



# Progress of Medium Term Management Plan

Conference in Tokyo (May 12, 2011)

**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. Review of previous Medium Term Management Plan**
- II. Basic Policies and Consolidated financial targets
- III. Measures and Consolidated financial target of each business
- IV. Shareholder's return

## Missions of Nikon Group

For Nikon group to sustain growth and provide customers with new values

## Targets of each fiscal year

|        |  |  |
|--------|--|--|
| 2011/3 | Achieve profitability to forge the growing trend for FY2012. | Achieved<br>Net Sales 887.5 billion yen<br>Operating Income 54.1 billion yen |
| 2012/3 | Get swiftly back on track of continuous growth               | Estimate<br>Net Sales 940.0 billion yen<br>Operating Income 68.0 billion yen |
| 2013/3 | Achieve over 1 trillion yen sales and over 10% OP margin.    |  |

Get back on growing path and continue growing

## Strengthen business functions

Strengthened marketing activities in Asia and emerging countries.

Shortened production leadtime.

Reduced exchange risk.

Enhanced collaboration between business operations and research activities.

Restructured business segments of subsidiaries that do not belong to Companies.

## Promote globalization

Expanded production and development outside Japan.

Established a company that oversees China and Asia operations.

## Create new businesses

## Address after-disaster situations

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## 4 Policies

Expanding  
Nikon brand

Creating  
new  
businesses

Realizing unified  
and quick-  
responding  
organizations

Strengthening  
business functions  
and innovating  
processes

### CSR-oriented management

Gain the leading positions in all main business segments and create new businesses.

Link business functions at high level and optimize overall business process.

Promote globalization and human resource localization.

Promote decentralized management in each Company and strengthen Corporate functions.

Strength risk management by learning lessons from the disaster.

## Whole Business environment:

- Emerging countries and China grew drastically. Economy in other countries recovered by stimulus measures, etc, expecting to keep the growing trend by maneuvering difficult situations.
- Worsening economic conditions in advanced countries pose instability that may decelerate growth in emerging countries.
- March 11 Disaster will impact sales and profit in the initial year but minor impact is anticipated in the 2<sup>nd</sup> year and after.

|               |        |               |           |
|---------------|--------|---------------|-----------|
| EXCHANGE RATE | 2012/3 | 1US DOLLAR=80 | 1EURO=115 |
| (YEN)         | 2014/3 | 1US DOLLAR=80 | 1EURO=110 |

## Business environment of each Company:

### Precision Equipment

Gradual growth in IC steppers/scanners.  
Increasing demand for high resolution in LCD steppers/scanners.

### Imaging

SLR-DSC market maintains 2-digit growth rate.  
Compact DSC market growth is sustained by increasing demand in emerging countries.

### Instruments

Live cell imaging grows in bio-science business.  
Non-contact 3D metrology system grows in instruments business.

# Consolidated financial targets



| Billions of yen  | 2011/3 | 2012/3 | 2014/3 |
|------------------|--------|--------|--------|
| Net Sales        | 887.5  | 940.0  | 1200.0 |
| Operating Income | 54.1   | 68.0   | 135.0  |
| Net Income       | 27.3   | 42.0   | 80.0   |

|                        |        |               |           |
|------------------------|--------|---------------|-----------|
| EXCHANGE RATE<br>(YEN) | 2011/3 | 1US DOLLAR=86 | 1EURO=113 |
|                        | 2012/3 | 1US DOLLAR=80 | 1EURO=115 |
|                        | 2014/3 | 1US DOLLAR=80 | 1EURO=110 |



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# Important Measures of each Companies



## Precision Equipment Company

- Improve competitiveness of immersion steppers/scanners to expand market share.
- Develop immersion steppers/scanners by addressing needs for higher resolution.
- Improve profitability through shorter leadtime and cost reduction.
- Develop new technologies to penetrate into new businesses.

## Imaging Company

- Raise brand awareness and image to gain the leading brand position in imaging field.
- Create markets by launching new generation products and products of new domain.
- Accelerate marketing in emerging countries to be the top runner.
- Strengthen procurement capability and supply chain.

## Instruments Company

- Microscope: gain the leading position in pioneering research fields.
- Measuring instrument: gain the leading position in non-contact 3D metrology field
- Take advantage of existing businesses in a bid to expand and nurture new bio-science businesses.

# Consolidated financial target of each Company



Billions of yen

| Net Sales             | 2011/3 | 2012/3 | 2014/3 |
|-----------------------|--------|--------|--------|
| ■ Precision Equipment | 208.6  | 265.0  | 300.0  |
| ■ Imaging             | 596.4  | 585.0  | 790.0  |
| ■ Instruments         | 57.5   | 65.0   | 80.0   |

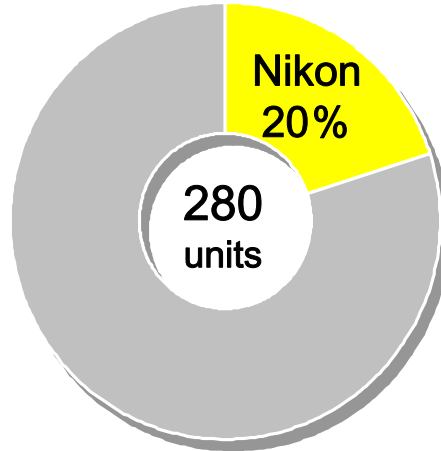
Operating Income

% vs Net Sales

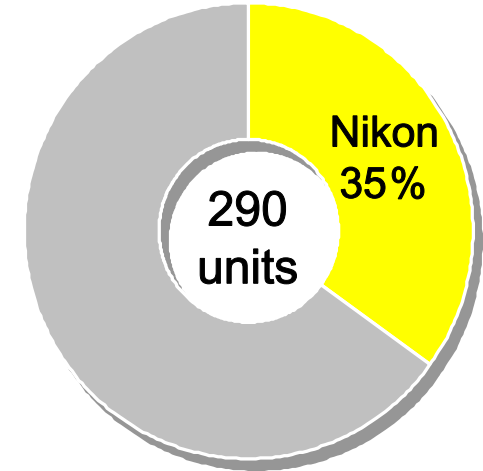
|                       |               |                |                |
|-----------------------|---------------|----------------|----------------|
| ■ Precision Equipment | 2.7 ( 1.3% )  | 31.0 ( 11.7% ) | 44.0 ( 14.7% ) |
| ■ Imaging             | 52.3 ( 8.8% ) | 53.0 ( 9.1% )  | 94.0 ( 11.9% ) |
| ■ Instruments         | - 5.2 ( - % ) | 0.5 ( 0.8% )   | 8.0 ( 10.0% )  |

## Market and Shares : IC Steppers and Scanners

2011/3

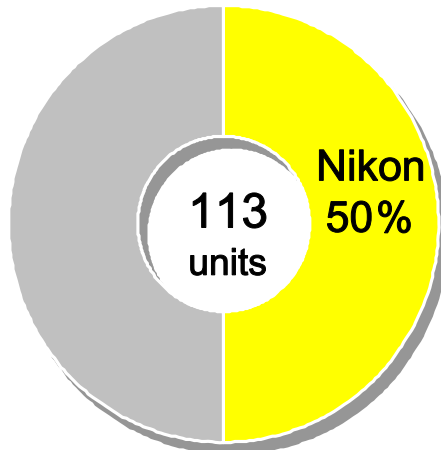


2014/3

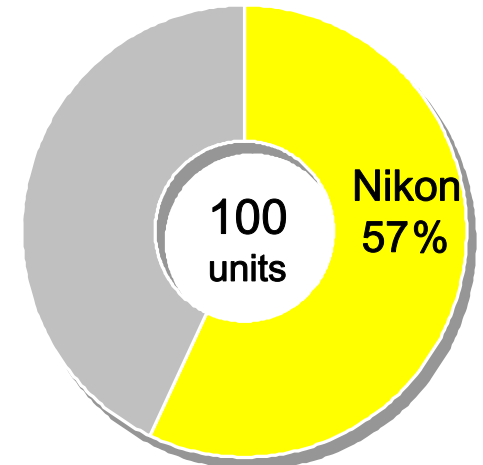


## Market and Shares : LCD Steppers and Scanners

2011/3



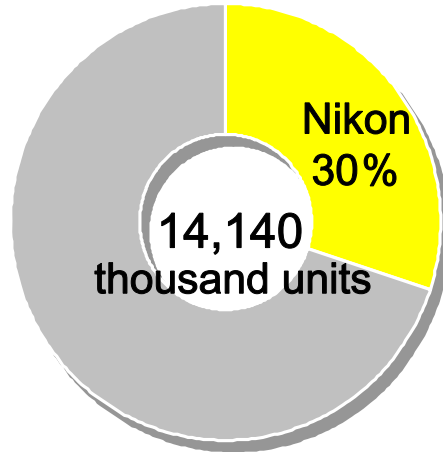
2014/3



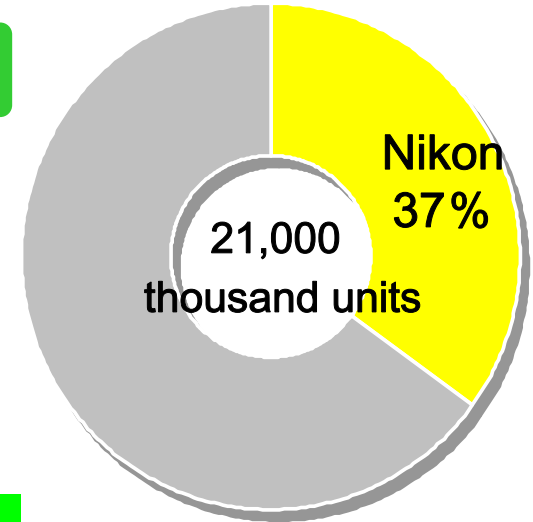
Forecast by Nikon

## Market and Shares : SLR-DSC

2011/3

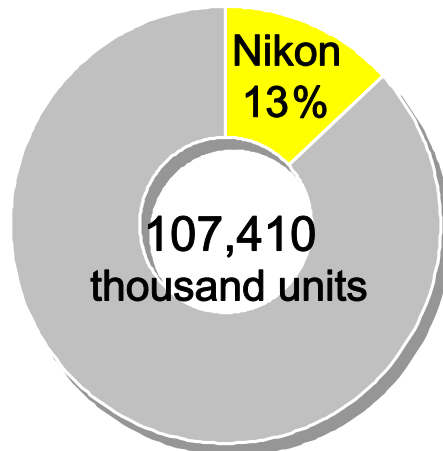


2014/3

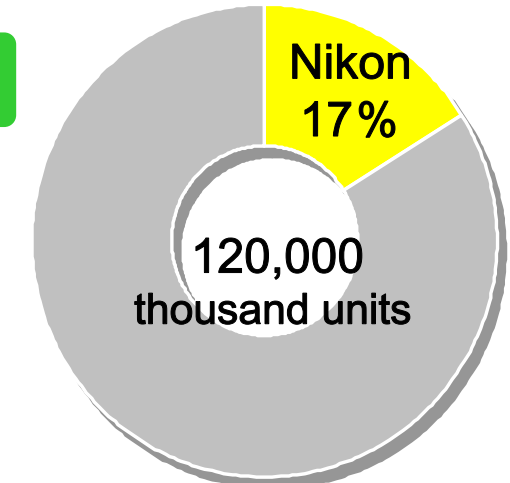


## Market and Shares : C-DSC

2011/3



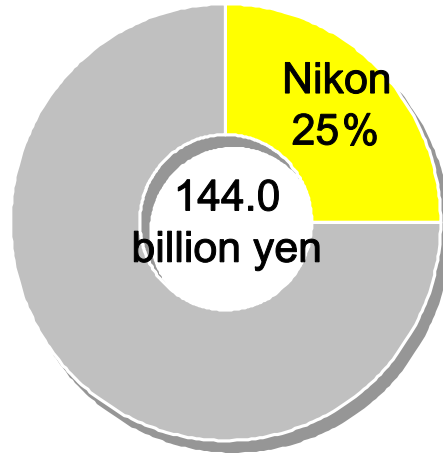
2014/3



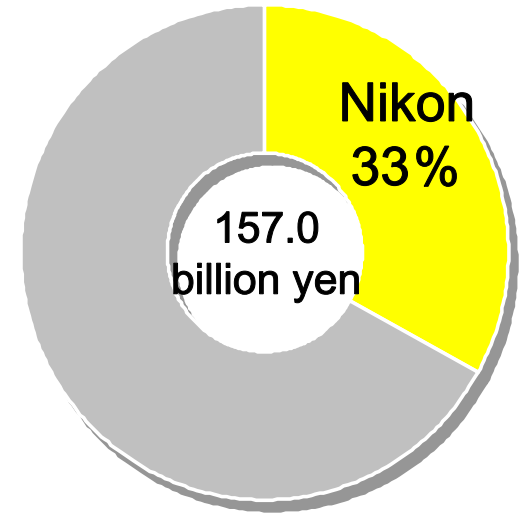
Forecast by Nikon

## Market and Shares : Biological Microscopes

2011/3

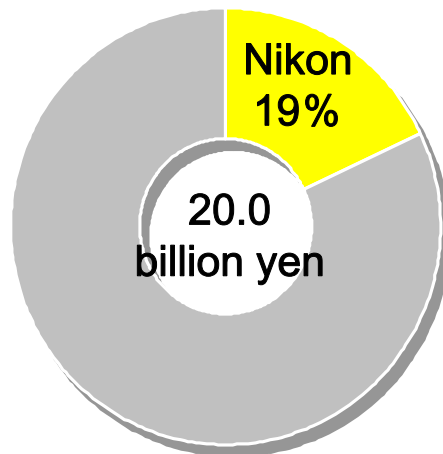


2014/3

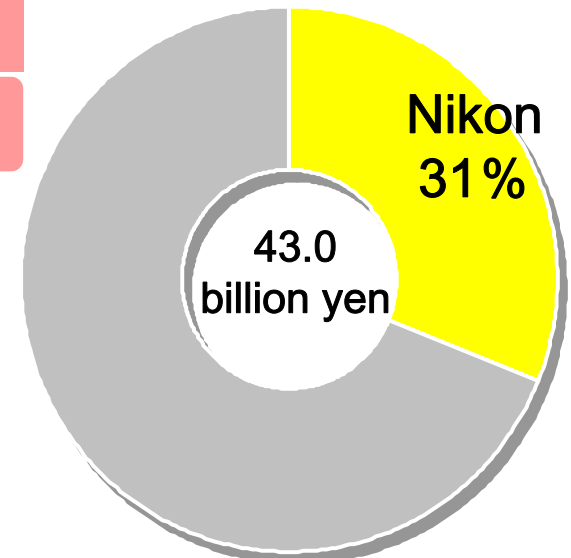


## Market and Shares : non-contact 3D measurement

2011/3



2014/3



# Capital Investment and R&D Plan



Strengthen and expand existing businesses.  
Make necessary investment to explore into new business fields.

Maintaining the R&D expenses at 6-7% of net sales.

Precision equipment



Imaging



Instruments



**Capital Investment: 150 billion yen total (30 billion yen up from previous plan)**  
**R&D expenses: 210 billion yen total (10 billion yen up from previous plan)**  
(cumulative total from fiscal 2012/3 to 2014/3 )

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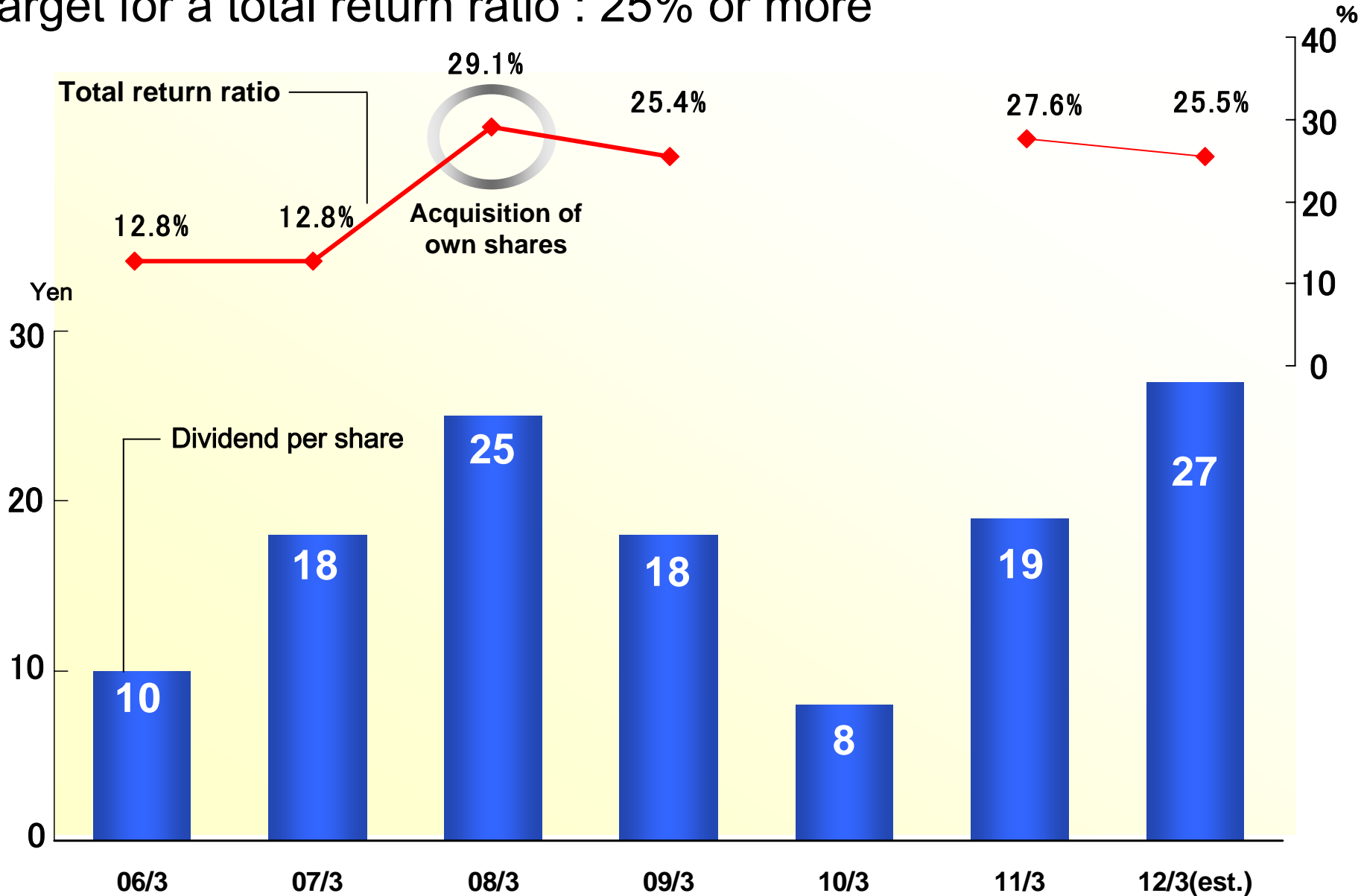
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# Dividend per share and total return ratio



Target for a total return ratio : 25% or more





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