



NIKON CORPORATION
Corporate Communications & Investor Relations Dept.
Corporate Strategy Division
Nov. 6, 2014

Financial Results for the 2nd Quarter of the Year Ending March 31, 2015

Conference in Tokyo (Nov.6, 2014)
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 Half
of the Year Ending March 31, 2015**
- II . Estimation for the Year Ending
March 31, 2015
- III . Reference Data

Financial Highlights for the First Half of the Year Ending March 31, 2015



- ◆ Sales and operating income fell 95.5 billion yen and 8.9 billion yen, respectively, year on year for the first half. Operating income rose 9 billion yen from the latest forecast, mainly contributed by cost improvement in Precision Equipment and Imaging Products Businesses as well as product mix improvement in Imaging Products Business.
- Precision Equipment Business
 - Sales volume in the first half year fell both for semiconductor lithography systems and FPD lithography systems from a year earlier. Sales and operating income dropped 24.9 billion yen and 6.9 billion yen, respectively.
- Imaging Products Business
 - Sales volume in the first half year decreased from a year earlier in all product groups owing to market shrinkage. Sales and operating income fell 75.1 billion yen and 3.4 billion yen, respectively.
- Instruments Business
 - First half year sales rose 2.5 billion yen while the deficit shrunk 1.3 billion yen year on year.
- ◆ Interim cash dividend: 10 yen

* The latest forecast is the one announced on August 7, 2014.

Financial Highlights for the First Half of the Year Ending March 31, 2015



Billions of yen	2013/9 (A)	Previous est. (B) (Aug. 7)	2014/9 (C)	(C)-(A)	(C)-(B)
Net Sales	470.4	380.0	374.9	-95.5	-5.1
Operating Income % vs Net Sales	21.9 4.7%	4.0 1.1%	13.0 3.5%	-8.9	+9.0
Ordinary Income % vs Net Sales	20.0 4.3%	6.0 1.6%	14.7 3.9%	-5.3	+8.7
Net Income % vs Net Sales	13.6 2.9%	4.0 1.1%	10.0 2.7%	-3.6	+6.0
FCF	39.1	-	3.9	-35.2	-
Exchange Rate				Impact on Net Sales:	
US\$	99_{yen}	101_{yen}	103_{yen}	+ 11.9	+ 5.0
EURO	130_{yen}	138_{yen}	139_{yen}	+ 4.1	+ 0.8
				Impact on Op. Income:	
				+ 4.1	+ 0.8

All incomes favorably exceeded the latest forecast thanks to improvements in cost and product mix.

* Amounts in this statement are rounded down to the hundred million.

Financial Highlights for the 2nd Quarter of the Year Ending March 31, 2015



Billions of yen	2013/9 (A)	Previous est. (B) (Aug. 7)	2014/9 (C)	(C)-(A)	(C)-(B)
Net Sales	231.5	202.6	197.5	-34.0	-5.1
Operating Income % vs Net Sales	15.9 6.9%	0.5 0.2%	9.5 4.8%	-6.4	+9.0
Ordinary Income % vs Net Sales	14.9 6.4%	1.4 0.7%	10.1 5.1%	-4.8	+8.7
Net Income % vs Net Sales	9.2 4.0%	0.4 0.2%	6.4 3.2%	-2.8	+6.0
Exchange Rate US\$	99 _{yen}	100 _{yen}	104 _{yen}	Impact on Net Sales: + 7.0 + 5.0	
EURO	131 _{yen}	135 _{yen}	138 _{yen}	Impact on Op. Income: + 1.4 + 0.8	

All incomes surpassed the latest forecast by improvements in cost and product mix.

Precision Equipment Business: 1st Half



Billions of yen	2013/9 (A)	Previous est. (B) (Aug. 7)	2014/9 (C)	(C)-(A)	(C)-(B)
Net Sales	79.8	60.0	54.9	-24.9	-5.1
Operating Income % vs Net Sales	3.7 4.6%	-7.0 - %	-3.2 - %	-6.9	+3.8
Semiconductor Lithography Systems New / Refurbished	10/2 units	8/2 units	5/1 units	-5/-1 units	-3/-1 units
FPD Lithography Systems	35 units	13 units	13 units	-22 units	± 0 units

Sales declined because sales volume of semiconductor lithography systems did not achieve the latest forecast. Operating income was pushed up by cost improvement and front loaded service revenue.

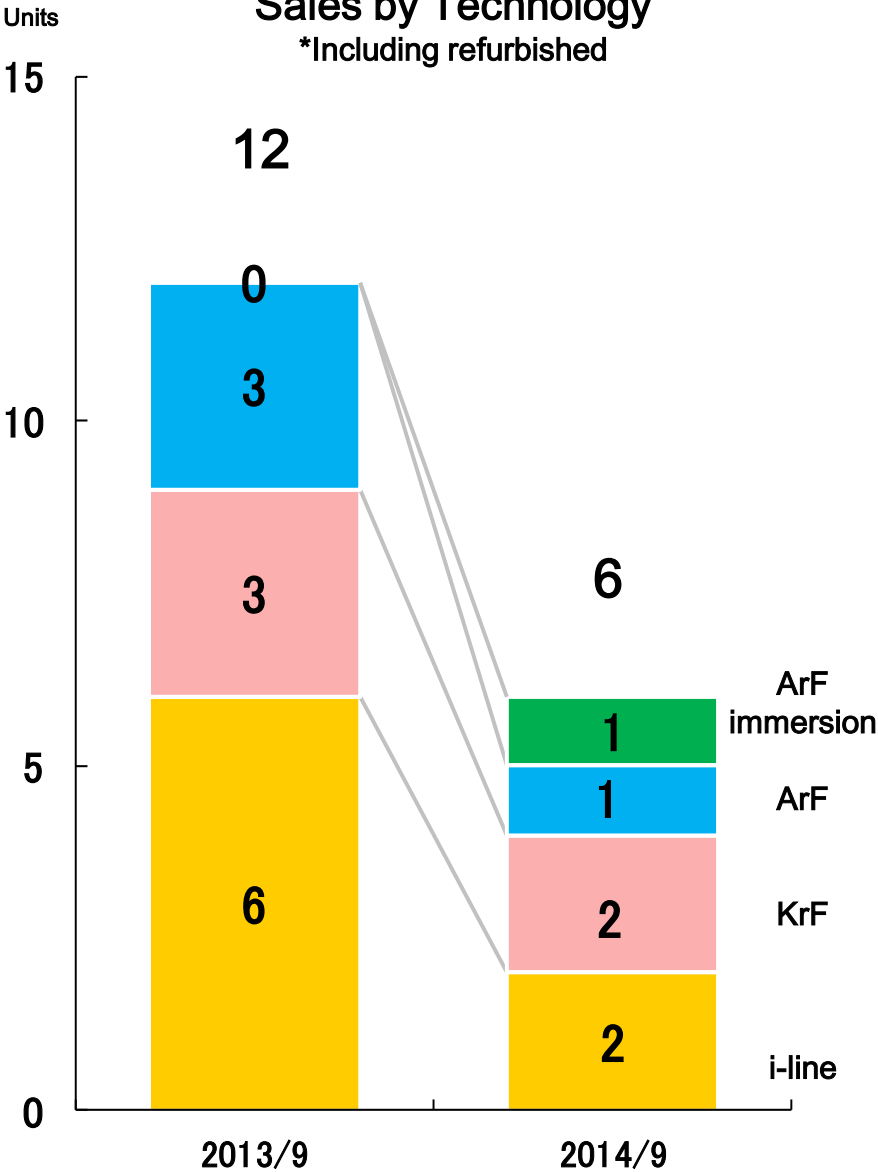
Precision Equipment Business: 1st Half



Semiconductor Lithography Systems

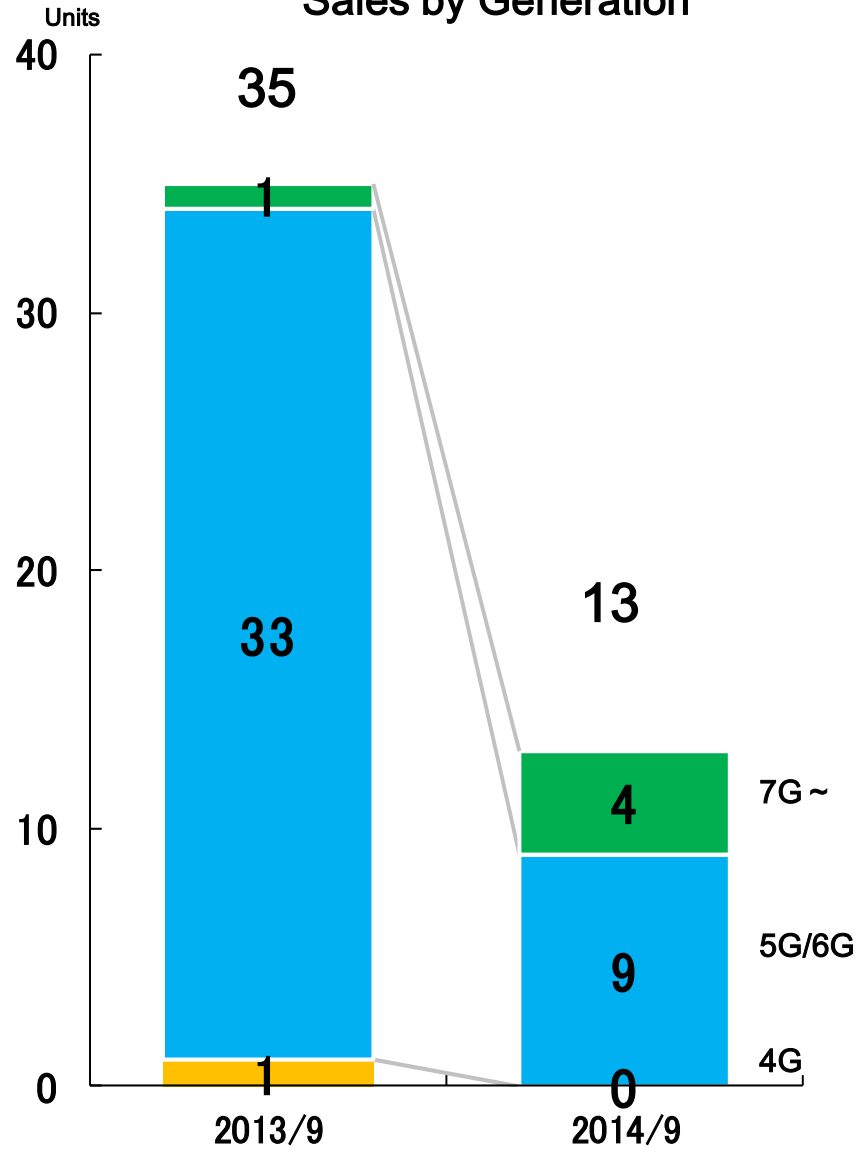
Sales by Technology

*Including refurbished



FPD Lithography Systems

Sales by Generation





Imaging Products Business : 1st Half

Billions of yen Cameras & Lenses (1,000 of units sold)	2013/9 (A)	Previous est. (B) (Aug. 7)	2014/9 (C)	(C)-(A)	(C)-(B)
Net Sales	352.5	280.0	277.4	-75.1	-2.6
Operating Income % vs Net Sales	30.9 8.8%	24.0 8.6%	27.5 9.9%	-3.4	+3.5
Digital camera – Interchangeable Lens Type	2,980	2,350	2,180	-800	-170
Interchangeable Lenses	4,200	3,300	3,090	-1,110	-210
Compact DSC	5,800	3,600	3,570	-2,230	-30

Sales volume of digital camera – interchangeable lens type fell below the latest forecast, leading to sales reduction. Operating income increased owing to improvements in cost and product mix.

Instruments Business : 1st Half



Billions of yen	2013/9 (A)	Previous est. (B) (Aug. 7)	2014/9 (C)	(C)-(A)	(C)-(B)
Net Sales	26.0	30.0	28.5	+2.5	-1.5
Operating Income % vs Net Sales	-3.4 —%	-2.0 —%	-2.1 —%	+1.3	-0.1

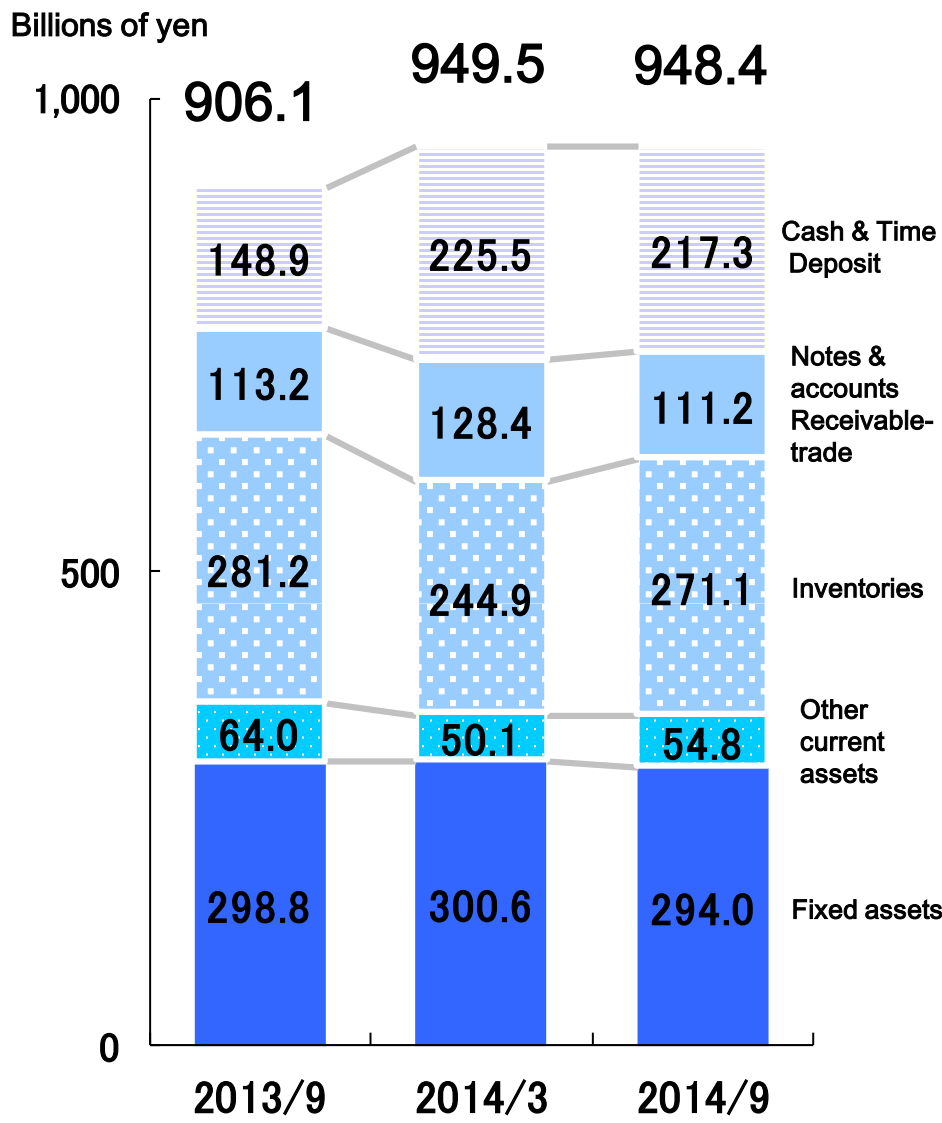
Sales of the first half year increased while operating loss shrunk on the year in Industrial Metrology Business because of an investment recovery for semiconductor, electronic components, and automobile industry.

Microscope Solution Business saw a reduction in operating loss thanks to improvements in product mix and cost.

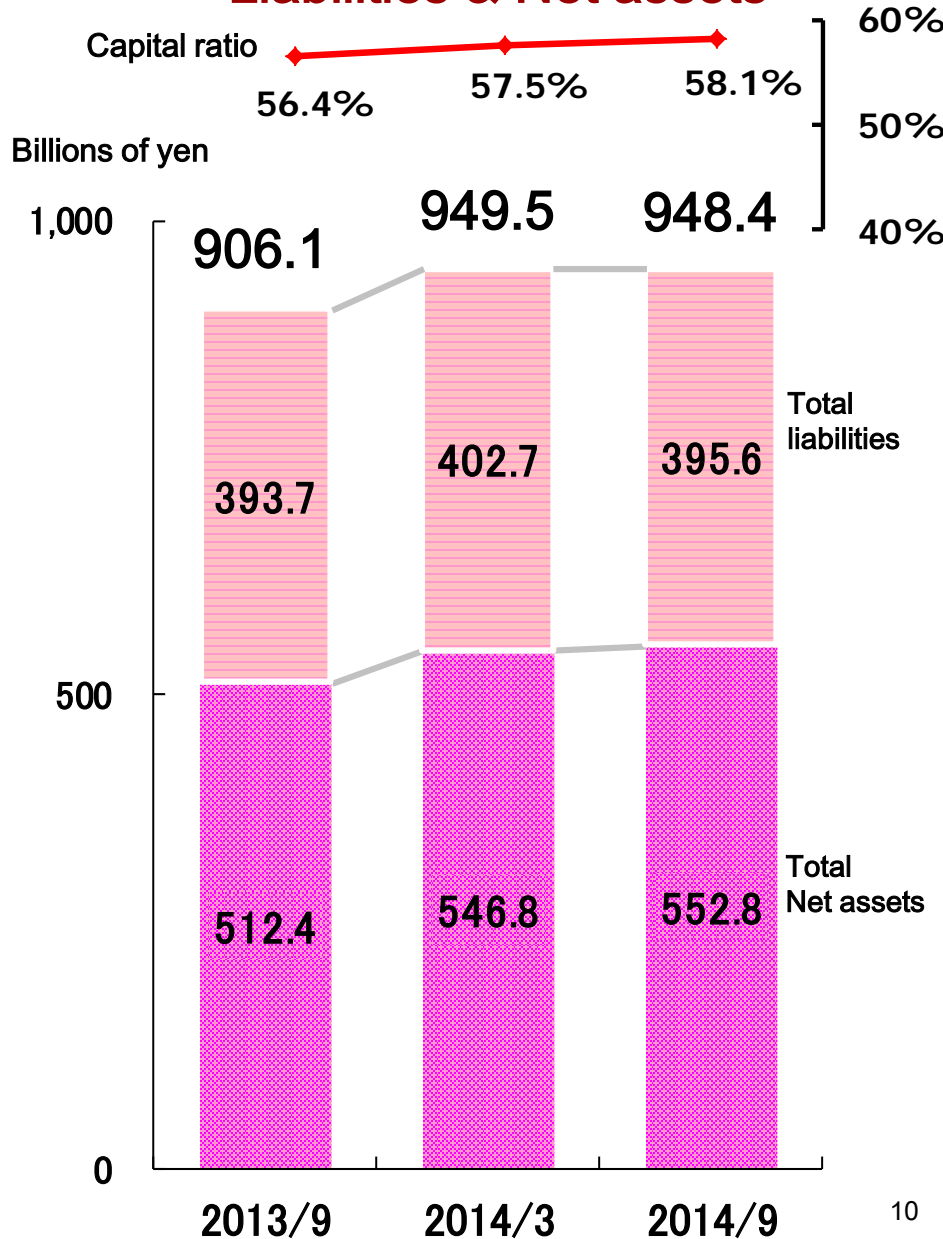
Balance Sheet : 1st Half



Assets



Liabilities & Net assets

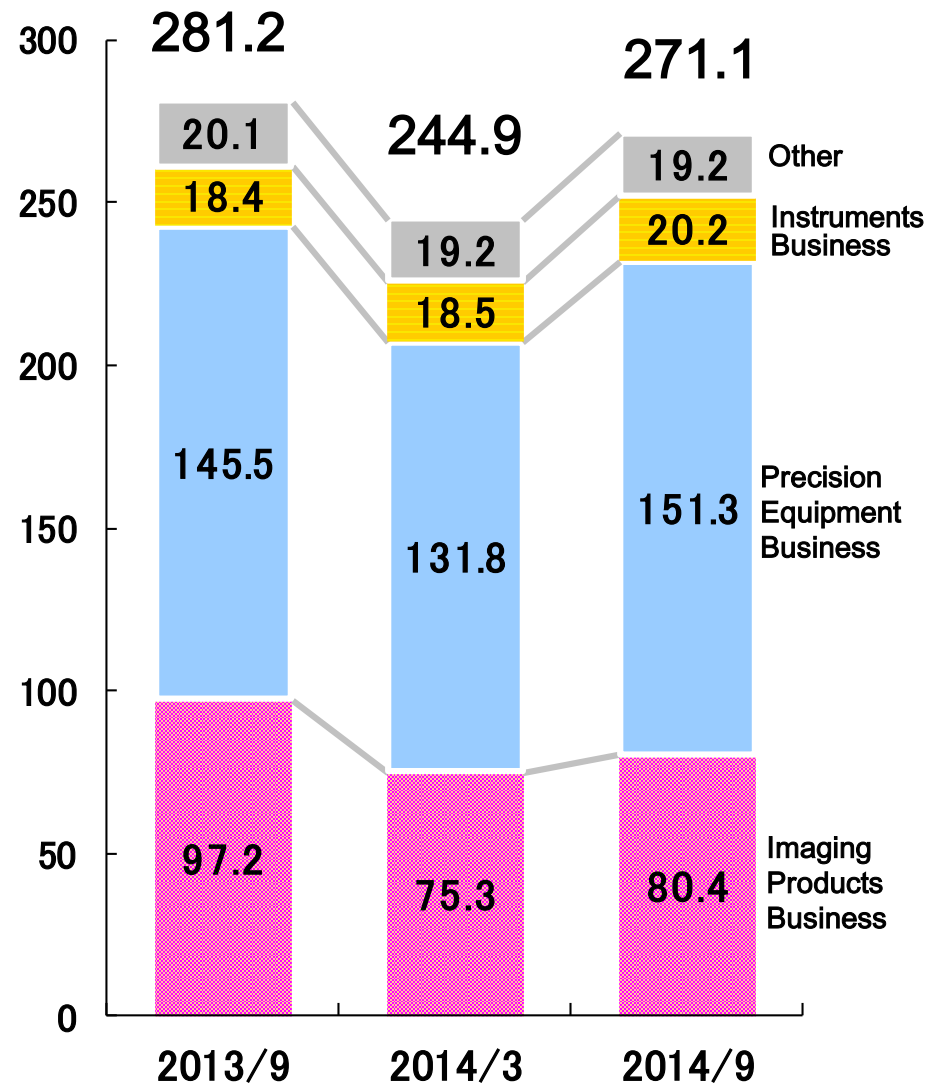


Balance Sheet : 1st Half



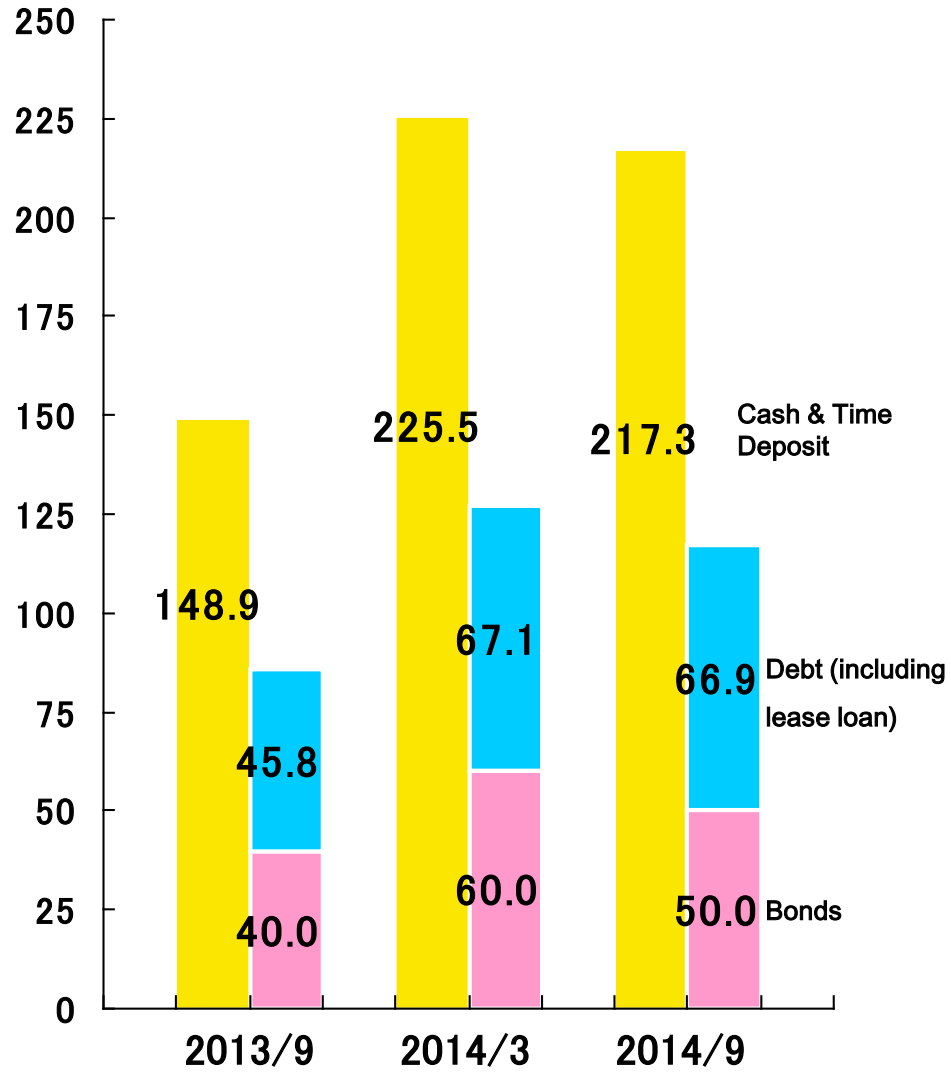
Inventories

Billions of yen



Cash & Time Deposit and Interest-bearing Debt

Billions of yen



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Summary of Estimation for the Year Ending March 31, 2015



- ◆ Forecast sales and incomes remain unchanged for the company and each business unit.

- Precision Equipment Business
 - Full-year forecasts of sales volume, sales, and operating income remain unchanged.

- Imaging Products Business
 - Sales volume forecast of digital cameras – interchangeable lens type is revised by reflecting the first half year results, however, forecasts of sales and operating income stay unchanged.

- Instruments Business
 - The latest forecast is not changed both for sales and operating income.

- ◆ Annual cash dividend per share: 32 yen

Estimation for the Year Ending March 31, 2015



Billions of yen	14/3 Actual (A)	1H 2H	Previous est. (B) (Aug. 7)	1H 2H	New est. (C)	1H 2H	Change (C)-(A)	Change (C)-(B)	1H 2H
Net Sales	980.5	<u>470.4</u> 510.1	900.0	<u>380.0</u> 520.0	900.0	<u>374.9</u> 525.1	-80.5	±0.0	<u>-5.1</u> +5.1
Operating Income % vs Net Sales	62.9 6.4%	<u>21.9</u> 41.0	53.0 5.9%	<u>4.0</u> 49.0	53.0 5.9%	<u>13.0</u> 40.0	-9.9	±0.0	<u>+9.0</u> -9.0
Ordinary Income % vs Net Sales	61.7 6.3%	<u>20.0</u> 41.7	56.0 6.2%	<u>6.0</u> 50.0	56.0 6.2%	<u>14.7</u> 41.3	-5.7	±0.0	<u>+8.7</u> -8.7
Net Income % vs Net Sales	46.8 4.8%	<u>13.6</u> 33.2	38.0 4.2%	<u>4.0</u> 34.0	38.0 4.2%	<u>10.0</u> 28.0	-8.8	±0.0	<u>+6.0</u> -6.0
FCF	70.9		35.0		35.0		-35.9	±0.0	-
Exchange Rate	100yen	<u>99yen</u> 102yen	101yen		102yen	<u>103yen</u> 100yen			
US\$	134yen	<u>130yen</u> 139yen	136yen		137yen	<u>139yen</u> 135yen			
EURO									

Full-year forecasts of the company remain unchanged both for sales and incomes.

Estimation for Precision Equipment Business



Billions of yen	14/3 Actual	$\frac{1H}{2H}$	Previous est. (Aug. 7)	$\frac{1H}{2H}$	New est.	$\frac{1H}{2H}$
Net Sales	205.4	$\frac{79.8}{125.6}$	210.0	$\frac{60.0}{150.0}$	210.0	$\frac{54.9}{155.1}$
Operating Income % vs Net Sales	20.0 9.7%	$\frac{3.7}{16.3}$	19.0 9.0%	$\frac{-7.0}{26.0}$	19.0 9.0%	$\frac{-3.2}{22.2}$
Semiconductor Lithography Systems New / Refurbished	32/8 units	$\frac{10/2}{22/6}$	34/14 units	$\frac{8/2}{26/12}$	34/14 units	$\frac{5/1}{29/13}$
FPD Lithography Systems	56 units	$\frac{35}{21}$	34 units	$\frac{13}{21}$	34 units	$\frac{13}{21}$
Semiconductor Lithography Systems Market Scale CY13/14	209 units		Approx. 230 units		Approx. 230 units	
FPD Lithography Systems Market Scale CY13/14	73 units		Approx. 55 units		Approx. 55 units	

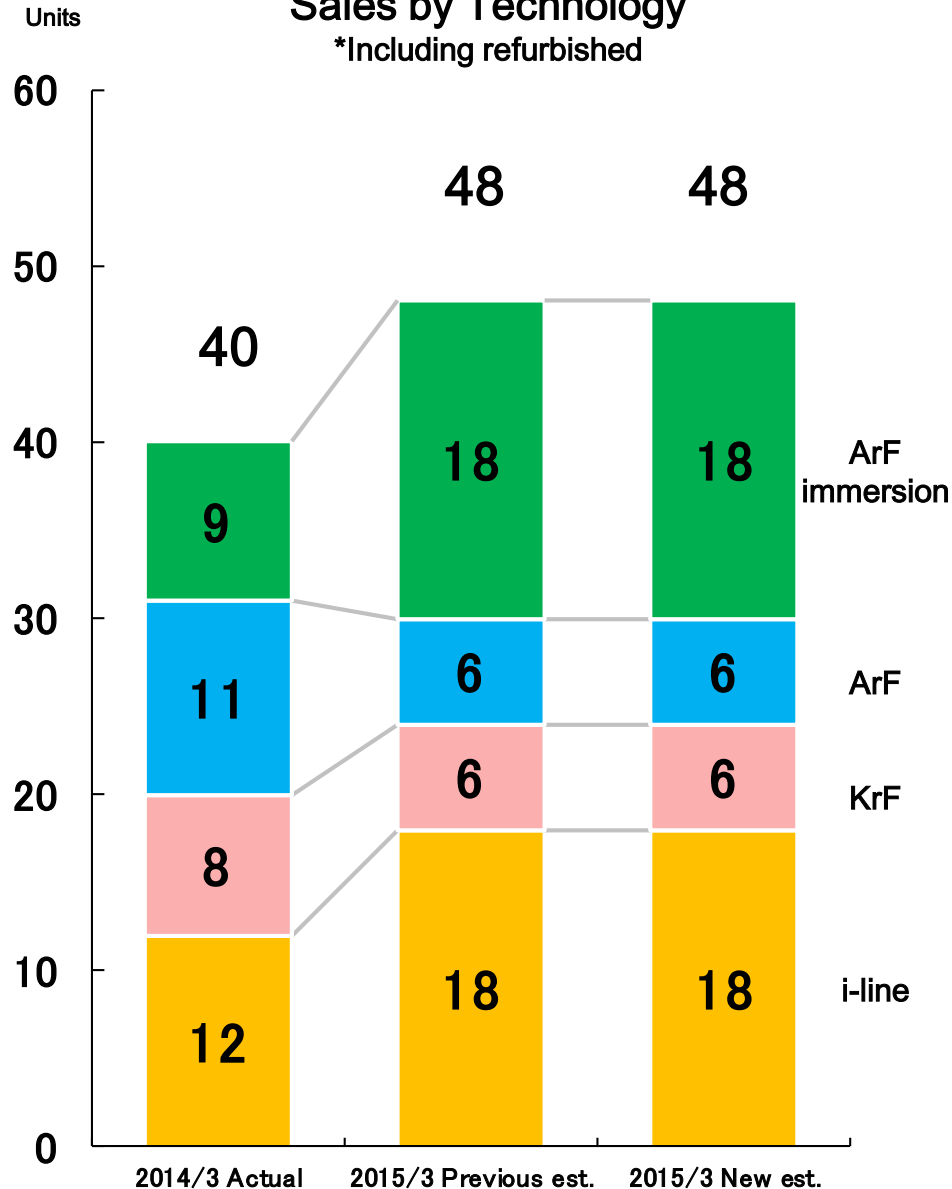
Although operating income for the first half year surpassed the latest forecast, the full-year forecasts remain unchanged.

Estimation for Precision Equipment Business

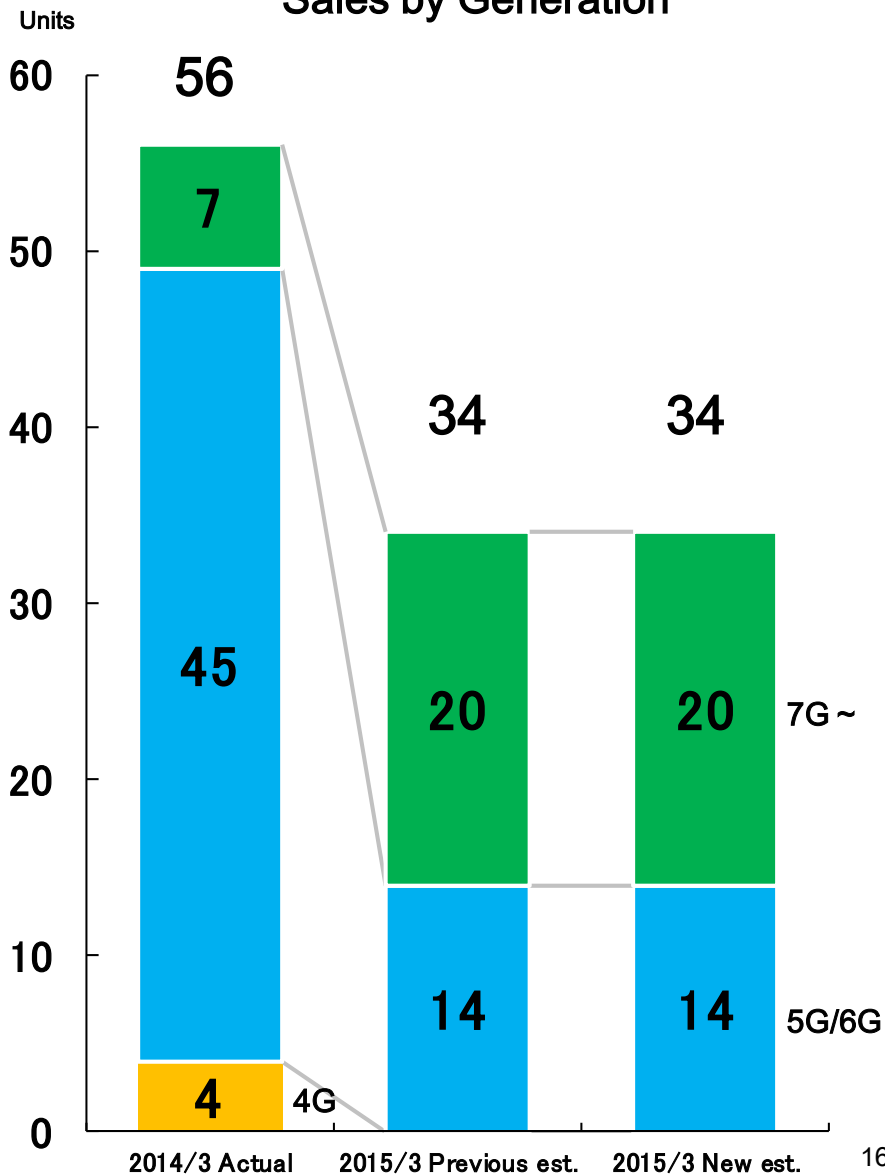


Semiconductor Lithography Systems Sales by Technology

*Including refurbished



FPD Lithography Systems Sales by Generation



Estimation for Imaging Products Business



Billions of yen Cameras & Lenses (1,000 of units sold)	14/3 Actual	1H 2H	Previous est. (Aug. 7)	1H 2H	New est.	1H 2H
Net Sales	685.4	<u>352.5</u> 332.9	590.0	<u>280.0</u> 310.0	590.0	<u>277.4</u> 312.6
Operating Income % vs Net Sales	64.2 9.4%	<u>30.9</u> 33.3	58.0 9.8%	<u>24.0</u> 34.0	58.0 9.8%	<u>27.5</u> 30.5
Digital camera – Interchangeable Lens Type	5,750	<u>2,980</u> 2,770	5,050	<u>2,350</u> 2,700	4,900	<u>2,180</u> 2,720
Interchangeable Lens	8,230	<u>4,200</u> 4,030	7,100	<u>3,300</u> 3,800	6,900	<u>3,090</u> 3,810
Compact DSC	11,160	<u>5,800</u> 5,360	7,500	<u>3,600</u> 3,900	7,500	<u>3,570</u> 3,930
D-CIL Market Scale	16,780		15,100		14,700	
IL Market Scale	26,280		23,900		23,600	
C-DSC Market Scale	41,180		28,000		28,000	

Although the market recovery of digital camera – interchangeable lens type has been slower than predicted, sales shift toward mid/high-end cameras is expected, thus the full-year forecasts for sales and operating income remain unchanged.

Estimation for Instruments Business



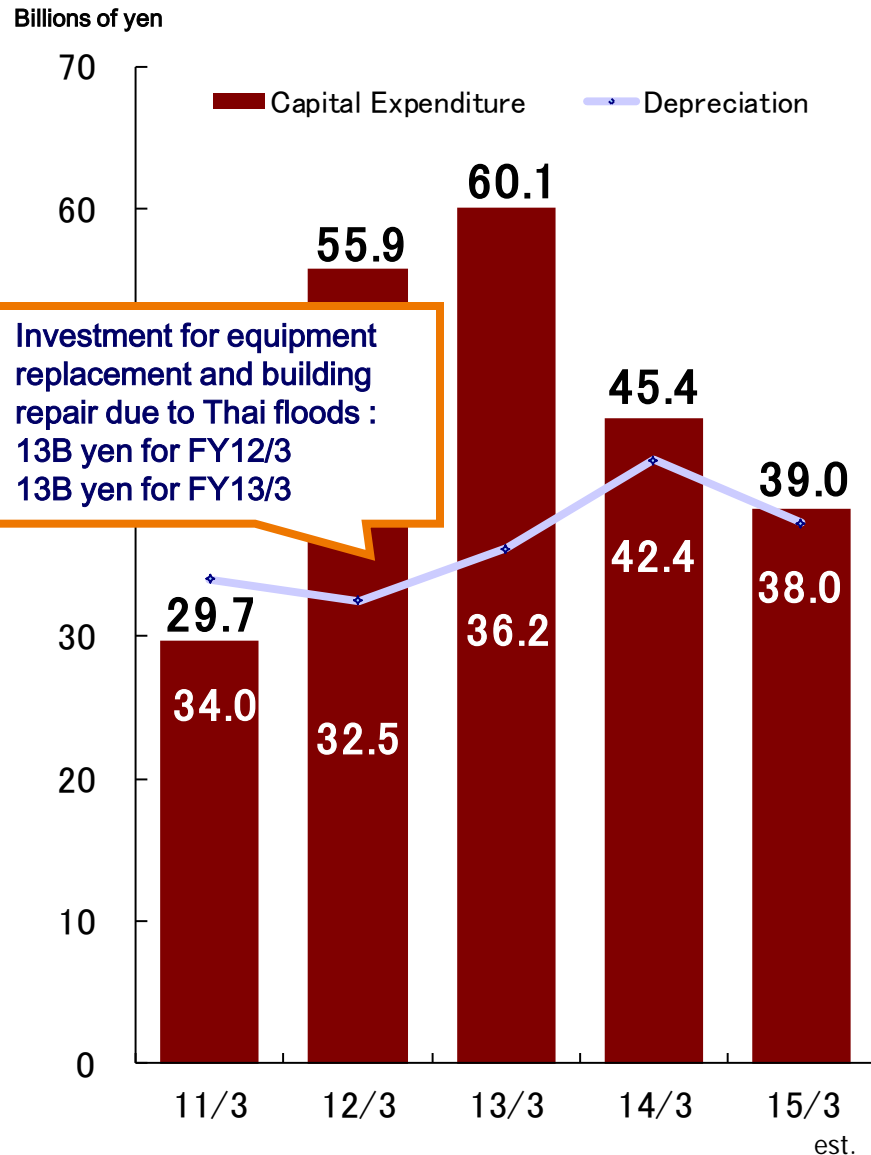
Billions of yen	14/3 Actual	<u>1H</u> <u>2H</u>	Previous est. (Aug. 7)	<u>1H</u> <u>2H</u>	New est.	<u>1H</u> <u>2H</u>
Net Sales	64.7	<u>26.0</u> 38.7	70.0	<u>30.0</u> 40.0	70.0	<u>28.5</u> 41.5
Operating Income % vs Net Sales	- 2.1 - %	<u>- 3.4</u> 1.3	1.0 1.4%	<u>- 2.0</u> 3.0	1.0 1.4%	<u>- 2.1</u> 3.1

Income improvement trend in the first half year is expected to continue.
The plan to achieving the profitable year is not changed.

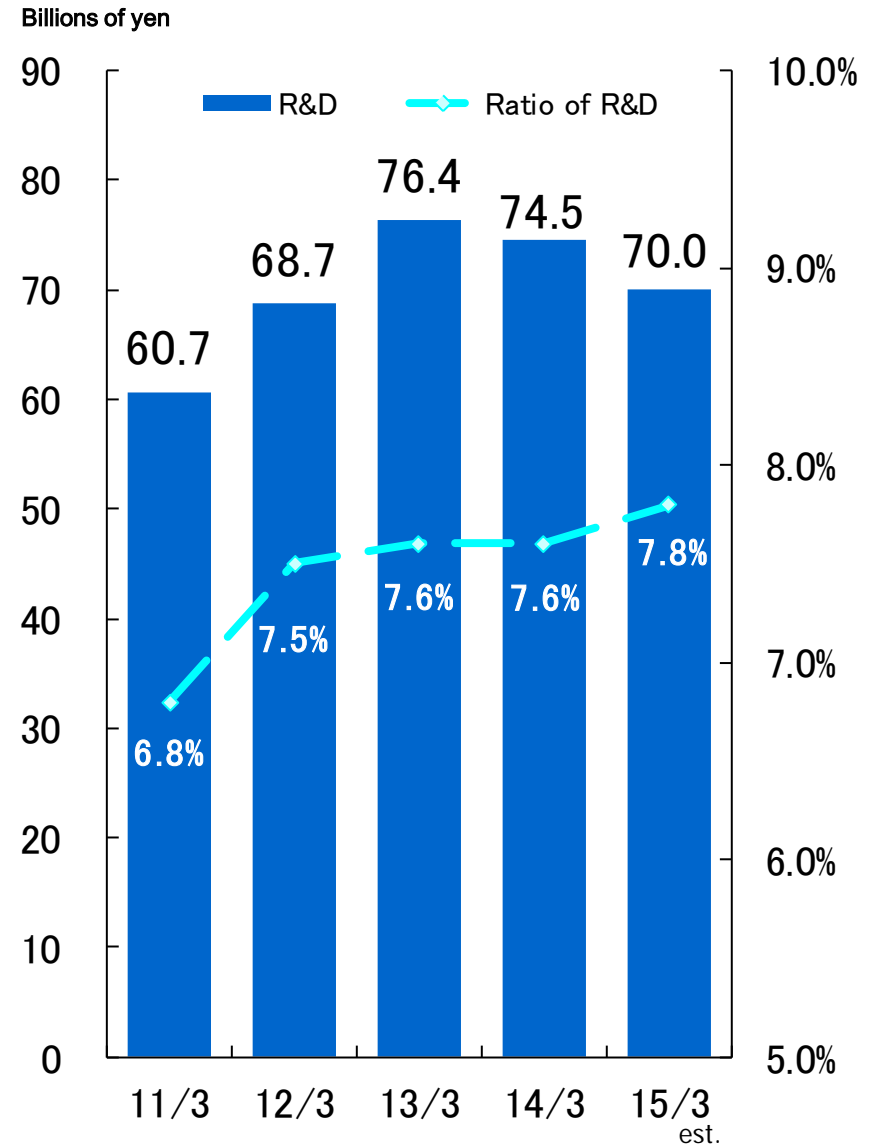
Estimation for Capital Expenditure, Depreciation and R&D



[Capital Expenditure & Depreciation]



[R&D]



* Starting the year ending March 2015, the depreciation method of the Nikon Group is standardized to the straight line method.

Agenda

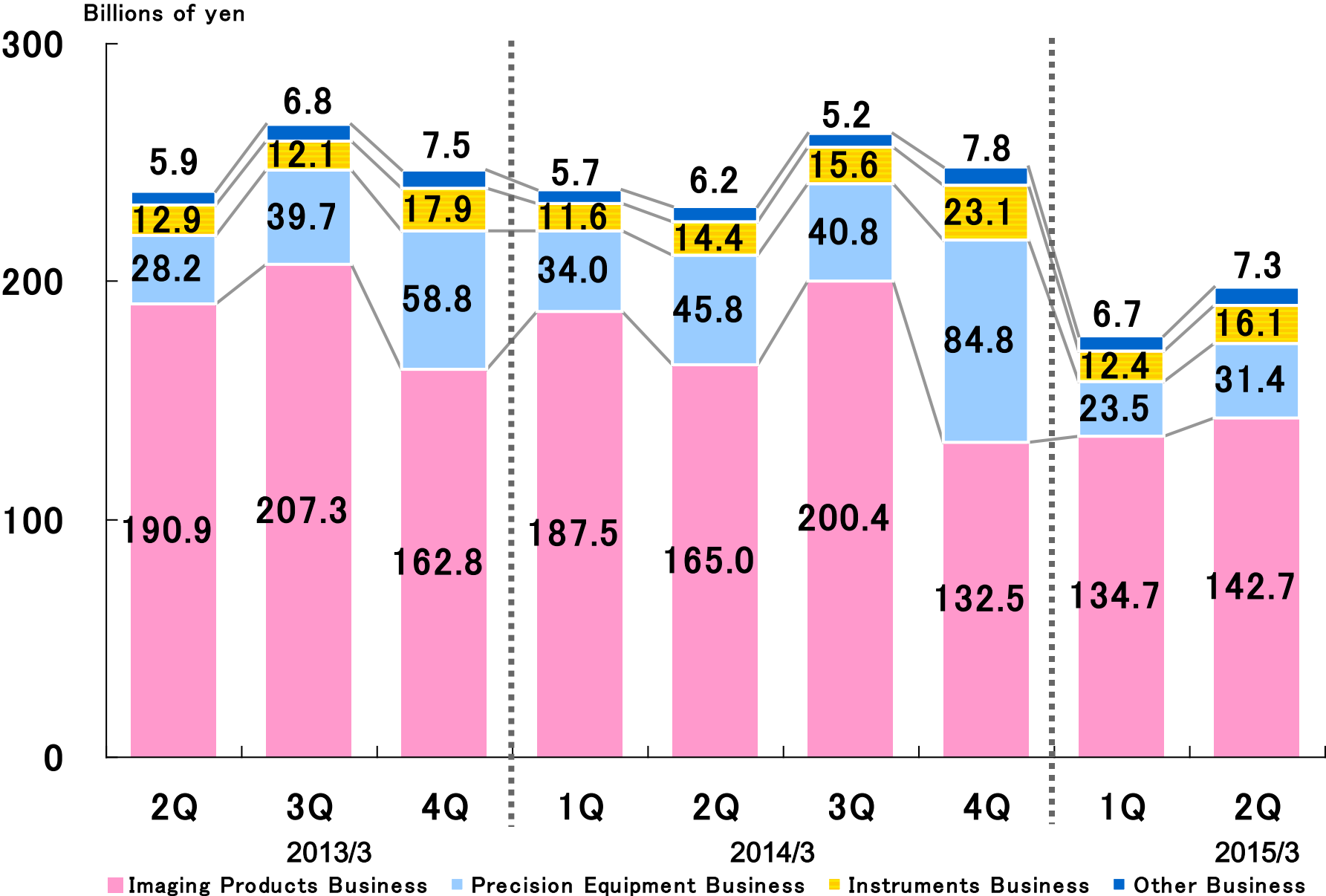
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Exchange Rate

2015/3 Estimation

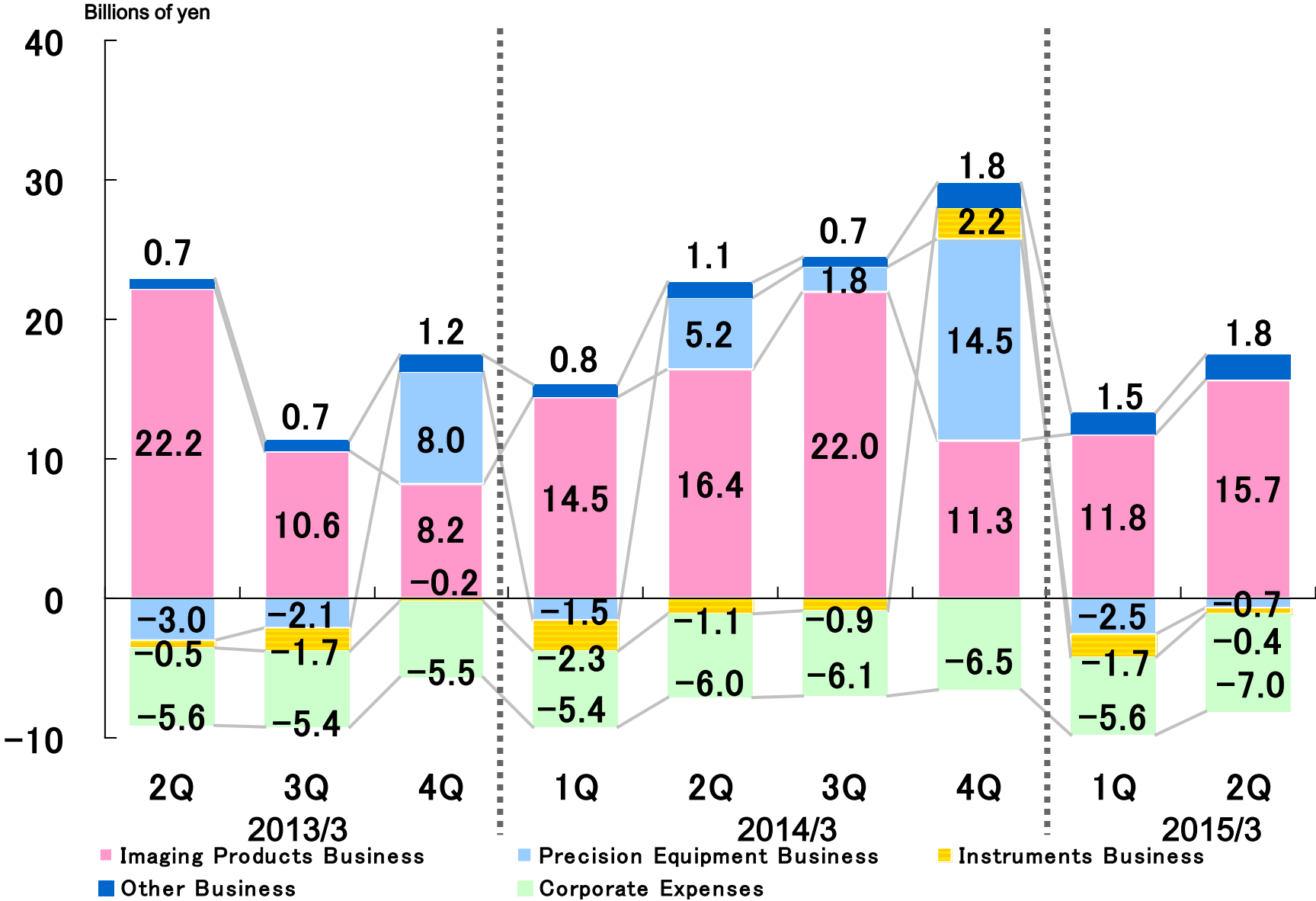
	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	15/3 Forecast for 2H	Net Sales 2H	Operating Income 2H
US \$	100 yen	Approx. 2.2 billion yen	Approx. 0.2 billion yen
EURO	135 yen	Approx. 0.8 billion yen	Approx. 0.4 billion yen

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 Segment



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



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