OLYMPUS Investor Day 2017
Scientific Solutions Business (SSBU)

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September 13, 2017
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Realize continuing organic growth and keep operating margin consistently above 10% through initiatives tailored to customer segments

1H: Sluggish sales due to rapid yen appreciation and delays in deliveries of certain products and in launches of new products
2H: Swift recovery due to market upturn, resolution of internal issues, and new product benefits
Future Directives for Accomplishing Targets of 16CSP

Steadily implement customer segments oriented-strategies

1. Achieve growth and improve profitability in existing businesses
   - Develop shared global operating foundations to improve profitability
   - Expand solutions targeting the pathological examination market
   - Promote automation and IoT compatibility of industrial inspection equipment

2. Expand product portfolios targeting priority customer segments
   - Expand product portfolios focused on the clinical (pathological examination), manufacturing, and infrastructure maintenance customer segments

3. Step up development of drug discovery and regenerative medicine solutions
   - Conduct ongoing investment in new product development with a view to future market expansion
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Progress in Addressing Strategic Challenges (Business Strategies)

1. Select and concentrate and prepare for market decrease

① Advance ongoing business structure reforms

- Focused on development of highly-profitable OM-D series and PRO series lenses
  - Launched flagship OM-D E-M1 Mark II and two M. ZUIKO PRO series interchangeable lenses
- Consolidated manufacturing functions to limit increases in manufacturing costs and improve efficiency of new product manufacturing launch
  - Steadily transferred production from Shenzhen to Vietnam

② Improve responsiveness to market changes

- Achieved massive improvement in profitability by revising region-specific sales channel strategies and cost structures

③ Minimize inventory risks

- Steadily improved supply chain management processes
  - Maintained leveled production volumes and effectively controlled inventories
  - Reduced numbers of product items (reduced numbers of compact audio products and SLR lens kits)
  - Shortened lead times (began shipping certain products directly from Vietnam)
Progress in Addressing Strategic Challenges (Business Strategies)

2 Clarify and entrench Olympus’ unique characteristics

- **Focus business on providing unique value to specific customer groups (specialists) and maintain strong market position**
  - OM-D E-M1 Mark II named “Camera of the Year” and received “Readers Award” and M. ZUIKO Digital ED 12-100mm f/4.0 IS PRO named “Lens of the Year” in Camera Grand Prix 2017 Awards
  - Received awards as part of TIPA Awards 2017, a major European photo and imaging award program

- **Fulfill role as technology driver for entire Olympus Group by developing advanced digital and network technologies**
  - Scientific Solutions
    - Advanced digital technologies: Moved forward with development of next-generation products using advanced digital technologies as part of initiatives to create regenerative medicine solutions
  - Medical
    - Low-cost production design capabilities: Advanced development of next-generation energy devices utilizing various technologies for energy devices, including low-cost mass production technologies, composite part integration technologies, and miniaturization technologies
  - Mobile technologies
Future Directives for Accomplishing Targets of 16CSP

Develop high-value-added business to continually improve profitability

Solidify profitable business structures and step up implementation of “Business to Specialist” model

- Promote sales of highly-profitable OM-D series cameras and PRO series lenses
- Accelerate development of products aimed at expanding base of professional and high-level amateur customers
- Improve cost efficiency
- Continue to minimize inventory risks and reduce manufacturing costs

![Graph showing revenue, operating profit, and margin comparison between FY2017 and FY2021 targets.](image-url)