



NIKON CORPORATION
August 4, 2016

Financial Results for the First Quarter of the Year Ending March 31, 2017

Conference in Tokyo (August 4, 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 First
Quarter of the Year Ending
March 31, 2017**

II. Estimation for the Year Ending
March 31, 2017

III. Reference Data

Summary for the First Quarter of the Year Ending March 31, 2017



* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

The whole company sales reduced ¥16.5 billion and operating income increased ¥9.8 billion from the first quarter last year.

- Precision Equipment Business

Compared with the same period last year, sales and operating income increased ¥23.6 billion and ¥14.3 billion, respectively.

- Imaging Products Business

Sales and operating income decreased ¥42.7 billion and ¥4 billion, respectively, quarter on quarter.

- Instruments Business

Sales slightly reduced and operating loss stayed flat from the previous year.

- Medical Business

Medical Business includes operation results of Optos Plc.

From the year ending March 31, 2017, the accounting policy for the revenue recognition of the Precision Equipment Business was changed to recognize at the time when the installation is completed. The financial results for the previous year were adjusted retrospectively according to this change.

Financial Highlights for the First Quarter of the Year Ending March 31, 2017



* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

Billions of yen	2016/3 1Q (A)	2017/3 1Q (B)	Change (B)-(A)
Net Sales	185.8	169.3	- 16.5
Operating Income <small>% vs. Net Sales</small>	5.1 <small>2.7%</small>	14.9 <small>8.8%</small>	+ 9.8
Ordinary Income <small>% vs. Net Sales</small>	8.1 <small>4.4%</small>	17.0 <small>10.0%</small>	+ 8.9
Net Income attributable to owners of parent <small>% vs. Net Sales</small>	4.1 <small>2.2%</small>	11.4 <small>6.7%</small>	+ 7.3
FCF	- 30.6	- 1.7	+ 28.9
Exchange Rate :			Impact on Net Sales :
US\$	121 yen	108 yen	- 14.5
EURO	134 yen	122 yen	Impact on Op. Income :
			- 3.4

Sales were reduced, quarter on quarter, partly because of exchange rates, but substantial improvement of operating income was achieved by strong sales of FPD lithography systems.

* Amounts in this slide are rounded down to the hundred million. 4

Precision Equipment Business



* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

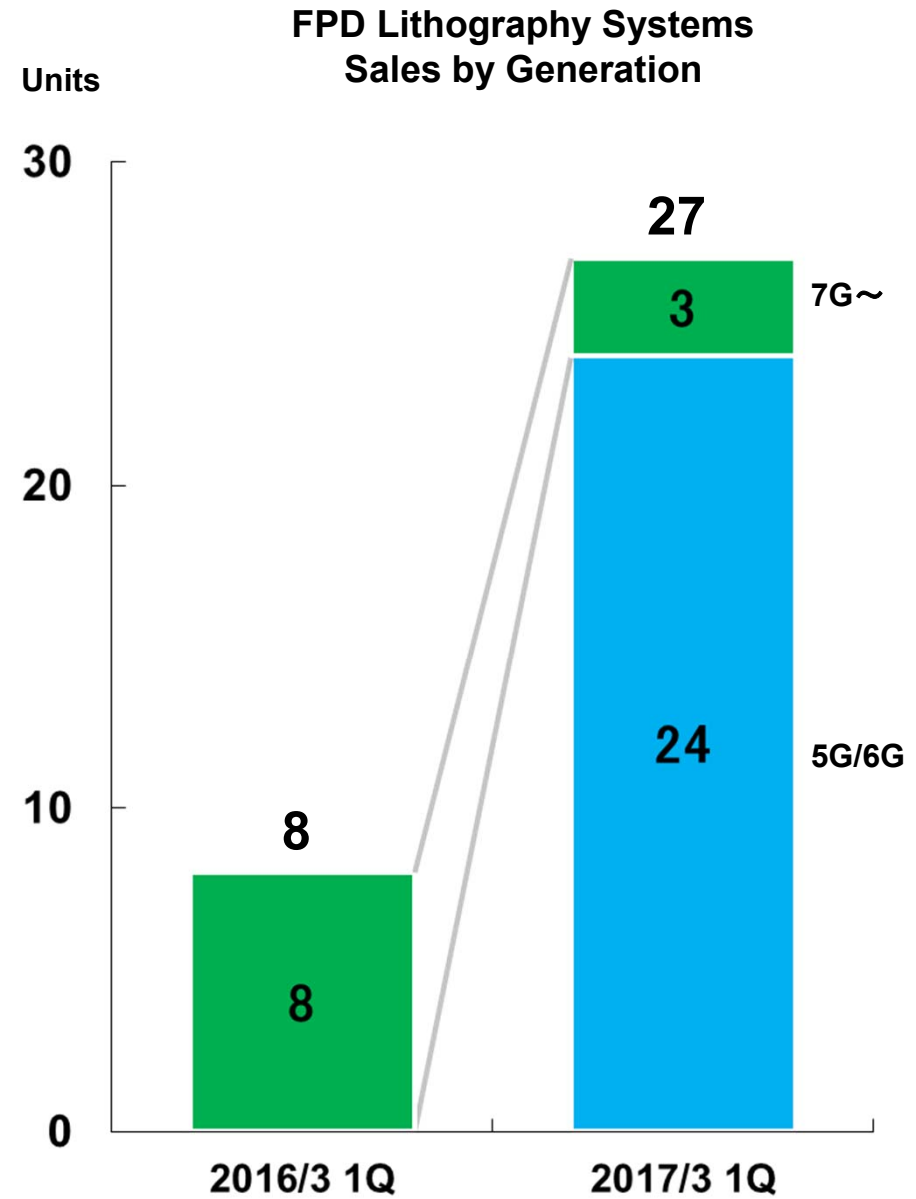
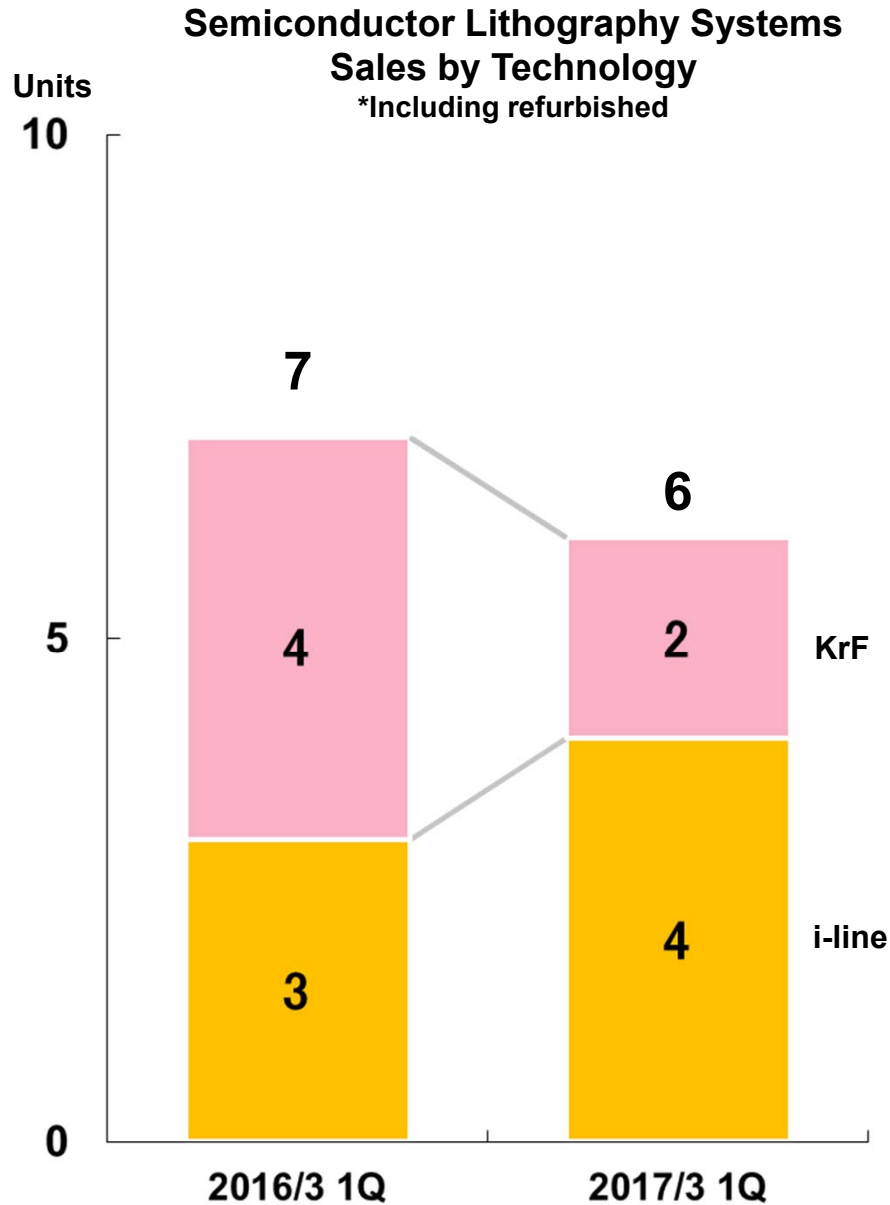
Billions of yen	2016/3 1Q (A)	2017/3 1Q (B)	Change (B)-(A)
Net Sales	28.2	51.8	+ 23.6
Operating Income <small>% vs. Net Sales</small>	0.2 <small>0.7%</small>	14.5 <small>28.0%</small>	+ 14.3
Semiconductor Lithography Systems New / Refurbished (units)	0/7	2/4	+ 2/- 3
FPD Lithography Systems (units)	8	27	+ 19

The substantially larger number of FPD lithography systems for small and medium-sized high-definition panels were sold, which pushed up both sales and operating income compared with the last quarter.

Precision Equipment Business



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Imaging Products Business



Billions of yen Cameras & Lenses (1,000 of units sold)	2016/3 1Q (A)	2017/3 1Q (B)	Change (B)-(A)
Net Sales	137.1	94.4	- 42.7
Operating Income <small>% vs. Net Sales</small>	13.4 <small>9.8%</small>	9.4 <small>10.0%</small>	- 4.0
Digital camera - Interchangeable Lens Type	1,040	710	- 330
Interchangeable Lens	1,490	1,030	- 460
Compact DSC	1,530	840	- 690

Improved product mix and reduced expenditure absorbed the negative impacts caused by market shrinkage, exchange rates, and the earthquake: thus, operating income ratio was improved.

Instruments Business



Billions of yen	2016/3 1Q (A)	2017/3 1Q (B)	Change (B)-(A)
Net Sales	14.0	13.4	- 0.6
Operating Income <small>% vs. Net Sales</small>	- 1.7 <small>— %</small>	- 1.7 <small>— %</small>	± 0

Exchange rates impact lowered quarter-on-quarter sales, but operating loss was maintained flat at ¥1.7 billion, as expected, helped by cost reduction, etc.

Medical Business



Billions of yen	2016/3 1Q (A)	2017/3 1Q (B)	Change (B)-(A)
Net Sales	0	4.2	+ 4.2
Operating Income <small>% vs. Net Sales</small>	- 1.2 <small>— %</small>	- 1.4 <small>— %</small>	- 0.2

Optos Plc business has been progressing as planned, posting the Q1 results for the first time.

In overall Medical Business, operating loss was incurred due to R&D investment, etc.

Balance Sheet

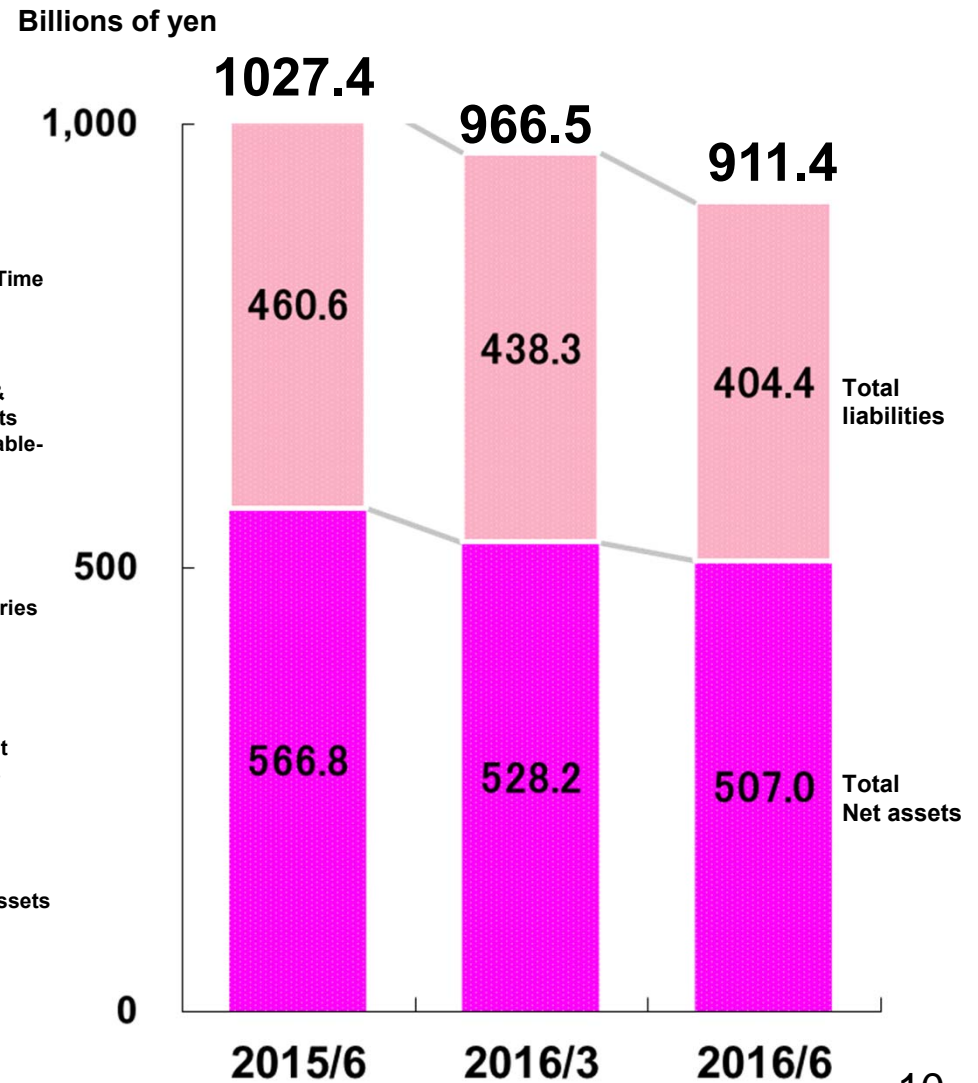
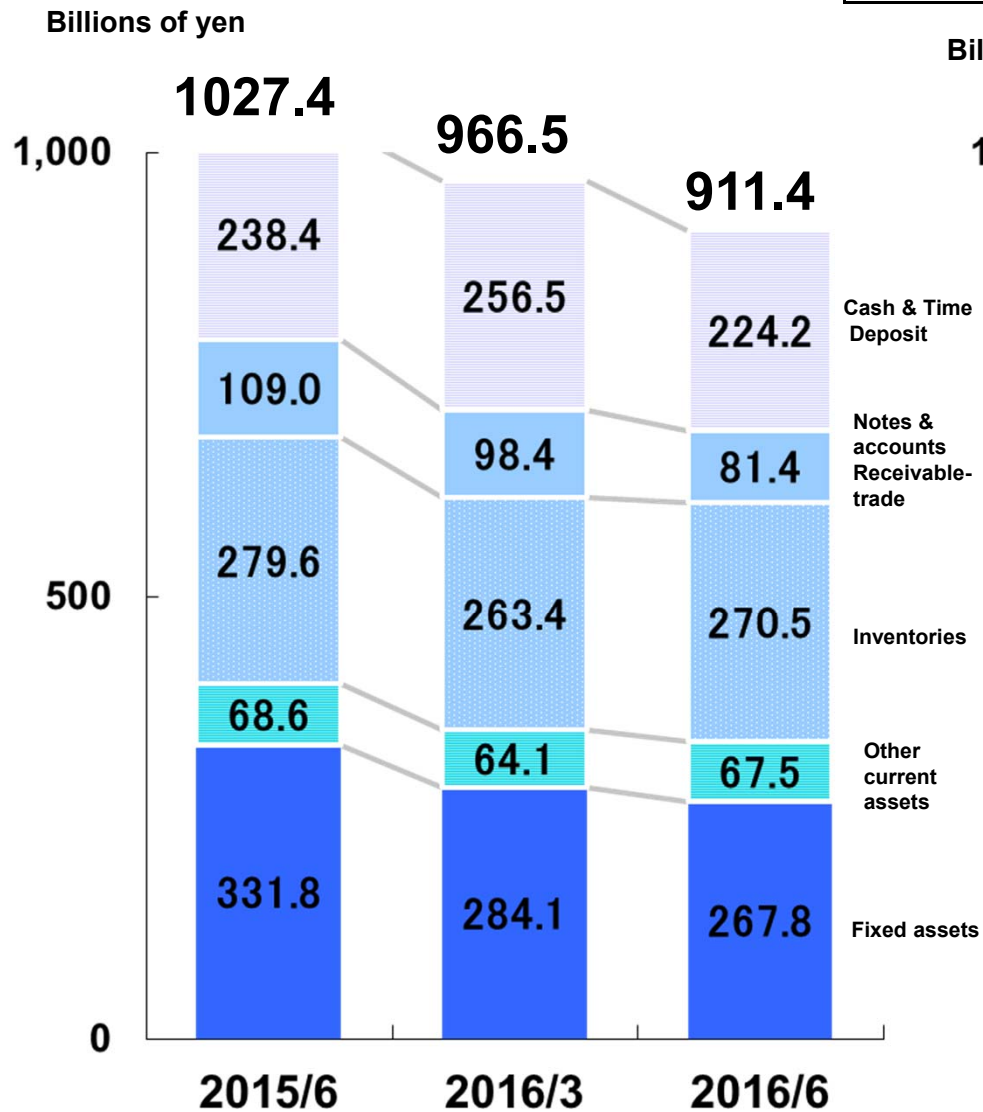


* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

Assets

Liabilities & Net assets

Capital ratio	55.0%	54.5%	55.4%
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Summary of Estimation for the Year Ending March 31, 2017



* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

For the first half year, the updated sales forecast of the whole company is comparable to the previous forecast, however, operating income forecast is upwardly revised. For the second half, both sales and operating income are downwardly modified due to exchange rates impact, etc. As a result, yearly sales forecast is lowered to ¥820 billion. But, operating income forecast is unchanged at ¥46 billion. It is expected that sales end with slight increase and operating income posts 45% improvement, year on year.

- Precision Equipment Business

Yearly forecasts are unchanged. It is expected that sales increase 45% and operating income grows approx. 4.2-fold.

- Imaging Products Business

Sales and operating income forecasts are revised downwardly by ¥17 billion and ¥2 billion, respectively. Year-on-year forecasts indicate reductions of 19% for sales and 28% for operating income.

- Instruments Business

Sales forecast is lowered by ¥2 billion, but operating income forecast is not changed. Improvements of 14% and 43% are forecasted both in sales and operating income, respectively, from the year earlier.

- Medical Business

Sales forecast is lowered by ¥1 billion, but operating income forecast is unchanged.

The assumed exchange rates for Q2 to Q4: ¥105/US dollar and ¥115/Euro.

Estimated interim dividend per share: ¥12 *Year-end dividend is not determined.

Estimation for the Year Ending March 31, 2017



* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

Billions of yen	2016/3 Actual (A)	1H 2H	2017/3 Previous est. (May 13) (B)	1H 2H	2017/3 New est. (C)	1H 2H	Change (C)-(A)	Change (C)-(B)	1H 2H
Net Sales	819.3	<u>398.8</u> 420.5	840.0	<u>363.0</u> 477.0	820.0	<u>360.0</u> 460.0	+ 0.7	- 20.0	<u>-3.0</u> -17.0
Operating Income <small>% vs. Net Sales</small>	31.6 3.9%	<u>14.9</u> 16.7	46.0 5.5%	<u>19.0</u> 27.0	46.0 5.6%	<u>23.0</u> 23.0	+14.4	±0	<u>+4.0</u> -4.0
Ordinary Income <small>% vs. Net Sales</small>	37.8 4.6%	<u>20.7</u> 17.1	49.0 5.8%	<u>21.0</u> 28.0	49.0 6.0%	<u>25.0</u> 24.0	+11.2	±0	<u>+4.0</u> -4.0
Net Income attributable to owners of parent <small>% vs. Net Sales</small>	18.2 2.2%	<u>11.5</u> 6.7	30.0 3.6%	<u>14.0</u> 16.0	30.0 3.7%	<u>15.0</u> 15.0	+11.8	±0	<u>+1.0</u> -1.0
FCF	24.3		45.0		45.0		+20.7	±0	—
Exchange Rate		<u>122yen</u> 118yen		110yen		<u>107yen</u> 105yen	vs. 2016/3 Actual vs. prev. est. Impact on Net Sales: Approx. -70.0 Approx. -20.0		
US\$	120yen				106yen		Impact on Op. Income: Approx. -17.0 Approx. -5.0		
EURO	133yen	<u>135yen</u> 130yen	120yen		117yen	<u>118yen</u> 115yen			

Yearly sales forecast is revised downwardly, but operating income and net income forecasts are unchanged.

Estimation for Precision Equipment Business



* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

Billions of yen	2016/3 Actual	1H 2H	2017/3 Previous est. (May 13)	1H 2H	2017/3 New est.	1H 2H
Net Sales	178.8	$\frac{85.0}{93.8}$	260.0	$\frac{126.0}{134.0}$	260.0	$\frac{122.0}{138.0}$
Operating Income <small>% vs. Net Sales</small>	9.6 5.4%	$\frac{4.4}{5.2}$	40.0 15.4%	$\frac{27.0}{13.0}$	40.0 15.4%	$\frac{27.0}{13.0}$
Semiconductor Lithography Systems New / Refurbished (units)	14/21	$\frac{4/12}{10/9}$	26/16	$\frac{11/8}{15/8}$	26/16	$\frac{11/8}{15/8}$
FPD Lithography Systems (units)	46	$\frac{21}{25}$	90	$\frac{53}{37}$	90	$\frac{50}{40}$
Semiconductor Lithography Systems Market Scale CY15/16 (units)	220		Approx. 210		Approx. 210	
FPD Lithography Systems Market Scale CY15/16 (units)	80		Approx. 120		Approx. 120	

Yearly forecasts are unchanged. It is expected to almost double the sales unit of FPD lithography systems compared with the previous year. It is expected that sales increase 45% and operating income grows 4.2-fold in this Business segment.

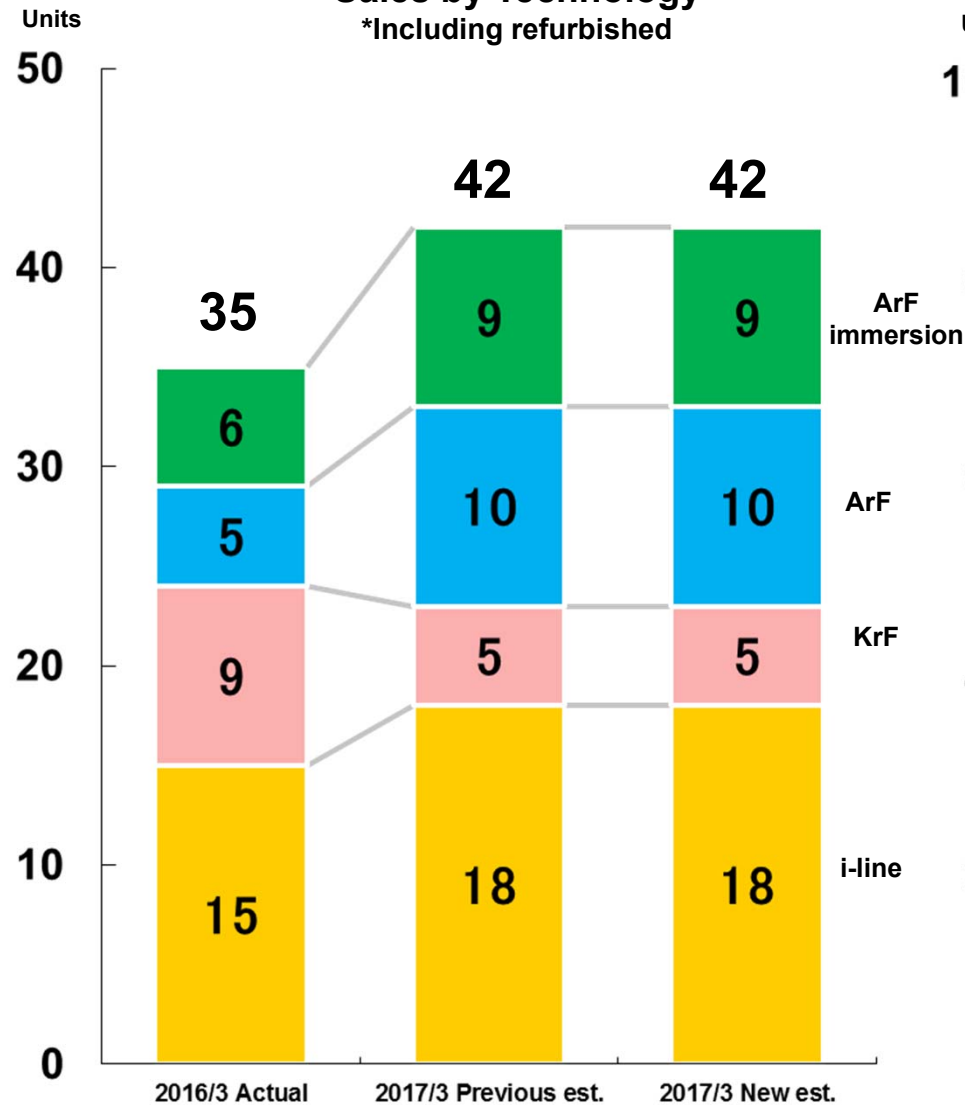
Estimation for Precision Equipment Business



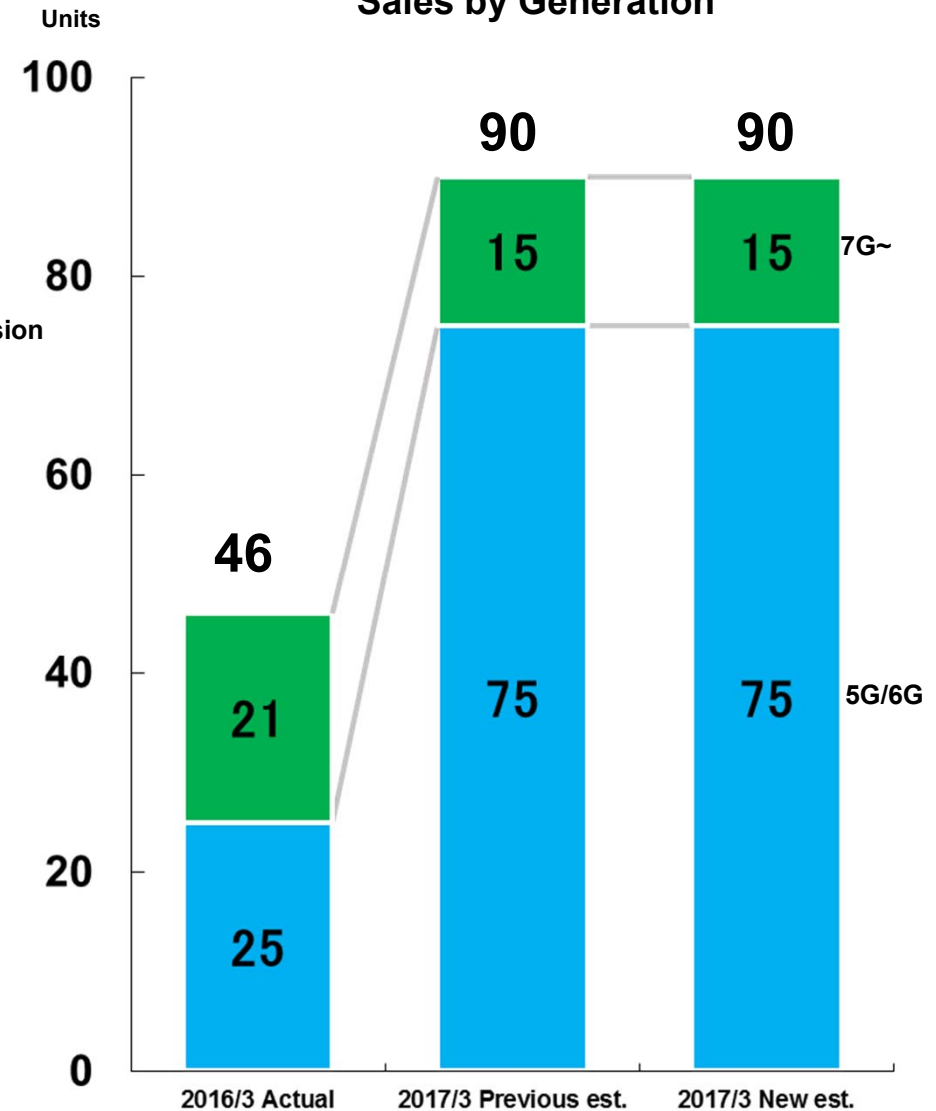
* The financial results for FY2016/3 were adjusted retrospectively according to the change in the accounting policy for the revenue recognition of the Precision Equipment Business.

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 Previous est. (May 13)	1H 2H	2017/3 New est.	1H 2H
Net Sales	520.4	<u>263.6</u> 256.8	440.0	<u>180.0</u> 260.0	423.0	<u>183.0</u> 240.0
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	33.0 7.8%	<u>14.0</u> 19.0
Digital camera — Interchangeable Lens Type	4,040	<u>2,000</u> 2,040	3,200	<u>1,300</u> 1,900	3,350	<u>1,450</u> 1,900
Interchangeable Lens	5,900	<u>2,820</u> 3,080	4,900	<u>1,800</u> 3,100	4,900	<u>2,100</u> 2,800
Compact DSC	6,230	<u>3,120</u> 3,110	3,700	<u>1,500</u> 2,200	3,350	<u>1,350</u> 2,000
D-CIL Market Scale	13,040		-		-	
IL Market Scale	21,340		-		-	
C-DSC Market Scale	20,790		-		-	

Based on the Q1 results, forecasts for the 1st half year is revised favorably, but the 2nd half forecasts are lowered due to negative impact by exchange rates.

Estimation for Instruments Business



Billions of yen	2016/3 Actual	1H 2H	2017/3 Previous est. (May 13)	1H 2H	2017/3 New est.	1H 2H
Net Sales	77.2	$\frac{33.2}{44.0}$	90.0	$\frac{35.0}{55.0}$	88.0	$\frac{33.0}{55.0}$
Operating Income <small>% vs. Net Sales</small>	2.8 3.6%	$\frac{-0.5}{3.3}$	4.0 4.4%	$\frac{-1.0}{5.0}$	4.0 4.5%	$\frac{-1.5}{5.5}$

Sales forecast is lowered by ¥2 billion due to exchange rates impact, but operating income forecast is not revised. Growth of 14% and 43% are forecasted both in sales and operating income, respectively, from the year earlier.

Estimation for Medical Business



Billions of yen	2016/3 Actual	1H 2H	2017/3 Previous est. (May 13)	1H 2H	2017/3 New est.	1H 2H
Net Sales	18.3	$\frac{5.3}{13.0}$	22.0	$\frac{11.5}{10.5}$	21.0	$\frac{11.0}{10.0}$
Operating Income <small>% vs. Net Sales</small>	-4.6 - %	$\frac{-2.5}{-2.1}$	-6.0 - %	$\frac{-2.5}{-3.5}$	-6.0 - %	$\frac{-2.5}{-3.5}$

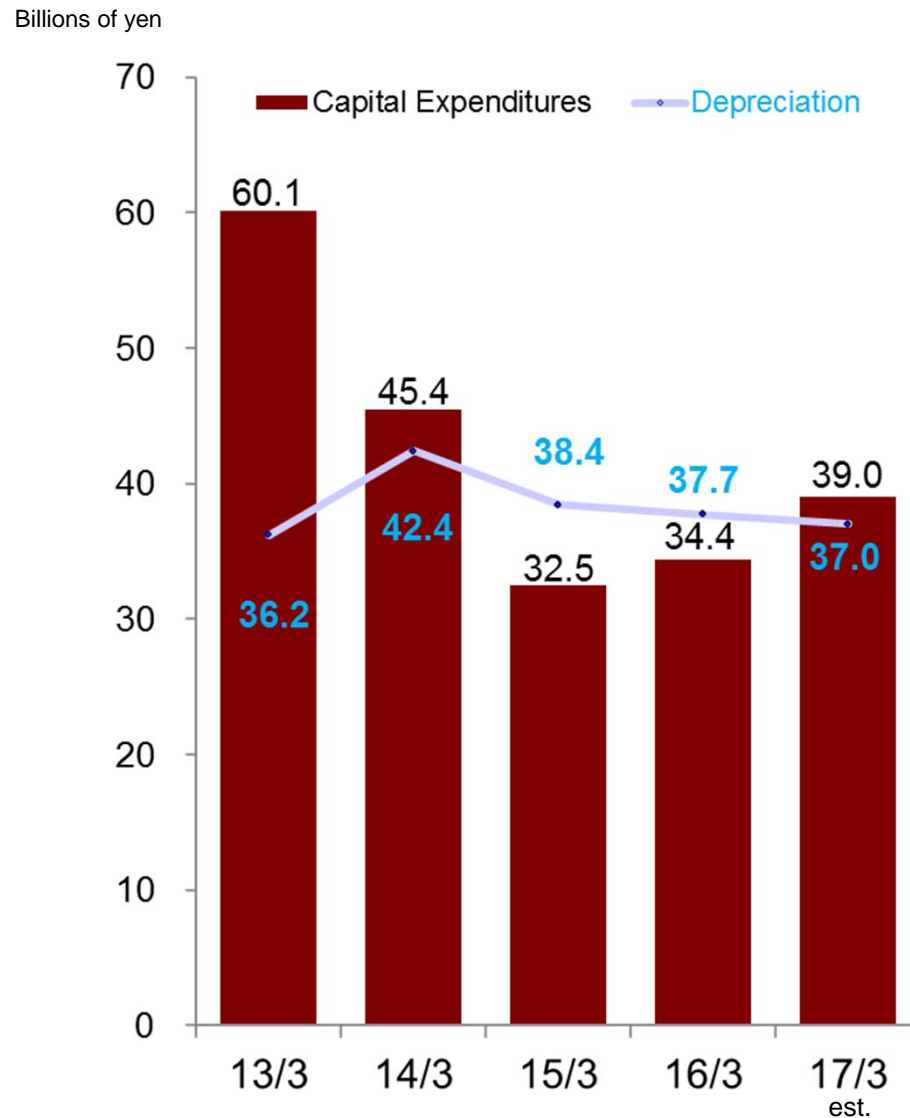
Sales forecast, being affected by exchange rates, is lowered by ¥1 billion, but operating loss forecast is unchanged.

Optos Plc has been operating its business as planned.

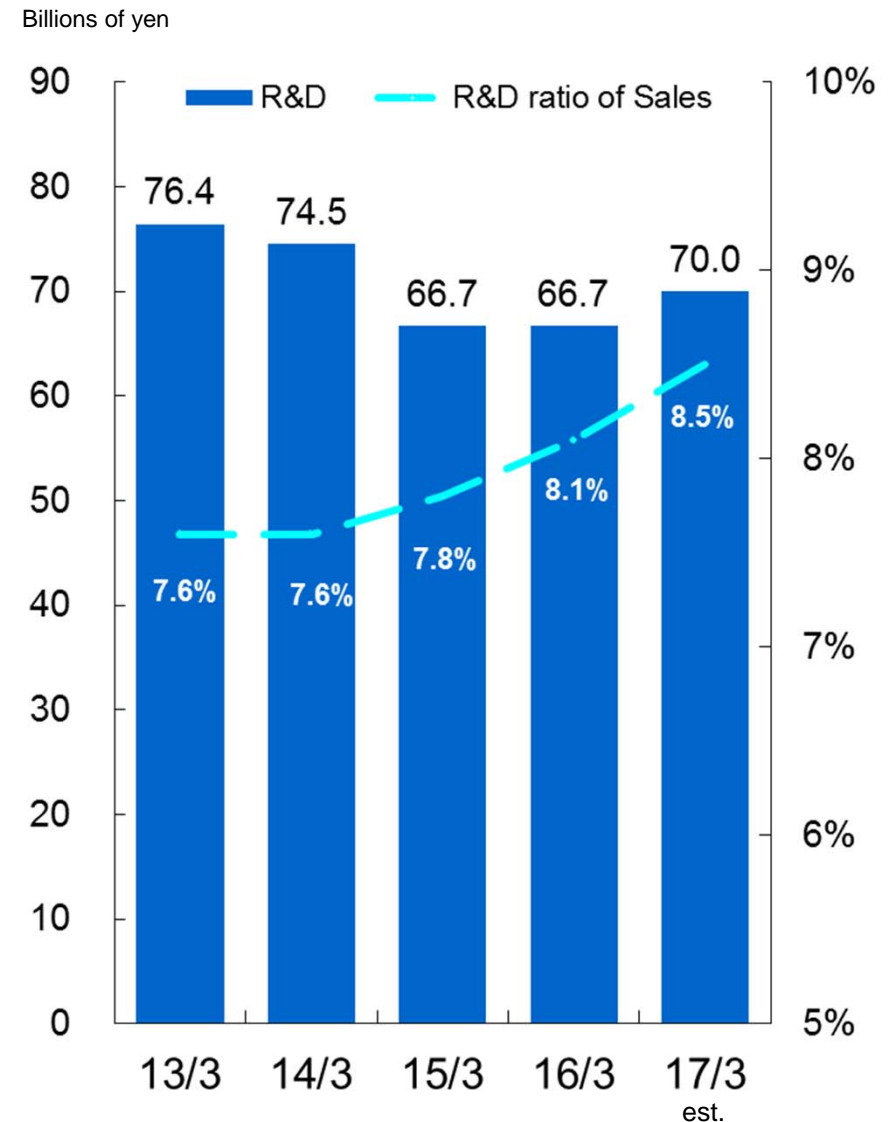
Estimation for Capital Expenditures, Depreciation and R&D



[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 for 2Q-4Q	Net Sales 2Q-4Q	Operating Income 2Q-4Q
US \$	105 yen	Approx. 2.7 billion yen	Approx. 0.2 billion yen
EURO	115 yen	Approx. 0.9 billion yen	Approx. 0.6 billion yen



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