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Consolidated Financial Results for the 3rd Quarter of Fiscal 2015 and Full-Year Forecasts

Yasuo Takeuchi
Director, Senior Executive Managing Officer
Group President of Group Management Office
Olympus Corporation

February 6, 2015

Consolidated Financial Results and Business Overview for the 3Q of Fiscal 2015 (Fiscal Year Ending March 31, 2015)

3Q (9-months) Highlights

3Q Financial Results

Substantially higher operating income (highest post-Lehman Shock figure) supported by strong Medical Business performance

Full-Year Forecasts

Previously-released full-year forecasts to be achieved

Financial Condition

Equity ratio rises to approx. 39%

3Q of Fiscal 2015 (1) Consolidated Financial Results

- ① New post-Lehman Shock (fiscal 2009) record for 9-month operating income set at ¥62.1 billion
- ② 9-month net income approx. 5 times higher than corresponding period of fiscal 2014 at ¥31.9 billion
- ③ 3Q (Oct-Dec) operating income exceeds figures for 3Q (Oct-Dec) of fiscal 2014

(Billions of yen)	9M (Apr.-Dec.)				3Q (Oct.-Dec.)		
	FY2014	FY2015	YoY change	YoY (%)	FY2014	FY2015	YoY (%)
Net sales	513.7	550.0	+36.3	+7%	179.8	195.0	+8%
SG&A expenses (% of sales)	267.4 (52.1%)	288.4 (52.4%)	+20.9 (+0.3pt)	+8%	91.1 (50.6%)	101.4 (52.0%)	+11%
Operating income (% of sales)	49.9 (9.7%)	① 62.1 (11.3%)	+12.2 (+1.6pt)	+24%	21.4 (11.9%)	③ 23.6 (12.1%)	+11%
Ordinary income (% of sales)	34.1 (6.6%)	48.2 (8.8%)	+14.1 (+2.2pt)	+41%	17.2 (9.5%)	18.5 (9.5%)	+8%
Net income (% of sales)	5.8 (1.1%)	② 31.9 (5.8%)	+26.1 (+4.7pt)	+446%	13.8 (7.7%)	9.6 (4.9%)	-30%
¥/US\$	¥99	¥107	¥7 (yen depreciation)				
¥/Euro	¥132	¥140	¥8 (yen depreciation)				
Impact on net sales	-	+¥27.6 bil.					
Impact on operating income	-	+¥8.0 bil.					

3Q of Fiscal 2015 (2) Results by Business Segment

- ① **Medical:** Both net sales and operating income set new 9-month records, supported consolidated performance improvements
- ② **Scientific Solutions:** Net sales and operating income up due to strong performances in both life science and industrial fields in U.S.
- ③ **Others:** Profitability achieved due to withdrawal from biologics business

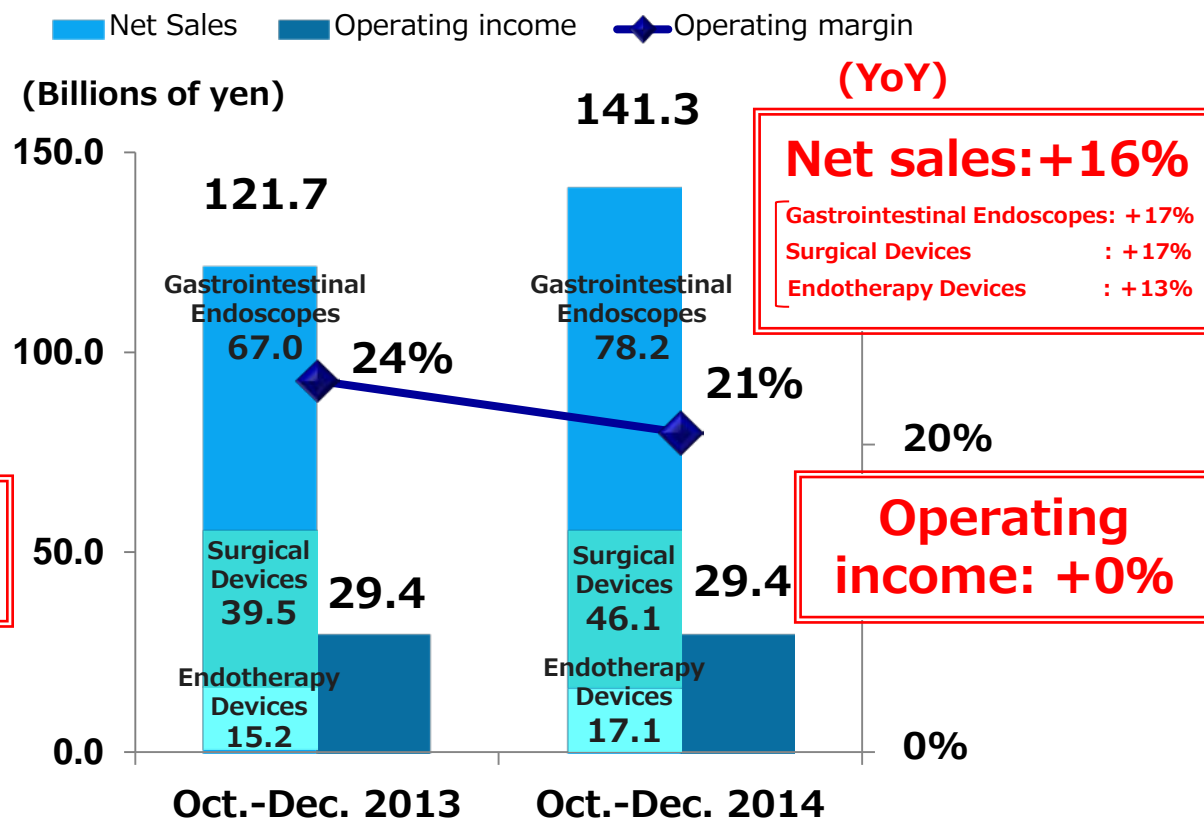
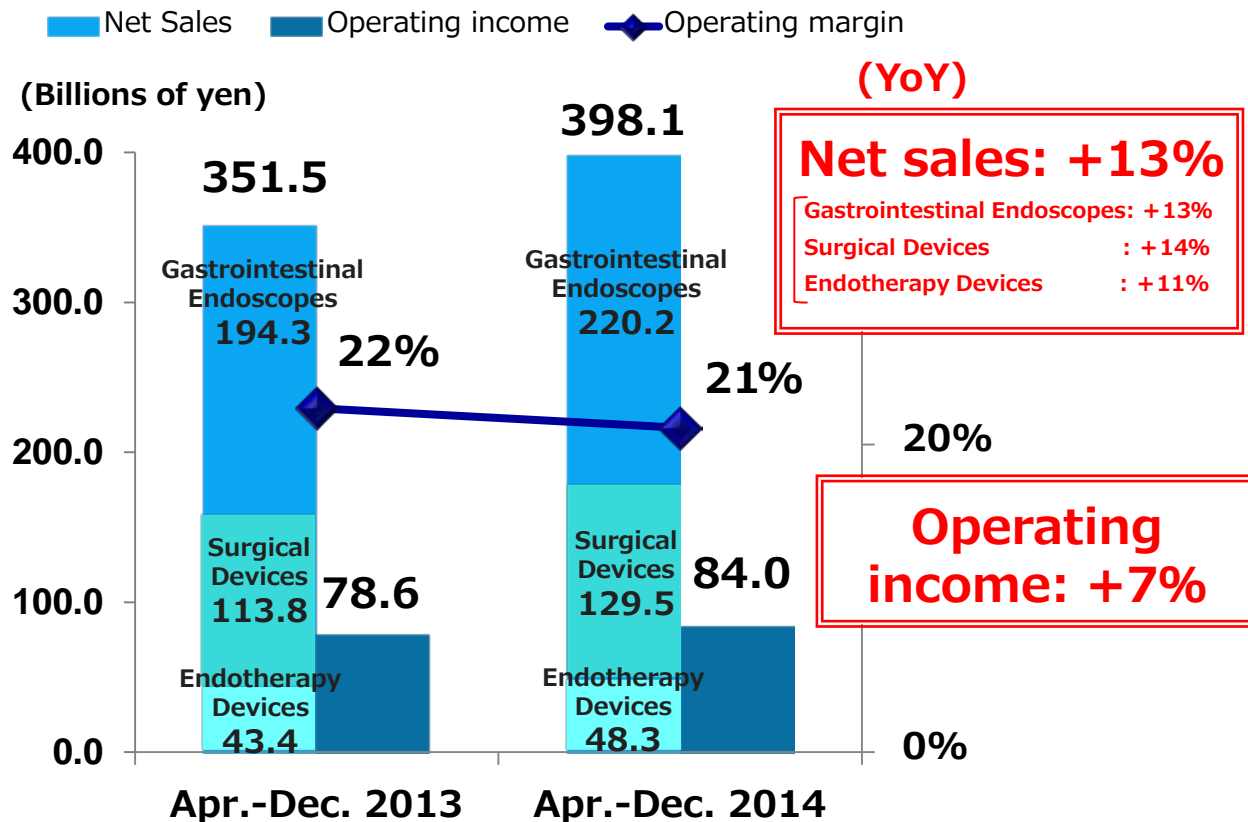
(Billions of yen)		9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
		FY2014	FY2015	YoY change	YoY (%)	FY2014	FY2015	YoY change	YoY(%)
Medical	Net sales	351.5	① 398.1	+46.6	+13%	121.7	141.3	+19.7	+16%
	Op. income	78.6	84.0	+5.4	+7%	29.4	29.4	+0	+0%
Scientific Solutions	Net sales	67.6	② 72.8	+5.2	+8%	23.6	26.1	+2.5	+11%
	Op. income	2.1	3.6	+1.5	+73%	1.5	2.3	+0.8	+53%
Imaging	Net sales	75.0	64.3	-10.7	-14%	28.0	24.2	-3.8	-13%
	Op. income	-4.4	-6.2	-1.8	-	-1.7	-1.6	+0.1	-
Others	Net sales	19.6	③ 14.8	-4.8	-24%	6.6	3.4	-3.3	-49%
	Op. income	-4.4	0.9	+5.3	-	-1.6	0.2	+1.7	-
Elimination and corporate	Net sales	-	-	-	-	-	-	-	-
	Op. income	-22.0	-20.2	+1.8	-	-6.3	-6.6	-0.4	-
Consolidated Total	Net sales	513.7	550.0	+36.3	+7%	179.8	195.0	+15.2	+8%
	Op. income	49.9	62.1	+12.2	+24%	21.4	23.6	+2.2	+11%

3Q of Fiscal 2015 (3) Medical Business

- ◆ Double digit growth in all 3 fields, new records set for 9-month net sales and operating income
- ◆ Strategic investments proceeding as planned (progress of staff expansion: approx. 90% of full-year target of 1,000 hires achieved)

9M (Apr.-Dec.)

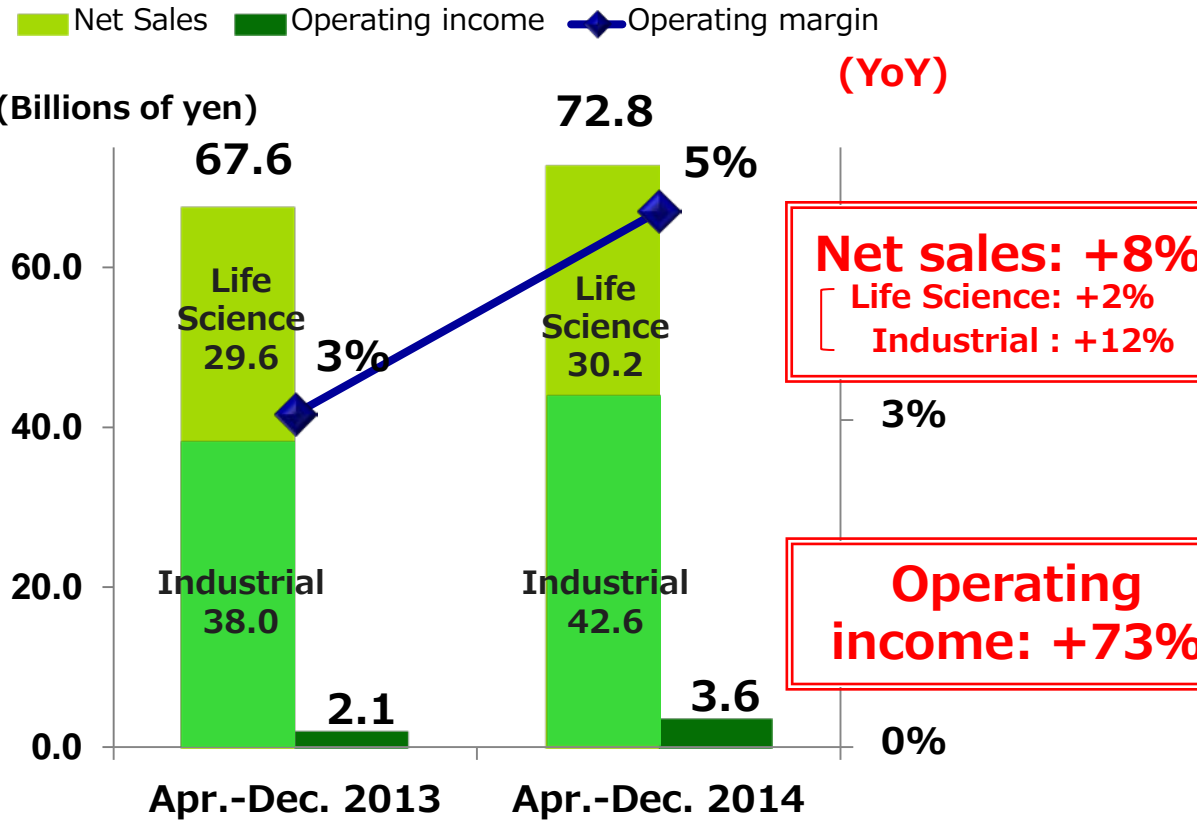
3Q (Oct.-Dec.)



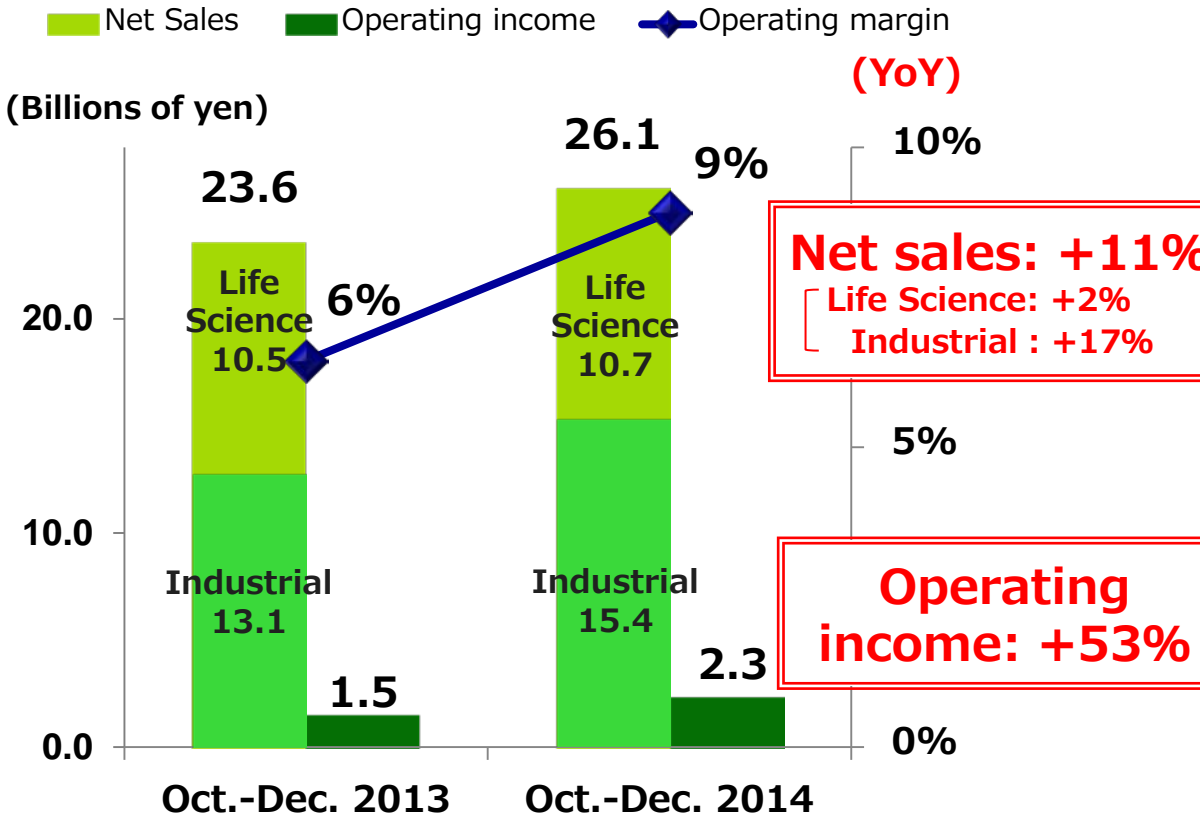
3Q of Fiscal 2015 (4) Scientific Solutions Business

- ◆ 3Q and 9-month net sales and operating income up due to strong performances in both life science and industrial fields in U.S.
- ◆ Operating margin improved as strategy revision and structural reforms began gradually contributing to lower costs

9M (Apr.-Dec.)



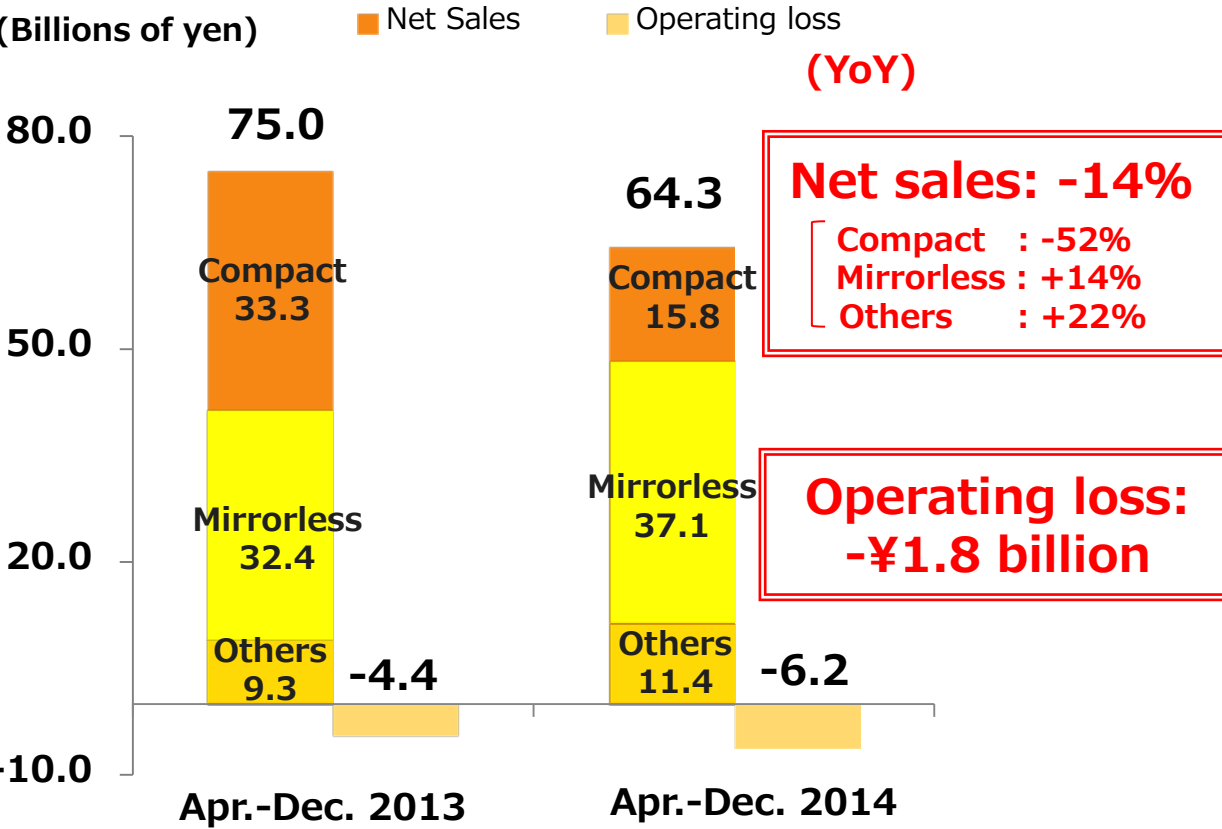
3Q (Oct.-Dec.)



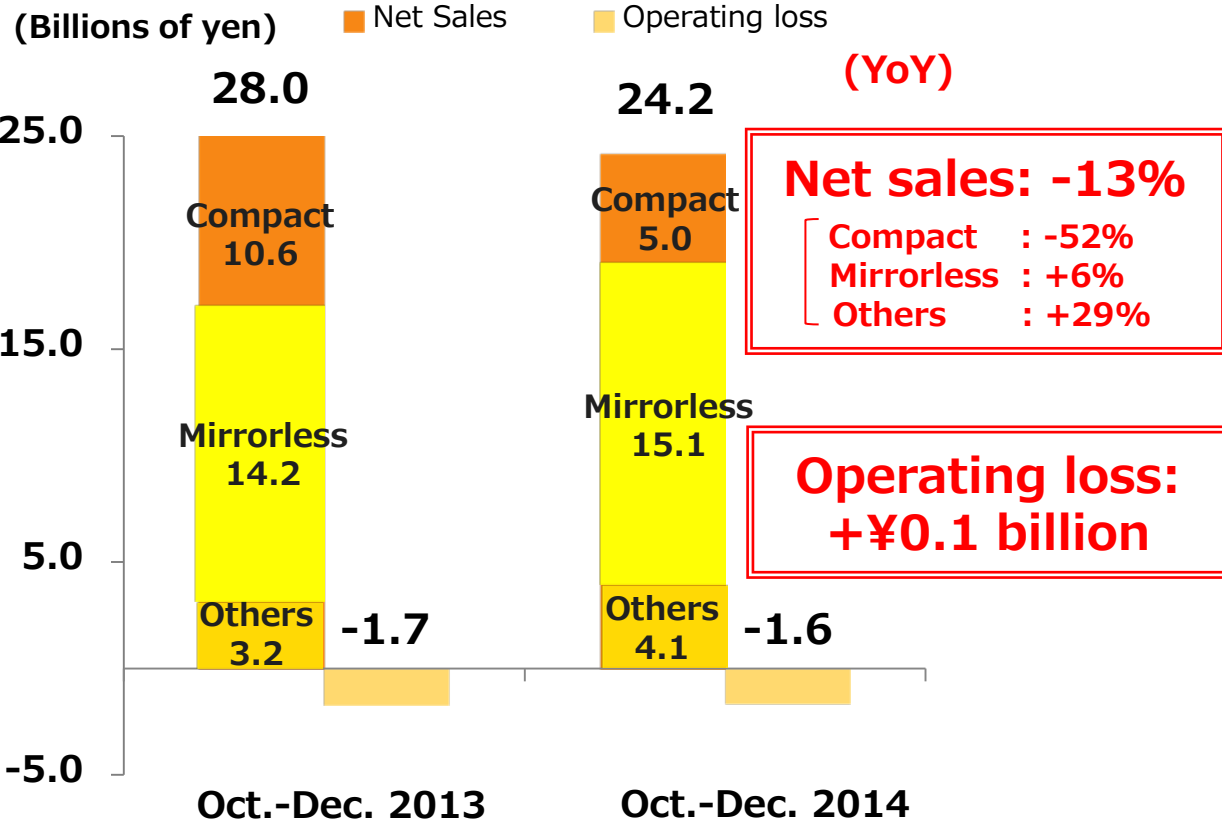
3Q of Fiscal 2015 (5) Imaging Business-(i)

- ◆ Net sales down 14% YoY due to contraction of compact camera operations, mirrorless cameras sales continue to increase (+14% YoY)
- ◆ Operating loss of ¥6.2 billion recorded due to higher investments in mirrorless camera and BtoB operations

9M (Apr.-Dec.)



3Q (Oct.-Dec.)



3Q of Fiscal 2015 (5) Imaging Business-(ii)

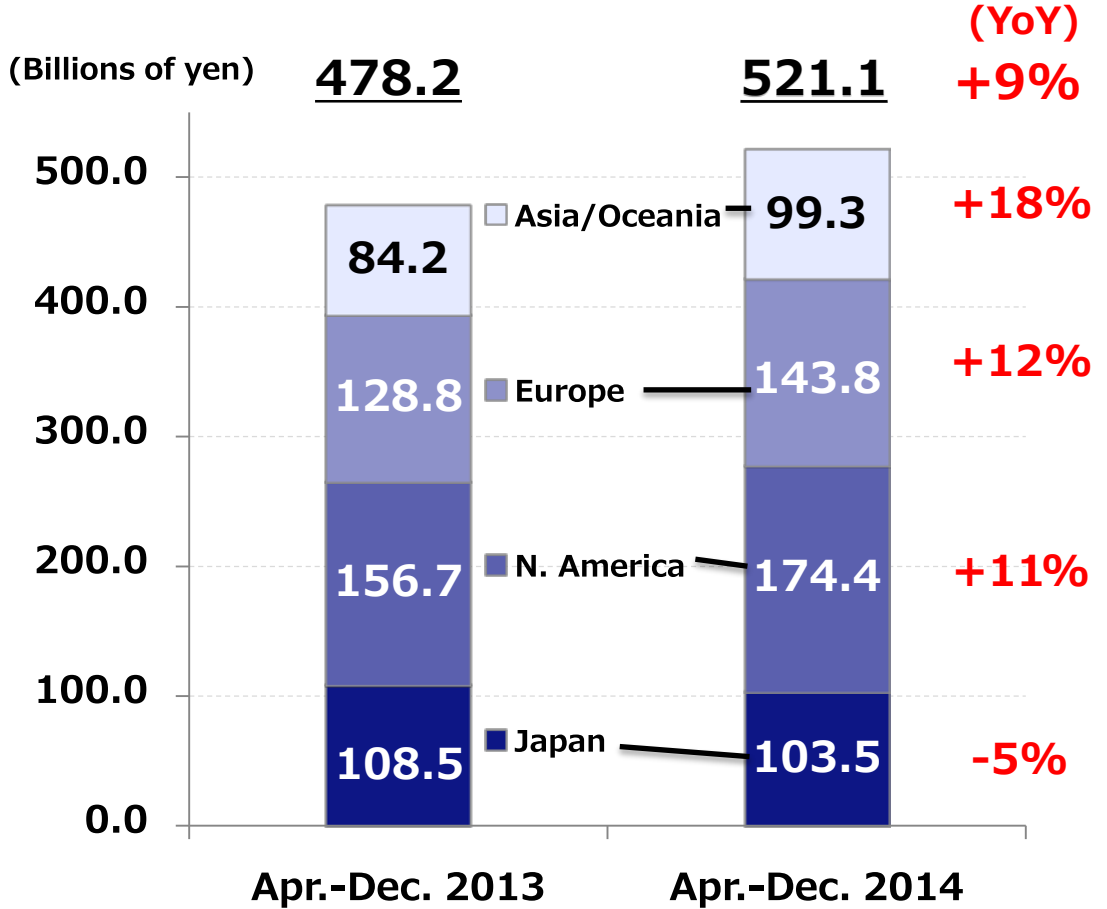
- ◆ Mirrorless camera net sales target unmet, operating loss increases
- ◆ 3Q (Oct. – Dec.) ratio of SG&A expenses to net sales improved to greater degree than projected by 2H forecasts due to reduction of advertising expenses, etc.

(Billions of yen)	9M (Apr.-Dec.)			3Q (Oct.-Dec.)			[Reference] FY2015 2H (Forecasts)
	FY2014	FY2015	YoY change	FY2014	FY2015	YoY change	
Net sales	75.0	64.3	-10.7	28.0	24.2	-3.8	49.9
Mirrorless Camera	32.4	37.1	+4.7	14.2	15.1	+0.8	32.7
Compact Camera, Others	42.6	27.2	-15.4	13.7	9.1	-4.6	17.2
Gross profit	33.7	28.1	-5.6	11.6	9.9	-1.7	22.2
SG&A expenses	38.0	34.3	-3.8	13.3	11.5	-1.8	25.1
(% of sales)	(50.7%)	(53.3%)	(+2.6pt)	(47.5%)	(47.6%)	(+0.1pt)	(50.3%)
Operating loss	-4.4	-6.2	-1.8	-1.7	-1.6	+0.1	-2.9

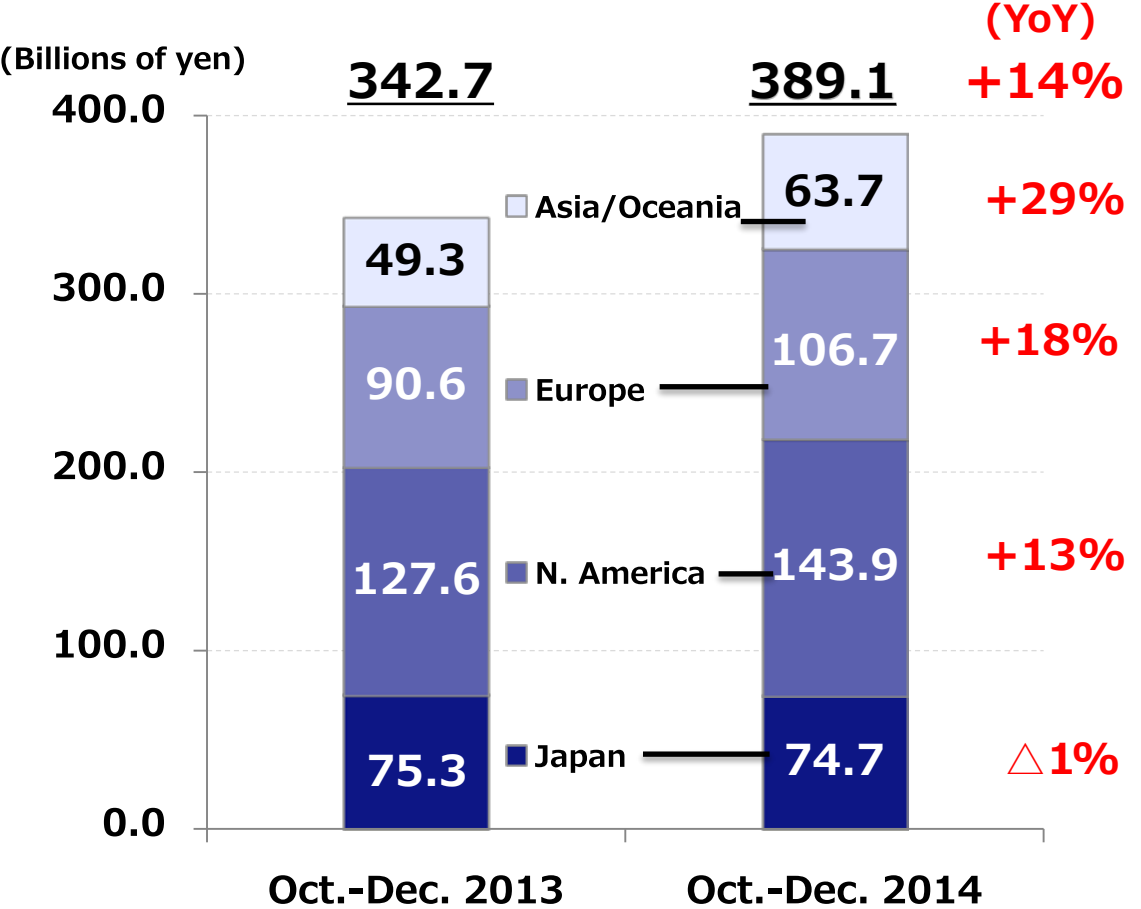
3Q of Fiscal 2015 (6) Net Sales by Region

- ◆ Strong overseas Medical Business performance drives consolidated performance improvements, sales increases in all regions except Japan
- ◆ Temporary government budget execution delays in Japan due to impacts of snap election

Consolidated (Apr.-Dec.)^(*)



Medical Business (Apr.-Dec.)



3Q of FY2015 (7) Progress toward Full Year Forecasts (compared with Internal Forecasts)

Medical

Net sales

Despite temporarily delayed government budget execution in Japan due to impacts of snap election, progress in all fields slightly higher than expected as result of strong performances in North America, Europe, and China

Operating income

Operating income target unmet in surgical device field due to advancement of strategic investments, but overall progress slightly higher than expected as result of strong performances of high-margin gastrointestinal endoscopes and endotherapy devices

Scientific Solutions*

Net sales

Net sales target unmet for operations in domestic life science field, but overall progress in line with forecasts due to strong performance in North America stimulated by brisk market

Operating income

Progress slightly higher than forecast due to cost and SG&A expense reductions and meeting of net sales target

Imaging

Net sales

Net sales of compact cameras in line with forecasts, but mirrorless camera sales below net sales target, and accordingly overall progress lower than expected

Operating income

Despite cost and SG&A expense reductions, progress lower than forecasts because mirrorless camera net sales fell below target

Consolidated Balance Sheet (End of December 2014)

- ◆ Financial position further stabilized
(equity ratio: 38.6%; interest-bearing debt: down approx. ¥48.8 billion)
- ◆ Mirrorless and other digital camera inventories require reduction

(Billions of yen)	End Mar. 2014	End Dec. 2014	Change		End Mar. 2014	End Dec. 2014	Change
Current assets (Digital camera inventories)	576.5 (21.7)	584.8 (29.2)	+8.3 (+7.5)	Current liabilities	276.3	294.5	+18.2
Property, plant and equipment	135.4	151.0	+15.5	Non-current liabilities (Incl. bonds/long- term loans payable)	419.9 (346.8)	366.9 (285.4)	-53.0 (-61.4)
Intangible assets	173.6	187.3	+13.8	Net assets	331.3	418.3	+87.0
Investments and other assets	142.0	156.5	+14.6	(Equity ratio)	(32.1%)	(38.6%)	(+6.5pt)
Total assets	1,027.5	1,079.7	+52.2	Total liabilities and net assets	1,027.5	1,079.7	+52.2

Interest-bearing debt : ¥367.1 billion (-¥48.8 billion from March 31, 2014)
 Net interest-bearing debt : ¥150.6 billion (-¥13.1 billion from March 31, 2014)

Cash Flows (April to December 2014)

(Billions of yen)	FY2014 3Q	FY2015 3Q	Change
Net sales	513.7	550.0	+36.3
Operating income	49.9	62.1	+12.2
(%)	9.7%	11.3%	+1.6pt
CF from operating activities	43.8	35.8	-8.0
CF from investing activities	-13.9	-21.5	-7.6
CF from financing activities	-21.7	-57.7	-36.0
Cash flow	8.2	-43.4	-51.6
Free Cash flow	29.9	14.2	-15.7
Cash and cash equivalents at end of year	248.4	216.4	-32.0
Depreciation and amortization	26.1	29.9	+3.8
Amortization of goodwill	7.0	6.9	-0.1
Capital expenditures	26.3	27.8	+1.5

Forecast for Fiscal 2015

Forecasts of Consolidated Financial Results for Fiscal 2015

◆ Consolidated performance in line with plans, full-year forecasts unrevised

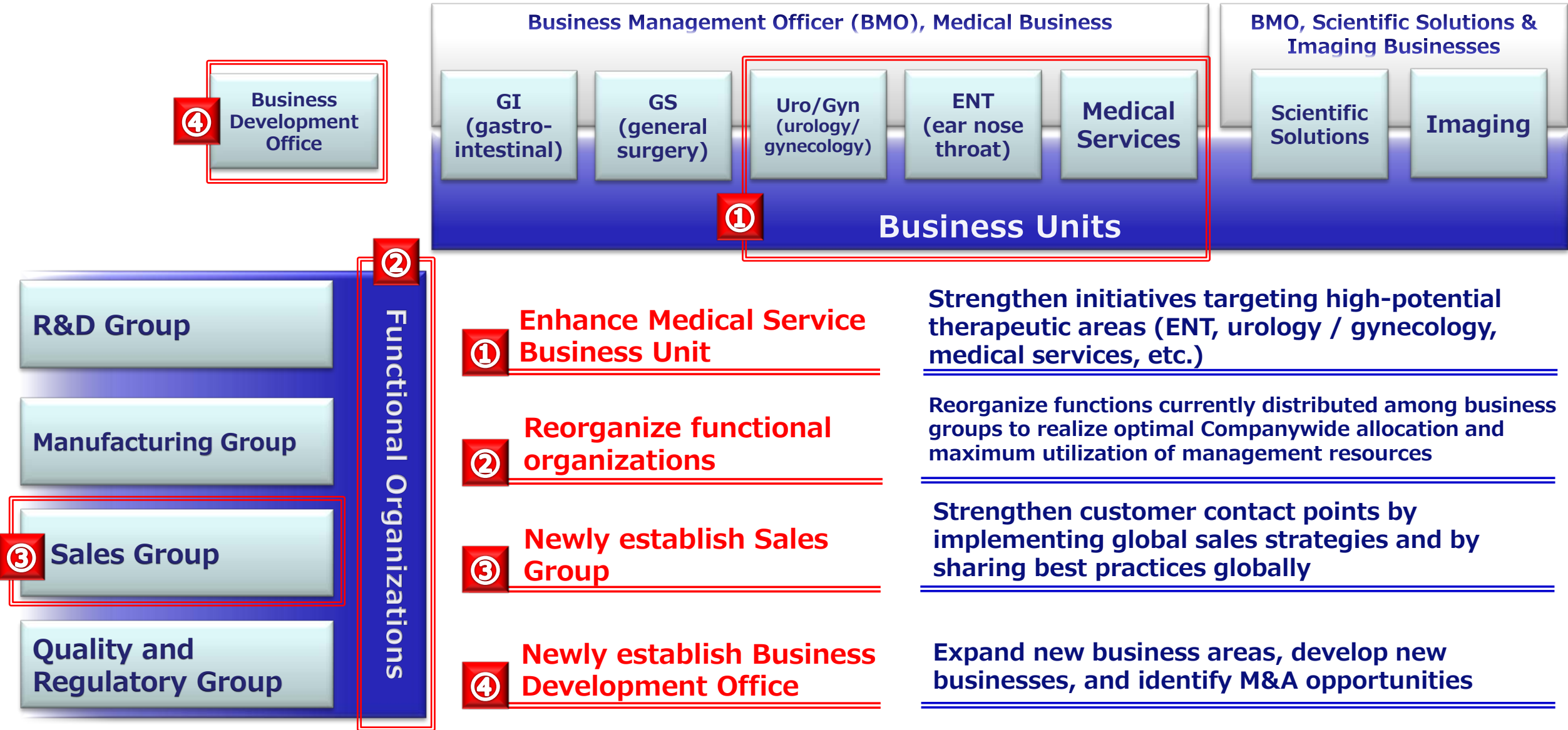
(Billions of yen)	FY2014 (Results)	FY2015 (Forecasts)	YoY change	YoY (%)
Net sales	713.3	760.0	+46.7	+7%
Operating income (% of net sales)	73.4 (10.3%)	88.0 (11.6%)	+14.6 (+1.3pt)	+20%
Non-operating income/expenses	-22.5	-18.0	+4.5	-
Ordinary income (% of net sales)	50.9 (7.1%)	70.0 (9.2%)	+19.1 (+2.1pt)	+38%
Net income (% of net sales)	13.6 (1.9%)	45.0 (5.9%)	+31.4 (+4.0pt)	+230%
¥/US\$	¥100	¥109	¥9 (yen depreciation)	
¥/Euro	¥134	¥139	¥5 (yen depreciation)	
Impact on net sales	-	+¥35.4 billion		
Impact on operating income	-	+¥12.3 billion		

Segment Forecasts for Fiscal 2015 (Full Year)

◆ Full-year segment forecasts unrevised

(Billions of yen)		FY2014 (Results)	FY2015 (Forecasts)	YoY (%)
Medical	Net sales	492.3	548.0	+11%
	Op. income	112.7	118.5	+5%
Scientific Solutions	Net sales	98.5	104.0	+6%
	Op. income	4.9	5.0	+1%
Imaging	Net sales	96.1	90.0	-6%
	Op. income	-9.2	-7.5	-
Others	Net sales	26.4	18.0	-32%
	Op. income	-5.4	0	-
Elimination and corporate	Net sales	-	-	-
	Op. income	-29.7	-28.0	-
Consolidated Total	Net sales	713.3	760.0	+7%
	Op. income	73.4	88.0	+20%

Management Structure Reinforcement to Realize Strategic Business Expansion

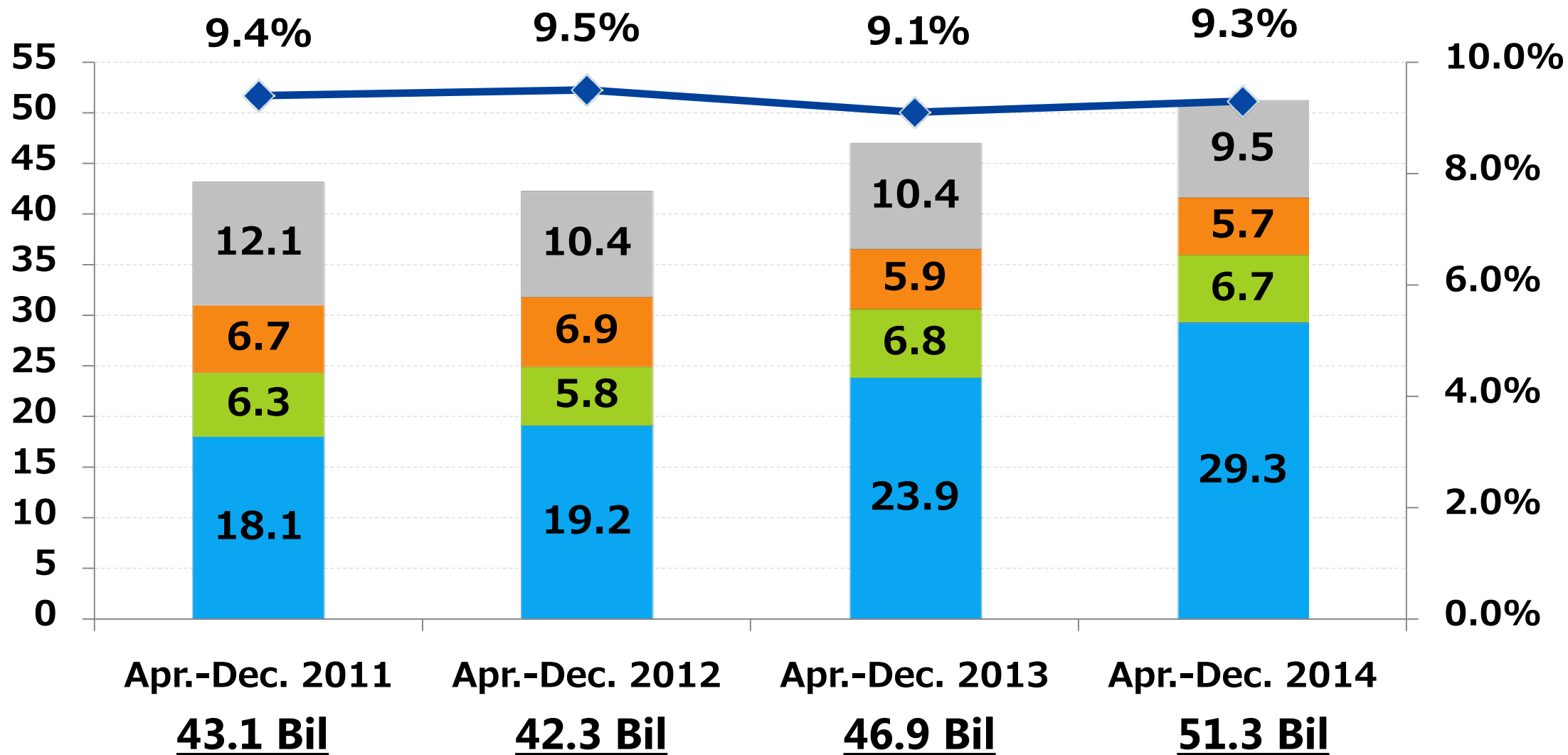


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Supplementary Materials

【Supplementary Materials】 R&D Expenditures

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

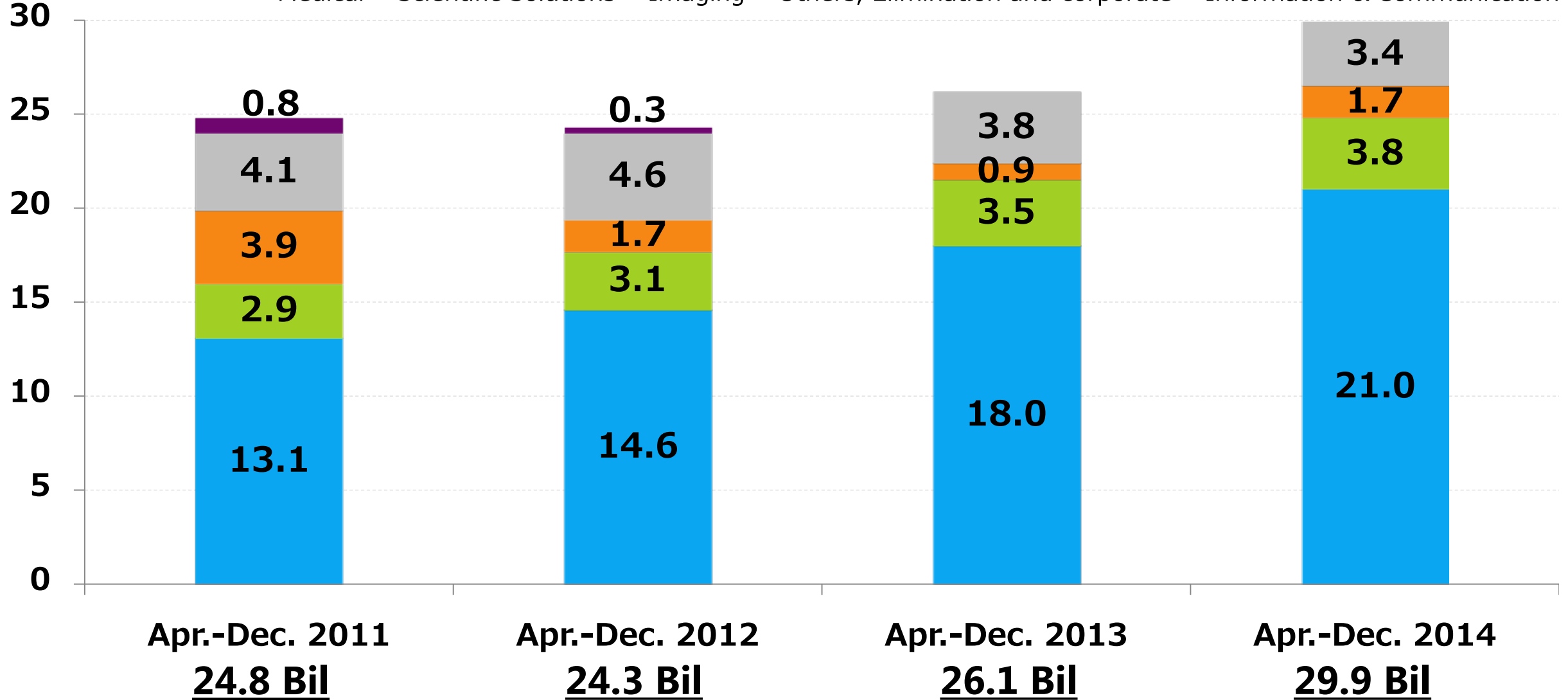


*Excluded net sales of Information & Communication Business

【Supplementary Material】 Depreciation and Amortization

(Billions of yen)

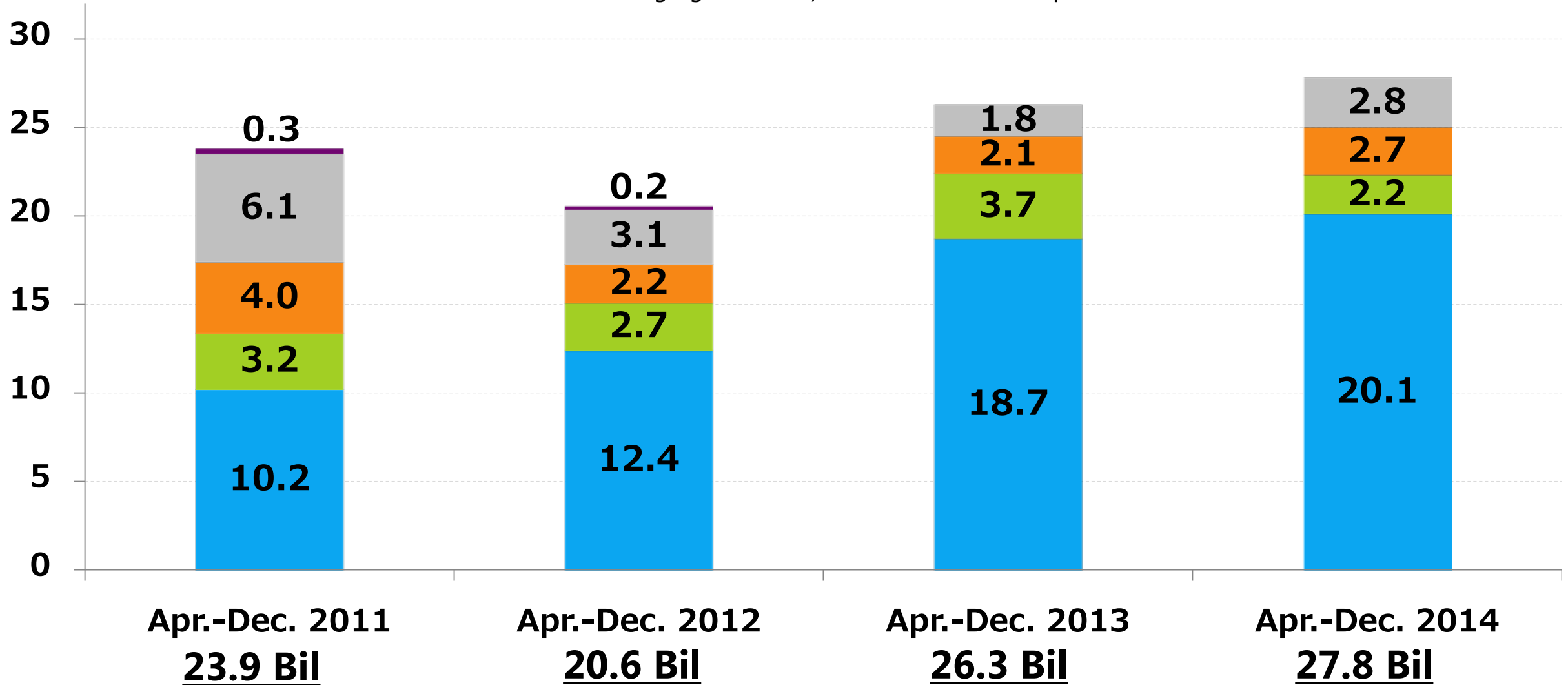
■ Medical ■ Scientific Solutions ■ Imaging ■ Others, Elimination and corporate ■ Information & Communication



【Supplementary Materials】 Capital Expenditures

(Billions of yen)

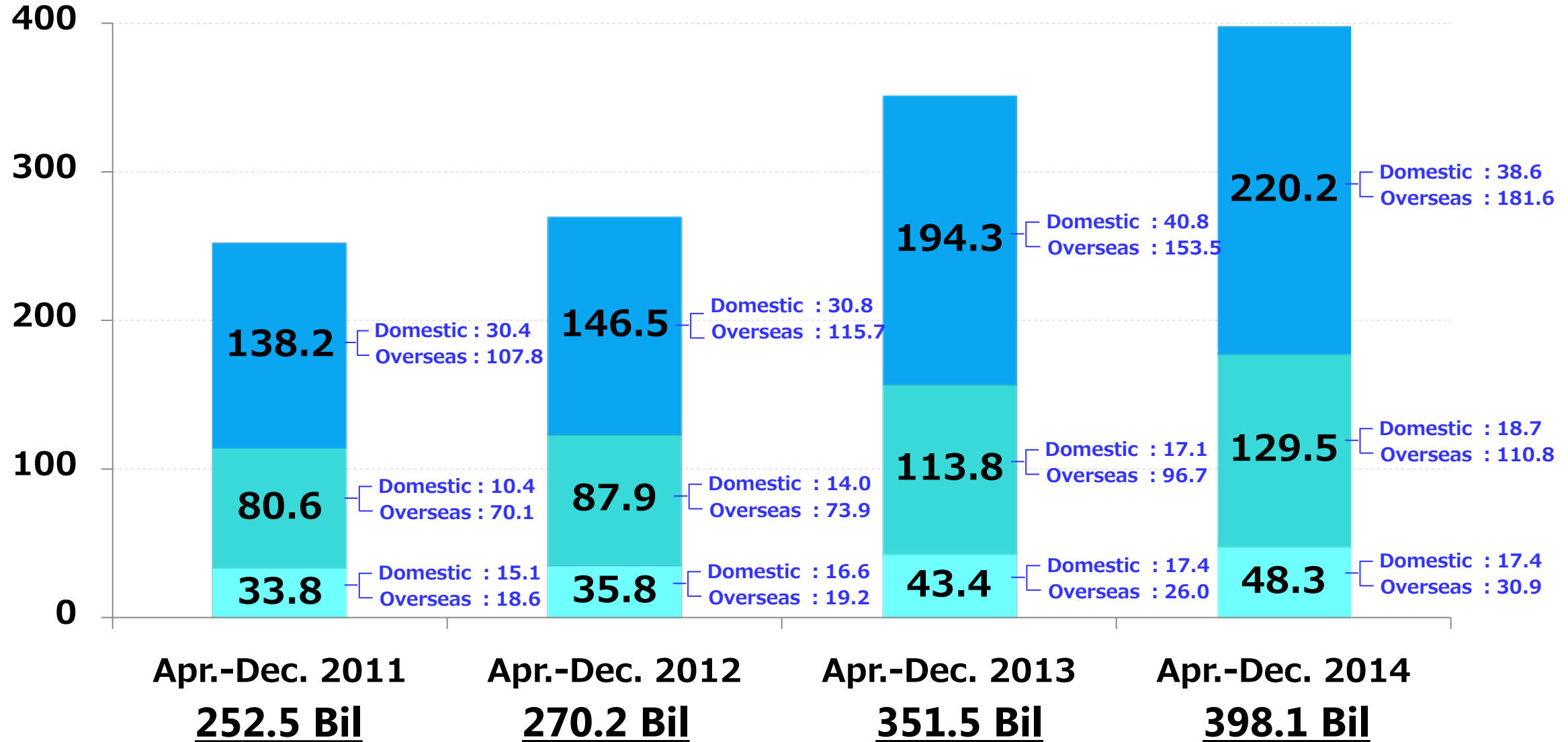
Medical Scientific Solutions Imaging Other, Elimination and corporate Information & Communication



【Supplementary Materials】 Sales by product (Medical)

(Billions of yen)

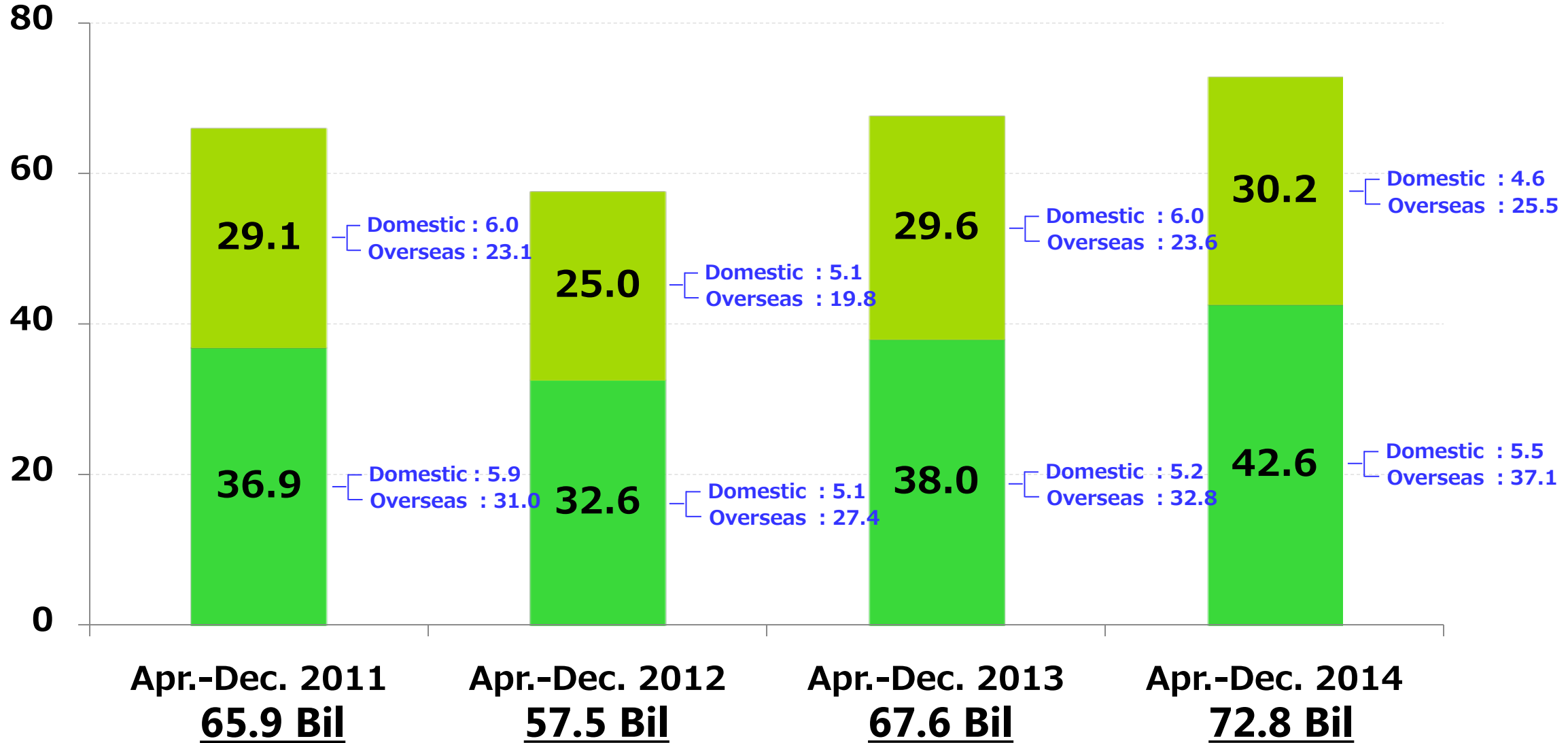
Endotherapy Surgical Endoscopes



【Supplementary Materials】 Sales by product (Scientific Solutions)

(Billions of yen)

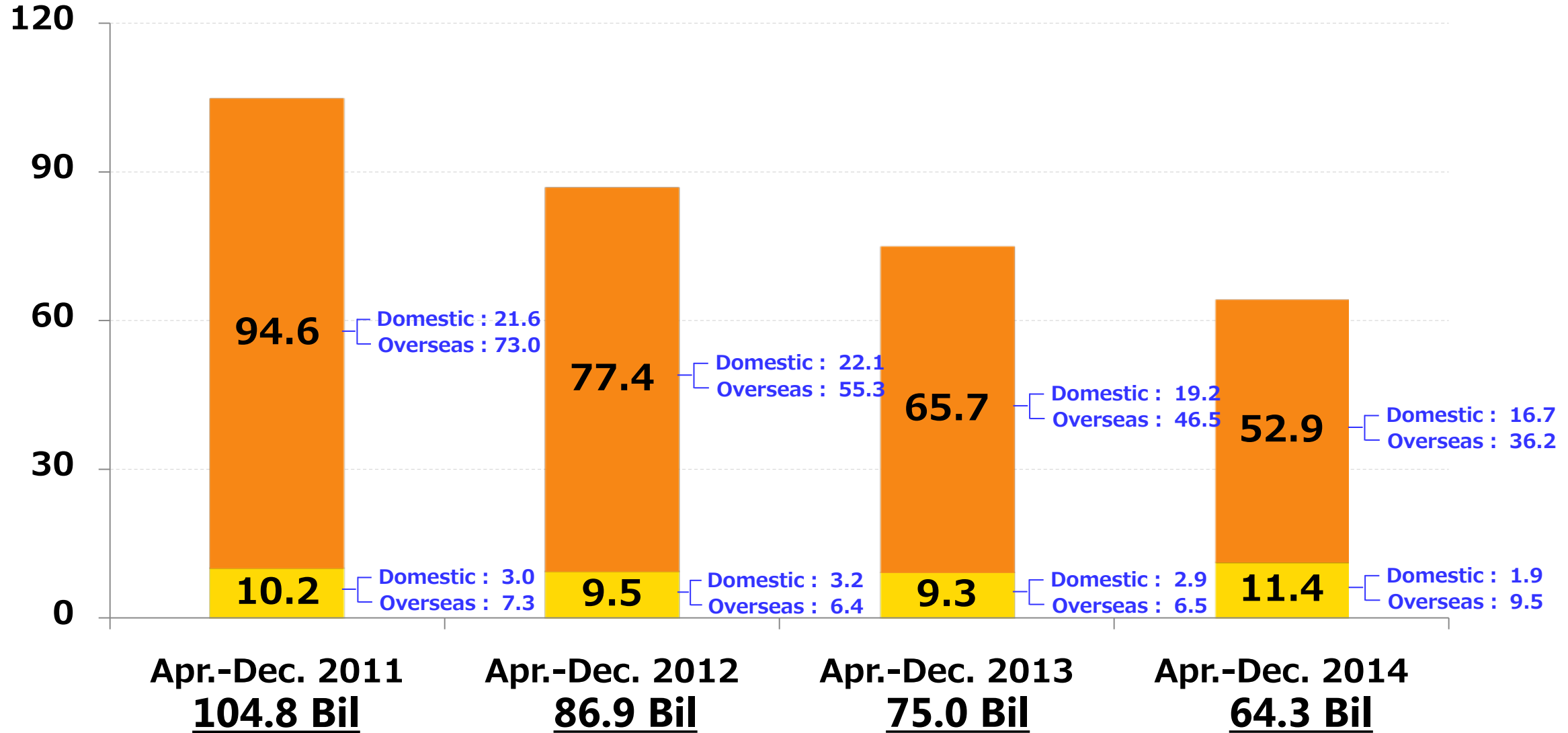
Industrial Life Science



【Supplementary Materials】 Sales by product (Imaging)

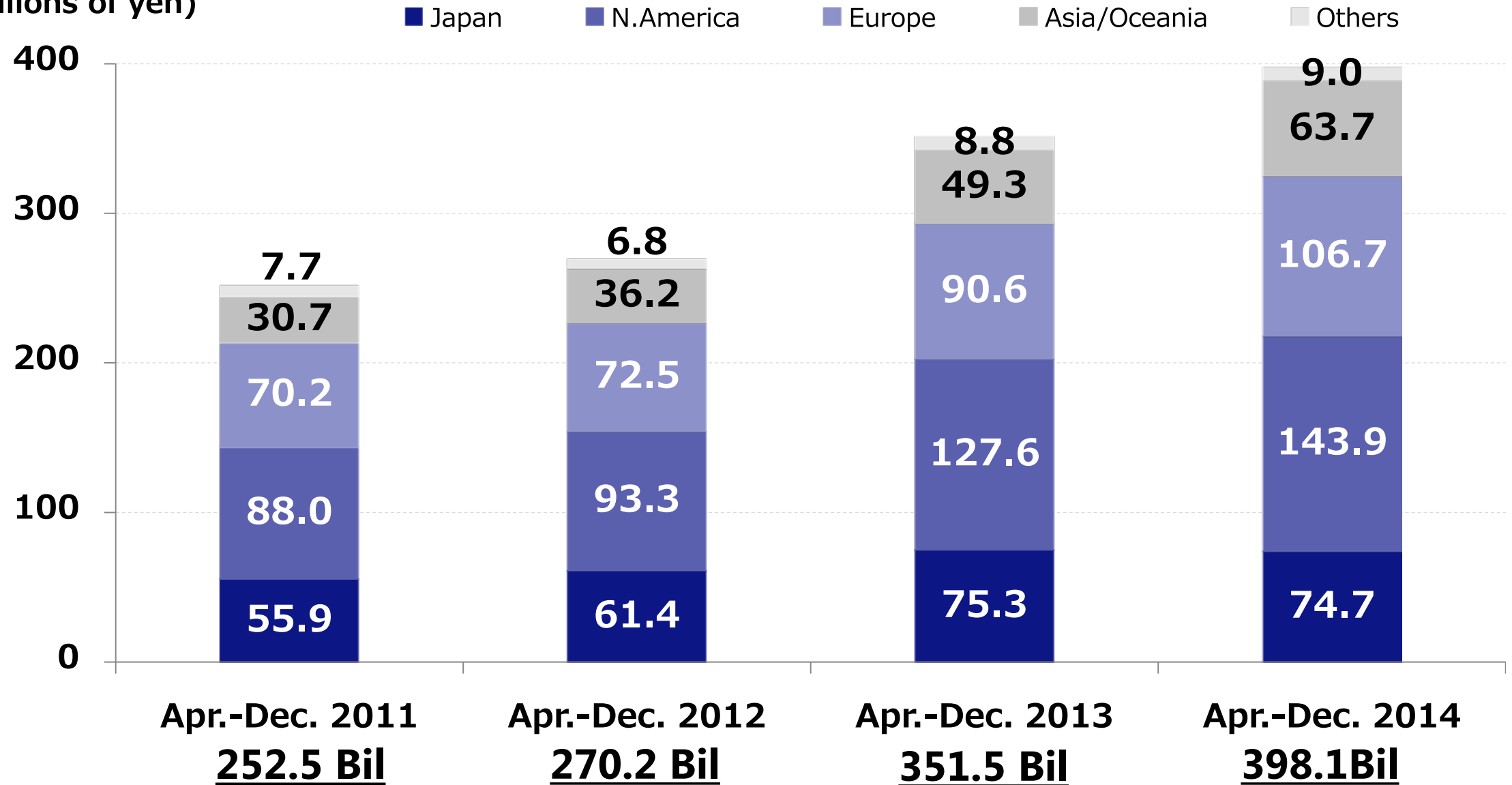
(Billions of yen)

Others Digital Cameras



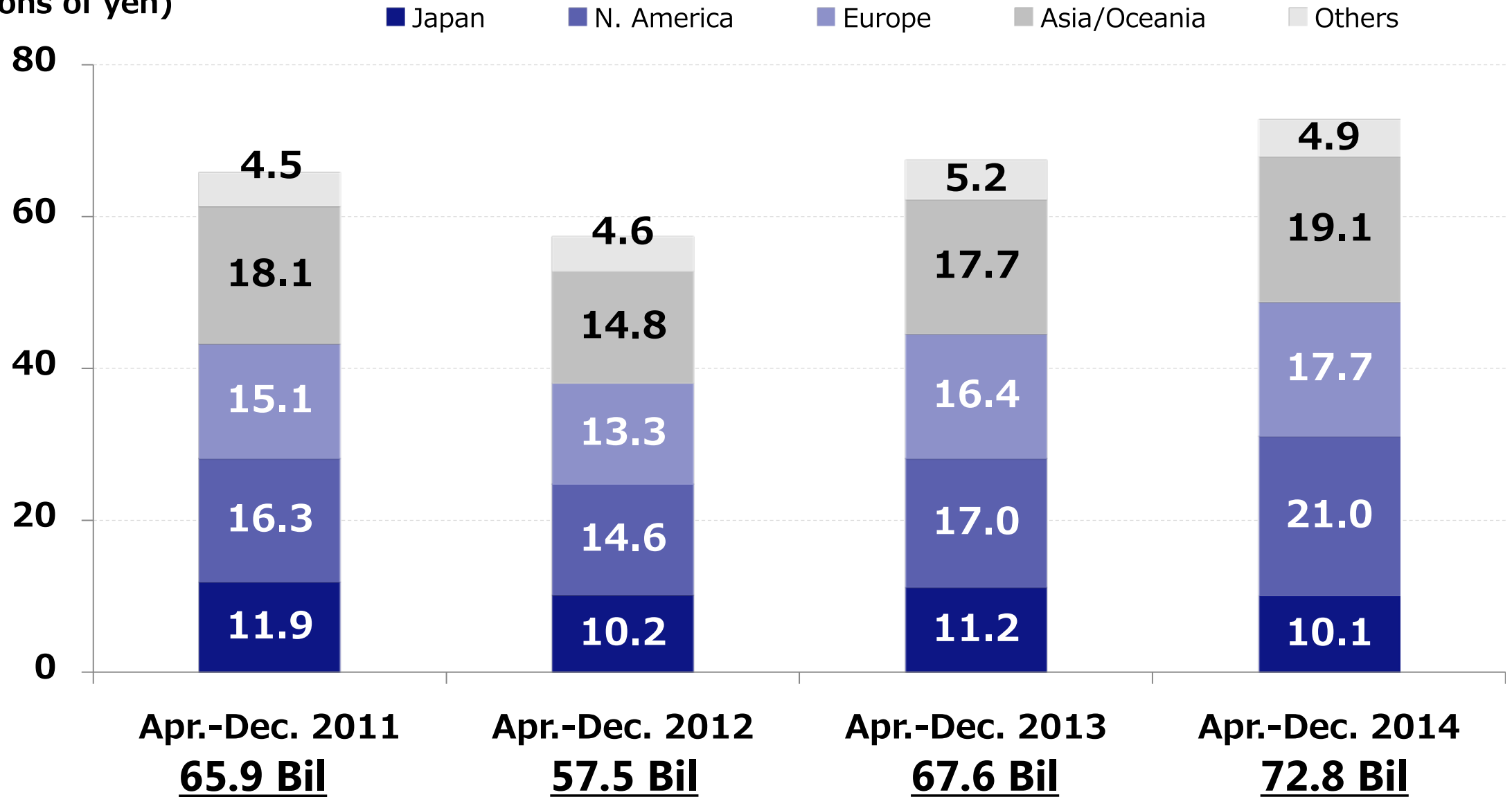
【Supplementary Materials】 Sales by Reign (Medical)

(Billions of yen)



【Supplementary Materials】 Sales by Reign (Scientific Solutions)

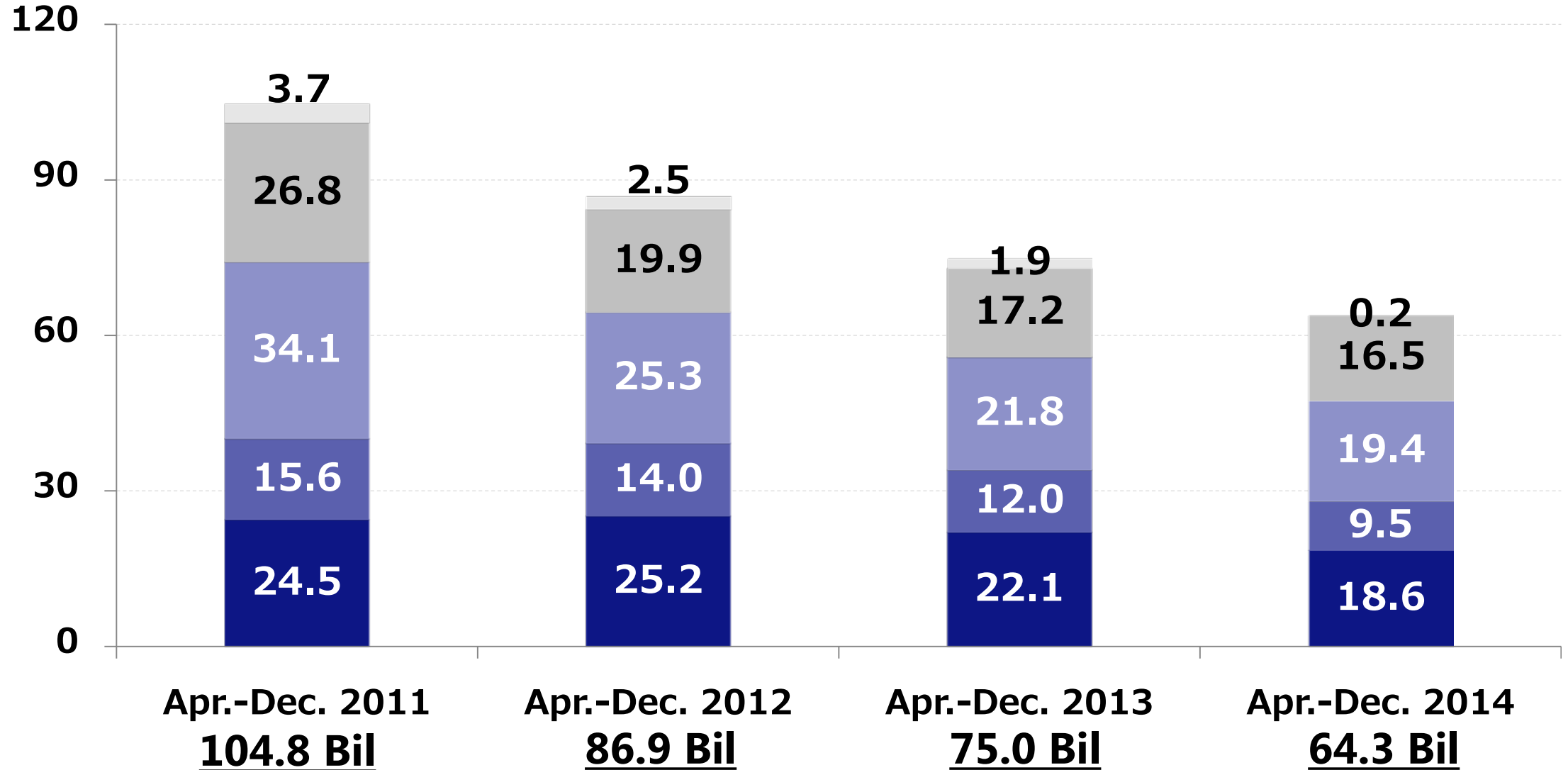
(Billions of yen)



【Supplementary Materials】 Sales by Reign (Imaging)

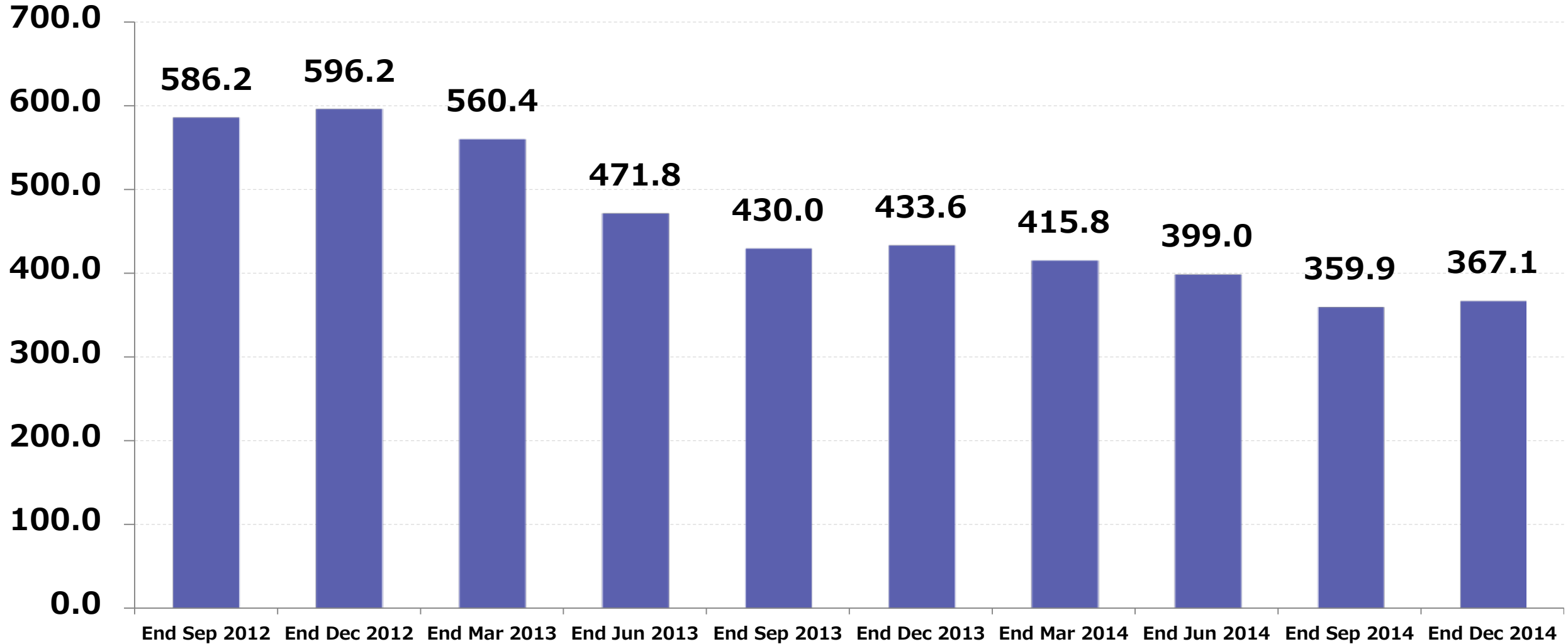
(Billions of yen)

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

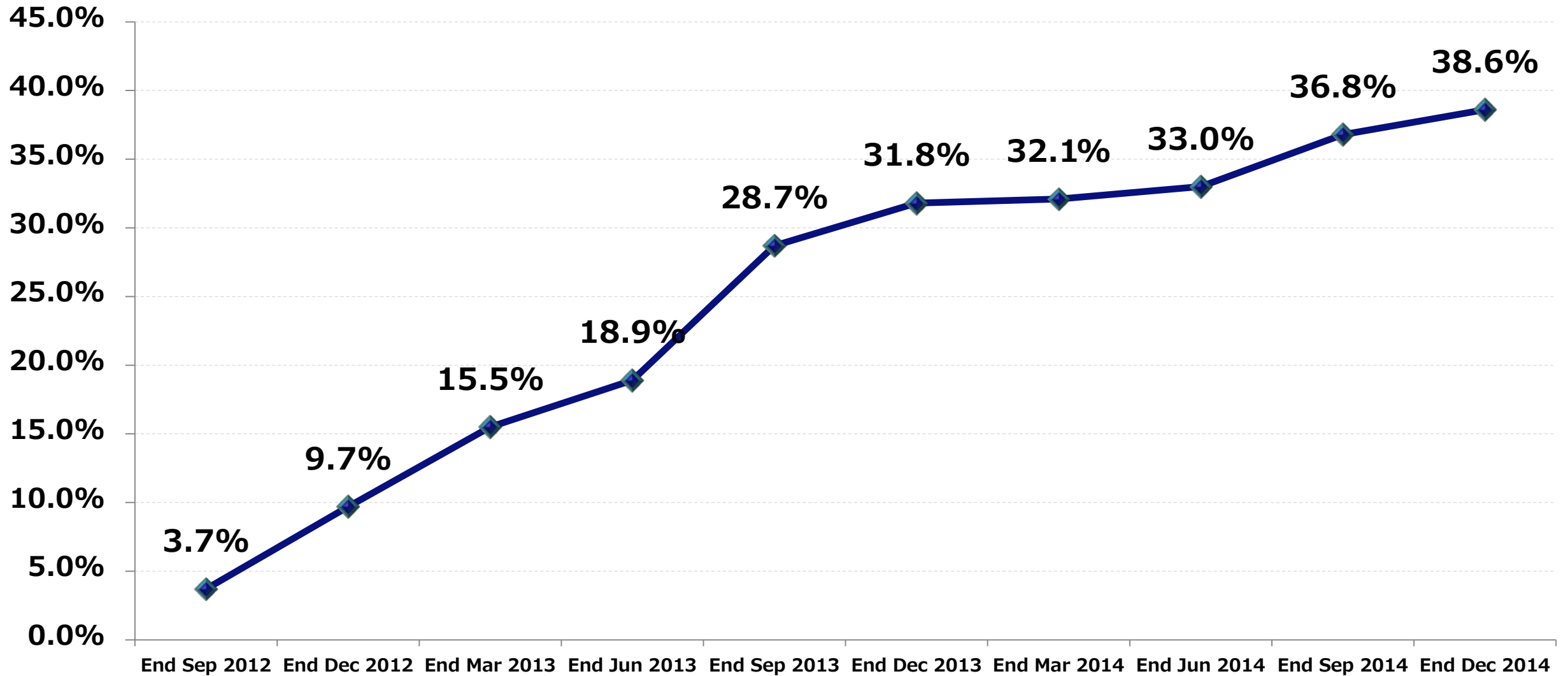


【Supplementary Materials】 Interest-bearing Debt

(Billions of yen)



【Supplementary Materials】 Equity Ratio



【Supplementary Materials】 Medium-Term Vision-Forecast

	FY2014 (Results)	FY 2015 (Forecasts)	FY 2017 (Forecasts)
Net Sales	713.3	760.0	920.0
Operating Income (Operating Margin)	73.4 10%	88.0 12%	143.0 16%
Ordinary Income (Ordinary Income Ratio)	50.9 7%	70.0 9%	125.0 14%
Net Income (Net Income Ratio)	13.6 2%	45.0 6%	85.0 9%

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