



## Konica Minolta Philosophy

### Our Philosophy

# The Creation of New Value

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### 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.

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### 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.

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Through innovation which only Konica Minolta can provide,  
we create value and share it with society for the betterment of people's lives  
today and for the generations to come.

## 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.

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## Platform Supporting Sustainability



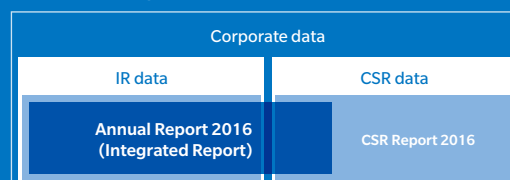
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## Role of Annual Report 2016



## 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.

## Business Domains

### Business Technologies Business

80.7% (¥832.1 billion)

#### Office Services

58.9% (¥607.6 billion)



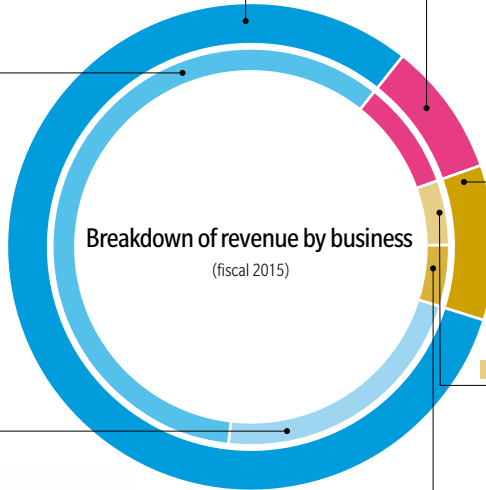
bizhub C554e series

#### Commercial and Industrial Printing

21.8% (¥224.6 billion)



bizhub PRESS C1100



### Healthcare Business

8.7% (¥89.8 billion)



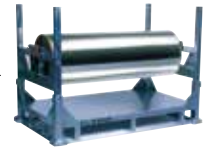
AeroDR PREMIUM

### Industrial Business

10.3% (¥105.9 billion)

#### Performance Materials

5.2% (¥53.5 billion)



TAC film for LCD polarizers

#### Optical Systems for Industrial Use

5.1% (¥52.5 billion)



Display color analyzer CA-310

## Global Business Framework

### Europe

31.0% (¥319.7 billion)

### United States

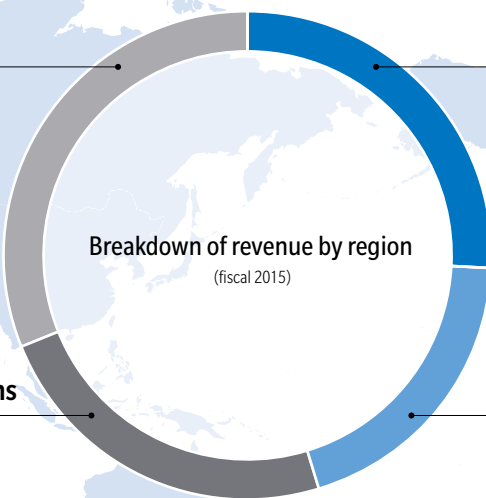
25.9% (¥267.5 billion)

### Asia (excluding Japan) and other regions

23.7% (¥244.3 billion)

### Japan

19.4% (¥200.2 billion)



Consolidated Revenue\*

¥1,031.7 billion

Consolidated Subsidiaries\*

151

Global Sites\* (countries)

50

In Sales and Service (countries)

over 150

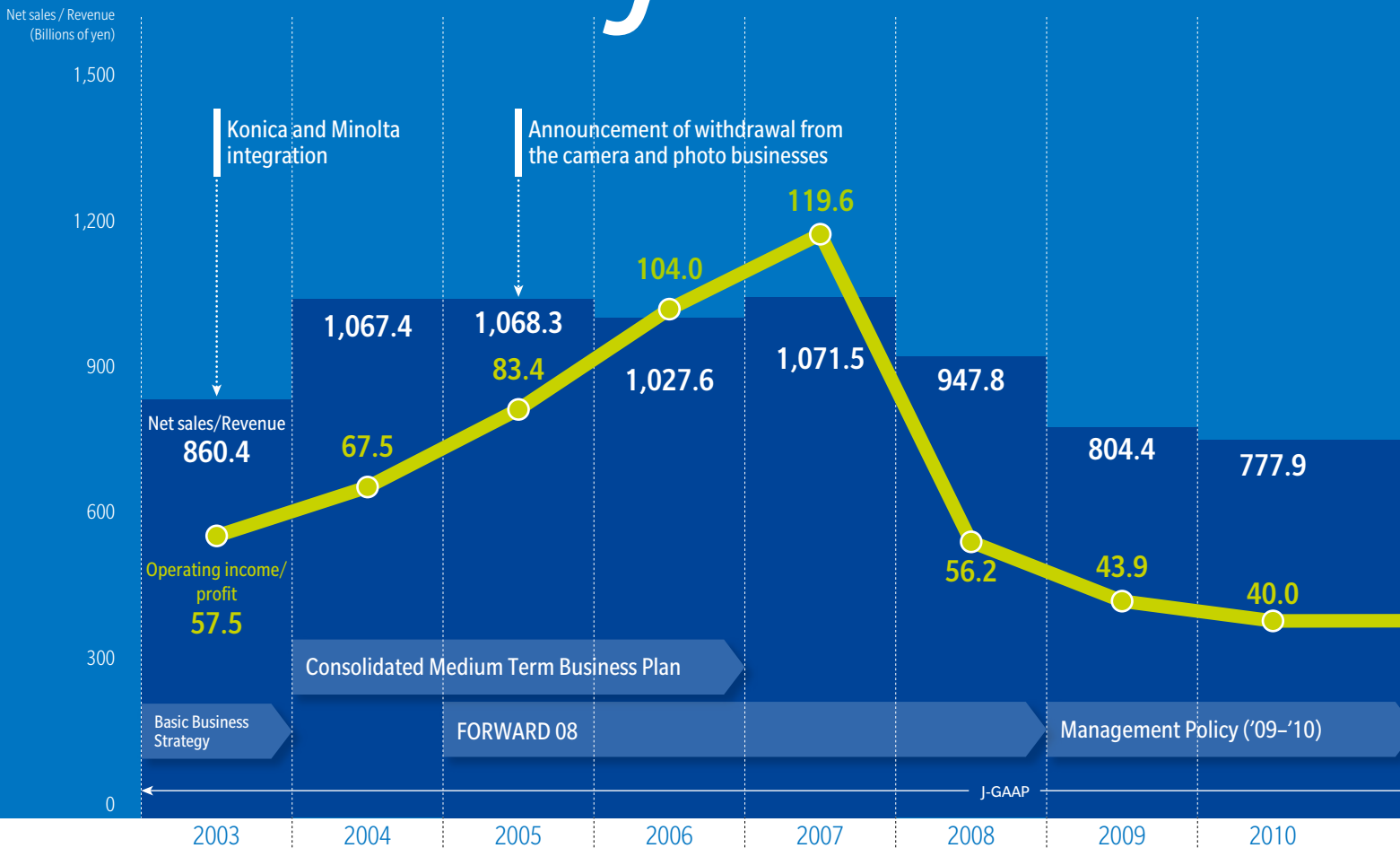
Employees\*

43,332

\* Data is compiled on a consolidated basis (as of March 31, 2016)

# History

We aim to achieve sustainable profit growth by staying ahead of business environment changes and quickly executing “genre-top” strategies.



## Product improvement and expansion

- Announced bizhub, a new office equipment brand
- Launched bizhub PRO 1050 and bizhub PRO 1050P for the light production market
- Launched Mermaid, the world's first phase contrast mammography system
- Launched CS-200 luminance colorimeter for optical device measurement, including displays, LEDs, and lamps

- Launched bizhub C550 MFP supporting next-generation networks
- Developed a market-ready, white organic electroluminescence (EL) light-emitting device that boasts a long lifespan and high efficiency



Launched compact and lightweight CM-700d and 600d wireless mobile spectrophotometers



Launched bizhub PRO C65hc high-speed MFP that achieves color reproduction near the sRGB color space



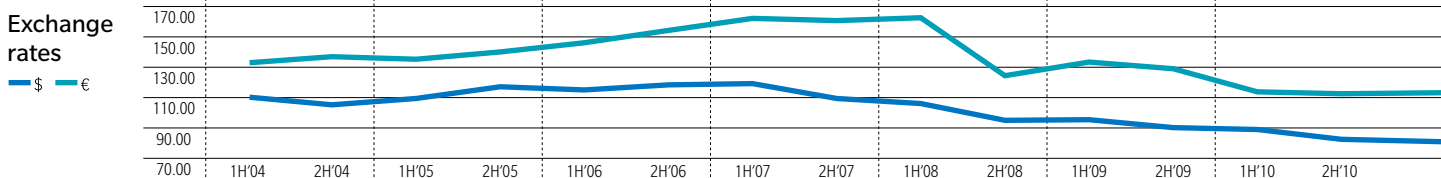
Launched CS-2000A mobile spectroradiometer capable of mega contrast spectroscopy

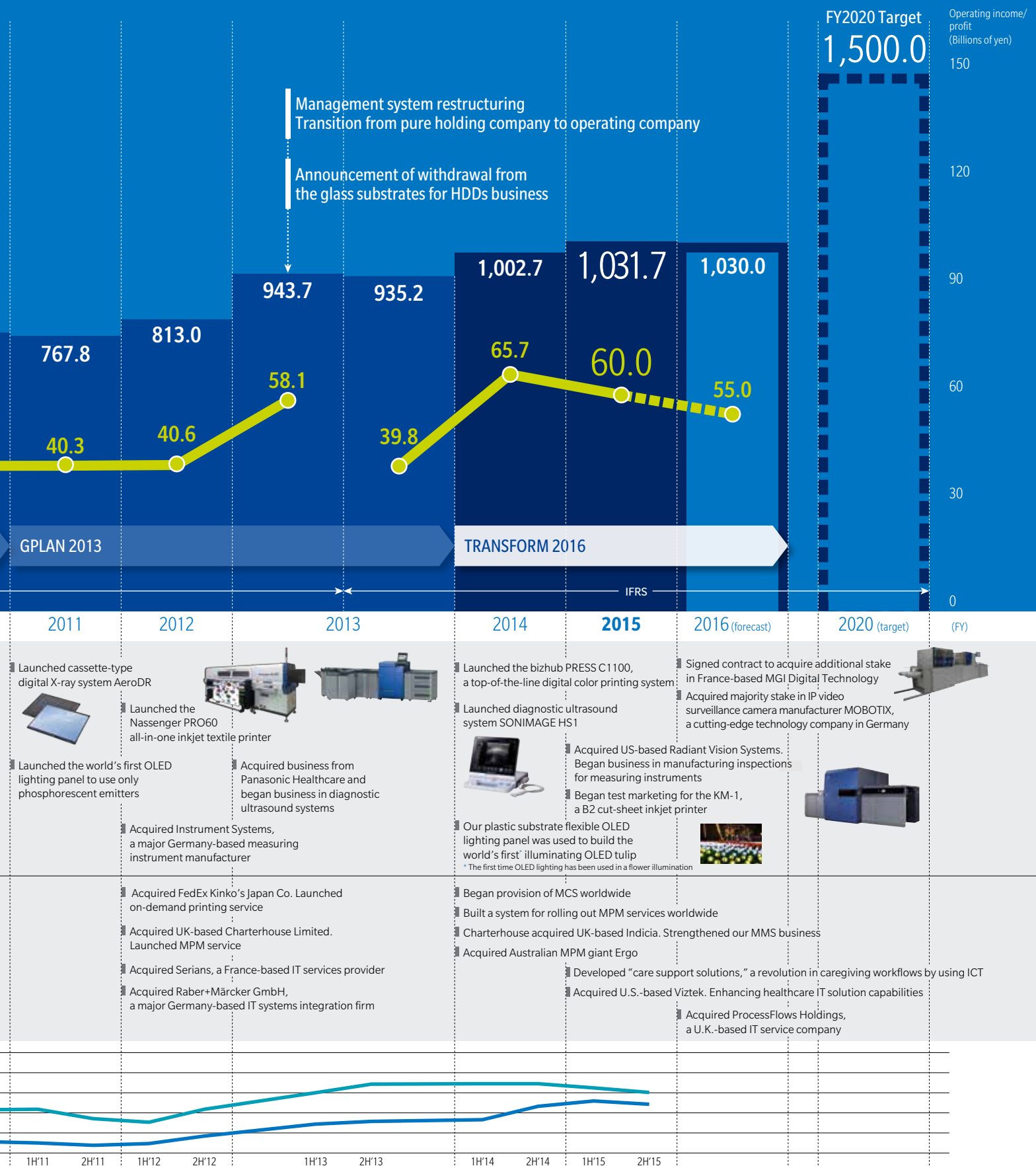
Launched the bizhub PRESS C8000, a top-of-the-line digital color printing system

## Service improvement and expansion

- Began provision of the global OPS program
- Acquired All Covered Inc., a U.S.-based IT services company
- Launched the Data Bank Service and Collaboration Box Service to support collaboration between medical image management facilities

## Exchange rates



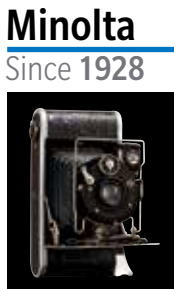


# Innovation

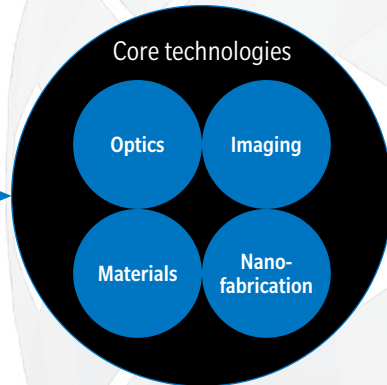
Using photographic film and camera technologies as a base, Konica Minolta is continually creating new value by bringing advanced technologies together with the core technologies we have developed.



**Konica**  
Since 1873



**Minolta**  
Since 1928



## Leveraging lens and optical design technologies



World's first

**1984**  
Develops aspherical plastic lens for CD drives



World's first

**1997**  
Develops special aspherical plastic lens compatible with CD and DVD drives



World's smallest

**2003**  
Develops an autofocus lens unit

## Leveraging sensing technologies



**1982**  
Markets the CR-100 colorimeter



**1993**  
Markets the CM-500 series of spectrophotometers



Industry's first

**2007**  
Markets the CS-2000 spectroradiometer, enabling 100,000:1 contrast measurement

## Leveraging image processing technologies



Japan's first

**1971**  
Markets the U-Bix480 high-performance dry electronic copier



World's first

**1977**  
Markets the Konica C35 AF autofocus camera



World's first

**1983**  
Markets the EP450Z copier with stepless zoom magnification/reduction function



**1985**  
Markets the Maxxum 7000 (known as  $\alpha$ -7000 in Japan), a single-lens reflex camera with a professional-quality autofocus



World's fastest

**2003**  
Markets the 8050 high-speed digital color MFP



World's first

**2005**  
Markets the Mermaid phase contrast mammography unit

## Leveraging film technologies



Globally unsurpassed sensitivity

**1987**  
Markets the Konica Color 3200

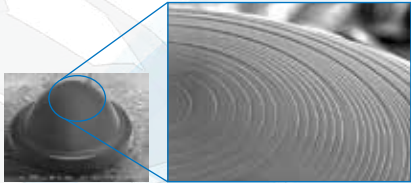


World's first

**2000**  
Markets the bizhub PRO C500, featuring the world's first toner synthesized through the emulsion polymerization method



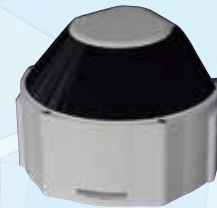
**2006**  
Develops VA-TAC film



Three-wavelength-compatible pickup lenses in one plastic lens structure



Optical projector lenses made using superior design and production techniques



3D LiDAR high-accuracy real-time information acquisition system excellent at filtering ambient light



Wearable communicator that improves operational efficiency in production and distribution



Light-source color measuring instruments that stand as the global top standard for evaluating LEDs and other lighting, etc.

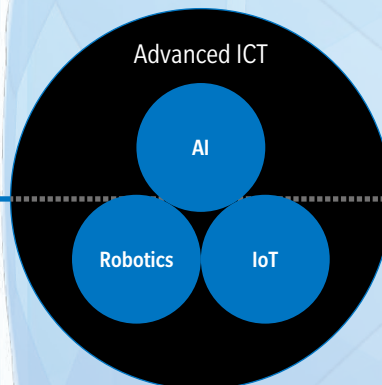


bizhub series of A3 color MFPs



Monitoring system that accurately detects problems with those needing nursing care

### Current core businesses



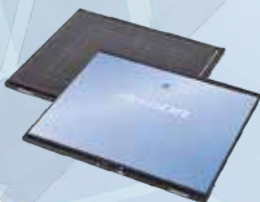
### New businesses from the fusion of core technologies and ICT



bizhub PRESS C1100 digital printing system



Accuriojet KM-1 29.5-inch cut-sheet UV inkjet press



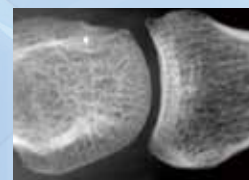
AeroDR cassette-type digital X-ray system



SONIMAGE HS1 diagnostic ultrasound system



HSTT & SPFS using fluorescent nanoparticle and image analysis for high-sensitivity detection



Talbot-Lau interferometer that allows for diagnostic imaging of cartilage



OLED lighting that is gentler on the eyes and allows for thin, bendable, lightweight screens



September 2015

**Announcement of the AccurioJet KM-1, a UV inkjet press to answer the needs of an increasingly digitalized commercial printing market (order taking started June 2016)**

At IGAS 2015, the largest comprehensive international trade show on print media in Japan, we presented the AccurioJet KM-1 29.5-inch cut-sheet UV inkjet press. We also had a booth at drupa 2016, the leading international trade fair for print and cross-media solutions, where we began taking orders for the AccurioJet KM-1. The AccurioJet KM-1 is drawing interest from all corners as a next-generation digital printing system that offers high image quality on par with offset printing and that meets commercial printing needs such as high-mix printing, small-lot jobs, printing with short lead times, variable printing, etc.



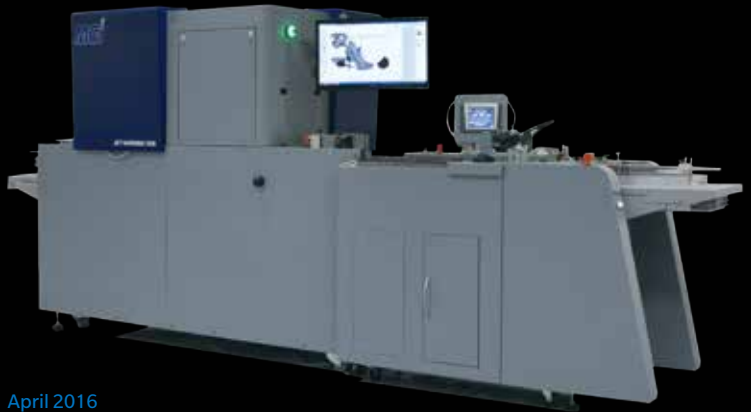
June 2015

**Promoting hybrid-type sales, which integrate information devices with IT services**

In the Business Technologies Business, we are promoting hybrid-type sales, which integrate input-output devices and IT services. We have secured a substantial number of contracts through which we provide high value added services that include comprehensive service contracting involving everything from proposing workflow improvements to maintaining and operating IT environments for our customers. In June 2015, we expanded and improved our hybrid-type sales framework with the acquisition of U.S.-based dealer SymQuest Group, Inc.

Business Highlights

Efforts to give further high added value to products and services



April 2016

**Accelerating the digitalization of label and package printing through added investment in MGI, a manufacturer of high added value printers**

Demand is on the rise in the label and package printing industry for digital solutions in foil stamping and other such high added value printing. With an eye to making a powerful entrance into this market, we have made additional investment into industry-leading and France-based MGI Digital Technology to enhance our capital and business partnership with the company while improving and expanding our product lineup.

November 2015

**Launch of the Nassenger SP-1 inkjet textile printer for top-of-the-line productivity and image quality**

For the textile printer market, for which a shift towards digital products is underway, we launched the Nassenger SP-1 inkjet textile printer. This printer uses single pass system to achieve great production speed and image quality. This further builds on our lineup of mid and heavy production printers, better equipping us to handle customer's needs.



October 2015

**Stepping up our ability to propose healthcare solutions in the U.S. market through the acquisition of Viztek**

The U.S. market is looking to make healthcare more efficient in response to its medical insurance system reform. In order to propose better healthcare IT solutions in the world's largest market, we acquired Viztek, a healthcare imaging solutions provider that has built a robust sales network in the country.



# Efforts to bring innovation to manufacturing

May 2015

## Start of full-scale operations at Malaysian production site based on the digital manufacturing concept

Konica Minolta has begun full-scale operations at its Malaysian production site based on the concept of digital manufacturing, which seeks to reform workflows by leveraging ICT and automation technologies and going beyond regional and corporate boundaries. This effort will form the foundation for creating a business centered on providing services to help improve manufacturing productivity and quality.



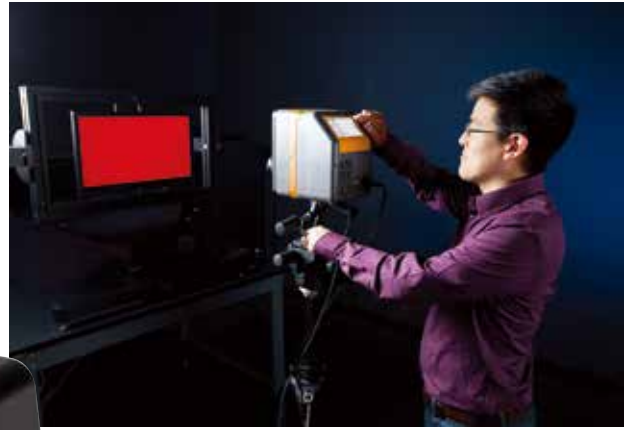
Manufacturing cockpit

**August 2015**

### Acquisition of U.S.-based inspection system manufacturer Radiant Vision Systems and entry into the manufacturing inspection segment

As manufacturing becomes increasingly sophisticated and complex, customers are increasingly in search of inspection systems to ensure good product quality. By acquiring and exercising synergy with Radiant Vision Systems, a large U.S.-based manufacturer of display inspection systems, Konica Minolta will strengthen its technological capabilities in the manufacturing inspection segment.

  
**RADIANT**  
VISION SYSTEMS



**March 2016**

### Steady achievement of synergy with Instrument Systems, a recent Konica Minolta acquisition and major manufacturer of measuring instruments based in Germany

With an eye to expanding and improving our product lineup in the display measurement field, we completed an acquisition in 2012 of Instrument Systems, a Germany-based major manufacturer of lighting-related measuring devices. Solid progress in the development of products through synergy between the two companies enabled Instrument Systems to achieve record sales for fiscal 2015.



March 2016

### Speeding up open innovation aimed at creating new value

Konica Minolta operates five business innovation centers (BICs) worldwide, with one each in North America, Europe, Asia-Pacific, China, and Japan. Through collaboration with research institutes and business startups in each region, these organizations dedicated to creating new businesses are working to develop new solutions. In March 2016, we provided support for Pioneers Asia, an event attended by startup companies from around the world. The event gave BIC Japan a chance to showcase its new services and business activities.

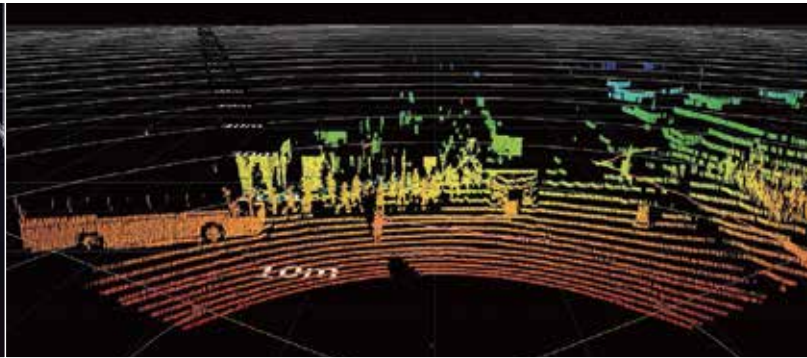
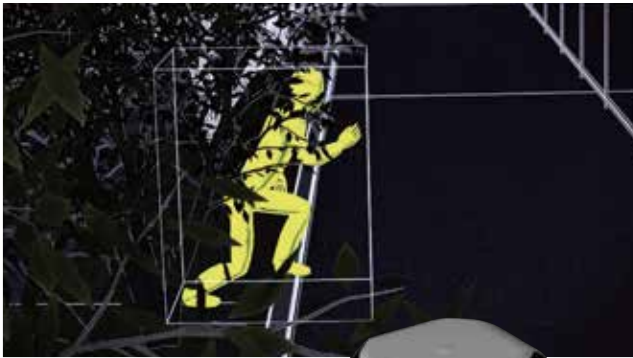


## Efforts to build new businesses





Presentation of a service being developed by BIC Japan at Pioneers Asia exhibition in March 2016



**January 2015**

### Developing a 3D laser radar to enable better monitoring system accuracy and efficiency

Konica Minolta has developed a 3D laser radar technology utilizing proprietary optical technologies. This technology can detect objects in a wide range instantaneously and in fine detail, and can be combined with image processing and artificial intelligence technologies to build highly-efficient monitoring systems that send out an alarm only when there is a problem.



**March 2016**

### Enhancing technological expertise in the network camera field through investment in MOBOTIX

The security industry is always looking for more advanced monitoring technologies in order to make society safer and more secure. In an effort to enhance Konica Minolta's technological capabilities in this field, we have acquired a controlling share in MOBOTIX, a Germany-based firm with superior network camera technologies, and will be leveraging the technological synergy between us to achieve next-generation monitoring systems.



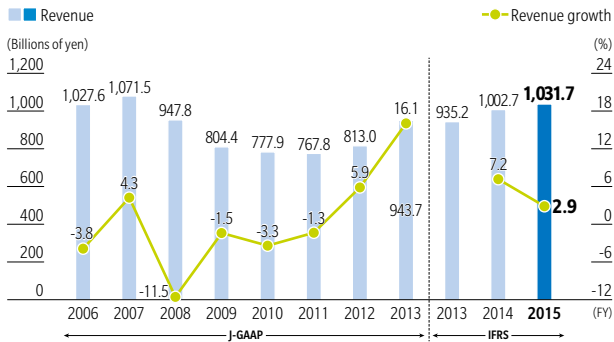
# Financial and Non-Financial Highlights

Pgs. 83-84 also show major financial data for the last 10 years.

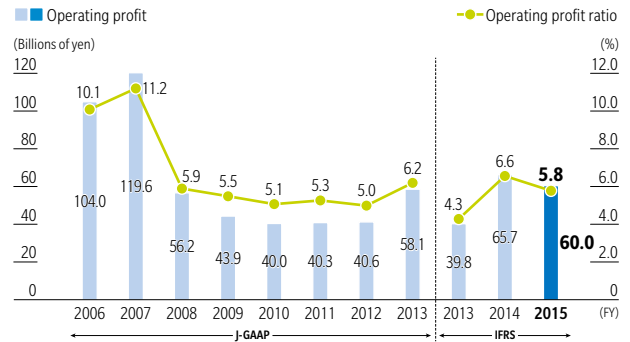
## Profitability

Fiscal 2015 revenue increased 2.9% year-on-year to ¥1,031.7 billion. This owed to increased sales of core products, the effects of mergers and acquisitions, and a weakening of the yen against the dollar. Operating profit decreased by 8.7% to ¥60.0 billion. A stronger yen to the euro, increased costs involved in transforming the business, and recognized structural reform expenses towards growth in the coming fiscal year were contributing factors. Profit attributable to owners of the company declined by 21.9% to ¥31.9 billion, due in part to a decreased corporate tax rate on the back of domestic taxation system reforms.

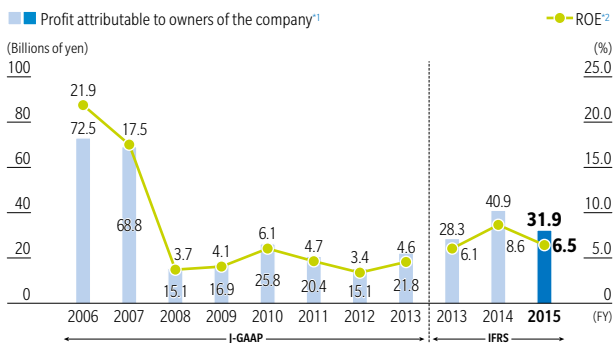
### Revenue, Revenue growth



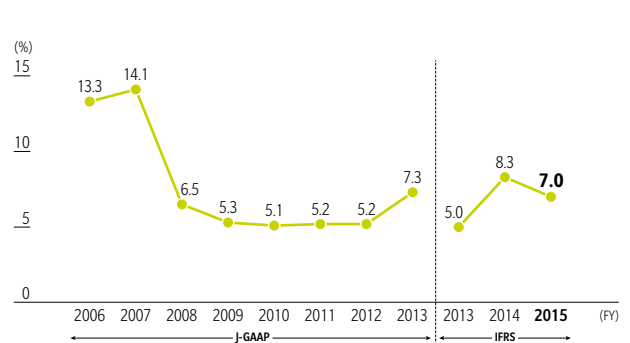
### Operating profit, Operating profit ratio



### Profit attributable to owners of the company<sup>\*1</sup>, ROE<sup>\*2</sup>



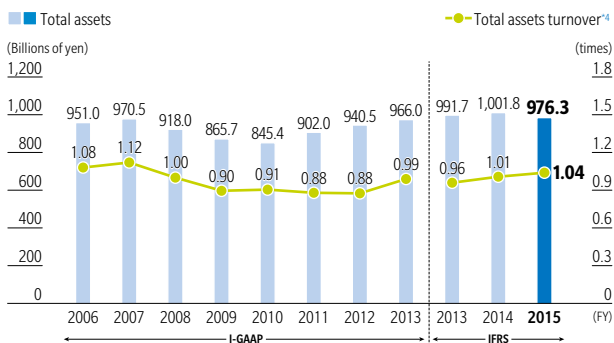
### ROIC<sup>\*3</sup>



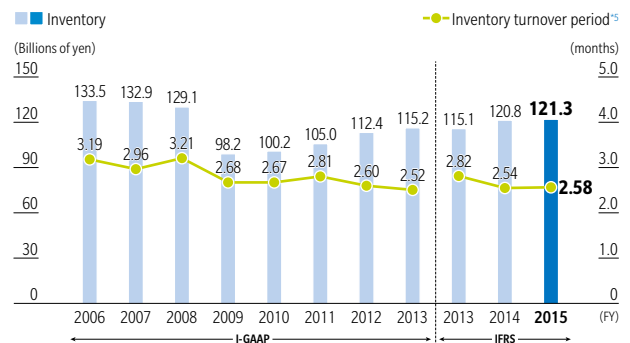
## Efficiency

Total assets as of the end of fiscal 2015 were ¥976.3 billion, a ¥25.4 billion year-on-year decrease. In the interest of balance sheet management, the Company continued last year's efforts to sell fixed assets, reduce inventory, and otherwise work to improve asset efficiency. Efforts were also made to optimize inventory standards, one result of which was inventory turnover period of 2.58 months.

### Total assets, Total assets turnover<sup>\*4</sup>



### Inventory, Inventory turnover period<sup>\*5</sup>



\*1 Fiscal 2006–2013 (J-GAAP) = Profit for the year

Fiscal 2013–2015 (IFRS) = Profit attributable to owners of the company

\*2 ROE (J-GAAP) = Profit for the year (cumulative total) / Average shareholders' equity

ROE (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))

\*3 ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt - Cash and cash equivalents (yearly average))

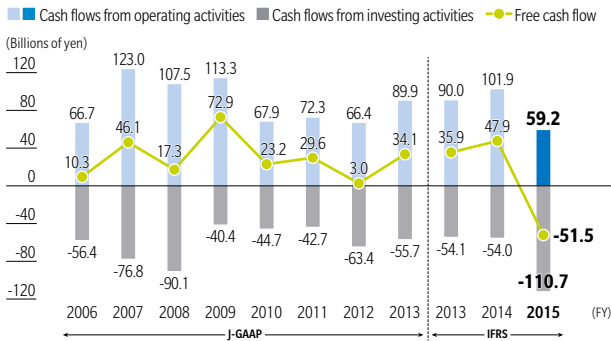
\*4 Total assets turnover = Revenue / Average total assets

\*5 Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months

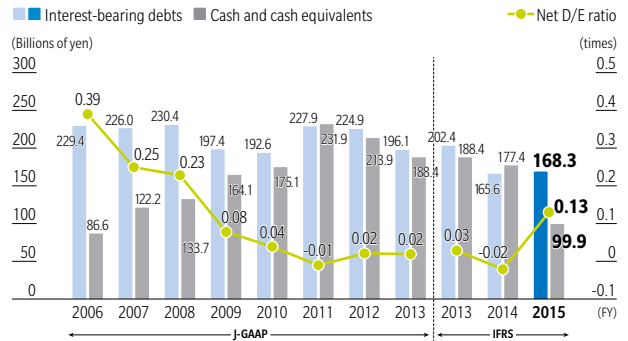
## Stability

Concerning fiscal 2015 cash flows, the Company achieved ¥59.2 billion through cash flows from operating activities. However, an outflow of ¥110.7 billion through cash flows from investing activities, mainly attributable to M&A, resulted in a free cash flow decrease of ¥51.5 billion. Interest-bearing debt and cash reserves stood at ¥168.3 billion and ¥99.9 billion, respectively, with a net D/E ratio of 0.13. The Company retained a credit rating of A with R&I and A+ with JCR. The Company will continue to maintain financial soundness.

### Cash flows



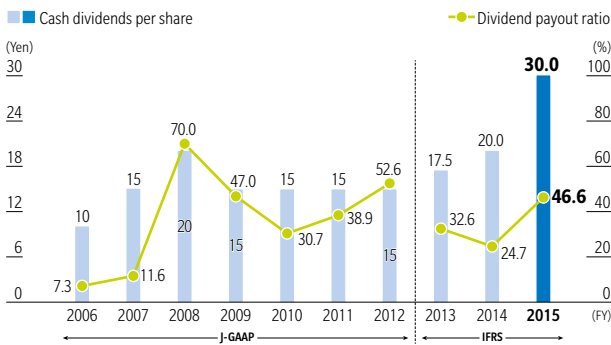
### Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



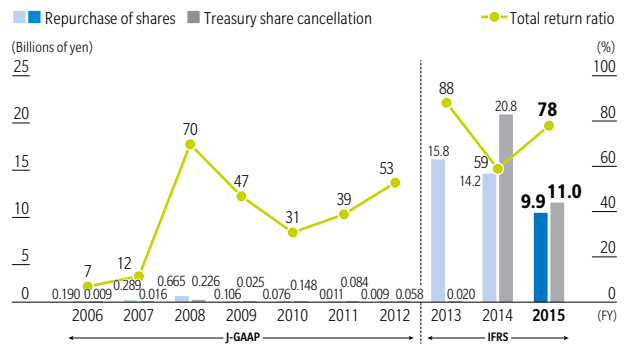
## Shareholder Return/Investment Indicators

The Company's basic policy is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. In fiscal 2015, the Company paid an annual dividend per share of ¥30, in addition to repurchasing ¥9.9 billion of shares and cancelling ¥11.0 billion in treasury shares.

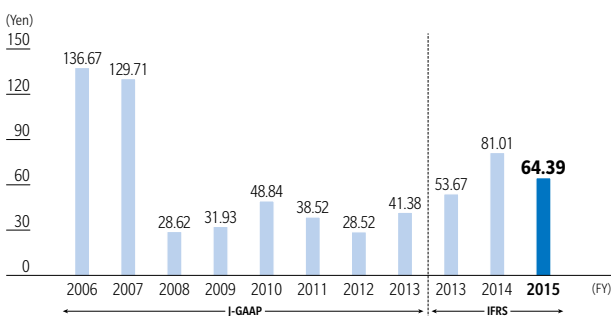
### Cash dividends, Dividend payout ratio (%)



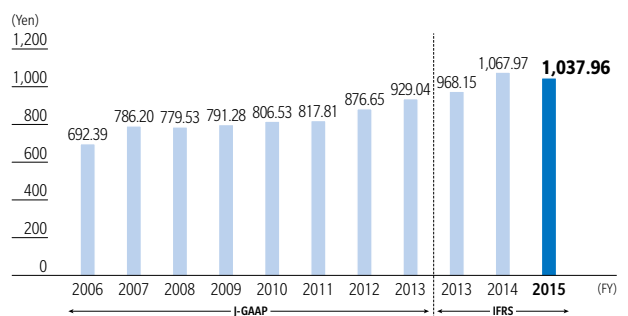
### Repurchase of shares and Treasury share cancellation, Total return ratio (%)



### EPS\*6



### BPS\*7

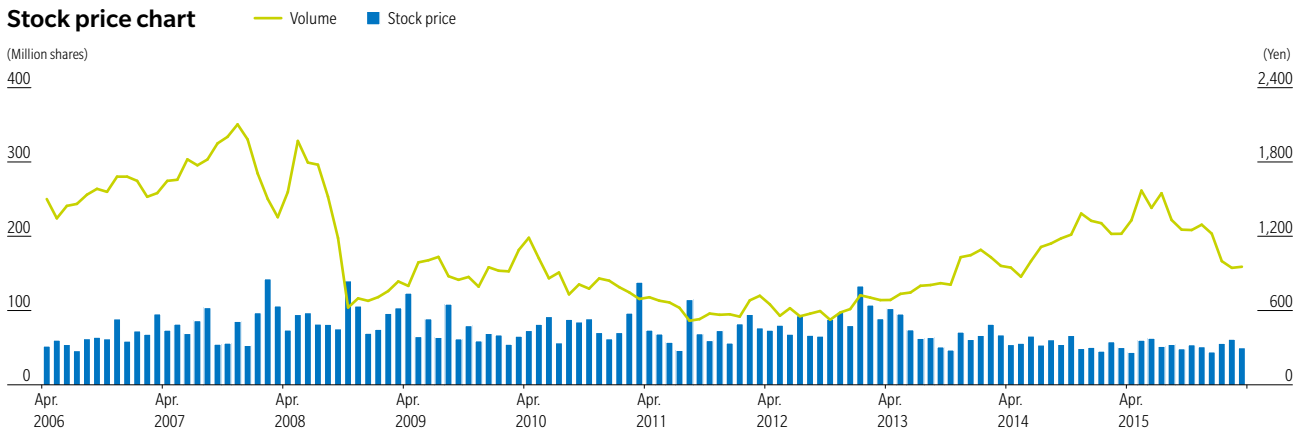


\*6 EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period

\*7 BPS = Profit attributable to owners of the company / shares at fiscal year end

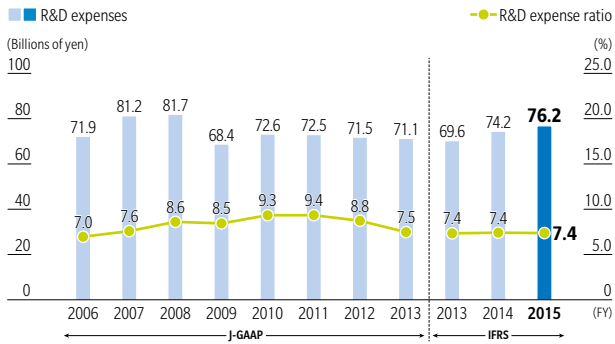


Stock price chart

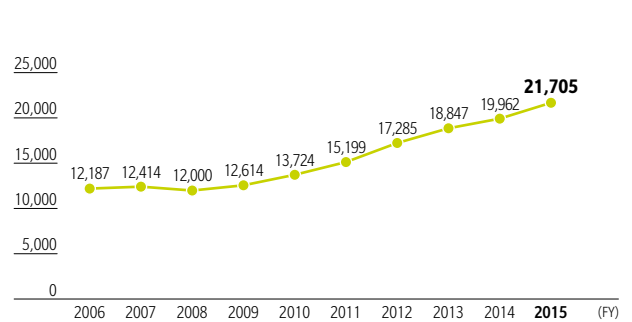


Non-Financial Data

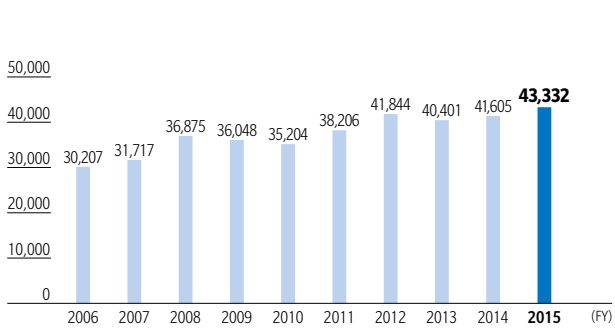
R&D expenses, R&D expense ratio



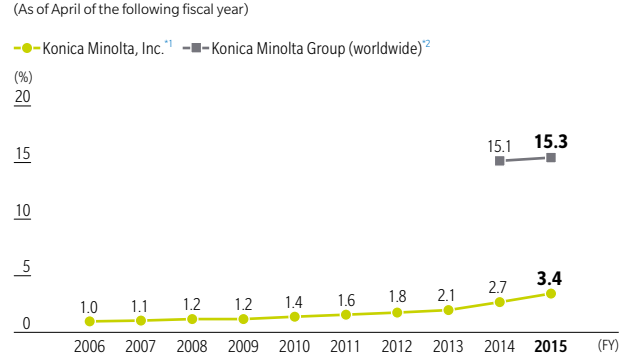
Number of patent rights held



Group employees (consolidated)



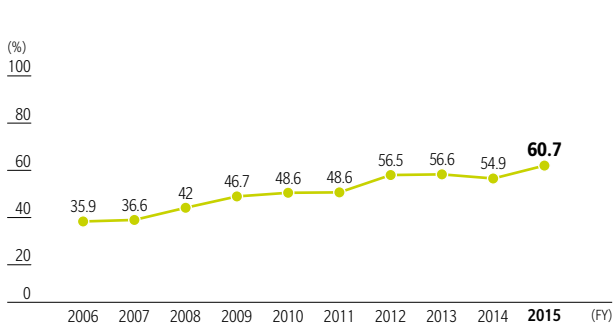
Percentage of management positions held by women



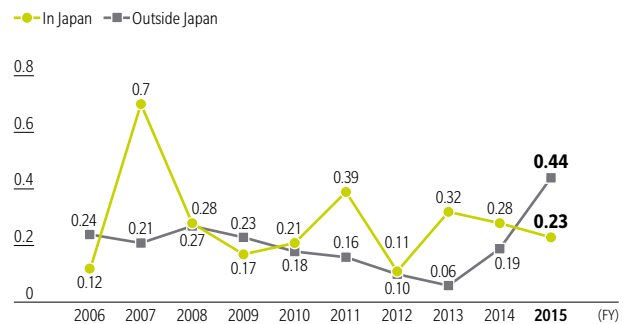
\*1 Includes employees seconded to Group companies

\*2 Covers at least 89% of the consolidated Group on a number of personnel basis

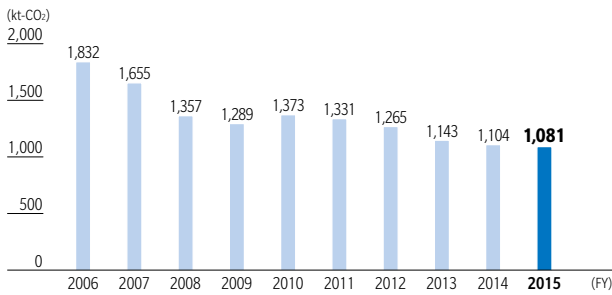
Local/foreign president ratio at foreign subsidiaries



Frequency rate of accidents causing absence from work

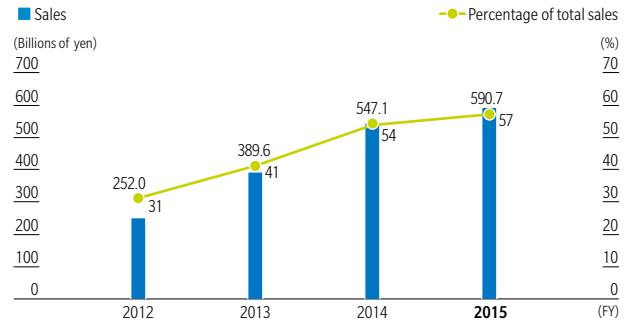


### CO<sub>2</sub> emissions throughout product life cycle\*

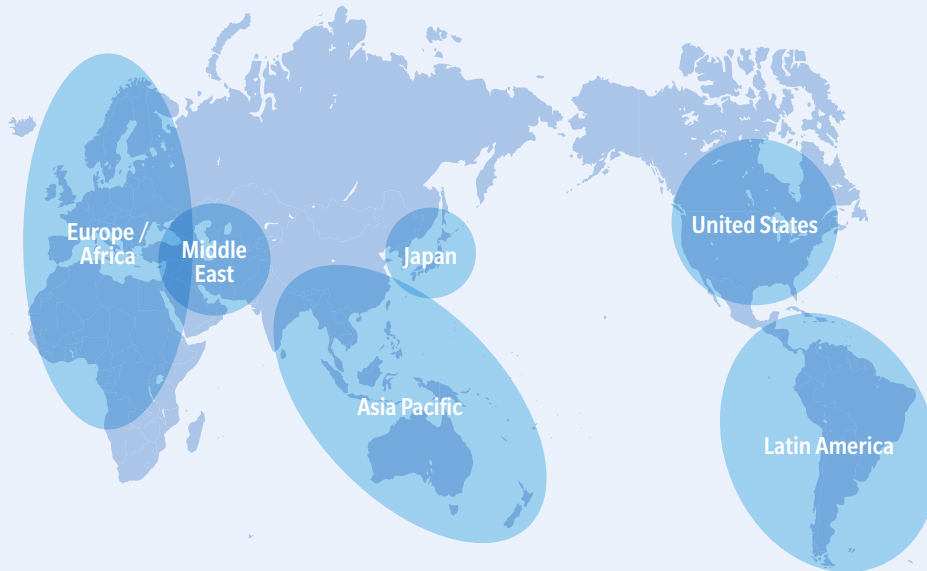


\* CO<sub>2</sub> emissions throughout a product's lifecycle, from procurement to production, distribution, sales, service, and product customization.

### Green product sales



### Regional Overview



#### Consolidated Subsidiaries\*

151

#### Global Sites\* (countries)

50

#### In Sales and Service (countries)

over 150

#### Employees\*

43,332

\* Data is compiled on a consolidated basis (as of March 31, 2016)

	Revenue* (Billions of yen)	Employees	Consolidated subsidiaries	CO <sub>2</sub> emissions (kt-CO <sub>2</sub> )	Total energy inputs (TJ)	Water consumption (km <sup>3</sup> )	
Europe	2013	309.6	8,328	55	31	619	75
	2014	328.6	9,048	61	28	545	95
	2015	<b>319.7</b>	<b>9,824</b>	<b>62</b>	<b>33</b>	<b>606</b>	<b>104</b>
United States	2013	205.8	7,663	11	38	635	84
	2014	235.6	8,046	11	36	599	86
	2015	<b>267.5</b>	<b>8,848</b>	<b>22</b>	<b>35</b>	<b>572</b>	<b>93</b>
Japan	2013	204.7	12,177	21	262	5,626	3,034
	2014	194.6	12,154	20	265	5,694	3,188
	2015	<b>200.2</b>	<b>11,964</b>	<b>19</b>	<b>259</b>	<b>5,572</b>	<b>3,122</b>
Others	2013	214.9	12,233	23	91	1,238	1,445
	2014	243.8	12,350	38	70	912	474
	2015	<b>244.3</b>	<b>12,696</b>	<b>48</b>	<b>71</b>	<b>937</b>	<b>520</b>

\* Europe revenue include Russia and Turkey.