



2nd Quarter FY2015 Financial Results

August 7, 2015
Tamron Co., Ltd. (Code: 7740)

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I . 2nd Quarter FY2015 Financial Results

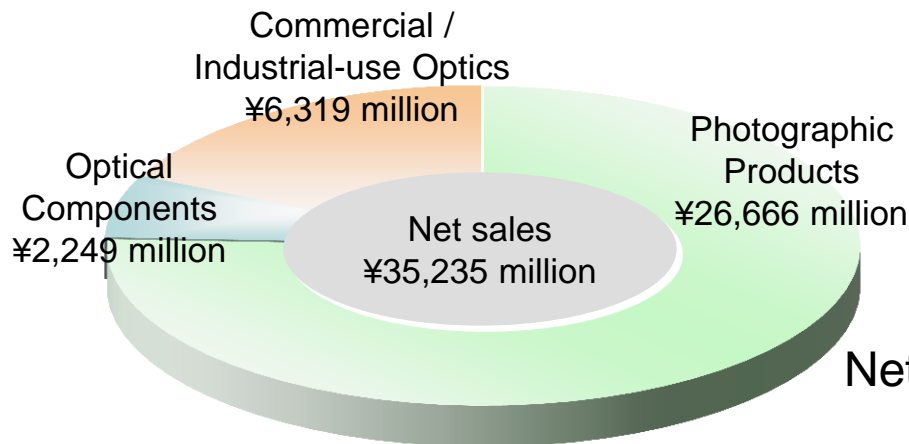
I -1. Business Briefing

Company Profile

- ❖ Total subsidiaries overseas : 9
- ❖ Domestic offices: 4 / Sales offices: 5
- ❖ ISO9001, ISO14001 certified
ISO/TS16949 certified
- ❖ Net sales: ¥35,235 million (1st Half FY2015)
- ❖ Number of employees: 5,994 (As of June 30, 2015)
- ❖ Total assets: ¥67,408 million (As of June 30, 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 business segment
(1st Half FY2015)

I -2. 1st Half FY2015 Summary

Business Environment

- ❖ Global economy had been recovering gradually despite of uncertainty of European market
- ❖ Compared with last year JPY depreciated against USD, but appreciated against Euro
- ❖ Digital camera market: unit sales of interchangeable lens cameras slightly decreased, but increased in volume. On the other hand, compact DSC market was shrinking continuously and unit consumption declined around 20%

1st Half FY2015 Results

- ❖ Consolidated net sales exceeded last year's due to good momentum of own-branded photographic products and JPY's depreciation against USD
- ❖ Consolidated profits exceeded last year's despite negative impact by JPY's appreciation against Euro. And net income reached nearby 150% of last year's because of gain on negative goodwill
- ❖ As for photographic products business, last year's launches of new products contributed to more than 10% increase during the 1st half year for both sales and profits

Topics

- ❖ Executed acquisition and cancellation of treasury stock, then enhanced capital efficiency. As a result, ROE should be improved from 7.9% (2014) to 9.4% (2015 estimated)
- ❖ As interim dividend, provided ¥25, an increase of ¥5 from last year

I -3. 1st Half FY2015 Financial Results



(Millions of yen)

	1st H FY14	1st H FY15*FCT	1st H FY15	Change vs. 1st H FY14		Change vs. Same Period Forecast		FX Impact vs. 1st H FY14
Net Sales	32,770	36,200	35,235	2,464	107.5%	(964)	97.3%	+2,450
Operating Income	2,565	2,800	2,764	199	107.8%	(35)	98.7%	(650)
(% Sales)	7.8%	7.7%	7.8%	±0.0%	-	0.1%	-	
Ordinary Income	2,638	2,700	2,819	180	106.9%	119	104.4%	
(% Sales)	8.1%	7.5%	8.0%	(0.1)%	-	0.5%	-	
Net Income	1,820	2,550	2,678	857	147.1%	128	105.0%	

❖ Forecast of net income was revised from 1.9 billion-yen to 2.55 billion-yen due to gain on negative goodwill when announcing 1Q financial results

I -4. Contributing Factors for Performance

vs. 1st H FY2014



(Millions of yen)

	1st H FY14 (a)	1st H FY15 (b)	Change		Change Factors
			(b)-(a)	(b)/(a)	
Net Sales	32,770	35,235	2,464	107.5%	Exchange gain +2,450 Sales ±0 <hr/> +2,450
Operating Income	2,565	2,764	199	107.8%	Exchange loss (650) Cost reduction +300 Others + 550 <hr/> +200

I -5. 1st Half FY2015 Results by Segment

(Millions of yen)

		1st H FY14	1st H FY15 *FCT	1st H FY15	Change vs. 1st H FY14		Change vs. Same Period Forecast		FX Impact vs. 1st H FY14
Photographic Products	Net Sales	23,090	26,200	26,666	3,576	115.5%	466	101.8%	1,400
	Operating Income	2,311	2,700	3,059	748	132.4%	359	113.3%	(750)
	(%sales)	10.0%	10.3%	11.5%	1.5%	-	1.2%	-	-
Market did not fully recover yet, but sales of major markets exceeded last year's in local currencies, and both sales and profits exceeded last year. Also achieved both sales and profits goals as forecasted									
Optical Components	Net Sales	3,518	2,900	2,249	(1,269)	63.9%	(650)	77.6%	300
	Operating Income	260	200	111	(149)	42.8%	(88)	55.8%	50
	(%sales)	7.4%	6.9%	5.0%	(2.4)%	-	(1.9)%	-	-
Declined significantly from last year because of market shrinkage of compact DSC as well as camcorder									
Commercial/ Industrial-use Optics	Net Sales	6,161	7,100	6,319	157	102.6%	(780)	89.0%	750
	Operating Income	1,147	1,100	752	(394)	65.6%	(347)	68.4%	50
	(%sales)	18.6%	15.5%	11.9%	(6.7)%	-	(3.6)%	-	-
Automotive camera lens biz contributed to sales increase from last year, but tough competition in Chinese market and development costs of new products led to decline of profits									
Elimination and/or Corporate		(1,153)	(1,200)	(1,159)	(5)	-	40	-	-
Total	Net Sales	32,770	36,200	35,235	2,464	107.5%	(964)	97.3%	2,450
	Operating Income	2,565	2,800	2,764	199	107.8%	(35)	98.7%	(650)

I -6 FY2015 Quarterly Results by Segment



(Millions of yen)

		1Q FY15	2Q FY15	1st H FY15
Photographic Products	Net Sales	12,495	14,171	26,666
	Operating Income	1,668	1,391	3,059
	(% Sales)	13.4%	9.8%	11.5%
Optical Components	Net Sales	1,080	1,168	2,249
	Operating Income	89	22	111
	(% Sales)	8.2%	1.9%	5.0%
Commercial/ Industrial-use Optics	Net Sales	3,241	3,077	6,319
	Operating Income	393	358	752
	(% Sales)	12.1%	11.7%	11.9%
Eliminations and/or corporate		(570)	(589)	(1,159)
Total	Net Sales	16,818	18,417	35,235
	Operating Income	1,581	1,183	2,764

II . FY2015 Financial Forecast

II -1. FY2015 Forecast

(Millions of yen)

	FY14	1st H FY15	2nd H FY15 ^{*FCT}	FY15 ^{*FCT}	Change vs. FY14	
Net Sales	73,621	35,235	43,264	78,500	4,878	106.6%
Operating Income	6,076	2,764	3,835	6,600	523	108.6%
(% Sales)	8.3%	7.8%	8.9%	8.4%	0.1%	-
Ordinary Income	6,200	2,819	3,580	6,400	199	103.2%
(% Sales)	8.4%	8.0%	8.3%	8.2%	(0.2)%	-
Net Income	3,846	2,678	2,171	4,850	1,003	126.1%

❖ Forecast of net income was revised from 4.2 billion-yen to 4.85 billion-yen due to gain on negative goodwill when announcing 1Q financial results

[FY2015 Forecast]

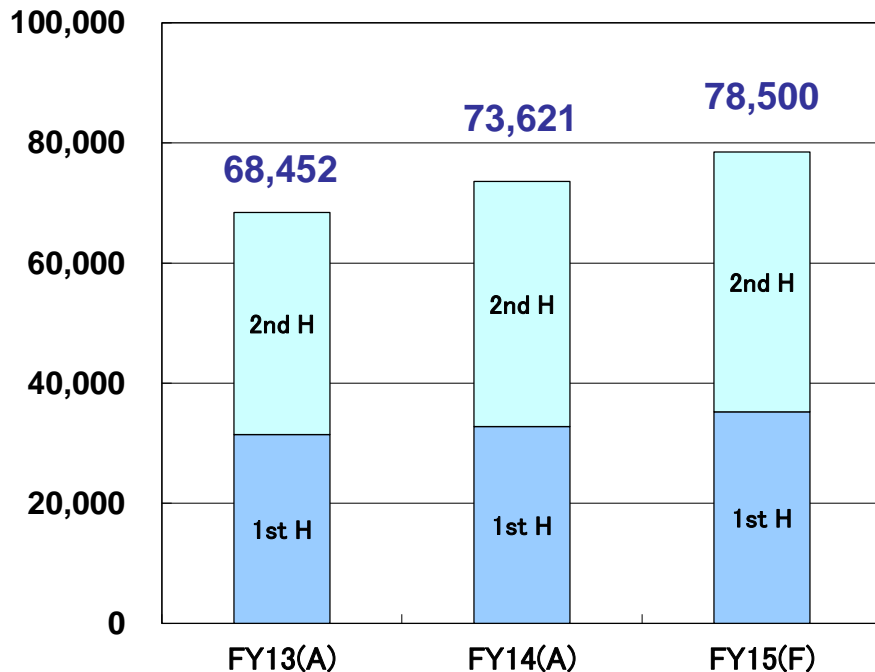
❖ Financial result of 1st half was in line with forecast and full year forecast should remain unchanged, aiming for further increase of both net sales and profits with launches of new products

❖ 2nd half assumption of exchange rate: U\$1 = ¥120 (used to be ¥115), 1 Euro = ¥135 (unchanged)

II -2. FY2015 Forecast (Net Sales / Operating Income)



Net Sales

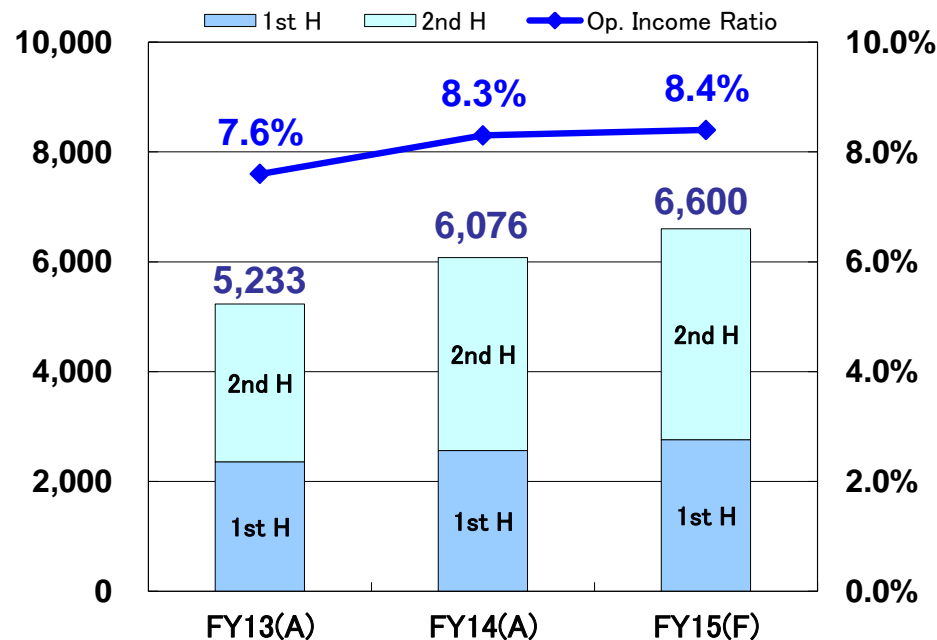


1st H	31,453	32,770	35,235
2nd H	36,999	40,850	43,264
FY	68,452	73,621	78,500
YoY	106.4%	107.6%	106.6%

* (A):Actual (F):Forecast

Operating Income

(Millions of yen)



1st H	2,360	2,565	2,764
2nd H	2,872	3,510	3,835
FY	5,233	6,076	6,600
Op. Income Ratio	7.6%	8.3%	8.4%
YoY	95.1%	116.1%	108.6%

II -3. FY2015 Forecast by Segment

(Millions of yen)

		FY14 (a)	FY15 Previous Forecast (b)	FY15 Current Forecast (c)	Change vs. FY14		Change vs. Previous Forecast	
					(c)-(a)	(c)/(a)	(c)-(b)	(c)/(b)
Photographic Products	Net Sales	53,932	56,900	59,500	5,567	110.3%	2,600	104.6%
	Operating Income	5,853	6,400	7,200	1,346	123.0%	800	112.5%
	(%Sales)	10.9%	11.2%	12.1%	1.2%	-	0.9%	-
Optical Components	Net Sales	7,032	6,200	4,700	(2,332)	66.8%	(1,500)	75.8%
	Operating Income	664	500	300	(364)	45.2%	(200)	60.0%
	(%Sales)	9.4%	8.1%	6.4%	(3.0)%	-	(1.7)%	-
Commercial/ Industrial-use Optics	Net Sales	12,656	15,400	14,300	1,643	113.0%	(1,100)	92.9%
	Operating Income	2,190	2,400	1,700	(490)	77.6%	(700)	70.8%
	(%Sales)	17.3%	15.6%	11.9%	(5.4)%	-	(3.7)%	-
Eliminations and/or corporate		(2,632)	(2,700)	(2,600)	32	-	100	-
Consolidated	Net Sales	73,621	78,500	78,500	4,878	106.6%	0	100.0%
	Operating Income	6,076	6,600	6,600	523	108.6%	0	100.0%

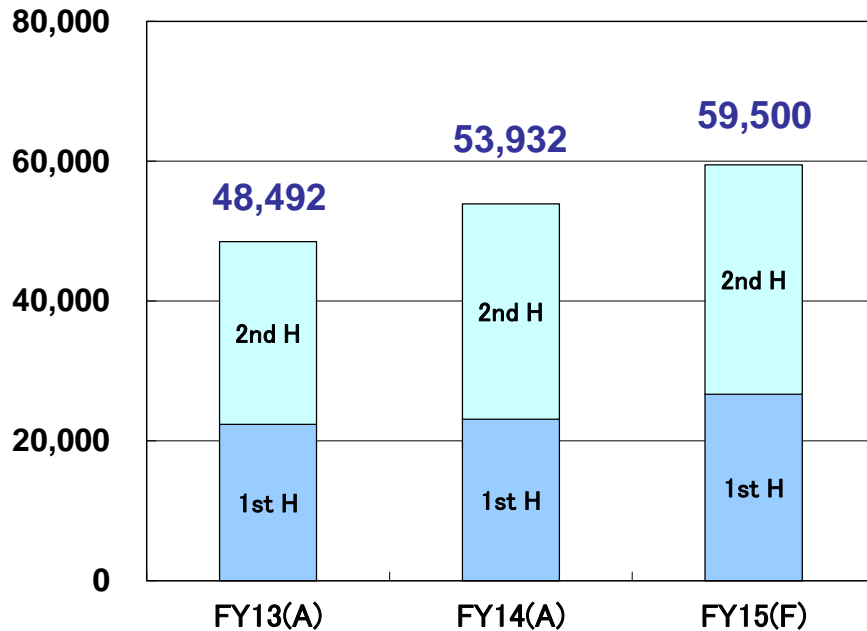
❖ Forecast of company's consolidated net sales and operating income should remain unchanged, but forecast of each segment was revised with considering 1st half results and latest 2nd half projection

II - 4 . FY2015 Forecast by Segment



1) Photographic Products

Net Sales

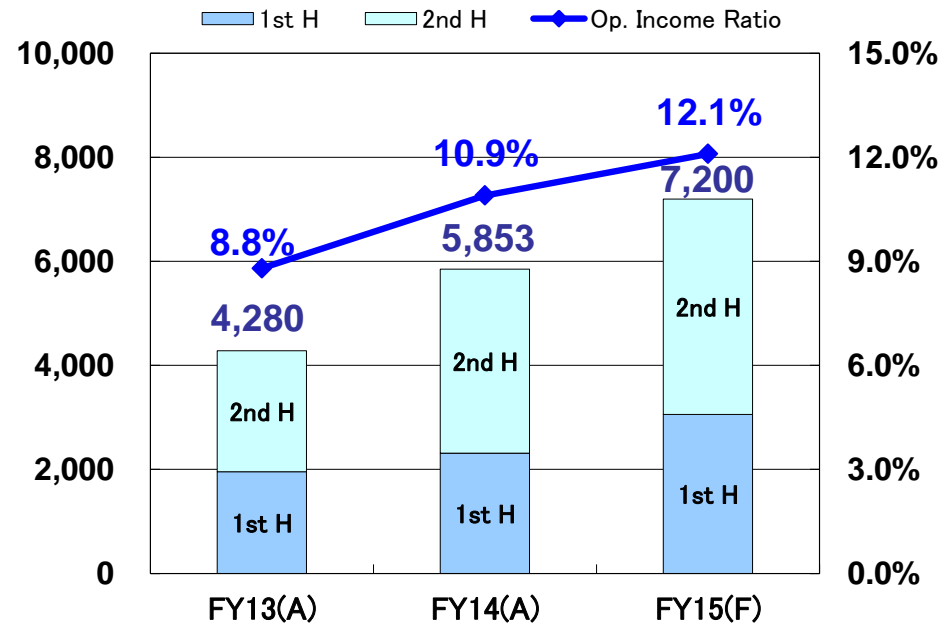


1st H	22,380	23,090	26,666
2nd H	26,111	30,842	32,833
FY	48,492	53,932	59,500
YoY	103.4%	111.2%	110.3%

* (A):Actual (F):Forecast

Operating Income

(Millions of yen)



1st H	1,956	2,311	3,059
2nd H	2,324	3,542	4,140
FY	4,280	5,853	7,200
OpIncomeRatio	8.8%	10.9%	12.1%
YoY	71.8%	136.7%	123.0%

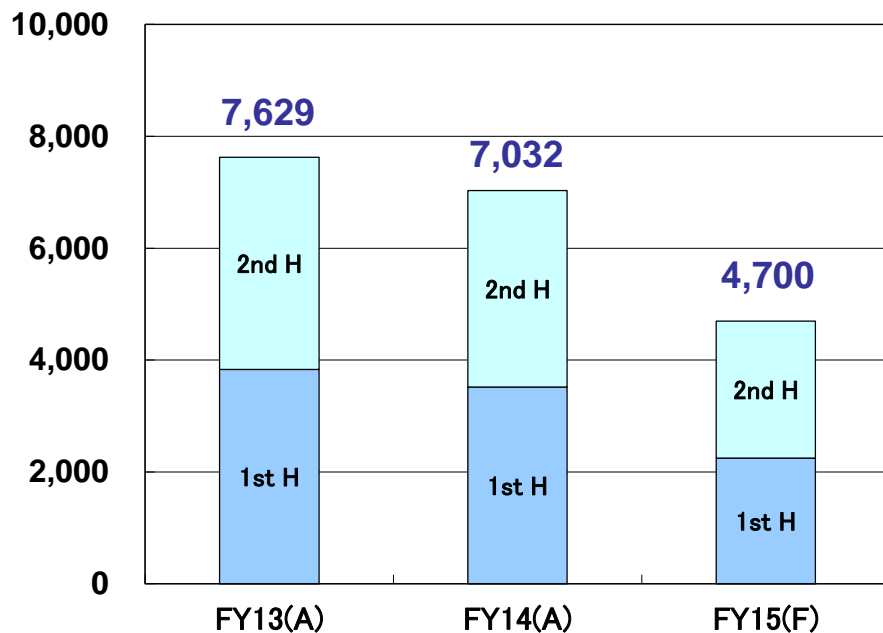
❖ Anticipating more than 10% increase of both sales and profits with launches of new own-branded products in 2nd half

II - 4 . FY2015 Forecast by Segment



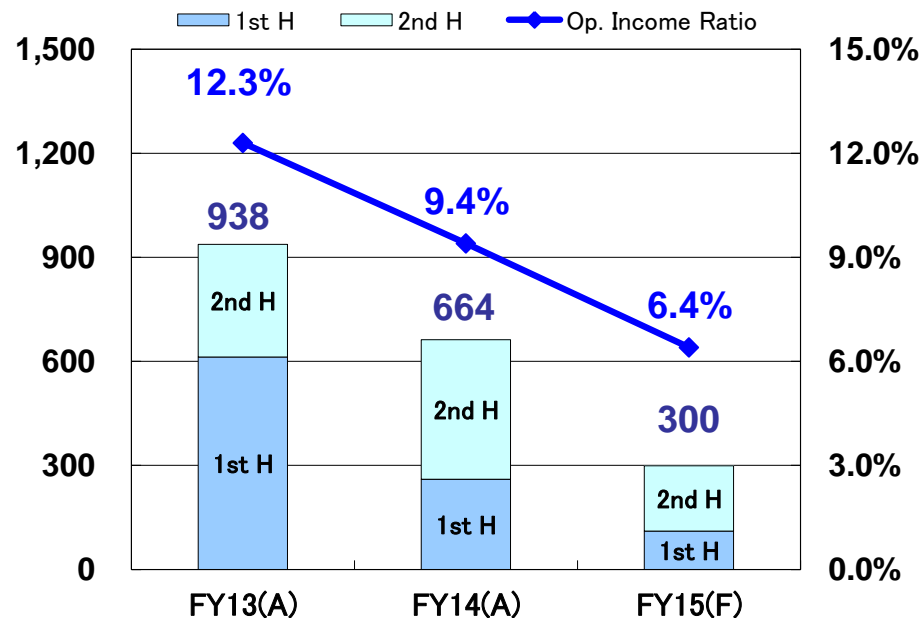
2) Optical Components

Net Sales



Operating Income

(Millions of yen)



1st H	3,833	3,518	2,249
2nd H	3,795	3,513	2,450
FY	7,629	7,032	4,700
YoY	92.2%	92.2%	66.8%

1st H	613	260	111
2nd H	325	403	188
FY	938	664	300
OpIncomeRatio	12.3%	9.4%	6.4%
YoY	207.4%	70.8%	45.2%

* (A):Actual (F):Forecast

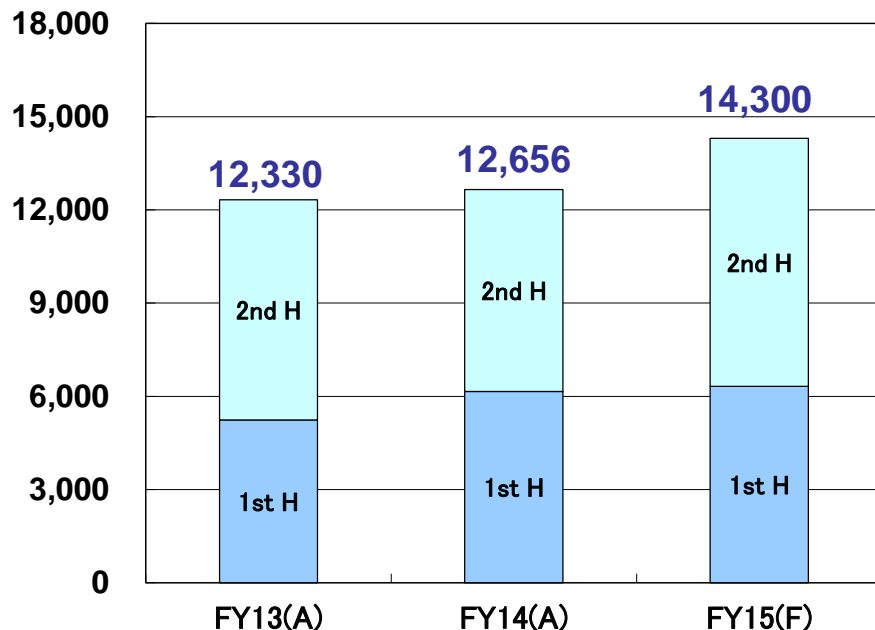
❖ Expecting decrease in sales and profits due to tough market situation, and investing resource to development of new market segments and customers

II - 4 . FY2015 Forecast by Segment

3) Commercial / Industrial-use Optics



Net Sales

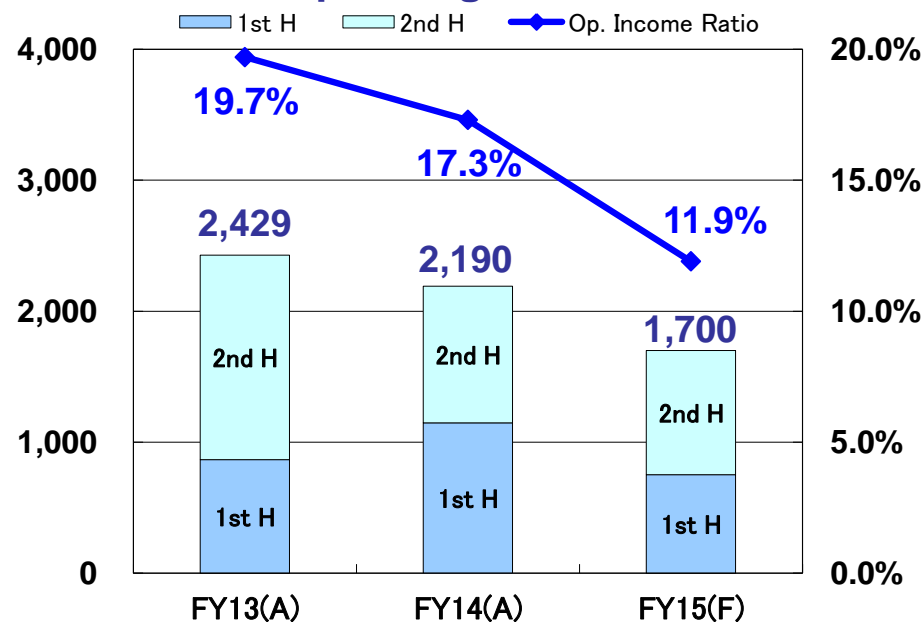


1st H	5,239	6,161	6,319
2nd H	7,091	6,494	7,980
FY	12,330	12,656	14,300
YoY	134.6%	102.6%	113.0%

* (A):Actual (F):Forecast

Operating Income

(Millions of yen)



1st H	866	1,147	752
2nd H	1,563	1,043	947
FY	2,429	2,190	1,700
Op. Income Ratio	19.7%	17.3%	11.9%
YoY	152.2%	90.2%	77.6%

❖ Predicting decline in profits due to tough competition of surveillance camera lens in China market and increased development expenses for new products, however increase in sales expected in other territories as well as growth in automotive optics

III. Financial Situation

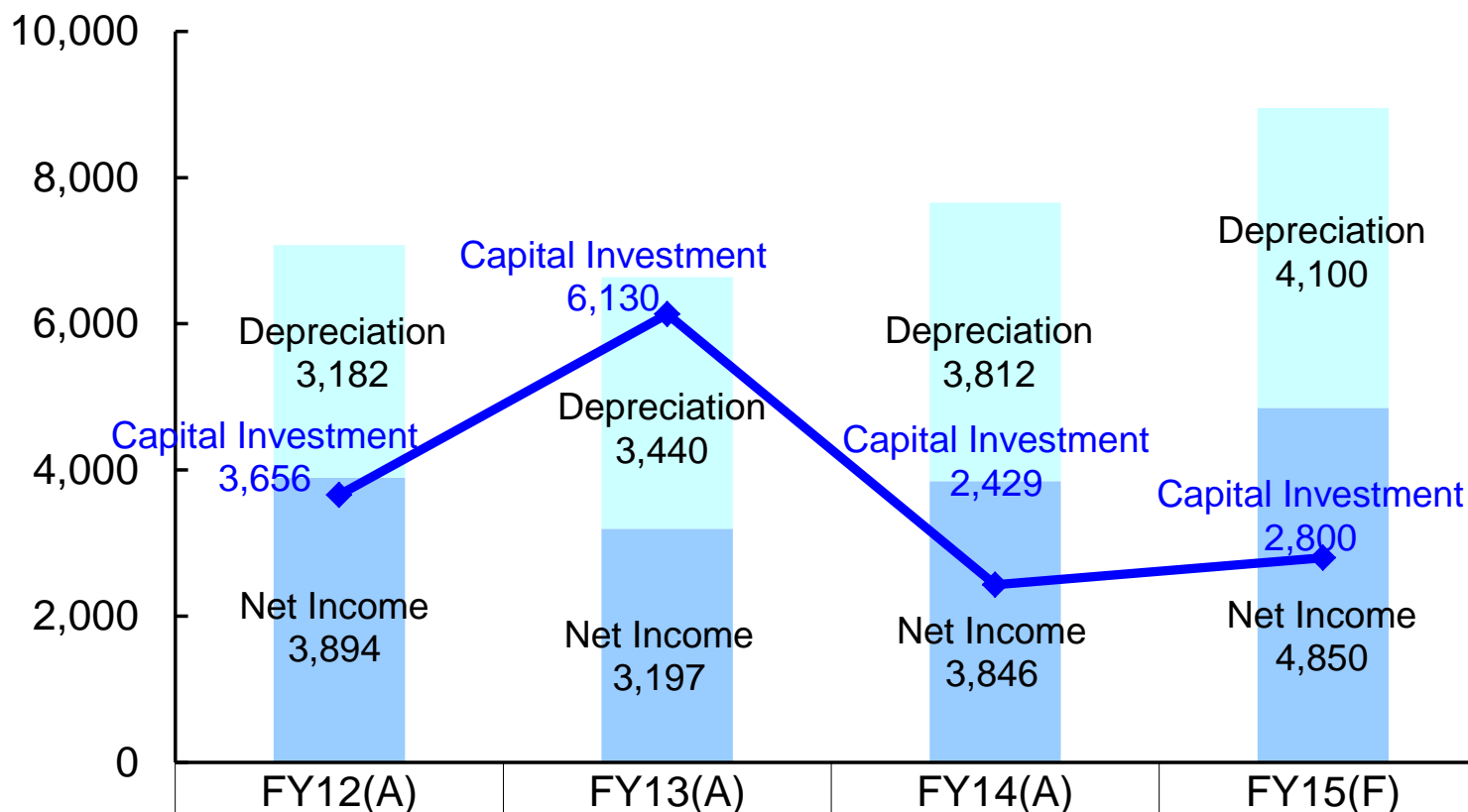
III-1. Financial Summary

(Millions of yen)

	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Change vs. Dec 31, 2014	Remarks
Cash and Deposits	16,947	15,915	17,875	1,959	
Notes and Accounts Receivable	14,164	18,653	13,962	(4,690)	Seasonal trend
Inventories	9,725	10,536	11,260	724	
Other Current Assets	1,429	1,849	1,734	(115)	
Total Non-Current Assets	21,613	22,950	22,574	(376)	Decrease of depreciation after larger scale investment
Total Assets	63,880	69,906	67,408	(2,498)	
Total Current Liabilities	13,252	14,602	14,550	(52)	
Total Non-Current Liabilities	3,686	3,308	2,852	(455)	
Total Liabilities	16,939	17,911	17,403	(507)	
Total Net Assets	46,941	51,995	50,004	(1,990)	Acquisition and cancellation of treasury stock
Total Liabilities and Net Assets	63,880	69,906	67,408	(2,498)	
Ratio of Net Assets	73.5%	74.4%	74.2%	(0.2)%	

III-2. Capital Investment & Depreciation

(Millions of yen)



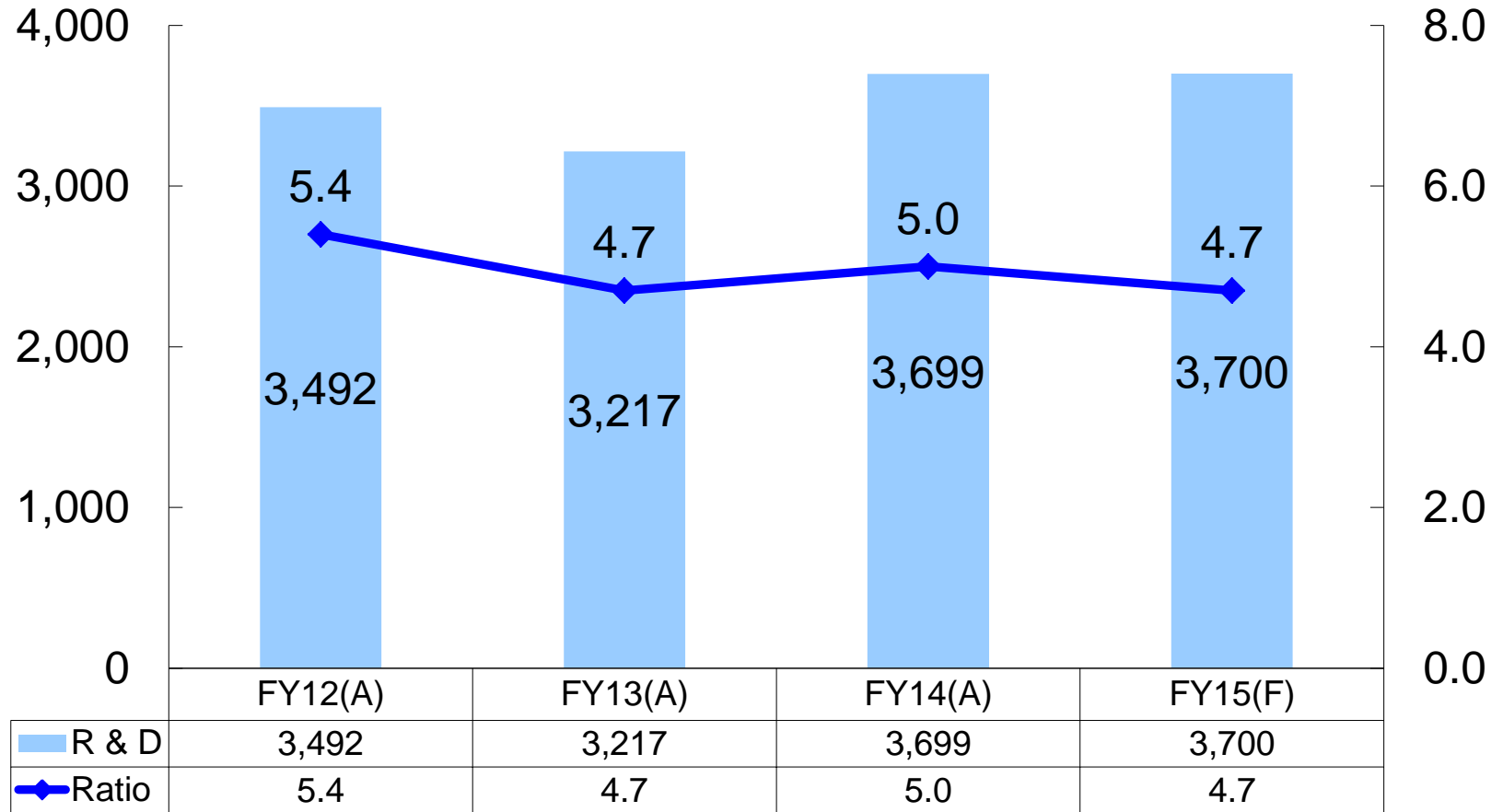
Depreciation	3,182	3,440	3,812	4,100
Net Income	3,894	3,197	3,846	4,850
Capital Investment	3,656	6,130	2,429	2,800

* (A):Actual (F):Forecast

III-3. Research & Development

(Millions of yen)

(%)



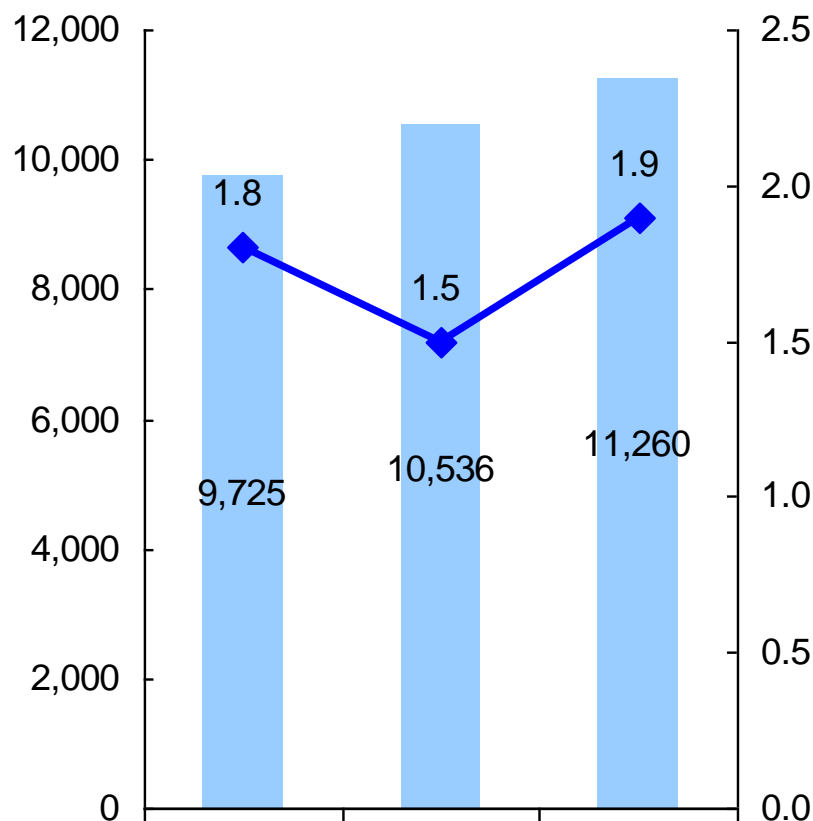
❖ R&D cost/Net sales ratio

❖ (A):Actual (F):Forecast

III-4. Inventories / Liabilities with Interests

Inventories

(Millions of yen)

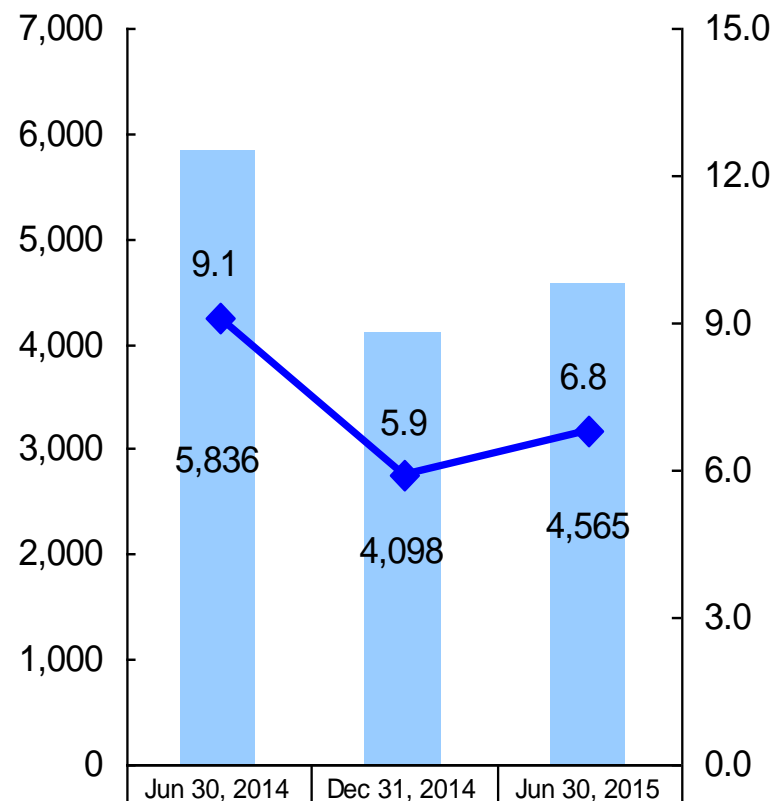


Inventories	9,725	10,536	11,260
Turnover	1.8	1.5	1.9

Liabilities with Interests

(Month) (Millions of yen)

(%)

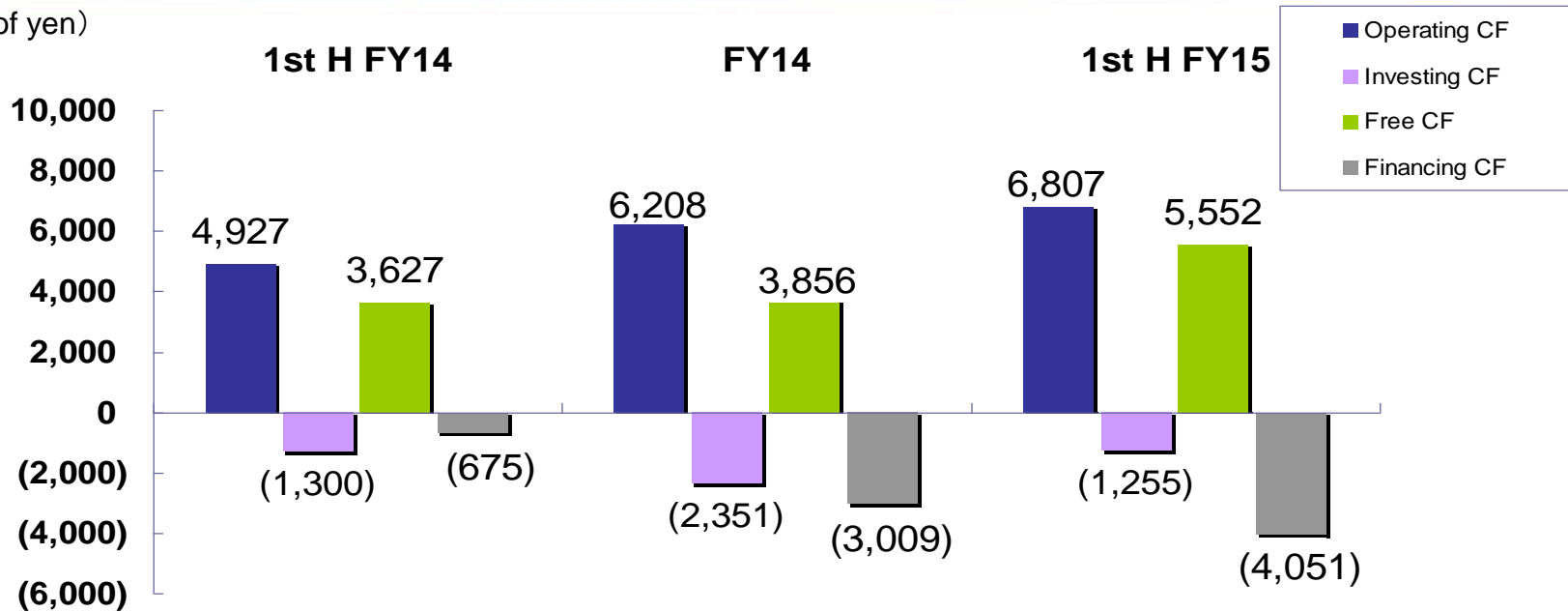


Liability with Interest	5,836	4,098	4,565
Loan-to-Asset	9.1	5.9	6.8

❖ Turnover ratio based on average monthly sales for last 6 months

III-5. Cash Flow Statement

(Millions of yen)



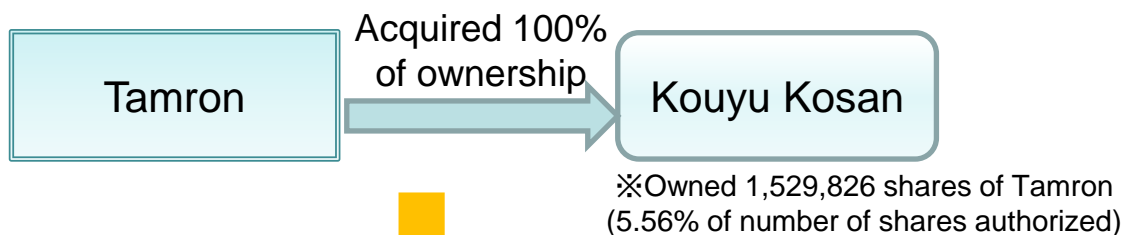
	1st H FY14	FY14	1st H FY15
Cash Flow from Operating Activities	4,927	6,208	6,807
Cash Flow from Investing Activities	(1,300)	(2,351)	(1,255)
Free Cash Flow	3,627	3,856	5,552
Cash Flow from Financing Activities	(675)	(3,009)	(4,051)
Cash and Cash Equivalents at Year End	16,947	15,915	17,875
Liquidity (Months)	3.10	2.59	3.04

Ⅲ-6. Cancellation of Treasury stock

- Acquired 1,529,826 shares of treasury stock through merger of Kouyu Kosan Co., Ltd.
- Enhanced shareholder value and capital efficiency with cancellation of treasury stock acquired

Acquired stock of Kouyu Kosan Co., Ltd.

(Acquisition in line with the procedures to obtain company's own stocks from specific shareholders)



Merged Kouyu Kosan (Simplified, short-form merger)

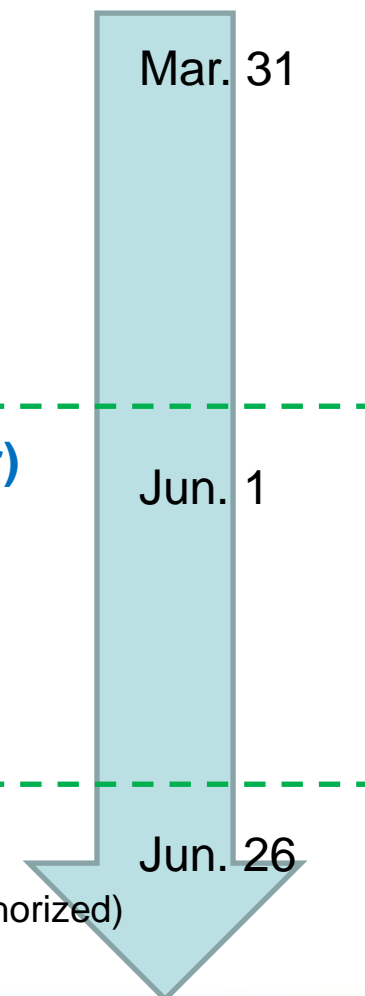
⇒ Kept our company's stock owned by Kouyu Kosan as treasury stock



Cancelled treasury stock

⇒ Cancelled 1,550,000 shares (5.64% of original number of shares authorized)

Number of shares authorized: 27,500,000 ⇒ 25,950,000 shares



III-7. Outlook for Cash Dividends

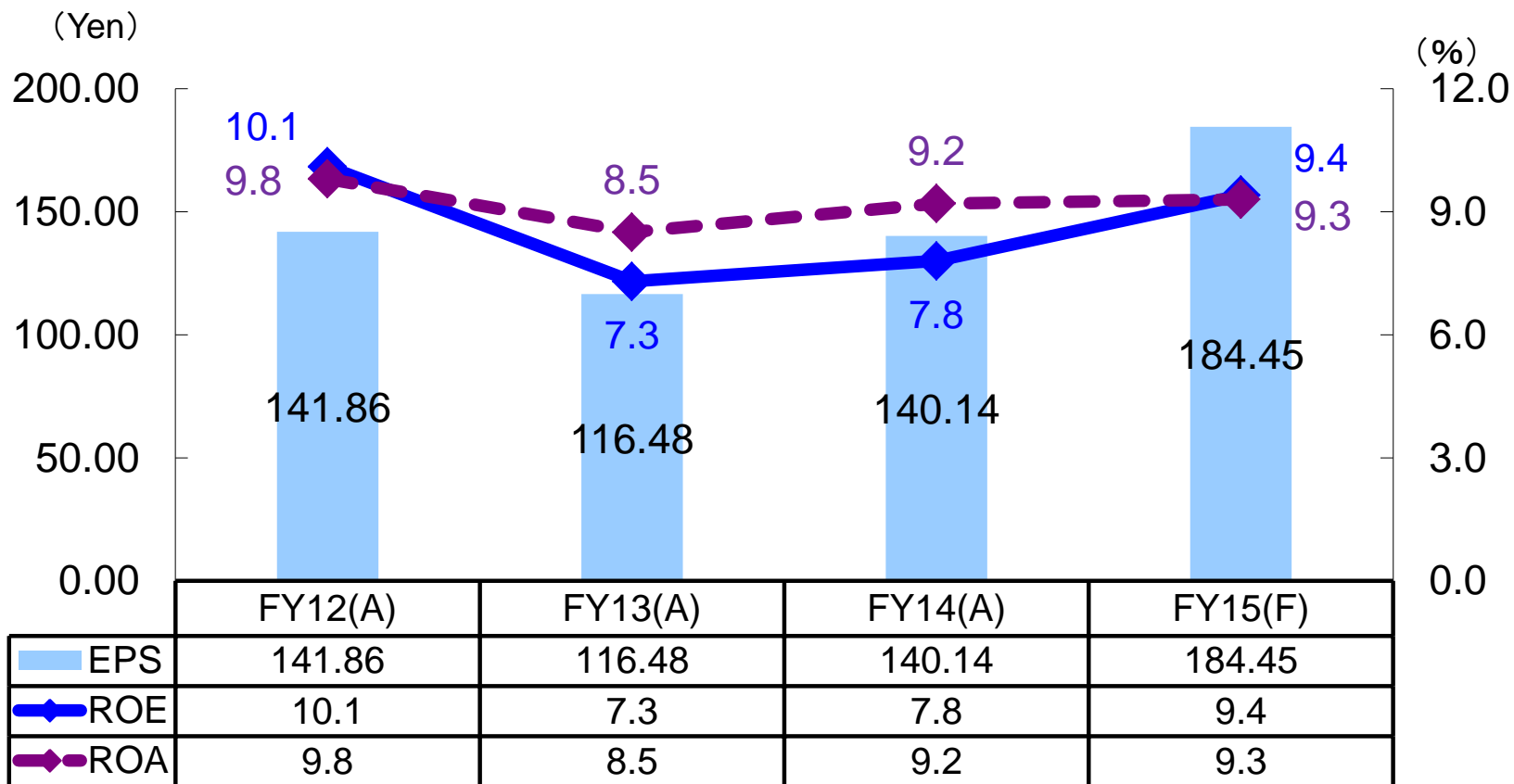
Provided ¥25 as interim dividend and currently estimating ¥55 as annual dividend

(Yen)

	FY12	FY13	FY14	FY15 ^{*FCT}
Interim	20.00	20.00	20.00	25.00
Year End	30.00	30.00	30.00	30.00
Total	50.00	50.00	50.00	55.00
Dividend Payout Ratio (Consolidated)	35.2%	42.9%	35.7%	29.8%

III-8. 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-8. Referential Data

2) Impact of Currency Rate Fluctuations

1st Half FY2015

	Exchange rate (Yen)		Effect (Million yen)	
	1st H FY14	1st H FY15	Net Sales	Operating Income
USD	102.46	120.31	+2,600	(250)
EURO	140.44	134.14	(350)	(300)
Others	-	-	+200	(100)
Total	-	-	+2,450	(650)

(Impact on FY2014 Actual performance)

2nd Half FY2015 Forecast

	Exchange rate (Yen)	One yen change impact (Million yen)	
	2nd H FY15	Net Sales	Operating Income
USD	120.00	+150	±0
EURO	135.00	+60	+50

IV. Mid-Term Strategy

New eyes for industry

IV - 2. Mid-Term Management Goals for FY2017

Net Sales : ¥95.0 billion

Operating Income : ¥9.5 billion

(Operating Income Ratio 10%)

ROE : 10% or more

IV-3. Strategy Towards FY2017 by Segment

1) Photographic Products

Target : ¥68.0 billion (71.6% of Total Net Sales)

**2017
Mid-
Term
Target**

- ❖ Continuous timely launches of epoch-making products as our own-branded lens line-ups
- ❖ Establish further efficient development processes of new products
- ❖ Enhance local sales organization and operation in emerging markets and gain market share
- ❖ Build strong brand with product performance and design, at the same time take actions to stimulate potential demands

New Product

Launched in Jun. 2014



Strategic New Products



Launched in Apr. 2014



Launched in Dec. 2013



Launched in Dec. 2014



To be launched in Aug. 2015

2) Optical Components

Target: 4.5 billion yen (4.7% of Total Net Sales)

**2017
Mid-
Term
Target**

- ❖ Focus on value-added products and secure profits with avoiding price competition
- ❖ Take advantage of our own advantages in optical technology fields and create new markets
- ❖ Gain price competitiveness of far-infrared optical systems and strengthen sales efforts to win orders at the same time
 - Collaborate in product development with leading camera brands



Digital still camera lenses, Camcorder lenses



Original zoom lens



Lenses for Long Wavelength Infrared Cameras

IV-3. Strategy Towards FY2017 by Segment

3) Commercial / Industrial-use Optics

Target: 22.5 billion yen (23.7% of Total Net Sales)

**2017
Mid-
Term
Target**

- ❖ Increase sales globally with technological innovation of surveillance camera lens
- ❖ Create new business through collaboration with other companies
- ❖ Enhance business development in new fields like outdoor and night surveillance
- ❖ Get automotive related business on track with enhancing sensing application lens (like image recognition usage)
- ❖ Build development and sales operations for Chinese market, then launch new products to meet Chinese market and demands



"Flat-Field Mega Pixel Lens Series"



30x Zoom Lens for Board Cameras
4.3-129mm F/1.6 (Model DF019)



Automotive camera lenses

IV-4. Enhanced Production System

Vietnam – steadily increase production and gain cost competitiveness



Category	Current situation
Number of Employee	200 (July, 2013) ⇒ 1,114 (Aug, 2015)
Processing	Lens Element, Metal, Assembly
Production Capacity Production Model	Surveillance camera lenses from the latter half of 2014, in addition to DSLR camera lenses

Lens Element Processing



Metal Processing



Assembly Lines



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