

Konica Minolta Group

3Q / March 2008 Consolidated Financial Results

Three months: Oct. - Dec. 2007
Nine months: Apr. - Dec. 2007

January 31, 2008

Yasuo Matsumoto

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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 – 3 months Summary [Oct.-Dec.]

- **Net Sales:** *Maintained the momentum since the beginning of FY.*
 - Increased Y-O-Y in all business segments.
 - Up 8% Y-O-Y (up 12% excluding Photo Imaging).

- **Operating Income:** *Recorded the highest for 3Q.*
 - Business Technologies and Optics powerfully propelled the Group's growth.
 - Up 35% Y-O-Y. Strong sales of TAC film especially propelled profits.

- **Business Technologies:** *Sales and profits increased.*
 - Robust sales owing to the new color MFPs launched in 1H/Mar08.
 - Net sales → Up 7% Y-O-Y, Operating income → Up 9% Y-O-Y.

- **Optics:** *Sales and profits increased.*
 - Revenues increased in all sub segments, mainly TAC film.
 - Net sales → Up 51% Y-O-Y, Operating income → Up 162% Y-O-Y.

- **Earnings forecasts:** *Unchanged.*
 - The Group has achieved steady increases in performance so far as planned (9 months results and 4Q projections). Therefore, the previous performance projections that were raised on November 1, 2007 remain unchanged although the individual goal attainment levels slightly vary within business segments.

Consolidated results – 3 months



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[Billions of yen]

	Mar08 [a] Oct-Dec	Mar07 [b] Oct-Dec	Y-O-Y (%)	Mar08 [c] 2H Plan	[a] / [c] (%)
Net sales	270.0	250.6	8%	560.0	48%
Gross income	139.2	120.8	15%	--	--
<i>Gross income ratio</i>	<i>51.5%</i>	<i>48.2%</i>	--	--	--
Operating income	32.5	24.1	35%	58.9	55%
<i>Operating income ratio</i>	<i>12.0%</i>	<i>9.6%</i>	--	<i>10.5%</i>	--
Ordinary income	31.8	25.0	27%	52.3	61%
Net income before taxes	31.4	30.4	3%	50.1	63%
Net income	18.1	17.6	3%	28.4	64%
<i>Net income ratio</i>	<i>6.7%</i>	<i>7.0%</i>	--	<i>5.1%</i>	--
			Y-O-Y		
FOREX [Yen] USD	113.19	117.82	-4.63	115.00	
EUR	163.87	151.94	11.93	150.00	
EPS [Yen]	34.05	33.19	3.0%		
ROE [full year]	17.4%	21.0%	--		
CAPEX	18.6	17.9	4%		
Depreciation	16.0	12.9	24%		
R&D	20.7	18.2	14%		
FCF	-0.3	5.2	--		

[NOTE]
2H / Mar08 Plan: Announced November 1, 2007



Consolidated results – Segment – 3 months

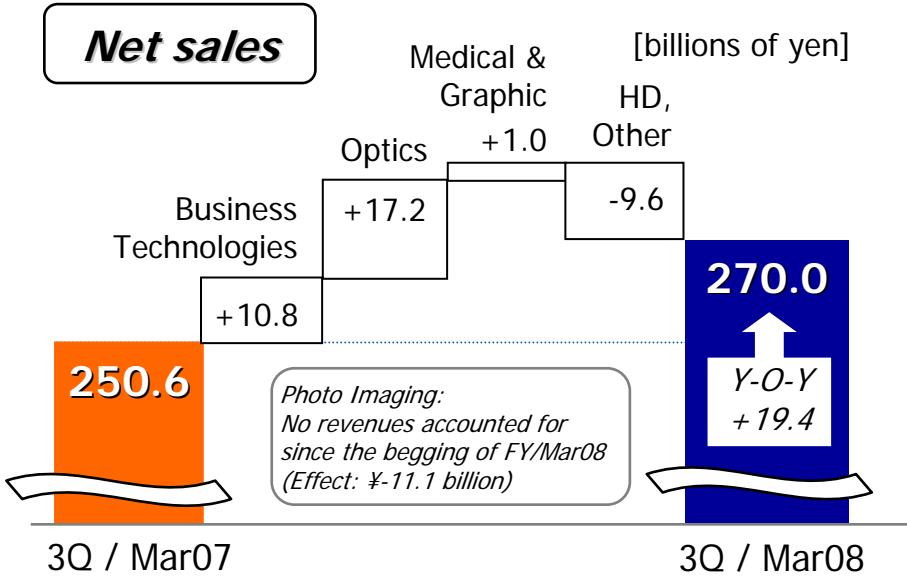
Net sales	Mar08	Mar07	Y-O-Y (%)	Mar08	[Billions of yen] [a] / [c] (%)
	[a]	[b]		[c]	
	Oct-Dec	Oct-Dec		2H Plan	
Business Technologies	175.2	164.4	7%	368.1	48%
Optics	50.7	33.5	51%	91.7	55%
Medical & Graphic	37.0	36.0	3%	84.4	44%
Other businesses	4.0	3.8	5%	10.7	37%
Sub total	266.9	237.8	12%	554.9	48%
Photo Imaging	--	11.1	--	--	--
HD and eliminations	3.1	1.8	73%	5.2	59%
Group total	270.0	250.8	8%	560.0	48%

Operating income	Mar08	Mar07	Y-O-Y (%)	Mar08	[Billions of yen] [a] / [c] (%)
	[a]	[b]		[c]	
	Oct-Dec	Oct-Dec		2H Plan	
Business Technologies	22.4	20.5	9%	46.8	48%
Optics	11.1	4.3	162%	12.4	90%
Medical & Graphic	1.9	2.0	-4%	5.0	38%
Other businesses	0.2	0.5	-56%	2.2	11%
Sub total	35.6	27.2	31%	66.4	54%
Photo Imaging	--	-0.8	--	--	--
HD and eliminations	-3.1	-2.4	--	-7.5	--
Group total	32.5	24.1	35%	58.9	55%

[NOTE] 2H / Mar08 Plan: Announced November 1, 2007

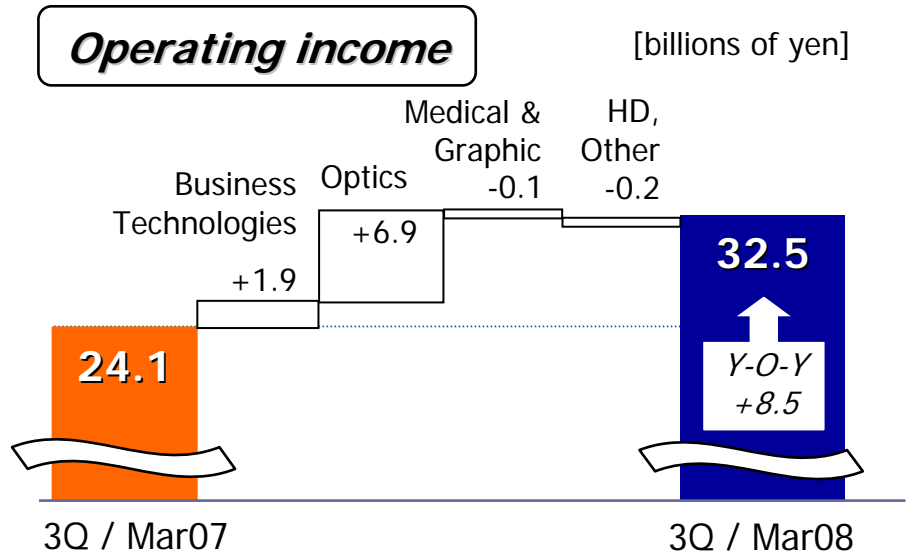


Changes in net sales and operating income – 3 months



Net sales: Up 19.4 billion yen (+ 8%)

- **Business Technologies:** Robust sales contributed by color MFPs and production printing systems.
MFP: Seg 3 and 4 office-type new color MFPs
Production printing: "bizhub PRO C6500"
- **Optics:** Strong revenue growth in all business sub-segments.
- **Medical & Graphic:** Hardware sales increased; ex. CR systems for clinics, digital printing systems.

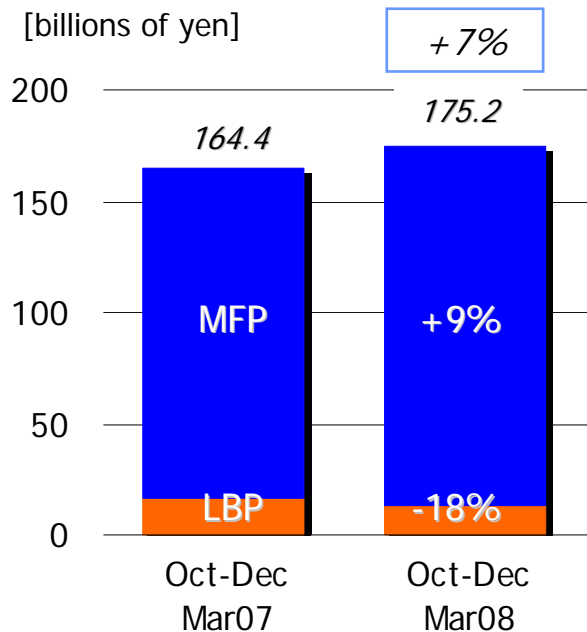


Operating income: Up 8.4 billion yen (+ 35%)

- **Business Technologies:** Color and consumables ratios increased due to robust high-speed color MFP sales. MFP's OP ratio increased to 14.5%.
- **Optics:** Sales volume increased in the value-added products such as VA-TAC film and optical pick-up lenses for next-generation DVD, resulting in significant profit growth.
- **Medical & Graphic:** Profit decreased due to rising R&D expenses and soaring silver prices.

Net sales/unit sales - Sub segment – 3 months

Business Technologies



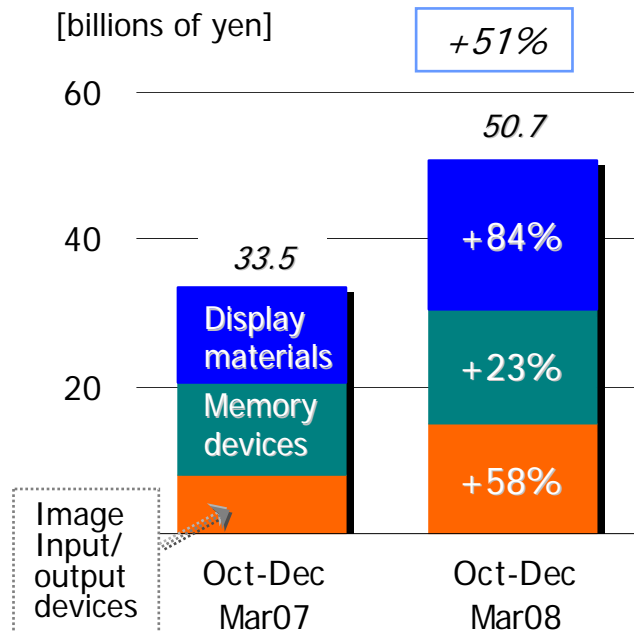
● **MFP unit sales Y-O-Y: 0%**

Color: +35%
 B/W: -12%
 (of which, production print: +2%)

● **LBP unit sales Y-O-Y: -46%**

Color: -51%
 (of which, single-pass: +3%)
 B/W: -44%

Optics



● **LCD materials unit sales Y-O-Y**

TAC film : +67%

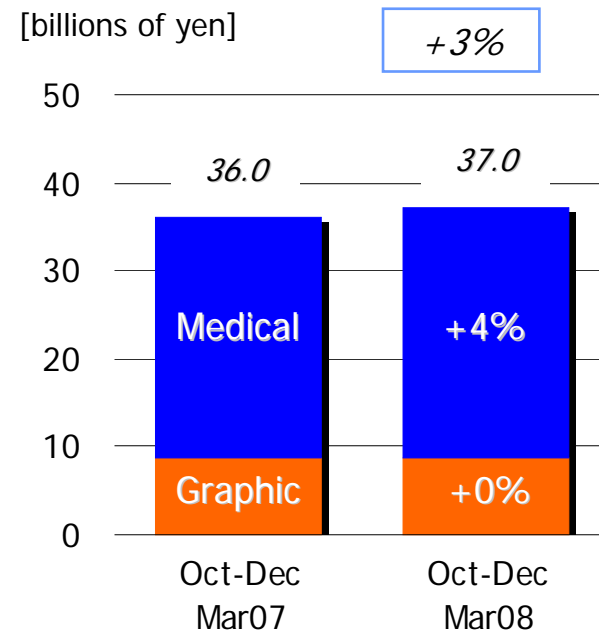
● **Memory devices unit sales Y-O-Y**

Optical pickup lenses: -5%
 Glass substrates for HD: +47%

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

Mobile phone components: +191%

Medical & Graphic Imaging



● **Medical**

X-ray film unit sales Y-O-Y: +1%
 Digital input/output equipment unit sales Y-O-Y: +49%

● **Graphic**

Graphic-arts film unit sales Y-O-Y: -4%



Consolidated results – 9 months

	Mar08	Mar08 Plan	[a] / [b]	Mar07	[Billions of yen]
	[a]	[b]	[a] / [b]	[c]	Y-O-Y (%)
	Apr-Dec	Full year	(%)	Apr-Dec	
Net sales	795.0	1,085.0	73%	744.6	7%
Gross income	398.9	--	--	358.6	11%
<i>Gross income ratio</i>	50.2%	--	--	48.2%	--
Operating income	89.6	116.0	77%	70.3	27%
<i>Operating income ratio</i>	11.3%	10.7%	--	9.4%	--
Ordinary income	86.4	107.0	81%	69.8	24%
Net income before taxes	85.2	104.0	82%	78.3	9%
Net income	55.7	66.0	84%	40.1	39%
<i>Net income ratio</i>	7.0%	6.1%	--	5.4%	--
					Y-O-Y
FOREX [Yen] USD	117.28	115.00	} 2H/Mar08 assumption	116.19	1.09
EUR	162.82	150.00		147.96	14.86
EPS [Yen]	104.98	124.36	--	75.59	39%
ROE [full year]	17.9%	--	--	15.0%	--
CAPEX	52.2	70.0	75%	51.6	1%
Depreciation	44.5	67.0	66%	37.5	19%
R&D	59.1	83.0	71%	53.0	11%
FCF	18.4	20.0	--	5.4	244%

Note 1 : Mar08 full-year plan: Announced November 1, 2007

Note 2 : Impact of exchange rate fluctuation to operating income if given ¥1 change (full-year base):

1H/Mar08 actual : USD → ¥0.1 billion, EUR → ¥0.85 billion

Consolidated results – Segment – 9 months



Net sales	Mar08	Mar08 Plan	[a] / [b] (%)	Mar07	[Billions of yen]
	[a]	[b]		Apr-Dec	Y-O-Y (%)
	Apr-Dec	Full year			
Business Technologies	522.1	715.0	73%	474.0	10%
Optics	134.0	175.0	77%	101.2	32%
Medical & Graphic	117.6	165.0	71%	112.1	5%
Other businesses	12.3	19.0	65%	11.2	9%
Sub total	786.1	1,074.0	73%	698.5	13%
Photo Imaging	--	--	--	41.0	--
HD and eliminations	8.9	11.0	81%	5.1	74%
Group total	795.0	1,085.0	73%	744.6	7%

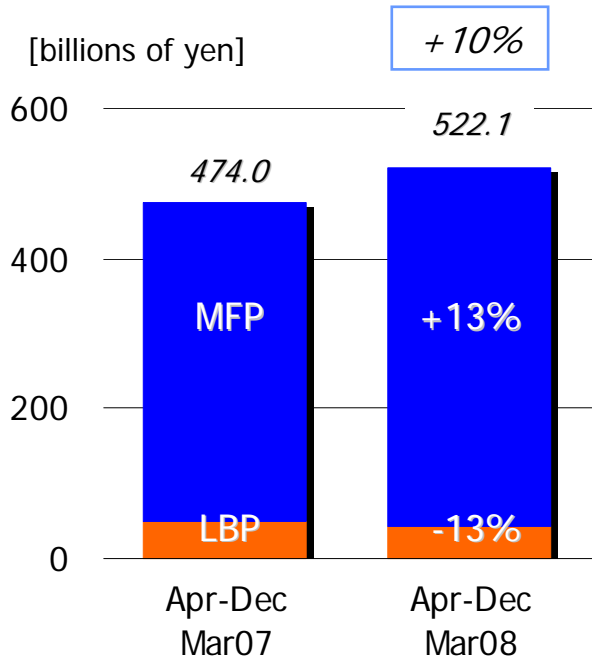
Operating income	Mar08	Mar08 Plan	[a] / [b] (%)	Mar07	[Billions of yen]
	[a]	[b]		Apr-Dec	Y-O-Y (%)
	Apr-Dec	Full year			
Business Technologies	67.1	91.5	73%	54.6	23%
Optics	24.2	25.5	95%	14.9	62%
Medical & Graphic	5.9	9.0	65%	7.1	-17%
Other businesses	1.5	3.5	44%	1.9	-18%
Sub total	98.7	129.5	76%	78.5	26%
Photo Imaging	--	--	--	-1.5	--
HD and eliminations	-9.1	-13.5	--	-6.7	--
Group total	89.6	116.0	77%	70.3	27%

Note : Mar08 full-year plan: Announced November 1, 2007



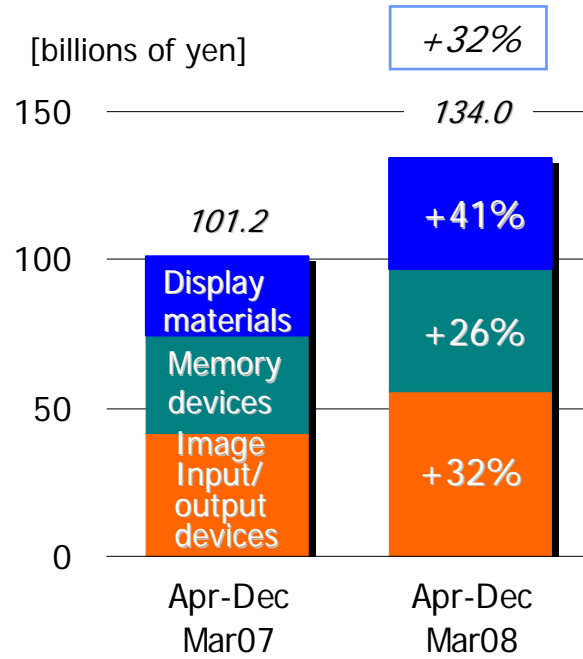
Net sales/unit sales - Sub segment – 9 months

Business Technologies



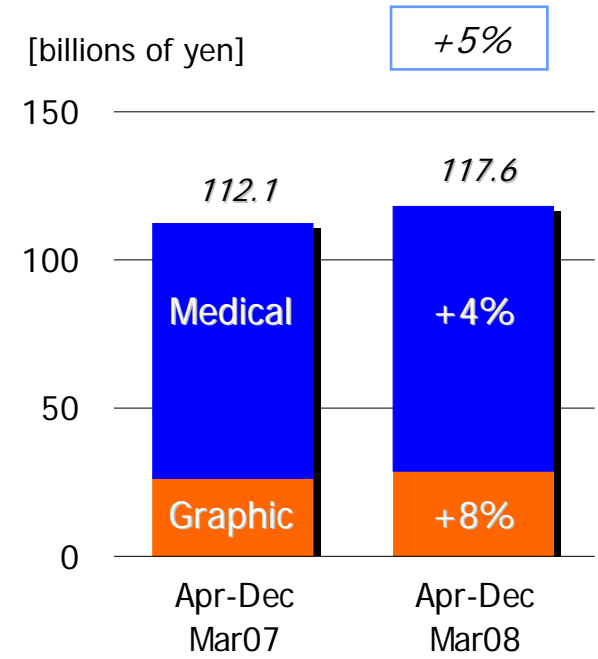
- **MFP unit sales Y-O-Y: +6%**
 - Color: +26%
 - B/W: -1%
 - (of which, production print: +18%)
- **LBP unit sales Y-O-Y: -32%**
 - Color: -45%
 - (of which, single-pass: +2%)
 - B/W: -27%

Optics



- **LCD materials unit sales Y-O-Y**
 - TAC film : +47%
- **Memory devices unit sales Y-O-Y**
 - Optical pickup lenses: -12%
 - Glass substrates for HD: +14%
- **Image input/output components unit sales Y-O-Y**
 - Mobile phone components: +69%

Medical & Graphic Imaging



- **Medical**
 - X-ray film unit sales Y-O-Y: -4%
 - Digital input/output equipment unit sales Y-O-Y: +29%
- **Graphic**
 - Graphic-arts film unit sales Y-O-Y: +1%



Initiatives to achieve Mar08 goals

■ Business Technologies

- MFP: Achieve the Group's full-year goal
Strengthen color MFP and production printing systems sales mainly in Europe to compensate slowing sales in the U.S. reflecting the effects resulting from the U.S. economic conditions.
- LBP: Strengthen high-end color LBP sales
Fully utilize the enhanced sales channels consolidated with MFP marketing companies in summer 2007.

■ Optics

- Maintain the leading position in the markets of Konica Minolta's mainstay VA-TAC film and optical pickup lenses for next-generation DVDs.
- Strengthen various cost reduction measures (ex. yield percentage improvement) to deal with pressure on prices envisioned during the off-demand period of the post-year-end shopping season.

■ Medical & Graphic

- Concentrate comprehensive efforts to achieve the goal by strengthening digital equipment sales mainly in overseas.

Basic partnership agreement with Oce

■ Business Technology basic strategies

Based on our “Genre-top strategy”, increase the worldwide market share and profitability by concentrating management resources to the fields of color MFPs and production printing.

■ Aim of the partnership

In addition to the successful entry into light production market, Konica Minolta aims to strengthen hardware and software development speedily and effectively in order to further expand production printing business to mid- to heavy-use segments.

■ Strong points

- Oce
 1. Comprehensive and innovative engine and work-flow software development technologies for high-speed printing systems.
 2. Well-established worldwide direct sales and service networks in both office and production printing markets.
- Konica Minolta
 1. Proprietary image processing technologies for digital color equipment and advanced fine chemical technologies that realize high quality polymerized toner.
 2. The market leader in office use color MFPs and color light printing markets.

■ Partnership agreement overview

- R&D Jointly develop hardware and software for light and mid-range production printing systems.
- Sales Supply both equipment and software to each other to complement and strengthen each other's product lineup on an OEM basis.
 - Konica Minolta to Oce : All office-use MFPs and light-production printing systems
 - Oce to Konica Minolta : Mid- and heavy-production printing systems



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Supplementary Information

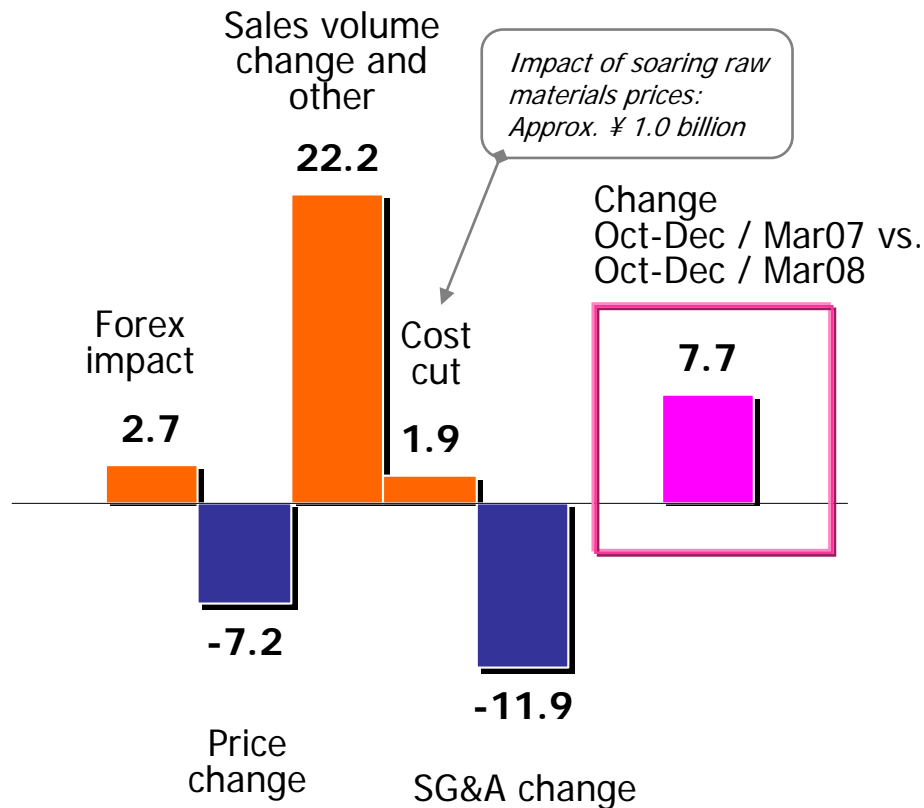
[Reference] Operating income analysis [w/o Photo Imaging]



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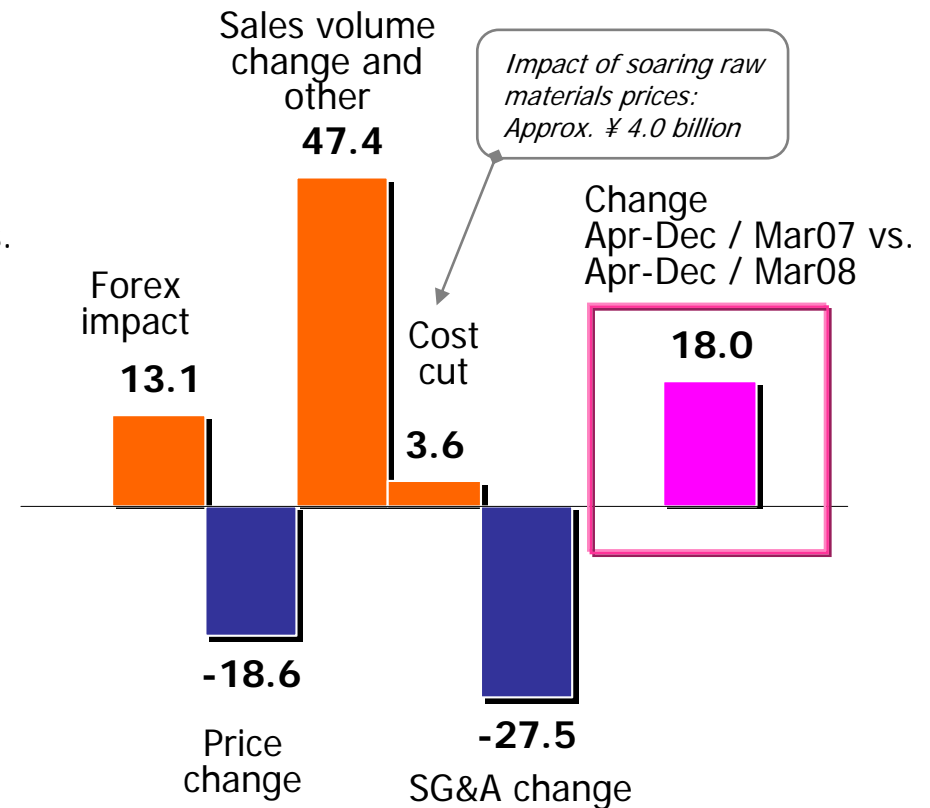
[billions of yen]

■ **3 months [Oct-Dec]**



← Excluding forex →

■ **9 months [Apr-Dec]**



← Excluding forex →

[Reference] SG&A

[Billions of yen]

	3 months			9 months		
	Mar08	Mar07	Y-O-Y	Mar08	Mar07	Y-O-Y
	Oct-Dec	Oct-Dec		Apr-Dec	Apr-Dec	
Sales expenses	16.3	13.9	2.4	46.9	43.7	3.2
R&D	20.7	18.2	2.5	59.1	53.0	6.1
Salaries and wages	41.6	39.9	1.7	121.9	116.8	5.1
Other	28.2	24.7	3.5	81.4	74.7	6.7
SG&A total	106.7	96.7	10.0	309.3	288.2	21.1

Forex impact :

3 months (Oct-Dec) : +1.5 billion yen (Actual: +8.5 billion yen)

9 months (Apr-Dec) : +8.5 billion yen (Actual: +12.6 billion yen)

[Reference] Non-operating profit/loss

[Billions of yen]

	3 months			9 months		
	Mar08	Mar07	Y-O-Y	Mar08	Mar07	Y-O-Y
	Oct-Dec	Oct-Dec		Apr-Dec	Apr-Dec	
Interest and dividend income	0.7	0.6	0.1	2.0	1.7	0.3
Foreign exchange gain	0.0	2.2	-2.2	0.0	3.9	-3.9
Other	2.1	1.5	0.6	6.0	7.4	-1.5
Non-operating income	2.8	4.3	-1.5	8.0	13.0	-5.0
Interest expenses	1.1	1.3	-0.2	3.3	4.0	-0.7
Loss on revaluation/disposal of inventories	0.7	0.7	0.1	3.2	3.3	-0.1
Foreign exchange loss	0.5	0.0	0.5	0.0	0.0	0.0
Other	1.8	1.5	0.2	4.7	6.3	-1.6
Non-operating expenses	3.6	3.5	0.1	11.2	13.5	-2.3
Non-operating income/expenses	-0.8	0.9	-1.6	-3.2	-0.5	-2.7

[Reference] Extraordinary income/loss

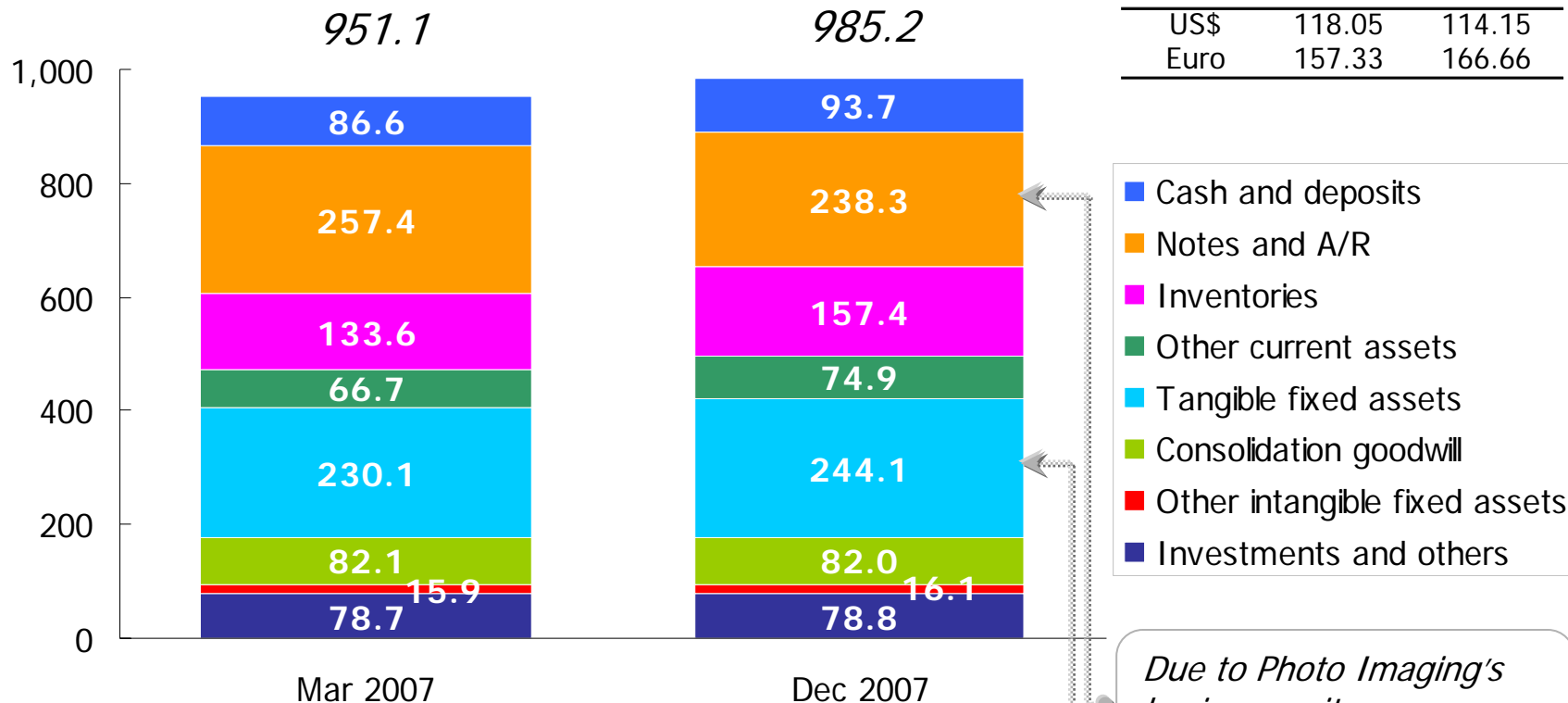
[Billions of yen]

	3 months			9 months		
	Mar08	Mar07	Y-O-Y	Mar08	Mar07	Y-O-Y
	Oct-Dec	Oct-Dec		Apr-Dec	Apr-Dec	
Gain on sales of fixed assets	0.0	4.5	-4.5	1.2	5.3	-4.1
Gain on sales of investment securities	0.0	0.0	-0.0	0.0	1.6	-1.6
Reversal of allowance for loss on withdrawal from operation	0.1	1.4	-1.3	0.3	2.1	-1.8
Other	0.0	0.0	0.0	0.0	1.2	-1.2
Extraordinary profits	0.2	5.9	-5.8	1.5	10.2	-8.6
Loss due to impairment	0.0	0.0	0.0	0.5	0.0	0.5
Loss on disposal/sales of fixed assets	0.5	0.4	0.1	1.6	1.6	0.0
Other	0.0	0.0	0.0	0.6	0.0	0.6
Extraordinary losses	0.5	0.4	0.1	2.7	1.7	1.1
Extraordinary profits/losses	-0.4	5.5	-5.9	-1.2	8.5	-9.7

[Reference] B/S - Assets

[Billions of yen]

Forex: B/S	[Yen]	
	Mar 2007	Dec 2007
US\$	118.05	114.15
Euro	157.33	166.66



Mar 2007 vs. Dec 2007: + 34.1 billion yen
 Of which, forex impact: + 1.5 billion yen
 (Actual change: + 32.6 billion yen)

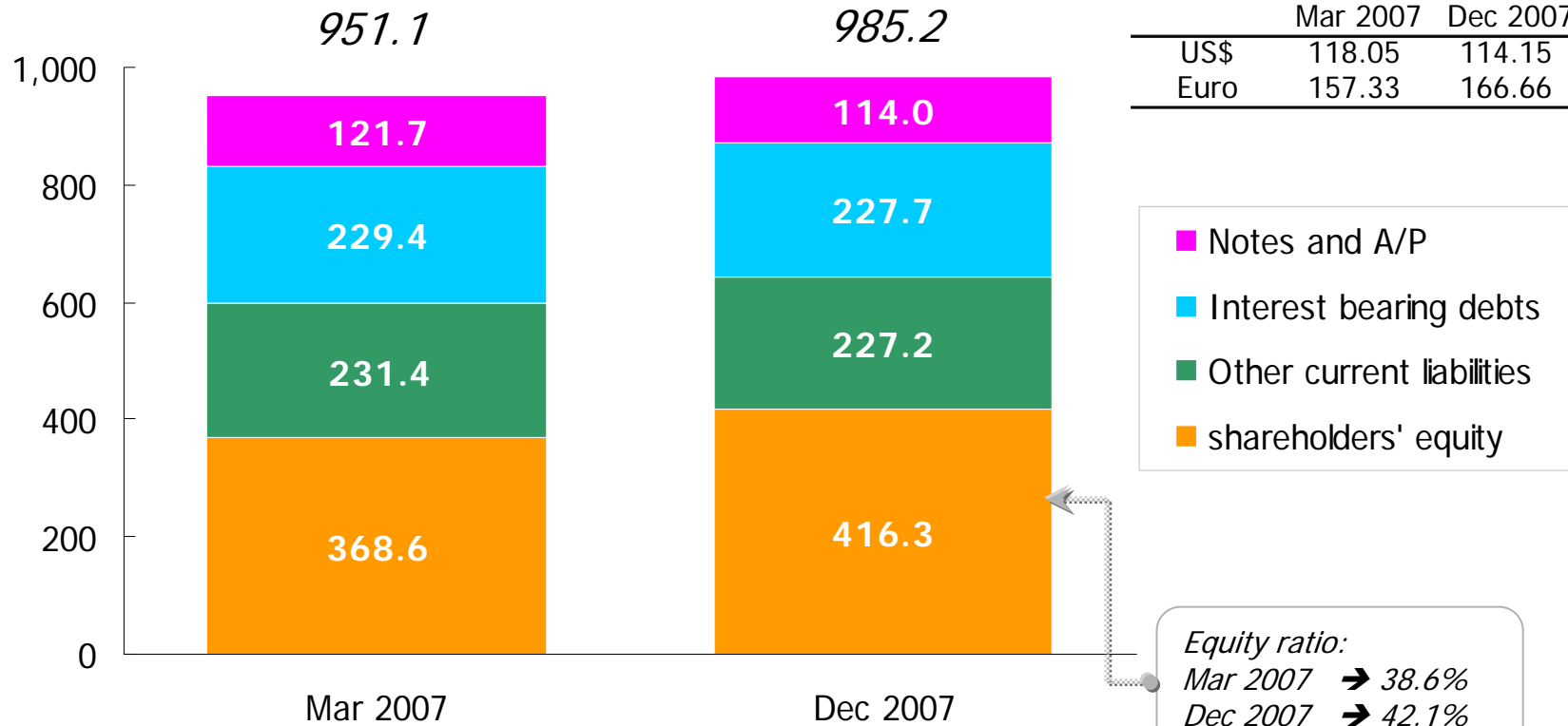
- Cash and deposits
- Notes and A/R
- Inventories
- Other current assets
- Tangible fixed assets
- Consolidation goodwill
- Other intangible fixed assets
- Investments and others

Due to Photo Imaging's business exit:
 -8.4 billion yen

TAC film and glass hard disk substrates production facilities, etc.

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

[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2007	Dec 2007
US\$	118.05	114.15
Euro	157.33	166.66

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

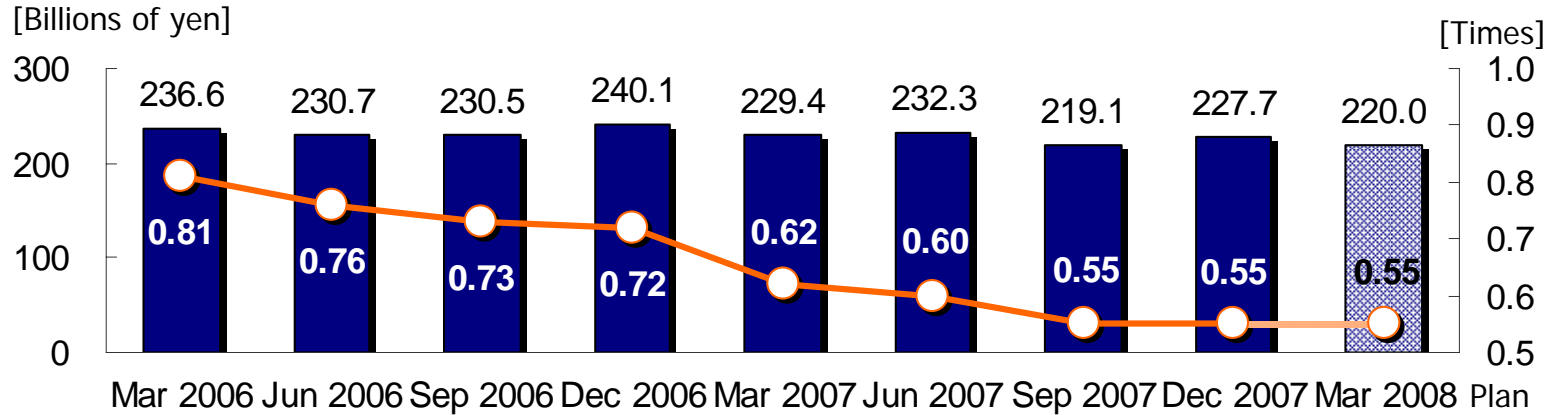
Equity ratio:
 Mar 2007 → 38.6%
 Dec 2007 → 42.1%

Mar 2007 vs. Dec 2007: + 34.1 billion yen
 Of which, forex impact: + 1.5 billion yen
 (Actual change: + 32.6 billion yen)



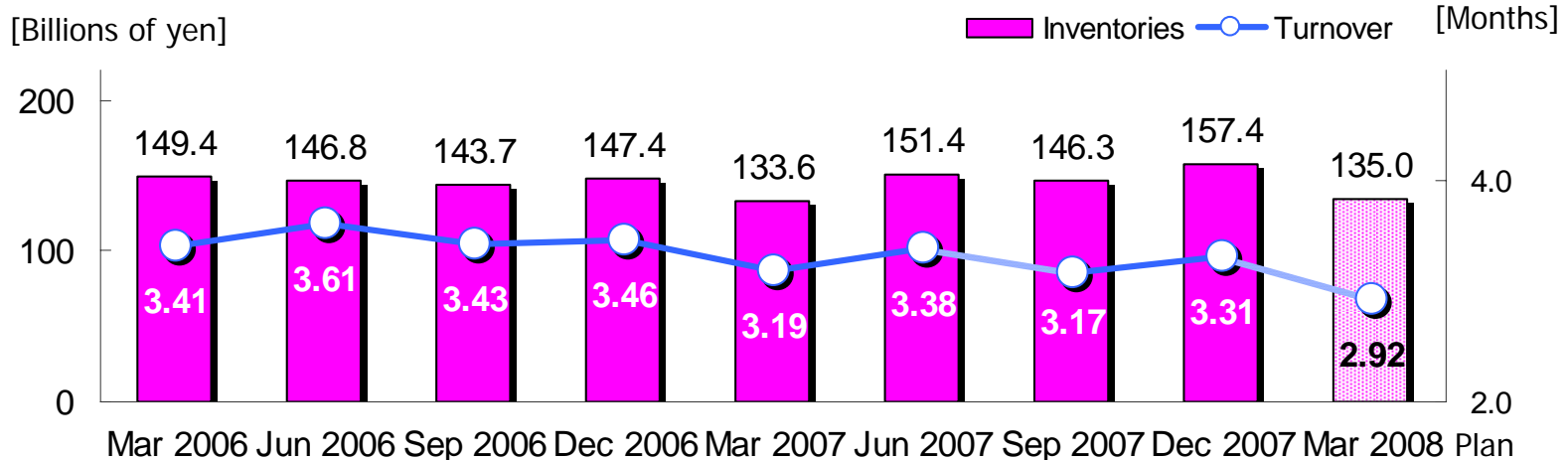
[Reference] Interest bearing debts and inventories

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

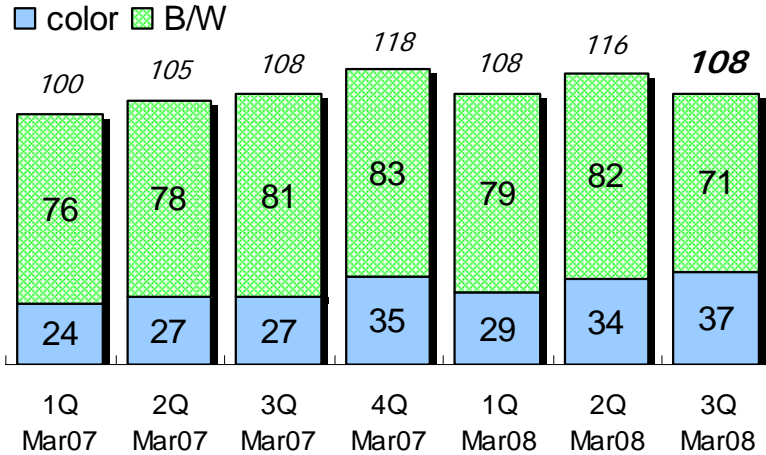
[Reference] Cash Flows

[Billions of yen]

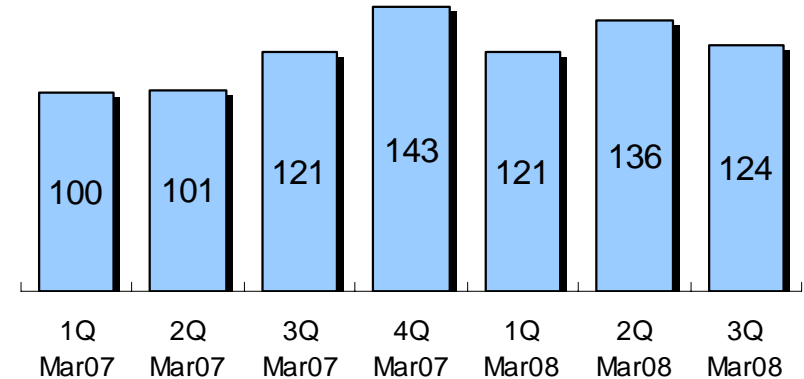
	3 months			9 months		
	Mar08	Mar07	Y-O-Y	Mar08	Mar07	Y-O-Y
	Oct-Dec	Oct-Dec		Apr-Dec	Apr-Dec	
Income before income taxes	31.4	30.4	1.0	85.2	78.3	6.9
Depreciation and amortization	16.0	12.9	3.1	44.5	37.5	7.0
Increase (decrease) in reserve for Photo Imaging business withdrawal losses	-1.2	-6.1	4.9	-11.6	-22.1	10.5
Increase (decrease) of working capital, other	-22.6	-20.6	-2.0	-44.3	-50.2	5.9
I. Net cash provided by operating activities	23.6	16.7	7.0	73.9	43.6	30.3
II. Net cash outflow from investing activities	-23.9	-11.4	-12.5	-55.5	-38.2	-17.3
I.+ II. Free cash flow	-0.3	5.2	-5.5	18.4	5.4	13.1
Increase (decrease) in debts and bonds	7.5	7.0	0.5	-3.6	-2.1	-1.5
Dividends paid	-3.9	0.0	-3.9	-9.2	0.0	-9.2
Other	-0.2	-0.1	-0.1	-0.4	-0.2	-0.2
III Net cash outflow from financing activities	3.5	6.9	-3.5	-13.1	-2.3	-10.8

[Reference] Unit sales – Business Technologies

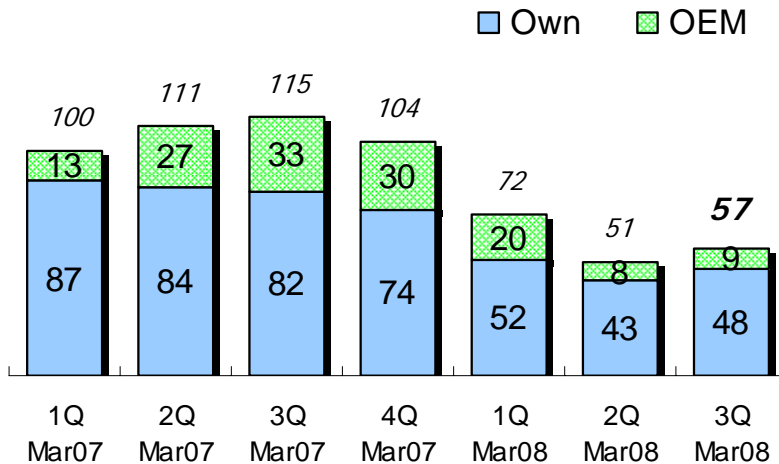
MFP



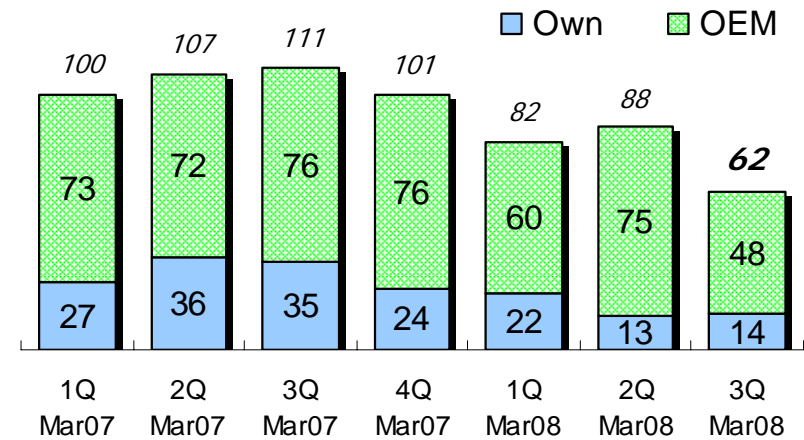
Production printing (Color and B/W)



Color LBP



B/W LBP



* Base index : "1Q Mar07" = 100

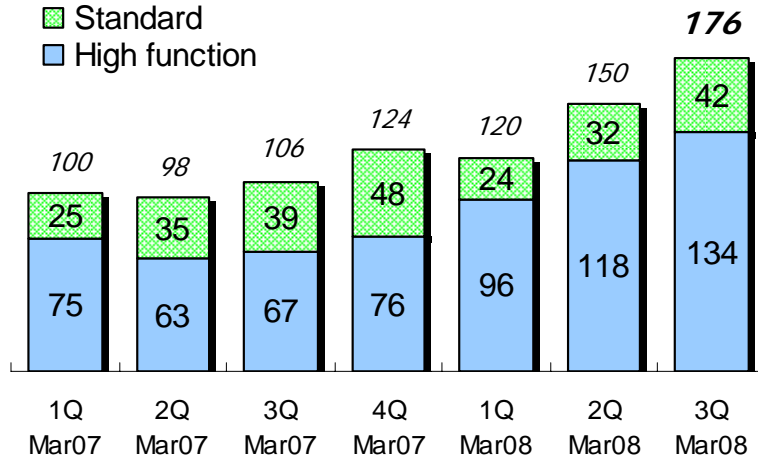
[Reference] Unit sales – Optics



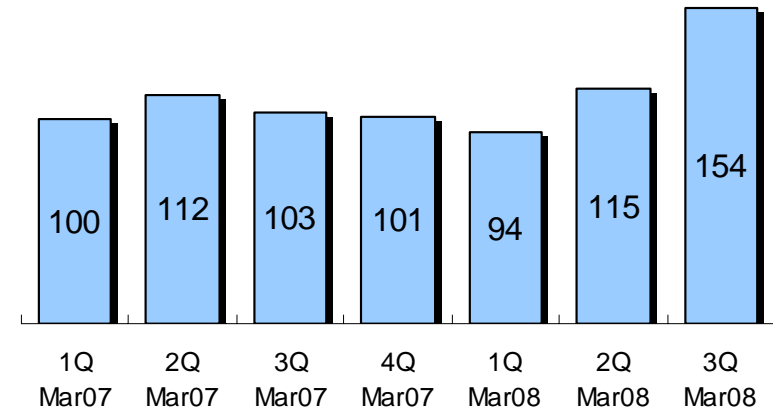
KONICA MINOLTA

■ TAC film

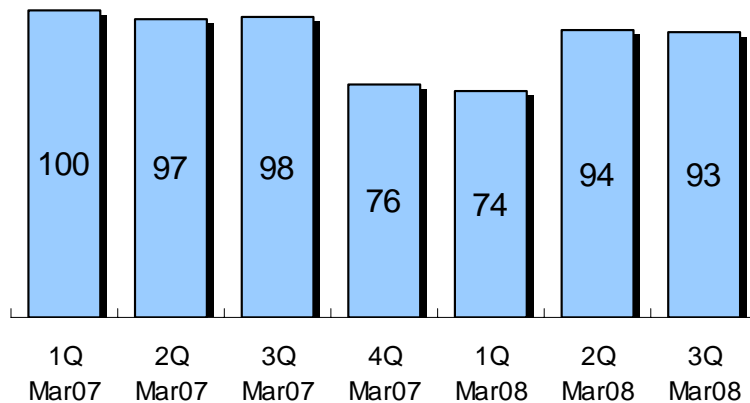
- Standard
- High function



■ Glass substrates for HD

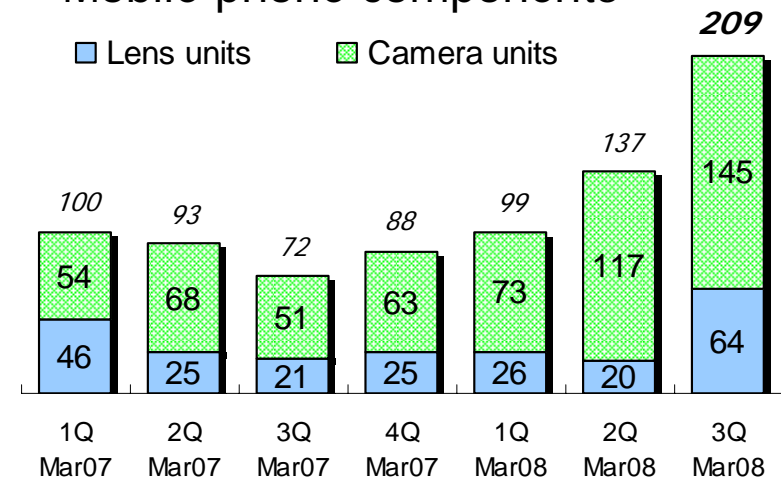


■ Optical pickup lens



■ Mobile phone components

- Lens units
- Camera units



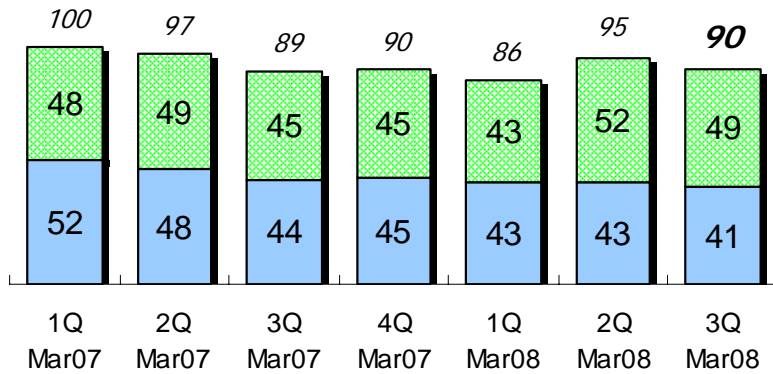
* Base index : "1Q Mar07" = 100



[Reference] Unit sales – Medical & Graphic

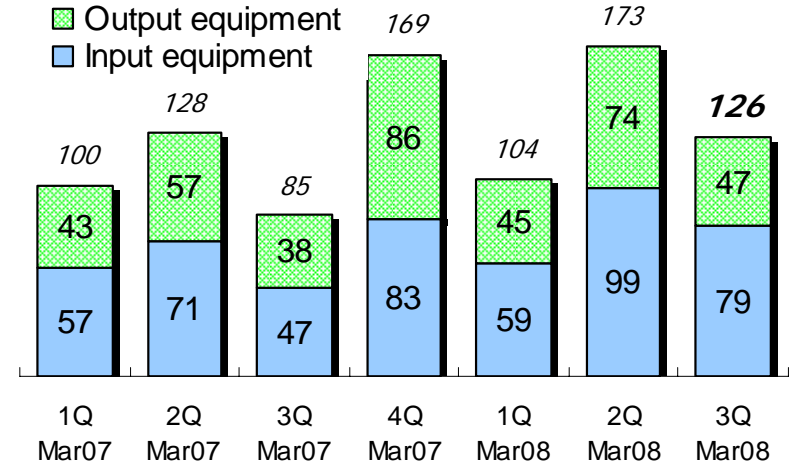
■ X-ray film (dry & wet)

■ Wet ■ Dry



■ Digital input/output equipment

■ Output equipment ■ Input equipment



* Base index : "1Q Mar07" = 100