Transform Olympus

Transforming into
a Truly Global Medical Technology Company

Olympus Corporation

January 11, 2019
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- Furthermore, this information is subject to change without notice. Accordingly, use of this information and this document should be at the discretion of the user and done with reference to information obtained by other means.

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Our Path So Far, and the Future Before Us

Sustainable and Continuous Growth from our 100th Anniversary Onwards

Purpose: Making People’s Lives Healthier, Safer and More Fulfilling

Reconstruction Phase

Sustainable Growth Phase

Strengthen Foundations and Develop Strong Business Portfolio

Regain trust, strengthen corporate structure

Become a leading global player in the medical field

2012 2019
(100th anniversary)

2016

16CSP

OUR CORE VALUES

Become a leading global player in the medical field

2019

2xxx

Mid-term vision

2012

2019

(100th anniversary)
### “Transform Olympus” - Transformation Plan to Become a Truly Global Company

#### Key Issues in Developing into a Truly Global Company

- Efficient and agile decision making
- Centralized risk management
- Optimal allocation of function and talent globally
- Improve business speed and efficiency in line with global medical technology peers
- Sustainable growth of therapeutics device
- Improve operating profit margin and capital efficiency
- Governance structure in line with global nature of business
- Diversify board of directors

#### “Transform Olympus”

- **Shift to Centralized Global Group Management**
- **Globally Integrate HR Management**
- **“Transform Medical” Optimize and Simplify Medical Device Business**
- **Prioritize Cost Containment and Capital Efficiency**
- **Migrate to Three Committee Board Structure with Diversified Board of Directors**

#### Expected Outcomes

- **New Org. Chart and ExCom**
- **Clear Lines of Accountability**
- **Rapid Execution**
- **High Performance Culture**
- **More Productive Team**
- **BUs aligned by business model**
- **New Products Faster**
- **Quality Patient Outcomes**
- **Continuous Profit Growth**
- **Greater Capacity to Invest**
- **Higher Shareholder Returns**
- **Faster Management Action**
- **Board Aligned With Strategic Goals**
- **Board Focused on Strategy and Long-Term Accountability**
## Shift to Integrated Global Group Management

**Agile Decision-Making and Centralized Risk Management with Strengthened Leadership through Global Management Structure and Five Executive Officers**

Effective as of April 1, 2019

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
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</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>Yasuo Takeuchi</td>
</tr>
<tr>
<td>Chief Operating Officer (COO)</td>
<td>Akihiro Taguchi</td>
</tr>
<tr>
<td>Chief Technology Officer (CTO)</td>
<td>Haruo Ogawa</td>
</tr>
<tr>
<td>Chief Finance Officer (CFO)</td>
<td>Yasushi Sakai</td>
</tr>
<tr>
<td>Chief Administrative Officer (CAO)</td>
<td>Stefan Kaufmann</td>
</tr>
</tbody>
</table>

### Regional Representative Officers

- General Counsel
- Chief Compliance Officer
- Chief Communications Officer
- Chief Quality Officer
- Government Affairs Head
- Chief Information Security Officer
- Information Security

### Corporate Strategy & Planning
- Office of CEO

### Legal
- Corporate

### Compliance
- Legal

### Communications
- Corporate

### Q&A
- Corporate

### Gov. Affairs
- Corporate

### Information Security
- Corporate

### Information Technology
- Corporate

### Operations
- Corporate
- IT

### Development
- Corporate
- IT

### Manufacturing
- Corporate
- IT

### R&D
- Corporate
- IT

### Medical Affairs
- Corporate
- IT

### Procurement
- Corporate
- IT

### SCM
- Corporate
- IT
### Talent Management Policy

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<table>
<thead>
<tr>
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| 1 | Train Talent | • Early selection and appointment  
  • Talent management by function; greater functional specialization |
| 2 | Appoint and Assign Talent | • Appointing and assigning talent regardless of age and nationality  
  • Establishing a talent information system |
| 3 | Secure Talent | • Securing necessary talent at a global level  
  • Standardization of HR system |
| 4 | HR Governance | • Direct reporting lines and governance for all key positions globally |
### “Transform Medical” - Optimize and Simplify Medical Device Business

#### Initiative to Achieve Sustainable Business Growth; Enable Speedy and Lean Business Management

Optimize Medical Business Potential with Respect to More Timely and Effective Product Offerings

<table>
<thead>
<tr>
<th>Current Business Units</th>
<th>April 2019 onwards</th>
<th>Key Features</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gastrointestinal and Respiratory</td>
<td>Endoscopic Solutions Division</td>
<td>• Global Division Headquarters in Japan&lt;br&gt;• Improve existing infrastructure and processes</td>
<td>• Gastrointestinal (GI), Respiratory and Surgical endoscopy capital products&lt;br&gt;• Software&lt;br&gt;• Reprocessing&lt;br&gt;• Repair service&lt;br&gt;• Systems Integration</td>
</tr>
<tr>
<td>General Surgery</td>
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<tr>
<td>Urology / Gynecology</td>
<td>Therapeutic Solutions Division</td>
<td>• Global Division Headquarters in US&lt;br&gt;• Global decision making from US, the largest therapeutic device market with better access to the medical industry cluster</td>
<td>• EndoTherapy (single-use therapeutic) devices for GI and Respiratory fields&lt;br&gt;• Energy and other surgical single-use devices&lt;br&gt;• Urology, Gynecology and ENT products</td>
</tr>
<tr>
<td>Ear, Nose, and Throat (ENT)</td>
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<tr>
<td>Medical Service</td>
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### Enhance Shareholder Return and Become a Leading Global MedTech Company

**A. Improve Operating Profit Margin**

- Freeze FY2020 SG&A, including R&D at FY2018 level
  - Working groups to kickoff from January 2019
  - Covering FY2020 (April 2019 to March 2020)
  - FY2019 will remain at current guidance level
- Develop longer-term cost savings program for FY2020 onward
  - Will be finalized and announced in first half of FY2020

**B. Improve Capital Efficiency**

- Review capital expenditure and working capital levels across business units
- Sustainably improve free cash flow available for strategic M&A and shareholder return

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Migrate to “Company with Three Committees” Board Structure

Align Olympus’ Board Structure with the Global Nature of its Business and Provide Enhanced Oversight and Support of Management

- Drive efficiency in decision-making, enhance corporate governance and improve transparency
- Simultaneously improve the board’s focus on supervising management’s implementation of strategy and best practices
- Increase management’s agility, and improve the ability to attract global executives
Diversify Board of Directors

Commitment to Diversifying Board By Nominating Three New Directors with Highly Relevant Global Backgrounds

Seek Shareholder Approval at 2019 AGM

Accelerate Shareholder Value Creation and Benefit All Stakeholders

Sustainable Growth in MedTech Industry

Capital Efficiency & Optimization of Business Model

D. Robert Hale
- A Partner at ValueAct Capital Management L.P.
- Brings institutional and personal experience in corporate transformation and medical technology industry

Other New Directors
- Executives with relevant experience at leading global MedTech companies
- Help management refine and implement strategic goals and best practices
To Continue Development as a Truly Global MedTech Company

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