KONICA MINOLTA GROUP

Q&A from 1H / March 2009 Financial Results Briefing Session

Date:	Thursday, October 30, 2008 16:30 - 18:00 JST
Place:	Tokyo Station Yaesu Business Center
Speakers:	Yoshikatsu Ota, President and CEO
	Shoei Yamana, Senior Executive Officer
	Yasuo Matsumoto, Senior Executive Officer

■ Business Technologies

Q: The revised full business year forecast is based on an exchange rate in the second half of fiscal year ending March 2009 (FY03/09) of 95 yen to the dollar (same period of the previous year: 109 yen) and 120 yen to the Euro (same period of the previous year: 161 yen), with the yen rising especially sharply against the Euro. Exchange rates along with changes to accounting methods are among external factors impacting business performance. Excluding these factors, what is the growth rate in sales and operating profit for the second half compared to the same period last year?

A: Revised forecasts for business performance over the second half of FY03/09 indicate a fall in both sales and operating profit of approximately 47 billion yen and 18 billion yen respectively compared to the same period of the previous year as a result of the change in exchange rates. We anticipate that changes to accounting methods (lower-of-cost-or-market value method) will account for approximately 500 million yen. Removing these factors, year over year sales show an increase of approximately 5% and operating profits a decrease of approximately 7%.

Q: While the Company anticipates that Danka Office Imaging Company (DOIC), the second largest dealer in the US, acquired during June of this year will result in breakeven in operating profits for the full business year, what business results, including revenues, did you see for the current first half and what is your forecast for the coming second half?

A: DOIC's sales for the second quarter were approximately 9 billion yen with a slight operating profit deficit. For the upcoming second half we anticipate revenues of about 20 billion yen and a small operating profit, including goodwill amortization. The breakeven plan of our initial full business year forecast remains unchanged.

Q: What is year over year MFP consumables sales growth in real terms for first half business results and the second half revised forecast, excluding the affect of the exchange rate and acquisition of DOIC?

A: Consumables sales excluding DOIC and in local currency for the first half continued to grow at a rate of approximately 3% year over year. We anticipate year over year growth in the second half to be the same as for the first half.

Q: What is your outlook for the second half concerning declining prices?

A: A 7.4 billion yen price decline affected business results for the current first half, and we are revising our business results forecast for the second half based on even more severe conditions.

■ Optics

Q: While first half business results for optics were excellent, the second half forecast is for reduced sales and profit. What is this forecast based on?

A: In the first half, year over year sales grew significantly for both TAC film and optical pickup lenses, the segment's chief businesses. In contrast to the initial forecast, the revised second half forecast concludes that as the global economy slows the market for finished good large-panel LCD TVs will cool down and the percentage of PCs being equipped with Blu-ray Disk will be more sluggish than our initial anticipation. Moreover, our outlook is defensive concerning falling prices and therefore our revised second half forecast anticipates less sales and profit.
Nonetheless, we are moving steadily ahead in readying 4th generation products for VA-TAC film, our focusing product, and our dominant position in this product segment will not change.

Q: Do you think that the ongoing realignment of the PC glass hard disc media industry will have a major affect on business from the second half and after?

A: We do not anticipate any major change for our own business in this area.

■ Other

Q: Is the 80 billion yen in operating profit given for the revised forecast a hard and fast figure? You have also talked about reducing operating expenses as an imperative measure, so how sure are you that this will be achieved?

A: We base the revised business forecast figures on exchange rate factors that have been set lower than that of our competitors. In addition, given that a worsening business climate will bring changes to our own business environment, the prudent course at this point in time is to carefully factor in the risks these pose for sales volume and price fluctuations for our major products. Concerning reducing operating expenses, we have achieved concrete results in the first half and anticipate even further reductions in the future. However, we do not intend to implement the kind of across-the-board cost cuts that stymie the seeds of future growth; rather, we will execute a clearly defined policy based on carefully selected and focused priorities.

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