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# Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2018

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November 8, 2017

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- This material contains forward-looking statements that reflect management's current views, plans, and expectations based on information available at the time of preparation. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, future business decisions, and other internal and external factors that may cause the Company's actual results, performance, achievements, or financial position to be materially different from any future results expressed or implied by these forward-looking statements.
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## Voluntary Adoption of IFRS

- The Company has chosen to voluntarily adopt International Financial Reporting Standards (IFRS). The first document to which these standards were applied was the consolidated financial statements for the three months ended June 30, 2017.
- Figures for the first quarter of fiscal 2017 and as well as those for the fiscal year ended March 31, 2017 have been restated based on IFRS for the purpose of comparisons.

## 1H Financial Results

- YoY: Higher revenue and profit  
(revenue up 6%, operating profit up 6%, profit attributable to owners of parent up 26%)
- Vs. initial forecasts: Revenue and all profit figures exceed forecasts due to the benefits of yen depreciation

## Full-Year Performance Forecasts

- YoY: Higher revenue and profit  
(revenue up 6%, operating profit up 21%, profit attributable to owners of parent up 40%)
- Vs. initial forecasts: Euro foreign exchange assumption revised and forecasts raised for revenue and all profit figures

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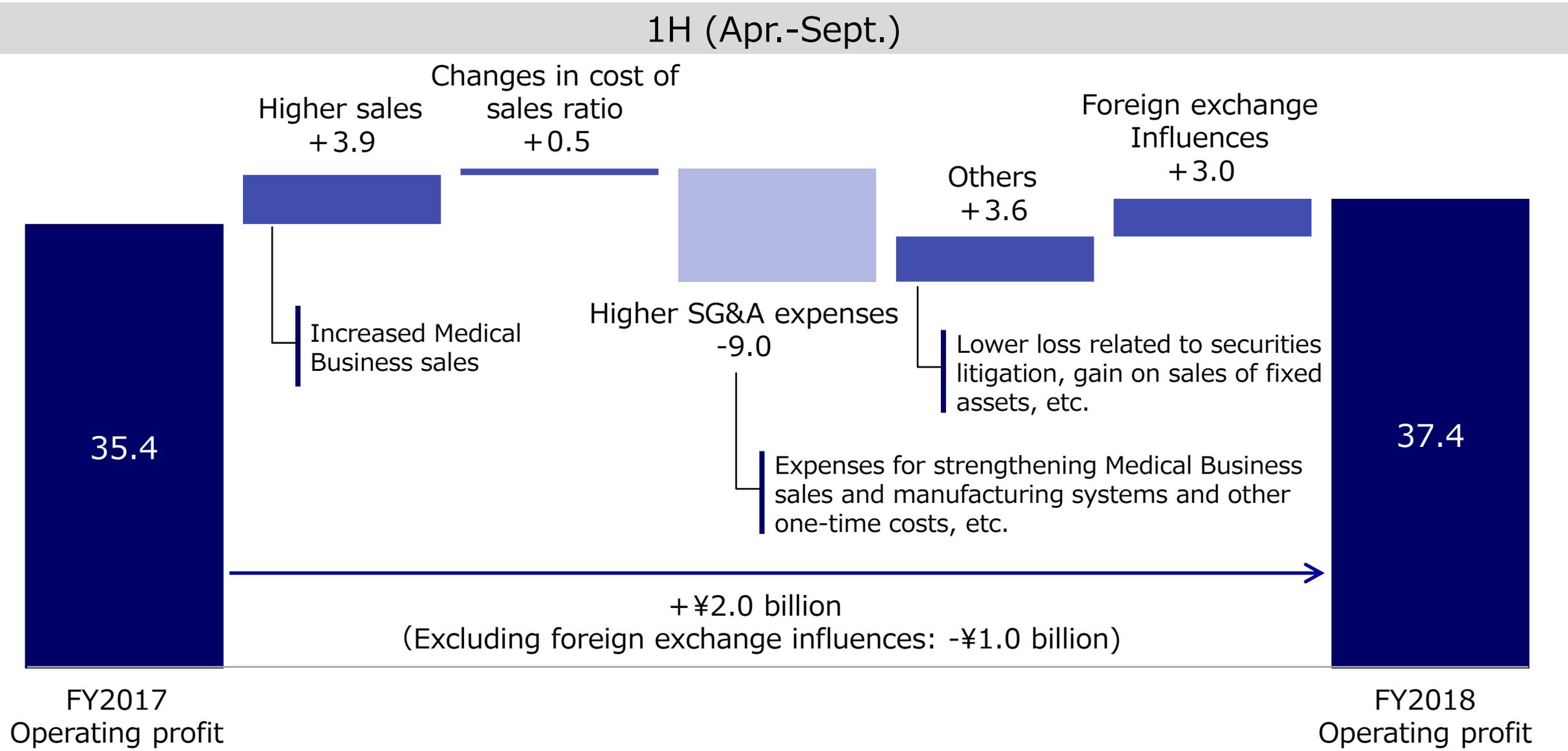
# Consolidated Financial Results and Business Overview for the 2Q of Fiscal 2018 (FY Ending March 31, 2018)

# 2Q of Fiscal 2018 (1) Consolidated Financial Results

- ① YoY: Revenue up 6% YoY, operating profit up 6% YoY, profit attributable to owners of parent up 26% YoY
- ② Vs. forecasts: Revenue and operating profit exceed forecasts due to the benefits of yen depreciation

(Billions of yen)	1H (Apr.-Sept.)		YoY	After foreign exchange adjustment	FY2018 (Forecasts announced in 1Q)
	FY2017	FY2018			
Revenue	348.7	369.4	+6%	+1%	366.0
Gross profit (% of revenue)	227.6 (65.3%)	241.8 (65.4%)	+6%	+2%	246.0 (67.2%)
Selling, general and administrative expenses (% of revenue)	187.7 (53.8%)	203.5 (55.1%)	+8%	+5%	208.0 (56.8%)
Other income and expenses etc.	-4.5	-0.8	-	-	-3.0
Operating profit (% of revenue)	35.4 (10.2%)	37.4 (10.1%)	+6%	-3%	35.0 (9.6%)
Profit before tax (% of revenue)	31.1 (8.9%)	35.2 (9.5%)	+13%		32.0 (8.7%)
Profit attributable to owners of parent (% of revenue)	23.6 (6.8%)	29.8 (8.1%)	+26%		27.0 (7.4%)
¥/US\$	¥105	¥111	+¥6		¥110
¥/Euro	¥118	¥126	+¥8		¥115

# 2Q of Fiscal 2018 (1) Factors Influences Consolidated Operating Profit



# 2Q of Fiscal 2018 (2) Results by Business Segment

- ① Medical Business revenue up 6% YoY, driving consolidated performance. Operating profit down 7% YoY
- ② Revenue up in the Scientific Solutions Business and the Imaging Business, operating profit recorded in comparison to operating losses in the previous equivalent period in both businesses

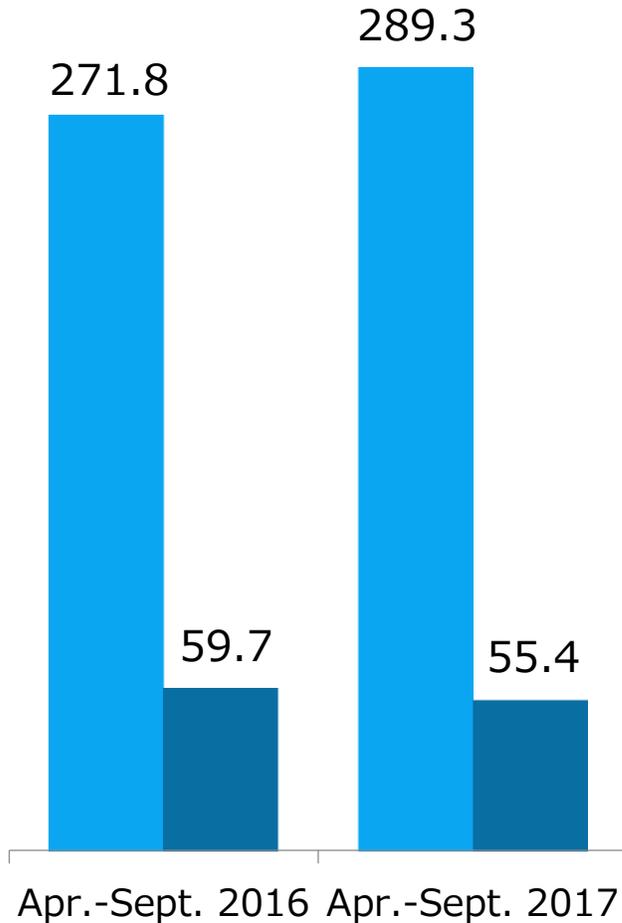
1H (Apr.-Sept.)

(Billions of yen)		FY2017	FY2018	YoY	After foreign exchange adjustment	FY2018 (Forecasts announced in 1Q)
Medical	Revenue	271.8	289.3	+6%	+2%	284.0
	Operating profit	59.7	55.4	-7%	-12%	55.0
Scientific Solutions	Revenue	40.4	44.6	+10%	+6%	46.0
	Operating profit	-0.2	1.3	+¥1.5 billion	+¥1.2 billion	3.0
Imaging	Revenue	28.5	30.6	+7%	+3%	31.0
	Operating profit	-1.4	1.6	+¥3.0 billion	+¥2.9 billion	1.0
Others	Revenue	8.1	5.0	-38%	-39%	5.0
	Operating profit	-2.2	-1.2	+¥1.0 billion	+¥1.0 billion	-2.0
Elimination and corporate	Revenue	-	-	-	-	-
	Operating profit	-20.5	-19.7	+¥0.9 billion	+¥0.8 billion	-22.0
Consolidated Total	Revenue	348.7	369.4	+6%	+1%	366.0
	Operating profit	35.4	37.4	+6%	-3%	35.0

# 2Q of Fiscal 2018 (2) Medical Business

■ Revenue ■ Operating profit

(Billions of yen)



(Billions of yen)	2Q (Jul.-Sept.)				1H (Apr.-Sept.)			
	Jul.-Sept. 2016	Jul.-Sept. 2017	YoY	After foreign exchange adjustment	Apr.-Sept. 2016	Apr.-Sept. 2017	YoY	After foreign exchange adjustment
Revenue	141.0	154.8	+10%	+2%	271.8	289.3	+6%	+2%
Gastrointestinal Endoscopes (GI)	79.9	83.7	+5%	-2%	152.6	156.5	+3%	-1%
Surgical Devices	44.4	51.2	+15%	+7%	85.3	94.1	+10%	+5%
Endotherapy Devices	16.7	19.9	+19%	+8%	33.8	38.7	+14%	+8%
Operating profit	34.3	32.2	-6%	-11%	59.7	55.4	-7%	-12%
Operating profit margin	24.4%	20.8%		21.4%	22.0%	19.1%		19.1%

Revenue

Operating profit

- ✓ GI: Late stages of product cycle for mainstay systems (negative growth when FX influences are excluded)
- ✓ Surgical devices: Favorable sales of new VISERA ELITE II surgical endoscopy system particularly in Europe
- ✓ Endotherapy devices: Strong performance in all regions with particularly solid sales for ERCP and respiratory area products
- ✓ Gross profit margin down due to product mix changes (lower ratio of sales accountable to GI)
- ✓ Higher SG&A expenses due to incurring expenses for strengthening sales and services systems and other costs

# 2Q of Fiscal 2018 (3) Medical Business

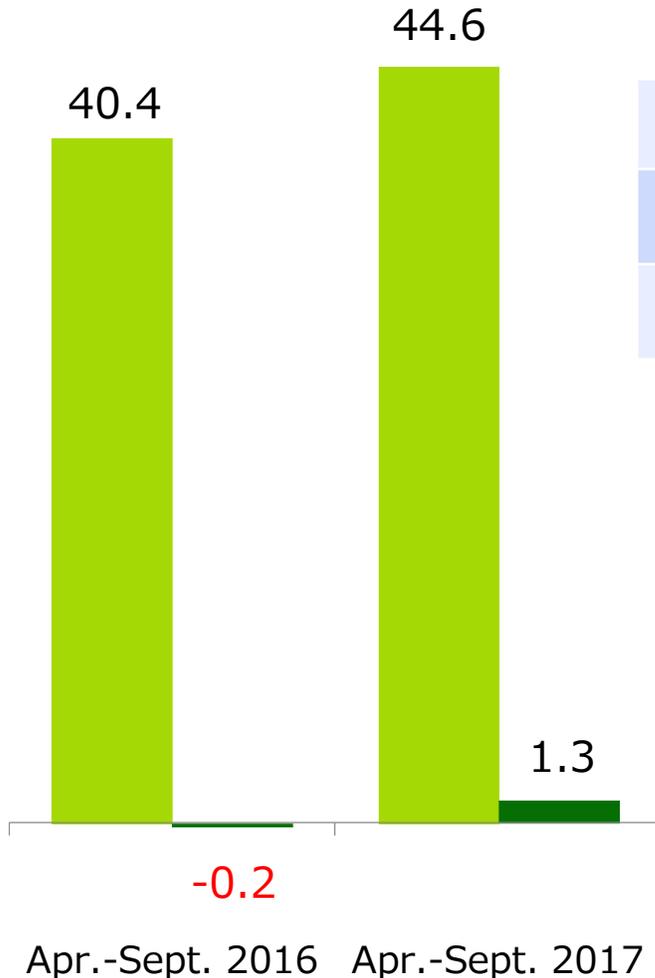
Field	Region	Local currency basis growth rates (%)			Conditions by field
		2017/3		2018/3	
		1H	2H	1H	
Gastrointestinal Endoscopes	Japan	-1%	-2%	-2%	<ul style="list-style-type: none"> <li>Late stages of product cycle for products in developed countries</li> <li>Negative growth due to new scopes not yet being launched in Japan, certain large-scale orders being delayed until the 2nd half in North America, and rebound from strong growth seen in previous fiscal year in Europe</li> <li>Solid performance in Asia/Oceania centered on China</li> </ul>
	North America	-2%	+1%	-3%	
	Europe	+6%	+6%	-7%	
	Asia/Oceania	+19%	+18%	+8%	
	All Regions	+3%	+4%	-1%	
Surgical Devices	Japan	0%	-4%	+4%	<ul style="list-style-type: none"> <li>Solid performance in Asia/Oceania and Europe, with particularly favorable sales of the VISERA ELITE II in Europe, where it was launched ahead of other markets</li> <li>Performance in line with previous fiscal year in North America, even as mainstay systems struggle to grow in the late stages of their product cycles, due to favorable performance of 4K surgical endoscopy systems</li> </ul>
	North America	+3%	+1%	0%	
	Europe	0%	+20%	+10%	
	Asia/Oceania	+10%	+10%	+17%	
	All regions	+3%	+5%	+5%	
Endotherapy Devices	Japan	+9%	+5%	+8%	<ul style="list-style-type: none"> <li>Exceptionally strong performance in Asia/Oceania centered on China</li> <li>Impressive sales overall for products for ERCP* and respiratory area products</li> </ul>
	North America	+13%	+7%	+3%	
	Europe	+7%	+6%	+1%	
	Asia/Oceania	+8%	+11%	+21%	
	All Regions	+8%	+6%	+8%	

\* Endoscopic retrograde cholangio pancreatography

# 2Q of Fiscal 2018 (4) Scientific Solutions Business

■ Revenue

(Billions of yen)



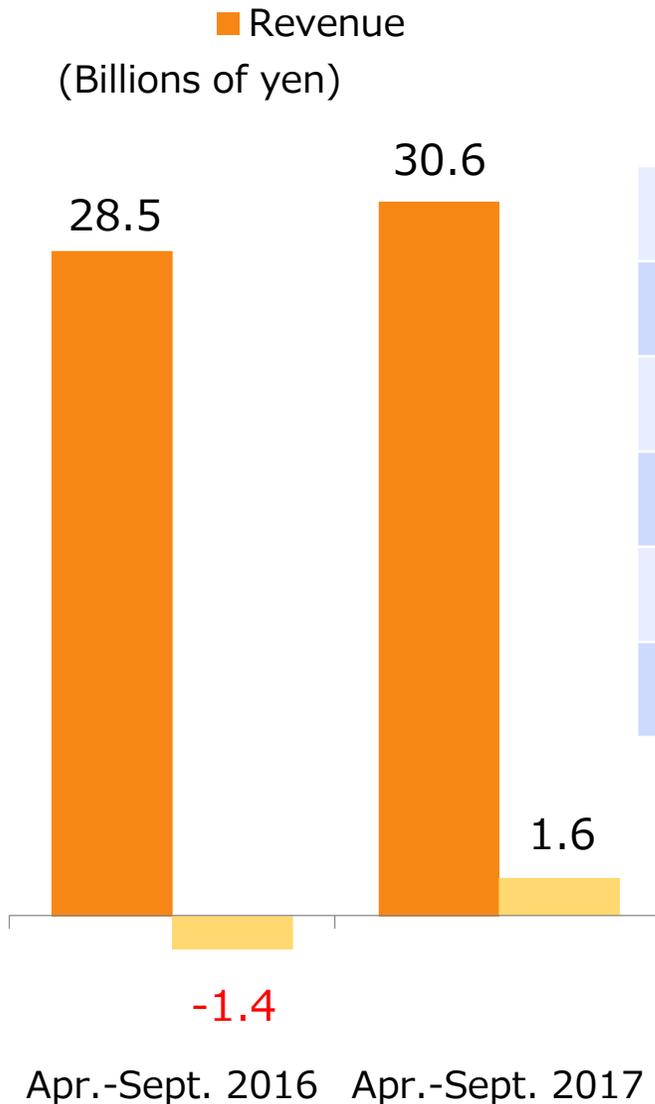
(Billions of yen)	2Q (Jul.-Sept.)				1H (Apr.-Sept.)			
	Jul.-Sept. 2016	Jul.-Sept. 2017	YoY	After foreign exchange adjustment	Apr.-Sept. 2016	Apr.-Sept. 2017	YoY	After foreign exchange adjustment
Revenue	21.8	24.6	+13%	+5%	40.4	44.6	+10%	+6%
Operating profit (loss)	0.9	1.8	+112%	+102%	-0.2	1.3	+¥1.5 bn	+¥1.2 bn
Operating profit margin	4.0%	7.5%		7.7%	-	2.8%		2.4%

Revenue

Operating profit

- ✓ Revenue growth driven by strong performance in industrial field largely seen overseas following bottoming out of resource prices and contributions from new products launched last year, favorable sales of biological microscopes in Japan
  - North America: Impressive sales of non-destructive testing equipment
  - Europe: Large-scale orders received for X-ray fluorescence analyzers
  - China: Favorable sales of industrial microscopes for use in inspecting electronic components for smartphones
- ✓ Operating profit of ¥1.3 billion recorded, compared with operating loss of ¥0.2 billion in the previous equivalent period, as a result of higher sales, improved operational efficiency, and optimized costs levels

# 2Q of Fiscal 2018 (5) Imaging Business



(Billions of yen)	2Q (Jul.-Sept.)				1H (Apr.-Sept.)			
	Jul.-Sept. 2016	Jul.-Sept. 2017	YoY	After foreign exchange adjustment	Apr.-Sept. 2016	Apr.-Sept. 2017	YoY	After foreign exchange adjustment
Revenue	13.2	15.4	+17%	+8%	28.5	30.6	+7%	+3%
Mirrorless	9.3	11.7	+25%	+17%	19.5	23.3	+19%	+15%
Compact	2.6	2.4	-6%	-13%	6.2	4.7	-24%	-27%
Others	1.4	1.4	-1%	-7%	2.8	2.6	-7%	-10%
Operating profit (loss)	-1.1	0.7	+¥1.8 bn	+¥1.6 bn	-1.4	1.6	+¥3.0 bn	+¥2.9 bn
Operating profit margin	-	4.7%		4.0%	-	5.3%		5.4%

Revenue

- ✓ Strong sales growth of 19% centered on OM-D series in mirrorless camera field, contributing to overall higher revenue in Imaging Business despite substantial decrease in compact camera sales

Operating profit

- ✓ Substantial increase in profitability achieved through larger ratio of sales from high-margin, high-end mirrorless cameras and effective management of iexpenses
- ✓ Operating profit of ¥1.6 billion posted in comparison to operating loss of ¥1.4 billion in previously equivalent period, making for operating profit margin of 5.3%

# Statement of Financial Position

- Total equity: Higher retained earnings due to recording profit attributable to owners of parent of ¥29.8 billion
- Equity ratio: Rose to 44.2% as a result of higher retained earnings

(Billions of yen)	End Mar. 2017	End Sept. 2017	Change		End Mar. 2017	End Sept. 2017	Change
Current assets	505.7	499.2	-6.5	Current liabilities	286.5	300.4	+13.9
Inventories	125.3	142.8	+17.5	bonds/long-term loans payable	68.8	89.6	+20.8
Non-current assets	454.3	472.7	+18.4	Non-current liabilities	277.4	240.9	-36.5
Property, plant and equipment	159.7	167.9	+8.2	bonds/long-term loans payable	217.2	172.9	-44.2
Intangible assets	75.9	78.5	+2.6	<b>Total equity</b>	<b>396.2</b>	<b>430.6</b>	<b>+34.4</b>
Goodwill	95.6	102.9	+7.4	<i>(Equity ratio)</i>	<i>41.1%</i>	<i>44.2%</i>	<i>+3.0pt</i>
Total assets	960.0	971.9	+11.9	Total liabilities and equity	960.0	971.9	+11.9

Interest-bearing debt: ¥262.6 billion (-¥23.4 billion from March 31, 2017)

# Consolidated Cash Flows

- Free cash flow: Came to positive ¥12.9 billion due to income from gain on sales of land and buildings, which offset outflow of ¥8.7 billion related to the acquisition of ISM\*
- CF from financing activities: First public issue of corporate bonds (¥10 billion worth) in 21 years

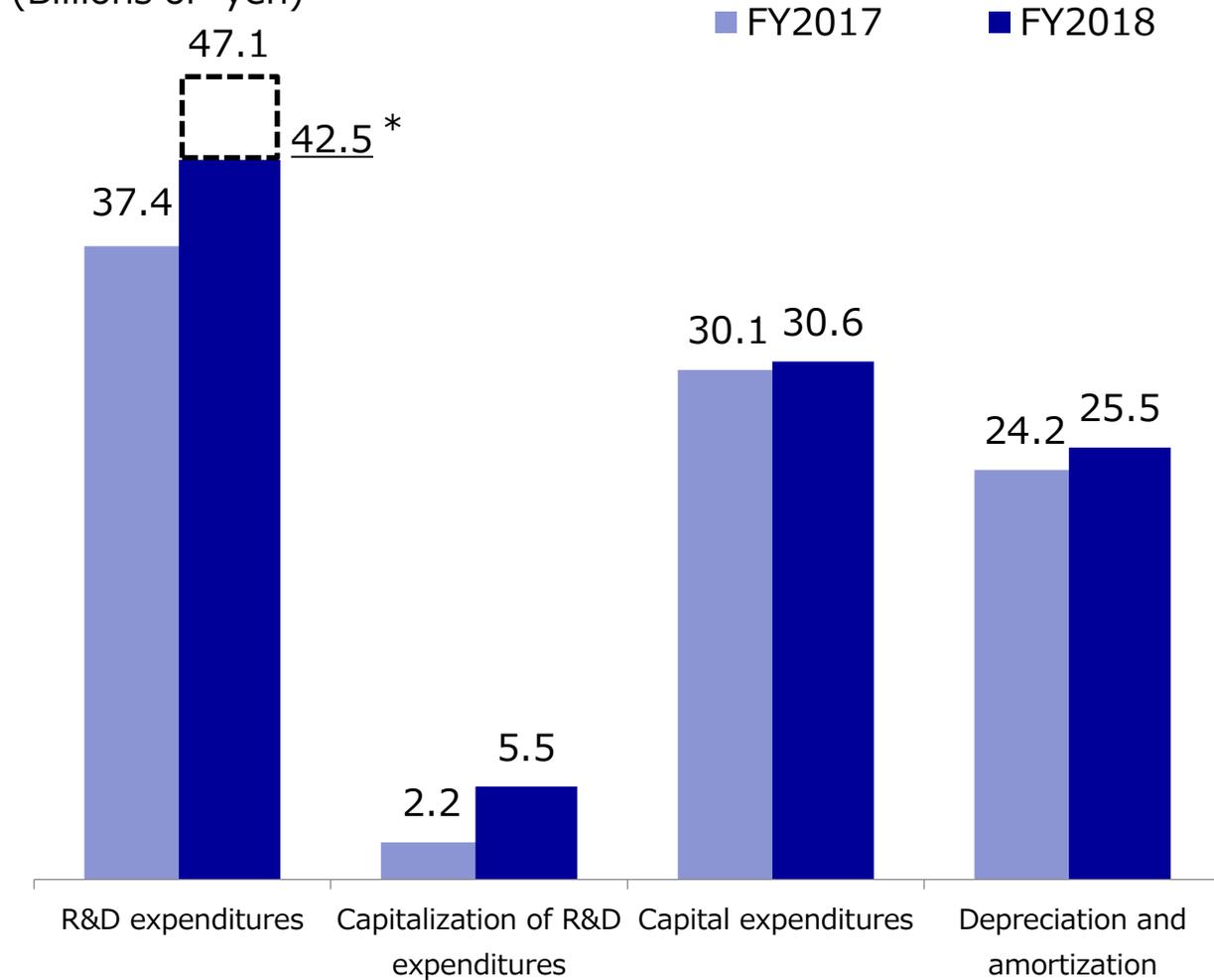
1H (Apr.-Sept.)

(Billions of yen)	FY2017	<b>FY2018</b>	Change
Revenue	348.7	369.4	+20.7
Operating profit	35.4	37.4	+2.0
(% of revenue)	10.2%	10.1%	-0.1pt
CF from operating activities	42.1	42.6	+0.5
CF from investing activities	-34.5	-29.7	+4.7
Free cash Flow	7.6	12.9	+5.3
CF from financing activities	-23.2	-34.7	-11.5
Cash and cash equivalents at end of period	138.7	181.3	+42.6
Depreciation and amortization	24.2	25.5	+1.3
Capital expenditures	30.1	30.6	+0.5

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

1H (Apr.-Sept.)

(Billions of yen)



\*The above figures of 42.5bn are calculated by applying the same standards to all subsidiaries as used by the Company

## Major R&D Successes in FY2018



3D endoscope compatible with VISERA ELITE II surgical endoscopy system



Endocytoscopy "Endocyto"



ORBEYE surgical microscope system equipped with 4K and 3D technologies

## Major Capital Expenditures in FY2018



Olympus Korea Medical Training & Education Center



Olympus NDT Canada (new office and manufacturing complex)

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# Forecast for Fiscal 2018

# Forecasts of Consolidated Financial Results for Fiscal 2018 (Full-year basis)

- Euro foreign exchange assumption revised and forecasts raised for revenue and all profit figures
- No major changes to previously released forecasts when foreign exchange influences are excluded

(Billions of yen)	FY2018 (Forecasts announced in 1Q)	<b>FY2018 (New forecasts)</b>	Change	vs. forecasts announced in 1Q	After foreign exchange adjustment	FY2017
Revenue	766.0	784.0	+18.0	+2%	0%	740.6
Gross profit (% of revenue)	505.0 (65.9%)	518.0 (66.1%)	+13.0	+3%	0%	478.5 (64.6%)
Selling, general and administrative expenses (% of revenue)	421.0 (55.0%)	427.0 (54.5%)	+6.0	+1%	0%	397.7 (53.7%)
Other income and expenses, etc.	-5.0	-5.0	-	-	-	-9.6
Operating profit (% of revenue)	79.0 (10.3%)	86.0 (11.0%)	+7.0	+9%	0%	71.2 (9.6%)
Profit before tax (% of revenue)	72.0 (9.4%)	79.0 (10.2%)	+7.0	+11%		62.5 (8.4%)
Profit attributable to owners of parent (% of revenue)	55.0 (7.2%)	60.0 (7.7%)	+5.0	+9%		42.8 (5.8%)
EPS	¥161	¥175				
¥/US\$	¥110	¥111	+¥1 (yen depreciation)			
¥/Euro	¥115	¥126	+¥11 (yen depreciation)			

## Dividend Payments in Fiscal 2018

Year-end dividend of ¥28 per share (no change)

# Segment Forecasts for Fiscal 2018 (Full-year basis)

- Upward revision to revenue and operating profit forecasts of Medical Business and other businesses due to revision of foreign exchange assumptions
- Forecasts unrevised for mainstay Medical Business when excluding foreign exchange influences

(Billions of yen)		FY2018 (Forecasts announced in 1Q)	<b>FY2018 (New forecasts)</b>	Change	vs. forecasts announced in 1Q	After foreign exchange adjustment
Medical	Revenue	598.0	613.0	+ 15.0	+ 3%	0%
	Operating profit	123.0	130.0	+ 7.0	+ 6%	0%
Scientific Solutions	Revenue	95.0	97.0	+ 2.0	+ 2%	0%
	Operating profit	6.0	6.0	-	0%	-12%
Imaging	Revenue	64.0	65.0	+ 1.0	+ 2%	-2%
	Operating profit	1.0	2.0	+ 1.0	+ 100%	+ 13%
Others	Revenue	9.0	9.0	-	-	-1%
	Operating profit	-6.0	-6.0	-	-	-
Elimination and corporate	Revenue	-	-	-	-	-
	Operating profit	-45.0	-46.0	-1.0	-	-
Consolidated Total	Revenue	766.0	784.0	+ 18.0	+ 2%	0%
	Operating profit	79.0	86.0	+ 7.0	+ 9%	0%

# 2nd-half Forecast for Fiscal 2018 by Segment (YoY)

- Revenue and profit growth to be driven by Medical Business in 2nd half

(Billions of yen)		FY2017 2H	FY2018 2H (Forecasts)	YoY (%)	After foreign exchange adjustment	FY2018 (Forecasts announced in 1Q)
Medical	Revenue	298.6	323.7	+8%	+7%	314.0
	Operating profit	55.0	74.6	+36%	+28%	68.0
Scientific Solutions	Revenue	53.0	52.4	-1%	-2%	49.0
	Operating profit	6.1	4.7	-23%	-35%	3.0
Imaging	Revenue	34.3	34.4	0%	-2%	33.0
	Operating profit	1.5	0.4	-73%	-¥1.8 billion	-
Others	Revenue	5.9	4.0	-32%	-33%	4.0
	Operating profit	1.1	-4.8	-¥5.9 billion	-¥5.9 billion	-4.0
Elimination and corporate	Revenue	-	-	-	-	-
	Operating profit	-27.9	-26.3	+¥1.6 billion	+¥2.2 billion	-23.0
Consolidated Total	Revenue	391.8	414.6	+6%	+4%	400.0
	Operating profit	35.8	48.6	+35%	+21%	44.0

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# Appendix

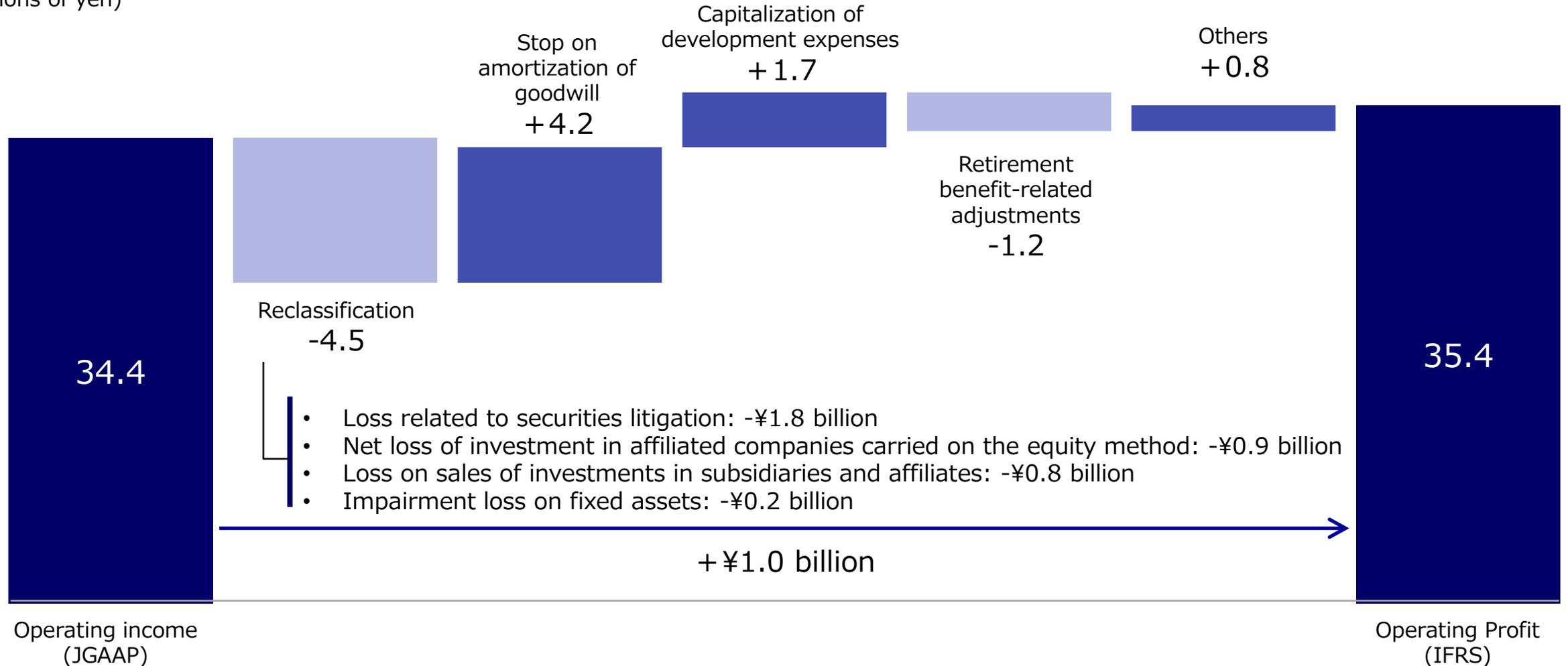
# 【Supplementary Materials (JGAAP/IFRS)】 FY2017 1H Results (1) Consolidated

(Billions of yen)	1H (Apr.-Sept.)		Change
	FY2017 Results (JGAAP)	FY2017 Results (IFRS)	
Revenue (IFRS) / Net sales (JGAAP)	350.0	348.7	-1.3
Operating Profit (IFRS) / Operating income (JGAAP)	34.4	35.4	+1.1
Profit before tax (IFRS) / Income before provision for income taxes (JGAAP)	26.1	31.1	+5.1
Profit attributable to owners of parent (IFRS) / Net income attributable to owners of the parent (JGAAP)	22.2	23.6	+1.4

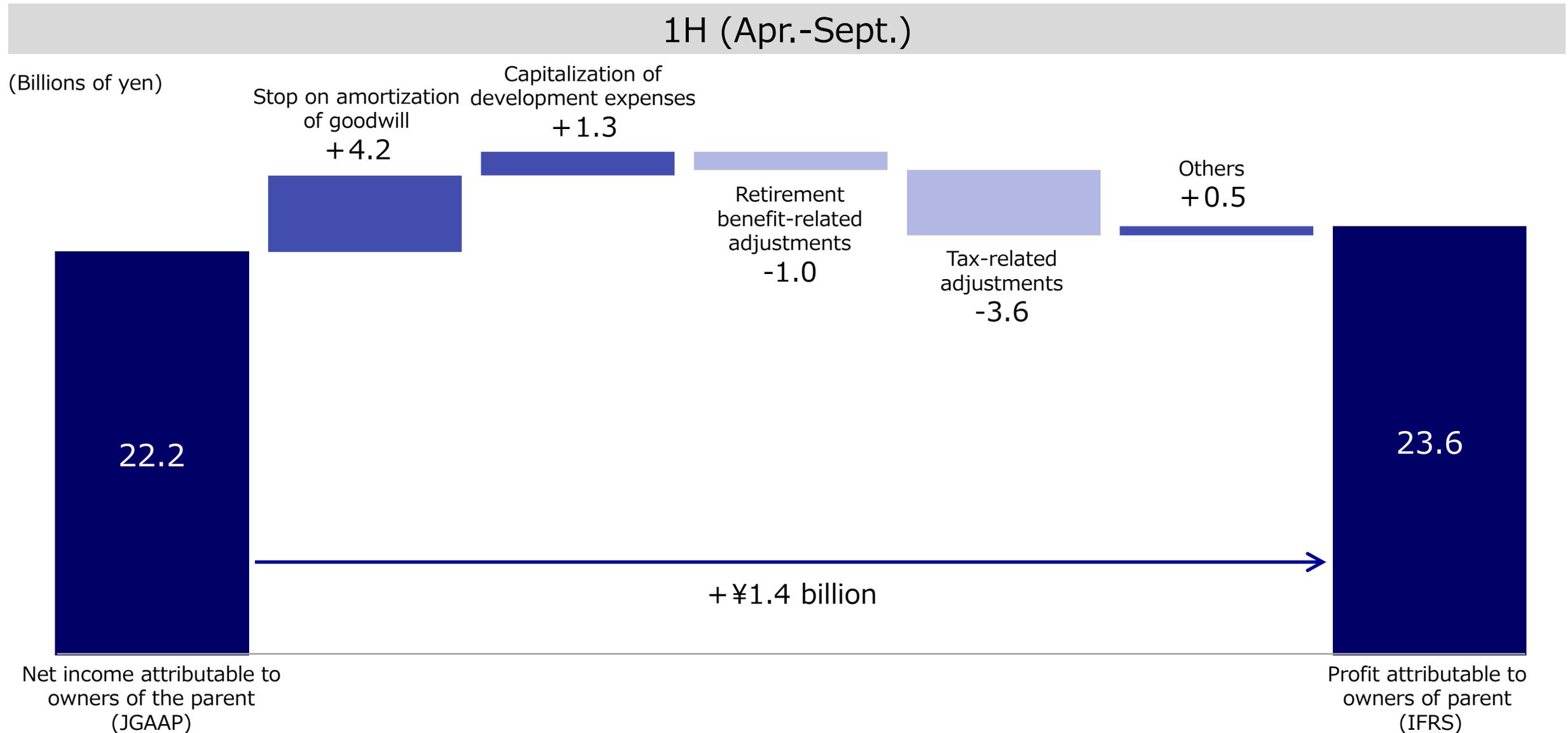
# 【Supplementary Materials (JGAAP/IFRS)】 FY2017 1H Results (2) Factors Influencing OP

1H (Apr.-Sept.)

(Billions of yen)



# [Supplementary Materials (JGAAP/IFRS) ] FY2017 1H Results (3) Factors Influencing Profit



# 【Supplementary Materials (JGAAP/IFRS)】FY2017 1H Results (4) By segment

1H (Apr.-Sept.)

(Billions of yen)		FY2017 Results (JGAAP)	FY2017 Results (IFRS)	Change
Medical	Revenue (IFRS) / Net sales (JGAAP)	271.8	271.8	-0.1
	Operating Profit (IFRS) / Operating income (JGAAP)	56.6	59.7	+3.1
Scientific Solutions	Revenue (IFRS) / Net sales (JGAAP)	40.2	40.4	+0.2
	Operating Profit (IFRS) / Operating income (JGAAP)	-0.6	-0.2	+0.5
Imaging	Revenue (IFRS) / Net sales (JGAAP)	29.8	28.5	-1.3
	Operating Profit (IFRS) / Operating income (JGAAP)	-1.4	-1.4	+0.1
Others	Revenue (IFRS) / Net sales (JGAAP)	8.2	8.1	-0.1
	Operating Profit (IFRS) / Operating income (JGAAP)	-2.0	-2.2	-0.2
Elimination and corporate	Revenue (IFRS) / Net sales (JGAAP)	-	-	-
	Operating Profit (IFRS) / Operating income (JGAAP)	-18.2	-20.5	-2.3
Consolidated Total	Revenue (IFRS) / Net sales (JGAAP)	350.0	348.7	-1.3
	Operating Profit (IFRS) / Operating income (JGAAP)	34.4	35.4	+1.1

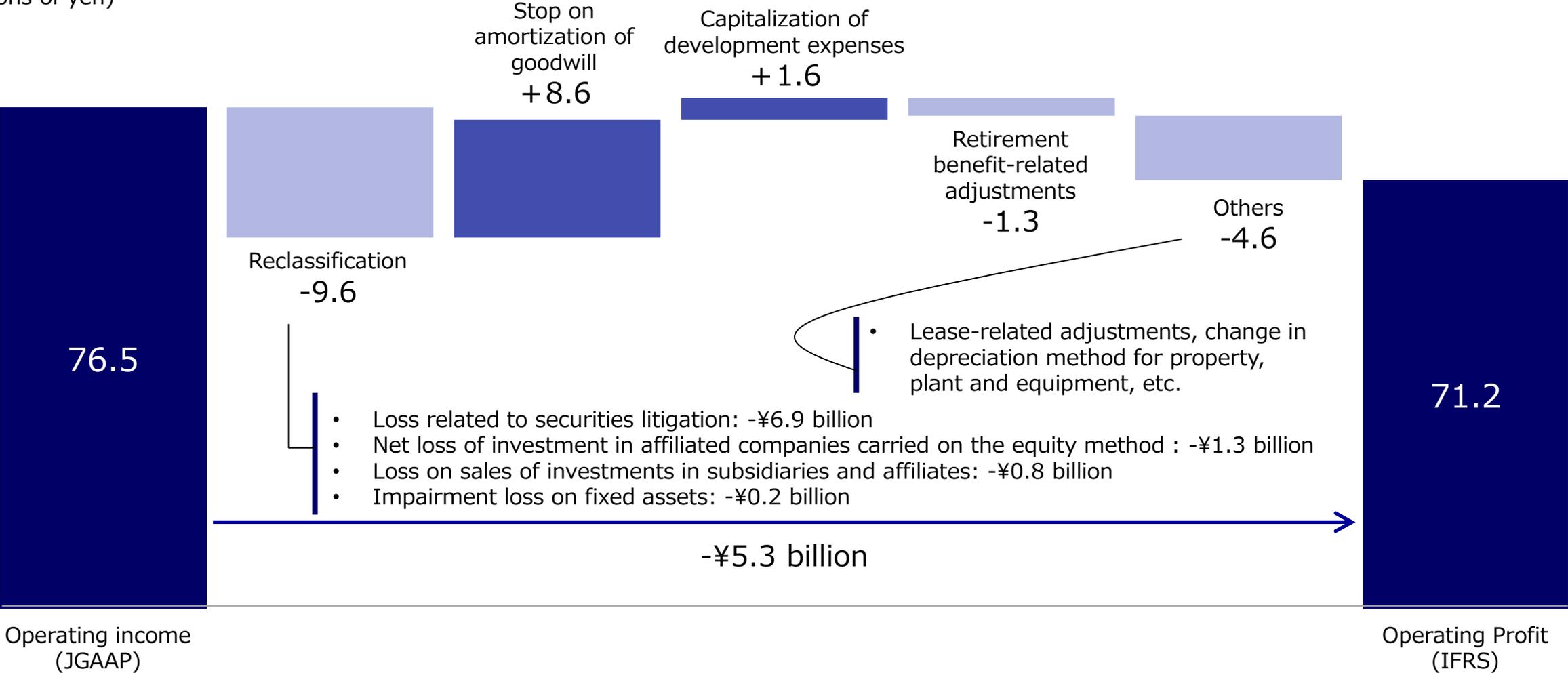
# 【Supplementary Materials (JGAAP/IFRS)】 FY2017 Full Year Results (1) Consolidated

(Billions of yen)	Full Year		Change
	FY2017 Results (JGAAP)	FY2017 Results (IFRS)	
Revenue (IFRS) / Net sales (JGAAP)	748.1	740.6	-7.5
Operating Profit (IFRS) / Operating income (JGAAP)	76.5	71.2	-5.3
Profit before tax (IFRS) / Income before provision for income taxes (JGAAP)	81.7	62.5	-19.2
Profit attributable to owners of parent (IFRS) / Net income attributable to owners of the parent (JGAAP)	78.2	42.8	-35.4

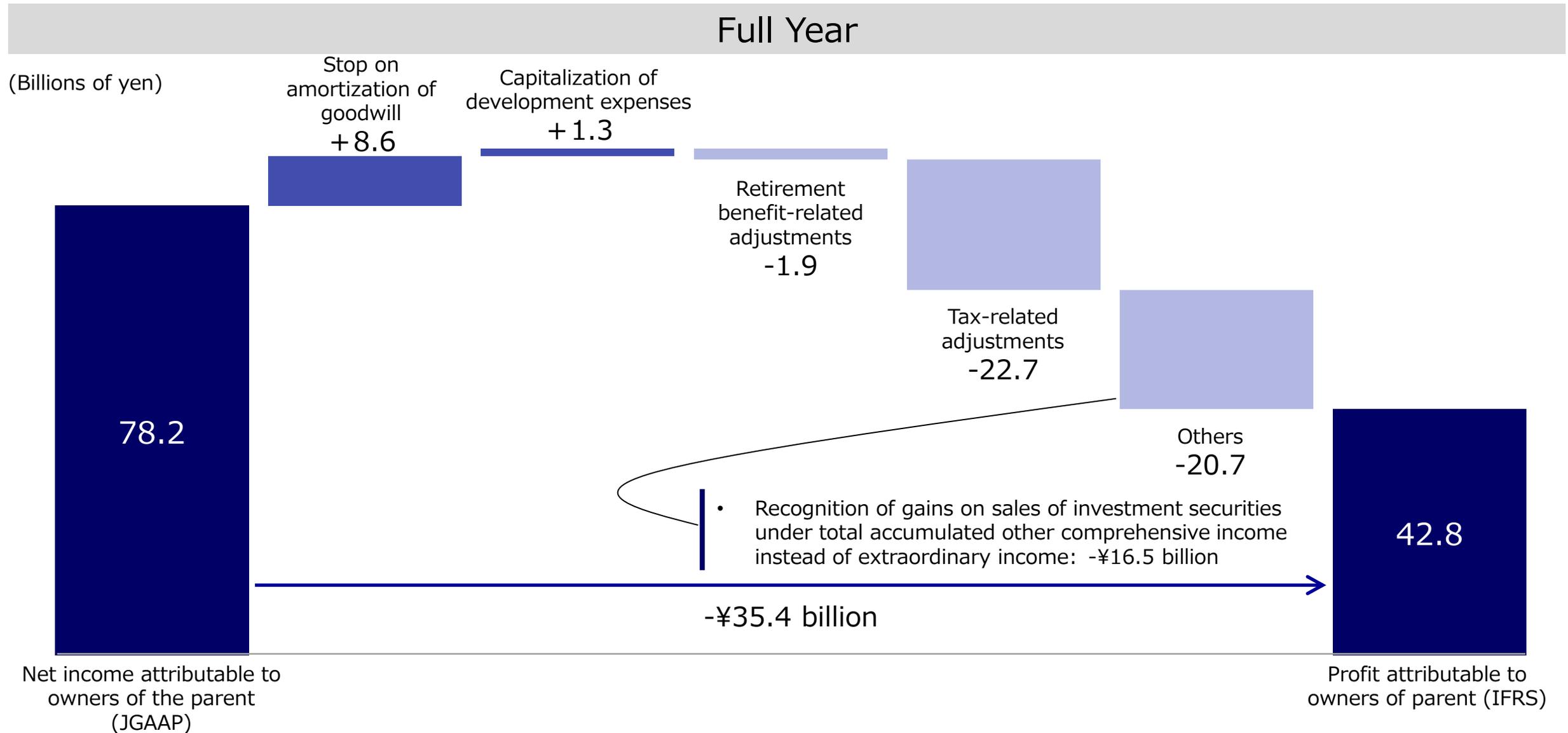
# 【Supplementary Materials (JGAAP/IFRS)】 FY2017 Full Year Results (2) Factors Influencing Operating Profit

## Full Year

(Billions of yen)



# 【Supplementary Materials (JGAAP/IFRS)】 FY2017 Full Year Results (3) Factors Influencing Profit



# 【Supplementary Materials (JGAAP/IFRS)】 FY2017 Full Year Results (4) By segment

(Billions of yen)		Full Year		Change
		FY2017 Results (JGAAP)	FY2017 Results (IFRS)	
Medical	Revenue (IFRS) / Net sales (JGAAP)	575.3	570.4	-4.9
	Operating Profit (IFRS) / Operating income (JGAAP)	115.5	114.7	-0.8
Scientific Solutions	Revenue (IFRS) / Net sales (JGAAP)	93.2	93.4	+0.2
	Operating Profit (IFRS) / Operating income (JGAAP)	5.3	5.9	+0.6
Imaging	Revenue (IFRS) / Net sales (JGAAP)	65.6	62.8	-2.8
	Operating Profit (IFRS) / Operating income (JGAAP)	0.5	0.2	-0.3
Others	Revenue (IFRS) / Net sales (JGAAP)	14.0	14.0	0
	Operating Profit (IFRS) / Operating income (JGAAP)	-4.6	-1.1	+3.5
Elimination and corporate	Revenue (IFRS) / Net sales (JGAAP)	-	-	-
	Operating Profit (IFRS) / Operating income (JGAAP)	-40.2	-48.5	-8.3
Consolidated Total	Revenue (IFRS) / Net sales (JGAAP)	748.1	740.6	-7.5
	Operating Profit (IFRS) / Operating income (JGAAP)	765	71.2	-5.3