



# Financial Results for the 2nd Quarter of the Year Ending March 31, 2016

Conference in Tokyo (Nov. 6, 2015)  
**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 First Half of the Year Ending March 31, 2016**
- II. Estimation for the Year Ending March 31, 2016
- III. Reference Data

# Summary for the First Half of the Year Ending March 31, 2016



- ◆ Sales and operating income increased 17.7 billion yen, or 5% and 1.5 billion yen, or 11% respectively, year on year.

Sales and operating income increased 8.6 billion yen, or 2% and 6.5 billion yen, or 81% from the latest forecast for the first half.

## - Precision Equipment Business

- Sales volume in the first half year increased from a year earlier. Sales rose 24 billion yen, or 44% and operating income posted 4 billion yen.
- Sales rose 8.9 billion yen, or 13 % and operating income grew from zero to 4 billion yen, respectively from the latest forecast.

## - Imaging Products Business

- Sales volume in the first half year decreased from a year earlier in all product groups owing to market shrinkage. Sales and operating income fell 13.8 billion yen, or 5% and 3.3 billion yen, or 12%, respectively.
- Sales stayed at the same level while operating income increased 2.2 billion yen, or 10% from the latest forecast.

## - Instruments Business

- Sales rose 4.7 billion yen, or 16% and the deficit shrunk 1.6 billion yen year on year.
- Sales grew 1.2 billion yen, or 4% and the deficit shrunk 1 billion yen from the latest forecast.

- ◆ Interim cash dividend per share : 8 yen

\* The latest forecast is the one announced on August 6, 2015.

# Financial Highlights for the First Half of the Year Ending March 31, 2016



Billions of yen	2015/3 1H (A)	Previous est. (B) (Aug. 6)	2016/3 1H (C)	Change (C)-(A)	Change (C)-(B)
<b>Net Sales</b>	<b>374.9</b>	<b>384.0</b>	<b>392.6</b>	<b>+ 17.7</b>	<b>+ 8.6</b>
<b>Operating Income</b> % vs. Net Sales	<b>13.0</b> 3.5%	<b>8.0</b> 2.1%	<b>14.5</b> 3.7%	<b>+ 1.5</b>	<b>+ 6.5</b>
<b>Ordinary Income</b> % vs. Net Sales	<b>14.7</b> 3.9%	<b>10.0</b> 2.6%	<b>20.2</b> 5.1%	<b>+ 5.5</b>	<b>+ 10.2</b>
<b>Net Income attributable to owners of parent</b> % vs. Net Sales	<b>10.0</b> 2.7%	<b>5.0</b> 1.3%	<b>11.2</b> 2.9%	<b>+ 1.2</b>	<b>+ 6.2</b>
<b>FCF</b>	<b>3.9</b>	<b>-</b>	<b>- 33.9</b>	<b>- 37.8</b>	<b>-</b>
<b>Exchange Rate</b>				<b>Impact on Net Sales :</b>	
<b>US\$</b>	<b>103</b> yen	<b>118</b> yen	<b>122</b> yen	<b>+ 23.3</b>	<b>+ 5.6</b>
<b>EURO</b>	<b>139</b> yen	<b>132</b> yen	<b>135</b> yen	<b>- 0.5</b>	<b>+ 0.9</b>
				<b>Impact on Op. Income :</b>	
				<b>- 0.5</b>	<b>+ 0.9</b>

Sales surpassed the latest forecast. Operating income exceeded the latest forecast thanks to the effects such as depreciation of Japanese yen and cost reduction.

\* Amounts in this statement are rounded down to the hundred million.

# Financial Highlights for the 2<sup>nd</sup> Quarter of the Year Ending March 31, 2016



Billions of yen	2015/3 Q2 (A)	2016/3 Q2 (B)	Change (B)-(A)
<b>Net Sales</b>	<b>197.5</b>	<b>210.4</b>	<b>+ 12.9</b>
<b>Operating Income</b> % vs. Net Sales	<b>9.5</b> 4.8%	<b>10.6</b> 5.0%	<b>+ 1.1</b>
<b>Ordinary Income</b> % vs. Net Sales	<b>10.1</b> 5.1%	<b>13.3</b> 6.3%	<b>+ 3.2</b>
<b>Net Income attributable to owners of parent</b> % vs. Net Sales	<b>6.4</b> 3.2%	<b>7.9</b> 3.8%	<b>+ 1.5</b>
<b>Exchange Rate</b> US\$	<b>104</b> yen	<b>122</b> yen	Impact on Net Sales : <b>+ 10.8</b>
<b>EURO</b>	<b>138</b> yen	<b>136</b> yen	Impact on Op. Income : <b>+ 0.7</b>

# Precision Equipment Business: 1<sup>st</sup> Half



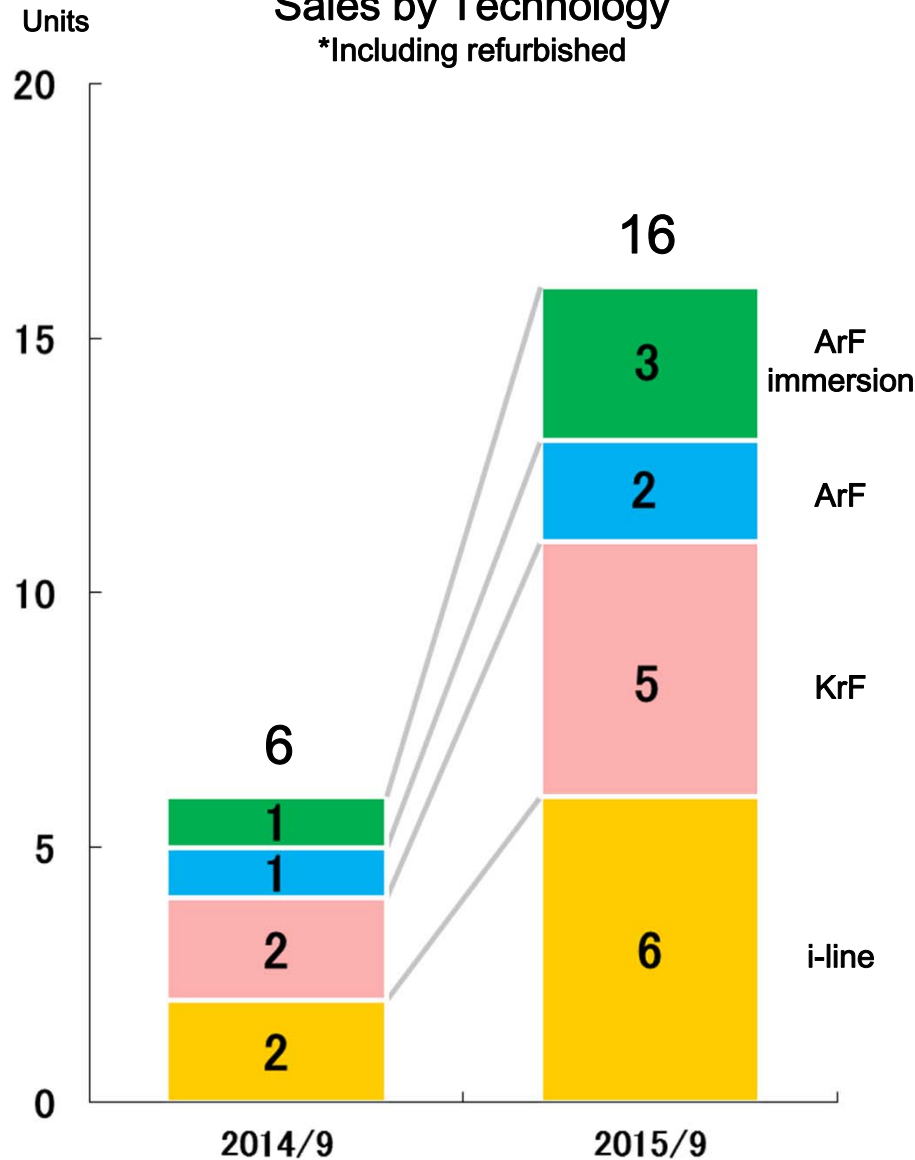
Billions of yen	2015/3 1H (A)	Previous est. (B) (Aug. 6)	2016 /3 1H (C)	Change (C)-(A)	Change (C)-(B)
<b>Net Sales</b>	<b>54.9</b>	<b>70.0</b>	<b>78.9</b>	<b>+ 24.0</b>	<b>+ 8.9</b>
<b>Operating Income</b> % vs. Net Sales	<b>- 3.2</b> - %	<b>0</b> - %	<b>4.0</b> 5.1%	<b>+ 7.2</b>	<b>+ 4.0</b>
<b>Semiconductor Lithography Systems</b> New / Refurbished	<b>5/1</b> units	<b>3/9</b> units	<b>4/12</b> units	<b>- 1/+ 11</b> units	<b>+ 1/+ 3</b> units
<b>FPD Lithography Systems</b>	<b>13</b> units	<b>19</b> units	<b>19</b> units	<b>+ 6</b> units	<b>± 0</b> units

Sales growth in semiconductor lithography systems and services contributed to higher sales and operating income than those of the latest forecast.

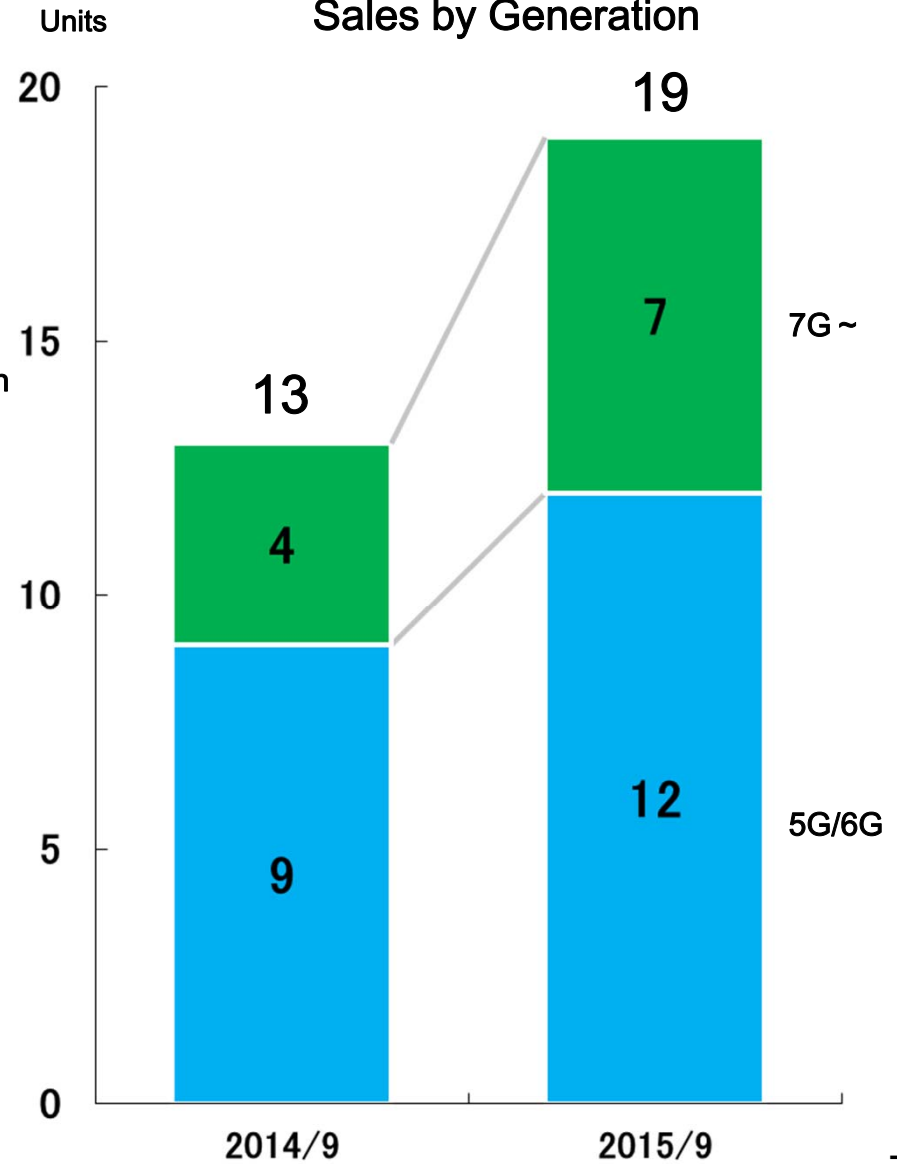
# Precision Equipment Business: 1<sup>st</sup> Half



**Semiconductor Lithography Systems  
Sales by Technology**  
\*Including refurbished



**FPD Lithography Systems  
Sales by Generation**



# Imaging Products Business : 1<sup>st</sup> Half



Billions of yen Cameras & Lenses (1,000 of units sold)	2015/3 1H (A)	Previous est. (B) (Aug. 6)	2016/3 1H (C)	Change (C)-(A)	Change (C)-(B)
<b>Net Sales</b>	<b>277.4</b>	<b>265.0</b>	<b>263.6</b>	<b>- 13.8</b>	<b>- 1.4</b>
<b>Operating Income</b> % vs. Net Sales	<b>27.5</b> 9.9%	<b>22.0</b> 8.3%	<b>24.2</b> 9.2%	<b>- 3.3</b>	<b>+ 2.2</b>
Digital camera – Interchangeable Lens Type	<b>2,180</b>	<b>2,050</b>	<b>2,000</b>	<b>- 180</b>	<b>- 50</b>
Interchangeable Lens	<b>3,090</b>	<b>2,950</b>	<b>2,820</b>	<b>- 270</b>	<b>- 130</b>
Compact DSC	<b>3,570</b>	<b>2,900</b>	<b>3,120</b>	<b>- 450</b>	<b>+ 220</b>

Sales stayed at the same level and operating income was lifted by product mix improvement and cost reduction measures from the latest forecast.



# Instruments Business : 1<sup>st</sup> Half



Billions of yen	2015/3 1H (A)	Previous est. (B) (Aug. 6)	2016/3 1H (C)	Change (C)-(A)	Change (C)-(B)
<b>Net Sales</b>	<b>28.5</b>	<b>32.0</b>	<b>33.2</b>	<b>+ 4.7</b>	<b>+ 1.2</b>
<b>Operating Income</b> % vs. Net Sales	<b>- 2.1</b> - %	<b>- 1.5</b> - %	<b>- 0.5</b> - %	<b>+ 1.6</b>	<b>+ 1.0</b>

Sales rose and the deficit shrunk from the latest forecast by steady products sales.

# Medical Business : 1<sup>st</sup> Half



Billions of yen	2015/3 1H (A)	Previous est. (B) (Aug. 6)	2016/3 1H (C)	Change (C)-(A)	Change (C)-(B)
<b>Net Sales</b>	-	<b>5.0</b>	<b>5.3</b>	-	<b>+ 0.3</b>
<b>Operating Income</b> % vs. Net Sales	- - %	<b>- 3.0</b> - %	<b>- 2.5</b> - %	- - %	<b>+ 0.5</b>

Sales and operating income of Optos Plc were posted.

# Balance Sheet : 1st Half

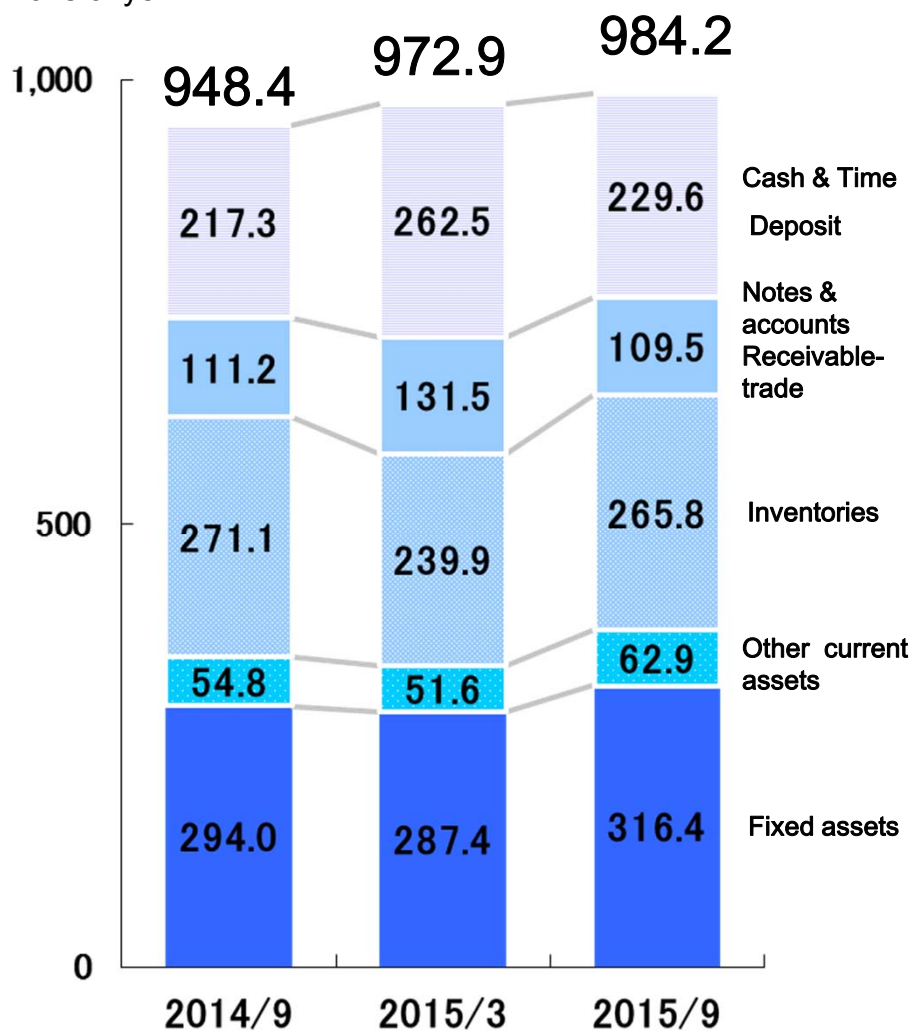


## Assets

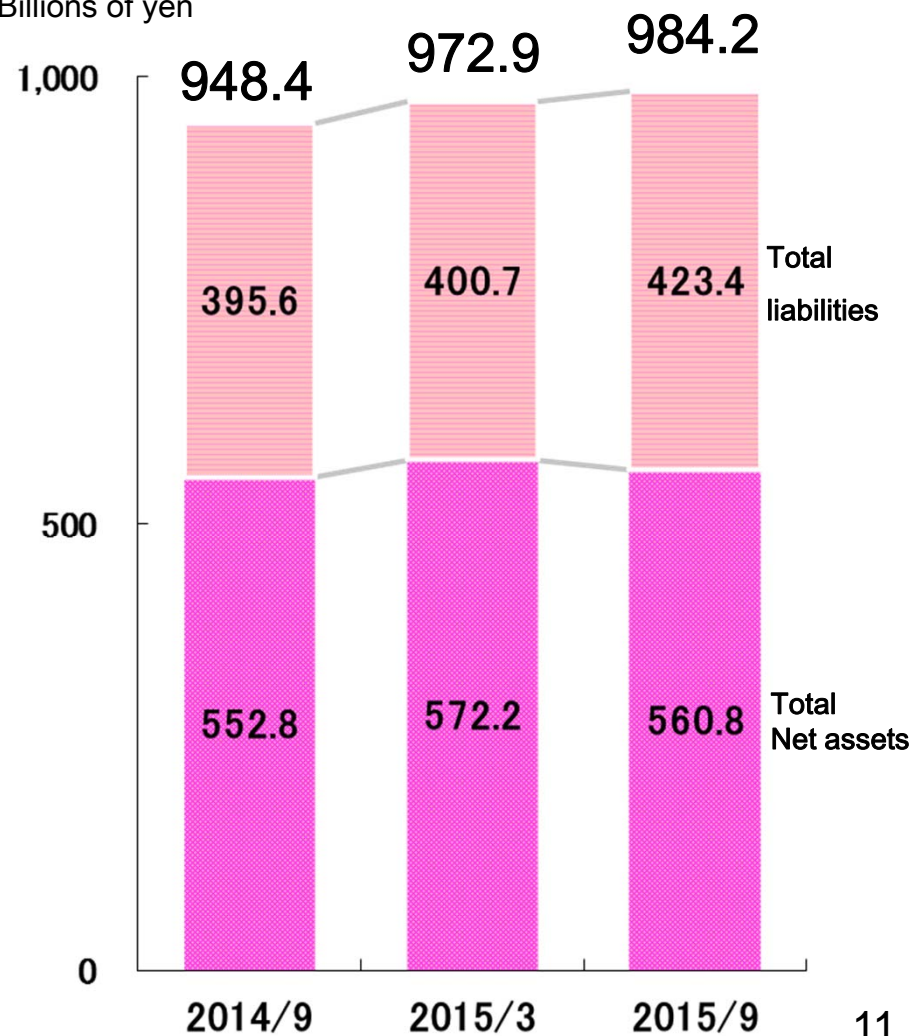
## Liabilities & Net assets

<b>Capital ratio</b>	<b>58.1%</b>	<b>58.6%</b>	<b>56.8%</b>
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Billions of yen



Billions of yen

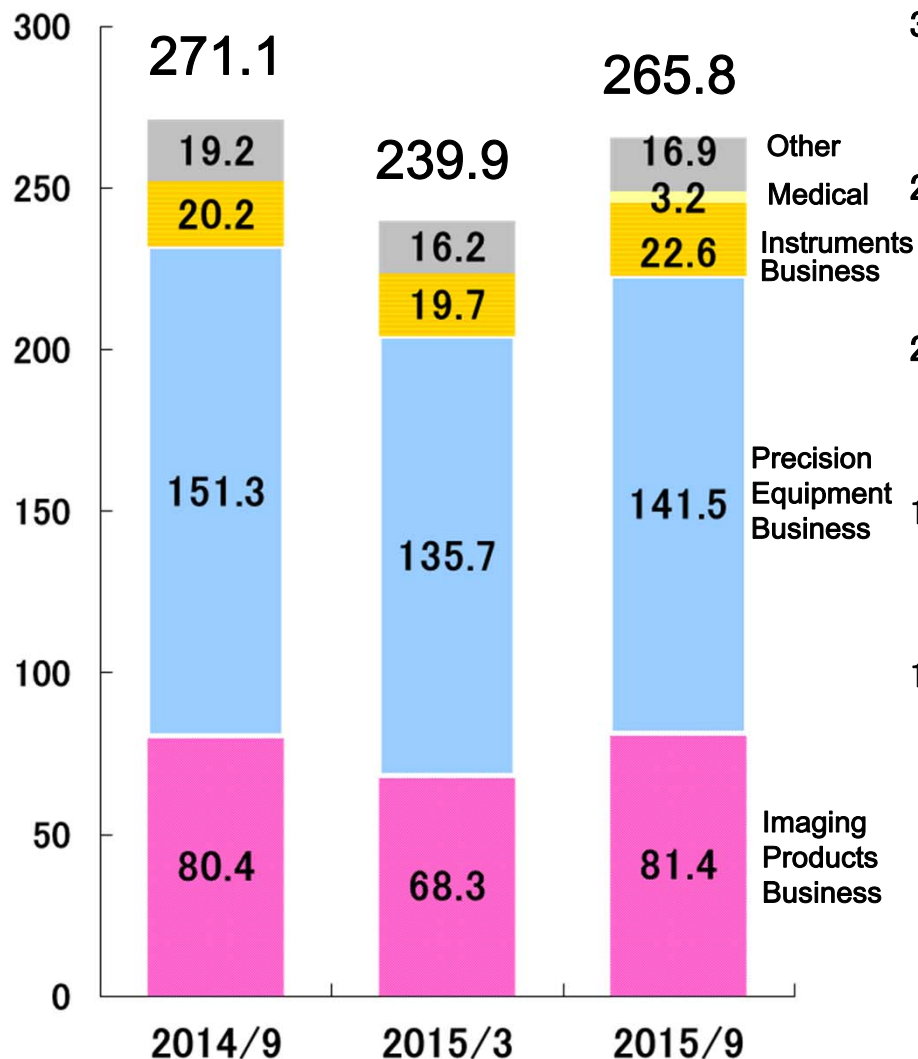


# Balance Sheet : 1st Half



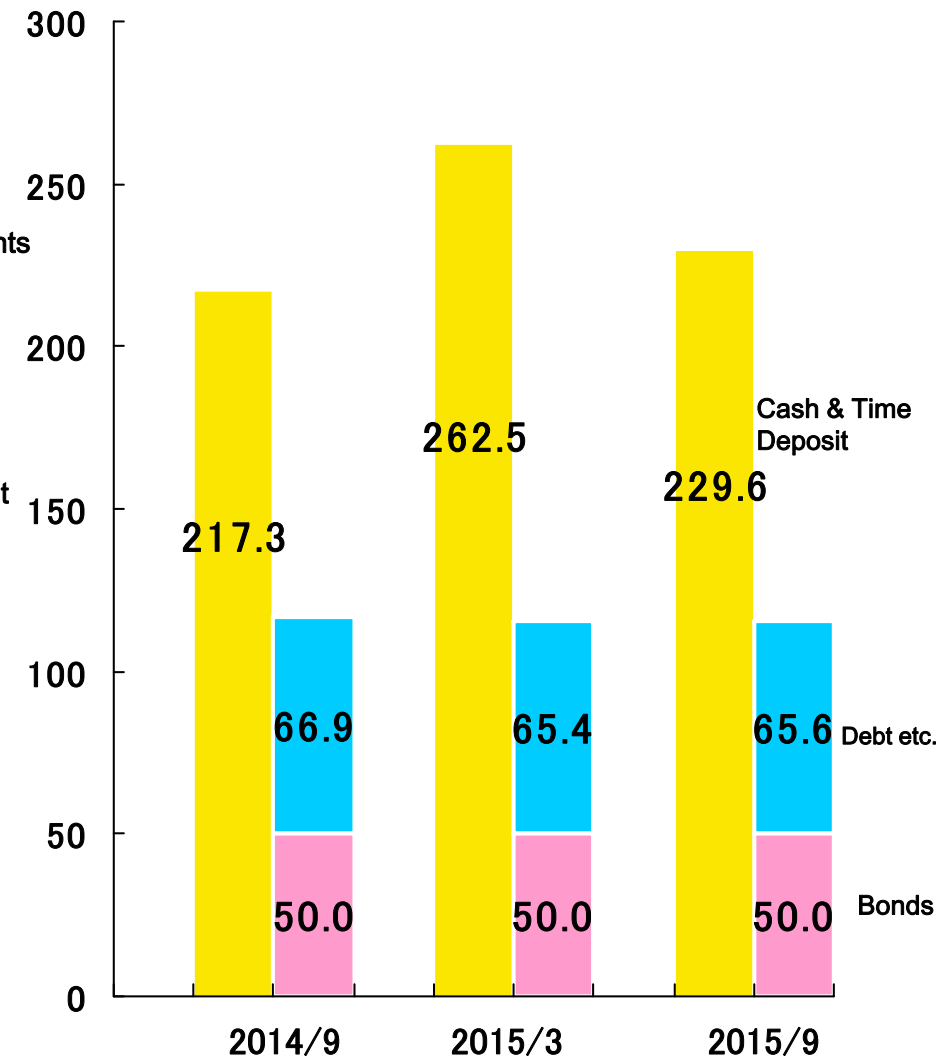
## Inventories

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.

# Agenda

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- II. Estimation for the Year Ending March 31, 2016**
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# Summary of Estimation for the Year Ending March 31, 2016



◆ **The full-year forecast for overall sales is revised downwardly by 15 billion yen due to revision of the estimated number of semiconductor lithography systems.**

**Forecast for overall operating income remains unchanged because operating income increase for Imaging products business made up for the decrease in that of Precision equipment business.**

**Ordinary income and net income forecasts are upgraded by 4 billion yen and 2 billion yen, respectively from the latest forecasts.**

## **- Precision Equipment Business**

**Sales and operating income forecasts are downgraded by 15 billion yen and 5 billion yen, respectively due to sales of new semiconductor lithography systems fell by 6 units.**

## **- Imaging Products Business**

**Based on the first half year result, the forecast for sales remains unchanged and operating income is upgraded by 5 billion yen.**

## **- Instruments Business**

**Based on the first half year result, operating income forecast is upgraded by 500 million yen.**

## **- Medical Business**

**The latest forecast is not changed both for sales and operating income.**

◆ **Planned annual cash dividend per share: 16 yen**

# Estimation for the Year Ending March 31, 2016



Billions of yen	15/3 Actual (A)	1H 2H	2016/3 Previous est. (B) (Aug. 6)	1H 2H	2016/3 New est.(C)	1H 2H	Change (C)-(A)	Change (C)-(B)	1H 2H
<b>Net Sales</b>	<b>857.7</b>	<u>374.9</u> 482.8	<b>870.0</b>	<u>384.0</u> 486.0	<b>855.0</b>	<u>392.6</u> 462.4	- 2.7	- 15.0	<u>+ 8.6</u> -23.6
<b>Operating Income</b> % vs. Net Sales	<b>43.4</b> 5.1%	<u>13.0</u> 30.4	<b>34.0</b> 3.9%	<u>8.0</u> 26.0	<b>34.0</b> 4.0%	<u>14.5</u> 19.5	- 9.4	± 0	<u>+ 6.5</u> - 6.5
<b>Ordinary Income</b> % vs. Net Sales	<b>46.3</b> 5.4%	<u>14.7</u> 31.6	<b>37.0</b> 4.3%	<u>10.0</u> 27.0	<b>41.0</b> 4.8%	<u>20.2</u> 20.8	- 5.3	+ 4.0	<u>+10.2</u> - 6.2
<b>Net Income attributable to owners of parent</b> % vs. Net Sales	<b>18.3</b> 2.1%	<u>10.0</u> 8.3	<b>20.0</b> 2.3%	<u>5.0</u> 15.0	<b>22.0</b> 2.6%	<u>11.2</u> 10.8	+ 3.7	+ 2.0	<u>+6.2</u> - 4.2
<b>FCF</b>	<b>46.3</b>		<b>- 6.0</b>		<b>6.0</b>		-40.3	+ 12.0	-
<b>Exchange Rate</b>	<b>110yen</b>	<u>103yen</u> 117yen	<b>117yen</b>	<u>118yen</u> 115yen	<b>118yen</b>	<u>122yen</u> 115yen	Impact on Net Sales : Approx. 15.0		
<b>US\$</b>	<b>139yen</b>	<u>139yen</u> 138yen	<b>131yen</b>	<u>132yen</u> 130yen	<b>133yen</b>	<u>135yen</u> 130yen	Impact on Op. Income : Approx. -3.2		
<b>EURO</b>									

Sales forecast is revised downwardly, while operating income forecast remains unchanged from the latest forecast. Forecasts for ordinary income and net income are revised upwardly.

# Estimation for Precision Equipment Business



Billions of yen	15/3 Actual	$\frac{1H}{2H}$	2016/3 Previous est. (Aug. 6)	$\frac{1H}{2H}$	2016/3 New est.	$\frac{1H}{2H}$
Net Sales	<b>170.7</b>	$\frac{54.9}{115.8}$	<b>210.0</b>	$\frac{70.0}{140.0}$	<b>195.0</b>	$\frac{78.9}{116.1}$
Operating Income % vs. Net Sales	<b>8.3</b> 4.9%	$\frac{-3.2}{11.5}$	<b>20.0</b> 9.5%	$\frac{0}{20.0}$	<b>15.0</b> 7.7%	$\frac{4.0}{11.0}$
Semiconductor Lithography Systems New / Refurbished	<b>19/13</b> units	$\frac{5/1}{14/12}$	<b>23/15</b> units	$\frac{3/9}{20/6}$	<b>17/18</b> units	$\frac{4/12}{13/6}$
FPD Lithography Systems	<b>34</b> units	$\frac{13}{21}$	<b>50</b> units	$\frac{19}{31}$	<b>50</b> units	$\frac{19}{31}$
Semiconductor Lithography Systems Market Scale CY14/15	<b>195</b> units		Approx. <b>200</b> units		Approx. <b>200</b> units	
FPD Lithography Systems Market Scale CY14/15	<b>54</b> units		Approx. <b>75</b> units		Approx. <b>75</b> units	

The full-year forecasts for sales and operating income were downwardly revised due to revision of the number of units sold for semiconductor lithography systems by sluggish capital expenditures in semiconductor industry.



# Estimation for Precision Equipment Business

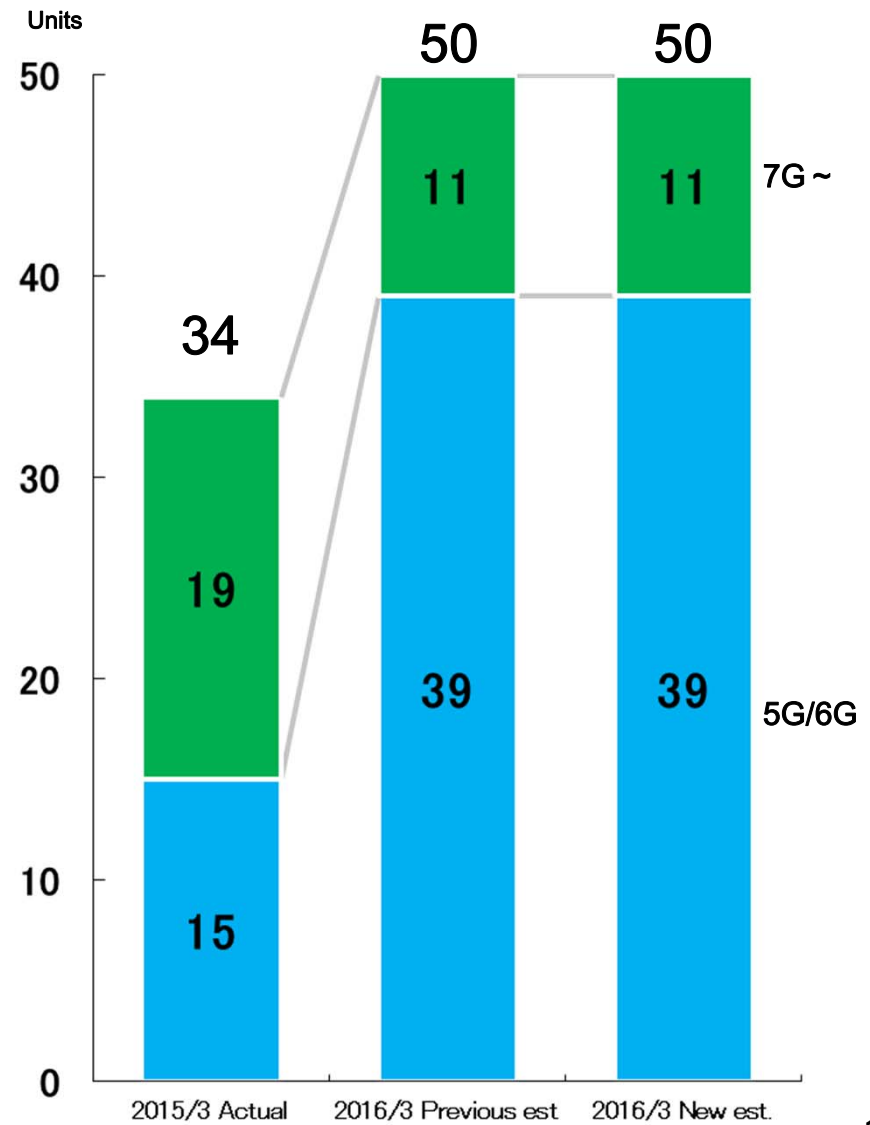


## Semiconductor Lithography Systems Sales by Technology

\*Including refurbished



## FPD Lithography Systems Sales by Generation



# Estimation for Imaging Products Business



Billions of yen Cameras & Lenses (1,000 of units sold)	2015/3 Actual	1H 2H	2016/3 Previous est. (Aug. 6)	1H 2H	2016/3 New est.	1H 2H
<b>Net Sales</b>	<b>586.0</b>	<u>277.4</u> 308.6	<b>535.0</b>	<u>265.0</u> 270.0	<b>535.0</b>	<u>263.6</u> 271.4
<b>Operating Income</b> % vs. Net Sales	<b>56.6</b> 9.7%	<u>27.5</u> 29.1	<b>42.0</b> 7.9%	<u>22.0</u> 20.0	<b>47.0</b> 8.8%	<u>24.2</u> 22.8
Digital camera – Interchangeable Lens Type	<b>4,610</b>	<u>2,180</u> 2,430	<b>4,250</b>	<u>2,050</u> 2,200	<b>4,200</b>	<u>2,000</u> 2,200
Interchangeable Lens	<b>6,680</b>	<u>3,090</u> 3,590	<b>6,100</b>	<u>2,950</u> 3,150	<b>6,000</b>	<u>2,820</u> 3,180
Compact DSC	<b>7,690</b>	<u>3,570</u> 4,120	<b>6,000</b>	<u>2,900</u> 3,100	<b>6,200</b>	<u>3,120</u> 3,080
D-CIL Market Scale	<b>13,570</b>		<b>12,400</b>		<b>12,400</b>	
IL Market Scale	<b>22,620</b>		<b>20,600</b>		<b>20,600</b>	
C-DSC Market Scale	<b>28,030</b>		<b>19,200</b>		<b>19,200</b>	

The full-year operating income forecast is revised upwardly by 5 billion yen due to earning recovery measures such as an improvement in product mix.

# Estimation for Instruments Business



Billions of yen	2015/3 Actual	<u>1H</u> 2H	2016/3 Previous est. (Aug. 6)	<u>1H</u> 2H	2016/3 New est.	<u>1H</u> 2H
Net Sales	<b>72.3</b>	<u>28.5</u> 43.8	<b>80.0</b>	<u>32.0</u> 48.0	<b>80.0</b>	<u>33.2</u> 46.8
Operating Income % vs. Net Sales	<b>1.1</b> 1.5%	<u>-2.1</u> 3.2	<b>2.0</b> 2.5%	<u>-1.5</u> 3.5	<b>2.5</b> 3.1%	<u>-0.5</u> 3.0

The full-year forecast for operating income is revised upwardly by 500 million yen due to the steady business performance in the first half year.

# Estimation for Medical Business



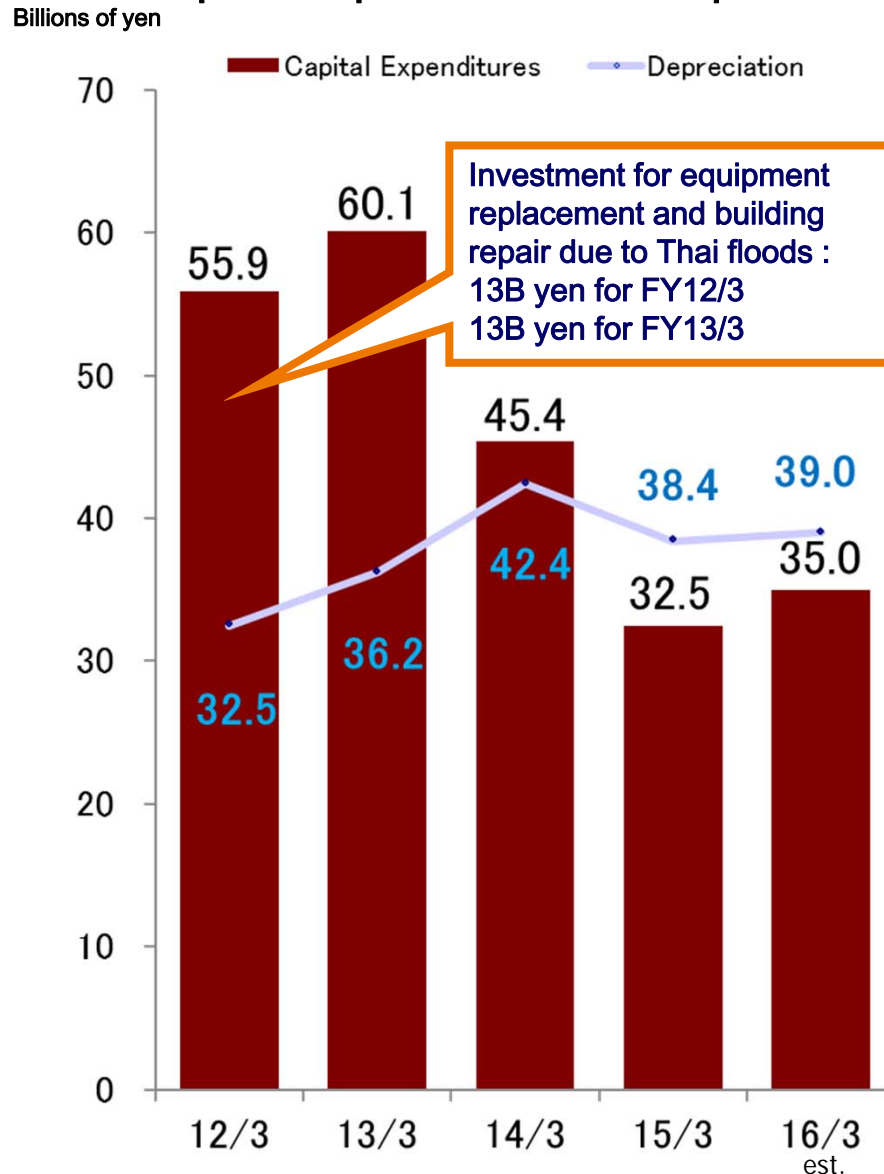
Billions of yen	2015/3 Actual	<u>1H</u> 2H	2016/3 Previous est. (Aug. 6)	<u>1H</u> 2H	2016/3 New est.	<u>1H</u> 2H
<b>Net Sales</b>	-	-	<b>15.0</b>	$\frac{5.0}{10.0}$	<b>15.0</b>	$\frac{5.3}{9.7}$
<b>Operating Income</b> % vs. Net Sales	- -%	-	<b>- 6.0</b> -%	$\frac{-3.0}{-3.0}$	<b>- 6.0</b> -%	$\frac{-2.5}{-3.5}$

The latest forecasts for sales and operating income remain unchanged.

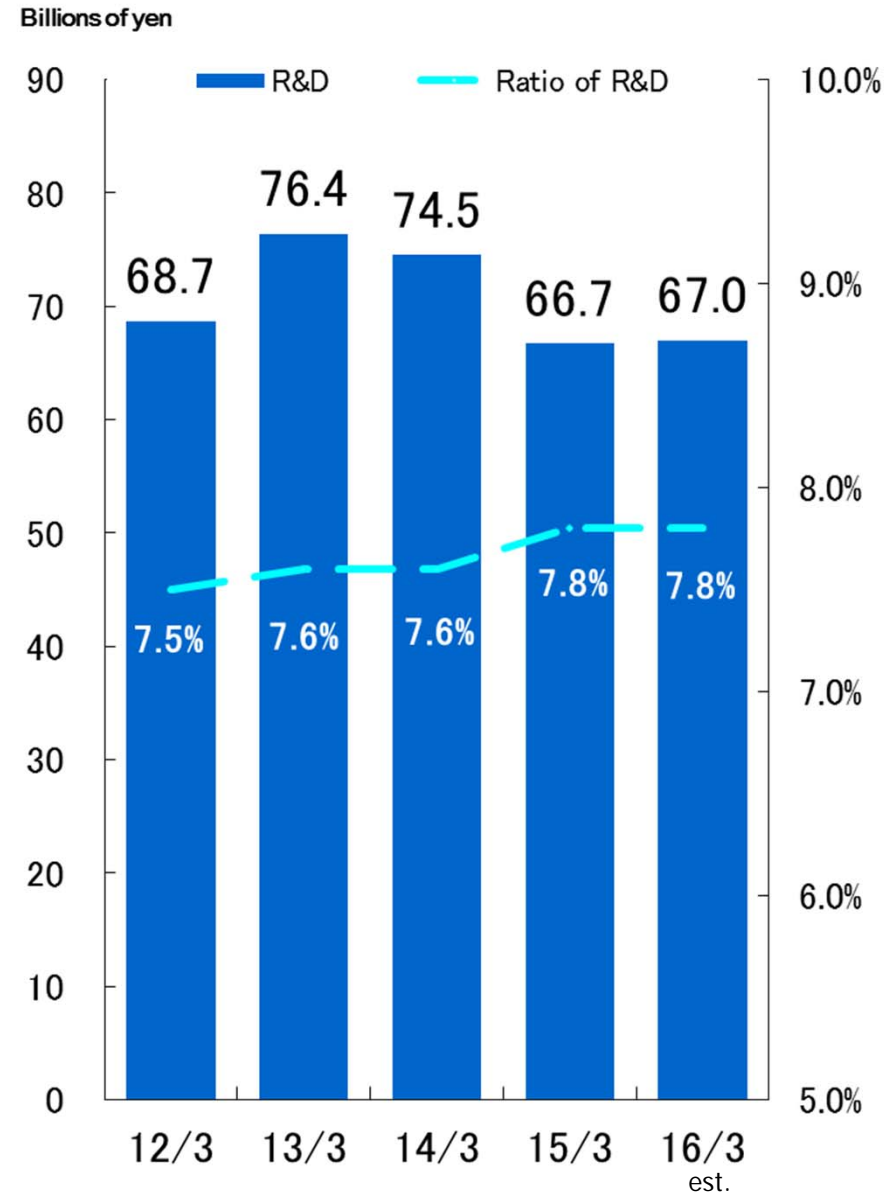
# Estimation for Capital Expenditures, Depreciation and R&D



## Capital Expenditures & Depreciation



## R&D



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

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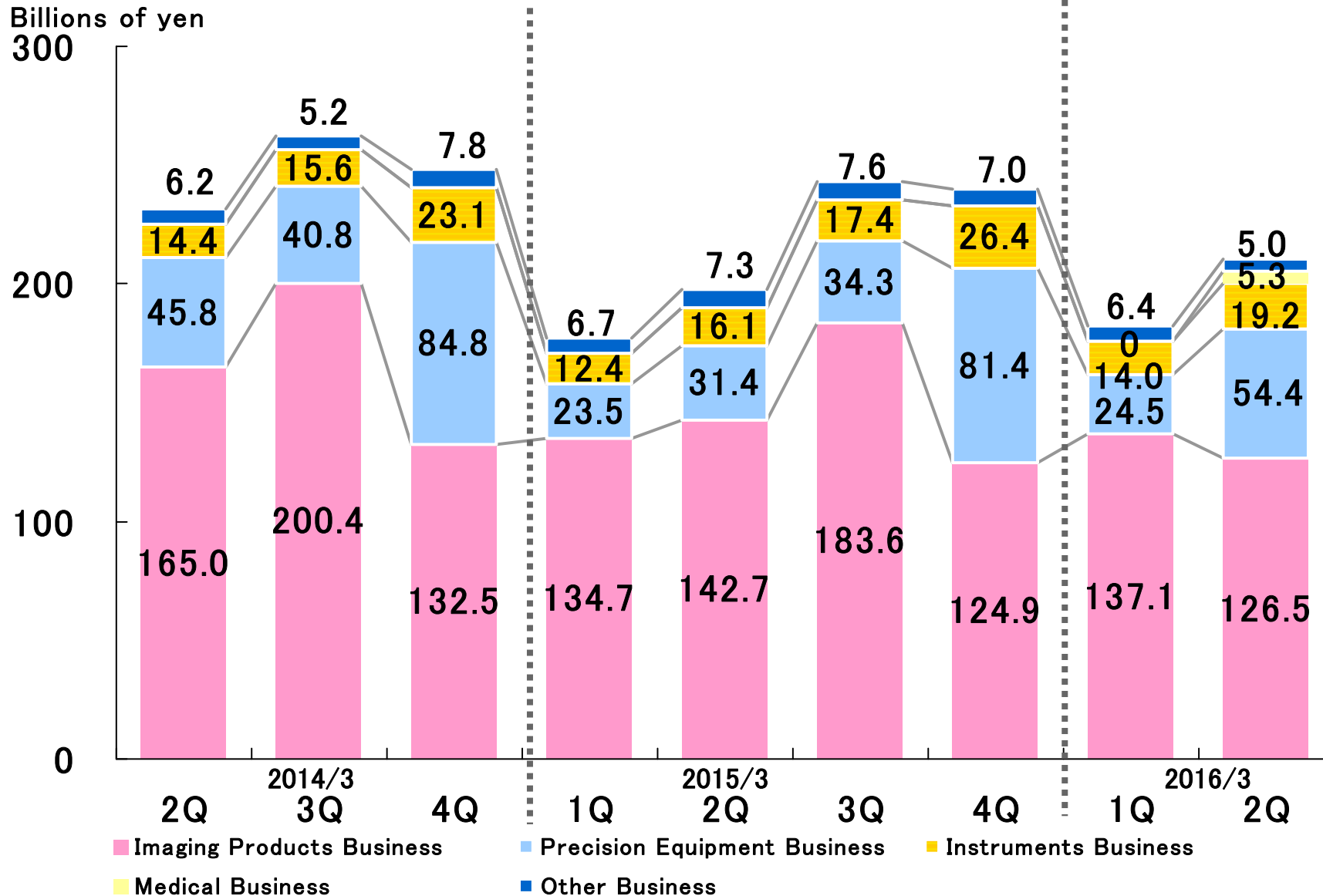
# Exchange Rate



2016/3  
Estimation

	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	16/3 Forecast for 2H	Net Sales 2H	Operating Income 2H
US \$	<b>115</b> yen	Approx. <b>1.8</b> billion yen	Approx. <b>0.1</b> billion yen
EURO	<b>130</b> yen	Approx. <b>0.6</b> billion yen	Approx. <b>0.3</b> billion yen

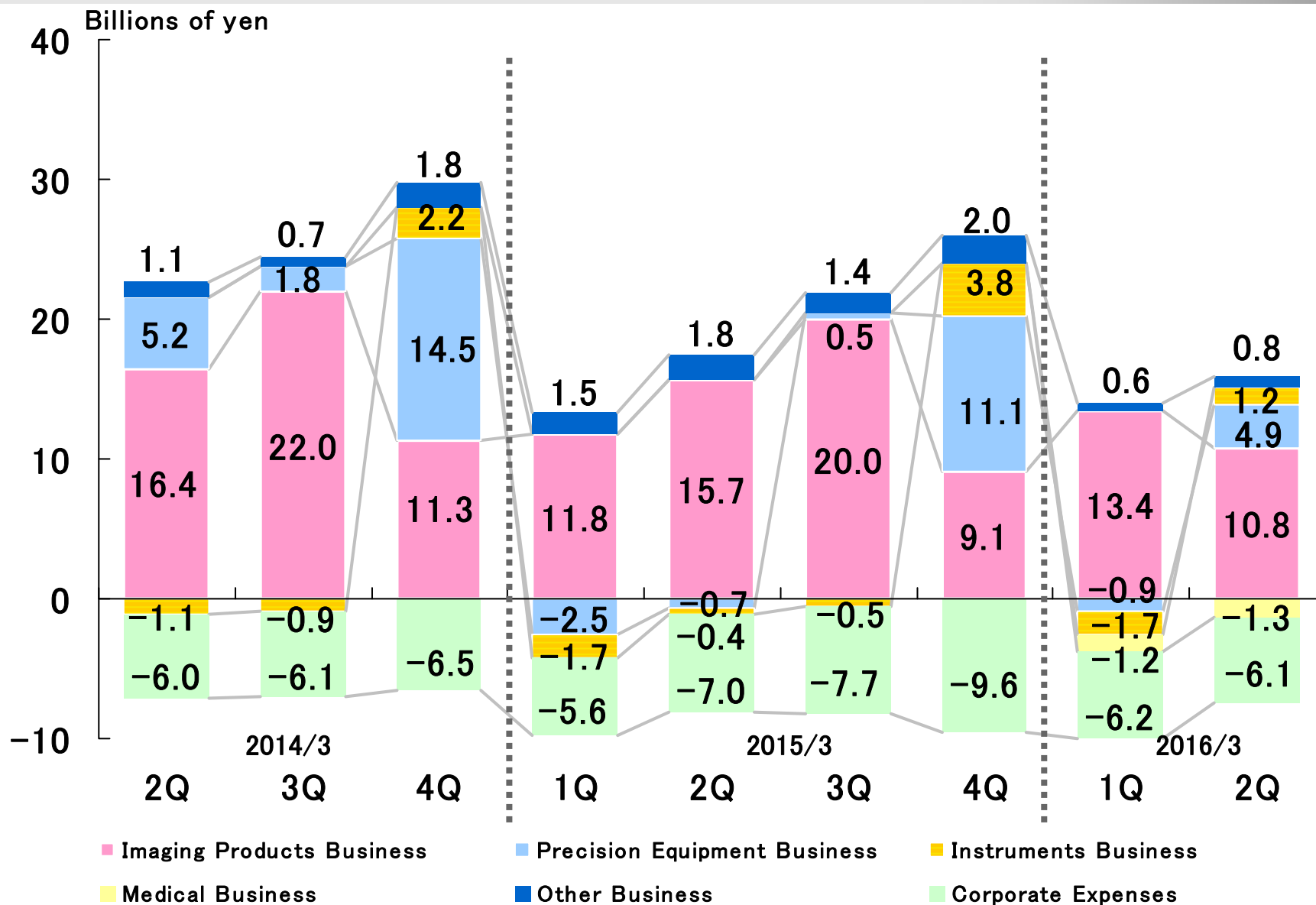
# Quarterly Net Sales by Segment



\* 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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**NIKON CORPORATION**