

Konica Minolta Group Consolidated Financial Results 1Q/March 2010 [April – June 2009]

August 6, 2009

Yasuo Matsumoto
Senior Executive Officer
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.

1Q/March 2010 financial results



				[Ref.]	[Billions of yen]
	1Q	1Q	YoY	4Q	QoQ
	Mar/2010	Mar/2009		Mar/2009	
Net sales	189.4	255.1	-65.7	201.2	-11.8
Gross income	79.7	119.9	-40.3	80.6	-1.0
<i>Gross income ratio</i>	42.1%	47.0%		40.1%	
Operating income	-0.6	24.5	-25.1	-7.1	6.5
<i>Operating income ratio</i>	-0.3%	9.6%		-3.5%	
Ordinary income	0.6	27.9	-27.3	-8.7	9.3
Net income before taxes	0.4	30.8	-30.4	-17.4	17.8
Net income	0.3	17.6	-17.3	-12.2	12.5
<i>Net income ratio</i>	0.2%	6.9%		-6.0%	
EPS [Yen]	0.56	33.22		-22.95	
CAPEX	7.5	13.7	-6.2	13.9	-6.4
Depreciation	15.4	16.2	-0.8	18.5	-3.1
R&D expenses	17.7	20.9	-3.2	19.0	-1.4
FCF	5.1	-9.3	14.4	11.0	-5.9
FOREX [Yen] USD	97.32	104.55	-7.23	93.61	3.71
Euro	132.57	163.43	-30.86	121.81	10.76

YoY: 1Q/March 2010 vs. 1Q/March 2009

■ **Net sales**

Actual change: -45.8 billion yen or -18%, Forex impact: -19.9 billion yen

■ **Operating profit (loss)**

Actual change: -16.8 billion yen or -69%, Forex impact: -8.2 billion yen

QoQ: 1Q/March 2010 vs. 4Q/March 2009

■ **Net sales decreased by 11.8 billion yen**

Optics sales increased, but sales of all other remaining businesses, including Business Technologies, decreased.

■ **Gross profit ratio improved by 2 percentage points**

Owing to increased sales in Optics although Business Technologies profit decreased.

■ **SGA decreased by 7.5 billion yen (excluding forex: -9.7 billion yen)**

Cost reduction efforts were successful.

As a result.....

Operating profit improved by 6.5 billion yen.

Ordinary income, income before income taxes, and net income turned profitable.

1Q/March 2010 consolidated results – Segment

Net sales				[Ref.]	[Billions of yen]
	1Q Mar/2010	1Q Mar/2009	YoY	4Q Mar/2009	QoQ
Business Technologies	127.2	166.7	-39.5	137.4	-10.2
Optics	34.0	51.1	-17.1	26.9	7.1
Medical & Graphic	23.7	31.3	-7.6	31.3	-7.5
Other businesses	2.8	4.0	-1.2	3.2	-0.4
HD and eliminations	1.7	2.1	-0.4	2.4	-0.7
Group total	189.4	255.1	-65.7	201.2	-11.8

Operating income				[Ref.]	[Billions of yen]
	1Q Mar/2010	1Q Mar/2009	YoY	4Q Mar/2009	QoQ
Business Technologies	0.2	17.1	-16.9	4.8	-4.6
<i>Operating income ratio</i>	<i>0.2%</i>	<i>10.3%</i>		<i>3.5%</i>	
Optics	1.7	8.8	-7.2	-6.9	8.6
<i>Operating income ratio</i>	<i>4.9%</i>	<i>17.3%</i>		<i>-25.6%</i>	
Medical & Graphic	0.8	1.4	-0.6	-1.1	1.9
<i>Operating income ratio</i>	<i>3.5%</i>	<i>4.5%</i>		<i>-3.5%</i>	
Other businesses	-0.2	0.3	-0.5	-0.0	-0.2
HD and eliminations	-3.1	-3.3	0.1	-4.0	0.8
Group total	-0.6	24.5	-25.1	-7.1	6.5
<i>Operating income ratio</i>	<i>-0.3%</i>	<i>9.6%</i>		<i>-3.5%</i>	

Other businesses: Sensing and Industrial Inkjet businesses

1Q/March 2010 consolidated results – Comments



KONICA MINOLTA

■ Business Technologies

Unit sales of MFPs for both offices and production printing continued to lag, reflecting weaker market conditions stemming from corporations' scaling-back of capital investments and credit contractions.

■ Optics

Since the 3Q / Mar2009, sales of our products partially recovered after falling in the phase of a rapid production adjustment by makers of digital electric appliances. But harder cost competition is anticipated.

■ Medical & Graphic

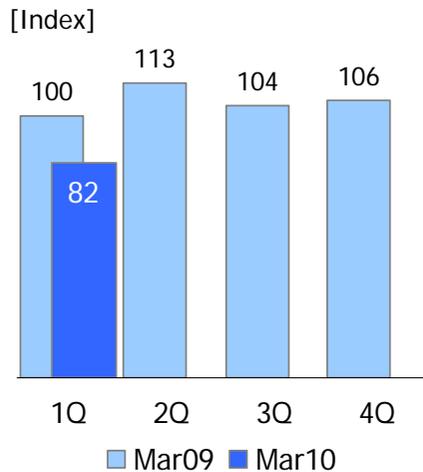
Sales of digital hardware for clinics in overseas were strong.

Sales trends in Business Technologies

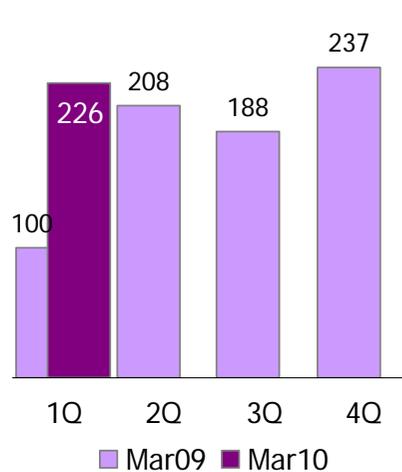


KONICA MINOLTA

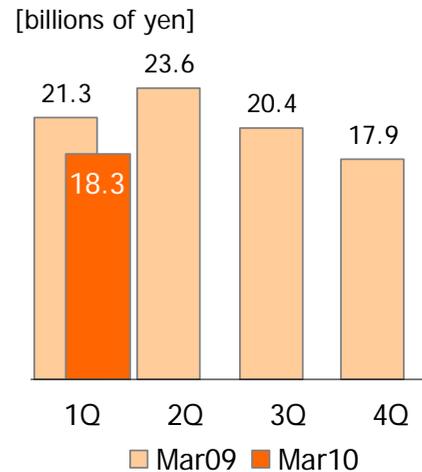
■ Color MFP
– Unit sales
YoY: -18%, QoQ: -23%



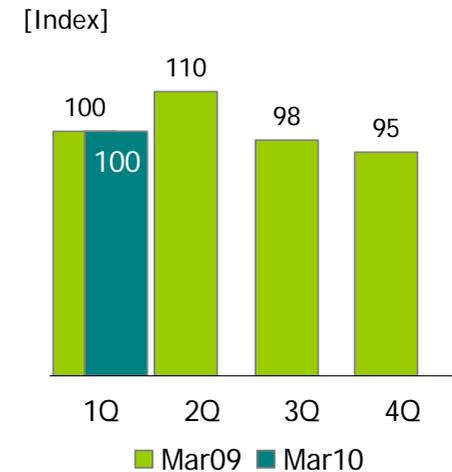
■ Color tandem LBP
– Unit sales
YoY: +126%, QoQ: -5%



■ Production printing
– Net sales
YoY: -14% (-4%), QoQ: +2%
(%) = Excluding FOREX effect



■ MFP non-hardware
– Net sales (Color + B/W)
YoY: 0% (+9%), QoQ: +6%
(%) = Excluding FOREX effect



* Base index : "1Q Mar09 " = 100

*Sum of five major sales companies:
Japan, US, UK, Germany, France

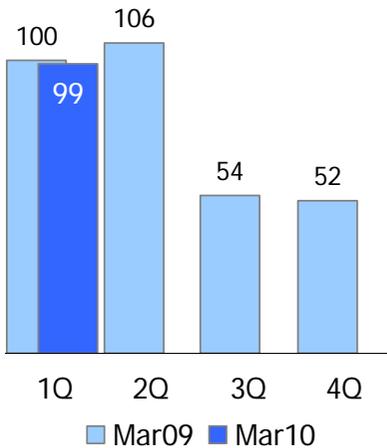
- **Color MFP** → Sales of hardware for offices experienced sluggish growth in the weaker market conditions mainly in Europe and the US.
- **Color LBP (tandem)** → Sales of A4-color tandem LBPs for offices were solid.
- **Production printing** → Although sales of hardware for production printing decreased, sales of non-hardware remained solid. (Change YoY excluding forex: +41%)
- **MFP non-hard** → Sales maintained an actual increase of 9%, excluding forex effect.



Sales trends in Optics

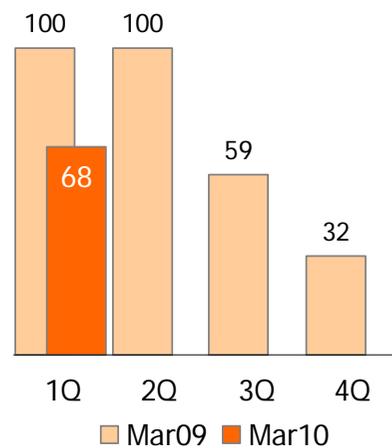
TAC film – Unit sales

YoY: -1%, QoQ: +89%



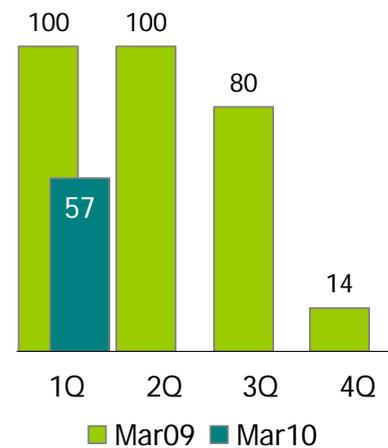
Optical pickup lenses – Unit sales

YoY: -32%, QoQ: +116%



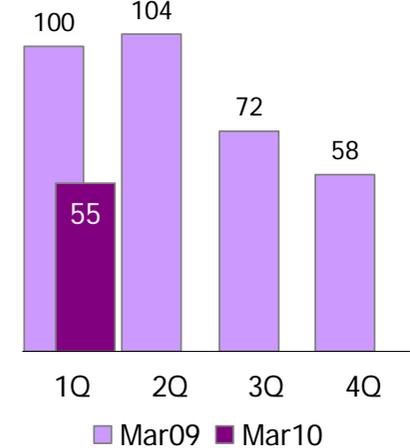
Glass HD substrates – Unit sales

YoY: -43%, QoQ: +299%



Mobile phone components – Unit sales

YoY: -45%, QoQ: -4%



*Base index : "1Q Mar09 " = 100

- **TAC film** → Production at panel makers recovered with solid TV sales, helped primarily by economic measures undertaken by the Chinese and Japanese governments. Production volumes returned to the same level of the 1Q / Mar2009, which was at record levels.
- **Optical pickup lenses** → Although sales for conventional products were recovering, the demand for BD for PCs was still weak.
- **Glass substrates for HD** → Demand gradually recovered late in the 1Q / Mar2010.
- **Components for camera equipped mobile phones** → The delivery volume continued to lag due to delay in recovery of volumes for end users.

Operating profit analysis

1Q/Mar10 vs. 1Q/Mar09

[Factors]

	[Billions of yen]			
	Business Technologie	Optics	Other	Total
Forex impact	-7.5	-0.1	-0.5	-8.2
Depreciation of goodwill related to newly consolidated subsidiaries	-1.2	-	-	-1.2
Prince change	-3.1	-4.1	0.0	-7.2
Sales volume change, and other, net	-12.5	-7.0	-2.8	-22.3
Cost down	1.8	1.3	0.0	3.1
SG&A change, net	5.6	2.8	2.4	10.8

[Operating income]

Change, YoY	-16.9	-7.2	-1.0	-25.1
-------------	-------	------	------	-------

Ref: 1Q/Mar09 vs. 4Q/ Mar09

[Factors]

	[Billions of yen]			
	Business Technologie	Optics	Other	Total
Forex impact	2.3	0.1	0.2	2.7
Prince change	-1.5	-0.8	0.0	-2.3
Sales volume change, and other, net	-13.7	6.6	1.5	-5.5
Cost down	0.3	0.4	-0.4	0.3
SG&A change, net	7.9	2.2	1.2	11.3

[Operating income]

Change, QoQ	-4.6	8.6	2.6	6.5
-------------	------	-----	-----	-----

*Impact of exchange rate fluctuation if given 1 yen change (full-year base): USD→ 50 million yen, Euro→ 700 million yen

Reducing fixed production costs

Optimizing the domestic and overseas production systems and personnel of the Optics Business

- Personnel optimization was completed in the 4Q / Mar2009.
- The effect of personnel downsizing for the 1Q / Mar2010 was approx. 2 billion yen YoY.

Reducing SGA expenses

Streamlining overseas sales organizations for Business Technologies

- The implementation of programs progress as planned in the 1Q / Mar2010.
- The effect of labor cost reductions was approx. 2 billion yen YoY on an exchange impact excluded basis.

The total cost reduction of major fixed costs including R&D costs and depreciation costs amounted to approx. 11.0 billion yen YoY, excluding forex effect.



Recognitions based on 1Q

Business Technologies

The downturn in MFP market conditions was initially sharper than had been expected, given continued tighter credit control for new leases and a scaling back of capital investment by corporate customers.

Group

Although the results of our fixed cost cutting programs surpassed the initial target, their effect on profit was offset by tougher price competition and sluggish sales growth.



In Business Technologies, we will make every possible effort to maintain sales volume.

For the Group-wide action, we will rapidly improve profit, and create a solid structure that can constantly generate profit and withstand a severe business environment.



KONICA MINOLTA

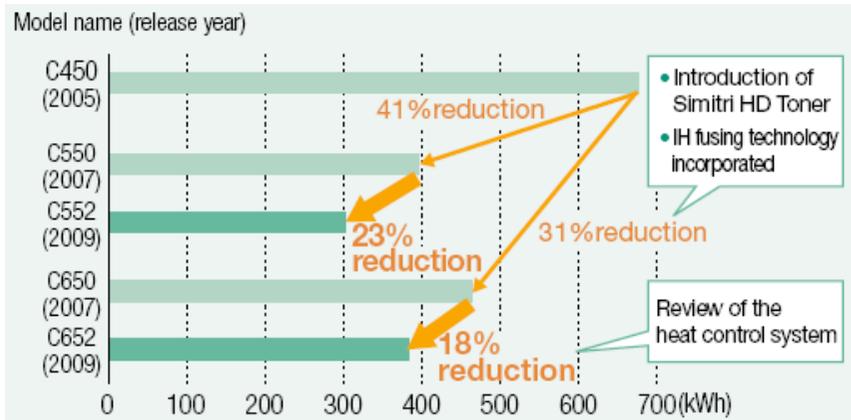
New series of office color MFPs

bizhub C652/C552

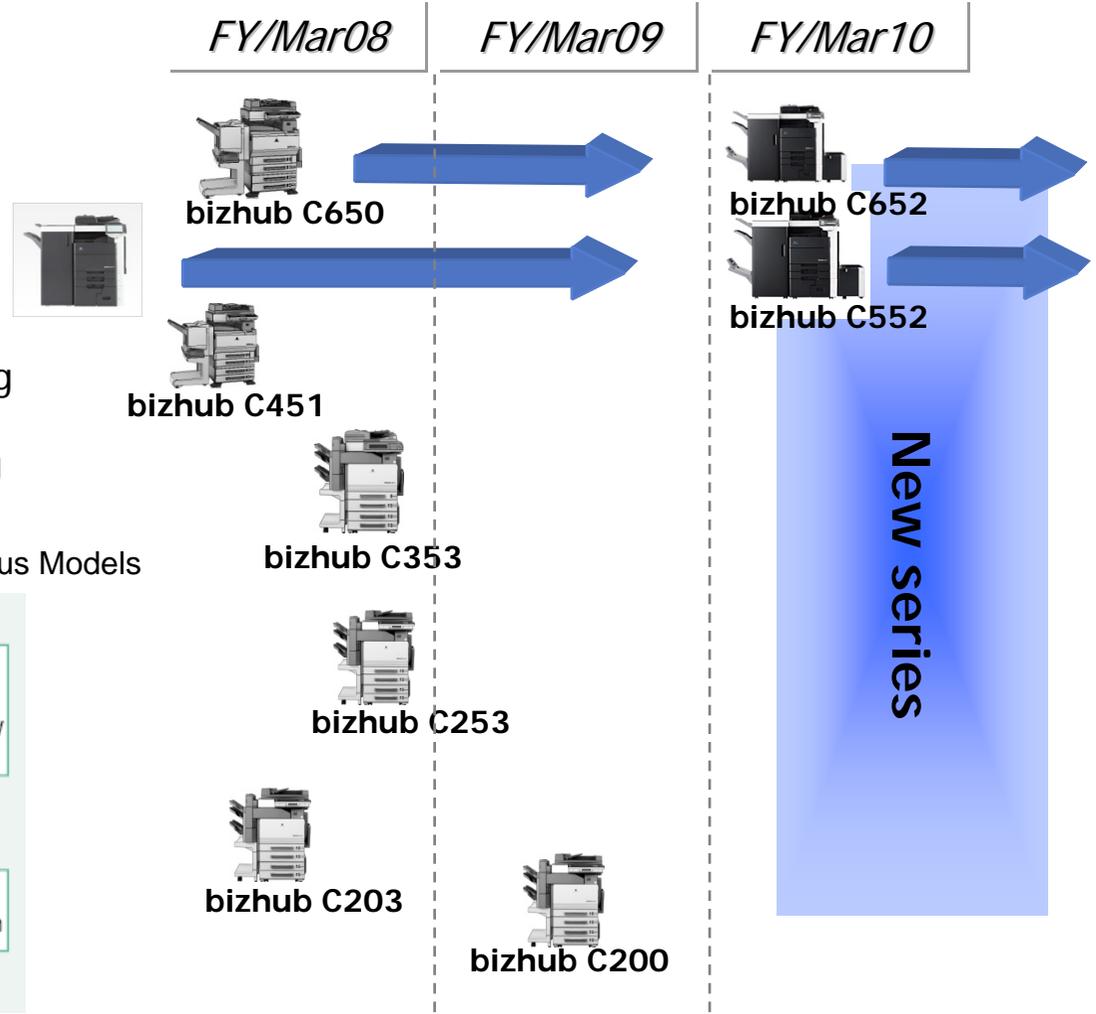


- Power consumption saving by adopting IH fixing
- New auto-refining development system
- Short warm-up time and low-temperature fixing

◆ Comparison of Energy-Saving Performance with Previous Models



Figures were calculated by converting the Typical Electricity Consumption (TEC) value, obtained by the measurement method as stipulated by the International Energy Star Program over a 52-week (one year) period.



Forecasts 1H and 2H/March 2010

Announced May 14, 2009



[Billions of yen]

	FORCAST FY/Mar10		
	1H	2H	FY
Net sales	404.0	476.0	880.0
Operating income	16.0	29.0	45.0
<i>OP ratio</i>	<i>4.0%</i>	<i>6.1%</i>	<i>5.1%</i>
Ordinary income	12.0	26.0	38.0
Net income before taxes	6.0	24.0	30.0
Net income	3.5	13.5	17.0
<i>Net income ratio</i>	<i>0.9%</i>	<i>2.8%</i>	<i>1.9%</i>
CAPEX			50.0
Depreciation			70.0
R&D expenses			75.0
FCF			30.0

Exchange rates: 1 USD → 95 yen, 1 Euro → 125 yen



Forecasts 1H and 2H/March 2010 - Segment

Announced May 14, 2009

[Billions of yen]

Net sales	FORECAST FY/Mar10		
	1H	2H	FY
Business Technologies	275.0	315.0	590.0
Optics	65.0	90.0	155.0
Medical & Graphic	52.0	58.0	110.0
Other businesses	7.0	8.0	15.0
HD and eliminations	5.0	5.0	10.0
Group total	404.0	476.0	880.0

Operating income	FORECAST FY/Mar10		
	1H	2H	FY
Business Technologies	19.5	21.5	41.0
<i>Operating income ratio</i>	<i>7.1%</i>	<i>6.8%</i>	<i>6.9%</i>
Optics	2.5	14.5	17.0
<i>Operating income ratio</i>	<i>3.8%</i>	<i>16.1%</i>	<i>11.0%</i>
Medical & Graphic	0.5	1.5	2.0
<i>Operating income ratio</i>	<i>1.0%</i>	<i>2.6%</i>	<i>1.8%</i>
Other businesses	0.5	0.5	1.0
HD and eliminations	-7.0	-9.0	-16.0
Group total	16.0	29.0	45.0
<i>Operating income ratio</i>	<i>4.0%</i>	<i>6.1%</i>	<i>5.1%</i>

Other businesses: Sensing and Industrial Inkjet businesses



Supplementary Information

SGA, non-operating and extraordinary income/loss



KONICA MINOLTA

	[Billions of yen]		
SGA	1Q/Mar10	1Q/Mar09	YoY
Selling expenses - variable	8.9	13.0	-4.0
R&D expenses	17.7	20.9	-3.2
Labor costs	31.0	36.1	-5.0
Other	22.7	25.6	-2.9
SGA total*	80.3	95.5	-15.2

* *Forex impact: -6.0 billion yen (Actual: -9.2 billion yen)*

Non-operating income/ loss:

Interest and dividend income/loss, net	-0.4	-0.1	-0.3
Foreign exchange gain, net	1.4	2.5	-1.1
Other	0.2	1.0	-0.8
Non-operating income/ loss, net	1.2	3.5	-2.3

Extraordinary income/ loss:

Sales of noncurrent assets, net	-0.2	-0.4	
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	-0.2	2.8	
Gain on transfer of business	-	3.1	
Reversal of provision for loss on business liquidation (Photo Imaging)	0.5	0.0	
Business structure improvement expenses	-0.8	-0.6	
Loss on revision of retirement benefit plan	-	-2.0	
Other	0.6	-0.0	
Extraordinary income/ loss, net	-0.2	2.8	

B/S

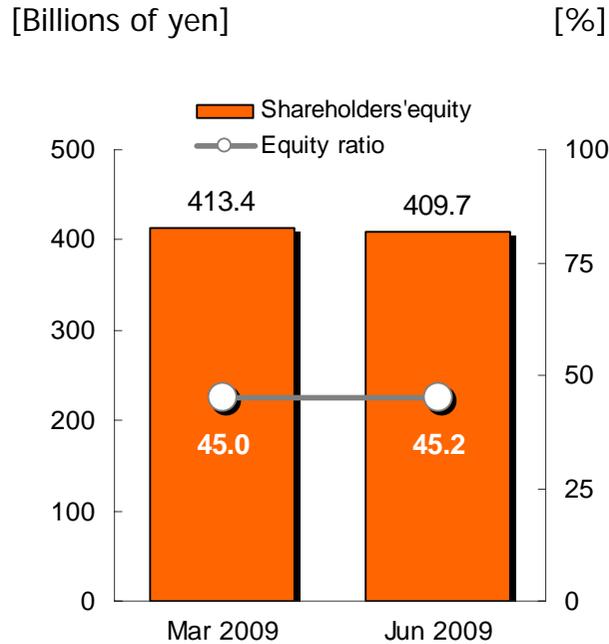
[Billions of yen]

Assets:	Jun 2009	Mar 2009	Change		[Yen]		
					Jun 2009	Mar 2009	YoY
Cash and short-term investment securities	154.0	133.7	20.2	US\$	96.01	98.23	-2.22
Notes and A/R-trade	162.7	171.8	-9.2	Euro	135.53	129.84	5.69
Inventories	116.9	129.2	-12.3				
Other	68.4	70.2	-1.8				
Total current assets	502.0	504.9	-2.9				
Tangible assets	222.4	227.9	-5.4				
Intangible assets	108.0	111.6	-3.6				
Investments and other assets	74.6	73.7	0.9				
Total noncurrent assets	405.0	413.1	-8.1				
Total assets	907.0	918.1	-11.0				
Liabilities and Net Assets:							
Notes and A/P-trade	67.0	87.1	-20.1				
Interest bearing debts	253.0	230.4	22.6				
Other liabilities	176.3	186.3	-9.9				
Total liabilities	496.3	503.8	-7.4				
Total shareholders' equity*	409.7	413.4	-3.7				
<i>* Shareholders' equiti + valuation and translation adjustments</i>							
Other	1.0	0.9	0.1				
Total net assets	410.7	414.3	-3.6				
Total liabilities and net assets	907.0	918.1	-11.0				



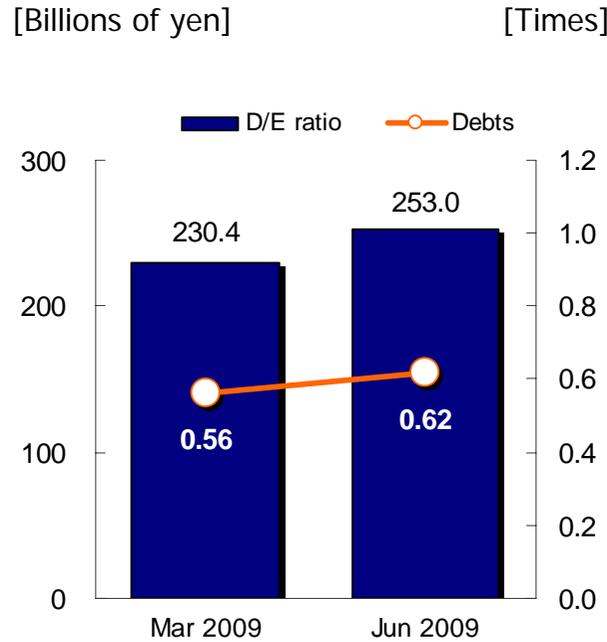
B/S – Main indicators

■ Equity ratio



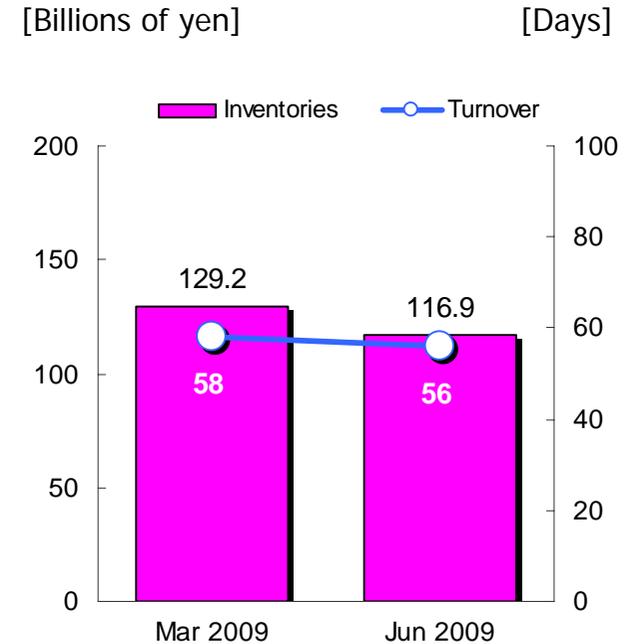
Equity ratio = Equity / Total assets
 Equity = Shareholder's equity +
 Total revaluation and translation adjustments

■ Interest-bearing debts



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

■ Inventories and inventory turnover



Inventory turnover (days) =
 Inventories at year-end / Average
 sales per day

Cash flows

	1Q/Mar10	1Q/Mar09	[Billions of yen] YoY
Income before income taxes and minority interests	0.4	30.8	-30.4
Depreciation and amortization	15.4	16.2	-0.8
Income taxes paid	-0.9	-18.4	17.5
Change in working capital	-0.6	-6.3	5.8
I. Net cash provided by operating activities	14.3	22.2	-7.9
II. Net cash provided by investing activities	-9.1	-31.5	22.4
I.+ II. Free cash flow	5.1	-9.3	14.4
Change in debts and bonds	21.2	-16.2	37.4
Cash dividends paid	-5.3	-3.9	-1.4
Other	-0.5	-1.2	0.7
III. Net cash provided by financing activities	15.4	-21.3	36.7