

Konica Minolta Group Consolidated Financial Results 3Q/March 2010 [October – December 2009]

January 28, 2010

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Senior Executive Officer
Konica Minolta Holdings, Inc.

3Q/March 2010 financial results - Overview



	[Billions of yen]							
	3Q Mar/2010	3Q Mar/2009	YoY	2Q Mar/2010	QoQ			
Net sales (a)	195.4	213.7	-18.3	203.9	-8.5			
Operating income	12.0	14.7	-2.7	9.7	2.3			
<i>Operating income ratio</i>	<i>6.2%</i>	<i>6.9%</i>	-	<i>4.8%</i>	-			
Goodwill	2.3	2.4	-0.1	2.3	-0.0			
Operating income before dep.of goodwill (b)	14.3	17.1	-2.8	12.1	2.3			
<i>(b)/(a)</i>	<i>7.3%</i>	<i>8.0%</i>	-	<i>5.9%</i>	-			
Net income	5.5	-1.9	7.4	3.2	2.2			
<i>Net income ratio</i>	<i>2.8%</i>	<i>-0.9%</i>	-	<i>1.6%</i>	-			
FCF	25.6	-4.4	30.0	26.9	-1.3			
	FOREX	[Yen]	USD	89.72	96.32	-6.60	93.65	-3.93
			Euro	132.68	126.74	5.94	133.74	-1.06

3Q/March 2010 financial results - Group



Group earnings strength is steadily recovering, climbing out of the nadir in 4Q/March2008 and 1Q/March2009

■ Net sales

YoY: -9% (w/o forex: -8%)

QoQ: -4% (w/o forex: -3%)

■ Operating income

YoY: -18% (w/o forex: -22%)

QoQ: +24% (w/o forex: +32%)

Overview of main businesses

● Business Technologies

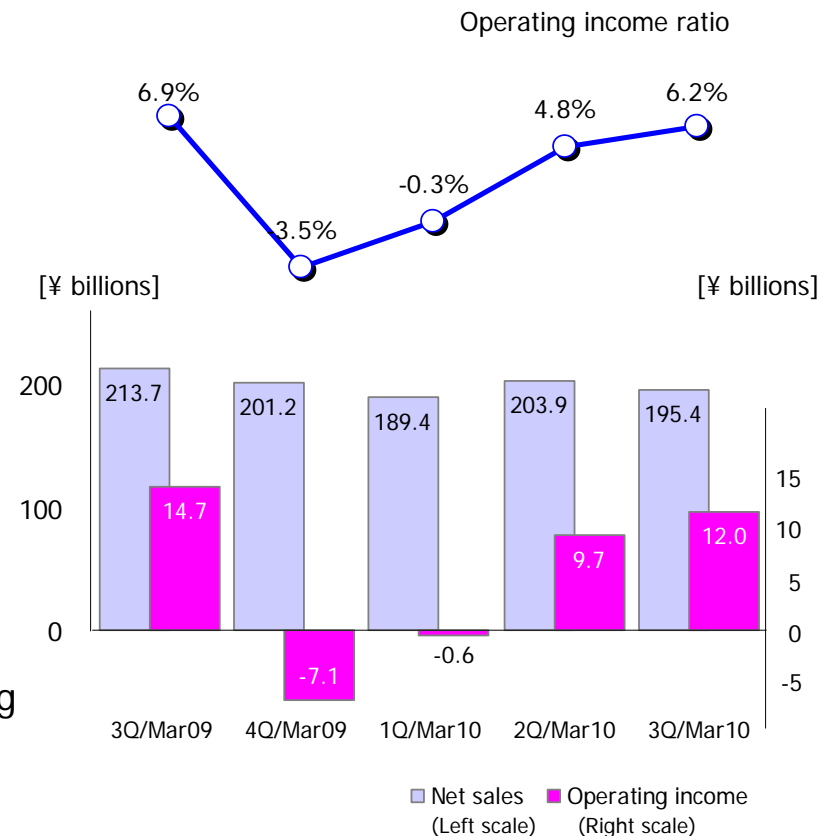
- ✓ Operating income rose markedly, while net sales slightly climbed QoQ.
- ✓ Led earnings of the Group in 3Q as the core business

● Optics

- ✓ Progress in line with plans with varying situations depending on the segment

● Medical & Graphic Imaging

- ✓ Sales remained weak due to lower demand in the digital equipment market in addition to falling demand for film products given the sluggish economy.



3Q/March 2010 financial results - Segment

Net sales	[Billions of yen]				
	3Q	3Q	YoY	2Q	QoQ
	Mar/2010	Mar/2009		Mar/2010	
Business Technologies	134.0	142.5	-8.5	132.7	1.3
Optics	32.1	37.1	-4.9	36.5	-4.4
Medical & Graphic	23.5	28.4	-4.9	29.2	-5.7
Group total	195.4	213.7	-18.3	203.9	-8.5

Operating income	[Billions of yen]				
	3Q	3Q	YoY	2Q	QoQ
	Mar/2010	Mar/2009		Mar/2010	
Business Technologies	10.2	15.4	-5.2	7.6	2.5
<i>Operating income ratio</i>	<i>7.6%</i>	<i>10.8%</i>	-	<i>5.8%</i>	-
Optics	4.2	0.5	3.7	4.5	-0.3
<i>Operating income ratio</i>	<i>13.0%</i>	<i>1.3%</i>	-	<i>12.2%</i>	-
Medical & Graphic	-0.3	1.3	-1.6	1.0	-1.2
<i>Operating income ratio</i>	<i>-1.1%</i>	<i>4.6%</i>	-	<i>3.3%</i>	-
Group total	12.0	14.7	-2.7	9.7	2.3
<i>Operating income ratio</i>	<i>6.2%</i>	<i>6.9%</i>	-	<i>4.8%</i>	-

Business Technologies - 3Q/March 2010



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Profitability improved further, thanks to the full-scale launch of new color MFP products.

■ Net sales

YoY: -6% (w/o forex: -5%)

QoQ: +1% (w/o forex: +3%)

■ Operating income

YoY: -34% (w/o forex: -42%)

QoQ: +34% (w/o forex: +39%)

● MFP unit sales

YoY: -4% (color: -8%, B/W: -2%)

QoQ: +2% (color: +5%, B/W: +1%)

✓ Europe, QoQ: +14% (color: +11%, B/W: +17%)

✓ North America, YoY: +6% (color: -16%, B/W: +24%)

✓ Other areas, YoY: +10% (color: +6%, B/W: +11%)

● New products - Color MFPs

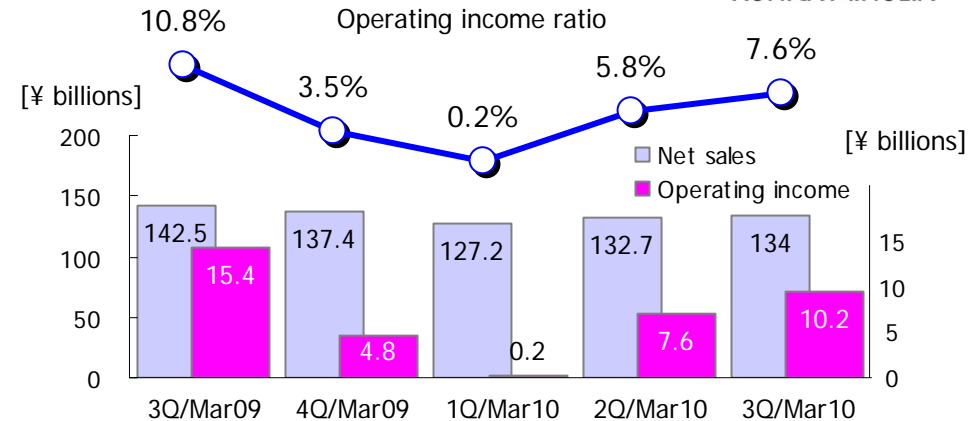
✓ Product mix improved with the launch of new color MFPs, replacing 90% of total machine sold in 21ppm-over segment.

● Non-hardware sales (total of main five sales companies)

YoY: -1% (w/o forex: +1%)

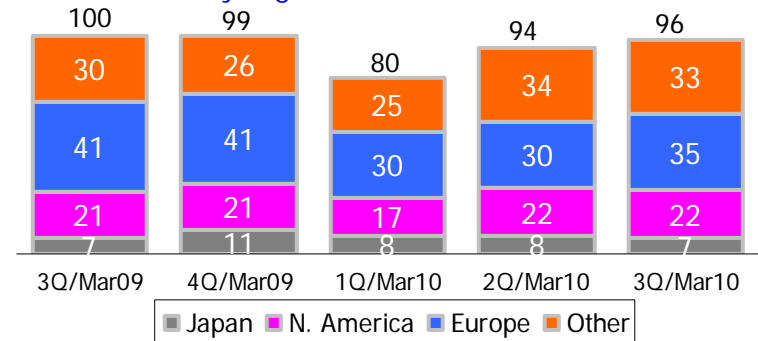
QoQ: +1% (w/o forex: +3%)

The essentials of imaging



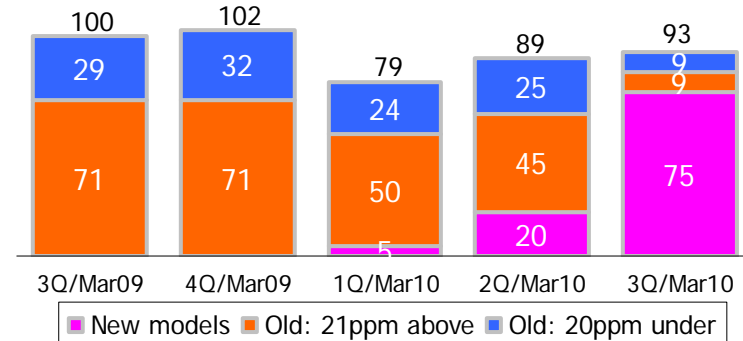
◆ MFP unit sales by segment

*Base index: "3Q Mar09" = 100



◆ Color MFP unit sales

*Base index: "3Q Mar09" = 100



Business Technologies – 3Q/Mar2010 sales and profit



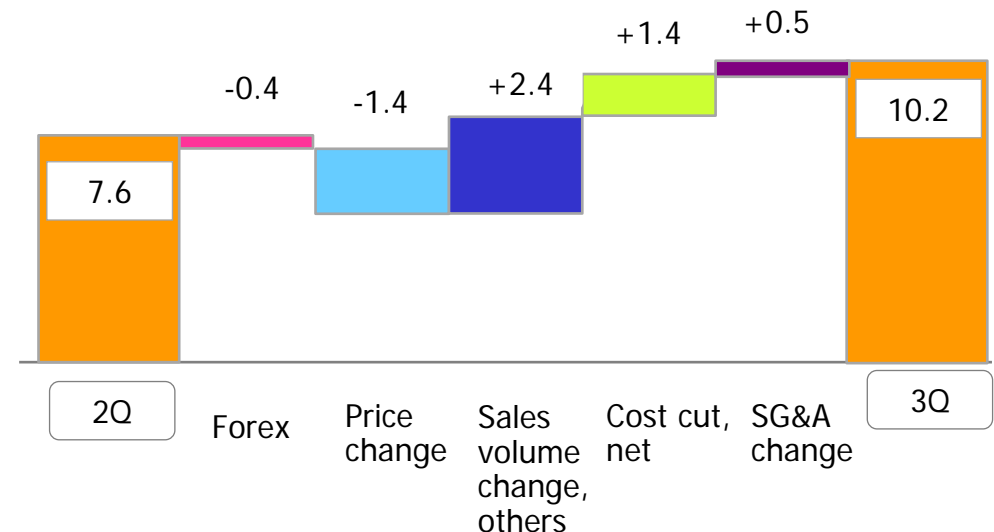
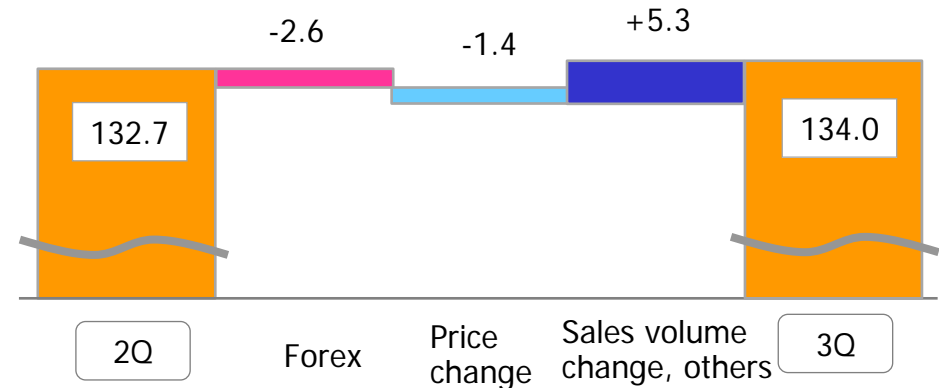
Net sales → Slight increase

- Slight increase in office MFPs and production printing segment
- Slight decline in printers
- Product mix improved with the launch of new color MFPs
- Strong sales in non-hardware (slight increase)

Operating income → Up ¥2.5 billion

- Earnings on manufacturing increased with the rise in quantity: Approx. ¥2.0 billion.
- Cost reductions associated with the launch of new products made a contribution.
- Revenues increased at the US sales company partly due to the acquisition of DANKA.
- Printers maintained breakeven level, as in 2Q.

[¥ Billions]



Optics - 3Q/March 2010



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Profit level was on a par with 2Q, driven by the strong performance of TAC films.

Net sales

	Total	(TAC, Memory, Image I/O)	w/o Image I/O
YoY:	-13%	(+52%, -13%, -46%)	+21%
QoQ:	-12%	(-2%, -10%, -23%)	-5%

Operating income

YoY:	+789%
QoQ:	-6%

TAC film

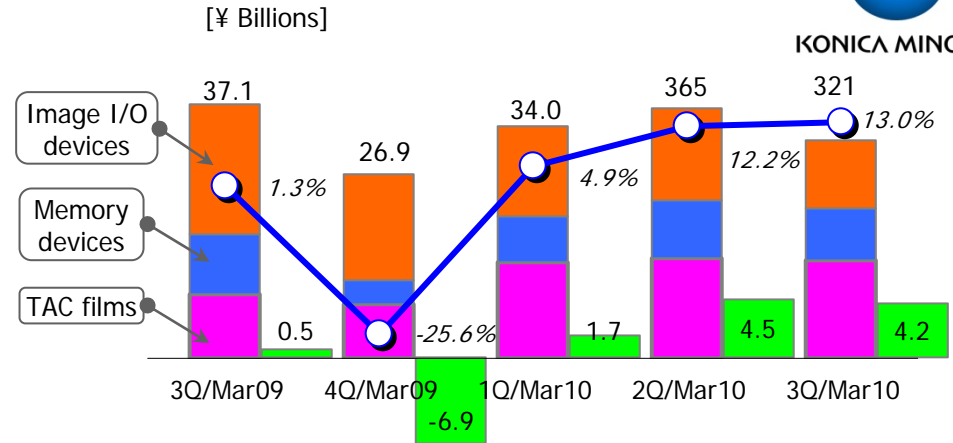
- ✓ Solid momentum has been sustained since 1Q/Mar2010, centering on VA-TAC and thin TAC film, our strengths.

Glass HD substrates

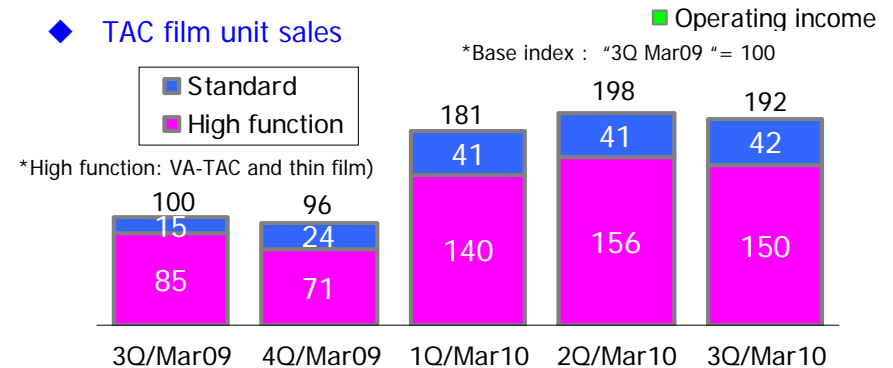
- ✓ Sales volume steadily increased along with advancing density. (YoY: +13%, QoQ: +18%)
- ✓ Accelerated efforts to improve productivity.

Optical pickup lens

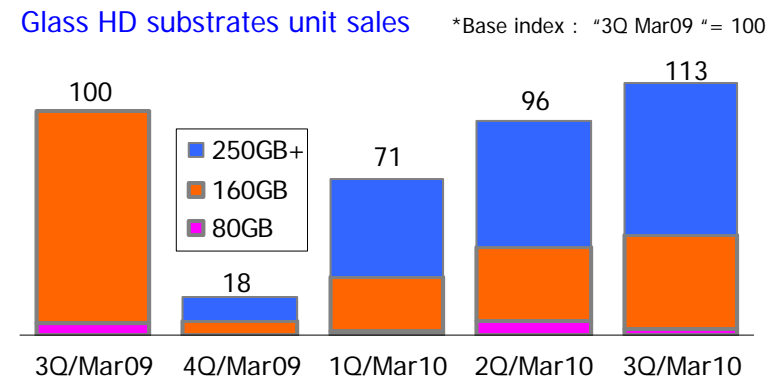
- ✓ Low demand for lenses for BDs for IT related products stalled QoQ sales.



TAC film unit sales



Glass HD substrates unit sales



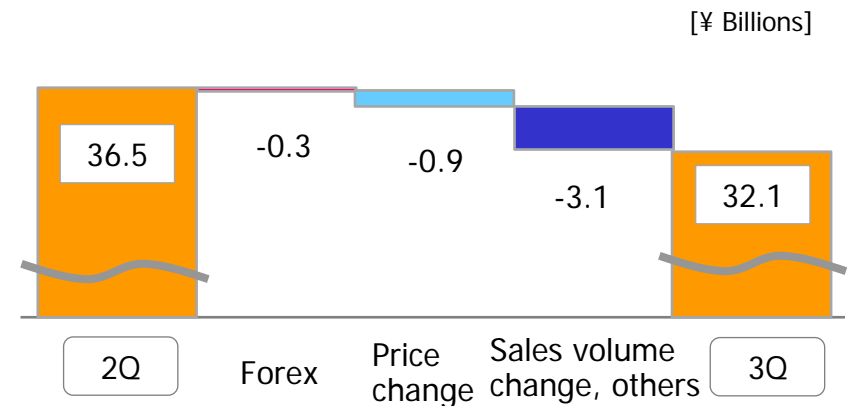
Optics – 3Q/Mar2010 sales and profit



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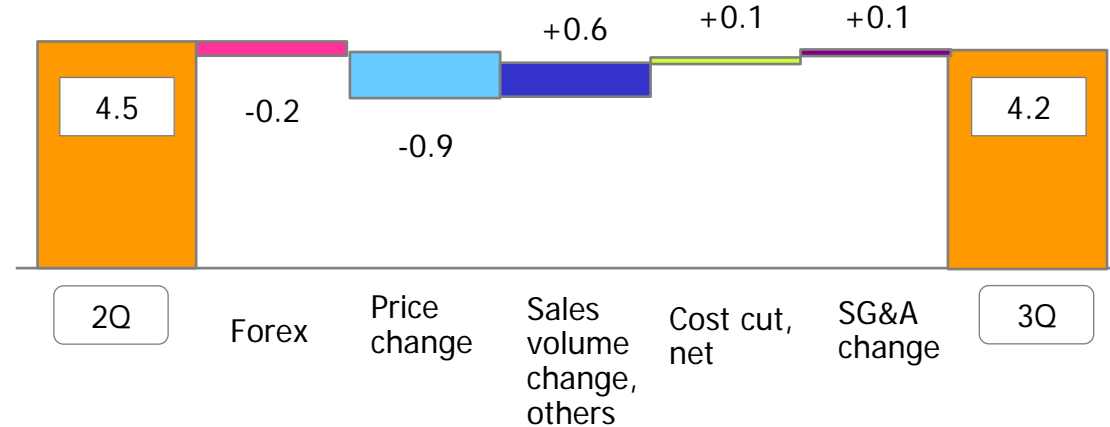
Net sales → Decrease ¥4.4 billion

- TAC film sales level was on a par with 2Q.
- Sales of glass HD substrates increased.
- Lower sales due to downscaling of image input/output components business and stagnant sales of optical pickup lenses for BD.



Operating income → Slight decrease

- Impact of falling prices was largely offset by higher volume and cost cutting.





Earnings effect of initiatives to reduce fixed costs

Good results were produced, in line with plans, as cost cutting made a profit contribution of ¥9 billion YoY in 3Q. (¥31 billion yen on 9M basis)

[¥ billions]

Major initiatives for cutting fixed costs

■ Business Technologies

(Items conducted in 1H/Mar2010)

1. Personnel optimization in the overseas sales division
2. Consolidation of DANKA with a sales company in North America

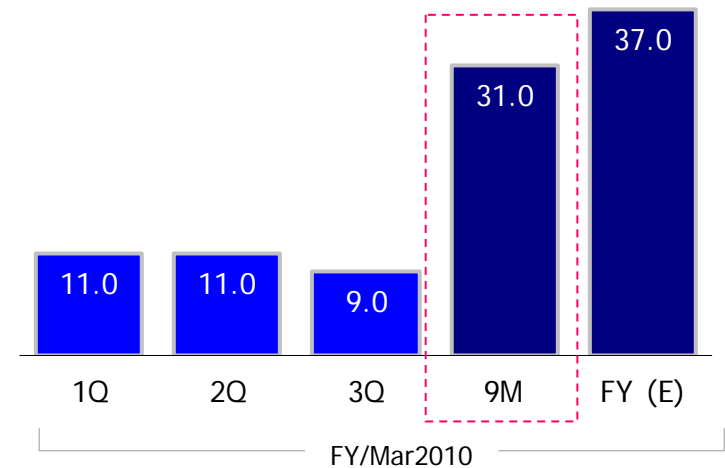
■ Optics

(Items conducted in 4Q/Mar2009)

1. Optimization of production systems and human resources in Japan and overseas

■ Medical & Graphic

1. Structural reforms proceeded almost as planned, in both manufacturing and sales divisions.



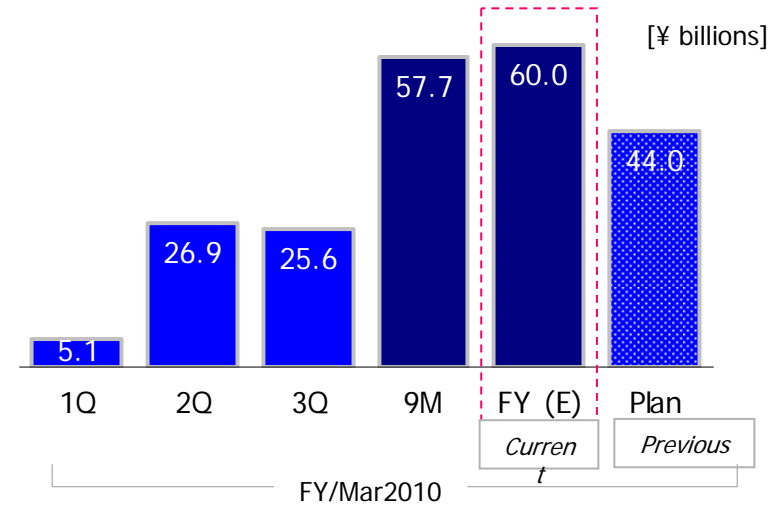


Free cash flow - Forecast

Generated FCF on par with the 2Q level by reducing working capital and investments.

Revised full-year FCF forecasts.

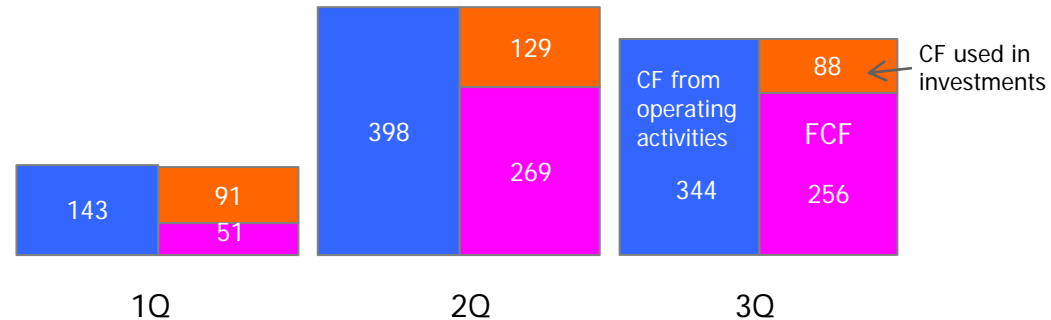
3Q: ¥25.6 billion 9M: ¥57.7 billion
 (YoY: + ¥30.0 billion) (YoY: + ¥51.3 billion)



2Q vs. 3Q

- Generated same level of working capital QoQ
- ¥4 billion decline in investments

Category	1Q	2Q	3Q
Income before income taxes:	0.4	6.5	10.6
Working capital:	+2.7	+12.5	+13.7





Efforts in 4Q for bringing Mar/2010 to a solid close

The Group's earnings are back on the path to recovery as a result of the structural reforms planned in "Management Policy <09-10>".

We regard 4Q as a turning point, to focus on management aiming at higher profits by expanding sales, and will lead this momentum for earnings recovery to the "Shift to a Growth Path in FY/Mar2011."

■ **Business Technologies**

Aiming to surpass profit targets by maximizing sales with new products as drivers, based on a earnings structure that has been stabilized through structural reforms

■ **Optics**

Aiming to achieve profit targets by focusing on sales expansion in all product areas, capturing the tailwind of the market recovery

■ **Medical & Graphic Imaging**

Recouping the operating loss in 3Q, including the expansion of sales of digital equipment and comprehensive cost cutting

[Ref.] Forecasts FY/Mar2010

	[Billions of yen]				
	FY	FY	YoY		
	Mar/2010	Mar/2009			
Net sales (a)	817.0	947.8	-130.8		
Operating income	34.0	56.3	-22.3		
<i>Operating income ratio</i>	<i>4.2%</i>	<i>5.9%</i>	-		
Goodwill	9.5	8.9	0.6		
Operating income before dep.of goodwill (b)	43.5	65.2	-21.7		
<i>(b)/(a)</i>	<i>5.3%</i>	<i>6.9%</i>	-		
Net income	10.0	15.2	-5.2		
<i>Net income ratio</i>	<i>1.2%</i>	<i>1.6%</i>	-		
FCF	60.0	17.4	42.6		
Dividend per share [yen]	15.0	20.0	-5.0		
		<u>4Q/Mar10</u>			
FOREX [Yen]	USD	90.00	92.67	100.54	-7.87
	Euro	130.00	132.25	143.48	-11.23



Supplementary Information
Financial Results 3Q/Mar2010

Results: 3Q/Mar2010



				[Billions of yen]		
	3Q Mar/2010	3Q Mar/2009	YoY	2Q Mar/2010	QoQ	
Net sales	195.4	213.7	-18.3	203.9	-8.5	
Gross income	89.8	103.8	-14.0	89.2	0.6	
<i>Gross income ratio</i>	45.9%	48.6%	-	43.7%	-	
Operating income	12.0	14.7	-2.7	9.7	2.3	
<i>Operating income ratio</i>	6.2%	6.9%	-	4.8%	-	
Ordinary income	10.4	6.2	4.2	8.1	2.3	
Net income before taxes	10.6	0.8	9.9	6.5	4.1	
Net income	5.5	-1.9	7.4	3.2	2.2	
<i>Net income ratio</i>	2.8%	-0.9%	-	1.6%	-	
EPS [Yen]	10.32	-3.64		6.10		
CAPEX	7.0	16.0	-9.0	10.0	-3.0	
Depreciation	15.2	17.8	-2.6	15.5	-0.4	
R&D expenses	16.7	20.8	-4.1	17.6	-1.0	
FCF	25.6	-4.4	30.0	26.9	-1.3	
FOREX [Yen]	USD	89.72	96.32	-6.60	93.65	-3.93
	Euro	132.68	126.74	5.94	133.74	-1.06



Results: 3Q/Mar2010 - Segment

Net sales

				[Billions of yen]	
	3Q Mar/2010	3Q Mar/2009	YoY	2Q Mar/2010	QoQ
Business Technologies	134.0	142.5	-8.5	132.7	1.3
Optics	32.1	37.1	-4.9	36.5	-4.4
Medical & Graphic	23.5	28.4	-4.9	29.2	-5.7
Other businesses	4.0	3.6	0.4	3.6	0.4
HD and eliminations	1.8	2.1	-0.3	1.9	-0.1
Group total	195.4	213.7	-18.3	203.9	-8.5

Operating income

				[Billions of yen]	
	3Q Mar/2010	3Q Mar/2009	YoY	2Q Mar/2010	QoQ
Business Technologies	10.2	15.4	-5.2	7.6	2.5
<i>Operating income ratio</i>	<i>7.6%</i>	<i>10.8%</i>	-	<i>5.8%</i>	-
Optics	4.2	0.5	3.7	4.5	-0.3
<i>Operating income ratio</i>	<i>13.0%</i>	<i>1.3%</i>	-	<i>12.2%</i>	-
Medical & Graphic	-0.3	1.3	-1.6	1.0	-1.2
<i>Operating income ratio</i>	<i>-1.1%</i>	<i>4.6%</i>	-	<i>3.3%</i>	-
Other businesses	0.4	0.2	0.3	0.1	0.3
HD and eliminations	-2.5	-2.6	0.1	-3.4	0.9
Group total	12.0	14.7	-2.7	9.7	2.3
<i>Operating income ratio</i>	<i>6.2%</i>	<i>6.9%</i>	-	<i>4.8%</i>	-

Results: 9 months (Apr – Dec)

	[Billions of yen]		
	9M	9M	
	Mar/2010	Mar/2009	YoY
Net sales	588.7	746.6	-157.9
Gross income	258.6	347.0	-88.4
<i>Gross income ratio</i>	43.9%	46.5%	-
Operating income	21.2	63.4	-42.2
<i>Operating income ratio</i>	3.6%	8.5%	-
Ordinary income	19.1	54.1	-35.0
Net income before taxes	17.6	50.6	-33.0
Net income	9.0	27.3	-18.3
<i>Net income ratio</i>	1.5%	3.7%	-
EPS [Yen]	16.99	51.55	
CAPEX	24.4	47.3	-22.9
Depreciation	46.1	51.7	-5.6
R&D expenses	52.0	62.7	-10.7
FCF	57.7	6.4	51.3
FOREX [Yen]			
USD	93.56	102.84	-9.28
Euro	133.00	150.70	-17.70

Results: 9 months (Apr – Dec) - Segment

Net sales

[Billions of yen]

	9M Mar/2010	9M Mar/2009	YoY
Business Technologies	393.9	486.2	-92.3
Optics	102.6	146.5	-43.9
Medical & Graphic	76.4	94.6	-18.2
Other businesses	10.4	12.3	-1.8
HD and eliminations	5.4	7.0	-1.6
Group total	588.7	746.6	-157.9

Operating income

	9M Mar/2010	9M Mar/2009	YoY
Business Technologies	18.1	47.7	-29.6
<i>Operating income ratio</i>	<i>4.6%</i>	<i>9.8%</i>	-
Optics	10.3	19.4	-9.1
<i>Operating income ratio</i>	<i>10.0%</i>	<i>13.3%</i>	-
Medical & Graphic	1.5	4.2	-2.6
<i>Operating income ratio</i>	<i>2.0%</i>	<i>4.4%</i>	-
Other businesses	0.3	1.1	-0.8
HD and eliminations	-9.0	-9.0	0.0
Group total	21.2	63.4	-42.2
<i>Operating income ratio</i>	<i>3.6%</i>	<i>8.5%</i>	



Forecasts FY/March 2010

[Billions of yen]

	FORECAST		FY/Mar 2010	
	1Q	2Q	3Q	FY (F)
Net sales	189.4	203.9	195.4	817.0
Operating income	-0.6	9.7	12.0	34.0
<i>OP ratio</i>	-0.3%	4.8%	6.2%	4.2%
Ordinary income	0.6	8.1	10.4	32.5
Net income before taxes	0.4	6.5	10.6	27.5
Net income	0.3	3.2	5.5	10.0
<i>Net income ratio</i>	0.2%	1.6%	2.8%	1.2%
CAPEX	7.5	10.0	7.0	37.0
Depreciation	15.4	15.5	15.2	65.0
R&D expenses	17.7	17.6	16.7	72.0
FCF	5.1	26.9	25.6	60.0
FOREX [P/L] [Yen]				
USD	97.32	93.65	89.72	92.67
Euro	132.57	133.74	132.68	132.25



Forecasts FY/March 2010 - Segment

[Billions of yen]

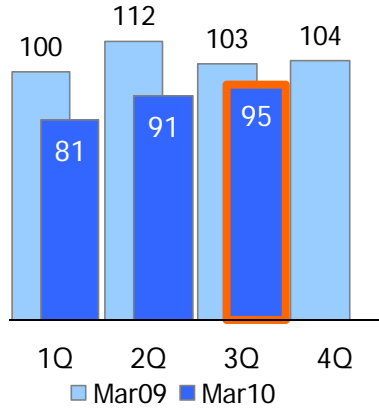
Net sales	FORECAST FY/Mar2010			
	1Q	2Q	3Q	FY (F)
Business Technologies	127.2	132.7	134.0	543.0
Optics	34.0	36.5	32.1	142.0
Medical & Graphic	23.7	29.2	23.5	110.0
Other businesses	2.8	3.6	4.0	14.5
HD and eliminations	1.7	1.9	1.8	7.5
Group total	189.4	203.9	195.4	817.0

Operating income	FORECAST FY/Mar 2010			
	1Q	2Q	3Q	FY (F)
Business Technologies	0.2	7.6	10.2	28.0
<i>Operating income ratio</i>	<i>0.2%</i>	<i>5.8%</i>	<i>7.6%</i>	<i>5.2%</i>
Optics	1.7	4.5	4.2	15.0
<i>Operating income ratio</i>	<i>4.9%</i>	<i>12.2%</i>	<i>13.0%</i>	<i>10.6%</i>
Medical & Graphic	0.8	1.0	-0.3	3.5
<i>Operating income ratio</i>	<i>3.5%</i>	<i>3.3%</i>	<i>-1.1%</i>	<i>3.2%</i>
Other businesses	-0.2	0.1	0.4	0.5
HD and eliminations	-3.1	-3.4	-2.5	-13.0
Group total	-0.6	9.7	12.0	34.0
<i>Operating income ratio</i>	<i>-0.3%</i>	<i>4.8%</i>	<i>6.2%</i>	<i>4.2%</i>



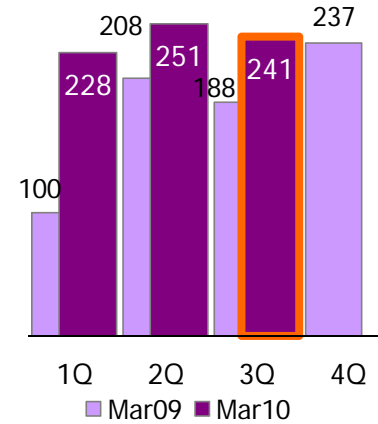
Unit sales: Business Technologies

Color MFP – Units



YoY: -8%
QoQ: +5%

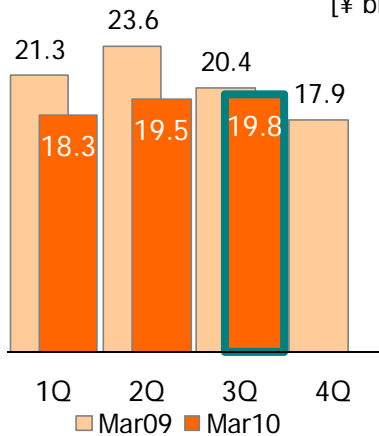
Color tandem LBP – Units



YoY: +28%
QoQ: -4%

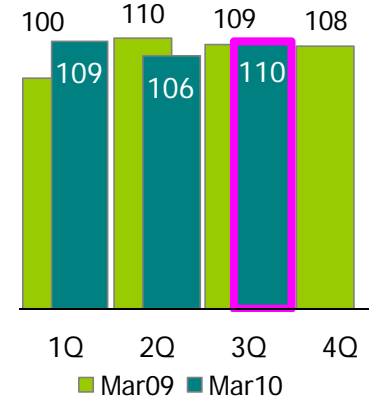
Production printing – Value

[¥ billions]



YoY: -3%
QoQ: +1%

MFP non-hardware



* Sum of five major sales companies: Japan, US, UK, Germany, France
* w/o forex effects

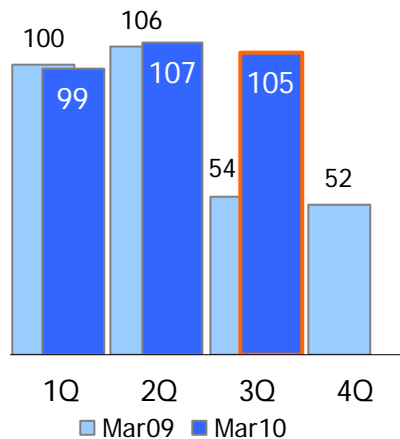
YoY: +1%
QoQ: +3%

* Base index : "1Q Mar09 " = 100



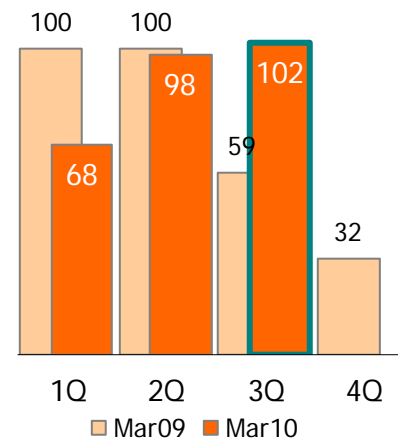
Unit Sales: Optics

TAC film – Units



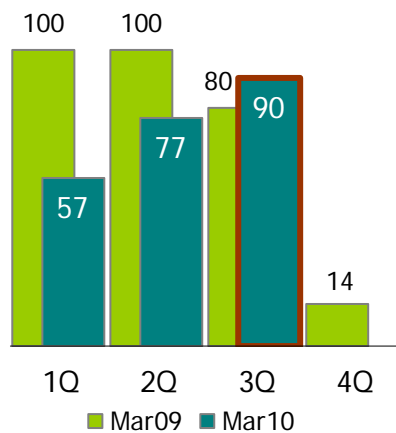
YoY: +92%
QoQ: -3%

Optical pickup lenses - Units



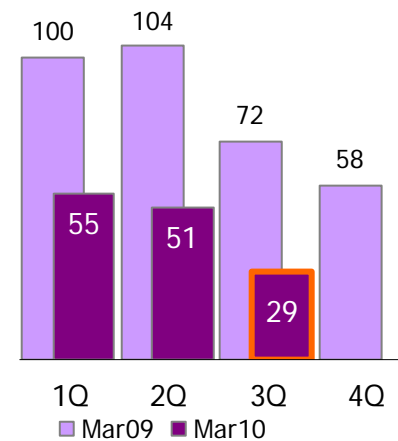
YoY: +72%
QoQ: +4%

Glass HD substrates - Units



YoY: +13%
QoQ: +18%

Mobile phone components – Units



YoY: -60%
QoQ: -43%

Operating profit analysis



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YoY: 3Q/Mar10 vs. 3Q/Mar09

	[Billions of yen]			
	Business Technologies	Optics	Other	Total
[Factors]				
Forex impact	1.2	-0.2	-0.4	0.6
Prince change	-7.4	-6.4	0.0	-13.8
Sales volume change, and other, net	-11.4	5.8	-3.5	-9.2
Cost down	3.3	1.7	0.4	5.5
SG&A change, net	9.1	2.9	2.5	14.5
[Operating income]				
Change, YoY	-5.2	3.7	-1.2	-2.7

QoQ: 3Q/Mar10 vs. 2Q/Mar10

	[Billions of yen]			
	Business Technologies	Optics	Other	Total
[Factors]				
Forex impact	-0.4	-0.2	-0.2	-0.8
Prince change	-1.4	-0.9	0.0	-2.3
Sales volume change, and other, net	2.4	0.6	-1.5	1.6
Cost down	1.4	0.1	0.0	1.5
SG&A change, net	0.5	0.1	0.8	1.4
[Operating income]				
Change, QoQ	2.5	-0.3	0.1	2.3

* Impact of exchange rate fluctuation if given 1 yen change (full-year base): USD→ 200 million yen, Euro→ 700 million yen

SGA, non-operating and extraordinary income/loss

[Billions of yen]

SG&A:	3Q	3Q	YoY	9M	9M	YoY
	Mar10	Mar09		Mar10	Mar09	
Selling expenses - variable	10.0	11.5	-1.5	29.7	39.5	-9.8
R&D expenses	16.7	20.8	-4.2	52.0	62.7	-10.8
Labor costs	29.9	32.2	-2.3	90.2	104.6	-14.5
Other	21.2	24.6	-3.4	65.6	76.7	-11.2
SGA total*	77.7	89.1	-11.3	237.4	283.6	-46.2

** Forex impact YoY: -¥0.3 billion (Actual: -¥11 billion), QoQ: -¥12.8 billion (Actual: ¥34.1 billion)*

Non-operating income/ loss:

Interest and dividend income/loss, net	-0.4	-0.6	0.2	-1.3	-2.0	0.7
Foreign exchange gain, net	-0.5	-7.1	6.6	-0.2	-7.7	7.5
Other	-0.7	-0.8	0.1	-0.5	0.4	-0.9
Non-operating income/ loss, net	-1.6	-8.5	6.9	-2.1	-9.3	7.2

Extraordinary income/ loss:

Sales of noncurrent assets, net	0.0	-0.5	0.5	-1.5	-1.4	-0.0
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	0.2	-3.9	4.0	-0.1	-1.1	1.0
Impairment gain/loss	-	0.0	-0.0	-0.2	-0.3	0.1
Business structure improvement expenses	-	-1.1	1.1	-1.2	-2.5	1.3
Other	0.0	0.0	0.0	1.3	1.8	-0.5
Extraordinary income/ loss, net	0.2	-5.5	5.7	-1.6	-3.5	1.9

B/S

	[Billions of yen]		
Assets:	Dec 2009	Mar 2009	Change
Cash and short-term investment securities	156.2	133.7	22.5
Notes and A/R-trade	164.1	171.8	-7.7
Inventories	103.7	129.2	-25.4
Other	58.2	70.2	-12.0
Total current assets	482.2	504.9	-22.7
Tangible assets	209.3	227.9	-18.5
Intangible assets	101.1	111.6	-10.5
Investments and other assets	73.5	73.7	-0.2
Total noncurrent assets	383.9	413.1	-29.2
Total assets	866.1	918.1	-51.9
Liabilities and Net Assets:			
Notes and A/P-trade	84.1	87.1	-3.0
Interest bearing debts	205.0	230.4	-25.4
Other liabilities	164.0	186.3	-22.3
Total liabilities	453.0	503.8	-50.8
Total shareholders' equity*	412.0	413.4	-1.4
Other	1.1	0.9	0.2
Total net assets	413.1	414.3	-1.2
Total liabilities and net assets	866.1	918.1	-51.9

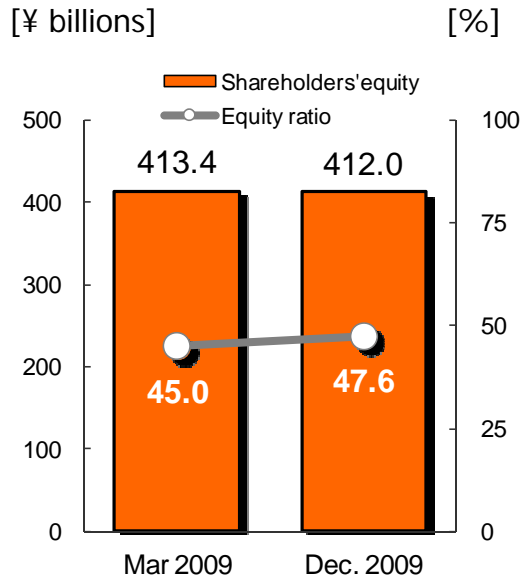
* Shareholders' equity + valuation and translation adjustments

	[yen]		
	Dec 2009	Mar 2009	YoY
US\$	92.10	98.23	-6.13
Euro	132.00	129.84	2.16



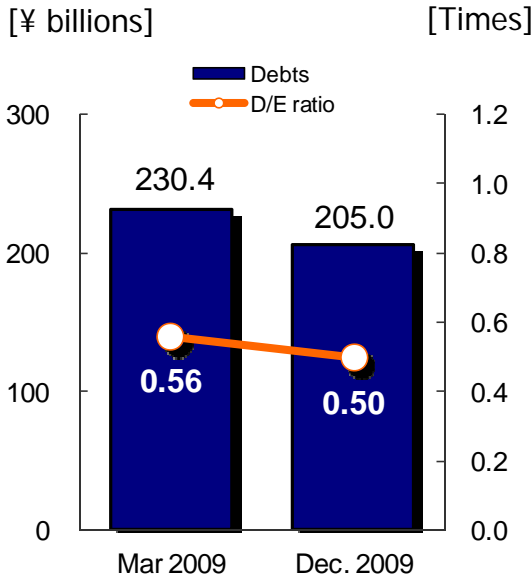
B/S – Main indicators

Equity ratio



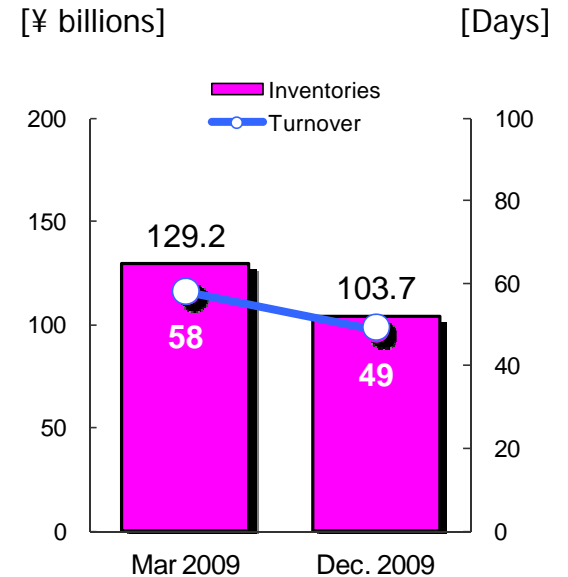
Equity ratio = Equity / Total assets
 Equity = Shareholder's equity +
 Total revaluation and translation adjustments

Interest-bearing debts



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

Inventories and inventory turnover



Inventory turnover (days) = Inventories
 at year-end / Average sales per day

Calculation term for inventory turnover:
 Mar 2009 → Jan-Mar 2009
 Dec 2009 → Oct-Dec 2009

Cash flows

	[Billions of yen]					
	3Q	3Q	YoY	9M	9M	YoY
	Mar10	Mar09		Mar10	Mar09	
Income before income taxes and minority interests	10.6	0.8	9.9	17.6	50.6	-33.0
Depreciation and amortization	15.2	17.8	-2.6	46.1	51.7	-5.7
Income taxes paid	-5.8	-14.3	8.5	0.4	-34.2	34.6
Change in working capital	14.4	14.4	0.1	24.5	14.5	10.0
I. Net cash provided by operating activities	34.4	18.6	15.8	88.5	82.6	5.9
II. Net cash used in investing activities	-8.8	-23.0	14.2	-30.8	-76.2	45.4
I.+ II. Free cash flow	25.6	-4.4	30.0	57.7	6.4	51.3
Change in debts and bonds	-40.0 *	12.8	-52.7	-26.3	-6.8	-19.5
Cash dividends paid	-3.8	-5.2	1.3	-9.1	-9.1	0.0
Other	-0.7	-0.4	-0.3	-1.7	-2.4	0.7
III. Net cash used in financing activities	-44.5	7.2	-51.7	-37.1	-18.3	-18.8

* Including redemption of CBs at maturity: ¥30 billion



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.