



Consolidated Financial Results for the 2nd Quarter Fiscal 2020 and Full-Year Forecasts

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Highlights

Consolidated Financial Results

- ✓ Revenue for the second quarter increased by 8% on a base excluding the effect of exchange rates, driven by Medical
- ✓ Record-high operating profit of ¥50.9 billion in 1H. Profit significantly increased.
- ✓ SG&A expenses decreased by ¥15.7 billion YoY due to SG&A streamlining. SG&A ratio to revenue improved greatly to 50.5% (-5.1pt YoY).

Full-Year Performance Forecasts

- ✓ No change to previously released forecasts
- ✓ The forecast for EPS was increased to ¥47 due to the repurchase of our own shares

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**Consolidated Financial Results and
Business Overview for the 2Q of Fiscal
2020 (FY Ending March 31, 2020)**

2Q of Fiscal 2020 (1) Consolidated Financial Results

1 Revenue: Up driven by solid performance in the Endoscopic Solutions, Therapeutic Solutions and Scientific Solutions Divisions (excl. FX impact +5%)

2 Operating profit: Record-high operating profit in 1H due to decreased one-time expenses in the same period last year and improved SG&A efficiency
 1H (Apr. – Sep.)

2Q (Jul. – Sep.)

(Billions of yen)	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	381.8	1 389.2	+2%	+5%
Gross profit	248.8	250.7	+1%	+4%
(% of revenue)	(65.2%)	(64.4%)		
Selling, general and administrative expenses	212.4	196.7	-7%	-5%
(% of revenue)	(55.6%)	(50.5%)		
Other income and expenses etc.	-33.5	-3.0	-	-
Operating profit (% of revenue)	3.0	2 50.9	+1,606%	+1,751%
(% of revenue)	(0.8%)	(13.1%)		
Profit (loss) before tax	-2.8	48.6	-	-
(% of revenue)	(-)	(12.5%)		
Profit (loss) attributable to owners of parent	-5.5	36.1	-	-
(% of revenue)	(-)	(9.3%)		
EPS	-¥4	¥27		
¥/US\$	¥110	¥109		
¥/Euro	¥130	¥121		
¥/CNY	¥17	¥16		

(Billions of yen)	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	201.3	207.3	+3%	+8%
Gross profit	130.5	134.0	+3%	+8%
(% of revenue)	(64.8%)	(64.6%)		
Selling, general and administrative expenses	107.4	95.6	-11%	-8%
(% of revenue)	(53.3%)	(46.1%)		
Other income and expenses etc.	-8.5	-2.1	-	-
Operating profit (% of revenue)	14.6	36.2	+148%	+172%
(% of revenue)	(7.3%)	(17.5%)		
Profit (loss) before tax	11.9	35.0	+193%	+193%
(% of revenue)	(5.9%)	(16.9%)		
Profit (loss) attributable to owners of parent	11.2	27.4	+145%	+145%
(% of revenue)	(5.6%)	(13.2%)		
EPS	-	-		
¥/US\$	¥111	¥107		
¥/Euro	¥130	¥119		
¥/CNY	¥16	¥15		

2Q of Fiscal 2020 (2) Results by Business Segment

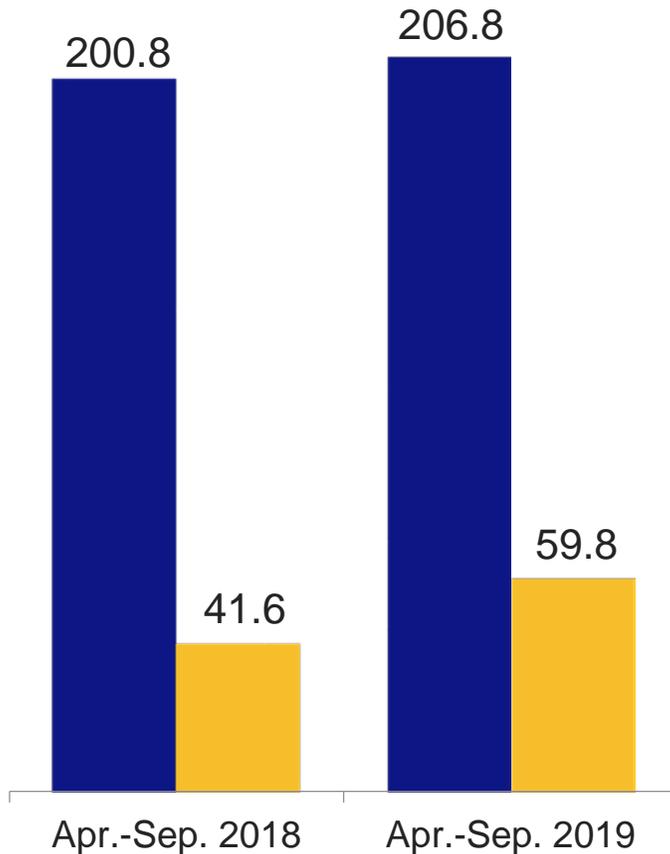
- 1** Endoscopic Solutions: Significant increase in profit due to steady sales growth and improved SG&A efficiency, even after adjusting for one-time expenses (¥9.7 billion*) in the same period last year
- 2** Therapeutic Solutions: Progressing well in all areas, turning to profit increase from a decrease in 1Q mainly due to increased revenue
- 3** Scientific Solutions: Record-high Operating profit in 1H due to sales growth in both biological microscopes and industrial products and improved SG&A efficiency
- 4** Imaging: Operating loss decreased due to absence of one-time expenses in the same period last year

		1H (Apr. - Sep.)				2Q (Jul. - Sep.)			
(Billions of yen)		FY2019	FY2020	YoY	After foreign exchange adjustment	FY2019	FY2020	YoY	After foreign exchange adjustment
Endoscopic Solutions	Revenue	200.8	206.8	+3%	+7%	107.9	111.4	+3%	+8%
	Operating profit	41.6	1 59.8	+44%	+51%	20.1	37.9	+89%	+101%
Therapeutic Solutions	Revenue	104.8	108.0	+3%	+7%	53.8	56.0	+4%	+9%
	Operating profit	13.1	2 15.2	+16%	+21%	7.2	9.5	+32%	+39%
Scientific Solutions	Revenue	47.3	49.7	+5%	+8%	26.2	27.1	+3%	+8%
	Operating profit	2.8	3 5.4	+92%	+103%	3.2	3.7	+17%	+30%
Imaging	Revenue	25.7	21.3	-17%	-14%	11.8	11.1	-6%	-2%
	Operating profit	-9.2	4 -5.7	+¥3.5 billion	+¥4 billion	-3.4	-3.4	+¥0.1 billion	+¥0.3 billion
Others	Revenue	3.2	3.3	+3%	+3%	1.6	1.7	+9%	+9%
	Operating profit	-1.4	-1.3	+¥0.1 billion	+¥0.1 billion	-0.7	-0.7	+¥0.1 billion	+¥0.1 billion
Elimination and Corporate	Operating profit	-43.9	-22.5	+¥21.4 billion	+¥21.4 billion	-11.7	-11.0	+¥0.7 billion	+¥0.7 billion
Consolidated Total	Revenue	381.8	389.2	+2%	+5%	201.3	207.3	+3%	+8%
	Operating profit	3.0	50.9	+1,606%	+1,751%	14.6	36.2	+148%	+172%

2Q of Fiscal 2020 (3) Endoscopic Solutions Division



■ Revenue ■ Operating Profit
(Billions of yen)



✓ Revenue

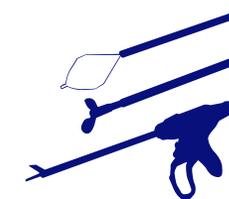
Revenue up due to strong sales growth in China coupled with rush demand in Japan before the consumption tax hike (excl. FY impact +7%)

✓ Operating profit

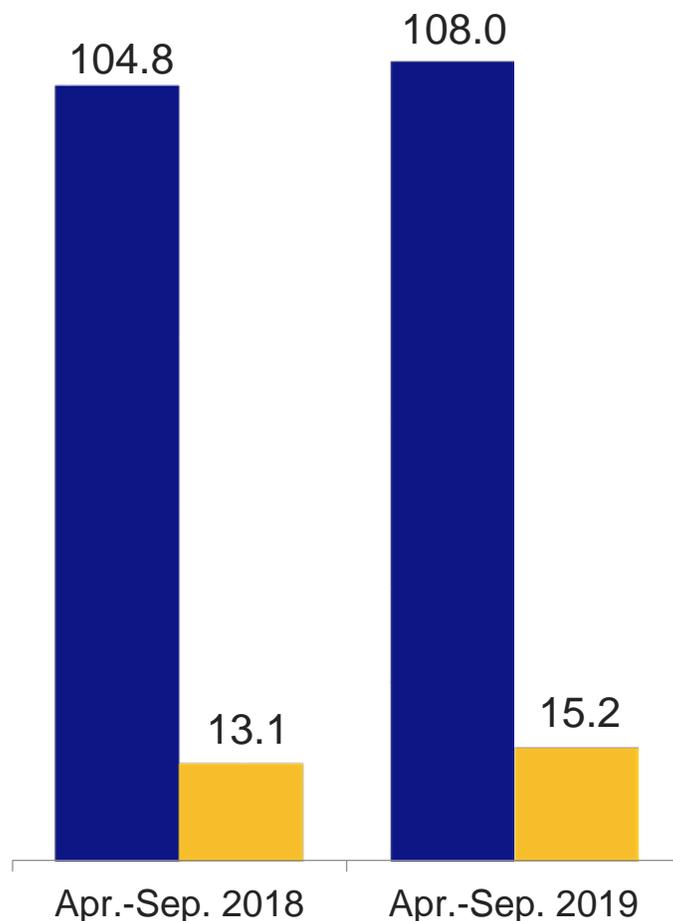
Operating profit significantly increased due to increased revenue, improved SG&A efficiency and delays in expenses

(Billions of yen)	1H (Apr. - Sep.)				2Q (Jul. - Sep.)			
	FY2019	FY2020	YoY	After foreign exchange adjustment	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	200.8	206.8	+3%	+7%	107.9	111.4	+3%	+8%
Operating profit	41.6	59.8	+44%	+51%	20.1	37.9	+89%	+101%
Other income / expenses	-6.9	-0.3	-	-	-8.0	-0.4	-	-
Operating margin	20.7%	28.9%		29.3%	18.6%	34.0%		34.6%

2Q of Fiscal 2020 (4) Therapeutic Solutions Division



■ Revenue ■ Operating Profit
(Billions of yen)



✓ **Revenue** Sales expanded in all business areas, mainly endotherapy devices (excl. FX impact +7%).

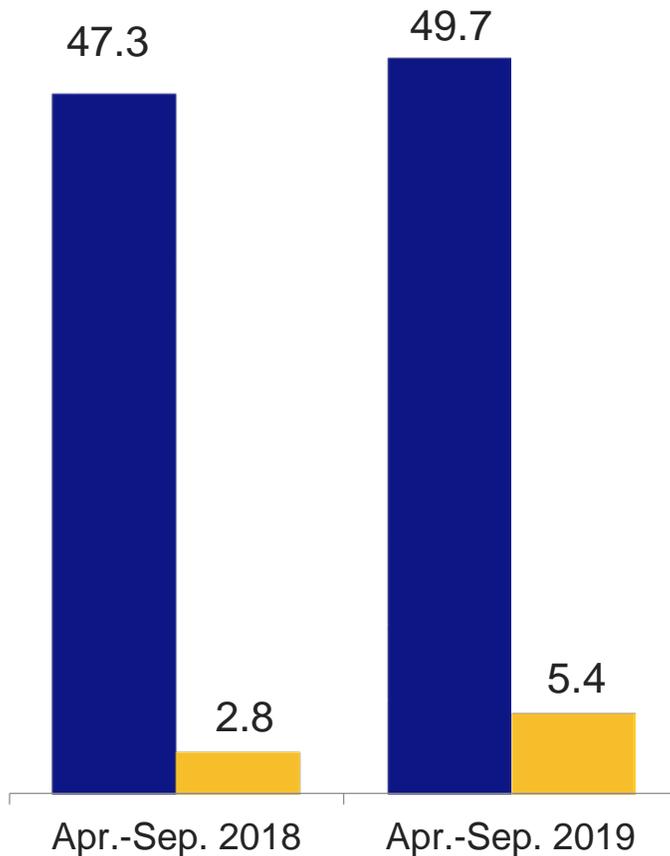
✓ **Operating profit** Operating profit increased mainly due to increased revenue

(Billions of yen)	1H (Apr. - Sep.)				2Q (Jul. - Sep.)			
	FY2019	FY2020	YoY	After foreign exchange adjustment	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	104.8	108.0	+3%	+7%	53.8	56.0	+4%	+9%
Operating profit	13.1	15.2	+16%	+21%	7.2	9.5	+32%	+39%
Other income / expenses	0	-0.7	-	-	0.1	-0.6	-	-
Operating margin	12.5%	14.1%		14.2%	13.4%	17.1%		17.2%

2Q of Fiscal 2020 (5) Scientific Solutions Division



■ Revenue ■ Operating Profit
(Billions of yen)



✓ Revenue

Sales of biological microscopes were strong in Japan and China, and sales of industrial products increased, driven by the new product effects for industrial videoscopes and steady growth of non-destructive testing equipment mainly in North America

✓ Operating Profit

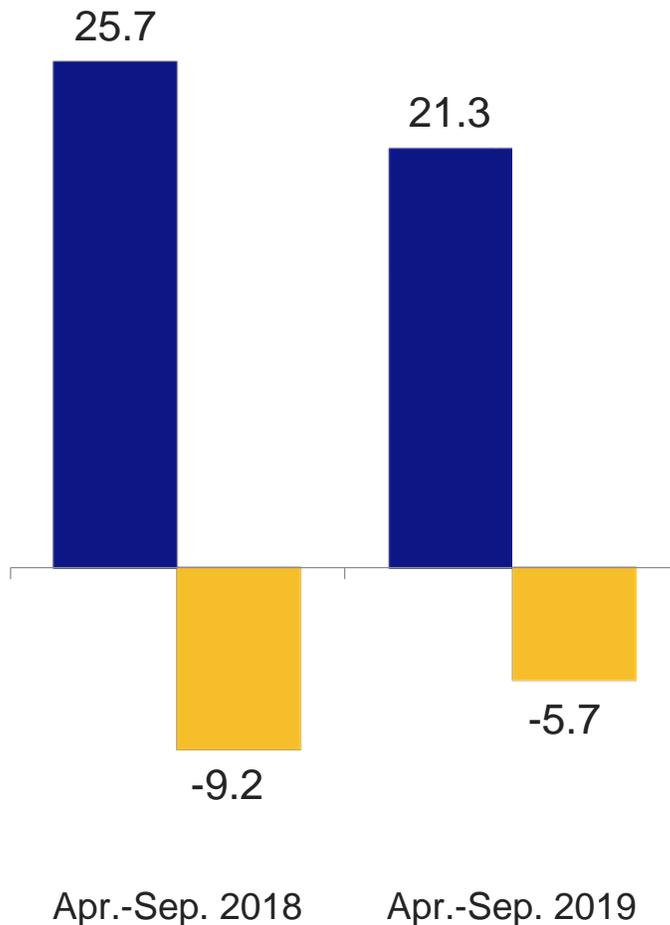
Revenue growth coupled with efficient SG&A expenses control led to record-high operating profit in 1H

(Billions of yen)	1H (Apr. - Sep.)				2Q (Jul. - Sep.)			
	FY2019	FY2020	YoY	After foreign exchange adjustment	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	47.3	49.7	+5%	+8%	26.2	27.1	+3%	+8%
Operating profit	2.8	5.4	+92%	+103%	3.2	3.7	+17%	+30%
Other income / expenses	-0.1	-0.2	-	-	-0.1	-0.1	-	-
Operating margin	5.9%	10.8%		11.1%	12.1%	13.8%		14.6%

2Q of Fiscal 2020 (6) Imaging Division



■ Revenue ■ Operating Profit
(Billions of yen)



Revenue

Revenue declined due to difficult business environment in mirrorless cameras and lack of new products caused by the restructuring of production bases



Operating Profit (loss)

Operating loss decreased in line with our plans due to absence of restructuring expenses recorded in 1H last year and improved SG&A efficiency

(Billions of yen)	1H (Apr. - Sep.)				2Q (Jul. - Sep.)			
	FY2019	FY2020	YoY	After foreign exchange adjustment	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	25.7	21.3	-17%	-14%	11.8	11.1	-6%	-2%
Mirrorless	18.8	15.3	-18%	-16%	8.4	7.6	-10%	-6%
Compact	4.0	3.5	-13%	-10%	2.0	2.3	+14%	+18%
Others	2.9	2.5	-13%	-11%	1.4	1.2	-9%	-5%
Operating Profit (loss)	-9.2	-5.7	+¥3.5 billion	+¥4.0 billion	-3.4	-3.4	+¥0.1 billion	+¥0.3 billion
Other income / expenses	-5.3	-1.0	-	-	-0.4	-0.5	-	-
Operating margin	-	-	-	-	-	-	-	-

Statement of Financial Position

- ✓ Assets and liabilities increased due to the impact of adopting new lease standards under IFRS No. 16.
- ✓ Total equity decreased due to share buy-back

(Billions of yen)	End Mar. 2019	End Sep. 2019	Change		End Mar. 2019	End Sep. 2019	Change
Current assets	456.0	464.4	+8.3	Current liabilities	287.5	378.1	+90.6
Inventories	153.6	162.4	+8.8	Bonds/long-term loans payable	59.7	160.8	+101.1
Non-current assets	476.0	497.5	+21.5	Non-current liabilities	202.1	220.9	+18.7
Property, plant and equipment	176.9	204.2	+27.3	Bonds/long-term loans payable	121.6	120.8	-0.8
Intangible assets and others	197.9	195.4	-2.5	Total equity	442.4	362.9	-79.5
Goodwill	101.2	97.9	-3.3	(Equity ratio)	47.3%	37.6%	-9.7pt
Total assets	932.0	961.9	+29.8	Total liabilities and equity	932.0	961.9	+29.8

Interest-bearing debt: ¥281.6 billion (+¥100.3 billion from March 31, 2019)

Consolidated Cash Flows

- ✓ FCF: ¥35.9 billion of free cash flow in 1H, driven by positive profit mainly in Medical field
- ✓ Financial CF: Expenditures of ¥10.5 billion due to share buy-back of ¥93.4 billion

(Billions of yen)	1H (Apr. – Sep.)		Change	
	FY2019	FY2020		
Revenue	381.8	389.2	+7.3	
Operating profit	3.0	50.9	+48.0	
	(% of revenue)	0.8%	13.1%	+12.3pt
CF from operating activities	27.4	67.3	+39.8	
CF from investing activities	-31.4	-31.4	0	
Free cash flow	-4.0	35.9	+39.8	
CF from financing activities	-58.2	-10.5	+47.7	
Cash and cash equivalents at end of period	130.9	135.5	+4.7	
Depreciation and amortization	28.4	33.4	+5.0	
Capital expenditures	31.1	32.9	+1.8	

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Forecasts for Fiscal 2020

Fiscal 2020 Consolidated Forecasts

- 1 No change in revenue to previously released forecasts
- 2 No change in profit, considering upfront investments for Transform Olympus(strengthen IT infrastructure and RA functions and delays in expenses)
- 3 EPS increased to ¥47 due to the repurchase of our own shares

(Billions of yen)		FY2020 (Forecasts announced on Aug 2)	FY2020 (New Forecasts)	Change	% change from previous forecasts	FY2019 Full-year results
Revenue	1	800.0	800.0	-	-	793.9
Gross profit		508.0	509.0	+1.0	-	509.6
	(% of revenue)	(63.5%)	(63.6%)			(64.2%)
Selling, general and administrative expenses		414.0	413.0	-1.0	-	437.5
	(% of revenue)	(51.8%)	(51.6%)			(55.1%)
Other income and expenses etc.		-4.0	-6.0	-2.0	-	-43.8
Operating profit	2	90.0	90.0	-	-	28.3
	(% of revenue)	(11.3%)	(11.3%)			(3.6%)
Profit before tax		86.0	86.0	-	-	20.1
	(% of revenue)	(10.8%)	(10.8%)			(2.5%)
Profit attributable to owners of parent		63.0	63.0	-	-	8.1
	(% of revenue)	(7.9%)	(7.9%)			(1.0%)
EPS	3	¥46	¥47			
¥/US\$		¥106	¥108			
¥/Euro		¥121	¥121			
¥/CNY		¥16	¥15			

Dividend forecast in FY2020

Year-end dividend of ¥10 per share
(no change)

Fiscal 2020 Forecasts by Business Segment

- 1 Scientific Solutions: Revised operating profit upward based on 1H results
- 2 Elimination and Corporate: Revised due to upfront investments for Transform Olympus

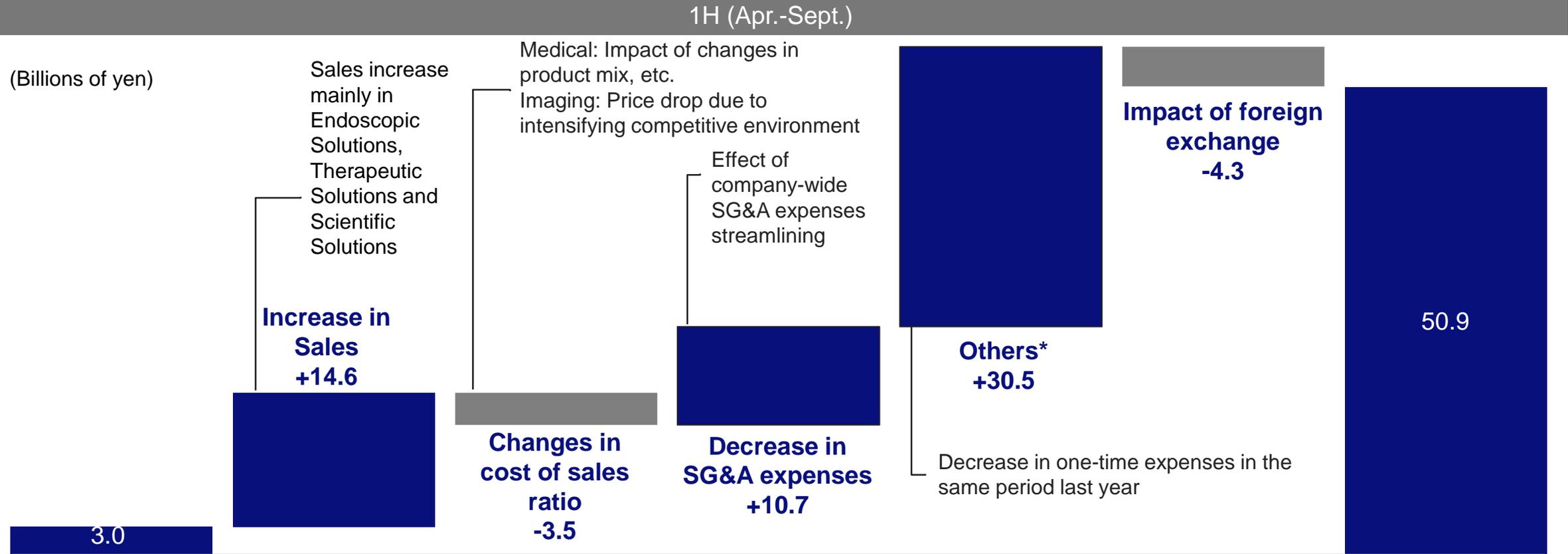
(Billions of yen)		FY2020 (Forecasts announced on Aug 2)	FY2020 (New Forecasts)	Change	% change from previous forecasts	
Endoscopic Solutions	Revenue	420.0	420.0	-	-	
	Operating profit	105.0	105.0	-	-	
Therapeutic Solutions	Revenue	217.0	217.0	-	-	
	Operating profit	30.0	30.0	-	-	
Scientific Solutions	Revenue	106.0	106.0	-	-	
	Operating profit	1	9.0	11.0	+2.0	+22%
Imaging	Revenue	50.0	50.0	-	-	
	Operating profit (loss)	-7.0	-7.0	-	-	
Others	Revenue	7.0	7.0	-	-	
	Operating profit (loss)	-4.0	-4.0	-	-	
Elimination and Corporate	Operating profit	2	-43.0	-45.0	-2.0	-¥2 billion
Consolidated Total	Revenue	800.0	800.0	-	-	
	Operating profit	90.0	90.0	-	-	

OLYMPUS

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03 Appendix

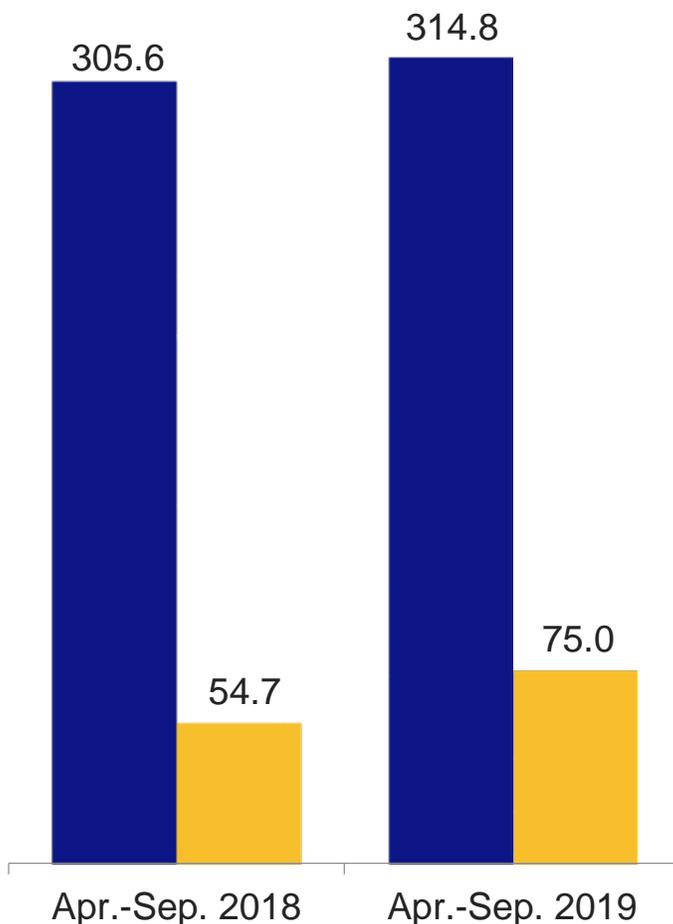
Supplementary Materials: 2Q of Fiscal 2020 Factors That Affected Consolidated Operating Profit



- * Major one-time expenses during the same period last year
- Securities litigation settlements: ¥19.2 billion
 - Expenses associated with the plea agreement with the U.S. Department of Justice: ¥9.7 billion
 - Provision for litigation against Chinese manufacturing subsidiary: ¥3.8 billion
 - Restructuring for Chinese manufacturing subsidiary: ¥5.9 billion

Supplementary Materials: 2Q of Fiscal 2020 Medical Business

■ Revenue ■ Operating Profit
(Billions of yen)



✓ Revenue

Solid performance in all Medical, mainly driven by strong sales momentum in China and Japan (excl. FX impact +7%)

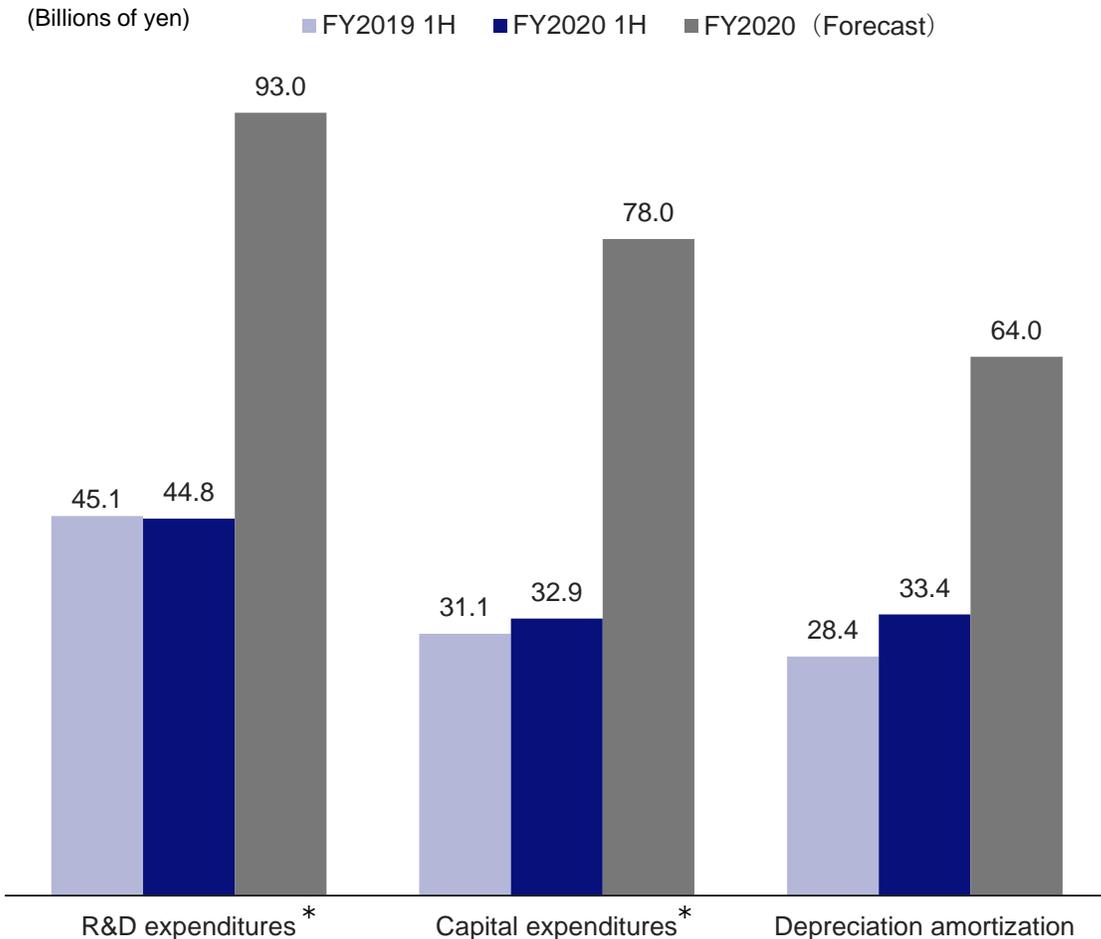
✓ Operating profit

Significant increase in operating profit due to increased revenue in all three areas and improved SG&A efficiency

(Billions of yen)	1H (Apr. – Sep.)				2Q (Jul. - Sep.)			
	FY2019	FY2020	YoY	After foreign exchange adjustment	FY2019	FY2020	YoY	After foreign exchange adjustment
Revenue	305.6	314.8	+3%	+7%	161.7	167.3	+3%	+8%
Gastrointestinal Endoscopes (GI)	163.9	168.1	+3%	+6%	87.6	90.1	+3%	+8%
Surgical Devices	100.8	103.6	+3%	+6%	53.4	55.2	+3%	+8%
Endotherapy Devices	40.9	43.1	+5%	+9%	20.8	22.1	+6%	+11%
Operating profit	54.7	75.0	+37%	+44%	27.3	47.4	+74%	+85%
Other income / expenses	-6.9	-0.9	-	-	-7.8	-1.1	-	-
Operating margin	17.9%	23.8%		24.1%	16.9%	28.4%		28.8%

Supplementary Materials: Expenditures etc.

2Q Result and Full-year Forecast



(Billions of yen)	FY2019 1H	FY2020 1H	FY2020 (Forecast)
R&D expenditures* (a)	45.1	44.8	93.0
Capitalization of R&D expenditures (b)	4.6	8.4	23.0
R&D expenses in P/L (a-b)	40.6	36.4	70.0

(Billions of yen)	FY2019 1H	FY2020 1H
Amortization	3.6	3.3
	End Jun. 2019	End Sep. 2019
R&D assets	34.8	37.7

*Capitalization of R&D expenditures (b) are included in R&D expenditures and capital expenditures