Konica Minolta Group
Q&A from 2Q/ March 2014 Financial Results Briefing Session

Date: October 31, 2013 18:30 – 19:30 JST
Place: Tokyo station conference (Tokyo, Japan)

■ Business Technologies

Q: Can you give us the breakdown of the increase in operating income in the revised full-year financial forecast?

A: We project operating income to exceed expectations by ¥8.0 billion for the full year, including ¥2.0 billion due to the effect of exchange rates. Cost reductions amounted to ¥4.7 billion in the first half and are progressing at a rate that should exceed the annual plan by ¥8.0 billion. Also, in the second half, we are projecting cost reductions at the same scale due primarily to the effect of new products and platform standardization.
In the second half, sales volumes are forecast to increase by 10% in the office field compared with the first half and by around 20% in the production print field due in part to the effect of new products, and this is expected to contribute to profit growth.

Q: Please tell us the growth rate on a local currency basis for non-hardware sales excluding the portion from newly consolidated subsidiaries.

A: The growth rate is 2% in the office field and 9% in the production print field, with the overall growth rate standing at about 3%.

Q: Please tell us how you see the market growth rate for A3 MFPs in the office field for the next fiscal year. Can you also tell us regions of strong and weak demand?

A: We forecast the growth rate for monochrome units to continue decreasing as with last fiscal year and this fiscal year. We expect the growth rate for color units to remain at around the same level as this fiscal year with the market continuing to expand at a rate in the single-digit zone.
On a regional basis, we expect demand to be weak in China but remain strong in North America. Although slight uncertainty remains in South Europe, we expect West Europe, where our presence is strong, to be solid. Market conditions have been improving in Japan following initiation of Abenomics.

Q: What do you think will be the effect on the Business Technologies Business of the shift to a paperless environment as tablets become more widespread?

A: That may happen five years in the future, but we don't expect there to be much of an impact in the next two to three years. There is a move to have interface with smartphones and tablets, enable connection with printers and meet the need to print out content, and I think what will be important in the future will be whether or not our printers can coexist with such devices in an environment with smartphones and tablets and provide a digital workflow that facilitates printing.

■ Industrial Business

Q: Can you tell us your outlook for demand for TAC film next fiscal year?

A: We are forecasting our share to remain the same or increase next fiscal year. The market is expected to continue shifting from notebook PCs to mobile terminals such as tablets, and the amount of share we can grab with mobile terminals will impact demand.

Q: Do you think the market for DSLR cameras that you provide interchangeable lenses for has bottomed out?

A: We are expecting the second half to improve compared with the first half.

Q: Can you tell us about your change of business policy for the lens unit for the mobile phone business?

A: There are two aspects. First, we will cut back our production system for existing lens units for mobile phones. Second, we changed policy for lenses used in smartphones following examination of this sector as a new business. Either way, going forward we will further pursue management with a focus on profitability.

-END-