

2nd Quarter FY2021 Financial Results

TAMRON
Focus on the Future

August 6, 2021
Tamron Co., Ltd.
(Code: 7740)
Tamron Co., Ltd.

Contents

I. 1st Half Summary

1. 1st Half Summary
2. FY2021 Forecast

II. 1st Half Financial Results

1. 1st Half Financial Results
2. 1st Half Performance Variation Factors
3. 1st Half Results by Segment
 - ①Photographic Products
 - ②Surveillance & FA Lenses
 - ③Mobility & Healthcare Products, Others

III. FY2021 Financial Forecast

1. FY2021 Financial Forecast
2. FY2021 Forecast by Segment
 - ①Photographic Products
 - ②Surveillance & FA Lenses
 - ③Mobility & Healthcare Products, Others
3. Activities for ESG

IV. Reference Data

1. Financial Summary
2. Capital Investment, Depreciation, and Research & Development Expenses
3. Cash Flow Situation
4. Cash Dividends Outlook and Key Performance Indicators
5. Impact of Foreign Exchange Rate Fluctuations

I. FY 2021 Summary

I-1. 1st Half Summary

【Business Environment】

- Market environment: The markets for interchangeable lens cameras and interchangeable lenses recovered significantly from the same period of the previous fiscal year, when they declined approx. 50% year on year.
 - Interchangeable lens cameras: Up 38% in terms of quantity; Up 76% in monetary terms
 - *Mirrorless cameras included in the above: Up 55% in terms of quantity; Up 114% in monetary terms
 - *SLR cameras included in the above: Up 21% in terms of quantity; Up 13% in monetary terms
 - Interchangeable lenses: Up 33% in terms of quantity; Up 59% in monetary terms
- Currency trends: Positive impact on Net sales and earnings (The JPY remained unchanged against the USD year on year but got stronger against the EUR (by approx. 10.0 JPY))

【 Company's Results 】

- Consolidated results: Net sales increased by more than 30%. Profitability was also improved, with operating income on net sales at 13%. ⇒ The amount equivalent to the full-year operating income for FY2020, which was 3,600 million JPY, was achieved in the 1st half only in FY2021.
- Photographic Products: Three models of new own-brand products were launched. The company's first product for APS-C size mirrorless cameras was launched. Sales of own-brand products increased by approx. 40%, and those of OEM products increased by approx. 60%.
- Surveillance & FA Lenses: Net sales in the Chinese market almost doubled.
- Automotive lenses: Sales remained on an upward trend and increased by approx. 45%
- Other: Cancelled treasury shares (950,000 shares) (Ratio to the total number of shares outstanding before the cancellation: 3.66%)

I - 2 . FY2021 Forecast

【Business Environment in 2nd Half】

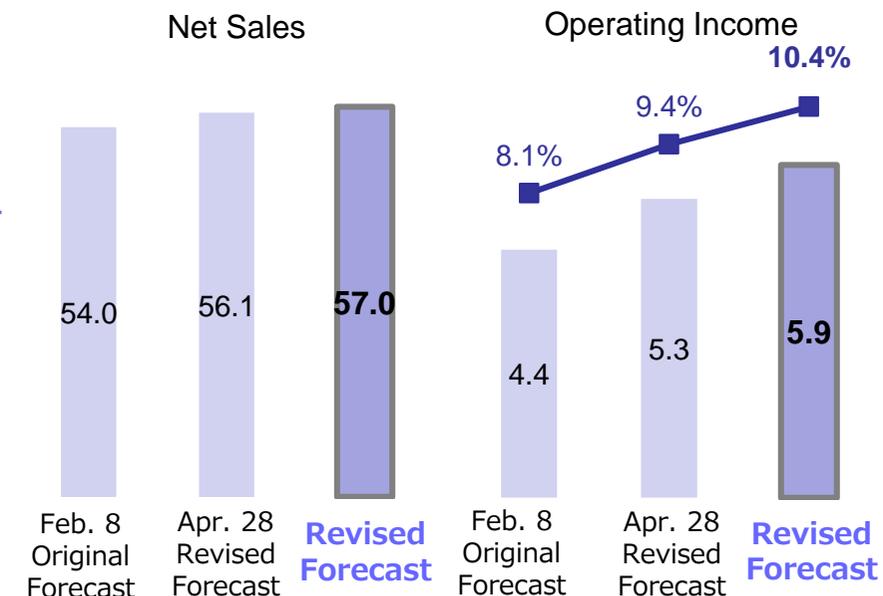
- Market environment: While the market environment will be on a recovery trend, the market growth rate is expected to subside compared to the 1st half. There is a concern about component supply due to tight supply and demand for semiconductors.

【Company's Forecast】

- While the company expects an increase in expenses, partly reflecting advanced development made from a medium- to long-term perspective, an increase in the cost of supplying components, and other changes in the 2nd half, it revised its full-year forecast upwards. (This is the second upward revision in the current fiscal year following one in April, with a significant increase from the forecast at the beginning of the fiscal year.)

⇒ The forecast amount of cash dividends (year-end dividend) was also revised up, with an increase of 10.0 JPY.

【Changes in FY2021 Forecast】 (billions of JPY)



- Own-brand products: The company's first interchangeable lenses for X-mount cameras will be launched.
- Surveillance & FA Lenses: Stagnated in the 1st half due to a decline in products for video conferencing.
⇒ Sales for the full year are expected to increase by double digits.
- Automotive Lenses : Net sales will cross the 5.0 billion JPY mark.

II. 1st Half Financial Results

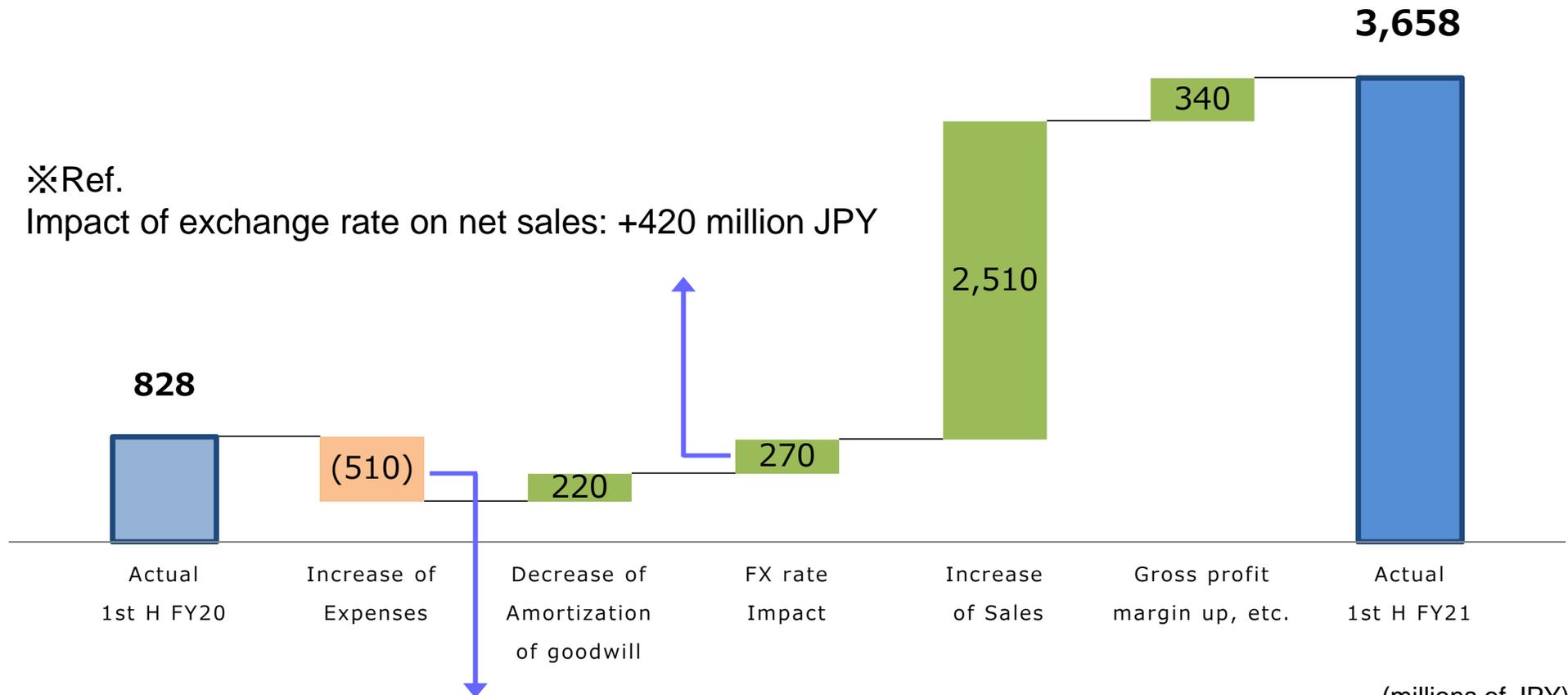
II-1. 1st Half Financial Results

- Operating income increased significantly, rising 4.4 times from the year-ago level, on a significant increase in net sales, which grew by more than 30%, and an improvement in the gross profit margin of 2 percentage points.
- Both sales and profits far exceeded the forecast, mainly reflecting the favorable performance of own-brand products, OEM products, and automotive lenses. (Revision of the results forecast was announced on July 28.)

(millions of JPY)	Actual 1st H FY20	Forecast 1st H FY21 <small>*Apr. 28</small>	Actual 1st H FY21	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	20,896	25,800	27,888	+6,992	+33.5%	+2,088	+8.1%
Gross Profit	7,972	-	11,211	+3,239	+40.6%	-	-
(% Sales)	38.2%	-	40.2%	+2.0%	-	-	-
Operating Income	828	2,300	3,658	+2,829	+341.5%	+1,358	+59.1%
(% Sales)	4.0%	8.9%	13.1%	+9.1%	-	+4.2%	-
Ordinary Income	1,164	2,300	3,750	+2,585	+222.0%	+1,450	+63.1%
(% Sales)	5.6%	8.9%	13.4%	+7.8%	-	+4.5%	-
Net Income	843	1,660	2,685	+1,841	+218.3%	+1,025	+61.8%
(% Sales)	4.0%	6.4%	9.6%	+5.6%	-	+3.2%	-
JPY – 1 USD	108.24	106.55	107.82	(0.42)	-	+1.27	-
JPY – 1 EUR	119.36	126.92	129.92	+10.56	-	+3.00	-

II-2. 1st Half Performance Variation Factors

3,658



(millions of JPY)

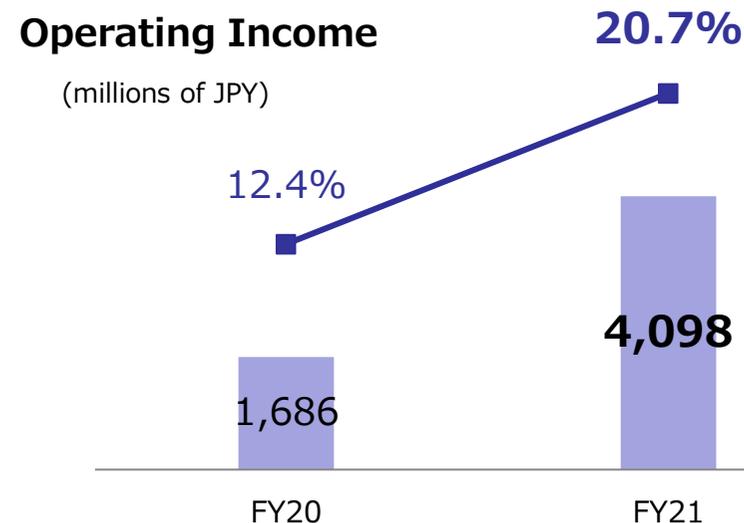
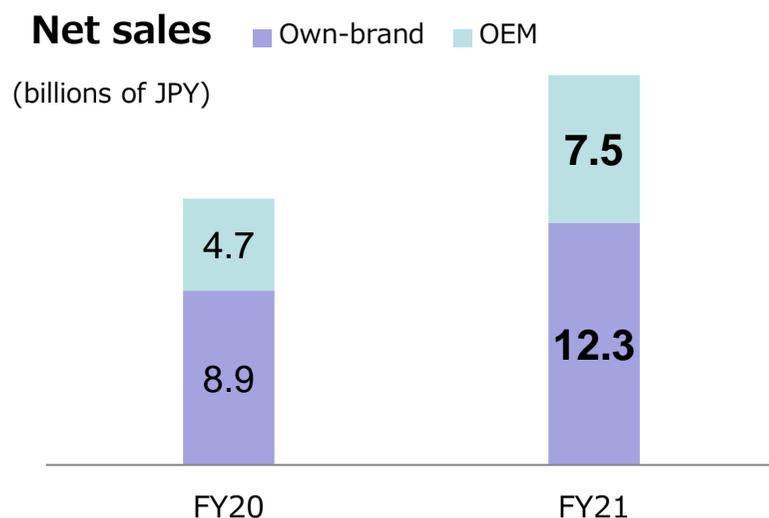
Amount of increase of SG&A expenses	+410
<Impact of special factors for the above>	
▪ Impact of decrease of amortization of goodwill	+220
▪ FX rate impact	(120)
Actual amount of increase of SG&A expenses excluding the above special factor.	+510
*R&D expenses included in the above	(+9%) +200

II-3. 1st Half Results by Segment

① Photographic Products

(millions of JPY)	Actual 1st H FY20	Forecast 1st H FY21 <small>*Apr. 28</small>	Actual 1st H FY21	Inc/Dec (YoY)		FX Impact vs. 1st H FY20	Inc/Dec (vs. Forecast)	
				Amounts	Ratio		Amounts	Ratio
Net sales	13,549	17,900	19,847	+6,298	+46.5%	+400	+1,947	+10.9%
Operating Income	1,686	3,150	4,098	+2,412	+143.0%	+230	+948	+30.1%
(% Sales)	12.4%	17.6%	20.7%	+8.3%	-	-	+3.1%	-

- Among own-brand products, sales of products for mirrorless cameras increased significantly. In addition, growth in sales of products for SLR cameras turned positive.
- Sales of OEM products increased significantly due to a rebound from the considerable market decline in the previous year and an increase in sales from orders for particular models.
- **Operating income on net sales exceeded 20%, far above the forecast**, due to the significant increase in sales and a decline in the ratio of SG&A expenses.



II-3. 1st Half Results by Segment

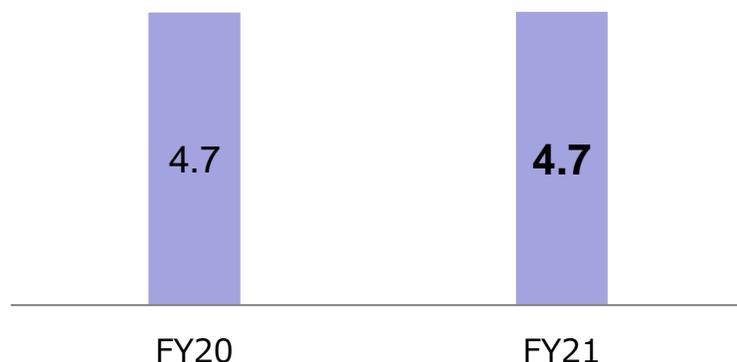
② Surveillance & FA Lenses

(millions of JPY)	Actual 1st H FY20	Forecast 1st H FY21 <small>*Apr. 28</small>	Actual 1st H FY21	Inc/Dec (YoY)		FX Impact vs. 1st H FY20	Inc/Dec (vs. Forecast)	
				Amounts	Ratio		Amounts	Ratio
Net sales	4,667	4,800	4,678	+10	+0.2%	+30	(121)	(2.5)%
Operating Income	349	500	233	(116)	(33.2)%	+50	+183	+366.8%
(% Sales)	7.5%	1.0%	5.0%	(2.5)%	-	-	+4.0%	-

- Sales of surveillance and FA/machine vision lenses increased steadily, [having doubled in the Chinese market](#).
- Sales of products for video conferencing decreased due to a decline in demand, which has remained on a downward trend since last year.

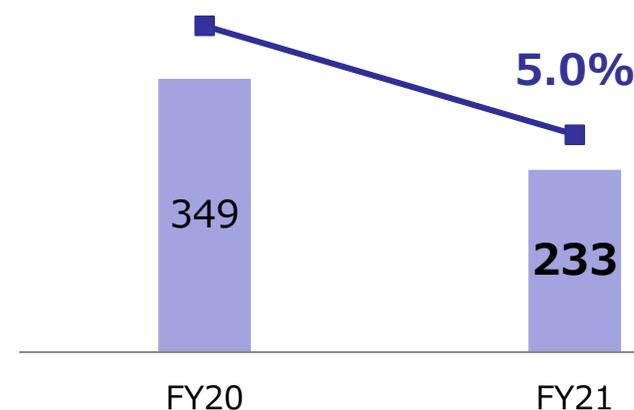
Net sales

(billions of JPY)



Operating Income

(millions of JPY)



*Reportable segments were changed at the beginning of 2021
 ⇒ The Surveillance & FA Lenses segment was separated and made independent from the former Commercial / Industrial-use Optics segment.

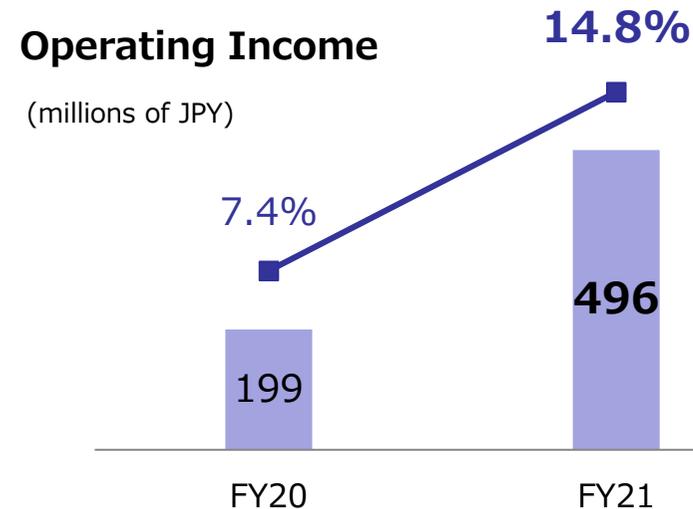
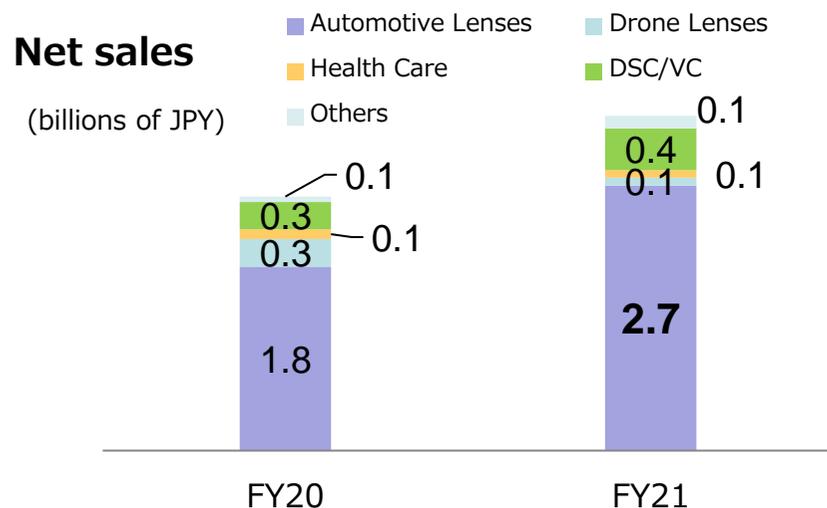
*Results for FY2020 have been converted to reflect this change.

II-3. 1st Half Results by Segment

③ Mobility & Healthcare Products, Others

(millions of JPY)	Actual 1st H FY20	Forecast 1st H FY21 *Apr. 28	Actual 1st H FY21	Inc/Dec (YoY)		FX Impact vs. 1st H FY20	Inc/Dec (vs. Forecast)	
				Amounts	Ratio		Amounts	Ratio
Net sales	2,679	3,100	3,362	+683	+25.5%	(10)	+262	+8.5%
Operating Income	199	300	496	+297	+149.2%	(10)	+196	+65.4%
(% Sales)	7.4%	9.7%	14.8%	+7.4%	-	-	+5.1%	-

- Sales of automotive lenses **continued to increase significantly** given strong sales of products for sensing devices.
- Sales of drone lenses declined due to sluggish growth in sales from orders for particular models.
- **Operating income on net sales achieved a double-digit increase, far exceeding the forecast**, mainly reflecting the effects of increase in sales of automotive lenses and improved profitability of DSC/VC.



*Reportable segments were changed at the beginning of 2021.
⇒ The former Optical Components Business has been integrated with the Commercial / Industrial-use Optics Business excluding the Surveillance & FA Lenses segment.

*Results for FY2020 have been converted to reflect this change.

III. FY2021 Financial Forecast

III-1. FY2021 Financial Forecast

- While risks such as another wave of COVID-19 infections and risks in terms of component supply are seen, the company made an upward revision, partly reflecting the 1st half results. (In particular, profits were revised up by double digits.)
- Net sales are expected to increase by double digits year on year while operating income and ordinary income will grow approx. 60% from the previous fiscal year. Net income is expected to double.
- Returning to a business structure with operating income on net sales exceeding 10%.

(millions of JPY)	Actual FY20	Forecast FY21 *Apr. 28	Revised Forecast FY21	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net Sales	48,375	56,100	57,000	+8,624	+17.8%	+900	+1.6%
Operating Income	3,575	5,300	5,900	+2,324	+65.0%	+600	+11.3%
(% Sales)	7.4%	9.4%	10.4%	+3.0%	-	+1.0%	-
Ordinary Income	3,750	5,300	5,900	+2,149	+57.3%	+600	+11.3%
(% Sales)	7.8%	9.4%	10.4%	+2.6%	-	+1.0%	-
Net Income	1,958	3,500	3,890	1,931	+98.6%	+390	+11.1%
(% Sales)	4.0%	6.2%	6.8%	+2.8%	-	+0.6%	-
JPY – 1 USD	106.77	106.78	107.91	+1.14	-	+1.13	-
JPY – 1 EUR	121.92	126.46	128.96	+7.04	-	+2.50	-

※The assumption of exchange rate for 2H:

JPY107/USD ⇒ JPY108/USD

JPY126/EUR ⇒ JPY128 /EUR

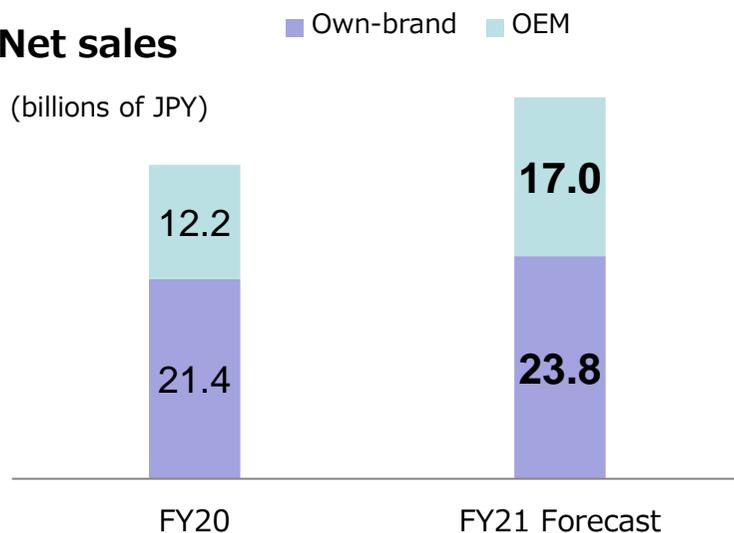
III-2. FY2021 Forecast by Segment

① Photographic Products

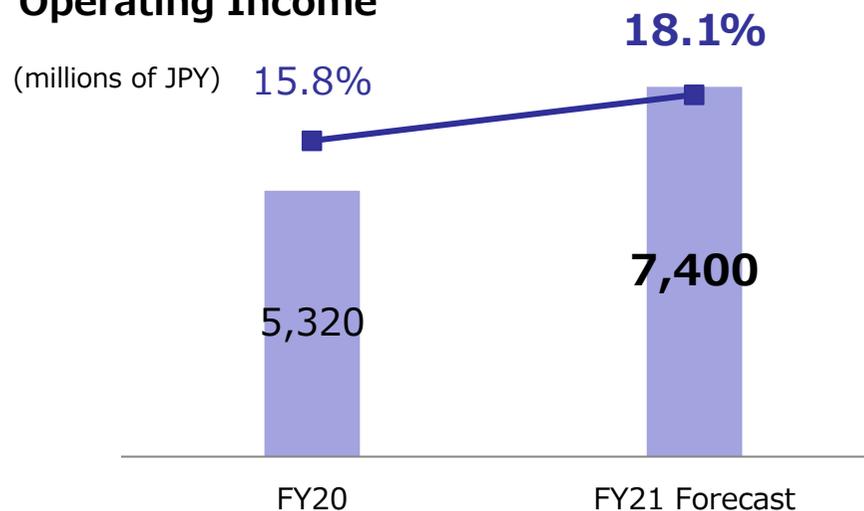
(millions of JPY)	Actual FY20	Forecast FY21 *Apr. 28	Revised Forecast FY21	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	33,569	38,900	40,800	+7,230	+21.5%	+1,900	+4.9%
Operating Income	5,320	6,850	7,400	+2,079	+39.1%	+550	+8.0%
(% Sales)	15.8%	17.6%	18.1%	+2.3%	-	+0.5%	-

- While the growth rate will decline from the 1st half level, sales of both own-brand products and OEM products will increase.
- Operating income on net sales is expected to rise again to a level that is as high as the 2019 level.

Net sales



Operating Income



Photographic Products - New Models

Classification		2019	2020	2021
Mirrorless	Single Fixed	<p>Launched in Dec.  Launched in Dec. </p> <p>24mm F/2.8 OSD M1:2 (F051) 35mm F/2.8 OSD M1:2 (F053)</p>	<p>Launched in Jan. </p> <p>20mm F/2.8 OSD M1:2 (F050)</p>	
	Wide Zoom	<p>Launched in Jul. </p> <p>17-28mm F/2.8 RXD (A046)</p>		<p>Launched in Jun. </p> <p>11-20mm F/2.8 RXD (B060)</p>
	Standard Zoom			<p>Launched in Jan. </p> <p>17-70mm F/2.8 VC RXD (B070)</p>
	Tele Zoom		<p>Launched in May  Launched in Oct. </p> <p>70-180mm F/2.8 VXD (A056) 70-300mm F/4.5-6.3 RXD (A047)</p>	<p>Launched in Jun. </p> <p>150-500mm VC VXD (A057)</p>
	All-in-one Zoom		<p>Launched in Jun. </p> <p>28-200mm F/2.8-5.6 RXD (A071)</p>	<p>For Sony E-mount For FUJIFILM X-mount</p> <p> </p> <p>18-300mm VC VXD (B061)</p> <p>To be Launched in 2021</p>
DSLR	<p>Launched in May  Launched in Jun. </p> <p>35-150mm F/2.8-4 VC OSD (A043) SP 35mm F/1.4 USD (F045)</p>			<p>The company has simultaneously developed its first Fujifilm X-mount lens and Sony E-mount lens.</p>

III-2. FY2021 Forecast by Segment

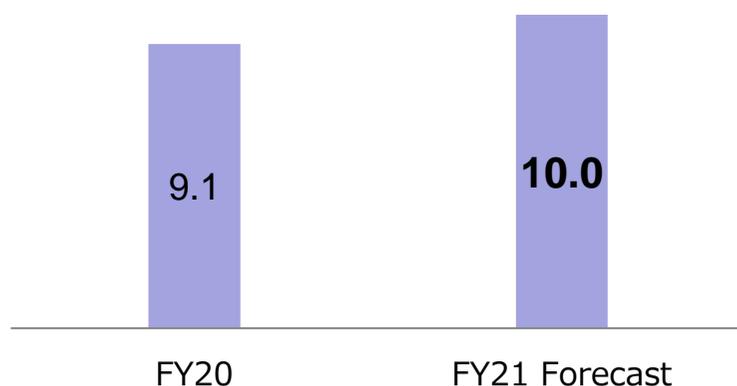
② Surveillance & FA Lenses

(millions of JPY)	Actual FY20	Forecast FY21 *Apr. 28	Revised Forecast FY21	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	9,069	11,300	10,000	+930	+10.3%	(1,300)	(11.5)%
Operating Income	577	700	550	(27)	(4.7)%	(150)	(21.4)%
(% Sales)	6.4%	6.2%	5.5%	(0.9)%	-	(0.7)%	-

- Forecast net sales were revised down due in part to a delay in the development of a model for the Chinese market, but the amount is expected to **increase by double digits** from the previous fiscal year.
- **From a medium-term perspective, the company will develop more models of FA and camera modules and establish a system for developing high-functionality models in China.**

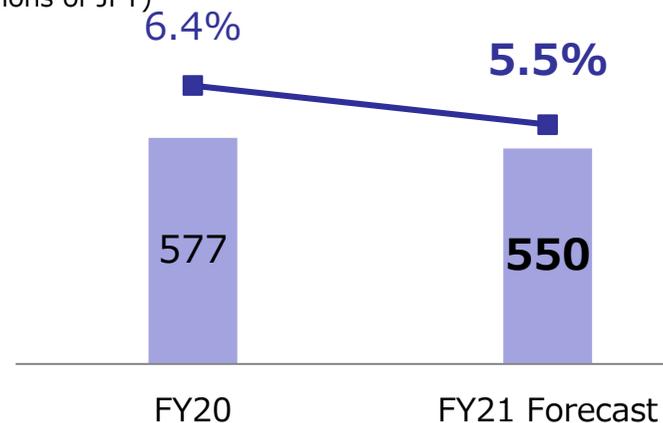
Net sales

(billions of JPY)



Operating Income

(millions of JPY)



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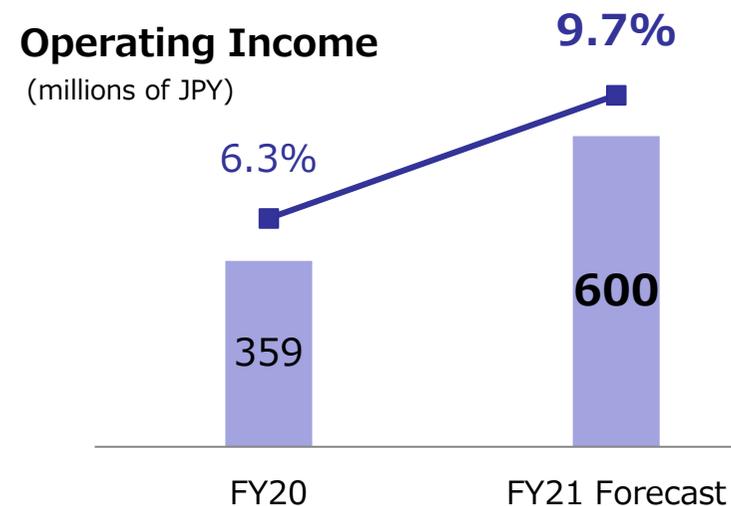
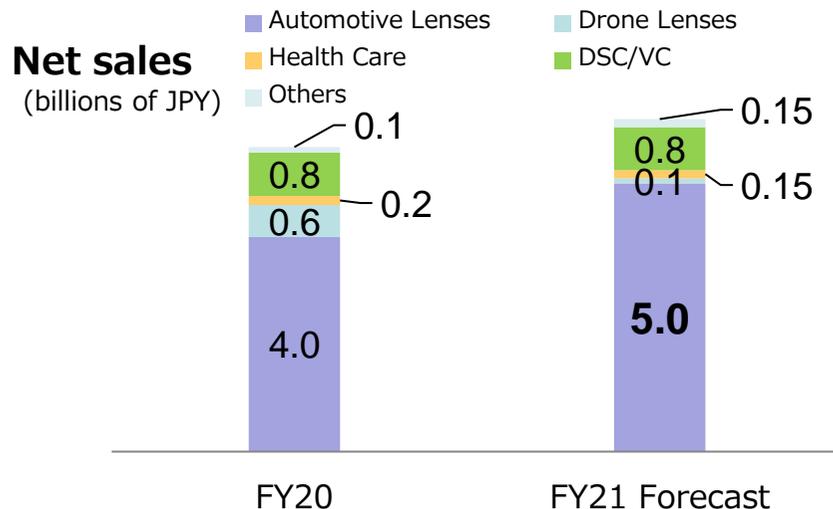
*Results for FY2020 have been converted to reflect this change.

III-2. FY2021 Forecast by Segment

③ Mobility & Healthcare Products, Others

(millions of JPY)	Actual FY20	Forecast FY21 *Apr. 28	Revised Forecast FY21	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	5,735	5,900	6,200	+464	+8.1%	+300	+5.1%
Operating Income	359	450	600	+240	+66.9%	+150	+33.3%
(% Sales)	6.3%	7.6%	9.7%	+3.4%	-	+2.1%	-

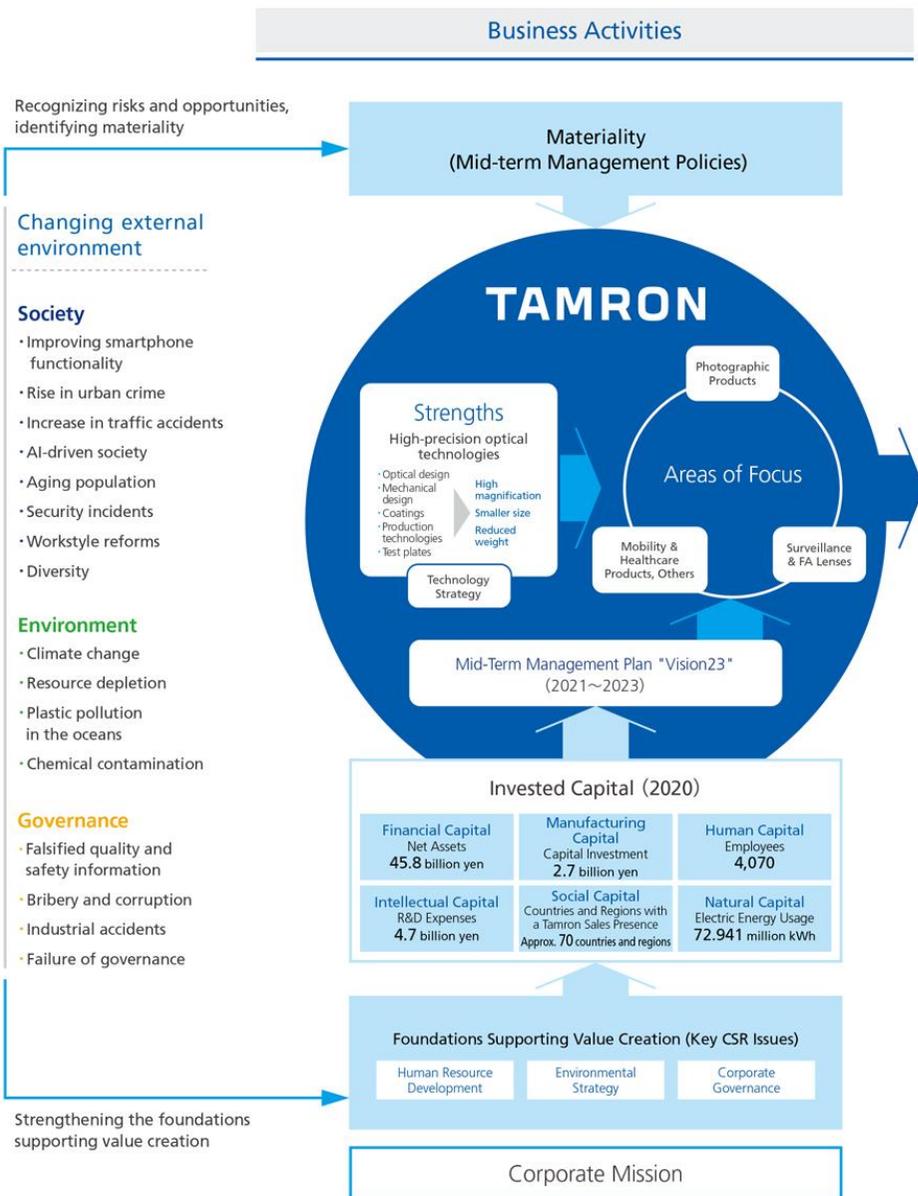
- Lenses for automotive applications will cross the 5.0 billion JPY mark in net sales.
- Sales of drone lenses declined due to sluggish growth in sales from orders for particular models.
- DSC/VC remained unchanged from the same period of the previous fiscal year.



*Reportable segments were changed at the beginning of 2021.
⇒ The former Optical Components Business has been integrated with the Commercial / Industrial-use Optics Business excluding the Surveillance & FA Lenses segment.

*Results for FY2020 have been converted to reflect this change.

III-3. Activities for ESG/ Procceses to increase corporate value



Output

Interchangeable Lens for Cameras



- Interchangeable Lens for Mirrorless Cameras
- Interchangeable Lens for Digital SLR Cameras

Surveillance & FA Lenses



- Surveillance Cameras Lenses
- FA and Machine Vision Lenses
- Camera Module etc.

Automotive Lenses



- Sensing Camera Lenses
- Side and Rear View Camera Lenses
- Headlight Lenses

Drone Lenses



- Consumer Drone Lenses Enthusiast Use
- Industrial Dorne Lenses Inspection, Agiculture, etc.

Lenses for New Businesses



- Endoscope Lenses

Our long-term vision

A company that is respected and needed by society

- Good Company
- Improving the Tamron brand
- A company with work fulfillment

Our vision for society

Fulfilling society



Creation of Economic Value (2023)

Net Sales

61.0 billion yen

Operating Income

7.0 billion yen

Operating Income Margin

11.5%

ROE

More than **9.0%**

Creation of Social Value (2023)

A society in which people can feel **emotion**



A society in which people can live in **security**



A **healthy** society



A society with **work fulfillment**



Sustainable earth



CO₂ Emissions

11.7% Reduction
(compared with 2015 levels)

III-3. Activities for ESG/ Environmental Vision

Environmental Vision 2050

We recognize that global environmental issues affect all of humanity. We will strive to reduce environmental impact, conserve the environment, and contribute to the development of a sustainable society that exists in harmony with the environment.

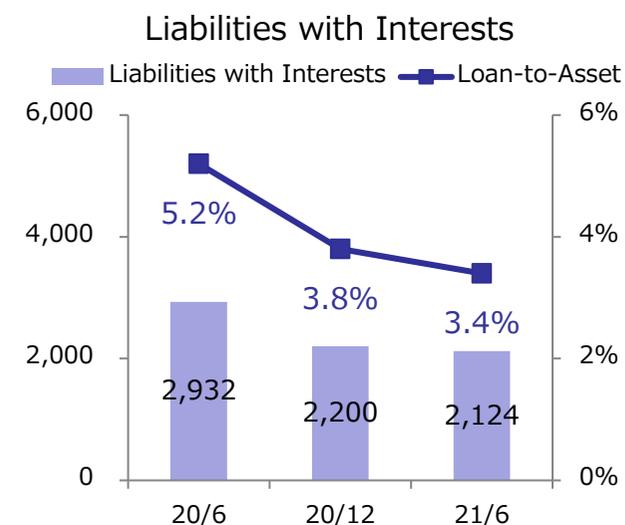
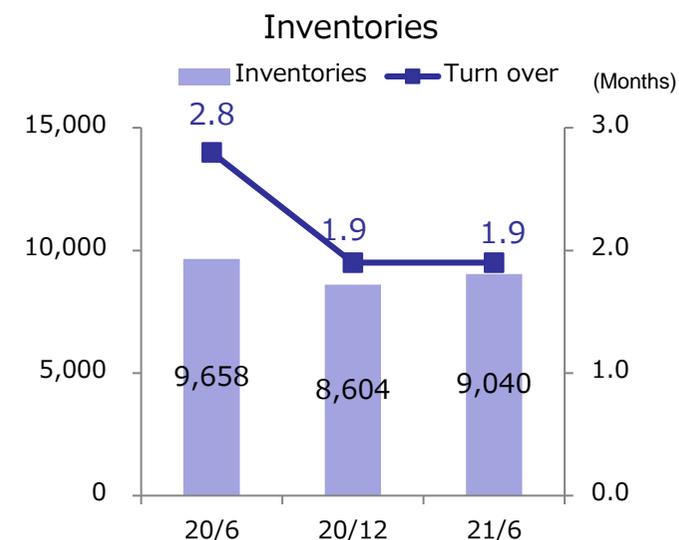


IV. Reference Data

IV-1. Financial Summary

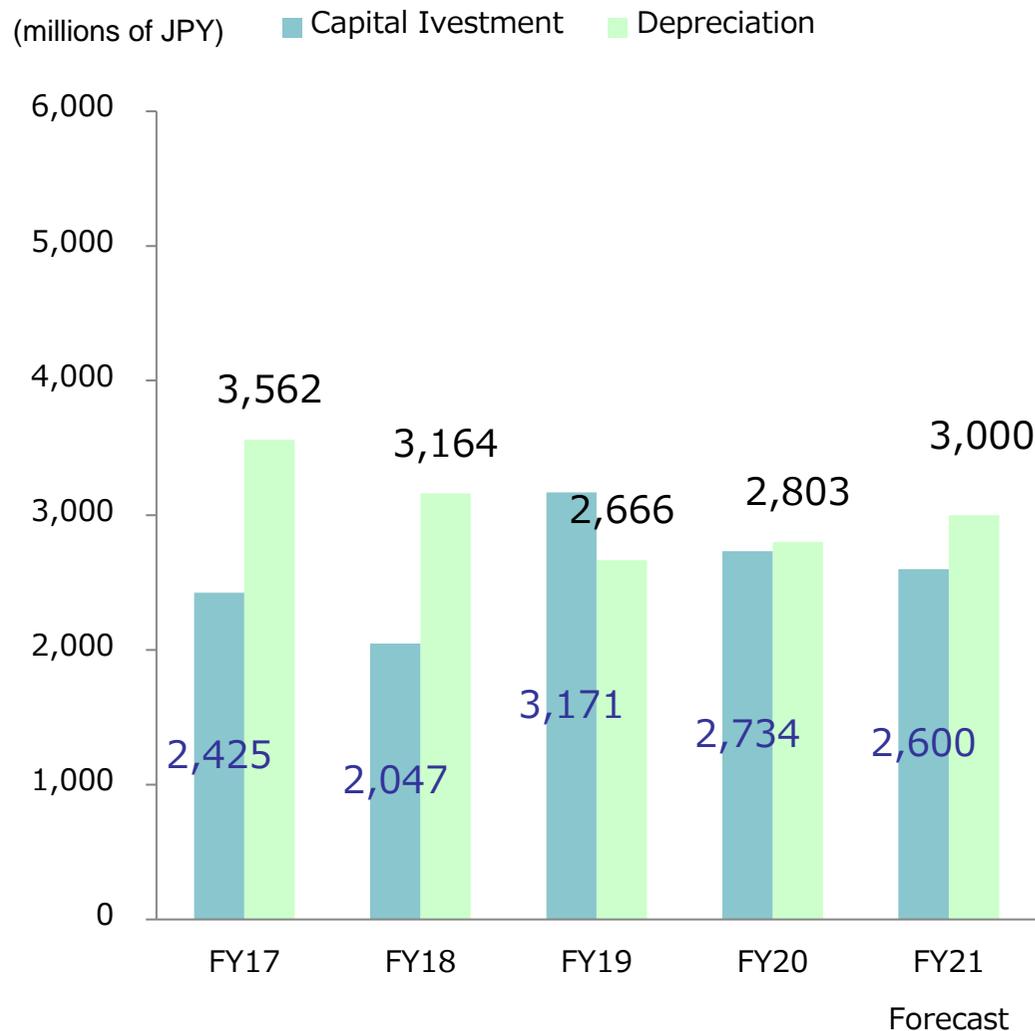
(millions of JPY)

	Dec 31, 2020	Jun 30, 2021	Change (vs. previous Year-end)
Cash & Deposits	21,417	24,737	+3,319
Notes & Accounts Receivable	10,318	11,316	+997
Inventories	8,604	9,040	+436
Other Current Assets	1,130	1,003	(126)
Non-Current Assets	16,719	16,660	(59)
Total Assets	58,190	62,758	+4,568
Total Current Liabilities	10,198	11,215	+1,016
Total Non-Current Liabilities	2,214	2,208	(5)
Total Net Assets	45,777	49,334	+3,556
Total Liabilities & Net Assets	58,190	62,758	+4,568
Ratio of Net Assets	78.7%	78.6%	(0.1)%

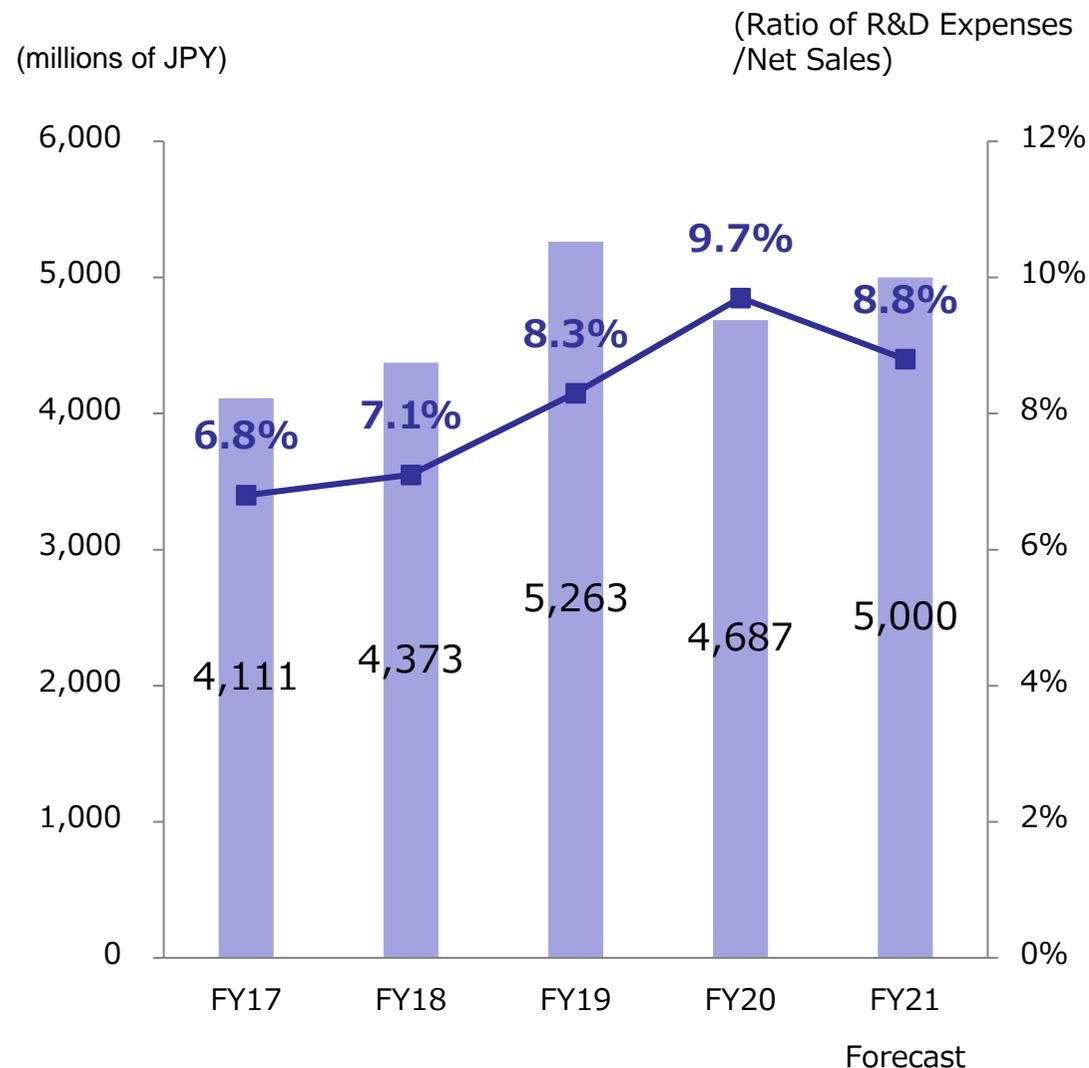


IV-2. Capital Investment, Depreciation, and Research & Development Expenses

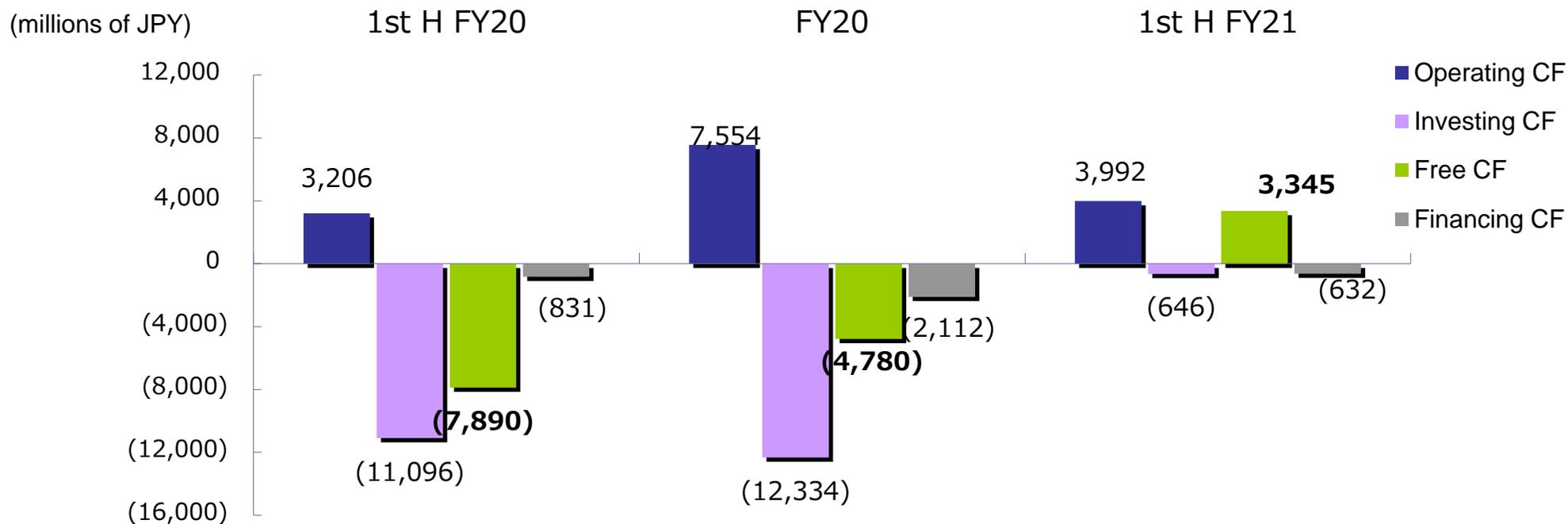
Capital Investment / Depreciation



R&D Expenses

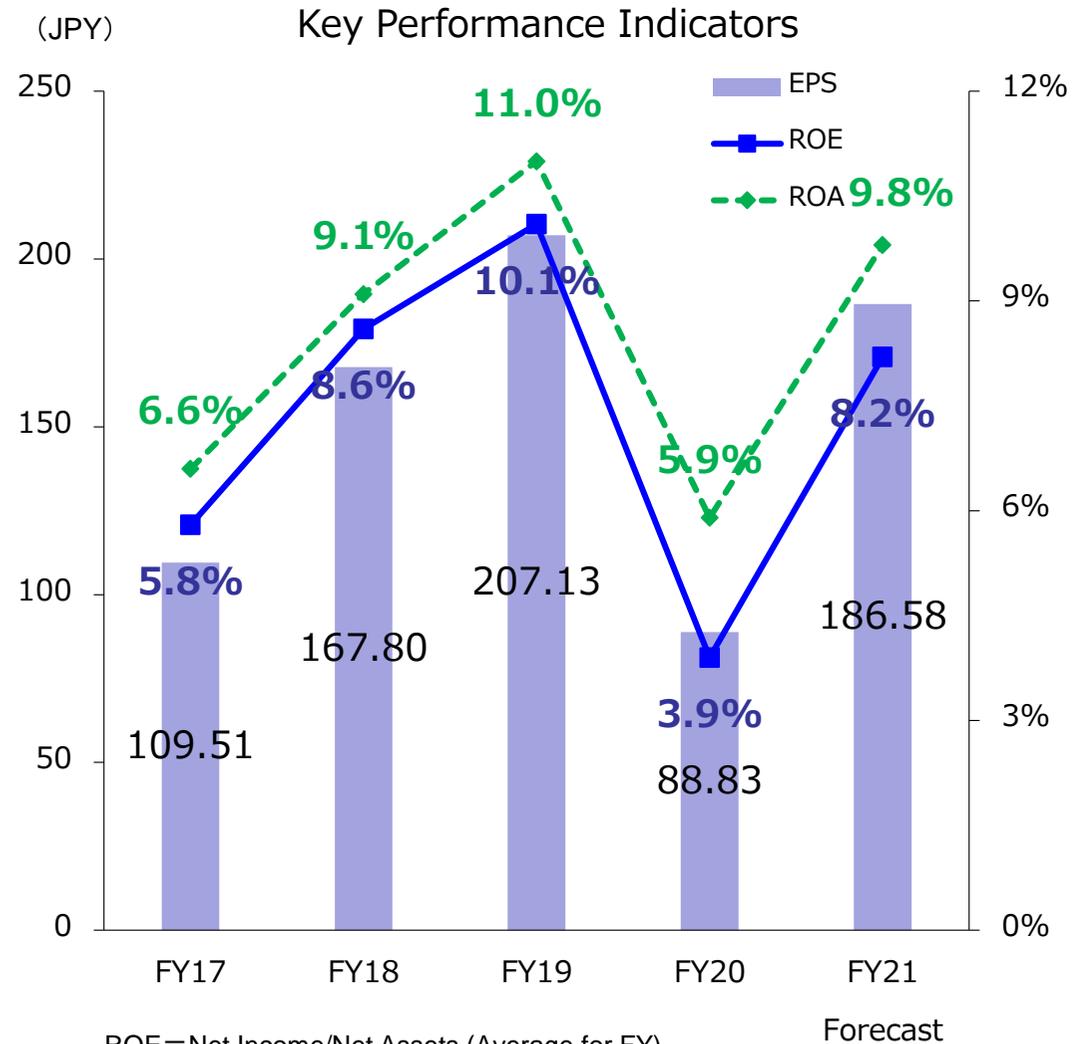
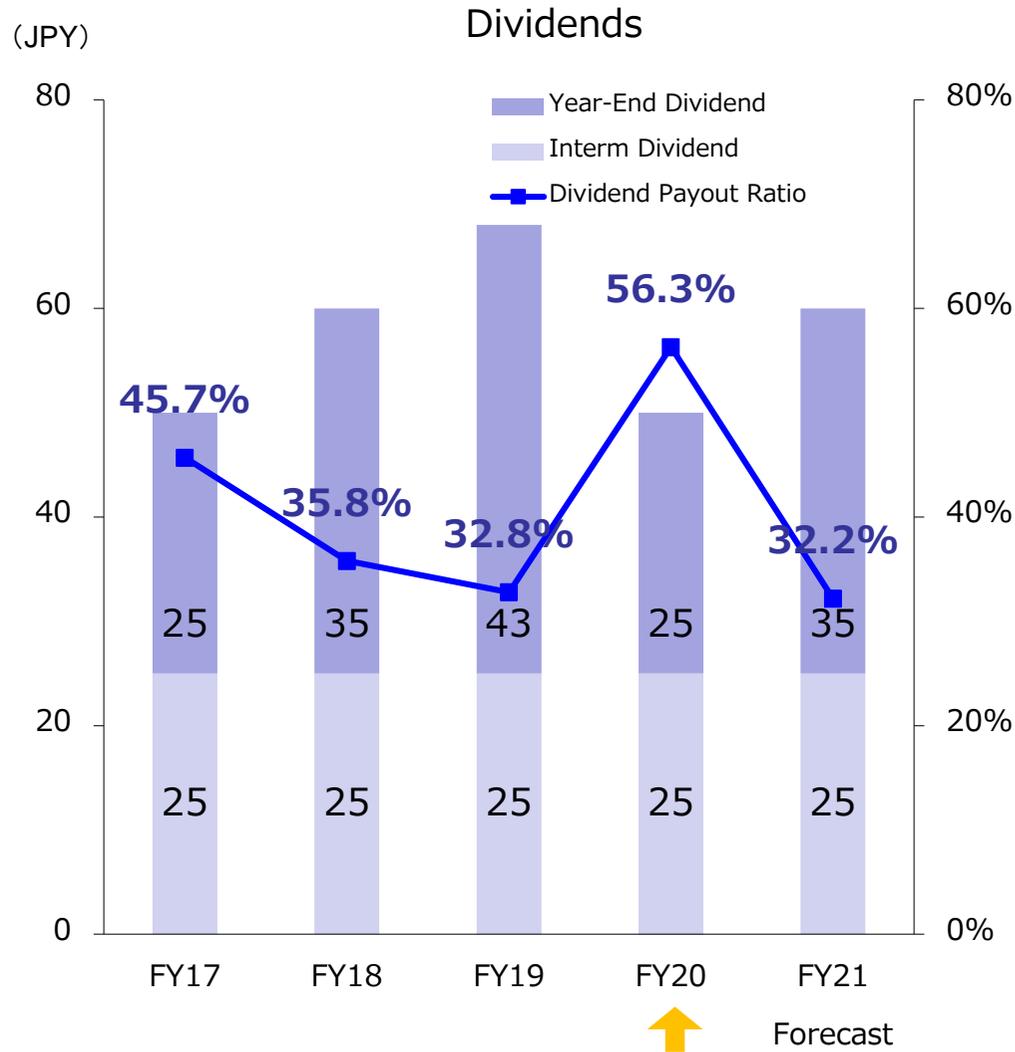


IV-3. Cash Flow Situation



	1st H FY20	FY20	1st H FY21
Cash Flow from Operating Activities	3,206	7,554	3,992
Cash Flow from Investing Activities	(11,096)	(12,334)	(646)
Free Cash flow	(7,890)	(4,780)	3,345
Cash Flow from Financing Activities	(831)	(2,112)	(632)
Cash & Cash Equivalents at the End of Period	19,476	21,417	24,737

IV-4. Cash Dividends Outlook & Key Performance Indicators



March 2020: Implemented acquisition of treasury shares (8,900 million JPY)

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

IV-5. Impact of Foreign Exchange Rate Fluctuations

① Actual 1st Half FY2021

(millions of JPY)

	Exchange rate		Impact	
	Actual 1st H FY20	Actual 1st H FY21	Net sales	Operating Income
USD	108.24	107.82	(80)	+10
EUR	119.36	129.92	+330	+280
Others	-	-	+170	(20)
Total	-	-	+420	+270

(Impact on previous year performance)

② Forecast 2nd Half FY2021

(millions of JPY)

	Exchange rate	Impact of ¥1 appreciation	
	Assumption 2nd H FY21	Net Sales	Operating Income
USD	108.00	(120)	0
EUR	128.00	(40)	(30)

Disclaimer

1. The purpose of this material is to provide information on the actual results for 1st Half of FY2021 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.