



Financial Results for the year ended March 31, 2020

Progress of Medium-Term Management Plan

May 28, 2020

1. Financial Results for the year ended March 31, 2020 and Forecasts for the year ending March 31, 2021
2. Update on our response to COVID-19
3. Progress on Medium-Term Management Plan

Summary for the year ended March 31, 2020



Revenue

¥591.0B

- **vs Previous forecast : down ¥29.0B (Impact of COVID-19 : approx. -¥33.0B)**
 - Revenue decreased in all businesses except Semiconductor Lithography Business due to the impact of COVID-19.
- **YoY : down ¥117.6B**
 - **Imaging Products** : Although the revenue of ML grew, revenue of business as whole decreased by approx.¥70.0B due to the market shrinkage and delay of new product launch by the impact of COVID-19.
 - **Precision Equipment** : Revenue decreased by more than ¥30.0B as whole business, as sales of FPD Lithography Business decreased due to the customer investment came to full cycle as well as postponement of the sales to next term due to the impact of COVID-19, even though revenue grew in Semiconductor Lithography Business.

Operating Profit

¥6.7B

- **vs Previous forecast : down ¥13.3B (Impact by COVID-19 : approx.-¥10.0B, additional impairment loss : approx.-¥10.0B)**
 - Significant decrease in profit, due to the impact of COVID-19 and additional impairment losses in Imaging Products Business and Industrial Metrology Business, as a result of careful review of CF projection considering significant deterioration of business environment.
- **YoY : down ¥75.9B**
 - **Imaging Products** : In deficit due to decreased revenue, investments for new product development and the booking of impairment losses. Restructuring has been progressed as expected.
 - **Precision Equipment** : Profit dropped due to decreased sales volumes in FPD Lithography Business and no temporarily profit from litigation settlement.

Note: Amounts in this presentation material are rounded down to the hundred millions of yen, previous forecast is the forecast as of Feb. 6, 2020.

FY2020/3 : Major change from previous forecast (Feb.6, 2020)



Billions of yen		Previous forecast	Imaging product	Precision equipment	Others	Total impact	Actual
Revenue	Impact of COVID-19		approx.-10.0	approx.-20.0	approx.-3.0	approx.-33.0	
	Other change and foreign exchange		approx.1.0	approx.5.0	approx.-2.0	approx.4.0	
	Consolidated	620.0	-9.2	-15.3	-4.7	29.0	591.0
Operating Profit	Impact of COVID-19		approx.-4.0	approx.-5.0	approx.-1.0	approx.-10.0	
	Fixed asset impairments		-6.6	0	-3.6	-10.3	
	Restructuring relevant expenses		2.3	0	0	2.3	
	Efficiencies and cost reduction		approx.2.0	approx.0	approx.4.0	approx.6.0	
	Other change and foreign exchange		approx.-1.0	approx.1.0	approx.-1.0	approx.-1.0	
	Consolidated	20.0	-7.1	-4.3	-1.9	-13.3	6.7

Impact of COVID-19 (Operating profit)	: Imaging Products	approx.¥4.0B	Due to product mix change by suspension of distributors mainly selling mid and high-end cameras, and delay of launch in main products including professional use products by stagnation of the supply chain.
	: Precision Equipment	approx.¥5.0B	5 FPD lithography systems sales were postponed to FY2021/3 and decreased service sales.
	: Other	approx.¥1.0B	Mainly due to decreased revenue in Healthcare Business.
Fixed asset impairment losses	: Imaging Products	¥6.6B	Reduced CF projection for Nikon Corporation and its subsidiary in Japan. Impaired mainly intangible assets such as software. Separately, ¥800M for unused equipment at overseas manufacturing company was booked in connection with restructuring relevant expenses.
	: Other	¥3.6B	Reduced CF projections for some products in the Industrial Metrology Business. Primarily goodwill was impaired down to recoverable amount.

Note: Amounts have been rounded to the first decimal point. Events that impact only the parent business (by Japanese accounting standards) have been omitted. The companywide total impairment is ¥11.2B, of which ¥7.4B is in Imaging Products Business. However, ¥800M recognized as restructuring relevant expenses is excluded from the above table.

Financial Results for the year ended March 31, 2020: Highlights



Billions of yen	FY2019/3 Actual(A)	Previous Forecast (Feb. 6) (B)	FY2020/3 Actual(C)	Change (C)-(A)	Change (C)-(B)
Revenue	708.6	620.0	591.0	-117.6	-29.0
Operating Profit	82.6	20.0	6.7	-75.9	-13.3
% vs Revenue	11.7%	3.2%	1.1%		
Profit before income taxes	87.9	23.0	11.8	76.1	-11.2
% vs Revenue	12.4%	3.7%	2.0%		
Profit attributable to owners of the parent	66.5	17.0	7.6	-58.9	-9.4
% vs Revenue	9.4%	2.7%	1.3%		
FCF	43.5	15.0	-4.8	-48.3	-19.8
Exchange Rate :				Impact on Revenue	
US \$	¥111	¥108	¥109	-14.2	2.6
EURO	¥128	¥121	¥121	Impact on Operating Profit	
				-4.3	0.1

FCF decreased YoY due to reduced advanced payment and the changes of payment terms for the domestic partner companies etc.

Financial Results for the year ended March 31, 2020:by Segments

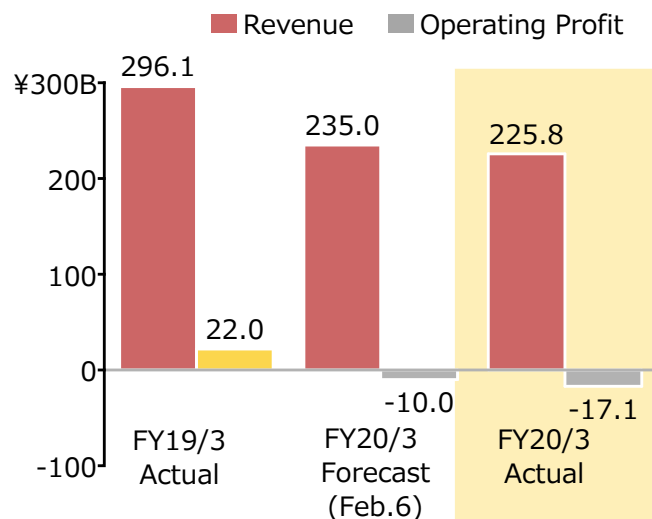


Billions of yen		FY2019/3 Actual (A)	Previous Forecast (Feb. 6) (B)	FY2020/3 Actual (C)	Change (C)-(A)	Change (C)-(B)
Imaging Products Business	Revenue	296.1	235.0	225.8	-23.7%	-3.9%
	Operating Profit	22.0 (22.6)	-10.0 (-5.0)	-17.1 (-14.4)	-¥39.1B	-¥7.1B
Precision Equipment Business	Revenue	274.5	255.0	239.7	-12.7%	-6.0%
	Operating Profit	81.7 (81.7)	51.0 (51.0)	46.7 (46.7)	-¥35.0B	-¥4.30B
Healthcare Business	Revenue	65.4	65.0	62.0	-5.2%	-4.6%
	Operating Profit	-1.9 (-1.9)	-1.0 (-1.0)	-2.4 (-2.4)	-¥0.5B	-¥1.40B
Industrial Metrology and Others	Revenue	72.5	65.0	63.3	-12.7%	-2.6%
	Operating Profit	6.9 (7.5)	4.0 (4.0)	3.1 (3.1)	-¥3.8B	-¥0.9B
Corporate P/L non- attributable to any reportable segments	Revenue	-	-	-	-	-
	Operating Profit	-26.1 (-25.6)	-24.0 (-22.3)	-23.6 (-21.9)	+¥2.5B	+¥0.4B
Consolidated	Revenue	708.6	620.0	591.0	-16.6%	-4.7%
	Operating Profit	82.6 (84.4)	20.0 (26.7)	6.7 (11.2)	-¥75.9B	-¥13.3B

Note: The operating profit figures in parentheses exclude restructuring relevant expenses.

Corporate P/L not attributable to any reportable segments includes the elimination of intersegment transactions that amount to ¥0.6B in FY2019/3, -¥2.1B and the gain from unused land sales of ¥3.8B in FY2020/3.

Results for the year ended March 31, 2020: Imaging Products Business



Digital Camera-Interchangeable Lens type (units:1,000)

Market Scale	10,040	7,800	7,920
Nikon	2,060	1,500	1,620

Interchangeable Lens (units:1,000)

Market Scale	16,960	13,500	13,370
Nikon	3,170	2,500	2,650

Compact DSC (units:1,000)

Market Scale	8,220	6,000	6,190
Nikon	1,600	900	840

• Revenue: Down ¥9.2B vs. previous forecast Down ¥70.3B YoY

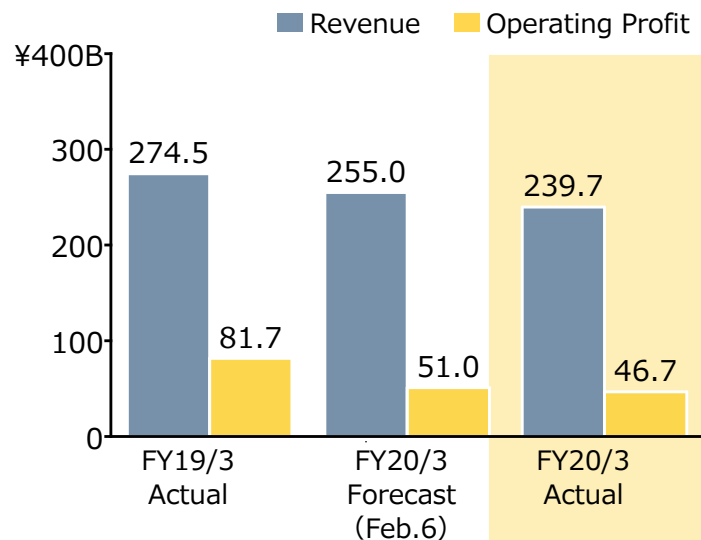
- Revenue had been progressing mostly in line with previous forecasts until the middle of February. However, Revenue decreased due to declined demand and delay in new products launches such as high-end DSLR cameras and lenses for ML by the impact of COVID-19.
- Compared to last year, sales volumes of ML and its lenses increased. Volume/sales ratio of mid-range and high-end cameras for professionals and hobbyist improved steadily, as well as IL tie ratio against camera. Online sales ratio also grew.

• Operating Profit: Down ¥7.1B vs. previous forecast Down ¥39.1B YoY

- Posted ¥2.7B (planned as ¥5.0B) in restructuring relevant expenses. Reduced ¥25.0B of business costs (planned as ¥50.0B during Medium-Term Management Plan period).
- Posted ¥6.6B in fixed asset impairment losses on reduced CF projections for Nikon Corporation and its subsidiary in Japan due to the impact of COVID-19.
- Losses grew as impairments outstripped cost reductions in sales, R&D and restructuring relevant expenses.

Note: The impairment losses are ¥7.4B, yet above ¥6.6B was not include restructuring relevant expenses.

Results for the year ended March 31, 2020: Precision Equipment Business



FPD Lithography Systems (units)

Market Scale (CY18/19)	142	90	90
Nikon	70	32	27

Semiconductor Lithography Systems (New/Refurbished, units)

Market Scale (CY18/19)	300	250	280
Nikon	21/20	30/11	34/11

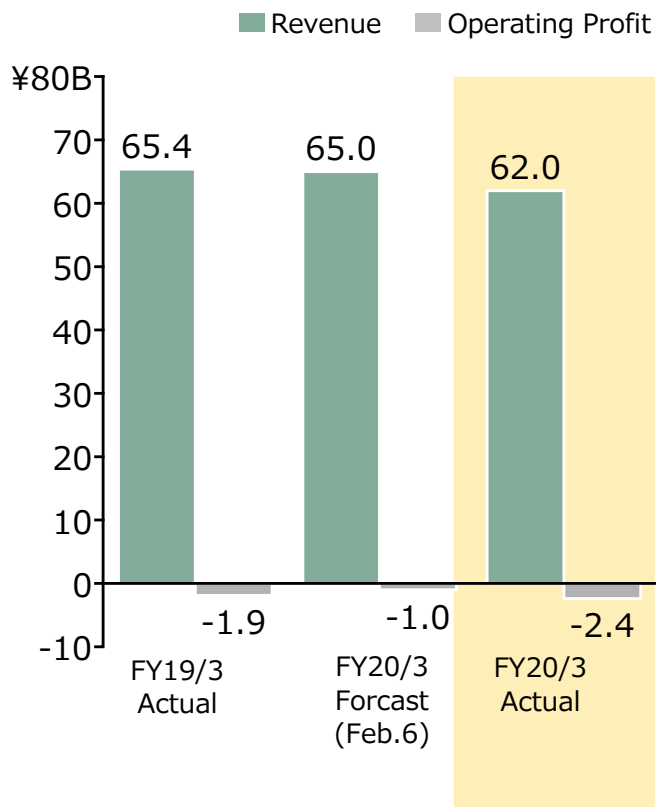
• Revenue: Down ¥15.3B vs. previous forecast Down ¥34.8B YoY

- FPD : Compared to previous forecast, sales of 5 systems postponed to FY2021/3 as installation delayed due to the impact of COVID-19. Compared to last year, revenue down significantly as customer investments in 6G and 8G systems came to full cycle.
- Semiconductor: Compared to previous forecast, 4 systems' installations completed early as customer request. Compared to last year, revenues up on increased volumes of new systems.

• Operating profit: Down ¥4.3B vs. previous forecast Down ¥35.0 B YoY

- Compared to previous forecast, profit down in the business as a whole. Postponement of FPD system sales into FY2021/3 weighed on revenues. That impact outweighed the boost to profits from increased semiconductor volumes.
- Compared to last year, profit down approx.¥20.0B excluding the approx.¥15.0B temporary profit booked in FY2019/3 due to litigation settlement.

Results for the year ended March 31, 2020: Healthcare Business



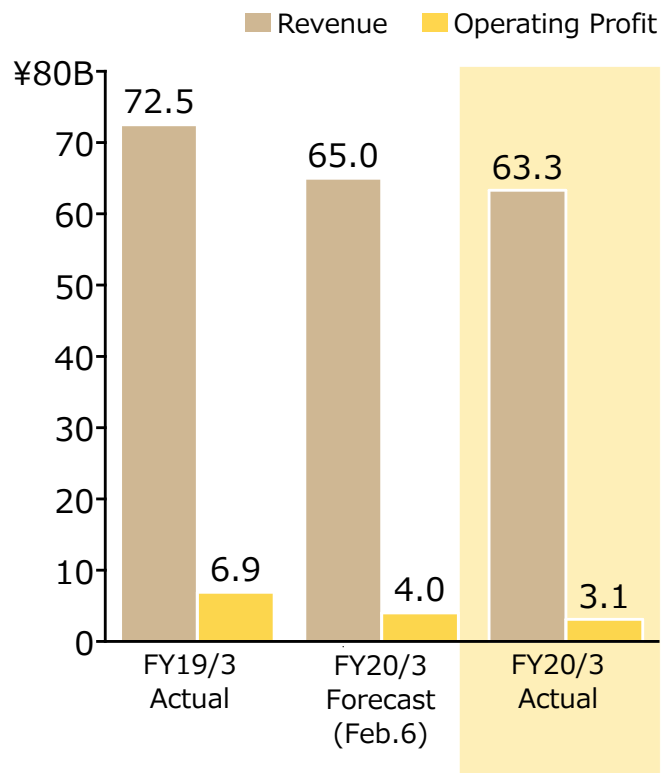
- **Revenue: Down ¥3.0 B vs. previous forecast
Down ¥3.4 B YoY**

- Revenue decreased compare to previous forecast and last year as well. Revenue decreased in biological microscopes and retinal diagnostic imaging systems due to the impact of COVID-19 etc.

- **Operating Profit: Down ¥1.4 B vs. previous forecast
Down ¥0.5 B YoY**

- The plan was to halve losses vs. the previous year by focusing the investments in regenerative medicine and ophthalmological diagnosis fields. Instead, losses grew YoY due to the impact of COVID-19.

Results for the year ended March 31, 2020: Industrial Metrology Business and Others



- **Revenue: Down ¥1.7 B vs. previous forecast
Down ¥9.2 B YoY**

- Compared to previous forecast, revenue did not reach the target due to the impact of COVID-19 etc.
- Compared to last year, revenue decreased as customers mainly in Asia including China reigned in investment. However, revenue grew as planned in growth segments of X-ray inspection systems and non-contact 3D metrology systems.

- **Operating Profit: Down ¥0.9 B vs. previous forecast
Down ¥3.8 B YoY**

- Compared to previous forecast, posted ¥3.6B impairment of fixed assets based on Industrial Metrology Business consolidation, including NM (reducing NM goodwill balance to zero) due to significant deterioration of business environment triggered by the impact of COVID-19 etc. Overall expense reductions suppressed the decline in profits to ¥0.9B.

Note: NM refers to Nikon Metrology NV, an overseas subsidiary of organizing functions of the development, manufacture, sale and service of metrology systems and X-ray, CT systems in Industrial Metrology Business.

Forecasts for the year ending March 31, 2021



Performance forecasts

- **Undecided**
- To be disclosed once reasonable estimation can be given as the impact of COVID-19 is uncertain.

Performance outlook including impact of COVID-19

- **Imaging Products:** Sales in April and May decreased significantly YoY. Although economic activity is recovering in some areas, the business of luxury goods is expected to continue in a severe business environment for the time being, and the deficit for the second consecutive fiscal year is inevitable.
- **Precision Equipment:** In addition to preponed installation of systems to FY2020/3 of Semiconductor Lithography Business, the timing of resuming FPD Lithography systems' shipments/installations may be delayed due to travel restrictions, which could lead some sales to be postponed to FY2021/3.

Financial soundness

- **Equity ratio:** Consolidated equity ratio of 53.7%, maintains a strong financial base
- **Liquidity on hand:** Secured more than ¥400.0B in total of cash on hand and commitment lines of credit etc. for working capital.

Note: Forecasts for FCF, year-end inventory and FX to be determined. Capital and R&D expenditures assumed to be same as last year.

Dividend Policy

- Capital allocation : Continue policy with total return ratio of 40% or more
- ¥60 dividend : Due to significant deterioration of business environment and future CF projection, we withdrew the lower target for dividends per share to maintain growth investment capacity and crisis response.

Dividend

- FY2020/3 : Annual dividend ¥40 (¥30 interim, ¥10 Year-ended)
- FY2021/3 : Undecided

Buy-back FY2020/3

- Buy-back amount : ①approx. ¥10.0B ②approx. ¥30.0B
- Number of shares : ①approx. 6.6M shares ②approx. 22.5M shares
- Buy-back period : ①May2019~June 2019 ②November 2019~March 2020
- Stock cancellation : ②22.5M of shares have been cancelled in March 2020.

