



Nikon ^(th)
100
anniversary

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

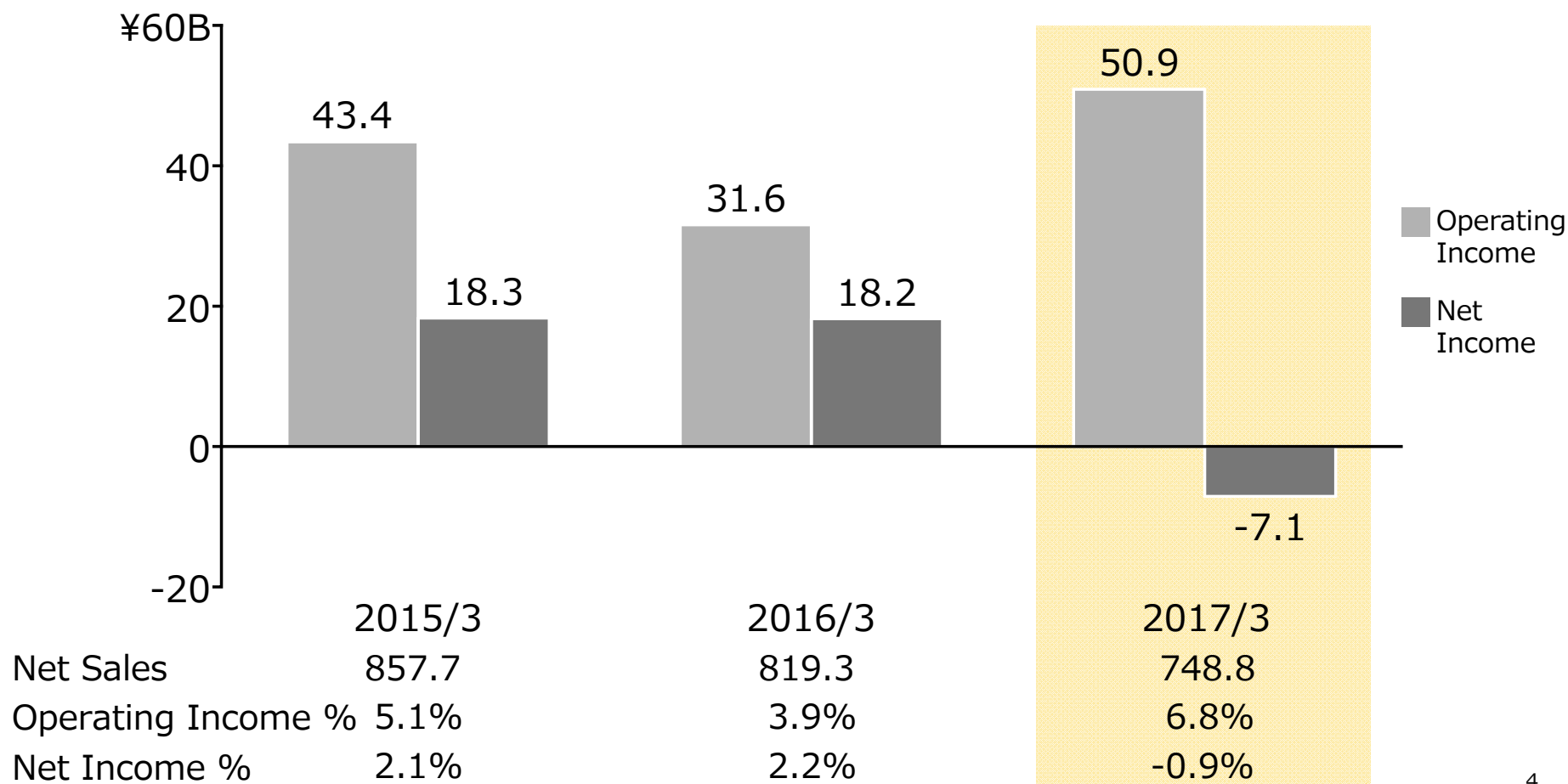
- Achieve break-even of Semiconductor Lithography Business
- Strengthen profit-structure of Imaging Products Business
- Initiate full-scale enhancement of management DNA

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

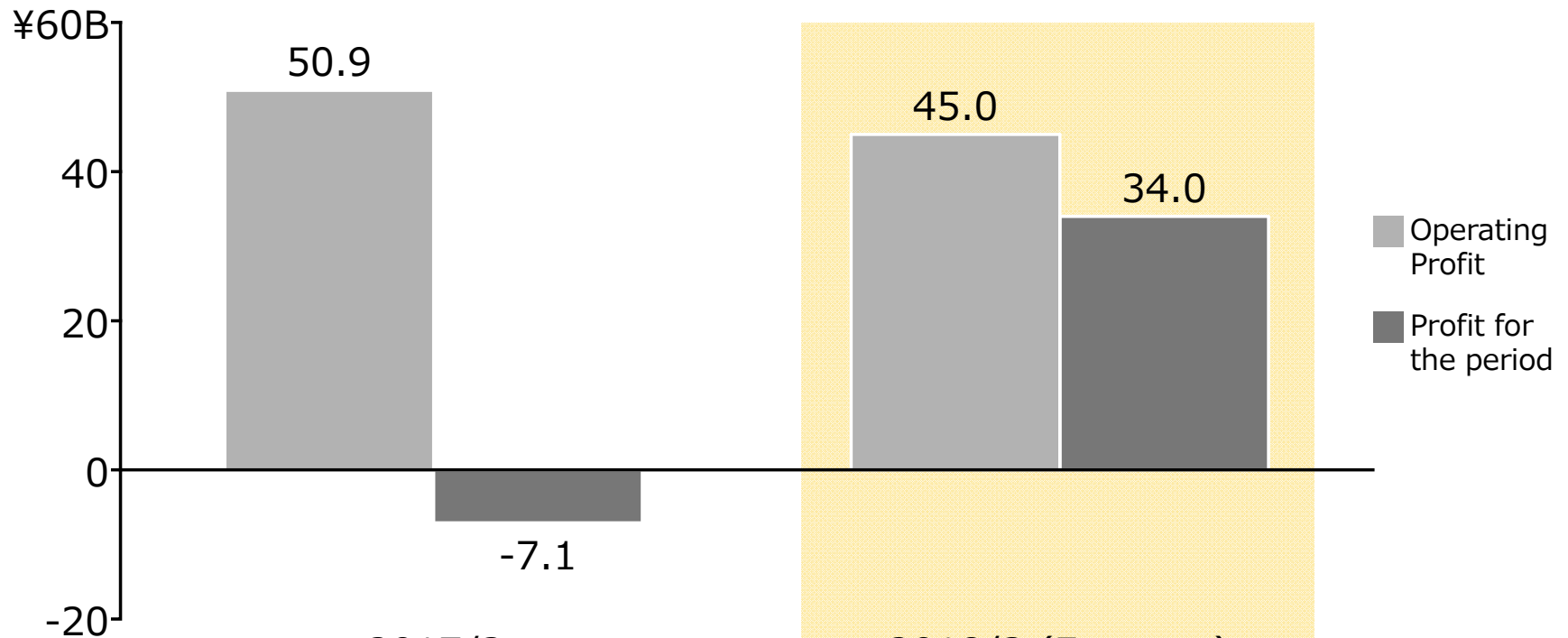


Forecast for the Year Ending March 31, 2018



- 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



	2017/3	2018/3 (Forecast)
Revenue	748.8	700
Operating Profit %	6.8%	6.4%
Profit for the period %	-0.9%	4.9%

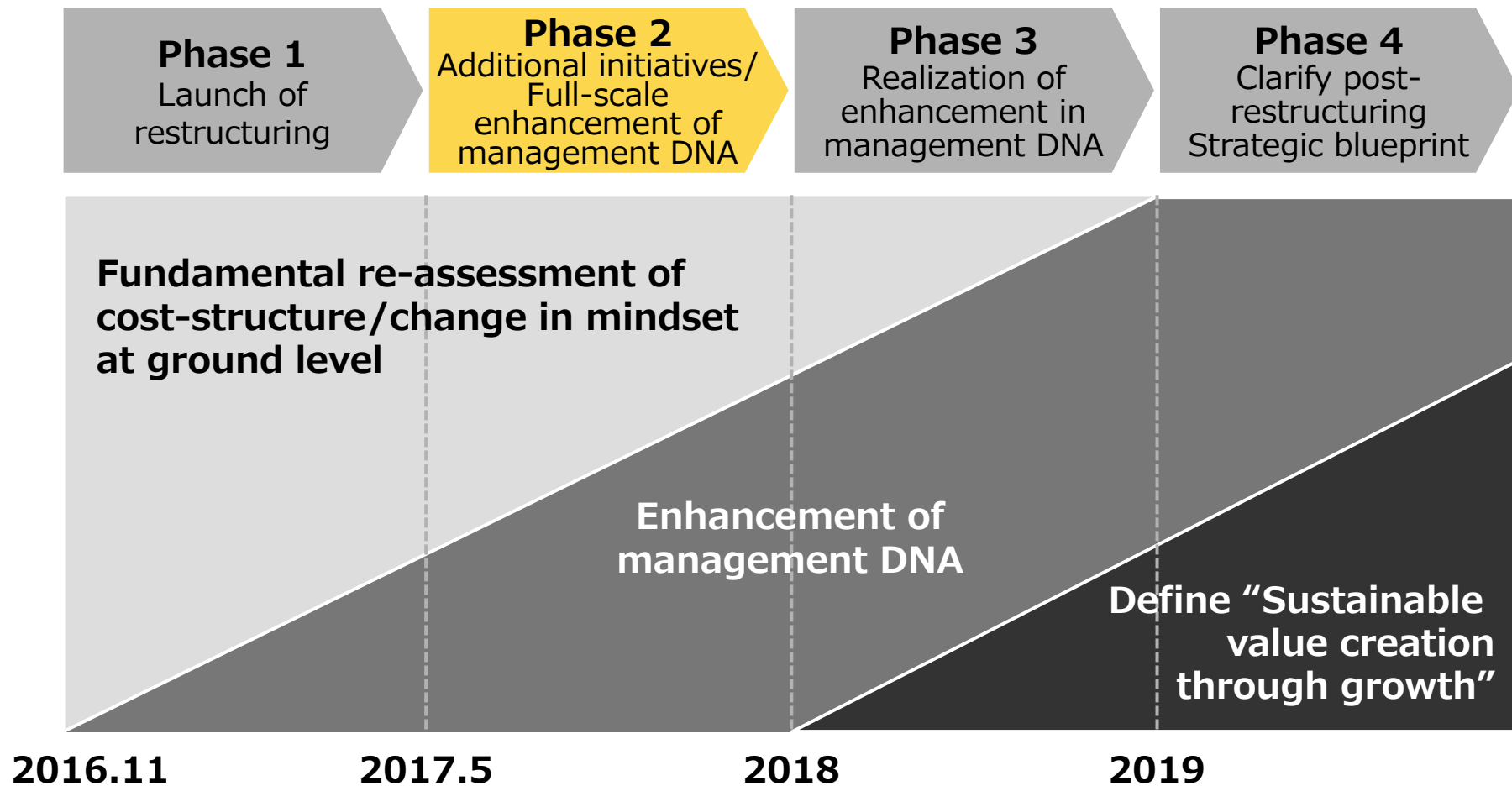


Imaging Products Business	Continued market decline and downward pressure on profitability
Precision Equipment Business	Continued robust FPD lithography demand Mid-to-small sized: Investment shift to expansion of existing lines Large sized: Investment of new lines including G10.5 is growing
Instruments 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
