

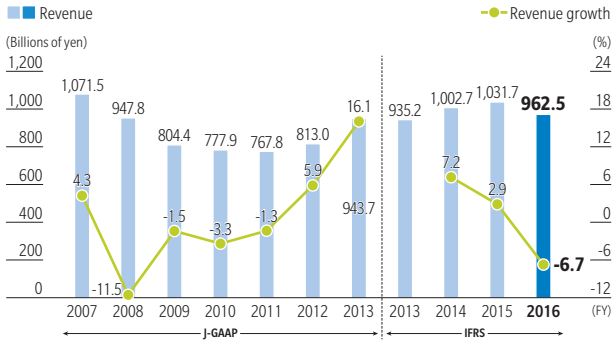
Financial and Non-Financial Highlights

Pgs. 93-94 also show major financial data for the last 10 years.

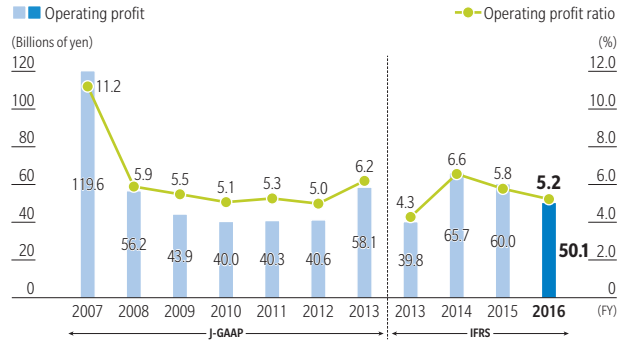
Profitability

Fiscal 2016 revenue decreased 6.7% year-on-year to ¥962.5 billion. Although sales of our main products increased and there was a positive impact from our corporate acquisitions, this was offset by the effects of a much stronger yen this period. If the effects of the stronger yen are discounted, sales increased 2.2% over the previous year. Operating profit decreased 16.5% year on year to ¥50.1 billion. Although we recorded patent-related revenue of ¥7.7 billion, we also recorded increased costs associated with corporate acquisitions and an allowance for structural reform expenses towards growth, which were in addition to the effects of a much stronger yen. Profits increased 16.1% over the previous year if the effects of the stronger yen are discounted. Profit attributable to owners of the company declined 1.3% year on year to ¥31.5 billion.

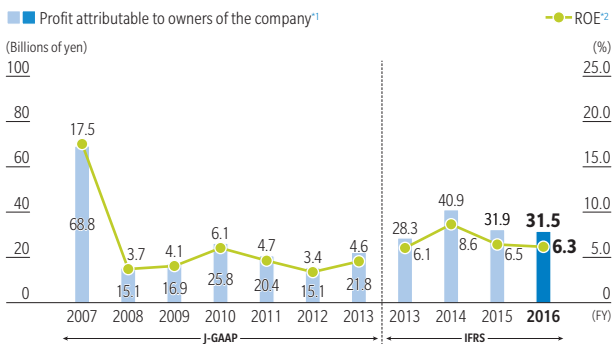
Revenue, Revenue growth



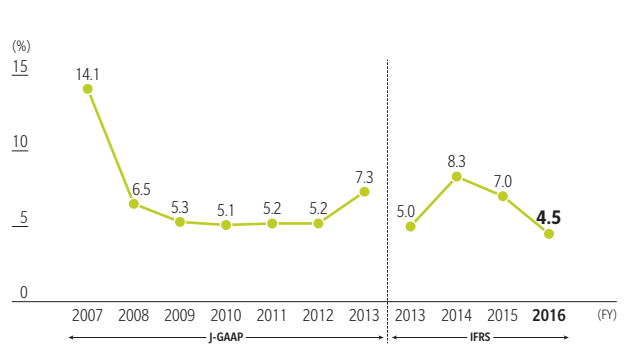
Operating profit, Operating profit ratio



Profit attributable to owners of the company^{*1}, ROE^{*2}



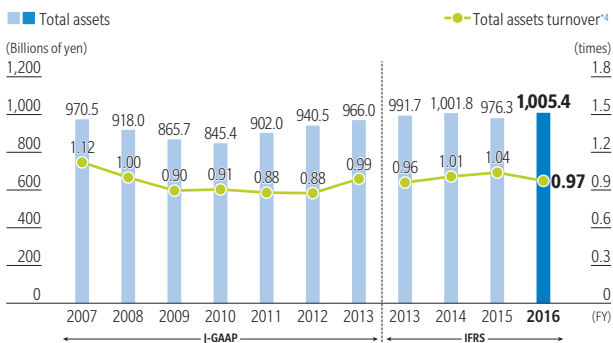
ROIC^{*3}



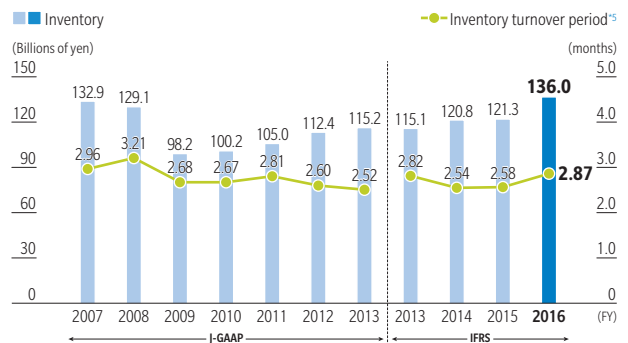
Efficiency

Total assets at the end of fiscal 2016 were ¥1,005.4 billion, a ¥29 billion year-on-year increase. In the interest of balance sheet management, the Company continued last year's efforts to sell fixed assets to improve asset efficiency. However, goodwill, intangible assets, inventories, and other categories grew over the previous fiscal year end. Inventory turnover period stood at 2.87 months.

Total assets, Total assets turnover^{*4}



Inventory, Inventory turnover period^{*5}



*1 Fiscal 2007–2013 (J-GAAP) = Profit for the year

Fiscal 2013–2016 (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))

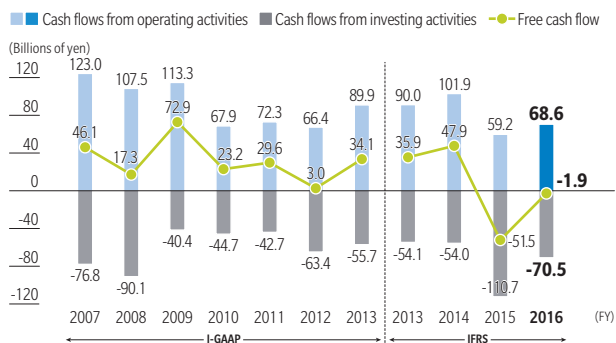
*4 Total assets turnover = Revenue / Average total assets

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

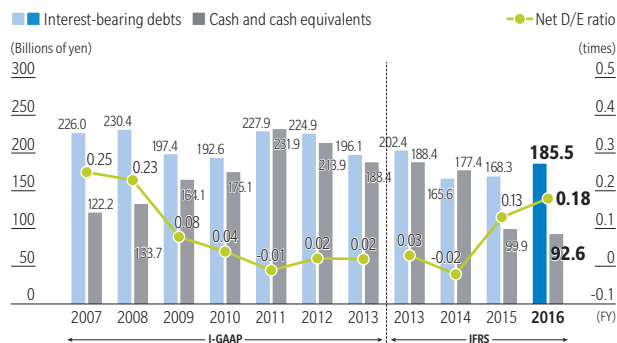
Stability

Concerning fiscal 2016 cash flows, the Company achieved ¥68.6 billion through cash flows from operating activities. However, an outflow of ¥70.5 billion through cash flows from investing activities, mainly attributable to corporate acquisitions, resulted in a free cash flow decrease of ¥1.9 billion. Interest-bearing debt and cash reserves stood at ¥185.5 billion and ¥92.6 billion, respectively, with a net D/E ratio of 0.18. 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



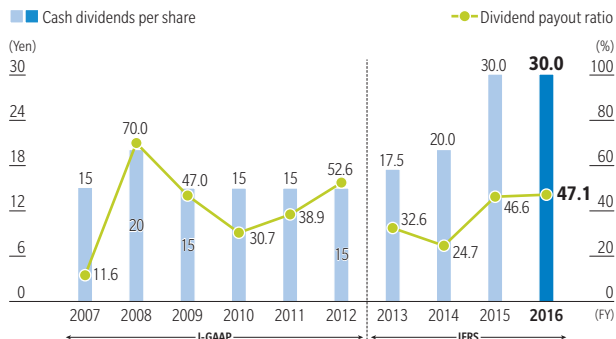
Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



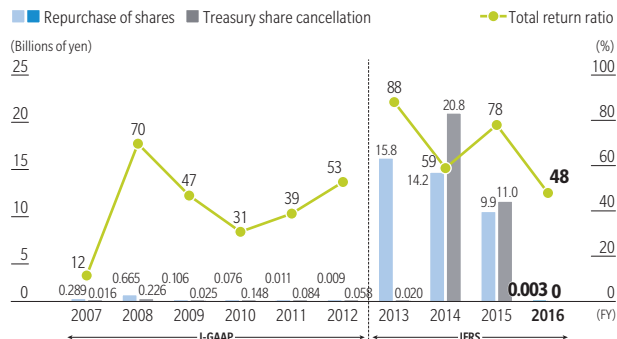
Shareholder Return/Investment Indicators

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 2016, the Company paid an annual dividend per share of ¥30.

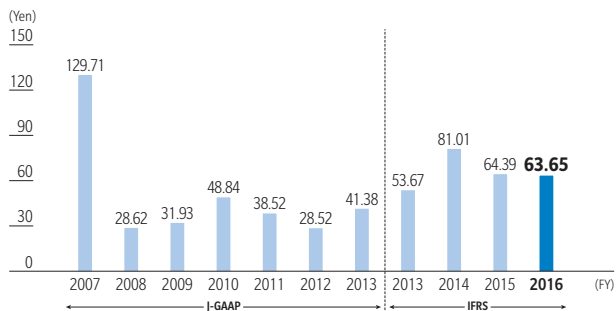
Cash dividends, Dividend payout ratio (%)



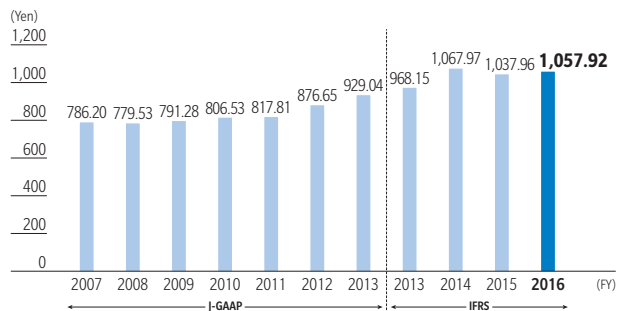
Repurchase of shares and Treasury share cancellation, Total return ratio (%)



EPS*6



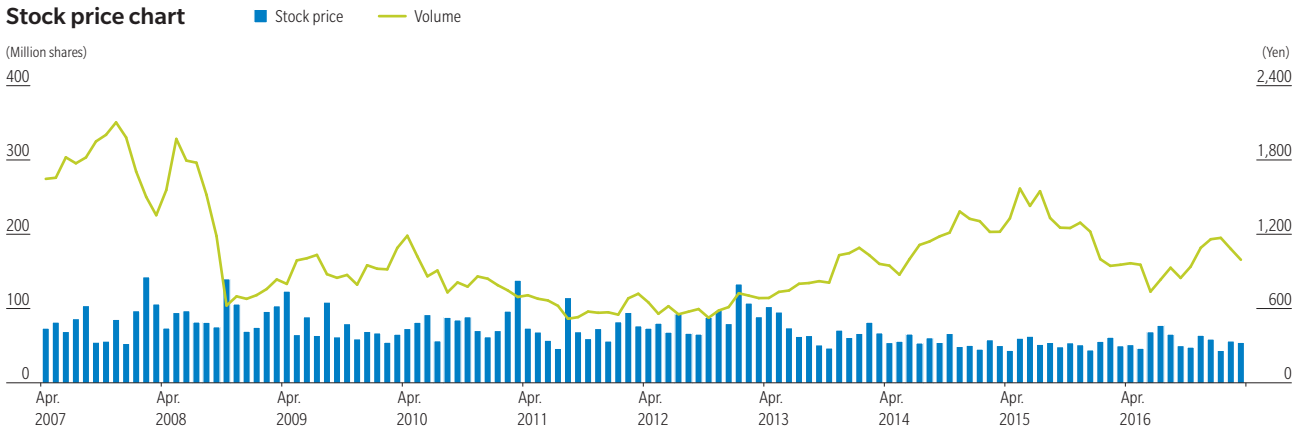
BPS*7



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

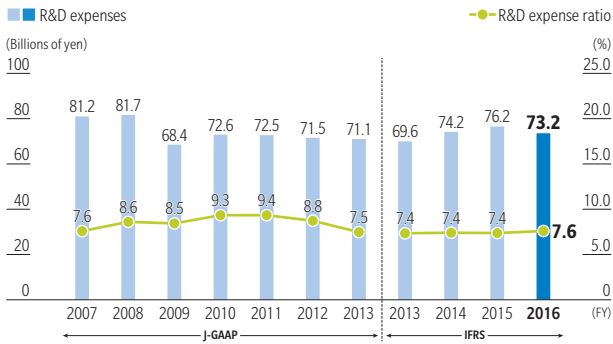
*7 BPS = Profit attributable to owners of the company / shares at fiscal year end

Stock price chart

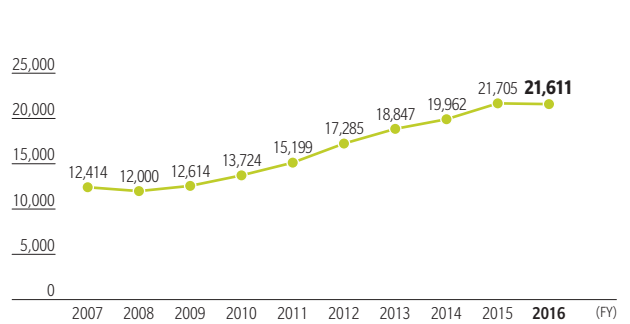


Non-Financial Data

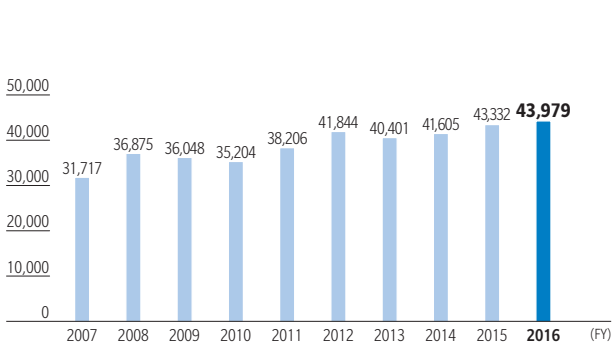
R&D expenses, R&D expense ratio



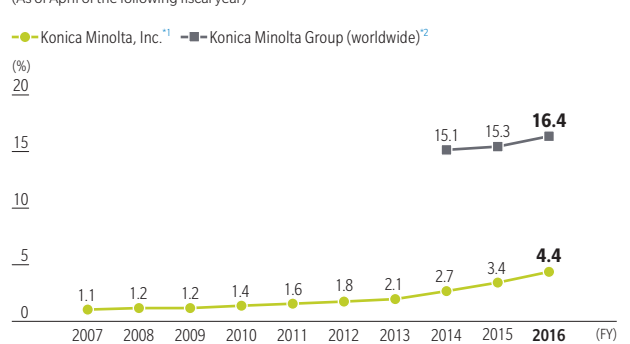
Number of patent rights held



Group employees (consolidated)



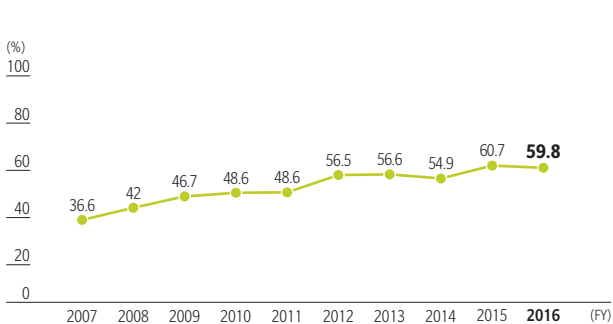
Percentage of management positions held by women



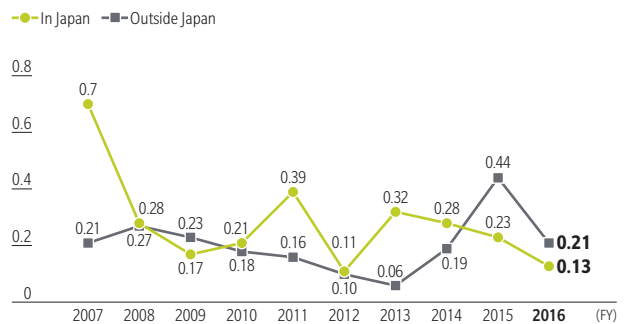
¹ Includes employees seconded to Group companies

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

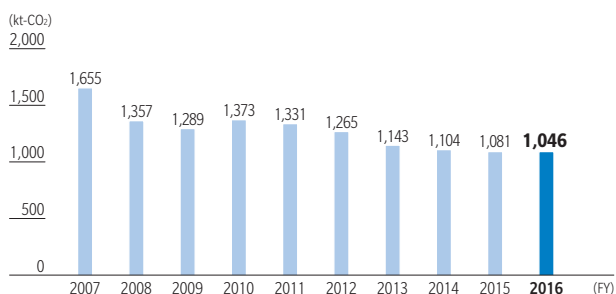
Local/foreign president ratio at foreign subsidiaries



Frequency rate of accidents causing absence from work

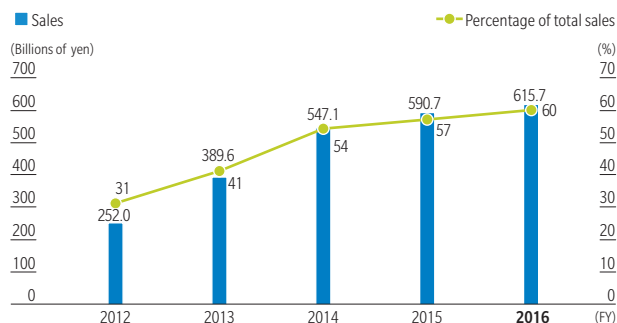


CO₂ emissions throughout product life cycle*

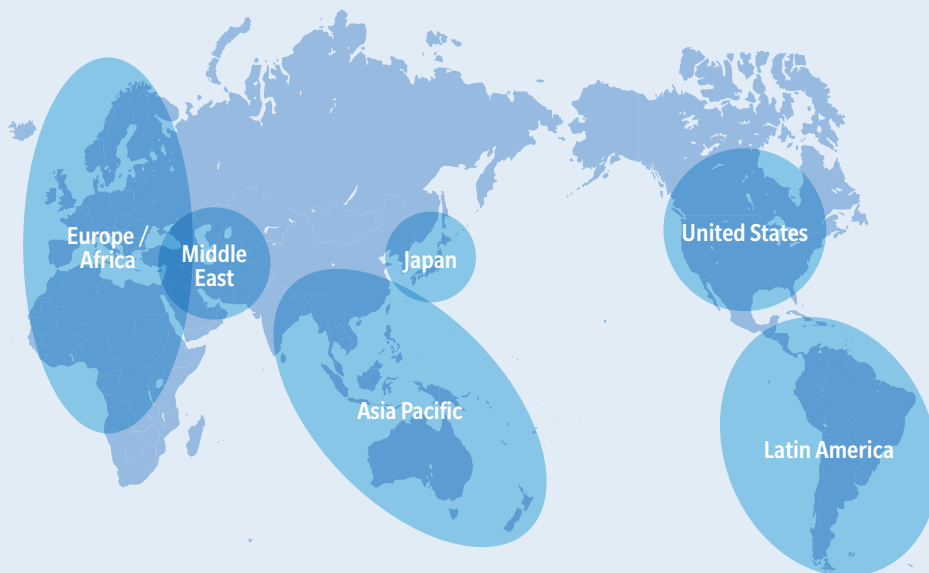


* CO₂ emissions throughout a product's lifecycle, from procurement to production, distribution, sales, service, and product customization.

Green product sales



Regional Overview



Consolidated Subsidiaries*

153

Global Sites* (countries)

50

In Sales and Service (countries)

over 150

Employees*

43,979

* Data is compiled on a consolidated basis (as of March 31, 2017)

		Revenue* (Billions of yen)	Employees	Consolidated subsidiaries	CO ₂ emissions (kt-CO ₂)	Total energy inputs (TJ)	Water consumption (km ³)
Europe	2014	328.6	9,048	61	28	545	95
	2015	319.7	9,824	62	33	606	104
	2016	299.9	10,568	70	29	577	112
United States	2014	235.6	8,046	11	36	599	86
	2015	267.5	8,848	17	35	572	93
	2016	249.6	8,519	17	35	570	90
Japan	2014	194.6	12,154	20	265	5,694	3,188
	2015	200.2	11,964	19	259	5,572	3,122
	2016	192.2	11,872	17	245	5,273	3,054
Others	2014	243.8	12,350	38	70	912	474
	2015	244.3	12,696	53	71	937	520
	2016	220.6	13,020	49	80	1,085	583

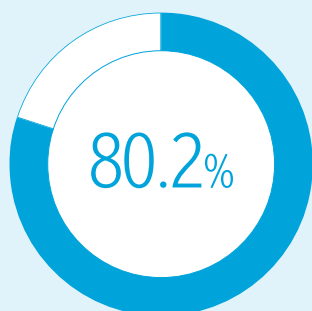
* Europe revenue include Russia and Turkey.

At a Glance

Despite the adverse effects of the stronger yen against the euro, the the previous Medium Term Business Plan, saw further efforts made digital company with insight into implicit challenges.

Genre-top strategy

Business Technologies Business



Office Services

Color MFPs had a large market share, particularly in the U.S. and Europe

Unit basis, Konica Minolta estimate using external CY2016 data

P.43



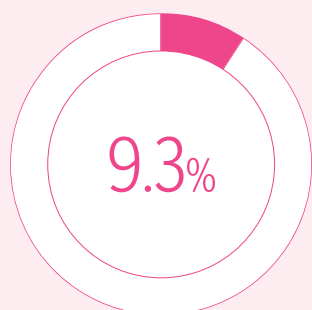
Commercial and Industrial Printing

Digital color printers had a large market share

Unit basis, Konica Minolta estimate using external CY2016 data

P.45

Healthcare Business



Healthcare

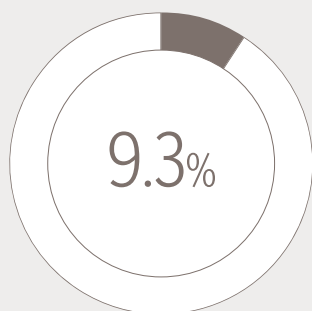
Cassette-type DRs had a large market share among medical clinics in Japan

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

Konica Minolta estimate using CY2016 data

P.47

Industrial Business

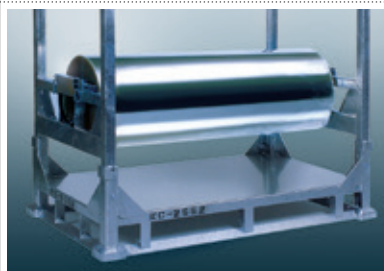


Optical Systems for Industrial Use

Display color analyzers had a large market share

Konica Minolta estimate using CY2016 data

P.49



Performance Materials

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

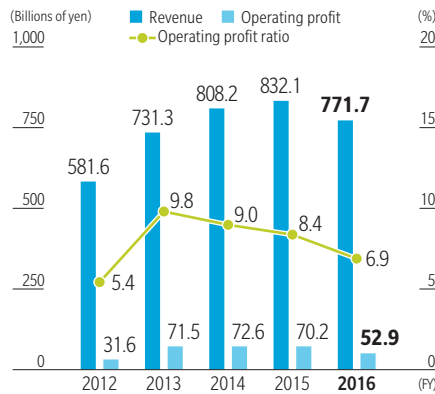
Konica Minolta estimate using CY2016 data

fiscal year under review, the final year of across all business segments to transform Konica Minolta into a

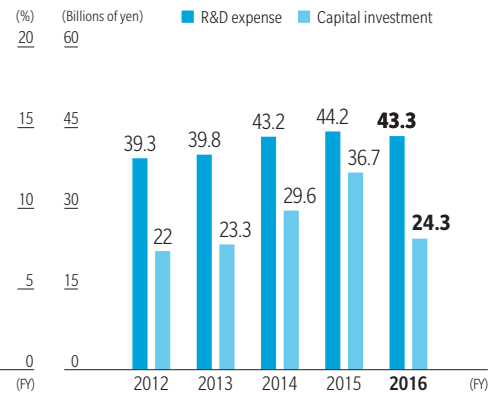
Business Overview

Revenue from external customers in this business fell 7.3% year on year to ¥771.7 billion while operating profit dropped 24.6% to ¥52.9 billion. Although competition heated up in the MFP and light production markets, the mainstay bizhub series of A3 color MFPs as well as the bizhub PRESS C1100, a top-of-the-line digital color printing system, continued to post solid sales. Excluding the impact of exchange rates, revenue rose 2.7% year on year and operating profit increased 1.0%.

Revenue / Operating profit

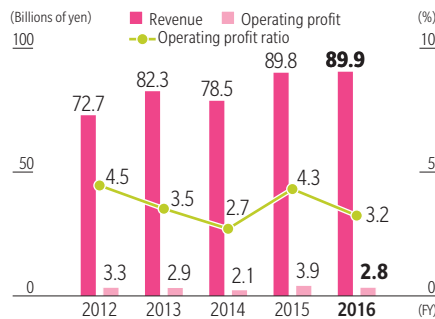


R&D expense / Capital investment

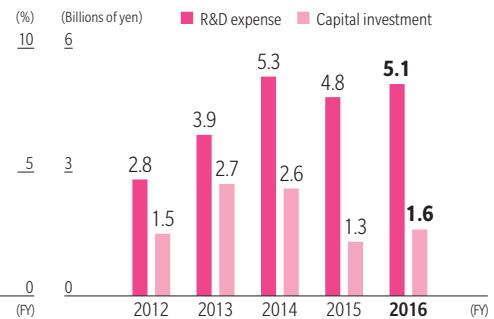


Revenue from external customers in this business grew 0.1% year on year to ¥89.9 billion while operating profit was down 26.7% to ¥2.8 billion. In addition to corporate acquisitions in the U.S., digital product sales in Japan and abroad improved. However, profits were down due to a decline in analog product sales, and temporary SG&A expense increases owing to corporate acquisitions. However, both revenue and profit increased if exchange rate effects are excluded.

Revenue / Operating profit

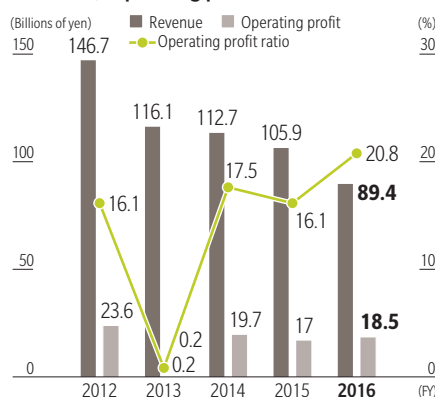


R&D expense / Capital investment

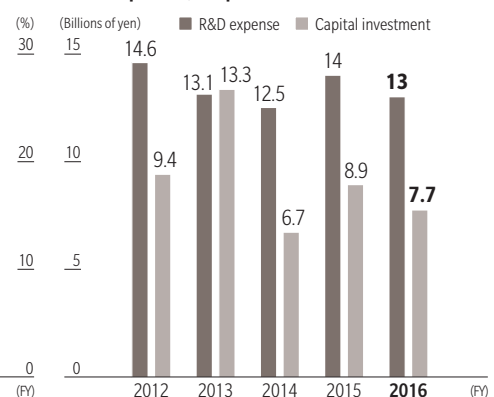


Revenue from external customers in this business fell 15.6% year on year to ¥89.4 billion while operating profit increased 9.1% to ¥18.5 billion. In the field of optical systems for industrial use, although revenues were up due to increased demand for new smartphone products in the measuring instruments business unit, the performance materials business unit was affected by business environment changes for display products, and posted a decline in revenue. Despite a drop in sales of core products, profit increased as a result of patent-related revenue.

Revenue / Operating profit



R&D expense / Capital investment



Business Technologies Business (Office Services)

Market environment (opportunities and challenges)

- Intensifying competition in the U.S. and European market.
- The shipping ratio of color units compared to monochrome units for MFPs for offices is expected to see continued growth in overseas markets.
- At small- and medium-sized companies, the bulk of our customer base, there is often a shortage of IT specialists, and latent demand for IT services is high.
- The market for MFPs has reached maturity in developed countries, and we need to find a way to further enhance the value we provide to customers while avoiding price competition as these products become increasingly commoditized.

Strengths and strategies

- The Company's biggest strength is its customer base, established through our global direct sales system.
- Further differentiate ourselves by reinforcing partnerships through cross-organizational implementation and the provision of total solutions to customers of 2 million companies around the world.
- Focus on expanding sales of mid and high-end A3 color MFPs in line with our profit-oriented sales policy, and reinforce our sales system based on customer and channel.
- Our Optimized Print Services (OPS) have been well received by global corporations.
- Improve competitiveness by strengthening hybrid-type sales, which consists of MFPs and IT services, and aim to expand unit sales of new products.
- Reduce costs through digital manufacturing at Malaysian production site that began full-scale operations in May 2015, and reform our corporate structure through efforts such as improving productivity through optimal placement of sales and maintenance personnel.



Main Achievements in Fiscal 2016

In fiscal 2016, revenue in this business stood at ¥558.2 billion, down 8% year on year.

IT solution services

- Our hybrid-type sales grew in North America and Western Europe. These sales, which provide document solutions centered on Konica Minolta MFPs coupled with a range of managed IT services*, led to improved per-customer revenue and the rate of return.

*Managed IT services: integrated services that include the deployment, operation, management, and maintenance of IT equipment and systems.

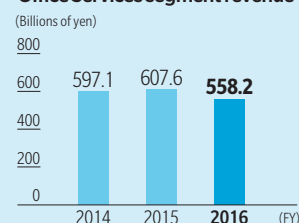
Office products

- Sales of the our mainstay bizhub series of A3 color MFPs remain strong in the fiscal year under review, and unit sales posted increases that exceeded the previous year in all regions.
- By product segment, high-end models saw significant increase in sales and in terms of region, Europe and China saw dramatic increase.

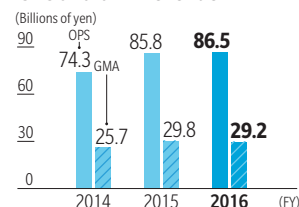
Fiscal 2017 Earnings Forecast

- In overseas markets, we forecast a continued increase for color MFPs as a proportion of all MFPs in the office segment and a continued increase in demand for IT services from small and medium-sized enterprises.
- To overcome increasing competition, we will continue implementing an "emphasize earnings over size" strategy that involves, among other things, expanding hybrid-type sales and sales of medium- and high-speed A3 color MFPs.
- The fiscal 2017 forecast for this segment puts revenue at ¥545 billion, a 2% year over year decrease, and operating profit at ¥45 billion, a 12% increase.

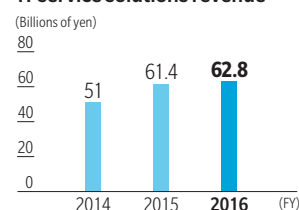
Office Services segment revenue



OPS and GMA revenue



IT service solutions revenue



Growth Strategies

Core business: Office business strategies

- Boost competitiveness by expanding regions for hybrid-type sales.
- Focus on high-end color MFP sales while improving average sales prices and expanding print volume.
- Take a strategic approach to medium-sized customers and major accounts based on a profitability-centric policy.
- Improve product quality and services through failure prediction, remote services, and automation.
- Further reduce the cost of production by fully implementing digital manufacturing.

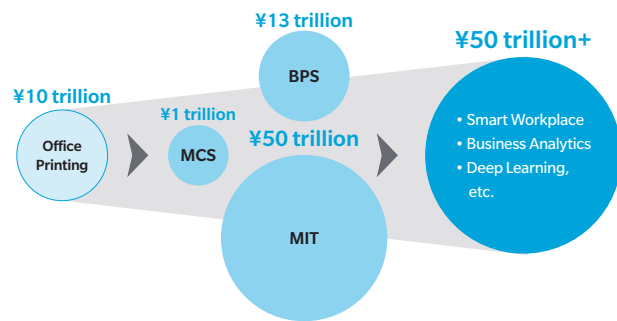
Core business: ITS business strategies

- Improve our service portfolio and expand service scope while taking into account marketability with not only the IT solution service business but also the office and WPH businesses.

New business: WPH business strategies

- Provide three values through solutions for different industries and types of business: improve customer creativity, provide added value, and improve operational efficiency. Do this by implementing an IoT platform for office environments which consolidates, analyzes, and gives meaning to structured data that exists at offices and worksites as well as to unstructured data such as emails, videos, and data on people's actions.
- Build a platform-based business model and work with partner companies to provide a greater diversity of added-value services.
- Implement a sales channel strategy not reliant on existing sales channels.

Office Services — Market Size



Focused Topic

Advancing hybrid-type sales to further reinforce our customer base

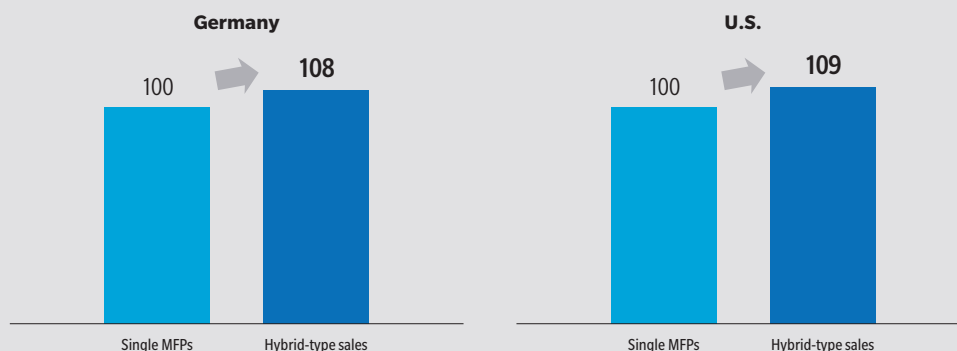
Amid intensifying competition particularly in Europe and the U.S., we are working to strengthen our competitiveness in the market by pursuing higher added value through hybrid-type sales. Hybrid-type sales refer to the packaging of MFPs with IT services as a means of offering fine-tuned solutions. Ranging from providing marketing services and improving business processes to centrally managing IT environments and content to strengthening security, these solutions seek to help solve the problems our customers confront.

Finely tailored to each customer, hybrid-type sales offer a broad spectrum of solutions and enjoy contract retention rates

higher than that for single device sales. Sales and marketing activities can also be done more efficiently to existing customers than to new customers, which reduces SG&A costs. Hybrid-type sales therefore have the effect of improving per-customer sales and profits.

Konica Minolta's goal is to further grow our businesses by improving our ability to offer solutions throughout all sales departments in the office services field through such efforts as developing the sales personnel that will promote these hybrid-type sales.

Contract retention rates for single MFP sales and hybrid-type sales in fiscal 2016



*Base index: single MFPs = 100

Business Technologies Business (Commercial and Industrial Printing)

Market environment (opportunities and challenges)

- Given the significant market sizes expected for the commercial printing and industrial printing sectors (e.g., labels, packages, textiles), and the low rates of digital product adoption in these sectors (under 5%), growth in these areas should be significant.
- As companies' marketing methods become more individualized and segmented, demand for digital printing is likely to increase going forward.
- At printing companies, which are a key customer category, they are considering implementing digital printing systems in addition to offset printing products in response to the needs of their clients. However, they are taking a careful approach while considering the return on investment.

Strengths and strategies

- Make additional investments in France-based MGI, with which we formed a capital partnership in January 2014, and expand our product lineup with digital printing solutions in the industrial printing segment.
- Achieve dramatic expansion of digital printing applications with well-received high-end color production printers, as well as the Accuriojet KM-1 digital inkjet press, which provides even higher print quality on a wider variety of paper. Leverage our expertise in both digital photography and inkjet technologies (heads and ink) to expand the commercial and industrial printing sectors, including textiles.
- Mid production printers (MPPs) maintain the top position in the segment at Konica Minolta.
- Expand our product lineup and the value we provide to customers by strengthening our strategic alliances with Komori Corporation and the SCREEN Group.



Main Achievements in Fiscal 2016

In fiscal 2016, revenue in this business stood at ¥213.5 billion, down 5% year on year.

Production printing (PP)

- Sales were strong for the bizhub PRESS C1100, our top-of-the-line digital color printing system. North America, China, and Asia experienced particularly marked growth.
- The AccurioPress C2070 series, a new product introduced in the second half of the fiscal year, was well received by customers. Sales negotiations saw a healthy increase.

Marketing Production Management (MPM) services

- Although MPM service revenue overall was flat, Kinko's revenue increased.

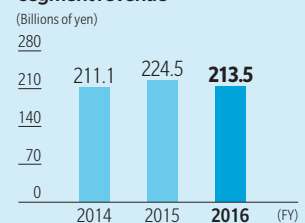
Industrial printing and inkjet businesses

- Inkjet components sales increased on the back of strong performance in China and India.
- The textile printing sector contributed to boosting the overall sales with orders received in France and Turkey for the Nassenger SP-1, which employs single-pass technology to achieve high productivity.

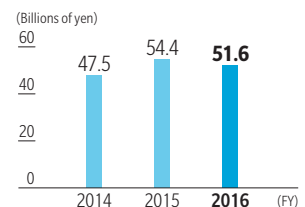
Fiscal 2017 Earnings Forecast

- We forecast a rise in demand for digital printing will occur as the value of printing on demand increases.
- PP sales are expected to increase following the introduction of C1100 successor models and other new products, which will drive up print volume.
- We expect to begin full-scale sales activities and expand sales for the Accuriojet KM-1 and label printers, as well as for MGI products, which will be promoted through Konica Minolta's sales network.
- The fiscal 2017 forecast for this segment puts revenue at ¥220 billion, up 8% year over year.

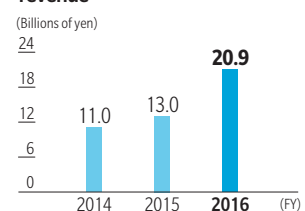
Commercial and Industrial Printing segment revenue



MPM service revenue



Industrial printing and inkjet printer revenue



Growth Strategies

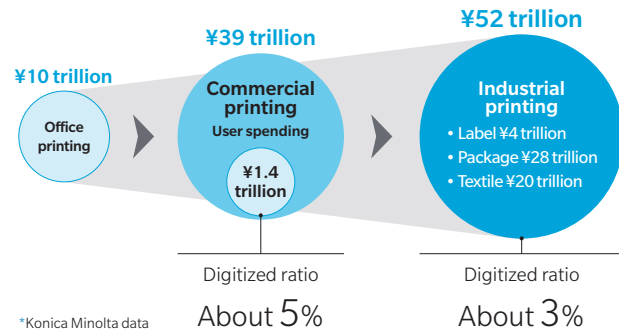
Core business: Production printing strategies

- Bring new products to the mid production printer (MPP) and light production printer (LPP) segments in order to maintain a genre-top position in the MPP market while capturing a similar position in the LPP market.
- Improve our customers' operational efficiency by building the IQ-501 (Intelligent Quality Optimizer) into products for automatic correction of color unevenness and paper misalignment, and by offering tools that work with Accurio application software to support printing operations.
- Offer the KM-1 and products from MGI to large printing companies using mainly offset printers. At the same time, boost sales by offering an all-in-one package that pairs needed solutions with mid production printers (MPP).
- Reduce the cost of parts and labor by using the IQ-501 to predict machine breakdowns.

Growth business: Industrial printing business strategies

- Develop a sales system devoted to industrial printing (IP) and push IP product sales into full swing.
- Pursue synergy between MGI and Konica Minolta in all aspects spanning technologies to sales, and create new value and demand.
- Strengthen our product lineup and sales channels through alliances and M&A.

Commercial and Industrial Printing — Market Size



Growth businesses: Marketing service business strategy

- Aim to grow the business by providing high value-added services that include marketing process automation and measuring the ROI of promotional materials.

Focused Topic

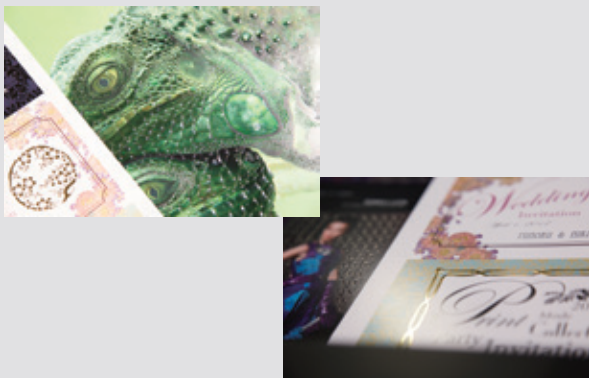
Establish strategic organizations in Europe, a strong adopter of industrial printing, with an eye to developing new solutions

In an effort to motivate consumers to make purchases, marketing departments employ tactics that include adding decorations to product packaging and labeling that includes dates and individual customer's names. Europe, which has a strong culture of buying premium products for anniversaries and gift giving, is home to many cutting-edge industrial printing companies that satisfy a variety of needs using digital printers. As a result, Europe is leading the development of the industrial printing industry. Europe has also given rise to many fashion brands and, like Asia, is one of the world's key markets for digital textile printing. Moreover, it is a leading region for advanced digital products used in printing on wallpaper and building materials, among others.

With an eye to creating new value in Europe through close relationships with customers, in November 2016 we established a

strategic organization for promoting our industrial printing business in France. The organization is run by a small number of capable people involved in marketing, sales, product development, and other functions. It will work with MGI, which has a base of operations in France, and leading industrial printing-related companies across Europe to create new values and design new business models, then collaborate with customers to conduct a value verification cycle. The end goal is to speed up the development of solutions for the industrial printing market.

A framework created by Konica Minolta, this value verification cycle has led to a number of business and technology development achievements in recent years. In the future, we will roll out the efforts currently made in Europe to the rest of the world, further elevating Konica Minolta's presence in the business of industrial printing.



Foil stamping, embossing, and other techniques for high added-value printing to highlight a product's appeal



Solutions to on-demand printing needs for a variety of products, from labels to packages to textiles

Healthcare Business

Market environment (opportunities and challenges)

- The digitalization of medical diagnostics is underway.
- There is growing demand in the medical care sector for solutions that assist in administering medical exams and improve operational efficiency.
- In the domestic market, there is a growing move towards regional healthcare coordination and home-based care to curb overall healthcare costs.
- In the international market, demand is on the rise in ASEAN countries and other emerging nations.
- There is currently a high dependency on the domestic market, and strategies for expanding overseas business are needed.

Strengths and strategies

X-ray diagnostic imaging systems

- Move into higher added value segments by leveraging the advanced medical imaging-related technologies and knowledge.
- Work towards bolstering sales by improving and expanding the cassette-type DR product lineup based on individual customer categories and strengthening sales channels and collaboration.

Diagnostic ultrasound systems

- We possess superior technologies in the field of ultrasound probes, which determine the competitiveness of the diagnostic ultrasound systems that use them.
- In Japan, roll out products for the internal medicine segment in addition to the orthopedic segment, where we currently enjoy a strong reputation.
- Outside of Japan, begin full product deployment in Europe, the U.S., and Asia.

Medical IT services

- Primarily through informity, a medical IT service platform, provide support for community-based integrated healthcare that encompasses primary care, nursing care, and home-based care.
- Focus on expanding sales in the U.S.'s primary care market by leveraging the main strength of the recently acquired and U.S.-based Viztek: the ability to provide and develop solutions all on its own.

Shared

- We provide equipment maintenance services in Japan 24 hours a day, 365 days a year.
- We will strengthen our solutions-based businesses by utilizing our domestic customer base, with a focus on medical clinics.



Main Achievements in Fiscal 2016

Fiscal 2016 revenue in the healthcare business increased 0.1% year on year to ¥89.9 billion.

X-ray diagnostic imaging systems

- Strong sales continued in Japan and abroad for the AeroDR cassette-type digital X-ray system.

Diagnostic ultrasound systems

- Sales of the SONIMAGE HS1 diagnostic ultrasound system contributed to business growth in China, as well as in Japan and the U.S.

Medical IT services

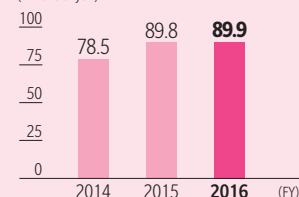
- In Japan, sales remained firm for the I-PACS medical imaging information system for small- and medium-sized hospitals and clinics.
- In the U.S., the acquisition of Viztek led to increased sales of solutions-oriented products in the primary care market, expanding our business.

Fiscal 2017 Earnings Forecast

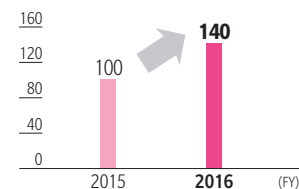
- Progress is being made in digitizing medical diagnostic equipment and sharing and coordinating medical information among multiple healthcare providers, and demand is likely to increase.
- We will step up efforts to propose and sell the core products and services that enjoy strong market competitiveness.
- The FY2017 forecast for this segment calls for sales of ¥95 billion, up 6% year on year.

Healthcare Business revenue

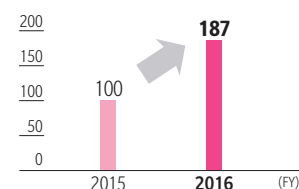
(Billions of yen)



Medical IT service revenue*



SONIMAGE HS1 unit sales*



* Base index: fiscal 2015 = 100

Growth Strategies

Core business: X-ray business strategies

- With AeroDR—a strong performer in Japan and abroad— leading the way, provide Konica Minolta image processing applications for procedures such as bone suppression and temporal subtraction, and give customers great diagnostic value.
- Leverage kinetic analysis technologies that visually represent information on lung function using thoracic moving images to develop high added-value diagnostic imaging systems that get results quickly without the need for expensive diagnostic imaging devices.

Growth business: Medical IT business strategies

- In the U.S., establish a presence in the medical IT market using Cloud PACS, a product of Viztek's expertise. In Japan, acquire new sales channels and customers in Japan through M&A activities.
- Fortify our efforts in the primary care segment by providing solutions to make healthcare, elderly care, and nursing more efficient. At the same time, combine our in-hospital workflow support services with medical diagnostic image technologies, a Konica Minolta strength, to provide a higher level of medical support service.

Healthcare business mission

With the goal of becoming a digital company with insight into implicit challenges, contribute to a better quality of life for all while reducing healthcare costs by improving diagnostic value and allowing for quick diagnoses and individualized medical care.

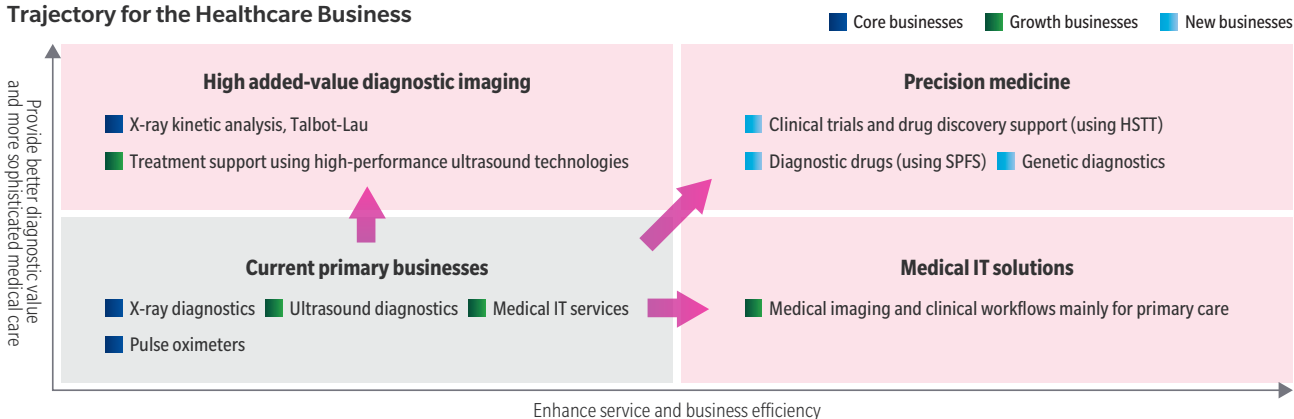
Growth business: Ultrasound business strategies

- Speed up the development of high added-value products that leverage ultrasonic probe technologies in treatment support as well as in diagnostics. At the same time, capitalize on the strong track record for the SONIMAGE HS1, which has seen widespread adoption by orthopedic surgeons in Japan, to drive its usage in the treatment of myofascial pain in the shoulders, chest, and other areas. Also, step up business in anesthesia and breast oncology.

New business: Bio-healthcare business strategies

- Contribute to the drug discovery and primary care segments by rolling out products and services such as HSTT and SPFS, which use microfabrication technologies, micro signal detection technologies, and fluorescent nanoparticles — all Konica Minolta technological strengths.
- With the acquisition of U.S.-based genetic diagnostics company Ambry Genetics Corporation, leverage the company's technologies and expertise to make a full-fledged entry into the precision medicine business.

Trajectory for the Healthcare Business



Focused Topic

A Focus on Expanding the Ultrasound Business to Establish the Healthcare Business as Konica Minolta's Next Cornerstone

Konica Minolta has been focused on expanding its ultrasound business since the launch of the SONIMAGE HS1 diagnostic ultrasound system we developed in July 2014.

The HS1 has been well received by numerous doctors for its ability to achieve safer, high-precision diagnostic imaging. Fiscal 2016 sales volume in Japan increased 76% year on year, placing it in an undeniably genre-top position in the orthopedics sector. It received the 16th Technology Award of the Japan Society of Ultrasonics in Medicine in recognition for its contribution to the development of medicine. Now that we have obtained approval in China, where medical equipment approval takes time, the HS1 will soon be available not just in the U.S. and Europe but worldwide.

To answer the wide-ranging needs of its customers, Konica Minolta has expanded its lineup of probes to eight models, which includes our traditional high performance linear probes, and will be promoting their utilization in areas including anesthesia and breast oncology.



Industrial Business

Market environment (opportunities and challenges)

Optical systems for industrial use

- Forecasts suggest growth is ahead for the light-source color measuring instrument market as display devices increase in resolution and OLED displays find further adoption.
- In the automobile industry, a major customer for object color measuring instruments, production volume is gradually increasing.
- The FA measuring market is poised for expansion as a result of growing investment in production line automation.

Performance materials

- The trend towards larger LCD TVs will continue in tandem with a shift to higher resolutions such as 4K and 8K. The displays market will continue to see greater breadth.
- China continues to grow as region of LCD panel production.
- Opportunities for creating new demand are likely due to increasing diversification of display products and usage situations.

Strengths and strategies

Optical systems for industrial use

- We possess a wide-ranging product lineup and global sales and service network for high-precision measuring equipment.
- Acquire large, global customers in the displays industry.
- Leverage the synergy with newly-acquired Radiant and swiftly move into the visual inspection segment.

Performance materials

- We have built a relationship of trust with large customers and amassed assets that consist of technologies, production equipment, and supply chains through developing, producing, and selling TAC film.
- Expand the usage of VA-TAC films in a large displays market by introducing new products.
- Facilitate quicker commercialization of new functional films through a multifaceted approach that involves collaboration with other companies coupled with materials and components developed by Konica Minolta.



Main Achievements in Fiscal 2016

Regarding fiscal 2016 revenue in our Industrial Business, revenue for the optical systems for industrial use segment dropped 9% year on year to ¥47.8 billion while revenue for the performance materials segment dropped 22% to ¥41.6 billion.

Optical systems for industrial use

- Revenue increased in part due to shipments of measuring instruments made to major accounts at the end of the fiscal year.

Performance materials

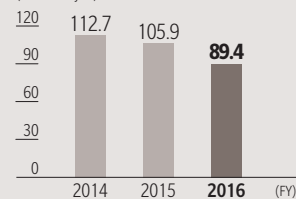
- Amid growing price pressure, Konica Minolta made progress in shifting to high added-value products such as retardation film for VA panels and IPS panels as well as ultra-thin TAC films. However, sales volume and amounts were down on the previous year.

Fiscal 2017 Earnings Forecast

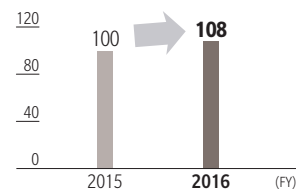
- Due to a growing diversity of display products, changes are occurring in our supply chain structure and the power structure of market players. We therefore expect new demand to arise for Konica Minolta products in the measuring instrument segment.
- Functional materials business will focus on answering the needs of the Chinese market, which continues to grow.
- The fiscal 2017 revenue forecast for this business calls for a 19% year-on-year increase to ¥35 billion for the field of optical systems for industrial use and a 4% increase to ¥75 billion in the materials and components field.

Industrial Business revenue

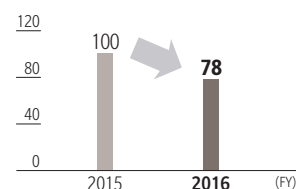
(Billions of yen)



Light-source color measuring instrument revenue*



Performance materials segment revenue*



* Base index: fiscal 2015 = 100

Growth Strategies

Optical systems for industrial use

Core business: Sensing business strategies

- Establish a large market share for both products that measure light source color and object color.
- In the light-source color measuring segment, capture greater market share by capitalizing on the growing demand for OLED displays and other market changes. For the object color measuring segment, develop new applications for our products in the automobile industry, while also expanding into foods, building materials, and other areas.

Growth business strategies

- In response to increasing automation at production sites and the growing importance of data utilization, combine Radiant's visual inspection technologies with existing light-source color measurement technologies to provide turnkey in-line inspection systems, thereby achieving high added-value and high-profit businesses.

Performance materials (Materials & Components)

Core business strategies

- Establish a strategy focused on the new Zero-TAC for VA and IPS screens, which feature reinforced waterproofing. With these and other such high added-value films, expand market share and win new customers in the field of displays for televisions, where demand for bigger screen sizes is growing.

New business strategies

- Leverage image analysis and sensing technologies to build high-profit, high added-value products and businesses ready for the next generation in three categories: digital manufacturing, QoL solutions, and condition monitoring solutions.
- Bring together Mobotix's surveillance camera technologies and Konica Minolta's 3D LiDAR, heads-up display, and other technologies to develop the key tools that will realize our edge computing objectives.

Growth business strategies

- Quickly build up a business capable of stable profits at a new OLED lighting company jointly established with Pioneer.
- Develop new functional films in response to a growing diversity of display products, and roll out high-performance films for the mobile device and IoT markets.

Focused Topic

Strengthening Our Approach to the Automobile Industry with an Eye to Expanding the Sensing Business

Through its sensing business, Konica Minolta provides a wide variety of industries with instruments for measuring object and light-source color. We are currently working to expand this business by strengthening our approach to the automobile industry.

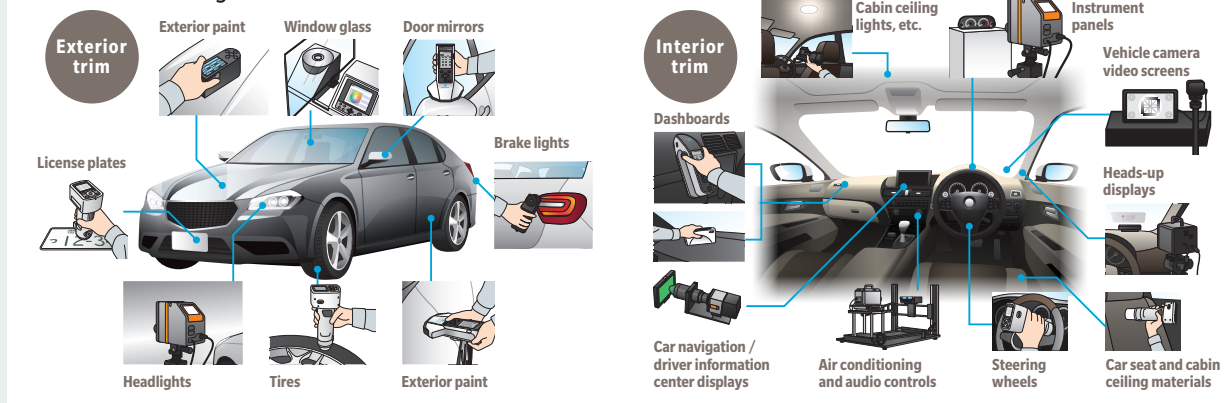
The automobile industry is one where many companies with multiple facilities engage in activities ranging from development to production. It is an industry with broad horizons, including with respect to suppliers. The adoption of Konica Minolta technologies here would therefore significantly contribute to better sales and market share. There are also strict quality and safety standards in place and a need for high precision in the measuring instruments used for inspections and other procedures in the automobile

industry. Success here would significantly contribute to developing businesses in other industries.

To this end, Konica Minolta has developed a variety of products for the precise measurement of object color used on vehicle interior and exterior trim, as well as light-source color for lighting, in-vehicle displays, and other parts. We also provide solutions for customizing measuring instruments and analyzing measurement data.

The automobile industry has experienced a growing need for inspection process automation in recent years, and more things are being inspected as automatic driving technologies become more advanced. Konica Minolta will provide solutions to these needs as it works to grow its sensing business.

Use Cases of Measuring Instruments for Automobiles

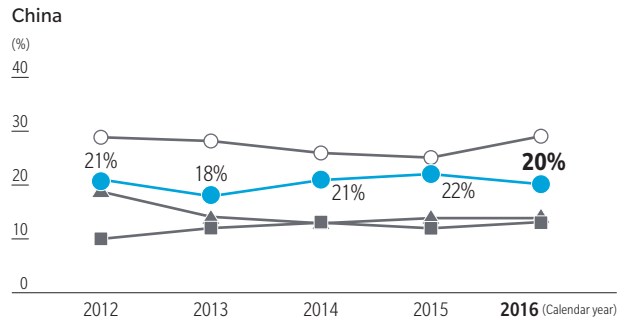
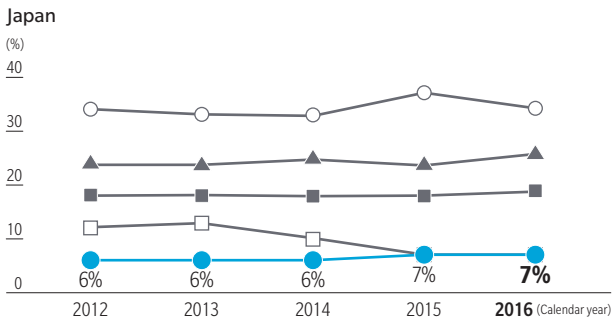
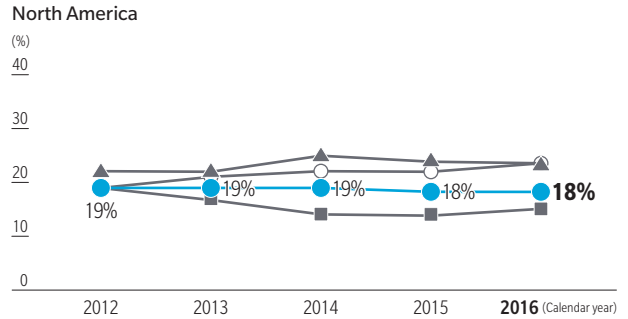
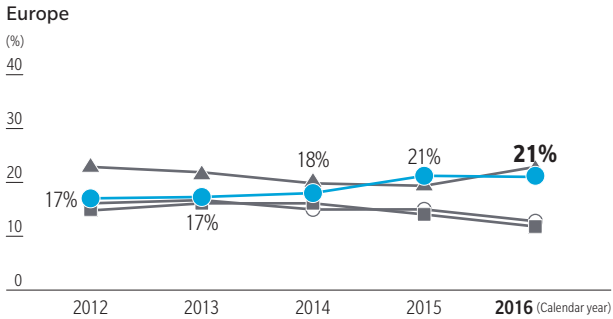


Market Data by Segment

Business Technologies Business (Office Services)

Konica Minolta share of A3 color MFPs (based on sales value)*

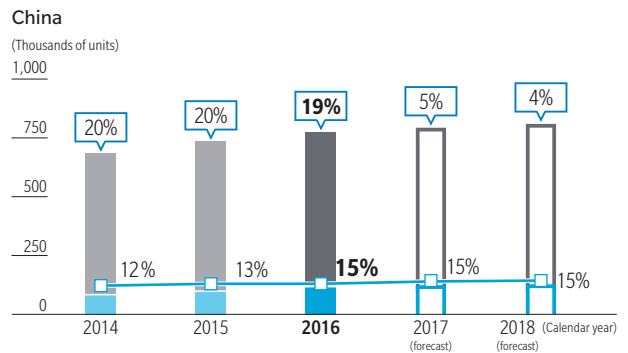
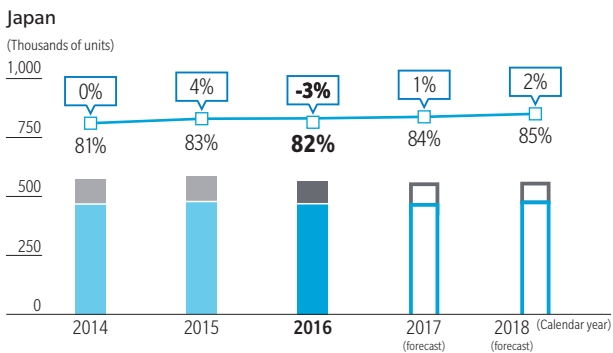
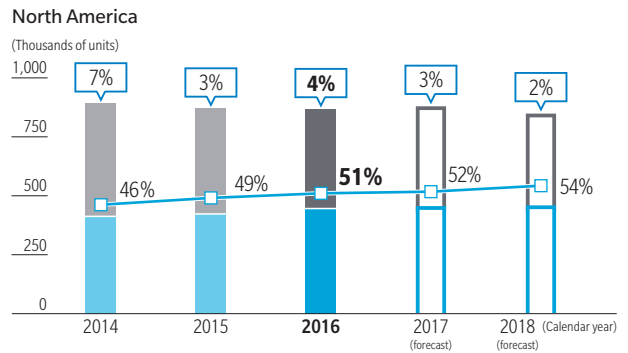
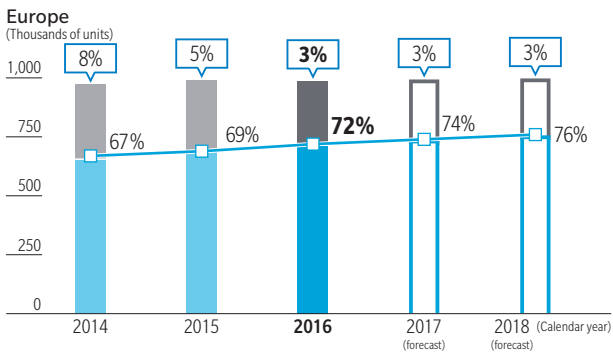
● KM ■ Company A ▲ Company B ○ Company C □ Company D



* Konica Minolta estimate

Unit shipment trends and forecasts* in the A3 color MFP market

■ Color ■ B/W □ Color ratio □ A3 color MFP growth rate

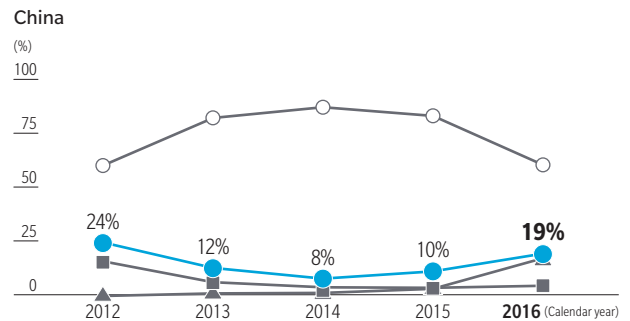
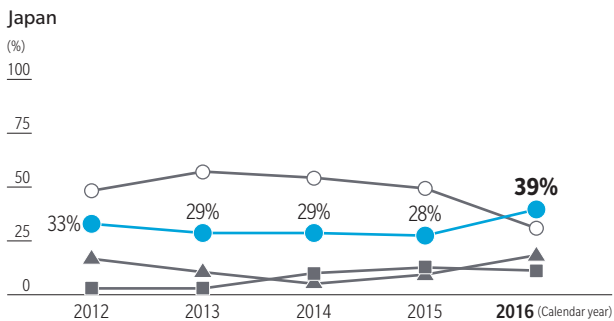
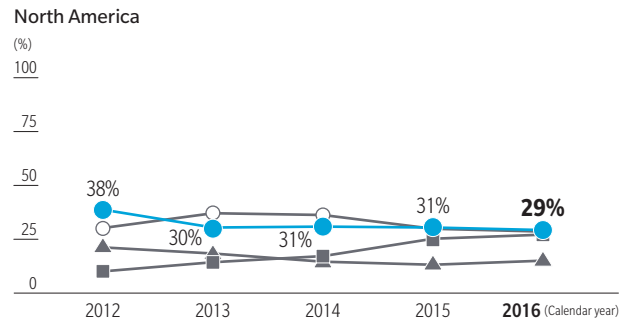
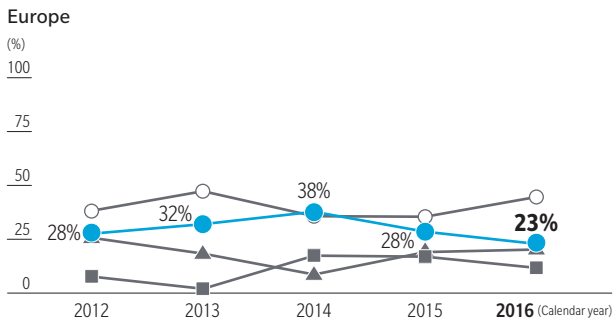


* Konica Minolta estimate

Business Technologies Business (Commercial and Industrial Printing)

Color production printer market share (based on sales value)*

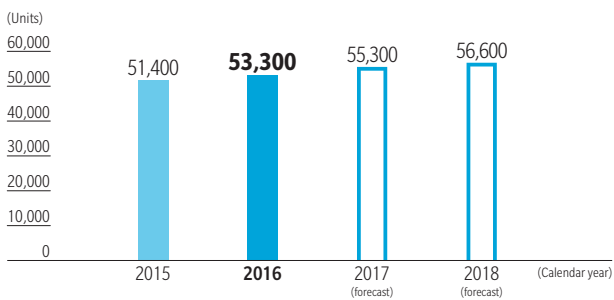
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* Konica Minolta estimate (LPP+MPP)

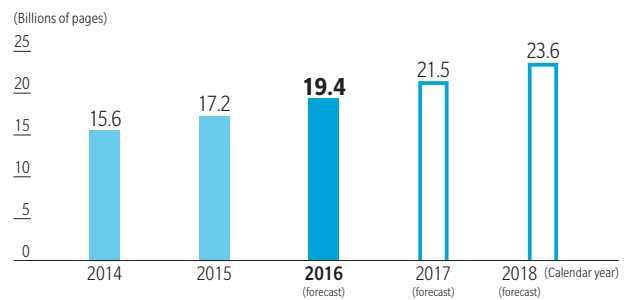
* LPP: Light Production Printer MPP: Mid Production Printer

Color production printer units shipped and forecast (worldwide)



* Konica Minolta estimate

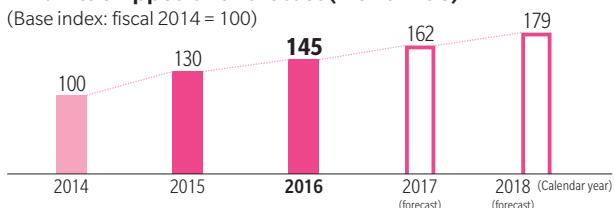
Color PV (print volume) and forecast (worldwide)*



Healthcare Business

DR units shipped and forecast (worldwide)¹

(Base index: fiscal 2014 = 100)



¹ Based on data from "x-ray-intelligence-service-summary-general-radiography-and-fluoroscopy-x-ray-equipment-2016" from IHS TECHNOLOGY, with some estimates from Konica Minolta

² Based on data from "Ultrasound Imaging Equipment Report 2015" from IHS TECHNOLOGY, with some estimates from Konica Minolta

Diagnostic ultrasound systems units shipped and forecast (worldwide)²

(Base index: fiscal 2014 = 100)

