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.

[Q&A regarding the Whole Company]

Q. You seem to be forecasting a smaller increase in profitability in FY2015 as compared to your forecast of increased revenue. Can you explain the reason why?

A. Taking foreign exchange rates into account, profits in FY2015 appear to have a handicap of about ¥5 billion as compared to FY2014. Considering the increase in depreciation expenses (about ¥4 billion) due to investment in automated production and other factors, and upfront investment of approximately ¥5 billion included in selling, general and administrative expenses, we ultimately settled on an FY2015 operating income that is ¥11 billion higher than the previous year.

Q. Your performance forecast for FY2015 is on the IFRS basis. How would it be different under Japanese GAAP?

A. There would be several factors that would increase our forecast. Non-amortization of goodwill would yield a positive effect of ¥10 billion, about the same as FY2014. Changing the depreciation method would have a positive effect of ¥4 billion. There would also be other positive effects of ¥2 billion. On the other hand, there would also be negative factors, such as our non-operating income declining by ¥3 billion, and extraordinary income and losses by ¥9 billion. These are the ways in which our forecast under Japanese GAAP would differ from IFRS. In total, our forecast under IFRS is ¥4 billion higher than it would be under Japanese GAAP.
Q. Tell us to what degree your profitability, efficiency, and soundness are contributing to increasing ROE to 10% or more.
A. Achieving profitability (Net income ratio) of 4.5% is the most important indicator that we are aspiring to an ROE of 10% in FY2015.
   We believe we need to achieve this first, and then take the necessary measures for efficiency and soundness.

Q. On a local currency basis, it appears you are forecasting greater sales growth in FY2015 than in the previous year. What are the factors behind this?
A. In the Business Technologies Business, in addition to new office products, we are strengthening our production print products for the middle-to-upper segment. In the Healthcare Business, we expect to see sales growth because of DR and ultrasound devices in Japan and overseas, and we forecast revenue growth of 20% or more in the Industrial Business. Incorporating the effect of M&A in our net sales is another reason why our FY2015 growth rate will greatly outpace the exchange rate.

[Q&A regarding the Business Technologies Business]

Q. Geographically speaking, what regions will be motivating the office services area?
A. On a local currency basis, we saw year-on-year growth of 9.6% in the United States and 5.7% in Europe in the fourth quarter. The United States and Europe will continue to motivate this area in FY2015. As for other regions, we expect a regional strategy, namely, strengthening India, the ASEAN region, and the high potential area of Central and South America, to be a growth driver in future.

Q. In the non-hardware sector, we hear that contract unit prices in the market have fallen because of such factors as businesses cutting expenses. What is actually happening?
A. We have really focused on a color segment mix. We will certainly see increasing revenue in FY2015 because of such factors as the structure of color machines within the MIF (Machines in the Field) and structural factors in color print volume. Konica Minolta is maintaining prices in hardware and printing. Our basic strategy is to build up our business foundation by fostering hybrid sales capabilities. Namely, we offer solutions that closely respond to the needs of our business customers. For example, we propose content management services and cloud-based services to solve our clients’ management and operations issues.
Q. Could you comment on whether anything other than production print contributed to the increase in sales volume in the Business Technologies Business in the fourth quarter?
A. The Business Technologies Business made a large and powerful contribution to operating income for the entire company in FY2014. There was an increase in high-end production print models and rising print volume. New installations of products in the office services area in Europe and the United States, especially color machines, also rose significantly and had an effective impact.

Q. How much impact did port strikes on the West Coast of the United States have on your FY2014 results?
A. Immediately after gathering information about the port strikes, we took measures such as securing a variety of transportation routes and stocking up on inventories. Although there was some cost increase because of the change of shipping methods, there was no loss of sales opportunities.

[Q&A regarding the Industrial Business]

Q. FY2015 sales in the performance materials field are forecast to rise by 2% over the previous year. To what extent does this incorporate your forecast for TAC film and the contribution of new products other than TAC film?
A. We expect the market for TAC film to increase in FY2015 on a surface-area basis. We expect VA and optical thin film, our main TAC products, to continue to be strong, and the introduction of new products with an eye on the future will also have a positive effect. B2B negotiations for window film and barrier film are going forward. We should also mention our OLED technology. Special lighting products continue to advance, having been installed in famous theme park in Japan. We are also in the early stages of getting OLED technology into ordinary lighting products. For example, we are in talks to use the technology for displays and on-board applications.

Q. You are forecasting strong growth in the field of optical systems for industrial use in FY2015. Please describe how you plan to grow the sub-segments of this area?
A. Our policy for FY2015 is to prioritize sales and profit growth in measuring instruments. Since acquiring the German company Instrument Systems GmbH, we have been establishing our position as a leader in light measuring instruments for display applications. As for object color applications, we are expanding the range of factors inspected (light, color, evenness). By doing so, we will create abundant potential to use our imaging and sensing technologies to become a
new genre leader in inspection markets.

-End-