

Our Business

Our Business Domain and Key Technologies

Olympus develops its operations in three core business domains. The Scientific Solutions Business continues to refine the optical technologies Olympus has treasured since its founding. The Imaging Business drives advanced research on electronic imaging technologies. The Medical Business, meanwhile, grows by leveraging the technologies of these two businesses. The technologies developed through these businesses are the greatest strength of Olympus, and it is this strength that enables us to make world-class products.

Gastrointestinal endoscope market share (Global): **70% No. 1**

Medical Business

A technological foundation with a dominating global market share and massive growth potential

Since developing the world's first practical gastrocamera in 1950, Olympus has continued to create world-leading gastrointestinal endoscopes, thereby maintaining a dominating share of the global market. These product development capabilities are supported by the optical technologies and electronic imaging technologies that are born out of microscopes and cameras.

In addition, we are applying the technologies accumulated through gastrointestinal endoscope development to the surgical device field in order to expand the breadth of our product lineup to realize further growth.



Universal upper digestive videoscope (gastrointestinal endoscope)



THUNDERBEAT (integrated with both Advanced Bipolar and Ultrasonic Energy)



ITknife nano™ disposable, high-frequency knife (endotherapy device)



Medical

Driver of profit and growth

Key Technologies

Optical Technology

Optical Measurement Technology /
Advanced Optical Technology /
Next-Generation Optical Design Technology

Electronic Imaging Technology

Imager Technology / Key Digital Imaging
Technology / High-Speed Communication
Technology / System LSI

Biological microscope market share (Global): **30%–40% No. 1**

Scientific Solutions Business

Source of the optical technologies that arise from microscopes and are then adapted to cameras and endoscopes

The Scientific Solutions Business encompasses the biological microscope business. Olympus is the global market share leader in this business, which it has conducted since its founding. It is also the source of the optical technologies that represent a core competence. The processing technologies used for the lenses of microscopes, their most crucial component, are also used for making the camera lenses that create pictures with stunning quality and the ultrasmall lenses attached to the tips of thin endoscopes. Truly, these technologies are critical to the mainstay products of all Olympus businesses.



Scientific Solutions

Driver of optical technologies and growth



IX83 research inverted microscope



IPLEX series industrial videoscope



OmniScan SX ultrasonic phased array flaw detectors

Mirrorless camera market share (Japan): **30%^(*) No. 1**

Imaging Business

Technological driver for creating sophisticated electronic imaging technologies

In the camera operations of the Imaging Business, product development cycles are short and competition is fierce due to the presence of numerous rivals. However, this business creates sophisticated electronic imaging technologies that are of great benefit to the other businesses. For example, the digital imaging technologies from digital camera development were used to evolve endoscopes from fiberscopes to videoscopes.

^{*} Share of Japanese camera market in 2013 (Source: Olympus Corporation)



Imaging

Driver of optical and imaging technologies



OLYMPUS OM-D E-M10 mirrorless camera



OLYMPUS PEN E-P5 mirrorless camera



OLYMPUS STYLUS TG-3 Tough compact digital camera

Precision Technology

Precision Control Technology / Precision Mounting Technology / MEMS Technology / Miniature Devices

Biological Based Technology

Live Cell Analysis Technology / Cell Separation, Cell Culture, and Evaluation Technology / Gene Transfer Technology

Our Strategy

Medium-Term Vision (Corporate Strategic Plan)

Olympus is promoting a medium-term vision for the five years from the fiscal year ended March 2013. Acting in accordance with the vision's slogan of "Back to Basics," the Company aims to return to the basic values it had at founding and make a fresh start in order to regain the credibility of its stakeholders, build itself anew, and create new corporate value.

Corporate Management Policies under the New Management



Performance Indices and Targets (Consolidated)

Performance indices	FY ended March 2013 (Results)	FY ended March 2014 (Results)	FY ending March 2017 (Targets)
Return on invested capital (ROIC) [*]	2.7%	5.9%	10% or more
Operating margin	4.7%	10.3%	10% or more
Free cash flow (Cash flow from operating activities + cash flow from investing activities)	¥58.7 billion	¥52.1 billion	¥70.0 billion or more
Equity ratio	15.5%	32.1%	30% or more

* Return on Invested Capital (ROIC): At Olympus, ROIC is calculated using the following assumptions:
Return (Operating income after taxes) / IC (Shareholders' equity + Interest-bearing debt)

Results of implementing these basic strategies will be monitored based on four performance indices: "return on invested capital (ROIC)," "operating margin," "free cash flow," and "equity ratio."

The operating margin and the equity ratio both reached the levels targeted for fiscal 2017, meaning these goals were achieved three years early. We are making steady progress toward accomplishing the fiscal 2017 targets for ROIC and free cash flow.

Financial Plans (Consolidated)

	FY ended March 2014	FY ending March 2015 [*]	FY ending March 2017
	Results	Forecasts	Targets
Net sales	¥713.3 billion	¥760 billion	¥920 billion
Operating income (Operating margin)	¥73.4 billion (10%)	¥88 billion (12%)	¥143 billion (16%)
Ordinary income (Ordinary income ratio)	¥50.9 billion (7%)	¥70 billion (9%)	¥125 billion (14%)
Net income (Net income ratio)	¥13.6 billion (2%)	¥45 billion (6%)	¥85 billion (9%)

* Targets for fiscal 2015 are based on forecasts released on May 9, 2014.

Our Progress under Review

Advances in the Two Years Since the Institution of the New Management Team

In April 2012, Olympus instituted a new management team. Since then, the Company has continued the rapid advance of the strategies described in the medium-term vision.

The following is a list of the major accomplishments seen in different areas of the Company over the past two years.

Corporate (Management / Others Business)

- Apr. 2012 A special general meeting of shareholders is convened, and a new management team is instituted.
- Jun. The medium-term vision (corporate strategic plan) geared toward creating a new Olympus is announced by the new management team.
- Aug. The transference of the Information & Communication Business is announced.
- Sep. A business and capital alliance with Sony Corporation is announced.
- May 2013 Restructuring measures for the Imaging Business are announced.
- Jun. The Security on Alert designation placed on the Company's stock by the Tokyo Stock Exchange is removed.
- Jun. A stock option system (linked to performance and stock price) for corporate officer compensation is introduced.
- Jul. Capital to the extent of ¥112.6 billion is procured by issuing new shares through public offering in overseas markets and disposing of treasury stock.
- Feb. 2014 The withdrawal from the biologics business is announced.

Medical Business

- Feb. 2012 The THUNDERBEAT integrated energy device with both advanced bipolar and ultrasonic energy is launched in the European and U.S. markets.
- Apr. The EVIS EXERA III endoscopy system is launched in the European and U.S. markets.
- Nov. The EVIS LUCERA ELITE endoscopy system is launched in the Japanese market.
- Dec. Investment of approximately ¥20 billion in manufacturing sites in Japan (Aizu, Shirakawa, and Aomori) is decided.
- Apr. 2013 A joint venture company between Olympus and Sony Corporation is established, with Sony to develop surgical endoscope products with 3D and 4K imaging capabilities.
- Apr. A surgical endoscopy system with 3D imaging capabilities is launched in the European, U.S., and Japanese markets; the world's first 3D videoscope for surgery equipped with a bending tip is launched simultaneously.
- Nov. Our largest training and service center is established in Guangzhou, adding to existing Chinese training centers situated in Shanghai and Beijing.

Scientific Solutions Business

- Jun. 2012 A plant in the Philippines is closed as part of efforts to rationalize production sites and improve operational efficiency.
- Jul. 2013 The strategic FLUOVIEW FVMPE-RS laser scanning microscope is introduced in the life science field.
- Jul. The strategic OmniScan SX series of miniature, light weight ultrasonic phased array flaw detectors is launched in the industrial field.
- Apr. 2014 The Life Science & Industrial Business is renamed the Scientific Solutions Business. A shift away from strategies based on product lineups is undertaken to pursue those oriented toward customer groups in order to improve business and capital efficiency and thereby increase profitability.

Imaging Business

- Mar. 2012 OM-D E-M5, a middle-class strategic mirrorless camera in the OM-D series, is launched.
- May 2013 Restructuring measures for the Imaging Business are announced. The reorganization of manufacturing sites is completed, effectively consolidating five sites into two sites (Shenzhen and Vietnam completed during fiscal 2014).
- Oct. OM-D E-M1, our flagship model for OM-D series mirrorless cameras that offers resolution levels comparable to full-size single-lens reflex cameras, is launched.
- Feb. 2014 OM-D E-M10, an OM-D series camera that features a more accessible price, is launched.

Stock Price over Past Two Years

