



# Financial Results for the First Quarter of the Year Ending March 31, 2020

August 6, 2019

NIKON CORPORATION

## **FY2020/3 Q1 Actual**

- Revenue and Operating profit dropped ¥24.0B and ¥9.7B, respectively, YoY due to sales volume reduction in entry/mid DSLR cameras and FPD lithography systems, etc.
- Q1 OP resulted in ¥9.3B, 51% down YoY, yet proceeding accordingly to the full-year forecast.
- Buy-back of 6,667,200 shares was conducted at approx. ¥10.0B from May 10 to June 20, 2019, which accounts for approx. 1.7% of the outstanding shares.

## **FY2020/3 Forecast**

- Revenue: 1H ¥290B, full-year ¥670B (unchanged from the previous forecast)
- Operating profit: 1H ¥15B, full-year ¥52B (unchanged from the previous forecast)
- Profit attributable to owners of the parent:  
1H ¥13B, full-year ¥42B (unchanged from the previous forecast)
- ROE : 7%
- Annual dividend: ¥60 (Interim: ¥30, expected payout ratio: 56.1%)

Note: Amounts in this statement are rounded down to the hundred millions of yen.

# 1st Quarter of the Year ending March 31, 2020: Financial Highlights



Billions of yen	FY2019/3 Q1 (A)	FY2020/3 Q1 (B)	Change (B)- (A)
<b>Revenue</b>	166.9	<b>142.9</b>	-24.0
<b>Operating Profit</b> % vs Revenue	19.0 11.4%	<b>9.3</b> 6.5%	-9.7
<b>Profit before income taxes</b> % vs Revenue	21.9 13.1%	<b>10.7</b> 7.5%	-11.2
<b>Profit attributable to owners of the parent</b> % vs Revenue	16.3 9.8%	<b>8.2</b> 5.7%	-8.1
<b>FCF</b>	27.6	<b>-0.7</b>	-28.3
Exchange Rate:			Impact on Revenue
US \$	¥ 109	<b>¥ 110</b>	-1.9
EURO	¥ 130	<b>¥ 124</b>	Impact on Operating Profit -0.9

FCF decreased YoY due to reduction of advances received and the changes of payment terms for the domestic partner companies, etc.

# 1st Quarter of the Year ending March 31, 2020: Financial Highlights by Segment



Billions of yen		FY2019/3 Q1 (A)	FY2020/3 Q1 (B)	Change (B)- (A)
<b>Imaging Products Business</b>	Revenue	79.1	<b>67.3</b>	-15%
	Operating Profit	12.4	<b>3.5</b>	- ¥ 8.9B
<b>Precision Equipment Business</b>	Revenue	59.0	<b>50.9</b>	-14%
	Operating Profit	14.1	<b>10.1</b>	- ¥ 4.0B
<b>Healthcare Business</b>	Revenue	13.3	<b>12.9</b>	-3%
	Operating Profit	-2.1	<b>-1.9</b>	¥ 0.2B
<b>Industrial Metrology and Others</b>	Revenue	15.4	<b>11.7</b>	-24%
	Operating Profit	1.1	<b>0.4</b>	- ¥ 0.7B
<b>Corporate Profit/ Loss non-attributable to any reportable segments</b>	Revenue	—	—	—
	Operating Profit	-6.5	<b>-2.9</b>	+ ¥ 3.6B
<b>Consolidated</b>	Revenue	166.9	<b>142.9</b>	-14%
	Operating Profit	19.0	<b>9.3</b>	- ¥ 9.7B

Corporate profit/ loss non-attributable to any reportable segments includes the gain from sales of unused land of ¥3.8B.

# 1st Quarter of the Year ending March 31, 2020: Imaging Products Business



Billions of yen	FY2019/3 Q1 (A)	FY2020/3 Q1 (B)	Change (B)- (A)
<b>Revenue</b>	<b>79.1</b>	<b>67.3</b>	<b>-11.8</b>
<b>Operating Profit</b>	<b>12.4</b>	<b>3.5</b>	<b>-8.9</b>
% vs Revenue	15.7%	5.2%	
<b>Digital Camera- Interchangeable Lens type</b> (Units sold: 1,000)	<b>570</b>	<b>450</b>	<b>-120</b>
<b>Interchangeable Lens</b> (Units sold: 1,000)	<b>890</b>	<b>740</b>	<b>-150</b>
<b>Compact DSC</b> (Units sold: 1,000)	<b>430</b>	<b>270</b>	<b>-160</b>

## Q1 YoY Change:

- The unit sales of the high-end full-frame camera increased mainly in Europe and US thanks to a growth in sales of ML camera. However, revenue dropped, impacted largely by the reduced sales of entry/mid DSLR cameras in Asia including China.
- In addition to the sales impact above, the initial development cost for new ML camera lenses suppressed the profit.

# 1st Quarter of the Year ending March 31, 2020: Precision Equipment Business



Billions of yen	FY2019/3 Q1 (A)	FY2020/3 Q1 (B)	Change (B)- (A)
<b>Revenue</b>	<b>59.0</b>	<b>50.9</b>	<b>-8.1</b>
<b>Operating Profit</b>	<b>14.1</b>	<b>10.1</b>	<b>-4.0</b>
% vs Revenue	23.9%	19.8%	
<b>FPD Lithography Systems (units)</b>	<b>19</b>	<b>9</b>	<b>-10</b>
<b>Semiconductor Lithography Systems New/Refurbished (units)</b>	<b>3/4</b>	<b>6/1</b>	<b>+3/-3</b>

## Q1 YoY Change:

- For FPD lithography business, revenue and profit decreased due to a substantial reduction of G8 sales as Chinese manufacturers' investment for TV panel had shifted from G8 to G10.5.
- For Semiconductor lithography business, both revenue and profit increased thanks to a growth in sales of new systems including ArF immersion systems.

# 1st Quarter of the Year ending March 31, 2020: Healthcare Business



Billions of yen	FY2019/3 Q1 (A)	FY2020/3 Q1 (B)	Change (B)- (A)
<b>Revenue</b>	<b>13.3</b>	<b>12.9</b>	<b>-0.4</b>
<b>Operating Profit</b>	<b>-2.1</b>	<b>-1.9</b>	<b>+0.2</b>
% vs Revenue	-15.8%	-14.7%	

## Q1 YoY change:

- Although sales of retinal diagnostic imaging system increased, overall revenue resulted in a slight decrease as sales of biological microscope declined in regions besides from US.
- Deficit was suppressed by improving the biological microscope cost and focusing investment themes on the long-term growth areas, etc.

# 1st Quarter of the Year ending March 31, 2020: Industrial Metrology and Others



Billions of yen	FY2019/3 Q1 (A)	FY2020/3 Q1 (B)	Change (B)- (A)
<b>Revenue</b>	<b>15.4</b>	<b>11.7</b>	<b>-3.7</b>
<b>Operating Profit</b>	<b>1.1</b>	<b>0.4</b>	<b>-0.7</b>
% vs Revenue	7.1%	3.4%	

## Q1 YoY change:

- Revenue was adversely affected by delayed investment of customers in both Industrial Metrology and other businesses. The impact of profit reduction was partially compensated by curbing expenses.



# Forecast for the Year ending March 31, 2020: Financial Highlights



Billions of yen	FY2019/3 Actual (A)	Previous Forecast (May 9) (B)	New Forecast (Aug. 6) (C)	Change (C)-(A)	Change (C)-(B)
<b>Revenue</b>	708.6	670.0	<b>670.0</b>	-38.6	±0.0
<b>Operating Profit</b>	82.6	52.0	<b>52.0</b>	-30.6	±0.0
% vs Revenue	11.7%	7.8%	<b>7.8%</b>		
<b>Profit before income taxes</b>	87.9	55.0	<b>55.0</b>	-32.9	±0.0
% vs Revenue	12.4%	8.2%	<b>8.2%</b>		
<b>Profit attributable to owners of the parent</b>	66.5	42.0	<b>42.0</b>	-24.5	±0.0
% vs Revenue	9.4%	6.3%	<b>6.3%</b>		
<b>EPS</b>	¥ 167.86	¥ 105.99	<b>¥ 106.89</b>	- ¥ 60.97	+ ¥ 0.90
<b>Annual Dividends</b>	¥ 60	¥ 60	<b>¥ 60</b>	±0	±0.0
<b>FCF</b>	43.5	40.0	<b>40.0</b>	-3.5	±0.0
<b>Exchange Rate:</b>				Impact on Revenue	
US \$	¥ 111	¥ 105	<b>¥ 106</b>	approx.-15.4	approx.+2.4
EURO	¥ 128	¥ 125	<b>¥ 125</b>	Impact on Operating Profit	
				approx.-3.3	approx.-0.1

Note: EPS (Basic Earnings per Share) = Profit attributable to owners of the parent / Average number of shares during the term  
 Only the new forecast is calculated by approx. 0.393B shares, an average over the number of shares at the end of FY2019/3, approx. 0.396B, and the expected number of shares at the end of FY2020/3.

# Forecast for the Year ending March 31, 2020: Financial Highlights by Segment



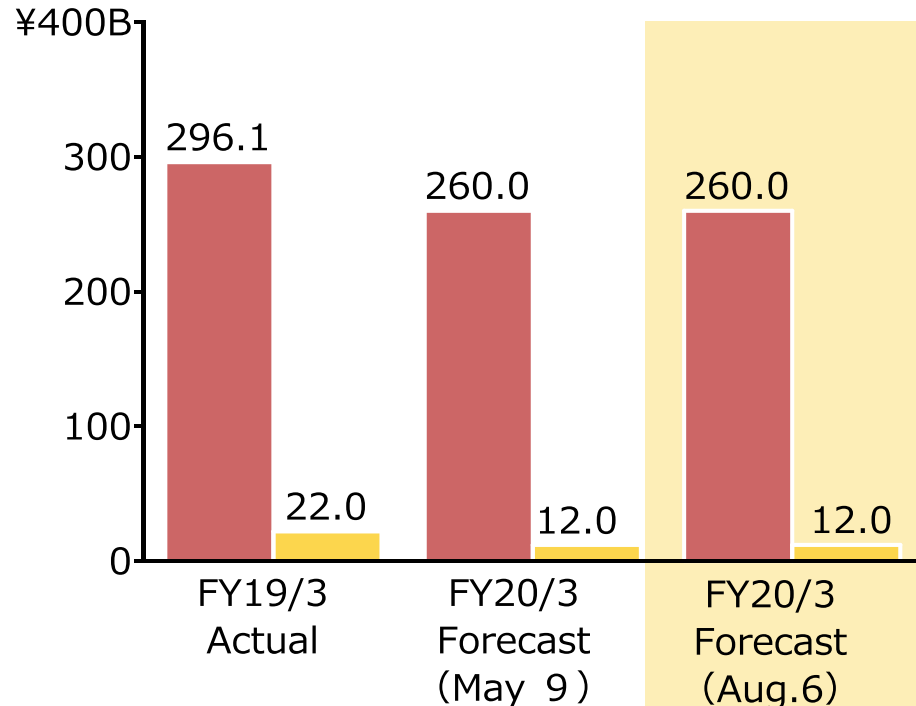
Billions of yen		FY2019/3 Actual (A)	Previous Forecast (May 9) (B)	New Forecast (Aug. 6) (C)	Change (C)-(A)	Change (C)-(B)
Imaging Products Business	Revenue	296.1	260.0	<b>260.0</b>	-12.2%	±0.0%
	Operating Profit	22.0 (22.6)	12.0	<b>12.0</b>	- ¥ 10.0B	± ¥ 0.0B
Precision Equipment Business	Revenue	274.5	270.0	<b>270.0</b>	-1.6%	±0.0%
	Operating Profit	81.7 (81.7)	56.0	<b>56.0</b>	- ¥ 25.7B	± ¥ 0.0B
Healthcare Business	Revenue	65.4	65.0	<b>65.0</b>	-0.6%	±0.0%
	Operating Profit	-1.9 (-1.9)	-1.0	<b>-1.0</b>	+ ¥ 0.9B	± ¥ 0.0B
Industrial Metrology and Others	Revenue	72.5	75.0	<b>75.0</b>	+3.4%	±0.0%
	Operating Profit	6.9 (7.5)	6.0	<b>6.0</b>	- ¥ 0.9B	± ¥ 0.0B
Corporate Profit/Loss non- attributable to any reportable segments	Revenue	—	—	—	—	—
	Operating Profit	-26.1 (-25.6)	-21.0	<b>-21.0</b>	+ ¥ 5.1B	± ¥ 0.0B
<b>Consolidated</b>	Revenue	708.6	670.0	<b>670.0</b>	-5.4%	±0.0%
	Operating Profit	82.6 (84.4)	52.0	<b>52.0</b>	- ¥ 30.6B	± ¥ 0.0B

Note: Figures in parentheses are the operating profit excluding the restructuring relevant expenses.

# Forecast for the Year ending March 31, 2020: Imaging Products Business



■ Revenue ■ Operating Profit



- **Revenue: Forecast unchanged, ¥36.1B down YoY**

- Camera market continues to shrink. Sales volume reduction is expected in each category.
- Although efforts will be continuously made to expand the sales of ML cameras and Z mount lenses, declining revenue of entry/mid DSLR and compact DSC is expected to suppress the overall revenue.

- **OP: Forecast unchanged, ¥10.0B down YoY**

- Investment for ML lineup expansion increases compared to the previous year.
- Thorough cost-effective measures are implemented to reduce SG&A, etc. to recover a part of profit reduction.

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

Market Scale	10,040	8,500	8,500
Nikon	2,060	1,600	1,600

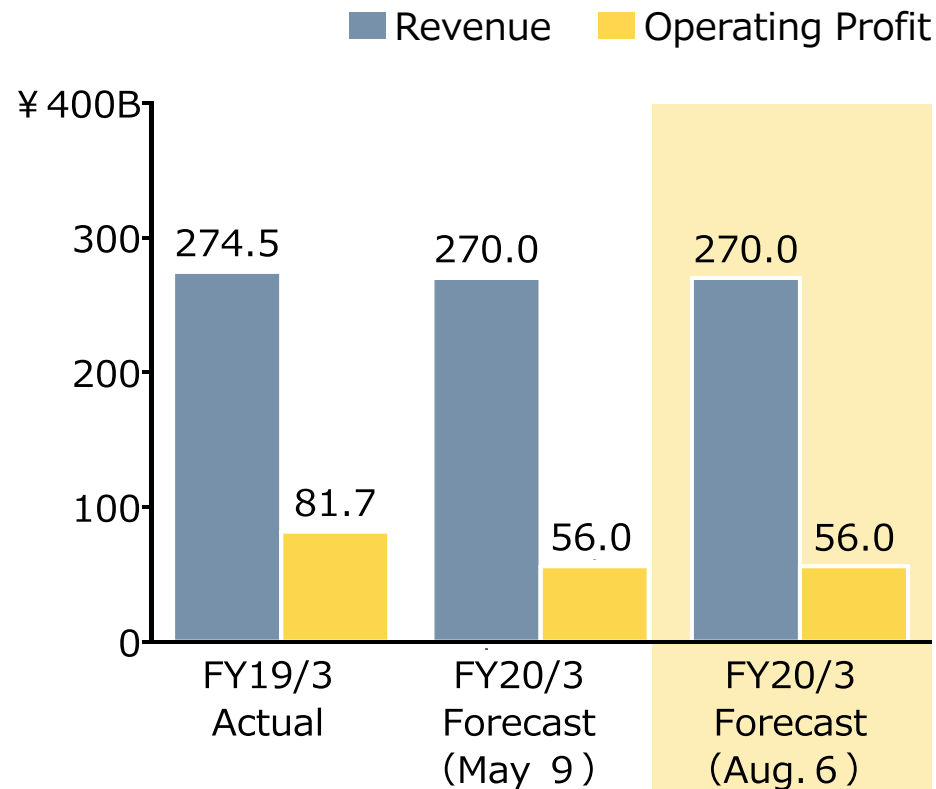
### Interchangeable Lenses (units:1,000)

Market Scale	16,960	14,500	14,500
Nikon	3,170	2,600	2,600

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

Market Scale	8,220	6,000	6,000
Nikon	1,600	1,000	1,000

# Forecast for the Year ending March 31, 2020: Precision Equipment Business



- **Revenue: Forecast unchanged, ¥4.5B down YoY**

- FPD: Sales of high-priced G10.5 are expected to grow, yet revenue decreases substantially due to G6/G8 unit sales reduction.
- Semiconductor: Main customer's CAPEX continues to be steady. Revenue is lifted by new system sales increase.

- **OP: Forecast unchanged, ¥25.7B down YoY**

- OP for FY2019/3 is approx. ¥66.7B excluding the temporary profit from litigation settlement.
- Profit reduction of FPD is partially recovered by Semiconductor profit hike.

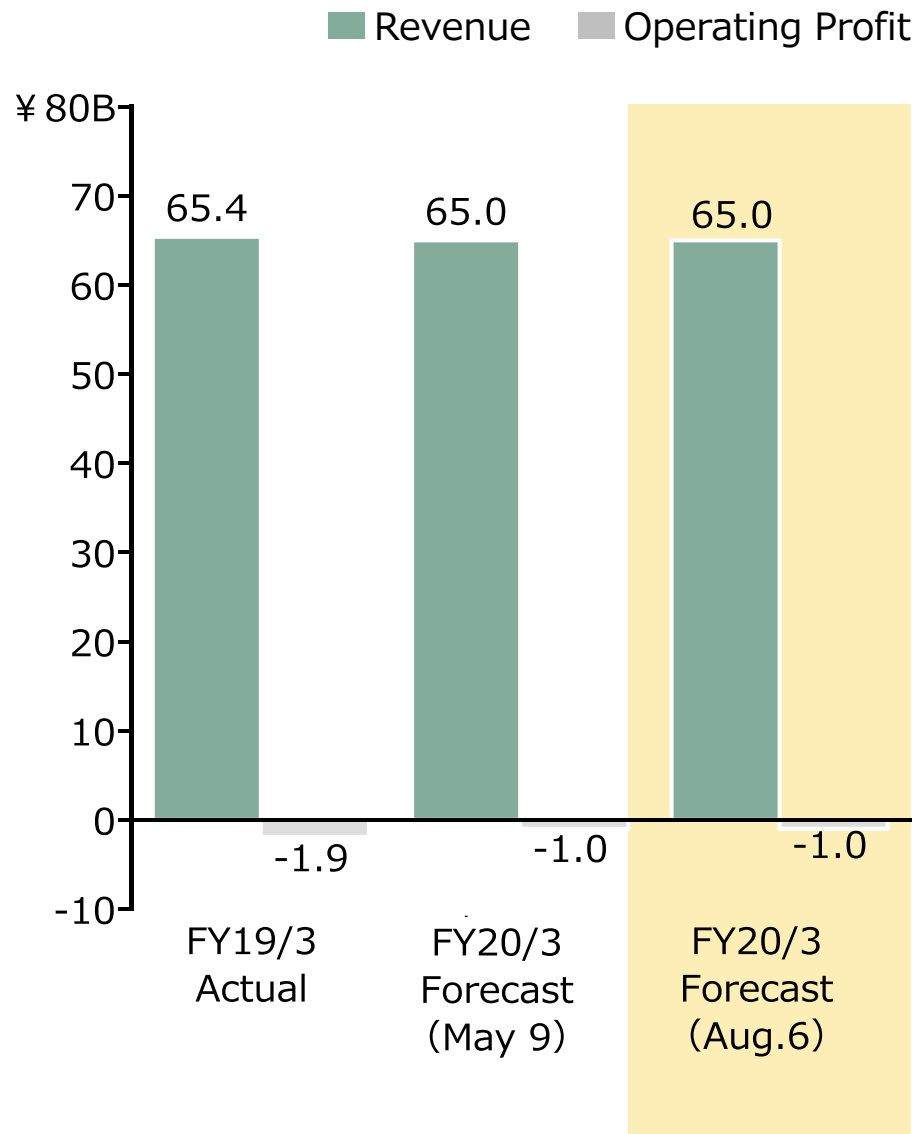
## FPD Lithography Systems (units)

Market Scale (CY18/19)	142	100	100
Nikon	70	37	37

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

Market Scale (CY18/19)	300	250	250
Nikon	21/20	31/14	31/14

# Forecast for the Year ending March 31, 2020: Healthcare Business



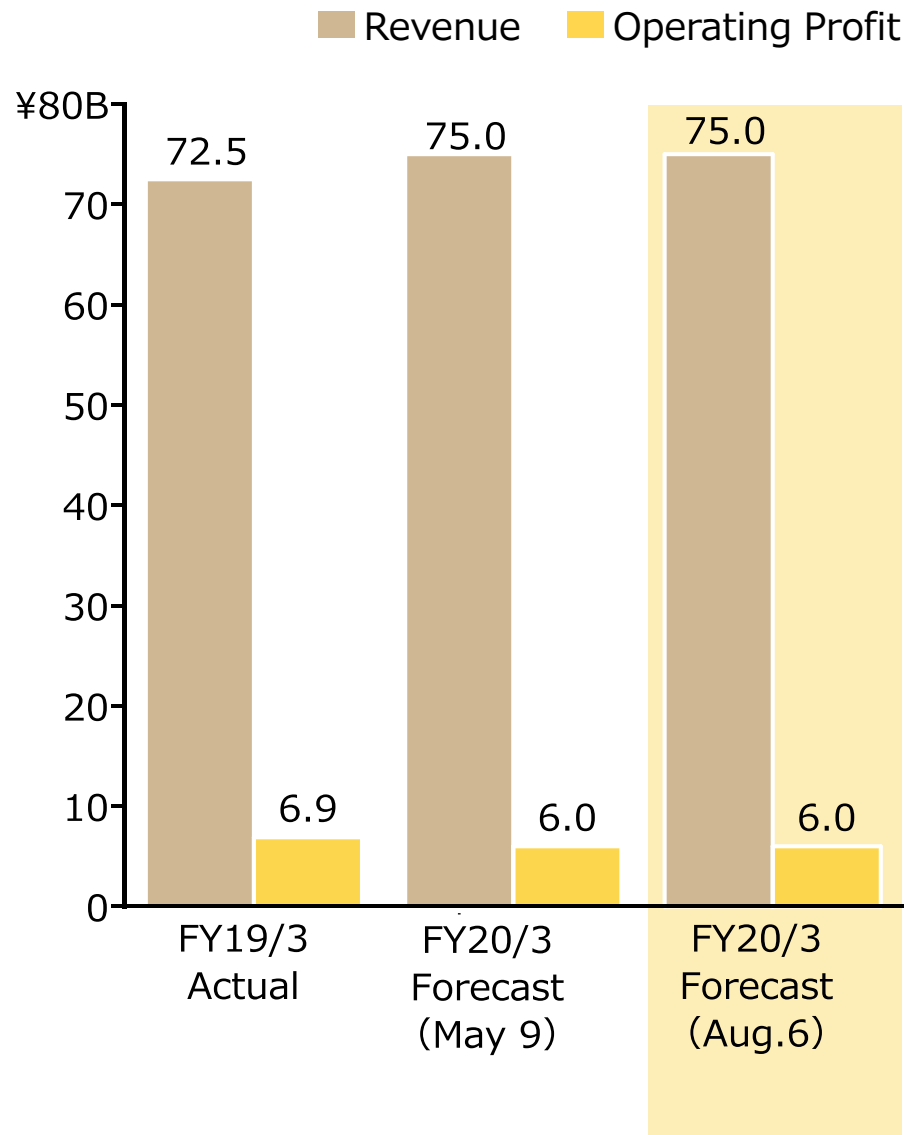
- **Revenue: Forecast unchanged, ¥0.4B down YoY**

- Both biological microscopes and retinal diagnostic imaging systems are performing steadily, yet the flat revenue is expected due to the negative forex impact.

- **OP: Forecast unchanged, ¥0.9B up YoY**

- More focused investment is conducted in the regenerative medicine and ophthalmological diagnosis fields to halve the deficit, aiming to generate profit in the next FY.

# Forecast for the Year ending March 31, 2020: Industrial Metrology Business and Others



- **Revenue: Forecast unchanged, ¥2.5B up YoY**

- Industrial metrology: Revenue growth is expected by expanding the market share of X-ray inspection systems and non-contact 3D metrology systems.

- **OP: Forecast unchanged, ¥0.9B down YoY**

- Industrial metrology: Profitability is steadily improving through restructuring.
- Profit in the whole segment decreases as investment continues for future growth in precision component & modules business, etc.

# Disclaimer Regarding Forecast and Projections



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.





# Reference Data

# Forecast for the Year ending March 31, 2020: Financial Highlights (Half Year/Full Year)



Billions of yen	FY2017/3	FY2018/3	FY2019/3			FY2020/3 Forecast		
	Full Year	Full Year	H1	H2	Full Year	H1	H2	Full Year
<b>Revenue</b>	749.2	717.0	335.7	372.9	708.6	<b>290.0</b>	<b>380.0</b>	<b>670.0</b>
<b>Operating Profit</b>	0.7	56.2	30.6	52.0	82.6	<b>15.0</b>	<b>37.0</b>	<b>52.0</b>
% vs Revenue	0.1%	7.8%	9.1%	13.9%	11.7%	<b>5.2%</b>	<b>9.7%</b>	<b>7.8%</b>
<b>Profit before income taxes</b>	3.0	56.2	33.8	54.1	87.9	<b>17.0</b>	<b>38.0</b>	<b>55.0</b>
% vs Revenue	0.4%	7.8%	10.1%	14.5%	12.4%	<b>5.9%</b>	<b>10.0%</b>	<b>8.2%</b>
<b>Profit attributable to owners of the parent</b>	3.9	34.7	22.8	43.7	66.5	<b>13.0</b>	<b>29.0</b>	<b>42.0</b>
% vs Revenue	0.5%	4.8%	6.8%	11.7%	9.4%	<b>4.5%</b>	<b>7.6%</b>	<b>6.3%</b>
<b>ROE</b>	0.7%	6.3%	11.2%			7%		
<b>FCF</b>	56.6	90.2	43.5			40.0		
<b>Exchange Rate:</b>								
US \$	¥ 108	¥ 111	¥ 110	¥ 112	¥ 111	¥ 106		
EURO	¥ 119	¥ 130	¥ 130	¥ 127	¥ 128	¥ 125		

Note: From FY2019/3, a part of sales promotion expenses is deducted from revenue, which had been booked as SG&A previously. FY2019/3 Revenue is an amount after deducting ¥8.3B.

# Forecast for the Year ending March 31, 2020: Financial Highlights by Segment (Half Year/Full Year)



Billions of yen		FY2017/3	FY2018/3	FY2019/3			Forecast for FY2020/3		
		Full Year	Full Year	H1	H2	Full Year	H1	H2	Full Year
Imaging Products Business	Revenue	383.0	360.7	150.9	145.2	296.1	<b>120.0</b>	<b>140.0</b>	<b>260.0</b>
	Operating Profit	17.1 (28.1)	30.2 (36.0)	13.2 (13.6)	8.8 (9.0)	22.0 (22.6)	<b>3.0</b>	<b>9.0</b>	<b>12.0</b>
Precision Equipment Business	Revenue	248.0	226.3	121.6	152.9	274.5	<b>110.0</b>	<b>160.0</b>	<b>270.0</b>
	Operating Profit	13.4 (48.1)	53.3 (53.3)	29.8 (29.8)	51.9 (51.9)	81.7 (81.7)	<b>23.0</b>	<b>33.0</b>	<b>56.0</b>
Healthcare Business	Revenue	55.7	56.8	29.4	36.0	65.4	<b>30.0</b>	<b>35.0</b>	<b>65.0</b>
	Operating Profit	-0.6 (-0.1)	-3.2 (-3.2)	-2.3 (-2.3)	0.4 (0.4)	-1.9 (-1.9)	<b>-3.0</b>	<b>2.0</b>	<b>-1.0</b>
Industrial Metrology and Others	Revenue	62.4	73.2	33.7	38.8	72.5	<b>30.0</b>	<b>45.0</b>	<b>75.0</b>
	Operating Profit	3.7 (5.5)	5.0 (7.8)	2.7 (3.5)	4.2 (4.0)	6.9 (7.5)	<b>1.0</b>	<b>5.0</b>	<b>6.0</b>
Corporate Profit/Loss non-attributable to any reportable segments	Revenue	—	—	—	—	—	<b>—</b>	<b>—</b>	<b>—</b>
	Operating Profit	-32.8 (-27.5)	-29.1 (-29.1)	-12.8 (-12.8)	-13.3 (-12.8)	-26.1 (-25.6)	<b>-9.0</b>	<b>-12.0</b>	<b>-21.0</b>
Consolidated	Revenue	749.2	717.0	335.7	372.9	708.6	<b>290.0</b>	<b>380.0</b>	<b>670.0</b>
	Operating Profit	0.7 (54.1)	56.2 (64.9)	30.6 (31.8)	52.0 (52.6)	82.6 (84.4)	<b>15.0</b>	<b>37.0</b>	<b>52.0</b>

Note: From FY2019/3, a part of sales promotion expenses is deducted from revenue, which had been booked as SG&A previously. FY2019/3 Revenue is an amount after deducting ¥8.3B. Figures in parentheses are the operating profit excluding the restructuring relevant expenses.

# 1st Quarter of the Year ending March 31, 2020: Financial Highlights by Segment



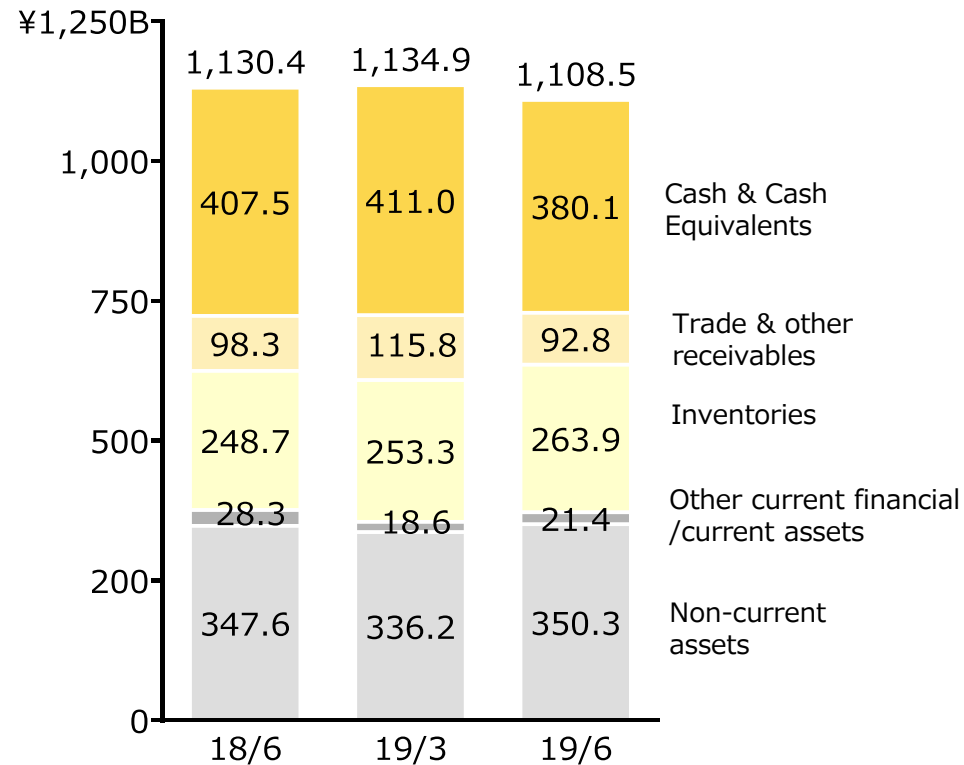
Billions of yen		FY 2019/3				FY2020/3
		Q1	Q2	Q3	Q4	Q1
<b>Imaging Products Business</b>	Revenue	79.1	71.8	90.5	54.7	<b>67.3</b>
	Operating Profit	12.4 (12.4)	0.8 (1.2)	8.6 (8.6)	0.2 (0.4)	<b>3.5</b>
<b>Precision Equipment Business</b>	Revenue	59.0	62.6	64.7	88.2	<b>50.9</b>
	Operating Profit	14.1 (14.1)	15.7 (15.7)	17.4 (17.4)	34.5 (34.5)	<b>10.1</b>
<b>Healthcare Business</b>	Revenue	13.3	16.1	16.3	19.7	<b>12.9</b>
	Operating Profit	-2.1 (-2.1)	-0.2 (-0.2)	-0.2 (-0.2)	0.6 (0.6)	<b>-1.9</b>
<b>Industrial Metrology and Others</b>	Revenue	15.4	18.3	19.0	19.8	<b>11.7</b>
	Operating Profit	1.1 (1.1)	1.6 (2.4)	2.1 (2.1)	2.1 (1.9)	<b>0.4</b>
<b>Corporate Profit/Loss non-attributable to any reportable segments</b>	Revenue	—	—	—	—	<b>—</b>
	Operating Profit	-6.5 (-6.5)	-6.3 (-6.3)	-6.0 (-6.0)	-7.3 (-6.8)	<b>-2.9</b>
<b>Consolidated</b>	Revenue	166.9	168.8	190.5	182.4	<b>142.9</b>
	Operating Profit	19.0 (19.0)	11.6 (12.8)	21.9 (22.0)	30.1 (30.6)	<b>9.3</b>

Note: Figures in parentheses are the operating profit excluding the restructuring relevant expenses.

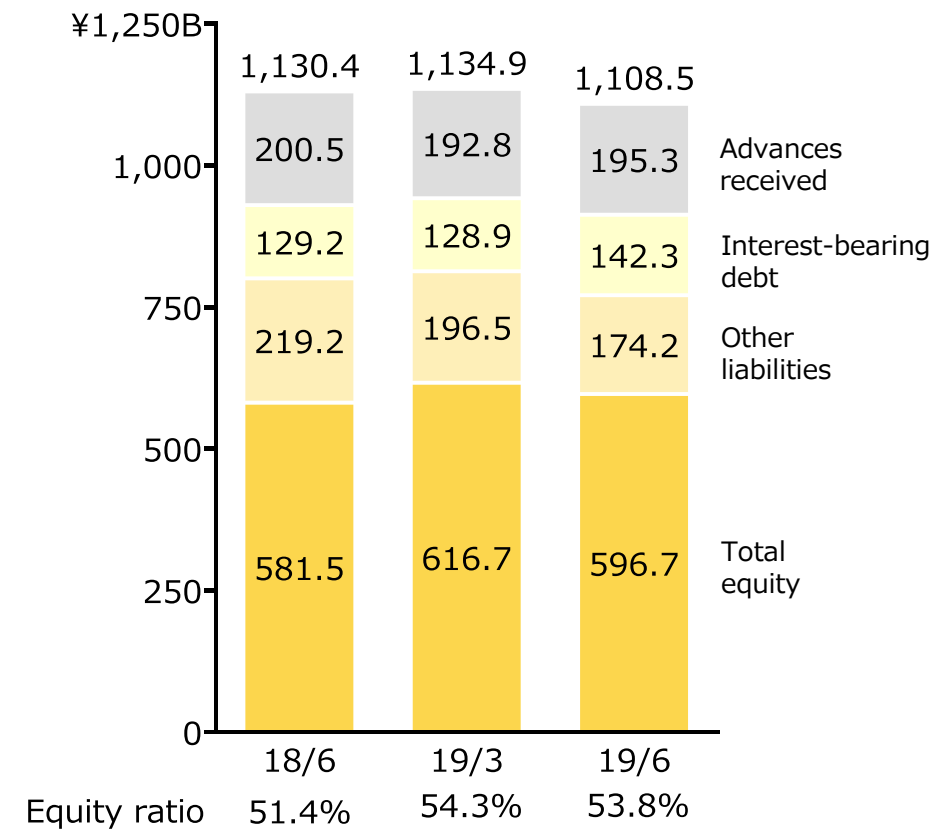
# 1st Quarter of the Year ending March 31, 2020: Financial Position Breakdown



## ASSETS



## LIABILITIES/ EQUITY



Note: A breakdown of the interest-bearing debt as of the end of June 2019, is bond of ¥29.9B and other borrowings of ¥112.4B.

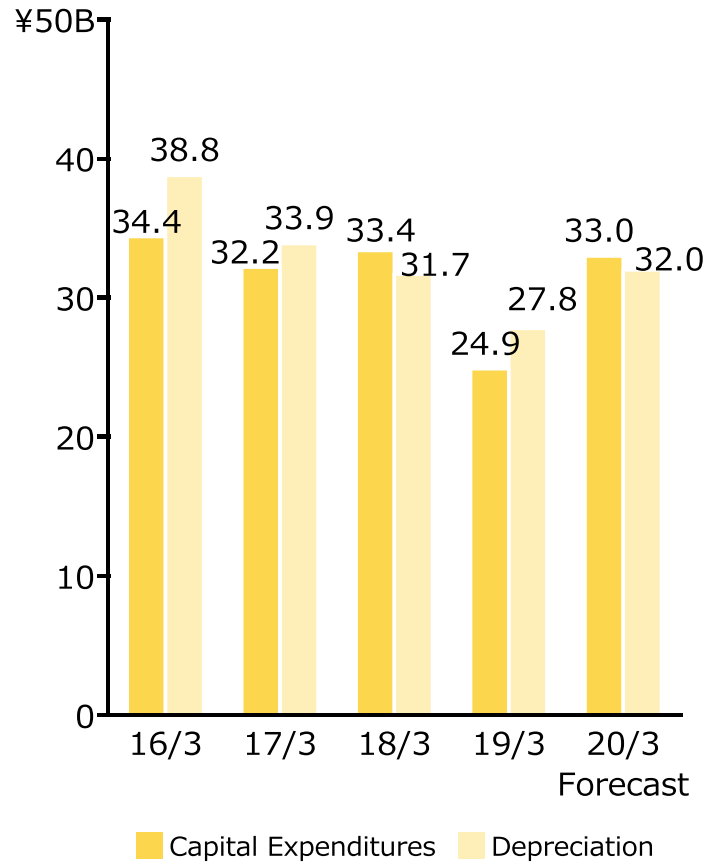
Equity ratio is a ratio of equity attributable to owners of the parent to total assets.

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

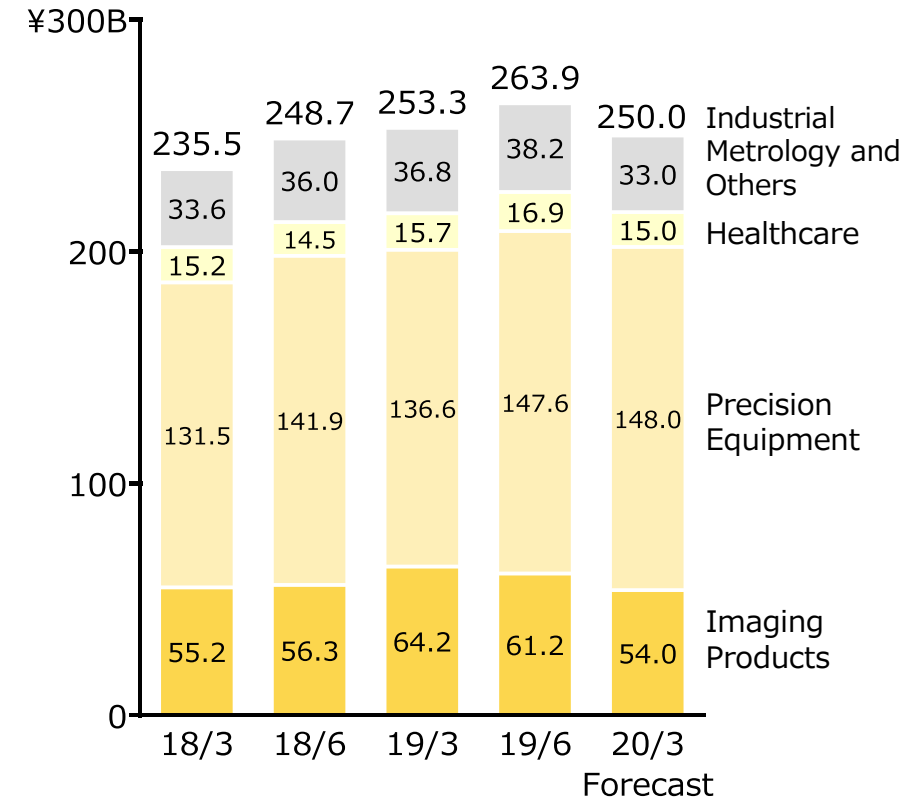
# Forecast for the Year ending March 31, 2020: Capital Expenditures, Depreciation and Inventory



## CAPITAL EXPENDITURES, DEPRECIATION



## INVENTORY BREAKDOWN



Note: In FY2020/3, "CAPITAL EXPENDITURES" includes the leased asset of approx. ¥3.0B upon the adoption of IFRS16.

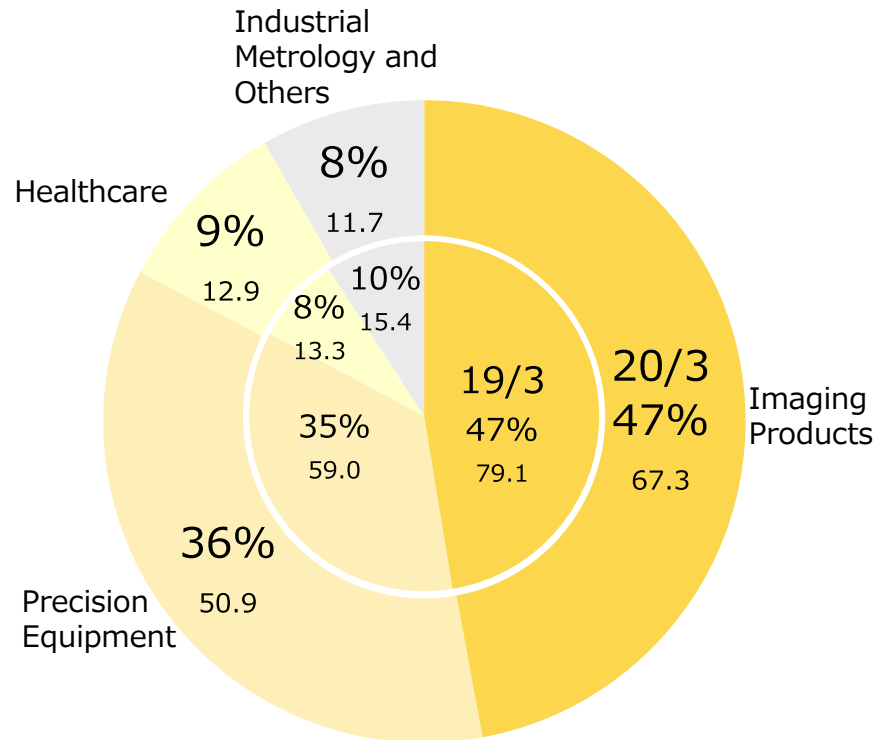
"DEPRECIATION" includes the amortization of capitalized R&D costs from the FY2018/3 and depreciation of the leased asset of approx. ¥4.0B in FY2020/3, as mentioned above.

# FY2020/3 Q1: Revenue Breakdown



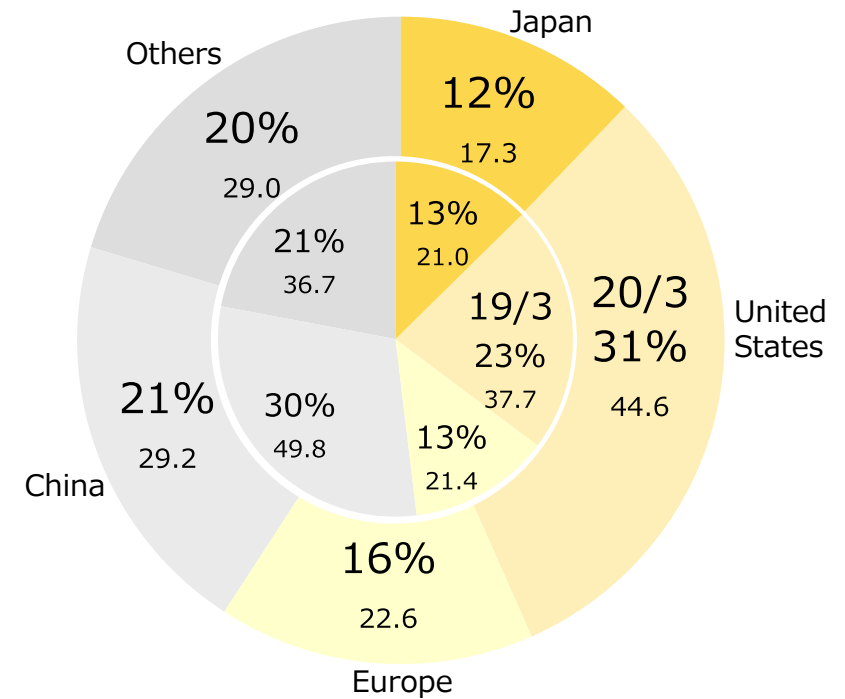
## BY SEGMENT

Billions of yen



## BY REGION

Billions of yen

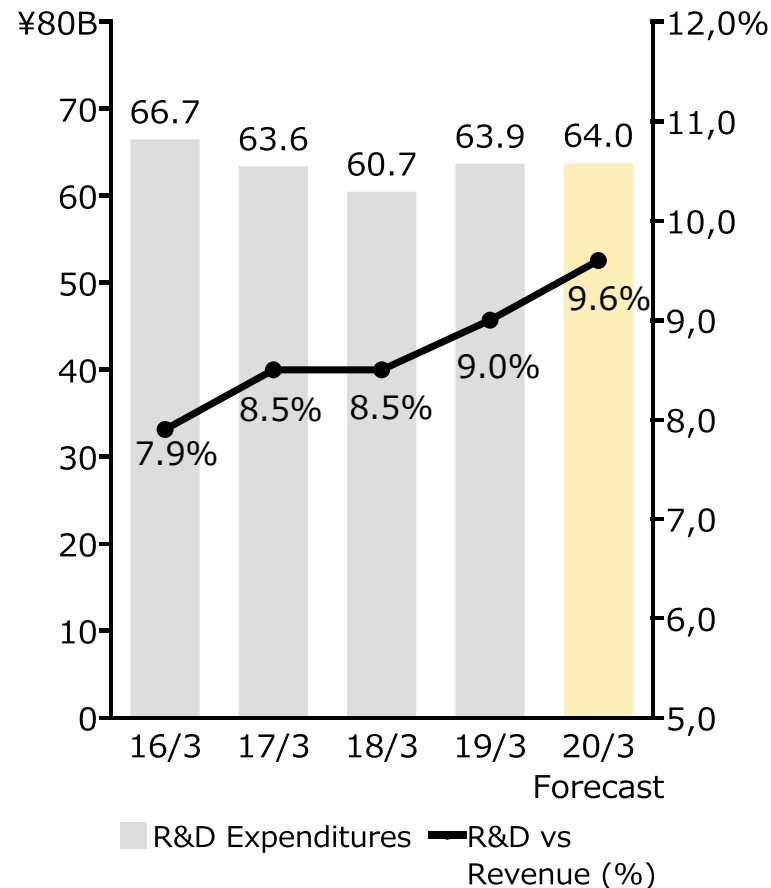


Note: The outside and inside circles show the breakdown of FY2020/3 Q1 revenue of ¥142.9B and FY2019/3 1Q revenue of ¥166.9B, respectively.

# Forecast for the Year ending March 31, 2020: R&D Expenditures

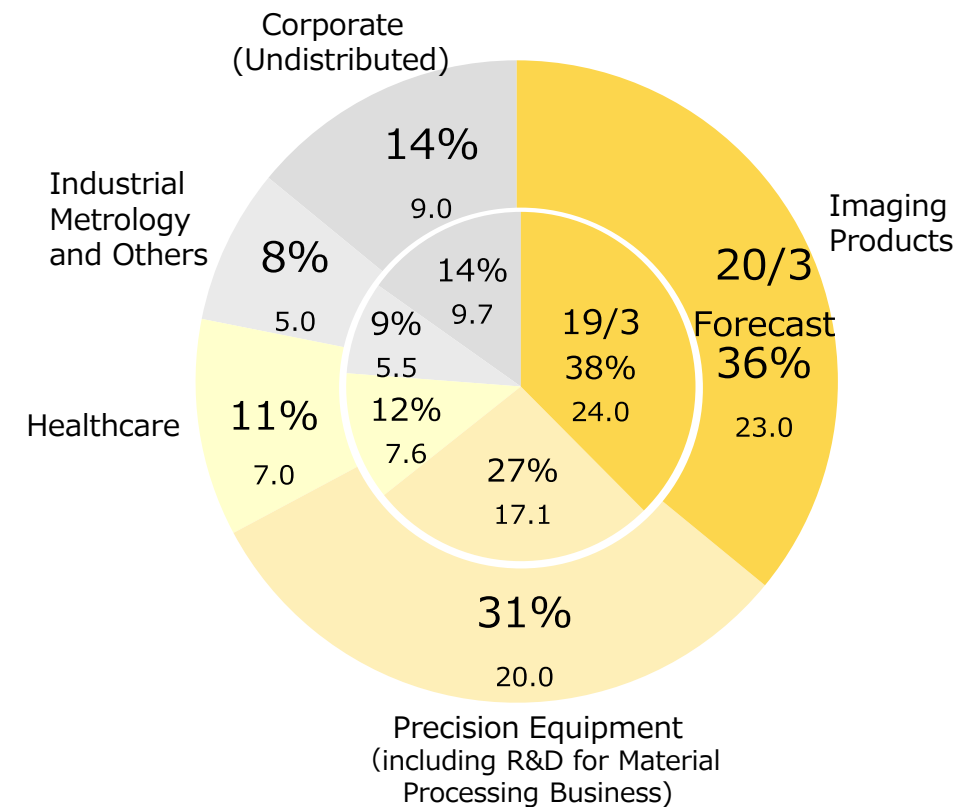


## R&D EXPENDITURES



## R&D EXPENDITURES BREAKDOWN

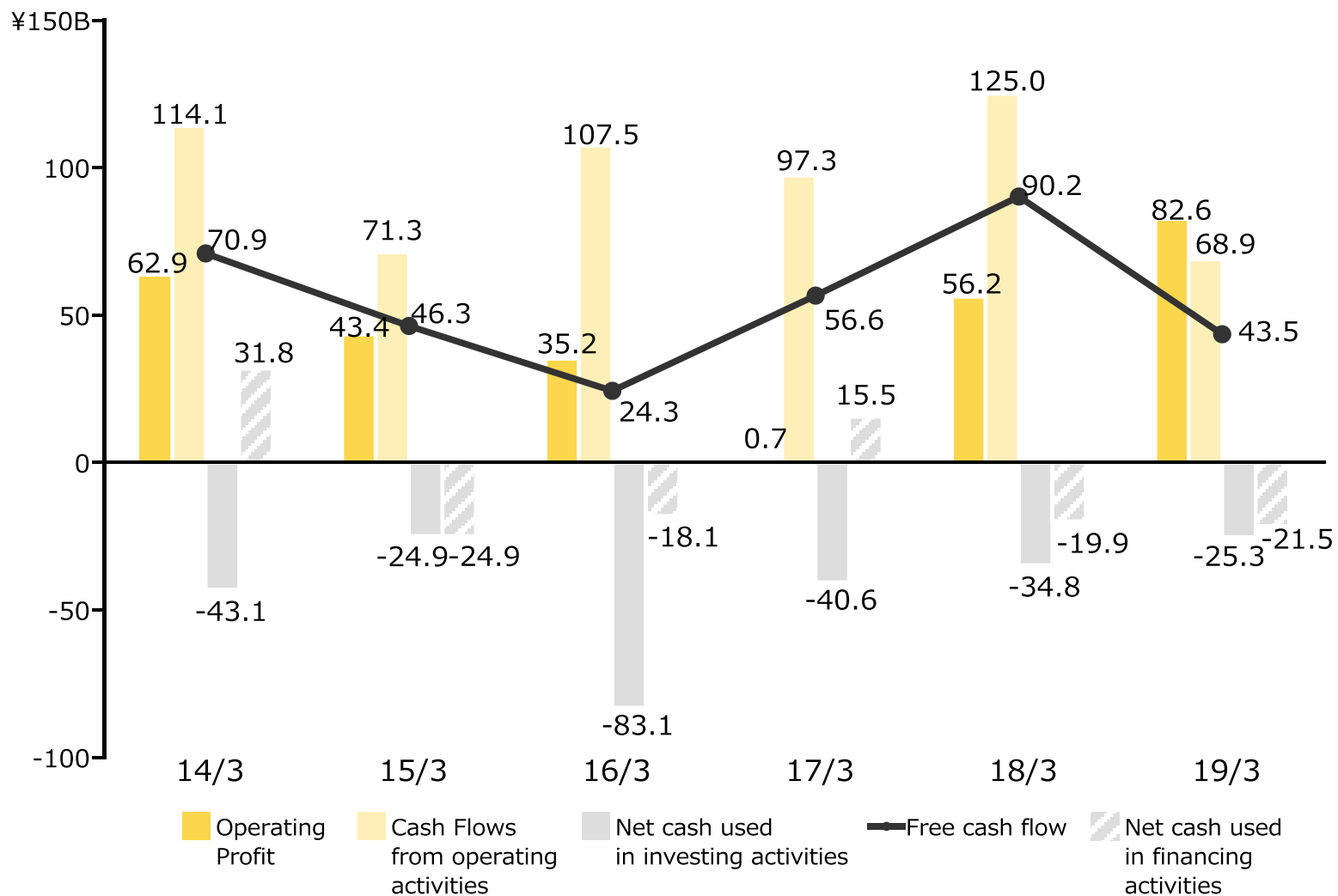
Billions of yen



Note: R&D expenditures from FY2018/3 include capitalization of some development expenditures.

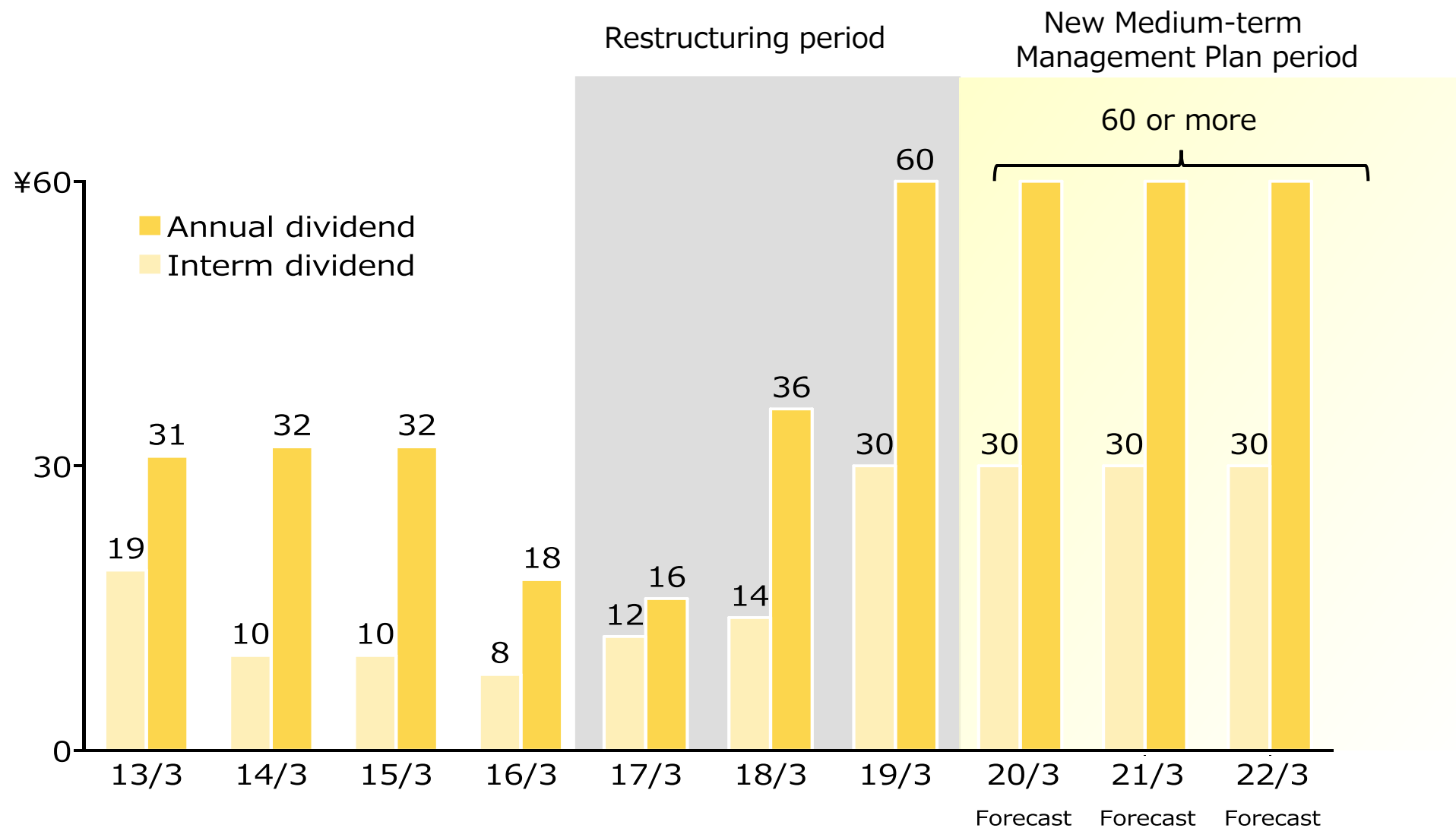


# Cash Flow History



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

# Shareholder Return History and Forecast

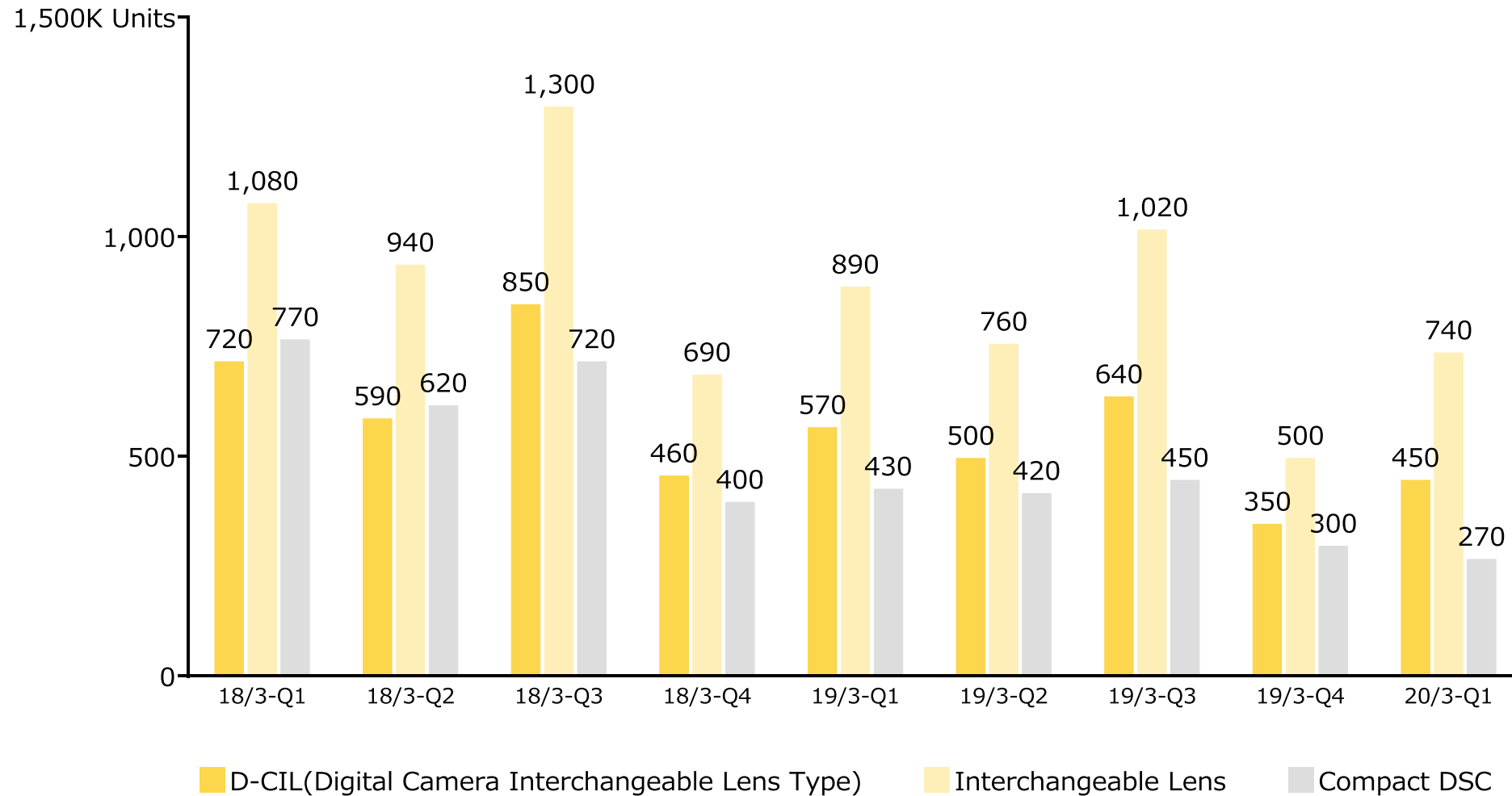


Note: Buy-back of shares at approx. ¥10.0B was conducted in FY 2020/3 1Q.

# 1st Quarter of the Year ending March 31, 2020: Imaging Products Business



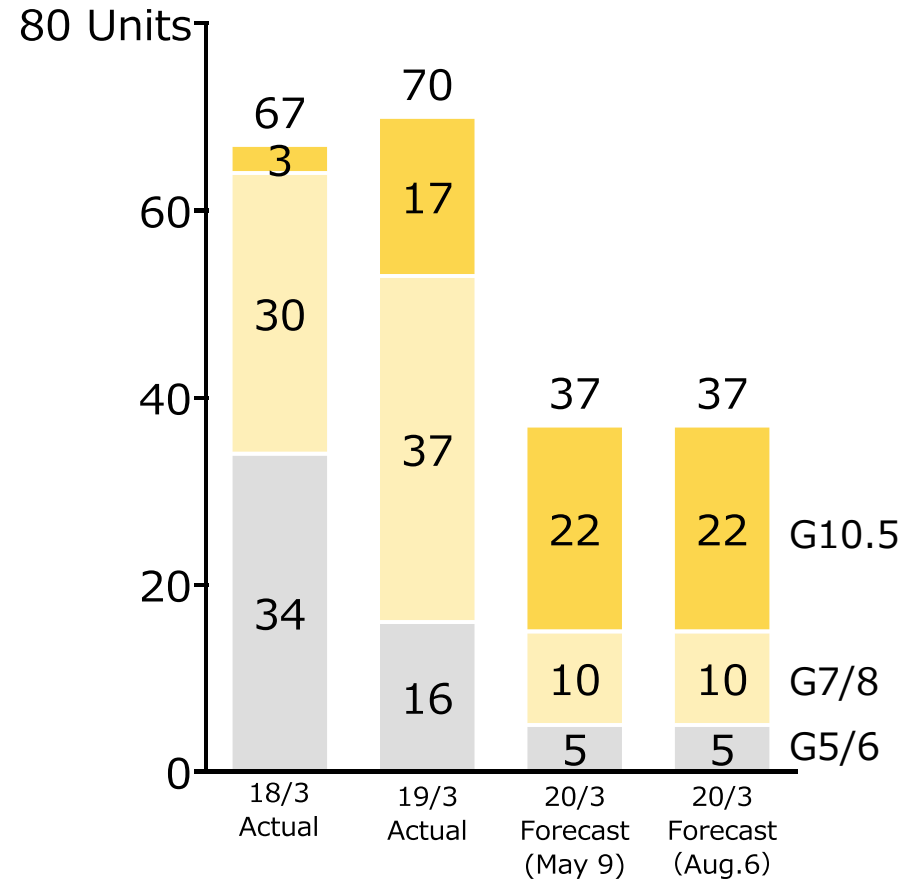
## SALES IN UNITS BY PRODUCT CATEGORY



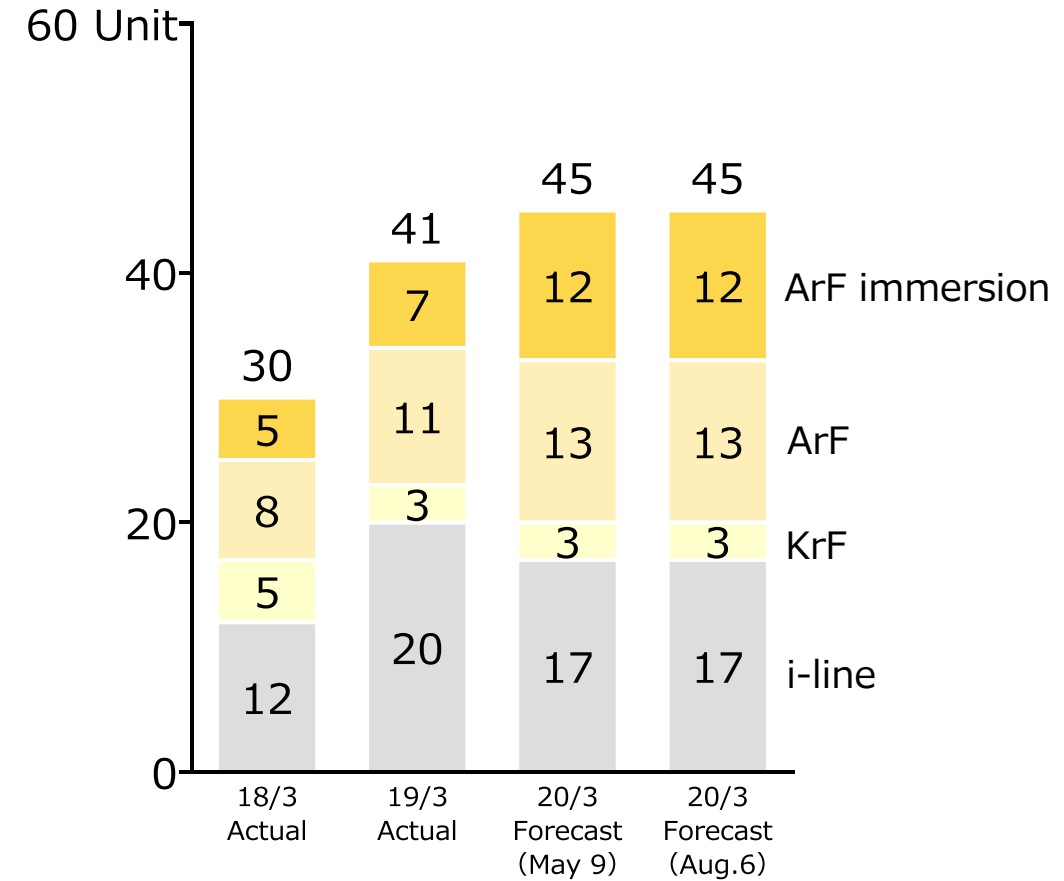
# Forecast for the Year ending March 31, 2020: Precision Equipment Business



## FPD LITHOGRAPHY SYSTEMS SALES BY GENERATION



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

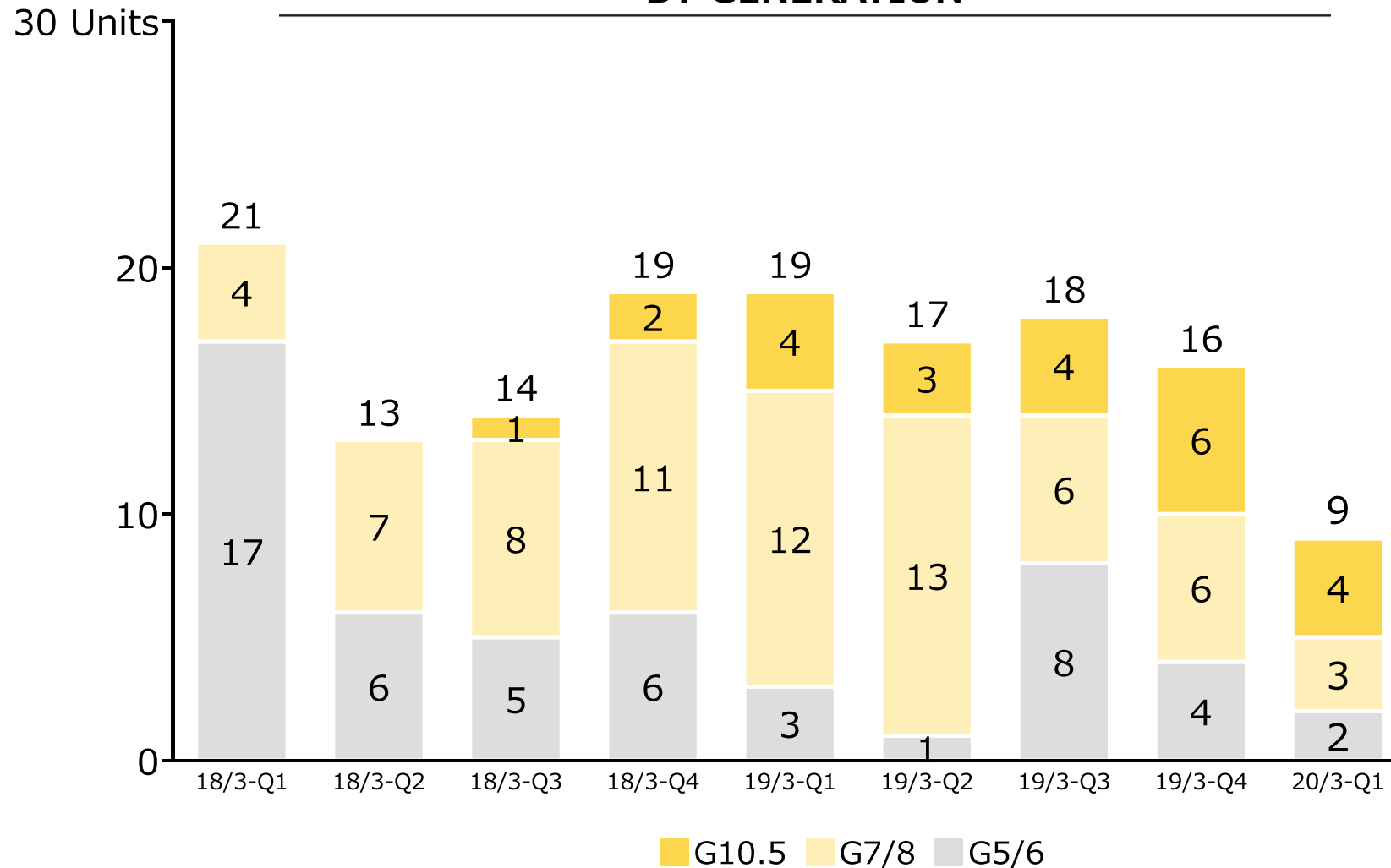


Note: The unit sales of new semiconductor lithography systems is 17 units in FY2018/3, 21 units in FY2019/3 and 31 units (forecast) in FY2020/3.

# 1st Quarter of the Year ending March 31, 2020: Precision Equipment Business



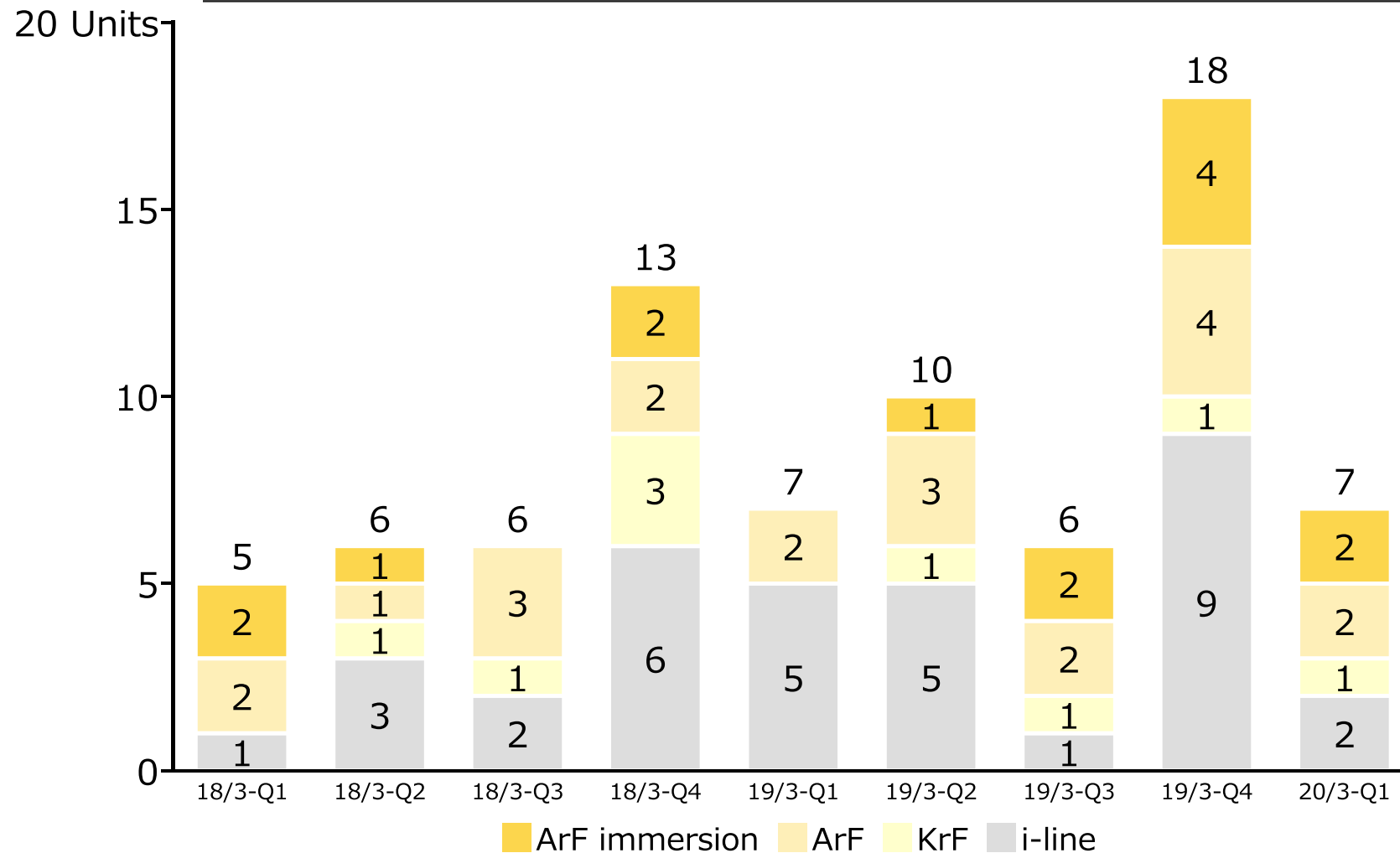
## FPD LITHOGRAPHY SYSTEMS SALES IN UNITS BY GENERATION



# 1st Quarter of the Year ending March 31, 2020: Precision Equipment Business



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



# Forecast for the year ending March 31, 2020: Foreign Exchange Impact



	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	FY2020/3 Forecast for Q2~Q4	Revenue Q2~Q4	Operating Profit Q2~Q4
US \$	¥ 105	Approx. ¥ 1.9billion	Approx. ¥ 0.3billion
EURO	¥ 125	Approx. ¥ 0.5billion	Approx. ¥ 0.2billion

Note: The foreign exchange impact above is made on the assumption that emerging-market currencies move according to the influence of US \$ and EURO.

