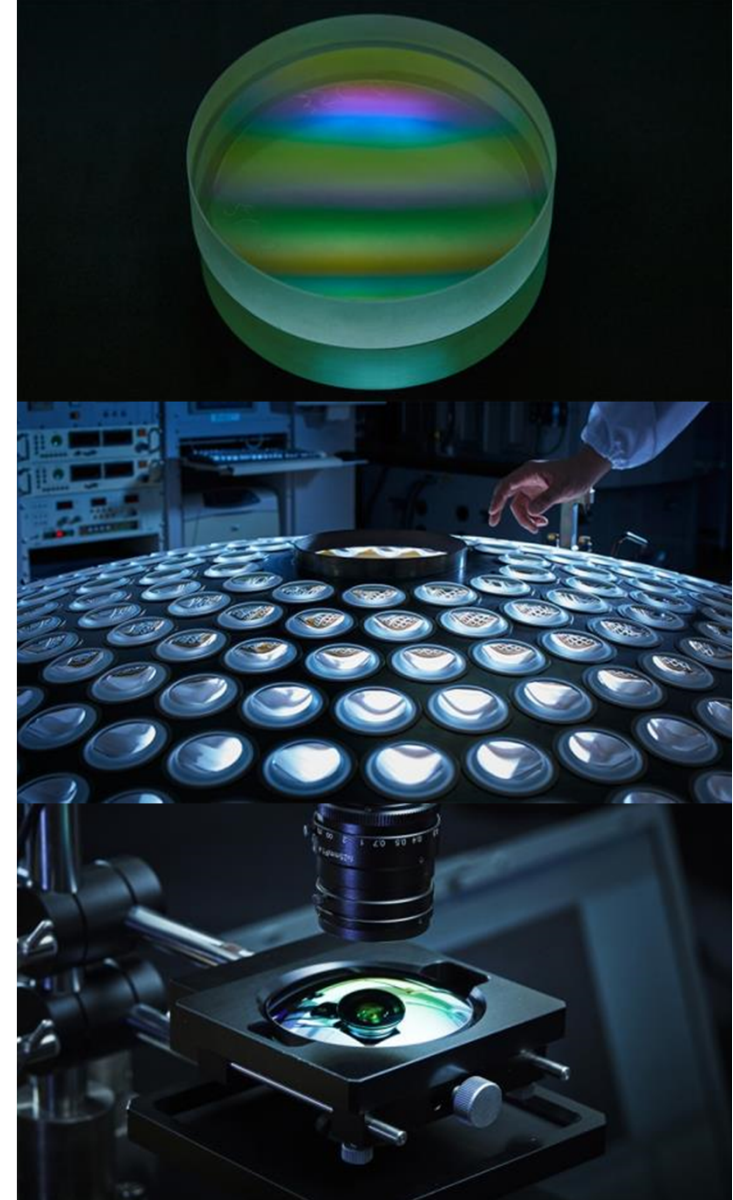


FY2017 Financial Results

February 13, 2018
Tamron Co., Ltd. (Code: 7740)



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FY2017 Financial Results

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I - 1 . FY2017 Summary

[Business Environment]

- Economic Situation
 - Digital SLR cameras and interchangeable lenses showed slight growth from the previous year (DSLR: 10% down from the previous year, Non Reflex: 29% increase from the previous year)
 - Lens-integrated cameras increased by 6% from the previous year
 - Surveillance camera continued to show a steady growth
 - Automotive camera continued to show high growth
 - Exchange Rate ⇒ JPY got weaker against USD and EUR

[Company's Results]

- FY2016 Comparison:
 - Although the sales in OEM models of Photographic product segment declined, the total sales were increased due to the sales increase of the other segments, together with the favorable impact of exchange rates.
 - The operating income showed 180% increase from the previous year due to higher gross profit margin of the newly launched models and lower SGA expenses.
- FY2017 Forecast Comparison:
 - The sales did not meet the forecast due to Photographic Product segment sales declined.
 - The profits (Operating Income, Ordinary Income, and Net Income) resulted in better than the forecast due to reduction in manufacturing costs and SGA expenses, together with the favorable impact from the weaker JPY against EUR.

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I - 2 . FY2017 Financial Results

(millions of JPY)

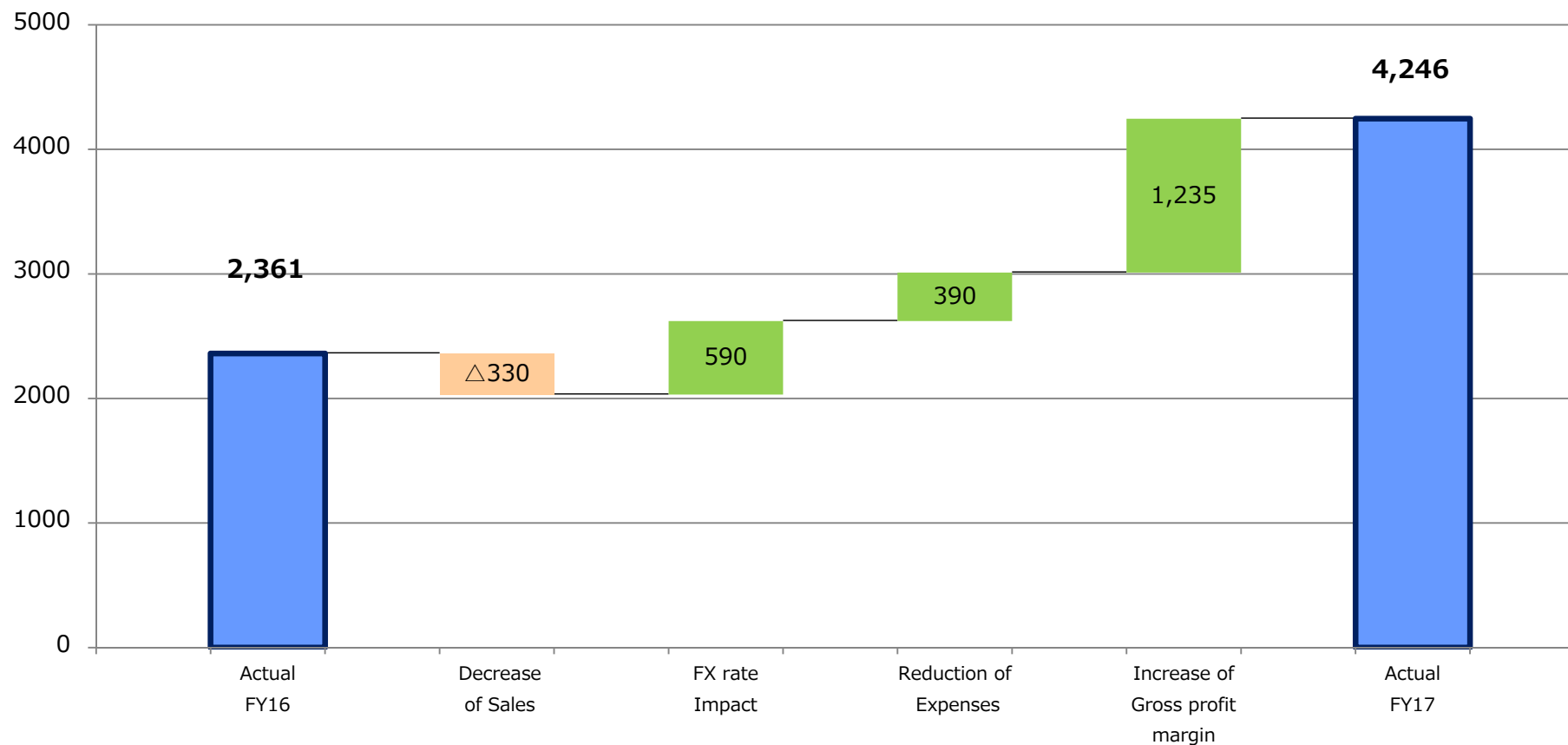
	Actual FY16 (a)	Revised Forecast FY17(17/8/4) (b)	Actual FY17 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	59,903	62,500	60,496	592	101.0%	(2,003)	96.8%
Gross profit	18,901	–	20,596	1,695	109.0%	–	–
(% Sales)	31.6%	–	34.0%	2.4%	–	–	–
Operating Income	2,361	3,600	4,246	1,884	179.8%	646	117.9%
(% Sales)	3.9%	5.8%	7.0%	3.1%	–	1.2%	–
Ordinary Income	2,855	3,600	4,100	1,244	143.6%	500	113.9%
(% Sales)	4.8%	5.8%	6.8%	2.0%	–	1.0%	–
Net Income	1,482	2,610	2,838	1,356	191.5%	228	108.8%
(% Sales)	2.5%	4.2%	4.7%	2.2%	–	0.5%	–
JPY – 1 USD	108.79	111.20	112.17	3.38	–	0.97	–
JPY – 1 Euro	120.31	123.40	126.73	6.42	–	3.33	–

- The sales and profit increased. The gross profit ratio marked the highest in Tamron history: 34%.
- Although the sales and profit declined from the previous year in 1st half of FY17, the sales showed two-digit increase and the operating income showed more than 300% increase in 2nd Half of FY 17.

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I - 3 . FY2017 Performance Variation Factors

(millions of JPY)



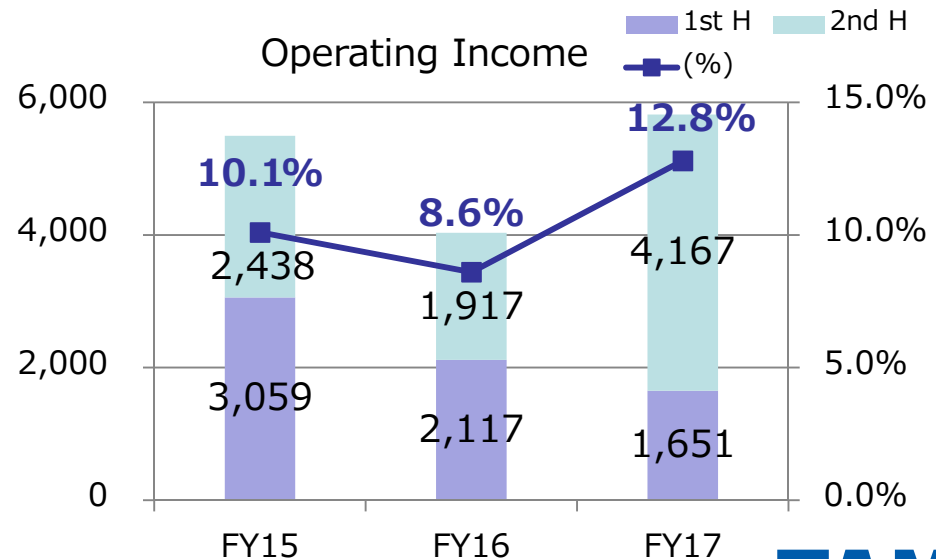
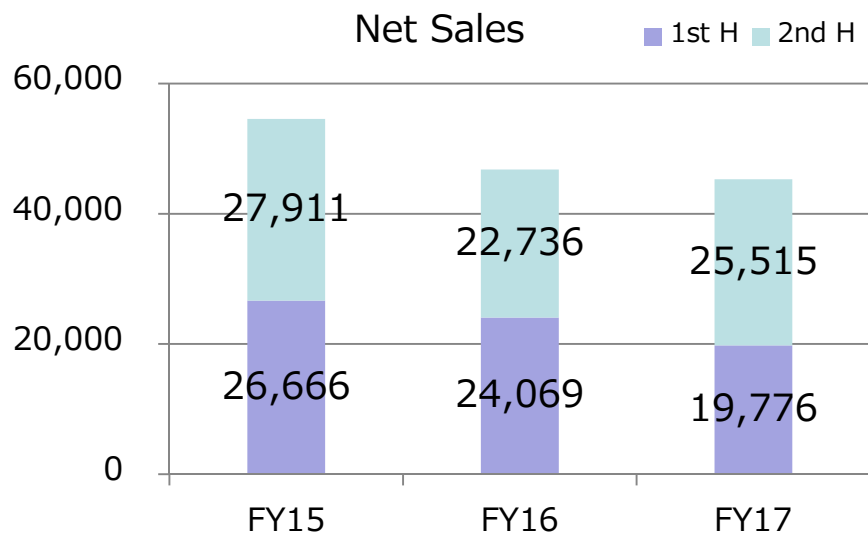
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I - 4 . FY2017 Results by Segment

1) Photographic Products

	(millions of JPY)							
	Actual FY16 (a)	Revised Forecast FY17(17/8/4) (b)	Actual FY17 (c)	Inc / Dec		FX Impact vs. FY16	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	46,805	47,300	45,292	(1,512)	96.8%	1,300	(2,007)	95.8%
Operating Income	4,034	5,300	5,818	1,783	144.2%	510	518	109.8%
(% Sales)	8.6%	11.2%	12.8%	4.2%	—	—	1.6%	—

- Although strong sales of own-brand models in USA, China and Japan markets, the total sales declined due to decrease of OEM models.
- The Operating Income achieved 144% from 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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Photographic Products - New Models

Category	Launched in 2016	Launched in 1st Half, 2017	Launched in 2nd Half, 2017
Wide Zoom		<p>Launched in Mar.</p>  <p>10-24mm VC HLD (B023)</p>	
Standard Zoom			<p>Launched in Aug.</p>  <p>SP 24-70mm F/2.8 VC USD G2 (A032) ※Best-in-class performance and image quality zoom lens (As of May 2017:Tamron)</p>
All-in-One Zoom			<p>Launched in Jul.</p>  <p>18-400mm VC HLD (B028) ※World's first* 22.2x ultra-telephoto all-in-one zoom (As of May 2017:Tamron)</p>
Tele Zoom	<p>Launched in Sep.</p>  <p>SP 150-600mm VC USD G2 (A022)</p>	<p>Launched in Feb.</p>  <p>SP 70-300mm VC USD (A030)</p>  <p>SP 70-200mm F/2.8 VC USD G2 (A025)</p>	<p>Launched in Nov.</p>  <p>100-400mm VC USD (A035) ※ The lightest zoom in the ultra-telephoto category (As of Oct 2017:Tamron)</p>
Fixed Focal/Macro	<p>Launched in Feb.</p>  <p>SP 90mm F/2.8 VC USD (F017)</p> <p>Launched in Mar.</p>  <p>SP 85mm F/1.8 VC USD (F016)</p>		

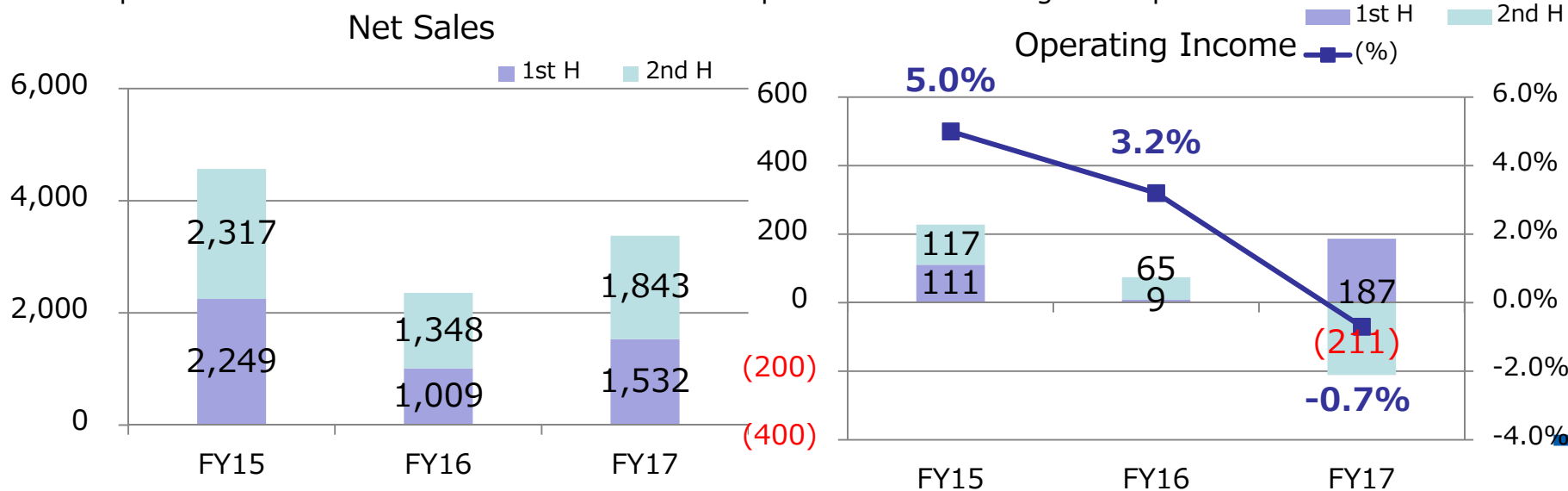
I - 4 . FY2017 Results by Segment

2) Optical Components

(millions of JPY)

	Actual FY16 (a)	Revised Forecast FY17(17/8/4) (b)	Actual FY17 (c)	Inc / Dec		FX Impact vs. FY16	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	2,358	3,300	3,375	1,017	143.2%	70	75	102.3%
Operating Income	75	200	(24)	(99)	-	10	(224)	-
(% Sales)	3.2%	6.1%	(0.7)%	(3.9)%	-	-	(6.8)%	-

- The sales increased 143% from the previous year due to the recovering of the DSC market, together with the launching of Drone products in the 2nd Half FY2017.
- The profit decreased due to increase in initial development costs including future products for Drone market.



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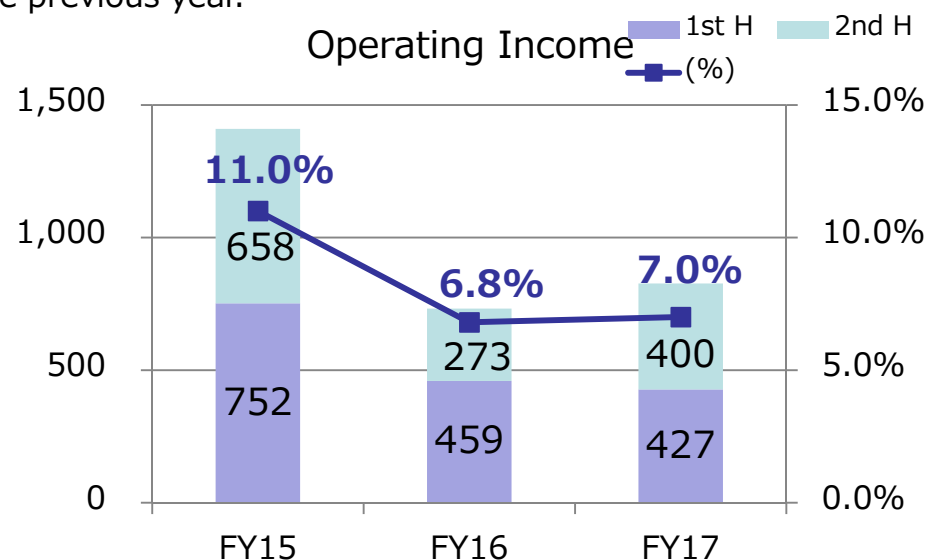
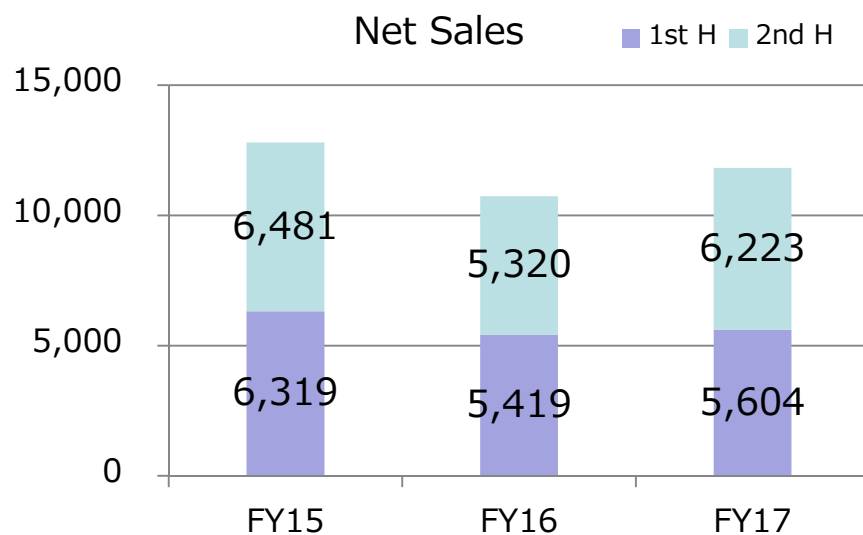
I - 4 . FY2017 Results by Segment

3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual FY16 (a)	Revised Forecast FY17(17/8/4) (b)	Actual FY17 (c)	Inc / Dec		FX Impact vs. FY16	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	10,739	11,900	11,827	1,084	110.1%	280	(72)	99.4%
Operating Income	733	700	827	94	112.9%	70	127	118.3%
(% Sales)	6.8%	5.9%	7.0%	0.2%	-	-	1.1%	-

- The sales and profit achieved two-digit increase due to continuing increase of Automotive Lenses sales, together with the Surveillance Camera Lenses sales recovered from the previous year.



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II. Mid-Term Management Plan and FY2018 Financial Forecast

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II -1. Approach for Transformation Theme

Reinforce Sales & Marketing	Globalization of Sales, Production, & R&D	New Business Development
Customer Values	Re-Building of R&D Process	Corporate Management

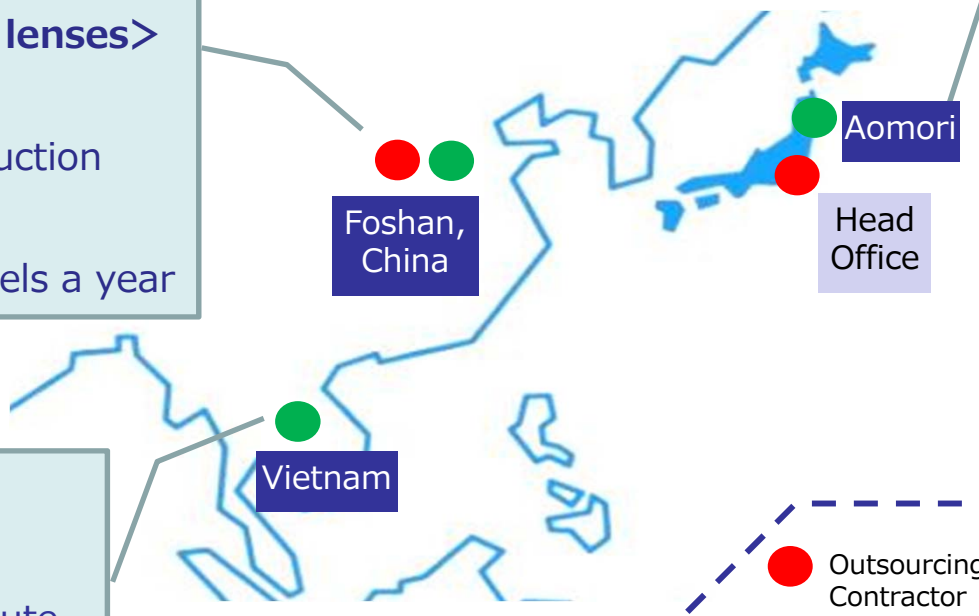
【Production and R&D Function】

- Factory
- R&D

<R&D for surveillance lenses>

FY16 Established
 FY17 Started mass production
 ⇒ Planning to develop about 4 models a year

FY17 First achieved positive growth
 ⇒ Planning to contribute to profit by cost reduction



- R&D with long-term perspective (Discovery of advanced optical technology)
- Development of new element technology for future products
- Increase quality in R&D process (Development in advance/Capability of design/simulation technologies)

<The numbers of launched own-brand models >

FY17: Launched 6 models, doubled than previous years.
 ⇒ Planning to launch about 5 models a year

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II -1. Approach for Transformation Theme

Reinforce Sales & Marketing	Globalization of Sales, Production, & R&D	New Business Development
Customer Values	Re-Building of R&D Process	Corporate Management

<New Business Development>

- FY16 •Started the Camera module business (through cooperation with government, industry and academia)
- FY17 •Entered into the Drone market (R&D tie-up and partnership with a market leader)
 - Purchased Tomei Giken Co., Ltd., which produces and markets interferometers
 - Developed prototype products in medical business

⇒ Planning to expand camera module and Drone business as well as to review feasibility of new business (medical business etc.)

<Corporate Management>

To Slim Organization

Apr., 2016 : 10 Administration Boards /14 Departments. /3 Centers
 ⇒ Jun., 2018 : 7 Administration Boards /11 Departments /2 Centers

Enhance Corp. Governance

- Established a nominating committee formed on a voluntary basis and a compensation committee (both of the committees' chairperson are external directors)
- Slim and diversify the members of the board
- Reviewed the compensation system for directors and introduce a mid & long- term incentive plan (Performance-Linked Stock Compensation System)

※Including subjects to approval at the general shareholders ' meeting in 2018

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II - 2 . 2020 Mid-Term Management Plan

1)Basic Management policy

Past : Rolling Mid-term targets every year, but targets had not been achieved.

⇒ **Planning to fix Mid-Term targets for 3 years**

<Basic management policy by segments ※Along with realization of the Transformation theme>

Digital Camera Business (matured market)	Without the assumption of large sales growth, improving profitability is the highest priority. (Higher gross profit margin of own-brand models, and lower business operation costs)
Surveillance/FA Business (steadily growth market)	By re-building R&D Process, aiming to expand product lineup in both lens units and camera modules (Maintain and secure competitiveness and expand market share of industrial products)
High Priority Business (high growth market) *Drone and Automotive lens Business	Expanding the business by allocating more resources to establish positions in each business markets (Increasing R&D capacity for business growth) (Initiating R&D and Capital Investment for employing new element technologies and reducing production costs)
New Business	Exploring external partners, including M&A, for new business development, preparing for the sales growth in the early 2021.

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II - 2 . 2020 Mid-Term management Plan

2)Sales and Profits Targets

(billions of JPY)

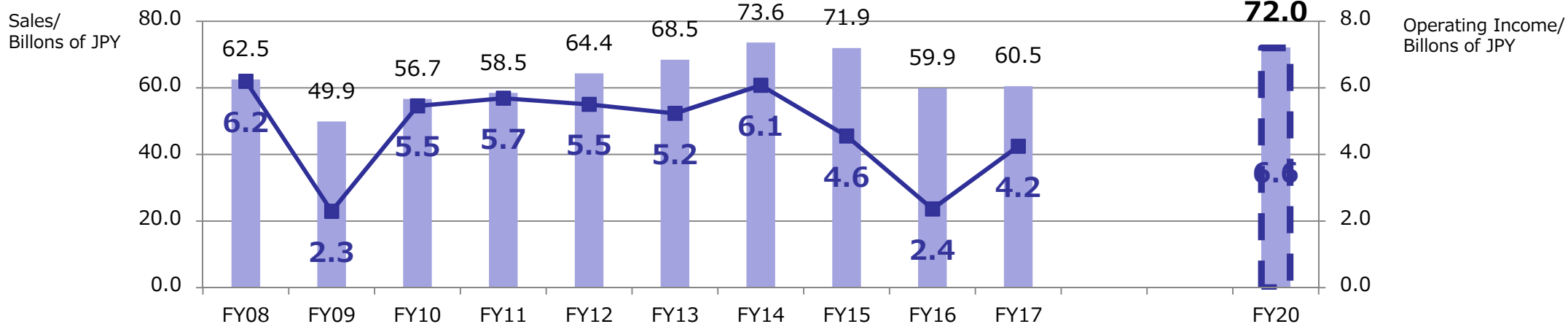
2020 Targets

	FY17	FY20
Net Sales	60.5	72.0
Operating Income	4.3	6.6
(% Sales)	7.0%	9.2%
ROE	5.8%	9% or more

- Although FY20 sales target is lower than the FY19 sales target announced in FY17, the operating income target percentage is set at the same level of the F19 target.

Sales Trends

Planning to achieve the highest profit in 10 years after the Lehman Shock



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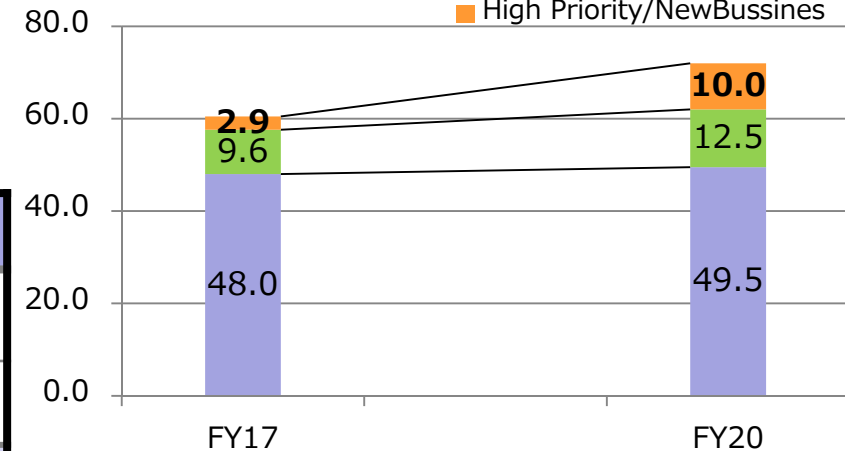
II - 2 . 2020 Mid-Term management Plan

3)Sales Targets by Segments

- Planning to decrease sales composition ratio of Digital Camera 80% to 60% level
- Highest priority on New business category: 10billion yen

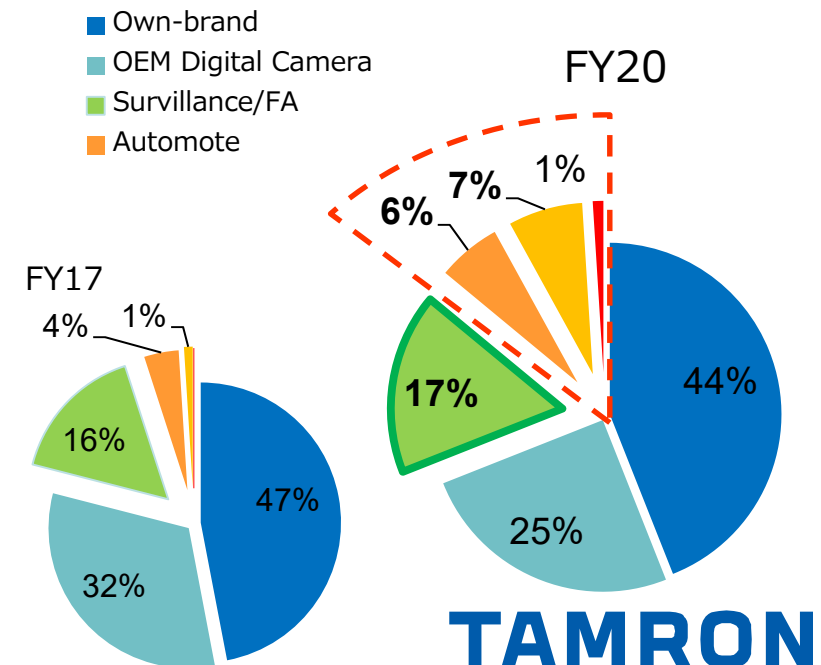
(billions of JPY)

Digital Camera
Surveillance/FA
High Priority/NewBussines



(billions of JPY)

Segment	Items	Category	FY17	FY20
Photographic Products	Own-brand lenses	Digital Camera	28.3	31.5
	OEM lenses	Digital Camera	17.0	17.5
	Total		45.3	49.0
Optical Components	DSC/VC lenses	Digital Camera	2.7	0.5
	Drone lenses	High Priority	0.6	4.8
	Others	Surveillance/FA	0.1	0.2
Total		3.4	5.5	
Commercial / Industrial-Use Optics	Surveillance/FA lenses	Surveillance/FA	9.5	12.3
	Automotive lenses	High Priority	2.3	4.5
	Others	New Business	—	0.7
Total		11.8	17.5	



II -3. FY2018 Financial Forecast

(millions of JPY)

	Actual FY17 (a)	Forecast FY18 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	60,496	63,000	2,503	104.1%
Operating Income	4,246	4,800	553	113.0%
(% Sales)	7.0%	7.6%	0.6%	—
Ordinary Income	4,100	4,800	699	117.1%
(% Sales)	6.8%	7.6%	0.8%	—
Net Income	2,838	3,360	521	118.4%
(% Sales)	4.7%	5.3%	0.6%	—
JPY – 1 USD	112.17	110.00	(2.17)	—
JPY – 1 Euro	126.73	130.00	3.27	—

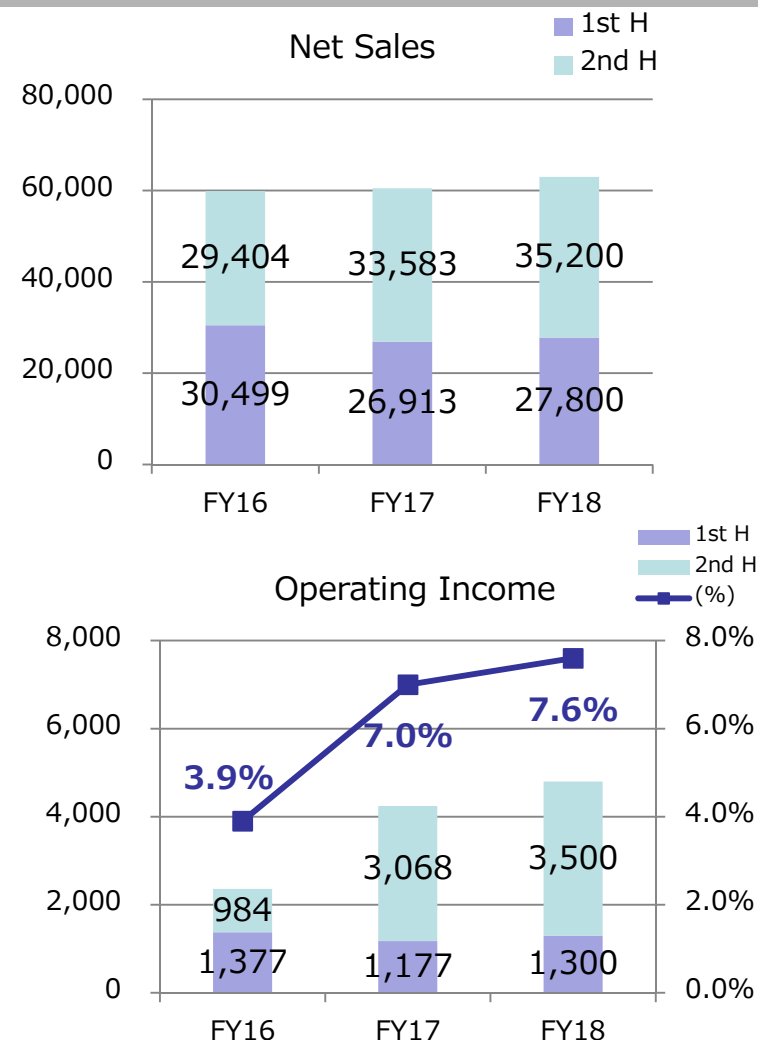
【FY2018 Forecast】

➤ Economic Situation

- Based on the assumption of exchange rate: JPY gets stronger against USD and weaker against EUR
- Assumption of DSLR cameras market growth: unchanged

➤ Company's Forecast

- Although the sales in OEM Digital Camera lens declined, the total sales expected to increase by 13% due to the other segments



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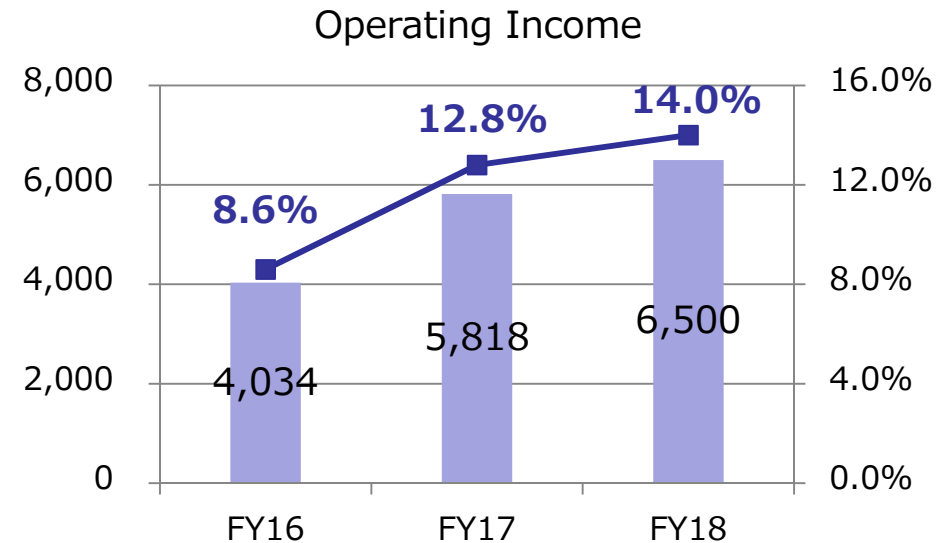
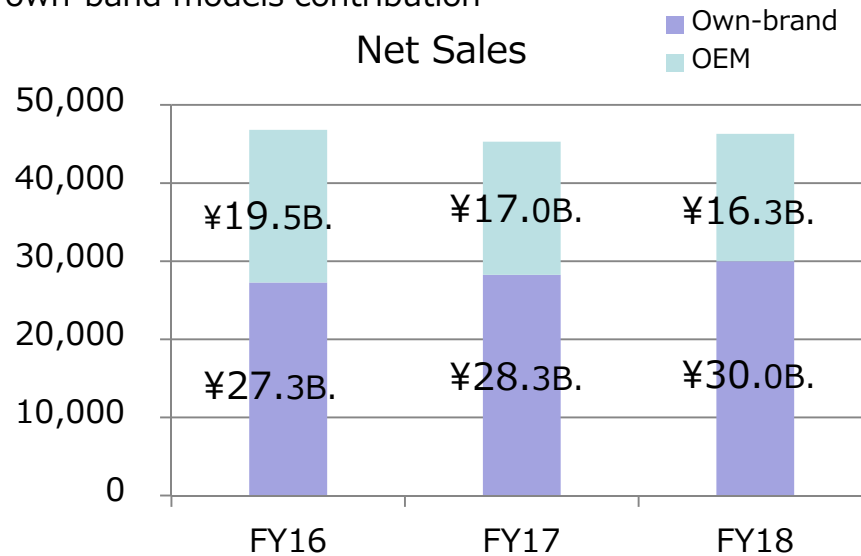
II -4. FY2018 Forecast by Segment

1) Photographic Products

(millions of JPY)

	Actual FY17 (a)	Forecast FY18 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	45,292	46,300	1,007	102.2%
Operating Income	5,818	6,500	681	111.7%
(% Sales)	12.8%	14.0%	1.2%	—

- Despite the continuing decrease in OEM business, expecting increase in the total segment sales and profit from own-brand models contribution



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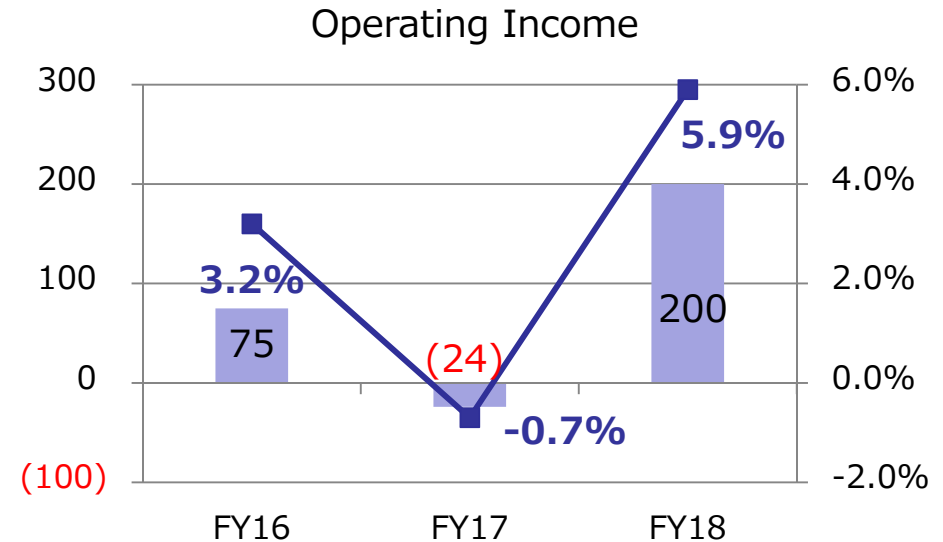
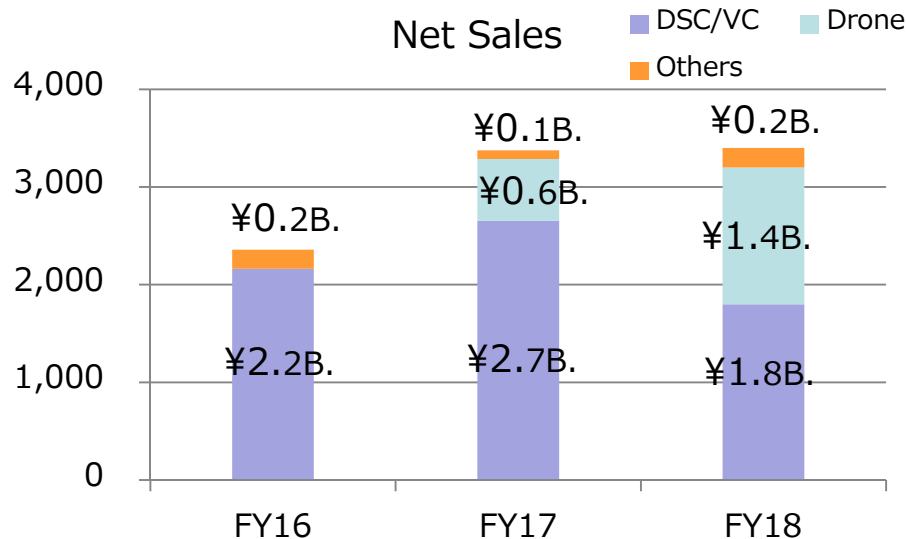
II -4. FY2018 Forecast by Segment

2) Optical Components

(millions of JPY)

	Actual FY17 (a)	Forecast FY18 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	3,375	3,400	24	100.7%
Operating Income	(24)	200	224	-
(% Sales)	(0.7)%	5.9%	6.6%	-

- Although the larger decline in DSC/VC lens sales after the strong sales in FY17, the sales expected to increase by launching more models for Drone market.
- The expansion of Drone sales turns the Operating income into positive operating income.



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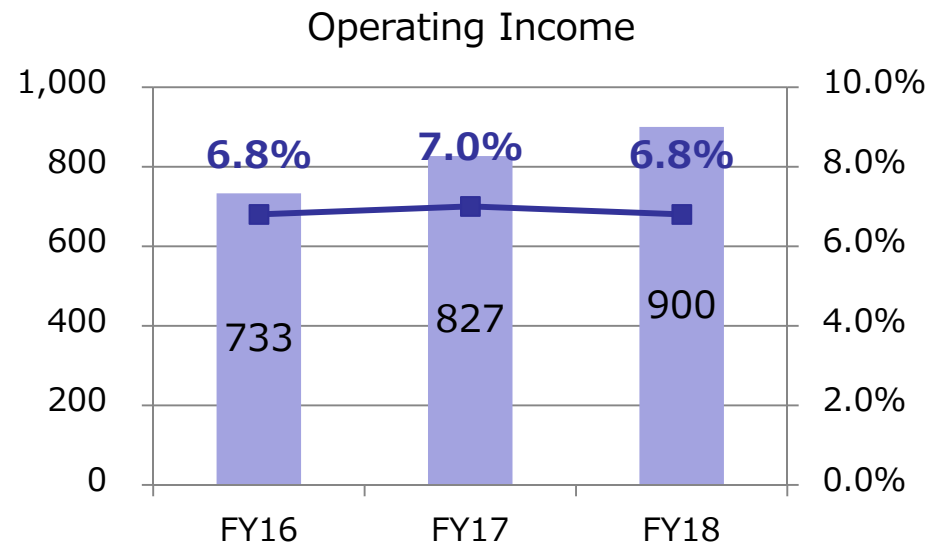
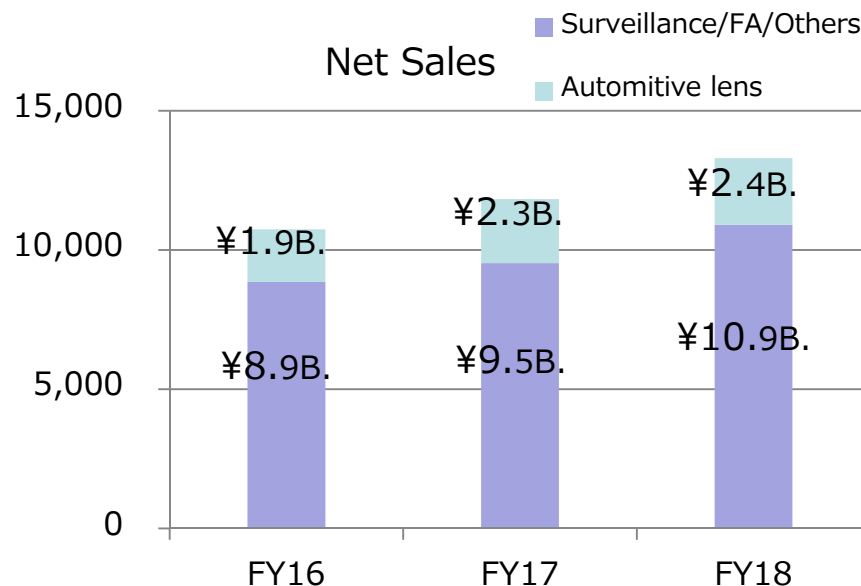
II - 4 . FY2018 Forecast by Segment

3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual FY17 (a)	Forecast FY18 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	11,827	13,300	1,472	112.4%
Operating Income	827	900	72	108.7%
(% Sales)	7.0%	6.8%	(0.2)%	—

- Sales and profits expected to increase by 12% because of surveillance and FA lenses sales and steady growth of Automotive lenses sales.



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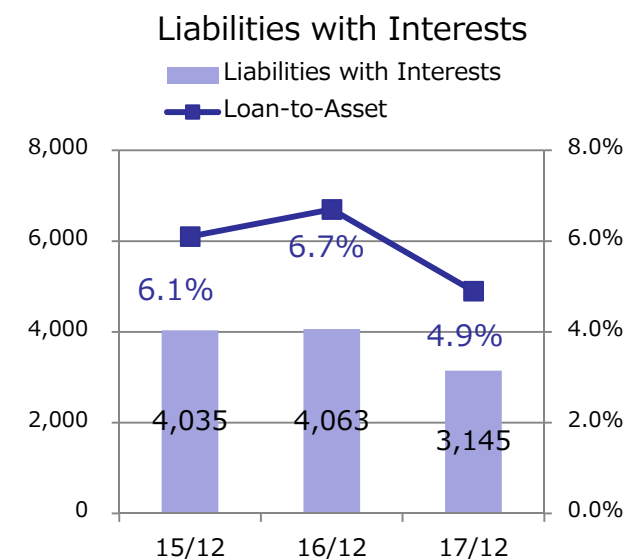
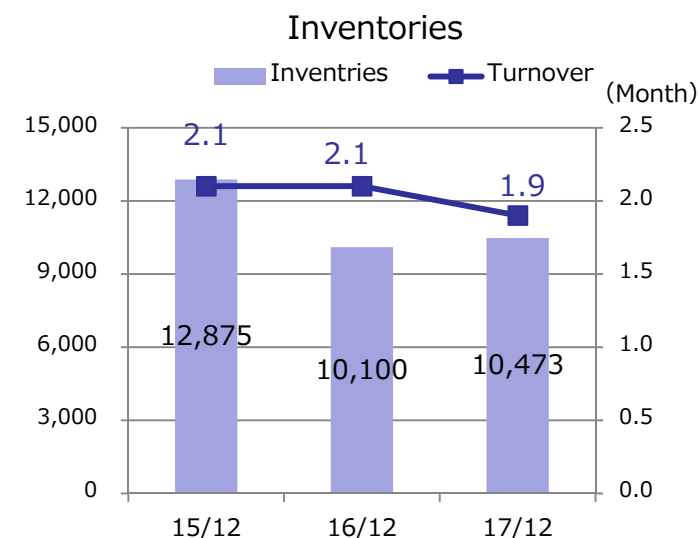
III. Reference Data

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III - 1 . Financial Summary

(millions of JPY)

	Dec 31, 2016 (a)	Dec 31, 2017 (b)	Change (c)-(b)
Cash & Deposits	16,030	19,431	3,401
Notes & Accounts Receivable	13,419	14,061	642
Inventories	10,100	10,473	372
Other Current Assets	2,039	1,426	(613)
Non-Current Assets	19,320	18,476	(844)
Total Assets	60,910	63,868	2,958
Total Current Liabilities	11,388	11,931	543
Total Non-Current Liabilities	2,200	1,996	(204)
Total Net Assets	47,321	49,940	2,618
Total Liabilities & Net Assets	60,910	63,868	2,958
Ratio of Net Assets	77.7%	78.2%	0.5%

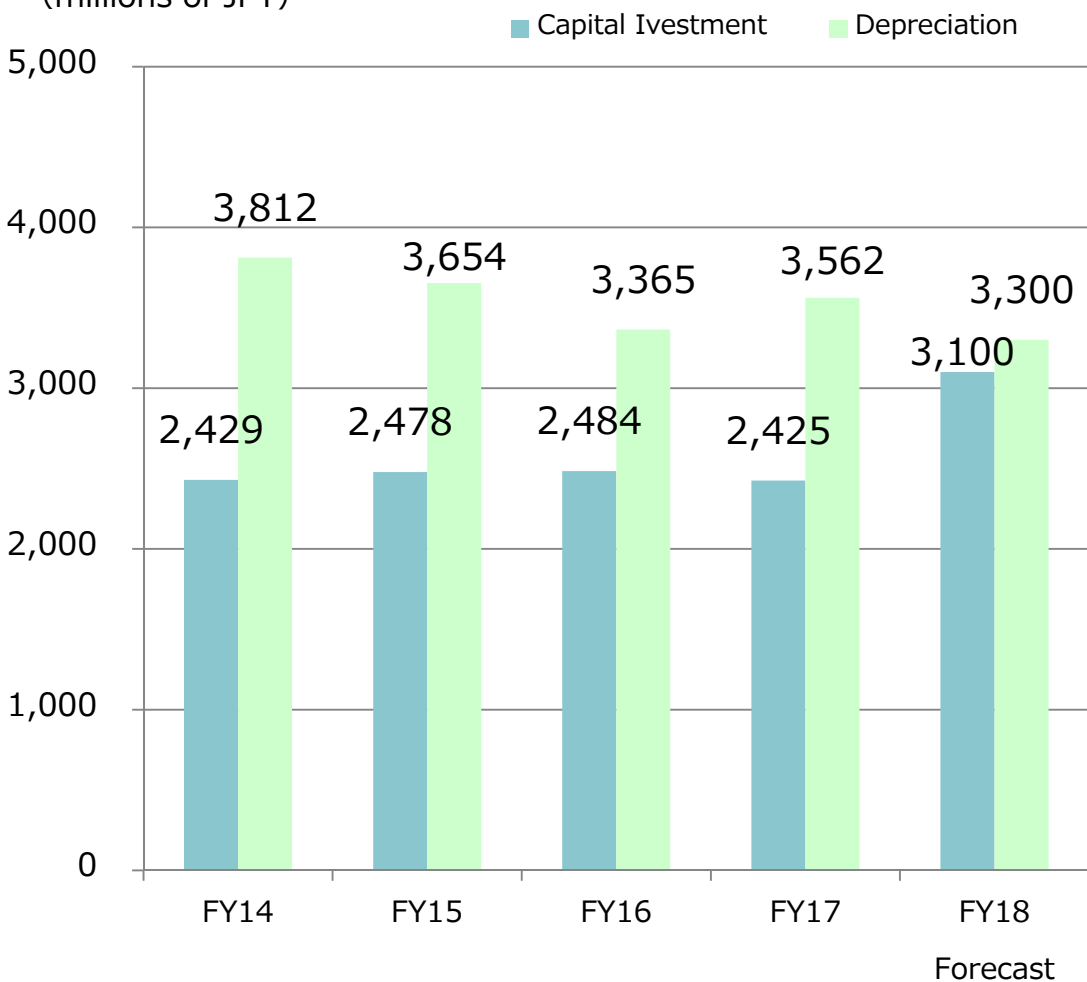


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Ⅲ - 2 . Capital Investment, Depreciation, & Research & Development Expenses

Capital Investment & Depreciation

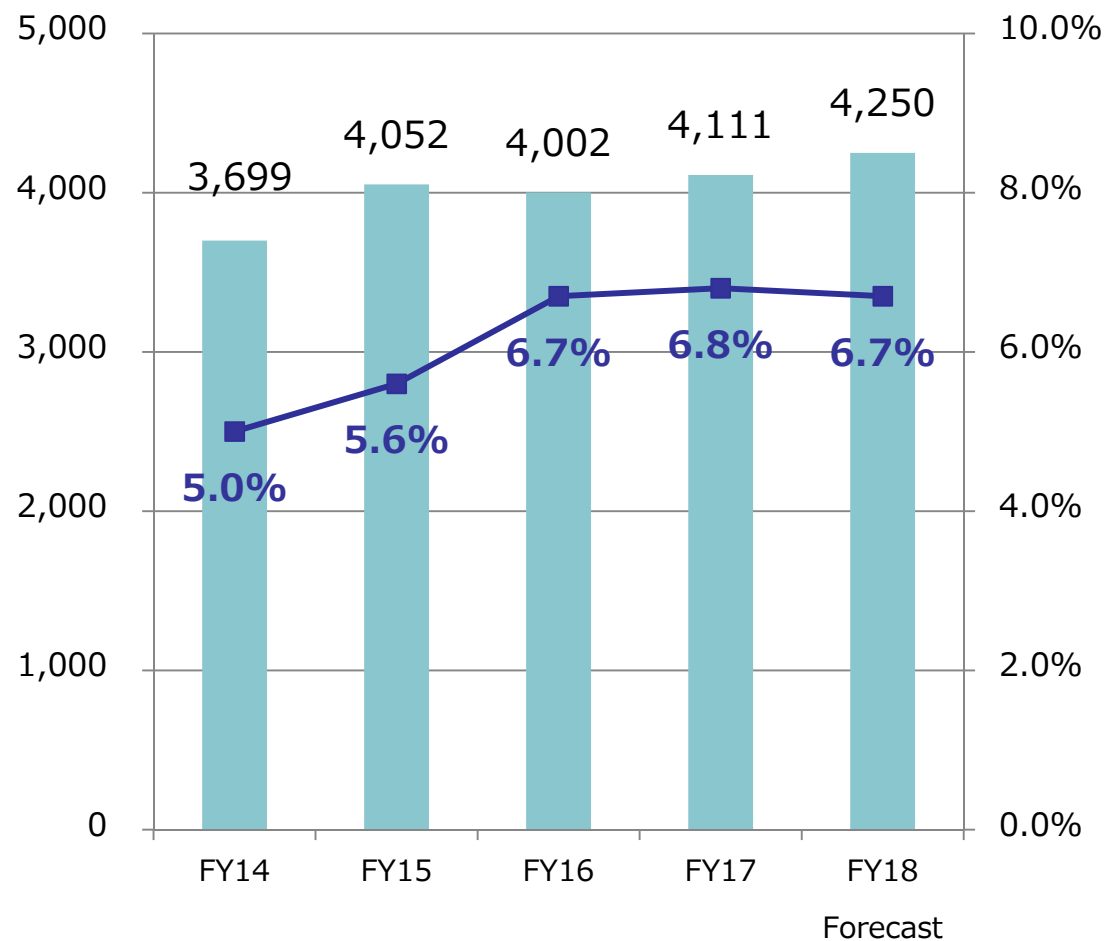
(millions of JPY)



Research & Development Expenses

(millions of JPY)

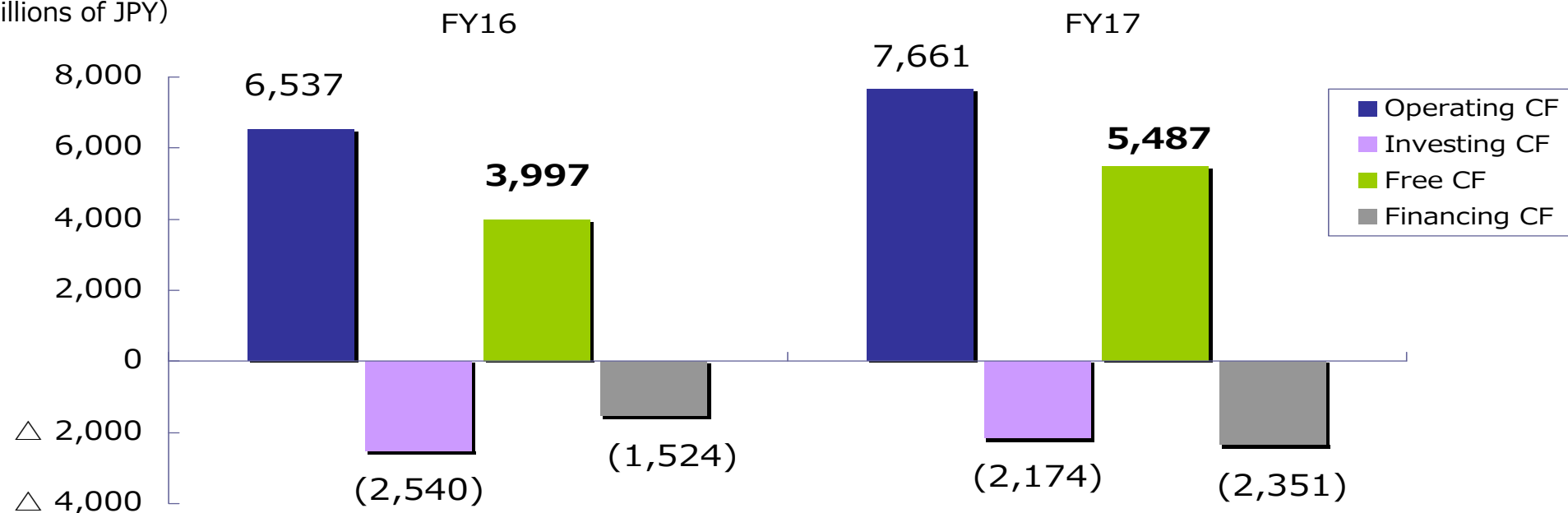
(Ratio of R&D Expenses / Net Sales)



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III - 3 . Cash Flow Situation

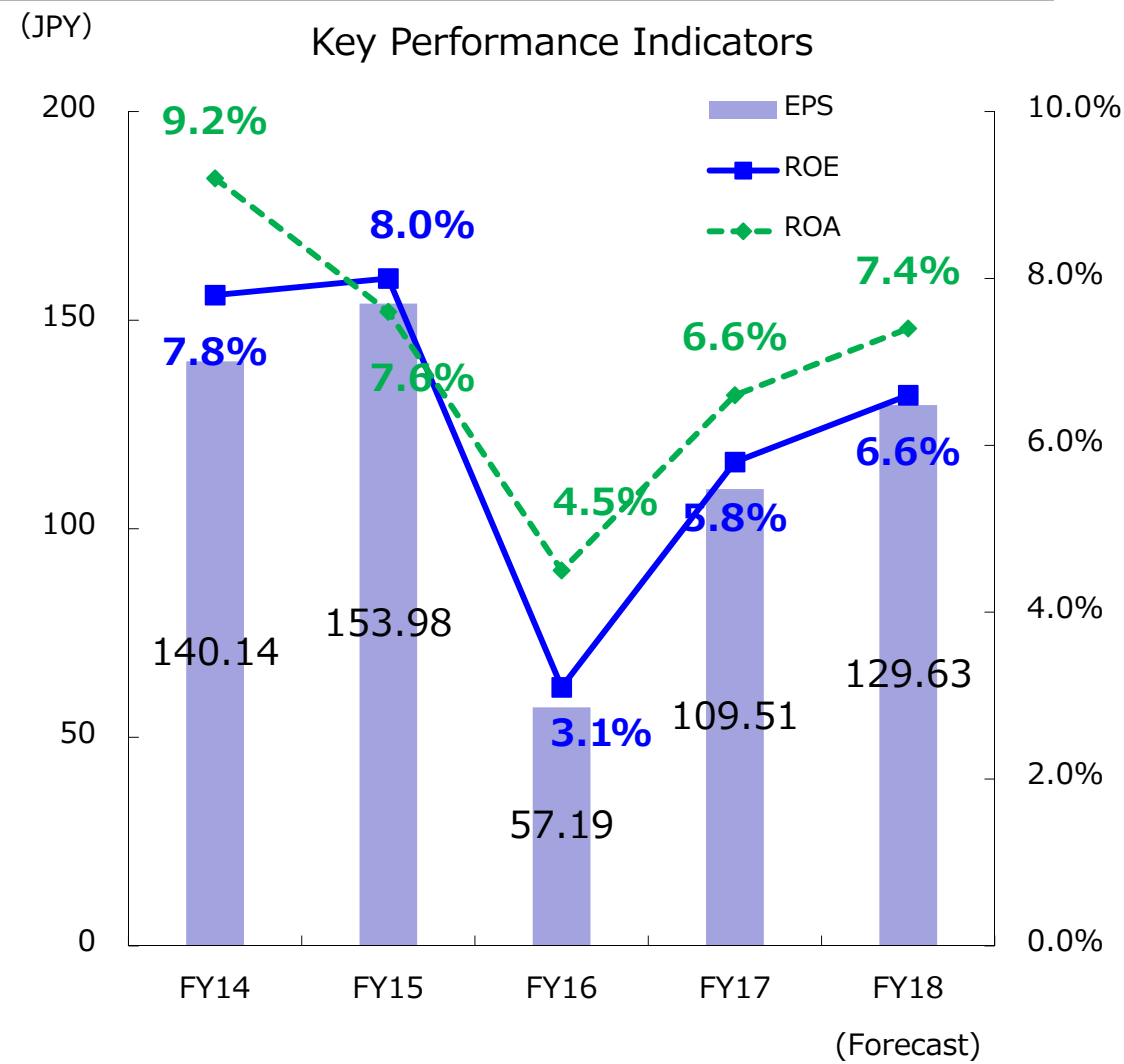
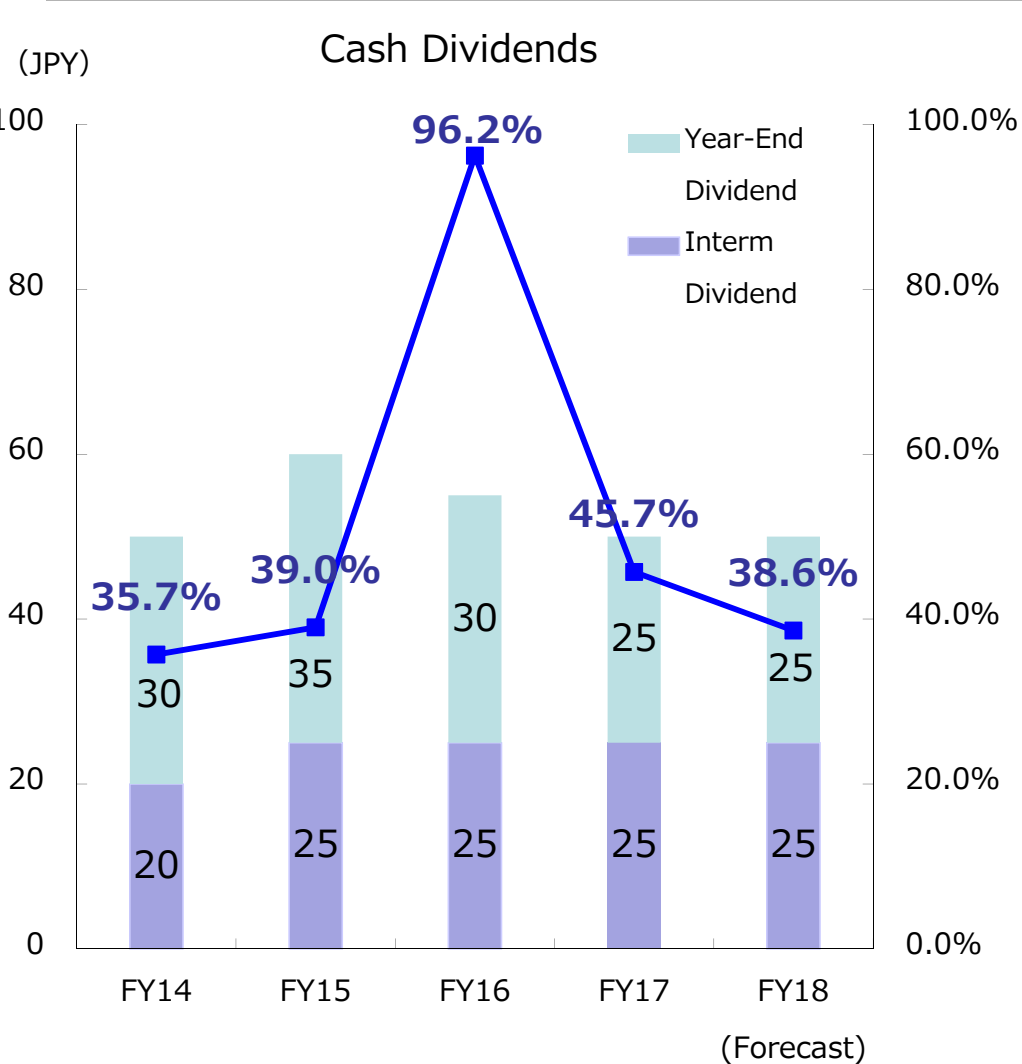
(millions of JPY)



	FY16	FY17
Cash Flow from Operating Activities	6,537	7,661
Cash Flow from Investing Activities	(2,540)	(2,174)
Free Cash flow	3,997	5,487
Cash Flow from Financing Activities	(1,524)	(2,351)
Cash & Cash Equivalents at the End of Period	16,030	19,431
Liquidity (Months)	3.21	3.85

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III - 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



Ⅲ - 5 . Impact of Foreign Exchange Rate Fluctuations

FY2017

(JPY)

(millions of JPY)

	Exchange Rate		Impact	
	Actual FY16	Actual FY17	Net Sales	Operating Income
USD	108.79	112.17	+1,000	+100
EUR	120.31	126.73	+520	+430
Others	-	-	+130	+60
Total	-	-	+1,650	+590

(Impact on FY2017 Actual performance)

Forecast FY2018

(JPY)

(millions of JPY)

	Exchange Rate	Impact of ¥1 appreciation	
	Assumption 2nd H FY17	Net Sales	Operating Income
USD	110.00	(300)	(10)
EUR	130.00	(90)	(80)

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Disclaimer

1. The purpose of this material is to provide information on the actual results for FY2017 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.