



NIKON CORPORATION
August 3, 2017

Financial Results for the First Quarter of the Year Ending March 31, 2018

- 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 less than 100 million yen are omitted



FY2018/3 Q1 Result

- Operating Profit of Q1 was **¥12.4 billion** exceeding our forecast.
- Revenue decreased **¥5.6 billion** YoY due to FPD lithography sales volume decline and a change in product mix of new DSLRs.

FY2018/3 Forecast

- Reflecting Q1, Operating Profit of 1st Half is upgraded to **¥17 billion** from the previous **¥11 billion**.
- No major changes are expected in the business environment for the remaining fiscal year. With conservative outlook of DSC market in 2nd Half, the forecasts of Operating Profit and Profit attributable to owners of the parent remain unchanged.

Restructuring Progress Update

- Semiconductor Lithography : measures to construct profitable characteristics are being implemented.
- Imaging Products: the cost structure is thoroughly being reviewed to strengthen its profit-structure.
- Management DNA enhancement: Relationship from employees to top management is strengthened by means of ROIC.

1st Quarter of the Year ending March 31,2018: Financial Highlights



Billions of yen	FY2017/3 Q1 (A)	2018/3 Q1 (B)	Change (B)-(A)
Revenue	169.3	170.3	+1.0
Operating Profit	18.0	12.4	-5.6
% vs Revenue	10.6%	7.3%	
Profit before tax	18.4	13.1	-5.3
% vs Revenue	10.9%	7.7%	
Profit attributable to owners of the parent	14.6	8.8	-5.8
% vs Revenue	8.6%	5.2%	
FCF	-1.7	-9.7	-8.0
Exchange Rate:			Impact on Revenue
US \$	¥108	¥111	+1.6
EURO	¥122	¥122	Impact on Operating Profit
			-0.3

Q1 exceeded our forecast with the 1st Half forecast revised upwardly

1st Quarter of the Year ending March 31,2018: Financial Highlights by Segment



Billions of yen		FY2017/3 Q1 (A)	FY2018/3 Q1 (B)	Change (B)-(A)
Precision Equipment Business	Revenue	51.8	55.2	+7%
	Operating Profit	14.8	13.1	-1.7
Imaging Products Business	Revenue	94.4	90.9	-4%
	Operating Profit	10.1	7.6	-2.5
Instruments Business	Revenue	13.4	13.5	+1%
	Operating Profit	-1.2	-2.4	-1.2
Medical Business	Revenue	4.2	4.7	+12%
	Operating Profit	-0.6	-1.1	-0.5
Other	Revenue	5.3	5.8	+9%
	Operating Profit	1.0	0.9	-0.1
Corporate Profit/Loss non-attributable to any reportable segment	Revenue	—	—	—
	Operating Profit	-6.1	-5.7	+0.4
Consolidated	Revenue	169.3	170.3	+1%
	Operating Profit	18.0	12.4	-5.6

Operating Profit of Precision Equipment, Imaging Products, and Medical Business exceeded our forecast

Note: FY2017/3, FY2018/3 both presented in International Financial Reporting Standards (IFRS)
Corporate profit (loss) non-attributable to any reportable segment includes intersegment eliminations

1st Quarter of the Year ending March 31,2018: Precision Equipment Business



Billions of yen Systems units sold	FY2017/3 Q1 (A)	FY2018/3 Q1 (B)	Change (B)-(A)
Revenue	51.8	55.2	+3.4
Operating Profit % vs Revenue	14.8 28.6%	13.1 23.7%	-1.7
Semiconductor Lithography Systems New/Refurbished	2/4	5/0	+3/-4
FPD Lithography Systems	27	21	-6

Q1 YoY change:

- Sales volume increase of ArF Immersion Systems and ArF Dry Systems contributed to revenue increase in Semiconductor Lithography Business.
- Decline in unit sales of Gen-6 systems decreased the profit of FPD Lithography Business.

1st Quarter of the Year ending March 31,2018: Imaging Products Business



Billions of yen Cameras & Lenses Units sold: 1,000	FY2017/3 Q1 (A)	FY2018/3 Q1 (B)	Change (B)-(A)
Revenue	94.4	90.9	-3.5
Operating Profit % vs Revenue	10.1 10.7%	7.6 8.4%	-2.5
Digital Camera- Interchangeable Lens type	710	720	+10
Interchangeable Lens	1,030	1,080	+50
Compact DSC	840	770	-70

Q1 YoY change:

- Product mix change of new DSLRs decreased the profit (exceeding forecast)
Major Products launched prior fiscal year: D5, D500 ; launched current fiscal year: D7500
- Unit sales of DSLR increased as a result of proactive marketing in the US

1st Quarter of the Year ending March 31,2018: Instruments Business



Billions of yen	FY2017/3 Q1 (A)	FY2018/3 Q1 (B)	Change (B)-(A)
Revenue	13.4	13.5	+0.1
Operating Profit	-1.2	-2.4	-1.2
% vs Revenue	-9.0%	-17.8%	

Q1 YoY change:

- Microscope Solution Business: prior investment increase in regenerative medicines resulted with lower profit.
- Industrial Metrology Business: development cost and expenses for sales expansion in/after 2nd Half of competitive products (Image Measurement System, Industrial microscopes, X-ray inspection system) increased, resulting with lower profit.

Note: FY2017/3, FY2018/3 both presented in International Financial Reporting Standards (IFRS)

1st Quarter of the Year ending March 31,2018: Medical Business



Billions of yen	FY2017/3 Q1 (A)	FY2018/3 Q1 (B)	Change (B)-(A)
Revenue	4.2	4.7	+0.5
Operating Profit	-0.6	-1.1	-0.5
% vs Revenue	-14.3%	-23.4%	

Q1 YoY change:

- Optos PLC business remains as the market share leader of the US optometrist market
- Investment increased to develop retinal imaging diagnostic systems utilizing machine learning with a strategic alliance partner Verily LLC (USA).



FY2018/3 1H Forecast

- **In light of Q1 result, Revenue and Operating Profit of overall Company in 1st Half is increased by ¥3.0 Billion and ¥6.0 Billion respectively**
 - **Precision Equipment Business:** upgraded Operating Profit by ¥2.0 billion due to improved profitability of Semiconductor Lithography
 - **Imaging Products Business:** upgraded Revenue and Operating Profit by ¥5.0 billion and ¥3.0 billion respectively partly due to increase of sales volume in Q1
 - **Instruments Business:** downgraded Revenue and Operating Profit by ¥2.0 billion and ¥1.0 billion respectively due to deferred government budget spending and others.

FY2018/3 Full Year Forecast

- **Overall Company forecast remains unchanged**
 - **Precision Equipment Business:** Full year forecast remains unchanged
 - **Imaging Products Business:** Full year forecast remains unchanged without foreseeable changes in the market conditions and shares as well as because of market uncertainty in the 2nd Half
 - **Instruments Business:** Full year forecast remains unchanged with the expectation of a market recovery in the 2nd Half

Forecast of the Year ending March 31,2018: Financial Highlights



Billions of yen	FY2017/3 Actual (A)	Previous Forecast (May11) (B)	New Forecast (Aug3) (C)	Change (C)-(A)	Change (C)-(B)
Revenue	749.2	700	700	-49.2	±0
Operating Profit	0.7	45	45	+44.3	±0
% vs Revenue	0.1%	6.4%	6.4%		
Profit before tax	3.0	47	47	+44.0	±0
% vs Revenue	0.4%	6.7%	6.7%		
Profit attributable to owners of the parent	3.9	34	34	+30.1	±0
% vs Revenue	0.5%	4.9%	4.9%		
FCF	56.6	25	25	-31.6	±0
Exchange Rate :				Impact on Net Sales	
US \$	¥108	¥110	¥110	+6.2	+1.2
EURO	¥119	¥120	¥121	Impact on Op. Income	
				+0.9	≒Zero

Interim and annual dividends to be determined

Forecast of the year ending March 31,2018: by Segment



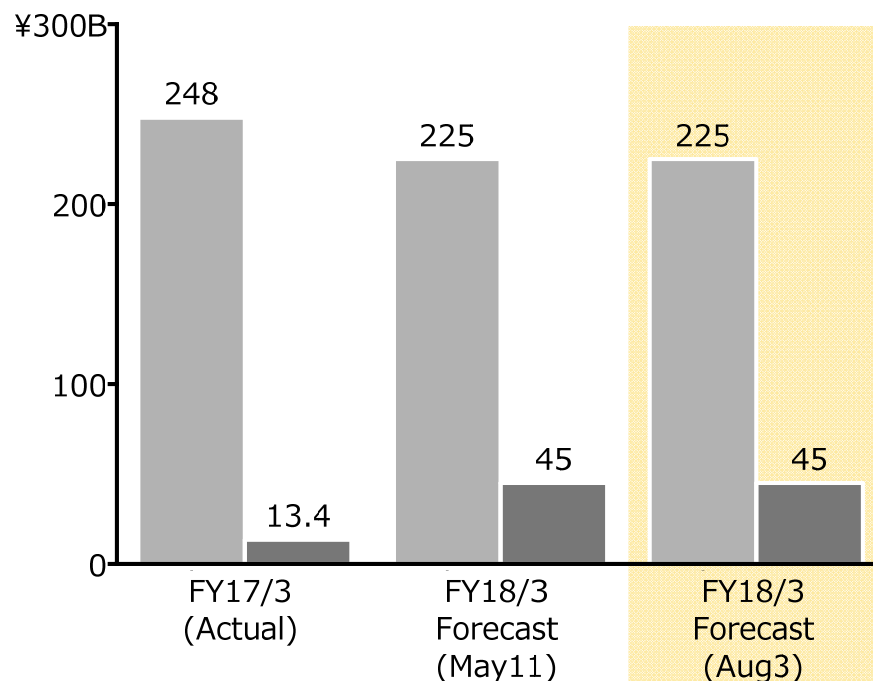
Billions of yen		FY2017/3 Actual (A)	Previous Forecast (May11)(B)	New Forecast (Aug3)(C)	YoY Change (C)-(A)	Change (C)/(B) (C)-(B)
Precision Equipment Business	Revenue	248	225	225	-9%	±0%
	Operating Profit	13.4	45	45	+31.6	±0
Imaging Products Business	Revenue	383	345	345	-10%	±0%
	Operating Profit	17.1	27	27	+9.9	±0
Instruments Business	Revenue	73.4	80	80	+9%	±0%
	Operating Profit	1.2	3	3	+1.8	±0
Medical Business	Revenue	20.2	21	21	+4%	±0%
	Operating Profit	-1.5	-6	-6	-4.5	±0
Other	Revenue	24.4	29	29	+19%	±0%
	Operating Profit	3.3	4	4	+0.7	±0
Corporate Profit/Loss non- attributable to any reportable segment	Revenue	—	—	—	—	—
	Operating Profit	-32.9	-28	-28	+4.9	±0
Consolidated	Revenue	749.2	700	700	-7%	±0%
	Operating Profit	0.7	45	45	+44.3	±0

Note: FY2017/3, FY2018/3 both presented in International Financial Reporting Standards (IFRS)
Corporate profit (loss) non-attributable to any reportable segment includes intersegment eliminations

Forecast of year ending March 31, 2018: Precision Equipment Business



Revenue/Operating Profit ■ Revenue ■ Operating Profit



Semiconductor Lithography Systems (New/Refurbished, units)

Market Scale (CY16/17)	210	210	210
Nikon	24/11	17/10	17/10

FPD Lithography Systems (units)

Market Scale (CY16/17)	128	150	150
Nikon	92	68	68

• Revenue: No change ¥23 billion decrease YoY

- FPD: Decline in revenue from unit decline
 - Decline in new investment for mid-to-small sized panels
 - Ramp up of investment in new lines for large sized panels (3 units of G10.5 systems forecasted)
- Revenue of Semiconductor Lithography Business for previous FY17/3 increased ¥0.4 billion due to change to IFRS accounting

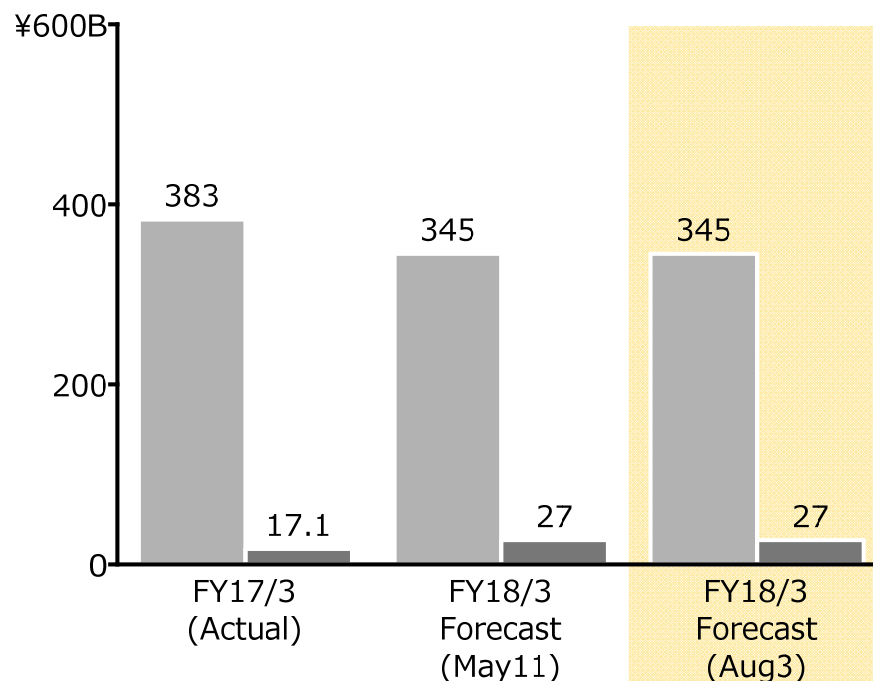
• Operating Profit: No change ¥31.6 billion increase YoY

- Operating Income of previous FY17/3 was ¥51 billion in Japan GAAP (Major difference is restructuring costs and impairment loss)
- FPD: Decline in operating profit from revenue decline/product mix change
- Semiconductor: Expect to achieve break-even

Forecast of year ending March 31, 2018: Imaging Products Business



Revenue/Operating Profit ■ Revenue ■ Operating Profit



- **Revenue: No change**
¥38 billion decrease YoY

- Decline in unit sales across the board due to continuous market shrinkage

- **Operating Profit: No change**
¥9.9 billion increase YoY

- Operating Income of previous FY17/3 was ¥27.7 billion in Japan GAAP (Major difference is restructuring costs and impairment loss)
- Operating Profit impact by unit sales decline is offset by fixed costs reduction through restructuring and focus on high value-add products
- 1st Half is projected to exceed the previous forecast but in view of market uncertainty the forecast remains unchanged for the full year

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

Market Scale	11,770	10,700	10,700
Nikon	3,100	2,500	2,500

Interchangeable Lenses (units: 000)

Market Scale	19,200	18,000	18,000
Nikon	4,620	3,700	3,700

Compact DSC (units: 000)

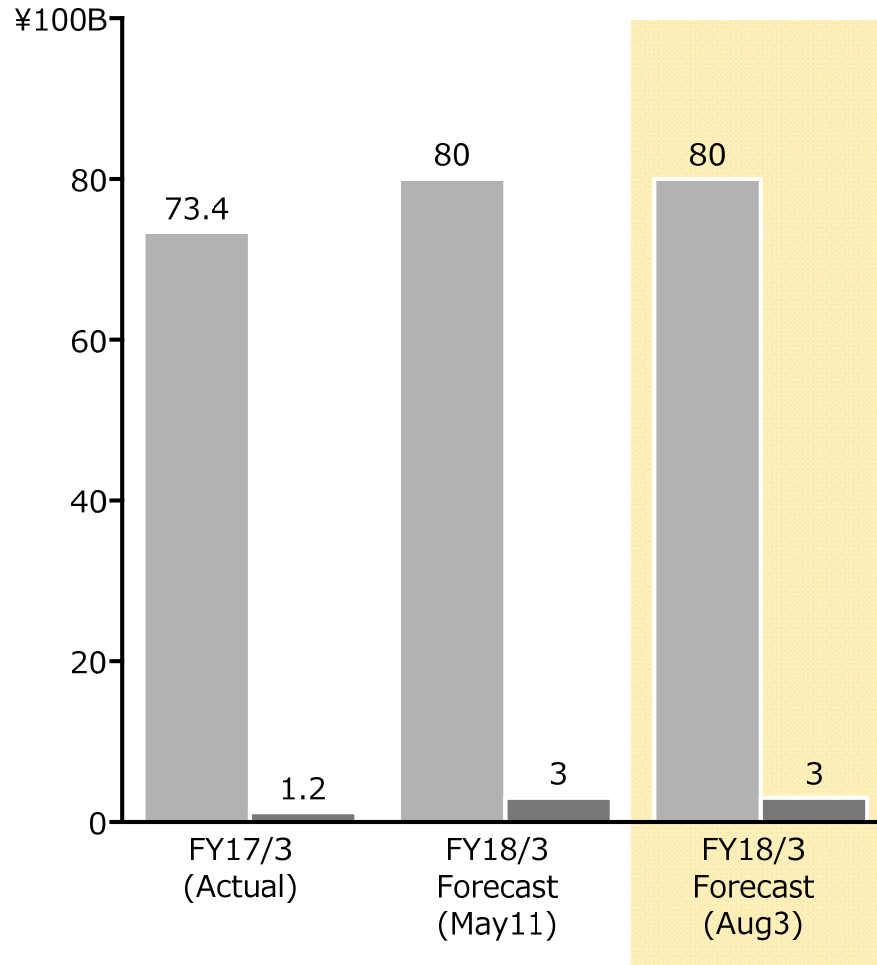
Market Scale	12,600	10,400	10,400
Nikon	3,190	2,300	2,300

Forecast of year ending March 31,2018: Instruments Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: No change**

- **¥6.6 billion increase YoY**

- MS: Increased sales from increase in market-share in Biological Microscopes
 - Revenue recognized for regenerative medicine but it will take time to generate profit
 - Industrial Metrology: Expanded sales for automotive-related products and semiconductor inspection systems

- **Operating Profit: No change**

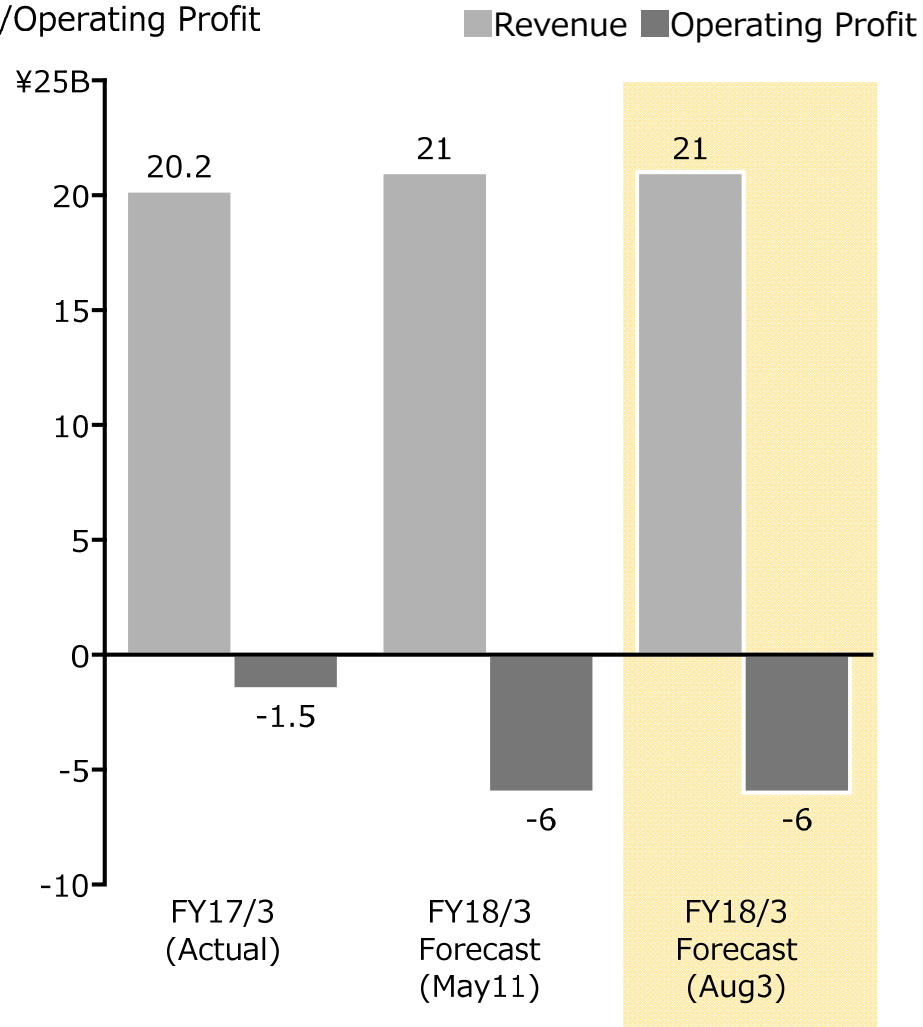
- **¥1.8 billion increase YoY**

- Operating Income of previous FY17/3 was ¥0.3 billion in Japan GAAP (Main difference is unamortized goodwill.)
 - 1st Half is expected to fall short of the previous forecast, but as demand recovery in 2nd Half is expected, the forecast remains unchanged for the full year.

Forecast of year ending March 31,2018: Medical Business



Revenue/Operating Profit



- **Revenue: No change**

- **¥0.8 billion increase YoY**

- The fundus camera business maintains firm growth in line with steady market growth

- **Operating Profit: No change**

- Operating Loss of previous FY17/3 was ¥4.5 billion in Japan GAAP (Major difference is unamortized goodwill and capitalization of development costs)
 - Investment is expected to temporarily increase to expand business in ophthalmologic diagnosis field
 - Profitability is projected to improve by achieving positive turnaround as early as next fiscal year



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Reference Data

Forecast of year ending March 31,2018: Half Year/Full Year Financial Highlights comparison with previous forecast



Billions of yen	Previous Forecast (May11)			New Forecast (Aug3)		
	1H	2H	Full Yr	1H	2H	Full Yr
Revenue	328	372	70	331	369	700
Operating Profit	11	34	45	17	28	45
% vs Revenue	3.4%	9.1%	6.4%	5.1%	7.6%	6.4%
Profit before tax	12	35	47	18	29	47
% vs Revenue	3.7%	9.4%	6.7%	5.4%	7.9%	6.7%
Profit for the period (attributable to owners of the parent)	6	28	34	13	21	34
% vs Revenue	1.8%	7.5%	4.9%	3.9%	5.7%	4.9%
FCF	25			25		
Exchange Rate:						
US \$	¥110			¥110		
EURO	¥120			¥121		

Note: FY2017/3, FY2018/3 both presented in International Financial Reporting Standards (IFRS)

Forecast for the year ending March 31,2018: by segment (Half Year/Full Year)



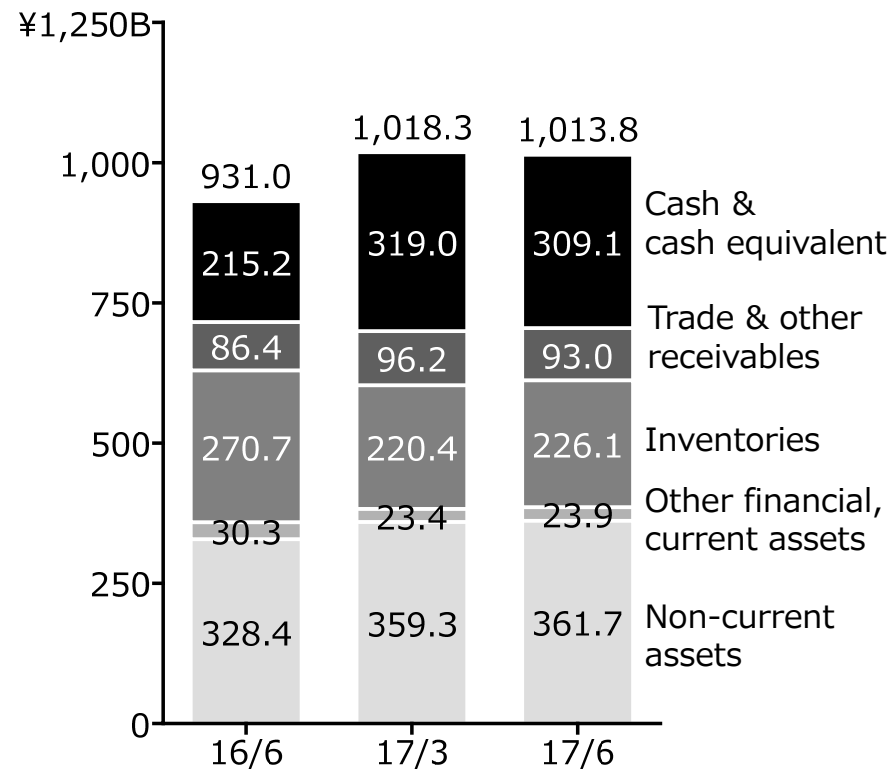
Billions of yen		Previous Forecast (May11)			New Forecast (Aug3)		
		1H	2H	Full Yr	1H	2H	Full Yr
Precision Equipment Business	Revenue	100	125	225	100	125	225
	Operating Profit	17	28	45	19	26	45
Imaging Products Business	Revenue	170	175	345	175	170	345
	Operating Profit	10	17	27	13	14	27
Instruments Business	Revenue	34	46	80	32	48	80
	Operating Profit	±0	3	3	-1	4	3
Medical Business	Revenue	10	11	21	10	11	21
	Operating Profit	-3	-3	-6	-3	-3	-6
Other	Revenue	14	15	29	14	15	29
	Operating Profit	2	2	4	2	2	4
Corporate Profit/Loss non-attributable to any reporting segment	Revenue	—	—	—	—	—	—
	Operating Profit	-15	-13	-28	-13	-15	-28
Consolidated	Revenue	328	372	700	331	369	700
	Operating Profit	11	34	45	17	28	45

Note: FY2017/3, FY2018/3 both presented in International Financial Reporting Standards (IFRS)
Corporate profit (loss) non-attributable to any reportable segment includes intersegment eliminations

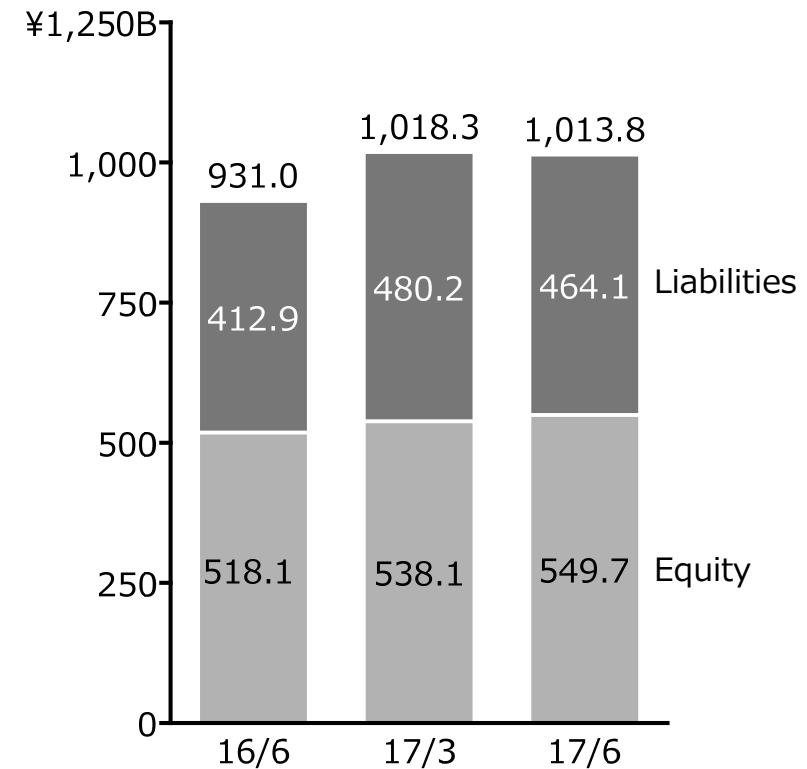
1st Quarter of the year ending March 31, 2018: B/S Breakdown



ASSETS



LIABILITIES/EQUITY



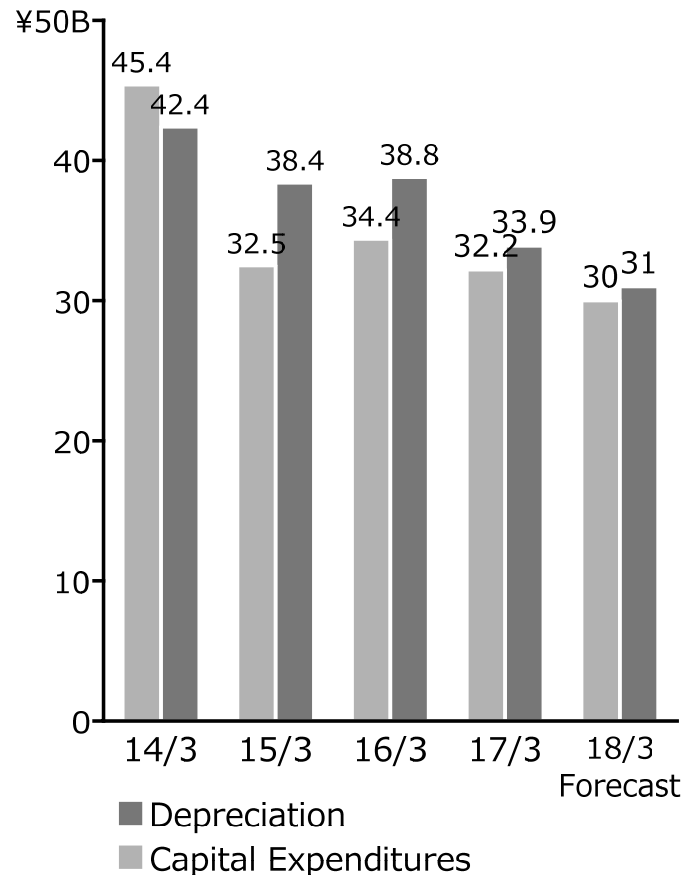
Equity Ratio 55.6% 52.8% 54.2%

Note: Equity Ratio is ratio of equity attributable to owners of the Company to total assets. Cash & cash equivalent excludes deposits with maturities over 3 months

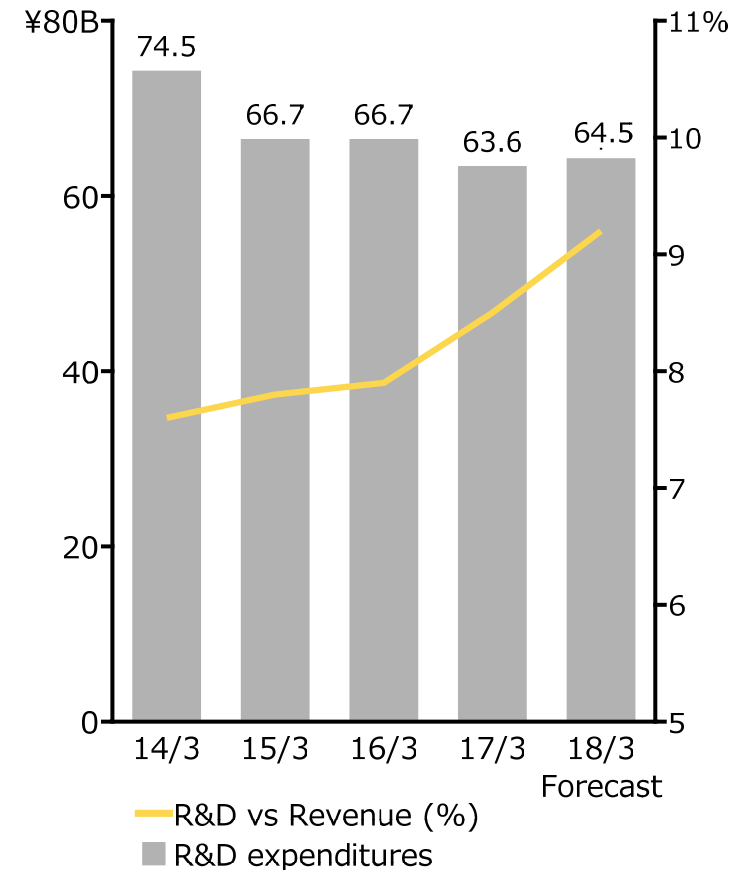
Forecast for the year ending March 31, 2018: Capital Expenditures, Depreciation and R&D Expenditures



CAPITAL EXPENDITURES, DEPRECIATION



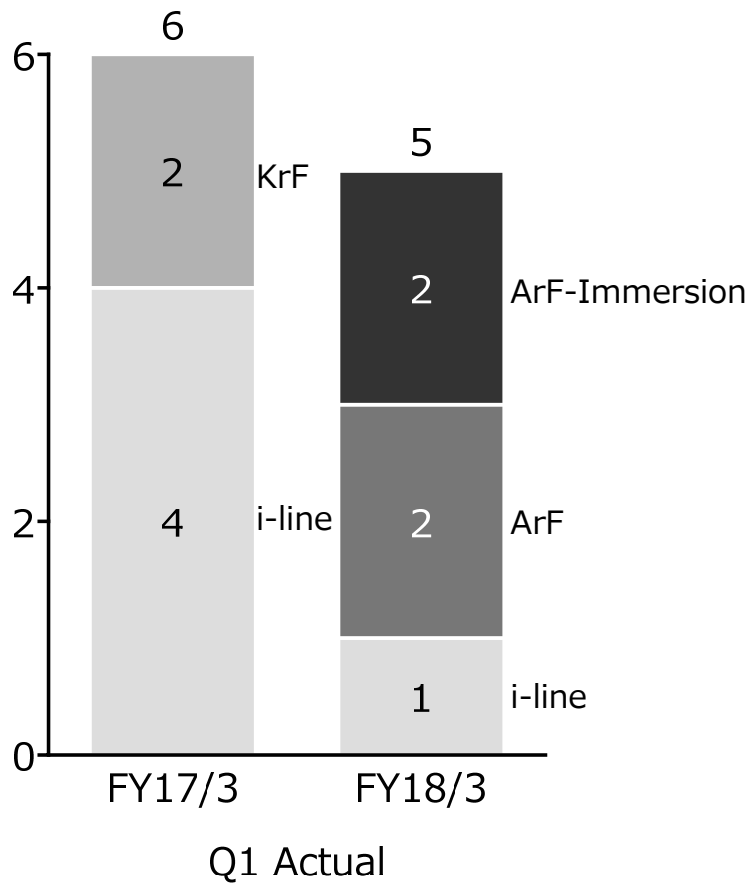
R&D EXPENDITURES



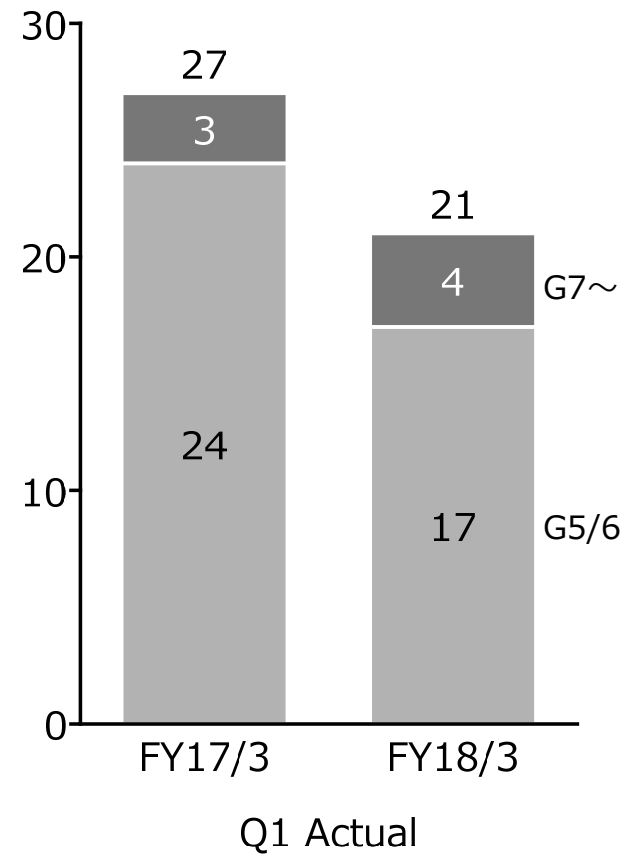
Note: Figures after FY2016/3 is presented in International Financial Reporting Standards (IFRS) while beforehand is in Japan GAAP. Depreciation method within Nikon Group is unified to straight-line as from FY2015/3 and depreciation expenses comprise in-process development costs as from FY2016/3. R&D investment includes capitalization of some development expenditure.



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



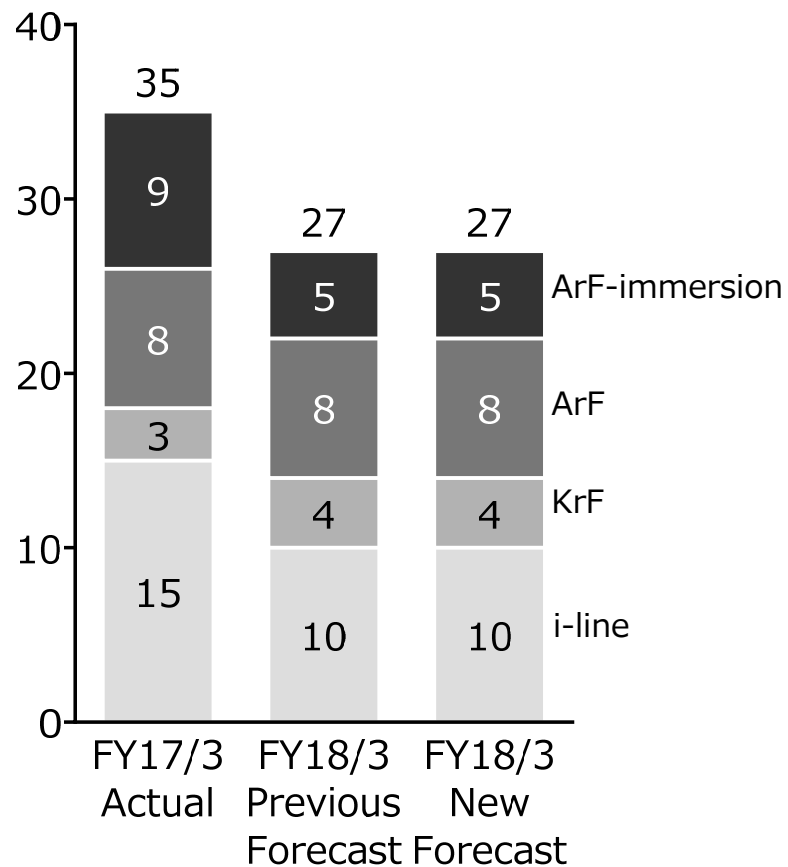
**FPD LITHOGRAPHY SYSTEMS SALES
BY GENERATION**



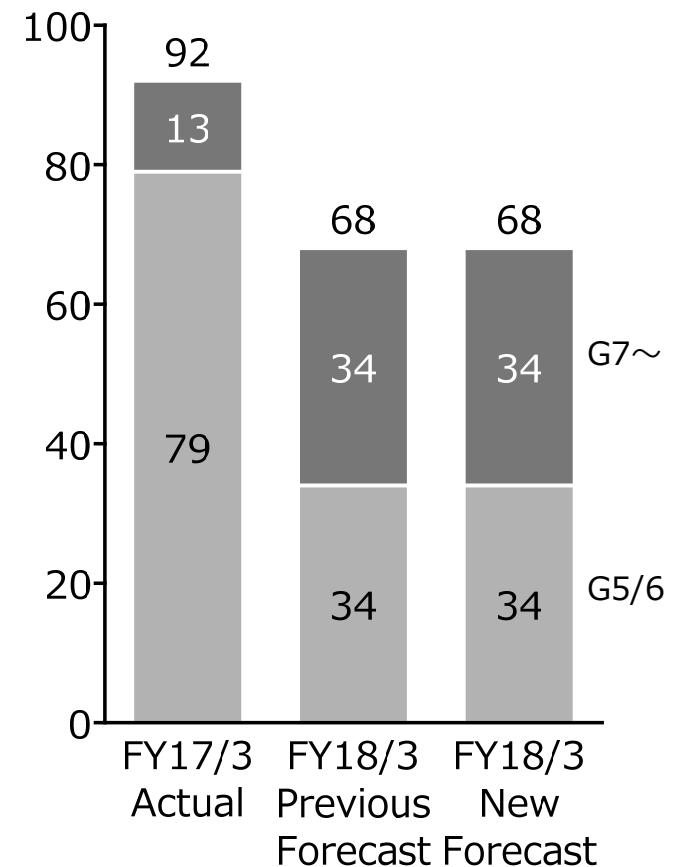
Note: New units sold for Semiconductor lithography systems in FY2017/3 and FY2018/3 are 2 and 5 respectively.



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



**FPD LITHOGRAPHY SYSTEMS SALES
BY GENERATION**



Note: New units sold for Semiconductor lithography systems in FY2017/3 and FY2018/3 are 24 and 17 respectively.

Forecast for the year ending March 31, 2018:
Foreign Exchange Rate Impact



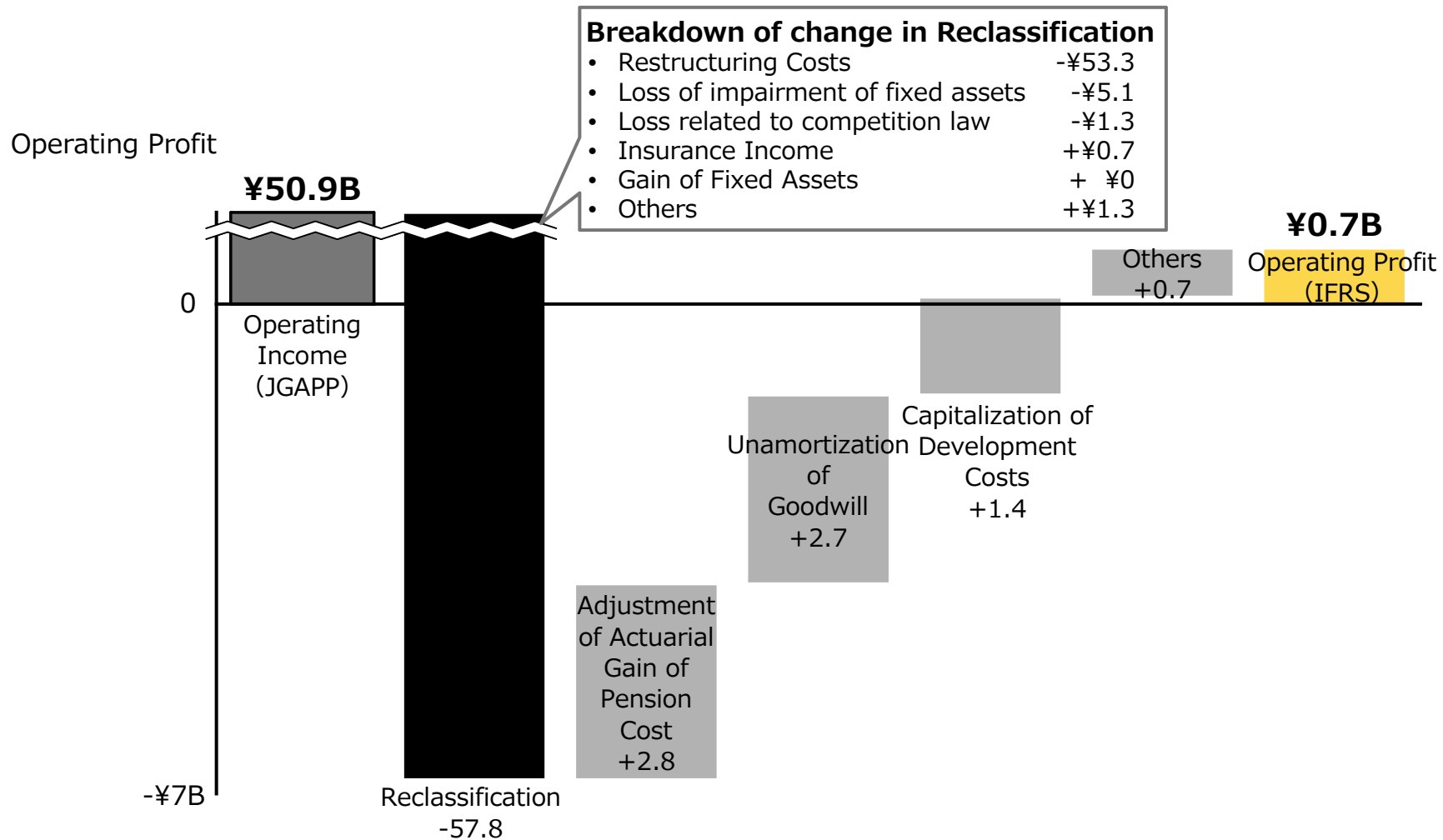
	Exchange Rate	Financial Impact from fluctuation by 1 yen	
	FY18/3 Q2~Q4 Assumption	Revenue Q2~Q4	Operating Profit Q2~Q4
US \$	¥ 110	Approx. ¥2.0 billion	Approx. ¥0.2 billion
EURO	¥ 120	Approx. ¥0.7 billion	Approx. ¥0.4 billion

Financial statement for the year ending March 31, 2017 (Comparison between JGAAP and IFRS)



Billions of yen	FY2017/3 JGAAP	FY2017/3 IFRS	Change
Revenue	748.8	749.2	+0.4
Cost of Sales	443.9	443.1	-0.8
Gross Profit	304.9	306.1	+1.2
SGA	253.9	247.5	-6.4
% vs Revenue	33.9%	33.0%	-0.9P
Other Operating Profit		-57.7	
Operating Profit	50.9	0.7	-50.2
% vs Revenue	6.8%	0.1%	-6.7P
Finance Income/cost		1.7	
Non-operating·extraordinary income	-53.4		-
Profit before tax	-2.4	3.0	+5.4
% vs Revenue	-	0.4%	-
Profit for the period (attributable to owners of the parent)	-7.1	3.9	+11.0
% vs Revenue	-	0.5%	-

Operating Profit for the year ending March 31, 2017 (Comparison between Japan GAAP and IFRS)

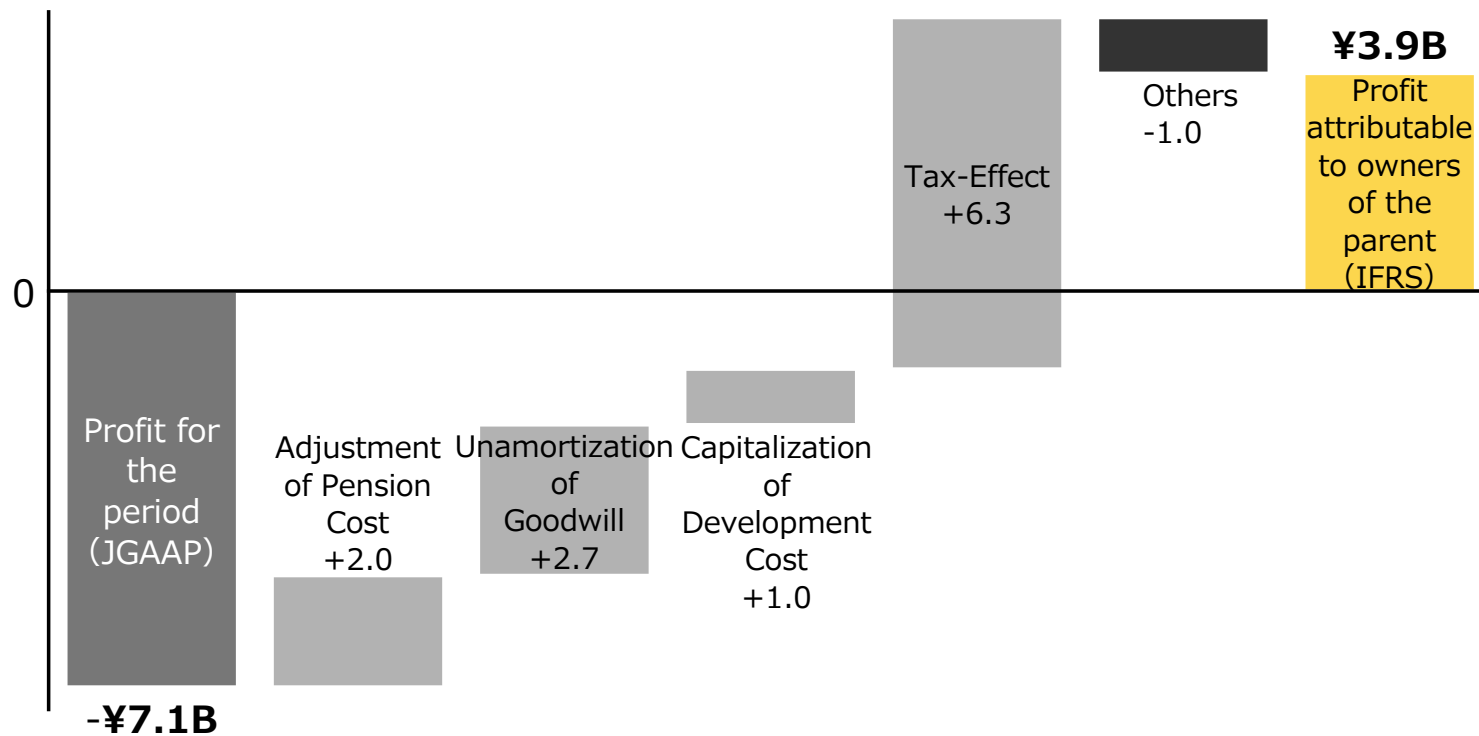


Operating Profit for the year ending March 31, 2017 (Comparison between Japan GAAP and IFRS) by segment



Billions of yen	Operating Profit JGAAP	Re-classification	Adjustment of Actuarial Gain of Pension Cost	Unamortized Goodwill	Capitalization of Development Costs	Revenue Recognition	Others	Operating Profit IFRS
Precision Equipment Business	51.0	-38.8	+0.8	-	-	+0.1	+0.4	13.4
Imaging Products Business	27.7	-11.7	+0.8	+0	-	-	+0.2	17.1
Instruments Business	0.3	-0.3	+0.3	+0.7	+0.1	-	+0	1.2
Medical Business	-4.5	-0.2	+0	+1.9	+1.3	-	-0.1	-1.5
Other	-23.6	-6.8	+0.9	-	-	-	+0	-29.0
Consolidated	50.9	-57.8	+2.8	+2.7	+1.4	+0.1	+0.6	0.7

Profit attributable to owners of the parent for the year March 31, 2017 (Comparison between Japan GAAP and IFRS)



Note: As unamortized Goodwill is not applicable under tax-effect accounting, impact on the profit for the period is equivalent to that on operating profit



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