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Consolidated Financial Results for the 3rd Quarter of Fiscal 2016 and Full-Year Forecasts

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3Q Financial Results

- Consolidated: Record-breaking post-Lehman Shock operating income in 9 months
- Medical Business: 3rd consecutive year of record-breaking 9-month performance and 3Q performance

Performance Forecasts

- Previously released full-year forecasts to be accomplished regardless of rising opaqueness of Chinese market and recording of additional loss provision in consideration of progress in discussions with U.S. DOJ

Consolidated Financial Results and Business Overview for the 3Q of Fiscal 2016 (FY Ending March 31, 2016)

3Q of Fiscal 2016 (1) Consolidated Financial Results

Improvement
in profitability

- 1 Record-high operating margin for 9-month period
- 2 Improvement in ratio of gross profit to net sales (+2.8 pt) due to higher ratio of sales from Medical Business
- 3 Higher net income despite recording of additional loss provision of ¥15.6 billion in consideration of progress in discussions with U.S. DOJ

(Billions of yen)	9M (Apr.-Dec.)				3Q (Oct.-Dec.)		
	FY2015	FY2016	YoY Change	YoY (%)	FY2015	FY2016	YoY (%)
Net sales	550.0	592.5	+42.5	+8%	195.0	196.8	+1%
Gross profit (% of sales)	350.4 (63.7%)	393.8 (66.5%)	+43.4 (+2.8pt)	+12%	125.0 (64.1%)	131.0 (66.6%)	+5%
SG&A expenses (% of sales)	288.4 (52.4%)	320.1 (54.1%)	+31.8 (+1.7pt)	+11%	101.4 (52.0%)	107.4 (54.6%)	+6%
Operating income (% of sales)	62.1 (11.3%)	73.7 (12.4%)	+11.6 (+1.1pt)	+19%	23.6 (12.1%)	23.6 (12.0%)	-0%
Ordinary income (% of sales)	48.2 (8.8%)	64.7 (10.9%)	+16.5 (+2.1pt)	+34%	18.5 (9.5%)	21.2 (10.8%)	+14%
Net Income* (% of Sales)	31.9 (5.8%)	42.9 (7.2%)	+10.9 (+1.4%)	+34%	9.6 (4.9%)	7.0 (3.6%)	-27%
¥/US\$	¥107	¥122	¥15 (yen depreciation)				
¥/Euro	¥140	¥134	-¥6 (yen appreciation)				
Impact on net sales	-	+¥26.0 billion					
Impact on operating income	-	+¥12.5 billion					

3Q of Fiscal 2016 (2) Results by Business Segment

① Medical Business: Record-breaking 9-month and 3Q performances

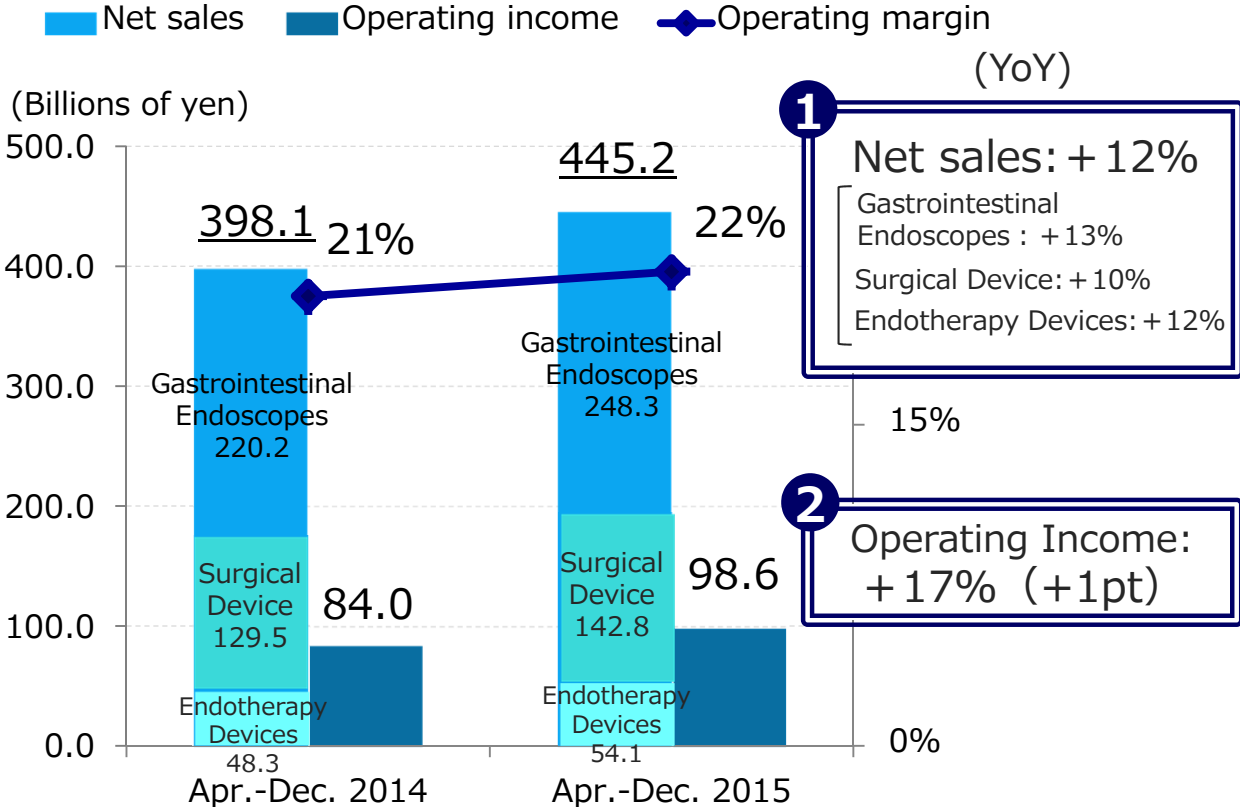
② Imaging Business: Operating income achieved due to reduced SG&A expenses, progress strong

(Billions of yen)		9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
		FY2015	FY2016	YoY Change	YoY (%)	FY2015	FY2016	YoY Change	YoY (%)
Medical	Net sales	398.1	445.2	+47.1	+12%	141.3	147.3	+6.0	+4%
	Operating income	84.0	98.6	+14.6	+17%	29.4	30.8	+1.3	+5%
Scientific Solutions	Net sales	72.8	73.5	+0.7	+1%	26.1	25.1	-1.0	-4%
	Operating income	3.6	5.6	+2.0	+56%	2.3	2.2	-0.1	-3%
Imaging*	Net sales	60.6	62.0	+1.4	+2%	22.9	20.5	-2.4	-11%
	Operating income	-4.9	0.1	+5.0	-	-1.2	0.1	+1.2	-
Others*	Net sales	18.5	11.8	-6.7	-36%	4.6	3.9	-0.7	-16%
	Operating income	-0.4	-4.8	-4.4	-	-0.3	-1.6	-1.3	-
Elimination and corporate	Net sales	-	-	-	-	-	-	-	-
	Operating income	-20.2	-25.8	-5.6	-	-6.6	-7.9	-1.3	-
Total	Net sales	550.0	592.5	+42.5	+8%	195.0	196.8	+1.8	+1%
	Operating income	62.1	73.7	+11.6	+19%	23.6	23.6	-0	-0%

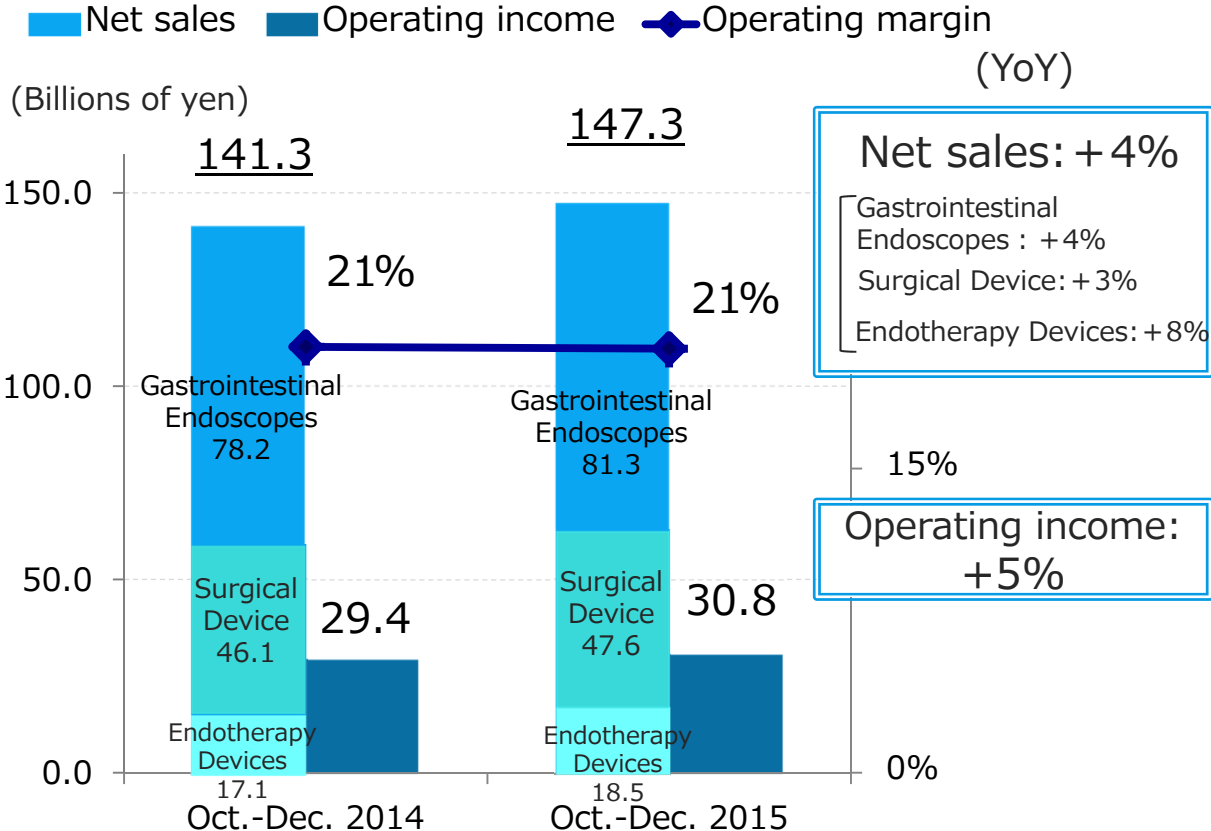
3Q of Fiscal 2016 (3) Medical Business

- 1 9 months: Double-digit growth for gastrointestinal endoscopes, surgical devices, and endotherapy devices due to strong sales in all 3 fields
- 2 9 months: Increased sales and gross profit compensates for higher expenses due to strategic investments, operating margin rises 1pt

9M (Apr.-Dec.)



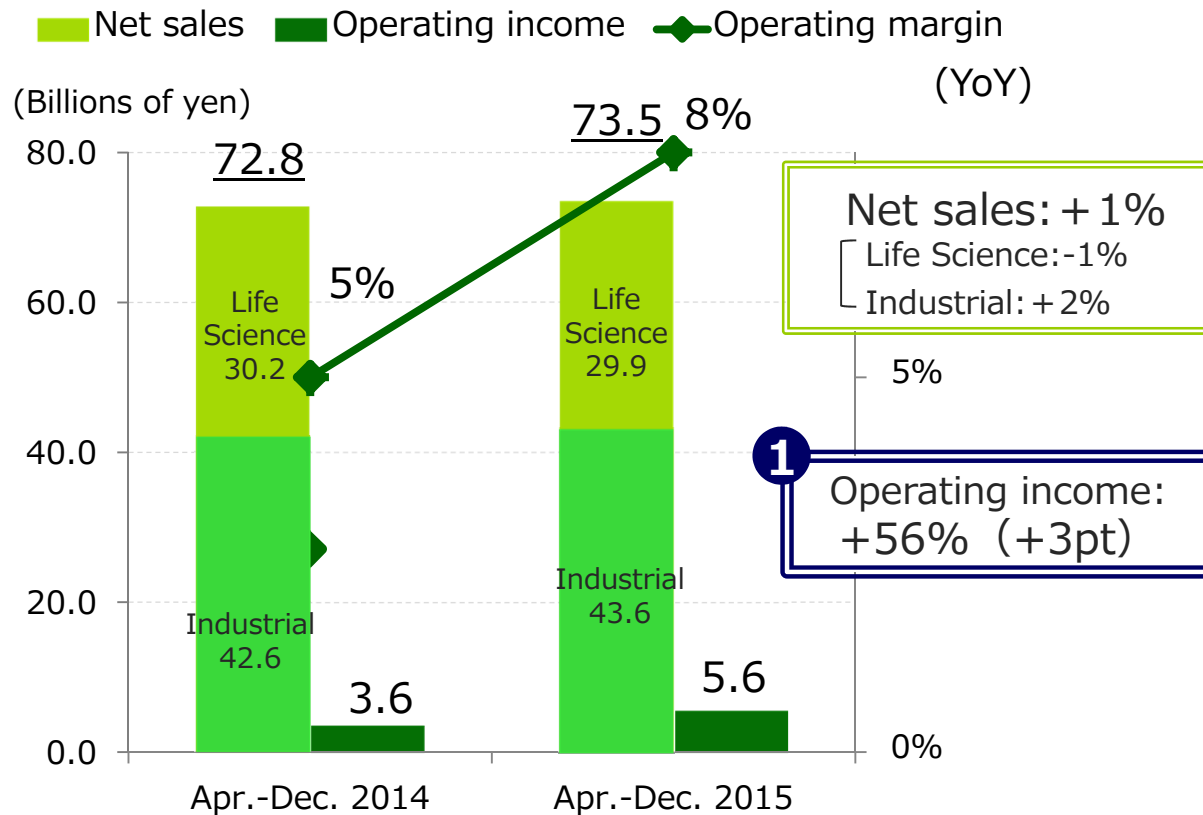
3Q (Oct.-Dec.)



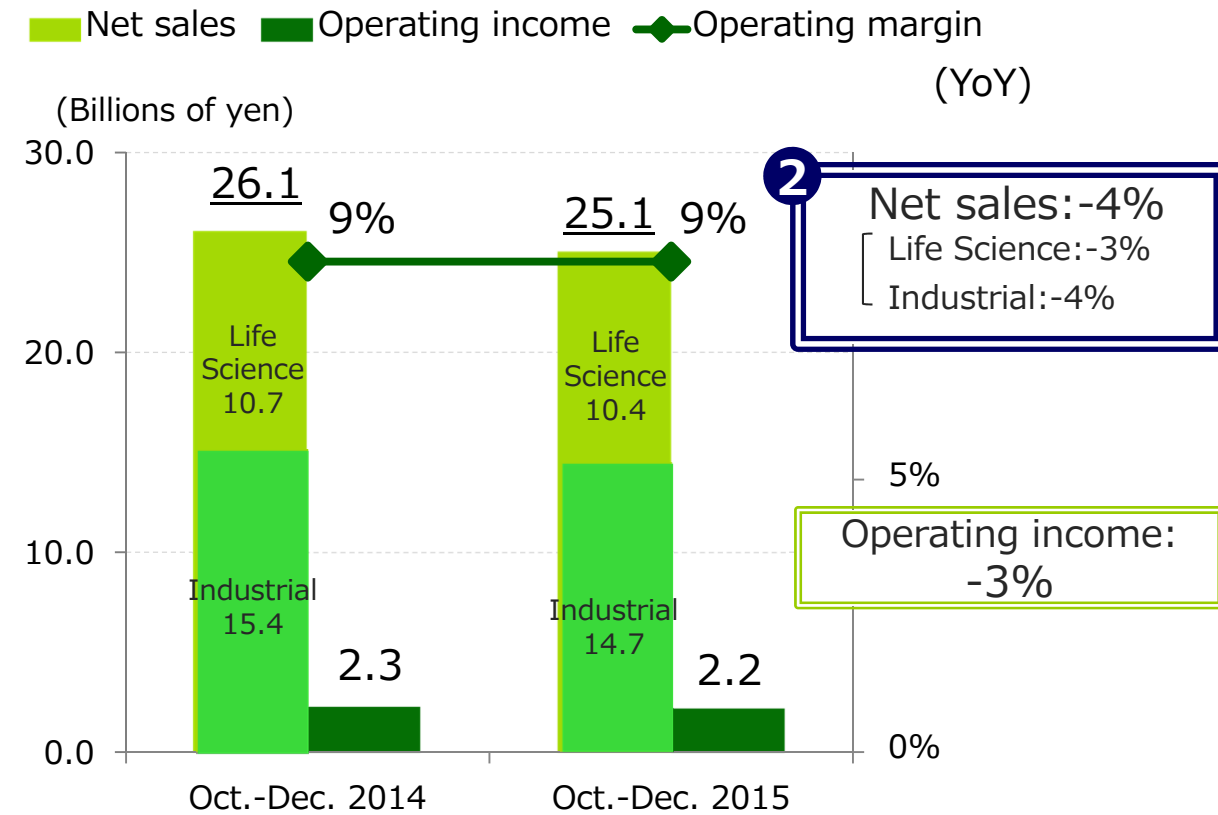
3Q of Fiscal 2016 (4) Scientific Solutions Business

- 9 months: Substantial improvement in operating margin due to benefits of ongoing cost-cutting measures, including reduction in ratio of manufacturing costs to net sales
- 3Q: Operating income relatively unchanged YoY despite sales declines resulting from worsening operating environment

9M (Apr.-Dec.)



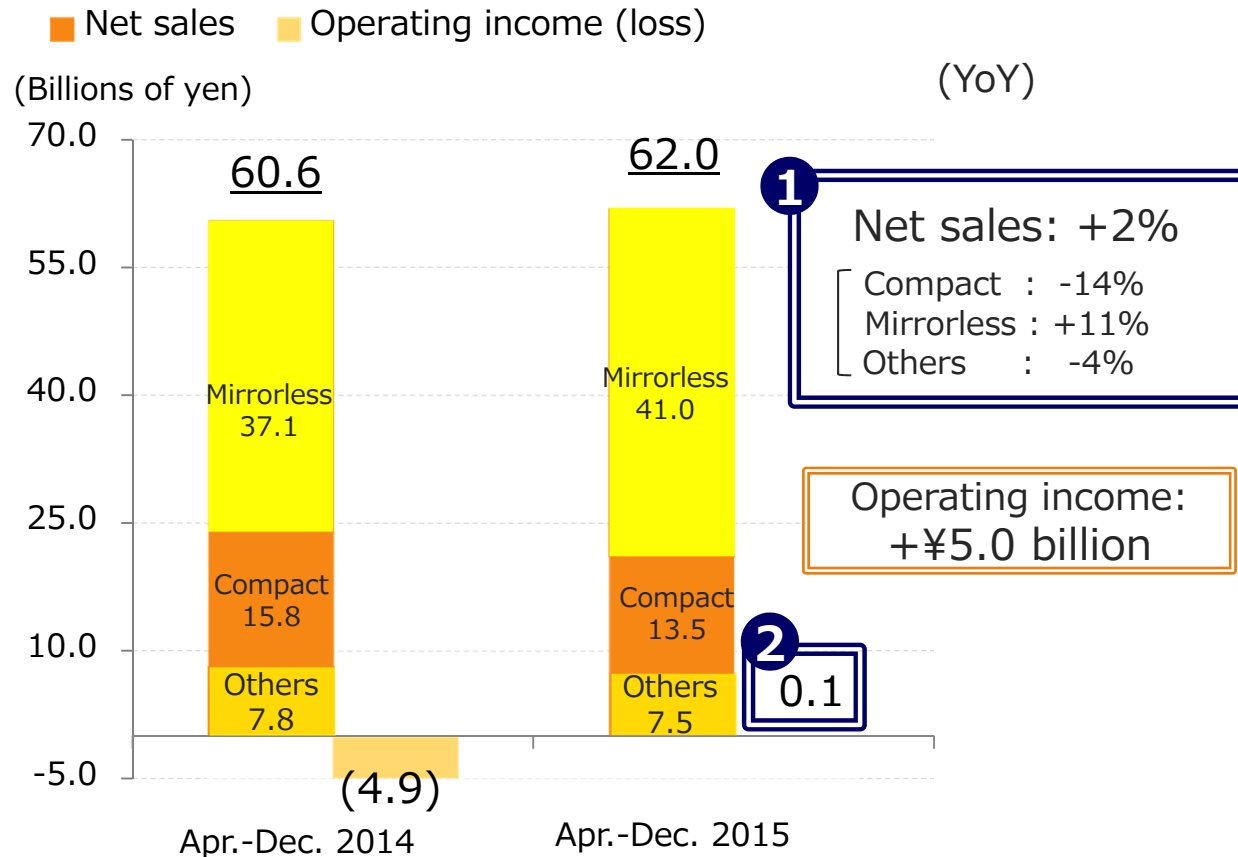
3Q (Oct.-Dec.)



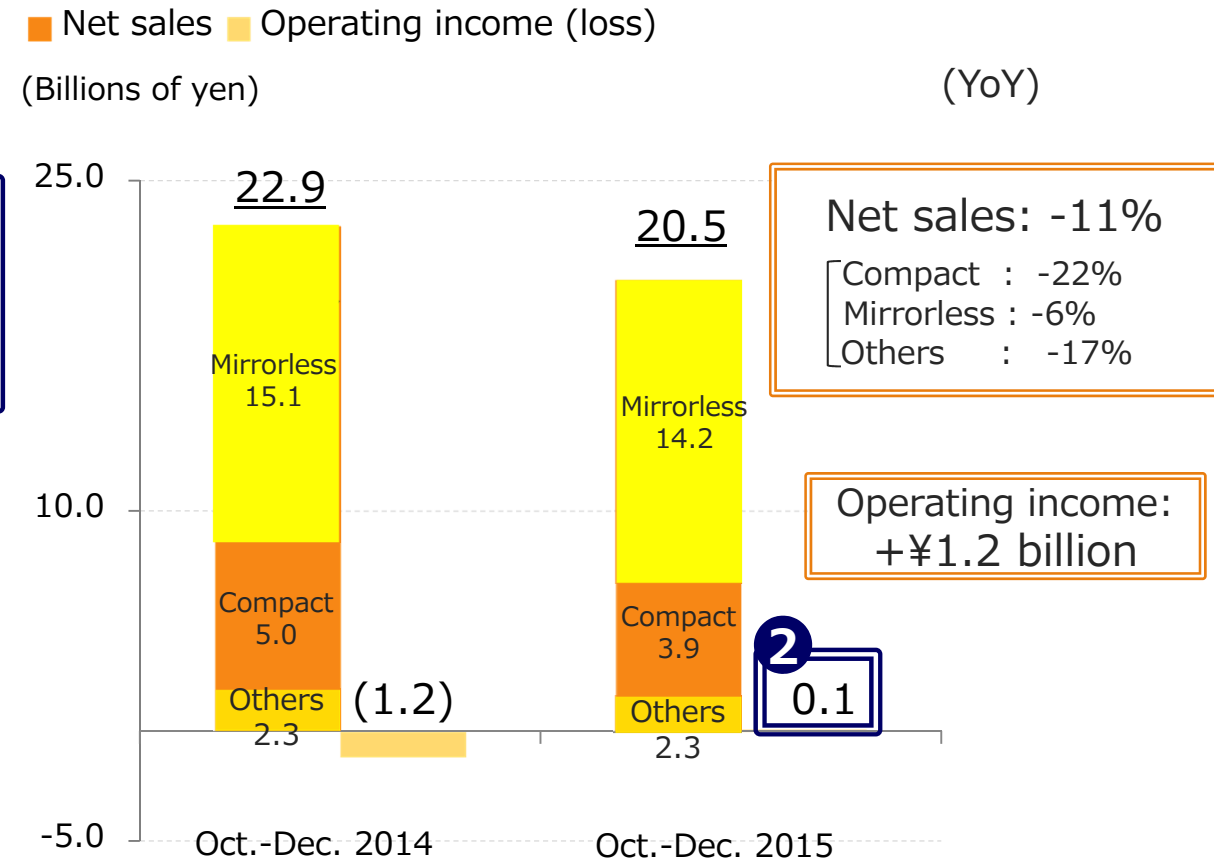
3Q of Fiscal 2016 (5) Imaging Business

- 1 9 months: Sales up due to strong performance of mirrorless cameras centered on OM-D series in Japan and Europe
- 2 9 months & 3Q: Operating income achieved due to reduced SG&A expenses, progress strong

9M (Apr.-Dec.)



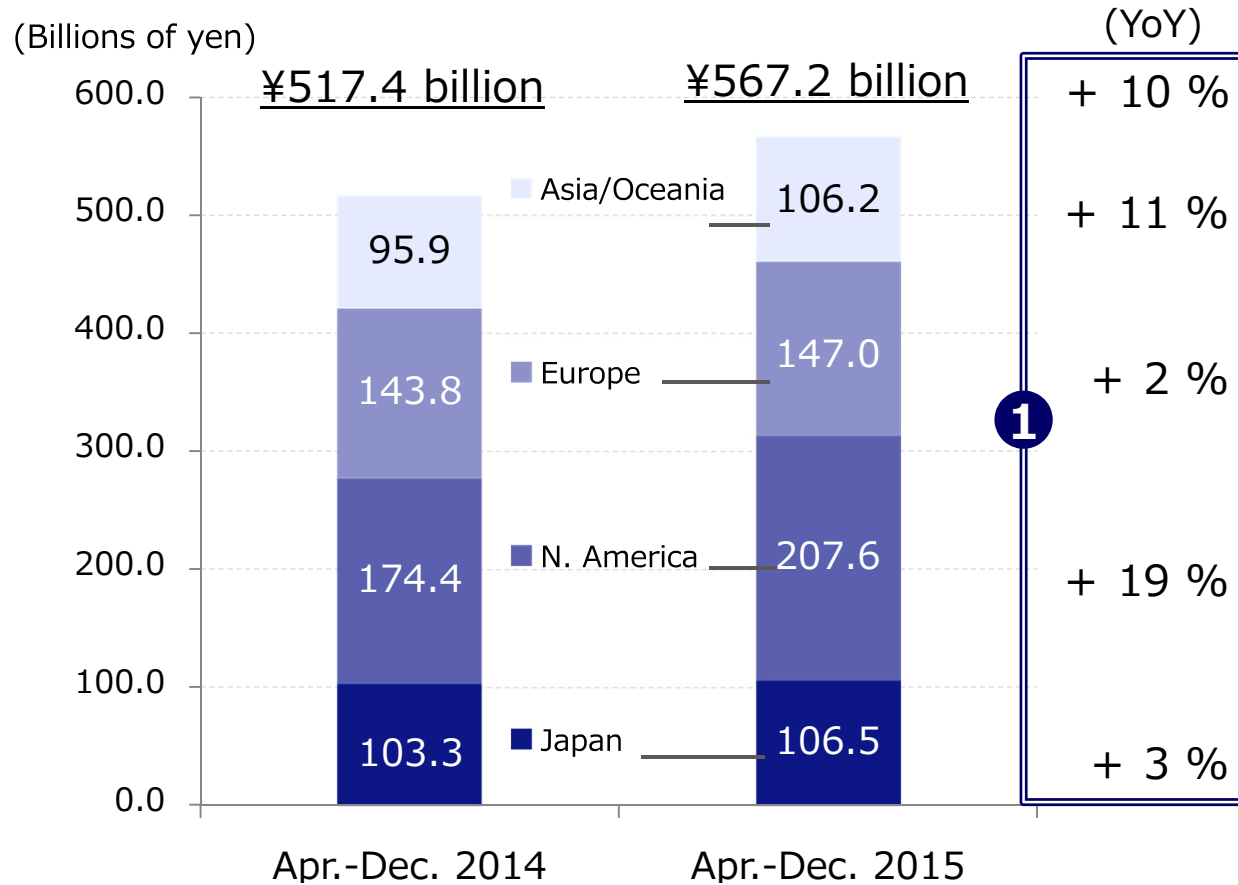
3Q (Oct.-Dec.)



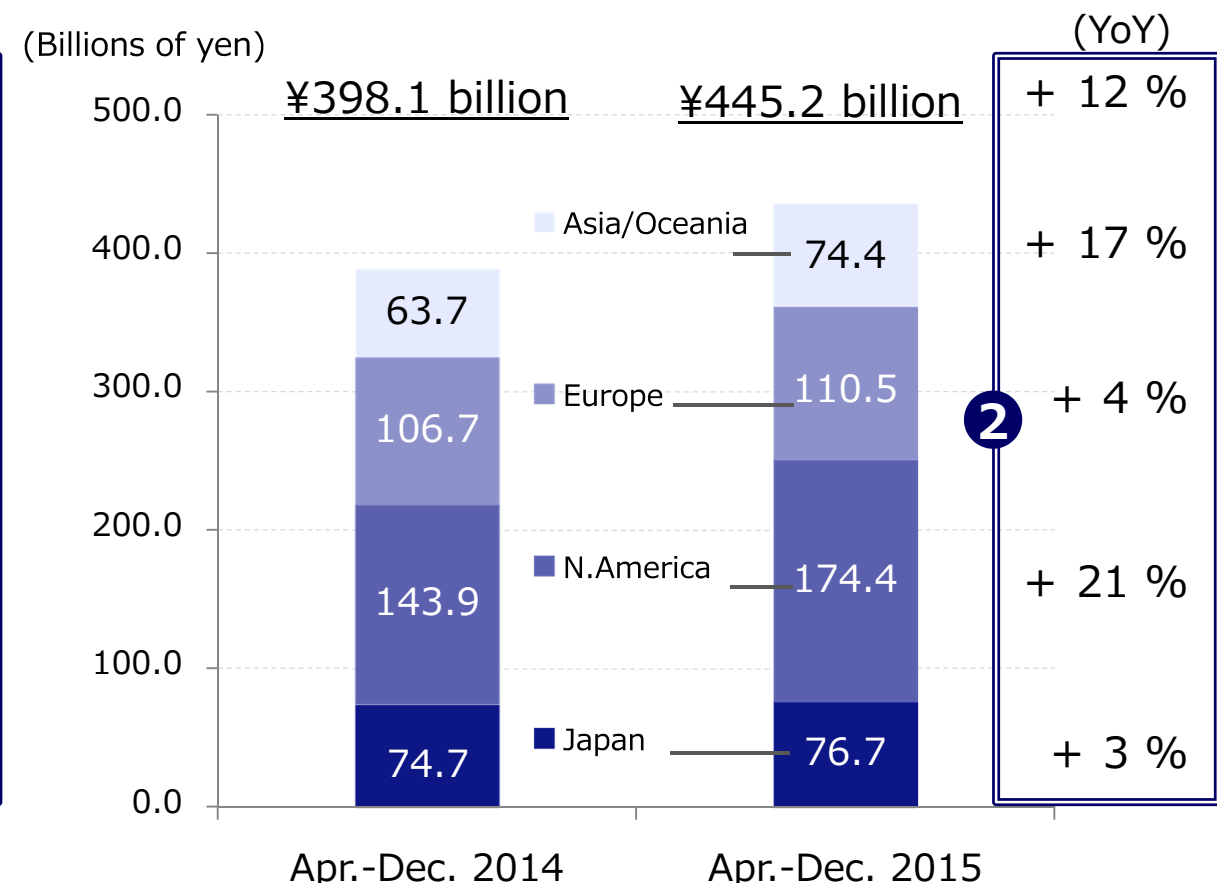
2Q of Fiscal 2016 (6) Net Sales by Region

- ① Consolidated: Strong Medical Business performance drives consolidated performance, sales increases in all regions
 - ② Medical Business: Favorable performance overseas, sales up in all regions
- (China: Double-digit growth achieved because disposable product sales promotions compensated for impacts of economic slowdown)

Consolidated (Apr.-Dec.)*



Medical Business (Apr.-Dec.)



Consolidated Balance Sheet (End of December 2015)

- ① Digital camera inventory reductions progressing as planned, down ¥8.0 billion, to ¥15.7 billion
- ② Property, plant and equipment up ¥17.5 billion due to capital expenditures aimed at major Medical Business production bases
- ③ Interest-bearing debt down approx. ¥40 billion, Equity ratio of 36.7%

(Billions of yen)	End Mar. 2015	End Dec. 2015	Change		End Mar. 2015	End Dec. 2015	Change
Current assets (Digital camera inventories)	577.5 (23.7)	566.9 (15.7)	-10.6 (-8.0)	Current liabilities	374.8	363.7	-11.1
Property, plant and equipment	150.1	167.7	+17.5	Non-current liabilities (Incl. bonds/long-term loans payable)	349.5 (253.3)	319.8 (223.6)	-29.7 (-29.7)
Intangible assets	180.6	166.1	-14.6	Net assets	357.3	399.4	+42.1
Investments and other assets	173.2	182.2	+9.0	(Equity ratio)	(32.9%)	(36.7%)	(+3.8pt)
Total assets	1,081.6	1,082.9	+1.3	Total liabilities and net assets	1,081.6	1,082.9	+1.3

③ Interest-bearing debt : ¥314.2 billion (-¥40.2 billion from March 31, 2015)

Net interest-bearing debt: ¥105.4 billion (-¥39.1 billion from March 31, 2015)

Cash Flows (April to December 2015)

① FCF : Up 3 times YoY, to ¥45.6 billion, primarily due to strong business earnings

(Billions of yen)	FY2015 3Q	FY2016 3Q	Change
Net sales	550.0	592.5	+42.5
Operating income	62.1	73.7	+11.6
(%)	11.3%	12.4%	+1.1pt
CF from operating activities	35.8	84.9	+49.1
CF from investing activities	-21.5	-39.3	-17.8
CF from financing activities	-57.7	-46.0	+11.7
Cash flow	-43.4	-0.4	+43.0
Free cash flow	14.2	45.6	+31.4
Cash and cash equivalents at end of year	216.4	208.8	-7.6
Depreciation and amortization	29.9	29.2	-0.7
Amortization of goodwill	6.9	7.5	+0.6
Capital expenditures	27.8	48.5	+20.8

Forecast for Fiscal 2016

Forecasts of Consolidated Financial Results for Fiscal 2016

- Previously released full-year forecasts projected to be accomplished regardless of rising opaqueness of Chinese market and recording of additional loss provision of ¥15.6 billion in consideration of progress in discussions with U.S. DOJ

(Billions of yen)	FY2015 (Results)	FY2016 (Newest forecasts)	Change	YoY (%)
Net sales	764.7	816.0	+51.3	+7%
Operating income (% of net sales)	91.0 (11.9%)	100.0 (12.3%)	+9.0 (+0.4pt)	+10%
Non-operating income/expenses	-18.2	-14.0	+4.2	—
Ordinary income (% of net sales)	72.8 (9.5%)	86.0 (10.5%)	+13.2 (+1.0pt)	+18%
Net income* (% of net sales)	-8.7 (—)	56.0 (6.9%)	+64.7 (—)	—
¥/US\$	¥110	¥120	¥10 (yen depreciation)	
¥/Euro	¥139	¥133	¥6 (yen appreciation)	
Impact on net sales	-	+¥22.1 billion		
Impact on operating income	-	+¥11.9 billion		

Segment Forecasts for Fiscal 2016 (Full-Year)

- 1 Medical Business performance to drive consolidated performance
- 2 Net sales: Downward revision in Scientific Solutions Business in reflection of worsening operating environment, upward revision in Imaging Business in consideration of sales increases seen thus far
Operating income: No revisions to forecasts for Scientific Solutions Business or Imaging Business

	(Billions of yen)	FY2015 (Results)	FY2016 (Newest forecasts)	YoY Change	YoY (%)	FY2016 (Previous forecasts)
Medical	Net sales	558.3	1 615.0	+56.7	+10%	615.0
	Operating income	124.9	137.0	+12.1	+10%	137.0
Scientific Solutions	Net sales	103.9	2 106.0	+2.1	+2%	110.0
	Operating income	6.8	8.0	+1.2	+17%	8.0
Imaging*	Net sales	79.4	80.0	+0.6	+1%	76.0
	Operating income	-11.7	0	+11.7	-%	0
Others* (New Business)	Net sales	23.0	15.0	-8.0	-35%	15.0
	Operating income	-1.0	-12.0	-11.0	-%	-12.0
Elimination and corporate	Net sales	-	-	-	-%	-
	Operating income	-28.1	-33.0	-4.9	-%	-33.0
Consolidated total	Net sales	764.7	816.0	+51.3	+7%	816.0
	Operating income	91.0	100.0	+9.0	+10%	100.0

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Supplementary Materials

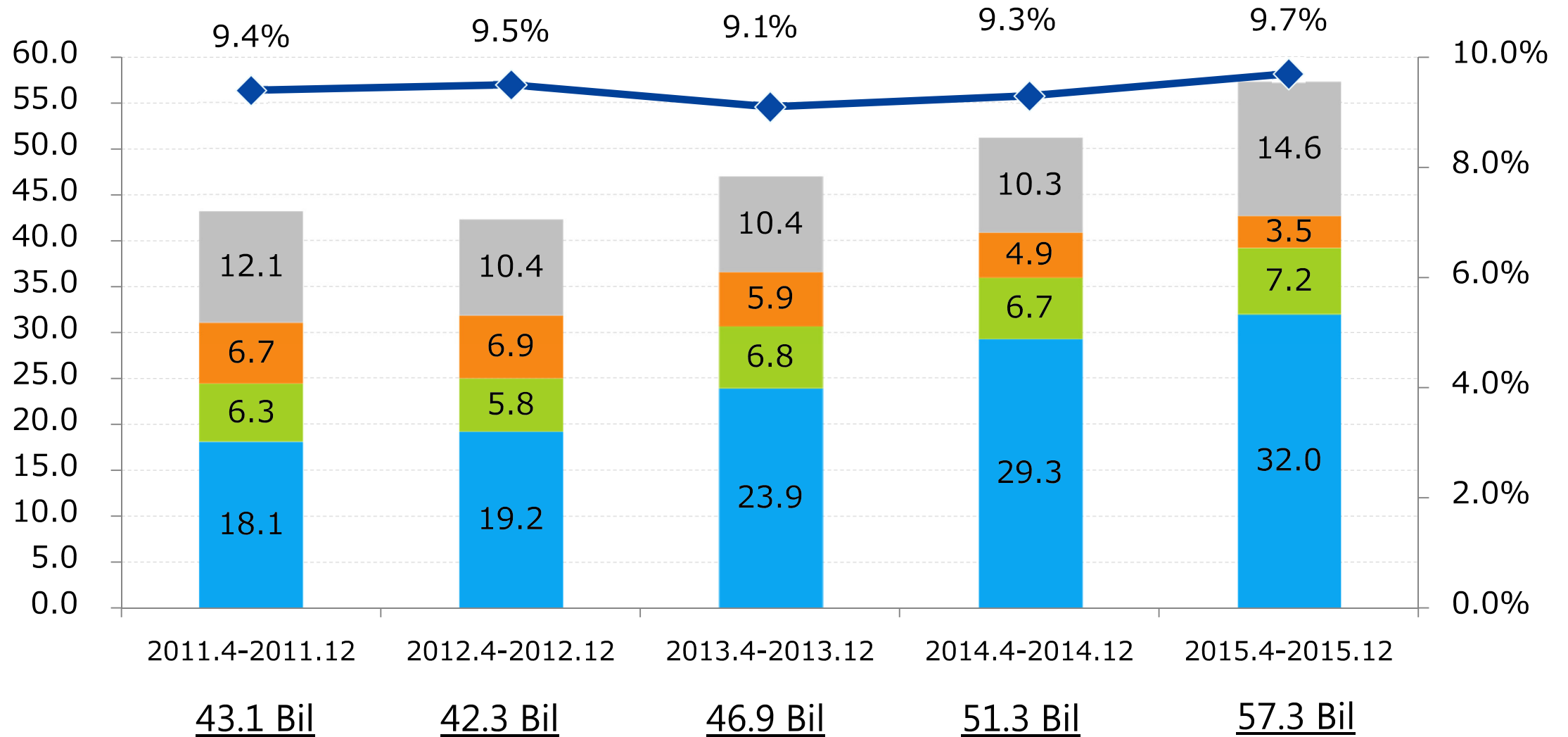
【Supplementary Materials】 Imaging Business 3Q YoY Difference

(Billions of Yen)	Fiscal 2015 3Q (Oct.-Dec.)	Fiscal 2016 3Q (Oct.-Dec.)	YoY Change (Difference)															
Net Sales	22.9	20.5	-2.4															
<table border="0"> <tr> <td style="font-size: 3em; vertical-align: middle;">[</td> <td>Digital SLR (mirrorless)</td> <td>15.1</td> <td>14.2</td> <td>-0.8</td> </tr> <tr> <td></td> <td>Compact Camera</td> <td>5.0</td> <td>3.9</td> <td>-1.1</td> </tr> <tr> <td></td> <td>Others *</td> <td>2.8</td> <td>2.3</td> <td>-0.5</td> </tr> </table>	[Digital SLR (mirrorless)	15.1	14.2	-0.8		Compact Camera	5.0	3.9	-1.1		Others *	2.8	2.3	-0.5			
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	Compact Camera	5.0	3.9	-1.1														
	Others *	2.8	2.3	-0.5														
Gross Profit	9.7	8.8	-0.9															
SG&A expenses	10.9	8.7	-2.1															
Operating income (loss)	-1.2	0.1	+1.3															

* The new business previously included under the Imaging Business are now included in Others. Figures for FY 2015 have been restated to reflect this change.

【Supplementary Materials】 R&D Expenditures

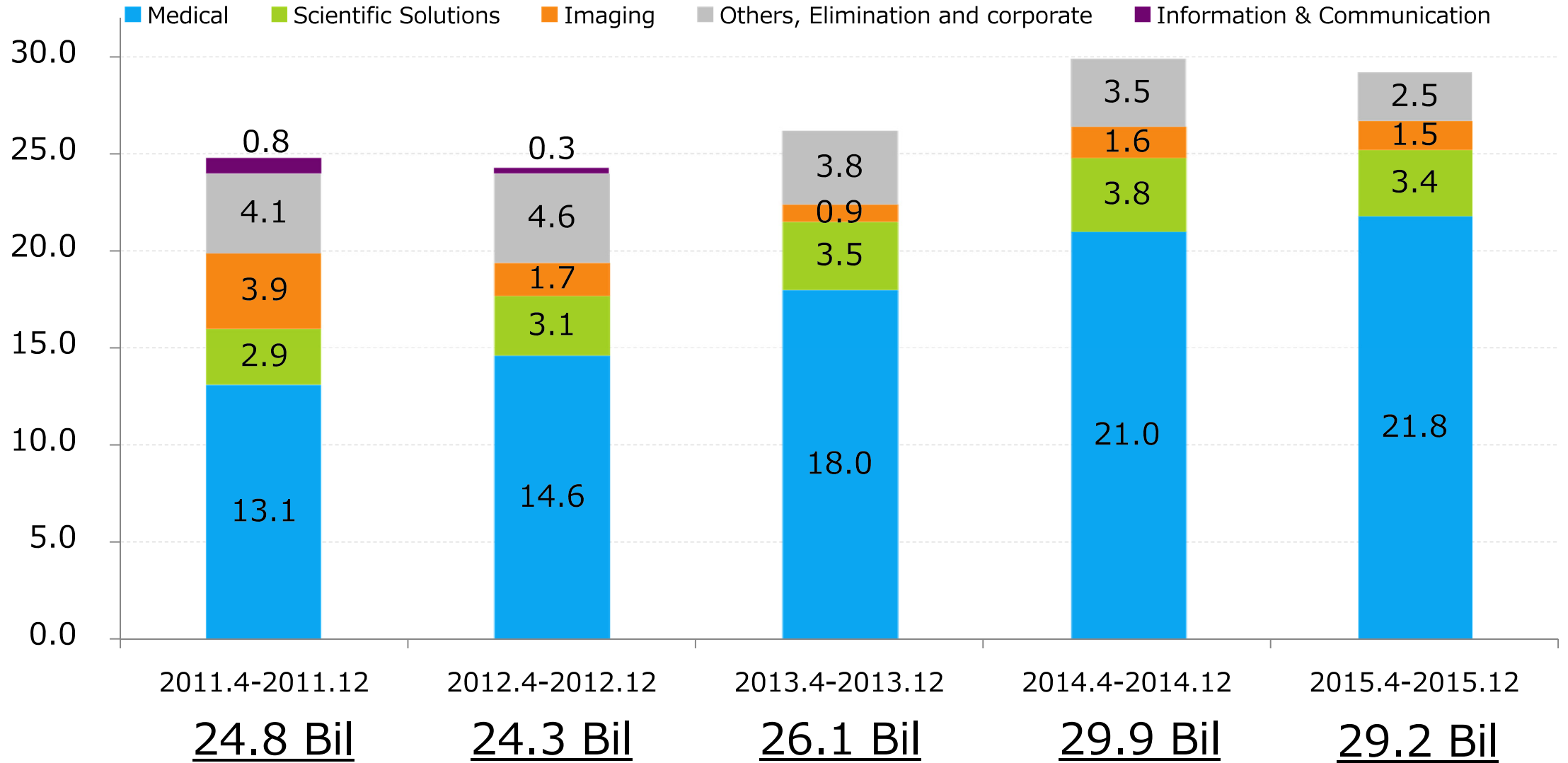
(Billions of Yen) ■ Medical ■ Scientific Solutions ■ Imaging ■ Others, Elimination and corporate ◆ % of net sales*



* Excluded net sales of Information & Communication Business

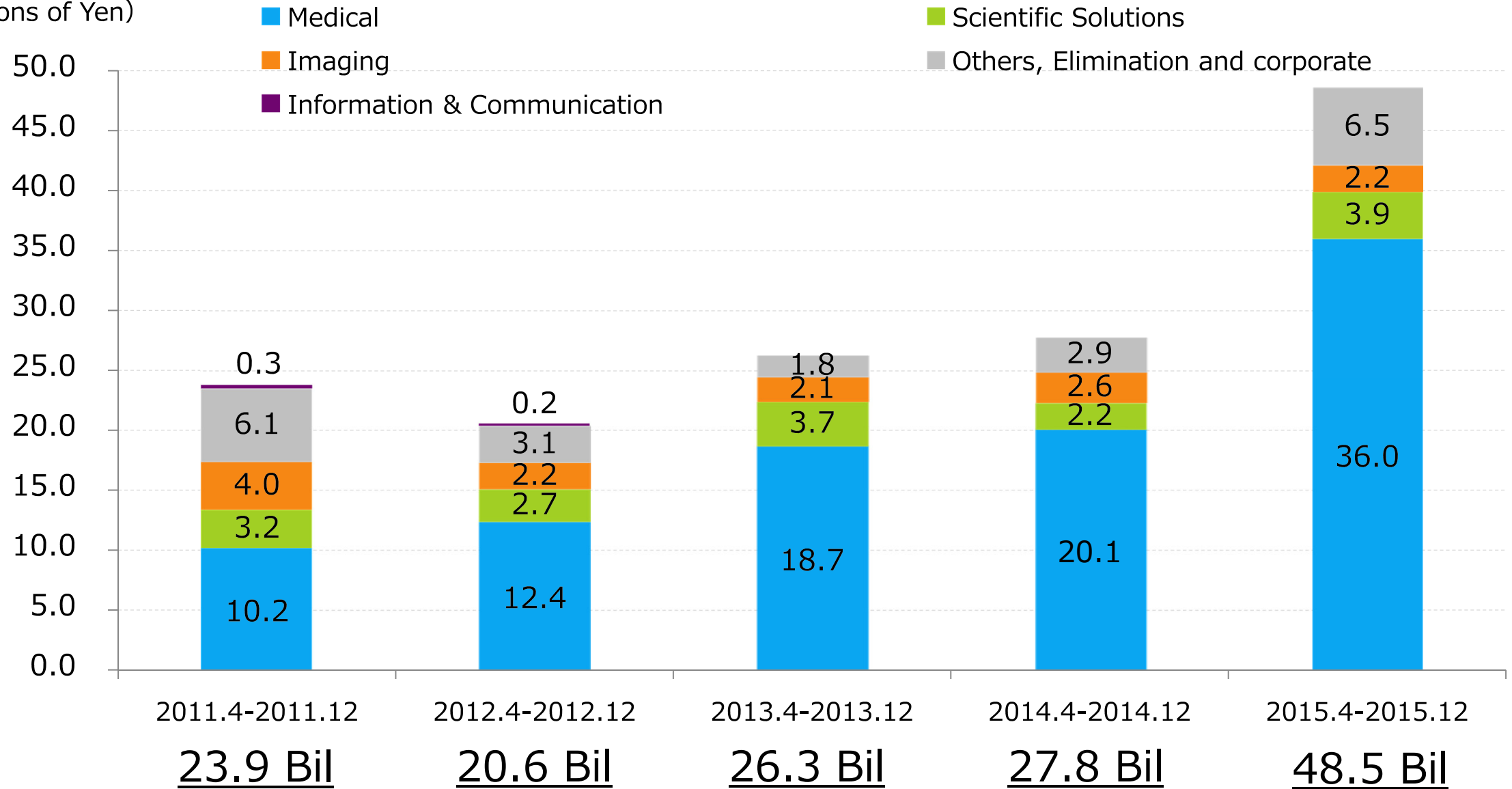
【Supplementary Materials】 Depreciation and Amortization

(Billions of Yen)



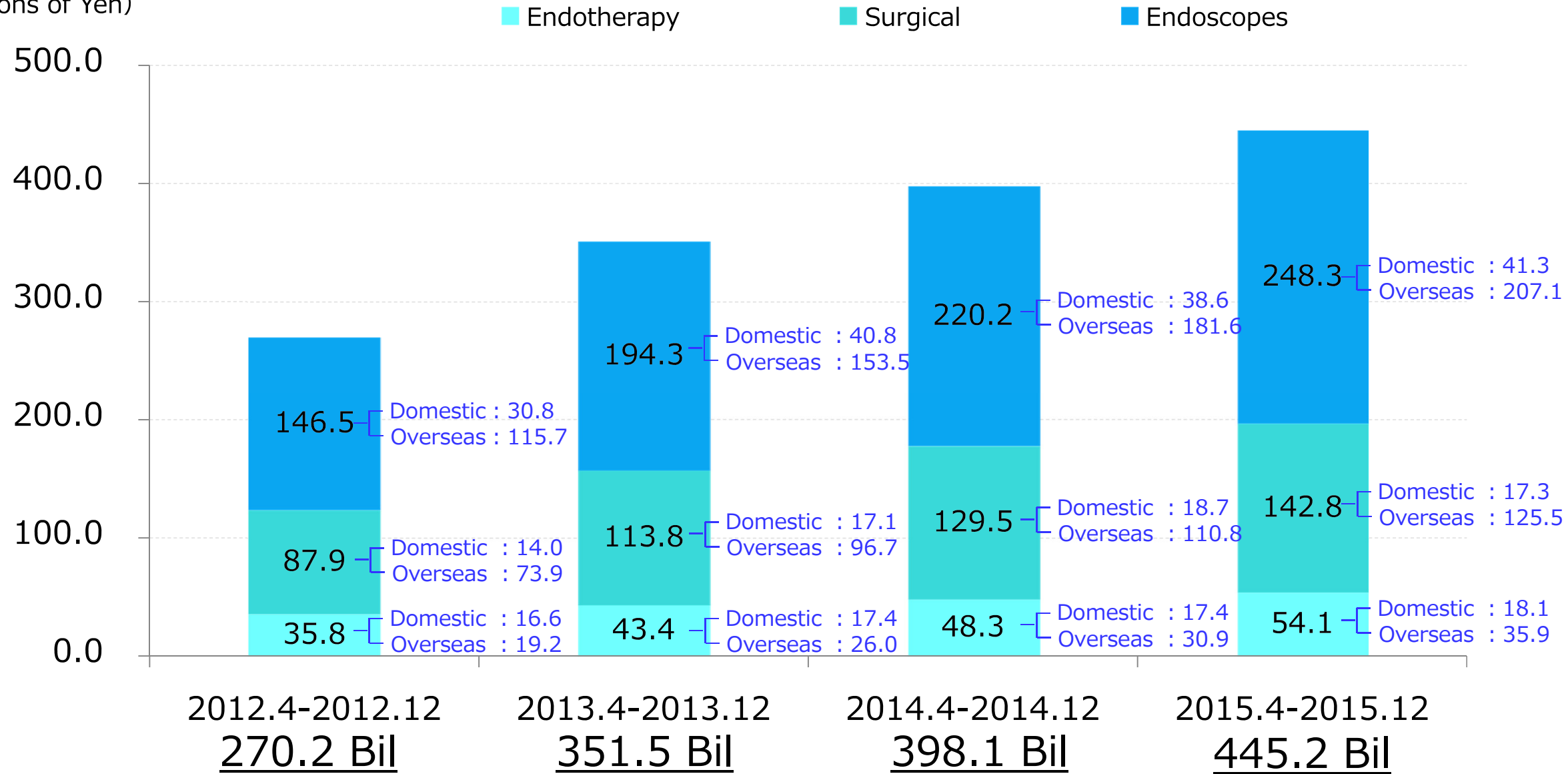
【Supplementary Materials】 Capital Expenditures

(Billions of Yen)



【Supplementary Materials】 Sales by product (Medical)

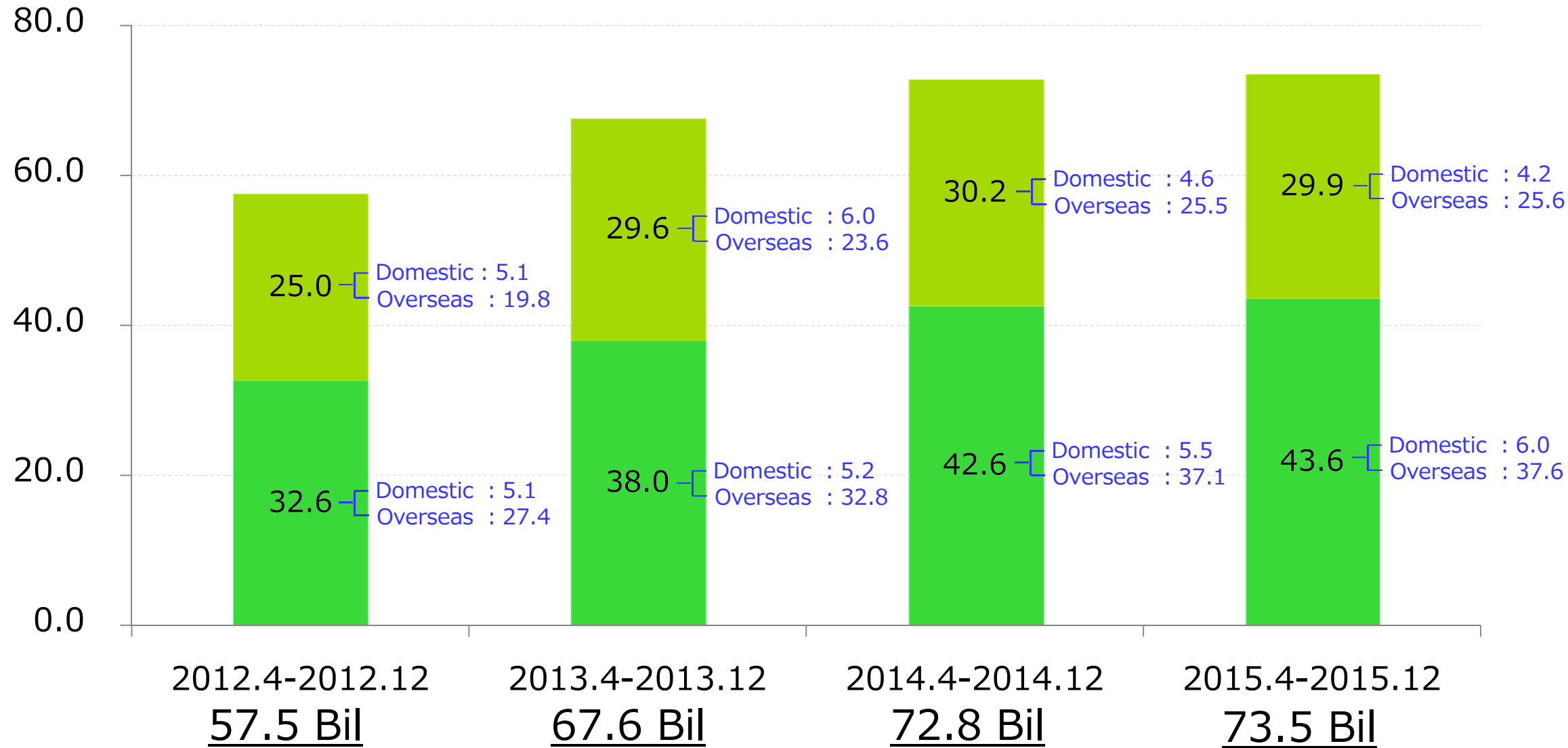
(Billions of Yen)



【Supplementary Materials】 Sales by product (Scientific Solutions)

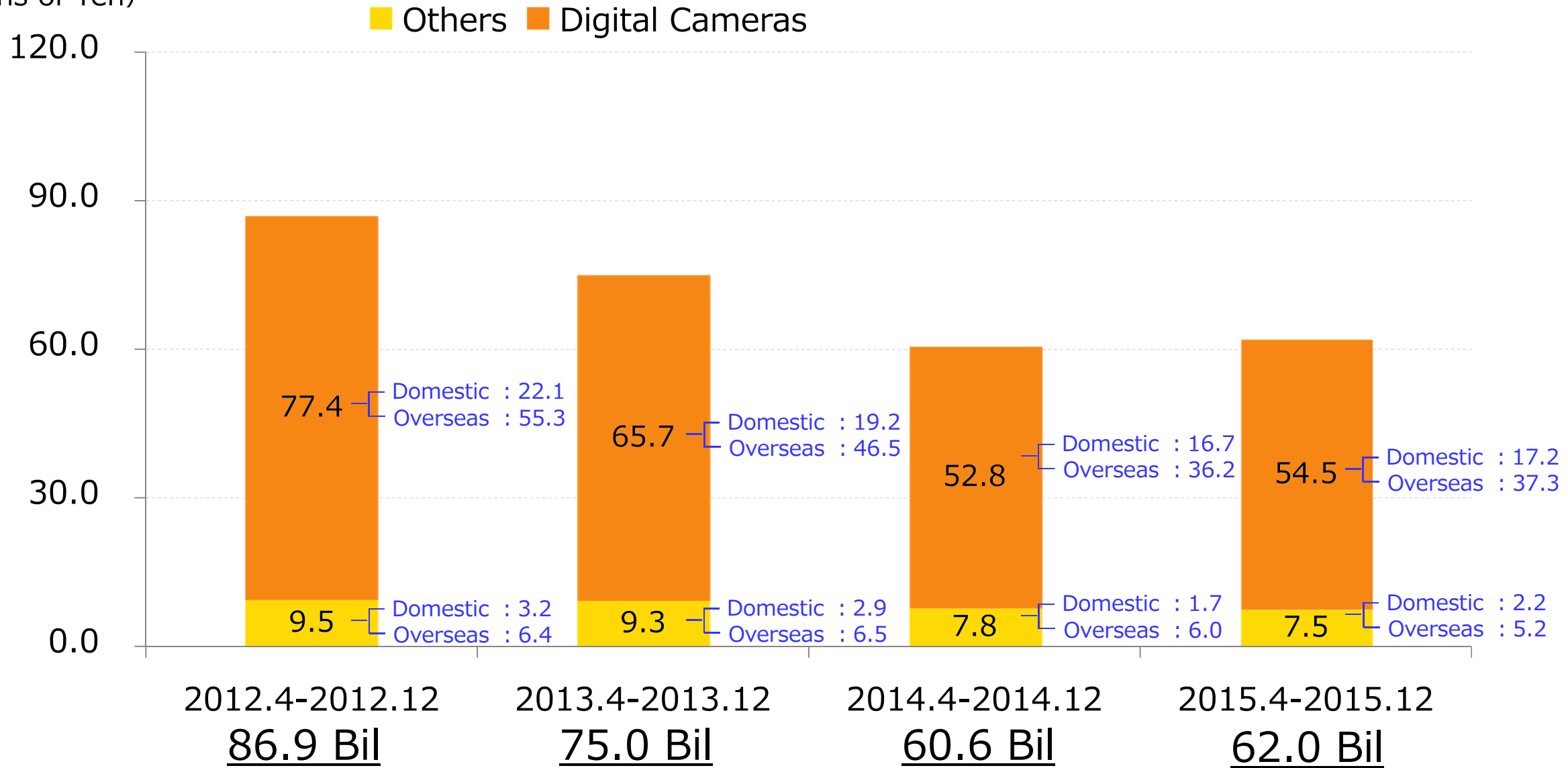
(Billions of Yen)

Industrial Life Science



【Supplementary Materials】 Sales by product (Imaging)

(Billions of Yen)

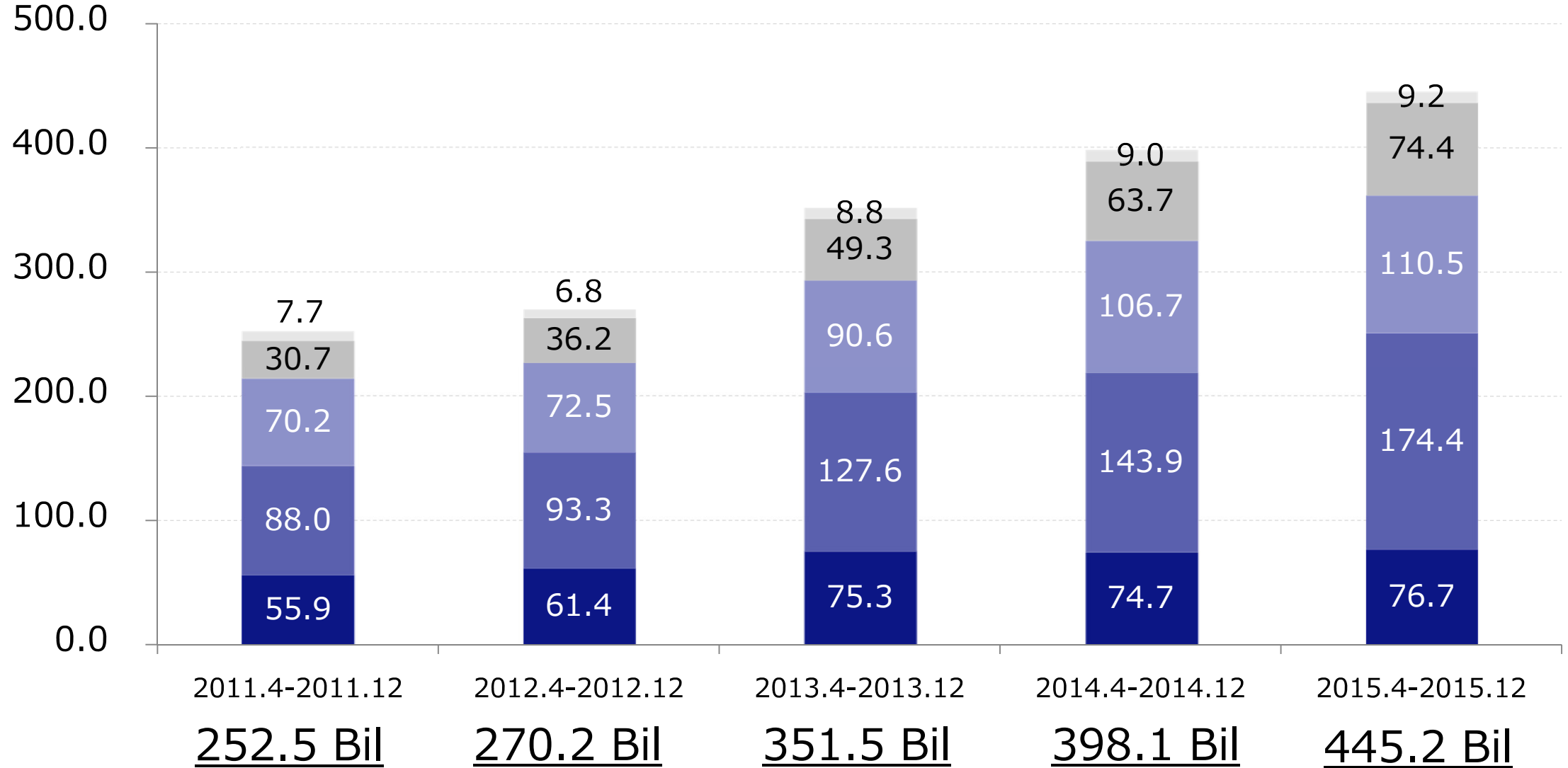


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【Supplementary Materials】 Sales by Reign (Medical)

(Billions of Yen)

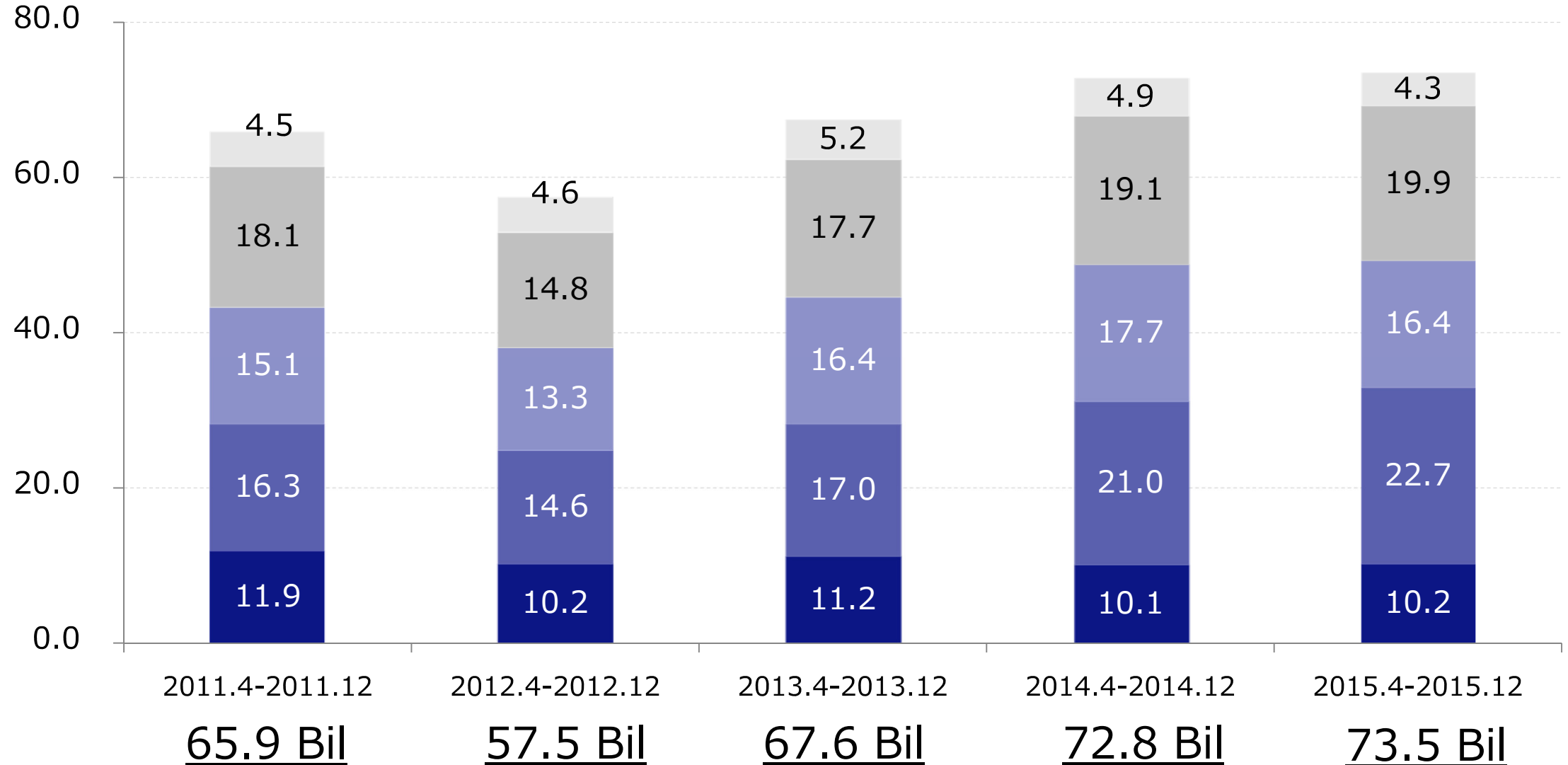
■ Japan ■ N.America ■ Europe ■ Asia/Oceania ■ Others



【Supplementary Materials】 Sales by Reign (Scientific Solutions)

(Billions of Yen)

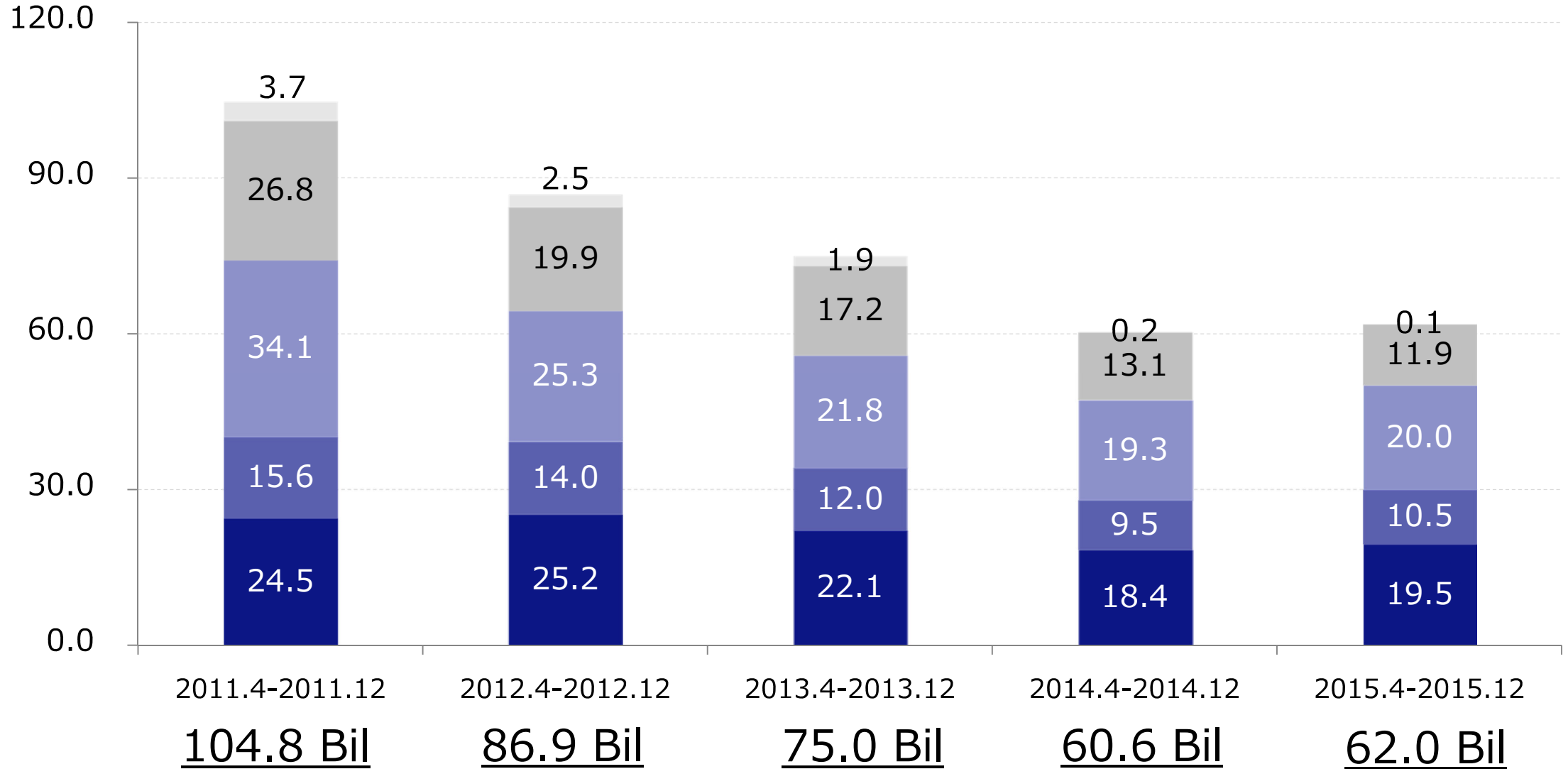
■ Japan ■ N.America ■ Europe ■ Asia/Oceania ■ Others



【Supplementary Materials】 Sales by Reign (Imaging)

(Billions of Yen)

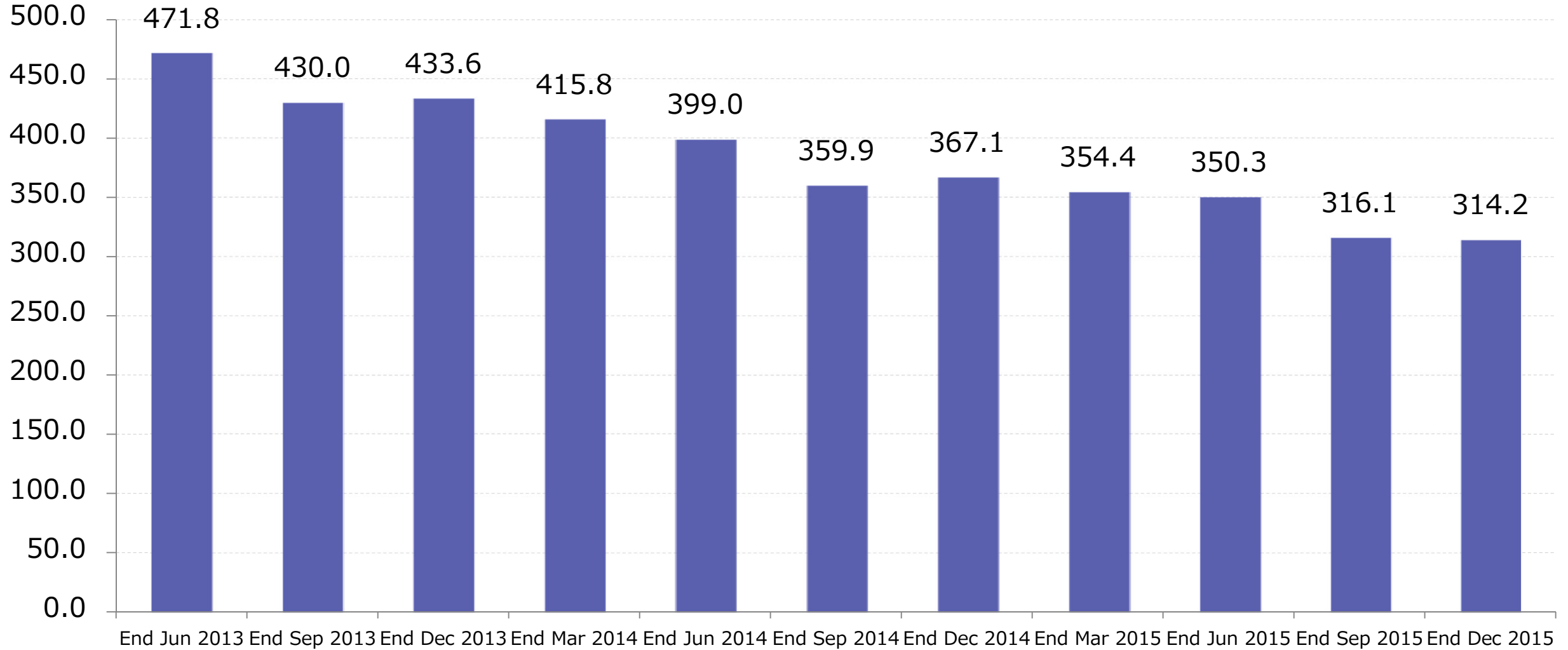
■ Japan ■ N. America ■ Europe ■ Asia/Oceania ■ Others



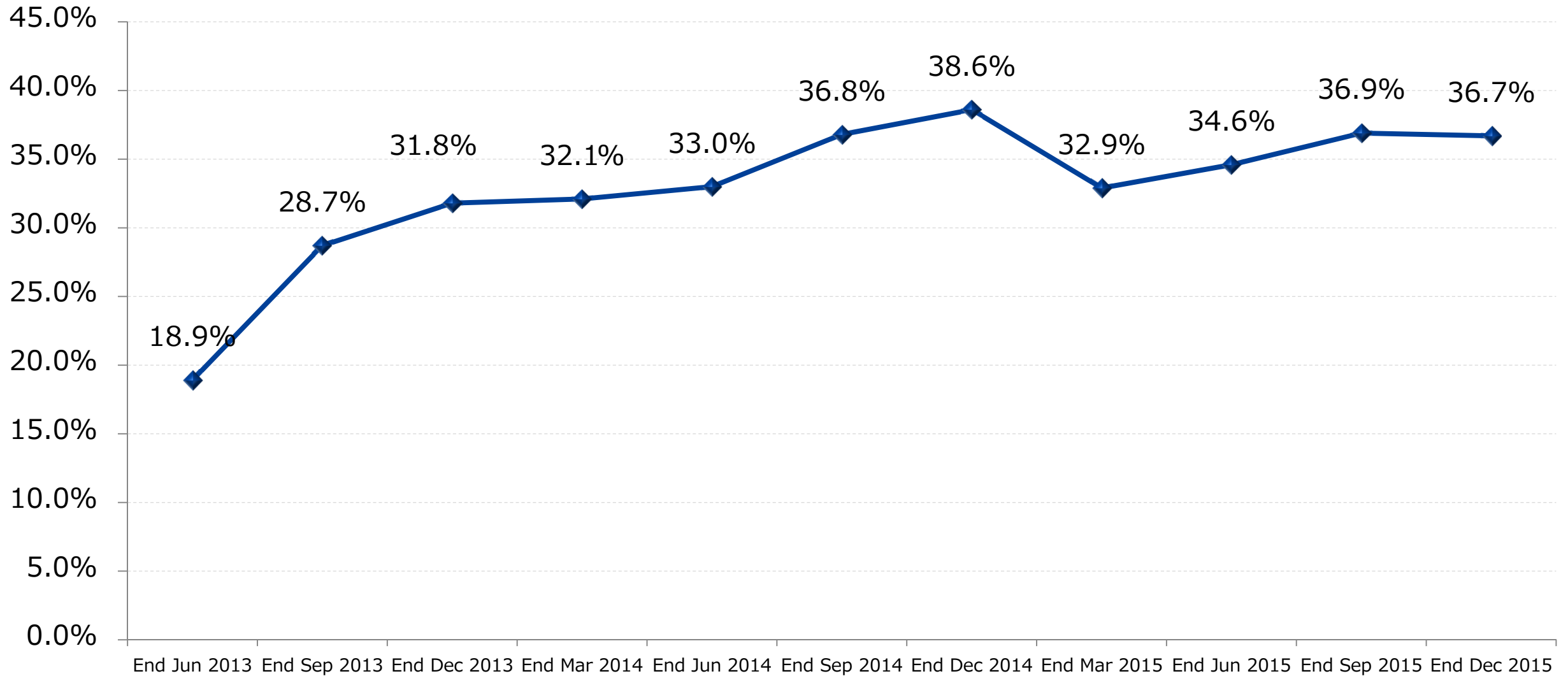
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【Supplementary Materials】 Interest-bearing Debt

(Billions of Yen)



【Supplementary Materials】 Equity Ratio



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