

Konica Minolta Group

March 2007 Consolidated Financial Results

May 10, 2007

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Cautionary Statement:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties.

The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks: Yen amounts are rounded to the nearest 100 million.

Chapter #1

March 2007 Consolidated Financial Results

Consolidated results - Summary

	[a]	[b]		[c]	[Billions of yen]
	Mar07	Mar06	Y-O-Y	Mar07	[a] / [c]
	Actual	Actual	(%)	Plan	Completion
					(%)
Net sales	1,027.6	1,068.4	-4%	1,006.0	102%
Gross income	494.9	493.2	0%	--	--
<i>Gross income ratio</i>	<i>48.2%</i>	<i>46.2%</i>	--	--	--
Operating income	104.0	83.4	25%	96.5	108%
<i>Operating income ratio</i>	<i>10.1%</i>	<i>7.8%</i>	--	<i>9.6%</i>	--
Ordinary income	98.1	76.8	28%	90.0	109%
Net income before taxes	104.9	-35.9	--	93.0	113%
Net income	72.5	-54.3	--	46.0	158%
<i>Net income ratio</i>	<i>7.1%</i>	--	--	<i>4.6%</i>	--
FOREX [P/L] [Yen] USD	117.02	113.31	3%	115.00	--
Euro	150.09	137.86	9%	143.00	--
EPS [Yen]	136.67	-102.29	--	--	--
ROE [full year]	21.9%	-17.1%	--	--	--
CAPEX	64.0	67.6	-5%	75.0	85%
Depreciation	52.7	51.2	3%	55.0	96%
R&D	72.0	67.0	7%	77.0	93%
FCF	10.3	35.8	-71%	-20.0	--

* Mar07 Plan: Announced on Nov. 2, 2006



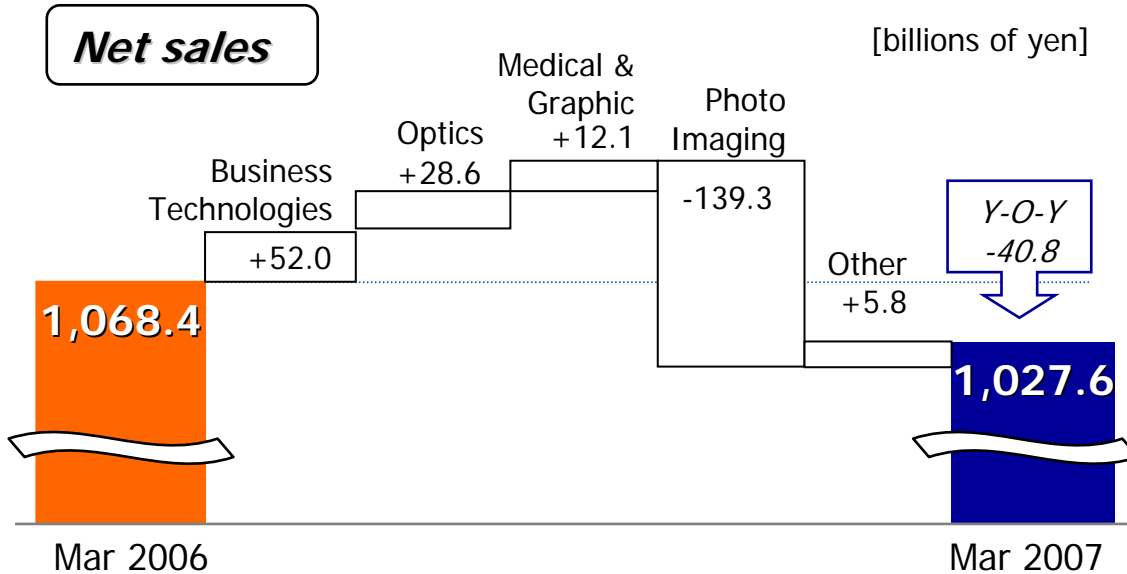
Consolidated results – Segment

	[Billions of yen]				
Net sales	[a] Mar07 Actual	[b] Mar06 Actual	Y-O-Y (%)	[c] Mar07 Plan	[a] / [c] Completion (%)
Business Technologies	658.7	606.7	9%	646.0	102%
Optics	139.0	110.4	26%	139.0	100%
Medical & Graphic	158.7	146.6	8%	157.0	101%
Other businesses	16.0	10.2	57%	17.0	94%
Sub total	972.3	873.9	11%	959.0	101%
Photo Imaging	47.8	187.1	-74%	40.0	119%
HD and eliminations	7.5	7.4	2%	7.0	108%
Group total	1,027.6	1,068.4	-4%	1,006.0	102%

	[Billions of yen]				
Operating income	[a] Mar07 Actual	[b] Mar06 Actual	Y-O-Y (%)	[c] Mar07 Plan	[a] / [c] Completion (%)
Business Technologies	80.0	65.1	23%	74.0	108%
Optics	21.0	17.6	19%	22.0	95%
Medical & Graphic	8.9	11.7	-24%	10.0	89%
Other businesses	2.9	2.7	7%	3.0	98%
Sub total	112.8	97.1	16%	109.0	103%
Photo Imaging	-0.8	-7.1	--	-2.0	--
HD and eliminations	-8.0	-6.6	--	-10.5	--
Group total	104.0	83.4	25%	96.5	108%

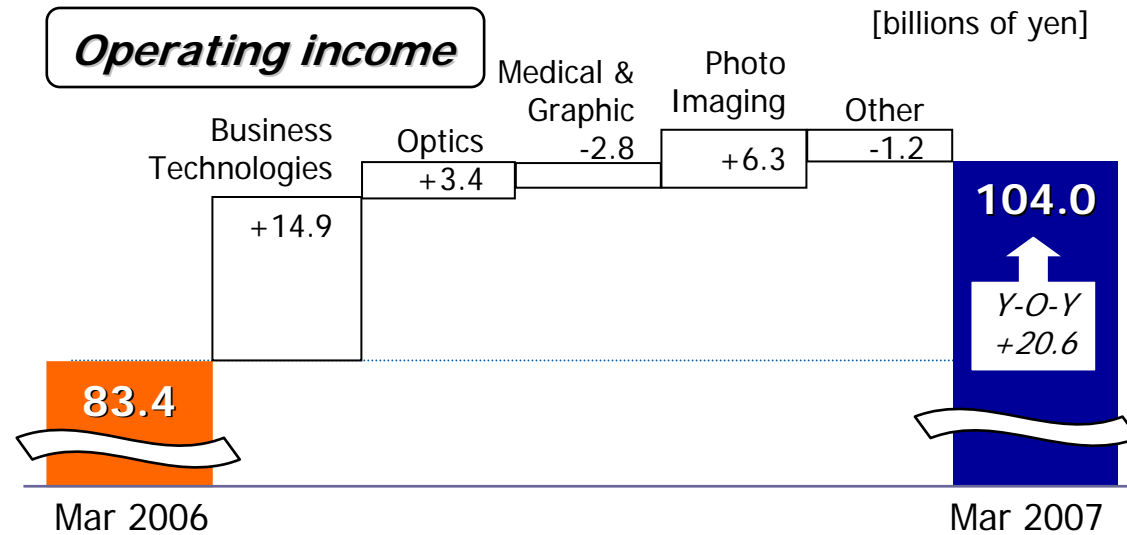


Changes in net sales and operating income



■ **Net sales:**
Down 40.8 billion yen (- 4%)

- Business Technologies: Robust sales, mainly color MFPs.
- Optics: Increased revenue Y-O-Y in all fields including display materials and memory devices.
- Medical & Graphic: Increased revenue resulting from robust overseas sales.
- Photo Imaging: Large fall in revenue. Process of exiting business has almost completed.

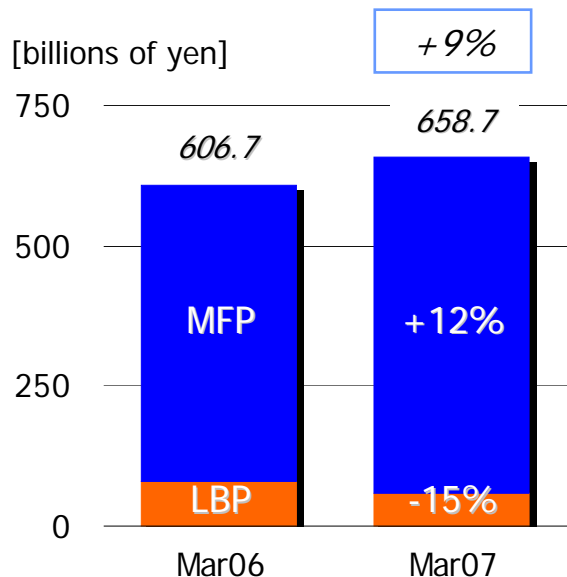


■ **Operating income:**
Up 20.6 billion yen (+ 25%)

- Business Technologies: Profit growth due to color MFP's robust sales. Operating profit ratio: 10.7% → 12.1%
- Optics: Profit recovery in memory devices.
- Medical & Graphic: Profit decrease due to a rise in R&D expenses and soaring silver price.
- Photo Imaging: Reduced operating loss due to the downsizing of operations

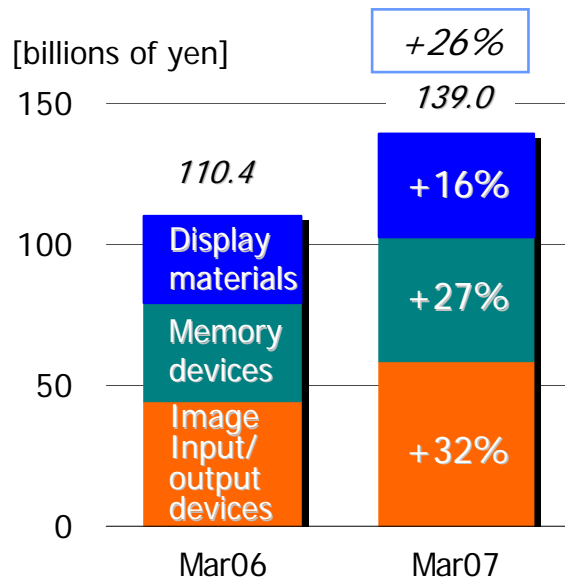
Net sales - Sub segment

Business Technologies



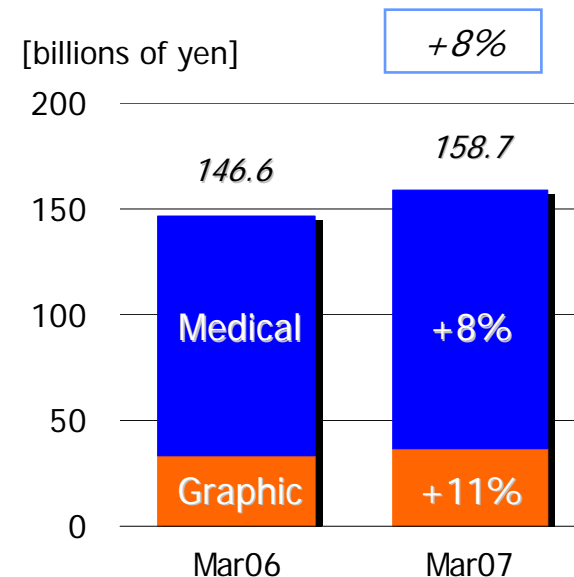
- **MFP unit sales Y-O-Y: +11%**
 - Color: +37%
 - B/W: +4%
 - (of which, production print: +11%)
- **LBP unit sales Y-O-Y: -37%**
 - Color: -18%
 - (of which, single-pass: -9%)
 - B/W: -43%

Optics



- **LCD materials unit sales Y-O-Y**
 - TAC film : +31%
- **Memory devices unit sales Y-O-Y**
 - Optical pickup lenses: -5%
 - Glass substrates for HD: +25%
- **Image input/output components unit sales Y-O-Y**
 - Mobile phone components: +38%
 - Lens units for DSC/VCR: -22%

Medical & Graphic Imaging



- **Medical**
 - X-ray film unit sales Y-O-Y: +12%
 - Digital input/output equipment unit sales Y-O-Y: +4%
- **Graphic**
 - Graphic-arts film unit sales Y-O-Y: +8%



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Chapter #2

Forecasts - March 2008 Consolidated Financial Results

Forecasts - Consolidated results



[Billions of yen]
<Ref.>

	1H/Mar08	2H/Mar08	Mar08	Mar07 Actual	Y-O-Y (%)	1Q/Mar08
Net sales	496.0	549.0	1,045.0	1,027.6	2%	243.0
Operating income	48.0	57.0	* 105	104.0	1%	20.0
<i>Operating income ratio</i>	<i>9.7%</i>	<i>10.4%</i>	<i>10.0%</i>	<i>10.1%</i>	--	<i>8.2%</i>
Ordinary income	42.0	51.0	93.0	98.1	-5%	
Net income before taxes	39.5	49.0	88.5	104.9	-16%	
Net income	20.5	27.0	47.5	72.5	-35%	
<i>Net income ratio</i>	<i>4.1%</i>	<i>4.9%</i>	<i>4.5%</i>	<i>7.1%</i>	--	
FOREX [P/L] [Yen] USD			115.00	117.02	--	
Euro			150.00	150.09	--	
CAPEX			70.0	64.0	9%	
Depreciation			* 67.0	52.7	27%	
R&D			83.0	72.0	15%	
FCF			20.0	10.3	94%	

Note: Including 5.0 billion yen for depreciation due to a change of the revision of tax regulations.



Profits analysis --- non-operating transitional factors

	[b]	[a]	[Billions of yen] [a] - [b]
	Mar07 Actual	Mar08 Plan	Increase/Decrease
Operating income	104.0	105.0	1.0
Non-operating income/expenses	-5.9	-12.0	-6.1
Foreign exchange gain	3.4	0.0	-3.4
Gain on reversal of allowance	3.0	0.0	-3.0
Disposal gain (loss) of inventories	-7.1	-7.0	0.1
Interest expenses, net	-2.8	-2.5	0.3
Other, net	-2.5	-2.5	0.0
Ordinary income	98.1	93.0	-5.1
Extraordinary profit/loss	6.8	-4.5	-11.3
Gain on sales of fixed assets	7.3	0.0	-7.3
Gain on sales of investment securities	4.0	0.0	-4.0
Loss on impairment of fixed assets	-0.6	} -4.5	} 0.0
Loss on disposal/sales of fixed assets	-2.8		
Other, net	-1.0		
Net income before taxes	104.9	88.5	-16.4
Income taxes	-32.1	-40.8	-8.7
Tax adjustment due to sales of Photo Imaging's subsidiaries, other	12.2	0.0	-12.2
Net income	72.5	47.5	-25.0

Forecasts - Consolidated results – Segment

[Billions of yen]

Net sales	1H/Mar08	2H/Mar08	Mar08	Mar07 Actual	Y-O-Y (%)
	Business Technologies	330.0	360.0	690.0	658.7
Optics	75.0	88.0	163.0	139.0	17%
Medical & Graphic	78.0	87.0	165.0	158.7	4%
Other businesses	9.0	10.0	19.0	16.0	19%
Sub total	492.0	545.0	1,037.0	972.3	7%
Photo Imaging	--	--	--	47.8	--
HD and eliminations	4.0	4.0	8.0	7.5	6%
Group total	496.0	549.0	1,045.0	1,027.6	2%

[Billions of yen]

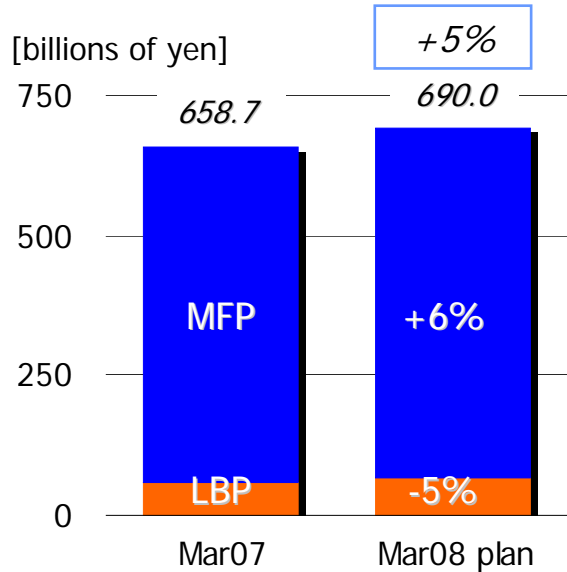
Operating income	1H/Mar08	2H/Mar08	Mar08	Mar07 Actual	Y-O-Y (%)
	Business Technologies	37.0	46.0	83.0	80.0
Optics	11.0	12.0	23.0	21.0	10%
Medical & Graphic	5.5	5.0	10.5	8.9	18%
Other businesses	1.5	2.0	3.5	2.9	20%
Sub total	55.0	65.0	120.0	112.8	6%
Photo Imaging	--	--	--	-0.8	--
HD and eliminations	-7.0	-8.0	* -15.0	-8.0	--
Group total	48.0	57.0	105.0	104.0	1%

Note: Including 5.0 billion yen for depreciation due to a change of the revision of tax regulations.



Forecasts – Sub segment – net sales/unit volume

■ Business Technologies



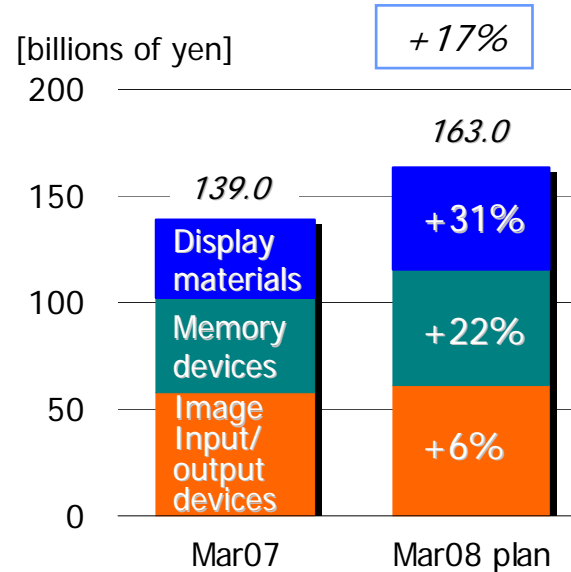
● MFP unit sales Y-O-Y: +5%

Color: +40%
 B/W: -5%
 (of which, production print: +15%)

● LBP unit sales Y-O-Y: -10%

Color: -20%
 (of which, single-pass: +100%)
 B/W: -10%

■ Optics



● LCD materials unit sales Y-O-Y

TAC film : +40%

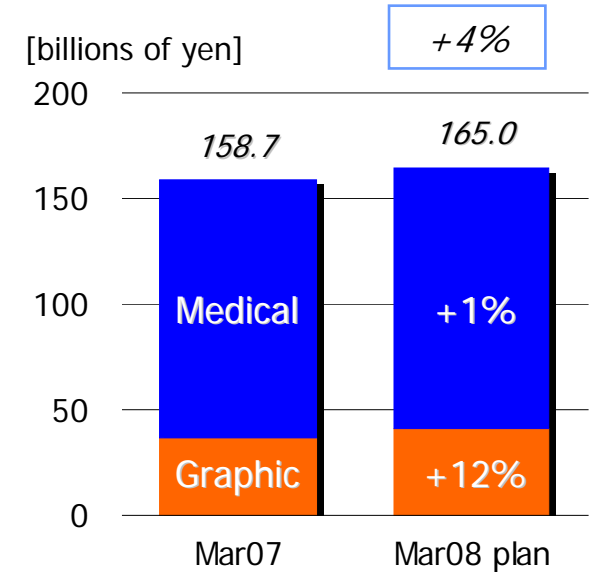
● Memory devices unit sales Y-O-Y

Optical pickup lenses: -10%
 Glass substrates for HD: +10%

● Image input/output components unit sales Y-O-Y

Mobile phone components: +60%
 Lens units for DSC/VCR: +20%

■ Medical & Graphic Imaging



● Medical

X-ray film unit sales Y-O-Y: -10%
 Digital input/output equipment unit sales Y-O-Y: +35%

● Graphic

Graphic-arts film unit sales Y-O-Y: -10%



Chapter #3

“FORWARD 08” Medium-Term Business Plan

-- Brush up the medium-term business plan to accelerate growth strategies --

FORWARD 08 – Numerical targets

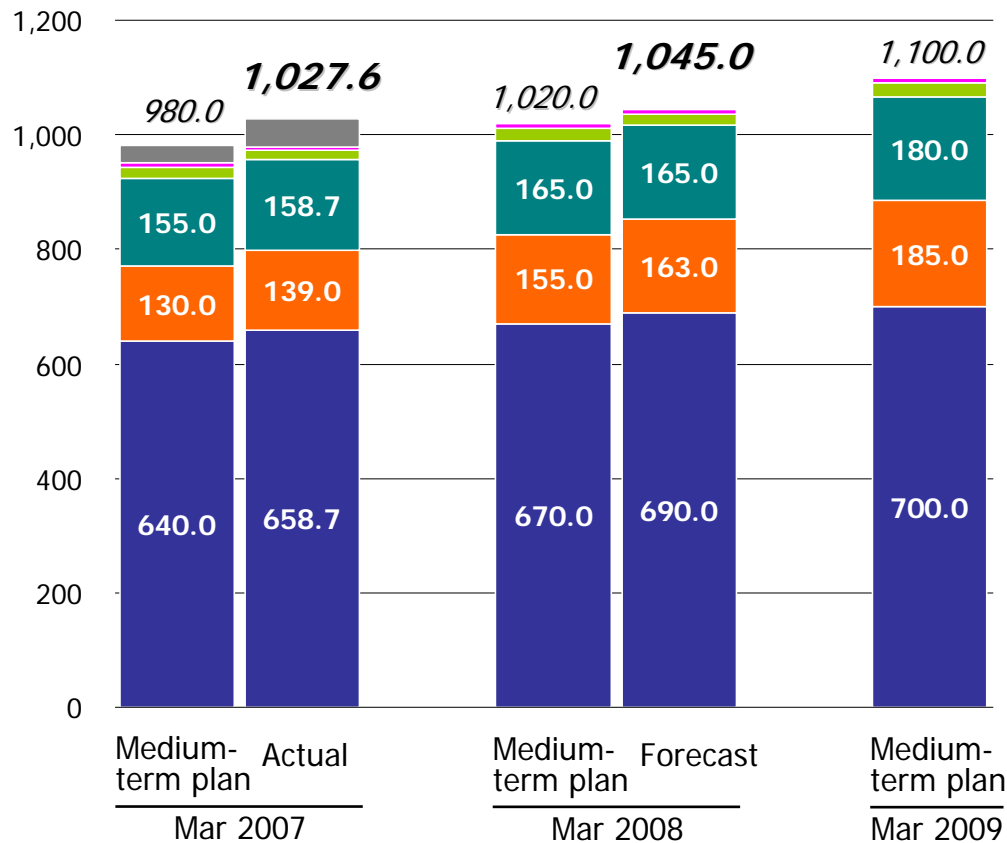


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Revenues and profitability were higher than originally projected.

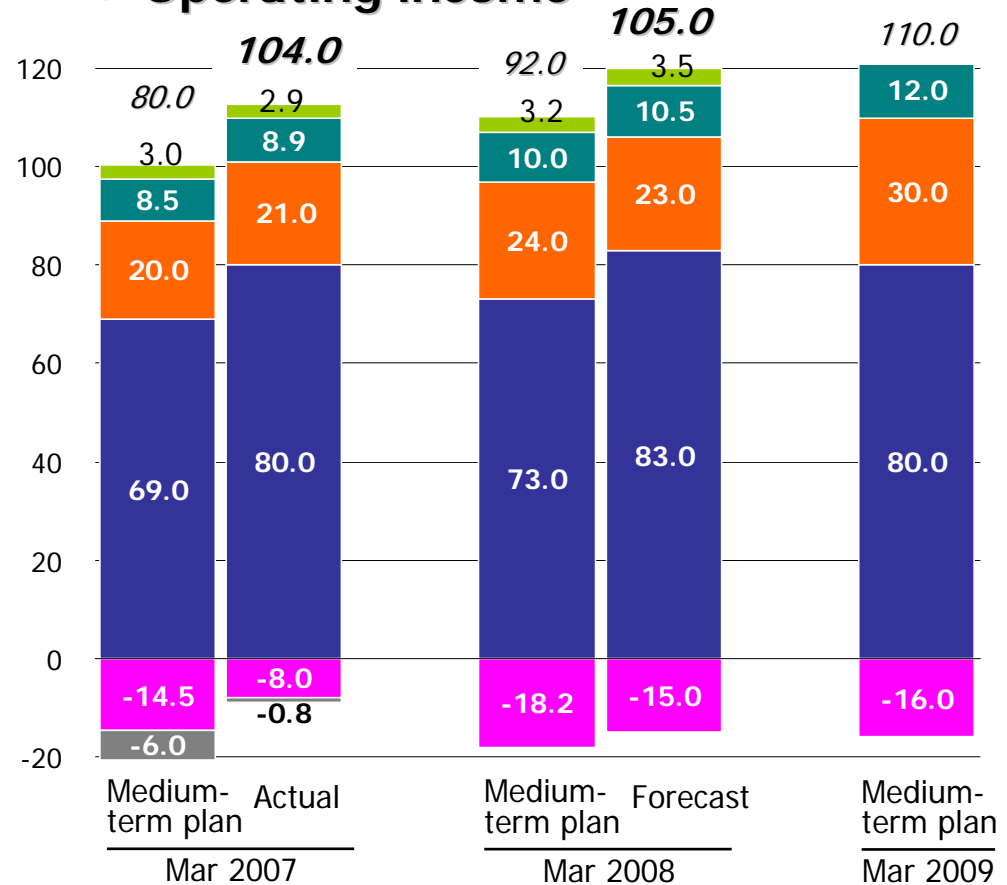
● Net sales

[billions of yen]



● Operating income

[billions of yen]



■ Business Technologies
 ■ Optics
 ■ Medical & Graphic
 ■ Other
 ■ Holdings and eliminations
 ■ Photo Imaging

FORWARD 08 – Basic strategies



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Further increase the added value in operations and maximize the corporate value through the Group's growth.

● **Basic strategies**

◆ ***Promote growth by leveraging collective Group resources***

- ◆ Build a new corporate value
- ◆ Promote world-class corporate social responsibility (CSR) management

● **Growth strategies**

- ◆ Further strengthen and advance operations in current core businesses
- ◆ Expand the scope of operations into the fields adjacent to current core businesses
- ◆ Nurture new businesses

● **Corporate structure reinforcement**

- ◆ Strengthen the base of business capabilities
- ◆ Establish a strong financial structure
- ◆ Strengthen human resources and rebuild corporate culture

Business Technologies

■ General offices

- MFP: Solidify the leading position with respect to color MFPs by further reinforcing the “genre top” strategies
- LBP: Strengthen profitability

■ Production printing

- Expand digital printing business

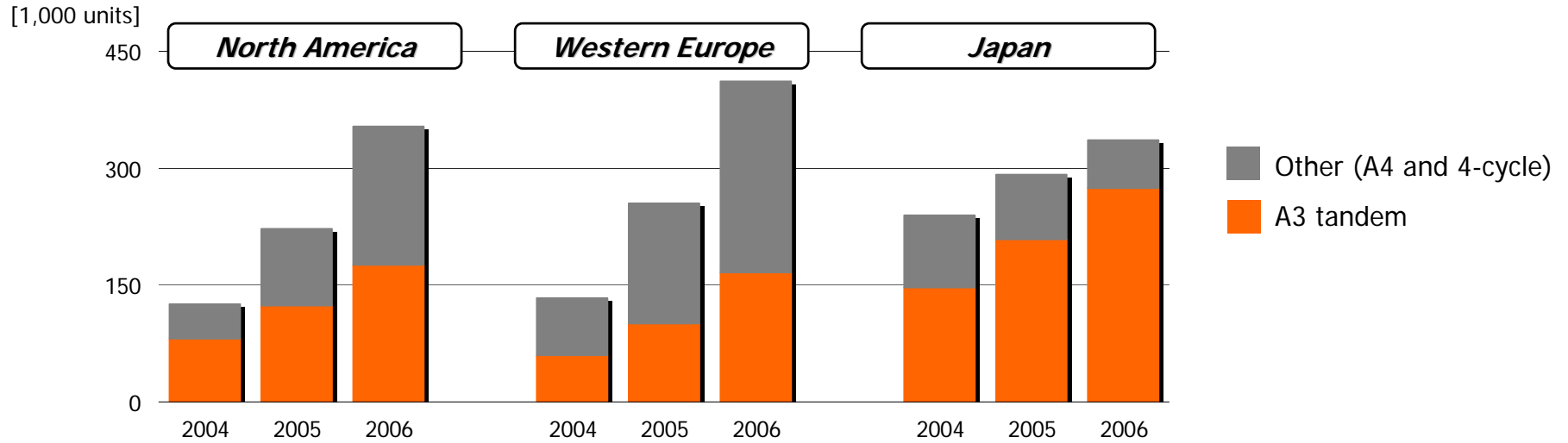
■ Solutions

- Develop and promote solution business focusing on the applications centered on color MFPs/LBPs

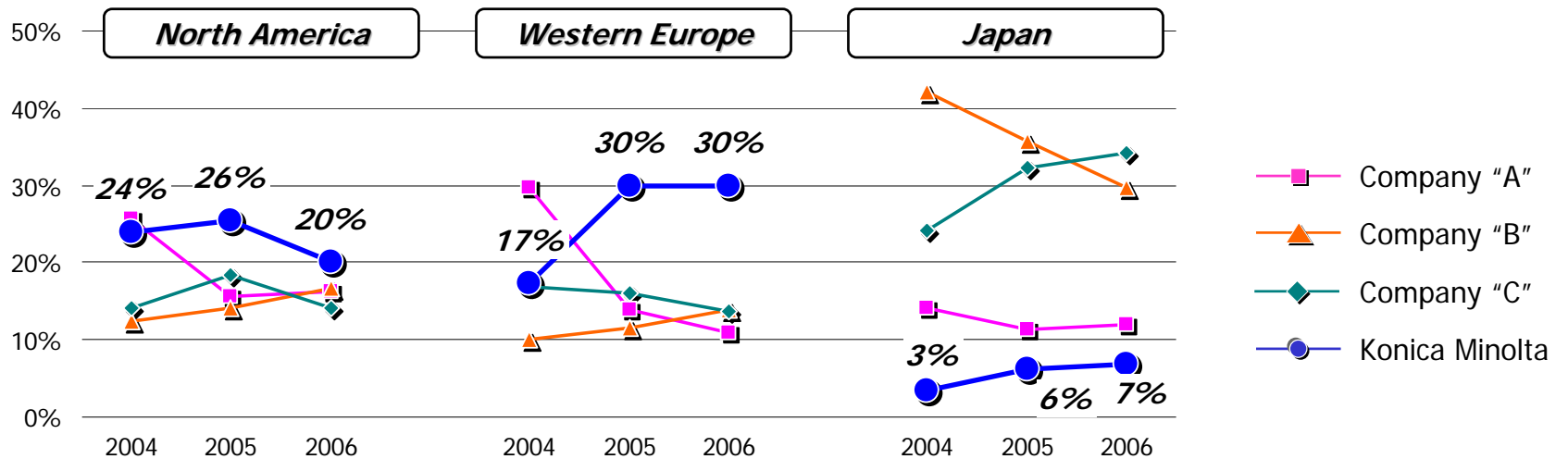
[Ref.] Color MFP market share – worldwide -



■ Composition of color MFP market and trend (units)



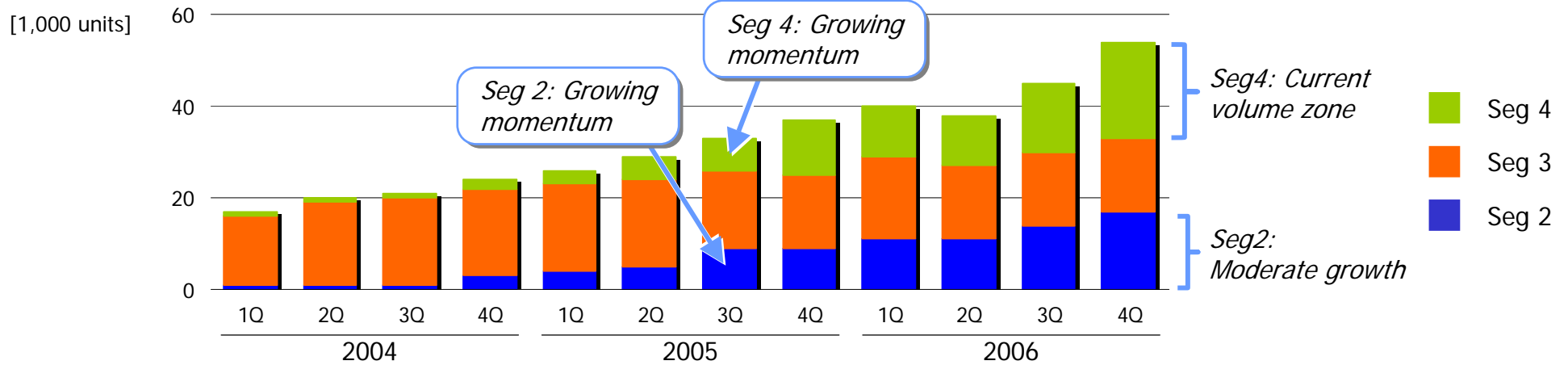
■ Market share – Color MFP; A3-paper size tandem type



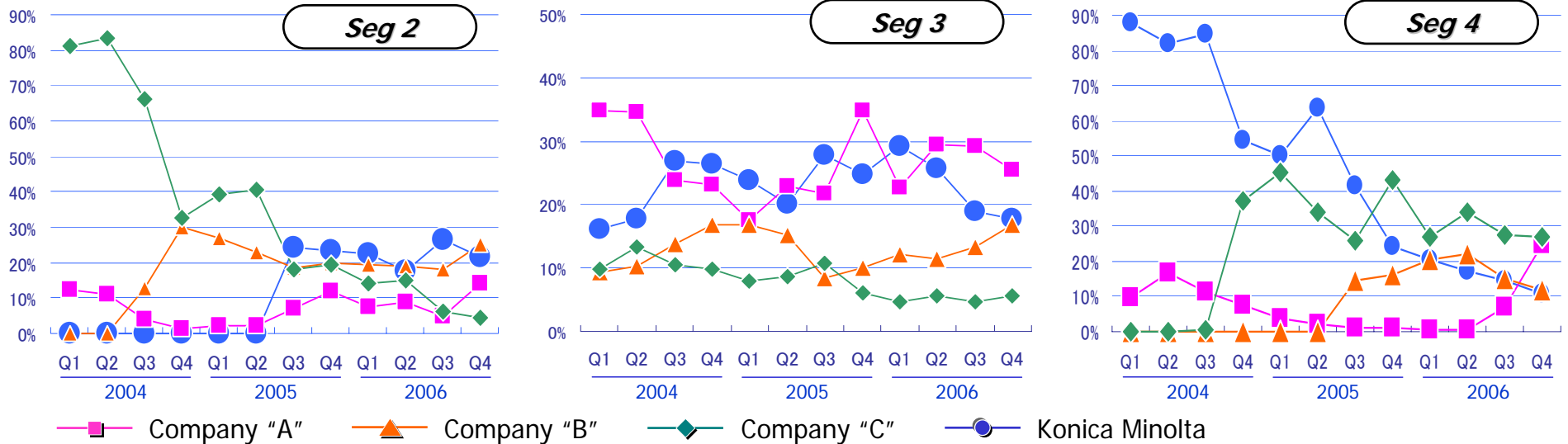
[Ref.] US: Color MFP market share – segment -



A3 tandem color MFP – Market composition



A3 tandem color MFP –Market share

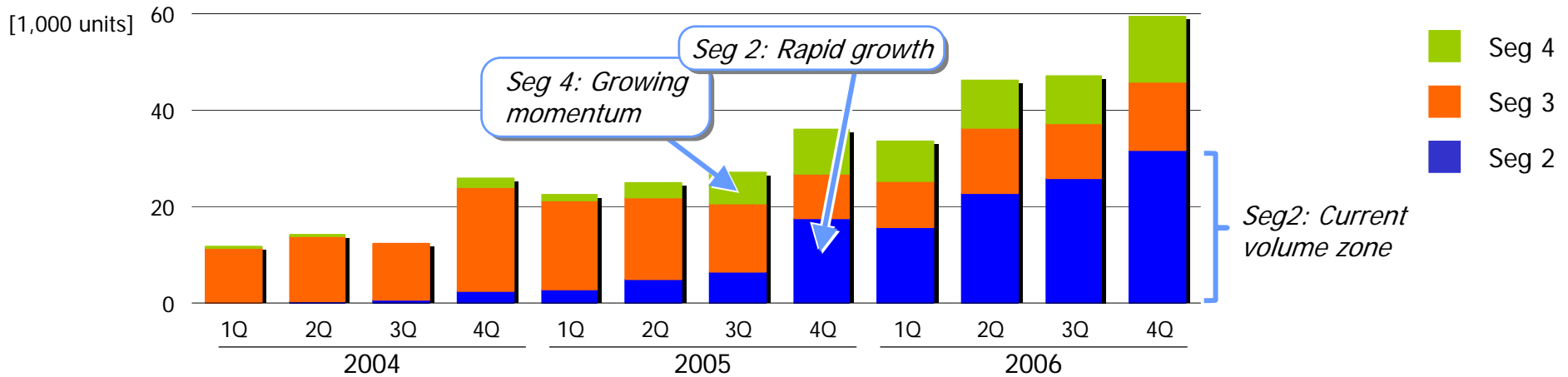


[Ref.] Europe: Color MFP market share – segment -

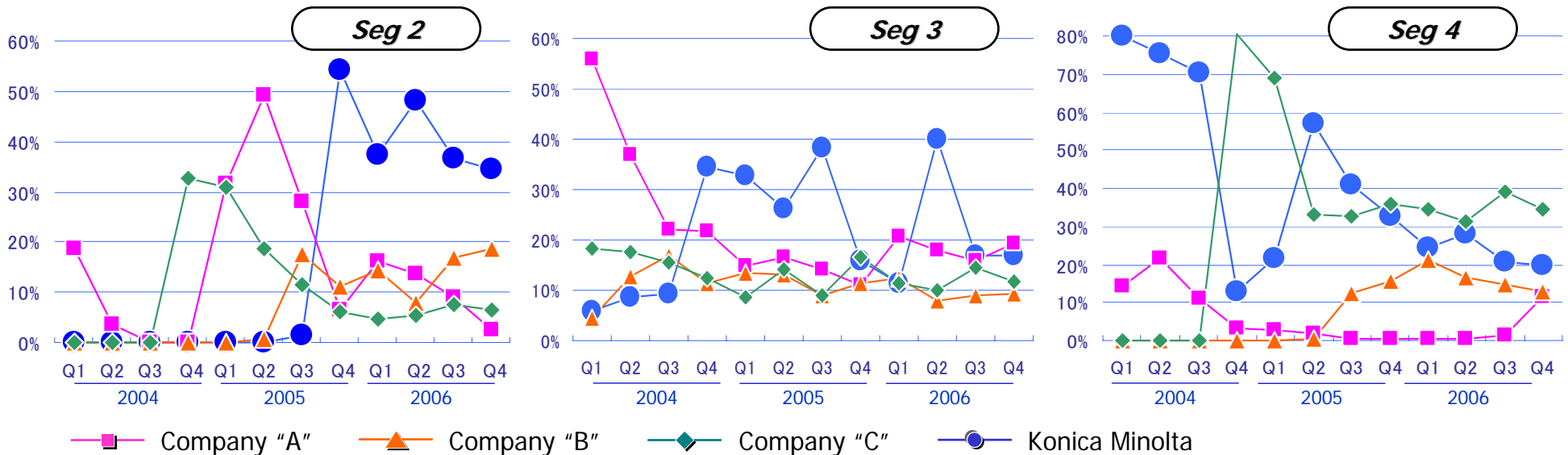


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A3 tandem color MFP – Market composition



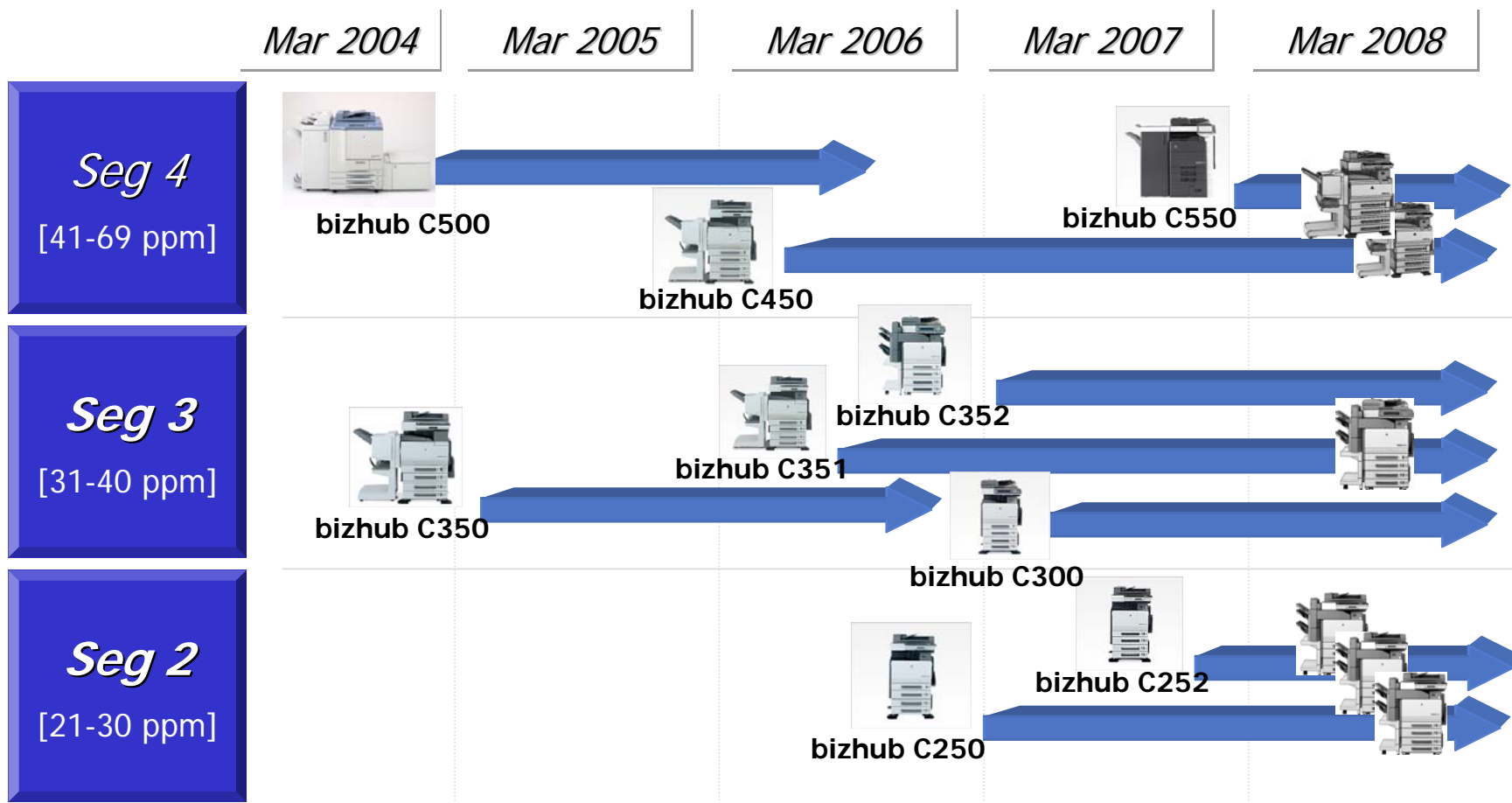
A3 tandem color MFP –Market share



Company "A" Company "B" Company "C" Konica Minolta

[Ref.] Konica Minolta's office-use color MFP lineup - time series/segment -

-- March 2008 --
Further strengthen tandem color models in Seg.2 and Seg.4



Optics

■ TAC film

- Promote high-function films to expand operations in the LCD television market

■ Optical pickup lenses

- Solidify a dominant share in the next-generation DVD pickup lens market

■ Glass substrates for hard disk drives

- Increase production capabilities in overseas

■ Micro camera units for mobile phones

- Establish overwhelming cost competitiveness

Medical and Graphic Imaging

■ **Medical**

- Strengthen digital equipment sales and marketing focusing on independent physicians and overseas markets

■ **Graphic**

- Quickly establish an operational base for CTP business in US

Expand business into the fields adjacent to current core businesses



Leverage core business bases and technological resources to expand the scope of operations

Business Technologies

- Solution business
 - IT remote care service
 - Document professional service

Optics

- New high-function films
- Next-generation memory devices technologies

Medical

- Digital image-based diagnosis support business

Core technologies to generate new business in the future

- **Organic electronics technology**
 - Organic EL (Electro Luminescence) materials for light source
- **Atmospheric-pressure plasma technology**
 - Ultra hard coating processing
- **μ TAS technology (Micro Total Analysis Systems)**
 - New medical fields
- **Super inkjet technology**
 - Industrial manufacturing devices

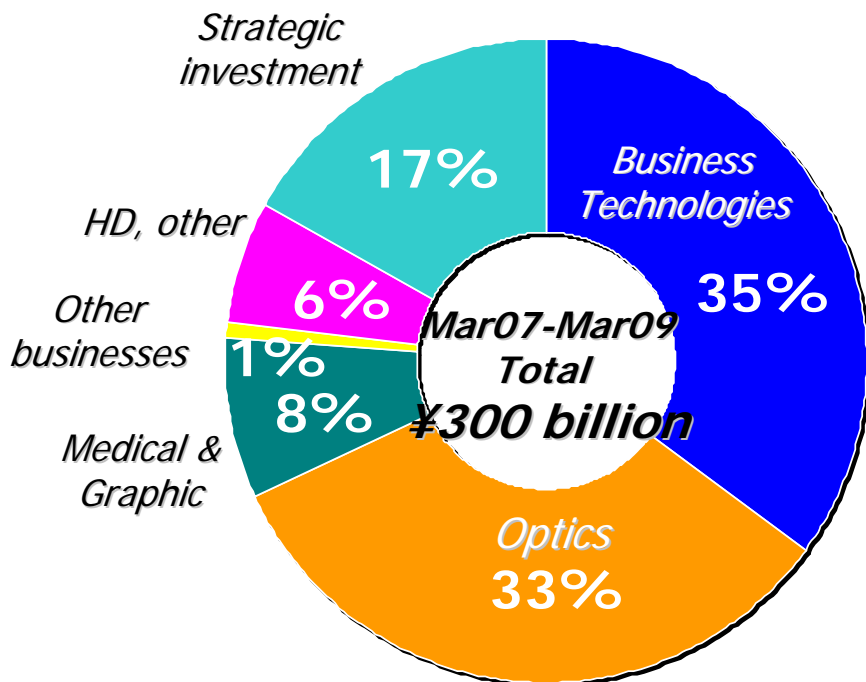


Investment plan

Proactively promote capital investment aiming for the Group's growth and expansion focusing on Business Technologies and Optics businesses

Investments and loans

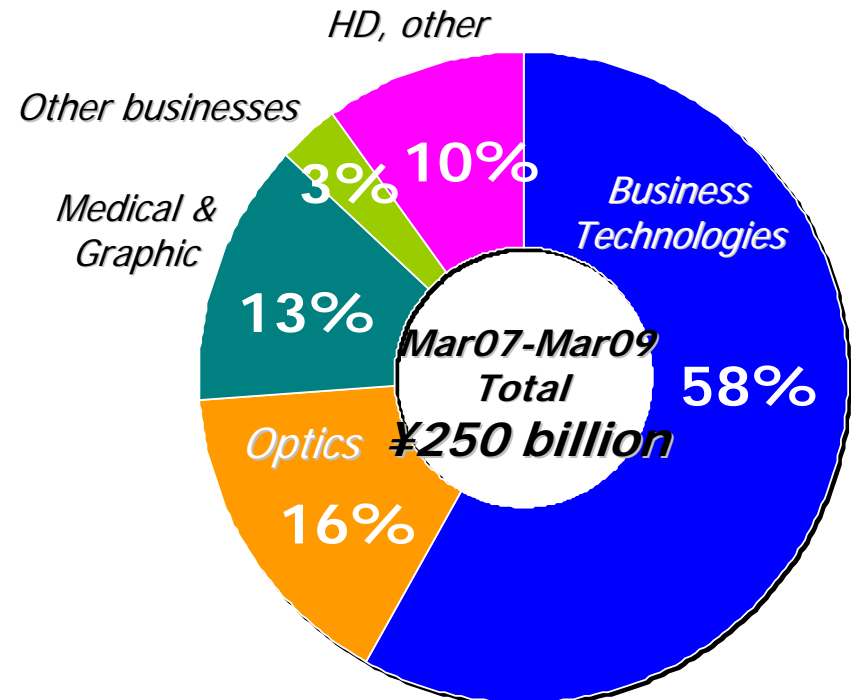
- Mar07-Mar09: Total 300 billion yen (including a follow-up 70 billion yen)



The essentials of imaging

R&D expenditures

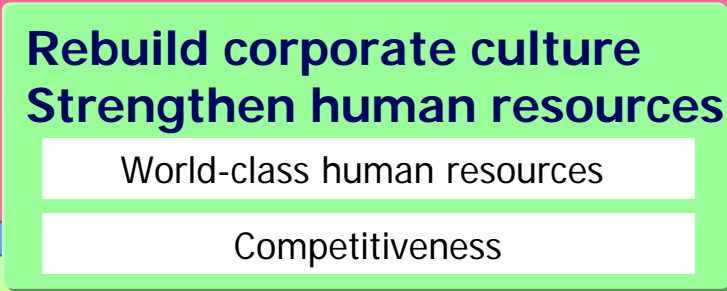
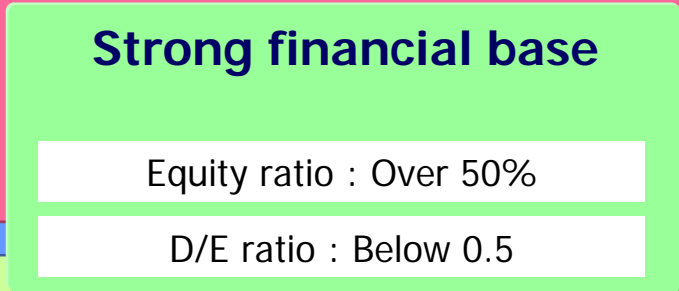
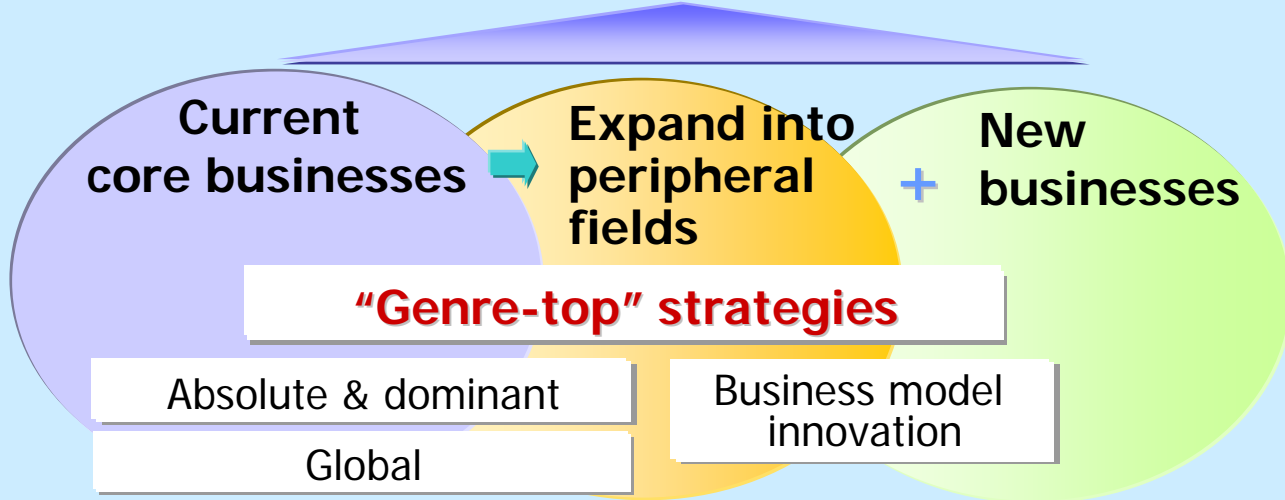
- Mar07-Mar09: Total 250 billion yen (maintaining an 8% level to net sales)





Further strengthen corporate structure

-- Maximize Corporate Value --
Growth strategy



Reinforce business base

CSR

Strengthen corporate structure

Supplementary Information

[Reference] Consolidated results: Jan-Mar 2007



[Billions of yen]

	Jan-Mar 2007	Jan-Mar 2006	Y-O-Y (%)
Net sales	283.0	275.4	3%
Gross income	136.3	124.7	9.0%
<i>Gross income ratio</i>	48.2%	45.3%	
Operating income	33.7	17.4	94%
<i>Operating income ratio</i>	11.9%	6.3%	
Ordinary income	28.3	12.5	126%
Net income before taxes	26.6	-72.3	--
Net income	32.4	-68.3	--
<i>Net income ratio</i>	11.5%	--	
CAPEX	12.4	18.2	-32%
Depreciation	15.2	13.4	13%
R&D	19.0	18.7	2%
FCF	5.0	26.0	-81%
FOREX [P/L] [Yen] USD	119.52	116.94	--
Euro	156.50	140.70	--

[Reference] Consolidated results – segment : Jan-Mar 2007

[Billions of yen]

Net sales

	Jan-Mar 2007	Jan-Mar 2006	Y-O-Y (%)
Business Technologies	184.7	166.4	11%
Optics	37.7	29.3	29%
Medical & Graphic	46.6	43.0	9%
Other businesses	4.7	3.1	54%
Sub total	273.9	241.7	13%
Photo Imaging	6.8	31.0	-78%
HD and eliminations	2.4	2.7	-11%
Group total	283.0	275.4	3%

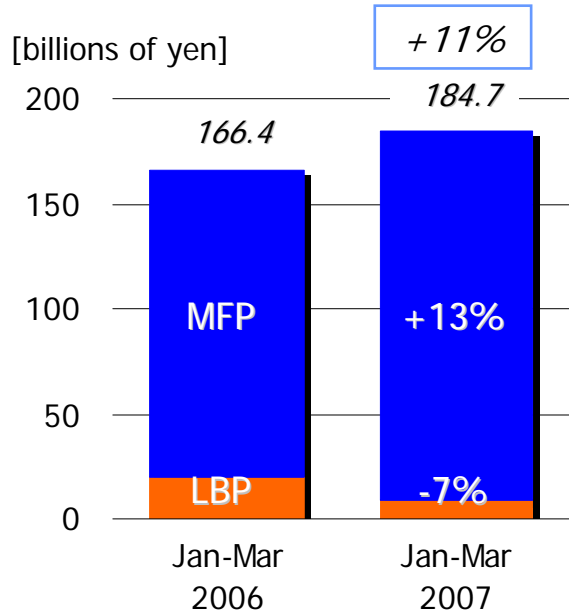
Operating income

	Jan-Mar 2007	Jan-Mar 2006	Y-O-Y (%)
Business Technologies	25.4	19.3	31%
Optics	6.1	4.6	33%
Medical & Graphic	1.8	2.2	-19%
Other businesses	1.0	1.0	0%
Sub total	34.3	27.1	27%
Photo Imaging	0.6	-7.9	--
HD and eliminations	-1.3	-1.8	--
Group total	33.7	17.4	94%



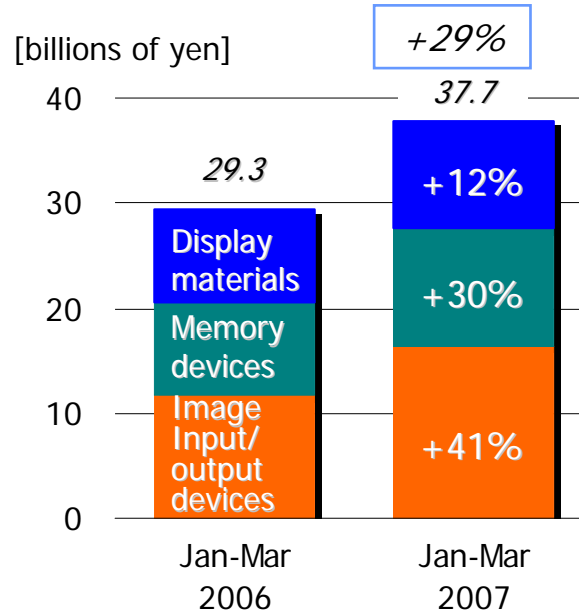
[Reference] Net sales – sub segment : Jan-Mar 2007

■ Business Technologies



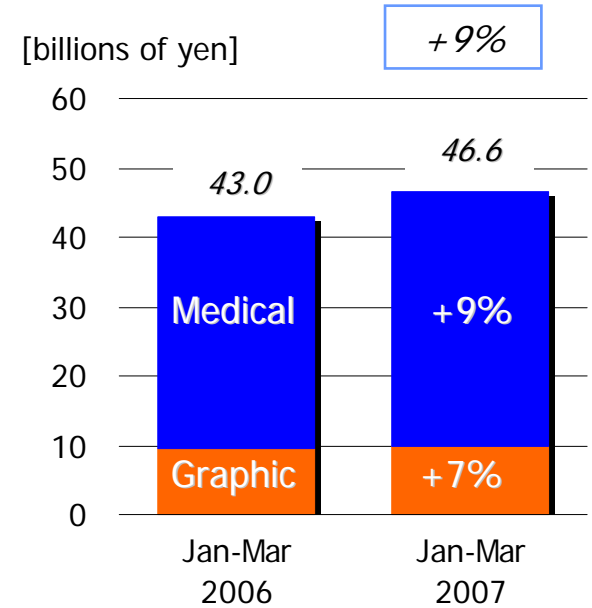
- **MFP unit sales Y-O-Y: +10%**
Color: +31%
B/W: +3%
(of which, production print: +30%)
- **LBP unit sales Y-O-Y: -20%**
Color: 0%
(of which, single-pass: -12%)
B/W: -26%

■ Optics



- **LCD materials unit sales Y-O-Y**
TAC film : +31%
- **Memory devices unit sales Y-O-Y**
Optical pickup lenses: -17%
Glass substrates for HD: +10%
- **Image input/output components unit sales Y-O-Y**
Mobile phone components: -7%
Lens units for DSC/VCR: +40%

■ Medical & Graphic Imaging



- **Medical**
X-ray film unit sales Y-O-Y: +8%
Digital input/output equipment unit sales Y-O-Y: +11%
- **Graphic**
Graphic-arts film unit sales Y-O-Y: +16%

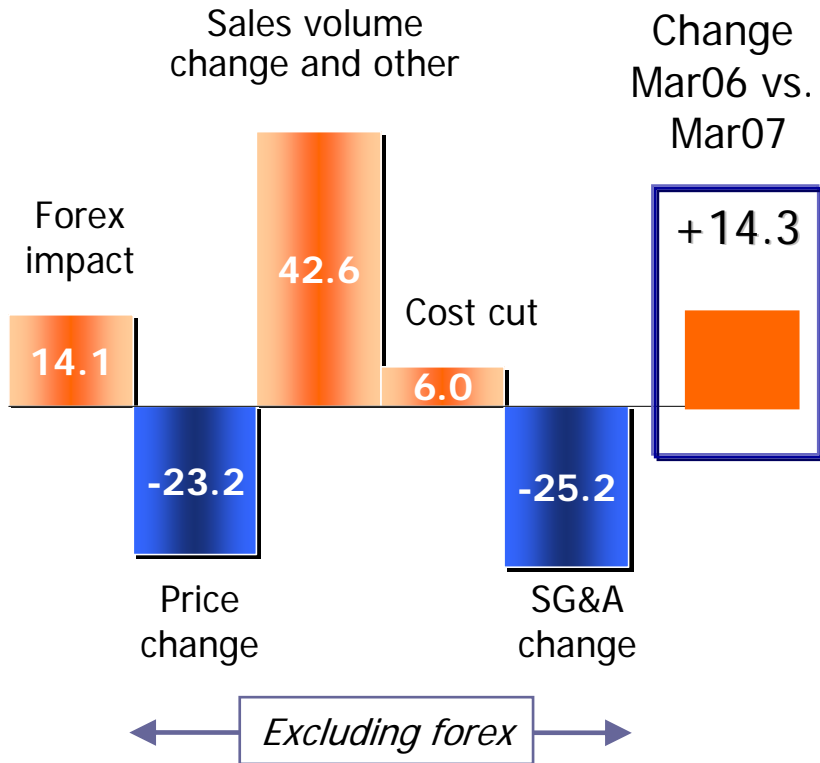


[Reference] Operating income analysis

[w/o Photo Imaging]

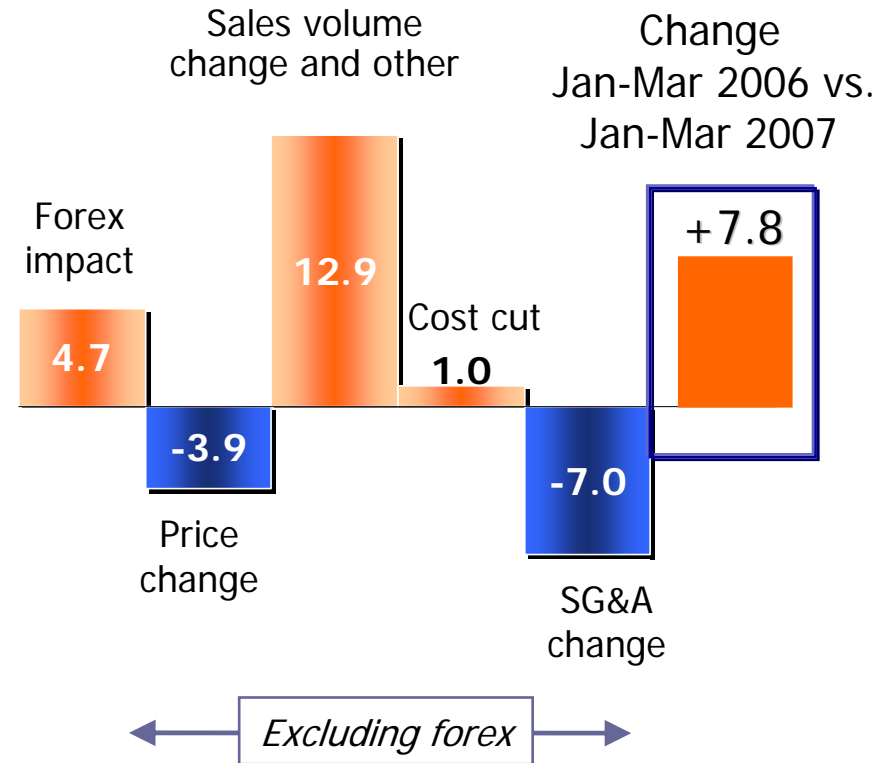
Mar 2007 – full year

[billions of yen]



Jan-Mar 2007

[billions of yen]



[Reference] SG&A

[Billions of yen]

	Mar07 Full year	Mar06 Full year	Y-O-Y
Sales expenses	62.0	77.9	-15.9
R&D	72.0	67.0	4.9
Salaries and wages	157.5	161.3	-3.9
Other	99.5	103.6	-4.0
SG&A total	390.9	409.8	-18.9

Forex impact:

Mar 2007 Full year: +10.9 billion yen (Actual: -29.8 billion yen)

[Reference] Non-operating profit/loss

[Billions of yen]

	Mar07 Full year	Mar06 Full year	Y-O-Y
Interest and dividend income	2.3	1.8	0.6
Foreign exchange gain	3.4	5.4	-2.0
Other	8.9	7.7	1.2
Non-operating income	14.7	14.9	-0.2
Interest expenses	5.1	5.4	-0.3
Foreign exchange loss	--	--	--
Loss on revaluation/disposal of inventories	7.1	7.5	-0.5
Other	8.4	8.5	-0.1
Non-operating expenses	20.6	21.5	-0.9
Non-operating income/expenses	-5.9	-6.6	0.7

[Reference] Extraordinary profit and loss

[Billions of yen]

	Mar07 Full year	Mar06 Full year	Y-O-Y
Gain on sales of fixed assets	7.3	1.3	6.0
Gain on sales of investment securities and subsidiaries' securities	4.0	2.1	1.9
Reversal of allowance for doubtful receivables	0.5	0.0	0.5
Gain on sales of investments	0.1	0.0	0.1
Extraordinary profits	11.8	3.4	8.5
Loss on disposal/sales of fixed assets	2.8	3.7	-0.9
Loss on sales of investment securities and subsidiaries' securities	0.7	0.4	0.3
Impairment loss and loss due to exiting business	1.6	100.8	-99.2
Provisioning of special outplacement program	0.0	6.5	-6.5
Amortization of consolidated goodwill (Lump-sum)	0.0	2.4	-2.4
Other	0.0	2.4	-2.4
Extraordinary losses	5.1	116.1	-111.1
Extraordinary profits/losses	6.8	-112.8	119.6

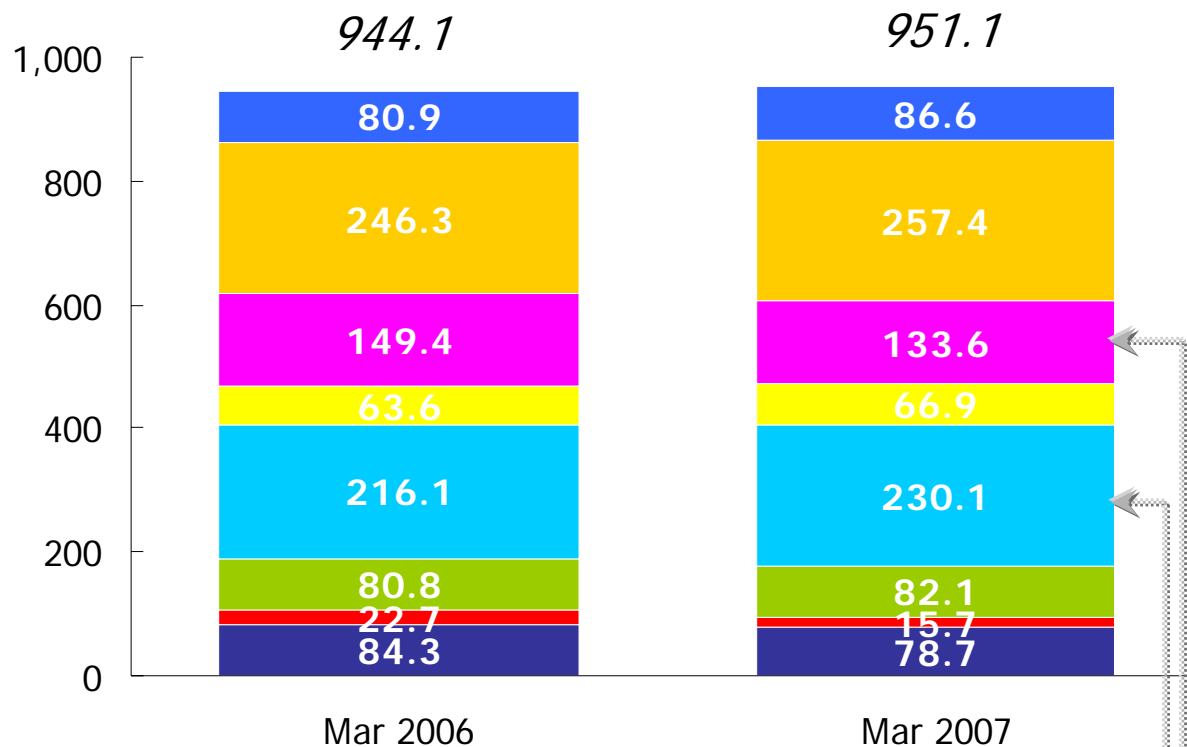
[Reference] Cash Flows



	[Billions of yen]		
	Mar07	Mar06	
	Full year	Full year	Y-O-Y
Income before income taxes	104.9	-35.9	
Depreciation and amortization	52.7	51.2	
Amortization of consolidated goodwill	--	5.6	
Amortization of goodwill	6.5	--	
Increase (decrease) of allowance for exiting Photo Imaging business	-30.0	--	
Payment for dissolution of business	--	96.6	
Increase (decrease) of working capital, other	13.2	-2.6	
Income tax paid	-22.2	-30.2	
Other	-58.4	-5.8	
I. Net cash provided by operating activities	66.7	78.9	-12.2
II. Net cash outflow from investing activities	-56.4	-43.1	-13.3
I. + II. Free cash flow	10.3	35.8	-25.5
Increase (decrease) in debts and bonds	-4.9	-14.1	
Dividends paid	-0.0	-2.7	
Other	-0.3	-0.1	
III Net cash outflow from financing activities	-5.2	-16.9	11.7

[Reference] B/S - Assets

[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2006	Mar 2007
US\$	117.47	118.05
Euro	142.81	157.33

- Cash and deposits
- Notes and A/R
- Inventories
- Other current assets
- Tangible fixed assets
- Consolidation goodwill
- Other intangible fixed assets
- Investments and others

*Mar 2006 vs. Mar 2007: + 7.0 billion yen
Of which, forex impact: + 14.4 billion yen
(Actual change: - 7.4 billion yen)*

Due to Photo Imaging's business termination

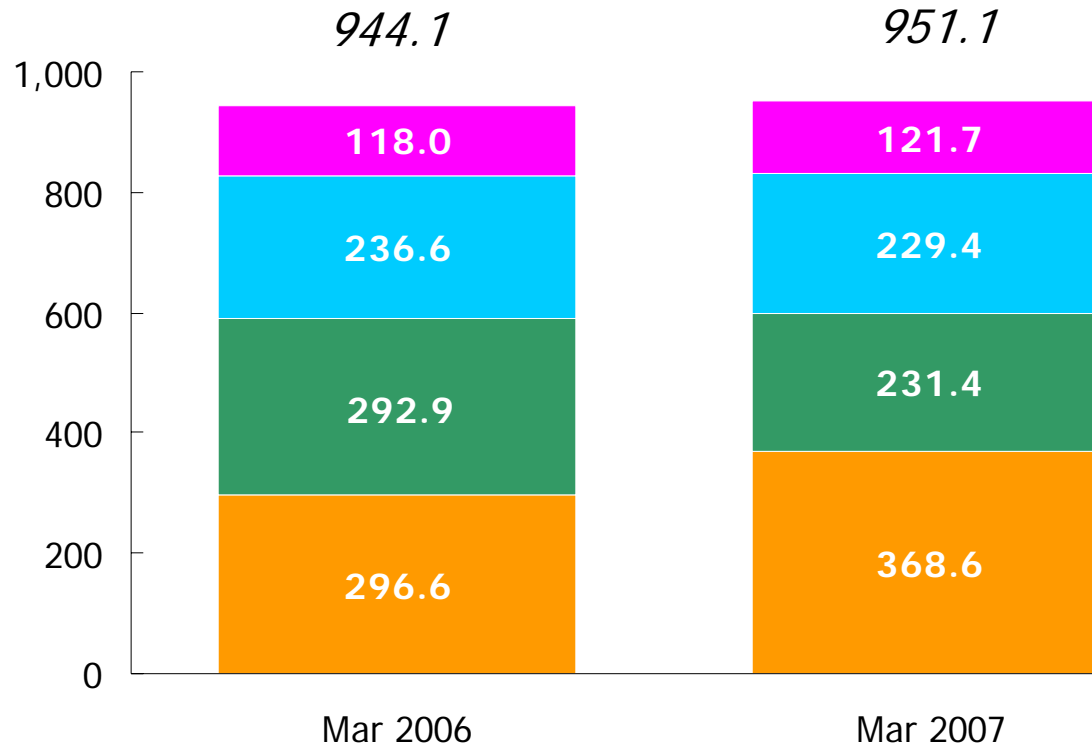
New TAC film and polymerized toner production facilities

[Reference] B/S – Liabilities and shareholders' equity



KONICA MINOLTA

[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2006	Mar 2007
US\$	117.47	118.05
Euro	142.81	157.33

- Notes and A/P
- Interest bearing debts
- Other current liabilities
- shareholders' equity

Due to a decrease of allowance for restructuring of Photo Imaging business

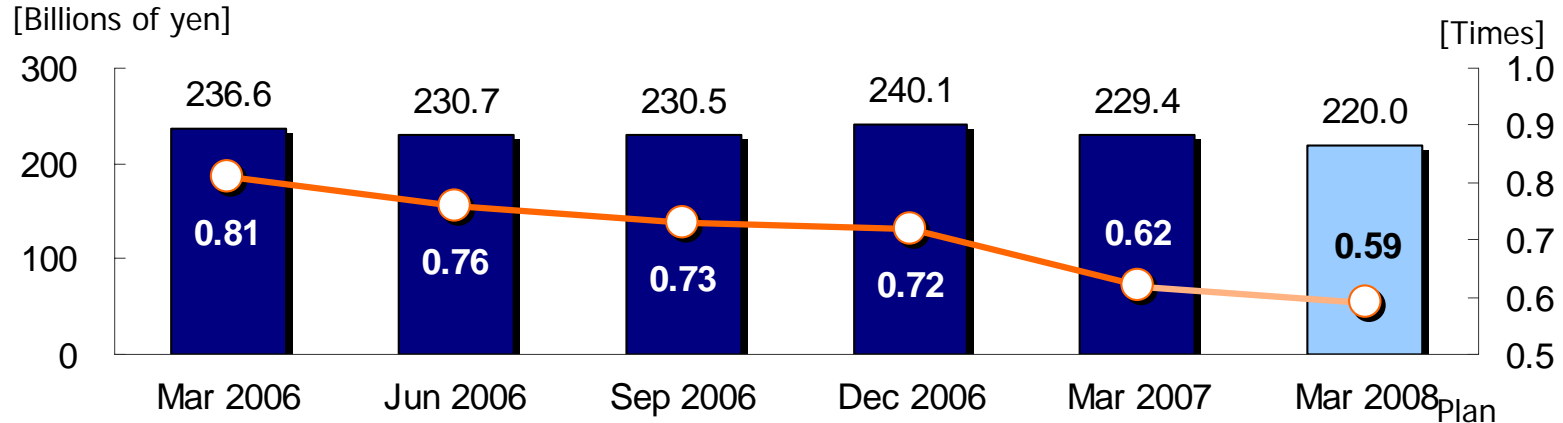
*Shareholders' equity:
Mar 2006 vs. Mar 2007
31.1% → 38.6%*

*Mar 2006 vs. Mar 2007: + 7.0 billion yen
Of which, forex impact: + 14.4 billion yen
(Actual change: - 7.4 billion yen)*



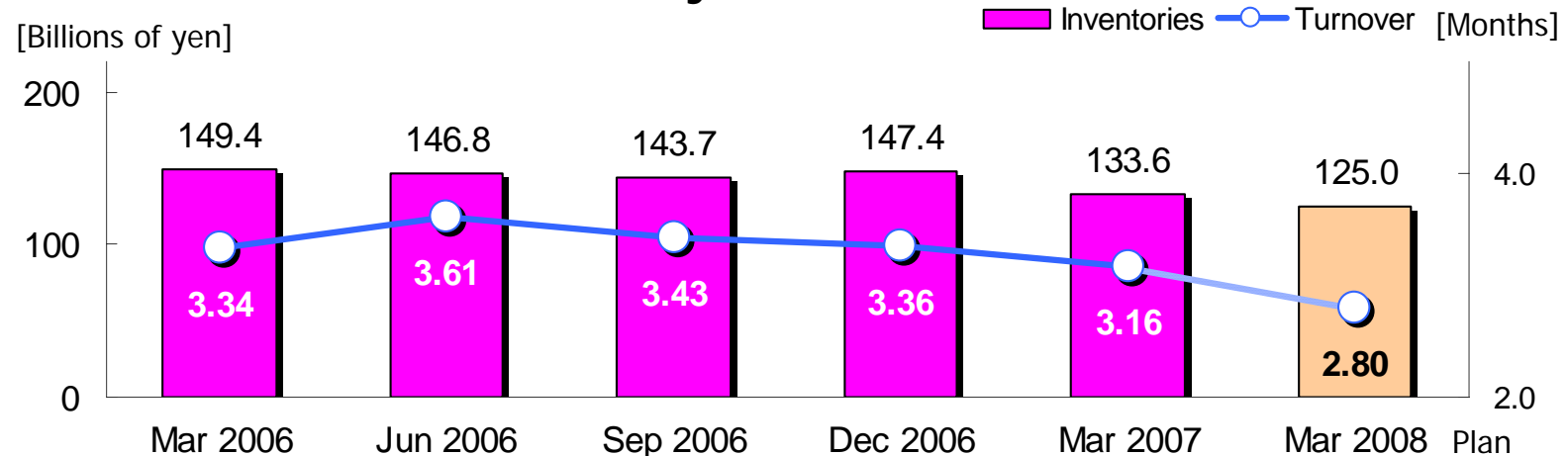
[Reference] Interest bearing debts and inventories

Interest-bearing debts



D/E ratio = Interest-bearing debts at year-end / Shareholders' equity at year-end

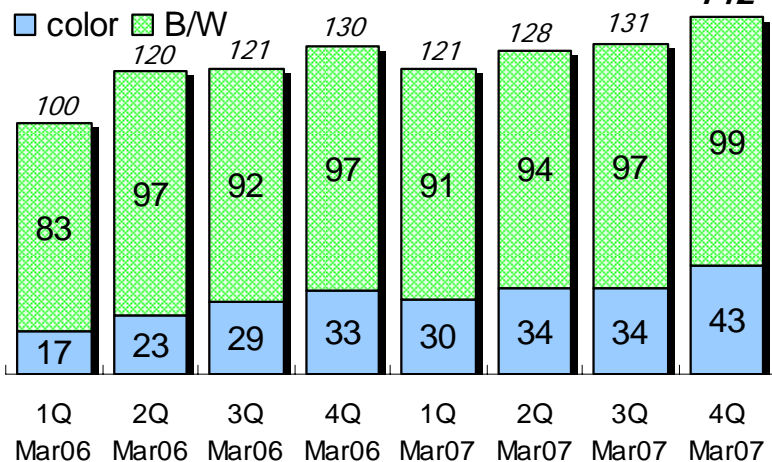
Inventories and inventory turnover



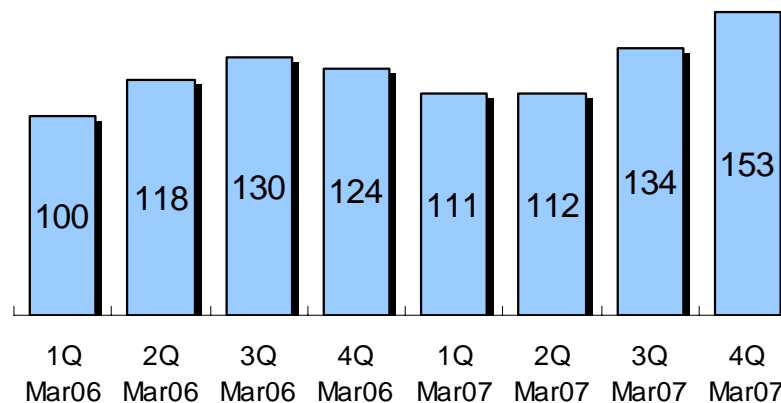
Inventory turnover (months) = Average inventories / Average cost of sales per month

[Reference] Unit sales – Business Technologies

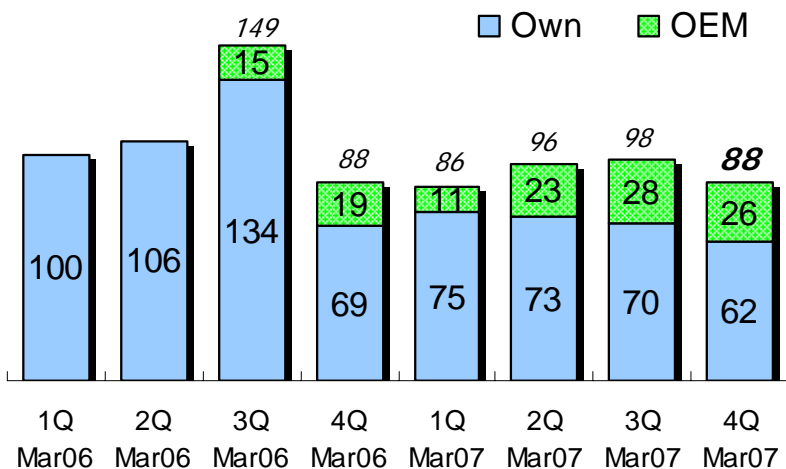
MFP



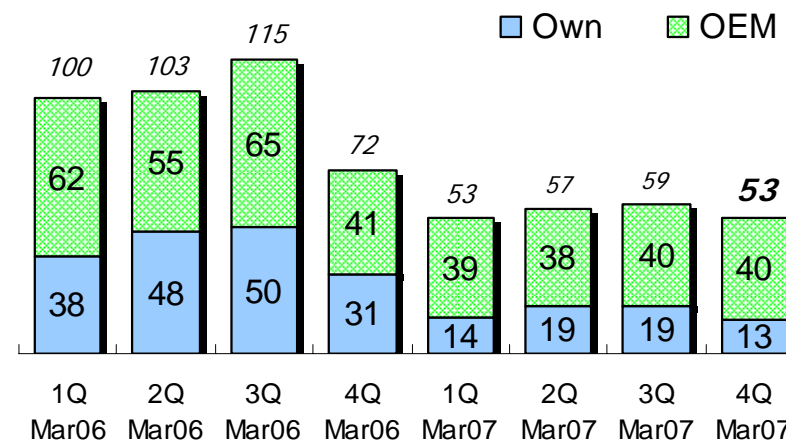
Production printing (Color and B/W)



Color LBP



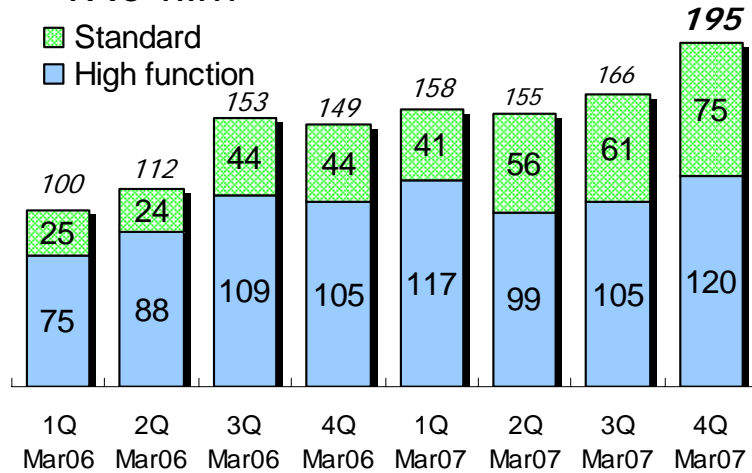
B/W LBP



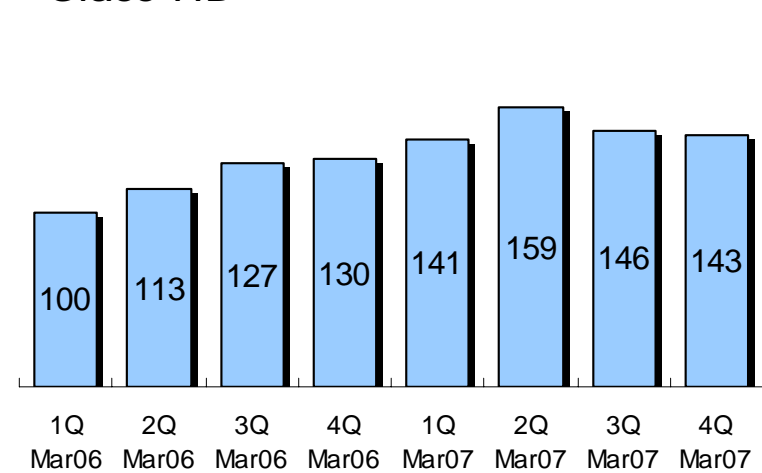
* Base index : "1Q Mar06" = 100

[Reference] Unit sales – Optics

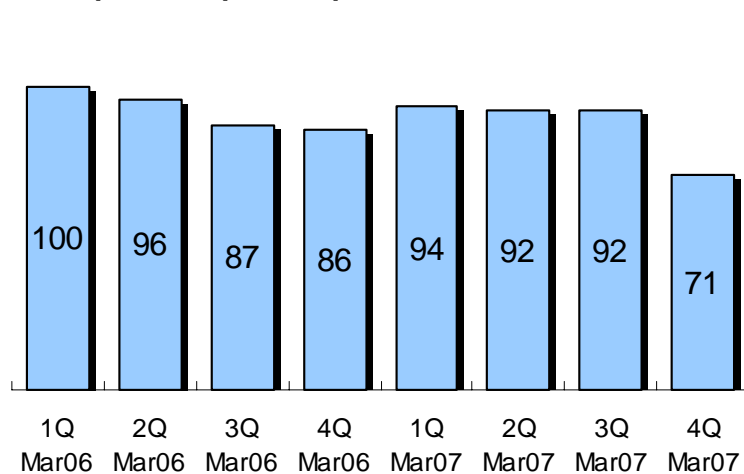
■ TAC film



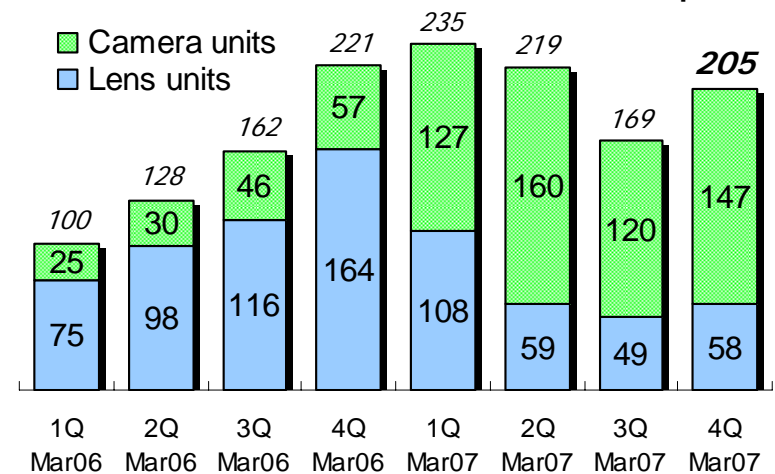
■ Glass HD



■ Optical pickup lens



■ Lens/camera units for mobile phones

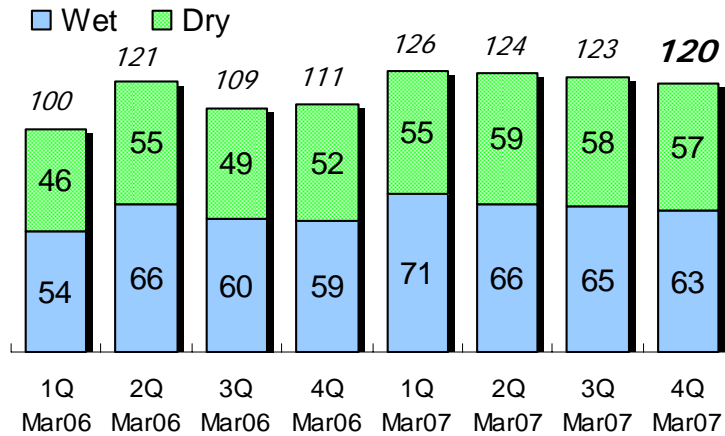


* Base index : "1Q Mar06" = 100

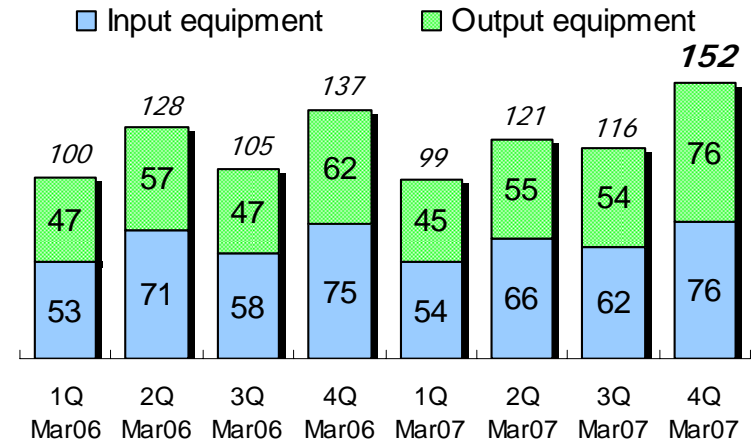
[Reference] Unit sales – Medical & Graphic



■ Medical film (dry & wet)



■ Image input/output equipment



* Base index : "1Q Mar06" = 100