

**OLYMPUS**

Your Vision, Our Future

# **Overview of Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2012**

**February 13, 2012**

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**Deputy Group President of Corporate Center**

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# Highlights

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- 1. Business operations were solid in October-December, led by the Medical Business.**
- 2. Full-year net sales and operating income are expected to absorb the impact of strong yen, earthquake, and Thai flooding, and recover to the previous FY level.**

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# **I. Consolidated Financial Results and Business Overview for the Third Quarter (October-December) of the FY Ending March 31, 2012**

# 3Q of FY Ending March 2012 (1) Consolidated Financial Results

(Billions of yen)	March 2011		March 2012		YoY Change		After adjustments for extraordinary factors (*)	
	3Q (Oct-Dec)	1Q-3Q (Apr-Dec)	3Q (Oct-Dec)	1Q-3Q (Apr-Dec)	3Q	1Q-3Q	3Q YoY	1Q-3Q YoY
Net sales	206.7	624.0	210.1	624.7	+2%	+0%	+8%	+7%
Operating income (% to sales)	9.7 (4.7%)	32.0 (5.1%)	8.4 (4.0%)	26.0 (4.2%)	-13%	-19%	+21%	+20%
Ordinary income (% to sales)	7.6 (3.7%)	26.9 (4.3%)	5.5 (2.6%)	15.0 (2.4%)	-27%	-44%		
Net income (loss) (% to sales)	2.0 (1.0%)	5.8 (0.9%)	-0.8 (-)	-33.1 (-)	-	-		

(\*) YoY comparisons excluding the impact of the strong yen, effect of earthquake, transfer of printer business, and Thai flooding

## 【Foreign exchange rates and impact】

¥/US\$	¥83	¥87	¥77	¥79
¥/Euro	¥112	¥113	¥104	¥111
Impact on net sales	-	-	-¥7.0 bil.	-¥20.1 bil.
Impact on operating income	-	-	-¥2.4 bil.	-¥4.3 bil.

## (Difference)

	-¥5	-¥8
	-¥8	-¥3

## 【3Q (October-December) key points】

- ✓ Net sales were strong, growing 2% after absorbing the impact of strong yen, Thai flooding, etc., and rising 8% after adjustment for the extraordinary factors (\*)
- ✓ Operating income declined due to the yen's strength, but rose 21% after adjustments for extraordinary factors (\*), for large profit growth on an actual basis
- ✓ Net loss was the result of extraordinary loss from expenses related to amendments to past years' Securities Reports and reversal of deferred tax assets, etc.

# 3Q of FY Ending March 2012 (2) Results by Business Segment

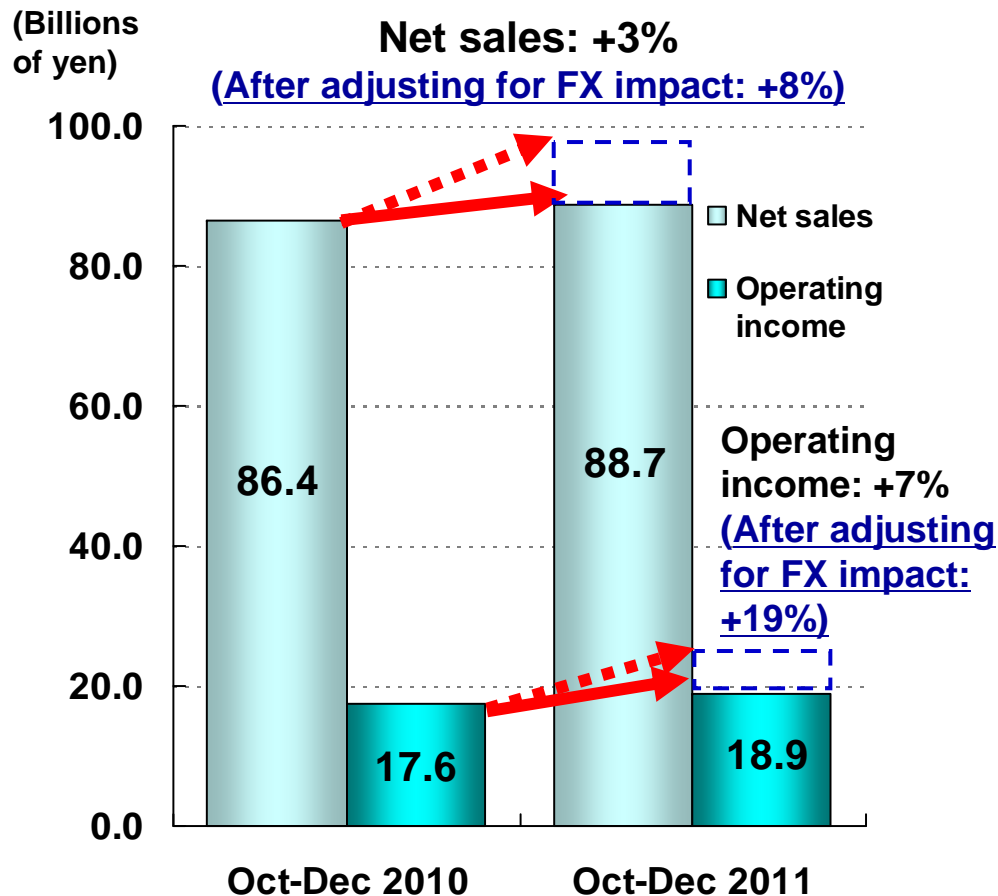
Sales grew at almost all segments on actual basis, excluding impact of strong yen, Thai flooding, etc.

(Billions of yen)		March 2011		March 2012		YoY Change		After adjustments for extraordinary factors (*)	
		3Q	1Q-3Q	3Q	1Q-3Q	3Q	1Q-3Q	3Q	1Q-3Q
Medical	Net sales	86.4	261.8	88.7	252.5	+3%	-4%	+8%	+5%
	Op. income	17.6	53.8	18.9	47.2	+7%	-12%	+19%	+9%
Life Science & Industrial	Net sales	23.4	70.8	21.1	65.9	-10%	-7%	+1%	+11%
	Op. income	1.6	4.4	0	3.5	-100%	-21%	-80%	+44%
Imaging	Net sales	34.8	103.0	33.7	104.8	-3%	+2%	+15%	+11%
	Op. income	-4.3	-7.7	-3.6	-3.8	-	-	-	-
Information & Communication	Net sales	49.8	152.2	54.8	164.0	+10%	+8%	+10%	+8%
	Op. income	0.7	3.5	0.8	3.6	+17%	+1%	+17%	+1%
Others	Net sales	12.3	36.2	11.8	37.4	-4%	+3%	-3%	+4%
	Op. income	-0.3	-2.1	-1.8	-5.2	-	-	-	-
Elimination and corporate	Net sales	-	-	-	-	-	-	-	-
	Op. income	-5.6	-19.9	-5.9	-19.3	-	-	-	-
Consolidated Total	Net sales	206.7	624.0	210.1	624.7	+2%	+0%	+8%	+7%
	Op. income	9.7	32.0	8.4	26.0	-13%	-19%	+21%	+20%

(\*) YoY comparisons excluding the impact of the strong yen, effect of earthquake, transfer of printer business, and Thai flooding

# 3Q of FY Ending March 2012 (3) Medical Business

- Business **remains strong**, with no apparent impact from series of deferred postings of losses
- **Solid progress in development for new product launches** for both gastrointestinal endoscope and surgical & therapeutic devices



## [New Products]

- ✓ **Surgical endoscope** released in Japan in October, which sales grew. Steadily progress in European and US markets as well.
- ✓ **New energy device products** are scheduled for release within this FY as planned.

Ultrasonic cutting and coagulation device (superior cutting capability)



+

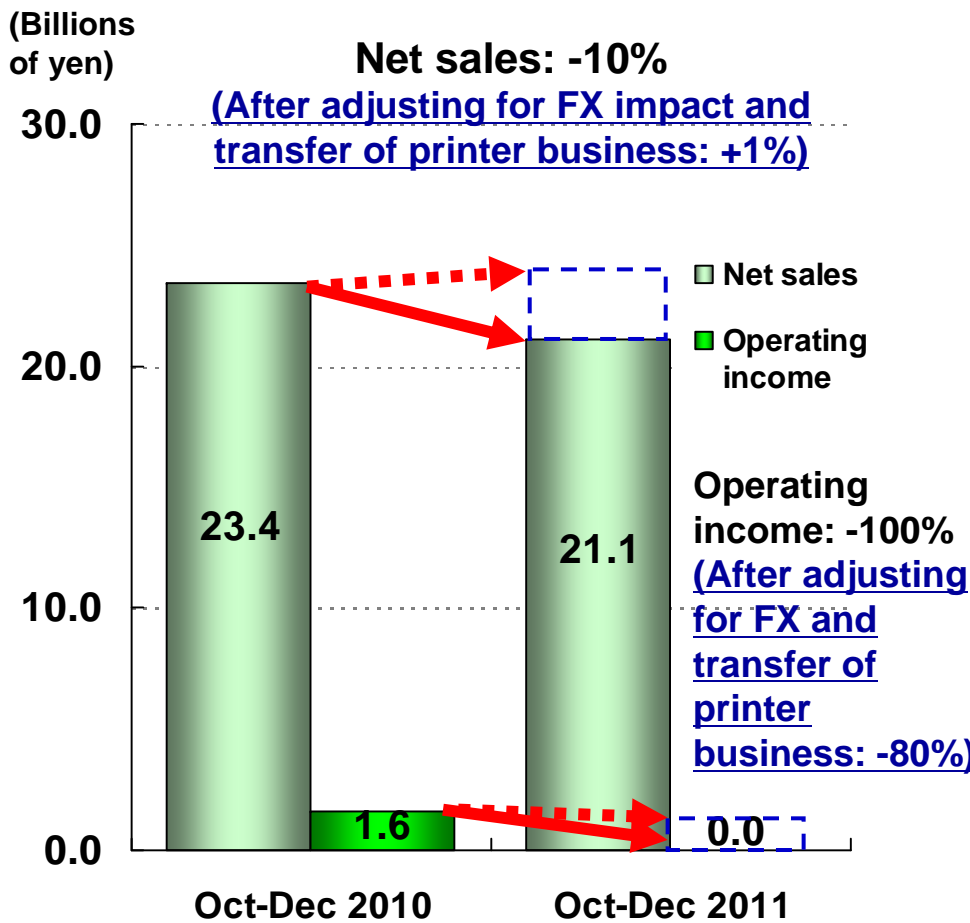
Bipolar sealing device (hemostatic capability)



- ✓ Progress is on track for introduction of **new flagship gastrointestinal endoscope products** in next FY ending March 2013.

# 3Q of FY Ending March 2012 (4) Life Science & Industrial Business

- Excluding extraordinary factors, sales grew on actual basis, stable trend
- Industrial field saw strong demand for non-destructive testing equipment in industries such as social infrastructure



## 【New Products】

✓ New industrial microscope product launched in January, integrating optical and digital technologies and equipped with the industry's first touch panel. This product achieves both the “reliability of an optical microscope” and the “operability of a digital microscope.”



( ↑ DSX Series of opto-digital microscopes )

✓ Olympus's first hand-held industrial videoscope released in January. Smallest and lightest in series, with image quality and durability comparable to higher-end models.



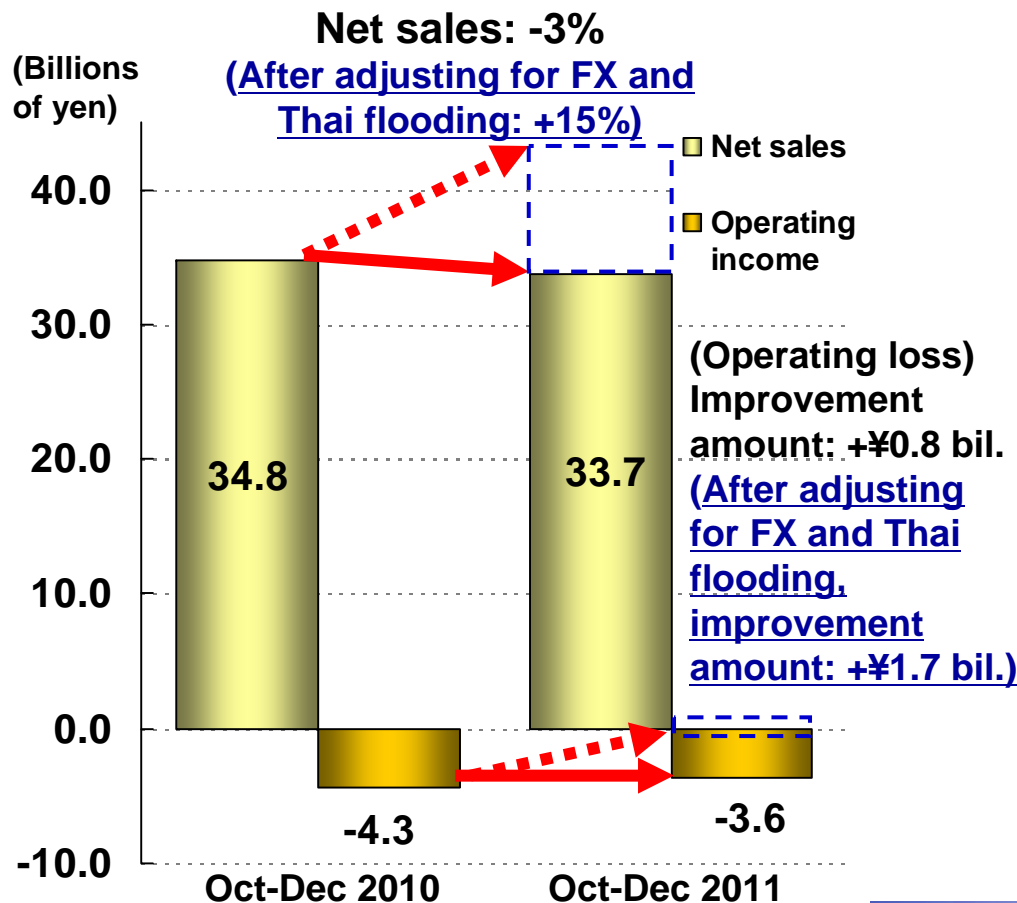
( ↑ IPLEX UltraLite )





# 3Q of FY Ending March 2012 (5) Imaging Business

- Although sales and profit declined from effect of Thai flooding, etc., “PEN Series” of micro SLRs showed strength especially in Japan and Asia. High value-added compact models also strong in Europe and Asia
- **Ranked No. 1 for full year** in 2011 “BCN ranking” **in mirrorless interchangeable-lens camera segment**



## 【New Products】

- ✓ **New micro SLR series “OM-D”** scheduled for launch in late March. **Mirrorless market’s first dust- / splash-proof model, with Olympus’s first high-performance electronic viewfinder built in.** Basic functionality further enhanced with world’s fastest autofocus and superior image quality.



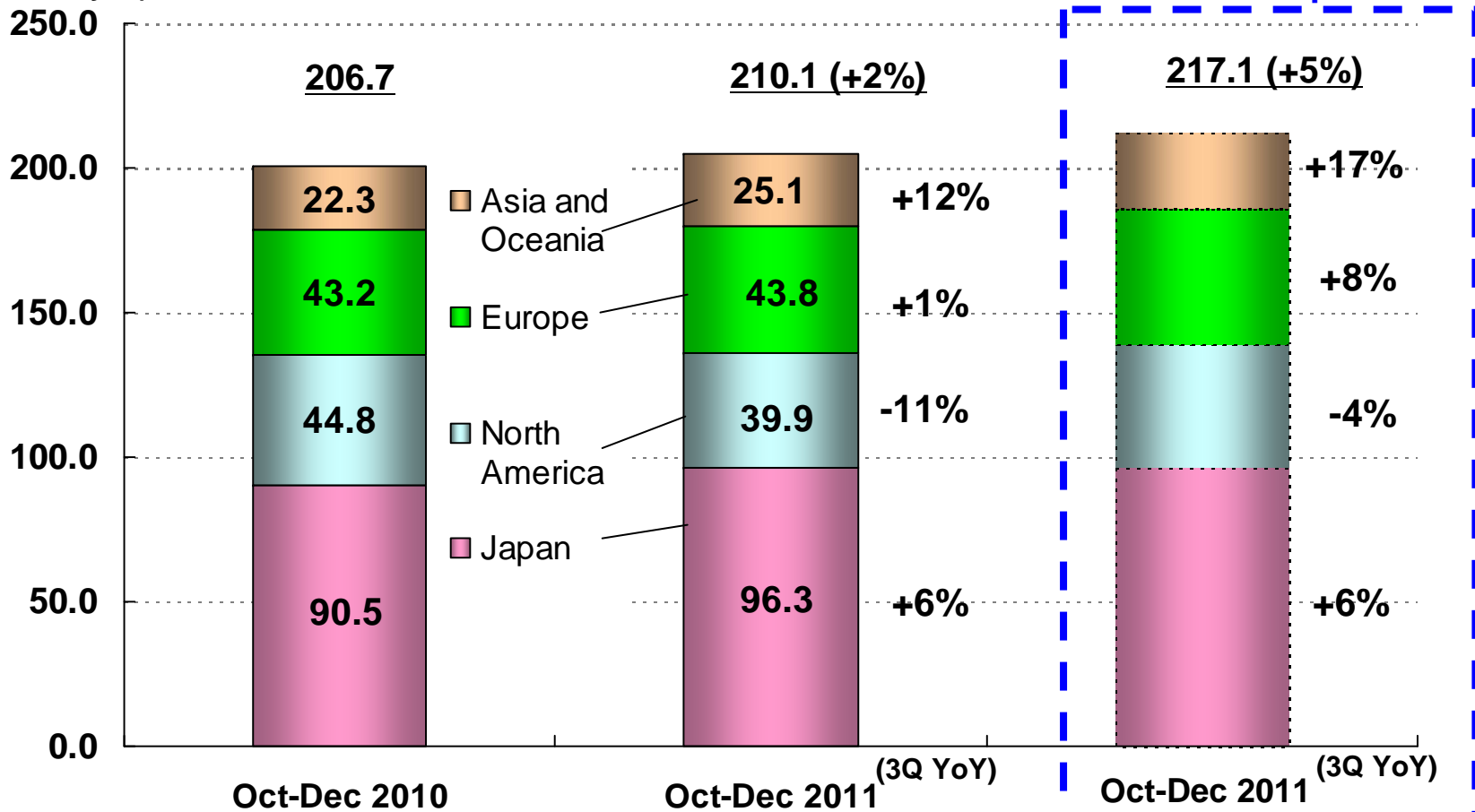
- ✓ Several new compact models are scheduled for successive launches from spring, **using same image processing technologies as micro SLRs** for high sensitivity, low noise, and fast autofocus.



# 3Q of FY Ending March 2012 (6) Net Sales by Region

- Strength primarily in Japan and Asia
- All segments growing in Europe, mainly in the Medical Business, despite worsening macroeconomic environment

(Billions of yen)



# Balance Sheet (as of December 31, 2011)

(Billions of yen)

	End of Sept 2011	End of Dec 2011	Change		End of Sept 2011	End of Dec 2011	Change
<b>Current assets</b>	<b>524.3</b>	<b>507.6</b>	<b>-16.7</b>	<b>Current liabilities</b>	<b>312.3</b>	<b>291.7</b>	<b>-20.6</b>
(Digital camera inventories)	(23.1)	(20.3)	(-2.8)				
<b>Property, plant and equipment</b>	<b>122.4</b>	<b>122.5</b>	<b>+0.1</b>	<b>Non-current liabilities</b>	<b>592.9</b>	<b>594.1</b>	<b>+1.2</b>
<b>Intangible assets</b>	<b>188.8</b>	<b>189.5</b>	<b>+0.7</b>	(Incl. bonds/ long-term loans payable)	(542.1)	(540.0)	(-2.1)
<b>Investments and other assets</b>	<b>115.7</b>	<b>109.9</b>	<b>-5.7</b>	<b>Net assets</b>	<b>46.0</b>	<b>43.8</b>	<b>-2.2</b>
				(Equity ratio)	(4.5%)	(4.4%)	
<b>Total assets</b>	<b>951.2</b>	<b>929.6</b>	<b>-21.6</b>	<b>Total liabilities and net assets</b>	<b>951.2</b>	<b>929.6</b>	<b>-21.6</b>

Interest-bearing debt : ¥636.8 billion (-¥28.4 billion)

Net interest-bearing debt: ¥435.3 billion ( +¥3.2 billion)

# Cash Flows (April – December)

(Billions of yen)

	March 2011 (Apr-Dec)	March 2012 (Apr-Dec)	Change
Net sales	624.0	624.7	+0.6
Operating income	32.0	26.0	-6.1
(%)	5.1%	4.2%	-
CF from operating activities	15.7	27.6	+11.8
CF from investing activities	1.6	-26.1	-27.7
CF from financing activities	-29.6	-5.1	+24.5
Cash flow	-12.2	-3.6	+8.6
Free cash flow	17.3	1.4	-15.9
Interest-bearing debt	651.8	636.8	-15.0
Cash and deposits	188.1	201.5	+13.4
Depreciation and amortization	23.8	24.8	+1.0
Amortization of goodwill	9.1	9.5	+0.5
Capital expenditures	21.6	23.9	+2.3

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## II. Forecasts for FY ending March 31, 2012

# Forecasts for FY ending March 31, 2012 Consolidated Financial Results

(Billions of yen)	March 2011	March 2012 (Forecast)	Change (%)
Net sales	847.1	854.0	+1%
Operating income	38.4	36.0	-6%
(% to net sales)	(4.5%)	(4.2%)	
Ordinary income	23.2	21.0	-10%
(% to net sales)	(2.7%)	(2.5%)	
Net income (loss)	3.9	-32.0	-
(% to net sales)	(0.5%)	(-)	
【Foreign exchange rates and impact】			(Difference)
¥/US\$	¥86	¥79	-¥7
¥/Euro	¥113	¥108	-¥5
Impact on net sales	-	-¥27.7 bil.	
Impact on operating income	-	-¥6.1 bil.	

After adjusting for extraordinary factors (*)
+8%
+38%

(\*) YoY comparisons excluding the impact of the strong yen, effect of earthquake, transfer of printer business, and Thai flooding

- ✓ Expects yoy growth in sales, absorbing the impact of strong yen, earthquake, and Thai flooding, etc., and recover to the previous FY level.
- ✓ In addition to the impact of strong yen, earthquake, transfer of the printer business, and Thai flooding, etc. are the main factors behind the decline in operating income. Excluding these factors, profit growth is forecast on an actual basis.
- ✓ Net loss is the result of extraordinary loss from impairment losses at Imaging Business and income taxes including reversal of deferred tax assets.

# Forecasts for FY ending March 31, 2012 by Business Segment

Sales and profit growth at almost all segments on actual basis, excluding impact of strong yen, earthquake, etc.

(Billions of yen)		March 2011		March 2012 (Forecast)		YoY Change		After adjusting for extraordinary factors (*)	
		4Q (Jan-Mar)	Full Year	4Q (Jan-Mar)	Full Year	4Q (Jan-Mar)	Full Year	4Q (Jan-Mar)	Full Year
Medical	Net sales	93.5	355.3	94.5	347.0	+1%	-2%	+6%	+6%
	Op. income	17.9	71.7	21.8	69.0	+22%	-4%	+31%	+14%
Life Science & Industrial	Net sales	30.0	100.8	27.1	93.0	-10%	-8%	+6%	+9%
	Op. income	4.1	8.6	3.0	6.5	-27%	-24%	-1%	+22%
Imaging	Net sales	28.4	131.4	34.2	139.0	+20%	+6%	+44%	+18%
	Op. income	-7.3	-15.0	-5.2	-9.0	-	-	-	-
Information & Communication	Net sales	57.3	209.5	61.0	225.0	+6%	+7%	+6%	+7%
	Op. income	1.7	5.2	2.4	6.0	+43%	+14%	+43%	+14%
Others	Net sales	13.8	50.0	12.6	50.0	-9%	0%	-10%	0%
	Op. income	-1.5	-3.6	-4.3	-9.5	-	-	-	-
Elimination and corporate	Net sales	-	-	-	-	-	-	-	-
	Op. income	-8.6	-28.5	-7.7	-27.0	-	-	-	-
Consolidated Total	Net sales	223.1	847.1	229.3	854.0	+3%	+1%	+10%	+8%
	Op. income	6.3	38.4	10.0	36.0	+58%	-6%	+127%	+38%

(\*) YoY comparisons excluding the impact of the strong yen, effect of earthquake, transfer of printer business, and Thai flooding

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# III. Major Scheduled Events Going Forward



# Scheduled Events and Extraordinary Shareholders' Meeting

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**(2012)**

- **February 20:**  
**Record Date for Convocation of  
Extraordinary Meeting of Shareholders**
- **April 20:**  
**Extraordinary Meeting of Shareholders**
- **First Half of May:**  
**Announcement of Financial Results  
for the FY ending March 31, 2012**
- **Second Half of June:**  
**General Meeting of Shareholders**

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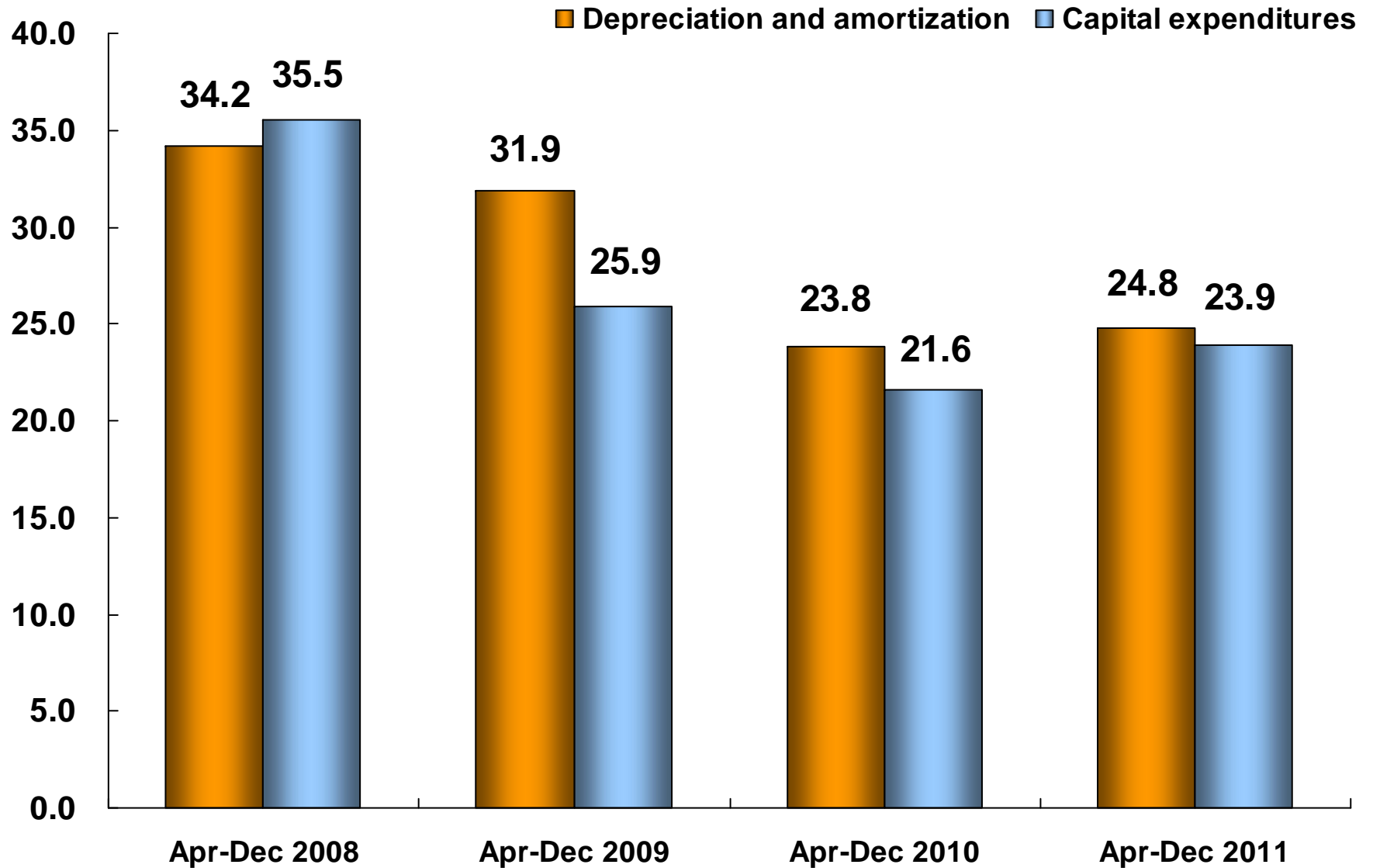
# Supplementary Materials

# Forecast for March 2012, Impact of Extraordinary Factors by Segments

(Billions of yen)		Impact of Strong Yen	Effect of Earthquake	Impact of Transfer of Printer Business	Effect of Thai Flooding
Medical	Net sales	-¥ 17.2	-¥ 11.0	-	-
	Op. income	-¥ 7.1	-¥ 6.0	-	-
Life Science & Industrial	Net sales	-¥ 4.7	-¥ 3.0	-¥ 9.6	-
	Op. income	-¥ 2.1	-¥ 1.0	-¥ 0.9	-
Imaging	Net sales	-¥ 5.6	-	-	-¥ 10.0
	Op. income	+¥ 2.4	-	-	-¥ 3.0
Information & Communication	Net sales	-	-	-	-
	Op. income	-	-	-	-
Others	Net sales	-¥ 0.1	-	-	-
	Op. income	+¥ 0.4	-	-	-
Consolidated Total	Net sales	-¥ 27.7	-¥ 14.0	-¥ 9.6	-¥ 10.0
	Op. income	-¥ 6.1	-¥ 7.0	-¥ 0.9	-¥ 3.0

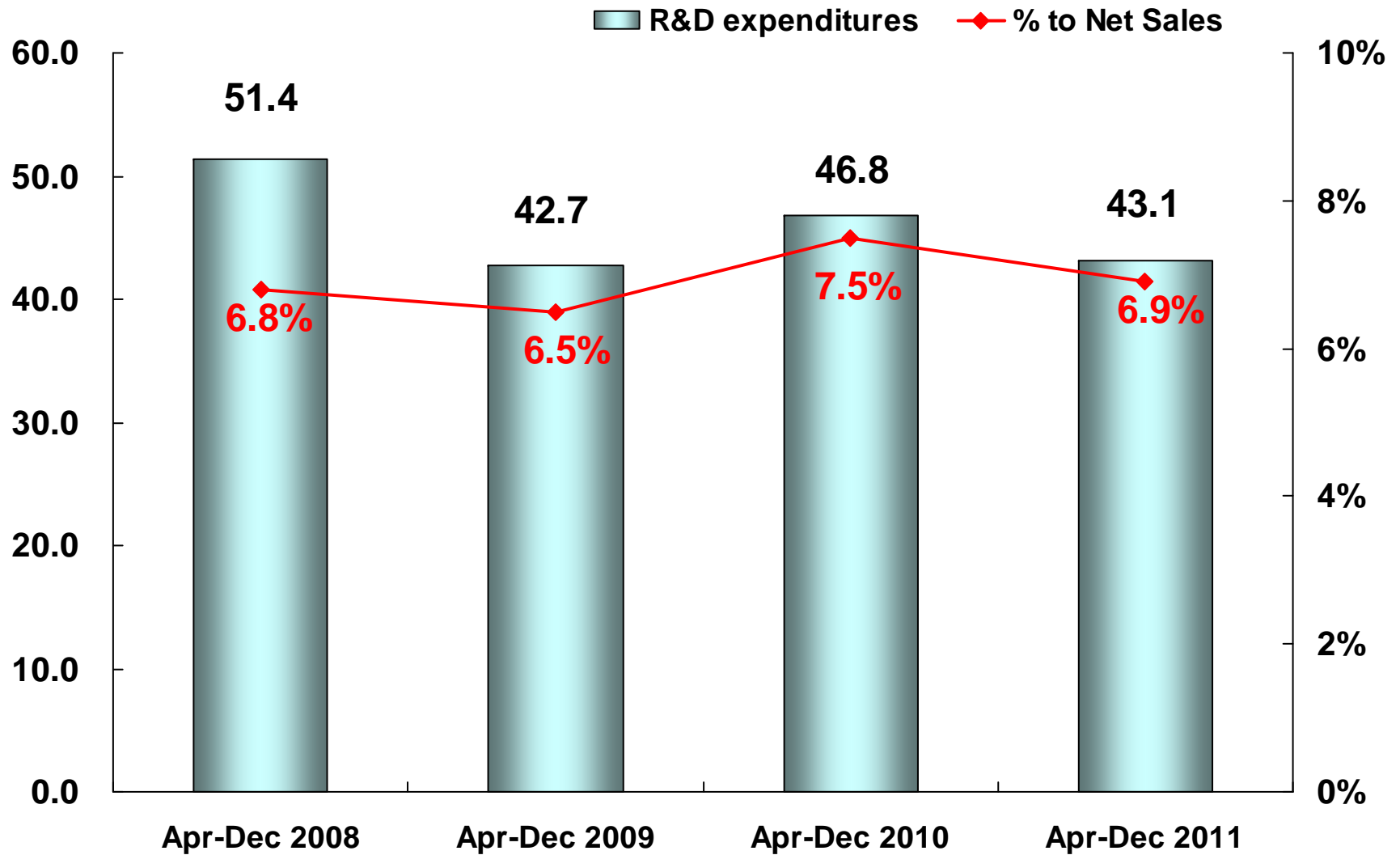
# Depreciation and Amortization, Capital Expenditures

(Billions of yen)



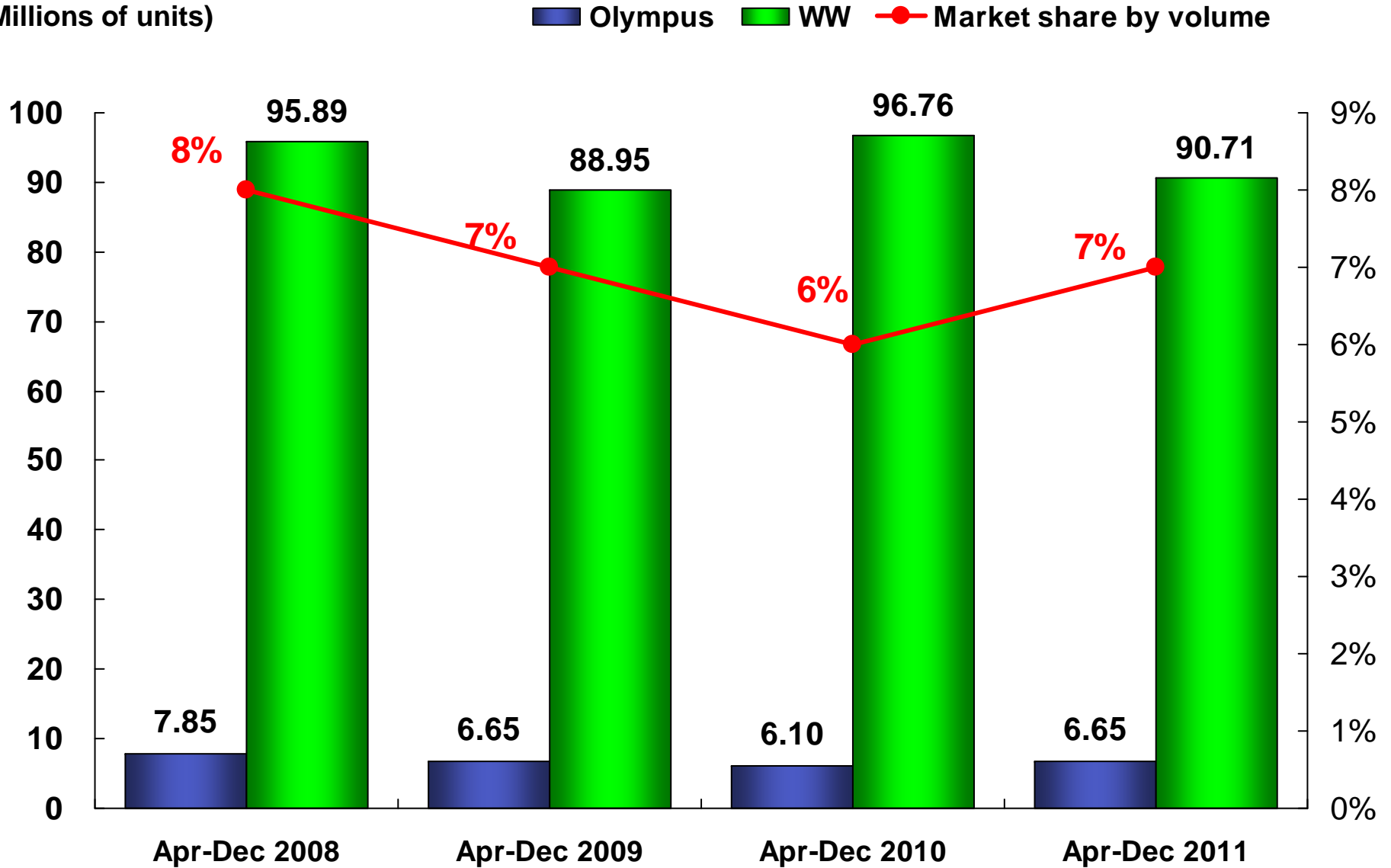
# R&D Expenditures

(Billions of yen)



# Digital Cameras

(Millions of units)





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