

Consolidated Financial Results for the 3rd Quarter of Fiscal 2018 and Full-Year Forecasts

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- This material contains forward-looking statements that reflect management's current views, plans, and expectations based on information available at the time of preparation. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, future business decisions, and other internal and external factors that may cause the Company's actual results, performance, achievements, or financial position to be materially different from any future results expressed or implied by these forward-looking statements.
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Voluntary Adoption of IFRS

- The Company has chosen to voluntarily adopt International Financial Reporting Standards (IFRS). The first document to which these standards were applied was the consolidated financial statements for the three months ended June 30, 2017.
- Figures for the third quarter of fiscal 2017 and as well as those for the fiscal year ended March 31, 2017 have been restated based on IFRS for the purpose of comparisons.

3Q Financial Results

- Revenue: Driven by the Medical Business, nine-month revenue up 8% YoY and third-quarter revenue up 11% YoY
- Medical: Recovery in mainstay gastrointestinal endoscope operations and record high for third-quarter revenue
- Profit: YoY increases in all profit figures due to benefits of yen depreciation

Full-Year Performance Forecasts

- No changes to full-year forecasts for consolidated revenue, operating profit, and profit before tax
- Upward revision to forecast for profit attributable to owners of parent in reflection of anticipated decrease in income taxes following the passing of tax reform legislation in the United States

Consolidated Financial Results and Business Overview for the 3Q of Fiscal 2018 (FY Ending March 31, 2018)

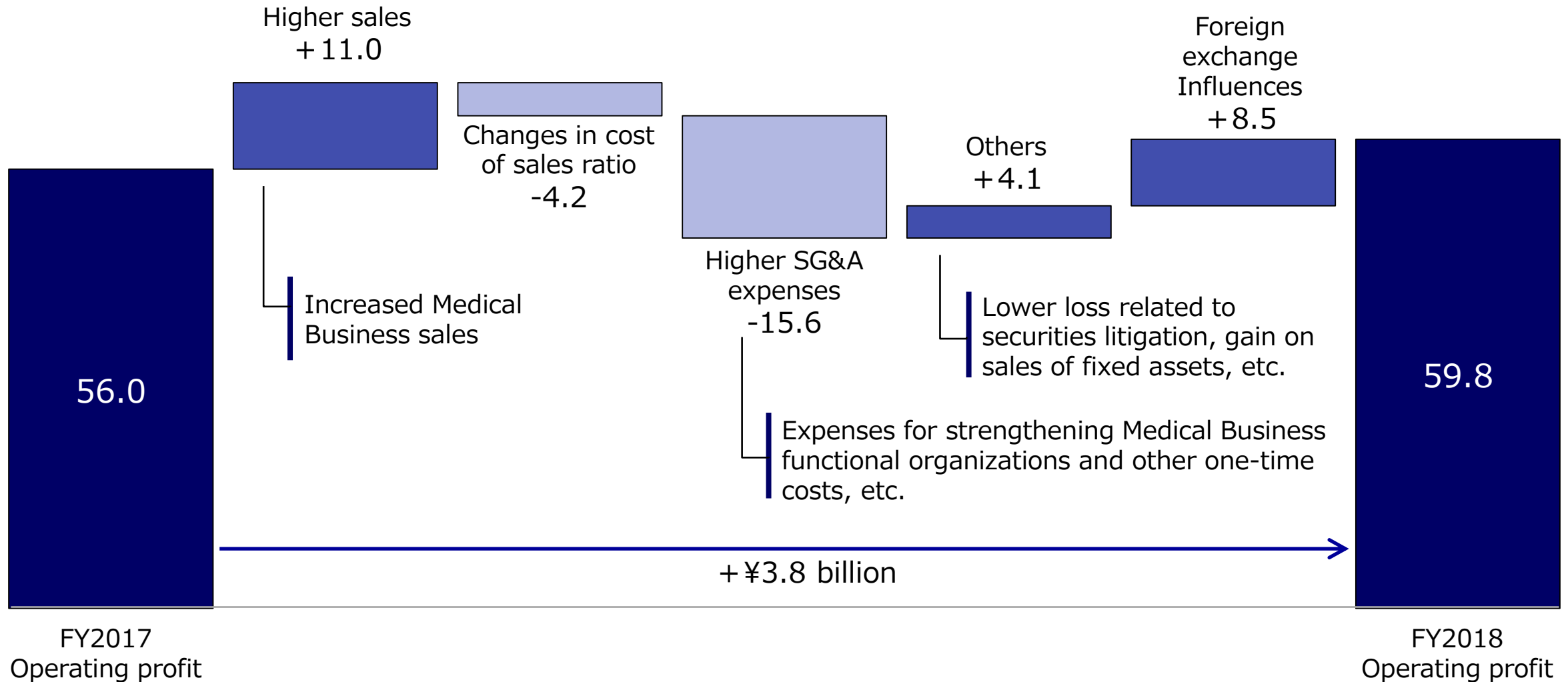
3Q of Fiscal 2018 (1) Consolidated Financial Results

- ① Revenue: Driven by the Medical Business, revenue up YoY both on yen basis and after foreign exchange adjustment
- ② Profit: YoY increases in all profit figures due to benefits of yen depreciation, double-digit growth in profit attributable to owners of parent due to reduced tax expenses and improvements in the balance of financial inflows and outflows

(Billions of yen)	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
	FY2017	FY2018	YoY	After foreign exchange adjustment	FY2017	FY2018	YoY	After foreign exchange adjustment
Revenue	531.8	572.1	① + 8%	+ 3%	183.1	202.6	① + 11%	+ 5%
Gross profit (% of revenue)	346.6 (65.2%)	372.9 (65.2%)	+ 8%	+ 2%	119.0 (65.0%)	131.2 (64.7%)	+ 10%	+ 2%
Selling, general and administrative expenses (% of revenue)	283.5 (53.3%)	310.2 (54.2%)	+ 9%	+ 6%	95.9 (52.4%)	106.7 (52.7%)	+ 11%	+ 7%
Other income and expenses etc.	-7.1	-2.9	-	-	-2.6	-2.0	-	-
Operating profit (% of revenue)	56.0 (10.5%)	59.8 (10.5%)	② + 7%	▲ 8%	20.5 (11.2%)	22.4 (11.1%)	② + 9%	▲ 18%
Profit before tax (% of revenue)	48.9 (9.2%)	55.7 (9.7%)	+ 14%		17.8 (9.7%)	20.5 (10.1%)	+ 15%	
Profit attributable to owners of parent (% of revenue)	39.5 (7.4%)	48.0 (8.4%)	+ 22%		15.9 (8.7%)	18.2 (9.0%)	+ 15%	
¥/US\$	¥107	¥112			¥109	¥113		
¥/Euro	¥118	¥129			¥118	¥133		

3Q of Fiscal 2018 (1) Factors Influences Consolidated Operating Profit

9M (Apr.-Dec.)

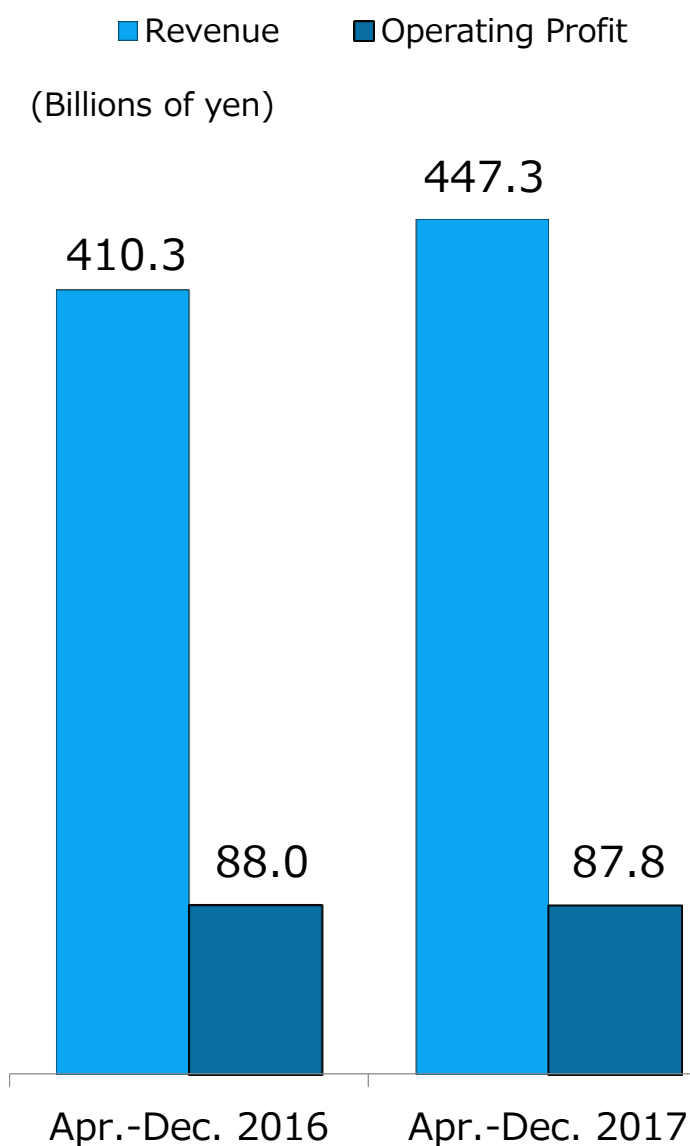


3Q of Fiscal 2018 (2) Results by Business Segment

- Medical: Record-breaking 9M and 3Q revenue in the Medical Business as it drives consolidated performance
- Scientific Solutions: Favorable growth trend and significant rise in operating profit continuing from first half result in 10% YoY increase in revenue
- Imaging: Nine-month operating profit secured due to increased mirrorless camera sales

(Billions of yen)		9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
		FY2017	FY2018	YoY	After foreign exchange adjustment	FY2017	FY2018	YoY	After foreign exchange adjustment
Medical	Revenue	410.3	447.3	+ 9%	+ 4%	138.6	158.0	+ 14%	+ 8%
	Operating profit	88.0	87.8	0%	-8%	28.3	32.4	+ 14%	-2%
Scientific Solutions	Revenue	63.5	70.0	+ 10%	+ 5%	23.1	25.4	+ 10%	+ 4%
	Operating profit	1.9	3.5	+ 88%	+ 33%	2.1	2.3	+ 9%	-28%
Imaging	Revenue	46.8	47.3	+ 1%	-3%	18.3	16.7	-8%	-14%
	Operating profit	0.8	1.5	+ 77%	+ 38%	2.2	-0.1	-¥2.3 billion	-¥2.6 billion
Others	Revenue	11.2	7.5	-33%	-34%	3.1	2.5	-20%	-21%
	Operating profit	0.7	-2.8	-¥3.6 billion	-¥3.5 billion	3.0	-1.6	-¥4.6 billion	-¥4.6 billion
Elimination and corporate	Revenue	-	-	-	-	-	-	-	-
	Operating profit	-35.5	-30.2	+ ¥5.4 billion	+ ¥5.2 billion	-15.0	-10.5	+ ¥4.5 billion	+ ¥4.5 billion
Consolidated Total	Revenue	531.8	572.1	+ 8%	+ 3%	183.1	202.6	+ 11%	+ 5%
	Operating profit	56.0	59.8	+ 7%	-8%	20.5	22.4	+ 9%	-18%

3Q of Fiscal 2018 (2) Medical Business



	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
	Apr.-Dec. 2016	Apr.-Dec. 2017	YoY	After foreign exchange adjustment	Oct.-Dec. 2016	Oct.-Dec. 2017	YoY	After foreign exchange adjustment
Revenue	410.3	447.3	+9%	+4%	138.6	158.0	+14%	+8%
Gastrointestinal Endoscopes(GI)	229.1	242.1	+6%	+1%	76.5	85.6	+12%	+7%
Surgical Devices	129.7	145.5	+12%	+7%	44.4	51.4	+16%	+10%
Endotherapy Devices	51.5	59.6	+16%	+8%	17.7	20.9	+19%	+10%
Operating profit	88.0	87.8	0%	-8%	28.3	32.4	+14%	-2%
Operating profit margin	21.5%	19.6%		18.9%	20.4%	20.5%		18.6%

Revenue

Operating profit

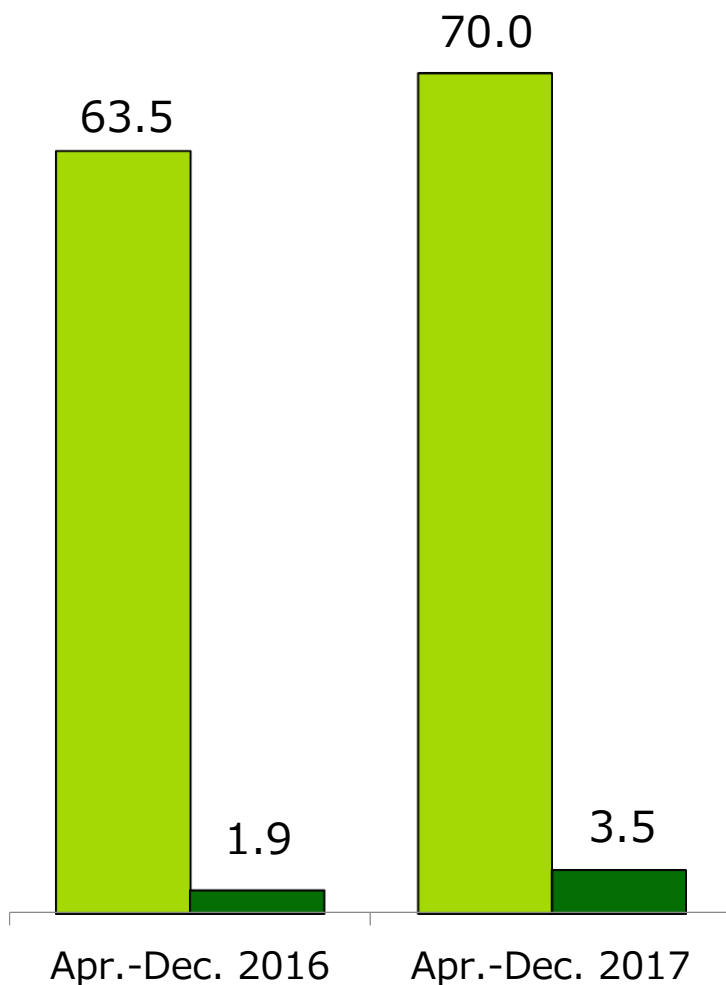
- ✓ GI: Positive growth achieved due in part to benefits of enhanced sales programs. A recovery seen in developed countries where products are in the late stages of their product cycles
- ✓ Surgical devices: Solid sales of surgical endoscopes and energy devices
- ✓ Endotherapy devices: Solid performance in all regions, double-digit revenue growth in both 9M and 3Q revenue
- ✓ Operating profit was relatively unchanged year on year
- ✓ Gross profit margin down due to product mix changes
- ✓ Higher SG&A expenses due to incurring expenses for strengthening sales and services systems and other costs

3Q of Fiscal 2018 (3) Medical Business

Field	Region	Local currency basis growth rates				Conditions by field
		FY2018				
		1Q	2Q	3Q	9M	
GI Endoscopes	Japan	-6%	+ 1%	+ 2%	-1%	- Japan and Europe: Enhanced sales promotions contributed to sales growth - North America: New sales program launched in December 2017 and maintenance service and other sales measures enhanced - Asia/Oceania: Growth driven by exceptionally strong performance in China
	North America	-1%	-4%	+2%	-1%	
	Europe	-6%	-8%	+ 2%	-4%	
	Asia/Oceania	+ 13%	+4%	+ 21%	+ 12%	
	All Regions	0%	-2%	+ 7%	+ 1%	
Surgical Devices	Japan	+ 3%	+ 6%	+ 14%	+ 7%	- Japan and Europe: Substantial growth fueled by benefits of new VISERA ELITE II and impressive energy device performance - North America: Sales growth centered on our 4K surgical endoscopy system despite mainstay products being in late stages of their product cycles, new contracts concluded due to stepping up approach toward IDNs* * IDN: Integrated Delivery Network
	North America	-1%	0%	+ 4%	+ 1%	
	Europe	+ 6%	+ 14%	+ 16%	+ 12%	
	Asia/Oceania	+ 18%	+ 16%	+ 5%	+ 13%	
	All Regions	+ 4%	+ 7%	+ 10%	+ 7%	
Endotherapy Devices	Japan	+ 8%	+ 9%	+ 9%	+ 9%	- Solid sales for products for ERCP* in all regions (particularly guidewires in the liver and pancreas field) - Strong performance in Asia/Oceania centered on China * ERCP: Endoscopic Retrograde Cholangio Pancreatography
	North America	+ 5%	+ 2%	+ 9%	+ 5%	
	Europe	-1%	+ 3%	+ 5%	+ 2%	
	Asia/Oceania	+ 23%	+ 20%	+ 15%	+ 19%	
	All Regions	+ 7%	+ 8%	+ 10%	+ 8%	

3Q of Fiscal 2018 (4) Scientific Solutions Business

■ Revenue
■ Operating profit
 (Billions of yen)



	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
(Billions of yen)	Apr.-Dec. 2016	Apr.-Dec. 2017	YoY	After foreign exchange adjustment	Oct.-Dec. 2016	Oct.-Dec. 2017	YoY	After foreign exchange adjustment
Revenue	63.5	70.0	+10%	+5%	23.1	25.4	+10%	+4%
Operating profit (loss)	1.9	3.5	+88%	+33%	2.1	2.3	+9%	-28%
Operating profit margin	2.9%	5.0%		3.7%	8.9%	8.9%		6.2%

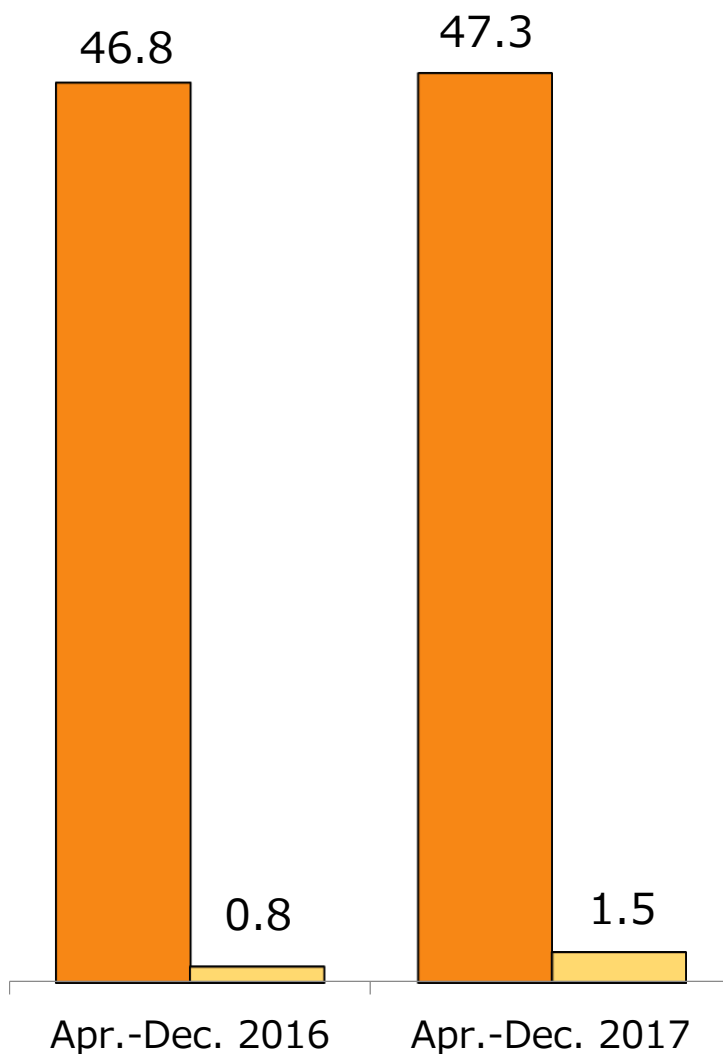
Revenue

Operating profit

- ✓ Nine-month revenue up 10% YoY (up 5% after foreign exchange adjustment) due to favorable sales seen largely in overseas industrial fields
 - Japan: Favorable sales of biological microscopes
 - North America: Impressive sales of non-destructive testing equipment
 - Europe: Large-scale orders received for XRF analyzers introduced last year contributed to revenue increase
 - China: Favorable sales of industrial microscopes for use in inspecting semiconductors and electronic components
- ✓ Substantial growth in nine-month operating profit as a result of higher revenue and reduced SG&A expenses

3Q of Fiscal 2018 (5) Imaging Business

■ Revenue
■ Operating profit
 (Billions of yen)



	9M (Apr.-Dec.)				3Q (Oct.-Dec.)			
(Billions of yen)	Apr.-Dec. 2016	Apr.-Dec. 2017	YoY	After foreign exchange adjustment	Oct.-Dec. 2016	Oct.-Dec. 2017	YoY	After foreign exchange adjustment
Revenue	46.8	47.3	+1%	-3%	18.3	16.7	-8%	-14%
Mirrorless	34.1	36.6	+7%	+2%	14.6	13.3	-9%	-14%
Compact	8.6	6.9	-19%	-23%	2.4	2.2	-7%	-12%
Others	4.1	3.8	-7%	-11%	1.3	1.2	-8%	-12%
Operating profit (loss)	0.8	1.5	+77%	+38%	2.2	-0.1	-¥2.3 bil.	-¥2.6 bil.
Operating profit margin	1.8%	3.2%		2.6%	12.0%	-		-

Revenue

Operating profit

- ✓ Sales growth of 7% for mirrorless cameras centered on OM-D series introduced in the 2H of last fiscal year contributed to overall higher revenue in the Imaging Business
- ✓ Overall Imaging Business revenue down in third-quarter due to lower sales of mirrorless cameras
- ✓ Nine-month operating profit of ¥1.5 billion achieved through larger ratio of sales from high-margin mirrorless cameras and effective management of expenses related to promotion and R&D activities
- ✓ Despite effective management of promotion expenses, deterioration in third-quarter profit following decline in mirrorless camera sales

Statement of Financial Position

- Total equity: Higher retained earnings due to the recording of profit attributable to owners of parent of ¥48.0 billion
- Equity ratio: Rose to 45.6% as a result of higher retained earnings and reduced interest-bearing debt

(Billions of yen)	End Mar. 2017	End Dec. 2017	Change
Current assets	505.7	517.6	+11.8
Inventories	125.3	147.1	+21.8
Non-current assets	454.3	474.1	+19.8
Property, plant and equipment	159.7	170.5	+10.7
Intangible assets	75.9	77.0	+1.1
Goodwill	95.6	103.3	+7.7
Total assets	960.0	991.6	+31.6

	End Mar. 2017	End Dec. 2017	Change
Current liabilities	286.5	297.4	+10.9
bonds/long-term loans payable	68.8	89.7	+20.9
Non-current liabilities	277.4	240.7	-36.7
bonds/long-term loans payable	217.2	173.1	-44.1
Total equity	396.2	453.6	+57.3
(Equity ratio)	41.1%	45.6%	+4.5pt
Total liabilities and equity	960.0	991.6	+31.6

Interest-bearing debt: ¥262.8 billion(-¥23.2 billion from March 31, 2017)

Consolidated Cash Flows

- Free cash flow: Came to a positive ¥18.1 billion due to income from gain on sales of investment securities and land and buildings, which offset outflow of ¥8.7 billion related to the acquisition of ISM*

(Billions of yen)	9M (Apr.-Dec.)		Change
	FY2017	FY2018	
Revenue	531.8	572.1	+40.3
Operating profit	56.0	59.8	+3.8
(% of revenue)	10.5%	10.5%	0pt
CF from operating activities	71.7	60.2	-11.4
CF from investing activities	-46.0	-42.2	+3.8
Free cash Flow	25.6	18.1	-7.6
CF from financing activities	-24.4	-36.2	-11.8
Cash and cash equivalents at end of period	166.8	186.7	+19.9
Depreciation and amortization	39.7	39.6	-0.2
Capital expenditures	48.9	45.7	-3.3

Forecast for Fiscal 2018

Forecasts of Consolidated Financial Results for Fiscal 2018

- No changes to full-year forecasts for consolidated revenue, operating profit, and profit before tax
- Upward revision of ¥3.0 billion to forecast for profit attributable to owners of parent in reflection of anticipated decrease in income taxes following the passing of tax reform legislation in the United States

(Billions of yen)	FY2018 (Forecasts announced in 2Q)	FY2018 (New forecasts)	Change	vs. forecasts announced in 2Q	vs. forecasts announced in 2Q after adjustment for FX influences	FY2017
Revenue	784.0	784.0	-	-	-1%	740.6
Gross profit (% of revenue)	519.0 (66.2%)	520.0 (66.3%)	+1.0	0%	-1%	478.5 (64.6%)
Selling, general and administrative expenses (% of revenue)	428.0 (54.6%)	430.0 (54.8%)	+2.0	0%	0%	397.7 (53.7%)
Other income and expenses, etc.	-5.0	-4.0	+1.0	-	-	-9.6
Operating profit (% of revenue)	86.0 (11.0%)	86.0 (11.0%)	-	-	-3%	71.2 (9.6%)
Profit before tax (% of revenue)	79.0 (10.2%)	79.0 (10.2%)	-	-		62.5 (8.4%)
Profit attributable to owners of parent (% of revenue)	60.0 (7.7%)	63.0 (8.0%)	+3.0	+5%		42.8 (5.8%)
EPS	¥175	¥184				
¥/US\$	¥111	¥111		-		
¥/Euro	¥126	¥128	+¥2 (yen depreciation)			

Dividend Payments in
Fiscal 2018

Year-end dividend of
¥28 per share (no change)

Segment Forecasts for fiscal 2018

- Upward revision to forecast for Medical Business revenue due to anticipated depreciation of the yen in comparison with certain currencies (no changes to forecasts excluding foreign exchange influences)
- Downward revisions to forecasts for revenue and operating profit in the Imaging Business based on 9-month performance

(Billions of yen)		FY2018 (Forecasts announced in 2Q)	FY2018 (New forecasts)	Change	vs. forecasts announced in 2Q	vs. forecasts announced in 2Q after adjustment for FX influences	FY2017 Results	YoY	YoY (After foreign exchange adjustment)
Medical	Revenue	613.0	616.0	+3.0	0%	0%	570.4	+8%	+4%
	Operating profit	130.0	130.0	-	-	-2%	114.7	+13%	+5%
Scientific Solutions	Revenue	97.0	97.0	-	-	-1%	93.4	+4%	0%
	Operating profit	6.0	6.0	-	-	-4%	5.9	+1%	-21%
Imaging	Revenue	65.0	62.0	-3.0	-5%	-5%	62.8	-1%	-5%
	Operating profit	2.0	1.0	-1.0	-50%	-56%	0.2	+553%	+66%
Others	Revenue	9.0	9.0	-	-	0%	14.0	-36%	-37%
	Operating profit	-6.0	-6.0	-	-	-	-1.1	-	-
Elimination and corporate	Revenue	-	-	-	-	-	-	-	-
	Operating profit	-46.0	-45.0	+1.0	-	-	-48.5	-	-
Consolidated Total	Revenue	784.0	784.0	-	-	-1%	740.6	+6%	+2%
	Operating profit	86.0	86.0	-	-	-3%	71.2	+21%	+6%

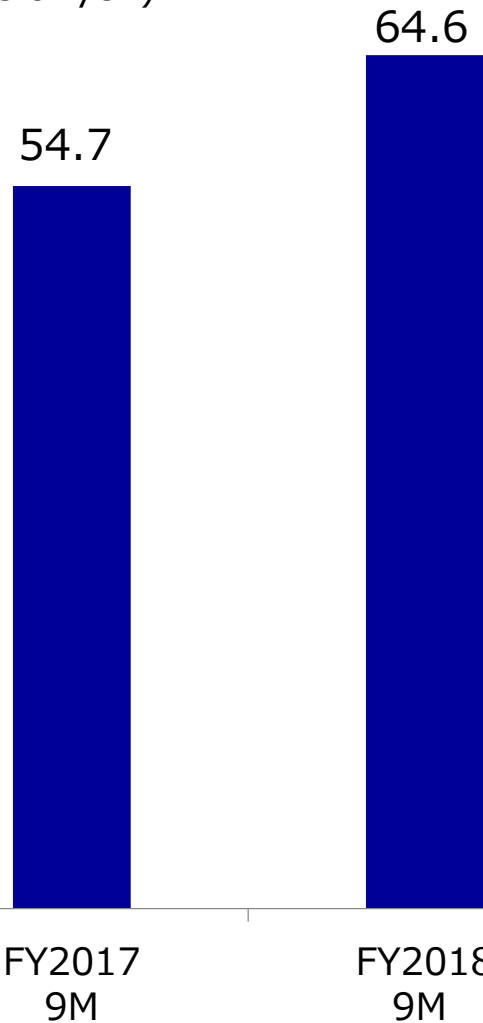
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Appendix

【Supplementary Materials】 R&D Expenditures

R&D Expenditures (YoY)

(Billions of yen)



Details of R&D Expenditures

	FY2017			FY2018* ¹		
(Billions of yen)	3Q	9M	Full-Year	3Q	9M	Full-Year forecast
R&D expenditures (% of revenue)	17.2 (9.4%)	54.7 (10.3%)	79.2 (10.7%)	17.4 (8.6%)	64.6 (11.3%)	84.0 (10.7%)

Reference

	FY2017		FY2018	
(Billions of yen)	3Q	9M	3Q	9M
Capitalization of R&D expenditures* ²	1.5	3.6	2.2	7.7
Amortization	1.3	3.5	1.7	4.6

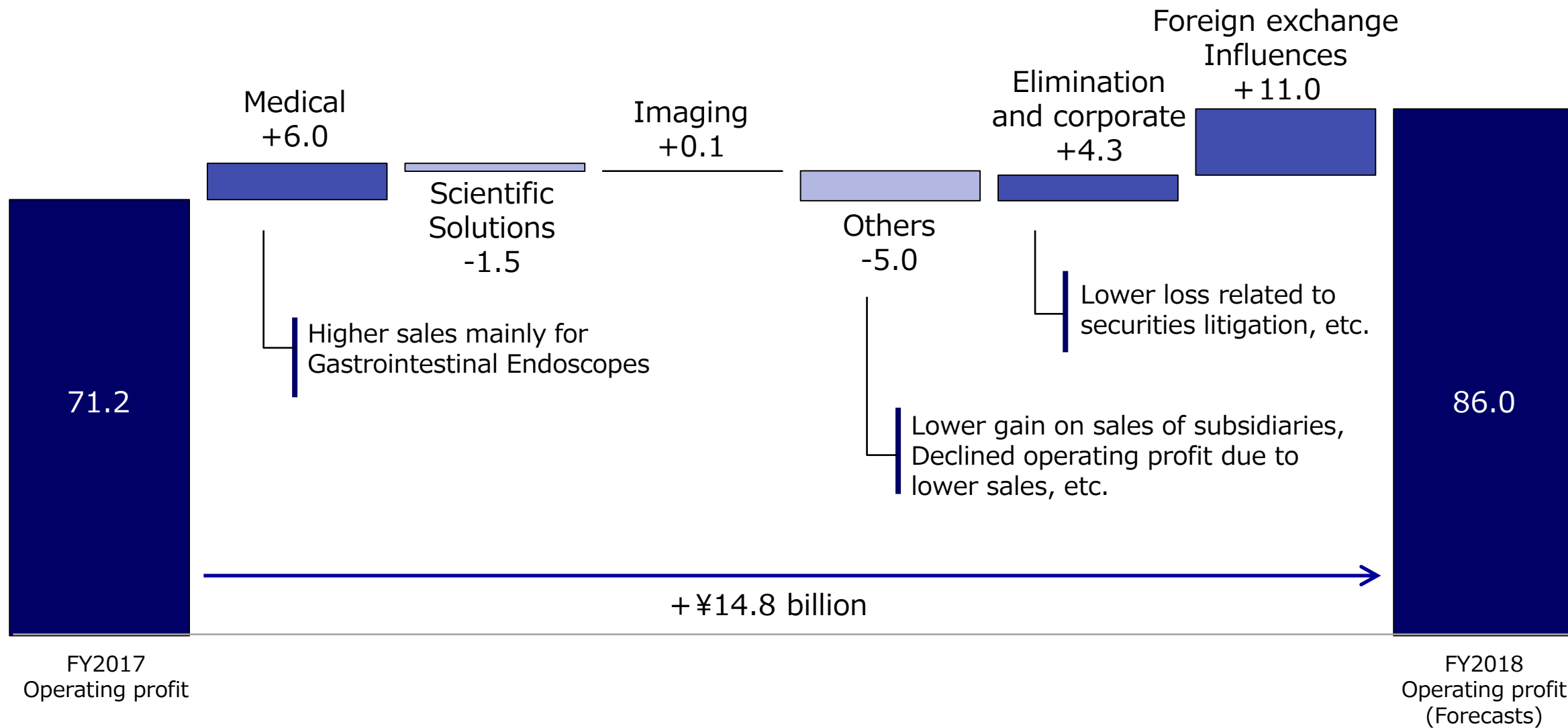
	End of Dec. 2016	End of Dec. 2017
R&D assets	29.3	32.0

*1. R&D expenditures are calculated by applying the same standards to all subsidiaries as used by the Company.

*2. The amount for capitalization of R&D expenditures is included in the above amount for R&D expenditures.

【Supplementary Materials】 Forecasts of Consolidated Financial Results for Fiscal 2018 (Full-year basis)
Factors Influences Consolidated Operating Profit(YoY)

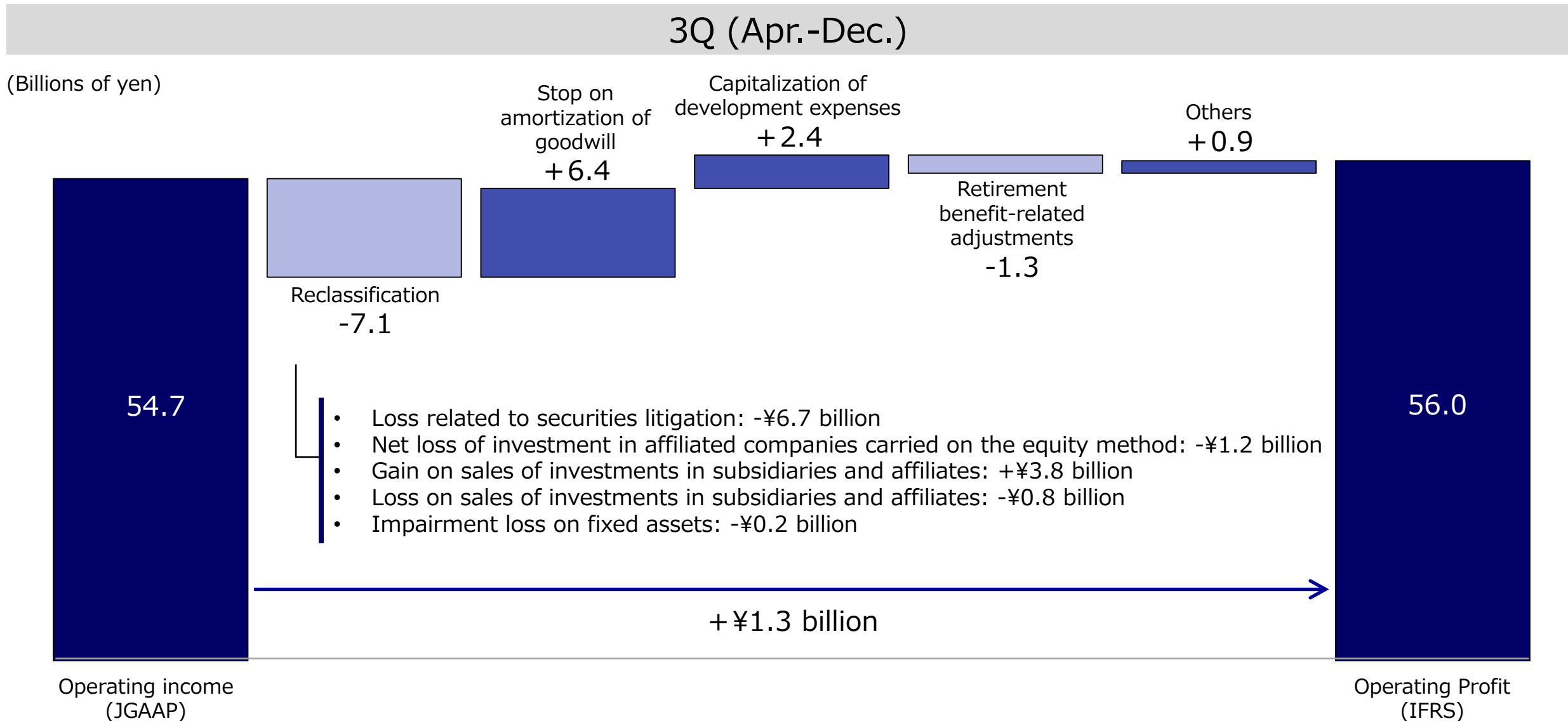
Full Year



【Supplementary Materials (JGAAP/IFRS) 】 FY2017 3Q Results (1) Consolidated

(Billions of yen)	3Q (Apr.-Dec.)		Change
	FY2017 Results (JGAAP)	FY2017 Results (IFRS)	
Revenue (IFRS) / Net sales (JGAAP)	533.5	531.8	-1.7
Operating Profit (IFRS) / Operating income (JGAAP)	54.7	56.0	+1.2
Profit before tax (IFRS) / Income before provision for income taxes (JGAAP)	41.0	48.9	+8.0
Profit attributable to owners of parent (IFRS) / Net income attributable to owners of the parent (JGAAP)	41.1	39.5	-1.6

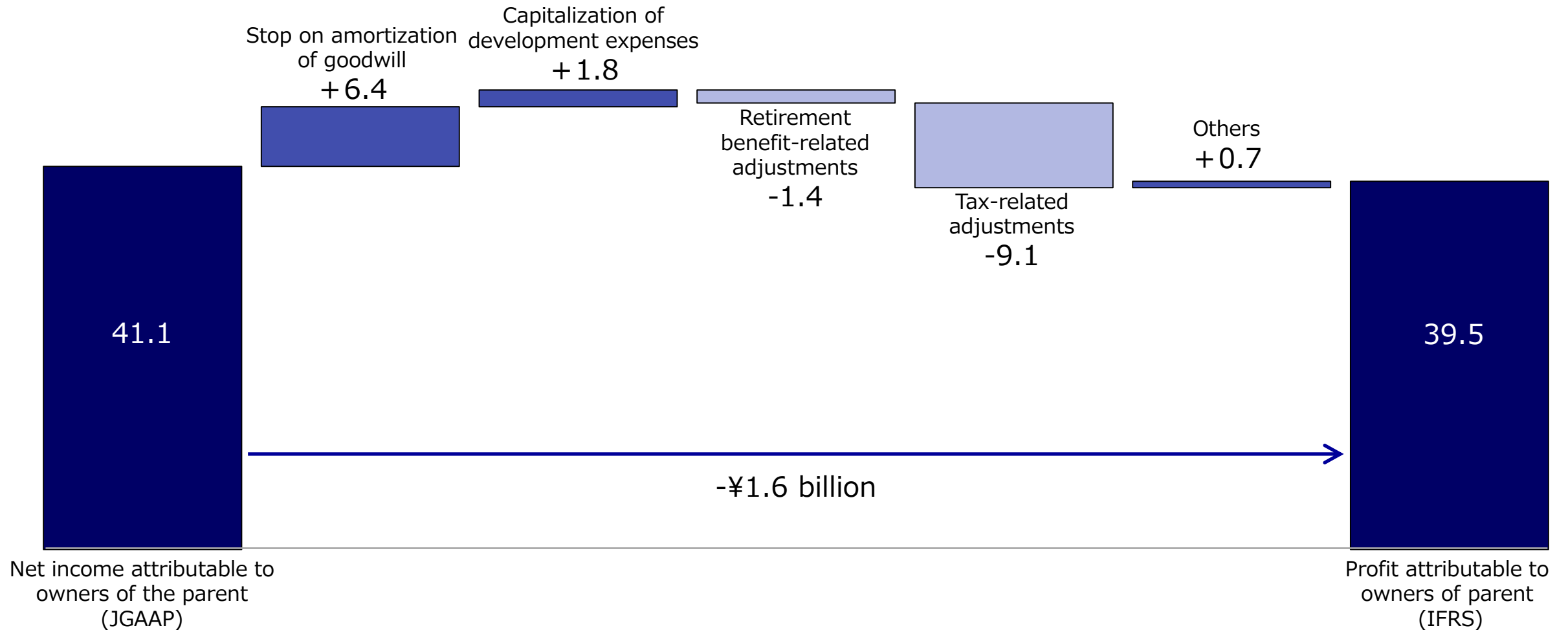
【Supplementary Materials (JGAAP/IFRS) 】 FY2017 3Q Results (2) Factors Influencing OP



【Supplementary Materials (JGAAP/IFRS) 】 FY2017 3Q Results (3) Factors Influencing Profit

3Q (Apr.-Dec.)

(Billions of yen)



【Supplementary Materials (JGAAP/IFRS) 】 FY2017 3Q Results (4) By segment

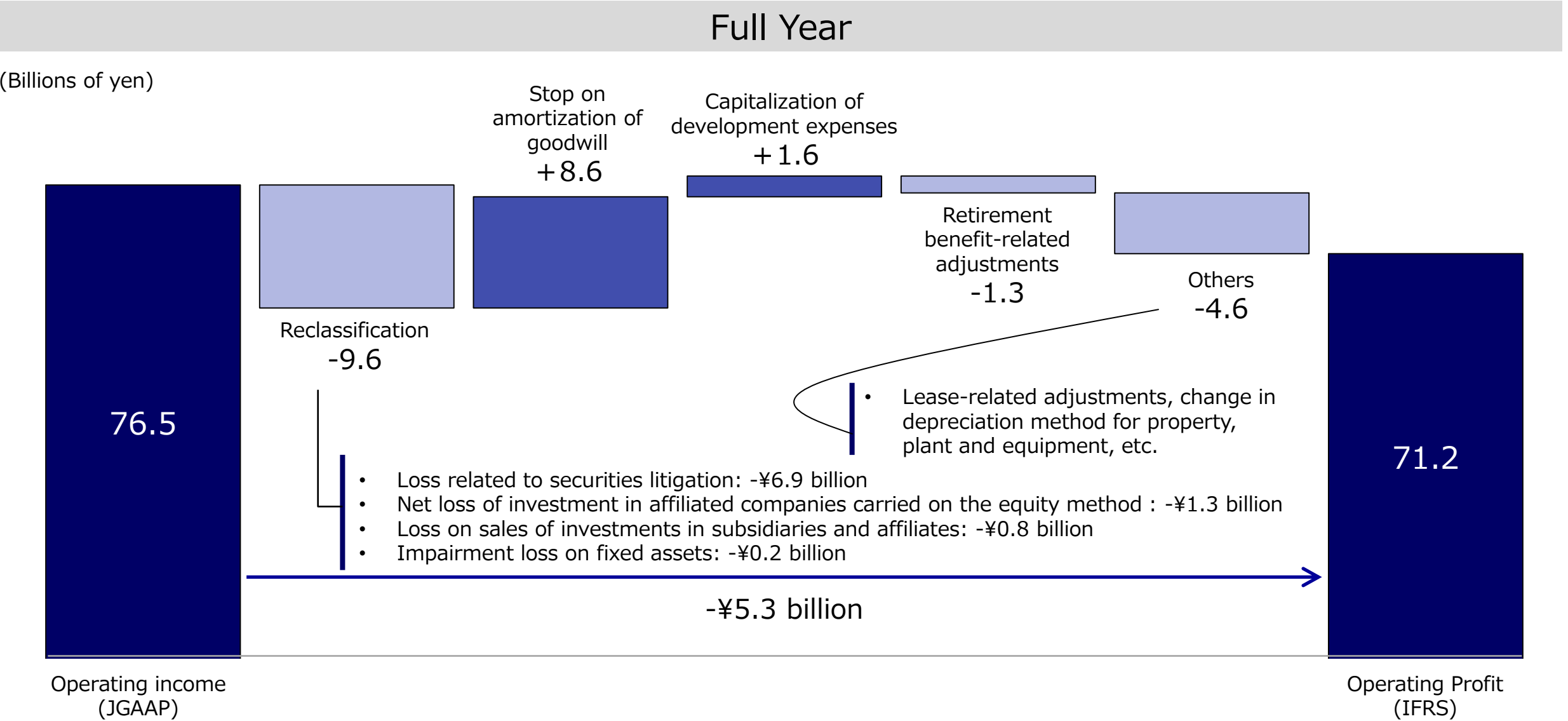
3Q (Apr.-Dec.)

(Billions of yen)		FY2017 Results (JGAAP)	FY2017 Results (IFRS)	Change
Medical	Revenue (IFRS) / Net sales (JGAAP)	410.3	410.3	0.0
	Operating Profit (IFRS) / Operating income (JGAAP)	82.8	88.0	+5.2
Scientific Solutions	Revenue (IFRS) / Net sales (JGAAP)	63.3	63.5	+0.2
	Operating Profit (IFRS) / Operating income (JGAAP)	1.3	1.9	+0.6
Imaging	Revenue (IFRS) / Net sales (JGAAP)	48.8	46.8	-2.0
	Operating Profit (IFRS) / Operating income (JGAAP)	0.7	0.8	+0.1
Others	Revenue (IFRS) / Net sales (JGAAP)	11.1	11.2	+0.1
	Operating Profit (IFRS) / Operating income (JGAAP)	-2.9	0.7	+3.6
Elimination and corporate	Revenue (IFRS) / Net sales (JGAAP)	-	-	-
	Operating Profit (IFRS) / Operating income (JGAAP)	-27.1	-35.3	-8.4
Consolidated Total	Revenue (IFRS) / Net sales (JGAAP)	533.5	531.8	-1.7
	Operating Profit (IFRS) / Operating income (JGAAP)	54.7	56.0	+1.3

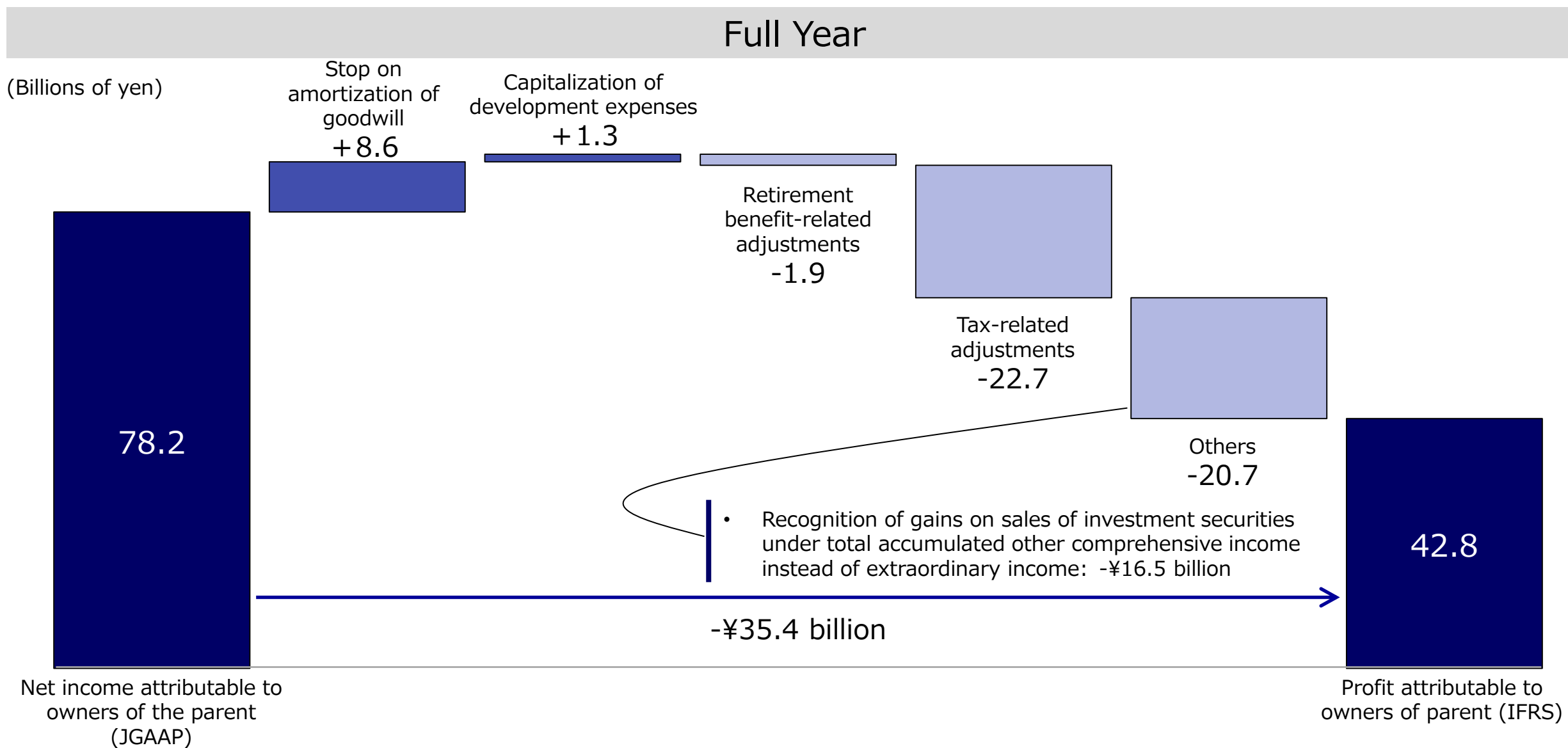
【Supplementary Materials (JGAAP/IFRS) 】 FY2017 Full Year Results (1) Consolidated

(Billions of yen)	Full Year		Change
	FY2017 Results (JGAAP)	FY2017 Results (IFRS)	
Revenue (IFRS) / Net sales (JGAAP)	748.1	740.6	-7.5
Operating Profit (IFRS) / Operating income (JGAAP)	76.5	71.2	-5.3
Profit before tax (IFRS) / Income before provision for income taxes (JGAAP)	81.7	62.5	-19.2
Profit attributable to owners of parent (IFRS) / Net income attributable to owners of the parent (JGAAP)	78.2	42.8	-35.4

【Supplementary Materials (JGAAP/IFRS) 】 FY2017 Full Year Results (2) Factors Influencing Operating Profit



【Supplementary Materials (JGAAP/IFRS)】FY2017 Full Year Results (3) Factors Influencing Profit



【Supplementary Materials (JGAAP/IFRS)】FY2017 Full Year Results (4) By segment

		Full Year		Change
(Billions of yen)		FY2017 Results (JGAAP)	FY2017 Results (IFRS)	
Medical	Revenue (IFRS) / Net sales (JGAAP)	575.3	570.4	-4.9
	Operating Profit (IFRS) / Operating income (JGAAP)	115.5	114.7	-0.8
Scientific Solutions	Revenue (IFRS) / Net sales (JGAAP)	93.2	93.4	+0.2
	Operating Profit (IFRS) / Operating income (JGAAP)	5.3	5.9	+0.6
Imaging	Revenue (IFRS) / Net sales (JGAAP)	65.6	62.8	-2.8
	Operating Profit (IFRS) / Operating income (JGAAP)	0.5	0.2	-0.3
Others	Revenue (IFRS) / Net sales (JGAAP)	14.0	14.0	0
	Operating Profit (IFRS) / Operating income (JGAAP)	-4.6	-1.1	+3.5
Elimination and corporate	Revenue (IFRS) / Net sales (JGAAP)	-	-	-
	Operating Profit (IFRS) / Operating income (JGAAP)	-40.2	-48.5	-8.3
Consolidated Total	Revenue (IFRS) / Net sales (JGAAP)	748.1	740.6	-7.5
	Operating Profit (IFRS) / Operating income (JGAAP)	765	71.2	-5.3