

Consolidated Financial Results for the 3rd Quarter of Fiscal 2019 and Full-Year Forecasts

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3Q Financial Results

■ Consolidated

- Revenue: Driven by the mainstay Medical Business, revenue up 2% YoY
- Profit: Profit down YoY due to securities litigation settlement and expenses associated with the U.S. DOJ plea agreement, but resolution of persisting management issues now in sight

Full-Year Performance Forecasts

- Revision to operating profit forecast for the Imaging Business in light of performance trends, no revision to prior forecasts for consolidated revenue or operating profit

Consolidated Financial Results and Business Overview for the 3Q of Fiscal 2019 (FY Ending March 31, 2019)

3Q of Fiscal 2019 (1) Consolidated Financial Results

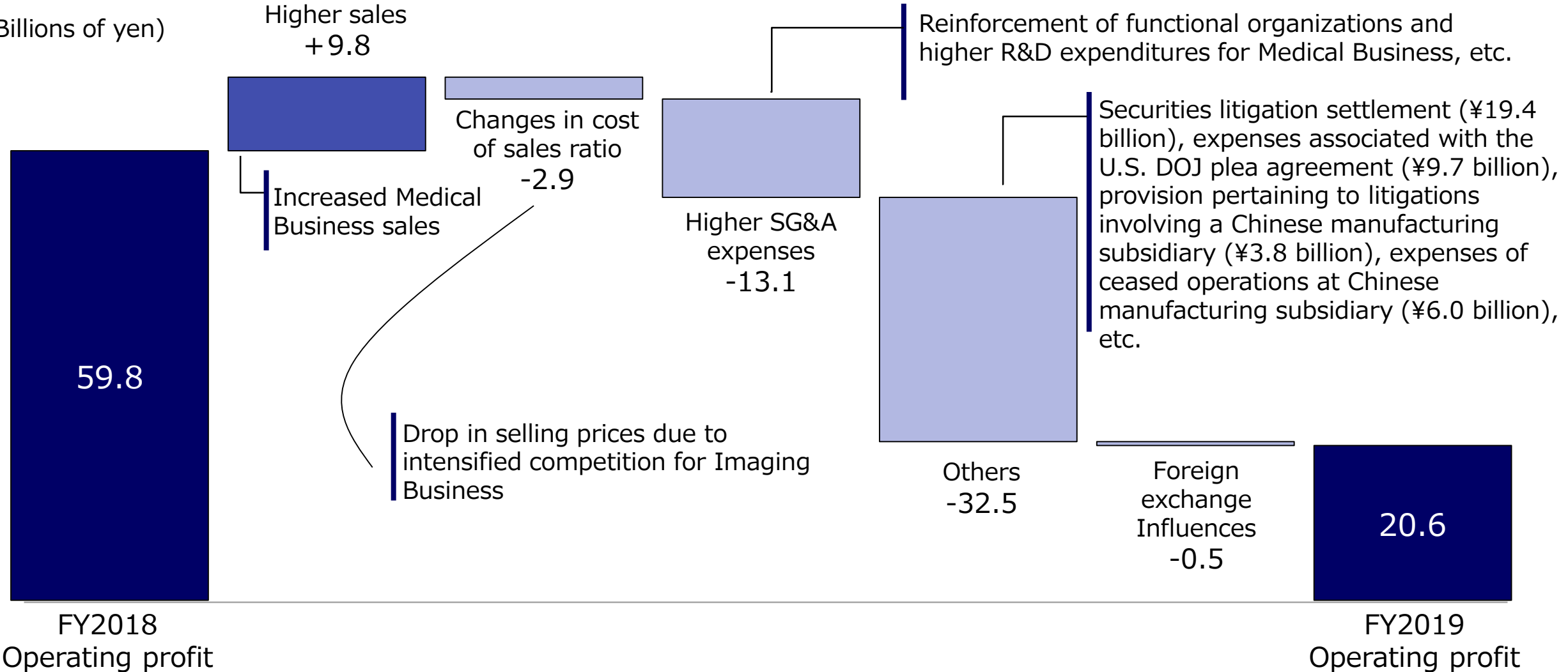
- ① Revenue up 2% YoY following Medical Business and Scientific Solutions Business growth
- ② Operating profit down YoY due to one-time expenses, etc.

(Billions of yen)	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
	FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Revenue	572.1	581.0	+2%	+2%	202.6	199.2	-2%	0%
Gross profit (% of revenue)	372.9 (65.2%)	378.4 (65.1%)	+1%	+2%	131.2 (64.7%)	129.6 (65.0%)	-1%	0%
Selling, general and administrative expenses (% of revenue)	310.2 (54.2%)	322.5 (55.5%)	+4%	+4%	106.7 (52.7%)	110.2 (55.3%)	+3%	+4%
Other income and expenses etc.	-2.9	-35.3	-	-	-2.0	-1.8	-	-
Operating profit (loss) (% of revenue)	59.8 (10.5%)	20.6 (3.5%)	-66%	-65%	22.4 (11.1%)	17.6 (8.8%)	-21%	-18%
Profit (Loss) before tax (% of revenue)	55.7 (9.7%)	13.6 (2.3%)	-76%		20.5 (10.1%)	16.4 (8.2%)	-20%	
Profit (Loss) attributable to owners of parent (% of revenue)	48.0 (8.4%)	6.5 (1.1%)	-86%		18.2 (9.0%)	12.0 (6.0%)	-34%	
¥/US\$	¥112	¥111			¥113	¥113		
¥/Euro	¥129	¥129			¥133	¥129		

3Q of Fiscal 2019 (1) Factors Influences Consolidated Operating Profit

9M (Apr.-Dec.)

(Billions of yen)



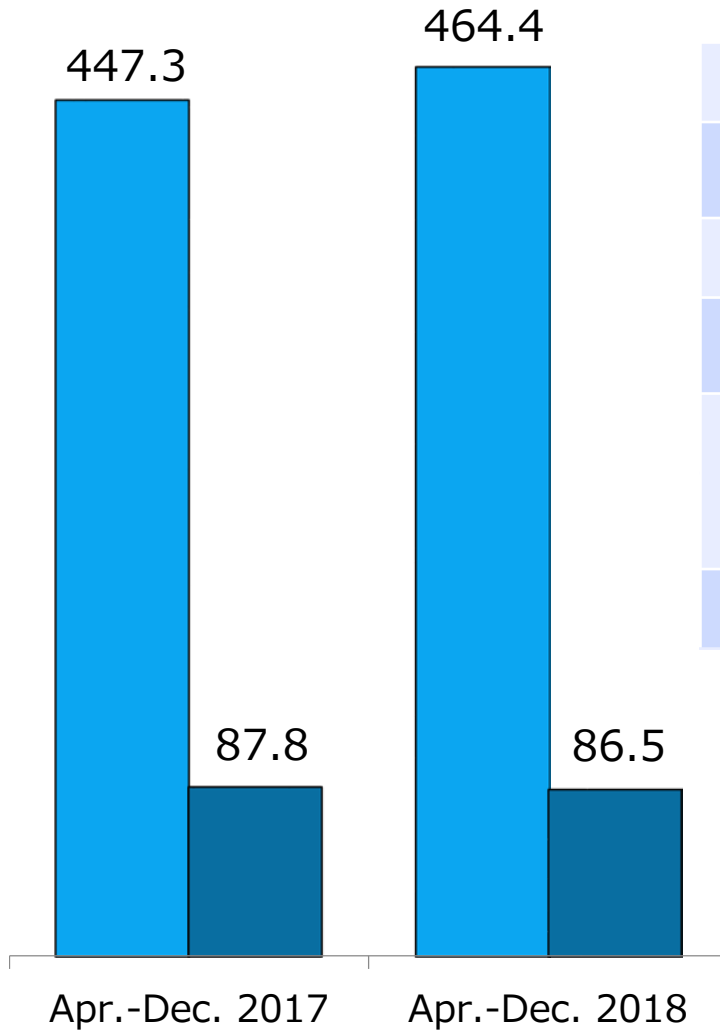
3Q of Fiscal 2019 (2) Results by Business Segment

- ① Medical: Record-breaking nine-month revenue, operating profit relatively unchanged YoY due to expenses associated with the U.S. DOJ plea agreement
- ② Scientific Solutions: Higher revenue and profit thanks to positive growth for biological microscopes and industrial field
- ③ Imaging: Operating loss recorded due to expenses related to ceased operations at a Chinese manufacturing subsidiary

(Billions of yen)		9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
		FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Medical	Revenue	447.3	464.4	+4%	+4%	158.0	158.8	0%	+2%
	Operating profit	87.8	86.5	-1%	-1%	32.4	31.8	-2%	0%
Scientific Solutions	Revenue	70.0	73.2	+5%	+5%	25.4	25.9	+2%	+4%
	Operating profit	3.5	5.0	+41%	+40%	2.3	2.2	-5%	-5%
Imaging	Revenue	47.3	38.3	-19%	-19%	16.7	12.7	-24%	-23%
	Operating profit	1.5	-13.1	-14.6 billion	-14.6 billion	-0.1	-3.9	-3.8 billion	-3.6 billion
Others	Revenue	7.5	5.0	-33%	-33%	2.5	1.8	-28%	-28%
	Operating profit	-2.8	-2.2	+0.6 billion	+0.6 billion	-1.6	-0.8	+0.8 billion	+0.8 billion
Elimination and corporate	Revenue	-	-	-	-	-	-	-	-
	Operating profit	-30.2	-55.6	-25.4 billion	-25.5 billion	-10.5	-11.7	-1.2 billion	-1.2 billion
Consolidated Total	Revenue	572.1	581.0	+2%	+2%	202.6	199.2	-2%	0%
	Operating profit	59.8	20.6	-66%	-65%	22.4	17.6	-21%	-18%

3Q of Fiscal 2019 (3) Medical Business

■ Revenue ■ Operating profit
(Billions of yen)



(Billions of yen)	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
	FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Revenue	447.3	464.4	+4%	+5%*	158.0	158.8	0%	+3%*
Gastrointestinal Endoscopes(GI)	242.1	247.8	+2%	+3%	85.6	83.8	-2%	0%
Surgical Devices	145.5	154.9	+6%	+7%	51.4	54.1	+5%	+7%
Endotherapy Devices	59.6	61.8	+4%	+6%*	20.9	20.9	0%	+6%*
Operating profit	87.8	86.5	-1%	-1%	32.4	31.8	-2%	0%
Other income / expenses	-2.2	-6.9	-	-	-0.7	0	-	-
Operating margin	19.6%	18.6%		18.7%	20.5%	20.1%		20.0%

Revenue

Operating profit

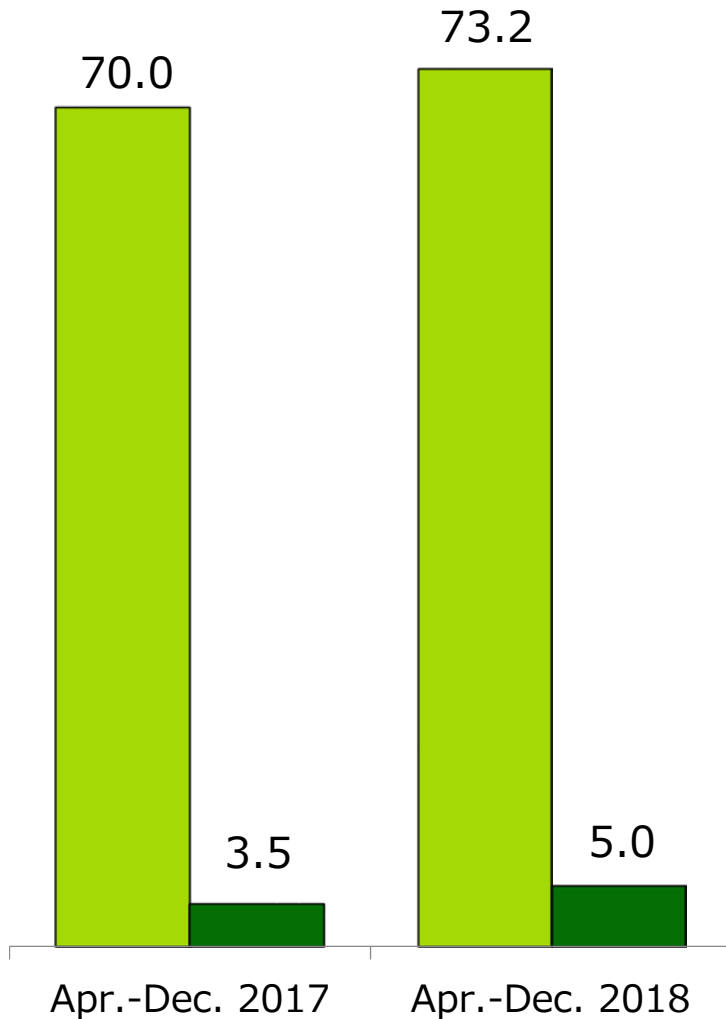
- ✓ Revenue growth in gastrointestinal endoscope, surgical device, and endotherapy device fields contributing to record-breaking nine-month revenue
- ✓ Operating profit relatively unchanged YoY due to recording of expenses associated with the U.S. DOJ plea agreement
- ✓ Operating profit up 4% YoY when excluding impacts of other income / expenses

3Q of Fiscal 2019 (3) Medical Business

Field	Region	Local currency basis growth rates (%)				Conditions by field
		FY2019				
		1Q	2Q	3Q	9M	
Gastrointestinal Endoscopes	Japan	-3%	-10%	0%	-5%	<ul style="list-style-type: none"> Japan: Ongoing difficulty in securing budgets among public and national hospitals, but solid sales of new scopes introduced in FY2018 North America: 3Q growth of 2% as sales promotions contributed to solid sales, outweighing rebound from impressive 1H performance. Europe: Positive growth attributable to maintenance and other sales measures Asia/Oceania: Growth driven by China
	North America	+4%	+7%	-4%	+2%	
	Europe	+3%	+6%	+2%	+3%	
	Asia/Oceania	+8%	+14%	+4%	+9%	
	All Regions	+4%	+5%	0%	+3%	
Surgical Devices	Japan	+11%	0%	+10%	+7%	<ul style="list-style-type: none"> Japan and Europe: Favorable performance for mainstay VISERA ELITE II system and energy devices North America: Impressive 4K surgical endoscopy system sales and system integration sales due to synergies with IMS
	North America	+7%	+9%	+6%	+7%	
	Europe	+9%	+4%	+8%	+7%	
	Asia/Oceania	+13%	-3%	+9%	+5%	
	All Regions	+10%	+5%	+7%	+7%	
Endotherapy Devices	Japan*	+1%	0%	+2%	+1%	<ul style="list-style-type: none"> Ongoing positive growth in all regions Particularly strong growth in North America and Asia/Oceania, the latter centered on China
	North America	+10%	+11%	+9%	+10%	
	Europe	+4%	+6%	+6%	+5%	
	Asia/Oceania	+9%	+6%	+15%	+10%	
	All Regions*	+5%	+5%	+6%	+6%	

3Q of Fiscal 2019 (4) Scientific Solutions Business

■ Revenue
 ■ Operating profit
 (Billions of yen)



(Billions of yen)	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
	FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Revenue	70.0	73.2	+5%	+5%	25.4	25.9	+2%	+4%
Operating profit	3.5	5.0	+41%	+40%	2.3	2.2	-5%	-5%
Other income / expenses	-0.4	-0.2	-	-	-0.2	0	-	-
Operating margin	5.0%	6.8%		6.7%	8.9%	8.3%		8.2%

Revenue

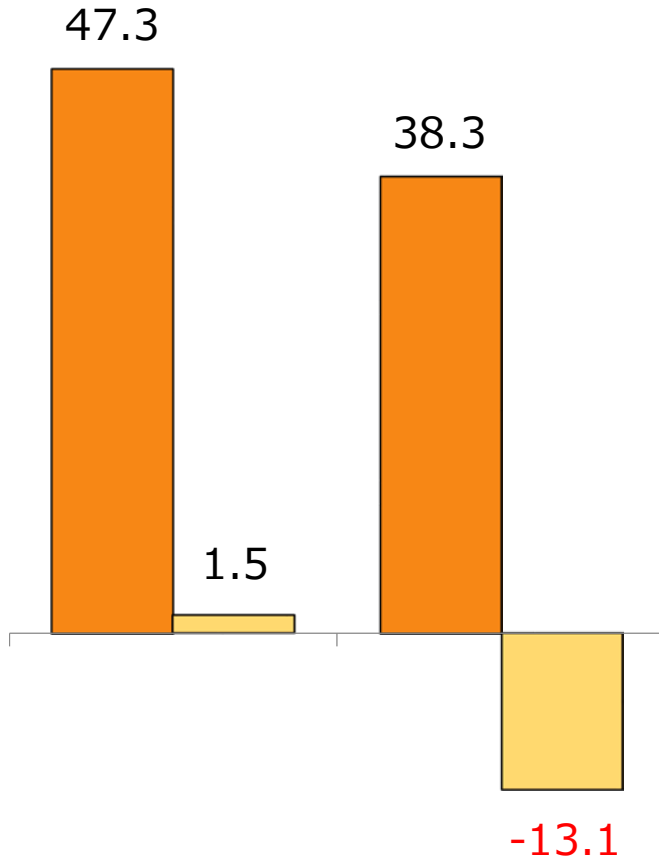
Operating profit

- ✓ Biological microscopes: Solid sales centered on North America and China
- ✓ Industrial products: Favorable market conditions in industrial field and sales growth for electronic components, industrial microscopes for semiconductor applications, and non-destructive testing equipment for airlines
- ✓ Large increase in operating profit due to higher revenue and controlled SG&A expenses

3Q of Fiscal 2019 (5) Imaging Business

■ Revenue ■ Operating profit

(Billions of yen)



Apr.-Dec. 2017 Apr.-Dec. 2018

(Billions of yen)

	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
	FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Revenue	47.3	38.3	-19%	-19%	16.7	12.7	-24%	-23%
Mirrorless	36.6	28.2	-23%	-23%	13.3	9.4	-29%	-28%
Compact	6.9	5.9	-15%	-15%	2.2	1.9	-16%	-14%
Others	3.8	4.3	+12%	+13%	1.2	1.4	+13%	+15%
Operating profit (loss)	1.5	-13.1	-14.6 billion	-14.6 billion	-0.1	-3.9	-3.8 billion	-3.6 billion
Other income / expenses	-0.1	-6.8	-	-	0	-1.5	-	-
Operating margin	3.2%	-	-	-	-	-	-	-

Revenue

✓ Revenue down as a result of intensified competition and limited ability to supply certain products stemming from production base reorganization

Operating profit

✓ Operating loss posted primarily due to lower revenue and recording of expenses for production system reforms

✓ Amount recorded in other expenses (economic compensation, etc.): ¥5.3 billion

✓ Indirect impacts (reduced sales, etc.): ¥3.3 billion

Statement of Financial Position

- Interest-bearing debt down ¥36.5 billion, equity ratio of 47.4%

(Billions of yen)	End Mar. 2018	End Dec. 2018	Change		End Mar. 2018	End Dec. 2018	Change
Current assets	514.3	458.5	-55.8	Current liabilities	305.9	289.4	-16.5
Inventories	139.3	154.9	+15.6	bonds/long-term loans payable	88.8	88.7	-0.1
Non-current assets	464.4	464.1	-0.2	Non-current liabilities	228.5	194.5	-34.0
Property, plant and equipment	168.2	172.5	+4.2	bonds/long-term loans payable	159.2	122.7	-36.4
Intangible assets and others	198.9	190.8	-8.1	Total equity	444.3	438.7	-5.6
Goodwill	97.2	100.9	+3.7	Equity ratio	45.2%	47.4%	+2.2pt
Total assets	978.7	922.6	-56.1	Total liabilities and equity	978.7	922.6	-56.1

Interest-bearing debt: ¥211.5 billion (-¥36.5 billion from March 31, 2018)

Consolidated Cash Flows

- Free cash flow: Came to negative ¥7.3 billion due to payment of ¥19.2 billion for securities litigation settlement and ¥9.7 billion in expenses associated with the U.S. DOJ plea agreement

(Billions of yen)	9M (Apr.-Dec.)		Change
	FY2018	FY2019	
Revenue	572.1	581.0	+ 9.0
Operating profit	59.8	20.6	-39.2
(% of revenue)	10.5%	3.5%	-
CF from operating activities	60.2	36.6	-23.6
CF from investing activities	-42.2	-43.8	-1.7
Free cash Flow	18.1	-7.3	-25.3
CF from financing activities	-36.2	-51.6	-15.4
Cash and cash equivalents at end of period	186.7	131.8	-54.9
Depreciation and amortization	39.3	43.0	+3.7
Capital expenditures	45.7	45.3	-0.4

Forecast for Fiscal 2019

Forecasts of Consolidated Financial Results for Fiscal 2019

■ No change to previously released forecast for revenue and all profit items

(Billions of yen)	FY2019 (Forecasts announced in November 6)	FY2019 (New forecasts)	Change	vs. forecasts announced in November 6	FY2018
Revenue	790.0	790.0	0	0%	786.5
Gross profit (% of revenue)	522.0 (66.1%)	519.0 (65.7%)	-3.0	-1%	510.5 (64.9%)
Selling, general and administrative expenses (% of revenue)	438.0 (55.4%)	438.0 (55.4%)	0	0%	426.6 (54.2%)
Other income and expenses etc.	-40.0	-37.0	+3.0	-	-2.9
Operating profit (% of revenue)	44.0 (5.6%)	44.0 (5.6%)	0	0%	81.0 (10.3%)
Profit before tax (% of revenue)	39.0 (4.9%)	39.0 (4.9%)	0	0%	76.7 (9.7%)
Profit attributable to owners of parent (% of revenue)	26.0 (3.3%)	26.0 (3.3%)	0	0%	57.1 (7.3%)
EPS	¥76	¥76			
¥/US\$	¥108	¥110	+¥2 (yen depreciation)		
¥/Euro	¥130	¥128	-¥2 (yen appreciation)		

Dividend Payments in Fiscal 2019

Year-end dividend of ¥30 per share (no change)

Segment Forecasts for Fiscal 2019

- Imaging Business: Revision to operating profit forecast in reflection of nine-month performance trends and recording of impairment on non-current assets

(Billions of yen)		FY2019 (Forecasts announced in November 6)	FY2019 (New forecasts)	Change	vs. forecasts announced in November 6
Medical	Revenue	634.0	634.0	-	-
	Operating profit	127.0	127.0	-	-
Scientific Solutions	Revenue	100.0	100.0	-	-
	Operating profit	7.0	7.0	-	-
Imaging	Revenue	50.0	50.0	-	-
	Operating profit	-13.0	-16.0	-3.0	-3.0
Others	Revenue	6.0	6.0	-	-
	Operating profit	-6.0	-5.0	+1.0	+1.0
Elimination and corporate	Revenue	-	-	-	-
	Operating profit	-71.0	-69.0	+2.0	+2.0
Total	Revenue	790.0	790.0	-	-
	Operating profit	44.0	44.0	-	-

Topics

“Transform Olympus”—Transformation Plan

Shift to Integrated Global Group Management

- Strengthened leadership through global management structure and five executive officers
→**Agile decision-making and centralized risk management**

Globally Integrate HR Management

- Renewed Companywide HR management system
→**Globally and Groupwide uniform and optimal talent allocation**

“Transform Medical”
Optimize and Simplify Medical Device Business

- Reorganization to form two-unit structure comprising Endoscopic Solutions Division and Therapeutic Solutions Division, establishment of Global Division Headquarters of Therapeutic Solutions Division in United States
→**Maximized Medical Business growth potential through speedy and lean business management and more timely and effective product offerings**

Prioritize Cost Containment and Capital Efficiency

- Freezing of FY2020 SG&A expenses at FY2018 level
- Review of capital expenditure and working capital levels to sustainably improve free cash flow available for strategic M&As and shareholder returns
→**Improvement to bring indicators in line with global MedTech industry peers and maximize shareholder value**

Migrate to Three Committee Board Structure with Diversified Board of Directors

- Migration to three-committee board to align with the global nature of Olympus’ business
- Commitment to diversifying Board by nominating three new directors with highly relevant global backgrounds
→**Improvement of management supervision by the Board, reinforced corporate governance, and accelerated shareholder value creation**

Realization of sustainable growth as a truly global medical technology company

Nominating New Directors

D. Robert Hale

A Partner at ValueAct Capital Management L.P.



- He will bring the Board expertise in advising leading global companies during transformation as well as significant global capital markets and healthcare experience.

Stefan Kaufmann

Executive Officer, Olympus Corp.
Executive Managing Director,
Olympus Europa SE & Co. KG



- His extensive experiences leading management, and efficiency improvement projects and human resource departments in reputable European-based business enterprises as well as those in our overseas subsidiaries will contribute to strengthen its management structure.

Jim C. Beasley

Former Group President,
C.R. Bard Inc.



- His unique experiences and knowledge as a Senior Executive at C.R. Bard Inc,* a leading global medical device company, will help to strengthen its management structure.

Commitment to Diversifying Board By Nominating Three New Directors with Highly Relevant Global Backgrounds

OLYMPUS

Appendix

【Supplementary Materials】 The impacts of ceased operations at the Chinese manufacturing subsidiary

(Billions of yen)

9M (Apr.-Dec.)

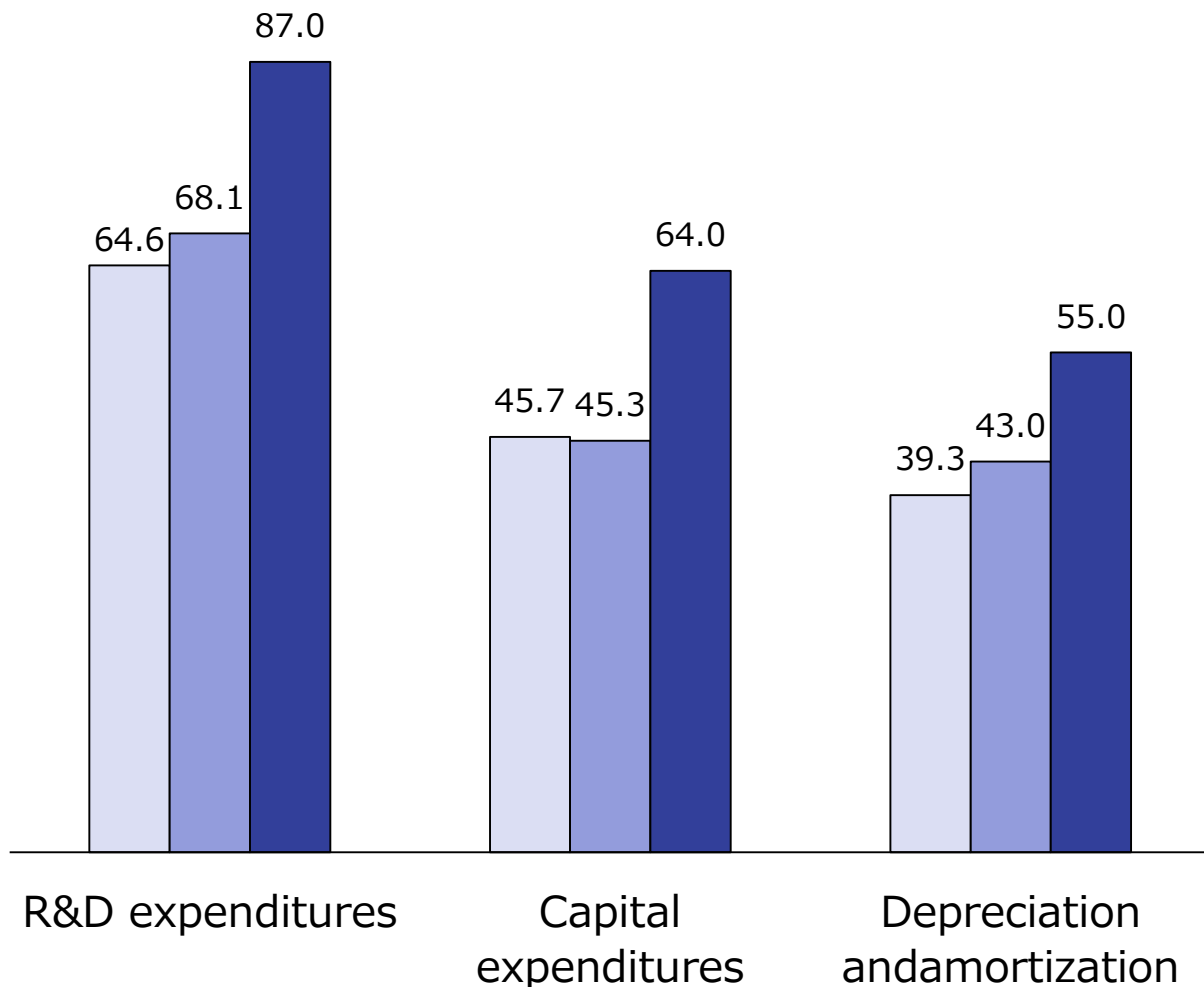
	Imaging	Scientific Solutions	Elimination and corporate	Total	Notes
Decrease in gross Profit	-2.4			-2.4	Decrease in gross profit due to lower revenue
Selling, general and administrative expenses	-0.9			-0.9	Expenses of transferring production to a Vietnamese manufacturing subsidiary
Other expenses	-5.3	-0.2	-0.5	-6.0	economic compensation, etc.
Total	-8.6	-0.2	-0.5	-9.3	

【Supplementary Materials】 Investments (R&D Expenditures, Capital Expenditures, Depreciation and Amortization)

9M Results and Full-Year Forecasts

(Billions of yen)

□ FY2018 9M ■ FY2019 9M ■ FY2019 (Forecast)



Details of R&D Expenditures

(Billions of yen)

	FY2018*1		FY2019	
	9M	9M	9M	Forecast
R&D expenditures (% of revenue)	64.6 (11.3%)	68.1 (11.7%)	87.0 (11.0%)	

Reference

(Billions of yen)

	FY2018		FY2019	
	9M	9M	9M	Forecast
Capitalization of R&D expenditures*2	7.7	6.7	10.0	
Amortization	4.6	5.4		
	End Jun. 2018	End Sept. 2018	End Dec. 2018	
R&D assets	33.2	33.8	33.7	

*1 Figures exclude the impact of a change in the aggregation method for R&D expenditures. The amount of the impact of this change in the aggregation method for R&D expenditures was ¥69.2 billion.

*2. The amount for capitalization of R&D expenditures is included in the above amount for R&D expenditures.

【Supplementary Materials】 Other Income / Expenses by Segment in 3Q of Fiscal 2019

(Billions of yen)		FY2018				FY2019			
		1 Q	2 Q	3 Q	Full Year	1 Q	2 Q	3 Q	
Medical	Revenue	134.4	154.8	158.0	616.3	143.9	161.7	158.8	
	Operating profit		23.2	32.2	32.4	121.8	27.4	27.3	31.8
		Other income / expenses	-0.8	-0.7	-0.7	-1.7	1.0	-7.8	0
Scientific Solutions	Revenue	20.0	24.6	25.4	100.0	21.1	26.2	25.9	
	Operating profit		-0.6	1.8	2.3	6.4	-0.4	3.2	2.2
		Other income / expenses	0	-0.2	-0.2	-0.5	-0.1	-0.1	0
Imaging	Revenue	15.1	15.4	16.7	60.3	13.9	11.8	12.7	
	Operating profit		0.9	0.7	-0.1	-1.2	-5.8	-3.4	-3.9
		Other income / expenses	0	0	0	-1.3	-4.9	-0.4	-1.5
Others	Revenue	2.3	2.7	2.5	9.9	1.7	1.6	1.8	
	Operating profit		-0.5	-0.7	-1.6	-5.0	-0.7	-0.7	-0.8
		Other income / expenses	0.1	0.1	-0.4	-0.6	0.1	0	0
Elimination and corporate	Revenue	-	-	-	-	-	-	-	
	Operating profit		-10.3	-9.3	-10.5	-41.0	-32.2	-11.7	-11.6
		Other income / expenses	0.3	0.6	-0.7	1.3	-21.0	-0.4	-0.4
Consolidated Total	Revenue	171.8	197.6	202.6	786.5	180.6	201.3	199.2	
	Operating profit		12.7	24.7	22.4	81.0	-11.6	14.6	17.6
		Other income / expenses	-0.5	-0.1	-2.1	-2.8	-25.0	-8.7	-1.9