



**SHINKA 2019**  
Evolution



# Konica Minolta, Inc. 2<sup>nd</sup> Quarter/FY2019 ending in March 2020 **Consolidated Financial Results**

Three months: July 1, 2019 – September 30, 2019  
Six months: April 1, 2019 – September 30, 2019  
– Announced on November 1, 2019 –

Shoei Yamana  
President and CEO  
Konica Minolta, Inc.

# FY2019 6M Performance Overview | Summary

[¥ billions]

	FY2019 6M	FY2018 6M	YoY	YoY (W/O Forex)	FY2019 2Q	FY2018 2Q	YoY	YoY (W/O Forex)
Revenue	497.5	517.1	-4%	-1%	255.7	261.9	-2%	+2%
Operating Profit	5.4	34.6	-84%	-76%	4.9	19.2	-75%	-66%
Profit attributable to owners of the Company	0.1	23.3	-100%		1.3	12.2	-89%	
FOREX [Yen]								
USD	108.63	110.26	- 1.63		107.35	111.46	- 4.11	
EUR	121.42	129.85	- 8.43		119.34	129.63	- 10.29	

## Revenue

- The US-China trade frictions, slowdown in the Chinese economy and a continuing sense of uncertainty about the European economy, including the prolonged Brexit negotiations, have caused the yen to strengthen, constraints on customers' investments, a protracted cycle of sales negotiations and other factors. Due to the substantial impact from these factors, effectively it maintained its level from the previous year.

## Operating Profit

- In addition to the influence of the exchange rate, significant delays in cost reductions due to prioritization of new product supplies and quality. Deteriorated product mix and customer mix also resulted in a 1% reduction in the gross profit ratio for the first half of the fiscal year.
- Influenced by CRE strategy-related ¥16.3 billion and other temporary factors. Even though SG&A expenses were limited, the decline in gross profit could not be fully absorbed, and the profit decreased.

# FY2019 6M Performance Overview | Revenue & Operating Profit by Segment

[¥ billions]

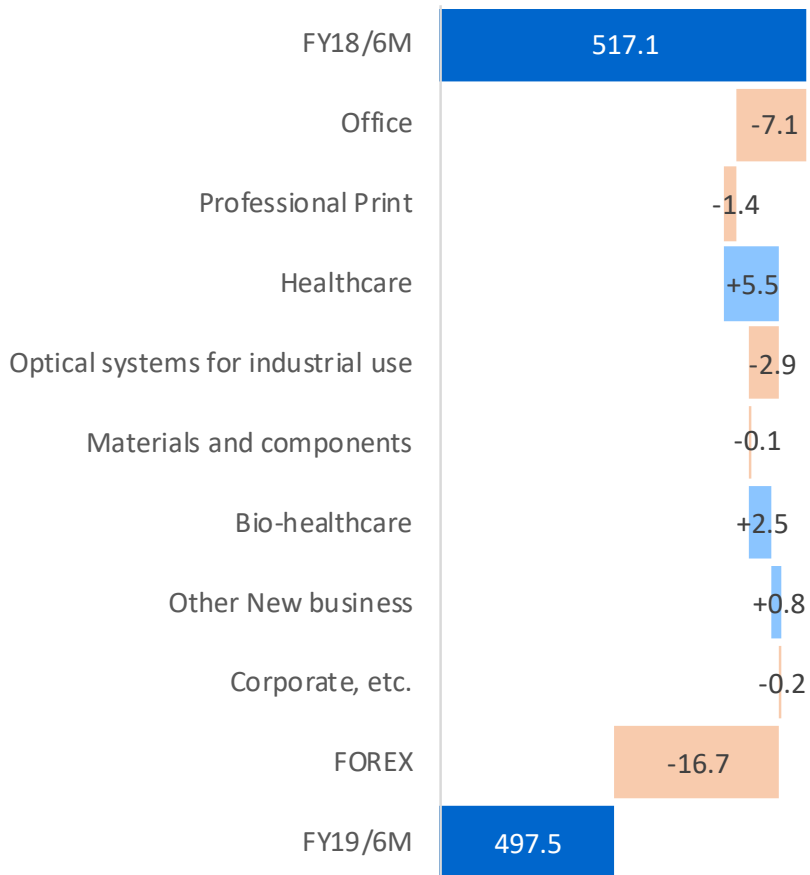
<u>Revenue</u>	FY2019 6M	FY2018 6M	YoY	YoY (W/O Forex)	FY2019 2Q	FY2018 2Q	YoY	YoY (W/O Forex)
Office	273.2	290.8	-6%	-2%	138.6	147.2	- 6%	-1%
Professional Print	103.3	109.2	-5%	-1%	52.7	55.9	- 6%	-0%
Healthcare	45.1	40.2	+12%	+14%	26.4	21.6	+22%	+24%
Industrial	56.0	59.6	-6%	-5%	27.9	28.0	- 0%	+1%
Optical systems for industrial use	14.6	18.0	-19%	-16%	7.4	7.9	- 6%	-2%
Materials and components	41.4	41.6	-0%	-0%	20.5	20.1	+2%	+3%
<b>New business</b>	<b>19.5</b>	<b>16.7</b>	<b>+17%</b>	<b>+20%</b>	<b>9.9</b>	<b>8.8</b>	<b>+13%</b>	<b>+18%</b>
Bio-healthcare	14.6	12.4	+18%	+20%	7.4	6.5	+14%	+18%
Others	4.9	4.3	+14%	+20%	2.5	2.3	+10%	+17%
Corporate, etc.	0.4	0.6	-36%	-30%	0.2	0.3	- 39%	-34%
<b>Company overall</b>	<b>497.5</b>	<b>517.1</b>	<b>-4%</b>	<b>-1%</b>	<b>255.7</b>	<b>261.9</b>	<b>- 2%</b>	<b>+2%</b>

<u>Operating profit/OPM</u>	FY2019 6M	FY2018 6M	YoY	YoY (W/O Forex)	FY2019 2Q	FY2018 2Q	YoY	YoY (W/O Forex)
Office	17.1	22.7	-25%	-16%	9.4	13.4	- 30%	-23%
Professional Print	2.1	5.4	-61%	-49%	1.0	3.7	- 72%	-58%
Healthcare	0.4	0.8	-54%	-21%	0.7	1.0	- 34%	-20%
Industrial	9.7	11.4	-15%	-15%	4.9	4.7	+6%	+8%
<b>New business</b>	<b>-11.0</b>	<b>-8.7</b>	<b>-</b>	<b>-</b>	<b>-4.6</b>	<b>-3.5</b>	<b>-</b>	<b>-</b>
Corporate, etc.	-12.9	2.9	-	-	-6.6	-0.2	-	-
<b>Company overall</b>	<b>5.4</b>	<b>34.6</b>	<b>-84%</b>	<b>-76%</b>	<b>4.9</b>	<b>19.2</b>	<b>- 75%</b>	<b>-66%</b>

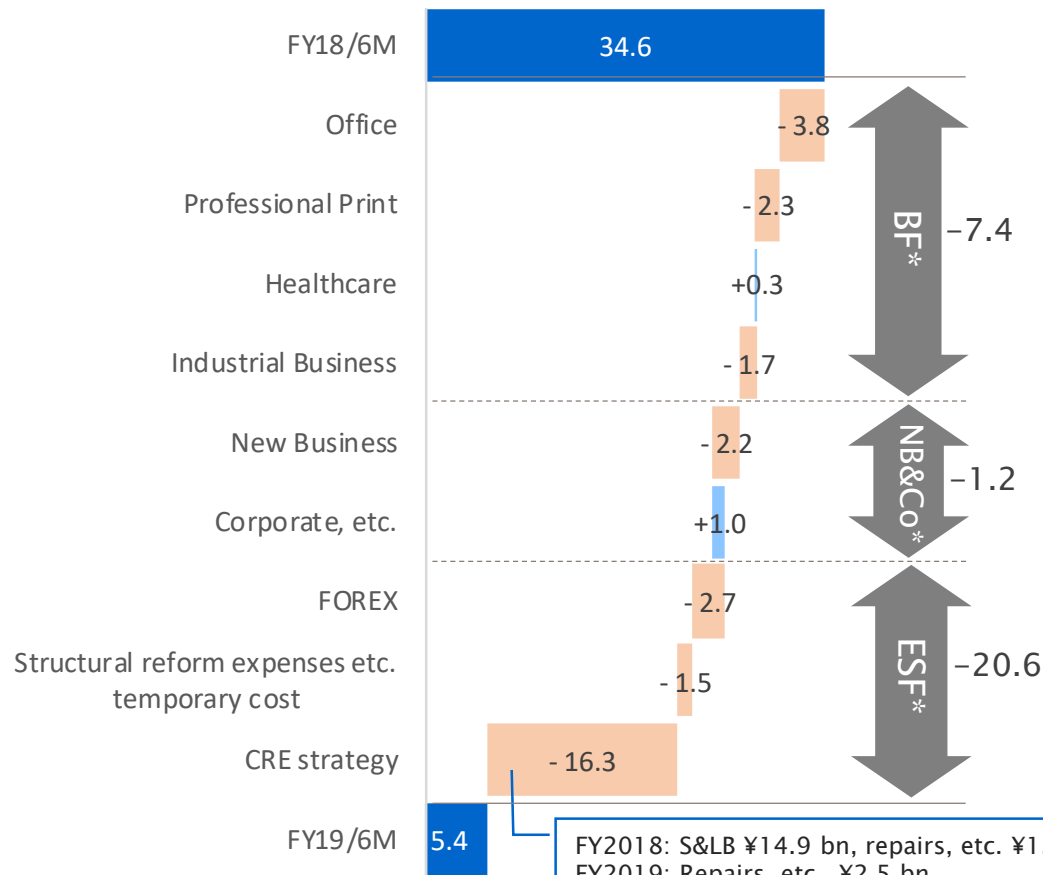
# FY2019 6M Performance Overview | Bridge–Revenue & Operating Profit

[¥ billions]

## Revenue



## Operating Profit



\* BF: Business Factors

NB&Co: New Business and Corporate

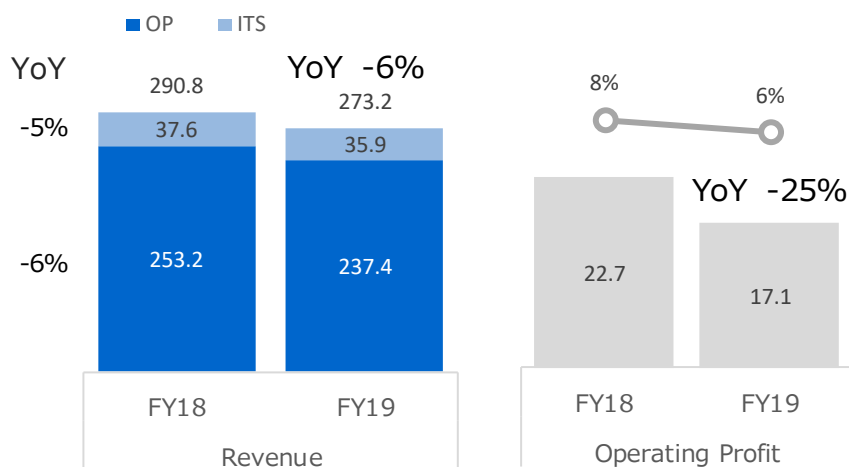
ESF: External and Special Factors

## 6 M Summary

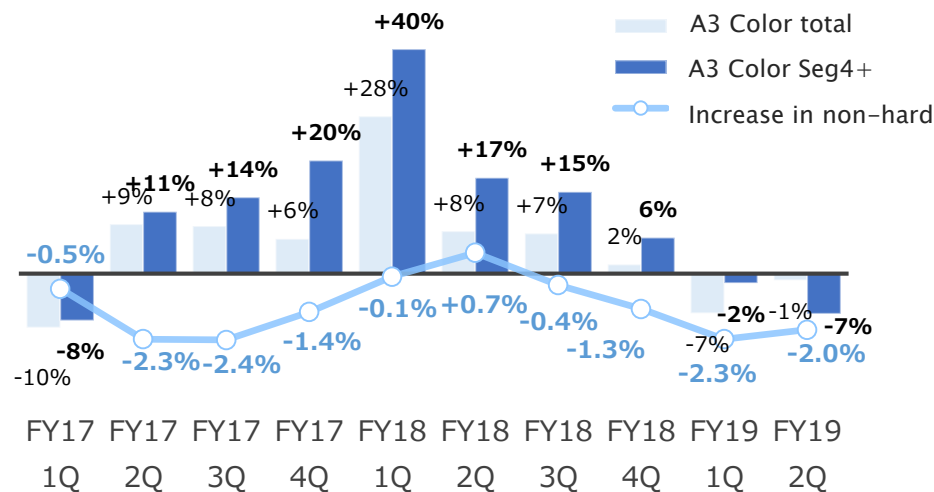
- Progressive appreciation of the yen against the euro (total influence of profit variation: ¥1.9 billion)
- Influenced by changes in customer procurement behavior accompanying economic slowdown, markets contracted more than expected not only in Europe and China, but also in the US
- Competitiveness of A3 color Seg4 products declined in the US, where high-segment products dominate
- Priority given to supply and quality resulted in delay of cost reduction in new color Seg2/3 products
- Reduction in non-hard sales occurred within anticipated range

## Revenue·Operating Profit

[¥ billions]



## YoY growth rate in A3 color MFP shipments and non-hard

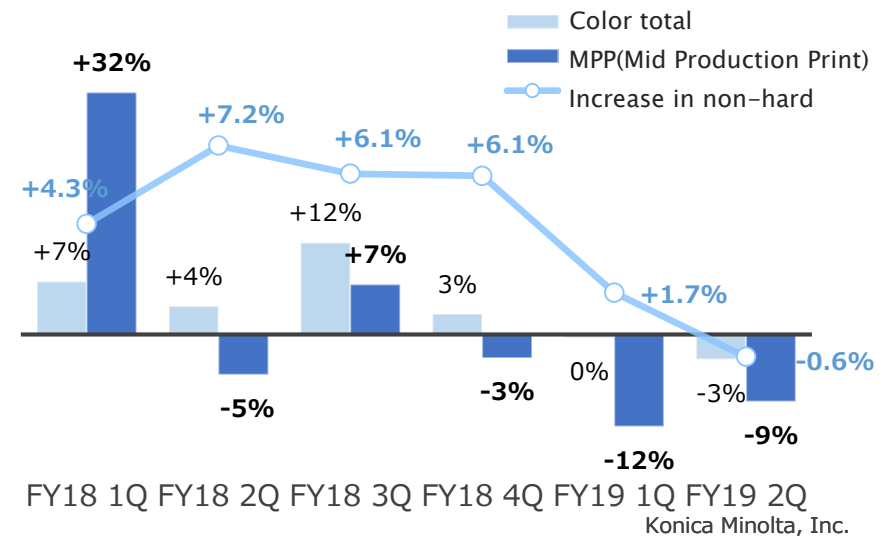
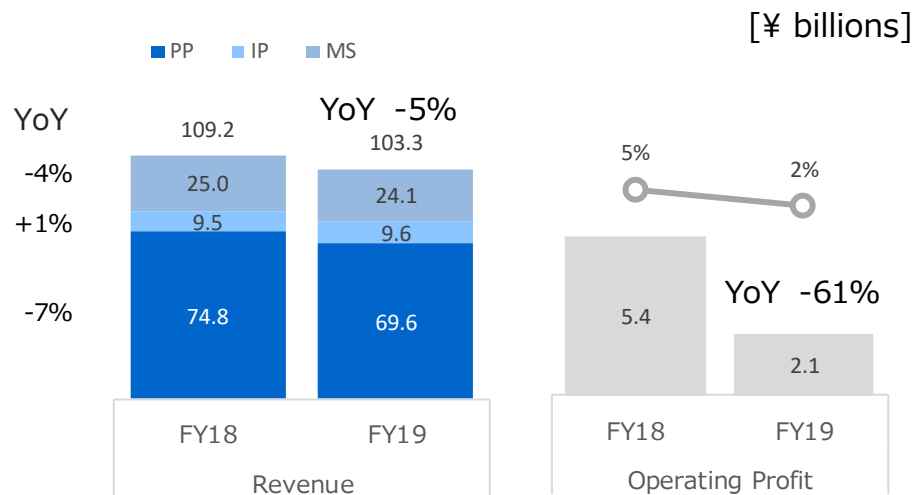


## 6 M Summary

- Progressive appreciation of the yen against the euro (figure for total influence of profit variation: ¥0.7 billion)
- The MPP market with high price range, where Konica Minolta is strong, weakened due to deteriorating market conditions
- Sales are stagnant in the LPP market due to the influence of intense price competition
- The shift of Office production to Malaysia due to handling of US-China problems has been accompanied by increase in fixed expense burden on Production Print in Chinese plants
- Non-hard year-on-year revenue growth rate declined (China, Europe)
- Development expenses related to new products for launch in the second half increased
- Unit sales of color production models in ASEAN increased significantly
- Industrial printing continues to hold a top class share in the target market

## Revenue·Operating Profit

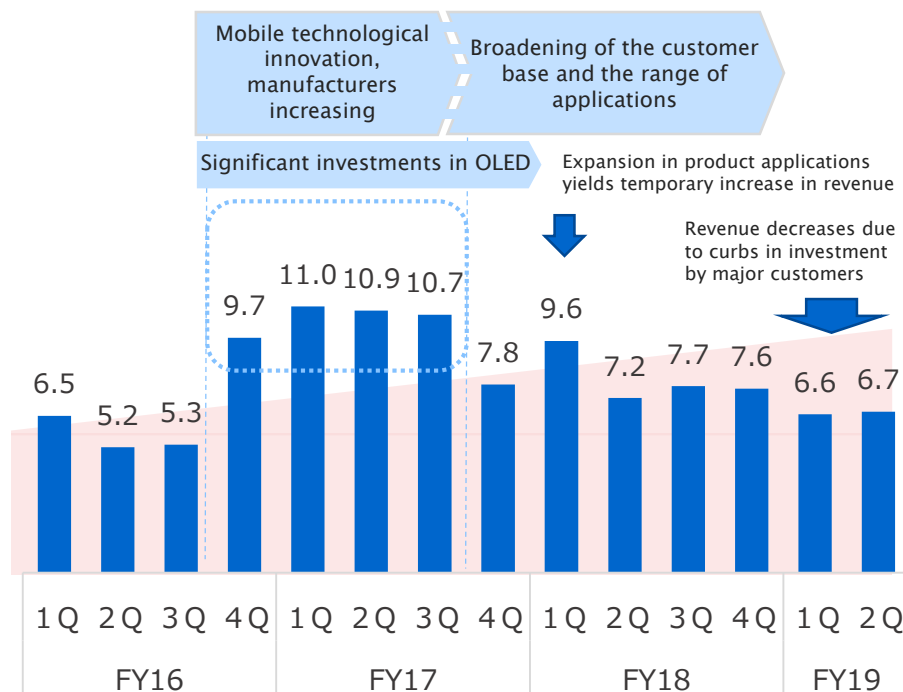
## YoY growth rate in Production Print color models and non-hard



## Measuring Instruments

- Due in part to the sluggishness in smartphone demand and influenced by major customers' restrained investment, in the display market reduction in sales in genre-top light source color measuring instruments.
- Severe first-half conditions recognized in 1Q fall within the anticipated range in 2Q.
- Acceleration in start of Visual Inspection business targeting automobiles led to acquisition of Spanish company Eines.

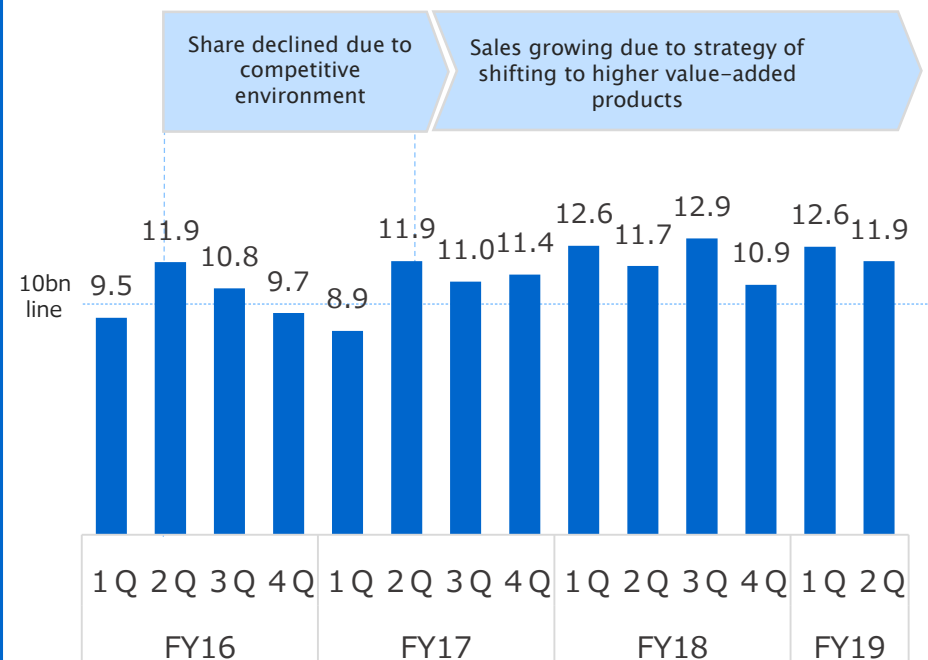
### Measuring Instruments revenue



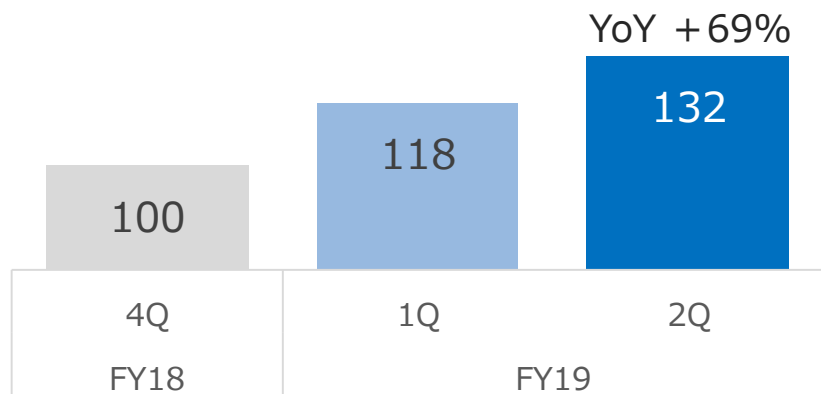
## Performance Materials

- Inventory along the supply chain is on the rise in the TV panel market, but the diversification of displays is expanding our business opportunities.
- Despite concerns of a growing impact on the sales volume of existing products due to conditions in the TV panel market, revenue increased year on year in Q2. Progress in deploying samples for new resin products has been solid. These products have earned high praise in the market, and sales of touch panel film have also started.

### Performance Materials revenue

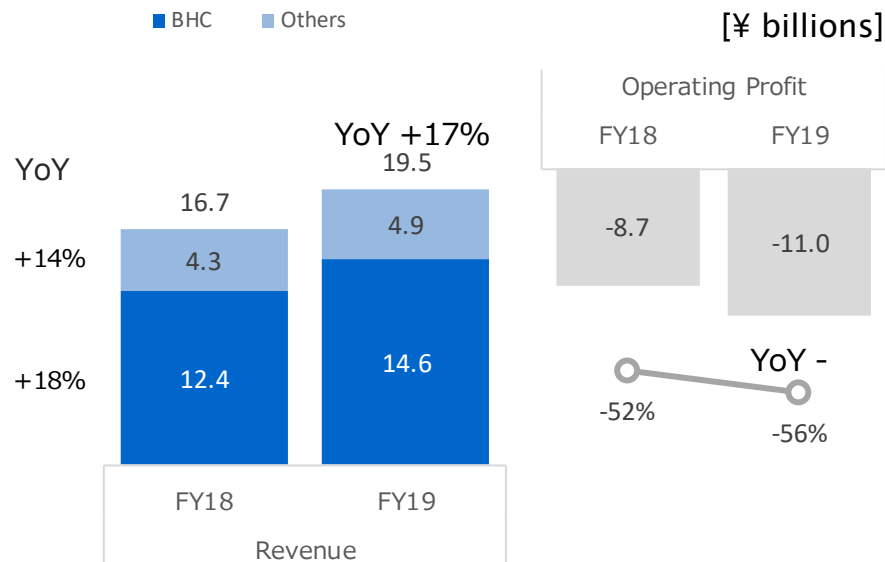


## Bio-healthcare : Transition of genetic test sample number



\* Base Index: "FY2018-4Q = 100"

## New Business Revenue·Operating Profit



## 6M Summary

### Bio-healthcare (BHC)

- In genetic testing, RNA testing has been well received by the market and scientific societies for improved diagnostic accuracy. The number of samples contracted for testing is growing by the month. Numbers for pharmaceutical and checkup use are also increasing. As a value unique to Konica Minolta, this is also effective in maintaining prices.
- In the area of pharmaceutical development support, central nervous system contracts continue to be weak, but orders in the cancer clinical trial field are growing strongly. Low-profit businesses also contracted further and strengthening of the revenue base progressed.

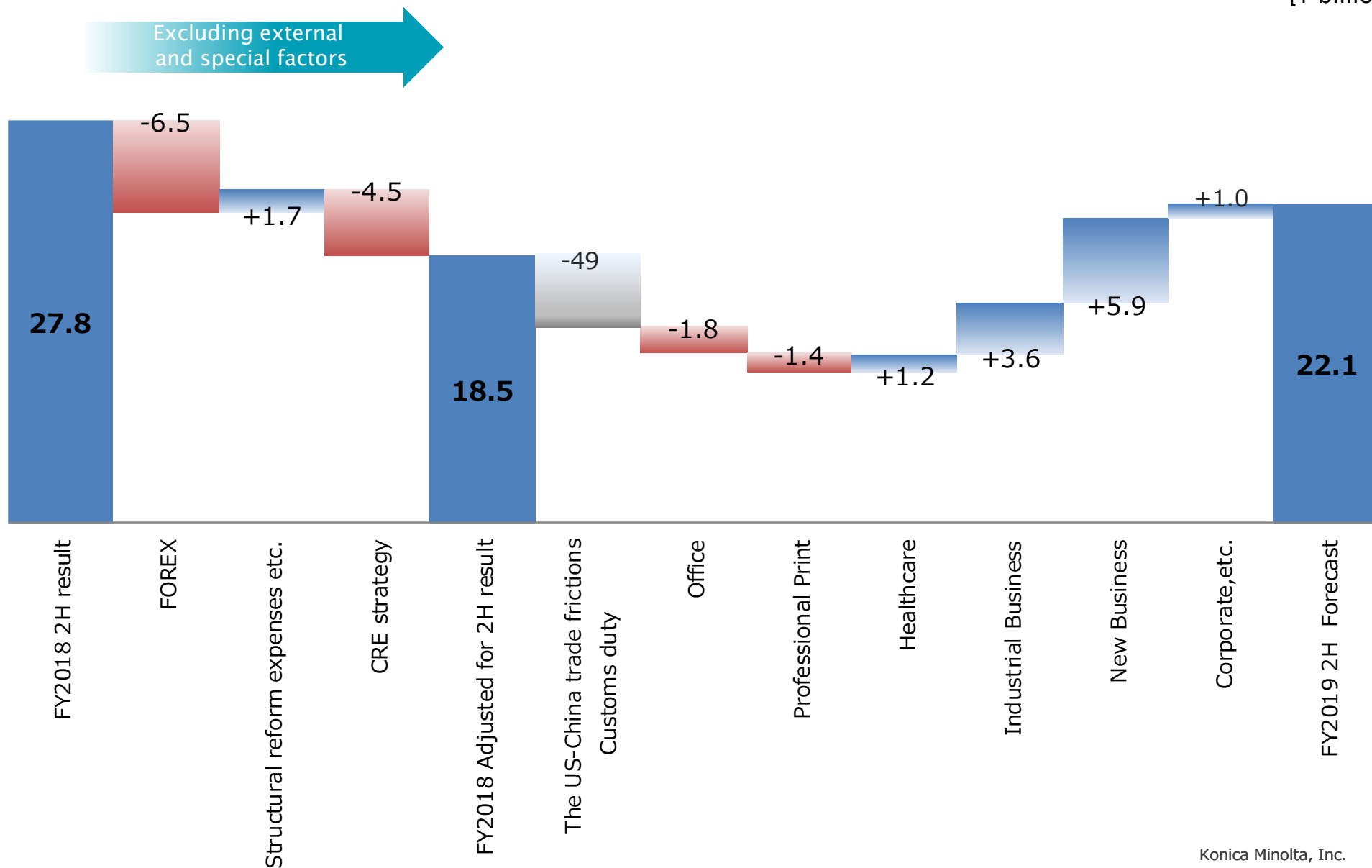
### Workplace Hub (WPH)

- The WPH sales region has grown to 21 countries and 17 cities in North America.
- Driven by Europe, pipeline and customer numbers are growing, but in the US, business development capability at customer contact points is taking time, and customer acquisition plans are delayed.
- Innovation of the business model dealing with DX on a monthly subscription fee model is making progress, and average customer unit prices are also meeting or exceeding plan.



# FY2019 2H Forecast | 2H operating profit for the year

[¥ billions]



## Office Business

- The severe market environment accompanying the sustained economic slowdown and uncertainty about the future is continuing
- September 1 saw the start of a 15% tariff on hardware due to US-China trade frictions. Countermeasures are accelerating
- Expansion of sales of new color Seg2/3 products on second half and recovery from slowdown in cost reduction (effects will emerge in 4Q)
- Introduction of new products to strengthen color Seg4 (4Q)
- Expanding MIF due to completion of large project installations and Maintaining non-hard levels

## Professional Print Business

- The severe market environment accompanying the sustained economic slowdown and uncertainty about the future is continuing
- September 1 saw the start of a 15% tariff on hardware due to US-China trade frictions (Effects of countermeasures will contribute in next fiscal year)
- Expanding functionality that differentiates IQ-501 will strengthen MPP sales
- Additional cost reductions from Chinese plant fixed expense reductions and collaboration of development and production (effects will emerge in 4Q)
- Seize on solid recovery trends in ASEAN and India to further expand sales
- Konica Minolta's first HPP model will for launched on market in 4Q
- In the industrial printing field, new digital decoration printing equipment products are being launched on the market (4Q)

## Industrial Business

### Measuring Instruments

- Looking ahead to 2020 smartphone models, major customers have begun placing some advance orders, and demand is expected to expand in 4Q
- Make use of Eines Systems acquired at the end of May for leverage to accelerate startup of automotive Visual Inspection business

### Performance Materials

- TV sizes are definitely increasing and demand is strong, but production adjustments due to panel over-supply are continuing
- Portfolio rearrangement due to new resin film SANUQI is accelerating the shift to higher value-added

## New Business

### Bio-healthcare

- Full launch of RNA testing at the end of September is greatly accelerating the growth in number of testing samples, full-scale development for imaging center, and acquisition of additional contracts for pharmaceuticals
- Improve gross profit through measures (Improvement of efficiency of materials and work flow) to reduce the cost of inspection laboratories, efficiency of global R & D
- The cancer clinical trial field is continuing to expand, a major Parkinson's disease project was acquired, and contracts are being acquired due to recovery of Alzheimer's drug development

### Workplace Hub

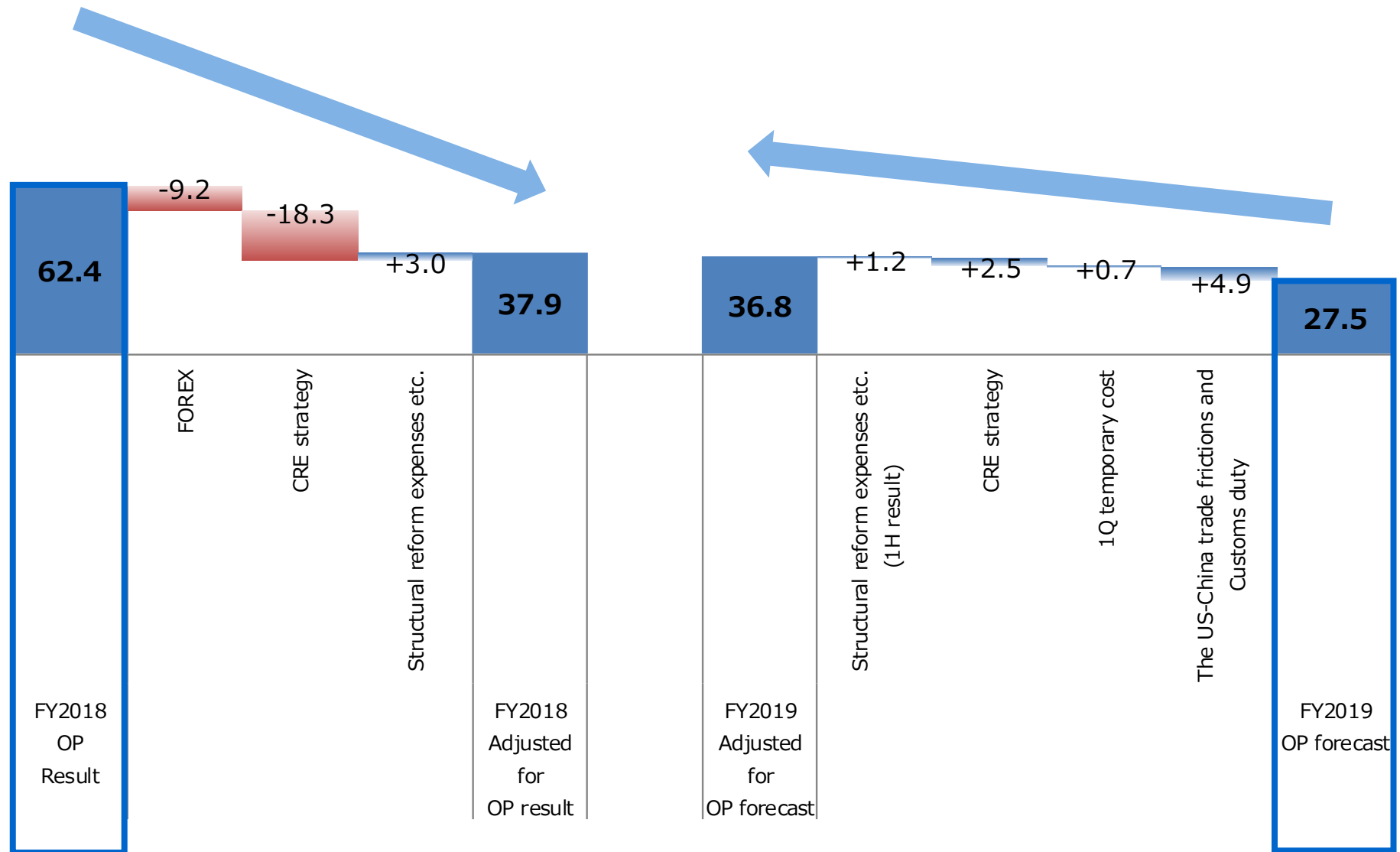
- Shift from cloud focus only to understanding of the value of hybrid solution as the cloud plus on-premise (edge) has begun, presenting a winning opportunity for Konica Minolta
- Main body versions with upgraded functionality, and package solutions for sales discussions with scope and major reductions in installation and support man-hours
- In the US generating benefit from improved customer capability and increasing the engagement strength of the MFP sales force

For growth and new businesses, implement SG&A control according to sales and strengthen efficient, prioritized handling of invested capital.

# FY2019 12M Forecast

Effective difference from previous year in anticipated operating profit for the year

[¥ billions]



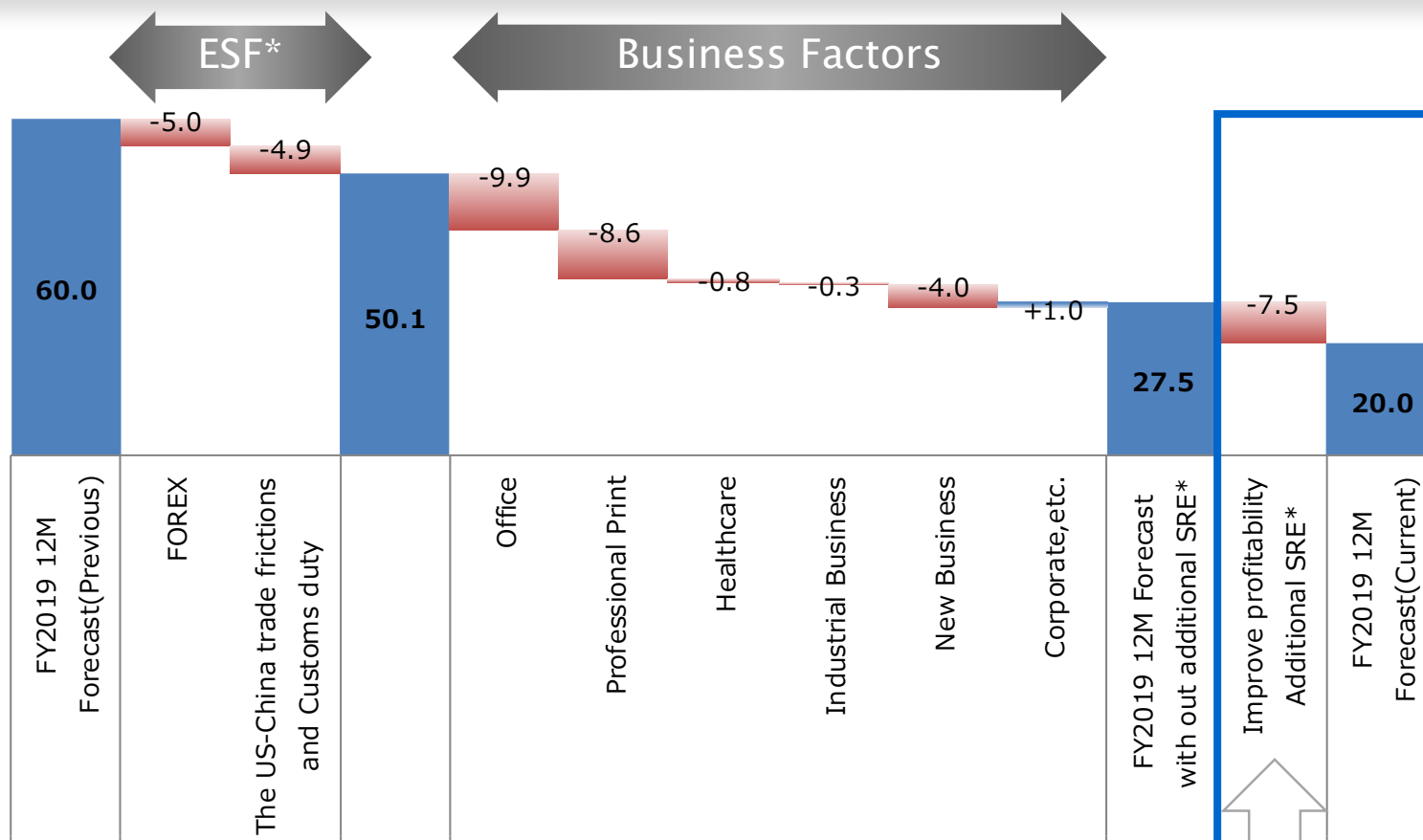
# FY2019 12M Forecast

| Forecast of operating profit for the year (change from previous forecast)



KONICA MINOLTA

[¥ billions]



- 1) Service: Efficiency by promoting Shift-Left strategy
- 2) Production: Reduction of fixed cost
- 3) Administration indirect duties: Reorganization of a entities and the functions. Full utilization of the outsourcing
- 4) Operation: Improvement of the productivity that utilized digital such as RPA

\*ESF: External and Special Factors

\*SRE: Structural reform expenses

[¥ billions]

	FY2019 12M Forecast (Current)	FY2019 12M Forecast (Previous)	FY2018 12M Results	YoY
Revenue	1045.0	1085.0	1059.1	-1%
Operating Profit	20.0	60.0	62.4	-68%
Profit attributable to owners of the Company	7.5	37.5	41.7	-82%
ROE	1.4%	6.7%	7.7%	
FOREX [Yen]				
USD	105.0	105.0	110.91	
EUR	118.0	123.0	128.41	

### Full-year forecast

- Exchange rate: EUR and USD assumptions revised to ¥118 and ¥105, respectively.
- Revenue: Taking continued strong yen and first half progress into consideration, adjusted downward by ¥40.0 billion.
- Operating profit: Taking the revision of the assumed EUR rate, the influence of external environment on business, temporary factors including ¥7.5 billion expense of additional measures in the second half, and other such factors into consideration, adjusted downward by ¥40.0 billion.

### Dividend forecast

- Annual dividend: Unchanged at ¥30 per share (¥15 for both interim and period-end).

[¥ billions]

Revenue	FY2019 12M Forecast (Current)	FY2019 12M Forecast (Previous)	FY2018 12M Results	YoY
Office	565.0	575.0	587.9	- 4%
Professional Print	215.0	235.0	227.7	- 6%
Healthcare	90.0	90.0	90.9	- 1%
Industrial	120.0	125.0	116.7	+ 3%
Optical systems for industrial use	35.0	35.0	35.2	- 0%
Materials and components	85.0	90.0	81.5	+ 4%
New business	55.0	60.0	34.7	+ 59%
Bio-Healthcare	35.0	35.0	25.9	+ 35%
Others	20.0	25.0	8.7	+ 129%
Corporate, etc.	0.0	0.0	1.2	-
Company overall	1,045.0	1,085.0	1,059.1	- 1%

Operating Profit	FY2019 12M Forecast (Current)		FY2019 12M Forecast (Previous)		FY2018 12M Results		YoY
Office	33.0	5.8%	50.0	8.7%	47.2	8.0%	- 30%
Professional Print	6.0	2.8%	17.0	7.2%	13.8	6.1%	- 57%
Healthcare	3.0	3.3%	4.0	4.4%	2.4	2.6%	+ 25%
Industrial	22.5	18.8%	23.0	18.4%	20.9	17.9%	+ 7%
New business	-16.0		-12.0		-19.3		-
Corporate, etc.	-28.5		-22.0		-2.6		-
Company overall	20.0	1.9%	60.0	5.5%	62.4	5.9%	- 68%

- 1) Eliminate delays in production cost reductions and further reduce costs through additional measures
- 2) Additional structural reform to accelerate business transformation  
(Additional expenses ¥7.5 billion in 2H, including portion implemented in Annual ¥8.7 billion)

Anticipated  
annual amount  
of effect  
  
**¥15.0 billion**



**Maintain and accelerate momentum to improve profitability from 1H to 2H of the current fiscal year, and expand profit recovery from FY2019 towards FY2020.**

Office Business: Switch all lineups to new products

Professional Print Business: New HPP and LPP products will contribute to financial performance from the start of FY2020. Launch new MPP products in the second half.

Industrial Business: Full-scale demand for displays in the measurement business and performance materials contributes to earnings of new application development

Healthcare Business: Improving profitability through dynamic X-ray and Medical IT.

New Business: Full-scale top-line expansion



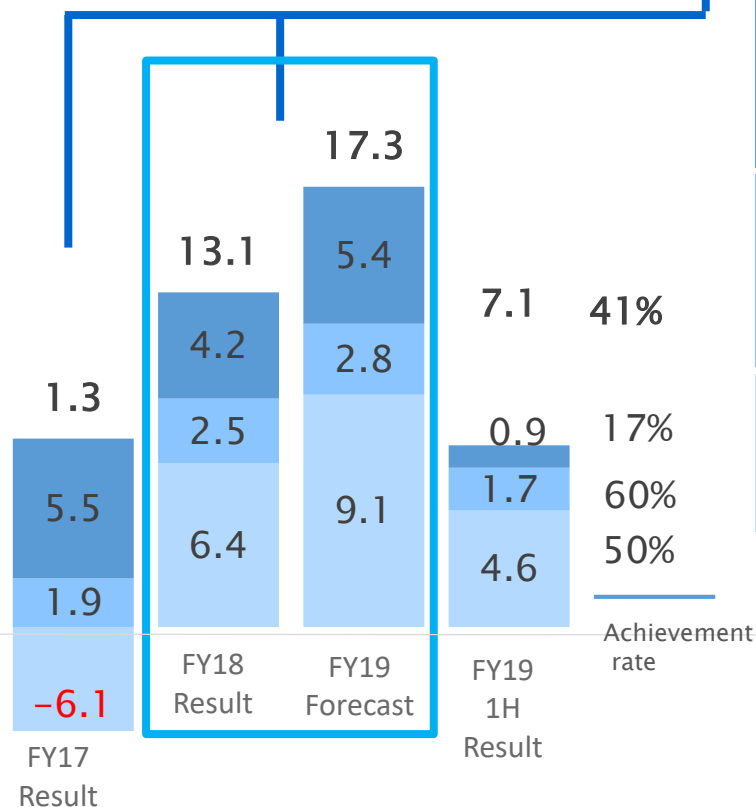
# Appendix



Large behind in production cost of new products, and the costs reduction of dealing with the US-China trade friction have increased.

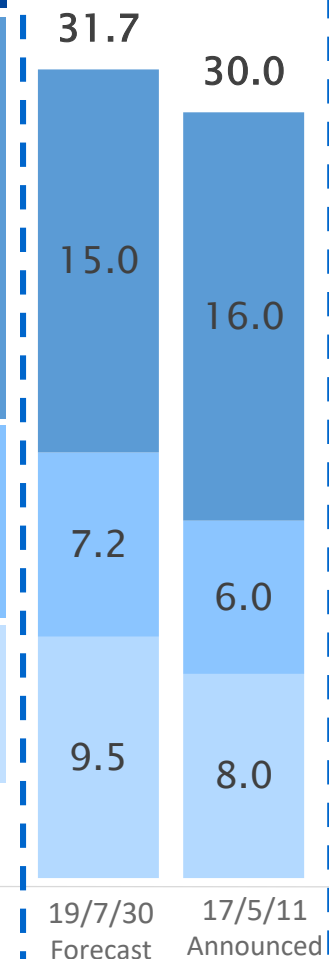
[¥ billions]

- Production costs
- Service costs
- Administration and indirect cost



### FY2019 2Q progress

Reduction of production costs	<ul style="list-style-type: none"> <li>Office Business's cost reduction of new products was substantially delayed due to prioritization of supplies and quality.</li> <li>The burden on fixed cost in Professional Print Business increased as a result of measures to the US-China trade frictions and Customs duty.</li> <li>Aim to recover by additional measures, but the forecast for the year is expected to fall short.</li> </ul>
Reduction of service costs	<ul style="list-style-type: none"> <li>Realization of shift left measures, extension of parts life, and other measures are bringing steady progress.</li> </ul>
Reduction of administration and indirect costs	<ul style="list-style-type: none"> <li>Steady progress mainly in Offices, Healthcare and Corporate.</li> </ul>

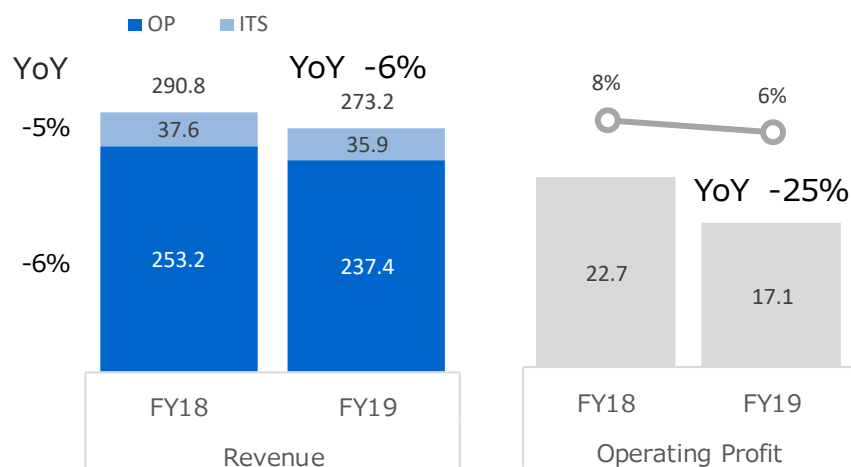


[¥ billions]

## Revenue · Operating Profit

FY18		1Q	2Q	3Q	4Q
Revenue	OP	125.7	127.5	125.7	130.4
	ITS	17.9	19.7	20.0	21.0
OP		9.3	13.4	11.6	12.8

FY19		1Q	2Q	YoY
Revenue	OP	116.4	120.9	-5%
	ITS	18.1	17.7	-10%
OP		7.7	9.4	-30%



## 2Q Summary

### Office (OP)

- As shown by PMIs in the US, UK and Germany below 50, customers' buying motivation has declined, the sales negotiation cycle has lengthened, and the competitive environment has simultaneously intensified. China's economic growth has also slowed.
- Sales began of new color Seg 2/3 products, which had been delayed, and though the 2Q figure was up year-on-year, it did not catch up completely. Also, Seg 4/5 sales decreased so that total unit sales of color models stayed at the previous year's level.
- Priority given to supply and quality resulted in delay of cost reduction in new products
- Reduction in non-hard sales occurred within anticipated range

### IT Services Solutions (ITS)

- Profitability improved in France due to portfolio consolidation and narrowing down, but sales declined in the United Kingdom and Germany due to sluggish sales of MFP-linked print-related solutions.

[¥ billions]

## Revenue · Operating Profit

Quarterly Financial Results

FY18		1Q	2Q	3Q	4Q
Revenue	PP	36.5	38.3	39.2	41.6
	IP	3.5	5.9	4.1	7.3
	MS	13.4	11.6	12.6	13.8
OP		1.7	3.7	3.3	5.1

FY19		1Q	2Q	YoY
Revenue	PP	34.2	35.4	-8%
	IP	3.8	5.8	-2%
	MS	12.6	11.5	-1%
OP		1.1	1.0	-72%

## 2Q Summary

### Production Print (PP)

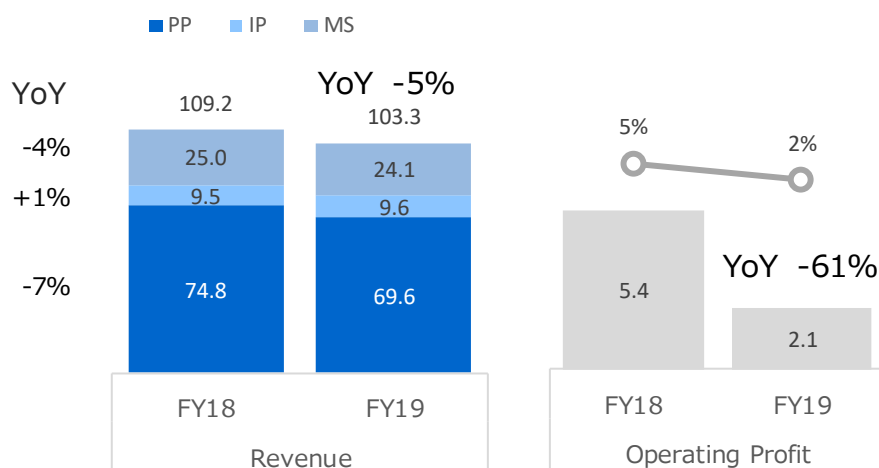
- Color ELPP products declined in Europe and the US, the competitive environment for LPP products intensified, and MPP customers' interest in investment declined and the sales negotiation cycle was protracted. Monochrome models showed a decrease under the influence of a major US project in the same period of the previous year.
- Despite the impact of slower economic growth in China and India, sales rose significantly in ASEAN.

### Industrial Print (IP)

- Sales of KM-1 grew significantly in direct sales. Label printers and decorative printing equipment also saw significant growth, and remained in the top share in the target market.
- Praise from potential customers at the Label Expo (September 24-27) was high, and inquiries increased

### Marketing Services (MS)

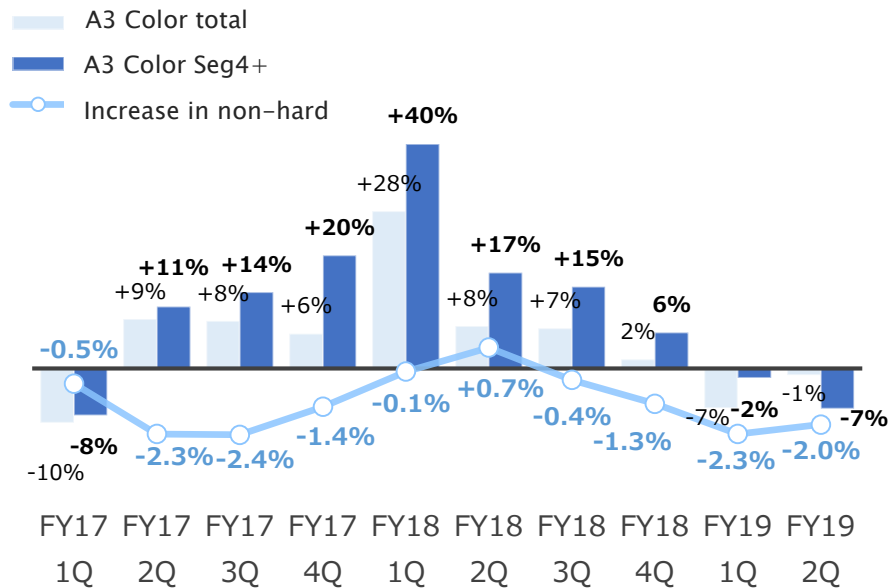
- The shift to value-added services continues. Although sales increased, driven by the US and Asia, revenue was in line with the previous year's level due to a decline in printing-related revenue in Europe and the impact of exchange rates.



## Office

- New Seg2/3 products are yielding results for product appeal, including differentiation by security, control panel, and so on. Entering full swing from 3Q on, these will drive overall unit sales. Launch new Seg4 products (4Q).
- Non-hard will stay within the anticipated range for 2Q, too. There will be no change in expected negative 2-3% growth for the year. Acceleration of Free-to-Fee, shift left, and other such measures will minimize the effect on gross profit.

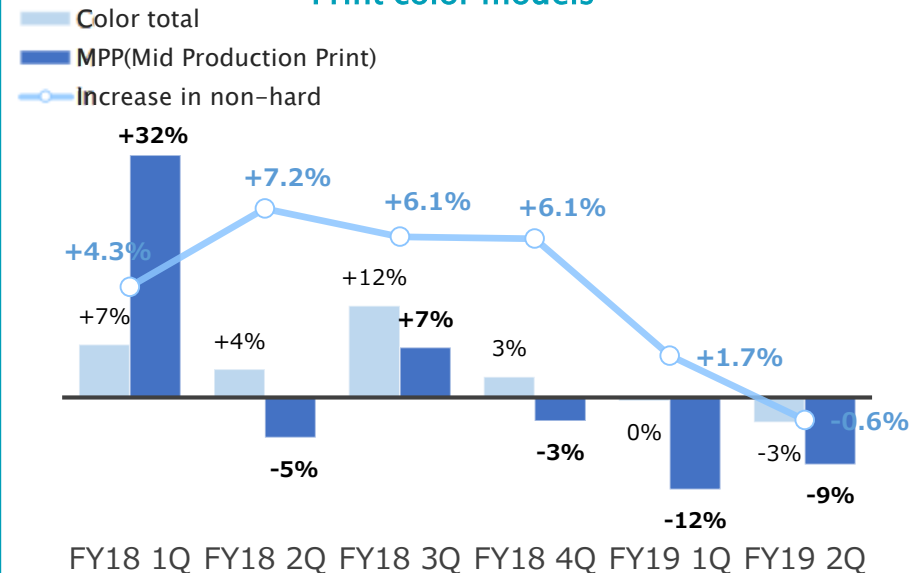
### Year-on-year growth rate in A3 color MFP shipments



## Production Print

- Konica Minolta's first HPP model, the AccurioPress C14000/12000, will have its debut announcement at Printing United (10/23). Looking ahead to the next fiscal year, we have begun sales activities (2Q development expenses need to be increased).
- Non-hard shows increase in color MIF and PV, but decrease in monochrome. Prices continue to fall. IQ-501 appeal and sales expansion will be strengthened and steps taken for recovery by expanding MIF and increasing per-unit PV.

### Year-on-year growth rate in Production Print color models



[¥ billions]

## Revenue · Operating Profit

FY18		1Q	2Q	3Q	4Q
Revenue	HC	17.0	19.6	19.4	27.5
	HIT	1.6	2.1	1.4	2.3
OP		△ 0.2	1.0	0.3	1.2

FY19		1Q	2Q	YoY
Revenue	HC	16.9	24.2	+23%
	HIT	1.8	2.3	+10%
OP		-0.3	0.7	-34%

## 2Q Summary

### Healthcare (HC)

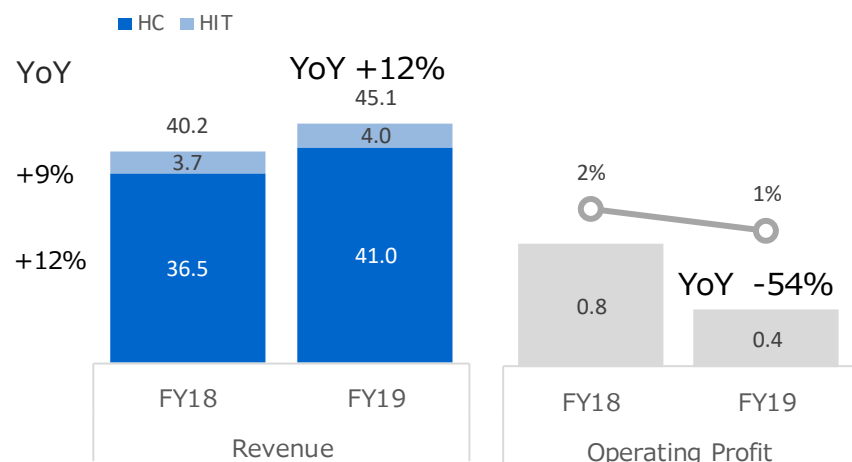
- DR sales volume increased in Asia and Europe, primarily for Japanese hospitals. Although DR sales volume in the US was stable year on year, sales to clinics were solid. Overall, revenue was up over the previous year.
- Both the number of unit sales and sales of ultrasound diagnostic equipment grew due to the effect of new products for obstetrics and higher sales of equipment in the internal medicine field.
- The high value-added imaging of our digital X-ray video imaging systems has earned high praise from universities and medical institutions in Japan.
- We posted ¥0.5 billion in valuation losses on fixed assets related to the sale of a subsidiary's base.

### Medical IT (HIT)

- PACS sales were solid in Japan.
- Inquiries concerning large projects in North America increased, and we aim to secure in these contracts from Q3. Orders from Q1 will contribute to sales from Q2.

Quarterly Financial Results

6M



[¥ billions]

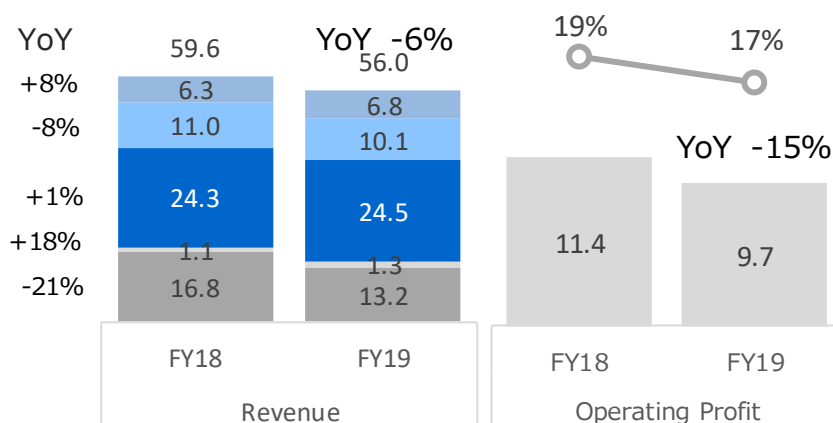
## Revenue · Operating Profit

FY18		1Q	2Q	3Q	4Q
Revenue	MI	9.6	7.2	7.7	7.6
	IS	0.5	0.7	0.5	1.3
	PM	12.6	11.7	12.9	10.9
	OC	5.6	5.4	4.9	4.7
	IJ	3.3	3.0	2.8	3.7
OP		6.8	4.7	5.6	3.9

FY19		1Q	2Q	YoY
Revenue	MI	6.6	6.7	-8%
	IS	0.6	0.8	+11%
	PM	12.6	11.9	+2%
	OC	4.8	5.3	-1%
	IJ	3.6	3.2	+7%
OP		4.8	4.9	+6%

■ MI ■ IS ■ PM ■ OC ■ IJ



## 2Q Summary

### Optical Systems for Industrial Use :

: Measuring Instruments (MI), Imaging Solutions (IS)

- Measuring Instruments: Sales of light-source color devices decreased under influence of US-China trade frictions, reduced investment by major customers, and other such factors. Object color sales in Europe and the US were strong, but sales in Asia were weak, resulting in a small overall decline year-on-year.
- Acceleration in start of Visual Inspection business targeting automobiles led to acquisition of Spanish company Eines at end of May.

### Materials and Components : Performance Materials (PM), Optical Components (OC), IJ Components (IJ)

- Performance Materials: Revenue increased year on year due to sales measures that emphasize high value-added products and the development of new resin products.
- Optical Components: Despite a favorable shift in product composition of sales, sales remained weak under the influence of the Chinese economy and revenue decreased.
- IJ Components: Revenue increased year on year due to sales centered in Asia, as in the previous quarter.

[¥ billions]

## Revenue · Operating Profit

Quarterly Financial Results

FY18		1Q	2Q	3Q	4Q
Revenue	BHC	5.9	6.5	6.6	6.9
	Others	2.0	2.3	2.2	2.3
OP		-5.1	-3.5	-5.4	-5.3

FY19		1Q	2Q	YoY	
Revenue	BHC	7.2	7.4	+14%	
	Others	2.3	2.5	+10%	
OP		-6.4	-4.6	-	

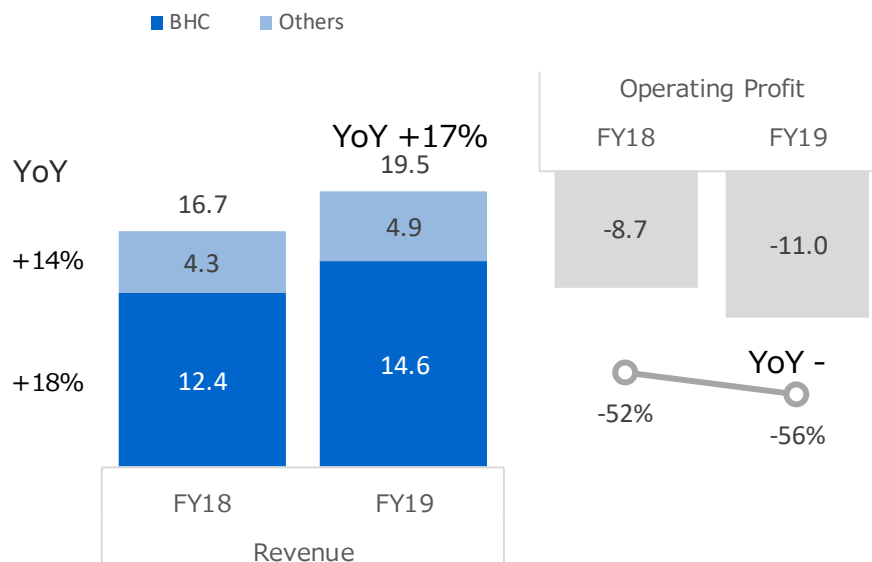
## 2Q Summary

### Bio-healthcare (BHC)

- In the area of genetic testing, the number of samples submitted for RNA testing increased, exceeding plans. We had been proceeding with narrower focus on target medical institutions, but testing lines have been expanded and this service was brought to full launch at the end of September.
- CARE program services for imaging center organizations is progress in preparations for expansion, and the number of samples submitted for testing increased.
- In the area of pharmaceutical development support, orders in the cancer clinical trial field are growing strongly but central nervous system contracts continue to be weak. A major Parkinson's disease project was acquired.

### Others : Workplace Hub (WPH), QOL, Status monitoring, Digital manufacturing

- The WPH sales region has grown to 21 countries and 17 cities in North America.
- Driven by Europe, pipeline and customer numbers are growing, but in the US, improving business development capability at customer contact points is taking time, and customer acquisition plans are delayed.
- Sales per customer exceed expectations. Recovery will come from 3Q on with version upgrades and additional deployment of industry-specific solutions.

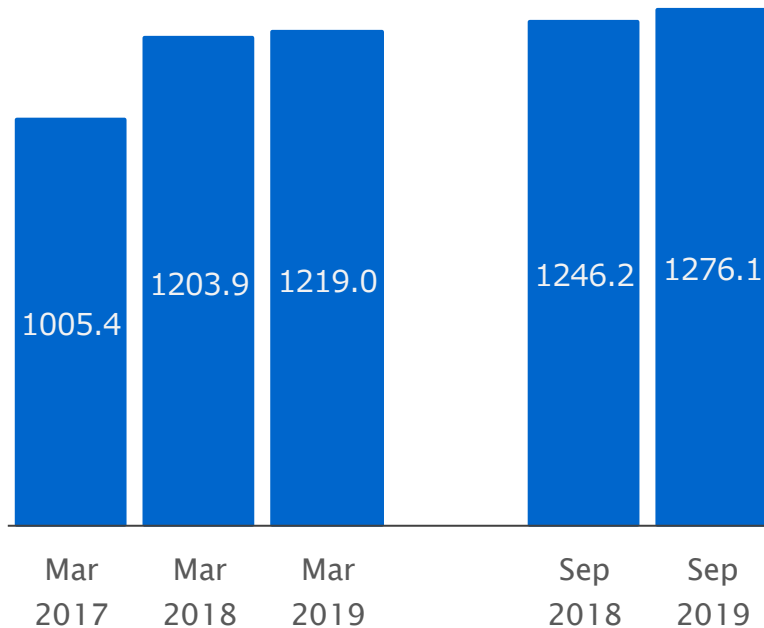




## Total Assets

[¥billions]

Increase from inclusion of right-of-use assets (beginning of the term ¥110.9 billion), due mainly to adoption of IFRS16, as well as from increase in inventory assets.

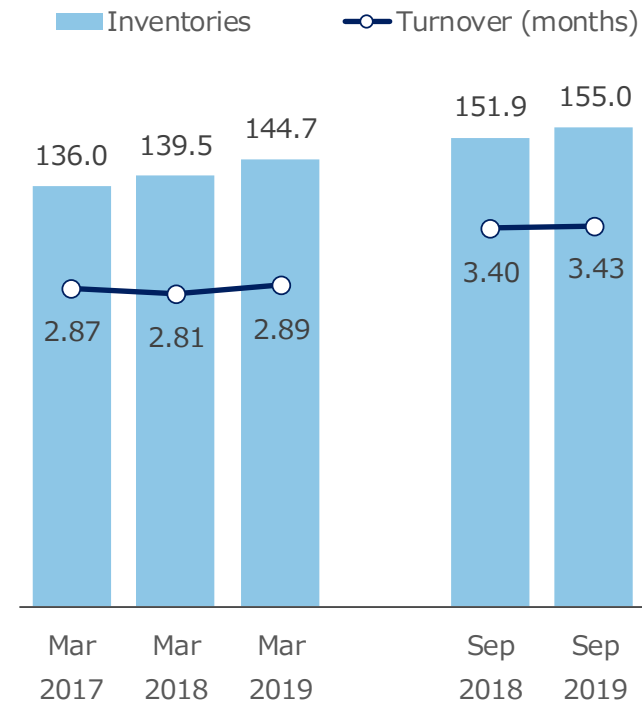


\* Right-of-use assets at the beginning of the term ¥110.9 billion

## Inventory/Turnover

[¥billions]

Keep inventories at a high level due to preparatory for full swing in sales of new office products, inventory for measures to counter tariffs due to US-China trade frictions, stocks built to prepare for 3Q sales, and other such factors.



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

## Equity & Equity Ratio

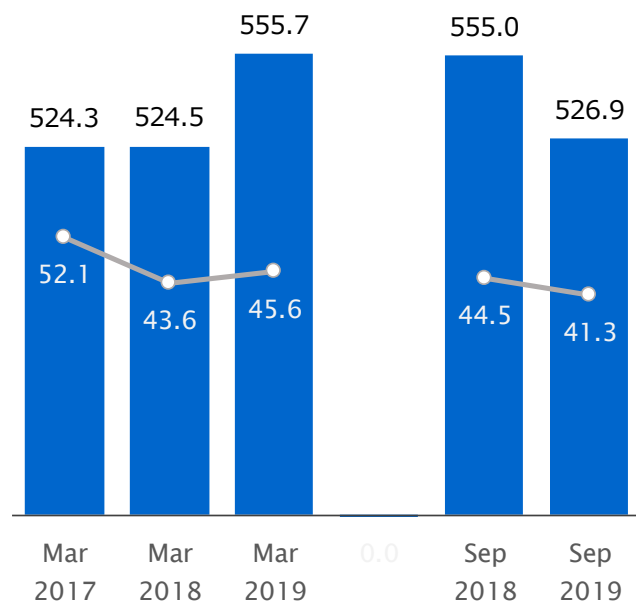
[¥billions]

Attributable to owners of the Company

Due primarily to currency translation differences, shareholders' equity was reduced.

Due in part to right-of-use assets being moved onto the balance sheet through the application of IFRS16, actual performance remained unchanged even though the equity ratio declined.

■ Shareholders' equity    ○— Equity ratio(%)



Excluding the impact of IFRS16, equity ratio was 45.3%  
(The one for company rating 49.5%)

(For Company Rating 45.1%)

Equity = Equity attributable to owners of the Company

Equity ratio = Equity attributable to owners of the Company / Total assets

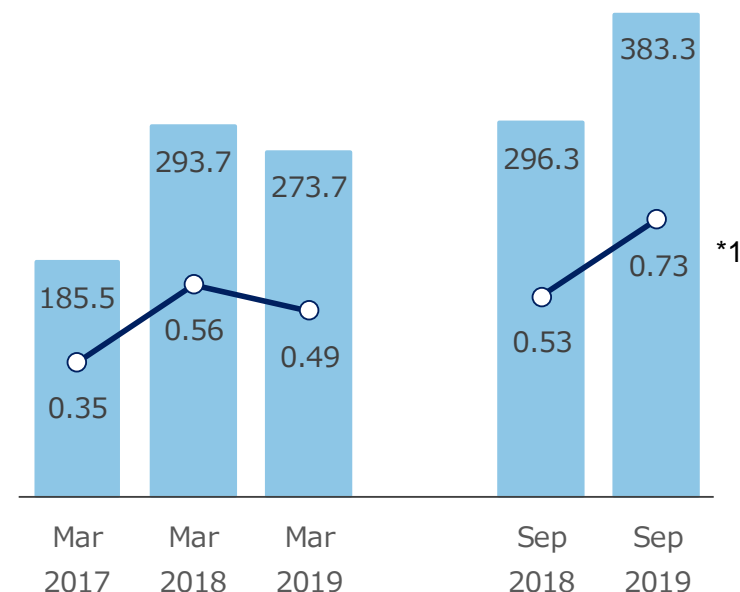
## Interest-Bearing Debts & D/E Ratio

[¥billions]

Increase from lease liabilities being moved onto the balance sheet through the application of IFRS16 (beginning of the term ¥112.0 billion).

■ Interest-bearing debts

○— Debt-to-equity ratio (times)



\*1 Excluding the impact of IFRS16, D/E Ratio was 0.51

[¥ billions]

	FY2019 6M	FY2018 6M	YoY	FY2018 2Q	FY2018 2Q	YoY
Revenue	497.5	517.1	– 4%	255.7	261.9	– 2%
Gross Profit	236.9	251.5	– 6%	120.2	127.9	– 6%
Gross Profit ratio	47.6%	48.6%	–	47.0%	48.8%	–
Operating Profit	5.4	34.6	– 84%	4.9	19.2	– 75%
Operating Profit ratio	1.1%	6.7%	–	1.9%	7.3%	–
Profit before tax	1.6	33.2	– 95%	2.9	17.9	– 84%
Profit before tax ratio	0.3%	6.4%	–	1.1%	6.8%	–
Profit attributable to owners of the Company	0.1	23.3	– 100%	1.3	12.2	– 89%
Profit attributable to owners of the Company ratio	0.0%	4.5%	–	0.5%	4.6%	–
EPS [Yen]	0.21	47.18		2.66	24.57	
CAPEX	24.3	19.6		14.6	10.9	
Depreciation and Amortization Expenses	28.1	29.1		14.1	14.5	
R&D expenses	38.7	39.7		19.7	19.3	
FCF	–18.6	11.0		–3.6	11.3	
Investment and lending	3.9	4.1		0.2	1.1	
FOREX [Yen] USD	108.63	110.26	– 1.63	107.35	111.46	– 4.11
EUR	121.42	129.85	– 8.43	119.34	129.63	– 10.29

\* Depreciation expenses and amortization expenses: IFRS16 royalty assets amortization expenses not included  
(FY2019 1H results of ¥9.8 billion and 2Q of ¥5.1 billion)

# Appendix SG&A–Other Income/ Expenses–Finance Income/Loss

[¥ billions]

	FY2019 6M	FY2018 6M	YoY	FY2019 2Q	FY2018 2Q	YoY
<b>SG&amp;A:</b>						
Selling expenses – variable	+22.7	+24.5	– 1.8	11.4	12.5	– 1.1
R&D expenses	+38.7	+39.7	– 1.1	19.7	19.3	+0.4
Personnel expenses	+102.6	+103.9	– 1.3	50.4	51.0	– 0.6
Others	+60.6	+60.1	+0.5	30.3	30.2	+0.1
<b>SG&amp;A total</b>	<b>+224.6</b>	<b>+228.2</b>	<b>– 3.7</b>	<b>111.8</b>	<b>112.9</b>	<b>– 1.1</b>
<i>* Forex impact: –6.0bn. (Actual: +2.3bn.) –4.2bn. (Actual: +3.1bn.)</i>						
<b>Other income:</b>						
Gain on sales of property, plant and equipment	+0.1	+15.1	– 15.0	0.1	5.5	– 5.4
Other income	+1.0	+1.4	– 0.4	0.6	0.9	– 0.3
<b>Other income total</b>	<b>+1.2</b>	<b>+16.5</b>	<b>– 15.4</b>	<b>0.6</b>	<b>6.4</b>	<b>– 5.8</b>
<b>Other expenses</b>						
Loss on sales of property, plant and equipment	+3.1	+1.6	+1.6	0.6	0.3	+0.3
Special extra retirement payments	+0.5	+0.0	+0.5	0.5	0.0	+0.5
Other expenses	+4.4	+3.7	+0.7	3.0	1.9	+1.1
<b>Other expenses total</b>	<b>+8.0</b>	<b>+5.2</b>	<b>+2.8</b>	<b>4.1</b>	<b>2.2</b>	<b>+1.9</b>
<b>Finance income/loss:</b>						
Interest income/Dividends received/Interest expense	– 2.1	– 0.9	– 1.2	–1.3	–0.8	– 0.4
Foreign exchange gain/loss (net)	– 1.5	– 0.2	– 1.3	–0.7	–0.5	– 0.2
Others	– 0.2	– 0.1	– 0.1	0.1	0.2	– 0.1
<b>Finance income/loss, net</b>	<b>– 3.8</b>	<b>– 1.2</b>	<b>– 2.6</b>	<b>–1.9</b>	<b>– 1.1</b>	<b>– 0.8</b>

[¥ billions]

## FY19/6M vs. FY18/6M

### [Factors]

	Office	Professional Print	Healthcare	Industrial Business	New business	corporate, etc.	Total
Forex impact	- 1.9	- 0.7	- 0.3	+0.0	+0.2	- 0.1	- 2.7
Sales volume change, and other, net	- 3.6	+0.6	+0.4	- 1.8	+1.2	+0.3	- 2.9
Price change	- 2.3	- 0.8	- 1.0	+0.4	-	-	- 3.8
Cost up/down	+0.9	- 0.6	+0.2	+0.3	-	-	+0.9
SG&A change, net	+1.7	- 1.3	+0.8	- 1.0	- 3.4	+0.9	- 2.4
Other income and expense	- 0.4	- 0.5	- 0.5	+0.3	- 0.3	- 17.0	- 18.3

### [Operating Profit]

Change, YoY	- 5.6	- 3.3	- 0.4	- 1.7	- 2.3	- 15.8	- 29.2
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## FY19/2Q vs. FY18/2Q

### [Factors]

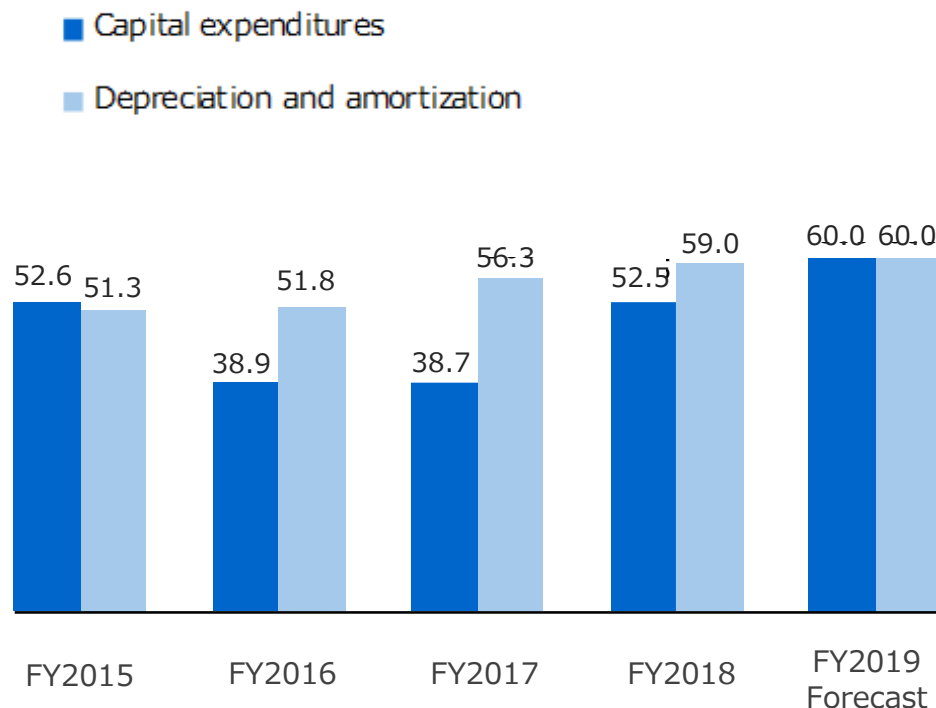
	Office	Professional Print	Healthcare	Industrial Business	New business	corporate, etc.	Total
Forex impact	- 0.9	- 0.5	- 0.2	- 0.1	+0.1	+0.0	- 1.5
Sales volume change, and other, net	- 1.8	- 0.6	+0.6	+0.4	+0.5	+0.2	- 0.7
Price change	- 1.7	- 0.2	- 0.5	+0.5	-	-	- 1.9
Cost up/down	+0.7	- 0.1	+0.1	+0.1	-	-	+0.8
SG&A change, net	+0.2	- 1.1	+0.1	- 0.9	- 1.4	+0.1	- 3.1
Other income and expense	- 0.5	- 0.2	- 0.6	+0.3	- 0.3	- 6.7	- 7.9

### [Operating Profit]

Change, YoY	- 4.0	- 2.7	- 0.4	+0.3	- 1.0	- 6.4	- 14.3
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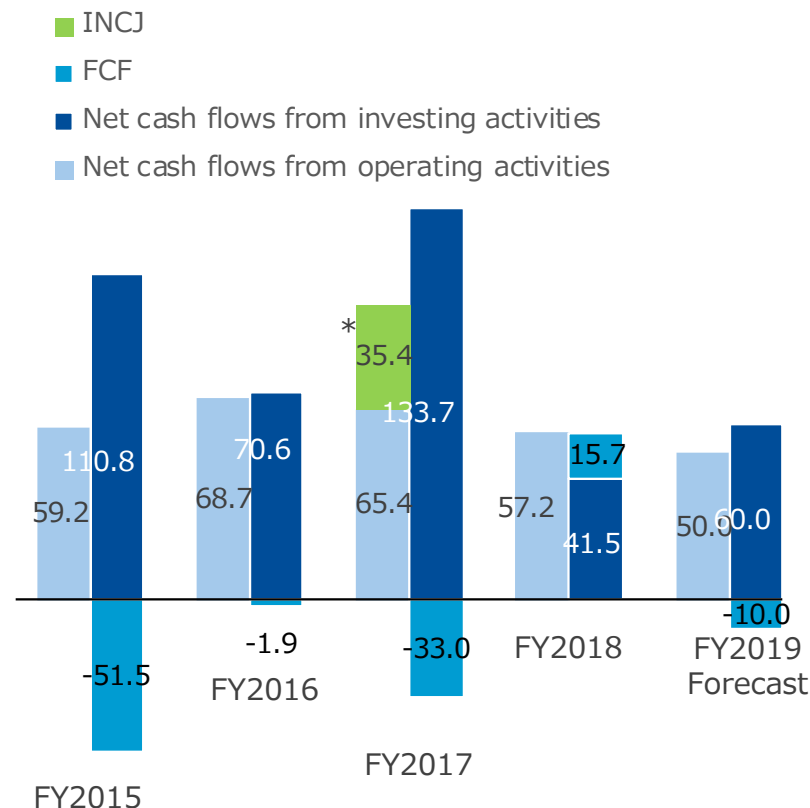
[¥ billions]

## Capital Expenditure and Depreciation and Amortization Expenses



\*Depreciation and amortization:  
IFRS16 royalty assets amortization expenses not included

## Free Cash Flows



\*FCF forecast for FY2019 does not include investment and lending

\*INCJ's equity stake

( INCJ : Innovation Network Corporation of Japan )

# Appendix FY2019 Earnings Forecast – Overview

[¥ billions]

	FY2019 12M	FY2018 12M	
	Forecast (current)	Results	YoY
Revenue	1,045.0	1,059.1	- 1%
Operating Profit	20.0	62.4	- 68%
Operating Profit ratio	1.9%	5.9%	
Profit before tax	15.0	60.1	- 75%
Profit attributable to owners of the Company	7.5	41.7	- 82%
Profit attributable to owners of the Company ratio	0.7%	3.9%	
EPS [Yen]	15.16	84.33	
ROE (%)	1.4%	7.7%	
CAPEX	60.0	52.5	
Depreciation and Amortization Expenses	60.0	59.0	
R&D expenses	75.0	78.4	
FCF	-10.0	15.7	
Investment and loan	20.0	14.0	
FOREX [Yen] USD	105.00	110.91	
EUR	118.00	128.41	

\*1 ROE: Profit attributable to owners of the Company divided by equity attributable to owners of the Company (average of beginning and ending balances)

\*2 Depreciation and Amortization Expenses: IFRS16 royalty assets amortization expenses not included (Forecast for FY2019: ¥20 billion)

\*3 FCF: Forecast does not include investment and lending

## Appendix FOREX Impact on Revenue and Operating Profit

[FOREX : ¥]

[Impact, Sensitivity : ¥ billions]

	FY19	FY18	YoY Impact		FX Sensitivity*2	
	6M	6M	Revenue	OP	Revenue	OP
USD	110.26	108.63	- 2.4	- 0.1	+3.4	- 0.0
EUR	129.85	121.42	- 7.1	- 3.3	+1.8	+0.6
GBP	146.91	136.73	- 1.5	+0.1	+0.3	+0.1
European Currency*1	-	-	- 10.3	- 3.2	+2.5	+1.0
CNY	16.75	15.68	- 1.7	- 0.5	+3.2	+1.3
AUD	82.03	75.25	- 1.3	- 0.4	+0.4	+0.1
Other	-	-	- 1.0	- 0.2	-	-
Exchange contract effect	-	-	- 0.0	+1.7	-	-
Total impact from FY2018	-	-	- 16.7	- 2.7	-	-

\*1 European currency: Currencies used in Europe including EUR/GBP

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



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

	FY2017				FY2018				FY19	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Japan	13%	13%	12%	12%	13%	12%	12%	12%	12%	13%
North America	34%	34%	33%	31%	33%	33%	33%	33%	34%	33%
EU	36%	36%	38%	40%	36%	36%	36%	36%	36%	34%
Others	17%	17%	17%	17%	18%	19%	18%	18%	17%	19%

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

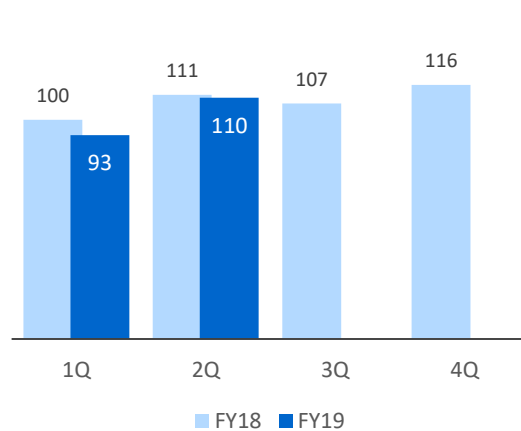
	FY2017				FY2018				FY19	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Japan	+2%	+0%	-1%	-1%	+4%	+1%	+2%	+3%	-8%	+4%
North America	+2%	+3%	-3%	+8%	+5%	+4%	+5%	+4%	-2%	-2%
EU	-1%	+2%	+1%	+4%	+4%	+1%	+1%	+0%	-2%	-1%
Others	-10%	-8%	-5%	-2%	+16%	+8%	+10%	+10%	-18%	+4%

## ■ Percentage of color in sales of hardware

	FY2017				FY2018				FY19	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Office	69%	72%	72%	72%	73%	73%	73%	74%	72%	73%
Professional Print	78%	76%	80%	78%	81%	80%	80%	81%	78%	82%

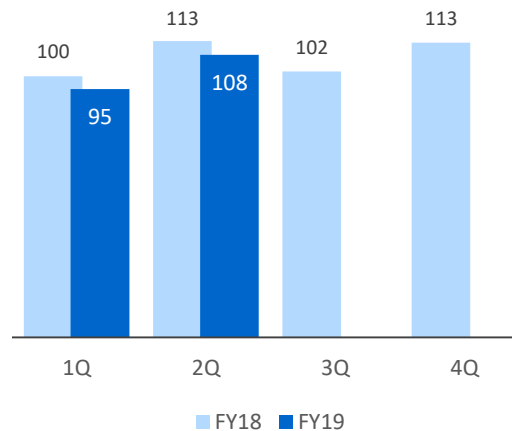
## A3 Color MFP– Units\*

YoY –1%



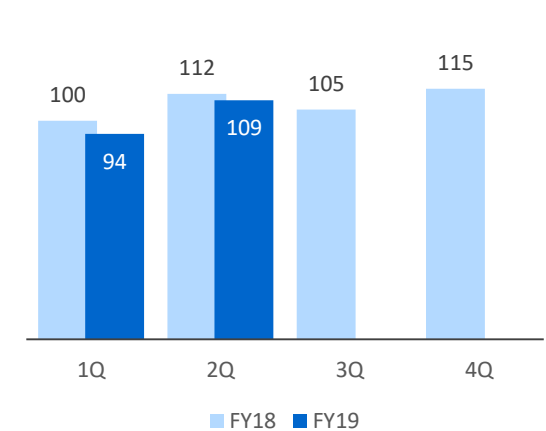
## A3 monochrome MFP– Units\*

YoY –5%



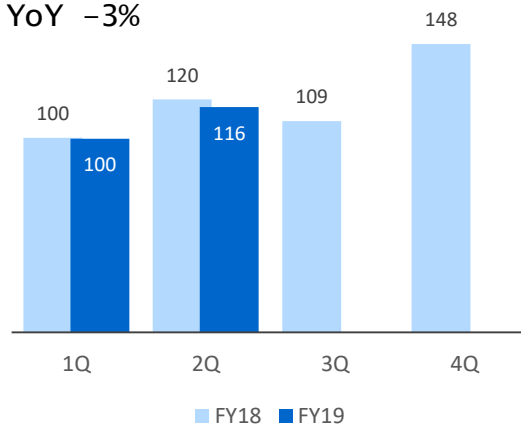
## A3 MFP– Units\*

YoY –3%



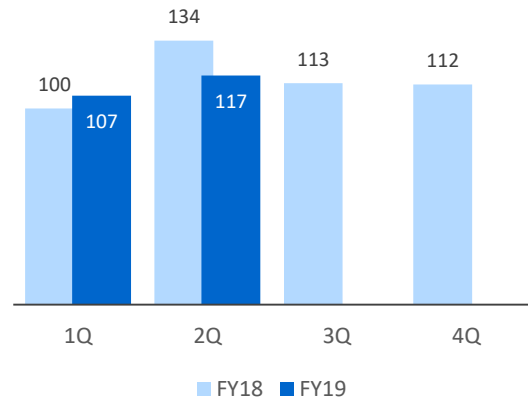
## Color Production Print – Units\*

YoY –3%



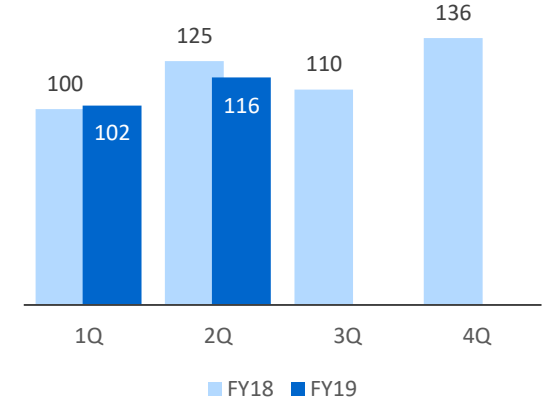
## Monochrome Production Print – Units\*

YoY –13%



## Production Print – Units\*

YoY –7%

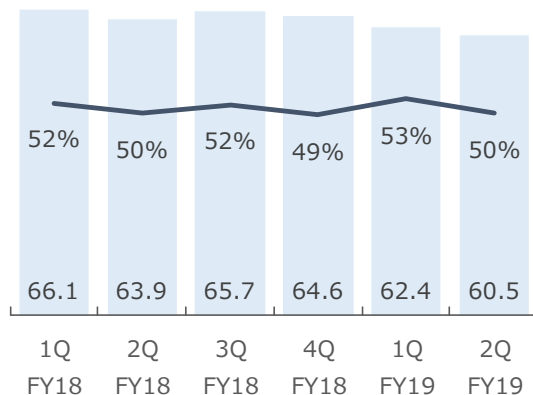


\* Base Index: "FY2018-1Q = 100

# Appendix Sales Results for Non-Hard | Office/Professional Print

## Revenue & ratio of non-hard

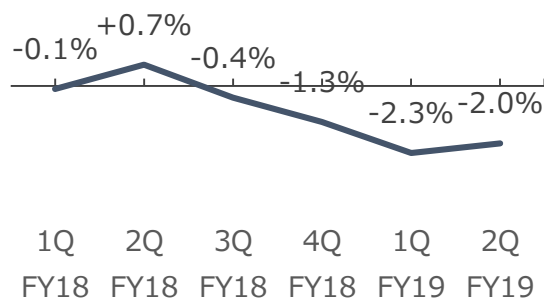
### Office [¥ billions]



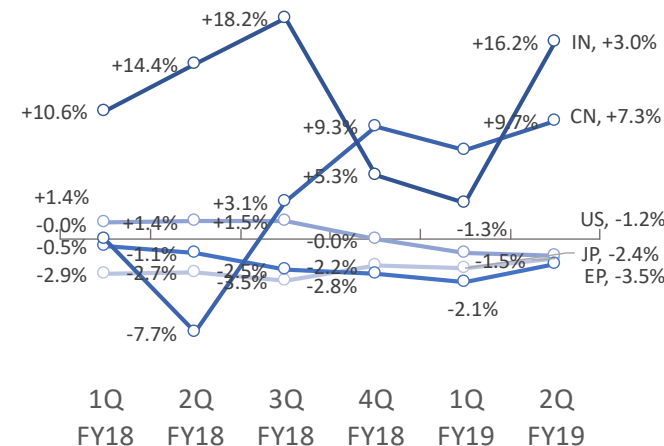
## YoY revenue increase in non-hard

(w/o FOREX)

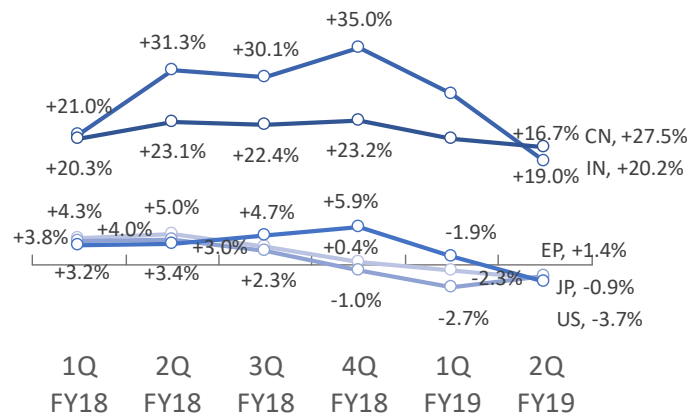
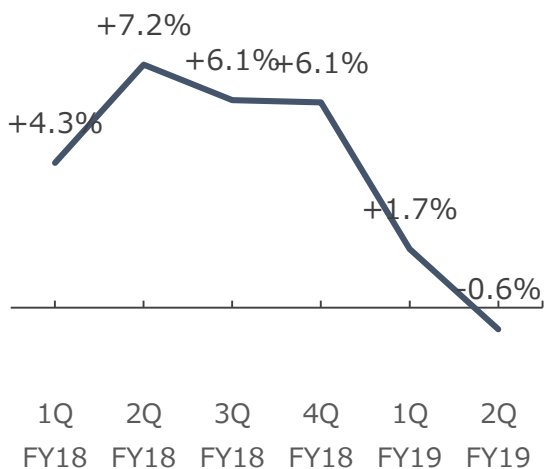
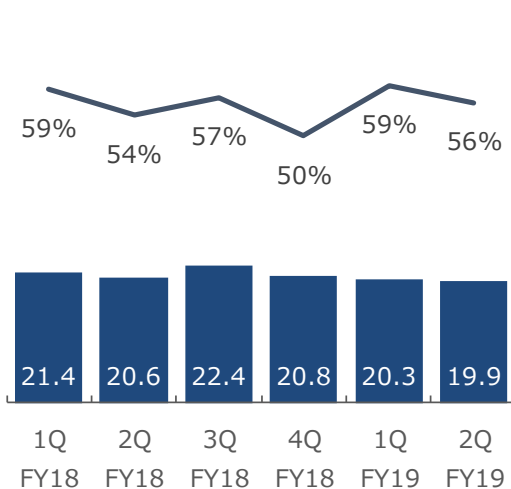
### [Total]



### [Regional YoY]



## Production print



# Appendix Quarterly Financial Results : Segments



KONICA MINOLTA

[¥ billions]

【Revenue】	FY17				FY18				FY19	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Office Business	133.0	146.5	148.2	156.2	143.5	147.2	145.7	151.4	134.6	138.6
Professional Print Business	49.0	52.2	53.9	59.2	53.4	55.9	55.8	62.7	50.6	52.7
Healthcare Business	19.5	23.3	24.0	29.6	18.6	21.6	20.9	29.8	18.6	26.4
Industrial Business	28.7	31.3	30.1	28.1	31.6	28.0	28.8	28.3	28.1	27.9
Optical Systems for Industrial Use	11.7	11.5	11.1	8.8	10.1	7.9	8.2	9.0	7.2	7.4
Material ・ Components	17.0	19.8	19.0	19.4	21.5	20.1	20.6	19.3	21.0	20.5
New business	1.9	2.3	5.7	7.4	7.8	8.8	8.8	9.2	9.6	9.9
Bio-healthcare	–	–	3.6	5.4	5.9	6.5	6.6	6.9	7.2	7.4
Others	1.9	2.3	2.1	2.0	2.0	2.3	2.2	2.3	2.3	2.5
Corporate etc.	0.1	0.2	0.3	0.4	0.3	0.3	0.4	0.2	0.2	0.2
Company overall	232.4	255.8	262.2	281.0	255.2	261.9	260.5	281.5	241.7	255.7

【Operating Profit】	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Office Business	5.3	14.8	9.8	15.0	9.3	13.4	11.6	12.8	7.7	9.4
Professional Print Business	1.6	0.9	2.6	4.2	1.7	3.7	3.3	5.1	1.1	1.0
Healthcare Business	–0.5	3.4	1.0	1.7	–0.2	1.0	0.3	1.2	–0.3	0.7
Industrial Business	6.1	5.9	5.6	5.9	6.8	4.7	5.6	3.9	4.8	4.9
New Business	–2.7	–3.2	–4.4	–5.6	–5.1	–3.5	–5.4	–5.3	–6.4	–4.6
Corporate etc.	–1.1	–10.0	–5.9	3.6	3.1	–0.2	0.4	–5.8	–6.3	–6.6
Company overall	8.7	11.8	8.6	24.8	15.4	19.2	15.9	11.9	0.6	4.9

# Business Segments for FY 2019

## Core businesses

Businesses that strengthen profitability by cost structure reform and that support profit during the Medium-Term Plan

## Growth businesses

Businesses that aim for higher profit around the core by using resources that we made upfront investments in under the previous Medium-Term Plan

## New businesses

Businesses that aim to achieve high profits by establishing new business models for the IoT era

Business segment

\*Certain BUs, such as Healthcare and Measuring Instruments, may be incubating growth businesses internally, as is the case with the main businesses.

Business Unit	Core businesses	Growth businesses	New businesses
Office	Office ITS		WPH
Professional Print	Production Print (PP)	Industrial Printing (IP) Textiles Marketing services	
Healthcare	Healthcare Business Ultrasound	Medical IT	Bio-healthcare
Optical Systems for Industrial Use	Measuring Instruments Visual Inspection	Imaging Solutions	QOL Status Monitoring Digital Manufacturing
Materials and Components	Performance Materials New Films IJ Components Optical Components	Materials OLED	

- **CRE Strategy (Corporate Real Estate Strategy): Corporate**  
A corporate strategy for a corporation to utilize its assets and real estate more efficiently in ways that benefit its business.
- **MFP (Multi Functional Peripheral) Speed Segment: Office**  
Seg. 1 to 20ppm, Seg.2 21–30ppm, Seg.3 31–40ppm, Seg.4 41–69ppm, Seg.5 70~ppm  
(A4 vertical, minute speed)
- **Color production print Machine Segments: Professional Print Business**  
ELPP (Entry Light Production Print, Monthly printing volume: 1–0.3 million sheets  
for low-priced products mainly for large companies' centralized printing rooms)  
LPP (Light Production Print, Monthly printing volume: 0.1–0.3 million sheets for commercial printing products)  
MPP (Mid Production Print, Monthly printing volume: 30–1 million sheets for commercial printing products)  
HPP (Heavy Production Print, Monthly printing volume: 1 million sheets or more for commercial printing products)
- **PACS: Picture Archiving and Communication System: Healthcare Business**  
An image storage and communication system for medical image processing. A general term for systems for managing a large volume of images, such as CT, MRI, X-ray images from DR and CR, and so on.
- **RNA (ribonucleic acid) Testing: Bio-healthcare Business**  
Testing to identify changes in mRNA structure in the primary transcript of DNA (deoxyribonucleic acid). Analysis of transcript mRNA can provide more detailed test results on DNA mutations that used to be considered of undetermined clinical significance in conventional DNA testing.
- **Workplace Hub (WPH): New Business**  
Edge IoT platform provided by Konica. In addition to multi functional peripheral, a server is integrated to create a solution that drives efficiencies by reducing the overall costs of IT infrastructure management, providing real-time data-driven visibility of IT usage patterns that help to improve business processes. This will link people and data, and empower them to make smarter decisions and solve problems in the office.



**KONICA MINOLTA**

*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.*