



# 2nd Quarter FY2011 Financial Results

**August 9, 2011**  
**Tamron Co., Ltd. (Code: 7740)**

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# I . 2nd Quarter FY2011 Financial Results

# I -1. Business Briefing

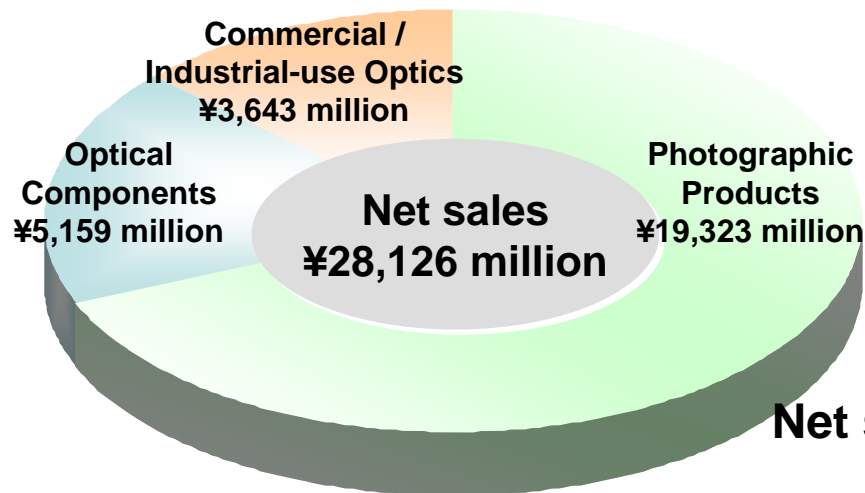


## Company profile

- ❖ Total subsidiaries overseas : 6  
/ Liaison offices : 2 (India, Russia)
- ❖ Domestic offices : 4 / Sales offices : 7
- ❖ ISO9001, ISO14001 certified  
ISO/TS16949 certified
- ❖ Net sales : ¥28,126 million (1st Half FY2011)
- ❖ Number of employees : 6,739 (As of June 30, 2011)
- ❖ Total assets : ¥53,836 million (As of June 30, 2011)

## Business segment

- ❖ Photographic Products  
Interchangeable lenses for 35mm / Digital SLR camera  
Injection molds, parts & components
- ❖ Optical Components  
Camcorder lenses  
Digital still camera lenses  
Cellular phone camera lenses  
Optical devices  
Injection molds, parts & components
- ❖ Commercial / Industrial-use Optics  
Surveillance camera lenses  
Surveillance camera  
Automotive camera lenses  
Injection molds, parts & components  
Test plates



Net sales by business segment  
(1st half FY2011)

# I -2. 1st Half FY2011 Summary



## Business environments

- ❖ While global economy posted a modest recovery, uncertainties remain prevalent which could reverse the growth pattern.
- ❖ Japanese economy suffered from a severe damage by the Great East Japan earthquake in addition to the extraordinary appreciation of the Yen, working against its steady recovery.
- ❖ Digital cameras with interchangeable-lenses kept strong market growth.

## 1st Half FY2011 Results

- ❖ The first half operating profit posted an increase, contrary to the original forecast, off-setting the negative impact of Yen's appreciation.
- ❖ Photographic lens business segment hit a record high sales revenue and operating profit for the period.
- ❖ Prompt reaction by forming a task force to minimize the potential disruption in material supplies decreased the impact after the Great East Japan earthquake.

## Topics

- ❖ Two 60th anniversary interchangeable lens models were praised by media around the globe. ⇒ Two major models: Model A005, Model B008, received prestigious awards throughout the world, enjoying favorable sales results.



# I -4. 1st Half FY2011 Financial Results



(million yen)

	1st H FY10	1st H FY11 <sup>*FCT</sup>	1st H FY11	Change vs. same period FY10		Change vs. same period Forecast	
<b>Net sales</b>	25,598	26,000	28,126	2,527	109.9%	2,126	108.2%
<b>Operating income</b>	2,341	2,000	3,011	669	128.6%	1,011	150.6%
% of net sales	9.1%	7.7%	10.7%	1.6%	-	3.0%	-
<b>Ordinary income</b>	2,352	1,900	3,108	755	132.1%	1,208	163.6%
% of net sales	9.2%	7.3%	11.1%	1.9%	-	3.8%	-
<b>Net income</b>	1,610	1,300	2,158	547	134.0%	858	166.0%

# I -5. FY2011 Quarterly Results by Segment



(million yen)

		1Q FY11	2Q FY11	1st H FY11
<b>Photographic Products</b>	Net sales	8,071	11,251	19,323
	Operating income	1,225	2,062	3,288
	% of net sales	15.2%	18.3%	17.0%
<b>Optical Components</b>	Net sales	2,566	2,593	5,159
	Operating income	(10)	366	355
	% of net sales	(0.4)%	14.1%	6.9%
<b>Commercial / Industrial use Optics</b>	Net sales	1,639	2,004	3,643
	Operating income	193	248	441
	% of net sales	11.8%	12.4%	12.1%
<b>Eliminations and/or corporate</b>		(511)	(559)	(1,074)
<b>Consolidated</b>	Net sales	12,277	15,849	28,126
	Operating income	897	2,117	3,011



# I -6. 1st Half FY2011 Results by Segment



		1st H FY10*	1st H FY11*FCT	1st H FY11	Change vs. same period FY10		Change vs. same period Forecast		FX Impact
<b>Photo graphic Products</b>	Net sales	15,607	16,200	19,323	3,716	123.8%	3,123	119.3%	(1,300)
	Operating income	1,861	2,300	3,288	1,427	176.7%	988	143.0%	(300)
	% of net sales	11.9%	14.2%	17.0%	5.1%	-	2.8%	-	-
	Sales and operating income boosted by strong sales of Tamron's own brand models, being enhanced by OEM lenses despite the negative impact of strong Yen.								
<b>Optical Components</b>	Net sales	6,704	6,000	5,159	(1,544)	77.0%	(840)	86.0%	(550)
	Operating income	884	500	355	(529)	40.2%	(144)	71.1%	(200)
	% of net sales	13.2%	8.3%	6.9%	(6.3)%	-	(1.4)%	-	-
	Both sales and operating income decreased due to the saturated business environment revolving around DSC and VC market segments.								
<b>Commercial / Industrial- use Optics</b>	Net sales	3,287	3,800	3,643	356	110.8%	(156)	95.9%	(150)
	Operating income	582	400	441	(140)	75.8%	41	110.5%	-
	% of net sales	17.7%	10.5%	12.1%	(5.6)%	-	1.6%	-	-
	CCTV camera lenses achieved steady growth both in sales and profit, however, expenses associated with new business development caused decrease in profit.								
<b>Elimination and/or corporate</b>		(987)	(1,200)	(1,074)	(87)	-	125	-	-
<b>Total</b>	Net sales	25,598	26,000	28,126	2,527	109.9%	2,126	108.2%	(2,000)
	Operating income	2,341	2,000	3,011	669	128.6%	1,011	150.6%	(500)

\*For comparison with 2011 forecasts, 2010\* figures are adjusted reflecting changes in accounting guidelines for disclosure of business segment information.

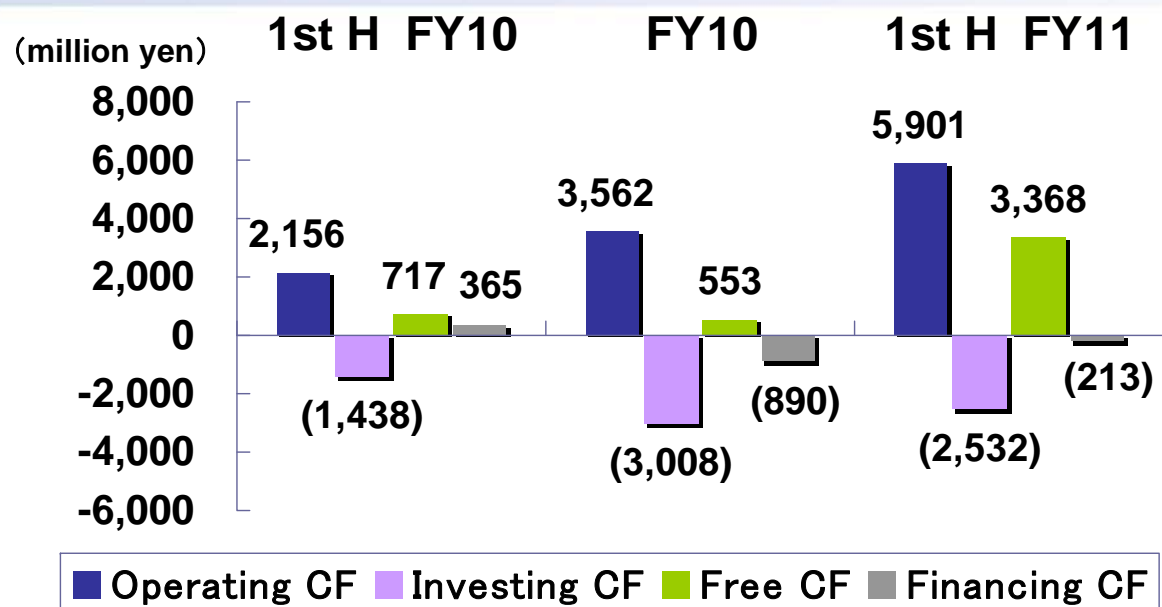
# I -7. Financial Summary



(million yen)

	Jun 30, 2010	Dec 31, 2010	Jun 30, 2011	Change vs. Dec31, 2010	Main Factor
<b>Cash and deposits</b>	12,629	10,996	14,200	3,203	Marked highest in cash on-hand
<b>Notes and accounts receivable-trade</b>	12,379	14,588	13,341	(1,247)	
<b>Inventories</b>	7,144	8,109	8,720	610	
<b>Other current assets</b>	1,556	846	986	140	
<b>Noncurrent assets</b>	16,184	15,579	16,587	1,008	Mainly due to the capital investment
<b>Total assets</b>	49,894	50,120	53,836	3,715	
<b>Current liabilities</b>	13,449	13,284	14,475	1,191	Mainly due to an increase in accrued income taxes
<b>Noncurrent liabilities</b>	3,440	2,839	3,798	958	Mainly due to an increase in long-term loans
<b>Total liabilities</b>	16,889	16,124	18,274	2,149	
<b>Total net assets</b>	33,004	33,996	35,561	1,565	Mainly due to an increase in retained earnings
<b>Total liabilities and net assets</b>	49,894	50,120	53,836	3,715	
<b>E q u i t y   r a t i o</b>	66.1%	67.8%	66.1%	(1.7)%	

# I -8. Cash Flow Statement

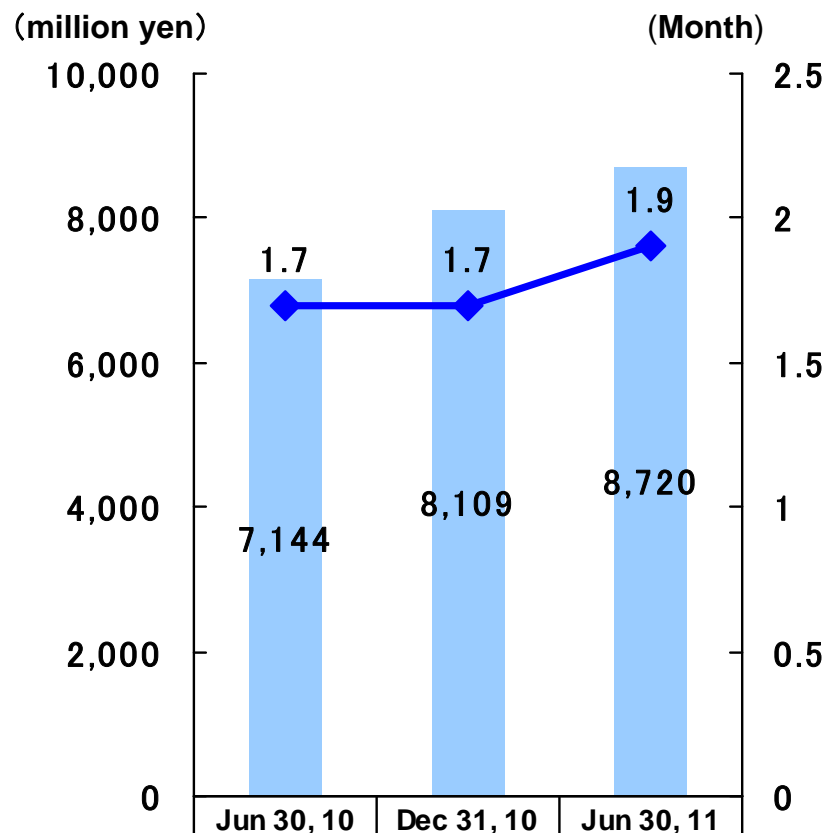


	FY10		FY11
	1st H	FY	1st H
Operating CF	2,156	3,562	5,901
Investing CF	(1,438)	(3,008)	(2,532)
Free CF	717	553	3,368
Financing CF	365	(890)	(213)
Cash and cash equivalents at year End	12,629	10,996	14,200
Liquidity (Months)	2.96	2.33	3.03

# I -9. Inventories / Liabilities with Interests

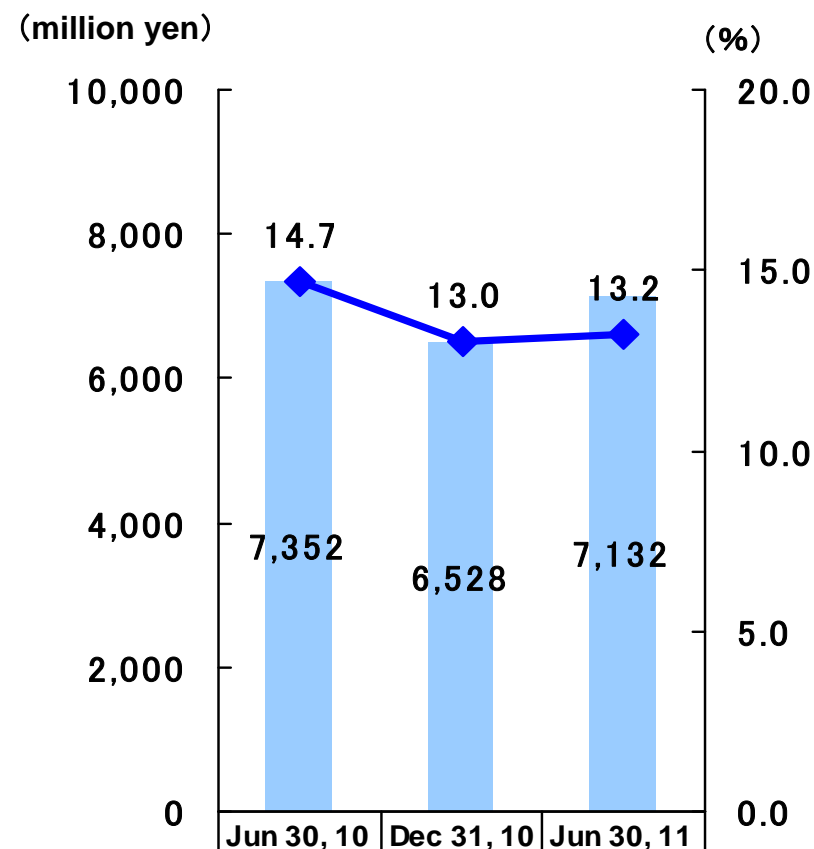


## Inventories



Inventories	7,144	8,109	8,720
Inventory turnover	1.7	1.7	1.9

## Liabilities with Interests



Liability with Interest	7,352	6,528	7,132
Loan-to-Asset	14.7	13.0	13.2

## II . FY2011 Financial Forecast

## II -1. FY2011 Forecast



(million yen)

	FY10	1st H FY11	2nd H FY11*FCT	FY11*FCT	Change FY11 Forecast vs. FY10	
<b>Net sales</b>	56,650	28,126	32,873	61,000	4,349	107.7%
<b>Operating income</b>	5,456	3,011	2,588	5,600	143	102.6%
% of net sales	9.6%	10.7%	7.9%	9.2%	(0.4)%	-
<b>Ordinary income</b>	5,476	3,108	2,391	5,500	23	100.4%
% of net sales	9.7%	11.1%	7.3%	9.0%	(0.7)%	-
<b>Net income</b>	3,689	2,158	1,641	3,800	110	103.0%

❖ Previously announced annual forecast of Feb. 2011 remains unchanged reflecting delays in new business development, and negative impact of strong yen coupled with uncertainty of global economy in the 2nd half.

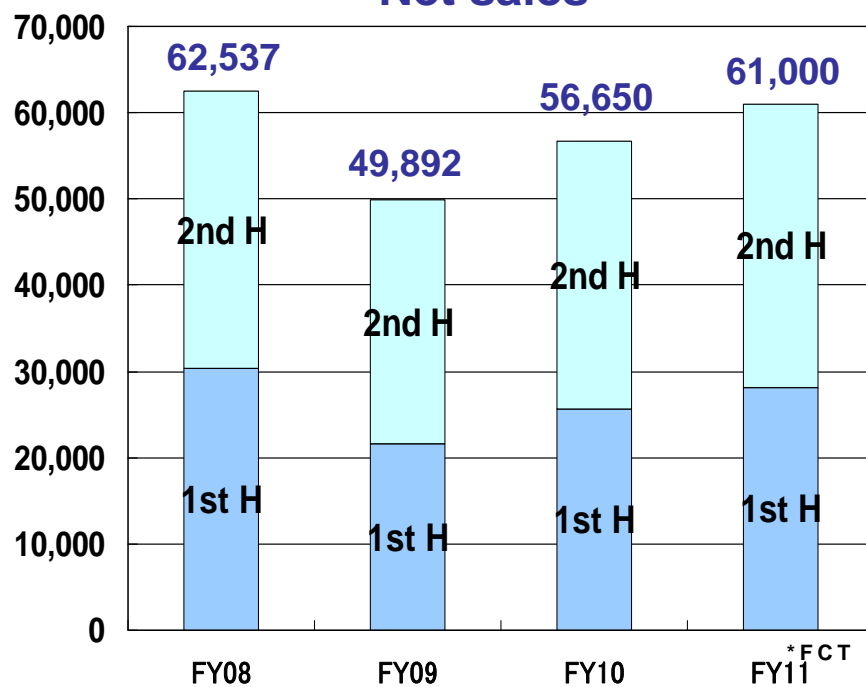
❖ Projected currency exchange rate for the 2nd half is set at ¥78/US\$, revised from ¥82/US\$, while Euro remains the same as ¥110/Euro.

## II -2. FY2011 Sales, Operating Income Forecast



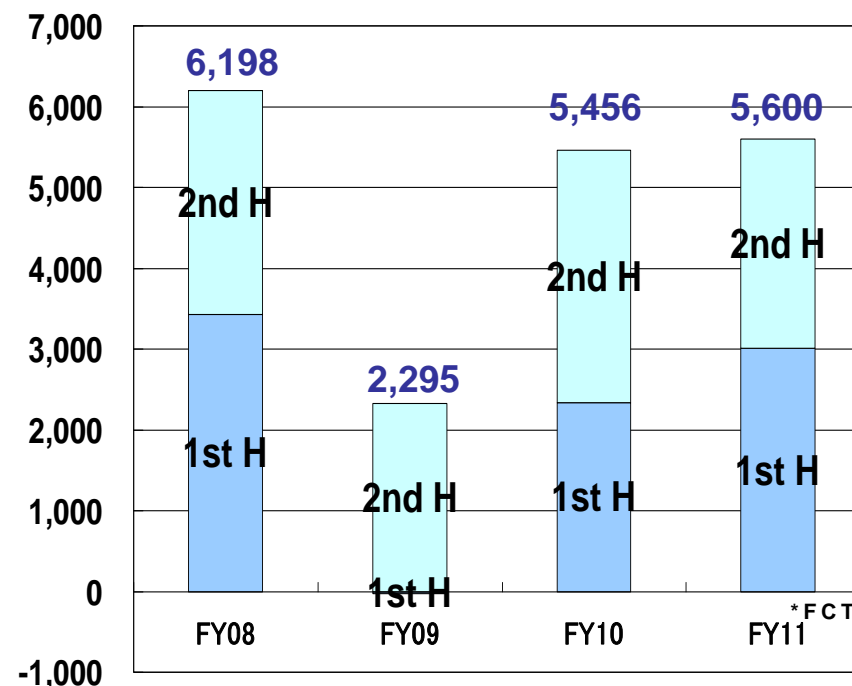
(million yen)

### Net sales



1st H	30,321	21,653	25,598	28,126
2nd H	32,216	28,239	31,051	32,873
FY	62,537	49,892	56,650	61,000
YoY	91.7%	79.8%	113.5%	107.7%

### Operating income



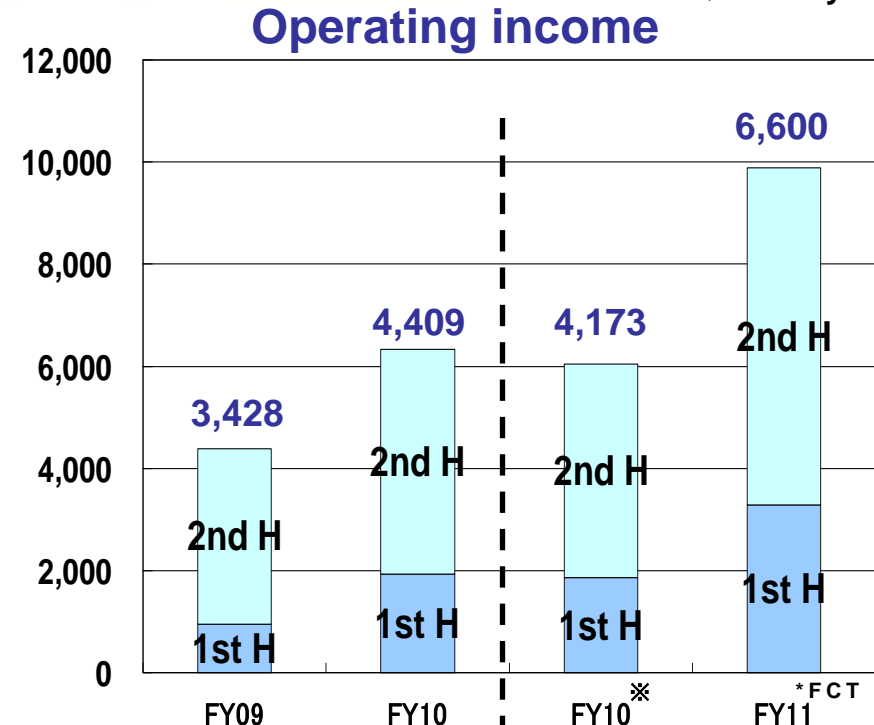
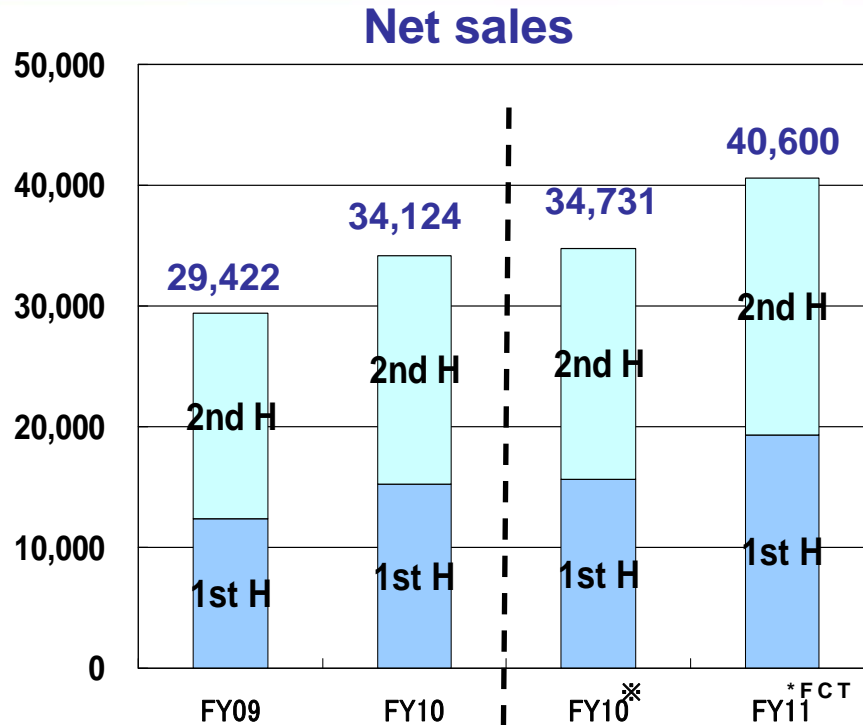
1st H	3,424	(29)	2,341	3,011
2nd H	2,773	2,324	3,115	2,588
FY	6,198	2,295	5,456	5,600
% of net sales	9.9%	4.6%	9.6%	9.2%
YoY	70.5%	37.0%	237.8%	102.6%

## II -3. FY2011 Forecast by Segment

### 1) Photographic Products



(million yen)



1st H	12,380	15,282	15,607	19,323
2nd H	17,041	18,841	19,124	21,276
FY	29,422	34,124	34,731	40,600
YoY	101.7%	116.0%	-	116.9%

1st H	950	1,925	1,861	3,288
2nd H	2,477	2,484	2,312	3,311
FY	3,428	4,409	4,173	6,600
% of net sales	11.7%	12.9%	12.0%	16.3%
YoY	97.9%	128.6%	-	158.2%

\*For comparison with 2011 forecasts, 2010\* figures are adjusted reflecting changes in accounting guidelines relating to the disclosure of business segment information.

❖ Aimed at renewing record high sales and operating profit by promoting sales of Tamron's own brand models, as well as OEM lenses.

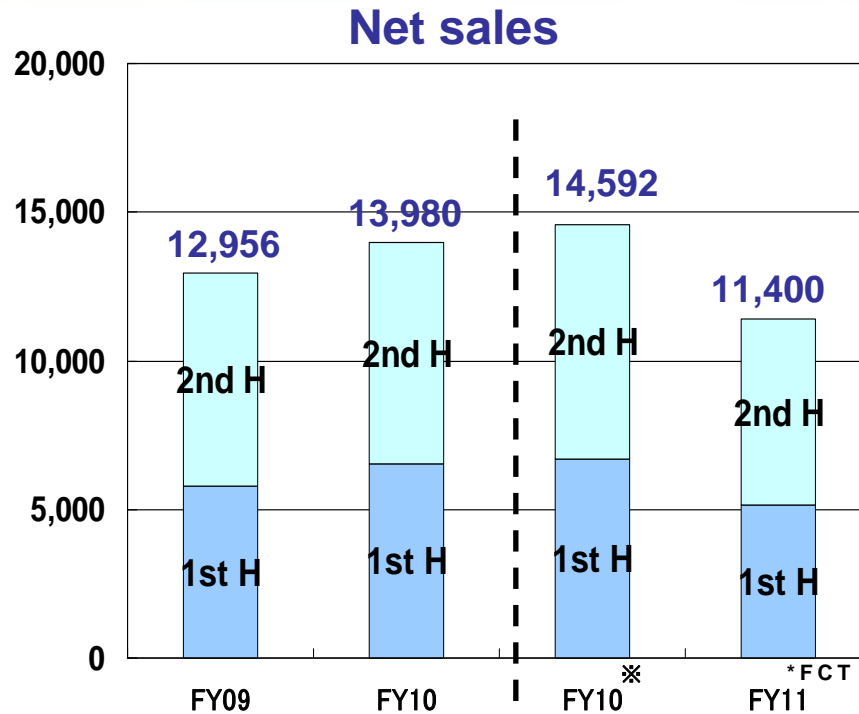


## II -3. FY2011 Forecast by Segment

### 2) Optical Components

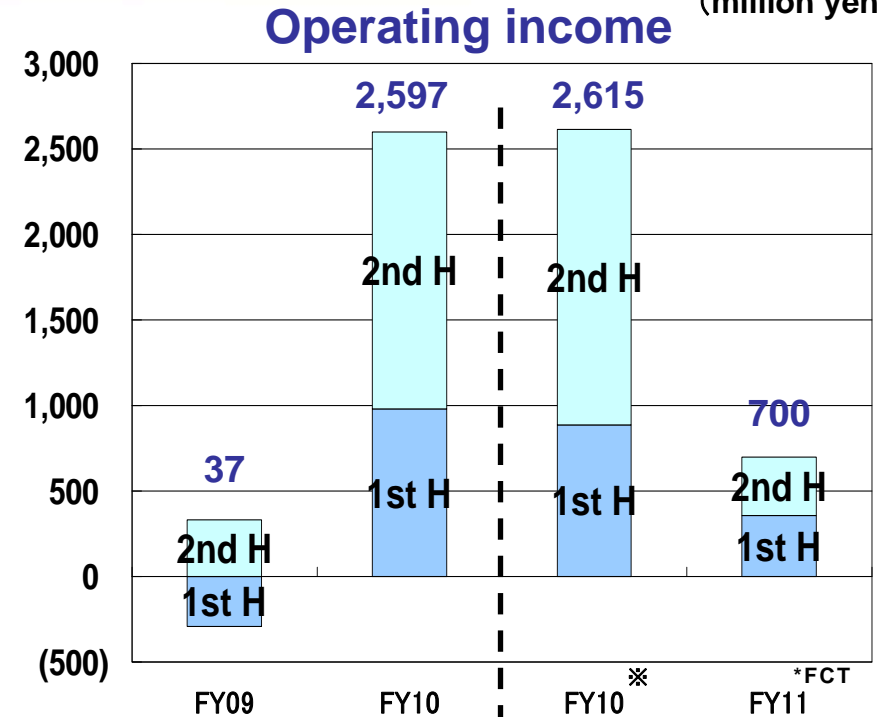


(million yen)



1st H	5,793	6,523	6,704	5,159
2nd H	7,163	7,456	7,887	6,240
FY	12,956	13,980	14,592	11,400
YoY	51.8%	107.9%	-	78.1%

\*For comparison with 2011 forecasts, 2010\* figures are adjusted reflecting changes in accounting guidelines relating to the disclosure of business segment information.



1st H	(293)	981	884	355
2nd H	330	1,616	1,730	344
FY	37	2,597	2,615	700
% of net sales	0.3%	18.6%	17.9%	6.1%
YoY	-	-	-	26.8%

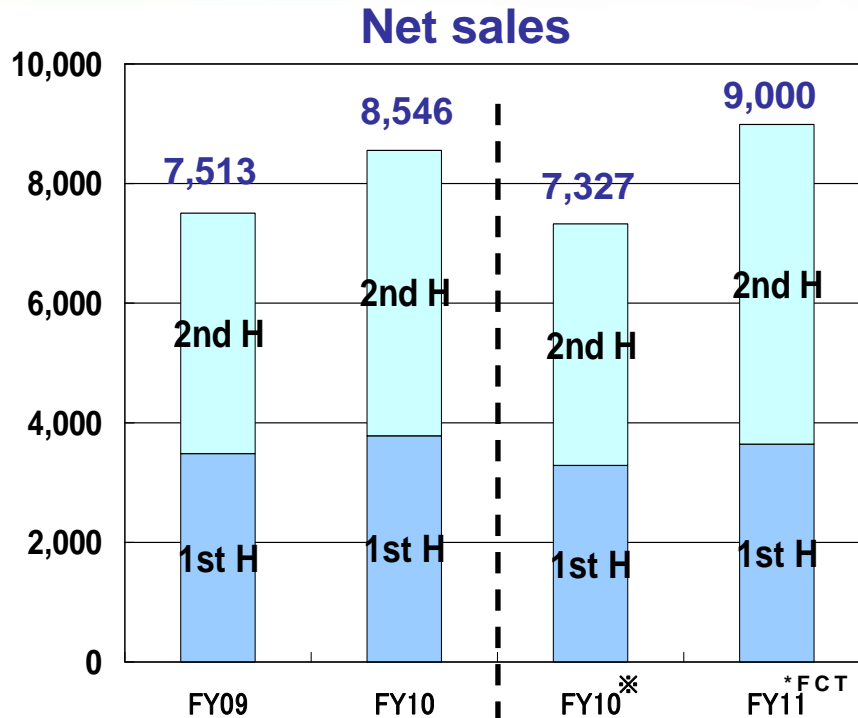
❖ Both sales and operating income projected to decrease due to the saturated business environment revolving around DSC and VC market segments.

## II -3. FY2011 Forecast by Segment

### 3) Commercial / Industrial-use Optics

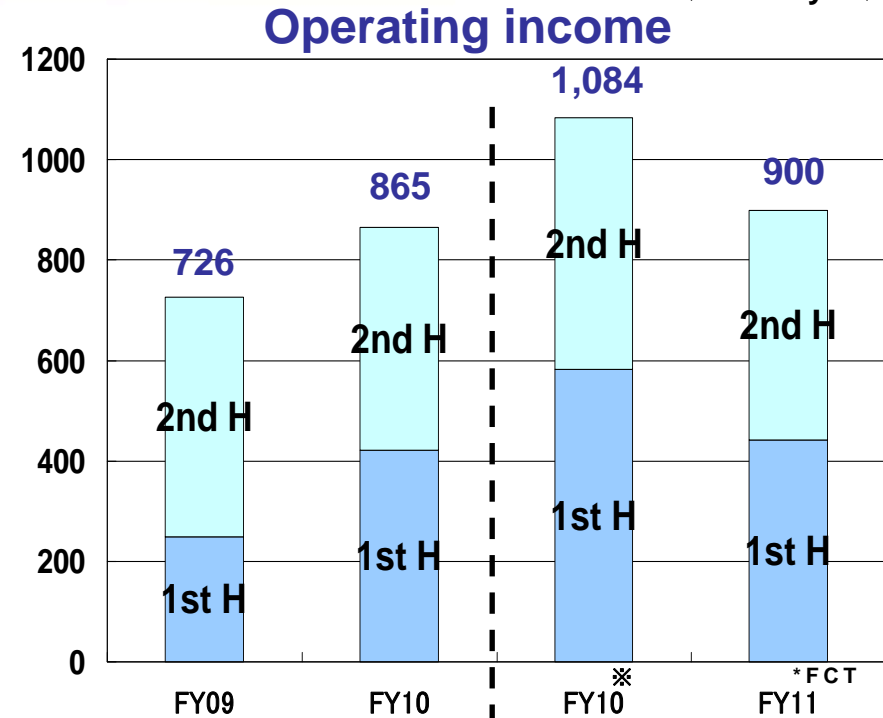


(million yen)



1st H	3,479	3,792	3,287	3,643
2nd H	4,034	4,753	4,040	5,356
FY	7,513	8,546	7,327	9,000
YoY	87.5%	113.7%	-	122.8%

\*For comparison with 2011 forecasts, 2010\* figures are adjusted reflecting changes in accounting guidelines relating to the disclosure of business segment information.



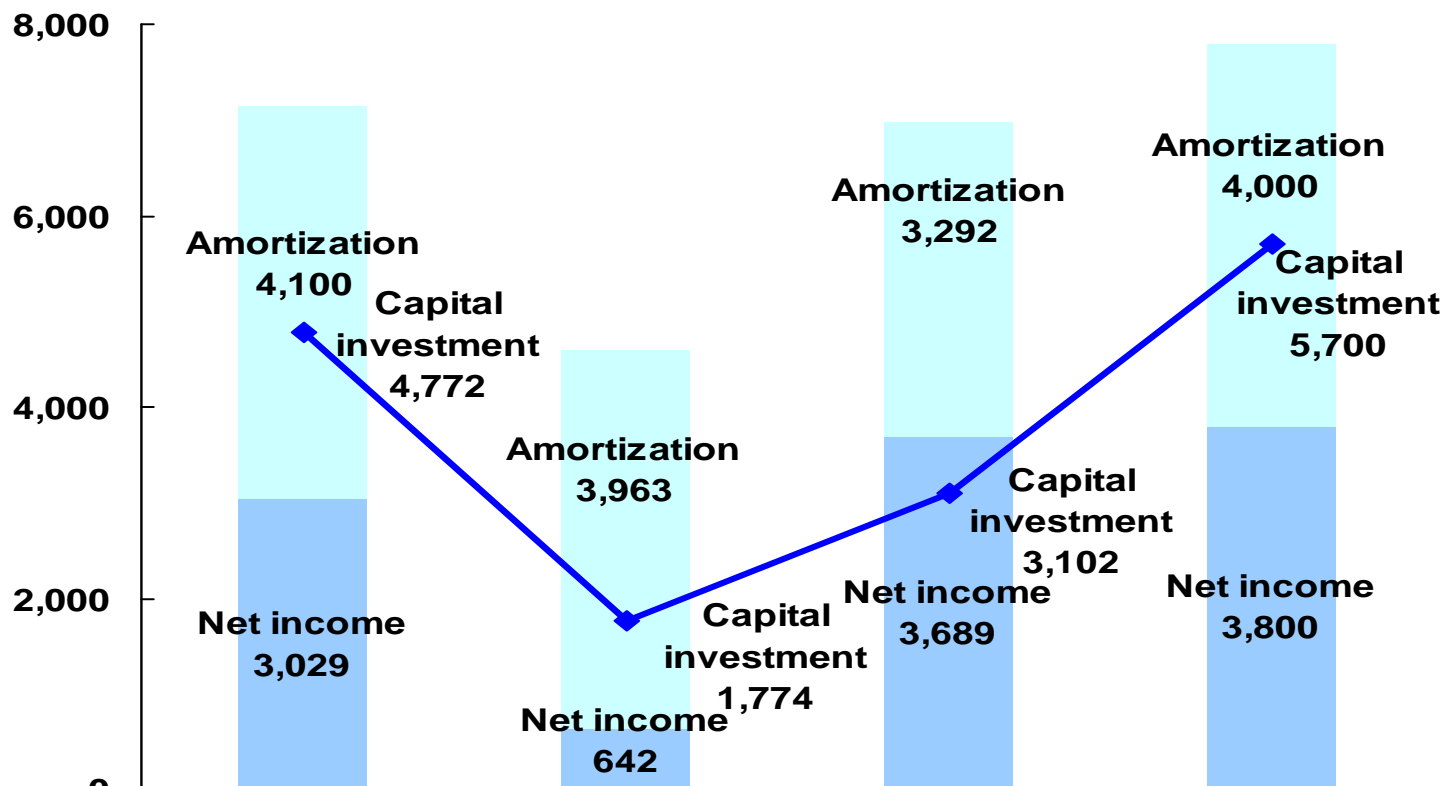
1st H	249	421	582	441
2nd H	477	444	502	458
FY	726	865	1,084	900
% of net sales	9.7%	10.1%	14.8%	10.0%
YoY	54.0%	119.2%	-	83.0%

❖CCTV camera lenses projected steady growth in sales, however, expenses associated with new business development caused decrease in profit.

# II -4. Capital Investment & Depreciation

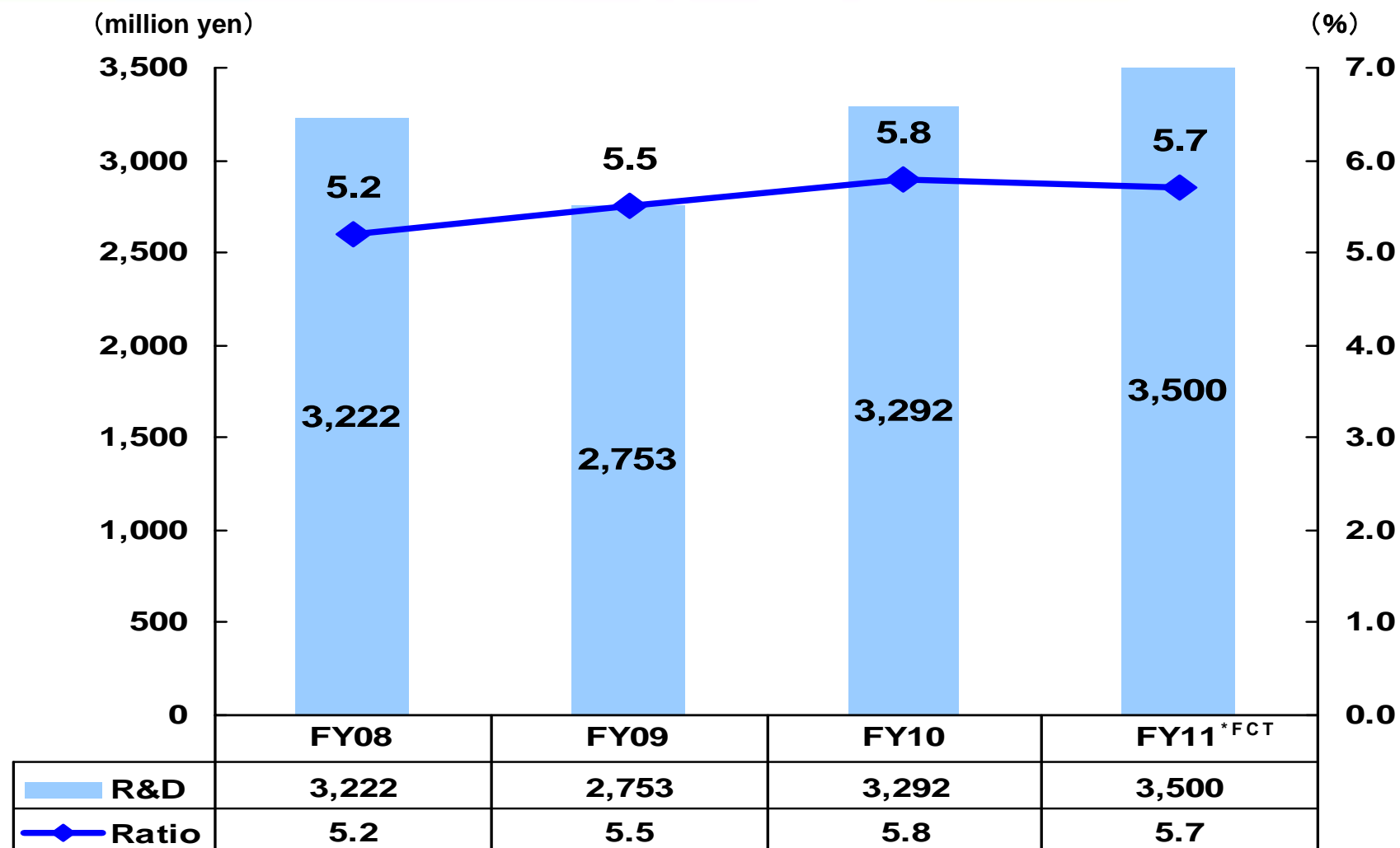


(million yen)



	FY08	FY09	FY10	FY11 <sup>†</sup> FCT
Amortization	4,100	3,963	3,292	4,000
Net income	3,029	642	3,689	3,800
Capital investment	4,772	1,774	3,102	5,700

## II -5. Research & Development



\* R&D cost/Net sales ratio

## II -6. Outlook for Cash Dividends

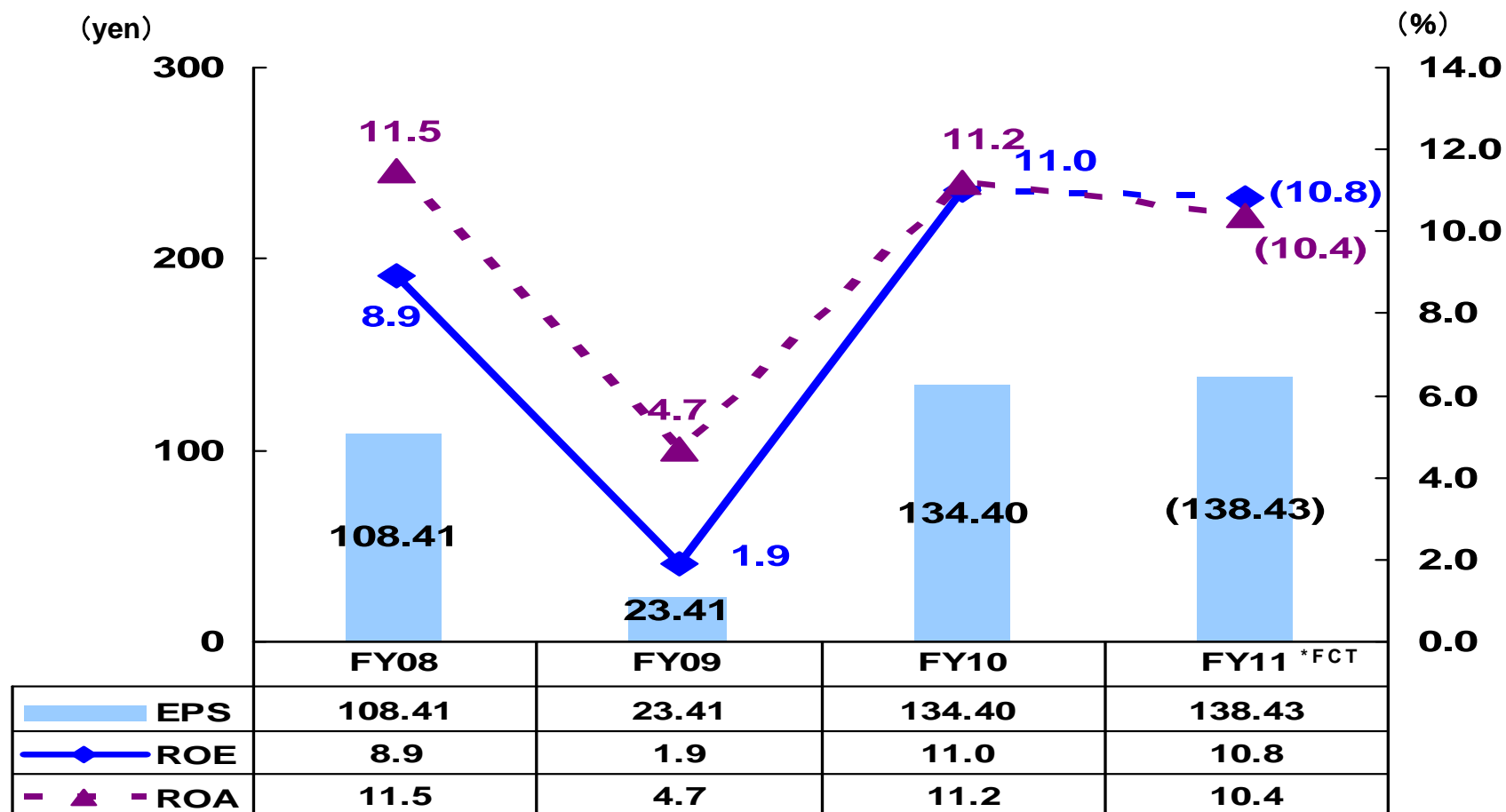
(yen)

	FY07	FY08	FY09	FY10	FY11*FCT
Interim	15.00	25.00	15.00	20.00	20.00
Year End	35.00	25.00	25.00	※ 30.00	TBD
Total	50.00	50.00	40.00	50.00	TBD
Dividend payout ratio	29.6%	46.1%	170.9%	37.2%	-

※Including ¥5 commemorative dividend

# II -7. Referential Data

## 1) Key Performance Index



## II -7. Referential Data



### 2) Impact of Currency Exchange Rate Fluctuations

#### 1st Half FY2011

	Exchange rate (yen)		Effect (million yen)	
	1st H FY10	1st H FY11	Net sales	Operating income
USD	91.36	82.01	(1,600)	(200)
EURO	121.25	115.06	(250)	(200)
Others	-	-	(150)	(100)
<b>Total</b>	-	-	<b>(2,000)</b>	<b>(500)</b>

#### 2nd Half FY2011 Forecast

	Exchange rate (yen)	One yen change impact for FY11 (million yen)	
	2nd H FY11	Net Sales	Operating Income
USD	78.00	200	20
EURO	110.00	60	50

## III. Mid-Term Strategy



# New eyes for industry

## Ⅲ-2. Mid-Term Management Goals for FY2013

Net sales: ¥74.0 billion yen

Operating income: ¥7.3 billion yen  
(Operating income ratio 9.9%)

# III-3. Strategy Towards FY2013 by Segment



## 1) Photographic Products

**Target: 46,650 million yen ( 63.0% of total net sales)**

**2013  
Mid-Term  
Target**

- ❖ Poised at launching interchangeable lenses of ultimate performance in a global scale as a specialized manufacturer of optics
  - Won EISA award 5 years in a row
- ❖ Expansion of sales in the emerging markets leveraging distribution network
  - Establishing new sales offices in China, 4 offices in 2010 and 3 more in 2011 at Xian, Shenyang, Wuhan
- ❖ Prepared to ensure compatibilities with new camera formats such as mirror-less system
- ❖ Refined management structure to better serve OEM clients (cost efficiency, responsiveness as well as quality)

60th Anniversary Model  
Telephoto Zoom Lens



SP70-300mm F/4-5.6 Di  
VC USD (Model A005)



EISA Awards  
2010-2011



26th CAPA Lens  
Grand Prix



TIPA Awards  
2011 Best Entry  
Level Lens

60th Anniversary Model  
Ultra High Power Zoom Lens



AF18-270mm F/3.5-6.3  
Di II VC PZD (Model B008)



レンズ賞  
Lens of The Year

The first Camera GP 2011  
Lens of The Year.

# III-3. Strategy Towards FY2013 by Segment



## 2) Optical Components

**Target: 12,500 million yen (16.9% of Total Net Sales)**

**2013  
Mid-Term  
Target**

- ❖ Solidified partnership with DSC/DVC clients
- ❖ Expansion of in-house production capacities at Tamron Foshan, China to enhance cost efficiency and quality control for higher accuracy
- ❖ Innovation of cost structure, quality and lead time for product development and delivery as reliable supplier, which leads to building edge for customers to choose our products.



Digital still camera lenses, Camcorder lenses



Original zoom lens

# III-3. Strategy Towards FY2013 by Segment



## 3) Commercial / Industrial-use Optics

**Target: 14,850 million yen (20.1% of Total Net Sales)**

**2013  
Mid-Term  
Target**

- ❖ Development of new business arena ⇒ ref. next slide for details
- ❖ Accelerated CCTV sales and marketing overseas, including emerging markets
- ❖ Expansion of product portfolio towards lenses for mega-pixel IP cameras and HD compatibles
- ❖ Introduction of lenses for TV conference systems and new industrial applications
- ❖ Development of stronger business foundation in automotive segment



Indoor Mini-Dome Camera  
With Built-in High-Quality  
Vari-Focal Lens



Automotive camera  
lenses

## 3)\* New Business

**2013  
Mid-Term  
Target**

### ❖ Optics for Far-Infrared Imaging

- An alliance with NEC Avio Infrared Technologies Co., Ltd
- Initiation of sales of far-infrared cameras in addition to lenses
- Launch of innovative new products in parallel with building



**Announced in Feb 2011**

### ❖ Omni-directional Image Capturing Camera

- A whole new imaging system is created aimed at tapping into new market segments, integrating advanced optics to provide >180° horizontal Field of View angle and image processing technologies.

**Far-Infrared High-Sensitivity  
Thermal Imaging Camera and  
High-Performance Lens Series**

### ❖ LED illumination optics

- Development of LED-based illumination optics which is expected to diversify into various applications



**Announced in Mar 2011**

**“Surveillance Camera 180-View”  
with Fish-eye Lens integrated**

## III-4. Issues on Mid-to Long-Term Management



- 1. Enhancing corporate governance based on CSR management system coupled with internal control and risk management.**
- 2. Pursuing improved quality assurance reliability and enhancing the quality of customer service aimed at delivering higher customer satisfaction.**
- 3. Driving sales of Tamron-branded interchangeable lenses while increasing the brand awareness around the globe.**
- 4. Achieving further reduction in cost by means of enhancing in-house production ratio of critical parts and components while deploying strategic logistics.**
- 5. Expansion in automotive business, far infrared rays optical business and new business.**
- 6. Enhancement in R & D activities in core technology development revolving around optics and taking proactive stance in IP strategy.**

# Disclaimer



1. The purpose of this material is to provide information on the “2nd Quarter FY2011 Financial Results” 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 our presentation are based on the data that are obtainable at the time of the presentation in compliance with our management policies and certain premises that are deemed reasonable by us.
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