



# SHINKA 2019

Evolution



**Konica Minolta, Inc.**

**2<sup>nd</sup> Quarter/FY2017 ending in March 2018**

**“Consolidated Financial Results & Progress in Bio-Healthcare Business”**

Three months: April 1, 2017 – September 30, 2017  
– Announced on October 30, 2017 –

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Chief Financial Officer  
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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.*

# FY2017 1H performance overview



KONICA MINOLTA

【¥billions】

	1H Mar 2018	1H Mar 2017	YoY	YoY (W/O Forex)	2Q Mar 2018	2Q Mar 2017	YoY	YoY (W/O Forex)
<b>Revenue</b>	<b>488.1</b>	<b>462.0</b>	+ 6%	+ 1%	<b>255.8</b>	<b>232.8</b>	+ 10%	+ 2%
<b>Operating Profit</b>	<b>20.5</b>	<b>18.5</b>	+ 10%	+ 19%	<b>11.8</b>	<b>9.6</b>	+ 22%	+ 12%
<b>Profit attributable to owners of the company</b>	<b>13.5</b>	<b>13.2</b>	+ 2%		<b>8.1</b>	<b>6.9</b>	+ 19%	
<b>FOREX [Yen]</b>								
USD	111.06	105.29	5.77		111.03	102.43	8.6	
euro	126.29	118.15	8.14		130.38	114.28	16.1	

## Revenue

- There was a 6% YoY increase for the Group as a whole, with double-digit increases in 2Q. The Office Business recovered in Europe, while North America, China, etc., remained solid. All business segments achieved revenue growth. In Industrial Business, 1Q strength in measuring equipment continued, pushing up revenue significantly, while the sales volume of high value-added products in performance materials expanded, leading to an increase in revenue over 1Q.

## Operating Profit

- Profit increased 10% for the Group as a whole. The Office Business saw an increase in gross profit as a result of higher sales, and measures to liquidate assets through sale & leaseback also contributed, enabling profit to be maintained at the previous-year level. The Industrial Business saw a significant increase in profit in continuation of the 1Q trend.
- The scale of structural reform exceeded projections, resulting in posting of ¥5.0 billion in expenses.

# FY2017 1Q/2Q Operating Profit by segment

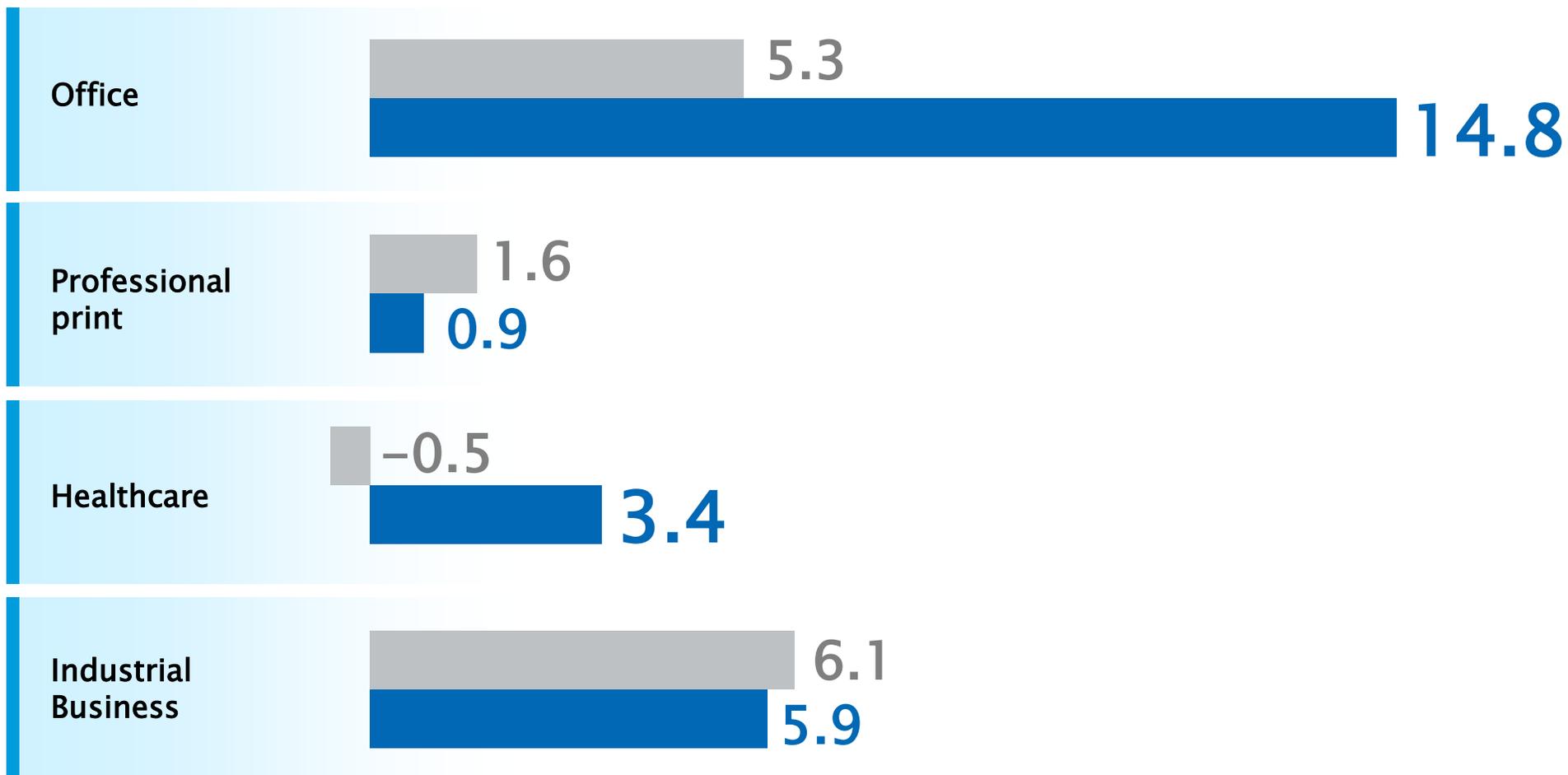


KONICA MINOLTA

■ FY2017 1Q

■ FY2017 2Q

【¥billions】



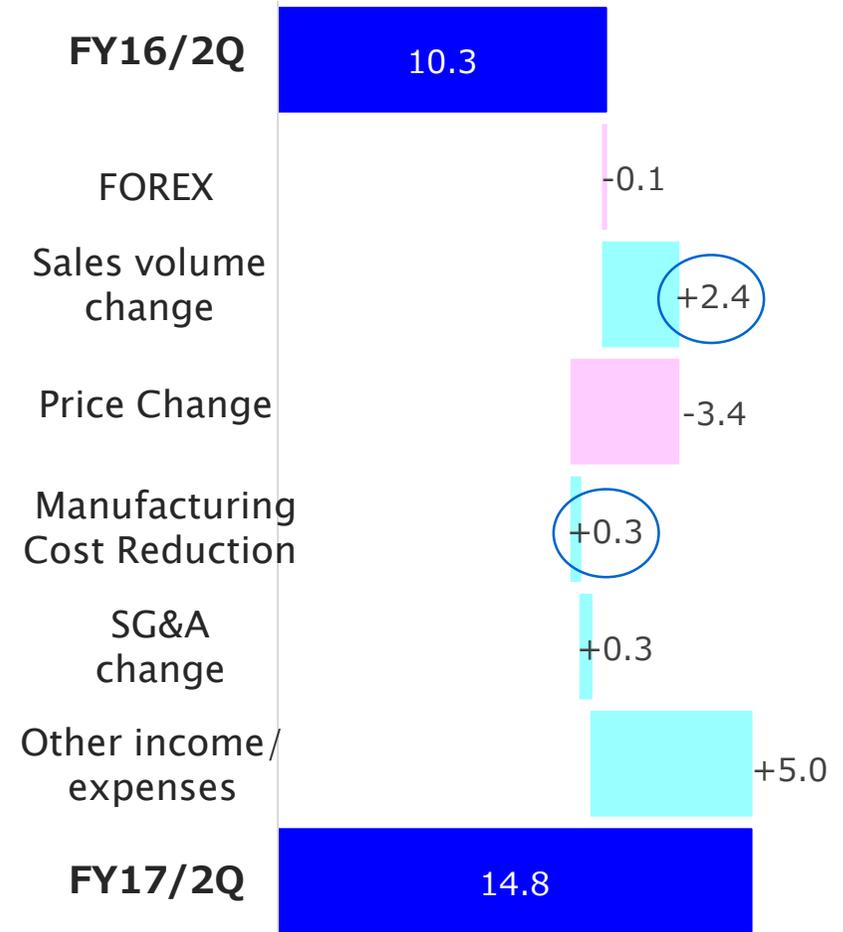
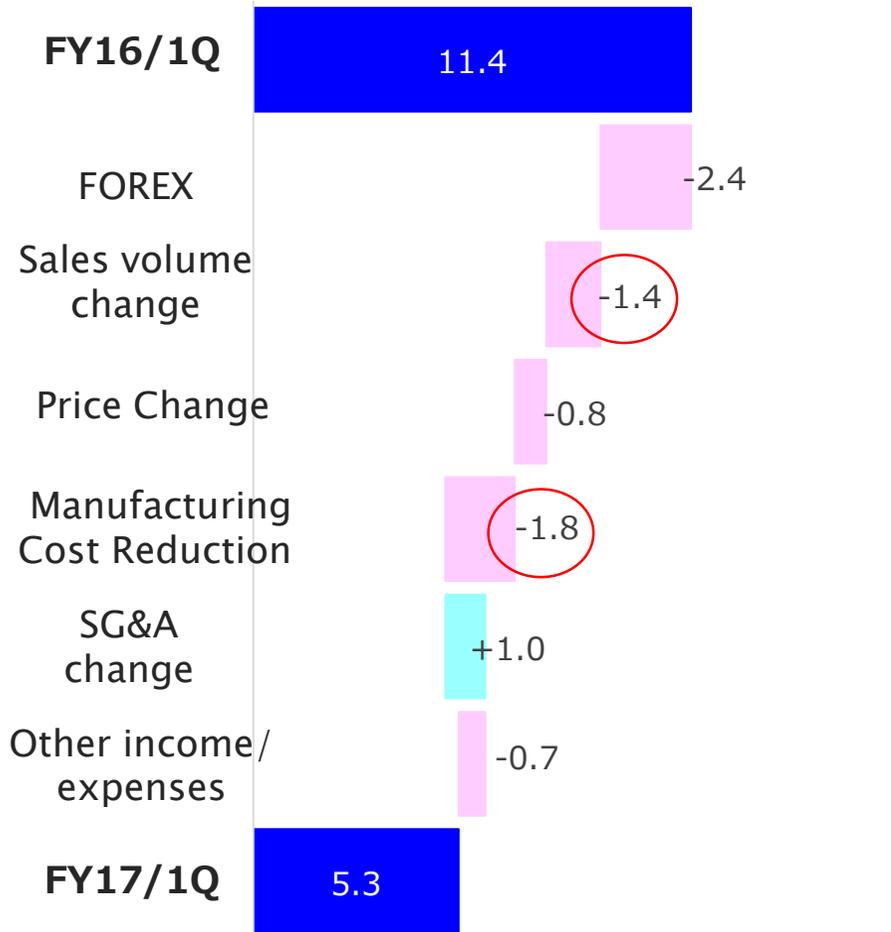


# 1Q/2Q Operating Profit Analysis by segment

【¥billions】

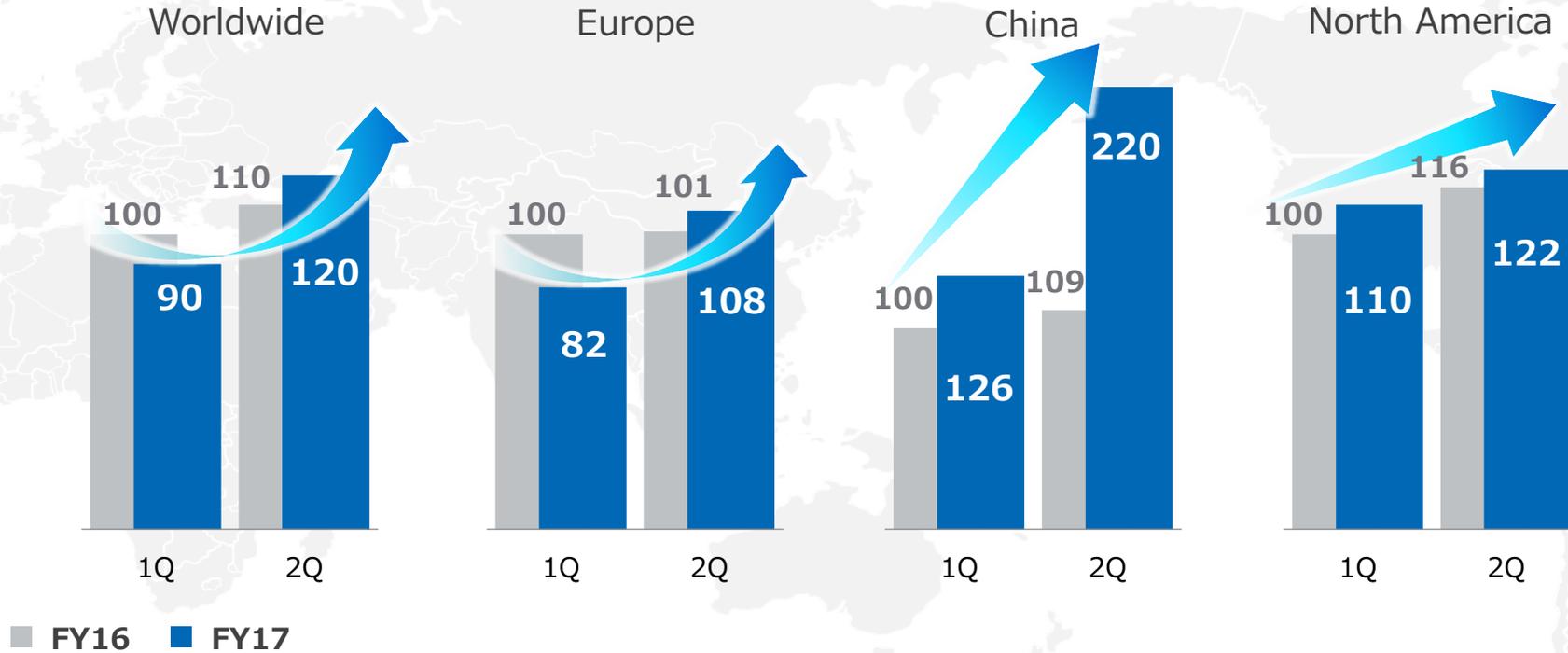
## 1Q

## 2Q



## Sales volumes in major regions for A3 color office models

\*100 = FY2016 2Q A3 color sales volume



### 2Q revenue trend

Recovery of sales momentum in Europe + achieved year-on-year increase in global sales volume

- A3 color sales volume in Europe shifted to positive growth year on year.
- China doubled year on year, North America sales remained strong.

# FY2017 1H Revenue by segment

【¥billions】

	Mar 2018 1H	Mar 2017 1H	YoY	YoY (w/o Forex)	Mar 2018 2Q	Mar 2017 2Q	YoY	YoY (w/o Forex)
Office	279.6	268.8	+ 4%	- 1%	146.5	132.5	+ 11%	+ 1%
Professional Print	101.2	97.1	+ 4%	- 0%	52.2	49.6	+ 5%	- 3%
Healthcare	42.8	41.4	+ 3%	+ 1%	23.3	22.9	+ 1%	- 2%
Industrial	60.0	50.0	+ 20%	+ 17%	31.3	25.1	+ 25%	+ 20%
Optical systems for industrial use	23.2	12.7	+ 83%	+ 75%	11.5	5.7	+ 103%	+ 87%
Materials and components	36.8	37.3	- 1%	- 3%	19.8	19.4	+ 2%	- 1%
New business / corporate, etc.	4.6	4.8	- 4%	- 4%	2.5	2.6	- 6%	- 6%
<b>Company overall</b>	<b>488.1</b>	<b>462.0</b>	<b>+ 6%</b>	<b>+ 1%</b>	<b>255.8</b>	<b>232.8</b>	<b>+ 10%</b>	<b>+ 2%</b>

# FY2017 1H Operating Profit by segment

【¥billions】

	Mar 2018 1H	Mar 2017 1H	YoY	YoY (w/o Forex)	Mar 2018 2Q	Mar 2017 2Q	YoY	YoY (w/o Forex)
Office	20.2	21.7	- 7%	+ 4%	14.8	10.3	+ 44%	+ 45%
Professional Print	2.4	4.3	- 43%	- 54%	0.9	2.7	- 68%	- 92%
Healthcare	2.9	1.2	+ 134%	+ 126%	3.4	1.0	+ 224%	+ 203%
Industrial	12.0	6.4	+ 88%	+ 81%	5.9	3.0	+ 95%	+ 88%
New business / corporate, etc.	- 17.0	- 15.1	-	-	-13.2	- 7.4	-	-
<b>Company overall</b>	<b>20.5</b>	<b>18.5</b>	<b>+ 10%</b>	<b>+ 19%</b>	<b>11.8</b>	<b>9.6</b>	<b>+ 22%</b>	<b>+12%</b>

# FY2017 Financial Forecast



KONICA MINOLTA

	Mar. 2018 estimates (current)	Mar. 2018 estimates (previous)	Mar. 2017 results	[¥billions] YoY
Revenue	1,000.0	980.0	962.6	+4%
Operating profit	48.0	46.0	50.1	-4%
Profit attributable to owners of the company	31.0	30.0	31.5	-2%
<b>FOREX [Yen]</b>				
USD	105	105	108.38	
EUR	120	115	118.79	

## Full-year earnings forecast

- FOREX: Euro rate only was revised to ¥120 (a depreciation of ¥5). US dollar rate remains unchanged, at ¥105.
- Revenue: Taking into consideration 1H progress as well as FOREX revision, revenue was revised upward by ¥20.0 billion.
- Operating profit: In light of 1H progress, 2H operating profit was revised upward by ¥2.0 billion taking into account effects of FOREX revision and reduction in fixed costs resulting from structural reform, as well as in consideration of increases in SG&A expenses accompanying upfront investments in New Business for mid-term growth. Segment profit was adjusted in view of such factors as 1H progress and effects of FOREX revision.

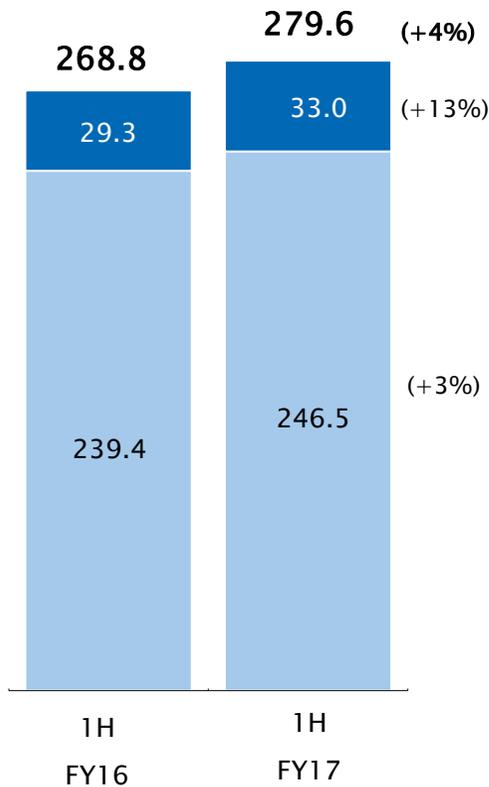
## Dividend forecast

- Annual Dividend: Unchanged at ¥30 per share (¥15 for both interim and period-end).

## Revenue

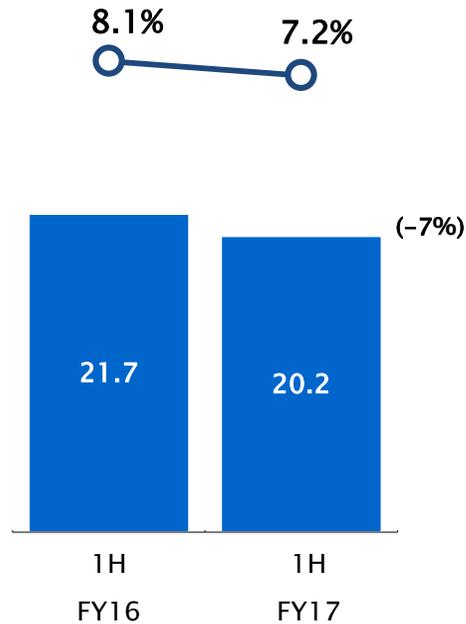
【¥billions】

- IT Service Solution
- Office



## Operating Profit

【¥billions】



## 2Q Summary

### IT Service Solution

- MFP-related solutions in the US, and IT infrastructure management services for small- and medium-sized enterprises worldwide were solid.
- In IT service solutions, we began rolling out IP phone cloud services offered by TLS.NET (acquired in July) across the whole of the US.

### Office

- In Europe, our strategy for sales recovery has borne fruit, with both A3 color models and total A3 sales volumes exceeding previous-year levels.
- Sales of A3 color models remained solid in the US, and A3 color sales doubled in China, leading to an improved sales mix from 1Q onward.
- Liquidation of assets was implemented in sales & leasebacks at overseas locations.
- OPS revenue: ¥26.7 billion (+33% YoY)  
GMA revenue: ¥8.7 billion (+20% YoY)

## Recovery measures targeted at 1Q issues

### 1. Sales–recovery measures in Europe

- Make strategic approaches to medium-sized and major customers, while adhering to “profits first” policy.
- Enhance product mix by expanding sales of high-speed color models.
- Expand print volumes through increased sales of high-speed color models, leading to recovery for non-hardware.

### 2. Production/shipment adjustment

- Inventory level optimized during the first half; adjustment complete

### 3. Improvement in/normalization of Malaysian production costs

- Improvement in/normalization of Malaysian production costs

## Progress in recovery measures/outlook for second half

### <European sales trends in 2Q>

#### ■ A3 Units (YoY)

Color +7%; A3 total +4%; showing recovery from 1Q

#### ■ Revenue (YoY; local currency basis)

Western Europe +2%; Southern Europe +4%; Northern Europe +2%; Eastern Europe +4%

#### ■ Improved product mix

Sales volumes of color high-speed models rose +12% YoY.

#### ■ Expansion in color print volumes and non-hardware

Expansion of print volumes and recovery in non-hardware revenue delayed until second half

### <Optimization of inventory level>

#### ■ Inventory turnover improved

Inventory optimized both at sales companies and at non-consolidated level

### <Improvement in/normalization of production costs>

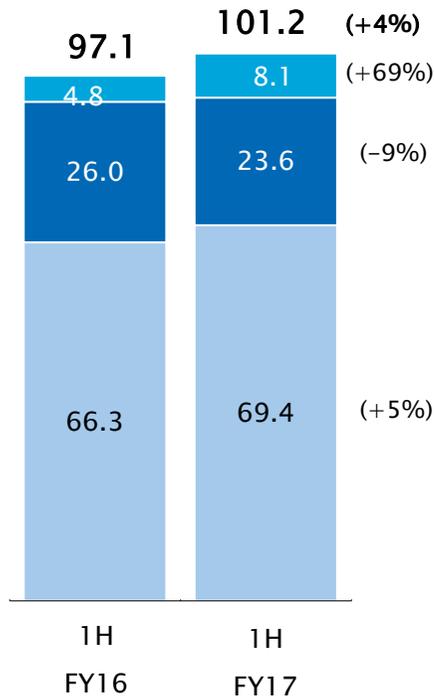
#### ■ Production costs improved in Malaysia

Production cost reductions continued in the Office Business and were a factor in higher profit.

## Revenue

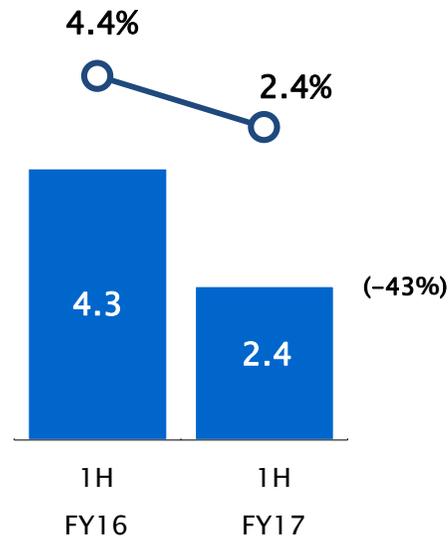
【¥billions】

- Industrial Print
- Marketing Service
- Production Print



## Operating Profit

【¥billions】



## 2Q Summary

### Industrial printing

- Sales of the “AccurioJet KM-1” digital inkjet press and of digital decoration printing equipment produced by our French subsidiary MGI grew, primarily in North America. Global expansion is moving forward.

### Marketing service

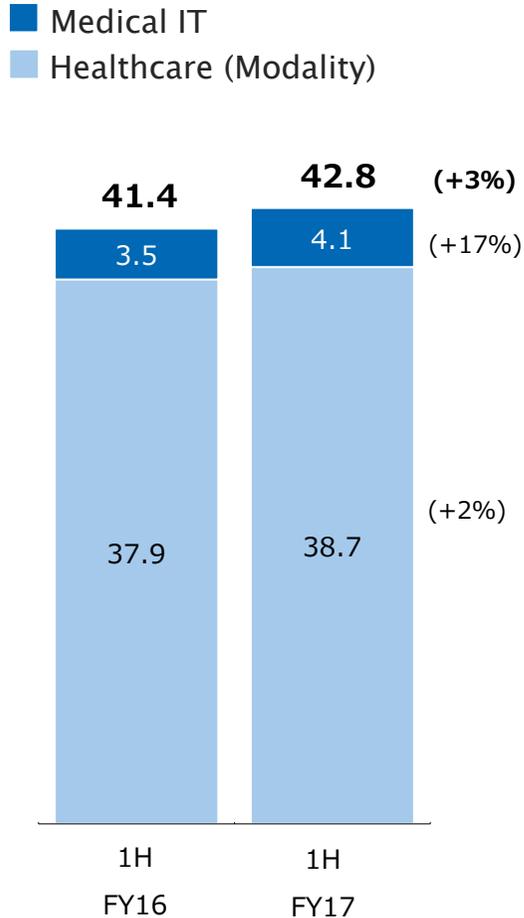
- Although revenue and profit fell due to constraints regarding marketing costs at our major customers’ companies, orders are on the track to recovery.
- Favorable conditions at Kinko’s continued, in both Japan and South Korea.

### Production print

- Sales of the LPP “AccurioPress C2070” series increased, primarily in Europe and the US.
- The top-of-the-line “AccurioPress C6100” series was launched in July. Its automated output control function and other proprietary specifications were well-received by customers in the commercial printing market.
- SG&A increased due to upfront investment for future models.

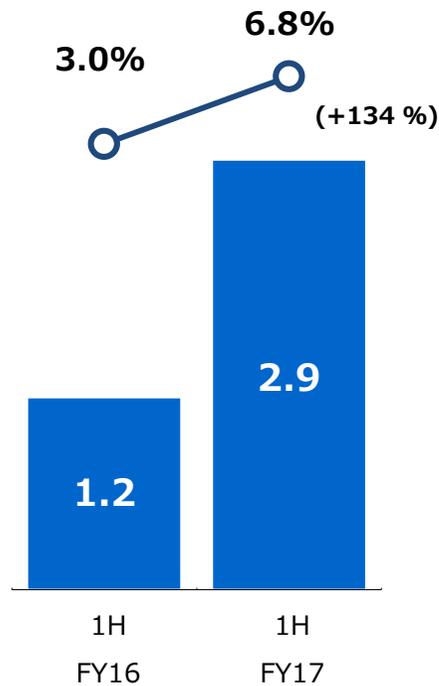
## Revenue

【¥billions】



## Operating Profit

【¥billions】



## 2Q Summary

### Healthcare (modality)

- X-ray: Although CR sales volumes declined, DR sales volumes expanded, due mainly to the winning of large orders in the US.
- Diagnostic ultrasound systems: Sales in Japan remained solid. In addition to establishing our position as the “genre-top” in the field of orthopedics, our sales volumes are rising in China.
- Service contracts are growing steadily.

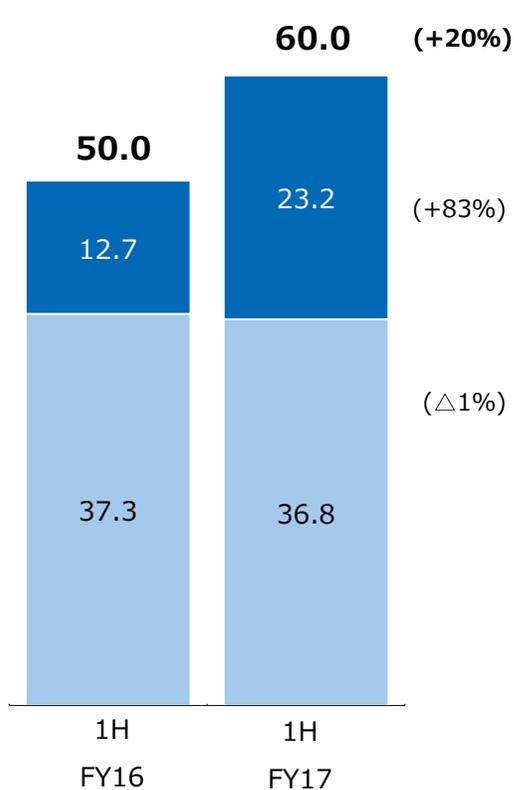
### Medical IT

- The effects of strengthened sales and an enhanced client support structure for system implementation in the US are becoming visible.
- Service contract revenue is expanding steadily.

## Revenue

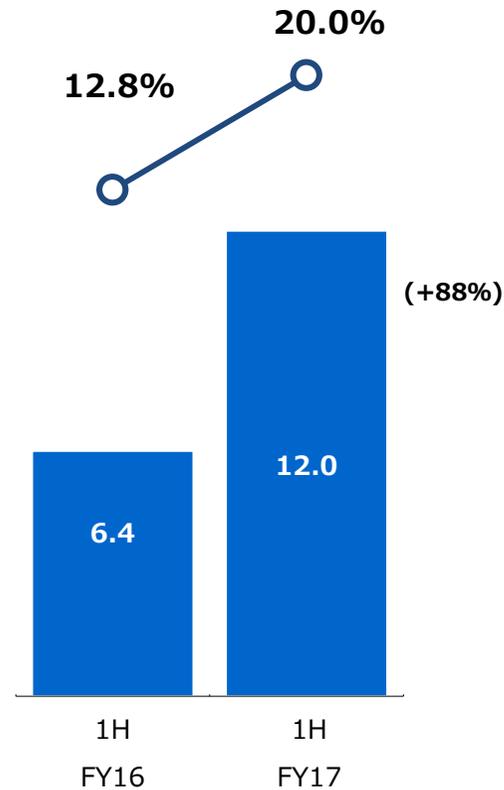
【¥billions】

- Optical Systems for Industrial Use
- Materials·Components



## Operating Profit

【¥billions】



## 2Q Summary

### Optical systems for industrial use

- Measuring instruments: Business with a major ICT equipment manufacturer remained solid throughout the period under review. Expansion of display-related demand in the Asian market also contributed, leading to a significant increase in revenue.

### Materials and components

- Performance materials: In line with the increasing size of LCD TVs, rising sales volumes were posted for high value-added products such as the new water-resistant VA-TAC film and Zero-TAC for IPS, but revenue fell slightly due to the effects of price pressure.
- Optical components: Revenue fell due to contracting demand for end products.
- IJ (inkjet) components: Sales were solid in Europe/Asia, leading to higher revenue.

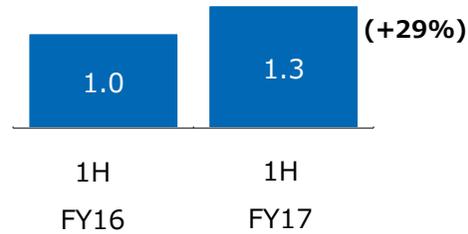
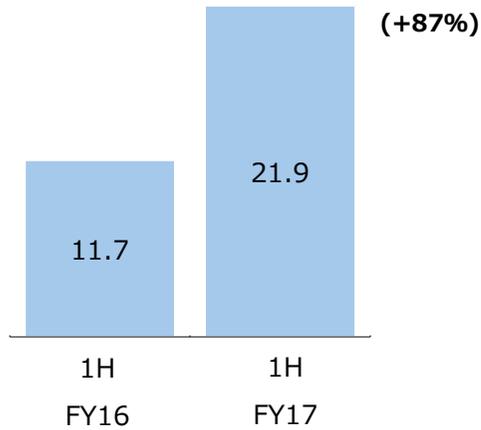
# Revenue of Industrial Business Sub Segments

## Optical Systems for Industrial Use

【¥billions】

■ Measuring Instruments

■ Visual Solution



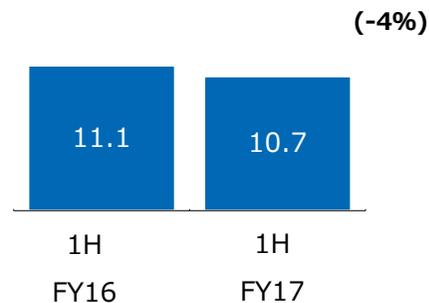
## Materials · Components

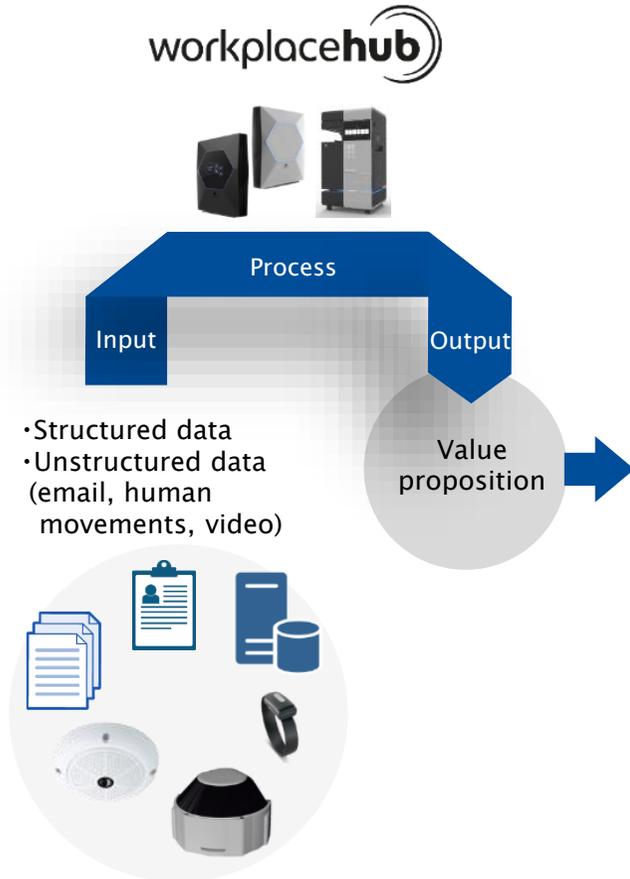
【¥billions】

■ Performance Materials

■ Optical Component

■ IJ (inkjet) Component





<h2>Schedule for market launch</h2>	<ul style="list-style-type: none"> <li>■ Successive soft launches planned for January 2018, starting with the US and Europe.</li> </ul>
<h2>Progress</h2>	<ul style="list-style-type: none"> <li>■ Focusing on developing Workplace Hub as a platform that is consistently compatible with the client's environment and needs, we have boosted the software's responsiveness and robustness.</li> </ul>
<h2>Recent results</h2>	<ul style="list-style-type: none"> <li>■ We participated in Japan's CEATEC and dealer/partner events in the US and Europe, which confirmed significant interest and anticipation in the market.</li> <li>■ As a related solution, commercialization of RPA is within sight.</li> </ul>
<h2>Plans for expansion</h2>	<ul style="list-style-type: none"> <li>■ To realize workstyle reforms in a wide range of environments, we are currently preparing to expand our lineup, roll out platforms using the Konica Minolta Marketplace online store, and make advances into the IoT utilizing our core technology.</li> </ul>



## Company-wide initiatives

### Gross-margin improvements: Value-added sales and manufacturing

- Thoroughly strengthen value-added sales.
- Reducing manufacturing costs: Horizontally deploy results from Malaysia.
- Reducing service costs: Expand remote maintenance services and failure prediction.

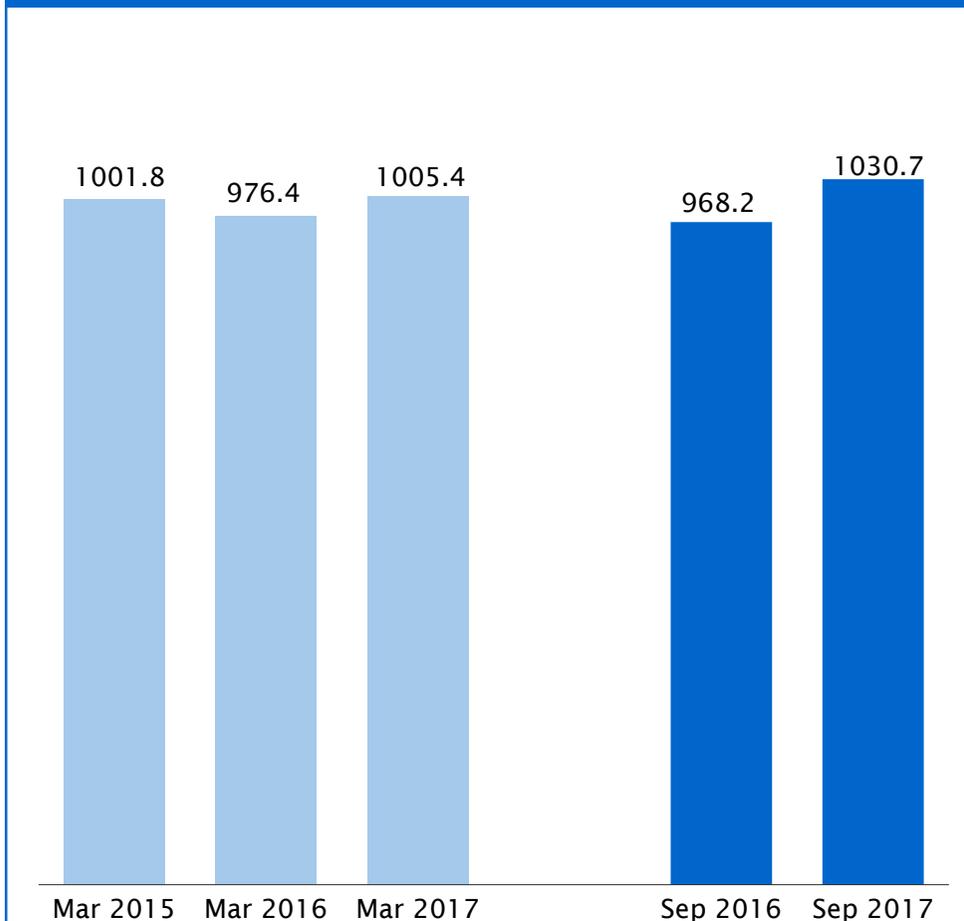
### Improvements to SG&A expenses

- Administrative and indirect costs: Utilize cutting-edge ICT such as RPA to enhance operational productivity.
- Global operating structure: Promote improved efficiency and streamlining, while strengthening agile response capabilities.

Office	<ul style="list-style-type: none"> <li>■ Strengthen value-added sales in Europe and the US, and maintain sales momentum from 2Q.</li> <li>■ Raise average selling price and expand print volumes by boosting sales of new high-speed color MFPs scheduled for launch in 3Q.</li> </ul>
Professional print	<ul style="list-style-type: none"> <li>■ Production print: Full-scale sales of top-of-the-line color model. Differentiate using output control function, increase sales to commercial printing customers, win high print volumes.</li> <li>■ Industrial printing: Horizontal deployment of positive examples from North America. Utilize specialist sales network to accelerate results.</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>■ DR: Increase sales volume by leveraging sales alliances with major partners.</li> <li>■ Ultrasound systems: Expand into areas beyond orthopedics in Japan, and continue to expand sales outside Japan, e.g. in China.</li> <li>■ Medical IT: Generate results from strengthened sales and enhanced client support structure for implementation in the US and Japan.</li> </ul>
Optical systems for industrial use	<ul style="list-style-type: none"> <li>■ Measuring instruments: Strengthen approaches to customers with the aim of capturing demand.</li> <li>■ Accelerate commercialization of visual surface inspection business.</li> </ul>
Materials and components	<ul style="list-style-type: none"> <li>■ Performance materials: Maintain solid sales volume of the new water-resistant VA-TAC film, and expand sales of Zero-TAC for IPS panels and thin film products for small and medium-sized panels.</li> </ul>

# Major items from the statements of financial position

## Total Assets [¥billions]



## Inventory/Turnover [¥billions]

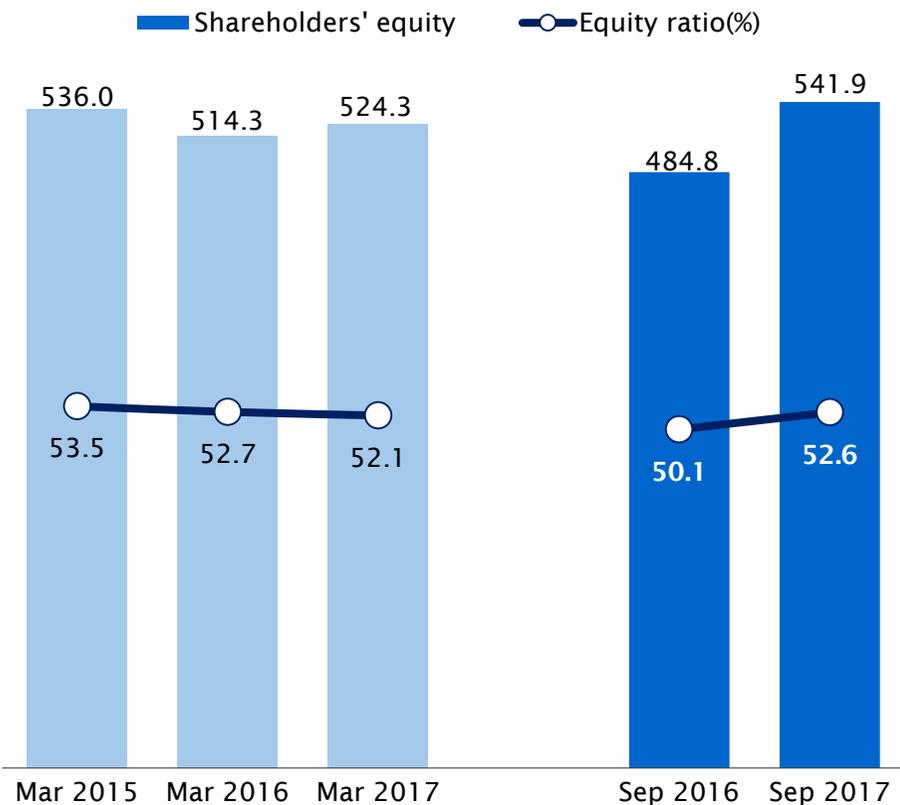


\* Inventory turnover, in months = Inventory balance at end of fiscal year / Average cost of sales for most recent three months

# Major items from the statements of financial position

## Equity & Equity Ratio [¥billions]

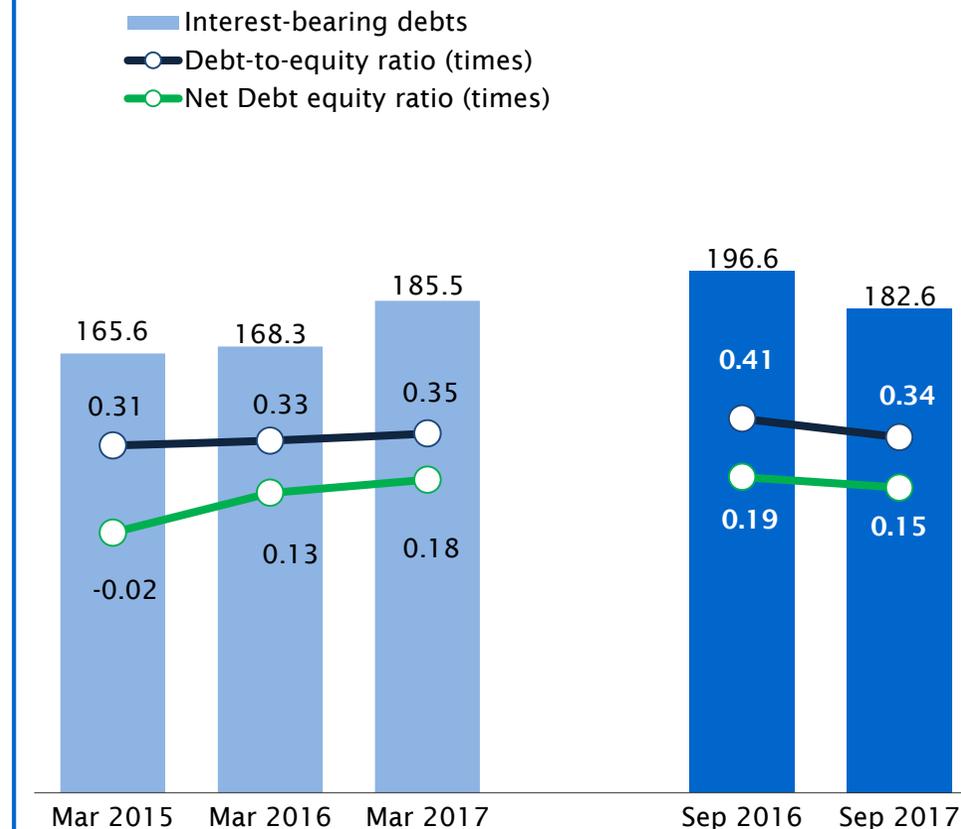
Attributable to owners of the parents company



Equity = Equity attributable to owners of the company

Equity ratio = Equity attributable to owners of the company / Total assets

## Interest-bearing liabilities & D/E Ratio [¥billions]

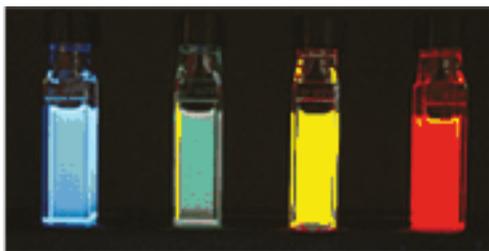
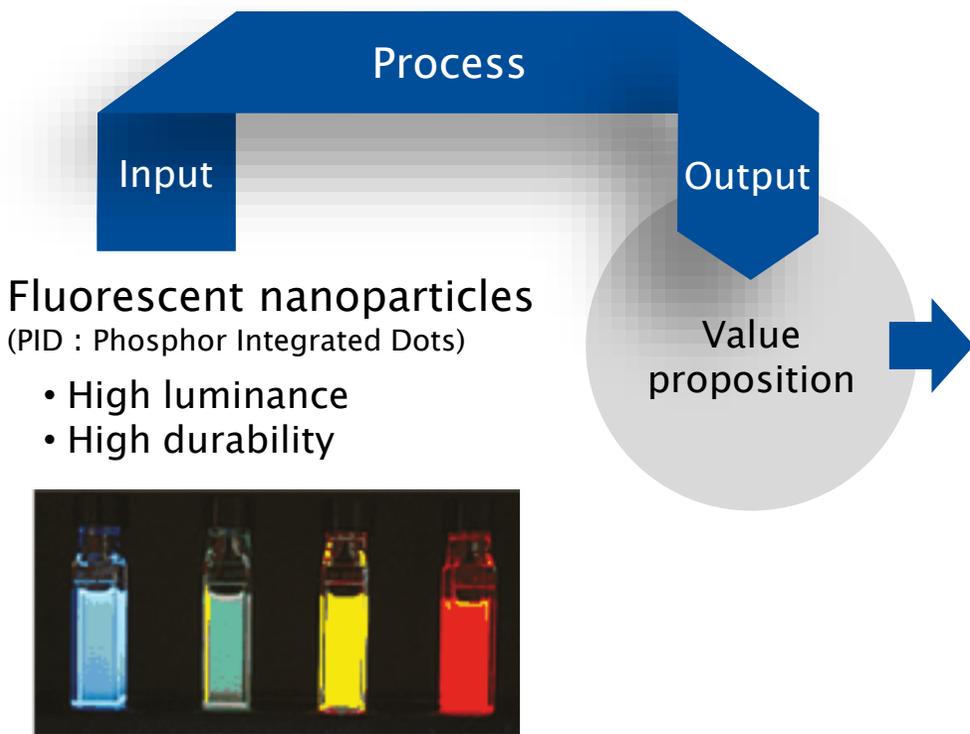


# Progress in Bio-healthcare Business

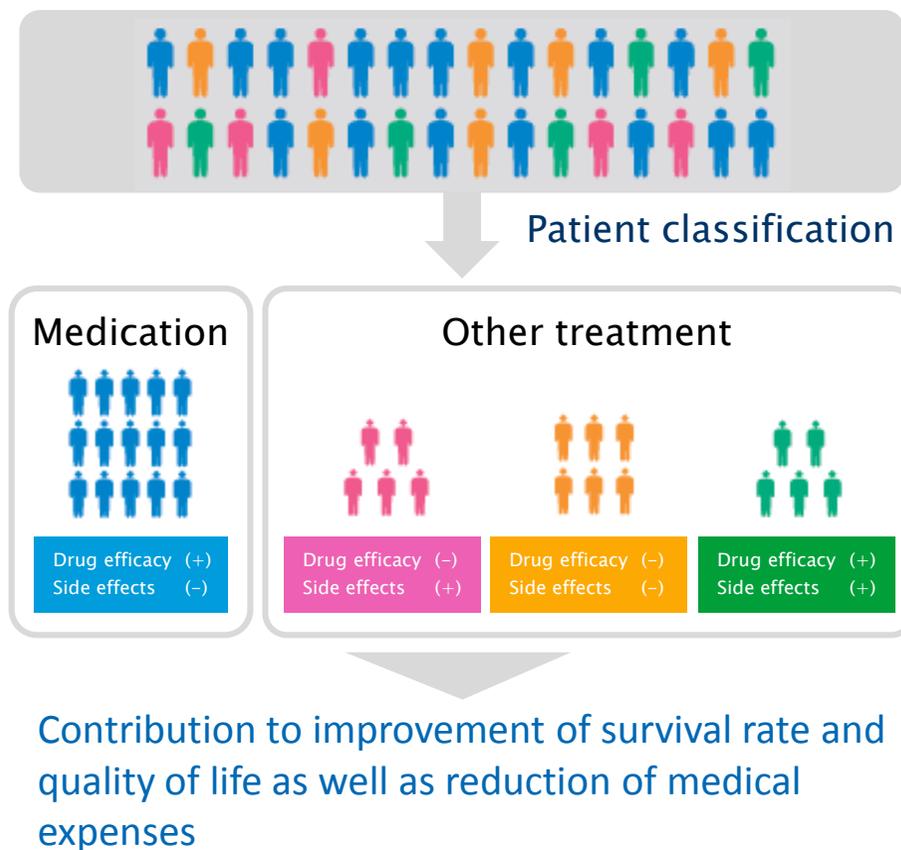
# <From SHINKA 2019> Full-scale entry into precision medicine and support for pharmaceutical



- Visualization of number and location of specific proteins in cancer cells



- Effectiveness of medication tailored to individual patients
- Improvements to pharmaceutical development success rate



# Full-Scale Entry into Precision Medicine: Acquisition of Technology & Go-to-Market Strategy



A leader in the US genetic diagnostics market

Headquarters: California, USA

Set up through joint investment with the Innovation Network Corporation of Japan (INCJ)

Agreement to acquire completed in July 2017; closed in October



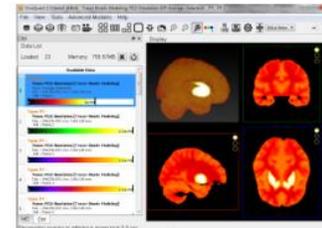
- Cutting-edge technology for precise genetic diagnostics
- Advanced IT-based analysis driven by bioinformatics
- Most sophisticated and large-scale laboratory
- High-revenue service business



Strong scientific capabilities, mainly as an imaging CRO

Headquarters: Boston, Massachusetts, USA

Agreement to acquire completed in September 2017; scheduled to close in November



Analyze



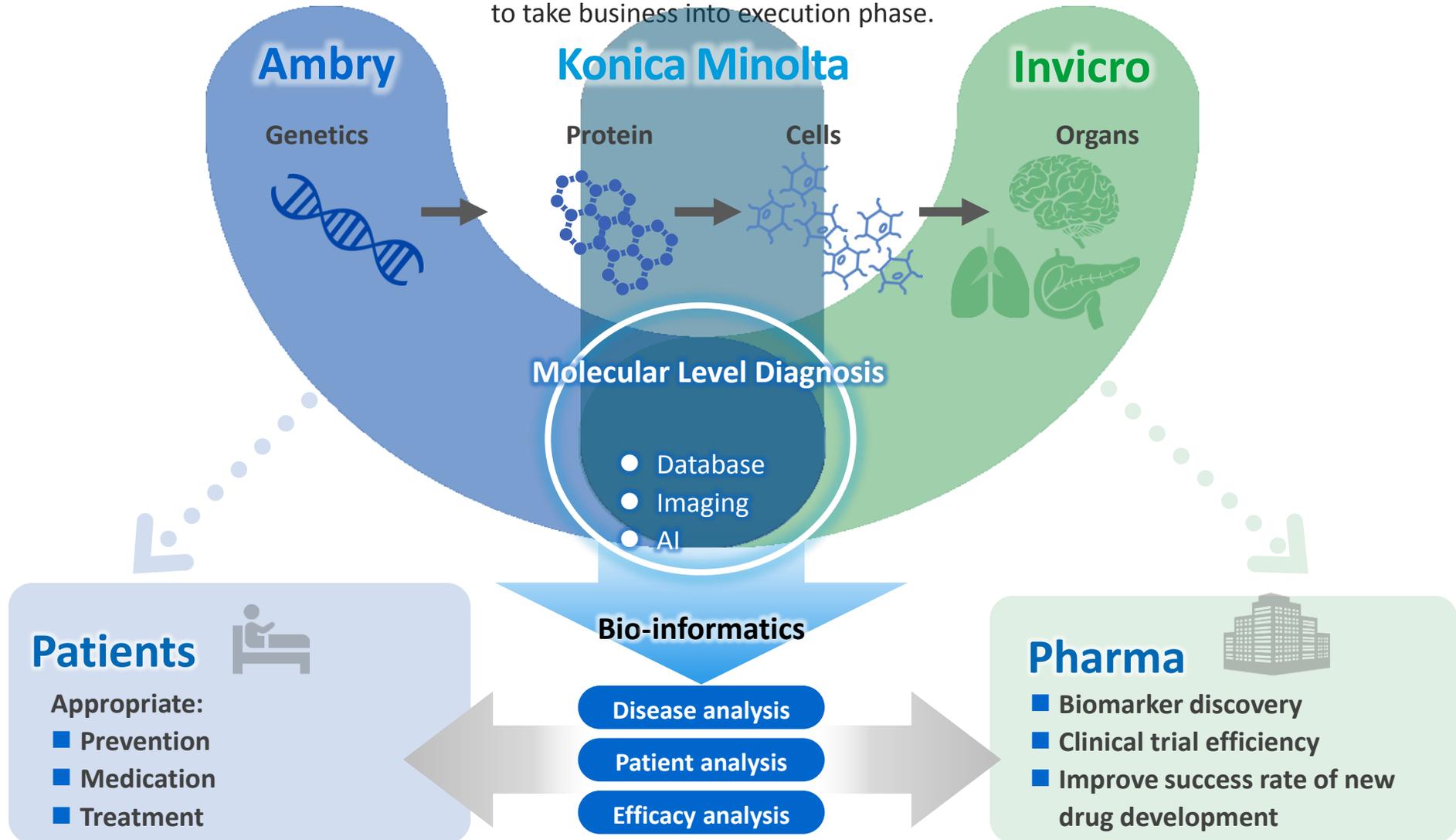
Acquire

- Proposal capabilities and channels to support drug discovery/clinical trials by pharmaceutical companies
- Strong growth potential and ability to judge candidates for acquisition
- Access to outstanding talent in medical engineering and business
- The latest imaging and IT

\*CRO: Contract Research Organization

# Full-Scale Entry into Precision Medicine: Most conditions required for accelerated commercialization are met

Utilize technological fusion with two other companies and well-established go-to-market strategy to take business into execution phase.



# Acquisition Structure and Schedule

## Acquisition Price

- Ambry acquisition price : USD 800 Million
  - Performance-linked earn-out : USD 200 Million (max)
- Invicro acquisition price : ¥32 Billion  
(purchase of 95% of shares, USD 1 = JPY 110)

## Investment Ratio

- Ambry : 60% (INCJ 40%)
- Invicro : 95%

## Funding

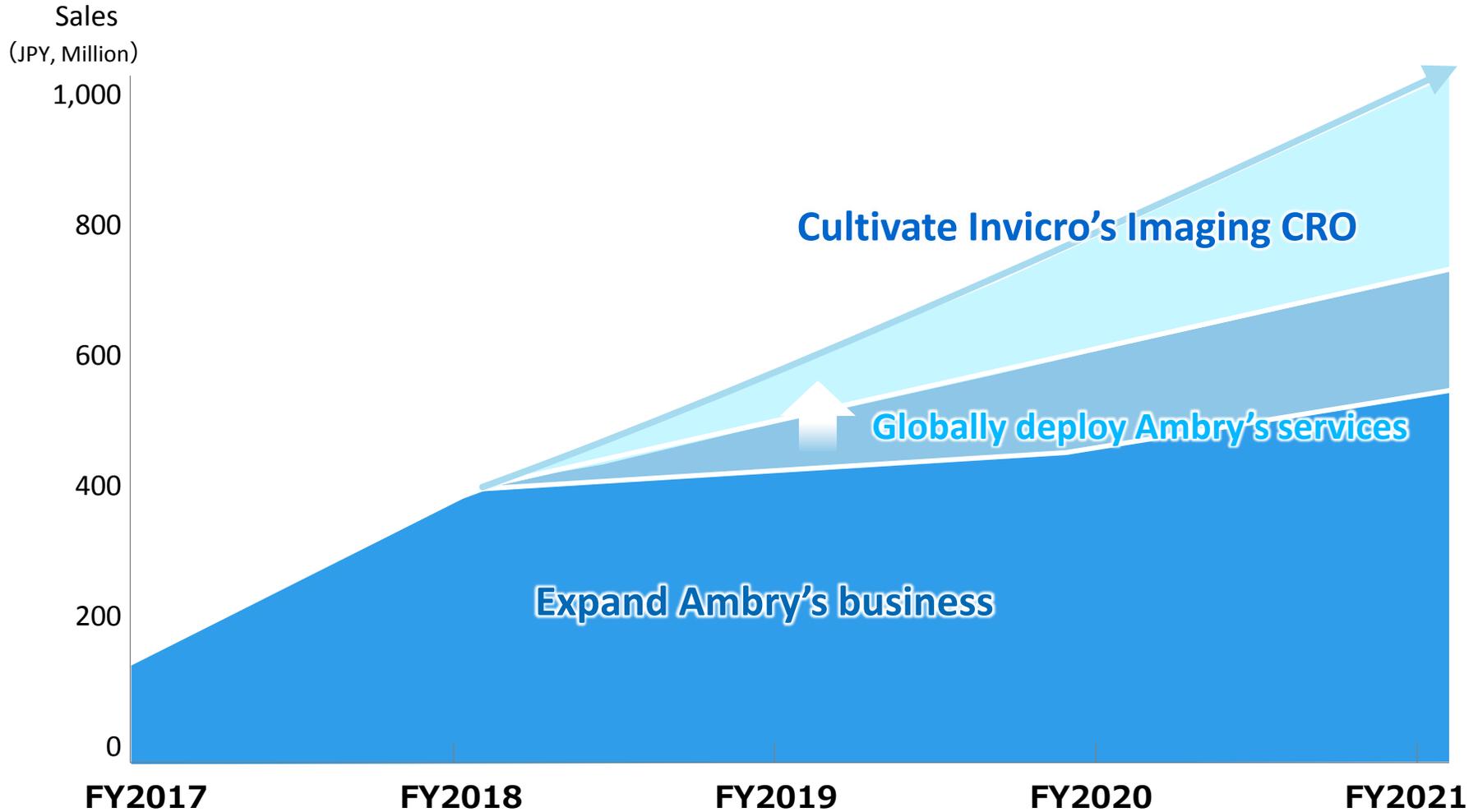
- Set aside funds sourced from cash on hand and hybrid loans.

## Impact on Financials

- Scheduled to announce the impact of goodwill, amortization of intangible assets and fixed assets after the completion of acquisition

## Schedule Going Forward

- The Ambry deal is expected to close on schedule in October 2017, and Ambry will be included in the consolidated accounts of Konica Minolta from 3Q of FY2017.
- The Invicro deal is expected to close in November 2017.



# Appendix

# FY2017 1H Financial Results Highlight – Overview

[¥ billions]

	1H Mar 2018	1H Mar 2017	YoY	2Q Mar 2018	2Q Mar 2017	YoY
Revenue	488.1	462.0	+ 6%	255.8	232.8	+ 10%
Gross Profit	231.9	227.0	+ 2%	119.9	112.8	+ 6%
<i>Gross Profit ratio</i>	<i>47.5%</i>	<i>49.1%</i>	-	<i>46.9%</i>	<i>48.4%</i>	-
Operating Profit	20.5	18.5	+ 10%	11.8	9.6	+ 22%
<i>Operating Profit ratio</i>	<i>4.2%</i>	<i>4.0%</i>	-	<i>4.6%</i>	<i>4.1%</i>	-
Profit before tax	19.1	17.5	+ 9%	10.9	9.0	+ 21%
<i>Profit before tax ratio</i>	<i>3.9%</i>	<i>3.8%</i>	-	<i>4.2%</i>	<i>3.8%</i>	-
Profit attributable to owners of the company	13.5	13.2	+ 2%	8.1	6.9	+ 19%
<i>Profit attributable to owners of the company ratio</i>	<i>2.8%</i>	<i>2.9%</i>	-	<i>3.2%</i>	<i>2.9%</i>	-
EPS [Yen]	27.29	26.73		16.47	13.84	
CAPEX	16.1	17.4		7.9	9.6	
Depreciation and Amortization Expenses	27.1	25.4		13.5	12.7	
R&D expenses	37.5	36.2		19.0	17.9	
FCF	19.9	-13.9		28.5	11.3	
Investment and lending	2.5	36.4		1.4	4.1	
FOREX [Yen] USD	111.06	105.29	5.77	111.03	102.43	8.60
euro	126.29	118.15	8.14	130.38	114.28	16.10

# Fiscal 2017 earnings forecast– Overview

[¥ billions]

	Earnings Forecast	Previous Earnings Forecast	Results	YoY
	Mar 2018	Mar 2018	Mar 2017	
Revenue	1,000.0	980.0	962.6	+ 4%
Operating Profit	48.0	46.0	50.1	- 4%
	Operating Profit ratio	4.7%	5.2%	
	4.8%			
Profit before tax	46.0	44.5	49.3	- 7%
Profit attributable to owners of the company	31.0	30.0	31.5	- 2%
	Profit attributable to owners of the company ratio	3.1%	3.3%	
	3.1%			
EPS [Yen]	62.64	60.53	63.65	
ROE* (%)	6.0%	5.8%	6.3%	
CAPEX	55.0	55.0	38.9	
Depreciation and Amortization Expenses	55.0	55.0	51.8	
R&D expenses	79.0	79.0	73.3	
FCF	45.0	45.0	-1.9	
Investment and loan	95.0	40.0	36.7	
*Purchase of tangible/intangible assets				
	FOREX [Yen] USD	105.00	108.38	
	euro	120.00	118.79	

\*ROE: profit for the year attributable to the owners of the company, divided by the average (using figures from start and end of year) of the sum of share capital, share premium, retained earnings and treasury shares

# Fiscal 2017 earnings forecast– New Segment

[¥ billions]

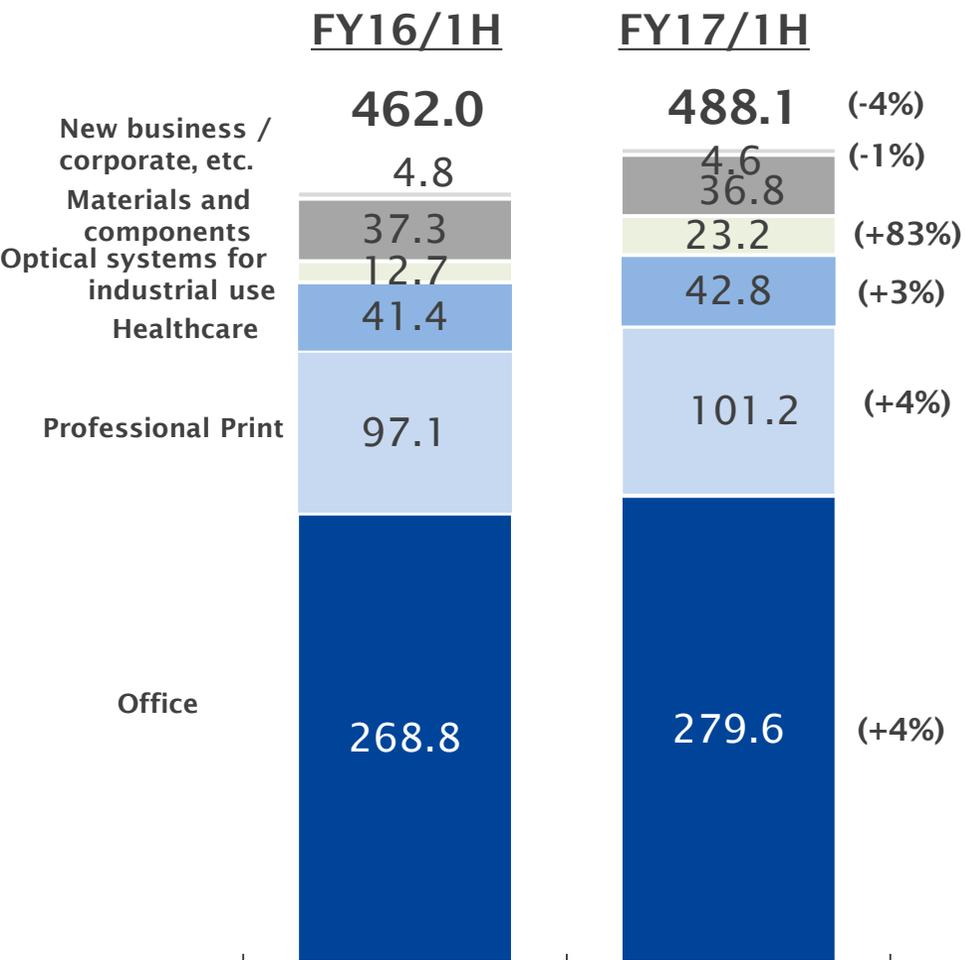
Revenue	Earnings Forecast		Previous Earnings Forecast		Results		YoY
	Mar 2018		Mar 2018		Mar 2017		
Office	565.0		545.0		558.2		+ 1%
Professional Printing	210.0		220.0		204.0		+ 3%
Healthcare	95.0		95.0		89.9		+ 6%
Industrial	120.0		110.0		101.6		+ 18%
Optical systems for industrial use	40.0		35.0		29.3		+ 36%
Materials and components	80.0		75.0		72.2		+ 11%
New business / corporate, etc.	10.0		10.0		8.9		-
<b>Company overall</b>	<b>1,000.0</b>		<b>980.0</b>		<b>962.6</b>		<b>+ 4%</b>

Operating Profit	Earnings Forecast		Earnings Forecast		Results		YoY
	Mar 2018		Mar 2018		Mar 2017		
Office	47.0	8.3%	45.0	8.3%	43.4	7.8%	+ 8%
Professional Printing	11.0	5.2%	12.0	5.5%	9.3	4.5%	+ 19%
Healthcare	6.5	6.8%	5.5	5.8%	2.9	3.2%	+ 127%
Industrial	19.5	16.3%	16.5	15.0%	22.0	21.7%	- 12%
New business / corporate, etc.	-36.0	0.0	-33.0	0.0	-27.4		-
<b>Company overall</b>	<b>48.0</b>	<b>4.8%</b>	<b>46.0</b>	<b>4.7%</b>	<b>50.1</b>	<b>5.2%</b>	<b>- 4%</b>

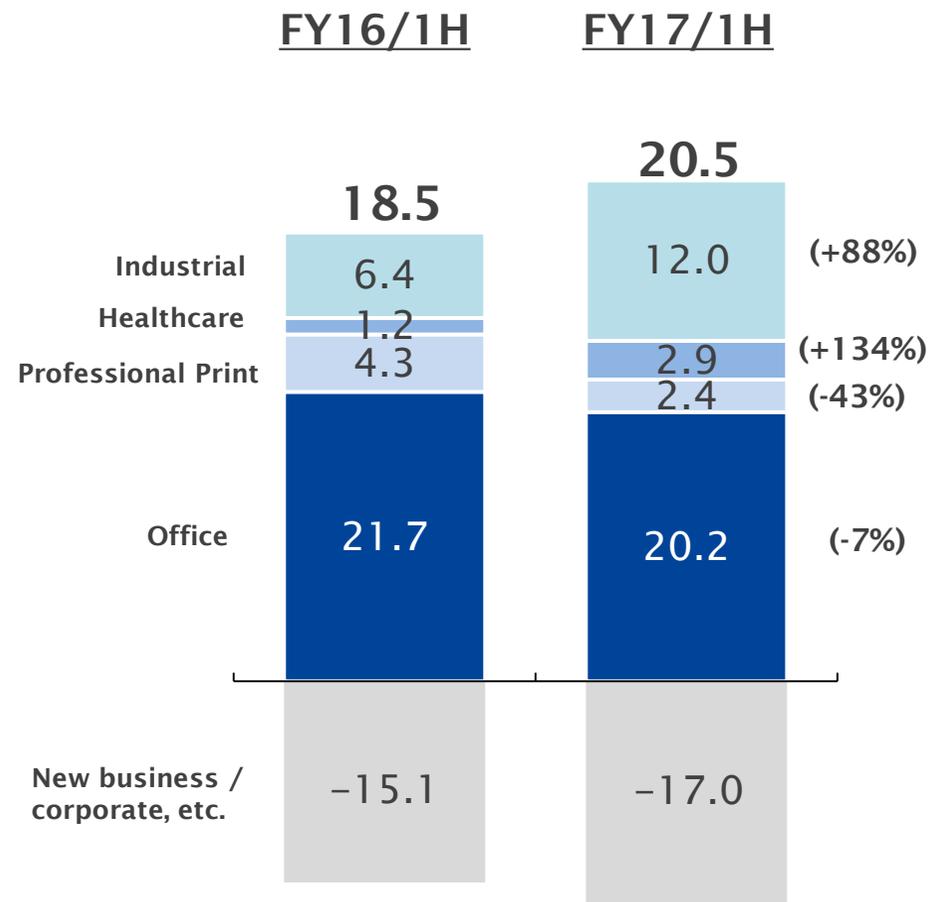
# FY2017 1H Revenue and operating profit by segment

【¥billions】

## Revenue



## Operating Profit

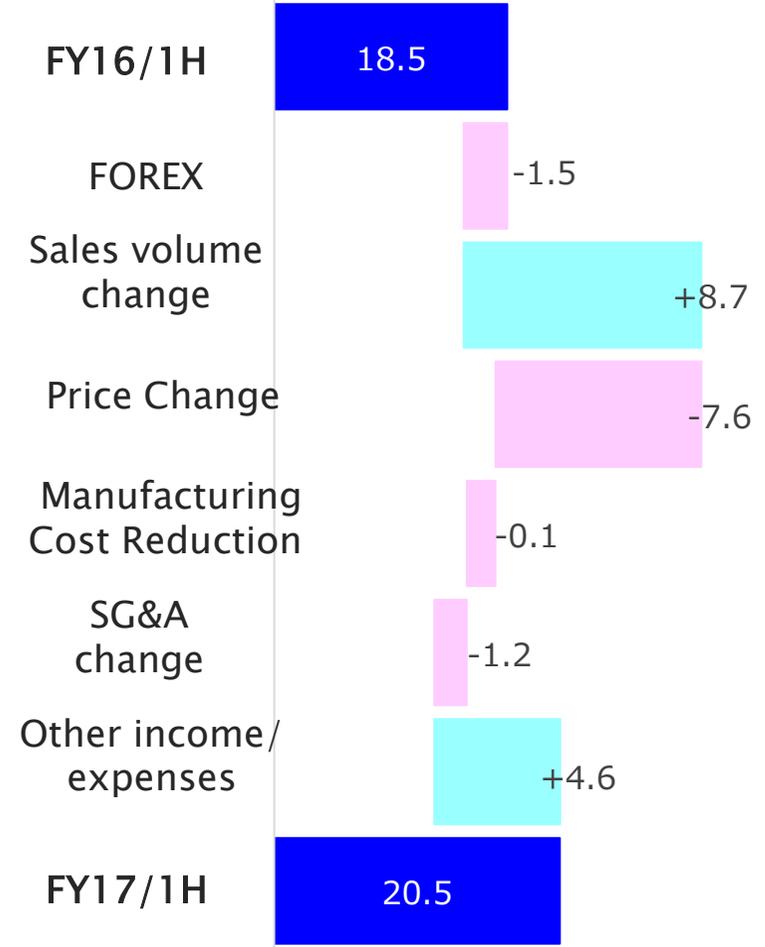
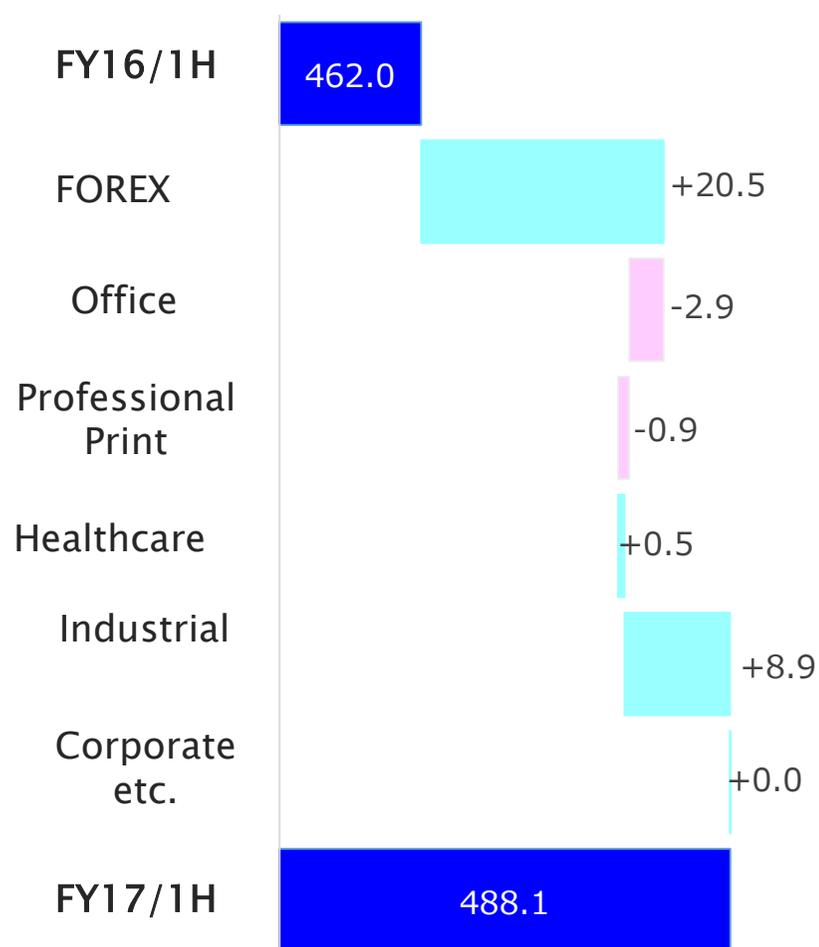


# FY2017/1H Revenue & Operating Profit Analysis

[¥ billions]

## Revenue

## Operating profit



# Operating Profit Analysis



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## FY2017/1H vs FY2016/1H

[¥ billions]

	Office	Professional Printing	Healthcare	Industrial Business	New business / corporate, etc.	Total
<b>[Factors]</b>						
Forex impact	-2.5	0.5	0.1	0.4	-0.0	-1.5
Price change	-4.2	-1.7	-0.3	-1.4	0.0	-7.6
Sales volume change, and other, net	1.0	1.2	0.2	6.2	0.1	8.6
Cost up/down	-1.5	0.0	0.1	0.4	0.0	-1.0
SG&A change, net	1.4	-0.6	-0.4	-0.0	-1.5	-1.2
Other income and expense	4.3	-1.2	2.0	0.1	-0.6	4.6
<b>[Operating Profit]</b>						
Change, YoY	-1.5	-1.9	1.7	5.6	-2.0	1.9

## FY2017/2Q vs FY2016/2Q

	Office	Professional Printing	Healthcare	Industrial Business	New business / corporate, etc.	Total
<b>[Factors]</b>						
Forex impact	-0.1	0.7	0.2	0.4	-0.1	1.0
Price change	-3.4	-1.2	-0.1	-0.4	-	-5.1
Sales volume change, and other, net	2.4	-0.5	0.2	3.2	-0.1	5.3
Cost up/down	0.3	-0.1	0.1	-0.1	-	0.1
SG&A change, net	0.3	0.2	-0.0	-0.1	-1.2	-0.9
Other income and expense	5.0	-0.9	2.0	0.0	-4.5	1.7
<b>[Operating Profit]</b>						
Change, YoY	4.5	-1.8	2.3	3.0	-5.9	2.1

# SG&A, Other Income/ Expenses • Finance Income/Loss



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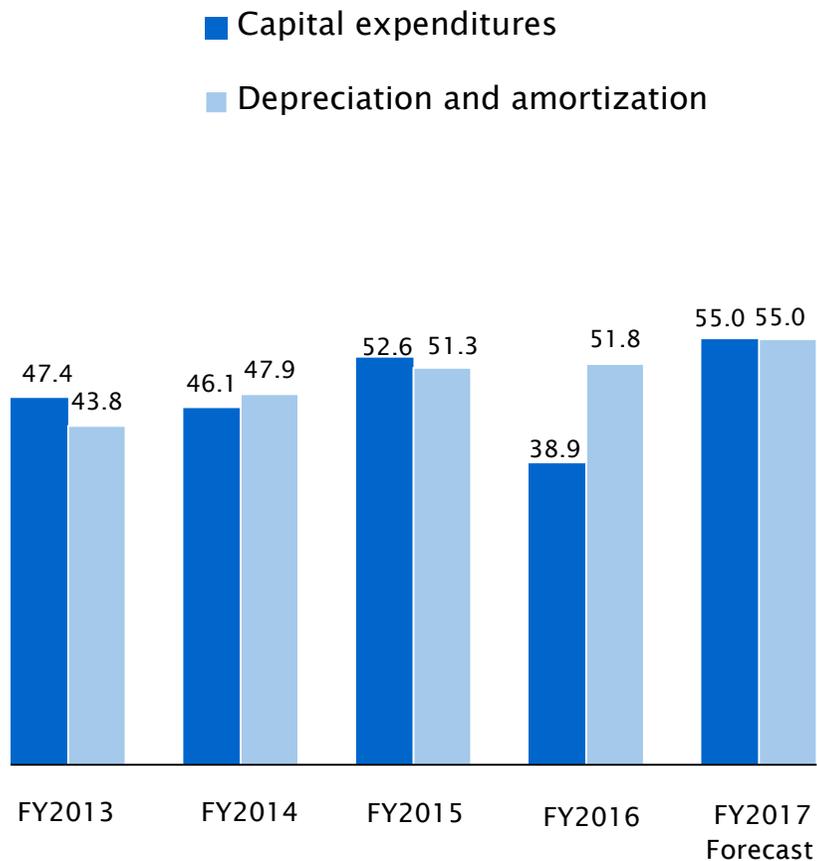
[¥ billions]

	1H Mar 2018	1H 2017	Mar	YoY	2Q Mar 2018	2Q Mar 2017	YoY
<b>SG&amp;A:</b>							
Selling expenses - variable	23.7		23.7	-0.0	12.5	11.6	1.0
R&D expenses	37.5		36.2	1.3	19.0	17.9	1.1
Personnel expenses	98.4		94.8	3.7	49.8	46.5	3.3
Other	55.4		26.6	28.9	27.7	26.0	1.6
<b>SG&amp;A total</b>	<b>215.1</b>		<b>207.3</b>	<b>7.8</b>	<b>109.0</b>	<b>102.0</b>	<b>7.0</b>
	<i>* Forex impact: ¥+6.6 bn. (Actual: ¥+1.2bn.)</i>				<i>¥+6.1 bn. (Actual: ¥+0.9bn.)</i>		
<b>Other income:</b>							
Gain on sales of property, plant and equipment	11.1		0.1	11.0	7.1	0.1	7.0
Patent-related income	-		-	-	-	-	-
Other income	1.8		1.8	0.1	1.1	0.5	0.6
<b>Other income total</b>	<b>12.9</b>		<b>1.9</b>	<b>11.0</b>	<b>8.2</b>	<b>0.6</b>	<b>7.6</b>
<b>Other expenses</b>							
Loss on sales of property, plant and equipment	0.3		0.4	-0.1	0.2	0.3	-0.1
Special extra retirement payments	5.1		-	5.1	4.6	-	4.6
Other expenses	3.8		2.7	1.1	2.5	1.3	1.2
<b>Other expenses total</b>	<b>9.3</b>		<b>3.1</b>	<b>6.1</b>	<b>7.3</b>	<b>1.7</b>	<b>5.6</b>
<b>Finance income/loss:</b>							
Interest income/Dividends received/Interest expense	-0.3		-0.1	-0.1	-0.4	-0.2	-0.2
Foreign exchange gain/loss (net)	-0.9		-0.7	-0.3	-0.5	-0.4	-0.1
Other	-0.1		-0.1	-0.0	-0.1	-0.1	0.0
<b>Finance income/loss, net</b>	<b>-1.4</b>		<b>-1.0</b>	<b>-0.4</b>	<b>-0.9</b>	<b>-0.6</b>	<b>-0.3</b>

# Outlook for Capital Expenditure and Depreciation and Amortization Expenses/ Free Cash Flows

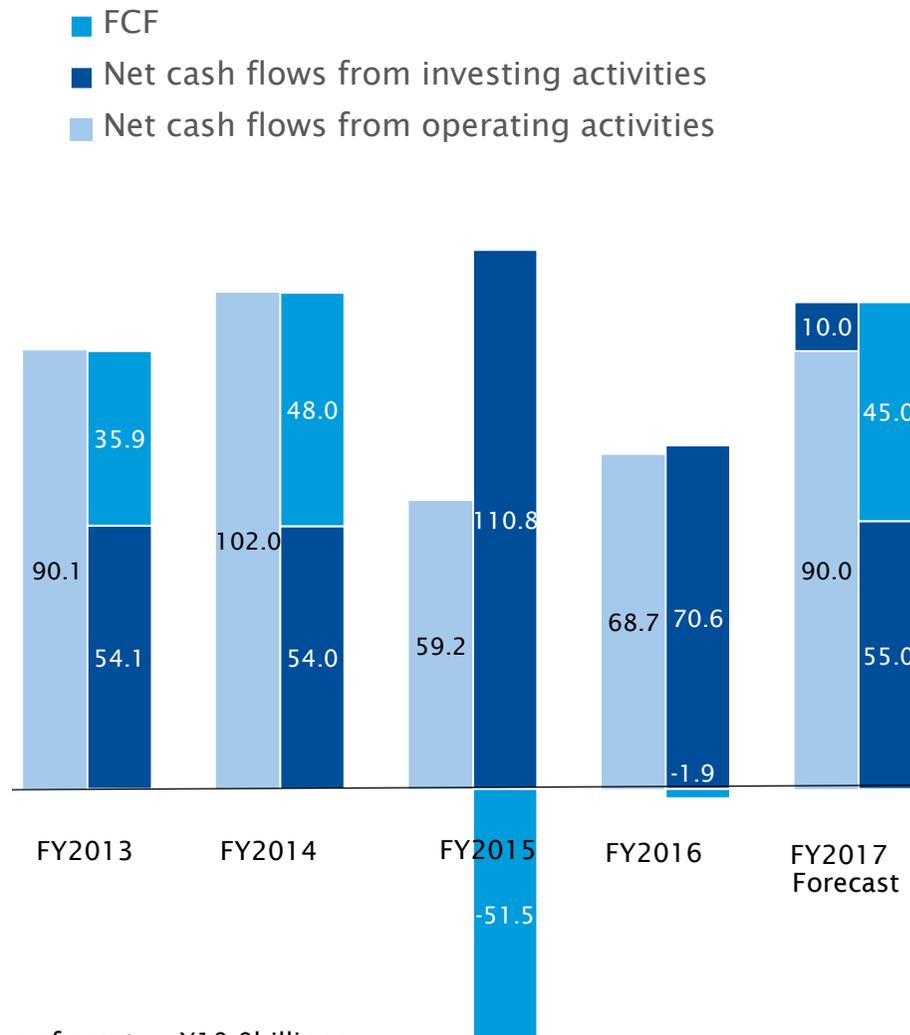
## Capital Expenditure and Depreciation and Amortization Expenses

[¥ billions]



## Free Cash Flows

[¥ billions]

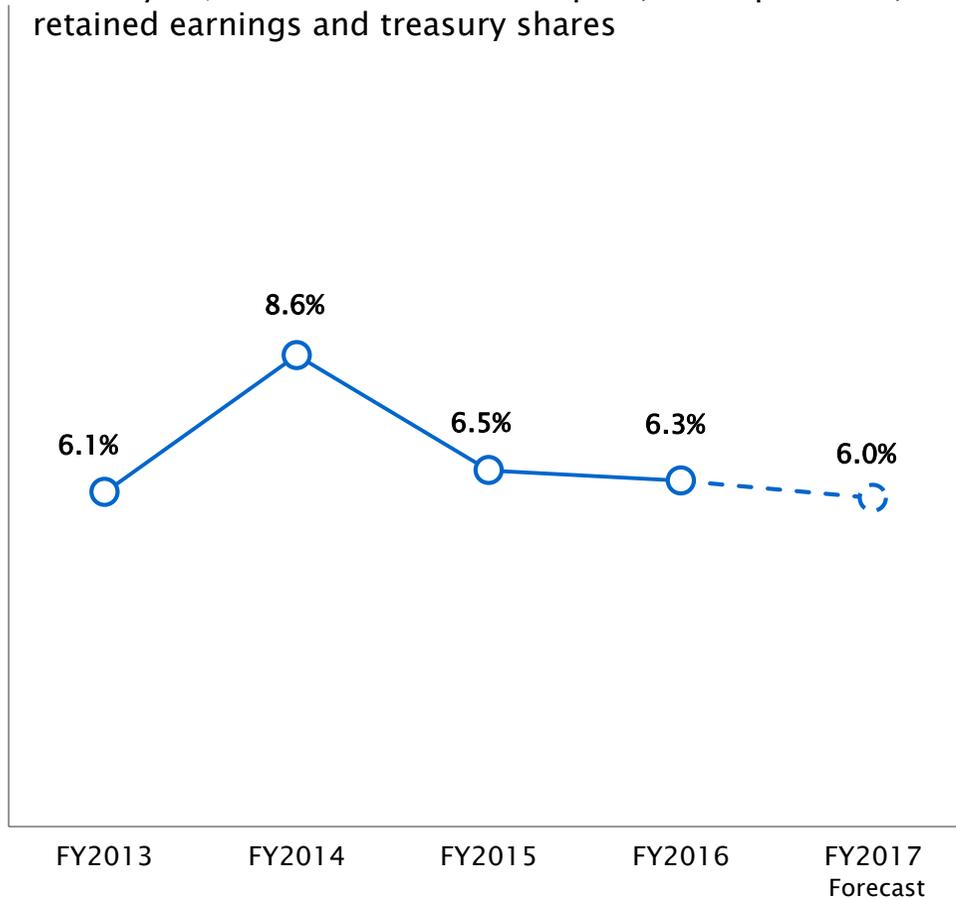


\*Result of Liquidation of assets= ¥10.0billions

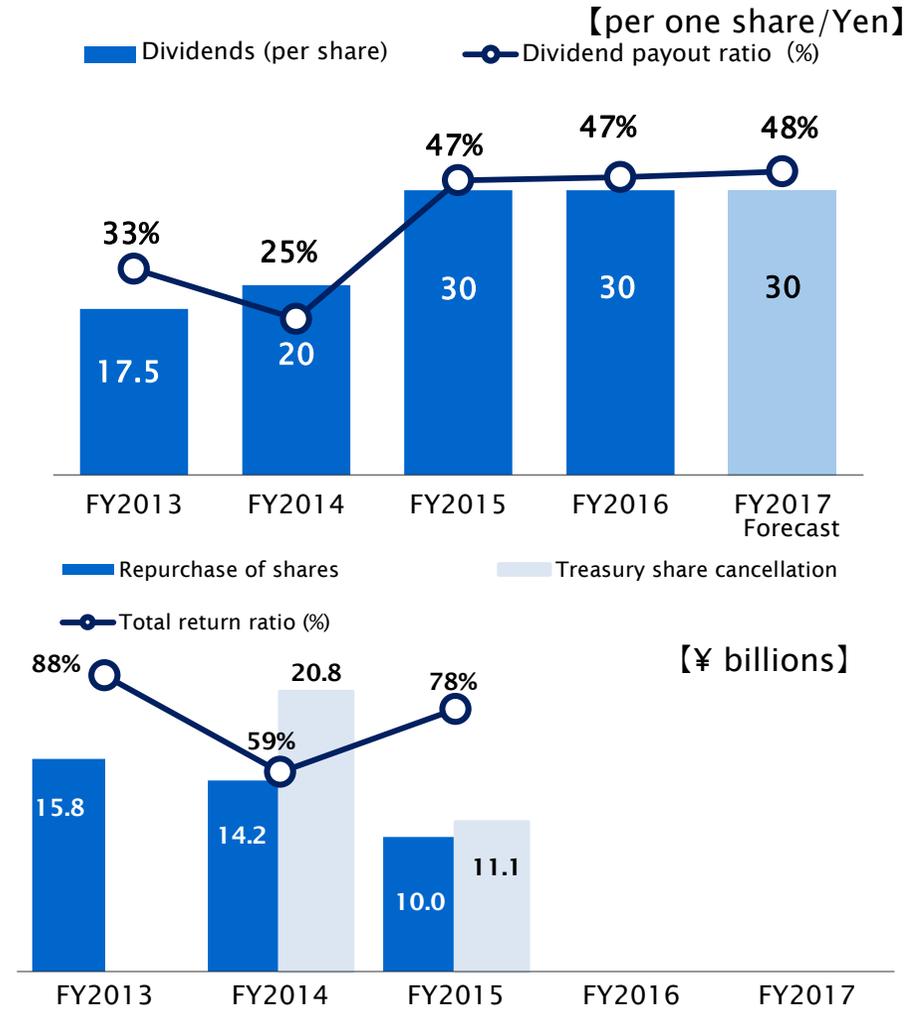
\*FCF forecast for Mar 2018 does not include investment and lending

## ROE

ROE: profit for the year attributable to the owners of the company, divided by the average (using figures from start and end of year) of the sum of share capital, share premium, retained earnings and treasury shares



## Shareholder Returns



# Unit Sales Trend: Office/Professional Print

## ■ Composition of Revenue by region (in yen)

	FY2015				FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
JP	12%	12%	12%	13%	13%	12%	13%	13%	13%	13%
NA	33%	34%	34%	33%	32%	34%	33%	32%	34%	34%
EU	37%	36%	38%	38%	37%	36%	36%	38%	36%	36%
Other	18%	18%	17%	16%	18%	18%	18%	16%	17%	17%

## ■ Change in Revenue by region (w/o FOREX)

	FY2015				FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
JP	+1%	+1%	+1%	-0%	-1%	-1%	-1%	-2%	+2%	+0%
NA	+5%	+1%	+3%	+0%	+2%	+3%	+6%	-3%	+2%	+3%
EU	+3%	+0%	+3%	+2%	+4%	+4%	+9%	+4%	-1%	+2%
Other	+20%	-3%	-4%	-1%	+4%	+7%	-12%	-1%	-10%	-8%

## ■ Percentage of color in sales of hardware

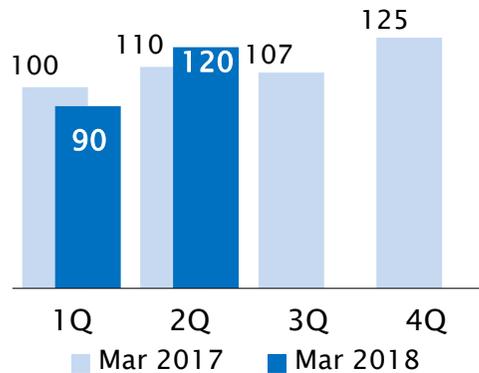
	FY2015				FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Office	68%	66%	71%	71%	71%	72%	72%	72%	69%	72%
PP	68%	71%	73%	73%	74%	73%	73%	72%	78%	76%

# Unit Sales Trend: Office/Professional Print

## A3 color MFP- Units\*

YoY : +9%

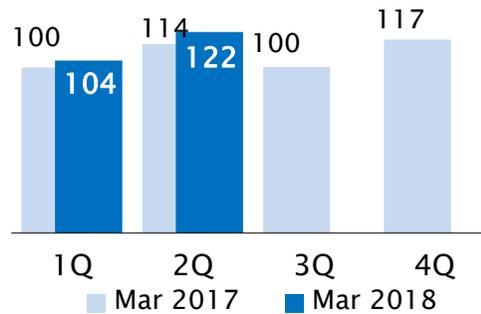
QoQ : +32%



## A3 B&W MFP- Units\*

YoY : +6%

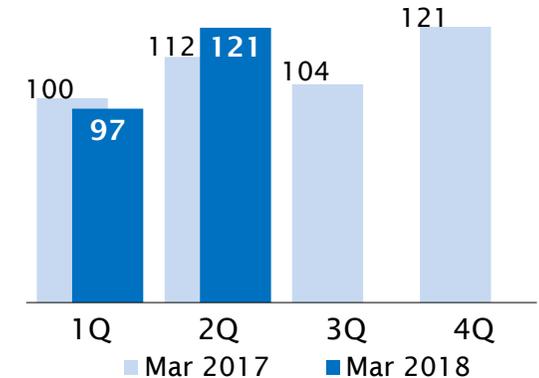
QoQ : +17%



## A3 MFP TTL- Units\*

YoY : +8%

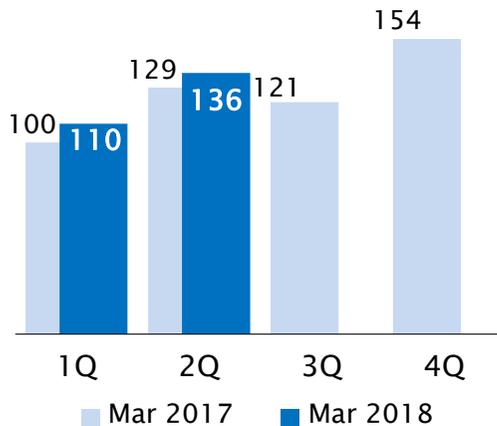
QoQ : +25%



## Color Production Print - Units\*

YoY : +6%

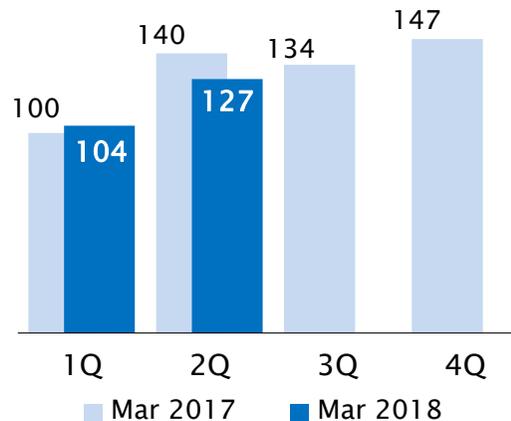
QoQ : +24%



## B&W Production Print - Units\*

YoY :  $\Delta$ 9%

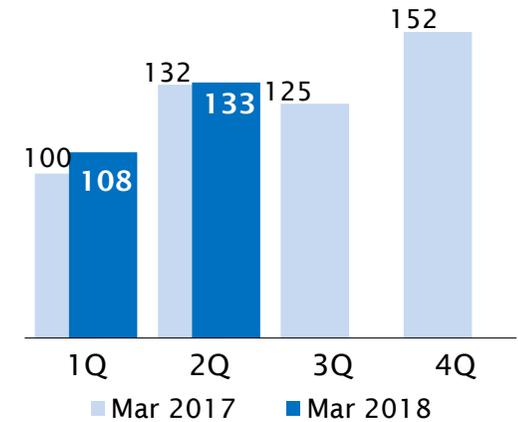
QoQ : +23%



## Production Print - Units\*

YoY : +1%

QoQ : +24%

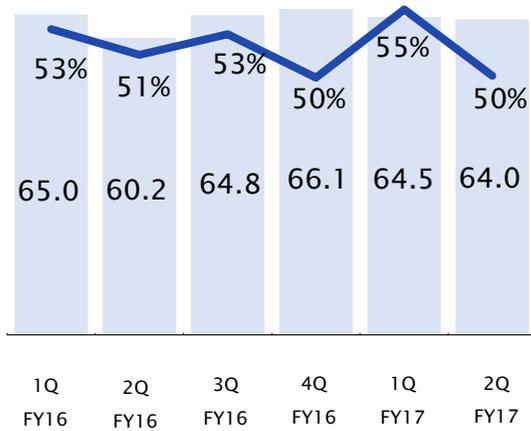


\* Base index : "1Q Mar2016" = 100

# Office/Professional Print : Sales Results of Non-Hard

## Revenue & ratio of non-hard

### Office products [¥billions]



## YoY Revenue increase of non-hard

(w/o FOREX)

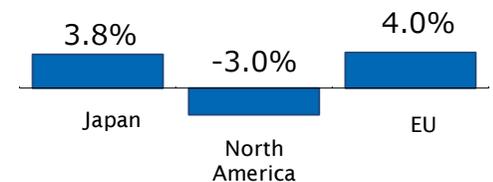
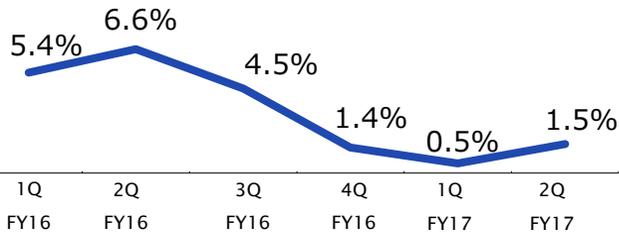
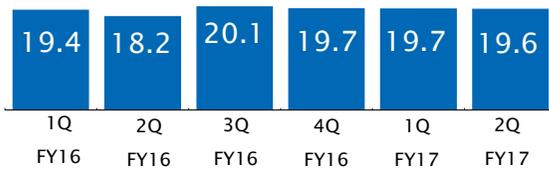
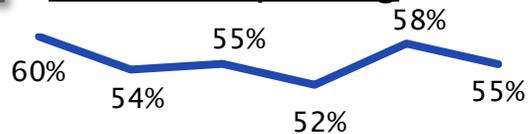
### [YoY]



### [Regional]



## Production printing



# FOREX Impact to Revenue and Operating Profit

【FOREX : ¥】

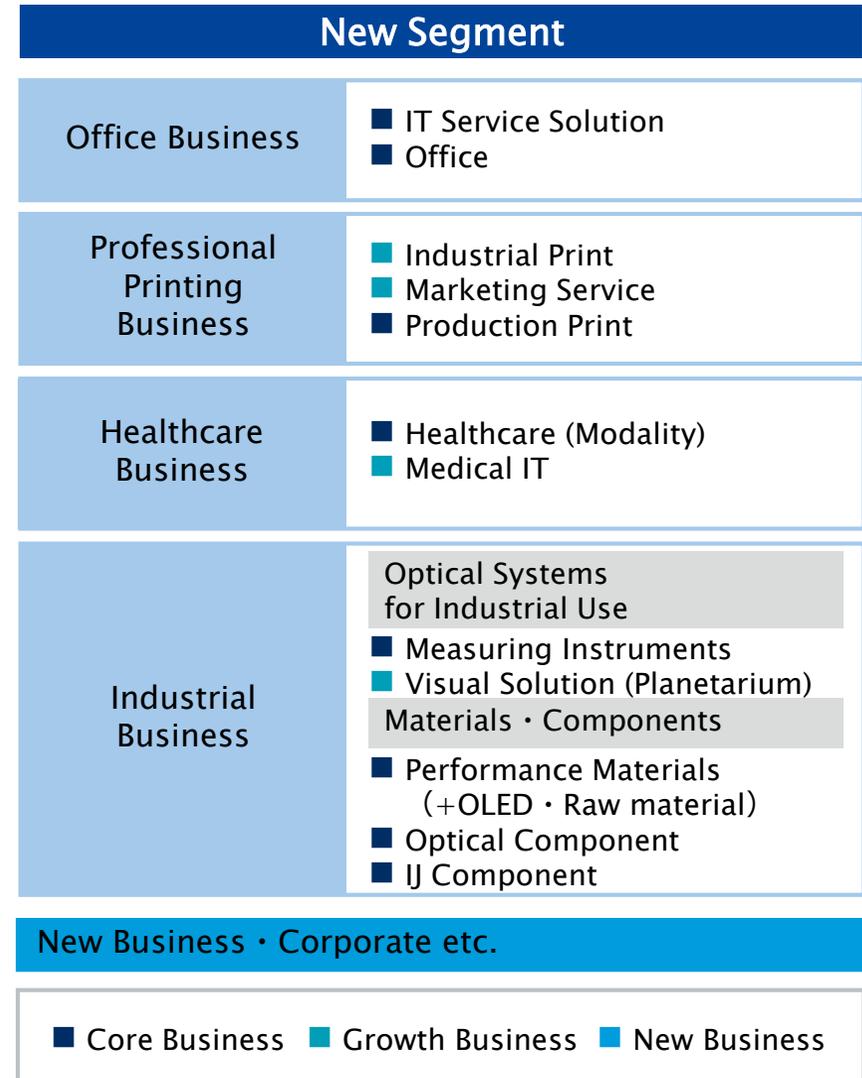
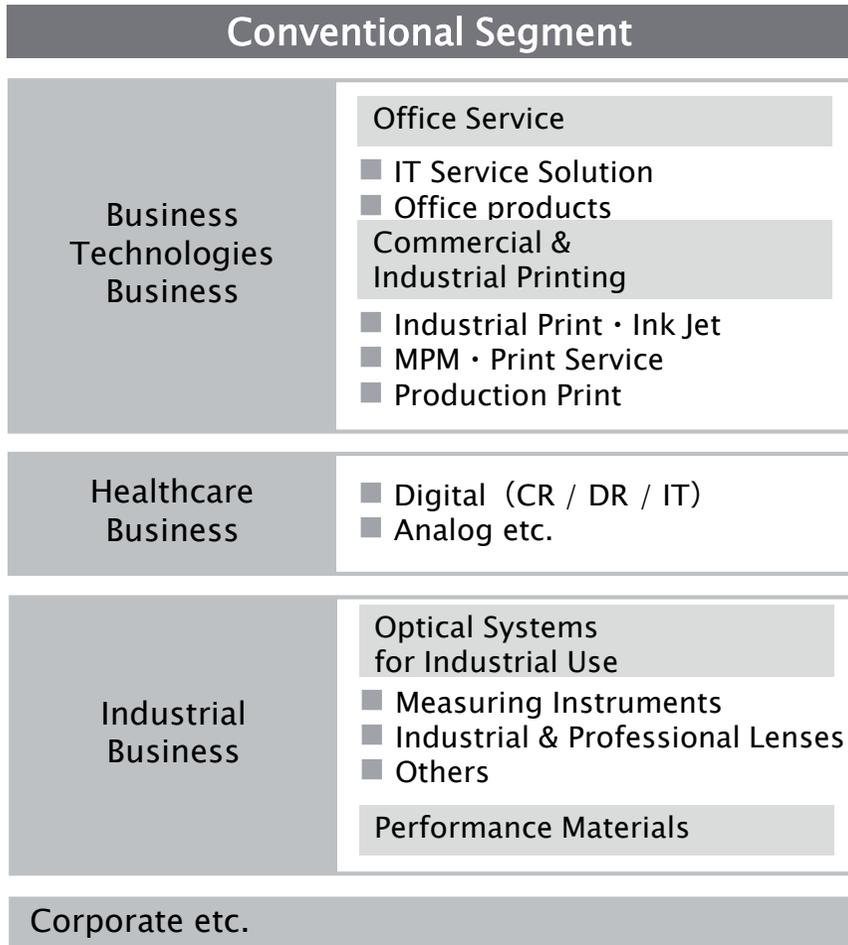
【Impact, Sensitivity : ¥ billions】

	FY16	FY17	Impact to 2016		FX Sensitivity *2	
	1H	1H	Revenue	OP	Revenue	OP
USD	105.29	111.06	+ 8.7	+ 0.6	+ 3.0	+ 0.0
EUR	118.15	126.29	+ 7.1	+ 1.7	+ 1.9	+ 0.8
GBP	144.88	143.61	- 0.2	-0.0	+ 0.3	+ 0.1
European Currency*1	-	-	+ 8.5	+ 1.7	+ 2.6	+ 1.1
CNY	15.94	16.42	+ 0.8	- 0.1	+ 2.7	+ 0.7
AUD	79.08	85.52	+ 1.3	+ 0.3	+ 0.4	+ 0.1
Other	-	-	+ 1.3	+0.7	-	-
Exchange contract effect	-	-	-	- 4.6	-	-
Total impact from FY2016			+ 20.5	- 1.5		

\*1 European currencies: Currencies in Europe except EUR/GBP

\*2 FOREX Sensitivity: FOREX impact at ¥1 change (Annual)

# Business Segment renewal for New Mid Term Plan imprecation



# Financial Results: Segments (Quarterly: FY16/1Q~FY17/2Q)



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[¥ billions]

【Revenue】	FY16				FY17	
	1Q	2Q	3Q	4Q	1Q	2Q
Office Business	136.2	132.5	138.5	150.9	133.0	146.5
Professional Print Business	47.5	49.6	51.1	55.8	49.0	52.2
Healthcare Business	18.5	22.9	22.0	26.6	19.5	23.3
Industrial Business	24.9	25.1	24.1	27.5	28.7	31.3
Optical Systems for Industrial Use	7.0	5.7	6.1	10.5	11.7	11.5
Material · Components	17.9	19.4	18.0	17.0	17.0	19.8
New Business · Corporate etc.	2.1	2.6	2.0	2.1	2.1	2.5
Company Total	229.1	232.8	237.7	262.9	232.4	255.8

【Operating Profit】	FY16				FY17	
	1Q	2Q	3Q	4Q	1Q	2Q
Office Business	11.4	10.3	9.6	12.1	5.3	14.8
Professional Print Business	1.6	2.7	2.5	2.5	1.6	0.9
Healthcare Business	0.2	1.0	0.3	1.4	-0.5	3.4
Industrial Business	3.4	3.0	10.4	5.3	6.1	5.9
New Business · Corporate etc.	-7.7	-7.4	-6.8	-5.5	-3.8	-13.2
Company Total	8.9	9.6	15.9	15.7	8.7	11.8

- **MPM: Marketing Production Management (Office Business)**  
MPM provides services that aim to optimize the supply chain for marketing materials (design, printing, shipment, inventory management). Konica Minolta acquired Charterhouse (UK) in 2012 and Ergo (Australia) in 2014.
- **DR: Digital Radiography: (Healthcare Business)**  
A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer.
- **PACS: Picture Archiving and Communication System: (Healthcare Business)**  
An image storage and communication system for medical image processing. More generally, any system for managing a large number of images, such as CT, MRI, and X-ray images from DR or CR.
- **OLED: Organic Light Emitting Diode (Industrial Business)**  
Also known as organic EL (organic electroluminescence). OLED applies the phenomenon of organic compounds producing light when voltage is applied to lighting and display products.
- **Kinko's: Kinko's Japan Co., Ltd. , Kinko's Korea Ltd.**  
Kinko's provides print-on-demand services, primarily in large urban areas, and boasts impressive proposal capabilities and marketing skills. Acquired FedEx Kinko's Japan Co., Ltd. in 2012 and FedEx Kinko's Korea Ltd. in 2013.
- **MGI: MGI Digital Graphic Technology (Professional Print Business)**  
MGI is an output device manufacturer based in France. Konica Minolta formed a financial and strategic alliance with MGI in 2014, and MGI became a consolidated subsidiary in 2016. MGI provides unique products requiring special techniques such as decorative printing that are tailored to customer needs, and operates its global business in North America and Asia with a particular focus on Europe.
- **Workplace Hub (WPH): (New Business)**  
This is a platform that will become the base for the IoT business that Konica Minolta plans to focus on. In addition to MFP functions, a server is integrated to create a solution that drives efficiencies by reducing the overall costs of IT infrastructure management, providing real-time data-driven visibility of IT usage patterns that help to improve business processes. This will link people and data, and empower them to make smarter decisions and solve problems in the office.
- **Precision medicine: (New Business)**  
With this approach, advanced technology is used to perform genetic analyses of cells to match individual patients with the most appropriate treatment and optimal drug dosages for their specific disease.



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