

Konica Minolta Group Consolidated Financial Results Fiscal year ended March 31, 2005

May 13, 2005

Konica Minolta Holdings, Inc.



KONICA MINOLTA

Cautionary Statement

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks:

- *To facilitate Y-O-Y comparison, yen amounts for fiscal year ended March 31, 2004 are the total of Konica and Minolta.*
- *Yen amounts are rounded to the nearest 0.1 billion.*

Consolidated Financial Results

Fiscal year ended March 31, 2005

May 13, 2005

Masanori Hondo
Senior Executive Officer
Konica Minolta Holdings, Inc.

Financial Summary



KONICA MINOLTA

[Billions of yen]

	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	Mar/03 Actual	Mar/04 Actual	Y-O-Y, %	Forecast as of Mar. 17	vs. Forecast, %
Net sales	1,067.4	1,123.6	95%	1,060.0	101%
Gross income	469.6	478.7	98%	---	---
Operating income	67.6	73.2	92%	70.0	97%
Ordinary income	53.6	52.5	102%	55.0	97%
Net income before tax	35.4	40.5	87%	39.0	91%
Net income	7.5	19.3	39%	7.0	107%
EPS [Yen]	14.11				
ROE [Full year, %]	2.2				

■ FOREX: P/L

			Change		[Yen] Change
US\$	107.55	113.07	-5.52	109.00	-1.45
Euro	135.19	32.61	+2.58	134.00	+1.19

Overview



KONICA MINOLTA

Group revenues decreased Y-O-Y. Profits slightly increased on an actual basis*.

*Actual base: Adjusted amounts taking into account integration-related and other factors.

- **Business Technologies:** Revenues maintained the same level Y-O-Y on an actual basis*
- **Photo Imaging:** Revenues and profits declined due to digital camera's severe price drop.
- **Optics:** Revenues and profits increased. Strong sales of LCD film.

Business Technologies

- Color MFP: Drastic sales increase due to new products' launching
- B/W MFP: Total unit sales edged up slightly. Mid-speed units sales were stagnant.
- Color LBP: Hardware's severe price competition

Optics

Revenue → UP
Operating profits → Up

- LCD film and glass substrates for HD sales were strong.
- Lens-related businesses were stagnant due to inventory adjustments among digital home appliances industry.

Photo Imaging

Worsening operating results

- Continuous efforts to improve profitability by reducing fixed cost and launching the new digital SLR camera
- Significant negative impact caused by shrinking color film and photo paper markets, and digital camera's price drop

Extraordinary losses: Total 21.4 billion yen

- ✓ Rationalization expenses related to integration
- ✓ Photo Imaging's restructuring expenses
- ✓ Comprehensive amortization of Photo Imaging's goodwill due to integration

Increase of corporate taxes:

- ✓ No adaptation of consolidated taxation system for FY Mar/05
- ✓ Limited tax effects due to non-recognition of Photo Imaging's losses for taxation purposes.

Effective corporate tax rate:

Mar/05 >> 77%

Mar/04 >> 52%

Summary - Business segment



Net sales

	[Billions of yen]				
	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	Actual Mar/05	Actual Mar/04	Growth	Forecast as of Mar 17	vs. Forecast
Business Technologies	564.8	625.8	90%	560.0	101%
Optics	91.7	85.8	107%	90.0	102%
Photo Imaging	268.5	277.7	97%	267.0	101%
Medical & Graphic	129.9	120.9	107%	130.0	100%
Sensing	5.3	8.0	---	5.0	---
Holdings, others	7.2	5.4	---	8.0	---
Total	1,067.4	1,123.6	95%	1,060.0	101%

Operating income

	[Billions of yen]				
	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	Actual Mar/05	Actual Mar/04	Growth	Forecast as of Mar 17	vs. Forecast
Business Technologies	55.8	62.9	89%	59.0	95%
Optics	16.0	15.3	105%	15.0	107%
Photo Imaging	-8.7	-6.7	---	-9.0	---
Medical & Graphic	6.7	7.9	84%	8.0	83%
Sensing	1.6	1.8	---	2.0	---
Holdings, others	-3.9	-7.9	---	-5.0	---
Total	67.6	73.2	92%	70.0	97%

Factor analysis -- Business segment



KONICA MINOLTA

[Billions of yen]

Net sales	[a]			[b]	[c]	[d]	[e]	a-(b+c+d+e)
	Mar/05	Mar/04	Y-O-Y	Forex impact	Change of accounting term	Eliminations*	Segment reclassification	Actual change
Business Technologies	564.8	625.8	-61.0	-7.6	-33.7	-12.5	-7.0	-0.2
Optics	91.7	85.8	5.9	-0.9	0.0	0.0	0.0	6.8
Photo Imaging	268.5	277.7	-9.2	-2.5	17.1	0.0	5.0	-28.8
Medical & Graphic	129.9	120.9	9.0	-2.1	3.4	0.0	4.7	3.0
Sensing	5.3	8.0	-2.7	0.0	0.0	0.0	-2.8	0.1
Holdings, others	7.2	5.4	1.8	0.0	0.0	0.0	0.0	1.8
Total	1,067.4	1,123.6	-56.1	-13.1	-13.2	-12.5	0.0	-17.3

Operating income	[a]			[b]	[c]	[d]	[e]	a-(b+c+d+e)
	Mar/05	Mar/04	Y-O-Y	Forex impact	Change of accounting term	Eliminations*	Segment reclassification	Actual change
Business Technologies	55.8	62.9	-7.0	-0.9	-1.0	-2.1	0.0	-3.0
Optics	16.0	15.3	0.7	-0.8	-0.6	-0.1	0.0	2.3
Photo Imaging	-8.7	-6.7	-2.0	0.2	-0.1	-0.1	0.2	-2.1
Medical & Graphic	6.7	7.9	-1.2	-0.7	0.0	0.0	0.0	-0.6
Sensing	1.6	1.8	-0.2	0.0	0.0	-0.1	-0.2	0.1
Holdings, others	-3.9	-7.9	4.1	0.1	0.0	0.0	0.0	4.0
Total	67.6	73.2	-5.6	-2.2	-1.7	-2.4	0.0	0.7

- Impact to operating income if changing 1 JPY (full year basis)

USD: Approx. 0.7 billion yen Euro: Approx. 1.1 billion yen

SG&A analysis

	[Billions of yen]		
	Mar/05	Mar/04	Y-O-Y
SG&A total	402.1	405.5	-3.4
Sales promotion	84.5	88.7	-4.2
Salaries and wages	159.7	171.6	-11.9*
R&D	65.8	63.0	2.8
Goodwill amortization	5.9	3.2	2.7
Other	86.2	79.0	7.2

* Including production-related labor costs, Y-O-Y: -14.1 billion yen

FOREX impact to SG&A: - 2.0 billion yen
(Mar/05 – Mar/04 Y-O-Y actual: - 1.5 billion yen)

Non-operating income / expenses

	[Billions of yen]		
	Mar/05	Mar/04	Y-O-Y
Non-operating income/expenses	-14.0	-20.7	6.7
Interest and dividend income	1.4	1.4	0.0
Foreign exchange gain	0.7	--	0.7
Other	6.9	10.8	-3.9
Non-operating income	9.0	12.1	-3.2
Interest expenses	5.5	7.6	-2.0
Disposal/valuation losses of inventories	8.7	8.0	0.7
Foreign exchange loss	--	5.0	-5.0
Other	8.7	12.2	-3.6
Non-operating expenses	22.9	32.8	-9.9

Extraordinary profits / losses

	[Billions of yen]		
	Mar/05	Mar/04	Y-O-Y
Extraordinary profits/losses	-18.2	-12.0	-6.2
Gain on sales of investment securities	2.5	0.9	
Other	0.7	0.8	
Extraordinary profits	3.2	1.7	1.4
Photo Imaging restructuring expenses	4.9	--	
Comprehensive goodwill amortization of camera business	5.4	--	
Management integration expenses	4.0	5.0	
Loss on disposal of fixed assets	4.6	4.3	
Other	2.5	4.4	
Extraordinary losses	21.4	13.7	7.6

Business Technologies - Overview



Revenues: Maintained the same level Y-O-Y (Actual base*)

- MFP:** Total unit sales: Up 9% (Color 86%, B/W 1%)
- Mid-speed B/W : Declined partly due to temporary business disruption in the integration process
- LBP:** Total unit sales: Up 8% (Color 24%, B/W 3%)
- Downward pressure on color LBP hardware prices

Operating profits: Down 3 billion yen Y-O-Y (Actual base*)

- MFP:** Worsening gross profit margins primarily due to intensified competition
- LBP:** Favorable consumables business
- Increasing machine-in-the-field (MIF) resulting from aggressive color products marketing
 - Stagnant profits due to severer price competition in 3Q and 4Q
- SG&A:** Down 2 billion yen (actual base*)
- R&D expenses for color products development increased 4 billion yen
 - Effects from cost-cutting efforts

**Actual base:*

Amounts adjusted against the Y-O-Y change taking into account FOREX and integration-related factors.

Business Technologies - MFP

MFP

Color:

- Smooth recovery from “bizhub C350” backlog orders. Brisk sales of “bizhub C350” in US and Europe.
- Solid start of the new facsimile-equipped “bizhub C450” in 4Q, making favorable sales in Japan

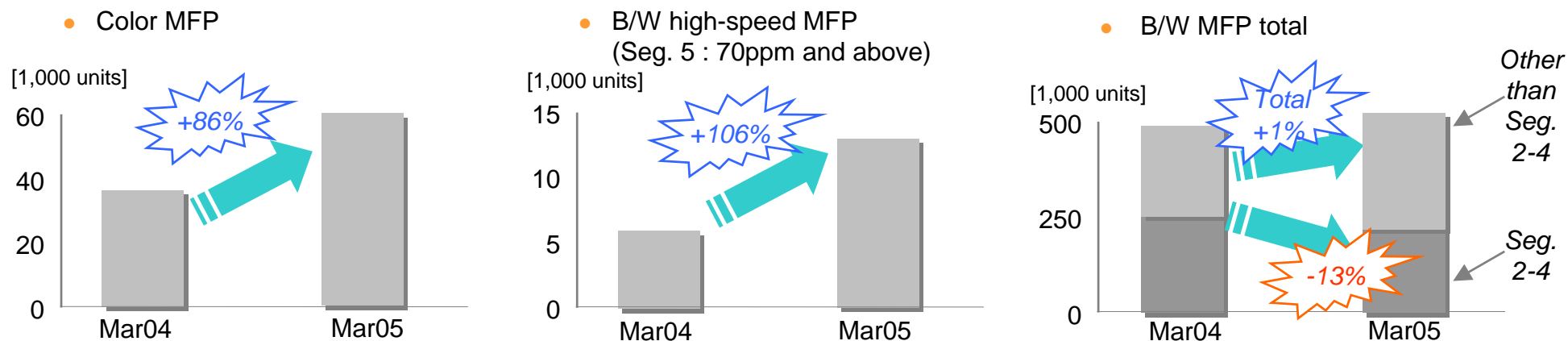
High-speed B/W:

- Brisk sales of “bizhub Pro1050” (105 pages-per-minute) since its launching in Nov. 2004, well received by light production printing market
- Unit sales increased by 106% Y-O-Y in Seg.5 and above

B/W total:

- Slight increase in total sales due to solid sales of Seg.1 models
- Decreasing sales in mid-speed models. Worsening product mix.

■ Unit sales



Business Technologies - LBP

LBP

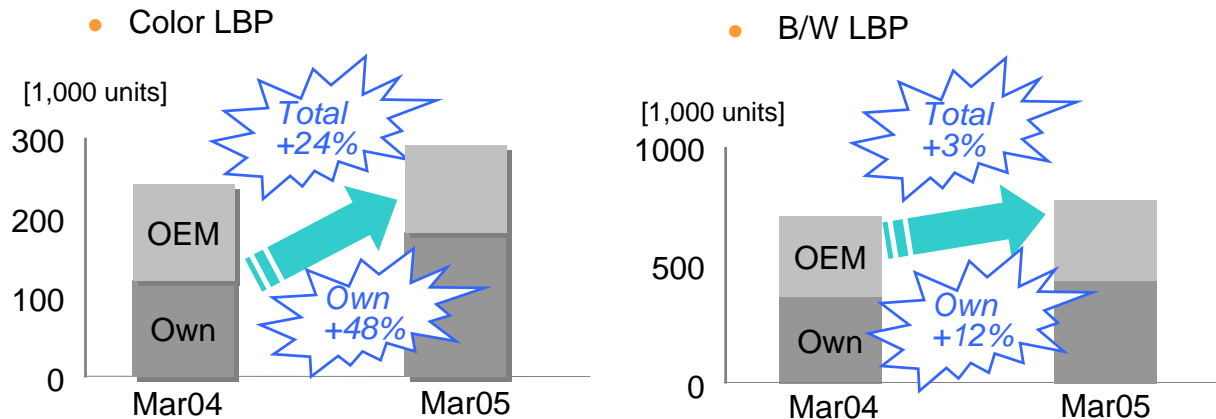
- Color:**
- New “magicolor 2400” series boosted total unit sales
 - Severer price competition due to new entrants
 - Stagnant profit margins in 3Q and 4Q
- B/W:**
- Slight increase in total unit sales
 - Steady growth of own brand business

Own brand business

- Marketing reinforcement:**
- ✓ North America >> Mega stores
 - ✓ Europe >> Value-added-retailers and system integrators

- [Own brand ratio of total unit sales]**
- ✓ Color: 54%, Mar/04 → 65%, Mar/05
 - ✓ B/W: 34%, Mar/04 → 37%, Mar/05

Unit sales



Optical pickup lens

- For DVD: Solid growth in high-value-added lenses for read-and-write systems. Continuing inventory adjustments since last summer against lenses for read-only systems. Stagnant sales in total.

Lens units for DSC/VCR

- Sales in quantity significantly declined Y-O-Y. Decreasing orders due to fierce competition among finished products manufactures.

Lens units and camera units for mobile phones

- Upward trend in camera units – Up 36% Y-O-Y.
- Lens units sales in quantity – Down 17% Y-O-Y. Slowdown in Japan's market growth.

Film for LCD

- Significant sales growth in quantity. Strong demand in thin and wide-view films.

■ Unit sales

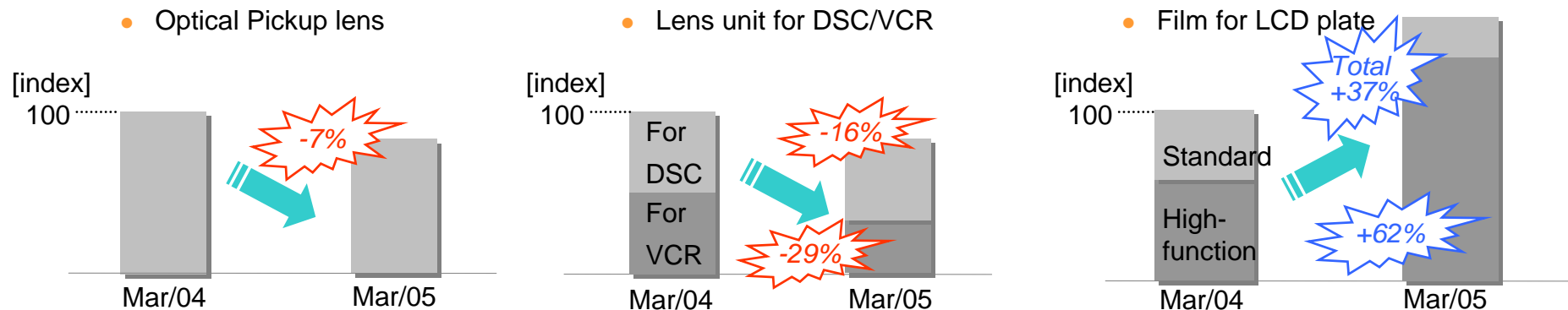




Photo Imaging

Revenues : Down 28.8 billion yen Y-O-Y (Actual base*)

Operating losses : Down 2.4 billion yen Y-O-Y (Actual base*)

Worsening profit margins in photo paper, inkjet paper, and digital cameras

Photo Imaging

Color film: Profits remained the same level Y-O-Y.

- Strong sales in Asia and Middle East contributed to 10% decline in unit sales. Cost reduction worked effectively.

Digital minilab: New “R2 SUPER” sold well. Increasing digital printing demand in Europe and Asia.

Photo paper: Revenues and profits declined Y-O-Y.

- Down 9% in volume Y-O-Y. Severe price competition.

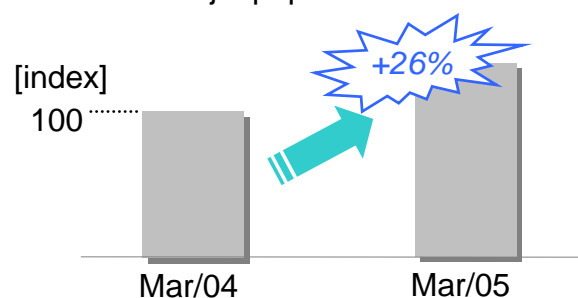
Inkjet paper : Profits declined due to severe price competition. Sales volume increased, notably in Japan.

Camera

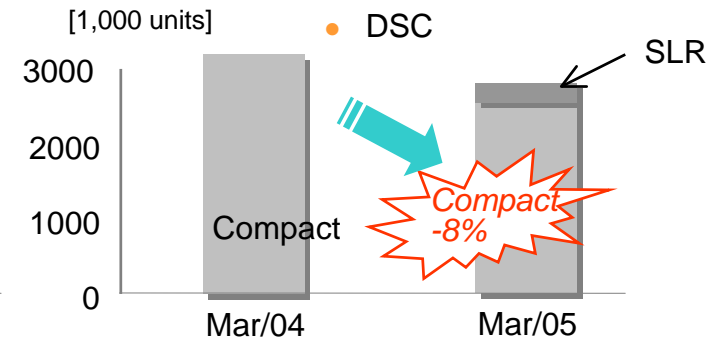
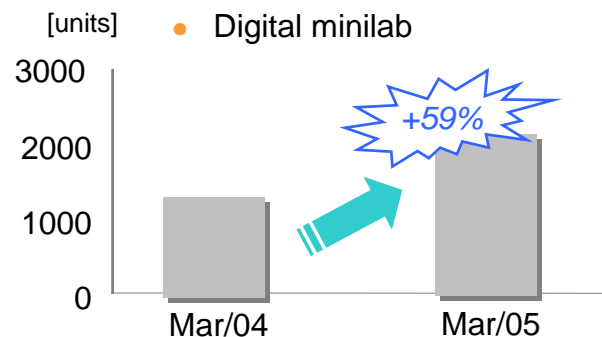
DSC: Digital SLR camera boosted revenues in some degree, but profit margins declined after the Christmas season due to compact digital camera’s price down.

Unit sales

- Inkjet paper



The essentials of imaging



Medical & Graphic Imaging and Sensing

Medical & Graphic

Revenues → Up

Profits → Down

Medical: Solid sales in hardware and film

Dry film sales increased, boosted by increasing sales of digital X-ray input/output systems

Graphic : Downturn in film sales

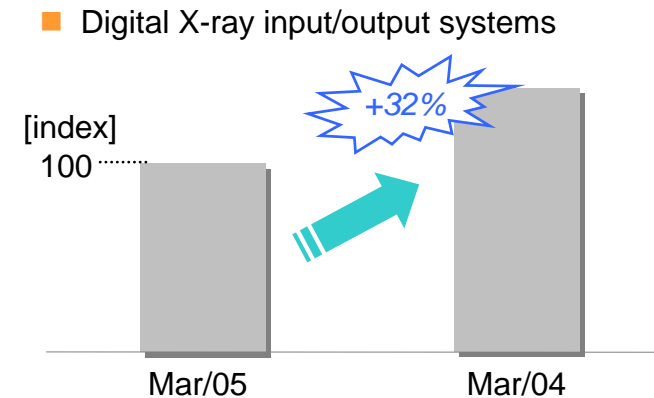
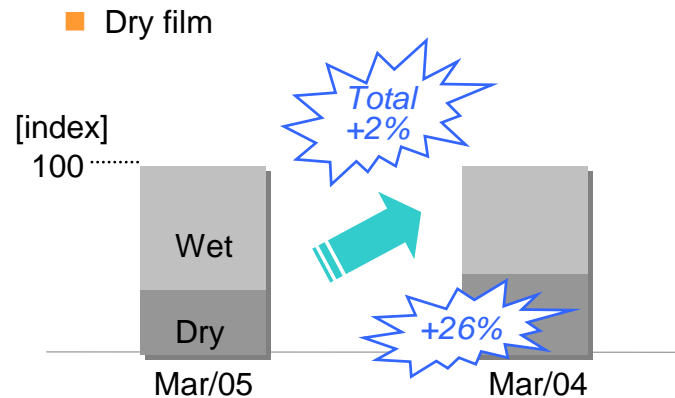
Profit margins declined due to shrinking film market in Japan. Strengthening marketing of digital input/output systems.

Sensing

Revenues and profits: Maintained the same level Y-O-Y

Solid sales of 3D digitizers and color measurement..

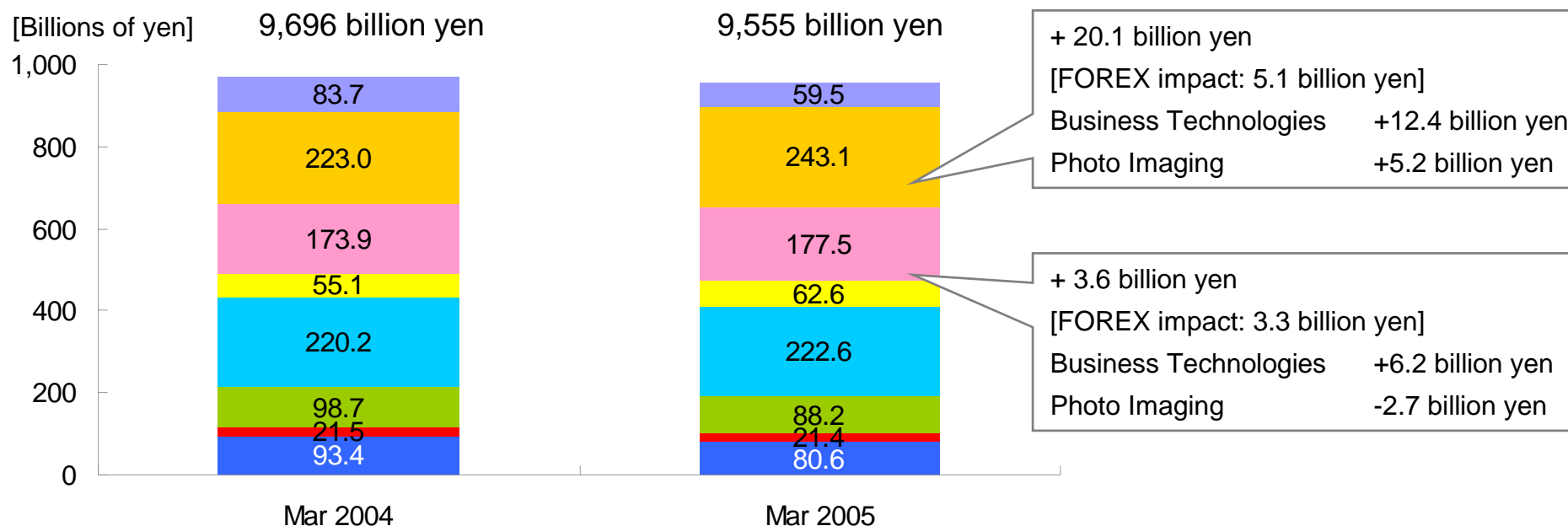
■ Unit sales



B/S - Assets

Change: -14.0 billion yen
 [FOREX impact: 11.5 billion yen]
 Actual: -25.5 billion yen

Forex: B/S	Mar/04	Mar/05	[Yen] Change
US\$	107.39	105.69	+1.70
Euro	138.87	128.88	+9.99



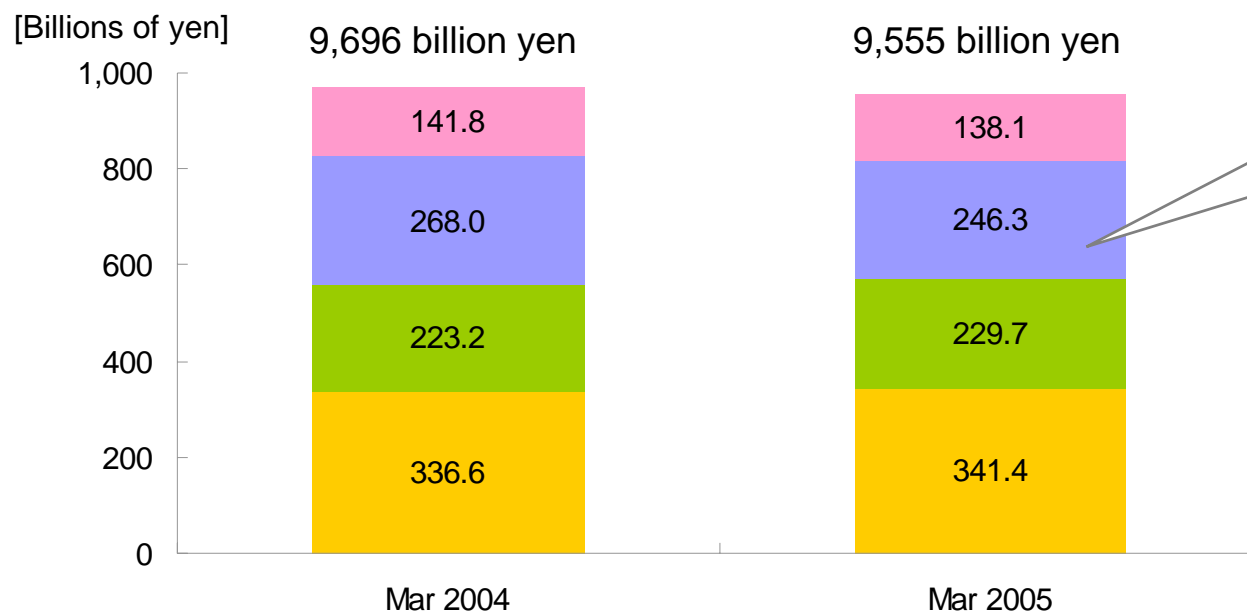
- Investments and others
- Consolidation goodwill
- Other current assets
- Notes and A/R
- Other intangible fixed assets
- Tangible fixed assets
- Inventories
- Cash and deposits

B/S – Liabilities and shareholders' equity



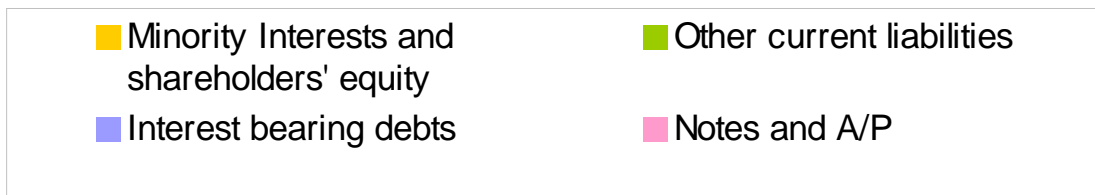
Change: -14.0 billion yen
 [FOREX impact: 11.5 billion yen]
 Actual: -25.5 billion yen

Forex: B/S	Mar/04	Mar/05	[Yen] Change
US\$	107.39	105.69	+1.70
Euro	138.87	128.88	+9.99



-21.6 billion yen
 [FOREX impact: 4 billion yen]
 Actual: -25.6 billion yen

	Mar/04	Mar/05
Equity ratio:	34.6%	35.6%
BPS:	632 yen	640 yen
D/E ratio:	0.8 times	0.73 times



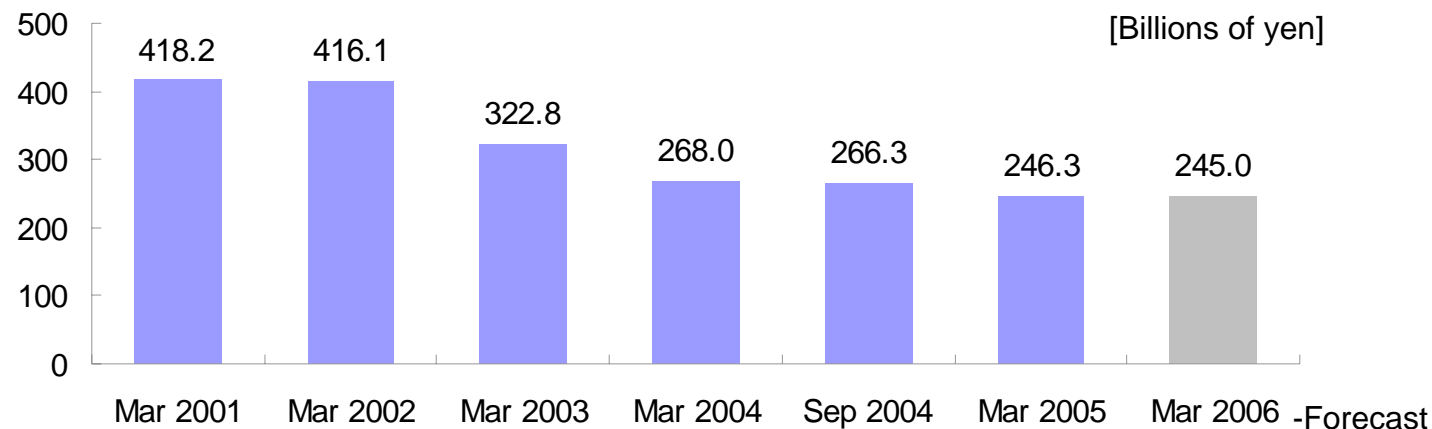
Cash flows

	[Billions of yen]		
	Mar/05	Mar/04	Y-O-Y
Income before income taxes	34.5	40.5	-5.1
Depreciation and amortization	53.0	55.6	-2.7
Increase (decrease) of working capital	-32.7	-10.0	-22.7
I. Net cash from operating activities	55.7	86.1	-30.5
II. Net cash used in by investment activities	-49.3	-31.9	-17.4
I.+ II. Free cash flow	6.3	54.2	-47.9
Increase (decrease) in debts and bonds	-26.1	-48.2	22.1
Dividends paid	-5.3	-5.3	0.0
Other	-0.2	-1.8	1.6
III. Net cash used in by financing activities	-31.6	-55.3	23.7

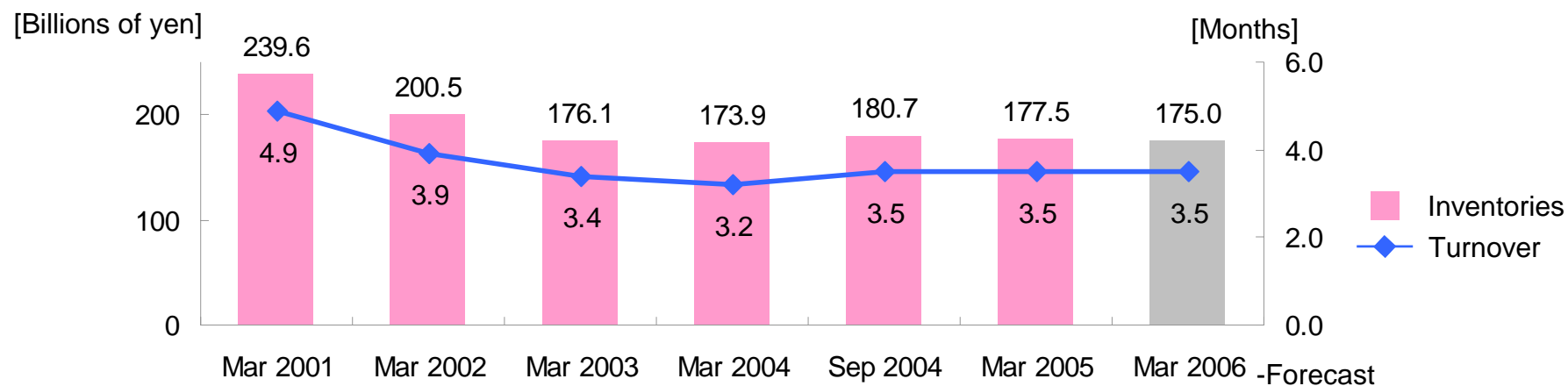


Interest-bearing debts and inventories

Interest-bearing debts



Inventories and inventory turnover



$$\text{Inventory turnover (months)} = \text{Average inventories} / \text{Cost of sales per month}$$

Progress of integration

■ Consolidated number of employees

(Number of employees)

	Sep 2002	Mar 2004 YTD	Sep 2004 YTD	Mar 2005 YTD	Mar 2006 YTD
Plan	37,300	35,200		34,100	35,200
		<i>Change since Sep02</i>	-2,100	-3,200	
Actual		34,710	34,033	33,388	
		<i>Change since Sep02</i>	-2,590	-3,267	-3,912

■ Integration expenses

	[Billions of yen]			Major purposes
	1H Mar/05	2H Mar/05	Full year Mar/05	
SG&A	2.1	0.7	2.8	Relocation, IT, sales promotion
Non-operating exp.	0.2	0.5	0.7	Disposal of unnecessary product packages
Extraordinary losses	2.7	1.3	4.0	Manpower rationalization
Total	5.0	2.5	7.5	

Forecasts

Fiscal year ending March 31, 2006

May 13, 2005

Fumio Iwai
President
Konica Minolta Holdings, Inc.

Management policy for Mar/06

Basic Management Policy

Mar/06 as the first year of the V-5 PLAN
Operation through the enhanced
“Selection and Concentration” policy

1. Prioritize resources to Business Technologies and Optics businesses
2. Scale down Photo Imaging business
3. Growth strategies through new business development and M&A

Forecasts Mar/06



KONICA MINOLTA

						[Billions of yen]
		Forecast			Actual	Change
		1H	2H	Full year	Full year	
		Mar/06	Mar/06	Mar/06 [a]	Mar/05 [b]	[a] - [b]
Net sales		530.0	600.0	1,130.0	1,067.4	62.6
Operating income		34.0	56.0	90.0	67.6	22.4
Ordinary income		29.0	51.0	80.0	53.6	26.4
Net income		7.0	16.0	23.0	7.5	15.5
FOREX USD				105.00 JPY	107.55 JPY	
Euro				133.00 JPY	135.19 JPY	
■ Ref.				Full year Mar/06	Full year Mar/05	
Capital expenditures				100	56.4	
Depreciation & amortization				59	53.0	
R&D expenditures				75	65.8	
FCF				4	6.3	

Forecasts Mar/06 -Segment



KONICA MINOLTA

Net sales	Forecast			Actual	Change
	1H	2H	Full year	Full year	
	Mar/06	Mar/06	Mar/06 [a]	Mar/05 [b]	[a] - [b]
Business Technologies	290.0	330.0	620.0	564.8	55.2
Optics	52.0	68.0	120.0	91.7	28.3
Photo Imaging	115.0	115.0	230.0	268.5	-38.5
Medical & Graphic	66.0	74.0	140.0	129.9	10.1
Sensing	3.0	3.0	6.0	5.3	0.7
Holdings, others	4.0	10.0	14.0	7.2	6.8
Total	530.0	600.0	1,130.0	1,067.4	62.6

Operating income	Forecast			Actual	Change
	1H	2H	Full year	Full year	
	Mar/06	Mar/06	Mar/06 [a]	Mar/05 [b]	[a] - [b]
Business Technologies	29.0	42.0	71.0	55.8	15.2
Optics	8.0	13.0	21.0	16.0	5.0
Photo Imaging	-3.0	-1.0	-4.0	-8.7	4.7
Medical & Graphic	4.0	5.0	9.0	6.7	2.3
Sensing	1.0	1.0	2.0	1.6	0.4
Holdings, others	-5.0	-4.0	-9.0	-3.8	-5.2
Total	34.0	56.0	90.0	67.6	22.4

Mar/06 Growth initiatives - segment - #1

■ Business Technologies

Increase revenues and profits with enhanced new product lineup and cost-cutting

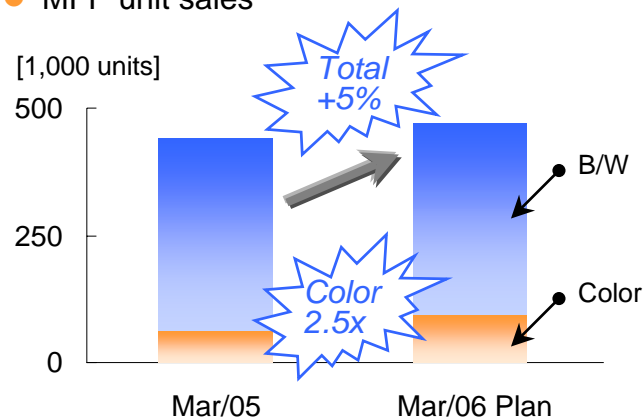
◆ MFP:

- ✓ Enhance profitability by reinforcing hardware and consumables sales along with the marketing of new products (Color and mid/high-speed B/W models)
 - ✓ Enhance “bizhub” series lineup – Integrated models
 - ✓ New integrated firmware installed
- ✓ Achieve cost reduction target → -8 billion yen

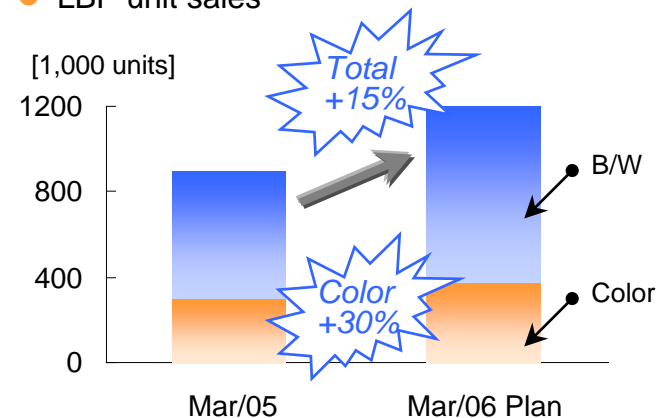
◆ LBP:

- ✓ Expand own brand color products sales

● MFP unit sales



● LBP unit sales



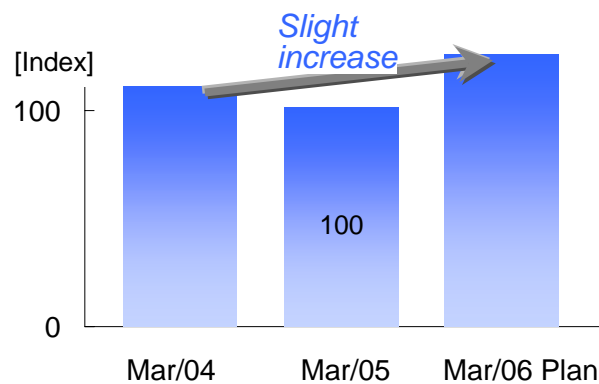
Mar/06 Growth initiatives - segment - #2

■ Optics

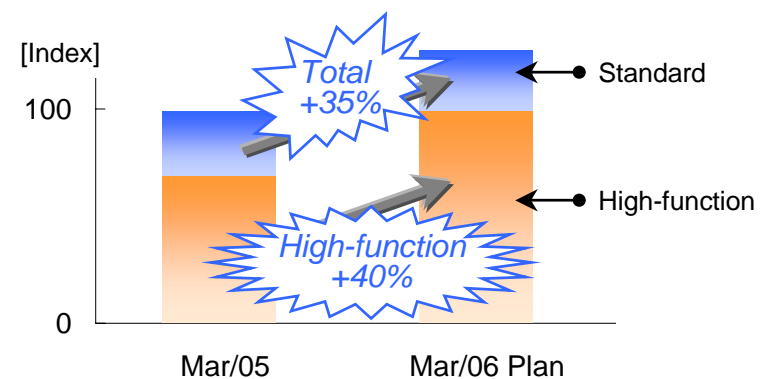
Enhance profitability by boosting revenues

- ◆ Optical pickup lens: Promote cost reduction and maintain profitability
- ◆ Film for LCD: Strengthen production capacity and expand sales
- ◆ Micro camera/lens units: Develop new customer base and expand sales

● Optical pickup lens



● Film for LCD



Mar/06 Growth initiatives - segment - #3

■ Photo Imaging

Accelerate restructuring and reduce operating deficit

Photo – Rationalization with the aim of better adopting to the business environment

Camera – Concentrate on high-value-added products

◆ Film and photo paper:

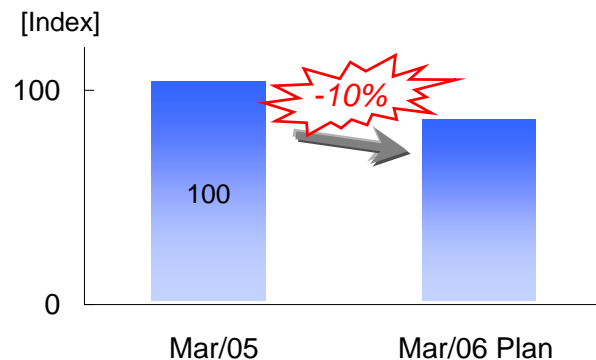
- ✓ Strictly define non-profitable businesses and deals
- ✓ Transform core technologies to other businesses

◆ DSC: Concentrate on high-value-added products. Narrow down product lineup.

◆ Overall: Reduce fixed costs by reallocating personnel to other operations (Implemented Jan. 05)

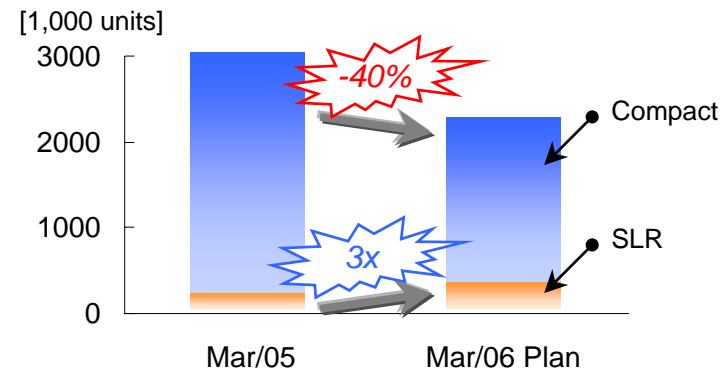
* Extraordinary losses Mar/05 : 24 billion yen (For quick realization of restructuring)

● Color film



The essentials of imaging

● DSC unit sales



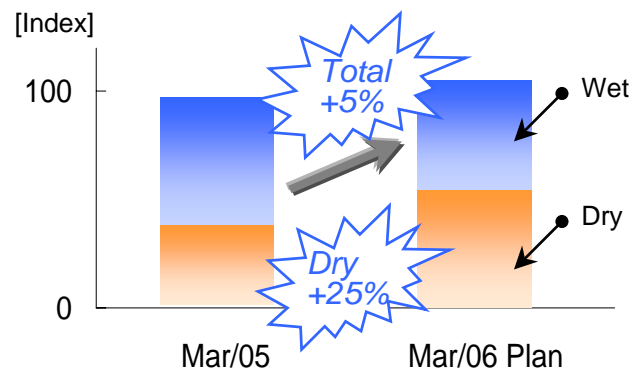
Mar/06 Growth initiatives - segment - #4

■ Medical and Graphic

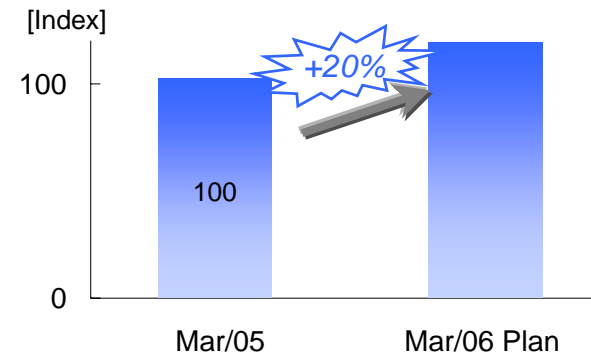
Expand hardware business and promote cost reduction to enhance earnings

- ◆ Medical: Expand hardware business. Strengthen dry film business.
- ◆ Graphic: Strengthen digital printing equipment business

● Film unit sales



● Digital X-ray input/output systems unit sales



■ Sensing

3-D digitizer: Concentrate on industrial-use measurement markets

Part 2

“Genre-top Strategies” Business Technology’s Medium-term plan

May 13, 2005

Fumio Iwai
President
Konica Minolta Holdings, Inc.

The essentials of imaging

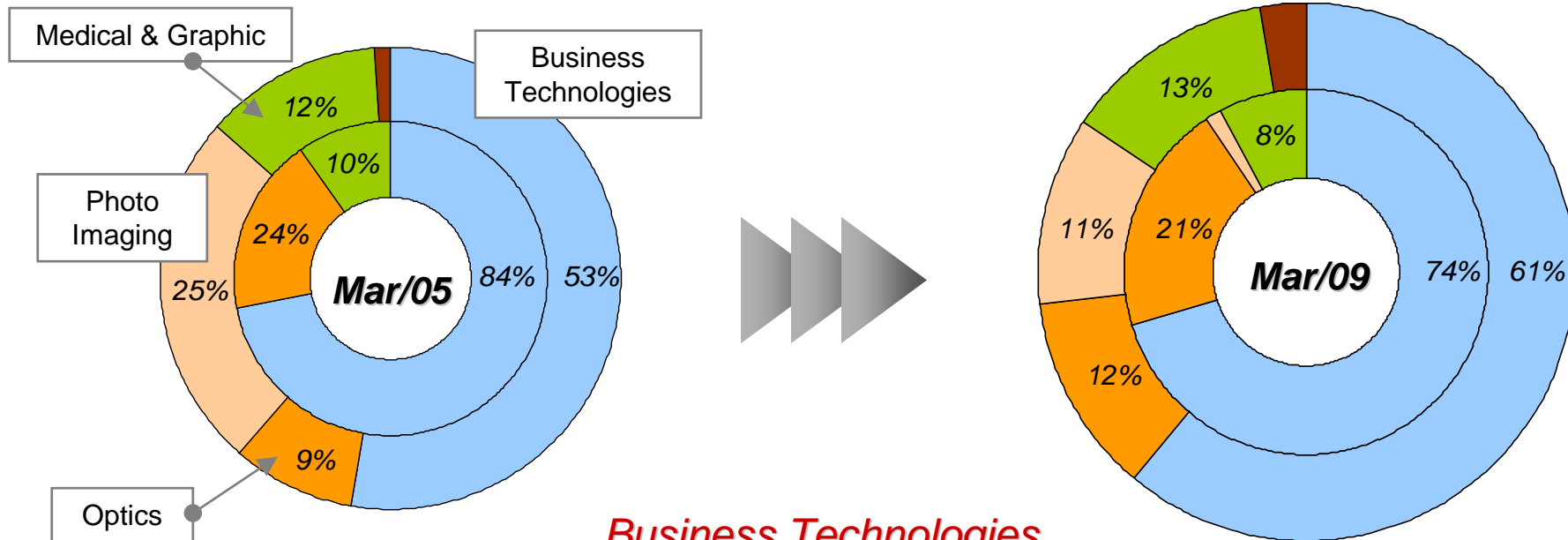
Business Technologies in V-5 PLAN

■ Mar/05

[Billions of yen]	Group	Business Technologies
Net sales	1,067.4	564.8
Operating income	67.6	55.8

■ Mar/09

[Billions of yen]	Group	Business Technologies
Net sales	1,410.0	860.0
Operating income	145.0	107.0



Business Technologies
-- Group's core business --

Primary driver for the V-5 PLAN

Outer circle: Revenues
Inner circle: Operating profit

Future outlook of hardcopy volume

- Paper consumption demonstrates an upward trend.
 - MFP is used as a printer much more than as a copier.
 - Color output surpasses B/W output in terms of growth rate.
- Outlook of paper consumption in North America

[1,000 tons]	CY2001	CY2011	CY2021	Growth per year
Production printing	23,642	27,031	30,246	1%
Office	4,622	5,963	7,145	2%
Printing at home	119	233	288	5%

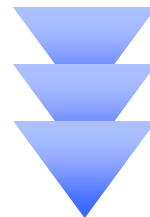
Source: CAPV

Comparison with competitors

Challenges to compete with the top three players

-- Scale-up through the integration is not enough --

- *Top three companies vs. Konica Minolta*
 - ✓ R&D expenses for office equipment → 2x to 6x more than Konica Minolta
 - ✓ MFP Sales volume → 1.2x to 3x more than Konica Minolta
 - ✓ KM's color MFP lineup → Rather small



Execute
“Genre-top strategies”

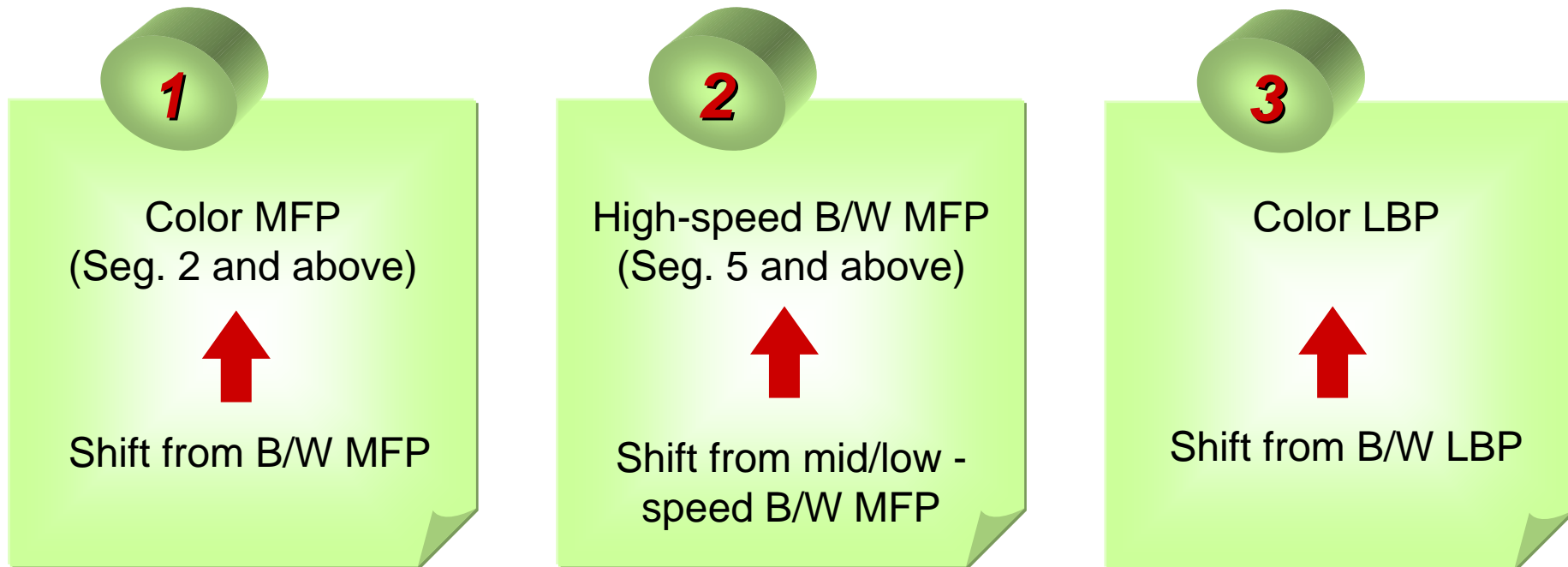
Ongoing “Genre-top” strategies

“Selection and Concentration”

Establish the No. 1 position in the 3 defined genres

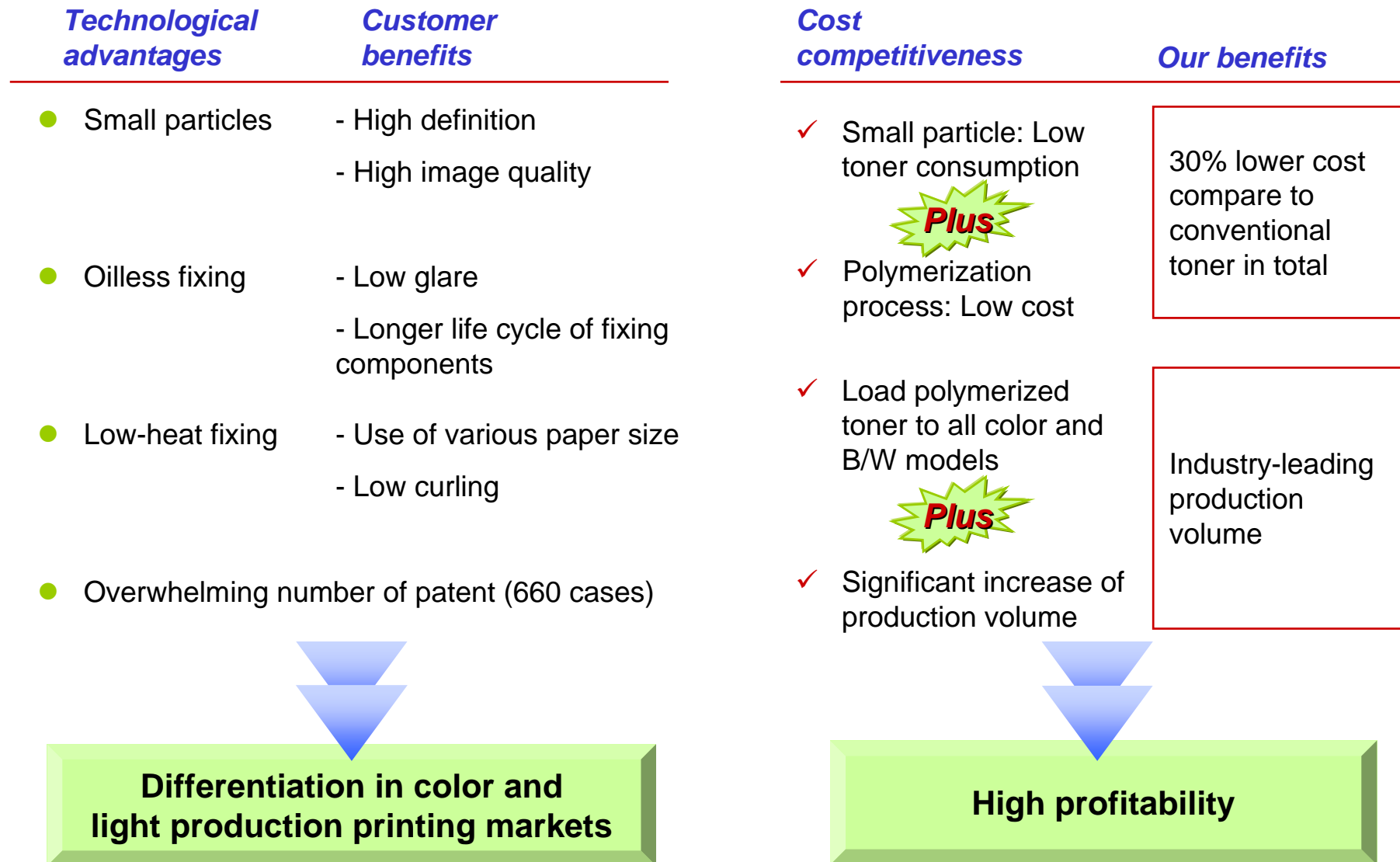
Concentrate resources on potential growth markets

Establish “genre-top” positions by leveraging the advantages of polymerized toner



Initiatives for “genre-top” strategies

>> Polymerized toner’s competitiveness



“Genre-top” strategies #1: Strengthening color MFP



Concentrate management resources on color products

- Take full advantage of the rapid growth of color MFP market*
- Solid sales of strategic “bizhub” series*

1. Concentrate product development power on color products
2. Reinforce R&D capability
3. Strengthen cost competitiveness
4. Increase sales force and expand dealer networks

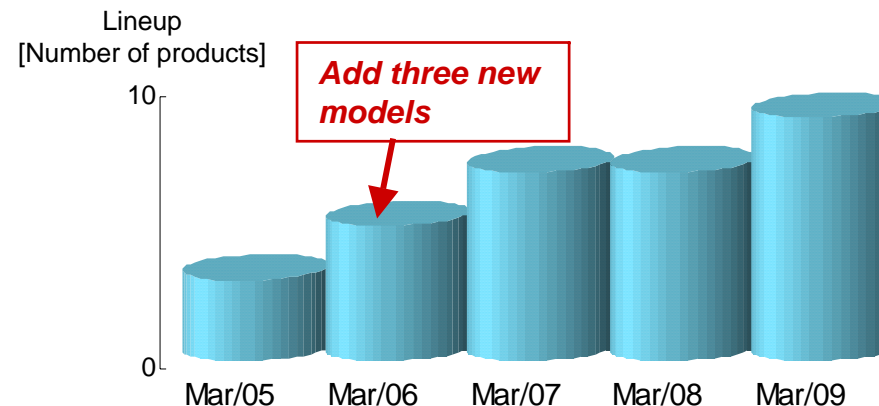
Initiative 1 : Concentrate product development power on color products

Product lineup with sophisticated functions and strong cost competitiveness



bizhub series

- Established new integrated firmware
 - ✓ New security function
 - ✓ Seamless function
 - ✓ Custom function (Open API)
- Increase of color MFP lineup
Timely launching of new products meeting market needs



Initiative 2 : Reinforce R&D capability

Enhance color MFP lineup and strengthen unique technology development that promotes product differentiation

- **Increase R&D budget**

- ✓ Budget for Mar/06 will increase 40% compare to the pre-integration level.

- * Maintain the same budget level in Mar/07 and onward

- **Increase R&D manpower**

- ✓ Increase manpower by 20% from now through Mar/07

- **Promote efficient R&D process**

- ✓ Streamline R&D process by promoting standardization



- Re-allocate manpower generated by streamlining R&D process to the development fields of element and advanced technologies.

- Strengthen technology differentiation

Initiative 3 : Strengthen cost competitiveness

- **Achieve cost reduction target for new products**
 - ✓ Cost cut target: -20% (Color MFP)

- **Reinforce procurement cost reduction**
 - ✓ Strengthen local procurement in the vicinity of Shanghai and reduce procurement costs
 - ✓ Cost cut target: -8 billion yen (Mar/06)

- **Establish new plants to strengthen cost competitiveness**
 - ✓ New assembly plant in Wuxi, China
 - ✓ Increase production capacity of polymerized toner (Kofu, Yamanashi)



New plants to strengthen cost competitiveness

■ Assembly Plant

Wuxi, China



Lot area:
132,000 sq.m
Total floor area:
74,000 sq.m (1st phase)



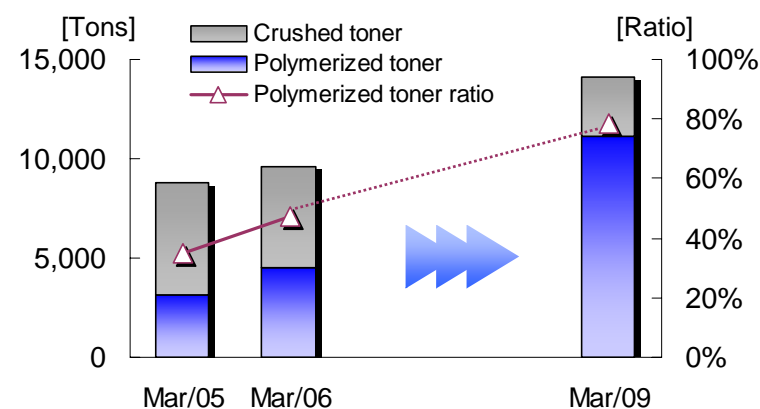
- Full-scale production at a solely-owned plant
- Establish procurement base in the vicinity of Shanghai
- 100% hardware production in overseas

■ Toner production

Kofu, Yamanashi



Lot area:
53,900 sq.m
Employees: 210



- Industry-leading polymerized toner production volume
- Promote 100% adoption of polymerized toner to products
- Further strengthen cost competitiveness

Initiative 4 : Increase sales force and expand dealer networks



Strengthen sales force in the key markets (Japan, US, Europe) to increase color MFP sales

Direct sales

Sales force: + 40% (Mar/05 vs. Mar/09)

→ Intensive reinforcement for US operation

- ✓ Strengthen direct sales targeting major accounts and CRD

Dealers

Number of dealers: + 20% (Mar/05 vs. Mar/09)

- ✓ Strengthen support for dealers

Service

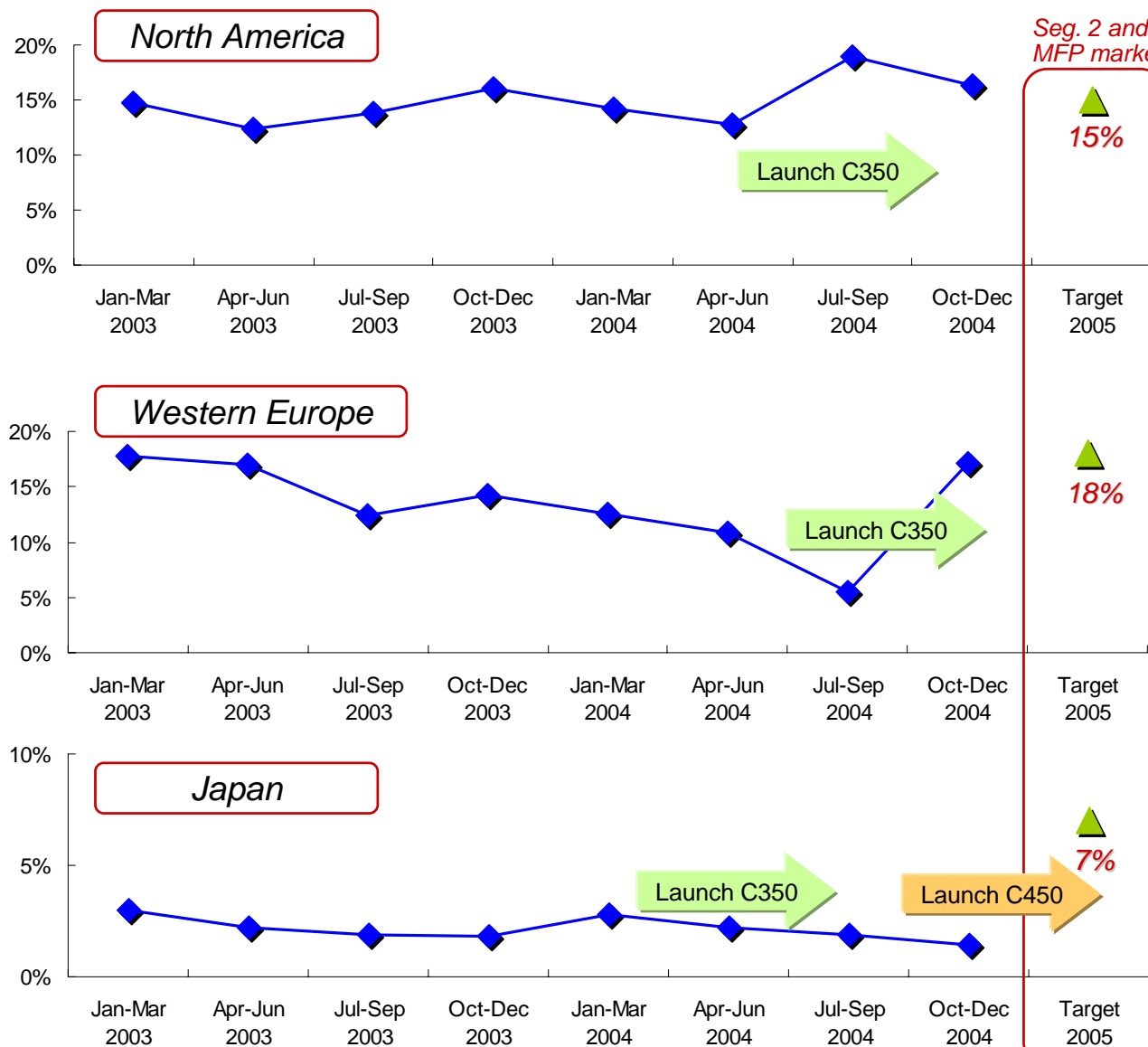
Strengthen after-service and increase customer satisfaction

**Actions
By region**

- **North America:** Expand direct sales network. Expand color products marketing capacity
- **Europe:** Establish No.1 position in major countries in color MFP
- **Japan:** Reinforce direct sales and solution business tailored to business categories



Color MFP market share (post-integration)



Seg. 2 and above Color MFP market share target

- North America and Europe
 - 1st half CY2004 → Declined
 - Missed sales opportunities due to delayed product launching in rapidly growing color market



- 2nd half CY2004 → Recovered
- Smooth introduction of strategic “bizhub C350”

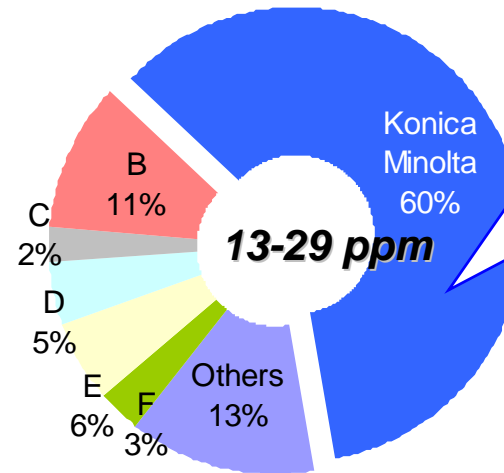
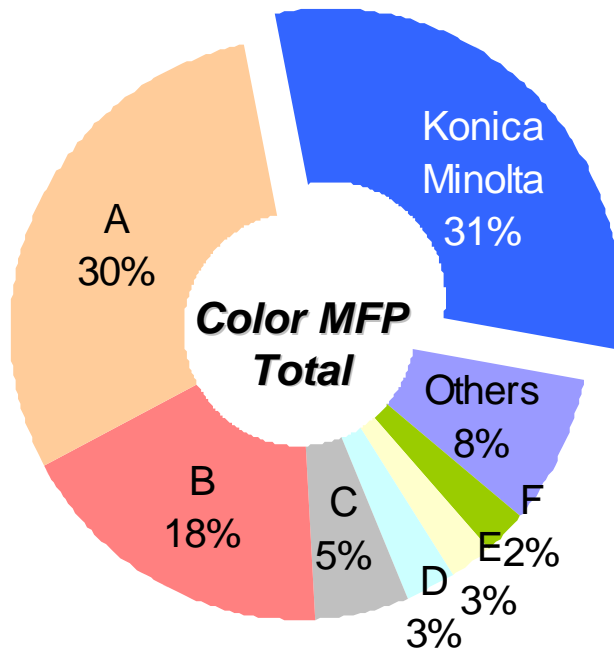
- Japan → Declined
- Slow sales of “bizhub C350” – a model without fax function. New “bizhub C450” holds a key to recovery.

Source: Detaquest

Ref. MFP market share in Europe CY 2005

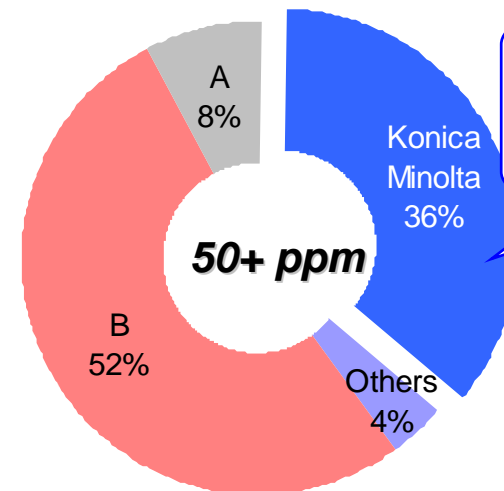


Solid position in the principal tandem engine-based color MFP market



C350's launching realized....

- No.1 position
- Overwhelming market share



High-speed C500 realized....

- No. 2 rank

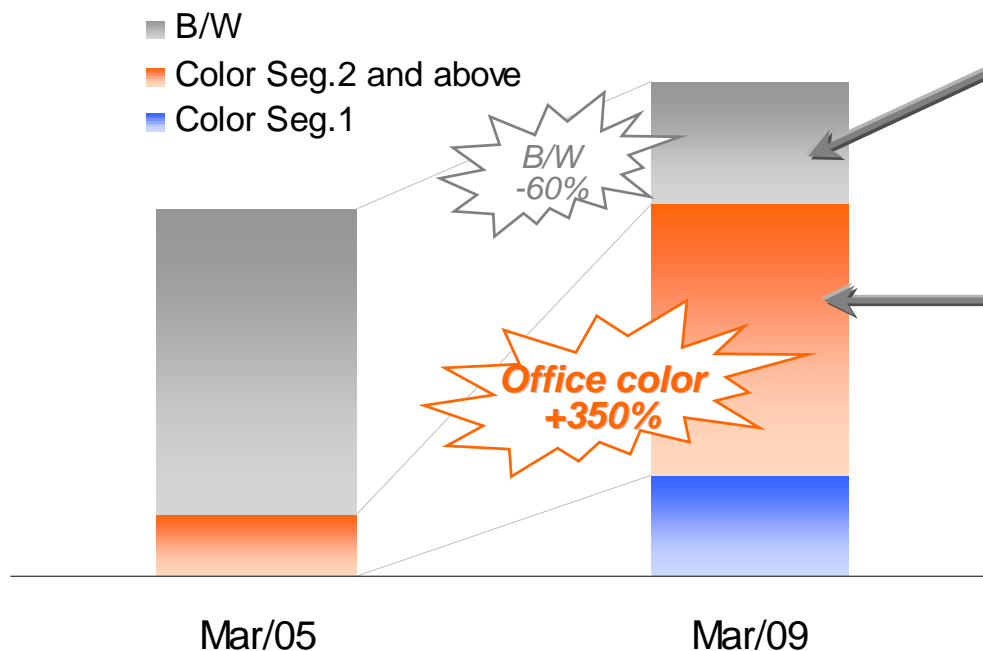
[Remarks]

- Segment shares data provided by Konica Minolta from InfoSource.
- InfoSource provides market share data covering European market.
- Color MFP research base – All color models excluding some models (e.g. 4-cycle engine models, rather slow when printing in color because of its mechanism)
- 4-cycle models are alternatively categorized in B/W as “color-capable”.

MFP market outlook : Total vs. Konica Minolta (B/W, color)

- Market share target for Mar/09:
17% market share of total color MFP market
- Seg. 2 and above office-use color MFP:
20%+ market share → **“Genre-top”**

■ Illustration of MFP market growth



Market share targets

B/W : Shift to mid/high speed models
Mar/05 12% → Mar/09 Approx. 10%
(Mar/06 12%)

Office-use color : “Genre-top”
Mar/05 9% → Mar/09 20% or over
(Mar/06 14%)

MFP total : Slight increase
Mar/05 12% → Mar/09 Approx. 15%
(Mar/06 12%)

“Genre-top” strategies #2 : High-speed MFP

- **Reinforce marketing : Major accounts’ CRD* and production printing**
 - ✓ Introduce “bizhub Pro 1050” – B/W, 105 copies-per-minute
 - ✓ Strengthen marketing by establishing dedicated sales force
 - ✓ Develop marketing networks by promoting OEM business, e.g. HP
- **Leverage intra-group marketing channels**
 - ✓ Printing and graphics channels : “Pagemaster pro”
“bizhub C500” (51 color copies-per-minute) -based , with unique color management software for industrial printing
 - ✓ Photo channel : Introduce “bizhub C500” to digital DEP shops

*CRD: *Central reproduction department*

bizhub Pro 1050



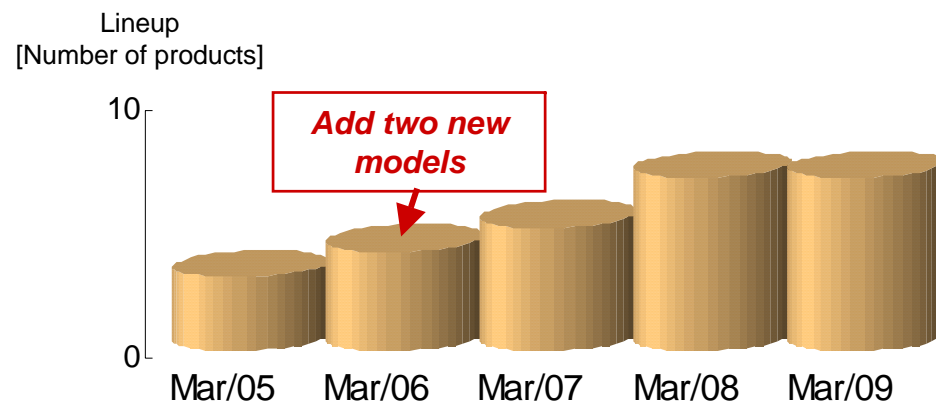
“Genre-top” strategies #3 : Color LBP

- **Further strengthen cost competitiveness**
 - ✓ Own-developed controller
 - ✓ Extremely compact design
 - ✓ Maintain the second top position in A4(letter-size) low-speed segment market
- **High definition and low cost with polymerized toner**
- **Expand own-brand business**



“magicolor” series

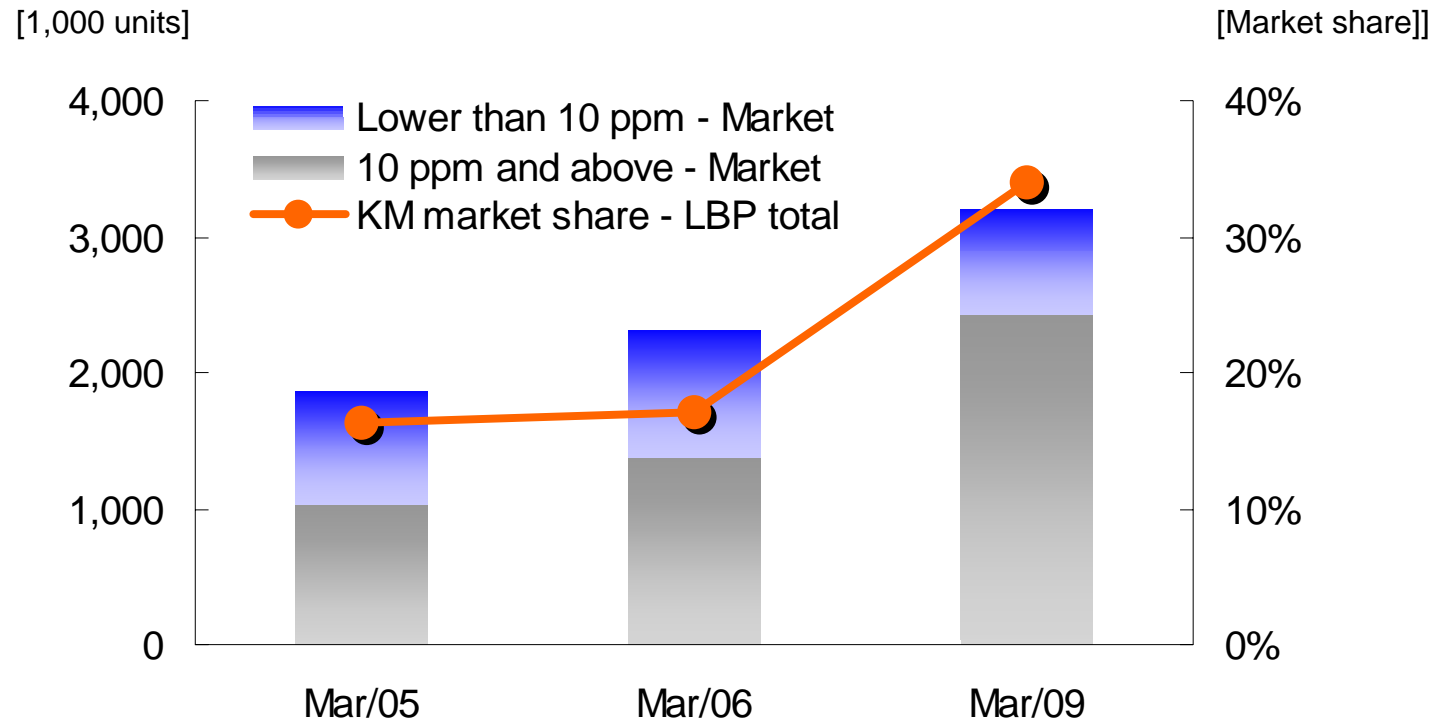
Color LBP lineup pan - illustration



Konica Minolta's color LBP sales/market share outlook



- Enhance product lineup in higher speed segments
- Increase color LBP market share



Multiplied strength : Combination of MFP and LBP businesses

Hardware

- ✓ Common use of A3 tandem engine
- ✓ Common concept in operability

Network

- ✓ Standardized controller
(Use of Emperon controller, achieving high-speed processing and high definition)
- ✓ Standardize printer drivers for PC users



ONE STOP SHOP for outputting

Marketing channels

- ✓ Worldwide own-brand marketing networks
- ✓ Mutual use of channels

Consumables

- ✓ Install polymerized toner to all models
- ✓ Mass distribution of polymerized toner



Enhance profitability by increasing consumables sales