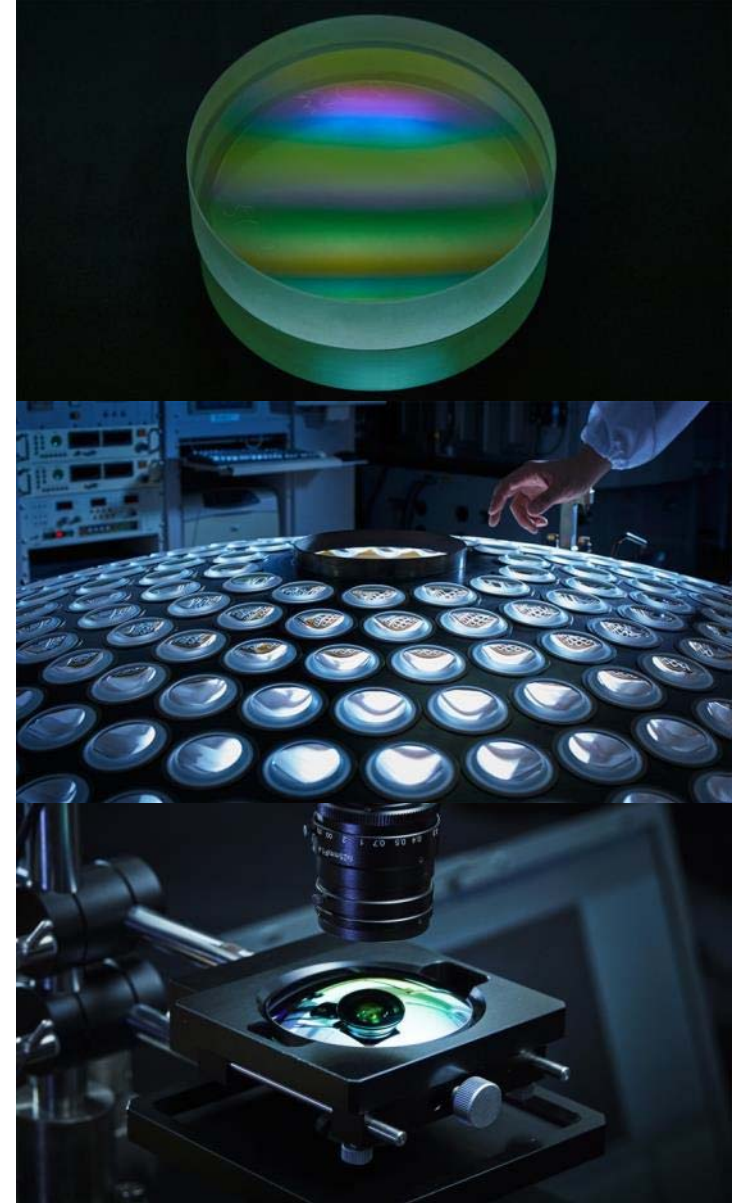


## 2nd Quarter FY2019 Financial Results

August 5, 2019  
Tamron Co., Ltd. (Code: 7740)



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# I . FY 2019 Summary

**TAMRON**

# I - 1 . 1st Half FY2019 Summary

## 【Business Environment】 (comparison from the previous year)

- Economic Situation : **Digital camera markets has shrunk sharply**
- Lens-interchangeable cameras: 29% down in quantity-base, 24% down in money-base.
- Interchangeable lenses : 25% down in quantity-base, 13% down in money-base.
- Lens-integrated cameras: 19% down in quantity-base, 15% down in money-base.
- Exchange Rate: **Negative effects on both the sales and profits.**  
(JPY got weaker against USD (by 1.4 JPY) but stronger against EUR (by 7.2 JPY))

## 【Company's Results】

- Comparison with the previous year  
: **The Sales increase slightly and Operating Income achieved two-digit increase.** (The sales increased by 2% and

Operating Income increased by 15% from the previous year.)

- The sales of Commercial / Industrial-Use Optics Segment, which is in the fast-growing market, achieved two-digit increase.
- The sales of Photographic Segment (Core business) decreased but, due to higher gross profit margin of new models, the profit increased.
- The results of the Optical Components Segment achieved operating income.

⇒ **Sales of the all segments increased from the previous year.**

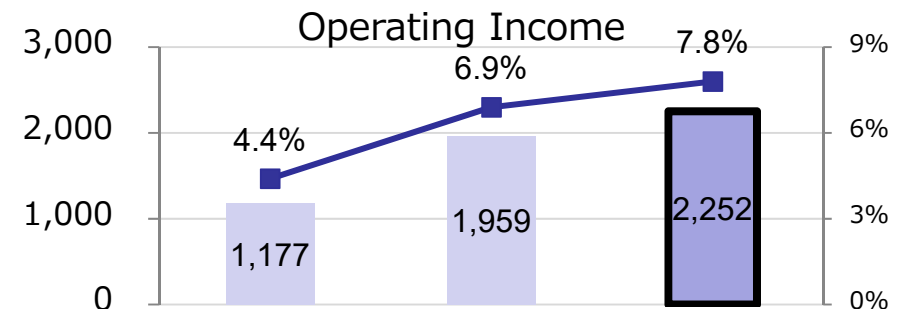
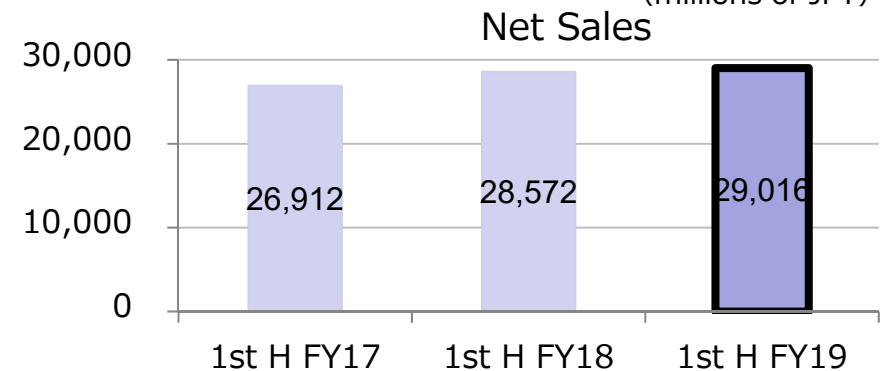
- Comparison with the Financial Forecast

: **The Sales and Operating Income achieved the forecast.**

(The Operating Income increased by 40%, better than its forecast, which was originally forecasted to decrease from the previous year.)

## 【1st Half Financial Results】

(millions of JPY)



# I - 2 . FY2019 Overview

## 【Business Environment from 2<sup>nd</sup> Half】

- Economic Situation : **The Digital camera market are expected to shrink continuously.**
- Mirrorless cameras are expected to increase in place of Digital SLR cameras. (The ratio of Mirrorless cameras in lens-interchangeable camera markets marks 37% in quantity-base and 43% in money-base in the 1<sup>st</sup> Half, and are expected to increase to 44% in quantity-base and 59% in money-base in the 2<sup>nd</sup> Half, 2019.)
- **Surveillance camera and automotive camera market are expected to show the steady growth.**
- Exchange Rate Assumption : **JPY is expected to get stronger against both USD and EUR from the 1<sup>st</sup> Half.**
- Against USD: 112.18 JPY/USD in 2<sup>nd</sup> Half, 2018 ⇒ 108 JPY/USD JPY in 2<sup>nd</sup> Half, 2019.  
JPY in 1<sup>st</sup> Half, 2019 was weaker against USD compared to the same term of the previous year.  
**⇒ JPY against USD in 2<sup>nd</sup> Half, 2019 is expected to get stronger compared to the same term of the previous year.**
- Against EUR: 129.21 JPY/EUR in 2<sup>nd</sup> Half, 2018 ⇒ 122 JPY/EUR JPY in 2<sup>nd</sup> Half, 2019.  
JPY in 1<sup>st</sup> Half, 2019 was stronger against EUR compared to the same term of the previous year.  
**⇒ JPY against EUR in 2<sup>nd</sup> Half, 2019 is expected to get stronger continuously compared to the same term of the previous year.**

## 【Company's Forecast】

- **Expecting increase in sales and profits in three consecutive years.**

Although the negative impact of the exchange rate in the 2<sup>nd</sup> half, sales and profits are expected to increase.

**⇒The sales: expected to increase by 5%, the operating income: expected to increase by 9% (FY2019 in total)**

- **The Financial Forecast FY2019 in Total unchanged**

- The financial forecast remains unchanged as previously announced on February 12, 2019 despite of the negative impact of higher JPY.
- The forecast by the business segments is reviewed based on the results of 1<sup>st</sup> Half, 2019 and the current forecast of 2<sup>nd</sup> Half, 2019.

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## II. 2nd Quarter FY2019 Financial Results

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## II - 1 . 1st Half FY2019 Financial Results

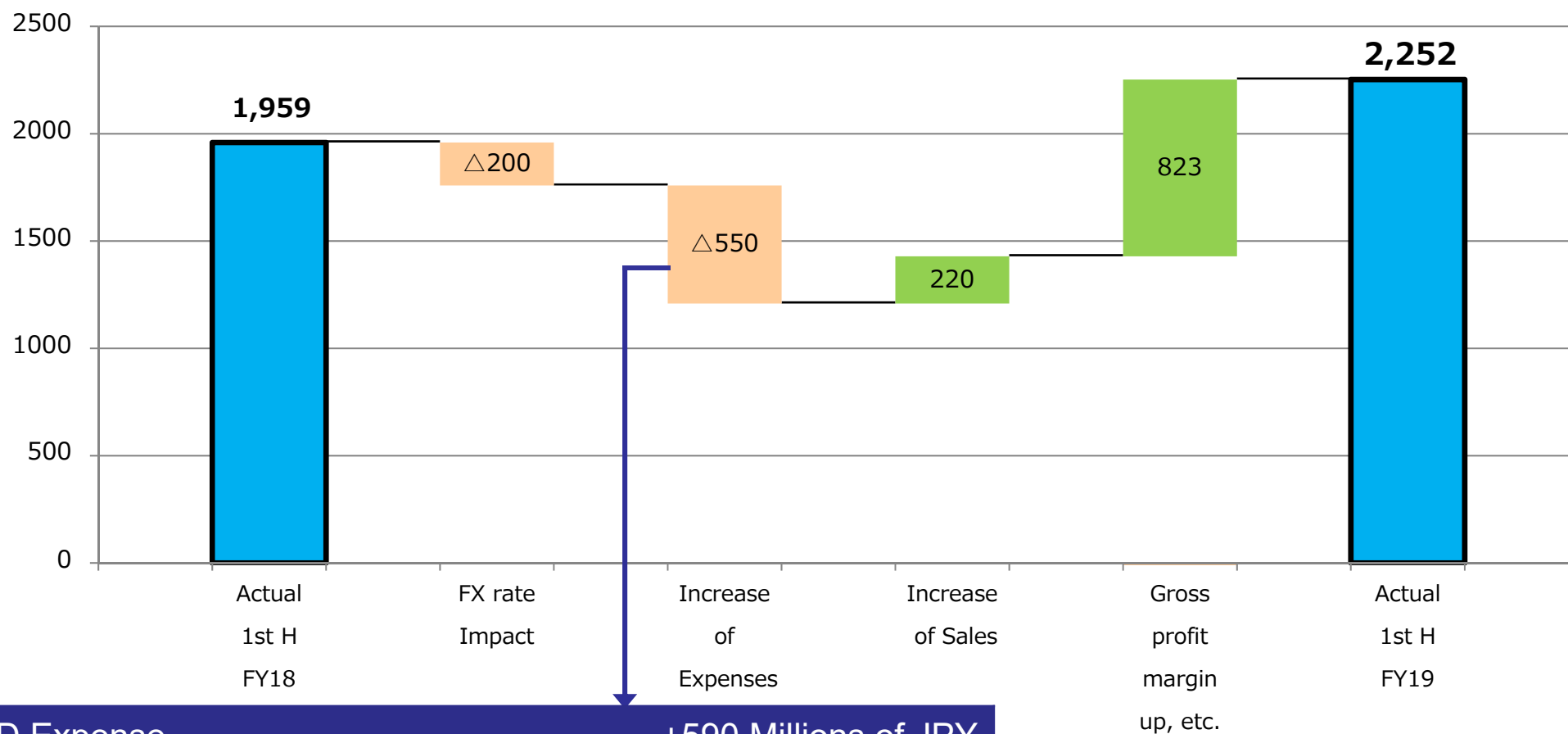
(millions of JPY)

	Actual 1st H FY18 (a)	Original Forecast 1st H FY19 (b)	Actual 1st H FY19 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>28,572</b>	<b>28,600</b>	<b>29,016</b>	<b>443</b>	<b>101.6%</b>	<b>416</b>	<b>101.5%</b>
<b>Gross profit</b>	<b>9,661</b>	<b>–</b>	<b>10,421</b>	<b>759</b>	<b>107.9%</b>	<b>–</b>	<b>–</b>
(% Sales)	33.8%	–	35.9%	2.1%	–	–	–
<b>Operating Income</b>	<b>1,959</b>	<b>1,600</b>	<b>2,252</b>	<b>292</b>	<b>114.9%</b>	<b>652</b>	<b>140.8%</b>
(% Sales)	6.9%	5.6%	7.8%	0.9%	–	2.2%	–
<b>Ordinary Income</b>	<b>2,090</b>	<b>1,600</b>	<b>2,549</b>	<b>458</b>	<b>121.9%</b>	<b>949</b>	<b>159.4%</b>
(% Sales)	7.3%	5.6%	8.8%	1.5%	–	3.2%	–
<b>Net Income</b>	<b>1,585</b>	<b>1,150</b>	<b>1,931</b>	<b>346</b>	<b>121.8%</b>	<b>781</b>	<b>167.9%</b>
(% Sales)	5.5%	4.0%	6.7%	1.2%	–	2.7%	–
<b>JPY – 1 USD</b>	108.68	110.00	110.07	1.39	–	0.07	–
<b>JPY – 1 Euro</b>	131.58	125.00	124.35	(7.23)	–	(0.65)	–

- The gross profits margin increased significantly by 2.1pt compare to the previous year.; and also the non-operating income and loss improved from the previous year.
- The Operating Income of 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter increased compare to the same terms of **TAMRON** the previous year.

## II - 2 . 1st Half FY2019 Performance Variation Factors

(millions of JPY)



R&D Expense

+590 Millions of JPY

Advertising/Sales promotion expenses

-160 Millions of JPY

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# II - 3 . 1st Half FY2019 Results by Segment

## 1) Photographic Products

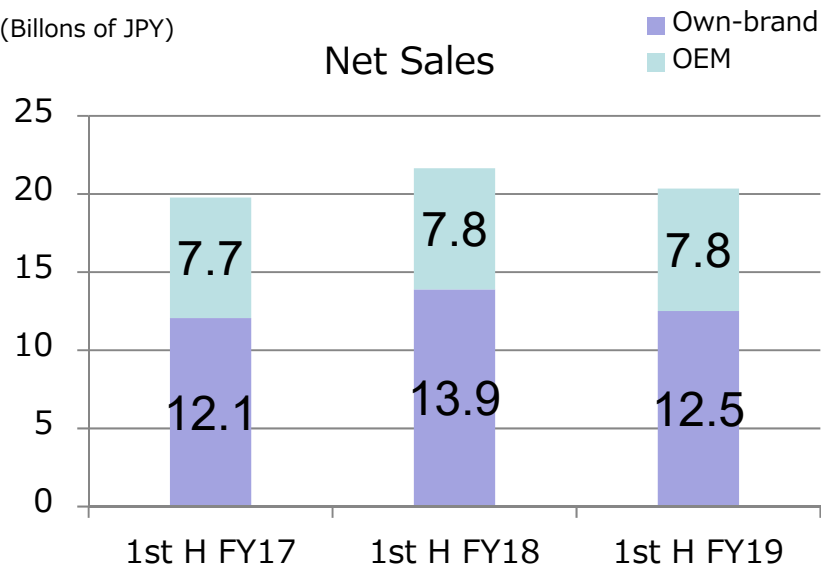
(millions of JPY)

	Actual 1st H FY18 (a)	Original Forecast 1st H FY19 (b)	Actual 1st H FY19 (c)	Inc / Dec		FX Impact vs. 1st H FY18	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
<b>Net Sales</b>	<b>21,650</b>	<b>20,800</b>	<b>20,353</b>	<b>(1,297)</b>	<b>94.0%</b>	<b>(290)</b>	<b>(446)</b>	<b>97.9%</b>
<b>Operating Income</b>	<b>2,918</b>	<b>2,500</b>	<b>3,037</b>	<b>119</b>	<b>104.1%</b>	<b>(280)</b>	<b>537</b>	<b>121.5%</b>
<b>(% Sales)</b>	13.5%	12.0%	14.9%	1.4%	—	—	2.9%	—

- The sales of own-brand models decreased **because of the shrinking market**, although the new models(A036,etc.) contributed to the sales. The sales of OEM models kept the same level as the previous year.
- **The Operating Income increased** from the previous year due to continually increase of the high-margin new models (own-brand) sales. **The Operating Income percentage achieved about 15%.**

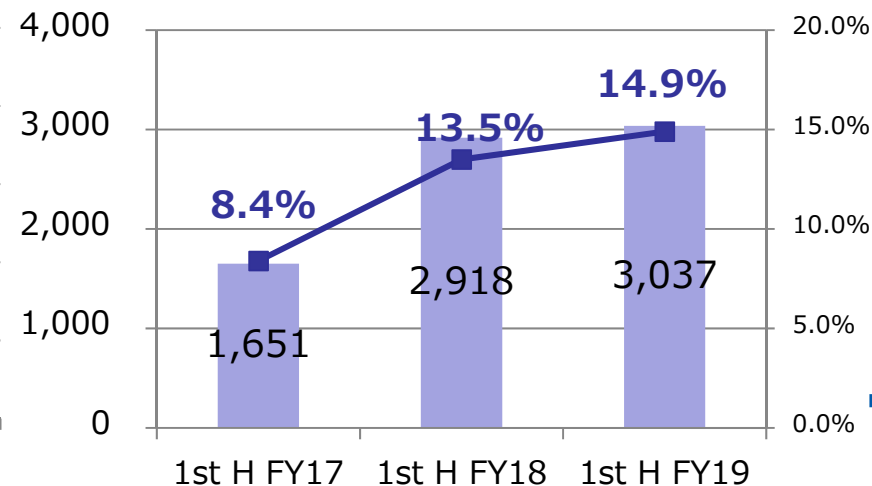
(Billions of JPY)

Net Sales



(millions of JPY)

Operating Income



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# II - 3 . 1st Half FY2019 Results by Segment

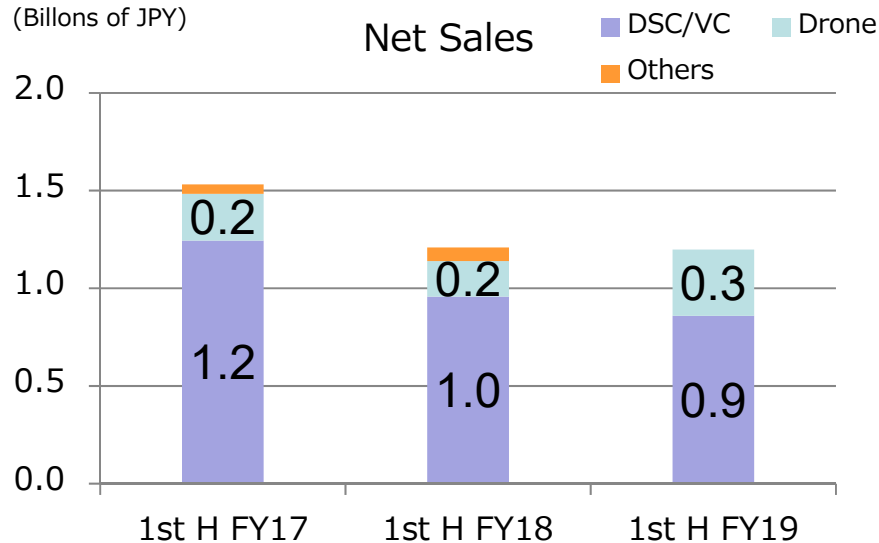
## 2) Optical Components

(millions of JPY)

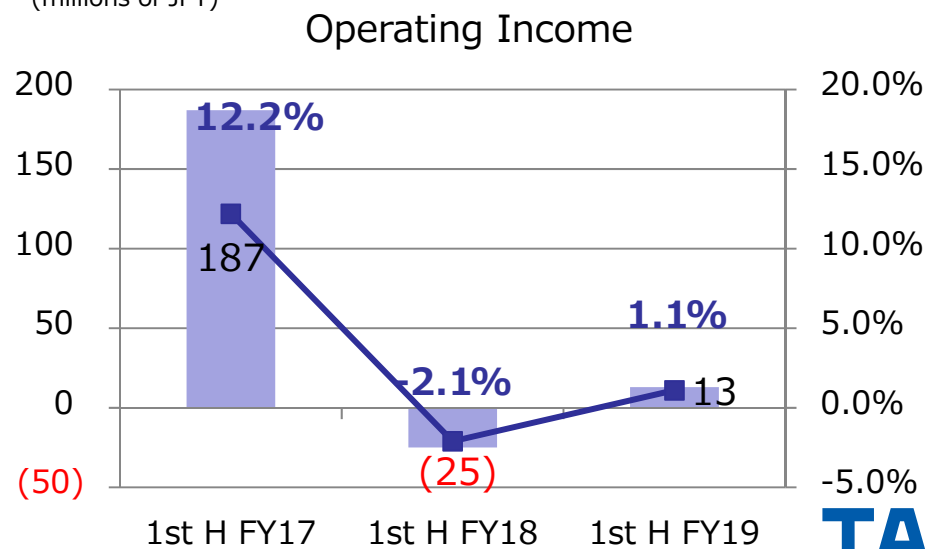
	Actual 1st H FY18 (a)	Original Forecast 1st H FY19 (b)	Actual 1st H FY19 (c)	Inc / Dec		FX Impact vs. 1st H FY18	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	1,209	1,400	1,199	(10)	99.2%	50	(200)	85.7%
Operating Income	(25)	50	13	39	-	50	(36)	26.2%
(% Sales)	(2.1)%	3.6%	1.1%	3.2%	-	-	(2.5)%	-

- The sales kept the same level as the previous year despite of the shrink in the DSC/VC market.
- The results of the Optical Components Segment **achieved operating income**.

(Billions of JPY)



(millions of JPY)



**TAMRON**

## II - 3 . 1st Half FY2019 Results by Segment

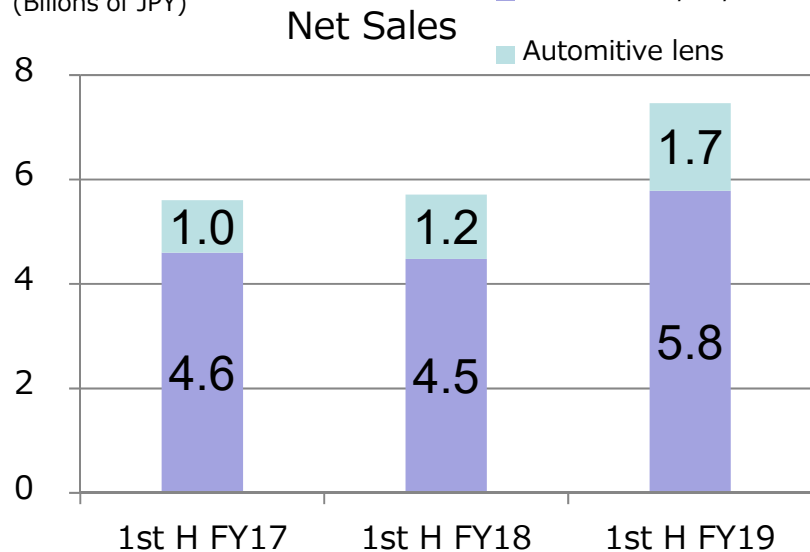
### 3) Commercial / Industrial-Use Optics

(millions of JPY)

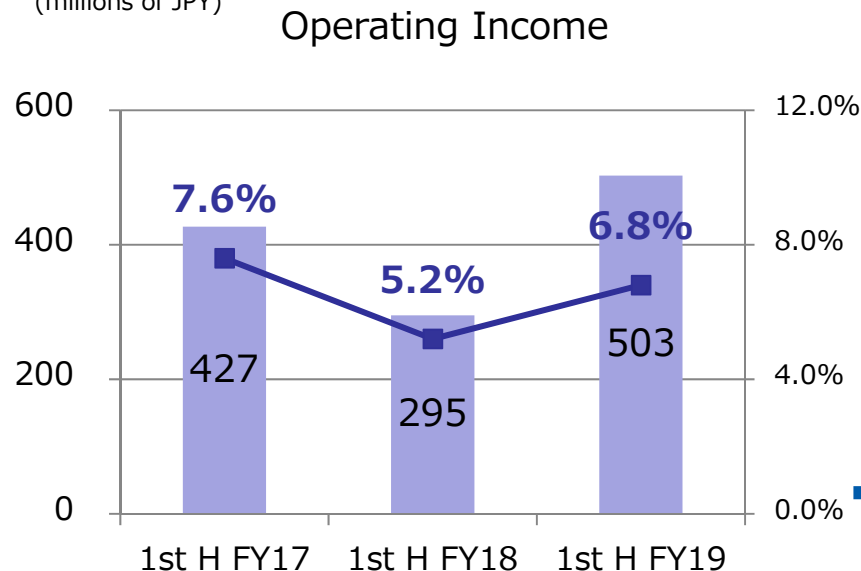
	Actual 1st H FY18 (a)	Original Forecast 1st H FY19 (b)	Actual 1st H FY19 (c)	Inc / Dec		FX Impact vs. 1st H FY18	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
<b>Net Sales</b>	<b>5,711</b>	<b>6,400</b>	<b>7,463</b>	<b>1,751</b>	<b>130.7%</b>	<b>20</b>	<b>1,063</b>	<b>116.6%</b>
<b>Operating Income</b>	<b>295</b>	<b>350</b>	<b>503</b>	<b>208</b>	<b>170.3%</b>	<b>30</b>	<b>153</b>	<b>144.0%</b>
<b>(% Sales)</b>	<b>5.2%</b>	<b>5.5%</b>	<b>6.8%</b>	<b>1.6%</b>	<b>-</b>	<b>-</b>	<b>1.3%</b>	<b>-</b>

- The sales showed **significantly increase by 30%** from the previous year due the sales of surveillance camera lenses, FA lenses and modules and the sales of automotive lenses also showed continuously positive growth.
- The Operating Income showed steady growth and **achieved increase by 70% from the previous year**, despite of price competition in the market.

(Billions of JPY)



(millions of JPY)



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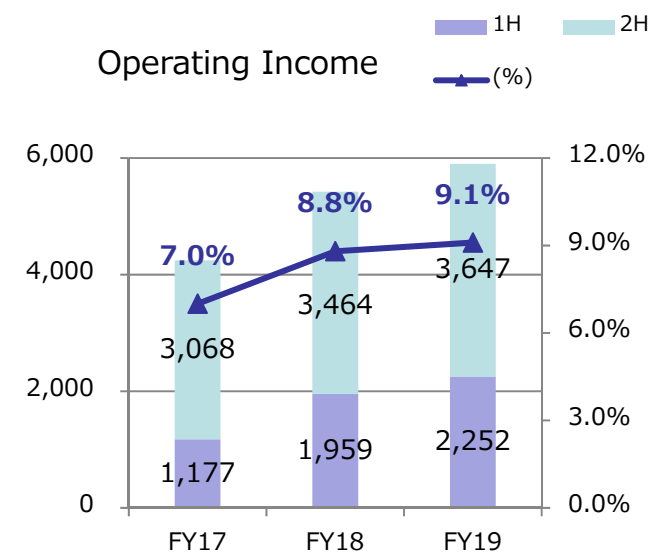
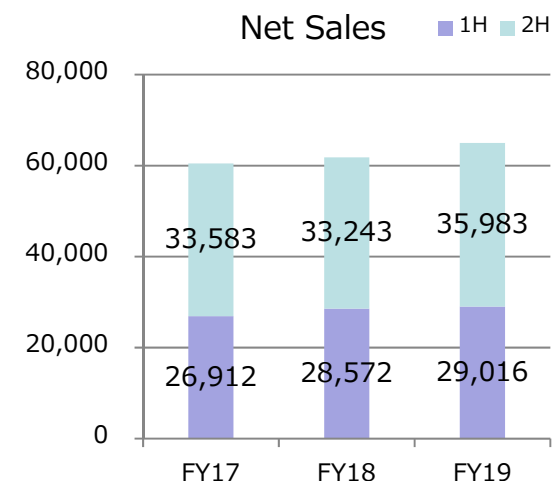
## Ⅲ. FY2019 Financial Forecast

**TAMRON**

# Ⅲ - 1 . FY2019 Financial Forecast

(millions of JPY)

	Actual FY18 (a)	Forecast FY19 (b)	Inc / Dec	
			(b)-(a)	%
<b>Net Sales</b>	<b>61,815</b>	<b>65,000</b>	<b>3,184</b>	<b>105.2%</b>
<b>Operating Income</b>	<b>5,424</b>	<b>5,900</b>	<b>475</b>	<b>108.8%</b>
(% Sales)	8.8%	9.1%	0.3%	—
<b>Ordinary Income</b>	<b>5,877</b>	<b>5,900</b>	<b>22</b>	<b>100.4%</b>
(% Sales)	9.5%	9.1%	(0.4)%	—
<b>Net Income</b>	<b>4,330</b>	<b>4,130</b>	<b>(200)</b>	<b>95.4%</b>
(% Sales)	7.0%	6.4%	(0.6)%	—
JPY – 1 USD	110.45	109.00	(1.45)	—
JPY – 1 Euro	130.38	123.20	(7.18)	—



- The assumption of exchange rates from 3<sup>rd</sup> quarter:  
108 JPY/USD (originally 110 JPY/EUR) and 122 JPY/EUR (originally 125 JPY/EUR)

⇒The financial forecast remain unchanged as previously announced on February 12, 2019, despite of the negative impact of higher JPY.

**TAMRON**

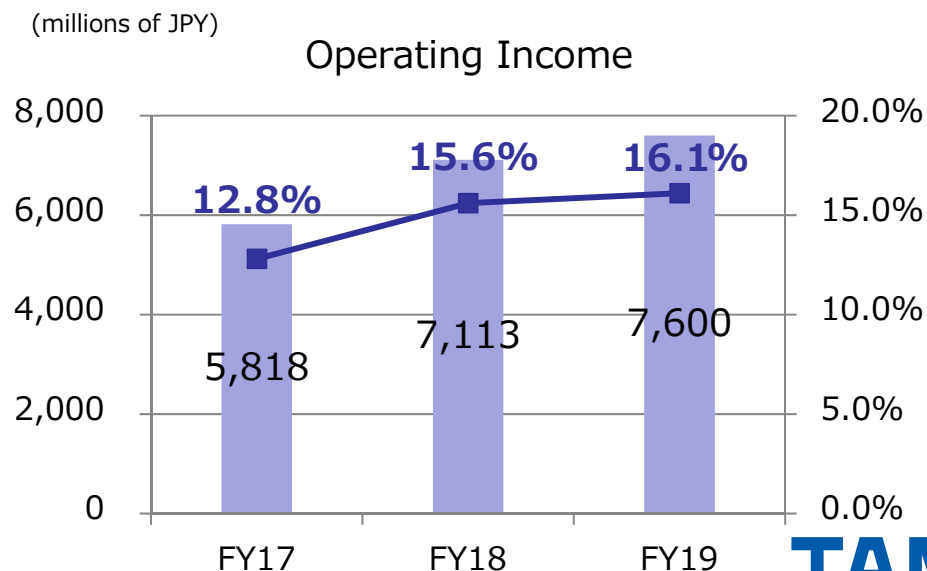
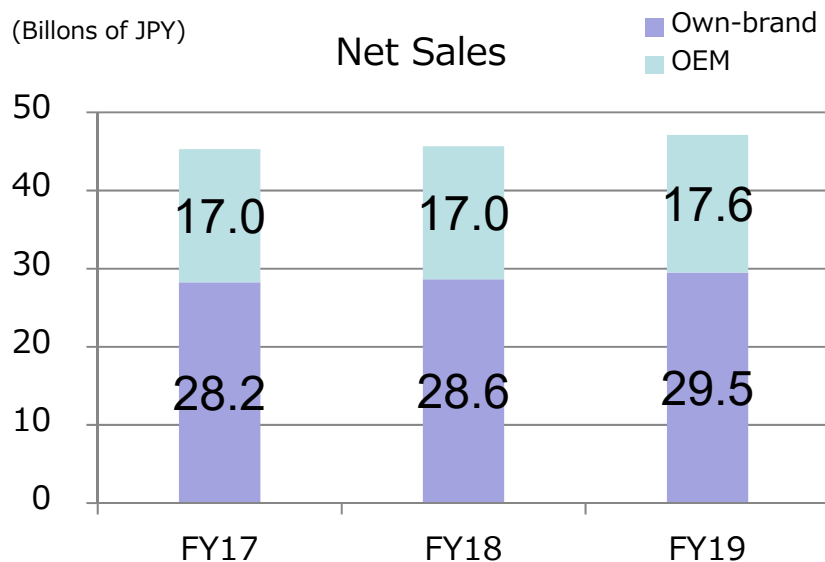
# Ⅲ- 2 . FY2019 Forecast by Segment

## 1) Photographic Products

(millions of JPY)

	Actual FY18 (a)	Original Forecast FY19 (b)	Revised Forecast FY19 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>45,640</b>	<b>46,500</b>	<b>47,100</b>	<b>1,459</b>	<b>103.2%</b>	<b>600</b>	<b>101.3%</b>
<b>Operating Income</b>	<b>7,113</b>	<b>7,150</b>	<b>7,600</b>	<b>486</b>	<b>106.8%</b>	<b>450</b>	<b>106.3%</b>
<b>(% Sales)</b>	<b>15.6%</b>	<b>15.4%</b>	<b>16.1%</b>	<b>0.5%</b>	<b>-</b>	<b>0.7%</b>	<b>-</b>











- The total sales and profit are revised upward due sales in both of own-brand and OEM are expected to increase. The Operating Income target percentage is set at a high level of 16%.



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# Photographic Products - New Models

2 more new models to come  
in 2<sup>nd</sup> Half, FY2019

Category		Launched in 2017	Launched in 2018	Launched in 2019
DSLR	Fixed Focal			<b>Launched in June</b>  SP 35mm F/1.4 USD (F045)
	Wide Zoom	<b>Launched in Mar.</b>  10-24mm VC HLD (B023)	 <b>Launched in Sep.</b>  17-35mm F/2.8-4 OSD (A037)      SP 15-30mm F/2.8 VC USD G2 (A041)	
	Standard Zoom	<b>Launched in Aug.</b>  SP 24-70mm F/2.8 VC USD G2 (A032)	<div style="border: 1px solid black; padding: 5px;"> <p>The total of 10 new models were launched in 2017 and 2018. 3 new models have been launched and 2 more new models to come; total of 5 new models in 2019. Both A036 and A046 of mirrorless models have been on back-order due to better-than-expected sales.</p> </div>	
	All-in-One Zoom	<b>Launched in Jul.</b>  18-400mm VC HLD (B028)		
	Tele Zoom	<b>Launched in Feb.</b>   SP 70-200mm F/2.8 VC USD G2 (A025)      SP 70-300mm VC USD (A030)	<b>Launched in Apr.</b>  70-210mm F/4 VC USD (A034)	<b>Launched in May</b>  35-150mm F/2.8-4 VC OSD (A043)
	<b>Launched in Nov.</b>  100-400mm VC USD (A035)			
Mirrorless			<b>Launched in May</b>  28-75mm F/2.8 RXD (A036)	<b>Launched in Jul.</b>  17-28mm F/2.8 RXD (A046)

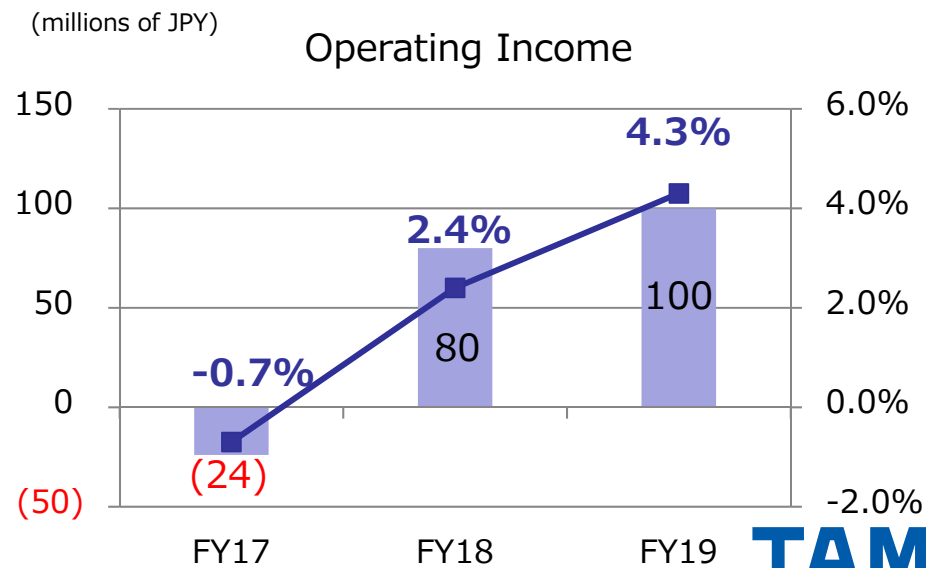
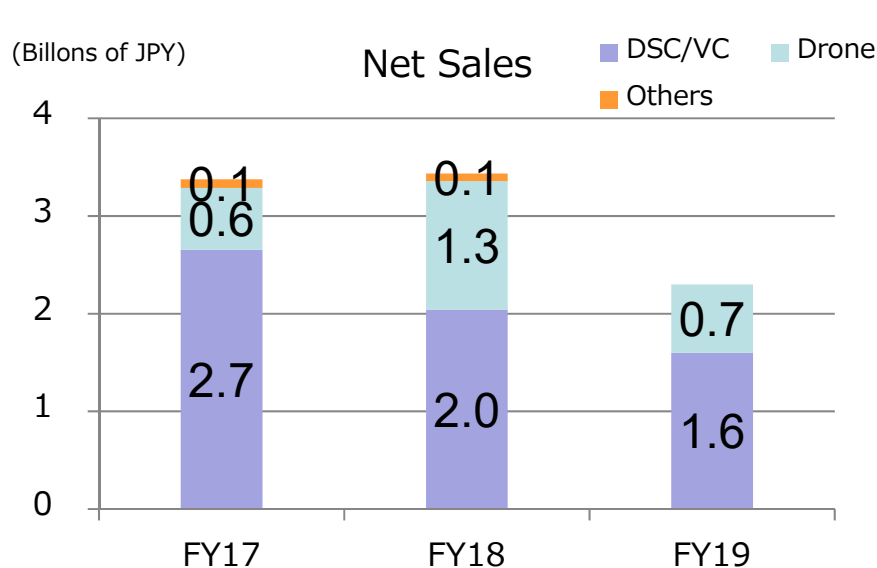
# Ⅲ- 2 . FY2019 Forecast by Segment

## 2) Optical Components

(millions of JPY)

	Actual FY18 (a)	Original Forecast FY19 (b)	Revised Forecast FY19 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>3,436</b>	<b>2,900</b>	<b>2,300</b>	<b>(1,136)</b>	<b>66.9%</b>	<b>(600)</b>	<b>79.3%</b>
<b>Operating Income</b>	<b>80</b>	<b>150</b>	<b>100</b>	<b>19</b>	<b>123.5%</b>	<b>(50)</b>	<b>66.7%</b>
<b>(% Sales)</b>	<b>2.4%</b>	<b>5.2%</b>	<b>4.3%</b>	<b>1.9%</b>	<b>-</b>	<b>(0.9)%</b>	<b>-</b>

➤ The sales are revised downward from the original forecast due the Drone lens and DSC/VC lens sales are expected to decline, however, still expecting Operating Income to increase.



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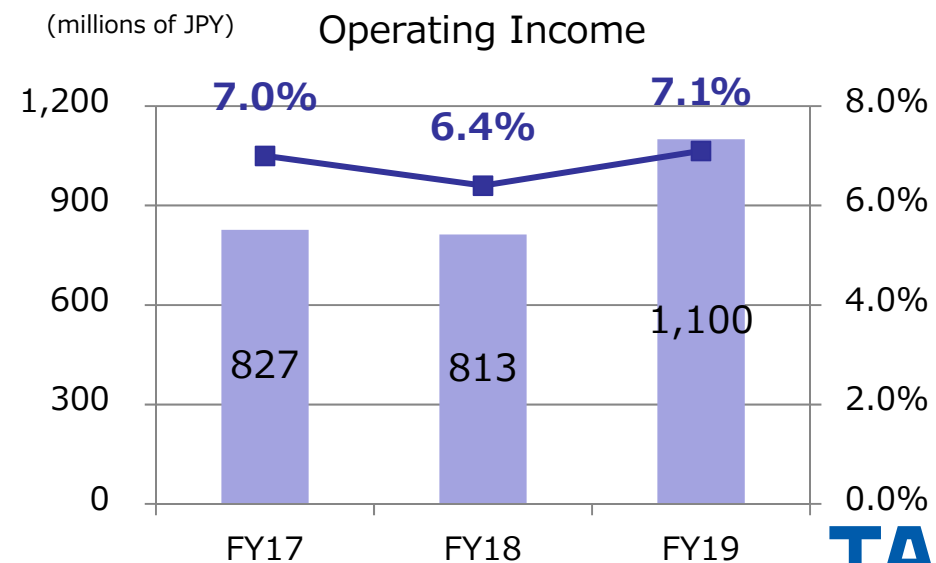
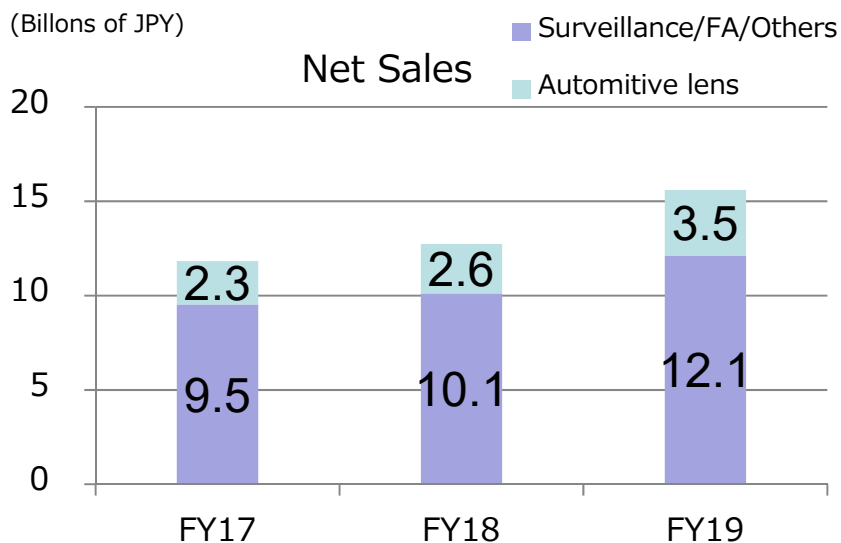
# Ⅲ- 2 . FY2019 Forecast by Segment

## 3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual FY18 (a)	Original Forecast FY19 (b)	Revised Forecast FY19 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	12,738	15,600	15,600	2,861	122.5%	–	100.0%
Operating Income	813	1,400	1,100	286	135.3%	(300)	78.6%
(% Sales)	6.4%	9.0%	7.1%	0.7%	–	(1.9)%	–

- The sales of Surveillance/FA Lenses and Automotive Lenses are expected **two-digit increase** from the previous year. **The Operating Income is revised downward** due to price competition and increase in R&D costs.



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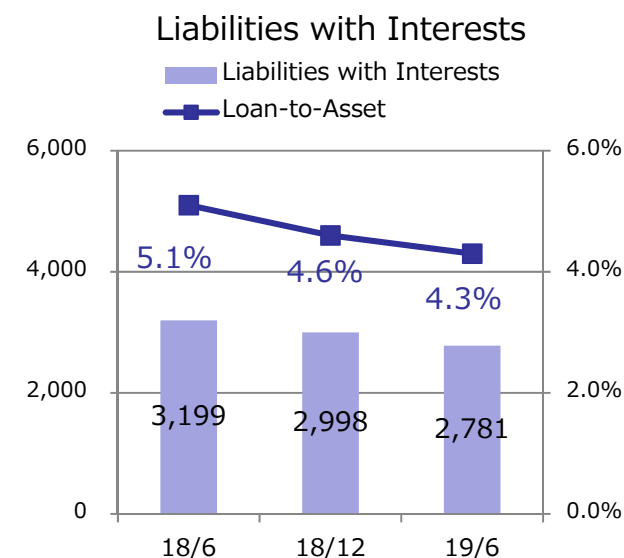
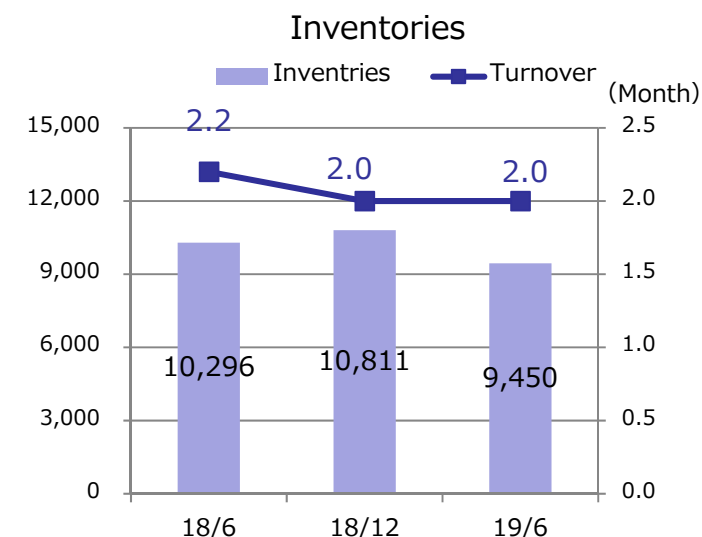
## IV. Reference Data

**TAMRON**

# IV- 1 . Financial Summary

(millions of JPY)

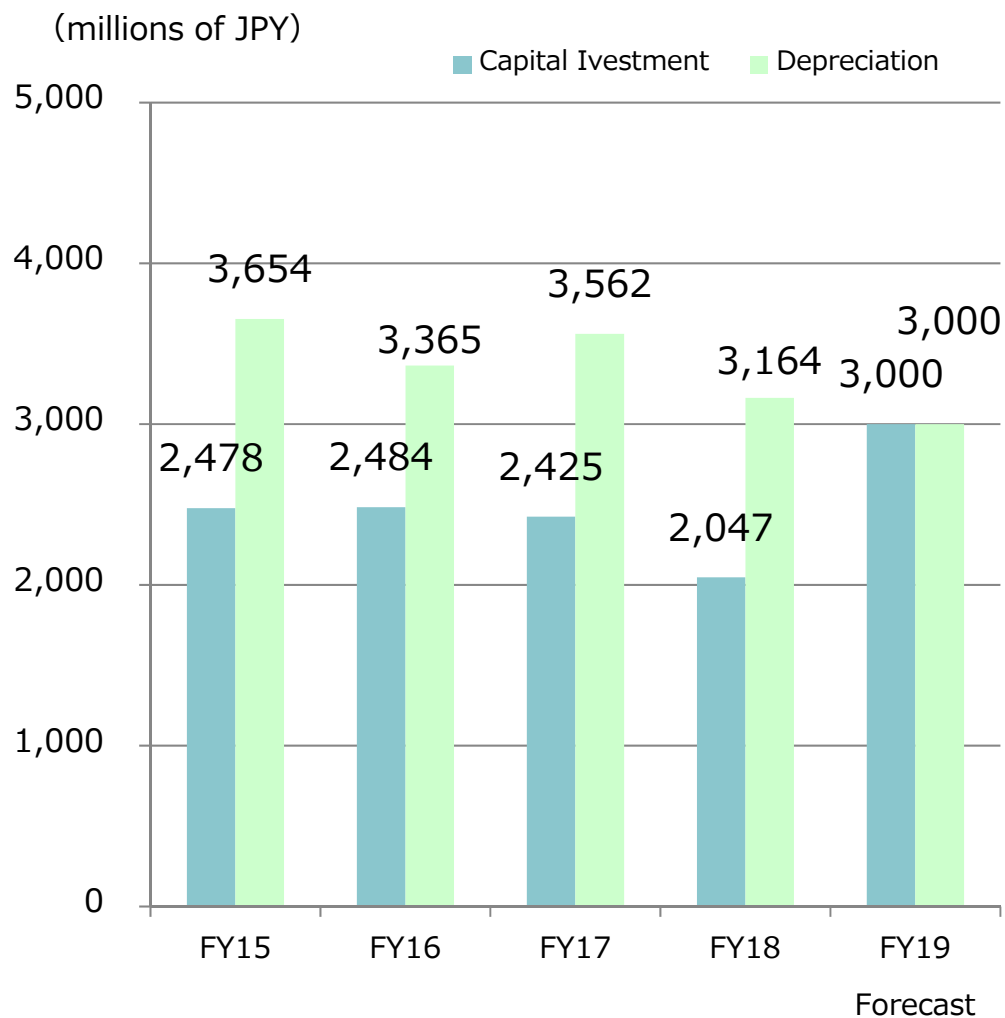
	Dec 31, 2018 (a)	Jun 30, 2019 (b)	Change (b)-(a)
Cash & Deposits	22,438	24,905	2,467
Notes & Accounts Receivable	13,407	12,525	(882)
Inventories	10,811	9,450	(1,361)
Other Current Assets	1,143	1,351	207
Non-Current Assets	16,903	16,445	(457)
<b>Total Assets</b>	<b>64,704</b>	<b>64,678</b>	<b>(26)</b>
Total Current Liabilities	11,553	11,016	(536)
Total Non-Current Liabilities	2,299	2,297	(1)
Total Net Assets	50,852	51,363	511
<b>Total Liabilities &amp; Net Assets</b>	<b>64,704</b>	<b>64,678</b>	<b>(26)</b>
Ratio of Net Assets	78.6%	79.4%	0.8%



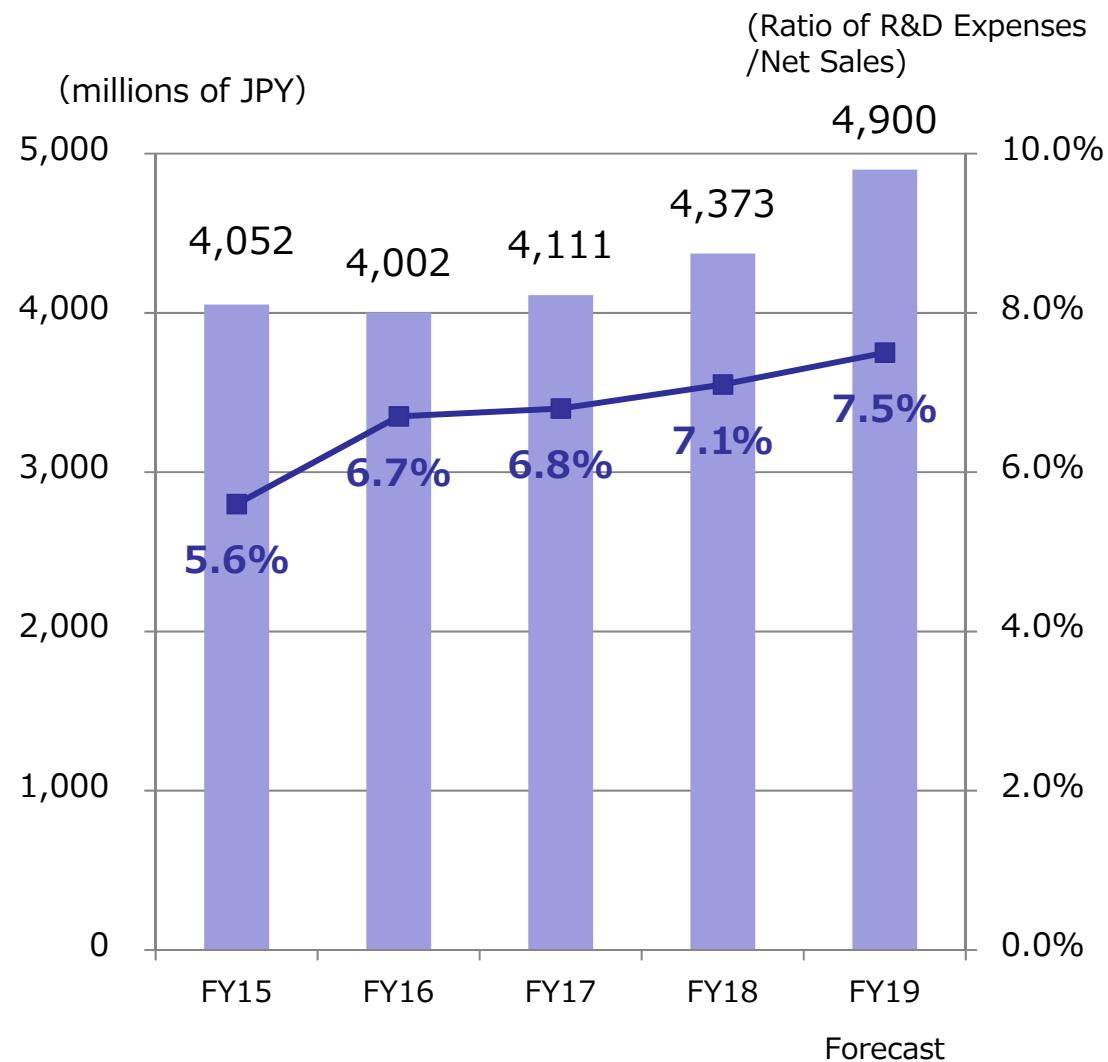
**TAMRON**

# IV- 2 . Capital Investment, Depreciation, & Research & Development Expenses

## Capital Investment & Depreciation

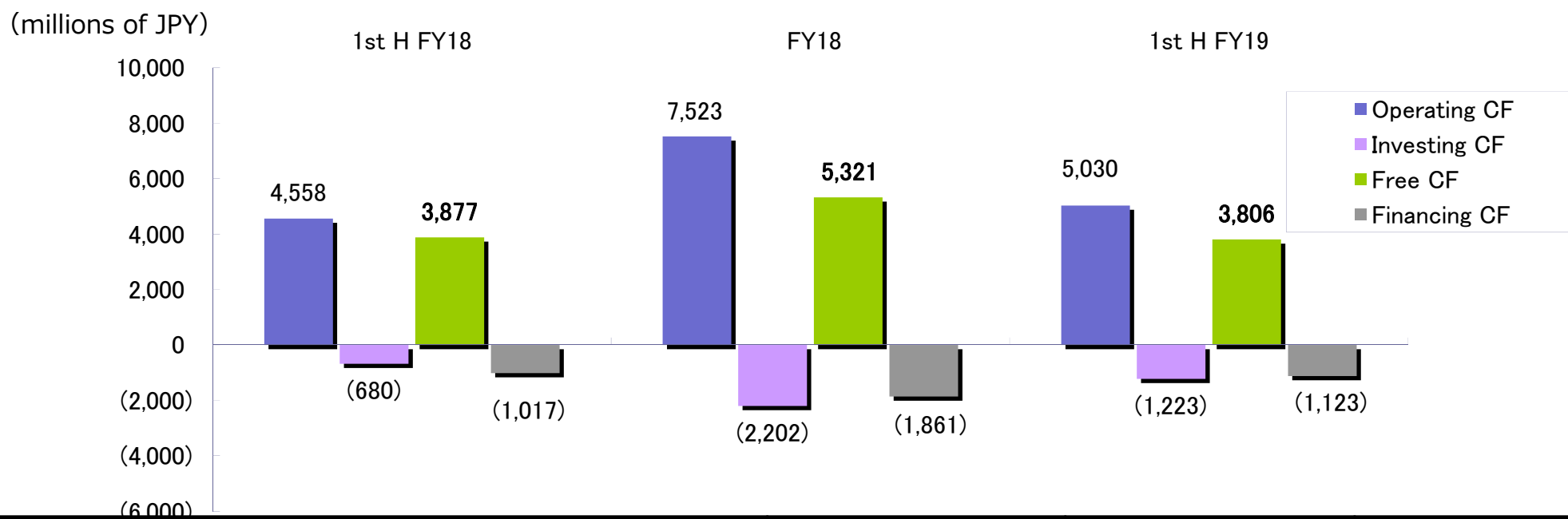


## Research & Development Expenses



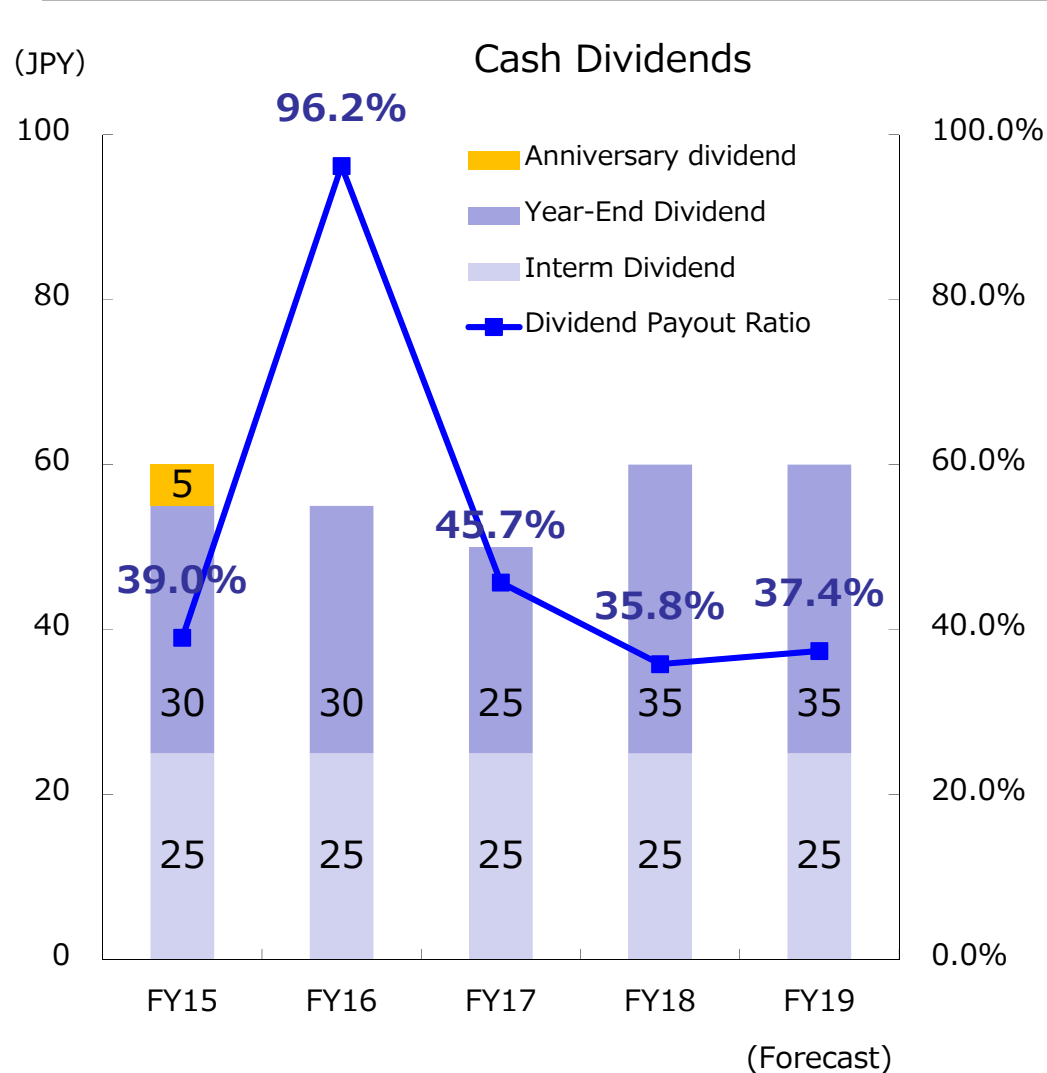
**TAMRON**

## IV- 3 . Cash Flow Situation

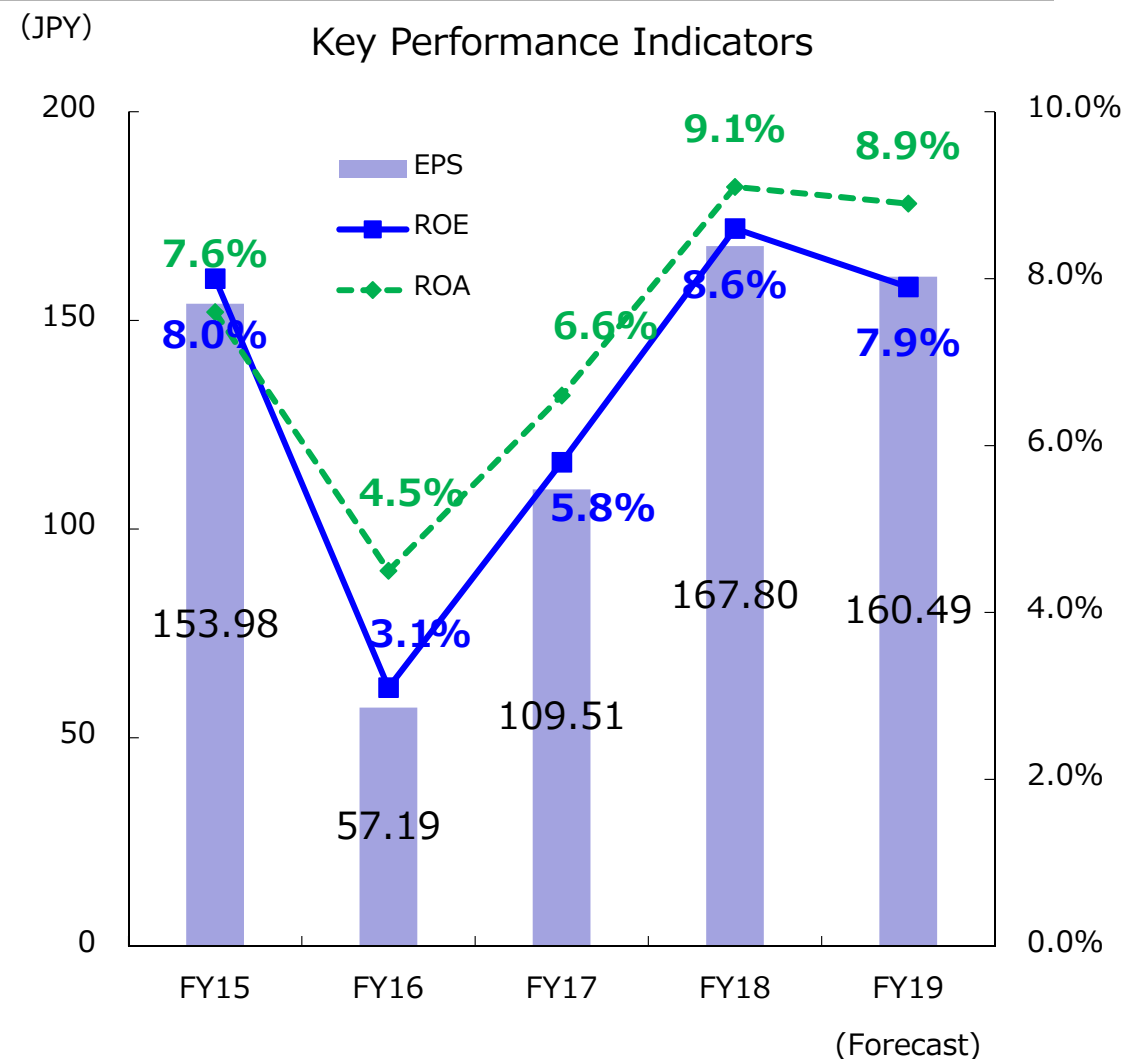


	1st H FY18	FY18	1st H FY19
Cash Flow from Operating Activities	4,558	7,523	5,030
Cash Flow from Investing Activities	(680)	(2,202)	(1,223)
Free Cash flow	3,877	5,321	3,806
Cash Flow from Financing Activities	(1,017)	(1,861)	(1,123)
Cash & Cash Equivalents at the End of Period	21,976	22,438	24,905

# IV-4 . Cash Dividends Outlook & Key Performance Indicators



※Including ¥5 65th anniversary dividend in FY15



ROE = Net Income/Net Assets (Average for FY)

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

## Dividend Policy

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

# TAMRON

## IV- 5 . Impact of Foreign Exchange Rate Fluctuations

### Actual 1st Half FY2019

(JPY)

(millions of JPY)

	Exchange Rate		Impact	
	Actual 1st H FY18	Actual 1st H FY19	Net Sales	Operating Income
USD	108.68	110.07	130	10
EUR	131.58	124.35	(230)	(190)
Others	-	-	(120)	(20)
<b>Total</b>	-	-	(220)	(200)

(Impact on previous year performance)

### Forecast 2nd Half FY2019

(JPY)

(millions of JPY)

	Exchange Rate	Impact of ¥1 appreciation	
	Assumption 2nd H FY19	Net Sales	Operating Income
USD	108.00	(160)	(20)
EUR	122.00	(50)	(40)

**TAMRON**

# Disclaimer

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1. The purpose of this material is to provide information on the actual results for 1st Half of FY2019 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.
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