**Konica Minolta Group**  
**Q&A from 3Q / March 2013 Financial Results Briefing Session**  

Date: January 31, 2013 18:30 – 19:30 JST  
Place: Nomura Conference Plaza Nihonbashi (Tokyo, Japan)

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**Business Technologies**

Q: Sales of A3 monochrome MFPs declined in the third quarter, especially in China. Can you give us some background to that, as well as your outlook going forward?

A: According to a research firm, the Chinese market experienced sustained growth through the second quarter, but demand cooled off rapidly in the third quarter. Although sales remained strong in our direct sales channels to major clients, the major factor was that sales dropped to dealers, who mainly have small and medium-sized clients. For the fourth quarter and beyond, we believe sales will experience a mild comeback as the Chinese economy recovers.

Q: We hear that your competitors are launching new products and stepping up sales in Europe. Will this change the competitive environment?

A: Our new A3 color MFPs launched in the second quarter, getting to market before the competitors’. Sales are also strong in Europe, so we do not perceive the competition having any impact on sales.

Q: The yen has been weak on the foreign exchange market very recently, and it seems you have competitors who are benefitting from the weak yen by applying it to their prices and sales promotion costs. What countermeasures are you considering?

A: It is true that the weak yen has lifted the profit of our Business Technologies Business, where more than 70% of sales are outside Japan. Our plan is to use part of the extra profit to continue investment that strengthens sales in growth domains such as OPS (Optimized Print Services) and production print. We wish to strengthen investment that will help achieve an early closing of business talks that tend to become prolonged. However, we do not intend to divert all the benefit of the weak yen into the sales prices of office equipment itself, but rather to use it to yield as much profit as possible.
■ Industrial Business

Q: You’ve previously announced in your financial earnings statement for the second quarter, that the sales volume of TAC films for LCD polarizers (hereinafter referred to as “TAC films”) would fall 10% in the second half compared to the first half. Now that you have seen your third-quarter results, has your outlook changed at all?

A: We based our previous outlook on some very conservative assumptions. In our latest outlook for the second half, we believe the decline in sales volume will be just 2% - 3% compared to the first half.

Q: We hear that South Korean and Taiwanese polarizing plate manufacturers will start using substitutes for TAC films in some cases in the next fiscal year. Do you have any plans to sell products to rival these? And would launching rival products require new capital investment, etc.?

A: We are aware that TAC film substitutes will be used in some cases. We are currently developing new products, etc., that take full advantage of our unique strengths. We can manufacture these products with our existing facilities, so there is no need for major capital investment such as new factory construction.

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