

1. Financial results for the second quarter of the Year Ending March 31, 2018
2. Progress of Restructuring interim update
3. Forecast for the Year Ending March 31, 2018

Year on Year

- Operating Profit of 1st Half(1H) decreased by **¥4.1 billion** to **¥23 billion**
- Steady progress of restructuring plan improved profitability despite decline of unit sales of FPD lithography system
- Imaging Products Business increased Operating Profit with its strategy to focus on high value-add products despite decrease in Revenue
- Semiconductor Lithography Business reduced its Operating Loss significantly

Actual vs FY2018/3 1H Forecast

- All business segments exceeded forecasted Operating Profit. Overall Operating Profit increased by **¥6 billion** despite decline of Revenue
- Imaging Products Business improved profitability and surpassed the Operating Profit by **¥2.4 billion**

Interim Dividend

- Increase to **14 Yen** from **12 Yen** in the previous year in accordance with the policy for shareholder returns with payout ratio of 40% and above

First Half of the Year Ending March 31, 2018: Financial Highlights

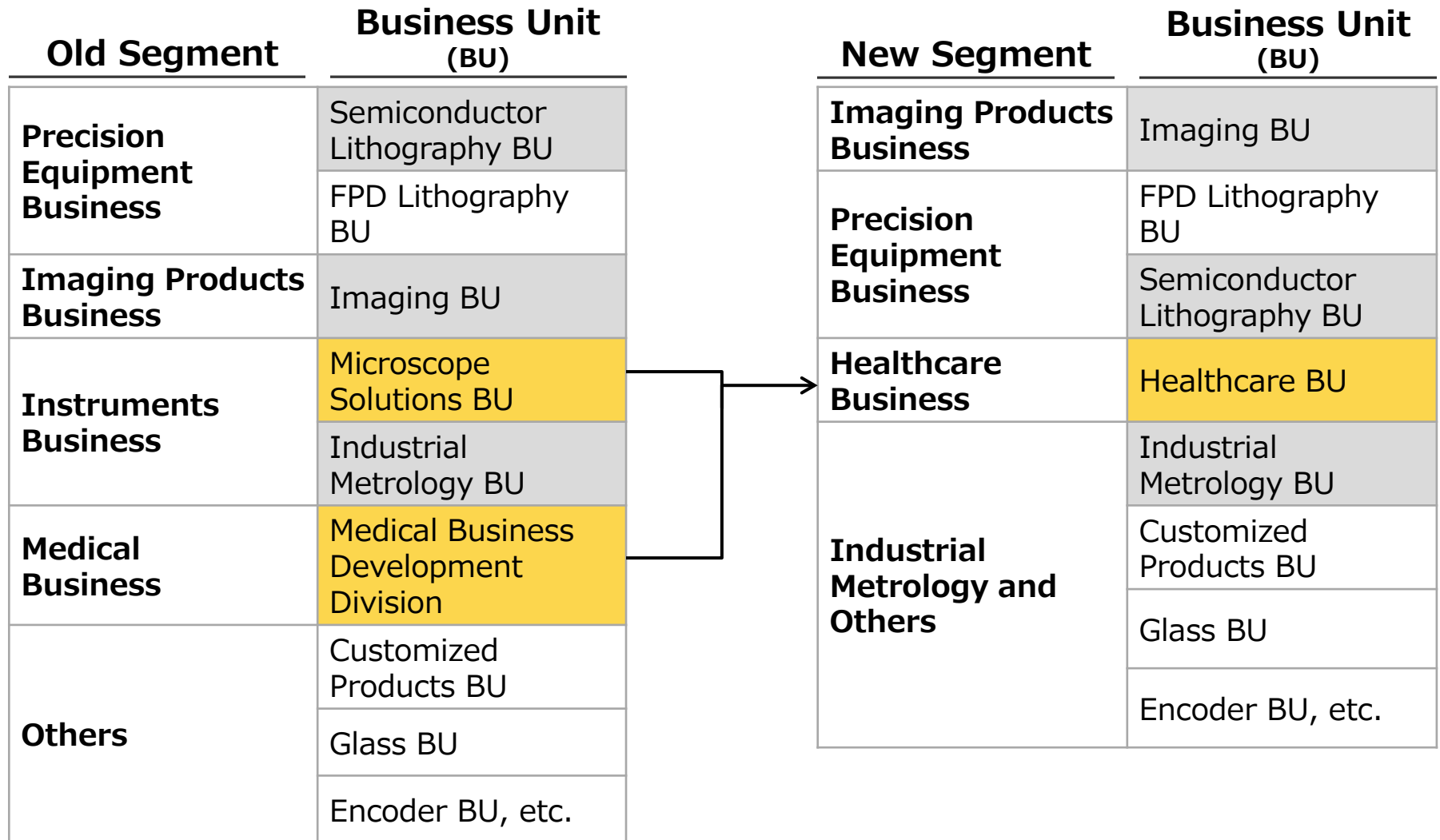


| Billions of yen | FY2017/3 1H (A) | Previous forecast (B) (Aug. 3) | FY2018/3 1H (C) | Change (C)-(A) | Change (C)-(B) |
|--|---------------------|--------------------------------------|----------------------|-------------------------|------------------------|
| Revenue (% variance) | 343.8 | 331.0 | 328.4 | -15.4 (-4.5%) | -2.6 (-0.8%) |
| Operating Profit % vs Revenue | 27.1 7.9% | 17.0 5.1% | 23.0 7.0% | -4.1 | +6.0 |
| Profit before income taxes % vs Revenue | 29.5 8.6% | 18.0 5.4% | 21.4 6.5% | -8.1 | +3.4 |
| Profit attributable to owners of the parent % vs Revenue | 22.1 6.4% | 13.0 3.9% | 13.9 4.2% | -8.2 | +0.9 |
| FCF | 17.4 | - | 7.0 (23.6) | -10.4 | - |
| Exchange Rate : | | | | Impact on Revenue | |
| US \$ | ¥105 | ¥111 | ¥111 | +11.1 | +3.4 |
| EURO | ¥118 | ¥121 | ¥126 | Impact on Op. Profit | |
| | | | | +1.0 | +0.3 |

Note: Amounts in this statement are rounded down to the nearest hundred million

Figures of FCF in parentheses show those excluding primarily the additional benefits paid for the local voluntary retirements of last FY17/3

Revision of Business Segments



Business structure was revised to facilitate collaboration

First Half of the Year Ending March 31, 2018: Financial Highlights by Segments



| Billions of yen | | FY2017/3 1H (A) | FY2018/3 1H (B) | Change |
|--|------------------|--------------------|--------------------|--------|
| Imaging Products Business | Revenue | 178.3 | 175.2 | -2% |
| | Operating Profit | 14.8 | 15.4 | +0.6 |
| Precision Equipment Business | Revenue | 115.3 | 98.0 | -15% |
| | Operating Profit | 25.1 | 20.1 | -5.0 |
| Healthcare Business | Revenue | 24.0 | 25.2 | +5% |
| | Operating Profit | -0.6 | -2.1 | -1.5 |
| Industrial Metrology and Others | Revenue | 26.0 | 29.8 | +15% |
| | Operating Profit | 1.2 | 1.5 | +0.3 |
| Corporate Profit/Loss non-attributable to any reportable segments | Revenue | - | - | - |
| | Operating Profit | -13.3 | -11.9 | +1.4 |
| Consolidated | Revenue | 343.8 | 328.4 | -4% |
| | Operating Profit | 27.1 | 23.0 | -4.1 |

Overall profitability improvement mitigated the negative impact by deteriorated profit in FPD lithography systems

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

2nd Quarter of the Year Ending March 31, 2018: Financial Highlights



| Billions of yen | FY2017/3 Q2 (A) | FY2018/3 Q2 (B) | Change (B)-(A) |
|--|---------------------|---------------------|----------------------------|
| Revenue (% variance) | 174.5 | 158.1 | -16.4 (-9.4%) |
| Operating Profit % vs Revenue | 9.1 5.2% | 10.6 6.7% | +1.5 |
| Profit before income taxes % vs Revenue | 11.1 6.4% | 8.3 5.2% | -2.8 |
| Profit attributable to Owners of the Parent % vs Revenue | 7.5 4.3% | 5.1 3.2% | -2.4 |
| Exchange Rate : | | | Impact on Revenue |
| US \$ | ¥102 | ¥111 | +9.5 |
| EURO | ¥114 | ¥130 | Impact on Operating Profit |
| | | | +1.3 |

Profit attributable to Owners of the Parent decreased due to exchange loss and impairment loss of investment in affiliated company

First Half of the Year Ending March 31, 2018: Imaging Products Business



| Billions of yen Cameras & Lenses (1,000 of units sold) | FY2017/3 1H (A) | Previous forecast (B) (Aug.3) | FY2018/3 1H (C) | Change (C)-(A) | Change (C)-(B) |
|--|---------------------|-------------------------------------|---------------------|------------------------|------------------------|
| Revenue (% variance) | 178.3 | 175.0 | 175.2 | -3.1 (-1.7%) | +0.2 (+0.1%) |
| Operating Profit % vs. Revenue | 14.8 8.3% | 13.0 7.4% | 15.4 8.8% | +0.6 | +2.4 |
| Digital camera – Interchangeable Lens Type | 1,420 | - | 1,310 | -110 | - |
| Interchangeable Lens | 2,050 | - | 2,020 | -30 | - |
| Compact DSC | 1,430 | - | 1,390 | -40 | - |

- **Year-on-year:** Operating Profitability improved by shifting to and focusing on high value-add products despite market shrinkage.
- **Actual/forecast:** Sales & Marketing and R&D expenses were managed efficiently and Operating Profit surpassed the last fiscal year.

First Half of the Year Ending March 31, 2018: Precision Equipment Business



| Billions of yen | FY2017/3 1H (A) | Previous forecast (B) (Aug.3) | FY2018/3 1H (C) | Change (C)-(A) | Change (C)-(B) |
|--|----------------------|-------------------------------------|----------------------|--------------------------|------------------------|
| Revenue (% variance) | 115.3 | 100.0 | 98.0 | -17.3 (-15.0%) | -2.0 (-2.0%) |
| Operating Profit % vs. Revenue | 25.1 21.8% | 19.0 19.0% | 20.1 20.5% | -5.0 | +1.1 |
| Semiconductor Lithography systems New/Refurbished (units) | 11/6 | - | 7/4 | -4/-2 | - |
| FPD Lithography Systems (units) | 51 | - | 34 | -17 | - |

- **Year-on-year:** Both Revenue and Operating Profit decreased due to decline of sales volume of FPD lithography systems. Significant reduction of deficit of Semiconductor lithography business compensated the decrease of Operating Profit of FPD lithography business.
- **Actual/forecast:** Sales of two units of FPD lithography systems was deferred to 2H. Improved profitability of manufacturing and service for both businesses lifted Operating Profit.

First Half of the Year Ending March 31, 2018: Healthcare Business



| Billions of yen | FY2017/3 1H (A) | Previous forecast (B) (Aug.3) | FY2018/3 1H (C) | Change (C)-(A) | Change (C)-(B) |
|--|----------------------|-------------------------------------|----------------------|------------------------|------------------------|
| Revenue (% variance) | 24.0 | 25.0 | 25.2 | +1.2 (+5.0%) | +0.2 (+0.8%) |
| Operating Profit % vs. Revenue | -0.6 -2.5% | -3.0 -12.0% | -2.1 -8.3% | -1.5 | +0.9 |

- **Year-on-year:** Revenue increased by expanding sales of Retina diagnostic imaging equipment outside of USA, which is the main market. Operating Profit was suppressed by upfront investments in Bioscience and ophthalmological diagnosis fields.
- **Actual/forecast:** Operating loss reduced than forecast due to deferral of R&D expenses in ophthalmological diagnosis field into 2H.

Note: With segment change, Healthcare business comprises Microscope Solutions business of previous Instruments business and previous Medical business

First Half of the Year Ending March 31, 2018: Industrial Metrology Business and Others



| Billions of yen | FY2017/3 1H (A) | Previous forecast (B) (Aug.3) | FY2018/3 1H (C) | Change (C)-(A) | Change (C)-(B) |
|--|--------------------|-------------------------------------|--------------------|-------------------------|------------------------|
| Revenue (% variance) | 26.0 | 31.0 | 29.8 | +3.8 (+14.6%) | -1.2 (-3.9%) |
| Operating Profit % vs. Revenue | 1.2 4.6% | 1.0 3.2% | 1.5 5.0% | +0.3 | +0.5 |

- **Year-on-year:** With market recovery in USA and Asia, Revenue increased primarily with image measuring system and X-ray inspection system for Industrial Metrology. Revenue of Others increased as well.
- **Actual/forecast:** Industrial Metrology business in line with forecast. Partial expenses deferral into 2H in Other business lifted the Operating Profit.

Note: With segment change, Industrial Metrology and Others comprises Industrial Metrology business of previous Instruments business and previous Others

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Overall

- **Launched Portfolio Management**
 - Evaluated capability of Business and product-line in view of capital cost
- **Reevaluated management DNA and process based on ROE/ROIC**
- **Enhanced Corporate Governance**
 - Linked Executive Compensation with ROE/ROIC
 - Scheduled 3rd Party effectiveness assessment of Board of directors

➔ **Total of ¥30 billion fixed cost reduction by end of this fiscal year (Domestic : ¥20 billion and optimization of manufacturing of Imaging Products Business:¥10 billion)**

Corporate

- **Achieved both function and efficiency enhancement**
 - Integrated Optical Engineering and Optical parts manufacturing function spread across the Group
 - Enforced collaboration between R&D Division and business unit
 - Refined fundamental and practical research
 - Rationalized approximately 200 in headcount

➔ **Efficiency and integration leading to improve productivity**

Imaging Products Business

- **Revamped top-line oriented and full product lineup strategy**
 - Focus on High Value-add products
- **Optimized headcounts**
 - Approximately 350 domestic and 3,000 in overseas headcount
- **Optimized R&D/Manufacturing/Sales Organization**
 - R&D : reorganization for efficient development
 - Manufacturing : reduce manufacturing facilities from 5 to 4 sites
 - Sales: 9 Sales subsidiaries reduced to 5 in Europe, zero-based evaluation of emerging markets

 **Strengthen Profit model to improve profitability under market shrinkage**

Semi-conductor Lithography Business

- **Reviewed fundamentals of business strategy**
 - Value profitability of chiefly existing customers
 - Enforce BTO manufacturing to minimize write-off/write-down risk
 - Alter development structure emphasizing profitability
- **Optimized headcounts**
 - Rationalize approximately 1,000 in headcount (including re-assignment)

 **Strengthen business structure to sustain break-even profitability while increase profits to exceed capital costs**

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FY2018/3 Revenue Forecast

- **Revised upwards by ¥10 billion**
 - **Imaging Products Business** : Increase revenue forecast by ¥10 billion to reflect revised sales unit forecast of respective product-line

FY2018/3 Operating Profit Forecast

- **Remains the same (¥45 billion)
(¥51 billion: excluding restructuring relevant expenses)**
 - **Imaging Products Business**: Revise downwards by ¥2 billion while increase of sales and expenses saving offset partially ¥6 billion booked as additional restructuring cost
 - **Precision Equipment Business** : Revise upwards by ¥2 billion due to improved profitability of FPD and Semiconductor Lithography business

FY2018/3 Profit※ Forecast

- **Revised downwards to ¥30 billion by ¥4 billion
(¥37 billion: excluding restructuring relevant expenses)**
 - Restructuring expenses of Imaging Products Business including tax expenses is ¥7 billion; which will not mitigate corporate tax burden.

Forecast for the Year Ending March 31, 2018: Highlights



| Billions of yen | FY2017/3 Actual (A) | Previous forecast (B) (Aug.3) | New Forecast (Nov.7)(C) | Change (C)-(A) | Change (C)-(B) |
|--|---------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Revenue (% variance) | 749.2 | 700.0 | 710.0 | -39.2 (-5.2%) | +10.0 (+1.4%) |
| Operating Profit % vs Revenue | 0.7 0.1% | 45.0 6.4% | 45.0 6.3% | +44.3 | ±0 |
| Profit before income taxes % vs Revenue | 3.0 0.4% | 47.0 6.7% | 45.0 6.3% | +42.0 | -2.0 |
| Profit attributable to owners of the parent % vs Revenue | 3.9 0.5% | 34.0 4.9% | 30.0 4.2% | +26.1 | -4.0 |
| FCF | 56.6 | 25.0 | 25.0 | -31.6 | ±0 |
| Exchange Rate : | | | | Impact on Revenue | |
| US \$ | ¥108 | ¥110 | ¥111 | +9.2 | +3.4 |
| EURO | ¥119 | ¥121 | ¥123 | Impact on Op. Profit | |
| | | | | +0.9 | +0.3 |

- ① Dividend for fiscal year end is not determined
- ② Exchange Rate assumption for 2H remains the same

Forecast for the Year Ending March 31, 2018: by Segments



| Billions of yen | | FY2017/3 Actual(A) | Previous Forecast (Aug.3) (B) | New Forecast (Nov.7) (C) | Change (C)-(A) | Change (C)-(B) |
|--|------------------|-----------------------|-------------------------------------|--------------------------------|-------------------|-------------------|
| Imaging Products Business | Revenue | 383.0 | 345 | 355 | -7% | +3% |
| | Operating Profit | 17.1 (28.1) | 27 (27) | 25 (31) | +¥7.9 | -¥2.0 |
| Precision Equipment Business | Revenue | 248 | 225 | 225 | -9% | ±0% |
| | Operating Profit | 13.4 (48.1) | 45 (45) | 47 (47) | +¥33.6 | +¥2.0 |
| Healthcare Business | Revenue | 55.7 | 60 | 60 | +8% | ±0% |
| | Operating Profit | -0.6 (-0.1) | -4 (-4) | -4 (-4) | -¥3.4 | ±¥0 |
| Industrial Metrology and Others | Revenue | 62.4 | 70 | 70 | +12% | ±0% |
| | Operating Profit | 3.7 (5.5) | 5 (5) | 5 (5) | +¥1.3 | ±¥0 |
| Corporate Profit/Loss non-attributable to any reportable segments | Revenue | - | - | - | - | - |
| | Operating Profit | -32.8 (-27.5) | -28 (-28) | -28 (-28) | +¥4.8 | ±¥0 |
| Consolidated | Revenue | 749.2 | 700 | 710 | -5% | +1% |
| | Operating Profit | 0.7 (54.1) | 45 (45) | 45 (51) | +¥44.3 | ±¥0 |

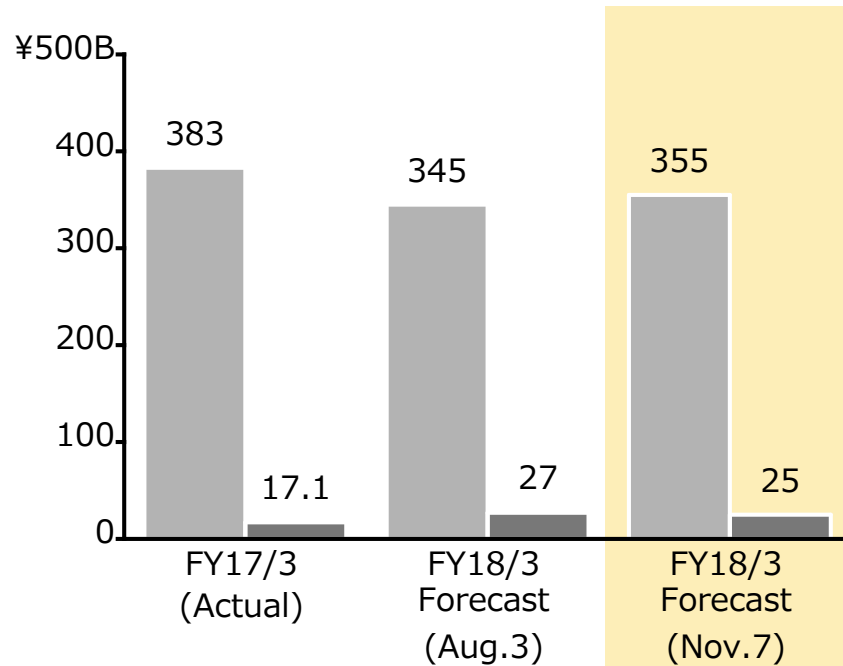
Note: Figures of Operating Profit in parentheses shows those excluding the restructuring relevant expenses
 With segment change, Healthcare business comprises Microscope Solutions business of previous Instruments business and previous Medical business. Industrial Metrology and others comprises Industrial Metrology business of previous Instruments business and previous Others

Forecast of the Year Ending March 31, 2018: Imaging Products Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: ¥10 billion increase
¥28 billion decrease YoY**

- Decline in unit sales across the board due to continuous market contraction
- Review market scale and sales volume forecast and adjust revenue by ¥10 billion upward

- **Operating Profit: ¥2 billion decrease
¥7.9 billion increase YoY**

- Operating Profit of previous FY17/3 was ¥28.1 billion excluding restructuring relevant expenses
- Operating profit is expected to increase by ¥2.9 billion to 31 billion excluding restructuring relevant expenses
- Operating Profit margin will improve by 1.4pts from 7.3% of previous FY17/3 to 8.7% excluding the restructuring relevant expenses

Digital camera-Interchangeable Lens Type (units:1000)

| | | | |
|--------------|--------|--------|--------|
| Market Scale | 11,770 | 10,700 | 11,000 |
| Nikon | 3,100 | 2,500 | 2,600 |

Interchangeable Lenses (units:1000)

| | | | |
|--------------|--------|--------|--------|
| Market Scale | 19,200 | 18,000 | 18,000 |
| Nikon | 4,620 | 3,700 | 3,900 |

Compact DSC (units:1000)

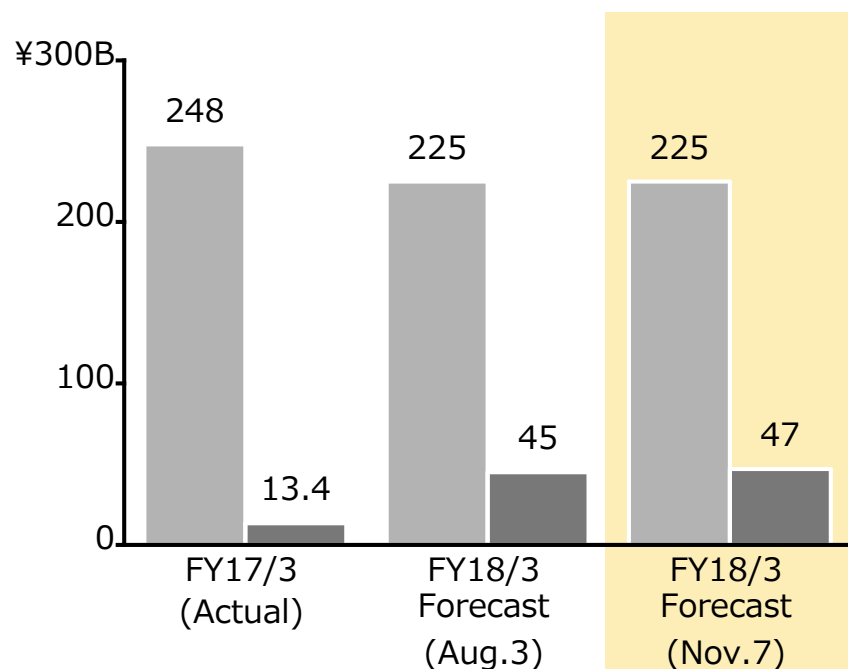
| | | | |
|--------------|--------|--------|--------|
| Market Scale | 12,600 | 10,400 | 11,400 |
| Nikon | 3,190 | 2,300 | 2,600 |

Forecast for the Year Ending March 31, 2018: Precision Equipment Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: remain the same
¥23 billion decrease YoY**

- FPD: Decline in revenue due to sales unit decline
 - Decline in new investment for mid-to-small sized panels
 - Full swing of investment in new line for large sized panels (3 units of G10.5 systems forecasted)

- **Operating Profit: ¥2 billion increase
¥33.6 billion increase YoY**

- Operating Profit of previous FY17/3 was ¥48.1 billion excluding the restructuring relevant expenses
- Operating Profit margin improved by 1.5pts to 20.9% from 19.4% of previous FY17/3 excluding the restructuring relevant expenses
- FPD: Decline in operating profit from revenue decline/product mix change
- Semiconductor: Expect to achieve break-even

Semiconductor Lithography Systems (New/Refurbished, units)

| | | | |
|------------------------|-------|-------|-------|
| Market Scale (CY16/17) | 210 | 210 | 210 |
| Nikon | 24/11 | 17/10 | 17/12 |

FPD Lithography Systems (units)

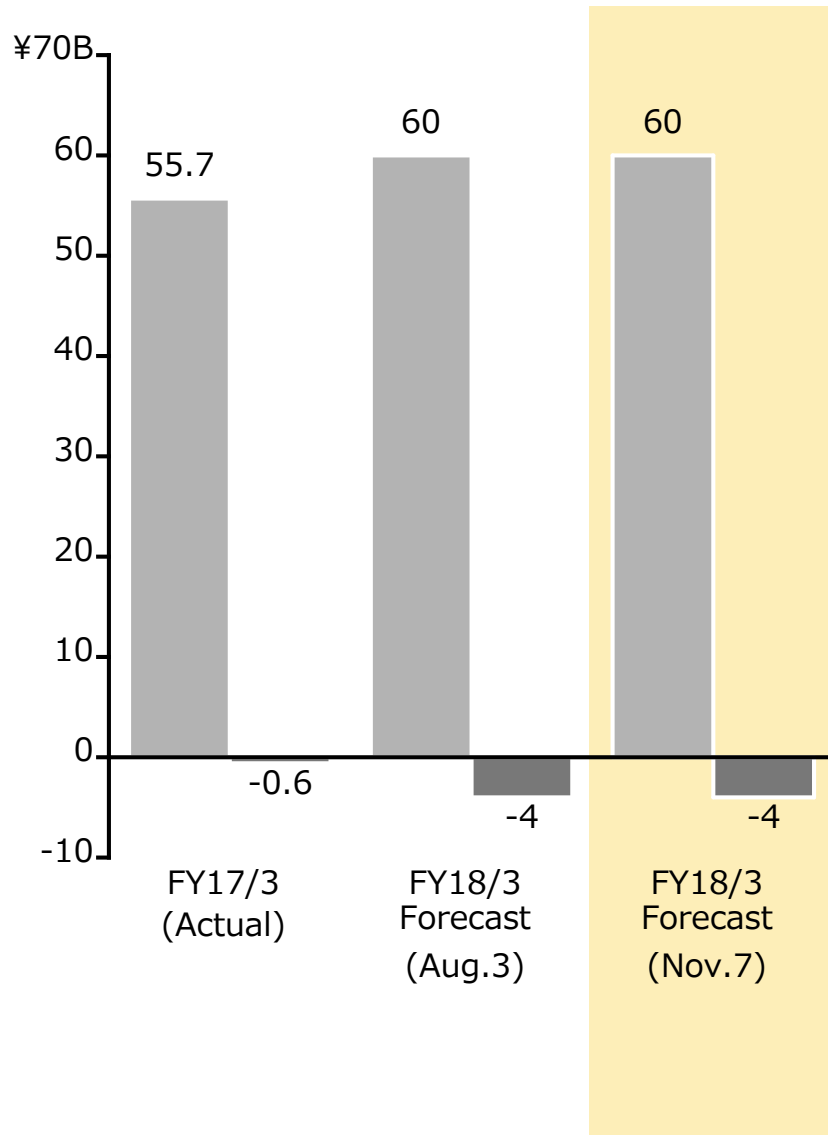
| | | | |
|------------------------|-----|-----|-----|
| Market Scale (CY16/17) | 128 | 150 | 150 |
| Nikon | 92 | 68 | 68 |

Forecast for the Year Ending March 31, 2018: Healthcare Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



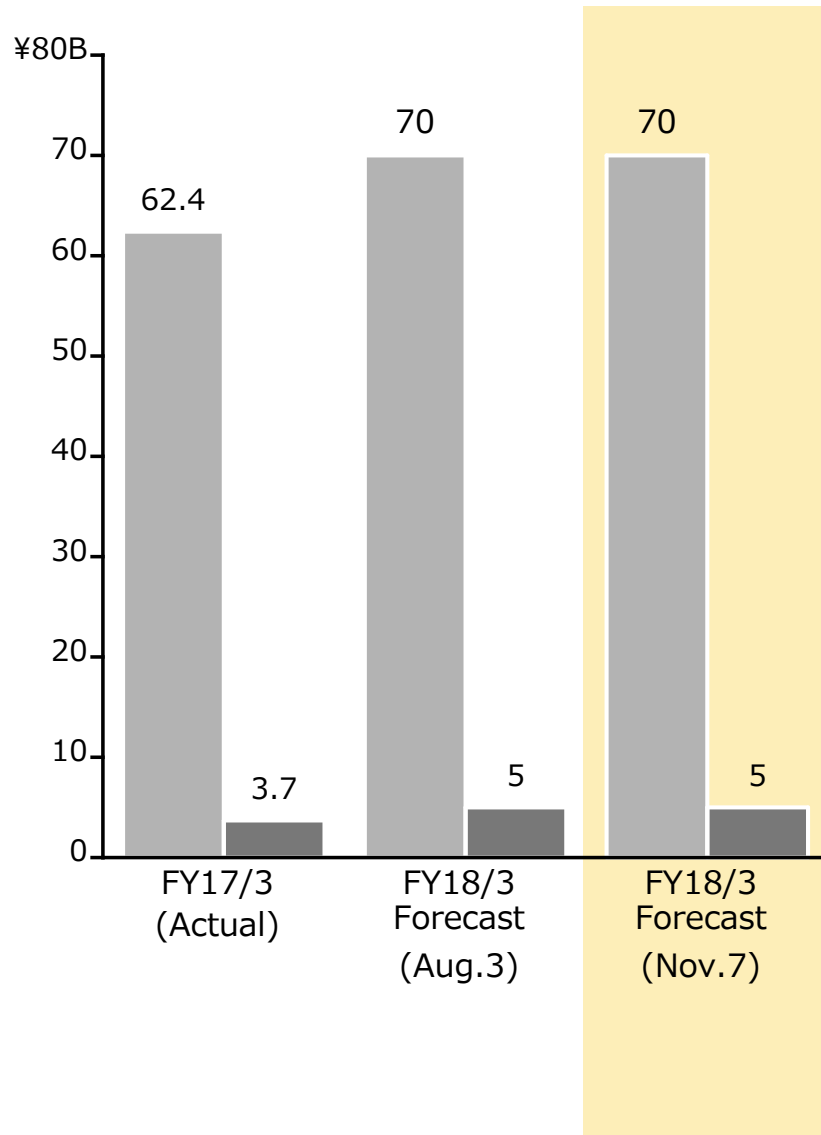
- **Revenue: remains the same**
¥4.3 billion increase YoY
 - Increased sales from increase in market-share in Biological Microscopes
 - Revenue is booked for regenerative medicine related but it still requires time to contribute to profit.
 - The retina diagnostic imaging equipment business maintains firm growth in-line with steady market growth
- **Operating Profit: remains the same**
 - Operating Profit of previous FY17/3 was minus ¥0.1 billion excluding the restructuring and relevant expenses
 - Temporary increase of investment to expand business in ophthalmologic diagnosis field
 - New management structure is expected to bring an early positive turnaround

Forecast for the Year Ending March 31, 2018: Industrial Metrology Business and others



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: remains the same**
¥7.6 billion increase YoY
 - Industrial Metrology: Sales expansion chiefly with image measurement system, industrial microscope and X-ray inspection system highly recognized in automotive and electronic parts related fields
- **Operating Profit: remains the same**
¥1.3 billion increase YoY
 - Operating Profit of previous FY17/3 is ¥5.5 billion excluding restructuring relevant expenses
 - Revenue increase of Industrial Metrology business expects to generate corresponding profit