




**TAMRON**

New eyes for industry

# 2nd Quarter FY2013 Financial Results

**August 6, 2013**  
**Tamron Co., Ltd. (Code: 7740)**



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# I . 2nd Quarter FY2013 Financial Results

# I -1. Business Briefing

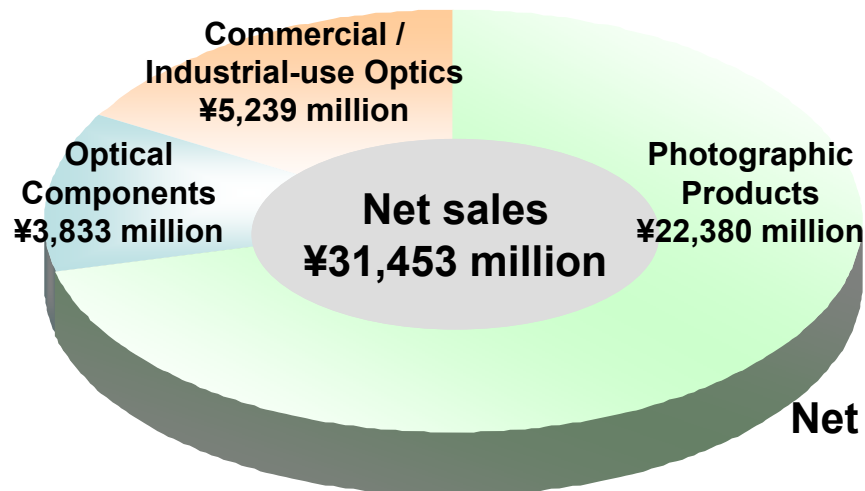


## Company profile

- ❖ Total subsidiaries overseas : 9 (India)\*New
- ❖ Domestic offices : 4 / Sales offices : 7
- ❖ ISO9001, ISO14001 certified  
ISO/TS16949 certified
- ❖ Net sales : ¥31,453 million (1st Half FY2013)
- ❖ Number of employees : 2,352 (As of June 30, 2013)
- ❖ Total assets : ¥62,149 million (As of June 30, 2013)

## 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 FY2013)

# I -2. 1st Half FY2013 Summary



## Business environment

- ❖ Global Economy – Europe: Continued stagnancy, US: Recovery trend  
Emerging markets and China: Slowdown
- ❖ Japanese economy: Recovery mode
- ❖ Depreciation of Japanese Yen continues
- ❖ Digital camera market was in tough environment. Compact digital still cameras shrinkage hit 50% mark, interchangeable-lens cameras posted 20% decrease in annual shipment.

## 1st Half FY2013 Results

- ❖ Both revenue and profit did not meet the forecast.
- ❖ Due to positive effect of the depreciated Japanese Yen, year-on-year gain achieved in sales revenue while decreased in operating profit due to sales volume decrease and administrative cost increase.
- ❖ Record high sales for the Photographic Products and Commercial / Industrial-use Optics segment on half year basis.

## Topics

- ❖ March: New subsidiary in India started operations.
- ❖ July: Vietnam plant started productions.

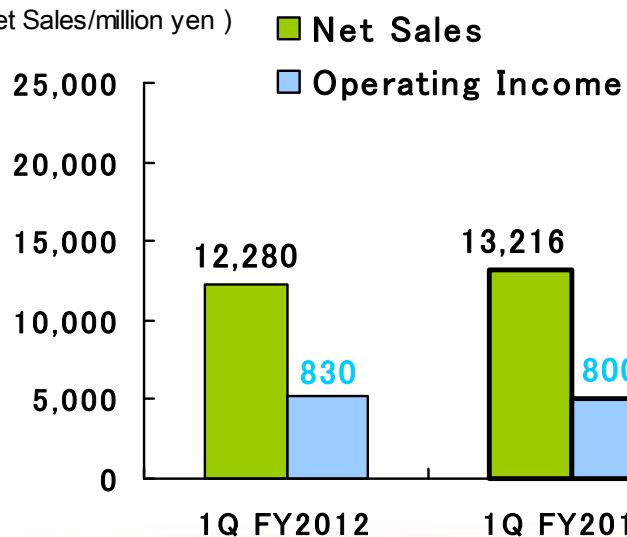
# I -3. FY2013 Quarterly Financial Results



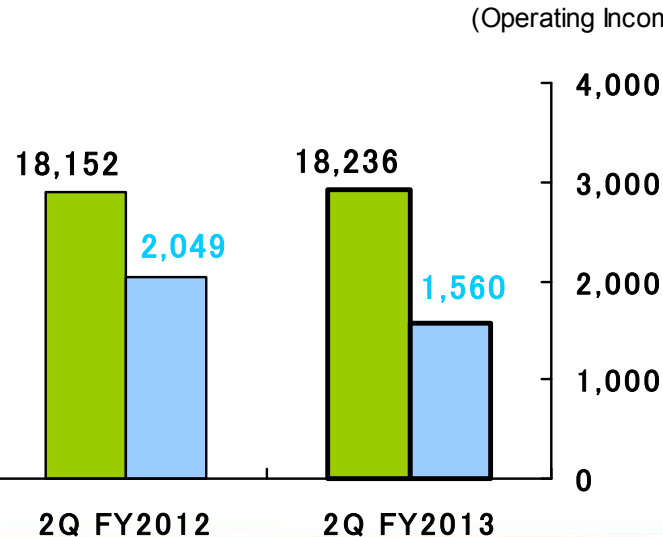
(millions of yen)

	1Q FY2012	1Q FY2013	Change	2Q FY2012	2Q FY2013	Change
<b>Net Sales</b>	<b>12,280</b>	<b>13,216</b>	<b>+935</b>	<b>18,152</b>	<b>18,236</b>	<b>+84</b>
<b>Operating Income</b>	<b>830</b>	<b>800</b>	<b>(30)</b>	<b>2,049</b>	<b>1,560</b>	<b>(489)</b>
<b>Operating Income Ratio</b>	<b>6.8%</b>	<b>6.1%</b>	<b>(0.7)%</b>	<b>11.3%</b>	<b>8.6%</b>	<b>(2.7)%</b>

( Net Sales/million yen )



(Operating Income/million yen)



# I -4. 1st Half FY2013 Financial Results



(million yen)

	1st H FY12	1st H FY13*FCT	1st H FY13	Change vs. same period FY12		Change vs. same period Forecast		FX Impact vs. FY12
<b>Net sales</b>	30,432	32,500	31,453	1,020	103.4%	(1,046)	96.8%	4,000
<b>Operating Income</b>	2,879	2,500	2,360	(519)	82.0%	(139)	94.4%	1,150
<b>% of net Sales</b>	9.5%	7.7%	7.5%	(2.0)%	-	(0.2)%	-	
<b>Ordinary Income</b>	2,836	2,400	2,292	(543)	80.8%	(107)	95.5%	
<b>% of net Sales</b>	9.3%	7.4%	7.3%	(2.0)%	-	(0.1)%	-	
<b>Net income</b>	2,077	1,600	1,615	(461)	77.8%	15	101.0%	

# I -5. 1st Half FY2013 Results by Segment



		1st H FY12	1st H FY13 <sup>*FCT</sup>	1st H FY13	Change vs. same period FY12		Change vs. same period Forecast		FX Impact vs. FY12
Photographic Products	Net Sales	21,870	24,000	22,380	510	102.3%	(1,619)	93.3%	3,000
	Operating income	2,792	2,800	1,956	(835)	70.1%	(843)	69.9%	1,050
	% of net sales	12.8%	11.7%	8.7%	(4.0)%	-	(2.9)%	-	-
Posted a record high revenue for the period but decreased in operating profit due to sales volume decrease and administrative cost increase in tough environment.									
Optical Components	Net Sales	4,369	4,000	3,833	(535)	87.7%	(166)	95.8%	500
	Operating income	444	250	613	169	138.2%	363	245.4%	100
	% of net sales	10.2%	6.3%	16.0%	5.8%	-	9.8%	-	-
Year on year decrease in revenue under a negative market trend but increase in operating profit partially attribute to receipt of development expenses.									
Commercial / Industrial-use Optics	Net Sales	4,193	4,500	5,239	1,045	124.9%	739	116.4%	500
	Operating income	732	650	866	133	118.2%	216	133.2%	0
	% of net sales	17.5%	14.4%	16.5%	(0.9)%	-	2.1%	-	-
Year-on-year increase both in revenue and operating profit due to expanded sales of built-in type lenses ready for camera .									
Elimination and/or Corporate		(1,088)	(1,200)	(1,075)	(12)	-	124	-	-
Total	Net Sales	30,432	32,500	31,453	1,020	103.4%	(1,046)	96.8%	4,000
	Operating income	2,879	2,500	2,360	(519)	82.0%	(139)	94.4%	1,150



# I -6. FY2013 Quarterly Results by Segment



(million yen)

		1Q FY13	2Q FY13	1st H FY13
<b>Photographic Products</b>	Net Sales	8,890	13,489	22,380
	Operating income	612	1,344	1,956
	% of net sales	6.9%	10.0%	8.7%
<b>Optical Components</b>	Net Sales	1,883	1,950	3,833
	Operating income	379	234	613
	% of net sales	20.1%	12.0%	16.0%
<b>Commercial / Industrial-use Optics</b>	Net Sales	2,441	2,797	5,239
	Operating income	361	504	866
	% of net sales	14.8%	18.1%	16.5%
<b>Eliminations and/or corporate</b>		<b>(552)</b>	<b>(523)</b>	<b>(1,075)</b>
<b>Consolidated</b>	Net Sales	13,216	18,236	31,453
	Operating income	800	1,560	2,360

## II . FY2013 Financial Forecast

## II -1. FY2013 Forecast



(million yen)

	FY12	1st H FY13	2nd H FY13 <sup>*FCT</sup>	FY13 <sup>*FCT</sup>	Change vs. same period FY12	
<b>Net Sales</b>	<b>64,353</b>	<b>31,453</b>	<b>41,546</b>	<b>73,000</b>	<b>8,646</b>	<b>113.4%</b>
<b>Operating Income</b>	<b>5,503</b>	<b>2,360</b>	<b>3,939</b>	<b>6,300</b>	<b>796</b>	<b>114.5%</b>
% of net sales	8.6%	7.5%	9.5%	8.6%	0.1%	-
<b>Ordinary income</b>	<b>5,377</b>	<b>2,292</b>	<b>3,807</b>	<b>6,100</b>	<b>722</b>	<b>113.4%</b>
% of net sales	8.4%	7.3%	9.2%	8.4%	0.0%	-
<b>Net income</b>	<b>3,894</b>	<b>1,615</b>	<b>2,384</b>	<b>4,000</b>	<b>105</b>	<b>102.7%</b>

### 【FY2013 Forecast】

❖ Annual forecast announced on Feb. 2013 remains unchanged by reflecting status quo of the currency market etc. even though 1st half results did not reach the forecast.

❖ Exchange rate assumptions for the 2nd half is set at ¥98/US\$, revised from ¥85/US\$, and while ¥125/Euro, revised from ¥115/Euro.

## II -2. FY2013 Contributing Factors for Performance



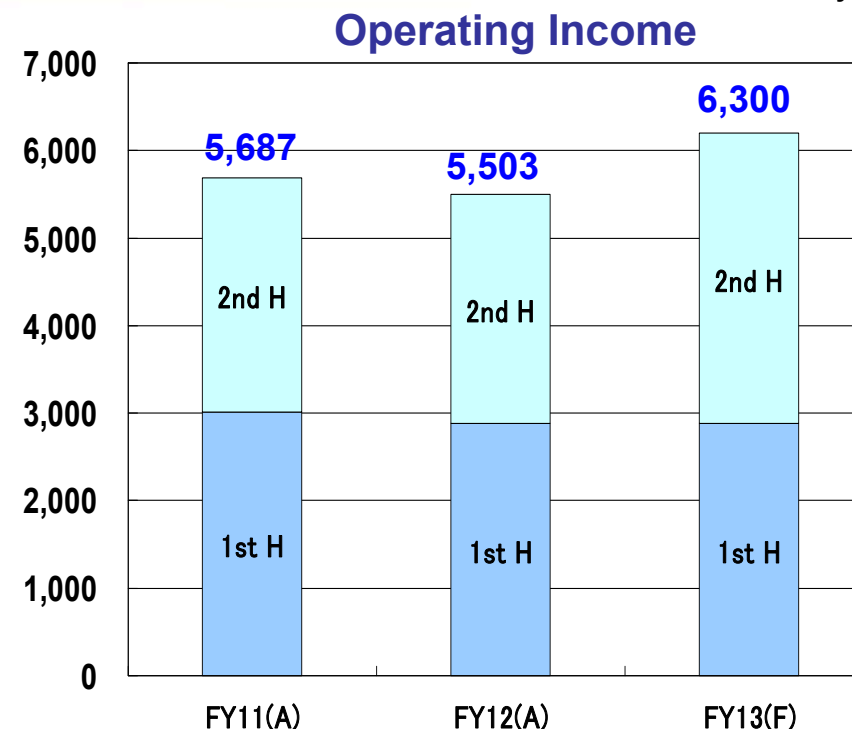
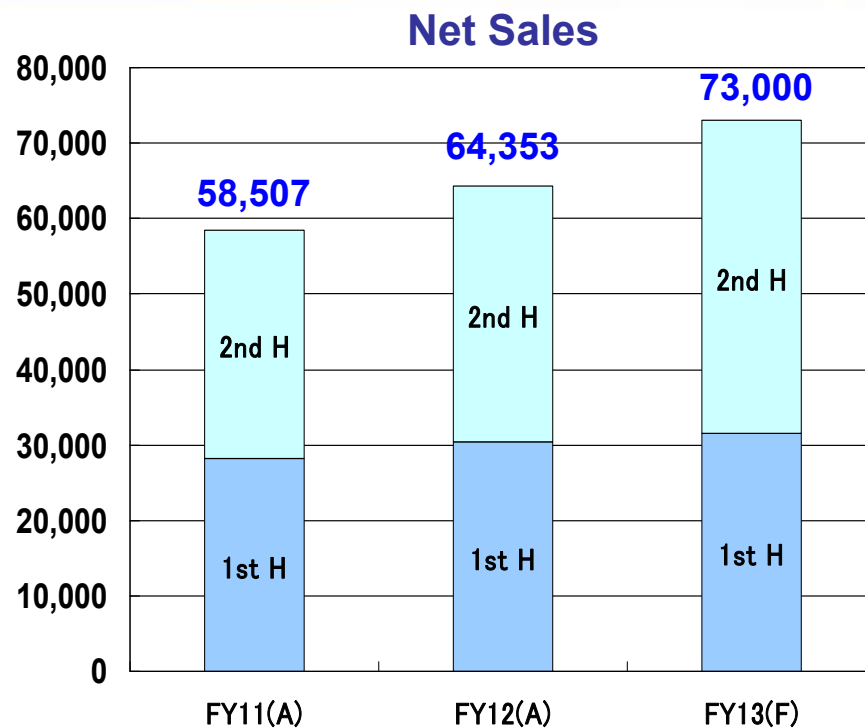
(million yen)

	2nd H FY13 Prev. Forecast	2nd H FY13 Forecast	Change vs. Prev. Forecast		Change Factors
<b>Net Sales</b>	<b>40,500</b>	<b>41,546</b>	<b>1,047</b>	<b>102.6%</b>	Sales decrease (2,200) Exchange gain + 3,250 ----- +1,050
<b>Operating income</b>	<b>3,800</b>	<b>3,939</b>	<b>139</b>	<b>103.7%</b>	Sales decrease (750) Exchange gain + 800 Sales Expense + 100 ----- + 150

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



(millions of yen)



	FY11(A)	FY12(A)	FY13(F)
1st H	28,126	30,433	31,453
2nd H	30,380	33,920	41,546
FY	58,507	64,353	73,000
YoY	103.3%	110.0%	113.4%

\* (A):Actual (F):Forecast

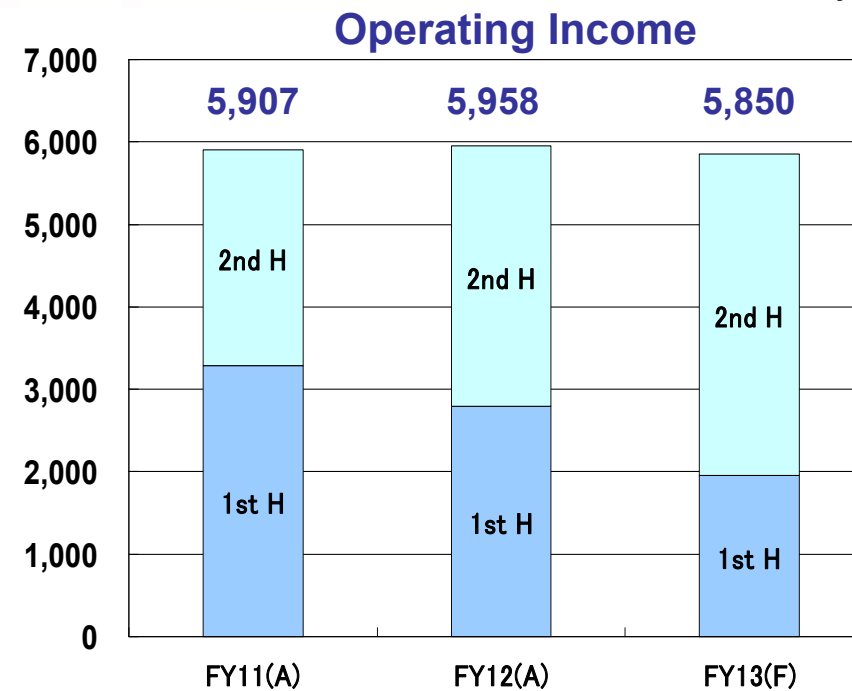
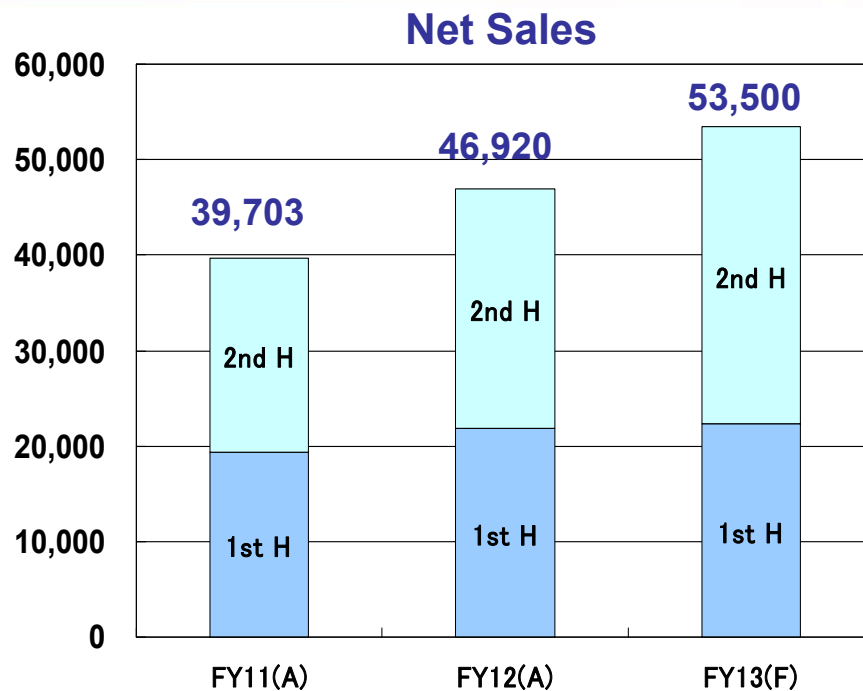
	FY11(A)	FY12(A)	FY13(F)
1st H	3,011	2,879	2,360
2nd H	2,676	2,623	3,939
FY	5,687	5,503	6,300
%ofnetsales	9.7%	8.6%	8.6%
YoY	104.2%	96.8%	114.5%

## II -4. FY2013 Forecast by Segment

### 1) Photographic Products



(millions of yen)



1st H	19,323	21,870	22,380
2nd H	20,380	25,049	31,119
FY	39,703	46,920	53,500
YoY	114.3%	118.2%	114.0%

\* (A):Actual (F):Forecast

1st H	3,288	2,792	1,956
2nd H	2,619	3,166	3,893
FY	5,907	5,958	5,850
%ofnetsales	14.9%	12.7%	10.9%
YoY	141.6%	100.9%	98.2%

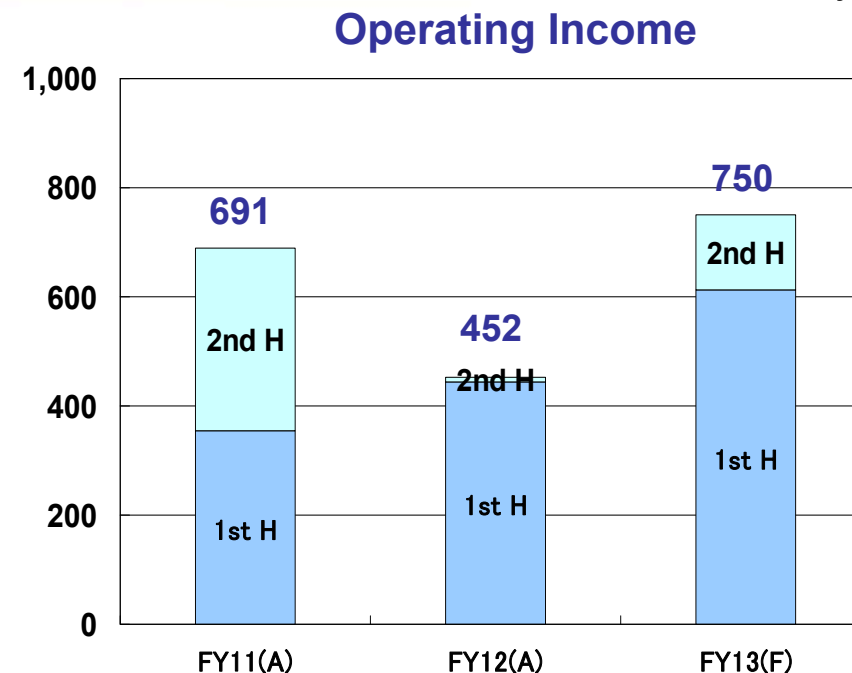
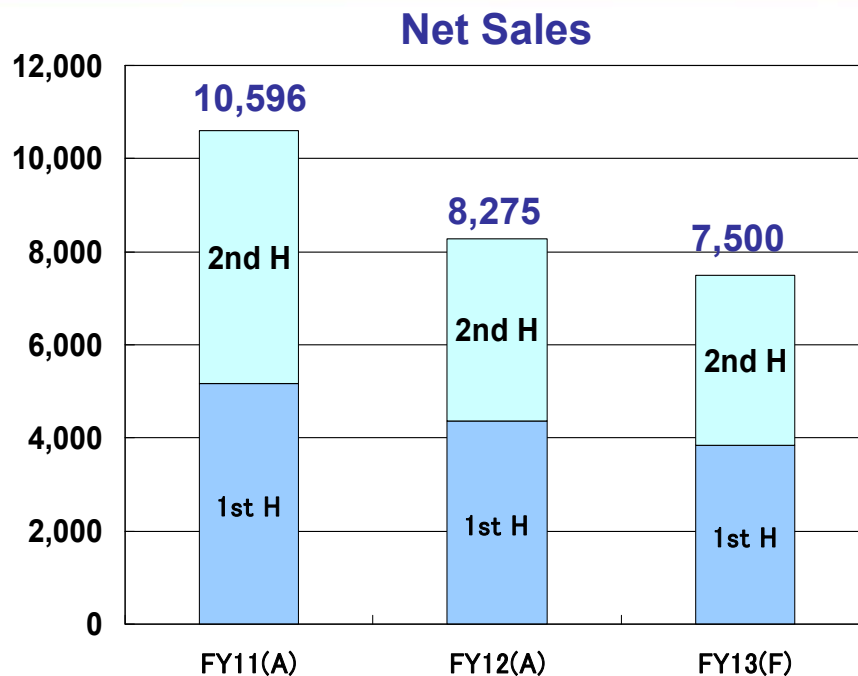
❖ Recovery being planned by launch of new products during 2nd half, year-on-year increase in sales anticipated but operating profit will decrease.

## II -4. FY2013 Forecast by Segment

### 2) Optical Components



(millions of yen)



1st H	5,159	4,369	3,833
2nd H	5,437	3,906	3,666
FY	10,596	8,275	7,500
YoY	72.6%	78.1%	90.6%

1st H	355	444	613
2nd H	335	8	136
FY	691	452	750
% of net sales	6.5%	5.5%	10.0%
YoY	26.4%	65.5%	165.7%

\* (A):Actual (F):Forecast

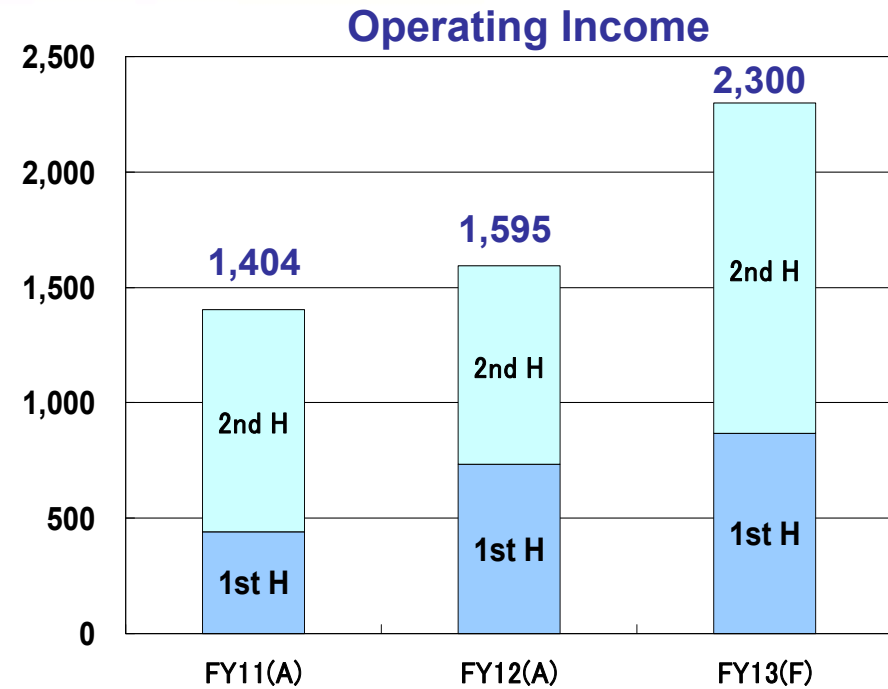
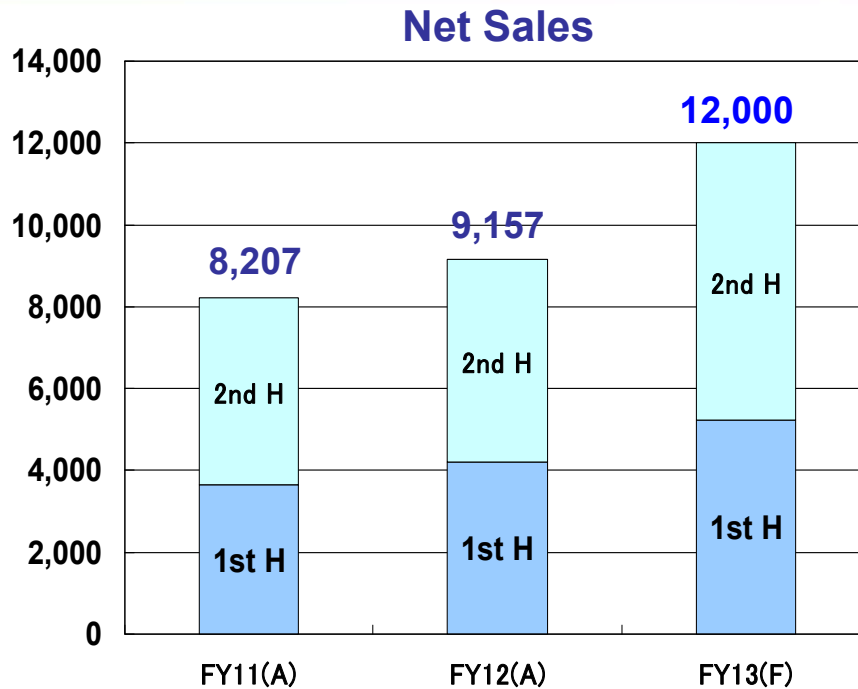
❖ Revenue projected to decrease due to a continued negative market trend but expected increase in operating profit partially attributable to receipt of development expenses.

## II -4. FY2013 Forecast by Segment

### 3) Commercial / Industrial-use Optics



(millions of yen)



1st H	3,643	4,193	5,239
2nd H	4,563	4,963	6,760
FY	8,207	9,157	12,000
YoY	112.0%	111.6%	131.0%

1st H	441	732	866
2nd H	963	863	1,433
FY	1,404	1,595	2,300
%ofnetsales	17.1%	17.4%	19.2%
YoY	129.5%	113.6%	144.1%

\* (A):Actual (F):Forecast

❖ Expecting year-on-year increase poised at record high sales and operating profit due to expanded sales of built-in type lenses ready for camera.



## III. Financial Situation

## Ⅲ-1. Financial Summary

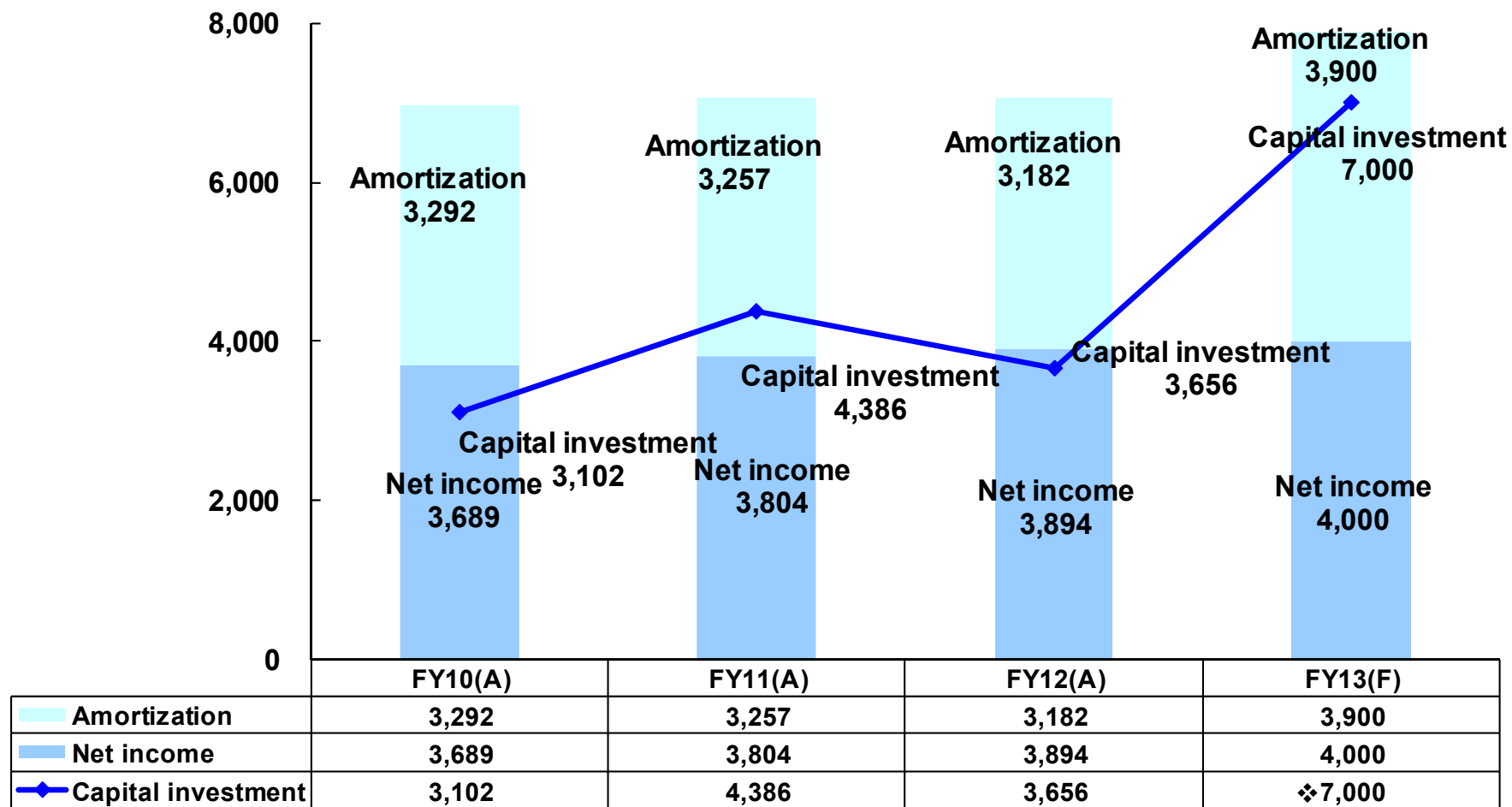


(millions of yen)

	Jun 30, 2012	Dec 31, 2012	Jun 30, 2013	Change vs. Dec 31, 2012	Remarks
<b>Cash and Cash Equivalents</b>	13,072	10,822	13,305	2,482	Increase in A/R
<b>Notes and Accounts Receivable, trade</b>	15,120	15,509	13,856	(1,652)	Receipt of A/R
<b>Inventories</b>	8,443	12,363	12,278	(84)	Reduction of ¥ 1.2 billion with adjustment for currency rate effect excluded
<b>Other Current Assets</b>	1,287	1,516	1,576	60	
<b>Fixed Assets</b>	16,900	17,846	21,131	3,284	Construction of Vietnam plant and a building reconstruction at head office
<b>Total Assets</b>	<b>54,824</b>	<b>58,058</b>	<b>62,149</b>	<b>4,090</b>	
<b>Current Liabilities</b>	13,665	14,262	13,860	(401)	Decrease in A/P by production adjustment
<b>Total Long-Term Liabilities</b>	3,586	2,990	4,259	1,269	Increase in long-term loans
<b>Total Liabilities</b>	17,251	17,252	18,120	867	
<b>Total Shareholders' Equity</b>	37,573	40,805	44,029	3,223	Increase in retained earnings
<b>Total Liabilities and Shareholders' Equity</b>	<b>54,824</b>	<b>58,058</b>	<b>62,149</b>	<b>4,090</b>	
<b>Equity Ratio</b>	<b>68.5%</b>	<b>70.3%</b>	<b>70.8%</b>	<b>0.5%</b>	

## Ⅲ-2. Capital Investment & Depreciation

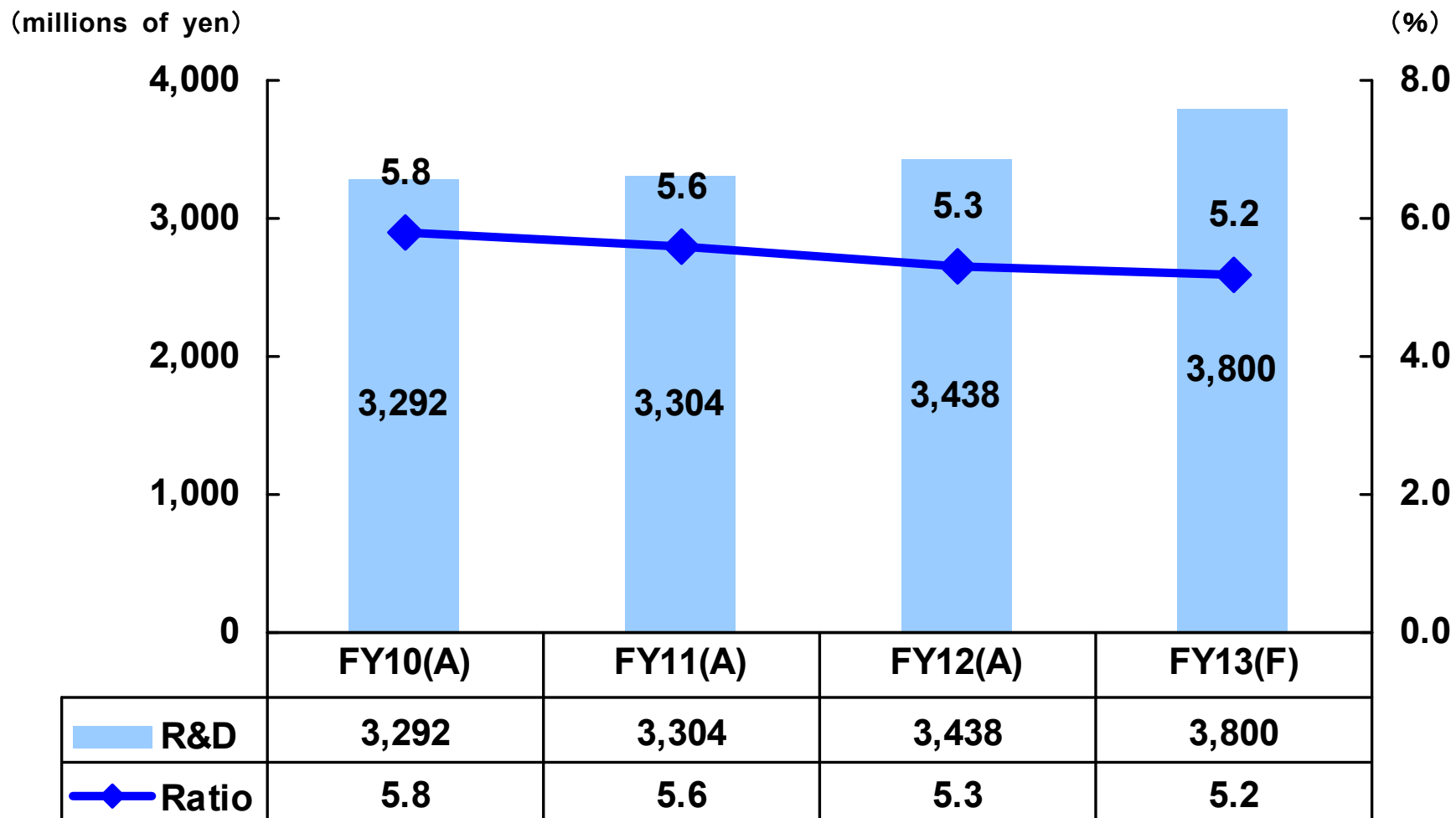
(millions of yen)



\* (A):Actual (F):Forecast

❖ Construction of Vietnam plant and reconstruction of head office

# Ⅲ-3. Research & Development



\* R&D cost/Net sales ratio

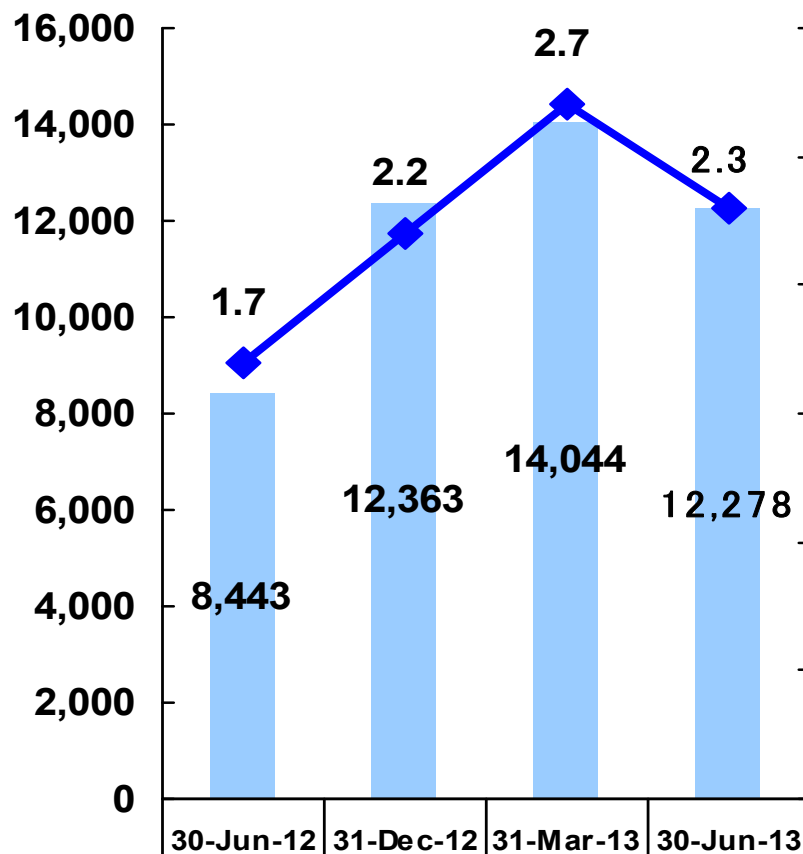
\* (A):Actual (F):Forecast

# Ⅲ-4. Inventories / Liabilities with Interests



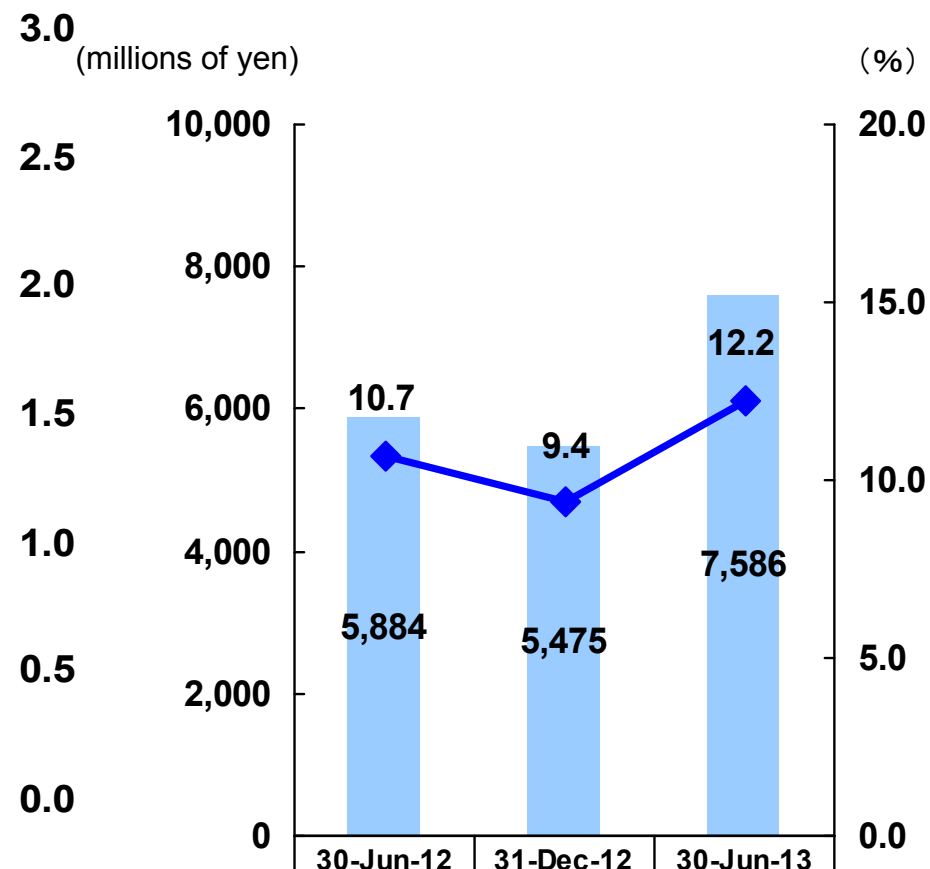
(millions of yen)

## Inventories



(Month)

## Liabilities with Interests

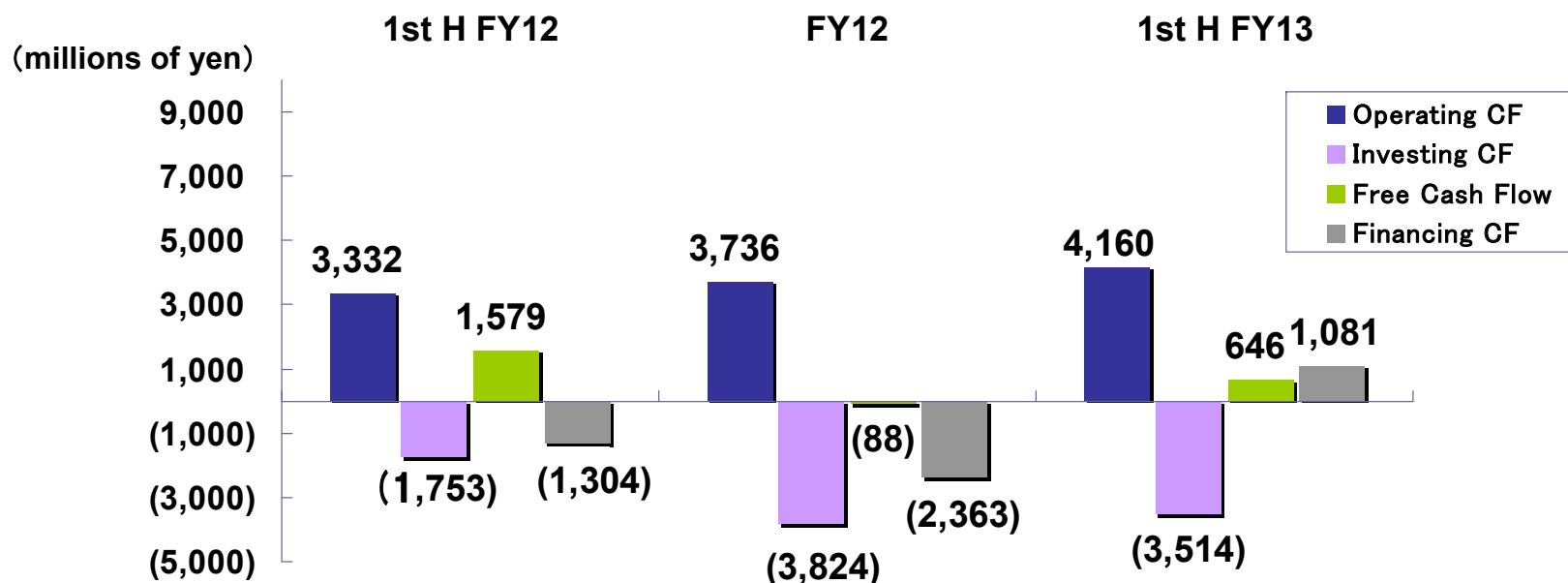


Inventories	8,443	12,363	14,044	12,278
Inventory turnover	1.7	2.2	2.7	2.3

Liability with Interest	5,884	5,475	7,586
Loan-to-Asset	10.7	9.4	12.2

(Calculated by average sales in the past 6 months)

## III-5. Cash Flow Statement



	1st H FY12	FY12	1st H FY13
Cash Flow from Operating Activities	3,332	3,726	4,160
Cash Flow from Investing Activities	(1,753)	(3,824)	(3,514)
Free Cash Flow	1,579	(88)	646
Cash Flow from Financing Activities	(1,304)	(2,363)	1,081
Cash and Cash Equivalents at Year End	13,072	10,822	13,305
Liquidity (Months)	2.58	2.02	2.54

## Ⅲ-6. Outlook for Cash Dividends

(yen)

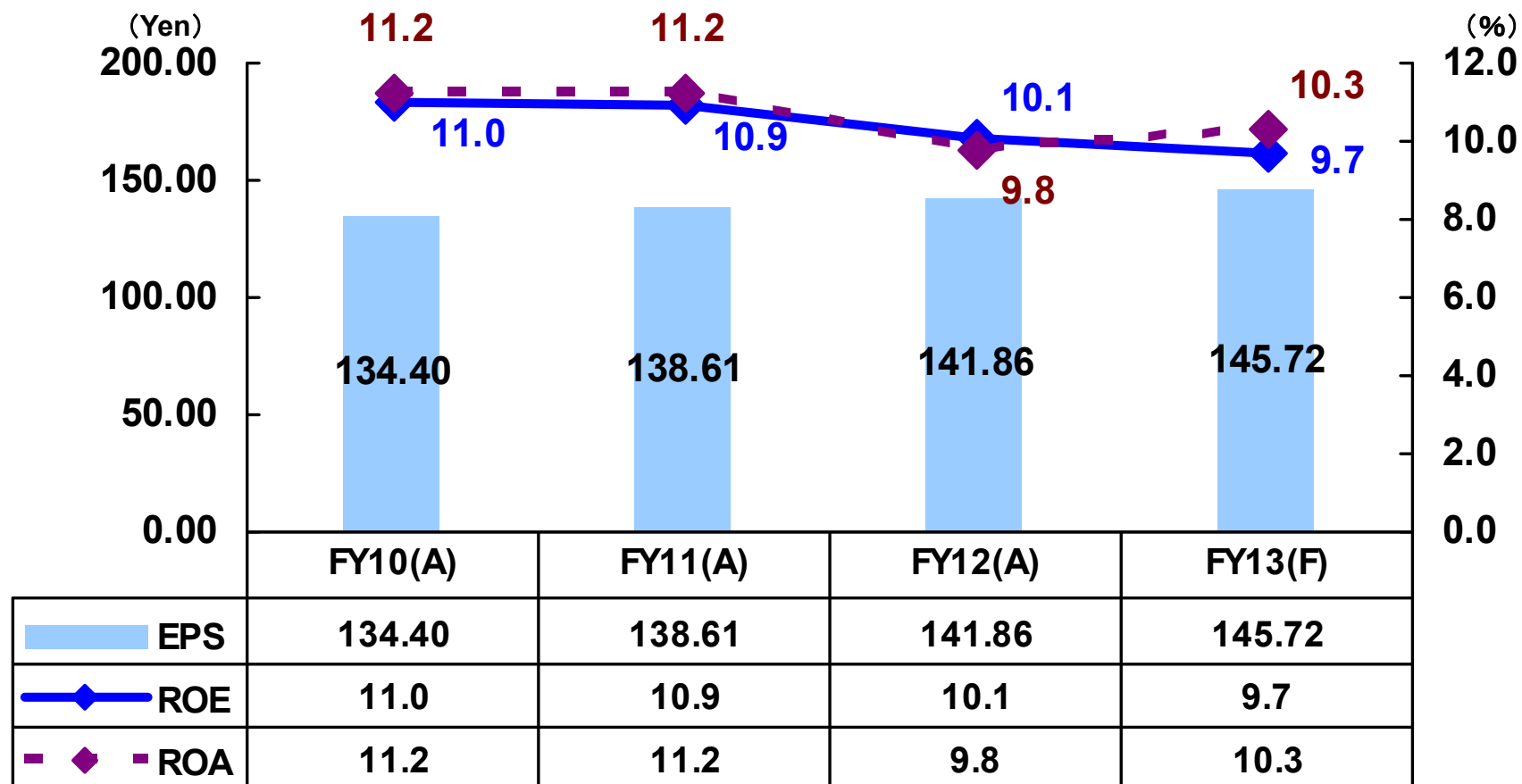
	FY10	FY11	FY12	FY13*FCT
Interim	20.00	20.00	20.00	20.00
Year End	※ 30.00	30.00	30.00	30.00
Total	50.00	50.00	50.00	50.00
Dividend Payout Ratio	37.2%	36.1%	35.2%	34.3%

※Including ¥5 commemorative dividend

# III-7. Referential Date



## 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 Rate Fluctuations

#### 1st Half FY2013

	Exchange rate (yen)		Effect (million yen)	
	1st H FY12	1st H FY13	Net Sales	Operating Income
<b>USD</b>	<b>79.77</b>	<b>95.73</b>	<b>2,450</b>	<b>300</b>
<b>EURO</b>	<b>103.50</b>	<b>125.65</b>	<b>1,000</b>	<b>850</b>
<b>Others</b>	<b>–</b>	<b>–</b>	<b>550</b>	<b>0</b>
<b>Total</b>	<b>–</b>	<b>–</b>	<b>4,000</b>	<b>1,150</b>

#### 2nd Half FY2013 Forecast

	Exchange rate (yen)	One yen change impact for 2H FY13 (million yen)	
	2nd H FY13	Net Sales	Operating Income
<b>USD</b>	<b>98.00</b>	<b>200</b>	<b>20</b>
<b>EURO</b>	<b>125.00</b>	<b>60</b>	<b>50</b>

## IV. Mid-Term Strategy

## IV - 1. Corporate Tagline



# New eyes for industry<sup>®</sup>

## 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  
Relative weight distribution: 44% Four Strategic / 27% Other New Products / 29% Current Models
- ❖ Expansion of sales network in the emerging markets including setup of new subsidiaries  
Year 2015 Sales Target 2015: Russia ¥ 3 Billion India ¥ 1.5 Billion
- ❖ Further improvement of customer service with “Three Day Turn around” for repairs

### Present 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)

### 4 Strategic New Products



High Power Zoom



Ultra Tele Zoom



Wide Zoom



Standard Categorized Zoom

# 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
  - Joint development with major camera manufacturers



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
- ❖ 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"



30X Built-in type Zoom Lens 4.3-129mm F/1.6 (Model DF019)



Lens for ITS application



Automotive camera lenses

## IV-4. Expansion in Activities Overseas



### New Subsidiary in India

Established: March, Year 2013 / Sales Started: June 2013

Sales Target: Year 2015 ¥ 1.5 Billion

Number of employee: 6 (July, 2013) → 15 (Year 2015)



Opening Ceremony



Office



## IV-5. Enhanced Production System



### Vietnam

Started operation in July, 2013

Number of employee: 200 (July, 2013) → 2,000 (Year 2015)

Lens Element Processing / Metal Processing / Assembly



Front View



Assembly Lines



# Disclaimer



1. The purpose of this material is to provide information on the “2nd Quarter FY2013 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.