

On the Release of Integrated Report 2019

Since fiscal 2015, Konica Minolta has released annual reports (the name of these reports was changed to the integrated report in 2017) that provide a comprehensive look at the Company's activities and philosophies. The fifth report is now available. We made this integrated report to be a communication tool to better familiarize stakeholders, including shareholders and investors, with Konica Minolta by systematically organizing both financial and non-financial information.

The 2018 integrated report was externally well-received, winning recognition and awards that included the Special Award in the Nikkei Annual Report Awards conducted by Nikkei Inc., and the Excellence in Integrated Reporting Prize at the 6th WICI Japan Awards for Excellence in Integrated Reporting.

Integrated Report 2019 clarifies the Konica Minolta Group's strengths and value creation processes while explaining the Group's medium- to long-term business strategy and pathway to value creation with a focus on SHINKA 2019, the new Medium Term Business Plan formulated in 2017. It also reports on initiatives related to the environment (E), society (S), and governance (G) as the foundations that underpin the enhancement of corporate value.

The report was a cross-organizational collaboration accomplished by taking cues from sources such as the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry.

I can attest to the soundness and accuracy of the report creation process and its content. Konica Minolta will continue using the integrated report as a tool for engaging with all of its stakeholders, including its shareholders and investors, as it works to sustainably improve the corporate value it provides.



Shoei Yamana
President and CEO

Role of Integrated Report 2019

Financial data	Non-financial data
Integrated Report	CSR Report
	Environmental Report
	Intellectual Property Report
	Corporate Governance Report
	IT Performance Report

Notes on outlook for future results

The plans, strategies and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.

In this report, unless otherwise indicated, "the Company" refers to Konica Minolta, Inc.

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Our Philosophy

The Creation of New Value



6 Values

Our 6 Values are the essence of our innermost beliefs, our inherited DNA, and define how we go about our business and act towards all our partners. They articulate what we stand for and direct our decision making.

Open and honest

We are convinced that only by acting with integrity and communicating with all our partners in an open and honest way can we create long-lasting partnerships of mutual trust and true significance.

Customer-centric

We exist solely for our customers; always thinking on their behalf, undertaking challenges together with them, and working tirelessly to bring them success and provide excitement that exceeds expectations both now and in the future.

Innovative

Innovation is what drives us. We constantly strive to develop ground-breaking ideas that will form the basis of everything we do going forward, every step of the way.

Passionate

Being passionate, strong-willed and determined is essential to making a meaningful contribution to our customers' businesses and society as a whole.

Inclusive and collaborative

We believe that the power of inclusiveness and collaboration with customers, partners and each other is the best way to come up with game-changing ideas that provide ultimate benefits.

Accountable

Not only must we be individually and collectively responsible and accountable for what we do, all our actions should contribute to the creation of a sustainable society and Konica Minolta.



Our Vision

A global company that is vital to society

Possessing a mindset that drives us to best serve and improve the quality of society in all our activities, we are determined to become a company that is vital to global society by providing excitement that exceeds the expectations of all.

An innovative company that is robust and constantly evolving

We are committed to becoming an innovative company that stands tall in difficult times with a solid and quality business base, ensuring we remain courageous to provide new value in the face of any challenge.

Brand Proposition

Giving Shape to Ideas

It is our pledge to bring the ideas of customers and society to life through innovation and contribute to the creation of a high quality society.

Konica Minolta is working for the Creation of New Value around the world.

The advance of digital technologies is fueling great change in the world, and we are making a number of efforts to achieve innovations that will put us at the forefront of this change.

Transform Award

We conduct an awards program to recognize actions and attitudes toward solving our customers' problems and creating value for them. This creates a corporate culture of recognition and fosters a willingness to take up challenges among Konica Minolta employees around the world.



Product Development in the Czech Republic

We are developing the Workplace Hub in Brno, sometimes called the Silicon Valley of the Czech Republic. A number of functions are coming about through the lively discussions being had among our engineers.

Developing Imaging IoT* and AI Talent

Through our certification and registration program and talent development programs, we are working to expand and improve the imaging IoT and AI talent essential for realizing our edge IoT platform strategy.

* Imaging IoT: Technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces





Green Marketing

We are leveraging the environmental technologies and expertise internally accumulated over the years to help solve our customers' environmental problems. Through these efforts, we are working to reduce their environmental impact while generating new business opportunities.

Strategy Meetings among Emerging Nations

Some of our best people from Asia, South America, and the Middle East — areas of phenomenal growth in the production print field — gather to hold lively discussions about sales and marketing activities. They also share success cases and then use that information to further evolve local marketing activities.



Hachioji SKT

Konica Minolta Tokyo Site
Hachioji SKT, a core facility for new business development, is driving R&D that transcends the boundaries of business units and open innovation.



Business Innovation Centers (BICs)

Through cooperation with research institutes, startups, and other organizations, BICs in the five major regions around the world are consistently running roughly 100 projects as they work to create new businesses with a flexible mindset.



Value Creation Process

Trend towards shorter
business life cycles

Growing number of elderly,
declining birthrate, and
declining labor pool in Japan

Increasing healthcare cost

Shortage of doctors

Shortage of
nursing care staff

Aging social
infrastructure

Future Social Issues

Climate change

Mounting information
security risk

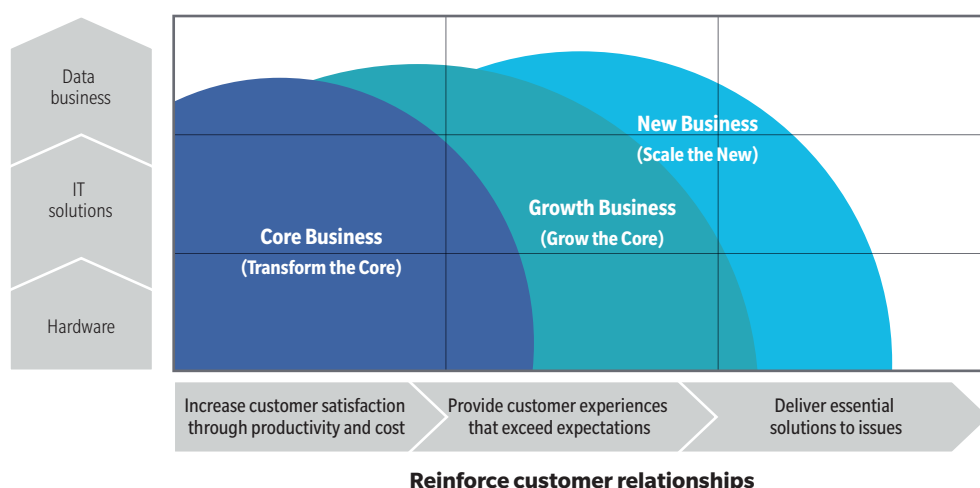
Threat of terrorism
and disasters

Resource depletion
⋮

Konica Minolta's Business Activities

Portfolio

Increase added-value using digitalization



Intangible Assets Underpinning Our Strategy

Technical expertise

Number of patents^{*1}: **20,235**
R&D expenses: **78.3 billion**
Ratio of R&D expenses to revenue: **7.4%**

Customer base

Number of customers:
approximately
2 million companies

Human capital

Employees: **44,360**

Customer engineers:
approximately 10,000

Sustainability Management (P.75)

Corporate Governance (P.62)

KPI

Fiscal 2021 management targets (figures announced in September 2018)

Operating profit
At least

¥ **100.0** billion

Core Business

At least

¥ **95.0** billion

Growth Business

¥ **18.0** billion

New Business

¥ **27.0** billion

Operating profit
ratio

10%

^{*1} The number of patents is the total number of patents held in Japan, the U.S., and China.

Core Business:

Office/IT service solutions/Production print/
Healthcare/Measuring instruments/ Performance materials/
Optical component/IJ (inkjet) component

Growth Business:

Industrial printing/Marketing services/Ultrasound/Medical IT/
Visual inspection/Imaging solution/New film/Materials/OLED

New Business:

Workplace Hub/Bio-healthcare/Status monitoring/QOL/
Digital manufacturing

**Global customer
contact capabilities**

Sales/service structure: **approx. 150 countries**

Percentage of direct sales: **approx. 65%**

System engineers:
approximately 2,000

Imaging IoT^{*2} and AI talent:
approximately 400

Environment/Social Innovation/Customer Satisfaction and Product Safety/
Responsible Supply Chain/Human Capital/Diversity

^{*2} Imaging IoT: technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces

- Improving client company competitiveness
- Improving work-life balance
- Improving corporate productivity and creativity
- Improving ROI of marketing activities
- Improving diagnostic and medical care quality
- Improving nursing care service quality

**Solving Social Issues
through the Creation
of New Value**

- Improving quality of life
- Improving manufacturing quality and productivity
- Shortening production lead times
- Improving public security
- Preventing social infrastructure accidents
- Reducing environmental impact
- Eliminating loss in the production process

Profit attributable to owners of the company

At least

¥ **70.0** billion

ROE

11%

Fiscal 2019 Environmental targets

Life cycle CO₂ emissions

50% reduction

Revenue of sustainable
green products

¥ **770.0** billion

Konica Minolta's Strengths 1 Customer base

We provide high value-added products and services for our roughly two million clients' workplaces in some 150 countries.

Business

Genre-top

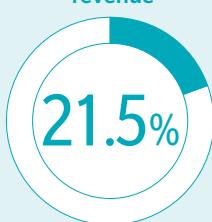
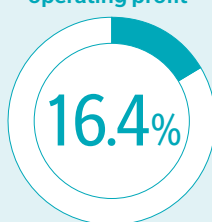
Office Business

Composition of
revenueComposition of
operating profit**At enterprise offices**

Color MFPs had large market shares in about 40 countries around the world

Unit basis, Konica Minolta estimate using external CY2018 data

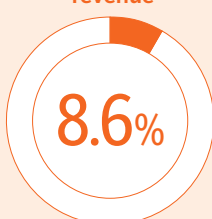
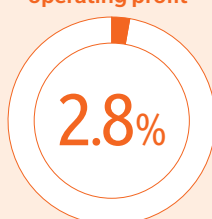
Professional Print Business

Composition of
revenueComposition of
operating profit**At printing companies**

Digital color printers had large market shares in about 40 countries around the world

Unit basis, Konica Minolta estimate using external CY2018 data

Healthcare Business

Composition of
revenueComposition of
operating profit**At various healthcare providers**

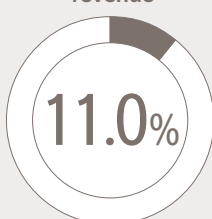
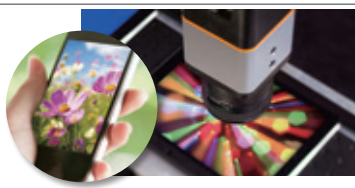
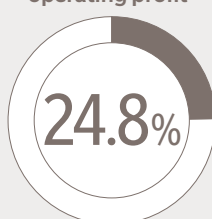
Cassette-type DRs had a large market share among medical clinics in Japan

Konica Minolta estimate using CY2018 data

Diagnostic ultrasound systems had a large market share in orthopedics in Japan

Konica Minolta estimate using CY2018 data

Industrial Business

Composition of
revenueComposition of
operating profit**At production facilities in the manufacturing industry****Optical Systems for Industrial Use**

Display color analyzers had the top market share

Konica Minolta estimate using CY2018 data

Materials and Components

Products for VA LCDs and thin-film TAC products had a large share of the global market

Konica Minolta estimate using CY2018 data

* Composition of operating profit excludes figures in new businesses and corporate and other divisions

Customer values

Optimizing workflows, improving business productivity, and reinforcing information security

Main customers

- Large enterprises and government offices
- Small and medium-sized enterprises

Improving printing site workflows and marketing ROI

Main customers

- Printing companies
- Printing departments within enterprises

Improving primary care efficiency and diagnosis quality, reducing healthcare costs, and improving patients' QoL

Main customers

- Large hospitals
- Clinics

Improving industrial product quality and manufacturing site productivity

Main customers

- Display manufacturers
- Automobile-related companies
- ICT enterprises

Providing the World with High Value-Added Products and Services

Customer base
Approx. **2** million companies

Sales/service structure
Approx. **150** countries

Direct sales and support system
Global expansion capacity

Revenue by region (fiscal year ended March 31, 2019)

Europe

30.1%
(¥318.5 billion)

United States

27.7%
(¥293.7 billion)

Asia (excluding Japan)
and other regions

23.5%
(¥249.1 billion)

Japan

18.7%
(¥197.6 billion)

Consolidated revenue
¥1,059.1 billion

Consolidated Subsidiaries

174

Global Sites
(countries)

50

Employees

44,360

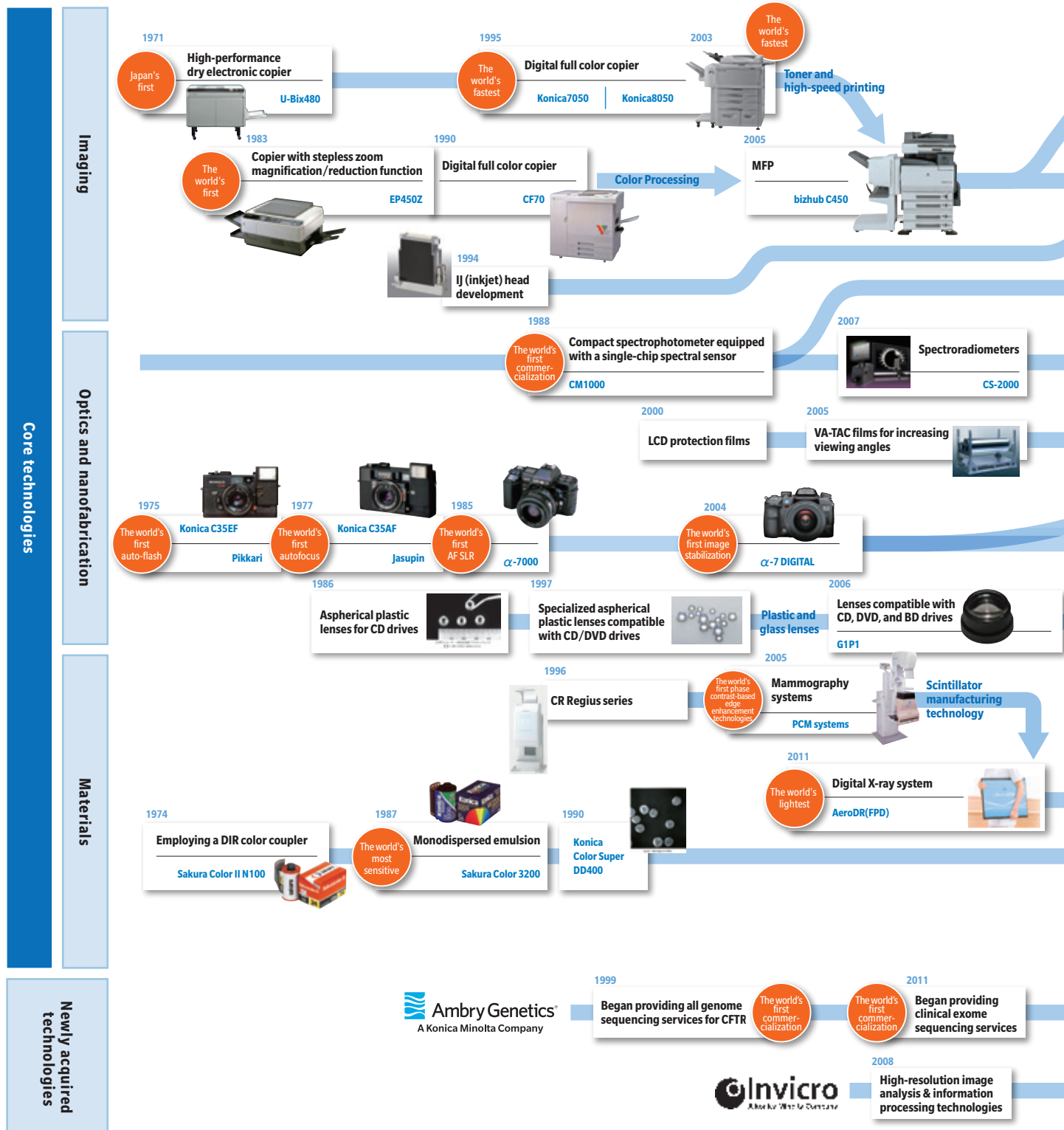
* Data is compiled on a consolidated basis (as of March 31, 2019)

Konica Minolta's Strengths 2 Technical expertise

We are working to create new value by evolving technologies we developed in our photographic film and camera businesses.

1873 – 2002

2003 – 2018

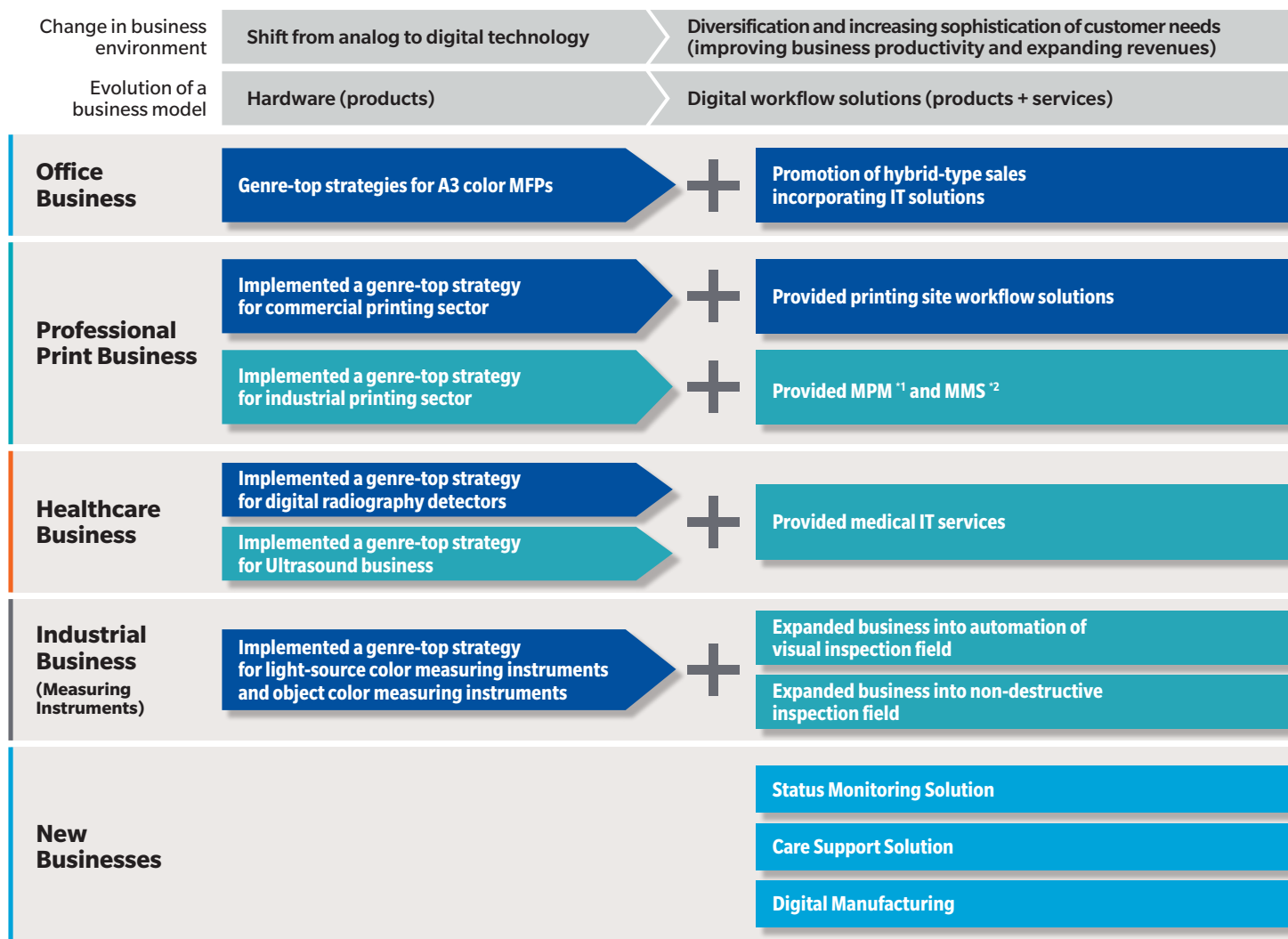




> More information on page 35

Konica Minolta's Strengths 3 Business Model

We strengthen our technologies, expertise, and human capital through mergers and acquisitions, and are thereby transforming ourselves into a solutions business.



*1 MPM: Marketing Production Management

*2 MMS: Marketing Management Services

Stepped up M&A to develop growth and new businesses

2011- G PLAN 2013

Approx.
¥35 billion in investments

Office Business

2011 Acquired All Covered (U.S.)
2012 Acquired Serians (France)
2012 Acquired Raber+Märcker (Germany)

Professional Print Business

2012 Acquired Charterhouse (UK)

Healthcare Business

2013 Acquired diagnostic ultrasound business from Panasonic Healthcare

Industrial Business

2012 Acquired Instrument Systems (Germany)

2014- TRANSFORM 2016

Approx.
¥120 billion in investments

Office Business

2016 Acquired ProcessFlows Holdings (UK)

Professional Print Business

2014 Provided capital to MGI (France)
2014 Acquired Ergo (Australia)
2015 Acquired Indicia (UK)

Healthcare Business

2015 Acquired Viztek (U.S.)

Industrial Business

2015 Acquired Radiant (U.S.)

New Businesses (Status Monitoring Solution)

2016 Acquired shares of MOBOTIX (Germany)

Core
BusinessGrowth
BusinessNew
BusinessSee page 16 for detailed information about core,
growth, and new businesses

Accelerating digital transformation

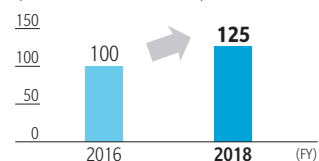
Platform business (data utilization)

Promotion of edge IoT platform
business through Workplace Hub

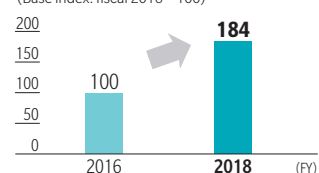
Provided digital marketing services

Provided digital marketing services
(Bio-healthcare)Promoted
platform business
utilizing dataAchievements Toward
Transforming Our BusinessIT Service Solutions
Business Unit Revenues

(Base index: fiscal 2016 = 100)

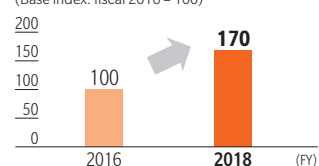
Industrial Printing
Business Unit Revenues

(Base index: fiscal 2016 = 100)

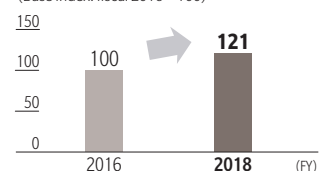


Ultrasound Business Unit Sales

(Base index: fiscal 2016 = 100)

Measuring Instruments
Business Unit Revenues

(Base index: fiscal 2016 = 100)



2017- SHINKA 2019

Approx.

¥135 billion in investments

New Businesses (Bio-healthcare)

2017 Acquired Ambry Genetics (U.S.)
2017 Acquired Invicro LLC (U.S.)

Healthcare Business

2017 Acquired Panasonic Medical Solutions Co., Ltd.
2017 Took over the Japanese transvaginal ultrasound
business from Siemens Healthcare K.K.

Industrial Business

2019 Acquired Eines Systems S.L. (Spain)

Conducting M&A to Strengthen Intangible
Assets Needed for Business Transformation

System engineers

Approx. 2,000

Imaging IoT and AI talent

Approx. 400

Bio-healthcare researchers

Approx. 1,100

M&A investment
by business

(FY2011-2018)

