Financial Section

10-Year Financial Summary

Konica Minolta, Inc. and subsidiaries
Fiscal year ended March 31

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Consolidated Financial Highlights			
Net sales, Revenue (millions of yen)	947,843	804,465	777,953
Operating income, Operating profit (millions of yen)	56,260	43,988	40,022
Operating income ratio, Operating profit ratio (%) *1	5.9	5.5	5.1
Ordinary income, Ordinary profit (millions of yen)	45,403	40,818	33,155
Ordinary income ratio, Ordinary profit ratio (%) *2	4.8	5.1	4.3
Profit before tax (millions of yen)	-	-	-
Profit before tax ratio (%)	-	-	-
Net income, Profit for the year (millions of yen)	15,179	16,931	25,896
Net income ratio, Profit for the year ratio (%) *3	1.6	2.1	3.3
Profit attributable to owners of the company (millions of yen)	-	-	-
Profit attributable to owners of the company ratio (%)	-	-	-
Earnings per share, Basic earnings per share attributable to owners of the company (EPS) (yen) *4	28.62	31.93	48.84
Equity per share attributable to owners of the company (yen)	779.53	791.28	806.53
Cash dividends per share (yen)	20	15	15
Dividend payout ratio (%) *5	70.0	47.0	30.7
R&D expenses (millions of yen)	81,778	68,475	72,617
R&D expense ratio (%) *6	8.6	8.5	9.3
Net cash flows from operating activities (millions of yen)	107,563	113,377	67,957
Net cash flows from investing activities (millions of yen)	-90,169	-40,457	-44,738
Free cash flows (millions of yen)	17,394	72,920	23,219
Profitability			
ROE (J-GAAP) (%) *7	3.7	4.1	6.1
ROE1 (IFRS) (%) *8	-	-	-
ROE2 (IFRS) (%) *9	-	-	-
ROA (%) *10	1.6	1.9	3.0
ROIC (%) *11	6.5	5.3	5.1
Efficiency			
Total assets (millions of yen)	918,058	865,797	845,453
Total assets turnover (times) *12	1.00	0.90	0.91
Property, plant and equipment (millions of yen)	227,860	205,057	190,701
Property, plant and equipment turnover (times) *13	4.00	3.72	3.93
Inventories (millions of yen)	129,160	98,263	100,243
Inventory turnover period (months) *14	3.21	2.68	2.67
Trade receivables (millions of yen)	171,835	177,720	163,363
Trade receivables turnover (months) *15	2.56	2.47	2.42
Stability			
Equity, Equity attributable to owners of the company (millions of yen)	413,380	419,535	427,647
Equity ratio, Equity ratio attributable to owners of the company (%)	45.0	48.5	50.6
Current assets (millions of yen)	504,919	489,253	501,876
Current ratio (%) *16	162.41	183.03	206.98
D/E ratio (times) *17	0.56	0.47	0.45
Net D/E ratio (times) *18	0.23	0.08	0.04
Investment Indicators			
Price-to-earnings ratio (PER) (times) *19	29.28	34.17	14.27
Price-book value ratio (PBR) (times) *20	0.93	0.73	1.16

*1. Operating income ratio = Operating income / Net sales * 100 (%)
Operating profit ratio = Operating profit / Revenue * 100 (%)
*2. Ordinary income ratio = Ordinary income / Net sales * 100 (%)
Ordinary profit ratio = Ordinary profit / Revenue * 100 (%)
*3. Net income ratio = Net income / Net sales * 100 (%)
Profit for the year ratio = Profit for the year / Revenue * 100 (%)
*4. EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period
*5. Dividend payout ratio = Total dividends / Net income * 100 (%)
Dividend payout ratio = Total dividends / Profit for the year * 100 (%)
*6. R&D expense ratio = R&D expenses / Net sales * 100 (%)
R&D expense ratio = R&D expenses / Revenue * 100 (%)
*7. ROE (J-GAAP) = Net income / Average shareholders' equity
*8. ROE1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year))
*9. ROE 2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances)
*10. ROA = Net income / Average total assets
ROA = Profit attributable to owners of the company / Average total assets

Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2013 (IFRS)	Fiscal 2014 (IFRS)	Fiscal 2015 (IFRS)	Fiscal 2016 (IFRS)	Fiscal 2017 (IFRS)
767,879	813,073	943,759	935,214	1,002,758	1,031,740	962,555	**1,031,256**
40,346	40,659	58,144	39,859	65,762	60,069	50,135	**53,844**
5.3	5.0	6.2	4.3	6.6	5.8	5.2	**5.2**
34,758	38,901	54,621	-	-	-	-	**-**
4.5	4.8	5.8	-	-	-	-	**-**
-	-	-	37,736	65,491	58,029	49,341	**49,124**
-	-	-	4.0	6.5	5.6	5.1	**4.8**
20,424	15,124	21,861	28,431	40,969	32,000	31,485	**32,207**
2.7	1.9	2.3	3.0	4.1	3.1	3.3	**3.1**
-	-	-	28,354	40,934	31,973	31,542	**32,248**
-	-	-	3.0	4.1	3.1	3.3	**3.1**
38.52	28.52	41.38	53.67	81.01	64.39	63.65	**65.17**
817.81	876.65	929.04	968.15	1,067.97	1,037.96	1,057.92	**1,060.72**
15	15	17.5	17.5	20.0	30.0	30.0	**30.0**
38.9	52.6	42.3	32.6	24.7	46.6	47.1	**46.0**
72,530	71,533	71,184	69,599	74,295	76,292	73,275	**77,021**
9.4	8.8	7.5	7.4	7.4	7.4	7.6	**7.5**
72,367	66,467	89,945	90,058	101,989	59,244	68,659	**65,367**
-42,757	-63,442	-55,776	-54,143	-54,014	-110,788	-70,594	**-133,737**
29,610	3,025	34,169	35,914	47,975	-51,544	-1,935	**-68,370**
4.7	3.4	4.6	-	-	-	-	**-**
-	-	-	6.1	8.6	6.5	6.3	**6.3**
-	-	-	-	-	-	6.1	**6.1**
2.3	1.6	2.3	2.9	4.1	3.2	3.2	**2.9**
5.2	5.2	7.3	5.0	8.3	7.0	5.2	**5.1**
902,052	940,553	966,060	991,700	1,001,800	976,370	1,005,435	**1,203,907**
0.88	0.88	0.99	0.96	1.01	1.04	0.97	**0.93**
178,999	179,903	173,362	177,056	181,641	187,322	190,580	**192,941**
4.15	4.53	5.34	5.23	5.59	5.59	5.09	**5.38**
105,080	112,479	115,275	115,175	120,803	121,361	136,020	**139,536**
2.81	2.60	2.52	2.82	2.54	2.58	2.87	**2.81**
174,193	194,038	220,120	240,459	248,827	245,047	236,722	**255,972**
2.52	2.47	2.53	3.09	2.72	2.73	2.70	**2.73**
433,669	464,904	478,404	498,542	535,976	514,285	524,331	**524,513**
48.1	49.4	49.5	50.3	53.5	52.7	52.1	**43.6**
565,923	579,593	589,331	569,552	570,640	496,216	499,446	**581,676**
247.17	205.04	206.62	200.83	202.43	194.40	199.58	**214.32**
0.53	0.48	0.41	0.41	0.31	0.33	0.35	**0.56**
-0.01	0.02	0.02	0.03	-0.02	0.13	0.18	**0.27**
18.77	24.12	23.27	17.94	15.07	14.85	15.65	**13.99**
1.13	1.27	0.96	0.99	0.86	0.90	0.94	**0.86**

*11. ROIC = Operating profit after tax/(Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt - Cash and cash equivalents (yearly average))
*12. Total assets turnover = Net sales / Average total assets (times)
Total assets turnover = Revenue / Average total assets (times)
*13. Tangible fixed assets turnover = Net sales / Average tangible fixed assets (times)
Tangible fixed assets turnover = Revenue / Average tangible fixed assets (times)
*14. Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months
*15. Receivables turnover = Net sales / Average receivables (times)
Receivables turnover = Revenue / Average receivables (times)
*16. Current ratio = Current assets / Current liabilities (%)
*17. D/E ratio = Interest-bearing debt / Shareholders' equity (times)
*18. Net D/E ratio = (Interest-bearing debt – Cash on hand) / Shareholders' equity (times)
*19. Price-earnings ratio (PER) = Year-end stock price / EPS
*20. PBR (J-GAAP) = Year-end stock price / Net assets per share
PBR (IFRS) = Year-end stock price / Equity per share attributable to owners of the company

Management's Discussion and Analysis

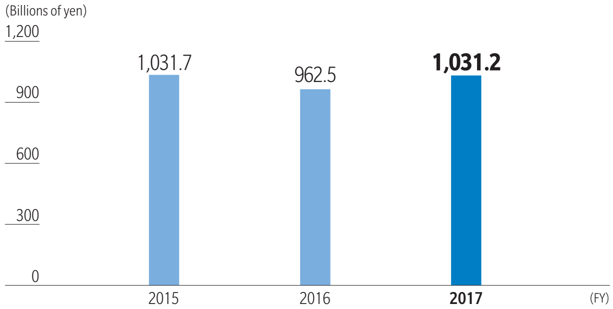
Operating Environment

Looking back at the economic situation during the fiscal year ended March 31, 2018 (hereafter, "the fiscal year under review"), economic growth continued steady against a background of solid personal consumption in the US, and in Europe as well economies posted solid growth, primarily on the back of exports, in addition to improved personal consumption. China maintained stable growth, supported by fiscal policy and personal consumption, and the economies of emerging countries such as those of ASEAN, and India, continued to expand. In Japan, the strength of the global economy supported improvements in corporate earnings, and the economy trended toward moderate recovery.

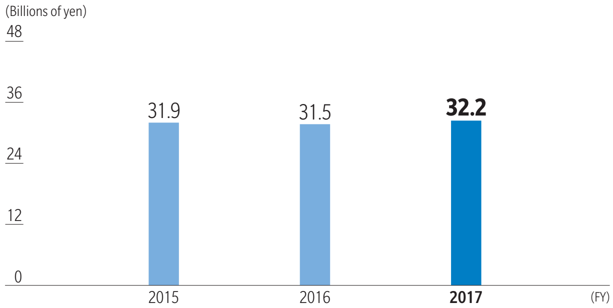
Operating Results

Consolidated revenue in the fiscal year under review of the Konica Minolta Group (hereafter, "the Group") reached ¥1,031.2 billion (up 7.1% year on year), with all business segments posting higher revenue. In the Office Business, in addition to strong sales of color MFPs (Multi-functional peripherals) in North America, sales in China grew significantly. In the Professional Print Business, sales of digital color printing systems strongly increased in China, and rose in Europe as well, while the industrial printing business unit also expanded, primarily in North America. In the Healthcare Business, digital product sales rose in North America, while in the Industrial Business the solid performance of the measuring instruments business unit continued throughout the fiscal year, leading to a substantial increase in revenue. In order to accelerate the transformation of the business in line with the policies of the Medium Term Business Plan SHINKA 2019, structural reform expenses were posted of ¥5.3 billion in Japan and ¥4.6 billion overseas. Moreover, the Group optimized the use of its facilities (land, buildings) as part of its corporate real estate strategy, generating ¥20.3 billion in income from asset liquidation through sale and leaseback, which enabled it to offset structural reform expenses and investment in new businesses, including expenses associated with major acquisitions. As a result of the above, operating profit was ¥53.8 billion (up 7.4% year on year). All business segments recorded growth in earnings, and the Group as a whole also posted higher profits. Profit before tax came in at ¥49.1 billion (down 0.4% year on year), while profit attributable to owners of the company was ¥32.2 billion (up 2.2% year on year).

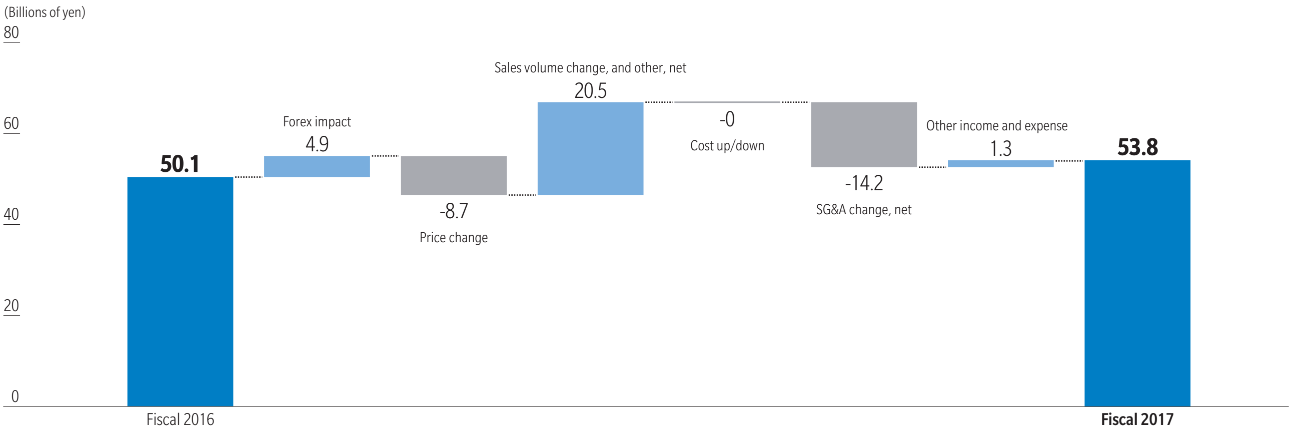
Revenue



Profit attributable to owners of the company



Fiscal 2017 operating profit analysis



FOREX impact to revenue and operating profit

(FOREX:¥)

	Fiscal 2016	Fiscal 2017	Impact to Fiscal 2016		FX Sensitivity[2]	
			Revenue (¥billions)	OP (¥billions)	Revenue (¥billions)	OP (¥billions)
USD	108.38	**110.85**	+7.7	-0.1	+3.2	+0.0
EUR	118.79	**129.70**	+20.1	+9.3	+1.8	+0.7
GBP	141.60	**147.03**	+1.8	-0.0	+0.3	+0.1
European Currency[1]	-	**-**	+26.3	+9.6	+2.6	+1.1
CNY	16.11	**16.75**	+2.0	+0.4	+2.9	+1.1
AUD	81.56	**85.78**	+1.6	+0.5	+0.4	+0.1
Other	-	**-**	+2.1	+0.9	-	-
Exchange contract effect	-	**-**	-	-6.4	-	-
Total impact from FY2016	-	**-**	**+39.7**	**+4.9**	-	-

*1 European currencies: Currencies used in Europe excluding EUR/GBP
*2 FOREX Sensitivity: FOREX impact at ¥1 change (Annual)

Operating Results by Segment

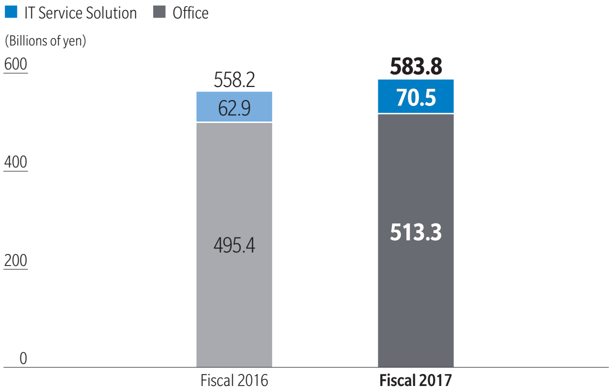
Office Business

In the office products business unit, sales volumes of both monochrome and color A3 MFPs grew year on year, and at a rate higher than that of the market. In particular, for color models, high-speed models posted high rates of expansion following the launch of new products. By region, sales volumes in Europe fell in comparison to the same period of the previous year, in which some major projects were established and major equipment installed, but sales grew in the second half of the fiscal year, primarily high-speed color models. In North America sales remained strong from the beginning of the fiscal year, and China also posted impressive year-on-year growth in sales volumes. Among sales to major companies that operate globally, sales to existing customers were robust, in addition to which there was an increase in major new projects, and the total value of contracts increased significantly.

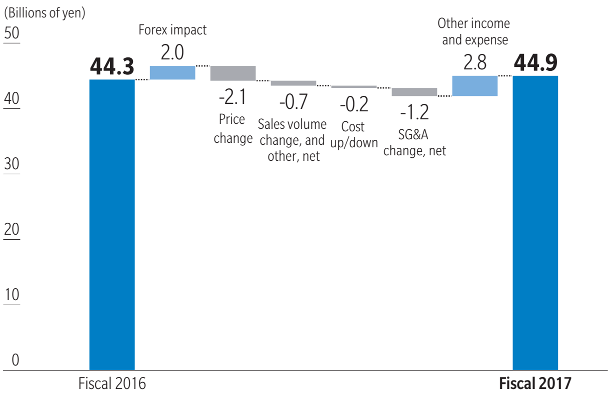
In the IT services solution business unit, in addition to the impact of newly consolidated subsidiaries, sales of highly profitable security solutions contributed to increased revenue in the US. In Europe also, a company acquired in the second half of the fiscal year began to make a contribution to earnings, and revenue for the IT services solution business unit as a whole rose year on year, due to such factors as expanded sales of Managed Content Services, where margins rose due to improvement of service and support structure.

As a result of the above, revenue for the Office Business came in at ¥583.8 billion (up 4.6% year on year), while operating profit was ¥44.9 billion (up 1.3% year on year).

Composition of Revenue



Operating profit analysis



Professional Print Business

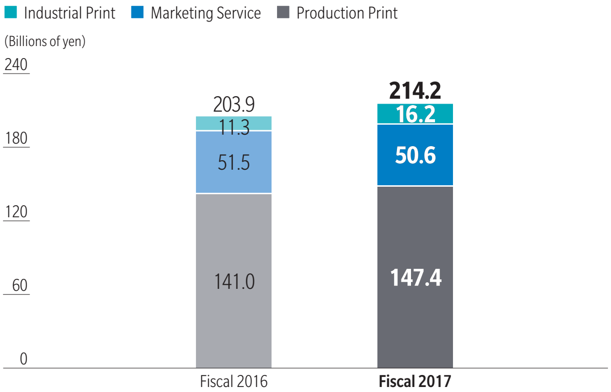
For the production print business unit, markets were sluggish, primarily in developed countries, but although sales volumes in North America fell slightly year on year, sales in Europe expanded, centered on top-of-the-line models. In China, sales volumes greatly increased, leading to an overall year-on-year increase. The value of the intelligent quality optimizer "IQ-501," which is equipped with proprietary Konica Minolta functionality that automatically controls output, in improving the efficiency of customer workflows has been widely accepted by customers, further enhancing our advantage over the competition.

In the industrial printing business unit, sales of the "AccurioJet KM-1" digital inkjet press, label printers, and digital decoration printing equipment made by French subsidiary MGI accelerated, primarily in North America and Europe, and sales volumes increased significantly.

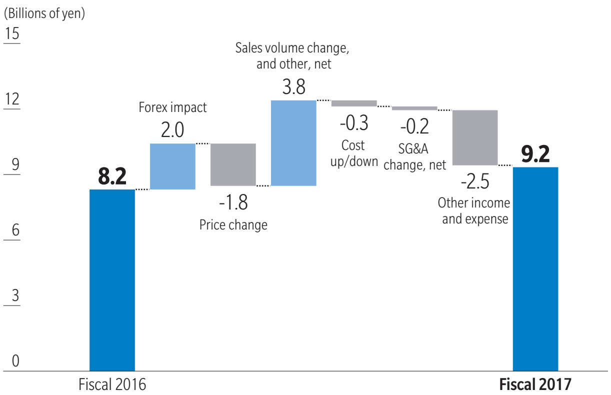
In the marketing services business unit there was growth in on-demand printing, which is being developed under the Kinko's brand, but in marketing print the impact of constraints on marketing costs at major customers in the first half of the fiscal year lingered, and revenue fell year on year.

As a result of the above, revenue for the Professional Print Business came in at ¥214.2 billion (up 5.0% year on year), while operating profit was ¥9.2 billion (up 12.4% year on year).

Composition of Revenue



Operating profit analysis



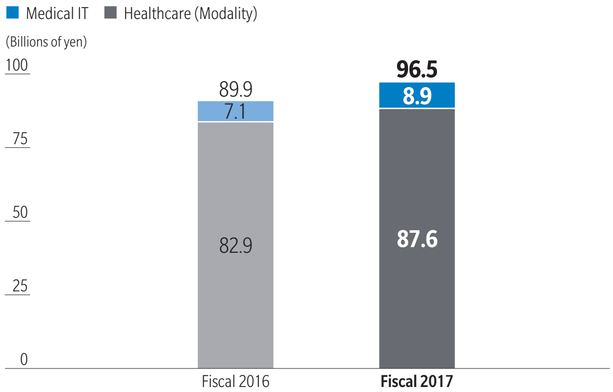
Healthcare Business

In the healthcare (modality) business unit, sales volumes of digital radiography (DR) systems expanded, primarily in the US, due to strengthening our cooperation with X-ray device manufacturers, and the winning of a major project. Sales of diagnostic ultrasound systems remained solid in Japan, and sales volumes also expanded in China, Europe, and the US. There was an additional impact in the second half of the fiscal year from the contribution of newly launched products, leading to powerful growth in sales volumes.

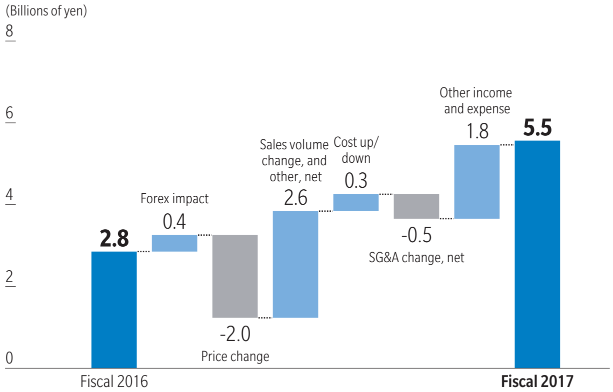
In the medical IT business unit, higher revenue in the US contributed to higher profit and service contracts also expanded steadily.

As a result of the above, revenue for the Healthcare Business came in at ¥96.5 billion (up 7.3% year on year), while operating profit was ¥5.5 billion (up 94.6% year on year).

Composition of Revenue



Operating profit analysis



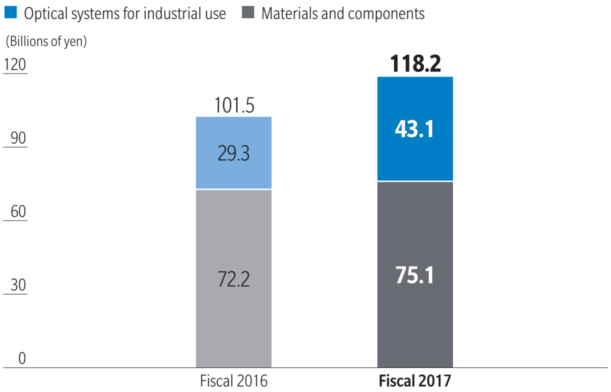
Industrial Business

In the field of materials and components, against the background of the increasing size of LCD TVs, the strategic shift to such high value-added products as new water-resistant VA-TAC films and ZeroTAC film for IPS panels bore fruit in the performance materials business unit, and revenues grew despite price pressure. The optical component business unit recorded higher revenue, and the IJ (inkjet) component business unit saw continued strong sales, leading to an increase in revenue.

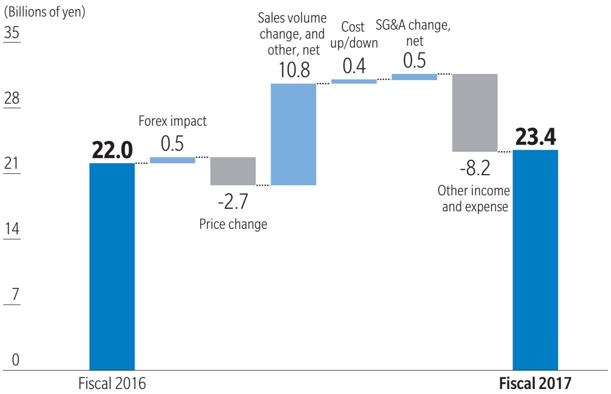
In the field of optical systems for industrial use, as a result of the measuring instruments business unit providing solutions that respond to innovations in display products, we were able to capture waves of demand from several customers, and revenue grew significantly.

As a result of the above, revenue for the Industrial Business came in at ¥118.2 billion (up 16.4% year on year), while operating profit was ¥23.4 billion (up 6.4% year on year).

Composition of Revenue



Operating profit analysis



Cash Flows

Cash flows from operating activities

Net cash provided by operating activities was ¥65.3 billion, a result largely of cash inflow due to profit before tax of ¥49.1 billion, depreciation and amortization expenses of ¥56.2 billion, and an increase in trade and other payables of ¥11.5 billion on the one hand, and cash outflow attributable largely to an adjustment for gain/loss from sales and disposals of property, plant and equipment and intangible assets of ¥19.8 billion, an increase in trade and other receivables of ¥7.6 billion, and payment of income taxes of ¥14.0 billion.

Cash flows from investing activities

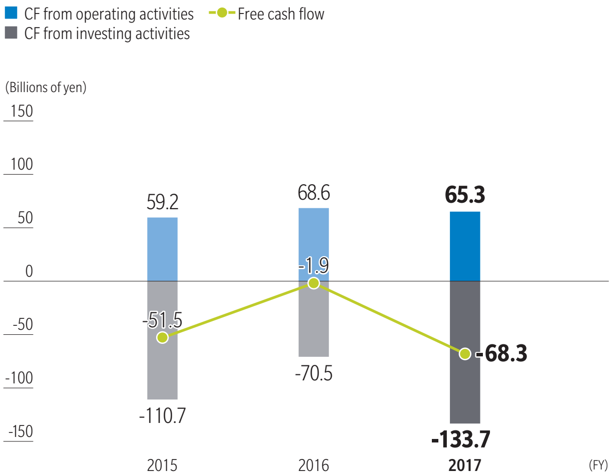
Net cash used in investing activities was ¥133.7 billion, due mainly to purchases of property, plant and equipment of ¥26.9 billion, purchases of intangible assets of ¥11.0 billion, purchases of investments in subsidiaries of ¥116.9 billion, and ¥23.4 billion in proceeds from sales of property, plant and equipment and intangible assets.

As a result, free cash flow (the sum of cash flows from operating and investing activities) was an outflow of ¥68.3 billion, compared to an outflow of ¥1.9 billion in the previous fiscal year.

Cash flows from financing activities

Net cash provided by financing activities was ¥126.6 billion, compared to net cash used of ¥2.3 billion in the previous fiscal year, as a result of cash inflow attributable mainly to proceeds from bonds issuance and long-term loans payable of ¥145.7 billion, and proceeds from share issuance to non-controlling shareholders of ¥35.4 billion, while cash outflow included net decrease in short-term loans payable of ¥15.1 billion, redemption of bonds and repayments of long-term loans payable of ¥23.3 billion, and cash dividends paid of ¥14.8 billion.

Cash flows

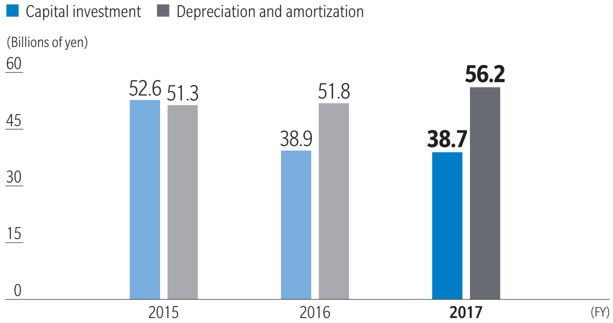


Capital Expenditure, etc.

With respect to the Group's capital investment for the period under review, investment focused primarily on the Office and Professional Print Businesses, two core businesses of the Group, as well as the Industrial Business. Among the goals of these investments were developing new products and strengthening production capacity. As a result, total capital investment for the consolidated fiscal year under review was ¥38.7 billion.

Principal investments were machinery and equipment, dies, and other tools and appliances in the Office and Professional Print Businesses, machinery and equipment in the Industrial Business, and buildings and R&D equipment for companywide use.

Capital investment/Depreciation and amortization



Capital investment

(Billions of yen)

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Business Technologies	Office equipment, production print, industrial printing, IT solutions, etc.	23.3	29.5	36.7	24.3	26.7
Healthcare	DR, ultrasound, X-ray films, etc.	2.7	2.6	1.3	1.6	2.1
Industrial	Performance materials, measuring instruments, optical equipment, inkjet printers, etc.	13.3	6.7	8.9	7.7	4.6
Corporate and Other Businesses		7.9	7.1	5.6	5.1	5.1
Total		47.3	46.1	52.6	38.9	38.7

* For FY 2013 and FY 2014, SE (measuring instruments) is not included in Konica Minolta, Inc.

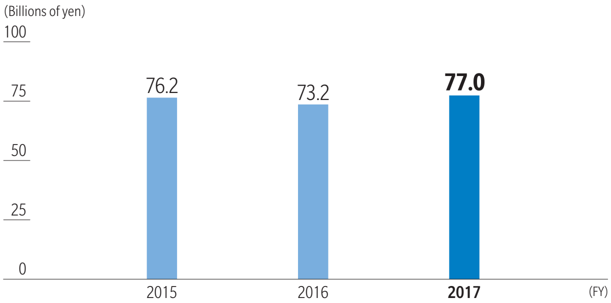
Research and Development Expenses

In line with the basic policy for Medium-term Business Strategy based on the SHINKA 2019 Medium-Term Business Plan, the Group has established and executed its basic policy for technology strategies aimed at "achieving ongoing innovation" and "pragmatically strengthening technological competitiveness."

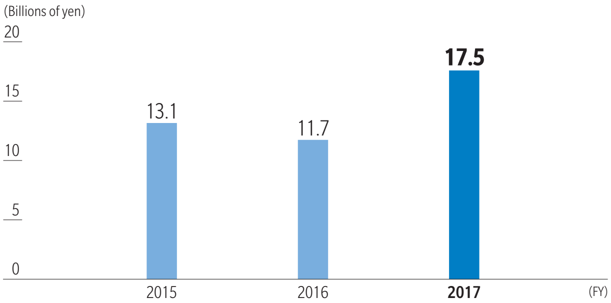
In the IoT business, we are working with partners to develop the Workplace Hub, a revolutionary IT platform that consolidates all office IT infrastructure into one place for our corporate customers. We are currently gauging the value being provided to customers and are making steady progress towards getting it to market. In commercial and industrial printing, Konica Minolta is expanding its business portfolio by moving into heavy production print, which involves large print volumes and requires a high level of productivity and the ability to accommodate a variety of paper types, while at the same time providing unique services. And by strengthening collaboration with France-based MGI, a market leader in digital decorative printing machine manufacturing, we are expanding our lineup of products aimed at speeding up digitalization of the labeling and packaging industry with a view to strengthening our foothold in industrial printing. In bio-healthcare, we have acquired U.S.-based Ambry, which boasts genetic diagnostic technology and Invicro, which provides support for pharmaceutical manufacturing. By bringing together the Company's High Sensitive Tissue Testing (HSTT) technology, Ambry's world-leading genetic diagnostic technologies and Invicro's numerical analysis, biomarker search, and image processing technologies, as well as its capability in proposing solutions to pharmaceutical companies, we will dramatically improve new drug development productivity while enhancing patients' quality of life and curbing increases in the healthcare costs that consumers pay.

Group wide research and development expenditure for the fiscal year under review was ¥77.0 billion. This comprised ¥41.8 billion in Office and Professional Print Business R&D expenditures, ¥5.0 billion in Healthcare Business R&D expenditures, ¥12.5 billion in Industrial Business R&D expenditures, and ¥17.5 billion in basic research expenditures and expenditures in other businesses, including those in bio-healthcare.

Research and development expenses



Basic research expenditures and expenditures in other businesses



Research and development expenses

(Billions of yen)

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Business Technologies	Office equipment, production print, industrial printing, IT solutions, etc.	39.0	43.2	44.2	43.3	41.8
Healthcare	DR, ultrasound, X-ray films, etc.	4.0	5.3	4.8	5.1	5.0
Industrial	Performance materials, measuring instruments, optical equipment, inkjet printers, etc.	14.0	12.5	14.0	13.0	12.5
Corporate and Other Businesses		14.0	13.1	13.1	11.7	17.5
Total		71.1	74.2	76.2	73.2	77.0

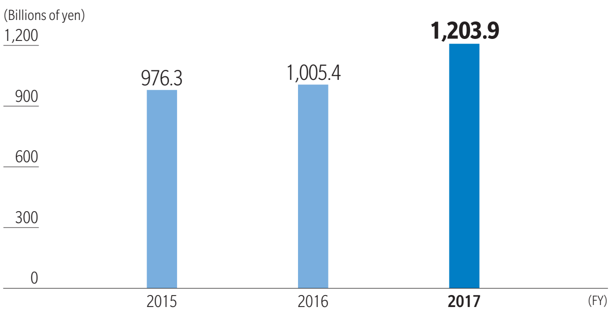
* The professional print area of production printing is included in inkjet printers.

Financial Position and Liquidity

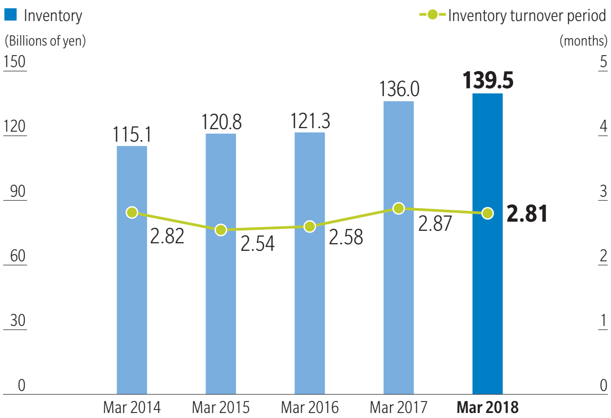
Assets

Total assets at March 31, 2018 were ¥1,203.9 billion, an increase of ¥198.4 billion (19.7%) from the previous fiscal year-end. This was primarily attributed to an increase of ¥123.1 billion in goodwill and intangible assets, an increase of ¥57.2 billion in cash and cash equivalents, and an increase of ¥20.2 billion in trade and other receivables.

Total assets



Inventory/Inventory turnover period

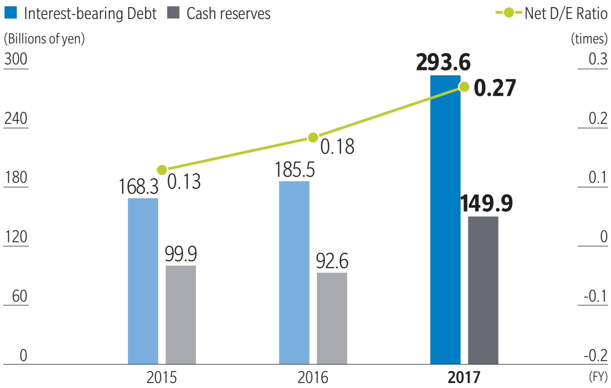


* Inventory turnover period = Inventory balance at fiscal year-end / Average cost of sales for most recent three months

Liabilities

Total liabilities at March 31, 2018 were ¥668.3 billion, an increase of ¥197.0 billion (41.8%) from the previous fiscal year-end. This was primarily attributed to an increase of ¥108.1 billion in bonds and borrowings, an increase of ¥56.9 billion in other financial liabilities, an increase of ¥17.9 billion in trade and other payables, and an increase of ¥10.9 billion in other liabilities.

Interest-bearing debt, Cash reserves, Net D/E ratio



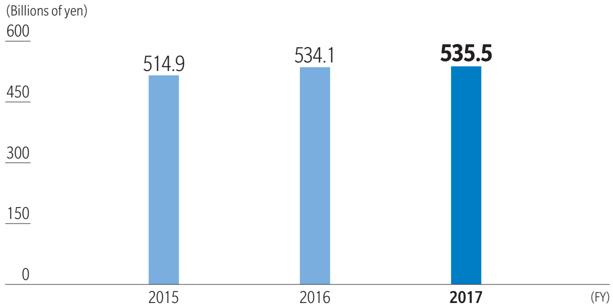
Equity

Total equity at March 31, 2018 amounted to ¥535.5 billion, an increase of ¥1.4 billion (0.3%) from the previous fiscal year-end.

Equity attributable to owners of the company totaled ¥524.5 billion, a slight increase from the previous fiscal year-end. This was primarily attributed to ¥32.2 billion in profit for the period attributable to owners of the company, a decrease of ¥17.7 billion in share premium, and a decrease of ¥14.8 billion in retained earnings due to cash dividends.

As a result of the above, equity per share attributable to owners of the company came to ¥1,060.72, and the equity ratio attributable to owners of the company decreased 8.5 percentage points to 43.6%.

Equity

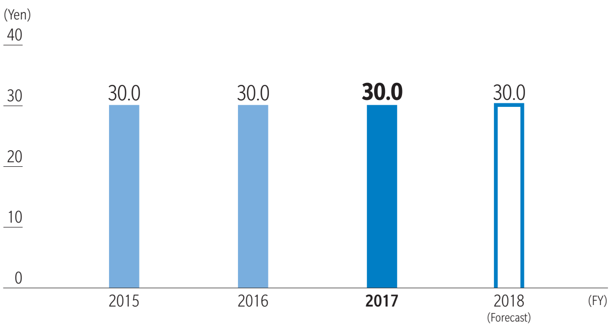


Dividend Policy

Basic dividend policy

The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements to promote strategic investments in growth fields while seeking to implement proactive shareholder returns. The Company strives to enhance shareholder returns through higher dividends as well as a flexible acquisition of the Company's own shares.

Dividend per share



Dividends for the fiscal year ended March 31, 2018 and projected dividends for the fiscal year ending March 31, 2019

The Company distributed a year-end dividend of ¥15 from retained earnings for the year ended March 31, 2018. Combined with the dividend of ¥15 per share already paid at the end of the second quarter, the total annual dividend was ¥30 per share.

Regarding ordinary dividends for the fiscal year ending March 31, 2018, the Company plans to distribute a total annual dividend of ¥30 per share, assuming we achieve the results forecasts outlined below.

Outlook for the Fiscal Year Ending March 31, 2019

With regard to the global economic situation in which the Group operates, the current economic expansion is expected to continue, but we also anticipate a continuation of geopolitical risks and of the uncertainty caused by the impact of US trade policy. Japan also is expected to be affected by the instability and lack of certainty in the global economy, and we believe the recovery trend is likely to be only moderate in scope.

On the subject of the demand outlook for the main markets in which the Group operates, in the Office Business the ratio of color MFP models is expected to rise in China and in emerging countries, while in developed countries demand is expected to increase for high-speed color models designed to enhance operational productivity. Along with a rising awareness of security issues among small and medium-sized enterprises, we assume that demand for IT services will continue to grow. In the Professional Print Business, we expect demand in commercial printing for solutions that support improved profitability for customers, as well as further diffusion of digitalization in industrial printing. In the Healthcare Business, the digitalization of medical diagnostic equipment is seen continuing, leading to increased cooperation among regional medical organizations, and rising demand for medical IT services. For the Industrial Business, continued demand for the Group's products is expected, driven by innovation and customer diversification in the display and automotive industries.

Taking into account these conditions, the exchange rate assumptions that form the basis of results forecasts for the next fiscal year have been set to [¥105 to the US dollar and ¥125 to the euro, respectively], with forecasts as follows:

Forecast for the fiscal year ending March 31, 2019

	Revised Fiscal 2018 forecast (IFRS) Published August 1, 2018	Fiscal 2018 forecast (IFRS) Published May 14, 2018	Fiscal 2017 results (IFRS)
Revenue (Billions of yen)	**1,080.0**	**1,080.0**	1,031.2
Operating profit (Billions of yen)	**62.0**	**60.0**	53.8
Operating profit ratio	**5.7%**	**5.6%**	5.2%
Profit attributable to owners of the company (Billions of yen)	**38.5**	**37.0**	32.2
Margin of profit attributable to owners of the company ratio	**3.6%**	**3.4%**	3.1%
ROE *1	**-**	**7.2%**	6.3%
ROE *2	**7.2%**	**6.9%**	6.1%
Capital investment (Billions of yen)	**55.0**	**55.0**	38.7
Depreciation and amortization expenses (Billions of yen)	**60.0**	**60.0**	56.2
R&D expenses (Billions of yen)	**80.0**	**80.0**	77.0
Free cash flow *3 (Billions of yen)	**35.0**	**35.0**	-68.3 *4
Investment and loan (Billions of yen)	**30.0**	**30.0**	125.0
U.S. dollar (yen)	**105.0**	**105.0**	110.85
Euro (yen)	**125.0**	**125.0**	129.70

*1:Profit attributable to owners of the company divided by the total of share capital, share premium, retained earnings and treasury shares (average at start of fiscal year and end of fiscal year).
*2:Profit attributable to the owners of the company divided by the equity attribute to owners of the company (average of beginning and ending balances)
*3:Fiscal 2018 forecasts do not include investment and loan figures
*4:-33.0 without contribution from the Innovation Network Corporation of Japan for acquisition of Ambry Genetics Corporation

Company Overview/Stock Information

Company Overview (as of March 31, 2018)

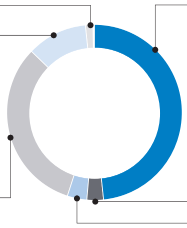
Company name	KONICA MINOLTA, INC.
Stock code	4902 Included in the "JPX-Nikkei Index 400"
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 43,299
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan

Stock Information (as of March 31, 2018)

Stock Information

Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	502,664,337 shares
Number of shareholders	46,994
Minimum trading units	100 shares

Shareholder Composition



Major Shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	44,284	8.93
Japan Trustee Services Bank, Ltd. (Trust account)	32,845	6.63
GOLDMAN SACHS INTERNATIONAL	15,112	3.05
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	15,060	3.04
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.81
Japan Trustee Services Bank, Ltd. (Trust account 9)	12,863	2.59
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.39
Nippon Life Insurance Company	10,809	2.18
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.18
STATE STREET BANK WEST CLIENT - TREATY 505234	9,145	1.84

Notes: Treasury shares do not include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors (1,274,000 shares).
Ratio of shares held is calculated by deducting treasury stock 6,901,975 shares.

Glossary

Office Business

- MFP (Multi-Functional Peripherals)
  Units that support a variety of functions otherwise handled by separate equipment, such as copiers, printers, scanners, and facsimiles.
- PV (Print Volume)
  The print output quantity. (Also called Copy Volume.)
- OPS (Optimized Print Services)
  OPS is the name of our Managed Print Services (MPS) offering. OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment (output and document management environment).
- GMA (Global Major Account)
  Refers to our major enterprise customers (businesses) that operate on a global scale.
- MIT (Managed IT)
  Services that support all operations in a company's IT department. These wide-ranging services include support for a product's lifecycle, including the creation of plans for deploying things such as PCs and servers, operating systems, software, and networks, as well as the actual deployment, contracted operation and support, management, maintenance, and contracted collection.
- MCS (Managed Content Services)
  The collective term given to services for centrally managing paper or digital documents, e-mails, forms, diagrams, and other such business content, and for building systems to properly use, store, and dispose of this content.

Professional Print Business

- MPM (Marketing Production Management)
  MPM provides services optimizing the production cost of marketing materials for customers using our own supplier network.
- IQ-501/ Intelligent quality optimizer-501
  An optional unit that automates color management and front-to-back registration during printing through continual monitoring, greatly shortening calibration time and improving productivity.

Healthcare Business

- DR (Digital Radiography)
  Also referred to as digital X-rays. 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. Also refers to systems that do this.
- PACS (Picture Archiving and Communication System)
  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.
- Diagnostic ultrasound systems
  Because diagnostic ultrasound systems have such advantages as enabling real-time diagnostic imaging and putting less physical burden on patients under repeated examinations due to their low-intrusion nature, they are used in a wide range of clinical fields. Further growth is expected in the market in the future.
- SPFS / Surface Plasmon Field-enhanced Fluorescence Spectroscopy
  An immunological testing system. This is a method for detecting fluorescence signals generated by exciting fluorophores that are surface-confined by an antigen-antibody reaction. The fluorophores are excited with extreme efficiency by near-field light induced very close to the gold membrane surface.

Industrial Business

- Light source color measuring instruments
  Instruments for high-accuracy measurement of chromaticity, brightness, and color balance of various displays and light-emitting devices. These instruments can measure illuminance/chromaticity with a high accuracy that does not depend on the emission characteristics of the light source. Our products have been adopted as standard equipment by many companies in fields such as quality control and product color management.
- TAC (Triacetyl cellulose) film
  Primarily composed of cellulose acetate, it is mainly used as a protective film for polarizers, a component of LCDs. TAC film was originally developed as a substrate for photographic film, but because of its superior flame resistance, transparency, surface appearance, and electric insulation characteristics, we are pursuing development of applications outside of photographic film.
- OLED (Organic Light Emitting Diode)
  Organic matter comes in an infinite array of molecular structures, each with a different color and durability. We are presently strengthening and growing our lighting business in this area as a future pillar of the business, building on our strengths in materials and coating technologies developed in photosensitive materials.
- VA-TAC film / Vertical Alignment TAC film
  A type of LCD panel display widely used in TV applications. We are a market share leader in retardation films for VA systems.
- ZeroTAC film
  TAC film with zero retardation. Is used primarily in IPS displays and provides greater screen visibility.

New Businesses, Corporate Initiatives, and Other Topics

- Imaging CRO
  The evaluation of the safety and effectiveness of pharmaceuticals in the area of clinical trials for new drugs that target mainly cancers and similar conditions, and that are carried out with medical images taken with CT, MRI, and other imaging systems. To help medical professionals interpret images as part of clinical trials, we provide one-stop services that include everything from support for making clinical trial plans to gathering information, controlling quality, interpreting images, and storing data.
- Precision medicine (individualized medical care)
  This involves using state-of-the-art techniques to analyze cells at the genetic and protein level, and then provide the most appropriate treatment and dose for each patient.
- Video Management Software
  An application that connects input devices such as cameras and data recording media over a network and controls them.
- Digital manufacturing
  The new manufacturing that Konica Minolta is aiming for, which will revolutionize workflow. Based on the concept of IoT, digital manufacturing involves comprehensively integrating information gained in the production process and analyzing the data to identify angles from which customer value can be improved.
- Workplace Hub (WPH)
  An IoT business platform on which Konica Minolta is recently focused. The Workplace Hub is a solution for streamlining business processes and reducing IT infrastructure management costs achieved by equipping MFPs with servers that allow businesses to analyze data in real time and visualize patterns. It brings people and data together and enables smarter decision-making and problem-solving support in the office.