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NIKON CORPORATION
May 11, 2017

Financial Results for the Year Ended March 31, 2017

- 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 less than 100 million yen are omitted



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NIKON CORPORATION
May 11, 2017

Business Update and Future Strategic Direction

President and Representative Director
Kazuo Ushida





2017/3 Financial Results

- Operating income of **¥50.9 billion**, increase from prior year and forecast
- Net income of **-¥7.1 billion**, decrease from prior year due to one-time restructuring costs

2018/3 Forecast

- Operating profit of **¥45 billion**, decrease due to prior year
- Profit for the period expected to recover to **¥34 billion**

Business Environment

- Imaging Products: Continued market shrinkage
- Precision Equipment: Continued robust FPD lithography demand
- Instruments: Robust automotive/electronic parts related demand
- Medical: Increased demand for ophthalmologic diagnosis due to a globally aging population

Restructuring Direction

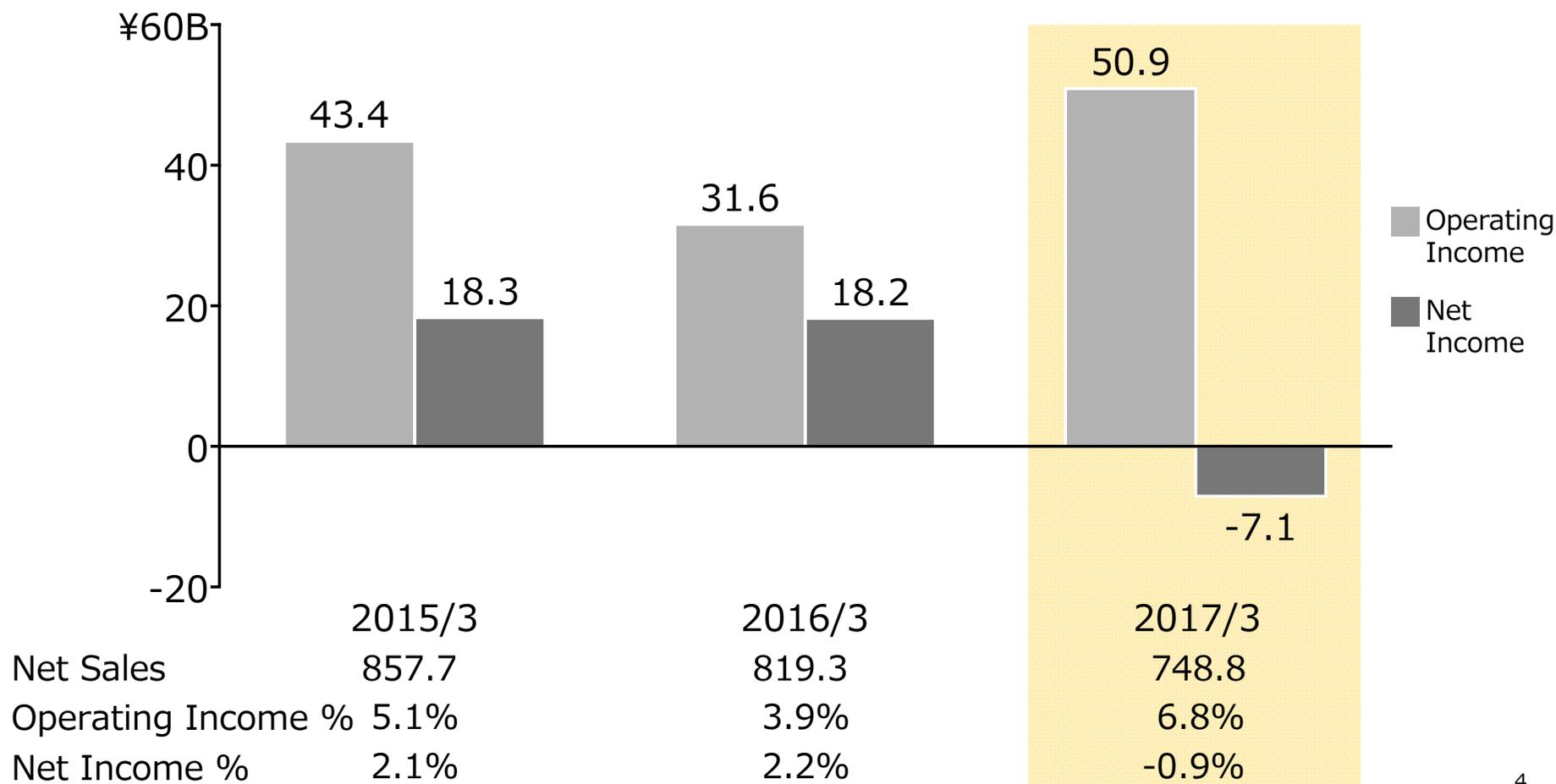
- Achieve break-even of Semiconductor Lithography Business
- Strengthen profit-structure of Imaging Products Business
- Initiate full-scale enhancement of management DNA

Financial Results for the Year Ended March 31, 2017



- Continued slowing of Imaging Products Business offset by significant increase in Precision Equipment Business, resulting in **¥19.3 billion increase in operating income**
- ¥53.3 billion one-time restructuring costs, resulting in **¥25.3 billion decrease in net income**

Operating Income/Net Income

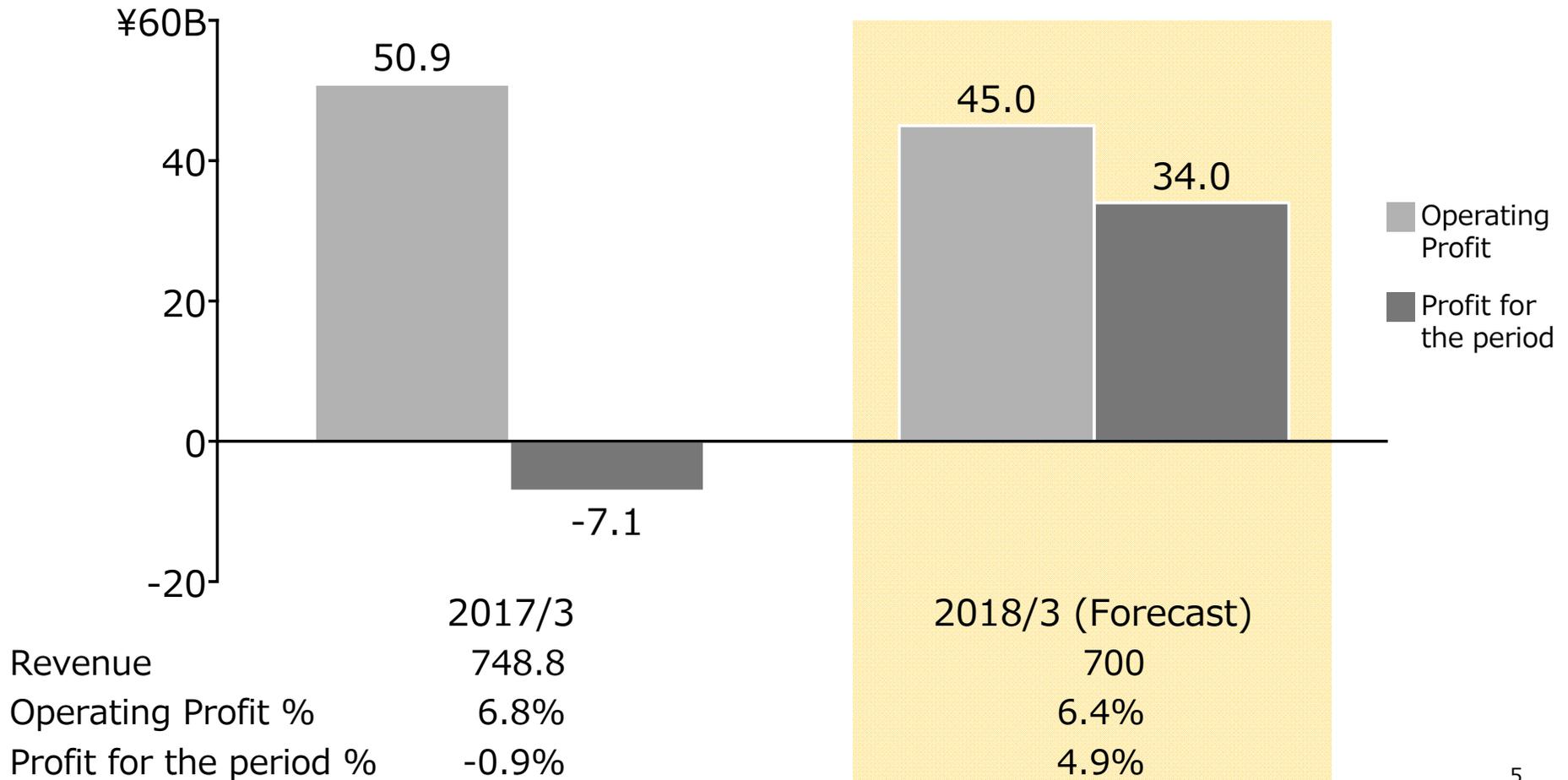


Forecast for the Year Ending March 31, 2018



- Break-even of Semiconductor Lithography Business, offset by continued imaging market decline and FPD lithography unit sales decline, resulting in **¥5.9 billion decline in operating profit**
- Decline in one-time restructuring costs, resulting in **profit for the period of ¥34 billion**

Operating Profit/Profit for the Period



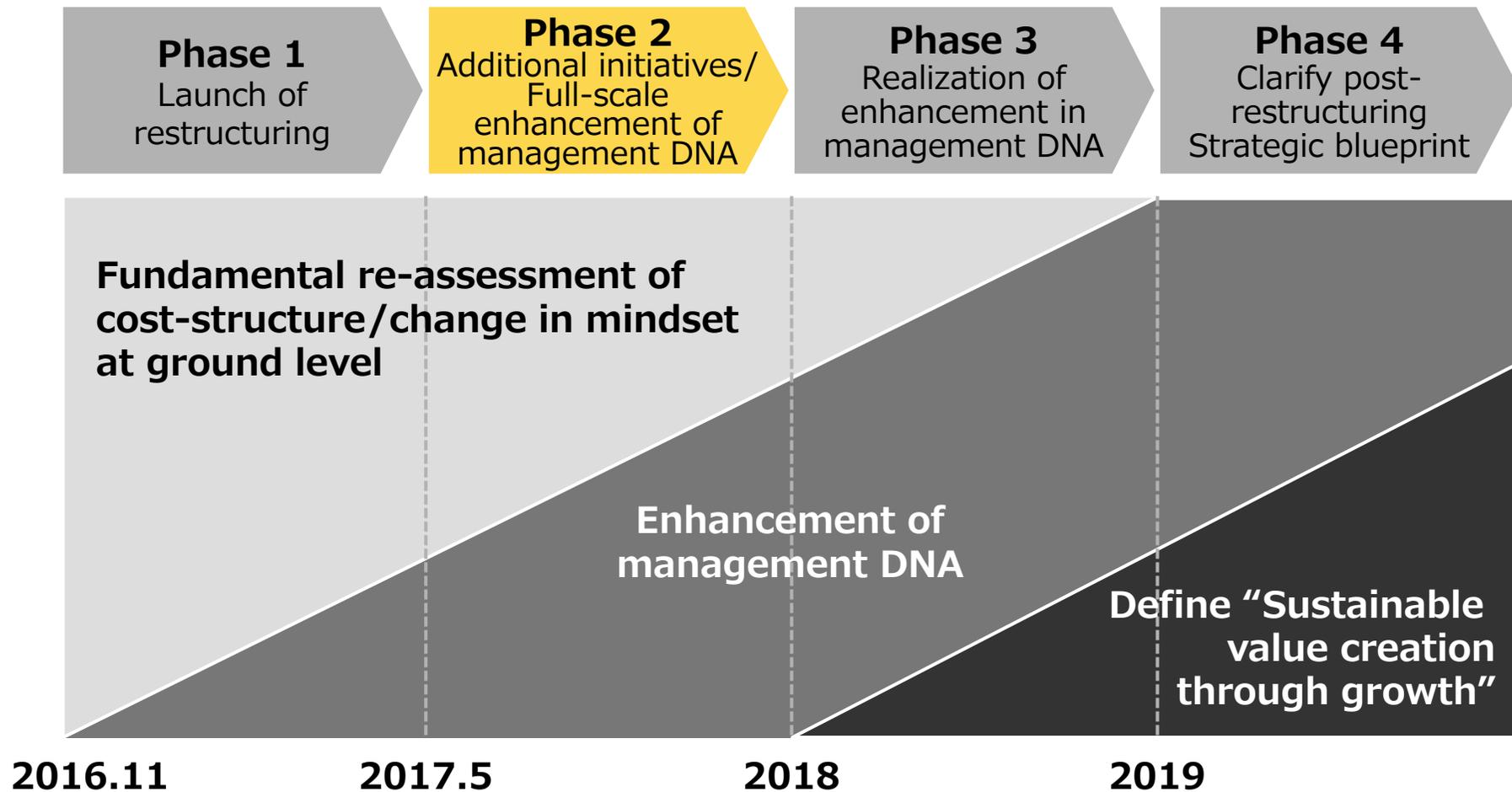


Imaging Products Business	Continued market decline and downward pressure on profitability
Precision Equipment Business	Continued robust FPD lithography demand Mid-to-small sized: Investment shift to expansion of existing lines Large sized: Investment of new lines including G10.5 is growing
Instruments Business	Stable demand for Biological Microscopes Robust demand related to automotive and electronic parts for Industrial Metrology
Medical Business	Advent of globally aging population causing steady increase of demand for ophthalmologic diagnosis
Company-wide	Forex assumption of US dollar ¥110, Euro ¥120

First half-year of restructuring is progressing as planned
Shift restructuring to "Phase 2" going forward



4 PHASES OF RESTRUCTURING



Target transformation into a company that can generate and sustain ROE of 8% and above in the mid-term

1

Achieve break-even of Semiconductor Lithography Business

Complete shift in mindset from top-line to profit centric and sustain profits

2

Strengthen profit-structure of Imaging Products Business

Target a profit-structure able to sustain profit in a declining market.
Create a midterm roadmap and initiate a fundamental review of costs

3

Initiate full-scale enhancement of management DNA

Step-up initiatives for implementing new mechanisms



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NIKON CORPORATION
May 11, 2017

2017/3 Financial Results 2018/3 Forecast

Senior Executive Vice President, CFO and Representative Director
Masashi Oka

- Financial results for the year ended March 2017
- Progress in Restructuring plan
- Forecast for the year ending March 2018

Results for year ended March 31, 2017: Financial Highlights



Billions of yen	2016/3 Actual (A)	2017/3 Previous forecast (B)	2017/3 Actual (C)	Change (C)-(A)	Change (C)-(B)
Net Sales	819.3	750.0	748.8	-70.5	-1.2
Operating Income	31.6	44.0	50.9	+19.3	+6.9
% vs. Net Sales	3.9%	5.9%	6.8%		
Ordinary Income	28.5	-5.0	-2.4	-30.9	+2.6
% vs. Net Sales	3.5%	-0.7%	-0.3%		
Net Income attributable to owners of parent	18.2	-9.0	-7.1	-25.3	+1.9
% vs. Net Sales	2.2%	-1.2%	-0.9%		
FCF	24.3	45.0	56.6	+32.3	+11.6
Exchange Rate:				Impact on Net Sales	
US\$	¥120	¥107	¥108	-61.4	+2.7
EURO	¥133	¥118	¥119	Impact on Op. Income	
				-18.2	+0.2

Year-end dividend ¥4, annual dividend ¥16

Results for year ended March 31, 2017: Financial Highlights by Segment

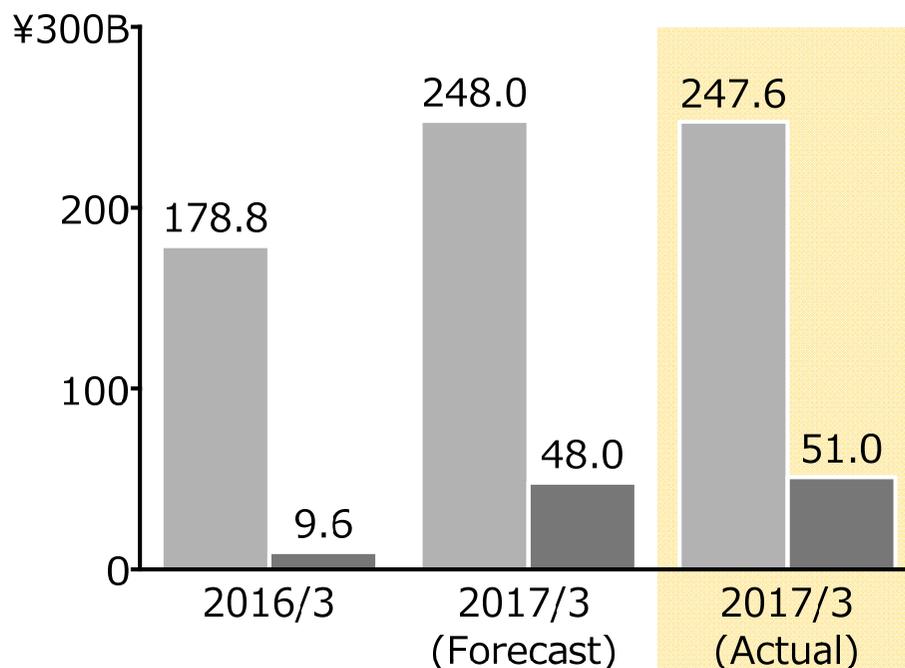


Billions of yen		2016/3 Actual (A)	2017/3 Previous forecast (B)	2017/3 Actual (C)	Change (C)-(A)	Change (C)-(B)
Precision Equipment Business	Net Sales	178.8	248.0	247.6	+38%	-0.2%
	Operating Income	9.6	48.0	51.0	+41.4	+3.0
Imaging Products Business	Net Sales	520.4	380.0	383.0	-26%	+1%
	Operating Income	45.7	25.0	27.7	-18.0	+2.7
Instruments Business	Net Sales	77.2	76.0	73.4	-5%	-3%
	Operating Income	2.8	1.0	0.3	-2.5	-0.7
Medical Business	Net Sales	18.3	19.0	20.2	+10%	+6%
	Operating Income	-4.6	-6.0	-4.5	+0.1	+1.5
Other	Net Sales	24.4	27.0	24.4	±0%	-10%
	Operating Income	4.5	4.0	4.9	+0.4	+0.9
Corporate Expenses /Elimination of Intersegment Transactions	Net Sales	—	—	—	—	—
	Operating Income	-26.4	-28.0	-28.5	-2.1	-0.5
Consolidated	Net Sales	819.3	750.0	748.8	-9%	-0.2%
	Operating Income	31.6	44.0	50.9	+19.3	+6.9

Results for year ended March 31, 2017: Precision Equipment Business



Net Sales/Operating Income ■ Net Sales ■ Operating Income



- **Change from prior year:**
¥68.8 billion net sales increase
¥41.4 billion operating income increase
 - FPD: Market expansion from strong demand in mid-to-small sized panel. Increase in net sales/operating income from significant increase in unit sales
 - Semiconductor: Continued operating losses despite increase in new unit sales
- **Change from prior forecast:**
¥0.4 billion net sales decrease
¥3 billion operating income increase
 - Semiconductor: Reduced losses from improved service profit, reduced expenses and product costs

Semiconductor Lithography Systems (New/Refurbished, Units)

Market (CY15/16)	220	210	210
Nikon	14/21	24/10	24/10

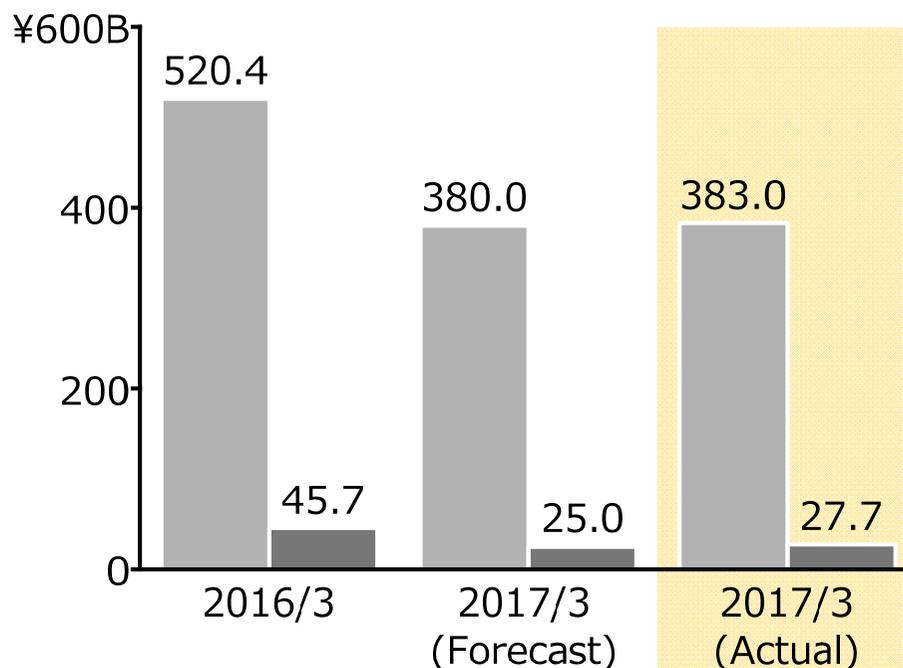
FPD Lithography Systems (Units)

Market (CY15/16)	80	128	128
Nikon	46	92	92

Results for year ended March 31, 2017: Imaging Products Business



Net Sales/Operating Income ■ Net Sales ■ Operating Income



D-CIL (10,000 Units)

Market	1,304	1,150	1,177
Nikon	404	310	310

IL (10,000 Units)

Market	2,134	2,000	1,920
Nikon	590	460	462

C-DSC (10,000 Units)

Market	2,079	1,300	1,260
Nikon	623	315	319

- **Change from prior year:
¥137.4 billion net sales decrease
¥18 billion operating income decrease**

- Decreased unit sales across all product categories from decline of imaging market and earthquake impact
- Decrease in unit sales offset by shift to mid to high-end and controlling costs including advertising expense. Similar profitability to prior year excluding forex impact

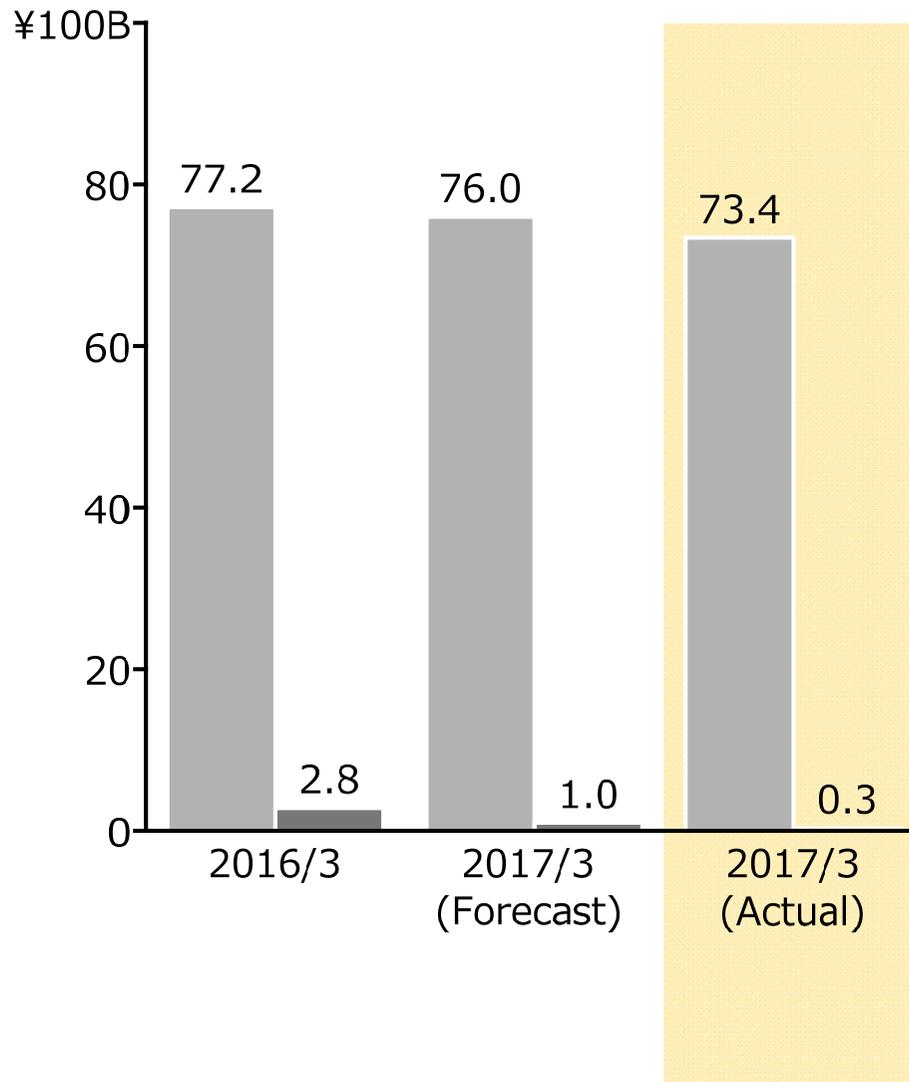
- **Change from prior forecast:
¥3 billion net sales increase
¥2.7 billion operating income increase**

- Increase in net sales from depreciation of the yen
- Increase in net sales/operating income from improved unit sales/product mix
- Control of costs including sales promotion expenses

Results for year ended March 31, 2017: Instruments Business



Net Sales/Operating Income ■ Net Sales ■ Operating Income

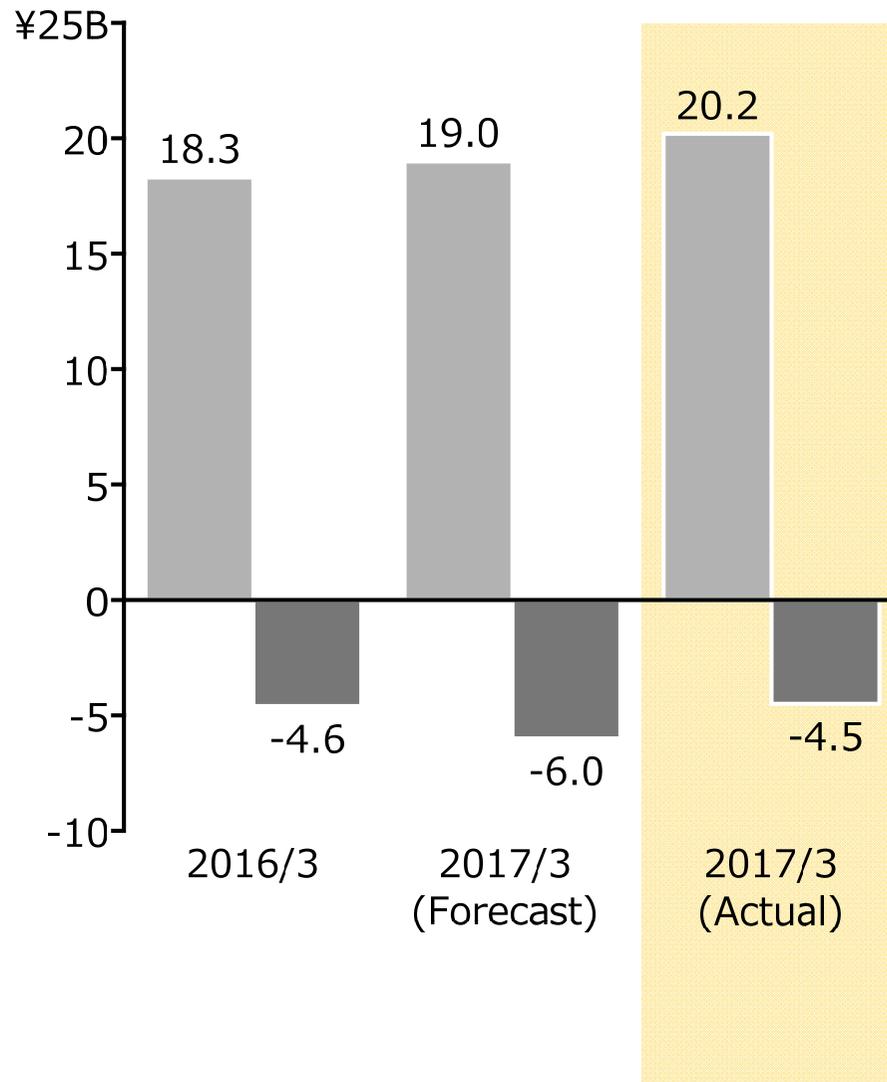


- **Change from prior year:**
¥3.8 billion net sales decrease
¥2.5 billion operating income decrease
 - Decrease in net sales from appreciation of the yen
 - MS: Improvement in product costs of Biological Microscopes offset by initial investment in regenerative medicine
 - Industrial Metrology: Decline in unit sales from market slow-down and increase in sales expense
- **Change from prior forecast:**
¥2.6 billion net sales decrease
¥0.7 billion operating income decrease
 - MS : Decrease in net sales and operating income from delayed US government budget effect
 - Industrial Metrology: Decrease in net sales and operating income from market slow-down
 - Decline in sales partially offset by controlling expenses

Results for year ended March 31, 2017: Medical Business



Net Sales/Operating Income ■ Net Sales ■ Operating Income



- **Change from prior year:**
¥1.9 billion net sales increase
¥0.1 billion operating income increase
 - Stable performance of Optos fundus camera business: Operating Margin 20%
 - Continued operating loss due to initial investment for future business
- **Change from prior forecast:**
¥1.2 billion net sales increase
¥1.5 billion operating income increase
 - Operating income improvement from increased high margin fundus camera sales in the US
 - Reduced expenses

- Financial results for the year ended March 2017

- Progress in Restructuring plan

- Forecast for the year ending March 2018

Progress of restructuring initiatives



Precision Equipment Business	<ul style="list-style-type: none">• Completion of headcount optimization including re-assignment towards change in business structure• Advancing R&D expense reduction and profit focused production/sales structure• Executed rationalization of inventory
Imaging Products Business	<ul style="list-style-type: none">• Completion of domestic headcount rationalization including re-assignment• Target a profit-structure able to sustain profit in a declining market by initiating a fundamental review of costs
Optical Function Centralization	<ul style="list-style-type: none">• Consolidation of optical components manufacturing to Tochigi Nikon: Progress on integration of organization/business to enhance functions• Established Optical Engineering Division and consolidated optical product development and design functions
Headquarters	<ul style="list-style-type: none">• Near completion of headcount optimization including re-assignment• Continued consideration to streamline organization
Management DNA Rewiring	<ul style="list-style-type: none">• Launch ROE/ROIC based new business performance management process• Step-up consideration of governance system improvement

¥20 billion fixed costs reduction according to plan

- Financial results for the year ended March 2017
- Progress in Restructuring plan
- Forecast for the year ending March 2018

Forecast for the year ending March 31, 2018: Financial Highlights



Billions of yen	2017/3 Japan GAAP (A)	2018/3 IFRS (B)	Change (A)-(B)
Revenue	748.8	700.0	-48.8
Operating Profit	50.9	45.0	-5.9
% vs. Revenue	6.8%	6.4%	
Profit before income taxes	-2.4	47.0	+49.4
% vs. Revenue	-0.3%	6.7%	
Profit attributable to owners of parent	-7.1	34.0	+41.1
% vs. Revenue	-0.9%	4.9%	
FCF	56.6	25.0	-31.6
Exchange Rate:			Impact on Revenue
US\$	¥108	¥110	+6.0
EURO	¥119	¥120	Impact on Op. Profit
			+1.0

Note: 2017/3 in Japan GAAP, 2018/3 in International Financial Reporting Standards (IFRS)
2018/3 impact to consolidated operating profit from adoption of IFRS: Approx. ¥5 billion

Shareholder Returns Policy: Raise dividend payout ratio to 40% or more
Annual dividend: to be determined

Forecast for the year ending March 31, 2018: Financial Highlights by Segment

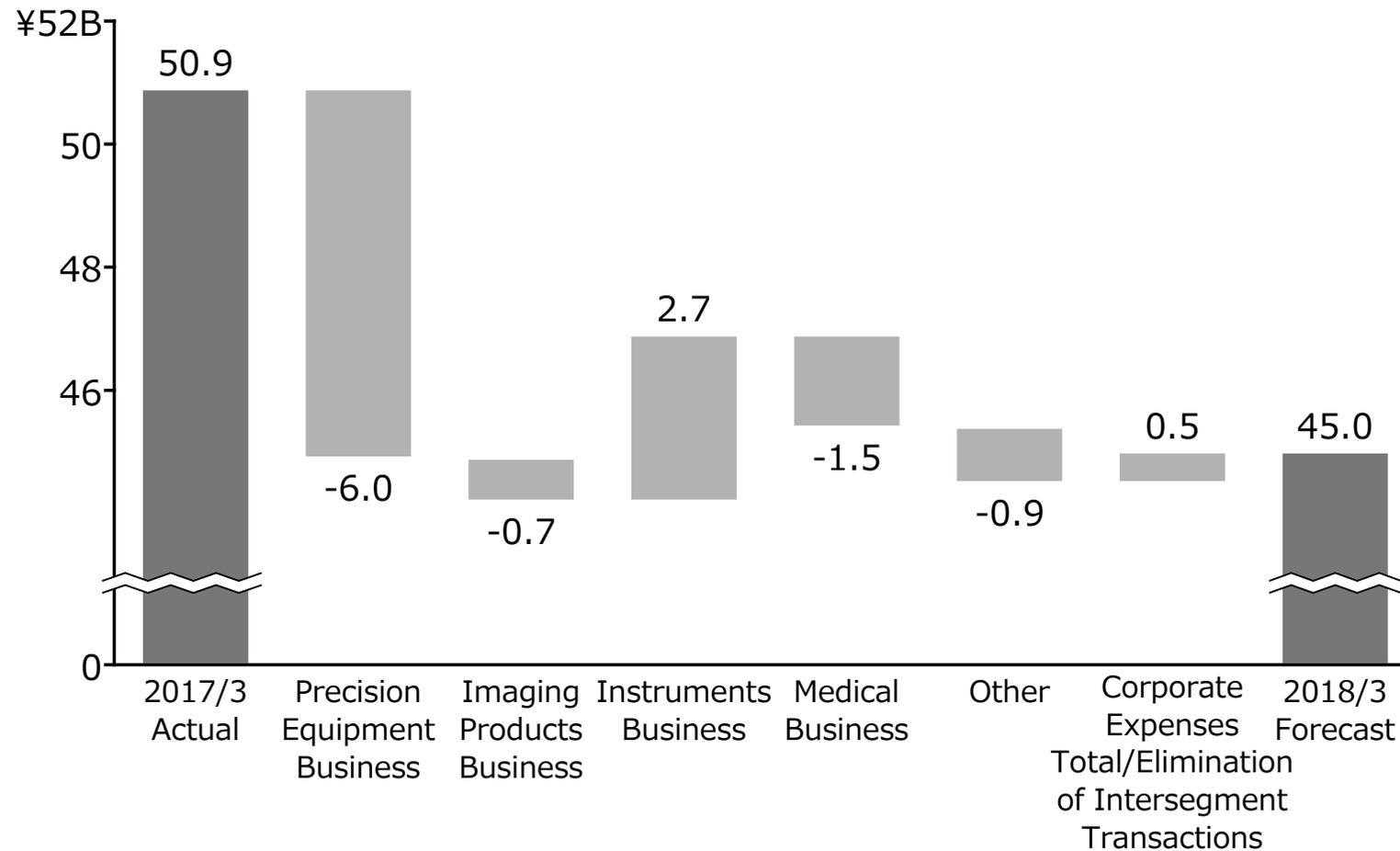


Billions of yen		2017/3 Japan GAAP	2018/3 IFRS	Change (A)-(B)
Precision Equipment Business	Revenue	247.6	225.0	-9%
	Operating Profit	51.0	45.0	-6.0
Imaging Products Business	Revenue	383.0	345.0	-10%
	Operating Profit	27.7	27.0	-0.7
Instruments Business	Revenue	73.4	80.0	+9%
	Operating Profit	0.3	3.0	+2.7
Medical Business	Revenue	20.2	21.0	+4%
	Operating Profit	-4.5	-6.0	-1.5
Other	Revenue	24.4	29.0	+19%
	Operating Profit	4.9	4.0	-0.9
Corporate Expenses Total/Elimination of Intersegment Transactions	Revenue	—	—	—
	Operating Profit	-28.5	-28.0	+0.5
Consolidated	Revenue	748.8	700.0	-7%
	Operating Profit	50.9	45.0	-5.9

Forecast for the year ending March 31, 2018: Financial Highlights by Segment (Change from prior year)



Operating Profit

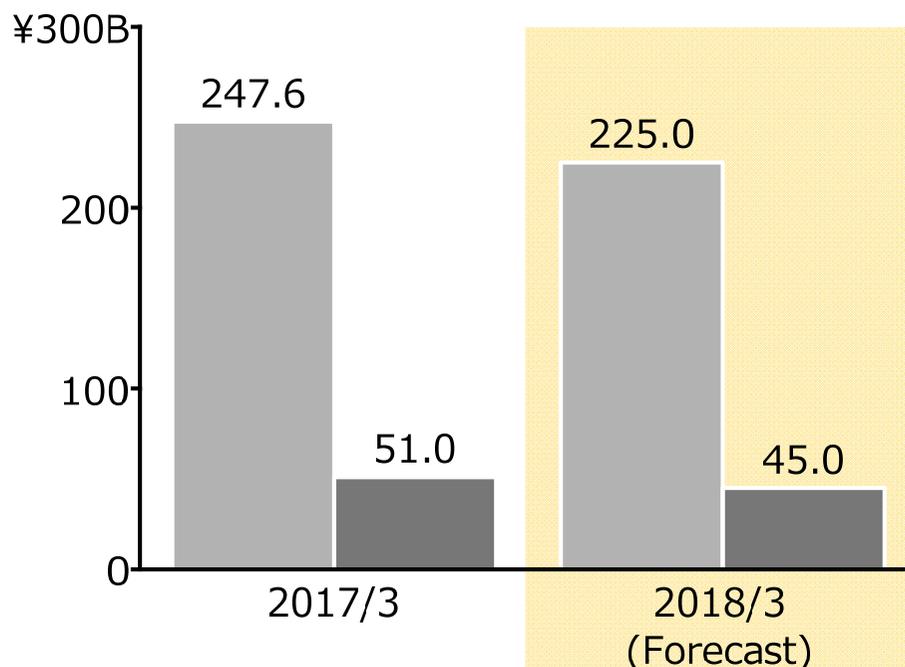


Note: 2017/3 presented in Japan GAAP, 2018/3 presented in International Financial Reporting Standards (IFRS)

Forecast for the year ending March 31, 2018: Precision Equipment Business



Revenue/Operating Profit ■ Revenue ■ Operating Profit



- **Revenue:**

- **¥22.6 billion decrease**

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

- **Operating Profit:**

- **¥6 billion decrease**

- FPD: Decline in operating profit from revenue decline/product mix change
 - Semiconductor: Expect to achieve break-even
 - Fixed costs reduction realized
 - Reduction in inventory write-off/write-down

Semiconductor Lithography Systems (New/Refurbished, Units)

Market (CY16/17)	210	210
Nikon	24/10	17/10

FPD Lithography Systems (Units)

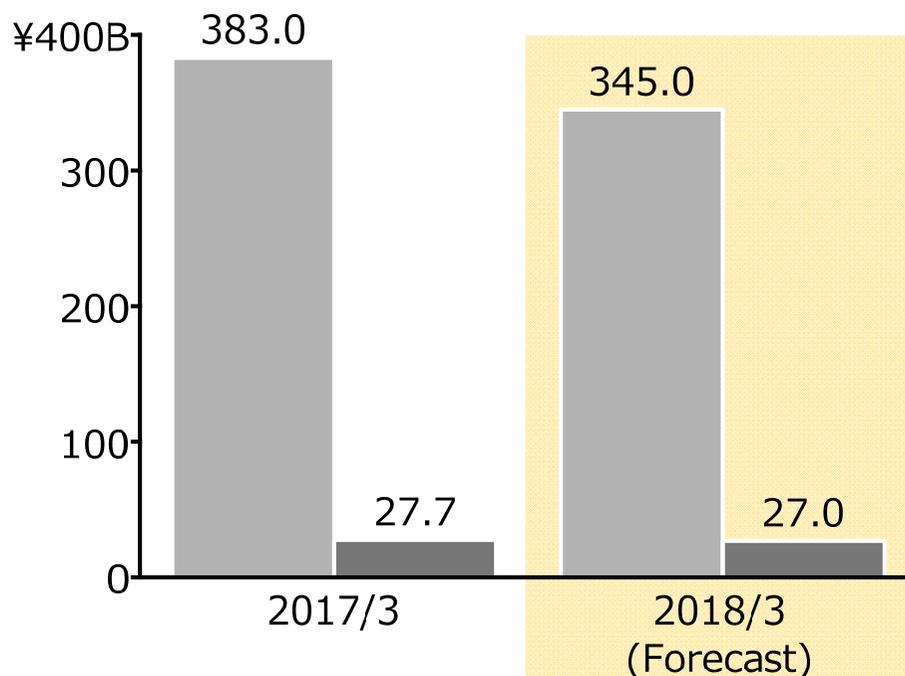
Market (CY16/17)	128	150
Nikon	92	68

Note: 2017/3 presented in Japan GAAP, 2018/3 presented in International Financial Reporting Standards (IFRS)

Forecast for the year ending March 31, 2018: Imaging Products Business



Revenue/Operating Profit ■ Revenue ■ Operating Profit



- **Revenue:**
¥38 billion decrease

- Decreased unit sales across all product categories from continued decline of imaging market

- **Operating Profit:**
¥0.7 billion decrease

- Decline in operating profit from fall in unit sales
- Operating profit impact of unit sales decline, offset by fixed costs reduction from restructuring and focus on high-value add products

D-CIL (10,000 Units)

Market	1,177	1,070
Nikon	310	250

IL (10,000 Units)

Market	1,920	1,800
Nikon	462	370

C-DSC (10,000 Units)

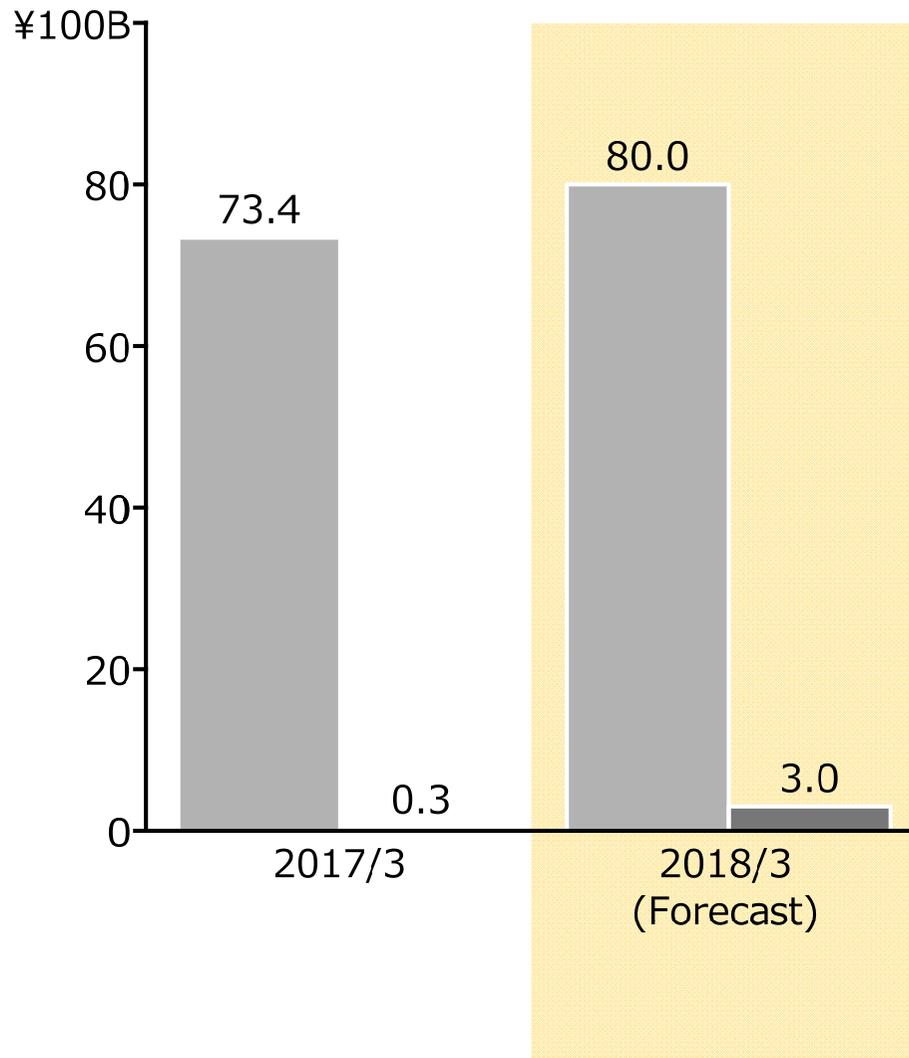
Market	1,260	1,040
Nikon	319	230

Note: 2017/3 presented in Japan GAAP, 2018/3 presented in International Financial Reporting Standards (IFRS)

Forecast for the year ending March 31, 2018: Instruments Business



Revenue/Operating Profit ■ Revenue ■ Operating Profit



- **Revenue:**
¥6.6 billion increase

- MS: Increased sales from increased market share in Biological Microscopes
 - Revenue recorded for regenerative medicine but time is required to generate profits
- Industrial Metrology: Expanded sales for automotive-related products and semiconductor inspection systems

- **Operating Profit:**
¥2.7 billion increase

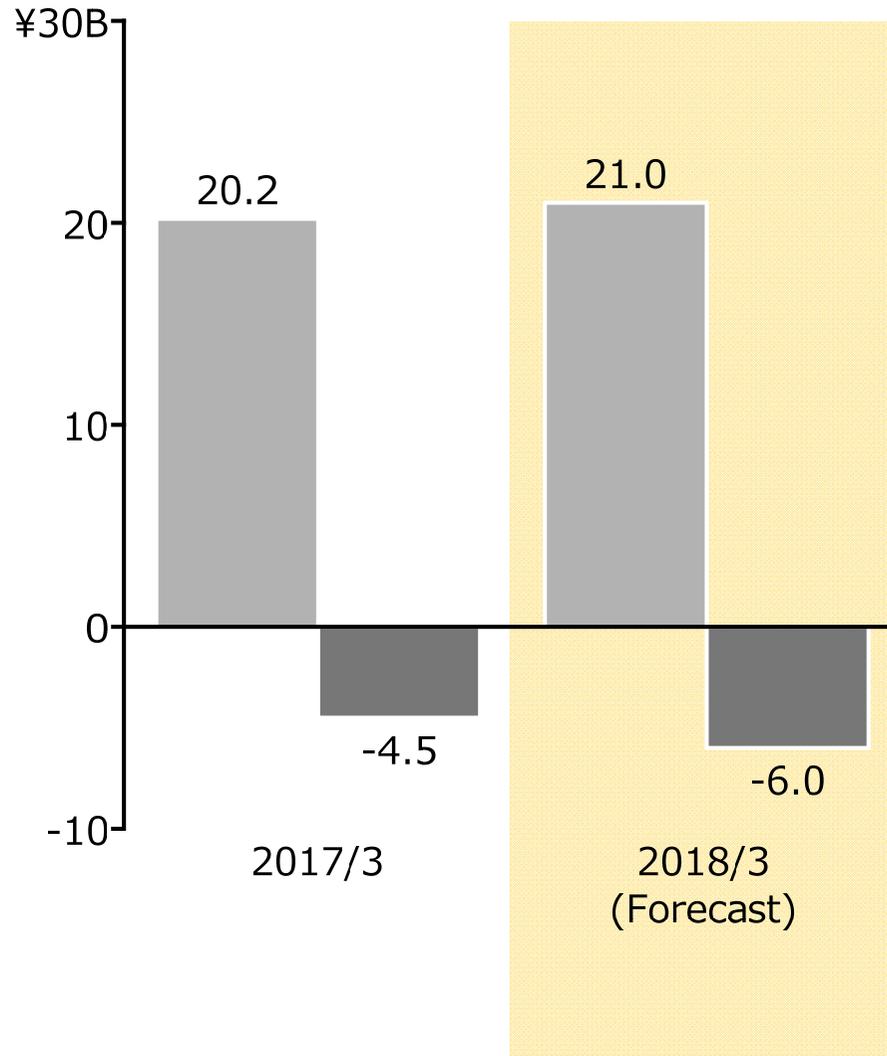
- Increase in profit from MS/Industrial Metrology due to rise in net sales

Forecast for the year ending March 31, 2018: Medical Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue:**
¥0.8 billion increase

- The fundus camera business growth in-line with market expansion

- **Operating Profit:**
¥1.5 billion decline

- Increased investment to expand business for ophthalmologic diagnosis



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Reference Data

Forecast for the year ending March 31, 2018: Financial Highlights



Billions of yen	2017/3 Actual			2018/3 Forecast		
	1H	2H	2017/3	1H	2H	2018/3
Revenue	343.7	405.1	748.8	328.0	372.0	700.0
Operating Profit	23.3	27.6	50.9	11.0	34.0	45.0
% vs. Revenue	6.8%	6.8%	6.8%	3.4%	9.1%	6.4%
Profit before income taxes	25.8	-28.2	-2.4	12.0	35.0	47.0
% vs. Revenue	7.5%	-7.0%	-0.3%	3.7%	9.4%	6.7%
Profit attributable to owners of parent	17.7	-24.8	-7.1	6.0	28.0	34.0
% vs. Revenue	5.1%	-6.1%	-0.9%	1.8%	7.5%	4.9%
FCF	56.6			25.0		
Exchange Rate:						
US\$	¥105	¥112	¥108	¥110		
EURO	¥118	¥119	¥119	¥120		

Note: 2017/3 presented in Japan GAAP, 2018/3 presented in International Financial Reporting Standards (IFRS)

Forecast for the year ending March 31, 2018: Financial Highlights by Segment



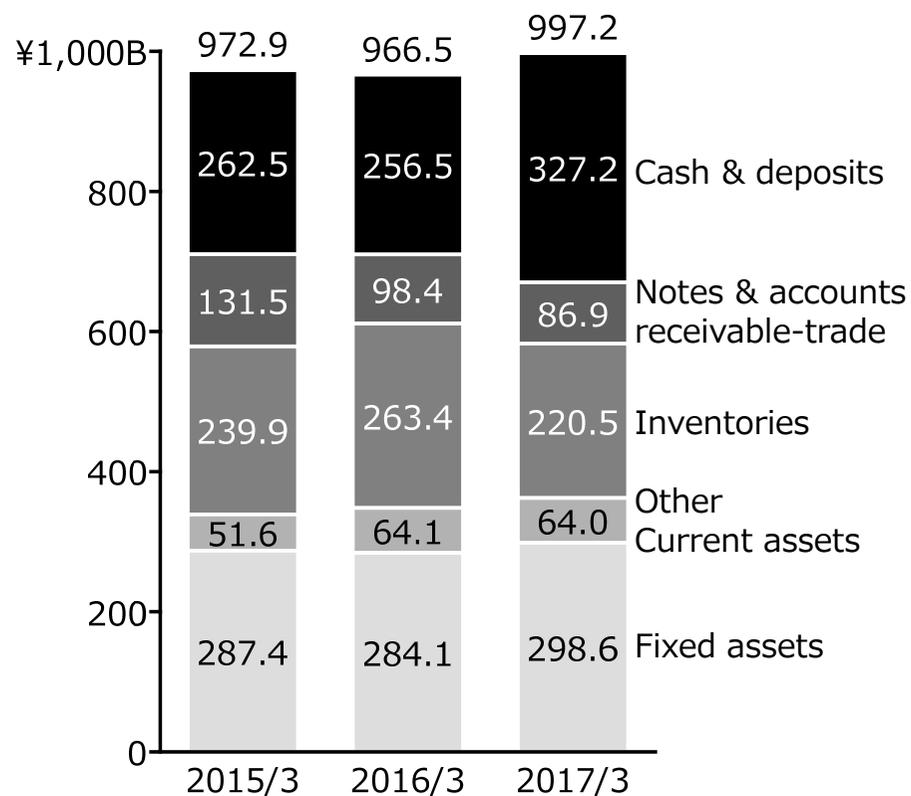
Billions of yen		2017/3 Actual			2018/3 Forecast		
		1H	2H	2017/3	1H	2H	2018/3
Precision Equipment Business	Revenue	115.3	132.3	247.6	100.0	125.0	225.0
	Operating Profit	24.4	26.6	51.0	17.0	28.0	45.0
Imaging Products Business	Revenue	178.3	204.7	383.0	170.0	175.0	345.0
	Operating Profit	15.2	12.5	27.7	10.0	17.0	27.0
Instruments Business	Revenue	30.6	42.8	73.4	34.0	46.0	80.0
	Operating Profit	-1.4	1.7	0.3	±0	3.0	3.0
Medical Business	Revenue	9.0	11.2	20.2	10.0	11.0	21.0
	Operating Profit	-2.4	-2.1	-4.5	-3.0	-3.0	-6.0
Other	Revenue	10.4	14.0	24.4	14.0	15.0	29.0
	Operating Profit	1.8	3.1	4.9	2.0	2.0	4.0
Corporate Expenses Total/ Elimination of Intersegment Transactions	Revenue	—	—	—	—	—	—
	Operating Profit	-14.2	-14.3	-28.5	-15.0	-13.0	-28.0
Consolidated	Revenue	343.7	405.1	748.8	328.0	372.0	700.0
	Operating Profit	23.3	27.6	50.9	11.0	34.0	45.0

Note: 2017/3 presented in Japan GAAP, 2018/3 presented in International Financial Reporting Standards (IFRS)

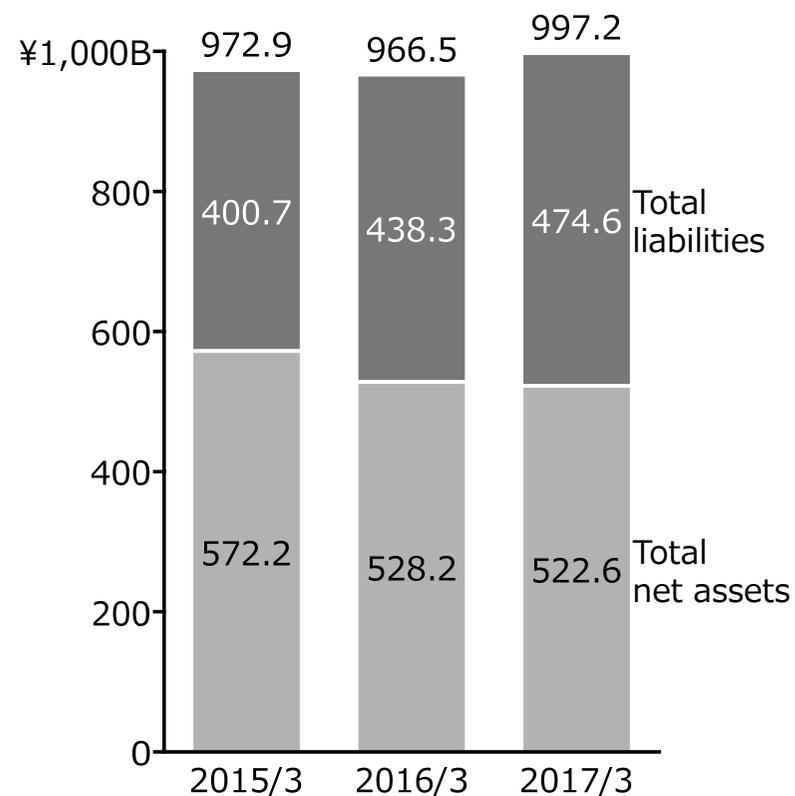
2017/3: Balance Sheet Breakdown



ASSETS



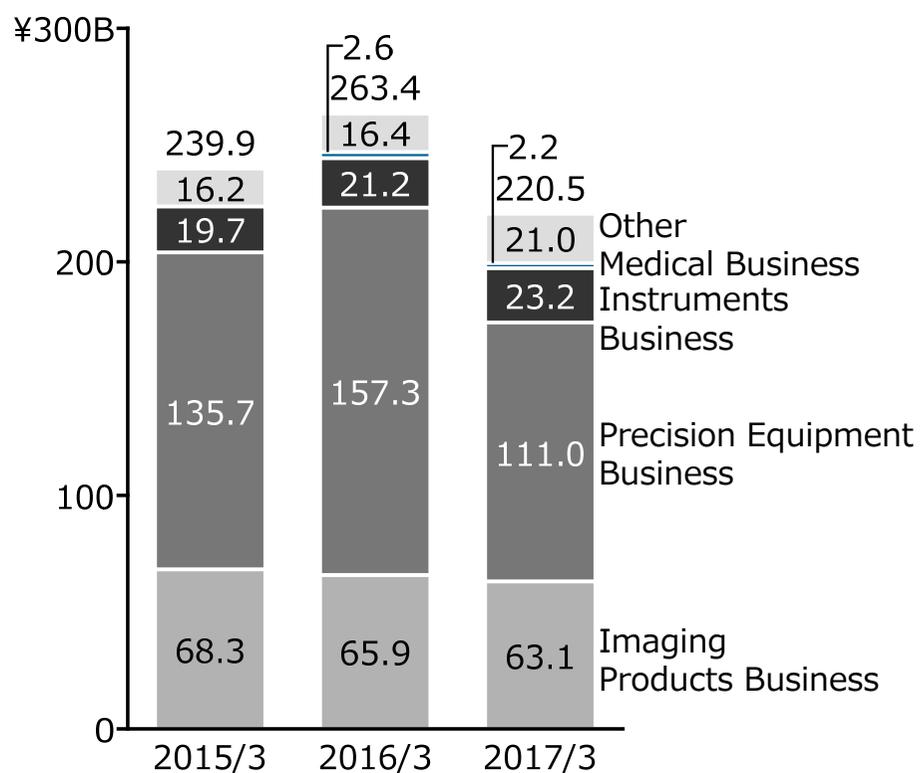
LIABILITIES/NET ASSETS



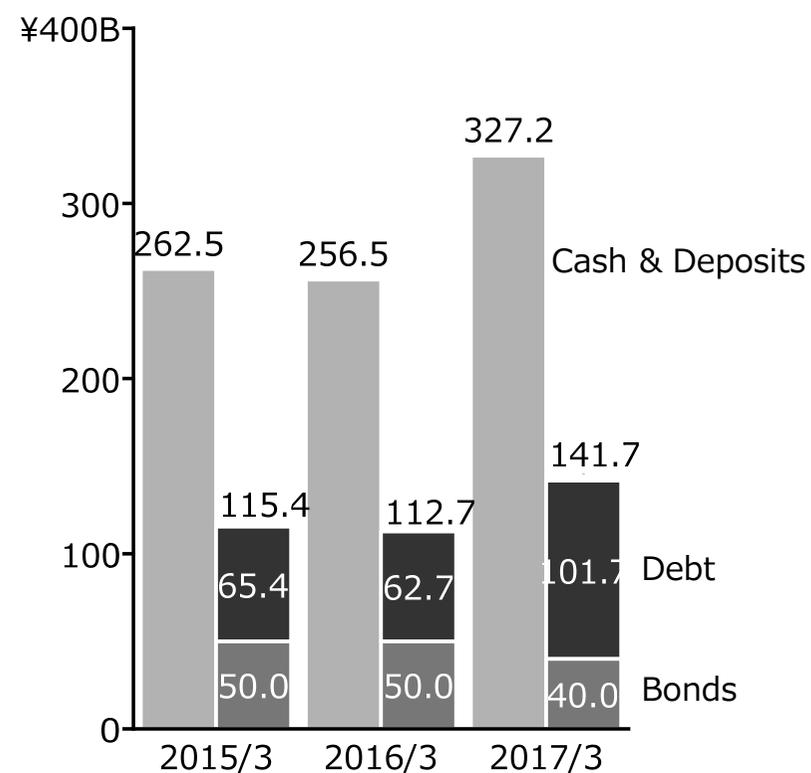
Capital ratio 58.6% 54.5% 52.2%



INVENTORY



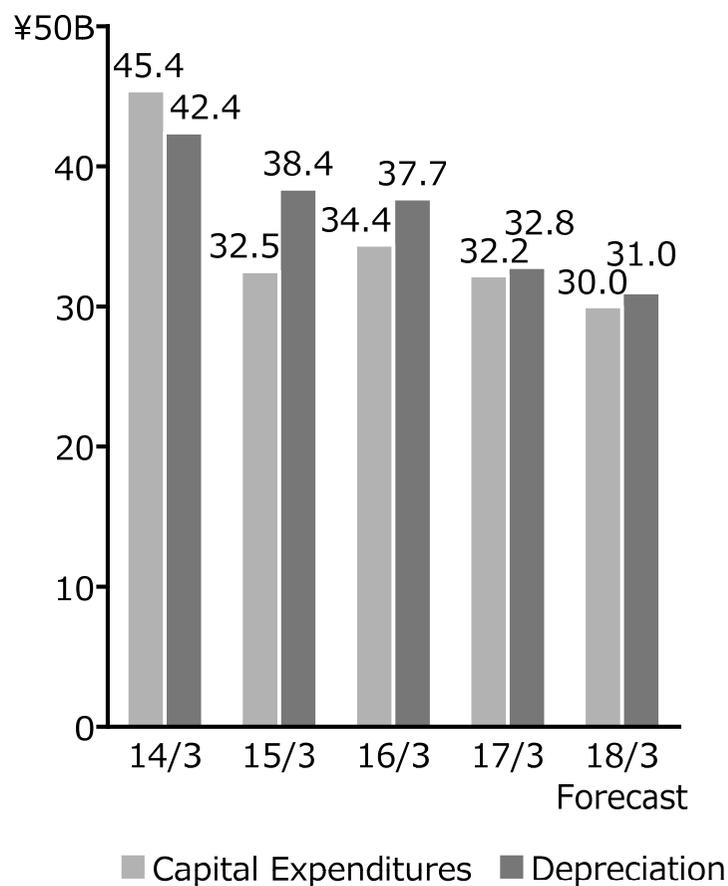
CASH & DEPOSITS/INTEREST BEARING DEBT



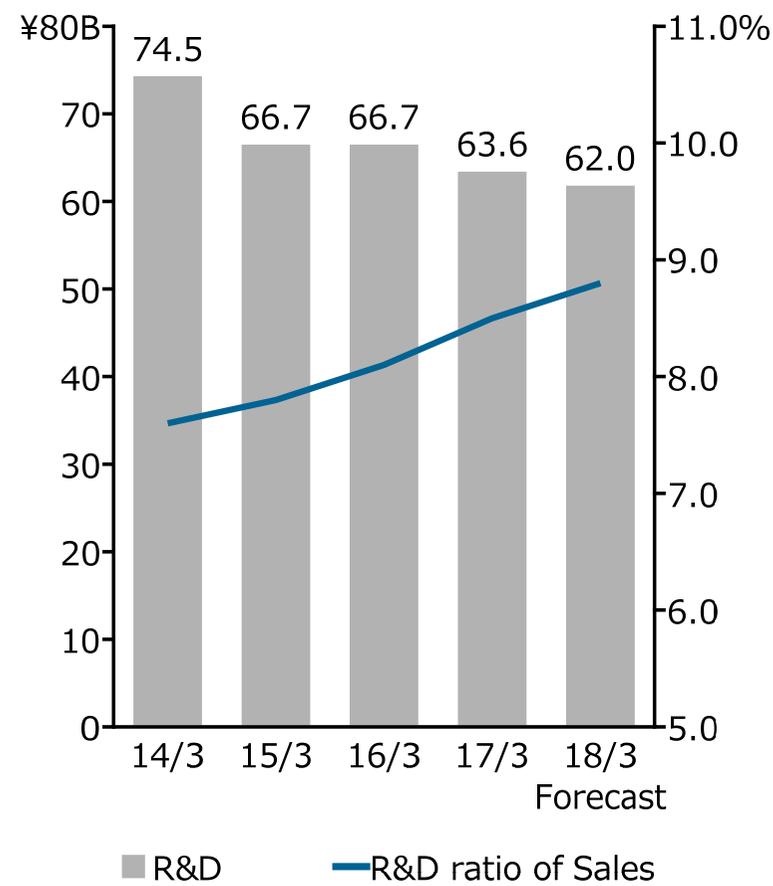
2018/3 Forecast: Capital Expenditures, Depreciation and R&D



CAPITAL EXPENDITURES, DEPRECIATION



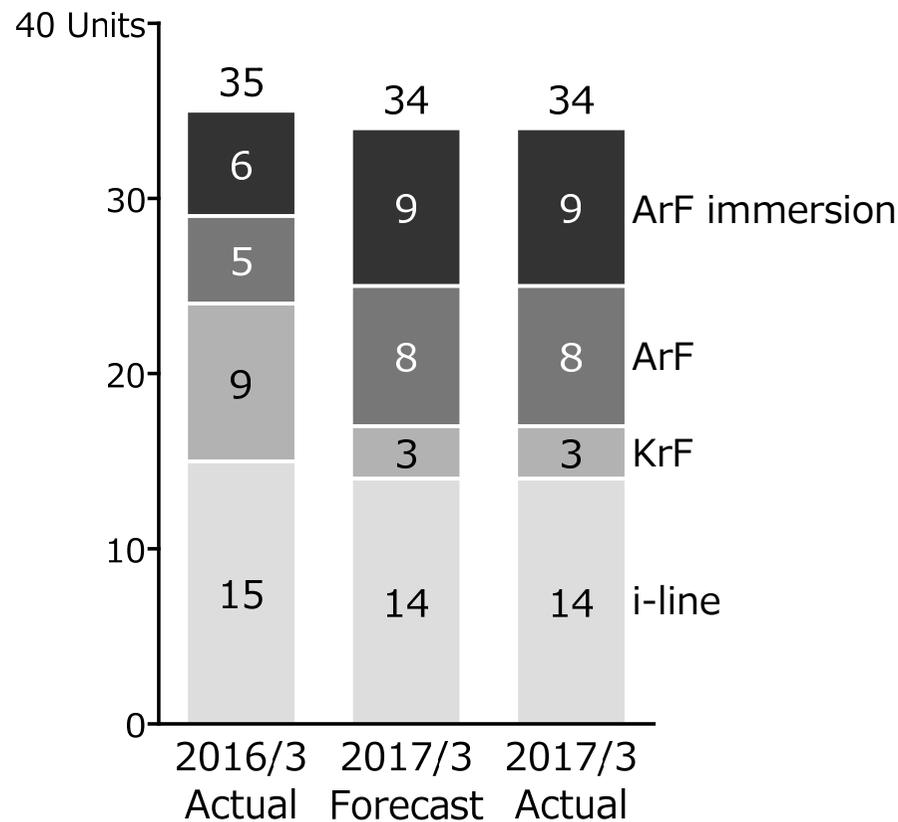
R&D EXPENSES



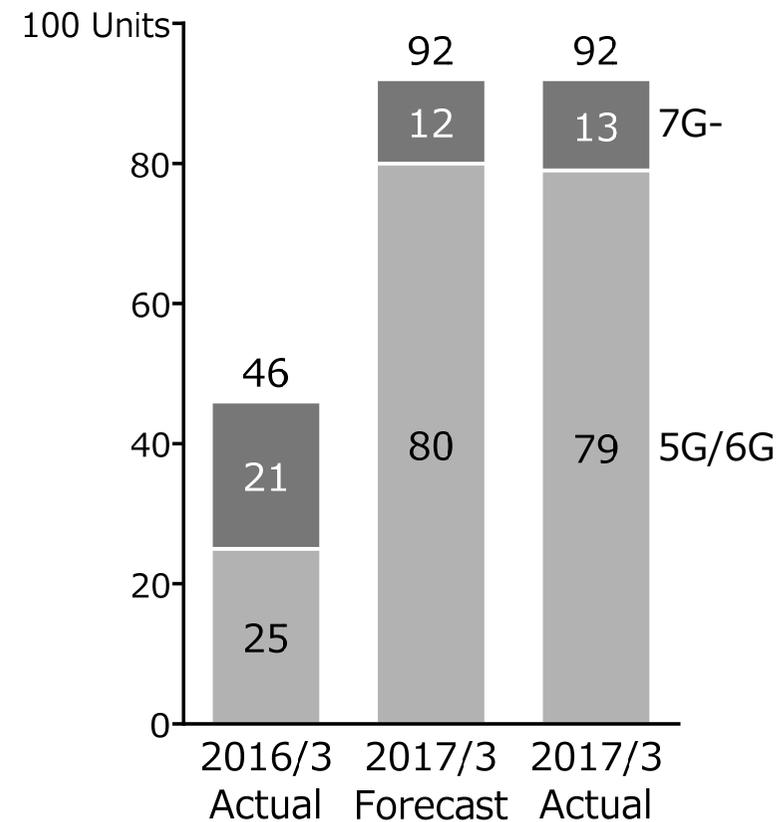
Note: Changed to the straight-line method of depreciation from the fiscal year ended March 2015



SEMICONDUCTOR LITHOGRAPHY SYSTEMS SALES BY TECHNOLOGY (INCL. REFURBISHED)

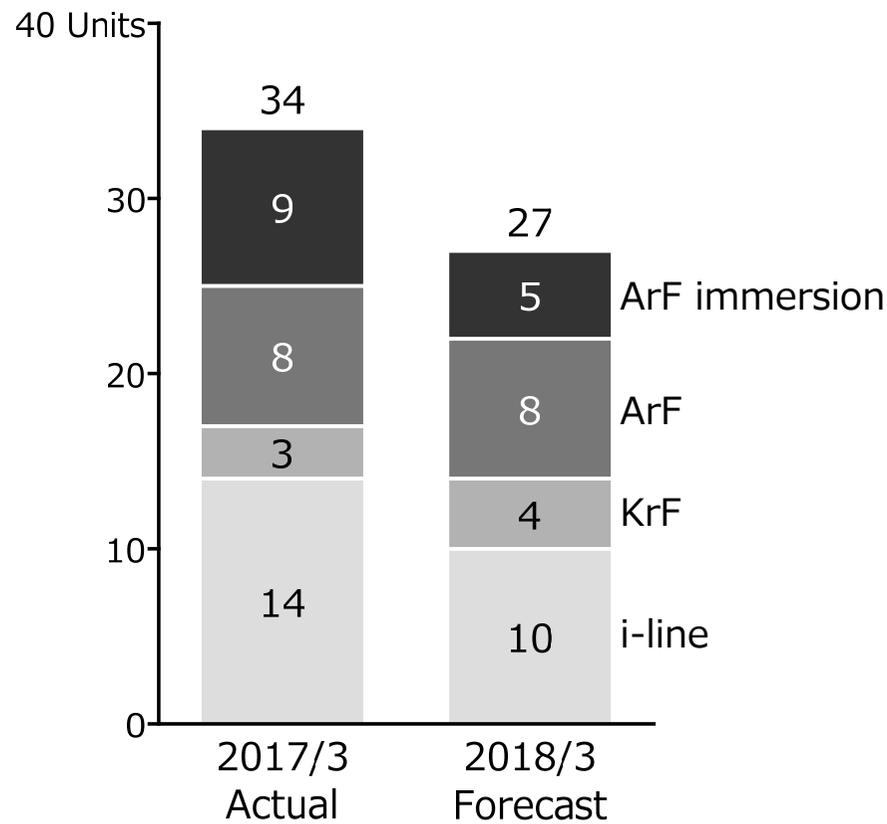


FPD LITHOGRAPHY SYSTEMS SALES BY GENERATION

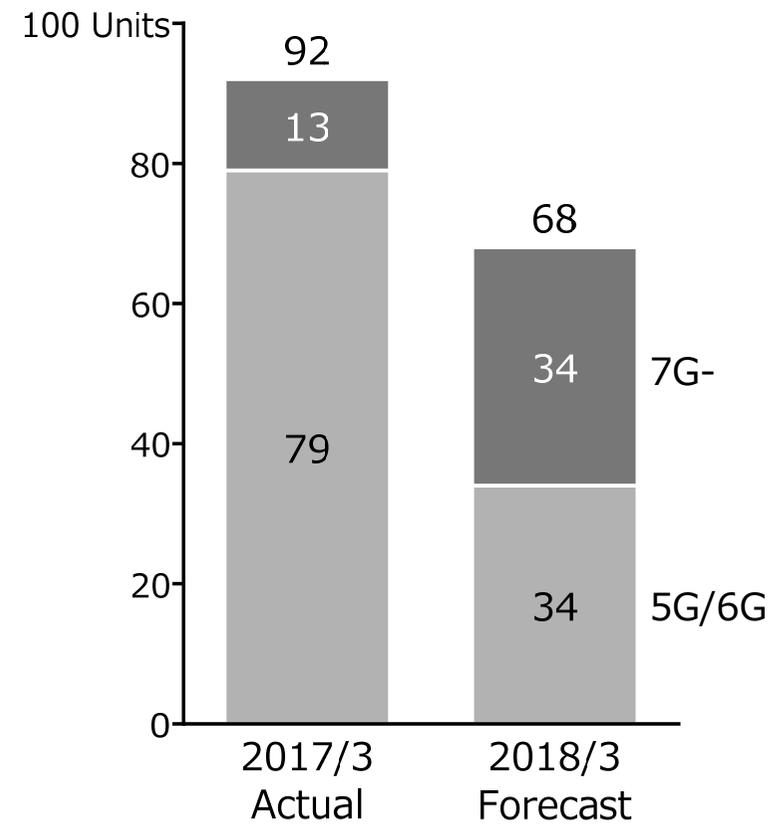




SEMICONDUCTOR LITHOGRAPHY SYSTEMS SALES BY TECHNOLOGY (INCL. REFURBISHED)



FPD LITHOGRAPHY SYSTEMS SALES BY GENERATION



2018/3 Forecast: Foreign Exchange Impact



	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	18/3 Assumption	Revenue	Operating Profit
US \$	¥110	Approx. ¥2.7 billion	Approx. ¥0.2 billion
EURO	¥120	Approx. ¥0.9 billion	Approx. ¥0.5 billion



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