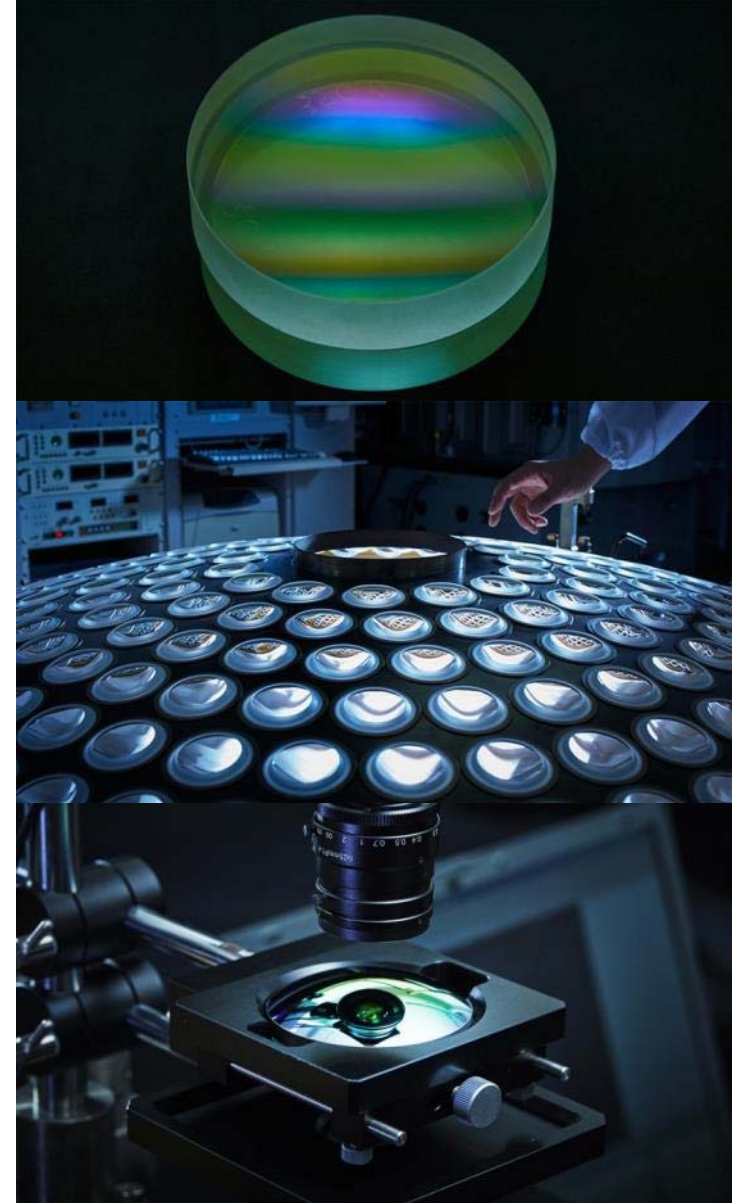


## 2nd Quarter FY2018 Financial Results

August 6, 2018  
Tamron Co., Ltd. (Code: 7740)



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# I . FY 2018 Summary

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# I - 1 . 1st Half FY2018 Summary

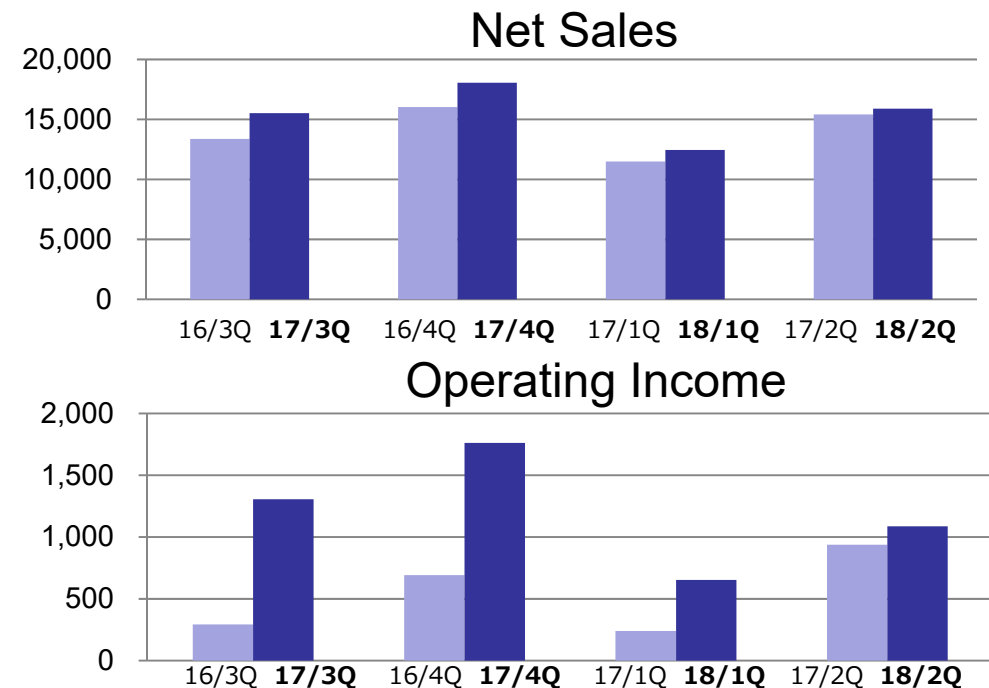
## 【Business Environment】

- Economic Situation (comparison from the previous year)
  - Digital SLR cameras: 4% down in quantity-base, 1% increase in money-base.
  - Interchangeable lenses: 2% down in quantity-base, 4% increase in money-base.
  - Lens-integrated cameras: 40% down in quantity-base, 32% down in money-base.
- Exchange Rate: JPY got stronger against USD (by 4 JPY) and weaker against EUR (by 10 JPY)

## 【Company's Results】

- 1st Half FY2018 :
  - The sales increased and the profit resulted in significantly better than the previous year.  
(The sales increased by 6% and Operating Income increased by 66% from the previous year.)
- 1st Half FY2018 Results by quarter:
  - The sales and Operating Income increased both in the 1<sup>st</sup> and the 2<sup>nd</sup> quarter compared to the previous year, 4 quarters in a row since 3<sup>rd</sup> Q FY2017.

## 【Financial Results by quarter】 (millions of JPY)



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# I - 2 . FY2018 Overview

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

- Economic Situation :
  - Digital SLR camera and Interchangeable lens markets are expected to show positive increase in money-base.
  - Lens-integrated camera market are continuously expected to shrink significantly.
- Exchange Rate Assumption : 110 JPY/USD, 128 JPY/EUR
  - Against USD: JPY is expected to be as strong as the 1<sup>st</sup> half (stronger by 2 JPY from the previous year)
  - Against EUR: JPY is expected to get stronger compared to the 1<sup>st</sup> half (stronger by 4 JPY from the previous year)

## 【Company's Forecast】

- **Planning to increase sales and profits in two consecutive years.**  
Although affect of the negative impact of the exchange rate (JPY expected to get stronger against EUR) in the 2<sup>nd</sup> half, sales and profits are expected to increase.

⇒**The sales: increase by 4%, the operating income: increase by 20% (FY2018 in total)**

- **Revision of the Financial Forecast FY2018**  
Reflecting the result of the better-than-expected performance of the 1<sup>st</sup> half, 2018 and the revised current schedule of product development.

⇒**The sales unchanged and the profit revised upward compared to the original forecast.**  
(profitability is expected to improve.)

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## II. 2nd Quarter FY2018 Financial Results

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## II - 1 . 1st Half FY2018 Financial Results

(millions of JPY)

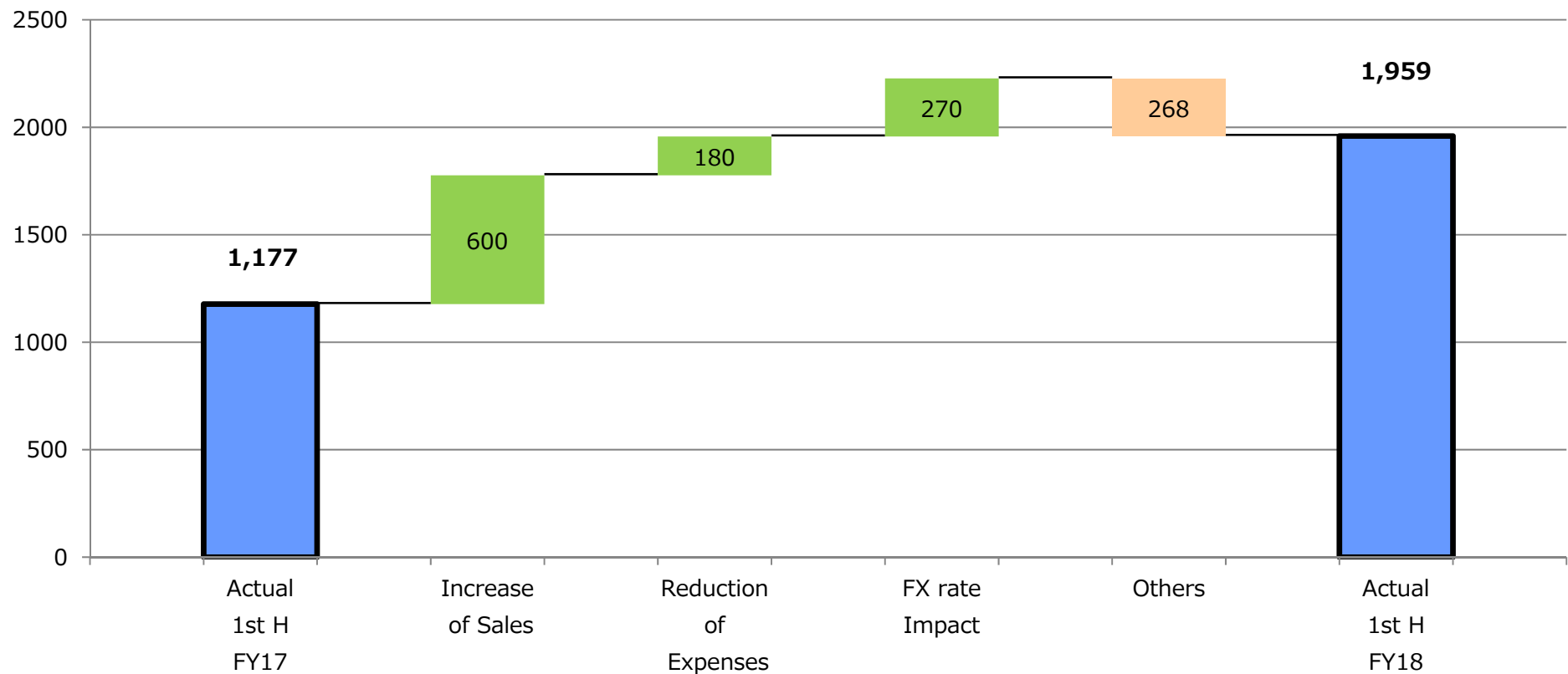
	Actual 1st H FY17 (a)	Forecast 1st H FY18 (b)	Actual 1st H FY18 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>26,912</b>	<b>27,800</b>	<b>28,572</b>	<b>1,659</b>	<b>106.2%</b>	<b>772</b>	<b>102.8%</b>
<b>Gross profit</b>	<b>9,002</b>	<b>–</b>	<b>9,661</b>	<b>658</b>	<b>107.3%</b>	<b>–</b>	<b>–</b>
(% Sales)	33.5%	–	33.8%	0.3%	–	–	–
<b>Operating Income</b>	<b>1,177</b>	<b>1,300</b>	<b>1,959</b>	<b>782</b>	<b>166.4%</b>	<b>659</b>	<b>150.7%</b>
(% Sales)	4.4%	4.7%	6.9%	2.5%	–	2.2%	–
<b>Ordinary Income</b>	<b>1,143</b>	<b>1,300</b>	<b>2,090</b>	<b>947</b>	<b>182.9%</b>	<b>790</b>	<b>160.8%</b>
(% Sales)	4.2%	4.7%	7.3%	3.1%	–	2.6%	–
<b>Net Income</b>	<b>912</b>	<b>940</b>	<b>1,585</b>	<b>673</b>	<b>173.8%</b>	<b>645</b>	<b>168.6%</b>
(% Sales)	3.4%	3.4%	5.5%	2.1%	–	2.1%	–
<b>JPY – 1 USD</b>	112.35	110.00	108.68	(3.67)	–	(1.32)	–
<b>JPY – 1 Euro</b>	121.70	130.00	131.58	9.88	–	1.58	–

- The sales and profits achieved the forecast.
- The profits (the Operating Income, the Ordinary Income and the Net Income) showed more than 150% increase compare to the forecast.

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## II - 2 . 1st Half FY2018 Performance Variation Factors

(millions of JPY)



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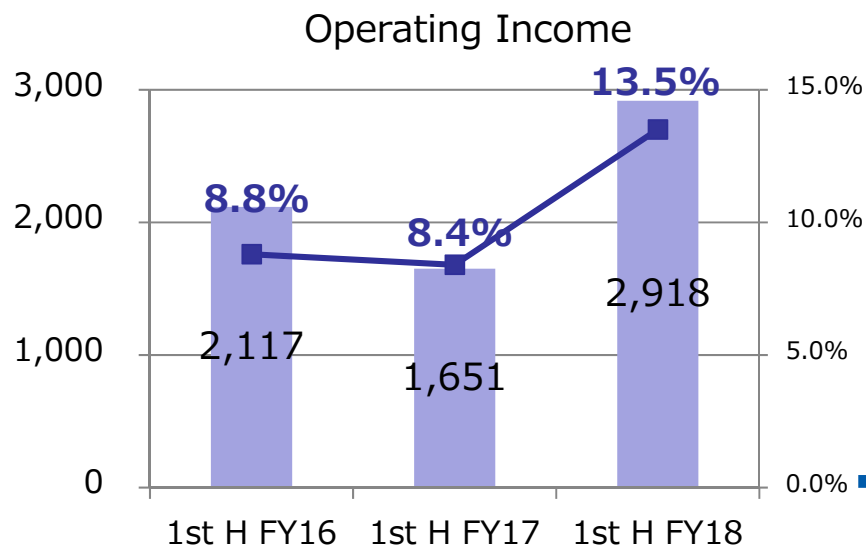
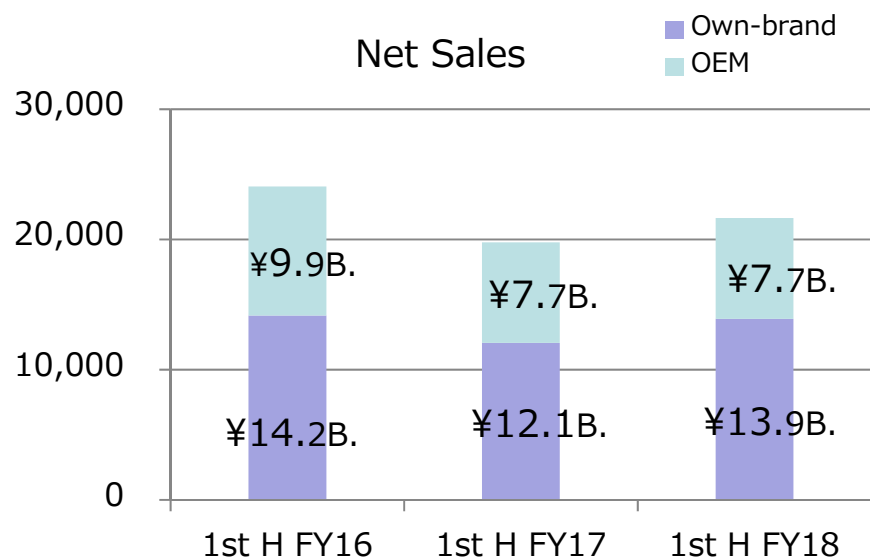
# II - 3 . 1st Half FY2018 Results by Segment

## 1) Photographic Products

(millions of JPY)

	Actual 1st H FY17 (a)	Forecast 1st H FY18 (b)	Actual 1st H FY18 (c)	Inc / Dec		FX Impact vs. 1st H FY17	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
<b>Net Sales</b>	<b>19,776</b>	<b>20,700</b>	<b>21,650</b>	<b>1,874</b>	<b>109.5%</b>	<b>10</b>	<b>950</b>	<b>104.6%</b>
<b>Operating Income</b>	<b>1,651</b>	<b>2,400</b>	<b>2,918</b>	<b>1,266</b>	<b>176.7%</b>	<b>290</b>	<b>518</b>	<b>121.6%</b>
<b>(% Sales)</b>	8.4%	11.6%	13.5%	5.1%	—	—	1.9%	—

- The sales of own-brand models showed two-digit increase due to the strong sales in the US and Japan. The sales of OEM models kept the same level as the previous year. As a result, the total sales increased by 10% compared to the previous year.
- The Operating Income achieved 180% compared to the previous year due to the higher gross profit margin of the newly launched own-brand models, together with the lower SGA expenses.



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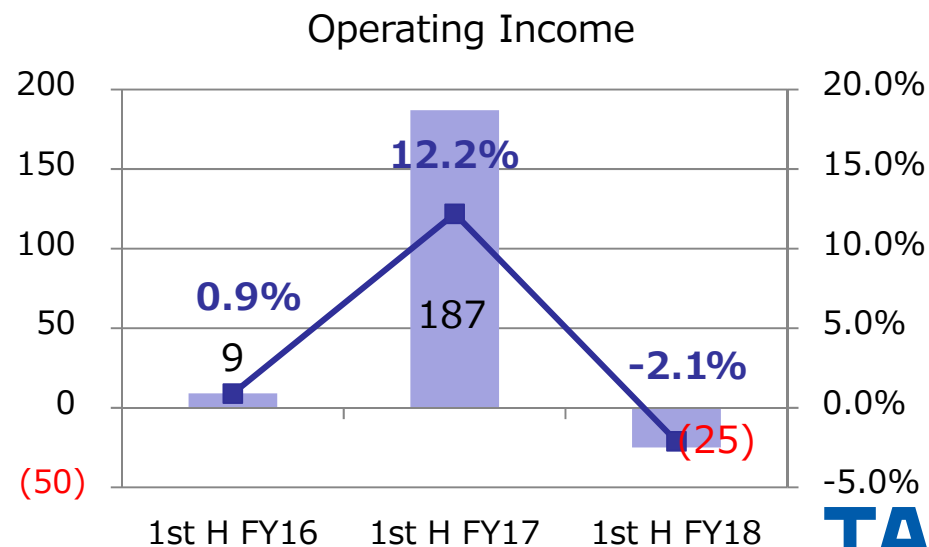
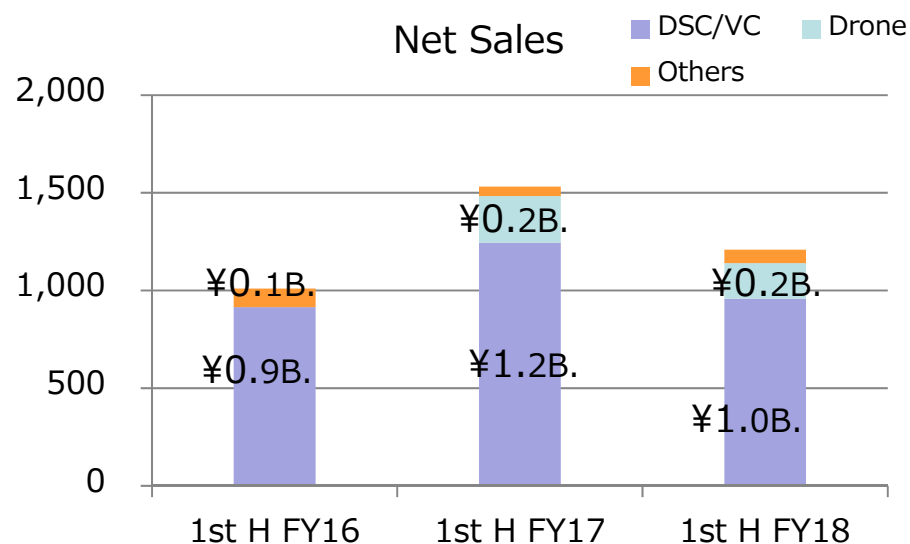
# II - 3 . 1st Half FY2018 Results by Segment

## 2) Optical Components

(millions of JPY)

	Actual 1st H FY17 (a)	Forecast 1st H FY18 (b)	Actual 1st H FY18 (c)	Inc / Dec		FX Impact vs. 1st H FY17	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
<b>Net Sales</b>	1,532	1,200	1,209	(322)	79.0%	(40)	9	100.8%
<b>Operating Income</b>	187	0	(25)	(213)	-	10	(25)	-
<b>(% Sales)</b>	12.2%	0.0%	(2.1)%	(14.3)%	-	-	(2.1)%	-

- The sales decreased due to the decline in demand caused by the shrinking DSC/VC market.
- The Operating Income resulted in loss due to the decline of the sales.



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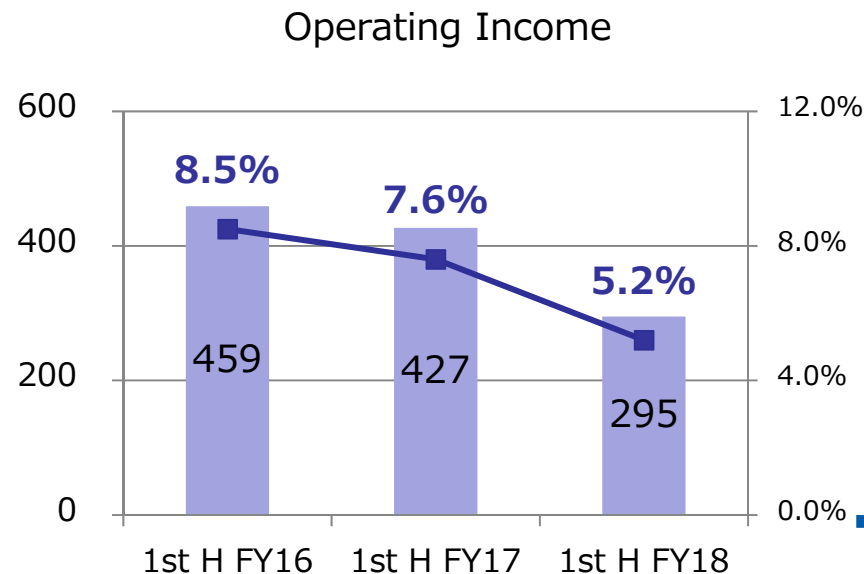
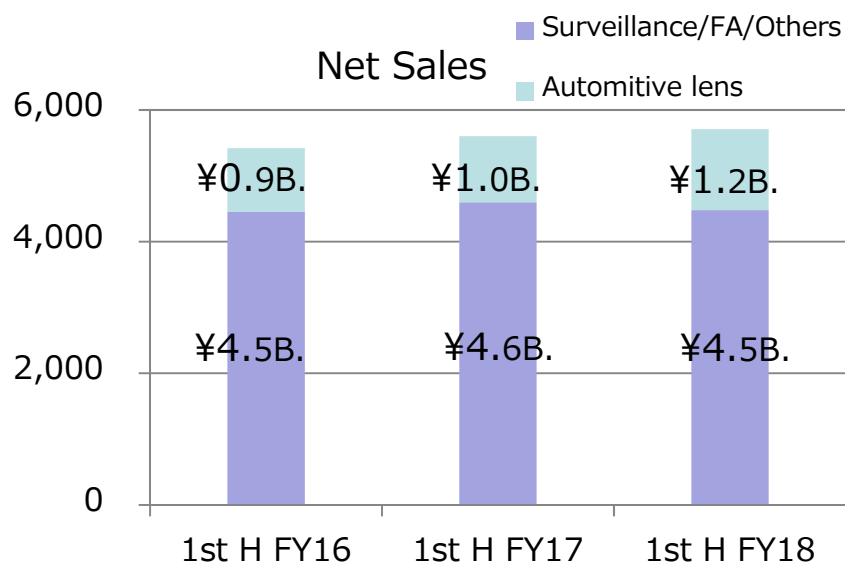
## II - 3 . 1st Half FY2018 Results by Segment

### 3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual 1st H FY17 (a)	Forecast 1st H FY18 (b)	Actual 1st H FY18 (c)	Inc / Dec		FX Impact vs. 1st H FY17	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
<b>Net Sales</b>	5,604	5,900	5,711	107	101.9%	(120)	(188)	96.8%
<b>Operating Income</b>	427	200	295	(131)	69.2%	(30)	95	147.9%
<b>(% Sales)</b>	7.6%	3.4%	5.2%	(2.4)%	—	—	1.8%	—

- Although the sales of surveillance camera lenses kept the same level as the previous year, automotive lenses continuously increased; therefore, the total sales increased compared to the previous year.
- The Operating Income decreased due to increase in R&D costs.



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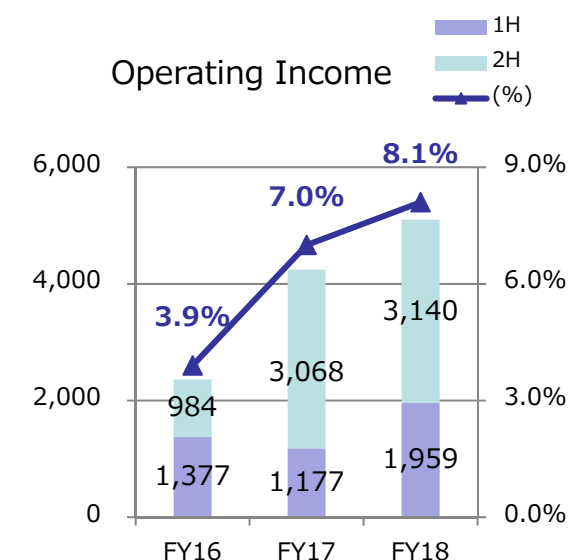
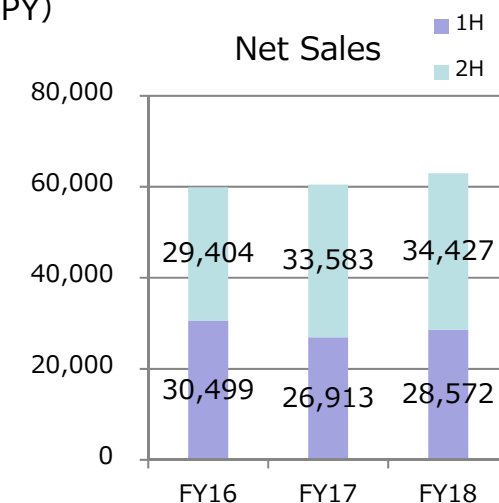
## Ⅲ. FY2018 Financial Forecast

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# Ⅲ - 1 . FY2018 Financial Forecast

(millions of JPY)

	Actual FY17 (a)	Original Forecast FY18 (b)	Revised Forecast FY18 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>60,496</b>	<b>63,000</b>	<b>63,000</b>	<b>2,503</b>	<b>104.1%</b>	<b>0</b>	<b>100.0%</b>
<b>Operating Income</b>	<b>4,246</b>	<b>4,800</b>	<b>5,100</b>	<b>853</b>	<b>120.1%</b>	<b>300</b>	<b>106.3%</b>
(% Sales)	7.0%	7.6%	8.1%	1.1%	—	0.5%	—
<b>Ordinary Income</b>	<b>4,100</b>	<b>4,800</b>	<b>5,100</b>	<b>999</b>	<b>124.4%</b>	<b>300</b>	<b>106.3%</b>
(% Sales)	6.8%	7.6%	8.1%	1.3%	—	0.5%	—
<b>Net Income</b>	<b>2,838</b>	<b>3,360</b>	<b>3,630</b>	<b>791</b>	<b>127.9%</b>	<b>270</b>	<b>108.0%</b>
(% Sales)	4.7%	5.3%	5.8%	1.1%	—	0.5%	—
<b>JPY – 1 USD</b>	112.17	110.00	109.30	(2.87)	—	(0.70)	—
<b>JPY – 1 Euro</b>	126.73	130.00	129.80	3.07	—	(0.20)	—



- The assumption of exchange rates from 3<sup>rd</sup> quarter is:  
110 JPY/USD (Unchanged) and 128 JPY/EUR (originally 130 JPY/EUR)

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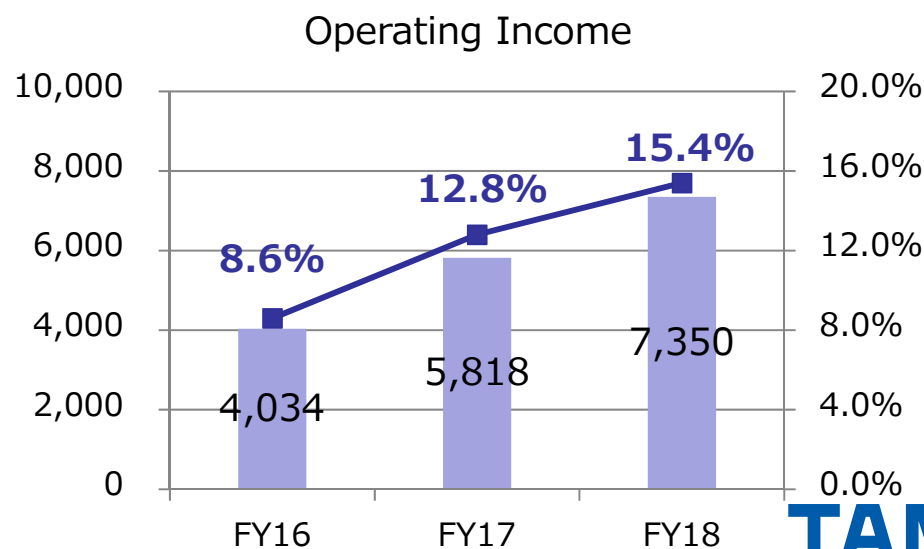
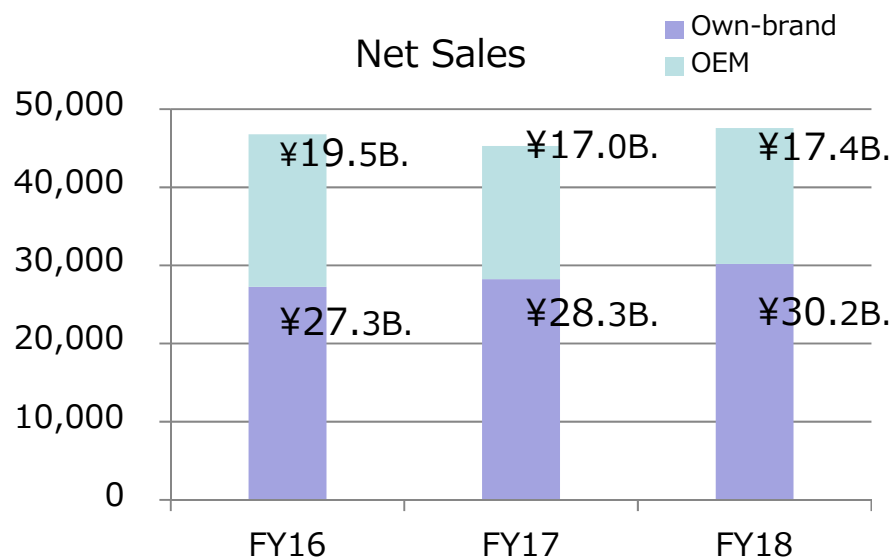
# Ⅲ- 2 . FY2018 Forecast by Segment

## 1) Photographic Products

(millions of JPY)

	Actual FY17 (a)	Original Forecast FY18 (b)	Revised Forecast FY18 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	45,292	46,300	47,600	2,307	105.1%	1,300	102.8%
<b>Operating Income</b>	5,818	6,500	7,350	1,531	126.3%	850	113.1%
<b>(% Sales)</b>	12.8%	14.0%	15.4%	2.6%	-	1.4%	-

- The total sales and profit are expected to increase due to the strong sales in both of own-brand and OEM. The Operating Income target percentage is set at a high level of more than 15%, which was not marked since FY2007.



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# Photographic Products - New Models

One more new model will be launched in 2<sup>nd</sup> Half, 2018

Category		Launched in 2017	Launched in 1st Half, 2018	To be Launched in 2nd Half, 2018
DSLR	Wide Zoom	<p><b>Launched in Mar.</b></p>  <p>10-24mm VC HLD (B023)</p>		<p><b>To be Launched in Sep.</b></p>  <p>17-35mm F/2.8-4 OSD (A037)</p> <p>※ The smallest, lightest ultra-wide-angle zoom lens in its class.</p>
	Standard Zoom	<p><b>Launched in Aug.</b></p>  <p>SP 24-70mm F/2.8 VC USD G2 (A032)</p>		
	All-in-One Zoom	<p><b>Launched in Jul.</b></p>  <p>18-400mm VC HLD (B028)</p>		
	Tele Zoom	<p><b>Launched in Feb.</b></p>  <p>SP 70-300mm VC USD (A030)</p>  <p>SP 70-200mm F/2.8 VC USD G2 (A025)</p> <p><b>Launched in Nov.</b></p>  <p>100-400mm VC USD (A035)</p>	<p><b>Launched in Apr.</b></p>  <p>70-210mm F/4 VC USD (A034)</p>	
Mirrorless			<p><b>Launched in May</b></p>  <p>28-75mm F/2.8 RXD (A036)</p>	<p>➤ The total of 10 new models has been launched since 2017. Along with the growth of the mirrorless camera market, one mirrorless lens was added to the lineup.</p>

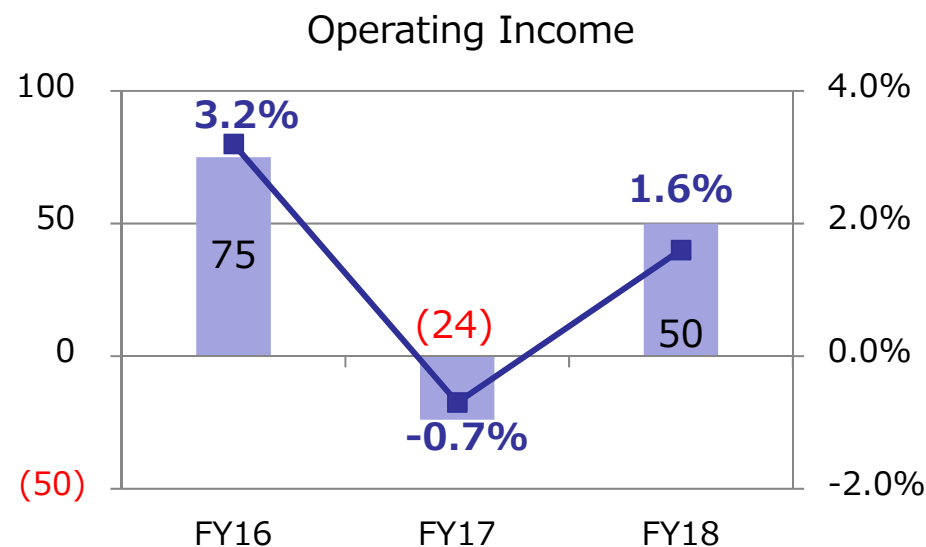
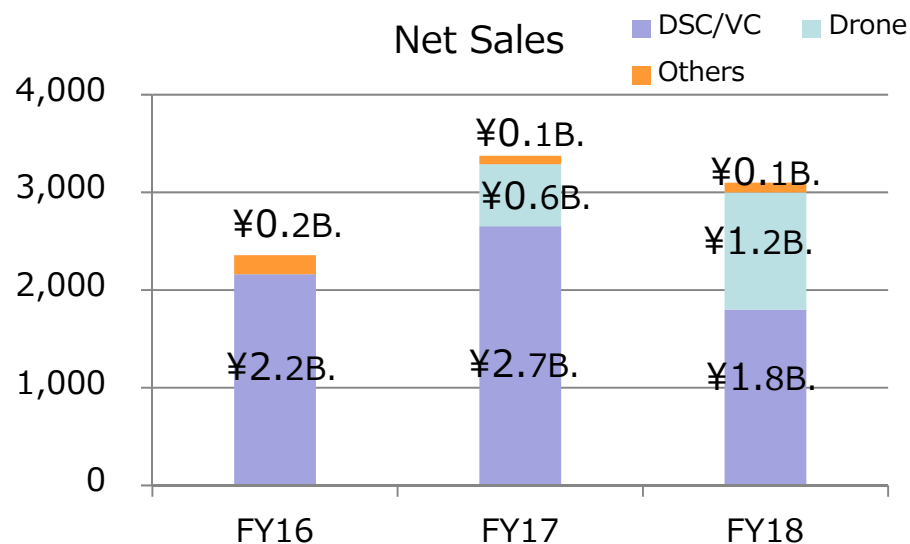
# Ⅲ- 2 . FY2018 Forecast by Segment

## 2) Optical Components

(millions of JPY)

	Actual FY17 (a)	Original Forecast FY18 (b)	Revised Forecast FY18 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>3,375</b>	<b>3,400</b>	<b>3,100</b>	<b>(275)</b>	<b>91.8%</b>	<b>(300)</b>	<b>91.2%</b>
<b>Operating Income</b>	<b>(24)</b>	<b>200</b>	<b>50</b>	<b>74</b>	<b>-</b>	<b>(150)</b>	<b>25.0%</b>
<b>(% Sales)</b>	<b>(0.7)%</b>	<b>5.9%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>-</b>	<b>(4.3)%</b>	<b>-</b>

- Although the Drone lenses sales are expected to increase, the DSC/VC lens sales are revised downward because of the shrinking DSC/VC market. Therefore, total sales are revised downward from the original forecast, however, still expecting Operating Income to increase.



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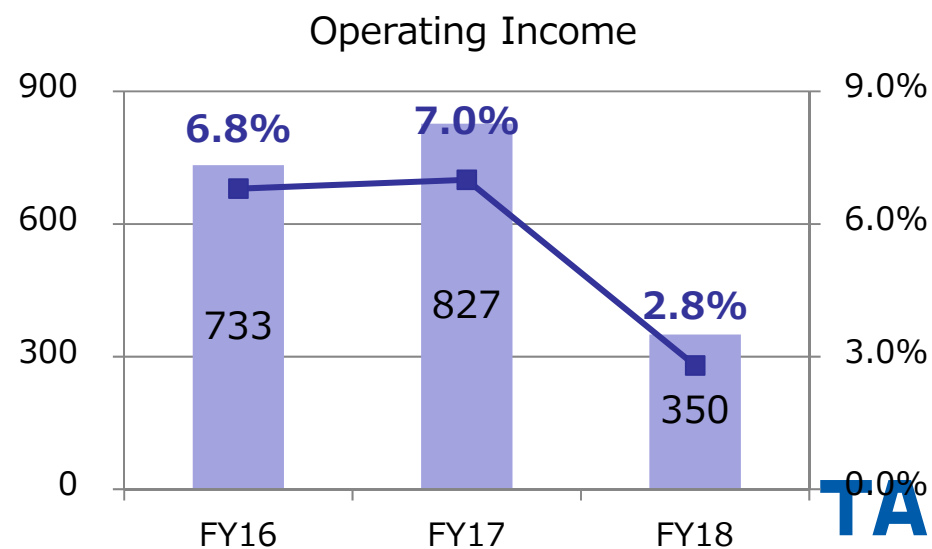
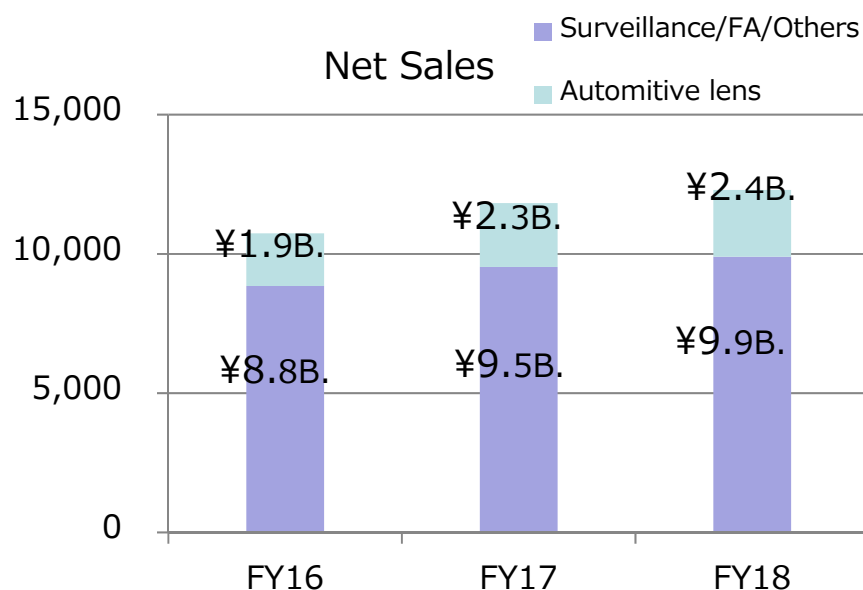
# Ⅲ- 2 . FY2018 Forecast by Segment

## 3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual FY17 (a)	Original Forecast FY18 (b)	Revised Forecast FY18 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
<b>Net Sales</b>	<b>11,827</b>	<b>13,300</b>	<b>12,300</b>	<b>472</b>	<b>104.0%</b>	<b>(1,000)</b>	<b>92.5%</b>
<b>Operating Income</b>	<b>827</b>	<b>900</b>	<b>350</b>	<b>(477)</b>	<b>42.3%</b>	<b>(550)</b>	<b>38.9%</b>
<b>(% Sales)</b>	<b>7.0%</b>	<b>6.8%</b>	<b>2.8%</b>	<b>(4.2)%</b>	<b>-</b>	<b>(4.0)%</b>	<b>-</b>

- Although the sales of Surveillance/FA Lenses and Automotive Lenses are expected to increase from the previous year, the Operating Income are revised downward due to increase in R&D costs.



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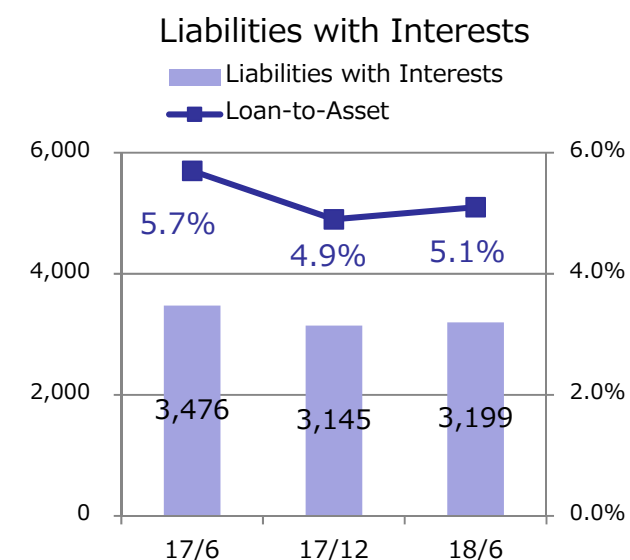
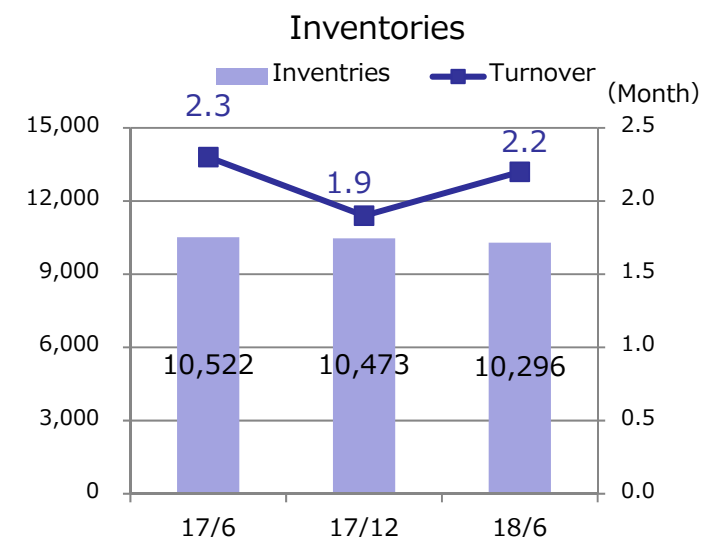
## IV. Reference Data

**TAMRON**

# IV- 1 . Financial Summary

(millions of JPY)

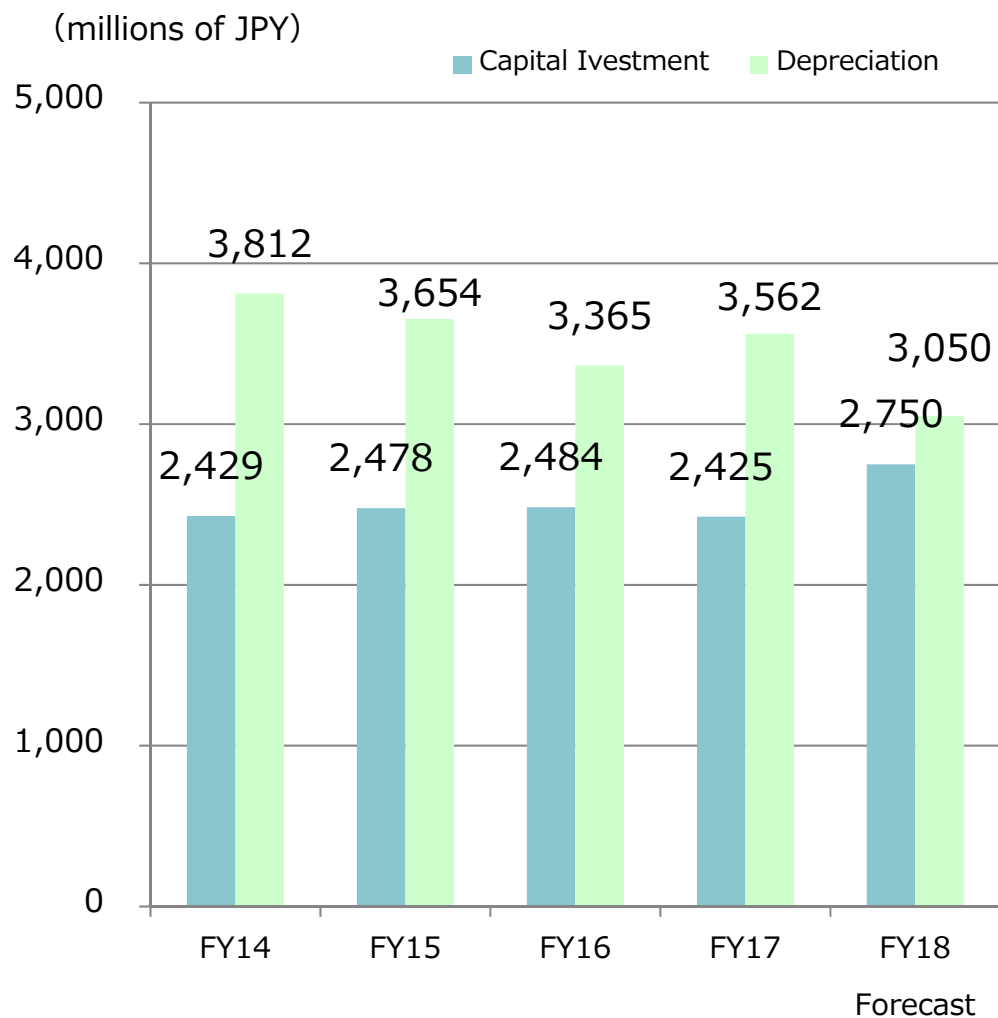
	Jun30, 2017 (a)	Dec 31, 2017 (b)	Jun 30, 2018 (c)	Change (c)-(b)
Cash & Deposits	17,645	19,431	21,976	2,544
Notes & Accounts Receivable	11,991	14,061	12,222	(1,839)
Inventories	10,522	10,473	10,296	(176)
Other Current Assets	1,577	1,426	1,463	37
Non-Current Assets	18,878	18,476	17,258	(1,217)
<b>Total Assets</b>	<b>60,615</b>	<b>63,868</b>	<b>63,217</b>	<b>(651)</b>
Total Current Liabilities	10,982	11,931	11,470	(461)
Total Non-Current Liabilities	2,231	1,996	2,344	347
Total Net Assets	47,401	49,940	49,402	(537)
<b>Total Liabilities &amp; Net Assets</b>	<b>60,615</b>	<b>63,868</b>	<b>63,217</b>	<b>(651)</b>
Ratio of Net Assets	78.2%	78.2%	78.1%	(0.1)%



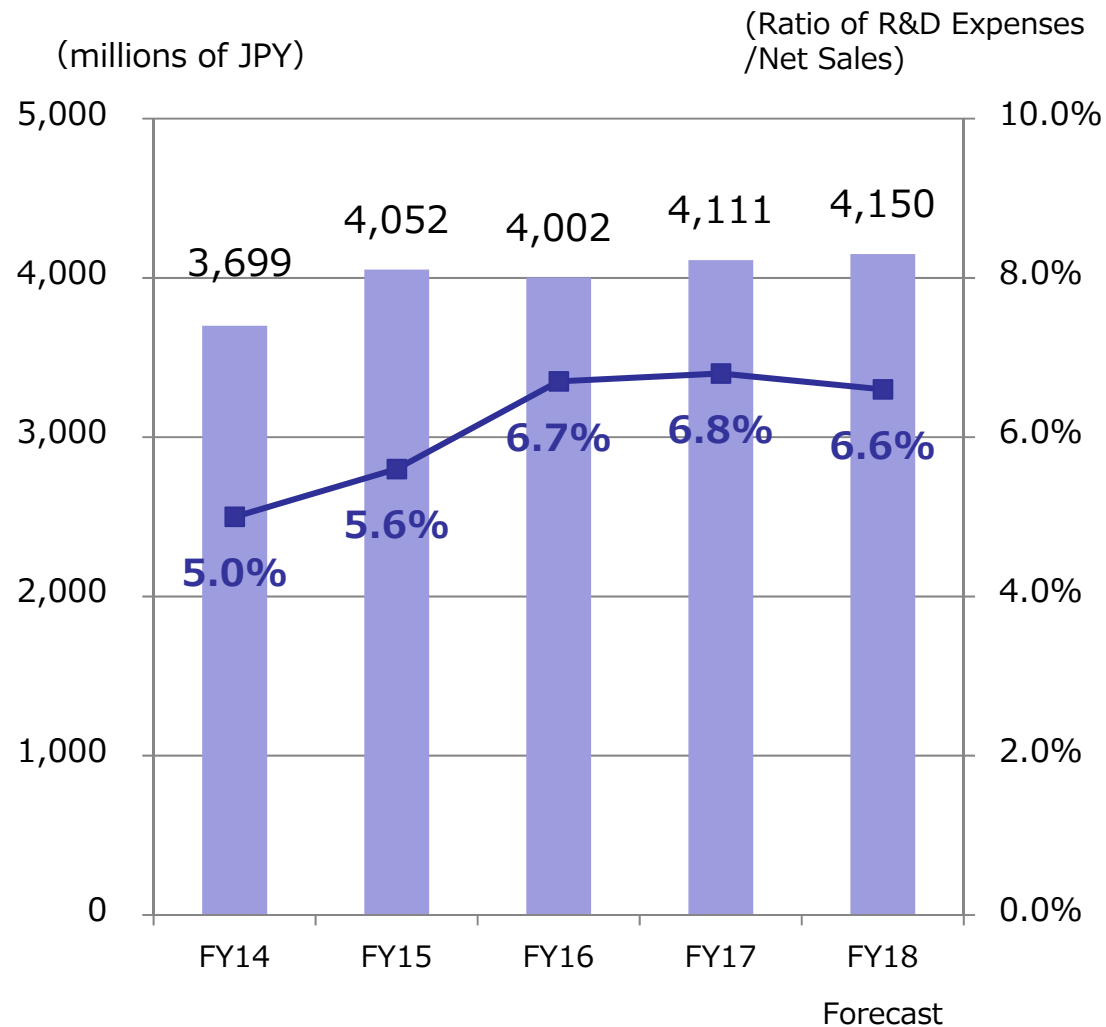
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# IV- 2 . Capital Investment, Depreciation, & Research & Development Expenses

## Capital Investment & Depreciation

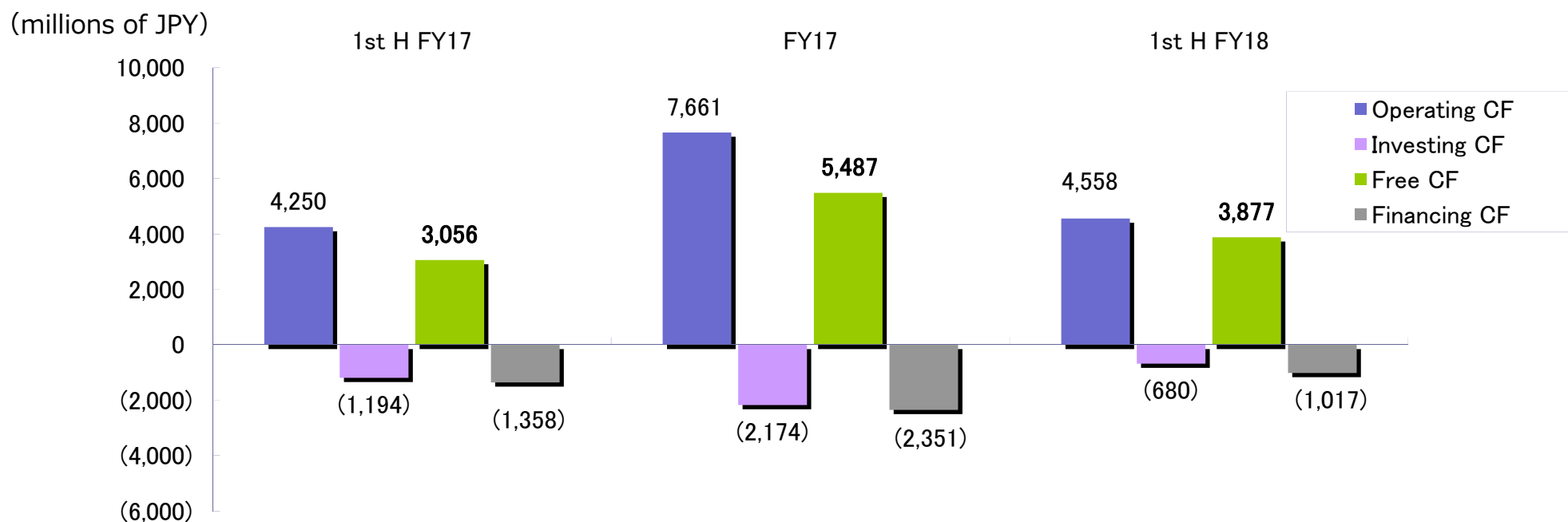


## Research & Development Expenses



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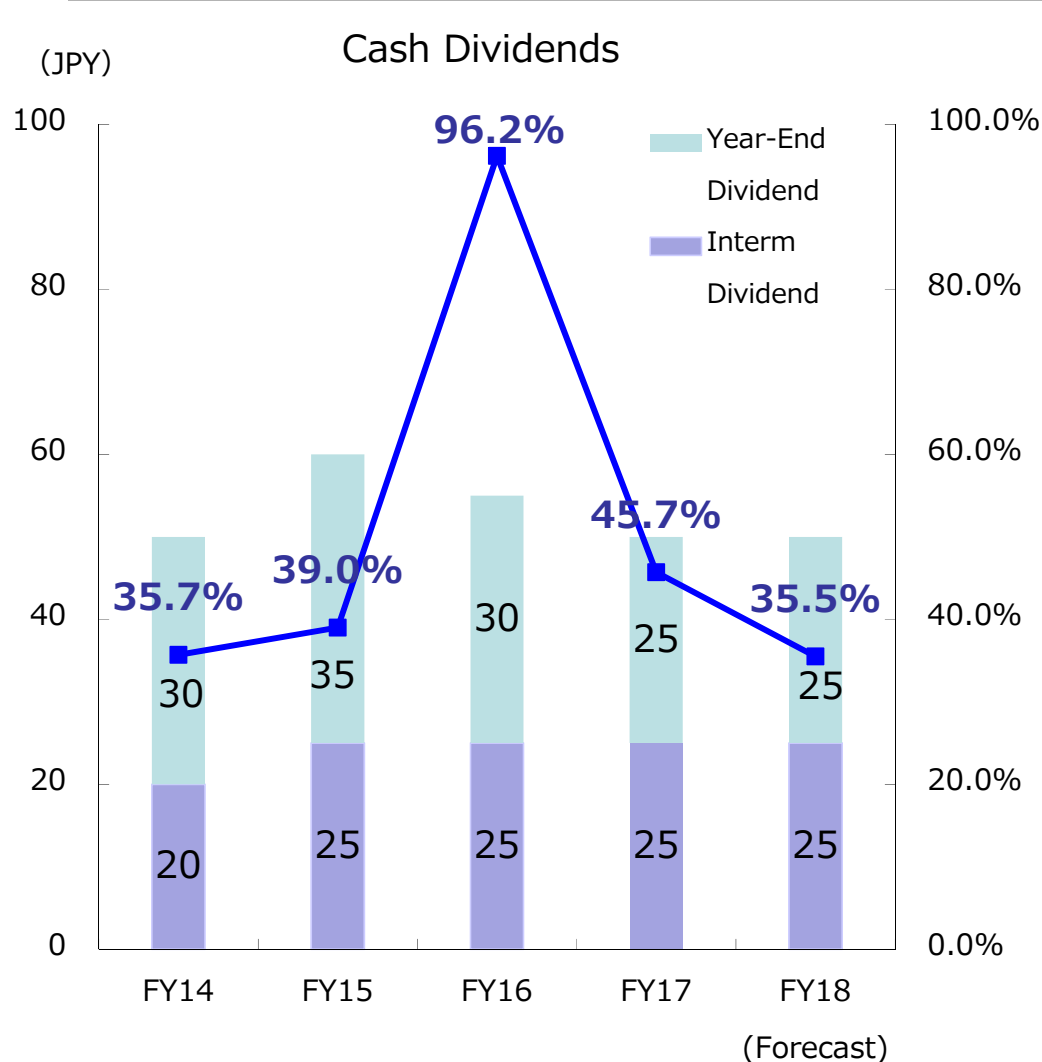
## IV- 3 . Cash Flow Situation



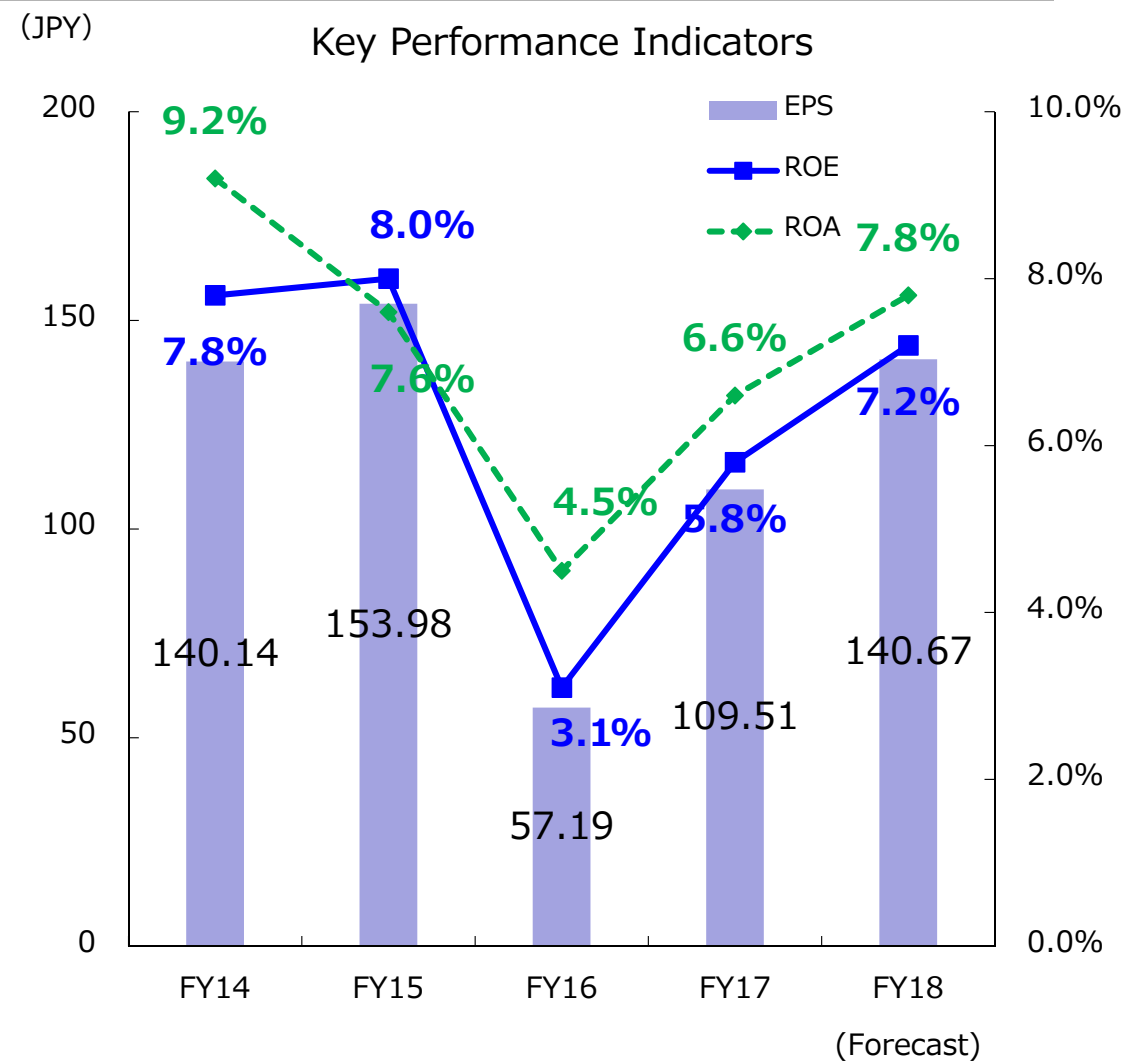
	1st H FY17	FY17	1st H FY18
Cash Flow from Operating Activities	4,250	7,661	4,558
Cash Flow from Investing Activities	(1,194)	(2,174)	(680)
<b>Free Cash flow</b>	<b>3,056</b>	<b>5,487</b>	<b>3,877</b>
Cash Flow from Financing Activities	(1,358)	(2,351)	(1,017)
Cash & Cash Equivalents at the End of Period	17,645	19,431	21,976
Liquidity (Months)	3.93	3.85	4.61

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



※Including ¥5 65th anniversary dividends 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

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## IV- 6 . Impact of Foreign Exchange Rate Fluctuations

### Actual 1st Half FY2018

(JPY)

(millions of JPY)

	Exchange Rate		Impact	
	Actual 1st H FY17	Actual 1st H FY18	Net Sales	Operating Income
USD	112.35	108.68	(550)	(10)
EUR	121.70	131.58	360	290
Others	-	-	40	(10)
<b>Total</b>	-	-	<b>(150)</b>	<b>270</b>

(Impact on previous year performance)

### Forecast 2nd Half FY2018

(JPY)

(millions of JPY)

	Exchange Rate	Impact of ¥1 appreciation	
	Assumption 2nd H FY18	Net Sales	Operating Income
USD	110.00	(160)	0
EUR	128.00	(50)	(40)

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# Disclaimer

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1. The purpose of this material is to provide information on the actual results for 1st Half of FY2018 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.
3. Please note that the actual results may sometimes differ from the forecasts contained herein due to various factors.
4. The company is not liable in any ways for any damages or losses incurred in connection with the use of any information or data contained herein or provided verbally in the company's presentation.

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