KONICA MINOLTA

# Konica Minolta Group
# 3rd Quarter/March 2011 Consolidated Financial Results
**Three months: October 1, 2010 – December 31, 2010**
**Nine months: April 1, 2010 – December 31, 2010**

January 28, 2011

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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.*

## 3Q/March 2011 financial results – Overview (vs. forecasts)

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- The Group results rose steadily until the first half of the fiscal year, but net sales and net income fell in Q3, and the sales recovery lost momentum. Based on this situation, we have revised the results forecast.
- Business Technologies Business: Unit sales of profitable new products, both office and production print systems, were weak, and the target was not achieved. Sales of color MFPs fell, and the sales mix shifted to low-speed products. As a result, profitability declined.
- Optics Business: While sales of TAC films recovered, sales of glass HD substrates and optical pickup lenses were sluggish with the effect of production adjustments at customers lasting longer than expected.
- As a result, profits in the first nine months rose from a year ago but was below the forecast.
- The Group will focus on expanding sales in Q4 to offset the difference between the target and actual results in Q3 and will strive to maximize profit in Q4, comprehensively reducing expenses and costs.

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The performance of the Konica Minolta Group steadily recovered until the first half of the current fiscal year. However, the momentum for this recovery in sales slowed down in the third quarter, and the Group recorded lower net sales and operating income for the third quarter of the current fiscal year from the same period in the previous year, with net sales falling ¥11.9 billion and operating income declining ¥6.3 billion year on year. Taking into account this recent operating environment, the Group decided to revise its forecasts at the time it announced its results for the third quarter of the current fiscal year.

In the Business Technologies Business, profitability declined, as sales of new, high-margin MFPs fell short of targets, and given weak sales volumes of color MFPs, in particular, contrary to expectations, and the shifting of the sales mix to low-speed MFPs.

In the Optics Business, sales of TAC films bottomed out in October, but those of other products, including glass HD substrates and optical pickup lenses, remained sluggish, reflecting the effects of customer production cutbacks, which ran longer than anticipated.

As a result, net income for the first nine months of the current fiscal year rose year on year, but it underperformed in relation to the latest forecasts.

In response, the Group will focus on bolstering sales in the fourth quarter of the current fiscal year to offset the underperformance in the third quarter. Naturally, the Group will continue efforts to cut expenses and production costs, and will be fully committed to achieving the new business targets.

## 3Q/Mar2011 financial results - Overview

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[Billions of yen]

| | 9M Mar11 | 9M Mar10 | YoY | Mar11 3Q | Mar11 2Q | QoQ |
|---|---|---|---|---|---|---|
| Net sales | 575.3 | 588.7 | △ 13.5 | 183.5 | 197.2 | △ 13.7 |
| Operating income | 28.3 | 21.2 | 7.0 | 5.6 | 12.8 | △ 7.1 |
| *Operating income ratio* | *4.9%* | *3.6%* | | *3.1%* | *6.5%* | |
| Goodwill amortization | 6.3 | 7.0 | △ 0.7 | 2.0 | 2.1 | △ 0.0 |
| Operating income before amortization of Goodwill(b) | 34.6 | 28.2 | 6.4 | 7.7 | 14.9 | △ 7.2 |
| *(b)/(a)* | *6.0%* | *4.8%* | | *4.2%* | *7.5%* | |
| Net income | 10.8 | 9.0 | 1.8 | 2.2 | 5.1 | △ 3.0 |
| *Net income ratio* | *1.9%* | *1.5%* | | *1.2%* | *2.6%* | |
| FOREX [Yen] USD | 86.84 | 93.56 | △ 6.72 | 82.64 | 85.87 | △ 3.23 |
| Euro | 113.30 | 133.00 | △ 19.70 | 112.23 | 110.66 | 1.57 |

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Changes in net sales, operating income, and net income for the first nine months from the same period of the previous fiscal year are presented at left. On the right of the page, results for the third quarter compared with the second quarter are presented. Goodwill amortization is also shown for reference.

Net sales for the first nine months declined ¥13.5 billion year on year. Operating income rose ¥7.0 billion, operating income before amortization of goodwill was up ¥6.4 billion, and net income climbed ¥1.8 billion. The yen appreciated significantly, rising ¥6.72 against the U.S. dollar and ¥19.70 against the euro from the levels of the previous year. This appreciation in the Japanese currency had a ¥40.3 billion negative impact on sales and a ¥16.8 billion negative impact on operating income.

Both net sales and operating income for the third quarter were down from the second quarter, illustrating the slowing momentum in the sales recovery in the third quarter. The factors for this slowdown will be discussed in detail in the following pages.

## 3Q/March 2011 financial results - Group

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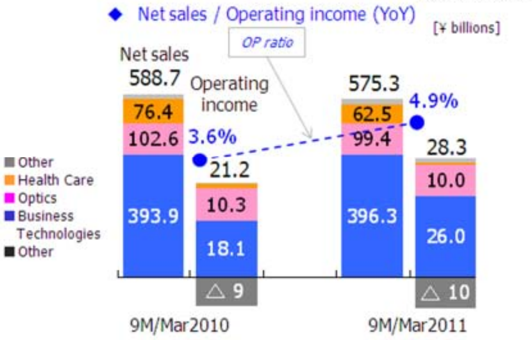
- **9M/March 2011 results (YoY)**

  Net sales: -2% (w/o forex: +5%)

  Operating income: +33% (w/o forex: +113%)

  - Net sales were about the same level as a year ago due to the strong yen, but rose without the effect of exchange rates.
  - Leaving out the effect of exchange rates, operating income doubled from a year ago, led by an increase in sales of new MFPs in the Business Technologies Business.

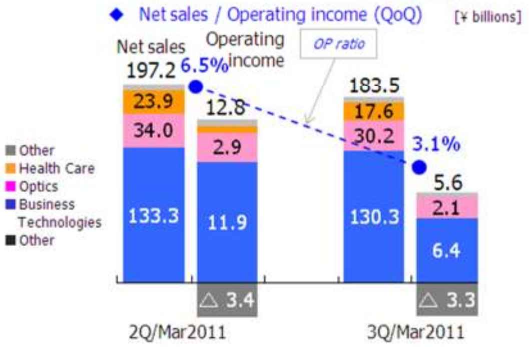



- **3Q/March 2011 results (QoQ)**

  Net sales: -7% (w/o forex: -6%)

  Operating income: -56% (w/o forex: -55%)

  - Net sales declined, reflecting falls in unit sales of the main products in the Business Technologies Business, Optics Business, and Healthcare Business.
  - Operating income declined, attributable to a decrease in unit sales and changes in prices and the sales mix.

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Net sales for the first nine months were almost on a par with the results for the previous year, given the impact of the appreciation of the yen. Excluding the ¥40.3 billion negative impact of the exchange rate, net sales were up 5% year on year. Operating income rose 33%, reflecting strong sales of profitable new MFPs in the Business Technologies Business. Excluding the influence of the exchange rate, operating income actually more than doubled.

Net sales for the third quarter, meanwhile, fell from the second quarter, given sluggish sales of products in the Group's mainstay businesses, including the Business Technologies Business, the Optics Business, and the Healthcare Business. Operating income also declined, reflecting a fall in sales volumes, changes in the sales mix, and the fluctuations in sales prices.

## 3Q/Mar2011 financial results – Segments

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[Billions of yen]

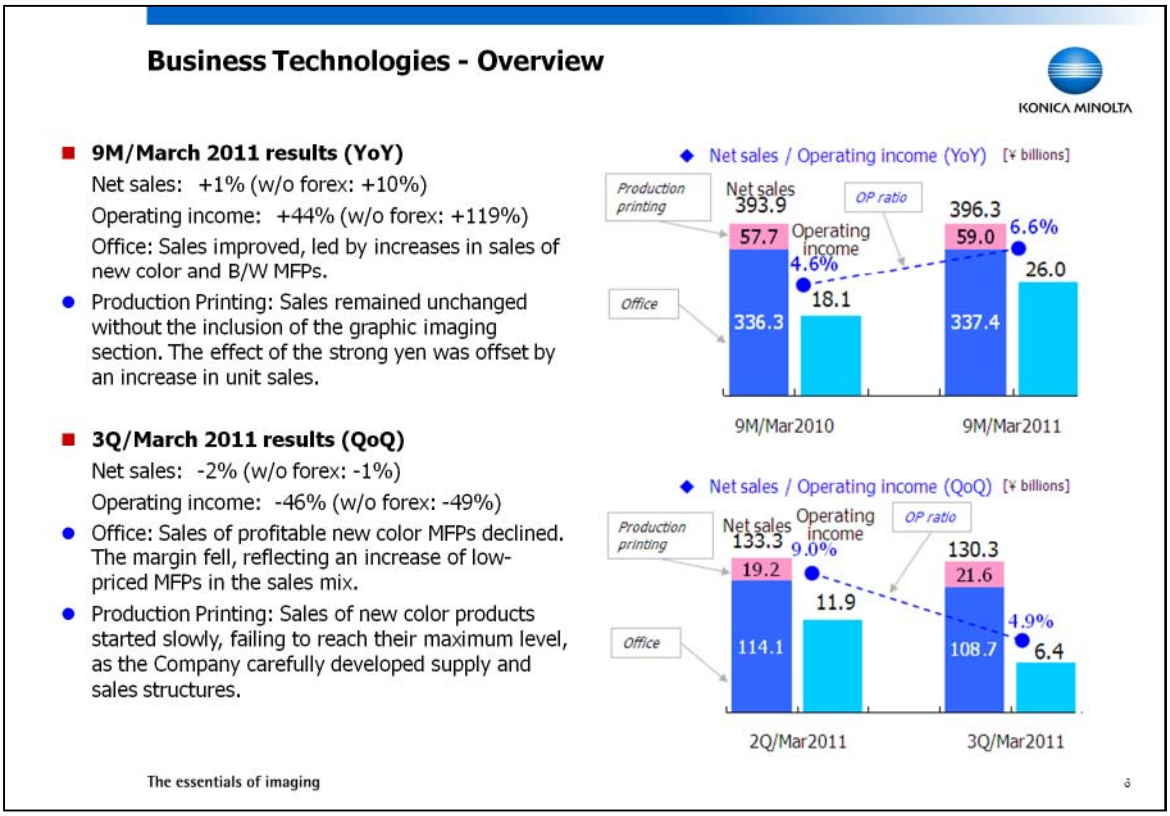
| Net Sales | 9M Mar11 | 9M Mar10 | YoY | Mar11 3Q | Mar11 2Q | QoQ |
|---|---|---|---|---|---|---|
| Business Technologies | 396.3 | 393.9 | 2.4 | 130.3 | 133.3 | △ 3.0 |
| Optics | 99.4 | 102.6 | △ 3.2 | 30.2 | 34.0 | △ 3.7 |
| Health care * | 62.5 | 76.4 | △ 13.9 | 17.6 | 23.9 | △ 6.3 |
| Other businesses | 11.6 | 10.4 | 1.1 | 3.6 | 4.0 | △ 0.4 |
| HD and eliminations | 5.5 | 5.4 | 0.1 | 1.7 | 2.0 | △ 0.3 |
| Group total | 575.3 | 588.7 | △ 13.5 | 183.5 | 197.2 | △ 13.7 |

| Operating income | 9M Mar11 | 9M Mar10 | YoY | Mar11 3Q | Mar11 2Q | QoQ |
|---|---|---|---|---|---|---|
| Business Technologies | 26.0 | 18.1 | 7.9 | 6.4 | 11.9 | △ 5.6 |
| Optics | 10.0 | 10.3 | △ 0.3 | 2.1 | 2.9 | △ 0.8 |
| Health care * | 0.6 | 1.5 | △ 0.9 | 0.0 | 0.7 | △ 0.7 |
| Other businesses | 1.6 | 0.3 | 1.2 | 0.5 | 0.6 | △ 0.1 |
| HD and eliminations | △ 10.0 | △ 9.0 | △ 0.9 | △ 3.3 | △ 3.4 | 0.1 |
| Group total | 28.3 | 21.2 | 7.0 | 5.6 | 12.8 | △ 7.1 |

* The results of the graphic imaging section were included in this segment from 1Q Mar2010 to 2Q Mar2011.
( from 3Q Mar2011 it was integrated into the Business Technologies Business )



Net sales and operating income for each segment are presented here. I will not discuss the main businesses, as I will be explaining them later.

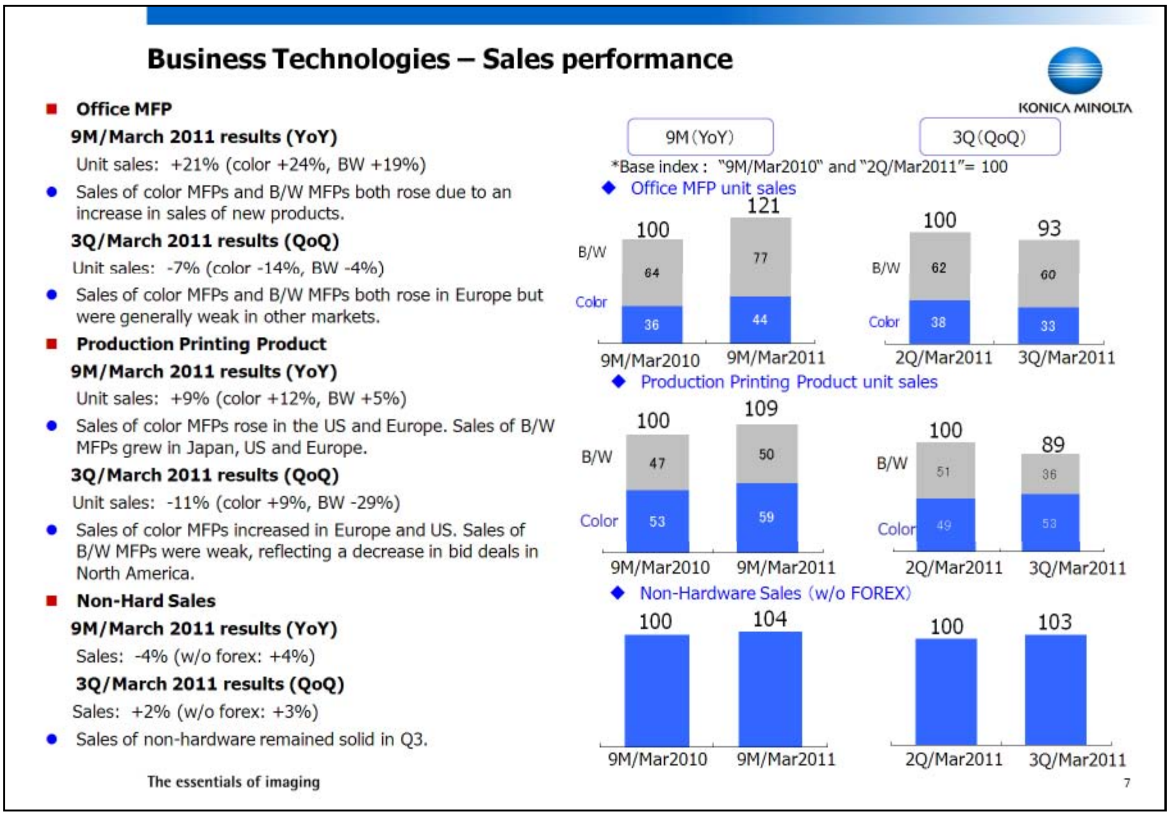



Net sales for the first nine months were up slightly from the previous year. Operating income increased 44%, given higher sales of new profitable MFPs. These figures included the negative impact of the exchange rate, namely ¥35.0 billion on net sales and ¥13.6 billion on operating income. Excluding these factors, sales rose 10% and operating income more than doubled.

To strengthen the commercial digital printing field, from the third quarter of the current fiscal year, the Group has integrated the graphic imaging section, which was included in the Medical & Graphic Imaging Business, into the Business Technologies Business. As a result of this organizational restructuring, net sales of ¥2.3 billion have been added to the production printing field. Excluding this figure, net sales of the production printing field were almost unchanged from the previous year. The integration described above had no impact on operating income.

Net sales for the third quarter declined a modest ¥3.0 billion from the second quarter. Operating income was down ¥5.6 billion. As explained earlier, net sales included revenue of ¥2.3 billion in the graphic imaging section, which was integrated into the Business Technologies Business in the third quarter. Without these additional sales, net sales actually fell ¥5.3 billion.

Overall profitability declined from the second quarter, reflecting sluggish unit sales of color MFPs, in contrast to expectations, and the shifting of the sales mix to low-speed MFPs. Sales volumes usually increase in the later part of the third quarter on seasonal factors, but unfortunately volumes during the sales season last December did not rise to the level we anticipated. In the production printing field, the Company launched three new color systems. Among these products, bizhub PRESS C8000, the top range production printing system, was introduced to maximize the digital commercial printing market. However, promotion of this new product fell short of its maximum potential, because it took longer for the Company to develop structures for the supply and sales of the product as the digital commercial printing market was a new area, which the Company entered.




Unit sales of office MFPs and production printing systems, and both color and monochrome products for the first nine months increased year on year. I will focus here on sales for the third quarter, which fluctuated from the second quarter. Sales volumes of office MFPs were down 7% from the second quarter. With sales volumes of color MFPs falling 14% and those of monochrome MFPs down 4%, the decline in color MFPs was most apparent. By region, sales volumes in Europe rose 5%, but those in other regions remained generally sluggish.

Sales volumes of production printing systems fell 11%. Sales volumes of color products rose 9%, partly reflecting the launch of new products, but sales of monochrome products were down 29%. By region, sales volumes of color products in Europe and North America rose 26% and 33%, respectively, while in Japan and other markets volumes slipped approximately 30%. Sales volumes of monochrome products generally declined in all regions, but the drop in North America was particularly steep. The decline was also partly attributable to a seasonable factor, in which the number of large-scale projects from public offices increases in the second quarter and declines in the third quarter.

Sales of non-hardware remained steady, rising 2% on a yen basis and 3% on a local currency basis. Although sales of non-hardware tend to fluctuate on a quarterly basis, depending on the timing of payments requested of customers, sales of production printing for the third quarter jumped.

## Business Technologies – Sales/Operating income analysis(QoQ)

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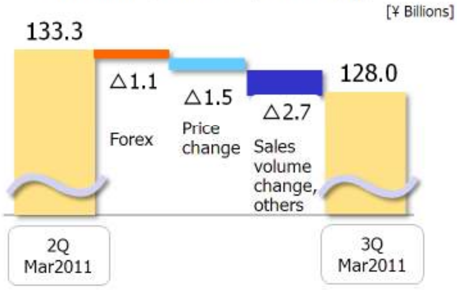
**Net Sales:**

- Sales excluding the graphic business, which was included in the Business Technologies Business from Q3, declined ¥5.3 billion. (Office: -¥53 bin, PP: ±0)
- Sales of both color office MFPs and B/W office MFPs, declined.
- In production printing, a decrease in unit sales was offset by a rise in non-hardware.

※Exclude Graphic business(2.3billon yen)




**Operating Income:**

- The sales mix worsened, attributable to a decrease in unit sales and declines in the weighting of profitable color MFPs and high-end machines.
- Earnings were temporarily affected by shipping adjustments to meet sales fell short of the target.
- Expenses increased, reflecting a rise in R&D expenses for production printing.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This page shows a comparison of net sales and operating income on a three month basis with those for the previous period. To achieve an accurate comparison of the changes, figures from the graphic imaging section have been excluded.

Actual net sales fell ¥5.3 billion, given a fall in sales volumes of office MFPs. Net sales of production printing were unchanged, reflecting lower sales volumes, offset by higher sales of non-hardware.

The decline of ¥5.6 billion in operating income was mostly attributable to negative factors included in "sales volume change, others." They included a decline in sales volumes, as well as a fall in sales of profitable new color MFPs and a decline in the weighting of sales of high-end products, resulting in a deterioration in the sales mix. Moreover, shipment adjustments in response to sales that underperformed the plan temporarily impacted on income. These factors that were included in "sales volume change, others" affected income more apparently than they did net sales. Expenses rose, given higher research and development expenses in the production printing business, a growth business.

## Optics - Overview

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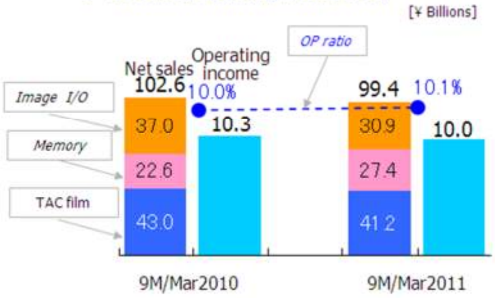
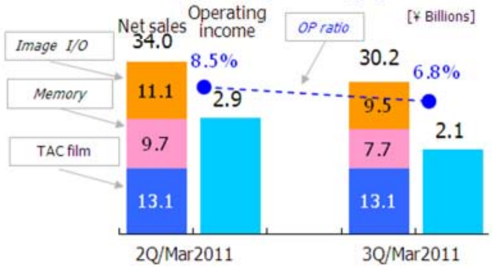
- **9M/March 2011 results (YoY)**
  Net sales: -3%
  Operating income: -2%
- TAC films: Sales declined slightly from Q2 due to the effect of adjustment.
- Glass HD substrates: Sales increased, thanks to a density increase and larger volumes.
- Optical pick-up lenses: Although unit sales of optical pickup lenses for Blu-ray (BD) rose, its contribution to revenues was limited by changing product mix shifted from glass to plastics.

◆ Net sales / Operating income (YoY)




- **3Q/March 2011 results (QoQ)**
  Net sales: -11%
  Operating income: -29%
- TAC films: While sales declined on a prolonged adjustment, both sales and profits were recovering in the second half of Q3 after bottoming out in October.
- Glass HD substrates: Sales grew at a sluggish pace, reflecting production adjustment.
- Optical pick-up lenses: Unit sales decreased, influenced by the lackluster market for high-end PCs.

◆ Net sales / Operating income (QoQ)

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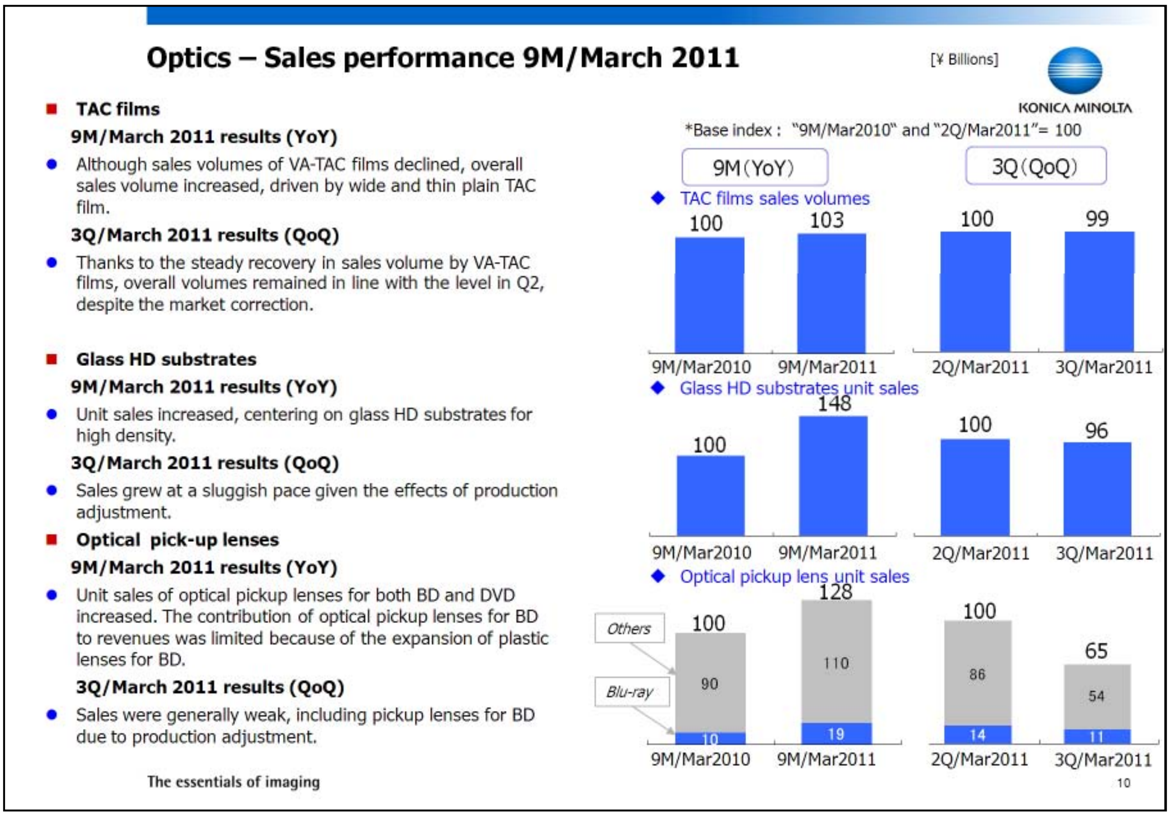
Net sales for the first nine months declined ¥3.2 billion year on year, and operating income was almost unchanged. Sales of TAC films fell slightly in yen terms, reflecting production adjustment by customers that began last summer. Net sales of glass HD substrates rose, given higher sales volumes of 320GB and other high density products. The increase in net sales of optical pickup lenses was limited, given a significant rise in sales volumes of products for Blu-ray, offset by a decline in average unit prices, reflecting progress in the use of plastic lenses.

Net sales for the third quarter declined ¥3.7 billion from the second quarter, and operating income fell ¥0.8 billion. Production adjustment of TAC films continued from last summer to the third quarter, but net sales and income of the films bottomed out last October and have been rising since. In particular, sales volumes of VA-TAC films rose steadily. Sales of both glass HD substrates and optical pickup lenses remained sluggish in yen terms, given the prolonged effects of production adjustment.




To look at sales of main products in the Optics Business, I'll also focus on a comparison of sales for the third quarter with the second quarter.

As I mentioned earlier, sales of plain TAC films bottomed out last October and have been recovering since. In particular, sales volumes of new VA-TAC products have been rising with each month, following the commencement of shipments to customers who have started producing spring models.

Demand for glass HD substrates was expected to rise from the third quarter. Unfortunately, because production adjustment ran for longer than anticipated, sales volumes of glass HD substrates were almost on a par with those for the second quarter.

Similarly, sales volumes of optical pickup lenses for both Blu-ray and DVD remained sluggish, because of production adjustment.

Although the production adjustment phase is generally persisting in the Optics Business, sales of TAC films, mainly VA-TAC films, have been recovering. This is a positive factor for the fourth quarter.

## Optics- Sales/Operating income analysis (QoQ)

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**Net Sales:**

- A forex effect emerged mainly in the glass HD substrates and lens units.
- A price change occurred, primarily in lens units.
- In quantity terms, the major factor was a fall in unit sales of optical pickup lenses and glass HD substrates.


**Operating Income:**

- Expenses were reduced primarily because of a decrease in R&D expenses.


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Factors that contributed to a decline in net sales of ¥3.7 billion included the exchange rate fluctuations associated with the production of glass HD substrates in Malaysia, a fall in sales prices in products mainly related to lens units, and a fall in sales volumes of primarily optical pickup lenses and glass HD substrates, a factor related to "sales volume changes, other."

Operating income fell ¥0.8 billion, influenced significantly by a fall in sales volumes, despite the introduction of initiatives to cut costs and control expenses.

## Forecasts: FY/March 2011

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[Billions of yen]

| | Current Forecast | Previous Forecast | Change | FY Mar10 |
|---|---|---|---|---|
| Net sales(a) | 780.0 | 800.0 | -20.0 | 804.5 |
| Operating income | 45.0 | 50.0 | -5.0 | 44.0 |
| *Operating income ratio* | *5.8%* | *6.3%* | | *5.5%* |
| Goodwill amortization | 8.5 | 8.5 | 0.0 | 9.2 |
| Operating income before amortization of Goodwill(b) | 53.5 | 58.5 | -5.0 | 53.2 |
| (b)/(a) | *6.9%* | *7.3%* | | *6.6%* |
| Ordinary income | 38.0 | 43.0 | -5.0 | 40.8 |
| Net income | 20.0 | 20.0 | 0.0 | 16.9 |
| *Net income ratio* | *2.6%* | *2.5%* | | *2.1%* |
| FOREX [Yen] USD | 85.00 | 85.00 | 0.00 | 92.85 |
| Euro | 110.00 | 110.00 | 0.00 | 131.15 |
| CAPEX | 45.0 | 50.0 | -5.0 | 36.9 |
| Depreciation | 57.0 | 63.0 | -6.0 | 61.2 |
| R&D expenses | 75.0 | 78.0 | -3.0 | 68.5 |
| FCF | 15.0 | 25.0 | -10.0 | 72.9 |

※Foreign Exchange Impact(Annual)

| | Net Sales | Operating Income |
|---|---|---|
| USD | ¥2.5 bn | ¥0.3 bn |
| Euro | ¥1.3 bn | ¥0.7 bn |

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Taking into account the Group's performance up to the third quarter explained earlier, the Group has revised its full-year forecasts.

Specifically, we have lowered forecast net sales by ¥20.0 billion, to ¥780.0 billion, and reduced forecast operating income and ordinary income by ¥5.0 billion, to ¥45.0 billion and ¥38.0 billion, respectively. We have, however, left the forecasted net income at ¥20.0 billion, unchanged from the previous forecast, as we anticipate extraordinary income from the reversal of a provision associated with the withdrawal from the photo imaging business.

Consequently, we have also left forecast dividend payments unchanged from the previous forecasts, expecting year-end dividend payments of ¥7.50 per share and full-year dividend payments of ¥15 per share.

The Group has also revised its outlook for capital expenditure, depreciation, research and development expenses, and free cash flow, in light of progress over the last nine months and the forecasts for the fourth quarter. We have revised free cash flow to ¥15.0 billion, from previous forecasts of ¥25.0 billion, mainly reflecting the fact that depreciation was lowered by ¥6.0 billion and it incurred expenses of ¥3.0 billion from the acquisition of All Covered Inc. in the Business Technologies Business.

## Forecasts: FY/March 2011 - Segments

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[Billions of yen]

| Net Sales | Current Forecast | Previous Forecast | Change | FY Mar10 |
|---|---|---|---|---|
| Business Technologies | 541.0 | 549.0 | -8.0 | 540.8 |
| Optics | 130.0 | 137.0 | -7.0 | 136.7 |
| Health care | 85.5 | 89.0 | -3.5 | 104.4 |
| Other businesses | 17.0 | 17.0 | 0.0 | 14.5 |
| HD and eliminations | 6.5 | 8.0 | -1.5 | 8.1 |
| Group total | 780.0 | 800.0 | -20.0 | 804.5 |

| Operating income | Current Forecast | Previous Forecast | Change | FY Mar10 |
|---|---|---|---|---|
| Business Technologies | 41.0 | 45.6 | -4.6 | 39.0 |
| Optics | 14.0 | 15.0 | -1.0 | 14.4 |
| Health care | 1.0 | 1.6 | -0.6 | 1.5 |
| Other businesses | 2.3 | 2.5 | -0.2 | 1.1 |
| HD and eliminations | -13.2 | -14.7 | 1.5 | -11.9 |
| Group total | 45.0 | 50.0 | -5.0 | 44.0 |

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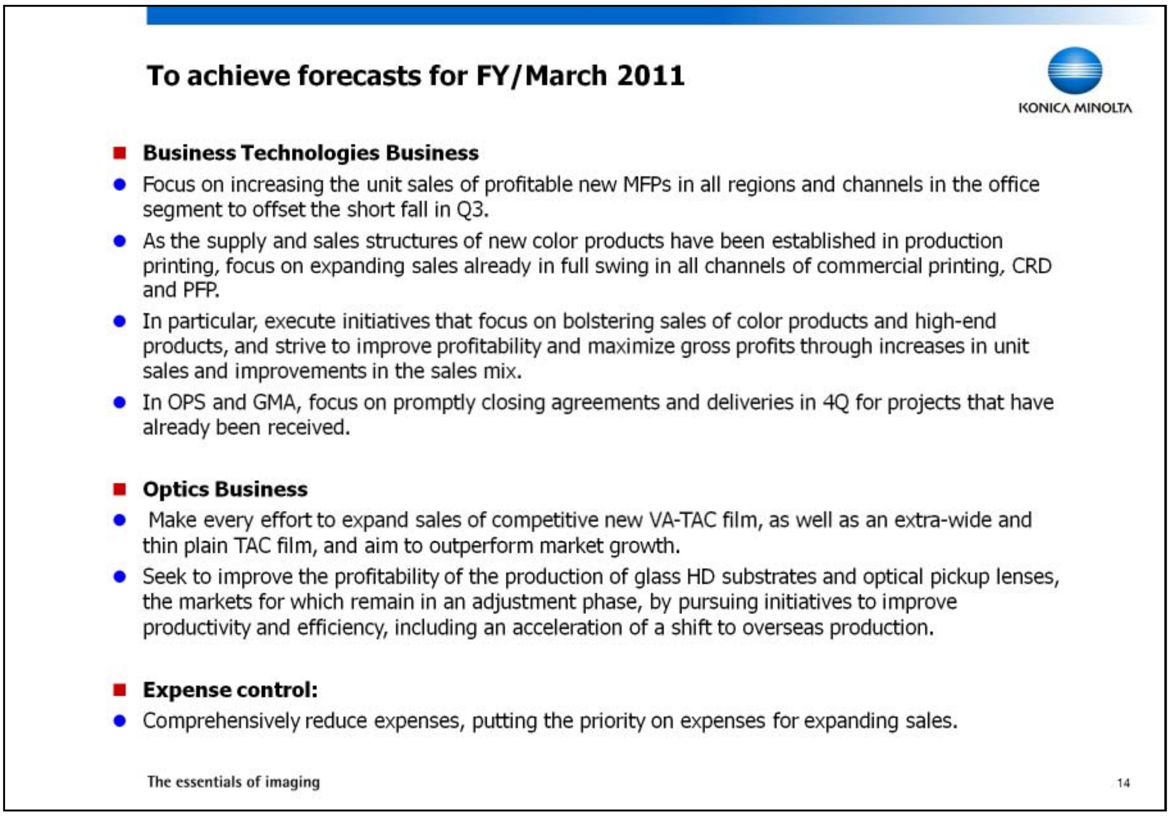
The details of net sales and operating income by segment are as presented in the slide.

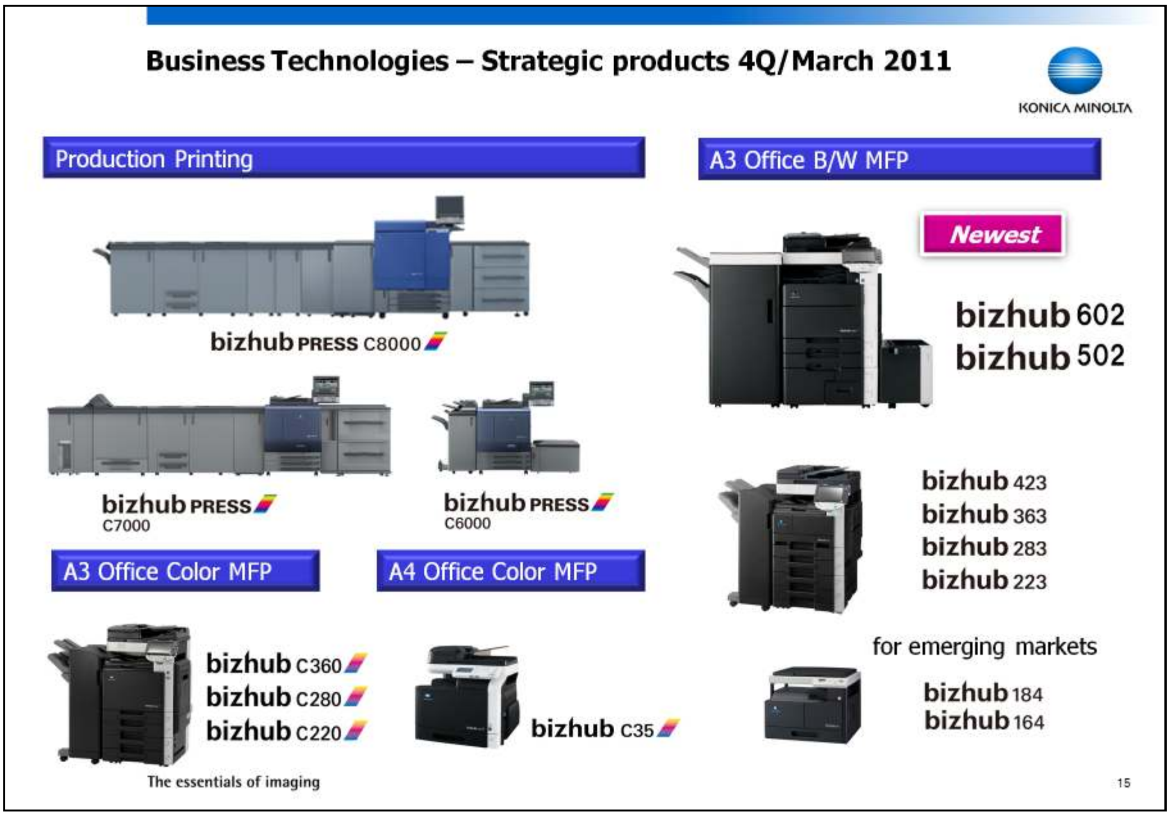



Let me now explain the main initiatives the Companies will be pursuing in the fourth quarter to achieve its revised targets.

In the Business Technologies Business, the Company will devote maximum resources in the office MFPs field to bolster sales volumes of profitable MFPs in all regions and channels, in an effort to make the targets that the Company failed to achieve in the third quarter. In the production printing field, the Company completed the development of supply and sales structures for new color products in the third quarter. In the fourth quarter, it will seek to expand sales of new color product series of bizhub PRESS in all channels of not only commercial printing but also CRD and PFP. The Company will, in particular, take marketing initiatives that focus on profitable color machines and high-end products, and will strive to improve its profitability and optimize its gross profit by bolstering sales volumes and improving the sales mix. The Company has been developing OPS and businesses for major accounts on a global scale. As we have started to win actual projects, we will aim to promptly conclude agreements for the projects we have already captured and to complete installations of products in the fourth quarter.

In the Optics Business, the Company will aim to outperform the market in the TAC films field by concentrating on bolstering sales of new VA-TAC films, a product in which it excels, and extra-wide and thin plain TAC films. We will also strive to improve earnings from glass HD substrates and optical pickup lenses, the markets for which continue to face production adjustment, by improving and streamlining productivity through measures such as the acceleration of the shift of production overseas.

With respect to Company-wide expenses control, we will allocate expenses for the expansion of sales on a priority basis, while we will be fully committed to cutting other expenses as appropriate. All Companies have, in fact, already been instructed to carry out these initiatives, have already applied the initiatives to their own action plans, and have already taken specific actions.




On this slide, I will introduce a group of strategic products for the Group. We are currently making a major effort with these products, as we seek to bolster their sales in the fourth quarter.

Three machines on top left are new color products of production printing, including bizhub PRESS C8000, a flagship machine, C7000, and C6000. The Company will expand sales of these three products to the fullest extent possible.

The two monochrome machines at top right are the bizhub 602 and 502, which are new products that were just introduced on January 25. They are high-end models of monochrome MFPs, which are equipped with cutting edge color scanner and color internet fax systems, and will be able to fully satisfy small and medium enterprises. (These products will be launched worldwide from February.) These new products have been designed based on the same platform as the color bizhub C360 series and monochrome bizhub 423 series, which have already been launched. This feature has enhanced compatibility among the machines in a network environment. As a result, we will be able to present a broad array of proposals for equipment and systems for projects large and small.

## Business Technologies Business:
## Initiatives to strengthen IT services

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■ **Alliance with Getronics N.V. (Europe, November 2010)**

- Has entered into a strategic cooperation contract with Getronics, a subsidiary of leading European telecom company KPN, a leading European IT service provider
- Accelerate the operation of OPS and GMA in Europe, leveraging the capabilities of Getronics such as work space management, network connection, data centers, and consulting
- Started cooperation on an European basis from January 2011 based on this strategic cooperation. In addition, consider operations on a global basis

■ **Acquisition of All Covered, Inc. (United States, December 2010)**

- Acquired All Covered, which operates a business for SMBs across the United States in the managed IT service field
- Accelerating the operation of vertical marketing and OPS in the United States, taking advantage of the capabilities of All Covered to provide IT services
- Create synergy in the sales of MFPs, applying the SMB-driven customer approach, strength of Konica Minolta, to the SMB customer base of All Covered

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Finally, I will explain the initiatives we will take to strengthen the IT services capability in the Business Technologies Business.

First, I will explain the alliance with Getronics N.V. In November 2010, we concluded a strategic cooperation agreement with Getronics N.V., a leading IT service provider in Europe and a subsidiary of KPN, a major telecommunications company in Europe. We will accelerate our initiatives to capture OPS in Europe and global major accounts by benefiting from the expertise Getronics possesses, including work space management, network connection, data centers, and consulting. Based on this strategic cooperation, we commenced cooperative operations in Europe in January 2011, and we are examining the possibility of expanding the operations to a global scale as a next step.

Second, in December 2010 we acquired All Covered Inc., which operates in the managed IT service field and provides services for small and medium enterprises nationwide in the United States. By using the IT service provision capability of All Covered, we aim to accelerate vertical marketing and OPS that target specific industries and businesses in the United States. We also anticipate synergies in sales of MFPs from the application of our expertise in selling to small and medium enterprises, an area in which we excel, to the customer base of All Covered. In this way, to accelerate initiatives to develop the OPS and attract global major accounts, we will strengthen our IT service capability as one of our most strategic issues going forward.

***Supplementary Information***
***3Q/Mar2011 Financial Results***

## Results: 9 months (Apr-Dec)

[Billions of yen]

| | 9M Mar11 | 9M Mar10 | YoY |
|---|---|---|---|
| Net sales | 575.3 | 588.7 | -13.5 |
| Gross income | 264.6 | 258.6 | 5.9 |
| *Gross income ratio* | *46.0%* | *43.9%* | - |
| Operating income | 28.3 | 21.2 | 7.0 |
| *Operating income ratio* | *4.9%* | *3.6%* | - |
| Ordinary income | 22.3 | 19.1 | 3.1 |
| Net income before taxes | 16.3 | 17.6 | -1.3 |
| Net income | 10.8 | 9.0 | 1.8 |
| *Net income ratio* | *1.9%* | *1.5%* | - |
| EPS [Yen] | 20.35 | 16.99 | - |
| CAPEX | 33.1 | 24.4 | 8.7 |
| Depreciation | 41.1 | 46.1 | -4.9 |
| R&D expenses | 54.1 | 52.0 | 2.1 |
| FCF | 5.8 | 57.7 | -52.0 |
| Foreign exchange rate [Yen] USD | 86.84 | 93.56 | -6.72 |
| Euro | 113.30 | 133.00 | -19.70 |

## Results: 9 months (Apr-Dec) - Segment

KONICA MINOLTA

[Billions of yen]

| Net sales | 9M Mar11 | 9M Mar10 | YoY |
|---|---|---|---|
| Business Technologies | 396.3 | 393.9 | 2.4 |
| Optics | 99.4 | 102.6 | -3.2 |
| Healthcare | 62.5 | 76.4 | -13.9 |
| Other businesses | 11.6 | 10.4 | 1.1 |
| HD and eliminations | 5.5 | 5.4 | 0.1 |
| Group total | 575.3 | 588.7 | -13.5 |

| Operating income | 9M Mar11 | 9M Mar10 | YoY |
|---|---|---|---|
| Business Technologies | 26.0 | 18.1 | 7.9 |
| *Operating income ratio* | *6.6%* | *4.6%* | - |
| Optics | 10.0 | 10.3 | -0.3 |
| *Operating income ratio* | *10.1%* | *10.0%* | - |
| Healthcare | 0.6 | 1.5 | -0.9 |
| *Operating income ratio* | *0.9%* | *2.0%* | - |
| Other businesses | 1.6 | 0.3 | 1.2 |
| HD and eliminations | -10.0 | -9.0 | -0.9 |
| Group total | 28.3 | 21.2 | 7.0 |
| *Operating income ratio* | *4.9%* | *3.6%* | - |

* Other businesses: Sensing and Industrial Inkjet businesses

## Results: 3Q/March 2011

[Billions of yen]

| | 3Q Mar11 | 3Q Mar10 | YoY |
|---|---|---|---|
| Net sales | 183.5 | 195.4 | -11.9 |
| Gross income | 83.7 | 89.8 | -6.1 |
| *Gross income ratio* | *45.6%* | *45.9%* | |
| Operating income | 5.6 | 12.0 | -6.4 |
| *Operating income ratio* | *3.1%* | *6.2%* | |
| Ordinary income | 4.4 | 10.4 | -6.0 |
| Net income before taxes | 4.7 | 10.6 | -6.0 |
| Net income | 2.2 | 5.5 | -3.3 |
| *Net income ratio* | *1.2%* | *2.8%* | |
| EPS [Yen] | 4.06 | 10.32 | |
| CAPEX | 8.5 | 7.0 | 1.5 |
| Depreciation | 13.7 | 15.2 | -1.5 |
| R&D expenses | 18.8 | 16.7 | 2.1 |
| FCF | -6.8 | 25.6 | -32.5 |
| Foreign exchange rate [Yen] USD | 82.64 | 89.72 | -7.08 |
| Euro | 112.23 | 132.68 | -20.45 |

KONICA MINOLTA

## Results: 3Q/March 2011 - Segments

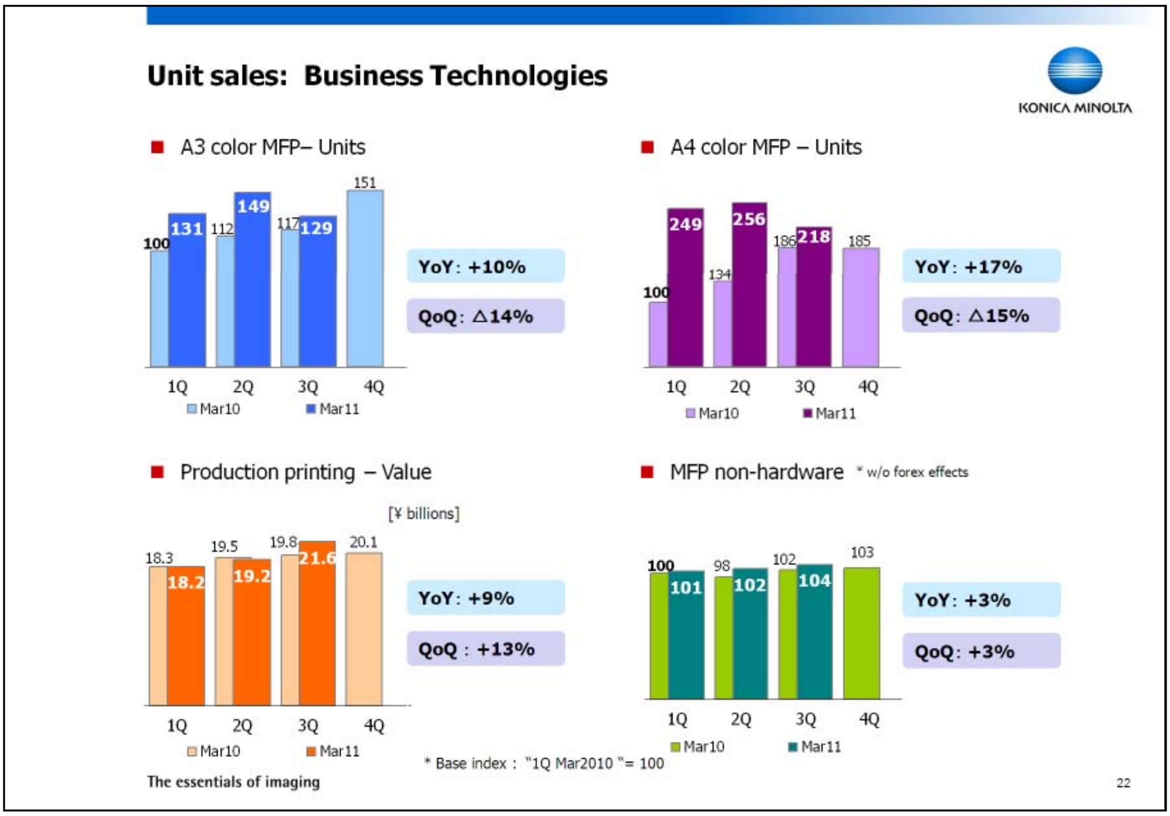
KONICA MINOLTA

[Billions of yen]

| Net sales | 3Q Mar11 | 3Q Mar10 | YoY |
|---|---|---|---|
| Business Technologies | 130.3 | 134.0 | -3.7 |
| Optics | 30.2 | 32.1 | -1.9 |
| Healthcare | 17.6 | 23.5 | -5.9 |
| Other businesses | 3.6 | 4.0 | -0.4 |
| HD and eliminations | 1.7 | 1.8 | -0.1 |
| Group total | 183.5 | 195.4 | -11.9 |

| Operating income | 2Q Mar11 | 2Q Mar10 | YoY |
|---|---|---|---|
| Business Technologies | 6.4 | 10.2 | -3.8 |
| *Operating income ratio* | *4.9%* | *7.6%* | - |
| Optics | 2.1 | 4.2 | -2.1 |
| *Operating income ratio* | *6.8%* | *13.0%* | - |
| Healthcare | 0.0 | -0.3 | 0.3 |
| *Operating income ratio* | *0.0%* | *-1.1%* | - |
| Other businesses | 0.5 | 0.4 | 0.1 |
| HD and eliminations | -3.3 | -2.5 | -0.8 |
| Group total | 5.6 | 12.0 | -6.4 |
| *Operating income ratio* | *3.1%* | *6.2%* | - |

* Other businesses: Sensing and Industrial Inkjet businesses


Unit sales: Business Technologies
KONICA MINOLTA
A3 color MFP– Units
100
131
112
149
117
129
151
YoY: +10%
QoQ: △14%
1Q 2Q 3Q 4Q
Mar10
Mar11
A4 color MFP – Units
100
249
134
256
186
218
185
YoY: +17%
QoQ: △15%
1Q 2Q 3Q 4Q
Mar10
Mar11
Production printing – Value
[¥ billions]
18.3
18.2
19.5
19.2
19.8
21.6
20.1
YoY: +9%
QoQ : +13%
1Q 2Q 3Q 4Q
Mar10
Mar11
MFP non-hardware
* w/o forex effects
100
101
98
102
102
104
103
YoY: +3%
QoQ: +3%
1Q 2Q 3Q 4Q
Mar10
Mar11
* Base index : "1Q Mar2010 "= 100
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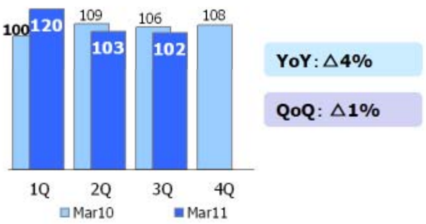
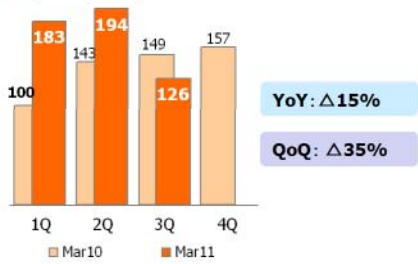
## Unit Sales: Optics

KONICA MINOLTA

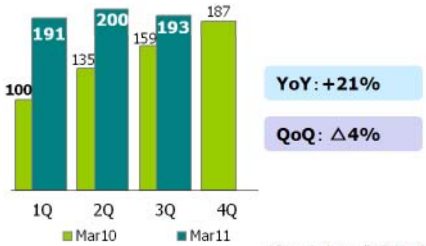
■ TAC film – Units



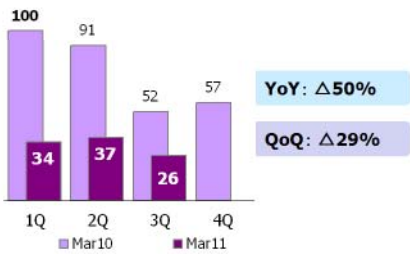

■ Optical pickup lenses - Units




■ Glass HD substrates - Units




■ Mobile phone components – Units




*Base index : "1Q Mar2010 "= 100

## Operating profit analysis

KONICA MINOLTA

[Billions of yen]

**9M/Mar11 vs. 9M/Mar10**

| | Business Technologies | Optics | Other | Total |
|---|---|---|---|---|
| **[Factors]** | | | | |
| Forex impact | -13.6 | -1.8 | -1.5 | -16.8 |
| Prince change | -13.1 | -5.2 | 0.0 | -18.3 |
| Sales volume change, and other, net | 38.5 | 6.3 | -1.1 | 43.6 |
| Cost down | 6.5 | 1.9 | 0.3 | 8.7 |
| SG&A change, net | -10.3 | -1.5 | 1.7 | -10.1 |
| **[Operating income]** | | | | |
| Change, YoY | 7.9 | -0.3 | -0.6 | 7.0 |

**3Q/Mar11 vs. 3Q/Mar10**

| | Business Technologies | Optics | Other | Total |
|---|---|---|---|---|
| **[Factors]** | | | | |
| Forex impact | -4.2 | -0.5 | -0.6 | -5.3 |
| Prince change | -4.2 | -1.4 | 0.0 | -5.6 |
| Sales volume change, and other, net | 8.1 | -0.4 | 0.2 | 7.8 |
| Cost down | 0.7 | 0.6 | -0.1 | 1.3 |
| SG&A change, net | -4.2 | -0.3 | 0.0 | -4.6 |
| **[Operating income]** | | | | |
| Change, YoY | -3.8 | -2.1 | -0.5 | -6.4 |

## SGA, non-operating and extraordinary income/loss

KONICA MINOLTA

[Billions of yen]

| | 9M Mar11 | 9M Mar10 | YoY | 3Q Mar11 | 3Q Mar10 | YoY |
|---|---|---|---|---|---|---|
| **SG&A:** | | | | | | |
| Selling expenses - variable | 33.1 | 29.7 | 3.3 | 10.0 | 10.0 | 0.0 |
| R&D expenses | 54.1 | 52.0 | 2.1 | 18.8 | 16.7 | 2.1 |
| Labor costs | 86.0 | 90.2 | -4.1 | 28.7 | 29.9 | -1.2 |
| Other | 63.1 | 65.6 | -2.5 | 20.6 | 21.2 | -0.6 |
| SGA total* | 236.3 | 237.4 | -1.1 | 78.0 | 77.7 | 0.3 |
| ** Forex impact:* | *-¥10.3 bn. (Actual: ¥9.2 bn.)* | | | *-¥3.7 bn. (Actual: ¥4.0 bn.)* | | |
| **Non-operating income/loss:** | | | | | | |
| Interest and dividend income/loss, net | -1.0 | -1.3 | 0.3 | -0.3 | -0.4 | 0.1 |
| Foreign exchange gain, net | -3.9 | -0.2 | -3.7 | -0.6 | -0.5 | -0.1 |
| Other | -1.1 | -0.5 | -0.6 | -0.4 | -0.7 | 0.4 |
| Non-operating income/loss, net | -6.0 | -2.1 | -3.9 | -1.3 | -1.6 | 0.4 |
| **Extraordinary income/loss:** | | | | | | |
| Sales of noncurrent assets, net | -1.2 | -1.5 | 0.3 | -0.3 | 0.0 | -0.4 |
| Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net | -1.0 | -0.1 | -0.9 | -0.1 | 0.2 | -0.3 |
| Imperament gain/loss | -0.1 | -0.2 | 0.1 | 0.0 | - | - |
| Business structure improvement expenses | -3.3 | -1.2 | -2.1 | -0.1 | - | - |
| Other | -0.4 | 1.3 | -1.7 | 0.7 | 0.0 | 0.7 |
| Extraordinary income/loss, net | -6.0 | -1.6 | -4.4 | 0.3 | 0.2 | 0.0 |

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## B/S

KONICA MINOLTA

[Billions of yen]

| Assets: | Dec 10 | Mar 10 | Change |
|---|---|---|---|
| Cash and short-term investment securities | 192.5 | 164.1 | 28.3 |
| Notes and A/R-trade | 153.1 | 177.7 | -24.6 |
| Inventories | 105.4 | 98.3 | 7.1 |
| Other | 54.6 | 49.1 | 5.5 |
| Total current assets | 505.5 | 489.3 | 16.3 |
| Tangible assets | 193.3 | 205.1 | -11.7 |
| Intangible assets | 90.1 | 99.1 | -9.0 |
| Investments and other assets | 68.9 | 72.4 | -3.5 |
| Total noncurrent assets | 352.4 | 376.5 | -24.1 |
| Total assets | 857.9 | 865.8 | -7.9 |

| Liabilities and Net Assets: | Dec 10 | Mar 10 | Change |
|---|---|---|---|
| Notes and A/P-trade | 75.7 | 83.1 | -7.4 |
| Interest bearing debts | 223.8 | 197.4 | 26.4 |
| Other liabilities | 150.2 | 164.5 | -14.3 |
| Total liabilities | 449.7 | 445.0 | 4.7 |
| Total shareholders' equity* | 406.9 | 419.5 | -12.6 |
| Other | 1.3 | 1.2 | 0.0 |
| Total net assets | 408.2 | 420.8 | -12.6 |
| Total liabilities and net assets | 857.9 | 865.8 | -7.9 |

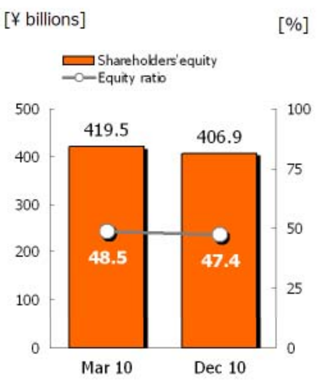
[yen]

| | Dec 10 | Mar 10 | YoY |
|---|---|---|---|
| US$ | 81.49 | 93.04 | △ 11.55 |
| Euro | 107.90 | 124.92 | △ 17.02 |

## B/S – Main indicators

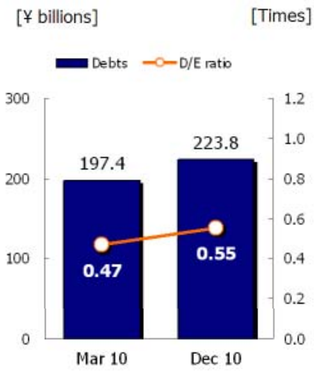
KONICA MINOLTA

### ■ Equity ratio




Equity ratio = Equity / Total assets

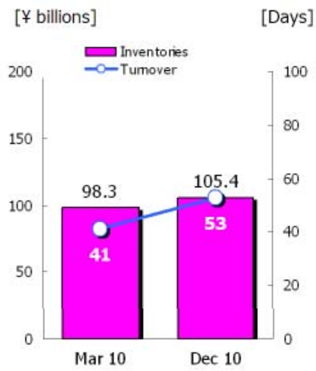
### ■ Interest-bearing debts




D/E ratio =

Interest-bearing debts at year-end / Shareholders' equity at year-end

### ■ Inventories and inventory turnover




Inventory turnover (days) =

Inventories at period-end / Average sales per day

*Equity = Shareholder's equity + Total revaluation and translation adjustments

## Cash flows

KONICA MINOLTA

[Billions of yen]

| | 9M Mar11 | 9M Mar10 | YoY | 3Q Mar11 | 3Q Mar10 | YoY |
|---|---|---|---|---|---|---|
| Income before income taxes and minority interests | 16.3 | 17.6 | -1.3 | 4.7 | 10.6 | -6.0 |
| Depreciation and amortization | 41.1 | 46.1 | -4.9 | 13.7 | 15.2 | -1.5 |
| Income taxes paid | -6.4 | 0.4 | -6.8 | -3.3 | -5.8 | 2.5 |
| Change in working capital | -11.6 | 24.5 | -36.0 | -7.4 | 14.4 | -21.8 |
| **I. Net cash provided by operating activities** | 39.5 | 88.5 | -49.0 | 7.6 | 34.4 | -26.8 |
| **II. Net cash used in investing activities** | -33.7 | -30.8 | -2.9 | -14.5 | -8.8 | -5.7 |
| **I.+ II. Free cash flow** | 5.8 | 57.7 | -52.0 | -6.8 | 25.6 | -32.5 |
| Change in debts and bonds | 31.0 | -26.3 | 57.4 | 34.1 | -40.0 | 74.1 |
| Cash dividends paid | -7.8 | -9.1 | 1.3 | -3.9 | -3.8 | -0.0 |
| Other | -1.1 | -1.7 | 0.5 | -0.4 | -0.7 | 0.2 |
| **III. Net cash used in financing activities** | 22.1 | -37.1 | 59.2 | 29.8 | -44.5 | 74.3 |