



38th Annual J.P. Morgan Healthcare Conference



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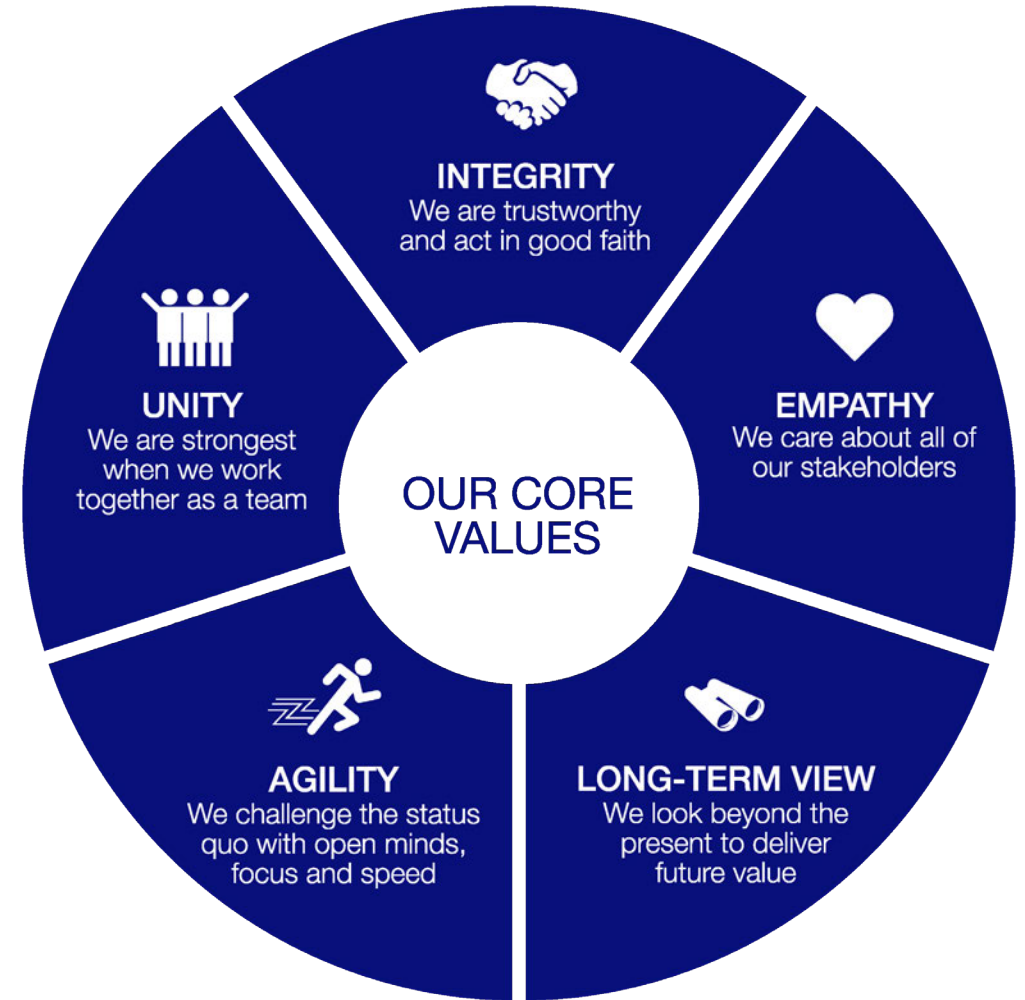
01

We're Olympus

OUR PURPOSE

**Making people's lives healthier,
safer and more fulfilling**

In line with our Corporate Philosophy, we are evolving our corporate culture to be competitive and **performance-driven** and **focusing on creating value to our customers**



Olympus – Medical Division Snapshot

634.3

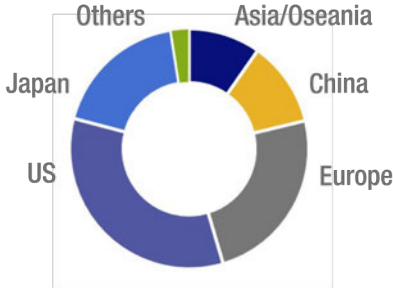
Billion yen
Total Medical revenue FY2019

70%

Global market share
in gastrointestinal endoscopic equipment

20,000

Patents
across our product portfolio



Medical revenue
by region

~3%

CAGR
FY2017-FY2019
Growth in endoscopy

~8%

CAGR
FY2017-FY2019
Growth in therapeutics



39

A global footprint with a mix of upstream and downstream operations across **39 countries**

02

Our Corporate Strategy

Our strategic aspiration and performance metrics



Our aspiration is to **become a globally-leading medtech company** contributing to people's lives by delivering innovative solutions that **benefit patients, healthcare professionals, payors and providers**



Sustain **5-6%** growth annually



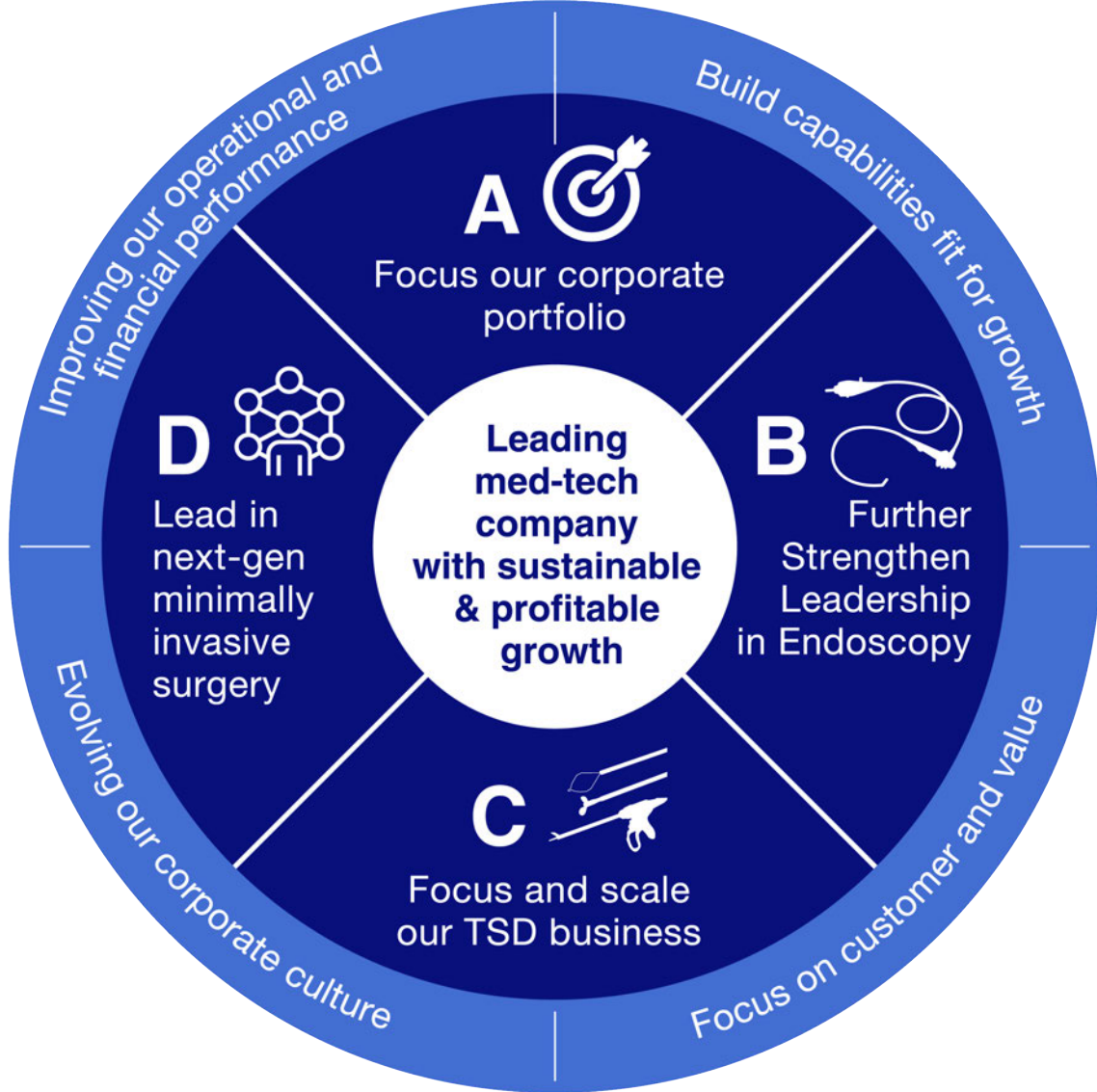
Deliver **>20%** consolidated corporate operating margin¹



Become **leaders** in the therapeutic areas where we compete (GI, urology and respiratory)

¹ Adjusted for extraordinary items

Our strategic pillars



A

Focus the corporate portfolio, centering on Medical

B

Maintain leadership in reusable endoscopy

Complement our portfolio with single-use endoscopes to accelerate growth and address unmet needs

Evolve the endoscopy commercial model – shift towards service-based offerings and procedure-based business models

C

Focus and scale prioritized therapeutic areas (GI-ET, urology and respiratory)

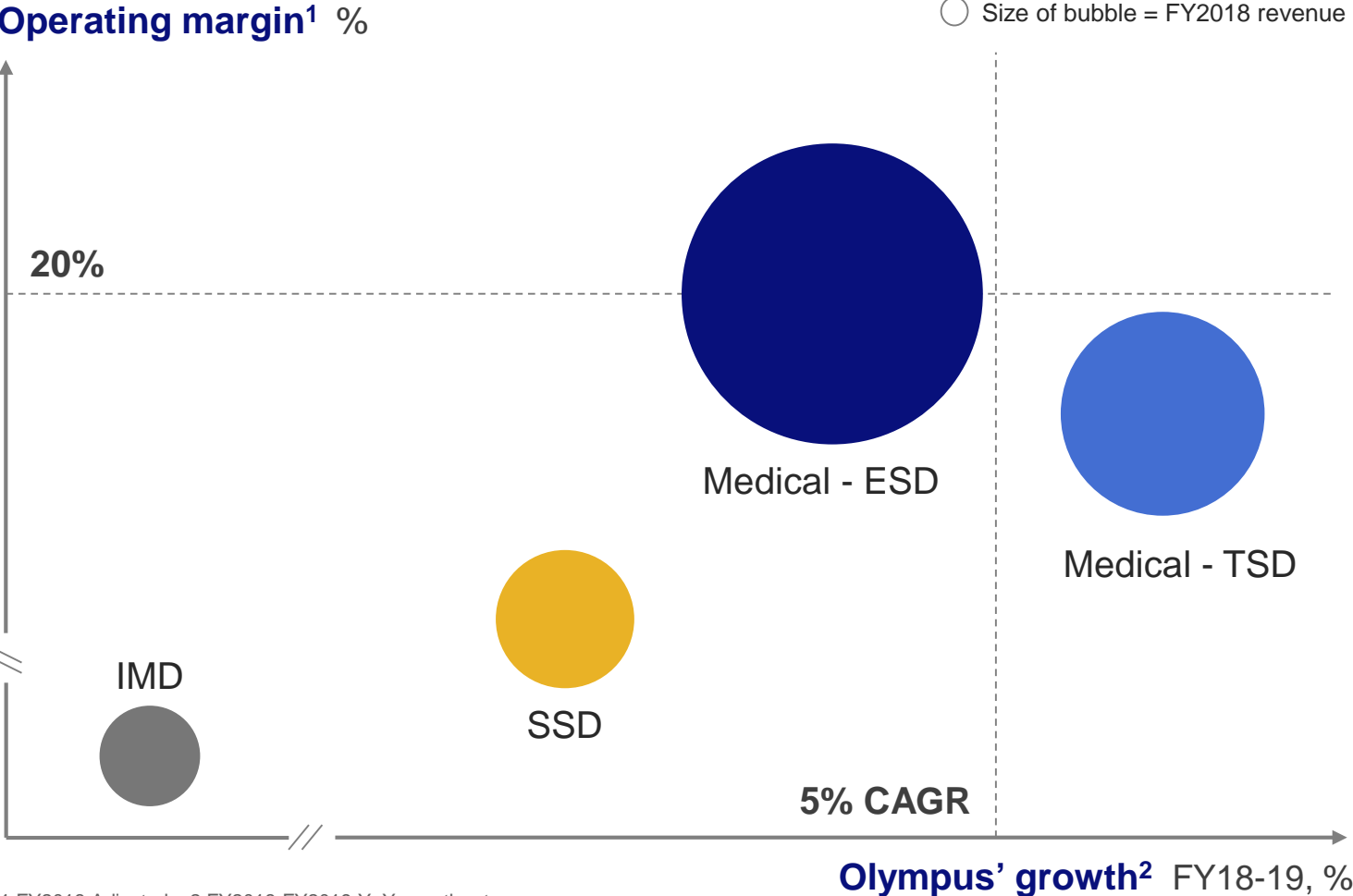
D

Develop a leading position in next-generation minimally invasive surgery by **delivering integrated technologies designed to improve clinical and economic outcomes**

Our corporate portfolio – Medical is primary focus



Our corporate portfolio ➤ Increasing our focus



We will **regularly assess our portfolio** for fit with our corporate aspiration and **focus our growth investments in Medical**

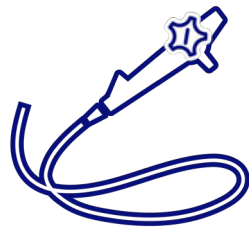
¹ FY2018 Adjusted ² FY2018-FY2019 YoY growth rate

Further strengthen leadership in endoscopy



To enhance the value we bring in early diagnosis, we aim to have the most comprehensive endoscopy portfolio on the market, supported by evolution of the commercial model

Complement our portfolio with single-use endoscopes to provide a comprehensive set of product offerings



Maintain leadership in endoscopy



Maintain leadership in reusable endoscopy

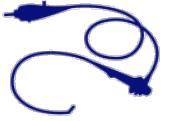
through continued innovation and commercial excellence



Evolve the commercial model

towards service-based and procedure-based offerings

Launch of New Endoscopy System



Setting a new standard for endoscopic diagnosis and therapy with our new endoscopy system

New endoscopy system aims to introduce technologies that set a new standard for detection, characterization, staging and treatment



Detection



CADe¹

- Leverage AI-enabled software to improve lesion detection

Characterization



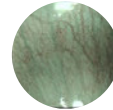
Super wide depth of view

- Wider depth of view makes it easier to use the magnification function on the endoscope

CADx²

- Real-time diagnosis of lesions using AI-enabled software

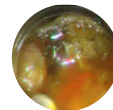
Staging



Magnification technology

- High definition magnified image allows for more accurate staging

Treatment



Vessel visualizing technology

- Visualization of vessels can improve efficiency and error rate of endoscopic treatment



3D imaging

- 3D imaging improves efficiency and shortens the learning curve of endoscopic treatment

1. CADe – Computer-aided detection 2. CADx – Computer-aided diagnosis

Increasing demands for Disposable Endoscope



Where single-use endoscopes create differentiated value

✓ Infection control requirements

Single-use endoscopes may eliminate the need for reprocessing and maintenance, which can be beneficial where a higher-level of infection control is required e.g., high risk patients, focusing on / depending on patients' needs

✓ Durability requirements

In cases of repeated procedures that quickly erode the durability of reusables, or in areas where smaller diameter are required, single-use endoscopes may provide our customers with a valuable option, e.g., ureteroscopy, cholangioscopy

✓ Procedure-specific requirements

As reusables are not typically procedure-specific, single-use endoscopes provide a more specialized option that can be tailored to more specific needs/procedures e.g., bronchoscopy in the ER (sterile, ready-to-use and highly mobile)

Strong Momentum in China

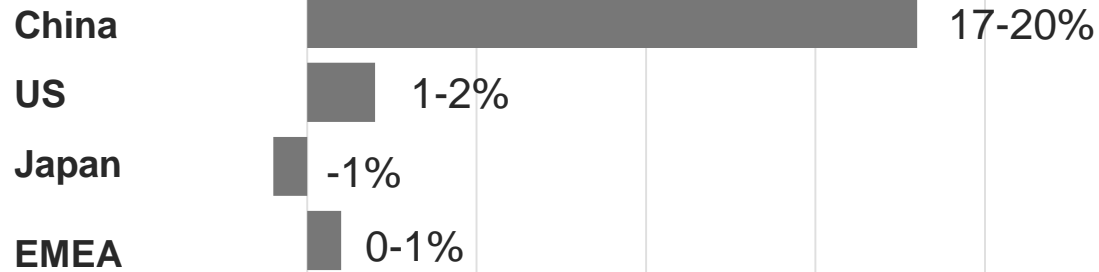


China is our fastest-growing market



We will make investment to capture more value in China

ESD revenue growth p.a., 2016-18



*Emerging Market total : 20%

\$0.6-0.7B

Endoscopy*
market in 2019

70%

market share in
endoscopy*

+12% p.a.

growth in
healthcare
spending¹

2x number of

endoscopic*
procedures
2012-2022

20,000
physicians

participated in our training programs in China over the last 5 years



- **Continue to grow the pool of qualified healthcare professionals and conduct technical research to better understand customers' needs** e.g., through physician training programs
- **Promote national policies** to enhance local stakeholder relationships
- **Further strengthen the commercial platform** especially to cover Tier 2 hospitals and below
- **Proactively pursue local innovation activities** to accelerate the introduction of China-specific products e.g., collaborate with local hospitals/academia, acquire start-ups
- **Engage with governing bodies** to jointly shape the local healthcare landscape

SOURCE: Global Data, 1 Historical growth in last 10 years, expected to maintain *Gastrointestinal area

Strategic Target for Endoscopy Business



We have initiatives in place over the next 3 years to help realize our long-term strategy in endoscopy

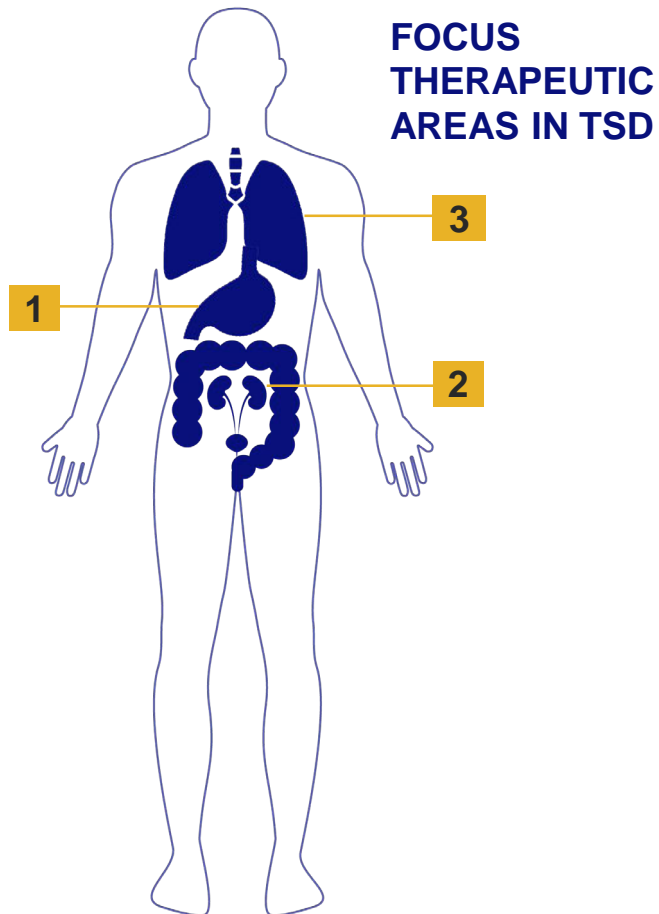
 Maintain leadership in reusable endoscopy	Product innovation	<ul style="list-style-type: none"> Contribute to improving quality of endoscopic procedure by supporting healthcare professionals (HCPs) in the detection, characterization, staging and treatment of irregular lesions Introduce AI-enabled CAD (computer-aided diagnosis) to new endoscopy system
	Commercial excellence	<ul style="list-style-type: none"> Build clinical evidence to demonstrate the positive impact of new Olympus product features on the quality of endoscopic diagnosis
	Regional growth	<ul style="list-style-type: none"> Continue to grow the pool of qualified HCPs in underpenetrated high-growth markets
 Complement portfolio with single-use	Prioritizing focus areas	<ul style="list-style-type: none"> Target scopes for duodenum, biliary duct and urinary duct
	Strengthening R&D and manufacturing	<ul style="list-style-type: none"> Strategic investment in R&D and manufacturing for single-use endoscopes
Evolve the commercial model	<ul style="list-style-type: none"> Initiate trials of evidence or procedure-based payment models for targeted products and regions Scale up pilot programs of wrap-around services 	

~6%
revenue growth CAGR in ESD
 In the next 3 years

Focus and scale our TSD business



To accelerate growth in TSD and enhance our value in minimally invasive therapy, we will focus on category leadership across three therapeutic areas



1 Bronchoscopic Lung Volume Reduction



1 GI-ENDOTHERAPY

~\$4.4B

market
#3 position

Expand and accelerate portfolio in existing product categories and explore growth opportunities in adjacent areas

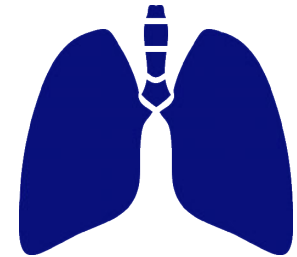


2 UROLOGY

~\$1.8B

market
#2 position

Establish leadership in BPH and enhance position in stone management through portfolio expansion



3 RESPIRATORY-ENDOTHERAPY

~\$0.3B

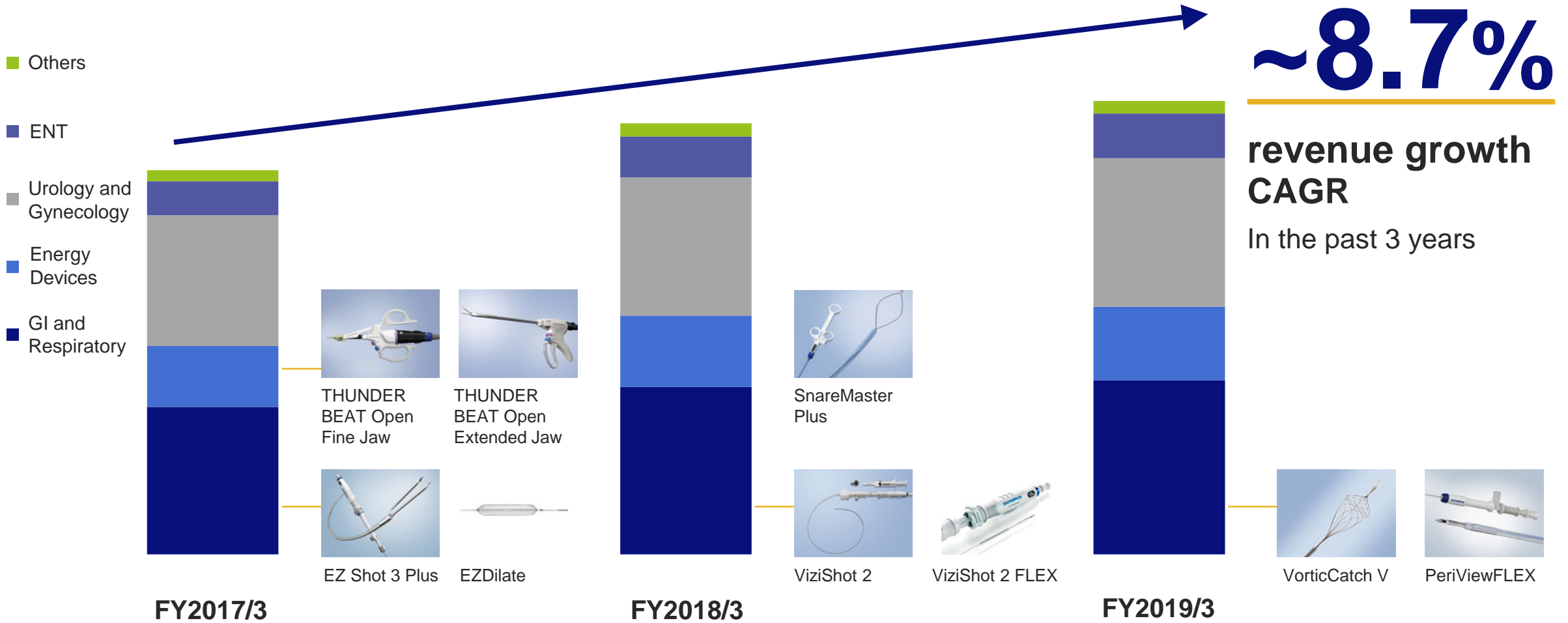
market
#1 position

Strengthen leadership by capturing the BLVR¹ market and expand opportunities in early diagnosis and treatment of lung cancer

High Single-Digit Growth in P3Y



We have realized growth of over 8.0% CAGR in TSD business by introducing new products



Strategic Target: Therapeutic Solutions



We have initiatives in place to drive growth in TSD in the next 3 years

GI-Endotherapy



- Expand clinically differentiated product offerings across all key categories, including ERCP, GI stent and hemostasis devices through both internal initiatives and M&A

Urology



- Expand presence of our BPH offerings in the urology suite and office
- Enhance product portfolio in stone management with launch of new fiber laser technology and other endo-urology devices

Respiratory-Endotherapy



- Drive growth through adoption of intrabronchial valve system
- Expand EBUS indications and advance strong pipeline of EBUS needles

Other therapeutic areas

- Expand energy solutions offering with launch of advanced energy device, introducing next-gen innovation in precision resection and reliable vessel sealing

Commercial excellence

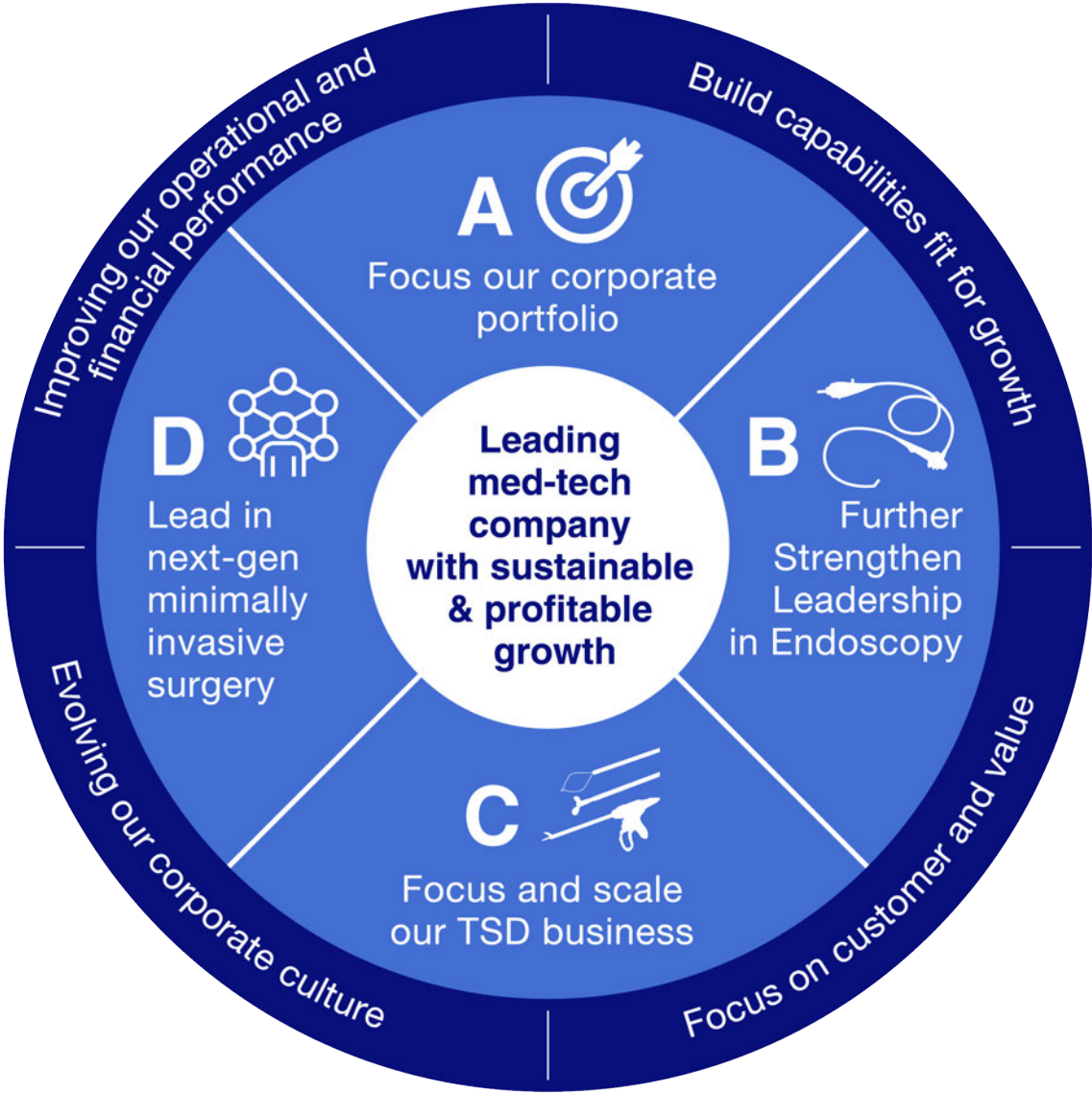
- Strengthen sales and market development teams across therapeutic areas
- Invest in additional clinical data and reimbursement efforts

~8%

**revenue
growth
CAGR in TSD**

In the next 3 years

Our corporate strategy – Growth Enablers



Improving our operating and financial performance through a major transformational program across the whole business over the next 3 years



Building capabilities fit for growth including strengthening our QA/RA function and driving efficiency in our R&D operations



Evolving our corporate culture focusing on building a competitive and performance-oriented culture with customer and stakeholder centricity



A focus on customer and value will underpin all activities in our business to ensure we address our customers' unmet needs and clearly communicate with them the value of our products

Transform Olympus is all about transforming the way we work



We have embarked on a major efficiency improvement program, Transform Olympus, across the company

Planning process	Targeted areas	Example initiatives
<ul style="list-style-type: none">▪ Detailed benchmarking vs. global peers▪ Advice from outside subject matter experts▪ Top down targets set▪ Bottom up development of Transform initiatives▪ 1,000+ Transform initiatives, each with an “owner” and a timeline for accountability tracking▪ Transform initiatives to be included in P&L budgets	Research & Development	<ul style="list-style-type: none">▪ Discontinue projects with low ROI▪ Simplify project specifications to focus on core value-add
	SCM & Manufacturing	<ul style="list-style-type: none">▪ Move to monthly review of supply / demand match▪ Centralized sourcing initiatives
	Sales	<ul style="list-style-type: none">▪ Establish global pricing governance council to improve ASPs▪ Optimize salesforce effectiveness in targeted regions
	Indirect expenses	<ul style="list-style-type: none">▪ Implement global integrated facilities management service program▪ Global travel policy to define clear rules
	Human Resources	<ul style="list-style-type: none">▪ Introduce regular performance review system▪ Targeted structural reforms to align organization with strategic priorities

Transform Olympus will position us for long term growth



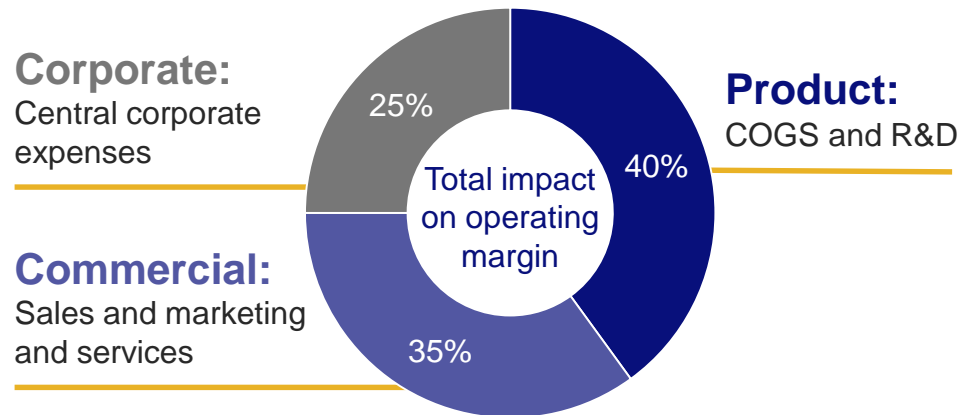
The outcome of Transform Olympus will be seen in three areas within 3-4 years

Higher Profit

High Performance Culture

Higher Long-term Growth Capacity

Identified Profit Improvement Opportunity:



>20%

consolidated corporate operating margin¹

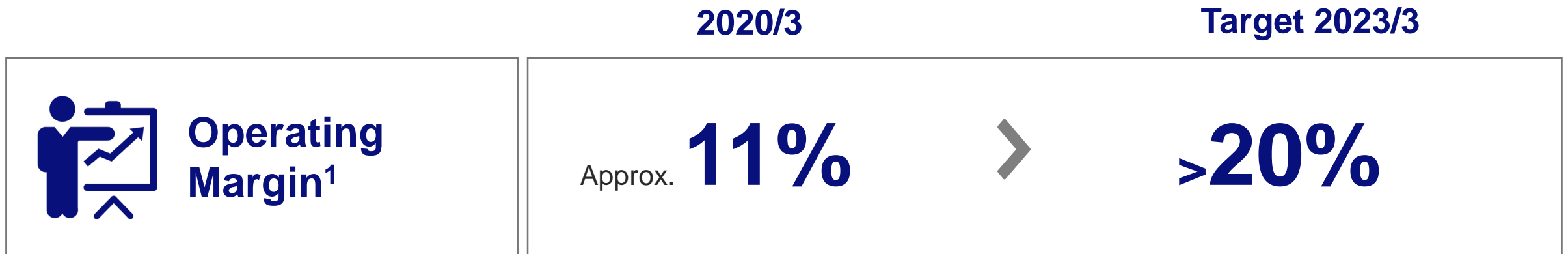
- Employees trained in continuous improvement and execution
 - Clear definition of roles and accountability
 - Performance management through appraisal and rewards system
 - Cross functional collaborative teams
 - Allocation of talent globally based on skills
 - Agile decision making
- Greater ability to target areas of high unmet clinical / economic need for product development
 - More frequent new product launches with excellent quality / regulatory outcomes
 - Higher long-term organic growth rates
 - Capability to execute and integrate both tuck-in and transformative acquisitions

¹ Adjusted for extraordinary items

03

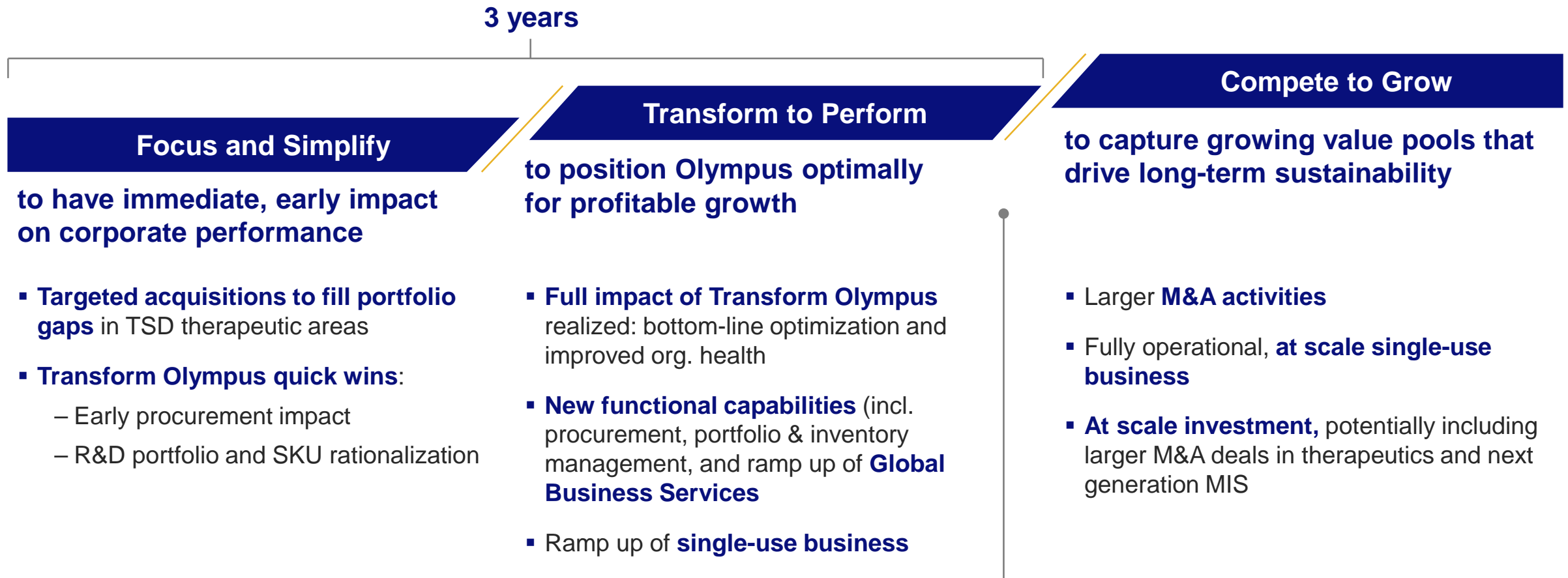
Our Growth and Performance Impact

2023/3 Financial guidance



¹ Adjusted for extraordinary items


Sequencing of our growth and transformation initiatives



Performance impact in 3 years
> 20% operating margin¹

¹ Adjusted for extraordinary items

2023/3 Supporting financial indicators

	2020/3	Target 2023/3
 Free cash flow growth ¹	¥50 Billion	>20% CAGR from FY2020/3
 ROIC ¹	Approx. 10%	>20%
 EPS Growth ¹	¥47	>25% CAGR from FY2020/3

¹ Adjusted for extraordinary items

Cash allocation – M&A and Return to Shareholders

Business investment

- Prioritize allocation of funds toward growth investments as well as quality enhancement
- Strategic consideration of M&A based on business strategy

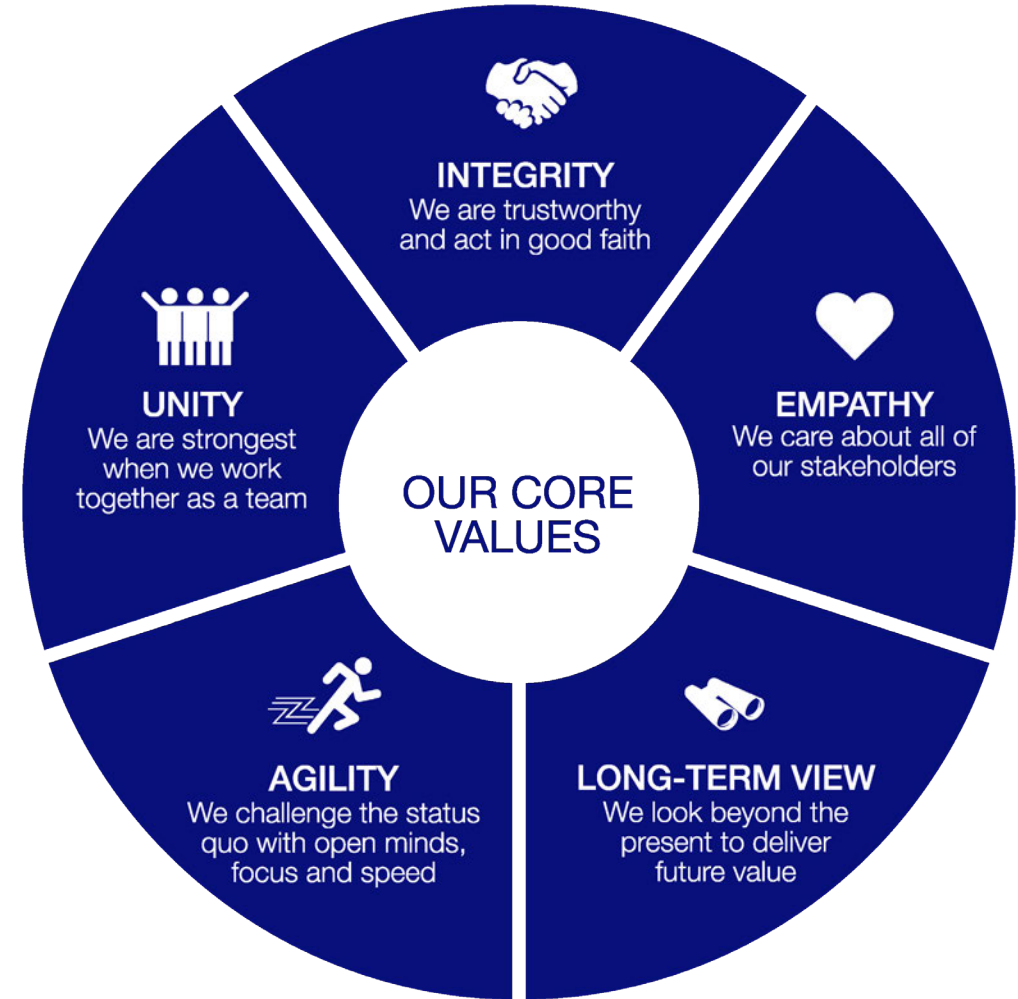
Shareholders' return

- Maintain current policy to achieve 30% total shareholders return by FY 2021 as stated in 16CSP
(Olympus will achieve its 16CSP target of a 30% total return ratio in FY2020/3)
- Maintain the proactive shareholder return policy considering corporate priorities and shareholders' values

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OLYMPUS

A thick, yellow, brushstroke-style underline that tapers at both ends, positioned directly beneath the word "OLYMPUS".