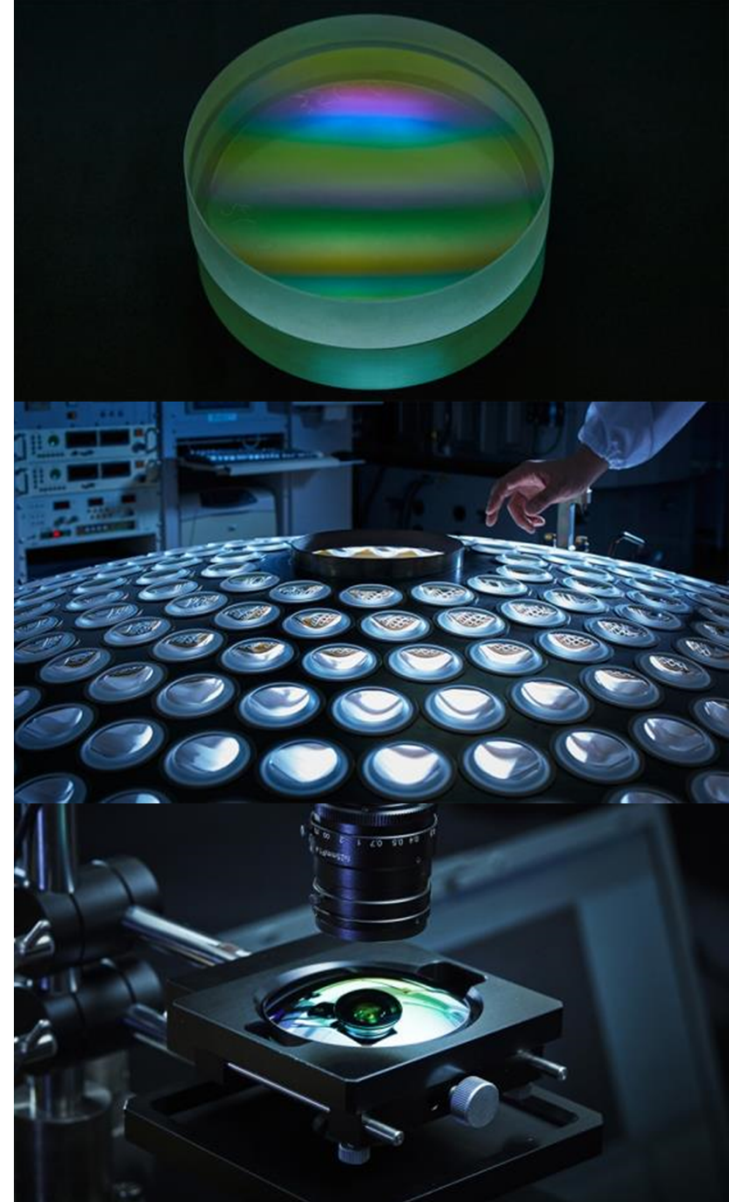


2nd Quarter FY2017 Financial Results

August 7, 2017
Tamron Co., Ltd. (Code: 7740)



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2nd Quarter FY2017 Financial Results

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I - 1 . 1st Half FY2017 Summary

【Business Environment】

- Economic Situation ⇒ Although the digital camera market resulted in a positive growth compared to the previous year, it shows a downward trend.
- Digital SLR cameras increased by 12% compared to the previous year
(SLR: 5% down from the previous year, Non Reflex: 65% increase from the previous year)
- Interchangeable lenses increased by 4% compared to the previous year
- Lens-integrated cameras increased by 11%
- Exchange Rate ⇒ JPY got stronger against EUR

【Company's Results】

- 1st Half FY2016 Comparison:
 - Although the sales in Optical Component segment and Commercial/Industrial-Use Optics segment increased, the total sales declined due to Photographic Product segment.
 - The profit was decreased due to the lower sales, despite higher gross profit margin and lower SGA expenses.
- 1st Half FY2017 Forecast Comparison:
 - The sales did not meet the forecast due to Photographic Product segment sales declined.
 - The profits (Operating Income, Ordinary Income, and Net Income) resulted in better than the forecast due to reduction in manufacturing costs and SGA expenses, together with the favorable impact from the weaker JPY against EUR.

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I - 2 . 1st Half FY2017 Financial Results

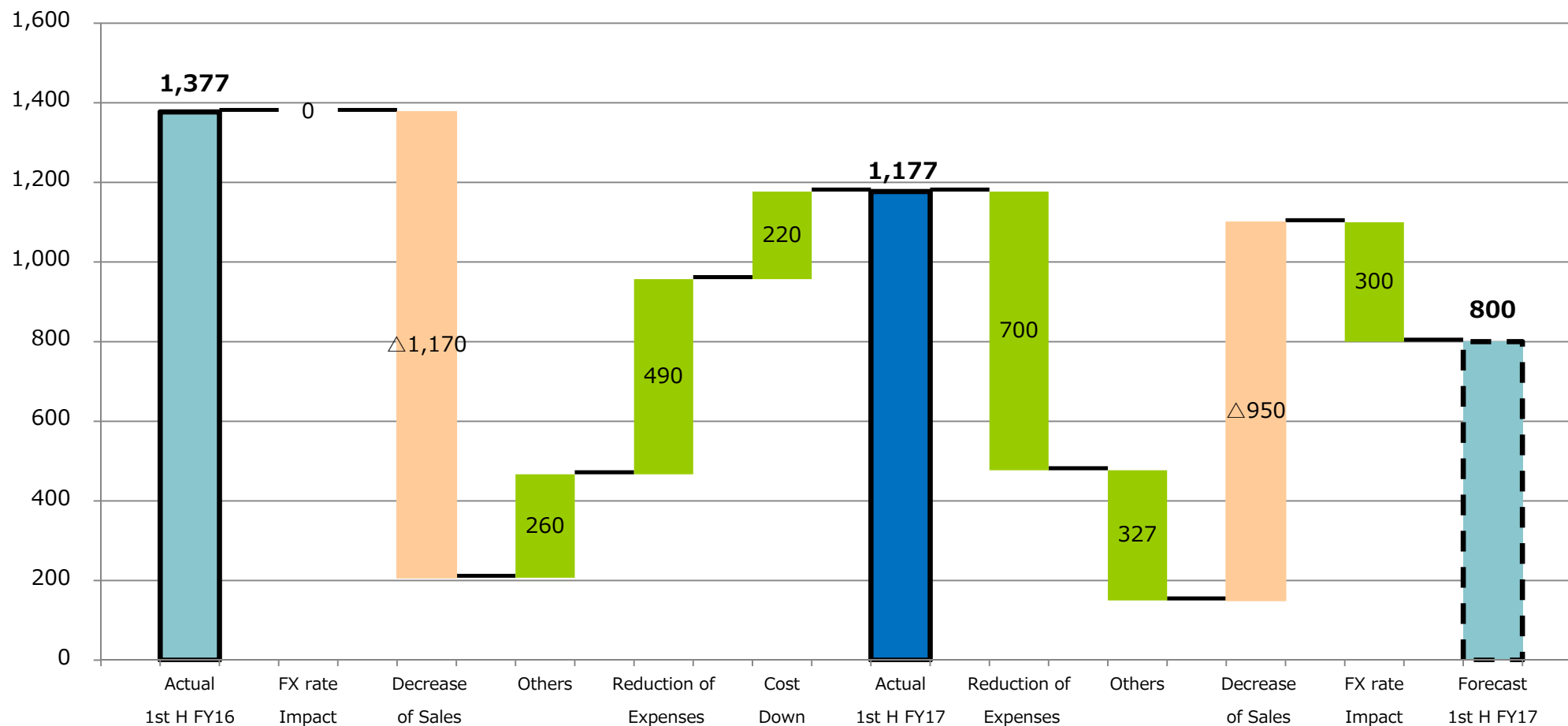
(millions of JPY)

	Actual 1st H FY16 (a)	Original Forecast 1st H FY17 (b)	Actual 1st H FY17 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	30,499	28,500	26,912	(3,586)	88.2%	(1,587)	94.4%
Operating Income	1,377	800	1,177	(200)	85.5%	377	147.2%
(% Sales)	4.5%	2.8%	4.4%	(0.1)%	–	1.6%	–
Ordinary Income	1,486	800	1,143	(343)	76.9%	343	142.9%
(% Sales)	4.9%	2.8%	4.2%	(0.7)%	–	1.4%	–
Net Income	934	600	912	(22)	97.6%	312	152.0%
(% Sales)	3.1%	2.1%	3.4%	0.3%	–	1.3%	–
JPY – 1 USD	111.72	105.00	112.35	0.63	–	7.35	–
JPY – 1 Euro	124.56	113.00	121.70	(2.86)	–	8.70	–

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I - 3 . 1st Half FY2017 Performance Variation Factors

(millions of YPY)



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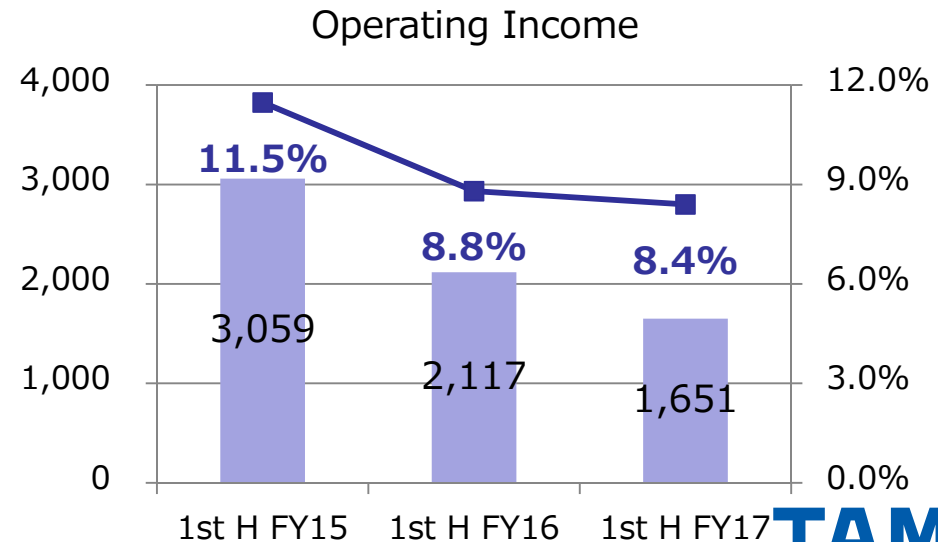
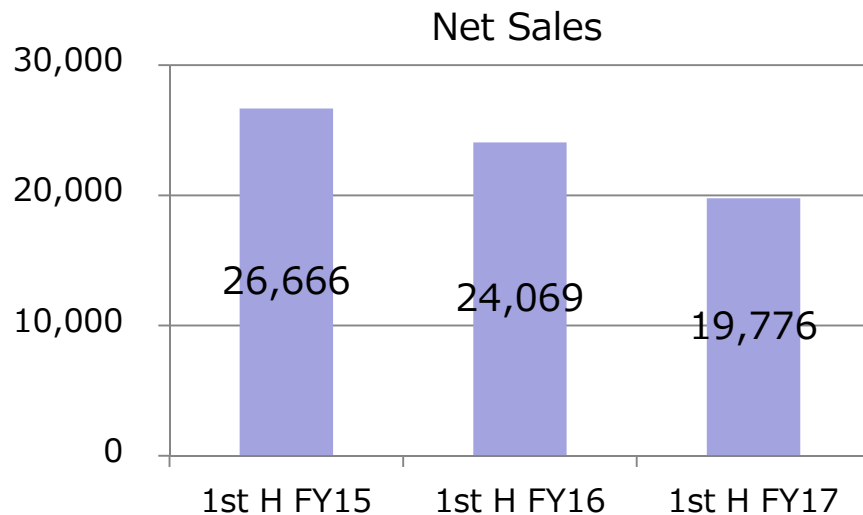
I - 4 . 1st Half FY2017 Results by Segment

1) Photographic Products

(millions of JPY)

	Actual 1st H FY16 (a)	Original Forecast 1st H FY17 (b)	Actual 1st H FY17 (c)	Inc / Dec		FX Impact vs. 1st H FY16	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	24,069	21,400	19,776	(4,292)	82.2%	(100)	(1,623)	92.4%
Operating Income	2,117	1,850	1,651	(466)	78.0%	-	(198)	89.3%
(% Sales)	8.8%	8.6%	8.4%	(0.4)%	-	-	(0.2)%	-

- The sales and profit declined, compared to 1st Half FY2016, due to lower sales in both own-brand and OEM models. Compared to 1st Half F2017 forecast, the sales and profit did not achieve the forecast, due to the lower sales of own-brand model.



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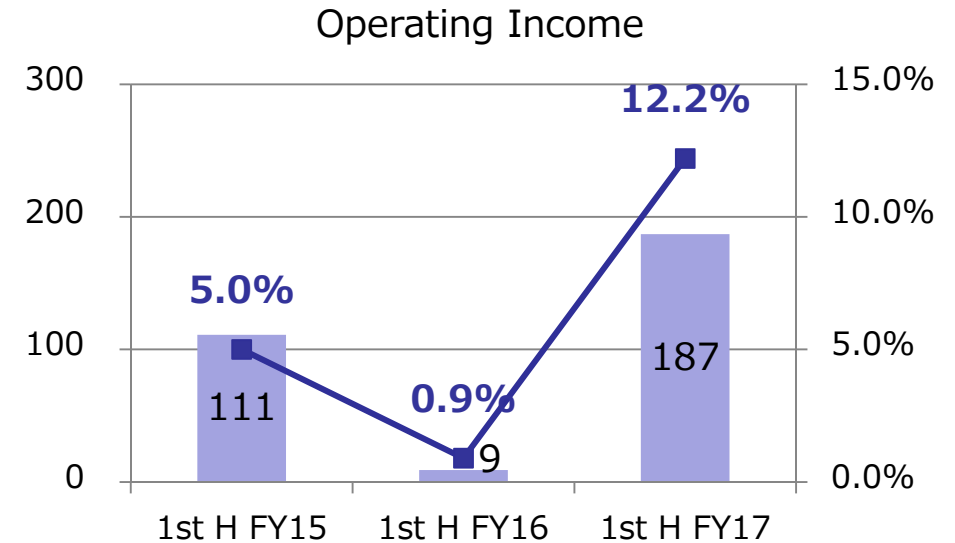
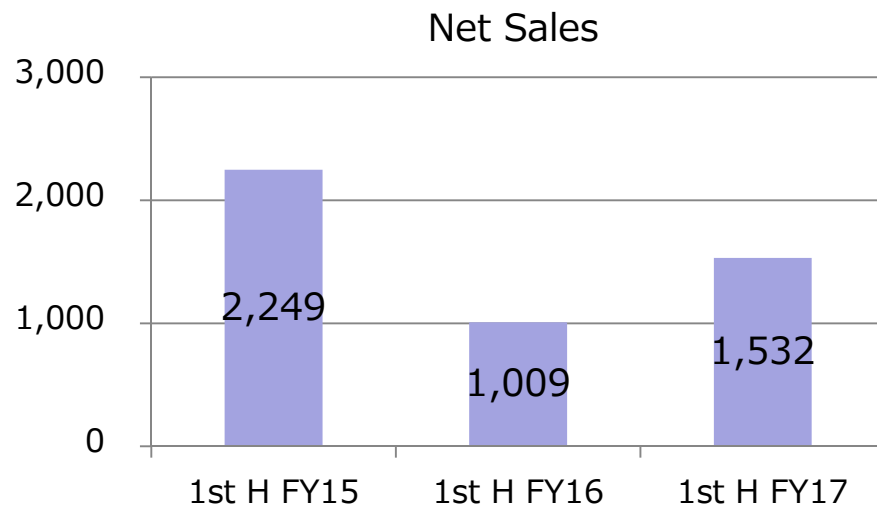
I - 4 . 1st Half FY2017 Results by Segment

2) Optical Components

(millions of JPY)

	Actual 1st H FY16 (a)	Original Forecast 1st H FY17 (b)	Actual 1st H FY17 (c)	Inc / Dec		FX Impact vs. 1st H FY16	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	1,009	1,600	1,532	522	151.7%	-	(67)	95.8%
Operating Income	9	0	187	177	-	-	187	-
(% Sales)	0.9%	0.0%	12.2%	11.3%	-	-	12.2%	-

- The sales of DSC increased by 30% compared to 1st Half FY2016. Planning to start mass-production and ship Drone products in the 2nd Half FY2017.



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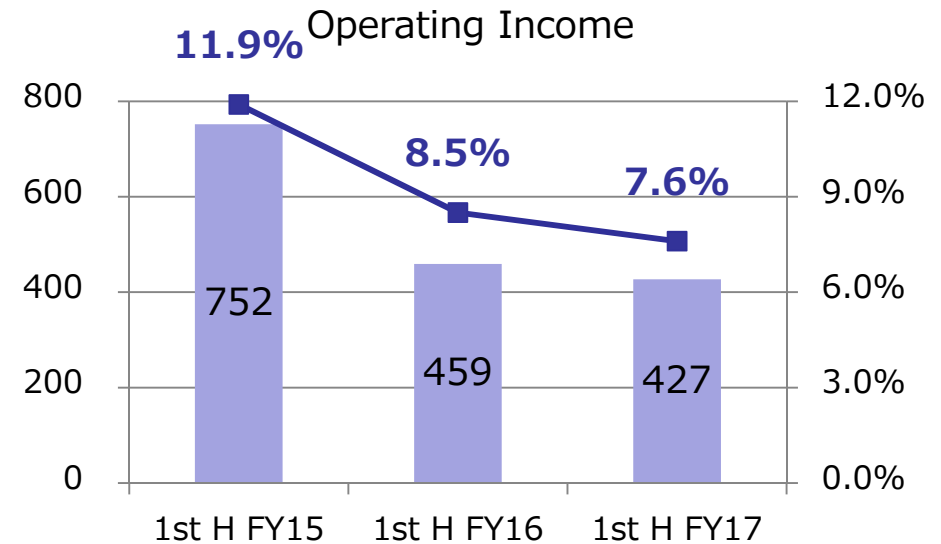
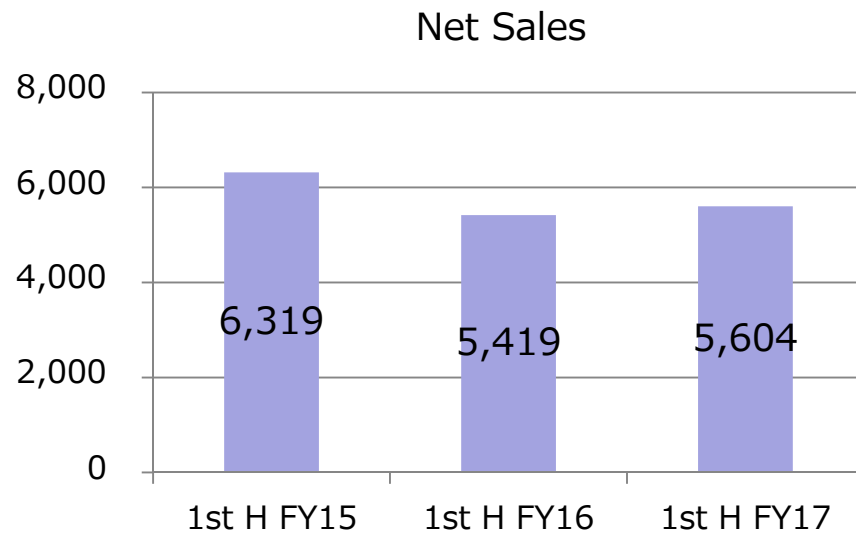
I - 4 . 1st Half FY2017 Results by Segment

3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual 1st H FY16 (a)	Original Forecast 1st H FY17 (b)	Actual 1st H FY17 (c)	Inc / Dec		FX Impact vs. 1st H FY16	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	5,419	5,500	5,604	184	103.4%	(50)	104	101.9%
Operating Income	459	200	427	(31)	93.1%	-	227	213.9%
(% Sales)	8.5%	3.6%	7.6%	(0.9)%	-	-	4.0%	-

- The sales of surveillance camera lenses and vehicle lenses increased, therefore, the forecasts of sales and profits were achieved.



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II. FY2017 Financial Forecast

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II - 1 . FY2017 Overview

[Business Environment]

- Economic Situation ⇒ Digital camera market is on a slight recovery.
- Exchange Rate ⇒ JPY against USD and EUR is getting weaker than the original expectation.

[Revision of the Financial Forecast for FY17]

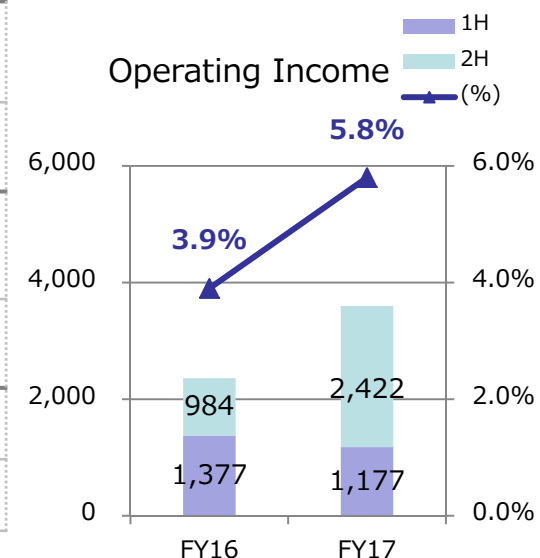
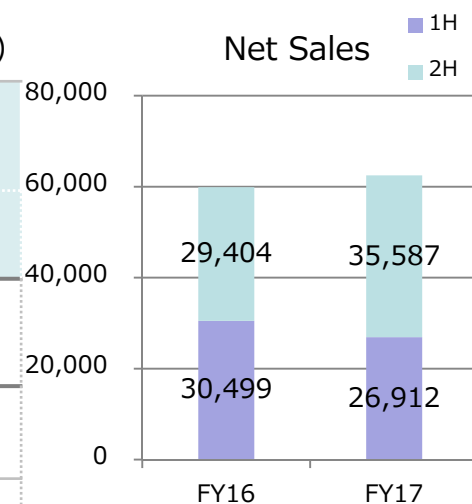
- Changes in Assumptions
 - Revision of the base exchange rates for 2nd Half FY17
110JPY/USD (originally 105JPY/USD), 125JPY/Euro (originally 113JPY/Euro)
 - Revision of the forecasts by segment based on current economic situation and progress in product development.
- Consolidated Performance ⇒ Although the sales forecasts is unchanged, the profit is revised upward compared to the original forecast.
- FY2017 Forecast by Segment
 - Photographic Products: Both the sales and profit are revised upward in anticipation of recovery in the 2nd half.
 - Optical Components: The sales are revised downward due to the current product development schedule, however, the profits remains unchanged.
 - Commercial/ Industrial-use Optics: Based on the better-than-expected performance in the 1st half, the profits are revised upward, while the sales remain unchanged.

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II - 2 . FY2017 Financial Forecast

(millions of JPY)

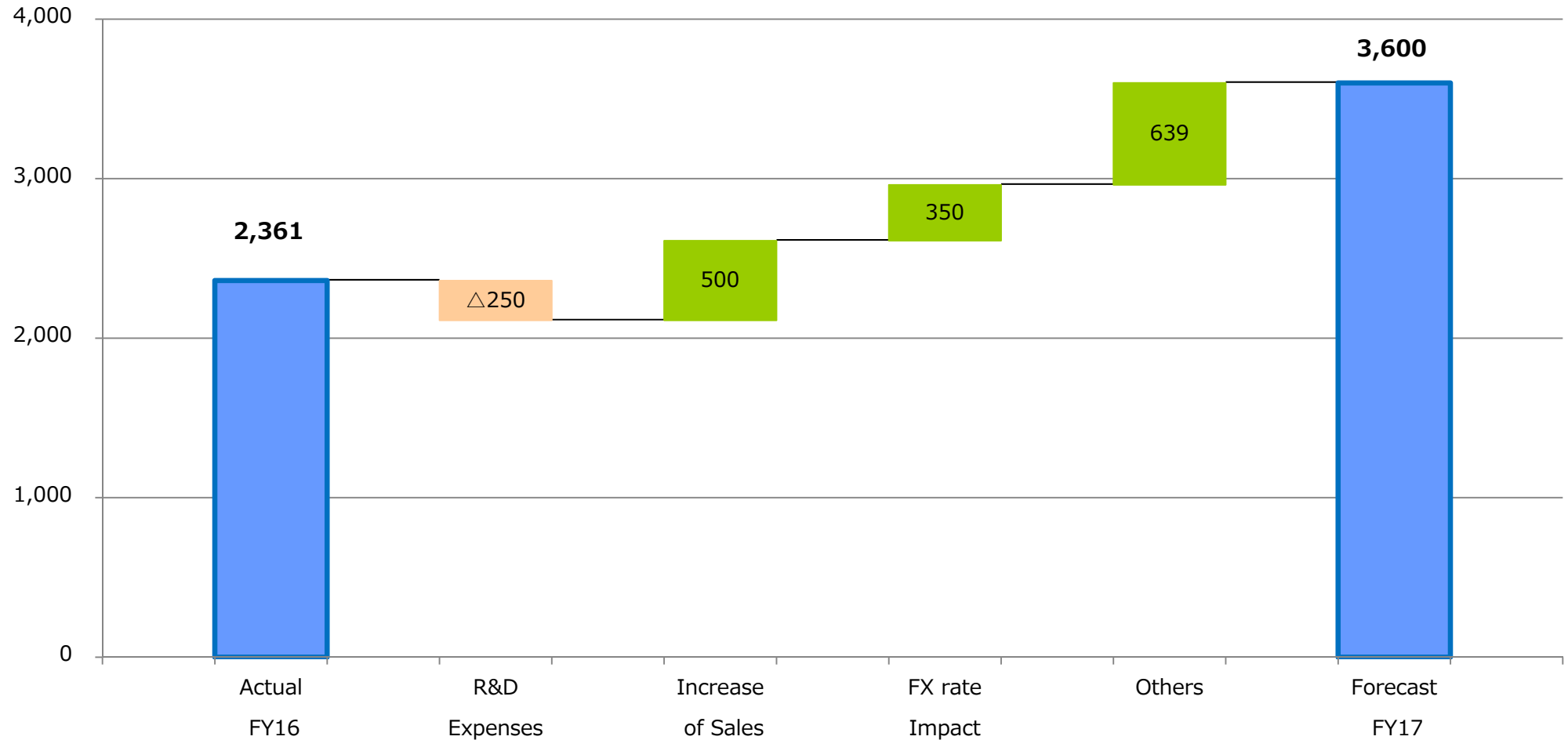
	Actual FY16 (a)	Original Forecast FY17 (b)	Revised Forecast FY17 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	59,903	62,500	62,500	2,596	104.3%	0	100.0%
Operating Income	2,361	3,200	3,600	1,238	152.4%	400	112.5%
(% Sales)	3.9%	5.1%	5.8%	1.9%	-	0.7%	-
Ordinary Income	2,855	3,200	3,600	744	126.1%	400	112.5%
(% Sales)	4.8%	5.1%	5.8%	1.0%	-	0.7%	-
Net Income	1,482	2,240	2,610	1,127	176.1%	370	116.5%
(% Sales)	2.5%	3.6%	4.2%	1.7%	-	0.6%	-
JPY - 1 USD	108.79	105.00	111.20	2.41	-	6.20	-
JPY - 1 Euro	120.31	113.00	123.40	3.09	-	10.40	-



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II - 3 . FY2017 Performance Variation Factors vs.FY2016

(millions of JPY)



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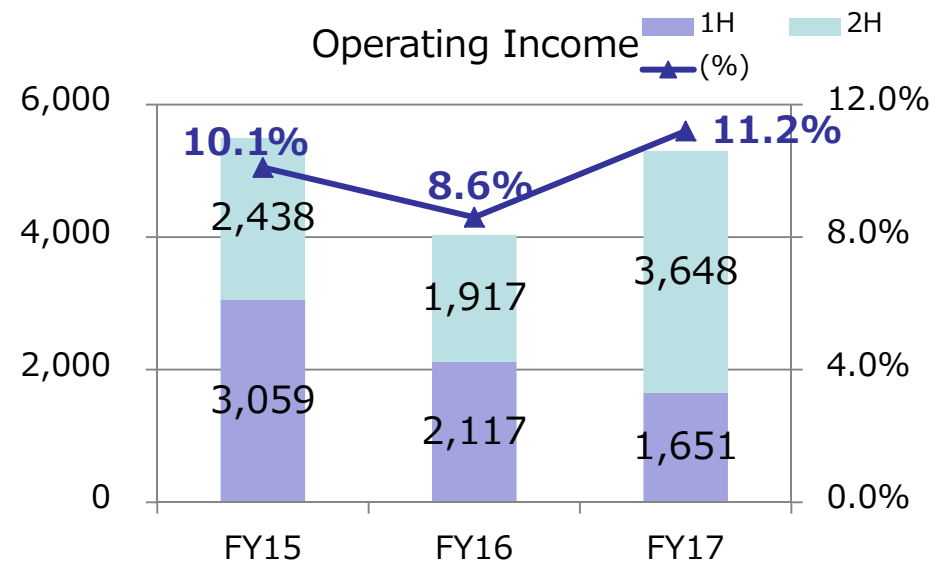
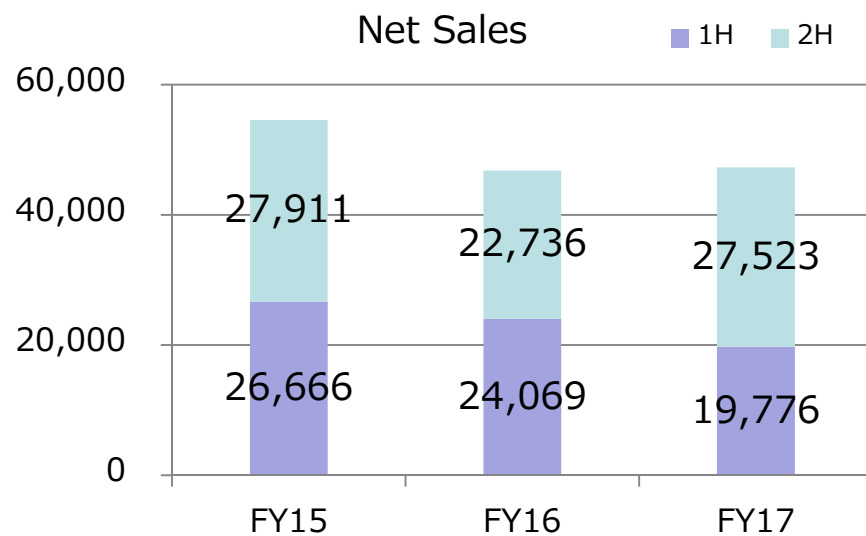
II -4. FY2017 Forecast by Segment

1) Photographic Products

(millions of JPY)

	Actual FY16 (a)	Original Forecast FY17 (b)	Revised Forecast FY17 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	46,805	47,000	47,300	494	101.1%	300	100.6%
Operating Income	4,034	5,100	5,300	1,265	131.4%	200	103.9%
(% Sales)	8.6%	10.9%	11.2%	2.6%	-	0.3%	-

➤ The both sales and profit of own-brand and OEM models are revised upward.



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Photographic Products - New Models

Category	Launched in 2016	Launched in 1st Half, 2017	To be Launched in 2nd Half, 2017
Wide Zoom		<p>Launched in Mar.</p>  <p>10-24mm VC HLD (B023)</p>	
Standard Zoom			<p>Launched in Aug.</p>  <p>SP 24-70mm F/2.8 VC USD G2 (A032) ※Best-in-class performance and image quality zoom lens (As of May 2017:Tamron)</p>
All-in-One Zoom			<p>Launched in Jul.</p>  <p>18-400mm VC HLD (B028) ※World's first* 22.2x ultra-telephoto all-in-one zoom (As of May 2017:Tamron)</p>
Tele Zoom	<p>Launched in Sep.</p>  <p>SP 150-600mm VC USD G2 (A022)</p>	<p>Launched in Feb.</p>  <p>SP 70-300mm VC USD (A030)</p>  <p>SP 70-200mm F/2.8 VC USD G2 (A025)</p>	
Fixed Focal/Macro	<p>Launched in Feb.</p>  <p>SP 90mm F/2.8 VC USD (F017)</p> <p>Launched in Mar.</p>  <p>SP 85mm F/1.8 VC USD (F016)</p>	<p>FY2017~ : Increase New Model Launch Vigorous efforts to bring more new products by improving R&D efficiency & shortening R&D L/T</p>	

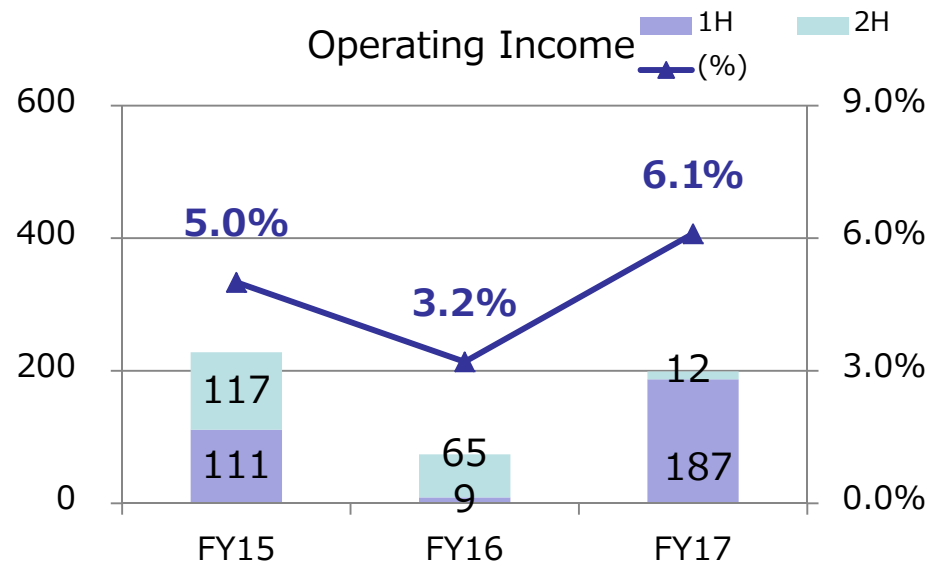
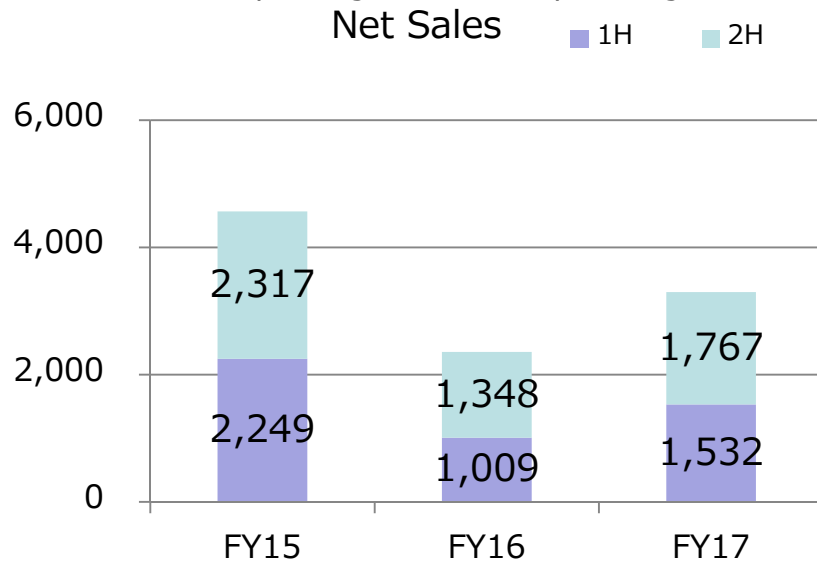
II -4. FY2017 Forecast by Segment

2) Optical Components

(millions of JPY)

	Actual FY16 (a)	Original Forecast FY17 (b)	Revised Forecast FY17 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	2,358	3,600	3,300	941	139.9%	(300)	91.7%
Operating Income	75	200	200	124	265.4%	0	100.0%
(% Sales)	3.2%	5.6%	6.1%	2.9%	–	0.5%	–

- The DSC/VC lens sales are revised upward while the drone lens sales are revised downward from the original forecast, however, still expecting the same operating income.



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Optical Components-Explore New Business Category

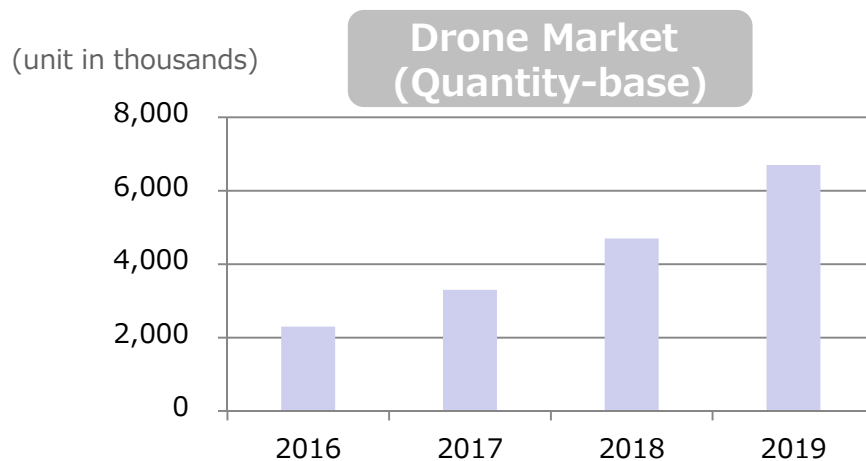
Drone



<Required Technology>

- **Aerospace-Friendly Design**
(Consideration of center of gravity for stabilized flight)
- **High Resolution**
(A differentiating factor in a high-end category)
- **Compact & Light-weight**
(For a longer flight time)

<Reference Data>

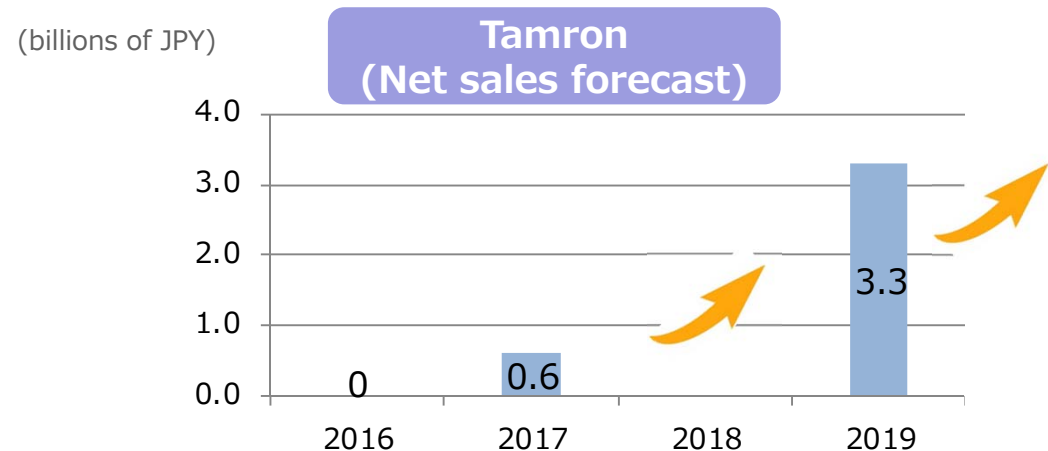


Present: Mainly for entertainment and private-use.

⇒ Future Prospects: Industrial-use, such as film, transportation control, agricultural monitoring, measurement, inspection, etc.

⇒ Aim for sales expansion with partnership with a market leader in the expanding drone markets.

Although the sales were revised downward due to the current development schedule, no changes in mid-term plan.



【Partnership with a Market Leader】 FY15 ~ Business partnership with a market leader ⇒ FY16~ Product development ⇒ FY17~ Product supply

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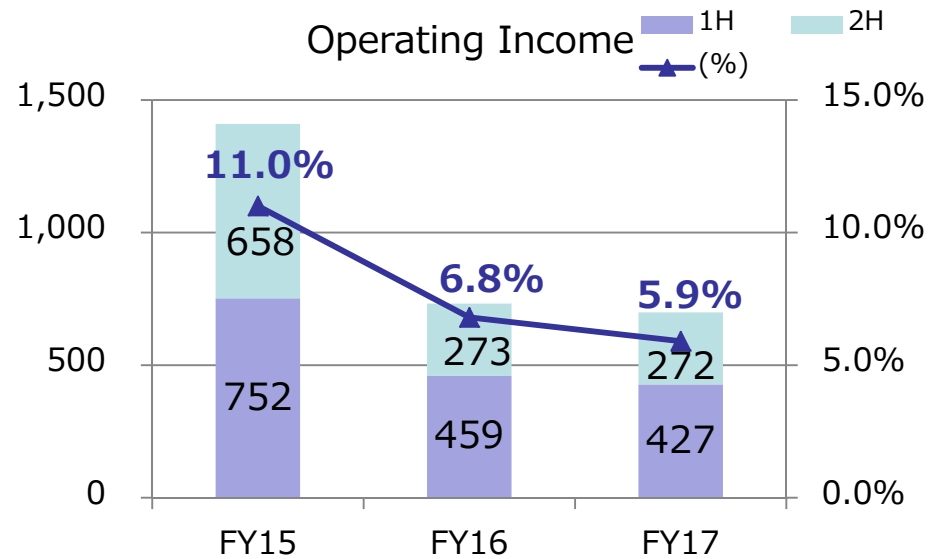
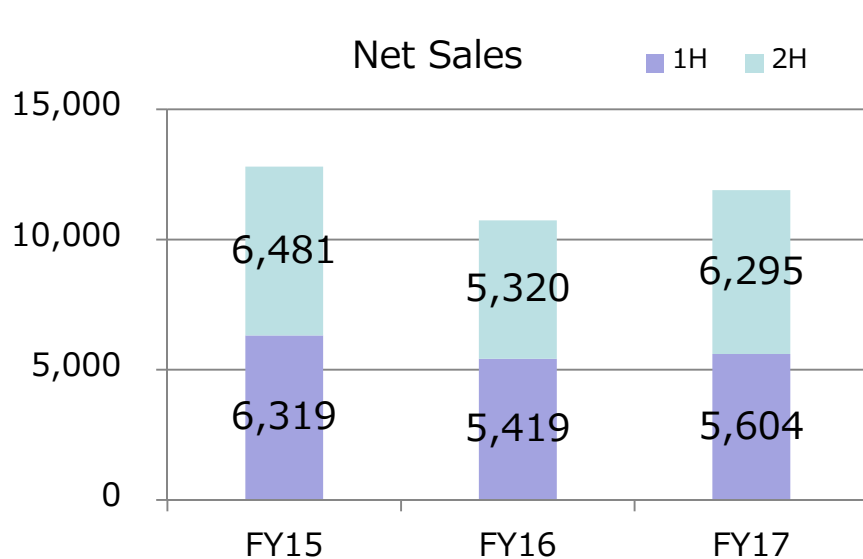
II - 4 . FY2017 Forecast by Segment

3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual FY16 (a)	Original Forecast FY17 (b)	Revised Forecast FY17 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	10,739	11,900	11,900	1,160	110.8%	0	100.0%
Operating Income	733	600	700	(33)	95.4%	100	116.7%
(% Sales)	6.8%	5.0%	5.9%	(0.9)%	-	0.9%	-

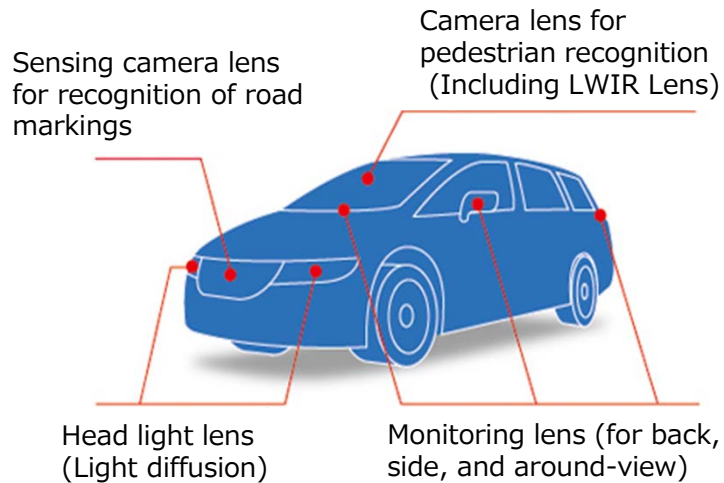
➤ Expecting the same level of operating income as previous year, despite the increase in investment.



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Lens for Automotive Applications: Growing Segment

Lens for Automotive Applications



<Required Technology>

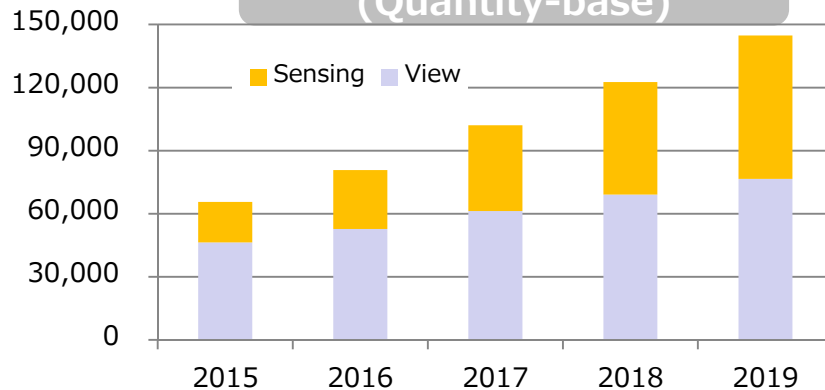
- Coaching
- High heat-resistant
- High reliability
- High-precision lens/lens barrel, Mold processing technology
- (•Stable supply including BCP)

※Expecting sales to increase steadily by promoting business with a view to the future.

<Reference Data>

(unit in thousands)

Automotive lens Market (Quantity-base)

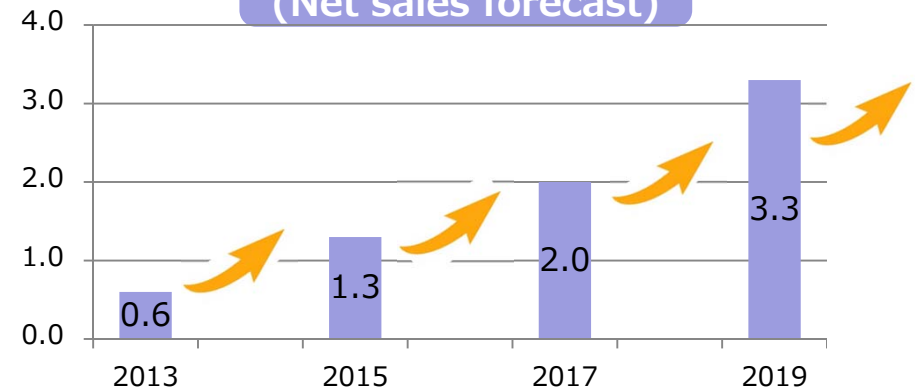


• View: Price falling due to more price competition
⇒ Quantity demanded will increase, whereas, sales amount will not.

•Sensing: Price increasing for higher spec products
⇒ Sales are expected to increase as quantity demanded increases.
⇒ Focusing on sensing camera lens by allocating resources : optics technology, core competence.

(billions of JPY)

Tamron (Net sales forecast)



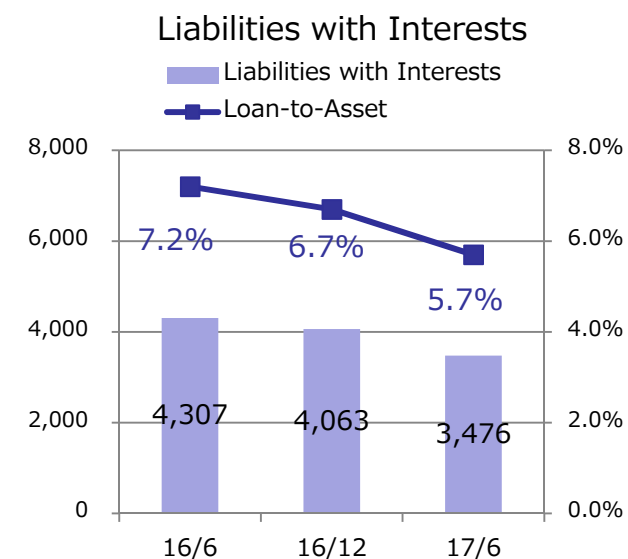
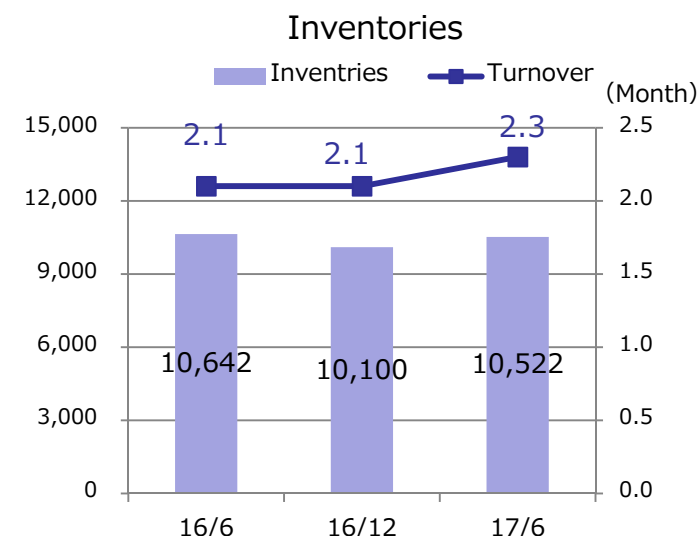
III. Reference Data

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III - 1 . Financial Summary

(millions of JPY)

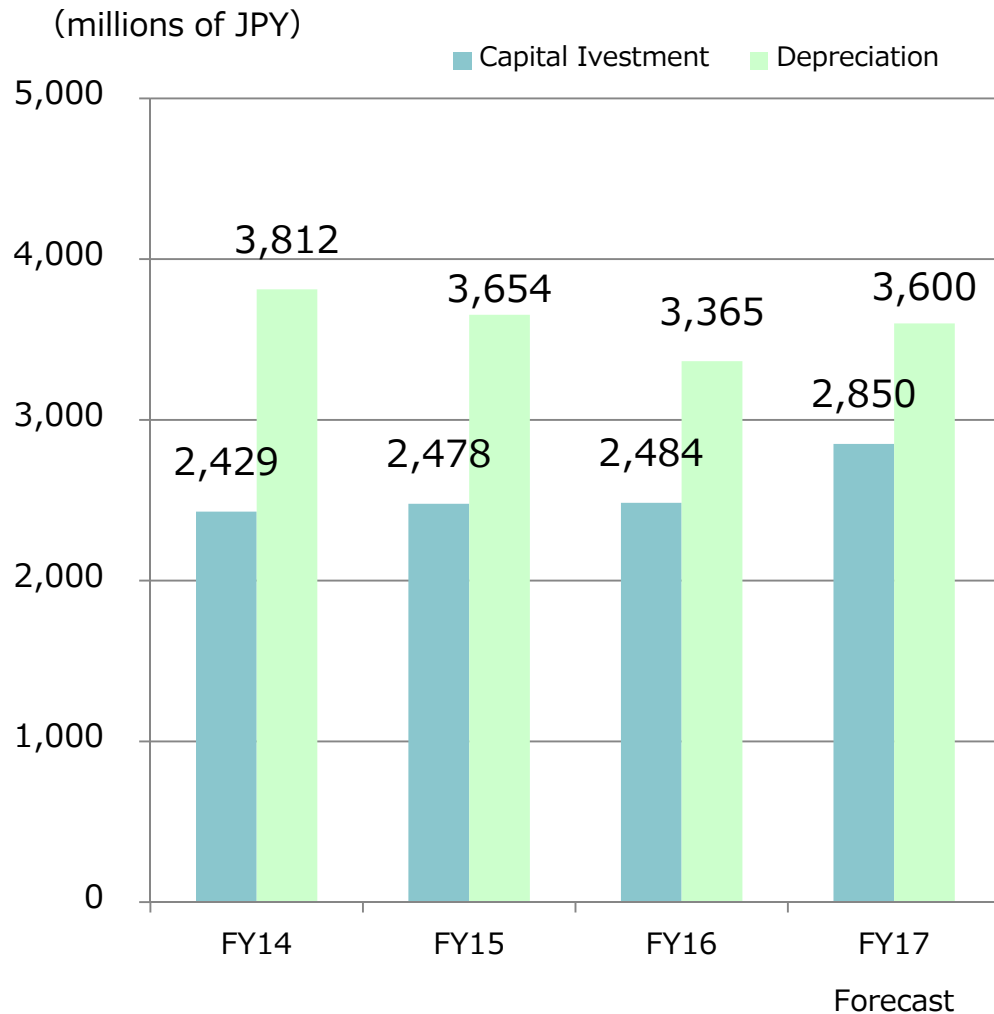
	Jun30, 2016 (a)	Dec 31, 2016 (b)	Jun 30, 2017 (c)	Change (c)-(b)
Cash & Deposits	15,083	16,030	17,645	1,615
Notes & Accounts Receivable	12,667	13,419	11,991	(1,428)
Inventories	10,642	10,100	10,522	422
Other Current Assets	2,006	2,039	1,577	(461)
Non-Current Assets	19,056	19,320	18,878	(441)
Total Assets	59,455	60,910	60,615	(294)
Total Current Liabilities	11,965	11,388	10,982	(405)
Total Non-Current Liabilities	2,662	2,200	2,231	30
Total Net Assets	44,827	47,321	47,401	79
Total Liabilities & Net Assets	59,455	60,910	60,615	(294)
Ratio of Net Assets	75.4%	77.7%	78.2%	0.5%



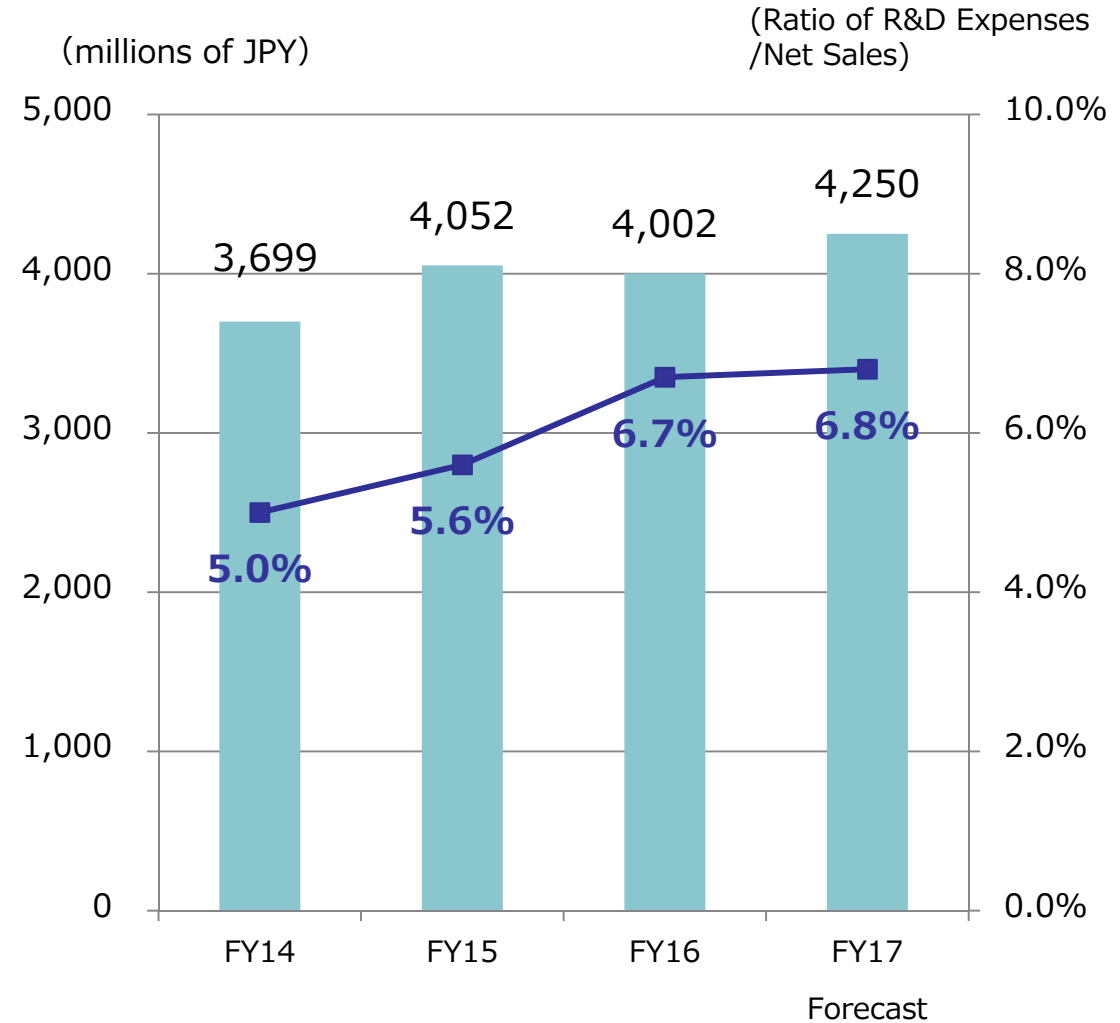
TAMRON

Ⅲ- 2 . Capital Investment, Depreciation, & Research & Development Expenses

Capital Investment & Depreciation



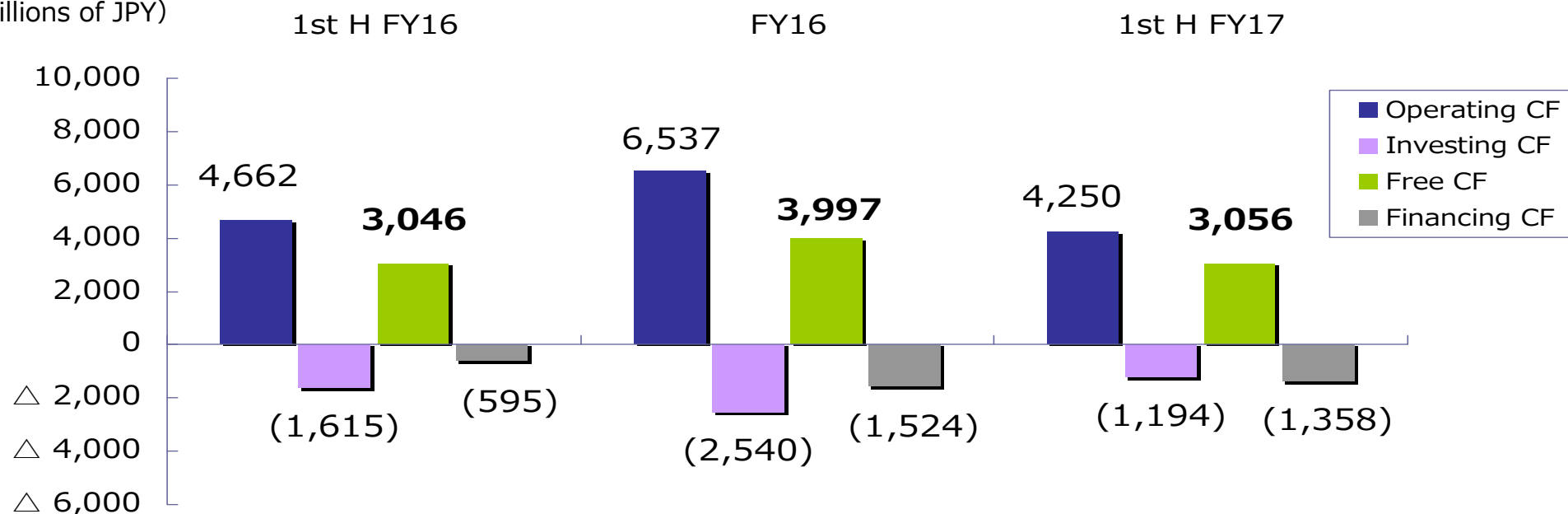
Research & Development Expenses



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III - 3 . Cash Flow Situation

(millions of JPY)



	1st H FY16	FY16	1st H FY17
Cash Flow from Operating Activities	4,662	6,537	4,250
Cash Flow from Investing Activities	(1,615)	(2,540)	(1,194)
Free Cash flow	3,046	3,997	3,056
Cash Flow from Financing Activities	(595)	(1,524)	(1,358)
Cash & Cash Equivalents at the End of Period	15,083	16,030	17,645
Liquidity (Months)	2.97	3.21	3.93

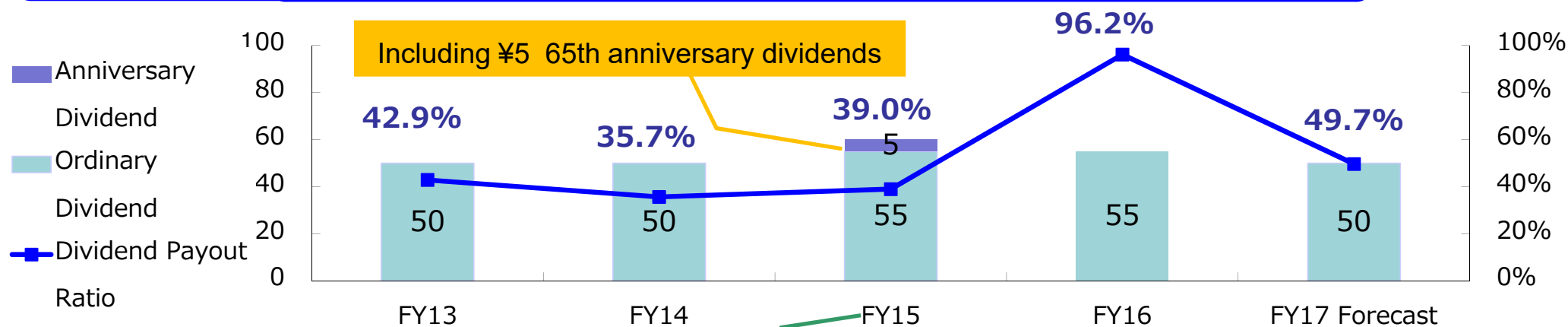
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Ⅲ - 4 . Cash Dividends Outlook

(JPY)	FY13	FY14	FY15	FY16	FY17 Forecast
Interim	20.00	20.00	25.00	25.00	25.00
Year-End	30.00	30.00	35.00	30.00	25.00
Annual	50.00	50.00	60.00	55.00	50.00
Dividends Payout Ratio (Consolidated)	42.9%	35.7%	39.0%	96.2%	49.7%

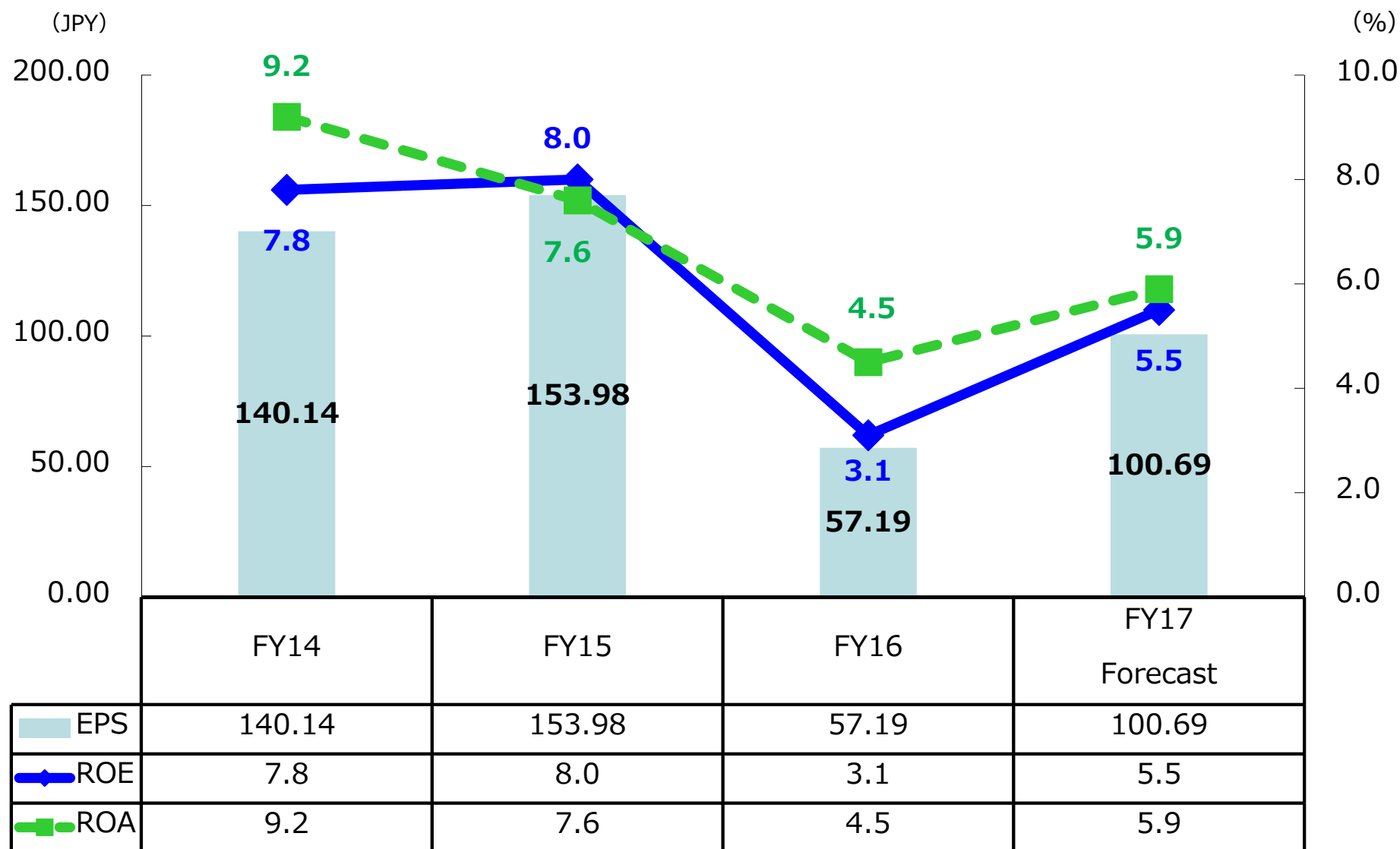
Dividend Policy

- Keep Stable Dividend
- Dividend Payout Ratio Target: 35% (Consolidated)



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Ⅲ - 5 . Key Performance Indicators



❖ ROE = Net Income/Net Assets (Average for FY)
 ❖ ROA = Ordinary Income/Total Assets (Average for FY)

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Ⅲ - 6 . Impact of Foreign Exchange Rate Fluctuations

Actual 1st Half FY2017

(JPY)

(millions of JPY)

	Exchange Rate		Impact	
	Actual 1st H FY16	Actual 1st H FY17	Net Sales	Operating Income
USD	111.72	112.35	0	100
EUR	124.56	121.70	(100)	(100)
Others	-	-	(50)	0
Total	-	-	(150)	0

(Impact on FY2016 Actual performance)

Forecast 2nd Half FY2017

(JPY)

(millions of JPY)

	Exchange Rate	Impact of ¥1 appreciation	
	Assumption 2nd H FY17	Net Sales	Operating Income
USD	110.00	(160)	0
EUR	125.00	(50)	(40)

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Disclaimer

1. The purpose of this material is to provide information on the actual results for 1st Half of FY2017 and future business strategies. It is not an offer or a solicitation of an offer to buy or sell securities.
2. This material and the information provided verbally in the company's presentation are based on the data that are obtainable at the time of the presentation in compliance with the management policies and certain premises that are deemed reasonable by the company.
3. Please note that the actual results may sometimes differ from the forecasts contained herein due to various factors.
4. The company is not liable in any ways for any damages or losses incurred in connection with the use of any information or data contained herein or provided verbally in the company's presentation.

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