



**TAMRON**

New eyes for industry

# 2nd Quarter FY2012 Financial Results

**August 8, 2012**

**Tamron Co., Ltd. (Code: 7740)**



# Contents



## I . 2nd Quarter FY2012 Financial Results

1. Business Briefing	P.4	5. Cash Flow Statement	P.21
2. 1st Half FY2012 Summary	P.5	6. Outlook for Cash Dividends	P.22
3. FY2012 Quarterly Financial Results	P.6	7. Referential Data	
4. 1st Half FY2012 Financial Results	P.7	1) Key Performance Index	P.23
5. 1st Half FY2012 Results by Segment	P.8	2) Impact of Currency Exchange Rate Fluctuations	P.24
6. FY2012 Quarterly Results by Segment	P.9		

## II . FY2012 Financial Forecast

1. FY2012 Forecast	P.11	IV. Mid-Term Strategy	
2. FY2012 Sales, Operating Income Forecast	P.12	1. Corporate Tagline	P.26
3. FY2012 Forecast by Segment		2. Mid-Term Management Goals for FY2014	P.26
1) Photographic Products	P.13	3. Strategy Towards FY2014 by Segment	
2) Optical Components	P.14	1) Photographic Products	P.27
3) Commercial / Industrial-use Optics	P.15	2) Optical Components	P.28
		3) Commercial / Industrial-use Optics	P.29
		4. Enhanced Production System	P.30

## III. Financial Situation

1. Financial Summary	P.17
2. Capital Investment / Depreciation	P.18
3. Research & Development	P.19
4. Inventories / Liabilities with Interests	P.20

# I . 2nd Quarter FY2012 Financial Results

# I -1. Business Briefing

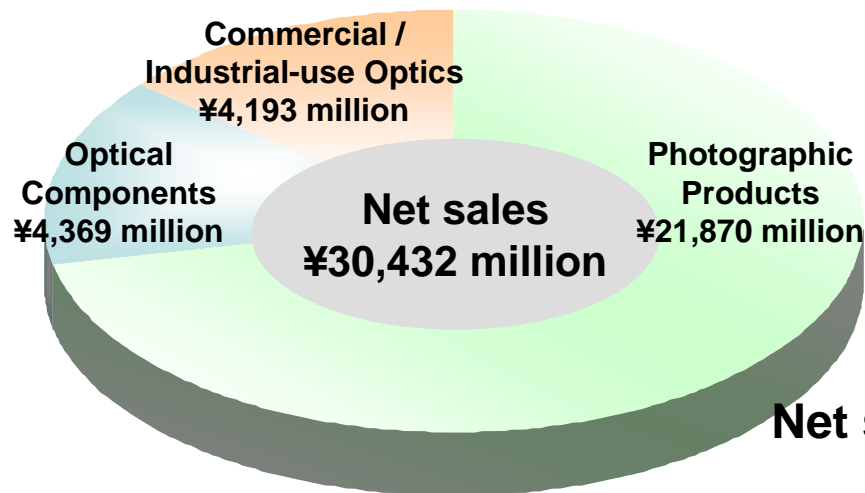


## Company profile

- ❖ Total subsidiaries overseas : 8 (Russia / Vietnam)\*New / Liaison offices : 1 (India)
- ❖ Domestic offices : 4 / Sales offices : 7
- ❖ ISO9001, ISO14001 certified  
ISO/TS16949 certified
- ❖ Net sales : ¥30,432 million (1st Half FY2012)
- ❖ Number of employees : 2,555 (As of June 30, 2012)
- ❖ Total assets : ¥54,824 million (As of June 30, 2012)

## Business segment

- ❖ Photographic Products  
Interchangeable lenses for 35mm / Digital SLR camera  
Injection molds, parts & components
- ❖ Optical Components  
Camcorder lenses  
Digital still camera lenses  
Lenses for Long Wavelength Infrared Cameras  
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 FY2012)

# I -2. 1st Half FY2012 Summary



## Business environment

- ❖ Uncertainty of global economy due to the current volatility in Europe, slow-down of recovery in the U.S. and deceleration of growth pattern in China.
- ❖ Upward trend in Japanese economy due to recovery of domestic consumption from the earthquake
- ❖ Continued appreciation of Japanese Yen
- ❖ A favorable and steady expansion of interchangeable-lens system camera market

## 1st Half FY2012 Results

- ❖ Achieved revenue and profit goals for the period as initially planned
- ❖ Year-on-year increase in sales but decrease in profit affected by stronger Japanese Yen etc.
- ❖ Record high sales for the Photographic Products, comparing the performance on the 1<sup>st</sup> half basis

## Topics

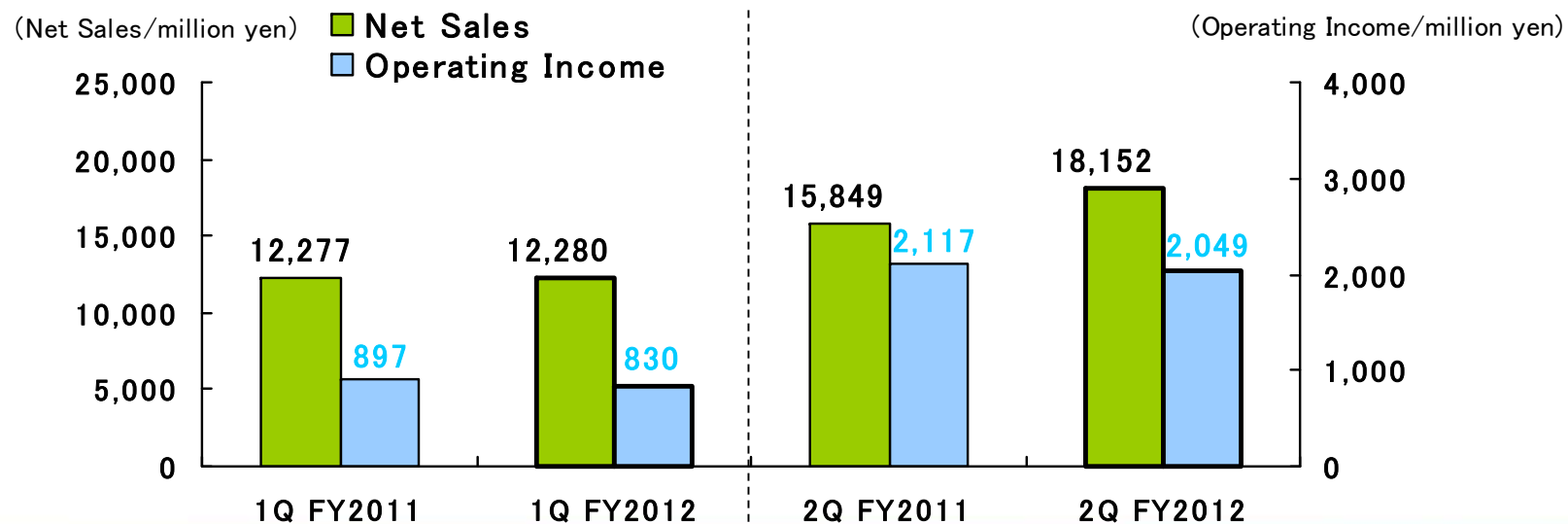
- ❖ Positive sales of a new product, AF24-70mm F2.8 VC (Model A007), integrating the world's first image stabilization system in high-speed standard zoom lens category
- ❖ Established a sales company in Russia in March and started construction of a plant in Vietnam in May for expanding production capacities

# I -3. FY2012 Quarterly Financial Results



(millions of yen)

	1Q FY2011	1Q FY2012	Change	2Q FY2011	2Q FY2012	Change
<b>Net Sales</b>	<b>12,277</b>	<b>12,280</b>	<b>+3</b>	<b>15,849</b>	<b>18,152</b>	<b>+2,302</b>
<b>Operating Income</b>	<b>897</b>	<b>830</b>	<b>(66)</b>	<b>2,117</b>	<b>2,049</b>	<b>(68)</b>
<b>Operating Income Ratio</b>	<b>7.3%</b>	<b>6.8%</b>	<b>(0.5)%</b>	<b>13.4%</b>	<b>11.3%</b>	<b>(2.1)%</b>



# I -4. 1st Half FY2012 Financial Results



(million yen)

	1st H FY11	1st H FY12*FCT	1st H FY12	Change vs. same period FY11		Change vs. same period Forecast		FX Impact
<b>Net sales</b>	28,126	29,000	30,432	2,306	108.2%	1,432	104.9%	(940)
<b>Operating income</b>	3,011	2,400	2,879	(131)	95.6%	479	120.0%	(555)
% of net sales	10.7%	8.3%	9.5%	(1.2)%	-	1.2%	-	
<b>Ordinary income</b>	3,108	2,200	2,836	(272)	91.2%	636	128.9%	
% of net sales	11.1%	7.6%	9.3%	(1.7)%	-	1.7%	-	
<b>Net income</b>	2,158	1,500	2,077	(81)	96.2%	577	138.5%	

# I -5. 1st Half FY2012 Results by Segment



		1st H FY11※	1st H FY12*FCT	1st H FY12	Change vs. same period FY11		Change vs. same period Forecast		FX Impact
<b>Photo graphic Products</b>	Net sales	19,323	20,500	21,870	2,546	113.2%	1,370	106.7%	(840)
	Operating income	3,288	2,700	2,792	(496)	84.9%	92	103.4%	(540)
	% of net sales	17.0%	13.2%	12.8%	(4.3)%	-	(0.4)%	-	-
	Posted a record high revenue for the period but decreased in net profit attributable to the unprecedented decline in Euro currency against JPY								
<b>Optical Components</b>	Net sales	5,159	4,300	4,369	(790)	84.7%	69	101.6%	(60)
	Operating income	355	300	444	88	124.9%	144	148.0%	(15)
	% of net sales	6.9%	7.0%	10.2%	3.3%	-	3.2%	-	-
	Year-on-year decrease in sales but increase in profit despite the flattening position of the market.								
<b>Commercial / Industrial- use Optics</b>	Net sales	3,643	4,200	4,193	549	115.1%	(6)	99.8%	(40)
	Operating income	441	600	732	290	165.8%	132	122.1%	0
	% of net sales	12.1%	14.3%	17.5%	5.3%	-	3.2%	-	-
	Year-on-year increase both in revenue and profit due to expanded sales of built-in type lenses ready for camera integration.								
<b>Elimination and/or corporate</b>		(1,074)	(1,200)	(1,088)	(14)	-	111	-	-
<b>Total</b>	Net sales	28,126	29,000	30,432	2,306	108.2%	1,432	104.9%	(940)
	Operating income	3,011	2,400	2,879	(131)	95.6%	479	120.0%	(555)



# I -6. FY2012 Quarterly Results by Segment



(million yen)

		1Q FY12	2Q FY12	1st H FY12
<b>Photographic Products</b>	Net sales	8,308	13,561	21,870
	Operating income	777	2,014	2,792
	% of net sales	9.4%	14.9%	12.8%
<b>Optical Components</b>	Net sales	1,916	2,452	4,369
	Operating income	173	270	444
	% of net sales	9.1%	11.0%	10.2%
<b>Commercial / Industrial use Optics</b>	Net sales	2,055	2,138	4,193
	Operating income	405	326	732
	% of net sales	19.8%	15.3%	17.5%
<b>Eliminations and/or corporate</b>		(525)	(562)	(1,088)
<b>Consolidated</b>	Net sales	12,280	18,152	30,432
	Operating income	830	2,049	2,879

## Ⅱ . FY2012 Financial Forecast

## II -1. FY2012 Forecast



(million yen)

	FY11	1st H FY12	2nd H FY12*FCT	FY12*FCT	Change FY12 Forecast vs. FY11	
<b>Net sales</b>	<b>58,507</b>	<b>30,432</b>	<b>34,567</b>	<b>65,000</b>	<b>6,492</b>	<b>111.1%</b>
<b>Operating income</b>	<b>5,687</b>	<b>2,879</b>	<b>3,321</b>	<b>6,200</b>	<b>512</b>	<b>109.0%</b>
% of net sales	9.7%	9.5%	9.6%	9.5%	(0.2)%	-
<b>Ordinary income</b>	<b>5,702</b>	<b>2,836</b>	<b>3,064</b>	<b>5,900</b>	<b>197</b>	<b>103.5%</b>
% of net sales	9.7%	9.3%	8.9%	9.1%	(0.7)%	-
<b>Net income</b>	<b>3,804</b>	<b>2,077</b>	<b>1,923</b>	<b>4,000</b>	<b>195</b>	<b>105.1%</b>

❖ Annual forecast announced on Feb. 2012 remains unchanged reflecting uncertainty of Euro zone economy and its volatile currency status

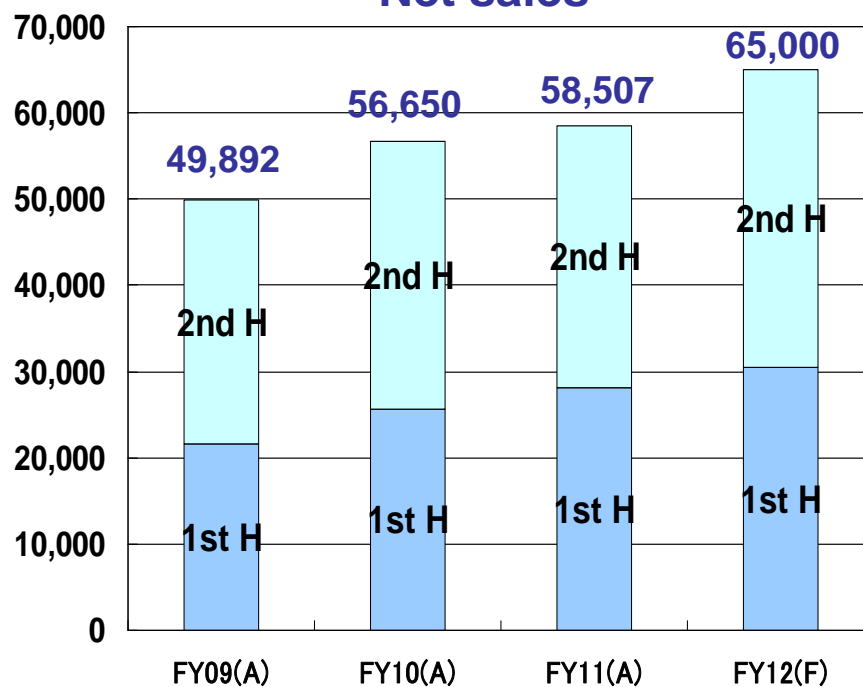
❖ Exchange rate assumptions for the 2nd half is set at ¥97/Euro, revised from ¥102/Euro, while US\$ remains the same at ¥78/US\$.

## II -2. FY2012 Sales, Operating Income Forecast

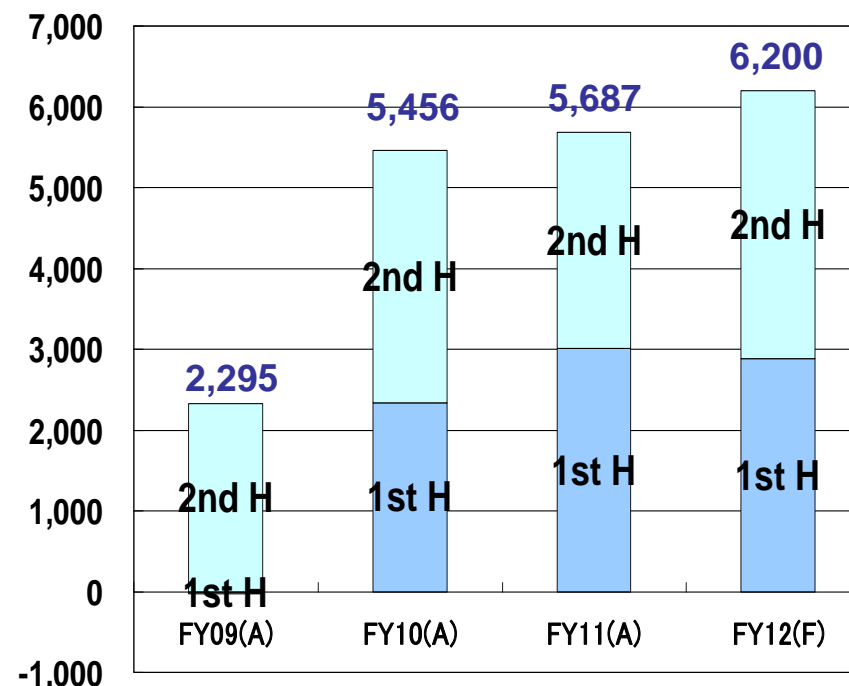


(million yen)

### Net sales



### Operating income



1st H	21,653	25,598	28,126	30,432
2nd H	28,239	31,051	30,380	34,567
FY	49,892	56,650	58,507	65,000
YoY	79.8%	113.5%	103.3%	111.1%

1st H	(29)	2,341	3,011	2,879
2nd H	2,324	3,115	2,676	3,321
FY	2,295	5,456	5,687	6,200
% of net sales	4.6%	9.6%	9.7%	9.5%
YoY	37.0%	237.8%	104.2%	109.0%

❖\* (A):Actual (F):Forecast

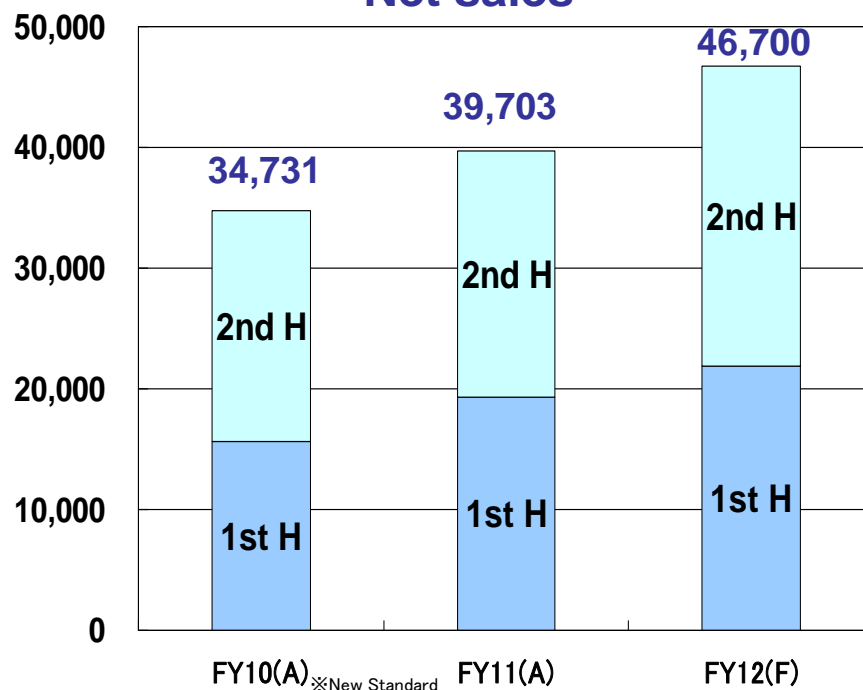
## II -3. FY2012 Forecast by Segment

### 1) Photographic Products



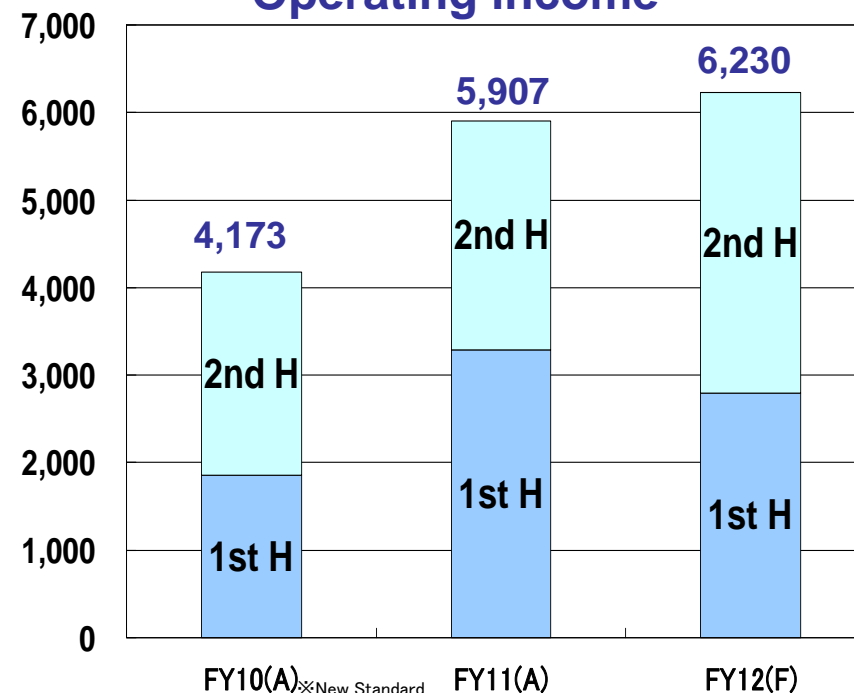
(million yen)

#### Net sales



	FY10(A) ※New Standard	FY11(A)	FY12(F)
1st H	15,607	19,323	21,870
2nd H	19,124	20,380	24,830
FY	34,731	39,703	46,700
YoY	-	114.3%	117.6%

#### Operating income



	FY10(A) ※New Standard	FY11(A)	FY12(F)
1st H	1,861	3,288	2,792
2nd H	2,312	2,619	3,438
FY	4,173	5,907	6,230
% of net sales	12.0%	14.9%	13.3%
YoY	-	141.6%	105.5%

❖\* (A):Actual (F):Forecast

❖ (New Standard) was replaced to segment standard as of Year 2011.

❖ Expecting increase in both revenue and operating profit by continued momentum of the 24-70mm F2.8 VC (A007) in the market.

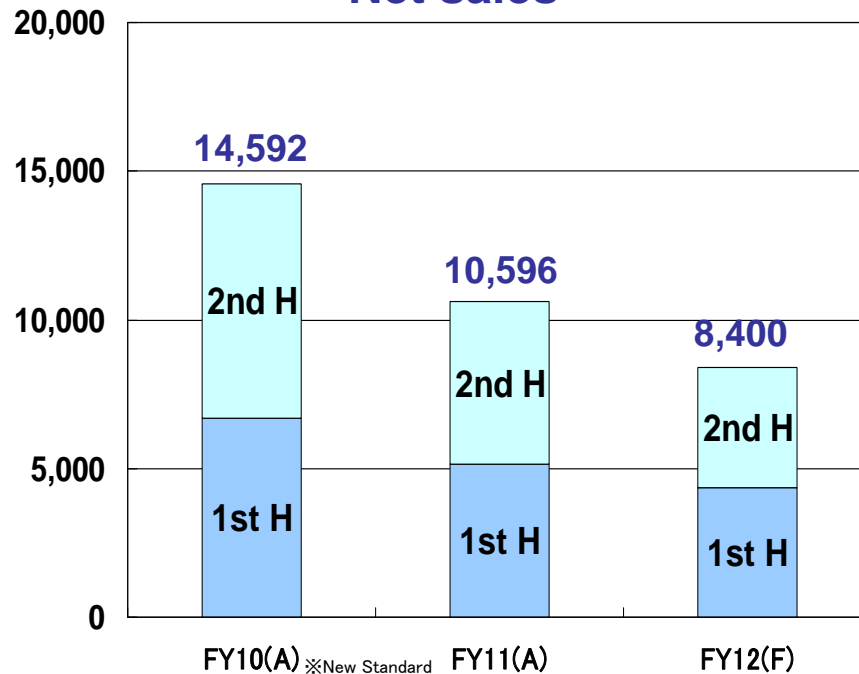
## II -3. FY2012 Forecast by Segment

### 2) Optical Components



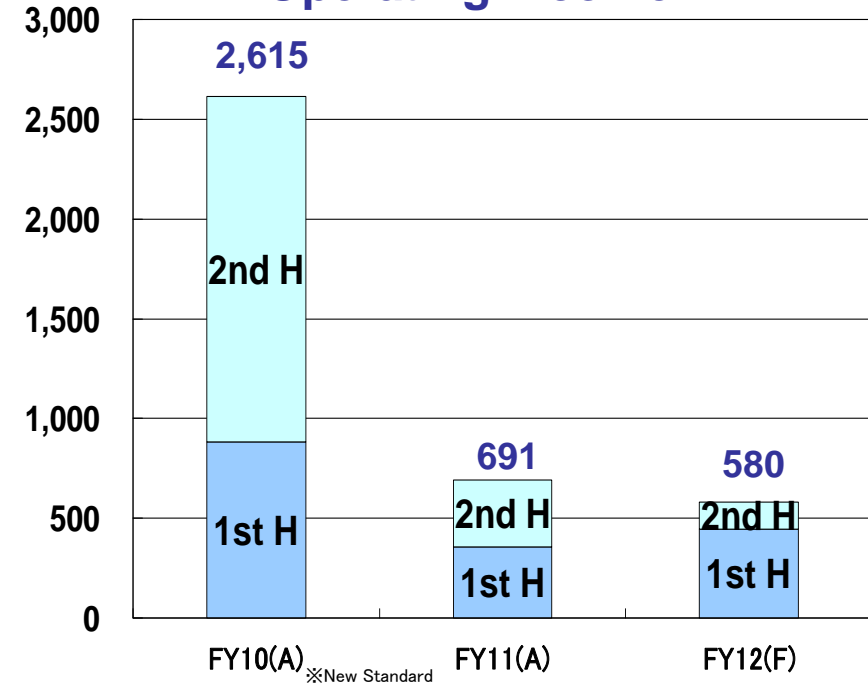
(million yen)

#### Net sales



	FY10(A) ※New Standard	FY11(A)	FY12(F)
1st H	6,704	5,159	4,369
2nd H	7,887	5,437	4,031
FY	14,592	10,596	8,400
YoY	-	72.6%	79.3%

#### Operating income



	FY10(A) ※New Standard	FY11(A)	FY12(F)
1st H	884	355	444
2nd H	1,730	335	136
FY	2,615	691	580
% of net sales	17.9%	6.5%	6.9%
YoY	-	26.4%	83.9%

❖\* (A):Actual (F):Forecast

❖ (New Standard) was replaced to segment standard as of Year 2011.

❖ Both revenue and operating income projected to decrease due to a continued negative market trend

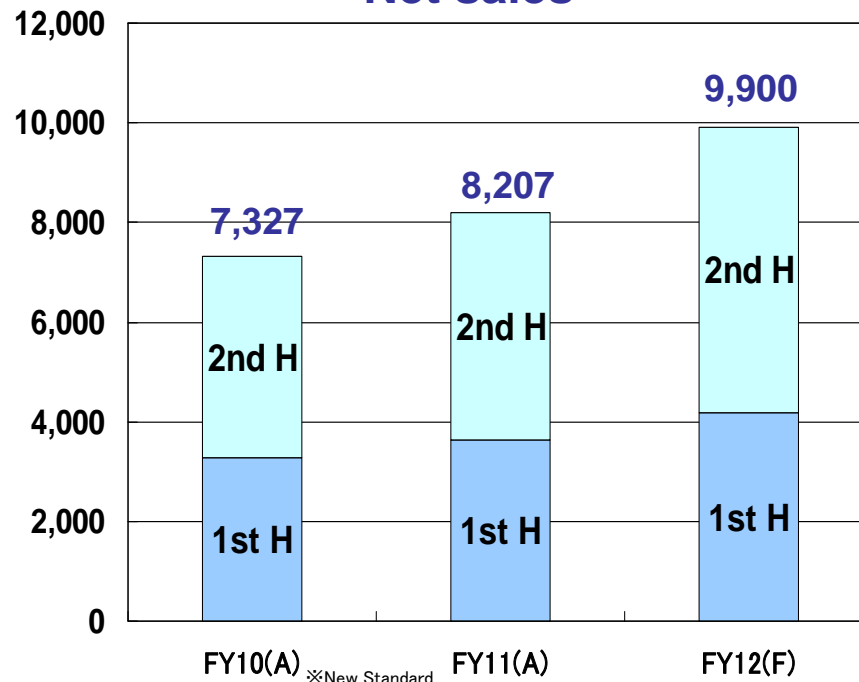
## II -3. FY2012 Forecast by Segment

### 3) Commercial / Industrial-use Optics



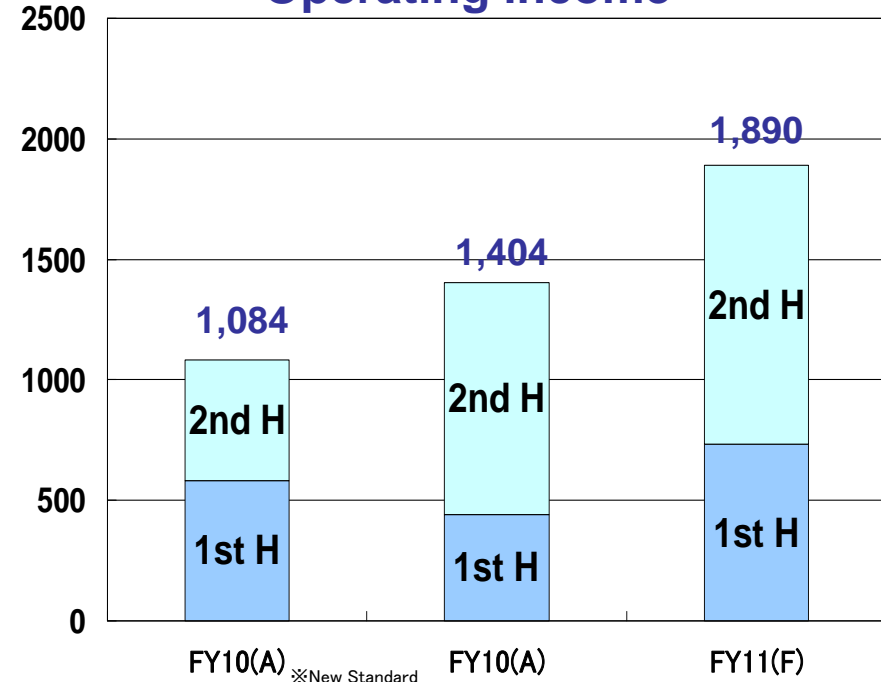
(million yen)

#### Net sales



	FY10(A)	FY11(A)	FY12(F)
1st H	3,287	3,643	4,193
2nd H	4,040	4,563	5,706
FY	7,327	8,207	9,900
YoY	-	112.0%	120.6%

#### Operating income



	FY10(A)	FY10(A)	FY11(F)
1st H	582	441	732
2nd H	502	963	1,157
FY	1,084	1,404	1,890
% of net sales	14.8%	17.1%	19.1%
YoY	-	129.5%	134.5%

❖\* (A):Actual (F):Forecast

❖ (New Standard) was replaced to segment standard as of Year 2011.

❖ Expecting increase in year-on-year sales and aiming the record high operating profit due to expanded sales of built-in type lenses ready for camera integration.

## III. Financial Situation



## Ⅲ-1. Financial Summary



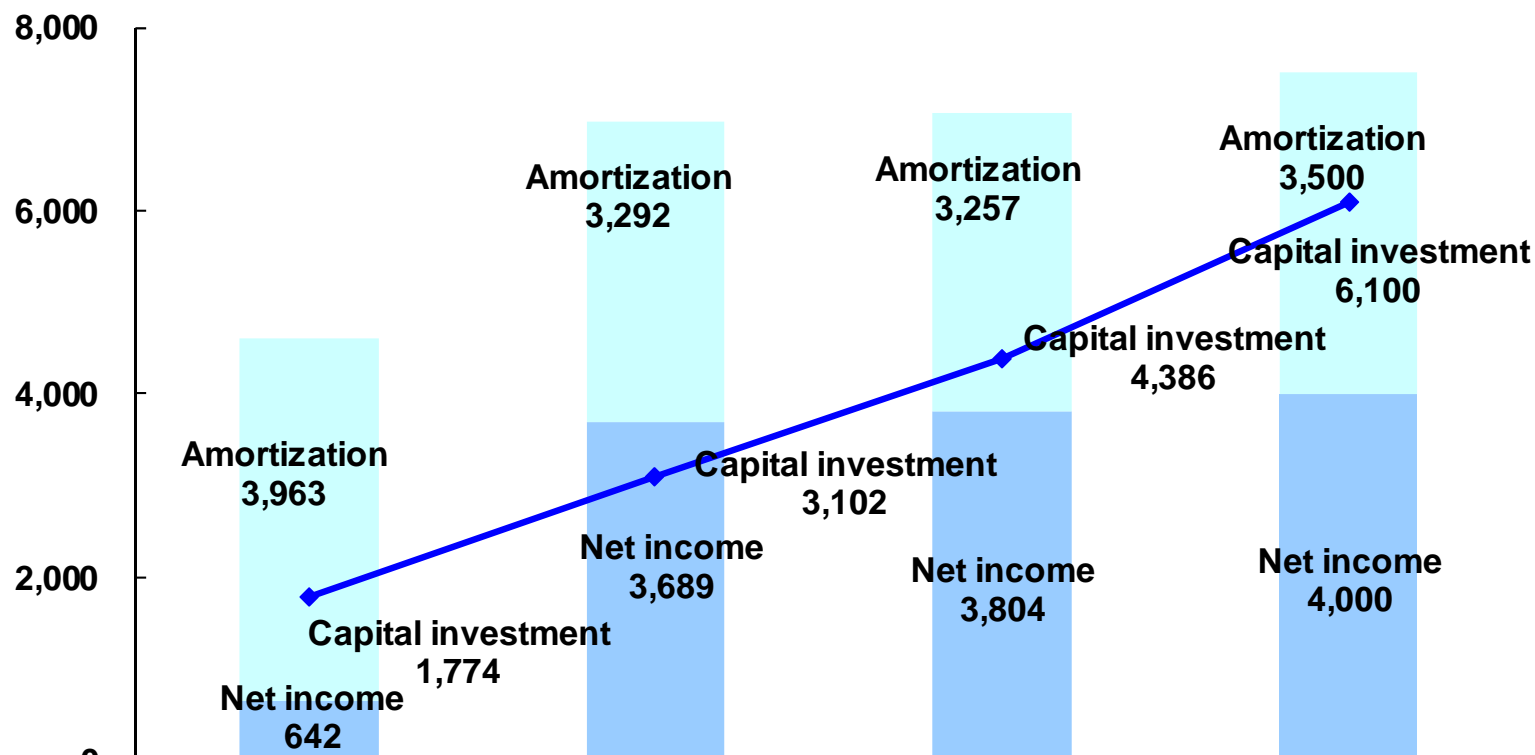
(million yen)

	Jun 30, 2011	Dec 31, 2011	Jun 30, 2012	Change vs. Dec31, 2011	Remarks
<b>Cash and deposits</b>	14,200	12,773	13,072	299	
<b>Notes and accounts receivable-trade</b>	13,341	12,535	15,120	2,584	Increase in 2Q sales
<b>Inventories</b>	8,720	9,007	8,443	(563)	Decrease in photographic products
<b>Other current assets</b>	986	1,015	1,287	271	
<b>Noncurrent assets</b>	16,587	16,566	16,900	334	
<b>Total assets</b>	53,836	51,898	54,824	2,926	
<b>Current liabilities</b>	14,475	12,536	13,665	1,128	Increase in A/P
<b>Noncurrent liabilities</b>	3,798	3,227	3,586	358	
<b>Total liabilities</b>	18,274	15,764	17,251	1,487	
<b>Total net assets</b>	35,561	36,134	37,573	1,439	Increase in retained earnings
<b>Total liabilities and net assets</b>	53,836	51,898	54,824	2,926	
<b>E q u i t y   r a t i o</b>	66.1%	69.6%	68.5%	(1.1)%	

# Ⅲ-2. Capital Investment & Depreciation



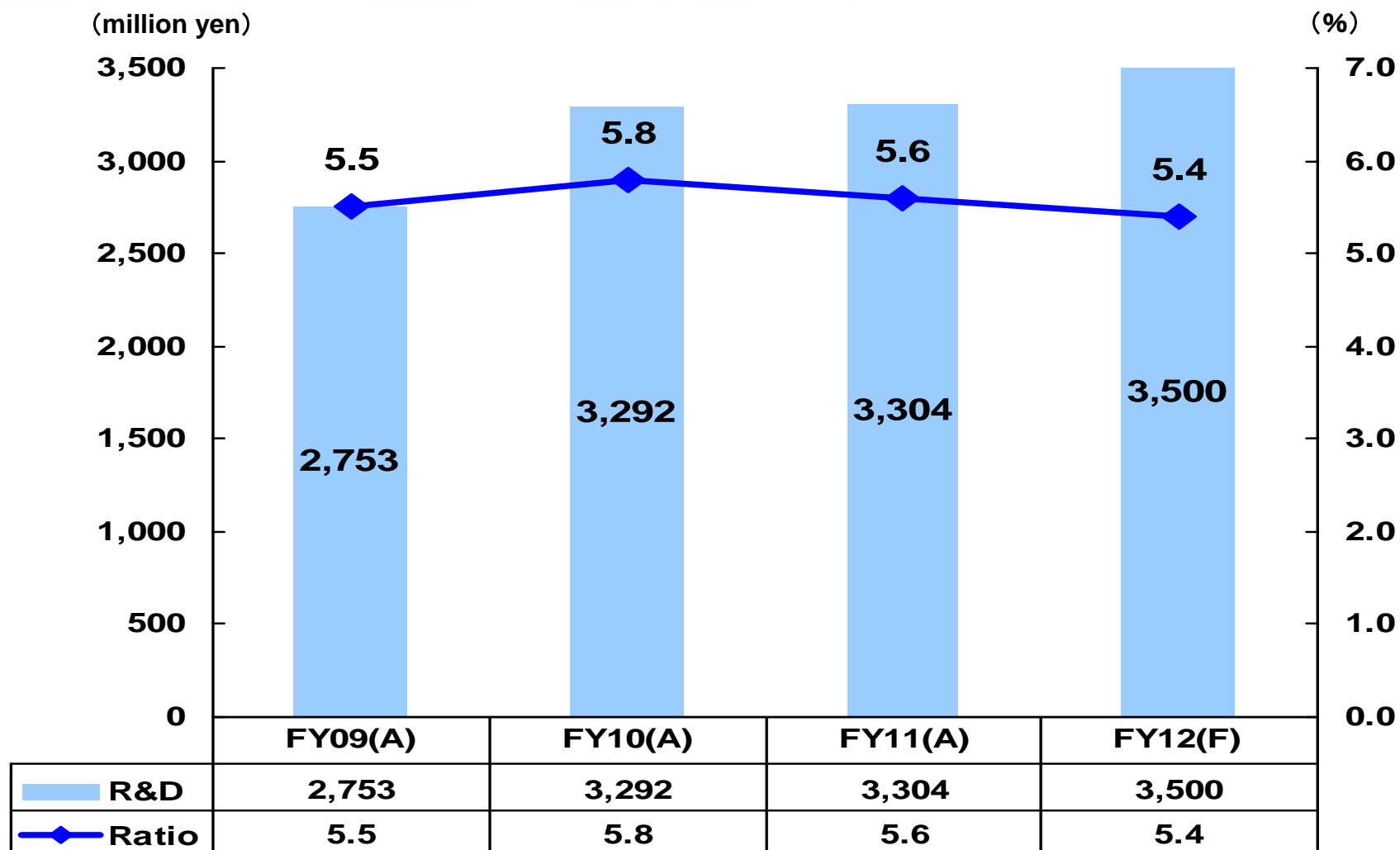
(million yen)



	FY09(A)	FY10(A)	FY11(A)	FY12(F)
Amortization	3,963	3,292	3,257	3,500
Net income	642	3,689	3,804	4,000
Capital investment	1,774	3,102	4,386	6,100

❖\* (A):Actual (F):Forecast

# Ⅲ-3. Research & Development



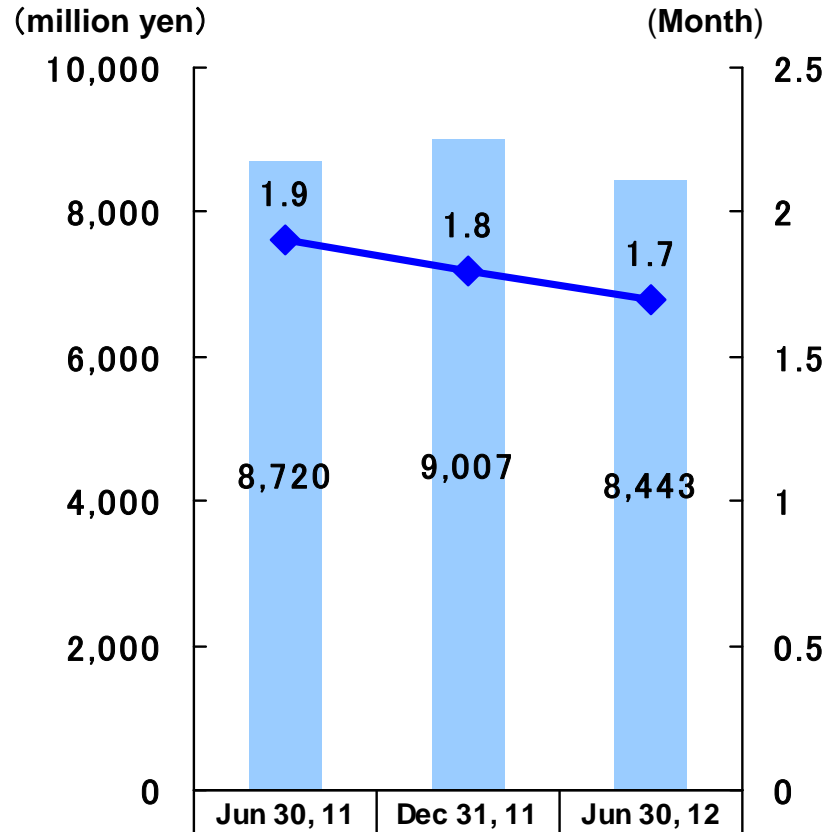
\* R&D cost/Net sales ratio

❖ (A):Actual (F):Forecast

### Ⅲ-4. Inventories / Liabilities with Interests

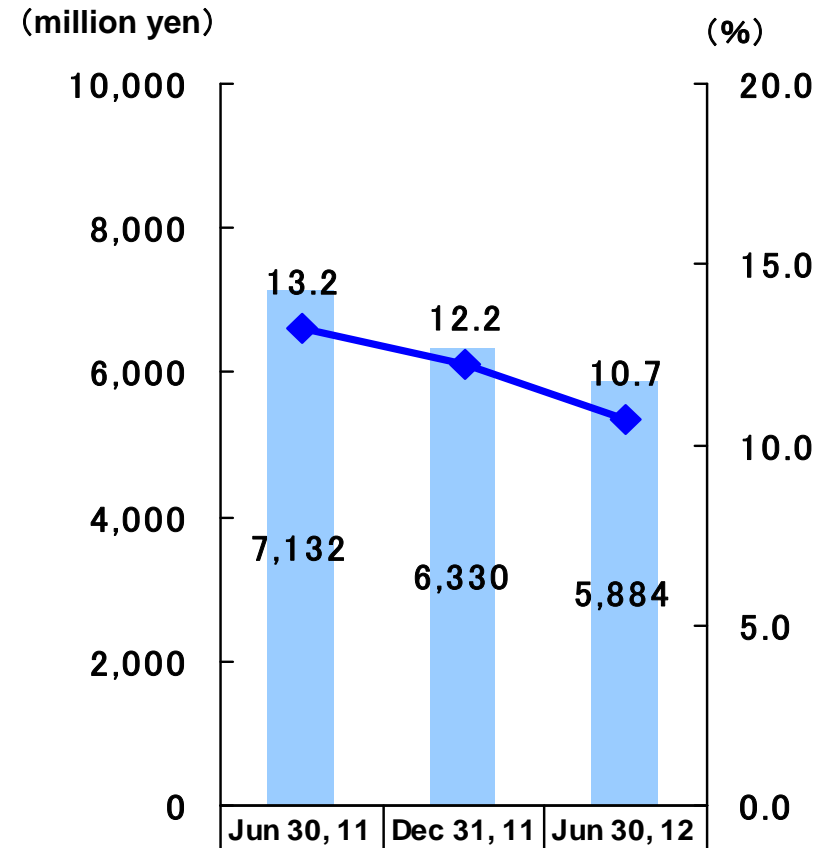


#### Inventories



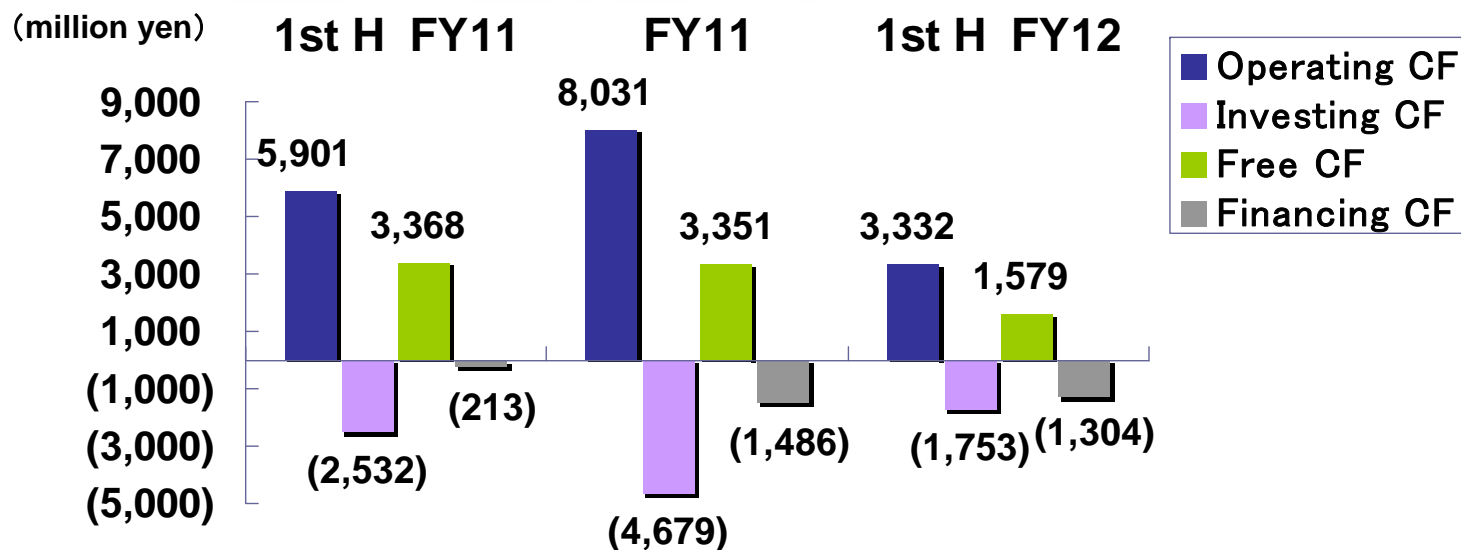
Inventories	8,720	9,007	8,443
Inventory turnover	1.9	1.8	1.7

#### Liabilities with Interests



Liability with Interest	7,132	6,330	5,884
Loan-to-Asset	13.2	12.2	10.7

# III-5. Cash Flow Statement



	FY11		FY12
	1st H	FY	1st H
Operating CF	5,901	8,031	3,332
Investing CF	(2,532)	(4,679)	(1,753)
Free CF	3,368	3,351	1,579
Financing CF	(213)	(1,486)	(1,304)
Cash and cash equivalents at year End	14,200	12,773	13,072
Liquidity (Months)	3.03	2.62	2.58

## Ⅲ-6. Outlook for Cash Dividends

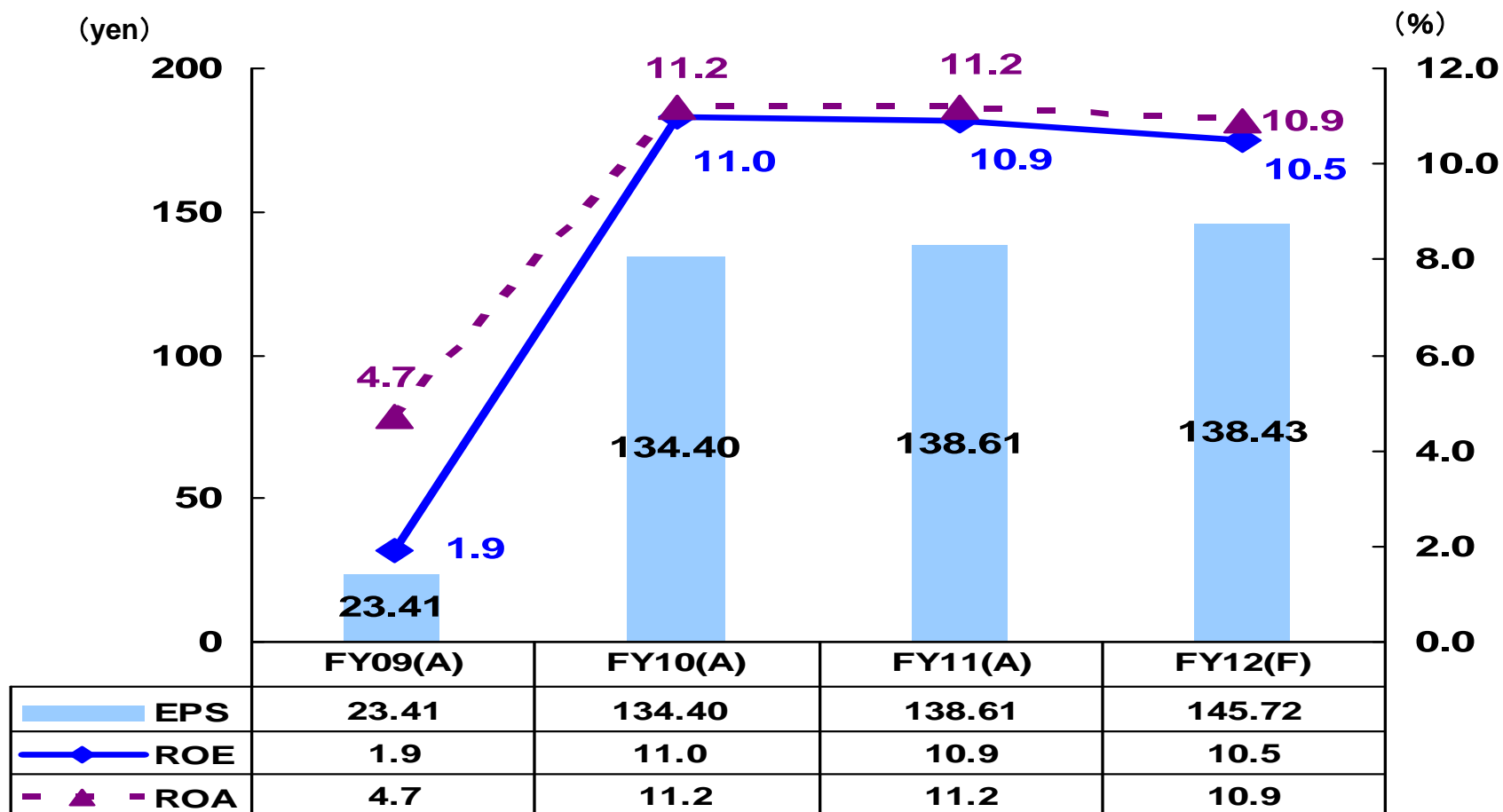
(yen)

	FY08	FY09	FY10	FY11	FY12 <sup>*FCT</sup>
Interim	25.00	15.00	20.00	20.00	20.00
Year End	25.00	25.00	※ 30.00	30.00	TBD
Total	50.00	40.00	50.00	50.00	TBD
Dividend payout ratio	46.1%	170.9%	37.2%	36.1%	-

※Including ¥5 commemorative dividend

# Ⅲ-7. Referential 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. Referential Data



### 2) Impact of Currency Exchange Rate Fluctuations

#### 1st Half FY2012

	Exchange rate (yen)		Effect (million yen)	
	1st H FY11	1st H FY12	Net sales	Operating income
USD	82.01	79.77	(330)	(30)
EURO	115.06	103.50	(620)	(530)
Others	-	-	10	5
<b>Total</b>	-	-	<b>(940)</b>	<b>(555)</b>

#### 2nd Half FY2012 Forecast

	Exchange rate (yen)	One yen change impact for 2H FY12 (million yen)	
	2nd H FY12	Net Sales	Operating Income
USD	78.00	(200)	(20)
EURO	97.00	(60)	(50)



## IV. Mid-Term Strategy

# New eyes for industry

## IV-2. Mid-Term Management Goals for FY2014

Net sales : ¥83.0 billion yen

Operating income : ¥8.6 billion yen

(Operating income ratio 10.4%)

# IV-3. Strategy Towards FY2014 by Segment



## 1) Photographic Products

**Target: 55.3 billion yen ( 66.6% of total net sales)**

**2014  
Mid-Term  
Target**

- ❖ Poised at launching interchangeable lenses of ultimate performance in a global scale as a specialized manufacturer of optics
- ❖ Expanded product portfolio to meet the needs of the market
- ❖ Expansion of sales in the emerging markets leveraging distribution network
- ❖ Enhanced customer service with “Three Day Turnaround” for repairs
- ❖ 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)

Interchangeable lenses for 35mm / Digital SLR camera

Interchangeable lenses for Non-Reflex type cameras



EISA Awards 2011-2012

18-270mm F/3.5-6.3 Di II VC PZD  
(Model B008)



The first Camera GP 2011

Lens of the Year.



SP 24-70mm F/2.8 Di VC USD  
(Model A007)



18-200mm F/3.5-6.3 Di III VC  
(Model B011)



TIPA AWARD 2012/ BEST CSC  
ENTRY LEVEL LENS Award



総合金賞

# IV-3. Strategy Towards FY2014 by Segment



## 2) Optical Components

**Target: 14.3 billion yen (17.2% of Total Net Sales)**

**2014  
Mid-Term  
Target**

- ❖ Solidified partnership with DSC/DVC clients
- ❖ Focus on higher value-added products to avoid getting involved in price competition
- ❖ Entry into new business segments such as cinema camera lens
- ❖ Achieving better cost efficiency for LWIR (Long-Wave Infra Red) lenses to develop business opportunities



Digital still camera lenses, Camcorder lenses



Original zoom lens



Lenses for Long Wavelength Infrared Cameras

# IV-3. Strategy Towards FY2014 by Segment



## 3) Commercial / Industrial-use Optics

**Target: 13.4 billion yen (16.1% of Total Net Sales)**

**2014  
Mid-Term  
Target**

- ❖ Expansion in security/surveillance camera lenses, especially for built-in type, in Europe, the United States, China and Emerging Countries
- ❖ New additions to the current product portfolio including Panorama cameras, Mega-pixel and HD compliant lens models
- ❖ Development of automotive camera lens business
- ❖ Commercialization of lenses for TV video conference systems and other new industrial applications



**"Flat-Field Mega Pixel Lens Series"**



**"Surveillance Camera 180-View" with Fish-eye Lens integrated**



**Automotive camera lenses**

## IV-4. Enhanced Production System

### Progress in building a new plant in Vietnam

1. Company name : **TAMRON OPTICAL (VIETNAM) CO., LTD.**
2. Establishment : **May, 2012**
3. Start of operation: **July, 2013 (projected)**
4. Land / Employee: **Land: Approx. 13,400m<sup>2</sup> Number of Employees: Approx. 2,000**
5. Progress : **Employment / Operations /Equipment investment & deployment, Infrastructure**
6. Images as planned:

front view



bird-view



lobby image



# Disclaimer



1. The purpose of this material is to provide information on the “2nd Quarter FY2012 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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