

Olympus Group

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2013

Hiroyuki Sasa
President
Olympus Corporation

November 12, 2012

- I. 1st Half Highlights for FY2013 Ending March 31**
- II. Overview of the 2Q consolidated financial results and the full-year forecast**

(1) Achieved an increase in operating income driven by the steady performance of the Medical Business

(2) Solid progress to actualize the Medium-Term Vision

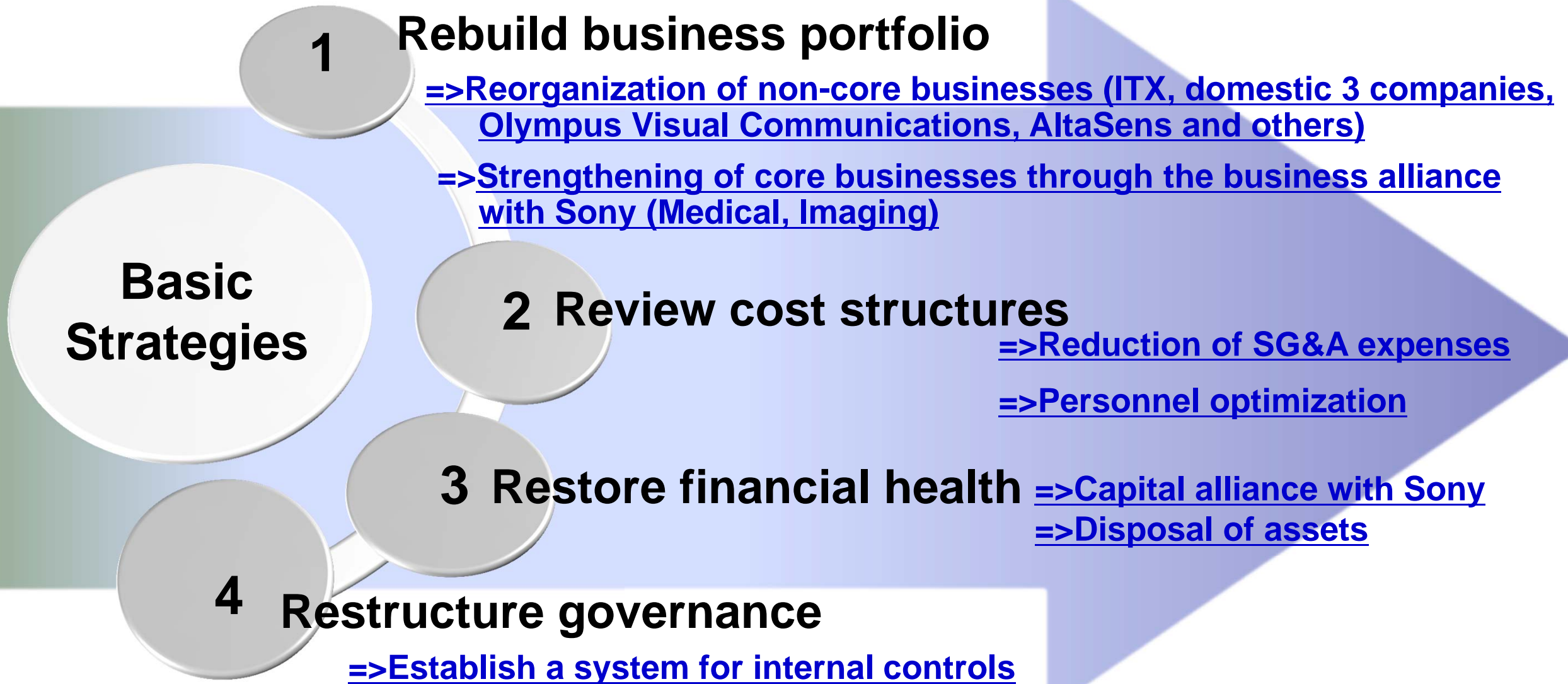
(3) Further restructure of the Imaging Business

2Q FY2013 Ending March 31 - Summary of the Consolidated Financial Results

◆ Achieved an increase in operating income driven by the steady performance of the Medical Business

(Billions of yen)	March 2012 1H (Apr-Sep)	March 2013 1H (Apr-Sep)	YoY Change	YoY Change (%)	YoY change after adjusting FX impact (%)
Net sales	414.5	405.8	-8.8	-2%	+0%
Operating income (% to sales)	17.5 (4.2%)	18.0 (4.4%)	+0.5 (+0.2pt)	+3%	+30%
Ordinary income	9.5	7.4	-2.1	-22%	
Net income	-32.3	8.0	+40.3	-	

Solid Progress to Actualize the Medium-Term Vision



Further Restructure of the Imaging Business(1)

Analysis of Current Conditions

【Compact Cameras 】

- ◆ Acceleration of the shift to Smartphones
- ◆ Deterioration of the macroenvironment in Europe



Drastic contraction of the compact camera market

【Mirrorless Interchangeable-lens Cameras】

- ◆ Leading manufacturer of the industry newly entered to the market
- ◆ Stronger global sales of OM-D than expected
- ◆ Launch of two new models in the PEN series



Growth accelerated in the mirrorless market

SLR sales achieved the target (1st Half)

Further expansion during the 2nd Half

Further Restructure of the Imaging Business(2)

**Transform a business structure to ensure profitability
from the next fiscal year and onwards**

1. Significantly improve the income structure (accelerate and review the Medium-Term Vision)

- ◆ Review the product lineups and manufacturing functions →
 - Accelerate the shift to high-value-added models
 - Concentrate and systematize the manufacturing functions
- ◆ Reduce SG&A expenses →
 - Enhance the efficiency of sales system and reduce the unnecessary functions in-between

2. Quickly materialize the effects from the business alliance with Sony

- ➔ Reconstruct the cost structure through mutually supplying key components and strengthen product competitiveness through complementing each other's technologies

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Your Vision, Our Future

Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2013

Yasuo Takeuchi

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

November 12, 2012

(1) Consolidated Financial Results and Overview by Segment for 2Q of the FY Ending March 31, 2013

2Q of FY Ending March 2013 (1) Consolidated Financial Results

(Billions of yen)	March 2012 1H (Apr-Sep)	March 2013 1H (Apr-Sep)	YoY Change	YoY change (%)	YoY After adjusting FX impact (%)	March 2012 2Q (Jul-Sep)	March 2013 2Q (Jul-Sep)	YoY change (%)	YoY After adjusting FX impact (%)
Net sales	414.5	405.8	-8.8	-2%	+0%	215.9	216.2	+0%	+2%
SG&A expenses (% to sales)	172.0 (41.5%)	169.4 (41.8%)	-2.6 (+0.3pt)	-2%	-	87.4 (40.5%)	84.9 (39.2%)	-3% (-1.3pt)	-
Operating income (% to sales)	17.5 (4.2%)	18.0 (4.4%)	+0.5 (+0.2pt)	+3%	+30%	12.3 (5.7%)	15.9 (7.4%)	+30% (+1.7pt)	+47%
Ordinary income (% to sales)	9.5 (2.3%)	7.4 (1.8%)	-2.1 (-0.5pt)	-22%	-	8.6 (4.0%)	7.6 (3.5%)	-12% (-0.5pt)	-
Net income (% to sales)	-32.3 -	8.0 (2.0%)	+40.3 (-)	-	-	-30.9 -	12.5 (5.8%)	-	-
[Foreign exchange rates and impact]									
¥/US\$	¥80	¥79	-¥0.4 (yen appreciation)						
¥/Euro	¥114	¥101	-¥13 (yen appreciation)						
Impact on net sales	-	-¥9.6 bil.							
Impact on Op. income	-	-¥4.7 bil.							

- 1st Half Key Points**
- ✓ Achieved an increase in operating income as a result of steady performance of the Medical Business
 - ✓ Extraordinary income: ¥15.6 bil profit from the sale of the Information and Communication Business
 - ✓ Extraordinary loss: ¥2.4 bil loss on valuation of investment securities, ¥1.3 bil for early extra retirement payments

2Q of FY Ending March 2013 (2) Results by Business Segment

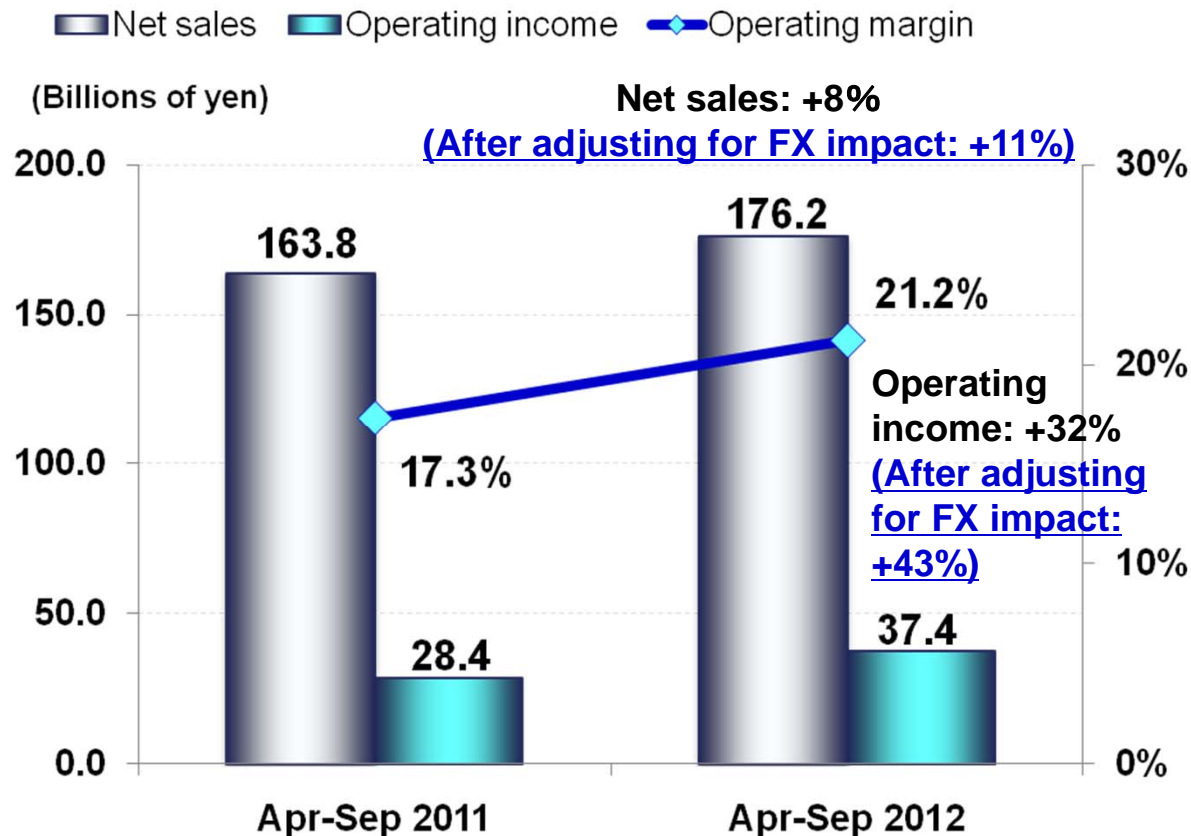
◆ The Medical Business recorded significant increases in sales and income on a yoy basis

(Billions of yen)		March 2012 1H (Apr-Sep)	March 2013 1H (Apr-Sep)	YoY Change	YoY change (%)	YoY after adjusting FX impact (%)
Medical	Net sales	163.8	176.2	+12.4	+8%	+11%
	Op. income	28.4	37.4	+9.0	+32%	+43%
Life Science & Industrial	Net sales	44.9	38.1	-6.7	-15%	-12%
	Op. income	3.5	1.1	-2.4	-69%	-69%
Imaging	Net sales	71.1	55.9	-15.2	-21%	-18%
	Op. income	-0.2	-4.4	-4.2	-	-
Information & Communication	Net sales	109.2	114.2	+5.0	+5%	+5%
	Op. income	2.8	1.7	-1.0	-38%	-38%
Others	Net sales	25.6	21.3	-4.3	-17%	-17%
	Op. income	-3.4	-3.6	-0.2	-	-
Elimination and corporate	Net sales	-	-	-	-	-
	Op. income	-13.5	-14.1	-0.6	-	-
Consolidated Total	Net sales	414.5	405.8	-8.8	-2%	+0%
	Op. income	17.5	18.0	+0.5	+3%	+30%

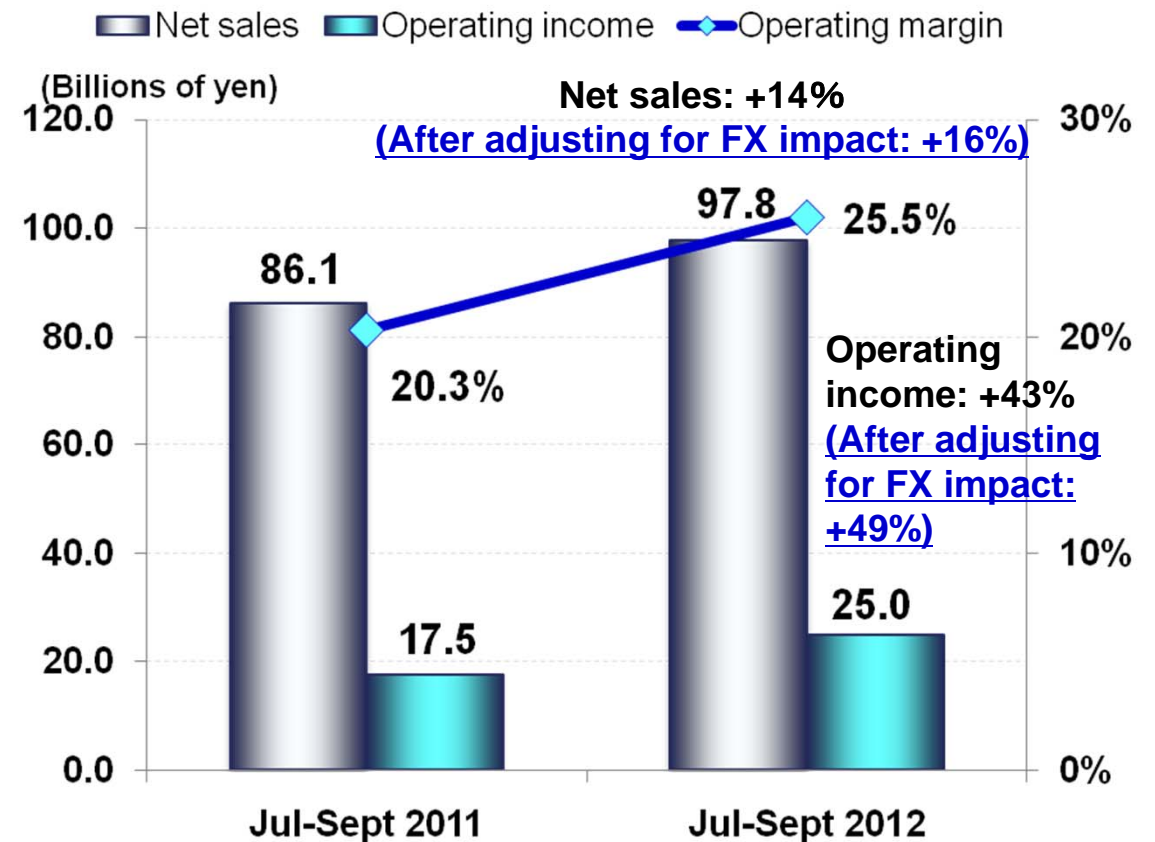
2Q of FY Ending March 2013 (3) Medical Business

- ◆ Sales of surgical endoscope, along with our flagship product, gastrointestinal endoscope, increased drastically.
- ◆ Increase in sales of the profitable endoscope field contributed to the significant improvement in operating margin.

1H (Apr-Sep)



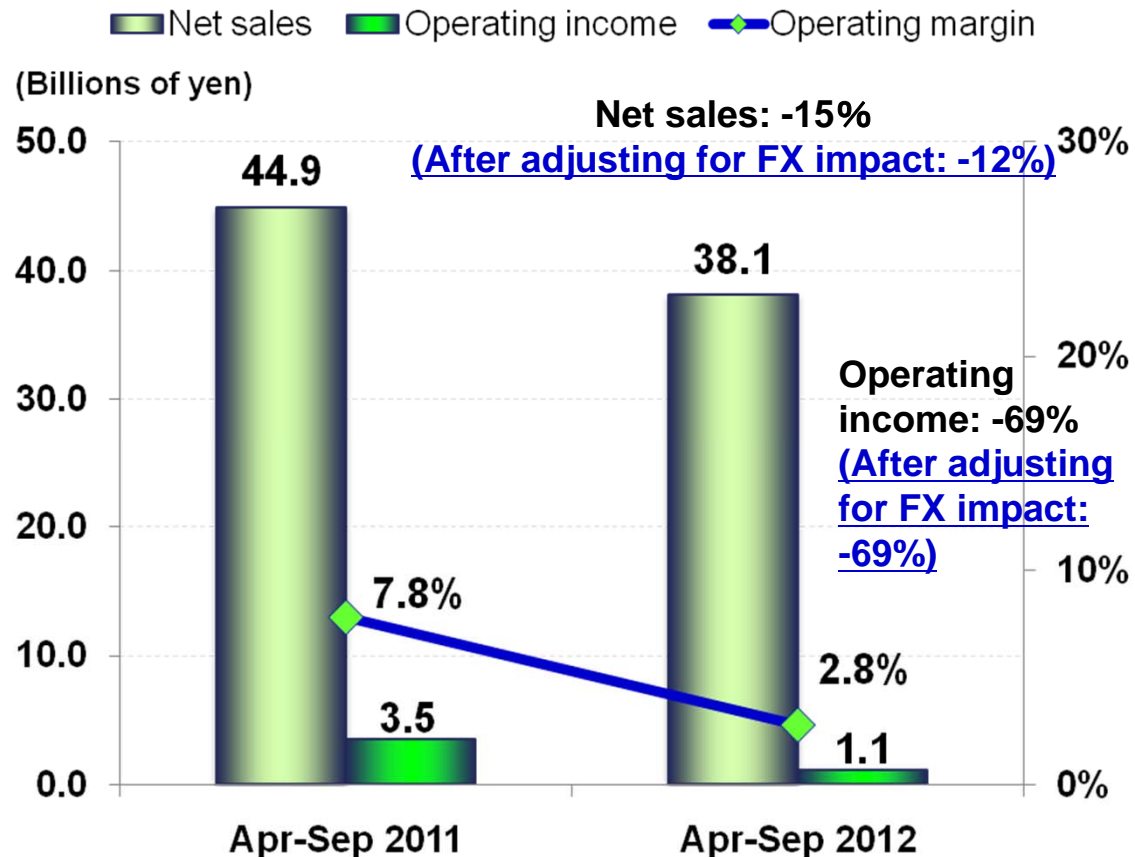
2Q (Jul-Sep)



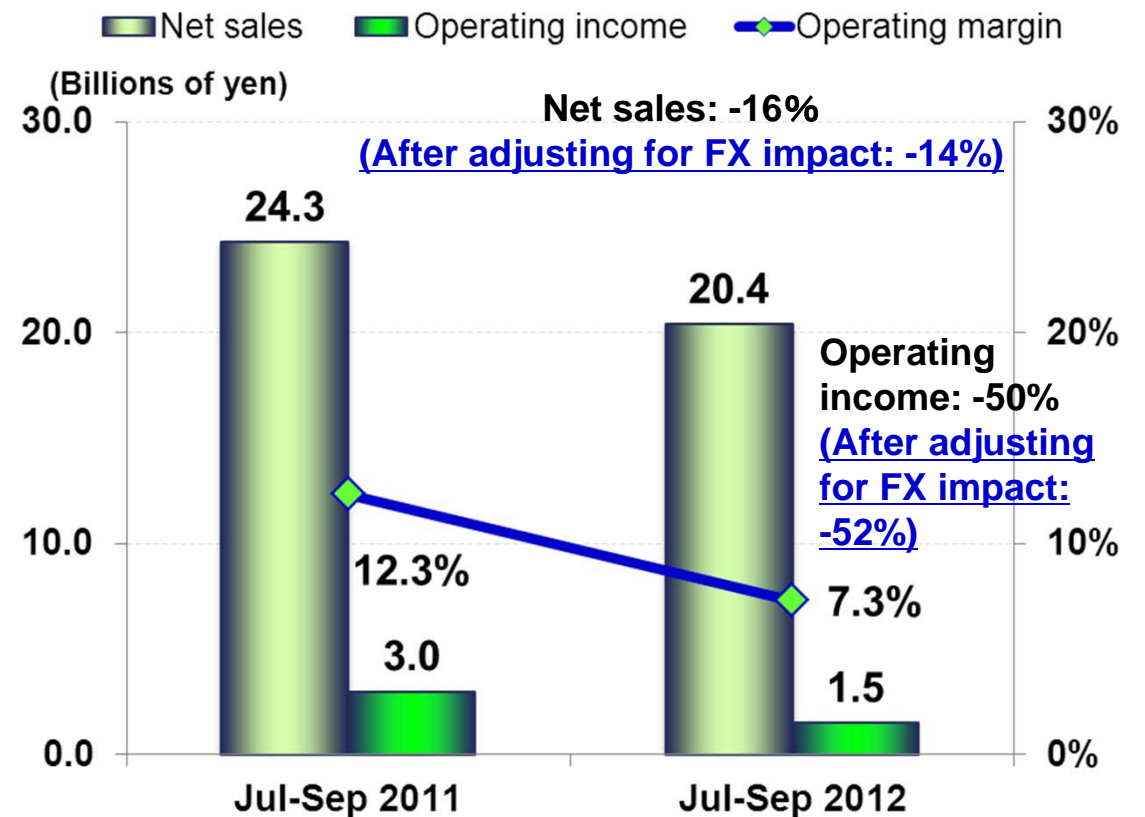
2Q of FY Ending March 2013 (4) Life Science & Industrial Business

◆ Both sales and income decreased, due to a reduction in capital investment in the private sector and delay in budget implementation from the government.

1H (Apr-Sep)



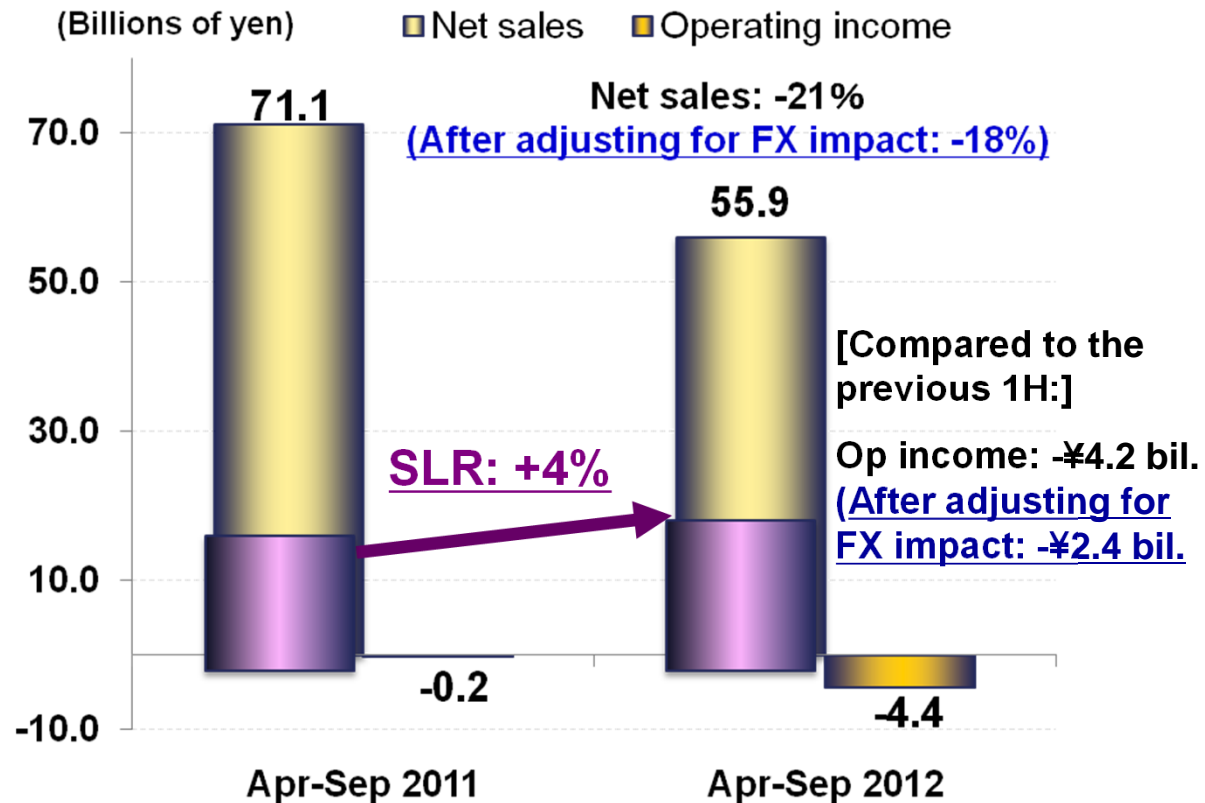
2Q (Jul-Sep)



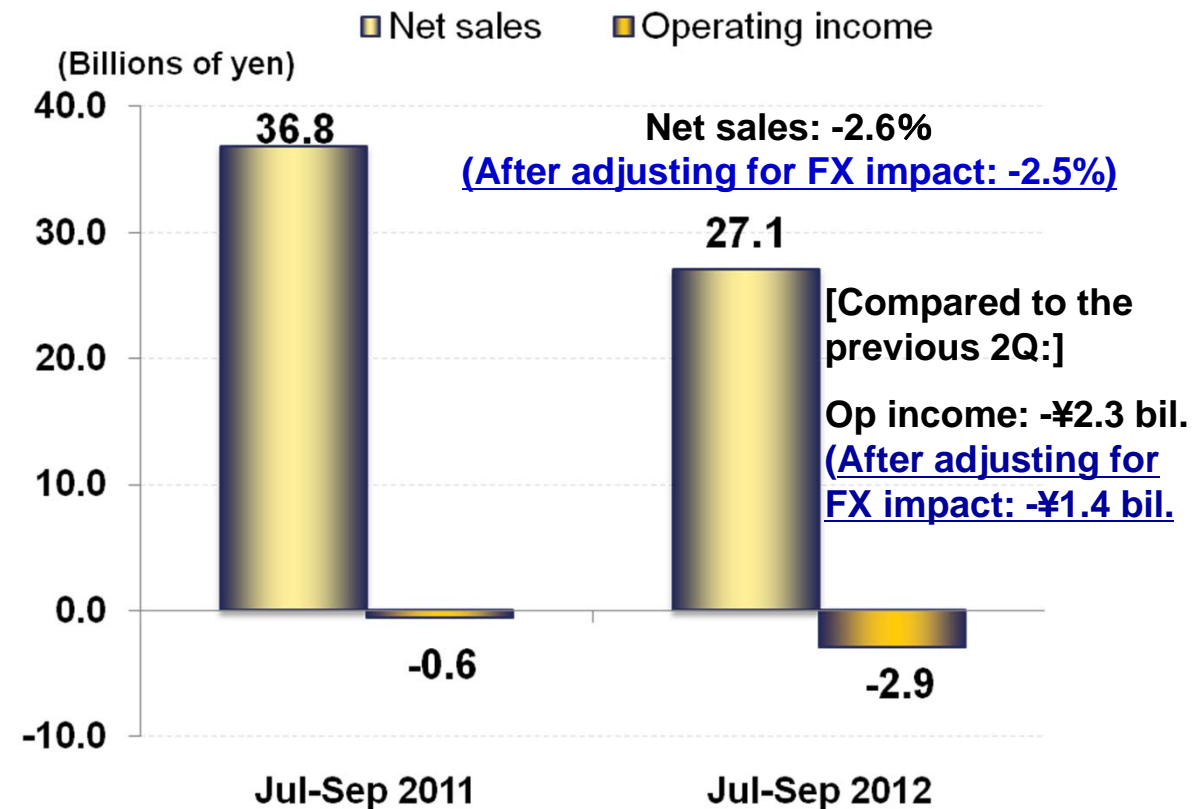
2Q of FY Ending March 2013 (5) Imaging Business

- ◆ Number of shipment of compact cameras decreased amidst the rapid contraction of the compact camera market.
- ◆ On the other hand, the mirrorless market grew steadily across the globe. OM-D recorded a bigger increase in sales than expected.

1H (Apr-Sep)



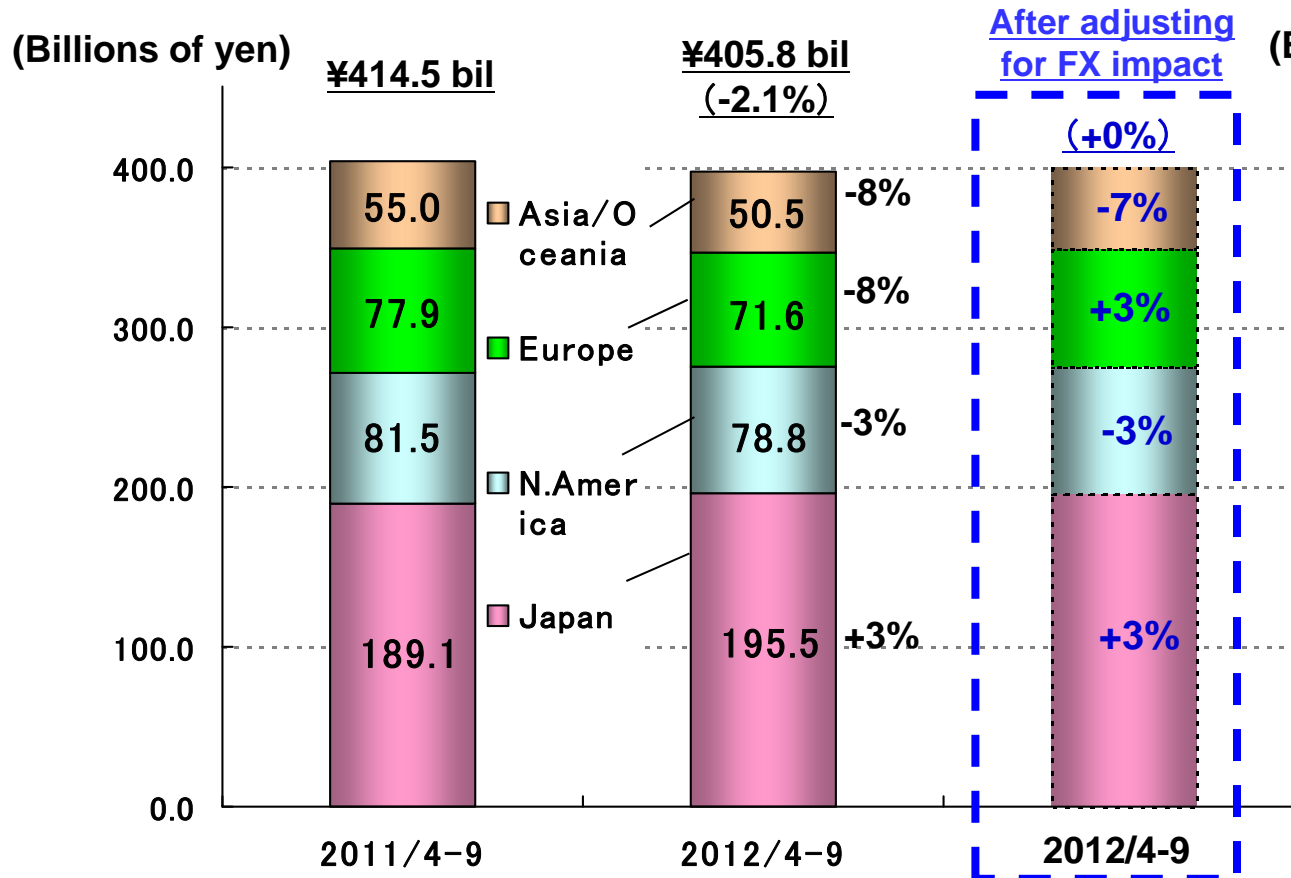
2Q (Jul-Sep)



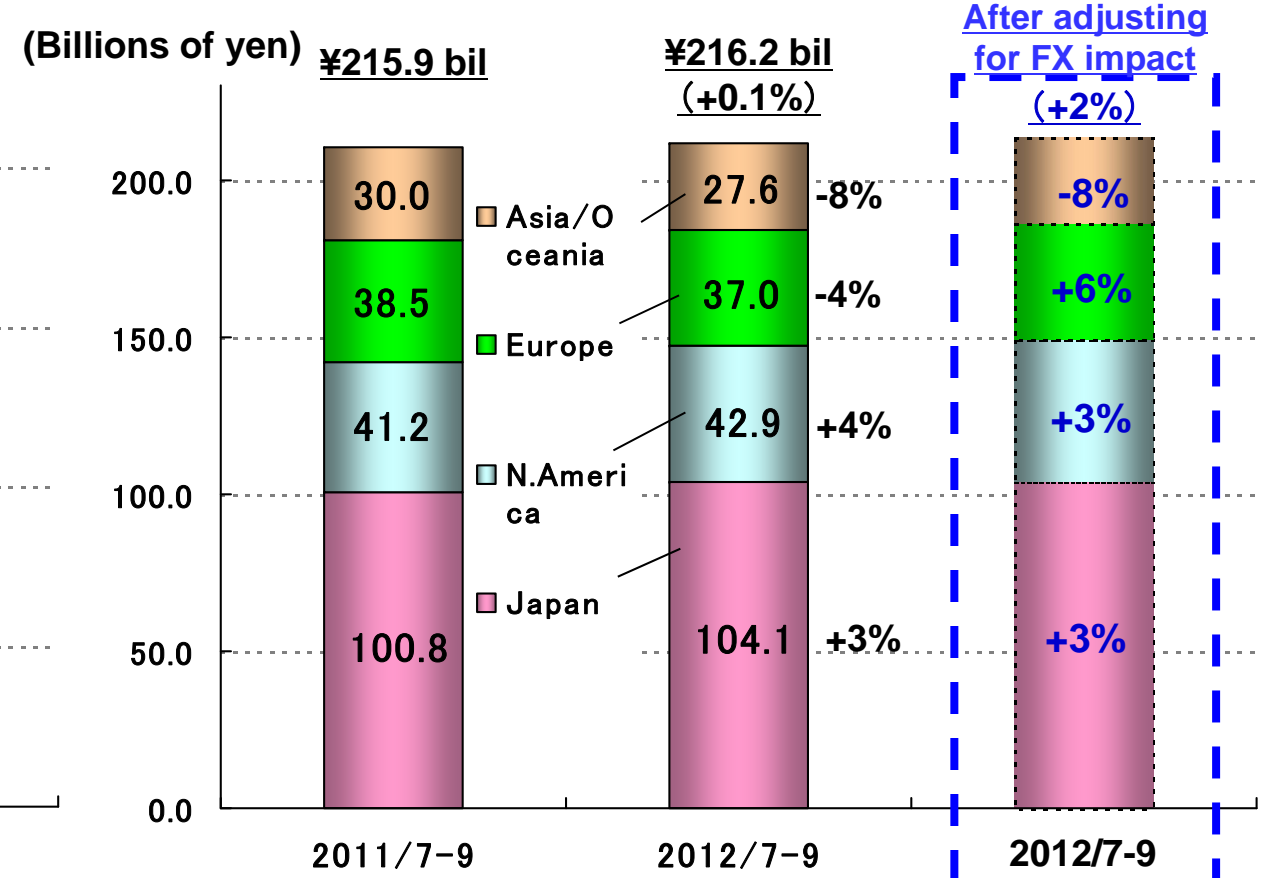
2Q of FY Ending March 2013 (6) Net Sales by Region

- ◆ The Medical Business was not significantly affected from the European economic crisis or from the emerging countries' slowed-down growth.
(Growth of the Medical during Jul-Sep: Japan +11%, N.America +9%, Europe +10%, Asia/Oceania +45%)

1H (Apr-Sep)



2Q (Jul-Sep)



Balance Sheet (End of September 2012)

(Billions of yen)	End Mar 2012	End Sept 2012	Change		End Mar 2012	End Sept 2012	Change
Current assets (Digital camera inventories)	526.6 (23.6)	472.0 (28.7)	-54.6 (+5.2)	Current liabilities	320.4	280.8	-39.5
Property, plant and equipment	127.8	123.1	-4.7	Non-current liabilities (Incl. bonds/ long-term loans payable)	598.1 (530.3)	536.5 (474.3)	-61.6 (-56.0)
Intangible assets	197.1	157.5	-39.6	Net assets	48.0	34.4	-13.6
Investments and other assets	115.0	99.1	-15.9	(Equity ratio)	(4.6%)	(3.7%)	(-0.9pt)
Total assets	966.5	851.8	-114.8	Total liabilities and net assets	966.5	851.8	-114.8

Interest-bearing debt: ¥586.2 billion (-¥56.2 billion)
Net interest-bearing debt: ¥395.5 billion (-¥46.9 billion)
Equity ratio: 2.2%(end Jun.) => 3.7%(end Sept.)

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Cash Flows (April – September)

(Billions of yen)		Mar 2012 2Q (Apr-Sept)	Mar 2013 2Q (Apr-Sept)	Change
Net sales		414.5	405.8	-8.8
Operating income		17.5	18.0	+0.5
(%)		4.2	4.4	-
	CF from operating activities	23.1	6.5	-16.6
	CF from investing activities	-18.5	37.3	+55.7
	CF from financing activities	23.1	-52.1	-75.2
Cash flow		27.7	-8.4	-36.1
Free cash flow		4.6	43.7	+39.1
Cash and cash equivalents at end of year		231.7	186.0	-45.6
Depreciation and amortization		16.6	15.7	-0.8
Amortizaion of goodwill		6.8	5.4	-1.4
Capital expenditures		16.5	14.6	-1.8

(2) Forecasts for FY ending March 31, 2013

Forecasts for FY ending March 2013 (Full-year)

(Billions of yen)	March 2012 Full-year (Results)	March 2013 Full-year (Current forecast)	YoY Change	YoY Change (%)	March 2013 Full-year (Previous forecast)
Net sales	848.5	757.0	-91.5	-11%	920.0
Operating income (% to net sales)	35.5 (4.2%)	38.0 (5.0%)	+2.5 (+0.8pt)	+7%	50.0 (5.4%)
Ordinary income (% to net sales)	17.9 (2.1%)	16.0 (2.1%)	-1.9 (0pt)	-10%	21.0 (2.3%)
Net income (% to net sales)	-49.0 -	8.0 (1.1%)	+57.0 (-)	-	7.0 (0.8%)
[Foreign exchange rates and impact]					
¥/US\$	¥79	¥80	+¥1 (yen depreciation)		
¥/Euro	¥109	¥100	-¥9 (yen appreciation)		
Impact on net sales	-	-¥15.2 bil.			
Impact on Op. income	-	-¥5.7 bil.			

Segment Forecasts for FY ending March 31, 2013 (Full-year)

- ◆ The Medical Business continues to perform well with an yoy increase in both sales and income, and is expected to achieve the initial target.

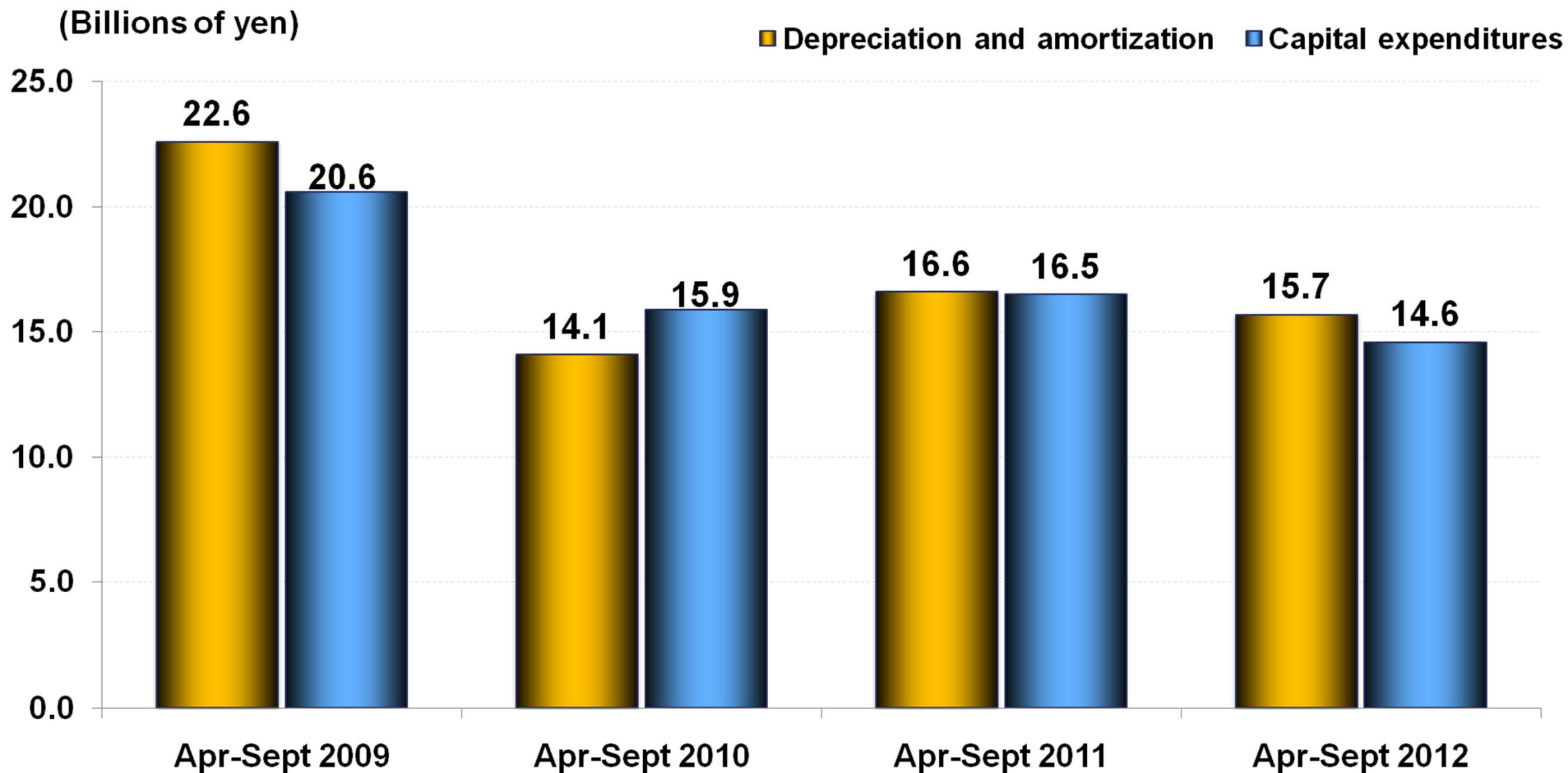
(Billions of yen)		March 2012 (Results)	March 2013 (Current forecast)	YoY Change	YoY Change(%)	March 2013 (Previous forecast)
Medical	Net sales	349.2	378.0	+28.8	+8%	383.0
	Op. income	68.2	75.0	+6.8	+10%	75.0
Life Science & Industrial	Net sales	92.4	91.0	-1.4	-2%	97.0
	Op. income	5.4	4.0	-1.4	-27%	5.5
Imaging	Net sales	128.6	129.0	+0.4	+0%	149.0
	Op. income	-10.8	-8.0	+2.8	-	1.0
Information & Communication	Net sales	229.4	114.2	-115.2	-50%	237.0
	Op. income	5.3	1.7	-3.6	-68%	5.0
Others	Net sales	48.9	44.8	-4.2	-9%	54.0
	Op. income	-8.0	-4.7	+3.3	-	-6.5
Elimination and corporate	Net sales	-	-	-	-	-
	Op. income	-24.6	-30.0	-5.4	-	-30.0
Consolidated Total	Net sales	848.5	757.0	-91.5	-11%	920.0
	Op. income	35.5	38.0	+2.5	+7%	50.0

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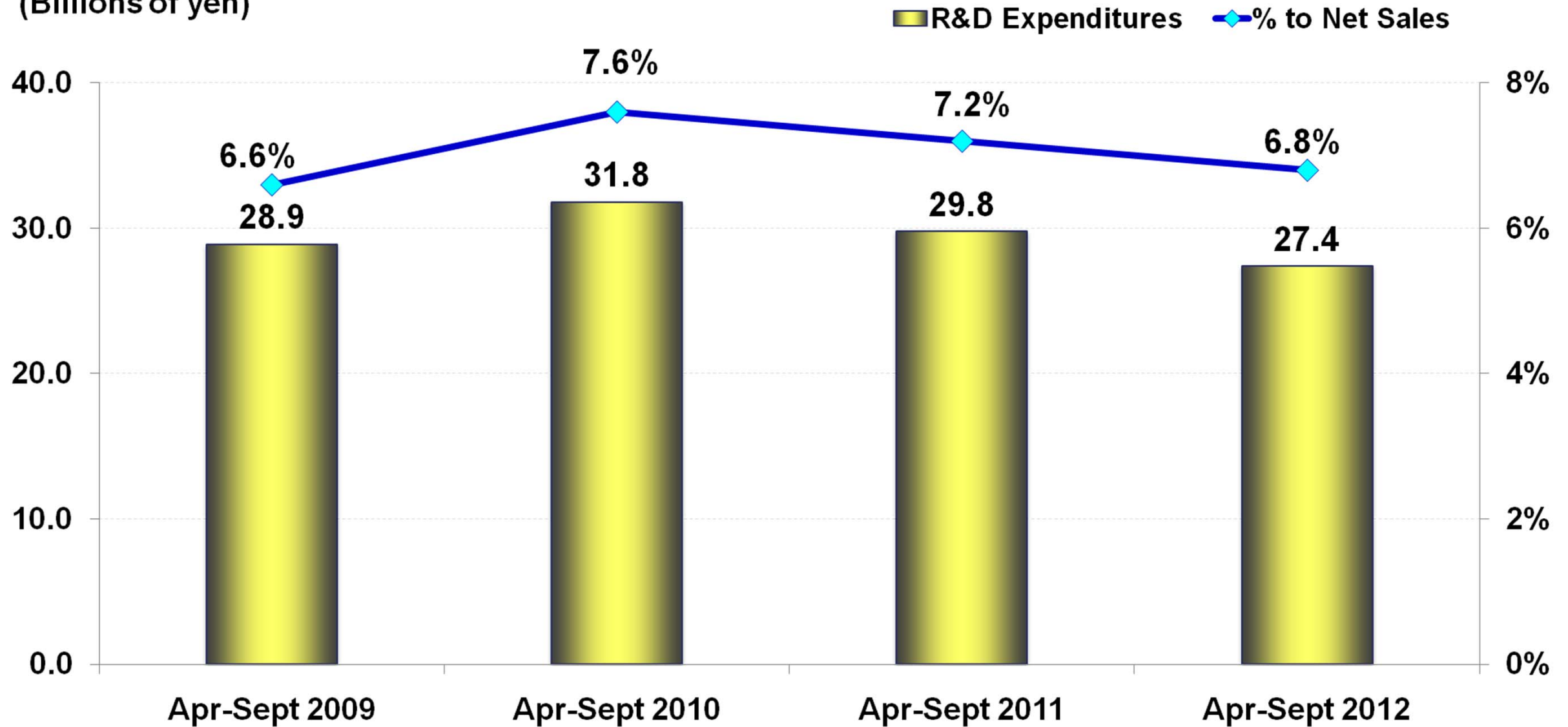
Supplementary Materials

Depreciation and Amortization, Capital Expenditures

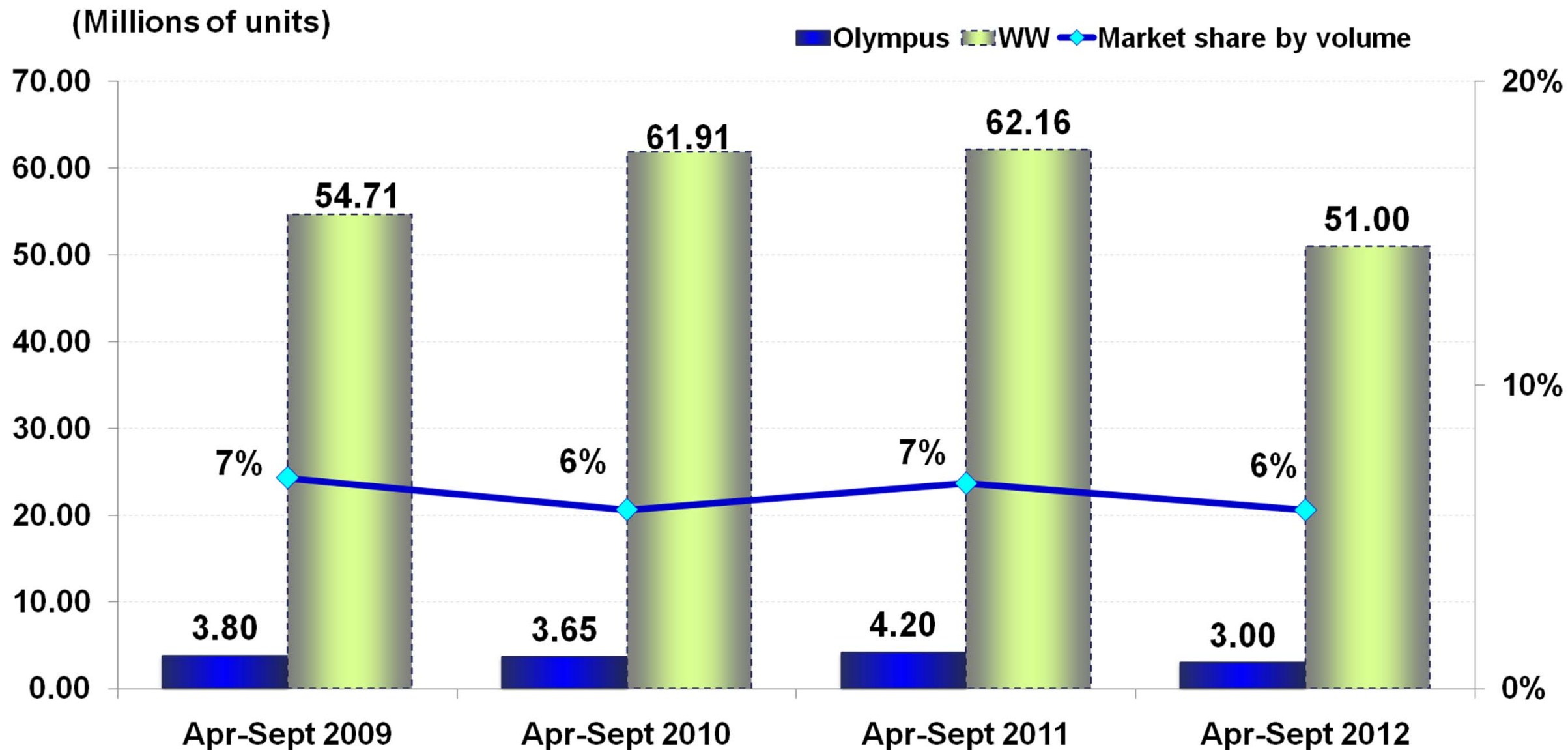


R&D Expenditures

(Billions of yen)



Digital Cameras



Performance forecasts and other forward-looking statements in this presentation reflect judgments and assumptions based on information available at the time of writing. Because of the uncertainty inherent to judgments and assumptions, and because of the potential for future changes in business operations, conditions in Japan or overseas, or other factors, actual results, etc., may differ substantially from the targets stated.