



KONICA MINOLTA

Konica Minolta Group Interim Financial Results 6 months ended September 30, 2005

November 7, 2005

Fumio Iwai
President and CEO
Konica Minolta Holdings, Inc.



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:

- *Yen amounts are rounded to the nearest 100 million.*

Overview



■ 1H results

Revenues remained unchanged Y-O-Y .

Operating income remained strong, outstripping the target.

Up 21% Y-O-Y.

- Color MFP --- Strong sales
- TAC film --- Continued strong demand
- DSC --- Narrowed operating loss

■ Acceleration of Photo Imaging's restructuring

- Accelerate restructuring plan and drastically downsize business
- Lump-sum restructuring costs of 90 billion yen to be posted in FY ending Mar06
- Net loss for interim term and projected net loss for full year
 - ➔ Suspend dividends for both interim and year-end

Consolidated results



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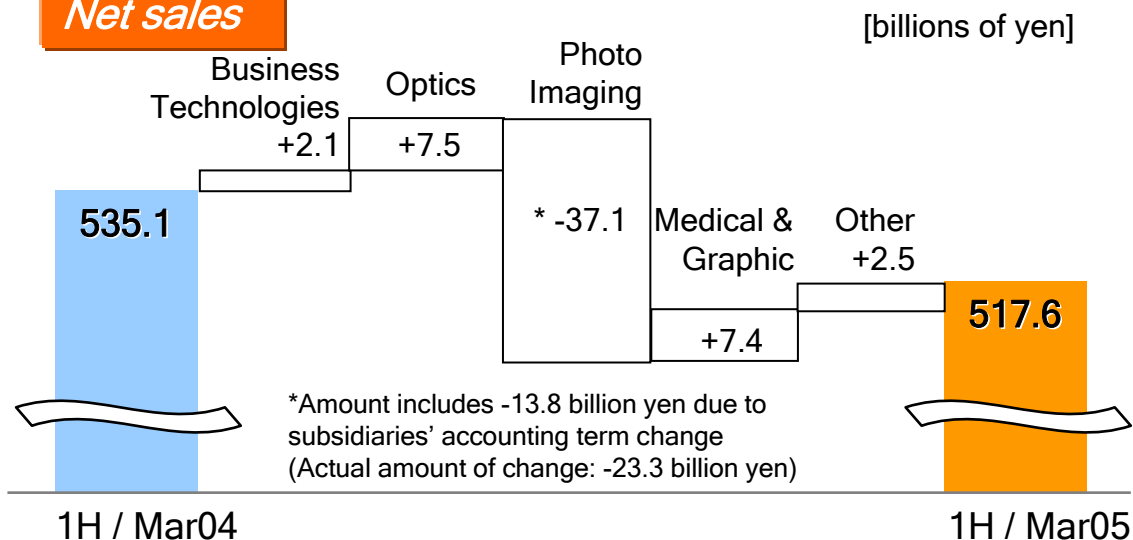
		[Billions of yen]				
		[a]	[b]	[a] / [b]	[c]	[a] / [c]
		1H / Mar06 Actual	1H / Mar05 Actual	Y-O-Y %	1H Plan - previous	vs. prev.plan %
Net sales		517.6	535.1	97%	530.0	98%
Gross income		239.1	234.6	102%	---	---
	<i>Gross profit ratio [%]</i>	46.2%	43.8%			
Operating income		39.4	32.5	121%	34.0	116%
	<i>Operating income ratio [%]</i>	7.6%	6.1%			
Ordinary income		35.2	28.2	125%	29.0	122%
Net income before tax		7.2	23.2	31%	---	---
Net income		-3.5	8.2	---	7.0	---
EPS [Yen]		-6.56	15.44			
ROE [Full year, %]		-2.0	4.8			
CAPEX		31.4	26.8	117%	---	---
Depreciation		25.4	25.2	101%	---	---
R&D		32.2	32.3	100%	---	---
FCF		11.5	-4.8	---	---	---
[Yen]				Change		Change
FOREX [P/L]	USD	109.48	109.86	-0.38	105.00	4.48
	Euro	135.65	133.32	2.33	133.00	2.65

Transition in net sales and operating income - segment



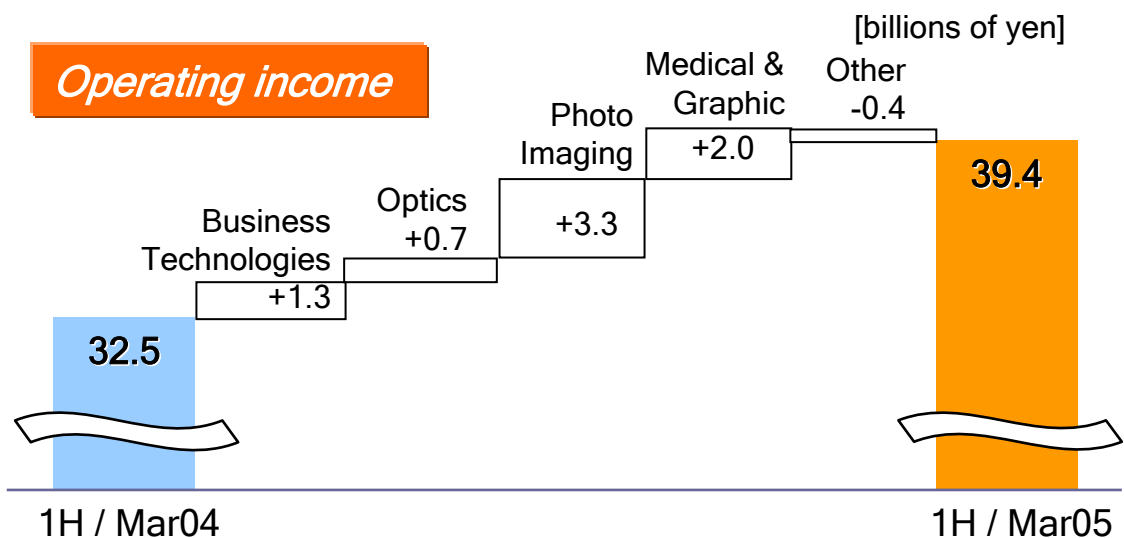
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Net sales



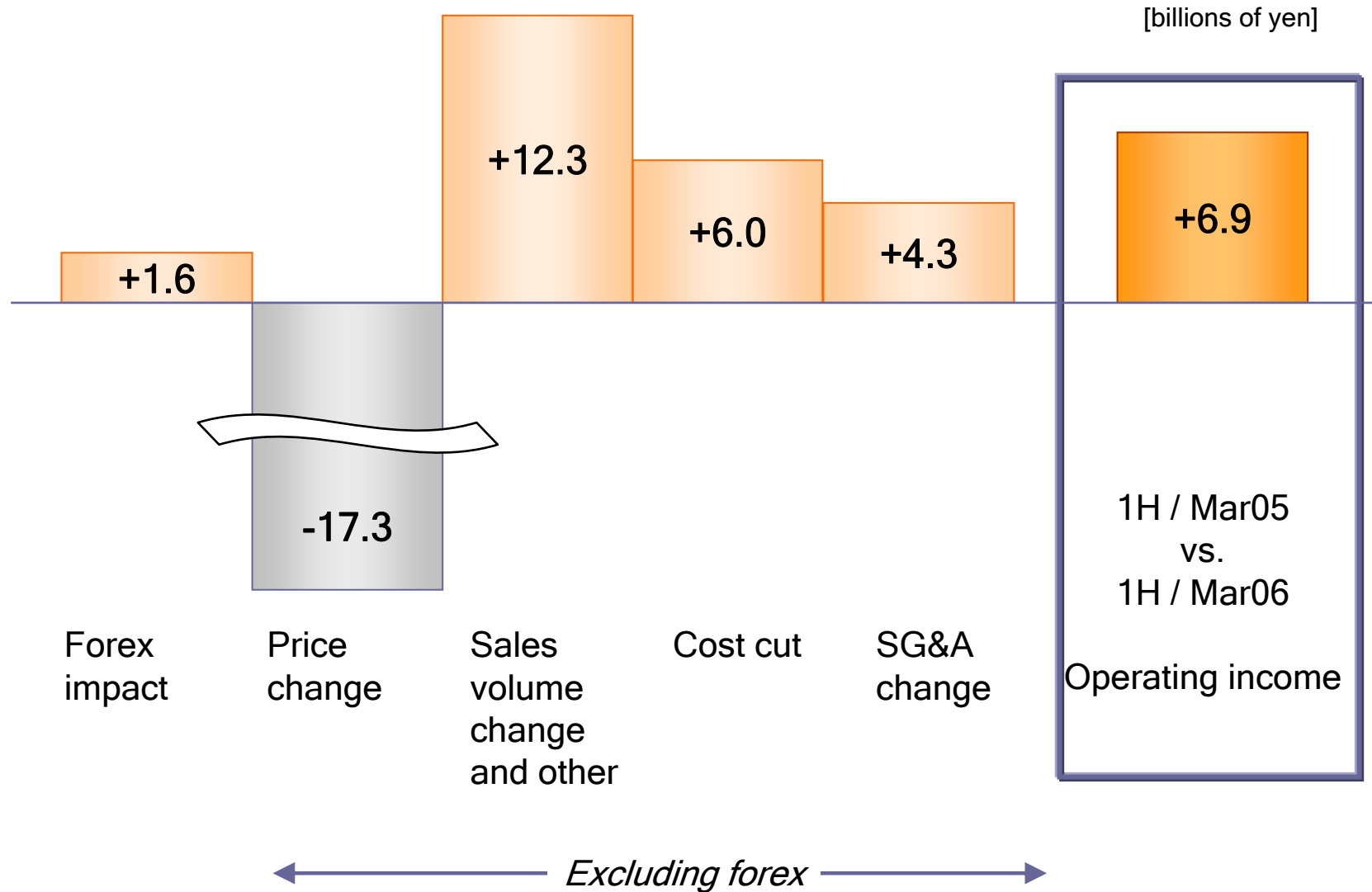
- Net sales
-17.5 billion yen, Y-O-Y
- Photo Imaging - Revenues significantly dropped due to scale-down of business.
- Other businesses - Revenues increased.

Operating income



- Operating income
+6.9 billion yen, Y-O-Y
- Profits increased in all businesses Y-O-Y. (Amount of loss narrowed in Photo Imaging.)

Operating income analysis



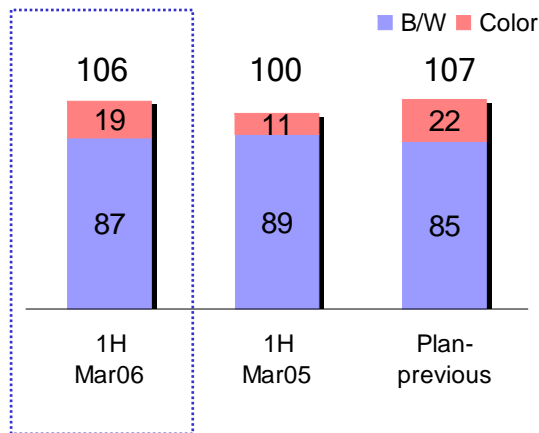
Business Technologies



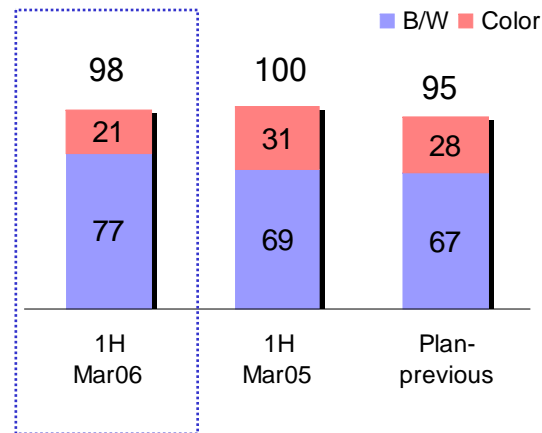
	1H Mar06	1H Mar05	Y-O-Y %	1H Plan- previous	vs. Plan %
Net sales	283.5	281.4	101%	290.0	98%
Op. income	28.1	26.7	105%	29.0	97%

[billions of yen]

MFP unit sales



LBP unit sales



*Amount of 1H Mar05 as 100

MFP

Net sales → UP

Op. income → UP

- Op. profit margin: 10% → 12%
- Color and new products: Strong sales Up 82% Y-O-Y (unit base)
- Color products sales ratio: Seg. 2 and above: 21% → 33% (All segments: 11% → 18%)
- High-speed MFP for production printing: Strong sales. Up 34% Y-O-Y (unit base)
- Smooth launching of new products
Color - 2 models B/W - 9 models

LBP

Net sales → DOWN

Op. income → DOWN

- Intensified price competition in color LBP
- Color LBP unit sales decreased due to significant drop in OEM orders, down by 33% Y-O-Y (unit base). Own brand LBP sales increased 50% Y-O-Y.

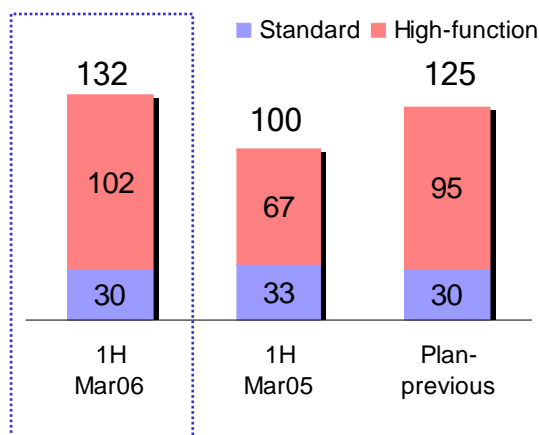
Optics



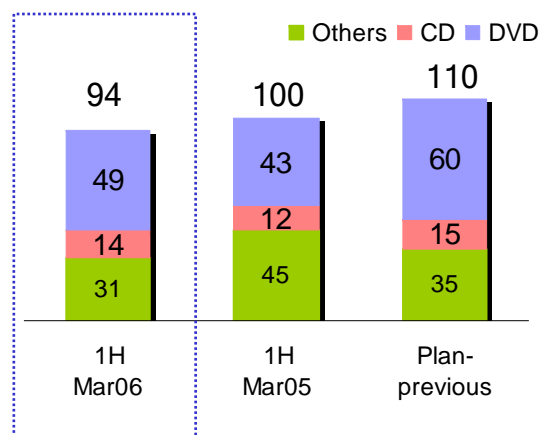
	1H Mar06	1H Mar05	Y-O-Y %	1H Plan-previous	vs. Plan %
Net sales	51.5	44.0	117%	52.0	99%
Op. income	7.9	7.2	110%	8.0	99%

[billions of yen]

TAC film unit sales



Optical pickup lens unit sales



*Amount of 1H Mar05 as 100

TAC film

Net sales → UP

Op. income → UP

- Strong sales in high-function products. → Up 32% Y-O-Y (unit base)

Optical pickup lens

Net sales → DOWN

Op. income → DOWN

- CD/DVD pickup lens sales rebounded to the same level as previous year. Increased pressure on price. → Down 6% Y-O-Y (unit base)

DSC/VCR lens units

Net sales → UP

Op. income → UP

- For VCR: Strong sales → Up 34% Y-O-Y (unit base)

Lens/camera units for mobile phones

Net sales → UP

Op. income → UP

- Growing use of camera units in new models → Up 27% Y-O-Y (unit base)

Photo Imaging



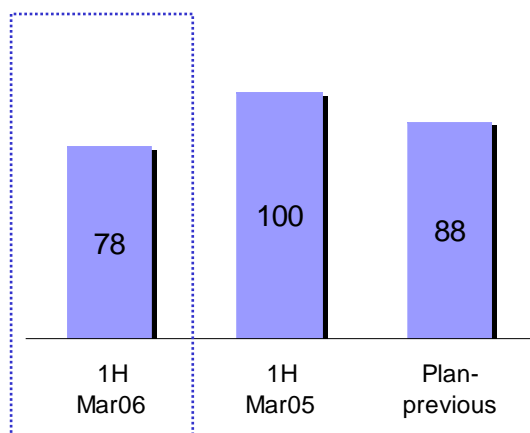
	1H Mar06	1H Mar05	Y-O-Y %	1H Plan-previous	vs. Plan %
Net sales	105.7	*142.8	74%	115.0	92%
Op. income	-0.7	-4.0	---	-3.0	---

[billions of yen]

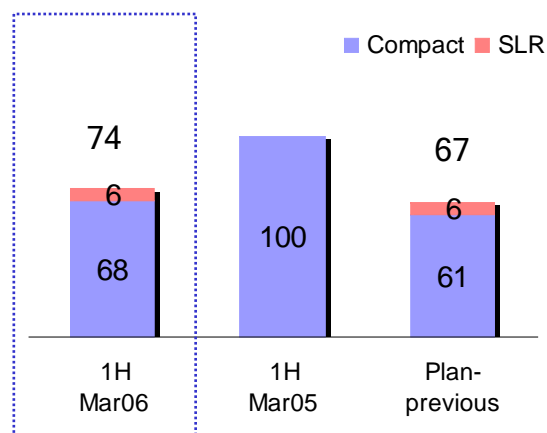
*Amount includes 13.8 billion yen of adjustment due to subsidiaries financial term change.

Color film unit sales

(roll film and single-use cameras)



DSC unit sales



*Amount of 1H Mar05 as 100

Photo

Net sales → DOWN

Op. income → DOWN

- Significant drop in sales due to sharp decline in demand and elimination of unprofitable businesses.

Film: Down 22% Y-O-Y (unit base)

Paper: Down 22% Y-O-Y (unit base)

Minilab: Down 48% Y-O-Y (unit base)

Camera

Net sales → DOWN

Op. income → UP

- Sales decreased due to drop in compact camera sales and narrowed product lineup, but profit improved. → Down 32% Y-O-Y (unit base)
- Strong sales in Maxxum/Dynax 5D, a compact SLR, marketed Aug. 2005

Medical & Graphic Imaging, Sensing



[billions of yen]

	1H Mar06	1H Mar05	Y-O-Y %	1H Plan- previous	vs. Plan %
Net sales	68.3	60.9	112%	66.0	104%
Op. income	6.3	4.3	145%	4.0	157%

■ Medical & Graphic Imaging

Net sales → UP

Op. income → UP

- Medical: Net sales - Up
Op. profit - Up

Strong sales in digital input/output systems and dry film

- Graphic: Sales remained unchanged Y-O-Y. Profits improved by cost cutting.

Drop in film business. Brisk sales in proofing systems and small lot printing systems.

[billions of yen]

	1H Mar06	1H Mar05	Y-O-Y %	1H Plan- previous	vs. Plan %
Net sales	2.8	2.6	106%	3.0	93%
Op. income	0.9	0.9	100%	1.0	87%

■ Sensing

Net sales → UP

Op. income → Unchanged

- Color measurement: Strong sales in FPD industry-related products

Forecasts - summary



	Mar06		Full year Plan [a]	Mar05 Full year Actual [b]	[a] / [b] Y-O-Y %	[Billions of yen]		
	1H Actual	2H Plan				Mar06 FY Plan- previous	[a] / [c] Y-O-Y %	
Net sales	517.6	532.4	1,050.0	1,067.4	98%	1,130.0	93%	
Operating income	39.4	35.6	75.0	67.6	111%	90.0	83%	
<i>Operating income ratio [%]</i>	7.6%	6.7%	7.1%	6.3%		8.0%		
Ordinary income	35.2	24.8	60.0	53.6	112%	80.0	75%	
Net income before tax	7.2	-42.2	-35.0	35.4	---	51.0	---	
Net income	-3.5	-43.5	-47.0	7.5	---	23.0	---	
CAPEX	31.4	33.6	65.0	56.4	115%	66.0	98%	
Depreciation	25.4	32.6	58.0	53.0	109%	59.0	98%	
R&D	32.2	36.8	69.0	66.0	105%	75.0	92%	
FCF	11.5	6.5	18.0	6.3	286%	4.0	450%	
[Yen]								
FOREX [P/L]	USD	109.48	105.00	107.24	107.55	-0.31	105.00	2.24
	Euro	135.65	133.00	134.33	135.19	-0.86	133.00	1.33

Forecasts - segment



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[Billions of yen]

	Mar06			Mar05	[a] / [b]	Mar06	[a] / [c]
	1H	2H	Full year	Full year		FY Plan-	
	Actual	Plan	Plan [a]	Actual [b]	%	previous	%
Business Technologies	283.5	311.5	595.0	564.8	105%	620.0	96%
Optics	51.5	58.5	110.0	91.7	120%	120.0	92%
Photo Imaging	105.7	79.3	185.0	268.5	69%	230.0	80%
Medical & Graphic	68.3	74.7	143.0	129.9	110%	140.0	102%
Sensing	2.8	4.2	7.0	5.3	131%	6.0	116%
Other	5.7	4.2	10.0	7.2	139%	14.0	71%
Total	517.6	532.4	1,050.0	1,067.4	98%	1,130.0	93%

[Billions of yen]

	Mar06			Mar05	[a] / [b]	Mar06	[a] / [c]
	1H	2H	Full year	Full year		FY Plan-	
	Actual	Plan	Plan [a]	Actual [b]	%	previous	%
Business Technologies	28.1	36.9	65.0	55.8	116%	71.0	92%
Optics	7.9	9.1	17.0	16.0	106%	21.0	81%
Photo Imaging	-0.7	-4.3	-5.0	-8.7	58%	-4.0	126%
Medical & Graphic	6.3	4.7	11.0	6.7	165%	9.0	122%
Sensing	0.9	1.1	2.0	1.6	126%	2.0	101%
Other	-3.0	-12.0	-15.0	-3.9	---	-9.0	167%
Total	39.4	35.6	75.0	67.6	111%	90.0	83%

Forecasts - Business Technologies



	Current plan Mar06			Actual Mar05	[a] / [b]	Previous plan Mar06	[a] / [c]
	1H	2H	Full year [a]	Full year [b]	%	Full year [c]	%
Net sales	283.5	311.5	595.0	564.8	105%	620.0	96%
Op. income	28.1	36.9	65.0	55.8	116%	71.0	92%

MFP

- **Initiatives in 2H and after**
 - ✓ Color MFP: Strengthen sales
 - Sales: Strengthen direct sales network
 - Develop new dealers
 - Get new large accounts
 - Production: Start production at Wuxi Plant (assembly)
 - Expand #2 plant in Kofu (polymerized toner)
 - ✓ B/W MFP: Renew lineup. Improve profitability.
- **Prospects for next year**
 - ✓ Enhance color MFP lineup
 - ✓ Increase color MFP sales ratio
 - ✓ Increase sales and profits

LBP

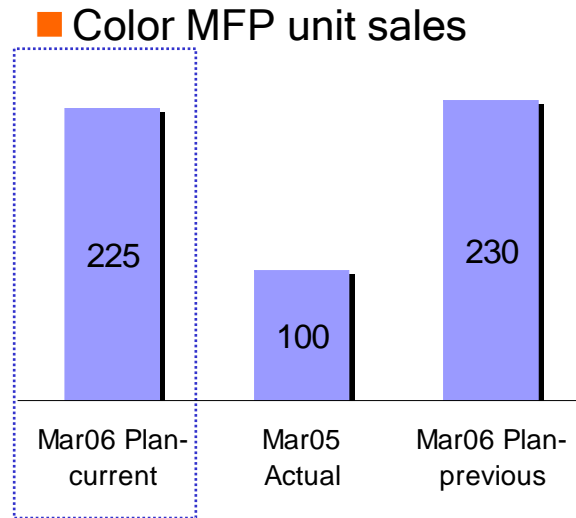
- **Initiatives in 2H and after**
 - ✓ Promote qualitative improvement in color LBP sales structure
 - Concentrate on high-function products sales
 - Bolster sales to large corporations
 - Effective use of group resources (i.e. MFP sales channels)
 - Strengthen OEM business
- **Prospects for next year**
 - ✓ Improve profitability in hardware
 - ✓ Maximize profitability in non-hardware

Forecasts - Business Technologies (main products)

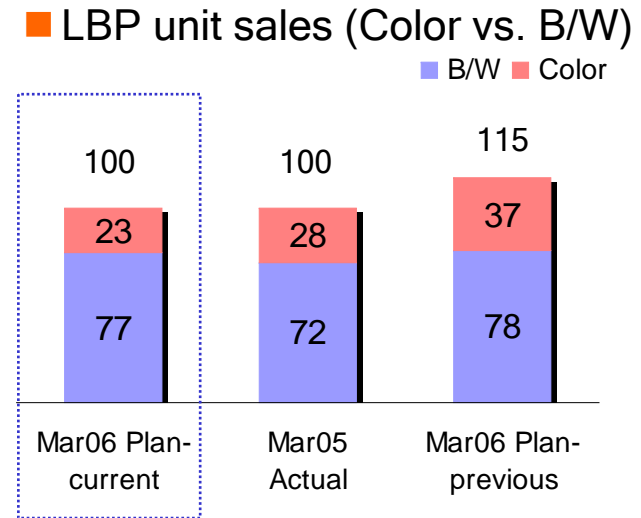


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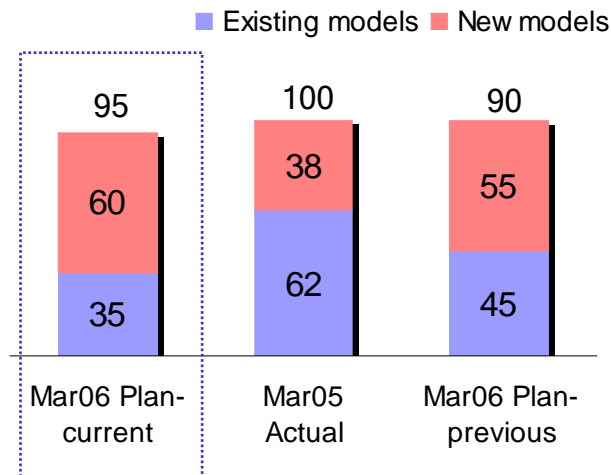
MFP



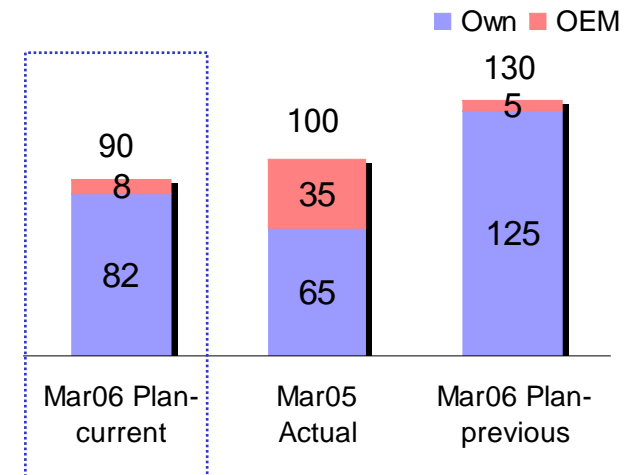
LBP



B/W MFP unit sales



Color LBP unit sales (Own vs. OEM)



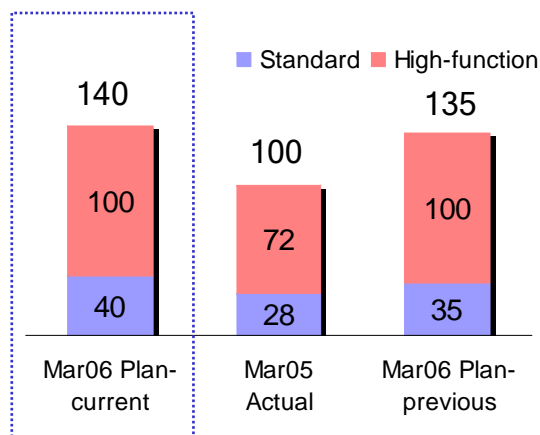
Forecasts - Optics



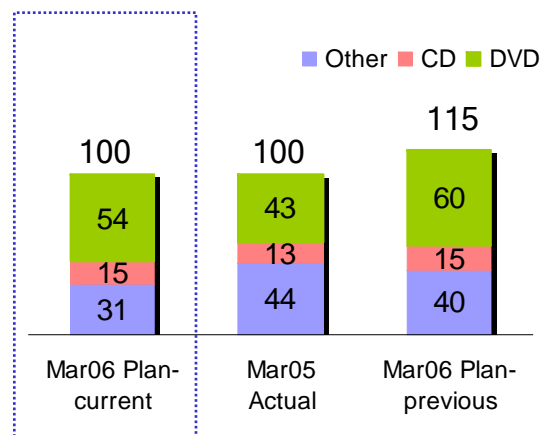
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	Current plan Mar06			Actual Mar05	[a] / [b]	Previous plan Mar06	[a] / [c]
	1H	2H	Full year [a]	Full year [b]	%	Full year [c]	%
Net sales	51.5	58.5	110.0	91.7	120%	120.0	92%
Op. income	7.9	9.1	17.0	16.0	106%	21.0	81%

■ TAC film unit sales



■ Optical pickup lens unit sales



*Amount of "Mar05-Actual" as 100

● Prospects for next year

- ✓ Increase sales and profits in all business segments by taking advantage of market growth and developing new customers.

● Initiatives in 2H and after

- ✓ TAC film:
 - Continued expansion.
 - Full operation at #3 production line.
- ✓ Pickup lens: Maintain profitability.
 - Promote cost cuttings.
 - Strengthen high-value-added products.
- ✓ DSC/VCR lens units:
 - Maintain sales volume primarily in VCR-use with growing demand.
- ✓ Lens/camera units for mobile phones:
 - Expand business
 - Focus on Japanese customers

Forecasts - Photo Imaging



	Current plan Mar06			Actual Mar05	[a] / [b]	Previous plan Mar06	[a] / [c]
	1H	2H	Full year [a]	Full year [b]	%	Full year [c]	%
Net sales	105.7	79.3	185.0	*268.5	69%	230.0	80%
Op. income	-0.7	-4.3	-5.0	-8.7	---	-4.0	---

**Amount includes an adjustment of 16.1 billion yen due to subsidiaries financial term change.*

● Initiatives in 2H and after

Accelerate restructuring by scaling down business size in both photo and camera businesses

Forecasts - Medical & Graphic Imaging, Sensing



Medical & Graphic

	Current plan Mar06			Actual Mar05 Full year [b]	[a] / [b] %	Previous plan Mar06	
	1H	2H	Full year [a]			Full year [c]	[a] / [c] %
Net sales	68.3	74.7	143.0	129.9	110%	140.0	102%
Op. income	6.3	4.7	11.0	6.7	164%	9.0	122%

● Initiatives in 2H and after

- ✓ Medical: Expand sales in digital input/output systems and dry film
- ✓ Graphic: Ensure profits by strengthening sales in high-end proofing systems and plate business

Sensing

	Current plan Mar06			Actual Mar05 Full year [b]	[a] / [b] %	Previous plan Mar06	
	1H	2H	Full year [a]			Full year [c]	[a] / [c] %
Net sales	2.8	4.2	7.0	5.3	132%	6.0	117%
Op. income	0.9	1.1	2.0	1.6	125%	2.0	100%

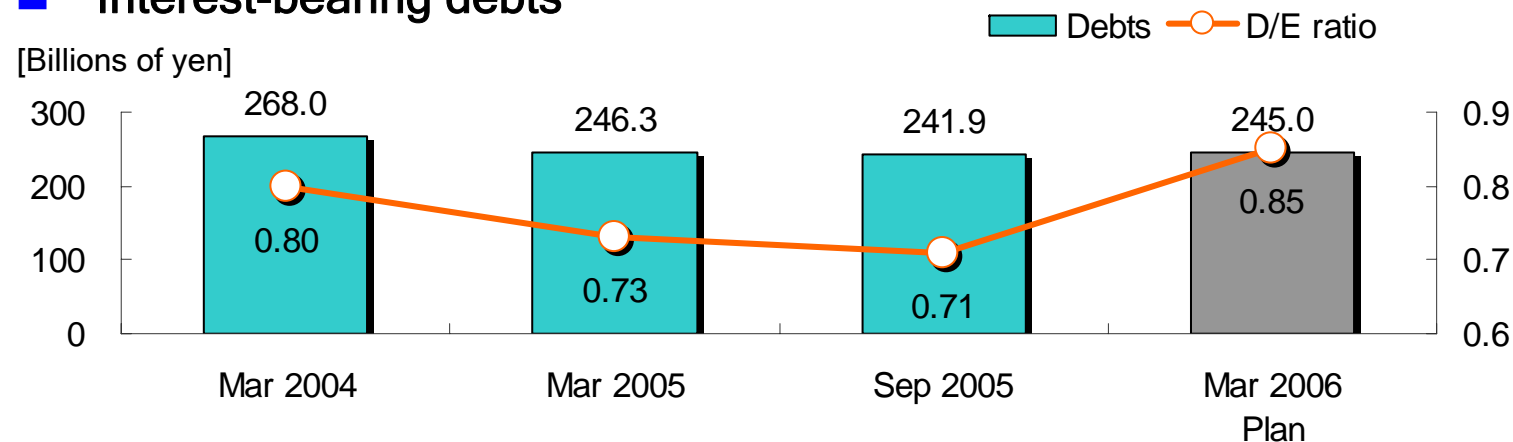
● Initiatives in 2H and after

- ✓ Strengthen mainstay color measurement and 3-D measurement businesses.



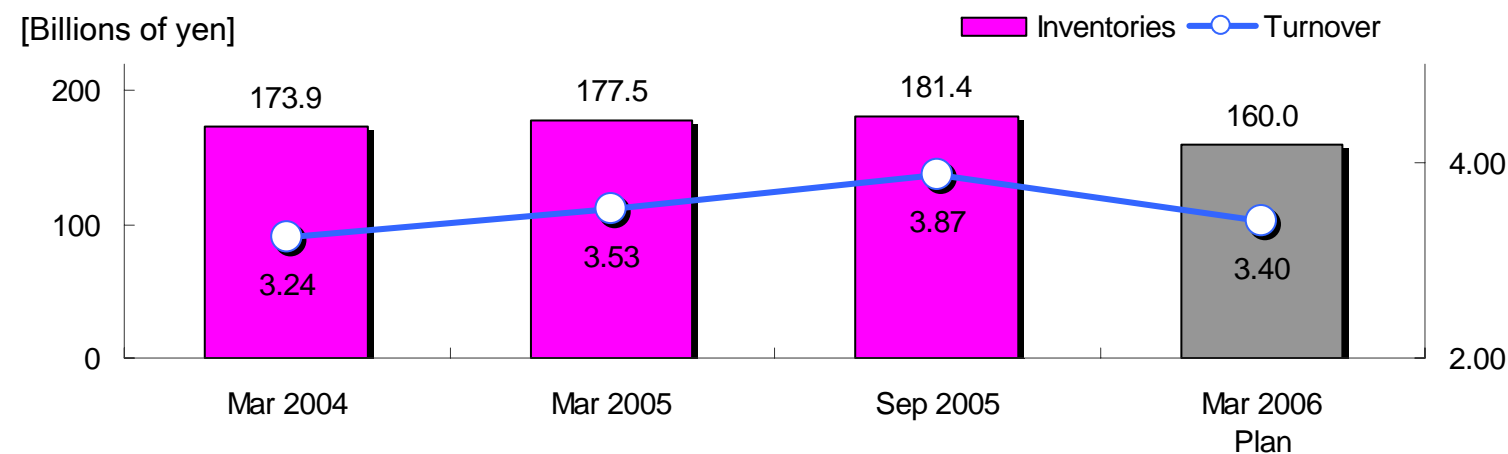
Interest bearing debts and inventories

Interest-bearing debts



D/E ratio = Interest-bearing debts at year-end / Shareholders' equity at year-end

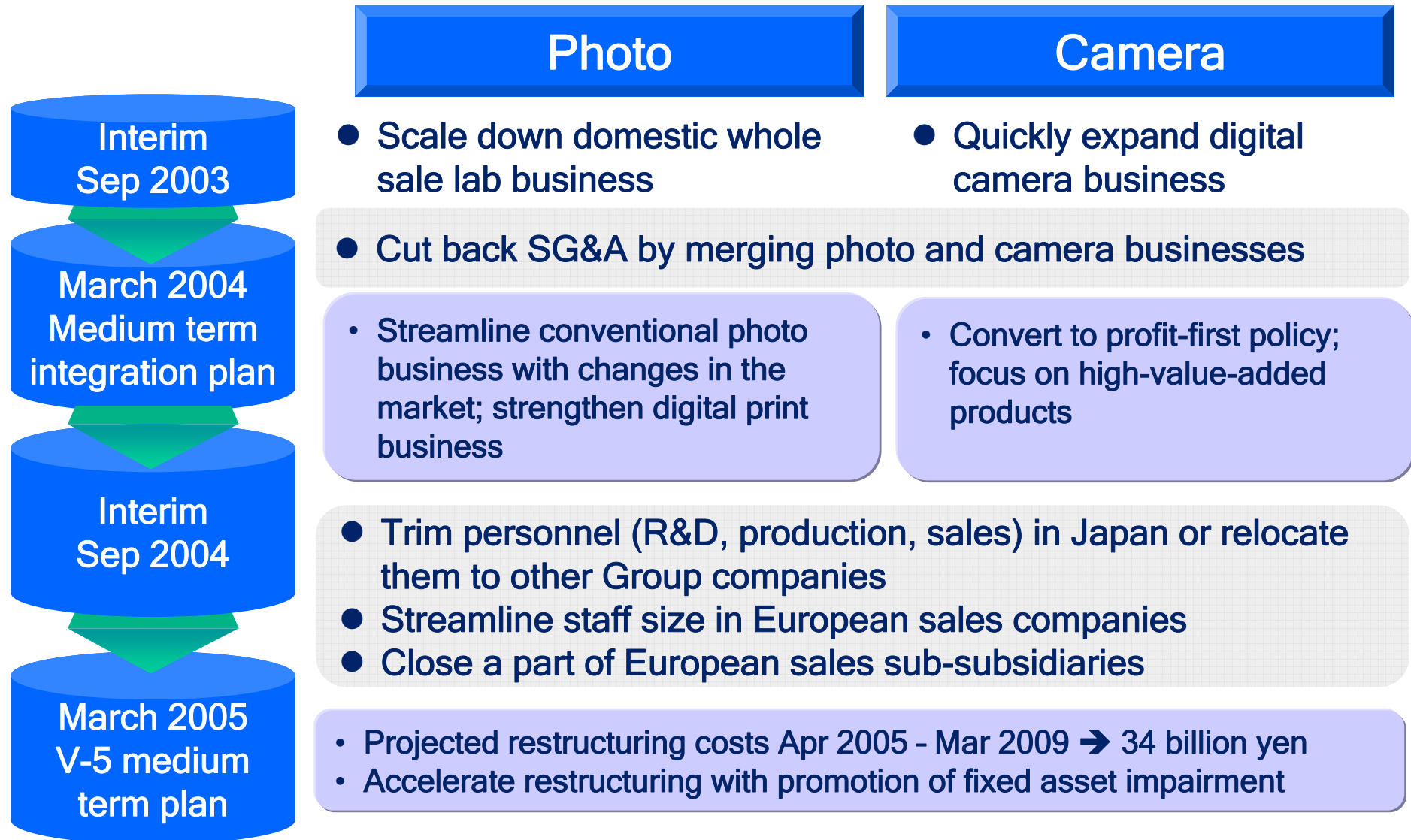
Inventories and inventory turnover



Inventory turnover (months) = Average inventories / Average cost of sales per month

Restructuring of Photo Imaging Business

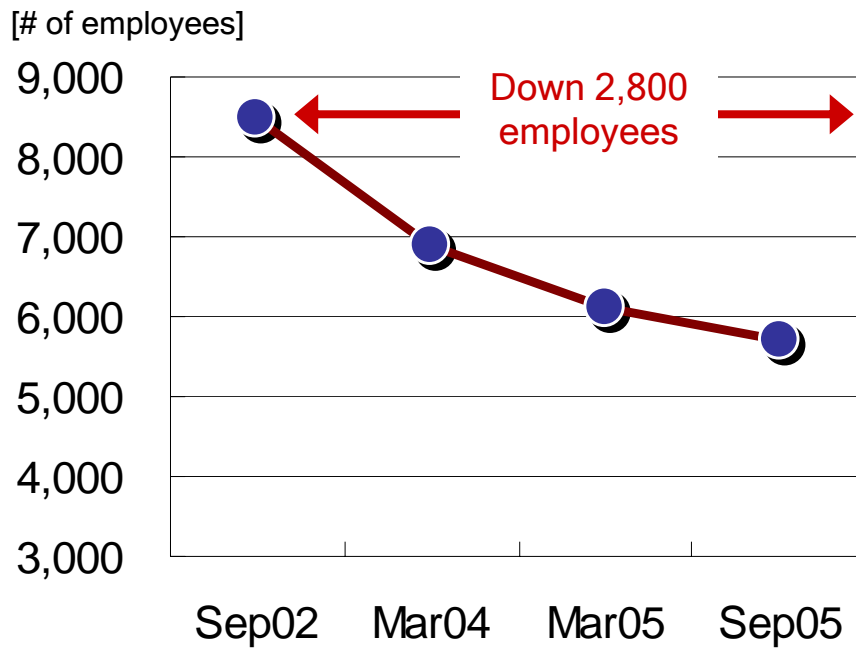
Measures to date



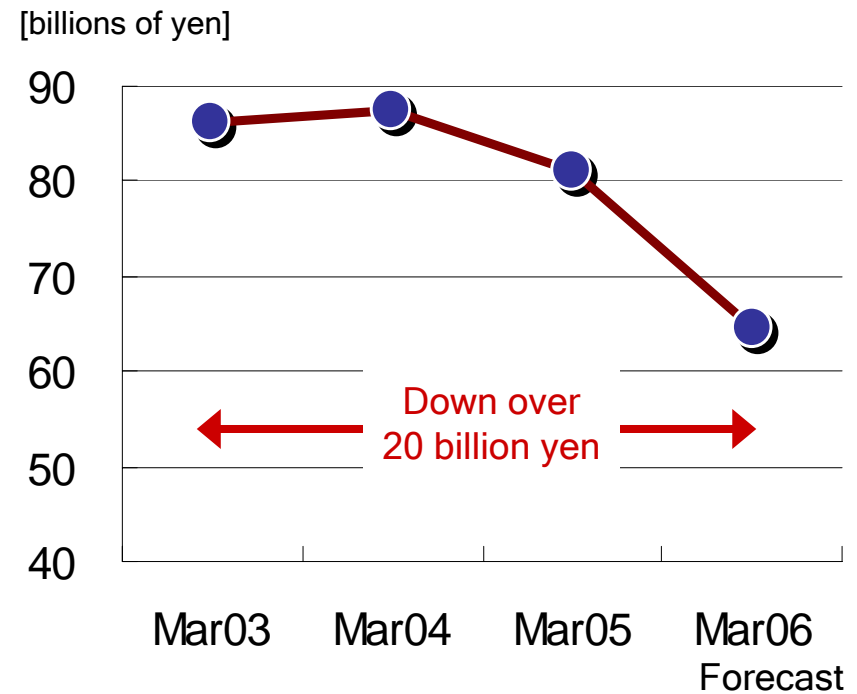
Achievements



■ Staff reduction



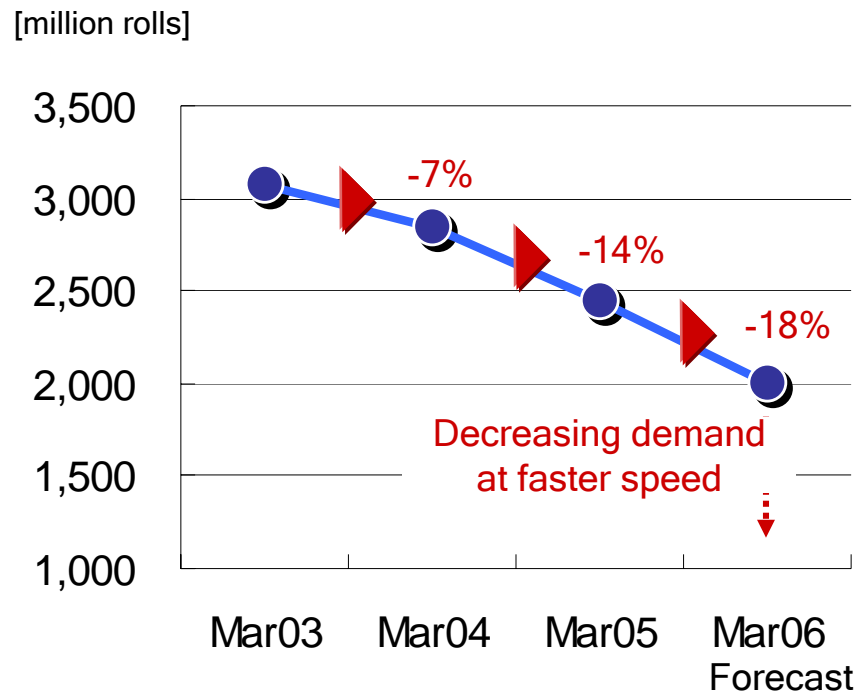
■ SG&A reduction



Rapid changes in business environment

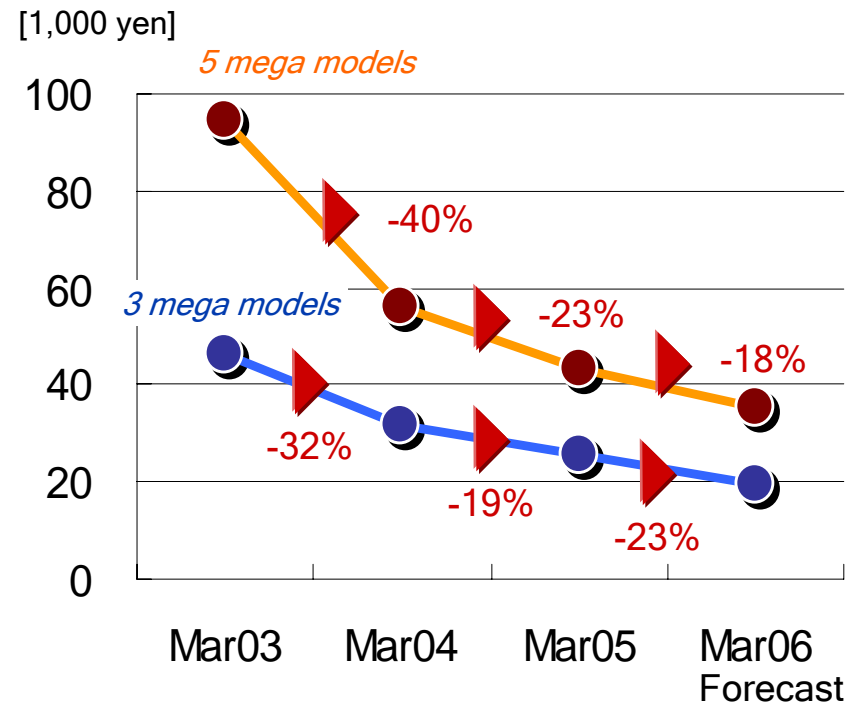


■ Demand in color film



Data source: Konica Minolta

■ DSC average unit price



Data source: IDC

Revision of V-5 Plan



Change of business environment

Faster-than-expected demand decline

Market shrinkage at accelerating speed

Speed up drastic downsize of business

Minimize risks

Minimize impact to Group performance

New growth

Shift resources from Photo Imaging to growing businesses

Drastic operation scale down

R&D

- Relocate and restructure some functions in photographic business to other Group companies

Production

- Downsize ahead of schedule (i.e. narrow down product line)

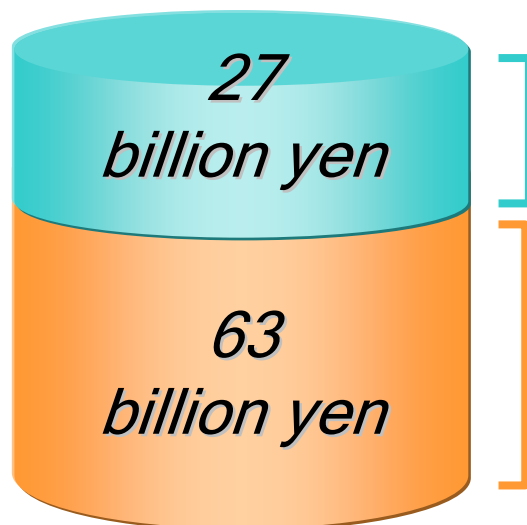
Sales

- Reorganize unprofitable fields
- Streamline sales organization

Restructuring costs

- Execute measures ahead of schedule -
Lump-sum amount of 90 billion yen in FY Mar 2006

Quickly implement possible measures with close attention to market changes



- Impairment of production facilities
- Streamline and restructure production locations
- Simplify and reorganize sales structure
- Streamline staff size

* Reduce workforce by about 10% from current 33,000 employees worldwide

Shift of group management resources



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Photo Imaging's core technologies

- Material
- Coating
- Thin film
- Optics



New business development

- Display-use films
LCD, PDP, organic EL
- Organic EL materials
- Life science business
Gene testing system, medical reagent
- Inkjet businesses

Enhancement and expansion of existing businesses

- Optical design - Business Technologies, Optics, Medical & Graphics
- Hardware/software development

Quick shift from B to C to B to B

Management goals in FY ending Mar 2007



- **Photo Imaging business**

Complete recovery from operating loss

- **Group**

Significant improvement in earnings



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Supplemental Charts

Net sales & Operating Income - segment



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Net sales

[Billions of yen]

	[a]	[b]	[a] / [b]	[c]	[a] / [c]
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Sensing	2.8	2.6	106%	3.0	93%
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Total	517.6	535.1	97%	530.0	98%

Operating income

[Billions of yen]

	[a]	[b]	[a] / [b]	[c]	[a] / [c]
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Medical & Graphic	6.3	4.3	145%	4.0	157%
Sensing	0.9	0.9	100%	1.0	87%
Other	-3.0	-2.6	---	-5.0	---
Total	39.4	32.5	121%	34.0	116%

SG&A



[Billions of yen]

	1H / Mar06	1H / Mar05	Y-O-Y
SG&A total	199.7	202.1	-2.4
Sales expenses	37.6	43.9	-6.3
Salaries and wages	76.6	76.7	-0.1
R&D	32.2	32.3	-0.1
Other	53.4	49.2	4.2

Forex impact: +0.9 billion yen (Actual -3.3 billion yen)

Non operating profit/loss



[Billions of yen]

	1Q / Mar06	1Q / Mar05	Y-O-Y
Non-operating income/expenses	-4.2	-4.4	0.2
Interest and dividend income	0.9	0.7	0.2
Foreign exchange gain	2.3	2.9	-0.6
Other	4.5	3.9	0.6
Non-operating income	7.7	7.5	0.2
Interest expenses	2.8	2.8	-0.0
Loss on revaluation/disposal of inventories	3.3	2.5	0.8
Other	5.7	6.5	-0.8
Non-operating expenses	11.9	11.9	0.0

Extraordinary profit/loss



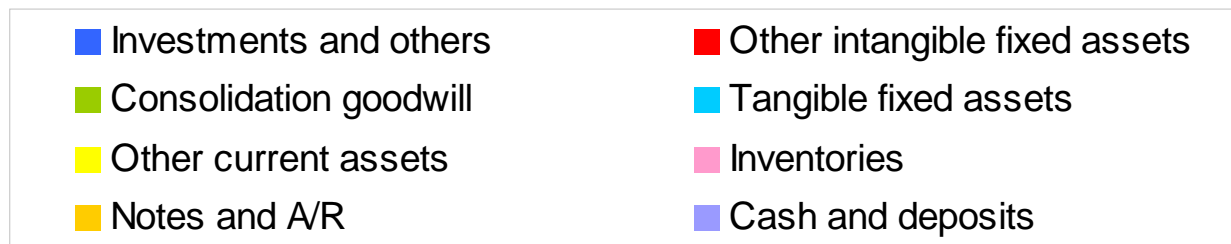
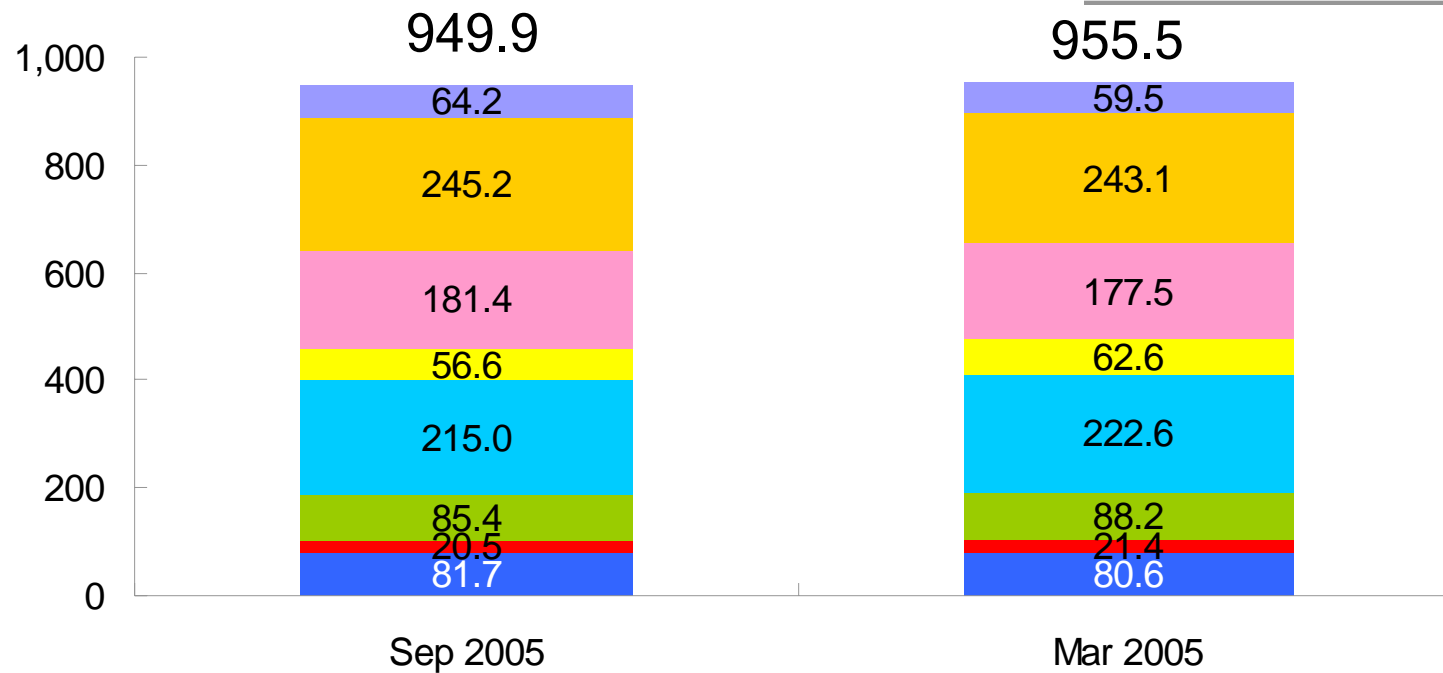
	[Billions of yen]		
	1H / Mar06	1H / Mar05	Y-O-Y
Extraordinary profits/losses	-28.0	-4.9	-23.1
Extrarodinary profits	0.7	0.3	0.4
Loss on fixed assets due to impairment	23.3	---	23.3
Photo Imaging restructuring expenses	1.2	---	1.2
Loss on disposal and sales of fixed assets	1.8	2.2	-0.4
Other	2.4	3.0	-0.6
Extraordinary losses	28.7	5.2	23.5

Balance sheet - asset



KONICA MINOLTA
[Yen]

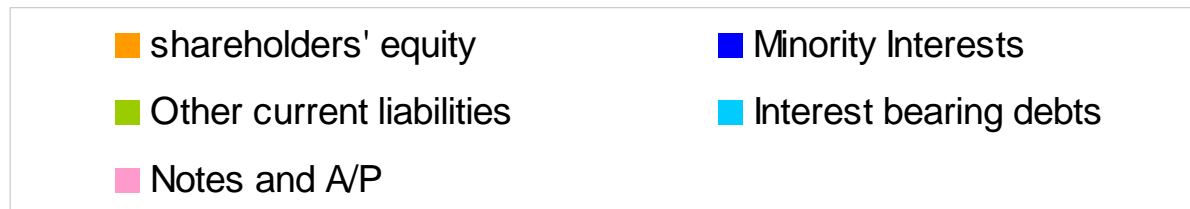
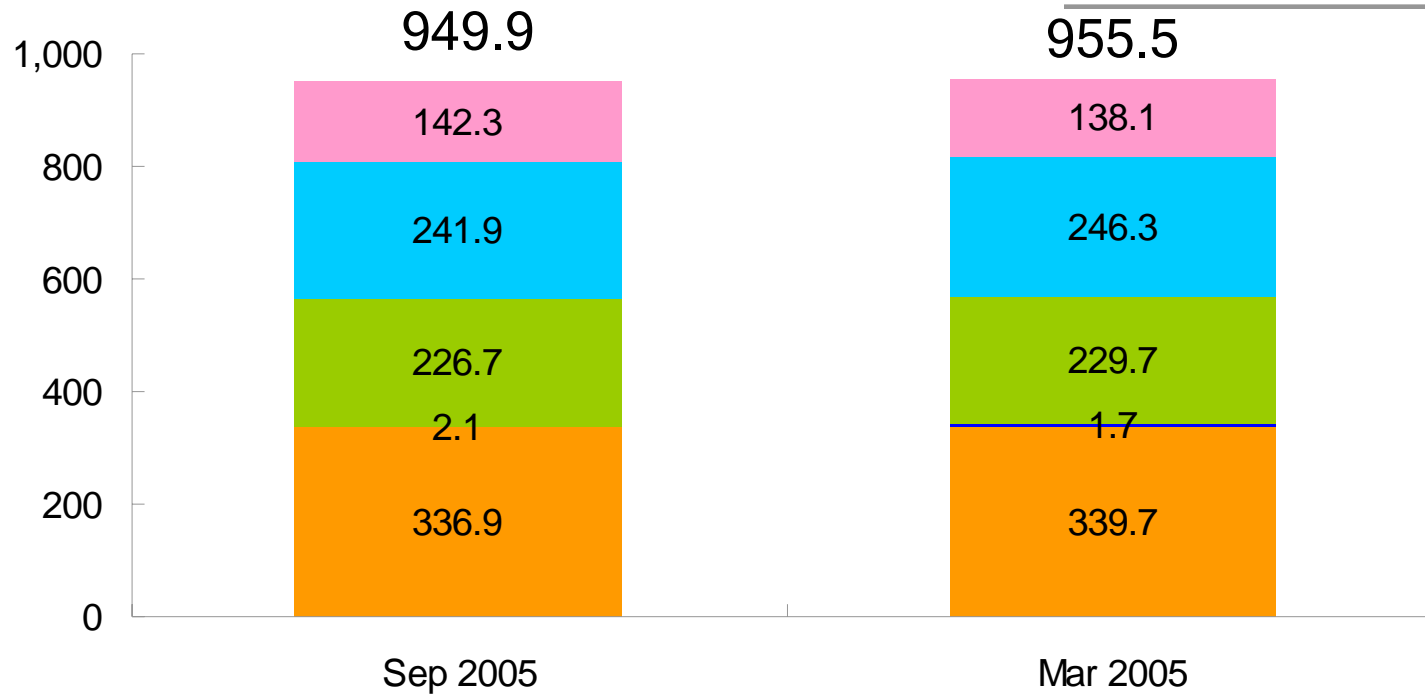
Forex: B/S		Mar 05	Sep 05	Change
US\$		107.39	113.19	+ 5.80
Euro		138.87	136.13	- 2.74



Balance sheet - liabilities and shareholders' equity



	Forex: B/S		[Yen]
	Mar 05	Sep 05	Change
US\$	107.39	113.19	+ 5.80
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Cash Flows



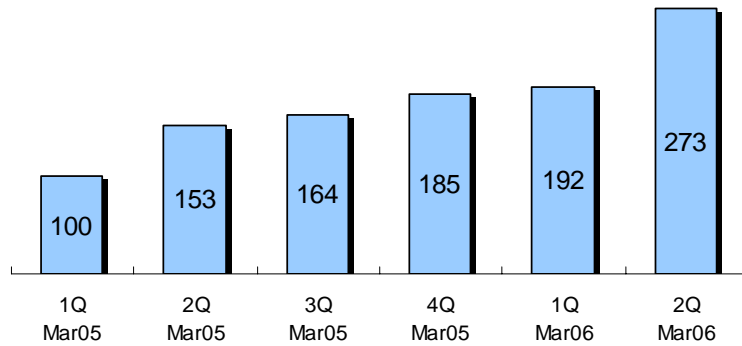
KONICA MINOLTA

	[Billions of yen]		
	1H / Mar06	1H / Mar05	Y-O-Y
Income before income taxes	7.2	23.2	-16.0
Depreciation and amortization	25.4	25.2	0.2
Loss on fixed assets due to impairment	23.3	---	23.3
Increase (decrease) of working capital, other	-18.7	-25.9	7.2
I. Net cash provided by operating activities	37.2	22.5	14.7
II. Net cash outflow from investing activities	-25.7	-27.3	1.6
I.+ II. Free cash flow	11.5	-4.8	16.3
Increase (decrease) in debts and bonds	-4.8	-6.5	1.7
Dividends paid	-2.7	-2.7	0.0
Other	0.0	-0.1	0.0
III. Net cash outflow from financing activities	-7.5	-9.3	1.8

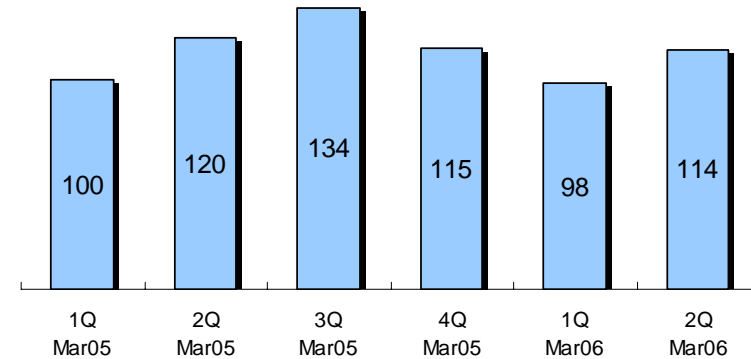
Unit sales - Business Technologies



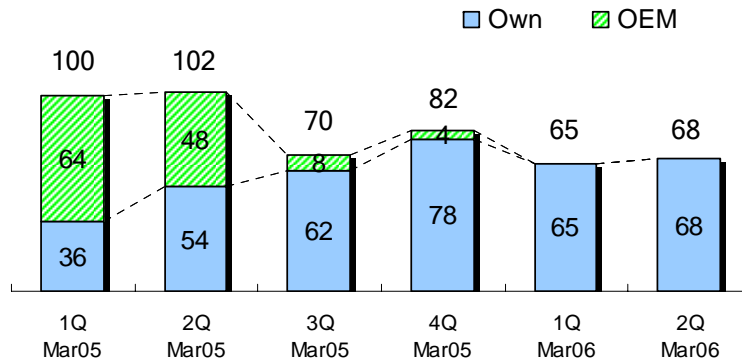
■ Color MFP



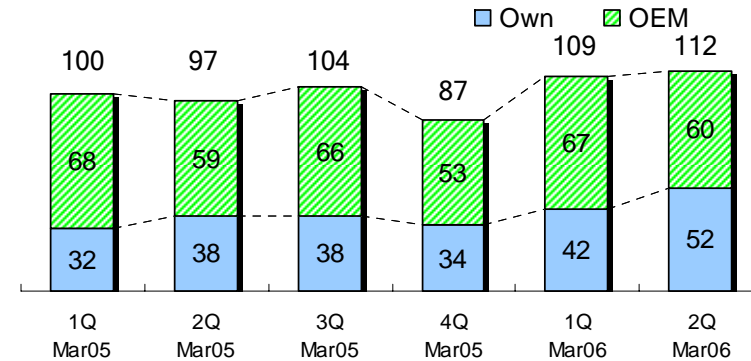
■ B/W MFP



■ Color LBP



■ B/W LBP



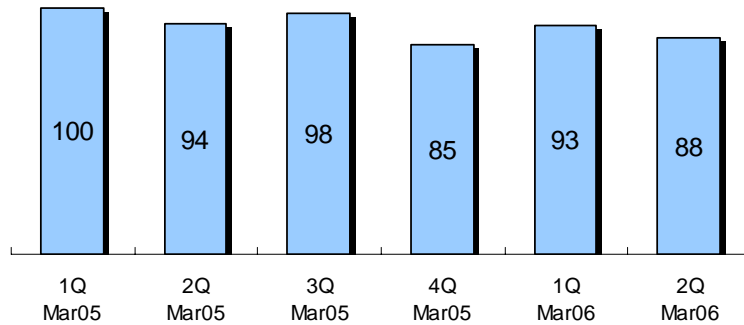
*Amount of "1Q Mar05" as 100

Unit sales - Optics

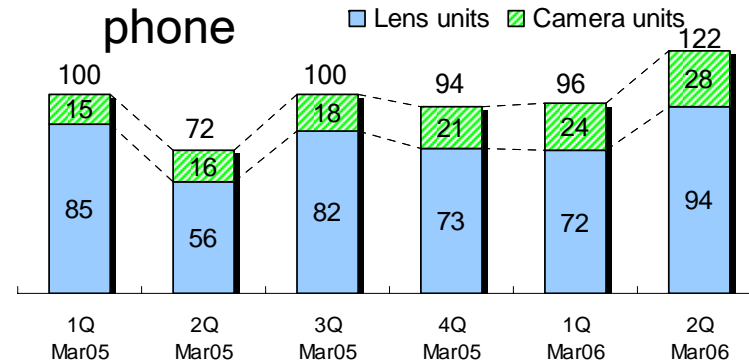


KONICA MINOLTA

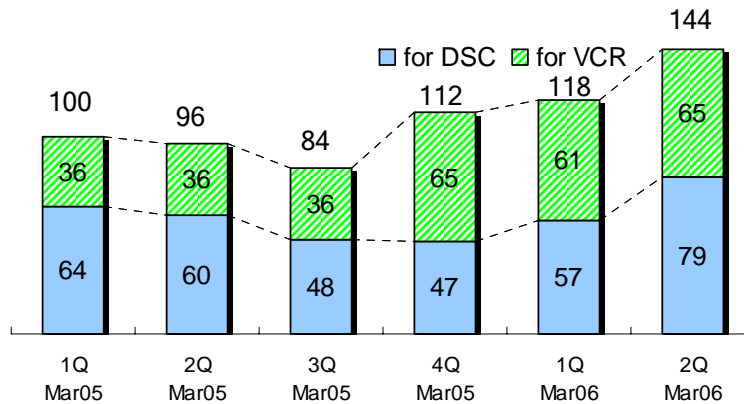
Optical pickup lens



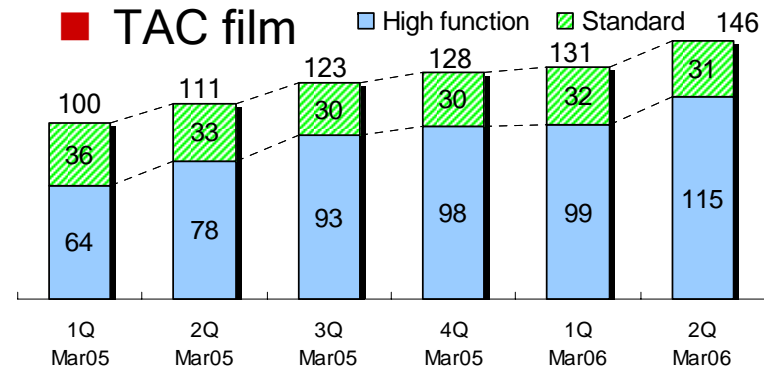
Lens/camera units for mobile phone



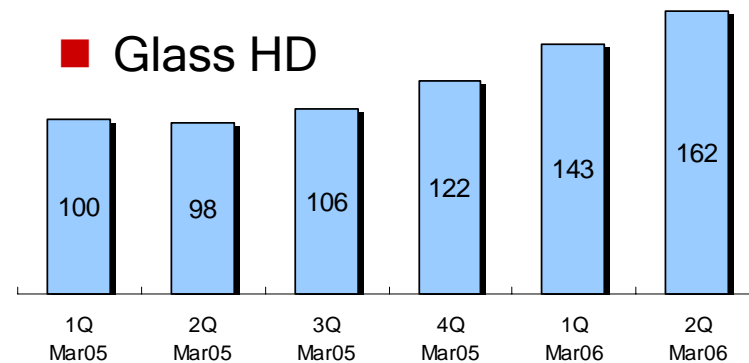
Lens unit for DSC/VCR



TAC film



Glass HD

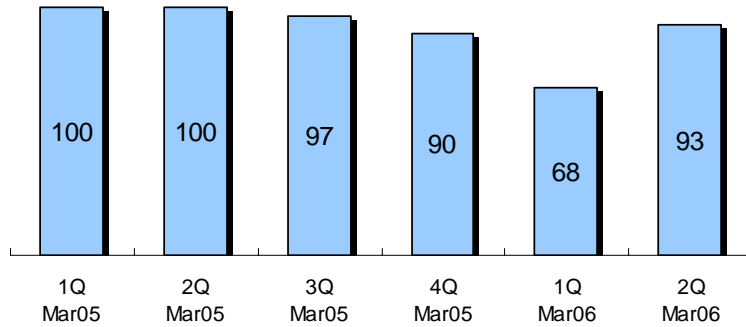


*Amount of "1Q Mar05" as 100

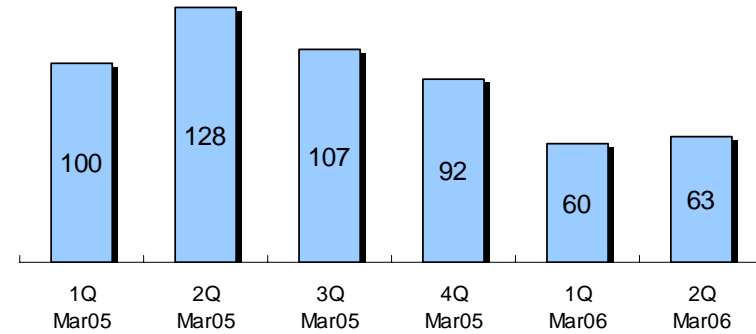
Unit sales - Photo Imaging



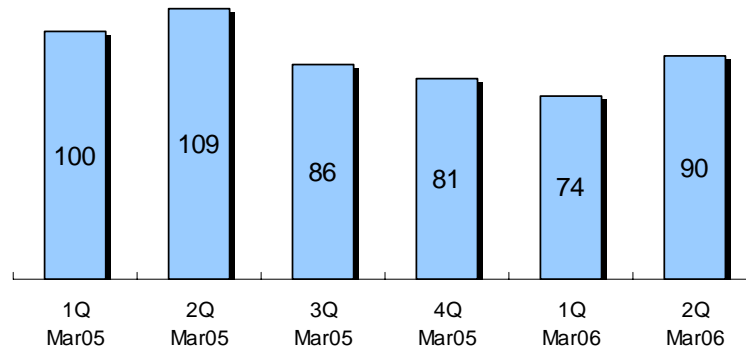
■ Color film **Amounts include single-use cameras.*



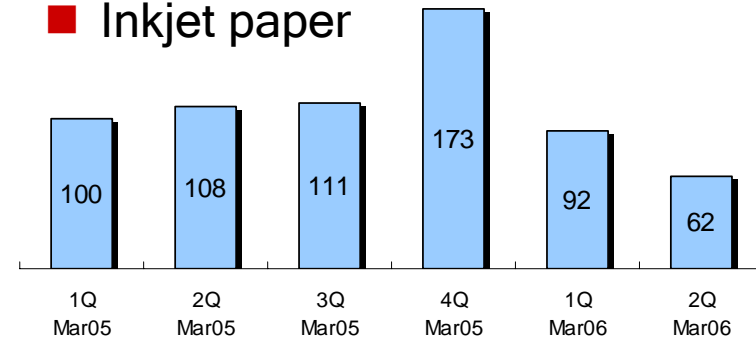
■ Digital minilab



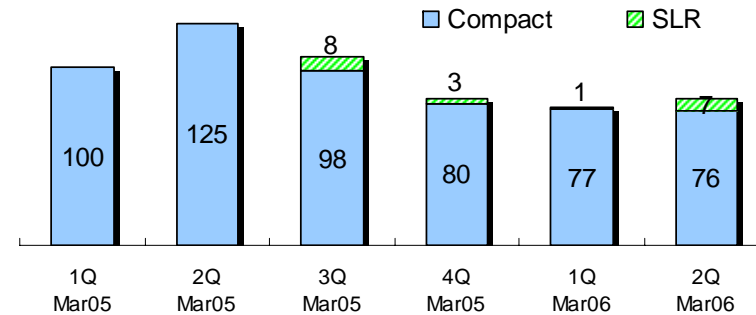
■ Color photo paper



■ Inkjet paper



■ DSC



**Amount of "1Q Mar05" as 100*