



NIKON CORPORATION  
February 7, 2019

# Financial Results for the 3rd Quarter of the Year Ending March 31, 2019

- 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.
- Amounts in this statement are rounded down to the nearest hundred million.

1. Financial results for the 3rd Quarter of the year ending March 31, 2019
2. Forecast for the year ending March 31, 2019

## Q3 Actual

### Revenue

- YoY Change: **revenue down by ¥6.3 billion** (-3%)
- Imaging Products Business decreased its revenue due to declined sales volume of digital cameras.
- Precision Equipment Business substantially improved its revenue thanks to FPD lithography system volume increase.

### Operating Profit

- YoY Change: **OP up by ¥3.5 billion** (+19%)
- Precision Equipment Business doubled its profit which offset the profit decrease of Imaging Products Business.

### Profit attributable to owners of the parent

- YoY Change: **profit up by ¥9.5 billion** (+113%)

## Q1~3 Actual

### Revenue

- YoY Change: **revenue slightly up by ¥1 billion** (+0.2%)
- Revenue decrease of Imaging Products was compensated by increase of Precision Equipment and other businesses.

### Operating Profit

- YoY Change: **OP up by ¥11.1 billion** (+27%)
- Precision Equipment profit hike substantially surpassed the profit decrease of Imaging Products.

### Profit attributable to owners of the parent

- YoY Change: **profit up by ¥18.4 billion** (+83%)

# 3rd Quarter of the year ending March 31, 2019: Financial Highlights



| Billions of yen                                    | FY2018/3<br>Q3 (A) | FY2019/3<br>Q3 (B) | Change<br>(B)-(A)    |
|----------------------------------------------------|--------------------|--------------------|----------------------|
| <b>Revenue</b>                                     | <b>196.8</b>       | <b>190.5</b>       | <b>-6.3</b>          |
| <b>Operating Profit</b>                            | <b>18.4</b>        | <b>21.9</b>        | <b>+3.5</b>          |
| % vs. Revenue                                      | 9.3%               | 11.5%              |                      |
| <b>Profit before income taxes</b>                  | <b>18.9</b>        | <b>23.2</b>        | <b>+4.3</b>          |
| % vs. Revenue                                      | 9.6%               | 12.2%              |                      |
| <b>Profit attributable to owners of the parent</b> | <b>8.4</b>         | <b>17.9</b>        | <b>+9.5</b>          |
| % vs. Revenue                                      | 4.3%               | 9.4%               |                      |
| <b>FCF</b>                                         | <b>62.2</b>        | <b>16.9</b>        | <b>-45.3</b>         |
| Exchange Rate :                                    |                    |                    | Impact on Revenue    |
| US \$                                              | <b>¥113</b>        | <b>¥113</b>        | <b>-2.7</b>          |
| EURO                                               | <b>¥133</b>        | <b>¥129</b>        | Impact on Op. Profit |
|                                                    |                    |                    | <b>-1.4</b>          |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. <sup>4</sup>

# 3rd Quarter of the year ending March 31, 2019: Financial Highlights by Segments



| Billions of yen                                                                       |                     | FY2018/3<br>Q3               | FY2019/3<br>Q3               | YoY<br>Change |
|---------------------------------------------------------------------------------------|---------------------|------------------------------|------------------------------|---------------|
| <b>Imaging<br/>Products<br/>Business</b>                                              | Revenue             | <b>116.0</b>                 | <b>90.5</b>                  | -22%          |
|                                                                                       | Operating<br>Profit | <b>16.2</b><br><b>(21.6)</b> | <b>8.6</b><br><b>(8.6)</b>   | -7.6          |
| <b>Precision<br/>Equipment<br/>Business</b>                                           | Revenue             | <b>48.1</b>                  | <b>64.7</b>                  | +35%          |
|                                                                                       | Operating<br>Profit | <b>8.4</b><br><b>(8.4)</b>   | <b>17.4</b><br><b>(17.4)</b> | +9.0          |
| <b>Healthcare<br/>Business</b>                                                        | Revenue             | <b>14.0</b>                  | <b>16.3</b>                  | +16%          |
|                                                                                       | Operating<br>Profit | <b>-1.0</b><br><b>(-1.0)</b> | <b>-0.2</b><br><b>(-0.2)</b> | +0.8          |
| <b>Industrial<br/>Metrology and<br/>Others</b>                                        | Revenue             | <b>18.8</b>                  | <b>19.0</b>                  | +1%           |
|                                                                                       | Operating<br>Profit | <b>1.6</b><br><b>(2.1)</b>   | <b>2.1</b><br><b>(2.1)</b>   | +0.5          |
| <b>Corporate<br/>Profit/Loss non-<br/>attributable to any<br/>reportable segments</b> | Revenue             | —                            | —                            | —             |
|                                                                                       | Operating<br>Profit | <b>-6.8</b><br><b>(-6.8)</b> | <b>-6.0</b><br><b>(-6.0)</b> | +0.8          |
| <b>Consolidated</b>                                                                   | Revenue             | <b>196.8</b>                 | <b>190.5</b>                 | -3%           |
|                                                                                       | Operating<br>Profit | <b>18.4</b><br><b>(24.3)</b> | <b>21.9</b><br><b>(22.0)</b> | +3.5          |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. 5  
Figures of Operating Profit in parentheses show those excluding the restructuring relevant expenses.

# 1st to 3rd Quarter of the year ending March 31, 2019: Financial Highlights



| Billions of yen                                | FY2018/3<br>Q1~Q3(A) | FY2019/3<br>Q1~Q3(A) | Change<br>(B)-(A)    |
|------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                 | <b>525.2</b>         | <b>526.2</b>         | <b>+1.0</b>          |
| <b>Operating Profit</b>                        | <b>41.4</b>          | <b>52.5</b>          | <b>+11.1</b>         |
| % vs. Revenue                                  | 7.9%                 | 10.0%                |                      |
| <b>Profit before Income Taxes</b>              | <b>40.3</b>          | <b>57.0</b>          | <b>+16.7</b>         |
| % vs. Revenue                                  | 7.7%                 | 10.8%                |                      |
| <b>Profit attributable to owners of parent</b> | <b>22.3</b>          | <b>40.7</b>          | <b>+18.4</b>         |
| % vs. Revenue                                  | 4.2%                 | 7.7%                 |                      |
| <b>FCF</b>                                     | <b>69.2</b>          | <b>48.1</b>          | <b>-21.1</b>         |
| Exchange Rate :                                |                      |                      | Impact on Revenue    |
| US \$                                          | <b>¥112</b>          | <b>¥111</b>          | <b>-2.4</b>          |
| EURO                                           | <b>¥129</b>          | <b>¥129</b>          | Impact on Op. Profit |
|                                                |                      |                      | <b>-2.4</b>          |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. <sup>6</sup>

# 1st to 3rd Quarter of the year ending March 31, 2019: Financial Highlights by Segments



| Billions of yen                                                                       |                     | FY2018/3<br>Q1~Q3 | FY2019/3<br>Q1~Q3              | YoY<br>Change |
|---------------------------------------------------------------------------------------|---------------------|-------------------|--------------------------------|---------------|
| <b>Imaging<br/>Products<br/>Business</b>                                              | Revenue             | 291.2             | <b>241.4</b>                   | -17%          |
|                                                                                       | Operating<br>Profit | 31.6<br>(37.0)    | <b>21.8</b><br><b>(22.2)</b>   | -9.8          |
|                                                                                       | Revenue             | 146.1             | <b>186.3</b>                   | +28%          |
| <b>Precision<br/>Equipment<br/>Business</b>                                           | Operating<br>Profit | 28.5<br>(28.5)    | <b>47.2</b><br><b>(47.2)</b>   | +18.7         |
|                                                                                       | Revenue             | 39.2              | <b>45.7</b>                    | +17%          |
| <b>Healthcare<br/>Business</b>                                                        | Operating<br>Profit | -3.1<br>(-3.1)    | <b>-2.5</b><br><b>(-2.5)</b>   | +0.6          |
|                                                                                       | Revenue             | 48.6              | <b>52.7</b>                    | +8%           |
| <b>Industrial<br/>Metrology and<br/>Others</b>                                        | Operating<br>Profit | 3.1<br>(3.6)      | <b>4.8</b><br><b>(5.6)</b>     | +1.7          |
|                                                                                       | Revenue             | –                 | –                              | –             |
| <b>Corporate<br/>Profit/Loss non-<br/>attributable to any<br/>reportable segments</b> | Operating<br>Profit | -18.7<br>(-18.7)  | <b>-18.8</b><br><b>(-18.8)</b> | -0.1          |
|                                                                                       | Revenue             | 525.2             | <b>526.2</b>                   | +0.2%         |
| <b>Consolidated</b>                                                                   | Operating<br>Profit | 41.4<br>(47.3)    | <b>52.5</b><br><b>(53.8)</b>   | +11.1         |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. Figures of Operating Profit in parentheses show those excluding the restructuring relevant expenses. 7

# 3rd Quarter of the year ending March 31, 2019: Imaging Products Business



| Billions of yen                                                         | FY2018/3 (A) |              | FY2019/3 (B) |              | Change (B)-(A) |              |
|-------------------------------------------------------------------------|--------------|--------------|--------------|--------------|----------------|--------------|
|                                                                         | Q3           | Q1~Q3        | Q3           | Q1~Q3        | Q3             | Q1~Q3        |
| <b>Revenue</b>                                                          | <b>116.0</b> | <b>291.2</b> | <b>90.5</b>  | <b>241.4</b> | <b>-25.5</b>   | <b>-49.8</b> |
| <b>Operating Profit</b>                                                 | <b>16.2</b>  | <b>31.6</b>  | <b>8.6</b>   | <b>21.8</b>  | <b>-7.6</b>    | <b>-9.8</b>  |
| % vs. Revenue                                                           | 14.0%        | 10.9%        | 9.5%         | 9.0%         |                |              |
| <b>Digital camera – Interchangeable Lens Type</b><br>(units sold:1,000) | <b>850</b>   | <b>2,160</b> | <b>640</b>   | <b>1,710</b> | <b>-210</b>    | <b>-450</b>  |
| <b>Interchangeable Lens</b><br>(units sold:1,000)                       | <b>1,300</b> | <b>3,320</b> | <b>1,020</b> | <b>2,670</b> | <b>-280</b>    | <b>-650</b>  |
| <b>Compact DSC</b><br>(units sold:1,000)                                | <b>720</b>   | <b>2,110</b> | <b>450</b>   | <b>1,300</b> | <b>-270</b>    | <b>-810</b>  |

- Q3 YoY Change:** High-end camera sales was brisk thanks to the new ML launch, but fierce competitions in the shrinking entry/mid-range DSLR markets suppressed the volume largely in addition with the initial cost, resulting in revenue/profit reductions.



# 3rd Quarter of the year ending March 31, 2019: Precision Equipment Business



| Billions of yen                                                  | FY2018/3 (A) |              | FY2019/3 (B) |              | Change (B)-(A) |              |
|------------------------------------------------------------------|--------------|--------------|--------------|--------------|----------------|--------------|
|                                                                  | Q3           | Q1~Q3        | Q3           | Q1~Q3        | Q3             | Q1~Q3        |
| <b>Revenue</b>                                                   | <b>48.1</b>  | <b>146.1</b> | <b>64.7</b>  | <b>186.3</b> | <b>+16.6</b>   | <b>+40.2</b> |
| <b>Operating Profit</b>                                          | <b>8.4</b>   | <b>28.5</b>  | <b>17.4</b>  | <b>47.2</b>  | <b>+9.0</b>    | <b>+18.7</b> |
| % Vs. Revenue                                                    | 17.5%        | 19.5%        | 26.9%        | 25.3%        |                |              |
| <b>FPD Lithography System (Units)</b>                            | <b>14</b>    | <b>48</b>    | <b>18</b>    | <b>54</b>    | <b>+4</b>      | <b>+6</b>    |
| <b>Semiconductor Lithography systems New/Refurbished (Units)</b> | <b>3/3</b>   | <b>10/7</b>  | <b>4/2</b>   | <b>12/11</b> | <b>+1/-1</b>   | <b>+2/+4</b> |

- Q3 YoY Change:** FPD Lithography Business achieved the planned sales hike including G10.5, ending with substantial increase of revenue/profit. Semiconductor Lithography Business improved its revenue/profit by product mix change which was contributed by the sale of ArF immersion lithography systems.

# 3rd Quarter of the year ending March 31, 2019: Healthcare Business



| Billions of yen         | FY2018/3 (A) |             | FY2019/3 (B) |             | Change (B)-(A) |             |
|-------------------------|--------------|-------------|--------------|-------------|----------------|-------------|
|                         | Q3           | Q1~Q3       | Q3           | Q1~Q3       | Q3             | Q1~Q3       |
| <b>Revenue</b>          | <b>14.0</b>  | <b>39.2</b> | <b>16.3</b>  | <b>45.7</b> | <b>+2.3</b>    | <b>+6.5</b> |
| <b>Operating Profit</b> | <b>-1.0</b>  | <b>-3.1</b> | <b>-0.2</b>  | <b>-2.5</b> | <b>+0.8</b>    | <b>+0.6</b> |
| % vs. Revenue           | -7.1%        | -7.9%       | -1.2%        | -5.5%       |                |             |

- Q3 YoY Change:** Sales of both biological microscopes and retinal imaging diagnosis devices succeeded mainly in overseas markets, however the loss was posted because of the planned investment for future growth.

# 3rd Quarter of the year ending March 31, 2019: Industrial Metrology Business and Others



| Billions of yen         | FY2018/3 (A) |             | FY2019/3 (B) |             | Change (B)-(A) |             |
|-------------------------|--------------|-------------|--------------|-------------|----------------|-------------|
|                         | Q3           | Q1~Q3       | Q3           | Q1~Q3       | Q3             | Q1~Q3       |
| <b>Revenue</b>          | <b>18.8</b>  | <b>48.6</b> | <b>19.0</b>  | <b>52.7</b> | <b>+0.2</b>    | <b>+4.1</b> |
| <b>Operating Profit</b> | <b>1.6</b>   | <b>3.1</b>  | <b>2.1</b>   | <b>4.8</b>  | <b>+0.5</b>    | <b>+1.7</b> |
| % vs. Revenue           | 8.5%         | 6.4%        | 11.1%        | 9.1%        |                |             |

• **Q3 YoY Change:** Sales of CNC video measuring systems and X-ray inspection systems progressed as planned. Other businesses including the large-sized photomask substrate showed steady performance, which led to the profit improvement for the entire segment.

1. Financial results for the 3rd Quarter of the year ending March 31, 2019

2. Forecast for the year ending March 31, 2019

## Revenue

- **Overall forecast is downgraded by ¥20 billion**
  - Imaging Products Business downgraded its forecast by ¥15 billion in view of Q3 results and Q4 sales plan.
  - Precision Equipment Business downgraded its forecast by ¥5 billion as the sales recognition is postponed to the next FY due to the request of the customer.

## Operating Profit

- **Overall forecast is upgraded by ¥6 billion**
  - Imaging Products Business downgraded its forecast by ¥6 billion.
  - Precision Equipment Business upgraded its forecast by ¥11 billion by reflecting approx. ¥19 billion received after litigation settlement, relevant legal expenses and the postponed sales recognition of semiconductor lithography systems.
  - OP that cannot be allocated to Business Segments is to improve ¥1 billion.

## Profit attributable to Owners of the Parent

- **Overall forecast is upgraded by 6 billion.**
  - Profit excluding the payment received after litigation settlement is expected to fall short of the previous forecast.

## Annual Dividend

- **¥60, unchanged from the previous forecast (¥30 for interim, ¥30 for year-end)**
  - ¥24 increase from ¥36 in the previous FY

# Forecast for the year ending March 31, 2019: Highlights



| Billions of yen                                                    | FY2018/3 Actual (A) | Previous Forecast (Nov.8)(B) | New Forecast (Feb.7)(C)     | Change (C)-(A)       | Change (C)-(B) |
|--------------------------------------------------------------------|---------------------|------------------------------|-----------------------------|----------------------|----------------|
| <b>Revenue</b><br>(% variance)                                     | 717.0               | <b>740.0</b>                 | <b>720.0</b>                | +3.0                 | -20.0          |
| <b>Operating Profit</b><br>% vs Revenue                            | 56.2<br>7.8%        | <b>74.0</b><br><b>10.0%</b>  | <b>80.0</b><br><b>11.1%</b> | +23.8                | +6.0           |
| <b>Profit before income taxes</b><br>% vs Revenue                  | 56.2<br>7.8%        | <b>76.0</b><br><b>10.3%</b>  | <b>83.0</b><br><b>11.5%</b> | +26.8                | +7.0           |
| <b>Profit attributable to owners of the parent</b><br>% vs Revenue | 34.7<br>4.8%        | <b>53.0</b><br><b>7.2%</b>   | <b>59.0</b><br><b>8.2%</b>  | +24.3                | +6.0           |
| <b>FCF</b>                                                         | 90.2                | <b>60.0</b>                  | <b>60.0</b>                 | -30.2                | ±0             |
| Exchange Rate :                                                    |                     |                              |                             | Impact on Revenue    |                |
| US \$                                                              | ¥111                | <b>¥108</b>                  | <b>¥110</b>                 | Approx.-5.9          | Approx.+1.8    |
| EURO                                                               | ¥130                | <b>¥130</b>                  | <b>¥128</b>                 | Impact on Op. Profit |                |
|                                                                    |                     |                              |                             | Approx.-3.2          | Approx.-1.4    |

While posting approx. ¥19 billion payment received for litigation settlement and relevant expenses, downgrade the forecast of Imaging Products Business, etc.

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion. Approx. ¥19 billion paid by ASML Holding N.V. (Netherlands) 14 and Carl Zeiss SMT GmbH (Germany) is a conversion of EUR150 million by the exchange rate of ¥125 per Euro.

# Forecast for the year ending March 31, 2019 by Segments

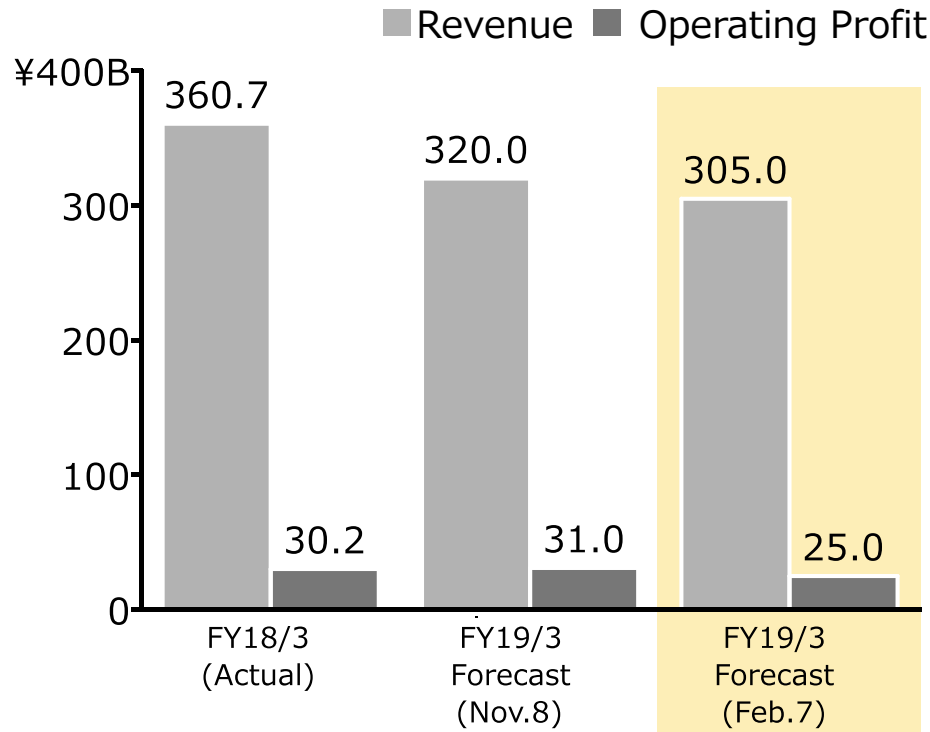


| Billions of yen                                                                       |                     | FY2018/3<br>Actual(A) | Previous<br>Forecast<br>(Nov.8) (B) | New Forecast<br>(Feb.7) (C)    | Change<br>(C)-(A) | Change<br>(C)-(B) |
|---------------------------------------------------------------------------------------|---------------------|-----------------------|-------------------------------------|--------------------------------|-------------------|-------------------|
| <b>Imaging<br/>Products<br/>Business</b>                                              | Revenue             | 360.7                 | <b>320.0</b>                        | <b>305.0</b>                   | -15.4%            | -4.7%             |
|                                                                                       | Operating<br>Profit | 30.2<br>(36.0)        | <b>31.0</b><br><b>(32.0)</b>        | <b>25.0</b><br><b>(26.0)</b>   | -5.2              | -6.0              |
| <b>Precision<br/>Equipment<br/>Business</b>                                           | Revenue             | 226.3                 | <b>282.0</b>                        | <b>277.0</b>                   | +22.4%            | -1.8%             |
|                                                                                       | Operating<br>Profit | 53.3<br>(53.3)        | <b>68.0</b><br><b>(68.0)</b>        | <b>79.0</b><br><b>(79.0)</b>   | +25.7             | +11.0             |
| <b>Healthcare<br/>Business</b>                                                        | Revenue             | 56.8                  | <b>63.0</b>                         | <b>63.0</b>                    | +10.9%            | ±0%               |
|                                                                                       | Operating<br>Profit | -3.2<br>(-3.2)        | <b>-3.0</b><br><b>(-3.0)</b>        | <b>-3.0</b><br><b>(-3.0)</b>   | +0.2              | ±0                |
| <b>Industrial<br/>Metrology and<br/>Others</b>                                        | Revenue             | 73.2                  | <b>75.0</b>                         | <b>75.0</b>                    | +2.5%             | ±0%               |
|                                                                                       | Operating<br>Profit | 5.0<br>(7.8)          | <b>6.0</b><br><b>(7.0)</b>          | <b>6.0</b><br><b>(7.0)</b>     | +1.0              | ±0                |
| <b>Corporate<br/>Profit/Loss non-<br/>attributable to any<br/>reportable segments</b> | Revenue             | —                     | —                                   | —                              | —                 | —                 |
|                                                                                       | Operating<br>Profit | -29.1<br>(-29.1)      | <b>-28.0</b><br><b>(-28.0)</b>      | <b>-27.0</b><br><b>(-27.0)</b> | +2.1              | +1.0              |
| <b>Consolidated</b>                                                                   | Revenue             | 717.0                 | <b>740.0</b>                        | <b>720.0</b>                   | +0.4%             | -2.7%             |
|                                                                                       | Operating<br>Profit | 56.2<br>(64.9)        | <b>74.0</b><br><b>(76.0)</b>        | <b>80.0</b><br><b>(82.0)</b>   | +23.8             | +6.0              |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion.

Figures of Operating Profit in parentheses show those excluding the restructuring relevant expenses.

# Forecast for the year ending March 31, 2019: Imaging Products Business



- **Revenue: forecast down by ¥15B, ¥55.7B down YoY**

- ASP is buoyed by new product launch including full-frame ML cameras.
- Lowers ¥15 billion from the previous forecast after revising the sales plan per category in view of severe market conditions including fierce price competition of entry models.

- **OP: forecast down by ¥6B, ¥5.2B down YoY**

- OP for FY18/3 and FY19/3 is ¥36B and ¥26B, respectively (before restructuring costs).
- Lowers ¥6 billion from the previous forecast because Sales/Revenue reduction and the negative exchange rate impact will not be absorbed by the cost reduction effort.

### Digital camera-Interchangeable Lens Type (units: 1,000)

|              |        |       |        |
|--------------|--------|-------|--------|
| Market Scale | 11,410 | 9,800 | 10,000 |
| Nikon        | 2,620  | 2,250 | 2,100  |

### Interchangeable Lenses (units: 1,000)

|              |        |        |        |
|--------------|--------|--------|--------|
| Market Scale | 19,060 | 16,300 | 16,800 |
| Nikon        | 4,010  | 3,350  | 3,200  |

### Compact DSC (units: 1,000)

|              |        |       |       |
|--------------|--------|-------|-------|
| Market Scale | 11,960 | 8,000 | 8,000 |
| Nikon        | 2,510  | 1,700 | 1,600 |

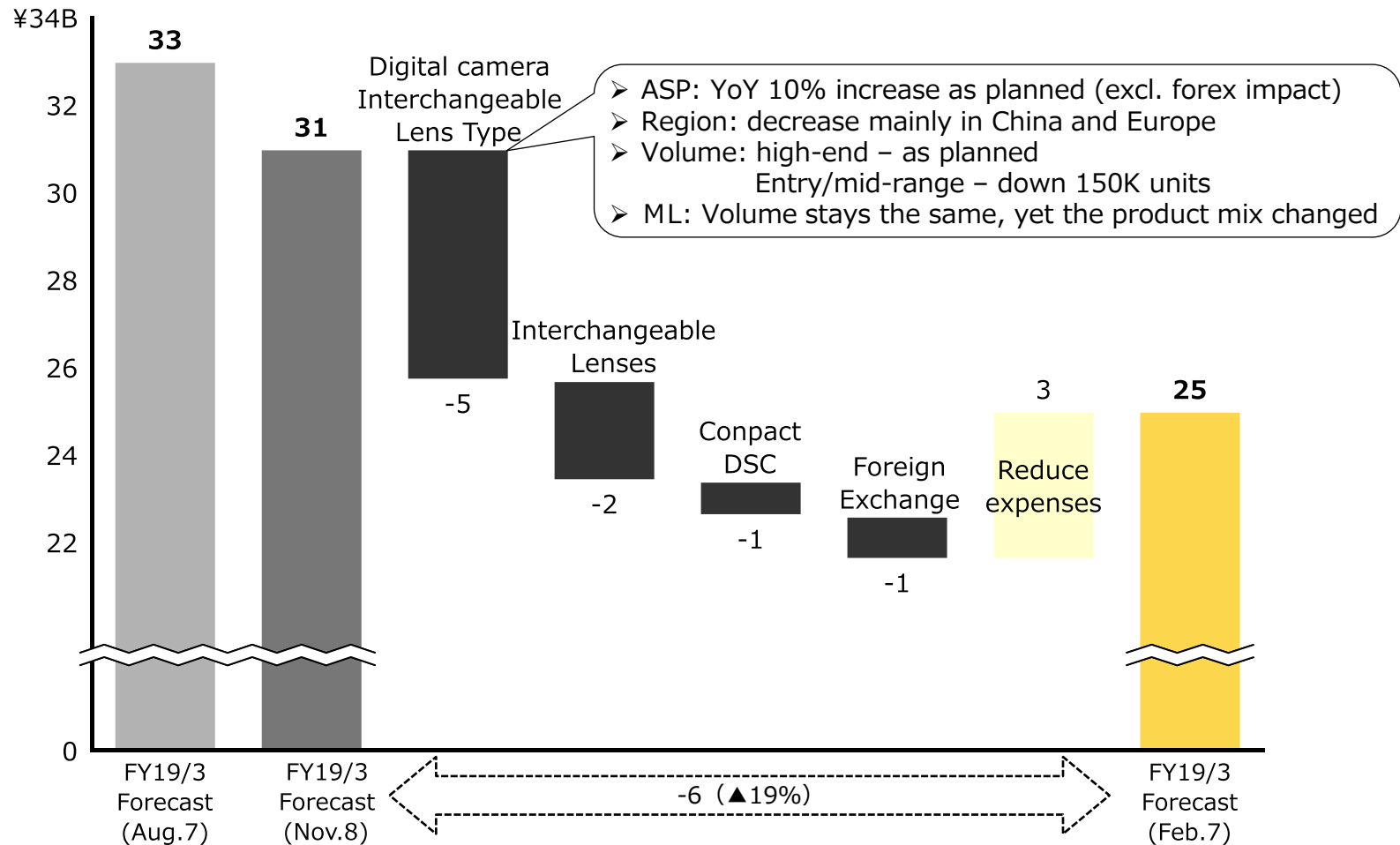
Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. 16 FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion.



# Forecast for the year ending March 31, 2019: Imaging Products Business: profit impacting factors

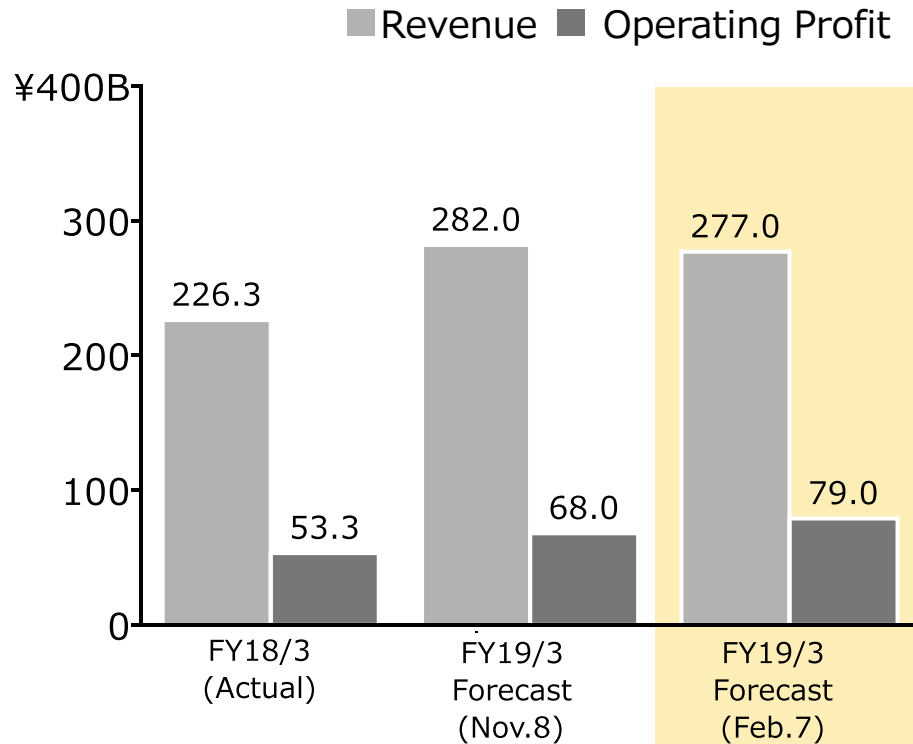


Operating Profit



Revised YoY forecast from favorable to negative  
(¥30.2 billion in FY18/3)

# Forecast for the Year ending March 31, 2019: Precision Equipment Business



## • Revenue : forecast down by ¥5B, ¥50.7B up YoY

- FPD: No change in the forecast, which calls for sales growth in large-sized panel systems to exceed the sales drop of mid-to-small sized panel systems.
- Semiconductor: Main customer's CAPEX is steady, yet down by ¥5B from previous forecast as the sales recognition delays to the next FY due to the request of other customers.

## • OP: forecast up by ¥11B, ¥25.7B up YoY

- FPD: Substantial YoY increase in revenue and profit
- Semiconductor: Achieving 2 consecutive profitable years confirms the complete implementation of profitable business structure has taken hold.
- Raise ¥11 billion from the previous forecast after reflecting the delayed sales recognition and the payment received for litigation settlement, etc.

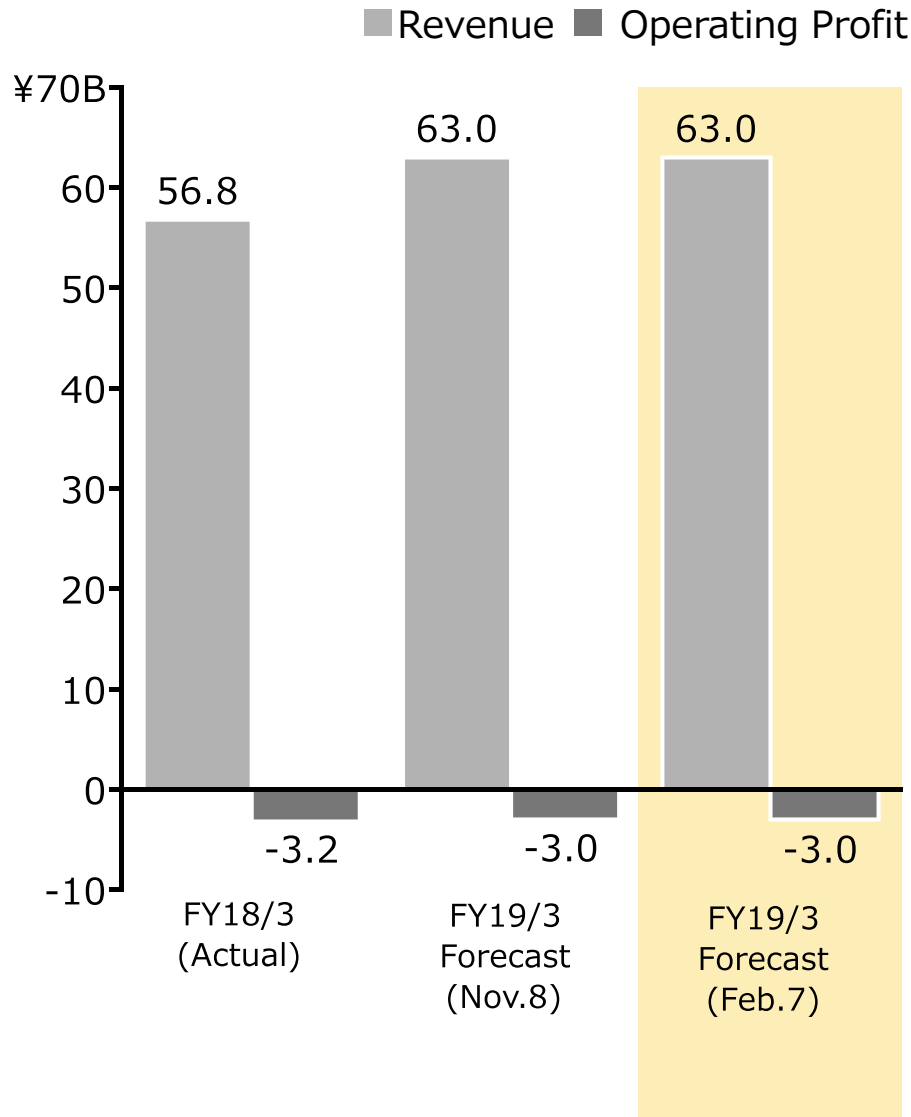
### FPD Lithography Systems (units)

|                        |     |     |     |
|------------------------|-----|-----|-----|
| Market Scale (CY17/18) | 149 | 150 | 142 |
| Nikon                  | 67  | 70  | 70  |

### Semiconductor Lithography Systems (New/Refurbished, units)

|                        |       |       |       |
|------------------------|-------|-------|-------|
| Market Scale (CY17/18) | 240   | 260   | 300   |
| Nikon                  | 17/13 | 23/12 | 21/11 |

# Forecast for the Year ending March 31, 2019: Healthcare Business



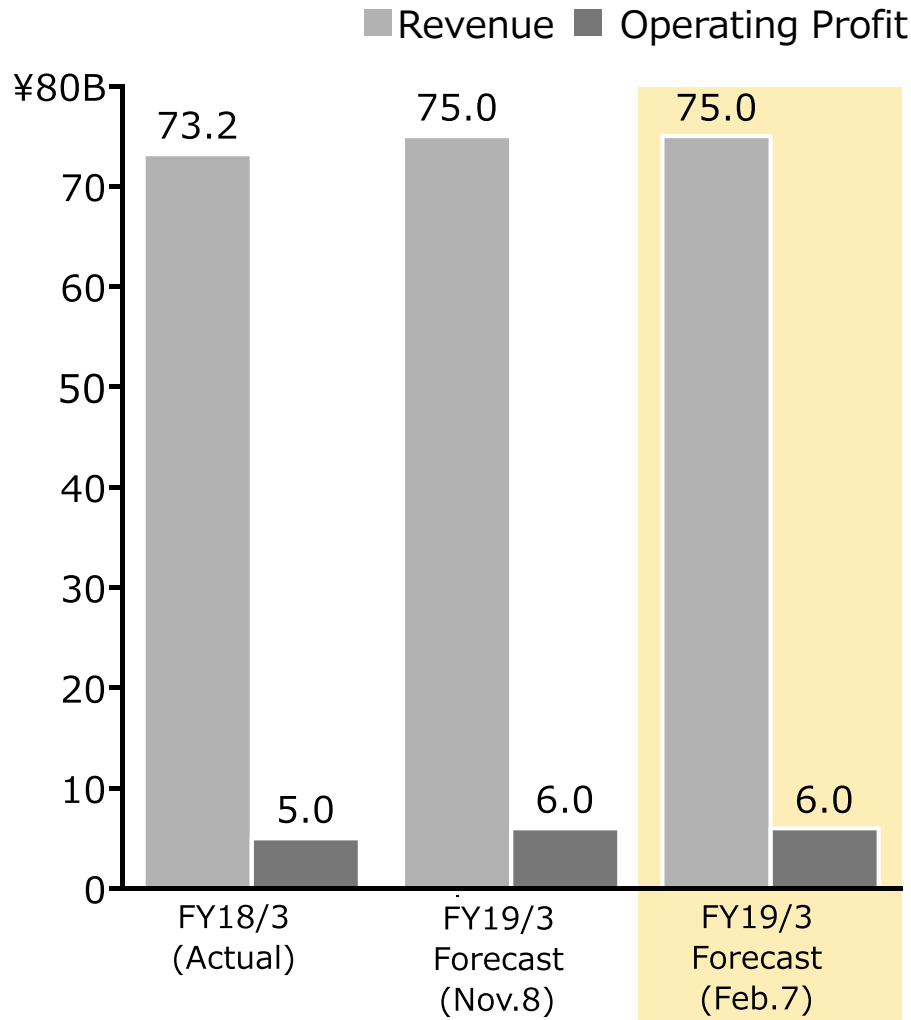
- **Revenue: forecast unchanged, ¥6.2B up YoY**

- Bioscience: expecting to increase revenue mainly in overseas such as North America and China.
- Ophthalmologic diagnosis: forecasting revenue growth as the retinal imaging diagnosis device market remains robust as new product launched.

- **OP: forecast unchanged**

- While R&D investment for future business/profit expansion has been strengthened, the loss stays almost flat YoY supported by sales hike.

# Forecast for the Year ending March 31, 2019: Industrial Metrology Business and Others



- **Revenue : forecast unchanged, ¥1.8B up YoY**

- In Industrial Metrology, revenue decline resulting from the CMM business disposition is covered by sales expansion of CNC video measuring systems and X-ray inspection systems, etc.

- **OP: forecast unchanged, ¥1B up YoY**

- OP of Industrial Metrology and other businesses for FY18/3 and FY19/3 is ¥7.8B and ¥7.0B respectively (before restructuring cost).
- Restructuring cost incurred by some product discontinuation amounts to ¥1 billion for FY19/3.



**NIKON CORPORATION**

# Reference Data

# Forecast for the Year ending March 31, 2019: Financial Highlights (Half Year/Full Year)



|                                                    | FY17/3 | FY18/3 |       |        | FY19/3 Forecast (Feb.7) |              |              |
|----------------------------------------------------|--------|--------|-------|--------|-------------------------|--------------|--------------|
| Billions of yen                                    | 2017/3 | 1H     | 2H    | 2018/3 | 1H                      | 2H           | 2019/3       |
| <b>Revenue</b>                                     | 749.2  | 328.4  | 388.6 | 717.0  | <b>335.7</b>            | <b>384.3</b> | <b>720.0</b> |
| <b>Operating Profit</b>                            | 0.7    | 23.0   | 33.2  | 56.2   | <b>30.6</b>             | <b>49.4</b>  | <b>80.0</b>  |
| % vs Revenue                                       | 0.1%   | 7.0%   | 8.5%  | 7.8%   | <b>9.1%</b>             | <b>12.9%</b> | <b>11.1%</b> |
| <b>Profit before income taxes</b>                  | 3.0    | 21.4   | 34.8  | 56.2   | <b>33.8</b>             | <b>49.2</b>  | <b>83.0</b>  |
| % vs Revenue                                       | 0.4%   | 6.5%   | 9.0%  | 7.8%   | <b>10.1%</b>            | <b>12.8%</b> | <b>11.5%</b> |
| <b>Profit attributable to owners of the parent</b> | 3.9    | 13.9   | 20.8  | 34.7   | <b>22.8</b>             | <b>36.2</b>  | <b>59.0</b>  |
| % vs Revenue                                       | 0.5%   | 4.2%   | 5.4%  | 4.8%   | <b>6.8%</b>             | <b>9.4%</b>  | <b>8.2%</b>  |
| <b>FCF</b>                                         | 56.6   | 90.2   |       |        | <b>60.0</b>             |              |              |
| Exchange Rate:                                     |        |        |       |        |                         |              |              |
| US \$                                              | ¥108   | ¥111   | ¥111  | ¥111   | <b>¥110</b>             | <b>¥109</b>  | <b>¥110</b>  |
| EURO                                               | ¥119   | ¥126   | ¥133  | ¥130   | <b>¥130</b>             | <b>¥127</b>  | <b>¥128</b>  |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion.

# Forecast for the Year ending March 31, 2019: Financial Highlights by Segments (Half Year/Full Year)



| Billions of yen                                                          |                  | FY17/3  | FY18/3  |         |         | FY19/3 Forecast (Feb.7) |                |                |
|--------------------------------------------------------------------------|------------------|---------|---------|---------|---------|-------------------------|----------------|----------------|
|                                                                          |                  | 2017/3  | 1H      | 2H      | 2018/3  | 1H                      | 2H             | 2019/3         |
| <b>Imaging Products Business</b>                                         | Revenue          | 383.0   | 175.2   | 185.5   | 360.7   | <b>150.9</b>            | <b>154.1</b>   | <b>305.0</b>   |
|                                                                          | Operating Profit | 17.1    | 15.4    | 14.8    | 30.2    | <b>13.2</b>             | <b>11.8</b>    | <b>25.0</b>    |
|                                                                          |                  | (28.1)  | (15.4)  | (20.6)  | (36.0)  | <b>(13.6)</b>           | <b>(12.4)</b>  | <b>(26.0)</b>  |
| <b>Precision Equipment Business</b>                                      | Revenue          | 248.0   | 98.0    | 128.3   | 226.3   | <b>121.6</b>            | <b>155.4</b>   | <b>277.0</b>   |
|                                                                          | Operating Profit | 13.4    | 20.1    | 33.2    | 53.3    | <b>29.8</b>             | <b>49.2</b>    | <b>79.0</b>    |
|                                                                          |                  | (48.1)  | (20.1)  | (33.2)  | (53.3)  | <b>(29.8)</b>           | <b>(49.2)</b>  | <b>(79.0)</b>  |
| <b>Healthcare Business</b>                                               | Revenue          | 55.7    | 25.2    | 31.6    | 56.8    | <b>29.4</b>             | <b>33.6</b>    | <b>63.0</b>    |
|                                                                          | Operating Profit | -0.6    | -2.1    | -1.1    | -3.2    | <b>-2.3</b>             | <b>-0.7</b>    | <b>-3.0</b>    |
|                                                                          |                  | (-0.1)  | (-2.1)  | (-1.1)  | (-3.2)  | <b>(-2.3)</b>           | <b>(-0.7)</b>  | <b>(-3.0)</b>  |
| <b>Industrial Metrology and Others</b>                                   | Revenue          | 62.4    | 29.8    | 43.4    | 73.2    | <b>33.7</b>             | <b>41.3</b>    | <b>75.0</b>    |
|                                                                          | Operating Profit | 3.7     | 1.5     | 3.5     | 5.0     | <b>2.7</b>              | <b>3.3</b>     | <b>6.0</b>     |
|                                                                          |                  | (5.5)   | (1.5)   | (6.3)   | (7.8)   | <b>(3.5)</b>            | <b>(3.5)</b>   | <b>(7.0)</b>   |
| <b>Corporate Profit/Loss non-attributable to any reportable segments</b> | Revenue          | —       | —       | —       | —       | —                       | —              | —              |
|                                                                          | Operating Profit | -32.8   | -11.9   | 17.2    | -29.1   | <b>-12.8</b>            | <b>-14.2</b>   | <b>-27.0</b>   |
|                                                                          |                  | (-27.5) | (-11.9) | (-17.2) | (-29.1) | <b>(-12.8)</b>          | <b>(-14.2)</b> | <b>(-27.0)</b> |
| <b>Consolidated</b>                                                      | Revenue          | 749.2   | 328.4   | 388.6   | 717.0   | <b>335.7</b>            | <b>384.3</b>   | <b>720.0</b>   |
|                                                                          | Operating Profit | 0.7     | 23.0    | 33.2    | 56.2    | <b>30.6</b>             | <b>49.4</b>    | <b>80.0</b>    |
|                                                                          |                  | (54.1)  | (23.0)  | (41.9)  | (64.9)  | <b>(31.8)</b>           | <b>(50.2)</b>  | <b>(82.0)</b>  |

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion.

Figures of Operating Profit in parentheses shows those excluding the restructuring relevant expenses.

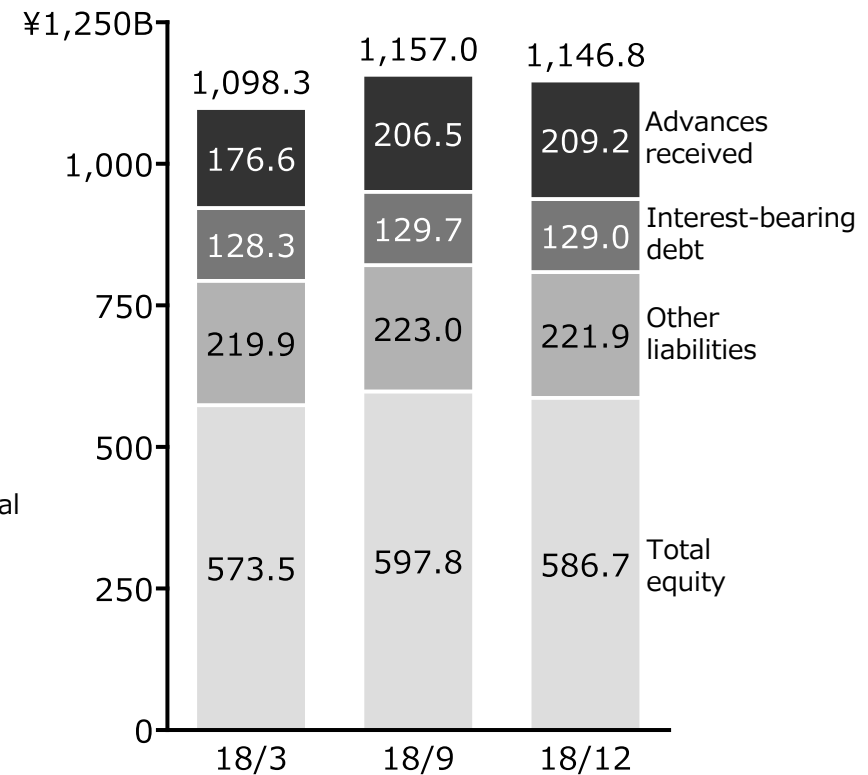
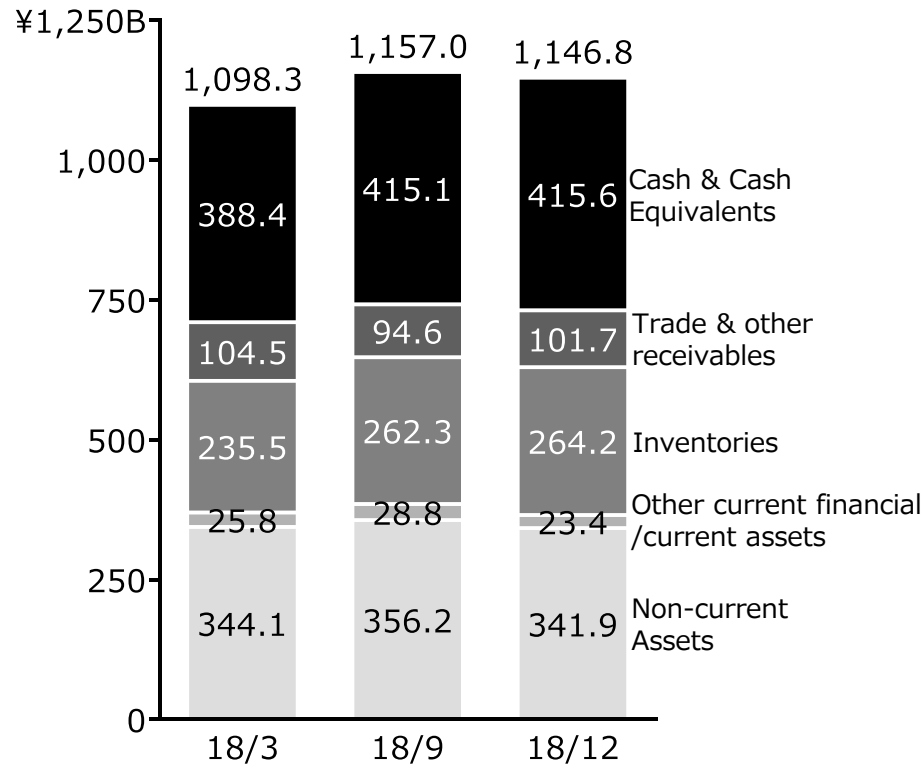


# 3rd Quarter of the Year ending March 31, 2019: Financial Position Breakdown



## ASSETS

## LIABILITIES/EQUITY



Equity ratio 52.2% 51.6% 51.1%

Note: A Breakdown of interest-bearing debt as of December 31, 2018 is ¥29.9B in bonds and ¥99.1B in other borrowings.

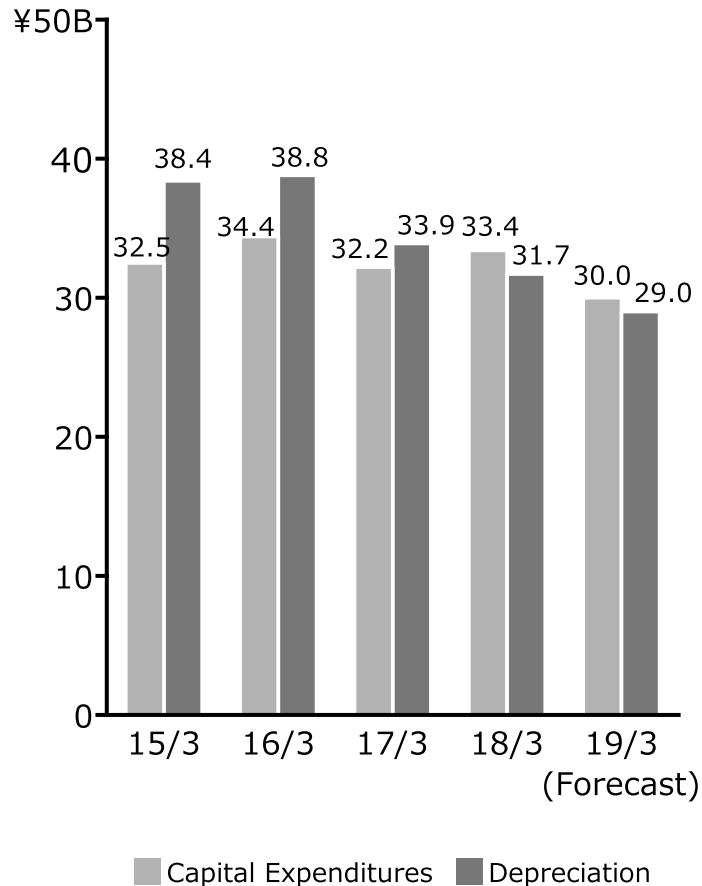
Equity ratio is ratio of equity attributable to owners of the parent to total assets.

Cash and Cash Equivalents excludes time deposits with maturities of three months or more.

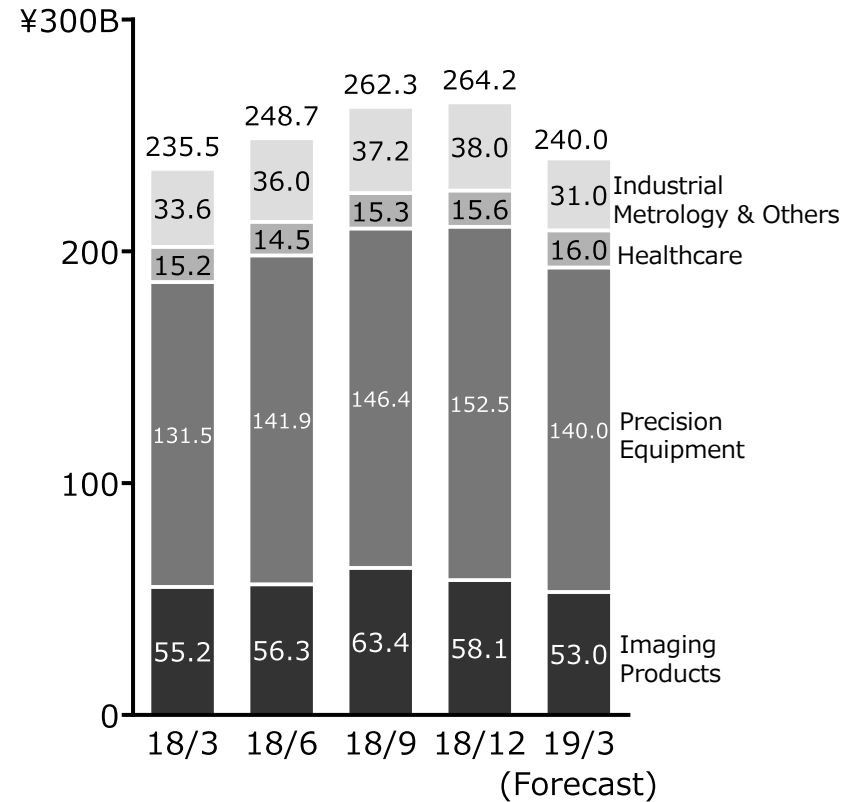
# Forecast for the Year ending March 31, 2019: Capital Expenditures, Depreciation and Inventory



## CAPITAL EXPENDITURES, DEPRECIATION



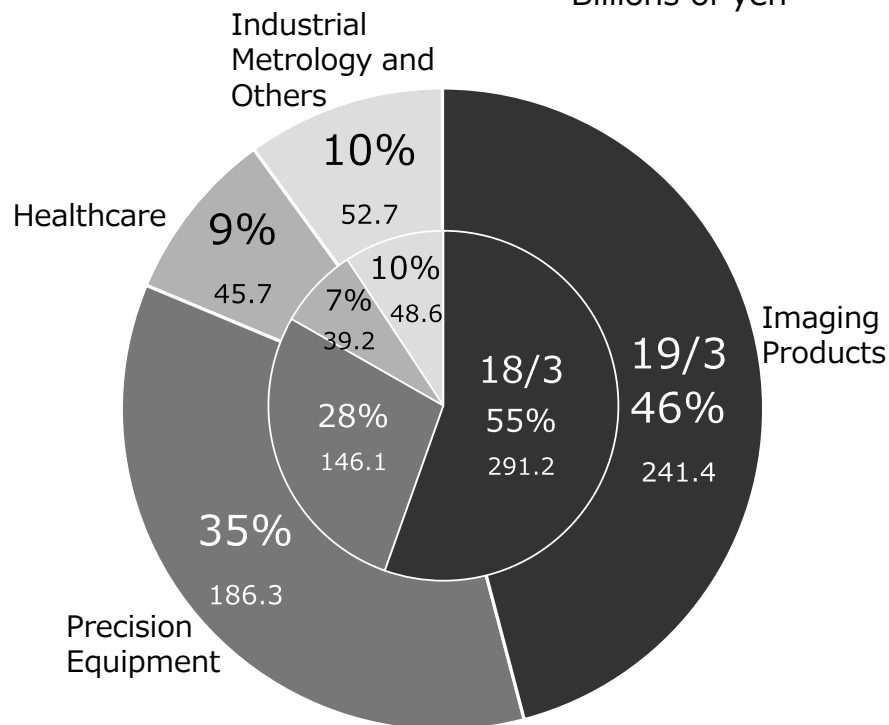
## INVENTORY BREAKDOWN



Note: Figures after FY2016/3 is presented in International Financial Ruling Standards (IFRS) while FY2015/3 is in Japan GAAP. Depreciation expenses comprise in-process development costs as from FY2018/3.

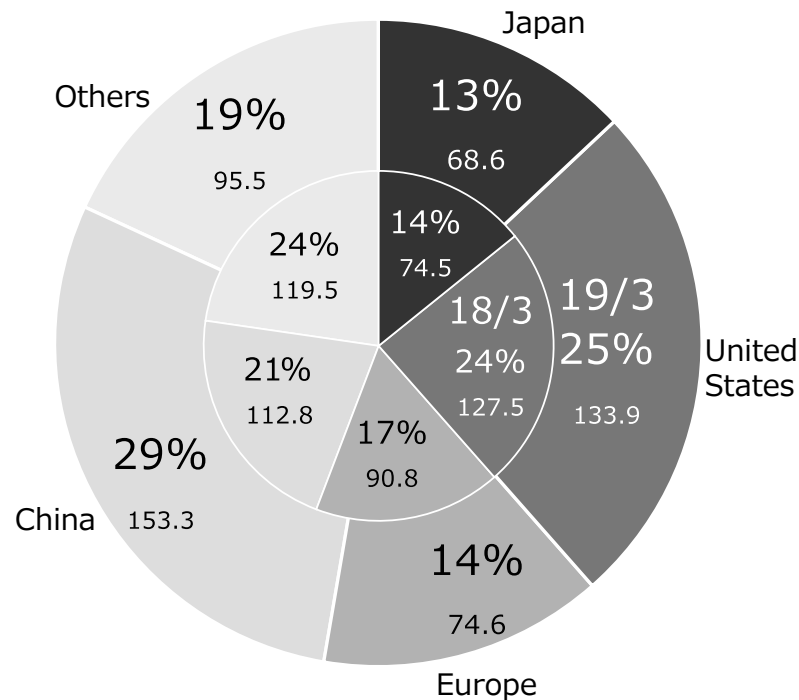
## BY SEGMENT

Billions of yen



## BY REGION

Billions of yen

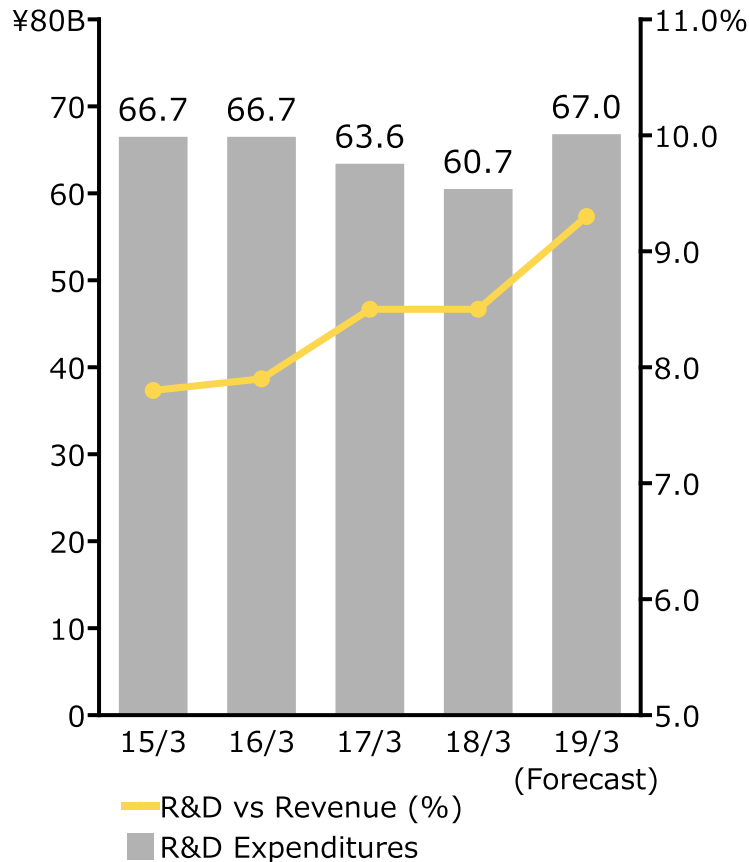


Note: The outside and inside circles show the breakdown of "FY2019/3 three-quarter revenue total of ¥526.2B" and "FY2018/3 revenue total of ¥525.2B" respectively.

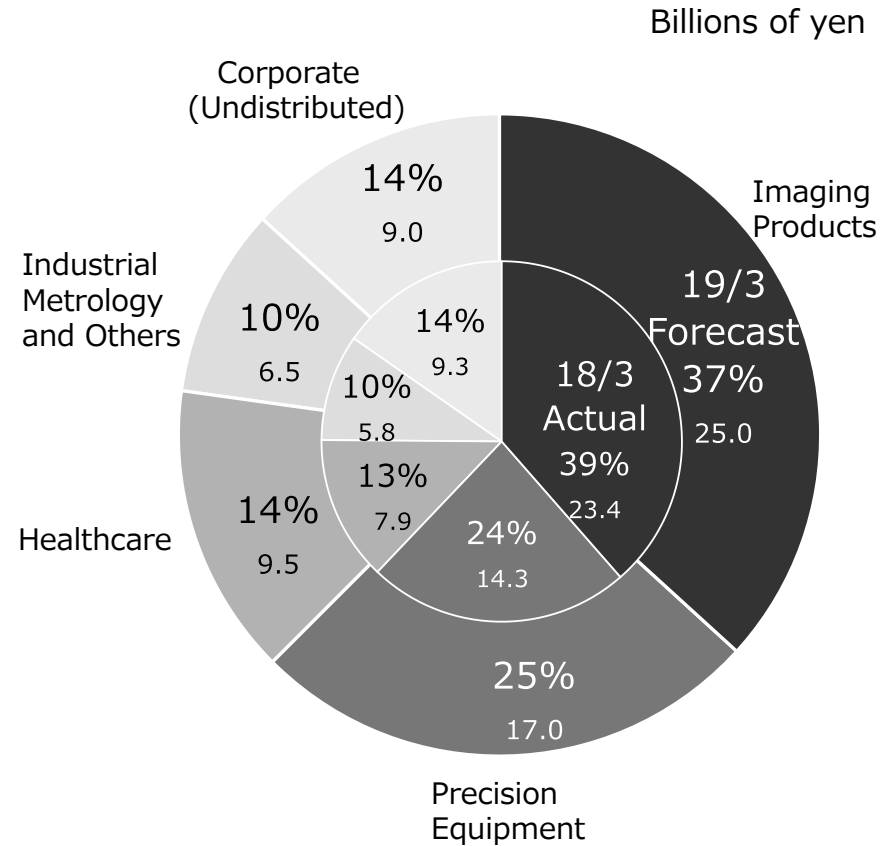
# Forecast for the Year ending March 31, 2019: R&D Expenditures



## R&D EXPENDITURES

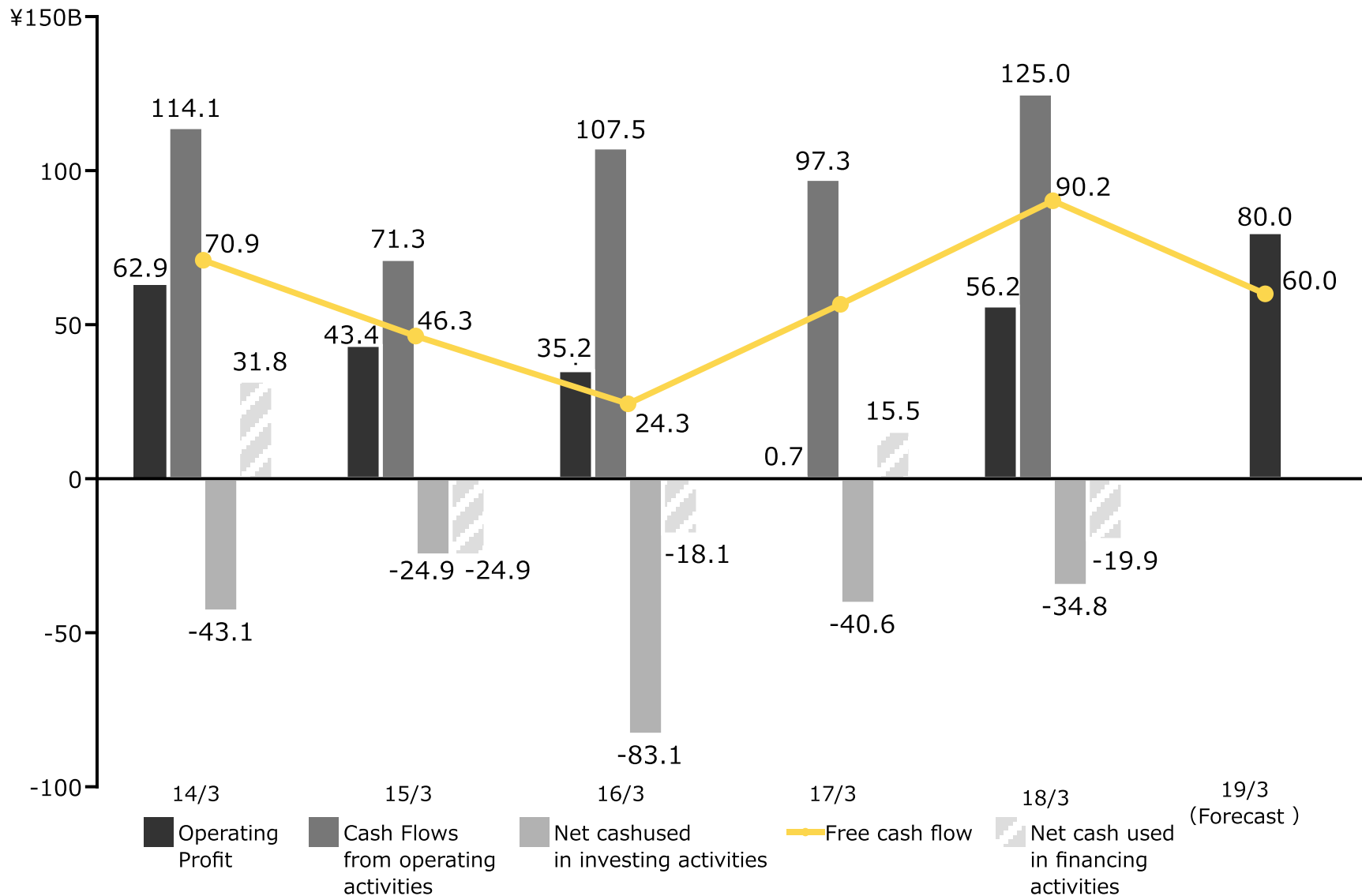


## R&D EXPENDITURES BREAKDOWN



Note: R&D expenditures after FY2018/3 includes capitalization of some development expenditure. Breakdown is shown for two years in view of the segmentation change since previous fiscal year.

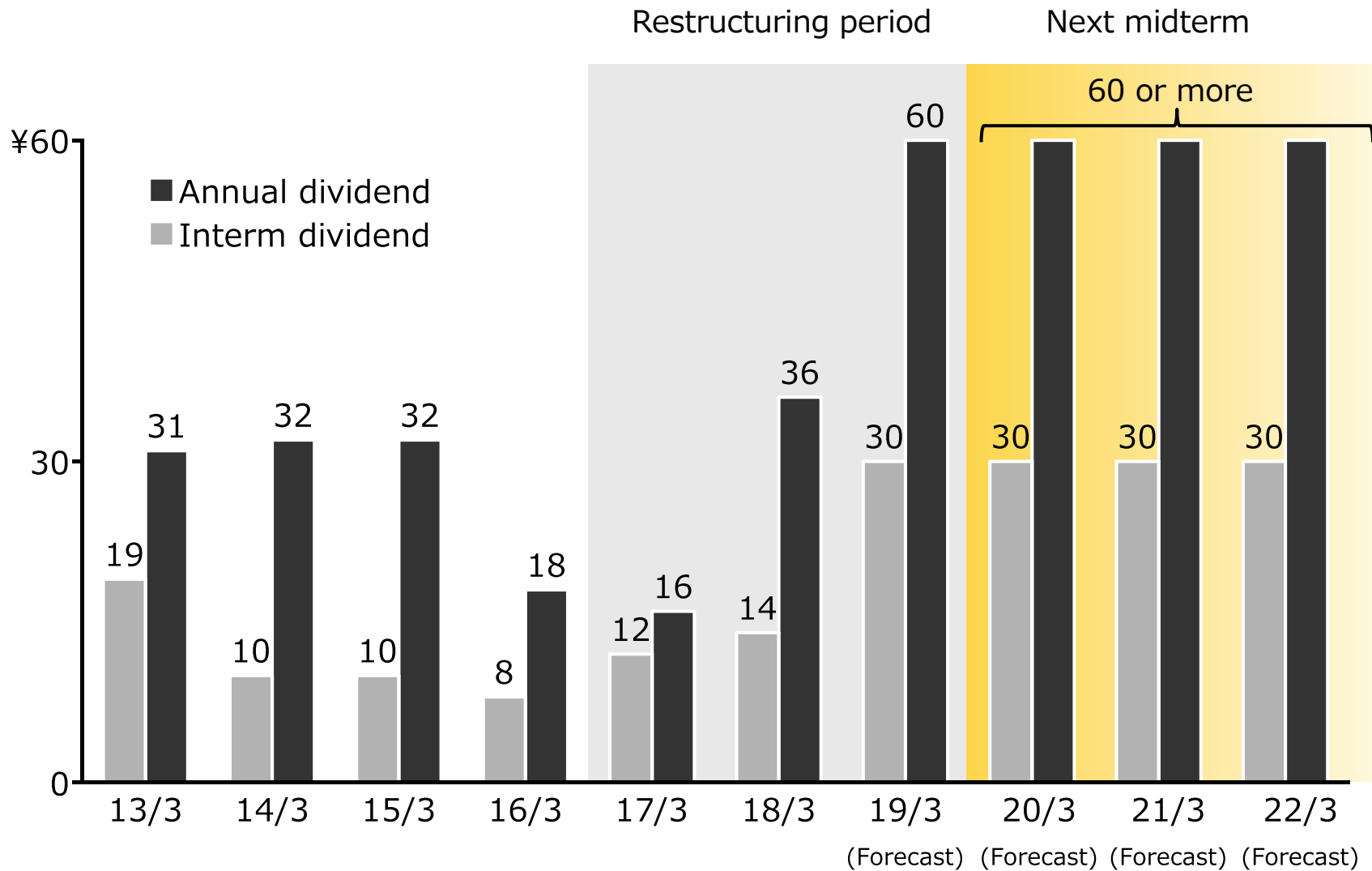
# FY2019/3: Cash flow walk



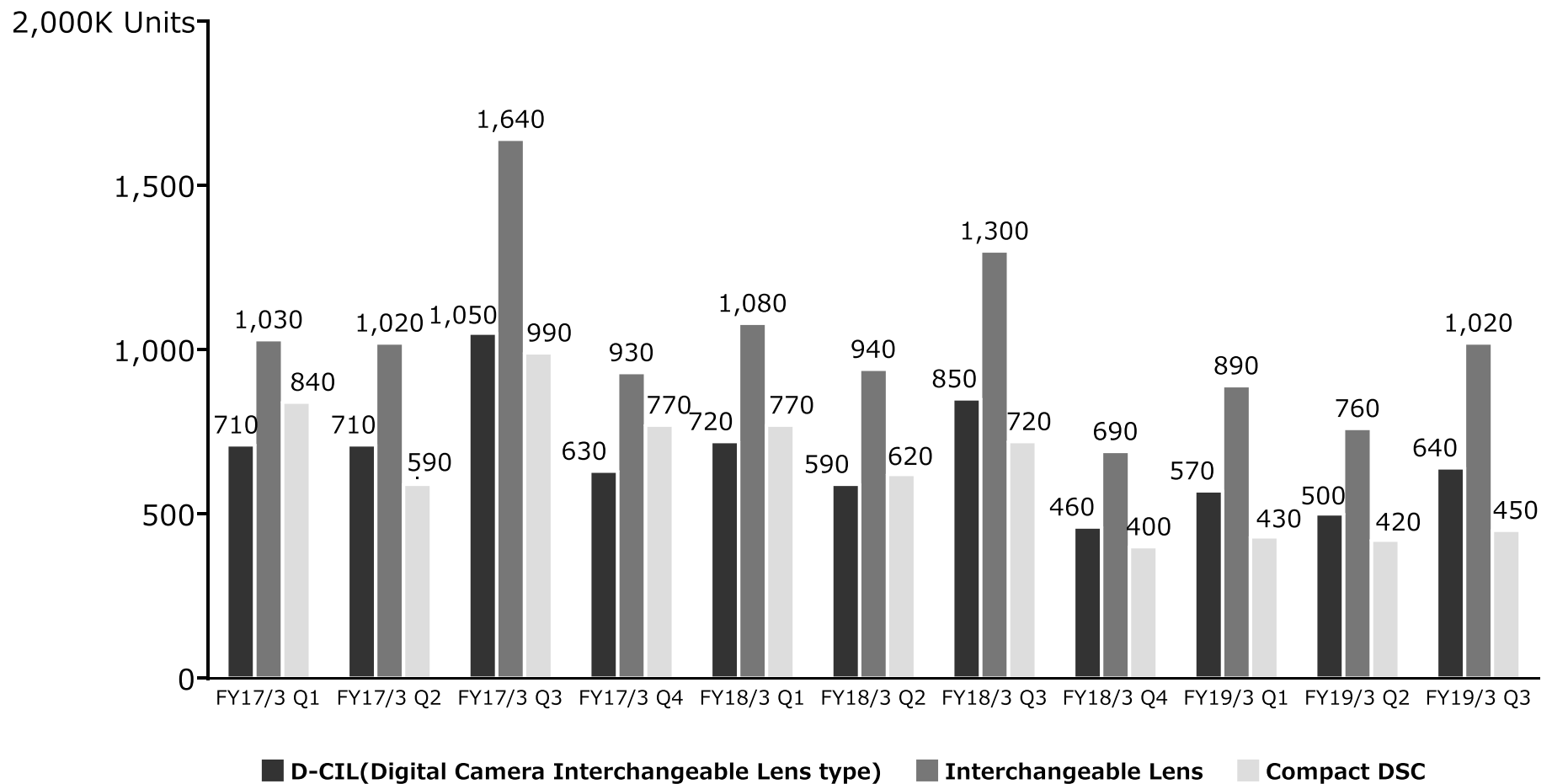
Note: FCF (free cash flows) = CF from operating activities + CF from investing activities; Japanese Standard is employed for FY2015/3 and prior, and IFRS is adopted for FY2016/3 and after.

FCF + CF from financial activities + Effect of exchange rate changes on cash and cash equivalents = Net increase (decrease) in cash and cash equivalents

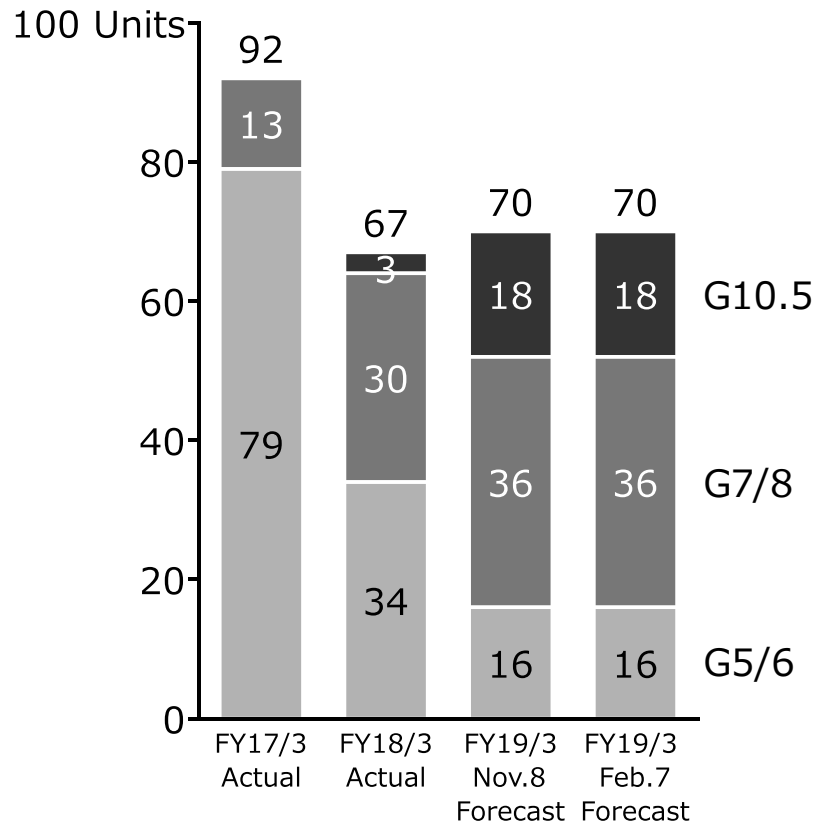
# Dividend history and forecast



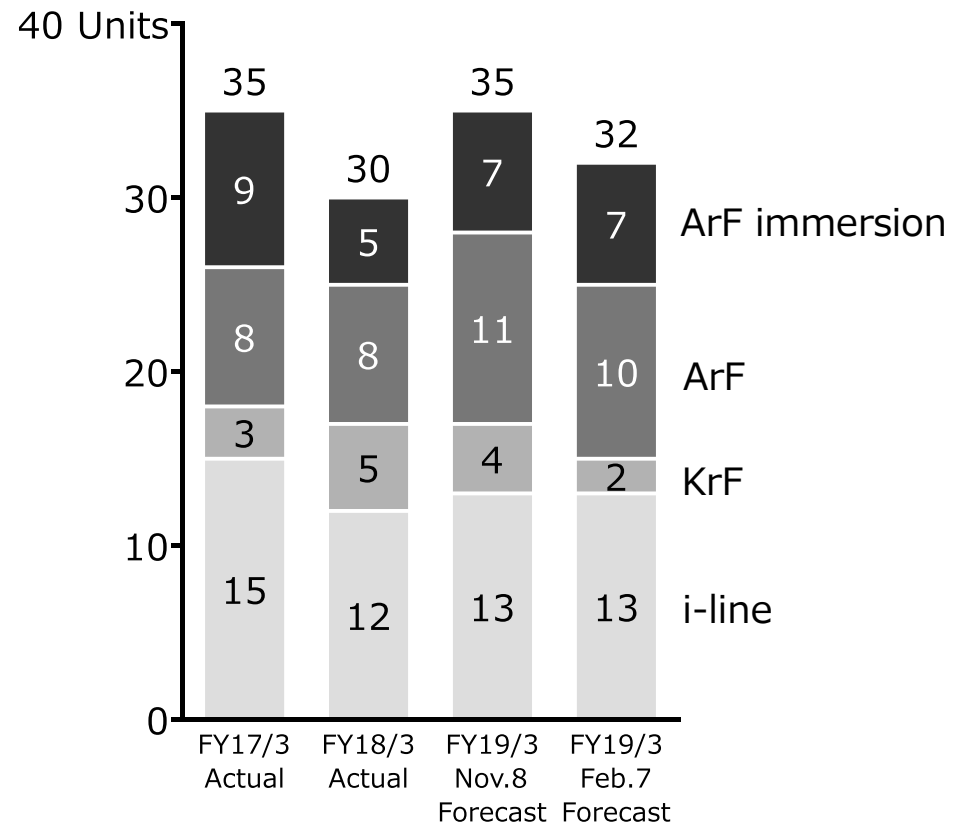
## SALES IN UNITS BY PRODUCT CATEGORY



## FPD LITHOGRAPHY SYSTEMS SALES BY GENERATION



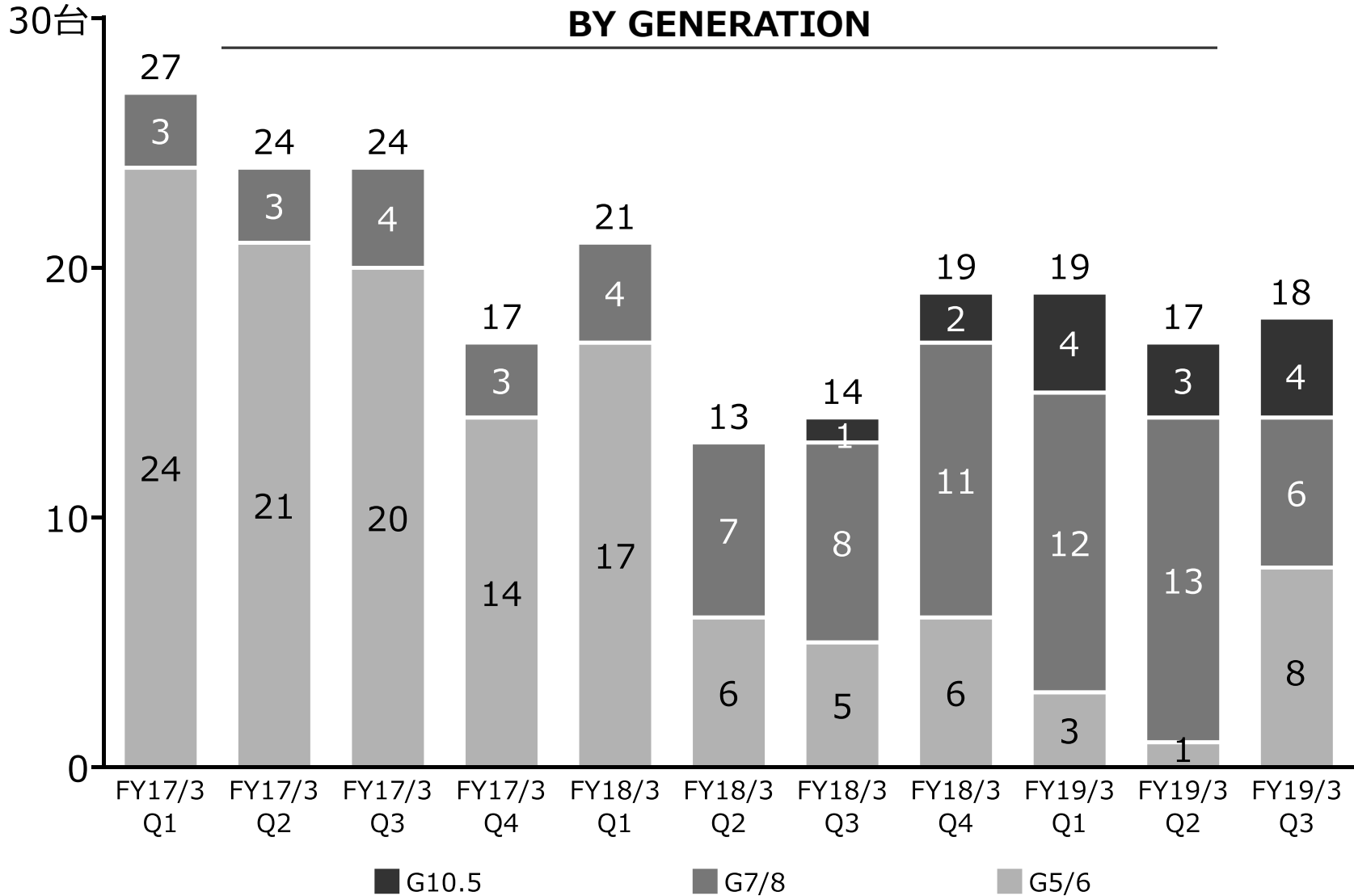
## SEMICONDUCTOR LITHOGRAPHY SYSTEMS SALES BY TECHNOLOGY (INCL. REFURBISHED)



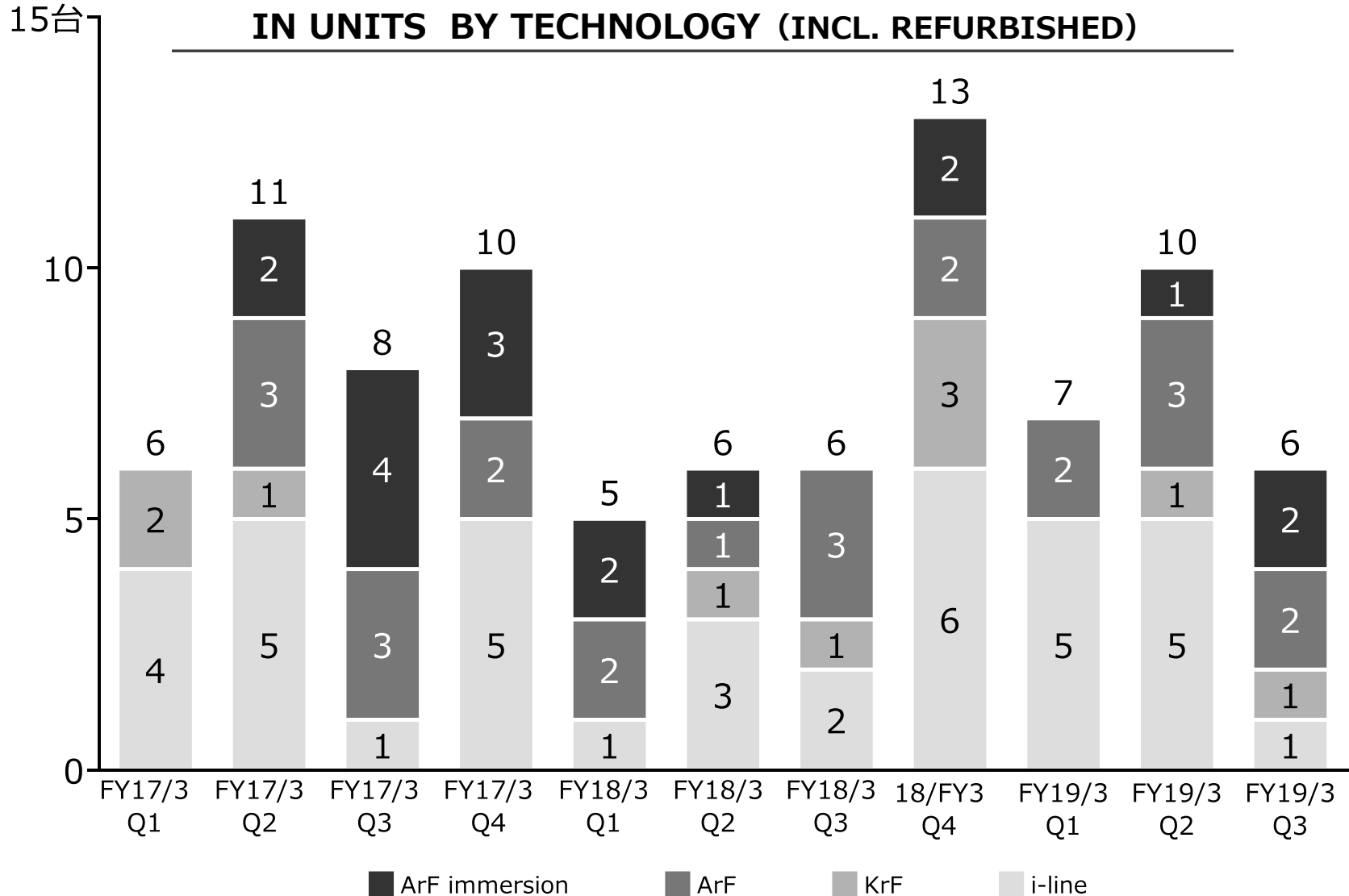
Note: The number of new semiconductor lithography systems sold in FY2017/3, FY2018/3 and FY2019/3 (Forecast) is 24, 17 and 21 units, respectively.



**FPD LITHOGRAPHY SYSTEMS SALES IN UNITS  
BY GENERATION**



## SEMICONDUCTOR LITHOGRAPHY SYSTEMS SALES IN UNITS BY TECHNOLOGY (INCL. REFURBISHED)



# Forecast for the year ending March 31, 2019: Foreign Exchange Impact



|       | Exchange Rate             | Financial Impact from Fluctuation<br>by 1 yen |                         |
|-------|---------------------------|-----------------------------------------------|-------------------------|
|       | FY19/3<br>Forecast for Q4 | Revenue<br>Q4                                 | Operating Profit<br>Q4  |
| US \$ | ¥105                      | Approx.<br>¥0.6 billion                       | Approx.<br>¥0 billion   |
| EURO  | ¥125                      | Approx.<br>¥0.2 billion                       | Approx.<br>¥0.1 billion |

Note: If the emerging-market currency trends do not move in accordance with USD and EURO, our expectation above may be affected. <sup>35</sup>



**NIKON CORPORATION**