Strategy for Professional Print Business

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Giving Shape to Ideas

Growth in the Professional Print Field

KONICA MINOLTA

Small-scale commercial printing Centralized Reprographic Department	Commercial printing	Package printing	Label printing	Textile printing

AccurioPress C14000/C12000

AccurioJet KM-1e

AccurioLabel 230

Nassenger8

AccurioPress C6100/C6085
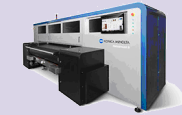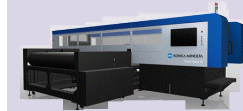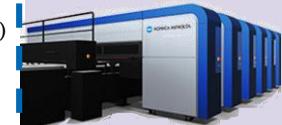
Second in genre due to high image quality with UV ink

Top in genre for middle-range label

Provide added value with MGI materials and differentiate with other companies; Major commercial printing, packages, label converter used as door opener

AccurioPress C4080/C4070

Nassenger10

Digital paper cutters

JETvarnish 3D Evolution (Varnish & foil: B2-B1)

JETvarnish 3DW (Varnish & foil: rolled sheets)

NassengerSP-1

JETvarnish 3DS (Varnish & foil: B3)

AccurioPress 6136/6120

Differentiate from competitors with decorative printing

High-quality printing at growing printing companies / Expand digital printing in printing fields without reductions

Value selling

Business expansion focused on countries and markets in which industries are located

Products in growth fields

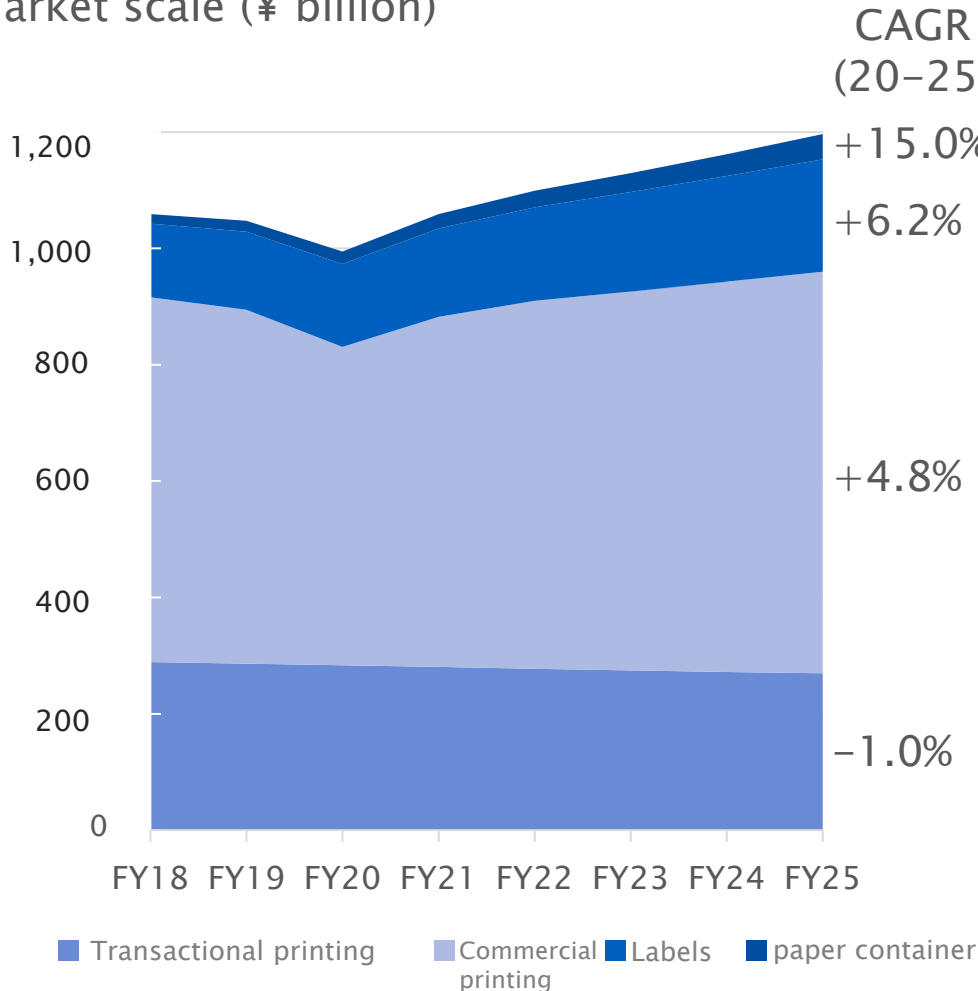# Target Markets and Basic Policies in Professional Print Business

We expect the market to begin expanding compared to FY19 in FY21, and that the HPP market will subsequently expand in the medium to long term due to market changes in a post-COVID-19 world. Industrial printing grew even during the COVID-19 outbreak, and we expect growth to accelerate going forward.

Market scale (¥ billion)

CAGR (20–25)

+15.0%
+6.2%
+4.8%
−1.0%

FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25

■ Transactional printing   ■ Commercial printing   ■ Labels   ■ paper container

Basic policies

Industrial printing converter
Packages

- Hold on to clients with decorative printing machines
- Drive market with the introduction of machines that can handle integrated production

Labels

- Expand medium-scale clients with current machines
- Attract large clients with the introduction of high-speed machines

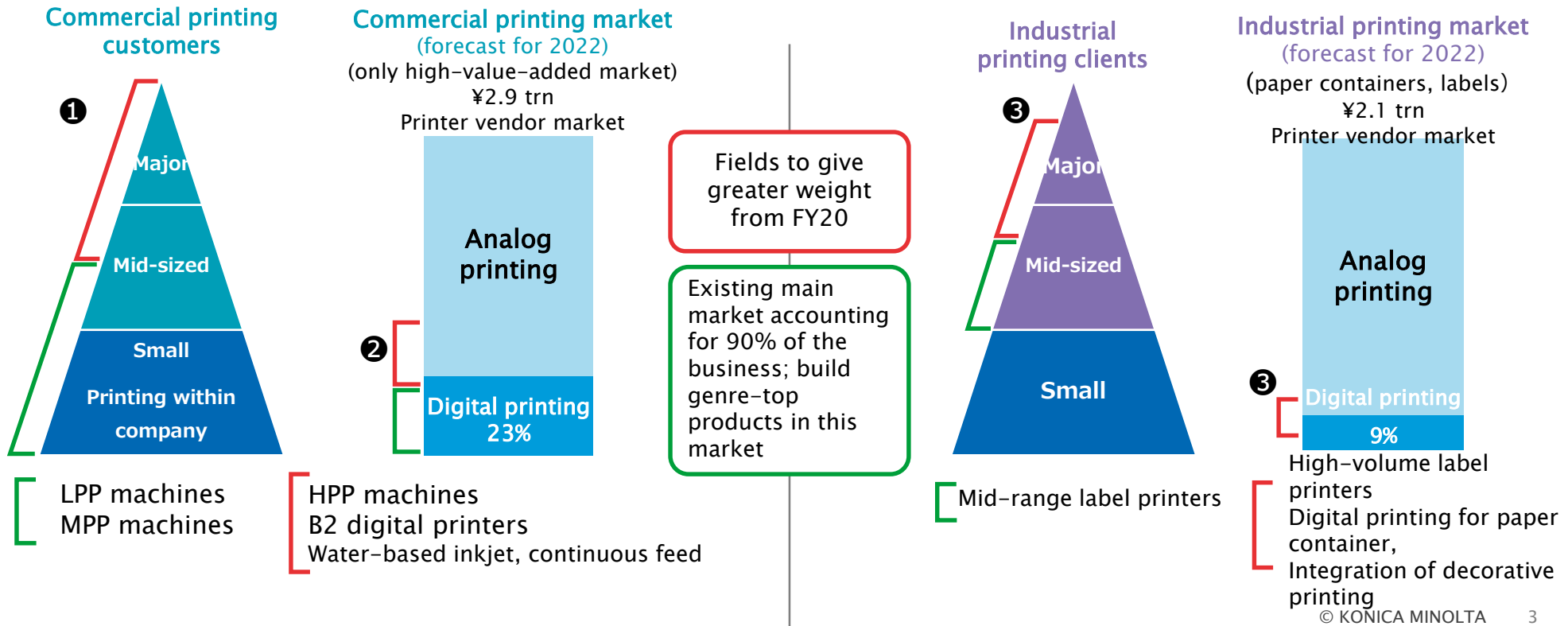**Commercial printing**

Mid-sized, large

- Aim to move from second place with 30% share in H1 FY20 to top share by attracting customers with HPP machines
- Launch water-based inkjet printers with high image quality

Small- and medium-sized CP

CRD

PFP

- Maintain top share of more than 40% with MPP machines
- Maintain top share with launch of new LPP machines

Recovery in existing business fields and accelerating businesses in growth areas

① Market approached with KM-1; use sales force that has been strengthened with KM-1 and expand business with HPP machines
Use MGI products as door opener

② Promote digitalization by resolving printing companies' management issues (DX for printing companies) during and after COVID-19
- Provide effective printing by customer segment
- Establish efficient production methods for small-lot printing
- Strengthen on-demand and remote operations; achieve distributed printing and reduce environmental load

③ Currently, label printers for mid-sized customers; expand business target to medium and large clients by introducing HPP engine products
Enter paper containers market using MGI products

Commercial printing customers

❶

- Major
- Mid-sized
- Small
- Printing within company

LPP machines
MPP machines

Commercial printing market
(forecast for 2022)
(only high-value-added market)
¥2.9 trn
Printer vendor market

Analog printing

❷

Digital printing 23%

HPP machines
B2 digital printers
Water-based inkjet, continuous feed

Fields to give greater weight from FY20

Existing main market accounting for 90% of the business; build genre-top products in this market

Industrial printing clients

❸

- Major
- Mid-sized
- Small

Mid-range label printers

Industrial printing market
(forecast for 2022)
（paper containers, labels)
¥2.1 trn
Printer vendor market

Analog printing

❸

Digital printing
9%

High-volume label printers
Digital printing for paper container,
Integration of decorative printing

Sales recovery by recovery of non-hardware and effect of new products in FY21, Business expansion in growth fields in FY22

PP non-hardware

200
150
100
50
0

FY20   FY21   FY22

PP hardware

200
150
100
50
0

FY20   FY21   FY22

IP non-hardware

200
150
100
50
0

FY20   FY21   FY22

IP hardware

200
150
100
50
0
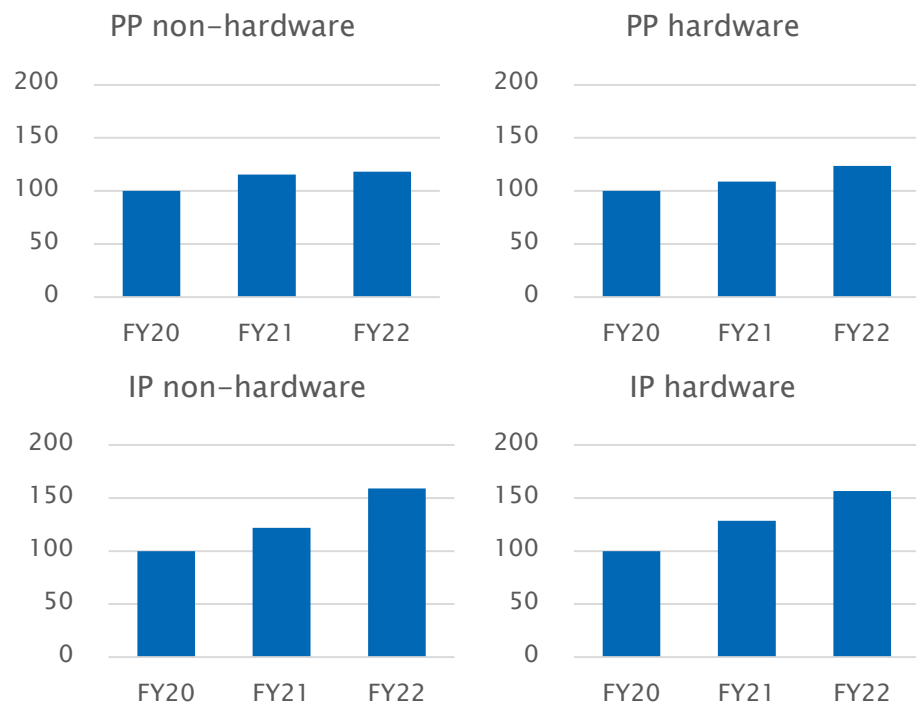
FY20   FY21   FY22

*Index assuming 100 in FY20

	FY21	FY22
PP non-hardware	We forecast 15% sales growth compared to FY20 due to a recovery in demand. We expect non-hardware sales to recover to more than 90% of FY19 levels.	We expect 2% growth over FY21. Printing by centralized reprographic department will decline, but overall sales will grow due to non-hardware growth in the HPP field.
PP hardware	We expect 10% growth over FY20. We also anticipate higher sales in the HPP field and an effect from new products in the MPP field.	We expect 13% growth over FY21. In addition to a recovery in existing fields, we expect sales to expand at a faster pace in the HPP field.
IP non-hardware	In addition to a recovery in demand for B2 digital machines in FY21, we expect sales of non-hardware to increase 20% over FY20 due to an increase in MIF.	Sales of non-hard will pick up due to an increase in MIF. We expect 60% growth compared to FY20.
IP hardware	Although we expect demand to fall about 40% compared to FY19, we forecast 30% growth compared to FY20.	We expect sales to grow 55% over FY20. We will maintain our share at No. 2 with B2 digital printers and No. 1 with label printers.

Increase in operating profit

PP: Production print
IP: Industrial print

		FY21	FY22
Existing business fields	• Recovery in earnings after slump due to impact of COVID-19 • Strengthen competitiveness with new products in H2 FY20 and H1 FY21 • Reduction in cost of sales for services due to remote maintenance	¥5.5bn	
Growth business fields	• Expand business at medium-sized and large printing companies (HPP machines, B2 digital printers) • Further business growth in label field	¥3.5bn	¥4.0bn

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We see the changes in printing market during the COVID-19 outbreak as an opportunity to increase digital printing; we will further differentiate the strengths we have built up and expand the scale of the digital printing market and our share in it.

Changes in use of printing

1. Ramp-up marketing activities with individual consumer behavior in mind
2. Changes to print distribution methods in the e-commerce age
3. Shift even more from "printing to convey mass information" to "printing to strengthen and enrich ties between people"; individualization, regionalization, stratification, direct links to events, etc.

Changes in buying patterns of printing

1. Implement and decide on situations requiring printing, such as events and promotions, without adequate preparation periods; the printing preparations from the starting point should be shortened
2. Aim to maximize ROI on limited advertising and sales promotion costs, put greater priority on effect of media, including printing
3. Increase distributed delivery at the necessary sites

Changes in capabilities in printing companies

Shift away from sales previously emphasizing company facilities and thoroughly respond to customer requests
1. Clarify effect of printing and propose effective printing
2. Establish order process using non-face-to-face marketing
3. Strengthen cost competitiveness by streamlining the overall print production process
4. Reform supply chain to reduce waste of printing supplies
The above initiatives will be achieved with DX by printing companies.

Our providing value Differentiating points Utilize current strengths and further reinforce

1. Make printing effects visible (**emotional evaluation**: make what is and isn't effective visible)
2. **Be one step ahead of other companies**; provide automation, laborsaving, skill-less, and remote operations; enable printing that provides "what is needed, when and **where it is needed**, and in the needed amount," and reform the printing supply chain; **minimize the waste created, transport and personal involvement in the current supply chain.**
3. Streamline the production process in conjunction with **digital printers and digital post-processing machines, which have been expanded by application**; achieve mass customization
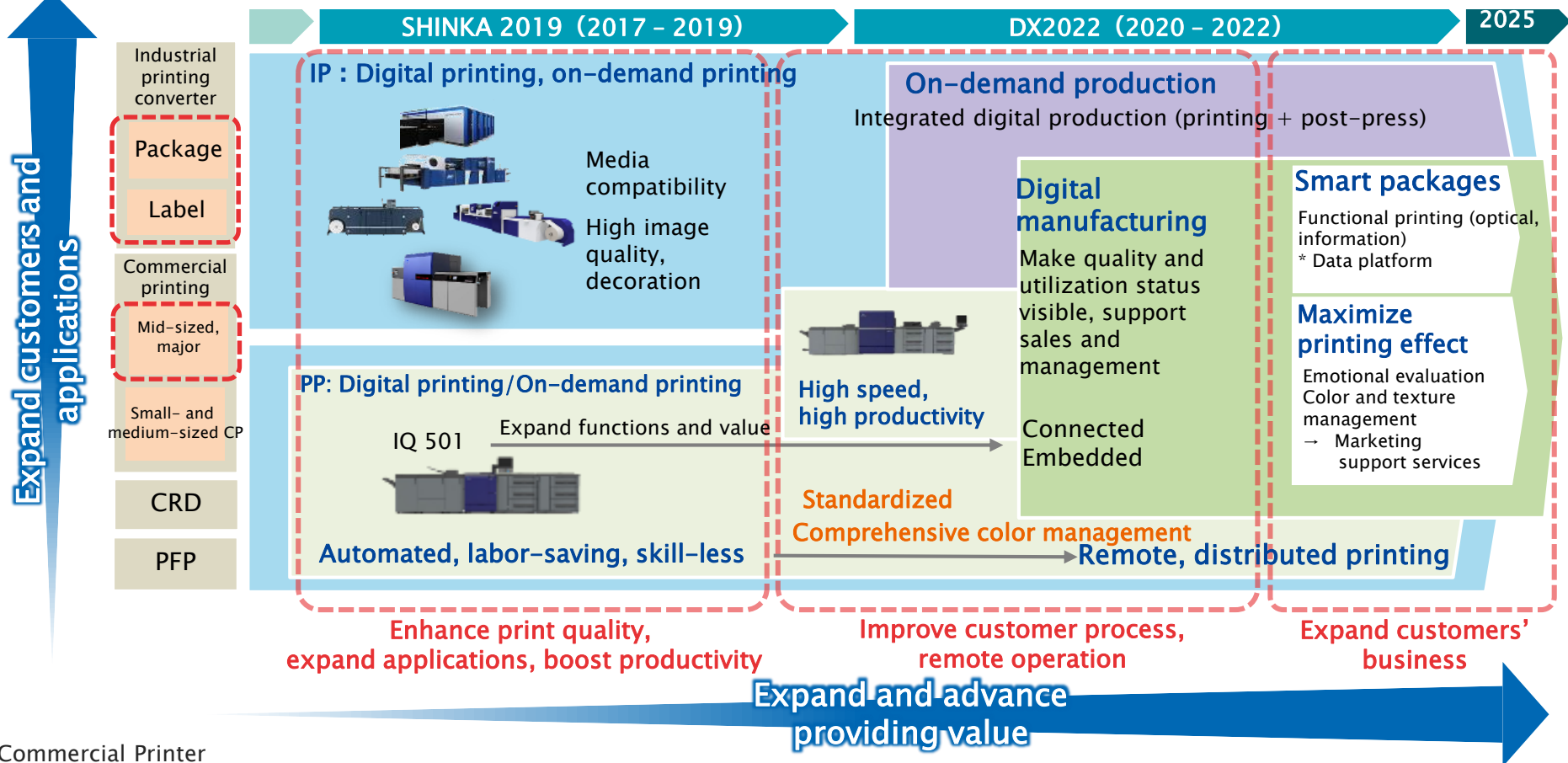
Strategic Road Map for FY22 and Later

- ✓ Emphasize the productive and print quality of our PP/IP machines through the pursuit of automation, laborsaving, and skill-less operation, and expand equipment sales and PV.
- ✓ Expand targets from small- and medium-sized CP/PFP/CRD market to growth markets such as mid-sized and large CP/label and packages.
- ✓ Improve processes and achieve remote and distributed printing by supporting customers' DX transition, and further expand PV by helping them expand their businesses.

Expand customers and applications

| Industrial printing converter |
| Package |
| Label |
| Commercial printing |
| Mid-sized, major |
| Small- and medium-sized CP |
| CRD |
| PFP |

SHINKA 2019（2017 - 2019）

DX2022（2020 - 2022）

2025

IP : Digital printing, on-demand printing

Media compatibility

High image quality, decoration

On-demand production
Integrated digital production (printing + post-press)

Digital manufacturing

Make quality and utilization status visible, support sales and management

Connected Embedded

Smart packages
Functional printing (optical, information)
* Data platform

Maximize printing effect
Emotional evaluation
Color and texture management
→ Marketing support services

PP: Digital printing/On-demand printing

IQ 501

Expand functions and value

High speed, high productivity

Automated, labor-saving, skill-less

Standardized
Comprehensive color management

Remote, distributed printing

Enhance print quality, expand applications, boost productivity

Improve customer process, remote operation

Expand customers' business

Expand and advance providing value

CP: Commercial Printer
PFP: Print for Pay
CRD: Central Reproduction Department

Offering Value "Konica Minolta's Implementation Methods"
(Our unique value that gives it an edge over competitors)
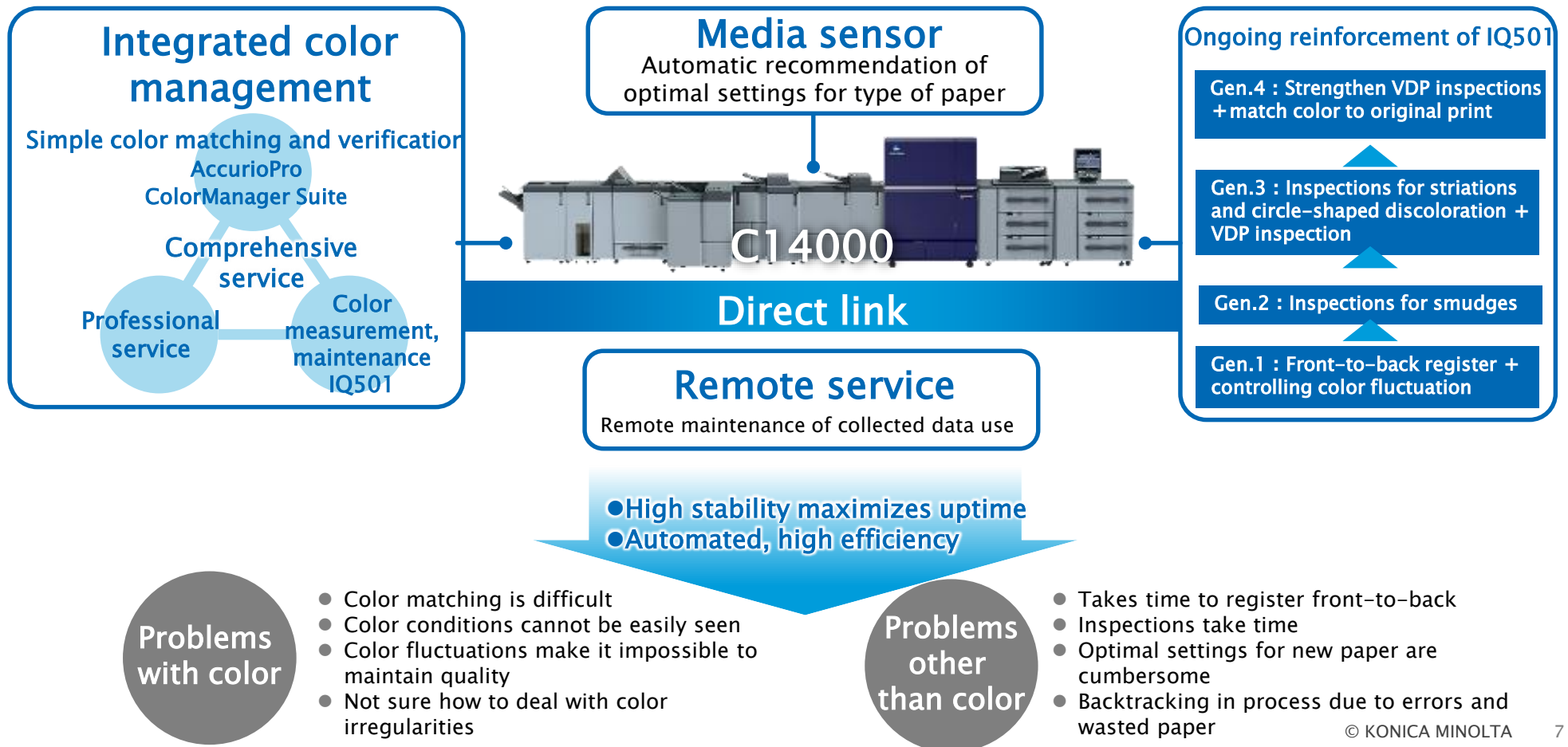
KONICA MINOLTA

Our unique points
- Simple color matching through easy-to-understand UI and guidance
- Preparation of printer profile inline with IQ501 collaboration, color verification, automatic color matching to original print without color measurement patch

Our unique points
- Automatically recommend "paper type x basis weight" as the optimal setting with inline sensor's detected results, regardless the paper is known or unknown
- No mistakes in selecting paper because it is inline

Our unique points
- Front-to-back registration for new paper is automated
- Inline inspections (stains, striations, circle-shaped discoloration, VDP)
- Acquire advanced color information from spectrophotometer inline and link to comprehensive color management

Integrated color management
Simple color matching and verification
AccurioPro
ColorManager Suite

Comprehensive service

Professional service

Color measurement, maintenance IQ501

Media sensor
Automatic recommendation of optimal settings for type of paper

C14000

Direct link

Remote service
Remote maintenance of collected data use

Ongoing reinforcement of IQ501
- Gen.4 : Strengthen VDP inspections ＋match color to original print
- Gen.3 : Inspections for striations and circle-shaped discoloration ＋ VDP inspection
- Gen.2 : Inspections for smudges
- Gen.1 : Front-to-back register ＋ controlling color fluctuation

- High stability maximizes uptime
- Automated, high efficiency

Problems with color
- Color matching is difficult
- Color conditions cannot be easily seen
- Color fluctuations make it impossible to maintain quality
- Not sure how to deal with color irregularities

Problems other than color
- Takes time to register front-to-back
- Inspections take time
- Optimal settings for new paper are cumbersome
- Backtracking in process due to errors and wasted paper

Examples of how Customer is Using B2 Digital Printer (AccurioJet KM-1)

Utilized in wide range of printing applications, with color reproducibility and stable reproducibility exceeding that for offset printing

Photograph collections and museum catalogs with high image quality

Faithful reproduction of the detail demanded by photographers and artists; excellent color reproduction; support for new printing model in which small numbers can be produced repeatedly

Unkei

Tōdai-ji

Kyoto

Japanese art collection

Direct mail and Web to Print

High accuracy in aligning front and back reduces time spent on post-processing. Stable color reproduction in subsequent printings.

Packaging printing and commemorative photographs

Can be printed on thick paper and paper with surfaces.

Meeting growing demand for labels with shift to automated, labor-saving, and skill-less process with digital label printing

Customer issues

Label printing demand is solid, but adequate operations cannot be maintained because of efforts to prevent COVID-19 infections at production sites and cooperating companies

Konica Minolta's value

- Avoids three Cs thanks to reduced labor and automation
  ⇒ Ongoing operations with fewer people
- Train operators in a short time thanks to skill-less operations
  ⇒ Distribute employee load with a rotating system
- Reinforce capacity with fast installation, education and production
  ⇒ Respond to increased demand within one week
- Maintain production at own company due to plate-less* operations
  ⇒ Address shutdowns of cooperating companies that prepare plates

*In analog printing, a plate for each color must be prepared in order to print, but with digital printing, this plate is not needed and the process becomes plate-less.

Beaujolais from two years ago;
Labels for 400,000 bottles were printed with different colors; all were unique labels.

This is an example of mass customization, with labels printed on an integrated line that covers printing, decoration and post-processing

Three Cs: Crowded places / Close-contact settings / Confined and enclosed spaces

Strategic KPI for FY22

1．Market share for HPP machines

	FY20	FY21	FY22
HPP market share	30%	35%	40%

2．Sales growth for non-hard sales compared to previous year

	FY21	FY22
PP	+23%	+2%
IP	+20%	+35%

We expect NH growth exceeding 5% annualized for PP/IP in total from FY23.