

Konica Minolta Group

3Q / March 2007 Consolidated Financial Results

Nine months: Apr - Dec 2006

Three months: Oct - Dec 2006

February 1, 2007

Yasuo Matsumoto
Senior Executive Officer
Konica Minolta Holdings, Inc.



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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.

Consolidated results - 9 months



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	[Billions of yen]				
	Mar07 Actual	Mar07 Forecast		Mar06 Actual	
	[a] 9 months	[b] FY	[a] / [b] % completion	[c] 9 months	[a] / [c] Y-O-Y %
Net sales	744.6	1,006.0	74%	793.0	-6%
Gross income	358.6	--	--	368.5	-3%
<i>Gross income ratio</i>	48.2%	--	--	46.5%	--
Operating income	70.3	96.5	73%	66.0	7%
<i>Operating income ratio</i>	9.4%	9.6%	--	8.3%	--
Ordinary income	69.8	90.0	78%	64.3	9%
Net income before taxes	78.3	93.0	84%	36.3	116%
Net income	40.1	46.0	87%	13.9	188%
<i>Net income ratio</i>	5.4%	4.6%	--	1.8%	--
EPS [Yen]	75.59	--	--	26.27	188%
ROE [full year]	15.0%	--	--	7.7%	--
CAPEX	51.6	75.0	69%	49.4	5%
Depreciation	37.5	55.0	68%	37.8	-1%
R&D	53.0	77.0	69%	48.4	10%
FCF	5.4	-20.0	--	9.8	-45%
FOREX [P/L] [Yen] USD	116.19	115.00	--	112.11	4%
Euro	147.96	143.00	--	136.91	8%

Consolidated results – Segment - 9 months



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[Billions of yen]

	Mar07 Actual	Mar07 Forecast		Mar06 Actual	
	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	9 months	FY	% completion	9 months	Y-O-Y
Net sales					
Business Technologies	474.0	646.0	73%	440.4	8%
Optics	101.2	139.0	73%	81.0	25%
Medical & Graphic	112.1	157.0	71%	103.6	8%
Other businesses	11.2	17.0	66%	7.1	58%
Sub total (excluding PI)	698.5	959.0	73%	632.1	10%
Photo Imaging	41.0	40.0	102%	156.1	-74%
HD and eliminations	5.1	7.0	73%	4.7	9%
Group total	744.6	1,006.0	74%	793.0	-6%

[Billions of yen]

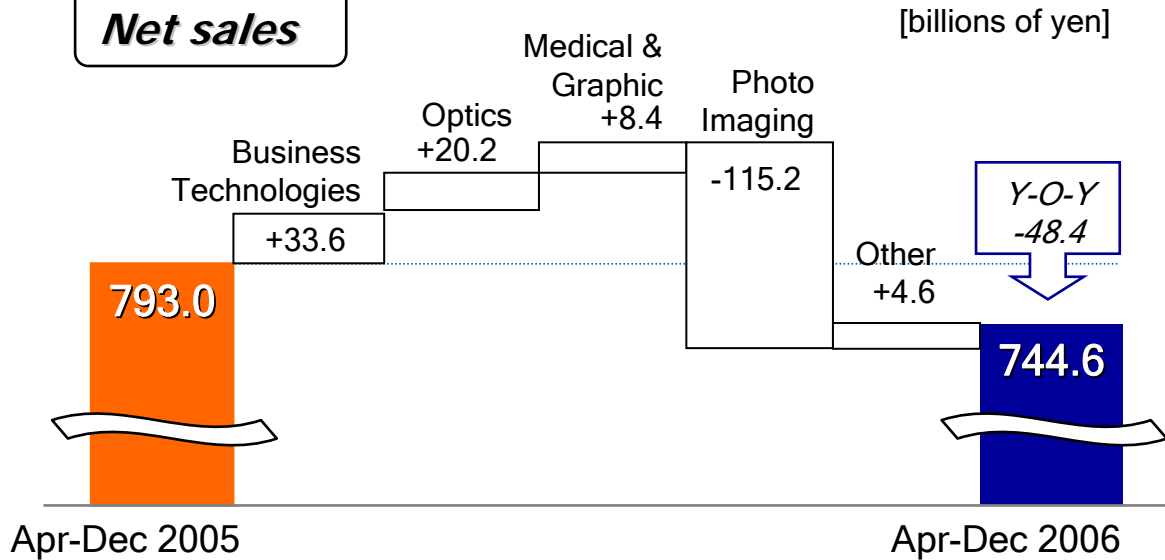
	Mar07 Actual	Mar07 Forecast		Mar06 Actual	
	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	9 months	FY	% completion	9 months	Y-O-Y %
Operating income					
Business Technologies	54.6	74.0	74%	45.8	19%
Optics	14.9	22.0	68%	13.0	15%
Medical & Graphic	7.1	10.0	71%	9.5	-25%
Other businesses	1.9	3.0	63%	1.7	12%
Sub total (excluding PI)	78.5	109.0	72%	70.0	12%
Photo Imaging	-1.5	-2.0	--	0.8	--
HD and eliminations	-6.7	-10.5	--	-4.8	--
Group total	70.3	96.5	73%	66.0	7%

Changes in net sales and operating income - 9 months



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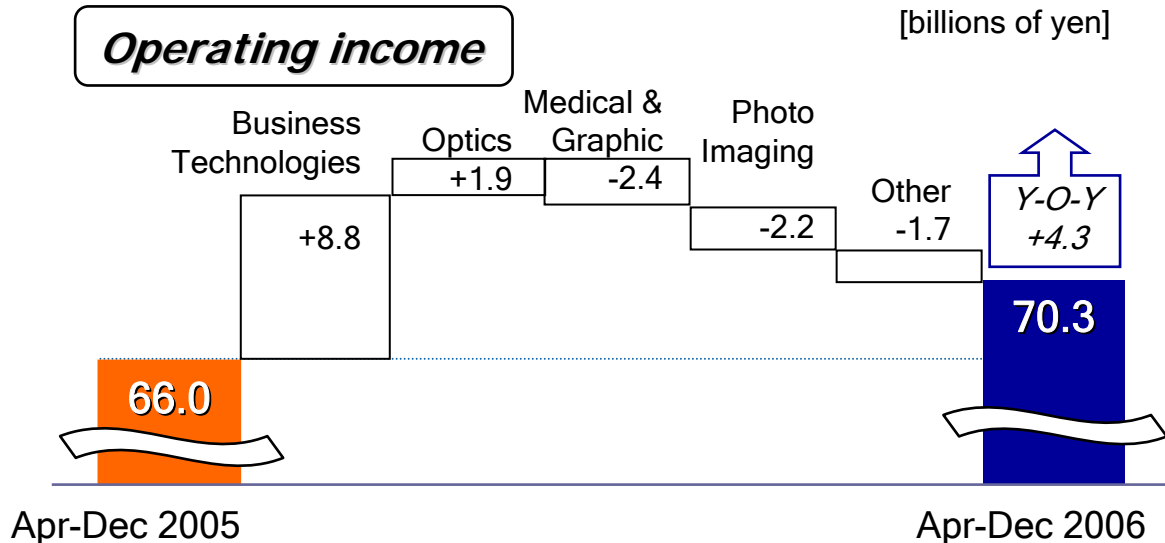
Net sales



Net sales: 48.4 billion yen (Down 6%)

- A substantial decline of Photo Imaging business under the process of exiting from business.
- All other businesses increased.

Operating income



Operating income: 4.3 billion yen (Up 7%)

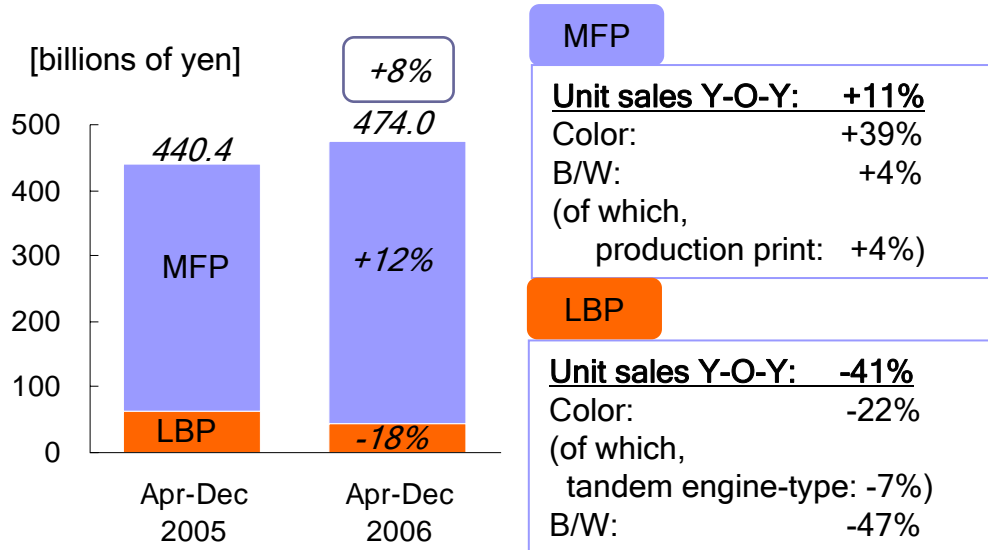
- Business Technologies: Increased due to growing sales volume, mainly color MFPs.
- Optics: Uptrend in TAC film, optical pickup lenses, and glass substrates for HD drives.
- Medical & Graphic: Down due to skyrocketing silver prices and the revision of the national health insurance price.
- Photo Imaging: Down due to exiting from business.

Net sales - Sub segment - 9 months

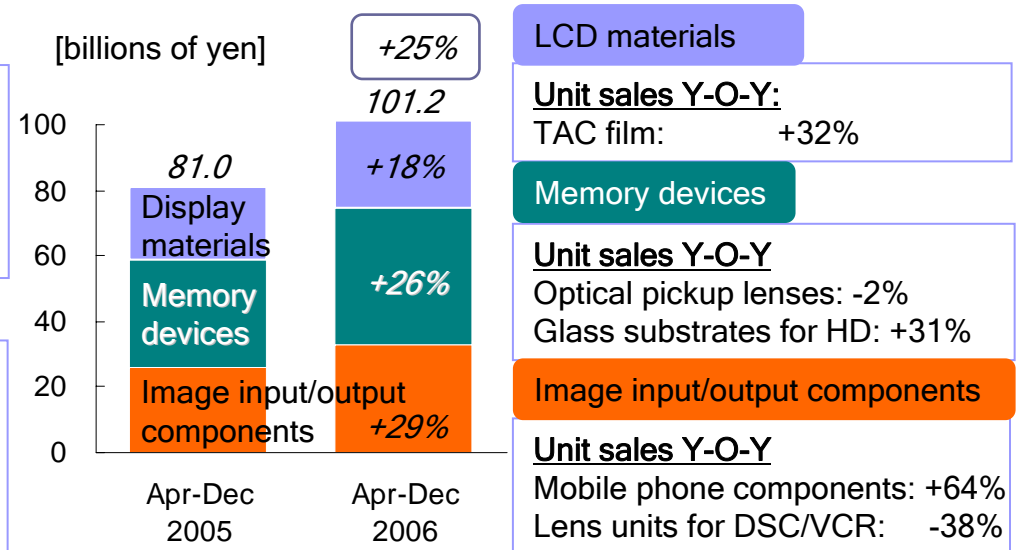


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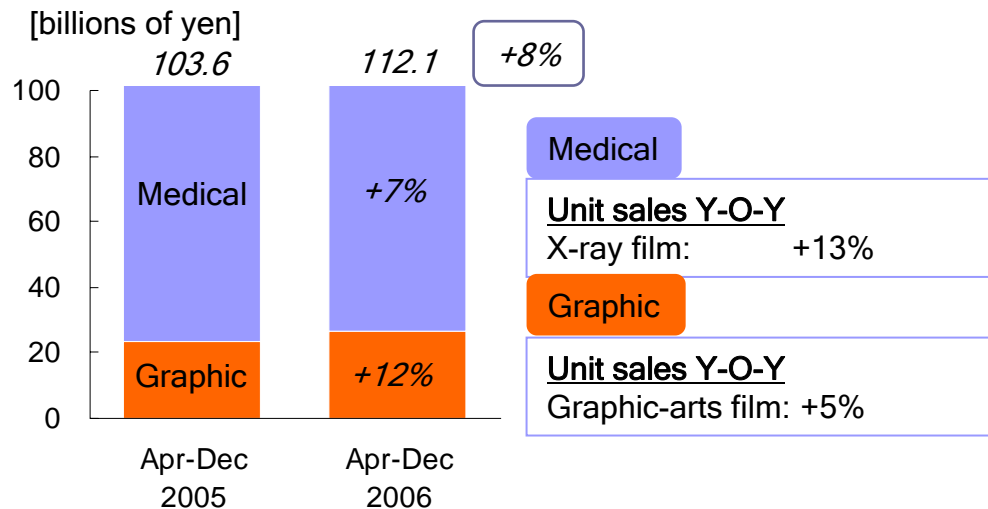
■ Business Technologies



■ Optics



■ Medical & Graphic



The essentials of imaging

- Business Technologies: Robust sales of color MFPs in Europe. Steady increase of B/W MFP sales in US and Asia.
- Optics: Sales growth due to TAC film, glass substrates for HD drives, and components for camera-equipped mobile phones.
- Medical & Graphic: Sales growth resulting from an increase of medical and graphic-arts film sales.

Consolidated results - 3 months



	[Billions of yen]			
	Mar07	Mar06	Change	
	[a] Oct-Dec	[b] Oct-Dec	[a] - [b] Y-O-Y	[a] / [b] Y-O-Y %
Net sales	250.6	275.4	-24.8	-9%
Gross income	120.8	129.4	-8.6	-7%
<i>Gross income ratio</i>	48.2%	47.0%	1.2%	--
Operating income	24.1	26.6	-2.6	-10%
<i>Operating income ratio</i>	9.6%	9.7%	-0.1%	--
Ordinary income	25.0	29.1	-4.1	--
Net income before taxes	30.4	29.1	1.3	5%
Net income	17.6	17.4	0.1	1%
<i>Net income ratio</i>	7.0%	6.3%	0.7%	--
EPS [Yen]	33.19	32.83	0.36	1%
ROE [full year]	21.0%	19.3%	1.7%	--
CAPEX	17.9	18.0	-0.1	--
Depreciation	12.9	12.4	0.5	4%
R&D	18.2	16.2	2.0	12%
FCF	5.2	-1.7	6.9	--
FOREX [P/L] [Yen] USD	117.82	117.35	0.47	0%
Euro	151.94	139.44	12.50	9%



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Consolidated results – Segment - 3 months

Net sales	[Billions of yen]			
	Mar07	Mar06	Change	
	[a]	[b]	[a] - [b]	[a] / [b]
	Oct-Dec	Oct-Dec	Y-O-Y	Y-O-Y %
Business Technologies	164.4	156.9	7.6	5%
Optics	33.5	29.5	4.0	14%
Medical & Graphic	36.0	35.3	0.7	2%
Other businesses	3.8	2.3	1.5	65%
Sub total (excluding PI)	237.8	224.0	13.8	6%
Photo Imaging	11.1	50.4	-39.3	-78%
HD and eliminations	1.8	1.0	0.7	70%
Group total	250.6	275.4	-24.8	-9%

Operating income	[Billions of yen]			
	Mar07	Mar06	Change	
	[a]	[b]	[a] - [b]	[a] / [b]
	Oct-Dec	Oct-Dec	Y-O-Y	Y-O-Y %
Business Technologies	20.5	17.7	2.7	15%
Optics	4.3	5.1	-0.9	-17%
Medical & Graphic	2.0	3.3	-1.3	-40%
Other businesses	0.5	0.4	0.1	24%
Sub total (excluding PI)	27.2	26.5	0.7	3%
Photo Imaging	-0.8	1.5	-2.3	--
HD and eliminations	-2.4	-1.4	-1.0	--
Group total	24.1	26.6	-2.6	-10%

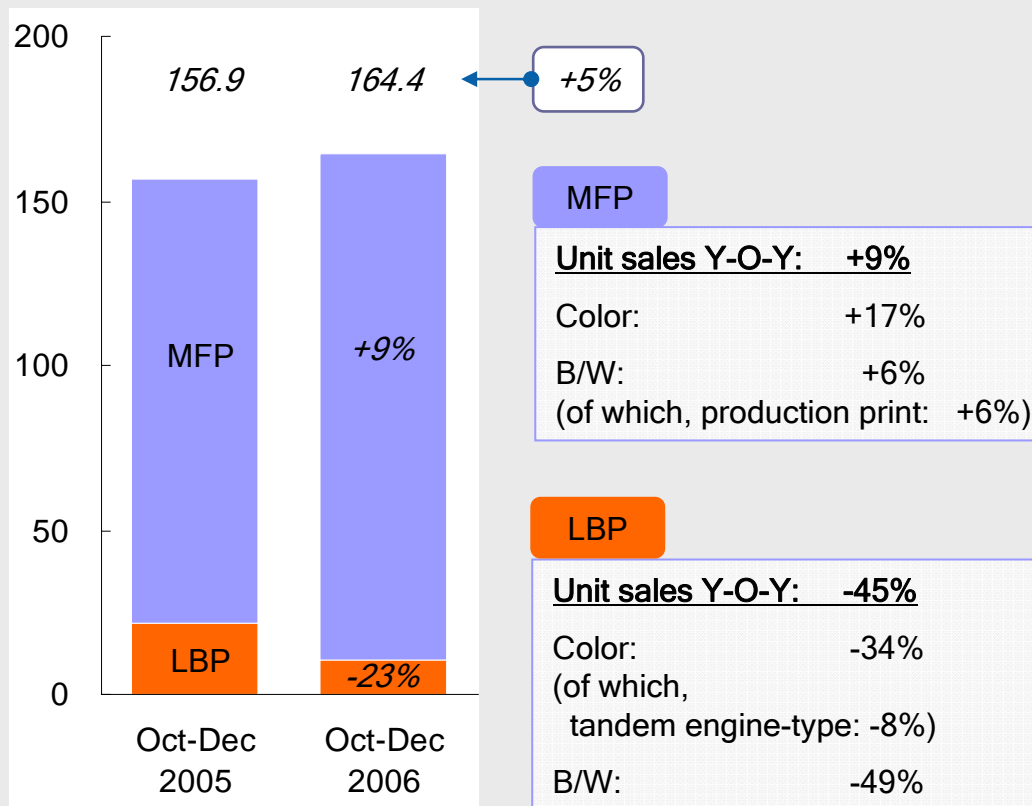
Note:
"PI" represents Photo Imaging.

Business Technologies - 3 months



Net sales - Sub segment Y-O-Y (%)

[billions of yen]



■ MFP

- Color MFPs for general offices : Launched “bizhub C252” in Oct. 2006. Unit sales increased mainly in Europe.
- Color MFP unit sales ratio: 40%, increased from 39% Y-O-Y. (*Seg. 2 and above MFP)
- High-speed color MFPs for production printing: Launched “bizhubPRO 1050e” in Dec. 2006 - strengthened product lineup.
- B/W MFPs for general offices : Strong sales mainly in US and Asia, especially in mid- to high-speed (Seg. 3 and 4) segments.

■ LBP

- Color: A change in sales strategies focusing on general corporate customers with considerable print volume, or users of tandem-type and AIO models.

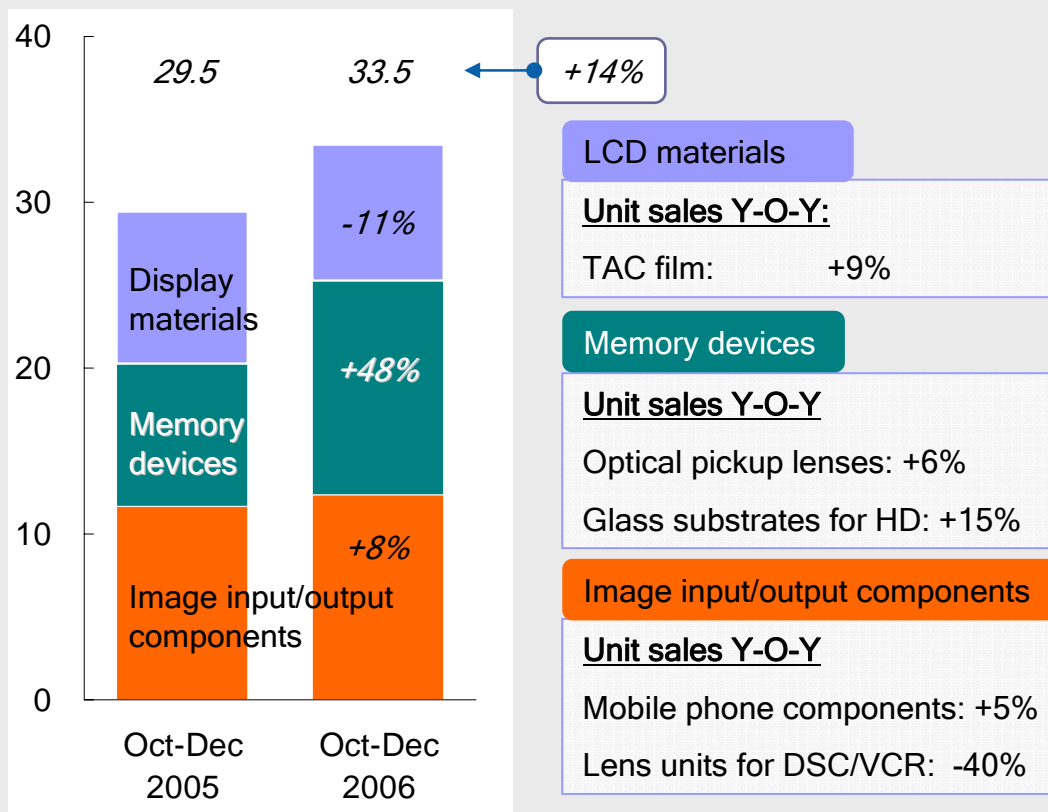
Optics - 3 months



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Net sales - Sub segment Y-O-Y (%)

[billions of yen]



■ LCD materials

- Standard TAC film: Strong sales.
- High-function film: Slow sales due to inventory adjustments at end-products makers and a changeover period to new products.

■ Memory devices

- Recordable DVD-use pickup lenses: Sales recovered.
- Next-generation DVD-use pickup lenses: Contributed to boost up revenue.
- Glass substrates for HD: Solid growth due to strong sales in main products despite prolonged inventory adjustments at clients.

■ Image input/output components

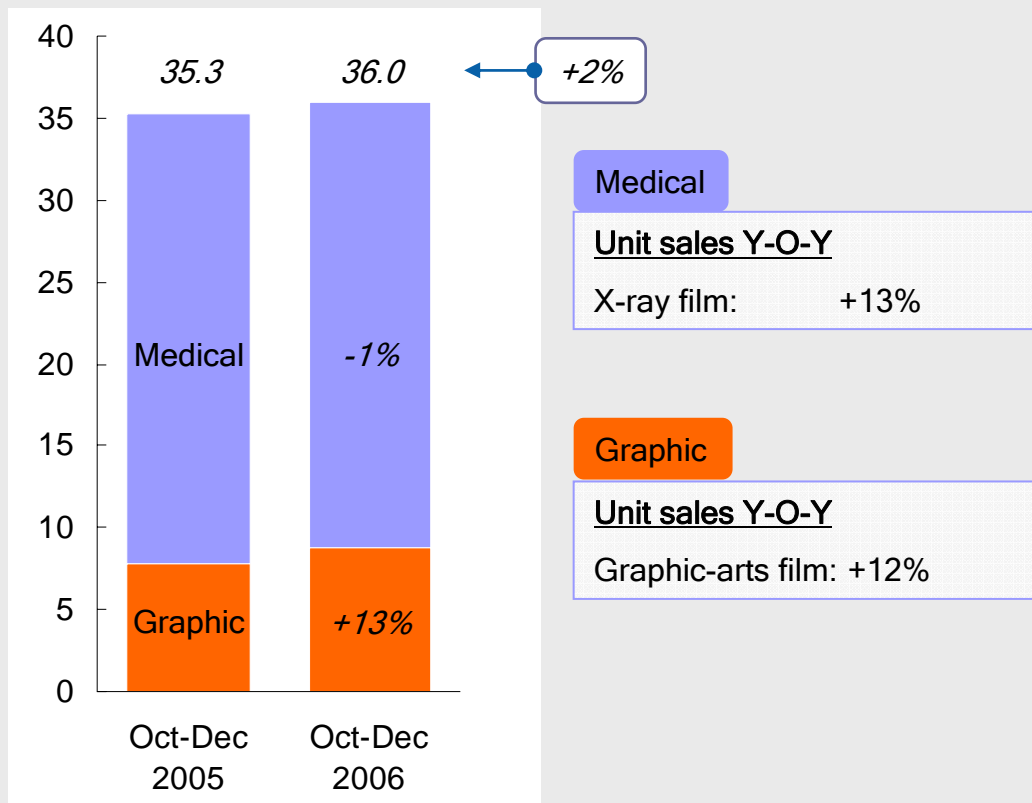
- Mobile phone components: Solid sales of camera units particularly for overseas.
- Lens units for DSC: Slow sales influenced by a changeover period to new products.

Medical & Graphic Imaging - 3 months



Net sales by segment Y-O-Y (%)

[billions of yen]



■ Medical

- X-ray Film: Strong sales particularly overseas.
- Systems: Sluggish sales in Japan due to the revision of the national health insurance price. Overseas unit sales approximately unchanged Y-O-Y.

■ Graphic

- Graphic-arts Film: Strong sales particularly in overseas markets.
- Digital color proofing systems: Maintained the same level Y-O-Y.

Growth initiatives Mar07



■ Business Technologies

- MFP → Strengthen color MFP marketing in US
- LBP → Strengthen high added value products marketing for office customers

■ Optics

- TAC film → Promote quick switchover to new products with high functions
- Optical pickup lenses → Solidify a dominant market position in the new-generation DVD pickup lenses.

■ Medical and Graphic

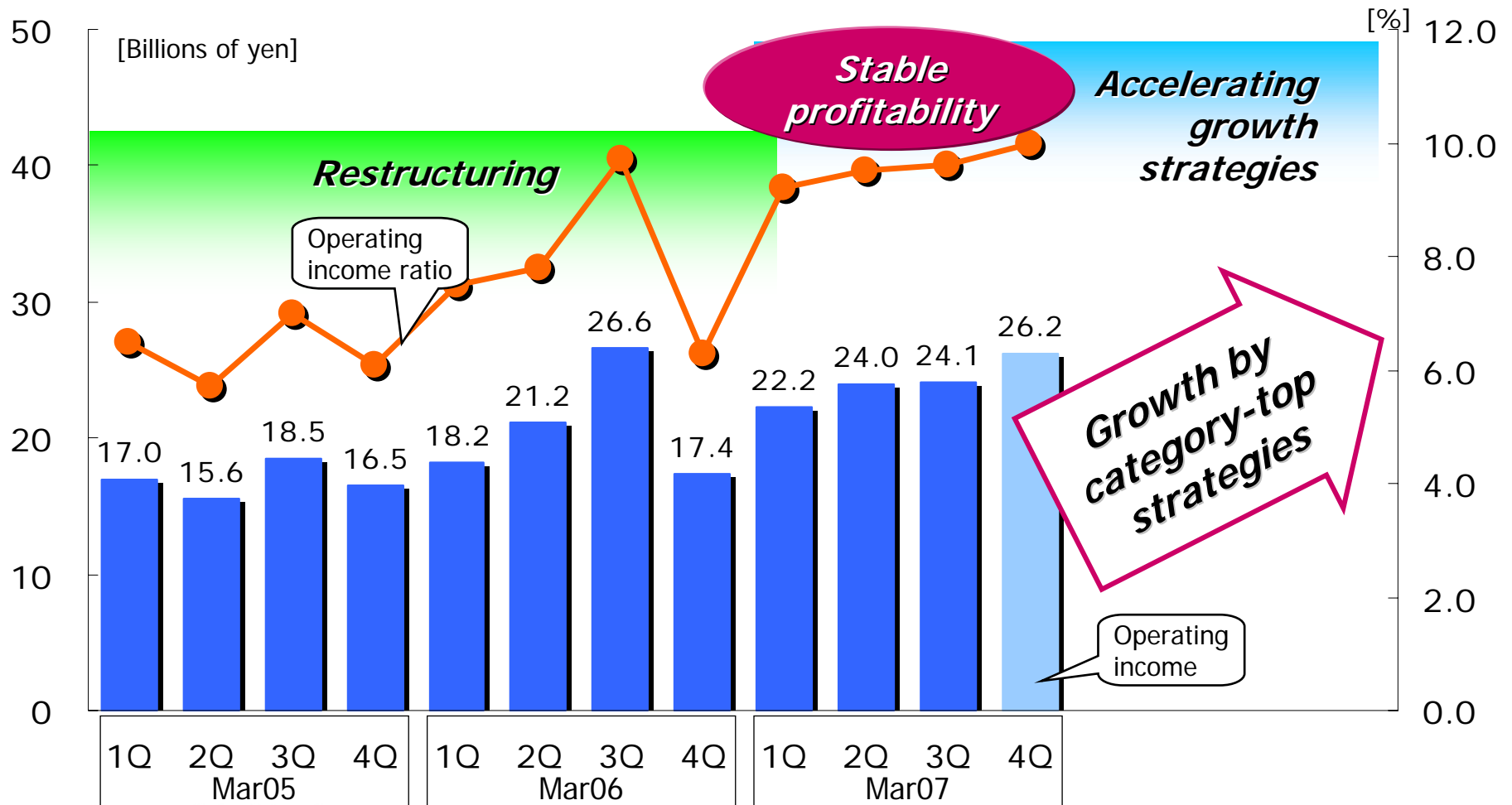
- Medical digital hardware → Strengthen overseas marketing

Quarterly operating income and OP ratio



Restructuring → Completed *Profitability → Stable growth*

Entering a phase to develop a strong base for accelerating growth strategies





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Supplementary Information

[Reference] Operating income analysis Y-O-Y

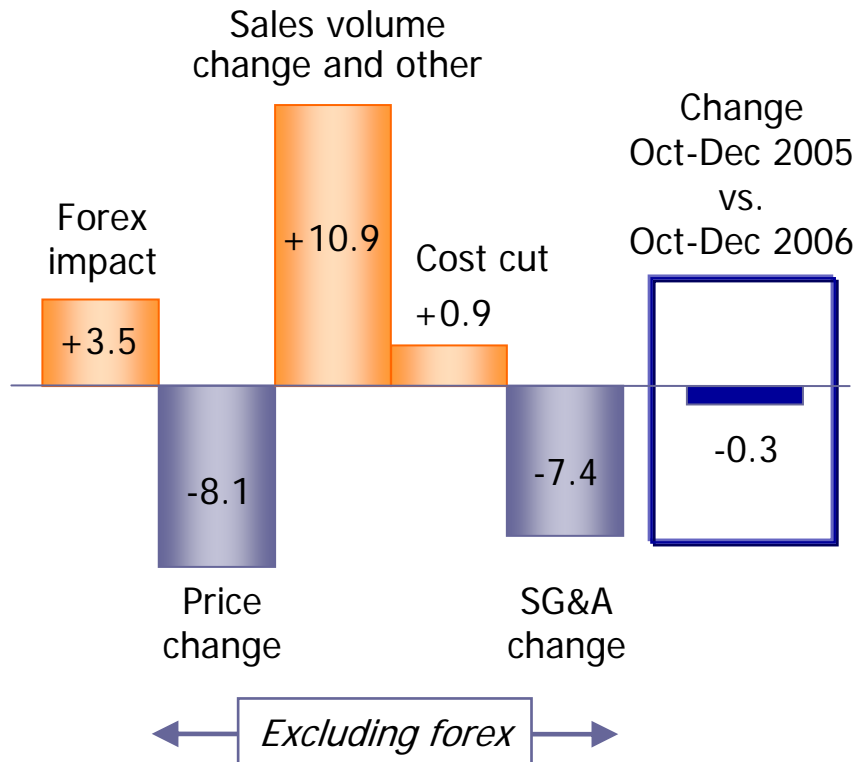
[w/o Photo Imaging]



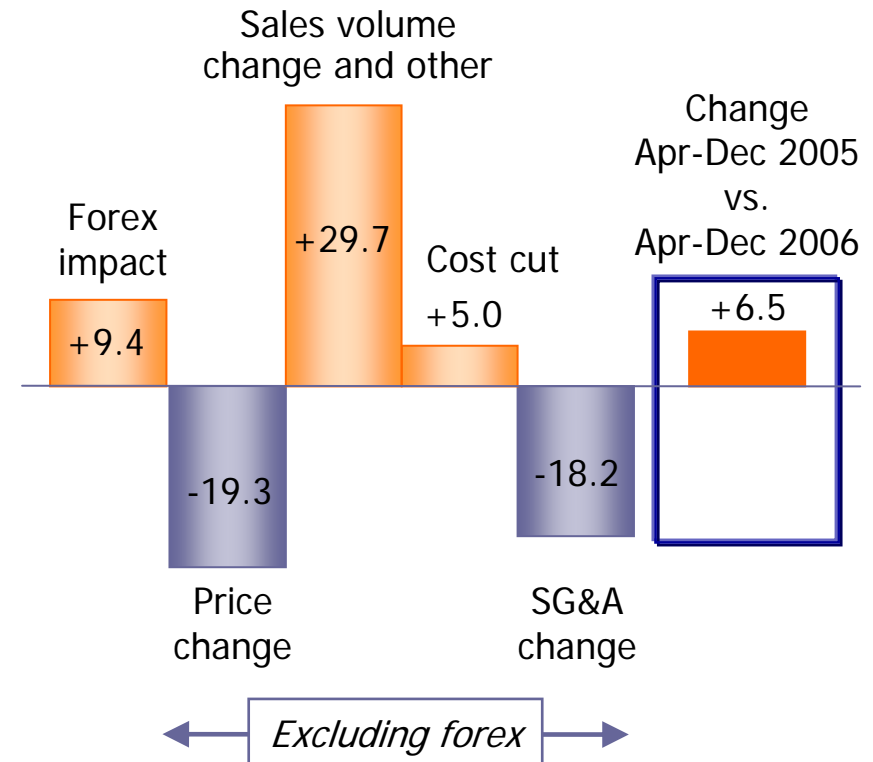
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[billions of yen]

■ 3 months (Oct-Dec)



■ 9 months (Apr-Dec)



[Reference] SG&A



[Billions of yen]

	Mar07	Mar06		Mar07	Mar06	
	3 months	3 months	Y-O-Y	9 months	9 months	Y-O-Y
	Oct-Dec	Oct-Dec		Apr-Dec	Apr-Dec	
Sales expenses	13.9	19.9	-6.0	43.7	57.4	-13.7
R&D	18.2	16.2	2.0	53.0	48.4	4.6
Salaries and wages	39.9	41.5	-1.6	116.8	120.5	-3.7
Other	24.7	25.1	-0.4	74.7	76.1	-1.4
SG&A total	96.7	102.7	-6.0	288.2	302.5	-14.2

Forex impact:

3 months (Oct-Dec): +2.2 billion yen (Actual: -8.2 billion yen)

9 months (Apr-Dec): +7.6 billion yen (Actual: -21.8 billion yen)

[Reference] Non-operating profit/loss



[Billions of yen]

	Mar07	Mar06	Y-O-Y	Mar07	Mar06	Y-O-Y
	3 months Oct-Dec	3 months Oct-Dec		9 months Apr-Dec	9 months Apr-Dec	
Interest and dividend income	0.6	0.4	0.2	1.7	1.3	0.4
Foreign exchange gain	2.2	3.5	-1.3	3.9	5.8	-2.0
Other	1.5	1.0	0.5	7.4	5.5	1.9
Non-operating income	4.3	5.0	-0.7	13.0	12.7	0.3
Interest expenses	1.3	1.4	-0.1	4.0	4.2	-0.2
Loss on revaluation/disposal of inventories	0.7	0.5	0.1	3.3	3.9	-0.6
Other	1.5	0.7	0.9	6.3	6.4	-0.1
Non-operating expenses	3.5	2.6	0.9	13.5	14.4	-0.9
Non-operating income/expenses	0.9	2.4	-1.6	-0.5	-1.7	1.2

[Reference] Extraordinary profit and loss



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[Billions of yen]

	Mar07	Mar06	Y-O-Y	Mar07	Mar06	Y-O-Y
	3 months Oct-Dec	3 months Oct-Dec		9 months Apr-Dec	9 months Apr-Dec	
Gain on sales of fixed assets	4.5	0.4	4.1	5.3	0.6	4.7
Gain on sales of investment securities	0.0	0.4	-0.4	1.6	0.9	0.6
Reversal of allowance for loss on withdrawal from	1.4	0.0	1.4	2.1	0.0	2.1
Other	0.0	0.0	0.0	1.2	0.0	1.2
Extraordinary profits	5.9	0.8	5.1	10.2	1.5	8.7
Loss on fixed assets due to impairment	0.0	0.0	0.0	0.0	23.3	-23.3
Loss on disposal and sales of fixed assets	0.4	0.2	0.2	1.6	2.0	-0.4
Other	0.0	0.6	-0.6	0.0	4.1	-4.1
Extraordinary losses	0.4	0.8	-0.4	1.7	29.5	-27.8
Extraordinary profits/losses	5.5	0.0	5.5	8.5	-28.0	36.5

[Reference] Cash Flows



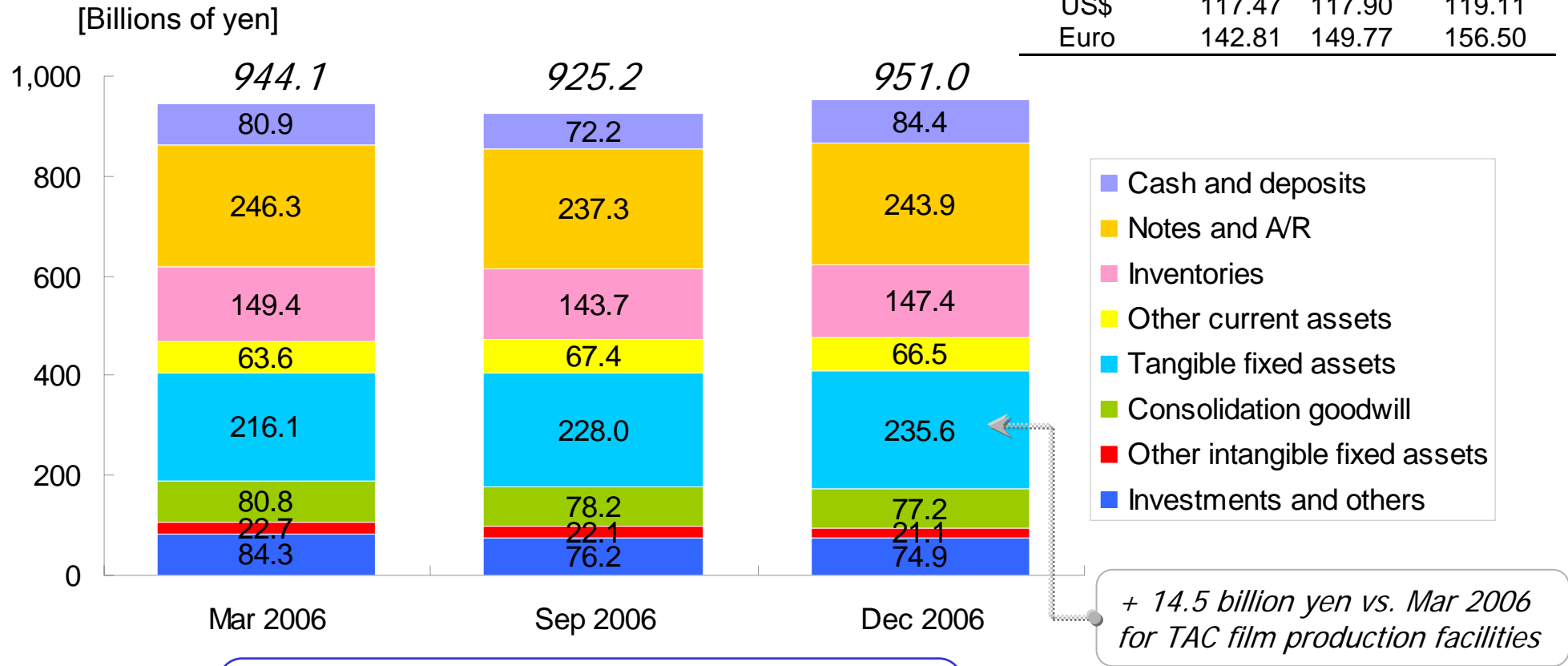
[Billions of yen]

	Mar07	Mar06	Y-O-Y	Mar07	Mar06	Y-O-Y
	3 months Oct-Dec	3 months Oct-Dec		9 months Apr-Dec	9 months Apr-Dec	
Income before income taxes	30.4	29.1	1.3	78.3	36.3	42.0
Depreciation and amortization	12.9	12.4	0.5	37.5	37.8	-0.3
Impairment loss	0.0	0.0	0.0	0.0	23.3	-23.3
Increase (decrease) of allowance for Photo Imaging business termination	-6.1	0.6	-6.7	-22.1	1.8	-23.9
Increase (decrease) of working capital, other	-20.6	-30.9	10.3	-50.2	-50.8	0.6
I. Net cash provided by operating activities	16.7	11.3	5.4	43.6	48.5	-4.9
II. Net cash outflow from investing activities	-11.4	-13.0	1.5	-38.2	-38.7	0.5
I.+ II. Free cash flow	5.2	-1.7	6.9	5.4	9.8	-4.4
Increase (decrease) in debts and bonds	7.0	10.7	-3.7	-2.1	5.9	-8.0
Dividends paid	0.0	0.0	0.0	0.0	-2.7	2.7
Other	-0.1	-0.0	-0.0	-0.2	-0.1	-0.2
III. Net cash outflow from financing activities	6.9	10.7	-3.7	-2.3	3.2	-5.5

[Reference] B/S - Assets

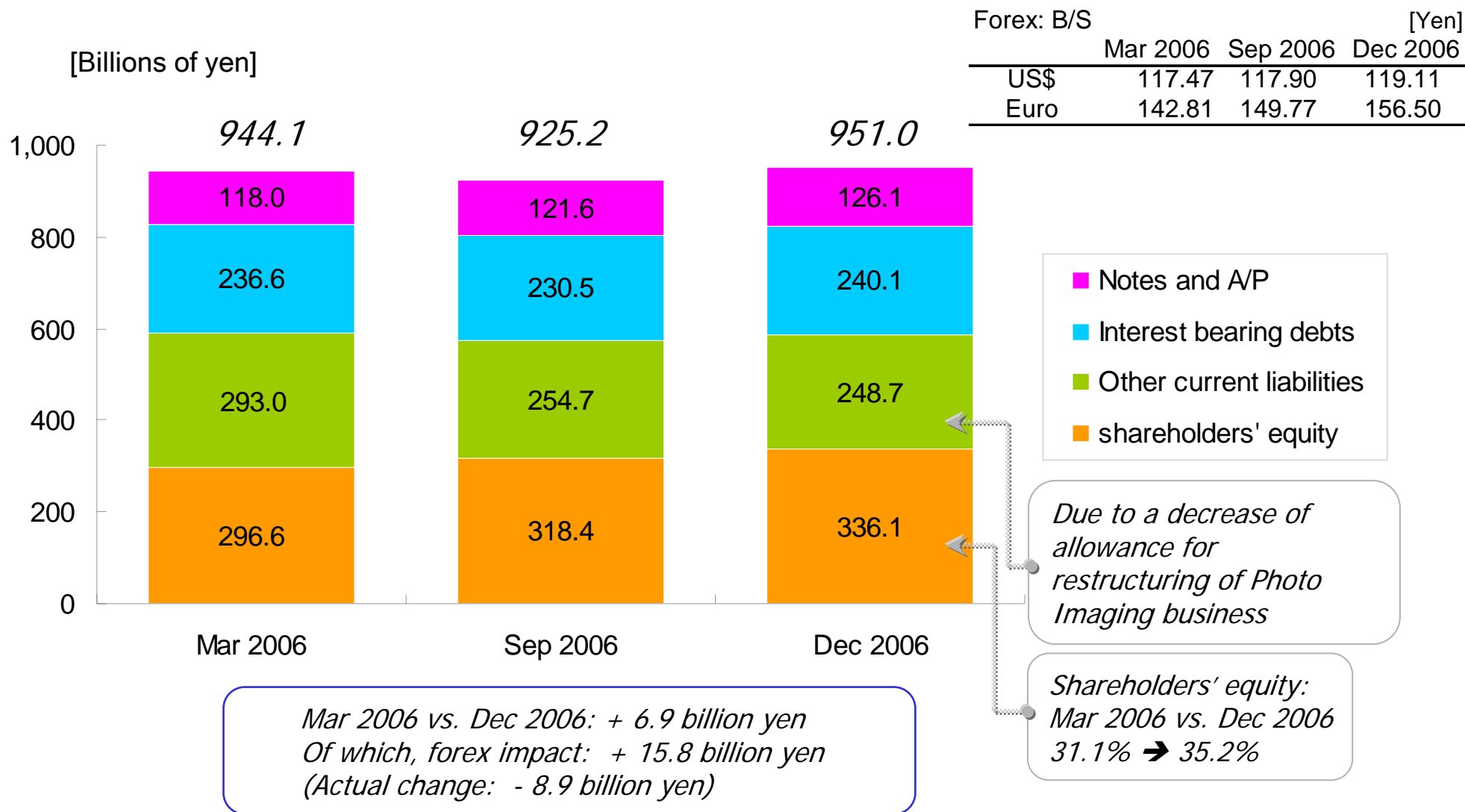


Forex: B/S	[Yen]		
	Mar 2006	Sep 2006	Dec 2006
US\$	117.47	117.90	119.11
Euro	142.81	149.77	156.50



Mar 2006 vs. Dec 2006: + 6.9 billion yen
 Of which, forex impact: + 15.8 billion yen
 (Actual change: - 8.9 billion yen)

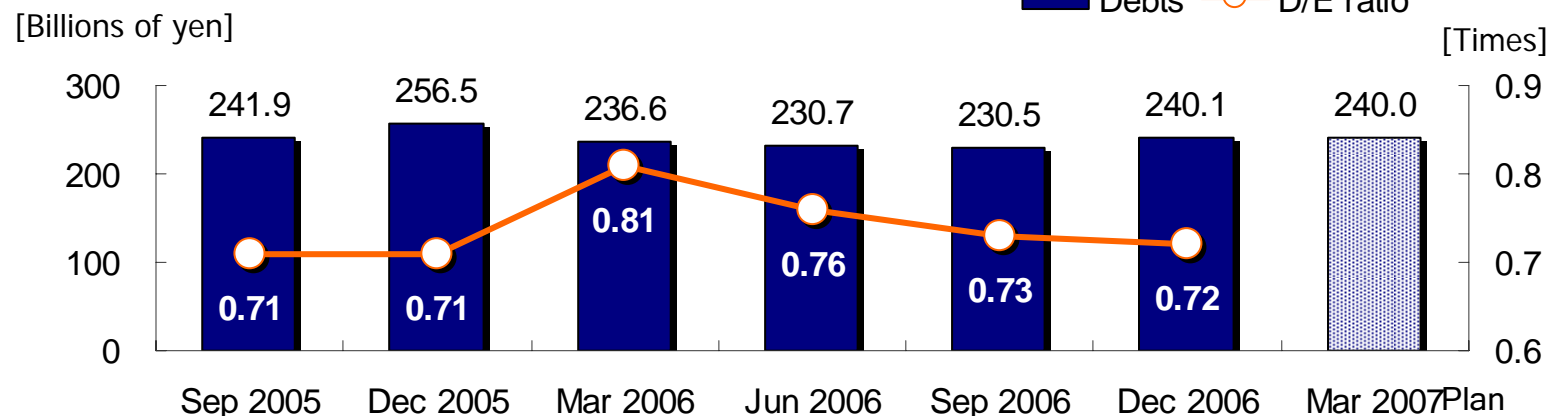
[Reference] B/S – Liabilities and shareholders' equity





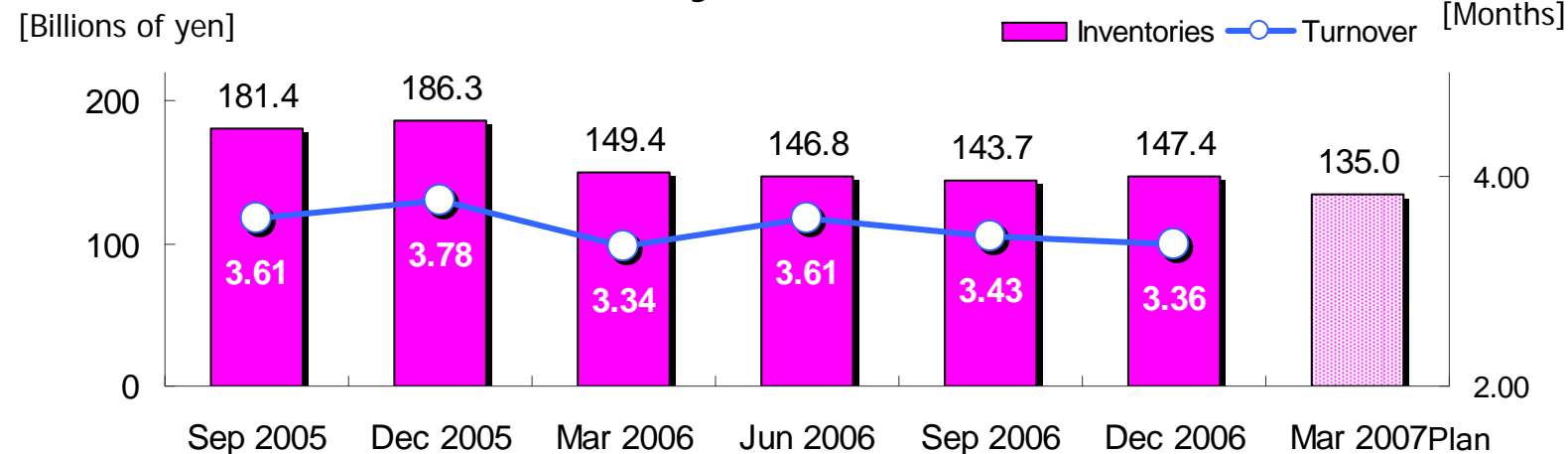
[Reference] Interest bearing debts and inventories

■ Interest-bearing debts



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

■ Inventories and inventory turnover

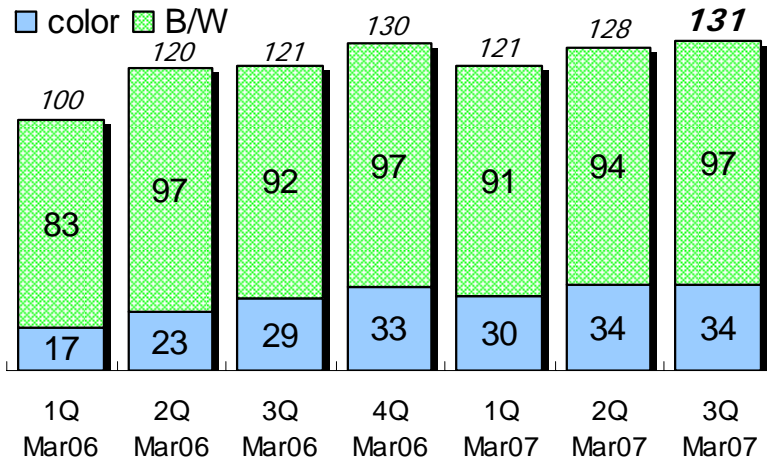


Inventory turnover (months) = Average inventories / Average cost of sales per month

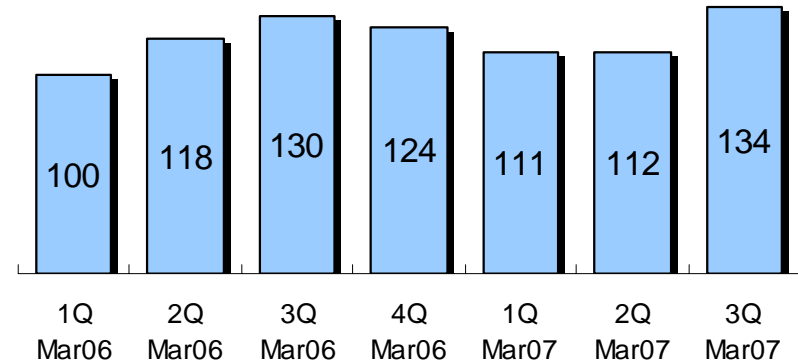
[Reference] Unit sales – Business Technologies



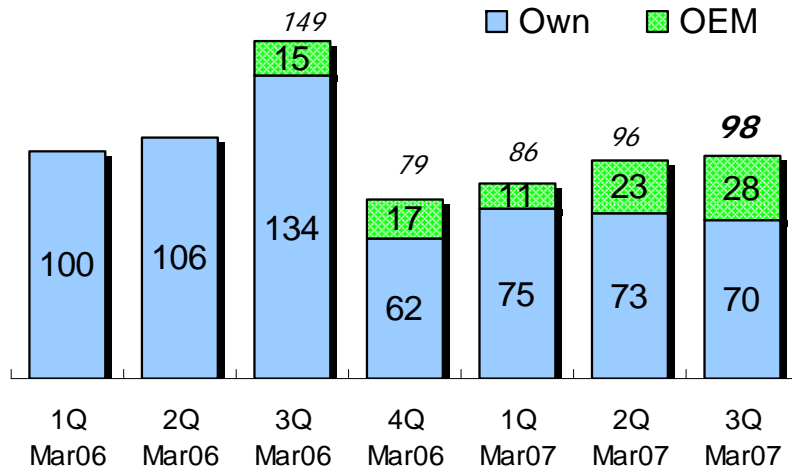
■ MFP



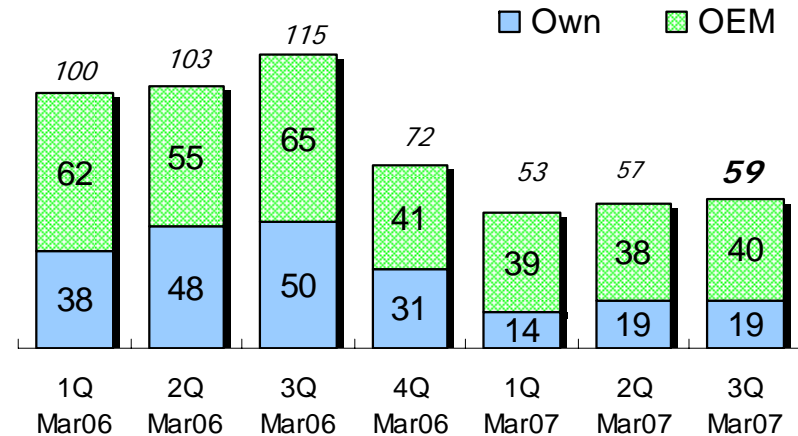
■ Production printing (Color and B/W)



■ Color LBP



■ B/W LBP

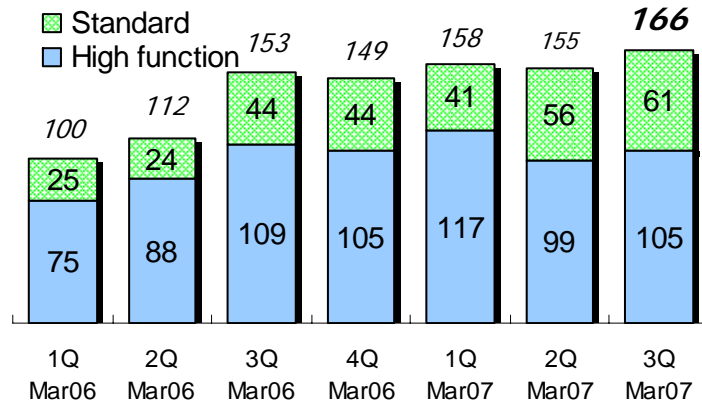


* Base index : "1Q Mar06" = 100

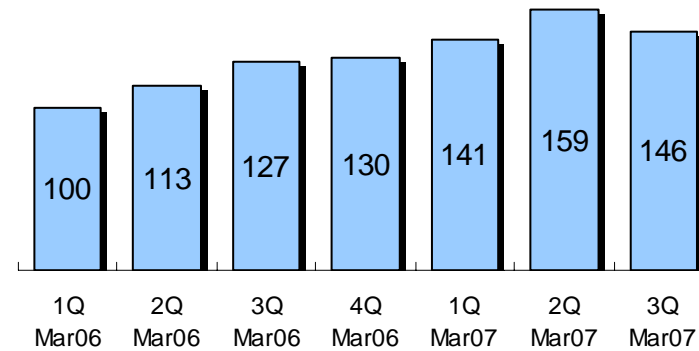
[Reference] Unit sales – Optics



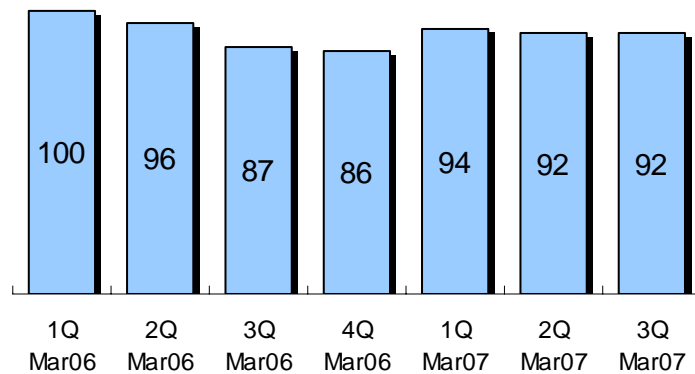
TAC film



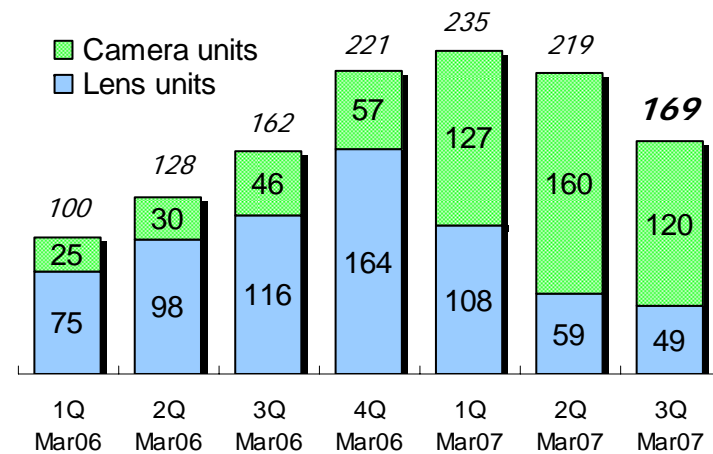
Glass HD



Optical pickup lens



Lens/camera units for mobile phones

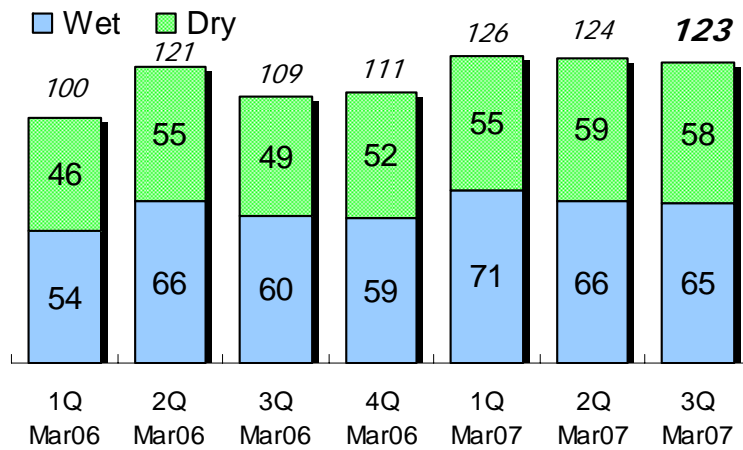


* Base index : "1Q Mar06" = 100

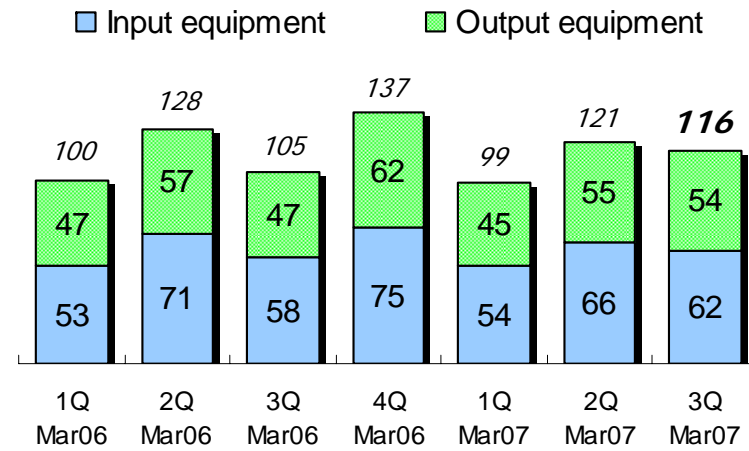
[Reference] Unit sales – Medical & Graphic



■ Medical film (dry & wet)



■ Image input/output equipment



* Base index : "1Q Mar06" = 100



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The essentials of imaging