



KONICA MINOLTA

Konica Minolta, Inc.

2nd Quarter/March 2016 Consolidated Financial Results

Three months: July 1, 2015 – September 30, 2015

Six months : April 1, 2015 – September 30, 2015

- Announced on October 29, 2015 -

Shoei Yamana
President and CEO
Konica Minolta, Inc.

Cautionary Statement:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks:

Yen amounts are rounded to the nearest 100 million.

FY2015 first-half summary

	FY15-2Q	YoY	FY15-1H	YoY
Revenue	¥258.6bn	4%	¥507.2bn	7%
Operating Profit	¥18.2bn	11%	¥28.2bn	- 8%

- Revenue rose 4% in Q2 and operating profit rose 11%.
- Profit fell in Q1, partly due to one-off factors, but the Business Technologies Business led the growth in profit in Q2.
- However, hardware sales in the office services field were weaker than expected in Q2, and were unable to make up for the lower profits in the first half of the fiscal year.
- The primary reason was the intense price competition over large projects in particular in the North American office services market.
- Steady progress in transformation into high-value-added products underway in the production print domain as well as in other domains in line with the Medium-term Business Plan

1H/Mar 2016 financial results highlight- segment

【¥ billions】

Revenue	1H		YoY	2Q		YoY
	Mar 2016	Mar 2015		Mar 2016	Mar 2015	
Business Technologies	409.2	377.1	9%	207.4	197.3	5%
Office Services	300.1	282.8	6%	151.6	146.1	4%
Commercial/Industrial print	109.1	94.3	16%	55.9	51.3	9%
Healthcare	40.2	36.5	10%	22.4	20.4	10%
Industrial Business	56.3	59.5	-5%	28.1	29.4	-5%
Industrial Optical Systems	27.1	27.4	-1%	14.0	14.1	-1%
Performance Materials	29.2	32.1	-9%	14.1	15.3	-8%
Others	1.5	1.4	-	0.7	0.7	-
Group Overall	507.2	474.5	7%	258.6	247.8	4%

Operating profit	1H		YoY	2Q		YoY
	Mar 2016	Mar 2015		Mar 2016	Mar 2015	
Business Technologies	34.4 8.4%	30.9 8.2%	11%	21.1 10.2%	18.0 9.1%	17%
Healthcare	1.49 3.7%	1.22 3.3%	22%	1.36 6.1%	1.13 5.6%	20%
Industrial Business	10.5 18.6%	13.1 22.0%	-20%	4.6 16.4%	5.2 17.7%	-12%
Eliminations and Corporate	-18.1 0.0%	-14.4	-	-8.9	-7.9	-
Group Overall	28.2 5.6%	30.8 6.5%	-8%	18.2 7.0%	16.4 6.6%	11%

Business Technologies Business - Overview

□ 1H Revenue : ¥409.2bn (YoY +9%)

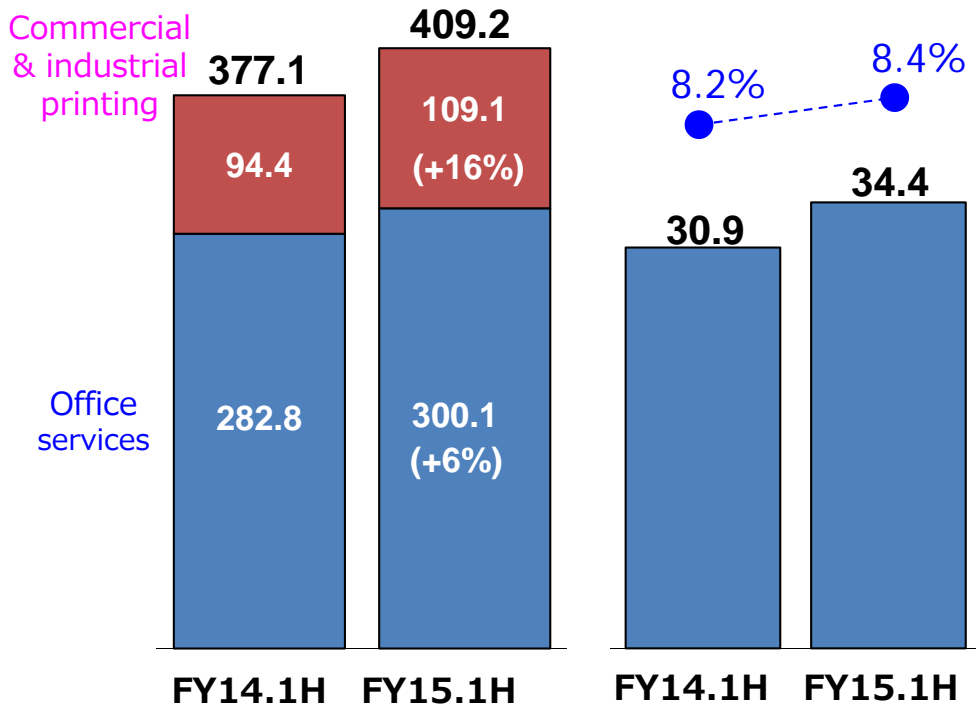
- Rising sales of high-end models and the expansion of the service business drove higher revenues in both office services and commercial and industrial printing.

□ 1H Operating profit : ¥34.4bn (YoY +11%)

- Secured increase in profits by offsetting higher SG&A expenses and the stronger yen with gains on sale of property, plant and equipment in North America, in addition to increased gross profits generated by higher sales and cost reduction efforts.

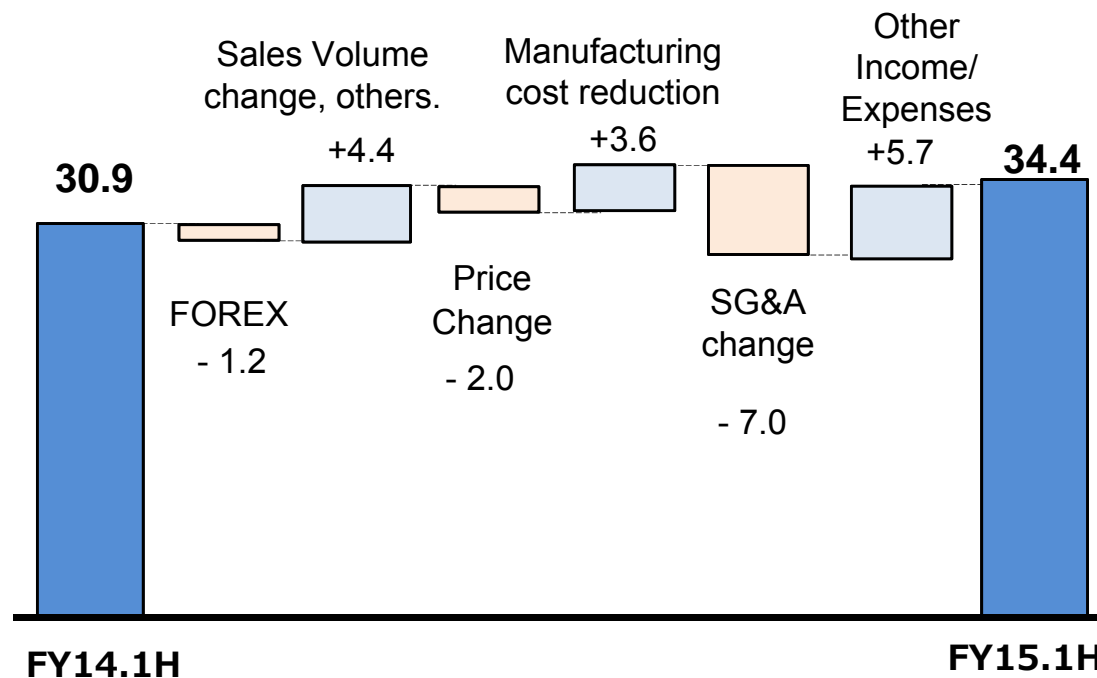
Revenue/Operating profit

Left: Revenue Right: Operating Profit ● OP Ratio [¥ billions]



Operating profit Analysis

[¥ billions]

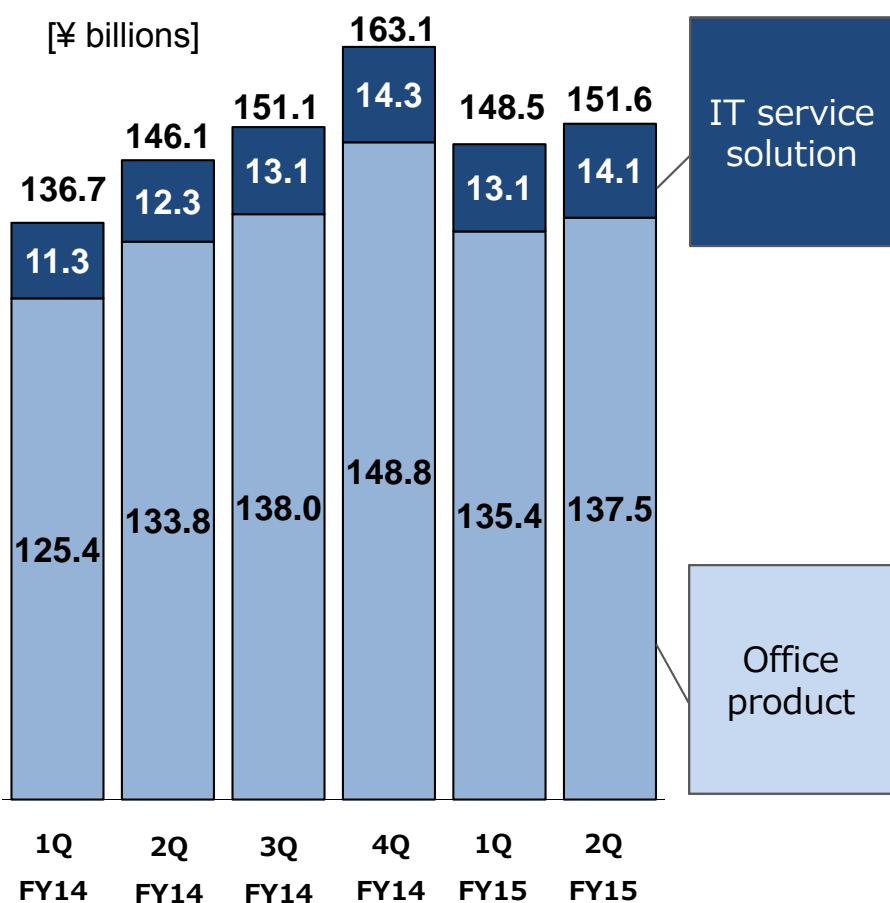


Business Technologies Business : Office Service Field – sales performance

□ 2Q Revenue : ¥151.6bn (YoY +4%)

- Despite the deterioration in the global economy and sluggish sales of A3 color equipment caused by rising price competition, both revenue and profits increased due to rising sales of monochrome printers and IT service solutions.
- OPS/GMA revenue also posted steady gains due to enhanced productivity resulting from the strengthening of the global network.

Quarterly Revenue Transition



Revenue

¥14.1bn
(YoY +15%)

¥137.5bn
(YoY +3%)

OPS ¥19.7bn
YoY+4%

GMA ¥7.3bn
YoY +20%

2Q -summary

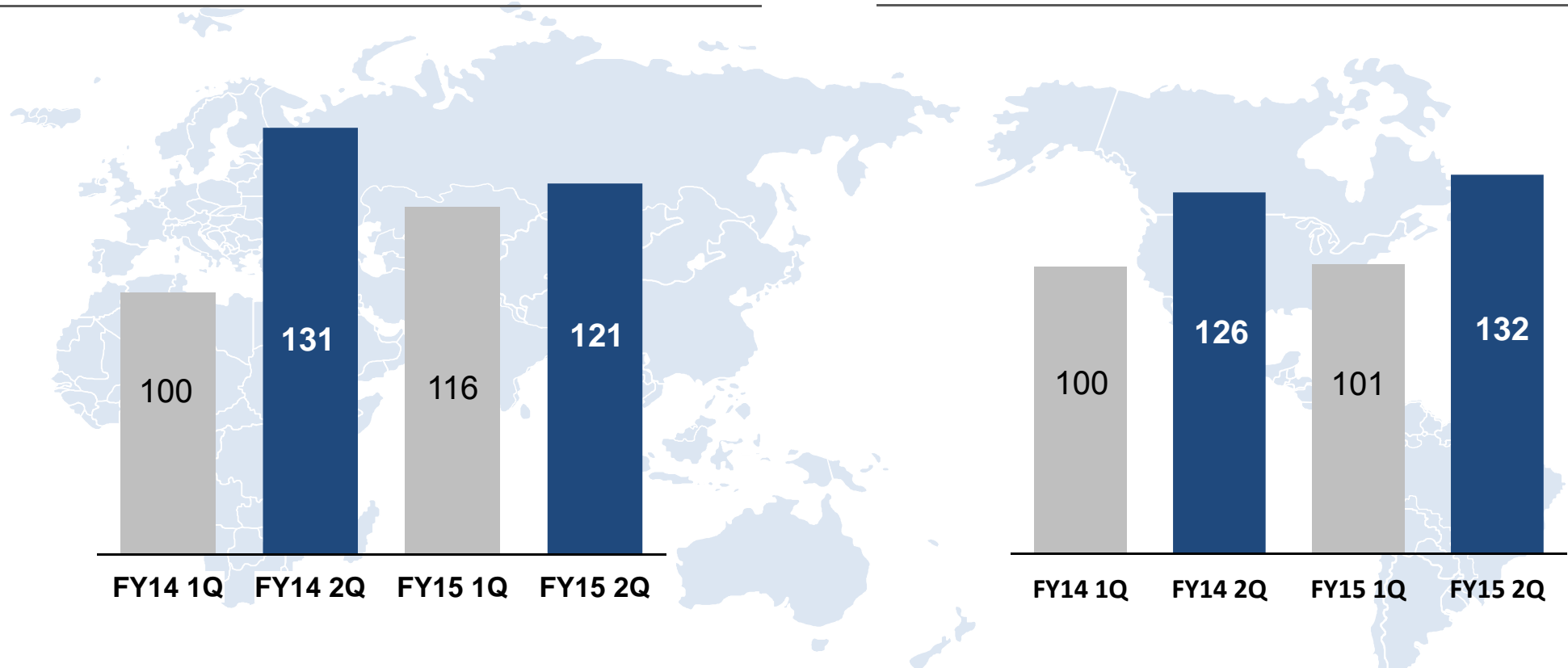
- ✓ In Europe, acquired IT services company Webcom a.s. (Czech Republic). Expanding hybrid-type sales in Eastern Europe also.
- ✓ Solid expansion in MCS/MIT service revenues in the US as a result of winning new projects via Hershey Technologies, which was acquired in 1Q.
- ✓ In addition to the softening of the global economy evident mainly in emerging countries, sales of A3 color equipment stagnated due to our refusal to be drawn into rising price competition.
- ✓ Steady expansion thanks to global strengthening of OPS/GMA service portfolio.
- ✓ Won three new contracts in Eastern Europe, including the largest chemical wholesaler in Poland.

Sales of color products in the first half of fiscal 2015

- Sales of color office equipment did not meet quantitative targets as prices were kept unchanged, and as a result sales forecasts were not met in Q2.
- There was no change in the trend for sales of production print color equipment to be higher in Q2 than in Q1, as in the previous year.

Numbers of A3 color office equipment sold

Numbers of production print color equipment sold



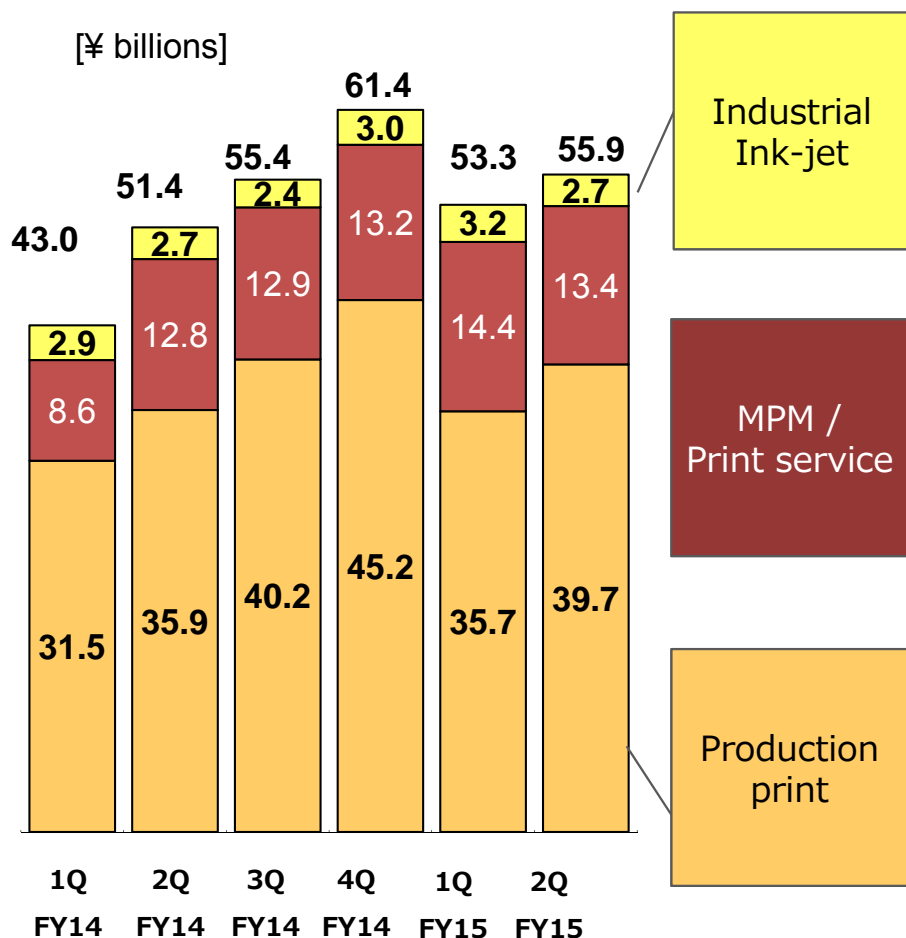
*Index assuming that the number of machines sold in the first half of FY14-1Q was 100.

Business Technologies Business : Commercial and Industrial Printing Field - sales performance

□ 2 Q Revenue : ¥55.9bn (YoY +9%)

- Flagship color product maintaining sales momentum, while sales of monochrome models, mostly in Japan and Europe, were favorable.
- In addition to contract renewals at existing major customers, MPM/print services are gaining new customers and continue to grow.

Quarterly Revenue Transition



Revenue

¥2.7bn
(YoY Flat)

¥13.4bn
(YoY +5%)

¥39.7bn
(YoY +11%)

2Q -summary

- ✓ As well as enjoying favorable conditions in the US and Europe, revenues of components are expanding in Asia and China.
- ✓ Sales of textile printers were sluggish due to the continued downturn in the Chinese market.
- ✓ Agreed on a large-scale contract with a major European retailer and began providing services, including creative services.
- ✓ Steady growth in the number of projects deploying MMS services to MPM customers.
- ✓ "bizhub PRESS C1100" continues to sell well globally. In particular, have won multiple accounts in Europe with customers in the target print volume zone of 1 million per month.

Key issues in the second half of fiscal 2015: Business Technologies Business

Office services

- Maximize effect of new products (engine for next generation)
- Policy of “profits first” and sales of high-value-added products will be kept in place.
 - ✓ Strengthening sales of high-segment models to target customers with likely high print-volume needs.
 - ✓ Accelerating hybrid-type sales and expanding machines in field/print volumes.
 - ✓ Make operations of conventional businesses even more resilient.
- Strategy by region
 - ✓ In Japan, we will improve the rate of success in business negotiations with a high-value-added approach to “genre-top” value.
 - ✓ In North America, strengthen sales of high-segment machines.
 - ✓ In Europe, utilize new products to the maximum extent and increase sales.

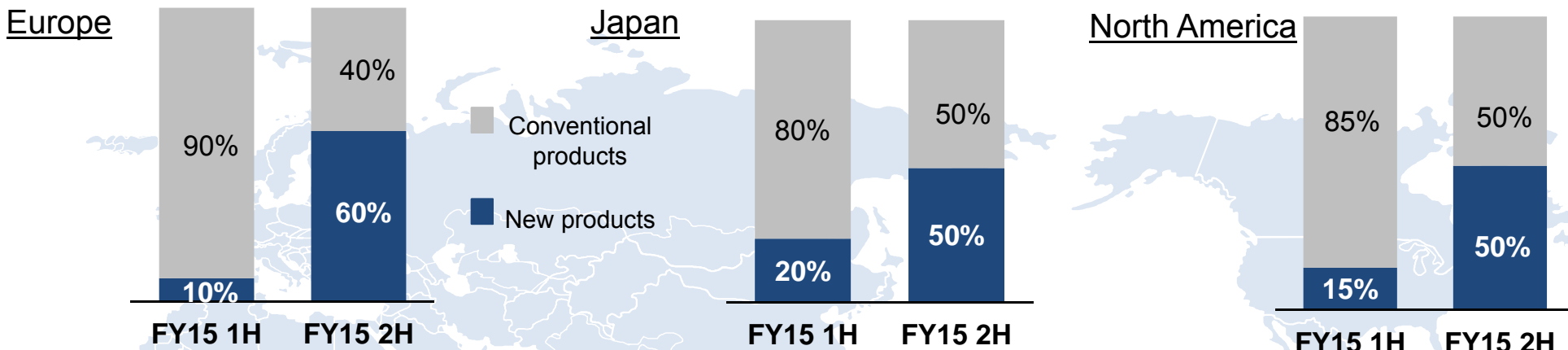
Commercial and industrial printing

- MPP flagship "bizhub Press C1100" has maintained its momentum.
- Reinforce approach to major commercial printing customers with likely high print-volume needs.

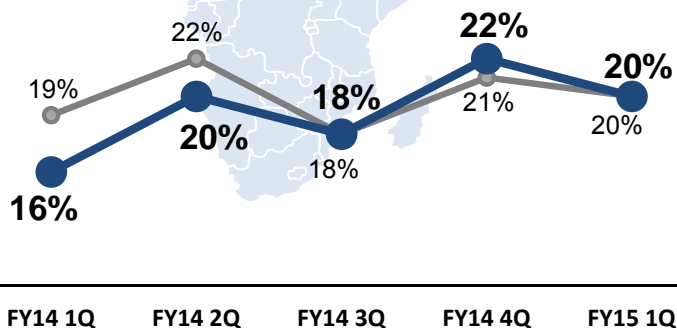
Key issues in the second half of fiscal 2015: Office services field

- Benefiting from full effect of new products: Percentage distribution of new products in the second half exceeding 50% in Japan, US and Europe.
- Thorough high-value-added approach: Sustain trend in which share in terms of value exceeds share in terms of number of machines in Europe and the US .

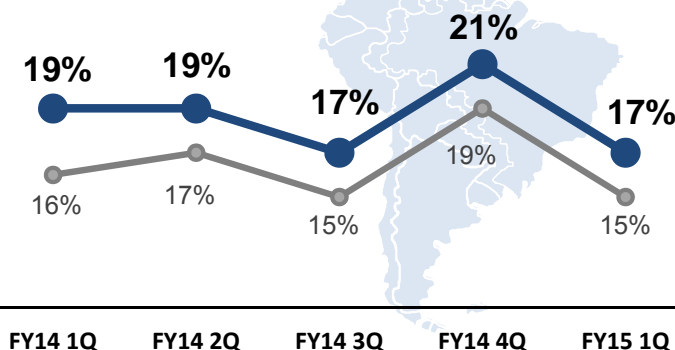
Percentage distribution of new products



Share of A3 color MFPs in Europe



Share of A3 color MFPs in North America



“bizhub C368” series

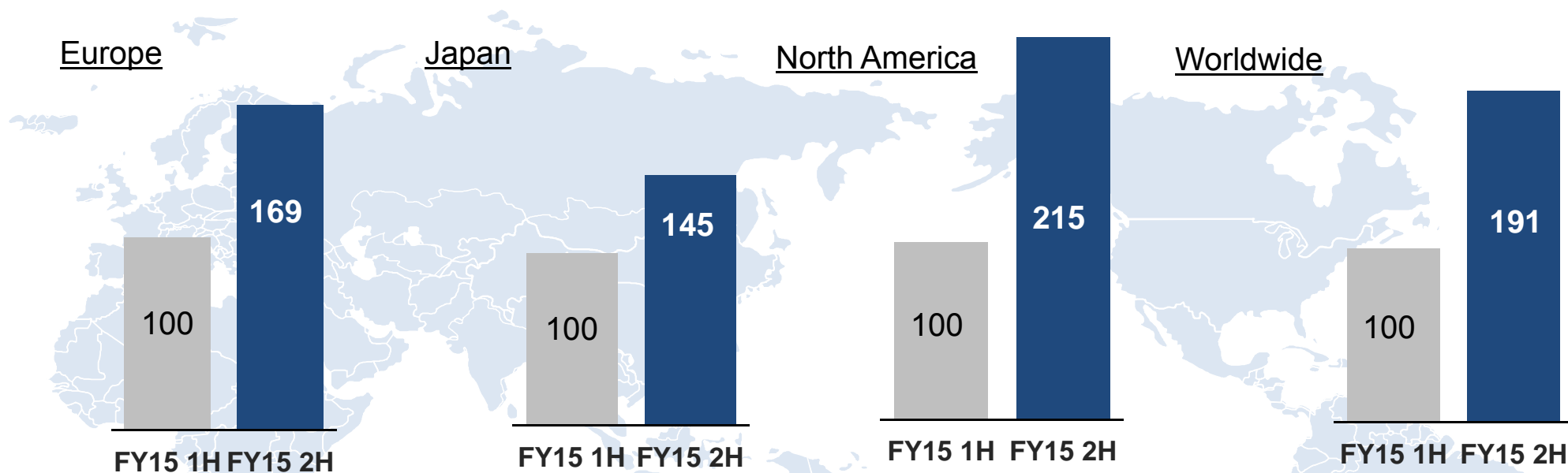
● Europe, based on number of machines
● Europe, based on amount

● North America, based on number of machines
● North America, based on amount

Key issues in the second half of fiscal 2015: Commercial and industrial printing field

- Promote sales expansion of “bizhub PRESS C1100”: Accelerate the higher-segment model shift from the first half.
- Expand reach to major commercial printing companies expected to have high print volumes (over 1 million pages/per month).

Number bizhub PRESS C1100 sold



“bizhub PRESS C1100”

*Index assuming that the number of machines sold in the first half of FY15-1H was 100.

Healthcare Business - Overview

□ 1H Revenue : ¥40.2bn (YoY +10%)

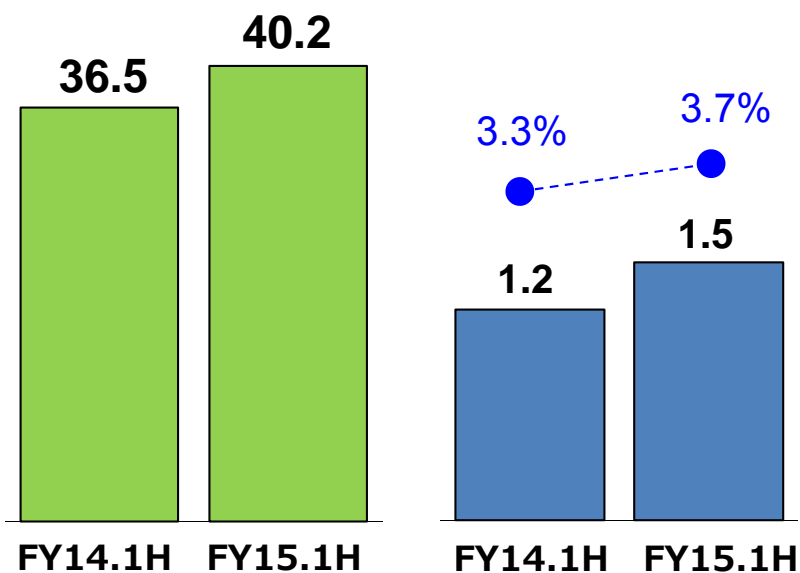
- The domestic market, which last year had suffered from a persistently difficult environment, has recovered and sales continue to be solid in the US, India and ASEAN, where sales networks have been bolstered.

□ 1H Operating profit : ¥1.5bn (YoY +22%)

- As well as higher gross profit from rising sales of mainline products, an increase in service contracts resulting from growing sales of diagnostic imaging systems and picture archiving and communication systems (PACS) contributed to an improvement in profitability.

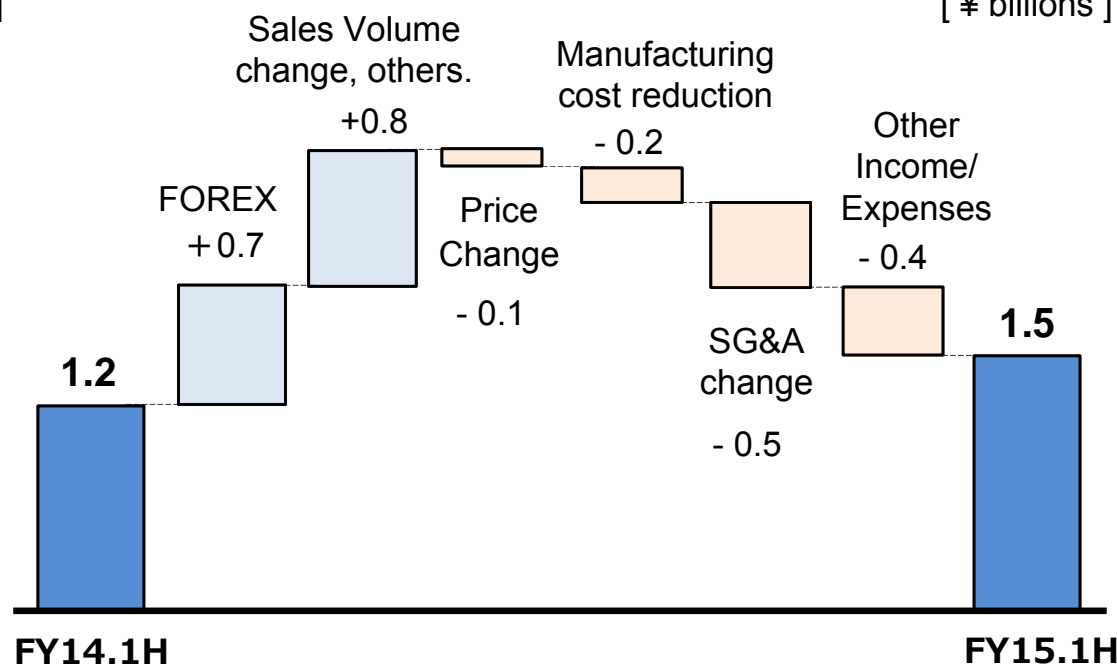
Revenue/Operating profit

Left: Revenue Right: Operating Profit ● OP Ratio [¥ billions]



Operating profit Analysis

[¥ billions]



Key issues in the second half of fiscal 2015: Businesses other than Business Technologies Business

Healthcare

- In Japan, expand revenue with DR and maintenance services, and utilize ultrasound on a full scale in orthopedic surgery.
- In North America, expand sales through increased DR sales and the acquisition of Viztek.

Measuring instruments

- Acquire major clients in the display market, automobile clients and major IT clients.
- Expand sales with new KM and IS products.
- Expand manufacturing inspection solutions through affiliation with Radiant.

Performance materials

- Currently acquiring sequential customer certification for new VA-TAC films with improved water resistance; start full-scale mass production in the second half.
- Accelerate business domain expansion with new product lines including 20 μm optical ultra-thin film and QWP.

FY15 full-year forecasts

	Previous	Revised	YoY
Revenue	¥1,100bn	¥1,080bn	8 %
Operating profit	¥77bn	¥73bn	11%
Profit	¥50bn	¥47bn	15%

- In the second half, we will achieve our initial forecasts through the “engines of growth” outlined in medium-term plan Ph.0 and sales of high-value-added models.
- We have lowered our full-year forecasts to factor in the forecasts not met in the first half.

Medium Term Business Plan

- Steady progress in following road map to achieve FY16 medium-term objectives.
- Given current conditions, we will ramp up our initiatives.

Dividend forecasts

- We have not changed our forecast of annual dividends totaling 30 yen (10 yen increase), in line with our policy of raising dividends.

Roadmap for growth through TRANSFORM

Phase 0



Phase 1



Phase 2

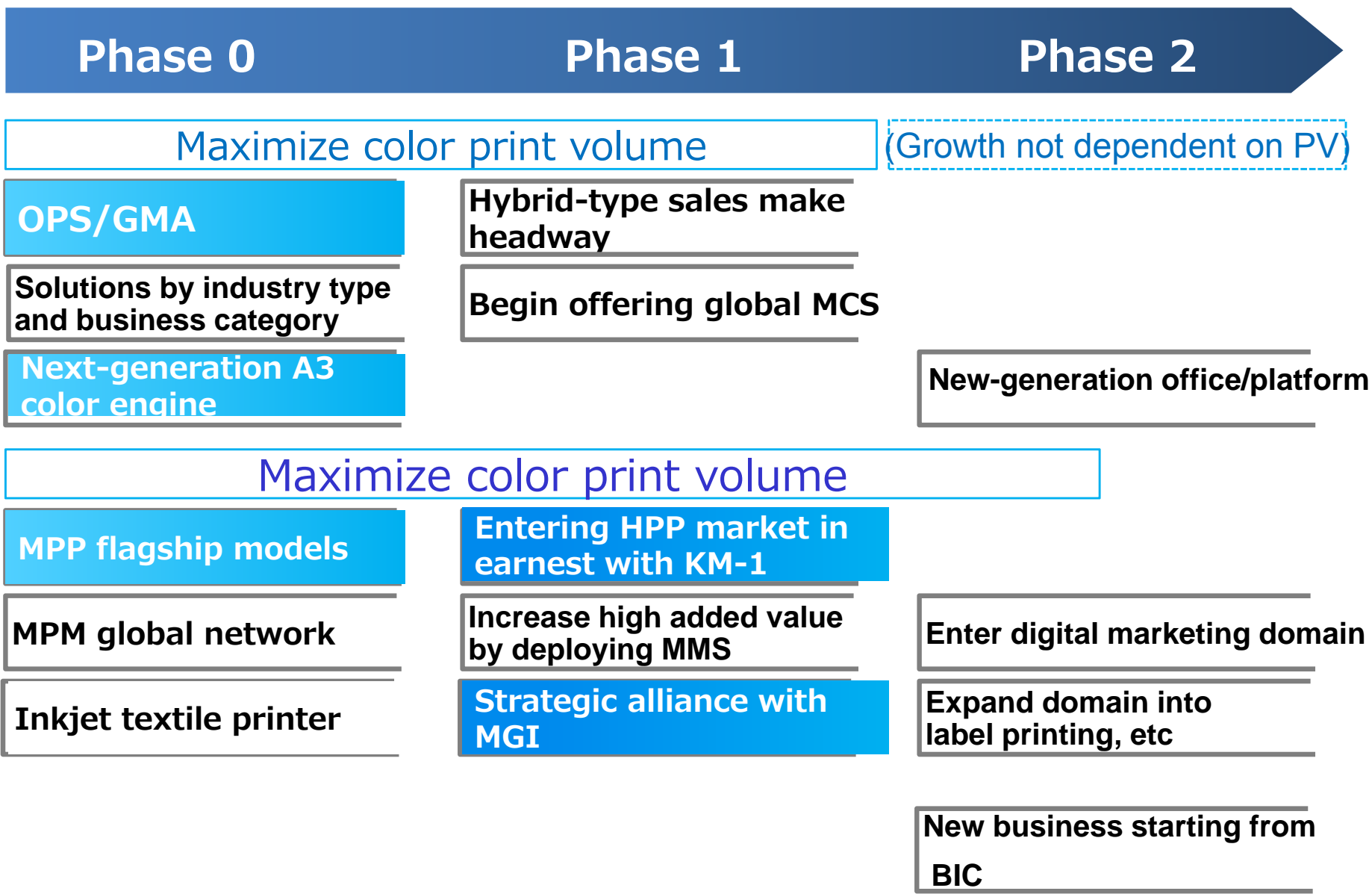
Definitions

Existing engines of growth

Delivering definite results in FY2016

Preparations to complete in FY2016, delivering results in FY2017-18

Roadmap for growth through TRANSFORM



Roadmap for growth through TRANSFORM



High-value-added model = modalities and services

Healthcare

DR

Diagnostic ultrasound systems

Enhance sophistication of diagnostics

Medical IT services

Regional partnerships, at-home solutions

Optical systems for industrial use

Light source color measuring instruments

Expanding the domain of measuring instruments

Digital manufacturing

Lenses for industrial and professional use

Expand optical systems domain
 • Projector domain
 • Automotive optical systems

BD pickup lenses for game consoles

Performance materials

TAC film

New functional film for displays

Window film

New functional film and materials business

OLED lighting

For TRANSFORM 2016

	FY14	FY15		FY16
	Results	Previous Forecast	Revised Forecast	Management Target
Revenue	¥1,002.8bn	¥1,100.0bn	¥1,080.0bn	¥1,100.0bn Or more
Operating profit	¥65.8bn	¥77.0bn	¥73.0bn	¥90.0bn
OP ratio	6.6%	7.0%	6.8%	8% Or more
Profit for the year	¥40.9bn	¥50.0bn	¥47.0bn	N/A
ROE	8.7%	10%	9.5%	10% Or more
Dividend	¥20	¥30	¥30	N/A

*ROE (previous year and forecast) calculated as the ratio of profit for the year to equity attributable to owners of the company.

FOREX	109.93¥/\$	120¥/\$	120¥/\$	100¥/\$
	138.77¥/€	130¥/€	135¥/€	135¥/€



KONICA MINOLTA

Settlement of accounts summary for 2Q / March 2016

Key issues in the first half of fiscal 2015

Revenue rose on the back of increased sales of mainstay products, the effects of M&A and the impact of the weak yen against the dollar.

Although operating profit began to increase in Q2, the higher profits were insufficient to offset special factors such as one-off costs following structural reforms, and profit declined.

Revenue : ¥507.2bn (YoY +¥32.7bn/+7%)

Operating profit : ¥28.2bn (YoY - 2.6bn/- 8%)

- ✓ In the Business Technologies Business, price competition intensified in Q2 in the US market. We followed our sales policy putting profits first and did not seek to increase volume. Although the profit margin was sustained, growth in terms of volume slowed, and profit increased only slightly.
- ✓ Profit in the Healthcare Business increased as the Japanese market recovered; Industrial Business was hit by falling sales of performance materials, leading to lower profits.
- ✓ Costs of the Corporate segment rose over the previous year due to expenses related to structural reform, etc.

Profit : ¥17.3bn (YoY - 2.1bn/- 11%)

Profit attributable to owners of the company

1H/Mar 2016 financial results highlight- overview

			【¥billions】					
			1H	1H		2Q	2Q	
			Mar 2016	Mar 2015	YoY	Mar 2016	Mar 2015	YoY
Revenue			507.2	474.5	7%	258.6	247.8	4%
Gross profit			244.2	233.2	5%	124.5	120.3	3%
		<i>Gross margin ratio</i>	48.1%	49.2%		48.1%	48.6%	
Operating profit			28.2	30.8	-8%	18.2	16.4	11%
		<i>Operating margin ratio</i>	5.6%	6.5%		7.0%	6.6%	
Profit before tax			27.3	31.8	-14%	16.9	17.3	-2%
		<i>Pretax margin ratio</i>	5.4%	6.7%		6.6%	7.0%	-
Profit attributable to owners of the company			17.3	19.4	-11%	10.7	10.1	7%
		<i>Margin of profit attributable to owners of the company ratio</i>	3.4%	4.1%		4.2%	4.1%	
FCF			-40.4	15.9		-19.2	22.4	
	FOREX	[Yen] USD	121.80	103.04	18.76	122.23	103.92	18.31
		euro	135.07	138.92	-3.85	135.98	137.76	-1.78

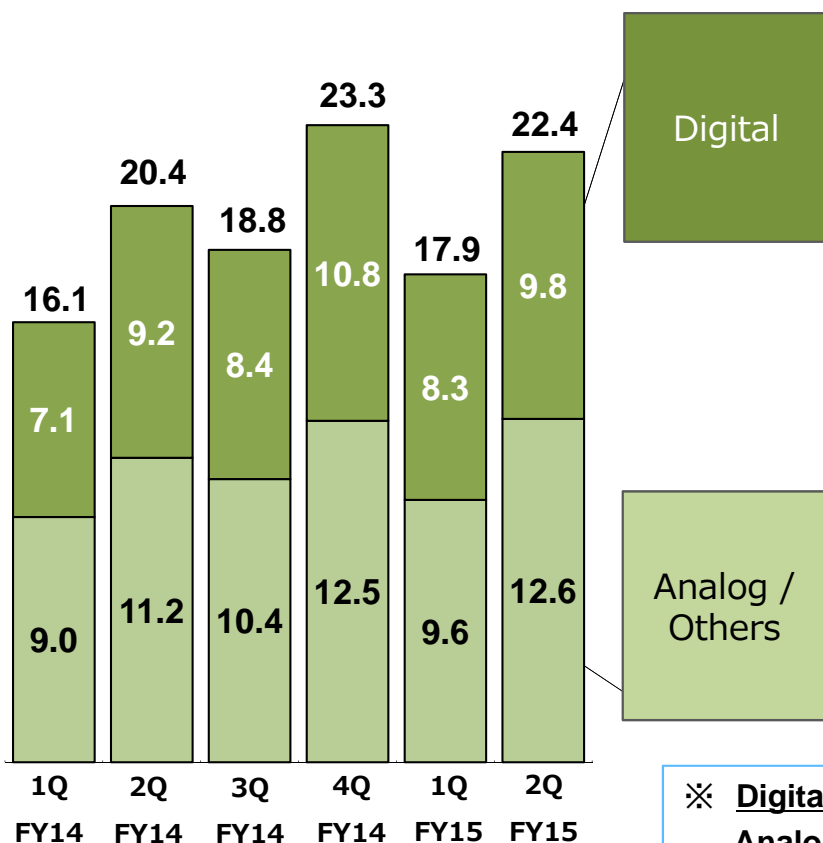
Healthcare Business - sales performance

□ 2Q Revenue : ¥22.4bn (YoY +10%)

- Carrying on from 1Q, digital equipment and maintenance services posted steady growth in sales.
- By region, Japan, the US, China and India all posted year-on-year increases in revenue.

Quarterly Revenue Transition

[¥ billions]



Revenue

¥9.8bn
(YoY +6%)

¥12.6bn
(YoY +13%)

2Q -Summary

- ✓ The mainline cassette-type DR saw higher sales, primarily overseas. Within Japan the SONIMAGE HS1 diagnostic ultrasound system has been widely recognized for its diagnostic performance in the field of orthopedic surgery and sales are expanding.
- ✓ After acquiring Brazilian X-ray system equipment manufacturer Sawae in July, in October the Group entered into an agreement to acquire US-based IT solutions vendor Viztek, reinforcing its initiatives to expand overseas operations
- ✓ Domestic sales of local procurements continued to grow

※ **Digital** : X-ray systems(DR,CR), Ultrasound diagnostic imaging systems, Medical IT service etc.
Analog and others. : Film, Imager, Local procurements etc.

Industrial Business - Overview

□ 1H Revenue : ¥56.3bn (YoY - 5%)

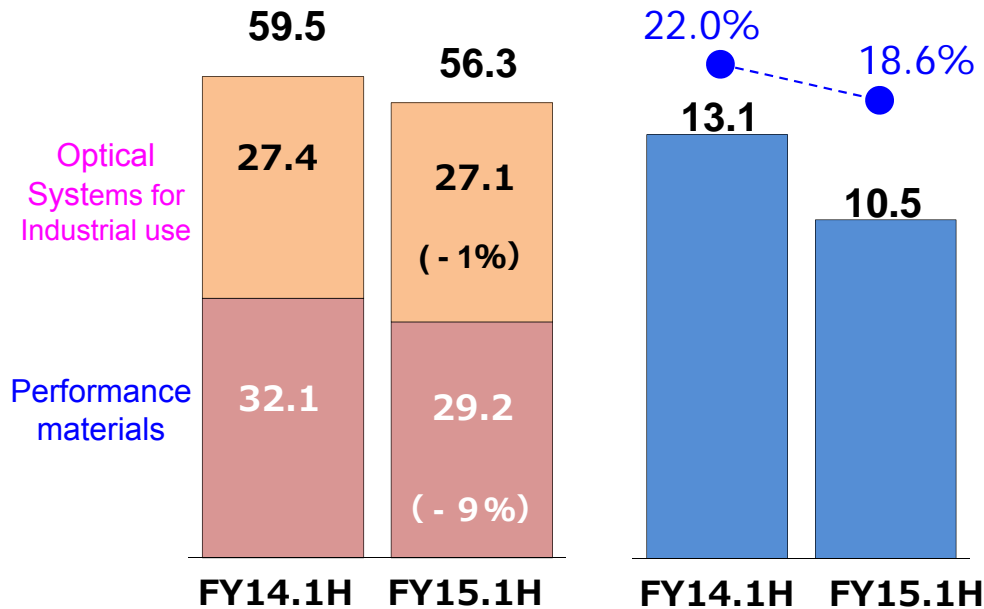
- In optical systems for industrial use, measuring instruments and lenses for industrial and professional use were steady. Sales for the business as a whole fell mainly due to the impact of falling revenues of performance materials caused by contracting demand in the global notebook PC market.

□ 1H Operating profit : ¥10.5bn (YoY - 20%)

- In addition to a drop in gross profit caused by the decline in sales of performance materials, a ¥1.1 billion gain on sales of assets was posted in 1Q of the previous year, contributing to a fall in profit.

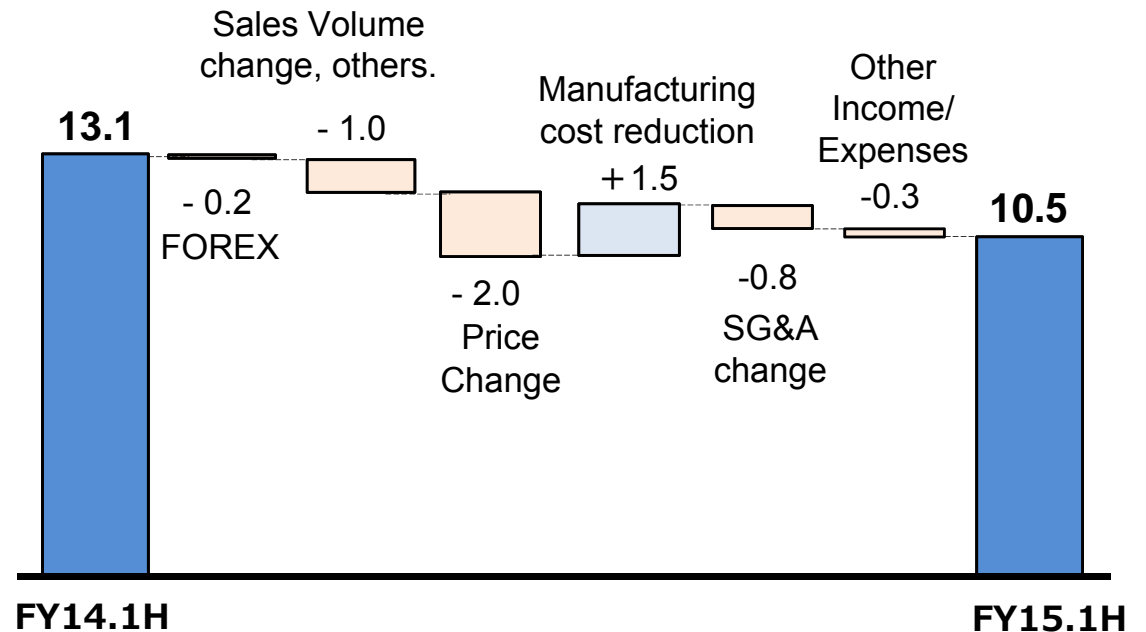
Revenue/Operating Profit

Left: Revenue Right: Operating Profit ● OP Ratio [¥ billions]



Operating Profit Analysis

[¥ billions]



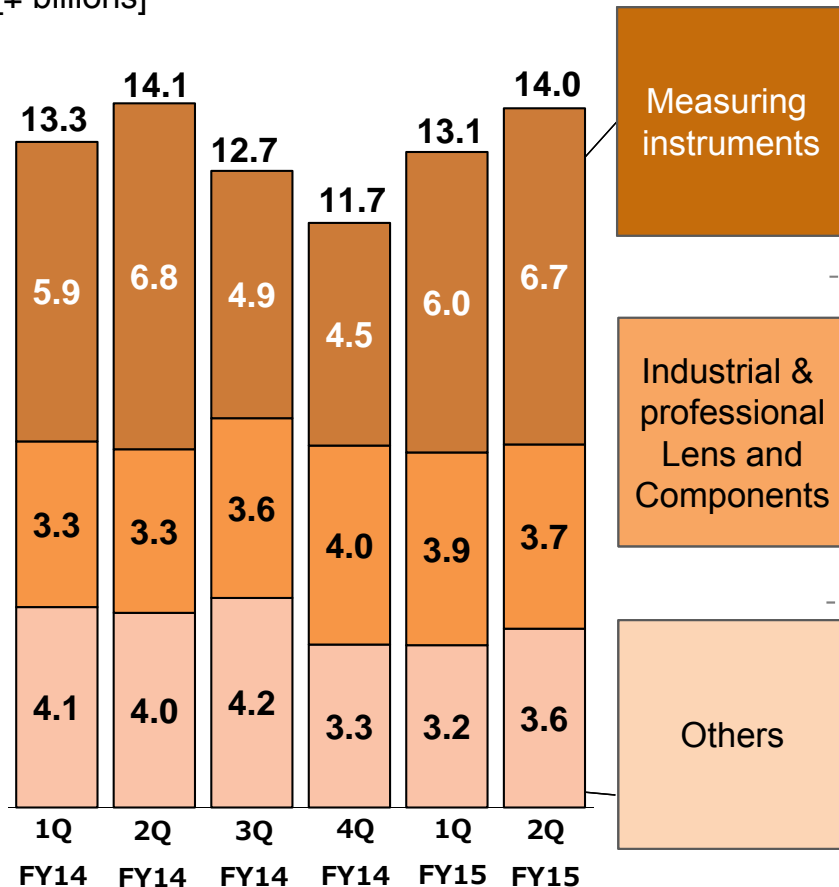
Industrial business : Optical systems for industrial use- sales performance

□ 2Q Revenue : ¥14.0bn (YoY - 1%)

- Lenses for industrial and professional use were strong and measuring instruments benefited from the newly consolidated Radiant, producing results on a par with the favorable outcome of the previous year.
- Other lenses posted lower revenues due to falling demand, but overall revenue in this field was maintained at the previous year's level.

Quarterly Revenue Transition

[¥ billions]



Revenue

¥6.7bn

(YoY - 2%)

¥3.7bn

(YoY + 13%)

¥3.6bn

(YoY - 10%)

2Q -Summary

- ✓ Generally satisfactory performance in both object color and light source color.
- ✓ Leading US-based light source color measurement equipment supplier Radiant Vision Systems contributed to results from August onwards.
- ✓ Projector lenses were strong through both 1Q and 2Q. This trend is expected to continue in the second half.
- ✓ Sales volumes of interchangeable lenses grew compared to the previous year thanks to solid performances from mainline products.
- ✓ Sales volumes of lenses for compact cameras, whose market continues to shrink, and pickup lenses for optical disks fell below the levels of the previous year

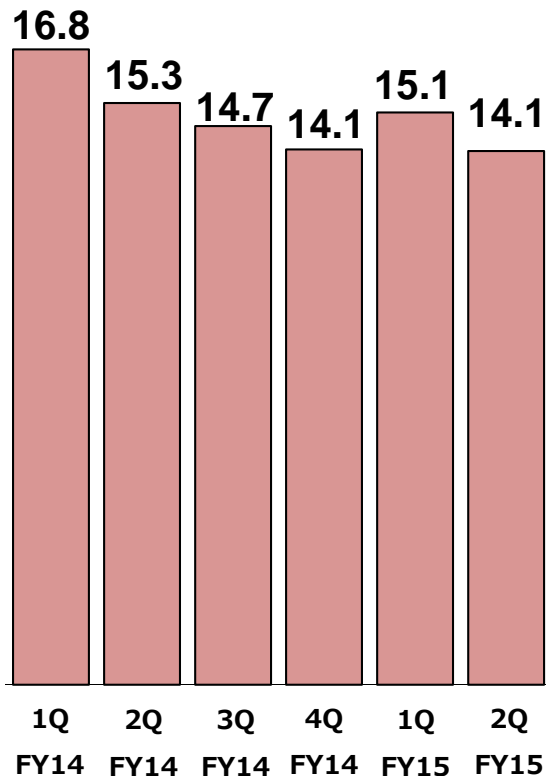
Industrial Business: Performance Materials Field - sales performance

□ 2Q Revenue : ¥14.1bn (YoY - 8%)

- In TAC film, with difficult market conditions caused by slowing economies in emerging countries mainly in China, sales volumes for LCD televisions remained more-or-less at previous-year levels, but products for notebook PCs fell and, for the field as a whole, revenues declined.

Quarterly Revenue Transition

[¥ billions]



- For FPD
 - Large size
 - Small & medium size

2Q -Summary

- ✓ VA-TAC for LCD television products, maintained roughly the same level as the previous year, continuing where it left off in 1Q.
- ✓ Demand for notebook PC products continued to decline, leading to falling sales volumes in thin-film TAC.

- For new field business
 - Window film
 - Reflector film

- ✓ Window film marketing was strengthened in the Middle East and in ASEAN countries.
- ✓ Began shipments of reflector film for smartphone backlights.

Fiscal 2015 full-year forecasts

We have lowered full-year earnings forecasts to factor in lower-than-expected results in the first half. In the second half, we expect new products in the Business Technologies Business to restore earnings and we will therefore hold firm to the initial plan. We believe that meeting these revised forecasts will put us in a favorable position to tackle our FY2016 targets.

<Previous>

<Revised>

Revenue : ¥1,100bn → ¥1,080bn (YoY +8%)

Operating profit : ¥77bn → ¥73bn (YoY +11%)

Profit : ¥50bn → ¥47bn (YoY +15%)
 Profit attributable to owners of the company

- ✓ Forex assumptions for Q3 and beyond: 1 USD = ¥120, 1 euro = ¥135
 (beginning of fiscal year: 1 USD = ¥120, euro = ¥130)
 - ✓ FCF: -¥25 billion (previous forecast: +¥15 billion)
 - ✓ Dividend forecast: unchanged at ¥30 per share (increase of ¥10 per share over previous year)
- * Interim/year-end dividend: each ¥15 per share (previous year: interim ¥10 per share, year-end ¥10 per share)



KONICA MINOLTA

Topics in 2Q FY2015

TRANSFORM measures in the Healthcare Business - acquisitions in the Americas

Aiming at a business with more than ¥100 billion in revenues by FY2016 through leveraging the synergies between the Group, Sawae and Viztek to expand in the Americas' rapidly growing primary care market.

◆ Acquisitions in the Americas

Viztek's strengths

- Provider of diagnostic imaging equipment and healthcare IT solutions to hospitals and clinics (headquarters: North Carolina)
- Revenue approx. ¥6 billion (FY2014)
- Has thorough knowledge of image capture / diagnostic workflow in the primary care market, as well as speedy product development from the customer's perspective in addition to engineering ability.

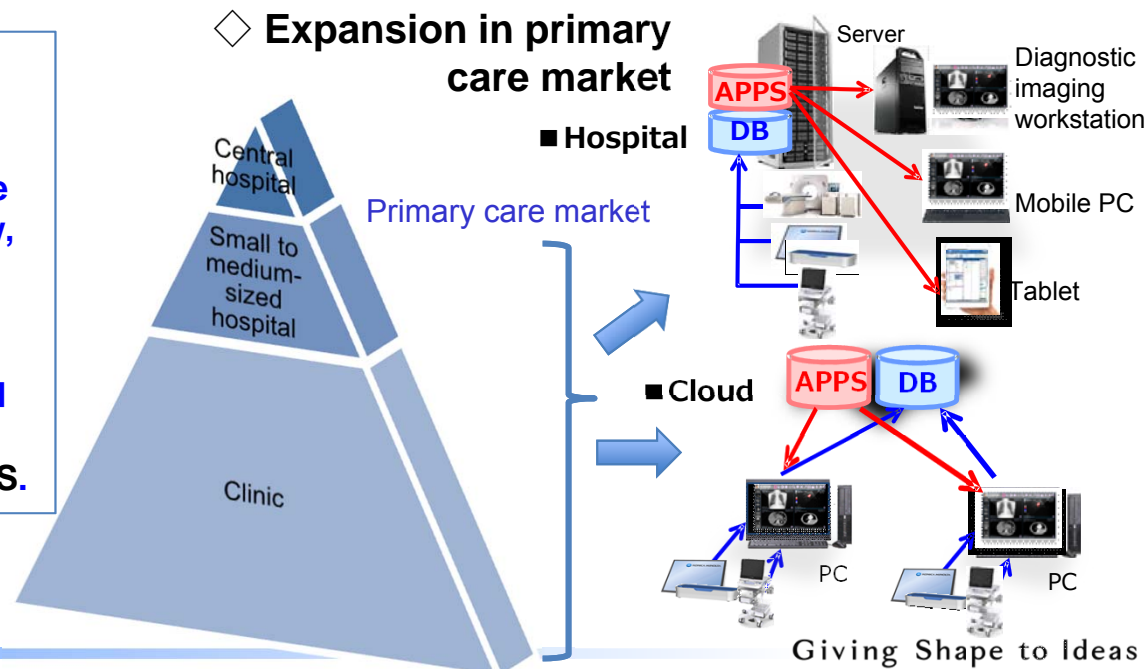
Sawae's strengths

- X-ray system equipment manufacturer
- Revenue approx. ¥500 million (FY2014)
- Sells price-competitive X-ray equipment using its nationwide sales network in Brazil and its reputation for high quality.

◆ Healthcare Business growth strategy

- 1) Combining the **three pillars of diagnostic equipment for imaging systems (DR, ultrasound) and medical IT (picture archiving and communication systems "PACS", workflow, etc.)** to build a business structure and to maximize customer value.
- 2) In the US, provide one-stop service to customers in the primary care market for diagnostic imaging solutions and IT services, revolving around **integrated X-ray equipment products, low-invasiveness ultrasound imaging and PACS.**

◆ Expansion in primary care market



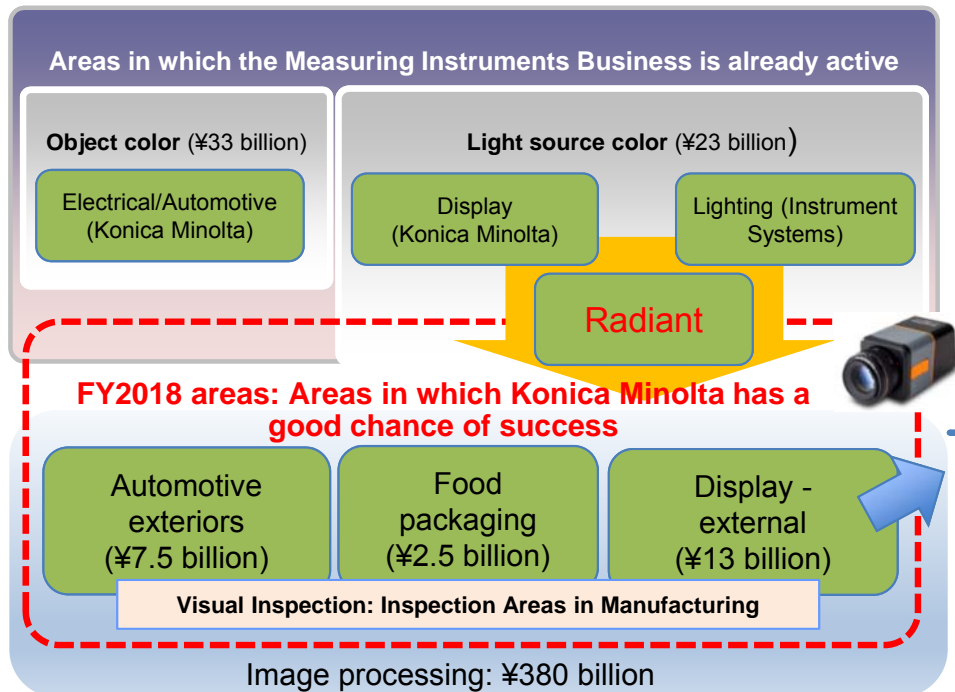
Radiant Vision Systems Acquisition

Leveraging the synergies from the Company, Instrument Systems GmbH and Radiant, the Group aims to strengthen its position as the clear number one player in the light source color measurement market and to develop the business into a highly profitable operation with ¥50 billion in revenue by FY 2018.

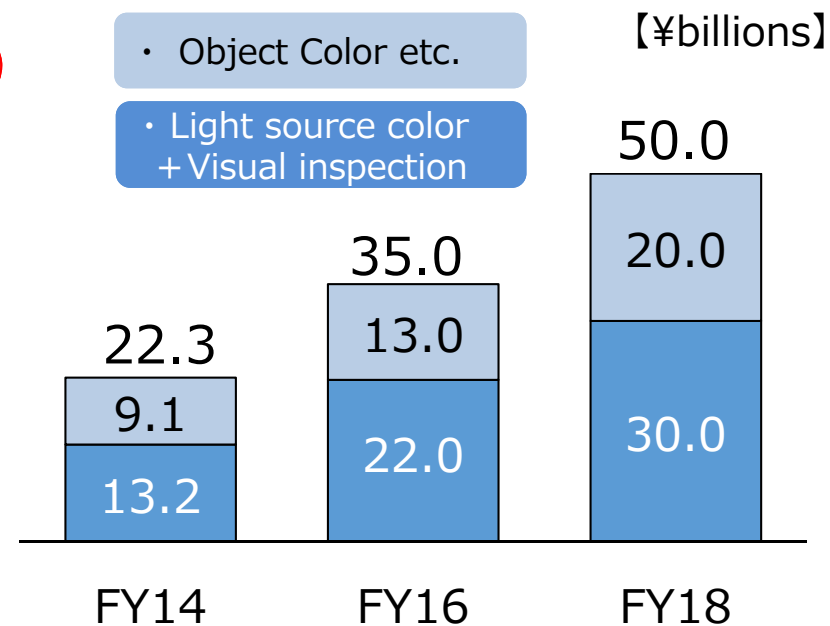
Who is Radiant?	A supplier of display measurement systems headquartered on the West Coast of the United States. Revenue of about ¥4.5 billion in 2014 with a share of roughly 20% in the light source measuring market
Radiant's strengths	<ul style="list-style-type: none"> (1) Proximity to major US IT corporate customers stemming from its ability to leverage the geographical advantage of its West Coast location (2) Full line-up of image processing software and abundant accumulated knowhow (3) US/China customer base and support structure

◇ Courses of action for business expansion

*Numbers in parentheses () indicate size of market



◇ Measuring Instruments Business expansion scenarios

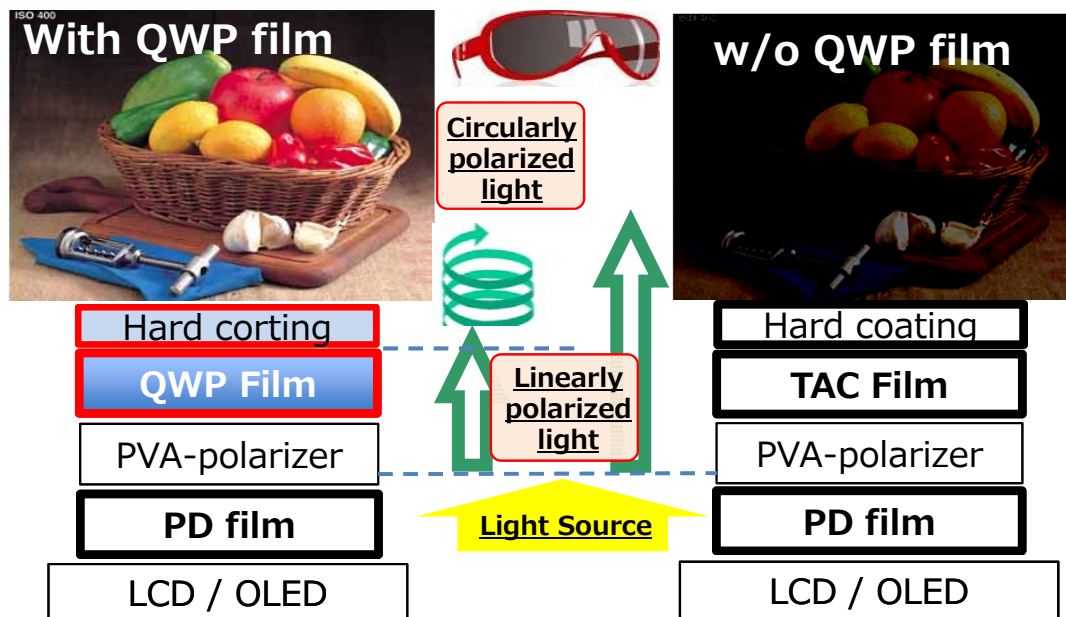


Entering the QWP Film Business

Up to FY2016, use existing products and expand QWP in order to support next-generation display film products, then launch new performance film in FY2018 and aim for sustained growth.

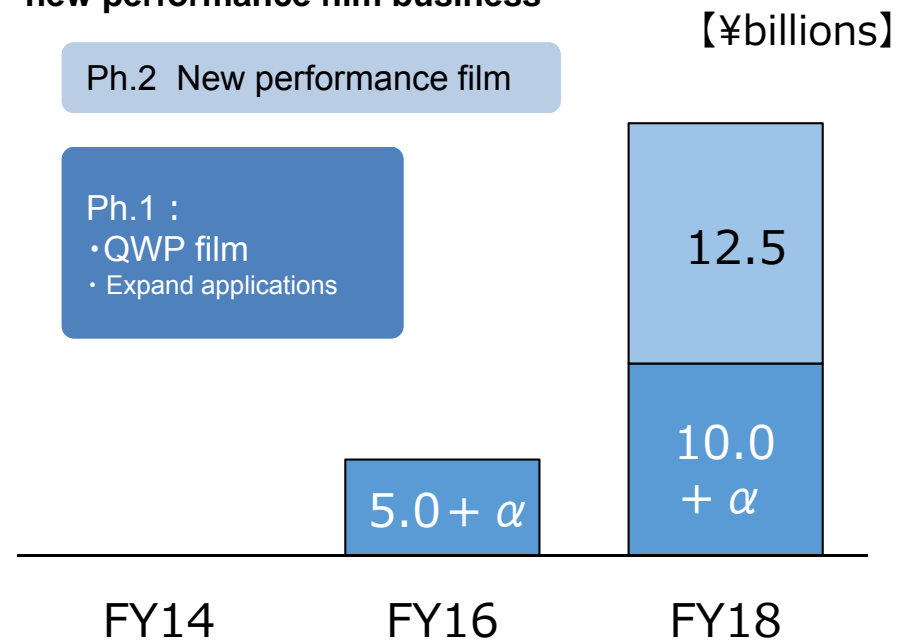
<p>What is QWP film?</p>	<p>An optical film that allows images on the LCD display of a smartphone or smart watch being used outside to be seen more easily by nearing natural light condition, even when the user is wearing polarized sunglasses.</p>
<p>The Company's winning advantages</p>	<p>(1) Growth potential of the business: anticipate growth by offering clear value to the customer in response to emerging customer needs. (2) Technological superiority: "roll to roll" production contributes to improved productivity of polarizers with superior "color characteristics." (3) Affinity with existing products: share technology, production facilities and value chain with TAC film.</p>

◇QWP film comparison



*PD film: Phase Difference film

◇Image of growth in new performance film business





KONICA MINOLTA

Supplementary Information

Mar 2016 2Q financial results highlight- overview

	1H Mar 2016	1H Mar 2015	YoY	2Q Mar 2016	2Q Mar 2015	YoY	【¥ billions】
Revenue	507.2	474.5	7%	258.6	247.8	4%	
Gross profit	244.2	233.2	5%	124.5	120.3	3%	
<i>Gross margin ratio</i>	48.1%	49.2%	-	48.1%	48.6%	-	
Operating profit	28.2	30.8	-8%	18.2	16.4	11%	
<i>Operating margin ratio</i>	5.6%	6.5%	-	7.0%	6.6%	-	
Profit before tax	27.3	31.8	-14%	16.9	17.3	-2%	
<i>Pretax margin ratio</i>	5.4%	6.7%	-	6.6%	7.0%	-	
Profit attributable to owners of the company	17.3	19.4	-11%	10.7	10.1	7%	
<i>Margin of profit attributable to owners of the company ratio</i>	3.4%	4.1%	-	4.2%	4.1%	-	
EPS [Yen]	34.82	38.17		21.68	19.83		
CAPEX	22.1	25.6		14.3	11.5		
Depreciation and Amortization Expenses	25.0	22.8		12.4	11.5		
R&D expenses	38.1	36.4		18.8	18.2		
FCF	-40.4	15.9		-19.2	22.4		
Investment and lending	42.7	12.1		33.7	5.0		
FOREX [Yen] USD	121.80	103.04	18.76	122.23	103.92	18.31	
euro	135.07	138.92	-3.85	135.98	137.76	-1.78	

Mar 2016 financial forecast highlight- overview

	Revised			Previous		【¥ billions】	
	Forecast Mar 2016	Forecast Mar 2016	Results Mar 2015	YoY			
Revenue	1,080.0	1,100.0	1,002.8	8%			
Operating profit	73.0	77.0	65.8	11%			
<i>Operating margin ratio</i>	<i>6.8%</i>	<i>7.0%</i>	<i>6.6%</i>				
Profit before tax	71.0	76.0	65.5	8%			
Profit attributable to owners of the company	47.0	50.0	40.9	15%			
<i>Margin of profit attributable to owners of the company ratio</i>	<i>4.4%</i>	<i>4.5%</i>	<i>4.1%</i>				
EPS [Yen]	94.70	99.63	81.01				
ROE* (%)	9.5%	10.0%	8.7%				
CAPEX	50.0	55.0					
Depreciation and Amortization Expenses	52.0	55.0					
R&D expenses	80.0	80.0					
FCF	-25.0	15.0					
Investment and loan	60.0	35.0					
<small>*Purchase of tangible/intangible assets</small>							
	FOREX [Yen] USD	120.00	120.00	109.93			
	euro	135.00	130.00	138.77			
					FOREX impact per 1yen movement (Full year)		
					Revenue	OP	
					USD ¥3.0bn	¥0.2bn	
					Euro ¥1.7bn	¥0.8bn	

* 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%.

*ROE (previous year and forecast) calculated as the ratio of profit for the year to equity attributable to owners of the company.

Mar 2016 Revenue & Operating Profit forecast highlight - segment

Revenue	Revised	Previous	【¥ billions】	
	Forecast Mar 2016	Forecast Mar 2016	Results Mar 2015	YOY
Business Technologies	875.0	890.0	808.2	8%
Office Services	635.0	650.0	597.1	6%
Commercial/Industrial print	240.0	240.0	211.2	14%
Healthcare	85.0	85.0	78.6	8%
Industrial Business	120.0	125.0	112.8	6%
Industrial Optical Systems	60.0	63.0	51.8	16%
Performance Materials	60.0	62.0	61.0	-2%
Others	-	-	3.2	-
Group Overall	1,080.0	1,100.0	1,002.8	8%

Operating profit	Forecast		Forecast		Results		YOY
	Mar 2016		Mar 2016		Mar 2015		
Business Technologies	81.0	9.3%	84.0	9.4%	72.7	9.0%	11%
Healthcare	4.0	4.7%	4.0	4.7%	2.1	2.7%	90%
Industrial Business	20.0	16.7%	21.0	16.8%	19.7	17.5%	2%
Eliminations and Corporate	-32.0	-	-32.0	-	-28.8	-	-
Group Overall	73.0	6.8%	77.0	7.0%	65.8	6.6%	11%

Operating profit analysis

【¥ billions】

1H/Mar 2016 vs 1H/Mar 2015

[Factors]

	Business Technologies	Healthcare	Industrial Business	Total
Forex impact	-1.2	0.7	-0.2	-1.2
Price change	-2.0	-0.1	-2.0	-4.1
Sales volume change, and other, net	4.4	0.8	-1.0	3.6
Cost up/down	3.6	-0.2	1.5	4.9
SG&A change, net	-7.0	-0.5	-0.8	-8.0
Other income and expense	5.7	-0.4	-0.3	2.2

[Operating profit]

Change, YoY	3.5	0.3	-2.6	-2.6
-------------	-----	-----	------	------

2Q/Mar 2016 vs 2Q/Mar 2015

[Factors]

	Business Technologies	Healthcare	Industrial Business	Total
Forex impact	-0.6	0.3	0.0	-0.6
Price change	-1.1	0.0	-1.0	-2.2
Sales volume change, and other, net	0.3	0.6	-0.7	0.0
Cost up/down	2.1	-0.1	1.0	2.9
SG&A change, net	-2.5	-0.1	-0.5	-3.3
Other income and expense	5.0	-0.3	0.6	4.8

[Operating profit]

Change, YoY	3.1	0.2	-0.6	1.7
-------------	-----	-----	------	-----

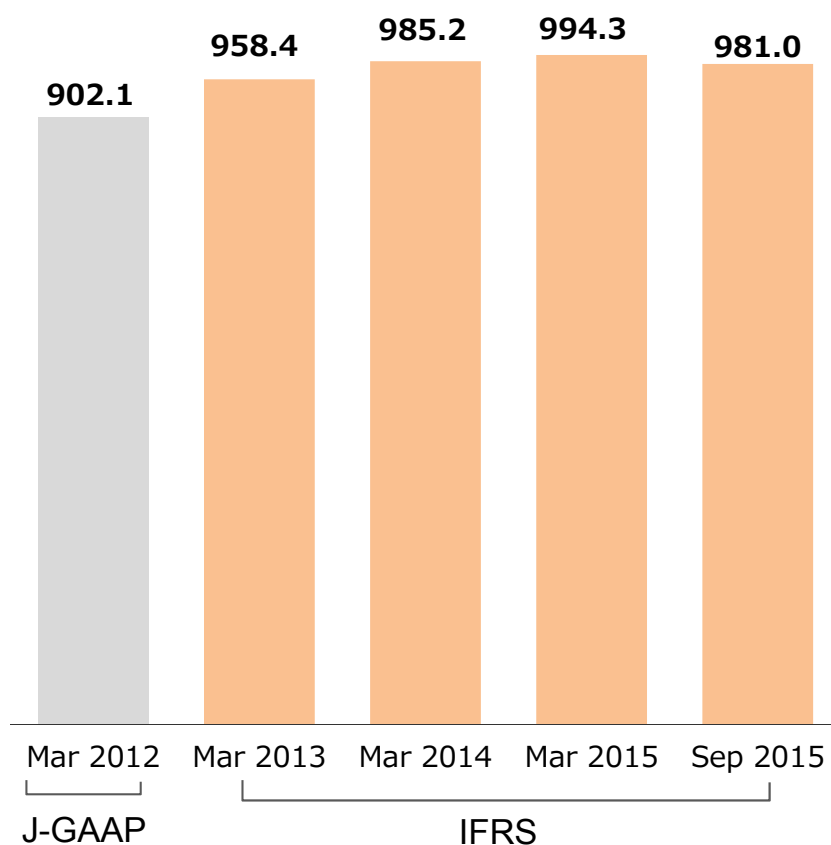
SG&A , Other income/ expenses • Finance income/loss

	【¥ billions】					
	1H Mar 2016	1H Mar 2015	YoY	2Q Mar 2016	2Q Mar 2015	YoY
SG&A:						
Selling expenses - variable	24.8	24.0	0.9	12.4	12.5	-0.1
R&D expenses	38.1	36.4	1.7	18.8	18.2	0.6
Personnel expenses	97.8	88.4	9.4	48.8	43.9	4.8
Other	53.6	49.6	4.0	27.1	25.2	1.9
SG&A total	214.3	198.3	16.0	107.2	99.9	7.3
	<i>* Forex impact: + ¥7.9 bn. (Actual: ¥8.1bn.)</i>			<i>+ ¥4.0 bn. (Actual: ¥3.3bn.)</i>		
Other income:						
Gain on sales of property, plant and equipment	3.3	1.5	1.8	3.1	0.0	3.1
Other income	1.7	2.0	-0.4	1.1	1.3	-0.2
Other income total	5.0	3.6	1.4	4.2	1.3	2.9
Other expenses						
Loss on sales of property, plant and equipment	1.0	0.6	0.4	0.7	0.4	0.3
Special extra retirement payments	2.5	-	2.5	0.5	-	0.5
Other expenses	3.2	7.0	-3.9	2.2	4.9	-2.7
Other expenses total	6.7	7.6	-0.9	3.4	5.3	-1.9
Finance income/loss:						
Interest income/Dividends received/Interest expense	-0.2	0.2	-0.4	-0.3	0.0	-0.3
Foreign exchange gain/loss (net)	-0.5	0.8	-1.3	-0.8	0.8	-1.7
Other	-0.1	0.1	-0.1	-0.1	0.0	-0.1
Finance income/loss, net	-0.9	1.0	-1.8	-1.2	0.9	-2.1

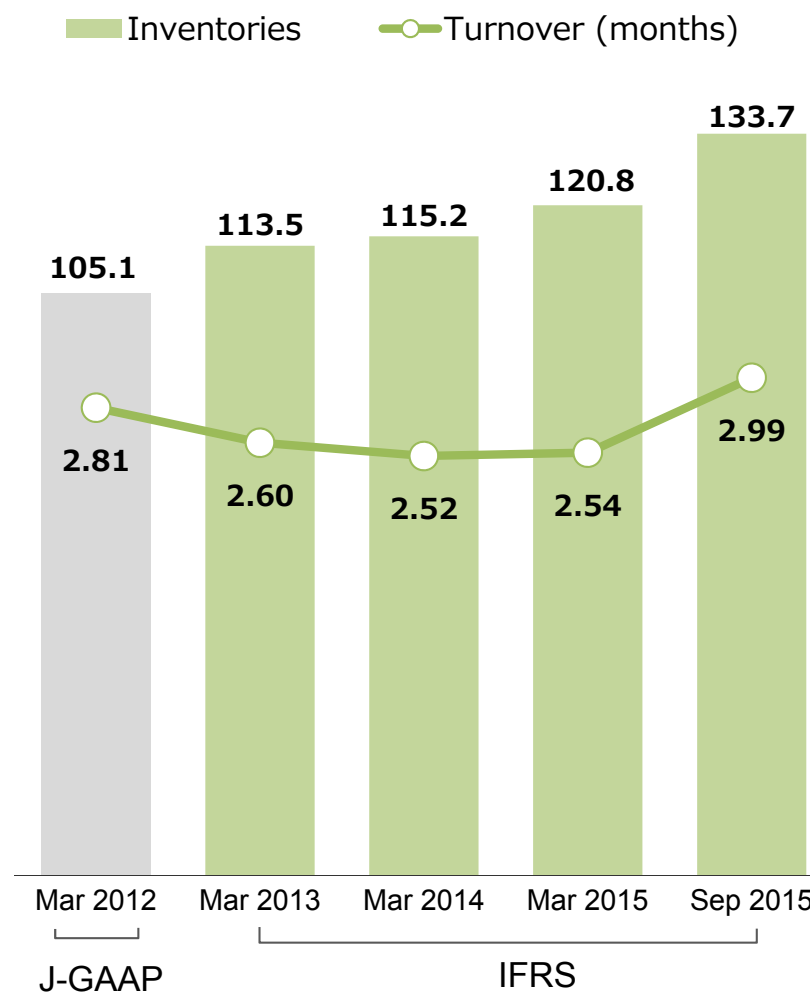
Statements of Financial Position

[Billions of yen]

Total assets



Inventories/Turnover

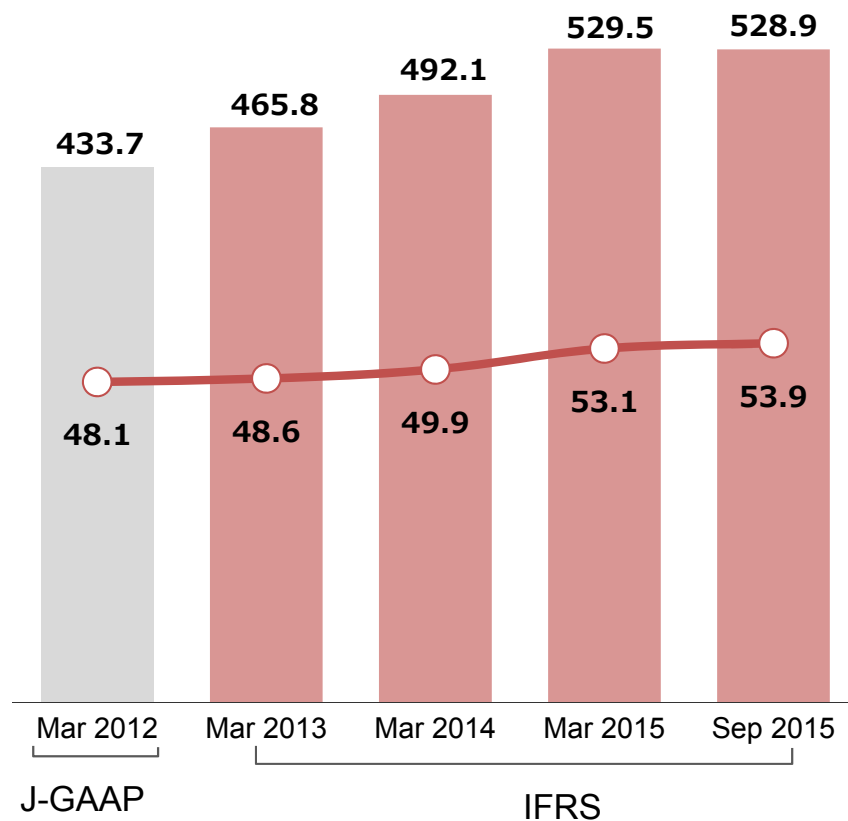


Statements of Financial Position

[Billions of yen]

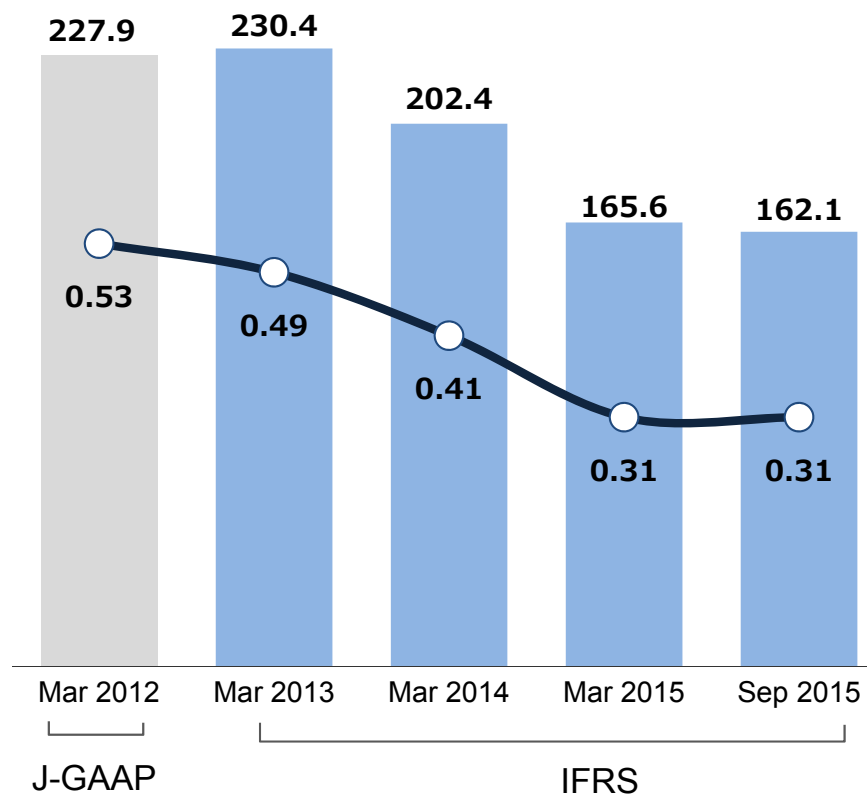
Equity & equity ratio attributable to owners of the parent company

■ Shareholders' equity ●—○ Equity ratio (%)



Interest-bearing liabilities & ratio of interest-bearing liabilities

■ Interest-bearing debts ●—○ Debt-to-equity ratio



Outlook for Capital Expenditure and Depreciation and Amortization Expenses/ Free Cash Flows Outlook

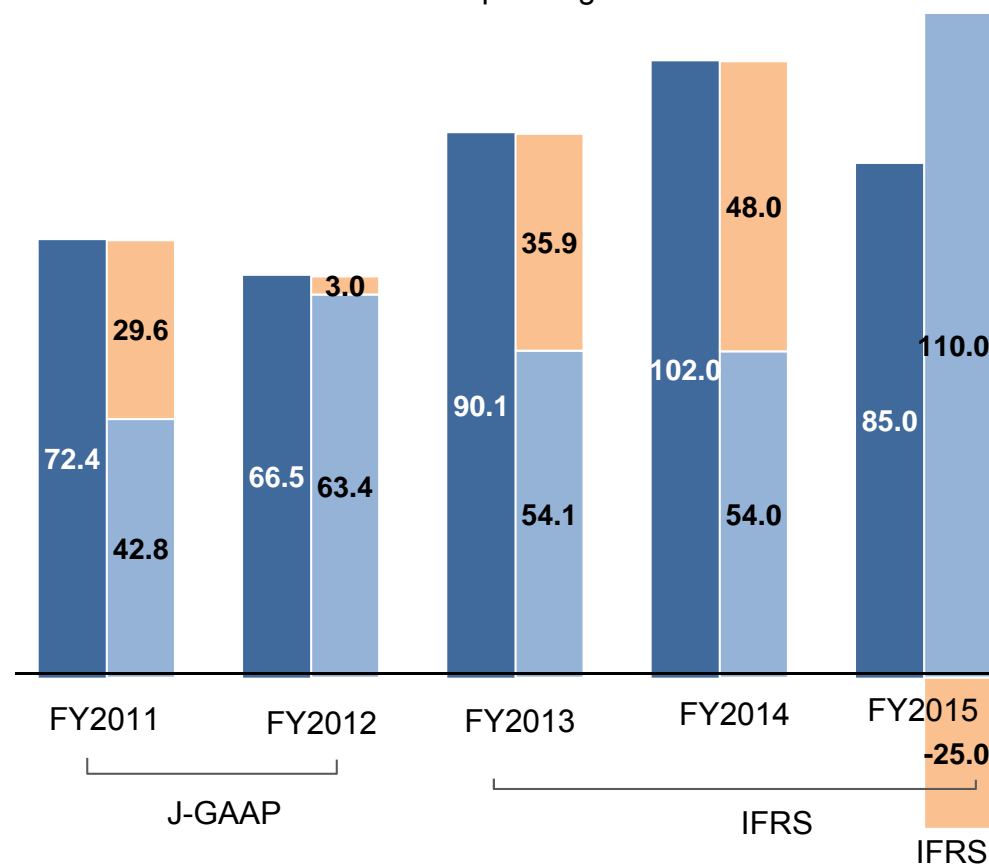
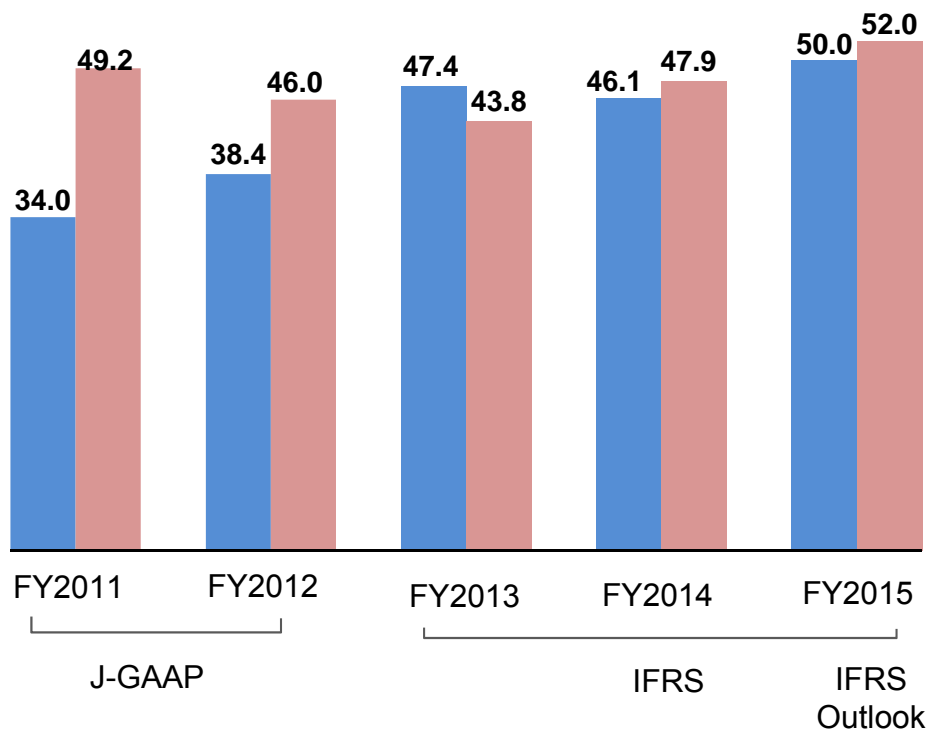
[Billions of yen]

Capital Expenditure and Depreciation and Amortization Expenses

Free Cash Flows

- Capital expenditures
- Depreciation and amortization

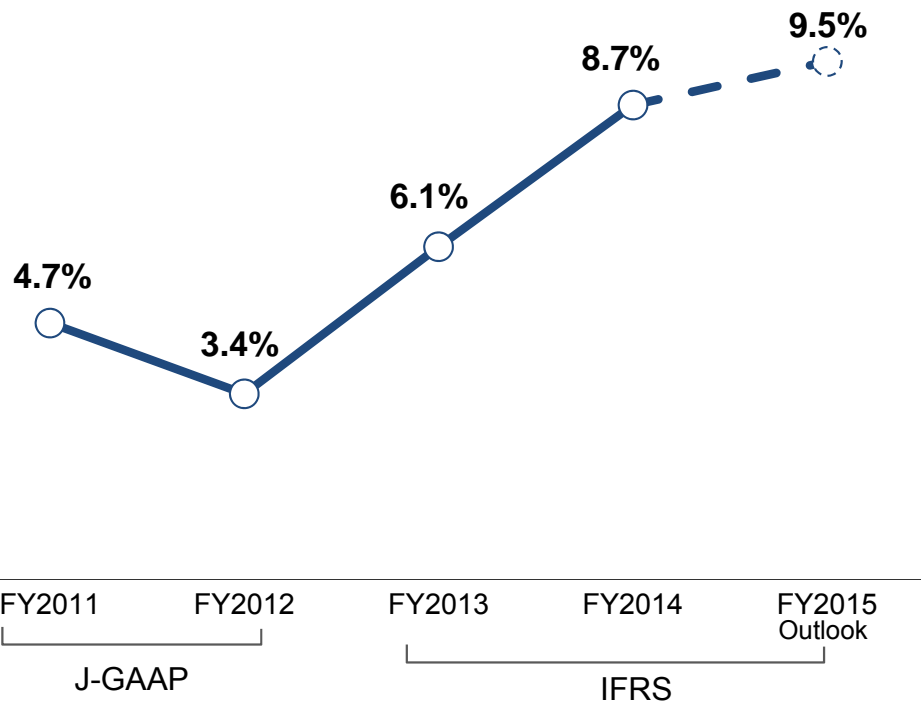
- FCF
- Net cash flows from investing activities
- Net cash flows from operating activities



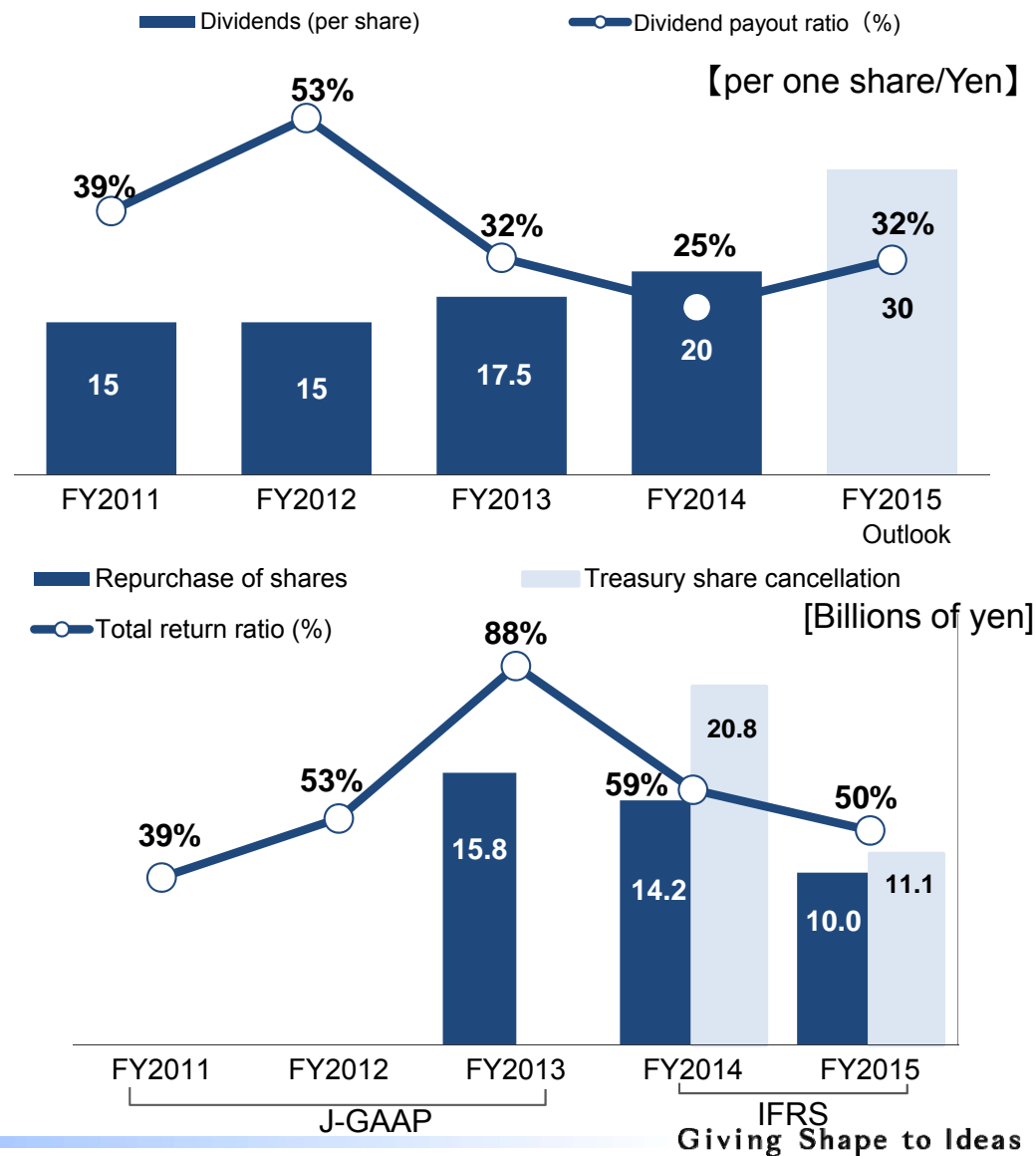
ROE / Shareholder Returns

ROE

ROE: profit for the year attributable to the owners of the company, divided by the average (using figures from start and end of year) of the sum of share capital, share premium, retained earnings and treasury shares

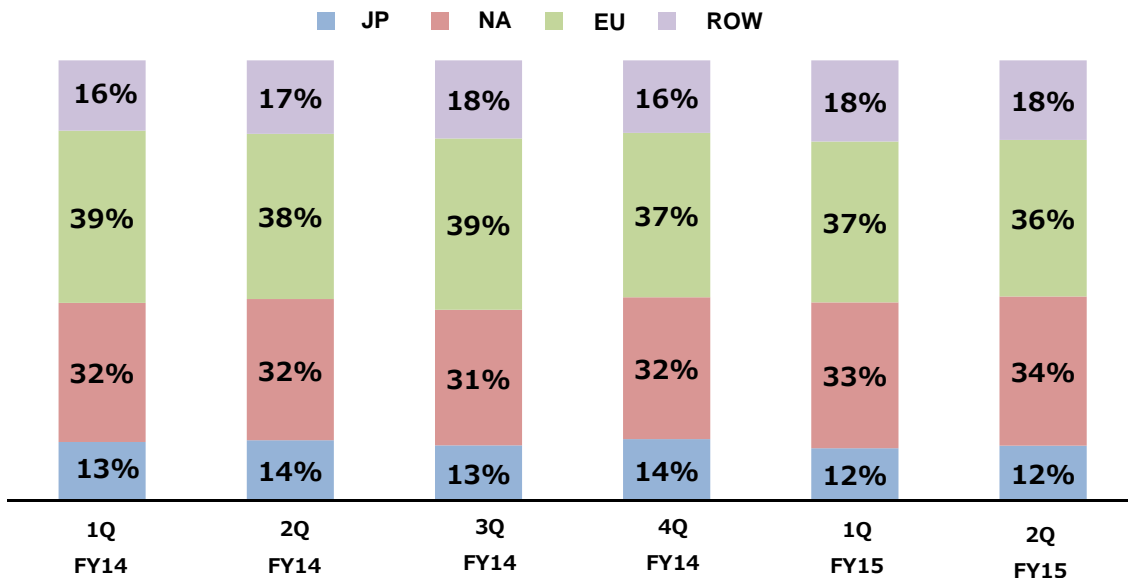


Shareholder Returns

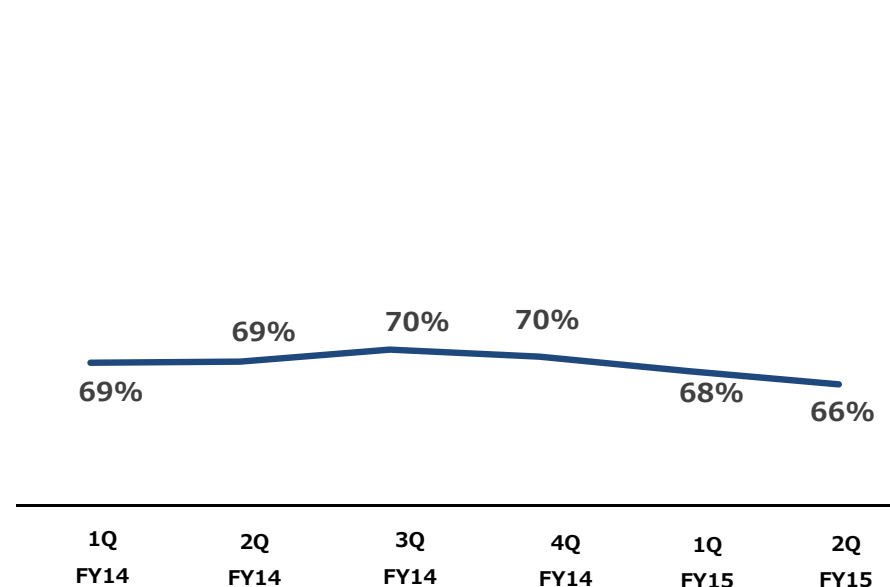


Revenue trend: Business Technologies: Quarterly transition

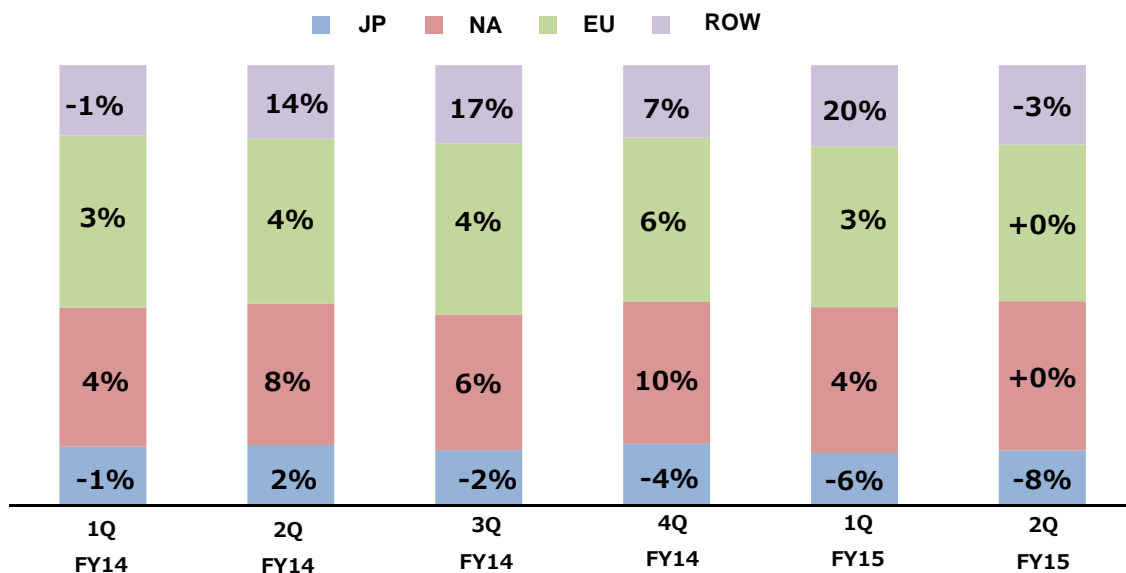
■ Composition of Revenue by region (in yen)



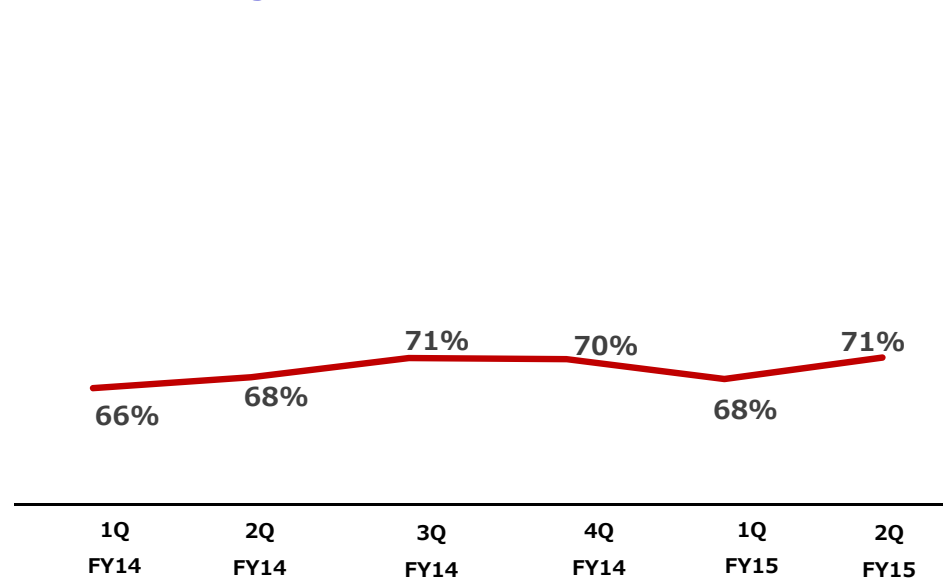
■ Percentage of color in sales of hardware (Office)



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



■ Percentage of color in sales of hardware (PP)

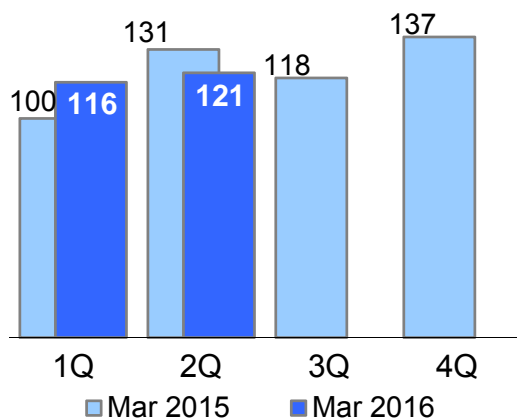


Unit sales trend: Business Technologies: Quarterly transition

A3 color MFP- Units*

YoY : Δ 8%

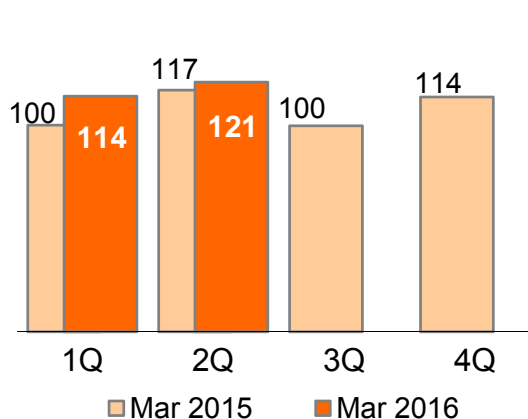
QoQ: +4%



A3 mono MFP- Units*

YoY : +3%

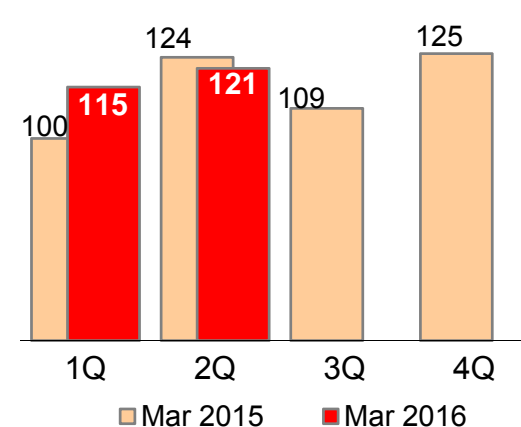
QoQ: +6%



A3 MFP TTL- Units*

YoY : Δ 3%

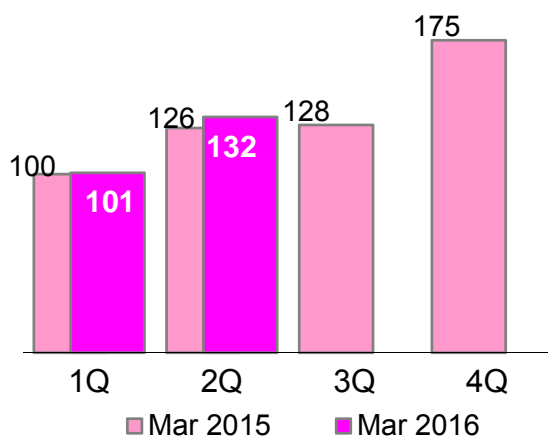
QoQ: +5%



Color Production Print - Units*

YoY : +5%

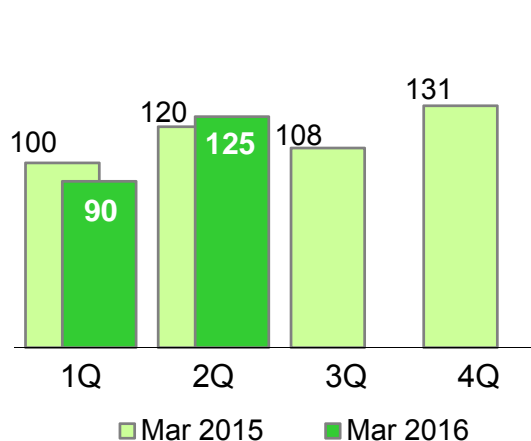
QoQ: +31%



Mono Production Print - Units*

YoY : +5%

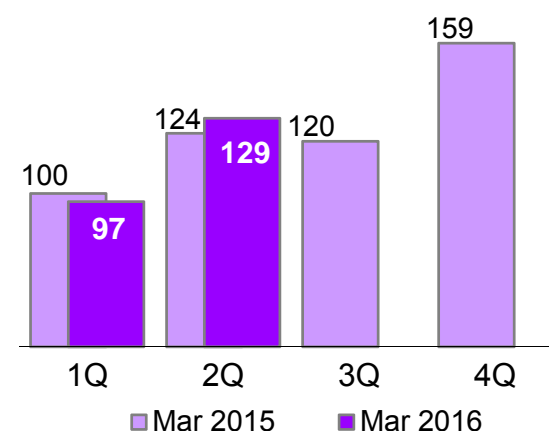
QoQ: +39%



Production Print - Units*

YoY : +5%

QoQ: +34%

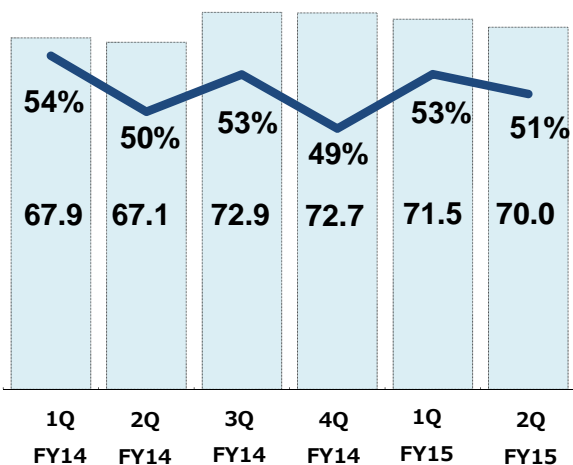


* Base index : "1Q Mar2015" = 100

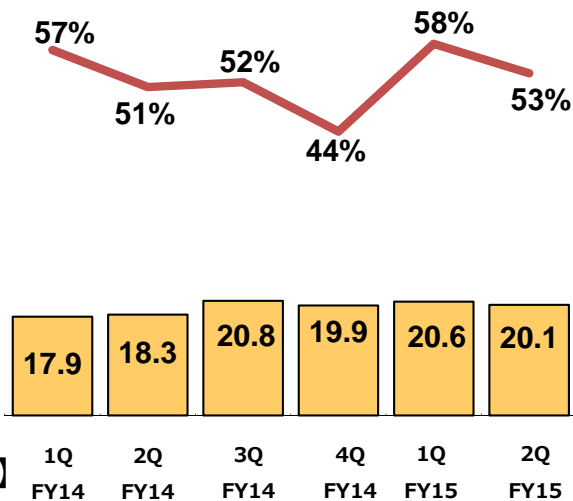
Business Technologies Business: Sales results of non-hard

Revenue & ratio of non-hard

Office product

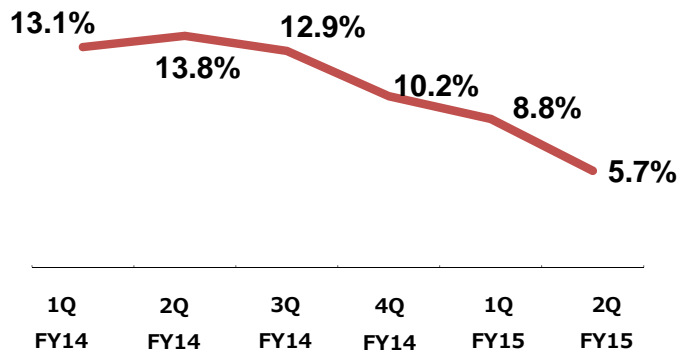
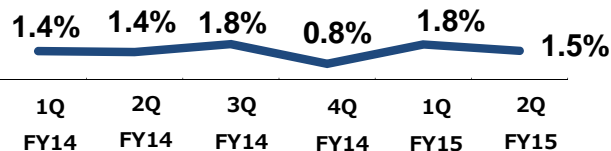


Production print



YoY Revenue increase of non-hard

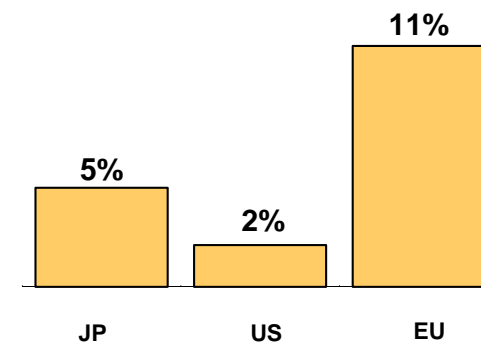
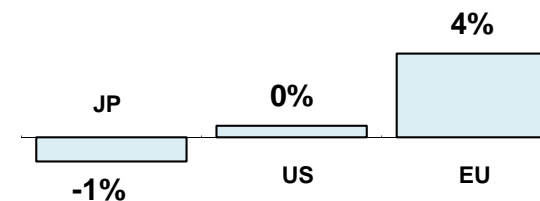
(w/o FOREX)



YoY Revenue increase of non-hard (regional)

【FY2015-1Q】

(w/o FOREX)



- **DR**

Abbreviation for Digital Radiography. Also referred to as digital X-rays. A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that do this.

- **MCS / Managed Content Services**

Abbreviation for Managed Content Services. The collective term given to services for centrally managing paper or digital documents, e-mails, forms, diagrams, and other such business content, and for building systems to properly use, store, and dispose of this content.

- **MMS / Marketing Management Services**

Abbreviation for Marketing Management Services. Covering everything from planning to media creation and usage, these services are informed by customer preferences and purchase analyses and are developed in line with communication strategies that rely on a combination of printed materials and digital media. They seek to maximize return on investment while also improving customer loyalty and enhancing the client company's brand strength.

- **MPM / Marketing Print Management**

Abbreviation for Marketing Print Management, which provides services optimizing the production cost of marketing materials for customers using our own supplier network. Konica Minolta acquired Charterhouse PM Limited (headquartered in the UK) and Ergo Asia Pty Limited (headquartered in Australia), both major print management service providers, to strengthen our global MPM business.

- **MPS / Managed Print Services**

Abbreviation for Managed Print Services. Refers to comprehensive services for optimizing the office printing environment and reducing costs, as provided by our own OPS.

- **OPS / Optimized Print Services**

Abbreviation for Optimized Print Services, which is the name of our Managed Print Services (MPS) offering. OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment (output and document management environment).

- **GMA / Global Major Account**

Abbreviation for Global Major Account. Refers to our major enterprise customers (businesses) that operate on a global scale.

Mar 2015 financial results highlight- segment (IFRS)

Reference

【¥ billions】

	1Q	2Q	1H	3Q	4Q	2H	TTL
	Mar 2015	Mar 2015	Mar 2015	Mar 2015	Mar 2015	Mar 2015	Mar 2015
Revenue	226.6	247.8	474.5	253.6	274.7	528.3	1,002.8
Gross profit	112.9	120.3	233.2	124.7	131.8	256.5	489.7
<i>Gross margin ratio</i>	<i>49.8%</i>	<i>48.6%</i>	<i>49.2%</i>	<i>49.2%</i>	<i>48.0%</i>	<i>48.5%</i>	<i>48.8%</i>
Operating profit	14.4	16.4	30.8	16.3	18.7	34.9	65.8
<i>Operating margin ratio</i>	<i>6.3%</i>	<i>6.6%</i>	<i>6.5%</i>	<i>6.4%</i>	<i>6.8%</i>	<i>6.6%</i>	<i>6.6%</i>
Profit before tax	14.5	17.3	31.8	16.9	16.8	33.7	65.5
<i>Pretax margin ratio</i>	<i>6.4%</i>	<i>7.0%</i>	<i>6.7%</i>	<i>6.7%</i>	<i>6.1%</i>	<i>6.4%</i>	<i>6.5%</i>
Profit attributable to owners of the company	9.4	10.0	19.4	10.4	11.1	21.5	40.9
<i>Margin of profit attributable to owners of the company ratio</i>	<i>4.1%</i>	<i>4.1%</i>	<i>4.1%</i>	<i>4.1%</i>	<i>4.0%</i>	<i>4.1%</i>	<i>4.1%</i>

Mar 2015 Revenue & Operating Profit forecast highlight

- segment (IFRS)

Reference

【¥ billions】

Net Sales	1Q		2Q		1H		3Q		4Q		2H		TTL	
	Mar 2015		Mar 2015		Mar 2015		Mar 2015		Mar 2015		Mar 2015		Mar 2015	
Business Technologies	179.7		197.3		377.1		206.7		224.5		431.2		808.2	
Office Services	136.7		146.1		282.8		151.2		163.1		314.4		597.2	
Commercial/Industrial print	43.0		51.3		94.3		55.4		61.4		116.8		211.1	
Healthcare	16.1		20.4		36.5		18.8		23.3		42.1		78.6	
Industrial Business	30.1		29.4		59.5		27.5		25.8		53.3		112.8	
Industrial Optical Systems	13.3		14.1		27.4		12.7		11.7		24.4		51.8	
Performance Materials	16.8		15.3		32.1		14.7		14.1		28.9		61.0	
Others	0.8		0.7		1.4		0.7		1.1		1.7		3.2	
Group Overall	226.6		247.8		474.5		253.6		274.7		528.3		1,002.8	
Operating income	1Q		2Q		3Q		3Q		4Q		TTL		TTL	
	Mar 2015		Mar 2015		Mar 2015		Mar 2015		Mar 2015		Mar 2015		Mar 2015	
Business Technologies	12.9	7.2%	18.0	9.1%	30.9	8.2%	19.2	9.3%	22.6	10.1%	41.8	9.7%	72.7	9.0%
Healthcare	0.1	0.5%	1.1	5.6%	1.2	3.3%	0.2	1.2%	0.7	2.8%	0.9	2.1%	2.1	2.7%
Industrial Business	7.9	26.2%	5.2	17.7%	13.1	22.0%	4.0	14.7%	2.6	10.2%	6.7	12.5%	19.7	17.5%
Eliminations and Corporate	-6.5		-7.9		-14.4		-7.2		-7.2		-14.4		-28.8	
Group Overall	14.4	6.3%	16.4	6.6%	30.8	6.5%	16.3	6.4%	18.7	6.8%	34.9	6.6%	65.8	6.6%

Giving Shape to Ideas



KONICA MINOLTA