Konica Minolta, Inc.
Q&A from 1Q/ March 2018 Financial Results Briefing Session

Date: July 28, 2017 17:00 – 18:00 JST
Place: Nomura conference plaza Nihonbashi (Tokyo, Japan)

Cautionary Statement

This material was prepared for those who were unable to attend the financial results briefing in person and is intended only for reference purposes. Readers are asked to acknowledge in advance that the following text is not a verbatim account of everything that was said at the briefing but a basic summary whose content was determined by Konica Minolta.

Moreover, readers are asked to further acknowledge in advance that the business performance outlook and other content concerning future results in this document is based upon information that the company has at present and upon a rational evaluation based on certain assumptions and, additionally, that actual business performance can greatly vary due to a number of factors.

[Q&A regarding Results for Konica Minolta as a whole]

Q. Is the liquidation of assets a one-off measure, or will it appear again from 2Q onward?

A. What we implemented in 1Q is a sale & leaseback scheme. With regard to this project, from the time of the previous Medium Term Business Plan, we chose a global partner and put all of the 850 locations of Konica Minolta around the world in a database, then used this to move forward with our efforts to reduce rents. In the current Medium Term Business Plan, we have gone a step further, and have adopted a basic approach that leads to them making a contribution to profits while reducing expenses.

As part of this overall procedure, the measures to liquidate and slim down assets will continue in 2Q and beyond.

[Q&A regarding Business segments]

Q. Office non-hardware declined year on year. Please explain the reasons for this and the outlook going forward.

A. This was the result of declines in both price per page and in sales volumes in Europe. We are pushing ahead with a switch in our sales strategy, primarily for high-end color models, and we expect that to result in improvements. In North America also we have good news in the form of winning significant projects from major companies that operate globally, and we believe that non-hardware will also turn up there.

Q. With regard to Healthcare, in 1Q there was an operating loss of ¥500 million. Please tell us which factors you expect to improve going forward.

A. In 1Q the impact of declines in X-ray film in China was significant, but there was also an effect from slow system implementations for medical IT customers. In 2Q, system implementations have accelerated, and we expect a rise in sign-offs for completed system implementation, leading to an increase in sales posted. The DR markets are growing, and in 2Q and beyond we expect the results of a marketing collaboration with major partners to make a positive contribution. In ultrasound products, we will extract the benefit of reconfiguring the sales structure in the US.

[Q&A regarding Earnings forecasts]

Q. Is the acquisition of Ambry Genetics baked into the earnings forecasts from the beginning of the fiscal year?

A. The costs of the acquisition have already been factored in. With regard to profit, while there will be an impact on the consolidated accounts from the second half onward, there is also the negative effect of amortization of intangible assets, so we assume that the contribution this fiscal year will be limited.

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