business scope transformation through creative destruction

In these modern times, innovations in digital technology have led to the introduction of new products and businesses previously unthinkable, and the makeup of industries continues to undergo dramatic change. Entry from different industries is intensifying and competition between companies is growing increasingly fierce. It is undeniable that our current core Business Technologies Business, which handles products such as MFPs and printers, will soon be inundated by a massive wave of change. Our genre-top strategy of concentrating on color output has been effective; however, even though print volume is currently expanding and earnings are steadily increasing, we do not believe this will continue forever. While price competition continues to intensify due to product commoditization, there is a possibility that the demand for color printing will hit a ceiling due to a shift in advertising towards digital media. Accordingly, Konica Minolta has devised a growth strategy to ensure its survival as a top-tier company, even in this age of digital innovation.

By viewing this massive wave of change as an opportunity, we will anticipate forthcoming digital innovation and challenge ourselves to create new products and solutions that provide resolutions for the diversified issues faced by our customers and society. Then, utilizing “creative destruction” including the fundamental reform of existing businesses and creating new businesses, we will further promote the shift in the focus of our business as we “TRANSFORM.”

In line with advancements in digitalization, the marketing world is creating new

Digital marketing

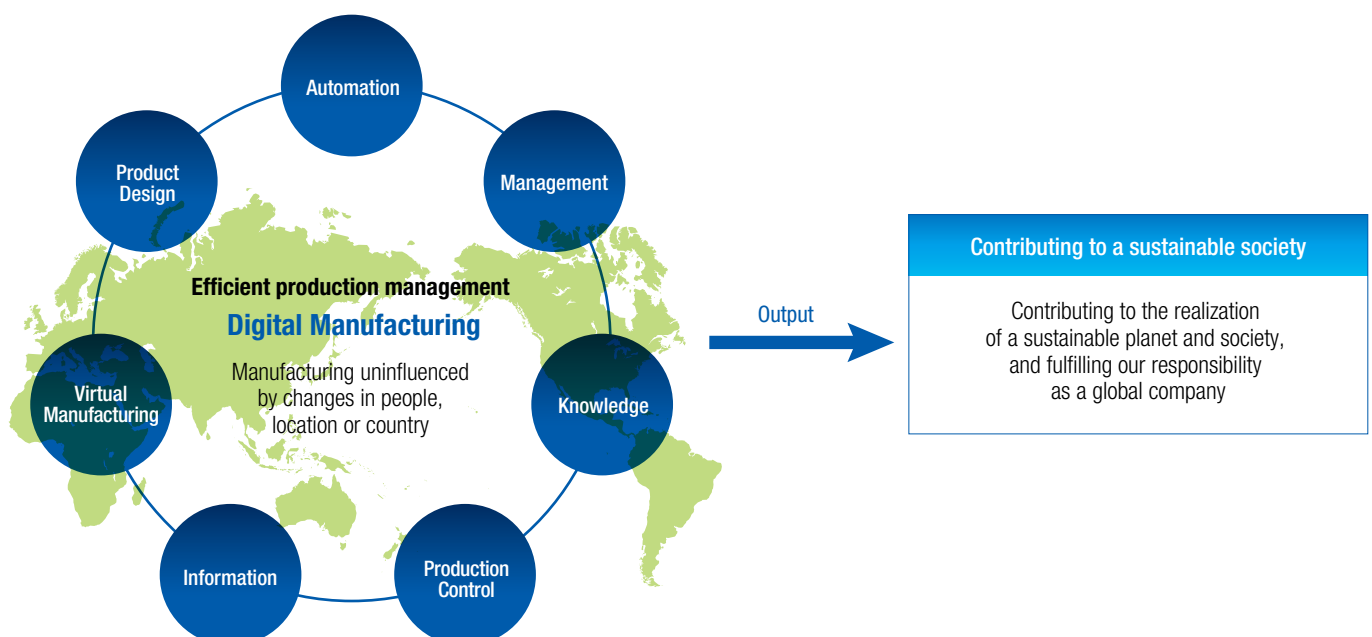


promotion techniques one after another by utilizing the Internet and SNS, and marketing divisions of corporations are faced with the issue of how to utilize cross-media, which efficiently combines conventional mass media and printed media with digital media. Konica Minolta is engaged in digital marketing business that provides a comprehensive package—from cross-media strategy planning to contents production and partial effect measurement—based on the global MPM services it established ahead of competitors in the industry. In doing so, we are proceeding in the creation of businesses with high added value that strengthen our customers' companies as well.

Additionally, when it comes to manufacturing, we have established state-of-the-art production facilities in Malaysia based on the concept of digital manufacturing, and plan to expand this to China, the U.S. and Europe in the future. These bases will pursue efficient manufacturing of the highest quality by leveraging our sophisticated automated production lines, original automatic measurement technologies, 3D printers and other advanced equipment. We are also utilizing ICT to reform methods for sharing information and know-how, revise workflow, and achieve more sophisticated, streamlined production management. By implementing this at the global level, we will create a global production framework not easily influenced by issues such as regional specifications, location, operator skills and currency fluctuation. Moreover, we plan to utilize the technologies and know-how related to digital manufacturing accumulated by our state-of-the-art factories to make proposals to our corporate clients as a solutions provider.

Outside of the Business Technologies Business, we will challenge ourselves to create new business by anticipating changes to industries and lifestyles caused by digital innovation, and generate five to six new businesses to the scale of ¥30-50 billion, thus

Digital manufacturing



Message from the CEO

achieving further growth in the future. One such business is the measuring instruments field. We have also acquired Radiant Vision Systems, LLC—a U.S. company whose strength lies in visual surface inspection of display products such as smartphones—thereby expanding our scope through synergies with existing businesses and accelerating the expansion of our business scale.

Atrium of Konica Minolta Hachioji SKT



Optimal utilization of our global organization and personnel resources as “One Konica Minolta”

Konica Minolta Hachioji SKT and the BICs located in five major regions around the world have been the R&D organizations taking the initiative and driving us as we TRANSFORM. They are the open innovation bases that not only engage in the development of new technologies and applied research like conventional research laboratories, but also observe customers closely to discover any potential needs, and create innovative business models and solutions. As one example, the members in top management and managerial positions at our BICs are personnel who have produced outstanding results in different industries. They are capable of engaging in the creation of new value by incorporating perspectives and ideas previously non-existent in Konica Minolta.

Of course, it is important to take full advantage of the collective strengths of “One Konica Minolta.” In doing so, we must go beyond the boundaries of departments and regions in order to realize businesses that anticipate customers’ needs based on new technologies and business ideas. In fact, for the past few years, we have reorganized managerial system, eliminating the business company and in-house company systems for the purpose of strengthening our activities as One Konica Minolta.

In fiscal 2014, we established the Global Strategy Council, consisting of overseas management personnel. Based on the council’s insights, we reflect on the formulation of group management strategies and other issues, and proactively promote the use of global human resources within the Company. Similarly, regarding overseas business development and businesses newly incorporated into the Group as the result of M&As, we do not allow the corporate headquarters to plan and control management. Instead, we utilize the people most knowledgeable about the field(s) as leaders, and have adopted the policy of affording such people discretionary authority and flexibility in local organizations.

By appropriately drawing on the strengths of our global group frontlines and maximizing our potential, we will proactively create new businesses that contribute to solving customers’ issues and achieving sustainable growth.

Pursuing sustainable business activities as the social responsibility of a global company

The Japanese government introduced Japan’s Corporate Governance Code in June 2015. However, Konica Minolta was years ahead in this area, having strengthened its governance system early on through various measures such as appointing outside directors since 2002 and shifting to a company with three committees in 2003 when the managements of Konica Corporation and Minolta Co., Ltd. were integrated. Moreover, placing an emphasis on management transparency and communicating with investors, in addition to providing financial information, we proactively disclose non-financial information in the areas of

environment, society and governance (ESG). We are also a signatory of the United Nations Global Compact—naturally considering it an obligation as a global company with business spanning 50 countries and employing over 40,000 people. We have proclaimed our intention to international society to fulfill our social obligations from the aspects of human rights, labor, environment and preventing corruption, and engage in ongoing activities to ensure this.

In regards to supporting the environment in particular, we formulated “Eco Vision 2050” as our long-term environmental vision in 2009 and set the ambitious target of reducing CO₂ emissions throughout the product lifecycle by 80% by 2050 compared to 2005 levels. We also formulated “Medium-Term Environmental Plan 2016” in line with our new Medium Term Business Plan, and defined concrete targets for environmental impact reduction by FY2016. To realize these targets, our aim is to reduce environmental impact across all business areas, including the development of Green Products. Today we are proactively providing our customers and business partners with environmental technologies and knowledge we have accumulated in an attempt to reduce environmental impact throughout the entire value chain.

As a result of these wide-ranging activities, Konica Minolta is highly rated by socially responsible investment (SRI) evaluation bodies throughout the world; best represented by inclusion in global SRI indices such as the Dow Jones Sustainability World Index and FTSE4Good Global. We will continue to promote management with an emphasis on ESG and pursue sustainability as a company.

International socially responsible investment indices

Inclusion in prominent Japanese/foreign indices

Aug. 2015	Selected for the JPX-Nikkei Index 400 for 3 consecutive years
Feb. 2015	Included in FTSE4Good Global Index for 12 consecutive years
Sep. 2014	Named to Dow Jones Sustainability World Index for 3 consecutive years

Evaluation from international CSR ranking bodies

Feb. 2015	Awarded RobecoSAM Gold Class, the highest CSR ranking
Feb. 2015	Awarded “Prime” status by Oekom Research for CSR
Oct. 2014	Awarded with a position on The A List: The CDP Climate Performance Leadership Index 2014 (CPLI)

Various management surveys in Japan

Mar. 2015	Selected as one of the “Brand of Companies Enhancing Corporate Value through Health & Productivity Management (Health & Productivity Stock Selection)” jointly undertaken by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
Jan. 2015	Ranked first in the overall manufacturing sector of the 18th Environmental Management Survey conducted by Nikkei Inc.
Nov. 2014	Awarded the overall top position in the 8th Quality Management Level Research

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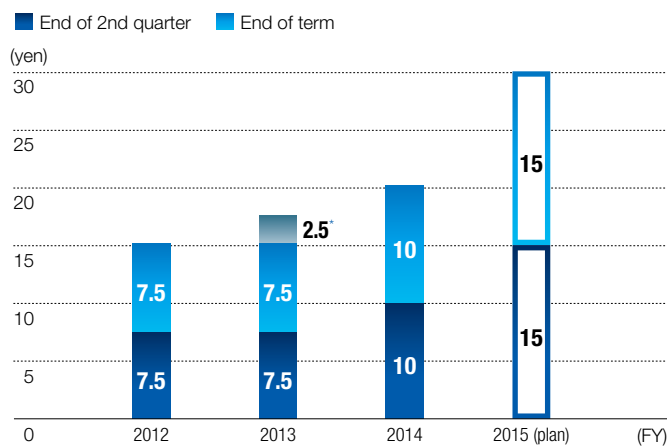


Uncompromising on absolute amount of dividends while aiming to continuously increase dividend payments

Konica Minolta intends to aggressively engage in investments in order to realize sustainable growth and proactively pass on profits generated and cash to its shareholders. In doing so, we place emphasis on the absolute amount of dividends. It is our wish that investors who will support Konica Minolta's growth for the medium- to long-term own shares in the Company. Therefore, rather than raise and lower dividends paid in response to changes in short-term performance, we meet the expectations of our shareholders by increasing dividend payments on an ongoing basis. Moreover, in addition to dividends, we engage in the acquisition of treasury shares. Based on this profit return policy, regarding ordinary dividends for the fiscal year ending March 31, 2016, we plan to distribute a total annual dividend of ¥30 per share (¥20 in the previous term). Additionally, from May to July 2015, we purchased a total of ¥10 billion of our own shares (6.57 million shares acquired), and cancelled 9 million treasury shares in June.

Konica Minolta will continue to achieve sustainable growth and prove worthy of the trust we have built with our stakeholders. We ask for your ongoing support and guidance.

Trend in dividend amount



*Commemorative dividend for 10-year anniversary of integration

August 2015

Shoei Yamana
President and CEO
Konica Minolta, Inc.

Value Creation Process

Creating new value by leveraging strong customer relations globally

The Konica Minolta business model is supporting the resolution of customer issues by fully understanding them and providing a combination of products and services as solutions. To that end, we are committed to bringing together the collective strengths of One Konica Minolta and quickly expanding operations through means such as open innovation backed by industry-academia collaboration and alliances with external partners.

