

Konica Minolta Group

1Q / March 2008 Consolidated Financial Results

Three months: Apr. - Jun. 2007

August 2, 2007

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Konica Minolta Holdings, Inc.

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.

Consolidated results - Summary

● **Net Sales:** Upward trend

- Recovered from downward trend caused by the Photo Imaging business exit.
- Up 5% Y-O-Y (up 12% excluding Photo Imaging).

● **Operating Income:** Solid profit growth

- Marked an increase Y-O-Y, despite the concerns about lower results at the beginning of the period.
- Up 11% Y-O-Y; Up 24% vs. plan

■ **Business Technologies**

- Good performance mainly due to robust sales of newly launched color MFPs, supporting the Group's revenues and profit growth.
- Net sales --- Up 15% Y-O-Y, Operating income --- Up 33% Y-O-Y.

■ **Optics**

- Solid results despite the weaker forecast of supply/demand balance.
- Net sales and operating income exceeded the plan.

■ **Medical & Graphic**

- Operating income dropped due to the soaring price of silver and a rise in R&D expenses.
- Plan to regain profitability by strengthening new products sales in the remaining fiscal year.

● **Earnings forecasts:** Not revised

- Earnings forecasts (interim and full-year) announced on May 10, 2007 have not been revised.
- May be revised appropriately considering the progress of the 2Q performance.

Consolidated results - Highlights



	[a]	[b]		[c]	[Billions of yen]
	1Q / Mar08	1Q / Mar07	Y-O-Y	1Q / Mar08	[a] / [c]
	Actual	Actual	(%)	Plan	Completion
					(%)
Net sales	252.4	241.3	5%	243.0	104%
Gross income	126.0	118.1	7%		
<i>Gross income ratio</i>	<i>49.9%</i>	<i>49.0%</i>	--		
Operating income	24.7	22.2	11%	20.0	124%
<i>Operating income ratio</i>	<i>9.8%</i>	<i>9.2%</i>	--		
Ordinary income	27.7	21.5	29%		
Net income before taxes	27.5	22.3	23%		
Net income	16.1	10.6	53%		
<i>Net income ratio</i>	<i>6.4%</i>	<i>4.4%</i>	--		
			Y-O-Y		Y-O-Y
FOREX [Yen] USD	120.78	114.50	6.28	115.00	5.87
EUR	162.72	143.78	18.94	150.00	12.72
EPS [Yen]	30.40	19.89	53.0%		
ROE [full year]	16.7%	14.0%	--		
CAPEX	22.8	17.0	34%		
Depreciation	13.9	12.0	16%		
R&D	18.7	16.7	12%		
FCF	1.7	-8.2	--		

[NOTE] 1Q / Mar08 Plan: Announced on May 10, 2007

Consolidated results – Segment



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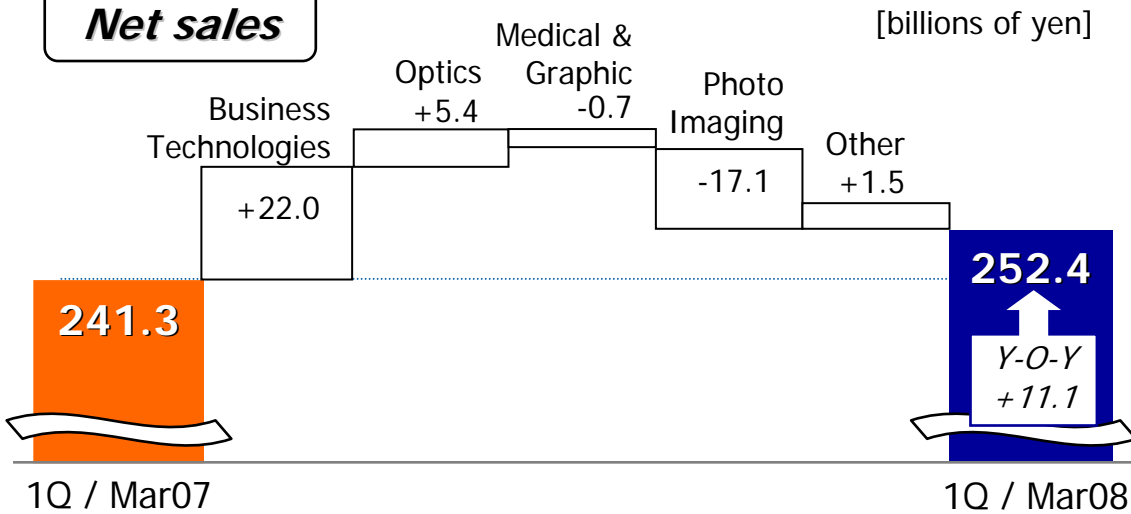
Net sales	[Billions of yen]				
	[a]	[b]		[c]	[a] / [c]
	1Q / Mar08	1Q / Mar07	Y-O-Y	1H / Mar08	Completion
	Actual	Actual	(%)	Plan	(%)
Business Technologies	172.8	150.8	15%	330.0	52%
Optics	37.5	32.1	17%	75.0	50%
Medical & Graphic	35.8	36.4	-2%	78.0	46%
Other businesses	3.8	3.4	12%	9.0	42%
Sub total	249.8	222.7	12%	492.0	51%
Photo Imaging	--	17.1	--	--	--
HD and eliminations	2.6	1.4	78%	4.0	64%
Group total	252.4	241.3	5%	496.0	51%

Operating income	[Billions of yen]				
	[a]	[b]		[c]	[a] / [c]
	1Q / Mar08	1Q / Mar07	Y-O-Y	1H / Mar08	Completion
	Actual	Actual	(%)	Plan	(%)
Business Technologies	21.4	16.1	33%	37.0	58%
Optics	4.7	5.2	-9%	11.0	43%
Medical & Graphic	1.3	2.7	-52%	5.5	24%
Other businesses	0.4	0.4	16%	1.5	29%
Sub total	27.9	24.4	14%	55.0	51%
Photo Imaging	--	-0.3	--	--	--
HD and eliminations	-3.2	-1.9	--	-7.0	--
Group total	24.7	22.2	11%	48.0	52%

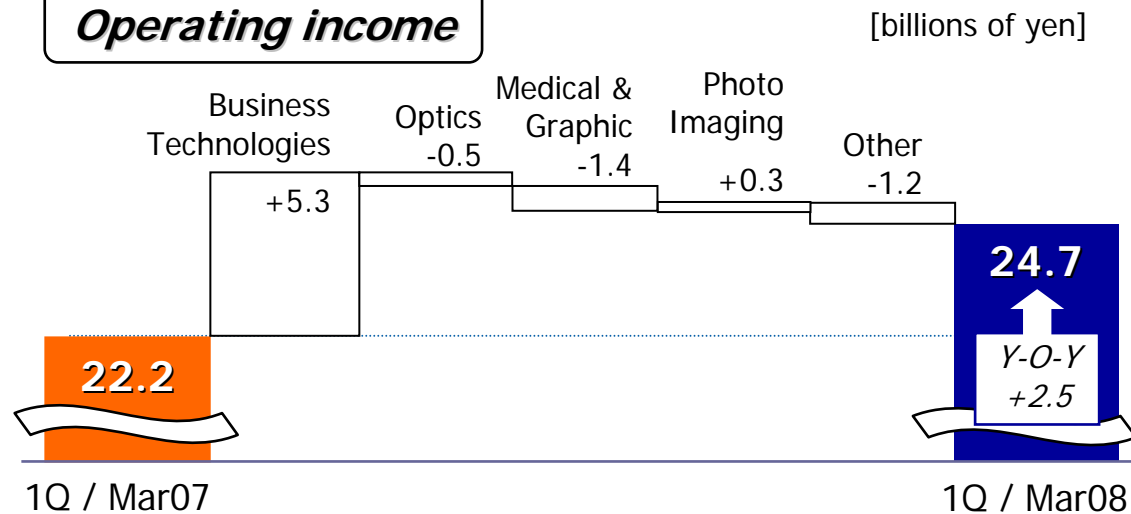


Changes in net sales and operating income

Net sales



Operating income



Note: Regarding Photo Imaging, no revenues and profits posted due to business termination from this quarterly fiscal period.

Net sales:

Up 11.1 billion yen (+ 5%)

- **Business Technologies:** Robust sales due to high-seg. color MFP's (bizhub C550, bizhub Pro C6500) favorable sales.
- **Optics:** Strong revenue growth mainly due to favorable sales of optical pickup lenses for next-generation DVDs and micro-camera modules for camera-equipped mobile phones.
- **Medical & Graphic:** Same level Y-O-Y, offsetting lower X-ray film sales with digital equipment sales expansion.

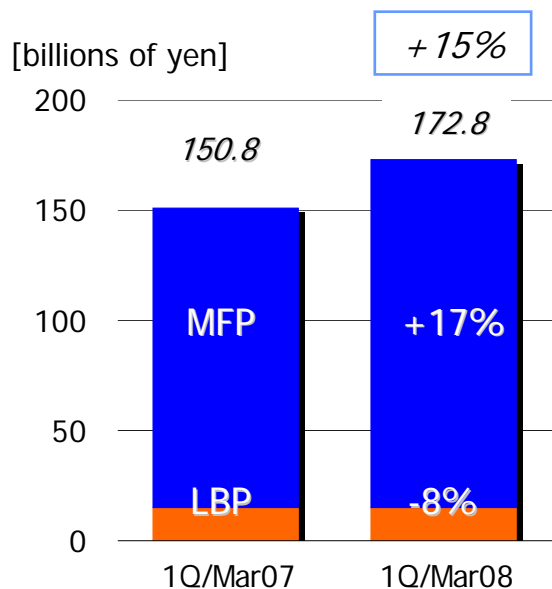
Operating income:

Up 2.5 billion yen (+11%)

- **Business Technologies:** Profit growth due to high-speed color MFP's robust sales and consumables ratio improvement.
- **Optics:** TAC film's profit decreased due to the impact of downward pressure on prices and the rising depreciation expenses stemming from the production capacity expansion. Profits in other sub-segments increased.
- **Medical & Graphic:** Profit decreased due to rising R&D expenses for new products and soaring silver prices.

Net sales - Sub segment

Business Technologies



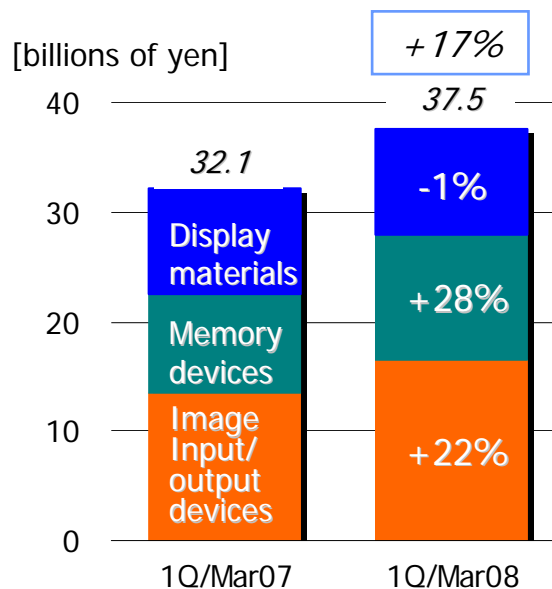
MFP unit sales Y-O-Y: +8%

Color: +19%
 B/W: +5%
 (of which, production print: +21%)

LBP unit sales Y-O-Y: -21%

Color: -28%
 (of which, single-pass: -24%)
 B/W: -18%

Optics



LCD materials unit sales Y-O-Y

TAC film : +20%

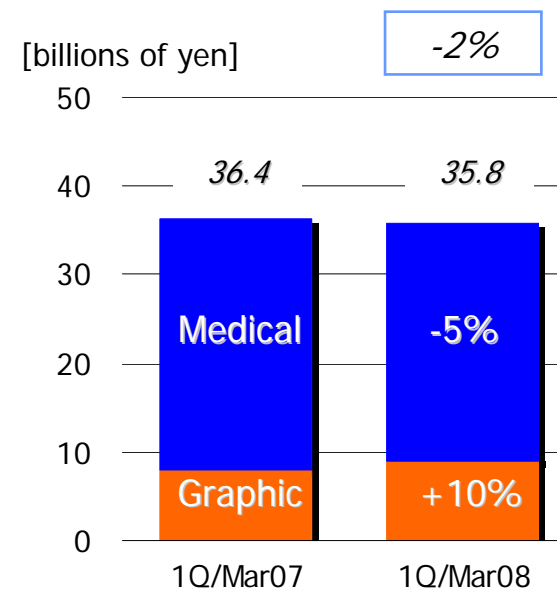
Memory devices unit sales Y-O-Y

Optical pickup lenses: -25%
 Glass substrates for HD: -6%

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

Mobile phone components: -1%

Medical & Graphic Imaging



Medical

X-ray film unit sales Y-O-Y: -4%
 Digital input/output equipment unit sales Y-O-Y: +5%

Graphic

Graphic-arts film unit sales Y-O-Y: +8%

New products introduced in 1Q / Mar08

■ Business Technologies

-- Two products in high-speed color MFP segment

Main features:

- ✓ High-quality images and high productivity achieved through the use of the newly developed polymerized toner and tandem engines.
- ✓ Latest network and security functions.
- ✓ Equipped with the "bizhub Open Platform" – designed for various office network environment.



bizhub C451
[45 ppm color and B/W]



bizhub C650
[50 ppm color and 65 ppm B/W]

■ Medical & Graphic

-- New CR systems designed for clinics

Main features:

- ✓ Compact body suitable for small-scale facilities.
- ✓ Simple and easy operation.
- ✓ Additional all-in-one system equipment that incorporates console and viewer/filing functions.



REGIUS MODEL 110



REGIUS unitea

Forecasts - Consolidated results

Performance forecasts have not been revised since the original announcement on May 10, 2007.



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	[Billions of yen]			
	Forecasts		Actual	
	1H/Mar08	FY/Mar08	1H/Mar07	FY/Mar07
Net sales	496.0	1,045.0	494.0	1,027.6
Operating income	48.0	105.0	46.3	104.0
<i>Operating income ratio</i>	<i>9.7%</i>	<i>10.0%</i>	<i>9.4%</i>	<i>10.1%</i>
Ordinary income	42.0	93.0	44.9	98.1
Net income before taxes	39.5	88.5	47.9	104.9
Net income	20.5	47.5	22.5	72.5
<i>Net income ratio</i>	<i>4.1%</i>	<i>4.5%</i>	<i>4.6%</i>	<i>7.1%</i>
FOREX [Yen] USD	115.00	115.00	115.38	117.02
EUR	150.00	150.00	145.97	150.09
CAPEX		70.0	33.8	64.0
Depreciation		67.0	24.6	52.7
R&D		83.0	34.8	72.0
FCF		20.0	0.2	10.3

Impact of exchange rate fluctuation to operating income if given ¥1 change (full year base):
 US\$ → ¥400 million. EUR → ¥750 million.



Forecasts - Consolidated results – Segment

Performance forecasts have not been revised since the original announcement on May 10, 2007.

[Billions of yen]

Net sales	Forecasts		Actual	
	1H/Mar08	FY/Mar08	1H/Mar07	FY/Mar07
Business Technologies	330.0	690.0	309.5	658.7
Optics	75.0	163.0	67.7	139.0
Medical & Graphic	78.0	165.0	76.0	158.7
Other businesses	9.0	19.0	7.4	16.0
Sub total	492.0	1,037.0	460.7	972.3
Photo Imaging	--	--	29.9	47.8
HD and eliminations	4.0	8.0	3.4	7.5
Group total	496.0	1,045.0	494.0	1,027.6

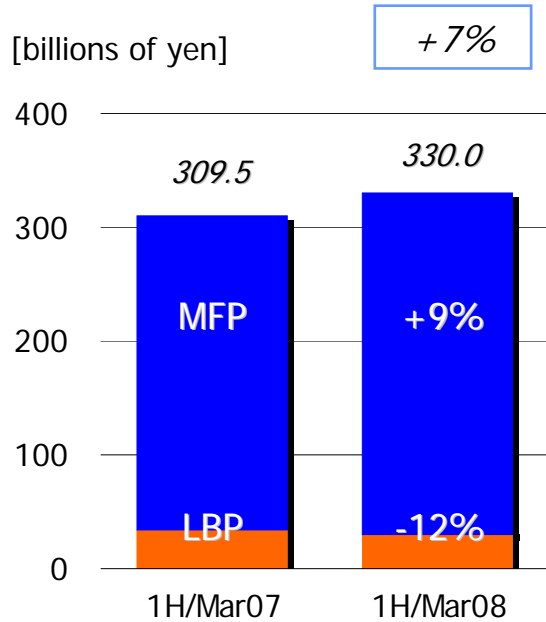
[Billions of yen]

Operating income	Forecasts		Actual	
	1H/Mar08	FY/Mar08	1H/Mar07	FY/Mar07
Business Technologies	37.0	83.0	34.1	80.0
Optics	11.0	23.0	10.7	21.0
Medical & Graphic	5.5	10.5	5.2	8.9
Other businesses	1.5	3.5	1.4	2.9
Sub total	55.0	120.0	51.3	112.8
Photo Imaging	--	--	-0.7	-0.8
HD and eliminations	-7.0	* -15.0	-4.3	-8.0
Group total	48.0	105.0	46.3	104.0



Forecasts – Sub segment – net sales/unit volume

Business Technologies



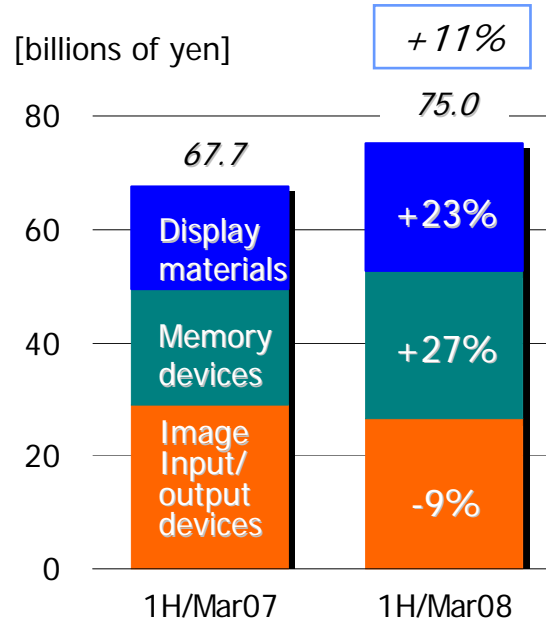
MFP unit sales Y-O-Y: +5%

Color: +25%
 B/W: 0%
 (of which, production print: +30%)

LBP unit sales Y-O-Y: -20%

Color: -35%
 (of which, single-pass: +25%)
 B/W: -15%

Optics



LCD materials unit sales Y-O-Y

TAC film : +35%

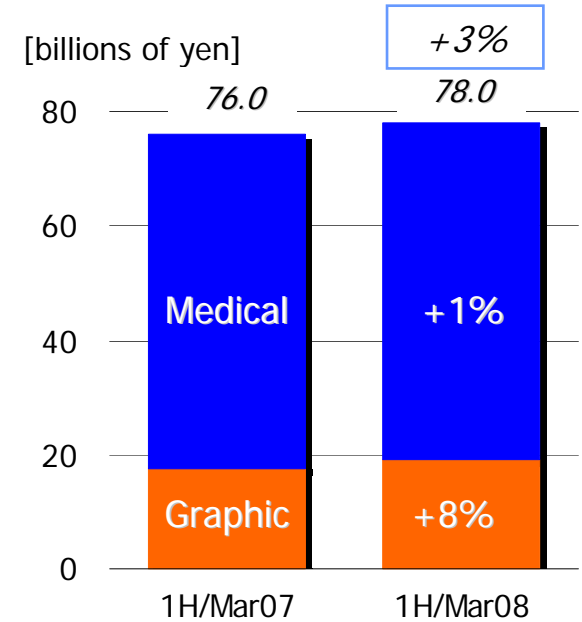
Memory devices unit sales Y-O-Y

Optical pickup lenses: -15%
 Glass substrates for HD: -5%

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

Mobile phone components: +10%

Medical & Graphic Imaging



Medical

X-ray film unit sales Y-O-Y: -5%
 Digital input/output equipment unit sales Y-O-Y: +25%

Graphic

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



Operations outlook - 2Q and subsequent quarters

■ Business Technologies

Further promote the “genre-top” strategies.

- ✓ **Color MFP:** Strengthen competitiveness by launching medium- and low-speed MFPs focusing on European and Asian markets.
- ✓ **Production printing:** Establish a considerable market position by strengthening product lineup.
- ✓ **LBP:** Take full advantage of synergies by integrating sales and marketing networks with MFP.

■ Optics

Implement full-scale preparations to ensure profit growth responding to the trend of recovering demand.

- ✓ **TAC film:** Production capabilities strengthened by full-scale operation of the newly installed 5th production line.
- ✓ **Optical pickup lens:** Solidify a dominant position in the market for the use of next-generation DVD products.

■ Medical & Graphic

Use full-scale efforts in 2Q and subsequent periods to overcome the delays in progress.

- ✓ **Medical:** Expand CR systems marketing in Japan and overseas.
- ✓ **Graphic:** Quickly establish CTP business in US.

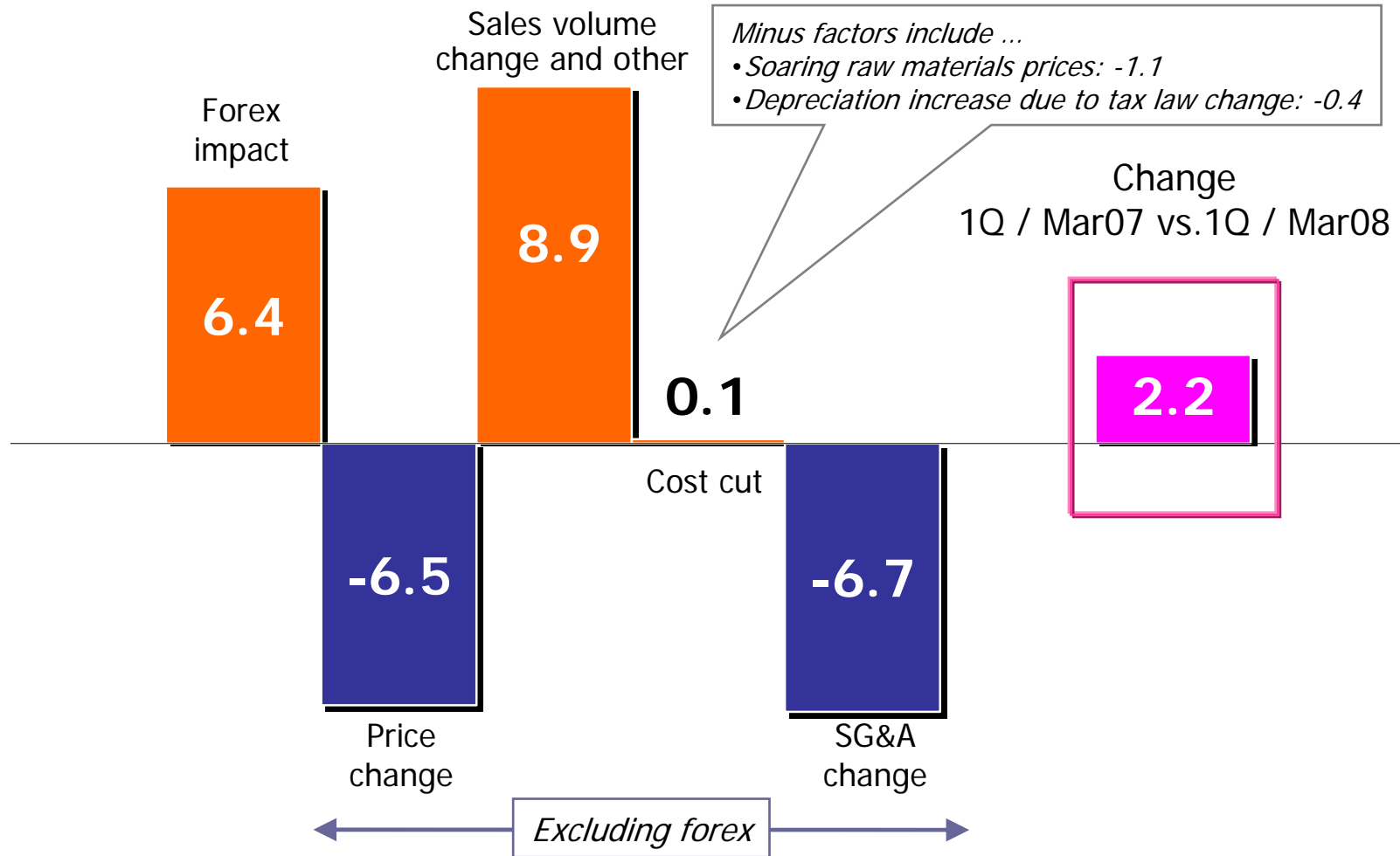
Supplementary Information



[Reference] Operating income analysis

[w/o Photo Imaging]

[billions of yen]



[Reference] SG&A

	1Q/Mar08	1Q/Mar07	[Billions of yen] Y-O-Y
Sales expenses	15.2	15.3	-0.1
R&D	18.7	16.7	2.0
Salaries and wages	41.1	38.4	2.6
Other	26.3	25.4	0.9
SG&A total	101.3	95.9	5.4

Forex impact: +4.4 billion yen (Actual: +1.0 billion yen)

[Reference] Non-operating profit/loss

	[Billions of yen]		
	1Q/Mar08	1Q/Mar07	Y-O-Y
Interest and dividend income	0.8	0.6	0.2
Foreign exchange gain	4.1	0.0	4.1
Other	1.8	1.6	0.1
Non-operating income	6.6	2.2	4.4
Interest expenses	1.3	1.3	-0.1
Foreign exchange loss	0.0	0.4	-0.4
Loss on revaluation/disposal of inventories	1.0	0.6	0.4
Other	1.3	0.6	0.7
Non-operating expenses	3.7	3.0	0.7
Non-operating income/expenses	3.0	-0.8	3.7

[Reference] Cash Flows



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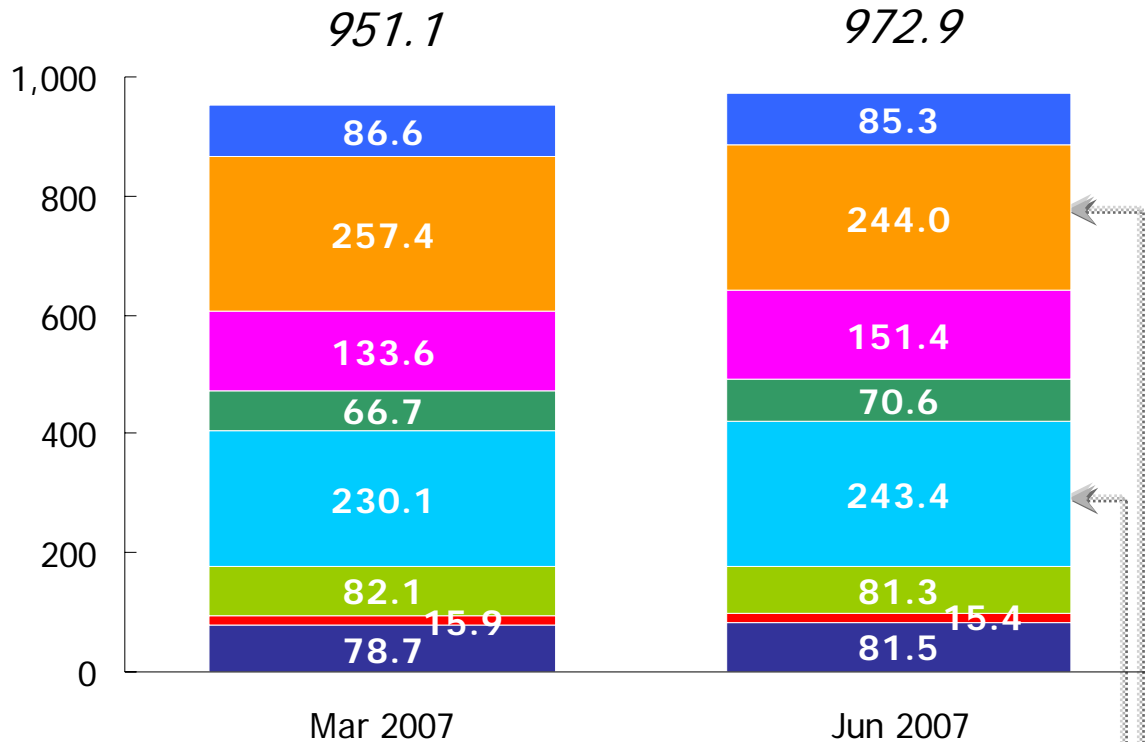
	[Billions of yen]		
	1Q/Mar08	1Q/Mar07	Y-O-Y
Income before income taxes	27.5	22.3	5.2
Depreciation and amortization	13.9	12.0	1.9
Amotization of consolidated goodwill	--	1.3	-1.3
Amortization of goodwill	1.7	--	1.7
Increase (decrease) in reserve for discontinued operations	-1.7	-8.5	6.8
Increase (decrease) of working capital	-1.2	14.4	-15.5
Income tax paid	-18.6	-9.2	-9.4
Other	0.2	-29.5	29.7
I. Net cash provided by operating activities	21.8	2.8	19.0
II. Net cash outflow from investing activities	-20.1	-11.0	-9.1
I. + II. Free cash flow	1.7	-8.2	9.9
Increase (decrease) in debts and bonds	0.5	-6.9	7.4
Dividends paid	-5.3	-0.0	-5.3
Other	-0.1	-0.0	-0.1
III Net cash outflow from financing activities	-4.9	-7.0	2.0

[Reference] B/S - Assets



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[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2007	Jun 2007
US\$	118.05	123.26
Euro	157.33	165.64

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

*Mar 2007 vs. Jun 2007: + 21.8 billion yen
Of which, forex impact: + 16.8 billion yen
(Actual change: + 5.0 billion yen)*

*Due to Photo Imaging's business exit:
-5.5 billion yen*

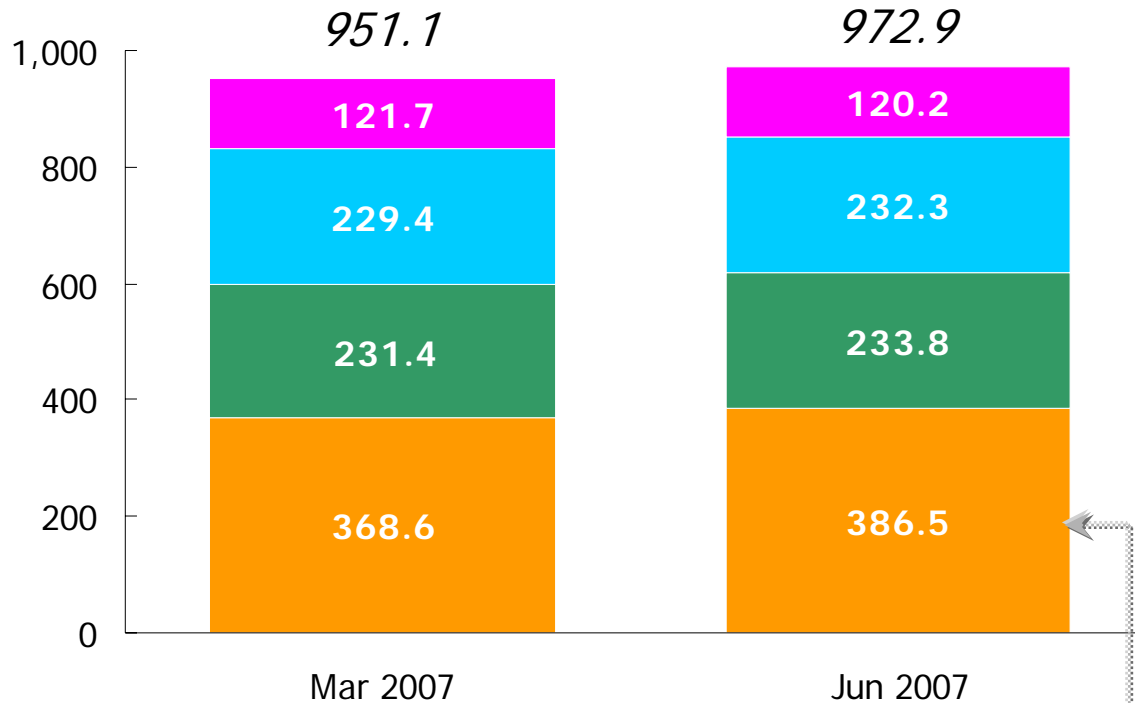
*TAC film production facilities, etc.:
Approx. 10 billion yen*

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



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[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2007	Jun 2007
US\$	118.05	123.26
Euro	157.33	165.64

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

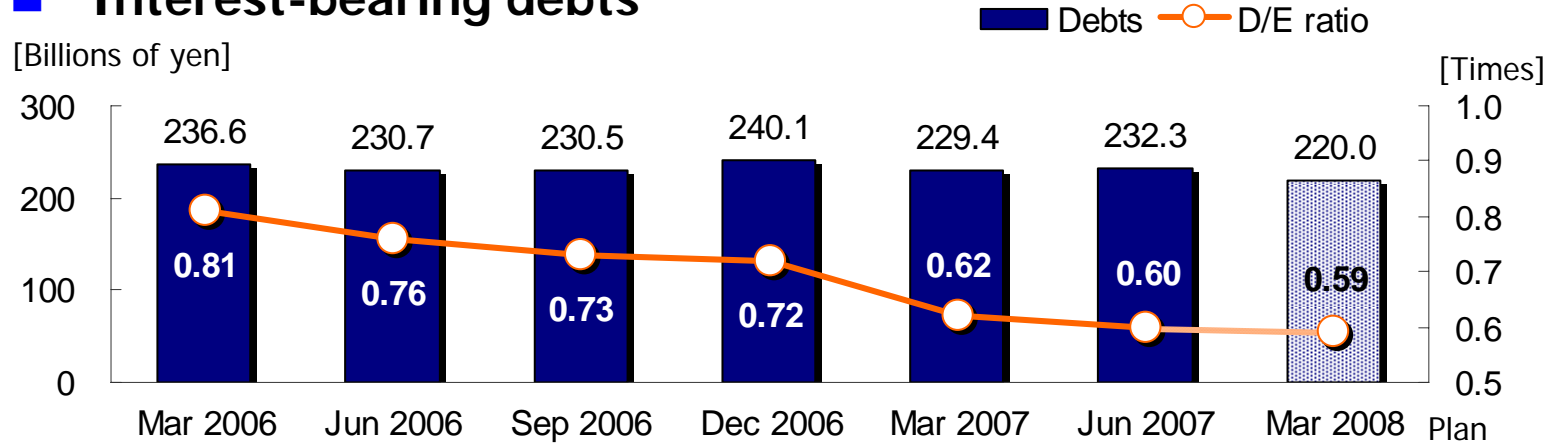
Equity ratio:
 March 2007 → 38.6%
 June 2007 → 39.6%

*Mar 2007 vs. Jun 2007: + 21.8 billion yen
 Of which, forex impact: + 16.8 billion yen
 (Actual change: + 5.0 billion yen)*



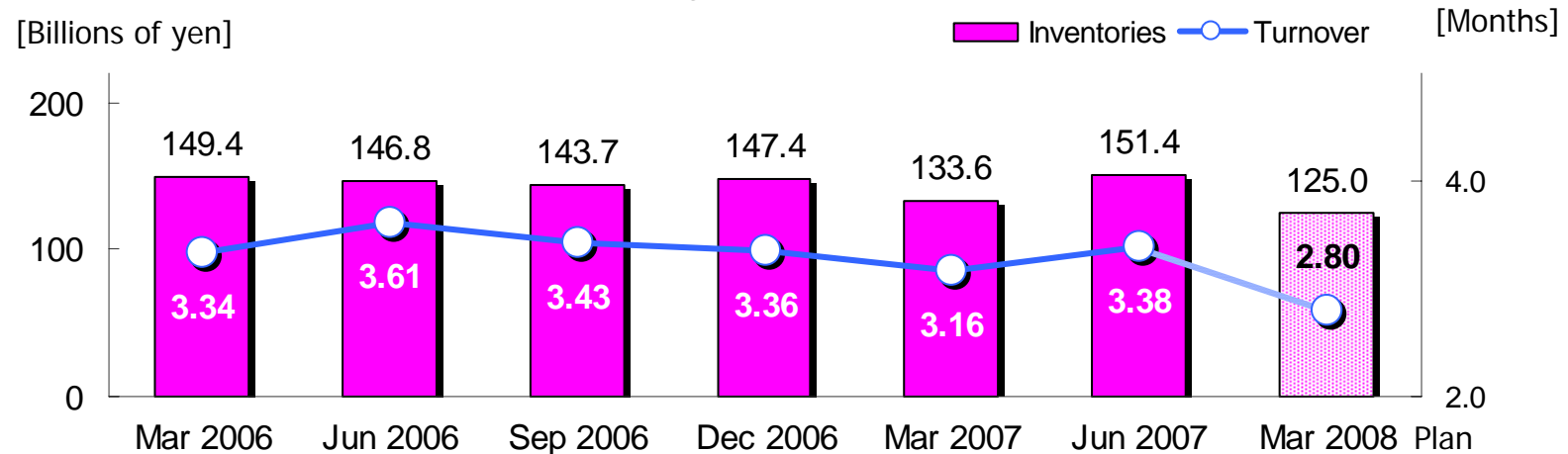
[Reference] Interest bearing debts and inventories

Interest-bearing debts



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

Inventories and inventory turnover

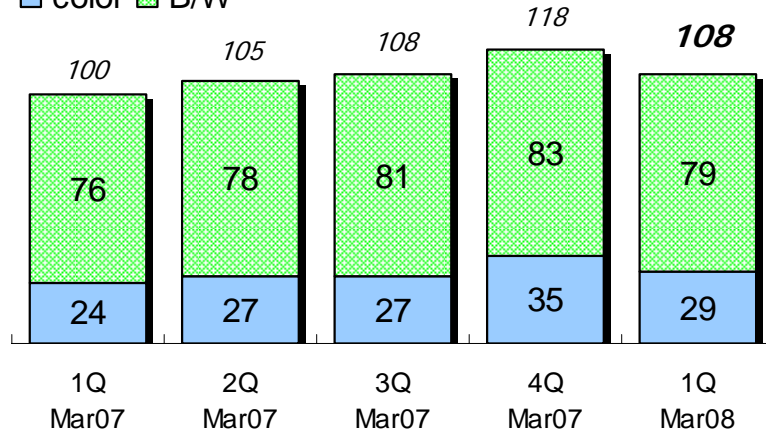


Inventory turnover (months) = Average inventories / Average cost of sales per month

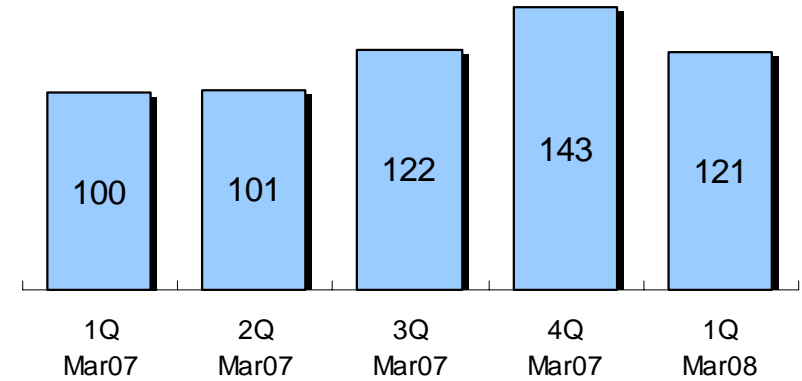
[Reference] Unit sales – Business Technologies

MFP

■ color ■ B/W

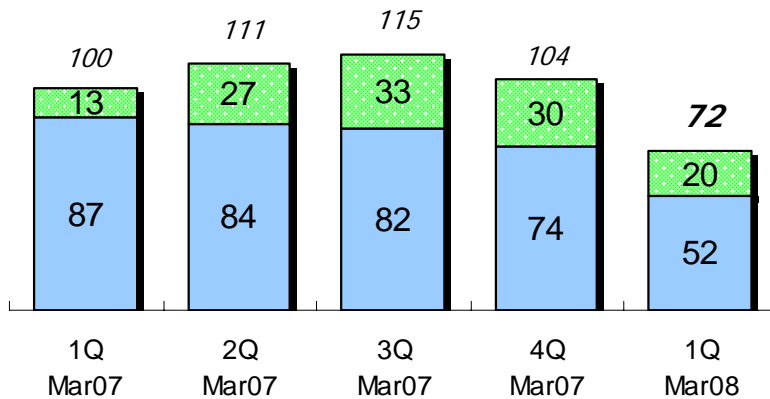


Production printing (Color and B/W)



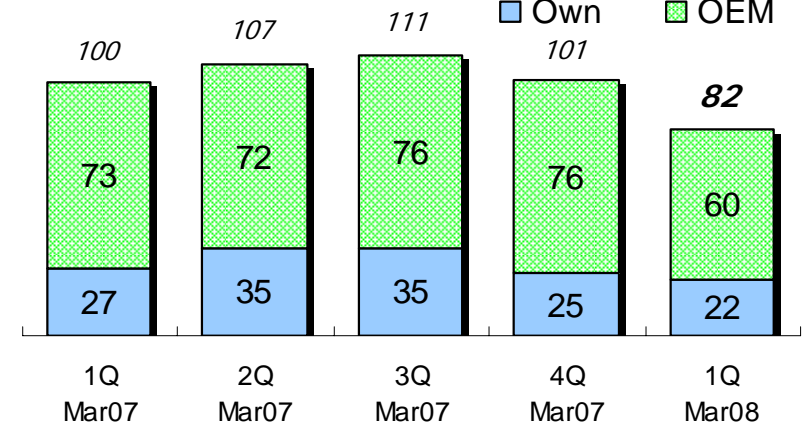
Color LBP

■ Own ■ OEM



B/W LBP

■ Own ■ OEM



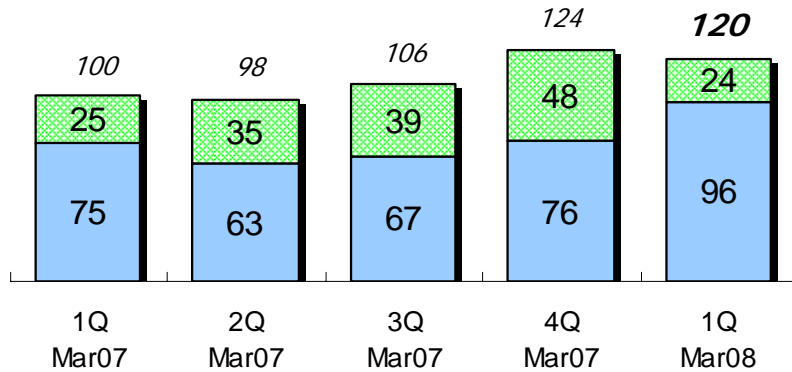
* Base index : "1Q Mar06 " = 100

[Reference] Unit sales – Optics

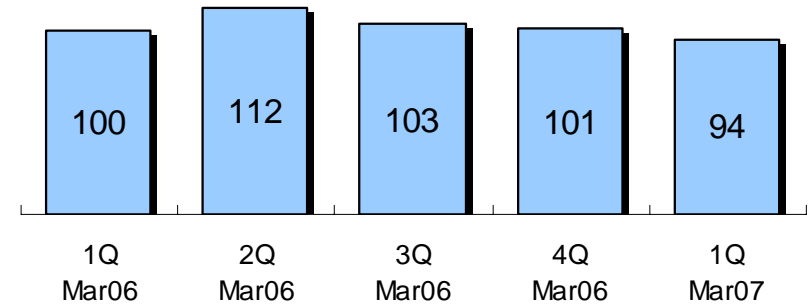


■ TAC film

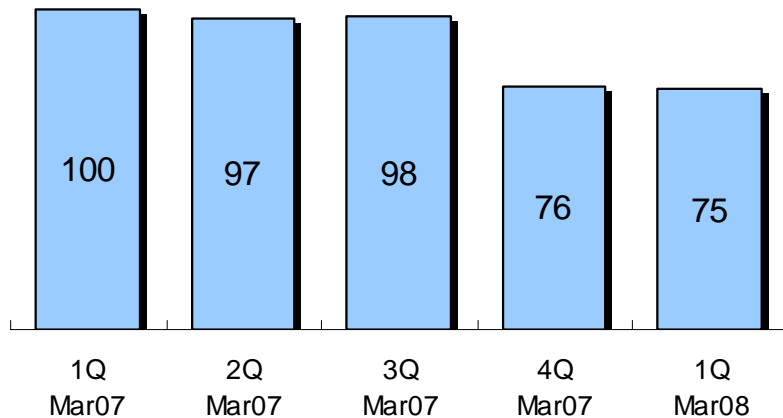
- Standard
- High function



■ Glass substrates for HD

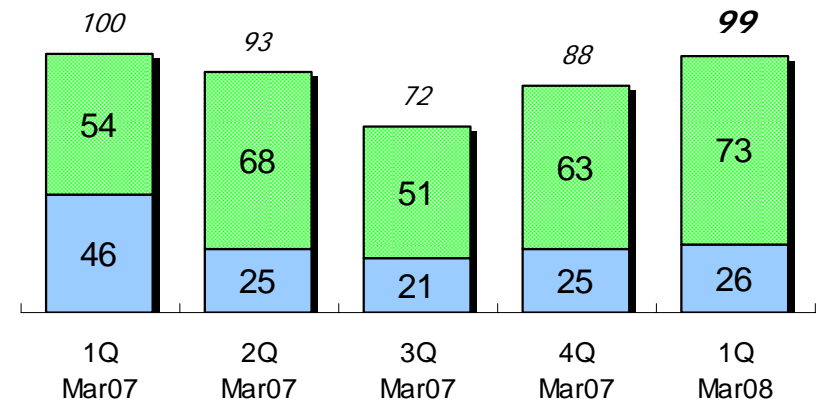


■ Optical pickup lens



■ Mobile phone components

- Lens units
- Camera units



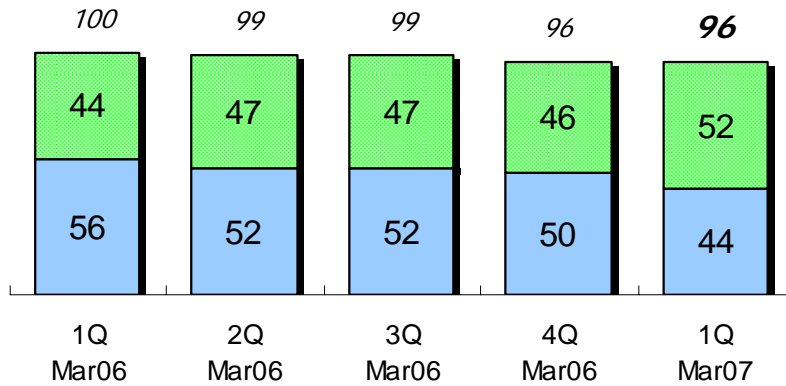
* Base index : "1Q Mar06" = 100



[Reference] Unit sales – Medical & Graphic

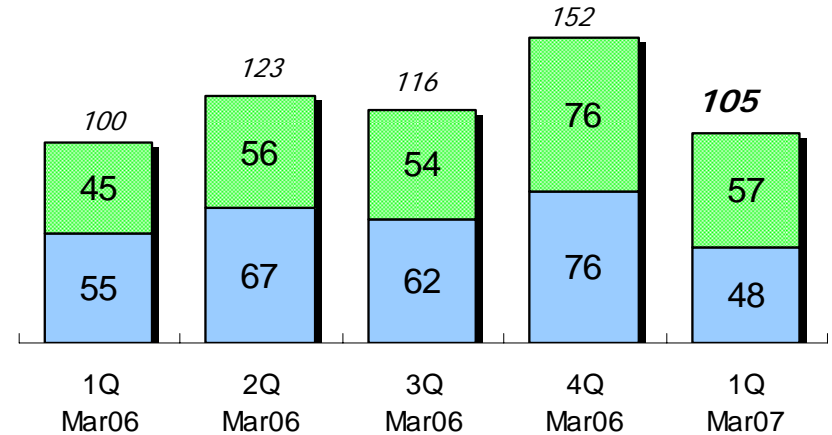
■ X-ray film (dry & wet)

■ Wet ■ Dry



■ Digital input/output equipment

■ Input equipment ■ Output equipment



* Base index : "1Q Mar06 " = 100