



In a changing market environment, the Konica Minolta Group is striving to establish sustainability and presence, raise its value in the eyes of society, and pursue global thinking and action.

### Performance Targets FY2013



### 5 Key Themes

Strategies and initiatives for achieving targets are encapsulated in five key themes. The Group will achieve firm growth through measures taken in line with each theme.



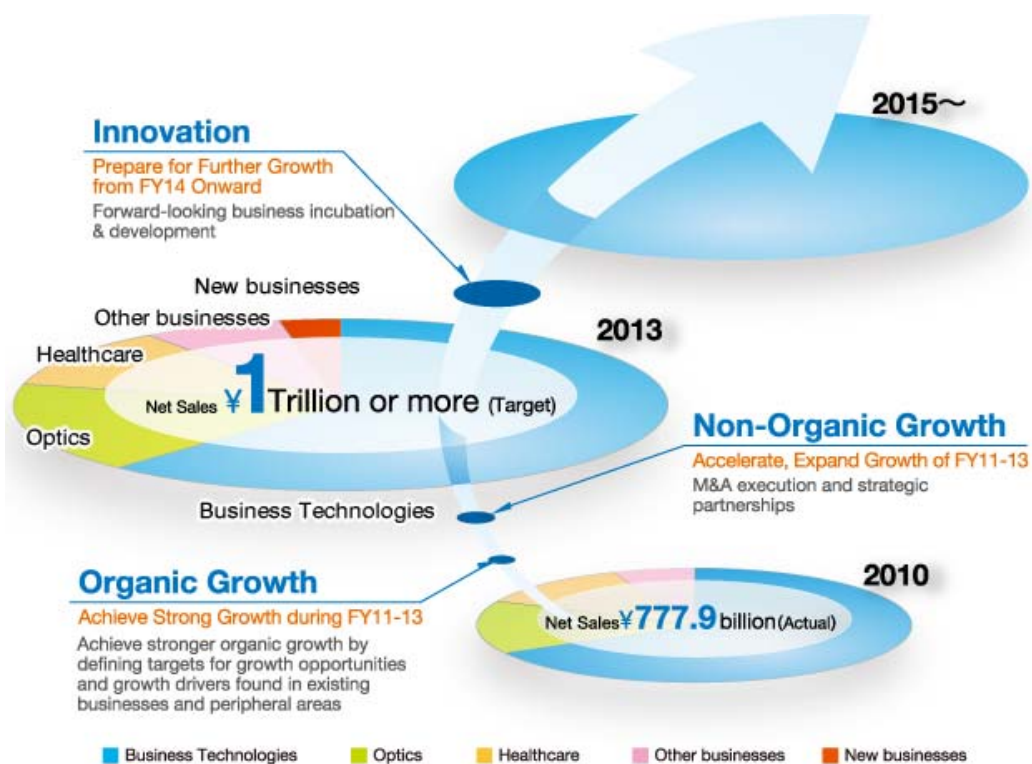
### Growth Strategy Q&A

Key market forecasts and the Company's market position, mainly with regard to our mainstay Business Technologies Business, that are vital to achieving the "G PLAN 2013" medium-term business plan have been compiled in a question format below, including quantitative data.

- [Special Feature Top](#)    **Growth Strategy**    ▸ [Enhancing Profitability](#)
- [Increasing Deployment Capability](#)    ▸ [Group Interconnecting Strategy](#)
- [Becoming a "Global Company"](#)    ▸ [Growth Strategy Q&A](#)

## Growth Strategy

We are moving to expand business scale, with expansion driven by "Organic Growth," "Non-Organic Growth" and "Innovation."



### Growth Strategy by Business

#### ▸ [Business Technologies](#)

Advance a Genre-top strategy to achieve sales expansion in growth fields.

#### ▸ [Optics](#)

Supplement the TAC films earnings base by establishing second and third earnings drivers in growth fields.

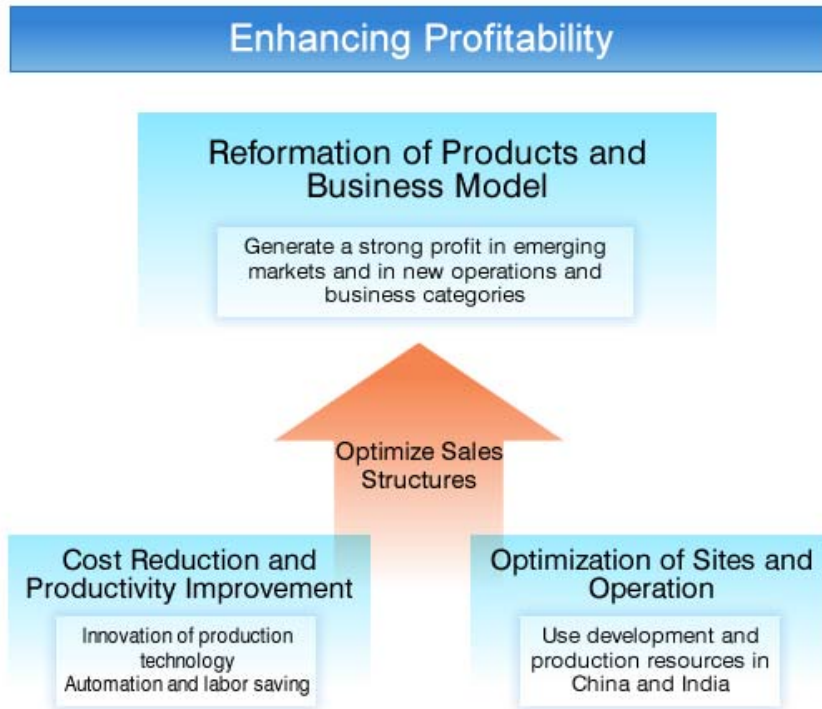
#### ▸ [Healthcare](#)

Take steps to transition to a structure capable of achieving earnings growth in digital equipment and IT services.

- ▶ [Special Feature Top](#)   ▶ [Growth Strategy](#)   **Enhancing Profitability**
- ▶ [Increasing Deployment Capability](#)   ▶ [Group Interconnecting Strategy](#)
- ▶ [Becoming a “Global Company”](#)   ▶ [Growth Strategy Q&A](#)

## Enhancing Profitability

Pursuing management that will generate profit in a changing environment.



### Reformation of Product and Business Models

The Group is pursuing reform of its product development and business models to generate robust earnings in rapidly growing emerging markets and growth fields. Consequently, we seek to optimize development, production and services to match the features of target regions and products. Operational processes, including the flow of goods and information, will also be improved in a bid to enhance profitability.

### Cost Reduction and Productivity Improvement

Price competition is intensifying as companies in emerging markets continue to achieve substantial cost reductions on products. To win out in these circumstances, the Group is strengthening its cost competitiveness by moving to improve productivity through greater automation and labor-saving techniques, along with production technology innovation, in the production process. Lead times will also be shortened through continuous development process improvements.

### Optimization of Sites and Operation

The Group is seeking to optimize manufacturing hubs and operation by utilizing development and production resources in China and India.

[▶ Special Feature Top](#)   [▶ Growth Strategy](#)   [▶ Enhancing Profitability](#)

**Increasing Deployment Capability**   [▶ Group Interconnecting Strategy](#)

[▶ Becoming a “Global Company”](#)   [▶ Growth Strategy Q&A](#)

## Increasing Deployment Capability

Increasing the sensitivity to growth fields for quick responsiveness and steady growth.

### Speed

The Group will work to enhance its sensitivity to a range of risks and possibilities in order to move with speed to capture business opportunities. The same holds for the speed with which we take action. Rather than spending lots of time on establishing businesses, the critical point here is the extent to which we can move with speed to reflect flexible management decision-making in business development.

Accelerating business development and bolstering development strength will be essential to this end. Sharp management decision-making will be applied to M&A and alliance opportunities as well.

### Real Time Management

The ability to properly assess present conditions, coupled with decision-making skills based on a firm grasp of information, are integral to ensuring responsive management decision-making.

For this reason, the Konica Minolta Group is aiming for extensive data management that will take its corporate management to the next level. Specific efforts will entail improving supply chain management (SCM) optimization, extensive customer relationship management (CRM), and more robust pipeline management.

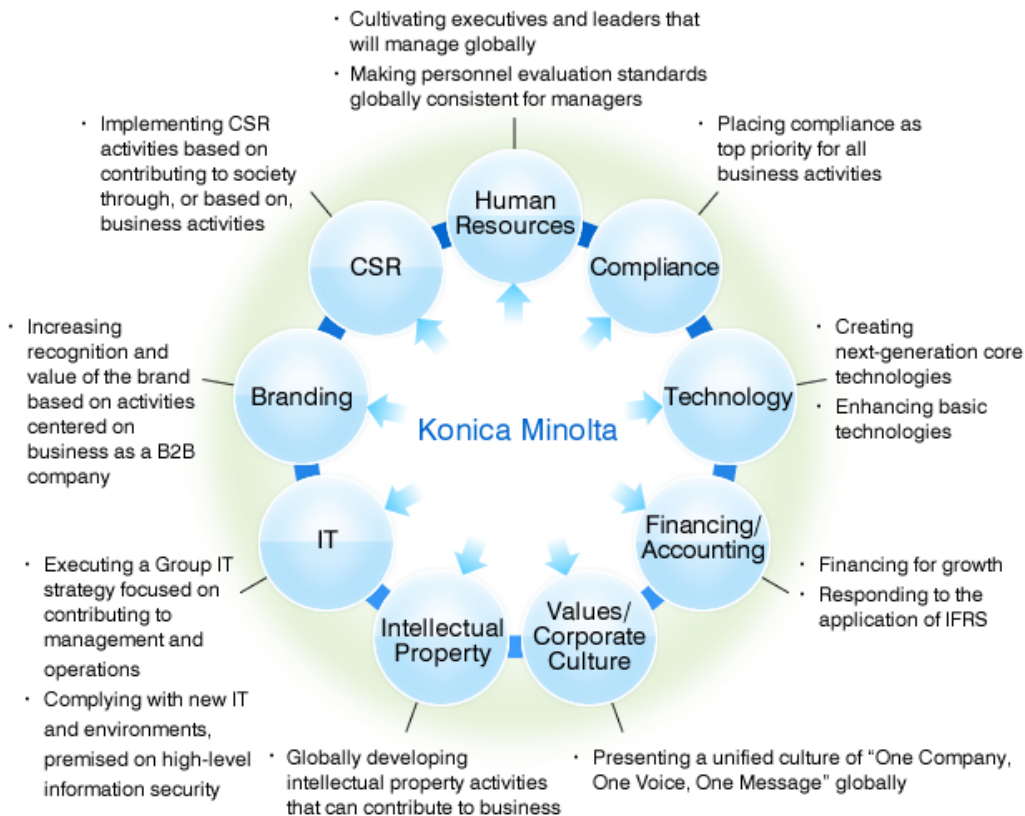
▸ [Special Feature Top](#) ▸ [Growth Strategy](#) ▸ [Enhancing Profitability](#)

▸ [Increasing Deployment Capability](#) **Group Interconnecting Strategy**

▸ [Becoming a "Global Company"](#) ▸ [Growth Strategy Q&A](#)

## Group Interconnecting Strategy

Aiming to bolster our global operating base.



Our intent over the next three years is to enhance each of the functions of Konica Minolta Holdings in its capacity as the company presiding over the Konica Minolta Group. "Global perspective" will be a particularly key point going forward.

- ▶ [Special Feature Top](#)   ▶ [Growth Strategy](#)   ▶ [Enhancing Profitability](#)
- ▶ [Increasing Deployment Capability](#)   ▶ [Group Interconnecting Strategy](#)
- ▶ **Becoming a “Global Company”**   ▶ [Growth Strategy Q&A](#)

## Becoming a “Global Company”

One Group, One Company:

Pursue total optimization, in which each business unit and site worldwide acts as one company.





- ▶ [Special Feature Top](#)   ▶ [Growth Strategy](#)   ▶ [Enhancing Profitability](#)
- ▶ [Increasing Deployment Capability](#)   ▶ [Group Interconnecting Strategy](#)
- ▶ [Becoming a “Global Company”](#)   **Growth Strategy Q&A**

## Growth Strategy Q&A

**Q1** One of the challenges in “G PLAN 2013” is “expanding the scale by achieving growth.” Could you please explain in more detail what you mean by expanding scale?

**A1** By “expanding scale” we are referring to the scale of our profits. One important step for achieving this is to increase the scale of our sales. Another is to lift our profitability. We set specific numerical targets for these after 3 years under “G PLAN 2013”—net sales of ¥1 trillion or more, and an operating income ratio of 8% or more. Achieving these targets will bring our operating income to at least ¥80.0 billion, double our present level. There are two main reasons for seeking to increase the scale of our profits. The first is that earning higher profits will enable us to take on greater risks. We will be able to make investments for growth on a bigger scale, including stepping up capital expenditure and M&A activity. These investments in growth can create a positive cycle by expanding the scale of sales and scale of profits in turn. The other reason is that increasing the scale of profits will strengthen the Group, making it more resistant to sudden changes in the business environment, such as a Lehman Shock-like downturn. Our corporate activities are always affected by changes in various external factors, but having a larger scale of profits will allow us to use such dramatic changes in the business environment as opportunities for growth. I am committed to transforming Konica Minolta into a strong corporate group, one that is dedicated to expanding the scale of its profits, by executing G PLAN 2013.

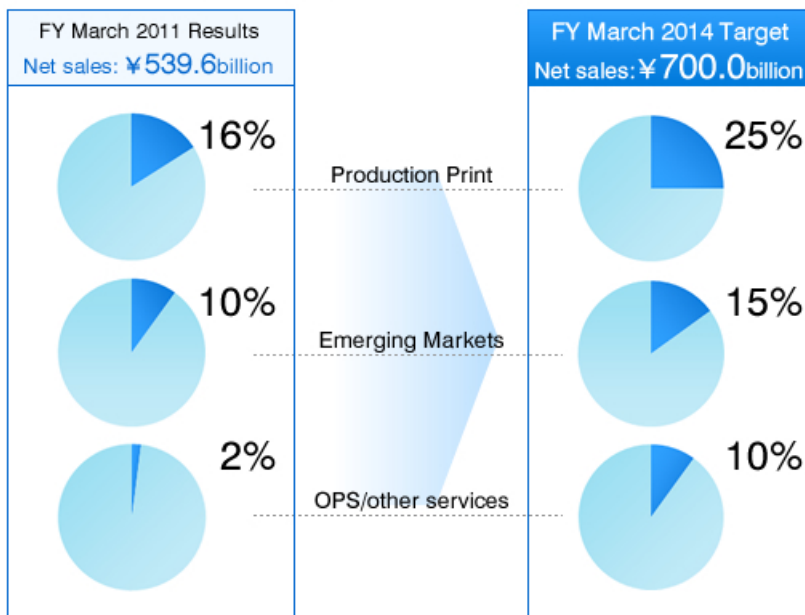
Naturally, expanding the scale of our profits will also lead to growth in shareholder returns in the form of dividends. I am fully aware that my mission as president is to transform Konica Minolta into an attractive corporate group from the perspective of our shareholders and investors.



**Q2** What are the current growth drivers in the Business Technologies Business and what business scale is anticipated for the plan's final year?

**A2** First, we will remain dedicated to developing new products to bolster our product lineup in production print. Another aim is to double our business scale by achieving sales expansion by tailoring our approach to customers' specific sectors and business categories. Secondly, in emerging markets, where future growth is expected, we will accelerate sales expansion, particularly in China and the rest of Asia, by extending and enhancing our A4 MFPs (multi-function peripherals) lineup in addition to specialized A3 MFP models for these markets. Finally, to further strengthen our response capability in OPS (Optimized Print Services), we will reinforce our capacity to respond to customers by ramping up our current push to acquire IT vendors, and thereby expand the percentage of sales from OPS and other services. We will also expand sales from GMA (Global Major Accounts), which underpin Konica Minolta's outstanding customer responsiveness.

**Business Technologies Business**  
Expanding Operations of Growth Drivers

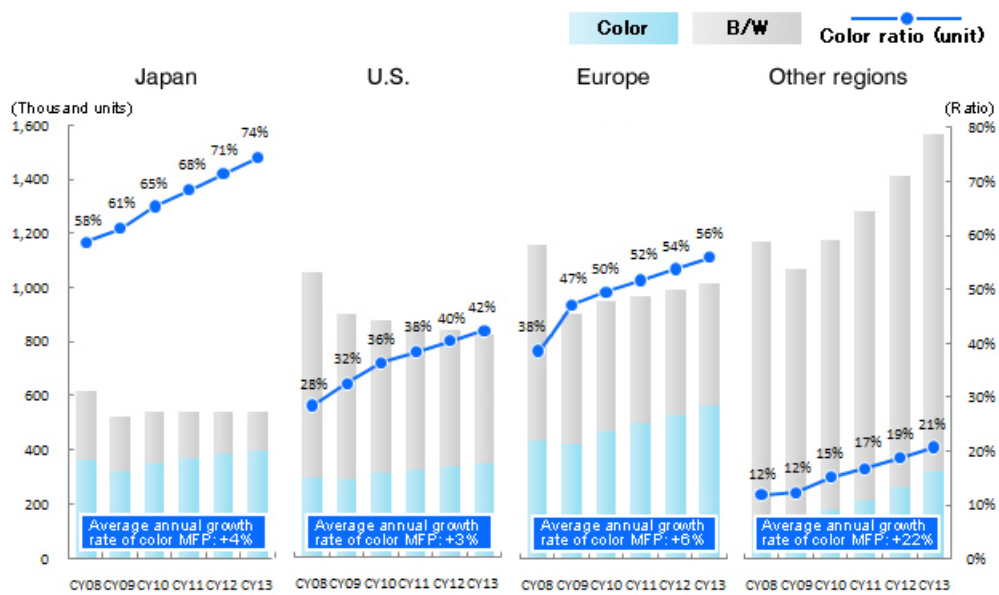




**Q3** Some consider office MFPs to be a mature market. Do you expect to see future growth in this market?

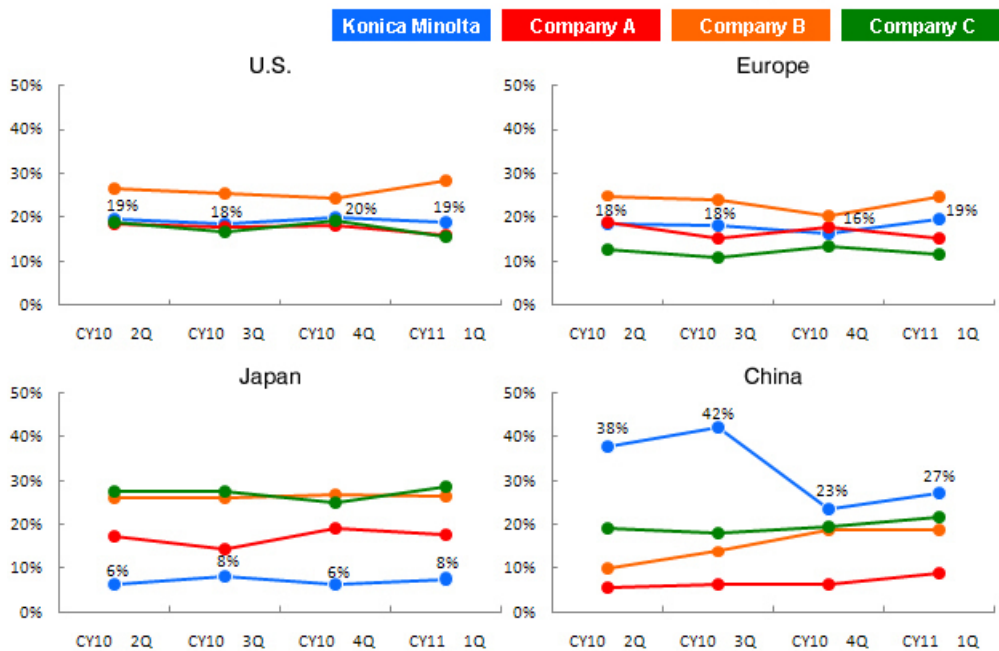
**A3** Certainly no significant growth is expected in the total number of MFPs in developed markets like Japan, North America and Europe. However, Konica Minolta since the merger has promoted a "Genre-top strategy" where our focus has been on the sale of high-value-added color MFPs. The shift to color products is set to gain momentum particularly in the U.S. and European markets, where Konica Minolta has a robust sales foundation. As for emerging markets where sustained growth is anticipated, our focus is on the release of MFPs developed especially for these markets and strengthening our sales capabilities. Konica Minolta firmly holds the top market position in color and monochrome products in China. Going forward, we will use this solid market position as a springboard for sales expansion centered on color MFPs, as we aim for business growth in step with expansion in earnings from non-hardware categories.

A3 MFP Market Sales Volumes by Region and Outlook



\*Estimated by the Konica Minolta based on external data (calendar years)

Konica Minolta's Share of the Color A3 MFP Market by Region

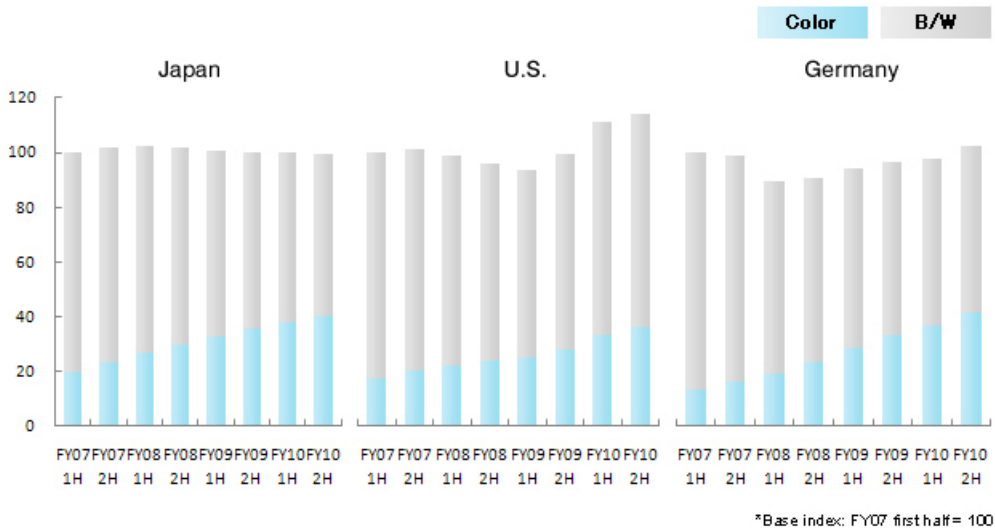


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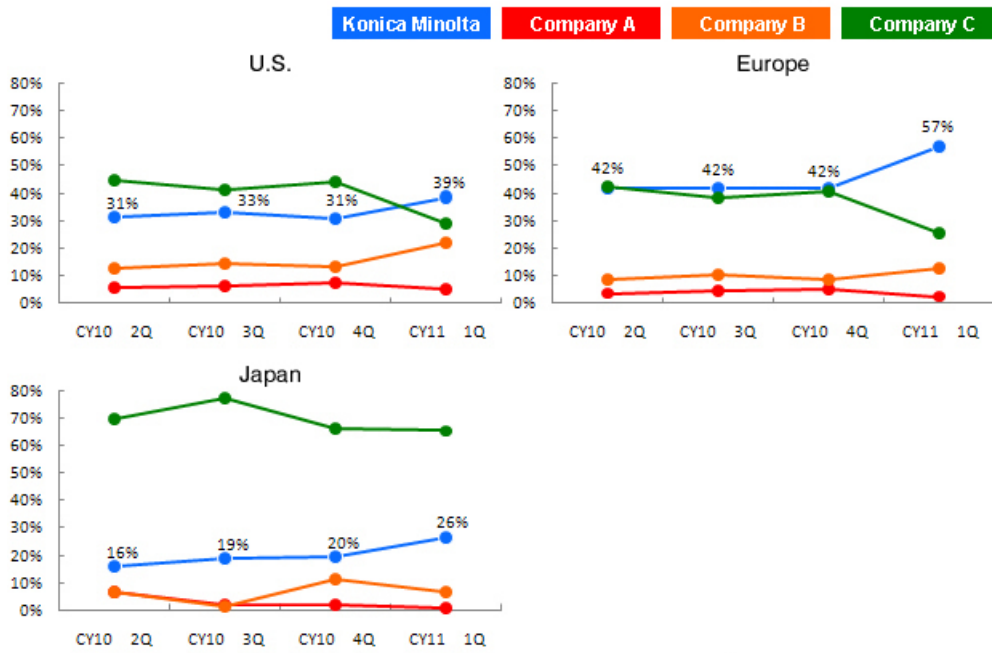
**Q4** Are there concerns that the emergence of tablet PCs and similar devices will trigger a drop in demand for printouts?

**A4** In promoting our “Genre-top strategy” in color products, we have focused on sales to office customers that require color printouts. The result has been a steady cumulative increase in the number of units installed in our core U.S. and European color MFP markets. In line with this, the number of color printout pages is also on the rise, with non-hard sales from services and supplies also holding to a growth trend. Similarly in production print, we have seen growth in sales volumes for both color and monochrome products, as well as a marked and continued increase in printing output.

Konica Minolta's Copy and Print Volumes in the Office Field

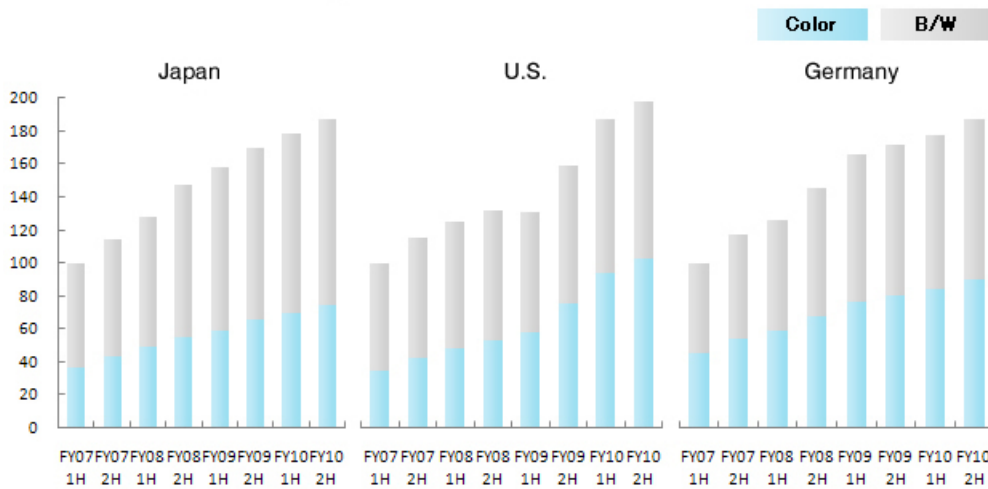


### Konica Minolta's Share of Production Print Market by Region



\*Estimated by the Konica Minolta based on external data (calendar years)

### Konica Minolta's Copy and Print Volumes in the Production Print Field

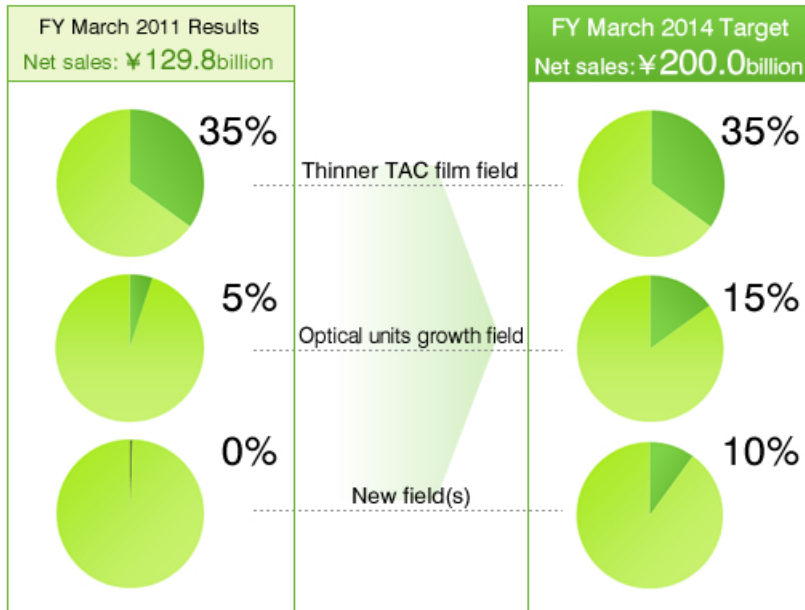


\*Base index: FY07 first half = 100

## Q5 What future growth do you envisage for growth drivers outside of Business Technologies Business?

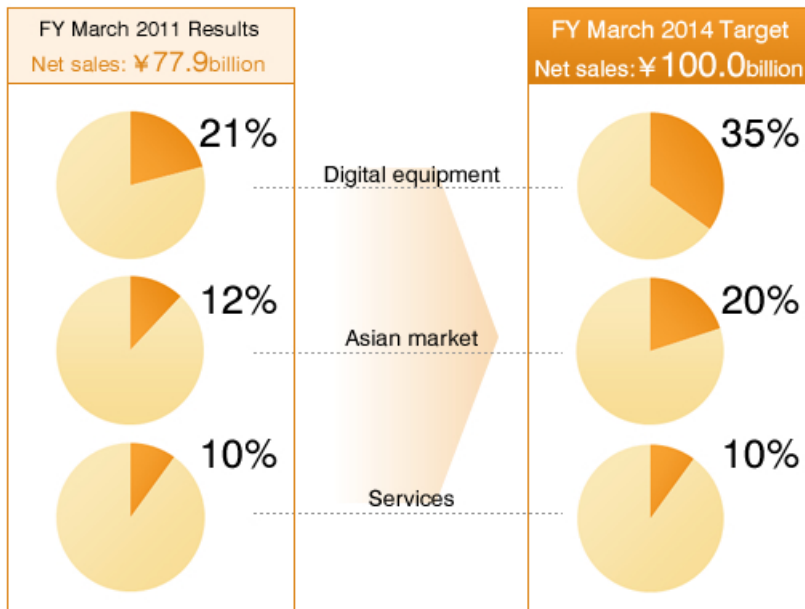
**A5** In the Optics Business, Konica Minolta has two areas where it excels in the field of TAC films, thinner TAC and extra-wide technologies. Armed with these advantages, we will further fortify our position in VA-TAC films for increasing viewing angles used in large-screen LCD TVs. Films for IPS panels used in smartphones and tablet PCs are another area we are targeting for business expansion. In the field of optical units, our goal is to expand sales of products for mirrorless interchangeable-lens cameras and smartphones, since future growth is expected for both products. In terms of new fields, LED lighting is a next-generation lighting market that continues to expand at a rapid pace. We plan to release a host of products for this market, accelerating our development of a viable business that leverages Konica Minolta's strength in optical technologies.

### Optics Business Expanding Operations of Growth Drivers



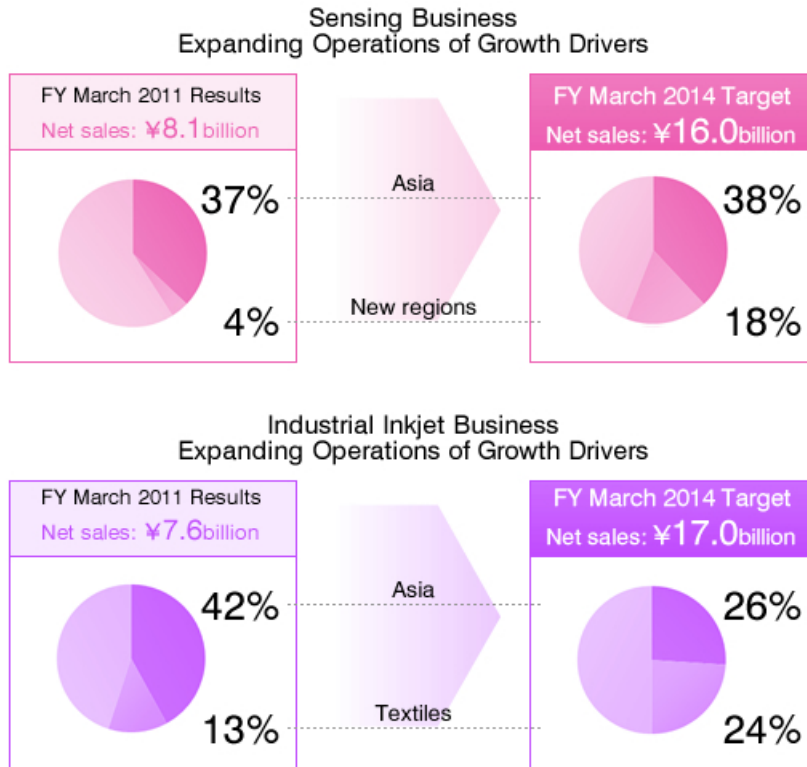
Turning to Healthcare Business, we will expand sales of digital equipment by enhancing our lineup in Digital Radiography (DR), as well as small and medium-sized Computed Radiography (CR), developed by Konica Minolta. For small CR, we will bolster cost competitiveness to enhance sales to Asian markets centered on the growth markets of China and India. We will use the wider customer base gained from broader sales of this digital equipment to boost sales from services, namely repair and maintenance work. At the same time, we aim to grow the business by developing new value-added services utilizing the Internet and other channels.

### Healthcare Business Expanding Operations of Growth Drivers



**Q6** What can you tell us about other growth strategies and progress on new businesses?

**A6** In the Sensing Business, in addition to business expansion centered on Asian markets, where production facilities continue to grow, we are eyeing business expansion in new fields such as solar cell measurement. As for Industrial Inkjet Business, we will expand our business scale overseas, most notably in Europe and Asia. Specifically, in the field of components, such as inkjet printheads, we are focusing on Asian markets with their growing demand for outdoor advertising and other applications, as well as extending and enhancing our product lineup in the textile field.



Turning to progress on new businesses, first, as an initial step in LED lighting operations promoted under the Optics Business, we have received orders for a light guiding module for display shelves and will begin shipping in FY March 2012. Looking ahead, our sights are on establishing innovative phosphor coating technology derived from our glass material and thin-film technologies, with full-scale commercialization scheduled for FY March 2013. In Organic Light Emitting Diode (OLED) lighting operations, we are watching to discern the timing for the full-fledged emergence of this market. In the meantime, we will develop products using both evaporation and roll-to-roll coating methods. For the evaporation method, we expect to ship products developed by Konica Minolta in the fall of FY March 2012 by contracting their manufacture to Philips Technologie GmbH (Germany), while we continue developing the technology for roll-to-roll coating methods products. In organic thin-film photovoltaics, the direction of future efforts will be decided after technology results from joint development with Konarka Technologies, Inc. are evaluated in FY March 2013.



LED lighting



OLED lighting

**A7** We are projecting R&D costs of approximately ¥250.0 billion cumulative for the three years of the medium-term business plan, along with capital expenditure and loans of ¥220.0 billion over the same period. We intend to invest vigorously in an assertive push to achieve growth. We are also ensuring sufficient funds for investment to carry out M&A and build strategic alliances in growth fields.

**Q8** What is Konica Minolta's approach to shareholder returns?

**A8** With respect to dividends, our policy is to maintain a consolidated dividend payout ratio of 25% or more. In keeping with this target payout ratio we also hope to raise the dividend to reflect earnings growth, while giving due consideration to promoting strategic investment. As for other measures, we will also conduct buybacks of treasury stock as a way of returning profits to shareholders by improving capital efficiency, after taking into account stock price trends and other factors to determine the appropriate timing.