

Konica Minolta Group Medium Term Business Plan

GPLAN 2013

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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.



I . Execute structural reforms (survival, innovation)

- Result** Reduced fixed costs ¥38.0 billion (FY2009); generated a FCF of ¥96.0 billion (FY2009 and FY2010).
- Unachieved** Were not able to respond to changes in circumstances in FY2010; were fluctuations in quarterly results.

II . Achieve strong growth (strengthen and expand existing businesses, develop new businesses)

- Result** Strengthened the production printing business and global OPS system; recovered VA-TAC market share.
- Unachieved** Growth in existing business through the color genre-top strategy was not able to offset the effect of the yen's appreciation.

III . Reform the corporate culture (simply BOLD)

- Result** Developed Group-wide awareness changing activities named "simply BOLD"

Policy: 3 Challenges



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1) Achieving growth, Expanding the scale

2) Changing into a “Global Company”

3) Increasing the recognition of the Konica Minolta brand.

5 Key Themes

(1) Growth Strategy

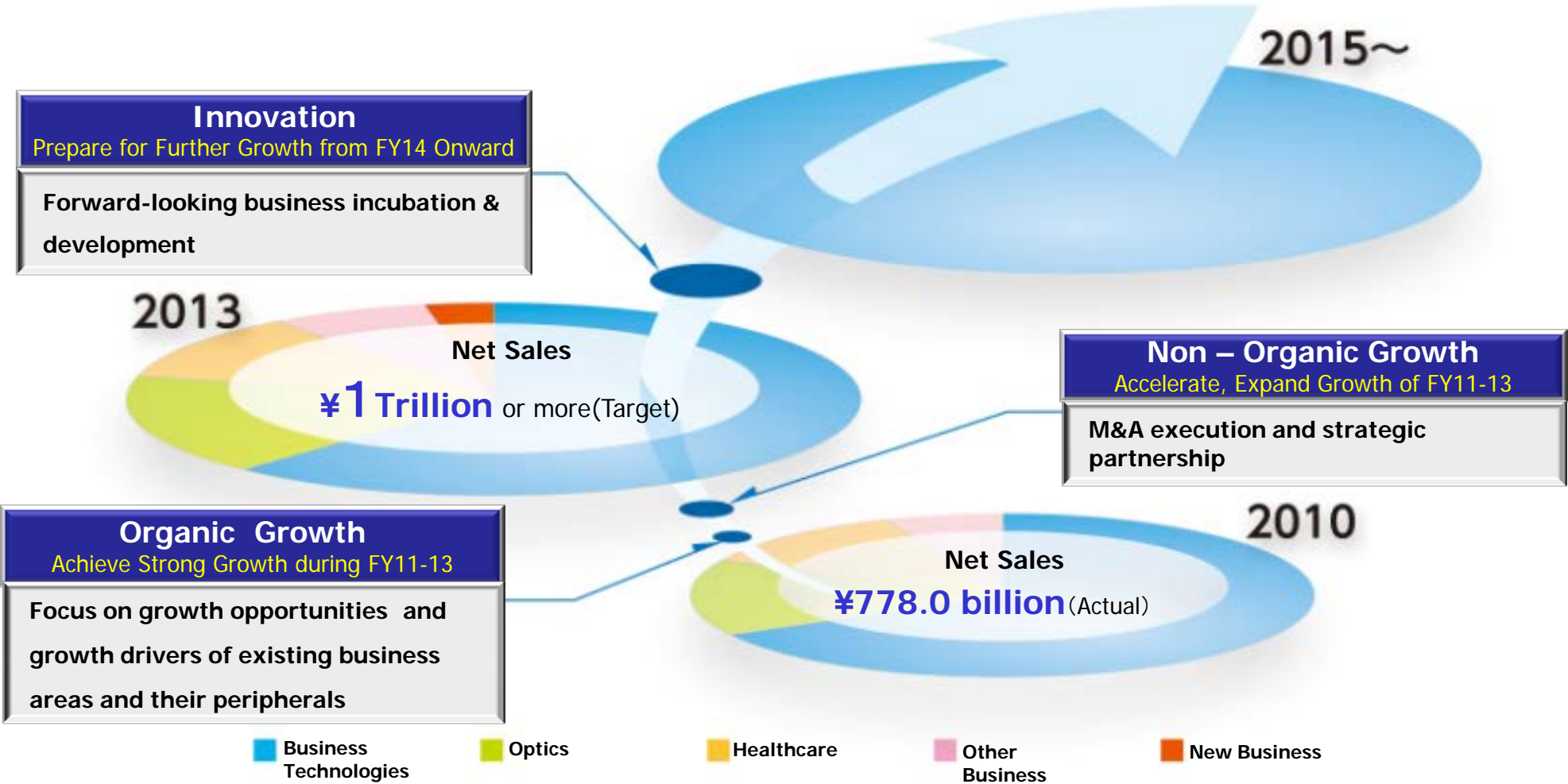
(2) Enhancing Profitability

(3) Increasing Deployment Capability

(4) Group Interconnecting Strategy

(5) Becoming a “Global Company”

(1) Growth Strategy



Promoting the genre-top strategy and expanding sales in growth fields

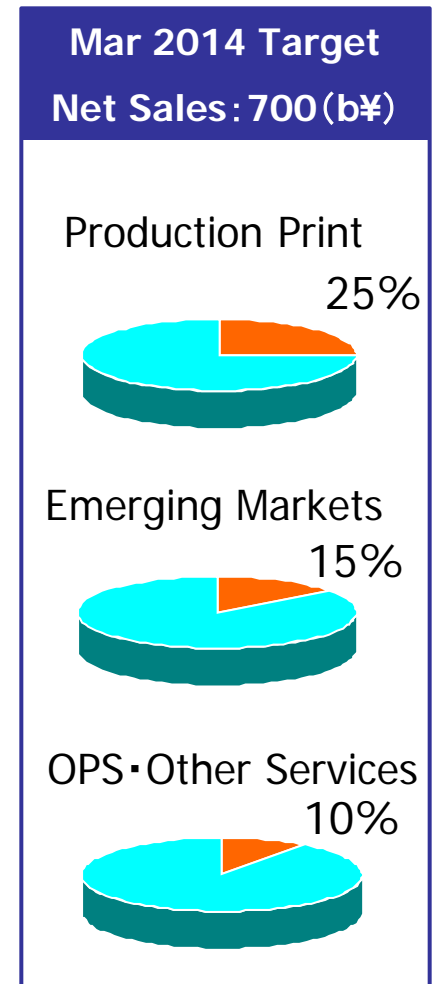
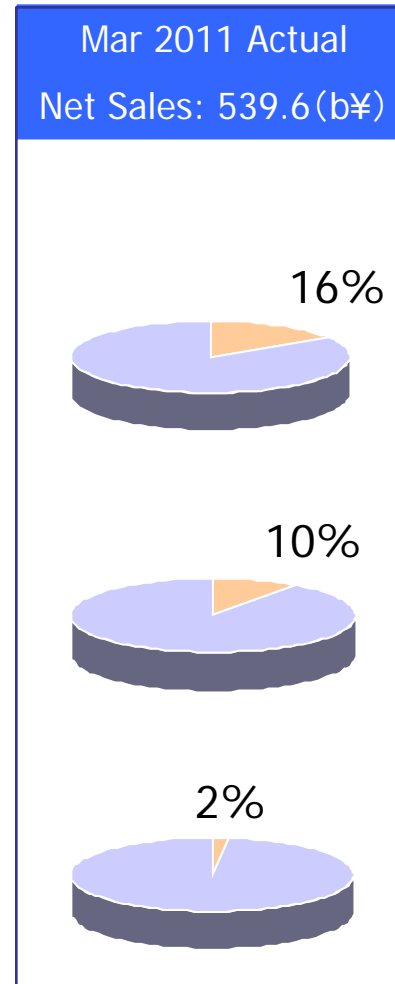
Measures for Growth

【Office MFP】

- ▶ Expanding the genre-top position by launching new series of color products.
- ▶ Expanding A4 products and expand sales in emerging markets, especially in China and other Asian markets.

【Printing Product】

- ▶ Achieving the top position in the color PV field.
- ▶ Expanding the product line-up from lightweight systems to heavy systems.
- ▶ Strengthening our capabilities to meet the needs of customers by industry.



Growth Strategy: Business Technologies (Appendix)

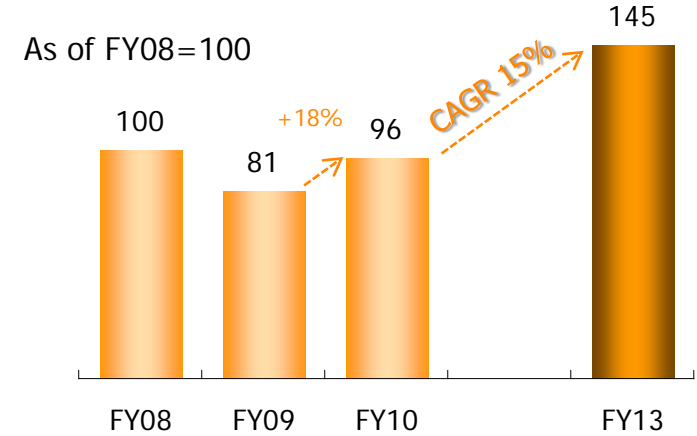
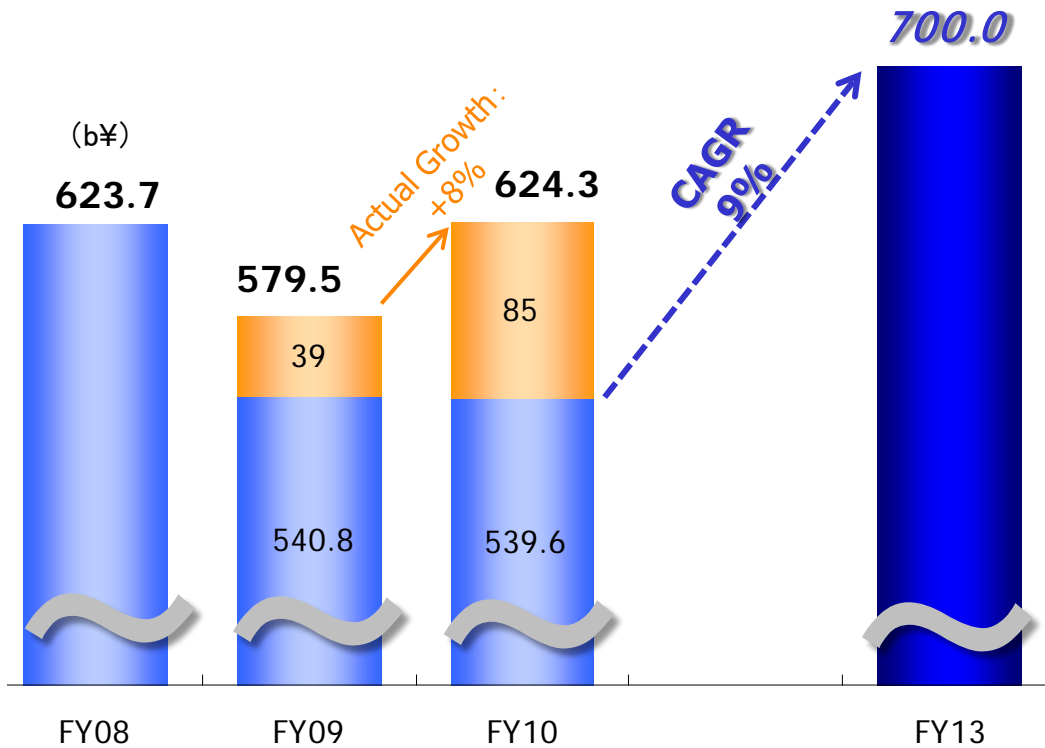


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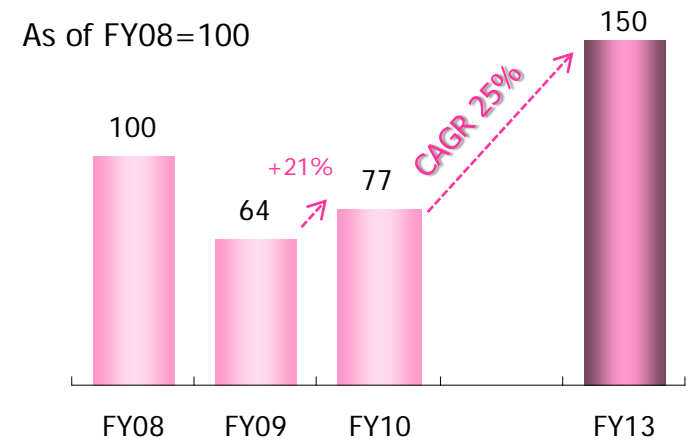
Actual growth in net sales coupled with effect of exchange rate

A3 Color MFP (Units)

Forex Impact
Net Sales



Color Production Printing Machine (Units)



Growth Strategy: Optics



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Creating second and third pillars of revenue in growth fields in addition to the existing revenue base of TAC films

Measures for Growth

【TAC film】

- ▶ Securing growth in VA-TAC and IPS fields using the advantage of thin and extra-wide films.

【Optical Units】

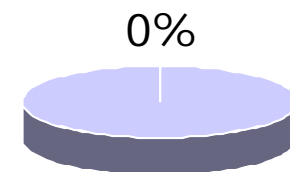
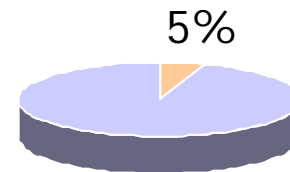
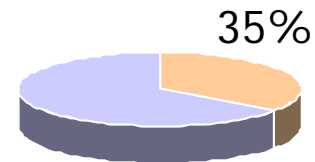
- ▶ Expanding sales in growth areas such as optical units for interchangeable lenses for single lens reflex cameras and smartphones.

【New Area】

- ▶ Accelerating commercialization especially in the LED lighting field.

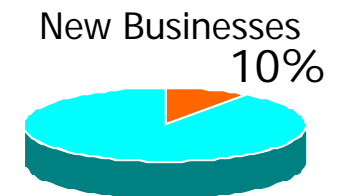
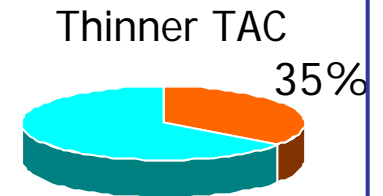
Mar 2011 Actual

Net Sales: 129.8 (b¥)



Mar 2014 Target

Net Sales: 200 (b¥)



Growth Strategy: Healthcare



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Changing our business structure to increase revenues from digital equipment and IT services

Measures for Growth

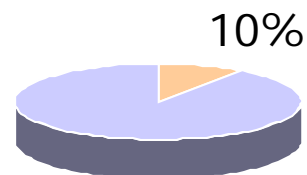
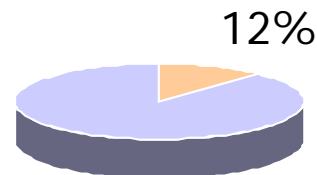
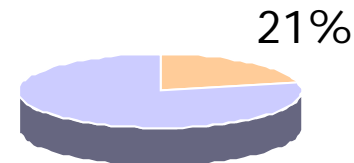
CR•DR

- ▶ Developing new self-developed Digital Radiography products in earnest based on our genre-top position in small Computed Radiography systems in the clinical market.

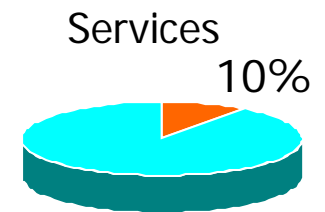
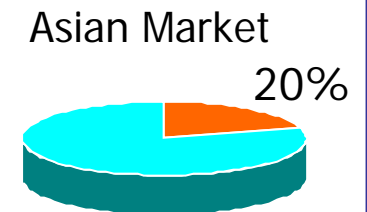
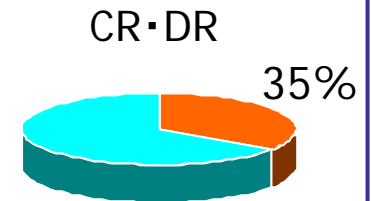
Services

- ▶ Expanding new value-added services using the Internet in addition to revenues from services, especially maintenance, based on the customer base established in the Computed Radiography business.

Mar 2011 Actual
Net Sales: 77.9(b¥)



Mar 2014 Target
Net Sales: 100(b¥)



Growth Strategy: Others

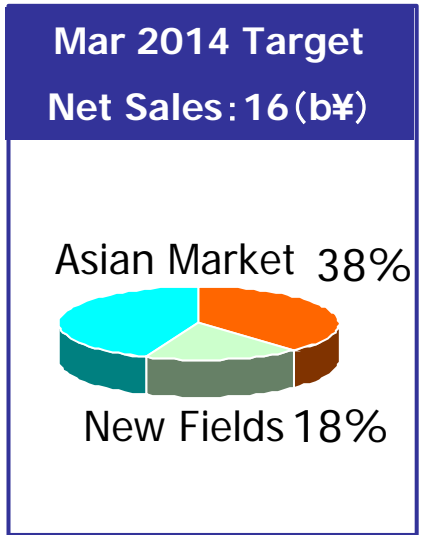
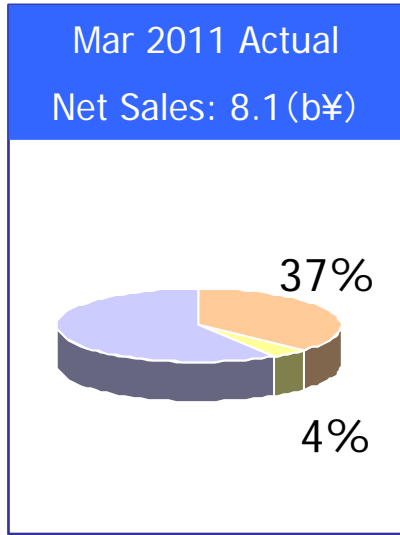


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Sensing

Measures for Growth

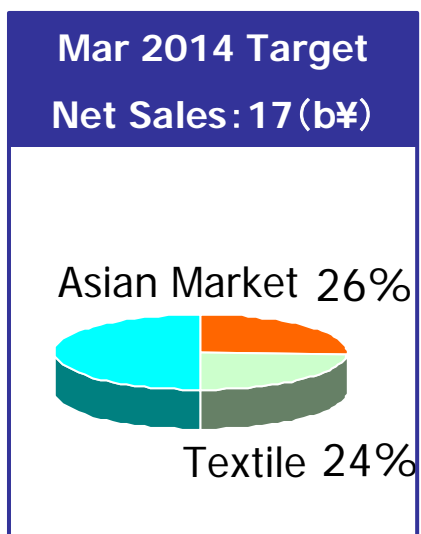
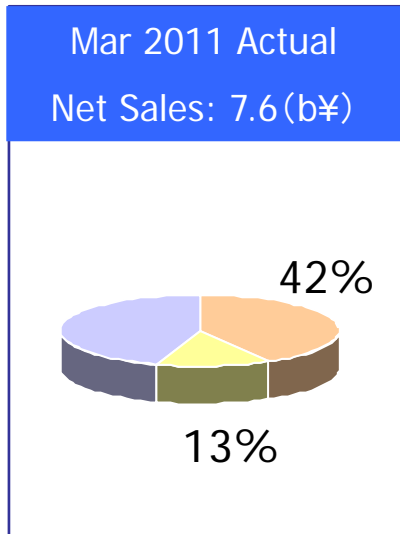
- ▶ Expansion in emerging countries, mainly in Asia.
- ▶ Developing new fields such as solar cell measurement.



Industrial Inkjet

Measures for Growth

- ▶ Focus on Asian market for components.
- ▶ Enhance overseas markets (Asia and Europe) through expanding product line up for textile printing.





Creating next-generation business pillars in the field of energy saving and energy creation and contributing widely in society

LED Lighting



- ▶ Received orders for a light guiding module for display shelves as the first step in the LED lighting business, and will start shipment in FY2011.
- ▶ Will establish an innovative phosphor coating technology, using our glass materials technology and thin-film technologies, and will commercialize it in FY2012.

OLED Lighting



- ▶ Accelerating commercialization using vapor deposition in addition to coating technology and will launch a small quantity of a product in FY2011.
- ▶ Terminated the alliance agreement with GE at the expiry of the agreement.

OPV

- ▶ Konarka Technologies and Konica Minolta will assess jointly developed technologies in 2012 and will make a decision on policy from that time.

(2) Enhancing Profitability



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Pursuing management that will make a profit in changing circumstances

Reformation of Product and Business Model

- ▶ Products and business models that will make a sufficient profit in emerging markets and in new operations and business categories.

Cost Reduction and Productivity Improvement

- ▶ Technological innovation, automation/labor saving.
- ▶ Cut costs, improve productivity and reduce losses.

Optimization of Hub And Operation

- ▶ Using development and production resources in China and India.

(3) Increasing Deployment Capability



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Increasing the sensitivity for growth fields for quick response and steady growth

Speed

- ▶ Speedy business development and expansion capabilities.
- ▶ Increasing the speed of M&A and alliances.

Real Time Management

- ▶ Increasing the level of data management capability.
- ▶ Enhancing SCM, CRM, and pipeline management.

(4) Group Interconnecting Strategy



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Aiming to bolster our global operating base

Human Resource

- ▶ Cultivating executives and leaders that will manage globally

Technology

- ▶ Creating next-generation core technologies
- ▶ Enhancing basic technologies

Financing/Accounting

- ▶ Financing for growth
- ▶ Responding to the applications of IFRS

CSR/Branding

- ▶ Integrating CSR and business activities
- ▶ Recognition and value of the brand as a B2B company

(5) Becoming a “Global Company”



KONICA MINOLTA

Pursue total optimization, in which each business unit and site worldwide act as one company

- ▶ Thinking and acting from a global perspective.
- ▶ Developing globally, while relegating some responsibilities to local operations.
- ▶ Work and communication that will be accepted globally.

Performance Targets FY2013



Net Sales

▶ **¥1 Trillion** or more

OPM

▶ **8%** or more

ROE

▶ **10%** or more

Investments for Future Growth (In Three Years)

R&D

▶ ¥250.0 bn.

Investment/Loan

▶ ¥220.0 bn.

Dividend Policy

▶ A consolidated payout ratio of 25% or more.

▶ In line with this policy, the company is aiming to increase dividends in proportion to increases in net profit.

Share Buyback

▶ We will determine the appropriate timing for share buyback as part of returns to our shareholders through improved capital efficiency, based on changes in the share price.