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Financial Results for the Year Ended March 31, 2018

- 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 in this statement are rounded down to the nearest hundred million.



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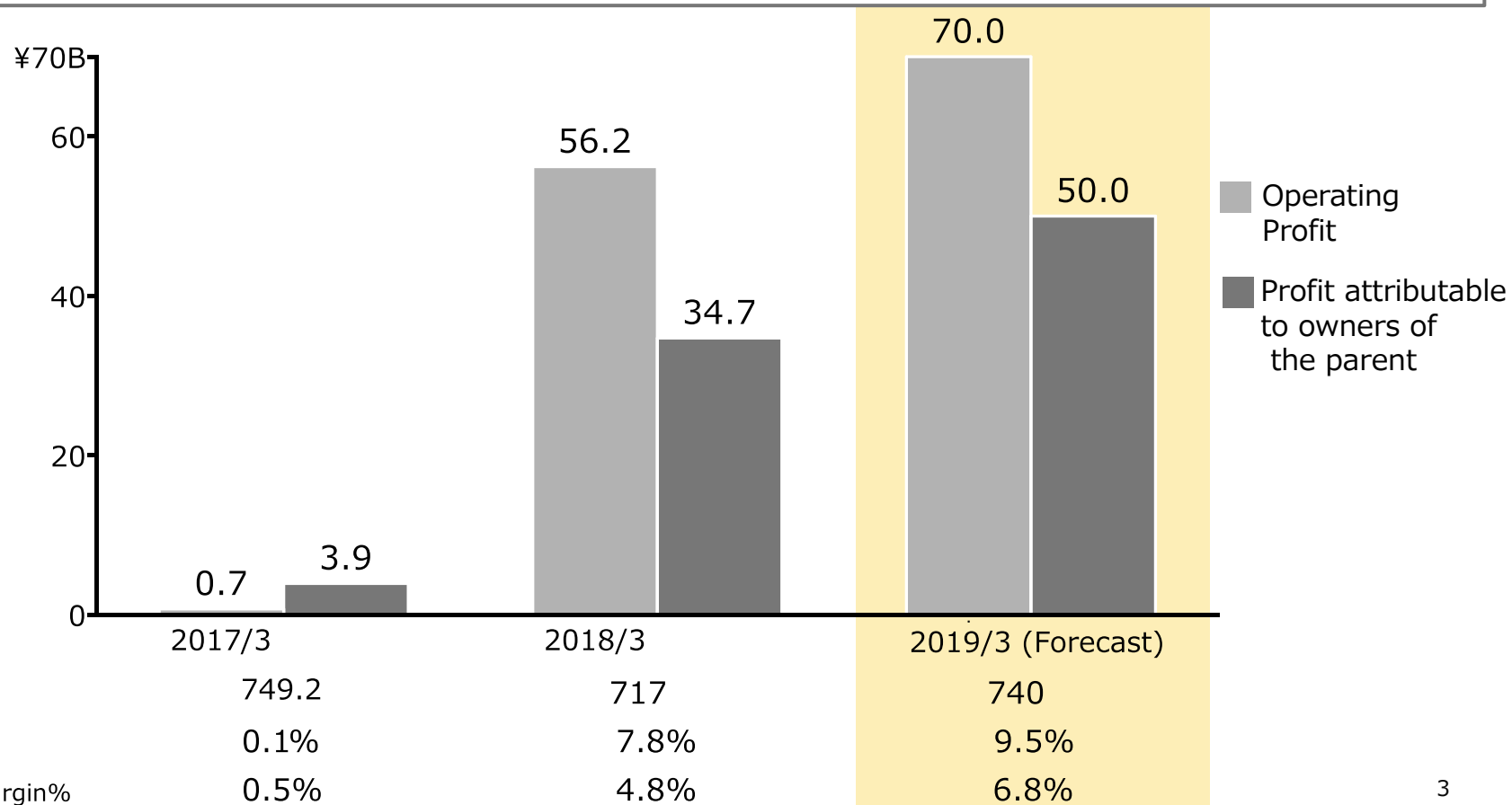
Business Update and Future Strategic Direction

President and Representative Director
Kazuo Ushida

Financial results for the year ended March 31, 2018 and Forecast for the year ending March 31, 2019



- FY2018/3** Profitability of Imaging Products and Precision Equipment Business chiefly improved as the result of restructuring by fixed cost reduction and change of business strategy. Operating Profit and Profit attributable to owners of the parent increased over ¥50 billion and ¥30 billion, respectively, compared with the previous fiscal year.
- FY2019/3** FPD Business is expected to be a major driver to push up the Operating Profit by approximately ¥14 billion. Profit attributable to owners of the parent is expected to reach ¥50 billion partially due to the reduction of tax burden.



Business Environment

- **Imaging Products:** Continuous market shrinkage
- **Precision Equipment:** Uncertain outlook of capital investment of FPD equipment beyond 2019
- **Healthcare:** Large expectation for market growth yet additional time is required to bear fruit
- **Industrial Metrology and others:** Identification of market with potential is imperative

Restructuring Direction

On track

- **Business Strategy:** Focus strategy is executed and profitability improved as planned
- **Cost Structure:** Voluntary retirement, close-down of China plant of Imaging Products Business and other restructuring actions reduced more than ¥30 billion of fixed cost
- **ROE/ROIC management:** Respective goal setting in progress

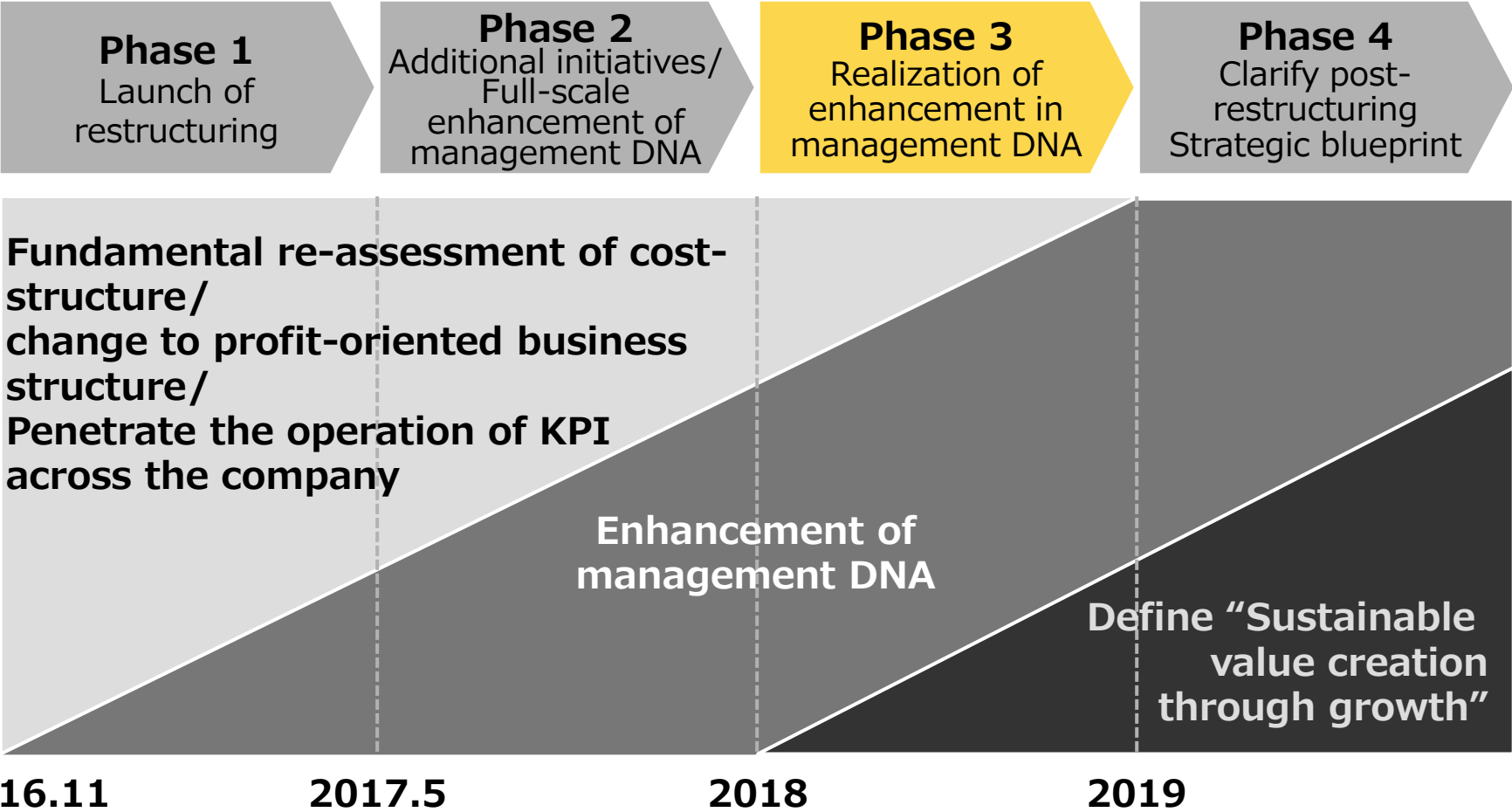
In Process

- **Portfolio management:** Started with business transfer, reallocation of resources just kicked off
- **Governance:** Establishing more transparent and disciplined structure

Management DNA enhancement shall continue even after FY2020/3



4 PHASES OF RESTRUCTURING



Address remaining challenges thoroughly with the post-restructuring blueprint in mind



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2018/3 Financial Results 2019/3 Forecast

Senior Executive Vice President, CFO and Representative
Director Masashi Oka

1. Financial results for the year ended March 31, 2018
2. Forecast for the year ending March 31, 2019

Year on Year

- **Operating Profit: ¥56.2 billion (¥55.5 billion increase Y on Y)** (¥64.9 billion, up ¥10.8 billion YoY, if excluding the restructuring relevant expenses)
 - **Imaging Products Business:** Fixed cost reduction and focus on high-value-added products increased profit despite market shrinkage
 - **Precision Equipment Business:** Semiconductor Lithography Business gained profits as planned. Profit improvement of Semiconductor Lithography exceeded the profit decline of FPD Lithography Business

Comparison vs Feb. 8 forecast

- **Operating Profit: ¥56.2 billion (¥3.2 billion above estimates)**
 - **Imaging Products Business :** ¥3.8 billion decrease due to weaker market demand than estimated in Q4
 - **Precision Equipment Business :** ¥4.3 billion increase due to brisk service business and improved profitability
- **FCF : ¥30.2 billion increase due to increase of advance payment**

Annual dividend

- Increase to ¥36 per share from previously forecasted ¥31 in accordance with the dividend payout policy to achieve a ratio of 40% or more. (Previous year :¥16)

Financial results for the year ended March 31, 2018: Highlights



Billions of yen	FY2017/3 Actual (A)	Previous Forecast (Feb.8)(B)	FY2018/3 Actual(C)	Change (C)-(A)	Change (C)-(B)
Revenue	749.2	720.0	717.0	-32.2	-3.0
Operating Profit	0.7	53.0	56.2	+55.5	+3.2
% vs Revenue	0.1%	7.4%	7.8%		
Profit before income taxes	3.0	52.0	56.2	+53.2	+4.2
% vs Revenue	0.4%	7.2%	7.8%		
Profit attributable to owners of the parent	3.9	30.0	34.7	+30.8	+4.7
% vs Revenue	0.5%	4.2%	4.8%		
FCF	56.6	60.0	90.2	+33.6	+30.2
Exchange Rate :				Impact on Revenue	
US \$	¥108	¥111	¥111	+20.6	+1.1
EURO	¥119	¥129	¥130	Impact on Operating Profit	
				+5.0	-0.3

FCF significantly rised due to increase of advance payment and others

Financial results for the year ended March 31, 2018: by Segments

Billions of yen		FY2017/3 Actual(A)	Previous Forecast (Feb.8) (B)	FY2018/3 Actual (C)	Change (C)-(A)	Change (C)-(B)
Imaging Products Business	Revenue	383.0	367.0	360.7	-5.8%	-1.7%
	Operating Profit	17.1 (28.1)	34.0 (40.0)	30.2 (36.0)	+13.1	-3.8
Precision Equipment Business	Revenue	248.0	226.0	226.3	-8.8%	+0.1%
	Operating Profit	13.4 (48.1)	49.0 (49.0)	53.3 (53.3)	+39.9	+4.3
Healthcare Business	Revenue	55.7	57.0	56.8	+2.0%	-0.4%
	Operating Profit	-0.6 (-0.1)	-4.0 (-4.0)	-3.2 (-3.2)	-2.6	+0.8
Industrial Metrology and Others	Revenue	62.4	70.0	73.2	+17.3%	+4.6%
	Operating Profit	3.7 (5.5)	2.0 (5.0)	5.0 (7.8)	+1.3	+3.0
Corporate Profit/Loss non-attributable to any reportable segments	Revenue	-	-	-	-	-
	Operating Profit	-32.8 (-27.5)	-28.0 (-28.0)	-29.1 (-29.1)	+3.7	-1.1
Consolidated	Revenue	749.2	720.0	717.0	-4.3%	-0.4%
	Operating Profit	0.7 (54.1)	53.0 (62.0)	56.2 (64.9)	+55.5	+3.2

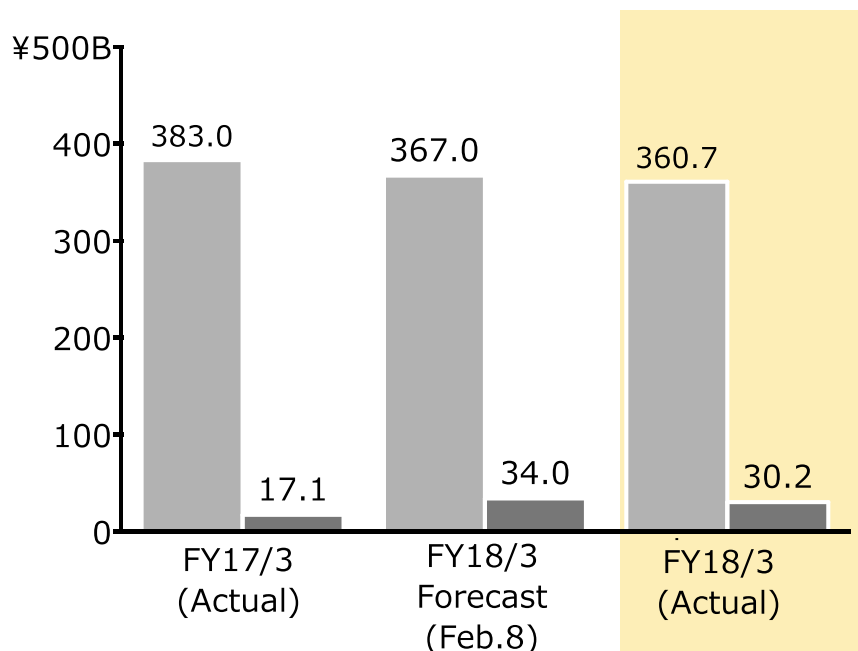
Note: Figures of Operating Profit in parentheses shows those excluding the restructuring relevant expenses

Results for the year ended March 31, 2018: Imaging Products Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: ¥22.3 billion decrease YoY**
 - Declined in unit sales across the board due to continuous market shrinkage
 - Did not reach the previous forecast as C-DSC did not achieve the volume forecast and the product mix of D-SLR was changed.
- **Operating Profit: ¥13.1 billion increase YoY**
 - Operating Profit of previous FY17/3 excluding the restructuring costs was ¥28.1 billion
 - Operating profit excluding the restructuring costs was ¥36 billion, up ¥7.9 billion YoY
 - Focus strategy on high-value-added products and fixed cost reduction offset the decline of profit by market shrinkage
 - Operating profit did not reach our previous forecast due to revenue decline and increase of impairment of inventory

Digital camera-Interchangeable Lens Type (units:1000)

Market Scale	11,770	11,000	11,410
Nikon	3,100	2,600	2,620

Interchangeable Lenses (units:1000)

Market Scale	19,200	18,000	19,060
Nikon	4,620	4,000	4,010

Compact DSC (units:1000)

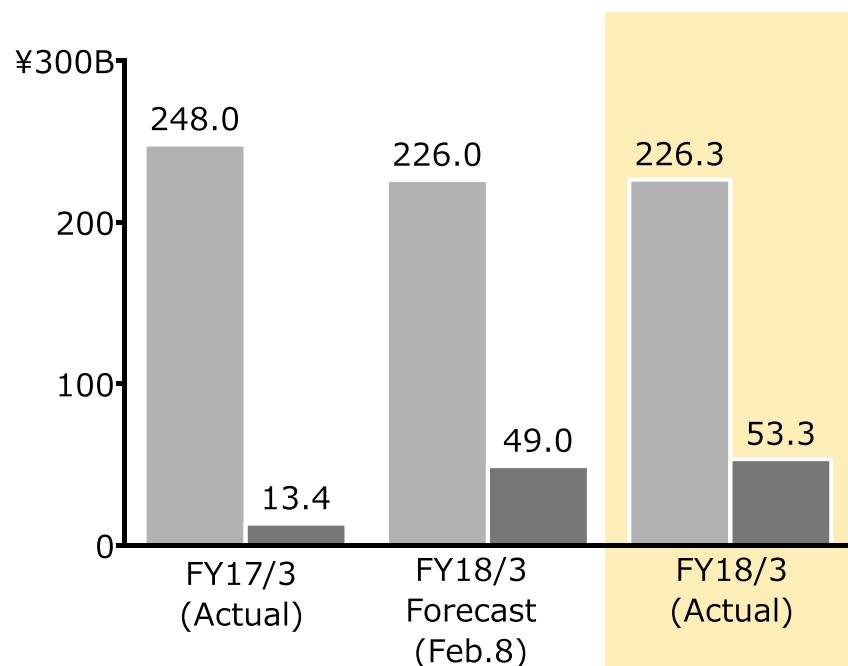
Market Scale	12,600	11,400	11,960
Nikon	3,190	2,600	2,510

Results for the year ended March 31, 2018: Precision Equipment Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



• Revenue: ¥21.7 billion decrease YoY

- FPD: Declined due to sales unit reduction. Sold 3 units of G10.5 systems as planned
- Compared to the previous forecast, higher service revenue of both FPD/Semiconductor business compensated the sales loss of one FPD system that was deferred into FY19/3

• Operating Profit: ¥39.9 billion increase YoY

- Operating Profit excluding restructuring costs surpassed that of FY17/3 (¥48.1 billion) by ¥5.2 billion
- FPD: Declined due to revenue drop and product mix change
- Semiconductor: Turned profitable as planned. Significant improvement of profit by business strategy review and headcount optimization
- Profit increased from the previous forecast due to reduced cost and service revenue improvement

FPD Lithography Systems (units)

Market Scale (CY16/17)	128	149	149
Nikon	92	68	67

Semiconductor Lithography Systems (New/Refurbished, units)

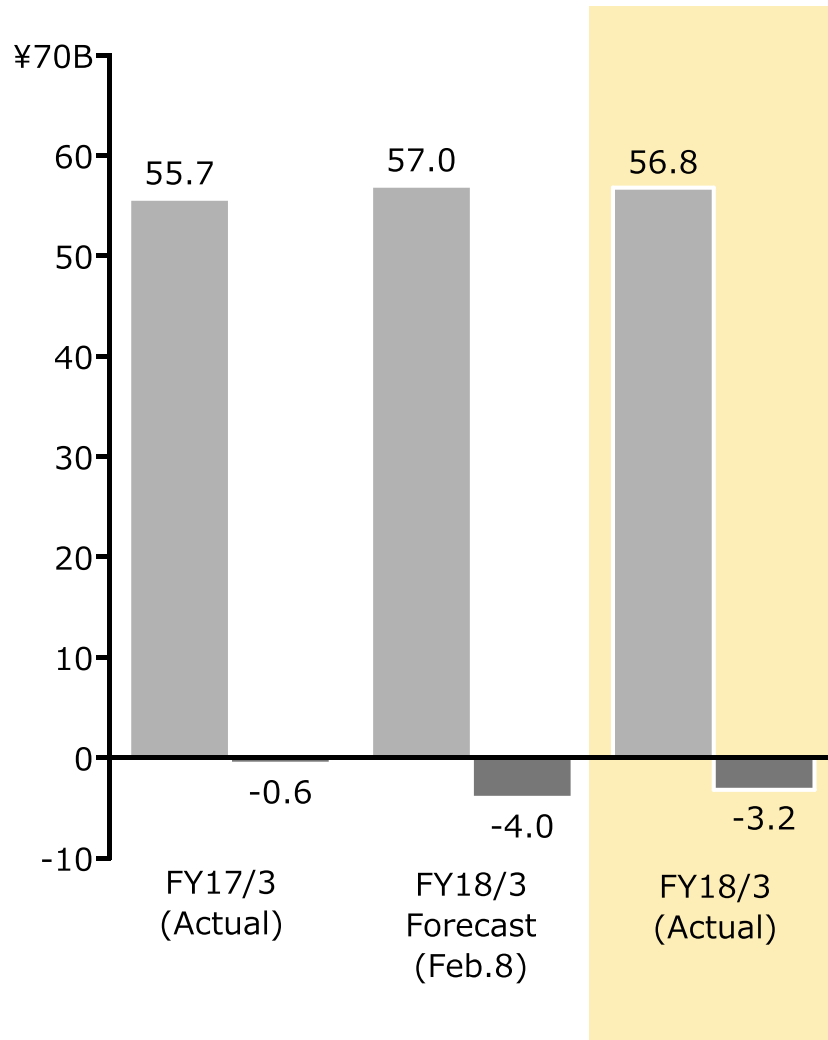
Market Scale (CY16/17)	210	240	240
Nikon	24/11	17/12	17/13

Results for the year ended March 31, 2018: Healthcare Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: ¥1.1 billion increase YoY**

- Bioscience field: Revenue decreased due to the delay of government related budget execution
- Ophthalmic diagnostic field: Sales enhancement measures led to revenue increase

- **Operating Profit:**

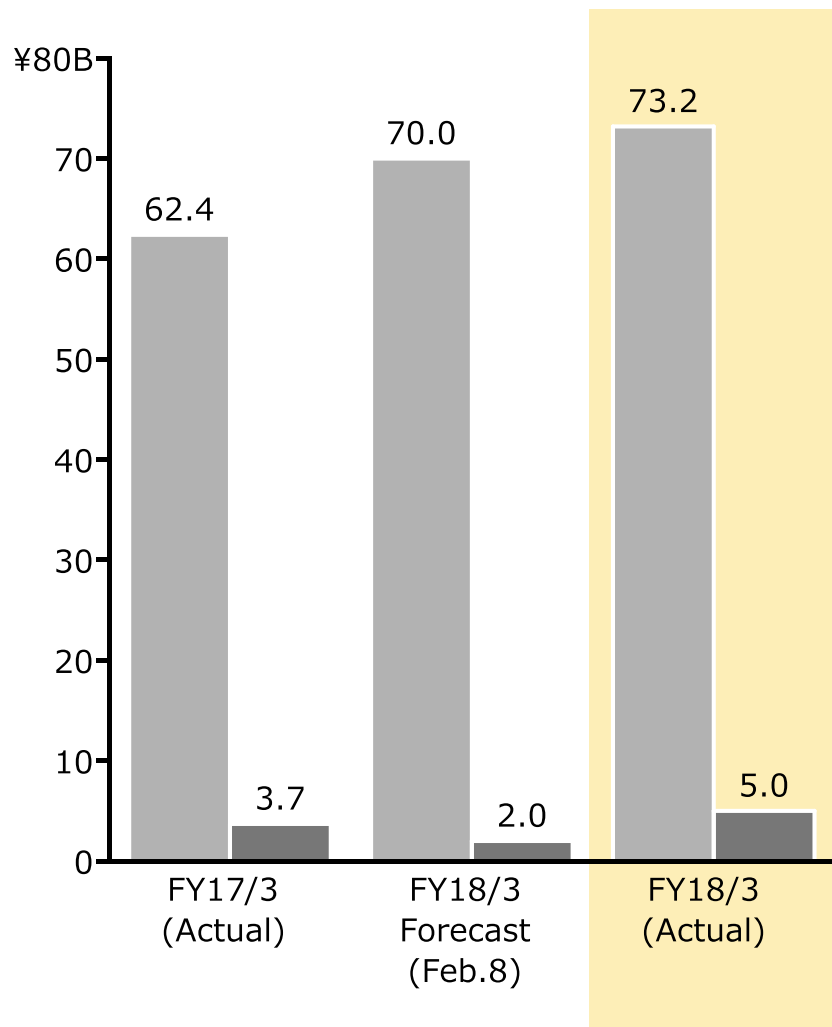
- FY17/3 Operating Profit excluding the restructuring costs was minus ¥0.1 billion
- Bioscience field: Start-up expenses increased for regenerative medicine related business
- Ophthalmic diagnostic field: Business of retinal imaging diagnostic device was robust but up-front investment for future growth
- Projected deficit decreased due to partially deferred development expenditure

Results for the year ended March 31, 2018: Industrial Metrology and Others



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue: ¥10.8 billion increase YoY**

- Industrial Metrology: Sales expanded in X-Ray inspection system and video measuring system
- Others: Glass Business and others increased
- Both Industrial Metrology Business and Others overachieved the previous forecast

- **Operating Profit: ¥1.3 billion increase YoY**

- FY17/3 Operating Profit excluding the restructuring costs was ¥5.5 billion
- FY18/3 Operating Profit excluding the restructuring costs posted ¥7.8 billion, up ¥2.3 billion YoY
- One-time cost of CMM business transfer was executed as planned. Operating Profit achieved the forecast thanks to revenue increase

Note: CMM (Coordinate Measuring Machines) business conducts development, manufacture, sales and service activities of contact-type 3D metrology system

1. Financial results for the year ended March 31, 2018

2. Forecast for the year ending March 31, 2019

FY2019/3 Revenue Forecast

- **Overall : ¥740 billion (¥23 billion increase YoY)**
 - **Imaging Products Business** : Decrease due to continuous market shrinkage and impact of foreign exchange loss
 - **Precision Equipment Business** : Rise chiefly by increased unit sales of FPD G10.5

FY2019/3 Operating Profit Forecast

- **Overall : ¥70 billion (¥13.8 billion increase YoY)**
 - **Imaging Products Business** : Steady improvement of profitability as the result of restructuring covering the loss caused by revenue decline. OPM expected to be more than 9%
 - **Precision Equipment Business** : Significant increase in profit for FPD Lithography Business

FY2019/3 Profit attributable to Owners of the Parent Forecast

- **Overall : ¥50 billion (¥15.3 billion increase YoY)**
 - **ROE** : Expect to reach 8% or higher by improved profitability
 - **Tax expenses** : Expected to decrease due to reduction of temporary tax burden of previous year

Forecast for the year ending March 31, 2019: Financial Highlights



Billions of yen	2018/3 (B)	2019/3 (A)	Change (A)-(B)
Revenue	717.0	740.0	+23.0
Operating Profit	56.2	70.0	+13.8
% vs Revenue	7.8%	9.5%	
Profit before income taxes	56.2	70.0	+13.8
% vs Revenue	7.8%	9.5%	
Profit attributable to owners of the parent	34.7	50.0	+15.3
% vs Revenue	4.8%	6.8%	
FCF	90.2	60.0	-30.2
Exchange Rate: US\$	¥111	¥105	Impact on Revenue approx. -16.0
EURO	¥130	¥130	Impact on Op. Profit approx. -2.0

Shareholder Returns Policy: Dividend payout ratio to 40% or more

Annual dividend: to be determined

Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. Revenue of FY2018/3 is not retrospectively adjusted with such deduction while approx. ¥7 billion is deducted from Revenue of FY2019/3. Figures of Operating Profit in parentheses shows those excluding the restructuring relevant expenses

Forecast for the year ending March 31, 2019: Financial Highlights by Segment



Billions of yen		2018/3 (B)	2019/3 (A)	Change (A)-(B)
Imaging Products Business	Revenue	360.7	320.0	-11.3%
	Operating Profit	30.2 (36.0)	29.0 (31.0)	-¥1.2B
Precision Equipment Business	Revenue	226.3	282.0	+24.6%
	Operating Profit	53.3 (53.3)	68.0 (68.0)	+¥14.7B
Healthcare Business	Revenue	56.8	63.0	+10.9%
	Operating Profit	-3.2 (-3.2)	-4.0 (-4.0)	-¥0.8B
Industrial Metrology and Others	Revenue	73.2	75.0	+2.5%
	Operating Profit	5.0 (7.8)	6.0 (6.0)	+¥1.0B
Corporate Profit/Loss non-attributable to any reportable segments	Revenue	—	—	—
	Operating Profit	-29.1 (-29.1)	-29.0 (-29.0)	+¥0.1B
Consolidated	Revenue	717.0	740.0	+3.2%
	Operating Profit	56.2 (64.9)	70.0 (72.0)	+¥13.8B

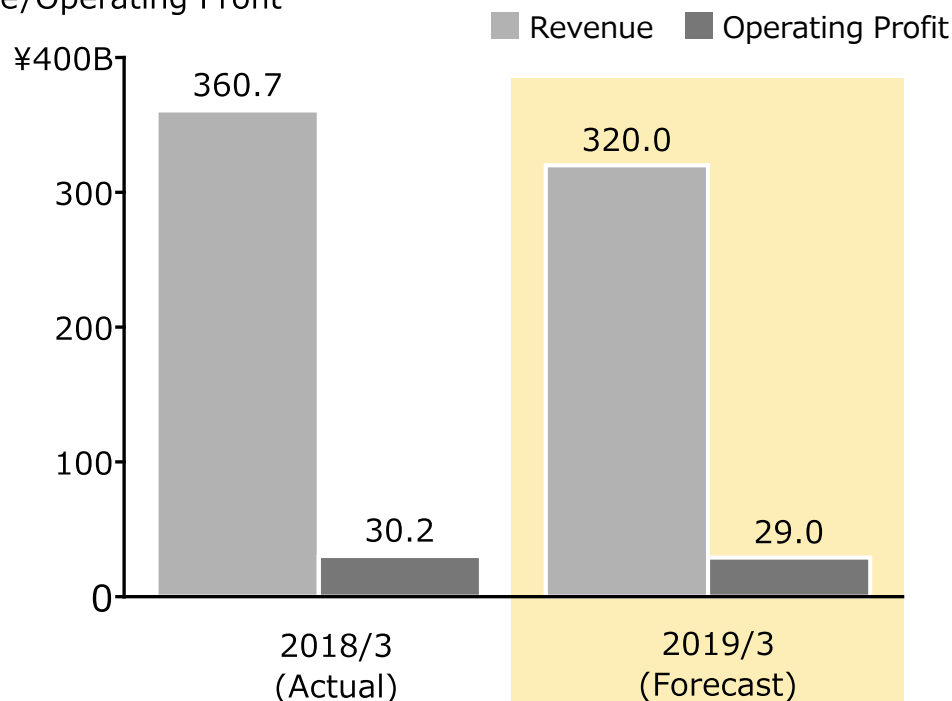
Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. Approx. ¥7 billion is deducted from Revenue of FY2019/3.

Figures of Operating Profit in parentheses shows those excluding the restructuring relevant expenses

Forecast for the year ending March 31, 2019: Imaging Products Business



Revenue/Operating Profit



- **Revenue:**
¥40.7 billion decrease

- Decrease of unit sales across the board due to continuous decline of DSC market

- **Operating Profit:**
¥1.2 billion decrease

- FY2018/3 Operating profit before the restructuring costs was ¥36 billion
- FY2019/3 Operating profit before the restructuring costs is expected to be ¥31 billion, ¥5 billion down from previous year
- OPM to retain 9% level due to fixed cost reduction and shift to high-value-added products

Digital camera-Interchangeable Lens Type (units: 1000)

Market	11,410	10,000
Nikon	2,620	2,300

Interchangeable Lenses (units:1000)

Market	19,060	16,500
Nikon	4,010	3,400

Compact DSC (units:1000)

Market	11,960	9,000
Nikon	2,510	1,800

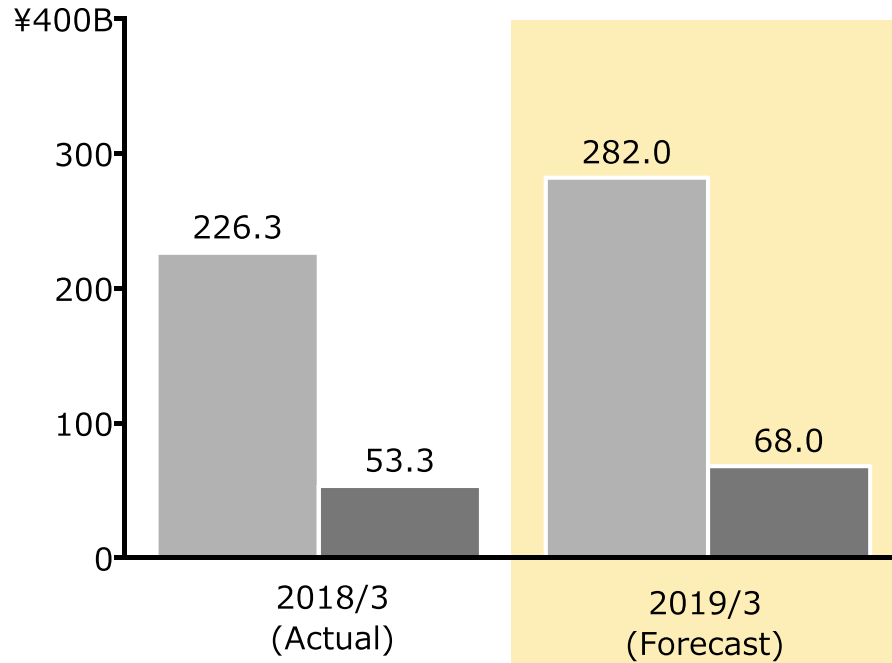
Note: Due to change of revenue recognition under IFRS15, part of sales promotion expenses are deducted from Revenue of FY2019/3. Approx. ¥7 billion is deducted from Revenue of FY2019/3. 19

Forecast for the year ending March 31, 2019: Precision Equipment Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



FPD Lithography Systems (units)

Market (CY17/18)	149	150
Nikon	67	70

Semiconductor Lithography Systems(New/Refurbished, units)

Market (CY17/18)	240	260
Nikon	17/13	23/12

• Revenue: ¥55.7 billion increase

- FPD: Increase due to product mix change
 - Sales increase of systems for large sized panels complements the sales decline of those for mid-to-small sized panels
 - Unit sales of G10.5 systems is forecasted to increase to 18 from 3 of previous year
- Semiconductor: Unit sales increase is expected under customer's robust CAPEX

• Operating Profit: ¥14.7 billion increase

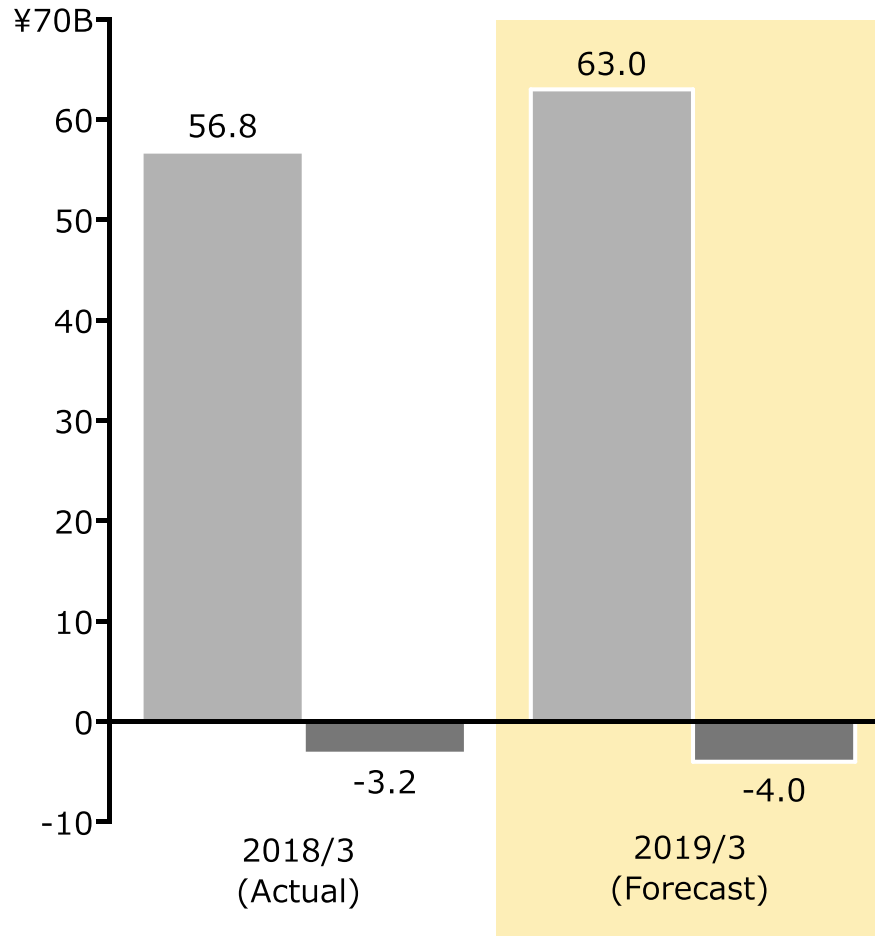
- FPD: Significant increase corresponding to revenue increase
- Semiconductor: Expect to surpass break-even for two consecutive years and onward

Forecast for the year ending March 31, 2019: Healthcare Business



Revenue/Operating Profit

■ Revenue ■ Operating Profit



- **Revenue:**
¥6.2 billion increase

- Bioscience field: Expect to increase sales in improved overseas markets, chiefly in North America and China
- Ophthalmologic diagnosis field: Retinal imaging diagnostic market remains robust, expecting to increase sales with contribution of new products launch

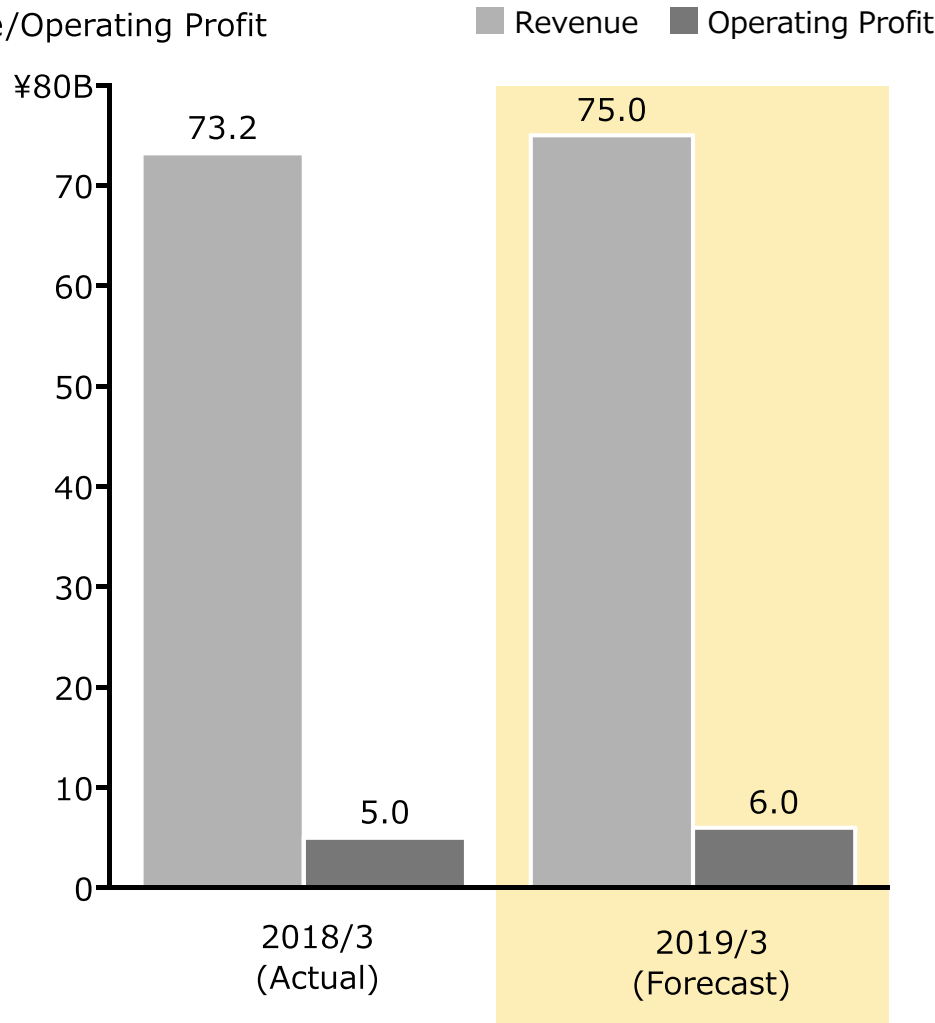
- **Operating Profit**

- Continue to invest for future growth in regenerative medicine related field and ophthalmologic diagnosis field

Forecast for the year ending March 31, 2019: Industrial Metrology and Others



Revenue/Operating Profit



- **Revenue:**
¥1.8 billion increase

- Industrial Metrology: Sales expansion of X-ray inspection system etc. expect to nearly cover the decline of revenue after the CMM business transfer

- **Operating Profit:**
¥1.0 billion increase

- FY2018/3 Operating Profit excluding the restructuring costs was ¥7.8 billion
- Investment to increase for future growth in this business segment such as Precision Components and Module Business

Note: CMM (Coordinate Measuring Machines) business conducts development, manufacture, sales and service activities of contact-type 3D metrology systems



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Reference Data

Forecast for the year ending March 31, 2019: Financial Highlights



Billions of yen	2018/3 Actual			2019/3 Forecast		
	1H	2H	2018/3	1H	2H	2019/3
Revenue	328.4	388.6	717.0	340.0	400.0	740.0
Operating Profit	23.0	33.2	56.2	25.0	45.0	70.0
% vs Revenue	7.0%	8.5%	7.8%	7.4%	11.3%	9.5%
Profit before income taxes	21.4	34.8	56.2	25.0	45.0	70.0
% vs Revenue	6.5%	9.0%	7.8%	7.4%	11.3%	9.5%
Profit attributable to owners of the parent	13.9	20.8	34.7	17.0	33.0	50.0
% vs Revenue	4.2%	5.4%	4.8%	5.0%	8.3%	6.8%
FCF	90.2			60.0		
Exchange Rate:						
US\$	¥111	¥111	¥111	¥105		
EURO	¥126	¥133	¥130	¥130		

Note: FY2019/3 applies International Financial Reporting Standards (IFRS)15 with changes in revenue recognition

Forecast for the year ending March 31, 2019: Financial Highlights by Segment



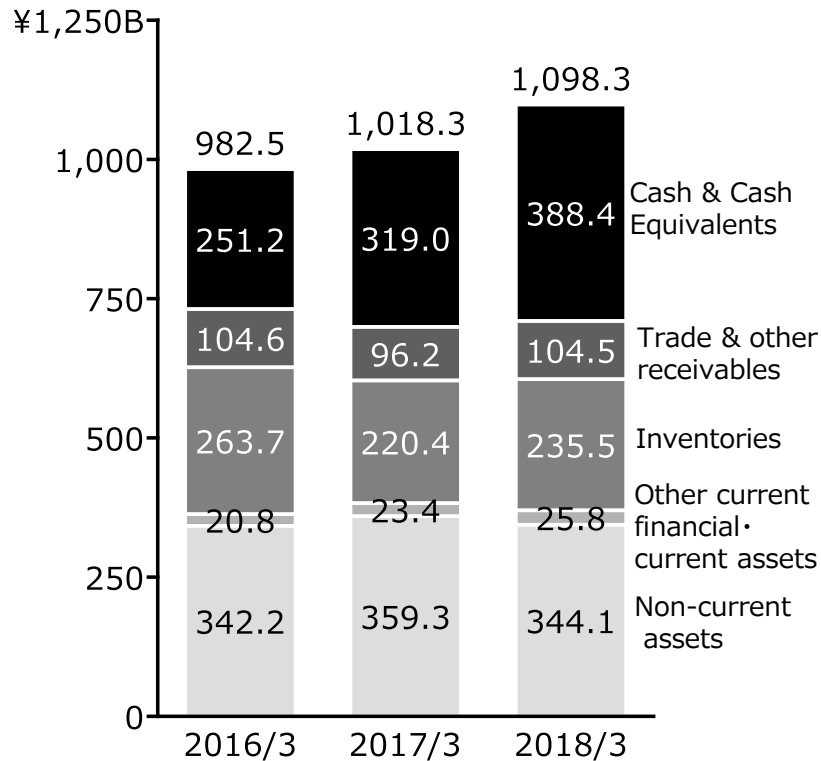
Billions of yen		2018/3 Actual			2019/3 Forecast		
		1H	2H	2018/3	1H	2H	2019/3
Imaging Products Business	Revenue	175.2	185.5	360.7	150.0	170.0	320.0
	Operating Profit	15.4 (15.4)	14.8 (20.6)	30.2 (36.0)	11.0 (13.0)	18.0 (18.0)	29.0 (31.0)
Precision Equipment Business	Revenue	98.0	128.3	226.3	132.0	150.0	282.0
	Operating Profit	20.1 (20.1)	33.2 (33.2)	53.3 (53.3)	33.0 (33.0)	35.0 (35.0)	68.0 (68.0)
Healthcare Business	Revenue	25.2	31.6	56.8	26.0	37.0	63.0
	Operating Profit	-2.1 (-2.1)	-1.1 (-1.1)	-3.2 (-3.2)	-5.0 (-5.0)	1.0 (1.0)	-4.0 (-4.0)
Industrial Metrology and Others	Revenue	29.8	43.4	73.2	32.0	43.0	75.0
	Operating Profit	1.5 (1.5)	3.5 (6.3)	5.0 (7.8)	1.0 (1.0)	5.0 (5.0)	6.0 (6.0)
Corporate Expenses Total/ Elimination of Intersegment Transactions	Revenue	—	—	—	—	—	—
	Operating Profit	-11.9 (-11.9)	-17.2 (-17.2)	-29.1 (-29.1)	-15.0 (-15.0)	-14.0 (-14.0)	-29.0 (-29.0)
Consolidated	Revenue	328.4	388.6	717.0	340.0	400.0	740.0
	Operating Profit	23.0 (23.0)	33.2 (41.9)	56.2 (64.9)	25.0 (27.0)	45.0 (45.0)	70.0 (72.0)

Note: FY2019/3 applies International Financial Reporting Standards (IFRS)15 with changes in revenue recognition.
Figures of Operating Profit in parentheses shows those excluding the restructuring costs

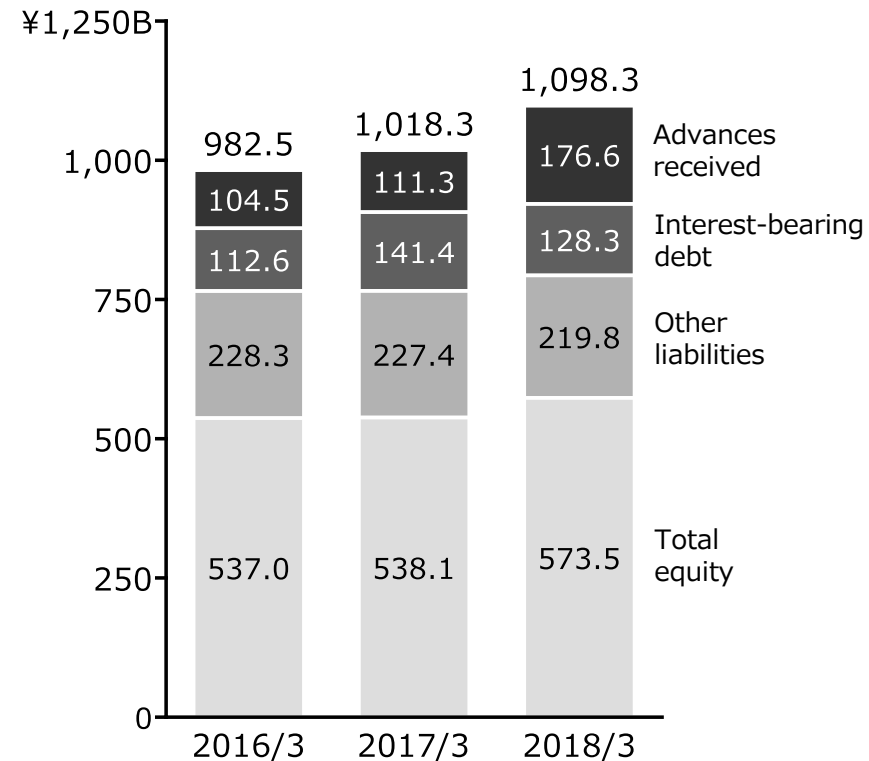
Financial results for the year ended March 31, 2018: B/S Breakdown



ASSETS



LIABILITIES/EQUITY



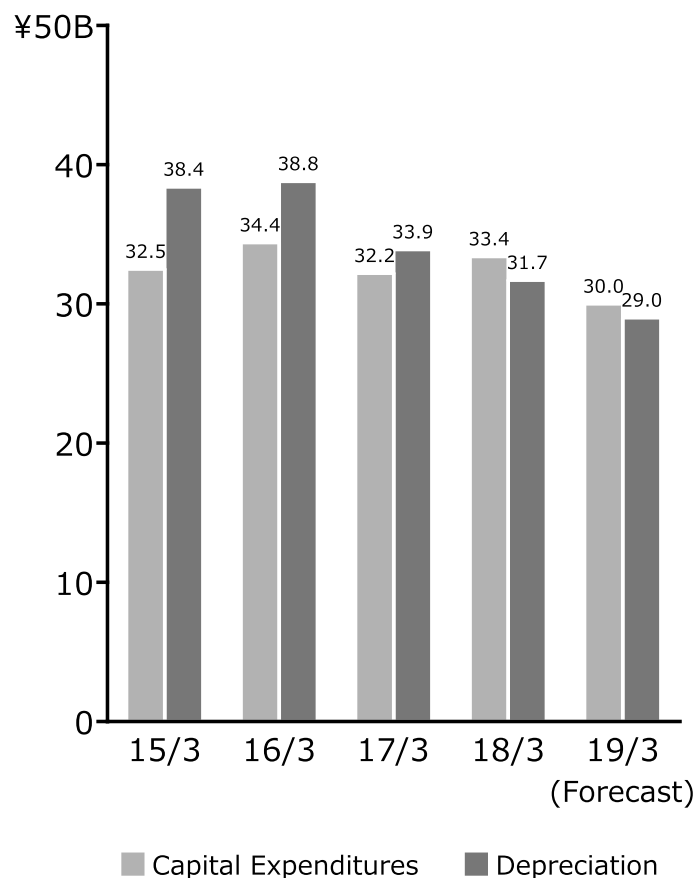
Equity ratio 54.6% 52.8% 52.2%

Note: Equity ratio is ratio of equity attributable to owners of the parent to total assets.
Cash and Cash Equivalents excludes time deposits with maturities of three months or more

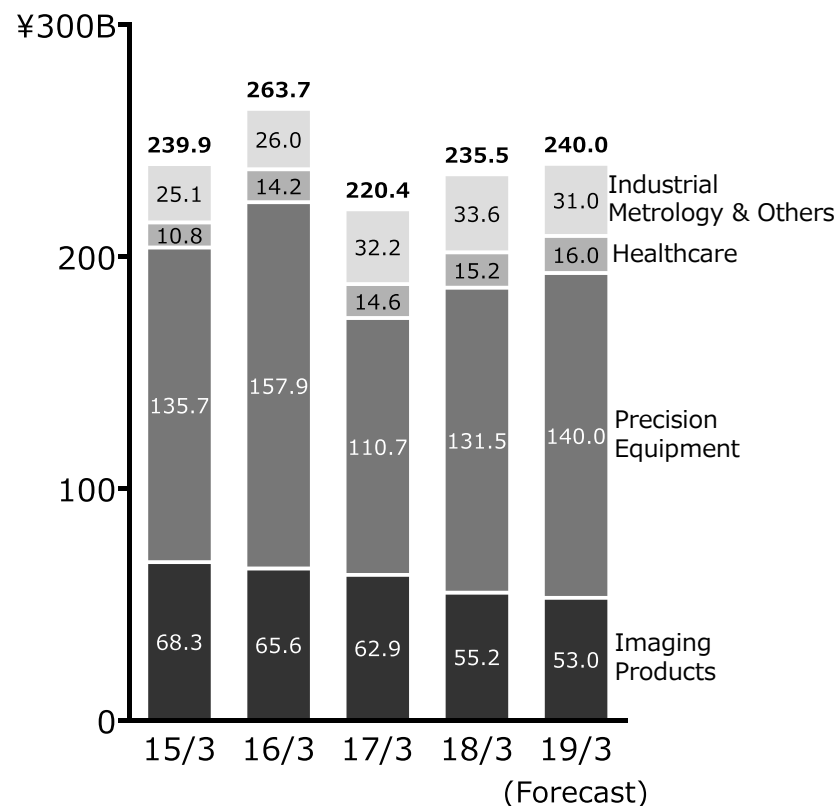
Forecast for the year ending March 31, 2019: Capital Expenditures, Depreciation and Inventory



CAPITAL EXPENDITURES, DEPRECIATION



INVENTORY BREAKDOWN

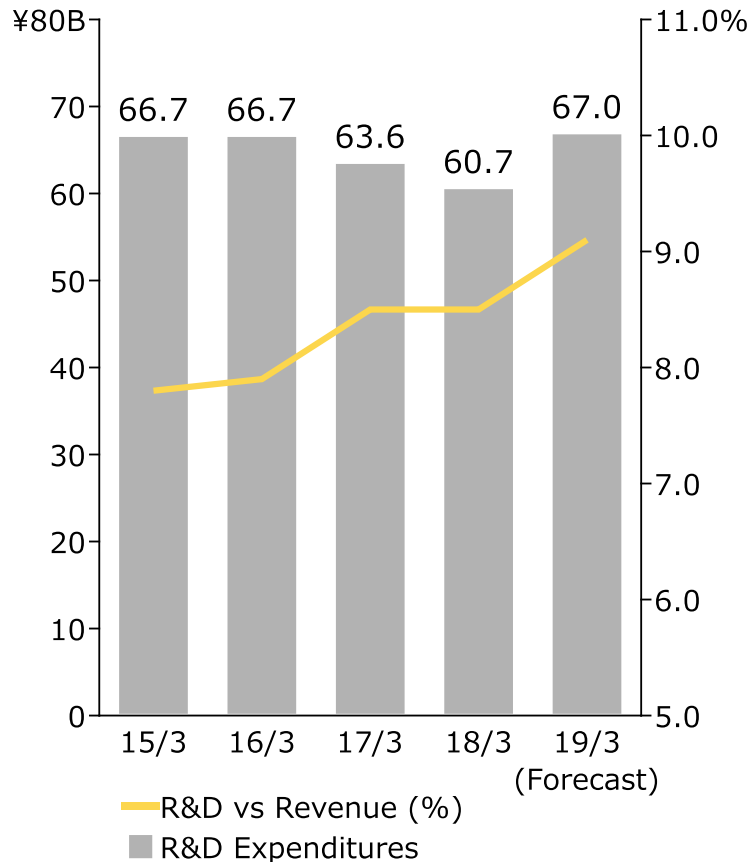


Note: Figures after FY2016/3 is presented in International Financial Reporting Standards(IFRS) while FY2015/3 is in Japan GAAP.
Depreciation expenses comprise in-process development costs as from FY2017/3.
Inventory breakdown before FY2016/3 is reclassified under the current business segmentation

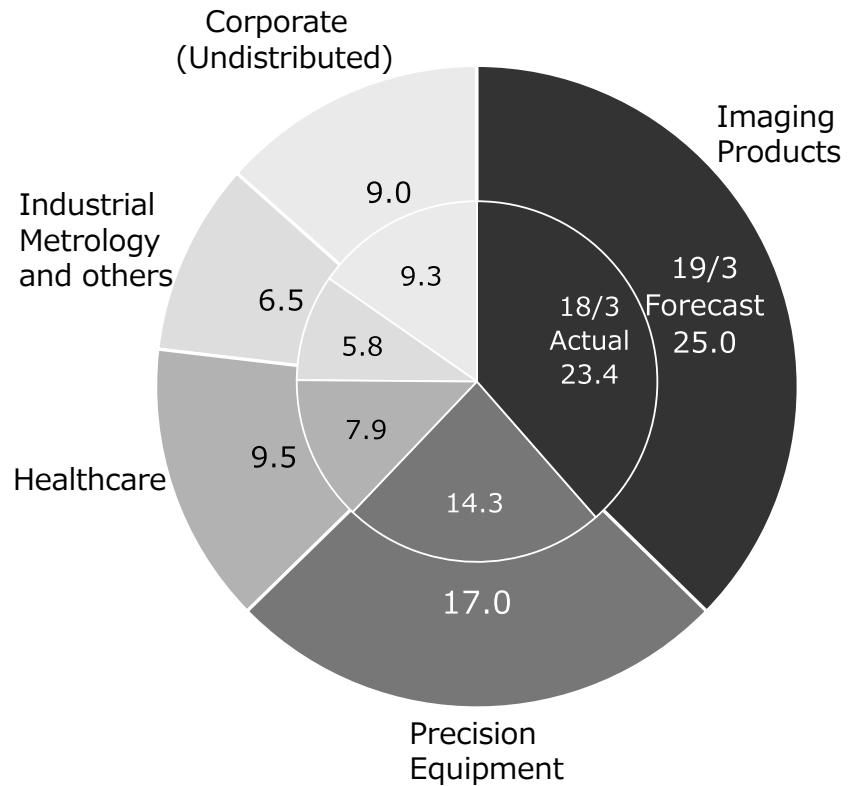
Forecast for the year ending March 31, 2019: R&D Expenditures



R&D EXPENDITURES



R&D EXPENDITURES BREAKDOWN

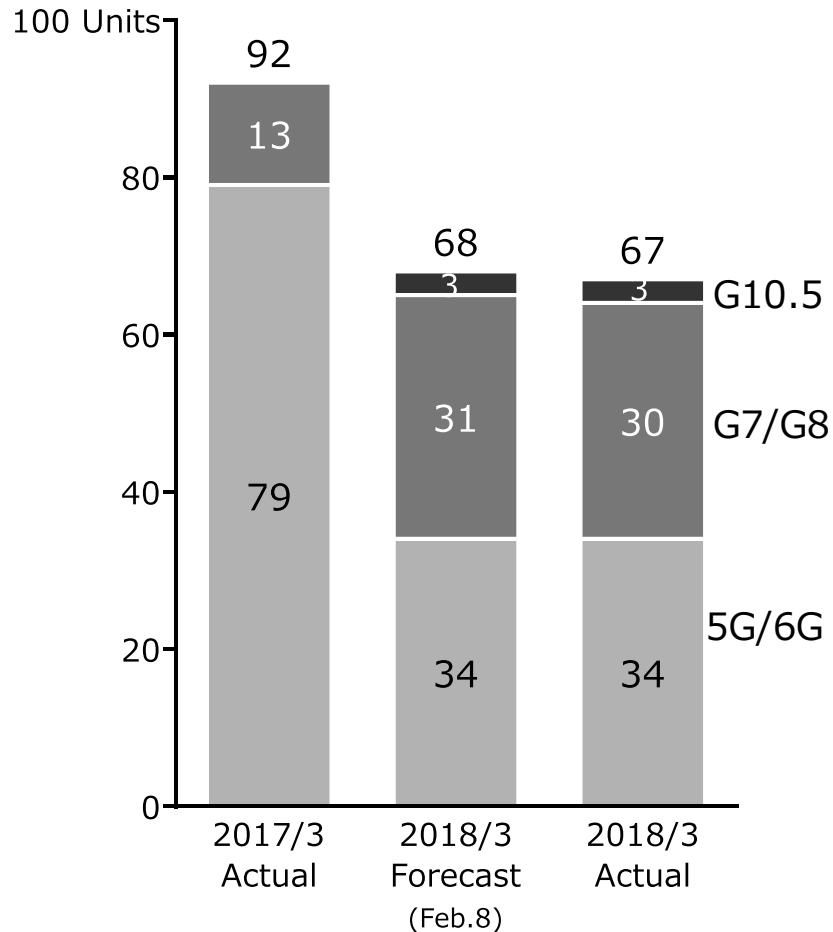


Note: R&D expenditures after FY2017/3 includes capitalization of some development expenditure.
Breakdown is shown for two years in view of the segmentation change since previous fiscal year

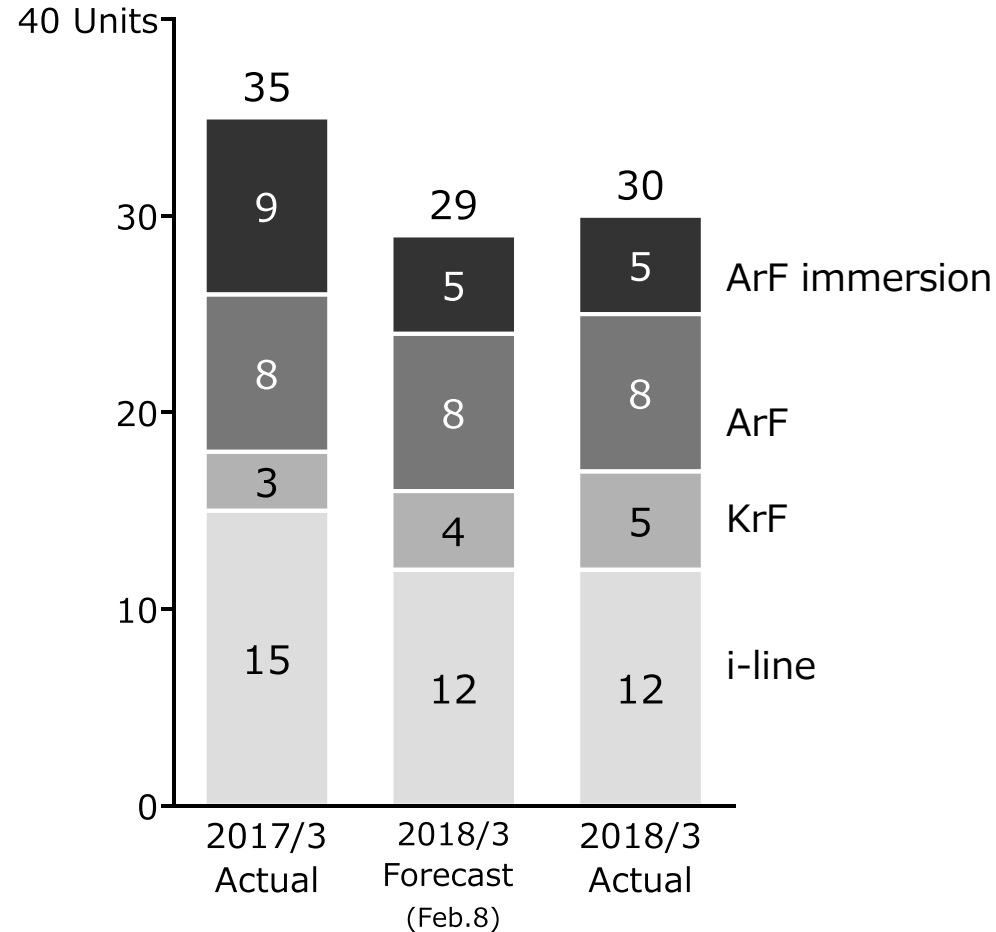
Results for the year ended March 31, 2018: Precision Equipment Business



FPD LITHOGRAPHY SYSTEMS SALES BY GENERATION



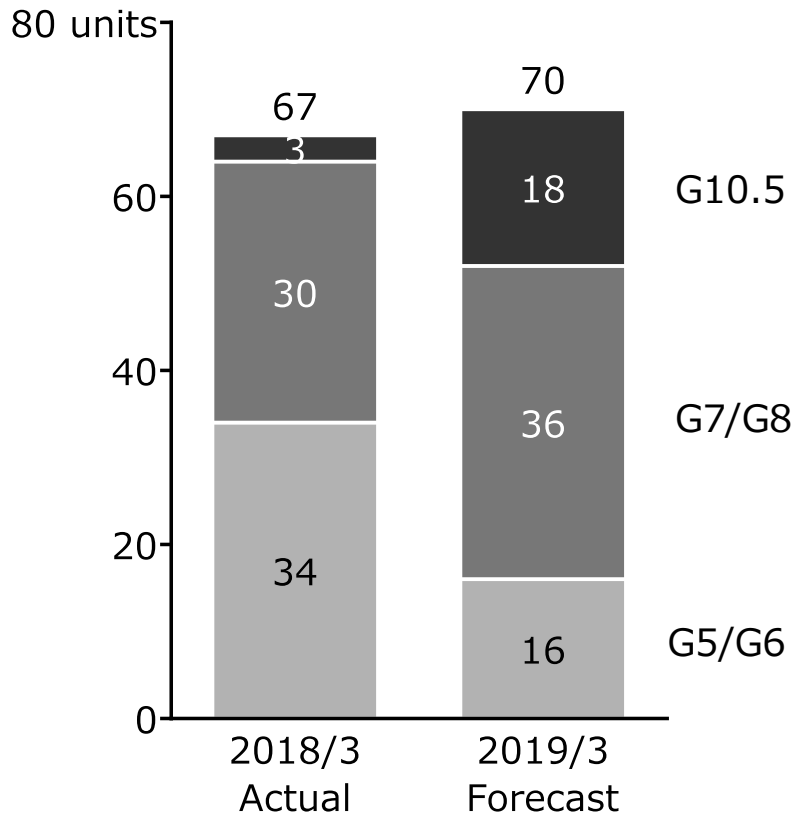
SEMICONDUCTOR LITHOGRAPHY SYSTEMS SALES BY TECHNOLOGY (INCL. REFURBISHED)



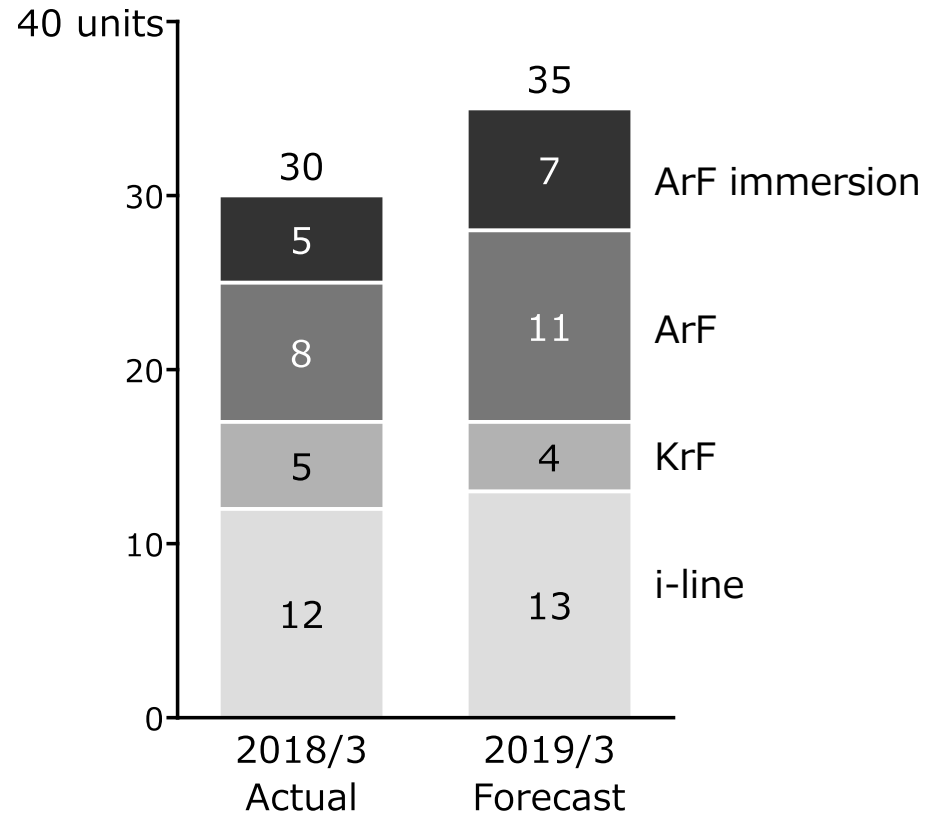
Note: New System Unit Sales of Semiconductor Lithography Systems for FY2017/3 and FY2018/3 are 24 and 17 respectively



FPD LITHOGRAPHY SYSTEMS SALES BY GENERATION



SEMICONDUCTOR LITHOGRAPHY SYSTEMS SALES BY TECHNOLOGY (INCL. REFURBISHED)



	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	2019/3 Assumption	Revenue	Operating Profit
US \$	¥105	Approx. ¥2.7 billion	Approx. ¥0.3 billion
EURO	¥130	Approx. ¥0.8 billion	Approx. ¥0.4 billion



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