Business Results

Healthcare Business

Market environment (opportunities and challenges)
- There is growing demand in the medical care sector for solutions that assist in administering medical exams and improve operational efficiency.
- In the domestic market, there is a growing move towards regional collaboration and home-based care to curb overall healthcare costs.
- In the international market, demand is on the rise in ASEAN countries and other emerging nations.
- There is currently a high dependency on the domestic market, and strategies for expanding overseas business are needed.

Fiscal 2014 business results and fiscal 2015 forecast
In the Healthcare Business, although sales were strong in the U.S., China, India, and other overseas markets, conditions remained poor in Japan, with local procurement sales declining as a result of a cooling market. Compared with the previous year, worldwide sales of core Konica Minolta products increased. Looking at individual products in the X-ray diagnostic imaging systems segment, the AeroDR cassette-type digital X-ray system saw expanded unit sales as a result of greater demand for digital products among medical care providers. We also released the SONIMAGE HS1, a new product developed by Konica Minolta for the diagnostic ultrasound system product range that we are working to develop as a new segment. The product has been well received for its superior resolving power, and we saw sales expand towards the end of the period. Film products sold well in emerging

Main Achievements in Fiscal 2014

X-ray diagnostic imaging systems
- Despite difficult business conditions in and outside of Japan, unit sales of cassette-type DR (digital radiography) devices increased.
- Konica Minolta launched the AeroDR PREMIUM, which features better durability and a lighter weight.

Medical IT services
- As a new component of our medical IT service platform, informity, Konica Minolta launched the Home Medicare Cloud to support the sharing of data among home care providers.
- Konica Minolta has entered the imaging CRO (contract research organization) business with clinical test support services through its informity platform.

Diagnostic ultrasound systems
- The market has lauded the SONIMAGE HS1 for its top-level* resolving power in a hand-carried form.
- With the sales setup in order, sales picked up towards the end of the fiscal year.
*When compared to general hand-carried diagnostic ultrasound systems

Strengths and strategies
- Konica Minolta possesses advanced medical imaging-related technologies and knowledge cultivated through the development of X-ray diagnostic imaging systems.
- We possess superior technologies in the field of ultrasound probes/sensors, which determine the competitiveness of the diagnostic ultrasound systems that use them.
- We provide equipment maintenance services in Japan 24 hours a day, 365 days a year.
- We will strengthen our solutions-based businesses by utilizing our domestic customer base, with a focus on medical clinics.
- We will ramp up overseas business by leveraging the strategic global sales partnership with the healthcare division of GE.

Revenue
- Revenue (Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>J-GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>82.3</td>
<td>78.3</td>
</tr>
<tr>
<td>2014</td>
<td>78.5</td>
<td>78.5</td>
</tr>
<tr>
<td>2015</td>
<td>100.0</td>
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AeroDR unit sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015 (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>118</td>
<td>193</td>
<td></td>
</tr>
</tbody>
</table>

Diagnostic ultrasound system unit sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015 (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>106</td>
<td>299</td>
<td></td>
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</tbody>
</table>

*Base index: FY2013=100

(FY)
nations, and unit sales were roughly on par with the previous year. As a result, fiscal 2014 sales for the segment decreased 4.6% year on year to ¥78.5 billion (¥78.5 billion based on IFRS). In fiscal 2015, efforts will focus on enhancing and expanding sales of priority product line, cassette-type DR products, while increasing sales of the HS1 diagnostic ultrasound system among customers in the field of internal medicine, as well as our traditional business source, orthopedics. The above factors contribute to a fiscal 2015 segment sales forecast of ¥85 billion (based on IFRS), an 8% year-on-year increase.

**Focused Topic**

Launch of the AeroDR PREMIUM, the next level in cassette-type DR systems aimed at meeting the needs of medical practitioners

Compared to conventional computed radiography, digital radiography improves the quality and efficiency of medical exams by subjecting patients to less than half the radiation exposure and enabling images to be checked immediately after they are taken. To expand the range of application for DR systems, Konica Minolta has focused on growing sales of AeroDR, whose wireless nature improves both portability and usability. In August 2014, Konica Minolta launched AeroDR PREMIUM. A true evolution in a number of ways, AeroDR PREMIUM is the lightest of its kind in the world*, has a durability that can stand up to hard use, and can accommodate repeated actions and continuous operation for extended periods. We are currently expanding its range of application, which includes not just hospitals but also emergency medical care providers, the scenes of disasters, and home care situations.

*As of August 27, 2014

**Growth strategies**

In the Healthcare Business, we are carrying out our basic strategy of investing products with higher added-value and strengthening solutions-based business for medical care providers by complementing our modality equipment—including X-ray diagnostic imaging systems and diagnostic ultrasound systems—with IT services.

First, in Phase 0, we will bolster and expand sales of our lineup of cassette-type DR systems, which are positioned as core products in our “genre-top” strategy (see market forecasts in the figure at bottom right). Compared to conventional computed radiography, digital radiography improves the quality and efficiency of medical exams by subjecting patients to less than half the radiation exposure and allowing images to be checked immediately after they are taken. This has resulted in the rapid growth of their market. Although we are currently targeting primarily developed countries, we will be leveraging our strategic business partnership with GE’s healthcare division to expand sales worldwide and meet the needs of emerging nations, where we expect to see more demand for such products in the future.

In Phase 1, we will fully promote our diagnostic ultrasound systems, a segment experiencing significant growth worldwide, by leveraging our customer base and sales channels cultivated through our sales efforts involving X-ray diagnostic imaging systems (see market forecasts in the figure at bottom right). In particular, efforts will be focused on business involving medical exams that we can leverage our ultrasound probe technologies, an area in which Konica Minolta excels. Additionally, we will be working towards bringing medical equipment and IT services together. One example of this will be minimizing downtime at medical institutions and improving the safety and efficiency of the care provided by utilizing IT services in the maintenance of medical equipment. This will also result in the establishment of businesses producing income streams that leverage the already sold medical equipment.

Phase 2 will involve organizing multiple modality devices through informity, providing cloud-based electronic health records, and otherwise strengthening the link between medical equipment and IT in order to make effective use of our products for a better regional healthcare coordination and for home care situations. We will also be further enhancing the functionality of our diagnostic imaging equipment in order to play a bigger role in a wide range of fields including diagnostics and nursing.

**Roadmap for growth**

**Global market trends and forecasts of digital radiography and diagnostic ultrasound system**

<table>
<thead>
<tr>
<th>Year</th>
<th>DR (%)</th>
<th>Ultrasound (%)</th>
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<tbody>
<tr>
<td>2016</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>2017</td>
<td>144</td>
<td>144</td>
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*Base index: CY2013=100

*Source: InMedica, The World Market for General Radiography etc. and Ultrasound Imaging, 2013