

Konica Minolta, Inc.

2nd Quarter/March 2015 Consolidated Financial Results

Three months: July 1, 2014 – September 30, 2014

Six months : April 1, 2014 – September 30, 2014

- Announced on October 31, 2014 -

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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.

Main points of 1H/Mar 2015 financial results

Positive momentum in profit remained strong in the Business Technologies Business and Industrial Business. Year-on-year sales and profit increases stayed ahead of target, wrapping up the first half of the year satisfactorily.

Net Sales : ¥ 478.6 bn (YoY +6%)

- ✓ An increase in sales of hardware, driven by new A3 office color MFPs and new PP color products, and solid sales of non-hardware coupled with business expansion for OPS and IT service solutions in the Business Technologies Business contributed to higher sales.

Operating income : ¥ 29.2 bn (YoY +21%)

- ✓ Profit increase in the Business Technologies Business combined with higher sales than expected for TAC films and measuring instruments as well as the positive effect of withdrawal from the glass substrates for HDDs business in the Industrial Business contributed to higher operating income.

Net income : ¥ 14.7 bn (YoY +164%)

- ✓ Net income normalized due to a decrease in extraordinary appropriation such as loss on business withdrawal (-¥16.8 billion) in the 2Q following the recording of tax effects (+¥9.2 billion) related to a review of deferred tax assets in the 1Q of the previous year. Net income increased substantially with the increase in operating income.

The full-year forecast was revised upward in light of the solid performance in the first half of the year while carefully assessing the uncertain business climate in the second half.

| | <Previous forecast> | <Revised forecast> |
|------------------|---------------------|------------------------|
| Net sales | ¥1,000.0bn | → ¥1,010.0bn (YoY +7%) |
| Operating income | ¥62.0bn | → ¥65.0bn (YoY +12%) |
| Net income | ¥26.0bn | → ¥30.0bn (YoY +37%) |

- ✓ FOREX assumption from 3Q: 1 US \$ = ¥105; 1€ = ¥135
(at beginning of year: 1 US \$ = ¥100; 1€ = ¥135)
- ✓ Dividend forecast: Leave as is at ¥20 per share (up ¥2.5 per share from previous year)
 - * Interim and year-end dividend: Each ¥10 per share
(previous year: ¥10 per share interim dividend and ¥7.5 per share year-end dividend)

1H/Mar 2015 financial results highlight- overview

[Billions of yen]

| | 1H Mar 2015 | 1H Mar 2014 | YoY | 2Q Mar 2015 | 2Q Mar 2014 | YoY |
|---|----------------|----------------|------|----------------|----------------|------|
| Net sales (a) | 478.6 | 450.5 | 6% | 250.3 | 231.9 | 8% |
| Operating income | 29.2 | 24.2 | 21% | 17.5 | 16.4 | 7% |
| <i>Operating income ratio</i> | <i>6.1%</i> | <i>5.4%</i> | - | <i>7.0%</i> | <i>7.1%</i> | - |
| Amortization of goodwill | 4.7 | 5.0 | -5% | 2.4 | 2.1 | 13% |
| Operating income before amortization of Goodwill (b) | 33.9 | 29.2 | 16% | 19.9 | 18.5 | 8% |
| <i>(b)/(a)</i> | <i>7.1%</i> | <i>6.5%</i> | - | <i>8.0%</i> | <i>8.0%</i> | - |
| Pre-tax Profit | 27.5 | 0.1 | - | 15.7 | -6.0 | - |
| Net income | 14.7 | 5.6 | 164% | 9.1 | -4.2 | - |
| <i>Net income ratio</i> | <i>3.1%</i> | <i>1.2%</i> | - | <i>3.6%</i> | <i>-1.8%</i> | - |
| FCF | 15.4 | 26.4 | -42% | 22.1 | 23.0 | -4% |
| FOREX [Yen] USD | 103.04 | 98.85 | 4.19 | 103.92 | 98.95 | 4.97 |
| euro | 138.92 | 130.00 | 8.92 | 137.76 | 131.05 | 6.71 |

1H/Mar 2015 financial results highlight- segment

| Net Sales | 1H | | YoY | 2Q | | 2Q | | YoY |
|-----------------------------|--------------|--------------|------------|--------------|--------------|-------------------|--|-----------|
| | Mar 2015 | Mar 2014 | | Mar 2015 | Mar 2014 | [Billions of yen] | | |
| Business Technologies | 381.2 | 349.4 | 9% | 199.8 | 179.6 | | | 11% |
| Office Services | 286.0 | 270.5 | 6% | 147.8 | 138.8 | | | 7% |
| Commercial/Industrial print | 95.2 | 79.0 | 21% | 52.0 | 40.9 | | | 27% |
| Healthcare | 36.5 | 36.0 | 1% | 20.4 | 19.7 | | | 3% |
| Industrial Business | 59.5 | 62.5 | -5% | 29.4 | 31.5 | | | -7% |
| Industrial Optical Systems | 27.4 | 31.9 | -14% | 14.1 | 15.8 | | | -11% |
| Performance Materials | 32.1 | 30.6 | 5% | 15.3 | 15.7 | | | -2% |
| Others | 1.4 | 2.6 | - | 0.7 | 1.1 | | | - |
| Group Overall | 478.6 | 450.5 | 6% | 250.3 | 231.9 | | | 8% |
| Operating income | 1H | | YoY | 2Q | | 2Q | | YoY |
| | Mar 2015 | Mar 2014 | | Mar 2015 | Mar 2014 | [Billions of yen] | | |
| Business Technologies | 30.3 | 27.0 | 12% | 18.4 | 16.9 | | | 9% |
| Healthcare | 1.0 | 1.9 | -46% | 1.0 | 1.8 | | | -44% |
| Industrial Business | 12.2 | 9.0 | 36% | 5.6 | 4.7 | | | 19% |
| Eliminations and Corporate | -14.3 | -13.7 | - | -7.6 | -7.1 | | | - |
| Group Overall | 29.2 | 24.2 | 21% | 17.5 | 16.4 | | | 7% |

※ Results for Industrial Inkjet Business, previously included in Others, have been recorded under Commercial/Industrial Printing in the Business Technologies Business for the current year. This change is retroactively applied to results for the year ended March 2014.

Business Technologies Business – Overview : 1st Half (Apr.-Sep.)

□ 1H - Net sales : ¥ 381.2bn (YoY +9%)

- Sales increased due to sales growth of color products and expansion of service businesses in both the office services and commercial/industrial print fields.

□ 1H - Operating income : ¥30.3bn (YoY +12%)

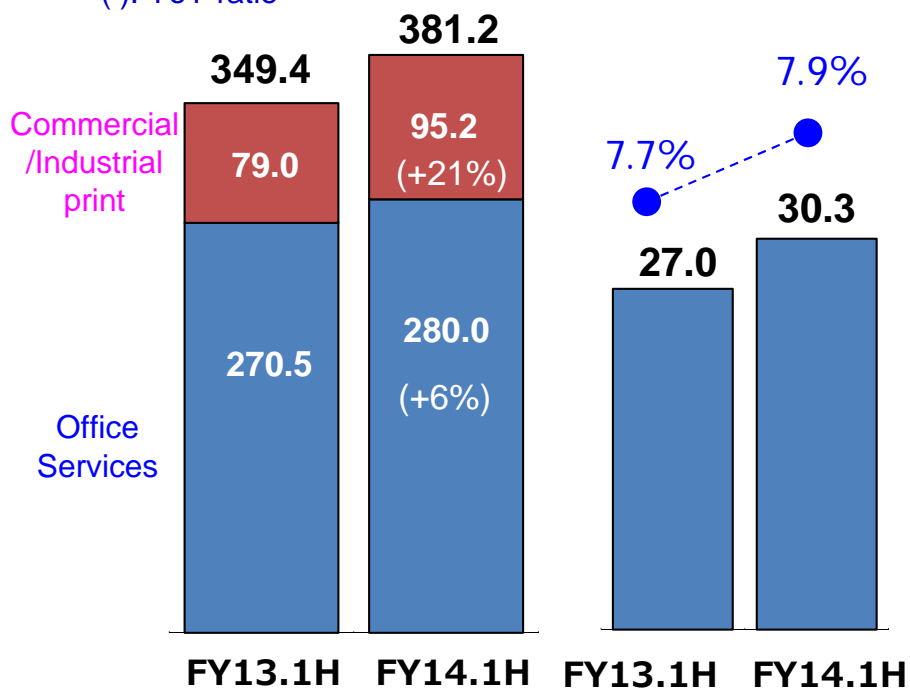
- The profitability of the commercial/industrial print fields continued to increase from the 1Q, driving the increase in operating income.

Net sales / Operating income

Left: Net sales, Right: Operating income ●OP Ratio

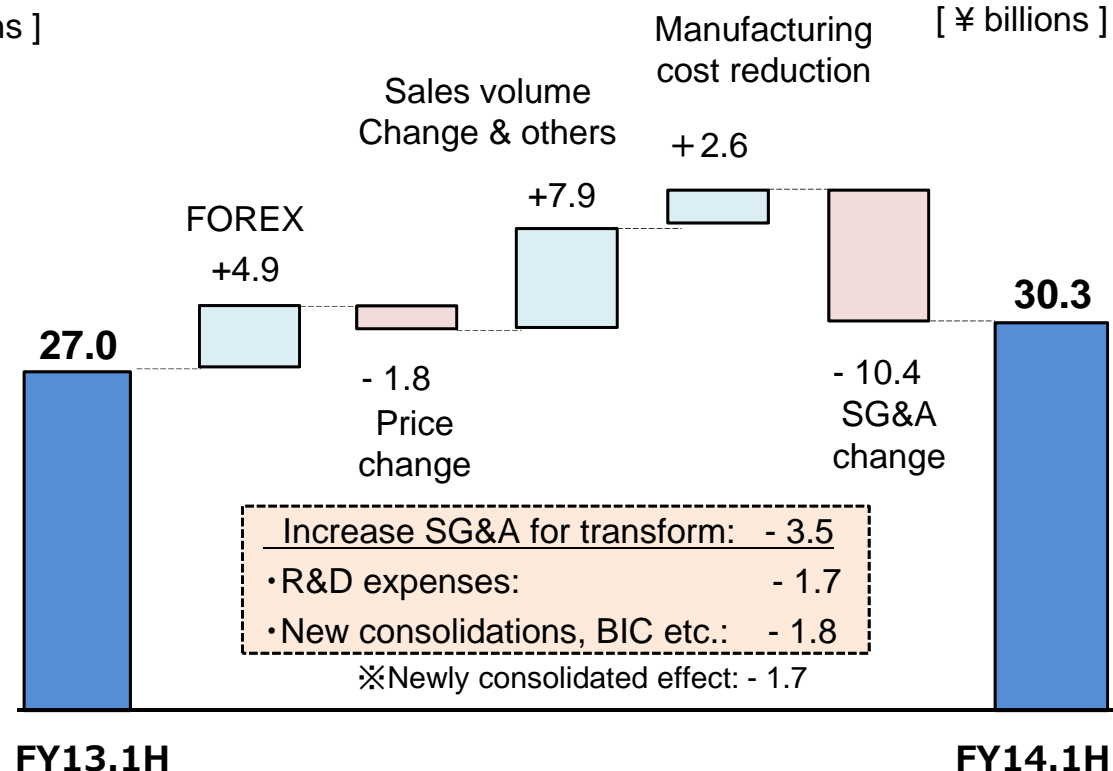
(): YoY ratio

[¥ billions]



Operating income Analysis

[¥ billions]

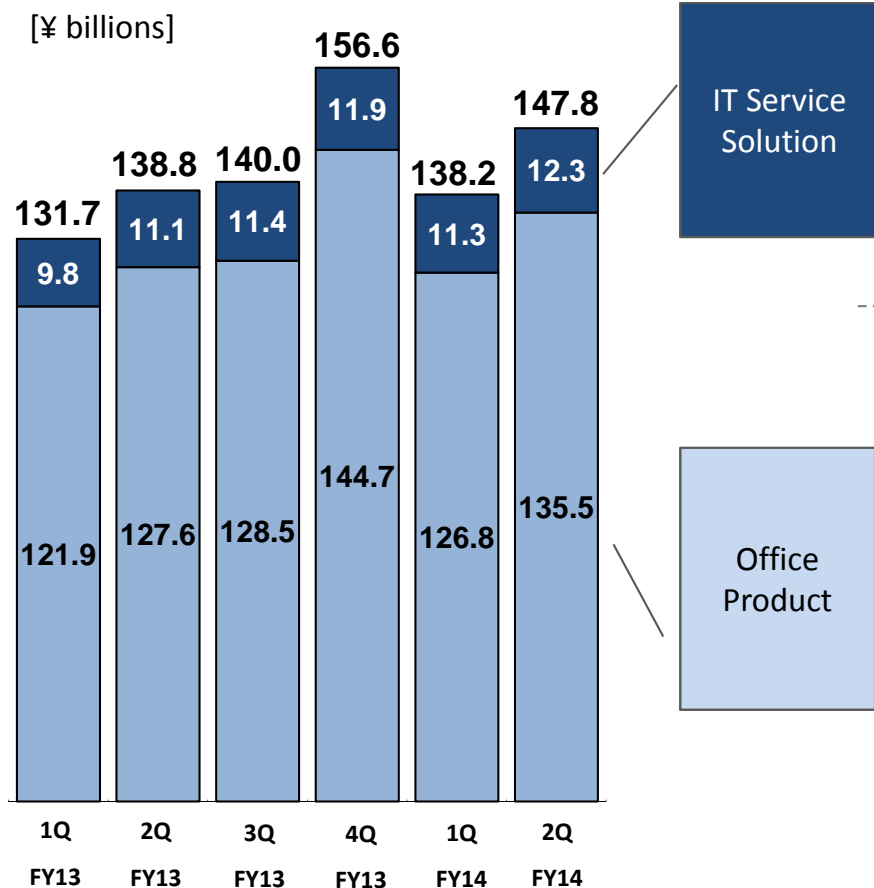


Business Technologies Business : Office Service business – sales performance (2nd-Quarter)

□ 2Q - Net sales : ¥147.8bn (YoY +7%)

- Sales increased due to unit growth in A3 color MFPs in Japan, the US, Europe, and other regions plus expansion of hybrid-type sales, mainly in Europe and the US.
- In sales of OPS and GMA, accounts were steadily expanded, mainly in Europe and the US.

Quarterly Net Sales Transition



Sales

¥12.3bn
(YoY + 10%)

¥135.5bn
(YoY + 6%)

■ **OPS Sales**
¥18.8bn
(YoY + 77%)

■ **GMA Sales**
¥6.1bn
(YoY + 16%)

2Q -summary

- ✓ Established a global partnership with US-based Hyland Software, Inc. Started providing MCS* solutions by business type.

MCS: Managed Content Services. A solution for comprehensively operating and managing a company's content.

- ✓ Introduced and strengthened sales of A3 color strategic products for emerging countries.
- ✓ Sales of color PVs remained strong due to accumulation of High segment color MIF* in developed countries.
- ✓ Gained new contract from a major component manufacturer (aircraft and military-related) headquartered in the US.

MIF: Machines in the field

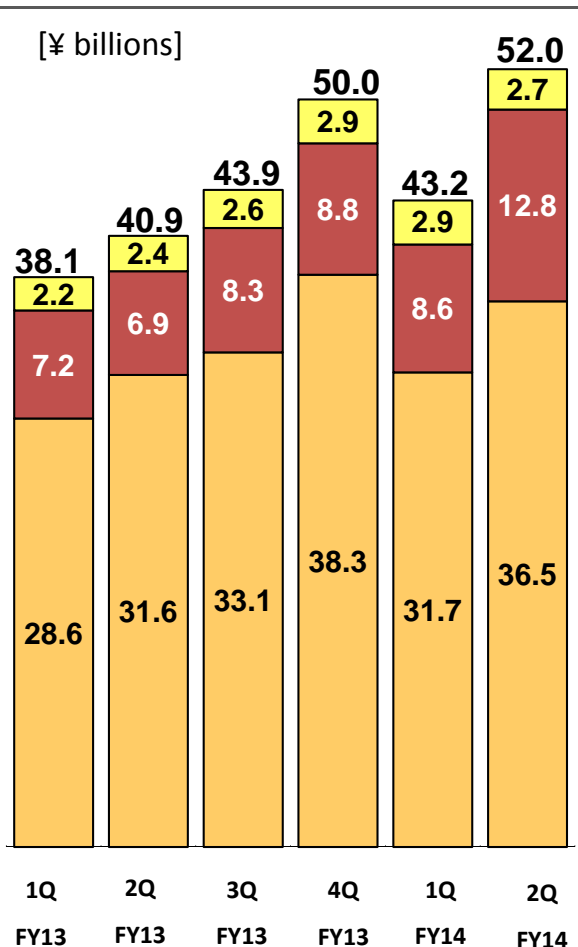
Business Technologies Business : Commercial/Industrial Print Business

– sales performance (2nd-Quarter)

□ 2Q - Net sales : ¥52.0bn (YoY +27%)

- Sales of color units were strong in all regions. An increase in PV in line with growth in MIF contributed to the sales growth.
- Entered MPM* services market in the Asia Pacific region. Steady progress was made toward global expansion.

Quarterly Net Sales Transition



Sales

¥2.7bn
(YoY +14%)

Industrial
Ink-jet

¥12.8bn
(YoY +85%)

MPM
Print service

¥36.5bn
(YoY +16%)

Production
print

2Q -summary

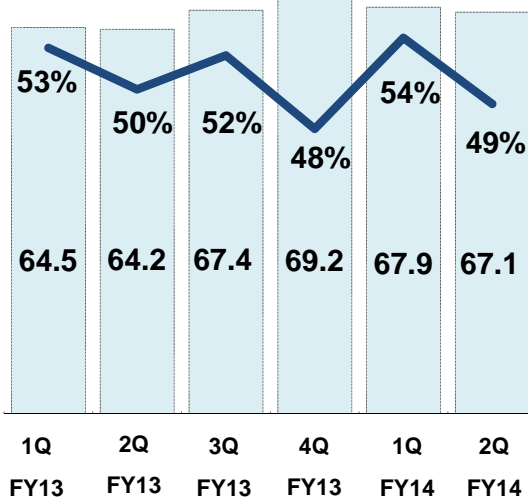
- ✓ Component sales were strong due to expansion of sites in China.
- ✓ An Italian distributor was acquired and made into a regional sales company.
- ✓ Sales expanded on a pan-European basis based on Charterhouse PM Limited (UK).
- ✓ Expanded business into the Asia Pacific region through the acquisition of Ergo Asia Pty Limited (Australia).
- ✓ A steady start was achieved, mainly in Japan, the US, and Europe, in new color products released in June.
- ✓ Sales of non-hardware increased in Japan, the US, Europe, and all other regions.

MPM: Marketing Print Management. A service providing optimization of printed matter purchasing related to marketing. Customers are the marketing departments of large companies.

Business Technologies Business: Sales results of non-hard

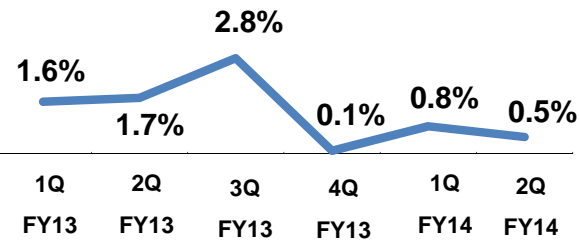
Sales & ratio of non-hard

Office product



YoY sales increase of non-hard

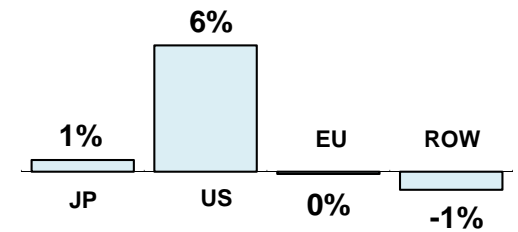
(w/o FOREX)



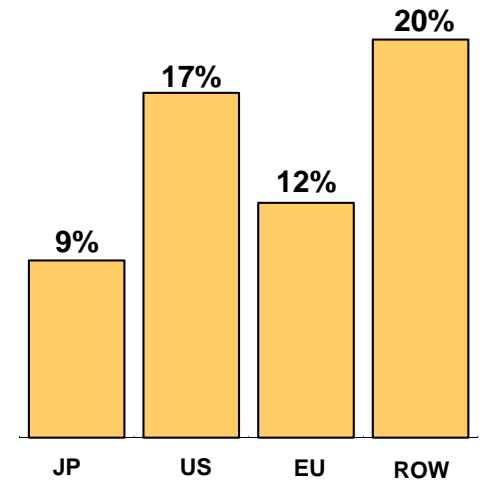
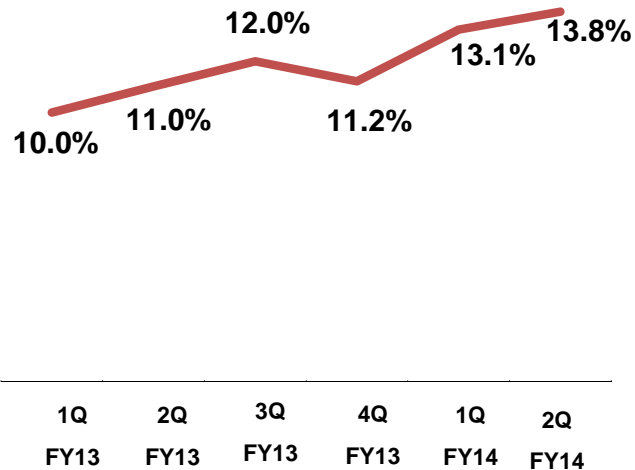
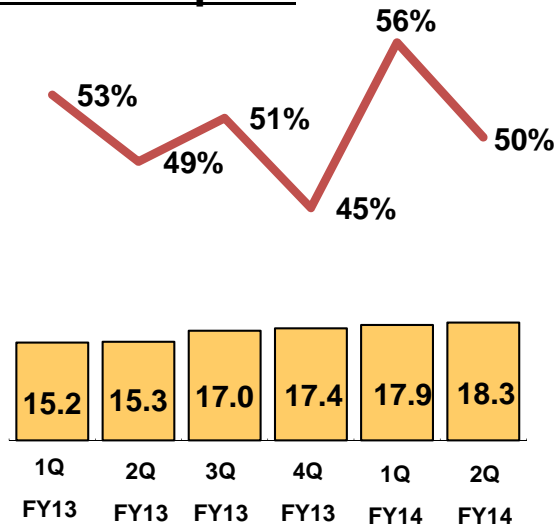
YoY sales increase of non-hard (regional)

[FY2014-2Q]

(w/o FOREX)



Production print



Healthcare Business - Overview : 1st Half (Apr.-Sep.)

□ 1H - Net sales : ¥36.5bn (YoY +1%)

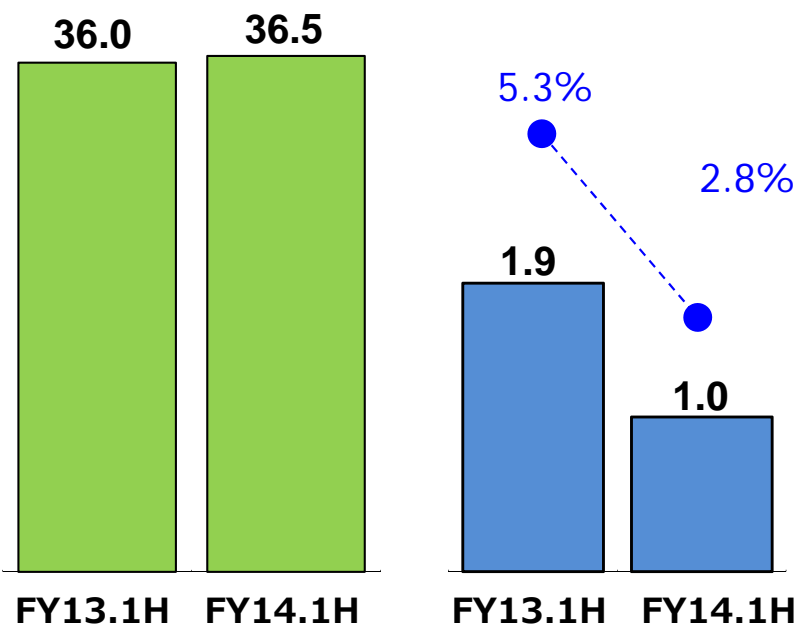
- While sales volume of cassette-type DR increased in Japan and overseas, company targets were not met. Introduced a new product for ultrasound diagnostic imaging despite weak market conditions, securing net sales on par with the previous year.

□ 1H - Operating income : ¥1.0bn (YoY -46%)

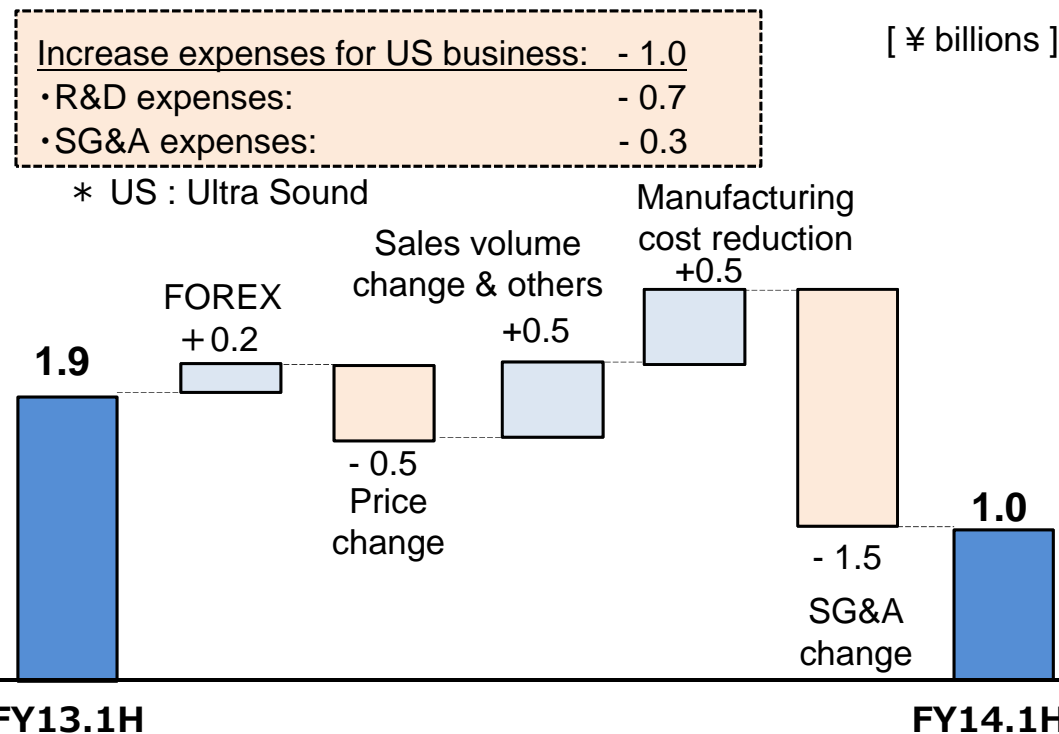
- Operating income fell, as advance investment associated with the launch of diagnostic ultrasound systems could not be absorbed fully by an increase in digital business.

Net sales / Operating income

Left: Net sales, Right: Operating income ●OP Ratio [¥ billions]



Operating income Analysis



Healthcare business – sales performance (2nd-Quarter)

□ 2Q - Net sales : ¥20.4bn (YoY +3%)

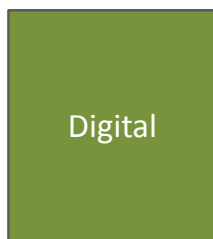
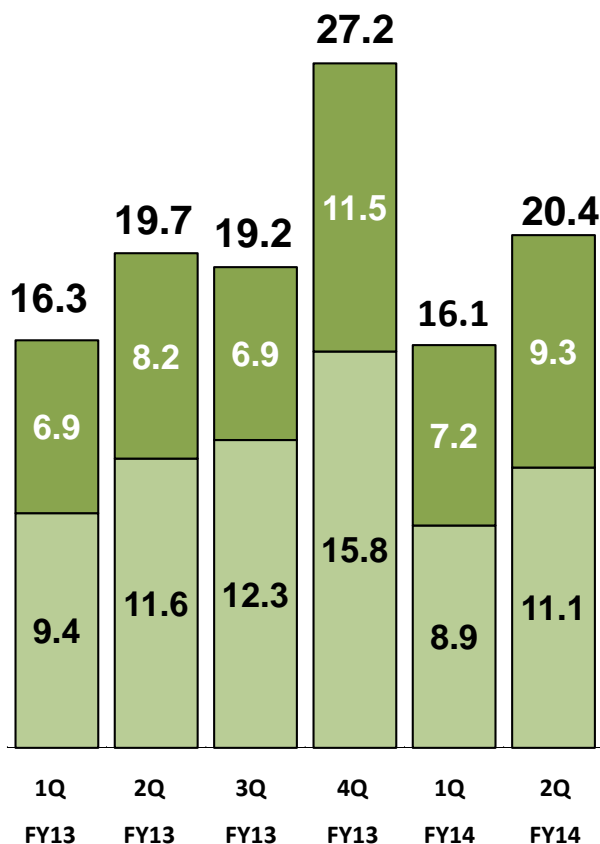
- Although sales of DR continued to grow in Japan and overseas, this was offset by a decline in CR. The company started full-fledged expansion of diagnostic ultrasound systems, ensuring sales growth.

Quarterly Net Sales Transition

Sales

2Q -Summary

[¥ billions]



¥9.3bn
(YoY +13%)



¥11.1bn
(YoY - 4%)

- ✓ Double-digit growth in sales volume of cassette-type DR for clinics in Japan and through tie-ups with strategic partners overseas.
- ✓ Introduced new diagnostic ultrasound systems. Anticipate business contribution from the 3Q, as customer reputations are high.

- ✓ While sales of film products grew overseas, mainly in emerging countries, the market continued to shrink in Japan.

※ **Digital** : X-ray systems(DR,CR), Ultrasound diagnostic imaging systems, Medical IT service etc.

Analog and others. : Film, Imager, Purchased Materials etc.

Industrial Business – Overview : 1st Half (Apr.-Sep.)

1H - Net sales : ¥59.5bn (YoY - 5%)

- Net sales decreased due to shrinking demand for compact digital cameras and structural reforms including withdrawal from the glass substrates for HDDs business in FY13.

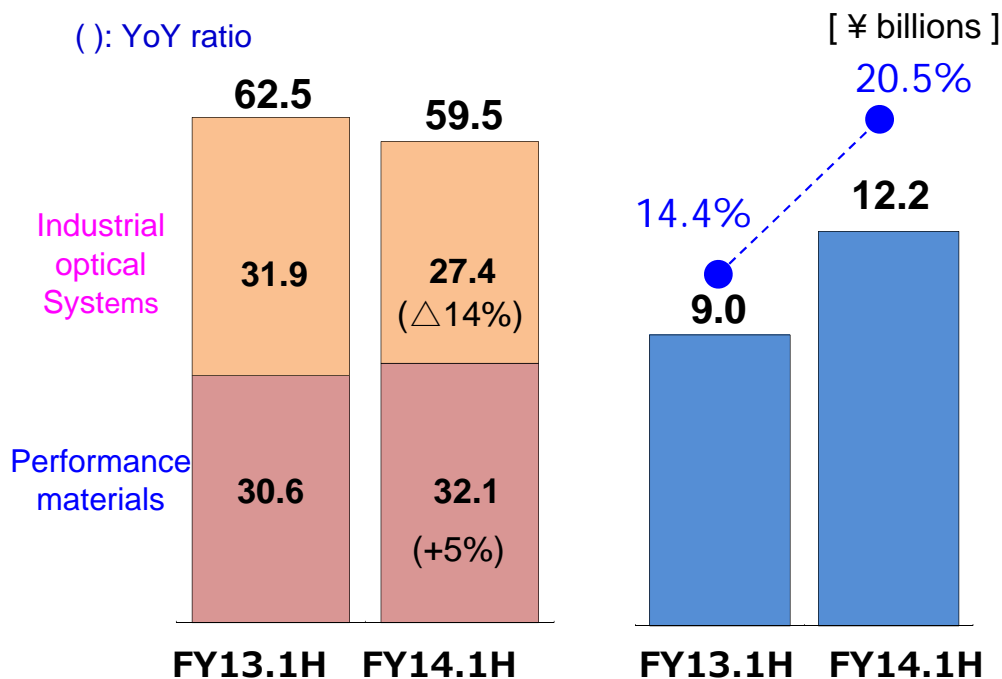
1H - Operating income : ¥12.2bn (YoY +36%)

- Structural reform coupled with increased sales of performance materials and measuring instruments contributed to the increase.

Net sales / Operating income

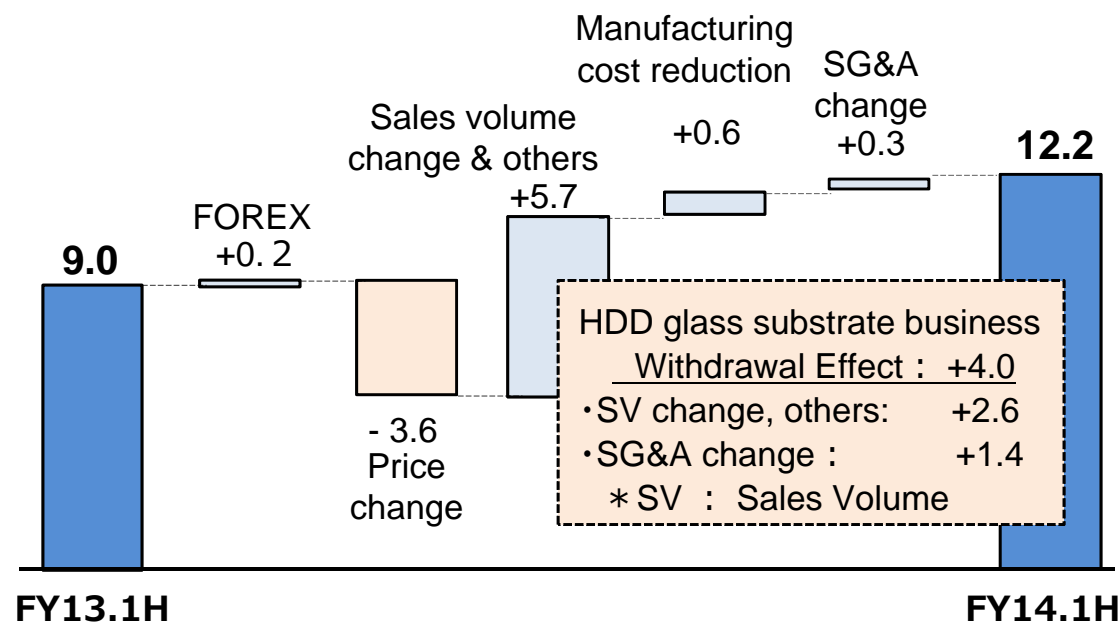
Left: Net sales, Right: Operating income ●OP Ratio

(): YoY ratio



Operating income Analysis

[¥ billions]

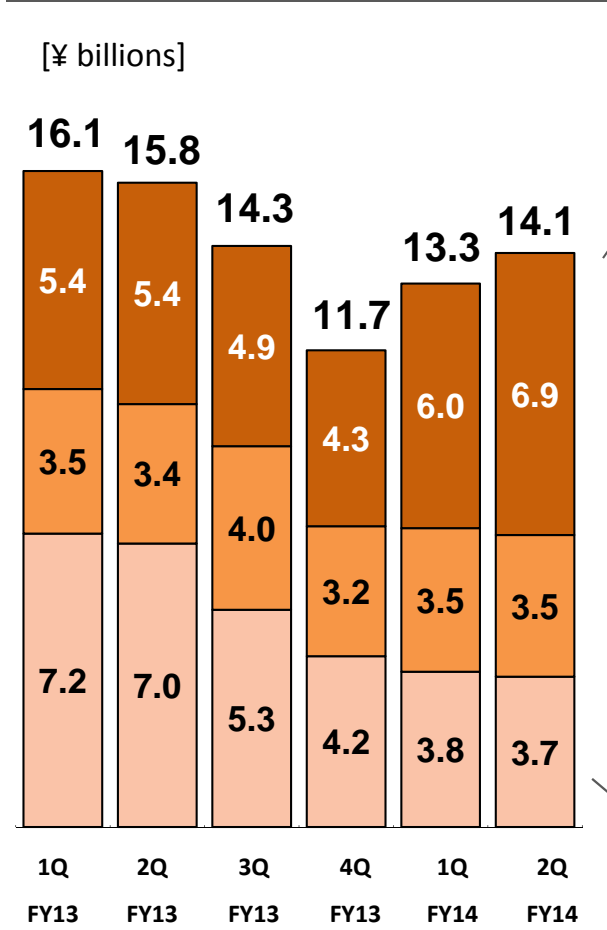


Industrial business : Industrial Optical Systems – sales performance (2nd-Quarter)

□ 2Q - Net sales : ¥14.1bn (YoY - 11%)

➤ Although the performance of measuring instruments remained solid, sales fell year on year due to shrinking demand for compact digital cameras and withdrawal from the glass substrates for HDDs business.

Quarterly Net Sales Transition



| Sales | 2Q -Summary |
|------------------------------|---|
| ¥6.9bn (YoY +28%) | ✓ Sales to major customers at IS were strong. Sales mainly for light source color measuring instruments expanded. |
| ¥3.5bn (YoY +3%) | ✓ Sales on par with the previous year were secured amid trying market conditions through customer growth and expanding of the product lineup. |
| ¥3.7bn (YoY - 47%) | ✓ Sales declined due to shrinking demand for compact digital cameras and withdrawal from the glass substrates for HDDs business ✓ Sales of BD pickup lenses for game consoles were robust. |

Industrial Business :

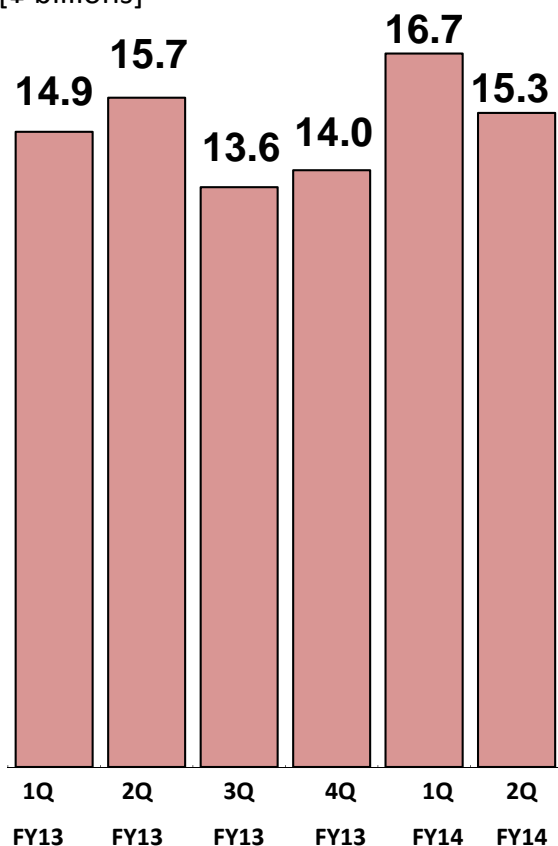
Performance materials – sales performance (2nd-Quarter)

□ 2Q - Net sales : ¥15.3bn (YoY - 2%)

- Sales of TAC film for large LCD TVs and small- and medium-size LCD panels remained robust, ensuring net sales on par with the previous year.

Quarterly Net Sales Transition

[¥ billions]



■ For FPD

- Large size
- Small & medium size

- ✓ Benefitting from the shift to larger screens, sales of VA-TAC film for large LCD TVs remained robust.
- ✓ Demand for small- and medium-size panels also remained strong. Sales of 20–40 μ thin film grew.

■ For New field business

- Window film
- Barrier film

- ✓ Window film sales lagged behind B2C expansion in China.
- ✓ The company promoted sample sales of barrier film to promising customers.

2Q -Summary

FY2014 financial forecast highlight- overview

| | Revised Forecast Mar 2015 | Previous Forecast Mar 2015 | Results Mar 2014 | YoY | [Billions of yen] |
|-------------------------------|---------------------------------|----------------------------------|---------------------|-----|---|
| Net sales | 1,010.0 | 1,000.0 | 943.8 | 7% | |
| Operating income | 65.0 | 62.0 | 58.1 | 12% | |
| <i>Operating income ratio</i> | <i>6.4%</i> | <i>6.2%</i> | <i>6.2%</i> | | |
| Ordinary income | 61.0 | 57.0 | 54.6 | 12% | |
| Net income | 30.0 | 26.0 | 21.9 | 37% | |
| <i>Net income ratio</i> | <i>3.0%</i> | <i>2.6%</i> | <i>2.3%</i> | | |
| EPS [Yen] | 59.37 | 51.51 | 41.38 | | |
| ROE (%) | 6.4% | 5.6% | 4.6% | | |
| CAPEX | 60.0 | 60.0 | 47.4 | | |
| Depreciation | 55.0 | 55.0 | 47.4 | | |
| R&D expenses | 75.0 | 75.0 | 71.2 | | |
| FCF | 1.0 | 2.0 | 34.2 | | |
| Investment and loan | 45.0 | 40.0 | 14.5 | | |
| | | | | | FOREX impact per 1yen movement (Full year) |
| | | | | | Net sales |
| | | | | | Operating income |
| | | | | | 3.0 |
| | | | | | 0.3 |
| | | | | | 1.6 |
| | | | | | 0.8 |
| | FOREX [Yen] USD | | | | |
| | 105.00 | 100.00 | 100.24 | | |
| * 2 nd Half | euro | 135.00 | 134.37 | | |

* If the RMB floats pegged to the US dollar, the foreign exchange sensitivity of the US dollar in operating income will be cancel out by about 40%.

FY2014 financial forecast highlight - segment

[Billions of yen]

| Net Sales | Revised Forecast | | Previous Forecast | | Results | | YOY |
|-----------------------------|------------------|--|-------------------|--|--------------|--|-----------|
| | Mar 2015 | | Mar 2015 | | Mar 2014 | | |
| Business Technologies | 810.0 | | 800.0 | | 739.9 | | 9% |
| Office Services | 600.0 | | 600.0 | | 567.1 | | 6% |
| Commercial/Industrial print | 210.0 | | 200.0 | | 172.9 | | 21% |
| Healthcare | 85.0 | | 90.0 | | 82.4 | | 3% |
| Industrial Business | 115.0 | | 110.0 | | 116.1 | | -1% |
| Industrial Optical Systems | 55.0 | | 61.0 | | 57.8 | | -5% |
| Performance Materials | 60.0 | | 49.0 | | 58.3 | | 3% |
| Others | - | | - | | 5.3 | | - |
| Group Overall | 1,010.0 | | 1,000.0 | | 943.8 | | 7% |

| Operating income | Revised Forecast | | Previous Forecast | | Results | | YOY |
|----------------------------|------------------|-------------|-------------------|-------------|-------------|-------------|------------|
| | Mar 2015 | | Mar 2015 | | Mar 2014 | | |
| Business Technologies | 72.0 | 8.9% | 72.0 | 9.0% | 66.6 | 9.0% | 8% |
| Healthcare | 4.5 | 5.3% | 7.0 | 7.8% | 4.5 | 5.5% | 0% |
| Industrial Business | 18.5 | 16.1% | 12.0 | 10.9% | 15.2 | 13.1% | 22% |
| Eliminations and Corporate | -30.0 | - | -29.0 | - | -28.2 | - | - |
| Group Overall | 65.0 | 6.4% | 62.0 | 6.2% | 58.1 | 6.2% | 12% |

Main changes from previous forecast

Net sales and operating income have been revised as follows from the previous forecast in light of the target-beating performance in the first half as well as the business climate and dynamic sense among businesses of the second half.

| | <u>Net sales</u> | <u>Operating income</u> | <u>Factors</u> |
|------------------------------|------------------|-------------------------|--|
| I. Previous forecast | ¥1,000.0bn | ¥62.0bn | <FOREX assumption: 1US\$ = ¥100; 1€ = ¥135> |
| II. Revised amount | +¥10.0bn | +¥3.0bn | |
| • Business Technologies | +¥10.0bn | Unchanged | •Solid sales of color products, uncertainty in the European economy |
| • Industrial Business | +¥5.0bn | +¥6.5 | •Lower demand will be factored into the second half despite better-than-expected performance in the first half |
| • Healthcare | - ¥5.0bn | - ¥2.5bn | •Revision of sales measures associated with changes in hospital market conditions |
| • Eliminations and Corporate | — | - ¥1.0bn | |
| Ref.: FOREX impact | +¥7.5bn | +¥0.4bn | •FOREX assumption in 2H: Yen depreciated by ¥5 against the USD |
| III. Revised forecast | ¥1,010.0bn | ¥65.0bn | <FOREX assumption in 2H: 1US\$ = ¥105; 1€ = ¥135> |

Points for achieving full-year performance goals

Business Technologies

<Office Service>

- ✓ In developed countries, leverage IT services to intensify sales promotion of color MFPs.
- ✓ In emerging countries, release strategic models to solidify sales promotion of color MFPs.

<Commercial/Industrial Print>

- ✓ Commercial/industrial print: Full-fledged sales promotion of new color products and global expansion of MPM services

Industrial Business

<Industrial Optical Systems>

- ✓ Despite seasonal factors, secure sales volume by acquiring new customers and releasing new products.

<Performance Materials>

- ✓ Acquire demand focused on VA-TAC within the year. Factor risk of adjustment into the 4Q

Healthcare

- ✓ Capitalize on the excellent competitiveness of new DR and ultrasound products to enhance sales promotion.
- ✓ Reinforce the digital business sales system (medical IT services, ultrasound).

Supplementary Information

<Ref.> Full-year forecast of FY 2014 - IFRS -

The Company will voluntarily adopt the IFRS (International Financial Reporting Standards) from this year's securities report.

In view of the fact that we have received numerous inquiries from various parties concerning the IFRS-based consolidated results forecast, to avoid confusion and conduct appropriate information disclosure, we release the following as reference information.

| | <J-GAAP> | → | <IFRS> |
|--|----------|---|--------|
|--|----------|---|--------|

| | | | | | |
|-----------|---|------------|---|------------|-----------|
| Net sales | : | ¥1,010.0bn | → | ¥1,000.0bn | (YoY +6%) |
|-----------|---|------------|---|------------|-----------|

| | | | | | |
|------------------|---|---------|---|---------|------------|
| Operating income | : | ¥65.0bn | → | ¥67.0bn | (YoY +15%) |
|------------------|---|---------|---|---------|------------|

- ✓ Causes of increase: Non-amortization of goodwill and change in depreciation method, etc.
- ✓ Causes of decrease: Non-operating income and expenses (excluding financial income), extraordinary income or loss, etc.

| | | | | | |
|------------|---|---------|---|---------|------------|
| Net income | : | ¥30.0bn | → | ¥43.0bn | (YoY +96%) |
|------------|---|---------|---|---------|------------|

- ✓ Causes of increase: Non-amortization of goodwill and change in depreciation method, etc.

| | | | | | |
|-----|---|------|---|------|----------------------|
| ROE | : | 6.4% | → | 9.0% | (Previous year 4.6%) |
|-----|---|------|---|------|----------------------|

1H/Mar 2015 financial results highlight- overview

| | 1H | | YoY | 2Q | | [Billions of yen] | |
|--|----------|----------|------|----------|----------|-------------------|-----|
| | Mar 2015 | Mar 2014 | | Mar 2015 | Mar 2014 | YoY | YoY |
| Net sales(a) | 478.6 | 450.5 | 6% | 250.3 | 231.9 | 8% | |
| Gross income | 237.0 | 214.0 | 11% | 122.6 | 111.7 | 10% | |
| <i>Gross income ratio</i> | 49.5% | 47.5% | | 49.0% | 48.2% | | |
| Operating income | 29.2 | 24.2 | 21% | 17.5 | 16.4 | 7% | |
| <i>Operating income ratio</i> | 6.1% | 5.4% | - | 7.0% | 7.1% | - | |
| Amortization of goodwill | 4.7 | 5.0 | -5% | 2.4 | 2.1 | 13% | |
| Operating income before amortization of Goodwill (b) | 33.9 | 29.2 | 16% | 19.9 | 18.5 | 8% | |
| <i>(b)/(a)</i> | 7.1% | 6.5% | - | 8.0% | 8.0% | - | |
| Ordinary income | 28.7 | 21.5 | 33% | 18.2 | 14.4 | 26% | |
| Pre-tax Profit | 27.5 | 0.1 | - | 15.7 | -6.0 | - | |
| Net income | 14.7 | 5.6 | 164% | 9.1 | -4.2 | - | |
| <i>Net income ratio</i> | 3.1% | 1.2% | - | 3.6% | -1.8% | - | |
| EPS [Yen] | 28.86 | 10.48 | | 17.91 | -7.95 | | |
| CAPEX | 25.6 | 19.5 | | 11.5 | 7.9 | | |
| Depreciation | 23.6 | 23.5 | | 12.0 | 11.9 | | |
| R&D expenses | 36.7 | 34.6 | | 18.4 | 17.3 | | |
| FCF | 15.4 | 26.4 | | 22.1 | 23.0 | | |
| Investment and lending | 12.1 | 3.0 | | 4.9 | 0.6 | | |
| FOREX [Yen] USD | 103.04 | 98.85 | 4.19 | 103.92 | 98.95 | 4.97 | |
| euro | 138.92 | 130.00 | 8.92 | 137.76 | 131.05 | 6.71 | |

Operating profit analysis

1H/Mar 2015 vs 1H/Mar 2014

[Factors]

| | Business Technologies | Healthcare | Industrial Business | Total |
|-------------------------------------|-----------------------|------------|---------------------|-------|
| Forex impact | 4.9 | 0.2 | 0.2 | 5.4 |
| Price change | -1.8 | -0.5 | -3.6 | -5.9 |
| Sales volume change, and other, net | 7.9 | 0.5 | 5.7 | 14.4 |
| Cost up/down | 2.6 | 0.5 | 0.6 | 3.7 |
| SG&A change, net | -10.4 | -1.5 | 0.3 | -12.7 |

[Operating income]

| | | | | |
|-------------|-----|------|-----|-----|
| Change, YoY | 3.2 | -0.9 | 3.2 | 5.0 |
|-------------|-----|------|-----|-----|

2Q/Mar 2015 vs 2Q/Mar 2014

[Factors]

| | Business Technologies | Healthcare | Industrial Business | Total |
|-------------------------------------|-----------------------|------------|---------------------|-------|
| Forex impact | 2.1 | 0.1 | 0.1 | 2.4 |
| Price change | -1.0 | -0.3 | -1.7 | -3.0 |
| Sales volume change, and other, net | 4.9 | 0.2 | 2.4 | 7.4 |
| Cost up/down | 1.3 | 0.0 | 0.3 | 1.5 |
| SG&A change, net | -5.8 | -0.9 | -0.2 | -7.2 |

[Operating income]

| | | | | |
|-------------|-----|------|-----|-----|
| Change, YoY | 1.5 | -0.8 | 0.9 | 1.2 |
|-------------|-----|------|-----|-----|

[Billions of yen]

Total

Business Technologies

Healthcare

Industrial Business

Total

Business Technologies

Healthcare

Industrial Business

SGA, non-operating and extraordinary income/loss

[Billions of yen]

| | Mar 2015 1H | Mar 2014 1H | YoY | Mar 2015 2Q | Mar 2014 2Q | YoY |
|---|---|----------------|-------------|--------------------------------------|----------------|-------------|
| SG&A: | | | | | | |
| Selling expenses - variable | 27.5 | 24.9 | 2.6 | 14.6 | 13.3 | 1.3 |
| R&D expenses | 36.7 | 34.6 | 2.1 | 18.4 | 17.3 | 1.1 |
| Labor costs | 88.3 | 80.8 | 7.5 | 43.9 | 40.1 | 3.8 |
| Other | 55.3 | 49.6 | 5.8 | 28.2 | 24.6 | 3.5 |
| SGA total* | 207.8 | 189.8 | 18.0 | 105.1 | 95.3 | 9.8 |
| | <i>* Forex impact: + ¥5.4 bn. (Actual: ¥12.6 bn.)</i> | | | <i>+ ¥2.7 bn. (Actual: ¥7.1 bn.)</i> | | |
| Non-operating income/loss: | | | | | | |
| Interest and dividend income/loss, net | 0.2 | -0.4 | 0.6 | 0.0 | -0.3 | 0.4 |
| Foreign exchange gain, net | 0.8 | -0.5 | 1.3 | 0.8 | -0.2 | 1.0 |
| Other | -1.4 | -1.7 | 0.2 | -0.2 | -1.4 | 1.2 |
| Non-operating income/loss, net | -0.5 | -2.7 | 2.2 | 0.7 | -1.9 | 2.6 |
| Extraordinary income/loss: | | | | | | |
| Sales of noncurrent assets, net | 1.0 | -0.6 | 1.6 | -0.4 | -0.3 | -0.1 |
| Sales of investment securities | 0.0 | 0.0 | -0 | 0.0 | 0.0 | -0 |
| Business structure improvement expenses | 0.1 | -17.6 | 17.5 | 0.1 | -17.0 | 16.9 |
| Other | -2.1 | -3.3 | 1.2 | -2.1 | -3.1 | 1.1 |
| Extraordinary income/loss, net | -1.2 | -21.4 | 20.2 | -2.5 | -20.4 | 17.9 |

Cash flows

[Billions of yen]

| | 1H Mar 2015 | 1H Mar 2014 | YoY | 2Q Mar 2015 | 2Q Mar 2014 | YoY |
|---|----------------|----------------|--------------|----------------|----------------|--------------|
| Income before income taxes and minority interests | 27.5 | 0.1 | 27.4 | 15.7 | -6.0 | 21.6 |
| Depreciation and amortization | 23.6 | 23.5 | 0.1 | 12.0 | 11.9 | 0.1 |
| Income taxes paid | -6.3 | -5.4 | -0.9 | -1.2 | 0.1 | -1.3 |
| Change in working capital | -0.3 | 27.8 | -28.2 | 11.2 | 25.0 | -13.8 |
| I. Net cash provided by operating activities | 44.5 | 46.0 | -1.5 | 37.7 | 31.1 | 6.7 |
| II. Net cash used in investing activities | -29.1 | -19.6 | -9.4 | -15.6 | -8.1 | -7.5 |
| I.+ II. Free cash flow | 15.4 | 26.4 | -10.9 | 22.1 | 23.0 | -0.9 |
| Change in debts and bonds | -17.5 | -3.1 | -14.4 | -11.4 | -4.0 | -7.4 |
| Purchase of treasury shares | -11.1 | 0.0 | -11.1 | -7.6 | 0.0 | -7.6 |
| Cash dividends paid | -3.9 | -4.0 | 0.1 | -0.1 | -0.1 | 0.0 |
| Other | -1.0 | -1.1 | 0.0 | -0.6 | -0.6 | 0.0 |
| III. Net cash used in financing activities | -33.4 | -8.2 | -25.3 | -19.7 | -4.7 | -15.0 |

[Billions of yen]

| Assets: | Sep 2014 | Mar 2014 | Change |
|---|--------------|--------------|--------------|
| Cash and short-term investment securities | 169.5 | 188.5 | -19.0 |
| Notes and A/R-trade | 212.1 | 220.1 | -8.0 |
| Inventories | 121.1 | 115.3 | 5.8 |
| Other | 64.3 | 65.4 | -1.2 |
| Total current assets | 567.0 | 589.3 | -22.4 |
| Tangible assets | 179.9 | 173.4 | 6.6 |
| Intangible assets | 111.4 | 111.4 | 0.1 |
| Investments and other assets | 98.9 | 92.0 | 6.9 |
| Total noncurrent assets | 390.3 | 376.7 | 13.5 |
| Total assets | 957.2 | 966.1 | -8.8 |
| Liabilities and Net Assets: | | | |
| Notes and A/P-trade | 88.8 | 96.2 | -7.4 |
| Interest bearing debts | 178.5 | 196.1 | -17.6 |
| Other liabilities | 209.2 | 193.6 | 15.5 |
| Total liabilities | 476.5 | 486.0 | -9.5 |
| Total shareholders' equity* | 479.0 | 478.4 | 0.6 |
| Other | 1.7 | 1.7 | 0.0 |
| Total net assets | 480.7 | 480.1 | 0.7 |
| Total liabilities and net assets | 957.2 | 966.1 | -8.8 |

[yen]

| | Sep 2014 | Mar 2014 | YoY |
|------|----------|----------|-------|
| USD | 109.45 | 102.92 | 6.53 |
| euro | 138.87 | 141.65 | -2.78 |

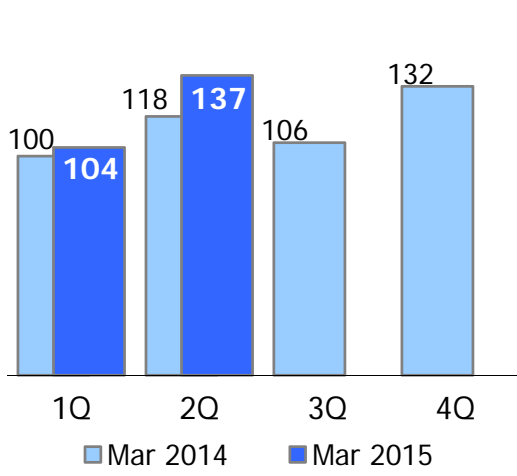
Main Indicators

| | Sep 2014 | Mar 2014 |
|------------------------------|----------|----------|
| D/E ratio | 0.37 | 0.41 |
| Inventories turnover (Month) | 2.85 | 2.52 |
| Shareholders' equity (%) | 50.0 | 49.5 |

Unit sales trend: Business Technologies: Quarterly transition

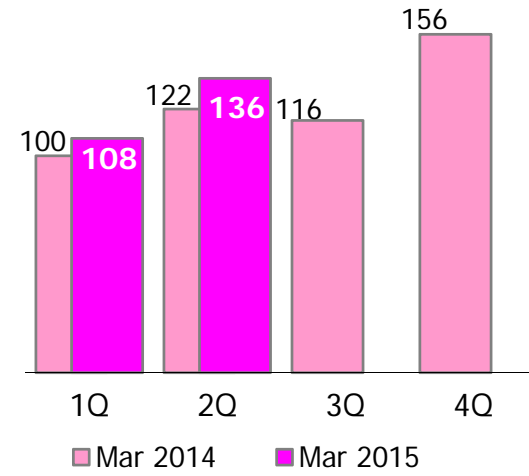
A3 color MFP- Units*

YoY : +16% QoQ: +32%



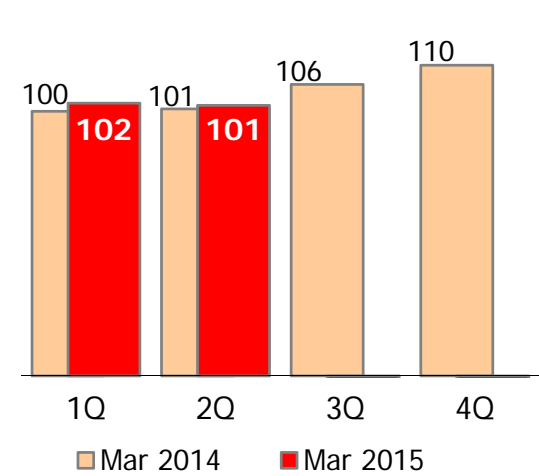
Color Production Print - Units*

YoY : +12% QoQ: +26%



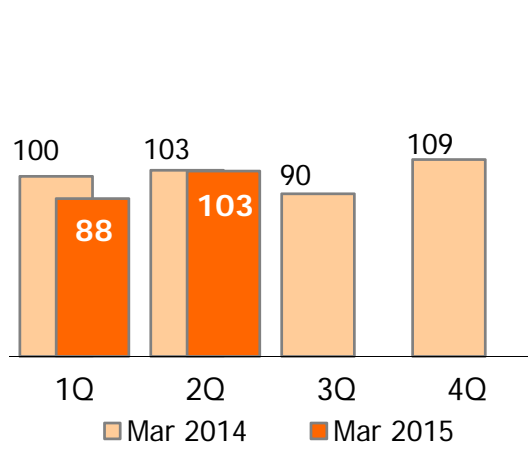
Office Non-hardware * (w/o forex effects)

YoY : +1% QoQ: - 1%



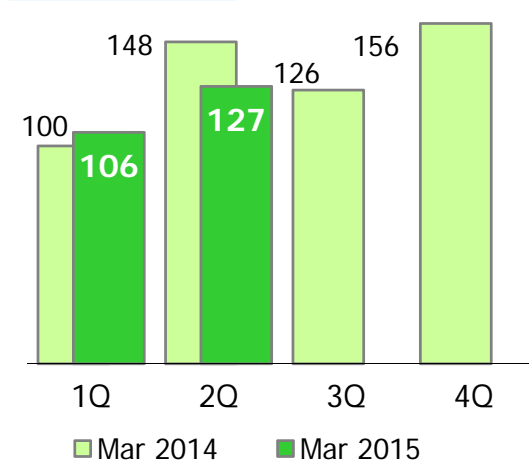
A3 mono MFP- Units*

YoY : Flat QoQ: +17%



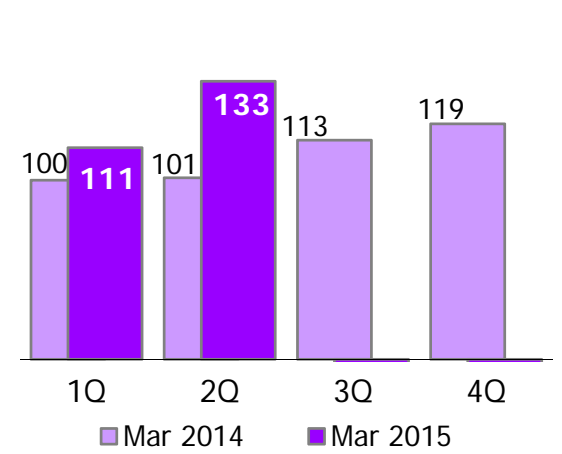
Mono Production Print – Units*

YoY : - 14% QoQ: +20%



Production Non-hardware* (w/o forex effects)

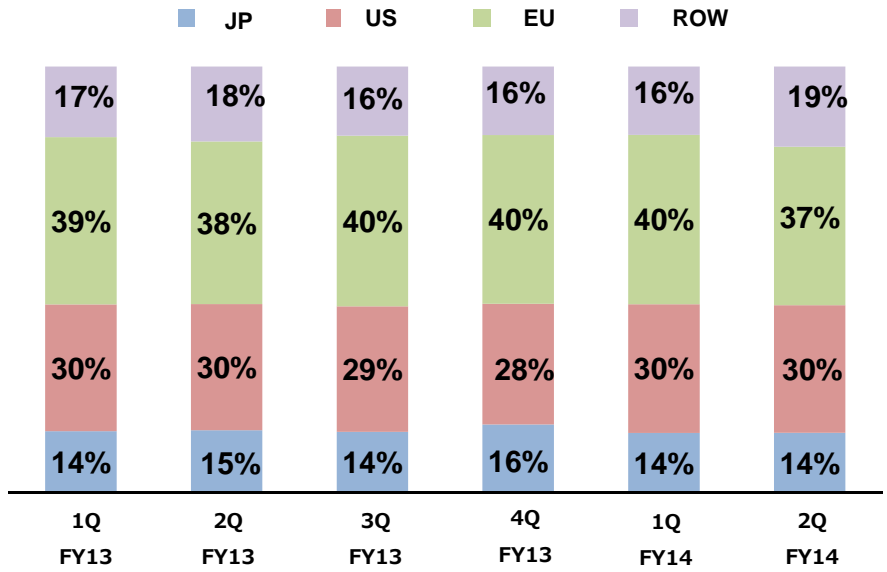
YoY : +32% QoQ: +20%



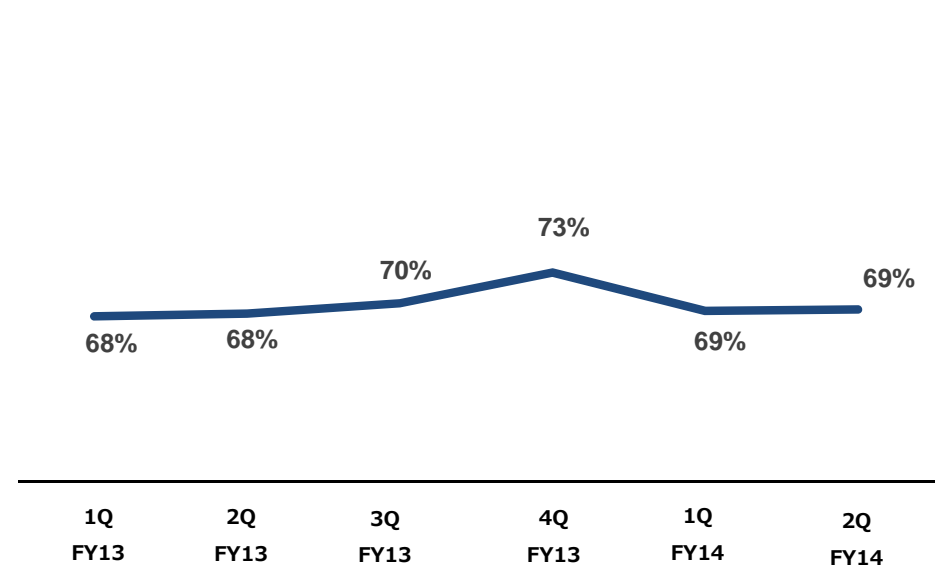
* Base index : "1Q Mar2014" = 100

Unit sales trend: Business Technologies: Quarterly transition

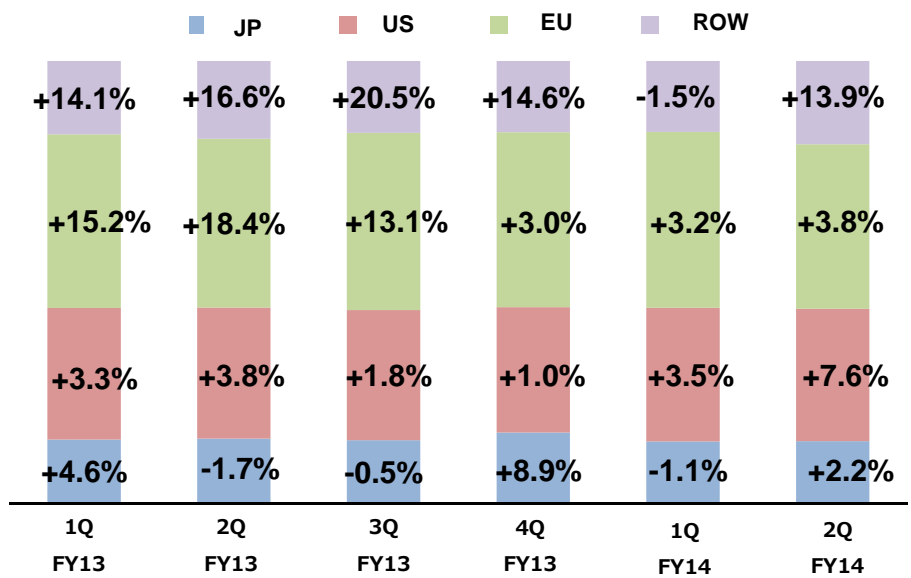
■ Distribution of net sales by segment (in yen)



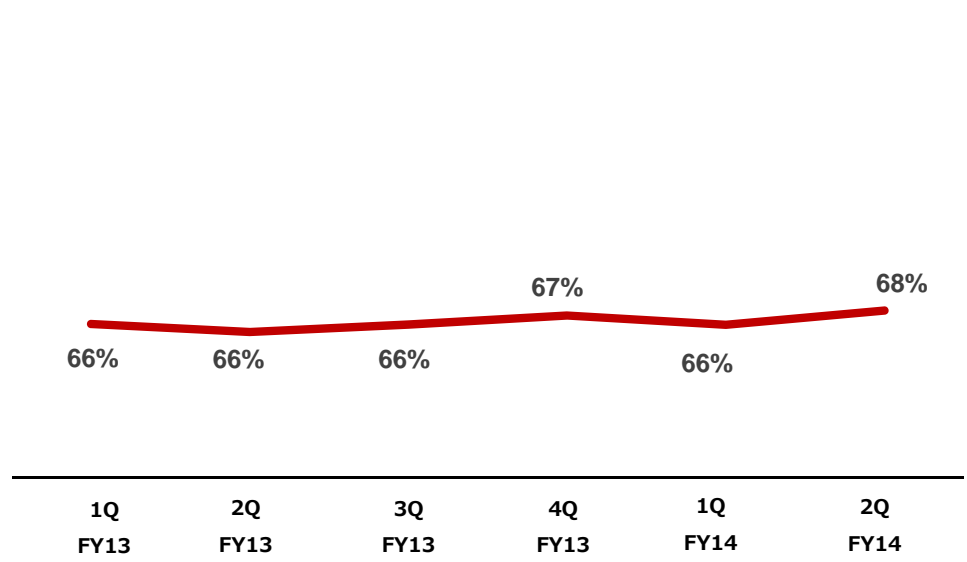
■ Percentage of color in sales of hardware (Office)



■ Change in sales by region (w/o FOREX)



■ Percentage of color in sales of hardware (PP)



Giving Shape to Ideas



KONICA MINOLTA