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Consolidated Financial Results for the 3rd Quarter of Fiscal 2017 and Full-Year Forecasts

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3Q Financial Results

- Consolidated: Performance in line with full-year forecasts announced together with first-half financial results
- Medical: Stable, ongoing growth trend driven by emerging markets
- Scientific Solutions / Imaging: Profitability achieved on 9-month basis

Full-Year Performance Forecasts

- Foreign exchange assumptions changed to project future yen depreciation, upward revisions to operating income, ordinary income, and net income forecasts
- Full-year net income forecast to be second only to record high from previous fiscal year

Consolidated Financial Results and Business Overview for the 3Q of Fiscal 2017 (FY Ending March 31, 2017)

3Q of Fiscal 2017 (1) Consolidated Financial Results

- ① Consolidated sales and income down primarily due to foreign exchange influences, but sales and income up after adjustment for foreign exchange influences due to strong Medical Business performance
- ② Strong performance leads to 3Q profitability in Scientific Solutions Business and Imaging Business, which contribute to earnings

(Billions of yen)	3Q (Oct.-Dec.)				9M (Apr.-Dec.)			
	FY2016	FY2017	YoY (%)	After foreign exchange adjustment	FY2016	FY2017	YoY (%)	After foreign exchange adjustment
Net sales	196.8	183.5	-7%	+3%	592.5	533.5	-10%	+1%
Gross profit (% of sales)	131.0 (66.6%)	121.0 (65.9%)	-8%	+6%	393.8 (66.5%)	353.8 (66.3%)	-10%	+3%
Operating income (% of sales)	23.6 (12.0%)	20.4 (11.1%)	-14%	+29%	73.7 (12.4%)	54.7 (10.3%)	-26%	+8%
Ordinary income (% of sales)	21.2 (10.8%)	15.6 (8.5%)	-26%		64.7 (10.9%)	44.5 (8.3%)	-31%	
Net income* (% of sales)	7.0 (3.6%)	18.9 (10.3%)	+169%		42.9 (7.2%)	41.1 (7.7%)	-4%	
¥/US\$	¥122	¥109			¥122	¥107		
¥/Euro	¥133	¥118			¥134	¥118		
Impact on net sales	-	¥20.1 billion			-	-¥66.2 billion		
Impact on operating income	-	¥10.0 billion			-	-¥24.6 billion		

3Q of Fiscal 2017 (2) Results by Business Segment

- Gradual improvement in operating environment seen in 3Q enables three core businesses to post increases in 3Q sales and income after adjustment for foreign exchange influences

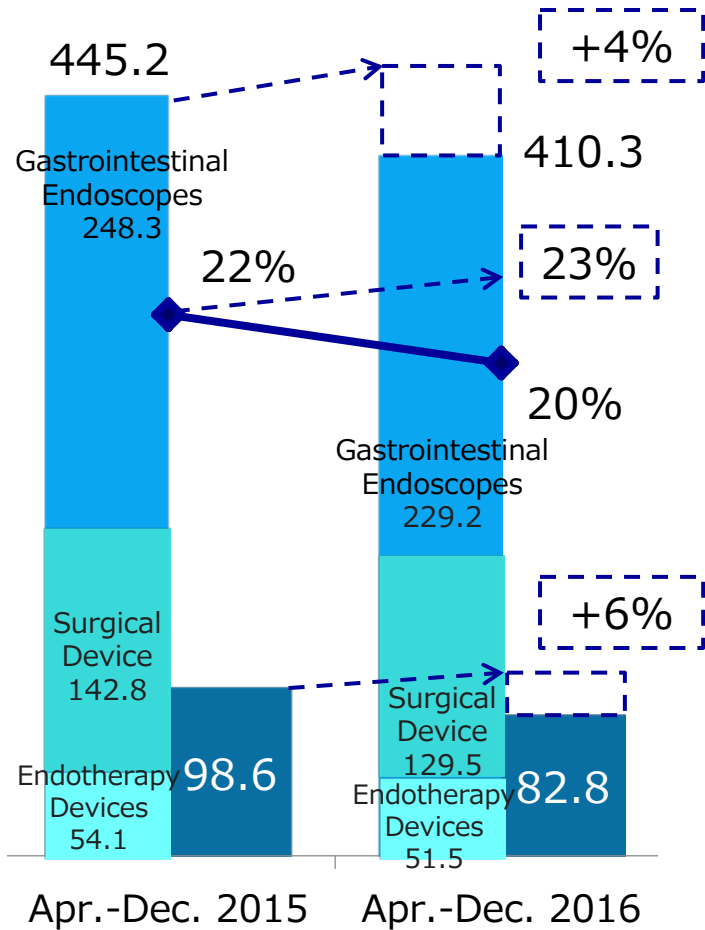
(Billions of yen)		3Q (Oct.-Dec.)				9M (Apr.-Dec.)			
		FY2016	FY2017	YoY (%)	After foreign exchange adjustment	FY2016	FY2017	YoY (%)	After foreign exchange adjustment
Medical	Net sales	147.3	138.5	-6%	+5%	445.2	410.3	-8%	+4%
	Operating income	30.8	26.2	-15%	+13%	98.6	82.8	-16%	+6%
Scientific Solutions	Net sales	25.1	23.1	-8%	+3%	73.5	63.3	-14%	-2%
	Operating income	2.2	1.9	-14%	+46%	5.6	1.3	-77%	-29%
Imaging	Net sales	20.5	19.0	-7%	+1%	62.0	48.8	-21%	-13%
	Operating income	0.1	2.2	+¥2.1 billion	+¥2.4 billion	0.1	0.7	+¥0.6 billion	+¥1.1 billion
Others	Net sales	3.9	3.0	-25%	-22%	11.8	11.1	-6%	-3%
	Operating income	-1.6	-0.9	-	-	-4.8	-2.9	-	-
Elimination and corporate	Net sales	-	-	-	-	-	-	-	-
	Operating income	-7.9	-9.0	-	-	-25.8	-27.1	-	-
Consolidated total	Net sales	196.8	183.5	-7%	+3%	592.5	533.5	-10%	+1%
	Operating income	23.6	20.4	-14%	+29%	73.7	54.7	-26%	+8%

3Q of Fiscal 2017 (3) Medical Business

Net sales Operating income Operating margin

After foreign exchange adjustment

(Billions of yen)



(Billions of yen)	3Q (Oct.-Dec.)				9M (Apr.-Dec.)			
	FY2016	FY2017	YoY (%)	After foreign exchange adjustment	FY2016	FY2017	YoY (%)	After foreign exchange adjustment
Net sales	147.3	138.5	-6%	+5%	445.2	410.3	-8%	+4%
Gastrointestinal Endoscopes	81.2	76.7	-6%	+4%	248.3	229.2	-8%	+4%
Surgical Device	47.6	44.2	-7%	+4%	142.8	129.5	-9%	+3%
Endotherapy Devices	18.5	17.6	-5%	+7%	54.1	51.5	-5%	+8%
Operating income	30.8	26.2	-15%	+13%	98.6	82.8	-16%	+6%
Operating margin	21%	19%		22%	22%	20%		23%

- Sales up in all segments after adjustment for foreign exchange influences
- Despite difficult conditions created by foreign exchange influences, operating margin of approx. 20% achieved by controlling SG&A expenses

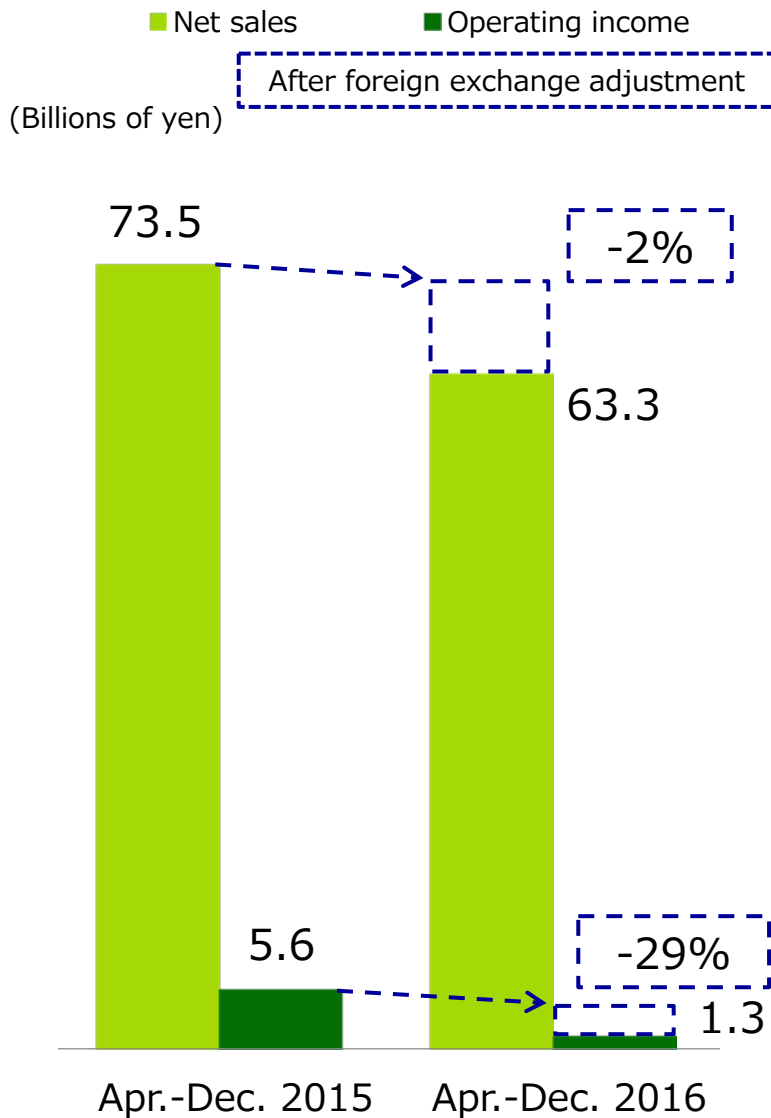
- Gastrointestinal Endoscopes
- Surgical Device
- Endotherapy Devices

Stable growth trend driven by emerging markets

Impressive double-digit growth in THUNDERBEAT sales in principal markets

Strong growth thanks to strengthened sales forces and expanded lineups

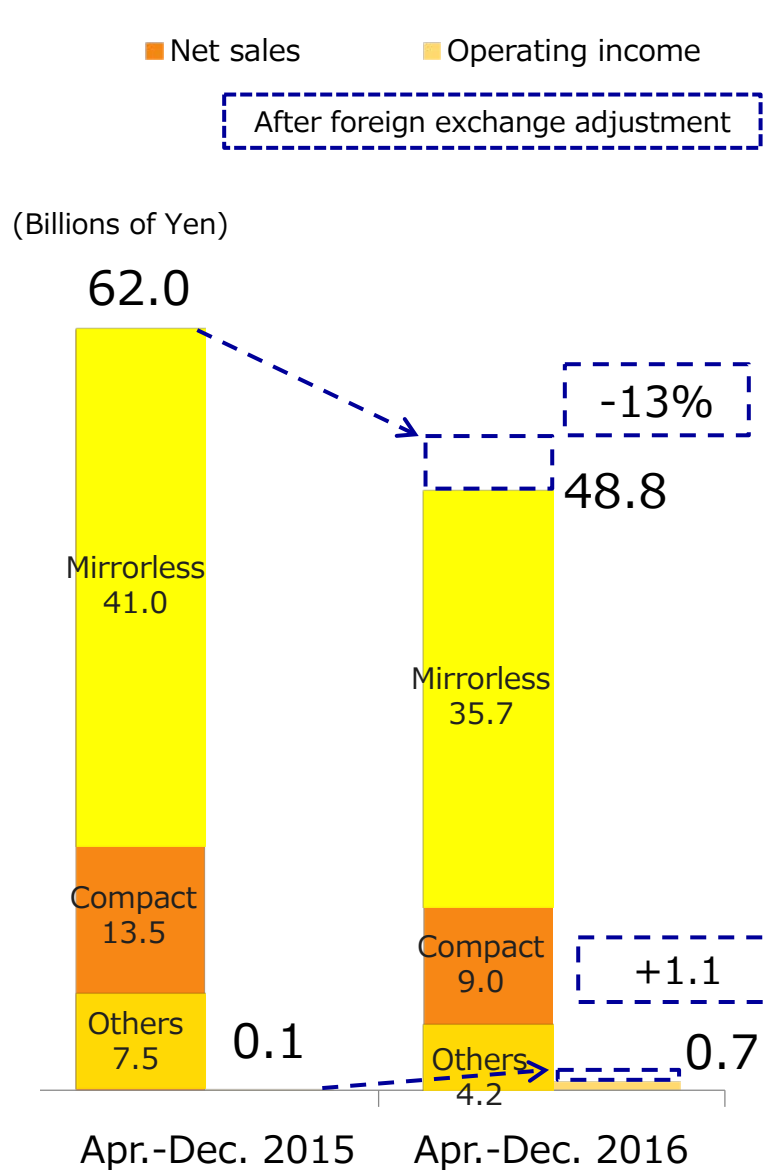
3Q of Fiscal 2017 (4) Scientific Solutions Business



(Billions of yen)	3Q (Oct.-Dec.)			After foreign exchange adjustment	9M (Apr.-Dec.)			After foreign exchange adjustment
	FY2016	FY2017	YoY (%)		FY2016	FY2017	YoY (%)	
Net sales	25.1	23.1	-8%	+3%	73.5	63.3	-14%	-2%
Operating income	2.2	1.9	-14%	+46%	5.6	1.3	-77%	-29%
Operating margin	9%	8%		13%	8%	2%		6%

- Profitability achieved on 9-month basis due to acquisition of large-scale orders from research facilities and through open bids
- Sales and income up on 3Q basis after adjustment for foreign exchange influences due to increased investment in certain resource and manufacturing markets

3Q of Fiscal 2017 (5) Imaging Business



(Billions of yen)	3Q (Oct.-Dec.)				9M (Apr.-Dec.)			
	FY2016	FY2017	YoY (%)	After foreign exchange adjustment	FY2016	FY2017	YoY (%)	After foreign exchange adjustment
Net sales	20.5	19.0	-7%	+1%	62.0	48.8	-21%	-13%
Mirrorless	14.2	15.2	+7%	+17%	41.0	35.7	-13%	-4%
Compact	3.9	2.4	-38%	-33%	13.5	9.0	-34%	-28%
Others	2.3	1.4	-42%	-37%	7.5	4.2	-44%	-38%
Operating income	0.1	2.2	+¥2.1 billion	+¥2.4 billion	0.1	0.7	+¥0.6 billion	+¥1.1 billion
Operating margin	0%	12%		12%	0%	2%		2%

- Profitability achieved on 9-month basis following earnings improvement resulting from introducing new mirrorless cameras and maintaining prices of readily affordable mirrorless cameras
- Inventory expenses effectively managed

New Products Launched in 3Q	Products
	OM-D E-M1 MarkII mirrorless camera
	PEN E-PL8 mirrorless camera
	M.ZUIKO DIGITAL ED 12-100mm F4.0 IS PRO and two other interchangeable lenses

Consolidated Balance Sheet (End of December 2016)

- Net assets: Higher retained earnings due to recording net income of ¥41.1 billion
- Interest-bearing debt: Down ¥14.2 billion, to ¥307.0 billion, following redemption of bonds
- Equity ratio: 42.1% as a result of higher retained earnings and lower interest-bearing debt

(Billions of yen)	End Mar. 2016	End Dec. 2016	Change		End Mar. 2016	End Dec. 2016	Change
Current assets (Digital camera inventories)	520.7 (14.4)	522.5 (14.1)	+1.8 (-0.3)	Current liabilities	266.6	265.6	-1.0
Property, plant and equipment	166.1	172.9	+6.9	Non-current liabilities (Incl. bonds/long-term loans payable)	349.7 (264.5)	310.8 (231.4)	-38.9 (-33.1)
Intangible assets	150.8	140.7	-10.1	Net assets	384.3	421.6	+37.3
Investments and other assets	163.1	161.9	-1.2	(Equity ratio)	(38.2%)	(42.1%)	(+3.9pt)
Total assets	1,000.6	998.0	-2.6	Total liabilities and net assets	1,000.6	998.0	-2.6

Interest-bearing debt: ¥307 billion (-¥14.2 billion from March 31, 2016)

Consolidated Cash Flows (April to December 2016)

- Free cash flow of positive ¥26.7 billion secured while conducting steady investments for business growth

(Billions of yen)	FY2016 3Q	FY2017 3Q	Change
Net sales	592.5	533.5	-59.0
Operating income	73.7	54.7	-18.9
(%)	12.4%	10.3%	-2.1pt
CF from operating activities	84.9	69.1	-15.8
CF from investing activities	-39.3	-42.4	-3.1
CF from financing activities	-46.0	-25.2	+20.7
Cash flow	-0.4	1.5	+1.9
Free cash flow	45.6	26.7	-18.9
Cash and cash equivalents at end of year	208.8	166.8	-42.0
Depreciation and amortization	29.2	33.3	+4.1
Amortization of goodwill	7.5	6.4	-1.1
Capital expenditures	48.5	40.9	-7.7

Forecast for Fiscal 2017

Forecasts of Consolidated Financial Results for Fiscal 2017

- Foreign exchange assumptions changed to project future yen depreciation, upward revisions to operating income, ordinary income, and net income forecasts

(Billions of yen)	FY2017 (Forecasts announced in 2Q)	FY2017 (Newest forecasts)	vs. forecasts announced in 2Q	vs. forecasts announced in 2Q after adjustment for foreign exchange influences	YoY (%)	After foreign exchange adjustment
Net sales	743	743	-	-2%	-8%	+2%
Gross profit (% of sales)	496 (66.8%)	495 (66.6%)	-0%	-2%	-7%	+4%
Operating income (% of sales)	72 (9.7%)	76 (10.2%)	+6%	+1%	-27%	+1%
Ordinary income (% of sales)	60 (8.1%)	63 (8.5%)	+5%		-31%	
Net income* (% of sales)	57 (7.7%)	60 (8.1%)	+5%		-4%	
EPS (Yen)	¥167	¥175	+9			
¥/US\$	¥105	¥109	+¥4 (yen depreciation)			
¥/Euro	¥117	¥119	+¥2 (yen depreciation)			
Impact on net sales	-	+¥14 billion				
Impact on operating income	-	+¥3 billion				

2017/3 (Dividend Forecast)

Annual dividend of ¥28 per share
(Unchanged)

Segment Forecasts for Fiscal 2017

- ① Medical: Local-currency basis forecasts for net sales and operating income revised based on 9-month performance, yen-basis forecasts unchanged from 2Q forecasts
- ② Scientific Solutions / Imaging: Operating income forecast raised based on 3Q business recovery

(Billions of yen)		FY2017 (Forecasts announced in 2Q)	FY2017 (Newest forecasts)	vs. forecasts announced in 2Q	vs. forecasts announced in 2Q after adjustment for foreign exchange influences	YoY (%)	After foreign exchange adjustment
Medical	Net sales	576	576	-	① -2%	-5%	+5%
	Operating income	117	117	-	-3%	-17%	+2%
Scientific Solutions	Net sales	89	89	-	-2%	-12%	-3%
	Operating income	② 1	② 2	+100%	+48%	-76%	-30%
Imaging	Net sales	65	65	-	-1%	-17%	-9%
	Operating income	② -3	② 0	-	-	-	-
Others	Net sales	13	13	-	-	-18%	-15%
	Operating income	-6	-6	-	-	-	-
Elimination and corporate	Net sales	-	-	-	-	-	-
	Operating income	-37	-37	-	-	-	-
Consolidated total	Net sales	743	743	-	-2%	-8%	+2%
	Operating income	72	76	+6%	+1%	-27%	+1%

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