Konica Minolta Group
Q&A from FY March 2012 Financial Results Briefing Session

Date: May 10, 2012 19:00 – 20:00 JST
Place: Daiwa Sky Hall (Tokyo, Japan)

Cautionary Statement
This material was prepared for those who were unable to attend the financial results briefing person and is intended only for reference purposes. Readers are asked to acknowledge in advance that the following text is not a verbatim account of everything that was said at the briefing but a basic summary whose content was determined by Konica Minolta.
Moreover, readers are asked to further acknowledge in advance that the business performance outlook and other content concerning future results in this document is based upon information that the company has at present and upon a rational evaluation based on certain assumptions and, additionally, that actual business performance can greatly vary due to a number of factors.

■ Business Technologies

Q: Sales using the OPS (Optimized Print Service) approach have been strong. How was the Konica Minolta Group able to expand this business?

A: We had set up a base for OPS in Germany early on, which has been yielding results. We succeeded in extending the sales and support structure and knowledge built up in Germany throughout the Group as a global initiative and sharing the service program. Another factor was that our client companies are more cost-sensitive in this uncertain economic environment, and our services matched their needs.

Q: What factors are behind the Group’s success in acquiring new Global Major Accounts (GMA)?

A: We have brought a cumulative 90 companies into our GMA Business, of which 60 are based in Europe. Konica Minolta is a trusted name in European countries. I think that this can be attributed to our commitment to provide the same level of service in the global hubs to which our clients are expanding, based on our track record, and the ability of the Business Technology Business’s headquarter and its sales subsidiaries throughout the world to respond rapidly by working hand-in-hand.

Q: Konica Minolta invested 10.0 billion yen in acquiring IT service providers in the fiscal year ended in March 2012; how much did this contribute to sales and operating income? Please also speak with reference to the 40.0 billion yen to be invested in the fiscal year ending in March 2013.

A: The series of acquisitions we made this past fiscal year increased sales by more than 10.0 billion yen, and operating income was in the black even when including the goodwill amortization resulting from the acquisitions. We have not yet confirmed all of our acquisitions for the fiscal year ending in March 2013, and net sales, operating income and other income forecasts do not factor in the effect of acquisitions. However, the 40.0 billion yen in investments is reflected in our cash flow plan.
Moreover, while it is difficult to quantify the effects on an individual basis, these acquisitions are

generating synergy effects, as evidenced by an increase in approaches involving IT services in dealer channels, not just direct sales channels, now that our IT service support capacity has strengthened.

■ Optics Business

Q: While sales volumes of TAC films for LCD polarizers increased 21% year on year in the fiscal year ended in March 2012, you forecast 10% growth in the fiscal year ending in March 2013. What are the reasons for this, and what is the market outlook?

A: The TAC films market is expected to grow around 7% in the fiscal year ending in March 2013, during which we forecast a similar rate of growth for our TAC films sales plan. Sales of TAC films exceeded our initial forecast in the fiscal year ended in March 2012, thanks to higher sales of VA-TAC films for increasing viewing angle —an area in which we are highly competitive—and thin films, but our forecast for the current fiscal year factors in risks such as a harsher competitive environment and clients' production adjustments.

■ The Overall Group

Q: The Group's R&D expenses are about the same in the fiscal year ended in 2012 as you forecast for the current fiscal year; what is the thinking behind this?

A: The ratio of R&D expenses to net sales is high, exceeding 9% in both fiscal years. Given the uncertainties in our operating environment, we set a specific ceiling when planning our operating costs and are concentrating our resources in carefully selected areas that will directly contribute to earnings, such as issues that will help lower costs.

Q: The Group had solid earnings in the fiscal year ended in March 2012, despite the challenging business environment. What are the chances that the targets for the final fiscal year of the mid-term business plan "G PLAN 2013" will be achieved?

A: There are two years remaining until the final fiscal year of "G PLAN 2013," and the fiscal year ending in March 2013—the middle of the plan period—will be key to pursuing the initiatives that will enable us to achieve the plan targets.

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