

## MIRA INFORM REPORT

<b>Report No. :</b>	529811
<b>Report Date :</b>	18.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	KONICA MINOLTA INC
<b>Registered Office :</b>	2-7-2 Marunouchi Chiyodaku Tokyo 100-7015
<b>Country :</b>	Japan
<b>Financials (as on) :</b>	31.03.2018
<b>Date of Incorporation :</b>	December 1936
<b>Com. Reg. No.:</b>	0100-01-084367
<b>Legal Form :</b>	Limited Company
<b>Line of Business :</b>	Manufactures business machines: information equipment, professional printing, industrial business, healthcare products, others
<b>No. of Employees :</b>	5,282

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

## JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

## **COMPANY NAME AND SUMMARY**

### **KONICA MINOLTA INC**

**REGD NAME:** Konica Minolta KK

**MAIN OFFICE:** 2-7-2 Marunouchi Chiyodaku Tokyo 100-7015 JAPAN

Tel: 03-6250-2111

\*..The given address is one of its branch offices

**URL:** <http://www.konicaminolta.jp>

E-Mail address: (thru the URL)

**ACTIVITIES:** Mfg of business machines

**BRANCHES:** Tokyo, Osaka, other

**OVERSEAS:** Asia, Americas, Europe, Mid East, other (50 countries overseas)

**FACTORIES:** 13 factories (domestic); China, USA, France

**OFFICERS:** SHOEI YAMANA, PRES  
Kunihiro Kohizuka, mgn dir  
Masatoshi Matsuzaki, dir

Seiji Hatano, mgn dir  
Toshimitsu Taiko, mgn dir  
Hiroshi Tomono, dir

Yen Amount: In million Yen, unless otherwise stated

<b>SUMMARY:</b>	<b>FINANCES</b>	<b>FAIR</b>	<b>A/SALES</b>	<b>Yen 1,031,256 M</b>
	<b>PAYMENTS</b>	<b>REGULAR</b>	<b>CAPITAL</b>	<b>Yen 37,519 M</b>
	<b>TREND</b>	<b>STEADY</b>	<b>WORTH</b>	<b>Yen 523,579 M</b>
	<b>STARTED</b>	<b>1936</b>	<b>EMPLOYES</b>	<b>5,282</b>

## **COMMENT**

MFR OF BUSINESS MACHINES

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

This is a holding company formed thru business combination between Konica and Minolta. Pulled out of camera and photo businesses in 2006. Midsize maker of business machines. Also involved in digital radiography (DR) and TAC film used on the surfaces of LCDs. Actively deploying M&A in Japan, the US and Europe with an aim to expand distribution channels for office equipment. Also moving to consumer retention by enhancing lump-sum contracts for printing services. The field of optics with lucrative products such as TAC film for liquid crystal is highly expected. Also enhancing medical related devices such as X-ray equipment (digital radiography). The

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field of optics with lucrative products such as TAC film for liquid crystal is highly expected. Also enhancing medical related devices such as X-ray equipment (digital radiography).

## **FINANCIAL INFORMATION**

The sales volume for Mar/2018 fiscal term amounted to Yen 1,031,256 million, a 7.14% up from Yen 962,555 million in the previous term. The recurring profit was posted at Yen 49,124 million and the net profit at Yen 32,248 million, respectively, compared with Yen 49,341 million recurring profit and Yen 31,542 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 58,000 million and the net profit at Yen 37,000 million, respectively, on a 4.73% rise in turnover, to Yen 1,080,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements.

## **REGISTRATION**

**Date Registered:** Dec 1936  
**Regd No.:** 0100-01-084367 (Tokyo-Chiyodaku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 1,200 million shares  
**Issued:** 502,664,337 shares  
**Sum:** Yen 37,519 million

**Major shareholders (%):** Master Trust Bank of Japan T (8.8), Japan Trustee Services T (6.5), Goldman Sachs International (3.0), BNYMSANVAS Agent (2.9), MUFG Bank (2.7), Japan Trustee Services T9 (2.5), SMBC (Sumitomo Mitsui Banking ) (2.3), Nippon Life Ins (2.1), Nomura T (MUFG Bank) (2.1), State Street Bank West Treaty (1.8); foreign owners (32.3)

**No. of shareholders:** 42,972

**Listed on the S/Exchange (s) of:** Tokyo

Nothing detrimental is known as to the commercial morality of executives.

**Related companies:** Konica Minolta Business Technologies, Konica Minolta Supplies, Konica Minolta Healthcare, other.

## **OPERATION**

**Activities:** Manufactures business machines: information equipment (57%), professional printing (21%), industrial business (9%), healthcare products (11%), others (2%)

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**Overseas Sales Ratio (81%)**

**Clients:** [Mfrs, wholesalers] Konica Minolta Business Solutions, Konica Minolta Healthcare, Kinko's Japan, other Exports to overseas subsidiaries & partners

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Konica Minolta Supplies, Konica Minolta Opt Products, Konica Minolta Techno Products, other

Exports to overseas

**Payment record:** Regular

**Location:** Business area in Tokyo. Office premises at the caption address are owned and maintained satisfactorily.

**Bank References:**

MUFG (Nihombashi)

SMBC (H/O)

Relations: Satisfactory

**FINANCES**

(In Million Yen)

<b>Terms Ending:</b>	<b>31/03/2019</b>	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/03/2016</b>
Annual Sales	1,080,000	1,031,256	962,555	1,031,740
Recur. Profit	58,000	49,124	49,341	58,029
Net Profit	37,000	32,248	31,542	31,973
Total Assets		1,203,907	1,005,435	976,370
Net Worth		523,579	523,333	513,276
Capital, Paid-Up		37,519	37,519	37,519
Div.P.Share(¥)		30.00	30.00	30.00
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	4.73	7.14	-6.71	2.89
Current Ratio		..	..	..
N.Worth Ratio		43.49	52.05	52.57
N.Profit/Sales	3.43	3.13	3.28	3.10

Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.55
UK Pound	1	INR 94.94
Euro	1	INR 84.40
Yen	1	INR 0.65

**Note** : Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	DIV
Report Prepared by :	SYL

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)