



Financial Results for the First Quarter of the Year Ending March 31, 2014

Conference in Tokyo (Aug 8, 2013)
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. **Financial Results for the First Quarter
of the Year Ending March 31,2014**
- II. Estimation for the Year Ending
March 31,2014
- III. Reference Data

Summary for the First Quarter of the Year Ending March 31, 2014



- ◆ Overall Sales and operating income decreased 20.5 billion yen and 17.3 billion yen, respectively, year on year, mainly owing to sales volume reduction of IC and LCD steppers/scanners.

- Precision Equipment Company
 - Shrinking IC steppers/scanners market pushed down the sales volume.
 - Sales and operating income reduced 18.2 billion yen and 11.7 billion yen, respectively, year on year.

- Imaging Company
 - Regional sales targets for Americas, Europe, and Asia (excluding China) could not be achieved due to sluggish camera markets. China also showed market slowdown, but the actual sales were in line with the target which was already conservative. Japan enjoyed brisk sales. As a result, actual sales volume, sales amount and profit lowered the targets.
 - Sales and operating income reduced 2.6 billion yen and 5.1 billion yen, respectively, year on year.

- Instruments Company
 - Sales increased 800 million yen, year on year, thanks to increased public spending in bio-science field, shrinking the deficit by 100 million yen.

Financial Highlights for the First Quarter of the Year Ending March 31, 2014



| Billions of yen | 13/3 1Q (A) | 14/3 1Q (B) | Change (B)-(A) |
|---|---------------------|--------------------|---|
| Net Sales | 259.4 | 238.9 | - 20.5 |
| Operating Income <small>% vs. Net Sales</small> | 23.3 9.0% | 6.0 2.5% | - 17.3 |
| Ordinary Income <small>% vs. Net Sales</small> | 23.4 9.0% | 5.1 2.1% | - 18.3 |
| Net Income <small>% vs. Net Sales</small> | 15.7 6.1% | 4.4 1.8% | - 11.3 |
| FCF | - 0.2 | 11.0 | +11.2 |
| Exchange Rate | | | |
| US\$ | 80 yen | 99 yen | Impact on Net Sales: +35.6 Op. Income: +5.2 |
| EURO | 103 yen | 129 yen | |

Sales and operating income both decreased mainly due to the shrinkage of IC steppers/scanners market.

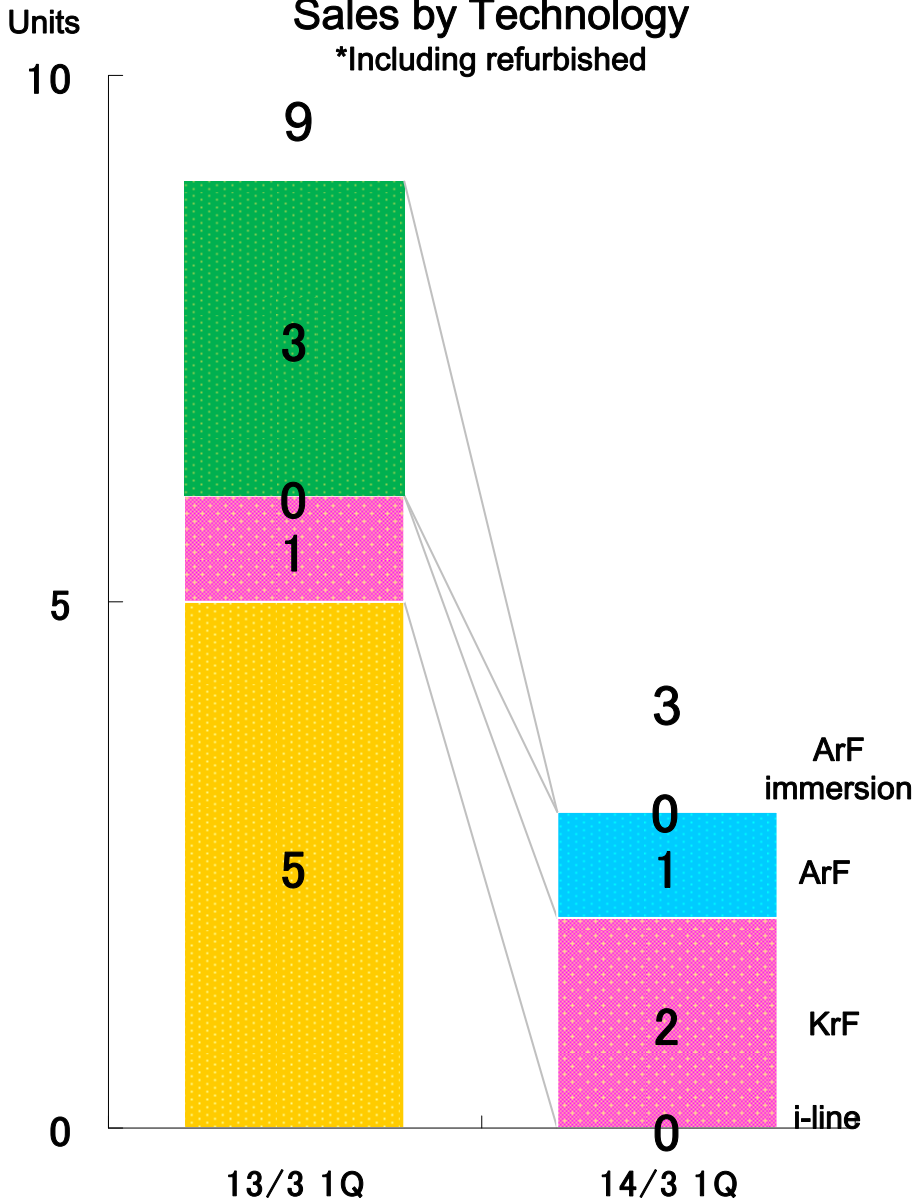
| Billions of yen | 13/3 1Q (A) | 14/3 1Q (B) | Change (B)-(A) |
|--|----------------|----------------|-------------------|
| Net Sales | 52.2 | 34.0 | - 18.2 |
| Operating Income <small>% vs. Net Sales</small> | 10.2 19.5% | - 1.5 -% | - 11.7 |
| IC Steppers & Scanners New / Refurbished | 6/3 units | 2/1 units | - 4/ - 2 units |
| LCD Steppers & Scanners | 22 units | 14 units | - 8 units |

The number of IC steppers/scanners sold was extremely small. Although income improvement measures such as cost reduction activities were proceeded, the Company fell into the red ink.

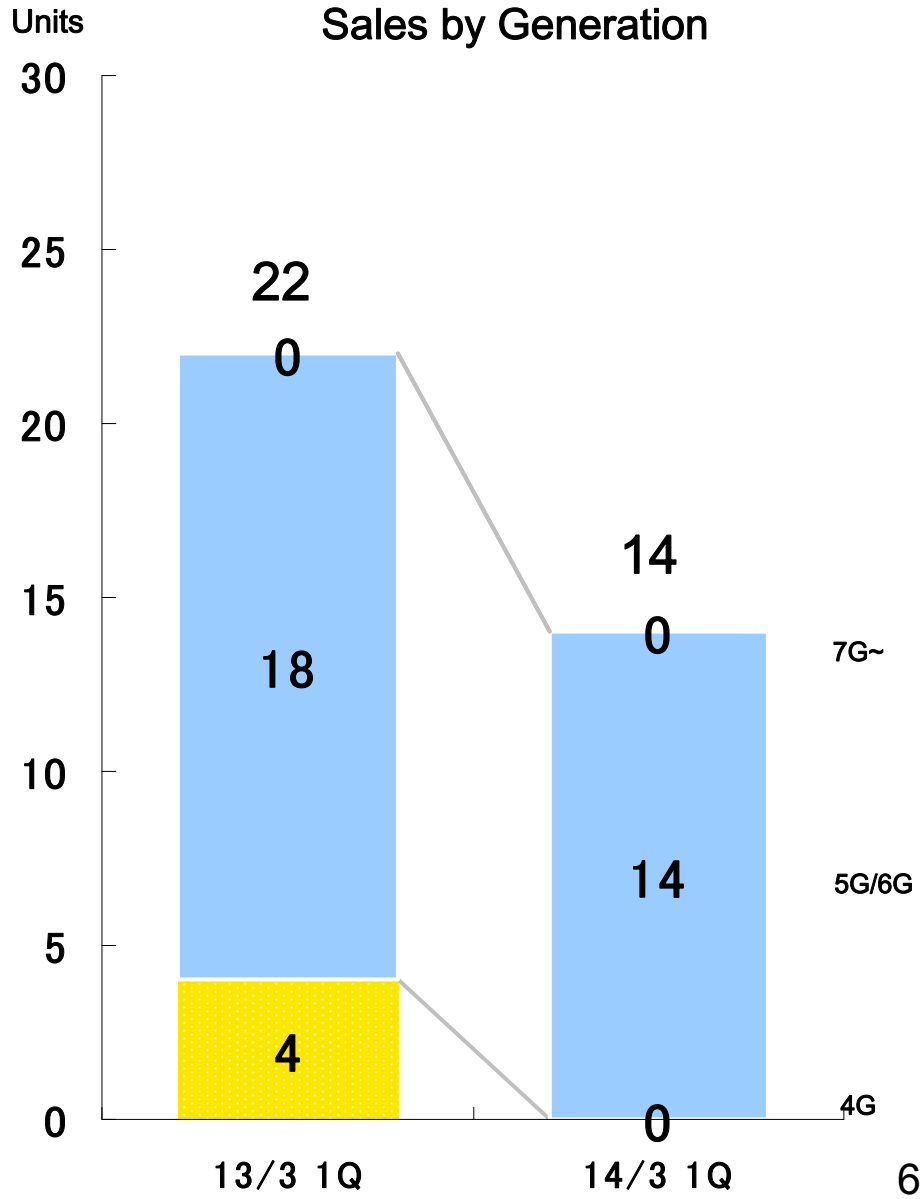


IC Steppers & Scanners Sales by Technology

*Including refurbished



LCD Steppers & Scanners Sales by Generation



| Billions of yen 1,000 of units sold | 13/3 1Q (A) | 14/3 1Q (B) | Change (B)-(A) |
|--|----------------|----------------|-------------------|
| Net Sales | 190.1 | 187.5 | - 2.6 |
| Operating Income <small>% vs. Net Sales</small> | 19.6 10.3% | 14.5 7.7% | - 5.1 |
| Digital camera – Interchangeable Lens Type | 1,670 | 1,590 | - 80 |
| Interchangeable Lenses | 2,300 | 2,240 | - 60 |
| Compact DSC | 4,430 | 3,120 | - 1,310 |

The markets both for interchangeable-lens type digital cameras and interchangeable lenses posted a 2-digit shrinkage from the previous year in terms of shipment volume, but our sales held on to make a 1-digit reduction. While the compact DSC market size was almost halved, our unit sales also suffered 30% reduction.

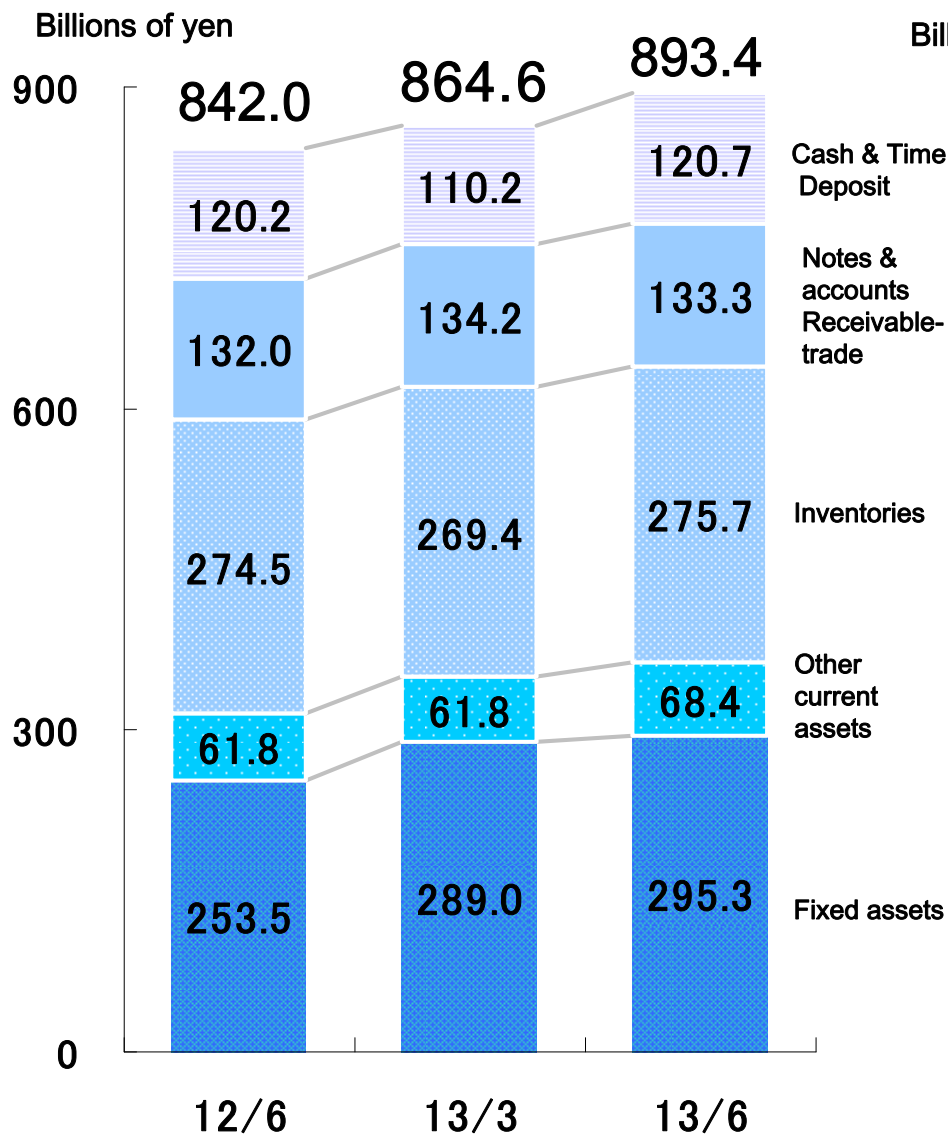
| Billions of yen | 13/3 1Q (A) | 14/3 1Q (B) | Change (B)-(A) |
|--|---------------------|---------------------|-------------------|
| Net Sales | 10.8 | 11.6 | +0.8 |
| Operating Income % vs. Net Sales | - 2.4 - % | - 2.3 - % | +0.1 |

Sales in bio-science field increased thanks to the US public spending hike. Sales of industrial instruments were down due to reduced investment of semiconductor and electronic part manufacturers.

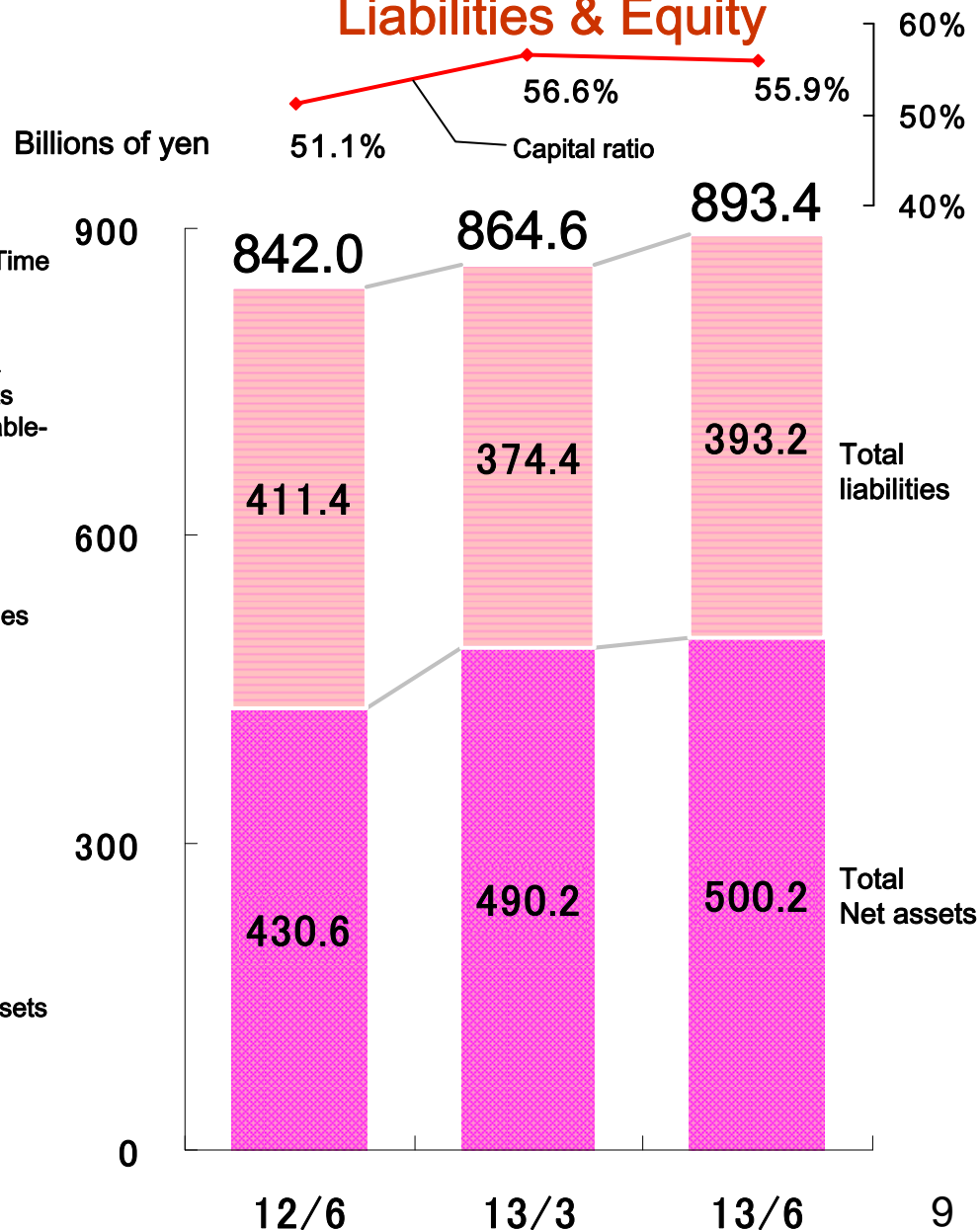
Balance Sheet



Assets



Liabilities & Equity



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- ◆ With Imaging Company's forecast revised, the company made a downward revision of its sales and earnings. Revised sales and operating income forecasts are increased 3% and 7%, respectively, year on year.

- Precision Equipment Company

Although investment in IC steppers/scanners remains low, it is forecasted to recover in the second half. As the LCD steppers/scanners market expands, the plan is to continuously maintain the high market share. The yearly forecast remains unchanged with sales and operating income expected to rise by 17% and 23% each.

- Imaging Company

Forecast of market size for this fiscal year was reexamined. Thus, sales volume, sales amount and operating income were revised downwardly. Sales are slightly down, and operating income is up 22% year on year.

- Instruments Company

Bioscience strives to expand the market share of biological microscopes for general research and clinical use while recovering public spending. Industrial Instruments attempt to capture new demands from automotive and aircraft industries, etc. The forecast remains unchanged. Sales are expected to grow 17% with reduced loss.

- ◆ Annual dividend per share: 32 yen, changed from 41 yen
Interim dividend per share: 10 yen (unchanged)

Estimation for the Year Ending March 31, 2014

| Billions of yen | 13/3 Actual (A) | 1H 2H | Previous est. (B) (May 9) | 1H 2H | New est. (C) | 1H 2H | Change (C)-(A) | Change (C)-(B) | 1H 2H |
|-------------------------|--------------------|-------------------------|------------------------------|-----------------------|-----------------|-------------------------|-------------------|-------------------|-----------------------|
| Net Sales | 1010.4 | <u>497.2</u> 513.2 | 1110.0 | <u>507.0</u> 603.0 | 1040.0 | <u>477.0</u> 563.0 | +29.6 | -70.0 | <u>-30.0</u> -40.0 |
| Operating Income | 51.0 | <u>37.1</u> 13.9 | 85.0 | <u>25.0</u> 60.0 | 65.0 | <u>14.5</u> 50.5 | + 14.0 | -20.0 | <u>-10.5</u> -9.5 |
| % vs. Net Sales | 5.0% | | 7.7% | | 6.3% | | | | |
| Ordinary Income | 48.3 | <u>39.5</u> 8.8 | 85.0 | <u>25.0</u> 60.0 | 63.0 | <u>12.5</u> 50.5 | +14.7 | -22.0 | <u>-12.5</u> -9.5 |
| % vs. Net Sales | 4.8% | | 7.7% | | 6.1% | | | | |
| Net Income | 42.4 | <u>32.0</u> 10.4 | 65.0 | <u>16.0</u> 49.0 | 50.0 | <u>8.0</u> 42.0 | +7.6 | -15.0 | <u>-8.0</u> -7.0 |
| % vs. Net Sales | 4.2% | | 5.9% | | 4.8% | | | | |
| FCF | - 13.2 | | 50.0 | | 40.0 | | +53.2 | -10.0 | - |
| Exchange Rate | 83 yen | <u>79yen</u> 87yen | 95 yen | | 96 yen | <u>97yen</u> 95yen | | | |
| US\$ | 107yen | <u>101yen</u> 114yen | 125 yen | | 126 yen | <u>127yen</u> 125yen | | | |
| EURO | | | | | | | | | |

Revised forecast by Imaging Company downgrades yearly sales and earnings.

Estimation for Precision Equipment Company



| Billions of yen | 13/3 Actual | 1H 2H | Previous est. (May 9) | 1H 2H | New est. | 1H 2H |
|--|------------------------|---------------------|------------------------------|----------------------|------------------------------|----------------------|
| Net Sales | 179.0 | $\frac{80.4}{98.6}$ | 210.0 | $\frac{80.0}{130.0}$ | 210.0 | $\frac{80.0}{130.0}$ |
| Operating Income | 13.0 | $\frac{7.2}{5.8}$ | 16.0 | $\frac{-2.0}{18.0}$ | 16.0 | $\frac{0.0}{16.0}$ |
| % vs. Net Sales | 7.3% | | 7.6% | | 7.6% | |
| IC Steppers & Scanners New / Refurbished | 25/15 _{units} | $\frac{9/5}{16/10}$ | 38/15 _{units} | $\frac{10/7}{28/8}$ | 37/15 _{units} | $\frac{10/7}{27/8}$ |
| LCD Steppers & Scanners | 43 _{units} | $\frac{25}{18}$ | 50 _{units} | $\frac{33}{17}$ | 50 _{units} | $\frac{33}{17}$ |
| IC Steppers & Scanners Market Scale CY12/13 | 222 _{units} | | Approx. 200 _{units} | | Approx. 200 _{units} | |
| LCD Steppers & Scanners Market Scale CY12/13 | 66 _{units} | | Approx. 80 _{units} | | Approx. 80 _{units} | |

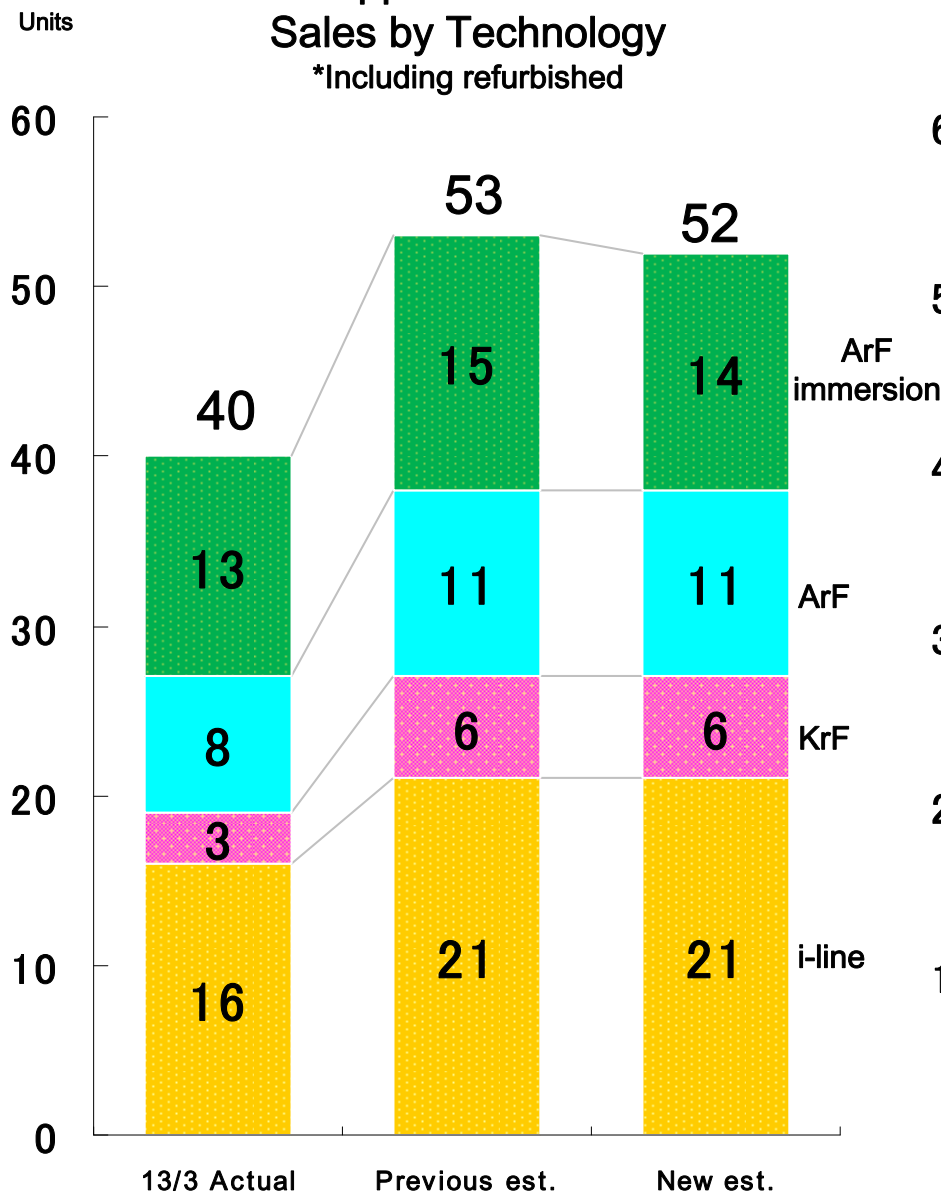
IC steppers/scanners division plans to increase sales volume by strengthening its competitiveness in spite of market contraction. LCD steppers/scanners division in the improved market expects to maintain the high market share.

Estimation for Precision Equipment Company

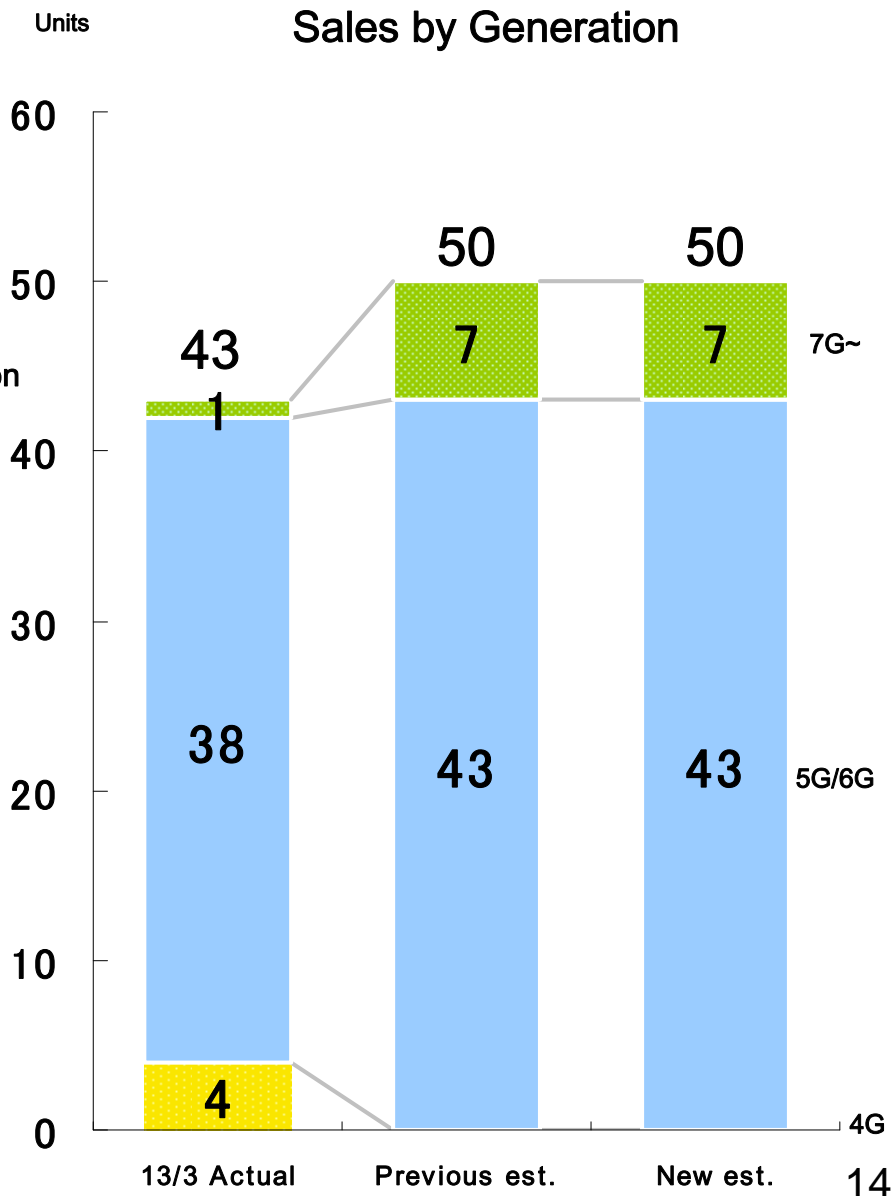


IC Steppers & Scanners Sales by Technology

*Including refurbished



LCD Steppers & Scanners Sales by Generation



- ◆ Changes in business environment (from previous forecast)
 - Market conditions in Americas, Europe, and Asia (excluding China) do not seem to maintain the assumed level throughout rest of the year.
 - China economic recovery, previously expected for the 2nd half, appears to delay.
 - Compact DSC market shrinkage is larger than assumption.
 - Non-reflex camera market growth shows deceleration.
 - Normalization of the channel inventory has been delayed, but as inventory adjustment makes progress in the 2nd half, the price fall-down should be alleviated.

- ◆ Nikon measures against business environmental changes
 - Focus on improving operating income in the 2nd half and does not pursue sales volume and market share.
 - Accelerate shifting newer products in the entry class of D-SLR.
 - Reconsider product planning of Nikon 1 (non-reflex camera). Nikon 1 represents the majority of sales volume reduction of 550,000 interchangeable-lens type digital cameras .
 - Revise development plan for new compact DSC. Although our market share had been expanding in recent years, sales volume will diminish more than the estimated market shrink. Will maintain profitability as is.

Estimation for Imaging Company



| Billions of yen 1,000 of units sold | 13/3 Actual | 1H 2H | Previous est. (May 9) | 1H 2H | New est. | 1H 2H |
|--|---------------------|-----------------------|--------------------------|-----------------------|----------------------|-----------------------|
| Net Sales | 751.2 | <u>381.0</u> 370.2 | 810.0 | <u>390.0</u> 420.0 | 740.0 | <u>360.0</u> 380.0 |
| Operating Income % vs. Net Sales | 60.7 8.1% | <u>41.8</u> 18.9 | 94.0 11.6% | <u>42.0</u> 52.0 | 74.0 10.0% | <u>28.5</u> 45.5 |
| Digital camera – Interchangeable Lens Type | 6,980 | <u>3,450</u> 3,530 | 7,100 | <u>3,400</u> 3,700 | 6,550 | <u>3,000</u> 3,550 |
| Interchangeable Lens | 9,710 | <u>4,770</u> 4,940 | 9,800 | <u>4,700</u> 5,100 | 9,050 | <u>4,200</u> 4,850 |
| Compact DSC | 17,140 | <u>8,260</u> 8,880 | 14,000 | <u>6,500</u> 7,500 | 11,500 | <u>5,600</u> 5,900 |
| D-CIL Market Scale | 19,230 | | 21,000 | | 19,500 | |
| IL Market Scale | 29,640 | | 32,000 | | 30,000 | |
| C-DSC Market Scale | 68,080 | | 60,000 | | 50,000 | |

Sales mix is shifted toward newer products in the entry class of D-SLR in order to improve operating income ratio (7.9% in 1H → 12.0% in 2H).



Estimation for Instruments Company

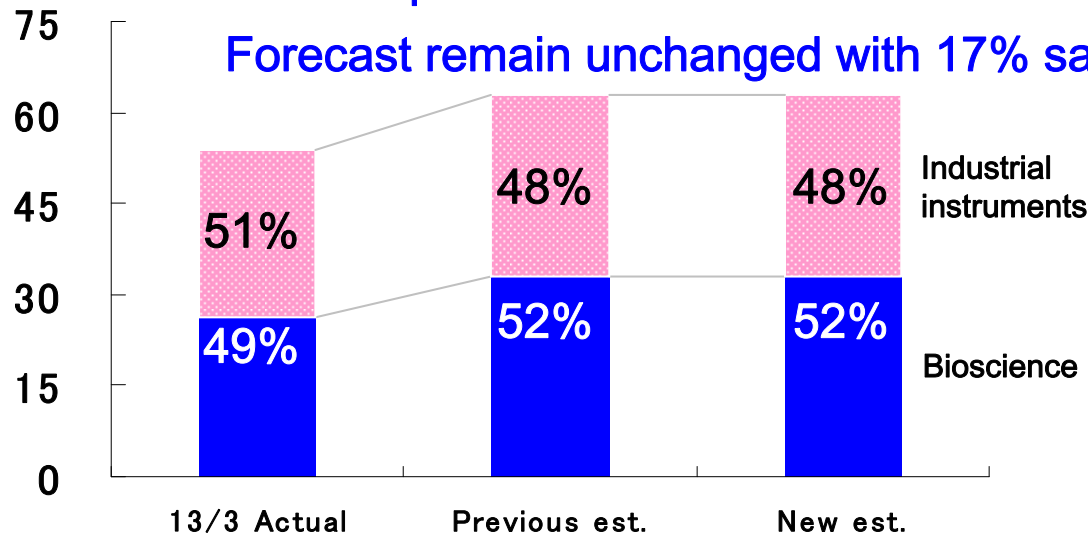
| Billions of yen | 13/3 Actual | 1H 2H | Previous est. (May 9) | 1H 2H | New est. | 1H 2H |
|-------------------------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|---------------------|
| Net Sales | 53.8 | <u>23.7</u> 30.1 | 63.0 | <u>27.0</u> 36.0 | 63.0 | <u>27.0</u> 36.0 |
| Operating Income % vs. Net Sales | - 4.9 - % | <u>-2.9</u> -2.0 | - 1.5 - % | <u>-2.5</u> 1.0 | - 1.5 - % | <u>-2.5</u> 1.0 |

Non-contact 3D metrology tools and X-ray inspection systems are identified as potentially growing products for midterm.

Sales expansion will focus on automotive and aircraft industries.

Forecast remain unchanged with 17% sales expansion and loss shrinkage.

Billions of yen

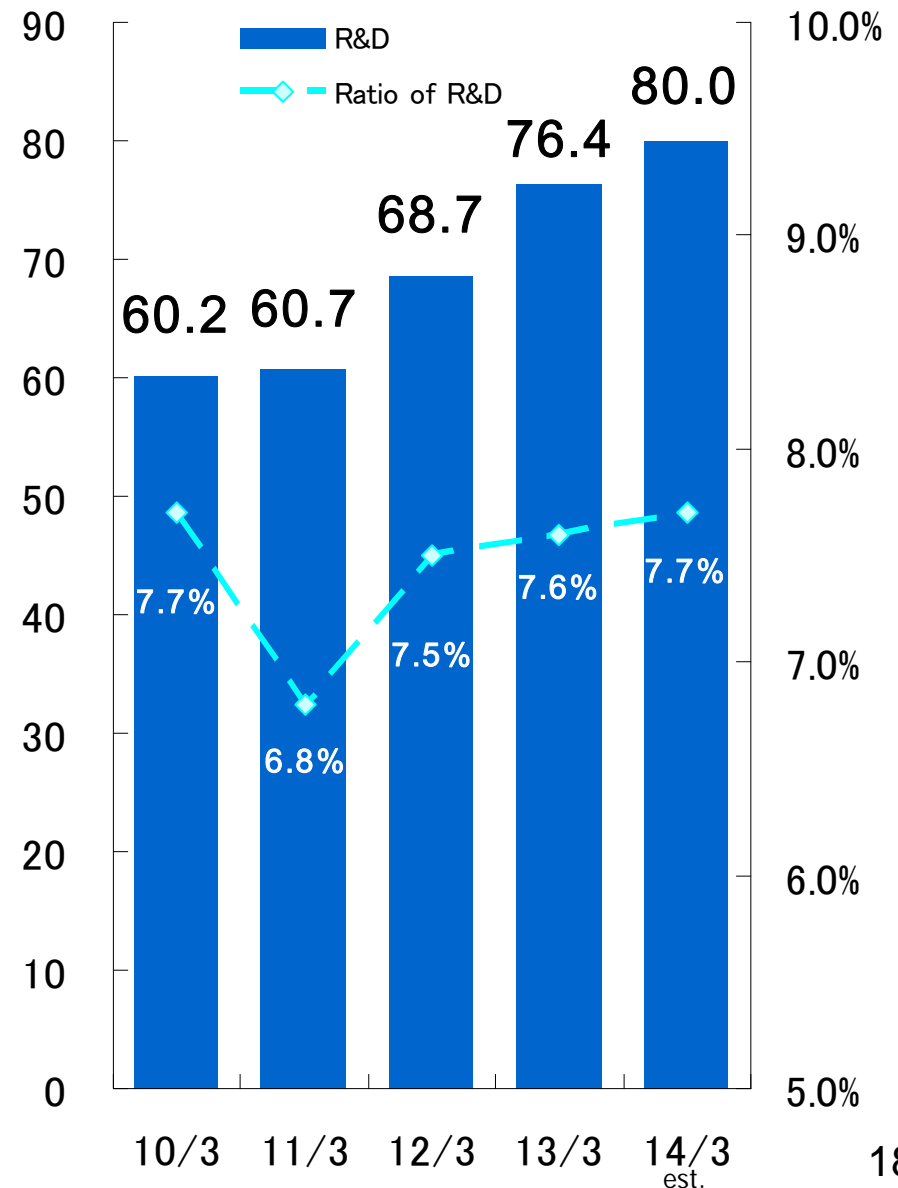
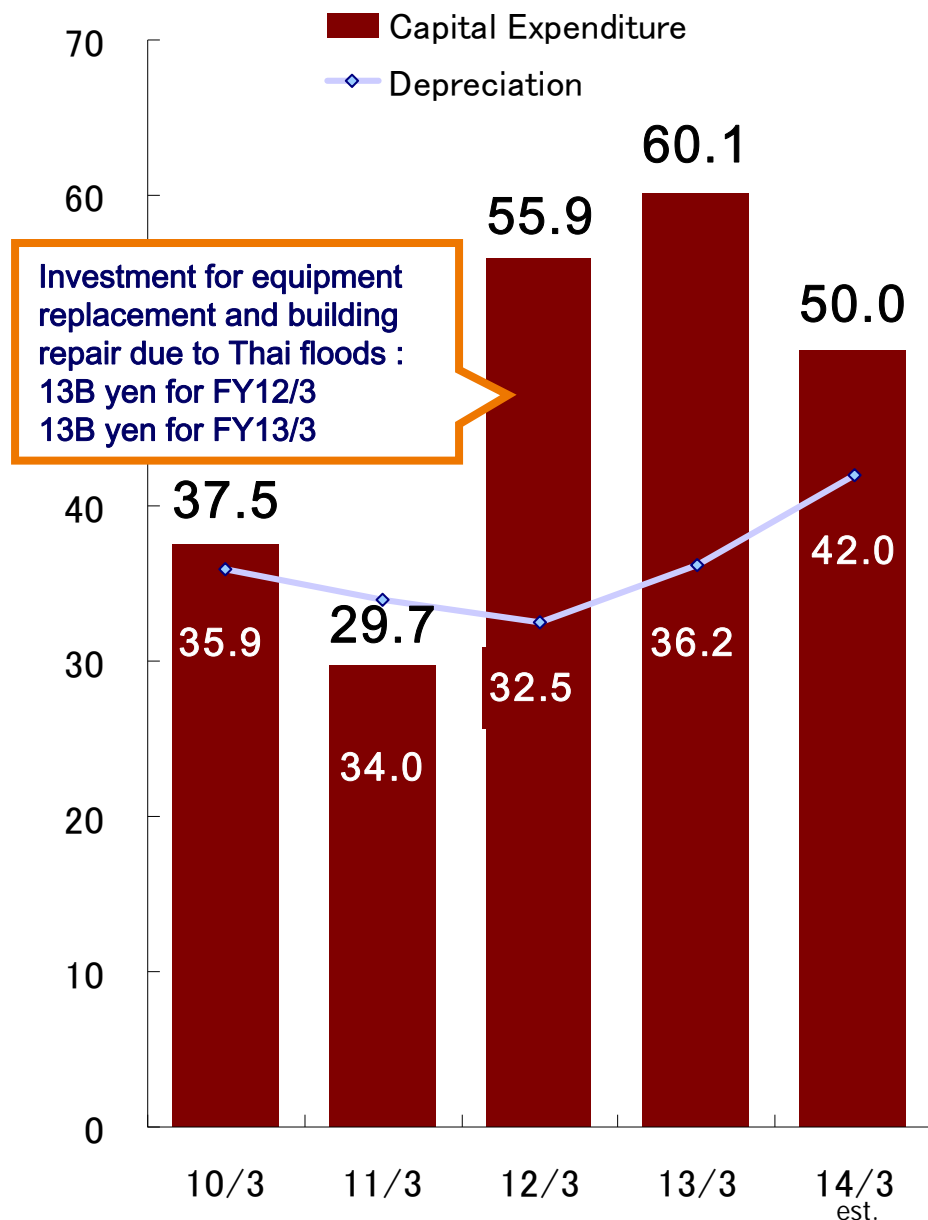


Estimation for Capital Expenditure, Depreciation and R&D



Billions of yen [Capital Expenditure & Depreciation]

Billions of yen [R&D]



Agenda

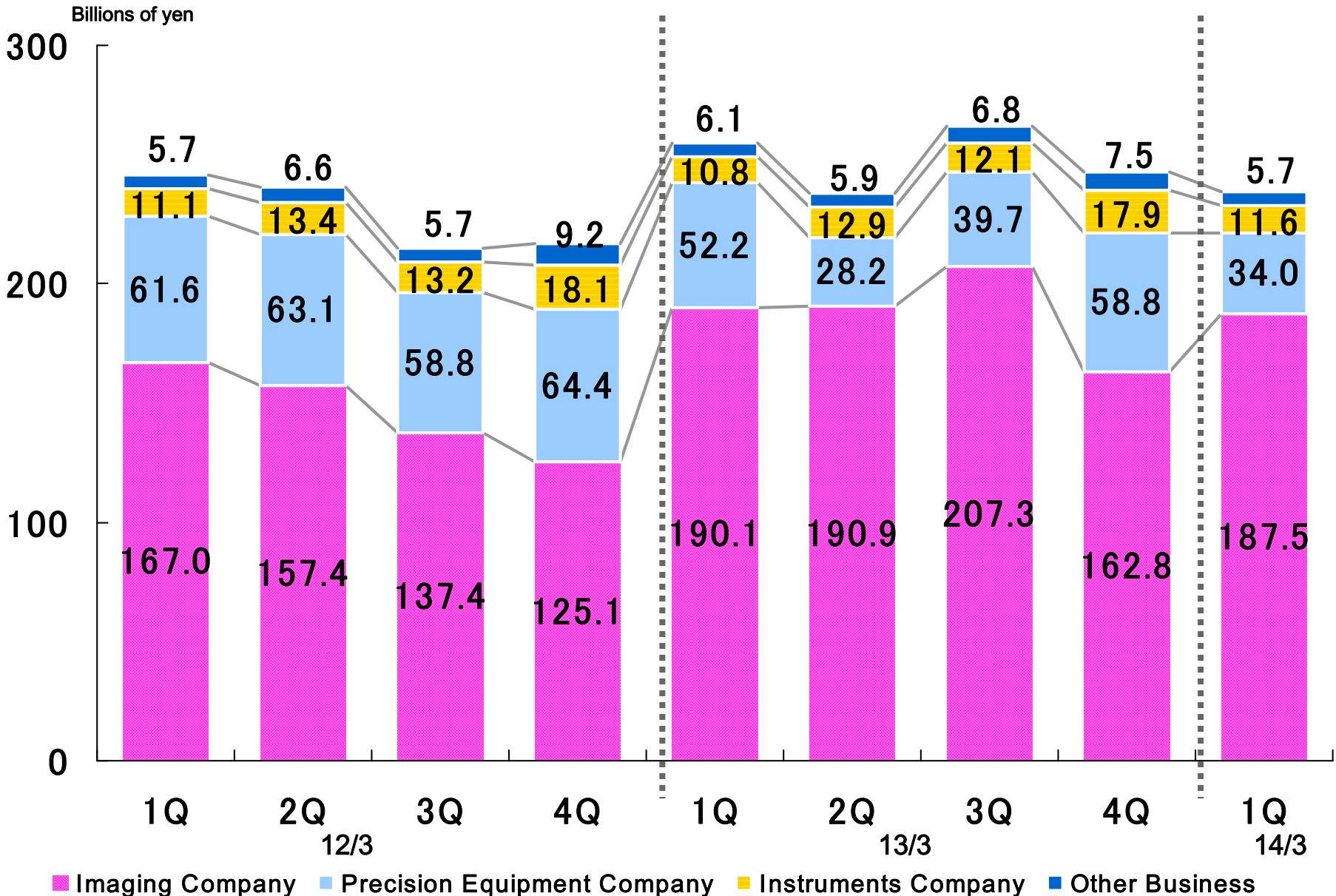
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Exchange Rate

14/3 Estimation

| | Exchange Rate | Financial Impact from Fluctuation by 1 yen | |
|-------|----------------------------|--|--------------------------------|
| | 14/3 Forecast for 2Q-4Q | Net Sales 2Q-4Q | Operating Income 2Q-4Q |
| US \$ | 95 yen | Approx. 4.4 billion yen | Approx. 0.3 billion yen |
| EURO | 125 yen | Approx. 1.7 billion yen | Approx. 1.1 billion yen |

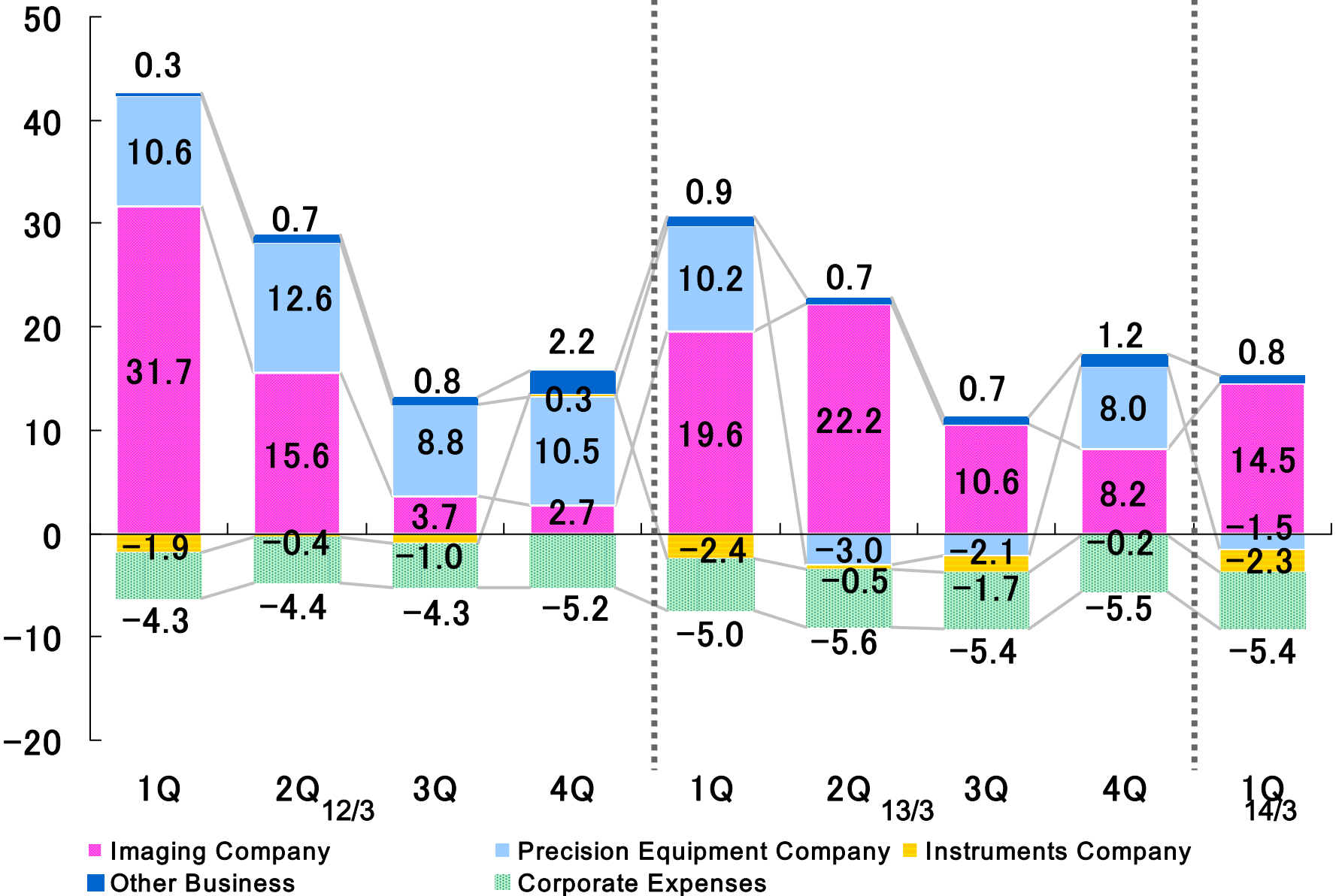
Quarterly Net Sales by Segment



* Amounts in this slide are rounded down to the hundred million: the sum of breakdown values may not match the total.

Quarterly Operating Income by Segments

Billions of yen



* Amounts in this slide are rounded down to the hundred million: the sum of breakdown values may not match the total.



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