



NIKON CORPORATION
February 7, 2019

Financial Results for the 3rd Quarter of the Year Ending March 31, 2019

- 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 in this statement are rounded down to the nearest hundred million.

1. Financial results for the 3rd Quarter of the year ending March 31, 2019
2. Forecast for the year ending March 31, 2019

Q3 Actual

Revenue

- YoY Change: **revenue down by ¥6.3 billion** (-3%)
- Imaging Products Business decreased its revenue due to declined sales volume of digital cameras.
- Precision Equipment Business substantially improved its revenue thanks to FPD lithography system volume increase.

Operating Profit

- YoY Change: **OP up by ¥3.5 billion** (+19%)
- Precision Equipment Business doubled its profit which offset the profit decrease of Imaging Products Business.

Profit attributable to owners of the parent

- YoY Change: **profit up by ¥9.5 billion** (+113%)

Q1~3 Actual

Revenue

- YoY Change: **revenue slightly up by ¥1 billion** (+0.2%)
- Revenue decrease of Imaging Products was compensated by increase of Precision Equipment and other businesses.

Operating Profit

- YoY Change: **OP up by ¥11.1 billion** (+27%)
- Precision Equipment profit hike substantially surpassed the profit decrease of Imaging Products.

Profit attributable to owners of the parent

- YoY Change: **profit up by ¥18.4 billion** (+83%)

3rd Quarter of the year ending March 31, 2019: Financial Highlights



Billions of yen	FY2018/3 Q3 (A)	FY2019/3 Q3 (B)	Change (B)-(A)
Revenue	196.8	190.5	-6.3
Operating Profit	18.4	21.9	+3.5
% vs. Revenue	9.3%	11.5%	
Profit before income taxes	18.9	23.2	+4.3
% vs. Revenue	9.6%	12.2%	
Profit attributable to owners of the parent	8.4	17.9	+9.5
% vs. Revenue	4.3%	9.4%	
FCF	62.2	16.9	-45.3
Exchange Rate :			Impact on Revenue
US \$	¥113	¥113	-2.7
EURO	¥133	¥129	Impact on Op. Profit
			-1.4

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. ⁴

3rd Quarter of the year ending March 31, 2019: Financial Highlights by Segments



Billions of yen		FY2018/3 Q3	FY2019/3 Q3	YoY Change
Imaging Products Business	Revenue	116.0	90.5	-22%
	Operating Profit	16.2 (21.6)	8.6 (8.6)	-7.6
Precision Equipment Business	Revenue	48.1	64.7	+35%
	Operating Profit	8.4 (8.4)	17.4 (17.4)	+9.0
Healthcare Business	Revenue	14.0	16.3	+16%
	Operating Profit	-1.0 (-1.0)	-0.2 (-0.2)	+0.8
Industrial Metrology and Others	Revenue	18.8	19.0	+1%
	Operating Profit	1.6 (2.1)	2.1 (2.1)	+0.5
Corporate Profit/Loss non- attributable to any reportable segments	Revenue	—	—	—
	Operating Profit	-6.8 (-6.8)	-6.0 (-6.0)	+0.8
Consolidated	Revenue	196.8	190.5	-3%
	Operating Profit	18.4 (24.3)	21.9 (22.0)	+3.5

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. 5
Figures of Operating Profit in parentheses show those excluding the restructuring relevant expenses.

1st to 3rd Quarter of the year ending March 31, 2019: Financial Highlights



Billions of yen	FY2018/3 Q1~Q3(A)	FY2019/3 Q1~Q3(A)	Change (B)-(A)
Revenue	525.2	526.2	+1.0
Operating Profit	41.4	52.5	+11.1
% vs. Revenue	7.9%	10.0%	
Profit before Income Taxes	40.3	57.0	+16.7
% vs. Revenue	7.7%	10.8%	
Profit attributable to owners of parent	22.3	40.7	+18.4
% vs. Revenue	4.2%	7.7%	
FCF	69.2	48.1	-21.1
Exchange Rate :			Impact on Revenue
US \$	¥112	¥111	-2.4
EURO	¥129	¥129	Impact on Op. Profit
			-2.4

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. ⁶

1st to 3rd Quarter of the year ending March 31, 2019: Financial Highlights by Segments



Billions of yen		FY2018/3 Q1~Q3	FY2019/3 Q1~Q3	YoY Change
Imaging Products Business	Revenue	291.2	241.4	-17%
	Operating Profit	31.6 (37.0)	21.8 (22.2)	-9.8
	Revenue	146.1	186.3	+28%
Precision Equipment Business	Operating Profit	28.5 (28.5)	47.2 (47.2)	+18.7
	Revenue	39.2	45.7	+17%
Healthcare Business	Operating Profit	-3.1 (-3.1)	-2.5 (-2.5)	+0.6
	Revenue	48.6	52.7	+8%
Industrial Metrology and Others	Operating Profit	3.1 (3.6)	4.8 (5.6)	+1.7
	Revenue	–	–	–
Corporate Profit/Loss non- attributable to any reportable segments	Operating Profit	-18.7 (-18.7)	-18.8 (-18.8)	-0.1
	Revenue	525.2	526.2	+0.2%
Consolidated	Operating Profit	41.4 (47.3)	52.5 (53.8)	+11.1

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. 7
Figures of Operating Profit in parentheses show those excluding the restructuring relevant expenses.

3rd Quarter of the year ending March 31, 2019: Imaging Products Business



Billions of yen	FY2018/3 (A)		FY2019/3 (B)		Change (B)-(A)	
	Q3	Q1~Q3	Q3	Q1~Q3	Q3	Q1~Q3
Revenue	116.0	291.2	90.5	241.4	-25.5	-49.8
Operating Profit	16.2	31.6	8.6	21.8	-7.6	-9.8
% vs. Revenue	14.0%	10.9%	9.5%	9.0%		
Digital camera – Interchangeable Lens Type (units sold:1,000)	850	2,160	640	1,710	-210	-450
Interchangeable Lens (units sold:1,000)	1,300	3,320	1,020	2,670	-280	-650
Compact DSC (units sold:1,000)	720	2,110	450	1,300	-270	-810

- **Q3 YoY Change:** High-end camera sales was brisk thanks to the new ML launch, but fierce competitions in the shrinking entry/mid-range DSLR markets suppressed the volume largely in addition with the initial cost, resulting in revenue/profit reductions.

3rd Quarter of the year ending March 31, 2019: Precision Equipment Business



Billions of yen	FY2018/3 (A)		FY2019/3 (B)		Change (B)-(A)	
	Q3	Q1~Q3	Q3	Q1~Q3	Q3	Q1~Q3
Revenue	48.1	146.1	64.7	186.3	+16.6	+40.2
Operating Profit	8.4	28.5	17.4	47.2	+9.0	+18.7
% Vs. Revenue	17.5%	19.5%	26.9%	25.3%		
FPD Lithography System (Units)	14	48	18	54	+4	+6
Semiconductor Lithography systems New/Refurbished (Units)	3/3	10/7	4/2	12/11	+1/-1	+2/+4

- Q3 YoY Change:** FPD Lithography Business achieved the planned sales hike including G10.5, ending with substantial increase of revenue/profit. Semiconductor Lithography Business improved its revenue/profit by product mix change which was contributed by the sale of ArF immersion lithography systems.

3rd Quarter of the year ending March 31, 2019: Healthcare Business



Billions of yen	FY2018/3 (A)		FY2019/3 (B)		Change (B)-(A)	
	Q3	Q1~Q3	Q3	Q1~Q3	Q3	Q1~Q3
Revenue	14.0	39.2	16.3	45.7	+2.3	+6.5
Operating Profit	-1.0	-3.1	-0.2	-2.5	+0.8	+0.6
% vs. Revenue	-7.1%	-7.9%	-1.2%	-5.5%		

- Q3 YoY Change:** Sales of both biological microscopes and retinal imaging diagnosis devices succeeded mainly in overseas markets, however the loss was posted because of the planned investment for future growth.

3rd Quarter of the year ending March 31, 2019: Industrial Metrology Business and Others



Billions of yen	FY2018/3 (A)		FY2019/3 (B)		Change (B)-(A)	
	Q3	Q1~Q3	Q3	Q1~Q3	Q3	Q1~Q3
Revenue	18.8	48.6	19.0	52.7	+0.2	+4.1
Operating Profit	1.6	3.1	2.1	4.8	+0.5	+1.7
% vs. Revenue	8.5%	6.4%	11.1%	9.1%		

• **Q3 YoY Change:** Sales of CNC video measuring systems and X-ray inspection systems progressed as planned. Other businesses including the large-sized photomask substrate showed steady performance, which led to the profit improvement for the entire segment.

1. Financial results for the 3rd Quarter of the year ending March 31, 2019

2. Forecast for the year ending March 31, 2019

Revenue

- **Overall forecast is downgraded by ¥20 billion**
 - Imaging Products Business downgraded its forecast by ¥15 billion in view of Q3 results and Q4 sales plan.
 - Precision Equipment Business downgraded its forecast by ¥5 billion as the sales recognition is postponed to the next FY due to the request of the customer.

Operating Profit

- **Overall forecast is upgraded by ¥6 billion**
 - Imaging Products Business downgraded its forecast by ¥6 billion.
 - Precision Equipment Business upgraded its forecast by ¥11 billion by reflecting approx. ¥19 billion received after litigation settlement, relevant legal expenses and the postponed sales recognition of semiconductor lithography systems.
 - OP that cannot be allocated to Business Segments is to improve ¥1 billion.

Profit attributable to Owners of the Parent

- **Overall forecast is upgraded by 6 billion.**
 - Profit excluding the payment received after litigation settlement is expected to fall short of the previous forecast.

Annual Dividend

- **¥60, unchanged from the previous forecast (¥30 for interim, ¥30 for year-end)**
 - ¥24 increase from ¥36 in the previous FY

Forecast for the year ending March 31, 2019: Highlights



Billions of yen	FY2018/3 Actual (A)	Previous Forecast (Nov.8)(B)	New Forecast (Feb.7)(C)	Change (C)-(A)	Change (C)-(B)
Revenue (% variance)	717.0	740.0	720.0	+3.0	-20.0
Operating Profit % vs Revenue	56.2 7.8%	74.0 10.0%	80.0 11.1%	+23.8	+6.0
Profit before income taxes % vs Revenue	56.2 7.8%	76.0 10.3%	83.0 11.5%	+26.8	+7.0
Profit attributable to owners of the parent % vs Revenue	34.7 4.8%	53.0 7.2%	59.0 8.2%	+24.3	+6.0
FCF	90.2	60.0	60.0	-30.2	±0
Exchange Rate :				Impact on Revenue	
US \$	¥111	¥108	¥110	Approx.-5.9	Approx.+1.8
EURO	¥130	¥130	¥128	Impact on Op. Profit	
				Approx.-3.2	Approx.-1.4

While posting approx. ¥19 billion payment received for litigation settlement and relevant expenses, downgrade the forecast of Imaging Products Business, etc.

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion. Approx. ¥19 billion paid by ASML Holding N.V. (Netherlands) 14 and Carl Zeiss SMT GmbH (Germany) is a conversion of EUR150 million by the exchange rate of ¥125 per Euro.

Forecast for the year ending March 31, 2019 by Segments

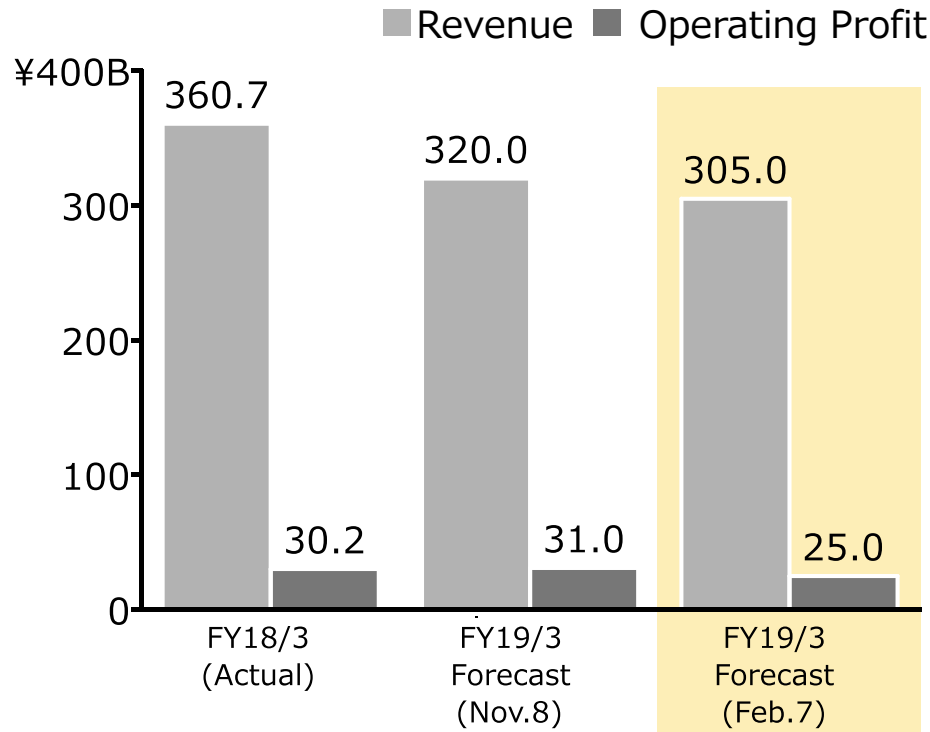


Billions of yen		FY2018/3 Actual(A)	Previous Forecast (Nov.8) (B)	New Forecast (Feb.7) (C)	Change (C)-(A)	Change (C)-(B)
Imaging Products Business	Revenue	360.7	320.0	305.0	-15.4%	-4.7%
	Operating Profit	30.2 (36.0)	31.0 (32.0)	25.0 (26.0)	-5.2	-6.0
Precision Equipment Business	Revenue	226.3	282.0	277.0	+22.4%	-1.8%
	Operating Profit	53.3 (53.3)	68.0 (68.0)	79.0 (79.0)	+25.7	+11.0
Healthcare Business	Revenue	56.8	63.0	63.0	+10.9%	±0%
	Operating Profit	-3.2 (-3.2)	-3.0 (-3.0)	-3.0 (-3.0)	+0.2	±0
Industrial Metrology and Others	Revenue	73.2	75.0	75.0	+2.5%	±0%
	Operating Profit	5.0 (7.8)	6.0 (7.0)	6.0 (7.0)	+1.0	±0
Corporate Profit/Loss non-attributable to any reportable segments	Revenue	—	—	—	—	—
	Operating Profit	-29.1 (-29.1)	-28.0 (-28.0)	-27.0 (-27.0)	+2.1	+1.0
Consolidated	Revenue	717.0	740.0	720.0	+0.4%	-2.7%
	Operating Profit	56.2 (64.9)	74.0 (76.0)	80.0 (82.0)	+23.8	+6.0

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion.

Figures of Operating Profit in parentheses show those excluding the restructuring relevant expenses.

Forecast for the year ending March 31, 2019: Imaging Products Business



• Revenue: forecast down by ¥15B, ¥55.7B down YoY

- ASP is buoyed by new product launch including full-frame ML cameras.
- Lowers ¥15 billion from the previous forecast after revising the sales plan per category in view of severe market conditions including fierce price competition of entry models.

• OP: forecast down by ¥6B, ¥5.2B down YoY

- OP for FY18/3 and FY19/3 is ¥36B and ¥26B, respectively (before restructuring costs).
- Lowers ¥6 billion from the previous forecast because Sales/Revenue reduction and the negative exchange rate impact will not be absorbed by the cost reduction effort.

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

Market Scale	11,410	9,800	10,000
Nikon	2,620	2,250	2,100

Interchangeable Lenses (units: 1,000)

Market Scale	19,060	16,300	16,800
Nikon	4,010	3,350	3,200

Compact DSC (units: 1,000)

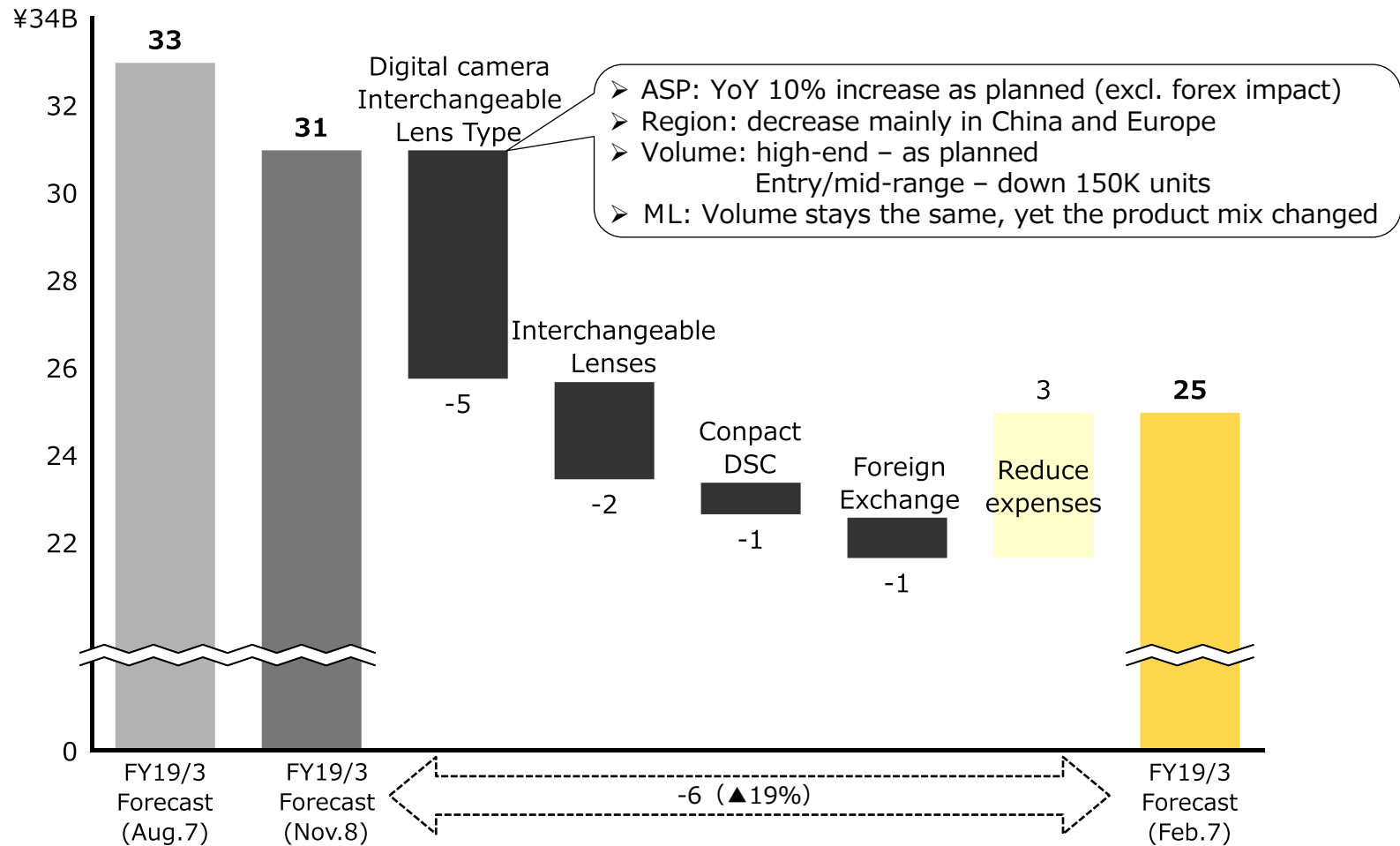
Market Scale	11,960	8,000	8,000
Nikon	2,510	1,700	1,600

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. 16 FY19/3 Revenue forecast is an amount after deducting approx. ¥8 billion.

Forecast for the year ending March 31, 2019: Imaging Products Business: profit impacting factors

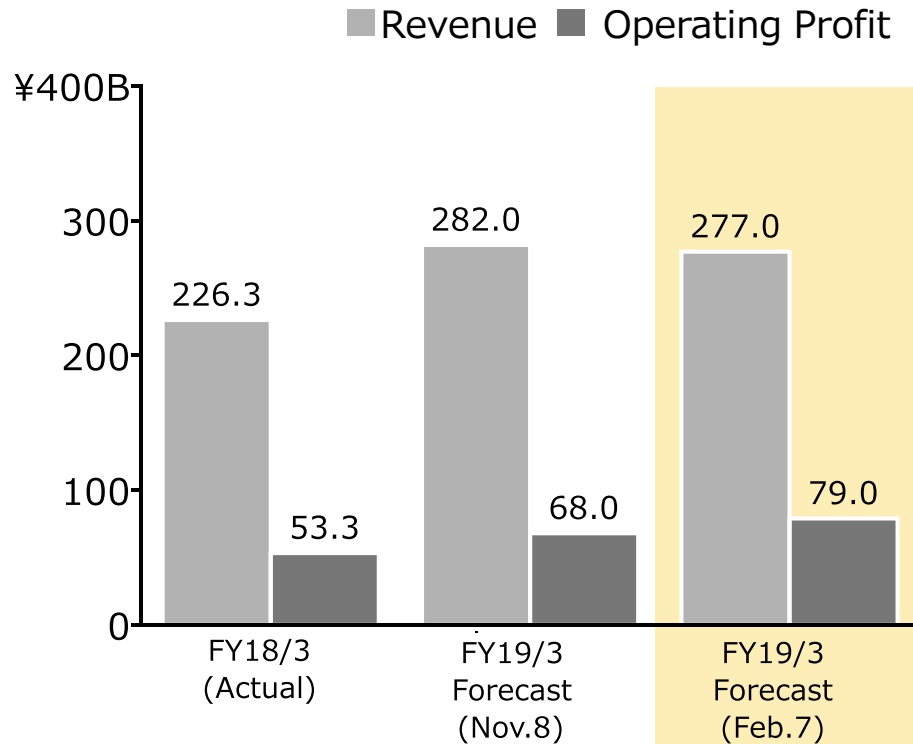


Operating Profit



Revised YoY forecast from favorable to negative
(¥30.2 billion in FY18/3)

Forecast for the Year ending March 31, 2019: Precision Equipment Business



• Revenue : forecast down by ¥5B, ¥50.7B up YoY

- FPD: No change in the forecast, which calls for sales growth in large-sized panel systems to exceed the sales drop of mid-to-small sized panel systems.
- Semiconductor: Main customer's CAPEX is steady, yet down by ¥5B from previous forecast as the sales recognition delays to the next FY due to the request of other customers.

• OP: forecast up by ¥11B, ¥25.7B up YoY

- FPD: Substantial YoY increase in revenue and profit
- Semiconductor: Achieving 2 consecutive profitable years confirms the complete implementation of profitable business structure has taken hold.
- Raise ¥11 billion from the previous forecast after reflecting the delayed sales recognition and the payment received for litigation settlement, etc.

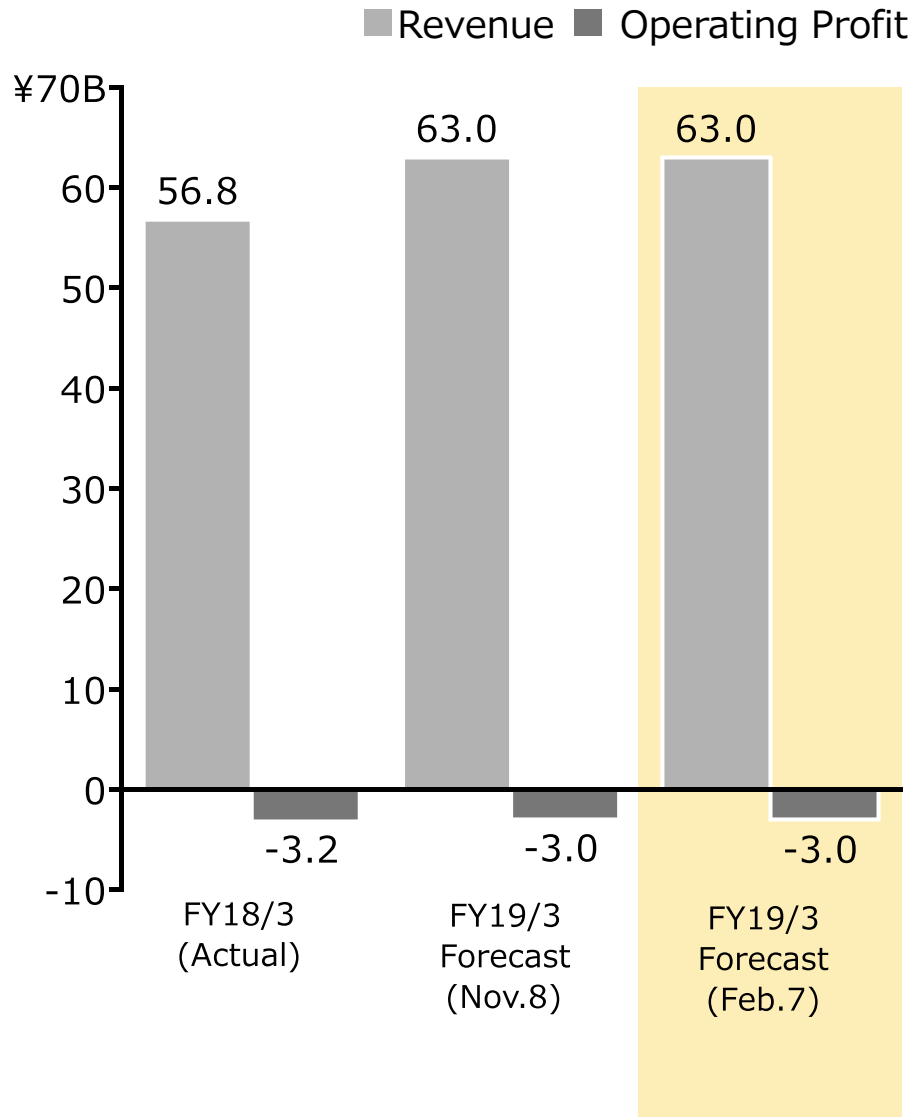
FPD Lithography Systems (units)

Market Scale (CY17/18)	149	150	142
Nikon	67	70	70

Semiconductor Lithography Systems (New/Refurbished, units)

Market Scale (CY17/18)	240	260	300
Nikon	17/13	23/12	21/11

Forecast for the Year ending March 31, 2019: Healthcare Business



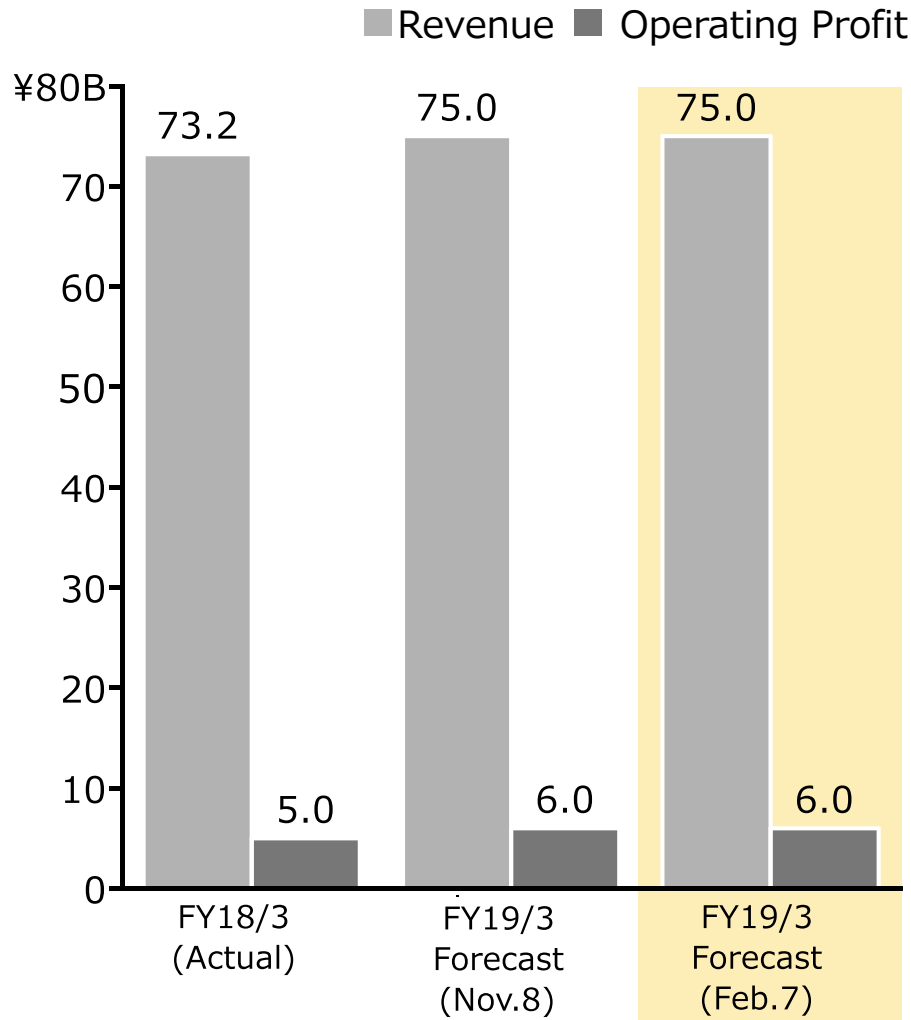
- **Revenue: forecast unchanged, ¥6.2B up YoY**

- Bioscience: expecting to increase revenue mainly in overseas such as North America and China.
- Ophthalmologic diagnosis: forecasting revenue growth as the retinal imaging diagnosis device market remains robust as new product launched.

- **OP: forecast unchanged**

- While R&D investment for future business/profit expansion has been strengthened, the loss stays almost flat YoY supported by sales hike.

Forecast for the Year ending March 31, 2019: Industrial Metrology Business and Others



- **Revenue : forecast unchanged, ¥1.8B up YoY**

- In Industrial Metrology, revenue decline resulting from the CMM business disposition is covered by sales expansion of CNC video measuring systems and X-ray inspection systems, etc.

- **OP: forecast unchanged, ¥1B up YoY**

- OP of Industrial Metrology and other businesses for FY18/3 and FY19/3 is ¥7.8B and ¥7.0B respectively (before restructuring cost).
- Restructuring cost incurred by some product discontinuation amounts to ¥1 billion for FY19/3.