KONICA MINOLTA, INC

Mid Term Business Strategy

Shoei Yamana, President and CEO

April 14, 2016

Introduction

We aim to raise interest and heighten understanding of investors who take a medium- to long-term approach to managing their investments. Accordingly, we continually release important non-financial information which includes details on the direction we are heading and our approach with respect to management and operations over the medium to long term, particularly from the viewpoint of maintaining constructive dialogue with investors, which takes on even more importance now that Japan's Corporate Governance Code has been established.

1 Purpose of today's briefing

- **The purpose of today's briefing is to describe the direction we are headed with the business as we envision it five years from now, and to convey details regarding our strategy and the scale of our revenues in respective fields of business, and to communicate our sense of profitability overall.**

2 Timeline

- May 2016: Release of the financial results for FY2015 and financial forecasts for FY2016
- **Oct. 2016: Release of an outline of the next Medium Term Business Plan**
- **Apr. 2017: Official release of the next Medium Term Business Plan in its entirety**

Creating New Value for People and Society

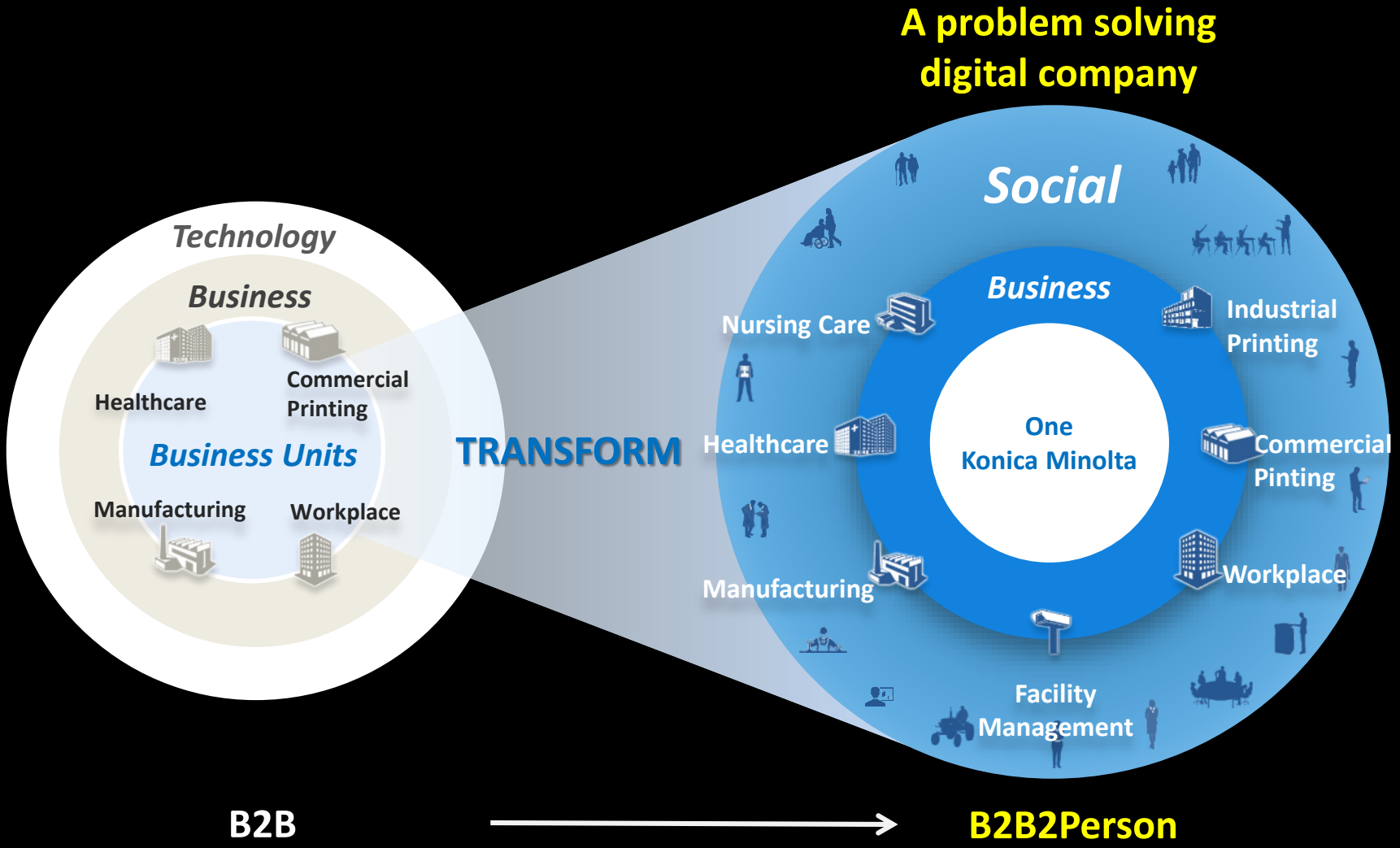
KONICA MINOLTA

Envisioning an empowering future for people and society

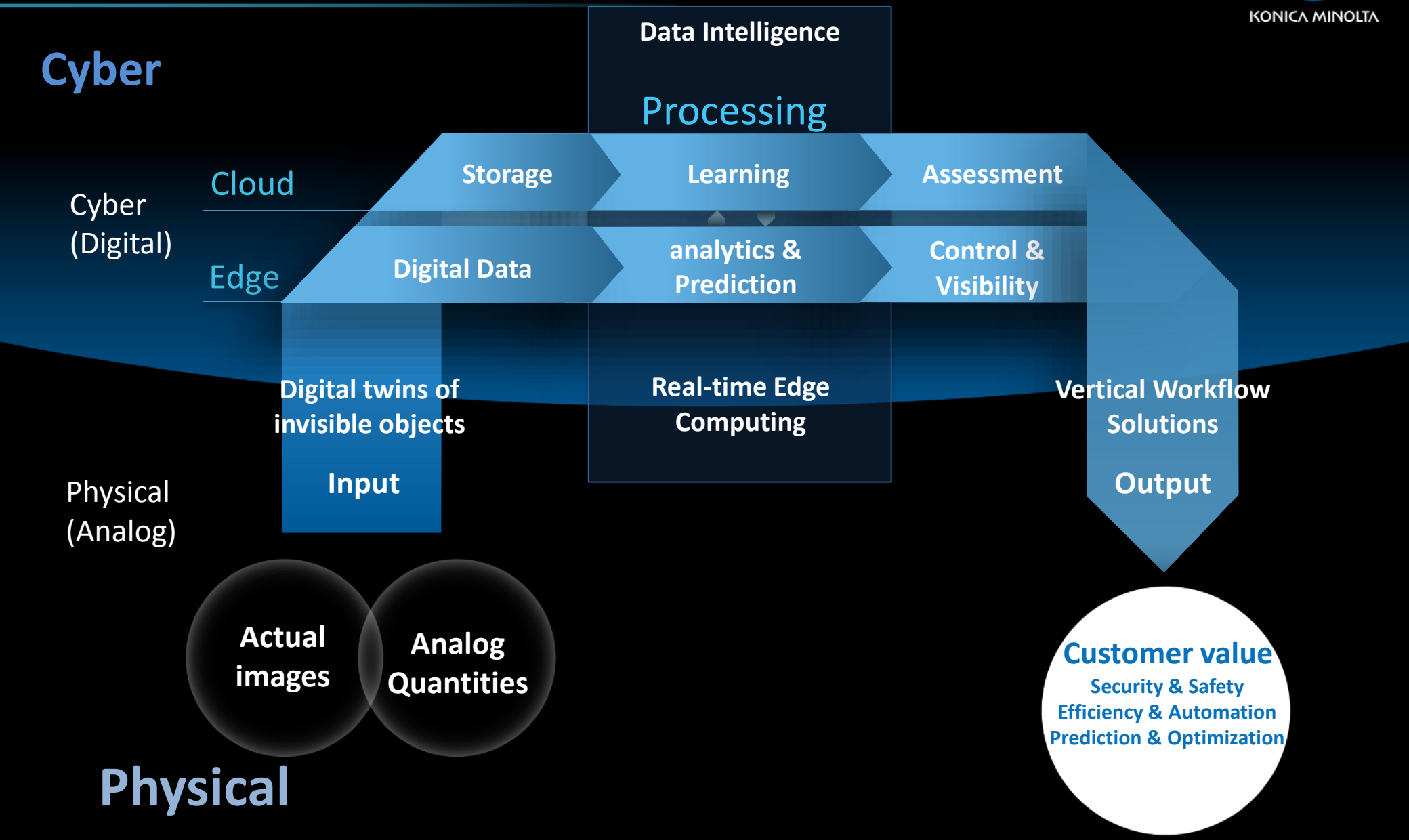
Technology that generates value
Businesses that offer value

Social value & innovation

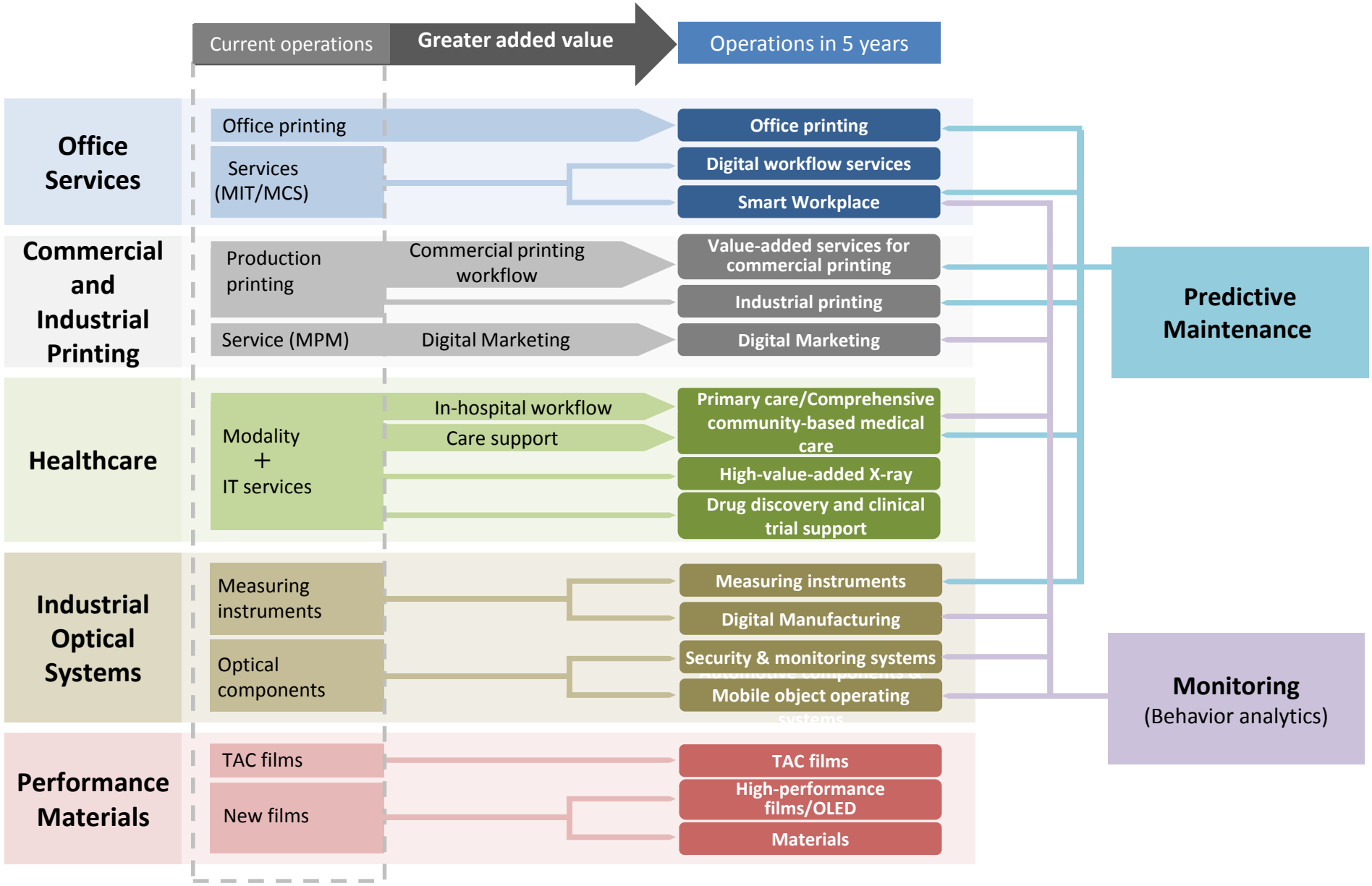
Business Transformation



KM – Cyber Physical Systems (CPS)



Initiatives with Value-Added Business (overview)



Office Services

-Smart Workplace-

Office Services Market – Size

¥50 trillion +

¥1.3 trillion

BPS (Business Process Services)

¥1 trillion

MCS

¥10 trillion

Office Printing

MIT (Managed IT services)
¥50 trillion

- Smart Workplace
- Business Analytics
- Deep Learning
- etc

Office Services Strategy

Step1 Digital workflow

Step2 Enhancing value through symantics and analytics + adding value by integration of new domains

- MCS (Managed Content Services)
- Managed IT Services
- MFP / OPS (Revamp document-related workflow)

Acquisitions of ITS business (All Covered, Raber+Märcker, Serians, ECM value added resellers etc.)

bizhub MarketPlace

infomity

Cloud Solutions

Co-Creation

BIC BUSINESS INNOVATION CENTRE

Eco System for New Work Style

Collaborative Navigation
Value Creation Tools
Project Management

Decision-making support
Data Science
AI / Deep Learning

Mobile Work
Virtual Presence
AR / VR

Office productivity
IoT, Robotics
BYOD, Security

Partner Solutions

KM Core Technologies

Data Collection
Analytics

IoT / M2M

Security
Mobile Support
Cloud Connectivity

MFP as an Office Services Platform
Edge Computing

Smart Workplaces Realized By Cyber Physical Systems (CPS)

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Cyber

- Analytics for working styles
- Analytics of in-company data
- Information automation

Digital Workflow

Process

Input

Output

- Structured & unstructured data in offices (incl. images)
- Movement of people
- Office environments

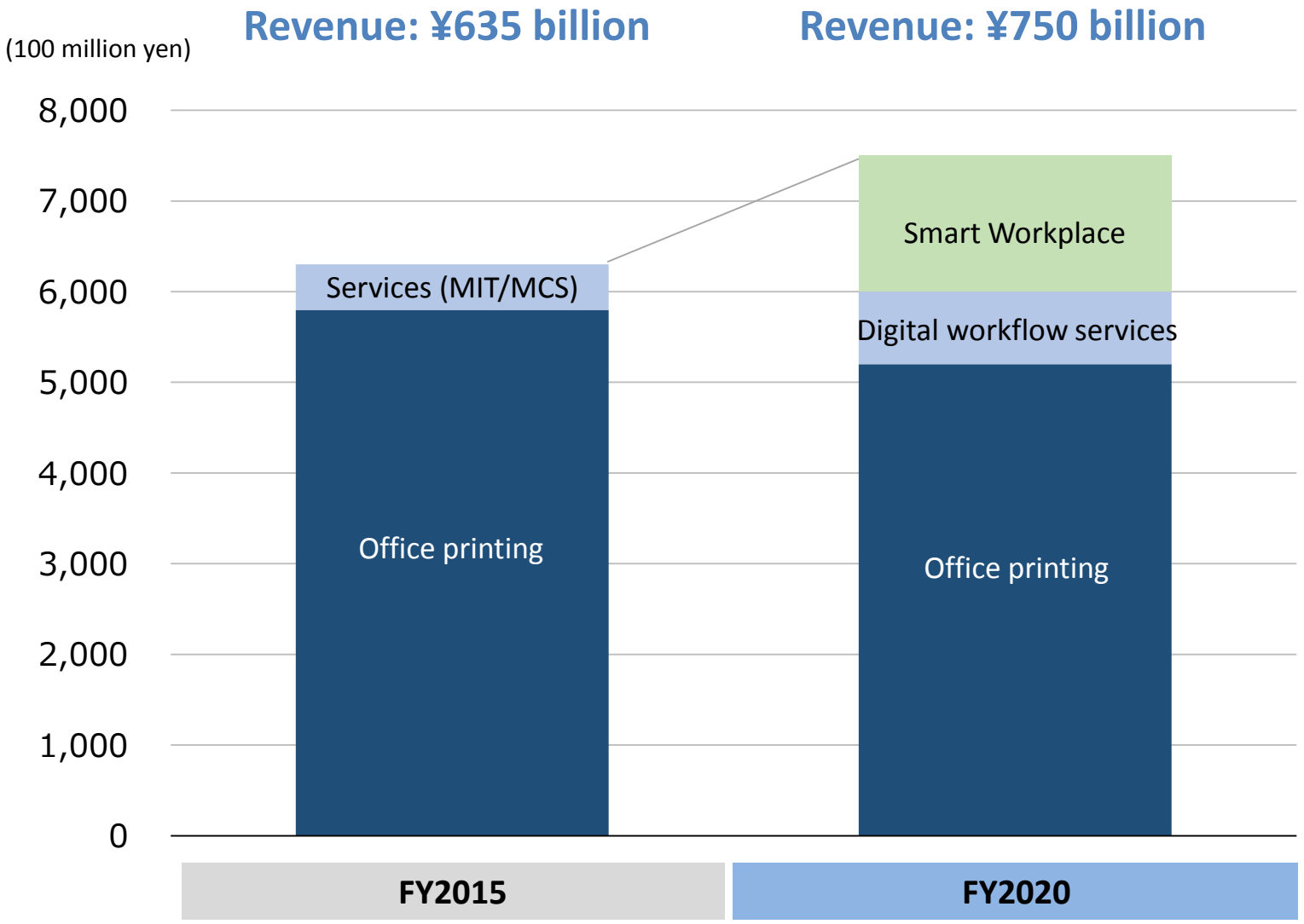
- Collaboration
- Secure communications infrastructure
- Remote job support
- Health management

Physical

Value

- Business process automation
- Decision-making support
- New working styles

FY2020 Target – Office Services–




Commercial and Industrial Printing

Commercial and Industrial Printing — Market Size

KONICA MINOLTA

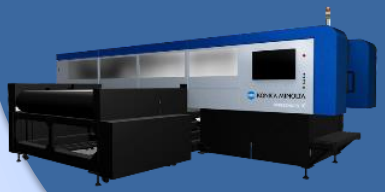
Digitized ratio 3.5%

North America: 7%
Europe:12%
Others: 1%

¥52 trillion

Industrial printing

Label
¥4 trillion

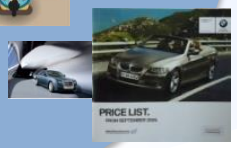


Package
¥28 trillion

Textile
¥20 trillion

¥39 trillion

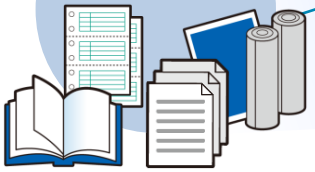
Commercial printing
(User spending)



¥1.4 trillion

¥10 trillion

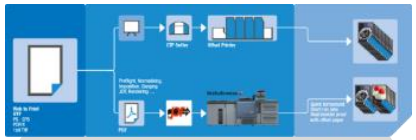
Office Printing



Digitized ratio 2.7%

Labels: 11%
Packaging: 1%
Textiles: 4%

Commercial and Industrial Printing Strategy



Digital print controllers & workflow solutions

Digital printers

Acquisitions of Charterhouse, Ergo and Indicia

Digital marketing services

Marketing Print Management (MPM) Services

Value-added services for commercial printing (CPS)

Optimization of overall workflow including analog printers

Cloud-based color management services

Value through data analytics

Ex.) Job scheduling optimized for post-press operations, deliveries, etc.

Full-scale development of business in the industrial printing (labels, packaging, etc.)

Marketing services through combination of digital and traditional approaches

Industrial Printing Strategy

Accelerating digitization of various analog printing field

Transformation of offset printing	Labels	Packaging	Others

Inkjet

KM-1 (for HPP)

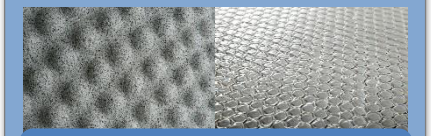
Launched in 2016

Jet Varnish 3DW

Additional investment in MGI

KM-C

Textiles



3D printing

Meteor (for MPP)

Additional investment in MGI

Electrophotographic digital presses

Decorative printing

Additional investment in MGI

Printers (for LPP/MPP)

Label printers

KM-developed products

MGI products

Marketing Services By Combining Digital and Traditional Approaches

Marketing procurement

Acquisitions of Charterhouse and Ergo

- Marketing print
- POS
- Direct mail
- Merchandise
- Packaging

Marketing production

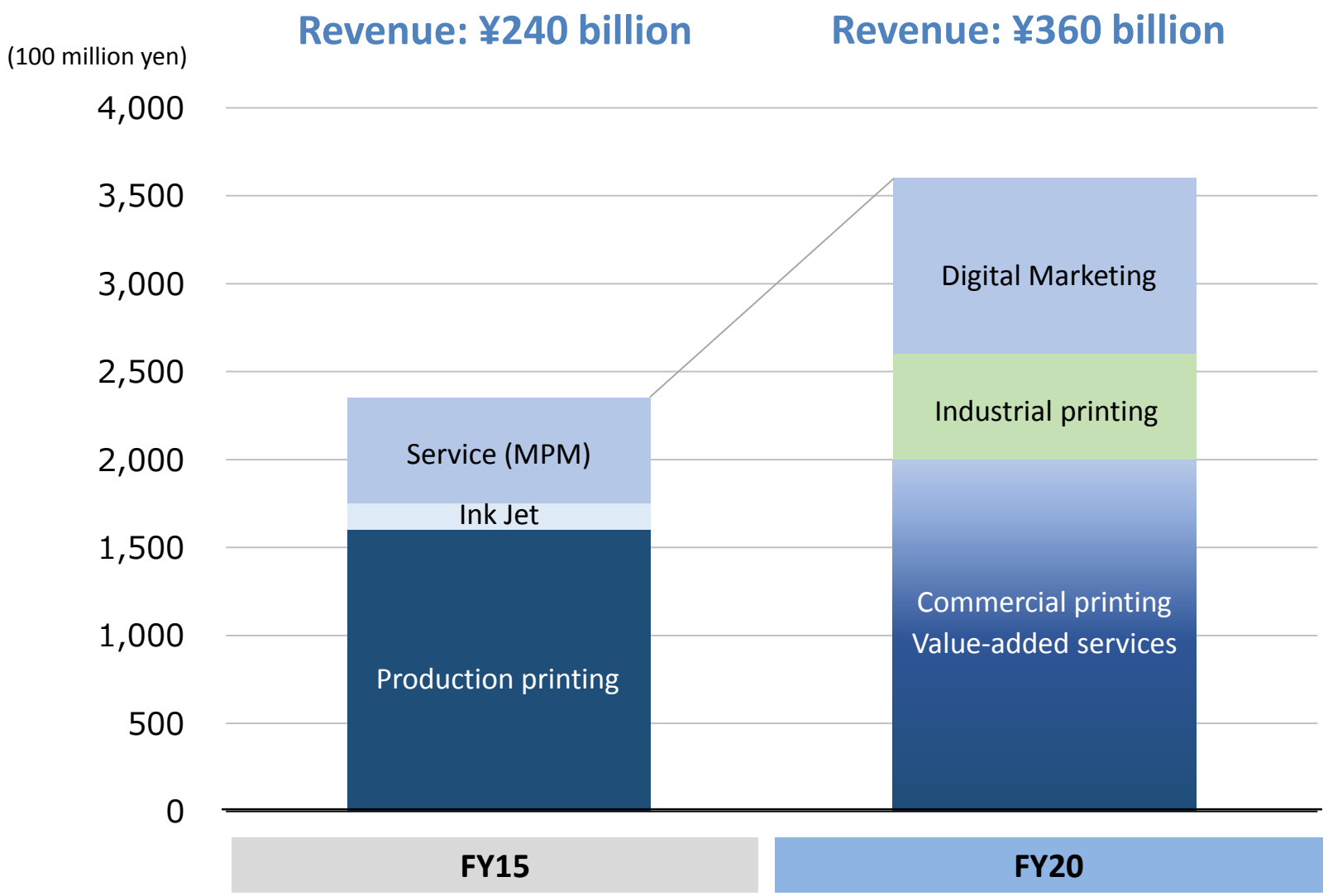
- Design
- Color management
- Multi-channel, cross-media solutions
- Digital asset management
- App development

Marketing solutions

Acquisition of Indicia and investment in Netyear Group

- Marketing planning
- Web marketing
- Data management
- Data analytics & segmentation
- Marketing automation
- IoT

FY2020 Target – Commercial and Industrial Printing –



Healthcare

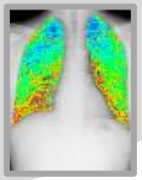
Healthcare Strategy

Technologies

High-value-added X-ray field

- **Talbot-Lau interferometer**
  X-ray device for imaging cartilage

- **X-ray kinetic analytics**
  for dynamics of lungs, blood circulation, etc.



Drug discovery and clinical trial support field

- **Fluorescent nanoparticle HSTT**
  World's first molecular imaging of disease pathology
- **SPFS**
  (using fluorescent particles) myocardial infarction fast testing

Current businesses

Transformation of hospital workflow
(Integrated solution for PACS, RIS, EMR, and billings)

Acquisition of VIZTEK

DR/CR, Ultrasound

Healthcare IT

Comprehensive community-based medical care

Primary Care Enhancement

- Interoperability enhancement
- AI image interpretation services
- Modality device billing based on diagnosis volume

Integration

Patient-centric medical information management

Integration

Care support field

Nursing care

- Digital workflow
- End-of-life care support
- Demand supply matching

Home medical care

- Vital sign monitoring
- Billing BPO service
- Nighttime agency service

Services

Primary care

Cyber

- Image interpretation and diagnoses using AI (automated)
- Visual depiction of workflow (hospitals, clinics, residences, nursing care)

infomity

Hospital group networks

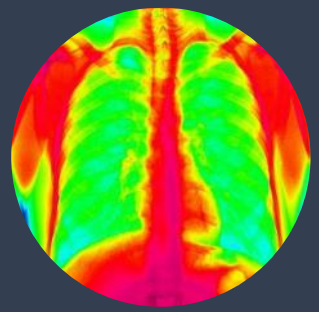
Process

Input

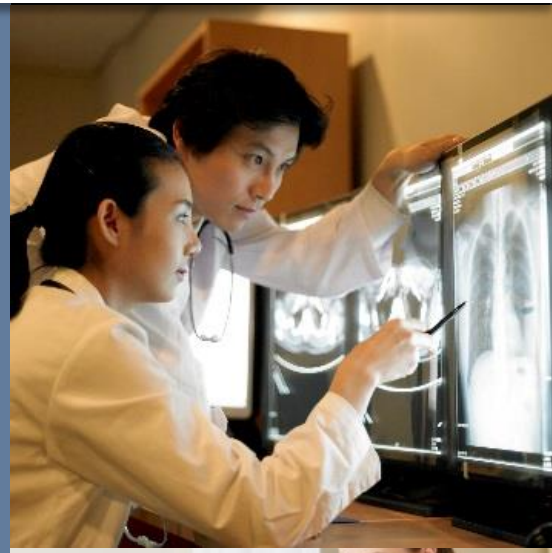
- Patient profile
- Modality image data
- Past diagnostic images and electronic medical records

Output

- AI image interpretation services and diagnostic support



Physical



Value

- Integrated workflow transformation
- Patient-centric diagnostics
- Higher quality diagnosis and treatment

Care support field

Cyber

- Visual depiction of workflow (hospitals, clinics, residences, nursing care)
- analytics of management data (status of beds, patient turn-over, workforce, skill levels)
- Business process automation (insurance claims)

Nursing care support

Process

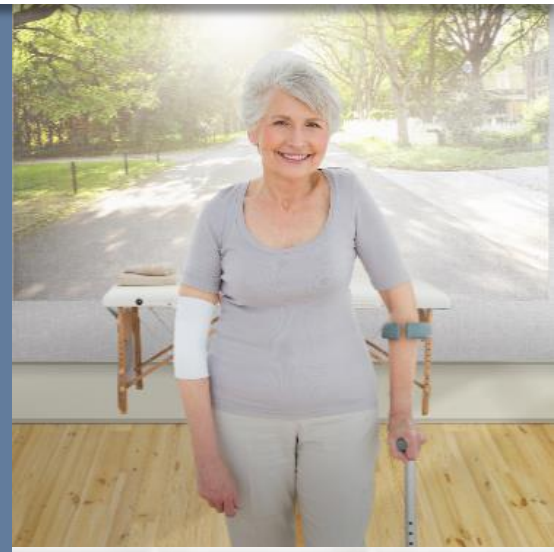
Input

- Patient behavior (waking-up, getting out of bed, falling down, walking)
- Staff behavior (hours of providing care and whereabouts)
- Biometric data (respiration, body temperature, blood pressure)
- Smart sensors

Output

- Nursing care management support services
- Home medical care support services

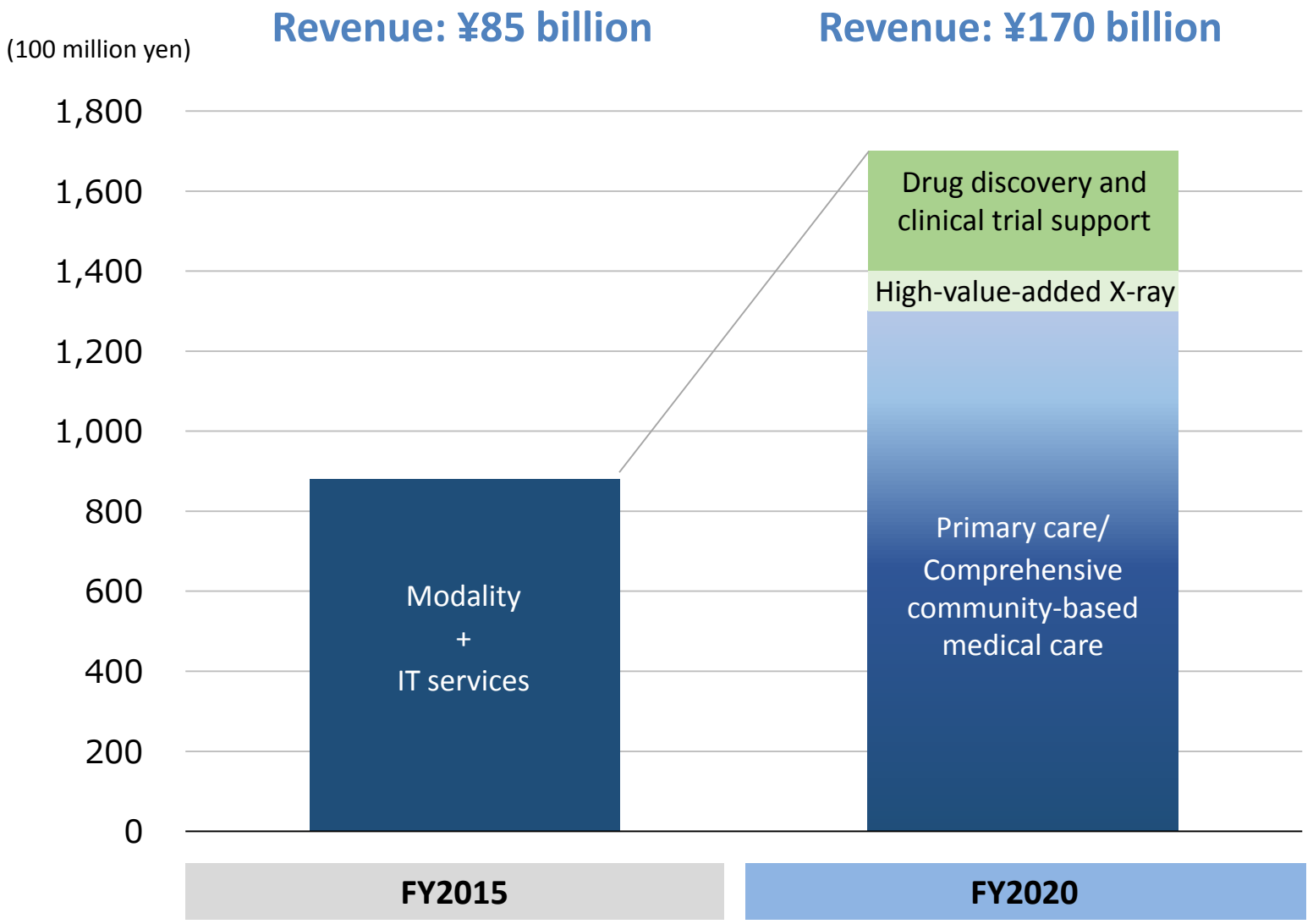
Physical



Value

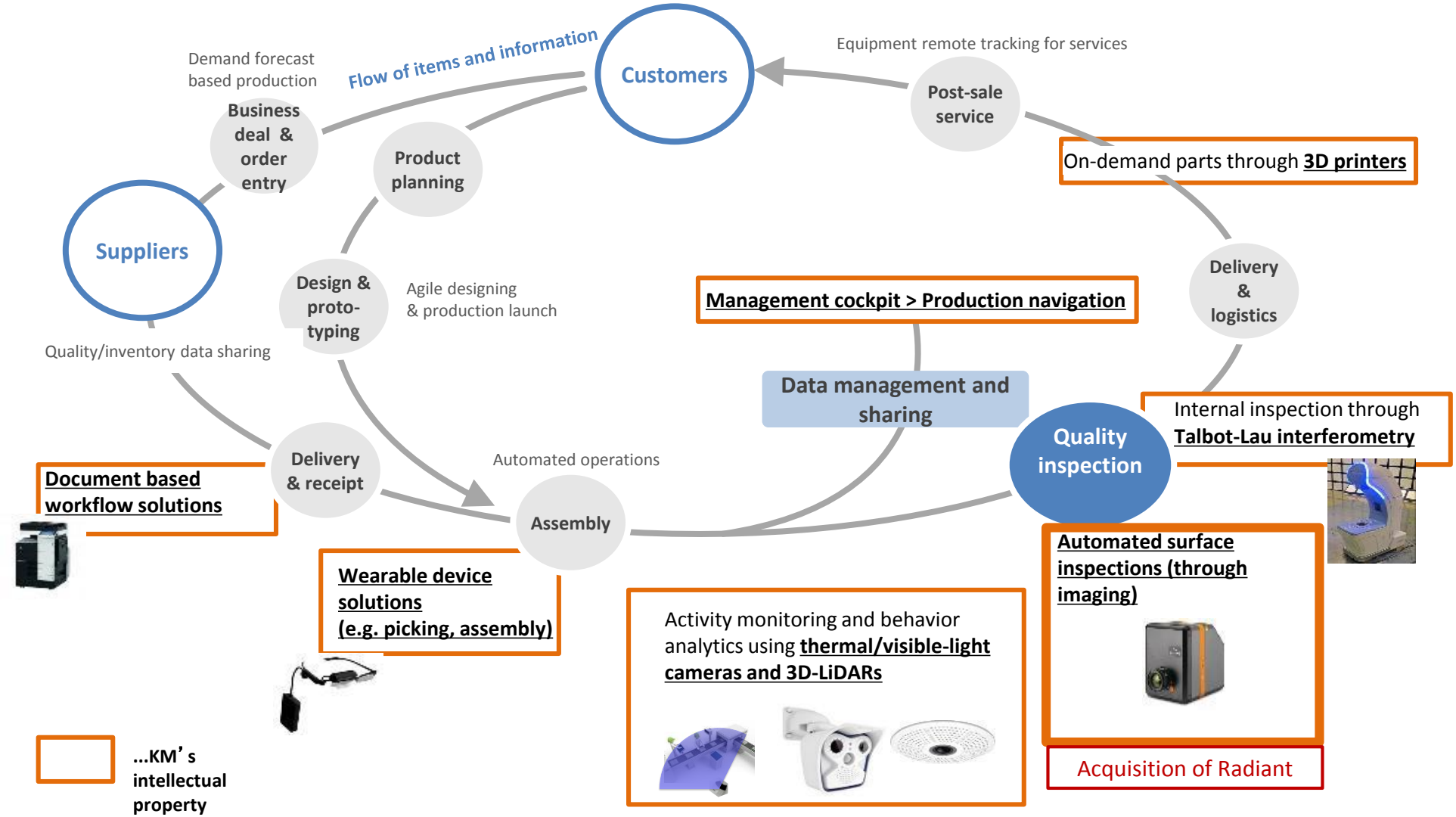
- Better quality nursing care services
- Facilitating home medical care

FY2020 Target – Healthcare –




Industrial Optical Systems

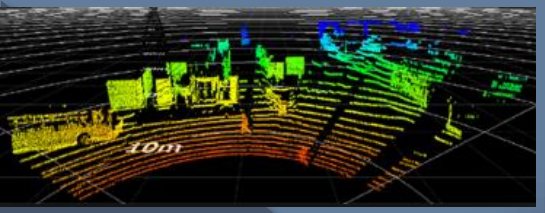
Digital Manufacturing Business



Digital Manufacturing

Cyber

- Analytics of quality defects and ways to avoid them
- Analytics & prognosis of operator behavior
- Forecasting of inventory & demands
- Smart sensor and device management



3D-LiDAR

Visual access to color and optical data

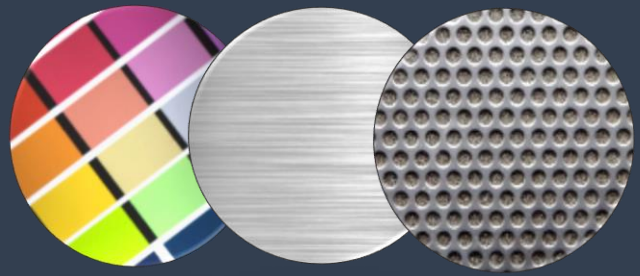
Reliable color management

Data sharing

Process

Input

- External inspection devices, 3D-LiDAR, etc.
- Data of other vendors' equipments, customers, and IoT



Output

- Process control for preventing quality defects, process design, and product design
- SCM & service management with suppliers and customers

Physical

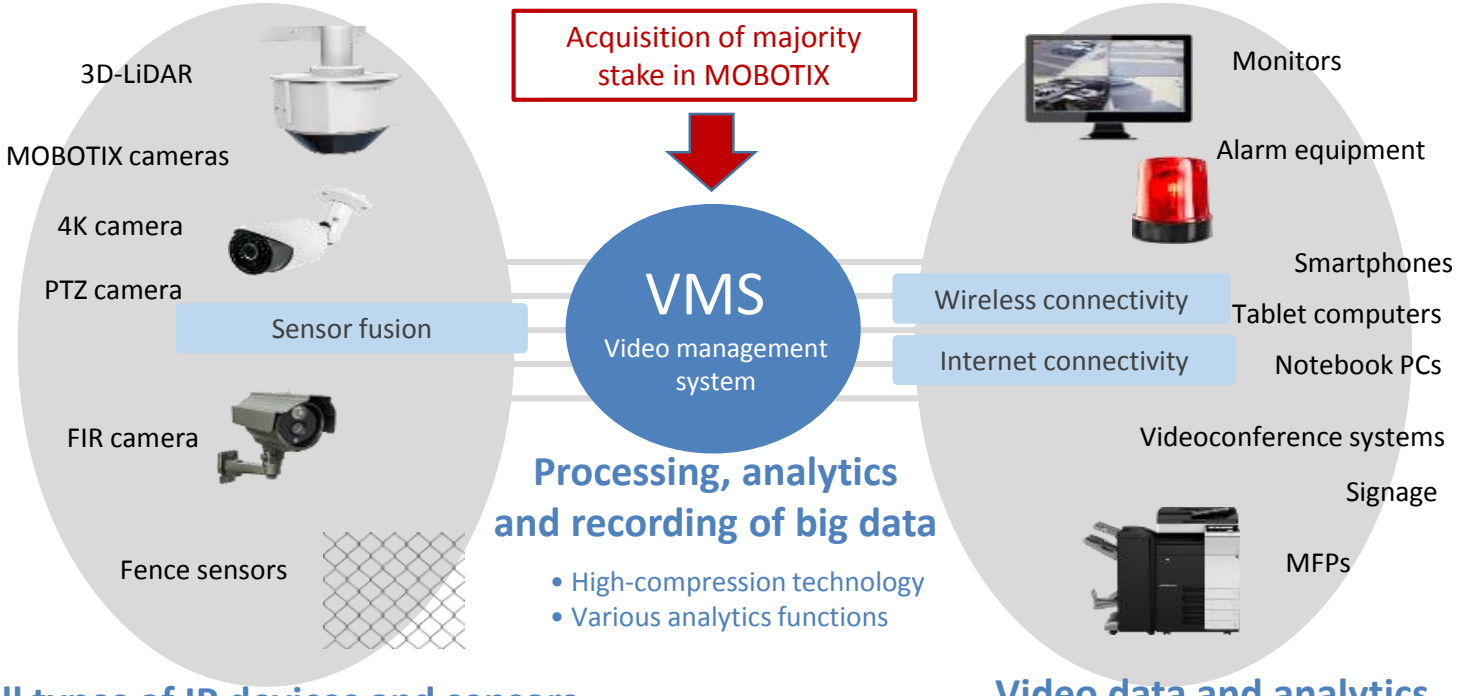
Value

- Quality improvement
- Minimizing loss expenses
- Shorter lead-times

Monitoring

Monitoring Business Strategy

Integrated Video/Data Platform



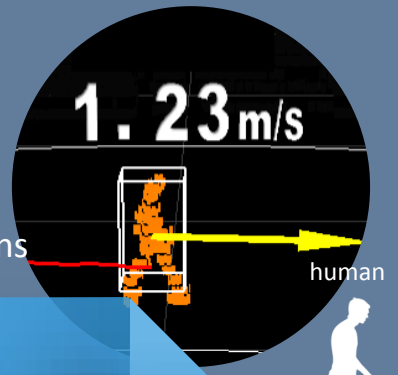
Applicable vertical segments

High-security & monitoring systems	Marketing	Workflow transformation in Manufacturing & Logistics
Detection of gas leaks	hospital, nursing care and human services	ADAS

High-Security

Cyber

- Image processing
- Filtering of environment data
- Object identification / Analytics for actions



Digital workflow

High security

Process

Input

Sensor fusion

(Lasers, infrared, visible image, etc.)

Environmental changes

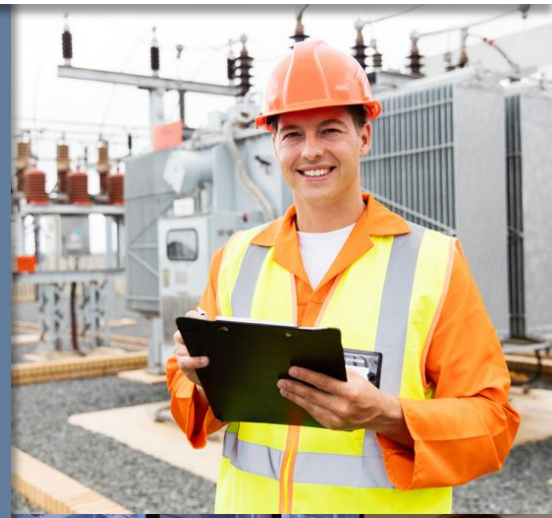
Movement of humans and objects

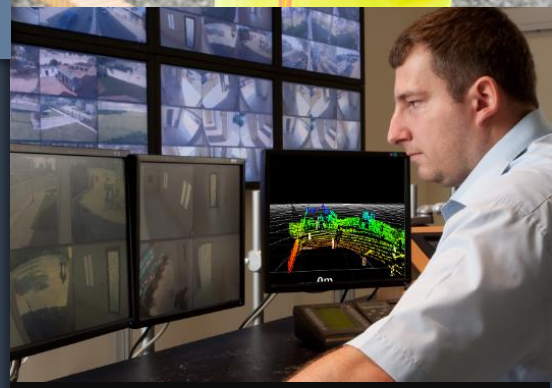
Output

- Decision Support
- Greater efficiency & optimization of operations

(Distinguish between urgent and non-urgent tasks)

Physical





Value

- Safety and security
- Workflow improvement
- High efficiency through automation

Automotive Components & Mobile Object Operating Systems

Step1	Components	Units	Step2	Systems & solutions

- 3D-LiDAR
- Sensors
- Cameras

Automotive optical units and parts

- For head-up displays
- For automotive cameras
- For headlights

ADAS

(Advanced Driving Assistant System)

/Autopilot

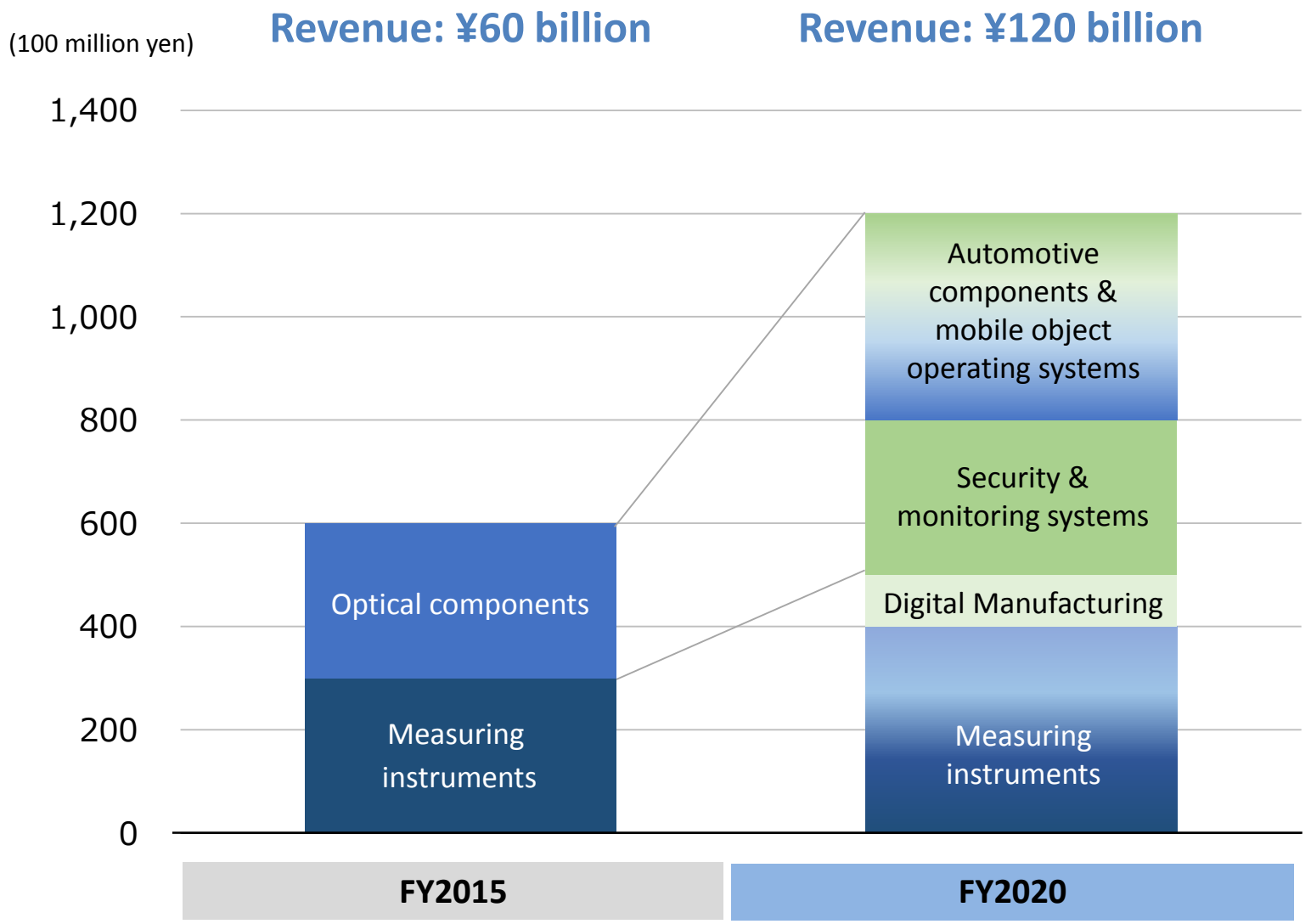
Mobility

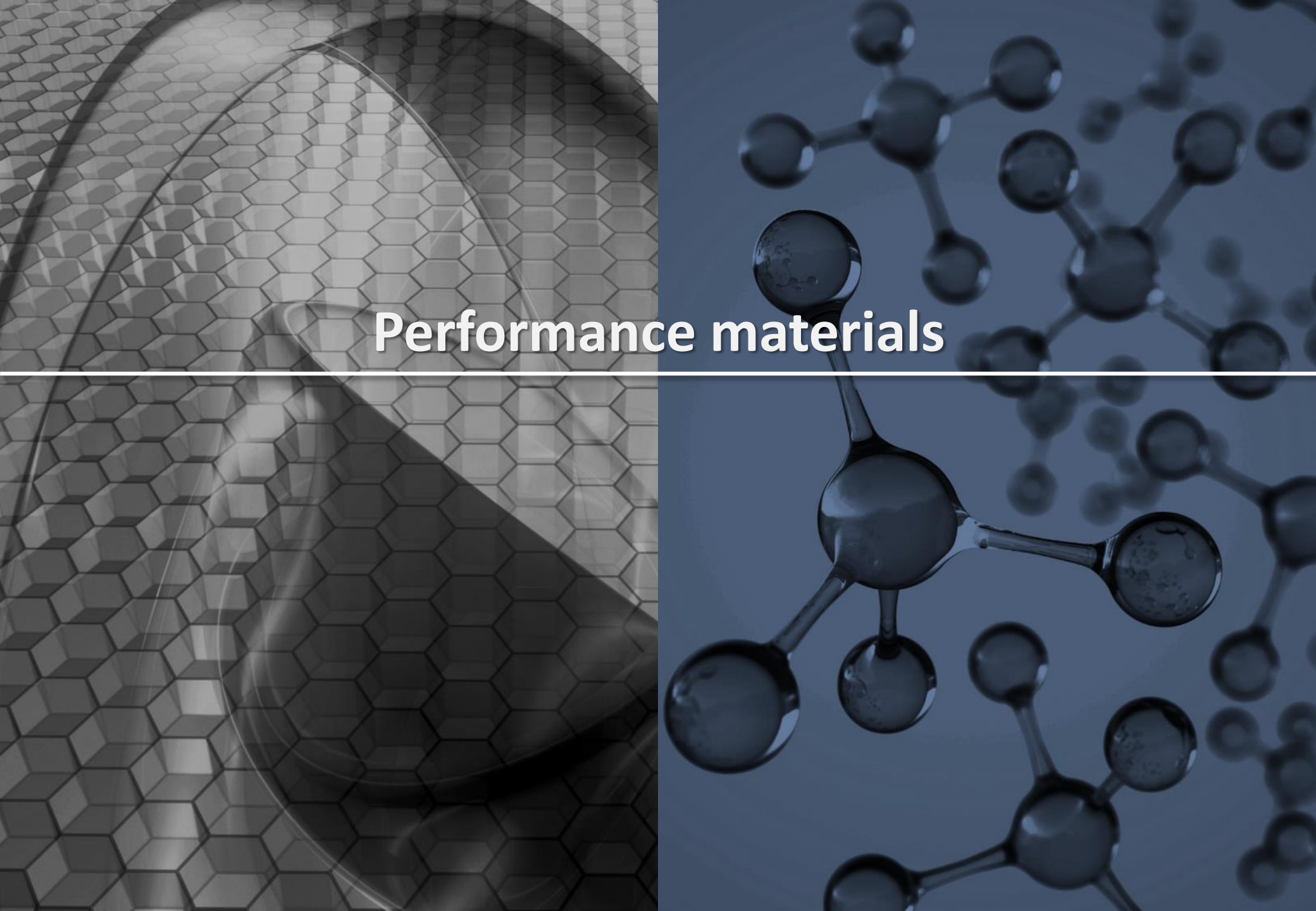
Optical units for projectors
Optical units for cameras
Pickup lenses
DSC lenses
Optical design

- Optical communications
- Magnifying glasses for healthcare

Optical components

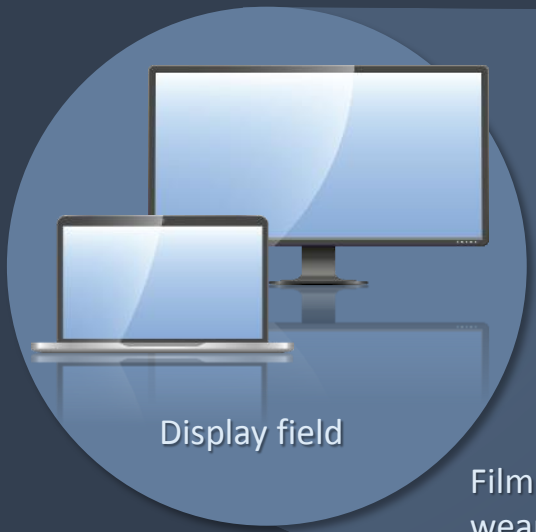
FY2020 Target – Industrial Optical Systems –




Performance materials

High-Performance Films & OLED Lightings

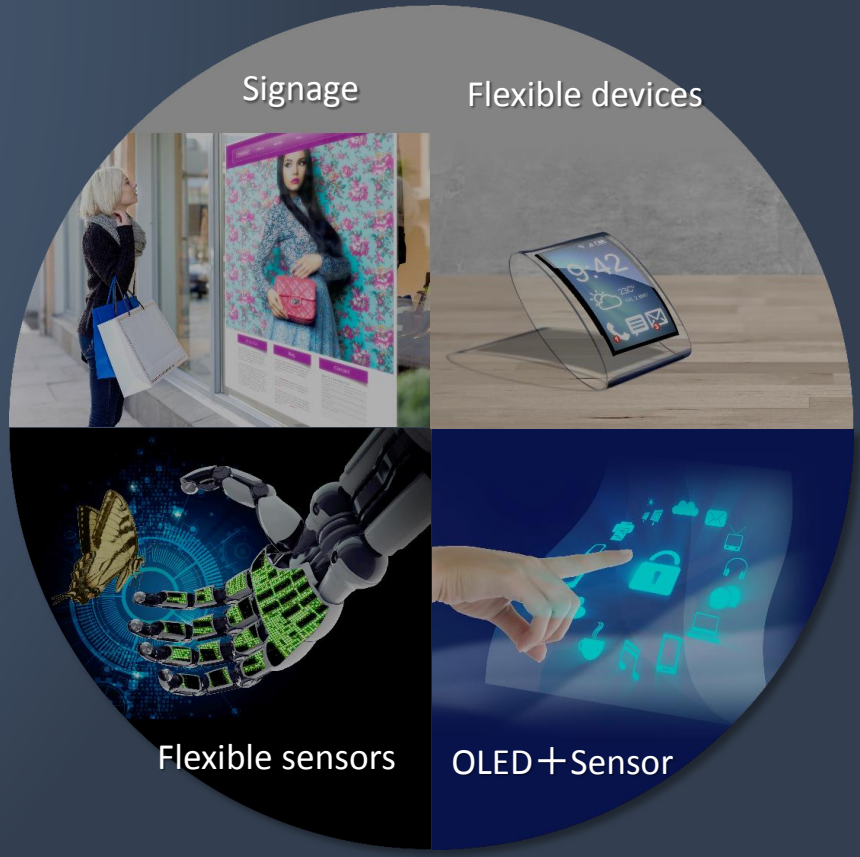
High-performance films for the mobile & IoT field



Display field

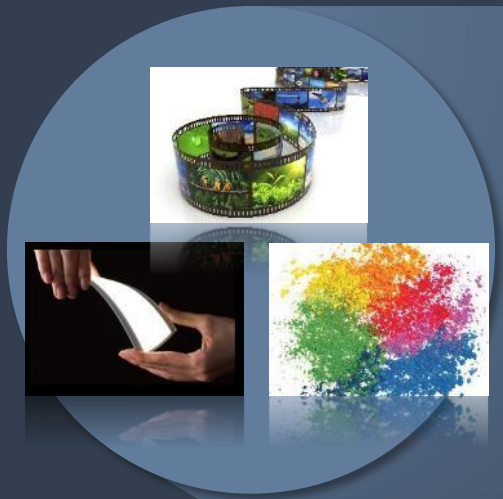
Film for mobile devices while wearing polarized sunglasses

Antireflective film for OLED displays



Accelerate creation of a new market for OLED lighting

Entry into Materials Businesses



Business assets

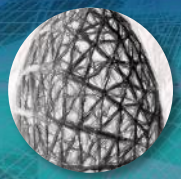
Photographic films
Electrophotography (toner)

Molecular design technologies
Materials production technologies
Microparticles forming technologies

Materials business

Industrial field

3D printer materials
Industrial printing inks



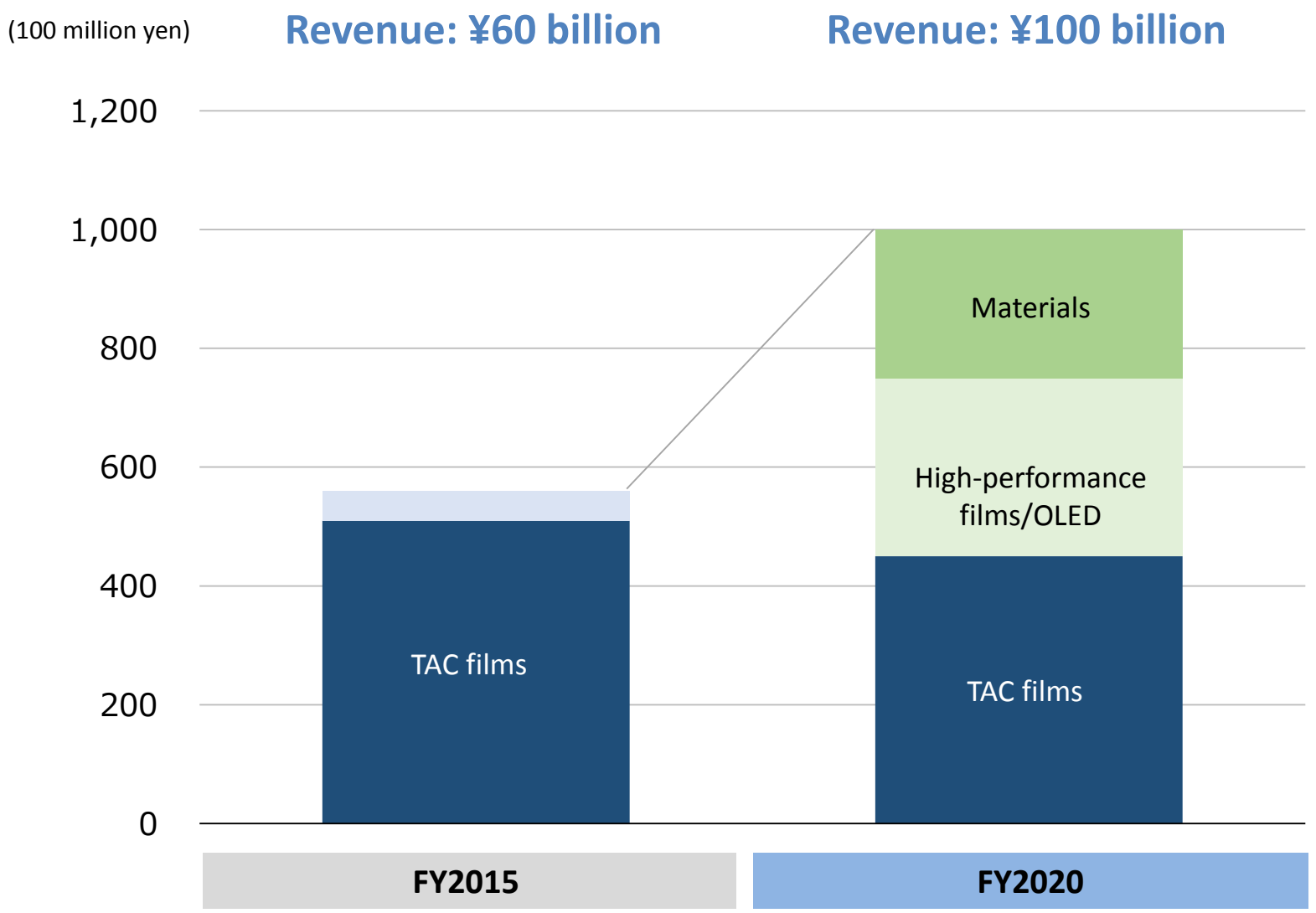
Display field

OLED materials
Film additives

Healthcare field

Pharmaceutical intermediates
Active pharmaceutical ingredients

FY2020 Target – Performance Materials –




Predictive Maintenance

Predictive Maintenance

KONICA MINOLTA

Step 1 Data collection

Millions of printing devices operating worldwide

- Data on device operations
- Information relayed upon malfunction
- Meter readings

▶ Automatic Toner delivery
▶ Optimal resource management of field service technicians

Step 2 Pre-emptive maintenance by data analytics and prediction

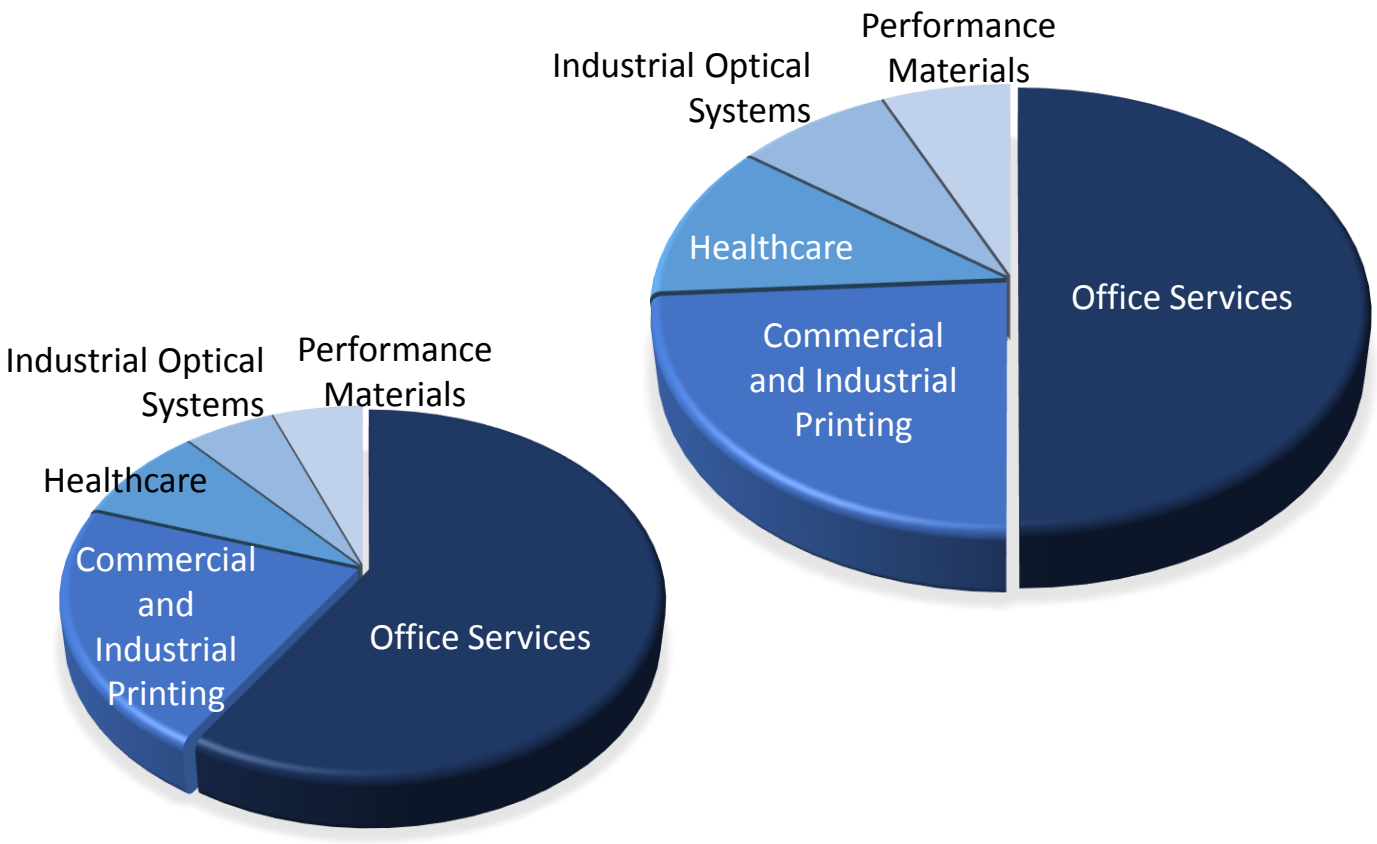
Implement IoT capabilities encompassing data other than that from printers

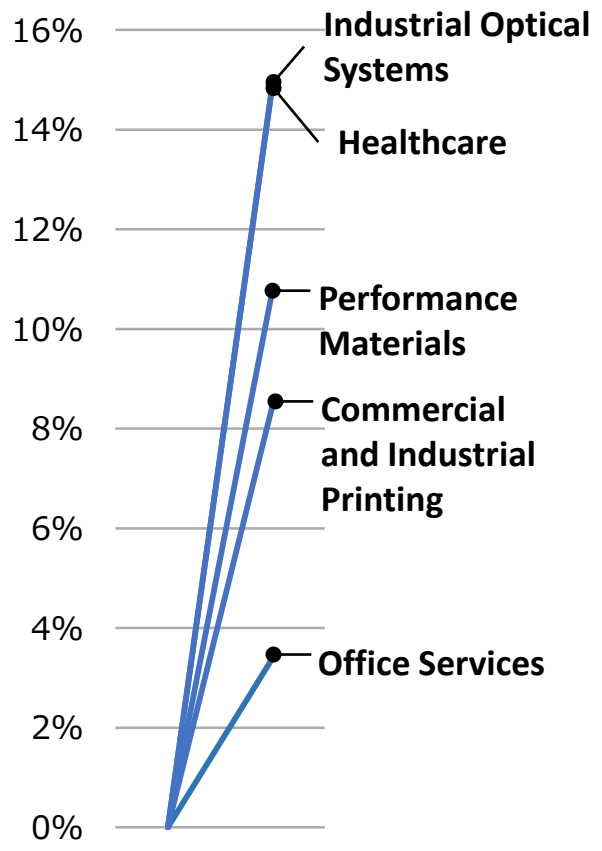
- Data on operating environments (location, temperature, humidity)
- Data on operating history, seasonal variation and other devices

▶ Maximize the operation of each devices by predicting device malfunction with AI (deep learning)
▶ Determine future user needs

FY2020 Target – Business Framework –

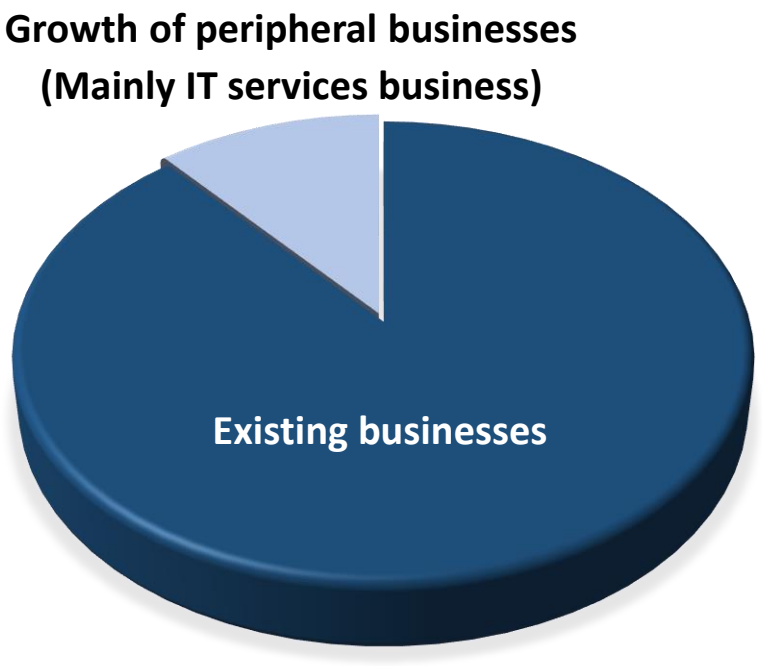
FY2015	FY2020	CAGR (FY2015 → FY2020)
Revenue: ¥1.08 trillion	Revenue: ¥1.5 trillion	Consolidated: 6.8%



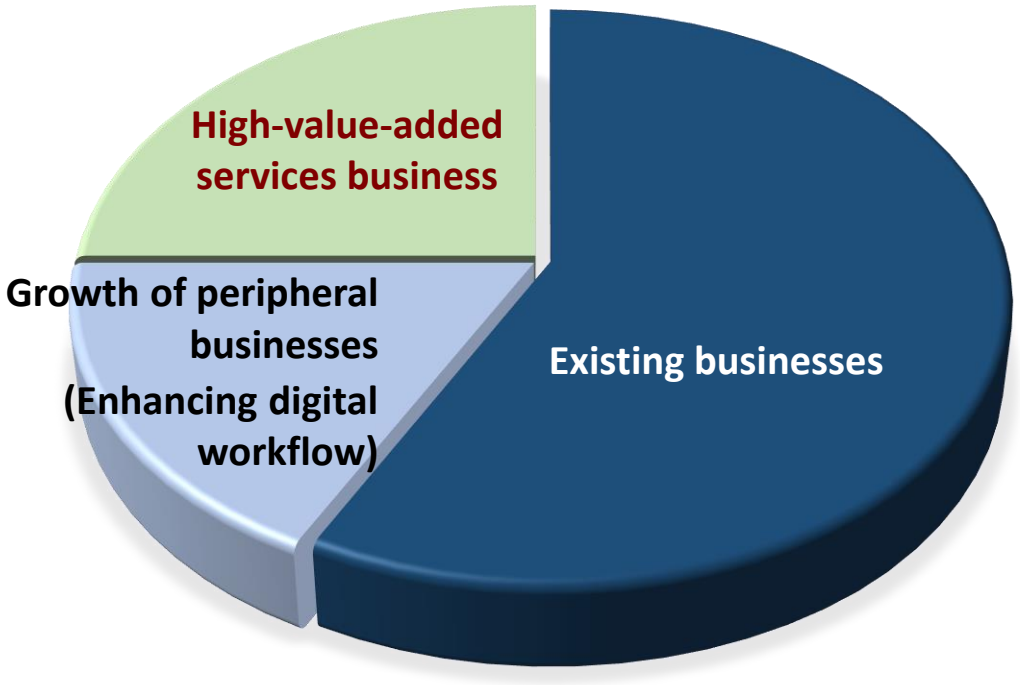


FY2020 Target – Business Transformation –

FY2015



FY2020



FY2020 Target	Revenue	**¥1.5 trillion**
	Operating profit ratio	**(8) - 10 %**

Appendix

Cloud services and information automation for Commercial Printers

(color management / equipment control / MIS solution-related)

KONICA MINOLTA

Cyber

- Analytics of disparity between printed colors and reference colors
- Optimal print job allocation and production scheduling (optimized for post-press processing and delivery)

Printing services

Digital printers

Digital workflow

Process

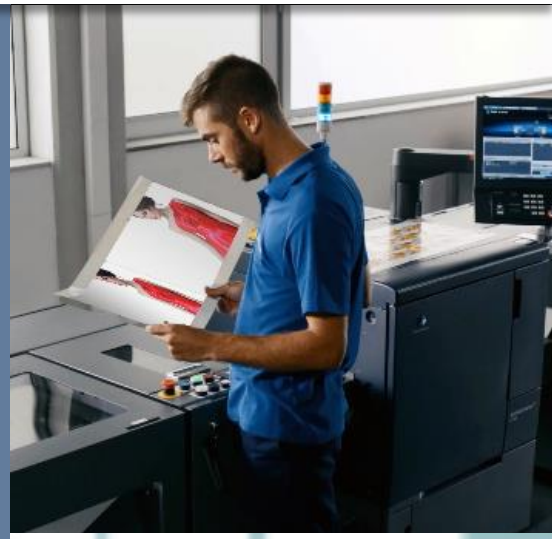
Input

- Color meter sensor data and equipment operating history
- Order information, operating information for all printers, post-press devices, operating status, and delivery schedules

Output

- Correction data provided by image configuration control unit (ICCU)
- Optimal control of printer operations
- Printer control data geared to developed production schedules

physical



Value

Higher productivity and greater quality consistency through automation

Care Support Overview (nursing care field)

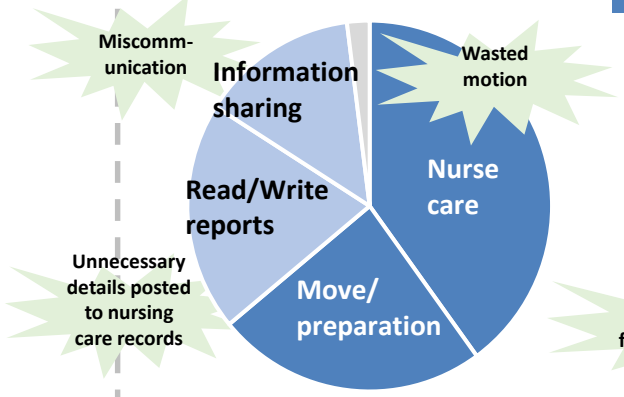
We provide support for transforming nursing care workflows which involves analyzing the actions of nursing care staff members and making use of vital-sign data of the elderly population, amid the advent of the swiftly aging society coupled with a declining working-age population.

Current concerns (ex. nursing care facilities)

Uncovering factors that provide **true client value** through interviews held in roughly 70 nursing care facilities

- Aiming to boost operational efficiency while decreasing the ratio of scheduled nursing care staff to beds.
- Aiming to secure a sufficient number of staff members, and increase the number of facility residents
- Aiming to lower operational burdens when accidents occur, and decrease operational risks

Inefficiencies with respect to regular tasks



Workload associated with non-regular tasks

Occurrence of fall-related injuries

Systems proposed by KM and results of adopting such systems (CVP)

Input	Processing	Output
Sensor box	Motion detection Sleep analytics VMS	Smartphones

- Transformation of nursing care workflow with respect to staff members rushing from place to place and sharing/recording information
- Greater quality of nursing care by making active care possible
- Sleep analytics decreases risk of illness/disease
- Car dashboard cameras reduce litigation risk in the event of an accident

- Increase the ratio of scheduled nursing care staff to beds **from 2.5:1 to 3:1**, thereby improving operational efficiency by 30%
- **Income increased by over ¥300 million annually** as a result of being able to operate an additional facility due to the reduction in nursing care employees
- Reduced risk of damages from litigation: **¥15 million / 1 facility**

Why KM outranks the competition

KM succeeds because only KM is able to totally transform nursing care workflows as a result of making unprecedented active care possible. KM does this by providing computing services on the basis of on-site analysis which encompasses data on behavior/actions of elderly people from nursing care locations to the patient's back yard, their vital signs, healthcare records, and all forms of healthcare management information.

Note: Established in Japan, Konica Minolta Japan, Inc. is embarking on commercial business involving care support services, using office equipment and information channels in that regard.

- Remarks:

  Yen amounts are rounded to the nearest 100 million.

- 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.

Giving Shape to Ideas

KONICA MINOLTA