



Financial Results for the Year Ended March 31, 2016

Conference in Tokyo (May 13, 2016)
NIKON CORPORATION

Forward-looking statements for earnings and other performance data contained herein are based on information currently available to the Company, and all potential risks and uncertainties are taken into account. The Company asks that investors understand that changes in conditions may cause actual performance to significantly differ from these projections.

Agenda

- I . **Financial Results for the Year Ended
March 31, 2016**
- II . Estimation for the Year Ending
March 31, 2017
- III . Reference Data

Summary for the Year Ended March 31, 2016



The whole company sales and operating income reduced 4% and 16%, respectively, from the year earlier. Against the previous forecasts, sales posted a slight decrease while operating income was 8% higher.

-Precision Equipment Business

Because the FPD lithography systems posted an increased sales volume, sales and operating grew 7% and 75%, respectively, year on year.

Compared with the forecasts, sales showed a slight reduction and operating income ended with the 20% higher result.

-Imaging Products Business

The sales volume of digital SLR cameras decreased, resulting in 11% sales reduction and 19% operating income reduction from the previous year. Partly because of the negative exchange rate impact, both sales and operating income did not reach the forecasts.

-Instruments Business

Sales grew 7% and operating income more than doubled from the year earlier. Compared with the forecasts, sales showed a slight decrease while operating income increased 10%.

Impairment loss was deducted from the fixed assets mainly in Semiconductor Lithography business: thus, booked 8.4 billion yen in extraordinary loss.

Year-end dividend per share: 10 yen, Annual dividend per share: 18 yen

Financial Highlights for the Year Ended March 31, 2016



Billions of yen	2015/3 (A)	1H 2H	Previous est. (B) (Feb. 4)	1H 2H	2016/3 (C)	1H 2H	(C)-(A)	(C)-(B)
Net Sales	857.7	<u>374.9</u> 482.8	835.0	<u>392.6</u> 442.4	822.9	<u>392.6</u> 430.3	-34.8	-12.1
Operating Income % vs. Net Sales	43.4 5.1%	<u>13.0</u> 30.4	34.0 4.1%	<u>14.5</u> 19.5	36.7 4.5%	<u>14.5</u> 22.2	-6.7	+2.7
Ordinary Income % vs. Net Sales	46.3 5.4%	<u>14.7</u> 31.6	41.0 4.9%	<u>20.2</u> 20.8	42.8 5.2%	<u>20.2</u> 22.6	-3.5	+1.8
Net Income attributable to owners of parent % vs. Net Sales	18.3 2.1%	<u>10.0</u> 8.3	22.0 2.6%	<u>11.2</u> 10.8	22.1 2.7%	<u>11.2</u> 10.9	+3.8	+0.1
FCF	46.3		14.0		24.3		-22.0	+10.3
Exchange Rate:		<u>103yen</u> 117yen		<u>122yen</u> 118yen		<u>122yen</u> 118yen	Impact on Net Sales:	
US\$	110yen		120yen		120yen		+13.8	-3.8
EURO	139yen	<u>139yen</u> 138yen	133yen	<u>135yen</u> 131yen	133yen	<u>135yen</u> 130yen	Impact on Op. Income:	
							-2.6	-1.5

Operating income improved 8% from the forecast in spite of the negative impact by exchange rates.

Precision Equipment Business



Billions of yen	2015/3	$\frac{1H}{2H}$	Previous est. (Feb. 4)	$\frac{1H}{2H}$	2016/3	$\frac{1H}{2H}$
Net Sales	170.7	$\frac{54.9}{115.8}$	185.0	$\frac{78.9}{106.1}$	182.4	$\frac{78.9}{103.5}$
Operating Income	8.3	$\frac{-3.2}{11.5}$	12.0	$\frac{4.0}{8.0}$	14.6	$\frac{4.0}{10.6}$
% vs. Net Sales	4.9%		6.5%		8.0%	
Semiconductor Lithography Systems New / Refurbished (units)	19/13	$\frac{5/1}{14/12}$	14/20	$\frac{4/12}{10/8}$	14/21	$\frac{4/12}{10/9}$
FPD Lithography Systems (units)	34	$\frac{13}{21}$	51	$\frac{19}{32}$	51	$\frac{19}{32}$

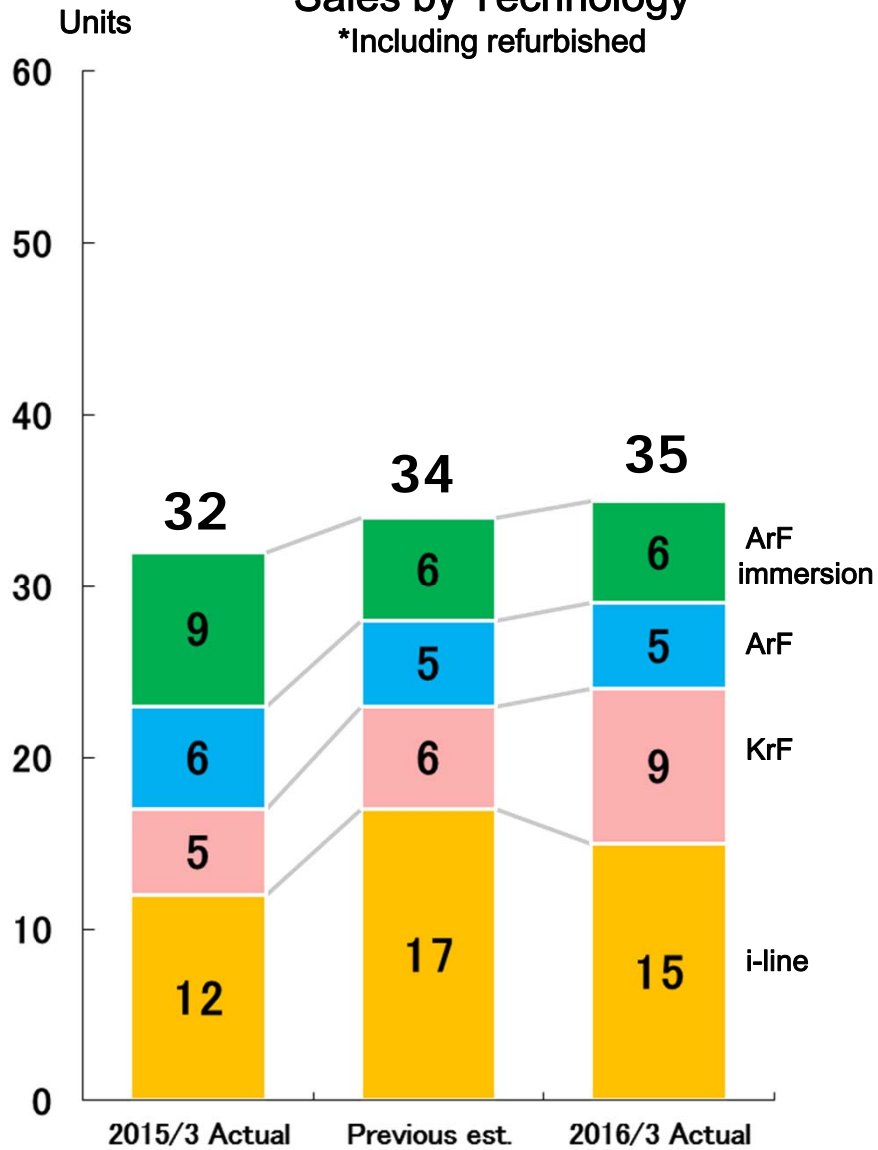
The FPD lithography systems posted a significantly larger sales volume than last year, contributing to improvements both in sales and operating income by 7% and 75%, respectively. Compared with the forecasts, operating income ended with the 22% higher result thanks to the higher service revenue from semiconductor lithography systems and the expense reduction activities.

Precision Equipment Business

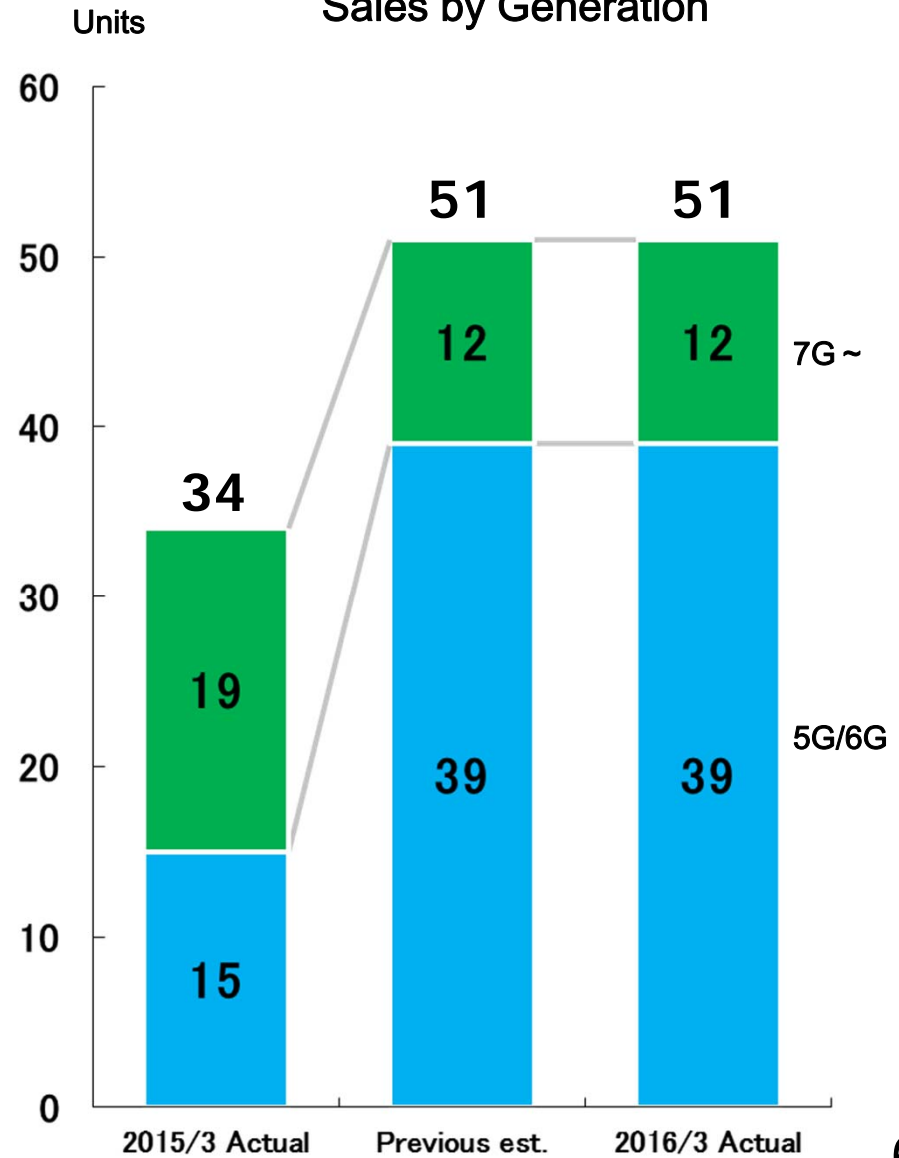


Semiconductor Lithography Systems Sales by Technology

*Including refurbished



FPD Lithography Systems Sales by Generation



Imaging Products Business



Billions of yen Cameras & Lenses (1,000 of units sold)	2015/3	1H 2H	Previous est. (Feb. 4)	1H 2H	2016/3	1H 2H
Net Sales	586.0	<u>277.4</u> 308.6	525.0	<u>263.6</u> 261.4	520.4	<u>263.6</u> 256.8
Operating Income % vs. Net Sales	56.6 9.7%	<u>27.5</u> 29.1	50.0 9.5%	<u>24.2</u> 25.8	45.7 8.8%	<u>24.2</u> 21.5
Digital camera – Interchangeable Lens Type	4,610	<u>2,180</u> 2,430	4,100	<u>2,000</u> 2,100	4,040	<u>2,000</u> 2,040
Interchangeable Lens	6,680	<u>3,090</u> 3,590	5,850	<u>2,820</u> 3,030	5,900	<u>2,820</u> 3,080
Compact DSC	7,690	<u>3,570</u> 4,120	6,200	<u>3,120</u> 3,080	6,230	<u>3,120</u> 3,110
D-CIL Market Scale	13,570		12,400		13,040	
IL Market Scale	22,620		20,600		21,340	
C-DSC Market Scale	28,030		19,200		20,790	

Both sales and operating income decreased year on year as well as against the forecasts.

Instruments Business



Billions of yen	2015/3	<u>1H</u> 2H	Previous est. (Feb. 4)	<u>1H</u> 2H	2016/3	<u>1H</u> 2H
Net Sales	72.3	<u>28.5</u> 43.8	80.0	<u>33.2</u> 46.8	77.2	<u>33.2</u> 44.0
Operating Income	1.1	<u>-2.1</u> 3.2	2.5	<u>-0.5</u> 3.0	2.8	<u>-0.5</u> 3.3
% vs. Net Sales	1.5%		3.1%		3.6%	

Sales and operating income improved, year on year, both in the Microscope Solutions and Industrial Metrology businesses.

Better performance of the Industrial Metrology business contributed to the operating income improvement of 12% against the forecast.

Medical Business



Billions of yen	2015/3	<u>1H</u> 2H	Previous est. (Feb. 4)	<u>1H</u> 2H	2016/3	<u>1H</u> 2H
Net Sales	—	—	15.0	<u>5.3</u> 9.7	18.3	<u>5.3</u> 13.0
Operating Income	—	—	- 6.0	<u>-2.5</u> -3.5	- 4.6	<u>-2.5</u> -2.1
% vs. Net Sales	—%	—%	—%	—%	—%	—%

* The accounting period of Optos Plc for 2016/3 was from June 2015 to March 2016.

The amount of loss in this business was decreased. Optos Plc showed a steady progress.

Balance Sheet

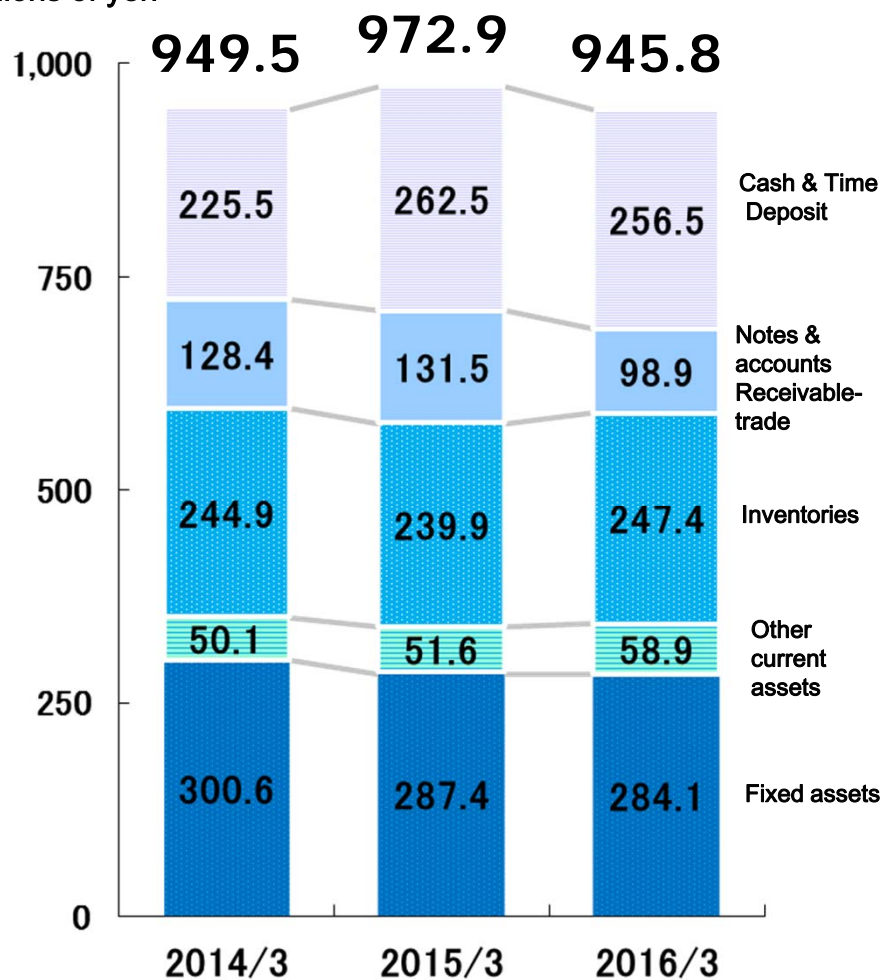


Assets

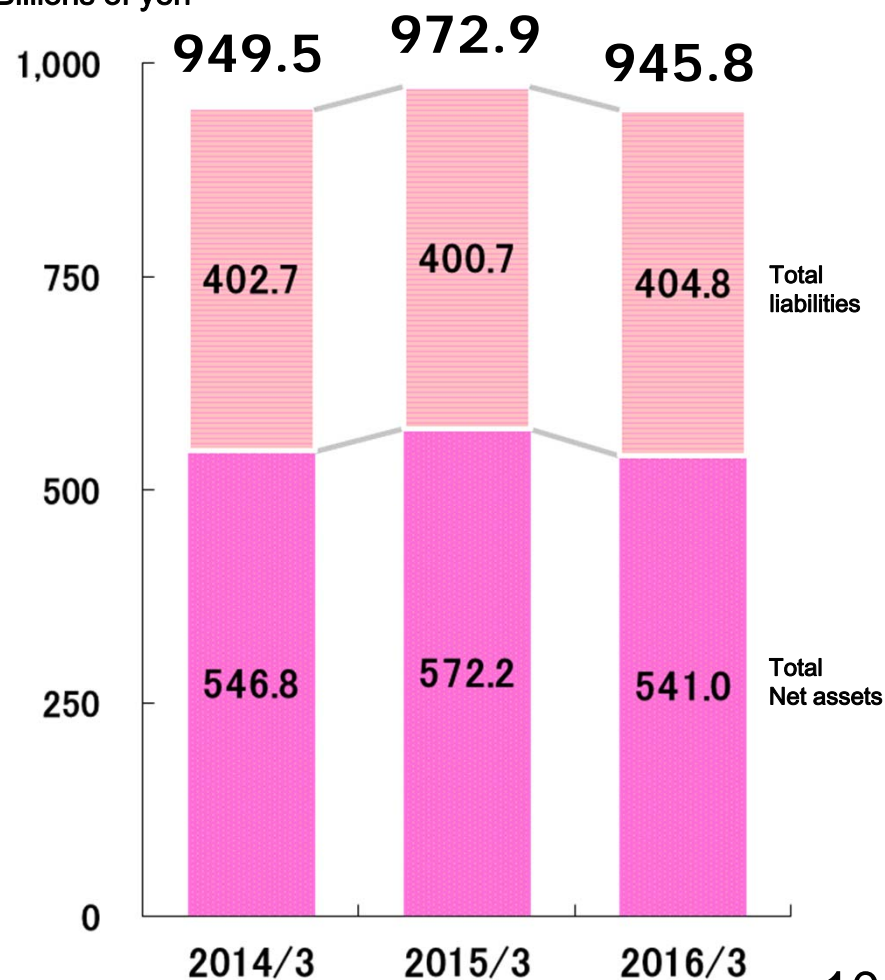
Liabilities & Net assets

Capital ratio	57.5%	58.6%	57.0%
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Billions of yen



Billions of yen

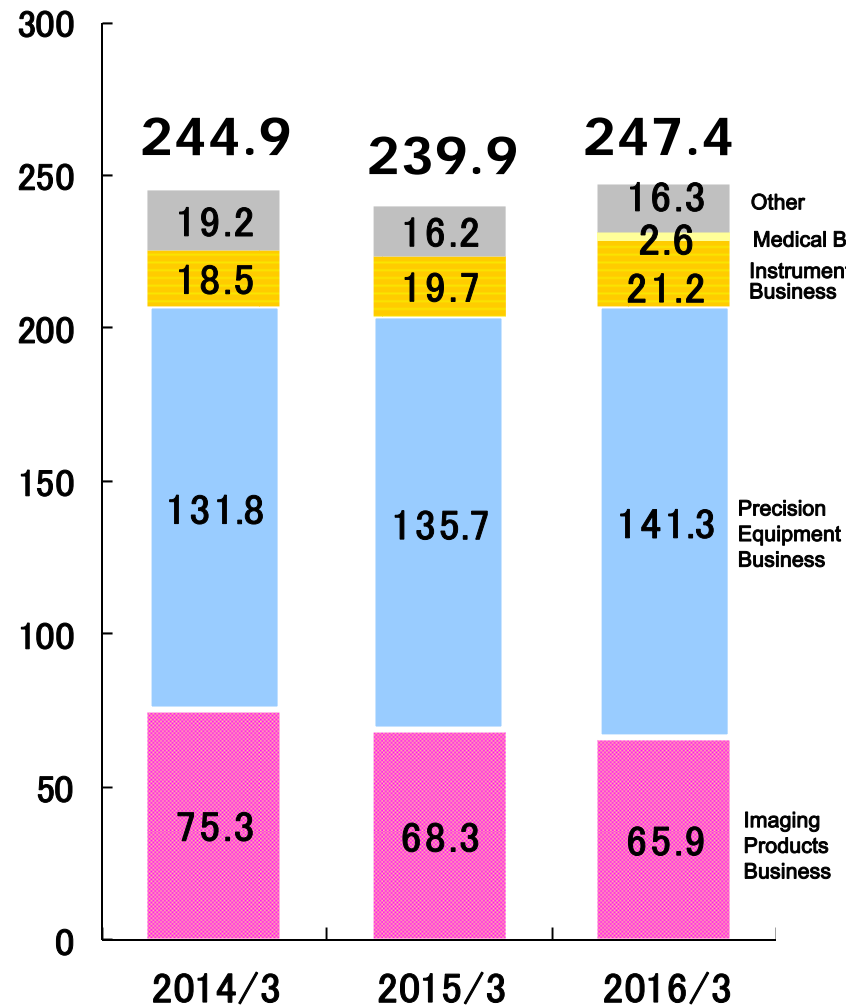


Balance Sheet



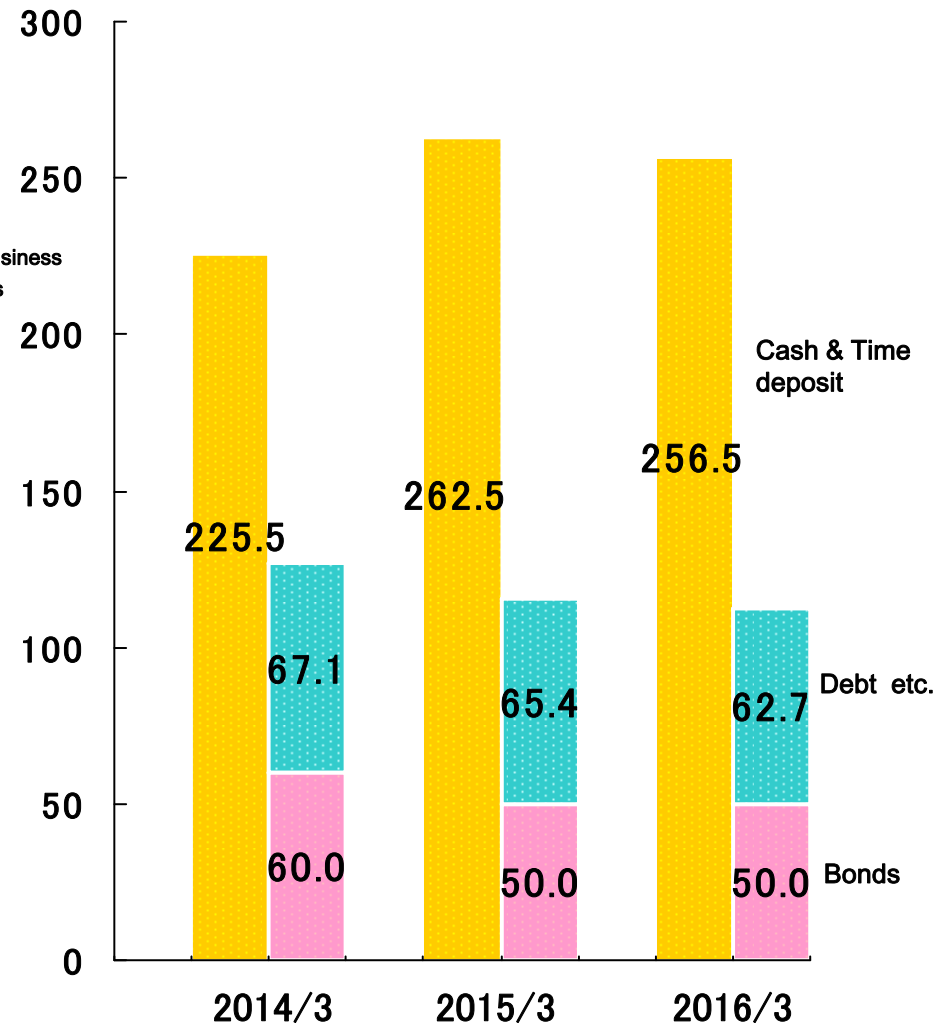
Inventories

Billions of yen



Cash & Time Deposit and Interest-bearing Debt

Billions of yen



* Amounts in this statement are rounded down to the hundred million. The sum of breakdown values may not match the total.

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Summary of Estimation for the Year Ending March 31, 2017



Precision Equipment Business and Instruments Business are expected to improve both in sales and operating income. Imaging Products Business foresees reduced sales and operating income. The whole company is forecasted to increase sales slightly and operating income is expected to post a 25% improvement.

-Precision Equipment Business

FPD Lithography Business expects to sell approximately 80% more units. This higher volume will push up the sales by 43%, resulting in 2.7-fold growth of operating income for Precision Equipment Business.

-Imaging Products Business

In addition to the digital camera market shrinkage, delayed launch of new products, and negative impact by exchange rates, it is expected that the 1st half operation will also be affected by The 2016 Kumamoto Earthquake. As a result, 15% sales reduction and 23% operating income reduction are forecasted.

-Instruments Business

Both Microscope Solutions and Industrial Metrology Businesses are expected to improve sales and operating income.

For overall Instruments Business, sales and operating income are forecasted to improve 17% and 43%, respectively.

-Medical Business

The sales forecast is 22 billion yen while the operating loss forecast is 6 billion yen.

The annual cash dividend per share is to be determined.

Estimation for the Year Ending March 31, 2017



Billions of yen	2016/3 Actual	1H 2H	2017/3 Estimation	1H 2H	Change
Net Sales	822.9	<u>392.6</u> 430.3	840.0	<u>363.0</u> 477.0	+ 17.1
Operating Income % vs. Net Sales	36.7 4.5%	<u>14.5</u> 22.2	46.0 5.5%	<u>19.0</u> 27.0	+ 9.3
Ordinary Income % vs. Net Sales	42.8 5.2%	<u>20.2</u> 22.6	49.0 5.8%	<u>21.0</u> 28.0	+ 6.2
Net Income attributable to owners of parent % vs. Net Sales	22.1 2.7%	<u>11.2</u> 10.9	30.0 3.6%	<u>14.0</u> 16.0	+ 7.9
FCF	24.3		45.0		+ 20.7
Exchange Rate:					
US\$	120 yen	<u>122</u> yen 118yen	110 yen		Impact on Net Sales : Approx. - 50.6
EURO	133 yen	<u>135</u> yen 130yen	120 yen		Impact on Op. Income : Approx. - 11.4

Expected reduction of sales and operating income in Imaging Products Business will be absorbed by improvements by Precision Equipment and Instruments Businesses. Overall, although sales is expected to grow slightly, it is forecasted that operating income and net income will grow 25% and 35%, respectively.

Estimation for Precision Equipment Business



Billions of yen	2016/3 Actual	1H 2H	2017/3 Estimation	1H 2H
Net Sales	182.4	$\frac{78.9}{103.5}$	260.0	$\frac{126.0}{134.0}$
Operating Income	14.6	$\frac{4.0}{10.6}$	40.0	$\frac{27.0}{13.0}$
% vs. Net Sales	8.0%		15.4%	
Semiconductor Lithography Systems New / Refurbished (units)	14/21	$\frac{4}{12}$ $\frac{10}{9}$	26/16	$\frac{11}{8}$ $\frac{15}{8}$
FPD Lithography Systems (units)	51	$\frac{19}{32}$	90	$\frac{53}{37}$
Semiconductor Lithography Systems Market Scale CY15/16 (units)	220		Approx. 210	
FPD Lithography Systems Market Scale CY15/16 (units)	80		Approx. 120	

It is expected that our customers will make larger scale investments than last year in high definition small- and medium-sized panels, driving our sales of FPD lithography systems upward significantly. A larger number of new semiconductor lithography systems will be sold, including ArF immersion and ArF dry systems. For this business, 43% sales increase and 2.7-fold operating income improvement are forecasted.

Estimation for Precision Equipment Business

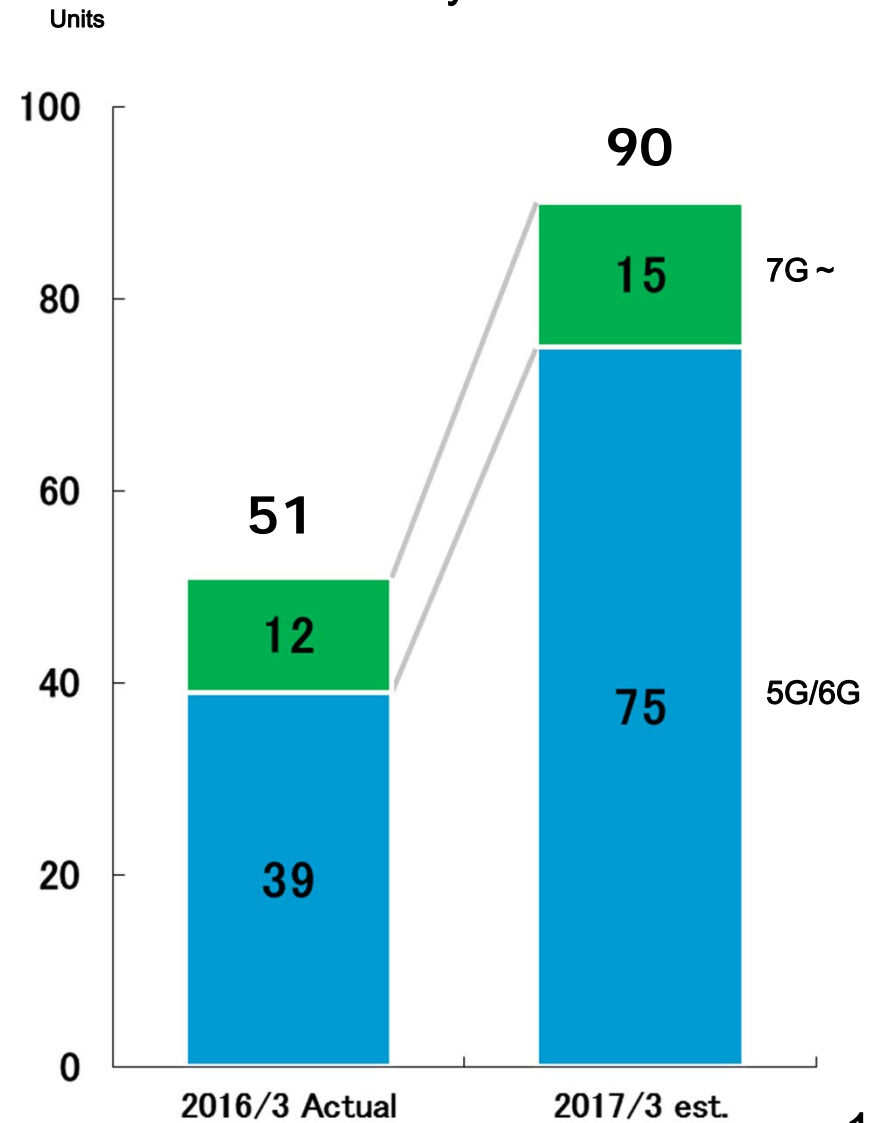


Semiconductor Lithography Systems Sales by Technology

*Including refurbished



FPD Lithography Systems Sales by Generation



Estimation for Imaging Products Business



Billions of yen Cameras & Lenses (1,000 of units sold)	2016/3 Actual	1H 2H	2017/3 Estimation	1H 2H
Net Sales	520.4	<u>263.6</u> 256.8	440.0	<u>180.0</u> 260.0
Operating Income % vs. Net Sales	45.7 8.8%	<u>24.2</u> 21.5	35.0 8.0%	<u>10.0</u> 25.0
Digital camera – Interchangeable Lens Type	4,040	<u>2,000</u> 2,040	3,200	<u>1,300</u> 1,900
Interchangeable Lens	5,900	<u>2,820</u> 3,080	4,900	<u>1,800</u> 3,100
Compact DSC	6,230	<u>3,120</u> 3,110	3,700	<u>1,500</u> 2,200
D-CIL Market Scale	13,040		–	
IL Market Scale	21,340		* The market scale forecast is not described as the earthquake has made it difficult to be estimated.	
C-DSC Market Scale	20,790		–	

Attempts are made to improve the product mix and suppress the expenditures in order to offset the negative impacts caused by market shrinkage, exchange rates, and the earthquake. Yet, the forecast shows the sales reduction of 15% and operating income reduction of 23%.

Estimation for Instruments Business



Billions of yen	2016/3 Actual	<u>1H</u> 2H	2017/3 Estimation	<u>1H</u> 2H
Net Sales	77.2	<u>33.2</u> 44.0	90.0	<u>35.0</u> 55.0
Operating Income % vs. Net Sales	2.8 3.6%	<u>-0.5</u> 3.3	4.0 4.4%	<u>-1.0</u> 5.0

Microscope Solutions will launch the new stem cell business.

Industrial Metrology aims to expand its metrology systems sales focusing on the automotive and airplane industries.

Instruments Business expects to increase its sales 17% and operating income 43%.

Estimation for Medical Business



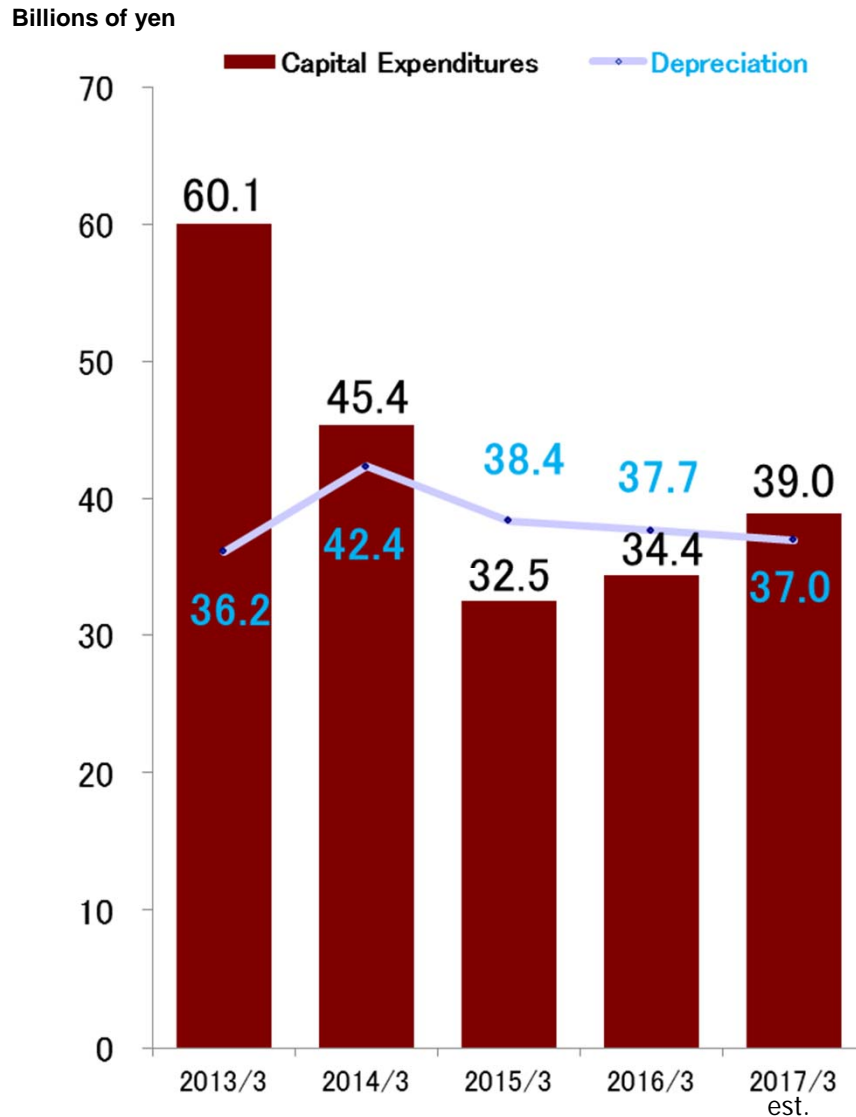
Billions of yen	2016/3 Actual	<u>1H</u> 2H	2017/3 Estimation	<u>1H</u> 2H
Net Sales	18.3	<u>5.3</u> 13.0	22.0	<u>11.5</u> 10.5
Operating Income % vs. Net Sales	-4.6 -%	<u>-2.5</u> -2.1	-6.0 -%	<u>-2.5</u> -3.5

Starting in 2017/3, Optos Plc is to post its full year result.

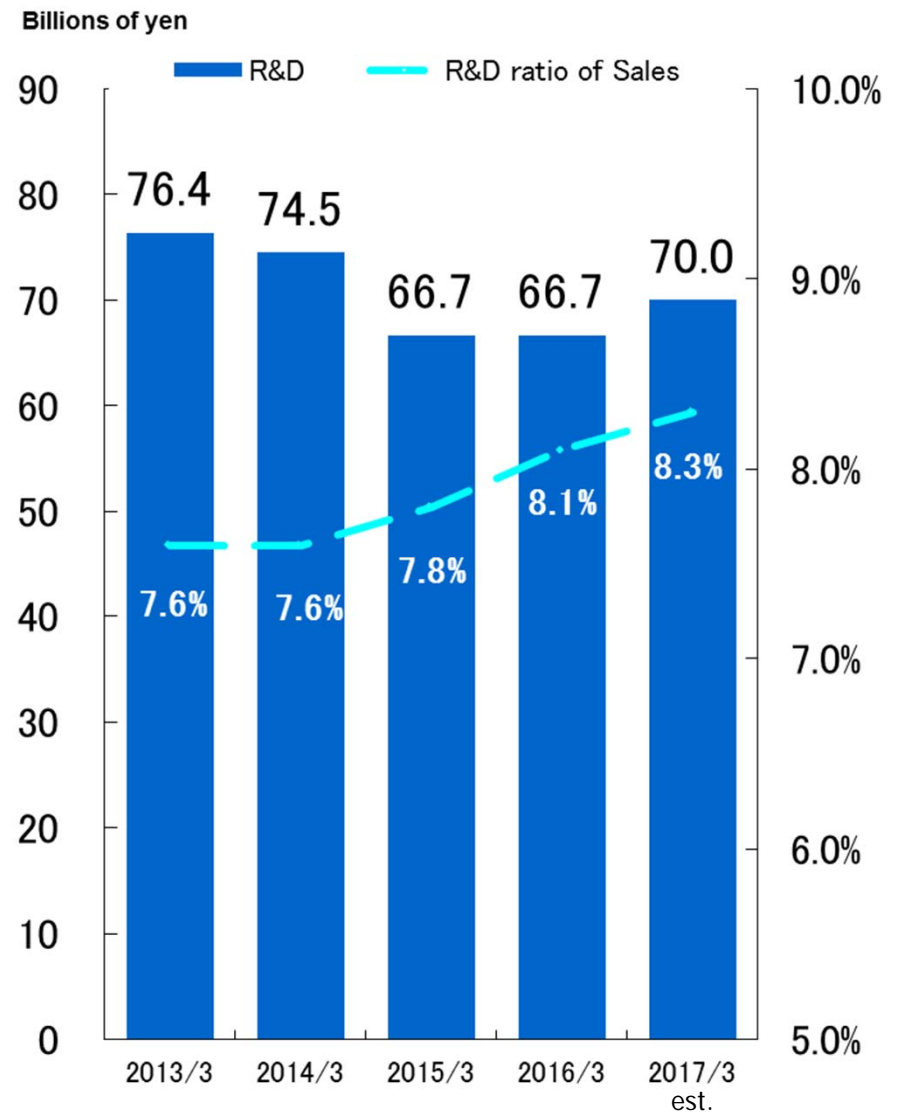
Estimation for Capital Expenditures, Depreciation and R&D



Capital Expenditures & Depreciation



R&D



* Starting the year ended March 2015, the depreciation method of the Nikon Group is standardized to the straight line method.

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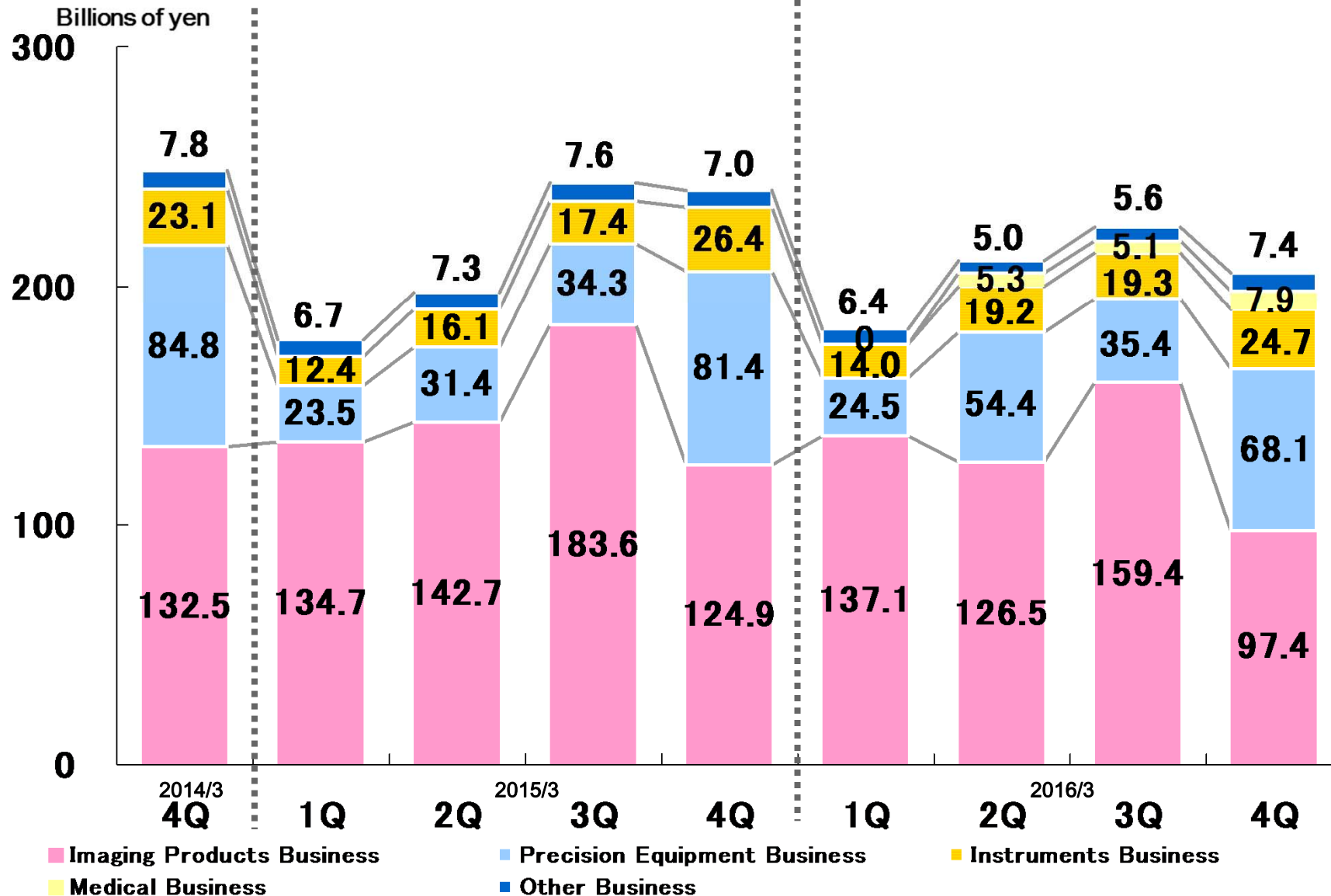
Exchange Rate



2017/3 Estimation

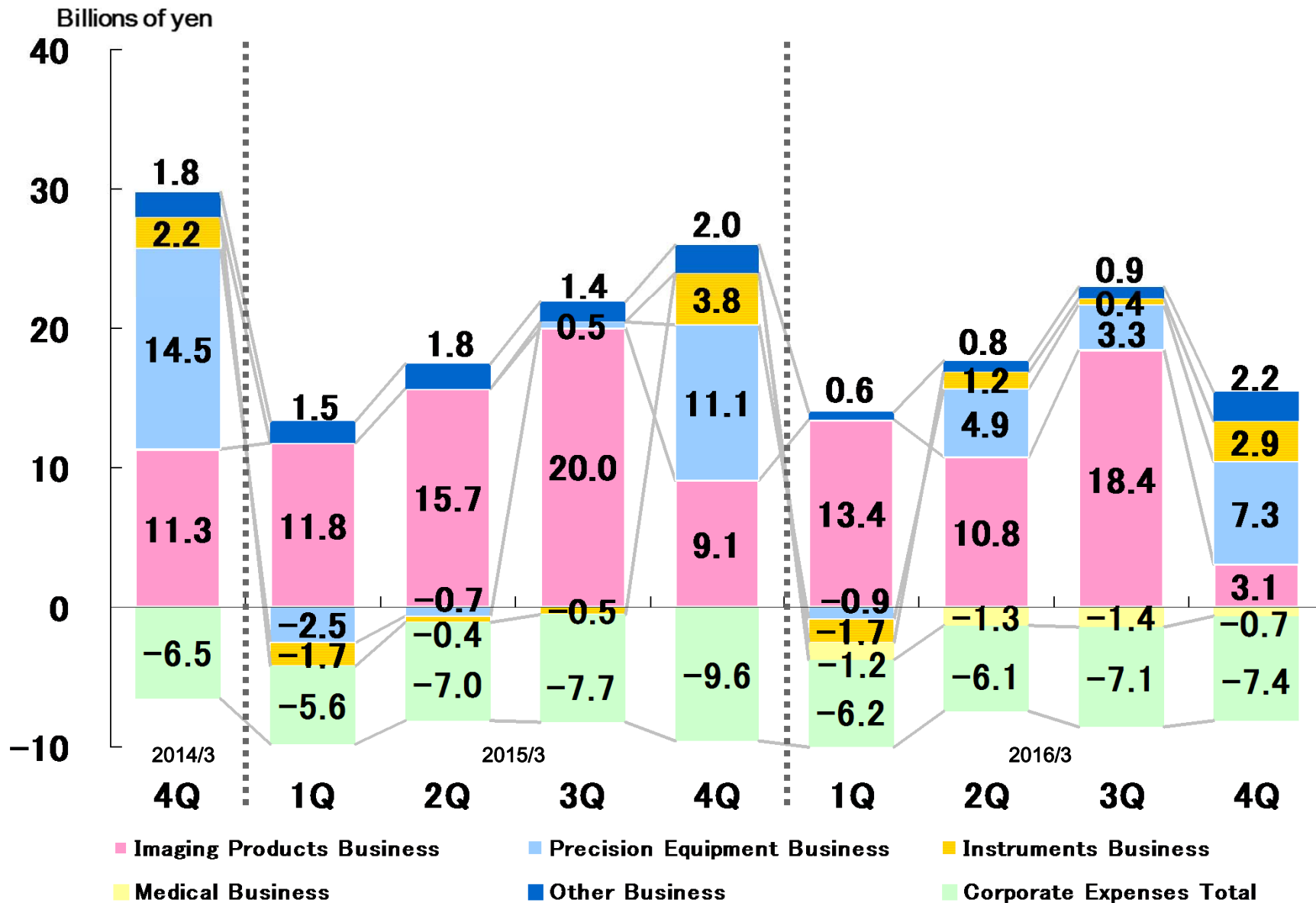
	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	2017/3 Forecast	Net Sales	Operating Income
US \$	110 yen	Approx. 3.5 billion yen	Approx. 0.1 billion yen
EURO	120 yen	Approx. 1.2 billion yen	Approx. 0.8 billion yen

Quarterly Net Sales by Segment



* Amounts in this statement are rounded down to the hundred million. The sum of breakdown values may not match the total.

Quarterly Operating Income by Segment



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