



FY2015 Financial Results

February 10, 2016
Tamron Co., Ltd. (Code: 7740)

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I . FY2015 Financial Results

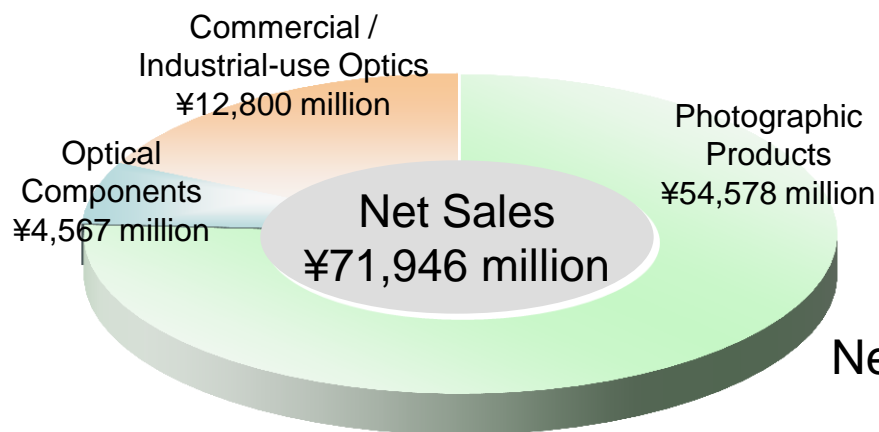
I -1. Business Briefing

Company Profile

- ❖ Total Subsidiaries Overseas: 9
- ❖ Domestic Offices: 4 / Sales Offices: 5
- ❖ ISO9001, ISO14001 Certified
ISO/TS16949 Certified
- ❖ Net Sales: ¥71,946 million (FY2015)
- ❖ Number of Employees: 5,829 (as of Dec. 31, 2015)
- ❖ Total Assets: ¥66,035 million (as of Dec. 31, 2015)

Business Segment

- ❖ Photographic Products
Interchangeable Lenses for Cameras
(SLR / MILC)
- ❖ Optical Components
Camcorder Lenses
Digital Still Camera Lenses
Lenses for Long Wavelength Infrared Cameras
Optical Devices
- ❖ Commercial / Industrial-use Optics
Surveillance Camera Lenses
Surveillance Camera
Automotive Camera Lenses
Test Plates



Net Sales by Segment
(FY2015)

I -2. FY2015 Summary

【Business Environment】

- ❖ Global economy: US economy had been expanding, however getting slower at the end of the year
European and Japanese economies had been recovering, however Japanese companies performances became lower gradually in the 2nd half
Chinese economic growth rate became slow with stagnant equipment investment and production
- ❖ Foreign exchange rate: Continuously JPY was weaker against USD and stronger against Euro
- ❖ Digital camera market: Both sales of interchangeable lens cameras and lenses were 6% decreased from FY2014 due to slow sales of SLR cameras in the 2nd half. Compact DSC market was 25% shrunken compared to last year

【Company's result】

- ❖ Increased consolidated net sales of photographic products and commercial/industrial optics could not compensated sales decrease of optical components. Finally net sales of the whole company was declined from last year
- ❖ Operating income and ordinary income were decreased due to sales decrease, unfavorable foreign exchange rate and increase of SGA (selling and general administrative expenses). Net income was increased because of extraordinary income
- ❖ Could not achieve the forecast of sales and profit due to stagnant market in the 2nd half and slow sales in Christmas season

【Topics】

- ❖ Received EISA award with ultra-wide-angle zoom lens, SP 15-30mm F/2.8 VC USD (A012)
→ Tamron won EISA award for the 10th consecutive year
- ❖ Launched high-power zoom lens 18-200mm F/3.5-6.3 VC (B018) which was the lightest weighted in the world among 18-200mm interchangeable lenses
- ❖ Launched fast apertures and versatile, fixed focal lengths lenses SP 35mm F/1.8 VC USD (F012) and SP 45mm F/1.8 VC USD (F013)
- ❖ Forecasted dividends for the term ending on Dec. 31, 2015 will be 35 yen including commemorative dividends 5 yen (annually 10 yen increase from last year). As a result, the dividend payout ratio should be 39.0%.

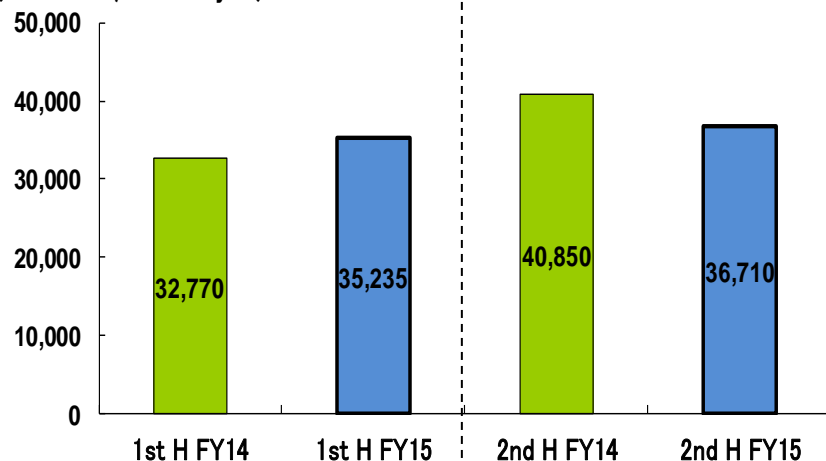
I -3. FY2015 Half-Year Financial Results

(millions of yen)

	1st H FY14	1st H FY15	Change	2nd H FY14	2nd H FY15	Change
Net Sales	32,770	35,235	2,464	40,850	36,710	(4,139)
Operating Income	2,565	2,764	199	3,510	1,790	(1,720)
(% Sales)	7.8%	7.8%	0.0%	8.6%	4.9%	(3.7)%

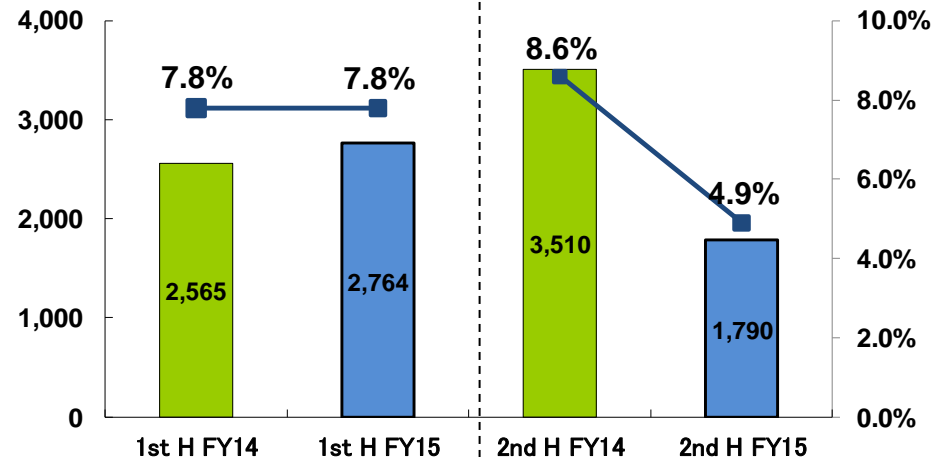
Net Sales

(Net Sales/million yen)



Operating Income

(Operating Income/million yen)



I -4. FY2015 Financial Results



(millions of yen)

	Actual FY14 (a)	Forecast (15/8/7) FY15 (b)	Actual FY15 (c)	Inc / Dec		Inc / Dec		FX Impact vs. FY14
				(c)-(a)	%	(c)-(b)	%	
Net Sales	73,621	78,500	71,946	(1,675)	97.7%	(6,553)	91.7%	4,400
Operating Income	6,076	6,600	4,554	(1,521)	75.0%	(2,045)	69.0%	(1,300)
(% Sales)	8.3%	8.4%	6.3%	(2.0)%	-	(2.1)%	-	-
Ordinary Income	6,200	6,400	5,140	(1,059)	82.9%	(1,259)	80.3%	-
(% Sales)	8.4%	8.2%	7.1%	(1.3)%	-	(1.1)%	-	-
Net Income	3,846	4,850	4,048	201	105.2%	(801)	83.5%	-
Effective Tax Rate	37.0%	-	31.3%	(5.7)%	-	-	-	-
Foreign Exchange Rate								
Yen-1USD	105.79	115.00	121.11	15.32	-	6.11	-	-
Yen-1EURO	140.37	135.00	134.35	(6.02)	-	(0.65)	-	-

❖ Released "Revision of Forecast on Earnings" on Jan. 21, 2016 based on the recognition of the gap between above forecast and the latest

I -5. FY2015 Results by Segment

(millions of yen)

		Actual FY14 (a)	Forecast (15/8/7) FY15 (b)	Actual FY15 (c)	Inc / Dec		Inc / Dec		FX Impact vs. FY14
					(c)-(a)	%	(c)-(b)	%	
Photographic Products	Net Sales	53,932	59,500	54,578	645	101.2%	(4,921)	91.7%	2,450
	Operating Income	5,853	7,200	5,498	(354)	93.9%	(1,701)	76.4%	(1,650)
	(% Sales)	10.9%	12.1%	10.1%	(0.8)%	-	(2.0)%	-	-
Sales was increased with the contribution of new own-branded products and strong sales in Europe. However, profit was decreased due to unfavorable impacts of foreign exchange rate									
Optical Components	Net Sales	7,032	4,700	4,567	(2,465)	64.9%	(132)	97.2%	600
	Operating Income	664	300	228	(435)	34.4%	(71)	76.3%	100
	(% Sales)	9.4%	6.4%	5.0%	(4.4)%	-	(1.4)%	-	-
Both sales and profit were significantly decreased because of drastic shrink of the market									
Commercial / Industrial-use Optics	Net Sales	12,656	14,300	12,800	144	101.1%	(1,499)	89.5%	1,350
	Operating Income	2,190	1,700	1,411	(778)	64.4%	(288)	83.0%	250
	(% Sales)	17.3%	11.9%	11.0%	(6.3)%	-	(0.9)%	-	-
Although the growth of automotive camera lenses contributed to sales increase, profit was decreased due to the intensive competition in China and the increase of the research and development expenses									
Elimination and/or Corporate		(2,632)	(2,600)	(2,584)	48	-	15	-	-
Total	Net Sales	73,621	78,500	71,946	(1,675)	97.7%	(6,553)	91.7%	4,400
	Operating Income	6,076	6,600	4,554	(1,521)	75.0%	(2,045)	69.0%	(1,300)

I -6. FY2015 Quarterly Results by Segment



(millions of yen)

		1Q FY15	2Q FY15	3Q FY15	4Q FY15	Annual FY15
Photographic Products	Net Sales	12,495	14,171	12,992	14,918	54,578
	Operating Income	1,668	1,391	1,047	1,391	5,498
	(% Sales)	13.4%	9.8%	8.1%	9.3%	10.1%
Optical Components	Net Sales	1,080	1,168	1,183	1,134	4,567
	Operating Income	89	22	82	34	228
	(% Sales)	8.2%	1.9%	6.9%	3.1%	5.0%
Commercial / Industrial-use Optics	Net Sales	3,241	3,077	3,393	3,088	12,800
	Operating Income	393	358	504	154	1,411
	(% Sales)	12.1%	11.7%	14.9%	5.0%	11.0%
Eliminations and/or Corporate		(570)	(589)	(648)	(776)	(2,584)
Total	Net Sales	16,818	18,417	17,569	19,140	71,946
	Operating Income	1,581	1,183	985	804	4,554

Ⅱ . FY2016 Financial Forecast

II -1. FY2016 Forecast

Planning 4% growth of sales and 14% growth of operating income from FY2015 (millions of yen)

	Actual 1st H FY15	Actual 2nd H FY15	Actual FY15 (a)	Forecast 1st H FY16	Forecast 2nd H FY16	Forecast FY16 (b)	Inc/Dec	
							(b)-(a)	(b)/(a)
Net Sales	35,235	36,710	71,946	34,200	40,800	75,000	3,053	104.2%
Operating Income	2,764	1,790	4,554	1,400	3,800	5,200	645	114.2%
(% Sales)	7.8%	4.9%	6.3%	4.1%	9.3%	6.9%	0.6%	-
Ordinary Income	2,819	2,320	5,140	1,400	3,800	5,200	59	101.2%
(% Sales)	8.0%	6.3%	7.1%	4.1%	9.3%	6.9%	(0.2)%	-
Net Income	2,678	1,370	4,048	940	2,430	3,370	(678)	83.2%
Foreign Exchange Rate								
Yen-1USD	120.31	121.90	121.11	120.00	120.00	120.00	(1.11)	-
Yen-1EURO	134.14	134.56	134.35	130.00	130.00	130.00	(4.35)	-

II -2. FY2016 Performance Variation Factors

- ❖ Planning to increase both net sales and operating income with overcoming forecasted unfavorable foreign exchange rate in FY2016
- ❖ R&D expenses will be increased for the future growth of business, however will squeeze COGS and make gross margin ratio improved from FY2015

(millions of yen)

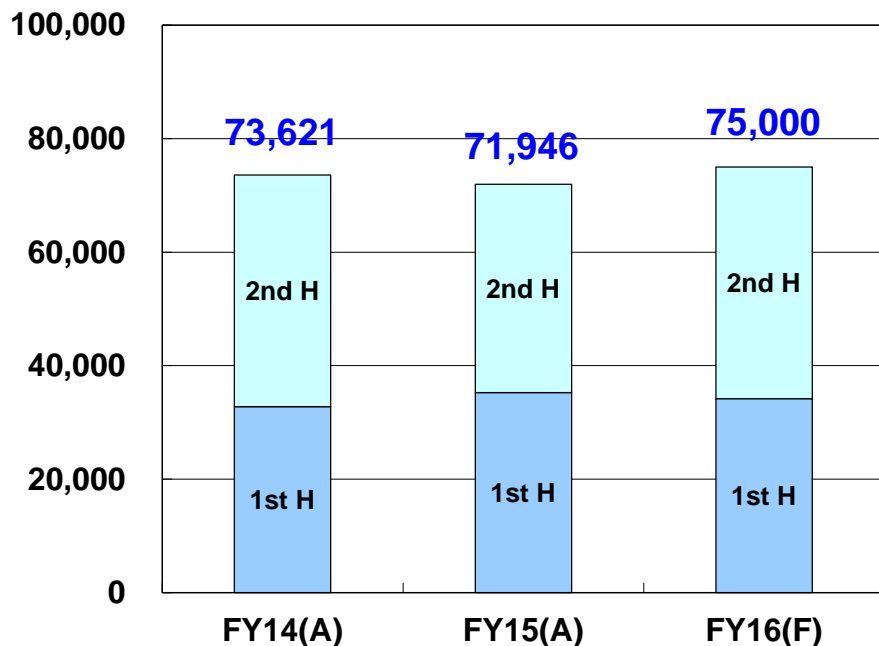
	FY15 (Actual)	FY16 (Forecast)	Inc / Dec		Change Factors
	(a)	(b)	(b)-(a)	(b)/(a)	
Net Sales	71,946	75,000	3,053	104.2%	Sales Increase 3,950 FX rate Impact (900) ----- 3,050
Operating Income	4,554	5,200	645	114.2%	Sales Increase 1,250 FX rate Impact (450) SGA & Others (150) ----- 650

II -3. FY2016 Forecast (Sales/Operating Income)



(millions of yen)

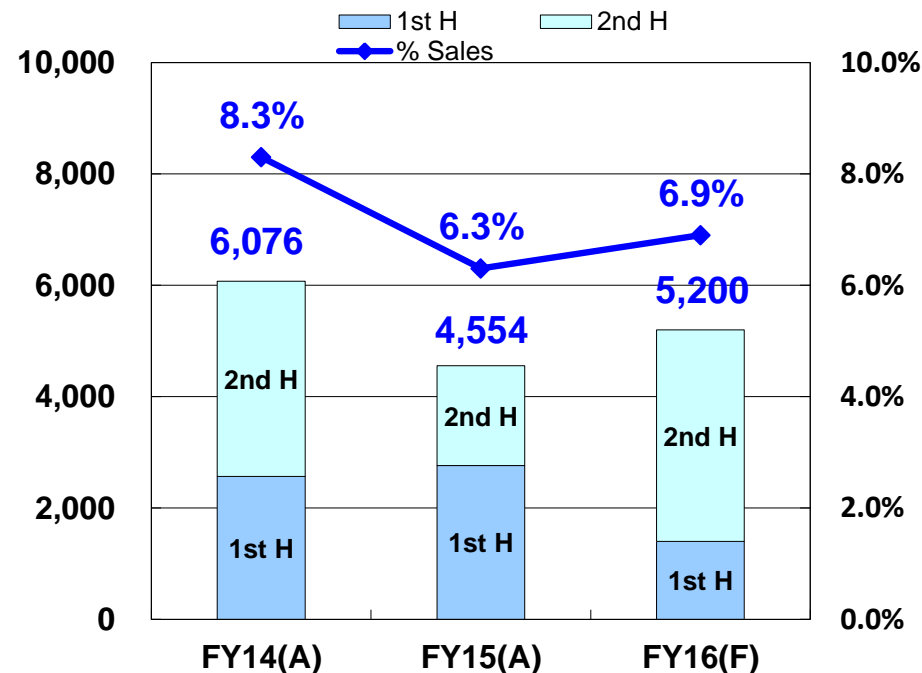
Net Sales



1st H	32,770	35,235	34,200
2nd H	40,850	36,710	40,800
FY	73,621	71,946	75,000
YoY	107.6%	97.7%	104.2%

* (A):Actual (F):Forecast

Operating Income



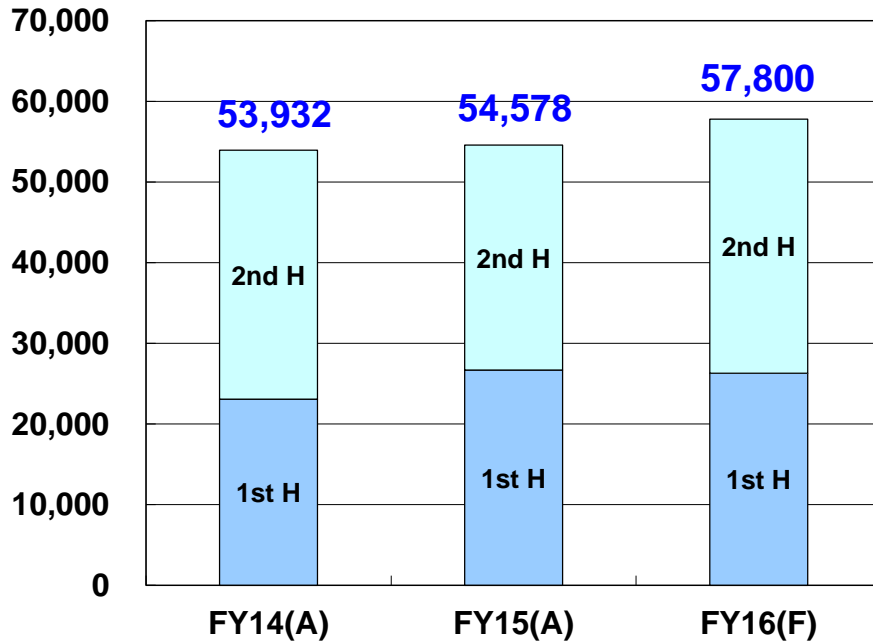
1st H	2,565	2,764	1,400
2nd H	3,510	1,790	3,800
FY	6,076	4,554	5,200
% Sales	8.3%	6.3%	6.9%
YoY	116.1%	75.0%	114.2%

II -4. FY2016 Forecast by Segment



1) Photographic Products

Net Sales

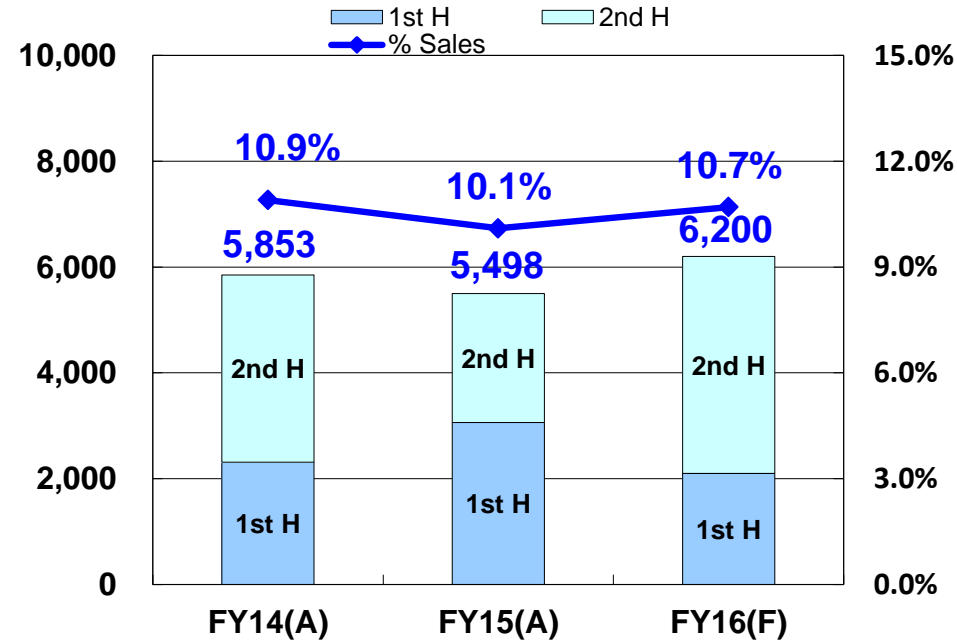


1st H	23,090	26,666	26,300
2nd H	30,842	27,911	31,500
FY	53,932	54,578	57,800
YoY	111.2%	101.2%	105.9%

* (A):Actual (F):Forecast

Operating Income

(millions of yen)



1st H	2,311	3,059	2,100
2nd H	3,542	2,438	4,100
FY	5,853	5,498	6,200
% Sales	10.9%	10.1%	10.7%
YoY	136.7%	93.9%	112.8%

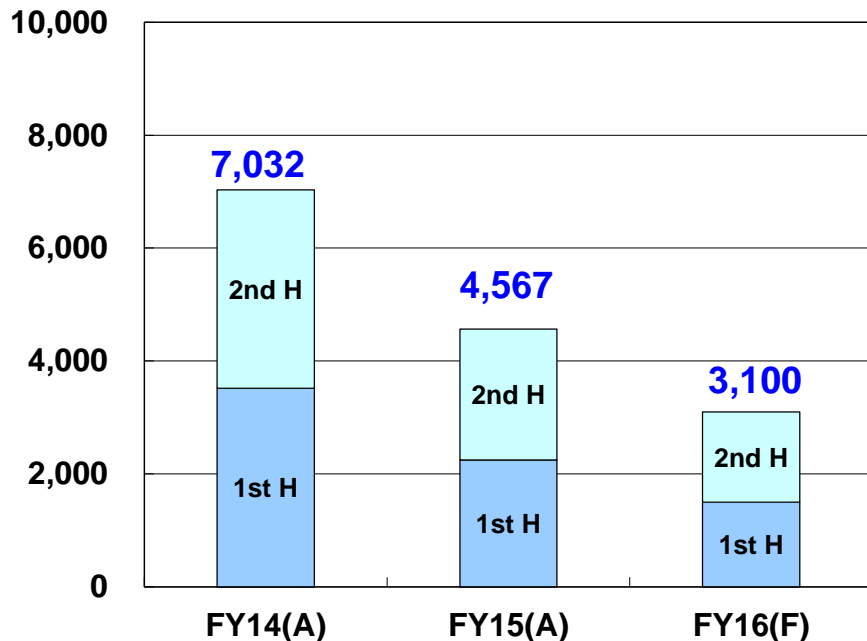
❖ Planning to launch new own-branded products and increase both sales and profit

II -4. FY2016 Forecast by Segment

2) Optical Components



Net Sales

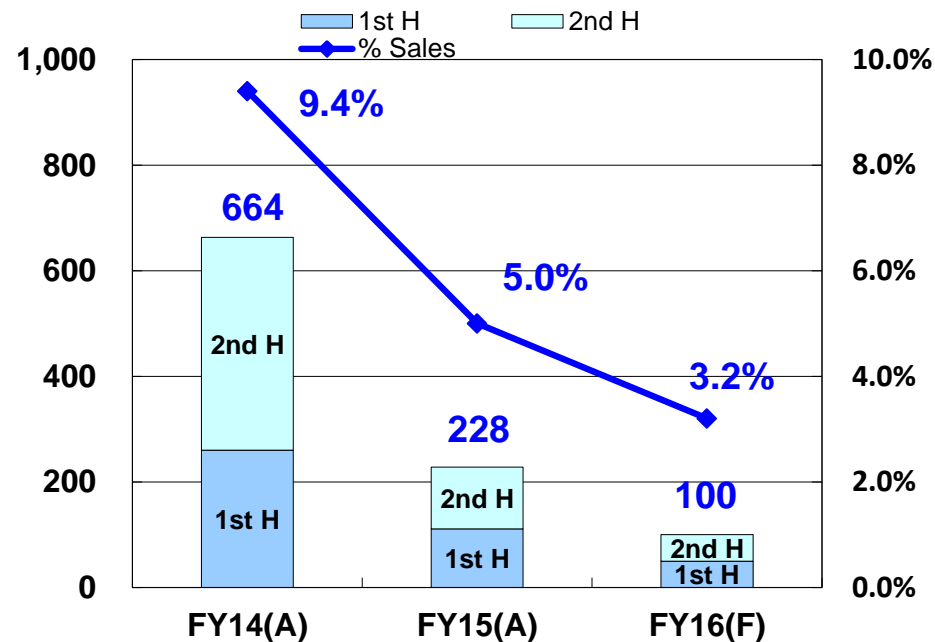


1st H	3,518	2,249	1,500
2nd H	3,513	2,317	1,600
FY	7,032	4,567	3,100
YoY	92.2%	64.9%	67.9%

* (A):Actual (F):Forecast

Operating Income

(millions of yen)



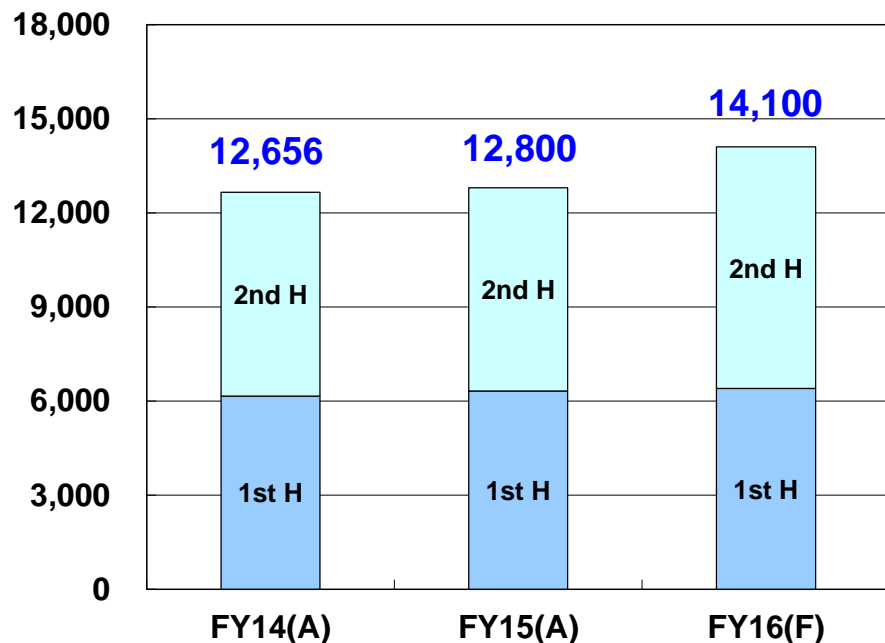
1st H	260	111	50
2nd H	403	117	50
FY	664	228	100
% Sales	9.4%	5.0%	3.2%
YoY	70.8%	34.4%	43.7%

❖ Forecasting shrink of the market, however will keep OI positive and invest to new categories

II -4. FY2016 Forecast by Segment

3) Commercial / Industrial-use Optics

Net Sales

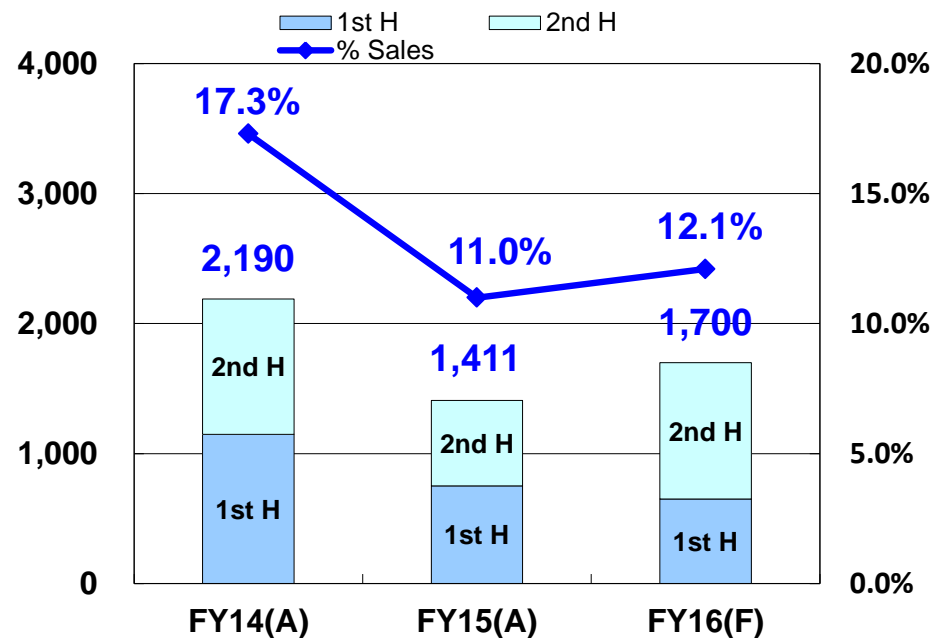


1st H	6,161	6,319	6,400
2nd H	6,494	6,481	7,700
FY	12,656	12,800	14,100
YoY	102.6%	101.1%	110.1%

* (A):Actual (F):Forecast

Operating Income

(millions of yen)



1st H	1,147	752	650
2nd H	1,043	658	1,050
FY	2,190	1,411	1,700
% Sales	17.3%	11.0%	12.1%
YoY	90.2%	64.4%	120.4%

❖ Increase sales and profit with recovery of CCTV lenses in China and growth of automotive lenses

Ⅲ. Financial Situation

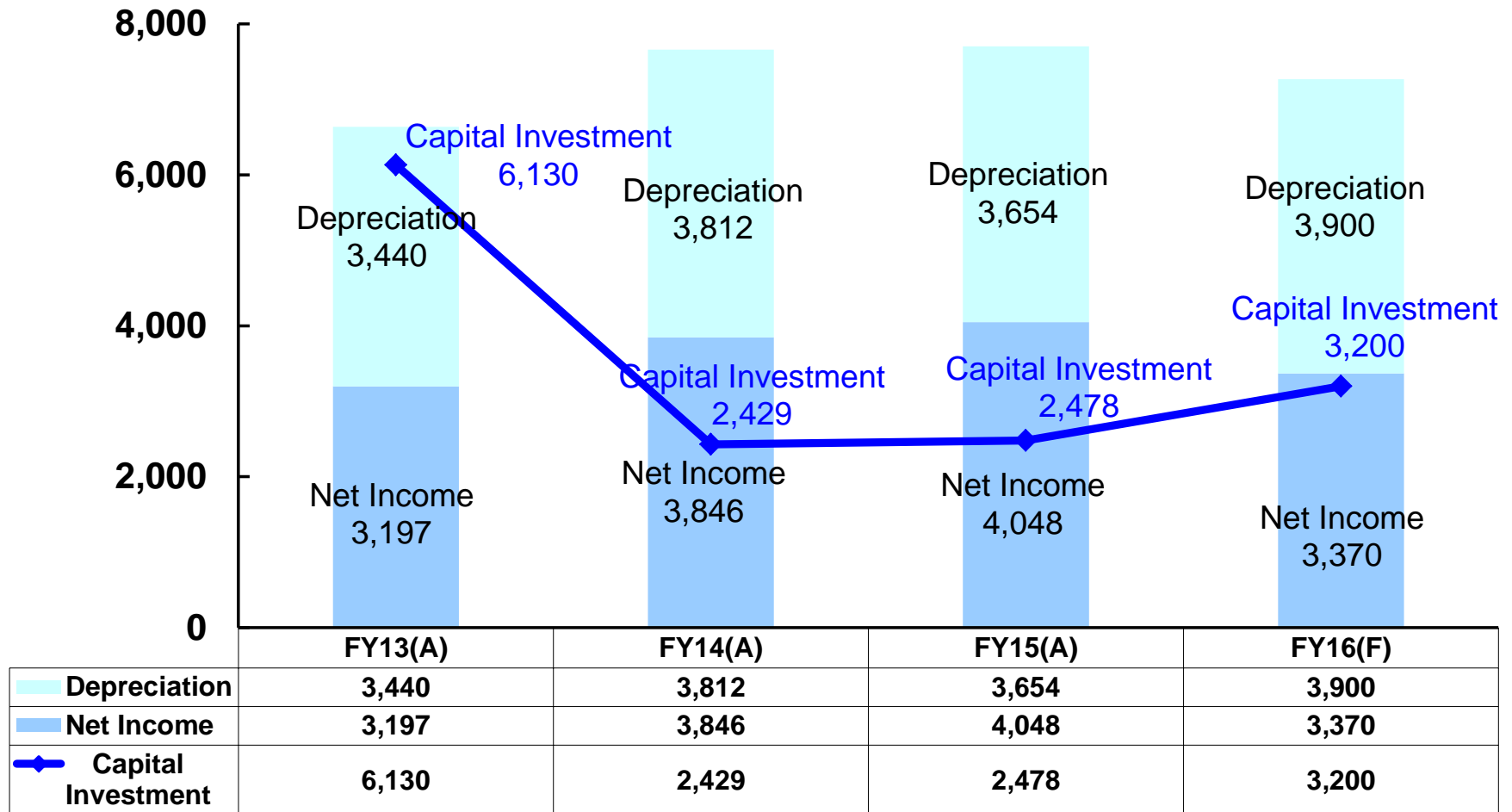
III-1. Financial Summary

(millions of yen)

	FY14 (a)	FY15 (b)	Change (b)-(a)	Remarks
Cash and deposits	15,915	14,192	(1,723)	Declined with acquisition of treasury of stock
Notes and accounts receivable	18,653	15,804	(2,848)	Due to slow sales in 4Q
Inventories	10,536	12,875	2,338	Increase of finished goods caused by slow sales in Christmas season
Other current assets	1,849	2,047	197	
Non-current assets	22,950	21,114	(1,835)	Decrease of capital investment, compared to larger investment in 2013
Total Assets	69,906	66,035	(3,870)	
Total current liabilities	14,602	14,594	(8)	
Total non-current liabilities	3,308	2,439	(869)	
Total liabilities	17,911	17,033	(877)	
Total net assets	51,995	49,001	(2,993)	Acquisition and cancellation of treasury stock
Total liabilities and net assets	69,906	66,035	(3,870)	
Ratio of net assets	74.4%	74.2%	(0.2)%	

III-2. Capital Investment & Depreciation

(millions of yen)

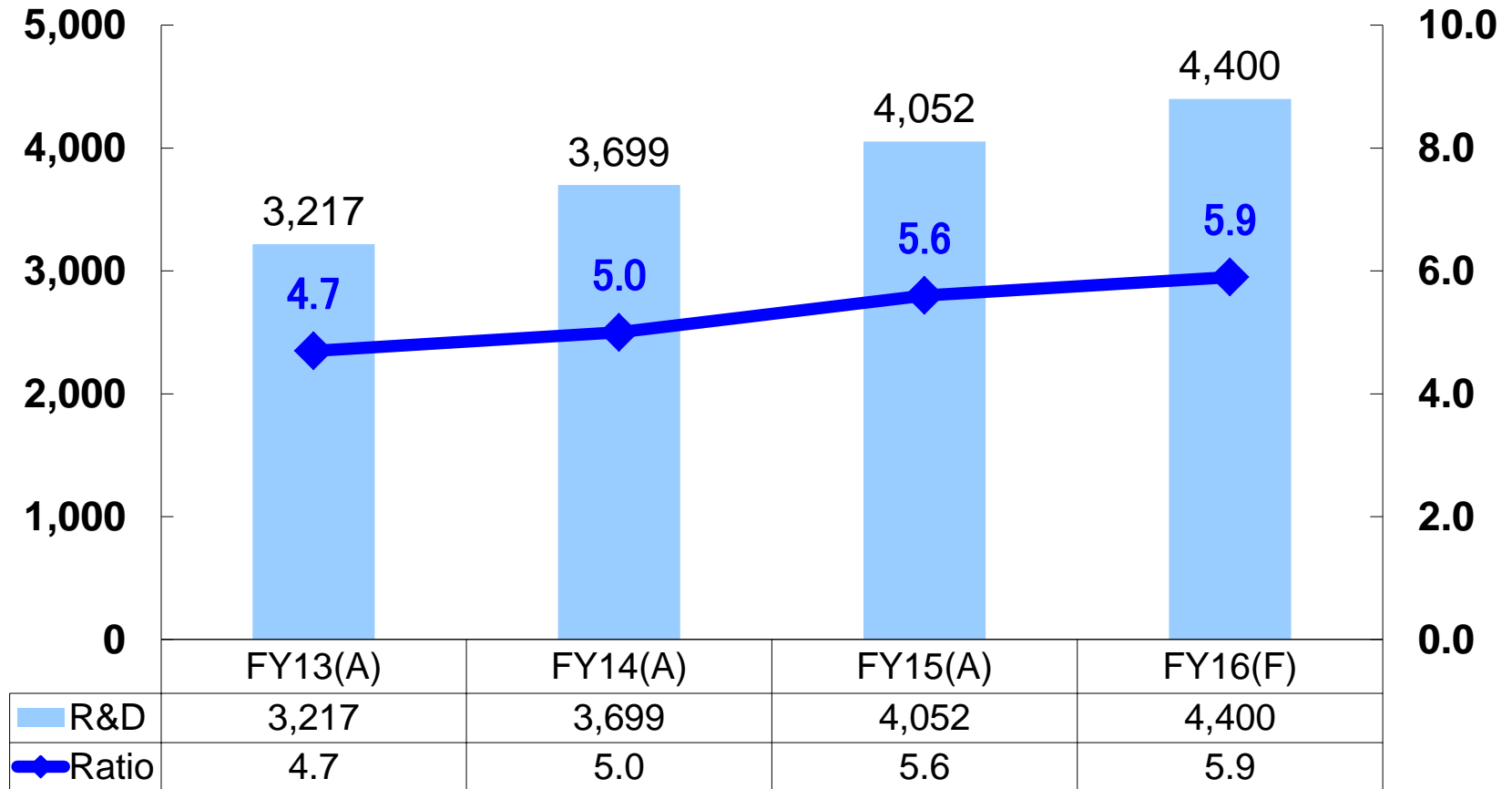


* (A):Actual (F):Forecast

III-3. Research & Development Expenses

(millions of yen)

(%)

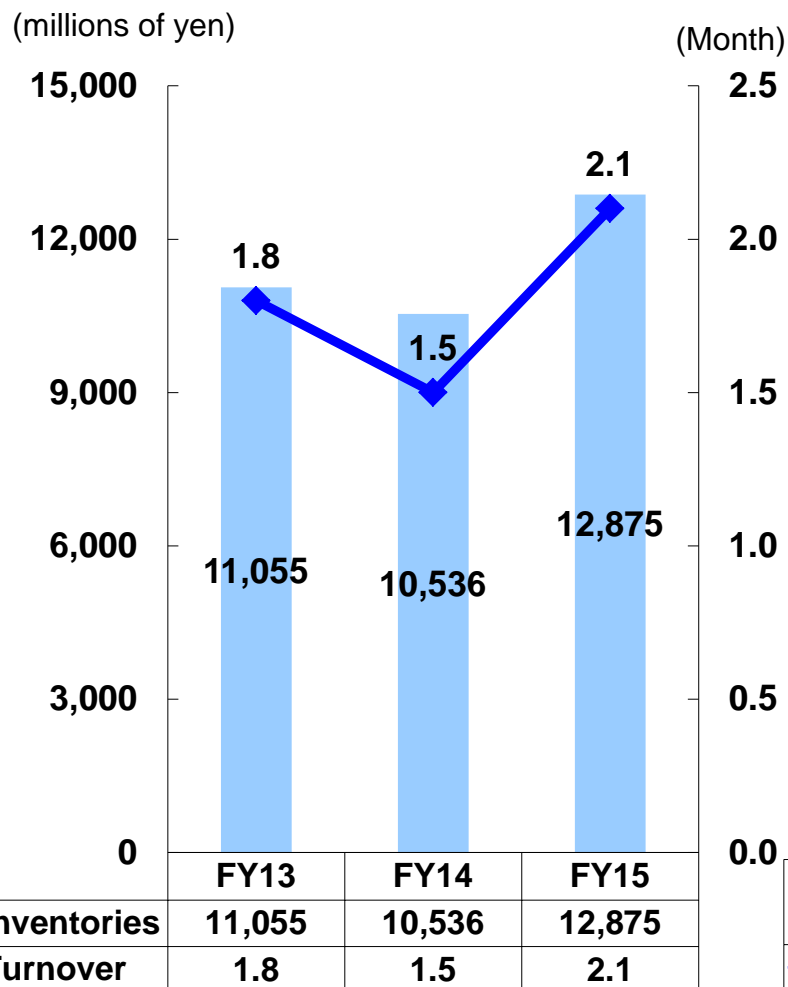


* R&D cost/Net sales ratio

* (A):Actual (F):Forecast

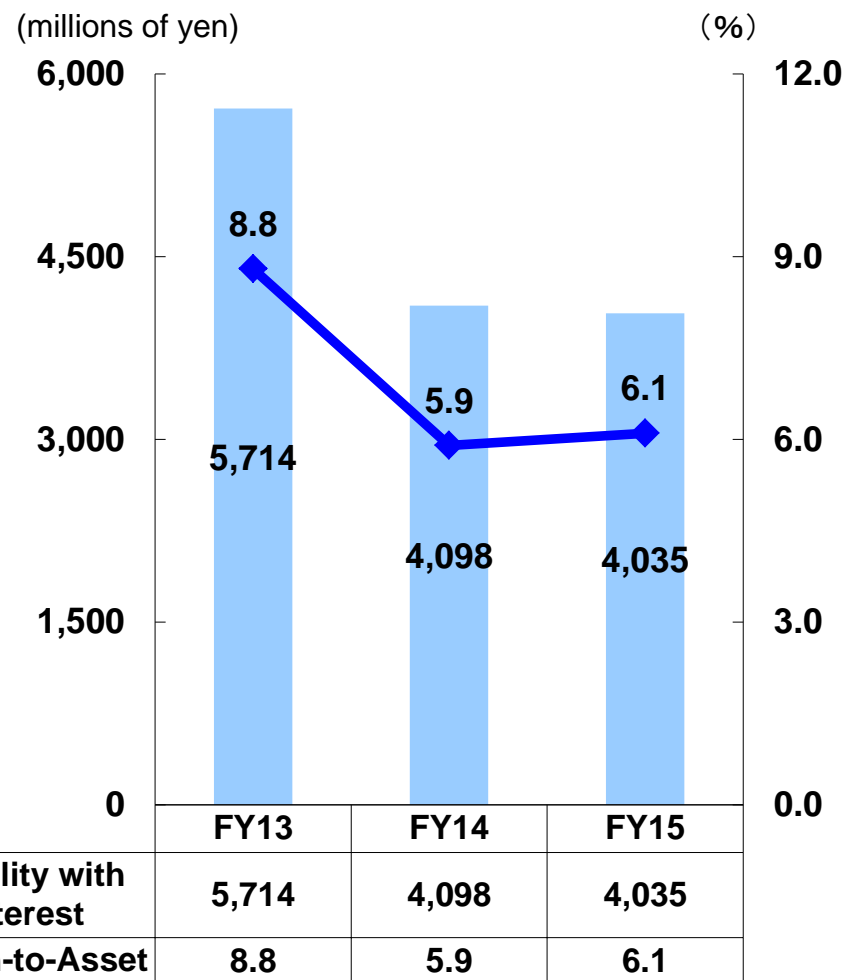
III-4. Inventories / Liabilities with Interests

Inventories

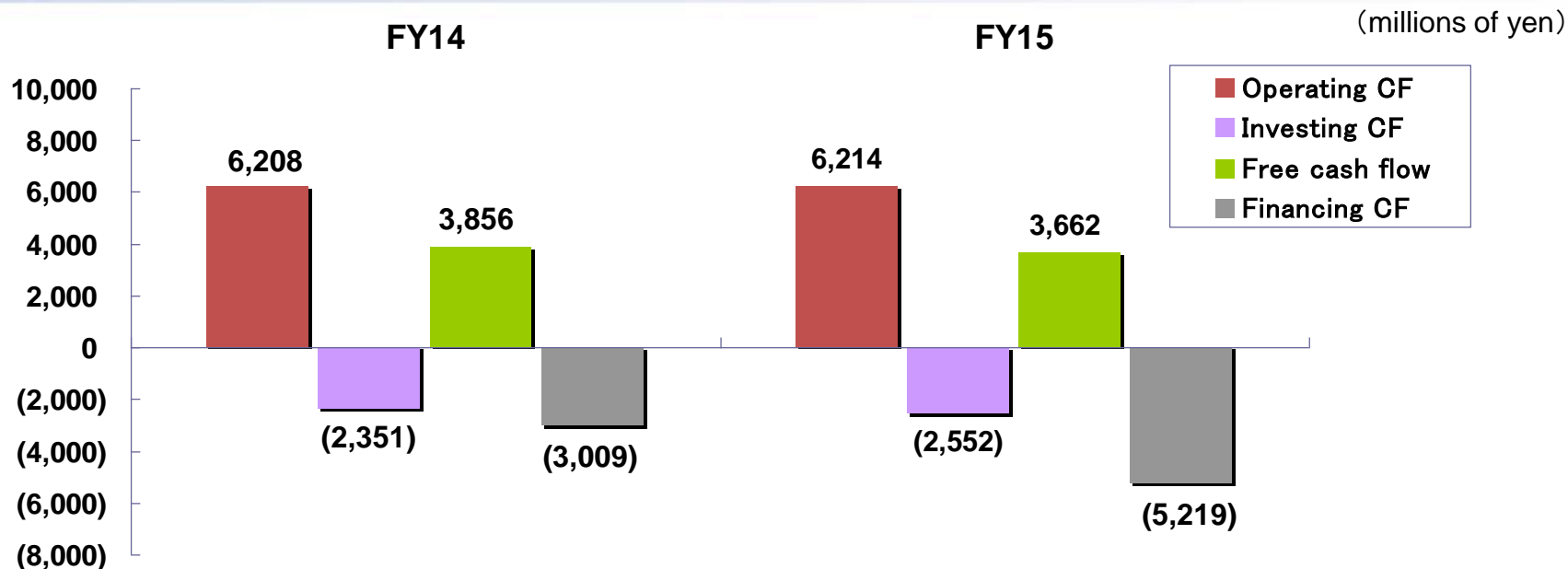


(Turnover ratio based on average monthly sales of last 6 months)

Liabilities with Interests



III-5. Cash Flow Situation



	FY14	FY15
Cash flow from operating activities	6,208	6,214
Cash flow from investing activities	(2,351)	(2,552)
Free cash flow	3,856	3,662
Cash flow from financing activities	(3,009)	(5,219)
Cash and cash equivalents at the end of period	15,915	14,192
Liquidity (Months)	2.59	2.37

III-6. Cash Dividends Outlook

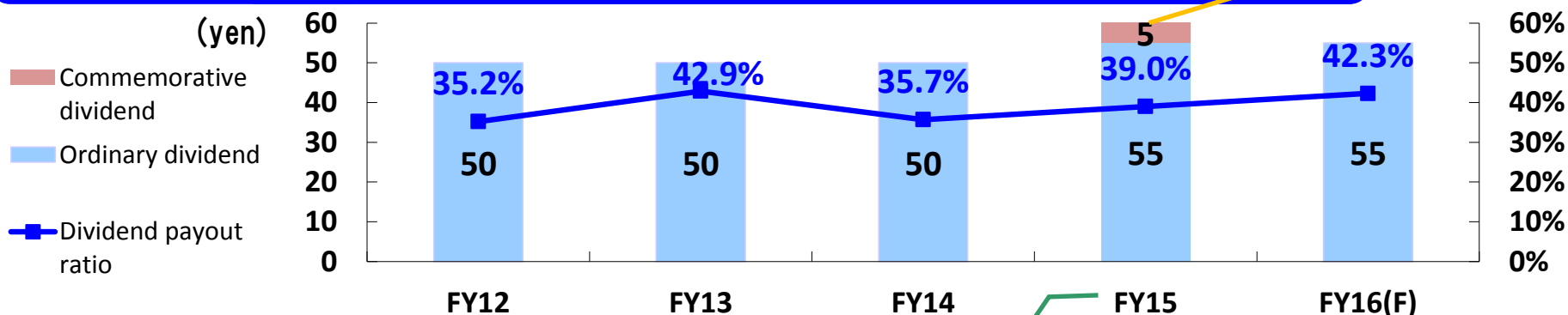
Annually ¥10 increase (Ordinary dividend ¥5, Commemorative ¥5) in FY2015

(yen)	FY12	FY13	FY14	FY15	FY16(F)
Interim	20.00	20.00	20.00	25.00	25.00
Year-end	30.00	30.00	30.00	35.00	30.00
Annual	50.00	50.00	50.00	60.00	55.00
Dividends Payout Ratio (Consolidated)	35.2%	42.9%	35.7%	39.0%	42.3%

Dividend Policy

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

Including ¥5 commemorative dividend

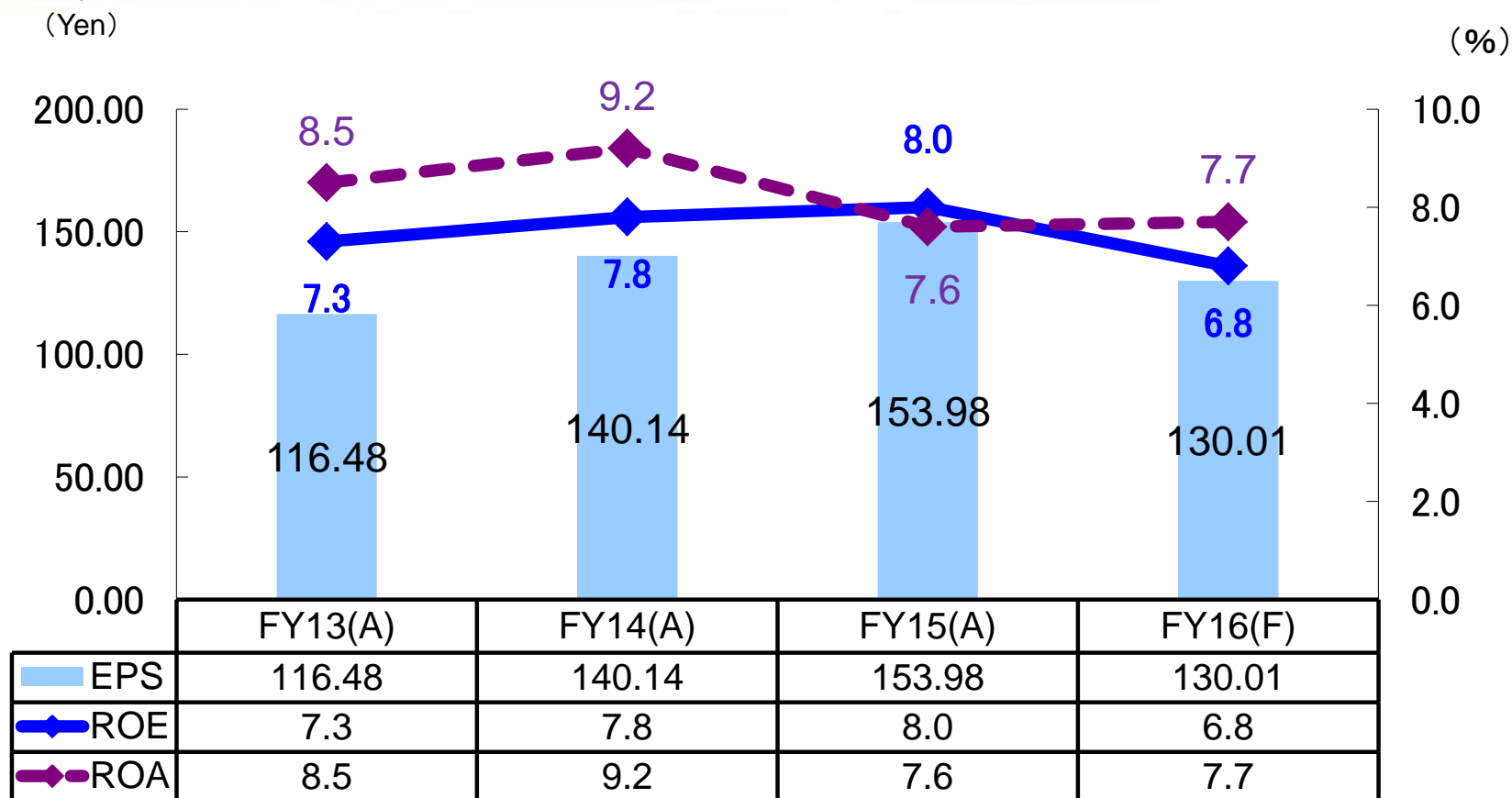


Acquired and cancelled treasury stock in 2015

Ⅲ-7. Reference Data



1) Key Performance Index



- ❖ ROE = Net Income / Net assets (average for FY)
- ❖ ROA = Ordinary Income / Total assets (average for FY)
- ❖ (A): Actual (F): Forecast

III-7. Reference Data



2) Impact of Foreign Exchange Rate Fluctuations

Actual FY2015

(yen)

(million of yen)

	Exchange Rate		Impact	
	Actual FY14	Actual FY15	Net Sales	Operating Income
USD	105.79	121.11	4,700	(550)
Euro	140.37	134.35	(650)	(550)
Others	-	-	350	(200)
Total	-	-	4,400	(1,300)

(Impact on FY2014 Actual performance)

Forecast FY2016

(yen)

(million of yen)

	Exchange Rate	Impact of one yen change in FY2016	
	Assumption FY16	Net Sales	Operating Income
USD	120.00	290	(30)
Euro	130.00	130	110

IV. Mid-Term Strategy

New eyes for industry

IV-2. Mid-Term Management Goal for FY2018

Net Sales : ¥92.0 billion

Operating Income : ¥8.6 billion

(Operating Income Ratio 9.3%)

ROE : 10% or more

IV-3. Strategy towards FY2018 by Segment

1) Photographic Products

Sales target : 66.5 billion yen (72.3% of total net sales)

**2018
Mid-Term
Target**

- ❖ Timely launches of new products with strengthening design and development organization
- ❖ Enhance sales activities in emerging markets and areas whose market shares are still low
- ❖ Raise brand awareness and reputation with product performance and design
- ❖ Enhance OEM business with proposal-based sales approach

Launched in
2014



Ultra Tele Zoom
150-600mm VC USD (Model A011)



High Power Zoom
16-300mm VC PZD
(Model B016)

Launched in
2015



35mm F/1.8VC USD
(Model F012)

Launched in Dec. 2014



Wide Zoom
15-30mm F/2.8VC USD
(Model A012)

Launched in
Sep. 2015

Fixed Focal



45mm F/1.8VC USD
(Model F013)

Launched in Aug. 2015



**World's lightest weight*
High Power Zoom**
18-200mm VC (Model B018)

To be launched in 2016

► Expansion of Fixed Focal Lenses Lineup



► Renewal with added value



Wide Zoom

Ultra Tele Zoom

► Expansion of higher-value, compact and light weighted products

*among 18-200mm interchangeable lenses
(as of Aug. 5, 2015 / Source: Tamron)

2) Optical Components

Sales target: 3.4 billion yen (3.7% of total net sales)

**2018
Mid-Term
Target**

- ❖ Focus on value-added products and secure appropriate profit
- ❖ Reduce new investment to the shrinking markets
- ❖ Entry to new categories with leveraging our strength and advantage of optics technology
- ❖ Gain cost competitiveness of far-infrared range optical systems



Digital still camera lenses, Camcorder lenses



Lenses for Long Wavelength
Infrared Cameras

3) Commercial / Industrial-use Optics

Sales target: 22.1 billion yen (24.0% of total net sales)

**2018
Mid-Term
Target**

- ❖ Enhance sales with technology innovation of CCTV lenses and collaboration with camera manufactures
- ❖ Build development and sales structures which fit to Chinese market in order to gain market share in China where major CCTV manufactures are located
- ❖ Enhance automotive camera lenses especially for sensing application
- ❖ Enhance camera module business (Compact/ultra-sensitive camera module etc.)
- ❖ Establish new businesses through co-creation with external partners (including M&A)



Surveillance camera lenses



Automotive camera lenses



To be launched
on Feb. 10, 2016

Ultra-Compact Camera Module

with Industry-First* Optical Vibration Compensation

IV-4. Development & Production Strategy

Advanced development

Establish R&D structure for advanced technology development from long-term perspective (including establishment of new R&D center)

Role-sharing production

Improve productivity with clear role-sharing between domestic, China and Vietnam and build local management team to lead local production

Productivity improvement

Continuously invest to automation and enhance productivity

Cost cutting

Enhance local procurement and cost management from the beginning stage of design process

Tamron Optical Vietnam (Manufacturing facility in Vietnam)

→ Planning to be positive in 2016 and contribute to profitability in mid-term perspective



Index	Current situation
Number of employees	200 (Jul, 2013) → 1,278 (Feb, 2016) ※ at the time of operation started
Major process	Lens element, Metal, Molding, Assembly
Production models	DSLR camera lenses Surveillance camera lenses
Local procurement ratio	Current: 20% → Target: 80%

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3. Please note that the actual results may sometimes differ from the forecasts contained herein due to various factors.
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