



SHINKA 2019
Evolution



Konica Minolta, Inc. 2nd Quarter/FY2018 ending in March 2019 **Consolidated Financial Results**

Three months: July 1, 2018 – September 30, 2018
Six months: April 1, 2018 – September 30, 2018
– Announced on October 30, 2018 –

Seiji Hatano
Senior Executive Officer
Chief Financial Officer
Konica Minolta, Inc.

[¥ billions]

| | FY2018 6M | FY2017 6M | YoY | YoY (W/O Forex) | FY2018 2Q | FY2017 2Q | YoY | YoY (W/O Forex) |
|---|--------------|--------------|------|--------------------|--------------|--------------|------|--------------------|
| Revenue | 517.1 | 488.1 | +6% | + 6% | 261.9 | 255.8 | +2% | + 3% |
| Operating Profit | 34.6 | 20.5 | +69% | + 45% | 19.2 | 11.8 | +63% | + 45% |
| Profit attributable to owners of the parent | 23.3 | 13.5 | +73% | | 12.2 | 8.1 | +49% | |
| FOREX [Yen] | | | | | | | | |
| USD | 110.26 | 111.06 | - 1% | | 111.46 | 111.03 | +0% | |
| Euro | 129.85 | 126.29 | +3% | | 129.63 | 130.38 | - 1% | |

Revenue

- Office Business revenue grew, driven by sales of color models, and Professional Print Business also saw rising sales of both color and monochrome models, leading to higher revenue. Healthcare Business posted lower revenue as a result of discontinuing the sale of certain purchased products. Industrial Business revenue was flat, with higher sales of Performance Materials offsetting declines in sales of Measuring Instruments business unit caused by a slowing of demand.

Operating Profit

- Office and Professional Print recorded increases in profits thanks to strengthened profitability in core businesses, while earnings in Healthcare and Industrial were effectively flat. Income generated by the liquidation of assets through sale and lease back was also recorded, leading to a significant year-on-year increase in profit for the Group as a whole.

FY2018 1H Financial Performance | Revenue & Operating Profit by Segment



KONICA MINOLTA

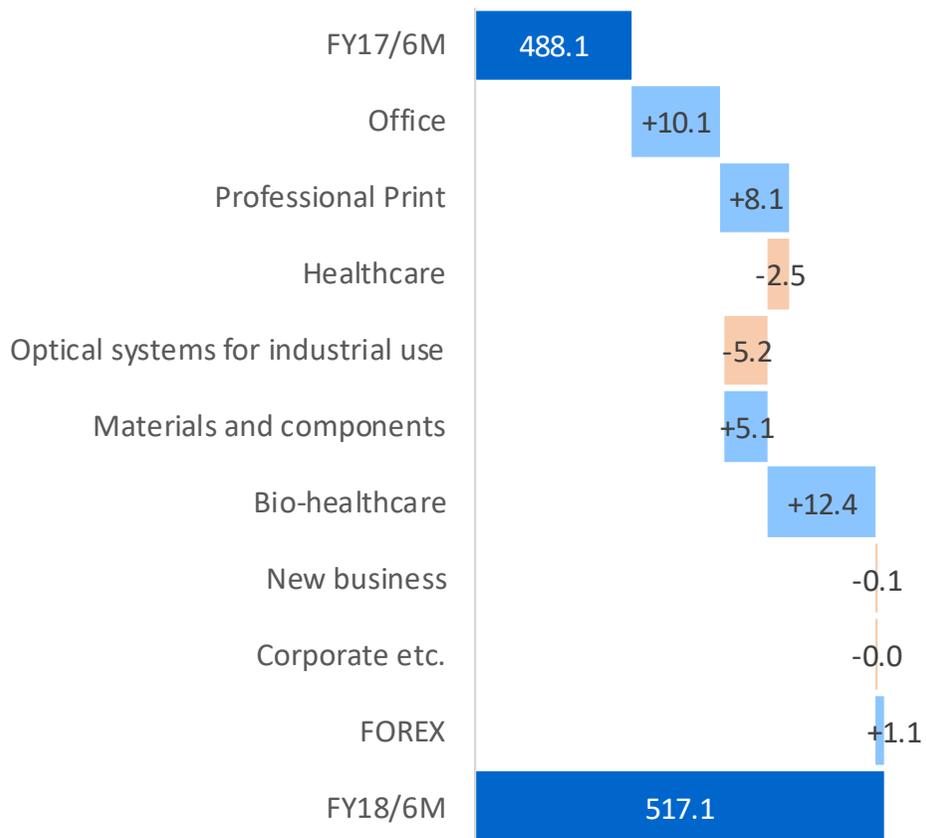
[¥ billions]

| <u>Revenue</u> | FY2018 6M | FY2017 6M | YoY | YoY (W/O Forex) | FY2018 2Q | FY2017 2Q | YoY | YoY (W/O Forex) |
|------------------------------------|--------------|--------------|-------|--------------------|--------------|--------------|-------|--------------------|
| Office | 290.8 | 279.6 | +4% | +4% | 147.2 | 146.5 | +0% | +1% |
| Professional Print | 109.2 | 101.2 | +8% | +8% | 55.9 | 52.2 | +7% | +8% |
| Healthcare | 40.2 | 42.8 | -6% | -6% | 21.6 | 23.3 | -7% | -6% |
| Industrial | 59.6 | 60.0 | -1% | -0% | 28.0 | 31.3 | -11% | -10% |
| Optical systems for industrial use | 18.0 | 23.2 | -23% | -23% | 7.9 | 11.5 | -31% | -31% |
| Materials and components | 41.6 | 36.8 | +13% | +14% | 20.1 | 19.8 | +2% | +2% |
| New business | 16.7 | 4.3 | +291% | +289% | 8.8 | 2.3 | +281% | +282% |
| Bio-healthcare | 12.4 | — | — | — | 6.5 | — | — | — |
| Others | 4.3 | 4.3 | +0% | -2% | 2.3 | 2.3 | -1% | -0% |
| Corporate, etc. | 0.6 | 0.3 | +91% | +69% | 0.3 | 0.2 | +75% | +47% |
| Company overall | 517.1 | 488.1 | +6% | +6% | 261.9 | 255.8 | +2% | +3% |

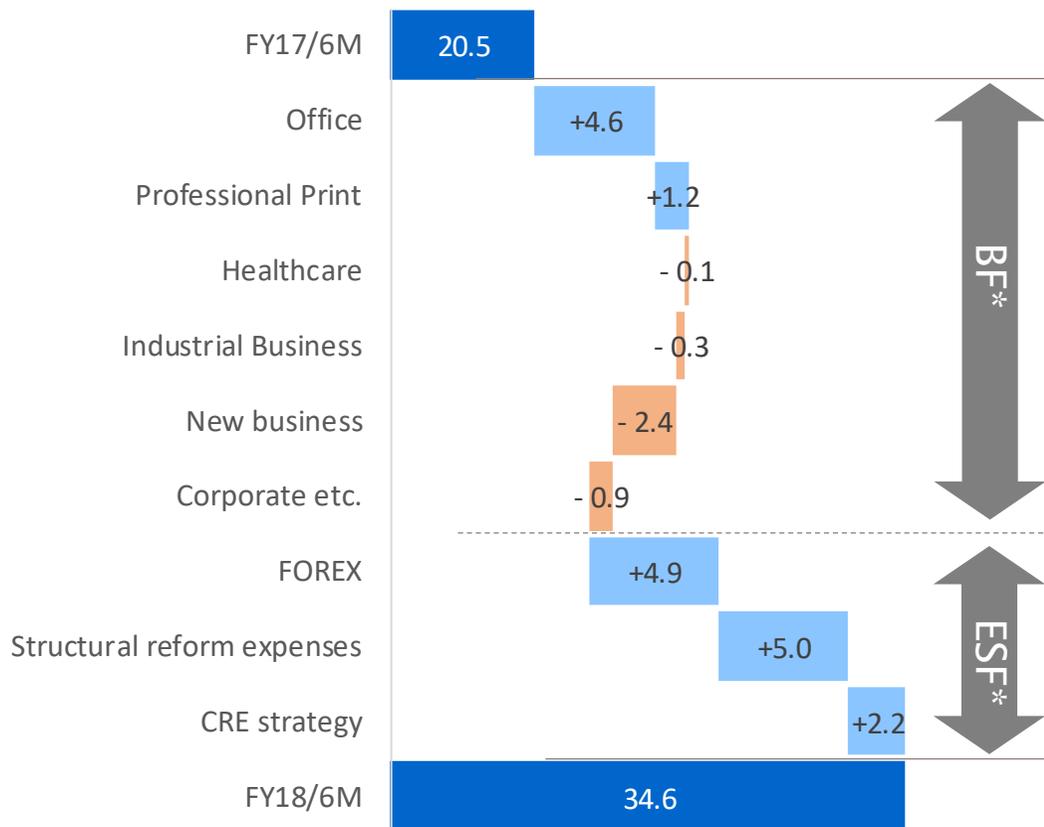
| <u>Operating profit/OPM</u> | FY2018 6M | FY2017 6M | YoY | YoY (W/O Forex) | FY2018 2Q | FY2017 2Q | YoY | YoY (W/O Forex) |
|-----------------------------|--------------|--------------|-------|--------------------|--------------|--------------|-------|--------------------|
| Office | 22.7 | 20.2 | +13% | -8% | 13.4 | 14.8 | -9% | -21% |
| Professional Print | 5.4 | 2.4 | +121% | +82% | 3.7 | 0.9 | +335% | +276% |
| Healthcare | 0.8 | 2.9 | -71% | -74% | 1.0 | 3.4 | -69% | -69% |
| Industrial | 11.4 | 12.0 | -5% | -3% | 4.7 | 5.9 | -21% | -22% |
| New business | -8.7 | -5.9 | — | — | -3.5 | -3.2 | — | — |
| Corporate, etc. | 2.9 | -11.1 | — | — | -0.2 | -10.0 | — | — |
| Company overall | 34.6 | 20.5 | +69% | +45% | 19.2 | 11.8 | +63% | +45% |

[¥ billions]

Revenue



Operating Profit



* BF: Business Factors; OP: Operating Profit;

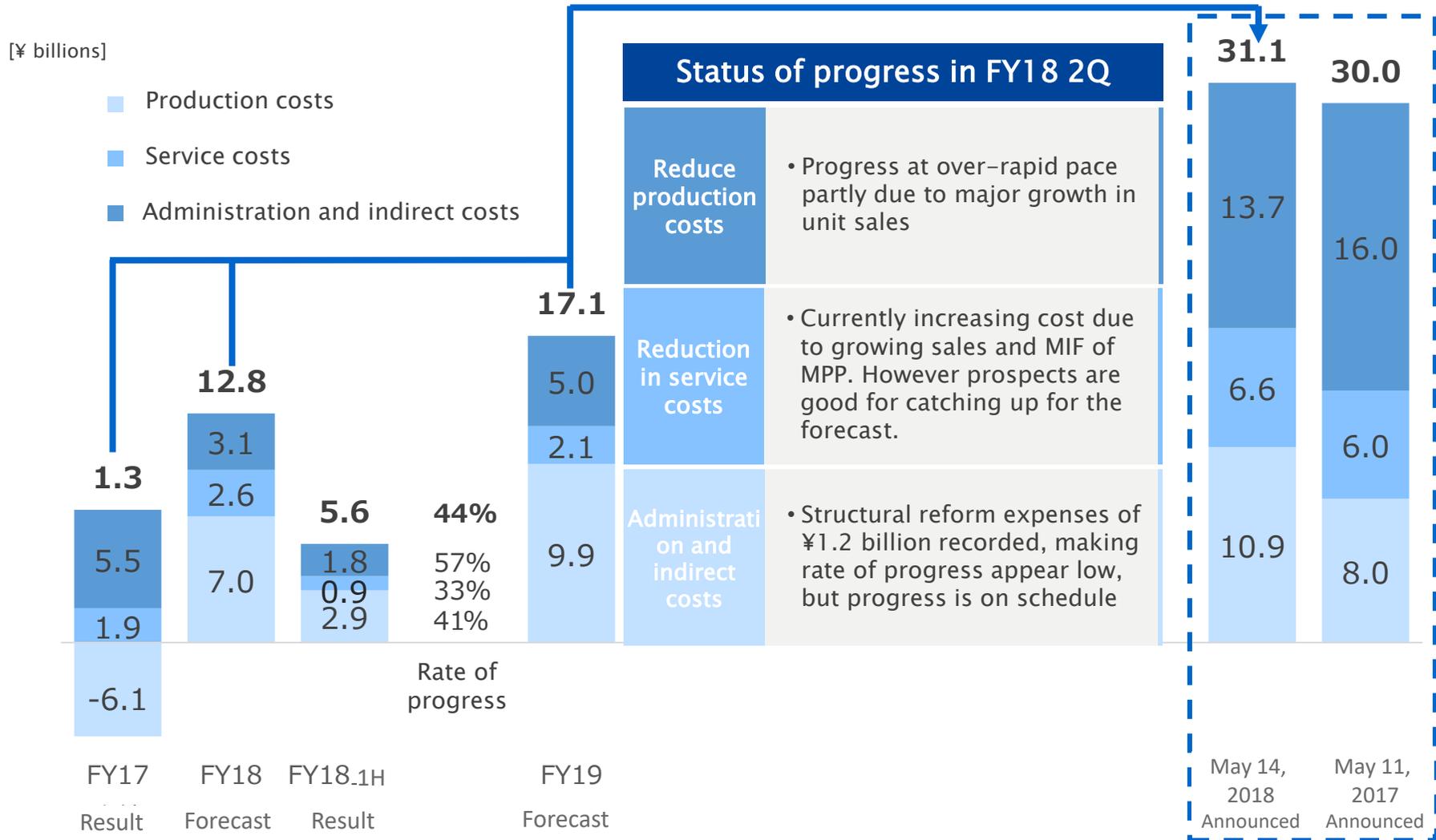
ESF: External and Special Factors

- Promotion of structural reforms in Japan and overseas continues as part of the strengthening of profitability in core businesses set out in Medium Term Business Plan SHINKA 2019.
- Implemented sale & lease back as part of corporate real estate (CRE) strategy, expenses related to repairs/removals, etc. also rose.
- As of June 27, the Company concluded sale and lease back contracts for ownership of the land on its Tokyo sites (Hachioji and Hino), posting ¥14.9 billion in 1H, with the remaining ¥5.2 billion to be recorded in 2H.

| Target and purpose | | Impact on profit and loss | | | |
|---------------------------------|--|---------------------------|-----------|--|--|
| | | FY17 1H | FY17 12M | FY18 1H | FY18 12M Forecast |
| (1) Structural reform expenses | Special early retirement program in Japan, consolidation of warehouses/outsourcing of back-office in Europe, consolidation of locations in North America, etc. | -¥6.2 bn | -¥10.0 bn | -¥1.2 bn | -¥2.0bn to -¥3.0 bn |
| (2) CRE strategy | Global optimization of facilities use (land/buildings) | ¥11.5 bn | ¥20.9 bn | ¥13.8 bn (S&LB ¥14.9 bn, repairs, etc. ¥1.1 bn) | ca. ¥13.0 bn (S&LB ¥20.1 bn, repairs, etc.) |
| (1)+(2) Total of one-off profit | | ¥5.4 bn | ¥10.9 bn | ¥12.6 bn | ¥10.0 bn to ¥11.0 bn |

Strengthening Core Business Profitability: Progress of Improvement in Costs

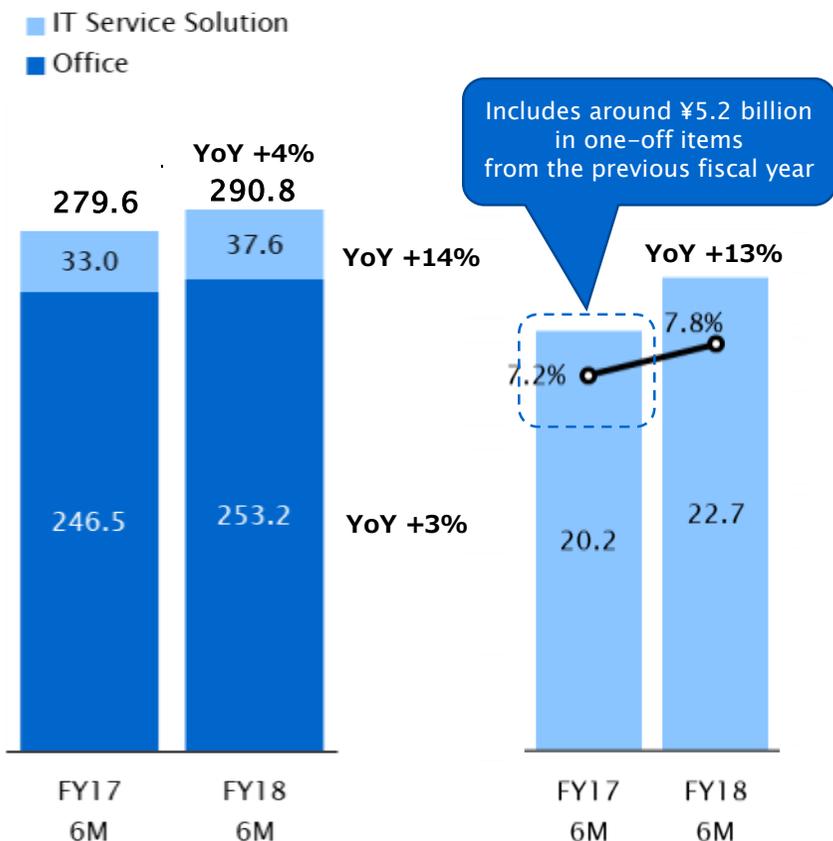
In light of progress up to FY18-1H, FY18/FY19 forecasts remain unchanged



Revenue

Operating Profit

[¥ billions]



2Q Summary

Office

- US, Europe, and Japan drove growth in A3 high-speed color sales volumes. Scientific approach to sales and sales of high value-added products and services resulted in improved profitability in North America, while in Europe, Eastern Europe recorded growth.
- In developing countries such as India and ASEAN nations, there was growth in A3 color models, from low-speed to high-speed. Partner sales also grew considerably.
- Progress was made in line with the Company regional strategy, and although monochrome models declined overall, sales volumes for color models rose significantly.
- Production operating ratio rose as a result of higher sales volumes.

IT Services Solutions

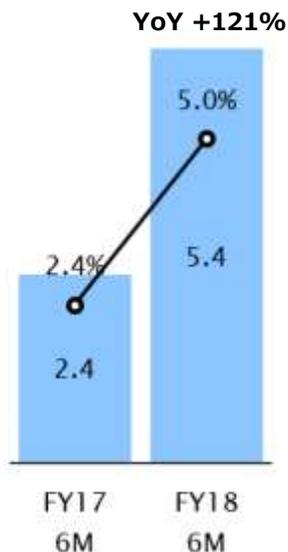
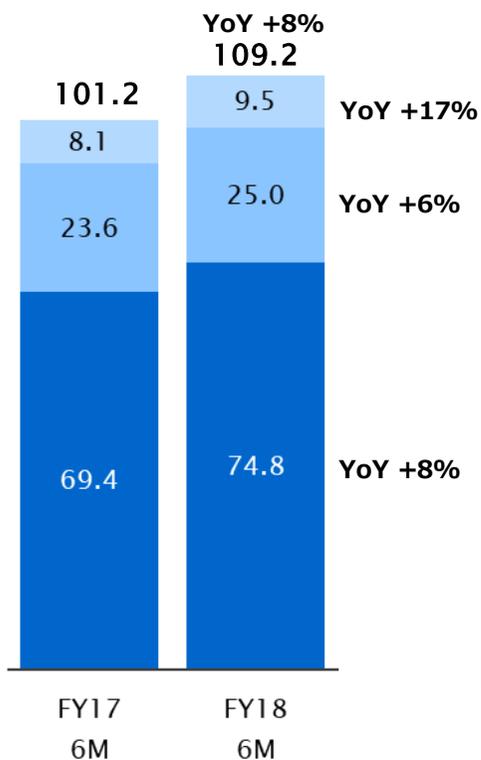
- In addition to the continued impact of newly consolidated subsidiaries in both the US and Europe, we saw the fruit of managed IT service sales thanks to strengthening our service provision capabilities in anticipation of the sales launch for Workplace Hub.

Revenue

Operating Profit

[¥ billions]

- Industrial Print
- Marketing Service
- Production Print



2Q Summary

Production Print

- In Europe, in addition to MPP, new LPP products posted higher sales, while in North America sales volumes of monochrome models expanded significantly.
- In China, India, and ASEAN countries, there were significant increases for all models.
- Overall, there were year-on-year increases for both monochrome and color equipment.

Marketing Service

- As well as higher revenue driven by recovering demand at major customers, the shift to high value-added services accelerated, leading to improved profitability.
- Kinko's continued to record stable revenues.

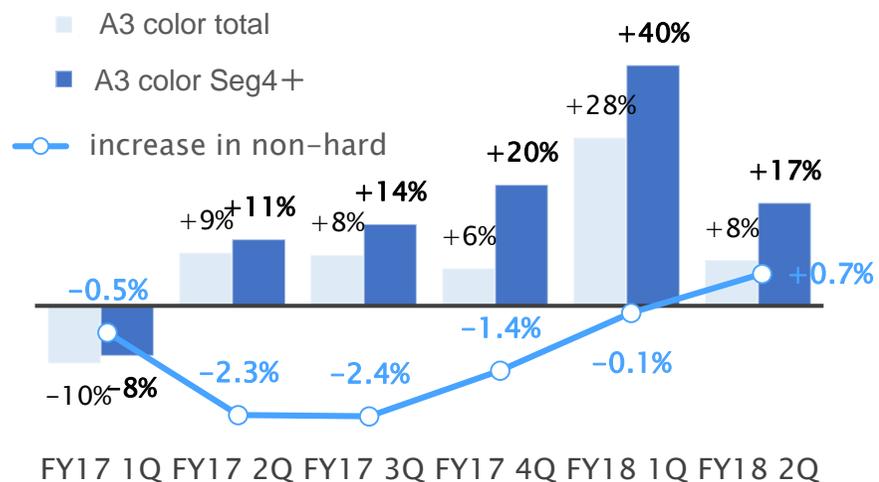
Industrial Printing

- Sales of the AccurioJet KM-1 digital inkjet press, label printers, and digital decoration printing equipment made by MGI expanded, primarily in US and Europe.
- Profitability improved despite continuing upfront investments to accelerate growth.

Office

- Seg4/5, 65/75 ppm color models in Japan, the US, and Europe continued to drive growth. In India and ASEAN nations, there was significant expansion in everything from low-speed to high-speed.
- In non-hardware, growth rates rose again.

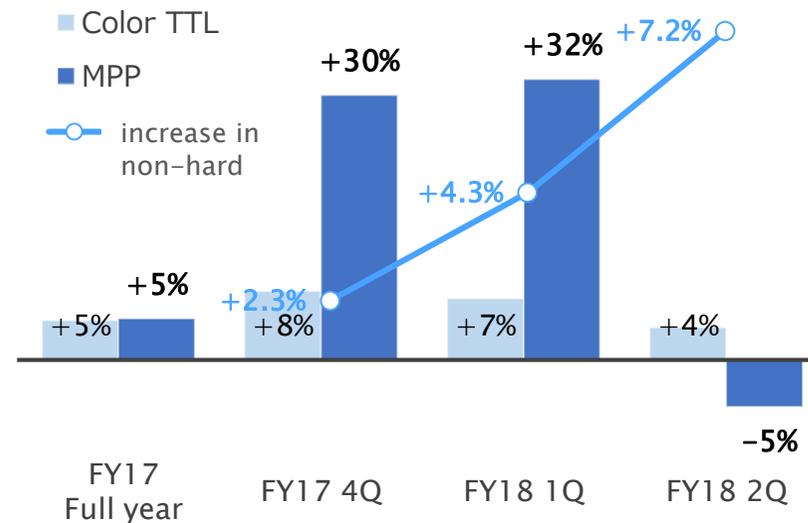
Year-on-year growth rate in A3 color MFP shipments



Production Print

- In Europe, China, and India, growth in MPP sales continued, with momentum being maintained and sales volumes growing QoQ.
- High installation rates for the IQ-501 have been maintained and PVs are rising, while non-hardware continues to post rapid growth.

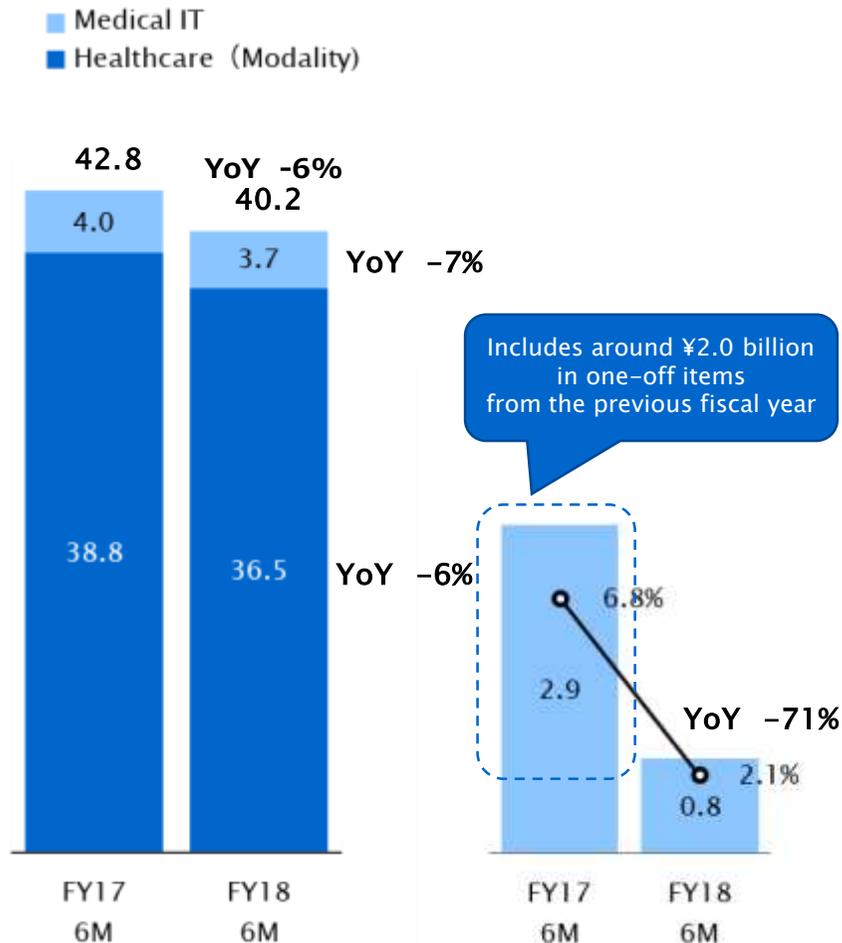
Year-on-year growth rate in Production Print color models



Revenue

Operating Profit

[¥ billions]



2Q Summary

Healthcare (Modality)

- DR: Sales in Japan remained at previous-year levels, but due to a temporary slowdown in the US market, sales volumes declined.
- Diagnostic ultrasound: Following on from 1Q, sales grew significantly in the US and Japan, and the obstetrics and gynecology business acquired in the previous fiscal year also contributed.
- The impact of discontinuing sales of certain merchandise resulted in lower revenue.

Medical IT

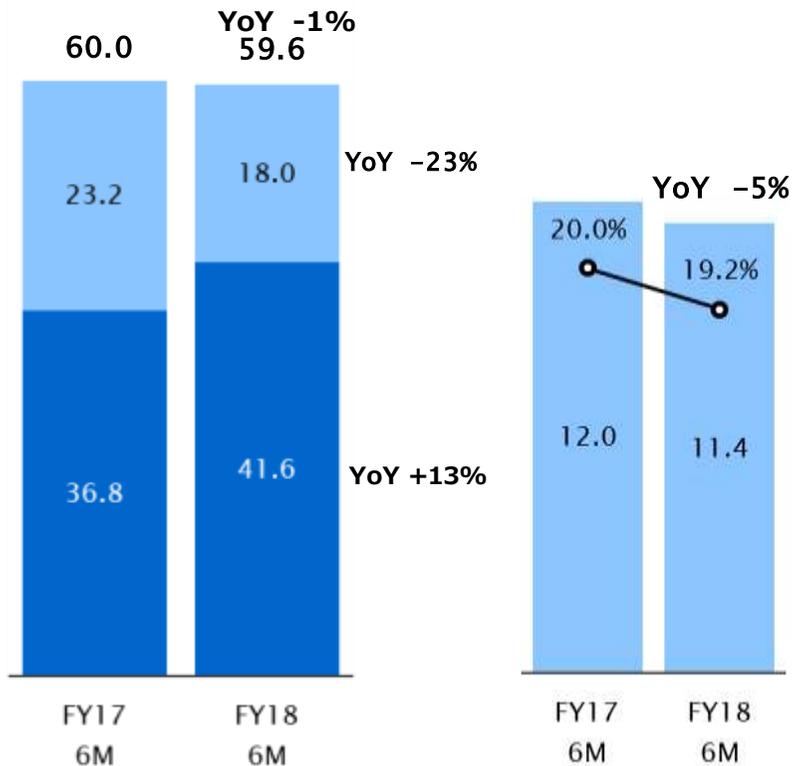
- Sales volumes of PACS were maintained at previous-year levels, but revenue declined slightly due to an increase in the proportion of low-end products.
- Strength in service contract revenue continued from 1Q.

Revenue

Operating Profit

[¥ billions]

- Optical systems for industrial use
- Materials and components



2Q Summary

Materials and components

- Performance materials: Sales of high value-added products such as phase differential film grew strongly, primarily in the growing Chinese market, in a continuation of the 1Q trend.
- Optical components: Sales of lens units for projectors and interchangeable lenses for cameras were strong.
- IJ components: Rising orders from existing customers drove sales growth in Asia.

Optical systems for industrial use

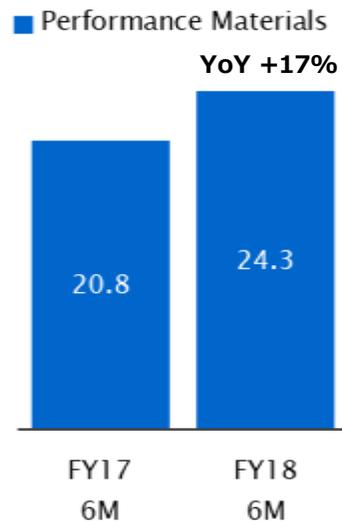
- Measuring instruments: Although we continued to expand business opportunities by capturing surging demand from customers, revenue fell due to market environment of customer while the significant growth of the previous year.

Optical systems for industrial use

[¥ billions]



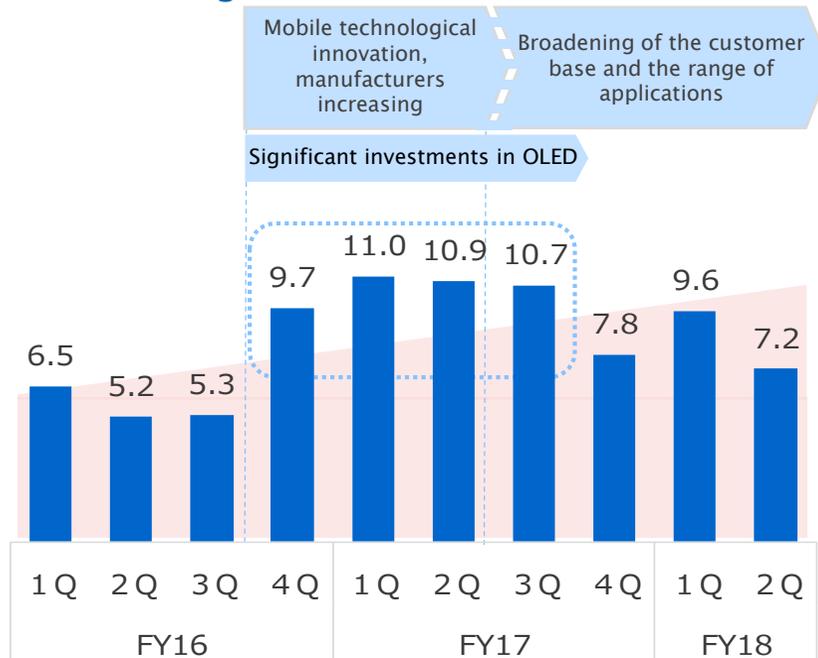
Materials and components



Measuring Instruments

- Despite some seasonality in sales, the trend of market growth over the medium term, driven by evolution of displays, is unchanged.
- Due to the impact on smartphone display-related demand of a switch to new models, sales fell more than expected QoQ.

Measuring Instruments revenue (¥ billions)



Performance Materials

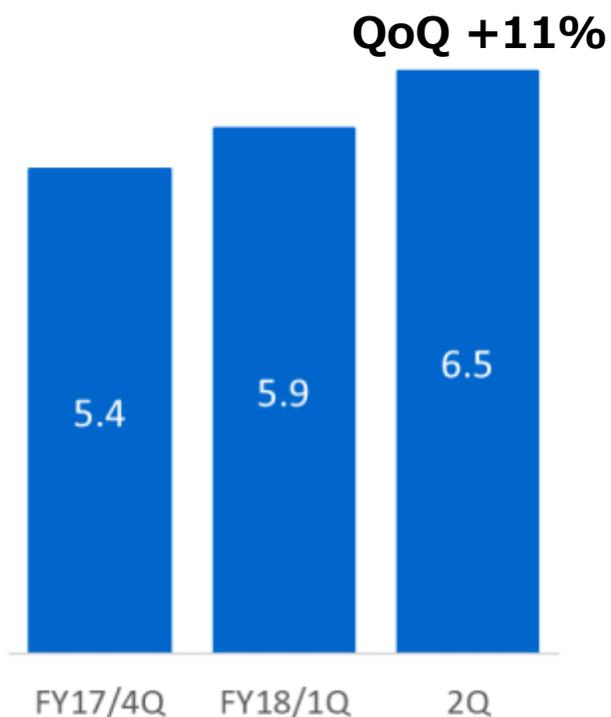
- Against the background of a shift to larger TVs, sales remain at a high level.
- Sample shipments of new “SANUQI” resin product begun. Now accelerating initiatives for full-scale expansion in FY19.

Net sales of Performance Materials (¥ billions)



Revenue

[¥ billions]



2Q Summary

Genetic Diagnostics (AG)

- Internal targets for the number of testing samples have been achieved, and strengthening of the sales structure continues. Fundamental improvements to the insurance refund process have resulted in improved reimburse ratios.
- Conclusion of comprehensive agreements with major hospitals, winning of clinical trials project with major pharmaceutical company. Expect growth in the number of samples to contribute in the second half.
- Making progress in preparations for partnerships with others as a strategy to open the specialist cancer doctor channel.

Drug Discovery Support (IC)

- Internal targets for the number of new projects have been achieved. Promoting sales & marketing activities to ensure sufficient pipeline going forward.
- Have also won new orders from pharmaceutical companies in Japan.

Domestic Expansion

- Established domestic company Konica Minolta Precision Medicine Japan, Inc. in July, with operations beginning in October. This will help accelerate the winning of outsourcing projects from pharmaceutical companies in Japan.

Total Assets

[¥billions]

No major change from the end of the previous fiscal year



Inventory/Turnover

[¥billions]

Preparations for major Office projects and a temporary delay in shipments in Industrial Printing led to higher stocks and a rise in inventories



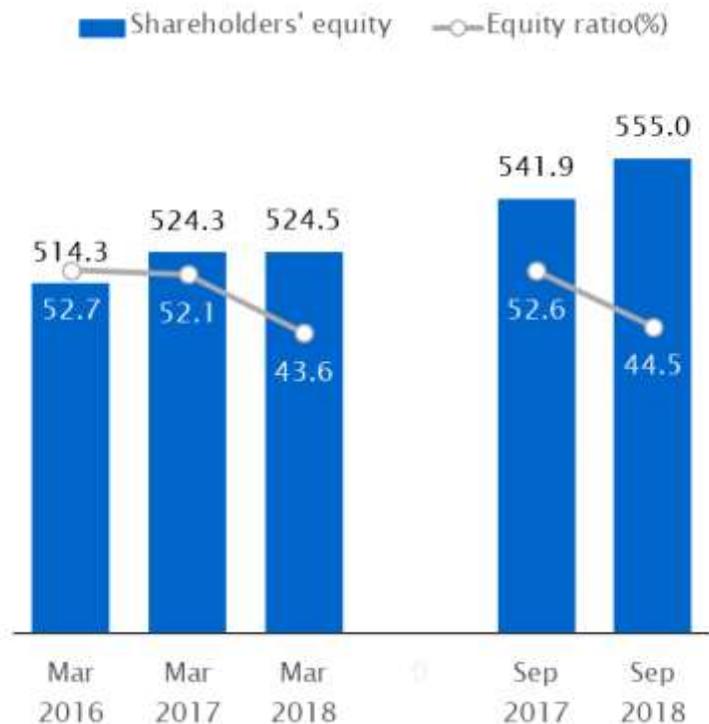
Inventory turnover, in months = Inventory balance at end of fiscal year / Average cost of sales for most recent three months

* Since FY2018, including Ambry and Invicro

Equity & Equity Ratio [¥ billions]

Attributable to owners of the parent company

Equity and the equity ratio increased over the levels recorded at the end of the previous fiscal year



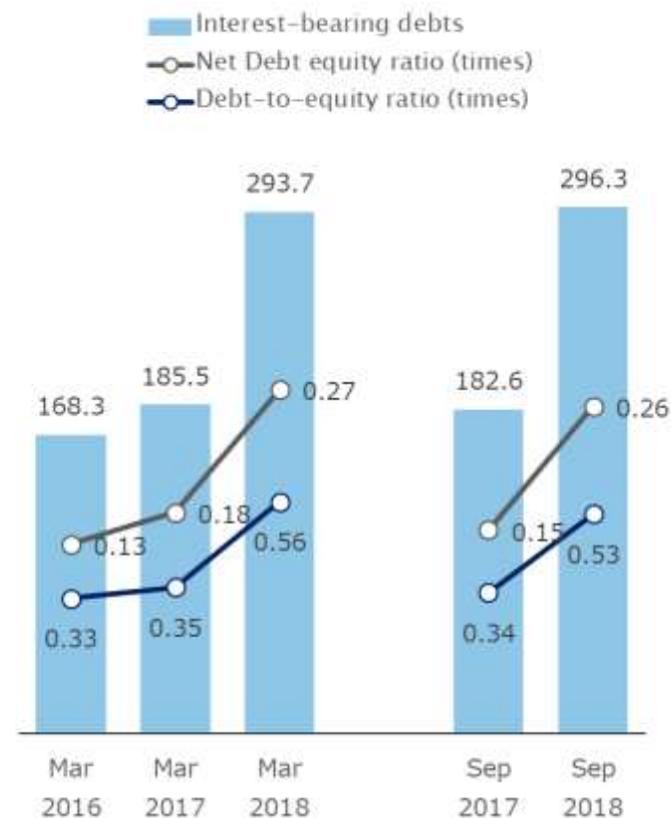
(For Company Rating 48.4%)

Equity = Equity attributable to owners of the parent

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

Interest-Bearing Debts & D/E Ratio [¥ billions]

Small increase over the end of the previous fiscal year was a result of the impact of foreign exchange translations



[¥ billions]

| | FY2018 12M Forecast (current) | FY2018 12M Forecast (previous) | FY2017 12M Results | YoY |
|--|-------------------------------------|--------------------------------------|-----------------------|------|
| Revenue | 1,080.0 | 1,080.0 | 1,031.3 | +5% |
| Operating Profit | 64.0 | 62.0 | 53.8 | +19% |
| Profit attributable to owners of the parent | 40.0 | 38.5 | 32.2 | +24% |
| FOREX [Yen] | | | | |
| USD | 105.0 | 105.0 | 110.9 | |
| Euro | 125.0 | 125.0 | 129.7 | |

Full-year earnings forecast

- Euro and US\$ assumptions unchanged at ¥125 and ¥105, respectively.
- Revenues: Left unchanged, given progress at the first 6 months, but intersegment adjustments made.
- Operating profit: Despite continued economic uncertainty caused by trade friction, etc., we have revised the forecast upward by ¥2.0 billion, having taken into account the rising probability that results would meet internal forecasts as a result of strengthened profitability in core businesses

Dividend forecast

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

[¥ billions]

| Revenue | FY2018 | FY2018 | FY2017 | YoY |
|------------------------------------|---------------------------|----------------------------|----------------|-------------|
| | 12M Forecast (current) | 12M Forecast (previous) | 12M Results | |
| Office | 590.0 | 585.0 | 583.9 | + 1% |
| Professional Printing | 230.0 | 232.5 | 214.3 | + 7% |
| Healthcare | 90.0 | 92.5 | 96.5 | - 7% |
| Industrial | 125.0 | 120.0 | 118.2 | + 6% |
| Optical systems for industrial use | 40.0 | 40.0 | 43.1 | - 7% |
| Materials and components | 85.0 | 80.0 | 75.1 | + 13% |
| New business | 45.0 | 50.0 | 17.3 | + 160% |
| Bio-Healthcare | 35.0 | 35.0 | 9.0 | + 290% |
| Others | 10.0 | 15.0 | 8.4 | + 20% |
| Corporate, etc. | 0.0 | 0.0 | 1.0 | - |
| Company overall | 1,080.0 | 1,080.0 | 1,031.3 | + 5% |

| Operating Profit | FY2018 | | FY2018 | | FY2017 | | YoY |
|------------------------|---------------------------|-------------|----------------------------|-------------|-------------|-------------|--------------|
| | 12M Forecast (current) | | 12M Forecast (previous) | | 12M Results | | |
| Office | 48.0 | 8.1% | 45.0 | 7.7% | 44.9 | 7.7% | + 7% |
| Professional Printing | 13.0 | 5.7% | 12.5 | 5.4% | 9.3 | 4.3% | + 40% |
| Healthcare | 5.0 | 5.6% | 5.0 | 5.4% | 5.6 | 5.8% | - 10% |
| Industrial | 20.0 | 16.0% | 19.0 | 15.8% | 23.5 | 19.8% | - 15% |
| New business | -14.0 | | -11.5 | | -16.0 | | - |
| Corporate, etc. | -8.0 | | -8.0 | | -13.4 | | - |
| Company overall | 64.0 | 5.9% | 62.0 | 5.7% | 53.8 | 5.2% | + 19% |

Upside

- A weaker yen against the euro (our forex assumption ¥125)
- Accelerating adoption of color machines centered on countries with growing markets and increase in non-hard due to PP IQ-501
- Expanding effects of production cost reduction

Downside

- Deterioration of the economic environment due to increasing aggravation of trade friction
- Similarly, a broadening range of items subject to tariffs

Appendix

[¥ billions]

| | FY2018 6M | FY2017 6M | YoY | FY2018 2Q | FY2017 2Q | YoY | |
|---|--|--------------|--------|--------------|--------------|--------|--------|
| Revenue | 517.1 | 488.1 | + 6% | 261.9 | 255.8 | + 2% | |
| Gross Profit | 251.5 | 231.9 | + 8% | 127.9 | 119.9 | + 7% | |
| | <i>Gross Profit ratio</i> | | | | | | |
| | 48.6% | 47.5% | - | 48.8% | 46.9% | - | |
| Operating Profit | 34.6 | 20.5 | + 69% | 19.2 | 11.8 | + 63% | |
| | <i>Operating Profit ratio</i> | | | | | | |
| | 6.7% | 4.2% | - | 7.3% | 4.6% | - | |
| Profit before tax | 33.2 | 19.1 | + 74% | 17.9 | 10.9 | + 65% | |
| | <i>Profit before tax ratio</i> | | | | | | |
| | 6.4% | 3.9% | - | 6.8% | 4.2% | - | |
| Profit attributable to owners of the parent | 23.3 | 13.5 | + 73% | 12.2 | 8.1 | + 49% | |
| | <i>Profit attributable to owners of the parent ratio</i> | | | | | | |
| | 4.5% | 2.8% | - | 4.6% | 3.2% | - | |
| EPS [Yen] | 47.18 | 27.29 | | 24.57 | 16.47 | | |
| CAPEX | 19.6 | 16.1 | | 10.9 | 7.9 | | |
| Depreciation and Amortization Expenses | 29.1 | 27.1 | | 14.5 | 13.5 | | |
| R&D expenses | 39.7 | 37.5 | | 19.3 | 19.0 | | |
| FCF | 11.0 | 19.9 | | 11.3 | 28.5 | | |
| Investment and lending | 4.1 | 2.5 | | 1.1 | 1.9 | | |
| | FOREX [Yen] USD | | | | | | |
| | | 110.26 | 111.06 | - 0.80 | 111.46 | 111.03 | +0.43 |
| | euro | 129.85 | 126.29 | +3.56 | 129.63 | 130.38 | - 0.75 |



[¥ billions]

| | FY2018 6M | FY2017 6M | YoY | FY2018 2Q | FY2017 2Q | YoY |
|---|------------------------|--------------|------------------------------------|----------------------------------|--------------|--------------|
| SG&A: | | | | | | |
| Selling expenses – variable | 24.5 | 23.7 | +0.8 | 12.5 | 12.5 | – 0.1 |
| R&D expenses | 39.7 | 37.5 | +2.2 | 19.3 | 19.0 | +0.3 |
| Personnel expenses | 103.9 | 98.4 | +5.5 | 51.0 | 49.8 | +1.2 |
| Others | 60.1 | 55.4 | +4.6 | 30.2 | 27.7 | +2.5 |
| SG&A total | 228.2 | 215.1 | +13.1 | 112.9 | 109.0 | +3.9 |
| | <i>* Forex impact:</i> | | <i>+0.7 bn. (Actual: +12.4bn.)</i> | <i>–0.5bn. (Actual: +4.4bn.)</i> | | |
| Other income: | | | | | | |
| Gain on sales of property, plant and equipment | 15.1 | 11.1 | +4.0 | 5.5 | 7.1 | – 1.6 |
| Other income | 1.4 | 1.8 | – 0.4 | 0.9 | 1.1 | – 0.2 |
| Other income total | 16.5 | 12.9 | +3.6 | 6.4 | 8.2 | – 1.8 |
| Other expenses | | | | | | |
| Loss on sales of property, plant and equipment | 1.6 | 0.3 | +1.2 | 0.3 | 0.2 | +0.1 |
| Special extra retirement payments | 0.0 | 5.1 | – 5.1 | 0.0 | 4.6 | – 4.6 |
| Other expenses | 3.7 | 3.8 | – 0.2 | 1.9 | 2.5 | – 0.6 |
| Other expenses total | 5.2 | 9.3 | – 4.1 | 2.2 | 7.3 | – 5.1 |
| Finance income/loss: | | | | | | |
| Interest income/Dividends received/Interest expense | –0.9 | –0.3 | – 0.6 | –0.8 | –0.4 | – 0.5 |
| Foreign exchange gain/loss (net) | –0.2 | –0.9 | +0.7 | –0.5 | –0.5 | +0.0 |
| Others | –0.1 | –0.1 | +0.1 | 0.2 | –0.1 | +0.3 |
| Finance income/loss, net | –1.2 | –1.4 | +0.2 | – 1.1 | –0.9 | – 0.2 |

[¥ billions]

FY18/2Q vs. FY17/2Q

[Factors]

| | Office | Professional Printing | Healthcare | Industrial Business | New business | corporate, etc. | Total |
|-------------------------------------|--------|-----------------------|------------|---------------------|--------------|-----------------|-------|
| Forex impact | +1.7 | +0.5 | - 0.0 | +0.0 | - 0.0 | - 0.1 | +2.2 |
| Price change | +0.6 | +0.8 | - 0.3 | - 1.3 | - | - | - 0.2 |
| Sales volume change, and other, net | +0.9 | +2.0 | - 0.6 | - 0.6 | +4.1 | +0.0 | +5.8 |
| Cost up/down | +0.3 | +0.1 | +0.1 | +0.2 | 0.0 | 0.0 | +0.7 |
| SG&A change, net | +0.6 | - 1.5 | +0.5 | +0.7 | - 4.7 | - 0.0 | - 4.4 |
| Other income and expense | - 5.4 | +1.0 | - 2.1 | - 0.2 | +0.3 | +9.9 | +3.3 |

[Operating Profit]

| | | | | | | | |
|-------------|-------|------|-------|-------|-------|------|------|
| Change, YoY | - 1.4 | +2.9 | - 2.4 | - 1.2 | - 0.3 | +9.8 | +7.4 |
|-------------|-------|------|-------|-------|-------|------|------|

FY18/12M vs. FY17/12M

[Factors]

| | Office | Professional Printing | Healthcare | Industrial Business | New business | corporate, etc. | Total |
|-------------------------------------|--------|-----------------------|------------|---------------------|--------------|-----------------|--------|
| Forex impact | +4.1 | +1.0 | +0.1 | - 0.2 | - 0.0 | - 0.0 | +4.9 |
| Price change | - 0.6 | +1.1 | - 0.5 | - 1.8 | - | - | - 1.8 |
| Sales volume change, and other, net | +4.0 | +2.9 | - 0.8 | +0.9 | +7.1 | +0.0 | +14.1 |
| Cost up/down | +0.8 | +0.2 | +0.3 | +0.4 | 0.0 | 0.0 | +1.7 |
| SG&A change, net | - 0.3 | - 3.3 | +1.0 | +0.6 | - 10.1 | - 0.2 | - 12.4 |
| Other income and expense | - 5.5 | +1.1 | - 2.1 | - 0.4 | +0.3 | +14.2 | +7.7 |

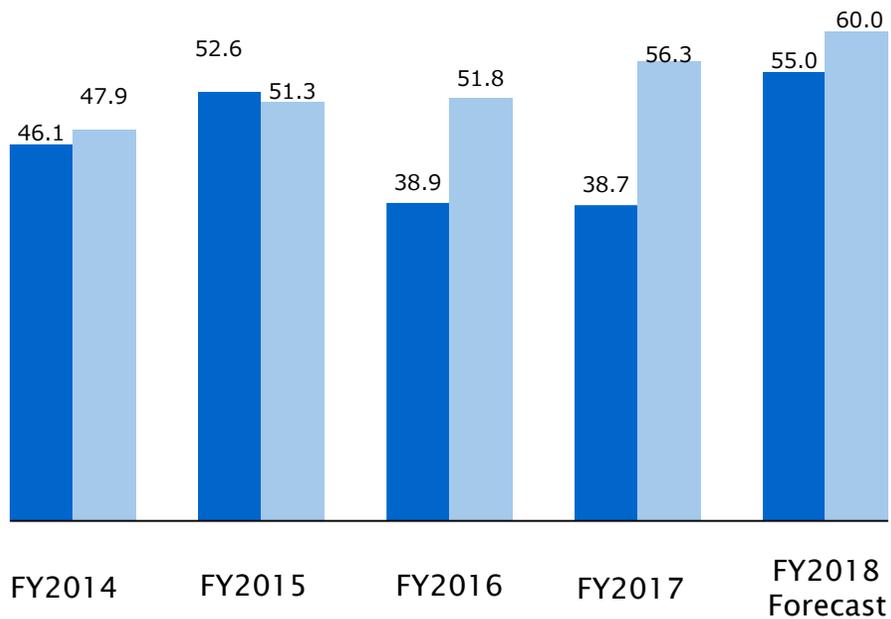
[Operating Profit]

| | | | | | | | |
|-------------|------|------|-------|-------|-------|-------|-------|
| Change, YoY | +2.5 | +3.0 | - 2.1 | - 0.6 | - 2.7 | +14.0 | +14.1 |
|-------------|------|------|-------|-------|-------|-------|-------|

[¥ billions]

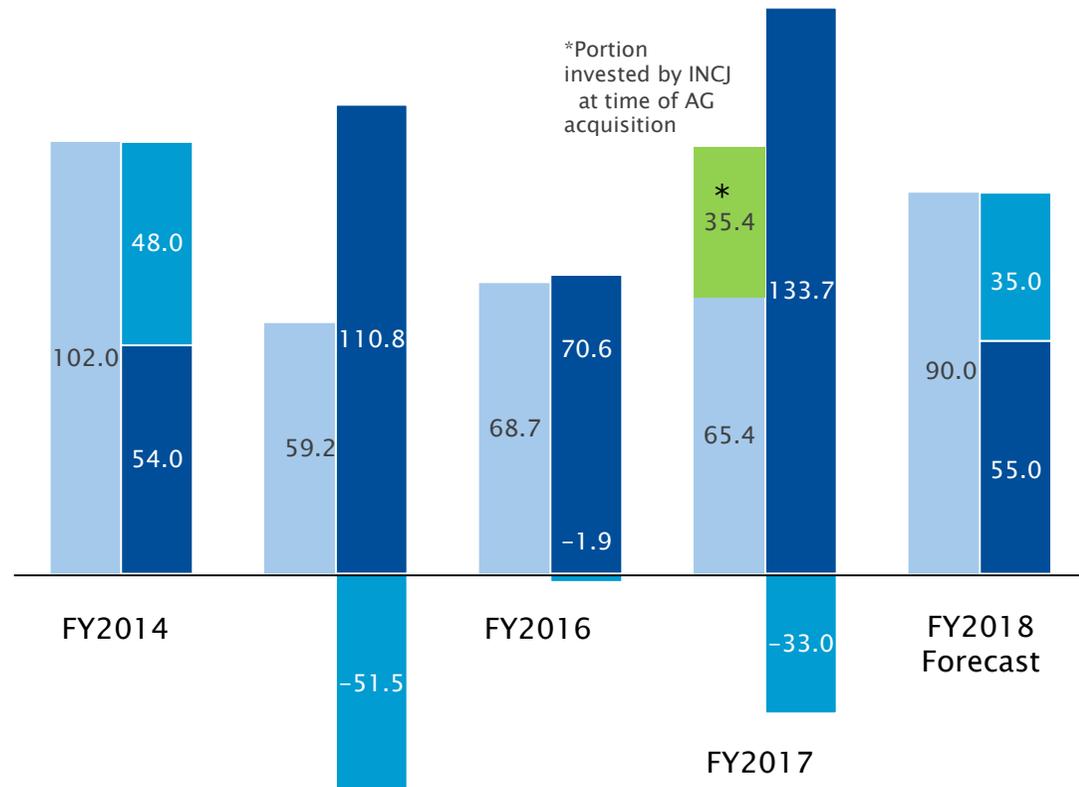
Capital Expenditure and Depreciation and Amortization Expenses

■ Capital expenditures ■ Depreciation and amortization



Free Cash Flows

■ INCJ ■ FCF
 ■ Net cash flows from investing activities ■ Net cash flows from operating activities



INCJ : Innovation Network Corporation of Japan
 *FCF forecast for FY2018 does not include investment and lending
 Konica Minolta, Inc. 23

[¥ billions]

| | FY2018 12M Forecast (current) | FY2018 12M Forecast (previous) | FY2017 12M Results | YoY |
|---|----------------------------------|-----------------------------------|-----------------------|-------|
| Revenue | 1,080.0 | 1,080.0 | 1,031.3 | + 5% |
| Operating Profit | 64.0 | 62.0 | 53.8 | + 19% |
| Operating Profit ratio | 5.9% | 5.7% | 5.2% | |
| Profit before tax | 59.0 | 57.0 | 49.1 | + 20% |
| Profit attributable to owners of the parent | 40.0 | 38.5 | 32.2 | + 24% |
| Profit attributable to owners of the parent ratio | 3.7% | 3.6% | 3.1% | |
| EPS [Yen] | 80.88 | 77.85 | 65.17 | |
| ROE* (%) | 7.4% | 7.2% | 6.1% | |
| CAPEX | 55.0 | 55.0 | 38.7 | |
| Depreciation and Amortization Expenses | 60.0 | 60.0 | 56.3 | |
| R&D expenses | 80.0 | 80.0 | 77.0 | |
| FCF | 35.0 | 35.0 | -68.4 | |
| Investment and loan | 30.0 | 30.0 | 125.0 | |
| FOREX [Yen] | 105.00 | 105.00 | 110.85 | |
| EUR | 125.00 | 125.00 | 129.70 | |

ROE*: Profit attributable to owners of the company divided by equity attributable to owners of the company (average of beginning and ending balances)

*) -33.0 without contribution from INCJ for acquisition of Ambry Genetics Corporation

[FOREX : ¥]

[Impact, Sensitivity : ¥ billions]

| | FY17 | FY18 | YoY Impact | | FX Sensitivity*2 | |
|-----------------------------|--------|--------|------------|-------|------------------|-------|
| | 6M | 6M | Revenue | OP | Revenue | OP |
| USD | 111.06 | 110.26 | - 1.6 | +0.2 | +3.4 | - 0.0 |
| EUR | 126.29 | 129.85 | +3.1 | +2.6 | +1.8 | +0.8 |
| GBP | 143.61 | 146.91 | +0.5 | - 0.0 | +0.3 | +0.1 |
| European Currency*1 | - | - | +3.3 | +2.5 | +2.6 | +1.1 |
| CNY | 16.42 | 16.75 | +0.5 | +0.2 | +3.0 | +1.2 |
| AUD | 85.52 | 82.03 | - 0.7 | - 0.2 | +0.4 | +0.1 |
| Other | - | - | - 0.5 | - 0.4 | - | - |
| Exchange contract effect | - | - | +0.0 | +2.5 | - | - |
| Total impact from FY2018 | - | - | +1.1 | +4.9 | - | - |

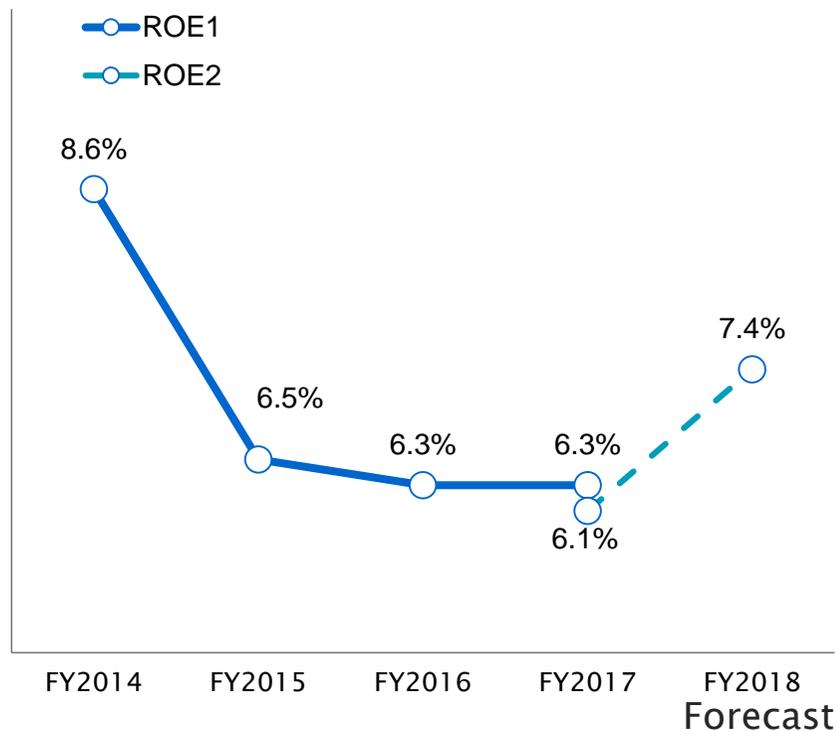
*1 European currency: Currencies used in Europe including EUR/GBP

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

ROE

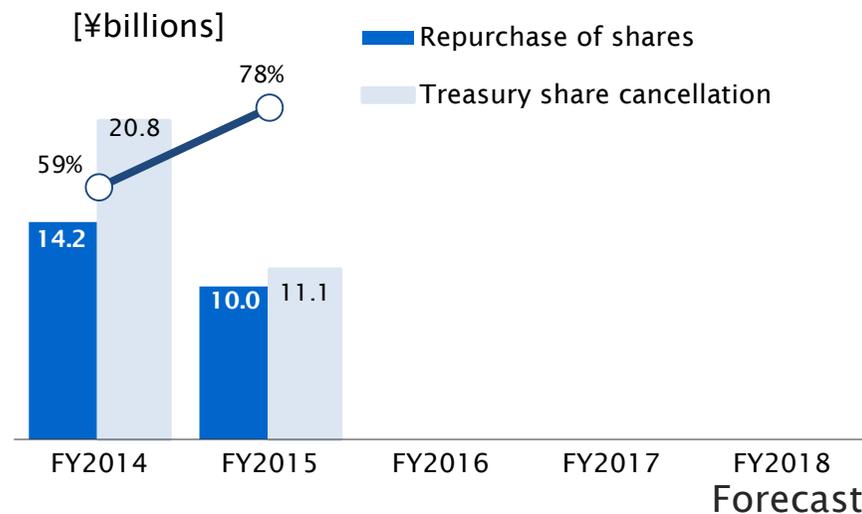
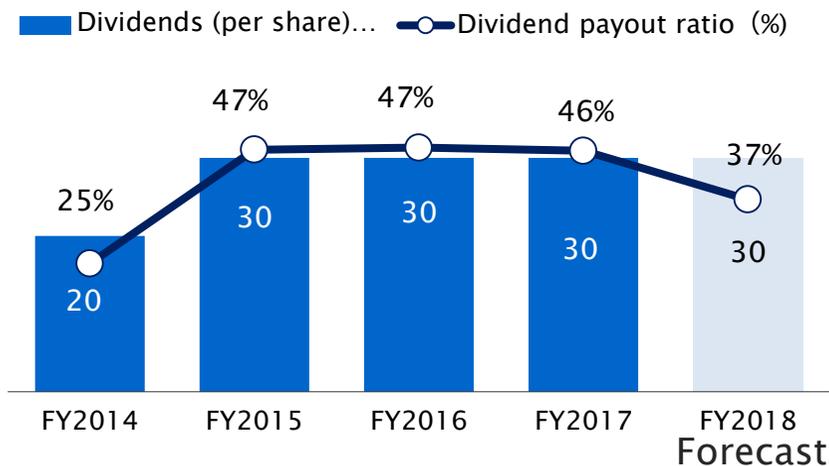
ROE1: profit for the year attributable to the owners of the parent, divided by the average (using figures from start and end of year) of the sum of share capital, share premium, retained earnings and treasury shares

ROE2: profit attributable to owners of the parent divided by equity attributable to owners of the parent (average of beginning and ending balances)



Shareholder Returns

[Per share/Yen]



■ Composition of revenue by region (in yen)

| | FY2016 | | | | FY2017 | | | | FY2018 | |
|---------------|--------|-----|-----|-----|--------|-----|-----|-----|--------|-----|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Japan | 13% | 12% | 13% | 13% | 13% | 13% | 12% | 12% | 13% | 12% |
| North America | 32% | 34% | 33% | 32% | 34% | 34% | 33% | 31% | 33% | 33% |
| EU | 37% | 36% | 36% | 38% | 36% | 36% | 38% | 40% | 36% | 36% |
| Others | 18% | 18% | 18% | 16% | 17% | 17% | 17% | 17% | 18% | 19% |

■ Change in revenue by region (w/o FOREX)

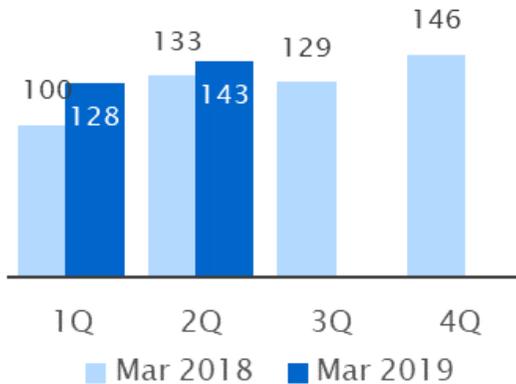
| | FY2016 | | | | FY2017 | | | | FY2018 | |
|---------------|--------|-----|------|-----|--------|-----|-----|-----|--------|-----|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Japan | -1% | -1% | -1% | -2% | +2% | +0% | -1% | -1% | +4% | +1% |
| North America | +2% | +3% | +6% | -3% | +2% | +3% | -3% | +8% | +5% | +4% |
| EU | +4% | +4% | +9% | +4% | -1% | +2% | +1% | +4% | +4% | +1% |
| Others | +4% | +7% | -12% | -1% | -10% | -8% | -5% | -2% | +16% | +8% |

■ Percentage of color in sales of hardware

| | FY2016 | | | | FY2017 | | | | FY2018 | |
|--------------------|--------|-----|-----|-----|--------|-----|-----|-----|--------|-----|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Office | 71% | 72% | 72% | 72% | 69% | 72% | 72% | 72% | 73% | 73% |
| Professional Print | 74% | 73% | 73% | 72% | 78% | 76% | 80% | 78% | 81% | 80% |

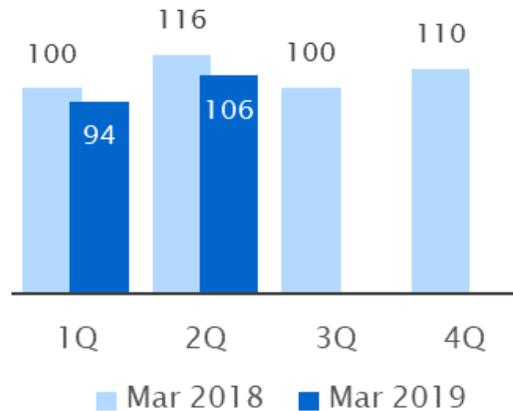
A3 Color MFP– Units*

YoY : +8%



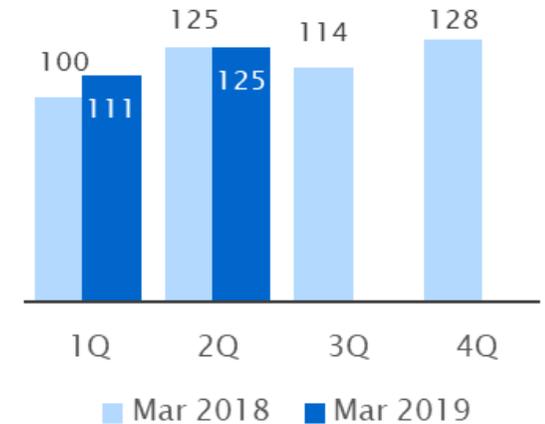
A3 monochrome MFP– Units*

YoY : -9%



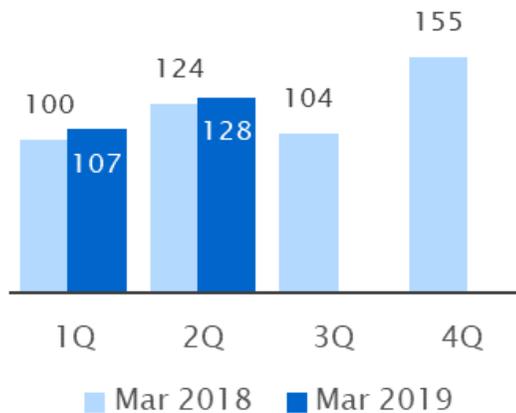
A3 MFP– Units*

YoY : -0%



Color Production Print – Units*

YoY : +4%



Monochrome Production Print – Units*

YoY : +21%



Production Print – Units*

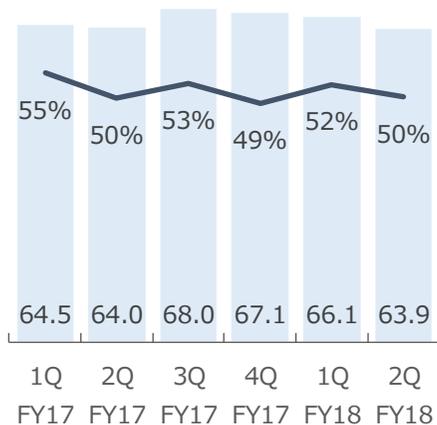
YoY : +9%



* Base index : "1Q Mar2018" = 100

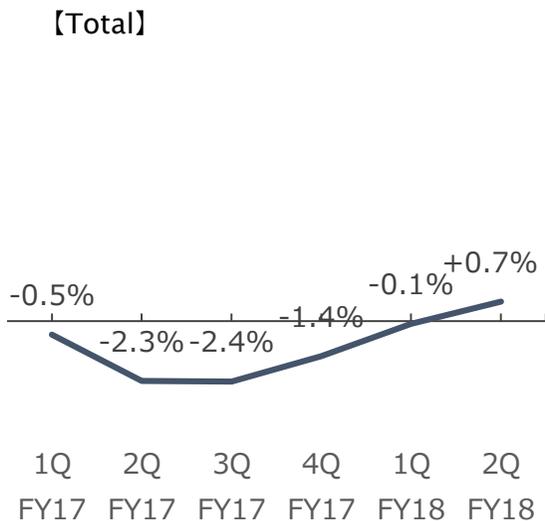
Revenue & ratio of non-hard

Office [¥ billions]

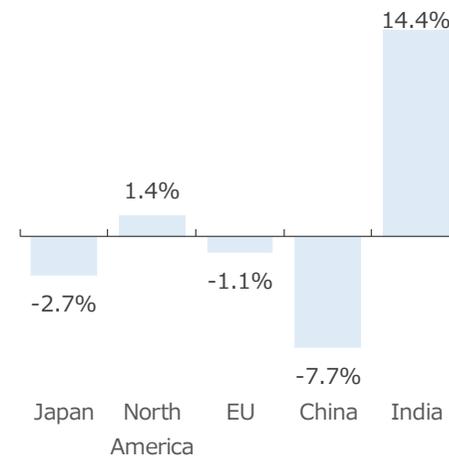


YoY revenue increase in non-hard

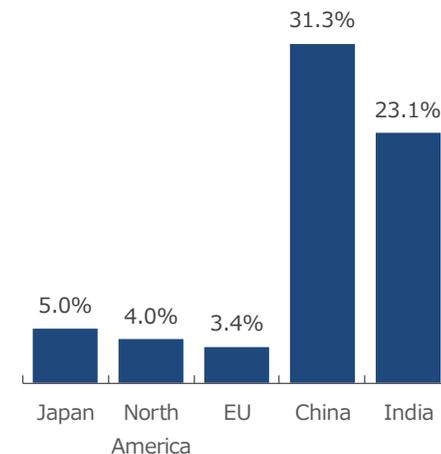
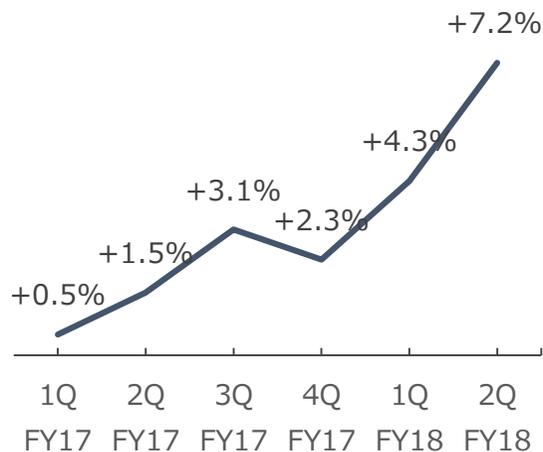
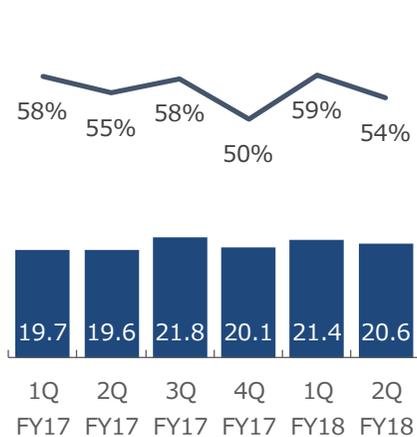
(w/o FOREX)



[Regional YoY]



Production print



[¥ billions]

| 【Revenue】 | FY16 | | | | FY17 | | | | FY18 | |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Office Business | 136.2 | 132.5 | 138.5 | 150.9 | 133.0 | 146.5 | 148.2 | 156.2 | 143.5 | 147.2 |
| Professional Print Business | 47.5 | 49.6 | 51.1 | 55.8 | 49.0 | 52.2 | 53.9 | 59.2 | 53.4 | 55.9 |
| Healthcare Business | 18.5 | 22.9 | 22.0 | 26.6 | 19.5 | 23.3 | 24.0 | 29.6 | 18.6 | 21.6 |
| Industrial Business | 24.9 | 25.1 | 24.1 | 27.5 | 28.7 | 31.3 | 30.1 | 28.1 | 31.6 | 28.0 |
| Optical Systems for Industrial Use | 7.0 | 5.7 | 6.1 | 10.5 | 11.7 | 11.5 | 11.1 | 8.8 | 10.1 | 7.9 |
| Material · Components | 17.9 | 19.4 | 18.0 | 17.0 | 17.0 | 19.8 | 19.0 | 19.4 | 21.5 | 20.1 |
| New business | 1.8 | 2.3 | 1.8 | 1.8 | 1.9 | 2.3 | 5.7 | 7.4 | 7.8 | 8.8 |
| Bio-Healthcare | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.6 | 5.4 | 5.9 | 6.5 |
| Others | 1.8 | 2.3 | 1.8 | 1.8 | 1.9 | 2.3 | 2.1 | 2.0 | 2.0 | 2.3 |
| Corporate etc. | 0.4 | 0.3 | 0.2 | 0.3 | 0.1 | 0.2 | 0.3 | 0.4 | 0.3 | 0.3 |
| Company overall | 229.1 | 232.8 | 237.7 | 262.9 | 232.4 | 255.8 | 262.2 | 281.0 | 255.2 | 261.9 |
| 【Operating Profit】 | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Office Business | 11.4 | 10.3 | 9.6 | 12.1 | 5.3 | 14.8 | 9.8 | 15.0 | 9.3 | 13.4 |
| Professional Print Business | 1.6 | 2.7 | 2.5 | 2.5 | 1.6 | 0.9 | 2.6 | 4.2 | 1.7 | 3.7 |
| Healthcare Business | 0.2 | 1.0 | 0.3 | 1.4 | -0.5 | 3.4 | 1.0 | 1.7 | -0.2 | 1.0 |
| Industrial Business | 3.4 | 3.0 | 10.4 | 5.3 | 6.1 | 5.9 | 5.6 | 5.9 | 6.8 | 4.7 |
| New Business | -2.9 | -2.2 | -2.4 | -2.4 | -2.7 | -3.2 | -4.4 | -5.6 | -5.1 | -3.5 |
| Corporate etc. | -4.8 | -5.2 | -4.4 | -3.0 | -1.1 | -10.0 | -5.9 | 3.6 | 3.1 | -0.2 |
| Company overall | 8.9 | 9.6 | 15.9 | 15.7 | 8.7 | 11.8 | 8.6 | 24.8 | 15.4 | 19.2 |

Business Segments for FY 2018



Core businesses Strengthen profitability through structural cost reforms to become businesses that support profits during the medium term business plan

Growth businesses Utilize resources in which upfront investment was made during the previous medium term business plan, with the aim of making highly profitable new businesses around the core

New businesses Establish new business models appropriate to the IoT age, targeting highly profitable businesses

*Certain BUs, such as Healthcare and Measuring Instruments, may be incubating growth businesses internally, as is the case with the main businesses.

| Business Unit | Core businesses | Growth businesses | New businesses |
|------------------------------------|---|--|---|
| Office | Office ITS | | WPH |
| Professional Print | Production Print (PP) | Industrial Printing (IP) <small>Textiles</small> Marketing services | |
| Healthcare | Healthcare Business <small>Ultrasound</small> | Medical IT | Bio-healthcare |
| Optical Systems for Industrial Use | Measuring Instruments <small>Visual Inspection</small> | Imaging Solutions | QOL Status monitoring Digital Manufacturing |
| Materials and components | Performance Materials <small>New Films</small> IJ Components Optical Components | Materials OLED | |

• **IQ-501 (Intelligent Quality Optimizer): (Professional Print Business)**

An optional unit that implements constant monitoring/control during printing to automate color management and front/back register control. This drastically cuts down on control times and improve production time.

• **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.

• **SANUQI: (Industrial Business)**

Trademark of a new resin film, used as a material in electronic devices for displays.

• **DM (Digital Manufacturing): (New Business)**

New manufacturing solutions based on ICT and the IoT that are not dependent on people, places, countries, or fluctuations.

• **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.

• **CRE Strategy (Corporate Real Estate Strategy): (Corporate)**

A corporate strategy for a corporation to utilize its assets and real estate more efficiently in ways that benefit its business.

• **S&LB (Sale and Leaseback): (Corporate)**

A method for using assets more efficiently as part of a corporate strategy, in which a corporation sells one of its assets and then continues to use the asset by leasing it back.



KONICA MINOLTA

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.