

Konica Minolta, Inc.
Q&A from 3Q/ March 2018 Financial Results Briefing Session

Date: February 1, 2018 18:30 – 19:30 JST
Place: Nomura conference plaza Nihonbashi (Tokyo, Japan)

Cautionary Statement

This material was prepared for those who were unable to attend the financial results briefing in 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 Results for Konica Minolta as a whole]

Q. How large an effect are you anticipating from structural reforms, including the content of p.20 of the presentation materials? Also, will the expenses associated with the structural reforms implemented in 4Q be offset by liquidation of fixed assets (sale & leaseback)?

A. We expect around ¥20 billion in three-year cumulative effects from structural reforms during the course of the Medium Term Business Plan running from FY2017 to FY2019. We will definitely nullify expenses that arise in 4Q using sale & leaseback.

[Q&A regarding Business segments]

Q. In the Office Business, you said that new products came out in 3Q and that these made a contribution, so please update us on the situation for color MFP sales.

A. With regard to sales volumes, color MFPs were up 8% YoY. Even including monochrome models, they were up 7% YoY. North America and China remained strong. In Europe, orders were solid, but partly due to restrictions in the number of work days resulting from Christmas holidays and so on, we were unable to complete installations during 3Q for orders received in the second half of the quarter, which led to an order backlog.

Q. What is the rate of installation for the IQ-501 that you introduced (p.5 of the presentation materials) as a way of differentiating from other competitors in the production print market? Also, is it possible to retrofit this product to equipment that has already been installed for the customer?

A. The rate of installation for the AccurioPress C6100 in Europe and the US is 70–80%, and in Japan it is close to 100%, so the level is quite high. We plan to use this to appeal to customers with an installed base of monochrome models. Yes, it is possible to retrofit it to existing equipment. The compatible models are the AccurioPress C6100, C6085, C2070, C2070P, and C2060.

Q. How do you see demand for measuring instruments developing as we go forward?

A. While adoption for use with mobile OLED displays provided a tailwind in FY2017, another reason for the growth in sales is the expansion of the customer base. In FY2018 as well, there is a healthy appetite for investment in OLED among Chinese customers, and we believe that we can leverage our advanced technological capabilities in wide color gamut OLEDs.

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