

Konica Minolta, Inc.
2nd Quarter/FY2016 ending in March 2017
Consolidated Financial Results

First Half: April 1, 2016 – September 30, 2016
2nd Quarter: July 1, 2016 – September 30, 2016
– Announced on October 31, 2016 –

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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.



[¥ billions]

		1Q	2Q	YoY		1H	YoY	
Konica Minolta	Revenue	229.1	232.8	- 25.8	-10%	462.0	- 45.3	-9%
	Operating Profit	8.9	9.6	- 8.6	-47%	18.5	- 9.7	-34%
	Profit	6.4	6.9	- 3.9	-36%	13.2	- 4.1	-24%
Business Technologies	Revenue	186.3	184.3	- 23.1	-11%	370.6	- 38.6	-9%
	Operating Profit	13.3	12.8	- 8.3	-39%	26.2	- 8.2	-24%

- Despite lower revenue and operating profit YoY due to yen appreciation, core businesses were strong, leading higher revenue and operating profit YoY without FOREX impact.
- Business Technologies concentrates on Value-added approach, such as Hybrid sales, high speed color MFP promotion). Sales of consumables products is firm. Maintained 50% gross profit ratio. Achieved +4% revenue and +12% operating profit without FOREX impact.
- Industrial Business saw lower revenue and operating profit due to weak sales, TAC film is on a recovery trend and operating profit is improving from 1Q.
- Compared to internal plans, operating profit fell short by ¥1.3 billion. The primary cause was the delay of a major transaction of measuring instruments. We expect to be able to catch up in the second half; full-term forecasts remain unchanged.

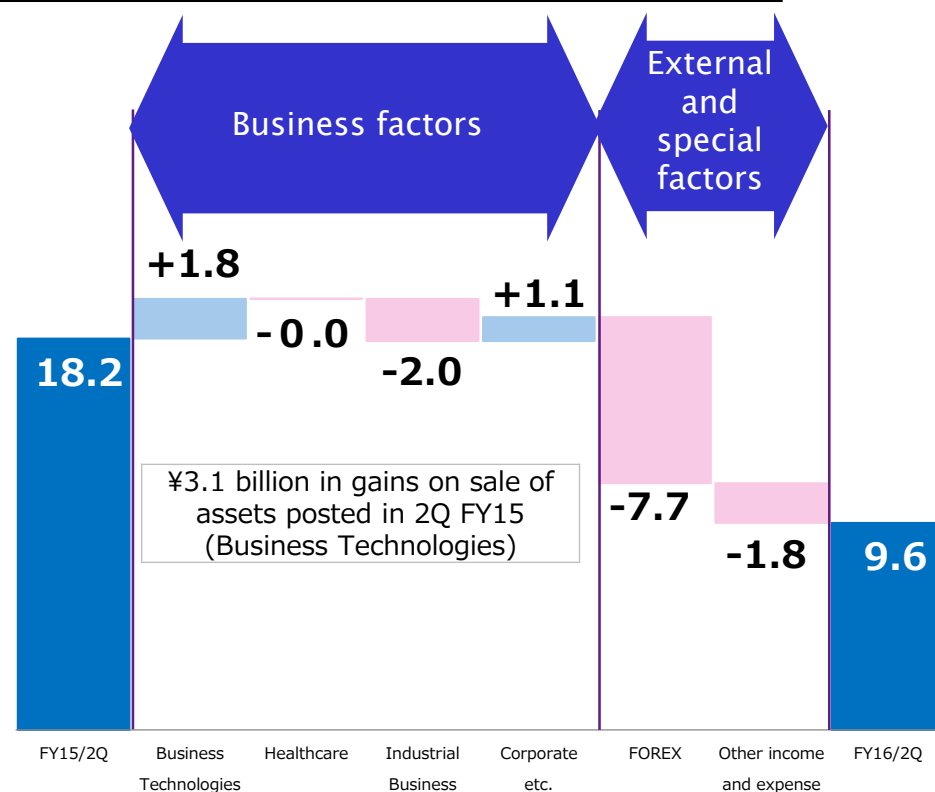
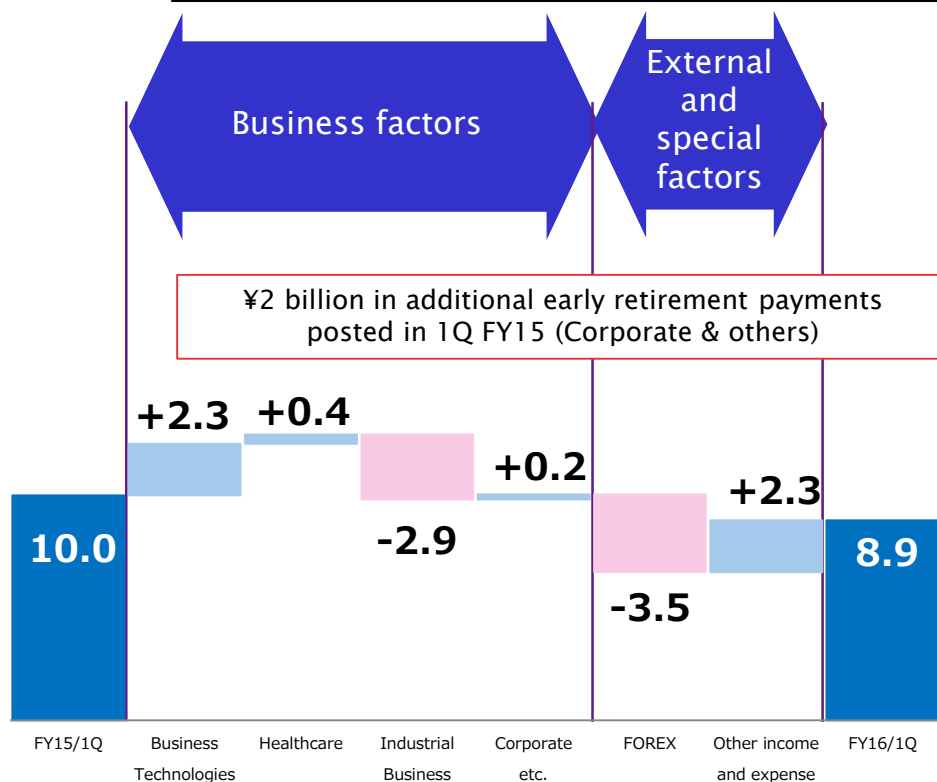
FY2016/1Q and 2Q Operating Profit Analysis



KONICA MINOLTA

YoY w/o Forex Impact and Other Income/Expense		1 Q	2Q	1H
Group	Revenue	2 %	4 %	3 %
	Operating Profit	- 0 %	5 %	4 %
Business Technologies	Revenue	3 %	4 %	4 %
	Operating Profit	17 %	9 %	12 %

[¥ billions]



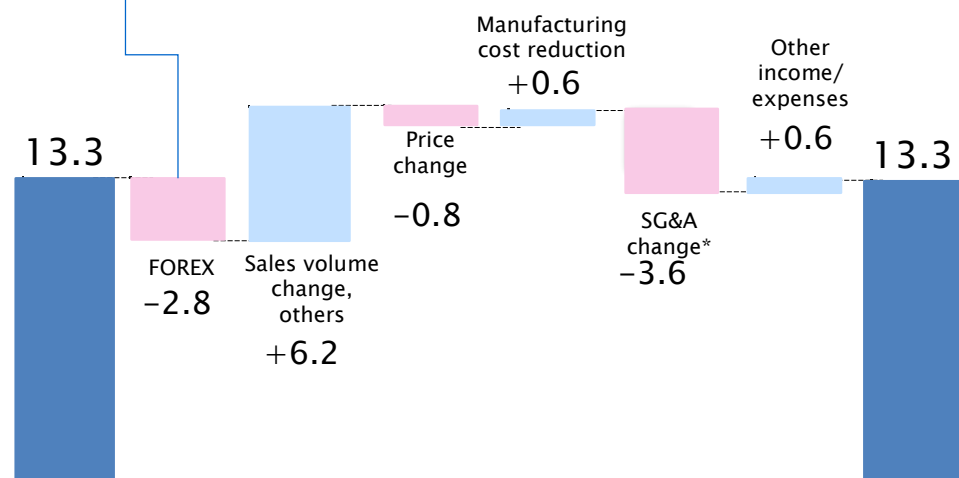
Business Technologies Business Operating Profit Analysis

- Amid Euro and GBP FOREX impact increased than 1Q, saw firm sales in direct sales channels and effect of increased sales volume
- With FOREX impact, gain on sales property in 2Q/15 lowered profit
- $-8.3\text{bn OP Diff} + 7.3\text{bn FOREX Impact} + 2.8\text{ bn Gain on Others} = +1.8\text{bn}(+9\%) \text{ Profit}$

Operating Profit YoY : 1Q

Fluctuations in major currencies

US\$	+ 0.0
€	- 2.1
£	- 0.2
Other	- 0.5

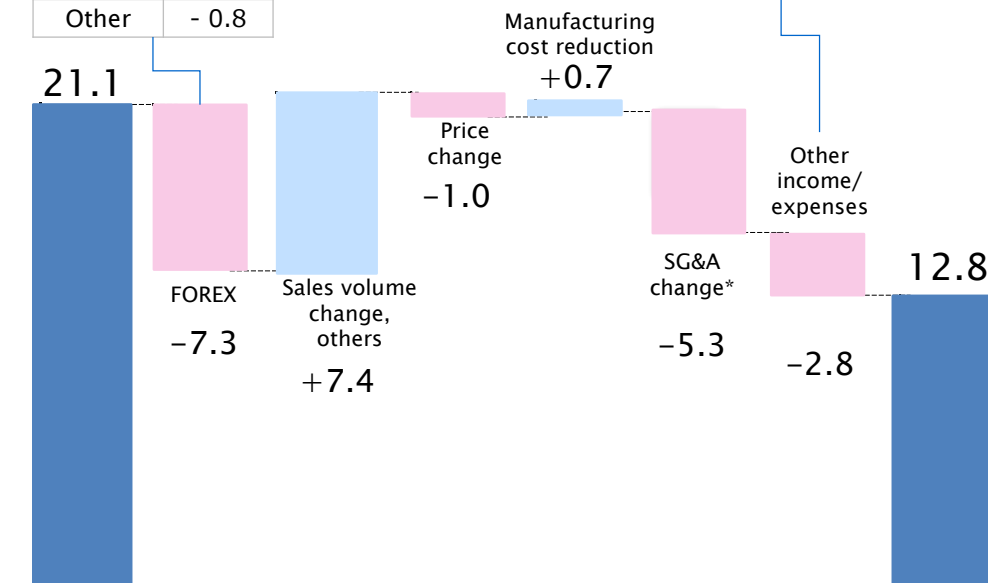


Operating Profit YoY : 2Q

Fluctuations in major currencies

US\$	+ 0.7
€	- 6.8
£	- 0.3
Other	- 0.8

【¥billions】



FY15/1Q

FY16/1Q

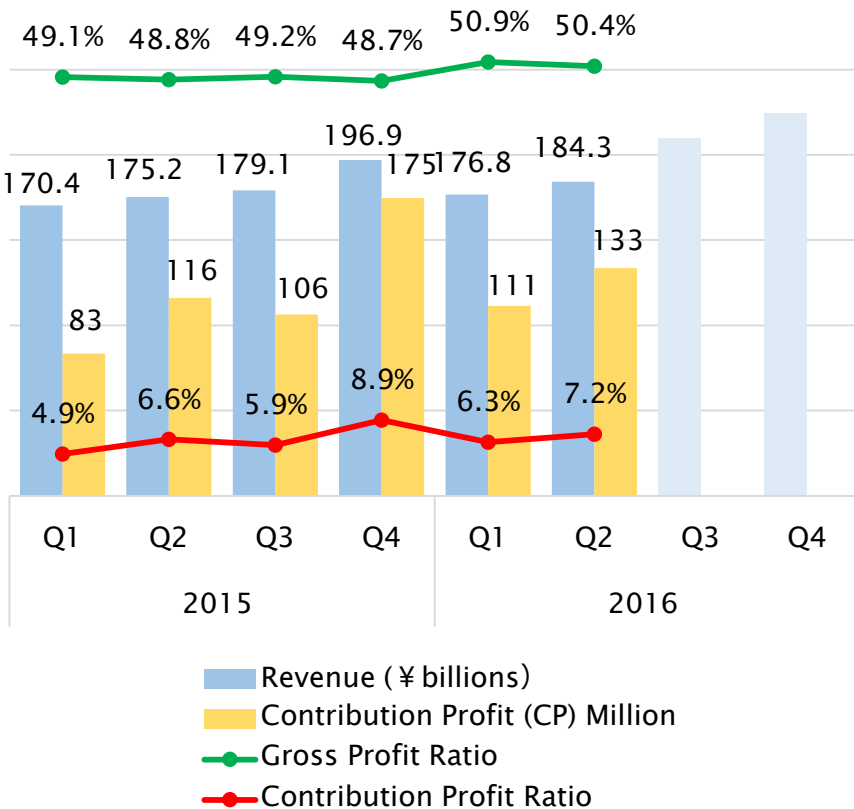
FY15/2Q

FY16/2Q

	FY2016/2Q	YoY	YoY w/o FOREX impact
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Revenue	¥ 184.3 bn	-11%	+5%
BCP	¥ 13.3 bn	-29%	+15%

Business Technologies Business Trends in revenue and profit (W/O FOREX)



2Q Actual FOREX for each business segment : \$102, €114 (2016.3Q.4Q : Image)

2Q/1H Review

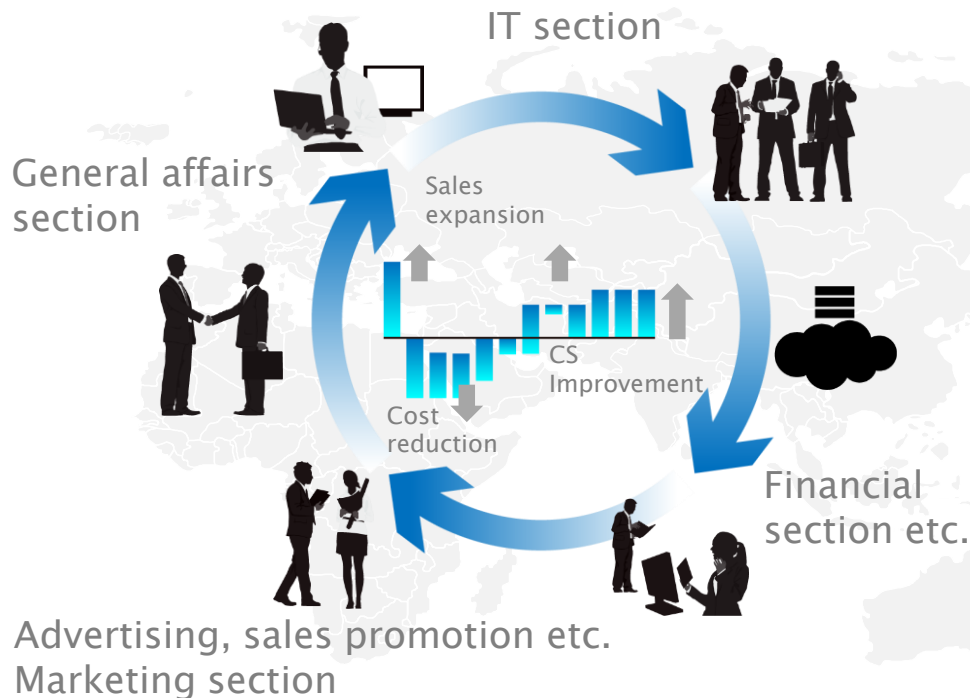
Stable increases in color PV and high gross profit ratio of over 50% were maintained due to value-added approaches (hybrid sales, priority sales of color mid-high-speed models).

- Office services: Momentum of priority sales of color mid- and high-speed models has accelerated from 1Q
- Commercial and industrial printing: Despite sluggish unit sales in the LPP domain due to increased competition, the “C1100” flagship model was strong in the MPP domain. Industrial printing fields accelerated with the start of shipping of the “KM-1” high-end inkjet model and the acquisition of additional stake in MGI(France)
- Non-hardware sales shifted to a positive growth rate in office services year on year and rose even higher than the 1Q growth rate in commercial and industrial printing.

2H Priority Measures

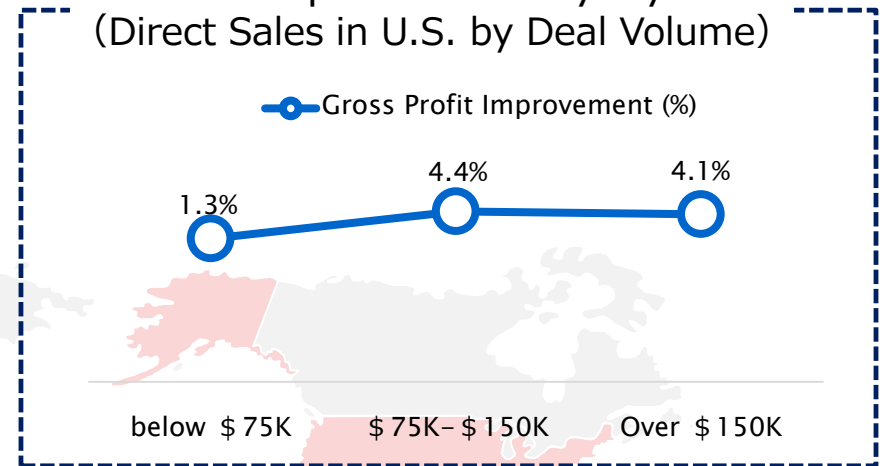
- Value-added approach, Pricing Management
- Win new customers with hybrid sales, expanding MIF
- Grow print volumes through shift to high-speed color machines
- Manage pricing thoroughly
- Push ahead with cost reductions centered around digital manufacturing
- Accelerate radicalization of the organization and functions, enhancing “Earning Power”

Hybrid Sales Business Model

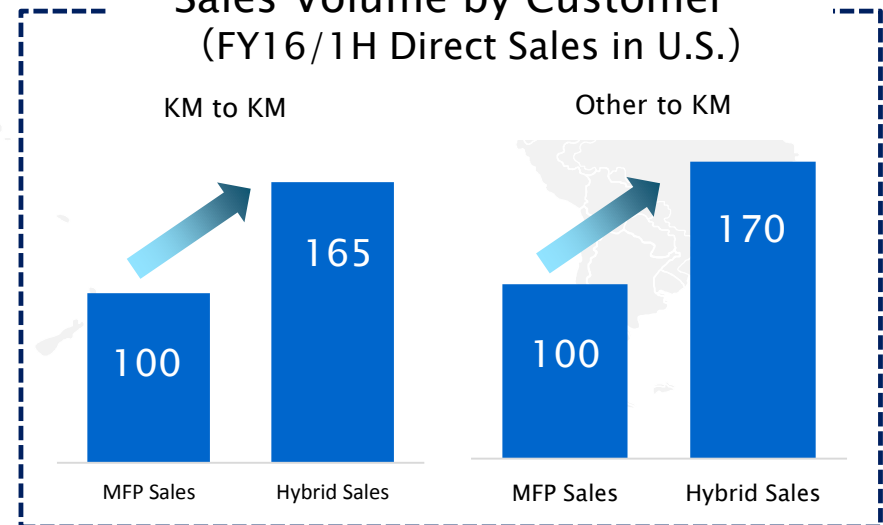


“Life value” model

Gross Profit Improvement by Hybrid Sales (Direct Sales in U.S. by Deal Volume)



Sales Volume by Customer (FY16/1H Direct Sales in U.S.)



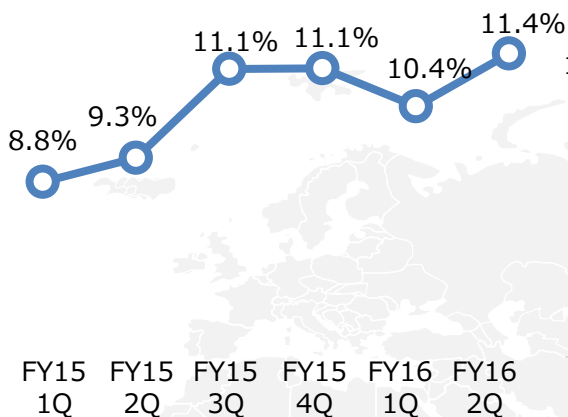
*Index: Business Volume per Customer = 100

Business Technologies Value-added Sales Approach leads Gross Margin Increase

- Hybrid Sales × High speed color MFP Shift × Increase Color PV × Non-hard Sales Growth = Improve Gross Profit

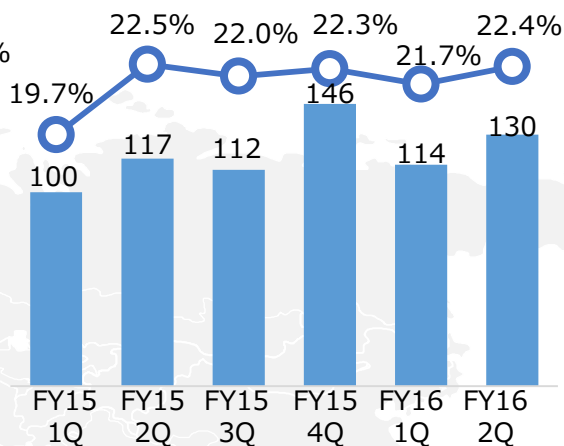
Hybrid Sales Acceleration

Sales Ratio for IT Service Solutions



High speed Color MFP Shift

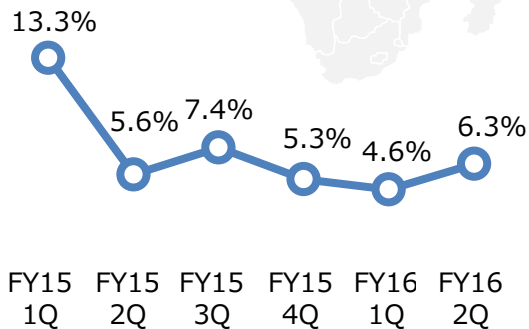
Seg4+ Units Seg4+ Ratio



* Base index : "1Q Mar2016" = 100

Print Volume Growth

Color PV Print Volume Growth (YoY)
*JP/US/EU (UK, GR, FR)

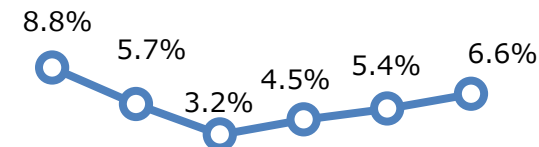


Non-hard Sales Recovery

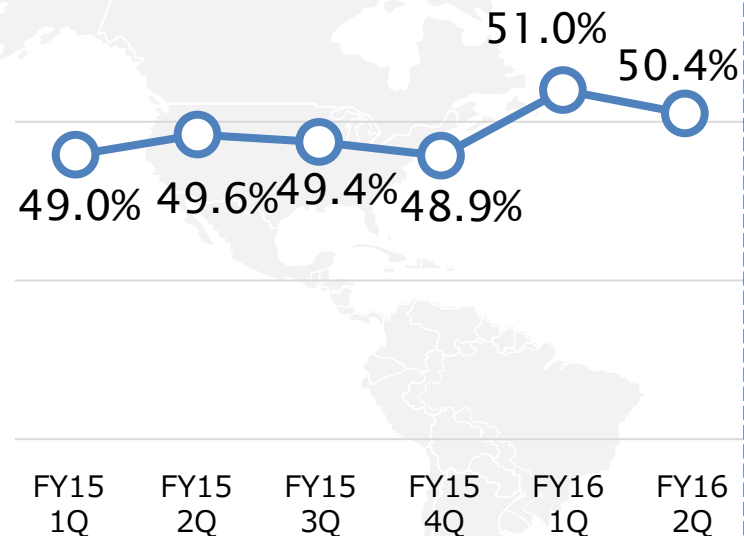
Office Product



Production Print



Gross Profit Trend



	FY2016/2Q	YoY	YoY w/o FOREX impact
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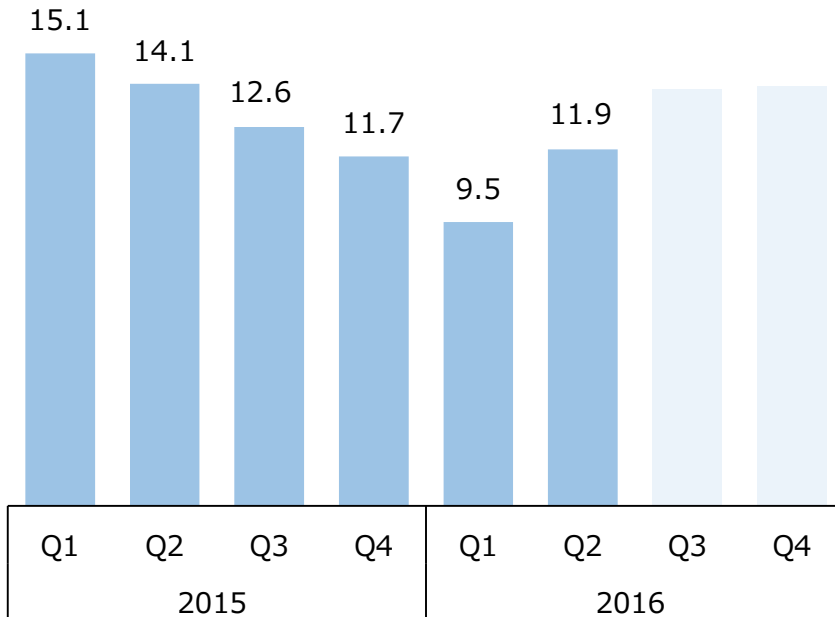
Revenue	¥ 11.9 bn	-16%	-16%
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2Q/1H Review

Despite lower revenue year on year, sales that bottomed out in 1Q regained momentum in 2Q due to increased sales of new products.

- Demand for FPD film recovered after KM sales bottomed out in 1Q.
- In large TVs, sales of ZeroTAC for IPS panels increased.
- In mid- to small-sized panels, optical ultra-thin film grew.
- Sales of obliquely oriented QWP film were also strong.

Performance Materials Revenue
(w/o FOREX)



2Q Actual FOREX for each business segment :
\$102、€114 (2016.3Q.4Q : Image)

2H Priority Measures

- Expand sales of strategic products (optical ultra-thin film, QWP)
- Raise share in China market with ZeroTAC for VA/IPS
- Secure product supply capacity, by means including leveraging external resources

	FY2016/2Q	YoY	YoY w/o FOREX impact
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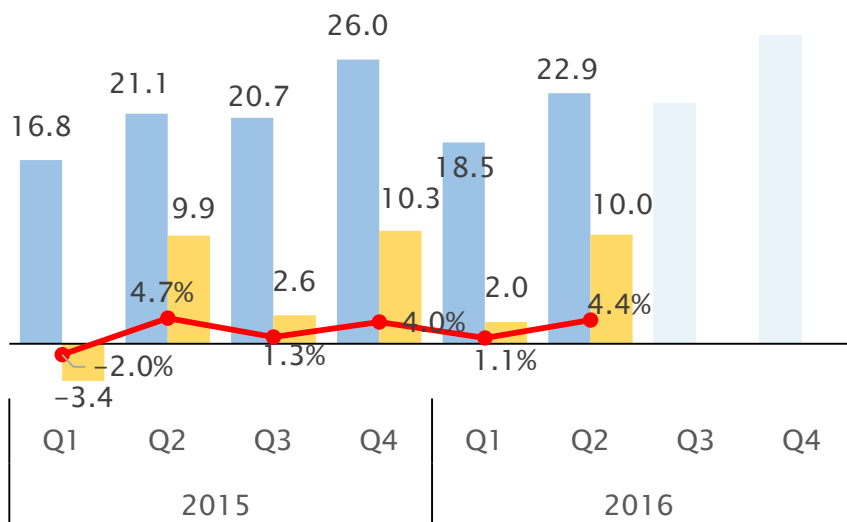
Revenue	¥ 22.9 bn	3%	+9%
BCP	¥ 1.0 bn	-40%	+1%

2Q/1H Review

Revenue increased, owing in part to impact of M&A. Digital product sales were strong. Although BCP was heavily impacted by the strength of the yen, it was on par with last year's once exchange rate factors are excluded.

- Including collaboration with outside companies, DR sales were solid in all regions, especially in the US.
- Diagnostics ultrasound systems had a strong showing in the Japanese orthopedic surgery field. Sales were launched in China and other regions following the US.
- Medical IT service sales were strong, owing in part to the acquisition of Viztek in the US.

Healthcare business revenue (w/o FOREX)



■ Revenue[billion]
■ Contribution Profit(CP)[Million]
● Contribution Profit Ratio

2Q Actual FOREX for each business segment : \$102、€114 (2016.3Q.4Q : Image)

2H Priority Measures

- In DR, strengthen alliances with partners in both domestically and overseas, expanding sales through introduction of new products
- Deploy diagnostic ultrasound imaging horizontally from orthopedic surgery to internal medicine in Japan, while expanding sales regions overseas from the US to China
- Full-scale deployment and sales expansion of new PACS (medical IT) products to hospital market

	FY2016/2Q	YoY	YoY w/o FOREX impact
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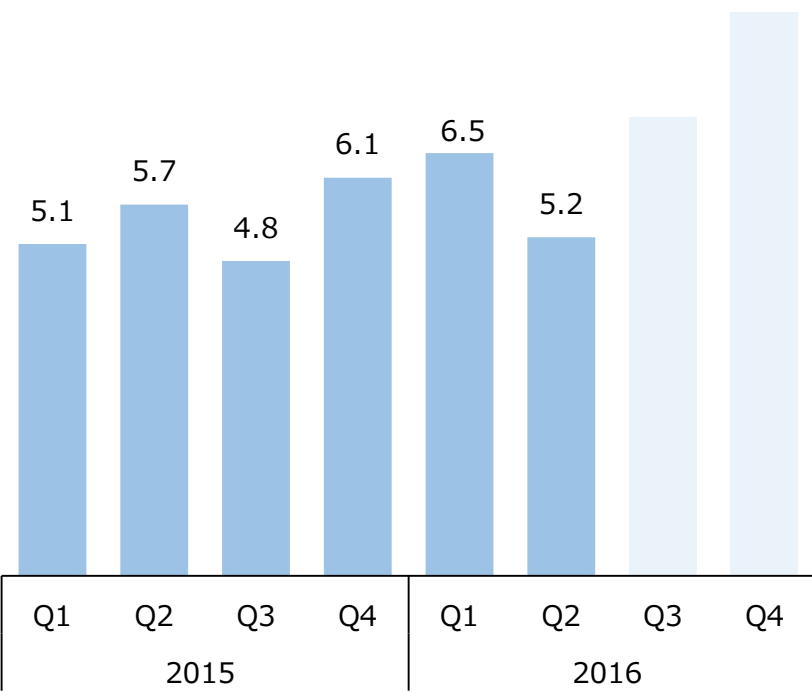
Revenue	¥ 5.2 bn	-23%	-9%
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2Q/1H Review

Revenue declined due to the postponement of a major deal expected to occur in 1H as well as the impact of the strong yen. Results swung below plans.

- Capex fell back as large customers in particular shifted to new FPD devices.
- A major deal received in 1Q began shipments in 2Q. We are working toward full-scale shipments in 2H.

Measuring Instruments Revenue (w/o FOREX)



2Q Actual FOREX for each business segment : \$102、€114 (2016.3Q.4Q : Image)

2H Priority Measures

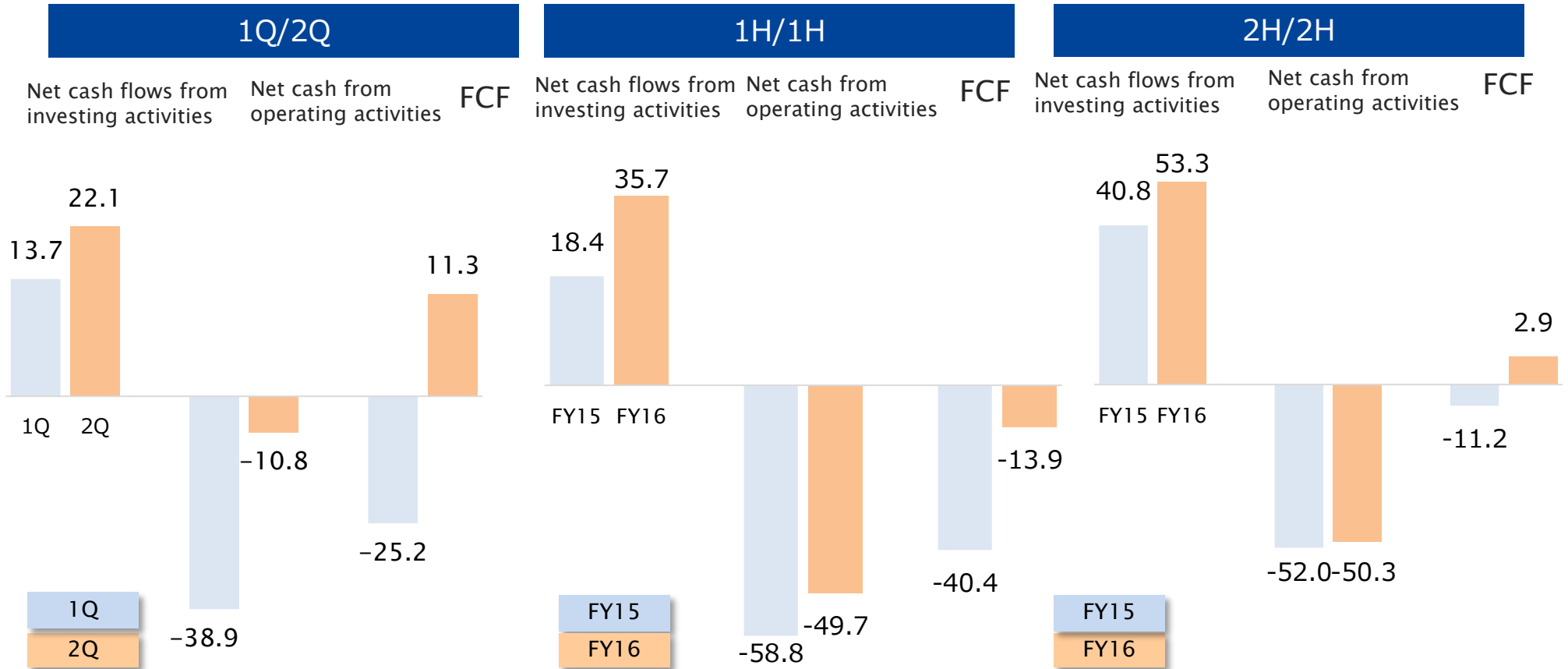
- Expand sales to important customers through synergies between the three companies of Sensing Business Unit + Instrument Systems + Radiant Vision
- Steadily monetize business opportunities related to new display devices for smartphones
- Cultivate the automotive market, accelerating opening-up of the visual surface inspection market

Free Cash Flow

Improvement of Free Cash Flow (FCF)

- 2Q : Increased Operating Cash Flow. Implemented M&As in align with growth strategy, turn to positive Free Cash Flow.
- 1H: Working capital improvement increased operating cash flow. Cash flows for investment decreased, improved FCF by ¥ 26.5 bn.
- 2H: Continuous positive Operating Cash Flow, FCF in 3/17 will be positive.

*FY2016 FCF forecast includes investment and lending



FY2016 Earnings Forecast



KONICA MINOLTA

[¥ billions]

	FY2016 Earnings Forecast	FY2015 Earning Result	Difference	
Revenue	¥ 1,030.0 bn	¥ 1,031.7 bn	- 0 %	
Operating Profit	¥ 55.0 bn	¥ 60.1 bn	- 8 %	
Profit	¥ 36.0 bn	¥ 32.0 bn	+ 13 %	
Forex	US\$	¥ 105.00	¥ 120.14	-
	euro	¥ 115.00	¥ 132.58	-

- Exchange rate assumptions: US\$: ¥105 and euro: ¥115
- Earnings Forecast: Unchanged earning forecast announced on 7/28.
Focus on achieving +13% Profit YoY
- Dividend forecast: Unchanged at ¥30 per share annually, with ¥15 at both interim and period-end.

FY2016 Earnings Forecast – Segment

Revenue	Earnings Forecast		Results		YOY
	Mar 2017		Mar 2016		
Business Technologies	810.0		832.2		-3%
Office Services	575.0		607.6		-5%
Commercial/Industrial print	235.0		224.6		5%
Healthcare	100.0		89.9		11%
Industrial Business	115.0		106.0		8%
Industrial Optical Systems	58.0		52.5		10%
Performance Materials	57.0		53.5		7%
Others	5.0		3.7		-
Group Overall	1,030.0		1,031.7		0%

[¥ billions]

Operating Profit	Earnings Forecast		Results		YOY
	Mar 2017		Mar 2016		
Business Technologies	62.0	7.7%	70.2	8.4%	-12%
Office Services	44.5	7.7%	54.2	8.9%	-18%
Commercial/Industrial print	17.5	7.4%	16.0	7.1%	9%
Healthcare	5.0	5.0%	3.9	4.3%	28%
Industrial Business	17.0	14.8%	17.0	16.1%	0%
Others	-29.0		-31.1		-
Group Overall	55.0	5.3%	60.1	5.8%	-8%

Highlights of Next Medium Term Business Plan (updated from April)

- **The yen has remained strong** since the “Mid Term Business Strategy” in April 2016.
- **Enhance profit growth** anticipating the continued rise of the yen.



- 1. Increase profitability of existing businesses.**
- 2. Enhance transformation and surrounding businesses:**
operating profit ratio 5% higher than existing businesses.
- 3. Create businesses for the IoT era with higher profit:** operating profit ratio of 15% or greater.

Increase Gross Profit Ratio by 2%.

- ✓ Exhaustively apply **value-added sales**. → Communicate that **“value = non-price competitiveness.”**
- ✓ Reduce production costs. → Utilize **digital manufacturing, automation design, and in-Group production/procurement.**
- ✓ Reduce service costs. → Use remote services & predictive systems.

Reduce SGA Ratio by 2%.

- ✓ **Reduce indirect HR** for all Group functions. → Simplify Group management structure; use ICT & AI.
- ✓ Change quality of Group's direct sales HR. → **Enhance value-added proposal-making capabilities.**
- ✓ Enhance R&D with no increase in HQ R&D HR. → **Utilize overseas HR for software and applications.**

Improve Forex sensitivity.

Manage ROIC onsite & in Businesses with Visible Results.

Further Focus on Enhancement of Existing Businesses.

Commercial & Industrial Printing Business

- ✓ Strengthen digital printing and total operational support.
 - ✓ Promote alliances and M&A.

Digital Marketing Services Business

- ✓ Services to provide data analysis and sales promotional plans

Performance Material Business

- ✓ Commercialization of new materials and new high-functional films

Sensing Business

- ✓ Automated visual inspections

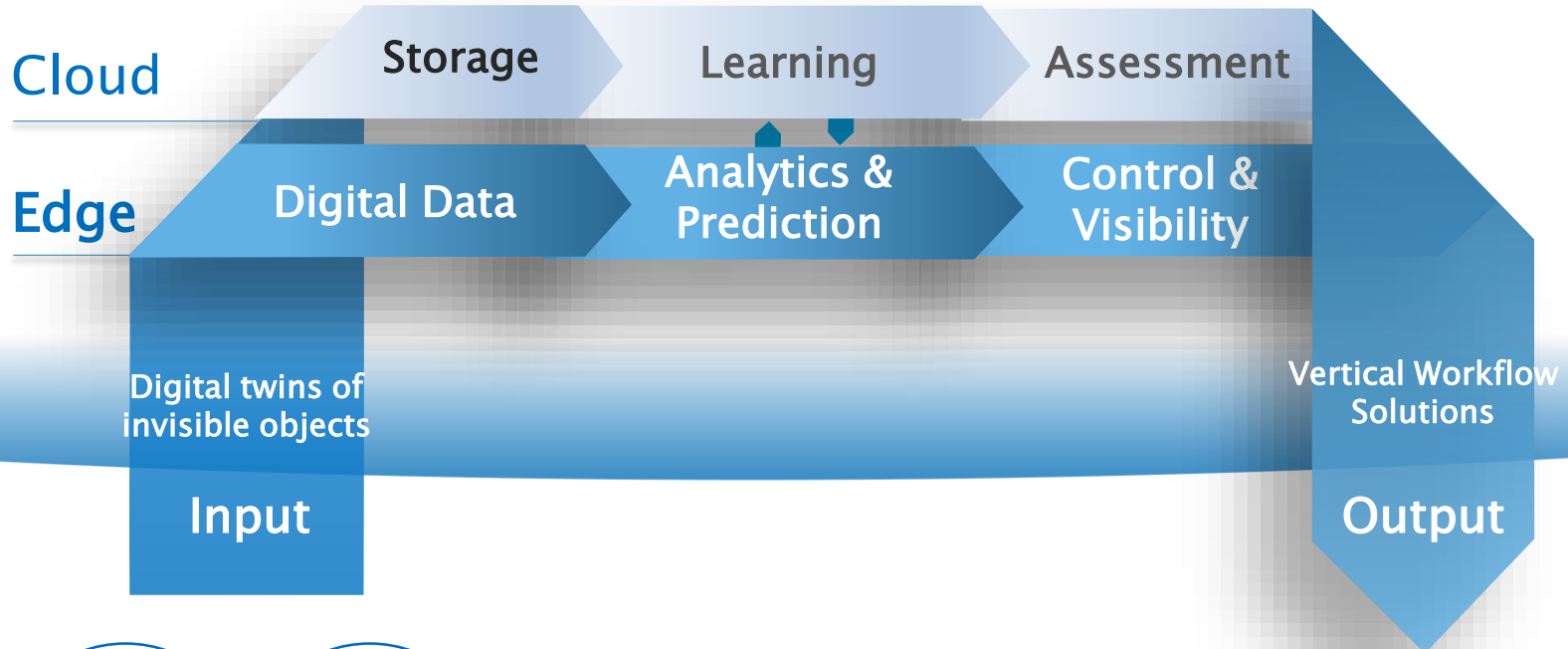
Healthcare Business

- ✓ Talbot-Lai (next-generation X-ray diagnostic device); kinetic analytics

KM Cyber Physical Systems (CPS)

Processing

Cyber
(Digital)



Digital twins of invisible objects

Input

Actual Images

Analog Quantities

Physical
(Analog)

Vertical Workflow Solutions

Output

Customer Value

Security & Safety
Efficiency & Automation
Prediction & Optimization
Creativity

New business domains

MFP as an Office Service Platform

- Collaboration navigation
- Office productivity improvement

Monitoring

- High security
- Improved services for hospitals, caregiving, and welfare
- Enhancement of manufacturing and logistics workflows

Primary Care Enhancement

- Integrated workflow transformation
- Higher quality diagnosis & treatment (image interpretation with AI)

Digital Manufacturing

- Higher quality
- Loss elimination
- Lead time reduction



Drug Discovery and Clinical Trial Support Field

- Acceleration of personalized cancer treatment (fluorescent nanoparticles)
- Rapid screening for myocardial infarction

Organic Integration of Businesses from BIC

- New business incubation
- Investment in promising startups
- Open innovation

Keys for Monetization

Ability to find & clarify
substantial problems
through Design Thinking
method

Organizational design
aimed at creation of
agile business & mass
customization

Strategy for proprietary
software that leads
directly to profit in
services business

Platform creation based
on “Close Strategy” &
open alliance

Appendix

FY2016/2Q Financial Highlight – Overview



[¥ billions]

	1H Mar 2017	1H Mar 2016	YoY	2Q Mar 2017	2Q Mar 2016	YoY
Revenue	462.0	507.2	-9%	232.8	258.6	-10%
Gross Profit	227.0	244.2	-7%	112.8	124.5	-9%
Gross Profit ratio	49.1%	48.1%	-	48.4%	48.1%	-
Operating Profit	18.5	28.2	-34%	9.6	18.2	-47%
Operating Profit ratio	4.0%	5.6%	-	4.1%	7.0%	-
Profit before tax	17.5	27.3	-36%	9.0	16.9	-47%
Profit before tax ratio	3.8%	5.4%	-	3.8%	6.6%	-
Profit attributable to owners of the company	13.2	17.3	-24%	6.9	10.7	-36%
Profit attributable to owners of the company ratio	2.9%	3.4%	-	2.9%	4.2%	-
FCF	-13.9	-40.4		11.3	-19.2	
FOREX [Yen]						
USD	105.29	121.80	-16.51	102.43	122.23	-19.80
euro	118.15	135.07	-16.92	114.28	135.98	-21.70

FY2016/1H Financial Results – Segment



[¥ billions]

Revenue	1H			2Q		
	Mar 2017	Mar 2016	YoY	Mar 2017	Mar 2016	YoY
Business Technologies	370.6	409.2	-9%	184.3	207.4	-11%
Office Services	268.8	300.1	-10%	132.5	151.6	-13%
Commercial/Industrial print	101.9	109.1	-7%	51.8	55.9	-7%
Healthcare	41.4	40.2	3%	22.9	22.4	3%
Industrial Business	44.2	56.3	-22%	22.4	28.1	-20%
Industrial Optical Systems	22.8	27.1	-16%	10.5	14.0	-25%
Performance Materials	21.4	29.2	-27%	11.9	14.1	-16%
Others	5.8	1.5	-	3.1	0.7	-
Group Overall	462.0	507.2	-9%	232.8	258.6	-10%

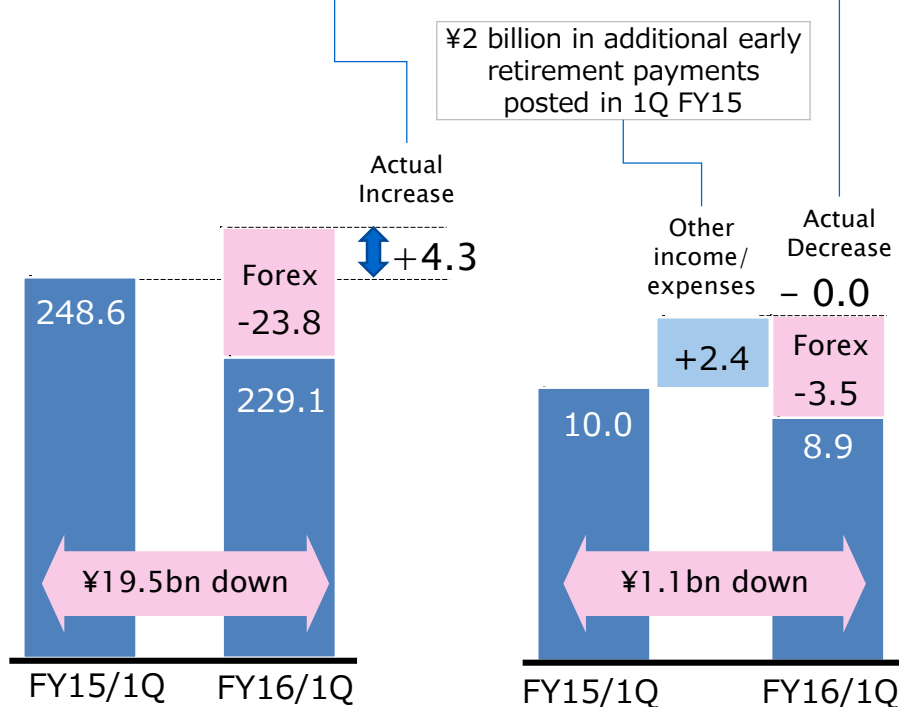
Operating Profit	1H			2Q		
	Mar 2017	Mar 2016	YoY	Mar 2017	Mar 2016	YoY
Business Technologies	26.2	34.4	-24%	12.8	21.1	-39%
Office Services	20.3	27.4	-26%	9.6	16.4	-41%
Commercial/Industrial print	5.8	6.9	-16%	3.2	4.7	-31%
Healthcare	1.2	1.5	-17%	1.0	1.4	-23%
Industrial Business	4.7	10.5	-55%	2.4	4.6	-48%
Others	-13.6	-18.1	-	-6.6	-8.9	-
Group Overall	18.5	28.2	-34%	9.6	18.2	-47%

FY2016/1H Revenue and Operating Profit w/o FOREX Impact

- Revenue: Expand sales increase w/o FOREX impact
- Operating Profit: Expand operating profit increase w/o FOREX and other income/expense

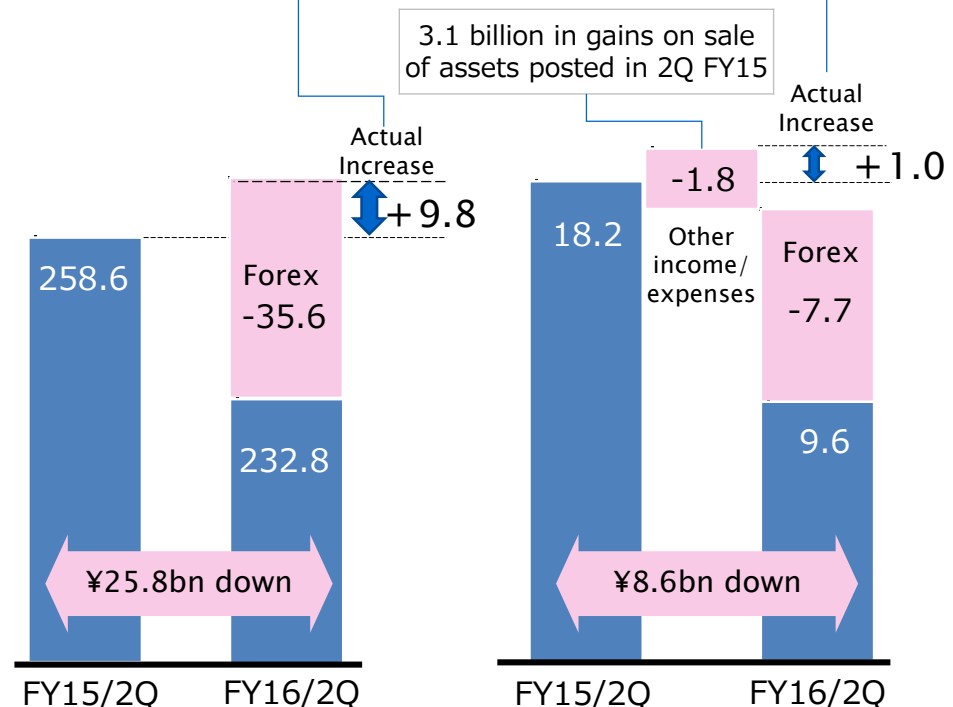
1Q : Revenue(Left) / Operating Profit(Right)

	Difference	
	Revenue	OP
Business Technologies	6.3	2.3
Healthcare	2.0	0.4
Industrial Business	- 4.8	- 2.9



2Q : Revenue(Left) / Operating Profit(Right)

	Difference	
	Revenue	OP
Business Technologies	9.8	1.8
Healthcare	2.6	- 0.0
Industrial Business	- 4.5	- 2.0

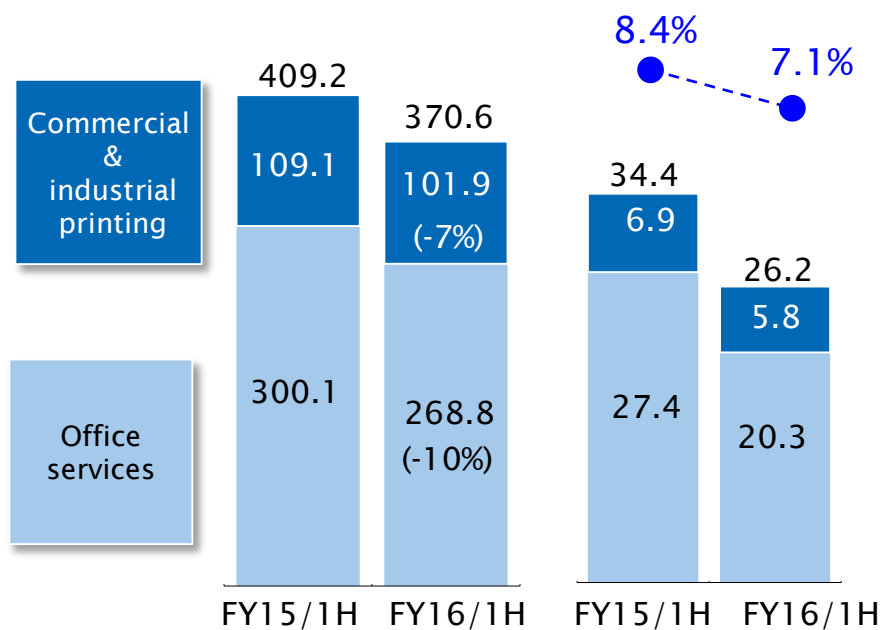


Business Technologies Business 1H Overview

- Revenue : ¥370.6bn 9% down (FOREX Impact: ¥-53.8bn, +4% w/o FOREX)
 - Revenue fell due to FOREX impact, while Mid to High Speed color products maintained solid momentum and increase of Non Hard products led sales increase without FOREX impact.
- Operating Profit: ¥26.2bn -8.2bn down (FOREX Impact: ¥-10.1bn, +5% w/o FOREX)
 - Profit increase without FOREX impact and profit of asset sold (¥ 2.6bn) in 15/1H

Revenue/Operating Profit

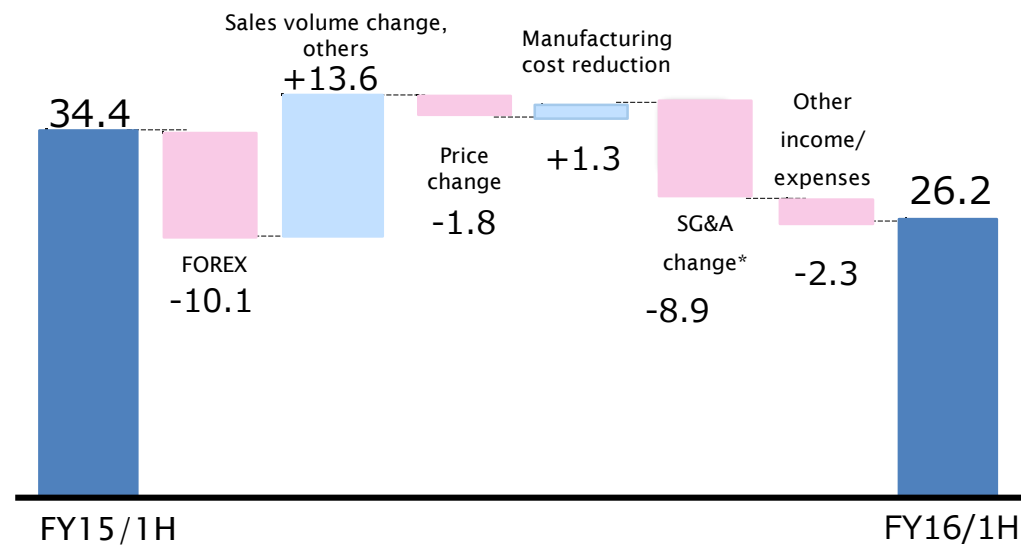
Left: Revenue Right: Operating Profit ●: OP Ratio [¥ billions]



Operating Profit Analysis

[¥ billions]

*Includes ¥1.7 billion in SG&A expenses from newly consolidated companies



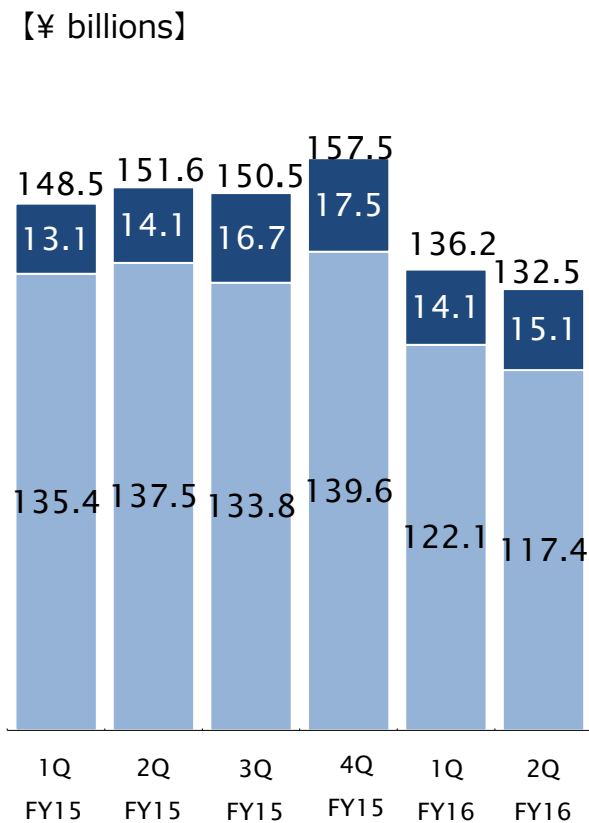
Business Technologies Business: 2Q Office Services Performance

- Revenue: ¥132.5bn 13% down (FOREX Impact: ¥-22.9bn, +3% w/o FOREX)
- Operating Profit: ¥9.6bn 41% down (FOREX Impact: ¥-5.5bn, -8% w/o FOREX)
 - Saw firm sales of segment 4+ models of A3 color MFP in Europe and U.S.

Quarterly Revenue Transition

Revenue

2Q -Summary



IT service solutions

¥15.1bn
YoY +7%

Office Products

¥117.4bn
YoY -15%

OPS ¥20.1bn
YoY +2%

GMA ¥7.3bn
YoY -0%

- ✓ Expand Hybrid sales in U.S. and Europe
- ✓ Newly acquired companies contributed profit.

- ✓ Launched segment 4+ A3 color MFP sales. Products with Hybrid sales were strong
- ✓ Win new customers in Europe and U.S., and first customers in Italy

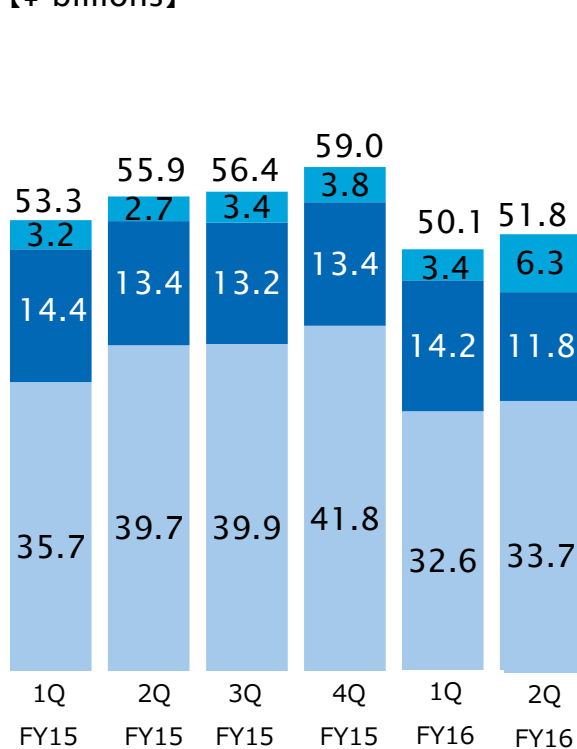
*Seg4: MFP printing A4 45~69 page per minutes
*Seg5: MFP printing A4 70~90 page per minutes

Business Technologies Business: 2Q Commercial and Industrial Printing

- Revenue: ¥51.8bn 7% down (FOREX Impact: ¥-22.9bn, +9% YoY w/o FOREX)
- Operating Profit: ¥3.2bn 31% down (FOREX Impact: ¥-1.3bn, -3% YoY w/o FOREX)
 - Continuous sales of Flagship model, although facing keen competition in low-end segment. Lowered profit by flat shipment growth. Anticipate recovery with new products.

Quarterly Revenue Transition

【¥ billions】



Industrial print / Inkjet

Revenue

¥6.3bn
YoY +134%

MPM/
Print Services

¥11.8bn
YoY -12%

Production
Print

¥33.7bn
YoY -15%

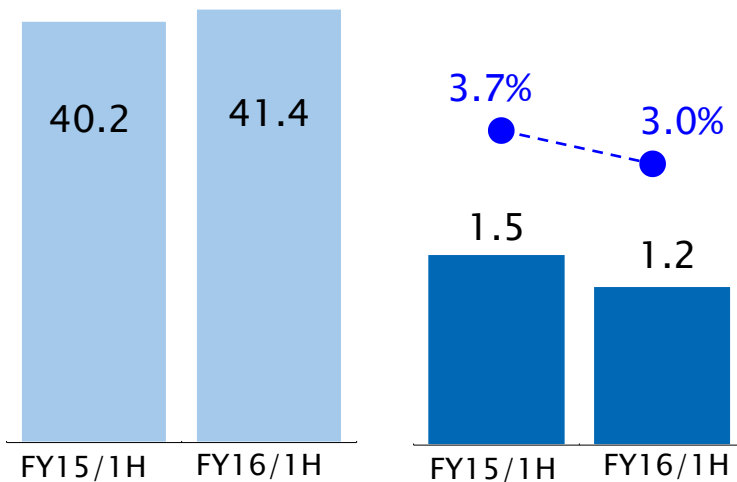
2Q -Summary

- ✓ Components increased sales in China, Europe and the US,
 - ✓ Began sales of the new “Accuriojet KM-1” digital inkjet press.
 - ✓ Consolidated MGI from 2Q/2016.
-
- ✓ Expanded service area to Europe by contract revise with Global Consumer Manufactures in Switzerland
 - ✓ Launched Cherterhouse Branch in Dubai. Expand service area in Mid East Asia
-
- ✓ Sales of the “bizhub PRESS C1100” remained solid in US. Gained large scale orders. Sales growth in other area
 - ✓ Saw sales growth of consumable.

- Revenue: ¥41.4bn 3% up (FOREX Impact: ¥-3.3bn, +11% w/o FOREX)
- Operating Profit: ¥1.2bn 17% down (FOREX Impact: ¥-1.1bn, +57% w/o FOREX)
- Sales of digital products, especially DR, led sales growth. Profit jumped without FOREX impact

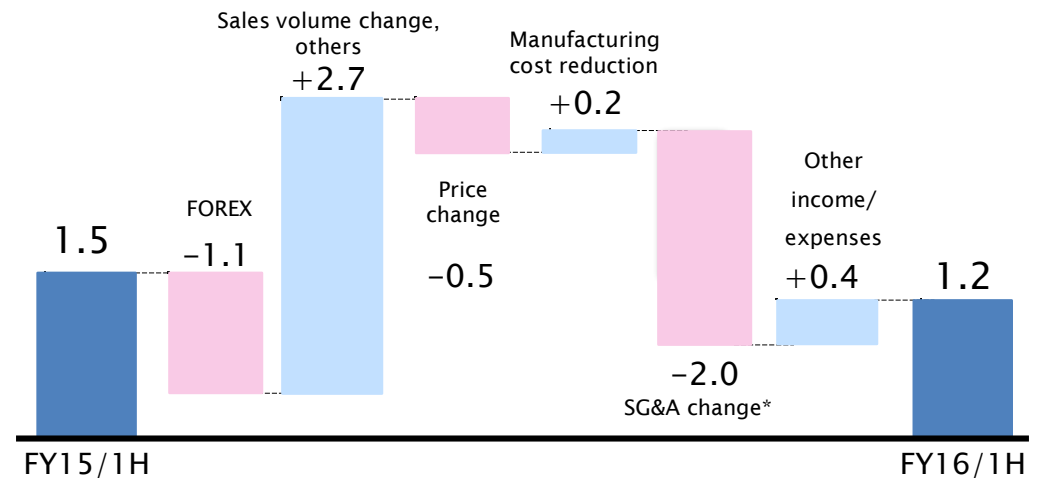
Revenue/Operating Profit

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



Operating Profit Analysis

[¥ billions]



*Includes ¥0.2 billion increase in SG&A expenses from organizational restructuring

Healthcare Business 2Q Performance

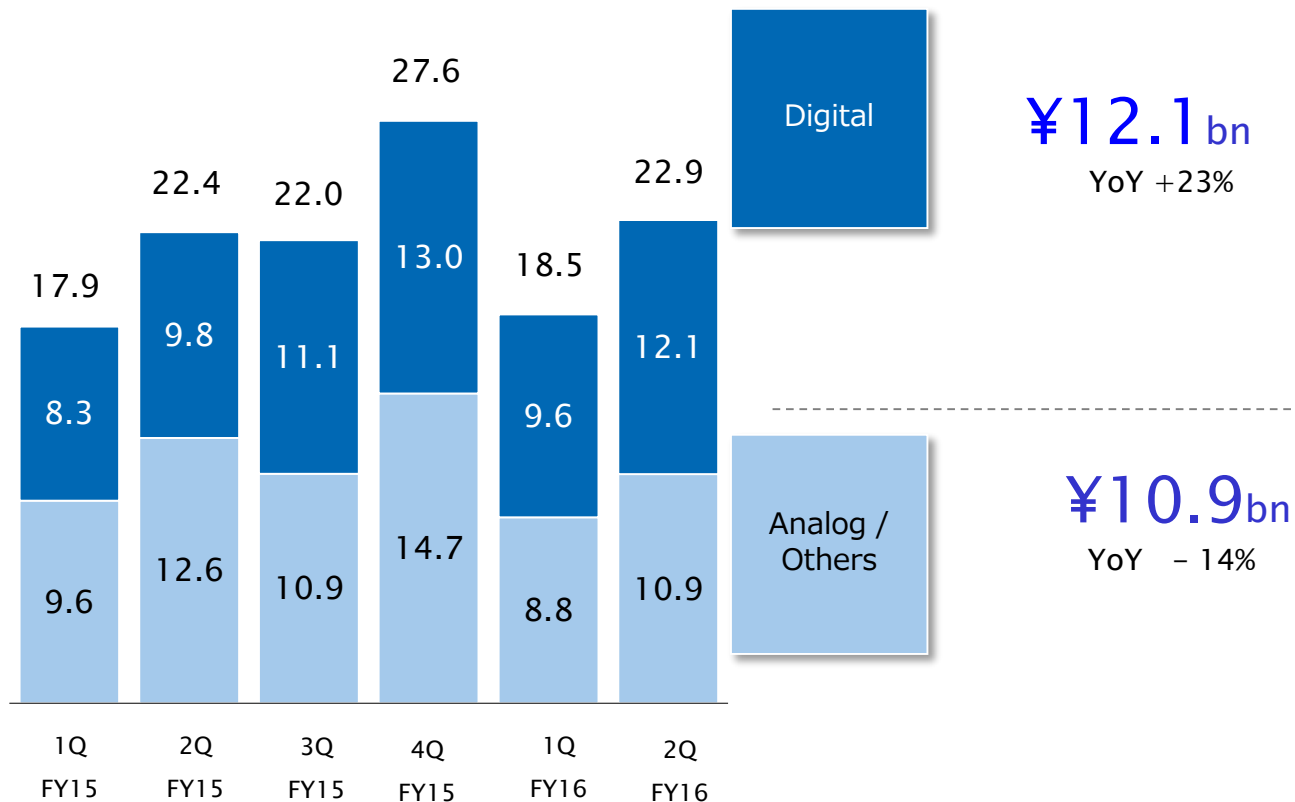
- Revenue: ¥22.9n 3% up (FOREX Impact: ¥-2.0bn, +12% w/o FOREX)
- Operating Profit: ¥1.0bn 23% down (FOREX Impact: ¥-0.7bn, +26% w/o FOREX)

Quarterly Revenue Transition

Revenue

2Q -Summary

【¥ billions】



- ✓ Saw firm DR sales through alliances with partners, mostly in the US.
- ✓ Sales of Diagnostic Ultrasound Systems saw good sales in Orthopedics in Japan. Started sales in China as did in U.S.
- ✓ Medical IT services were strong, helped by acquisitions in the US.
- ✓ Sales declined in line with shift to digital.

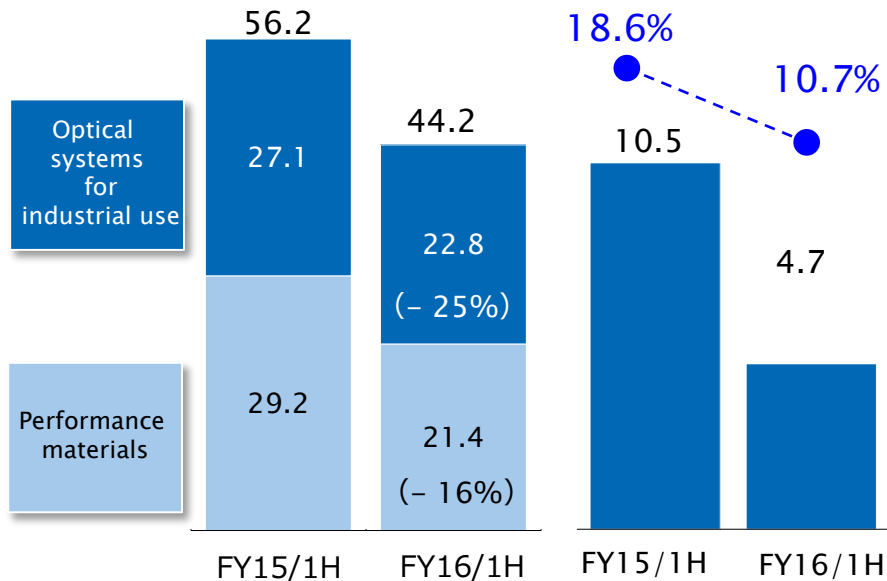
* Digital: X-ray systems (DR, CR), ultrasound diagnostic imaging systems, medical IT service, etc.
 Analog and others: Film, imager, local procurements, etc.

Industrial Business 1H Overview

- ▣ **Revenue: ¥44.2bn 22% down (FOREX Impact: ¥-2.4n, -17% w/o FOREX)**
 - In optical systems for industrial use, measuring instruments were strong, but lenses for industrial and professional use struggled and revenue fell.
 - Performance materials posted lower revenue due to declining sales of TAC film.
- ▣ **Operating Profit: ¥4.7bn 55% down (FOREX Impact: ¥-0.4bn, -51% w/o FOREX)**
 - Profits declined as a result of shrinking sales in both fields.

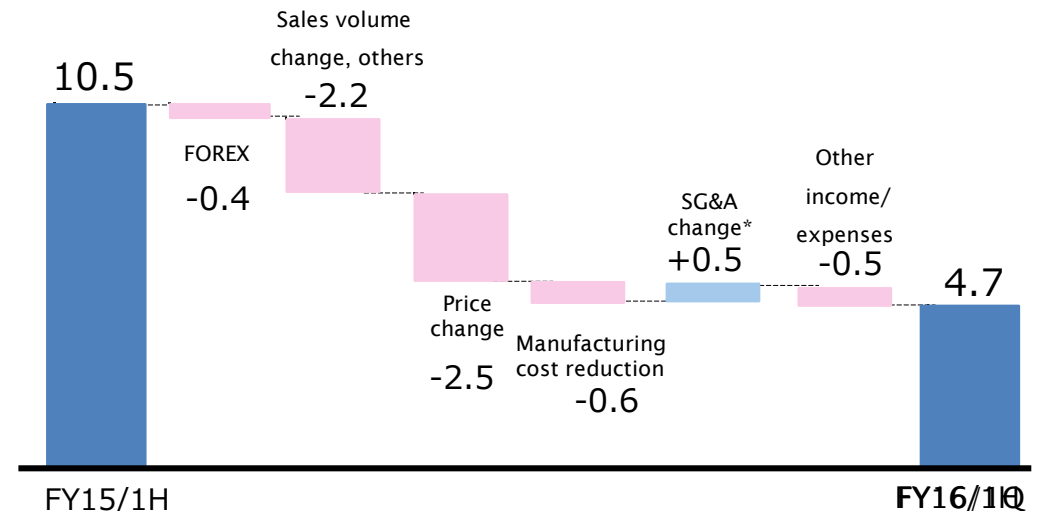
Revenue/Operating Profit

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



Operating Profit Analysis

[¥ billions]

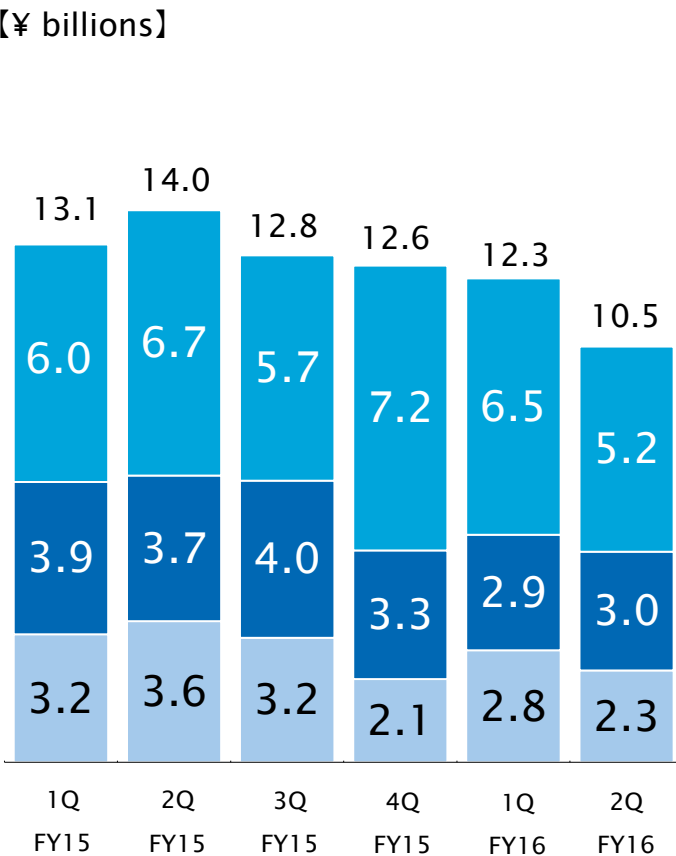


Industrial Business: 2Q Optical Systems for Industrial Use

□ Revenue : ¥10.5bn 25% down (FOREX Impact: ¥-1.3bn, -15% w/o FOREX)

Quarterly Revenue Transition

【¥ billions】



Measuring Instruments

¥5.2bn

YoY -23%

Industrial & Professional lenses

¥3.0bn

YoY -18%

Others

¥2.3bn

YoY -35%

Revenue

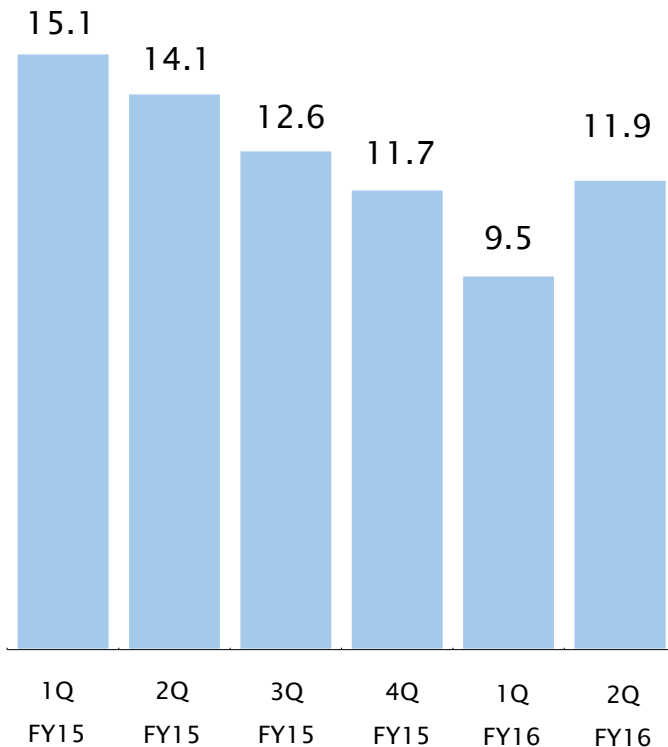
2Q -Summary

- ✓ Shift to new display in smart phone manufacture lowered capex
- ✓ Large scale 1Q order shipment started in 2Q. Preparing shipment for 2H
- ✓ Market inventory adjustment led to lower sales volumes
- ✓ Sales of lenses for compact digital still cameras declined due to Kumamoto Earthquake

□ Revenue : ¥11.9bn 16% down (FOREX Impact: ¥-0bn w/o FOREX)

Quarterly Revenue Transition

[¥ billions]



- For FPD
 - Large size
 - Small & medium size
- Other
 - Window film
 - Barrier film
 - Precision Photo Plate
 - Raw material

2Q -Summary

- ✓ Bottomed out sales weakness in 1Q due to display market recovery
- ✓ ZeroTAC for IPS display gained customer approval and started mas production
- ✓ Sales thin TAC film grew in Small-Mid size Display.
- ✓ Saw firm QWP film sales

FY2016/1H Financial Results Highlight - Overview



[¥ billions]

	1H Mar 2017	1H Mar 2016	YoY	2Q Mar 2017	2Q Mar 2016	YoY
Revenue	462.0	507.2	-9%	232.8	258.6	-10%
Gross Profit	227.0	244.2	-7%	112.8	124.5	-9%
Gross Profit ratio	49.1%	48.1%	-	48.4%	48.1%	-
Operating Profit	18.5	28.2	-34%	9.6	18.2	-47%
Operating Profit ratio	4.0%	5.6%	-	4.1%	7.0%	-
Profit before tax	17.5	27.3	-36%	9.0	16.9	-47%
Profit before tax ratio	3.8%	5.4%	-	3.8%	6.6%	-
Profit attributable to owners of the company	13.2	17.3	-24%	6.9	10.7	-36%
Profit attributable to owners of the company ratio	2.9%	3.4%	-	2.9%	4.2%	-
EPS [Yen]	26.73	34.82		13.84	21.68	
CAPEX	17.4	22.1		9.6	14.3	
Depreciation and Amortization Expenses	25.4	25.0		12.7	12.4	
R&D expenses	36.2	38.1		17.9	18.8	
FCF	-13.9	-40.4		11.3	-19.2	
Investment and lending	36.4	42.7		4.1	33.7	
FOREX [Yen] USD	105.29	121.80	-16.51	102.43	122.23	-19.80
euro	118.15	135.07	-16.92	114.28	135.98	-21.70

Operating Profit Analysis

FY2016/1H vs FY2015/1H

[Factors]

	Business Technologies	Healthcare	Industrial Business	Total
Forex impact	-10.1	-1.1	-0.4	-11.2
Price change	-1.8	-0.5	-2.5	-4.8
Sales volume change, and other, net	13.6	2.7	-2.2	18.7
Cost up/down	1.3	0.2	-0.6	-0.7
SG&A change, net	-8.9	-2.0	0.5	-12.1
Other income and expense	-2.3	0.4	-0.5	0.5

[Operating Profit]

Change, YoY	-8.2	-0.2	-5.7	-9.7
-------------	------	------	------	------

FY2016/2Q vs FY2015/2Q

[Factors]

	Business Technologies	Healthcare	Industrial Business	Total
Forex impact	-7.3	-0.7	-0.1	-7.7
Price change	-1.0	-0.4	-1.4	-2.8
Sales volume change, and other, net	7.4	1.5	-0.5	10.9
Cost up/down	0.7	0.1	-0.5	-0.7
SG&A change, net	-5.3	-1.2	0.5	-6.4
Other income and expense	-2.8	0.4	-0.1	-1.8

[Operating Profit]

Change, YoY	-8.3	-0.3	-2.2	-8.6
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[¥ billions]

SG&A , Other Income/ Expenses • Finance Income/Loss

[¥ billions]

	1H Mar 2017	1H Mar 2016	YoY	2Q Mar 2017	2Q Mar 2016	YoY
SG&A:						
Selling expenses - variable	23.7	24.8	-1.1	11.6	12.4	-0.9
R&D expenses	36.2	38.1	-1.9	17.9	18.8	-0.9
Personnel expenses	94.8	97.8	-3.0	46.5	48.8	-2.3
Other	52.6	53.6	-1.0	26.0	27.1	-1.1
SG&A total	207.3	214.3	-7.0	102.0	107.2	-5.1
	<i>* Forex impact:</i>					
	☐19.1 bn. (Actual: ☐12.1bn.)			☐11.5 bn. (Actual: ☐6.4bn.)		
Other income:						
Gain on sales of property, plant and equipment	0.1	3.3	-3.2	0.1	3.1	-3.1
Other income	1.8	1.7	0.1	0.5	1.1	-0.6
Other income total	1.9	5.0	-3.1	0.6	4.2	-3.7
Other expenses						
Loss on sales of property, plant and equipment	0.4	1.0	-0.6	0.3	0.7	-0.4
Special extra retirement payments	-	2.5	-2.5	-	0.5	-0.5
Other expenses	2.7	3.2	-0.4	1.3	2.1	-0.8
Other expenses total	3.1	6.7	-3.6	1.7	3.4	-1.7
Finance income/loss:						
Interest income/Dividends received/Interest expense	-0.1	-0.2	0.0	-0.2	-0.3	0.1
Foreign exchange gain/loss (net)	-0.7	-0.5	-0.2	-0.4	-0.8	0.5
Other	-0.1	-0.2	0.0	-0.0	-0.1	0.0
Finance income/loss, net	-1.0	-	-0.9	-0.6	-1.2	0.6

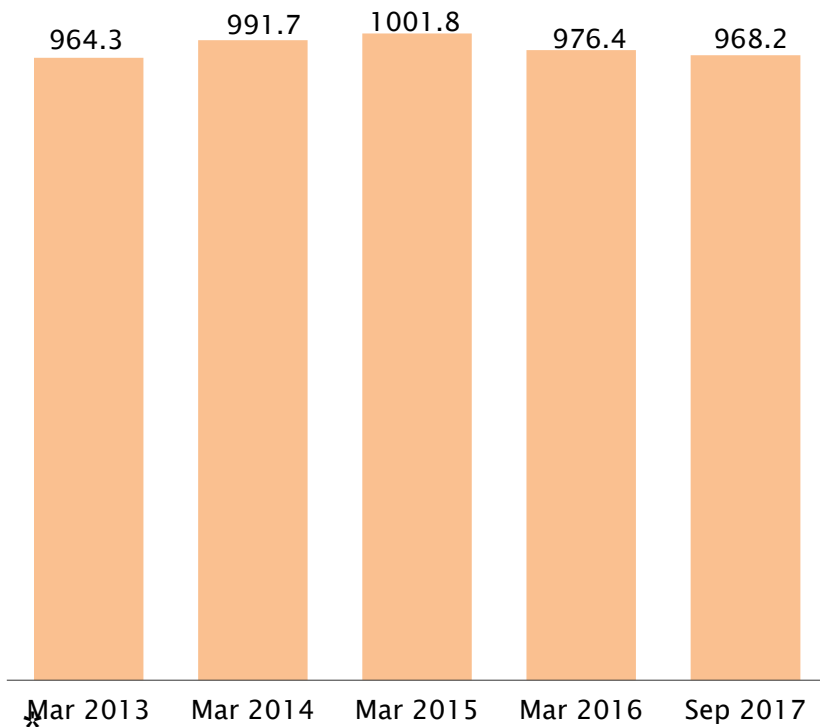
FY2016 Earnings Forecast- Overview

[¥ billions]

	Earnings Forecast		Results	
	Mar 2017		Mar 2016	YoY
Revenue	1,030.0		1,031.7	-0%
Operating Profit	55.0		60.1	-8%
	<i>Operating Profit ratio</i>	<i>5.3%</i>	<i>5.8%</i>	
Profit before tax	52.5		58.0	-10%
Profit attributable to owners of the company	36.0		32.0	+13%
	<i>Profit attributable to owners of the company ratio</i>	<i>3.5%</i>	<i>3.1%</i>	
EPS [Yen]	72.60		64.39	
ROE* (%)	7.2%		6.5%	
CAPEX	50.0		52.6	
Depreciation and Amortization Expenses	50.0		51.3	
R&D expenses	75.0		76.3	
FCF	39.0		-51.5	
Investment and loan	50.0		68.2	
*Purchase of tangible/intangible assets				
	FOREX [Yen] USD	105.00	120.14	
	euro	115.00	132.58	

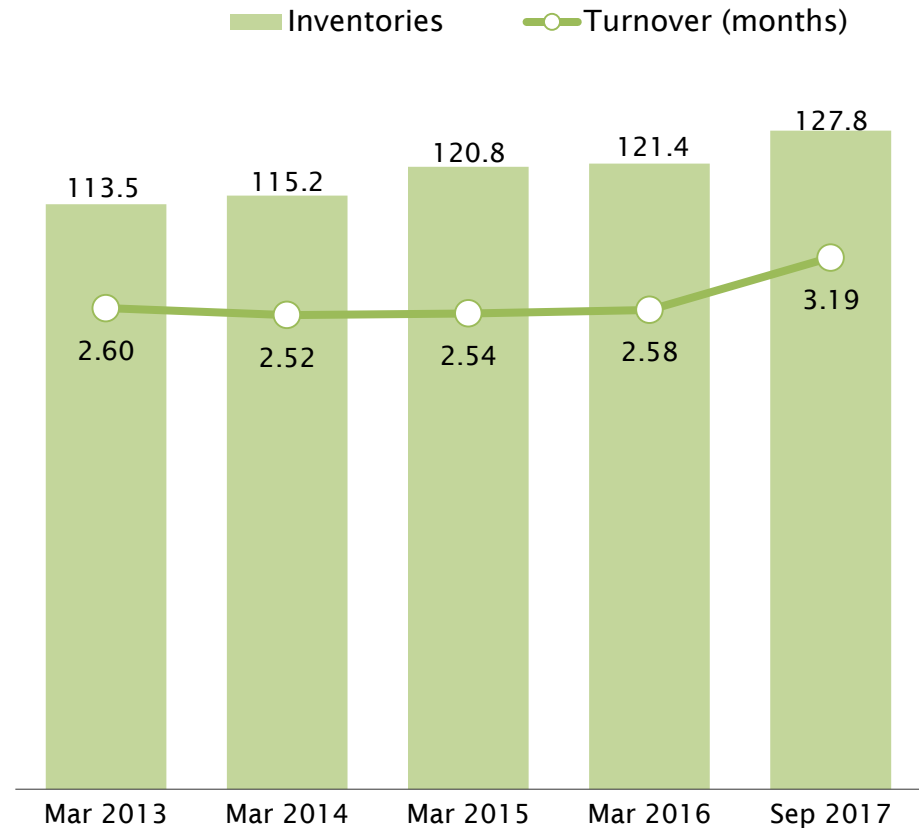
[¥ billions]

Total Assets



*Mar 2013= 4/1 2013

Inventories/Turnover

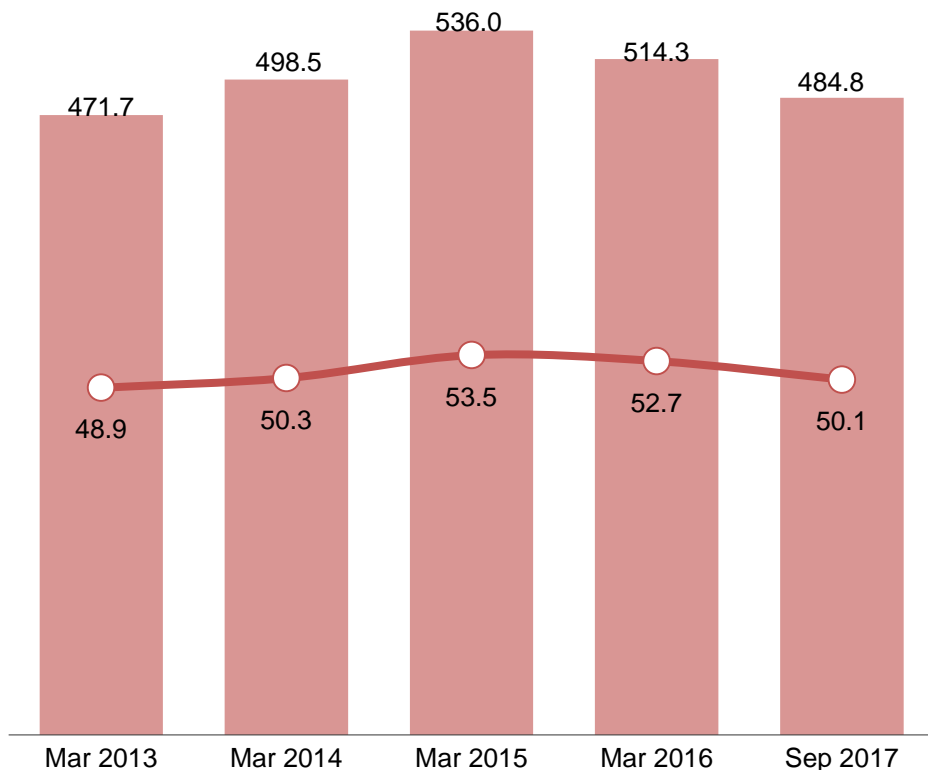


* Inventory turnover = Inventory balance at fiscal year end / Average cost of sales for most recent three months

[¥ billions]

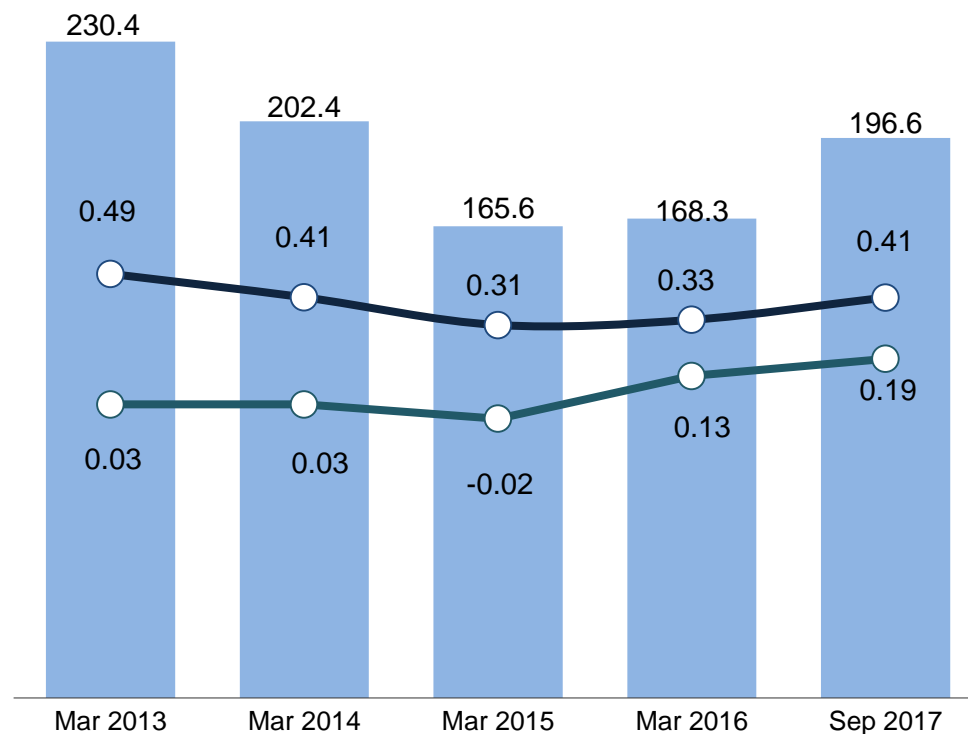
Equity & Equity ratio attributable to owners of the parent company

Shareholders' equity Equity ratio



Interest-bearing liabilities & ratio of interest-bearing liabilities

Interest-bearing debts Debt-to-equity ratio
Net Debt equity ratio



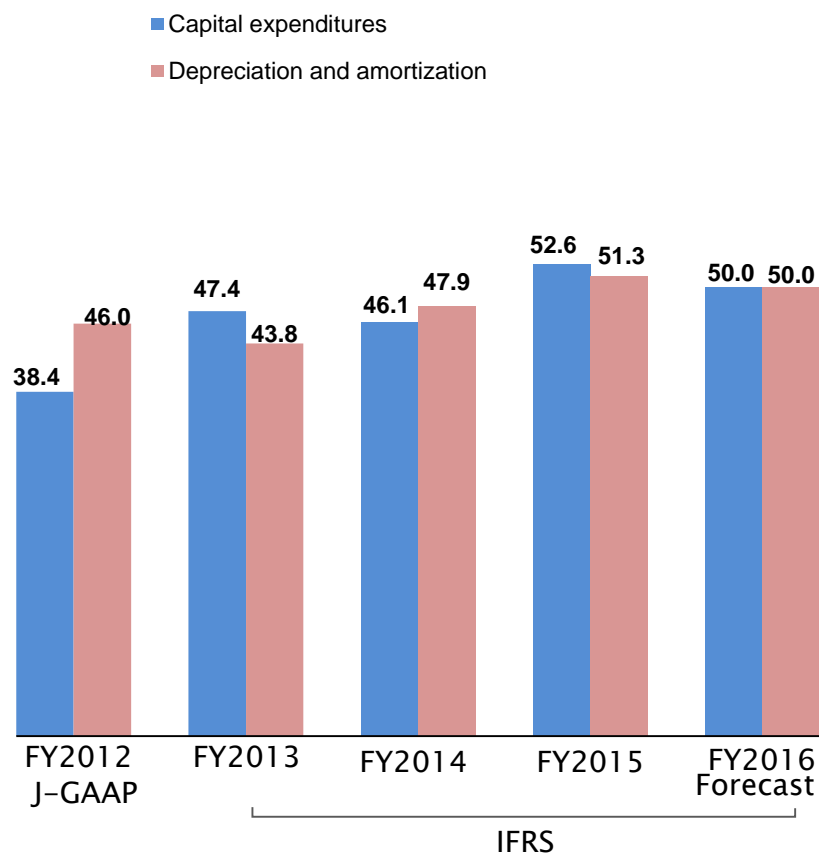
*Equity ratio attributable to owners of the company= Equity attributable to owners of the company / Total assets

*Mar 2013= 4/1 2013

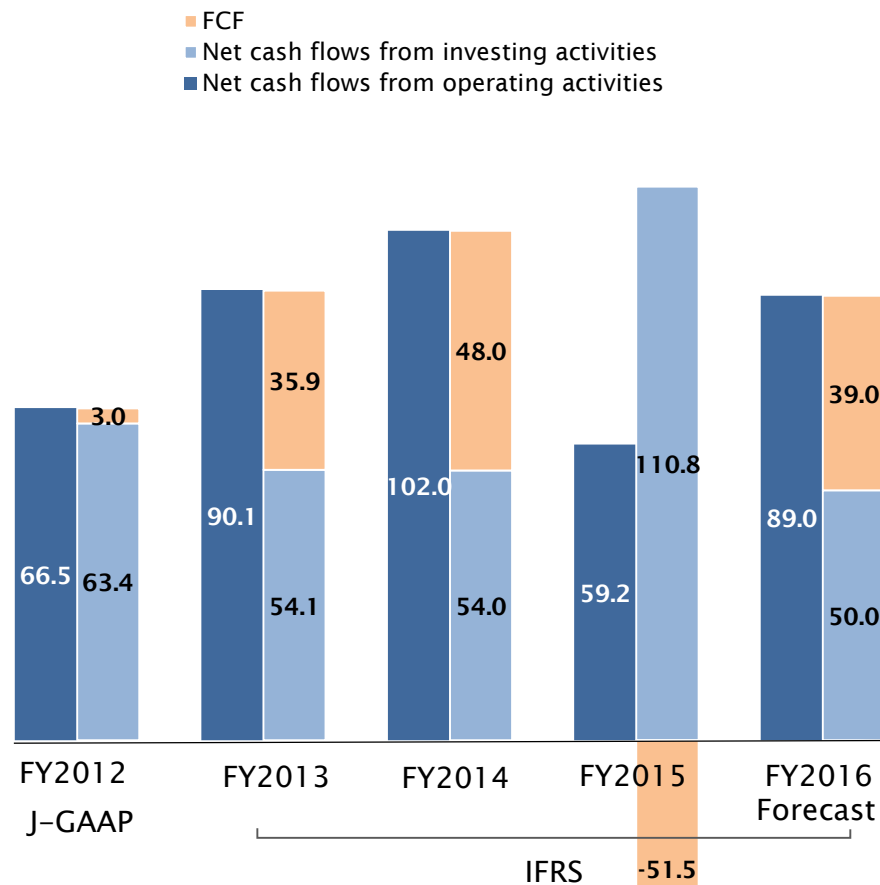
Outlook for Capital Expenditure and Depreciation and Amortization Expenses/ Free Cash Flows

Capital Expenditure and Depreciation and Amortization Expenses

[¥ billions]



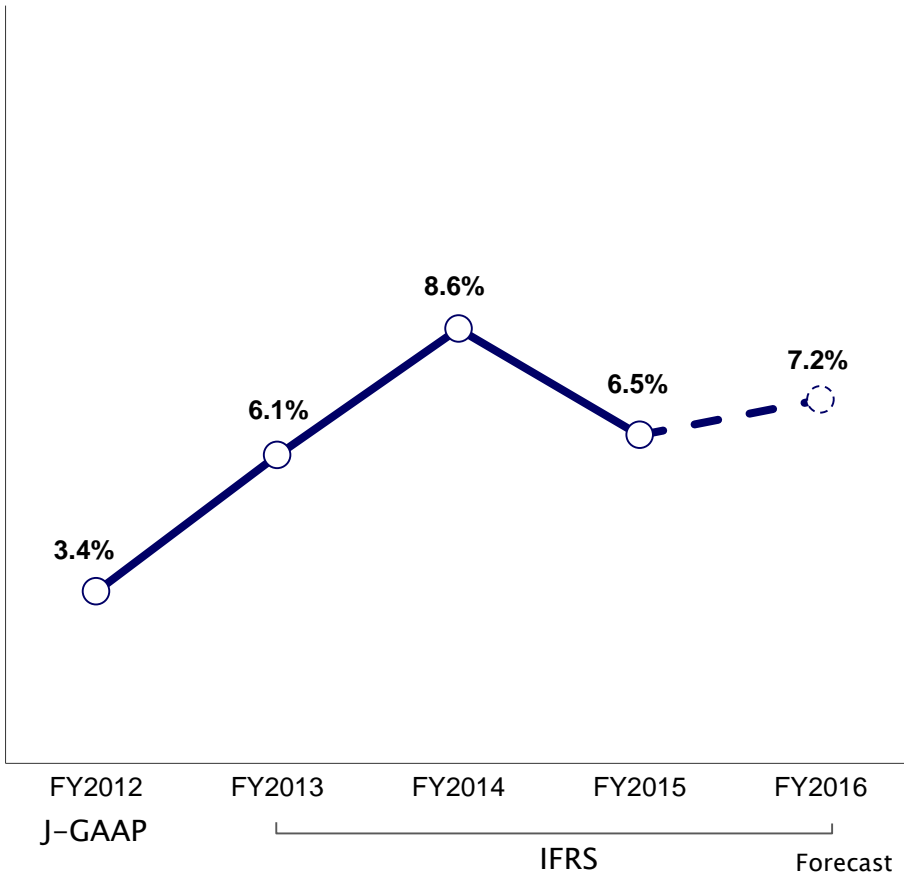
Free Cash Flows



*FCF forecast for Mar 2017 does not include investment and lending

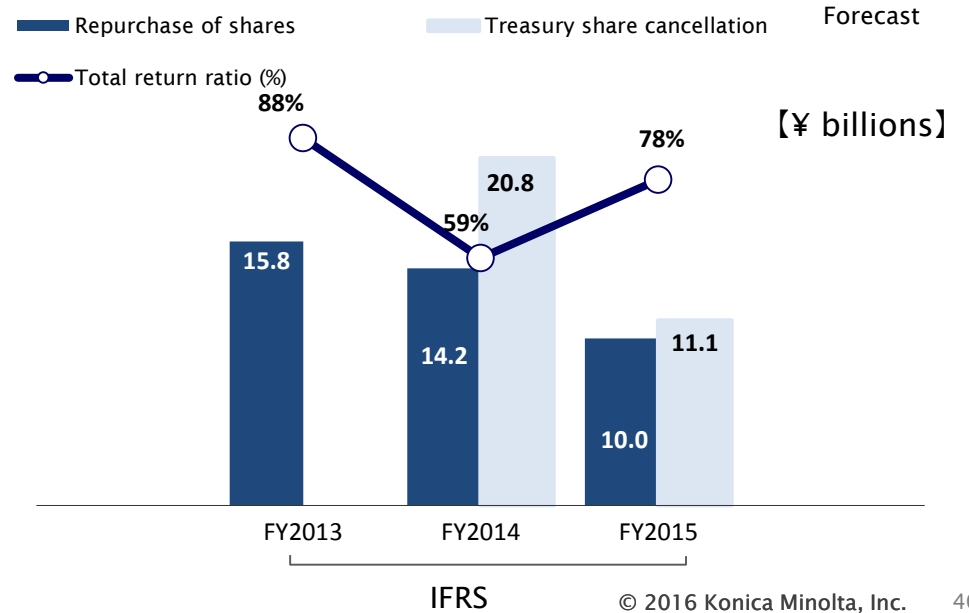
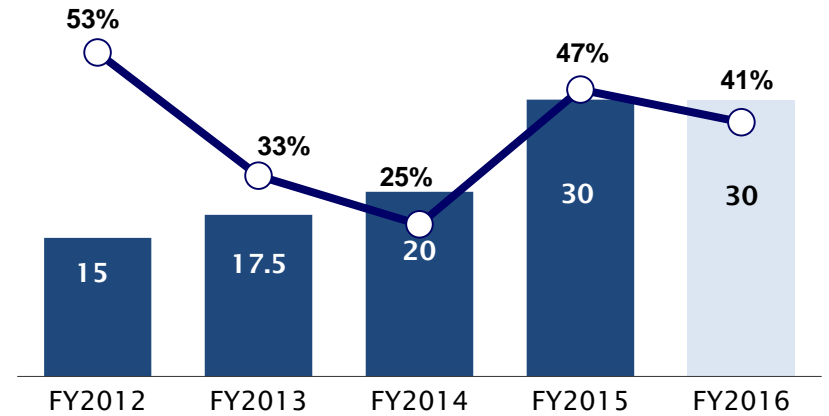
ROE

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



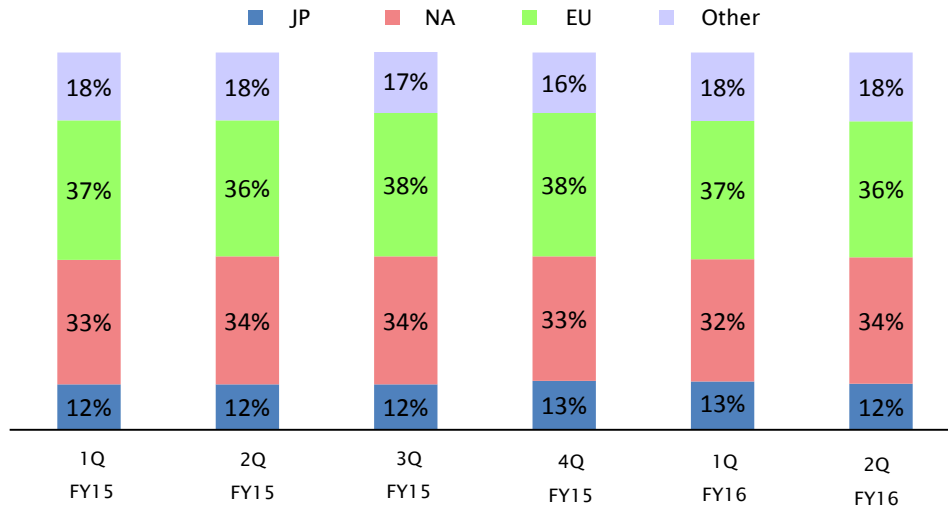
Shareholder Returns

■ Dividends (per share) ● Dividend payout ratio (%)
 [per one share/Yen]

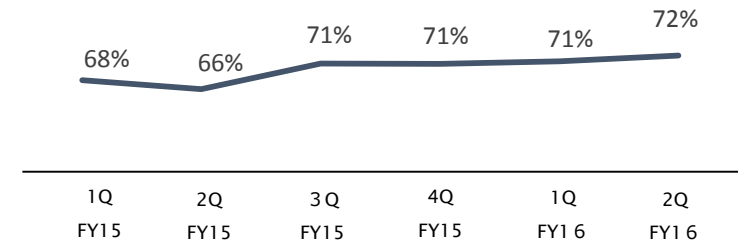


Revenue Trend: Business Technologies

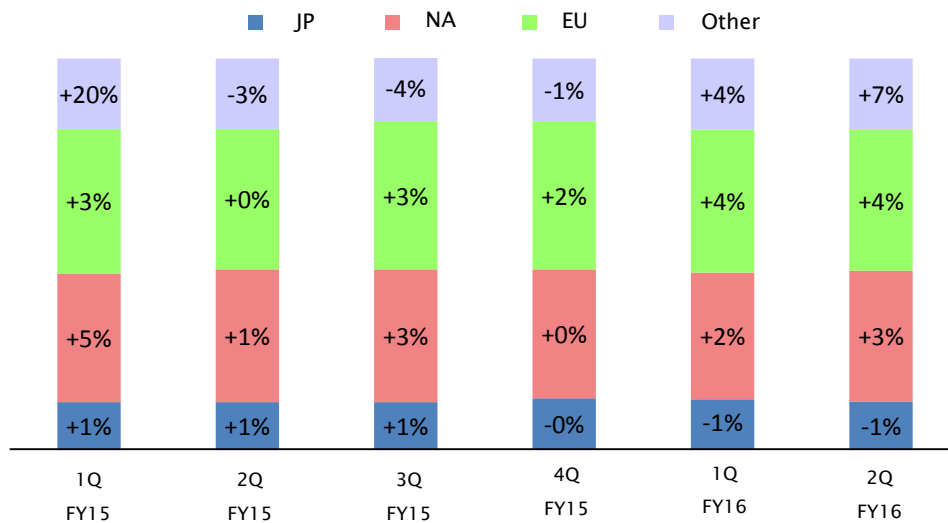
■ Composition of Revenue by region (in yen)



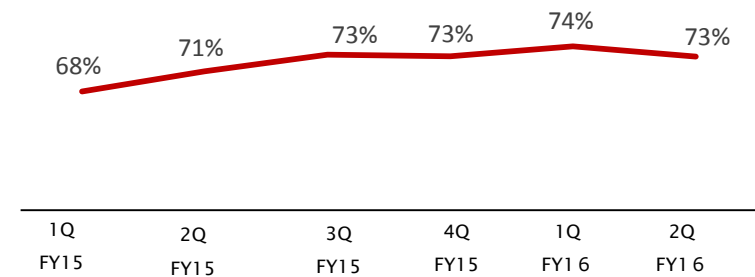
■ Percentage of color in sales of hardware (Office)



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



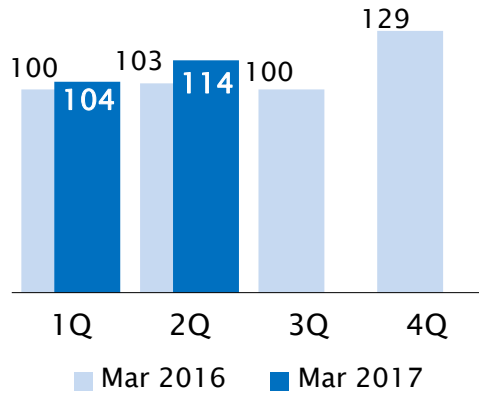
■ Percentage of color in sales of hardware (PP)



Unit Sales Trend: Business Technologies

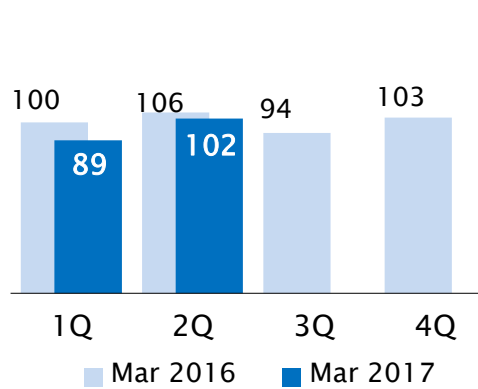
A3 color MFP- Units*

YoY : +11% QoQ : +10%



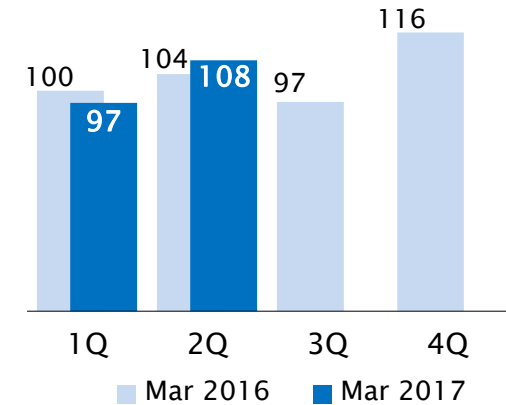
A3 B&W MFP- Units*

YoY : Δ 3% QoQ : +14%



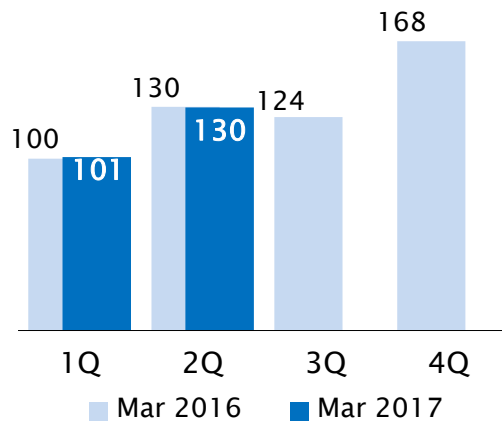
A3 MFP TTL- Units*

YoY : +4% QoQ : +12%



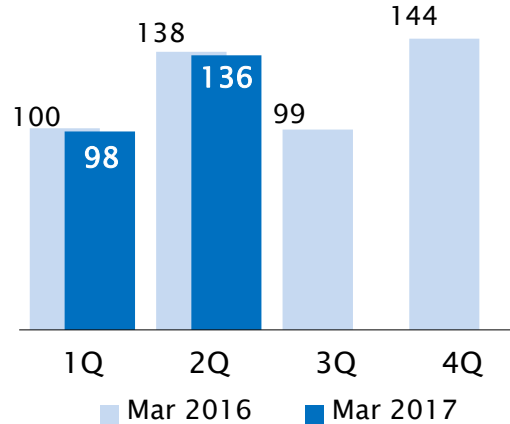
Color Production Print - Units*

YoY : Δ 0% QoQ : +29%



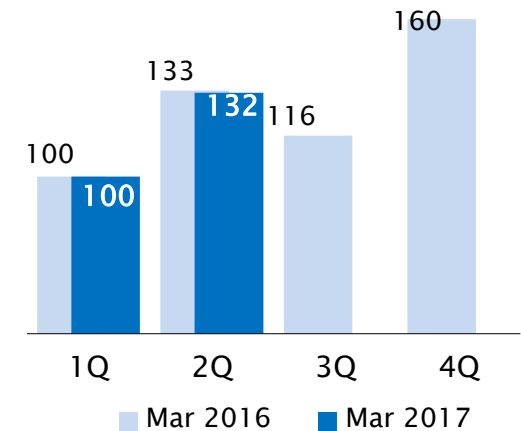
B&W Production Print - Units*

YoY : Δ 1% QoQ : +38%



Production Print - Units*

YoY : Δ 1% QoQ : +32%

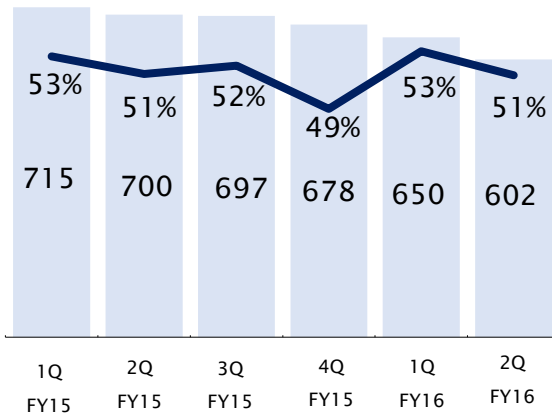


* Base index : "1Q Mar2016" = 100

Business Technologies Business: Sales Results of Non-Hard

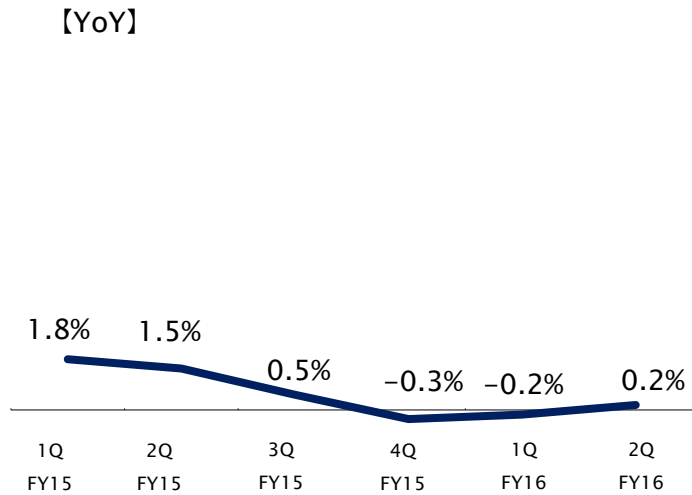
Revenue & ratio of non-hard

Office product [¥billions]

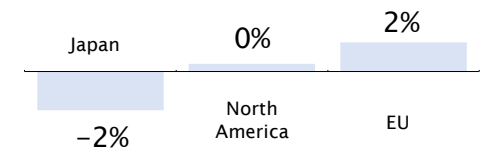


YoY Revenue increase of non-hard

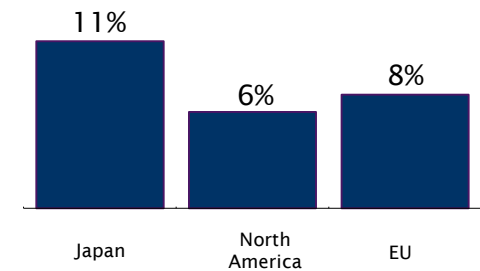
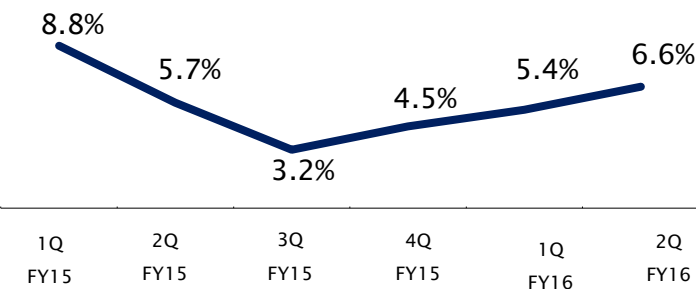
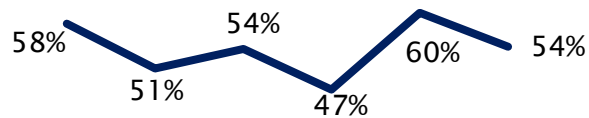
(w/o FOREX)



[Regional]



Production print



FOREX Impact to Revenue and Operating Profit

[¥ billions]

(FOREX Rate/¥)	FY15 1Q	FY16 1Q	Impact to FY15		FY15 1Q	FY16 2Q	Impact to FY15		FX Sensitivity*2	
			Revenue	OP			Revenue	OP	Revenue	OP
USD	121.36	108.14	¥ - 9.1 bn	¥ - 0.1 bn	122.23	102.43	¥ - 14.8 bn	¥ 0.7 bn	¥ 3.0 bn	¥ - 0.1 bn
EUR	134.16	122.02	¥ - 5.1 bn	¥ - 2.2 bn	135.98	114.28	¥ - 8.6 bn	¥ - 7.0 bn	¥ 1.8 bn	¥ 0.8 bn
GBP	186.11	155.11	¥ - 2.8 bn	¥ - 0.2 bn	189.41	134.65	¥ - 4.8 bn	¥ - 0.3 bn	¥ 0.3 bn	¥ 0.1 bn
European Currencies*1	-	-	¥ - 9.4 bn	¥ - 2.5 bn	-	-	¥ - 15.2 bn	¥ - 7.3 bn	¥ 2.6 bn	¥ 1.2 bn
CNY	19.56	16.53	¥ - 1.8 bn	¥ - 0.2 bn	19.31	15.35	¥ - 2.5 bn	¥ - 0.2 bn	¥ 2.5 bn	¥ 0.3 bn
AUD	94.36	80.57	¥ - 1.5 bn	¥ - 0.3 bn	88.77	77.59	¥ - 1.1 bn	¥ - 0.3 bn	¥ 0.4 bn	¥ 0.1 bn
Other	-	-	¥ - 2.0 bn	¥ - 0.4 bn	-	-	¥ - 1.9 bn	¥ - 0.5 bn	-	-
Total Impact from FY2015			Revenue: -23.8bn				Revenue: -35.6bn			
			OP: -3.5bn				OP: -7.7bn			

*1 European currencies: Currencies in Europe except EUR/GBP

*2 FOREX Sensitivity: FOREX impact at ¥1 change (Annual)

FY2016 / 1H FOREX Impact – Segment

		Revenue			Operating Profit		
		1Q	2Q	上期	1Q	2Q	上期
Business Technologies	Result	¥ 186.3 bn	¥ 184.3 bn	¥ 370.6 bn	¥ 13.3 bn	¥ 12.8 bn	¥ 26.2 bn
	YoY	¥ - 15.5 bn	¥ - 23.1 bn	¥ - 38.6 bn	¥ 0.1 bn	¥ - 8.3 bn	¥ - 8.2 bn
	FOREX Impact	¥ - 21.6 bn	¥ - 32.3 bn	¥ - 53.8 bn	¥ 2.9 bn	¥ - 7.2 bn	¥ - 10.1 bn
	Net Result	¥ + 6.1 bn	¥ + 9.1 bn	¥ + 15.2 bn	¥ + 2.9 bn	¥ - 1.1 bn	¥ + 1.9 bn
Healthcare	Result	¥ 18.5 bn	¥ 22.9 bn	¥ 41.4 bn	¥ 0.2 bn	¥ 1.0 bn	¥ 1.2 bn
	YoY	¥ 0.6 bn	¥ 0.6 bn	¥ 1.2 bn	¥ 0.1 bn	¥ - 0.3 bn	¥ - 0.2 bn
	FOREX Impact	¥ - 1.3 bn	¥ - 2.0 bn	¥ - 3.3 bn	¥ - 0.4 bn	¥ - 0.7 bn	¥ - 1.1 bn
	Net Result	¥ + 1.9 bn	¥ + 2.6 bn	¥ + 4.5 bn	¥ + 0.5 bn	¥ + 0.4 bn	¥ + 0.9 bn
Industrial Business	Result	¥ 21.7 bn	¥ 22.4 bn	¥ 44.2 bn	¥ 2.3 bn	¥ 2.4 bn	¥ 4.7 bn
	YoY	¥ - 6.5 bn	¥ - 5.6 bn	¥ - 12.1 bn	¥ - 3.5 bn	¥ - 2.2 bn	¥ - 5.7 bn
	FOREX Impact	¥ - 0.9 bn	¥ - 1.3 bn	¥ - 2.2 bn	¥ - 0.2 bn	¥ - 0.1 bn	¥ - 0.4 bn
	Net Result	¥ - 5.5 bn	¥ - 4.3 bn	¥ - 9.9 bn	¥ - 3.3 bn	¥ - 2.1 bn	¥ - 5.4 bn

- **Business Technologies : OPS/ Optimized Print Services**

OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment (output and document management environment).

- **Business Technologies : GMA/ Global Major Account**

Refers to our major enterprise customers (businesses) that operate on a global scale.

- **Business Technologies : MPM/ Marketing Production Management**

MPM provides services optimizing the production cost of marketing materials for customers using our own supplier network. KonicaMinolta consolidated Charterhouse(U.K.) from 2012 and Ergo(Australia) from 2014.

- **Digital Manufacturing**

New manufacturing solutions based on ICT and the IoT that are not dependent on people, places, countries, or fluctuations.

- **Healthcare : DR/ Digital Radiography**

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.

- **Healthcare : PACS/ Picture Archiving and Communication System**

An image storage and communication system for medical image processing. More generally, any system for managing a large number of images, such as CT, MRI, and X-ray images from DR or CR.

- **Industrial : ZeroTAC film**

A TAC film with phase difference reduced to zero. Used primarily in IPS displays, with characteristics that improve visibility.

- **Industrial : QWP Film**

A plate film with features that displace the phase by a quarter-wavelength, enabling display light to be brought closer to natural light so that the original display colors can be reproduced even when wearing polarized sunglasses. Our diagonally aligned optical axis helps customers increase productivity.



KONICA MINOLTA