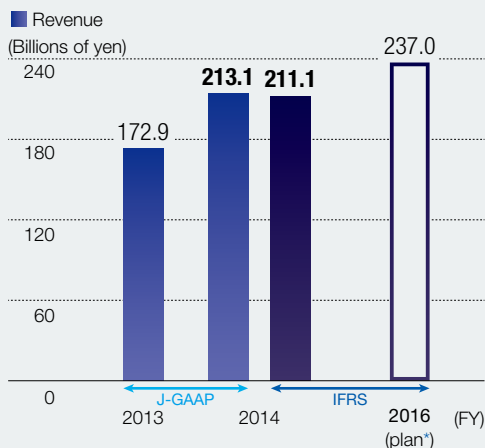


Business Technologies Business

Commercial and Industrial Printing



Revenue



Main Achievements in Fiscal 2014

Production printing

- Color unit sales were strong worldwide.
- Healthy sales were also seen for non-hardware such as consumables and maintenance services.

MPM/print services

- The creation of our global system has been completed.
- We have received business from several companies, including a company based in Europe that is the world's largest energy company.

Industrial inkjet business

- Good progress is being seen in our printer component business, which includes inkjet heads and ink.

Market environment (opportunities and challenges)

- Within marketing departments at large enterprises, which are a major customer category in this segment, there is a desire to curb costs associated with the dominant form of media—printed materials—in favor of marketing centered on new media such as the web and SNS.
- In response to needs at printing companies, another key customer category, they are considering implementing digital printing systems in addition to offset printing products. However, there is concern among these companies that sales might not justify the investment.

Strengths and strategies

- To expand and improve sales of non-hardware such as consumables and maintenance services, we are focused on providing solutions for upstream business processes.
- In November 2012, Konica Minolta acquired U.K.-based Charterhouse, a major presence in the MPM (Marketing Print Management) services industry. By leveraging Charterhouse's expertise as a company whose clients include some of the world's largest companies and matching printing companies with large corporations who purchase printed materials, we will provide cost reductions and efficiencies to client companies and a stable volume of printing to printing companies, while at the same time growing print volume and ramping up sales of digital printing systems.
- In January 2015, Charterhouse acquired U.K.-based Indicia, a veteran in cross media marketing. This completes a system for providing solutions in upstream processes, including the designs, the drafting of media plans and the analysis of customer data, as a means to expand MPM business.

*Figures published in May, 2014

• Fiscal 2014 business results and fiscal 2015 forecast

Governed by a basic strategy aimed at expanding the proportion of color printing and print volume, Konica Minolta's commercial and industrial printing field is focused on providing MPM services that meet the needs of companies' marketing departments.

MPM services involve assigning full-time staff to companies' marketing departments to help optimize printing costs and improve business processes by centrally managing the output of large volumes of printed materials including catalogs and pamphlets. Konica Minolta has provided these services through large MPM-segment enterprises such as U.K.-based Charterhouse and

Australia-based Ergo, which we have acquired through M&A. We also established subsidiaries of these Group companies in fiscal 2014 in the U.S. and Japan, respectively. With the completion of a global system for providing services that cover Europe, Asia Pacific, the U.S., and Japan, MPM and print services saw sales increase 52% year on year.

In the production printing segment, new models of digital printing systems such as the bizhub PRESS C1100 and bizhub PRESS C1085 showed strong sales throughout the year, pushing unit sales of color units beyond last year's level.

Business Results

Business Technologies Business (Commercial and Industrial Printing)

In the industrial inkjet business, strong sales of both components and textiles resulted in a sales boost over last year.

As a result of these efforts, fiscal 2014 sales for the segment increased 23% year on year to ¥213.1 billion (¥211.1 billion based on IFRS).

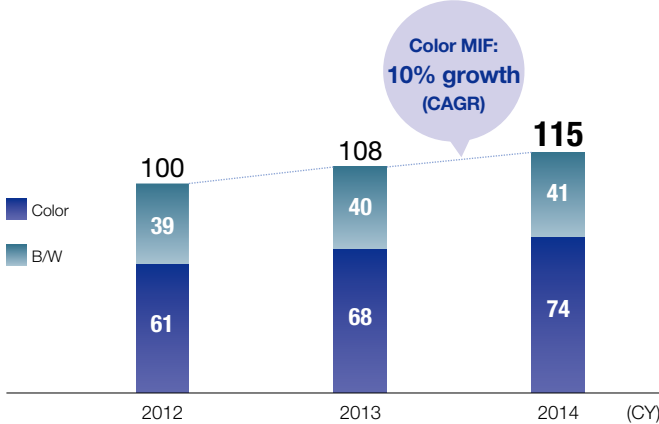
Fiscal 2015 will see us further expand our global MPM business and ramp up sales of the C1100, the flagship model among our digital printing systems. We will also focus on expanding business in emerging nations. One effort here was the acquisition in June 2015 of the PP business of Monotech Systems, a major sales company based in India, which is enjoying a booming PP market. The above factors contribute to a fiscal 2015

segment sales forecast of ¥240.0 billion (based on IFRS), a 14% year-on-year increase.



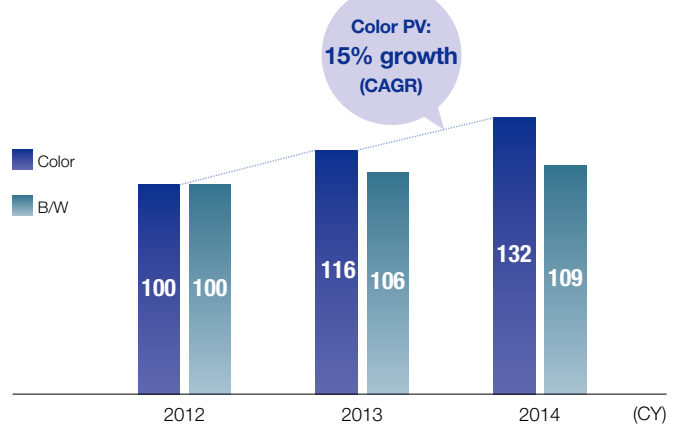
bizhub PRESS C1100/C1085

MIF in the five key markets (Direct sales)



*Five key markets: Japan, North America, the U.K., Germany, France
 *Base index: CY2012 = 100

PV of MIF (Direct sales)



*Base index: CY2012 = 100

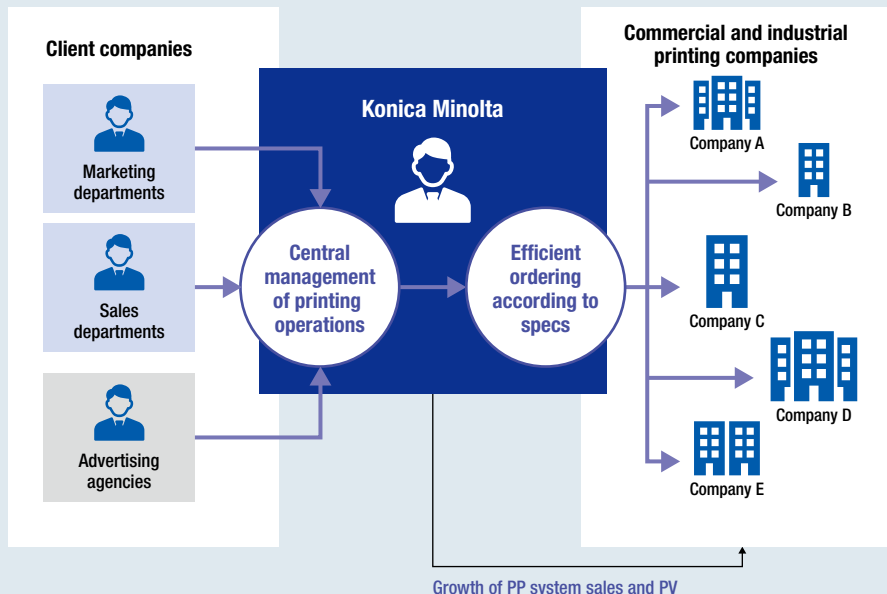
Focused Topic

Supporting marketing operations in upstream processes with MPM services

Konica Minolta's MPM services provide central management of printing needs at our customers' marketing and sales departments and—occasionally—advertising agencies, and provide print management optimized for each customer. These services allow our customers to cut costs and streamline operations while achieving timely delivery schedules and to provide printing companies with a stable supply of print orders. The end result is better sales of Konica Minolta's production print systems and greater print volume.

Providing value through MPM services

Solutions for printed materials	Cost reduction	Quality control
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• **Growth strategies**

Earnings from color page volume is the engine currently driving growth in this Field (see market forecasts in the figure below). The goal from Phase 0 through Phase 1 is to achieve reliable and continued growth by maximizing this color print volume. Phase 2 will focus on establishing growth not dependent on color PV.

Digital printing currently accounts for 10% of sales in the commercial and industrial printing segment. With future growth expected, there is still plenty of room for digital printing needs to grow even as the commercial and industrial printing market overall reaches maturity.

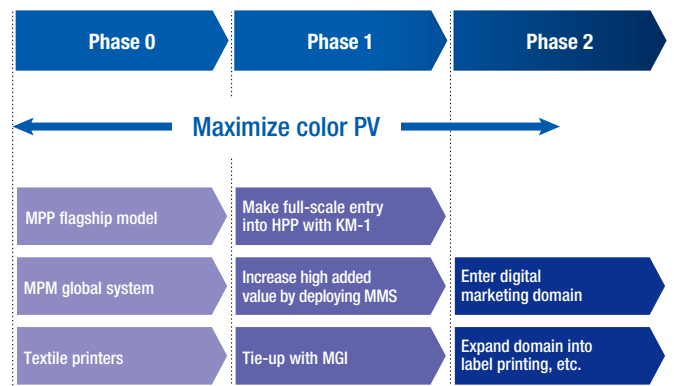
In light of the current market environment, Phase 0 will focus on increasing color PV through the sale of the bizhub PRESS C1100 digital printing system—the flagship model among our mid production printers (MPPs)—and global expansion of MPM. We will also be expanding and improving on our textile printer lineup in response to the rapidly digitizing global textile printing market, as well as strengthening our sales channels to increase sales and expand our industrial inkjet business.

Phase 1 will see the release of the KM-1—a new product attracting attention as a next-generation digital printing device that uses sophisticated inkjet technologies—as part of efforts to expand our portfolio, which will include even heavy production printers (HPPs). In response to the increasing globalization of MPM services, we will roll out MMS (Marketing Management Services) that leverage the expertise of U.K.-based Indicia, which we acquired in January 2015. By implementing consumer communication strategies that leverage a variety of media and by

providing a full range of services including planning and the creation and usage of media, we will further strengthen the support we provide to companies’ marketing departments. We will also enhance operations in the industrial printing segment by way of collaboration with France-based printing equipment manufacturer MGI, with whom we entered into a capital and business partnership in January 2014. This will include printing on cards, labels, plastic, and electronic circuits, in addition to paper.

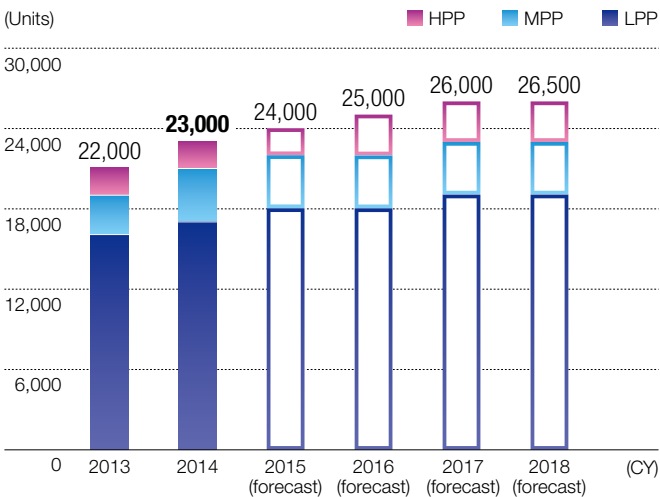
Phase 2 will then see us achieve full-scale commercialization in the digital marketing segment as we further enhance the value of MPM services. This will be in addition to laying the groundwork for growth not dependent on print volume by strengthening solutions for industrial applications, which will include collaboration with MGI.

Roadmap for growth



Worldwide color MFP sales forecast

Units shipped



*Konica Minolta estimate
 *HPP: Heavy Production Printer
 MPP: Mid Production Printer
 LPP: Light Production Printer
 ELPP: Entry Light Production Printer

Worldwide color PV forecast

