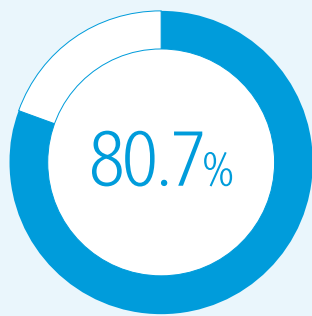


# Business Results

Although business performance was down owing to a stronger Japanese yen against the euro and other factors, business transformation made good headway towards achieving sustainable growth.

## Genre-top strategy

### Business Technologies Business



#### Office Services

Color MFPs: No. 1 or 2 share in 42 countries

Unit basis, Konica Minolta estimate using external CY2015 data

P.39



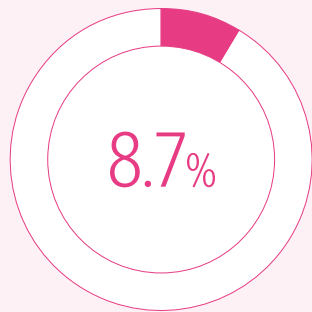
#### Commercial and Industrial Printing

Color digital printing systems: No. 1 or 2 share in 52 countries

Unit basis, Konica Minolta estimate using external CY2015 data

P.41

### Healthcare Business



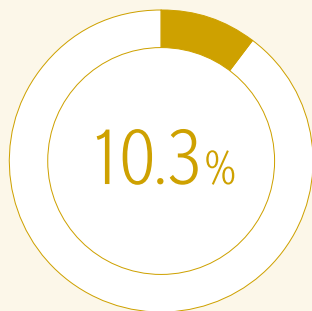
#### Healthcare

Cassette-type digital radiography systems: Large market share in Japan

Konica Minolta estimate using external CY2015 data

P.43

### Industrial Business

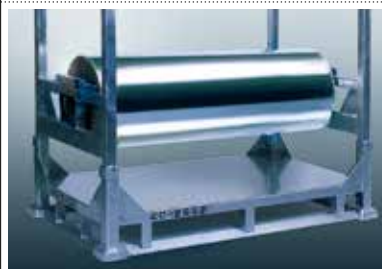


#### Optical Systems for Industrial Use

Display analyzers: High market share

Konica Minolta estimate using CY2015 data

P.45



#### Performance Materials

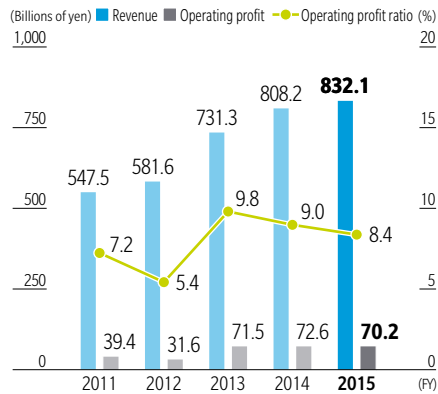
TAC films: Large global market share

Konica Minolta estimate using CY2015 data

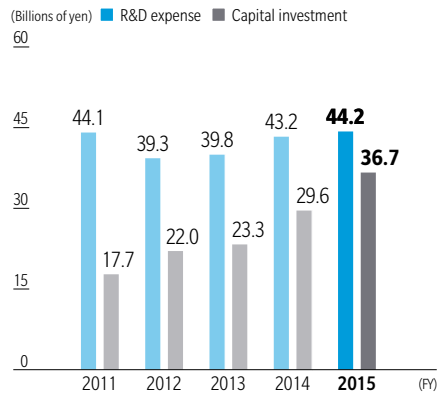
## Business Overview

External revenue in this business stood at ¥832.1 billion, up 3.0% year on year, and operating profit was ¥70.2 billion, down 3.4% year on year. Increased expenditures towards business transformation amid intensifying competition and, in the second half of the period, the Japanese yen continued to become stronger against the euro, significantly impacting profit. Additionally, recognized structural reform expense for the following year. Profit dropped, albeit slightly, as a result.

### Revenue / Operating profit

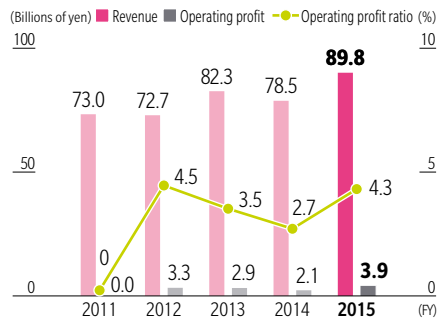


### R&D expense / Capital investment

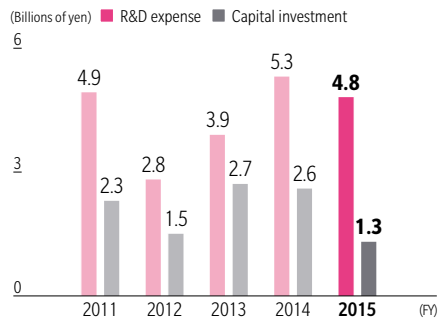


External revenue in this business amounted to ¥89.8 billion, an increase of 14.4% year on year and operating profit was ¥3.9 billion, up 85.0% year on year. Both revenue and operating profit increased owing to the acquisition of a company in the U.S. and increased sales of digital products inside and outside of Japan.

### Revenue / Operating profit

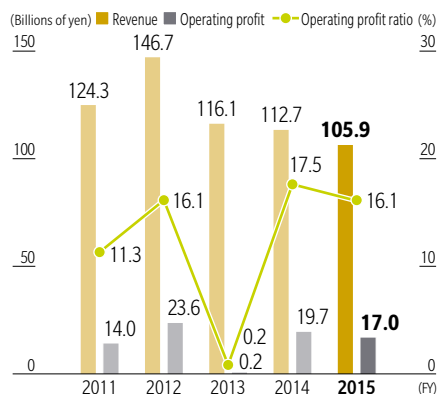


### R&D expense / Capital investment

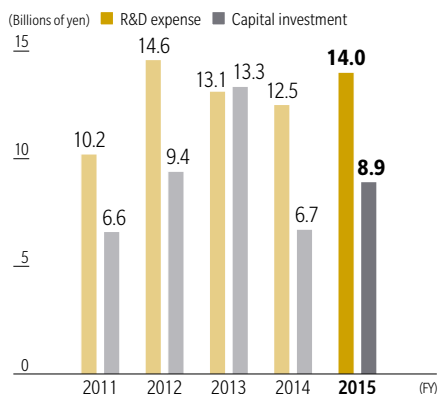


Revenue from external customers in this business fell 6.0% year-over-year to ¥105.9 billion and operating profit dropped 13.7% to ¥17.0 billion. In the optical systems for industrial use segment, although revenues were up owing to the effects of acquiring a company dealing in measuring instruments, the performance materials segment saw sales drop on the back of lessened demand for display products. Operating profit was down due to decreased sales of core products.

### Revenue / Operating profit



### R&D expense / Capital investment



# Business Technologies Business (Office Services)

## Market environment (opportunities and challenges)

- Intensifying competition in the U.S. and European market.
- The shipping ratio of color units compared to monochrome units for MFPs for offices is expected to see continued growth in overseas markets.
- At small- and medium-sized companies, the bulk of our customer base, there is often a shortage of IT specialists, and latent demand for IT services is high.
- The market for MFPs has reached maturity in developed countries, and we need to find a way to further enhance the value we provide to customers while avoiding price competition as these products become increasingly commoditized.

## Strengths and strategies

- The Company's biggest strength is its customer base, established through our global direct sales system.
- Further differentiate ourselves by reinforcing partnerships through cross-organizational implementation and the provision of total solutions to customers of 2 million companies around the world.
- Focus on expanding sales of mid and high-end A3 color MFPs in line with our profit-oriented sales policy, and reinforce our sales system based on customer and channel.
- Our Optimized Print Services (OPS) have been well received by global corporations.
- Bolster hybrid-type sales that integrate MFPs with IT services, strengthen our non-price competitiveness, and expand unit sales.
- Reduce costs through digital manufacturing at Malaysian production site that began full-scale operations in May 2015, and reform our corporate structure through efforts such as improving productivity through optimal placement of sales and maintenance personnel.



## Main Achievements in Fiscal 2015

In fiscal 2015, revenue in this business stood at ¥607.6 billion, up 2% year on year.

### IT solution services

- With respect to hybrid-type sales that integrate MFPs with IT services, we have seen contracts increase mainly in North America for Business Process Management Services (BPS), and Managed IT (MIT), which we handle business process improvement and all IT environment improvement as a contracted service.

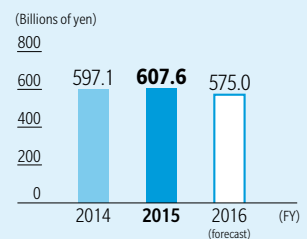
### Office products

- Efforts are focused on expanding sales of A3 color MFPs including new products in the U.S. and European markets.
- Two Global Major Accounts (GMA) — the BMW group, a global automobile manufacturer, and Allianz, one of the world's largest insurance companies — has renewed Optimized Print Service (OPS) contracts with us for several years.

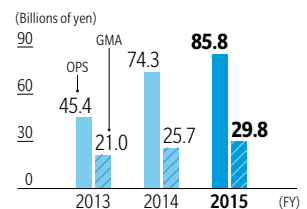
## Fiscal 2016 Earnings Forecast

- In overseas markets, we forecast a continued increase in the color/monochrome shipping ratio for MFPs for offices.
- Due to factors that include a sudden strengthening of the yen and more aggressive competition, our forecast for fiscal 2016 puts revenue at ¥575.0 billion, a 5% decrease year-over-year.

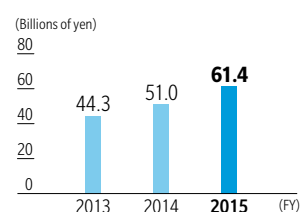
### Office Services segment revenue



### OPS and GMA revenue



### IT service solutions revenue



## Growth Strategies

### Strengthening hybrid-type sales

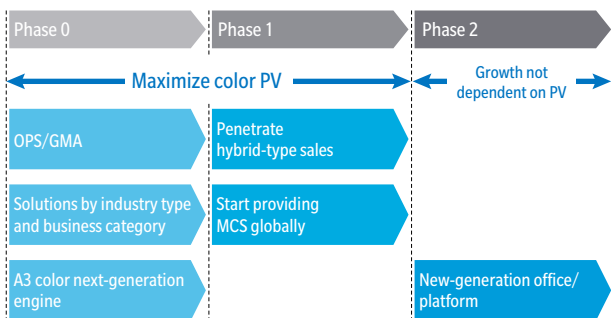
With the goal of further developing the hybrid-type sales that integrates MFPs with IT services, which we have strengthened through M&A in recent years, we are looking to provide even further added value by adding Managed Content Services (MCS) and, marketing services to our service lineup.

We have already secured a significant volume of contracts overseas in places such as North America, France, and the Czech Republic, and we are now looking to apply this success model to the rest of the world.

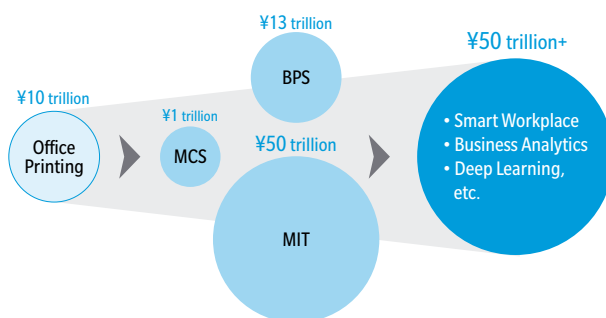
### Building a next-generation platform

Over the long-term, we will be further promoting the fusion of MFPs and IT, shifting the role of MFPs from office automation equipment to being a platform for offices' information network hubs. This move will ensure growth that is independent of print volume.

### Roadmap for growth

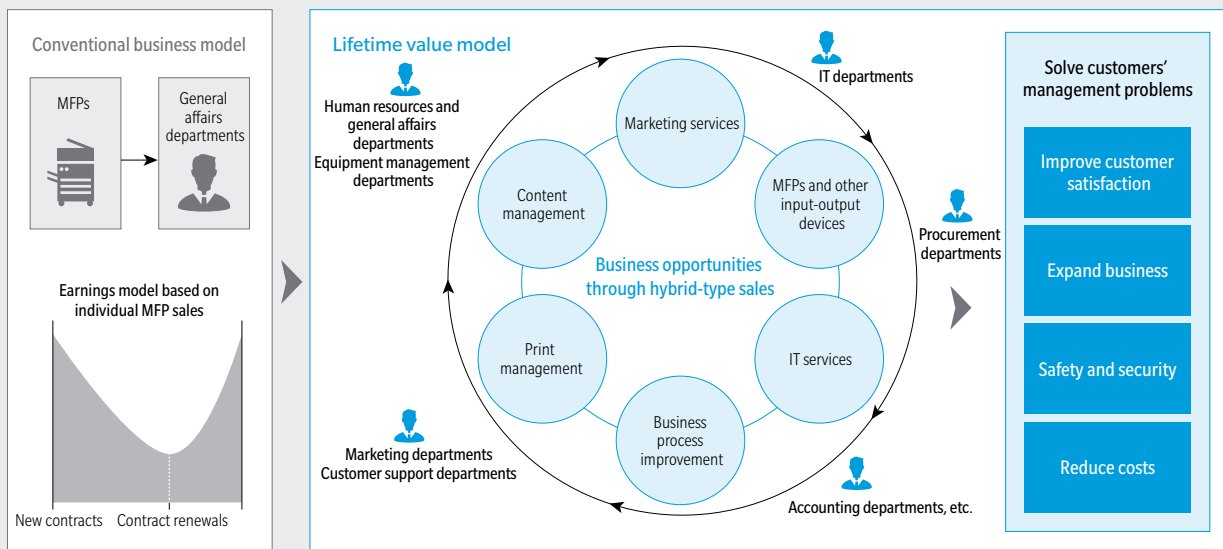


### Office Services — Market Size



## Focused Topic

### Expending revenues from hybrid-type sales, which create value for customers



Amid intensifying competition in the MFP market, Konica Minolta is shifting to an original solutions-based business to solve customers' problems. The Company will be reinforcing its competitiveness by supporting the creation of value for customers and breaking away from price competition.

One means to do this will be focusing on hybrid-sales, which offer a package of MFPs and IT services. This will involve providing fine-tuned solutions: improving business processes tailored to customers' problems, comprehensively managing IT environments, strengthening security, optimizing content management, and more. This will open up new opportunities in all

departments and all year around — opportunities previously limited to once every five years as we focused on individual MFP sales.

Compared to sales under the individual MFP sales model, sales under the hybrid-type sales model are more than two times greater on an individual customer basis. And whereas only 60–70% of customers renew contracts under the individual MFP sales model, 80–90% renew under the hybrid-sales model. This allows the Company to build ongoing win-win relationships with customers and make our customer base — Konica Minolta's greatest asset — even more stable.

# Business Technologies Business (Commercial and Industrial Printing)

## Market environment (opportunities and challenges)

- The percentages of digital product adoption in the commercial printing and industrial printing sectors are low at under 5%, and digital printing is a market set to see significant growth in the future.
- As companies' marketing methods become more individualized and fragmented, demand for digital printing is likely to increase going forward.
- Within marketing departments at large enterprises, which are a major customer category in this segment, there is a desire to curb costs associated with the dominant form of media—printed materials—in order to strengthen marketing centered on new media such as the web and SNS.
- In response to needs at printing companies, another key customer category, they are considering implementing digital printing systems in addition to offset printing products. However, there is concern among these companies that sales might not justify the investment.

## Strengths and strategies

- Make additional investments in France-based MGI, with which we formed a capital partnership in January 2014, and expand our product lineup with digital printing solutions in the industrial printing segment.
- Achieve dramatic expansion of digital printing applications with well-received high-end color production printers, as well as the AccurioJet KM-1 digital inkjet press, which provides even higher quality printing on a wider variety of paper.
- Mid production printers (MPPs) maintain the genre-top position in the market while at the same time achieving the largest market share in the segment at Konica Minolta.
- Strengthen our ability to offer Marketing Production Management (MPM) services, which provide printing solutions optimized to companies' marketing departments.
- Konica Minolta Business Solutions Japan Co., Ltd. (became Konica Minolta Japan, Inc. in April 2016) formed a capital partnership with the Netyear Group in February 2016. The Company will focus on providing unique digital marketing solutions born from the expertise of these companies.



## Main Achievements in Fiscal 2015

Fiscal 2015 revenue in this segment increased 6% year on year to ¥224.5 billion.

### Production printing

- Sales were strong in Japan and in Europe for the top-of-the-line bizhub PRESS C1100 digital color printing system. The focus now is on expanding the customer base among medium and large commercial printing companies, who typically have very high output volume.
- Raise shareholding ratio in France-based MGI, a company with whom we started a capital and business partnership in fiscal 2014, and commit efforts to expending business in the industrial printing market.

### MPM services

- Sales are strong owing to having expanded the range of regions to which we provide services as well as the scope of services to existing customers.

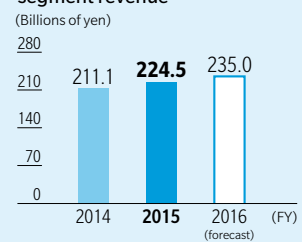
### Industrial inkjet business

- Robust revenues are coming from inkjet heads and other component products used in industrial printing devices.
- Begin full-scale sales of the AccurioJet KM-1 digital inkjet press.

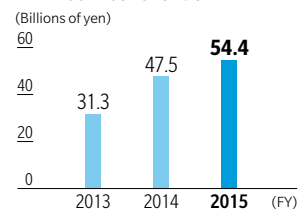
## Fiscal 2016 Earnings Forecast

- As companies' marketing methods become more individualized and fragmented, demand for digital printing is likely to increase going forward.
- The fiscal 2016 earnings forecast for this segment puts revenue at ¥235.0 billion, a 5% year-on-year increase.

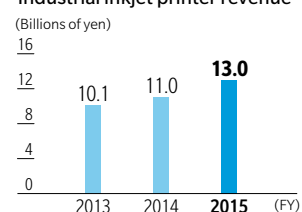
### Commercial and Industrial Printing segment revenue



### MPM service revenue



### Industrial inkjet printer revenue





## Growth Strategies

### Maximize the customer base

For mainly the top-of-the-line bizhub PRESS C1100, shift the sales focus from the traditional core customers — small commercial printing companies — to medium-sized as well as large commercial printing companies, which account for roughly 50% of all printing volume in the industry.

Take advantage of the new Accuriojet KM-1 as well as products from MGI to strengthen our organization to acquire high PV.

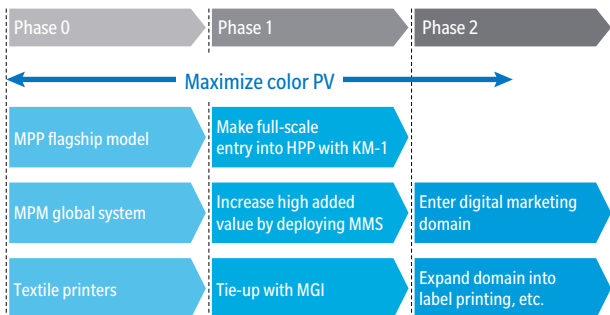
### Expand the industrial printing segment

Make additional investments in France-based MGI, which excels in label and package printing in order to boost our ability to answer growing demand for digital products in this segment.

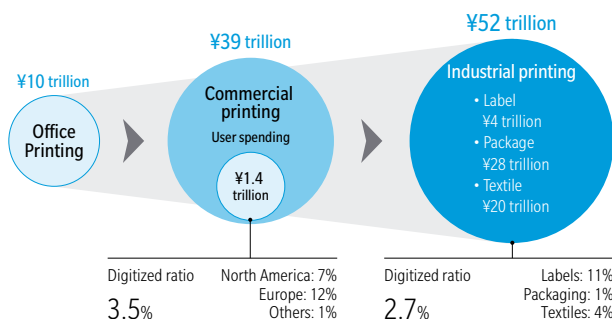
Sign more contracts with large commercial printing companies to increase label and package business volume.

Ramp up sales to medium-sized companies dedicated to label printing.

### Roadmap for growth



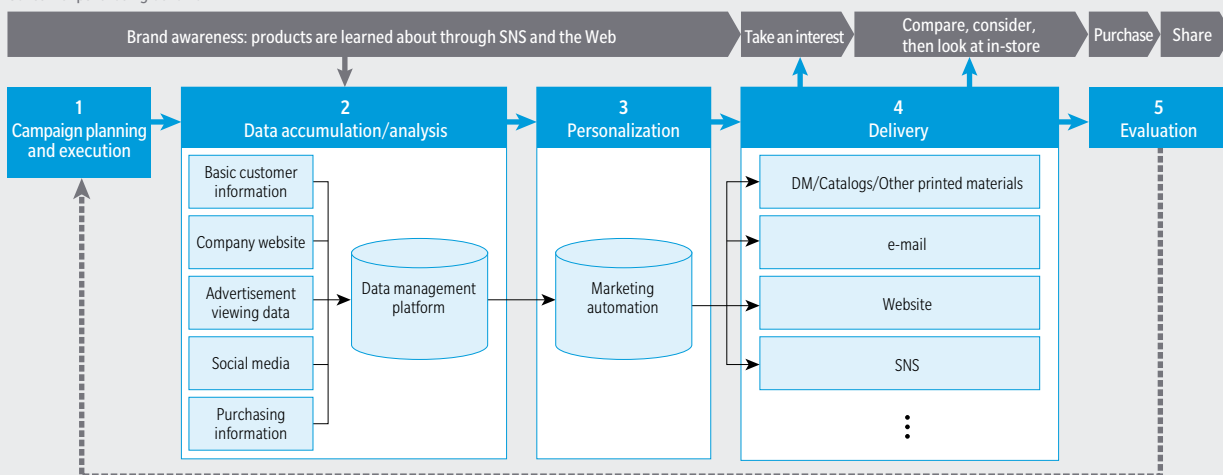
### Commercial and Industrial Printing — Market Size



## Focused Topic

### Maintain and increase sales by having marketing focus on the combination of the digital and physical

Consumer purchasing behavior



A survey of B-to-C companies found marketing department budgets to be between 5% and 10% as a percentage of sales, much higher than for other departments such as office printing (1%) and CIO (2–3%). To provide the solutions these marketing departments need, Konica Minolta is working to add greater value through proactive M&A.

In fiscal 2014, we acquired U.K.-based INDICIA, a company whose strength lies in cross media communication strategies that combine printed and digital media. And in fiscal 2015, we formed a capital alliance with the Netyear Group, which has expertise in digital marketing.

By absorbing the service-related expertise of these companies and combining them with the services we have developed over the years, we aim to create innovative services that help to dramatically raise the level of our customers' marketing activities. We will provide marketing solutions in both physical and digital form that contribute to every step of the marketing process, from analyzing consumer preferences and purchasing behavior to improving customers' product awareness and driving sales. Through these efforts, Konica Minolta will be working to enhance our customers' brand strength and strengthen loyalty among consumers.

# Healthcare Business

## Market environment (opportunities and challenges)

- The digitalization of medical diagnostics is underway.
- 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 healthcare coordination 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.

## Strengths and strategies

### X-ray diagnostic imaging systems

- Move into higher added value segments by leveraging the advanced medical imaging-related technologies and knowledge.
- Work towards bolstering sales by improving and expanding the cassette-type DR product lineup based on individual customer categories and strengthening sales channels and collaboration.

### Diagnostic ultrasound systems

- We possess superior technologies in the field of ultrasound probes, which determine the competitiveness of the diagnostic ultrasound systems that use them.
- In Japan, roll out products for the internal medicine segment in addition to the orthopedic segment, where we currently enjoy a strong reputation.
- Outside of Japan, begin full product deployment in Europe, the U.S., and Asia.

### Medical IT services

- Primarily through informity, a medical IT service platform, provide support for community-based integrated healthcare that encompasses primary care, nursing care, and home-based care.
- Focus on expanding sales in the U.S.'s primary care market by leveraging the main strength of the recently acquired and U.S.-based Viztek: the ability to provide and develop solutions all on its own.

### Shared

- 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.



## Main Achievements in Fiscal 2015

Fiscal 2015 revenue in the healthcare business increased 14.4% year on year to **¥89.8 billion**.

### X-ray diagnostic imaging systems

- Expanded sales primarily overseas for Aero DR, a cassette-type DR product. Also increased maintenance contracts for these products.

### Diagnostic ultrasound systems

- Greatly increased sales for SONIMAGE HS1, a highly-acclaimed, hand-carried unit with high resolving power. Took the genre-top position for the domestic orthopedic product segment.

### Medical IT services

- Maintained strong sales of PACS (picture archiving and communication system) products.
- Sales in the U.S. grew on account of sales from U.S.-based Viztek, acquired in October 2015, being added to consolidated financial results.

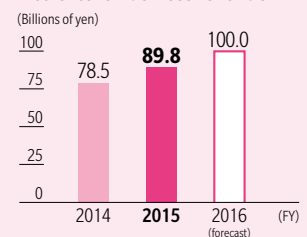
### Other

- Robust growth was seen for sales of products purchased from third parties in Japan and for analog product sales in China.

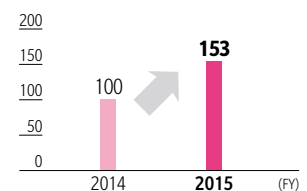
## Fiscal 2016 Earnings Forecast

- The primary care market, including primary care doctors, is set for growth.
- The fiscal 2016 earnings forecast for this segment puts revenue at **¥100.0 billion**, an 11% year-on-year increase.

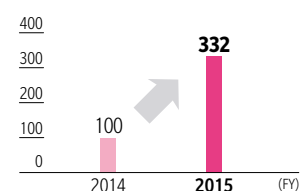
### Healthcare Business revenue



### Medical IT service revenue\*



### SONIMAGE HS1 unit sales\*



\* Base index: fiscal 2014 = 100

## Growth Strategies

### Sales growth for diagnostic equipment and systems

- Add IT services to X-ray diagnostic imaging systems and diagnostic ultrasound systems, among others, thereby giving high added value to products and improving the solutions we offer to medical care providers.
- Expand global sales of cassette-type DR products by improving our lineup and forming strategic business partnerships with X-ray system manufacturers.
- Taking advantage of our customer base and business channels for X-ray diagnostic imaging systems, push marketing into full gear for diagnostic ultrasound systems with potential for significant growth worldwide. Focus in particular on medical examination and treatment, leveraging the ultrasound probe technologies in which Konica Minolta excels.

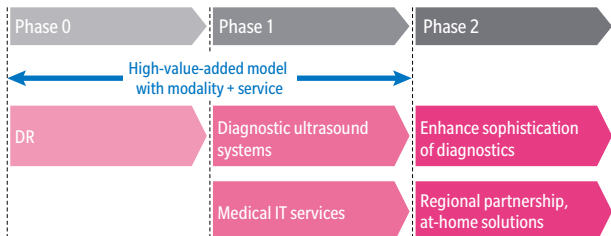
### Open up business segments to growth markets

- Capitalize on the Company's synergy with Viztek and promote product development from the customer's viewpoint with an eye to expanding business in the orthopedics segment and the primary care segment, which includes primary care doctors.
- Begin business in the nursing care segment by offering care support solutions with even higher performance.

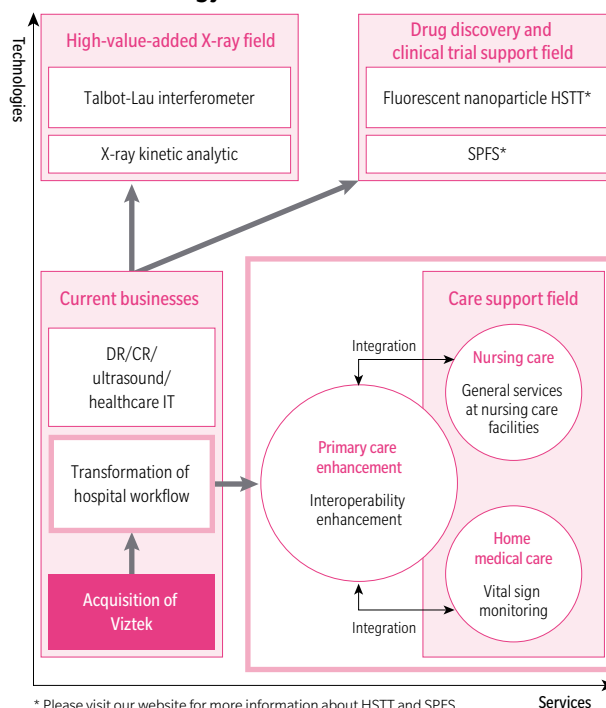
### Contribute to sophistication of medical diagnoses

- Ramp up clinical development efforts in the high added-value X-ray system segment and drug discovery/clinical trial support segment.
- Utilize advanced IT solutions to achieve information collaboration and sharing involving regional healthcare and home-based care in order to make medical care more efficient and improve people's health and quality of life.

### Roadmap for growth



### Healthcare strategy



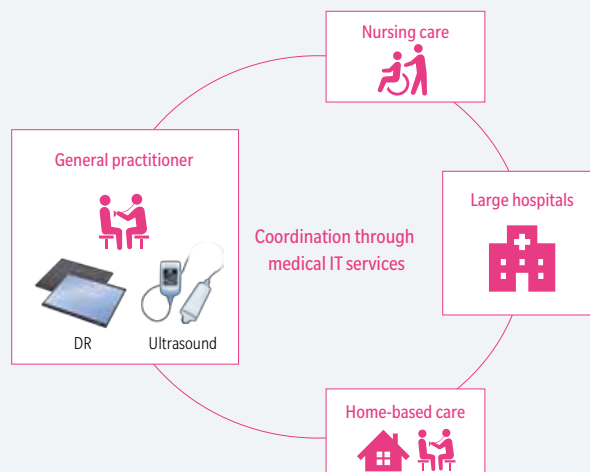
\* Please visit our website for more information about HSTT and SPFS.  
<http://www.konicaminolta.com/about/research/future/index.html>

### Focused Topic

#### Exercise synergy with two acquired companies and expand business in the primary care segment, an area of rapid growth in the Americas

In the U.S., the world's largest market, the primary healthcare market is seeing growth in response to medical insurance system reform. Konica Minolta has acquired two companies in order to expand business in this market. The first was in July 2015 when we acquired Brazil-based Sawae, which manufactures and sells cost competitive X-ray systems. The second was in October 2015 when we acquired Viztek, a U.S.-based company providing medical IT solutions.

By adding the expertise and sales networks of these two companies to the many products and services Konica Minolta has developed over the years, a further fusion between diagnostic equipment and IT services has been achieved and we are now able to propose solutions that maximize customer value. Under this structure, we will continue to improve the efficiency and accuracy of diagnoses while advancing the primary care field by providing customers with a comprehensive menu that includes diagnostic imaging solutions that bring together X-ray diagnostic systems and ultrasound diagnostic systems utilizing advanced information technologies.





# Industrial Business

## Market environment (opportunities and challenges)

### Optical systems for industrial use

- Forecasts suggest growth is ahead for the light-source color measuring instrument market as display devices increase in resolution and OLED displays find further adoption.
- In the automobile industry, a major customer for object color measuring instruments, production volume is gradually increasing.
- The FA measuring market is poised for expansion as a result of growing investment in production line automation.

### Performance materials

- The trend towards larger LCD TVs will continue in tandem with a shift to higher resolutions such as 4K and 8K. The displays market will continue to see greater breadth.
- China will emerge as core producer of LCD panels. IPS panels are showing a clear rise.
- Opportunities for creating new demand are likely due to increasing diversification of display products and usage situations.

## Strengths and strategies

### Optical systems for industrial use

- We possess a wide-ranging product lineup and global sales and service network for high-precision measuring equipment.
- Acquire large, global customers in the displays industry.
- Leverage the synergy with newly-acquired Radiant and swiftly move into the visual inspection segment.

### Performance materials

- We have built a relationship of trust with large customers and amassed assets that consist of technologies, production equipment, and supply chains through developing, producing, and selling TAC film.
- Quickly establish a successful business for new functional films, including QWP films that utilize the abovementioned assets.



## Main Achievements in Fiscal 2015

Regarding fiscal 2015 revenue in our Industrial Business, revenue for the optical systems for industrial use segment increased 1% year on year to ¥52.5 billion while revenue for the performance materials segment dropped 12% to ¥53.4 billion.

### Optical systems for industrial use

- Strong sales continued this period for light-source color measuring instruments for displays, keeping Konica Minolta in the genre-top position.
- Revenues rose as a result of the August 2015 acquisition of U.S.-based Radiant, which was added to consolidated group revenue figures.
- Instrument Systems, a German company acquired in 2012, experienced record high sales.
- Optical units for projectors at events maintained strong sales.

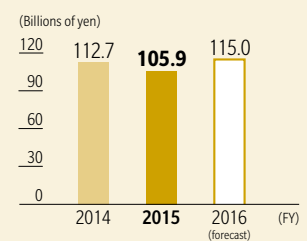
### Performance materials

- In July 2015 Konica Minolta announced its development of QWP films for use in making device screens that can be seen more clearly through polarizing sunglasses. A mass production plant was completed in the first quarter of fiscal 2016 as planned.
- Inventory reductions in the supply chain as a result of sluggish demand in emerging markets pulled down sales of TAC film in the latter half of the period.
- For automotive window film, we began marketing high heat insulation products and mid-priced products in the ASEAN region.
- We launched reflective films for smartphone backlights.

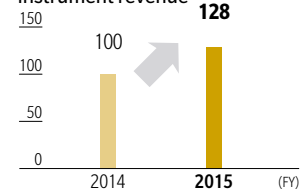
## Fiscal 2016 Earnings Forecast

- For the fiscal earnings 2016 Industrial Business revenue forecast, the optical systems for industrial use segment will increase 10% year on year to ¥58.0 billion, with an increase of 7% year on year to ¥57.0 billion for the performance materials segment.
- We expect new demand to emerge due to rising demand for films for IPS panels, which is a growing segment, and an increasing diversification of display products and usage situations.

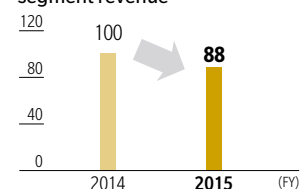
### Industrial Business revenue



### Light-source color measuring instrument revenue\*



### Performance materials segment revenue\*



\* Base index: fiscal 2014 = 100

## Growth Strategies

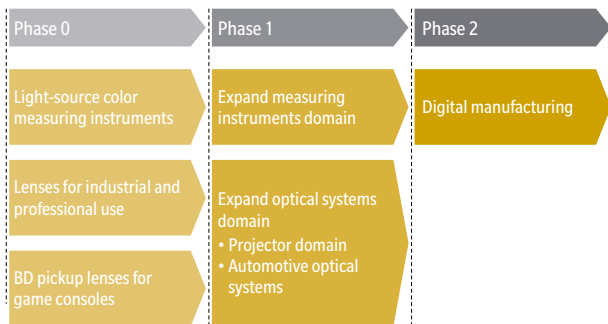
### Optical systems for industrial use

- Expand the segment for visual inspection solutions in the production process.
- Begin full-scale marketing of industrial and professional lenses for automotive components and vehicle driving systems.

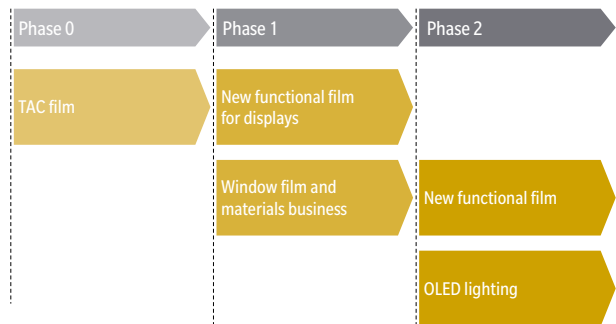
### Performance materials

- Market new advanced films in response to increasingly diversified display products.
- Provide high-performance films as well as integrated OLED and sensor products into the mobile/IoT segment.
- Get into the materials business, including that for OLED materials.

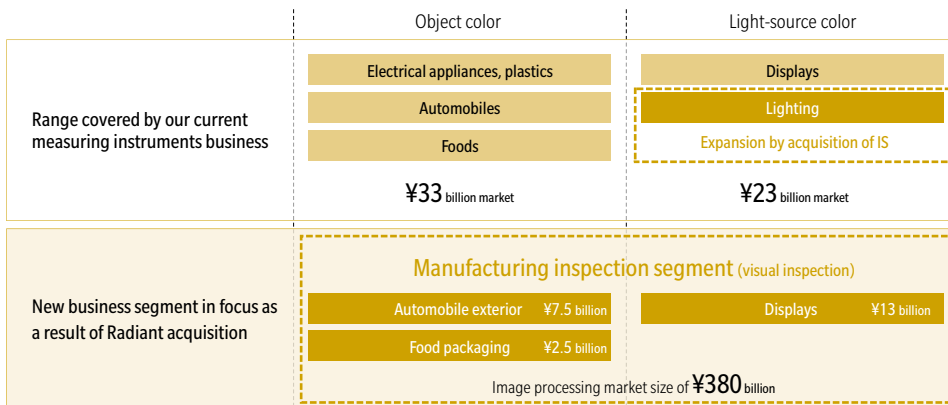
### Roadmap for growth



### Roadmap for growth



### Direction of the measuring instruments business



### Focused Topic

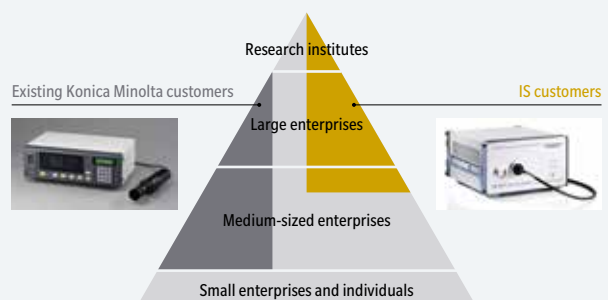
#### Carry out genre-top strategies in the light-source color measuring market

Konica Minolta has become a market share leader in the light-source color measuring market and is now a top manufacturer in the industry. The first step on this path was acquiring Germany-based Instrument Systems (IS) in fiscal 2012.

IS has been highly rated around the world for primarily its high-end light measuring instruments and has sold a great volume of product to research institutes and other organizations. Konica Minolta's products enjoy a complementary relationship with IS's product lineup, and this acquisition has given us a strong lineup that spans mid-level and high-end products. This has enabled us to be a one-stop solution for wide-ranging customer needs and given us an undisputed competitive edge in the market. IS achieved record-high profits in fiscal 2015.

In August 2015, we acquired Radiant, a company with which we were partly in competition. This further strengthened our

position in the market. The days ahead will see us deploying these genre-top strategies in a variety of markets.



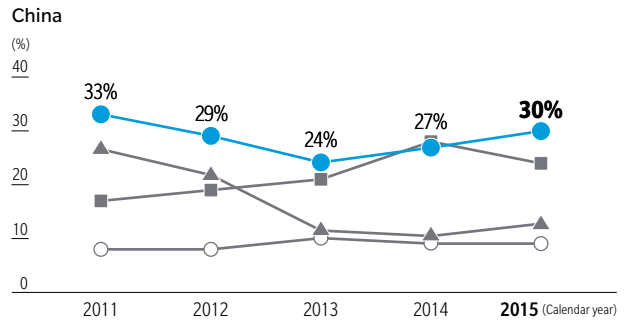
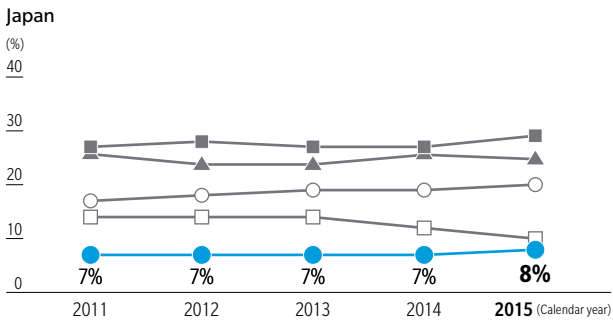
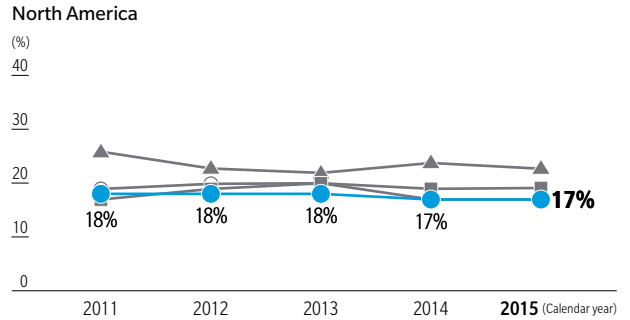
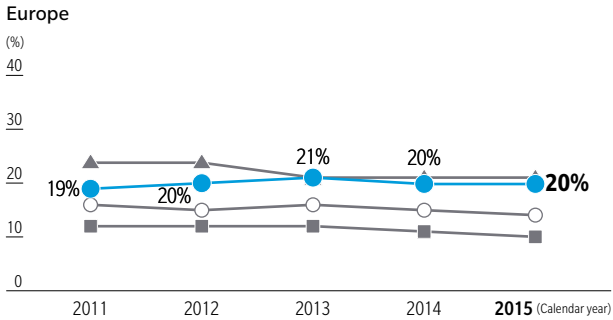
# Market Data by Segment

## Business Technologies Business (Office Services)

### Konica Minolta share of A3 color MFPs (based on unit sales)\*

● KM ■ Company A ▲ Company B ○ Company C □ Company D

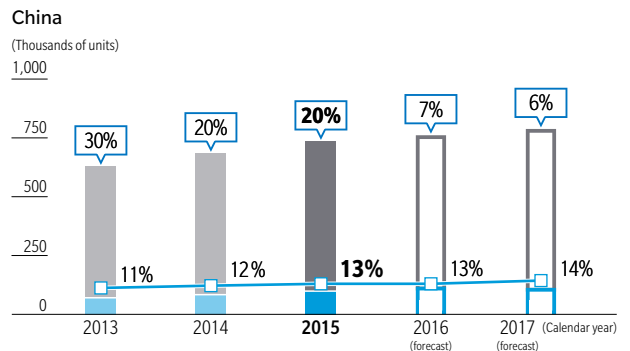
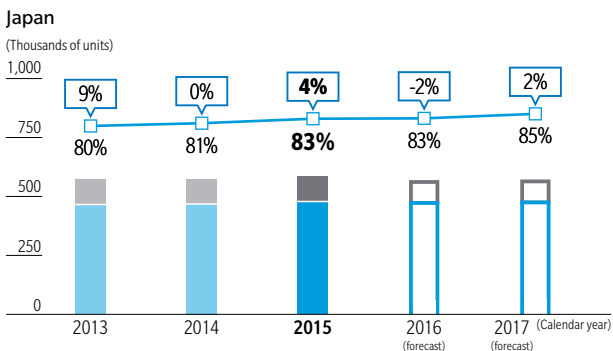
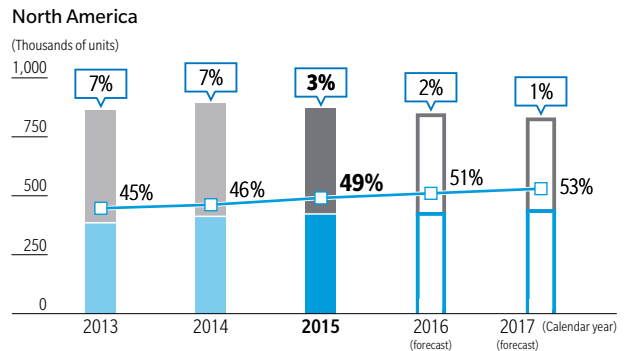
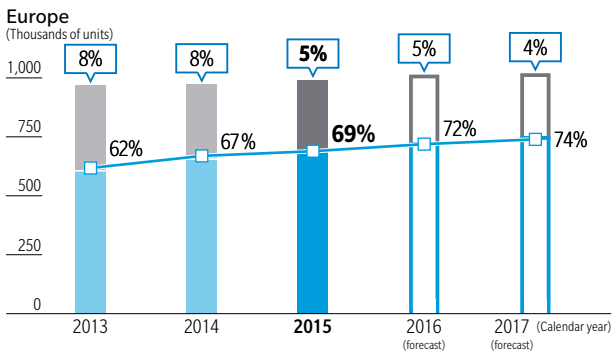
Maintained or expanded market share in all major markets.



\* Konica Minolta estimate

### Unit shipment trends and forecasts\* in the A3 color MFP market

■ Color ■ B/W □ Color ratio □ A3 color MFP growth rate

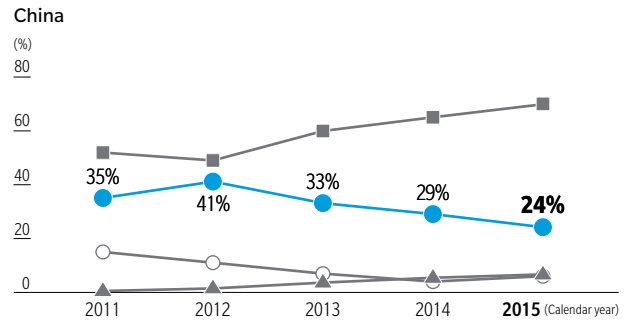
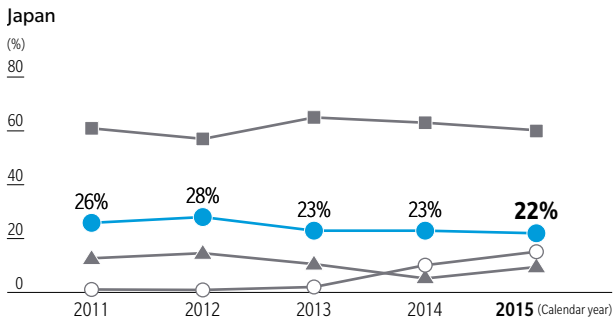
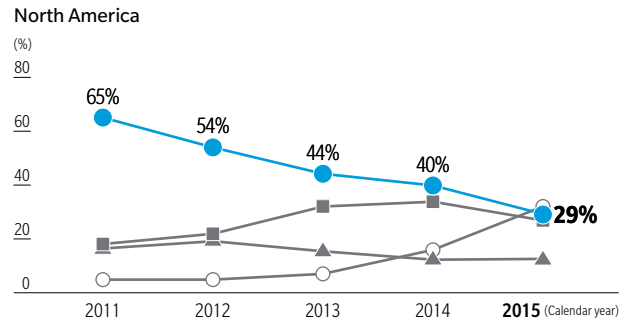
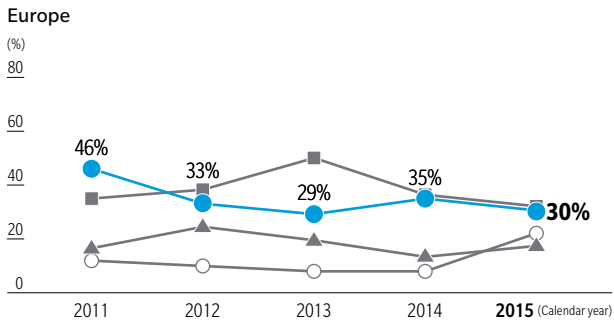


\* Konica Minolta estimate

**Business Technologies Business (Commercial and Industrial Printing)**

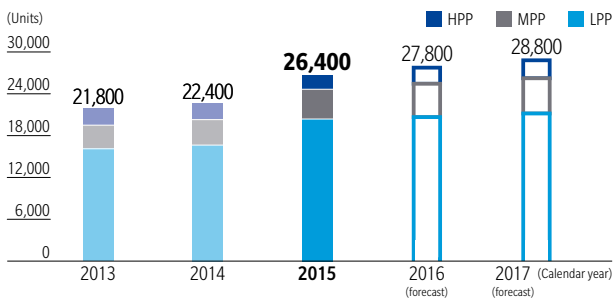
**Color production printer market share (based on unit sales)\*** ● KM ■ Company A ▲ Company B ○ Company C

Konica Minolta's market share is in a recent downward trend in the LPP and MPP market due to a greater focus on sales in the higher added value MPP market.



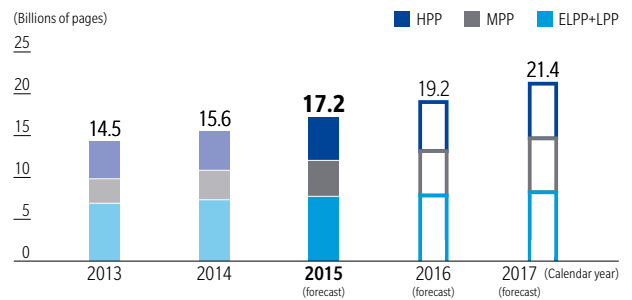
\* Konica Minolta estimate (LPP+MPP)

**Color production printer units shipped and forecast (worldwide)**



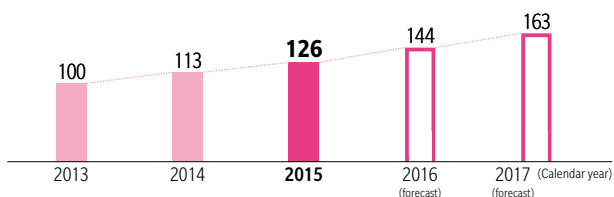
\* Konica Minolta estimate  
 \* HPP: Heavy Production Printer MPP: Mid Production Printer  
 LPP: Light Production Printer ELPP: Entry Light Production Printer

**Color PV (print volume) and forecast (worldwide)\***

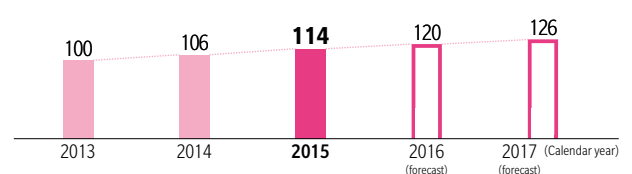


**Healthcare Business**

**DR units shipped and forecast (worldwide)\***



**Diagnostic ultrasound systems units shipped and forecast (worldwide)\***



\* Base index: fiscal 2013=100  
 \* Partial estimate by Konica Minolta based on data from InMedica, The World Market for General Radiography etc. and Ultrasound Imaging, 2013

# TOPICS

## Innovating in nursing care workflow to facilitate care support solutions for an aging society



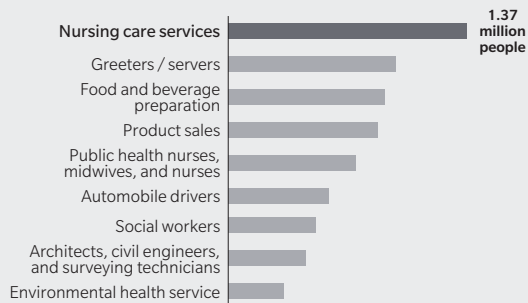
### Social Issues

#### Shortage of nursing care staff in an aging society

Along with the graying of society, more people are in need of nursing care. Meanwhile, the shrinking work-force has worsened the shortage of nursing care staff.

Given this situation, Konica Minolta determined that it could help to reduce the workload of nursing care staff by promoting workflow innovation on the frontlines. The Company visited nursing care facilities to ascertain and analyze operations in detail. Nursing care operations were separated into individual workflows initiated by a nurse call. That made nursing care staff run around the facility. It was clear that this was creating a major burden.

#### 2015 worker shortfall by occupation in Japan\*



\* Labor shortage figures are calculated by subtracting the number of effective job seekers from the number of effective job openings  
Source: Labor Market Indicators by Occupation (Ministry of Health, Labour and Welfare)

### Social Innovation

#### Workflow innovation for nursing care staff, starting with highly accurate action recognition

In order to tackle the challenges of the nursing care field, Konica Minolta's business development staff gathered information directly at about 70 nursing care facilities. Stationed in the facilities for about three months, they ascertained the nursing care operations in detail. Based on this, the Company developed its Care Support Solution, a monitoring system for nursing care workflow innovation.

The Sensor Box, which is the core of the system, performs 24-hour monitoring using near-infrared and microwave sensors, and operates regardless of the room's brightness or the posture of the room occupants. If a patient sits up on the bed, leaves the bed, falls down, or falls out of the bed, nursing staff are notified via a smartphone with video display. By checking the video of the patient, the staff can decide whether to rush for assistance and can predict patient behavior, which significantly reduces their workload. Since the staff can also use their smartphones to input care records or vital-sign data on the spot and share them instantly, the system substantially reduces record-keeping work and helps to prevent miscommunication. By providing one-stop total innovation that covers both the nursing care frontlines and administrative work such as record keeping, the Care Support Solution offers greater efficiency for the entire nursing care operation.

#### Konica Minolta's care support solution

