

OLYMPUS

Your Vision, Our Future

2016 Corporate Strategic Plan (16CSP)

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President and Representative Director
Olympus Corporation
March 30, 2016

16CSP

Today's Agenda

- 1. Corporate Philosophy and Vision**
- 2. Positioning of 16CSP**
- 3. Review of Medium-Term Vision (From FY2013)**
- 4. Operating Environment**
- 5. 16CSP**
 - **Policies**
 - **Priority Strategies**
 - **Positioning of Each Business within Portfolio**
 - **16CSP Framework and Management Goals**

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Corporate Philosophy and Vision

Corporate Philosophy

Social IN

INtegrity

INnovation

INvolvement

“The Olympus Group strives to realize better health and happiness for people by being integral members of society, sharing common values, and proposing new values through its business activities.”

Vision

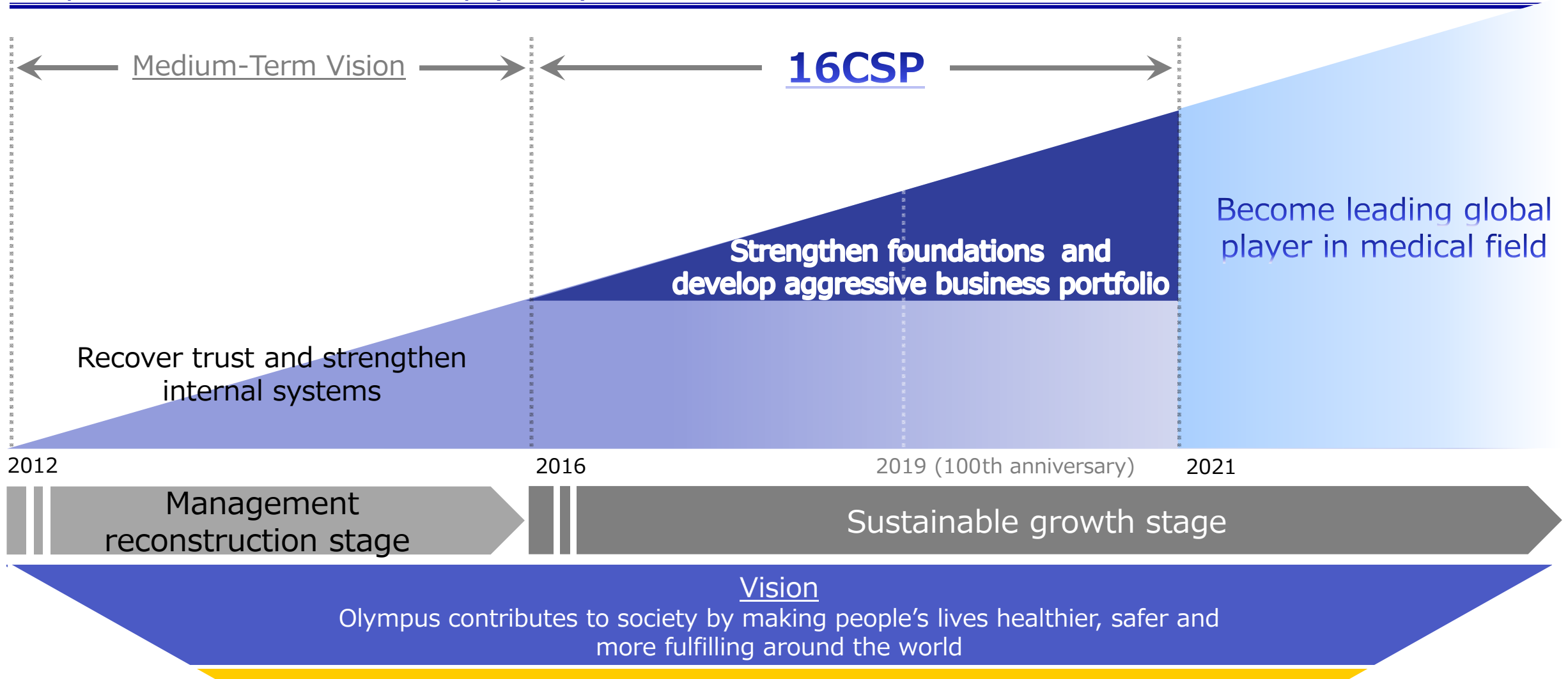
Olympus contributes to society by making people’s lives healthier, safer and more fulfilling around the world

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Positioning of 16CSP

Strengthening foundations and developing an aggressive business portfolio for sustainable growth beyond the 100th anniversary (2019)



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Review of Medium-Term Vision (From FY2013) (1)

1



Rebuilding of business portfolio / optimizing allocation of management resources

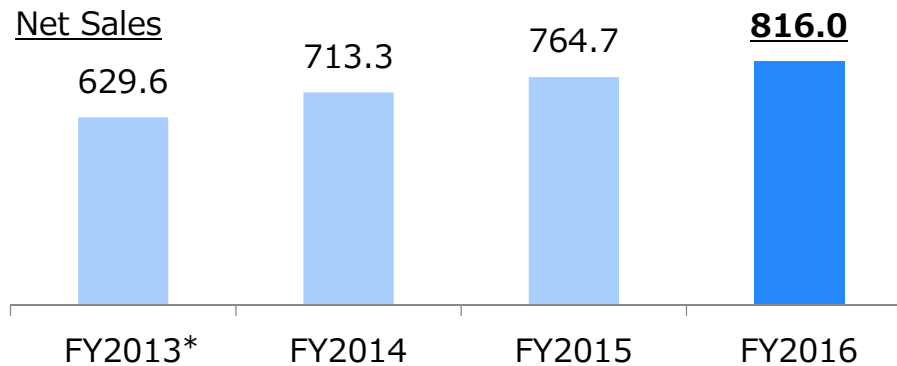
Grew Medical Business, restructure Imaging Business, and improve profitability of life science field operations and expanded industrial field operations (Scientific Solutions Business)

- ✓ Failed to achieve projected performance levels in Imaging Business and Scientific Solutions Business, but realized impressive growth in Medical Business (obstacles still remain impeding drastic reform of Imaging Business)

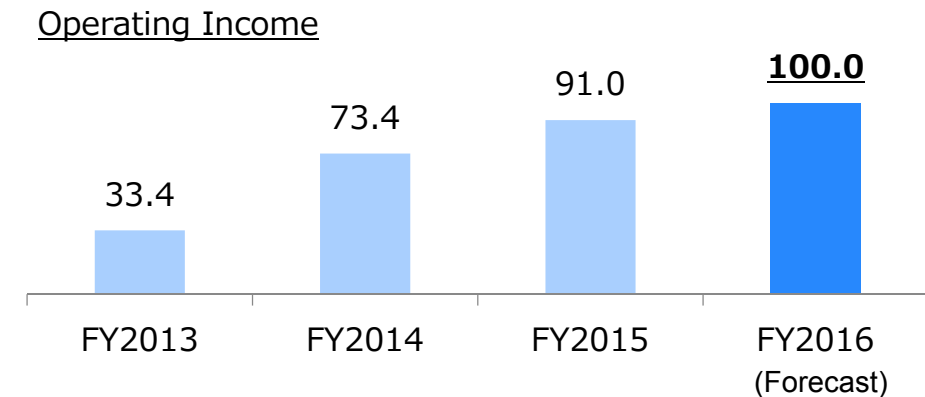
Reorganized non-core businesses

- ✓ Transferred Information & Communication Business (ITX), withdrew from biologics business, and completed other reorganizations of non-core businesses ahead of schedule

(Billions of yen)



(Billions of yen)



2



Review and reduction of costs

Reorganized manufacturing sites in China, other parts of Asia, and North America (total sites worldwide: 30 → 21) and optimized staff numbers

Review of Medium-Term Vision (From FY2013) (2)

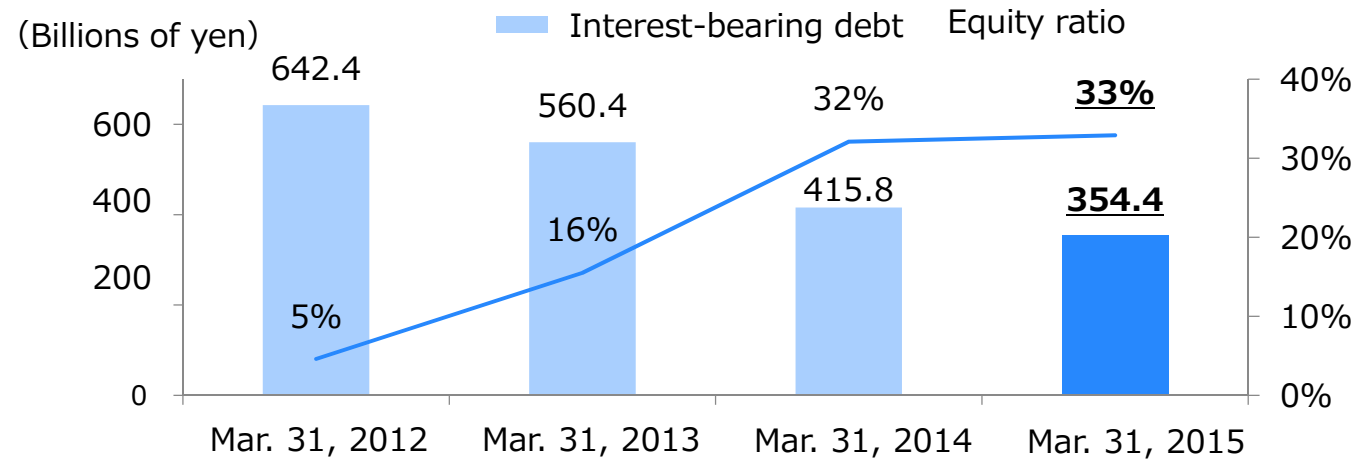
3



Restoration of financial health

Raised equity ratio to more than 30% by improving performance, commencing business and capital alliance with Sony, and conducting capital increase

Resumed dividend payments in FY2015



4



Restructuring of corporate governance

Removed Security on Alert designation from Company's stock

Restructured governance systems, strengthened internal controls, and reinforced compliance systems

Review of Medium-Term Vision (From FY2013) (3)

Performance Indices



- Achieved operating margin and equity ratio targets ahead of schedule
- Nearly accomplished ROIC target (forecast)

	FY2012 (Actual)	FY2015 (Actual)	FY2016 (Forecast)	Target
Return on invested capital (ROIC)	3%	8%	9%	More than 10%
Operating margin	4%	12%	12%	More than 10%
Free cash flow (Cash flow from operating activities + cash flow from investing activities)	(¥4.8 billion)	¥27.2 billion	—	More than ¥70 billion
Equity ratio	5%	33%	39%	More than 30%

Summary

- Overall, reorganized non-core businesses, made progress in strengthening corporate governance and compliance systems, nearly achieved performance index targets, and escaped state of crisis and began recovering trust
- Left issues to be addressed in reconstruction of business portfolio due to failure to complete drastic reform of Imaging Business

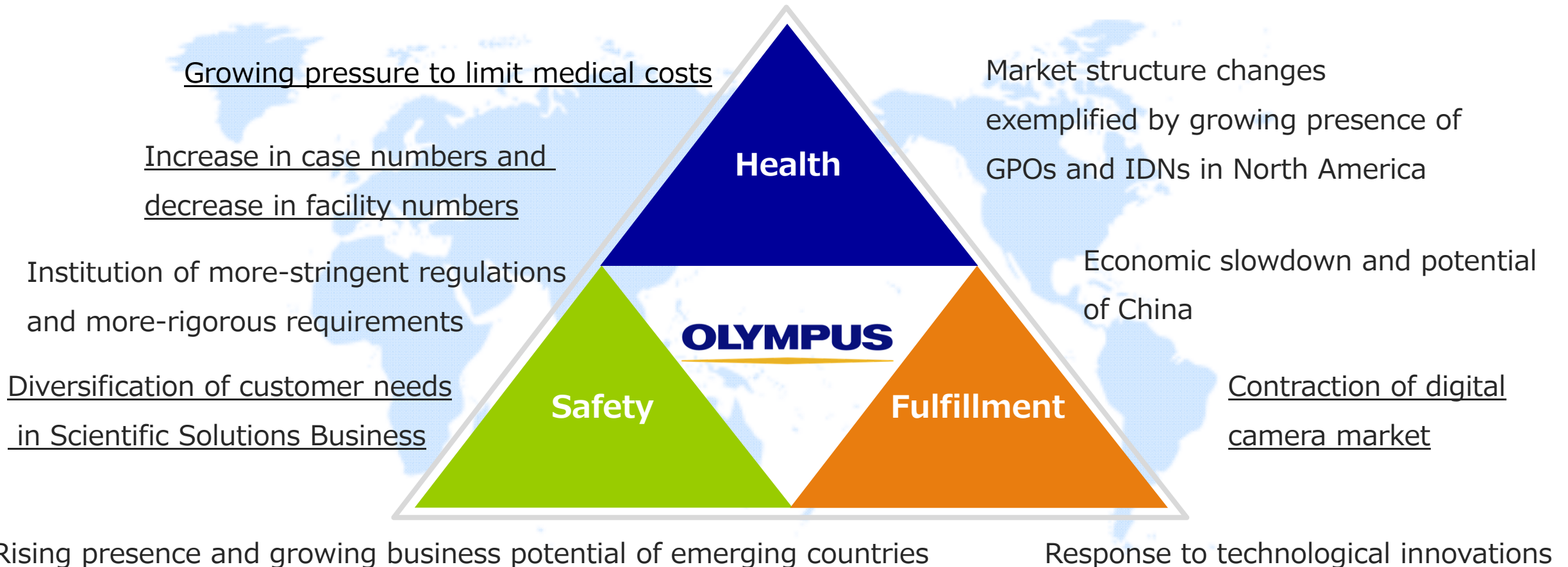
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Operating Environment

Megatrends

- “Great Rebalancing”: Growing presence of emerging countries in global market
- Declining birthrates and aging populations: Rising medical needs and growing pressure to limit medical costs
- ICT development and advances: ICT-driven industry structure changes (diversification)



Operating Environment

Operating Environment

Growing pressure to limit medical costs

Increase in case numbers and decrease in facility numbers

Diversification of customer needs in Scientific Solutions Business

Contraction of digital camera market

Strategic Directives

Rising importance of Company-emphasized early diagnosis and minimally invasive treatments and growing business opportunities to be realized by further advertising medical economic benefits

Growing business opportunities to be realized by reducing downtime, shifting from capital products to disposable devices, and developing procedure based medical business model

Shift from product segment based strategies to customer segment oriented strategies

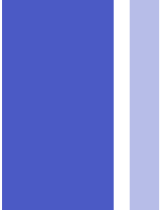
Further contraction of DSLR and other digital camera markets, need to transition from value and price focused mass-marketing approach to respond to needs of core users and provide them with unique value at appealing prices

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Business to Specialist

1 To be the greatest “Business to Specialist” Company



We will strive to be the most valuable partner to experts and customers with high aspirations through the timely provision of appropriate solutions that meet their high-level needs



We will achieve this goal by utilizing our innovative thinking, expertise in advancing technology, operational excellence, and high ethical standards



Through these efforts as well as through sustainable growth, Olympus will meet the expectations of all stakeholders and act as a good corporate citizen

2 One Olympus

We will maximize performance of the entire Olympus Group by sharing values and strategies and making full use of the management resources (people, money, assets, and knowledge) on a global and Groupwide basis

We will pursue optimization on a Groupwide basis to maximize performance. We encourage sharing the results throughout the Group

We will strive to a balance between establishing an appropriate level of headquarters control (centripetal force) and realizing highly empowered operating sites (centrifugal force)



Priority Strategies

1

Take action to grow businesses

2

Acquire necessary management resources in a timely manner and fully leverage these resources

3

Advance forward-looking preparation to realize continued growth

4

Pursue further business efficiency improvements

5

Enhance management on global and groupwide basis

6

Strengthen Quality/Regulatory Assurance and Internal control, promote strict compliance

Priority Strategies– (1)

Strategy

Take action to grow businesses

Expand lineups and promote sales of strategic products

Shift from installation based medical business model to procedure based medical business model

Pursue growth opportunities in peripheral businesses

Priority Strategies– (2)

Strategy

Acquire necessary management resources in a timely manner and fully leverage these resources

Manage portfolio of business in fields with low growth potential and shift management resources to growing business fields

Recruit and develop capable human resources in a timely manner

Optimize global R&D systems and production systems (production site planning)

Priority Strategies– (3)

Strategy

Advance forward-looking preparation to realize continued growth

Develop businesses and conduct upfront investments from a long-term perspective (technology research, exploration, and development)

Promote developing new business to advance "Minimally invasive treatment"

Advance long-term measures for expanding businesses in emerging countries

Priority Strategies– (4)

Strategy

Pursue further business efficiency improvements

Reduce costs and improve efficiency by optimizing product lineups

Standardize processes and improve inventory management

Priority Strategies– (5)

Strategy

Enhance management on global and groupwide basis



Strengthen and improve the efficiency of Functions



Develop a mindset to realize One Olympus

Priority Strategies– (6)

Strategy

Strengthen Quality/Regulatory Assurance and Internal control, promote strict compliance

Enhance Quality Management System and organization for further business expansion in Medical field

Further promote Internal Control function

Construct and implement compliance systems suited to a truly global company

Positioning of Each Business within Portfolio

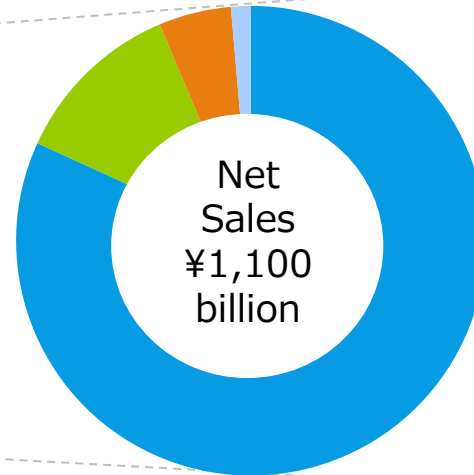
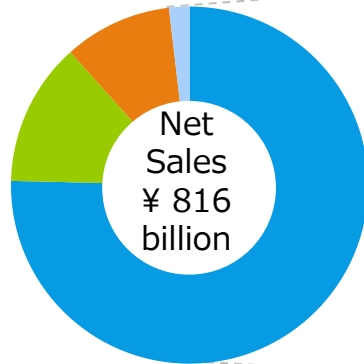
Directive

Prioritize allocation of management resources to Medical Business

FY2016 (Forecast)

FY2021 (Target)

Long-term vision



**Become leading
global player in
medical field**

Medical
Business

Expand our business scope focused on *early diagnosis* and *minimally invasive therapies* in order to boost earnings capacity.

Scientific
Solutions
Business

Customer group oriented strategies will be advanced to establish and reinforce earnings foundations.

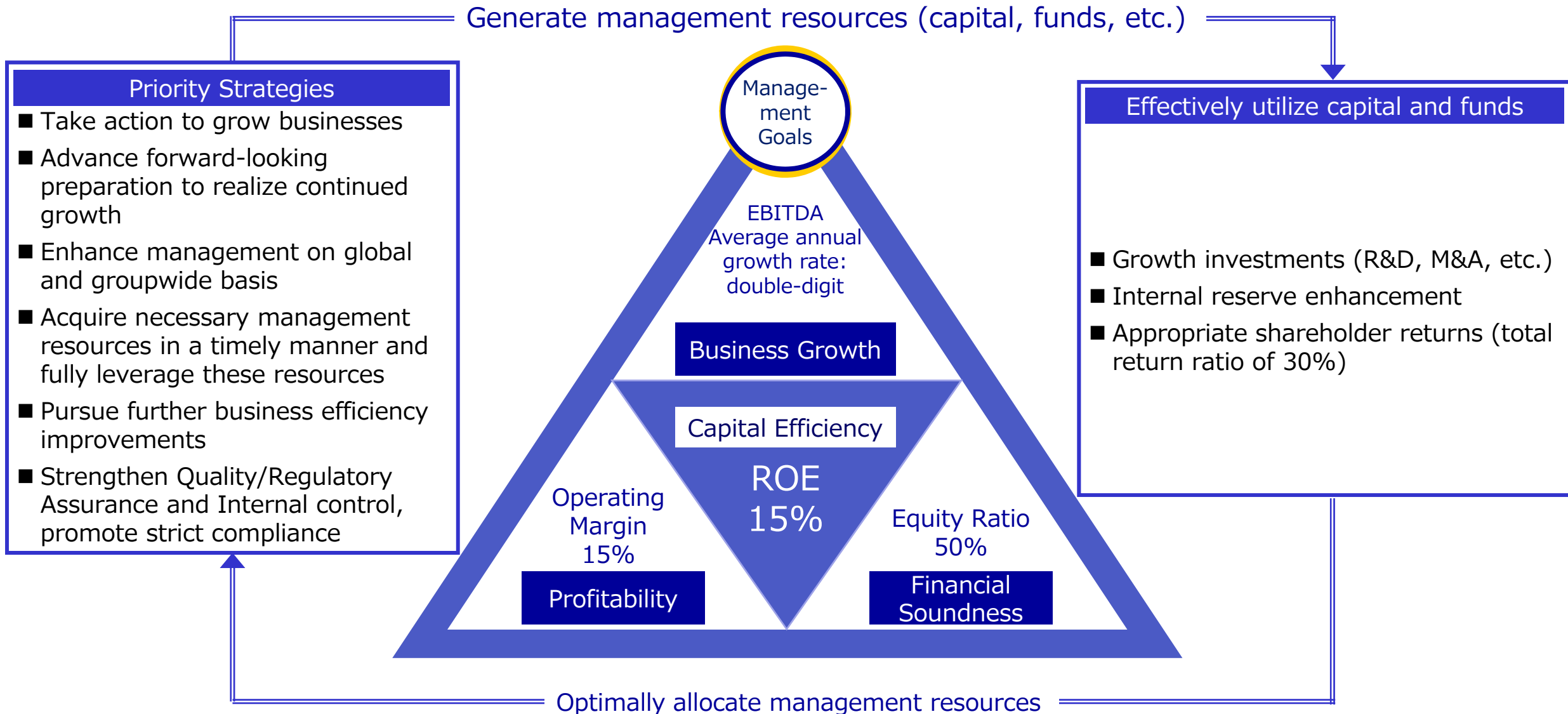
Imaging
Business

Appropriate response to changes in and contraction of the digital camera market will be swiftly taken. Technologies and resources will be utilized on groupwide basis.

New
Business

Initiatives will be strengthened to create new businesses.

16CSP Framework and Management Goals



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