



FY2012 Financial Results

February 7, 2013
Tamron Co., Ltd. (Code: 7740)

Contents



I . FY2012 Financial Results

1. Business Briefing	P.4	3. Research & Development	P.20
2. FY2012 Summary	P.5	4. Inventories/Liabilities with Interests	P.21
3. FY2012 Half-Year Financial Results	P.6	5. Cash Flow Statement	P.22
4. FY2012 Financial Results	P.7	6. Outlook for Cash Dividends	P.23
5. FY2012 Results by Business Segment	P.8	7. Referential Data	
6. FY2012 Quarterly Results by Business Segment	P.9	1) Key Performance Index	P.24
		2) Impact of Currency Exchange Rate Fluctuations	P.25

II . FY2013 Financial Forecast

1. FY2013 Forecast	P.11
2. FY2013 Contributing Factors for Performance	P.12
3. FY2013 Forecast (Sales/Operating Income)	P.13
4. FY2013 Forecast by Business Segment	
1) Photographic Products	P.14
2) Optical Components	P.15
3) Commercial / Industrial-use Optics	P.16

III . Financial Situation

1. Financial Summary	P.18
2. Capital Investment & Depreciation	P.19

IV . Mid-Term Strategy

1. Corporate Tagline	P.27
2. Mid-Term Management Goals for FY2015	P.27
3. Strategy Towards FY2015 by Segment	
1) Photographic Products	P.28
2) Optical Components	P.29
3) Commercial / Industrial-use Optics	P.30
4. Enhanced Production System	P.31
5. Issues on Mid-to Long-Term Management	P.32

I . FY2012 Financial Results

I -1. Business Briefing



Company profile

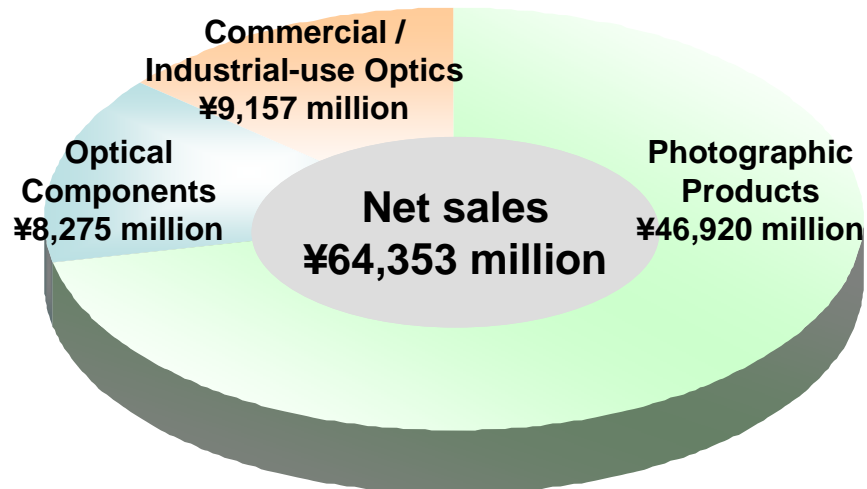
Total subsidiaries overseas : 8 (Russia / Vietnam)*New
/ Liaison offices : 1 (India)
Domestic offices : 4 / Sales offices : 7
ISO9001, ISO14001 certified
ISO/TS16949 certified
Net sales : ¥64,353 million (FY2012)
Number of employees : 2,295 (As of December 31, 2012)
Total assets : ¥58,058 million (As of December 31, 2012)

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
(FY2012)

I -2. FY2012 Summary



Business Environments

- ❖ Slowdown in global economy affected by the continued volatility in Europe.
- ❖ Warning signs on Japanese economy due to slow-down in demand overseas.
- ❖ Continued appreciation of Japanese Yen at an unprecedented level
- ❖ A favorable upward trend in interchangeable-lens camera market still prevailed despite those negative status.

FY2012 Results

- ❖ Year-on-year increase achieved in sales and net income while decreased in operating income affected by stronger Japanese Yen etc.
- ❖ Record high sales and operating income for the Photographic Products segment on yearly basis.
- ❖ Revenue and profit did not meet the forecast due to delays in new product ion etc.

Topics

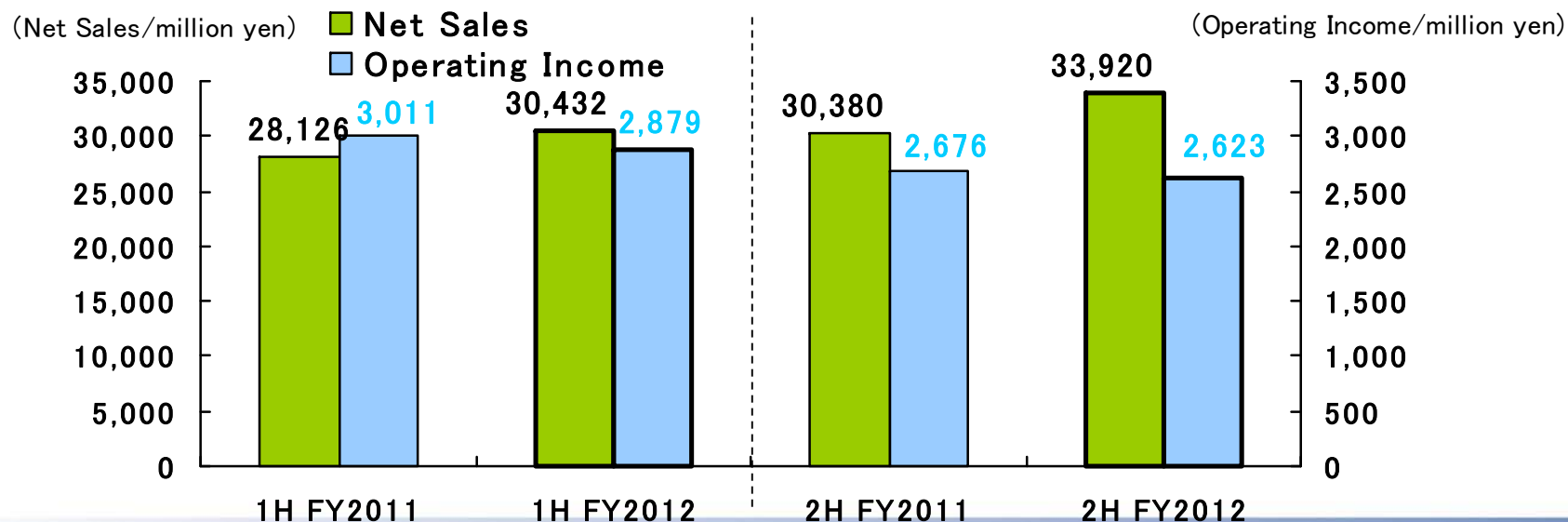
- ❖ Introduced 70-200mm F2.8 VC USD (A009) and 90mm F2.8 1:1 MACRO VC USD (F004).
- ❖ 24-70mm F2.8 VC USD(A007) received EISA award (7 years in a row)
- ❖ Annual dividend of 50 yen per share anticipated, same as the previous year.

I -3. FY2012 Half-Year Financial Results



(millions of yen)

	1st H FY2011	1st H FY2012	Change	2nd H FY2011	2nd H FY2012	Change
Net Sales	28,126	30,432	+2,306	30,380	33,920	+3,539
Operating Income	3,011	2,879	(131)	2,676	2,623	(53)
Operating Income Ratio	10.7%	9.5%	(1.2)%	8.8%	7.7%	(1.1)%



I -4. FY2012 Financial Results



(millions of yen)

	Actual FY2011 (a)	Forecast FY2012 (b)	Actual FY2012 (c)	Inc / Dec		Inc / Dec		FX Impact
				(c)-(a)	%	(c)-(b)	%	
Net Sales	58,507	65,000	64,353	5,845	110.0%	(646)	99.0%	(770)
Operating Income	5,687	6,200	5,503	(184)	96.8%	(696)	88.8%	(700)
% of net sales	9.7%	9.5%	8.6%	(1.1)%	-	(0.9)%	-	-
Ordinary Income	5,702	5,900	5,377	(324)	94.3%	(522)	91.1%	-
% of net sales	9.7%	9.1%	8.4%	(1.3)%	-	(0.7)%	-	-
Net Income	3,804	4,000	3,894	89	102.3%	(105)	97.4%	-
Effective Tax Rate	29.9%	-	26.8%	(3.1)%	-	-	-	-

Foreign Exchange Rate

Yen-1USD	79.80	78.00	79.81	0.01	-	1.81	-	-
Yen-1EURO	111.15	1H 102.00 2H 97.00	102.58	△8.57	-	-	-	-

I -5. FY2012 Results by Business Segment



		Actual FY2011 (a)	Forecast FY2012 (b)	Actual FY2012 (c)	Inc / Dec		Inc / Dec		FX Impact
					(c)-(a)	%	(c)-(b)	%	
Photographic Products	Net Sales	39,703	46,700	46,920	7,216	118.2%	220	100.5%	(790)
	Operating Income	5,907	6,230	5,958	50	100.9%	(271)	95.6%	(715)
	Operating Income Ratio	14.9%	13.3%	12.7%	(2.2)%	-	(0.6)%	-	-
Posted a record high revenue and profit.									
Optical Components	Net Sales	10,596	8,400	8,275	(2,321)	78.1%	(124)	98.5%	0
	Operating Income	691	580	452	(238)	65.5%	(127)	78.0%	0
	Operating Income Ratio	6.5%	6.9%	5.5%	(1.0)%	-	(1.4)%	-	-
Year on year decrease in both revenue and profit due to the shrinking market.									
Commercial / Industrial- use Optics	Net Sales	8,207	9,900	9,157	950	111.6%	(742)	92.5%	20
	Operating Income	1,404	1,890	1,595	191	113.6%	(294)	84.4%	15
	Operating Income Ratio	17.1%	19.1%	17.4%	0.3%	-	(1.7)%	-	-
Year on year increase both in revenue and profit due to expanded sales of security surveillance camera lenses.									
Elimination and/or Corporate		(2,315)	(2,500)	(2,503)	(187)	-	(3)	-	-
Total	Net Sales	58,507	65,000	64,353	5,845	110.0%	(646)	99.0%	(770)
	Operating Income	5,687	6,200	5,503	(184)	96.8%	(696)	88.8%	(700)

I -6. FY2012 Quarterly Results by Business Segment



(millions of yen)

		1Q FY2012	2Q FY2012	3Q FY2012	4Q FY2012	Annual FY2012
Photographic Products	Net Sales	8,308	13,561	11,709	13,340	46,920
	Operating Income	777	2,014	1,491	1,674	5,958
	Operating Income Ratio	9.4%	14.9%	12.7%	12.6%	12.7%
Optical Components	Net Sales	1,916	2,452	1,925	1,980	8,275
	Operating Income	173	270	44	(35)	452
	Operating Income Ratio	9.1%	11.0%	2.3%	(1.8)%	5.5%
Commercial / Industrial- use Optics	Net Sales	2,055	2,138	2,383	2,580	9,157
	Operating Income	405	326	471	391	1,595
	Operating Income Ratio	19.8%	15.3%	19.8%	15.2%	17.4%
Eliminations and/or corporate		(525)	(562)	(617)	(797)	(2,503)
Consolidated	Net Sales	12,280	18,152	16,019	17,901	64,353
	Operating Income	830	2,049	1,390	1,233	5,503

II . FY2013 Financial Forecast

II -1. FY2013 Forecast



❖ Expecting year on year increase both in revenue and profit. (millions of yen)

	Actual 1st H FY2012	Actual 2nd H FY2012	Actual FY2012 (a)	Forecast 1st H FY2013	Forecast 2nd H FY2013	Forecast FY2013 (b)	Inc/Dec	
							(b)-(a)	(b)/(a)
Net Sales	30,432	33,920	64,353	32,500	40,500	73,000	8,646	113.4%
Operating Income	2,879	2,623	5,503	2,500	3,800	6,300	796	114.5%
Operating Income Ratio	9.5%	7.7%	8.6%	7.7%	9.4%	8.6%	0.0%	-
Ordinary Income	2,836	2,541	5,377	2,400	3,700	6,100	722	113.4%
Ordinary Income Ratio	9.3%	7.5%	8.4%	7.4%	9.1%	8.4%	0.0%	-
Net Income	2,077	1,816	3,894	1,600	2,400	4,000	105	102.7%
Foreign Exchange Rate								
Yen-1USD	79.77	79.84	79.81	85.00	85.00	85.00	5.19	-
Yen-1EURO	103.50	101.66	102.58	115.00	115.00	115.00	12.42	-

II - 2 . FY2013 Contributing Factors for Performance



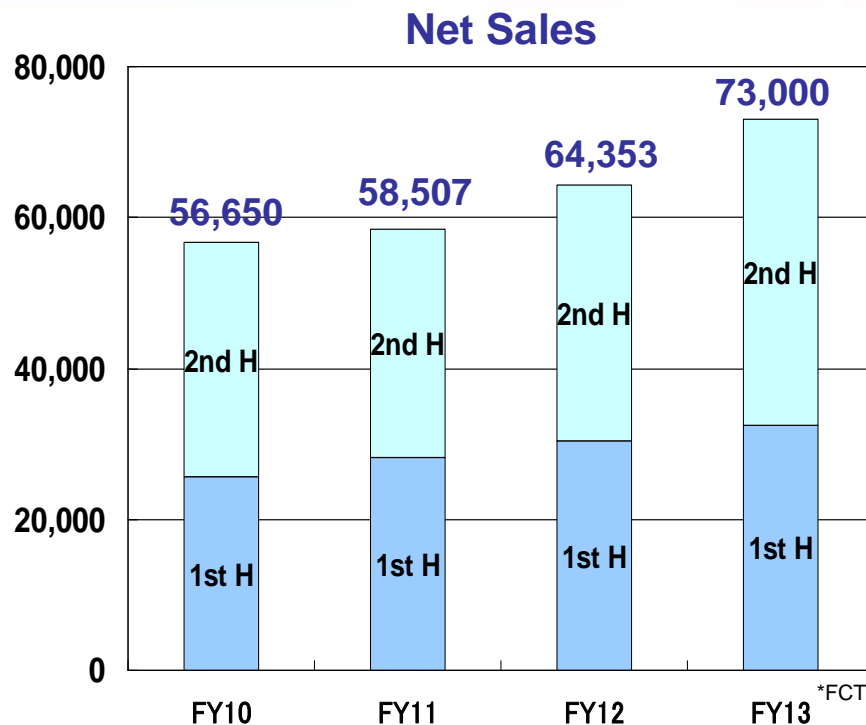
(Million Yen)

	FY2012 (Actual) (a)	FY13 (Forecast) (b)	Inc / Dec		Change Factors										
			(b)-(a)	(b)/(a)											
Net Sales	64,353	73,000	8,646	113.4%	<table> <tr> <td>Sales</td> <td>+ 4,400</td> </tr> <tr> <td>Exchange gain</td> <td>+ 4,200</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td>+ 8,600</td> </tr> </table>	Sales	+ 4,400	Exchange gain	+ 4,200	<hr/>			+ 8,600		
Sales	+ 4,400														
Exchange gain	+ 4,200														
<hr/>															
	+ 8,600														
Operating Income	5,503	6,300	796	114.5%	<table> <tr> <td>Sales</td> <td>+ 400</td> </tr> <tr> <td>Exchange gain</td> <td>+ 1,700</td> </tr> <tr> <td>Cost / Sales Expense</td> <td>(1,300)</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td>+ 800</td> </tr> </table>	Sales	+ 400	Exchange gain	+ 1,700	Cost / Sales Expense	(1,300)	<hr/>			+ 800
Sales	+ 400														
Exchange gain	+ 1,700														
Cost / Sales Expense	(1,300)														
<hr/>															
	+ 800														

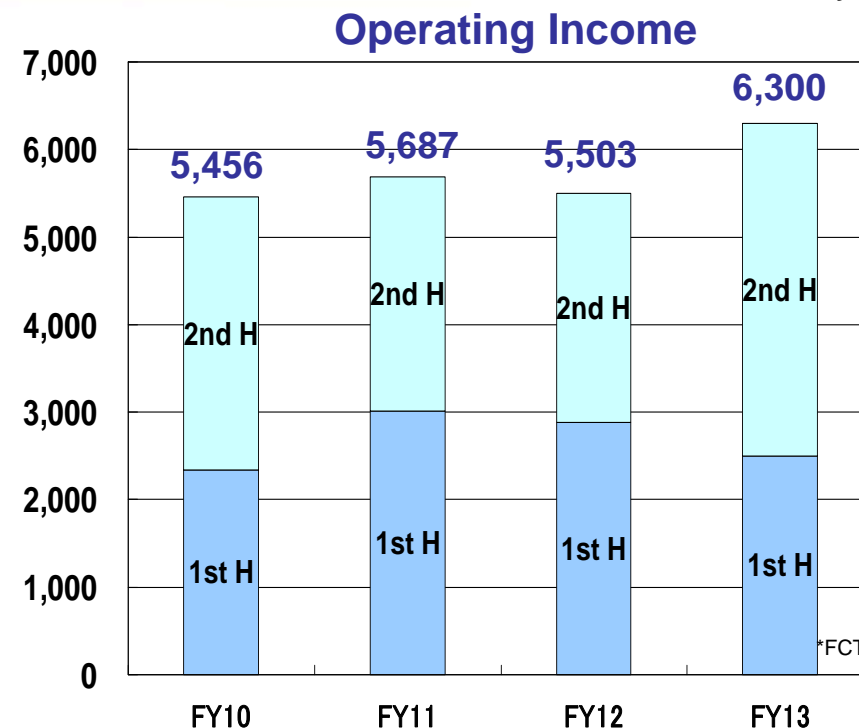
II -3. FY2013 Forecast (Sales / Operating Income)



(millions of yen)



1st H	25,598	28,126	30,432	32,500
2nd H	31,051	30,380	33,920	40,500
FY	56,650	58,507	64,353	73,000
YoY	113.5%	103.3%	110.0%	113.4%



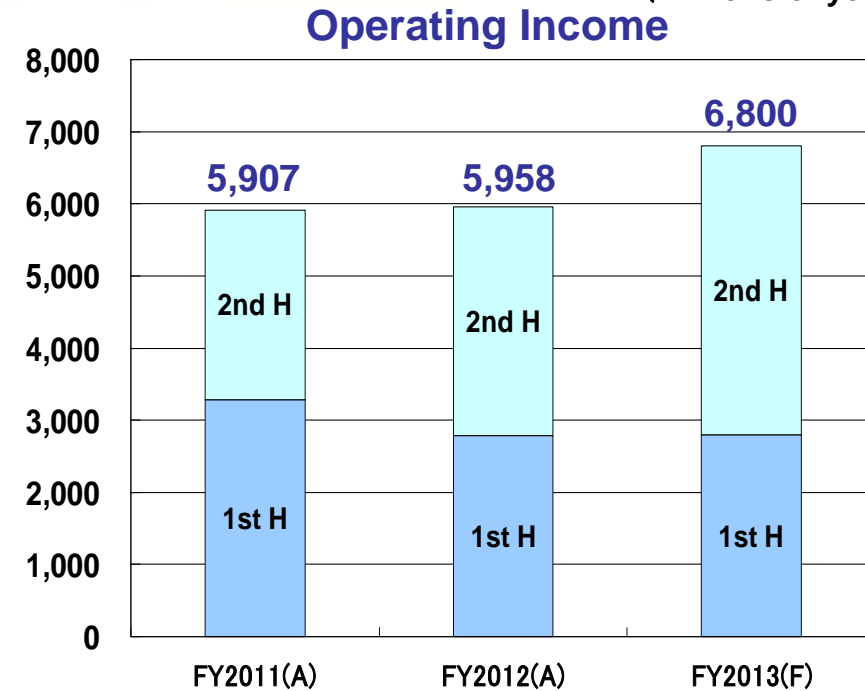
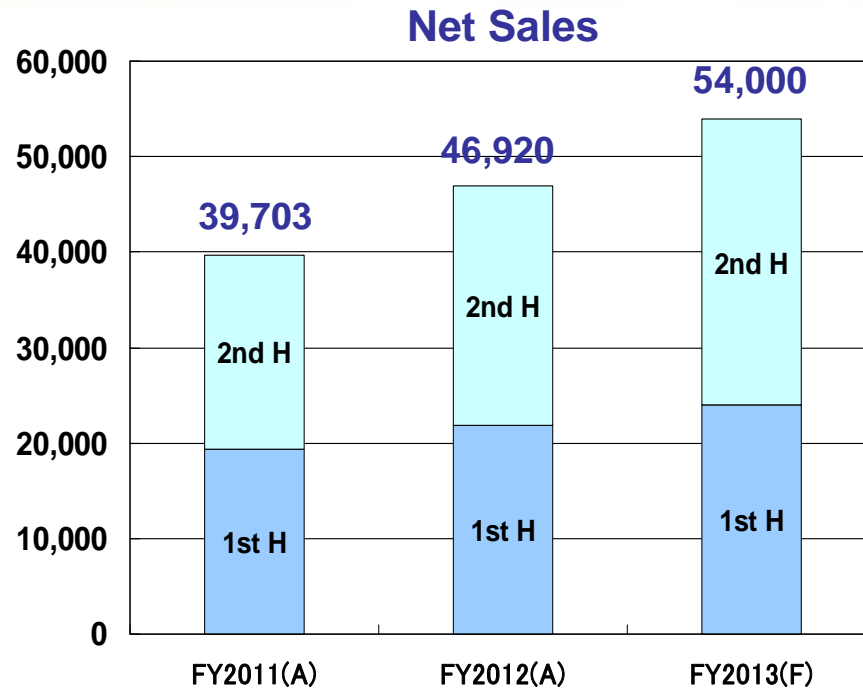
1st H	2,341	3,011	2,879	2,500
2nd H	3,115	2,676	2,623	3,800
FY	5,456	5,687	5,503	6,300
% of net sales	9.6%	9.7%	8.6%	8.6%
YoY	237.8%	104.2%	96.8%	114.5%

II -4. FY2013 Forecast by Business Segment

1) Photographic Products



(millions of yen)



1st H	19,323	21,870	24,000
2nd H	20,380	25,049	30,000
FY	39,703	46,920	54,000
YoY	114.3%	118.2%	115.1%

* (A):Actual (F):Forecast

1st H	3,288	2,792	2,800
2nd H	2,619	3,166	4,000
FY	5,907	5,958	6,800
% of net sales	14.9%	12.7%	12.6%
YoY	141.6%	100.9%	114.1%

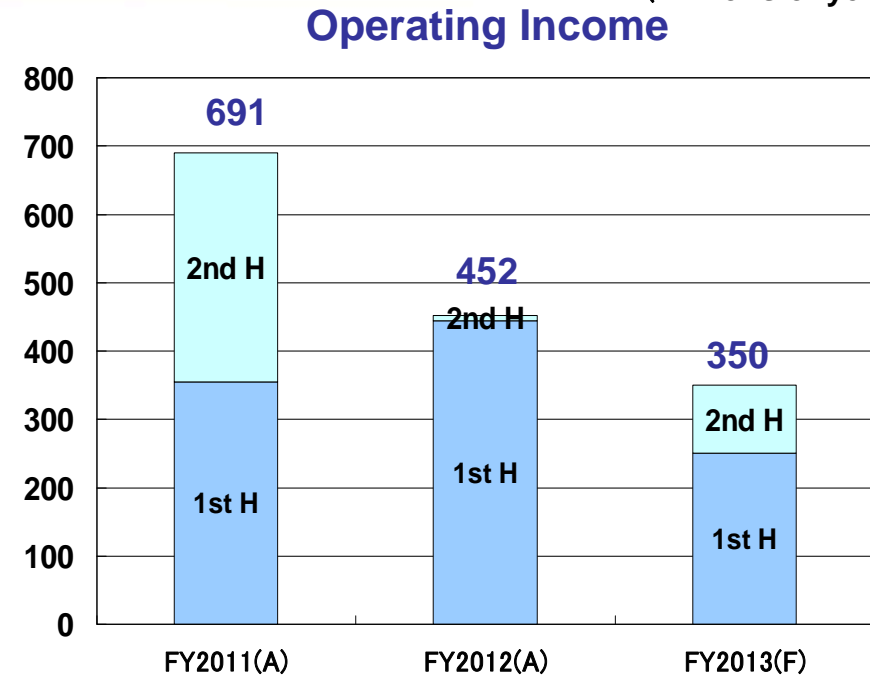
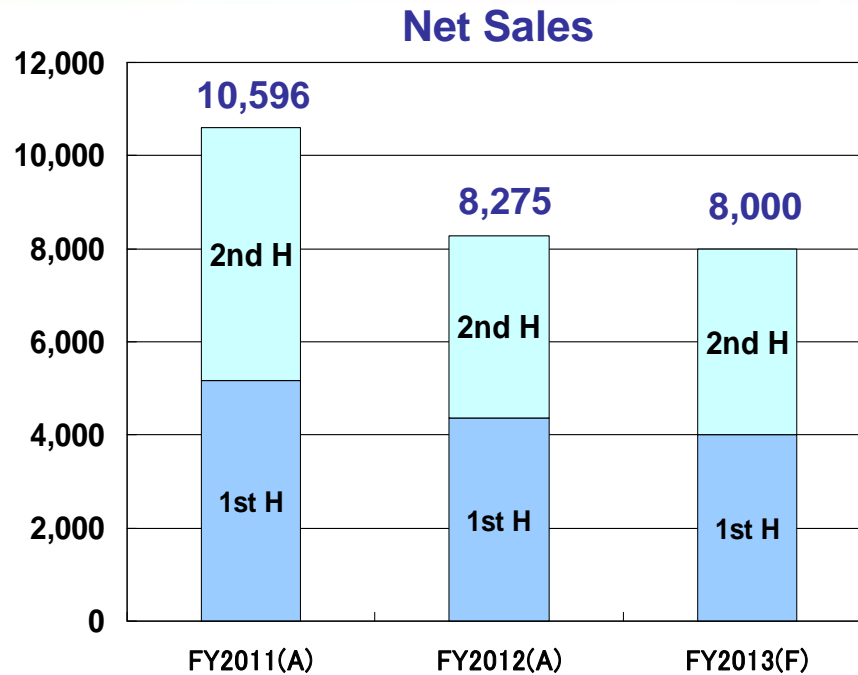
❖ Expecting to renew the record high sales and operating profit for own-branded products three consecutive years.

II -5. FY2013 Forecast by Business Segment

2) Optical Components



(millions of yen)



1st H	5,159	4,369	4,000
2nd H	5,437	3,906	4,000
FY	10,596	8,275	8,000
YoY	72.6%	78.1%	96.7%

1st H	355	444	250
2nd H	335	8	100
FY	691	452	350
% of net sales	6.5%	5.5%	4.4%
YoY	26.4%	65.5%	77.3%

* (A):Actual (F):Forecast

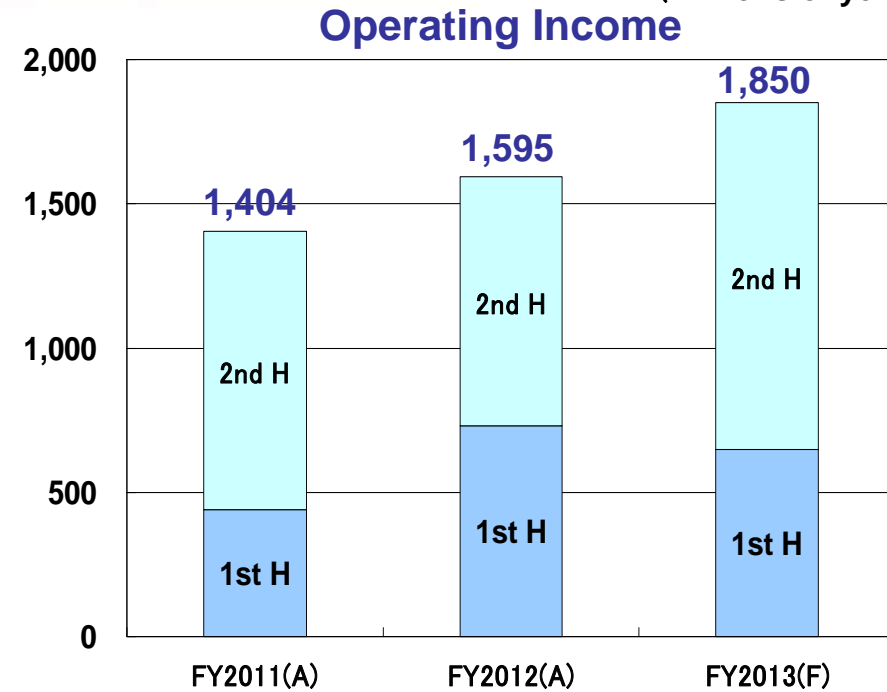
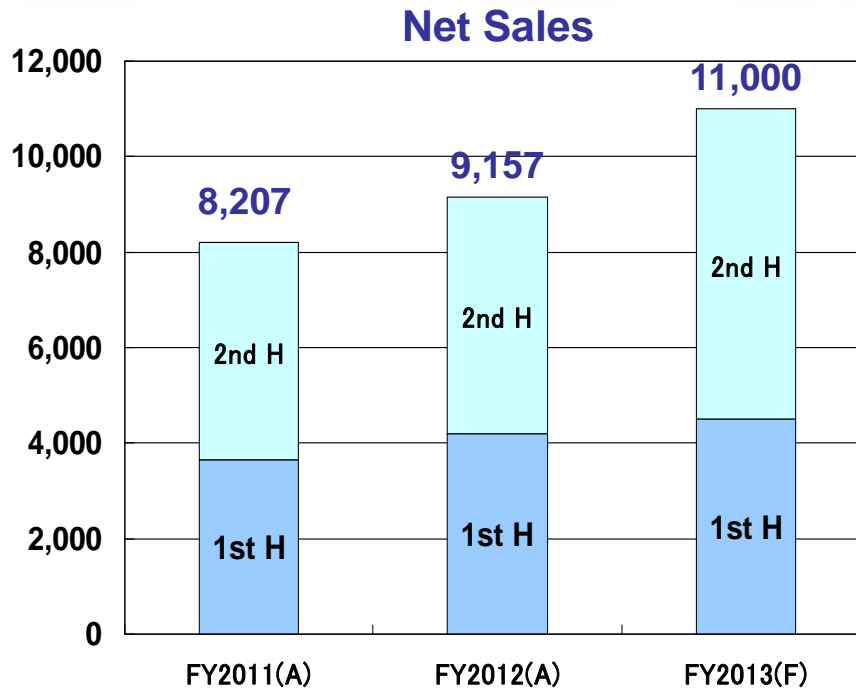
❖ Expecting to turn around the trend to a profit position despite the negative market situation.

II -6. FY2012 Forecast by Business Segment

3) Commercial / Industrial-use Optics



(millions of yen)



❖ Expecting to renew the record high sales and operating profit for own-branded products three consecutive years.

1st H	3,643	4,193	4,500
2nd H	4,563	4,964	6,500
FY	8,207	9,157	11,000
YoY	112.0%	111.6%	120.1%

* (A):Actual (F):Forecast

1st H	441	732	650
2nd H	963	863	1,200
FY	1,404	1,595	1,850
% of net sales	17.1%	17.4%	16.8%
YoY	129.5%	113.6%	115.9%

❖ Expecting to renew the record revenue sales and operating income increases in sales for surveillance camera lenses.

Ⅲ. Financial Situation

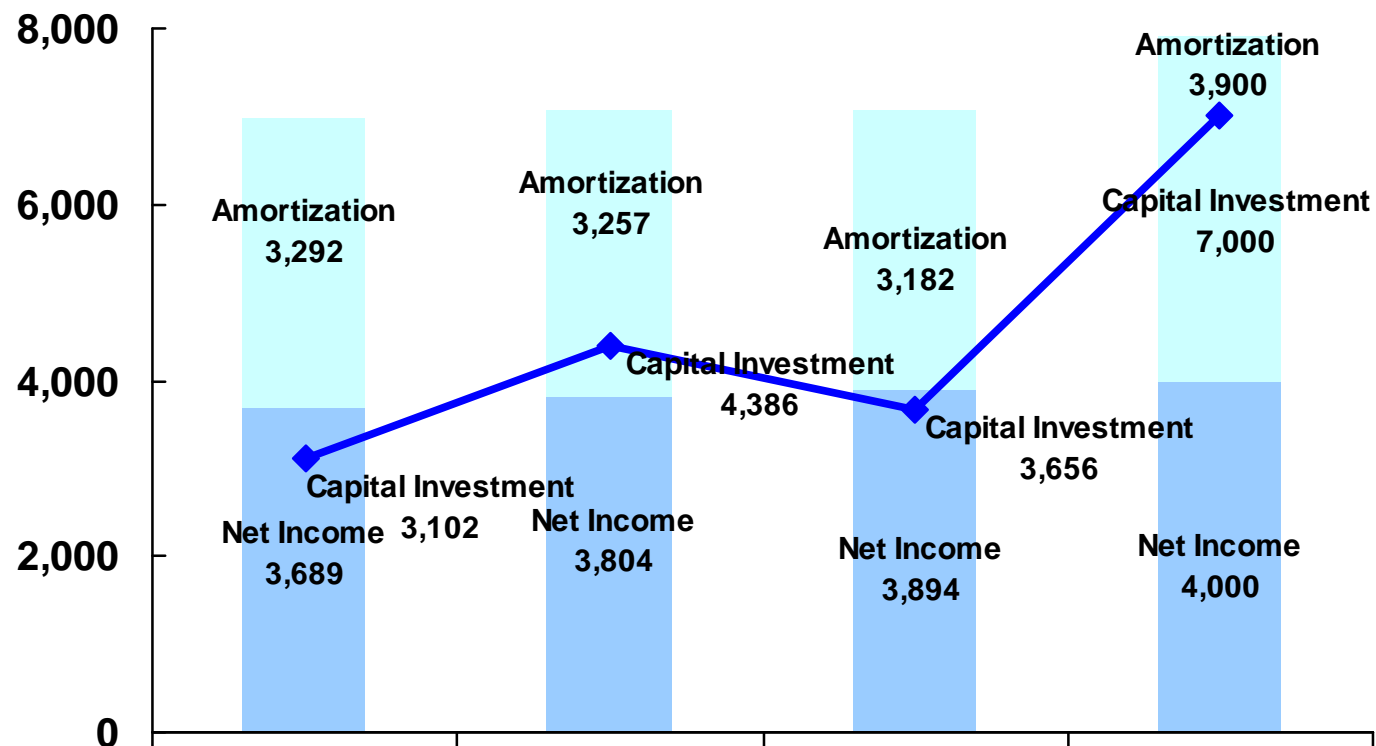
Ⅲ-1. Financial Summary



	FY2011 (a)	FY2012 (b)	Change (b)-(a)	Main Factor for Change
Cash and Cash Equivalents	12,773	10,822	(1,950)	Increase in A/R and inventories etc.
Notes and Accounts Receivable, trade	12,535	15,509	2,973	Increase in sales
Inventories	9,007	12,363	3,355	Due to sluggish year end sales and adjustment due to changes in exchange rate
Other Current Assets	1,015	1,516	500	
Fixed Assets	16,566	17,846	1,280	Construction of Vietnam plant etc.
Total Assets	51,898	58,058	6,160	
Current Liabilities	12,536	14,262	1,725	Increase in A/P
Total Long-Term Liabilities	3,227	2,990	(236)	
Total Liabilities	15,764	17,252	1,488	
Total Shareholders' Equity	36,134	40,805	4,671	Increase in retained earnings and adjustment due to changes in exchange rate
Total Liabilities and Shareholders' Equity	51,898	58,058	6,160	
Equity Ratio	69.6%	70.3%	0.7%	

Ⅲ-2. Capital Investment & Depreciation

(millions of yen)

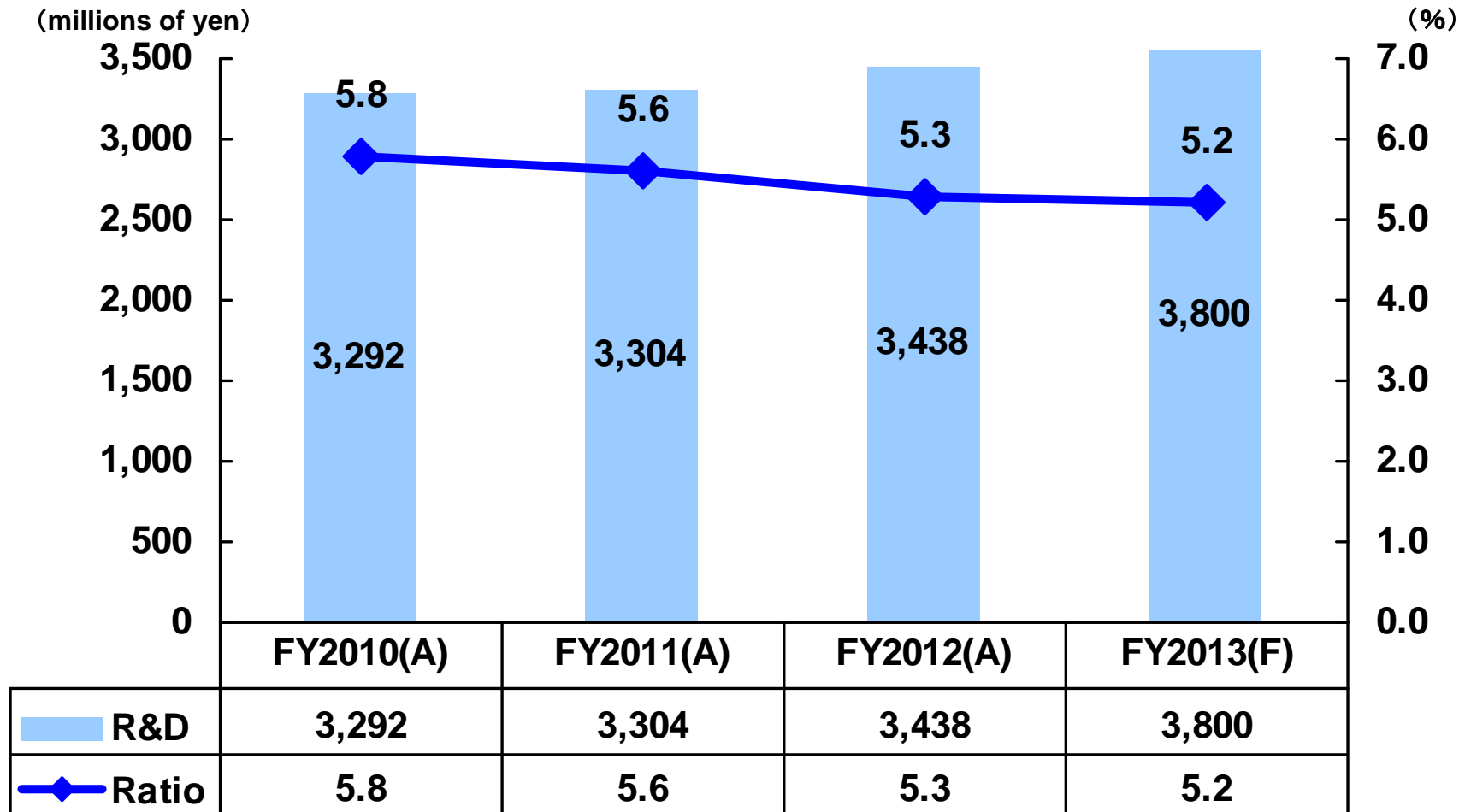


	FY2010(A)	FY2011(A)	FY2012(A)	FY2013(F)
Amortization	3,292	3,257	3,182	3,900
Net Income	3,689	3,804	3,894	4,000
Capital Investment	3,102	4,386	3,656	◆ 7,000

* (A):Actual (F):Forecast

◆ Construction of Vietnam plant and reconstruction of head office

Ⅲ-3. Research & Development



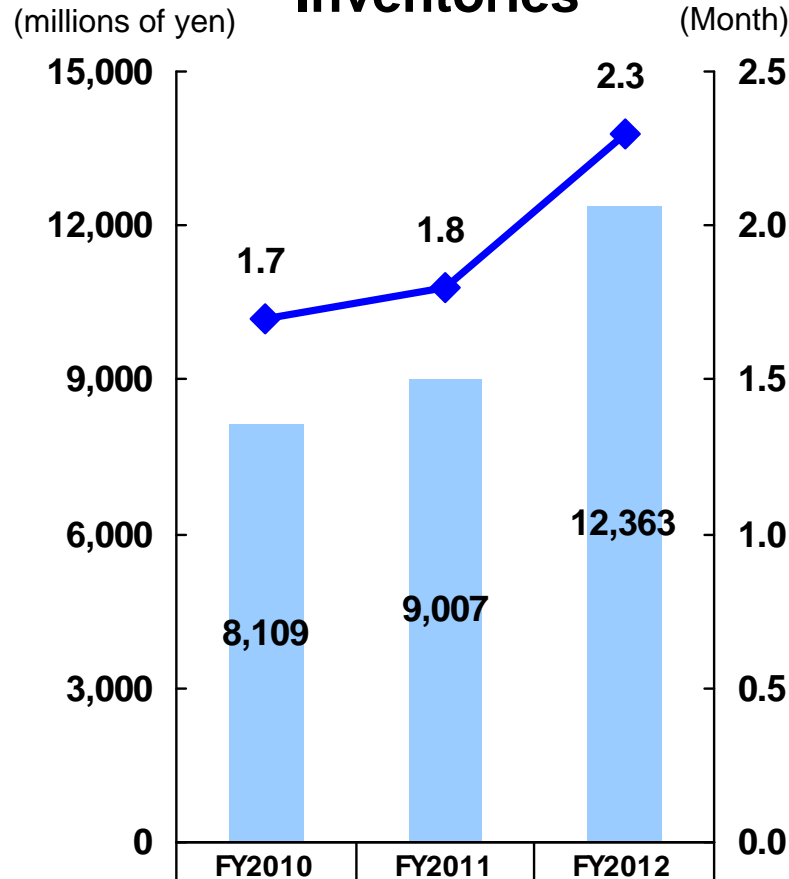
* R&D cost/Net sales ratio

* (A):Actual (F):Forecast

III-4. Inventories / Liabilities with Interests

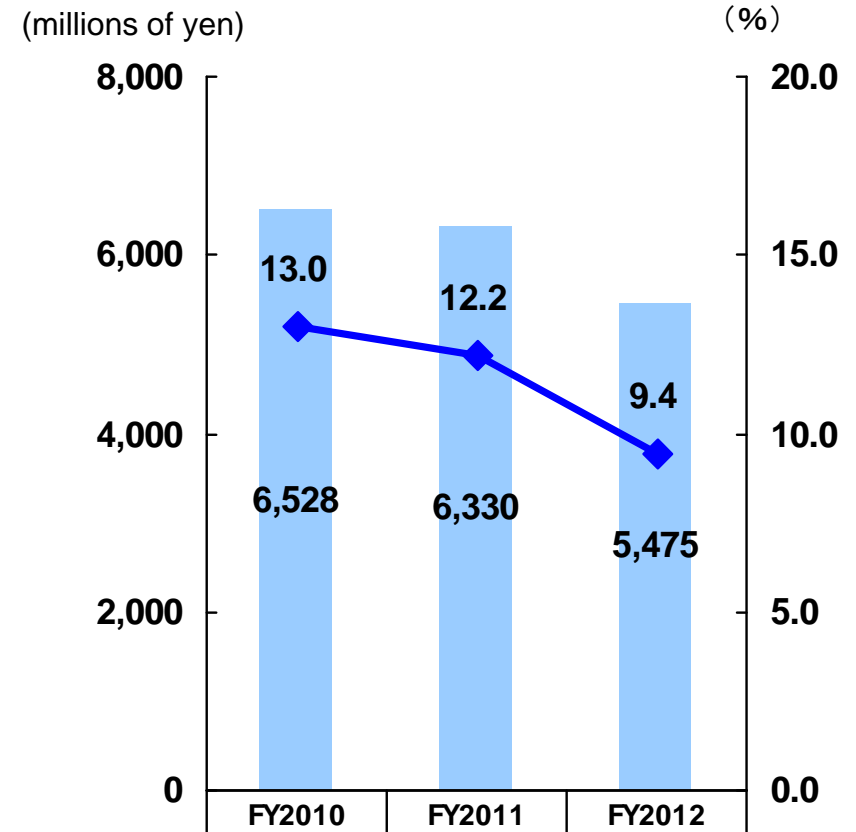


Inventories



Inventories	8,109	9,007	12,363
Inventory Turnover	1.7	1.8	2.3

Liabilities with Interests

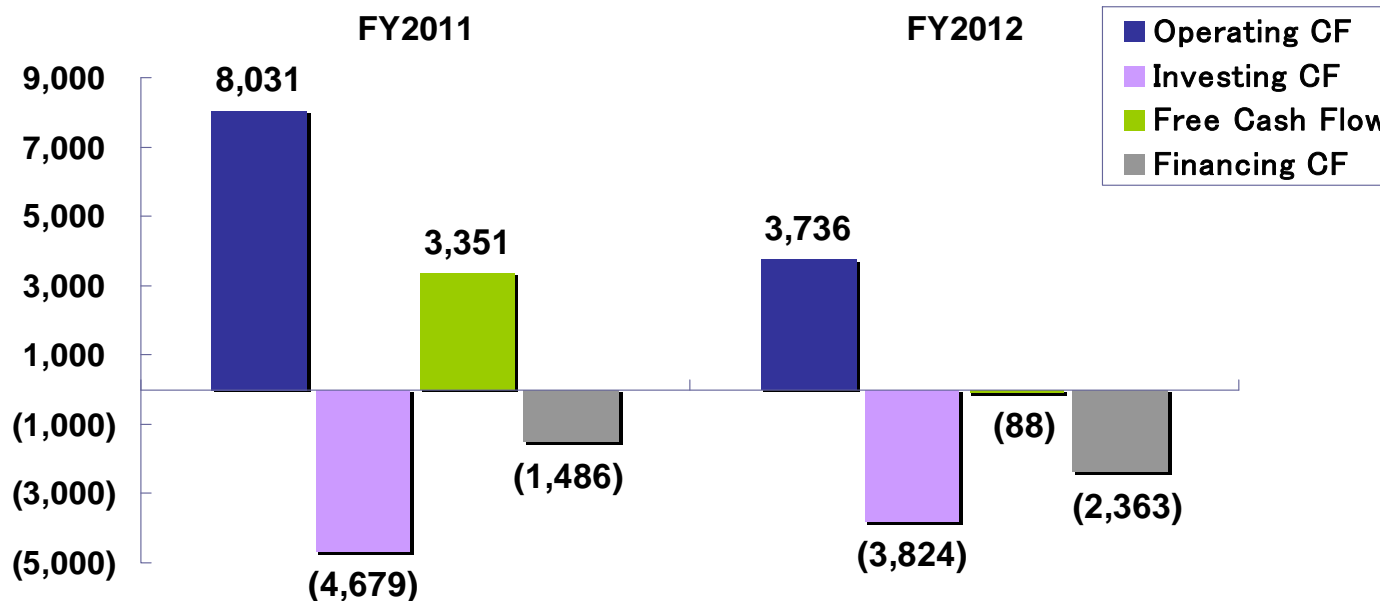


Liability with Interest	6,528	6,330	5,475
Loan-to-Asset	13.0	12.2	9.4

Ⅲ-5. Cash Flow Statement



(millions of yen)



	FY2011	FY2012
Cash Flow from Operating Activities	8,031	3,736
Cash Flow from Investing Activities	(4,679)	(3,824)
Free Cash Flow	3,351	(88)
Cash Flow from Financing Activities	(1,486)	(2,363)
Cash and Cash Equivalents at Year End	12,773	10,822
Liquidity (Months)	2.62	2.02

Ⅲ-6. Outlook for Cash Dividends

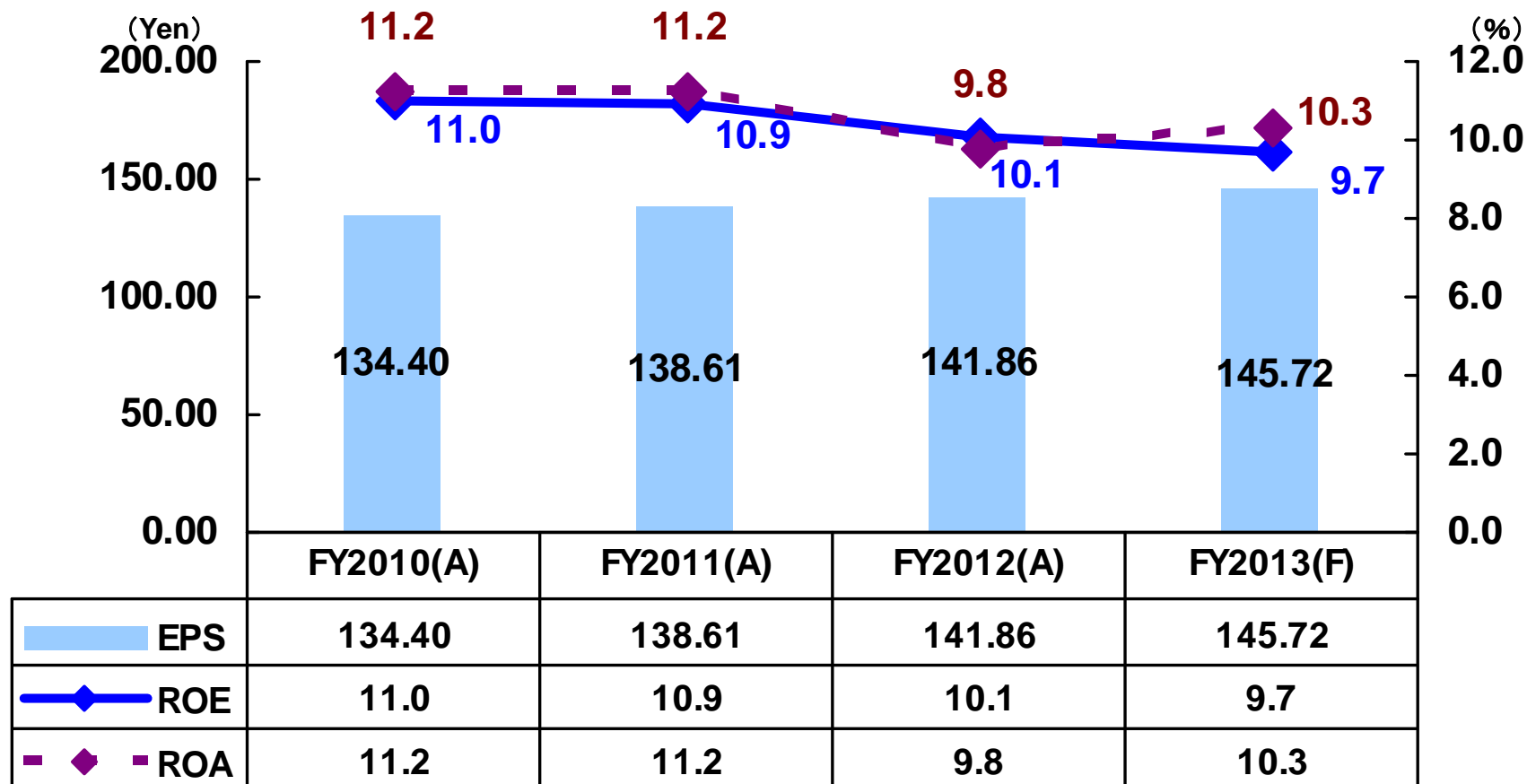
(yen)

	FY2009	FY2010	FY2011	FY2012	FY2013 (Forecast)
Interim	15.00	20.00	20.00	20.00	20.00
Year End	25.00	※ 30.00	30.00	30.00	30.00
Total	40.00	50.00	50.00	50.00	50.00
Dividend Payout Ratio	170.9%	37.2%	36.1%	35.2%	34.3%

※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

Actual FY2012

	Exchange Rate		Effect	
	Actual FY2011	Actual FY2012	Net Sales	Operating Income
USD	79.80Yen	79.81Yen	60Million Yen	30Million Yen
Euro	111.15Yen	102.58Yen	(930) Million Yen	(780) Million Yen
Others	-	-	100Million Yen	50Million Yen
Total	-	-	(770) Million Yen	(700) Million Yen

Forecast FY2013

(Impact on FY2011 Actual performance)

	Exchange Rate	One yen change impact for FY2013	
	Assumption FY2013	Net Sales	Operating Income
USD	85.00Yen	480Million Yen	40Million Yen
Euro	115.00Yen	140Million Yen	120 Million Yen

IV. Mid-Term Strategy

New eyes for industry

IV - 2. Mid-Term Management Goals for FY2015

Net Sales: ¥100.0 billion

Operating Income: ¥10.0 billion

(Operating Income ratio 10.0%)

IV-3. Strategy Towards FY2015 by Segment



1) Photographic Products

Target: 80.0 billion yen (80.0% of total net sales)

**2015
Mid-Term
Target**

- ❖ Development of innovative new products for own-branded lens line
- ❖ Augmentation of product portfolio to meet market needs
- ❖ Expansion of sales network in the emerging markets including setup of new subsidiaries
- ❖ Further improvement of customer service with “Three Day Turn around” for repairs
- ❖ Acceleration of development of lenses compatible with new camera formats such as mirror-less system
- ❖ Enhancement of Production System and supply chain management (technology transfer, cost efficiency, lead time and quality)

Interchangeable lenses for 35mm / Digital SLR camera

2012 New Products



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



SP 70-200mmF/2.8
Di VC USD
(Model A009)



SP 90mm F/2.8
Di MACRO 1:1 VC USD
(Model F004)

Interchangeable lenses for Non-Reflex type cameras



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



14-150mm F/3.5-5.8
Di III VC
(Model C001)

Development Announcement

IV-3. Strategy Towards FY2015 by Segment



2) Optical Components

Target: 5.0 billion yen (5.0% of Total Net Sales)

**2015
Mid-Term
Target**

- ❖ Focus on higher value-added products to avoid getting involved in price competition and to secure profits.
- ❖ 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 FY2015 by Segment



3) Commercial / Industrial-use Optics

Target: 15.0 billion yen (15.0% of Total Net Sales)

**2015
Mid-Term
Target**

- ❖ Strengthened development of security surveillance camera lenses and expansion in global sales network
- ❖ Addition of Mega-pixel and HD compliant lens models to the current portfolio
- ❖ Diversification in sales network for Panorama cameras
- ❖ Continued development of automotive camera lens business
- ❖ Commercialization of lenses for video conference systems and traffic surveillance cameras etc.



"Flat-Field Mega Pixel Lens Series"



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



Model M118FM35-II

Traffic surveillance lens



Automotive camera lenses

IV-4 . Enhanced Production System

Progress in a new plant construction in Vietnam

Photos as of January 26, 2013

⇒ **Start of operation : July, 2013 (projected)**

Total Floor Space: 14,418m² (2 stories)

Land: 13,400m²

Number of employee: 500 (July, 2013) → 2,000 (Year 2015)



IV-5. Issues on Mid-to Long-Term Management



1. Enhancing corporate governance based on CSR management system coupled with internal control and risk management.
2. Pursuing improved quality assurance reliability and enhancing the quality of customer service aimed at delivering higher customer satisfaction coupled with “Three-Day Turnaround” for repairs.
3. Encouraging sales of our own-branded interchangeable lenses by developing innovative new products, enhancing brand recognition and setting up new subsidiaries in growing markets.
4. Materializing further cost reduction to meet demand increases by establishment of additional production facilities.
5. Promoting of new business development, while pioneering more aspects of “New eyes for industry”
6. Accelerating activities in core technology development revolving around optics and taking proactive stance in IP strategy.

Disclaimer



1. The purpose of this material is to provide information on the “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.
3. Please note that the actual results may sometimes differ from the forecasts contained herein due to various factors.
4. We are not liable in any way for any damages or losses incurred in connection with your use of any information or data contained herein or provided verbally in our presentation.