

Consolidated Financial Results for Fiscal 2019 and Full-Year Forecasts for Fiscal 2020

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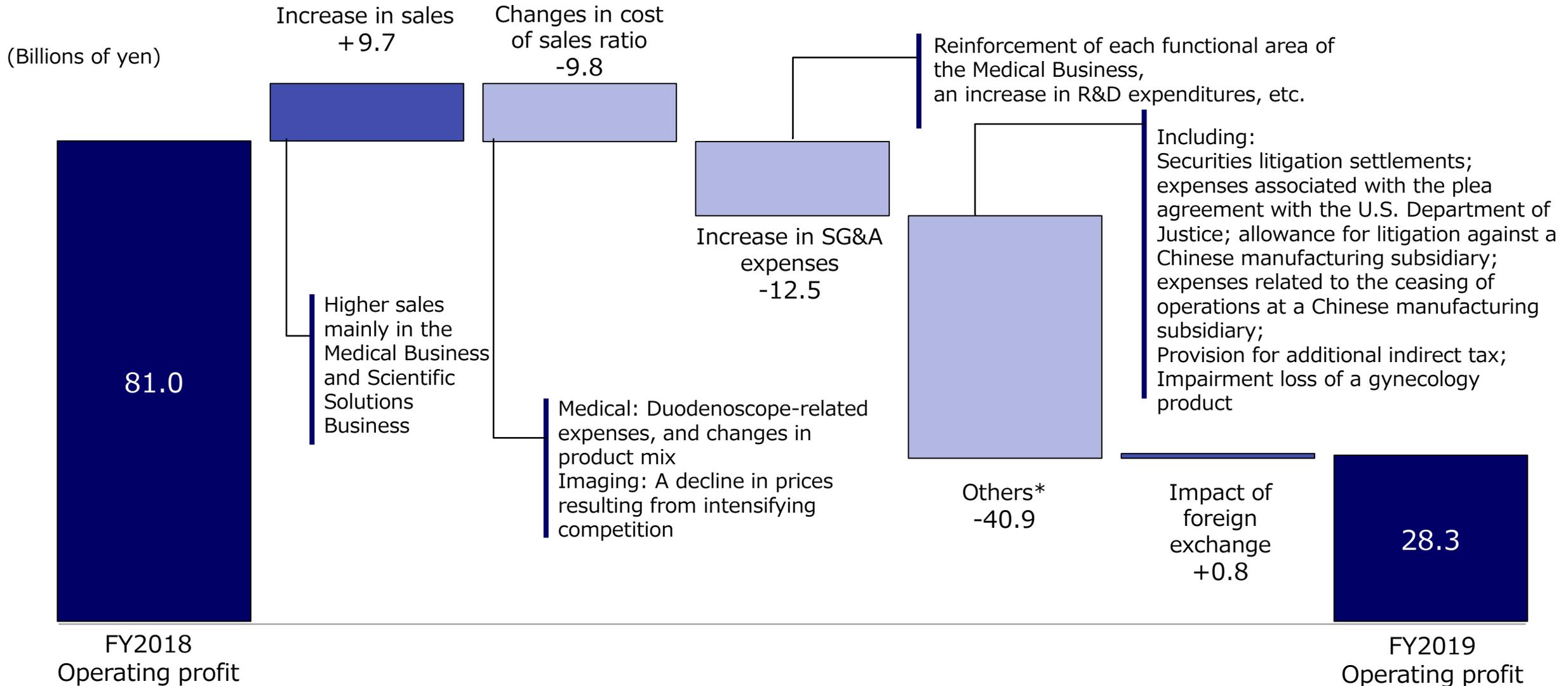
Fiscal 2019: (1) Consolidated Financial Results

- ① YoY : Revenue was up 1% YoY driven by solid performance in Medical Business and Scientific Solutions Business
- ② YoY : Operating Profit declined as a result of an increase in SG&A expenses and the recording of one-time expenses
- ③ Vs. forecasts : While revenue exceeded the forecast, profit was below the forecast due mainly to a decline in the cost of sales ratio and provision for additional indirect tax

(Billions of yen)	Full Year (Apr. – Mar.)				After foreign exchange adjustment	FY2019 forecasts (Feb. 8)	vs. forecasts change	vs. forecasts (%)
	FY2018	FY2019	YoY					
Revenue	786.5	793.9	+1%	+1%	790.0	+3.9	0%	
Gross profit (% of revenue)	510.5 (64.9%)	509.6 (64.2%)	0%	0%	519.0 (65.7%)	-9.4	-2%	
Selling, general and administrative expenses (% of revenue)	426.6 (54.2%)	437.5 (55.1%)	+3%	+3%	438.0 (55.4%)	-0.5	0%	
Other income and expenses, etc.	-2.9	-43.8	-	-	-37.0	-6.8	-18%	
Operating profit (% of revenue)	81.0 (10.3%)	28.3 (3.6%)	-65%	-66%	44.0 (5.6%)	-15.7	-36%	
Profit before tax (% of revenue)	76.7 (9.7%)	20.1 (2.5%)	-74%		39.0 (4.9%)	-18.9	-48%	
Profit attributable to owners of parent (% of revenue)	57.1 (7.3%)	8.1 (1.0%)	-86%		26.0 (3.3%)	-17.9	-69%	
¥/US\$	¥111	¥111			¥110	Dividend payment in fiscal 2019		
¥/Euro	¥130	¥128			¥128	Year-end dividend of ¥30 per share		

Fiscal 2019 Full-Year Results: Factors Affecting Consolidated Operating Profit

Full Year (Apr. - Mar.)

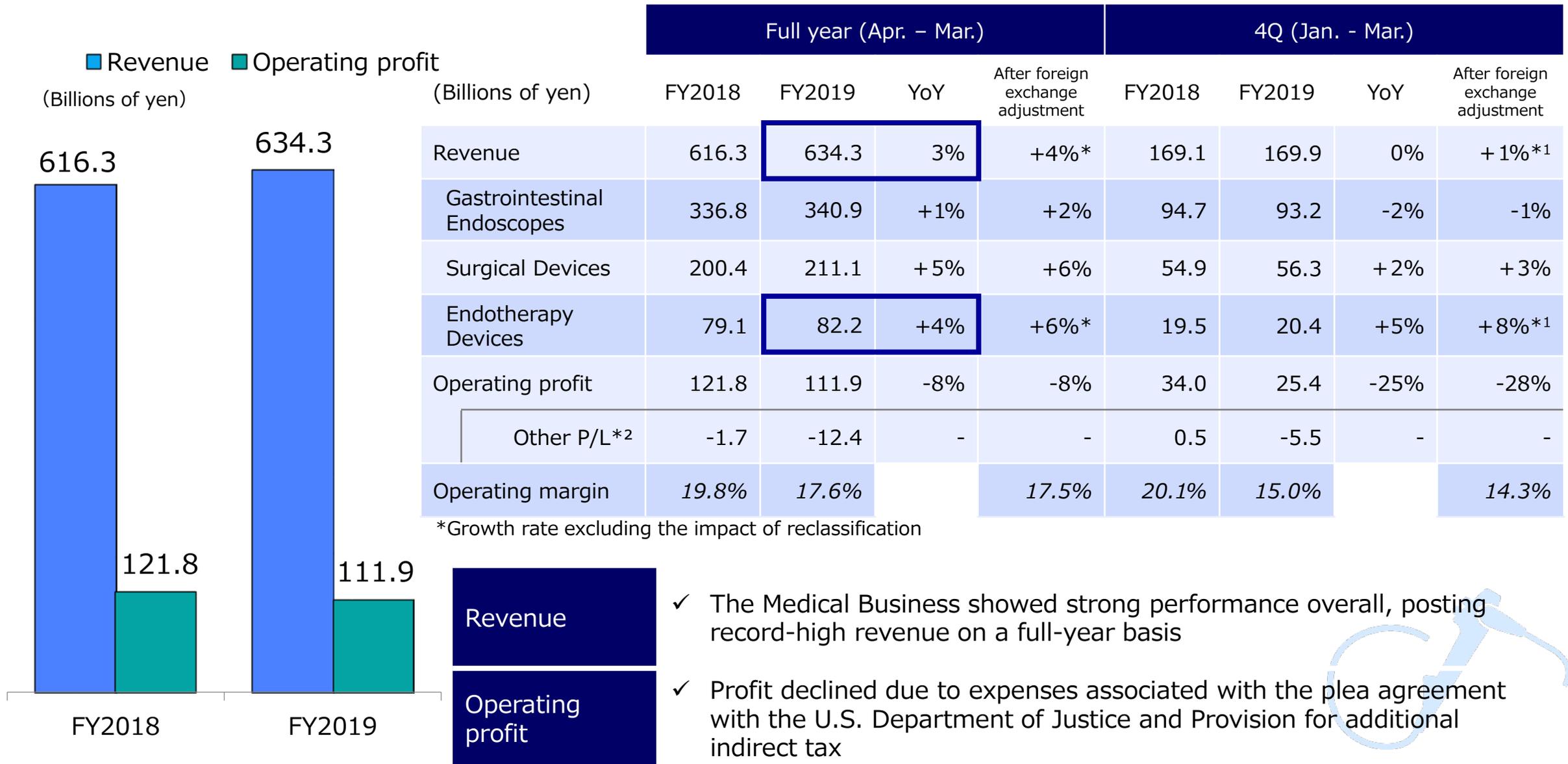


Fiscal 2019: (2) Results by Business Segment

- ① Medical: Record-high revenue for the second consecutive fiscal year
- ② Scientific Solutions: Higher revenue and profit driven by expanded sales of high price and new products
- ③ Imaging: Operating loss due to expenses associated with transitioning manufacturing to Vietnam and intensifying competition
- ④ Elimination and corporate: Loss increased YoY due to one-time expenses

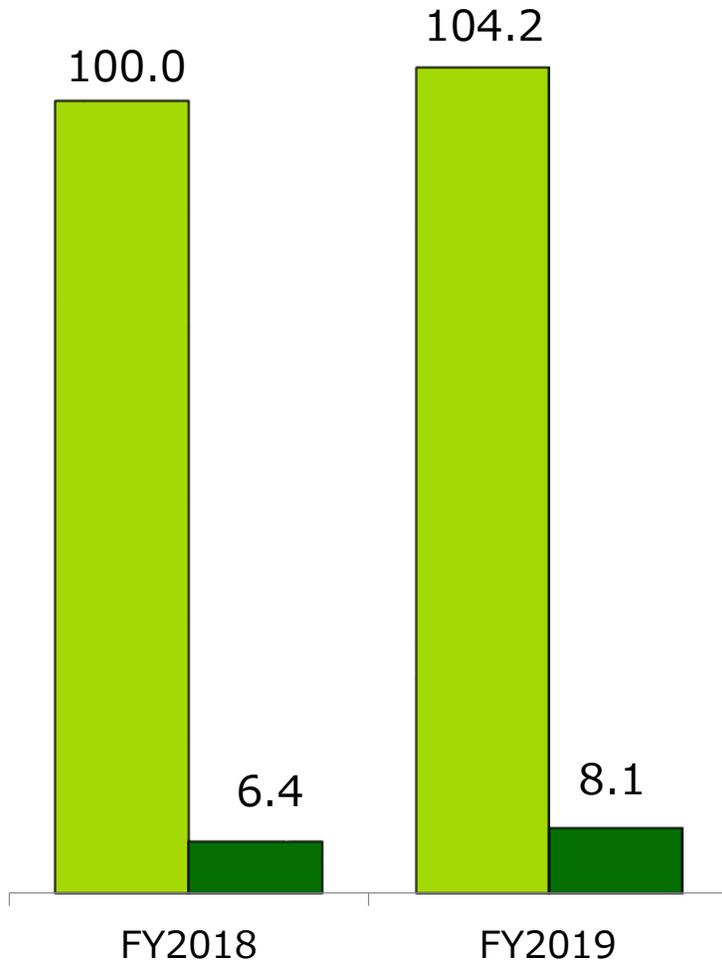
(Billions of yen)		Full Year (Apr. - Mar.)				4Q (Jan. - Mar.)			
		FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Medical	Revenue	616.3	① 634.3	+3%	+3%	169.1	169.9	0%	+1%
	Operating profit	121.8	111.9	-8%	-8%	34.0	25.4	-25%	-28%
Scientific Solutions	Revenue	100.0	② 104.2	+4%	+5%	30.0	31.0	+3%	+3%
	Operating profit	6.4	② 8.1	+27%	+24%	2.9	3.2	+9%	+5%
Imaging	Revenue	60.3	48.7	-19%	-19%	13.0	10.3	-20%	-20%
	Operating profit (loss)	-1.2	③ -18.3	-¥17.1 bil.	-¥17.2 bil.	-2.7	-5.1	-¥2.4 bil.	-¥2.6 bil.
Others	Revenue	9.9	6.7	-32%	-33%	2.4	1.6	-31%	-32%
	Operating profit (loss)	-5.0	④ -3.5	+¥1.4 bil.	+¥1.4 bil.	-2.1	-1.3	+¥0.8 bil.	+¥0.8 bil.
Elimination and corporate	Operating loss	-41.0	④ -70.0	-¥29.0 bil.	-¥29.0 bil.	-10.9	-14.4	-¥3.6 bil.	-¥3.5 bil.
Consolidated total	Revenue	786.5	793.9	+1%	+1%	214.4	212.8	-1%	0%
	Operating profit	81.0	28.3	-65%	-66%	21.2	7.7	-64%	-70%

Fiscal 2019: (3) Medical Business



Fiscal 2019: (4) Scientific Solutions Business

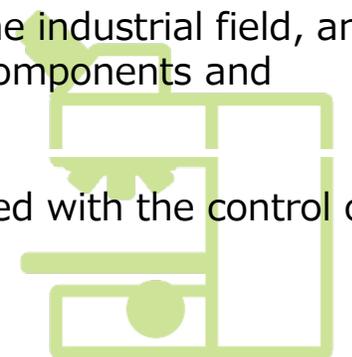
■ Revenue ■ Operating profit
(Billions of yen)



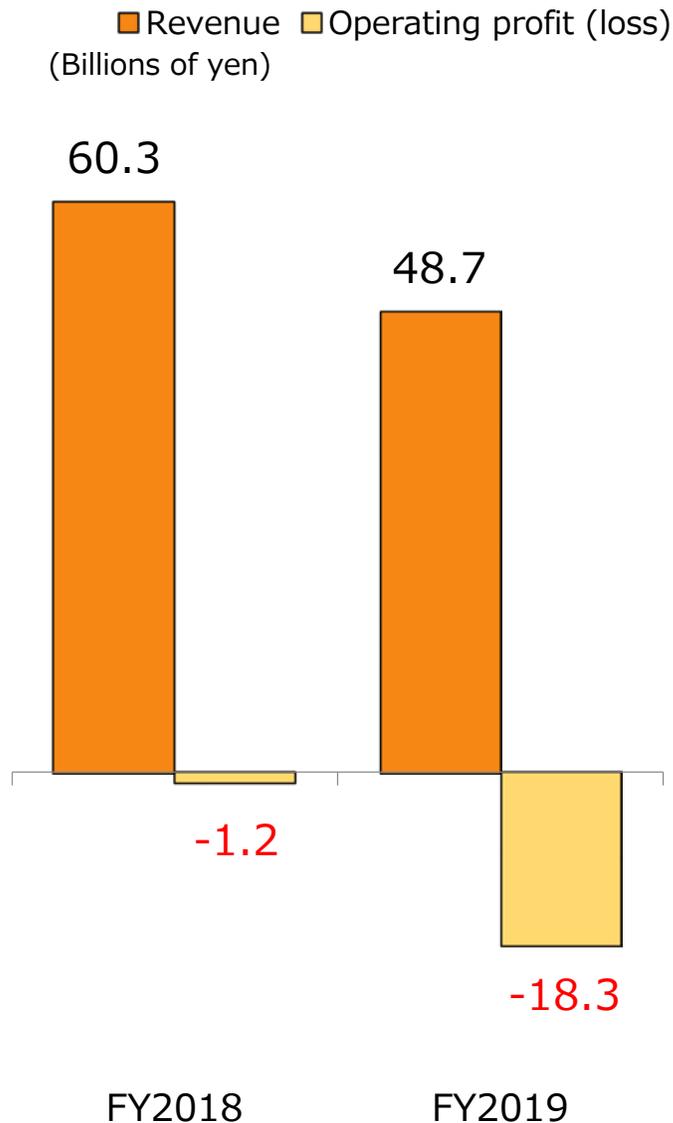
(Billions of yen)	Full year (Apr. - Mar.)				4Q (Jan. - Mar.)			
	FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Revenue	100.0	104.2	+4%	+5%	30.0	31.0	+3%	+3%
Operating profit	6.4	8.1	+27%	+24%	2.9	3.2	+9%	+5%
Other P/L	-0.5	-0.7	-	-	-0.1	-0.6	-	-
Operating margin	6.4%	7.8%		7.6%	9.7%	10.3%		9.8%

Revenue
Operating profit

- ✓ Biological microscopes: Revenue pushed up mainly by expanded sales of the high-end FV3000 model
- ✓ Industrial products: Favorable market conditions in the industrial field, and strong sales of industrial microscopes for electronic components and industrial videoscopes for the aviation market
- ✓ Profit up significantly due to increased revenue coupled with the control of SG&A expenses



Fiscal 2019: (5) Imaging Business



(Billions of yen)	Full year (Apr. - Mar.)				4Q (Jan. - Mar.)			
	FY2018	FY2019	YoY	After foreign exchange adjustment	FY2018	FY2019	YoY	After foreign exchange adjustment
Revenue	60.3	48.7	-19%	-19%	13.0	10.3	-20%	-20%
Mirrorless	46.8	36.0	-23%	-23%	10.2	7.8	-24%	-23%
Compact	8.6	7.1	-18%	-17%	1.7	1.2	-28%	-28%
Others	4.9	5.6	+14%	+15%	1.1	1.3	+21%	+22%
Operating profit (loss)	-1.2	-18.3	-¥17.1 bil.	-¥17.2 bil.	-2.7	-5.1	-¥2.4 bil.	-¥2.6 bil.
Other P/L	-1.3	-7.9	-	-	-1.3	-1.1	-	-
Operating margin	-	-		-	-	-		-

Revenue

- ✓ Revenue declined as the reorganization of production bases caused constraints on supplies of some products and also as a result of intensifying competition

Operating profit (loss)

- ✓ Loss increased due to lower revenue and recording of expenses for production system reforms



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Statement of Financial Position

- Equity ratio standing at 47.3% as a result of reduction of interest-bearing debt by ¥66.6 billion

(Billions of yen)	End Mar. 2018	End Mar. 2019	Change		End Mar. 2018	End Mar. 2019	Change
Current assets	514.3	456.0	-58.3	Current liabilities	305.9	287.5	-18.4
Inventories	139.3	153.6	+14.3	Bonds/long-term loans payable	88.8	59.7	-29.1
Non-current assets	464.4	476.0	+11.6	Non-current liabilities	228.5	202.1	-26.4
Property, plant and equipment	168.2	176.9	+8.7	Bonds/long-term loans payable	159.2	121.6	-37.6
Intangible assets and others	198.9	197.9	-1.0	Total equity	444.3	442.4	-1.9
Goodwill	97.2	101.2	+4.0	(Equity ratio)	45.2%	47.3%	+2.1pt
Total assets	978.7	932.0	-46.6	Total liabilities and equity	978.7	932.0	-46.6

Interest-bearing debt: ¥181.3 billion (-¥66.6 billion from March 31, 2018)

Consolidated Cash Flows

- Free cash flow came to a positive ¥6.6 billion after the payment of securities litigation settlements and other expenses

(Billions of yen)	Full Year		Change
	FY2018	FY2019	
Revenue	786.5	793.9	+7.4
Operating profit	81.0	28.3	-52.7
(% of revenue)	10.3%	3.6%	-6.7 pt.
CF from operating activities	95.1	66.9	-28.2
CF from investing activities	-53.3	-60.3	-7.0
Free cash flow	41.8	6.6	-35.2
CF from financing activities	-51.1	-82.9	-31.9
Cash and cash equivalents at end of period	191.2	114.6	-76.7
Depreciation and amortization	52.9	58.7	+5.8
Capital expenditures	65.3	66.8	+1.6

Forecasts for Fiscal 2020

Forecasts of Consolidated Financial Results for Fiscal 2020

- Operating profit expected to increase approximately three-fold YoY to ¥90.0 billion due to a decrease in one-time expenses combined with efforts to contain SG&A expenses

(Billions of yen)	FY2019 (Results)	FY2020 (Forecasts)	Change	YoY	YoY (After foreign exchange adjustment)
Revenue	793.9	800.0	+6.1	+1%	+5%
Gross profit (% of revenue)	509.6 (64.2%)	508.0 (63.5%)	-1.6	0%	+5% (64.1%)
Selling, general and administrative expenses (% of revenue)	437.5 (55.1%)	414.0 (51.8%)	-23.5	-5%	-2% (51.3%)
Other income and expenses, etc.	-43.8	-4.0	-	-	-
Operating profit (% of revenue)	28.3 (3.6%)	90.0 (11.3%)	+61.7	+218%	+266% (12.4%)
Profit before tax (% of revenue)	20.1 (2.5%)	86.0 (10.8%)			
Profit attributable to owners of parent (% of revenue)	8.1 (1.0%)	63.0 (7.9%)			
EPS	¥6	¥46			
¥/US\$	¥111	¥105			
¥/Euro	¥128	¥120			

Dividend forecast in fiscal 2020

Year-end dividend of ¥10 per share*

Segment Forecasts for Fiscal 2020

- Medical: Operating profit increase to ¥135.0 billion (up 31% YoY after foreign exchange adjustment) due to a decrease in one-time expenses, etc.
- Imaging: Breakeven to be achieved in the latter half of FY2020 due to production transfer to Vietnam and the launch of new products
- Elimination and corporate: Improve profit due to a decrease in one-time expenses

(Billions of yen)		FY2019 (Results)	FY2020 (Forecasts)	Change	YoY	YoY (After foreign exchange adjustment)
Medical	Revenue	634.3	637.0	+2.7	0%	+5%
	Operating profit	111.9	135.0	+23.1	+21%	+31%
Scientific Solutions	Revenue	104.2	106.0	+1.8	+2%	+6%
	Operating profit	8.1	9.0	+0.8	+10%	+37%
Imaging	Revenue	48.7	50.0	+1.3	+3%	+7%
	Operating profit	-18.3	-7.0	+11.3	-	-
Others	Revenue	6.7	7.0	+0.3	+5%	+5%
	Operating profit	-3.5	-4.0	-0.5	-	-
Elimination and corporate	Revenue	-	-	-	-	-
	Operating profit	-70.0	-43.0	+27.0	-	-
Consolidated total	Revenue	793.9	800.0	+6.1	+1%	+5%
	Operating profit	28.3	90.0	+61.7	+218%	+266%

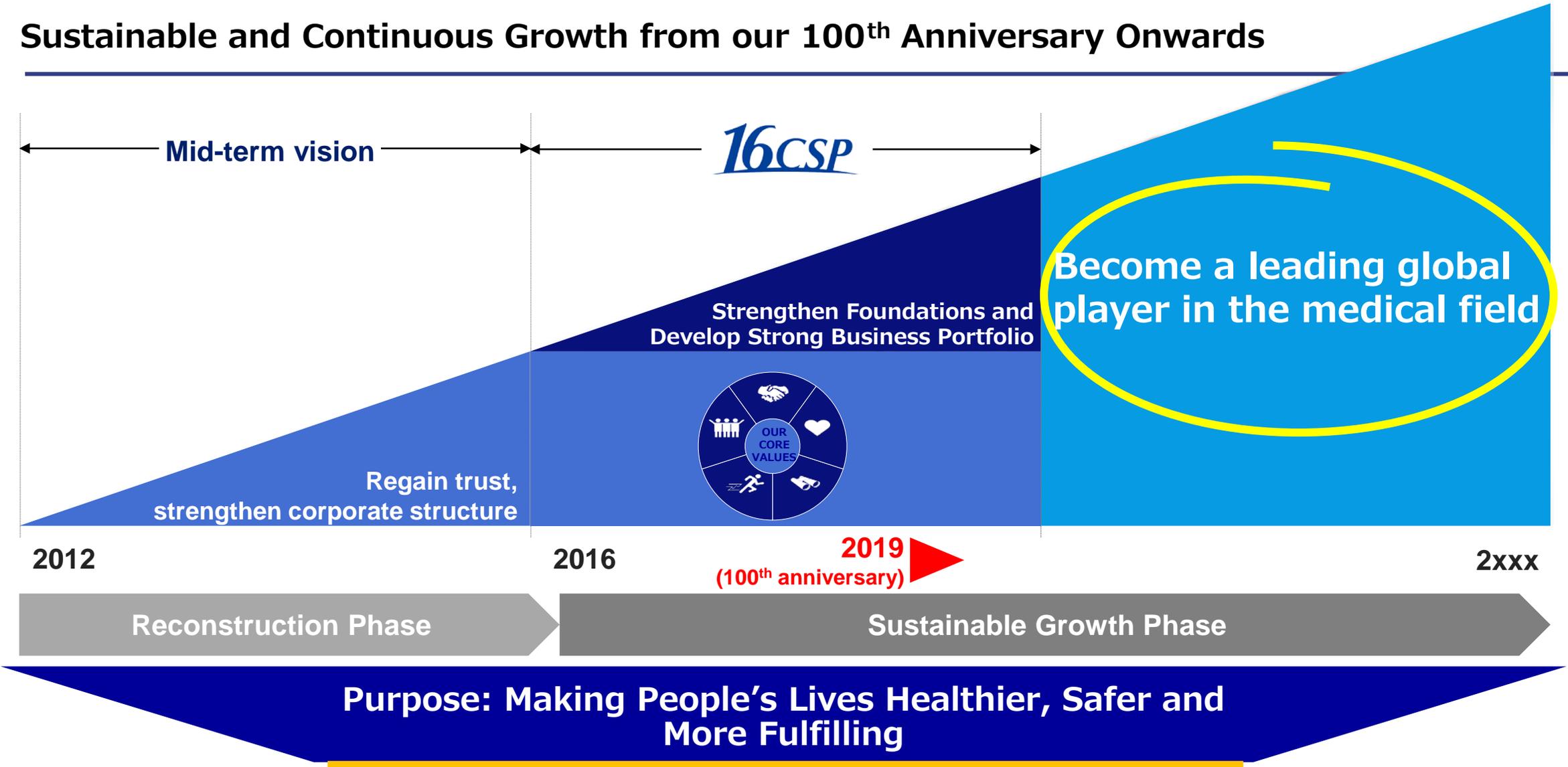
Management Policies for Fiscal 2020

Yasuo Takeuchi
President and Chief Executive Officer
Olympus Corporation
May 10, 2019

Initiatives for Transforming into A Truly Global Medical Technology (Medtech) Company

Our Path So Far, and the Future Before Us

Sustainable and Continuous Growth from our 100th Anniversary Onwards



“Transform Olympus”
Equaling with Global Medical Technology Peers

1 : Agility



2 : Efficiency



“Truly Global Medical Technology Company”



Sustainable

**A Company Continuously Making People’s Lives
Healthier, Safer and More Fulfilling**

1. Agility: Faster Management Action and Business Operations

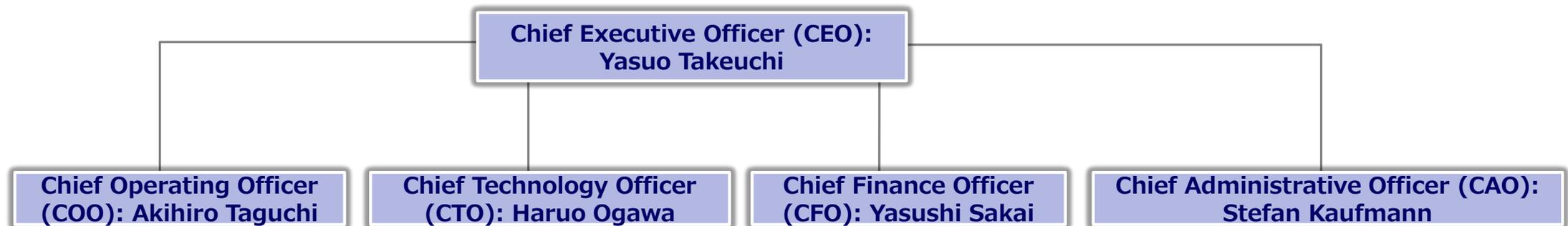
Build a Governance Structure Matched to Global Business of Olympus

Governance



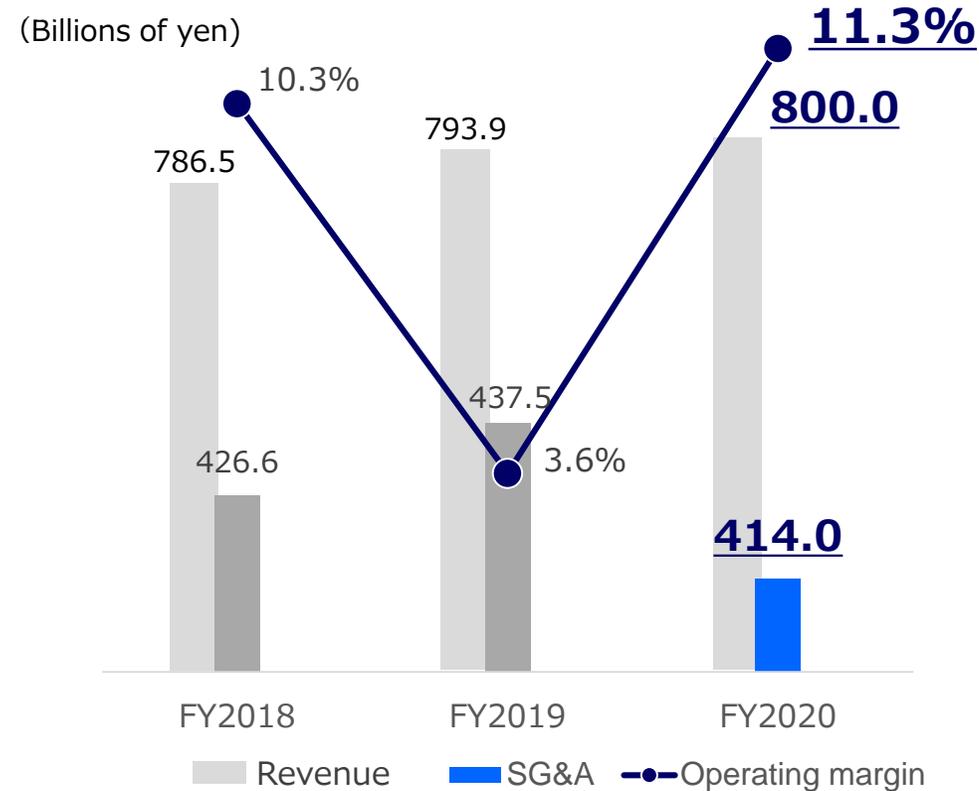
Agile Decision-Making through a Structure of 5 Chief Officers

Execution



2. Efficiency: Improve Operating Margin in Fiscal 2020 (1)

Control of SG&A Revenue and Operating Profit Forecasts



Significantly enhance operating margin by reducing SG&A expenses to Fiscal 2018 level

2. Efficiency: Improve Operating Margin in Fiscal 2020 (2)

Key SG&A Streamlining Measures

R&D

- **Use R&D expenditures efficiently by prioritizing R&D themes with a focus on elemental technology research, based on ROI**
 - Medical
 - ✓ Revise ultra long-term R&D themes
 - Basic Research
 - ✓ Spur open innovation and reinforce alliances

Companywide

- **Ensure optimal talent allocation to maximize resource utilization**

Significantly enhance operating margin by reducing SG&A expenses to Fiscal 2018 level*

*A long-term profitability and capital efficiency enhancement plan for 2020 onwards will be finalized and announced in 1H FY2020.

Business Management Policies for Fiscal 2020

Operating Environment

Current Operating Environment

- Growing needs for early diagnosis and minimally invasive therapies mostly unchanged
- Changes in the operating environment, such as an increase in regulatory requirements and stricter requirements for reprocessing, proceeding much faster than anticipated
 - ✓ Enactment of the European Union Medical Devices Regulation (EU-MDR) and an increase in regulatory requirements for medical device application and registration
 - ✓ Stricter requirements for reprocessing (cleaning, disinfection and sterilization) being implemented mainly in the United States
- Rapid technological advancements, including artificial intelligence (AI), robotics, information and communication technology (ICT) and the Internet of Things (IoT)



Basic Policy for Fiscal 2020

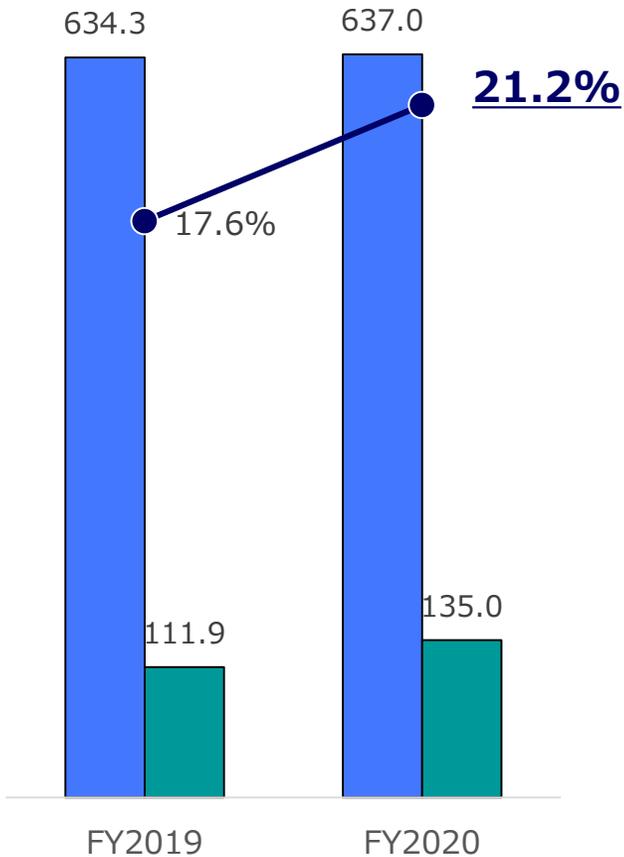
- Steadily implement the Transform Olympus and Transform Medical plans
 - ✓ Work to establish and reinforce an integrated global group business base to realize agile decision-making and achieve drastic efficiency improvement
 - ✓ Accelerate growth of the Therapeutic Solutions Division through reorganization of the Medical Business
 - Build a structure to promote product/procedure development mainly focusing on the United States
- Ensure product quality and make sure to satisfy regulatory requirements to enhance patient safety
- Shift to a new development process matched to rapid technological advancements

Endoscopic Solutions Division and Therapeutic Solutions Division

Revenue and Operating Profit

Basic Policy and Strategy for Fiscal 2020

(Billions of yen)



■ Revenue ■ Operating profit ● Operating margin

- Steadily implement the Transform Medical plan
- Greatly improve profitability through efficient use of expenses

Endoscopic Solutions Division

- Develop and launch new products
 - ✓ Gastrointestinal: Duodenoscope, Power Spiral* and others
 - ✓ General Surgery: Launch of VISERA ELITE II in North America, launch of ORBEYE** in Europe and others
- Further strengthen the ability to respond to regulatory requirements and requirements related to reprocessing (cleaning, disinfection and sterilization)

Therapeutic Solutions Division

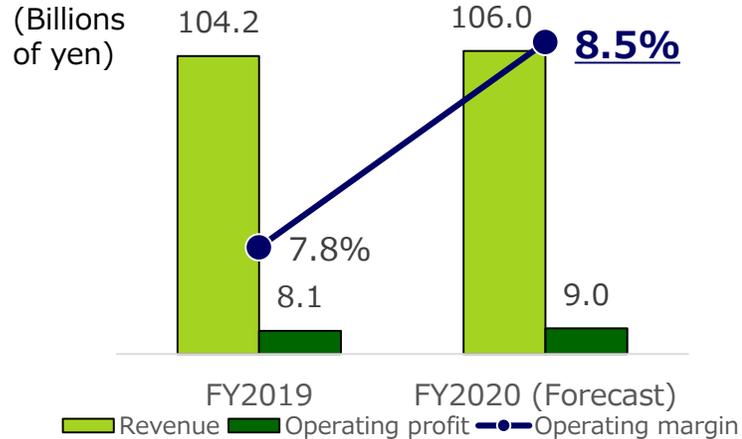
- Build a business foundation centered around the division Headquarters in the United States
- Expand product portfolios and ensure timely release of competitive products



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Scientific Solutions Division and Imaging Division

Revenue and Operating Profit

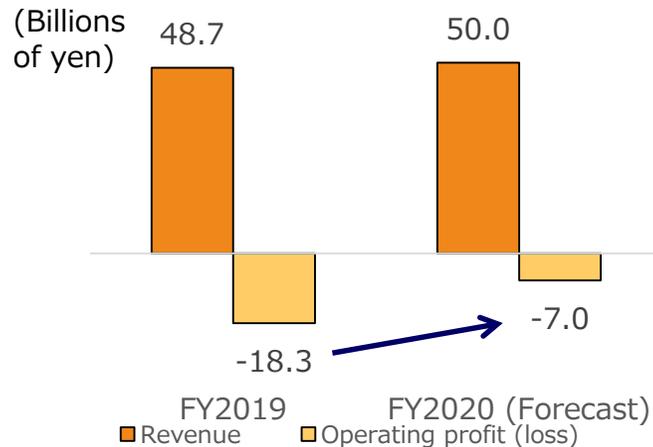


Scientific Solutions: Basic Policy and Strategy for Fiscal 2020

- Establish a business structure to stably achieve operating profit of 10% or higher
 - ✓ Improve profitability in the life science field
 - ✓ Bolster product portfolios and achieve continued growth in the industrial field



Revenue and Operating Profit



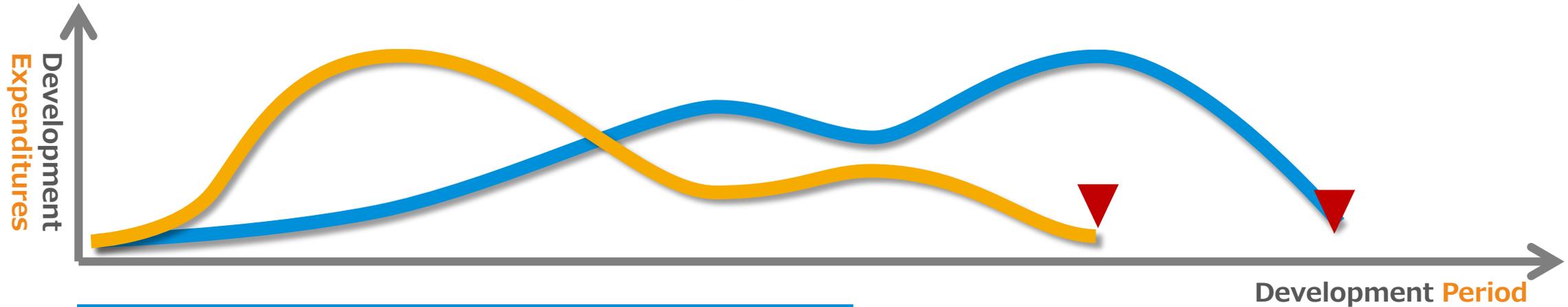
Imaging: Basic Policy and Strategy for Fiscal 2020

- Reinforce the Olympus brand and promote high-value-added businesses
- Thoroughly control expenses to establish and maintain a profitable operating structure
- Achieve maximum improvement in productivity through production system reforms
 - ✓ Improve production efficiency of existing products
 - ✓ Ensure to launch multiple new products



R&D Process Reform

Notional Image of R&D Process



Past

R&D on an "All by Ourselves" Basis

Could differentiate technologies by doing everything (R&D, product technology development and product development) in-house, but development tends to take longer

Reform

R&D by a Front-Loading Approach

Create product/service concepts by using a front-loading approach and obtain required technology through alliances and open innovation

Shift to a Front-Loading Approach in Developing Next-Generation Products Both to Keep Step with Technology Advancements and Increase Development Speed and Efficiency

Examples of Front-Loading Approach to R&D

Scientific Solutions

OLS-5000 3D measuring laser microscope



- ✓ Introduces system modeling, one method of front loading
- ✓ Optimizes a complex system by visualizing system behavior and structure

Greatly shortens development period and overcomes weaknesses in the previous model

Imaging

OM-D E-M1X high-end mirrorless digital camera



- ✓ Incorporates improvements over previous model and clears strict professional-level standards through front loading prior to product development using model base development (MBD), etc.

Reduces problems in development stage by 85%*, enabling success in vertical start-up

Medical

Applies front-loading approach to development of products requiring lengthy development period



- ✓ Through use of system modeling/model base development (MBD), etc.:
 - Clarifies product/service concept
 - Optimizes specifications
 - Optimizes mounting function
 - Greatly shortens development period
 - Optimizes product lifecycle



Envision a 20%* increase in development efficiency

Full-Year Forecasts for Fiscal 2020 – Highlight

Operating Profit



+7.7pt (YoY)

11.3%

ROE



+8pt or more (YoY)

10% or more*

EBITDA



+77% (YoY)

¥154 billion

Dividends



+33% (YoY)

¥10**

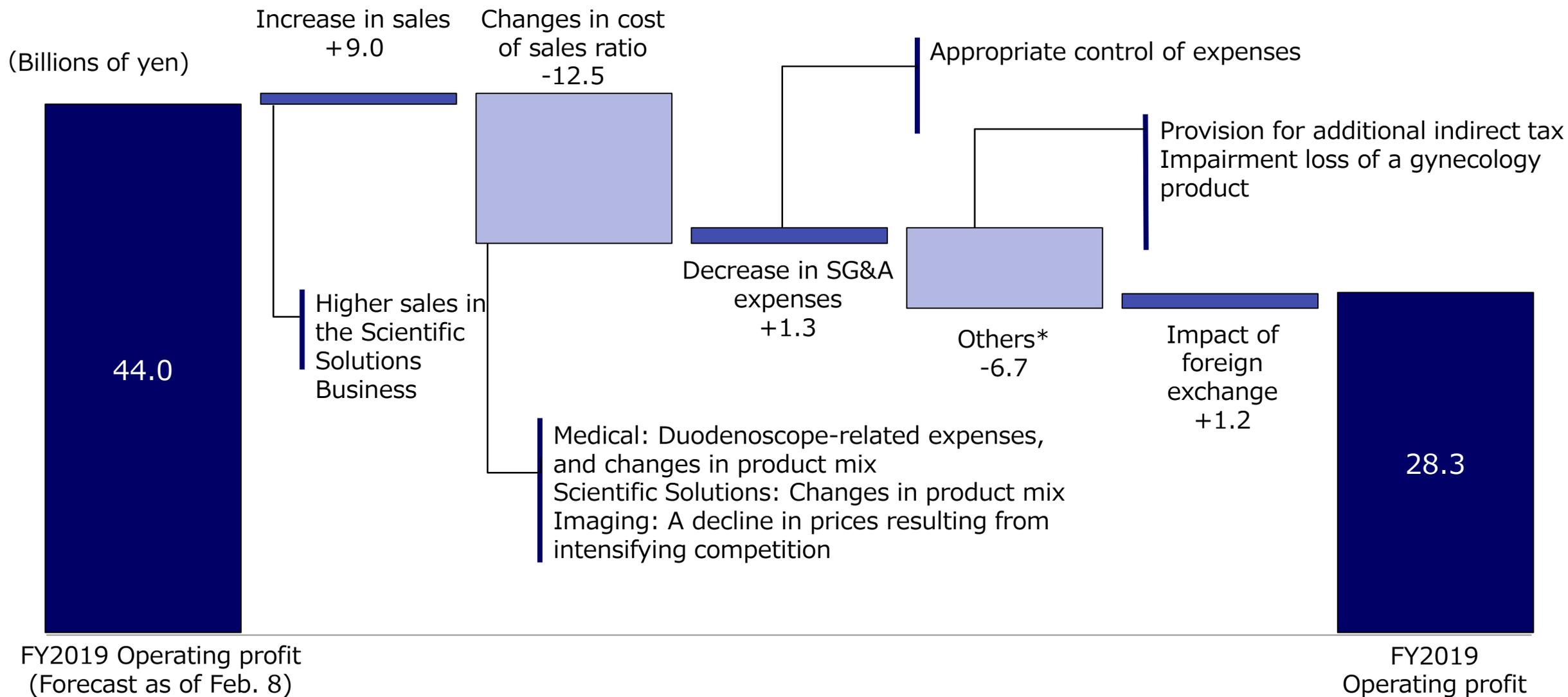
Expect to Attain a Substantial Improvement in Profitability and Capital Efficiency

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Appendix

Fiscal 2019: (1) Factors Affecting Consolidated Operating Profit

(vs. Forecasts Announced on Feb. 8)



Growth Rates by Field and Region (Medical Business)

Field	Region	Local currency basis growth rates				Conditions by field
		FY2018		FY2019		
		4Q	Full year	4Q	Full year	
GI Endoscopes	Japan	-3%	-2%	-8%	-6%	<ul style="list-style-type: none"> • Japan: Hospitals, mainly public hospitals, continued facing difficulty in increasing budget, but sales of a new endoscope released in FY2018 showed steady growth • North America: Remained on par with the previous fiscal year despite efforts to promote sales promotion and to increase sales of products after the expiration of lease period • Europe: Solid growth attributable to maintenance and other sales measures • Asia/Oceania: Growth driven by China
	N. America	+7%	+1%	-7%	0%	
	Europe	+7%	-1%	-3%	+2%	
	Asia/Oceania	+6%	+10%	+16%	+11%	
	All regions	+5%	+2%	-1%	+2%	
Surgical Devices	Japan	+12%	+9%	-3%	+4%	<ul style="list-style-type: none"> • Japan & Europe: Strong performance for both the mainstay VISERA ELITE II system and energy devices • North America: Strong 4K surgical endoscopes and system integration sales through synergy with Image Stream Medical, Inc.
	N. America	+6%	+2%	+1%	+6%	
	Europe	-6%	+6%	+3%	+6%	
	Asia/Oceania	+3%	+10%	+11%	+7%	
	All regions	+4%	+6%	+3%	+6%	
Endo-therapy Devices	Japan*	+3%	+7%	+2%	+1%	<ul style="list-style-type: none"> • Growth achieved in all regions • Particularly strong in North America and Asia/Oceania, mainly China
	N. America	0%	+4%	+13%	+11%	
	Europe	+3%	+3%	+2%	+4%	
	Asia/Oceania	+8%	+16%	+18%	+12%	
	All regions*	+3%	+7%	+8%	+6%	

(Supplementary Materials)

FY2019 Full-Year Results: Other Profit/Loss by Segment

(Billions of yen)		FY2018					FY2019					
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	
Medical	Revenue	134.4	154.8	158.0	169.1	616.3	143.9	161.7	158.8	169.9	634.3	
	Operating profit		23.2	32.2	32.4	34.0	121.8	27.4	27.3	31.8	25.4	111.9
		Other P/L	-0.8	-0.7	-0.7	0.5	-1.7	1.0	-7.8	0.0	-5.5	-12.4
Scientific Solutions	Revenue	20.0	24.6	25.4	30.0	100.0	21.1	26.2	25.9	31.0	104.2	
	Operating profit		-0.6	1.8	2.3	2.9	6.4	-0.4	3.2	2.2	3.2	8.1
		Other P/L	-0.0	-0.2	-0.2	-0.1	-0.5	-0.1	-0.1	0.0	-0.6	-0.7
Imaging	Revenue	15.1	15.4	16.7	13.0	60.3	13.9	11.8	12.7	10.3	48.7	
	Operating profit (loss)		0.9	0.7	-0.1	-2.7	-1.2	-5.8	-3.4	-3.9	-5.1	-18.3
		Other P/L	-0.0	0.0	0.0	-1.3	-1.3	-4.9	-0.4	-1.5	-1.1	-7.9
Others	Revenue	2.3	2.7	2.5	2.4	9.9	1.7	1.6	1.8	1.6	6.7	
	Operating profit (loss)		-0.5	-0.7	-1.6	-2.1	-5.0	-0.7	-0.7	-0.9	-1.3	-3.5
		Other P/L	0.1	0.1	-0.4	-0.3	-0.6	0.1	0.0	0.0	-0.1	0.0
Elimination and corporate	Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	Operating profit		-10.3	-9.3	-10.5	-10.9	-41.0	-32.2	-11.7	-11.6	-14.4	-70.0
		Other P/L	0.3	0.6	-0.7	1.1	1.3	-21.0	-0.4	-0.4	-1.5	-23.3
Consolidated Total	Revenue	171.8	197.6	202.6	214.4	786.5	180.6	201.3	199.2	212.8	793.9	
	Operating profit		12.7	24.7	22.4	21.2	81.0	-11.6	14.6	17.6	7.7	28.3
		Other P/L	-0.5	-0.1	-2.1	-0.1	-2.8	-25.0	-8.7	-1.9	-8.7	-44.4

* Corresponding to "Other income" and "Other expenses" listed on the Summary of Financial Results(Tanshin)

The impacts of ceased operations at the Chinese manufacturing subsidiary

(Billions of yen)

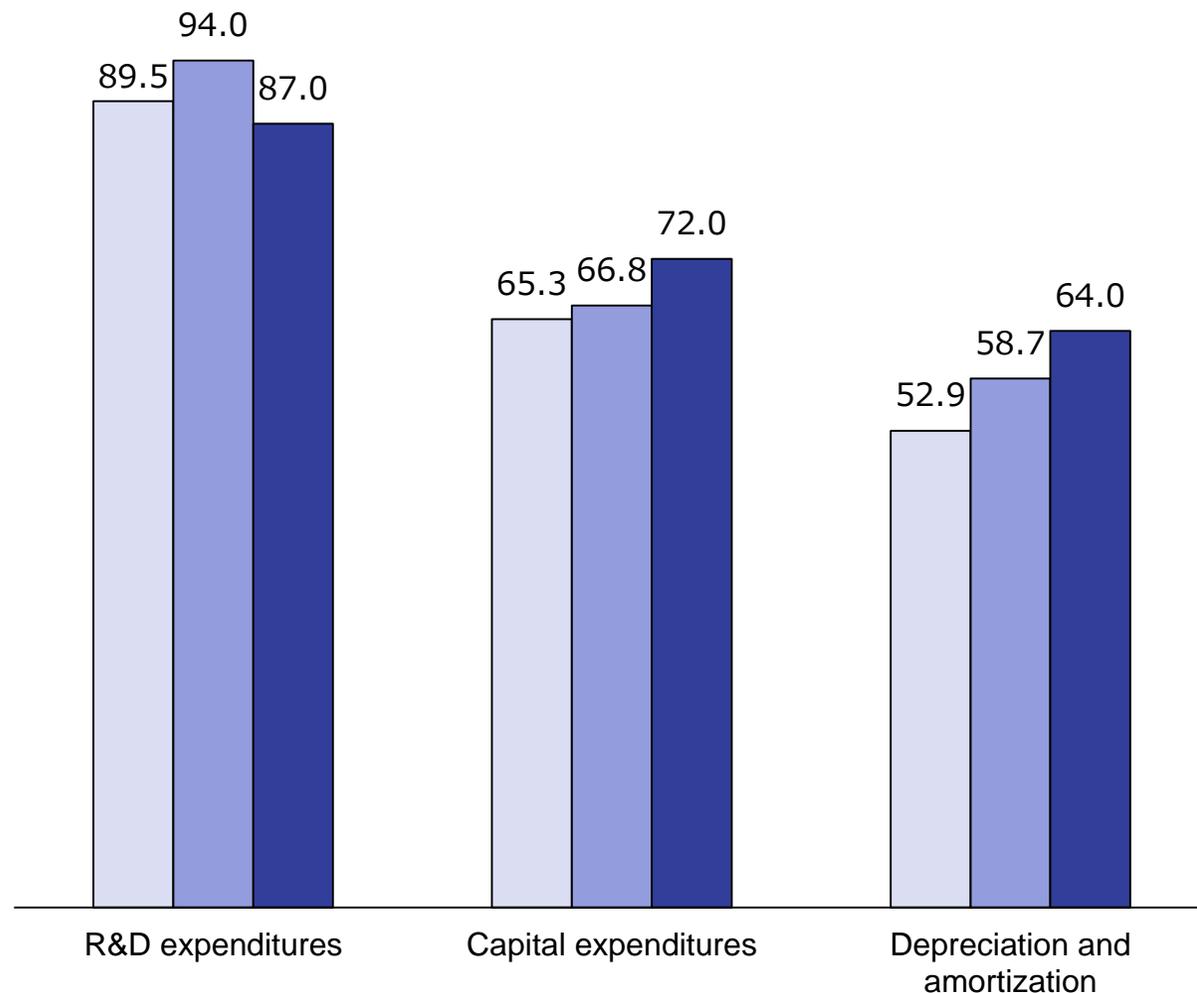
Full Year (Apr.-Mar.)

	Imaging	Scientific Solutions	Elimination and corporate	Total	Notes
Decrease in gross Profit	-3.5			-3.5	Decrease in gross profit due to lower revenue
Selling, general and administrative expenses	-1.1			-1.1	Expenses of transferring production to a Vietnamese manufacturing subsidiary
Other expenses	-5.3	-0.2	-0.8	-6.3	economic compensation, etc.
Total	-9.9	-0.2	-0.8	-10.9	

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

Full-Year Results and Forecasts

(Billions of yen) □ FY2018 ■ FY2019 ■ FY2020 (Forecast)



Details of R&D Expenditures

(Billions of yen)	FY2018*1	FY2019	FY2020 (Forecast)
R&D expenditures (% of revenue)	89.5 (11.4%)	94.0 (11.8%)	87.0 (10.9%)

Reference

(Billions of yen)	FY2018	FY2019	FY2020 (Forecast)
Capitalization of R&D expenditures*2	10.3	9.4	17.0
Amortization	7.0	7.5	
	End Mar. 2018	End Mar. 2019	
R&D assets	32.5	33.3	

*1 Excluding the amount affected by a change in the calculation method of R&D expenditures. The figure is ¥94.1 billion if the affected amount is included.

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

Transform Medical : Business field

Endoscopic Solutions Division



GI endoscopy system



Respiratory endoscopy system



IT system



Endoscopic Reprocessing



OR systems integration



Maintenance / Service



Surgical endoscopy system



Surgical microscope

Therapeutic Solutions Division



Endotherapy devices



Energy devices,
Surgical single-use devices



Urology / Gynecology products



ENT products