OLYMPUS Investor Day 2017

Financial Strategy

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Review of 16CSP Policies – Management Emphasizing ROE

Management Goal  ROE:15%

Financial Initiatives

- **Increase profitability**
  - Financial income and costs
  - Strengthen financial position:
    - Increase equity ratio by reducing interest-bearing debt
  - Improve credit ratings
  - Diversify funding sources:
    - Reduce procurement cost through issuance of bonds

- **Improve asset efficiency**
  - Appropriately control stocks held for purposes other than pure investment:
    - Reduce fixed assets

- **Control financial leverage**
  - Improve shareholder returns:
    - Balance need for financial stability and financial leverage

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### Policy Regarding Allocation of Management Resources (Capital, Funds, etc.)

**Management Resources** (capital, funds, etc.)

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<th>Internal reserves</th>
<th>Financial soundness</th>
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<td>Prioritize reinforcement of financial base in consideration of business characteristics and risks and stably (increase equity capital (equity ratio 50%))</td>
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**Cash outflows**

**Growth investments**

1. **Staff investments**: Effectively utilize resources in cross-Company manner and conduct investments primarily aimed at Medical Business and highly specialized fields.
2. **Capital expenditures**: Increase amounts of production equipment, demo products, and loaners in conjunction with sales growth centered on Medical Business.
3. **R&D investments**: Conduct investments with balanced distribution for new product development, next-generation product technology creation, and new technology research.

**Shareholder returns**

4. **Primarily pursue organic growth while considering M&As proactively when necessary for advancing strategies**

5. **Target total return ratio of 30%**