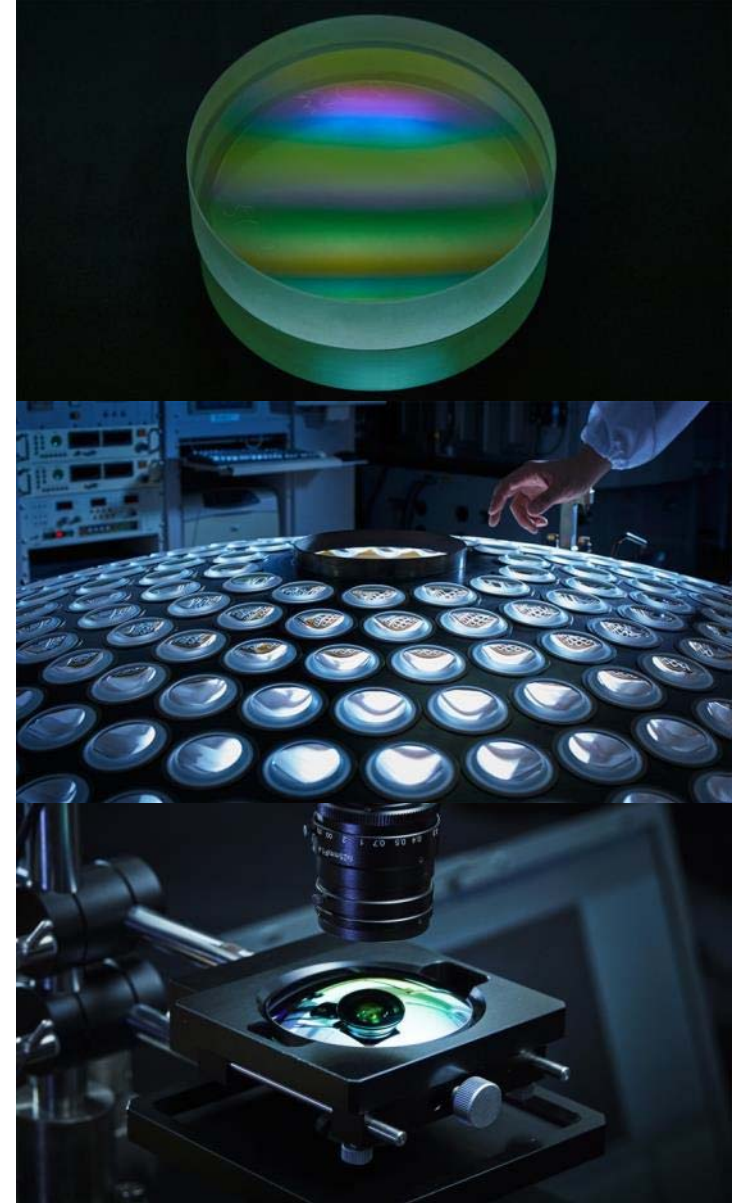


FY2018 Financial Results

February 12, 2019
Tamron Co., Ltd. (Code: 7740)



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I . FY2018 Summary and Mid-Term Management Plan

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I - 1 . FY2018 Summary

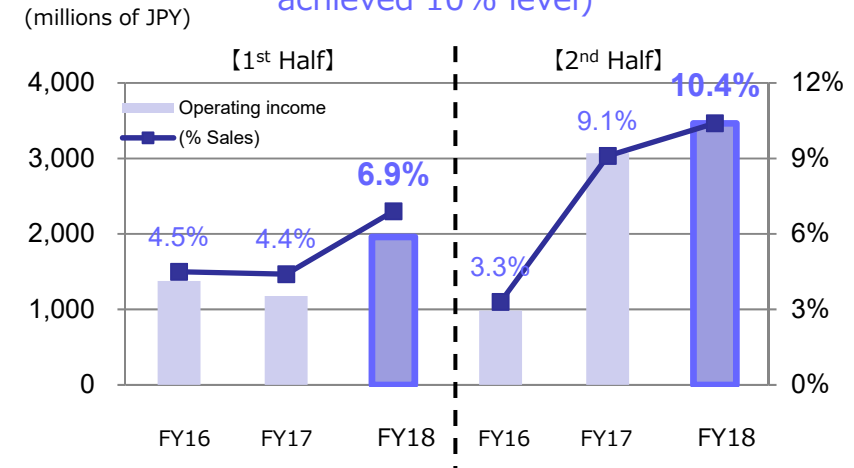
【Business Environment】

➤ Market Situation:

- Digital SLR cameras decreased by 8% from the previous year: Digital SLR down by 13%; whereas, **Mirrorless up by 1%** from the previous year.
- Interchangeable lenses decreased by 6% from the previous year: APS-C down by 12% from the previous year; whereas, **Full-Size up by 8%** from the previous year.
- DSC sharply decreased by 35% from the previous year.
- Surveillance camera and automotive camera continued to show a steady growth.
- Exchange Rate ⇒ JPY got weaker against USD and EUR
- Economic Trend showed deceleration from the 2nd Half.

【Operating Income by Semiannual】

Both of 1st H and 2nd H increased from the previous year (Operating margin in 2nd H achieved 10% level)



【Company's Results】

➤ FY2017 Comparison:

- Although the digital camera markets decreased, **sales in all segments were increased from the previous year.**
- **The operating income showed sharp increase** due to the highest gross profit margin ever and lower SGA expenses.
⇒ **The sales increased for 2 years in a row and the profits achieved two-digit increase from the previous year.**
- The total annual dividends will be **60 JPY per share**, the highest ordinary dividends in Tamron history due to the profitability improvement.

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I - 2 . Mid-Term Management Plan

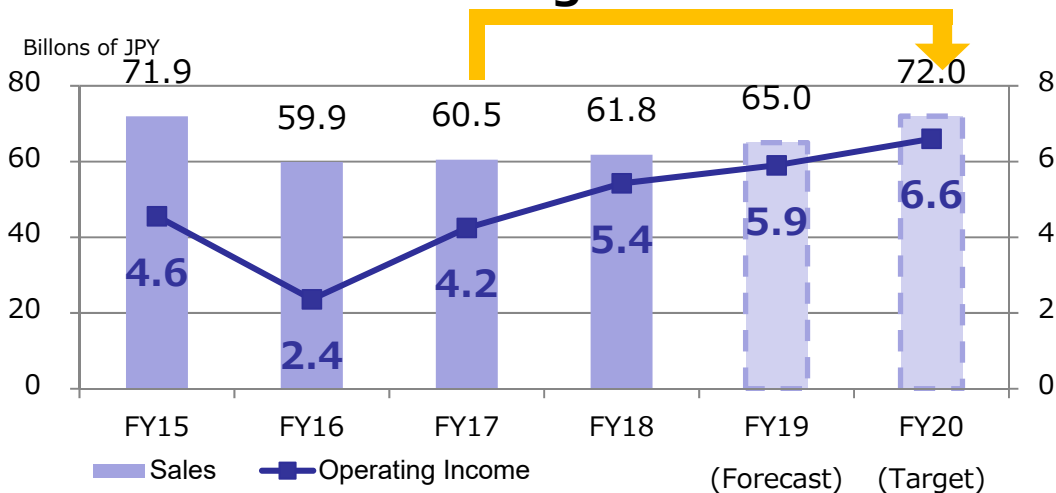
1) Financial Target (Consolidated)

Mid-Term Management Plan
(Announced in Feb., 2018)

| | Actual FY17 | Target FY20 |
|------------------|-------------|--------------|
| Sales | ¥60.5B. | ¥72.0B. |
| Operating Income | ¥4.2B. | ¥6.6B. |
| (% Sales) | 7.0% | 9.2% |
| ROE | 5.8% | More than 9% |

| | Original Forecast FY18 | Actual FY18 | Forecast FY19 |
|------------------|------------------------|-------------|---------------|
| Sales | ¥6.3B. | ¥6.18B. | ¥6.5B. |
| Operating Income | ¥4.8B. | ¥5.4B. | ¥5.9B. |
| (% Sales) | 7.6% | 8.8% | 9.1% |
| ROE | 6.6% | 8.6% | 7.9% |

Historical Sales & Targets



Steady progress toward achieving the mid-term target

- Although the 1st year sales did not achieve its forecast, the profits showed better-than-expected results
- Planning the sales expansion and keeping the profitability in the 2nd year.

Aim for achieving the mid-term target by the increase in sales and profits in four consecutive years.

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I - 2 . Mid-Term Management Plan

2) Target by Segment

<Management Policy by Segment>

| | |
|---|--|
| Digital Camera (Matured Market) | Without the assumption of market growth, profitability improvement is the highest priority. (Higher gross profit margin of own-brand with lower business operation costs.) |
| Surveillance/FA (Growing Market) | By re-building R&D process, aiming to expand lineup for both lens and camera module products. (Maintain and secure competitiveness to expand market share.) |
| High Priority (Fast Growing Market) *Drone and Automotive Lens Business | Expanding the business by allocating more resources to establish positions in each markets. (Increasing R&D capacity for the expected growth, initiating R&D and capital investment on new element technologies, and reducing production costs.) |
| New Business | Exploring external partners, including M&A, for new business development to realize the sales growth in the early 2021. |

<Results in FY18>

- 
 Operating margin in Photographic Products
 FY16 **8.6%** ⇒ **FY18 15.6%**
- 
 Sales of Module business got on track from the 4th quarter **(Sales of the 4th quarter resulted in about ¥400million.)**
- 
 Sales in Automotive Lens showed continuously two-digit increase
 Sales in Drone Lens got on track from the 3rd quarter **(Over ¥1bil. Sales a year)**
- 
 Exploring opportunities in the medical related products

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I - 2 . Mid-Term Management Plan

2)Sales Target by Segment

- The sales composition ratio of digital cameras: FY17:80% ⇒ **FY20:60% level**
- Highest priority on New Business category: **FY20:10billion yen**

(billions of JPY)

| Segment | Items | Category | Actual FY17 | Actual FY18 | Forecast FY19 | Target FY20 |
|------------------------------------|------------------------|-----------------|-------------|-------------|---------------|-------------|
| Photographic Products | Own-Brand Lenses | Digital Camera | 28.3 | 28.6 | 29.3 | 31.5 |
| | OEM Lenses | Digital Camera | 17.0 | 17.0 | 17.2 | 17.5 |
| | Total | | 45.3 | 45.6 | 46.5 | 49.0 |
| Optical Components | DSC/VC Lenses | Digital Camera | 2.7 | 2.0 | 1.4 | 0.5 |
| | Drone Lenses | High Priority | 0.6 | 1.3 | 1.5 | 4.8 |
| | Others | Surveillance/FA | 0.1 | 0.1 | 0.0 | 0.2 |
| | Total | | 3.4 | 3.4 | 2.9 | 5.5 |
| Commercial / Industrial-Use Optics | Surveillance/FA Lenses | Surveillance/FA | 9.5 | 10.1 | 12.1 | 12.3 |
| | Automotive Lenses | High Priority | 2.3 | 2.6 | 3.4 | 4.5 |
| | Others | New Business | – | 0.0 | 0.1 | 0.7 |
| | Total | | 11.8 | 12.7 | 15.6 | 17.5 |

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II. FY2018 Financial Results

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II-1. FY2018 Financial Results

(millions of JPY)

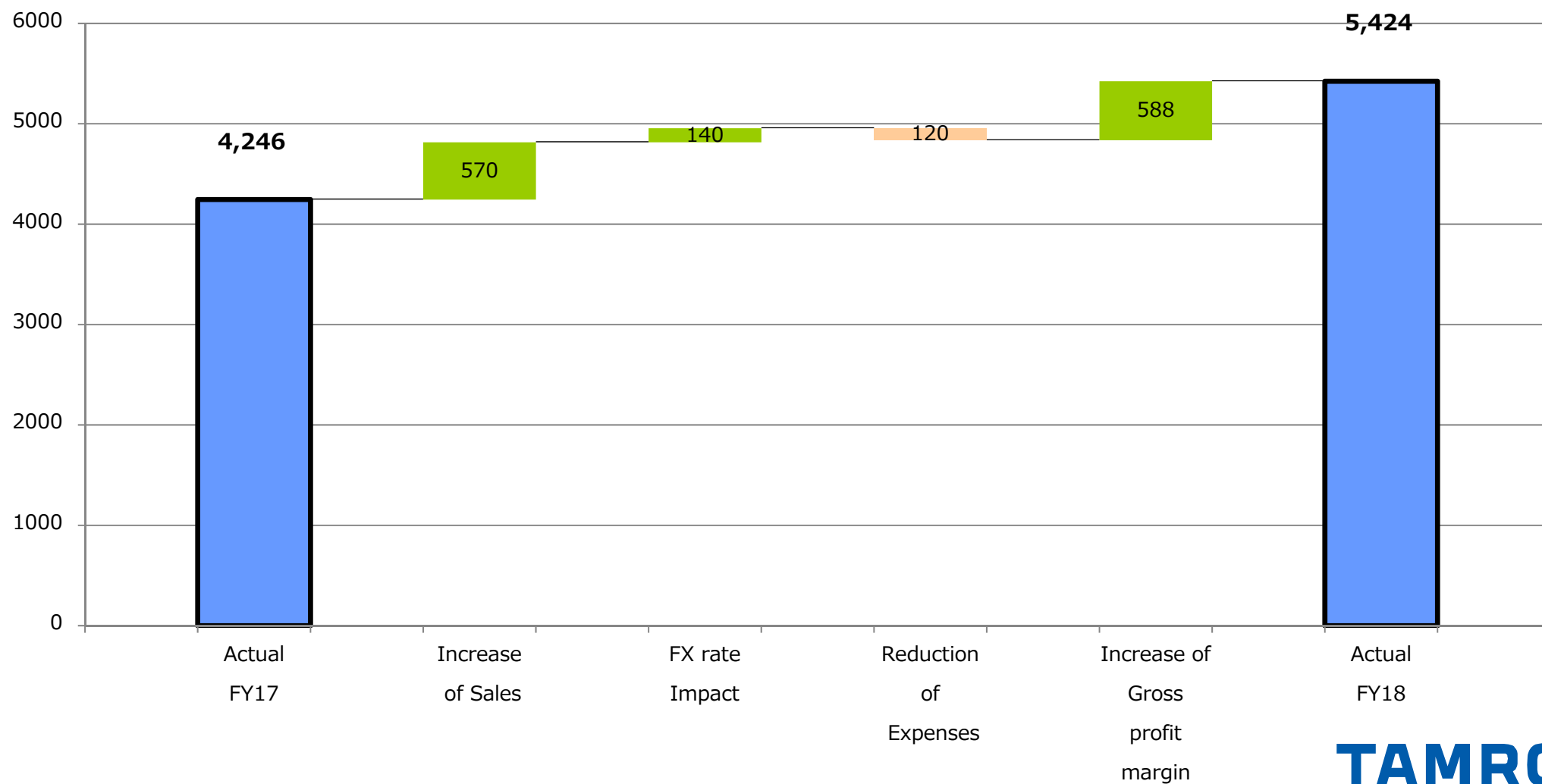
| | Actual FY17 (a) | Revised Forecast FY18(18/7/24) (b) | Actual FY18 (c) | Inc / Dec | | Inc / Dec | |
|-----------------------------|-----------------------|---|-----------------------|--------------|---------------|----------------|---------------|
| | | | | (c)-(a) | % | (c)-(b) | % |
| Net Sales | 60,496 | 63,000 | 61,815 | 1,319 | 102.2% | (1,184) | 98.1% |
| Gross profit | 20,596 | – | 21,905 | 1,308 | 106.4% | – | – |
| (% Sales) | 34.0% | – | 35.4% | 1.4% | – | – | – |
| Operating Income | 4,246 | 5,100 | 5,424 | 1,178 | 127.7% | 324 | 106.4% |
| (% Sales) | 7.0% | 8.1% | 8.8% | 1.8% | – | 0.7% | – |
| Ordinary Income | 4,100 | 5,100 | 5,877 | 1,777 | 143.4% | 777 | 115.2% |
| (% Sales) | 6.8% | 8.1% | 9.5% | 2.7% | – | 1.4% | – |
| Net Income | 2,838 | 3,630 | 4,330 | 1,491 | 152.5% | 700 | 119.3% |
| (% Sales) | 4.7% | 5.8% | 7.0% | 2.3% | – | 1.2% | – |
| JPY – 1 USD | 112.17 | 109.30 | 110.45 | (1.72) | – | 1.15 | – |
| JPY – 1 Euro | 126.73 | 129.80 | 130.38 | 3.65 | – | 0.58 | – |

- The sales and profit increased. The gross profit ratio marked **the highest in Tamron history: 35%**.
- The operating income showed **about 130% increase** and the net income showed **about 150% increase** compare to previous year.

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II-2. FY2018 Performance Variation Factors

(millions of JPY)



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II-3. FY2018 Results by Segment

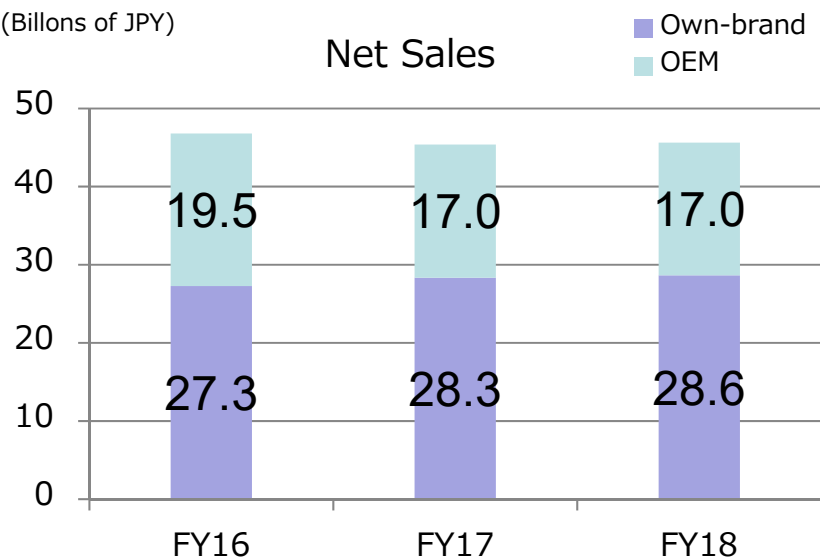
1) Photographic Products

(millions of JPY)

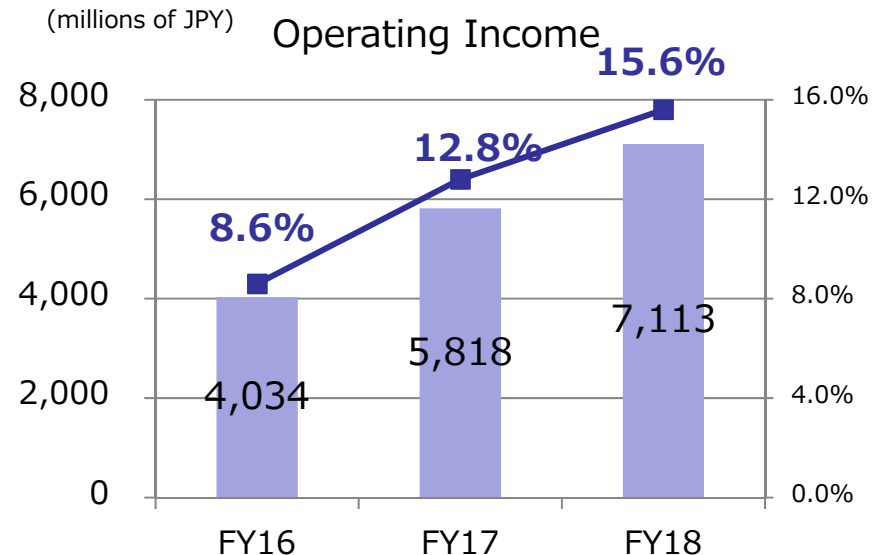
| | Actual FY17 (a) | Revised Forecast FY18(18/7/24) (b) | Actual FY18 (c) | Inc / Dec | | FX Impact vs. FY17 | Inc / Dec | |
|-----------------------------|-----------------------|---|-----------------------|-----------|--------|-----------------------|-----------|-------|
| | | | | (c)-(a) | % | | (c)-(b) | % |
| Net Sales | 45,292 | 47,600 | 45,640 | 347 | 100.8% | (170) | (1,959) | 95.9% |
| Operating Income | 5,818 | 7,350 | 7,113 | 1,295 | 122.3% | 180 | (236) | 96.8% |
| (% Sales) | 12.8% | 15.4% | 15.6% | 2.8% | — | — | 0.2% | — |

- The sales increased from the previous year due to strong sales of own-brand models in the US markets with new model launch since FY17.
- The operating income sharply increased from the previous year due to the higher gross profit margin from the newly launched own-brand models, together with the lower SGA expenses.

(Billions of JPY)



(millions of JPY)



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Photographic Products - New Models

| Category | | Launched in 2017 | Launched in 1st Half, 2018 | Launched in 2nd Half, 2018 |
|------------|-----------------|---|--|---|
| DSLR | Wide Zoom | <p>Launched in Mar.</p>  <p>10-24mm VC HLD (B023)</p> | | <p>Launched in Sep.</p>  <p>17-35mm F/2.8-4 OSD (A037)</p>  <p>SP 15-30mm F/2.8 VC USD G2 (A041)</p> |
| | Standard Zoom | <p>Launched in Aug.</p>  <p>SP 24-70mm F/2.8 VC USD G2 (A032)</p> | | |
| | All-in-One Zoom | <p>Launched in Jul.</p>  <p>18-400mm VC HLD (B028)</p> | | |
| | Tele Zoom | <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)</p> | <p>Launched in Apr.</p>  <p>70-210mm F/4 VC USD (A034)</p> | |
| Mirrorless | | | <p>Launched in May</p>  <p>28-75mm F/2.8 RXD (A036)</p> | <p>➤ The total of 10 new models since 2017. In order to target the growth of the mirrorless camera market, one mirrorless lens was added to the lineup.</p> |

II-3. FY2018 Results by Segment

2) Optical Components

(millions of JPY)

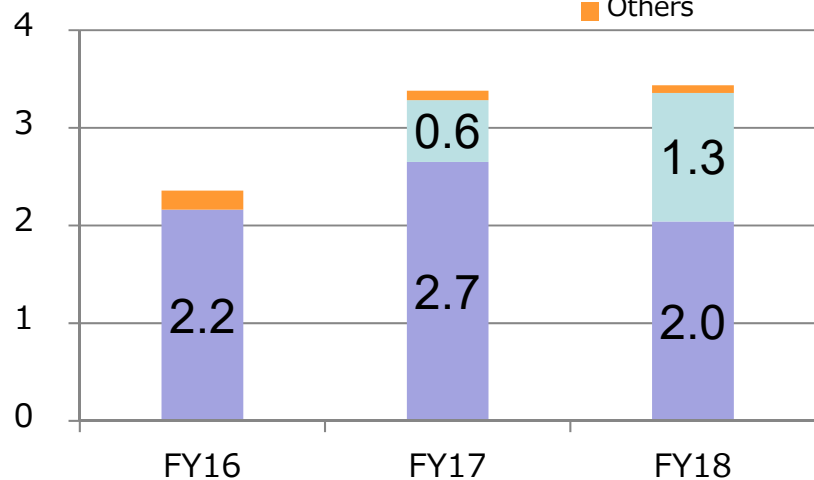
| | Actual FY17 (a) | Revised Forecast FY18(18/7/24) (b) | Actual FY18 (c) | Inc / Dec | | FX Impact vs. FY17 | Inc / Dec | |
|-------------------------|-----------------|------------------------------------|-----------------|-----------|--------|--------------------|-----------|--------|
| | | | | (c)-(a) | % | | (c)-(b) | % |
| Net Sales | 3,375 | 3,100 | 3,436 | 61 | 101.8% | (40) | 336 | 110.9% |
| Operating Income | (24) | 50 | 80 | 105 | - % | (20) | 30 | 162.0% |
| (% Sales) | (0.7)% | 1.6% | 2.4% | 3.1% | - | - | 0.8% | - |

- Although the sales of DSC/VC Lenses decreased, the sales of the Drone Products increased 200% from the previous year. As a result, total sales of the Optical Components category slightly increased from the previous year.
- Despite of the operating loss in FY17 due to increase in initial development costs including future products for drone market, the results of this category turned to operating profits with the expand of the Drone business.

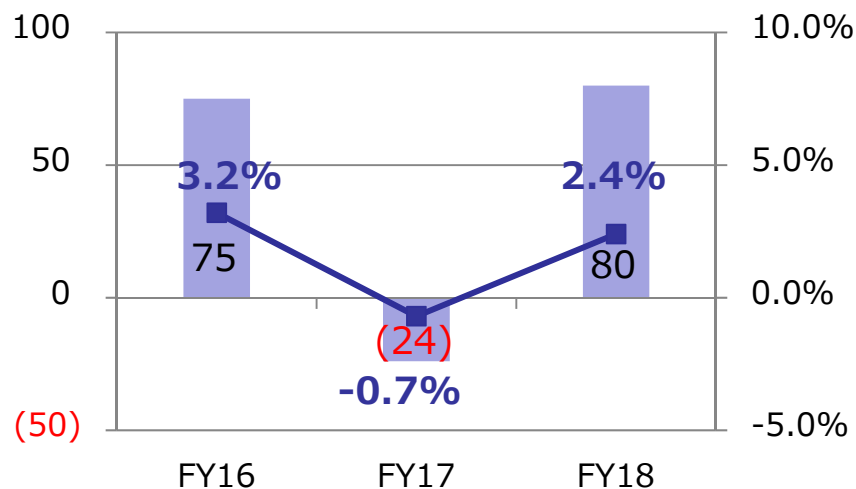
(Billions of JPY)

Net Sales

■ DSC/VC ■ Drone ■ Others



(millions of JPY) Operating Income



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II-3. FY2018 Results by Segment

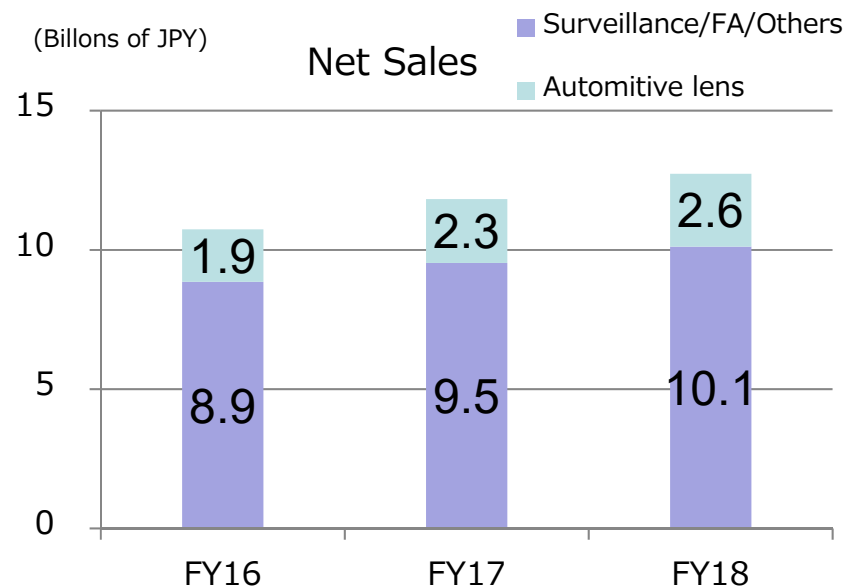
3) Commercial / Industrial-Use Optics

(millions of JPY)

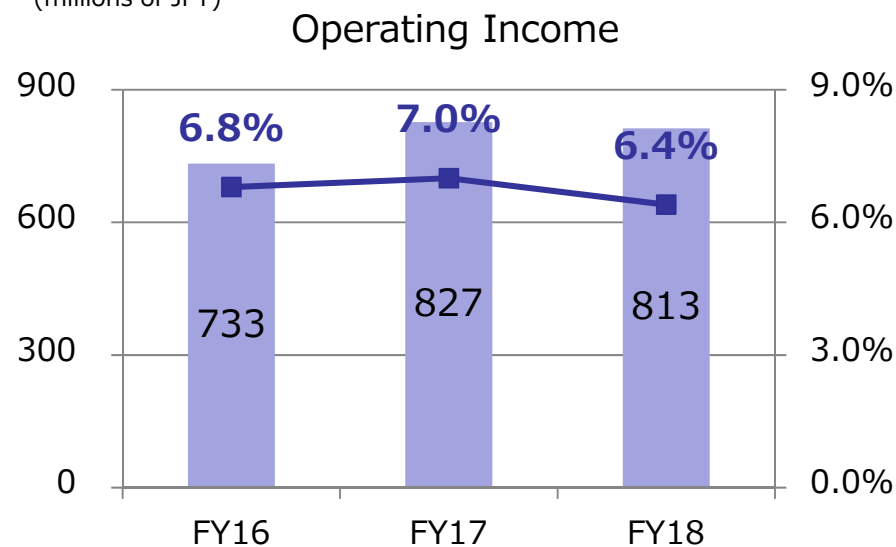
| | Actual FY17 (a) | Revised Forecast FY18(18/7/24) (b) | Actual FY18 (c) | Inc / Dec | | FX Impact vs. FY17 | Inc / Dec | |
|-------------------------|-----------------|------------------------------------|-----------------|-------------|---------------|--------------------|------------|---------------|
| | | | | (c)-(a) | % | | (c)-(b) | % |
| Net Sales | 11,827 | 12,300 | 12,738 | 911 | 107.7% | (140) | 438 | 103.6% |
| Operating Income | 827 | 350 | 813 | (14) | 98.2% | (20) | 463 | 232.3% |
| (% Sales) | 7.0% | 2.8% | 6.4% | (0.6)% | — | — | 3.6% | — |

- The sales of Automotive Lenses achieved two-digit-increase from the previous year. The sales of the Surveillance Camera Lenses and FA Lenses increased in two consecutive years.
- Despite of price competition and development costs, the operating income kept the same level of the previous year.

(Billions of JPY)



(millions of JPY)



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Ⅲ. FY2019 Forecast

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III-1. FY2019 Financial Forecast

(millions of JPY)

| | Actual FY18 (a) | Forecast FY19 (b) | Inc / Dec | |
|-------------------------|-----------------------|-------------------------|--------------|---------------|
| | | | (b)-(a) | % |
| Net Sales | 61,815 | 65,000 | 3,184 | 105.2% |
| Operating Income | 5,424 | 5,900 | 475 | 108.8% |
| (% Sales) | 8.8% | 9.1% | 0.3% | — |
| Ordinary Income | 5,877 | 5,900 | 22 | 100.4% |
| (% Sales) | 9.5% | 9.1% | (0.4)% | — |
| Net Income | 4,330 | 4,130 | (200) | 95.4% |
| (% Sales) | 7.0% | 6.4% | (0.6)% | — |
| JPY – 1 USD | 110.45 | 110.00 | (0.45) | — |
| JPY – 1 Euro | 130.38 | 125.00 | (5.38) | — |

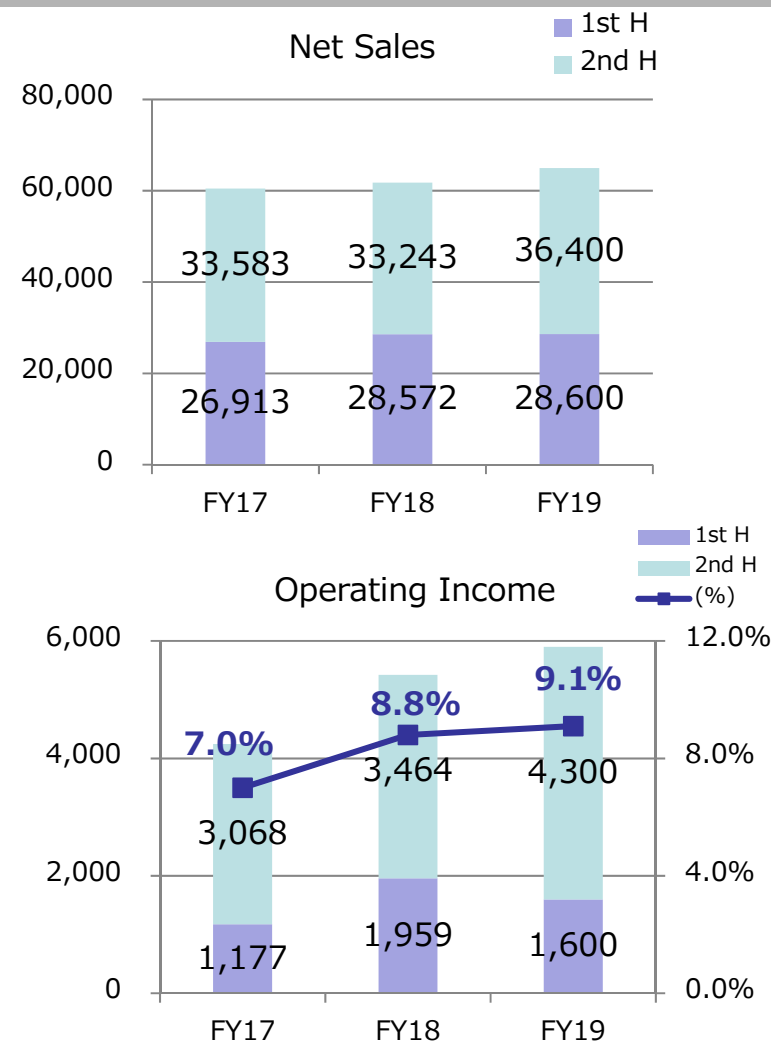
【FY2019 Forecast】

➤ Economic & Market Situation

- Based on the assumption of exchange rate: JPY gets stronger against EUR, which will reduce profits.
- Assumption of DSLR cameras and Interchangeable lenses market growth: decreased

➤ Company's Forecast

- Although the sales in Compact Digital Camera Lens declined, the sales and profits in the other categories are expected to increase despite the higher JPY.



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Ⅲ-2. FY2019 Forecast by Segment

1) Photographic Products

(millions of JPY)

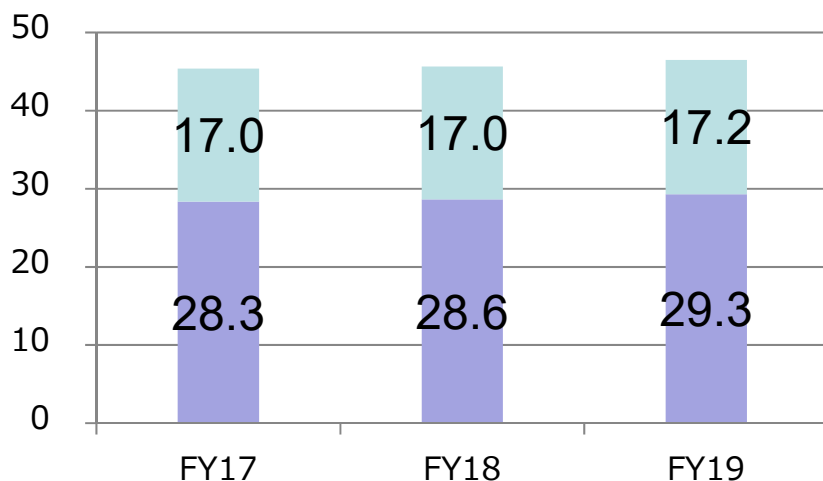
| | Actual FY18 (a) | Forecast FY19 (b) | Inc / Dec | |
|------------------|-----------------|-------------------|-----------|--------|
| | | | (b)-(a) | % |
| Net Sales | 45,640 | 46,500 | 859 | 101.9% |
| Operating Income | 7,113 | 7,150 | 36 | 100.5% |
| (% Sales) | 15.6% | 15.4% | (0.2)% | — |

- Despite the little increase in OEM models sales, expecting increase in the total segment sales and profit due to newly launched own-brand models.
- Although the operating income is expected to be at the same level of the previous year due to JPY against EUR, Operating profits margin is expected to keep the 15% level.

(Billions of JPY)

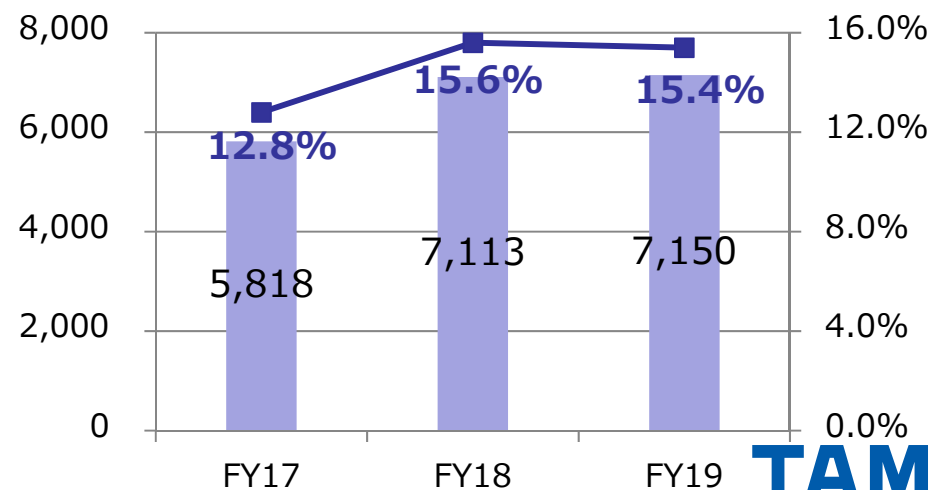
Net Sales

Own-brand
OEM



(millions of JPY)

Operating Income



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Ⅲ-2. FY2019 Forecast by Segment

2) Optical Components

(millions of JPY)

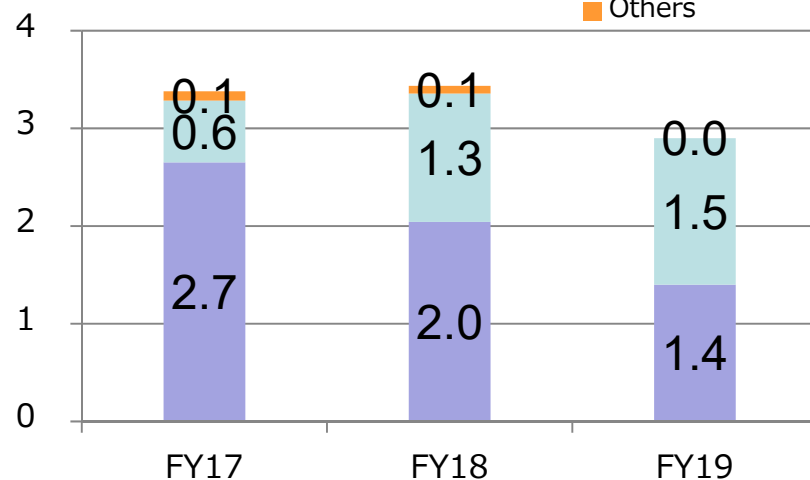
| | Actual FY18 (a) | Forecast FY19 (b) | Inc / Dec | |
|------------------|-----------------------|-------------------------|-----------|--------|
| | | | (b)-(a) | % |
| Net Sales | 3,436 | 2,900 | (536) | 84.4% |
| Operating Income | 80 | 150 | 69 | 185.2% |
| (% Sales) | 2.4% | 5.2% | 2.8% | — |

- Despite the strong sales in Drone Products, the total sales of the Optical Components category is expected to decrease due to the larger decline in DSC/VC Lens sales.
- The operating margin is expected to **achieve 5%** by the Drone Products sales and improvement in operational efficiency.

(Billions of JPY)

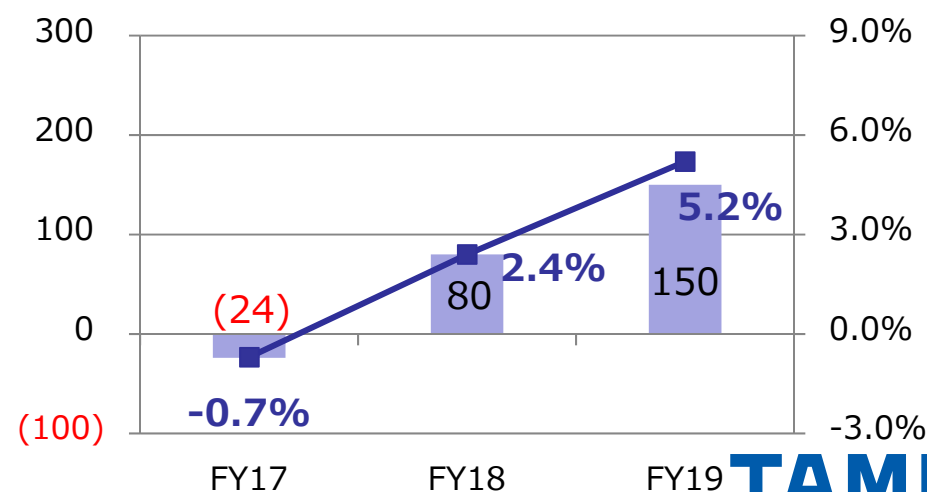
Net Sales

■ DSC/VC ■ Drone ■ Others



(millions of JPY)

Operating Income



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III -2. FY2018 Forecast by Segment

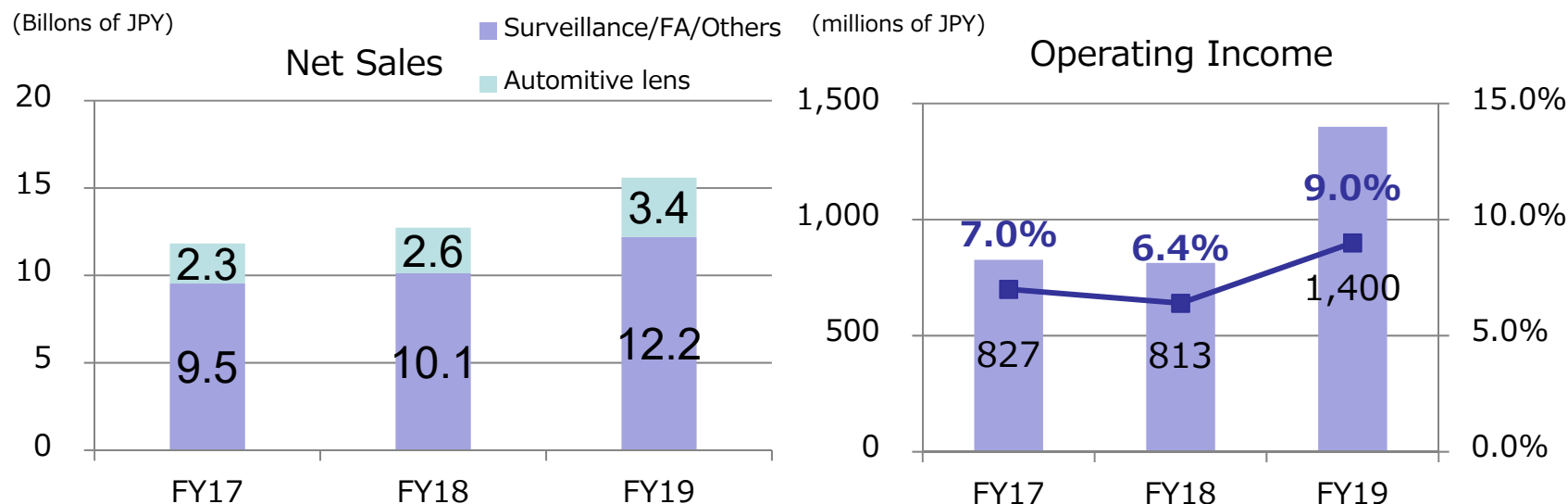
3) Commercial / Industrial-Use Optics

| | Actual FY18 (a) | Forecast FY19 (b) | Inc / Dec | |
|------------------|-----------------------|-------------------------|-----------|--------|
| | | | (b)-(a) | % |
| Net Sales | 12,738 | 15,600 | 2,861 | 122.5% |
| Operating Income | 813 | 1,400 | 586 | 172.2% |
| (% Sales) | 6.4% | 9.0% | 2.6% | — |

(millions of JPY)

- Sales is expected to **increase by 30%** because of the expansions of Automotive Sensing Lens. As the two-digit increase in the sales continues, the growth speed of the category is expected to accelerate further.
- Sales of Surveillance and FA Lens are expected to **increase by 20%** by getting on track of the Module business, and are also expected to mark the highest sales ever.
- Operating income is expected to **increase by 70%** due to the expansion of the sales and decline of initial costs along with the expansion of the Module business.

(Billions of JPY)



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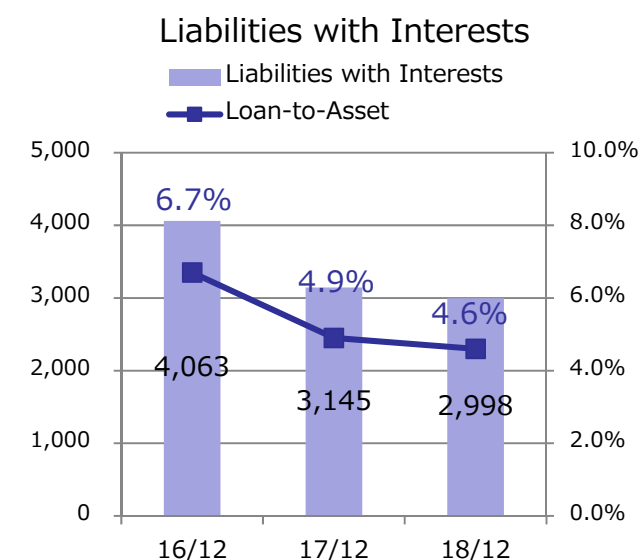
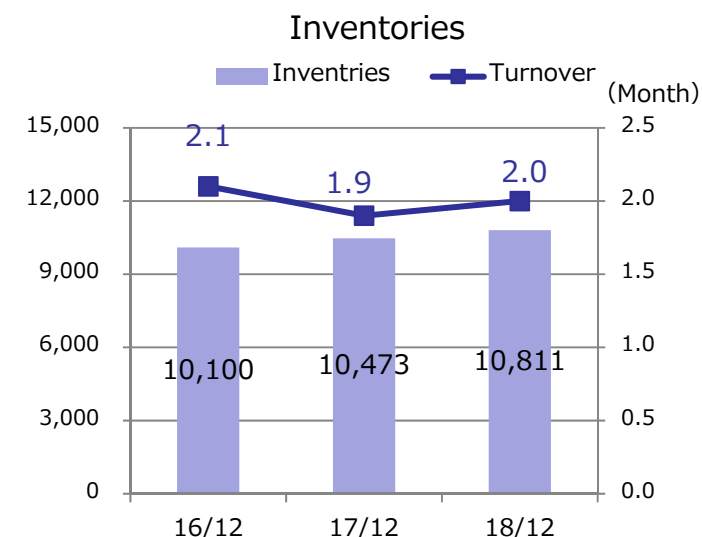
IV. Reference Data

TAMRON

IV- 1 . Financial Summary

(millions of JPY)

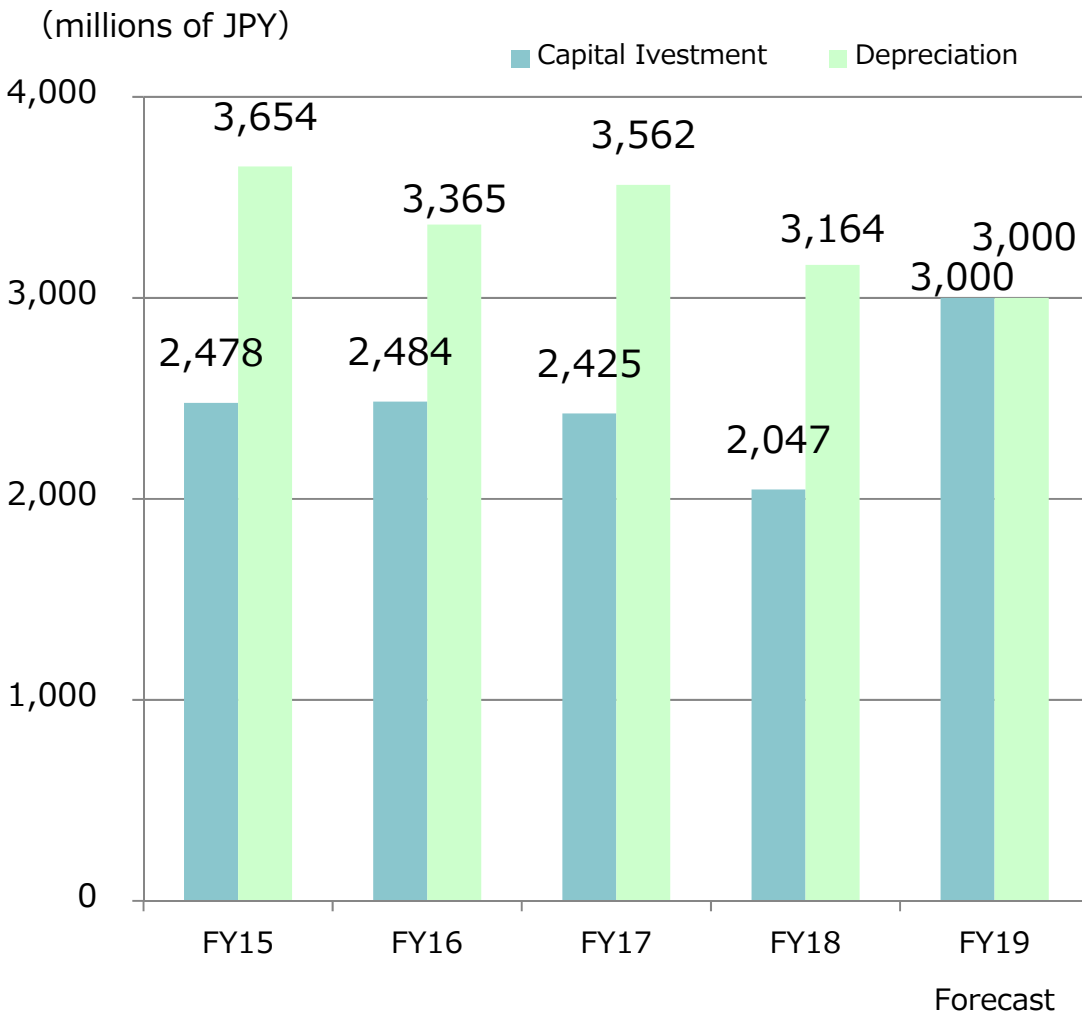
| | Dec 31, 2017 (a) | Dec 31, 2018 (b) | Change (b)-(a) |
|---|------------------------|------------------------|-------------------|
| Cash & Deposits | 19,431 | 22,438 | 3,006 |
| Notes & Accounts Receivable | 14,061 | 13,407 | (654) |
| Inventories | 10,473 | 10,811 | 338 |
| Other Current Assets | 1,426 | 1,433 | 7 |
| Non-Current Assets | 18,476 | 16,613 | (1,862) |
| Total Assets | 63,868 | 64,704 | 836 |
| Total Current Liabilities | 11,931 | 11,635 | (296) |
| Total Non-Current Liabilities | 1,996 | 2,216 | 220 |
| Total Net Assets | 49,940 | 50,852 | 912 |
| Total Liabilities & Net Assets | 63,868 | 64,704 | 836 |
| Ratio of Net Assets | 78.2% | 78.6% | 0.4% |



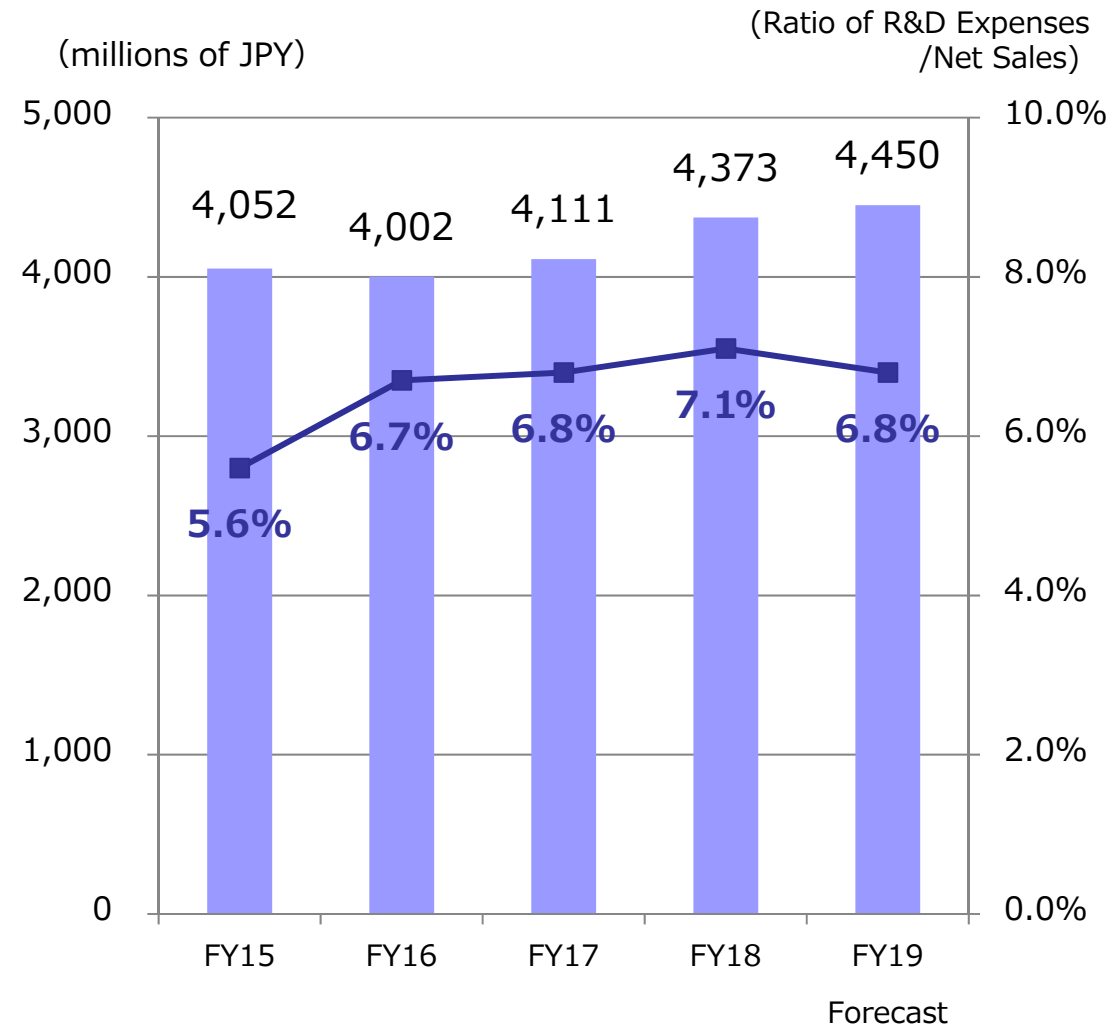
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IV- 2 . Capital Investment, Depreciation, & Research & Development Expenses

Capital Investment & Depreciation



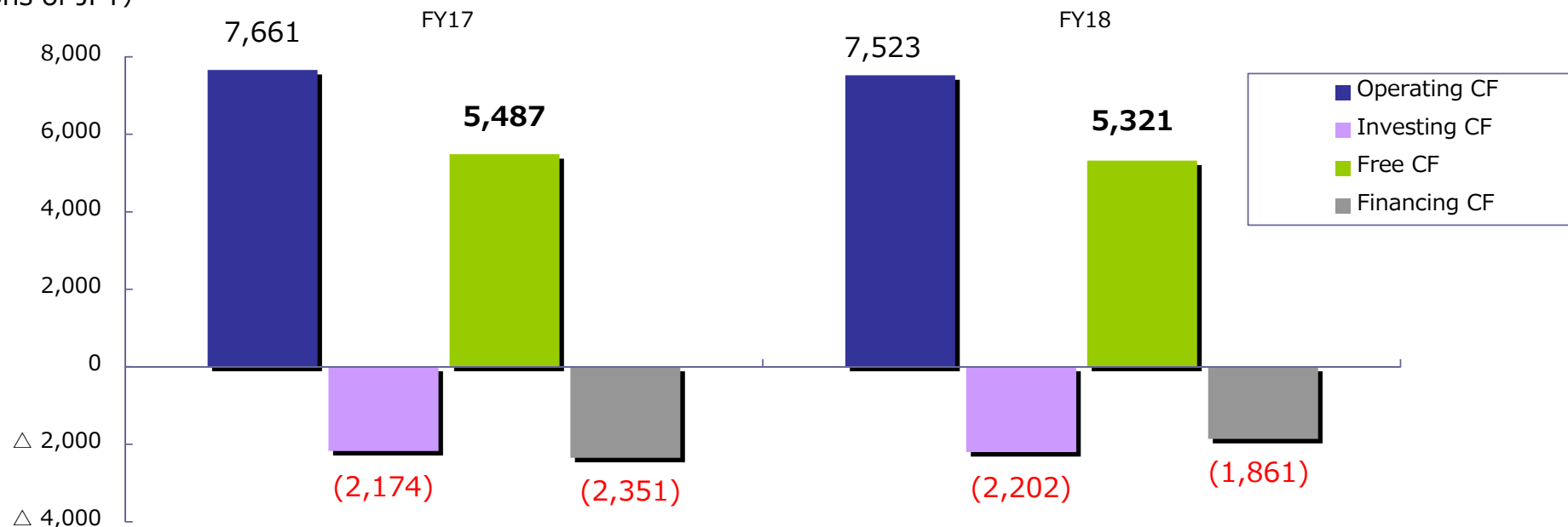
Research & Development Expenses



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IV- 3 . Cash Flow Situation

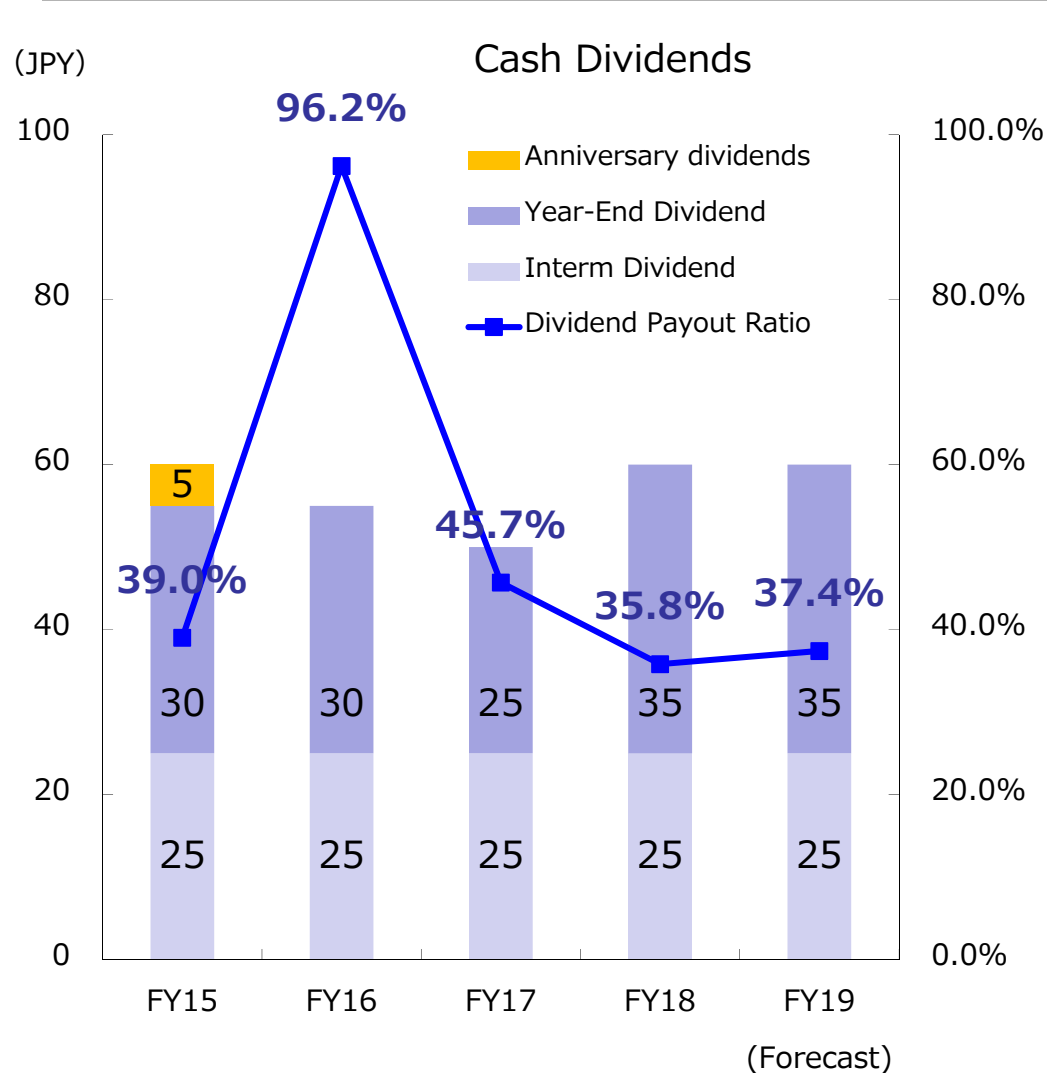
(millions of JPY)



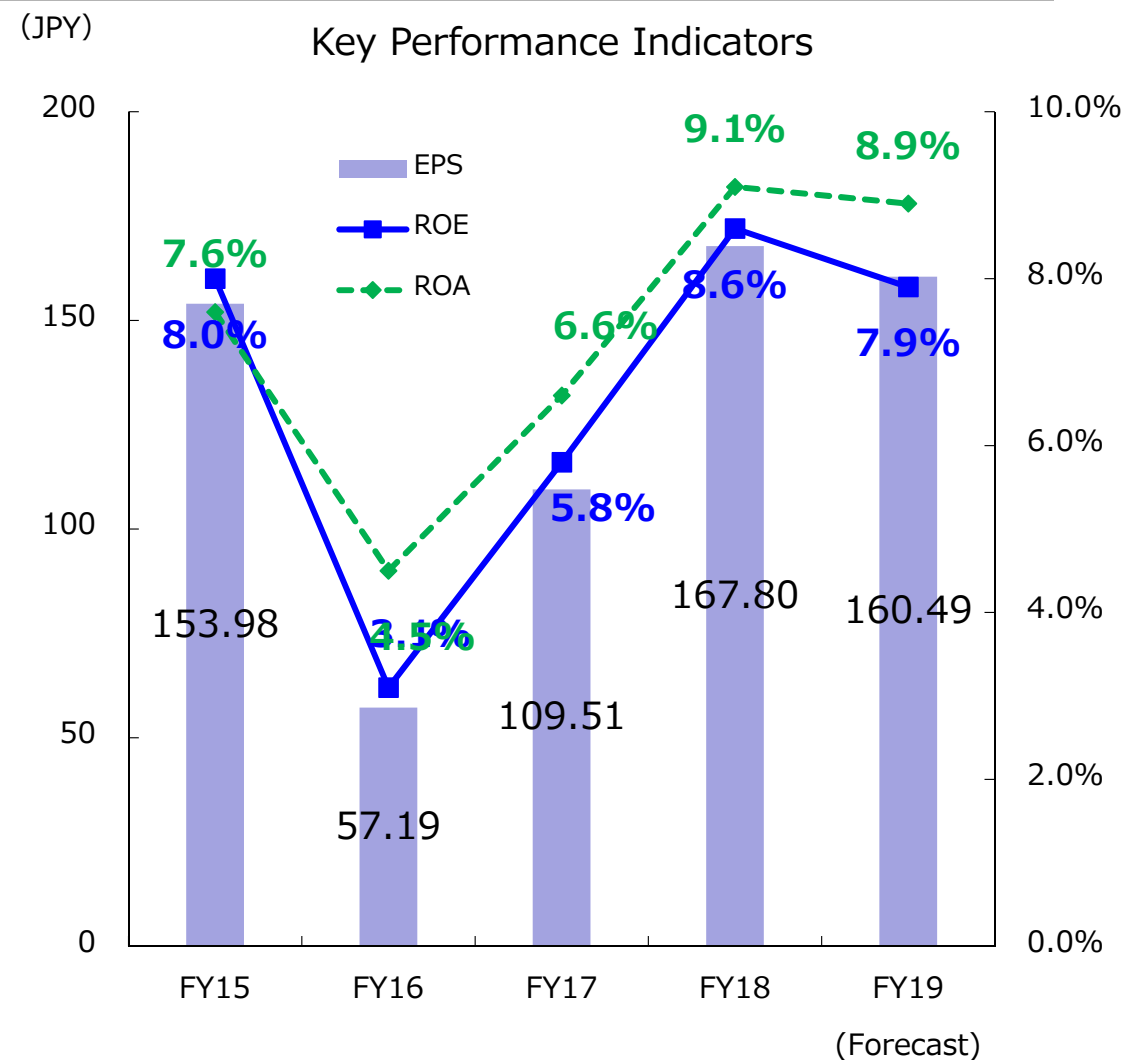
| | FY17 | FY18 |
|--|---------|---------|
| Cash Flow from Operating Activities | 7,661 | 7,523 |
| Cash Flow from Investing Activities | (2,174) | (2,202) |
| Free Cash flow | 5,487 | 5,321 |
| Cash Flow from Financing Activities | (2,351) | (1,861) |
| Cash & Cash Equivalents at the End of Period | 19,431 | 22,438 |
| Liquidity (Months) | 3.85 | 4.36 |

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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- 5 . Impact of Foreign Exchange Rate Fluctuations

FY2018

(JPY)

(millions of JPY)

| | Exchange Rate | | Impact | |
|---------------|---------------|-------------|-----------|------------------|
| | Actual FY17 | Actual FY18 | Net Sales | Operating Income |
| USD | 112.17 | 110.45 | (550) | (20) |
| EUR | 126.73 | 130.38 | 260 | 220 |
| Others | - | - | (60) | (60) |
| Total | - | - | (350) | 140 |

(Impact on FY2017 Actual performance)

Forecast FY2019

(JPY)

(millions of JPY)

| | Exchange Rate | Impact of ¥1 appreciation | |
|------------|-----------------|---------------------------|------------------|
| | Assumption FY19 | Net Sales | Operating Income |
| USD | 110.00 | (330) | (40) |
| EUR | 125.00 | (90) | (80) |

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Disclaimer

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