

Konica Minolta Group
1st Quarter/March 2012 Consolidated Financial Results
(April 1, 2011 – June 30, 2011)

- Announced on July 28, 2011 -

Yoshiaki Ando
Senior Executive Officer
Konica Minolta Holdings, Inc.

My Message for Today



KONICA MINOLTA

■ 1Q/March 2012 results (YoY)

- In the Business Technologies Business, amid the disruption of the supply chain, sales volumes of hardware of the office field were almost on a par with those of the previous year, while sales volumes in the production print field rose year on year, reflecting the impact of the initiatives of the disaster BCP. Sales of non-hardware also rose from the previous year. The sales momentum is steady, especially in the US and European markets.

Operating income declined with the recording of expenses for R&D and M&A, which were designed to achieve future growth.

- Overall sales and income of the Optics Business declined, although sales volume of TAC films increased, driven by new products.

■ Gap between 1Q Results and Outlook

- In the Business Technologies Business, given the mismatch of supply and demand as a result of the disaster BCP, sales failed to pick up in June. Higher sales also failed to offset a rise in expenses from prior investments.

■ Forecasts from 2Q onward

- Earnings of the Business Technologies Business are expected to recover, reflecting the normalization of production. Other Businesses are expected to achieve the planned results.
- The forecast made at the start of the year, a full-year operating income of ¥42 billion after taking into account the impact of ¥5.0 billion from the earthquake, remain unchanged.

1Q/March 2012 financial results - Group



	1Q Mar 2012	1Q Mar 2011	YoY
Net sales	186.2	194.7	-8.5
Operating income	3.3	9.8	-6.6
<i>Operating income ratio</i>	<i>1.8%</i>	<i>5.1%</i>	-
Goodwill amortization	2.2	2.2	0.0
Operating income before amortization of Goodwill(b)	5.5	12.0	-6.5
<i>(b)/(a)</i>	<i>3.0%</i>	<i>6.2%</i>	-
Net income	-0.1	3.5	-3.6
<i>Net income ratio</i>	<i>-0.1%</i>	<i>1.8%</i>	-
Foreign exchange rate [Yen] USD	81.74	92.01	-10.27
Euro	117.40	116.99	0.41

1Q/March 2012 financial results– Segments

Net Sales	1Q Mar 2012	1Q Mar 2011	YoY
Business Technologies	134.1	132.8	1.3
Optics	31.1	35.2	-4.0
Healthcare	15.5	21.0	-5.5
Other businesses	4.0	3.9	0.0
Corporate and eliminations	1.5	1.8	-0.2
Group total	186.2	194.7	-8.5

Operating income	1Q Mar 2012	1Q Mar 2011	YoY
Business Technologies	3.6	7.6	-4.0
Optics	3.4	5.1	-1.7
Healthcare	-0.5	-0.1	-0.4
Other businesses	0.5	0.5	-0.0
Corporate and eliminations	-3.7	-3.3	-0.4
Group total	3.3	9.8	-6.6

※The results of the graphic imaging section were included in this segment from 1Q/Mar 2010 to 2Q/Mar 2011.
 (from 3Q/Mar 2011 it was integrated into the Business Technologies Business)

1Q/March 2012 financial results - Overview



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Results (QoQ)

Gap between Forecasts

Net sales

¥-8.5 billion

about ¥-4.0 billion

■ Business Technologies

¥1.3 bn.

¥-4.0 bn.

Driven by new production printing products.

Sales in June slightly underperformed.

■ Optics

¥-4.0 bn.

Because of production adjustments, sales remained sluggish, except those of TAC films.

Sales exceeded expectations, given strong sales of TAC films.

■ Healthcare

¥-5.5 bn.

Sales fell ¥3.3 billion, as a result of group reorganization.

No Gaps

Operating income

¥-6.6 billion

about ¥-3.5 billion

■ Business Technologies

¥-4.0 bn.

¥-3.5 bn.

SG&A increased, particularly R&D.

Sales failed to meet the forecasts. Production cost increased.

■ Optics

¥-1.7 bn.

Sales volumes decreased.

Exceeding expectations.

■ Healthcare

¥-0.4 bn.

Sales of films declined.

No Gaps

The essentials of imaging

The price of silver surged.

Gap between outlook and actual results in the Business Technologies Business



Sales factors

Net sales underperformed by ¥4.0 billion and operating income underperformed by ¥2.5 billion.

- As a result of the fixed production plan, in the response to the disaster BCP, the flexibility of production supply that was controlled in accordance with the monthly progress was reduced. Consequently, because of the mismatch of supply and demand, certain products missed sales opportunities.
- ▶ Office: Sales underperformed forecasts, given the supply shortage of certain medium-to slow-speed products (Japan, the United States and Europe)
- ▶ Production Print: Back orders of certain products took place (mainly in the United States).

Production factors

The operating income underperformed by ¥0.5 billion.

- Responding to the disaster BCP, priority was given to securing production materials. As a result, cost cutting initiatives temporarily slowed.
- ▶ Production variable costs rose, the result of activities to secure materials in tight supply and to procure substitute materials.

Cost factors

The operating income underperformed by ¥0.5 billion.

- Certain sales expenses of sales subsidiaries increased.

A recovery expected in the second quarter in the Business Technologies

Both sales and production are expected to become normal from the emergency conditions in the first quarter when the BCP was applied. This will likely improve sales opportunities and reduce costs. Given these factors, earnings are expected to recover in the second quarter.

Sales factors

Improve net sales and gross profit by ¥5.0 billion and ¥3.0 billion, respectively.

- Strengthen sales of MFPs, mainly in the overseas market where the sales momentum is strong.
- ▶ Bolster sales by eliminating back orders.
- ▶ Improve the sales mix by expanding sales of production print.

Production factors

Improve operating income by ¥1.0 billion, mainly by reducing procurement costs.

- Restart and accelerate the usual cost-cutting initiatives.

Cost factors

Restrain the selling, general, and administrative expenses by cutting indirect costs by ¥1.0 billion.

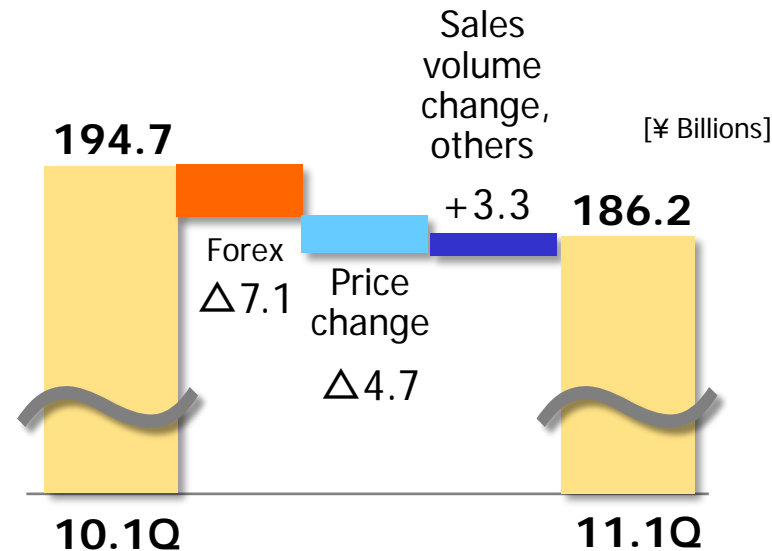
Sales/Operating income analysis- Group (1Q YoY)



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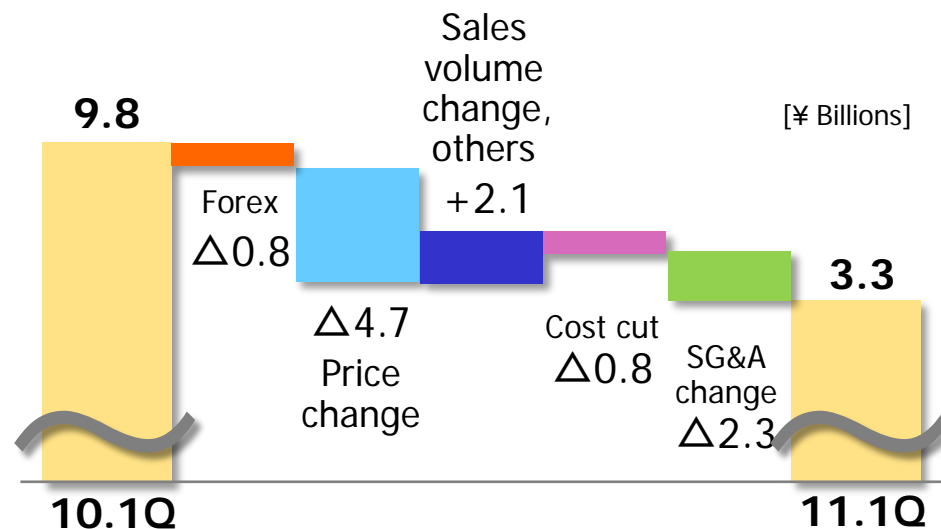
■ Net Sales

- ▶ Forex: The impact was made mainly in the Business Technologies.
- ▶ A price change: The rate of the decline of all business segments was the normal level.
- ▶ Sales volume change, others: Higher sales from the Business Technologies were offset by the decline in sales from the Optics, apart from rising sales of TAC films, and the fall of sales of films in the Healthcare.



■ Operating Income

- ▶ Forex: The impact was made mainly in the Optics and Healthcare.
- ▶ Sales volume change, others: The impact was made mainly by higher sales from the Business Technologies.
- ▶ Cost: Affected by higher costs in the Business Technologies and the Healthcare.
- ▶ SG&A: Affected by higher expenses in the Business Technologies.



Business Technologies - Overview



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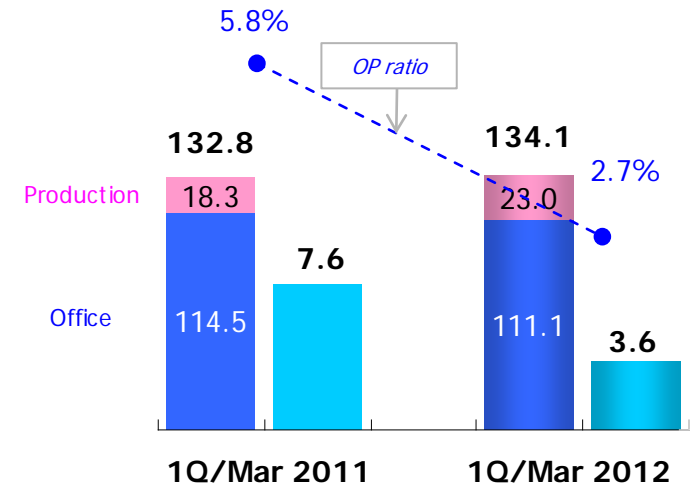
■ 1Q/March 2012 results (YoY)

- Net sales : +1% (w/o forex: +5%)
- Operating income : Δ53% (w/o forex: Δ53%)
- ▶ Office: Sales volumes remained almost unchanged from the previous year. Although sales of non-hardware also remained steady, operating income fell due to higher expenses.
- ▶ Production: Sales jumped 26%, given strong sales of new products.

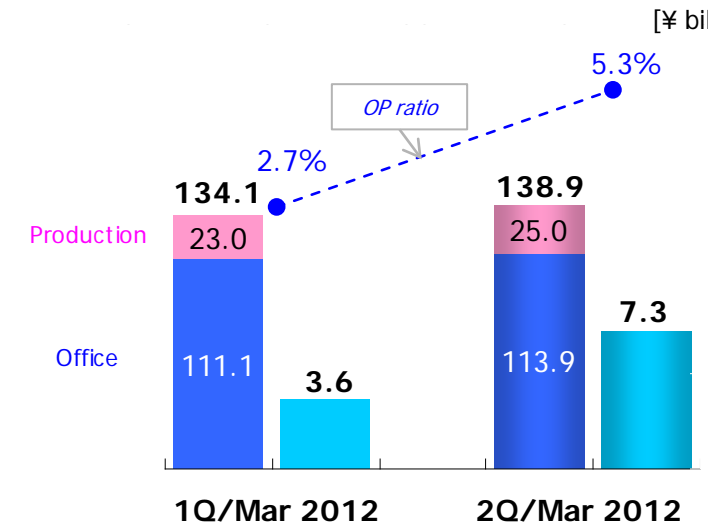
■ 2Q/March 2012 forecast (QoQ)

- Net sales : +4%
 - Operating income : +102%
 - ▶ The production mix of both the office and production print fields improved with an increase in sales, the result of catching up on back orders for the first quarter.
- Profitability is expected to improve, given the normalization of production.

◆ Net sales / Operating income (YoY) [¥ billions]



◆ Net sales / Operating income (2Q Forecast; QoQ) [¥ billions]



Business Technologies – Sales performance

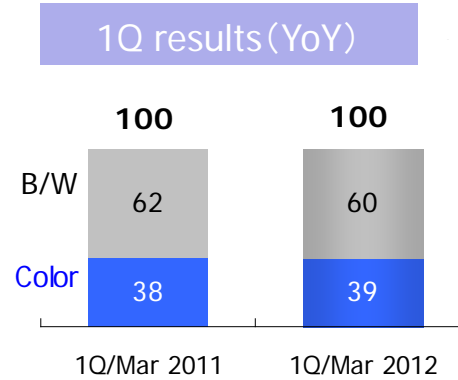


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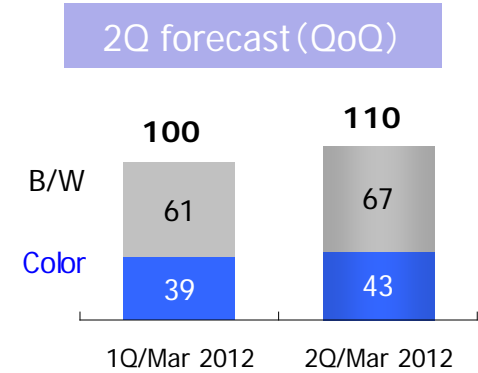
Office MFP (Unit sales)

- 1Q results (YoY) : Flat (Color: +3% BW: Δ2%)
 - Color MFPs increased in all markets.
 - BW MFPs decreased in North America and other market.
- 2Q forecast(QoQ): +10%(Color : +10% BW :+10%)
 - Expanding sales by eliminating back orders in North America and Europe.

*Base index : "1Q/Mar 2011"= 100

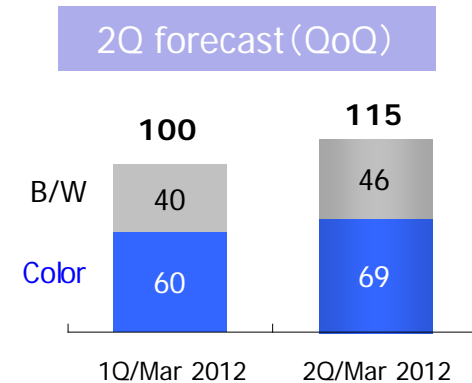
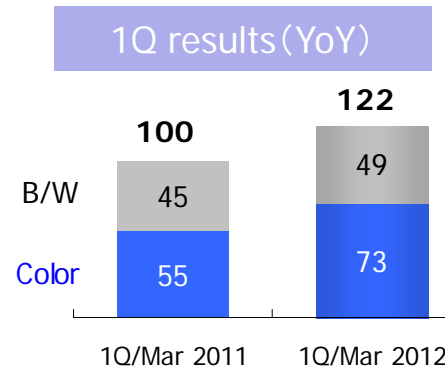


*Base index : "1Q/Mar 2012"= 100



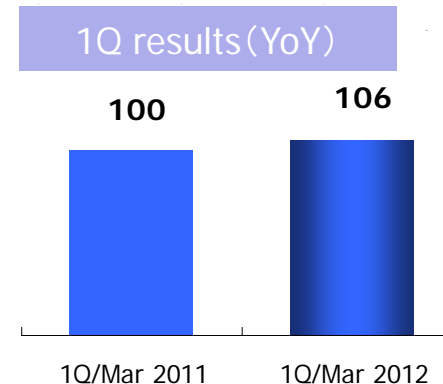
Production Print (Unit sales)

- 1Q results (YoY) : +22%(Color: +32% BW: +11%)
 - Unit sales rose significantly, driven by increase in sales of new color products.
- 2Q forecast(QoQ): +15%(Color :+15% BW :+15%)
 - Eliminate back orders, mainly in the United States, at an early stage.



Non-Hard Sales

- 1Q results (YoY) : +2% (w/o forex: +6%)
 - Sales continued to grow steadily.



*ratio based on local currency

Optics - Overview

■ 1Q/March 2012 results (YoY)

- Net sales : Δ 11% (w/o forex: Δ 8%)
- Operating income : Δ 33 % (w/o forex: Δ 25%)
- ▶ Sales of both VA-TAC and plain TAC films were steady.
- ▶ Results were generally stagnant, except for TAC films.

Sales of glass substrates for HDDs, however, began to recover from the middle of the term.

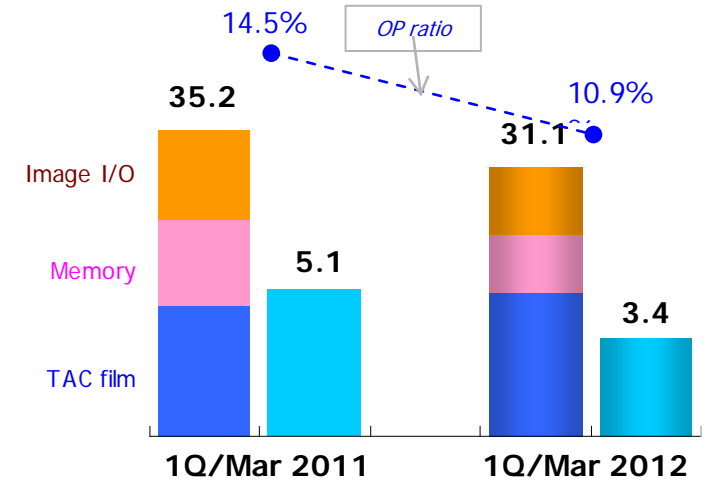
■ 2Q/March 2012 forecast (QoQ)

- Net sales : + 6%
- Operating income : +20%
- ▶ Sales of TAC films remain steady.

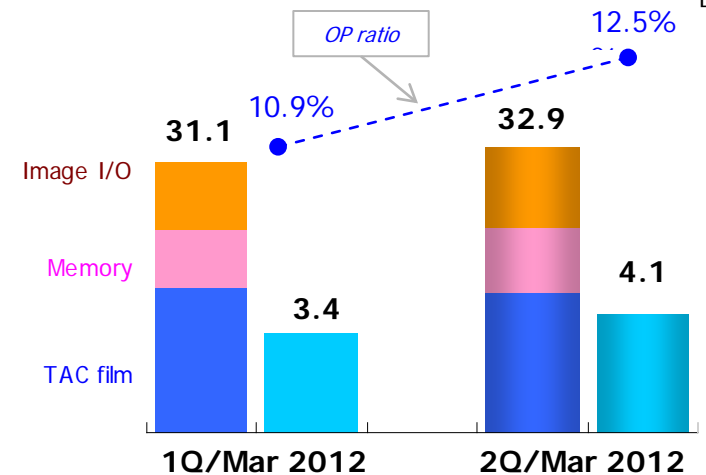
Unit Sales of memory devices and optical unit production are expected to increase.

- ▶ Improve profitability by accelerating the initiatives to bolster the productivity.

◆ Net sales / Operating income (YoY) [¥ billions]



◆ Net sales / Operating income (2Q Forecast; QoQ) [¥ billions]



Optics – Sales performance



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■ TAC films (Sales volumes)

- 1Q results (YoY) : +17%
- ▶ Reflecting strong sales of VA-TAC films, quarterly sales volumes reached the highest level.
- 2Q forecast (QoQ): Flat
- ▶ Maintain strong momentum in the first quarter.

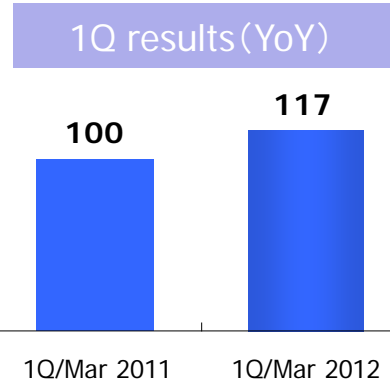
■ Glass substrates for HDDs (Unit sales)

- 1Q results (YoY) : Δ10%
- ▶ The decline in sales volumes was limited, given the sharp recovery in orders since May.
- 2Q forecast (QoQ): +20%
- ▶ Sales are expected to grow, aided by stronger demand associated with the end of production adjustment.

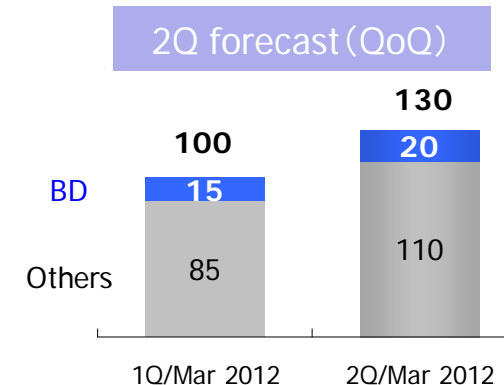
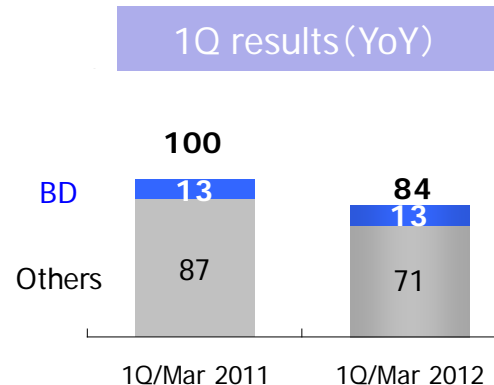
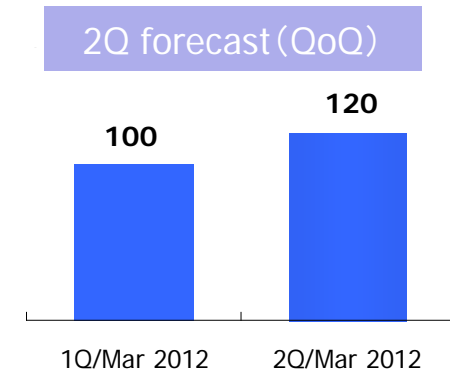
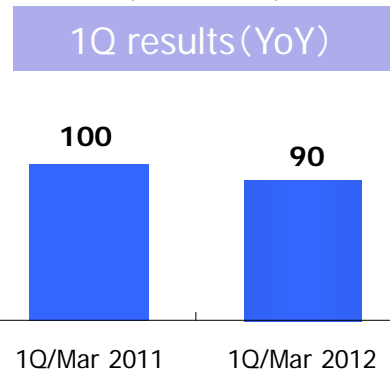
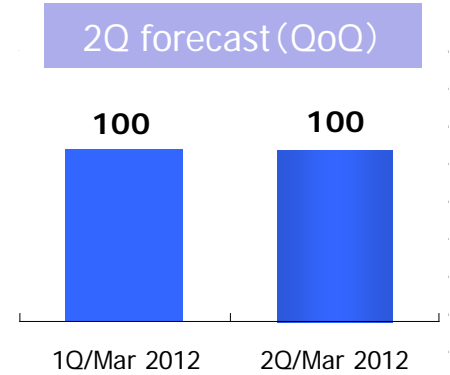
■ Optical pick-up lenses (Unit sales)

- 1Q results (YoY) : Δ16%
- ▶ Unit Sales of products for Blu-ray disks remained almost unchanged from the previous year, while that for DVDs declined.
- 2Q forecast (QoQ): +30%
- ▶ Expansion of the market for Blu-ray and sales increase in DVDs market are expected.

*Base index : "1Q/Mar 2011" = 100



*Base index : "1Q/Mar 2012" = 100



Healthcare - Overview



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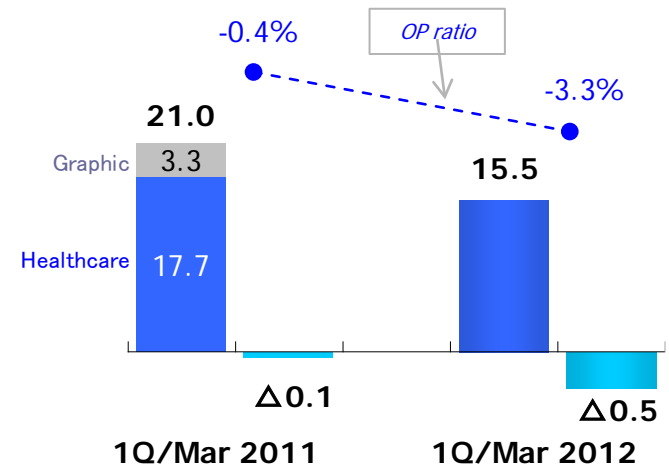
■ 1Q/March 2012 results (YoY)

- Net sales : Δ 12% (w/o forex: Δ 10%)
- Operating income : ¥-0.5billion (w/o forex: ¥-0.3 billion)
*Compare with only healthcare segment year-on year.
- ▶ Sales of digital systems rose, reflecting the commencement of sales of new CR and DR.
- ▶ Overall sales and income of the business declined because of lower sales of film products.

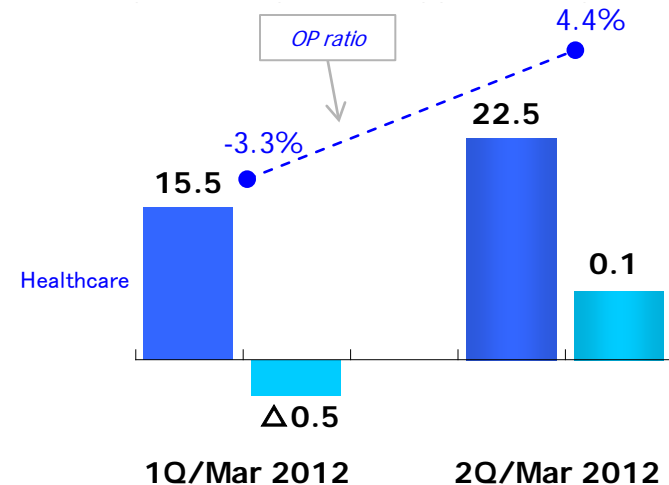
■ 2Q/March 2012 forecast (QoQ)

- Net sales : +43%
- Operating income : +¥1.5 billion
- ▶ Given a significant rise in sales, following the full promotion of new products, sales and income are expected to grow in the second quarter when demand is generally strong.

◆ Net sales / Operating income (YoY) [¥ billions]



◆ Net sales / Operating income (2Q Forecast; QoQ) [¥ billions]



Healthcare – Sales performance



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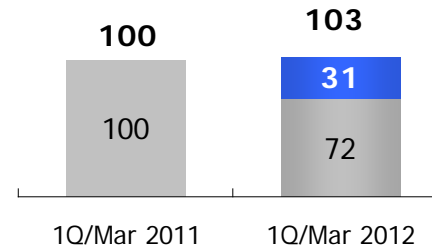
■ Digital input equipment (Sales volumes)

- 1Q results (YoY) : Flat
 - ▶ Sales were bolstered by the strong performance of new CR product "REGIUS Σ" targeting practicing physicians and the clinical market both in Japan and overseas.
 - ▶ Commence sales of light and compact wireless DR "AeroDR".

- 2Q forecast (QoQ) : +80%
 - ▶ By taking advantage of the improved product lineup, following the introduction of new products, make a major effort to bolster sales of the REGIUS series and AeroDR in the second quarter when demand is generally strong.

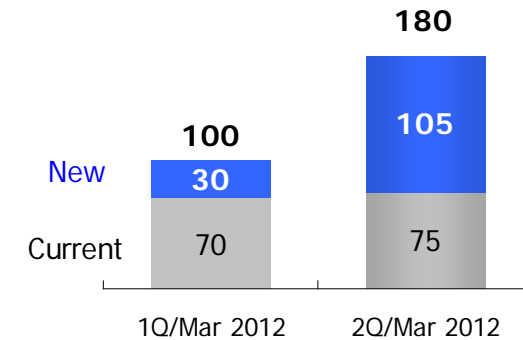
*Base index : "1Q/Mar 2011" = 100

1Q results (YoY)



*Base index : "1Q/Mar 2012" = 100

2Q forecast (QoQ)



Growth drivers for FY/March 2012



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*Based on company estimated (calendar year).

Business Technologies



bizhub C360
bizhub C280
bizhub C220

bizhub PRESS C8000



bizhub PRESS C7000

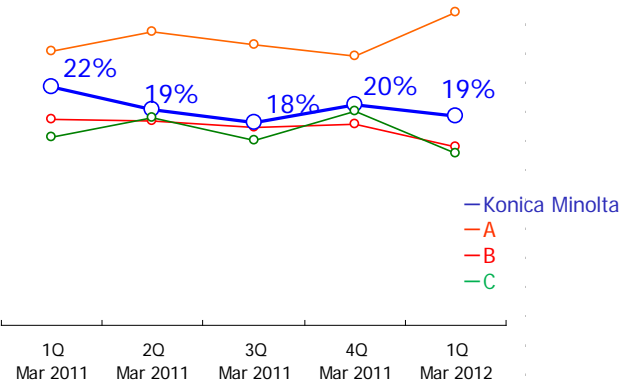
bizhub PRESS C6000



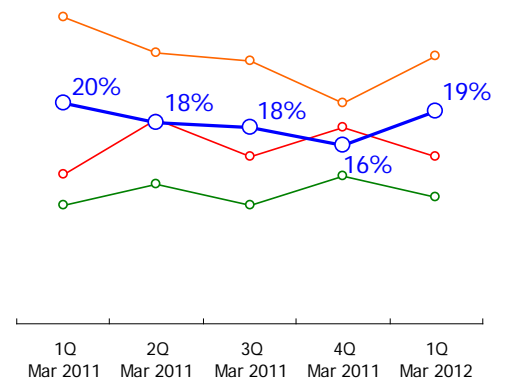
The essentials of imaging

Share: A3 color MFPs

North America

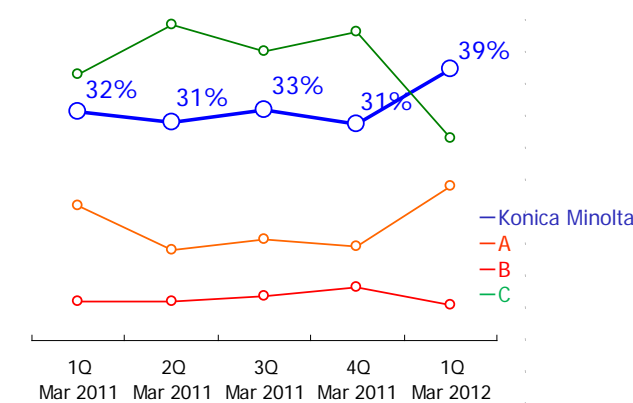


Europe

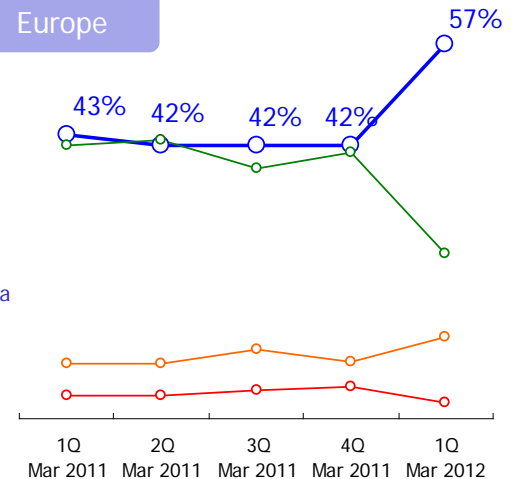


Share: color Production printing products

North America



Europe



Growth drivers for FY/March 2012



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Optics



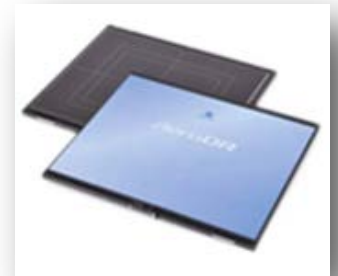
VA-TAC films

Healthcare



CR (Computed Radiography)
「REGIUS Σ」

DR (Digital Radiography)
「AeroDR」



Sensing



Incident Color Meter for especially LED

「CL-200A」
The essentials of imaging

Industrial Inkjet



Inkjet textile printer 「Nassenger」

Forecasts: March 2012

	Forecast		Mar 2012		Result Mar 2011 FY	YoY FY
	1H		FY			
Net sales(a)	386.0		810.0		778.0	32.0
Operating income	12.0		42.0		40.0	2.0
<i>Operating income ratio</i>	<i>3.1%</i>		<i>5.2%</i>		<i>5.1%</i>	-
Goodwill amortization	4.0		8.0		8.4	-0.4
Operating income before amortization of Goodwill(b)	16.0		50.0		48.4	1.6
(b)/(a)	<i>4.1%</i>		<i>6.2%</i>		<i>6.2%</i>	-
Ordinary income	10.0		39.0		33.2	5.8
Net income	3.0		20.0		25.9	-5.9
<i>Net income ratio</i>	<i>0.8%</i>		<i>2.5%</i>		<i>3.3%</i>	-
<hr/>						
FOREX [Yen] USD		80.00			85.71	△ 5.71
Euro		115.00			113.11	1.89
<hr/>						
※2Q onward						
CAPEX	-	50.0			43.0	
Depreciation	-	65.0			55.1	
R&D expenses	-	80.0			72.6	
FCF	-	8.0			23.2	

Forecasts: March 2012 - Segments

Net Sales	Forecast	Mar 2012	Result	Mar 2011	YoY
	1H	FY	FY	FY	FY
Business Technologies	273.0	566.0	539.6	26.4	
Optics	64.0	135.0	129.8	5.2	
Healthcare	38.0	85.0	85.0	0.0	
Other businesses	8.0	17.0	15.7	1.3	
Corporate and eliminations	3.0	7.0	7.8	-0.8	
Group total	386.0	810.0	778.0	32.0	

Operating income	Forecast	Mar 2012	Result	Mar 2011	YoY
	1H	FY	FY	FY	FY
Business Technologies	11.0	38.0	37.5	0.5	
Optics	7.5	16.5	12.8	3.7	
Healthcare	0.5	2.0	0.2	1.8	
Other businesses	1.0	2.5	2.2	0.3	
Corporate and eliminations	-8.0	-17.0	-12.7	-4.3	
Group total	12.0	42.0	40.0	2.0	



Supplementary Information
1Q/March 2012 Financial Results



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Results: 1Q/March 2012



[Billions of yen] KONICA MINOLTA

	1Q Mar 2012	1Q Mar 2011	YoY
Net sales	186.2	194.7	-8.5
Gross income	83.6	88.4	-4.8
<i>Gross income ratio</i>	44.9%	45.4%	-
Operating income	3.3	9.8	-6.6
<i>Operating income ratio</i>	1.8%	5.1%	-
Ordinary income	2.6	6.4	-3.9
Net income before taxes	0.4	2.2	-1.8
Net income	-0.1	3.5	-3.6
<i>Net income ratio</i>	-0.1%	1.8%	-
EPS [Yen]	-0.21	6.58	-
CAPEX	4.9	11.1	-6.2
Depreciation	11.7	13.9	-2.2
R&D expenses	19.0	17.1	1.9
FCF	0.6	-1.3	1.9
Foreign exchange rate [Yen] USD	81.74	92.01	-10.27
Euro	117.40	116.99	0.41

Results: 1Q/March 2012- Segment



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[Billions of yen]

Net sales	1Q Mar 2012	1Q Mar 2011	YoY
Business Technologies	134.1	132.8	1.3
Optics	31.1	35.2	-4.0
Healthcare	15.5	21.0	-5.5
Other businesses	4.0	3.9	0.0
Corporate and eliminations	1.5	1.8	-0.2
Group total	186.2	194.7	-8.5

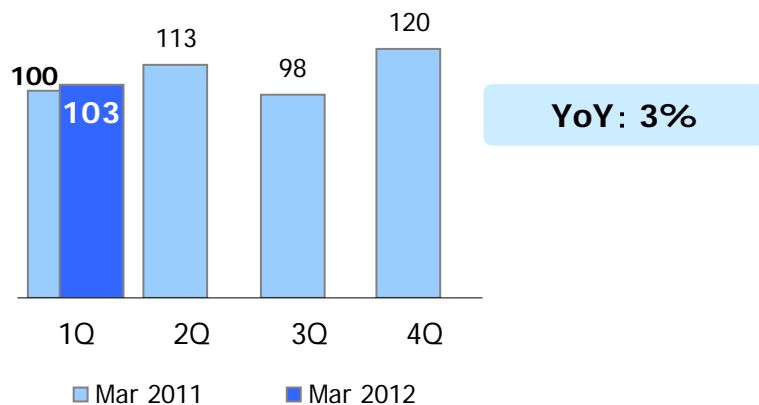
Operating income	1Q Mar 2012	1Q Mar 2011	YoY
Business Technologies	3.6	7.6	-4.0
<i>Operating income ratio</i>	<i>2.7%</i>	<i>5.8%</i>	-
Optics	3.4	5.1	-1.7
<i>Operating income ratio</i>	<i>10.9%</i>	<i>14.5%</i>	-
Healthcare	-0.5	-0.1	-0.4
<i>Operating income ratio</i>	<i>-3.3%</i>	<i>-0.4%</i>	-
Other businesses	0.5	0.5	0.0
Corporate and eliminations	-3.7	-3.3	-0.4
Group total	3.3	9.8	-6.6
<i>Operating income ratio</i>	<i>1.8%</i>	<i>5.1%</i>	-

* Other businesses: Sensing and Industrial Inkjet businesses

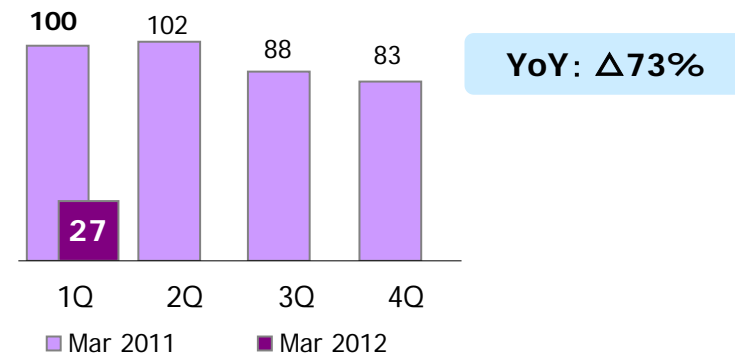


Unit sales: Business Technologies

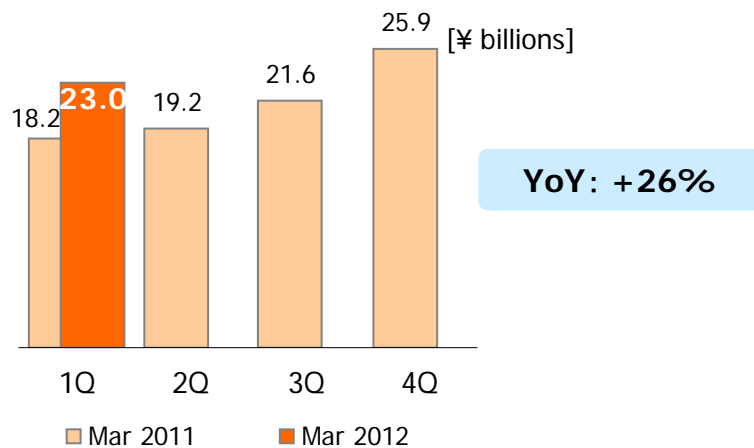
A3 color MFP- Units



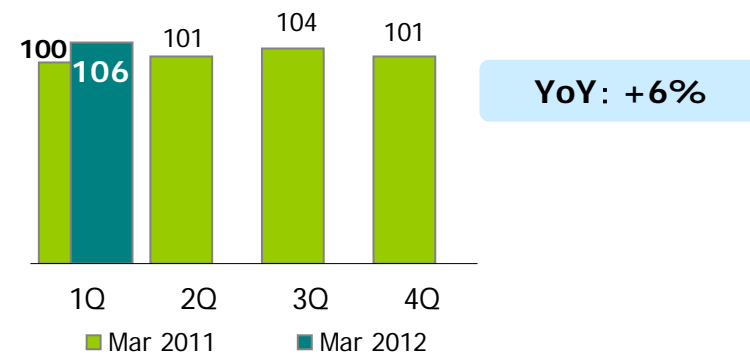
A4 color MFP - Units



Production printing - Value



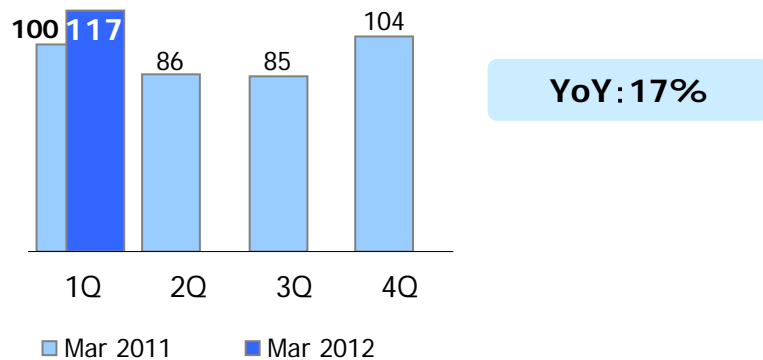
MFP non-hardware* w/o forex effects



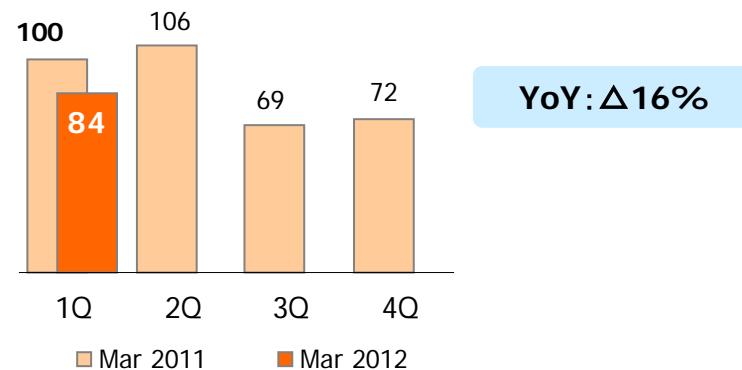
* Base index : "1Q Mar2011" = 100

Unit sales: Optics

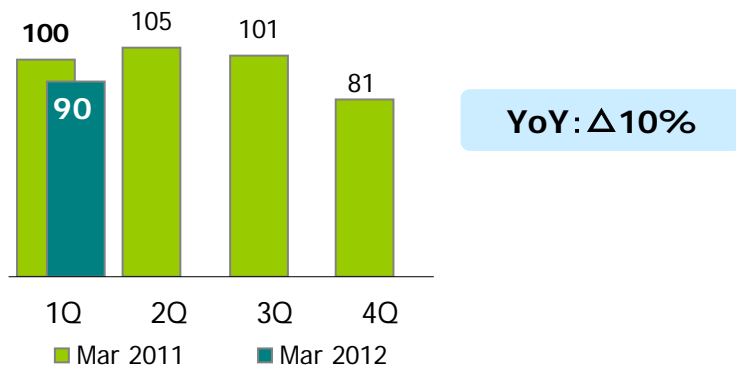
■ TAC film – Units



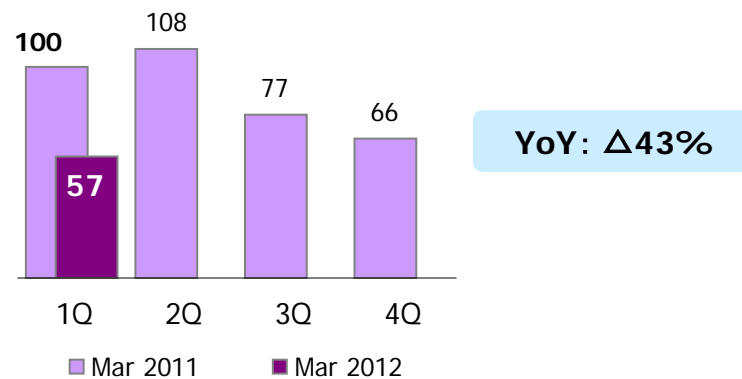
■ Optical pickup lenses - Units



■ Glass HD substrates - Units



■ Mobile phone components – Units



*Base index : "1Q Mar2010" = 100

Operating profit analysis



KONICA MINOLTA

[Billions of yen]

1Q/Mar 2012 vs. 1Q/Mar 2011

	Business Technologies	Optics	Other	Total
[Factors]				
Forex impact	0.0	-0.4	-0.4	-0.8
Price change	-2.2	-2.2	-0.3	-4.7
Sales volume change, and other, net	3.2	-0.4	-0.6	2.1
Cost down	-1.1	0.5	-0.4	-0.8
SG&A change, net	-3.9	0.7	0.9	-2.3
[Operating income]				
Change, YoY	-4.0	-1.7	-0.9	-6.6

SGA, non-operating and extraordinary income/loss



KONICA MINOLTA

	1Q Mar 2012	1Q Mar 2011	[Billions of yen] YoY
SG&A:			
Selling expenses - variable	10.5	10.5	0.0
R&D expenses	19.0	17.1	1.9
Labor costs	30.3	29.4	0.9
Other	20.5	21.6	-1.1
SGA total*	80.3	78.6	1.7
	<i>* Forex impact: -¥1.7 bn. (Actual: ¥3.4 bn.)</i>		
Non-operating income/loss:			
Interest and dividend income/loss, net	-0.1	-0.3	0.2
Foreign exchange gain, net	-0.7	-2.6	1.9
Other	0.1	-0.5	0.6
Non-operating income/loss, net	-0.7	-3.4	2.7
Extraordinary income/loss:			
Sales of noncurrent assets, net	-0.2	-0.2	0.0
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	-1.8	-1.0	-0.8
Business structure improvement expenses	-	-2.4	2.4
Other	-0.2	-0.6	0.4
Extraordinary income/loss, net	-2.2	-4.2	2.1

B/S



[Billions of yen] KONICA MINOLTA

Assets:	Jun 2011	Mar 2011	Change
Cash and short-term investment securities	174.7	175.1	-0.5
Notes and A/R-trade	153.4	163.4	-10.0
Inventories	100.7	100.2	0.4
Other	66.3	63.1	3.2
Total current assets	495.0	501.9	-6.9
Tangible assets	183.7	190.7	-7.0
Intangible assets	89.4	88.4	1.0
Investments and other assets	65.0	64.5	0.5
Total noncurrent assets	338.1	343.6	-5.5
Total assets	833.1	845.5	-12.3

Liabilities and Net Assets:

Notes and A/P-trade	71.9	74.6	-2.8
Interest bearing debts	194.9	192.6	2.3
Other liabilities	143.3	149.3	-6.0
Total liabilities	410.0	416.5	-6.4
Total shareholders' equity*	421.7	427.6	-5.9
Other	1.4	1.3	0.1
Total net assets	423.1	429.0	-5.9
Total liabilities and net assets	833.1	845.5	-12.3

*Equity = Shareholder's equity +

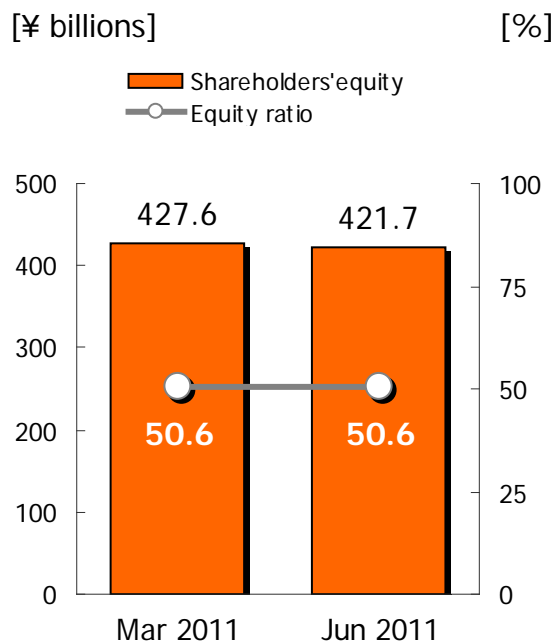
Accumulated other comprehensive income

	Jun 2011	Mar 2011	YoY
US\$	80.73	83.15	△ 2.42
Euro	116.84	117.57	△ 0.73



B/S – Main indicators

Equity ratio



Equity ratio = Equity / Total assets

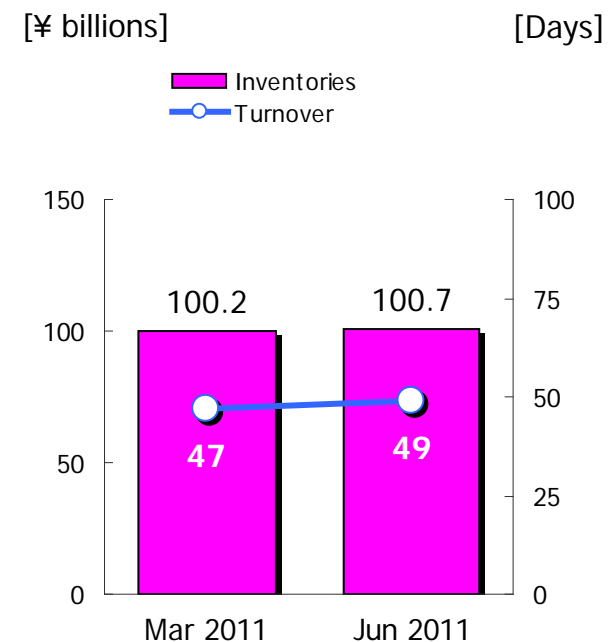
Interest-bearing debts



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 + Accumulated other comprehensive income

Cash flows

	1Q Mar 2012	1Q Mar 2011	[Billions of yen] YoY
Income before income taxes and minority interests	0.4	2.2	-1.8
Depreciation and amortization	11.7	13.9	-2.2
Income taxes paid	-3.4	-1.4	-1.9
Change in working capital	3.3	-7.2	10.5
I. Net cash provided by operating activities	12.0	7.5	4.5
II. Net cash used in investing activities	-11.4	-8.7	-2.6
I.+ II. Free cash flow	0.6	-1.3	1.9
Change in debts and bonds	2.8	1.4	1.4
Cash dividends paid	-3.8	-3.9	0.0
Other	-0.4	-0.3	0.0
III. Net cash used in financing activities	-1.4	-2.8	1.4



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.