

OLYMPUS

Your Vision, Our Future

Future Direction of Medical Business

Akihiro Taguchi

**Business Management Officer of Medical Business
Olympus Corporation**

May 8, 2015

Basic Policy of Mid-Term Vision (Olympus Medical Business Group)

- **Reinforcement of GI business foundation**
- **Significant growth of SP business**
- **Sales increase in emerging markets**



- **Reinforcement of Repair/Service**
- **Reinforcement of global sales functions**
- **Reinforcement of R&D/Manufacturing functions**

Improvement of Productivity

Promise of Olympus Medical Business Group

Management Philosophy “Social IN”

Aims to realize a better livelihood and happiness for all through its activities as a value-creating enterprise.

Group Missions

Driven by our customers’ quest for clinical excellence, efficiency and peace of mind, we apply knowledge, vision and solutions to create an environment for healthcare that serves humanity

Core Values

Optimizing value to exceed expectations

Our Mission and Business Environment

To create an environment for healthcare that serves humanity, the value we should provide is...

Endoscope

Early Diagnosis

Minimally Invasive Therapy

- **Increased need for early diagnosis and minimally invasive therapy**
- **The one and only endoscope manufacturer that can provide “see and treat” solutions**

Our Medical Business Domain

Gastrointestinal



General Surgery



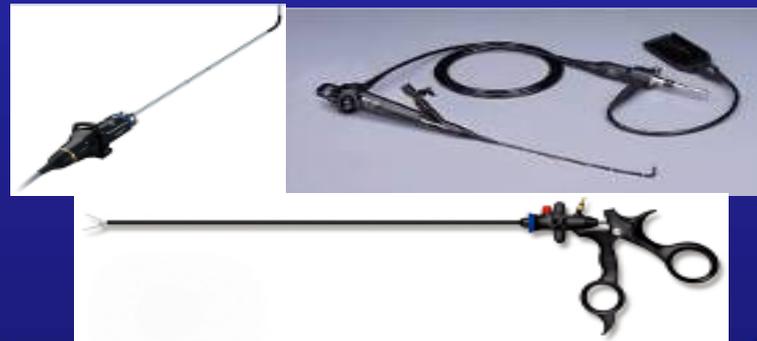
Urology



Respiratory



Gynecology



ENT



Our Medical Business Domain

Gastrointestinal

General Surgery

Urology

Imaging

EndoTherapy

Energy

CDS

IT / Systems Integration

Investments in development

Strengthening of technology development capabilities
Ratio of R&D expenditures to net sales: 8%



Investments in manufacturing

Redevelopment of 3 Tohoku factories: Approx. ¥20 billion
Reorganization of U.S. development and production bases



Aggressive investment targeting organic growth



Investments in sales and services

Approx. 1,000 new hires
Establishment of new repair centers



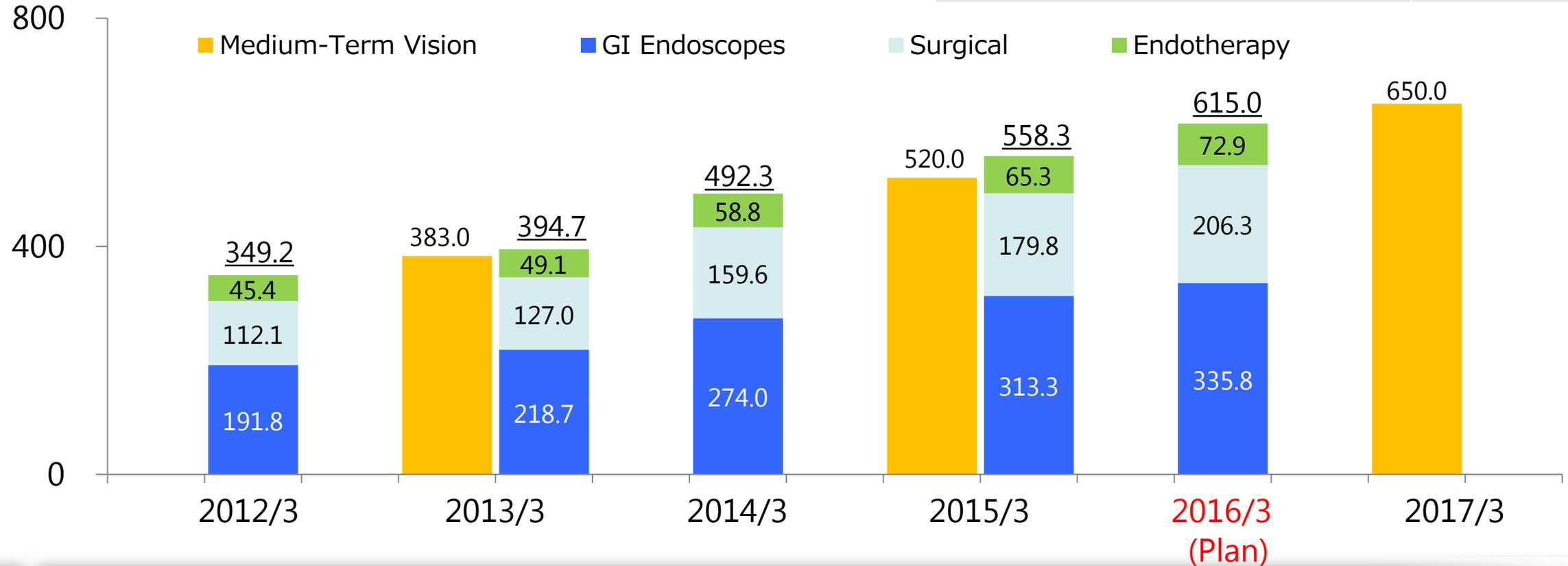
Investments in emerging countries

Reinforcement of sales systems
Activities to promote spread of endoscopic procedures

Net Sales for the Medical Business

Net Sales by Product

(Billions of yen)



	CAGR
Medium-Term Vision ('13/3-'17/3)	14.1%
Results ('13/3-'15/3)	18.9%

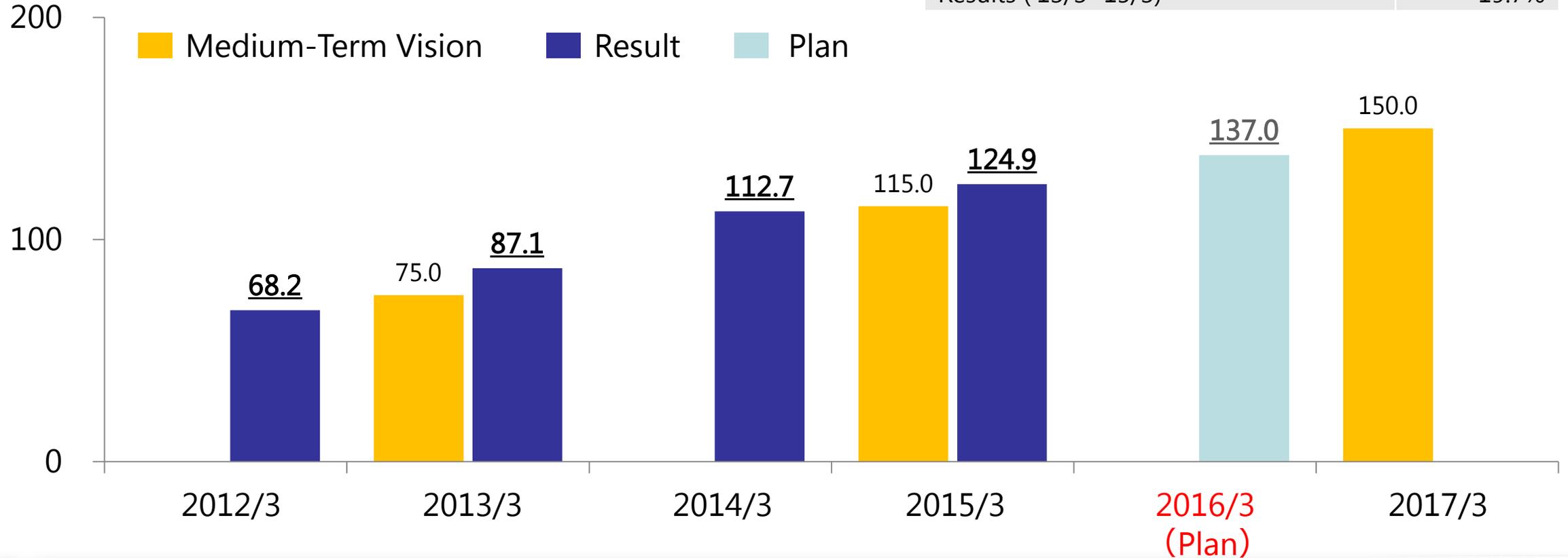


Net sales increases approx. 1.6 times, or ¥210 billion, over past 3 years
Performance greatly exceeding medium-term vision targets

Operating income for the Medical Business

Operating income

(Billions of yen)



	CAGR
Medium-Term Vision ('13/3-'17/3)	18.9%
Results ('13/3-'15/3)	19.7%



Operating income increases **approx. 1.8 times**, or **¥57 billion**, over past 3 years
 Performance greatly exceeding medium-term vision targets

Expectations and Outlook for Business Units

Future Direction of Medical Business

Divide Medical Business into 5 business units

GI (gastrointestinal)



GS (general surgery)



Uro / Gyn (urology/gynecology)



ENT (ear, nose and throat)



Medical Services



16 CSPでサービスが目指すべき姿

Preferred Uptime Service Provider

Up TIME Service Solutions

Governance by Service Global Guideline

SBGG: Service Business Global Guideline (introduced since 2011)

CCGG: Customer Contact Global Guideline (introduced since 2011)

CSGG: Custom or Contact

TSQG: Technical Service Global Guideline (introduced since 2005)

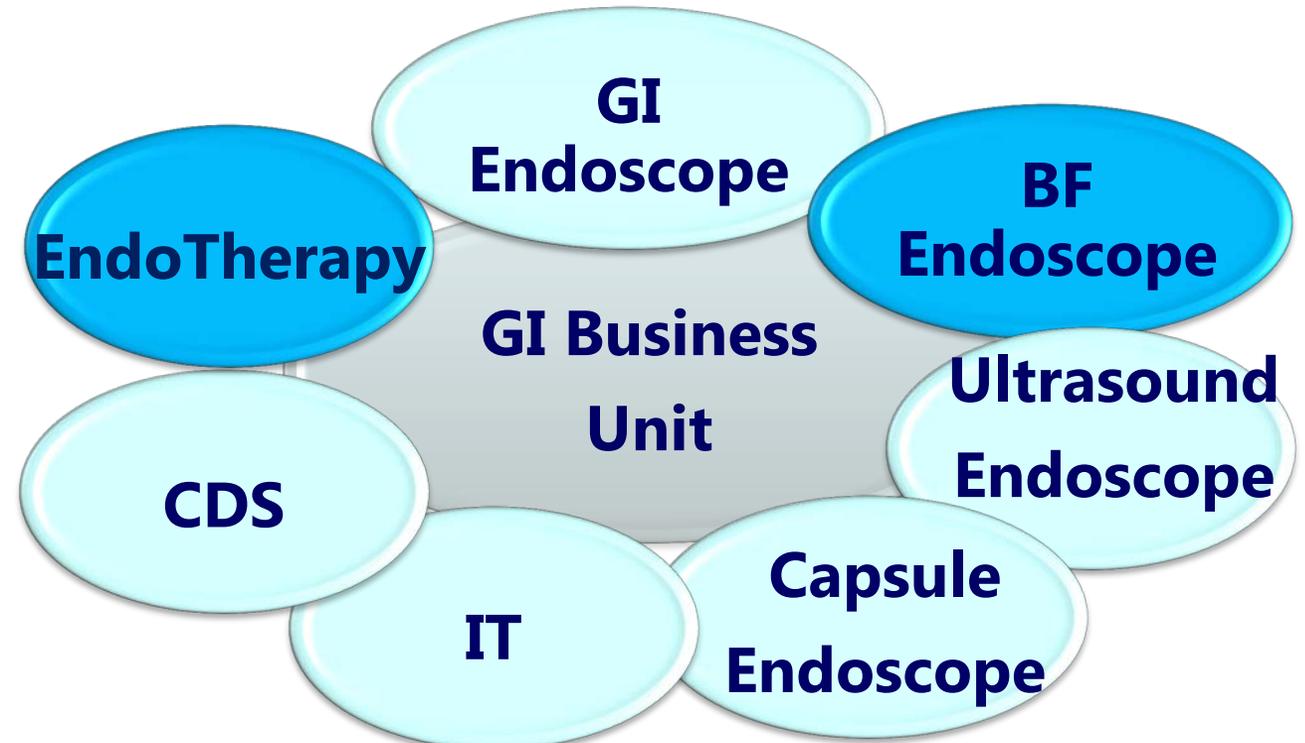
Repair Quality

Business P/L

Service Global Guideline

GI (gastrointestinal) Business Unit

1. Maintain unrivaled share of gastrointestinal endoscope market
2. Increase sales in emerging markets
3. Expand EndoTherapy device operations
4. Develop operations in respiratory field
5. Grow operations in gastrointestinal peripheral fields



Expand EndoTherapy Device Operations

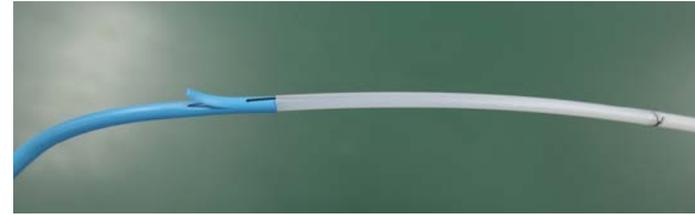
- Enhance lineup of pancreato-biliary EndoTherapy devices



VisiGlide 2™



X-Suit NIR®



QuickPlace V™
Biliary Stent



CleverCut 3 V™

- Promote spread of endoscopic submucosal dissection (ESD) procedures



QuickClip Pro™

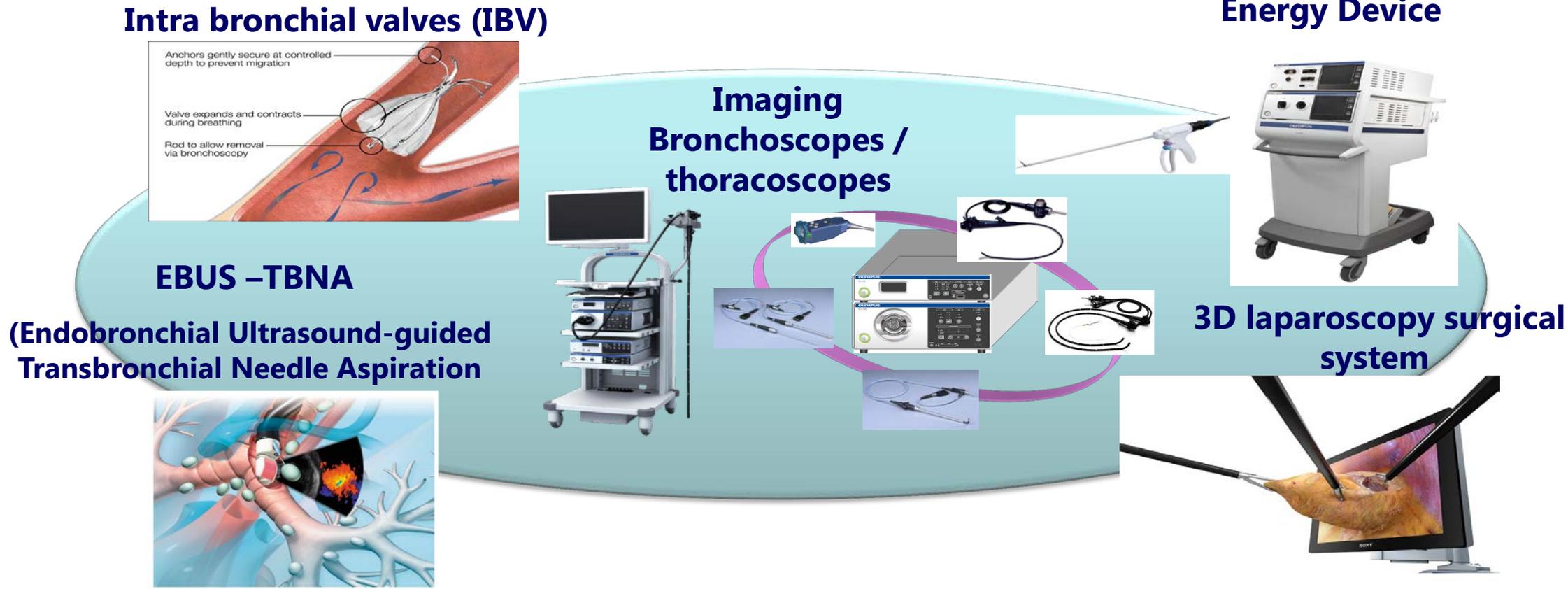
- Quickly launch new products in response to customer needs



IT knife nano™

Develop Operations in Respiratory Field

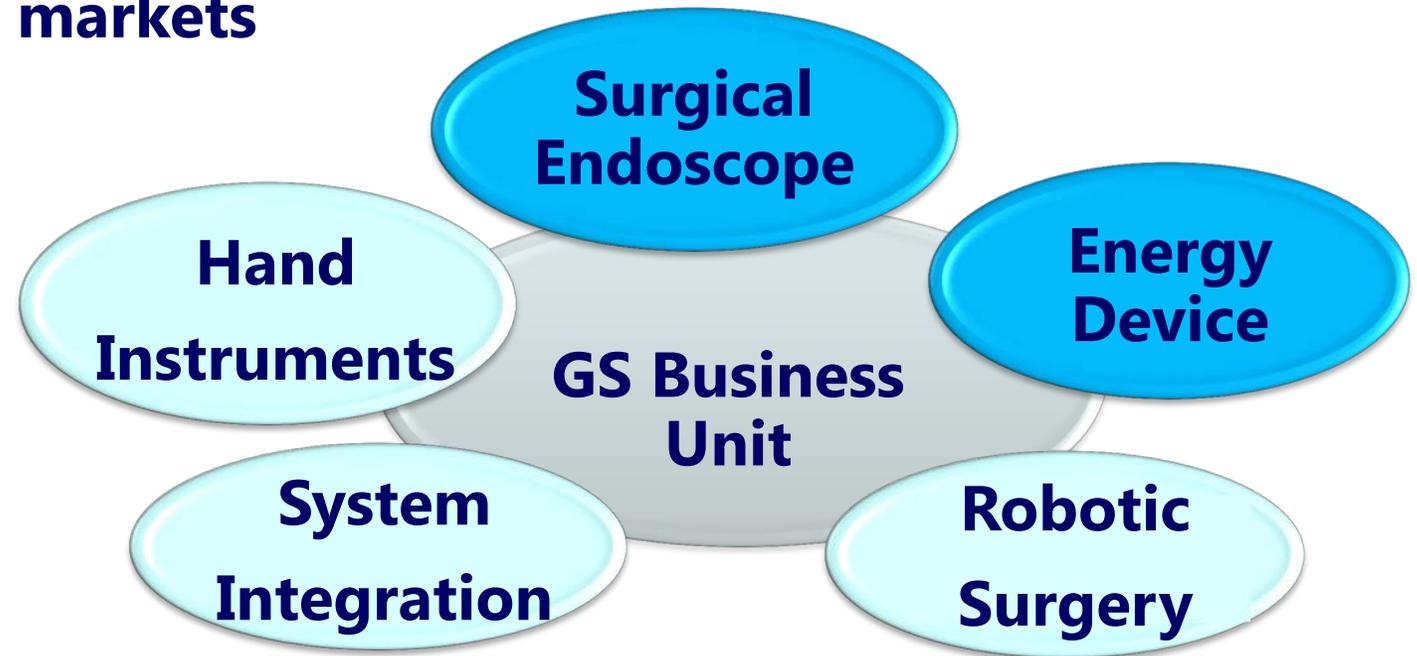
■ Respiratory product and technology portfolio



■ Strong connection with customers

GS (general surgery) Business Unit

1. **Improve Olympus brand image in surgical device field**
 - **Combine Early Diagnosis and Minimally Invasive Therapy :**
allow practitioners to “see more & treat better”
2. **Develop surgical imaging operations**
3. **Expand energy device operations**
4. **Grow operations in emerging markets**



Expand Energy Device Operations

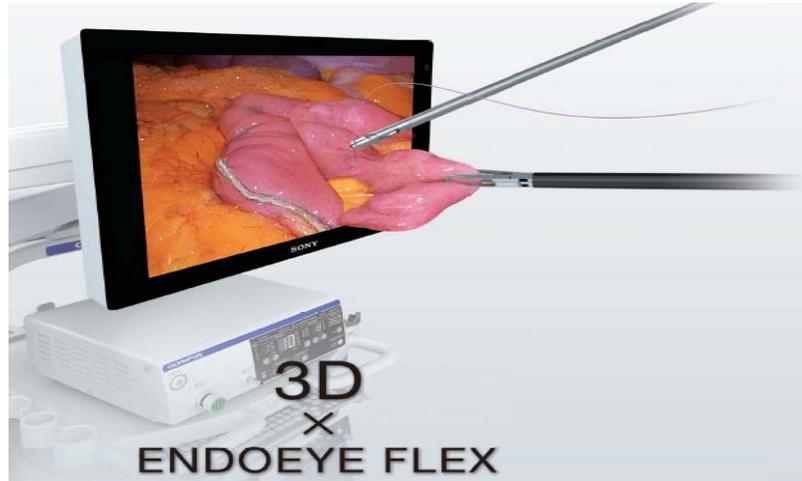
- Enhance energy device lineup
- Continue introducing devices in response to customer needs
- Strengthen energy device sales systems



THUNDERBEAT Line-up

Develop Surgical Imaging Operations

- Introduce VISERA ELITE 3D laparoscopy surgical system



- Introduce products developed by SOMED*



Sony Olympus Medical Solutions



Improve Olympus Brand Image in Surgical Device Field

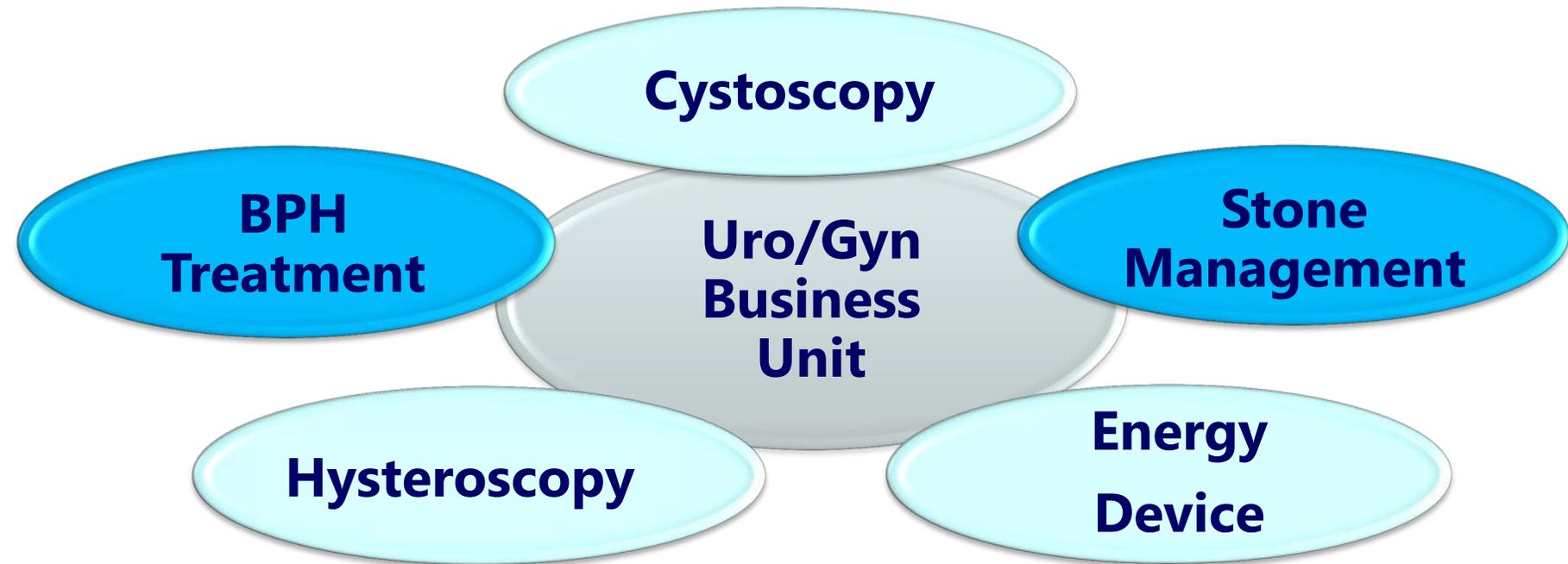
See more & Treat Better



ENDOALPHA

Uro/Gyn (urology/gynecology) Business Unit

1. Promote usage of TURis* to expand TUR (prostate and bladder cancer treatment) operations
2. Expand stone management business
3. Promote spread of narrow band imaging (NBI) technologies to expand cystoscopy operations
4. Revise Gyn (gynecology) field strategies



Promote Usage of TURis to Expand TUR Operations

- Replace monopolar TUR systems with bipolar TUR systems
- Generate synergies with NBI and other imaging technologies (“see & treat”)



TURis/TCRis
(trans cervical resection in saline)

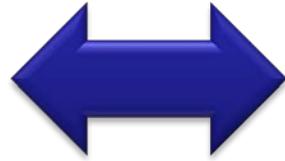


Expand Stone Management Business

- Expand lineup of Stone management devices
- Generate synergies between URF-V2 and stone management devices
- Strengthen sales systems



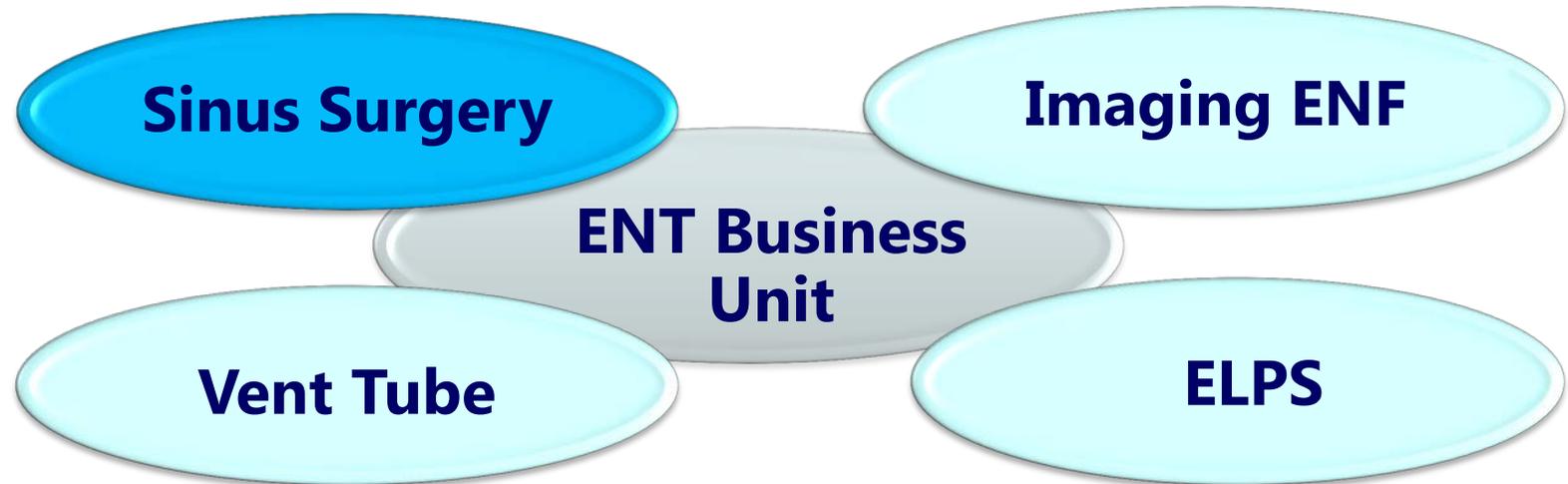
URF-V2



Stone Management Device

ENT (ear nose throat) Business Unit

1. Expand paranasal sinus surgery operations centered on DIEGO ELITE
2. Grow ENT flexible endoscope (ENF) operations
3. Develop endoscopic laryngo-pharyngeal surgery (ELPS) techniques
4. Create minimally invasive paranasal sinus diagnosis and treatment techniques
5. Advance tympanic membrane ventilation tube business strategies centered on U.S. operations



ENT (ear nose throat) Business Unit

■ Product and technology portfolio

Debrider: Power device



ENT imaging products and rigid endoscopes



Energy Device

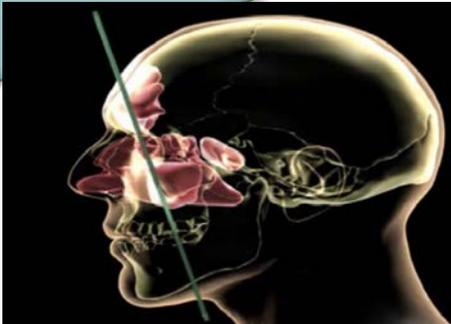


4 K 3D : SOMED



Sony Olympus Medical Solutions

**Sinus treatment :
Expand operations**



Expand Paranasal Sinus Surgery Operations Centered on DIEGO ELITE

- Strategically introduce DIEGO ELITE in various countries
- Complete DIEGO ELITE additional product development plans
- Create minimally invasive paranasal sinus diagnosis and treatment techniques



Medical Services Business Unit

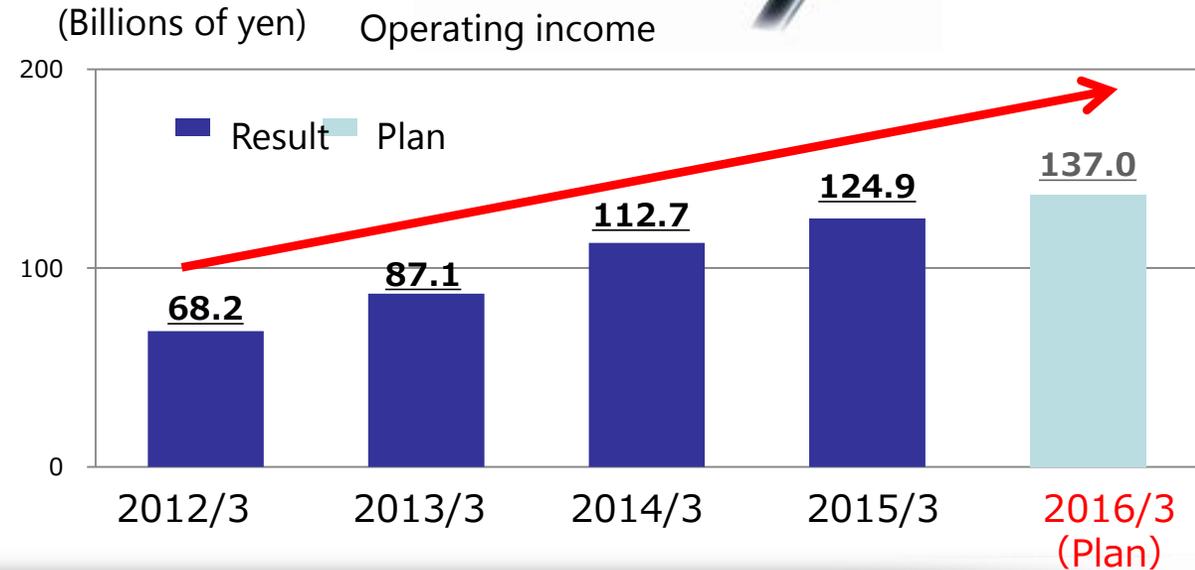
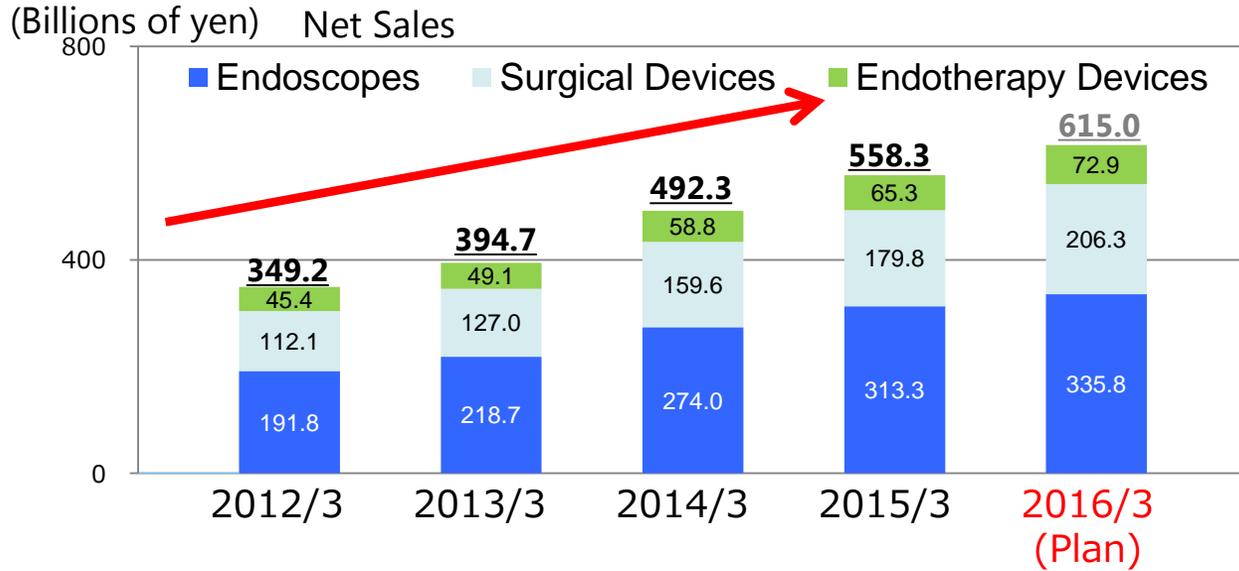
1. Provide environment in which customers can always use products with peace of mind
2. Create frameworks for continually providing optimal services
3. Strengthen profitability management in global repair service operations



- Revise and strengthen global repair service systems
- Improve profitability of domestic repair service operations
- Improve process for introducing repair systems for new products



Prepare for Next Medium-Term Management Plan



Continue tackling new challenges in Medical Business, main growth driver for Olympus



- **This material contains forward-looking statements that reflect management’s current views, plans, and expectations based on information available at the time of preparation. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, future business decisions, and other internal and external factors that may cause the Company’s actual results, performance, achievements, or financial position to be materially different from any future results expressed or implied by these forward-looking statements.**
- **Additionally, this information is subject to change without notice. Accordingly, other information should be used in addition to this material when making investment decisions.**
- **Olympus Corporation assumes no responsibility for any damage resulting from the use of this material.**