

# Konica Minolta, Inc. 4th Quarter/March 2016 Consolidated Financial Results

Three months: January 1, 2016 – March 31, 2016  
Fiscal Year 2015: April 1, 2015 – March 31, 2016

- Announced on May 12, 2016 -

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Shoei Yamana  
President and CEO  
Konica Minolta, Inc.



KONICA MINOLTA

# Overview of FY2015 Consolidated Financial Results

## Message from Management : FY2015 Overview

[¥ billions]

	FY2015	YoY		4Q	YoY		
Revenue	1,031.7	+29.0	+3%	269.4	-5.3	-2%	
Operating profit	60.1	-5.7	-9%	18.5	-0.2	-1%	
Profit	32.0	-9.0	-22%	5.5	-5.6	-51%	
FOREX	USD	120.1	109.9	+10.2	115.5	119.1	-3.6
	Euro	132.6	138.8	-6.2	127.2	134.2	-7.0

- FY2015: Increased revenue due to sales growth of main products, consolidation of acquired companies, and the effect of the yen's depreciation against the dollar. Lowered operating profit attributable to expenses incurred by business transformation amid a harsh market environment, the cost of structural reforms carrying into the next fiscal year, and the effect of the yen's strength against the euro.
- 4Q: Revenue fell in the Business Technologies Business due to the effects of competition and the yen's appreciation, and growth for Performance Material was sluggish due to the weak market. Operating profit was flat over the previous year due to 2.5 billion yen increase in structural reform costs, as well as lower revenue and yen appreciation.
- Filed FY2015 Financial Forecast recognizing profits amended due to 3.8 billion yen increase in taxes as a result of reversal of deferred tax assets, in addition to missing financial targets in our forecast.

	Revenue				Operating Profit			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Result	248.6	258.6	255.1	269.4	10.0	18.2	13.4	18.5
YoY	22.0	10.8	1.5	-5.3	-4.4	1.7	-2.9	-0.2
Forex Impact	13.6	13.7	-2.7	-12.4	-1.2	-0.7	-3.8	-3.5
Forex adjusted change	8.4	-2.9	4.2	7.1	-3.2	2.4	0.9	3.3

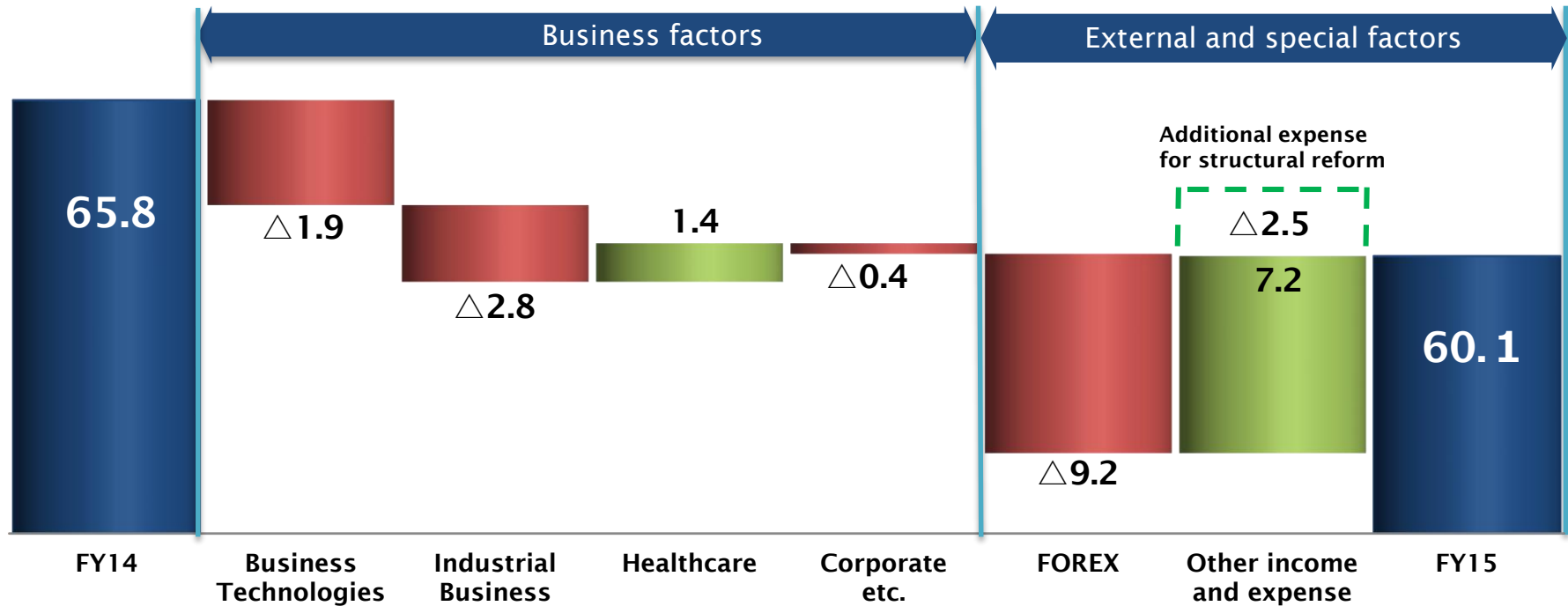
- Revenue: In sales before the impact of exchange rates, gains in revenue in 4Q showed unchanged momentum from 3Q.
- Operating profit: While the yen's appreciation against the dollar heightened downward pressure, profit effectively rose from 2Q.
- In 4Q, profit was in-line with the previous year due to greater gains in profit before impacts of Forex and a 2.5 billion yen increase in costs for structural reforms leading into the next fiscal year.

# FY2015 Financial Results - Segment

Revenue	12M		YoY	4Q		[¥ billions]
	Mar 2016	Mar 2015		Mar 2016	Mar 2015	
Business Technologies	832.2	808.2	3%	216.1	224.5	-4%
Office Services	607.6	597.2	2%	157.0	163.1	-4%
Commercial/Industrial print	224.6	211.1	6%	59.0	61.4	-4%
Healthcare	89.9	78.6	14%	27.6	23.3	18%
Industrial Business	106.0	112.8	-6%	24.3	25.8	-6%
Industrial Optical Systems	52.5	51.8	1%	12.6	11.7	8%
Performance Materials	53.5	61.0	-12%	11.7	14.1	-17%
Others	3.7	3.2	-	1.4	1.1	-
<b>Group Overall</b>	<b>1,031.7</b>	<b>1,002.8</b>	<b>3%</b>	<b>269.4</b>	<b>274.7</b>	<b>-2%</b>

Operating profit	12M		YoY	4Q		YoY				
	Mar 2016	Mar 2015		Mar 2016	Mar 2015		YoY			
Business Technologies	70.2	8.4%	72.7	9.0%	-3%	19.3	8.9%	22.6	10.1%	-15%
Healthcare	3.9	4.3%	2.1	2.7%	85%	1.6	5.9%	0.7	2.8%	144%
Industrial Business	17.0	16.1%	19.7	17.5%	-14%	3.8	15.5%	2.6	10.2%	43%
Eliminations and Corporate	-31.1	-	-28.8	-	-	-6.2	-	-7.2	-	-
<b>Group Overall</b>	<b>60.1</b>	<b>5.8%</b>	<b>65.8</b>	<b>6.6%</b>	<b>-9%</b>	<b>18.5</b>	<b>6.9%</b>	<b>18.7</b>	<b>6.8%</b>	<b>-1%</b>

# FY2015 Operating Profit Analysis



- Business Technologies Business: Up-front investments were made to transform the focus of our business in a harsh market environment due to price competition. In addition, allocated 2.5 billion yen for costs related to structural reforms in 4Q.
- Industrial Business: Weak sales lowered profit due to deteriorating supply/demand for Performance Materials.
- Healthcare: Saw increased profit due to strong sales of digital products and profit contribution from Viztek

# FY2015 Operating Profit: Difference from Previous Forecast of 73.0 Billion Yen

[¥ billions]

	Business Technologies	Healthcare	Industrial Business	Corporate	Group Overall
Forecast	81.0	4.0	20.0	-32.0	73.0
Result	70.2	3.9	17.0	-31.1	60.1
Difference	-10.8	-0.1	-3.0	0.9	-12.9

<Primary factors>

- Missed forecast in 3Q: Down ¥3.0 billion ... (1)
- Impact of JPY/EUR exchange rate: Down ¥2.4 billion ... (3)  
(Assumption: ¥135; Actual: ¥127 = ¥8 difference in rate)
- Additional allocation for structural reforms cost: Down ¥2.5 billion ... (4)
- Decrease in 4Q sales volume: Down ¥2.9 billion ... (2)

<Primary factors>

- Decrease in volume resulting from deteriorating market conditions... (2)

Difference from previous forecast -12.9 billion yen

- |  |                |
|--|----------------|
| (1) Missed forecast in 3Q:                               | - ¥3.0 billion |
| (2) Missed forecast in 4Q due to market conditions etc.: | - ¥5.0 billion |
| (3) External factors i.e Forex:                          | - ¥2.4 billion |
| (4) Additional costs related to structural reforms:      | - ¥2.5 billion |

# Business Technologies Business Overview

## Revenue: ¥832.2 bn (YoY +3%)

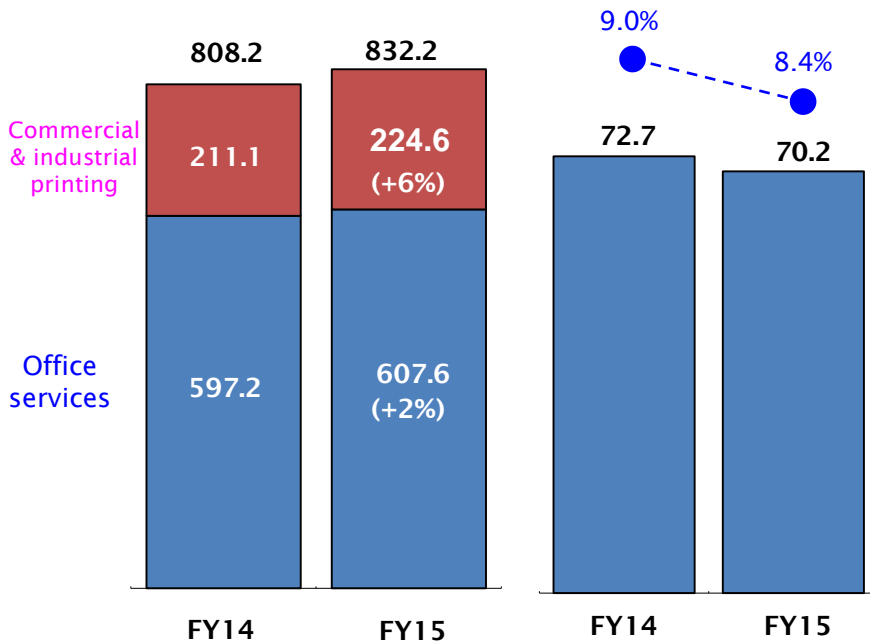
- In addition to the effects of acquisition, new products in Office Services and flagship color products in Commercial and Industrial Printing contributed to higher revenue.

## Operating Profit: ¥70.2 bn (YoY -3%)

- In addition to yen appreciation against euro, which had a substantial impact on profits, additional costs associated with business transformation led to lower profits.

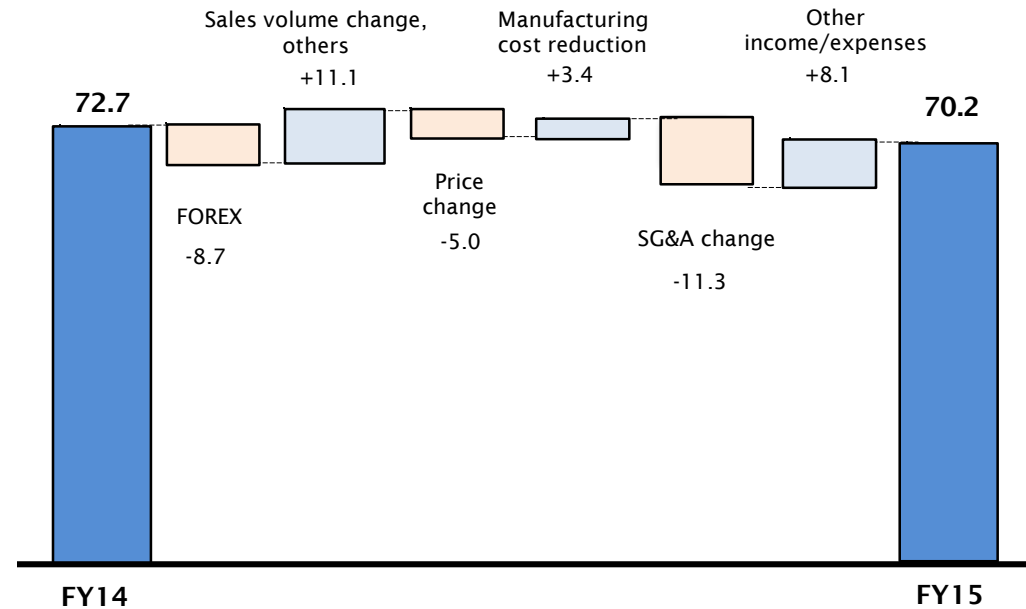
### Revenue/Operating Profit

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



### Operating Profit Analysis

[¥ billions]





# FY2015 Quarterly Earnings: Business Technologies Business

[¥ billions]

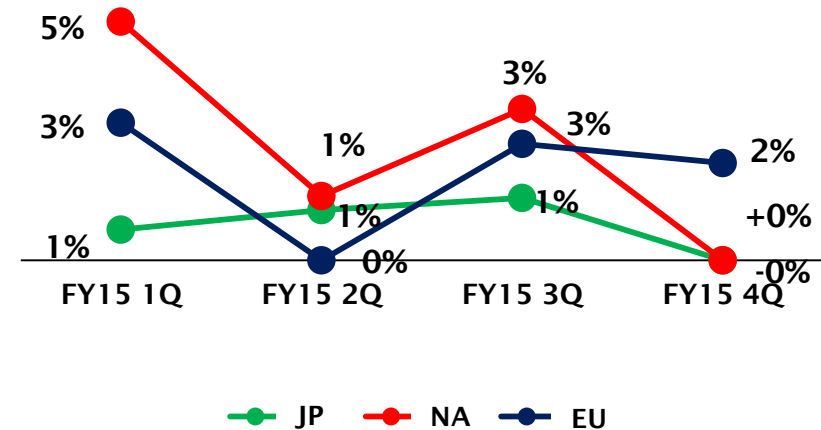
	Revenue				Operating Profit			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Result	201.8	207.4	206.9	216.1	13.3	21.1	16.5	19.3
YoY	22.1	10.1	0.2	-8.4	0.3	3.1	-2.7	-3.3
Forex Impact	11.8	11.9	-3.2	-11.3	-1.2	-0.7	-3.5	-3.2
Forex adjusted change	10.3	-1.8	3.1	3.0	1.5	3.8	0.8	-0.1

## [Sales Status in major markets in 4Q]

Saw strong sales in Europe, but faced difficulties in the US and Japan. Yen appreciation led to sluggish growth in earnings in 4Q.

- Europe: Momentum was solid due to an increase in sale of medium- and high-speed color printers.
- North America: Price competition was harsh, resulting in flat sales over the previous year.
- Japan: Sales were down over the previous year due to worsening market conditions and harsh competition.

Revenue growth rate based on a local currency for US, Japanese, and European sales companies

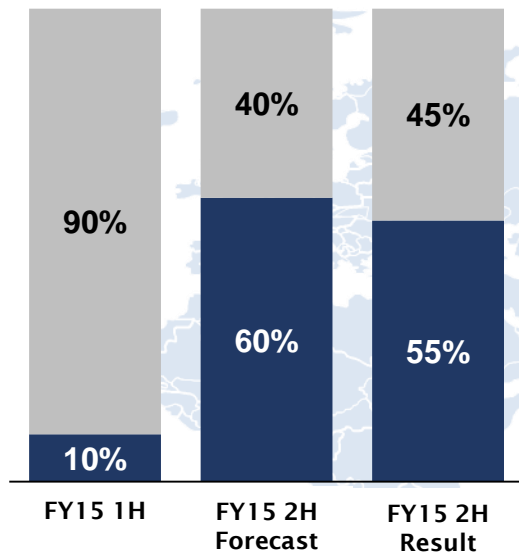


# Office Services: Shift to New A3 Color Products

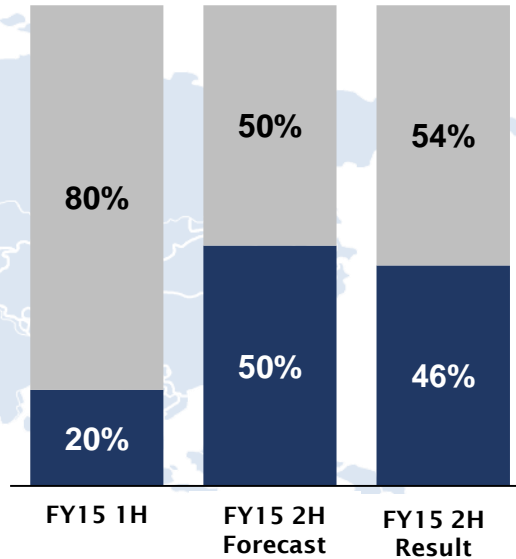
- Although new products drove sales, particularly in Europe and the US, targets were not met in Japan, North America, and Europe in 4Q.
- Success in shifting sales to medium- and high-speed MFPs led to an increased sales base share in Europe.

Ratio of new products

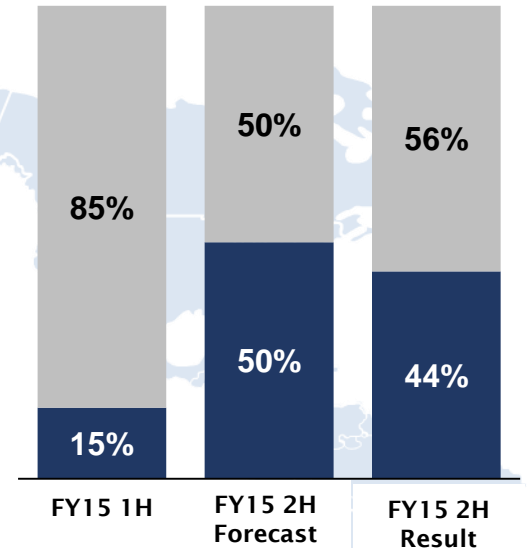
## Europe



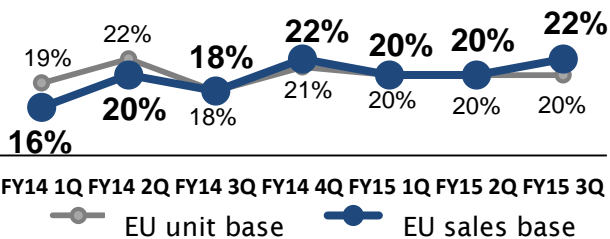
## Japan



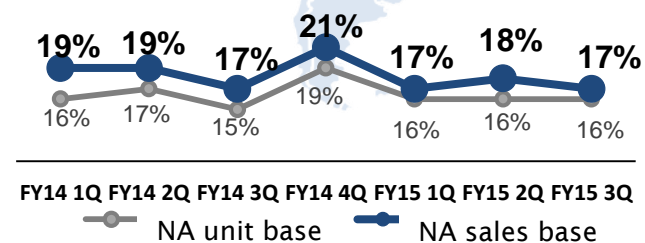
## North America



A3 Color MFP share EU



A3 color MFP share NA



**bizhub C287 series**

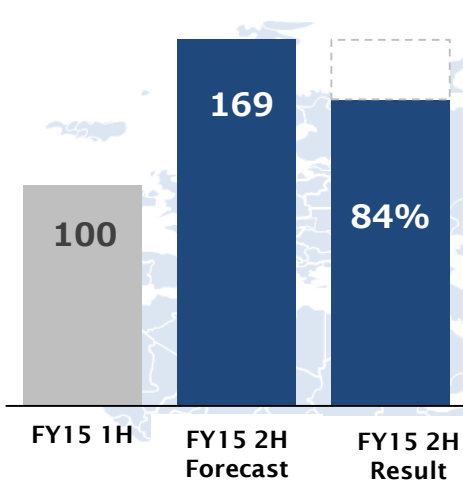
**bizhub C368 series**

# Commercial and Industrial Printing : Promotion of C1100 Series

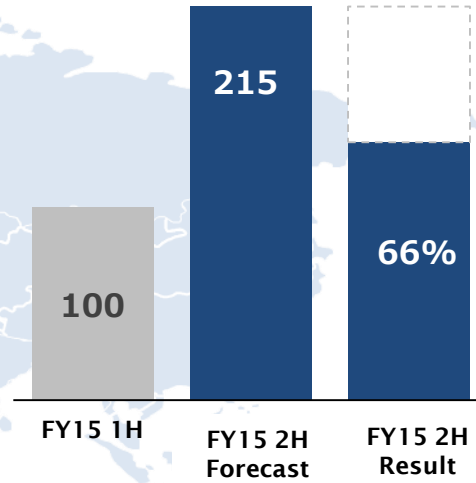
- 2H sales targets were not met. Although saw firm sales in Europe, results were disappointing in North America due to harsh competition.
- On a worldwide basis, our share is top(45%) in the MPP segment, remaining the Genre-top.

MPP (Mid Production Printer): Medium-speed production printer

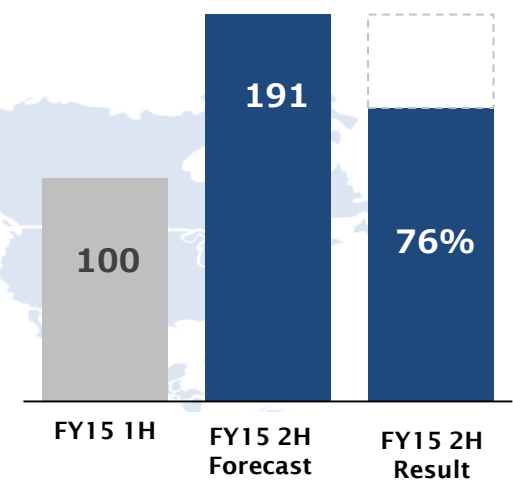
## Europe



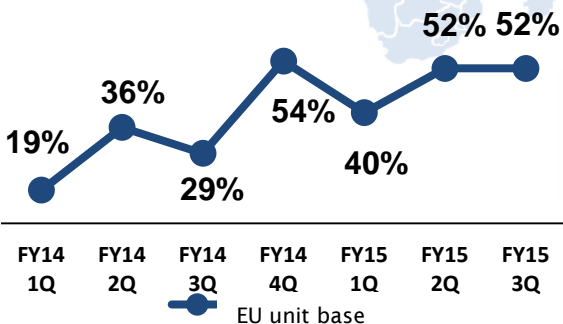
## North America



## Worldwide



### PP color MPP share EU

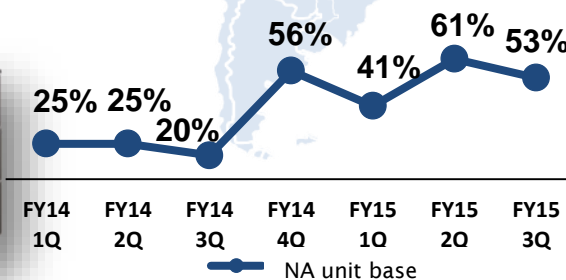


\*Index assuming that the number of units sold in H1 FY15 was 100.

### PP color MPP share NA



**bizhub PRESS C1100 series**



## Revenue: ¥89.9 bn (YoY +14%)

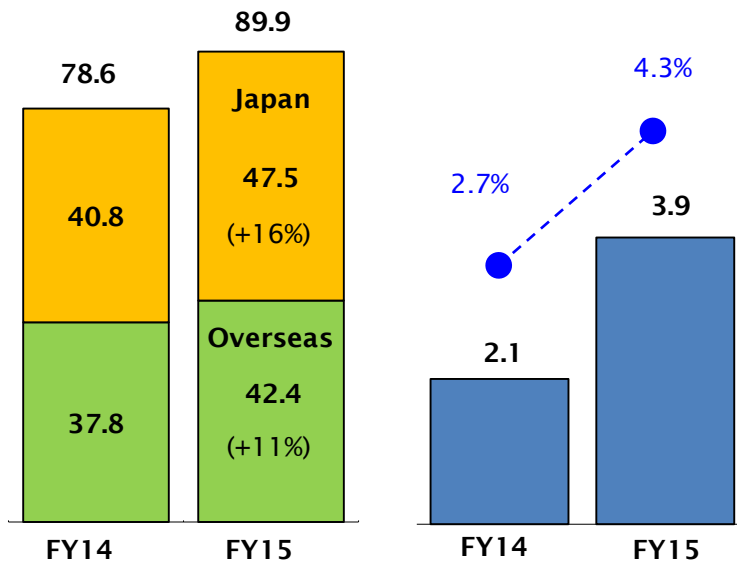
- Sales in Japan for mainly digital equipment were strong, while newly acquired Viztek contributed from 3Q onward, leading to double-digit growth in revenue in Japan and overseas.

## Operating Profit: ¥3.9 bn (YoY +86%)

- Increases in digital products sales and service contracts, which are based on the installation of these products, contributed to improved profitability and a doubled profit.

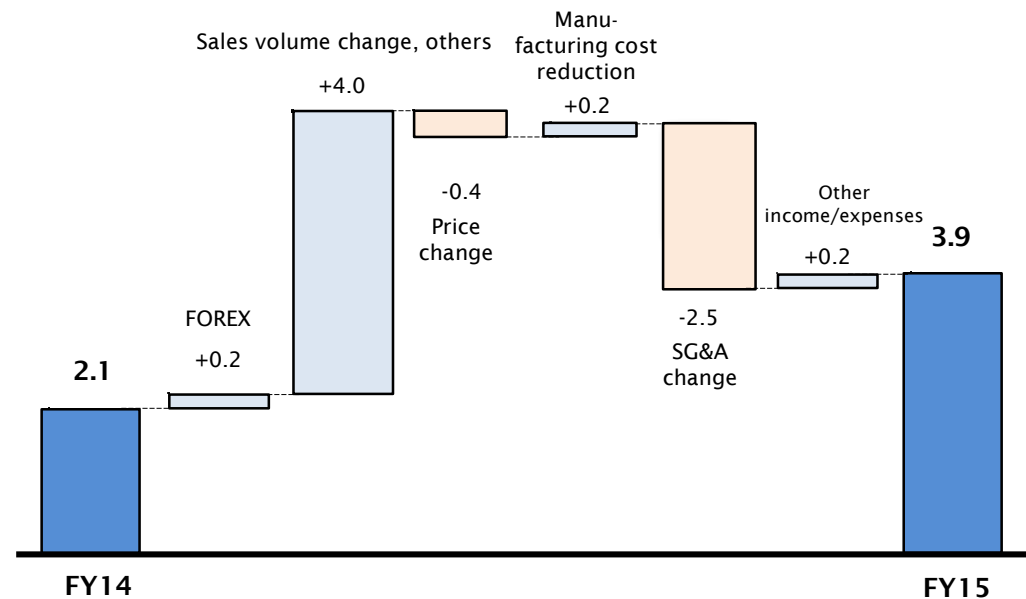
### Revenue/Operating Profit

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



### Operating Profit Analysis

[¥ billions]

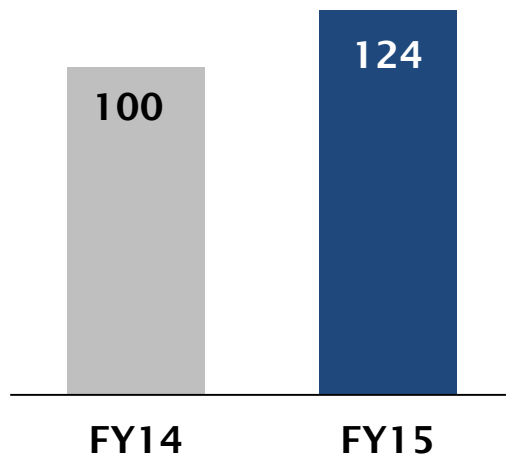


# Healthcare Business: Increased Revenue and Profits due to Higher Sales Volumes of Digital Products

- The Viztek acquisition had a positive effect, and the increase in revenue from digital products such as DR and medical IT led to value-added business.
- In Japan market, higher sales of HS1 brought diagnostic ultrasound systems to the top of the orthopedic field.

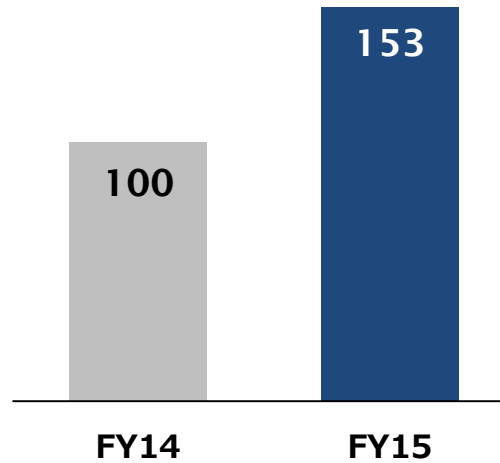
DR sales growth

\*Index assuming that FY14 revenue was 100.



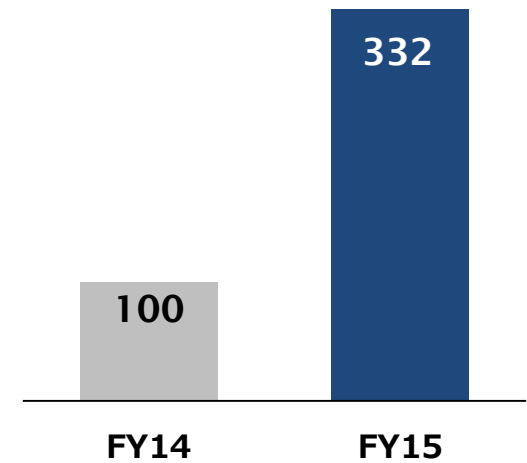
Medical IT sales growth

\*Index assuming that FY14 revenue was 100.



Growth in sales of HS1 diagnostic ultrasound system units

\*Index assuming that FY14 revenue was 100.



## Overview of Viztek

Target markets	Primary care (general practitioners)
Strengths	<ul style="list-style-type: none"> <li>• Knowledge about customer workflow</li> <li>• Capacity to provide and develop hardware, software, and medical IT services on a one-stop basis</li> </ul>

Diagnostic ultrasound systems SONIMAGE HS1



Giving Shape to Ideas

# Industrial Business Overview

## Revenue: ¥106.0 bn (YoY -6%)

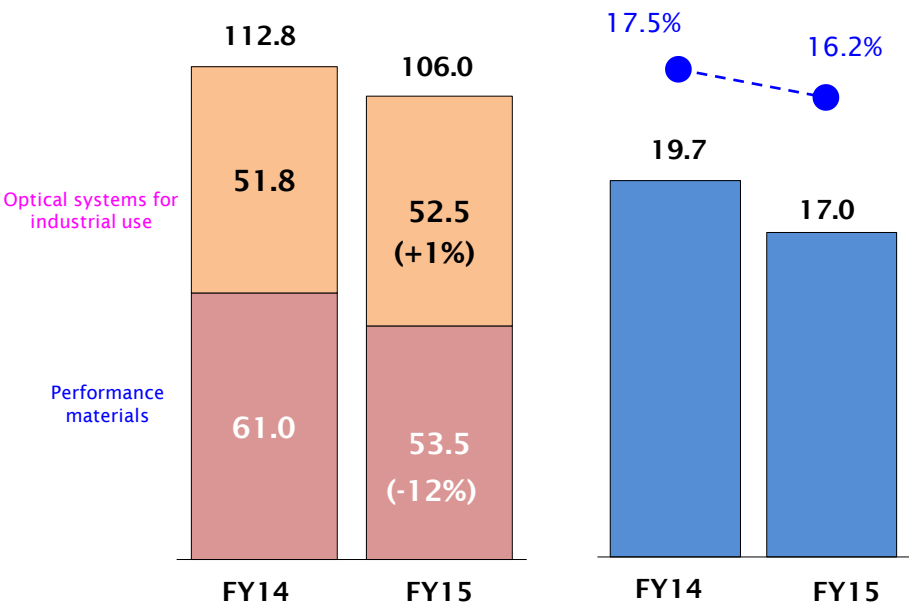
- Revenue for Optical Systems maintained previous level due to the impact of an acquisition on measuring instruments and the strong performance of projector lenses. Revenue for Performance materials decreased due to weak demand.

## Operating Profit: ¥17.0 bn (YoY -14%)

- Profit decreased due to the impact of the acquisition on Measuring Instruments, and increased SG&A costs for lenses. Performance materials were hit by falling sales and price pressure.

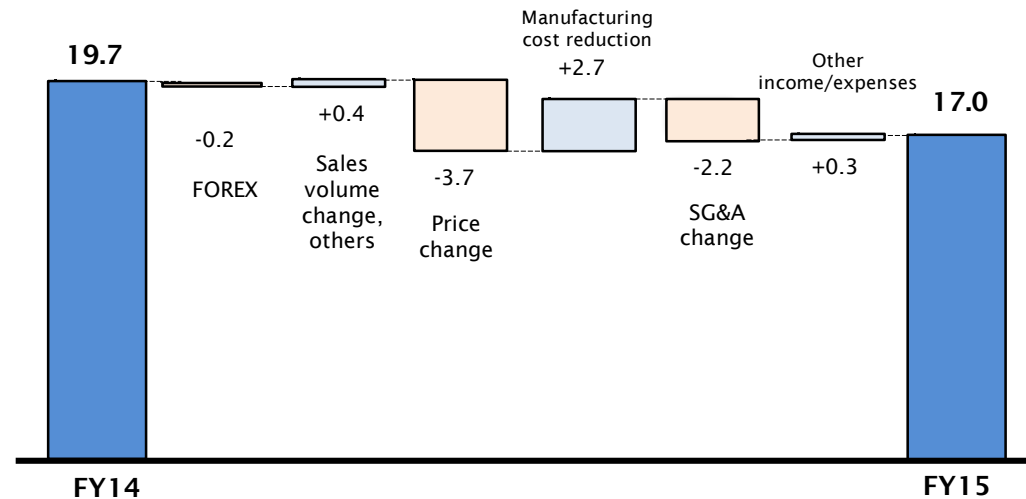
Revenue/Operating Profit

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



Operating Profit Analysis

[¥ billions]

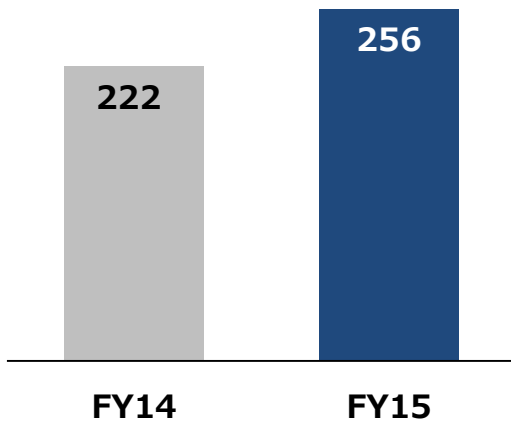


# Measuring Instruments: Expansion into Light-Source Color Measurement Equipment through Acquisition of Radiant

- Sales of the mainstay light-source color measurement equipment grew about 30%, remaining solidly at the top of the field.
- A Group company, Instrument Systems, posted record-high revenue and together with the addition of Radiant, drove business growth in the measuring instruments field.

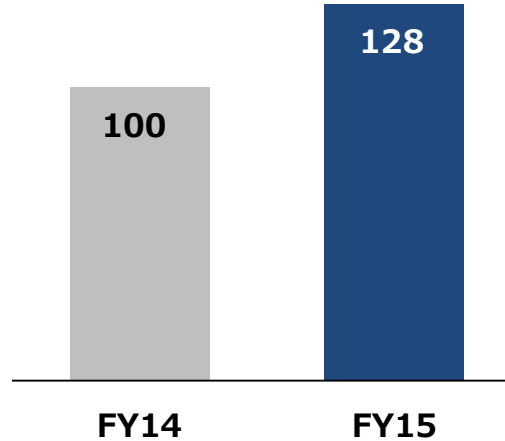
Measuring instruments: Sales growth

[¥ billions]



Light-source color measurement equipment: Sales growth

\*Index assuming that FY14 revenue was 100.



## Display analyzer 2-in-1 Imaging colorimeter\*



\* Ground-breaking 2-in-1 measurement device combining the display luminance measurement of Instrument Systems with Konica Minolta's display color analyzer in one device.

### Overview of Radiant

Target markets	Testing and measurement systems for flat-panel displays and visual surface inspection devices
Strengths	<ul style="list-style-type: none"> <li>• Strong relationship with major US IT companies</li> <li>• Full line-up of image-processing software</li> <li>• Customer base in the US and China</li> </ul>

## Imaging colorimeter ProMetric G series



# Impact of Exchange Rates on Operating Profit

	FY2014 (Results)	FY2015 (Results)	FY2016 (Forecast)
Yen/USD	109.9	120.1	105.0
Difference in exchange rates over the previous year	+9.7	+10.2	-15.1
Sensitivity to US dollar in billion yen	0.1	0	0
Yen/euro	138.8	132.6	120
Differences in exchange rates over the previous year	+4.4	-6.2	-12.6
Sensitivity to European currencies in billion yen	1.0	1.1	1.2
Monetary impact of exchange rates over previous year in billion yen	7.4	-9.2	-19.0

- As overseas procurement increased in China and ASEAN, profit was less affected by US dollar exchange rates.
- As sales within Europe expanded, sensitivity to the euro—as well as other European currencies—increased.
- Sensitivity to the Australian dollar and emerging market currencies increased as well.





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# FY 2016 Earnings Forecast

# Message from the Management : FY2016 Earnings Forecast

[¥ billions]

	FY2016(Forecast)	FY2015(Results)	Difference		
Revenue	1,060.0	1,031.7	+28.3	+3%	
Operating Profit	66.0	60.1	+5.9	+10%	
Profit	44.0	32.2	+12.0	+38%	
Forex	US\$	105	120.1	-15.1	-12%
	euro	120	132.6	-12.6	-7%
Dividends per share in Yen	30	30	±0	-	
Consolidated dividend pay-out ratio	34%	47%	-	-	

- Aim to increase revenue and operating profit in a final year of the TRANSFORM 2016 initiative by gaining outcomes from all measures, while recognizing that the management environment, fierce competition and uncertain market, including Forex.
- In particular, enhance our capacity to generate profit, and reinforce activities aimed at achieving next-generation growth, and creating business that generates customer value.
- Anticipate further yen appreciation against both the dollar and the euro, and forecast exchange rates of 105 yen to the dollar and 120 yen to the euro.
- Remain our dividends at 30 yen per share, as in the previous year.

## FY2016 Earnings Forecast - Segment

Revenue	Forecast		Results		YOY
	Mar 2017		Mar 2016		
Business Technologies	830.0		832.2		-0%
Office Services	585.0		607.6		-4%
Commercial/Industrial print	245.0		224.6		9%
Healthcare	100.0		89.9		11%
Industrial Business	125.0		106.0		18%
Industrial Optical Systems	63.0		52.5		20%
Performance Materials	62.0		53.5		16%
Others	5.0		3.7		-
<b>Group Overall</b>	<b>1,060.0</b>		<b>1,031.7</b>		<b>3%</b>

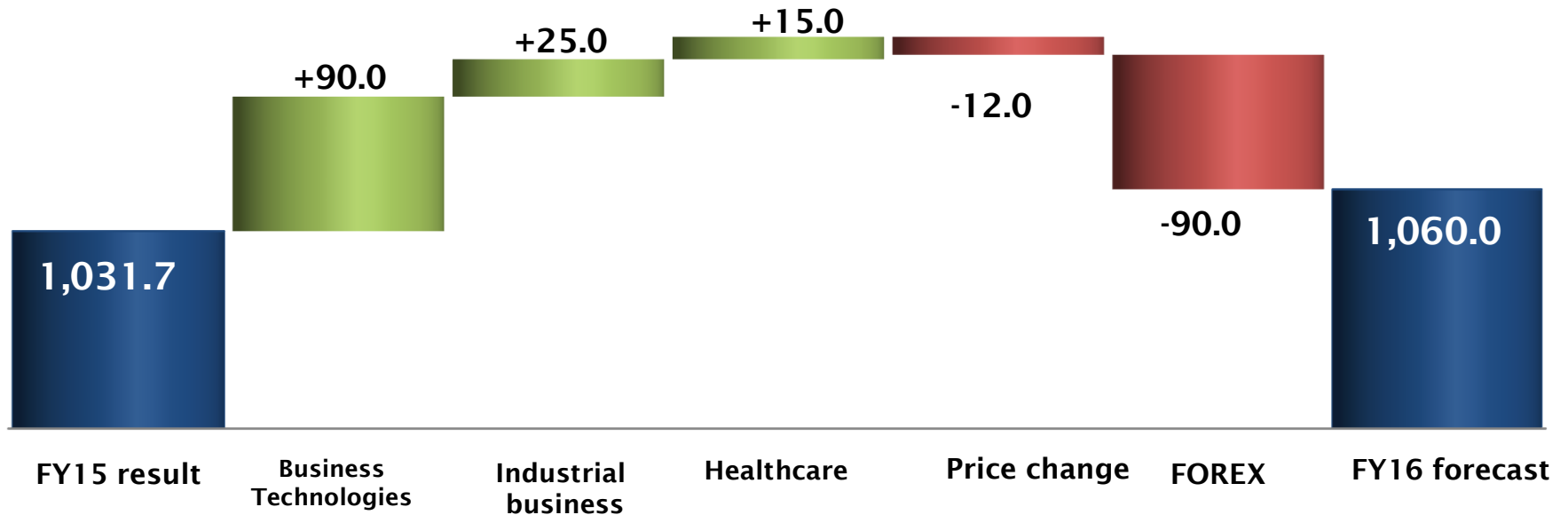
Operating profit	Forecast		Results		YOY
	Mar 2017		Mar 2016		
Business Technologies	68.0	8.2%	70.2	8.4%	-3%
Healthcare	5.0	5.0%	3.9	4.3%	28%
Industrial Business	22.0	17.6%	17.0	16.1%	29%
Eliminations and Corporate	-29.0	-	-31.1	-	-
<b>Group Overall</b>	<b>66.0</b>	<b>6.2%</b>	<b>60.1</b>	<b>5.8%</b>	<b>10%</b>

\*OP Ratio

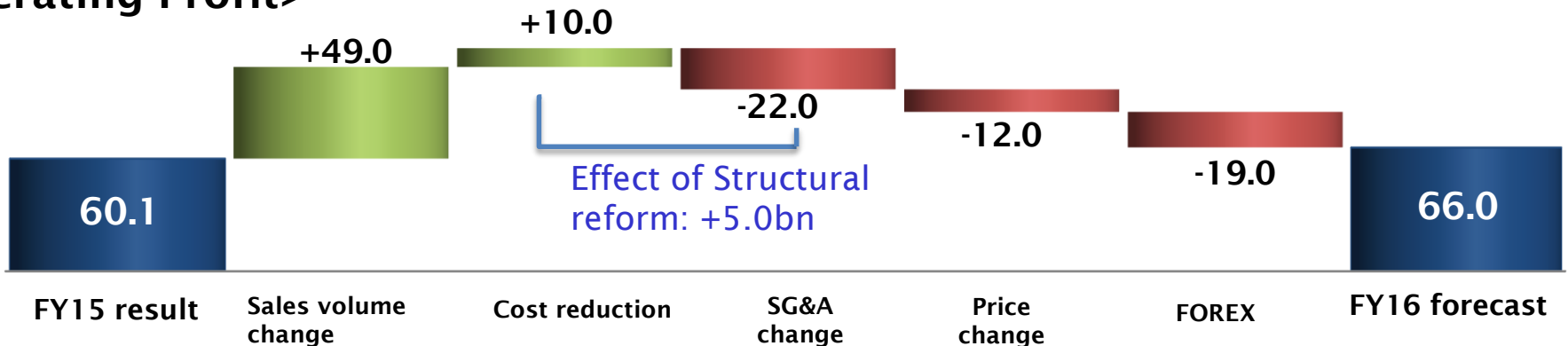
# FY2016 Earnings Forecast – Revenue/Operating Profit Analysis

## <Revenue>

¥ billions



## <Operating Profit>



# FY2016 Important Measures: Business Technologies Business

[¥ billions]

		FY2015(Results)	FY2016(Forecast)	Difference
Business Technologies	Revenue	832.2	830.0	0%
	OP	70.2	68.0	-3%
Office Services	Revenue	607.6	585.0	-4%
Important measures	<b>Optimizing revenue by enhancing non-price competition approach.</b> <ul style="list-style-type: none"> <li>Expanding new MIF by strengthening hybrid-type sales and raising sales per customer</li> <li>Increasing gross profit through full-scale sales of new MFP products and thorough expansion tailored to customer and channel</li> <li>Lowering in unit costs through digital manufacturing</li> <li>Raising productivity and lowering fixed costs by optimizing sales and assignment of repair staff</li> </ul>			
Commercial and Industrial printing	Revenue	224.6	245.0	9%
Important measures	<b>Full-scale entry into industrial printing field, expansion of large commercial printing customers</b> <ul style="list-style-type: none"> <li>Enter industrial printing field on a full scale by strengthening the lineup of KM-1 and MGI products</li> <li>Boost number of large commercial printing customers with PP high-end color products and maximize color print volume</li> <li>Strengthen digital marketing provision capability</li> </ul>			

# FY2016 Important Measures: Businesses other than Business Technologies Business

[¥ billions]

		FY2015	FY2016(Est.)	Difference
Healthcare	Revenue	89.9	100.0	11%
	OP	3.9	5.0	28%
Important measures	<p><b>Aim to achieve ¥100bn in revenue with 3 core products, Digital Radiography(DR), Diagnostic Ultrasound Systems, and Medical IT</b></p> <ul style="list-style-type: none"> <li>• DR: Expand products by customer class and build up sales by strengthening channels and collaboration</li> <li>• Diagnostic ultrasound: In Japan, expand from orthopedic to internal medicine field, full-scale expansion in the US, Europe, and Asia</li> <li>• Medical IT: Accelerate solution expansion utilizing Viztek's technology assets</li> </ul>			
Industrial business	Revenue	106.0	125.0	18%
	OP	17.0	22.0	29%
Optical systems	Revenue	52.5	63.0	20%
Important measures	<ul style="list-style-type: none"> <li>• Measuring instruments: Expand revenue with affiliation with three companies (KM headquarters, Instrument Systems, and Radiant)</li> <li>• Optical systems: Maximize revenue in existing business fields, launching of new businesses, and contribution of acquisition.</li> </ul>			
Performance Material	Revenue	53.5	62.0	16%
Important measures	<ul style="list-style-type: none"> <li>• Increase revenue in large television, and expand effusion fields such as QWP.</li> <li>• In OLED, acquire IoT clients with the "flexible and sensor" approach unique to KM</li> </ul>			

# FY2016 Operating Profit: Difference with 90.0 billion yen Forecast in TRANSFORM 2016

[¥ billions]

	Business Technologies	Healthcare	Industrial Business	Group Overall
Medium Term Business Plan targets	90.0	10.0	17.5	90.0
FY16 Forecast	68.0	5.0	22.0	66.0
Difference	-22.0	-5.0	+4.5	-24.0

<Primary factors>

- Impact of JPY/EUR exchange rates: ¥18.0 billion decrease (Medium Term Business Plan: ¥135; Previously released estimate: ¥120 = ¥15 lower rate than estimated)
- Effective difference excluding exchange rates: ¥4.0 billion decrease

## Genre-top strategy Shift to value-added business

Phase 0

Phase 1

Phase 2

Definitions

Existing  
Growth Engines

Generate Reliable  
Results in FY16

Complete Structure by  
FY16 and Generate  
results in FY17-18



# Road Map to Next-Generation Growth and Creation of Customer Value

	Phase 1	Phase 2
Office Services	Penetrate hybrid-type sales Solutions by industries and business	Provide new-generation office services base
Commercial and Industrial Printing	Enter major commercial printer business with KM-1 Additional investments in MGI	Comprehensively streamline and maximize input/output equipment within printing companies Digital marketing services
Healthcare	Diagnostic ultrasound systems Medical IT services	Expand to high value-added medical diagnostic imaging Local comprehensive medical support services
Measuring Instruments	Enter manufacturing testing field	Services to resolve issues using monitoring <ul style="list-style-type: none"> <li>• Advanced security</li> <li>• Sales promotion support</li> <li>• Self-driving support</li> </ul>
Optical Systems	Expand optical systems for industrial use field	
Performance Materials	New film for displays	Enter materials business such as Organic Light Emitting Diode (OLED)



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# Supplementary Information

# 4Q/Mar 2016 Financial Results Highlight- overview

【¥ billions】

	12M Mar 2016	12M Mar 2015	YoY	4Q Mar 2016	4Q Mar 2015	YoY
Revenue	1,031.7	1,002.8	3%	269.4	274.7	-2%
Gross profit	495.5	489.7	1%	128.6	131.8	-2%
<i>Gross margin ratio</i>	<i>48.0%</i>	<i>48.8%</i>	-	<i>47.7%</i>	<i>48.0%</i>	-
Operating profit	60.1	65.8	-9%	18.5	18.7	-1%
<i>Operating margin ratio</i>	<i>5.8%</i>	<i>6.6%</i>	-	<i>6.9%</i>	<i>6.8%</i>	-
Profit before tax	58.0	65.5	-11%	17.5	16.8	4%
<i>Pretax margin ratio</i>	<i>5.6%</i>	<i>6.5%</i>	-	<i>6.5%</i>	<i>6.1%</i>	-
Profit attributable to owners of the company	32.0	40.9	-22%	5.5	11.1	-51%
<i>Margin of profit attributable to owners of the company ratio</i>	<i>3.1%</i>	<i>4.1%</i>	-	<i>2.0%</i>	<i>4.0%</i>	-
EPS [Yen]	64.39	81.01		11.06	22.06	
CAPEX	52.6	46.1		17.4	13.0	
Depreciation and Amortization Expenses	51.3	47.9		13.9	12.6	
R&D expenses	76.3	74.3		19.5	19.2	
FCF	-51.5	48.0		-5.2	20.7	
Investment and lending	68.2	19.9		16.7	4.1	
FOREX [Yen]	120.14	109.93	10.21	115.48	119.09	-3.61
USD						
euro	132.58	138.77	-6.19	127.23	134.18	-6.95

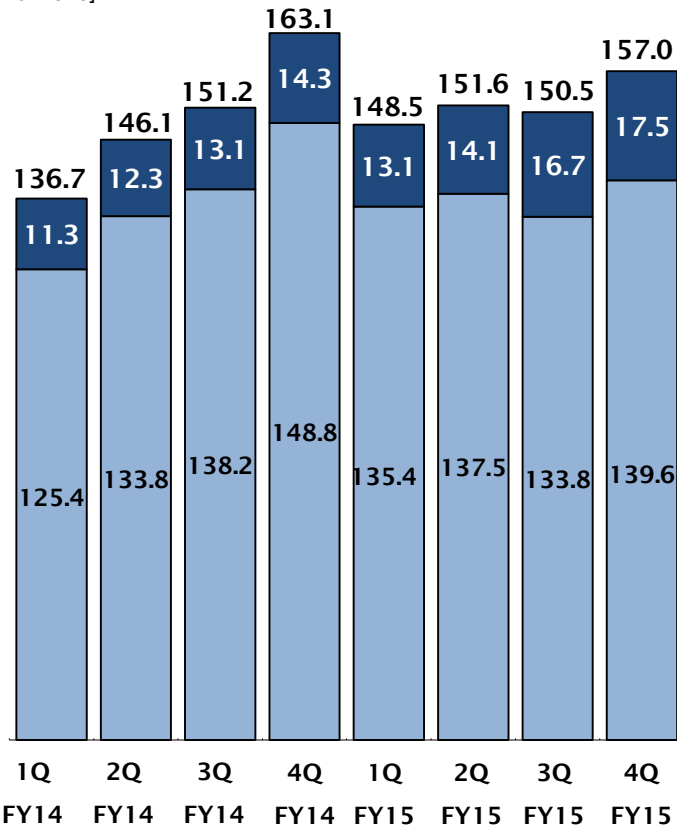
# Business Technologies Business: Office Services Performance

## 4Q Revenue: ¥157.0 bn (YoY -4%)

- Revenue declined due to the impact of yen appreciation and failure to meet sales targets as a result of harsh competition in North America.
- Renewed multi-year contracts with important existing customers, and also brought in new clients for OPS / GMA.

Quarterly Revenue Transition

[¥ billions]



IT Service Solutions

**¥17.5 bn**  
YoY +22%

**¥61.4 bn**  
YoY +20%

- ✓ Increased digital workflow proposals resulted in contracts, particularly in North America.

Office Products

**¥139.6 bn**  
YoY -6%

**¥546.2 bn**  
YoY +0%

- ✓ Sales of new A3 color products were solid, but did not meet initial targets.

**OPS ¥24.5 bn**  
YoY +19%

**¥ 85.8 bn**  
YoY +15%

- ✓ Renewed global agreements covering several years with our important customers such as BMW Group and Allianz (both headquartered in Germany).

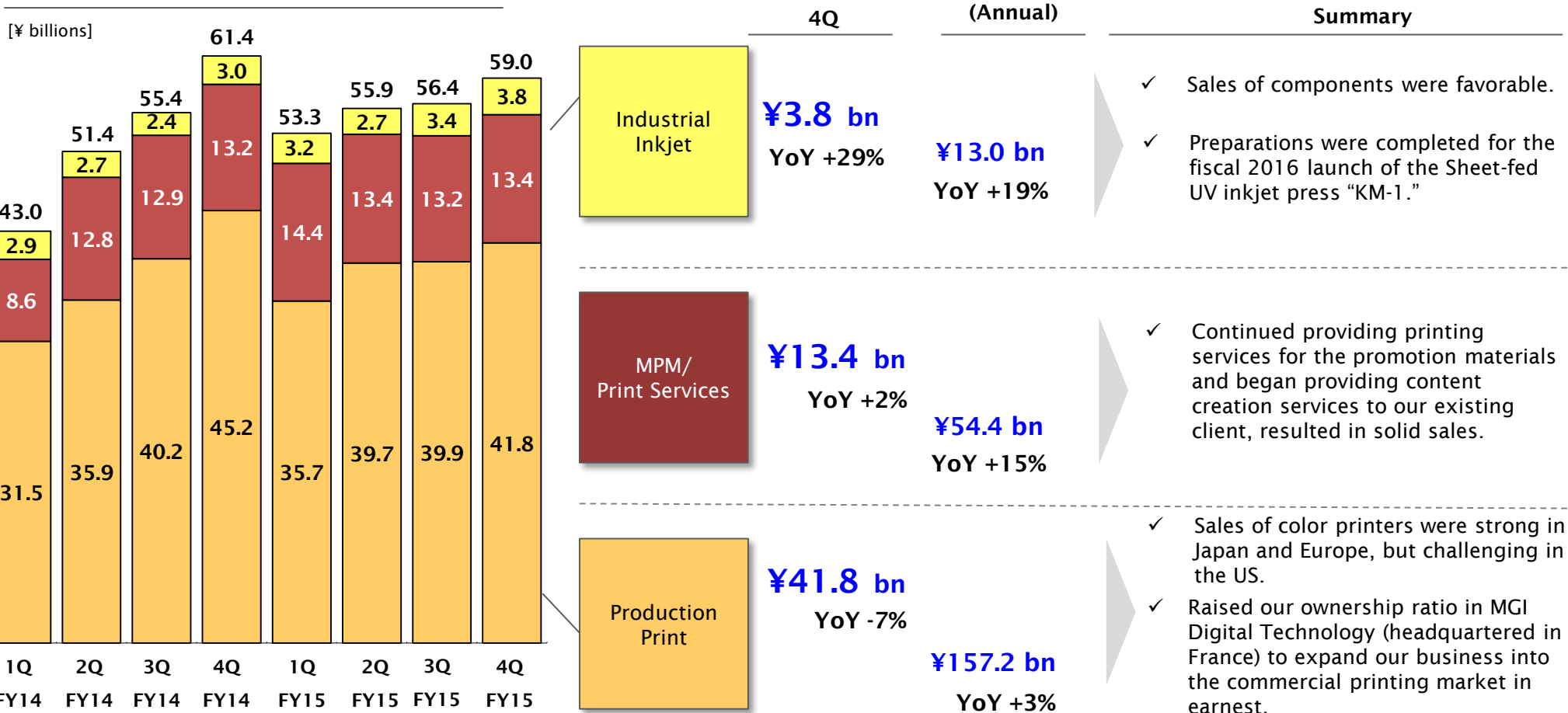
**GMA ¥8.3 bn**  
YoY +12%

**¥29.8 bn**  
YoY +16%

## 4Q Revenue: ¥59.0 bn (YoY -4%)

- Sales of flagship color products were solid in Japan and Europe, but disappointing in the US.
- Sales of industrial inkjet and MPM were strong, but revenue fell in the commercial and industrial field due to the impact of yen appreciation.

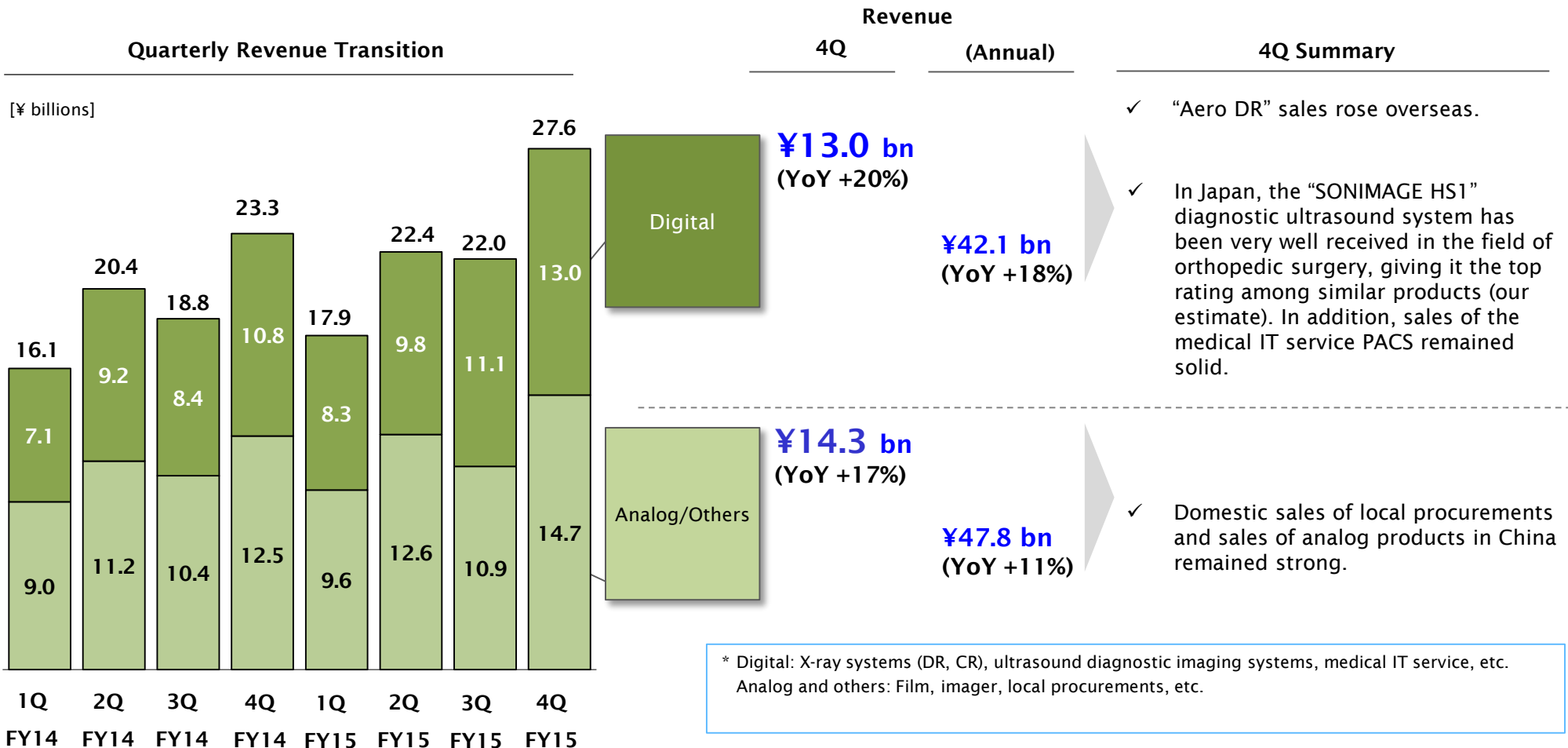
Quarterly Revenue Transition



# Healthcare Business Performance

## 4Q Revenue: ¥27.6 bn (YoY +18%)

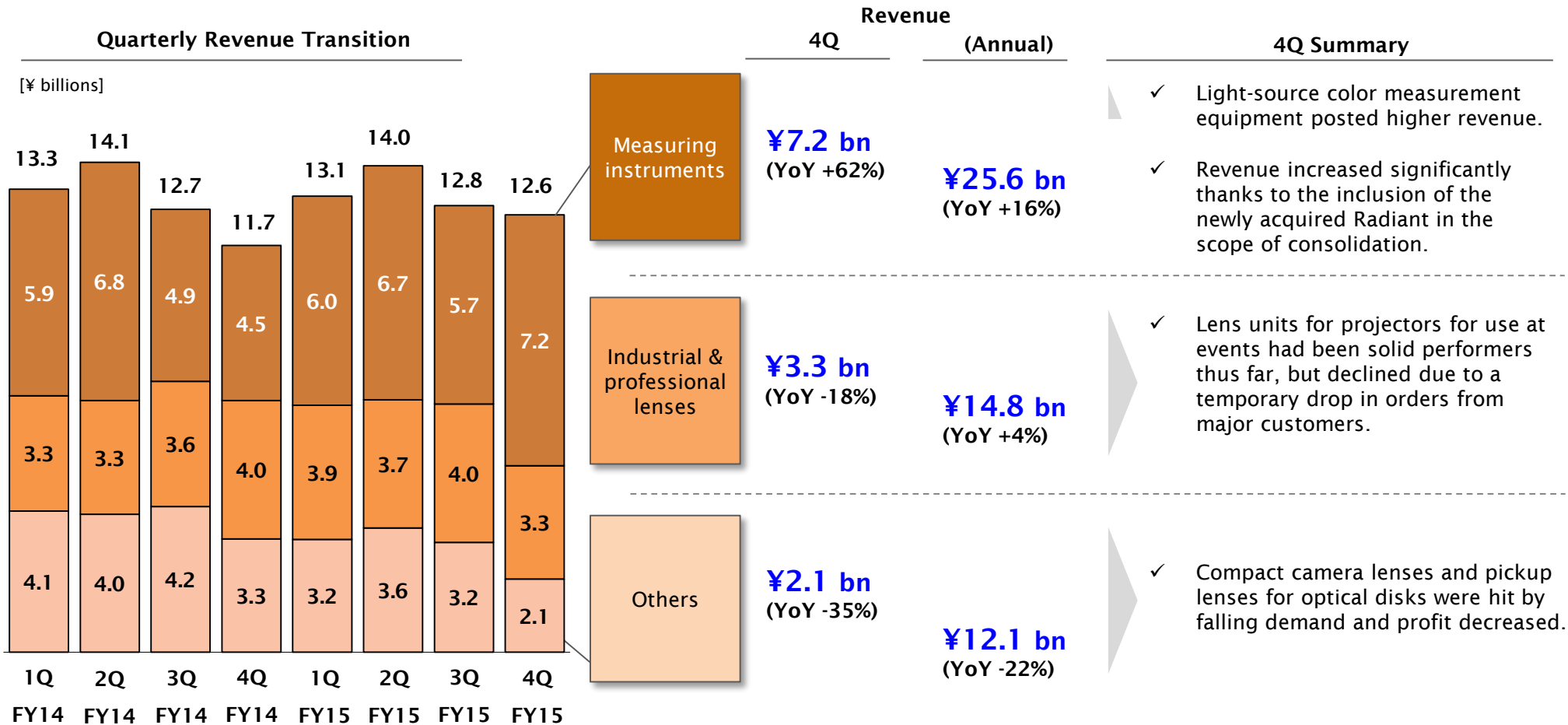
- In Japan, sales of diagnostic ultrasound systems (HS1) grew significantly, while the performance of PACS in the medical IT service field remained solid.
- DR recorded sales growth, and the effect of Viztek, acquired in 3Q, led to higher revenue in the US.



# Industrial Business: Optical Systems for Industrial Use

## 4Q Revenue: ¥12.6 bn (YoY +8%)

- Revenue increased sharply for measuring instruments due to the effect of the Radiant acquisition, among other factors.
- Lenses for industrial and professional use and other optical lenses posted a decline in revenue due to the shrinking market, as indicated by customers' inventory corrections.

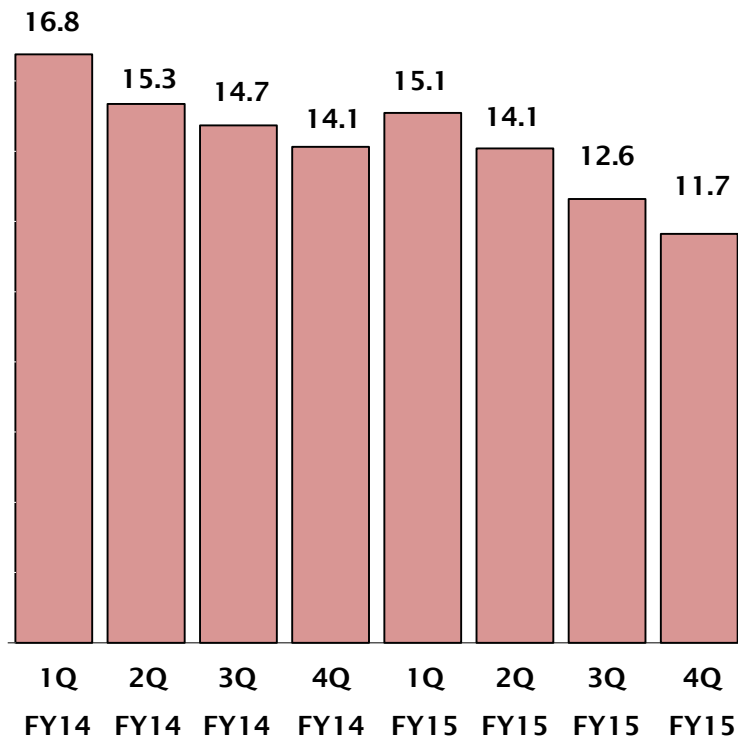


## 4Q Revenue: ¥11.7 bn (YoY -17%)

- Inventory adjustments were prolonged due to weak demand in emerging markets, and demand for large LCD televisions slowed.
- Although thin-film TAC for small- and medium-sized panels recovered in the second half, overall revenue fell for performance materials.

Quarterly Revenue Transition

[¥ billions]



### ■ For FPD

- Large size
- Small & medium size

- ✓ Demand for large LCD televisions declined due to worsening economic conditions in emerging countries
- ✓ In products for small- and medium-sized panels, sales of thin-film products, one of our strengths, recovered in the second half.

### ■ For new field business

- Window film
- Reflection film

- ✓ In addition to high heat-protection types, mid-range-priced products have been put on the market in ASEAN countries and sales promotion activities have been initiated.
- ✓ Sales launched of reflection film for smartphone backlights.

4Q Summary



# Operating Profit Analysis

【¥ billions】

## 12M/Mar 2016 vs 12M/Mar 2015

### [Factors]

	Business Technologies	Healthcare	Industrial Business	Total
Forex impact	-8.7	0.2	-0.2	-9.2
Price change	-5.0	-0.4	-3.7	-9.1
Sales volume change, and other, net	11.1	4.0	0.5	15.2
Cost up/down	3.4	0.2	2.7	6.2
SG&A change, net	-11.3	-2.5	-2.2	-16.0
Other income and expense	8.1	0.2	0.3	7.2

### [Operating income]

Change, YoY	-2.5	1.8	-2.7	-5.7
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## 4Q/Mar 2016 vs 4Q/Mar 2015

### [Factors]

	Business Technologies	Healthcare	Industrial Business	Total
Forex impact	-3.2	-0.3	-0.0	-3.5
Price change	-1.8	-0.1	-0.9	-2.8
Sales volume change, and other, net	2.3	1.4	1.3	5.5
Cost up/down	-0.1	0.5	0.7	1.1
SG&A change, net	-1.3	-1.1	-0.7	-3.4
Other income and expense	0.8	0.6	0.7	2.9

### [Operating income]

Change, YoY	-3.3	1.0	1.1	-0.2
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# Mar 2017 Financial Forecast Highlight- overview

	【¥ billions】		
	Forecast Mar 2017	Results Mar 2016	YoY
Revenue	1,060.0	1,031.7	3%
Operating profit	66.0	60.1	10%
<i>Operating margin ratio</i>	<i>6.2%</i>	<i>5.8%</i>	
Profit before tax	64.5	58.0	11%
Profit attributable to owners of the company	44.0	32.0	38%
<i>Margin of profit attributable to owners of the company ratio</i>	<i>4.2%</i>	<i>3.1%</i>	
EPS [Yen]	88.80	64.39	
ROE* (%)	8.7%	6.5%	
CAPEX	50.0	52.6	
Depreciation and Amortization Expenses	50.0	51.3	
R&D expenses	78.0	76.3	
FCF <small>*FCF forecast for Mar 2017 does not include investment and lending</small>	50.0	-51.5	
Investment and loan	50.0	68.2	
<i>*Purchase of tangible/intangible assets</i>			
	FOREX [Yen]	USD	
		euro	
	105.00	120.14	
	120.00	132.58	

## FOREX impact per 1yen movement (Full year)

	Revenue	OP
USD	¥3.1 bn	¥0bn
Euro and other European currencies	¥2.7bn	¥1.2bn

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

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

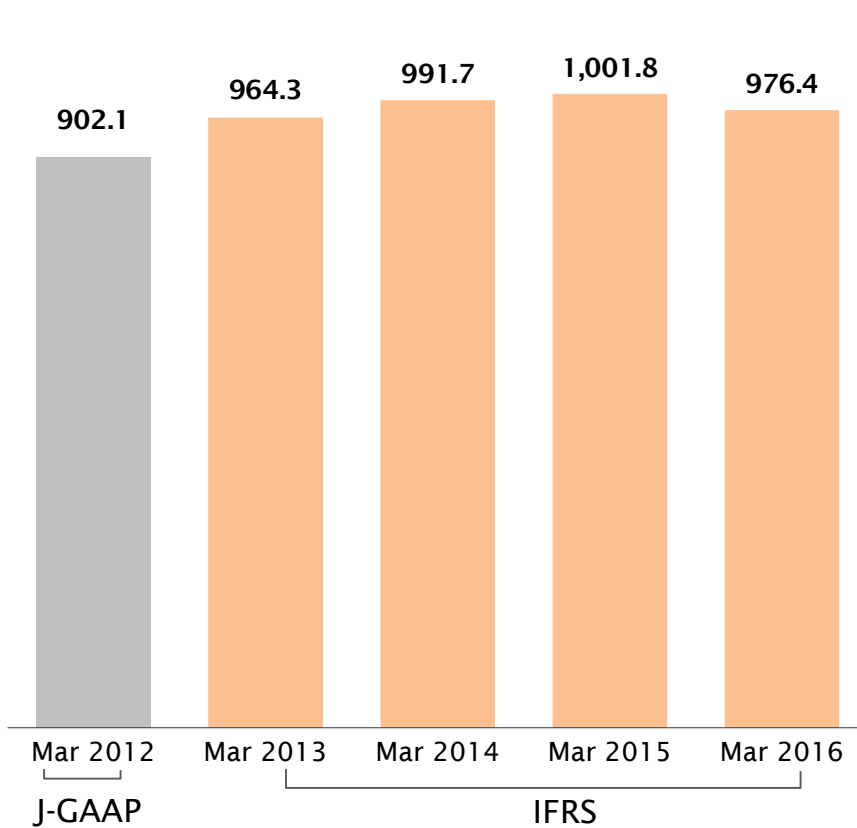
	【¥ billions】					
	12M Mar 2016	12M Mar 2015	YoY	4Q Mar 2016	4Q Mar 2015	YoY
<b>SG&amp;A:</b>						
Selling expenses - variable	48.7	50.2	-1.6	11.8	13.7	-1.9
R&D expenses	76.3	74.3	2.0	19.5	19.2	0.3
Personnel expenses	197.3	183.6	13.7	49.2	47.2	2.0
Other	83.4	80.0	3.4	20.3	21.2	-0.9
<b>SG&amp;A total</b>	<b>429.9</b>	<b>411.1</b>	<b>18.8</b>	<b>107.2</b>	<b>107.3</b>	<b>-0.2</b>
	<i>* Forex impact: +¥2.7 bn. (Actual: ¥6.0bn.)</i>			<i>△ ¥3.6 bn. (Actual: ¥3.4bn.)</i>		
<b>Other income:</b>						
Gain on sales of property, plant and equipment	4.2	3.5	0.7	0.3	1.8	-1.4
Other income	3.6	3.3	0.3	1.5	0.8	0.7
<b>Other income total</b>	<b>7.8</b>	<b>6.8</b>	<b>1.0</b>	<b>1.8</b>	<b>2.6</b>	<b>-0.7</b>
<b>Other expenses</b>						
Loss on sales of property, plant and equipment	1.8	2.3	-0.5	0.7	1.5	-0.8
Special extra retirement payments	2.9	-	2.9	0.4	-	0.4
Other expenses	8.6	17.3	-8.7	3.7	6.8	-3.1
<b>Other expenses total</b>	<b>13.3</b>	<b>19.6</b>	<b>-6.3</b>	<b>4.7</b>	<b>8.3</b>	<b>-3.6</b>
<b>Finance income/loss:</b>						
Interest income/Dividends received/Interest expense	-0.3	0.1	-0.5	-0.2	0.0	-0.2
Foreign exchange gain/loss (net)	-1.7	-0.4	-1.2	-0.9	-2.0	1.0
Other	-0.0	0.0	-0.0	0.2	0.0	0.2
<b>Finance income/loss, net</b>	<b>-2.0</b>	<b>-0.3</b>	<b>-1.7</b>	<b>-1.0</b>	<b>-2.0</b>	<b>1.0</b>

# Statements of Financial Position

[¥ billions]

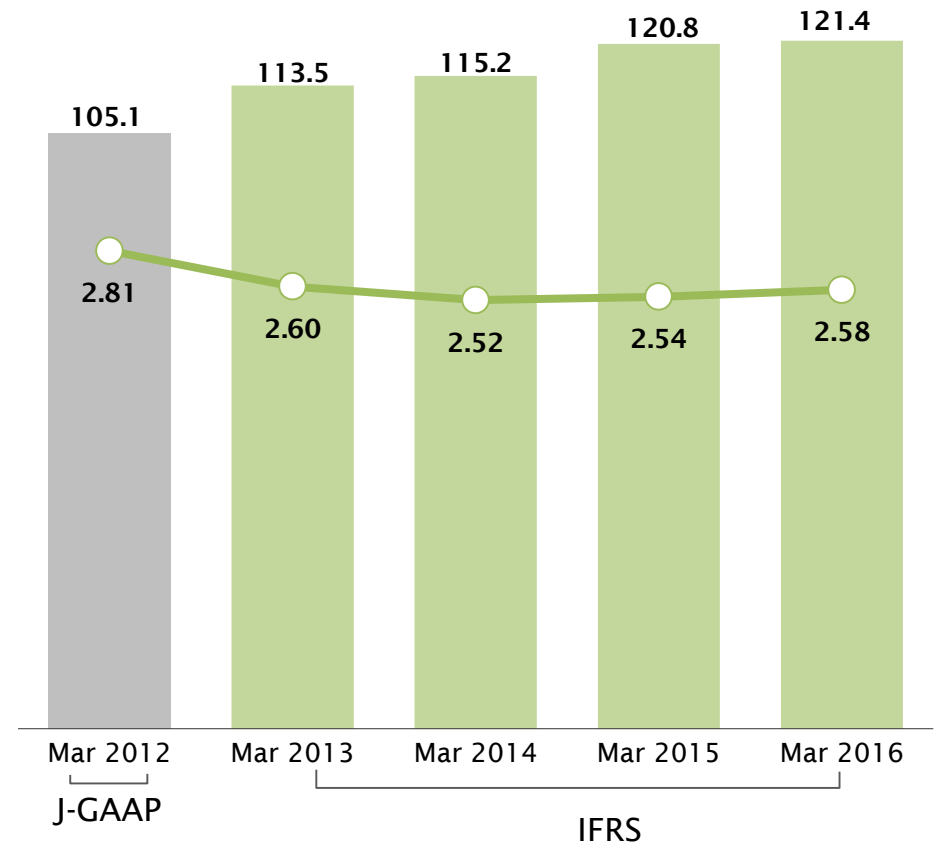
## Total Assets

Total assets



## Inventories/Turnover

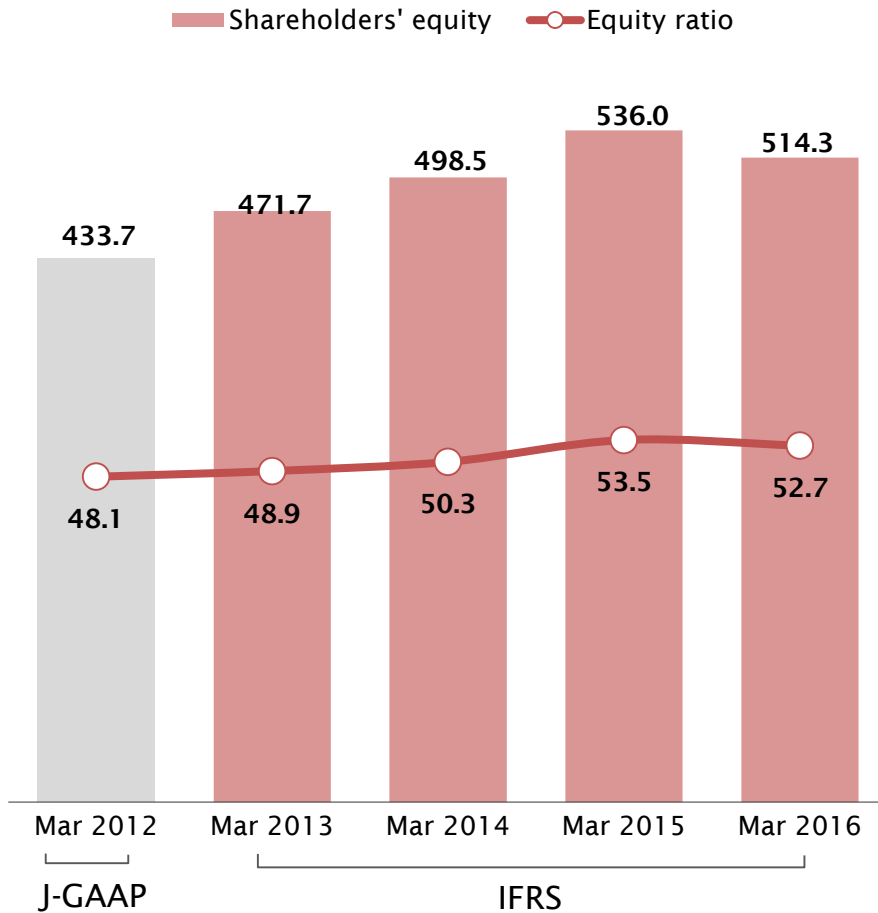
Inventories      Turnover (months)



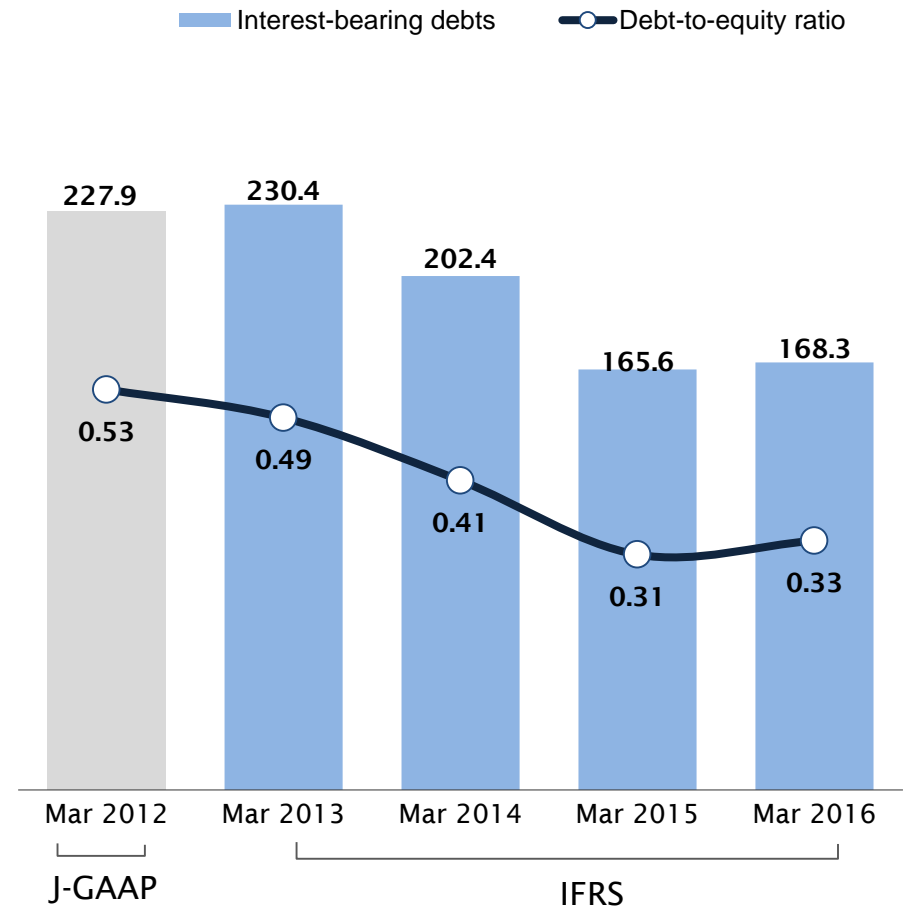
\* Inventory turnover = Inventory balance at fiscal year end / Average cost of sales for most recent three months

[¥ billions]

## Equity & Equity ratio attributable to owners of the parent company



## Interest-bearing liabilities & ratio of interest-bearing liabilities



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

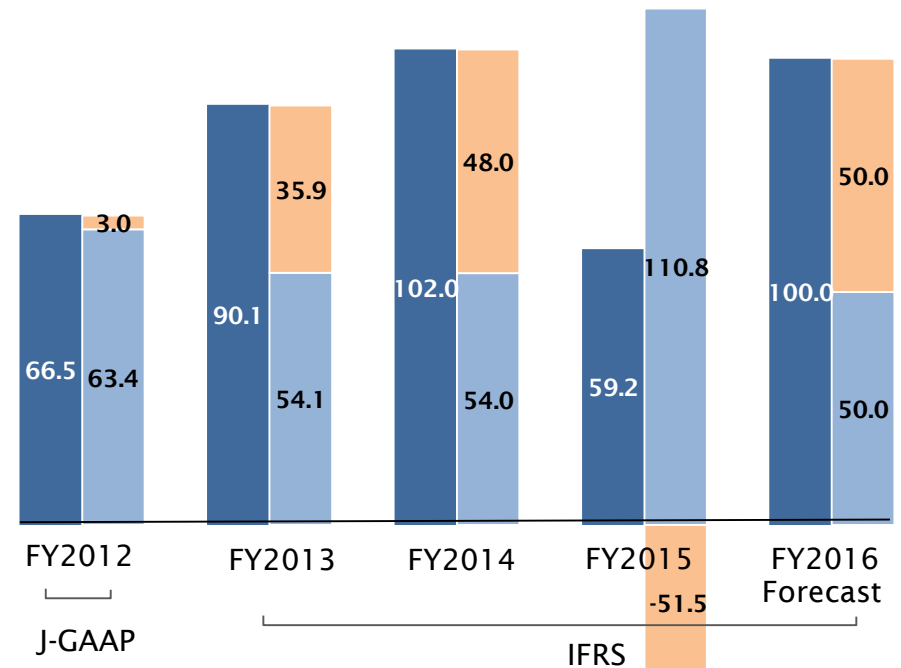
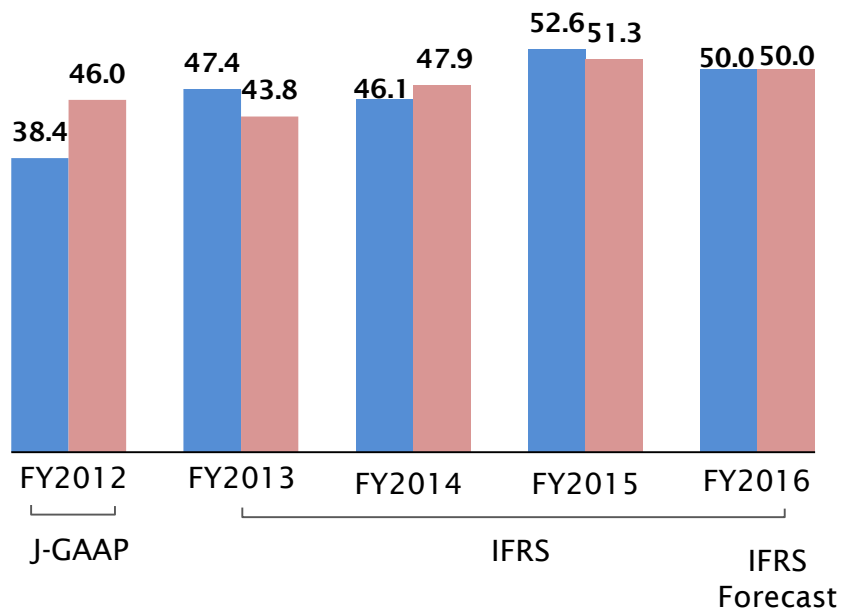
[¥ billions]

## Capital Expenditure and Depreciation and Amortization Expenses

## Free Cash Flows

- Capital expenditures
- Depreciation and amortization

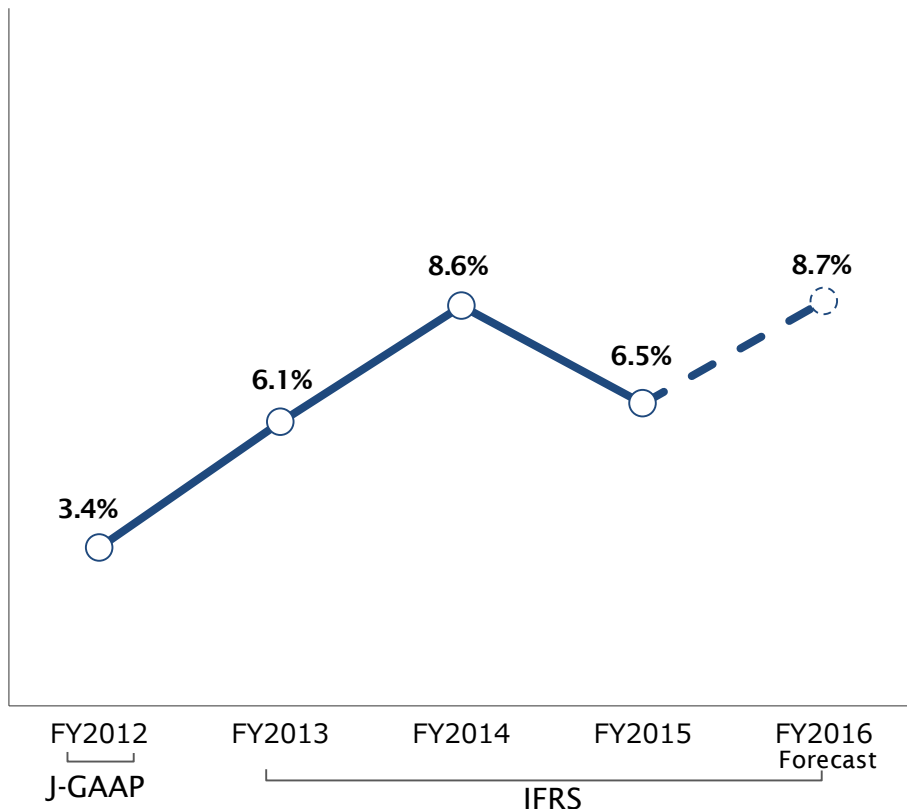
- FCF
- Net cash flows from investing activities
- Net cash flows from operating activities



\*FCF forecast for FY2016 does not include investment and lending

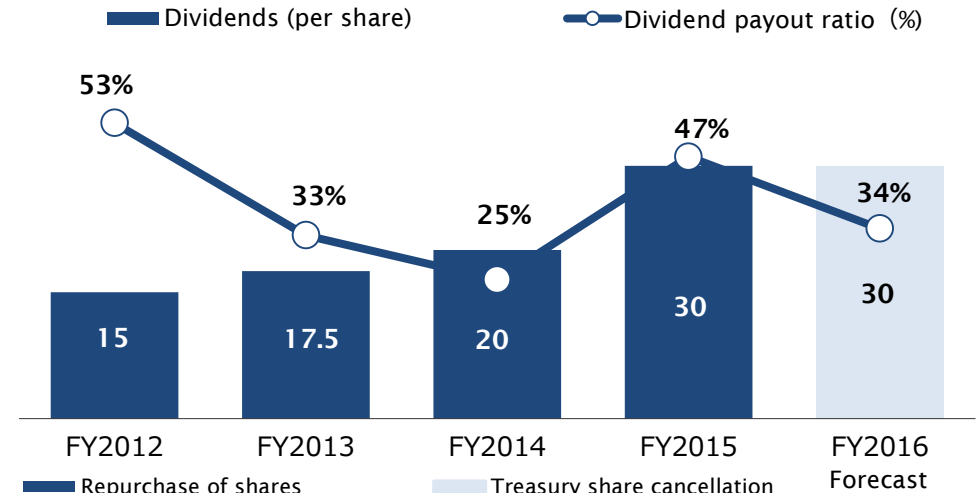
## ROE

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

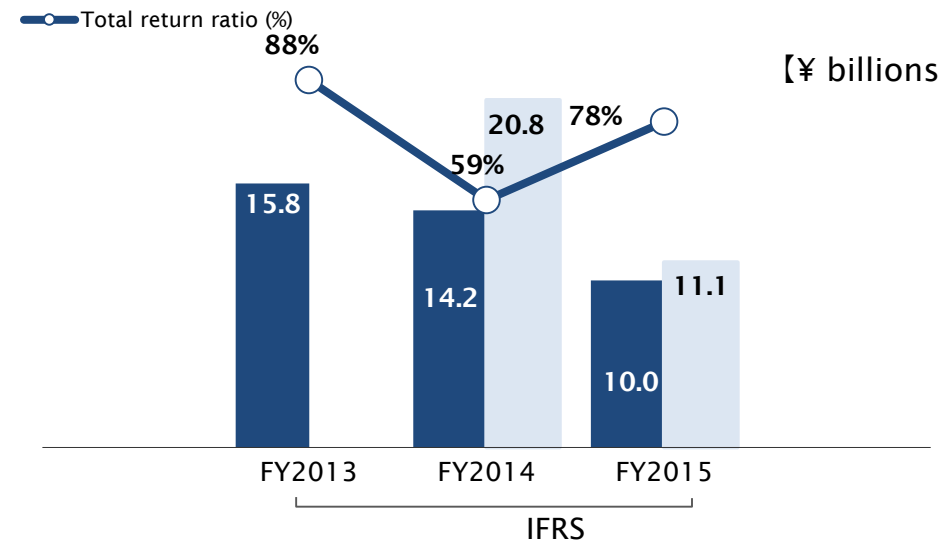


## Shareholder Returns

[per one share/Yen]

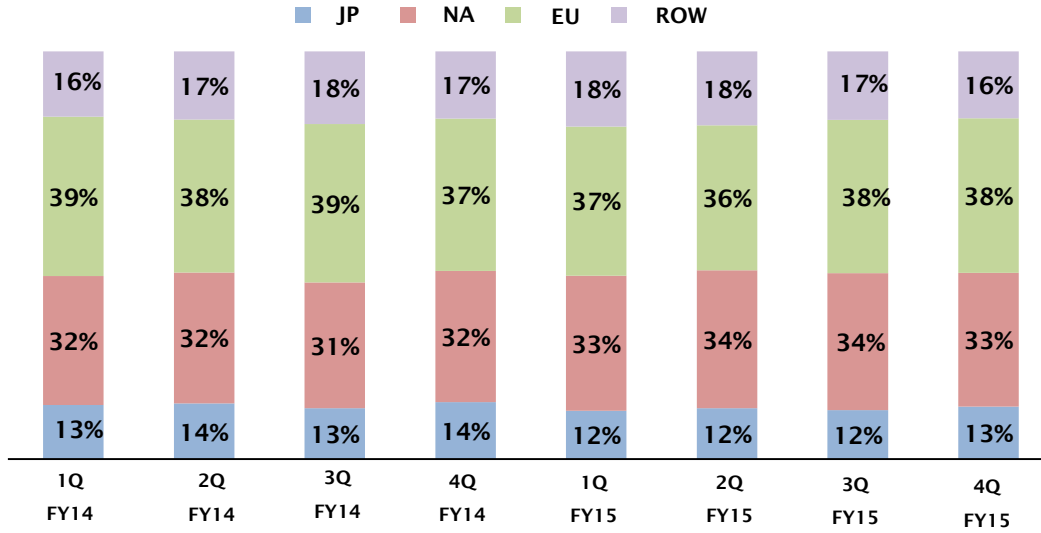


[¥ billions]

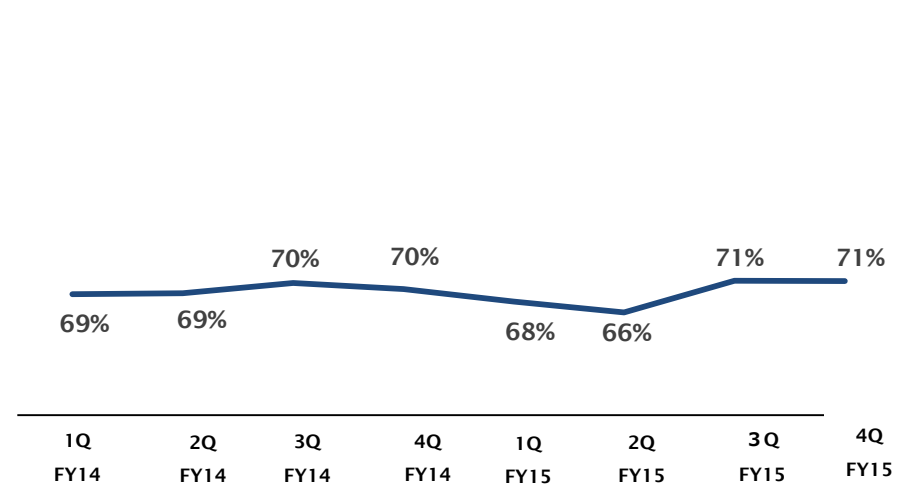


# Revenue Trend: Business Technologies

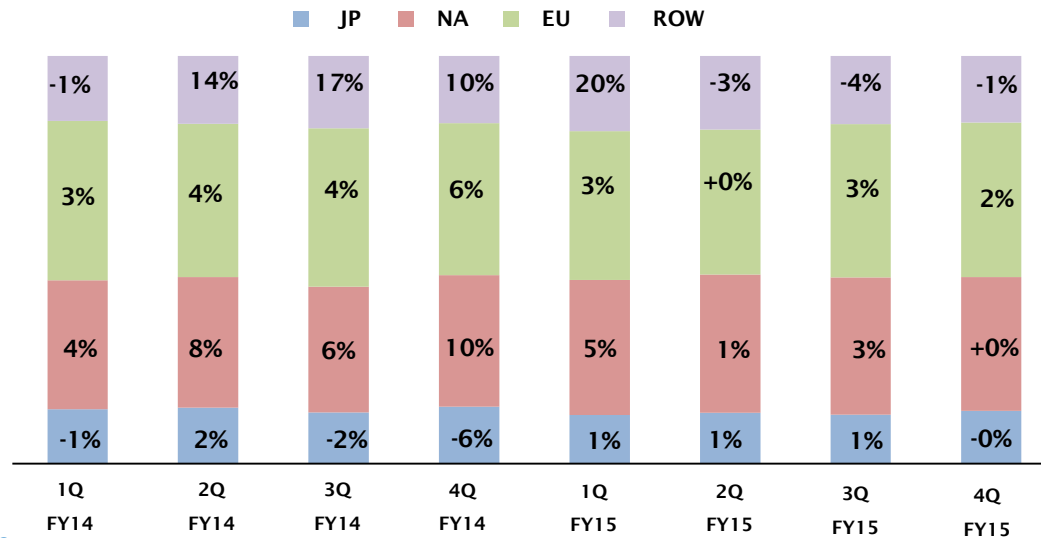
## ■ Composition of Revenue by region (in yen)



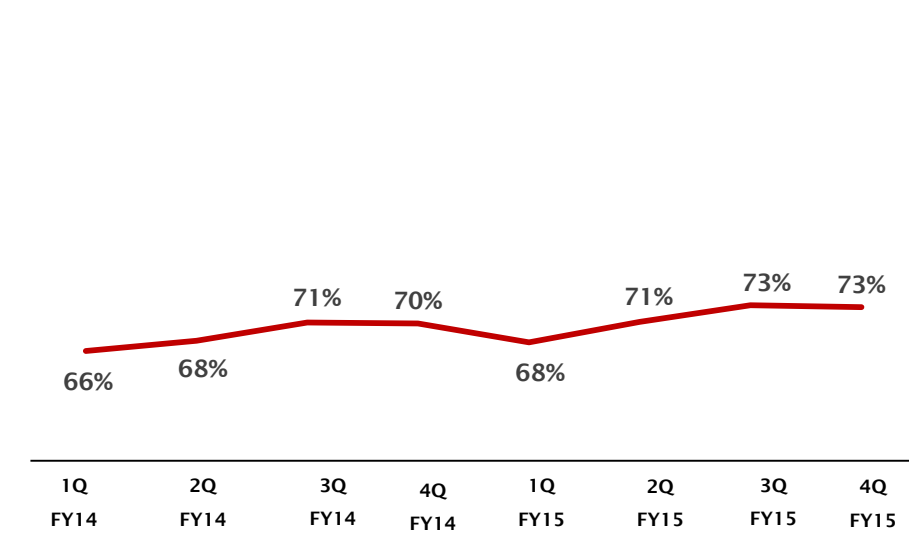
## ■ Percentage of color in sales of hardware (Office)



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



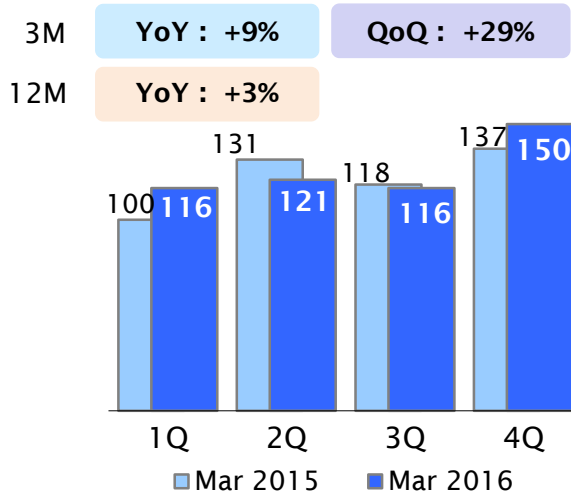
## ■ Percentage of color in sales of hardware (PP)



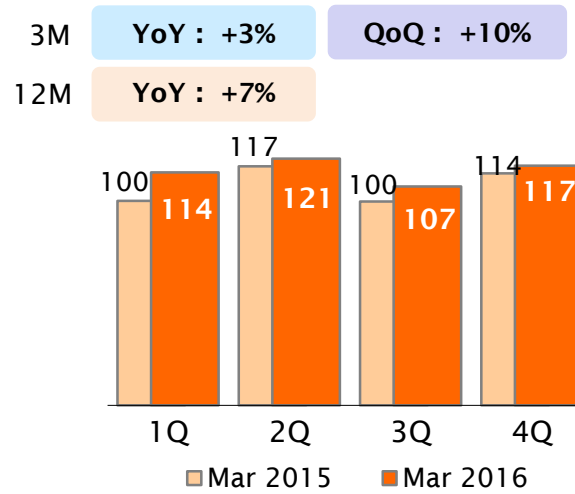


# Unit Sales Trend: Business Technologies

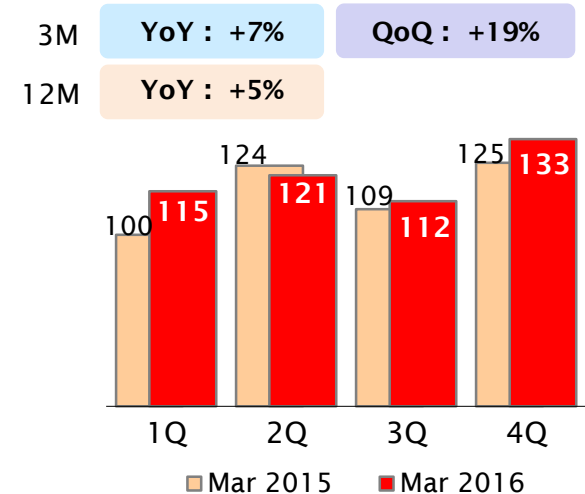
## A3 color MFP- Units\*



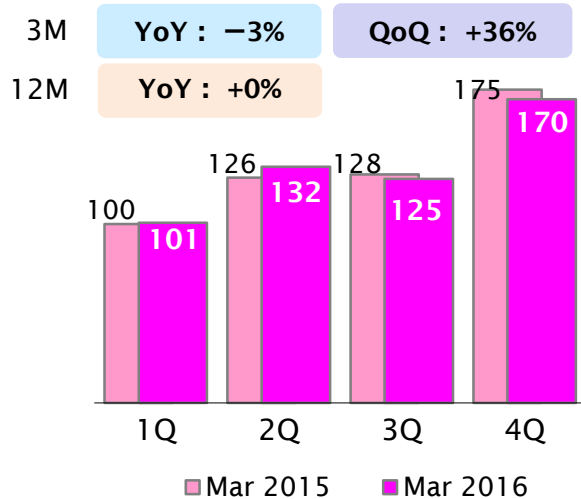
## A3 mono MFP- Units\*



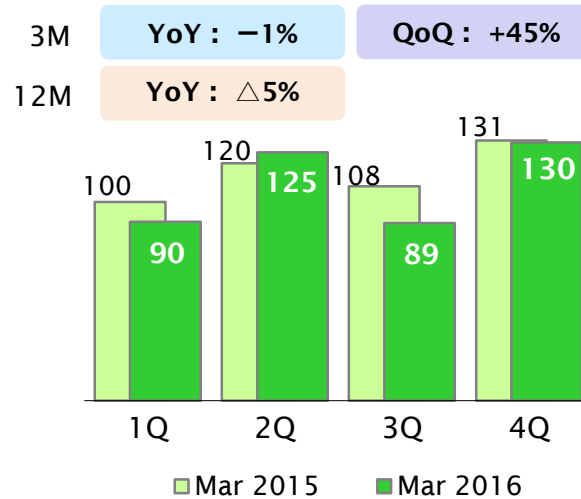
## A3 MFP TTL- Units\*



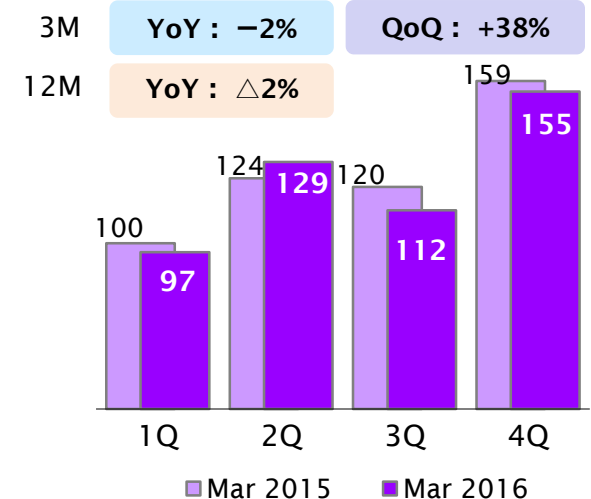
## Color Production Print - Units\*



## Mono Production Print - Units\*



## Production Print - Units\*

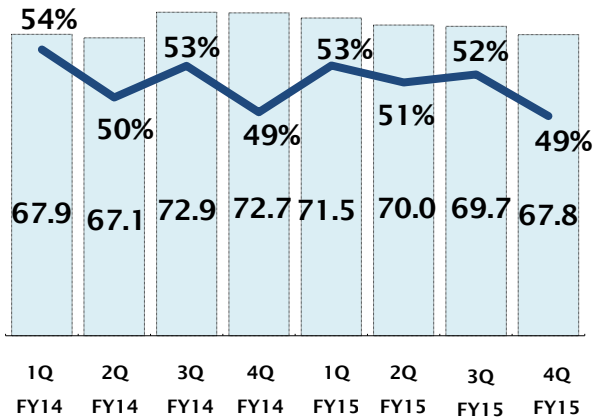


\* Base index : "1Q Mar2015" = 100

# Business Technologies Business: Sales Results of Non-Hard

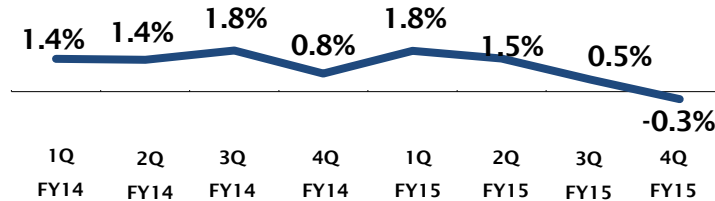
Revenue & ratio of non-hard

**Office product** [¥billions]



YoY Revenue increase of non-hard

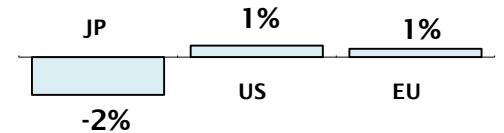
(w/o FOREX)



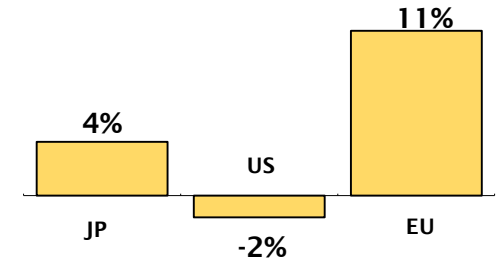
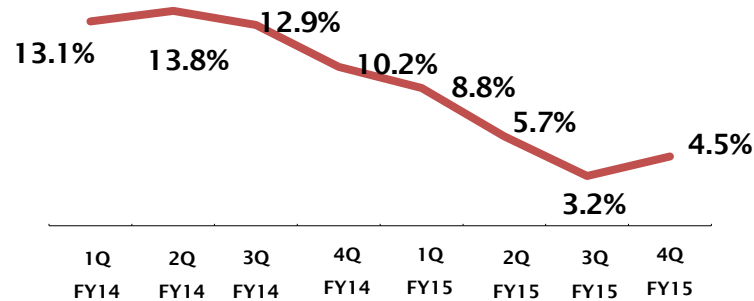
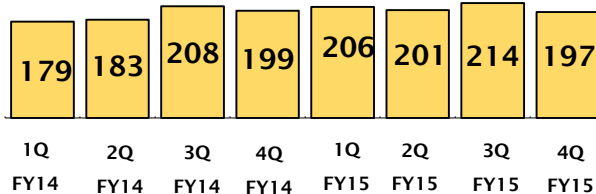
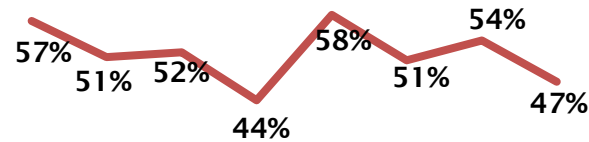
YoY Revenue increase of non-hard (regional)

[FY2015-4Q]

(w/o FOREX)



**Production print**



- **Business Technologies : MIF/ Machines In the Field**

In the market for MFPs (multi-functional peripherals), production print machines, etc., it refers to the total installed base (number of working units).

- **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.

- **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 : Window film**

A functional film that features both high heat protection properties and high transparency for visible light and electromagnetic waves. It is utilized for the front and rear windshields and side windows of automobiles, as well as building windows, under the brand name "ICE-μ." Abbreviated WF.

**Giving Shape to Ideas**



**KONICA MINOLTA**