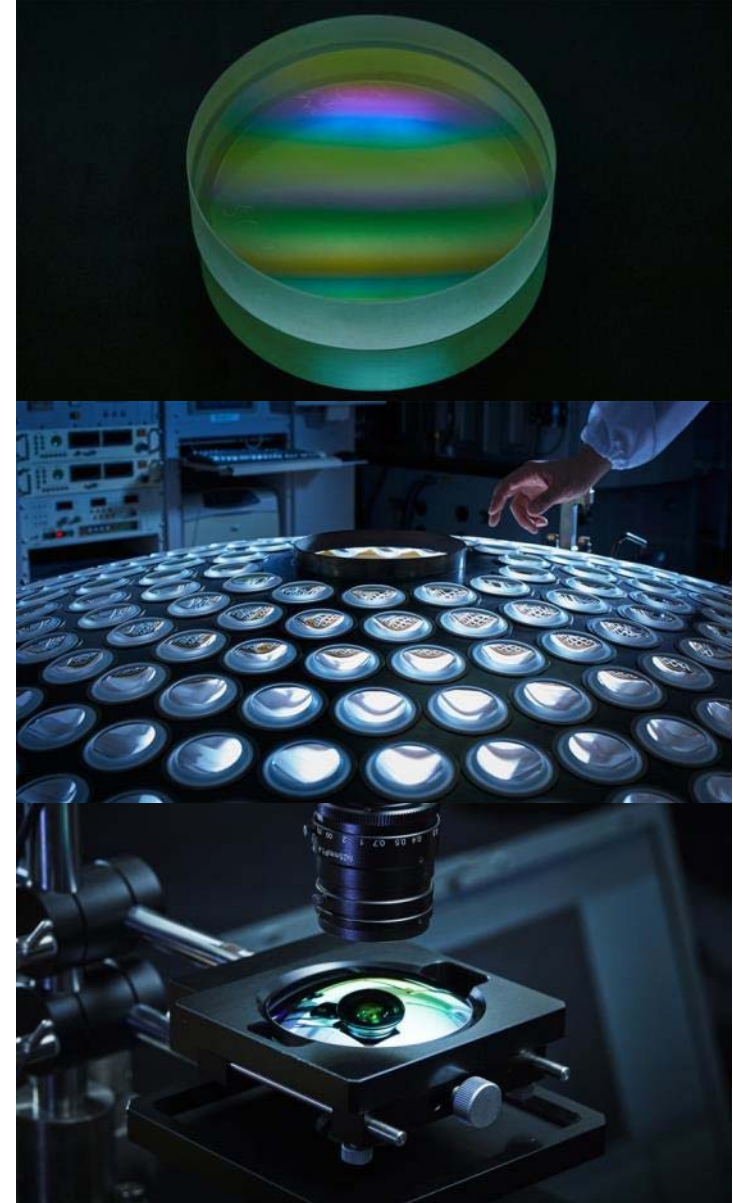


FY2019 Financial Results

February 7, 2020
Tamron Co., Ltd. (Code: 7740)



Contents

I. FY2019 Summary and Mid-Term Management Plan

1. FY2019 Summary
2. Mid-Term Management Plan
 - 1) Financial Target (Consolidated)
 - 2) Target by Segment

II. FY2019 Financial Results

1. FY2019 Financial Results
2. FY2019 Performance Variation Factors
3. FY2019 Results by Segment
 - 1) Photographic Products
 - 2) Optical Components
 - 3) Commercial / Industrial-Use Optics

III. FY2020 Forecast

1. FY2020 Financial Forecast
2. FY2020 Forecast by Segment
 - 1) Photographic Products
 - 2) Optical Components
 - 3) Commercial / Industrial-Use Optics
3. Activities for ESG

IV. Reference Data

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

TAMRON

I . FY2019 Summary and Mid-Term Management Plan

TAMRON

I - 1 . FY2019 Summary

【Business Environment】

➤ Market Situation:

- Digital SLR cameras decreased by 20% from the previous year: Digital SLR down by 41%; whereas, **Mirrorless up by 4%** from the previous year.
- Interchangeable lenses decreased by 12% from the previous year: APS-C down by 23% from the previous year; **Full-Size down by 6%** from the previous year.
- DSC decreased by 18% from the previous year.
- Surveillance camera and automotive camera continued to show a steady growth.
- Exchange Rate ⇒ JPY got stronger against USD and EUR
Especially against EUR, JPY got stronger by ¥8 from the previous year

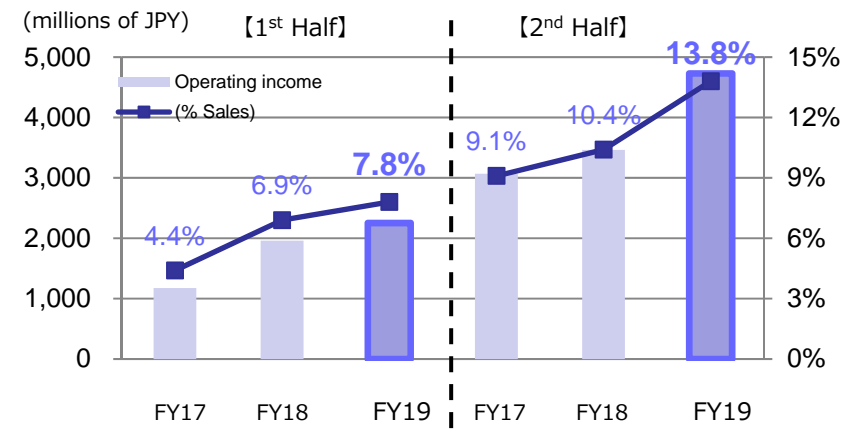
【Company's Results】

➤ FY2018 Comparison:

- Although the digital camera markets decreased, **sales of Photographic Products and Commercial / Industrial-Use Optics segments sharply increased** from the previous year.
- Achieved the highest gross margin ever; operating and ordinary income margin significantly increased and reached 10% level.
⇒ The sales increased for 3 years in a row and the profits achieved two-digit increase from the previous year.
- **Achieved the highest Net Income in Tamron history** due to the profitability improvement.
The total annual dividends will be **the highest in Tamron history: 68 JPY per share.**
(adding 8 JPY per share to the previous forecast),

【Operating Income by Semiannual】

Both of 1st H and 2nd H increased from the previous year (Operating margin in 2nd H achieved 13% level)



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%

1USD = 110JPY
1EURO = 130JPY

1st year

Actual FY18
¥61.8B.
¥5.4B.
8.8%
8.6%

1USD = 110.45JPY
1EURO = 130.38JPY

2nd year

Original Forecast FY19	Actual FY19
¥65.0B.	¥63.3B.
¥5.9B.	¥7.0B.
9.1%	11.0%
7.9%	10.1%

1USD = 110JPY
1EURO = 125JPY

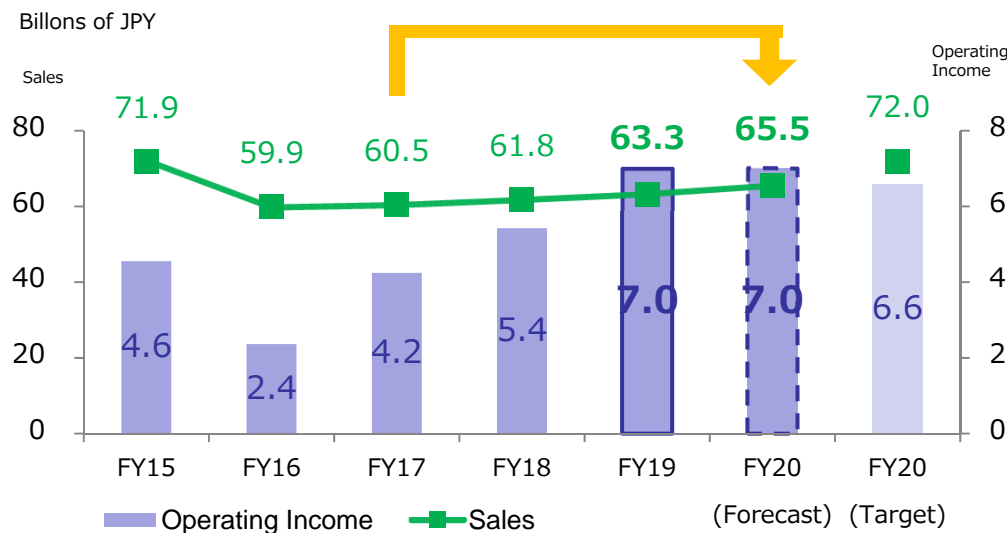
1USD = 109.04JPY
1EURO = 122.06JPY

3rd year

Forecast FY20
¥65.5B.
¥7.0B.
10.7%
9.0%

1USD = 107JPY
1EURO = 120JPY

Historical Sales & Targets



Operating Income, Operating profit margin and ROE FY19 showed better-than-expected results compare to its Forecast

⇒ **Achieved the Target FY20 one year ahead of the schedule.**

➤ The 2nd year sales did not achieve its forecast due to negative impact of exchange rate, shrank of the digital camera markets, and lack of expected growth of the drone markets. Therefore, sales of the Target FY20 are revised downward.

⇒ **Aim for exceeding the target profit and increasing the sales in four consecutive years.**

TAMRON

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 FY19>

Operating margin in
Photographic Products

FY16 **FY19**
8.6% ⇒ **18.7%**

• Sales of Module business got on track despite of the influence of US-China trade friction. **(Sales resulted in more than ¥1bil..)**

• Sales in Automotive Lens showed continuously two-digit increase. **(Sales resulted in more than 130% compare to the previous year.)**

• Sales in Drone Lens kept more than ¥1bil.a year.

• Sales increased in medical related products.

TAMRON

I - 2 . Mid-Term Management Plan

2)Sales Target by Segment

- The sales composition ratio of digital camera related products: FY17:80% ⇒ **FY20:70% level**
- Surveillance/FA : FY17 less than 10B JPY ⇒ **FY20:15B JPY, 150% increase**

(billions of JPY)

Segment	Items	Category	Actual FY17	Actual FY18	Actual FY19	Forecast FY20	Original Target FY20
Photographic Products	Own-Brand Lenses	Digital Camera	28.3	28.6	27.8	28.2	31.5
	OEM Lenses	Digital Camera	17.0	17.0	18.4	17.0	17.5
	Total		45.3	45.6	46.2	45.2	49.0
Optical Components	DSC/VC Lenses	Digital Camera	2.7	2.0	1.6	1.1	0.5
	Drone Lenses	High Priority	0.6	1.3	1.1	0.6	4.8
	Others	Surveillance/FA	0.1	0.1	0.0	0.0	0.2
	Total		3.4	3.4	2.7	1.7	5.5
Commercial / Industrial-Use Optics	Surveillance/FA Lenses	Surveillance/FA	9.5	10.1	10.8	14.8	12.3
	Automotive Lenses	High Priority	2.3	2.6	3.5	3.6	4.5
	Others	New Business	–	0.0	0.1	0.2	0.7
	Total		11.8	12.7	14.4	18.6	17.5

II. FY2019 Financial Results

TAMRON

II-1. FY2019 Financial Results

(millions of JPY)

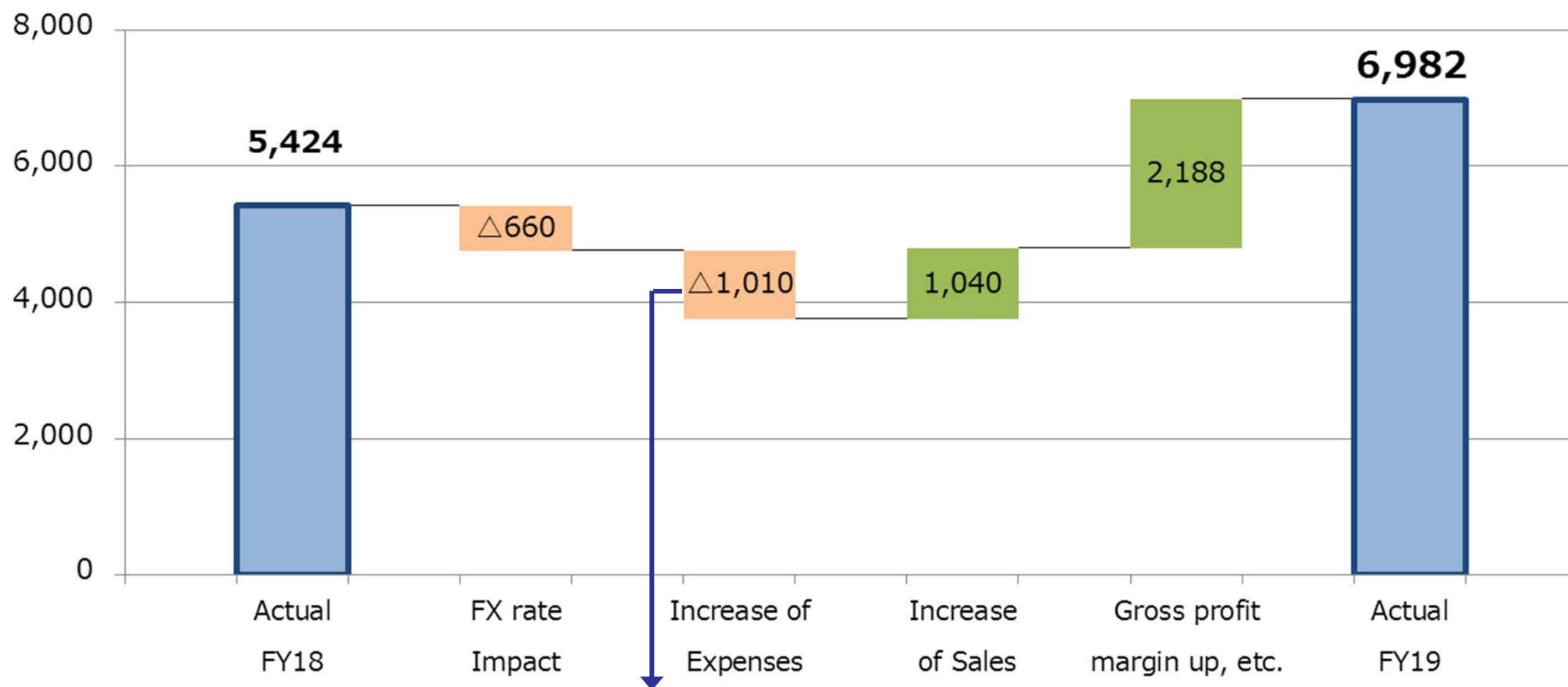
	Actual FY18 (a)	Revised Forecast FY19(19/10/31) (b)	Actual FY19 (c)	Inc / Dec		Inc / Dec	
				(c)-(a)	%	(c)-(b)	%
Net Sales	61,815	63,000	63,285	1,469	102.4%	285	100.5%
Gross profit	21,905	–	24,229	2,323	110.6%	–	–
(% Sales)	35.4%	–	38.3%	2.9%	–	–	–
Operating Income	5,424	6,400	6,982	1,558	128.7%	582	109.1%
(% Sales)	8.8%	10.2%	11.0%	2.2%	–	0.8%	–
Ordinary Income	5,877	6,700	7,403	1,525	126.0%	703	110.5%
(% Sales)	9.5%	10.6%	11.7%	2.2%	–	1.1%	–
Net Income	4,330	4,690	5,330	1,000	123.1%	640	113.7%
(% Sales)	7.0%	7.4%	8.4%	1.4%	–	1.0%	–
JPY – 1 USD	110.45	108.80	109.04	(1.41)	–	0.24	–
JPY – 1 Euro	130.38	121.50	122.06	(8.32)	–	0.56	–

- The sales showed increased and the profit also increased of about 30% compare to previous year, absorbed the negative impact of foreign exchange (sales -¥1.47 billion, operating income -¥0.66 billion),
- The sales and profit increased compare to the latest plan (Profits increased about 10%)

TAMRON

II-2. FY2019 Performance Variation Factors

(millions of JPY)



Research & Development Expenses

890 M JPY

Advertising and Sales Promotion Expenses

(260) M JPY

II-3. FY2019 Results by Segment

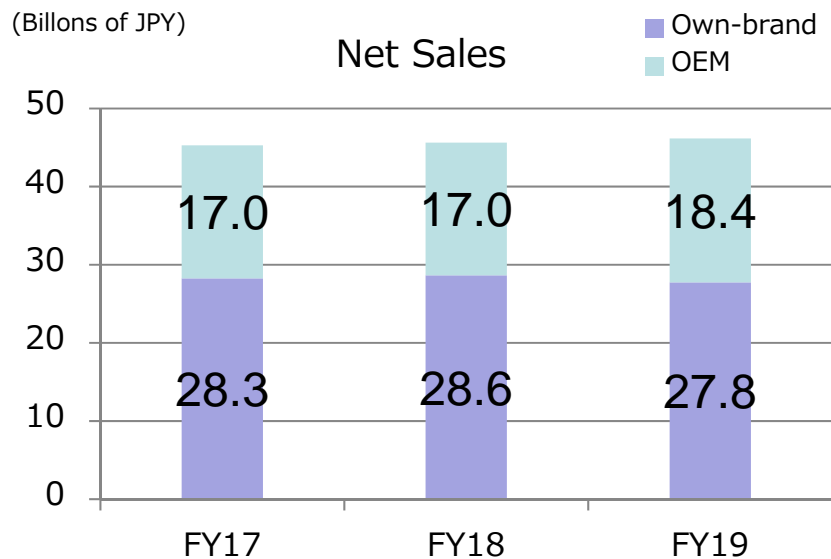
1) Photographic Products

(millions of JPY)

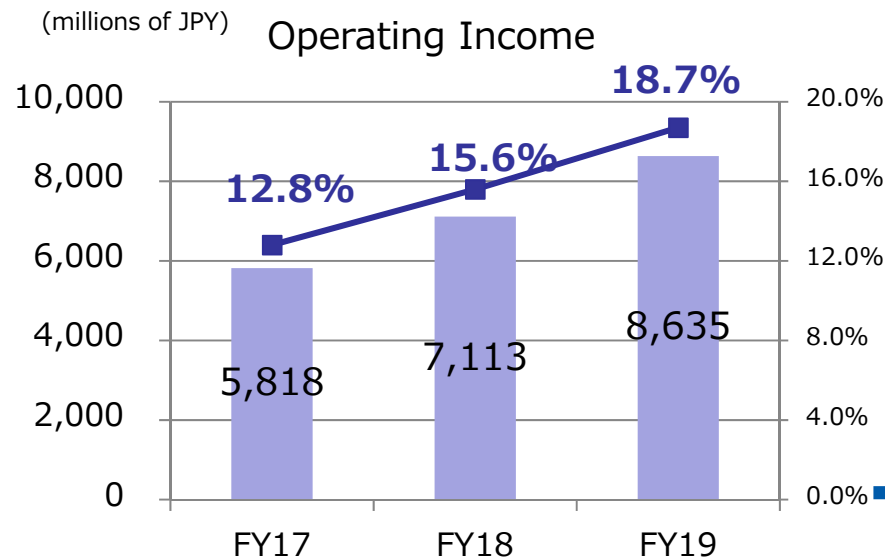
	Actual FY18 (a)	Revised Forecast FY19(19/10/31) (b)	Actual FY19 (c)	Inc / Dec		FX Impact vs. FY18	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	45,640	45,900	46,175	535	101.2%	(1,180)	275	100.6%
Operating Income	7,113	8,100	8,635	1,521	121.4%	(650)	535	106.6%
(% Sales)	15.6%	17.6%	18.7%	3.1%	—	—	1.1%	—

- With the strong sales of mirrorless models, the total sales of own-brand models kept the same level, with only 3% decrease, compare to the previous year; whereas, the market shrank more.
- 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. ⇒ **High profitability business with profit margin in the 18% range.**

(Billions of JPY)










(millions of JPY)



TAMRON

Photographic Products - New Models

Category		Launched in 2018	Launched in 2019
Mirrorless	Single Fixed		<p>Launched in Dec.</p>  <p>24mm F/2.8 OSD M1:2 (F051) 35mm F/2.8 OSD M1:2 (F053)</p>
	Wide Zoom		<p>Launched in Jul.</p>  <p>17-28mm F/2.8 RXD (A046)</p>
	Standard Zoom	<p>Launched in May.</p>  <p>28-75mm F/2.8 RXD (A036)</p>	
	Tele Zoom		
DSLR		<p>Launched in Apr.</p>  <p>70-210mm F/4 VC USD (A034)</p>	<p>Launched in May.</p>  <p>35-150mm F/2.8-4 VC OSD (A043)</p>
		<p>Launched in Sep.</p>  <p>17-35mm F/2.8-4 OSD (A037) SP 15-30mm F/2.8 VC USD G2 (A041)</p>	<p>Launched in Jun.</p>  <p>SP 35mm F/1.4 USD (F045)</p>

TAMRON

II-3. FY2019 Results by Segment

2) Optical Components

(millions of JPY)

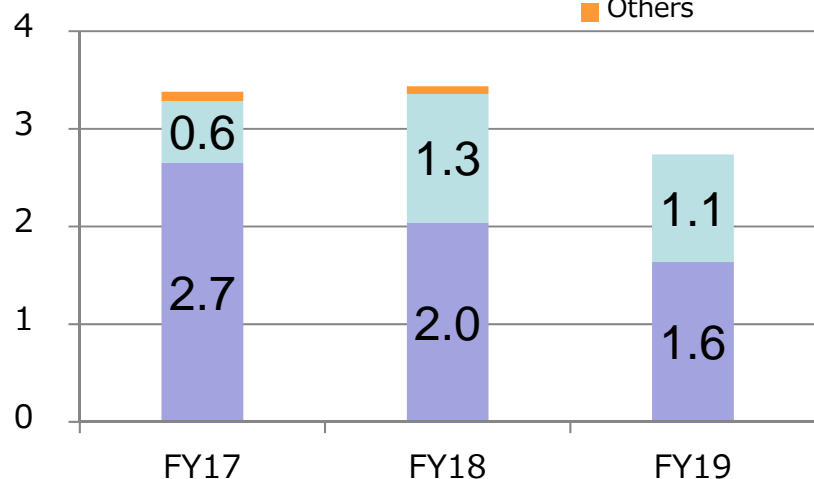
	Actual FY18 (a)	Revised Forecast FY19(19/10/31) (b)	Actual FY19 (c)	Inc / Dec		FX Impact vs. FY18	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	3,436	2,500	2,739	(697)	79.7%	(50)	239	109.6%
Operating Income	80	100	137	56	169.3%	10	37	137.2%
(% Sales)	2.4%	4.0%	5.0%	2.6%	—	—	1.0%	—

- The sales of DSC/VC Lenses decreased due to the shrink of the digital camera markets, and the sales of the Drone Products also decreased because of the decline of orders.
- The operating income increased with the improvement in the product mix of DSC/VC lenses and drone Products.

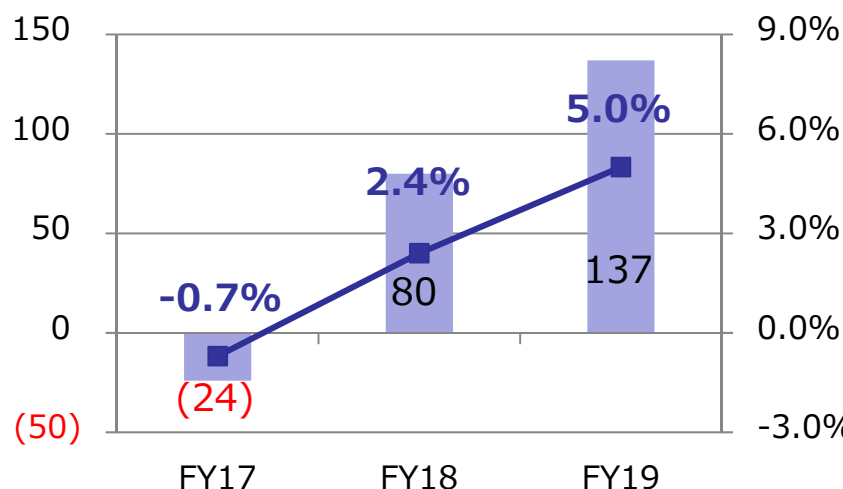
(Billions of JPY)

Net Sales

■ DSC/VC ■ Drone ■ Others



(millions of JPY) Operating Income



TAMRON

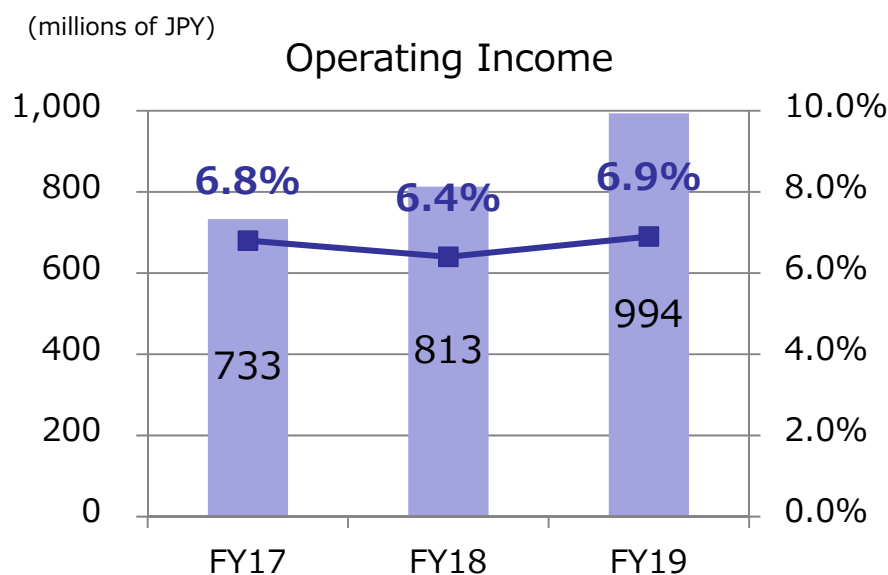
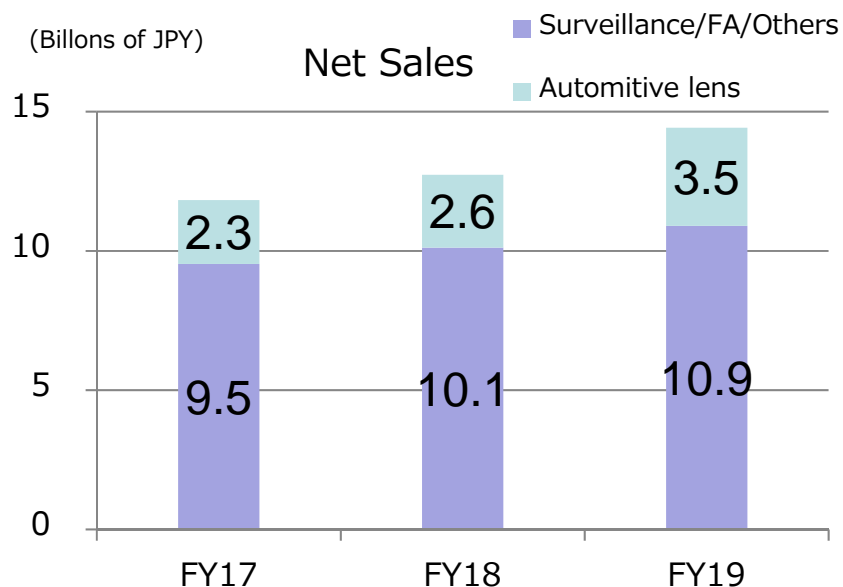
II-3. FY2019 Results by Segment

3) Commercial / Industrial-Use Optics

(millions of JPY)

	Actual FY18 (a)	Revised Forecast FY19(19/10/31) (b)	Actual FY19 (c)	Inc / Dec		FX Impact vs. FY18	Inc / Dec	
				(c)-(a)	%		(c)-(b)	%
Net Sales	12,738	14,600	14,370	1,632	112.8%	(240)	(229)	98.4%
Operating Income	813	1,000	994	181	122.3%	(20)	(5)	99.5%
(% Sales)	6.4%	6.8%	6.9%	0.5%	—	—	0.1%	—

- The sales and profits of Automotive Lenses and the Surveillance/FA Lenses achieved **two-digit-increase** from the previous year.
- The sales of Automotive Lenses **increased by 30%** compare to the previous year due to **expansions of Automotive Sensing Lenses**.



TAMRON

Ⅲ. FY2020 Forecast

TAMRON

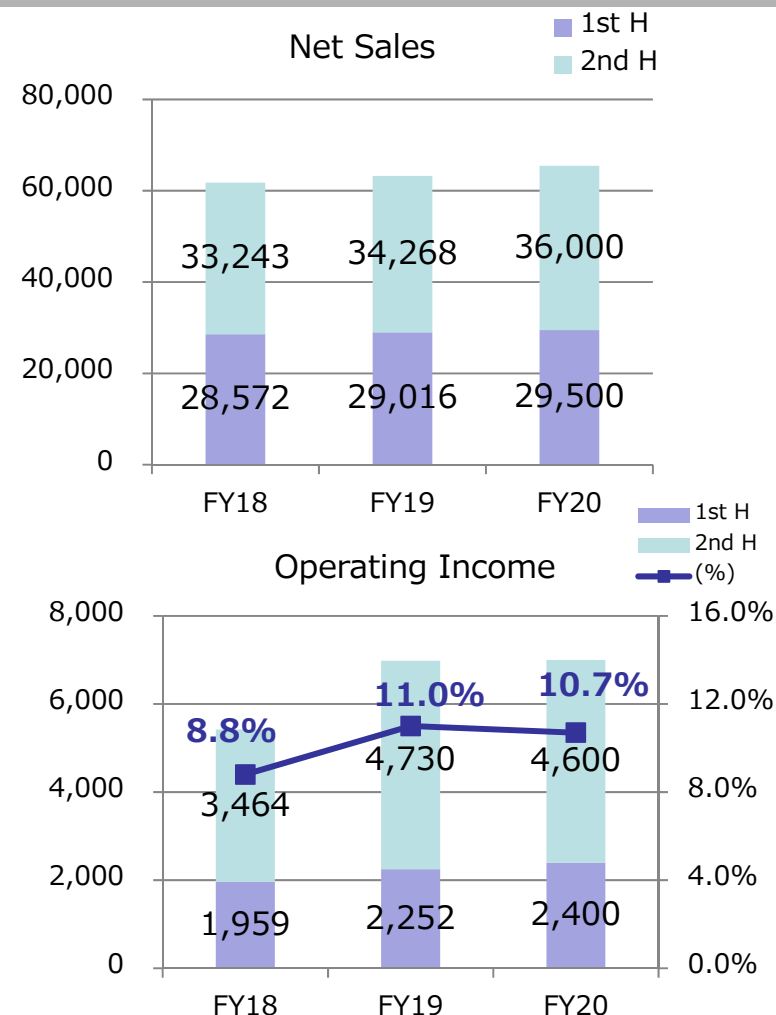
Ⅲ-1. FY2020 Financial Forecast

(millions of JPY)

	Actual FY19 (a)	Forecast FY20 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	63,285	65,500	2,214	103.5%
Operating Income	6,982	7,000	17	100.2%
(% Sales)	11.0%	10.7%	(0.3)%	—
Ordinary Income	7,403	7,000	(403)	94.6%
(% Sales)	11.7%	10.7%	(1.0)%	—
Net Income	5,330	5,010	(320)	94.0%
(% Sales)	8.4%	7.6%	(0.8)%	—
JPY – 1 USD	109.04	107.00	(2.04)	—
JPY – 1 Euro	122.06	120.00	(2.06)	—

【FY2020 Forecast】

- Economic & Market Situation
 - The assumption of exchange rate: JPY gets stronger against USD and EUR, which will reduce sales and profits.
 - Assumption of DSLR cameras and Interchangeable lenses market growth: decreased
- Company's Forecast
 - Although the sales in photographic lens declined, the sales and profits in the other categories are expected to increase despite the higher JPY.



TAMRON

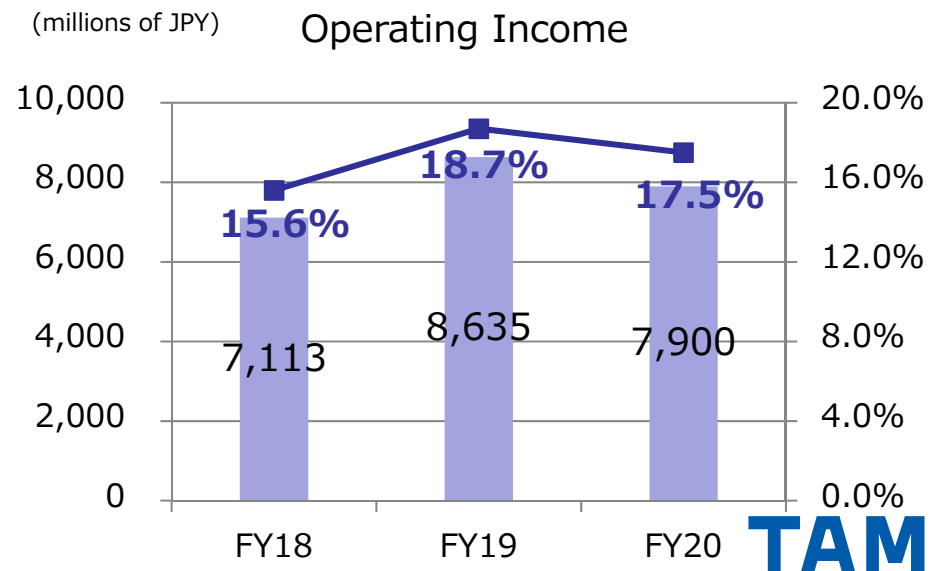
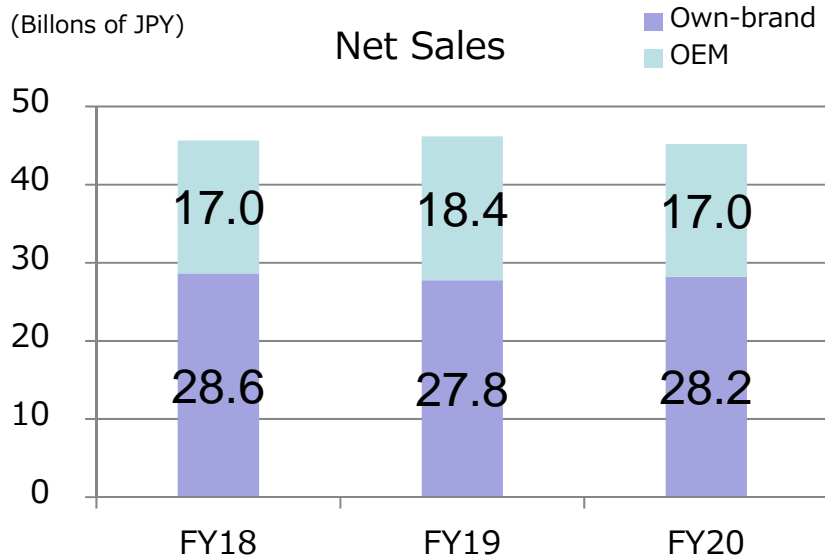
III-2. FY2020 Forecast by Segment

1) Photographic Products

(millions of JPY)

	Actual FY19 (a)	Forecast FY20 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	46,175	45,200	(975)	97.9%
Operating Income	8,635	7,900	(735)	91.5%
(% Sales)	18.7%	17.5%	(1.2)%	—

- The sales and profits are expected to decline due to the continued decline of the markets, Operating profits margin is expected to **keep high level**.
- With newly launched mirrorless models, the sales of own-brand models is expected to **increase the sales** compare to the previous year.



TAMRON

Photographic Products - New Models

Category		Launched in 2018	Launched in 2019	To be Launched in 2020
Mirrorless	Single Fixed		<p>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>In 2020, 5 models are planned. ⇒The two models have already been announced.</p>
	Standard Zoom	<p>Launched in May</p>  <p>28-75mm F/2.8 RXD (A036)</p>		
	Tele Zoom			<p>To be Launched in this spring</p>  <p>70-180mm F/2.8 VXD (A056)</p>
DSLR		<p>Launched in Apr.</p>  <p>70-210mm F/4 VC USD (A034)</p>	<p>Launched in May</p>  <p>35-150mm F/2.8-4 VC OSD (A043)</p>	<p>TAMRON</p>
		<p>Launched in Sep.</p>  <p>17-35mm F/2.8-4 OSD (A037) SP 15-30mm F/2.8 VC USD G2 (A041)</p>	<p>Launched in Jun.</p>  <p>SP 35mm F/1.4 USD (F045)</p>	

Ⅲ-2. FY2020 Forecast by Segment

2) Optical Components

(millions of JPY)

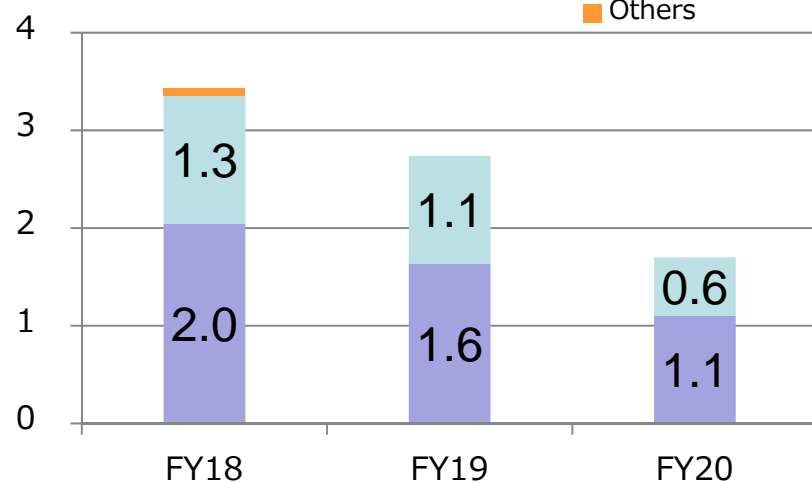
	Actual FY19 (a)	Forecast FY20 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	2,739	1,700	(1,039)	62.1%
Operating Income	137	100	(37)	72.9%
(% Sales)	5.0%	5.9%	0.9%	—

- The sales of DSC/VC is expected to decrease due to the larger decline of the markets.
- Despite of the larger decline sales of DSC/VC and Drone products, the operating margin is expected to **achieve 5% by** the improvement in its operational efficiency.

(Billions of JPY)

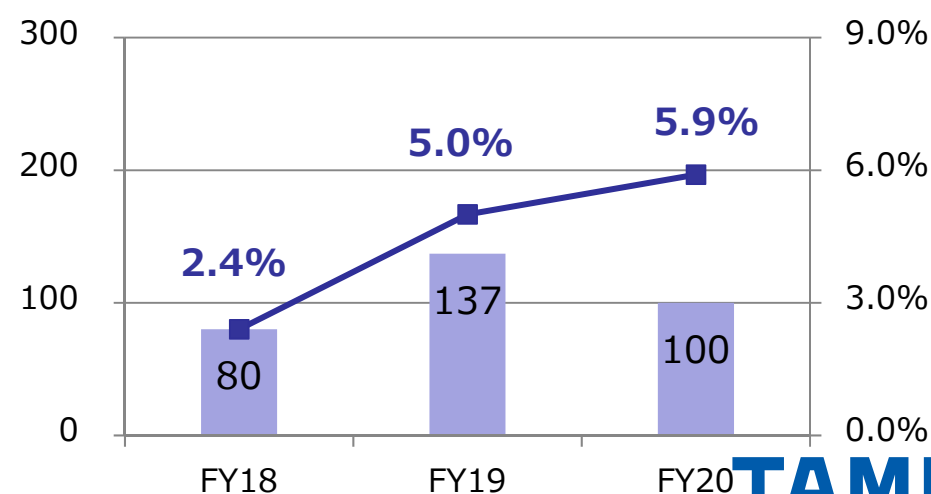
Net Sales

■ DSC/VC ■ Drone ■ Others



(millions of JPY)

Operating Income



TAMRON

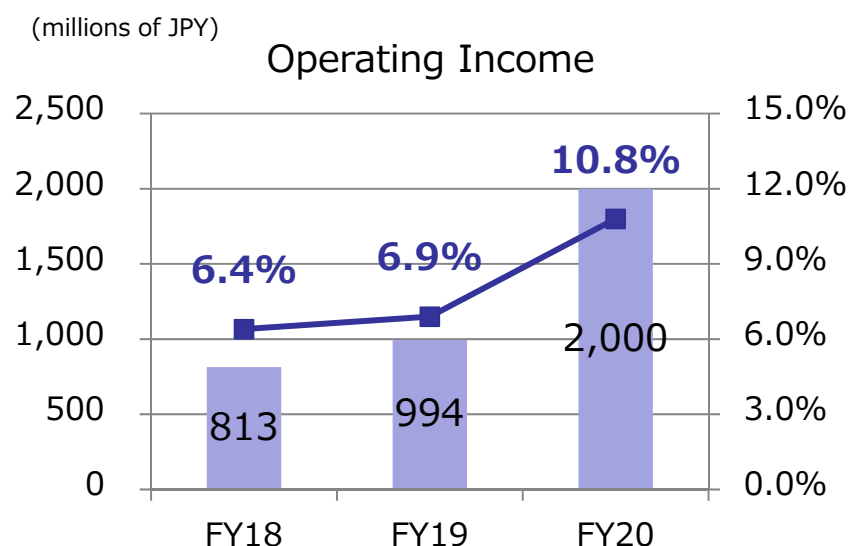
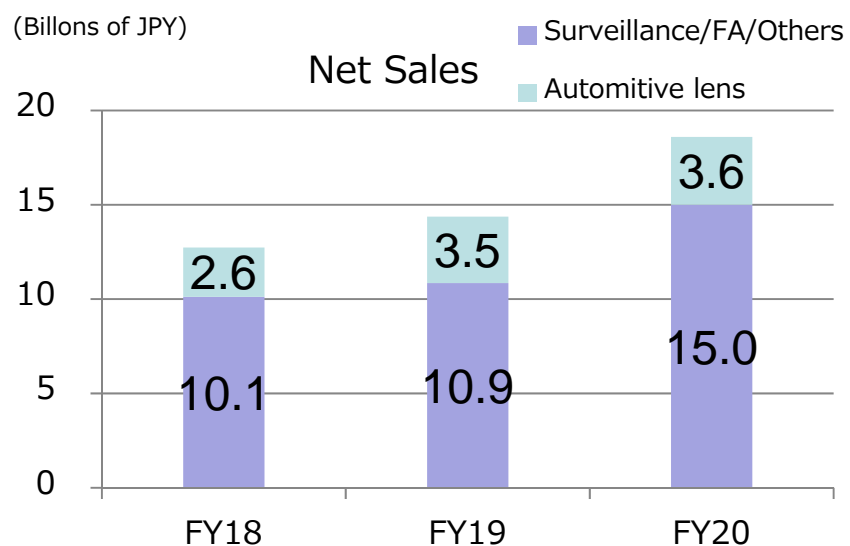
Ⅲ-2. FY2020 Forecast by Segment

3) Commercial / Industrial-Use Optics

	Actual FY19 (a)	Forecast FY20 (b)	Inc / Dec	
			(b)-(a)	%
Net Sales	14,370	18,600	4,229	129.4%
Operating Income	994	2,000	1,005	201.1%
(% Sales)	6.9%	10.8%	3.9%	—

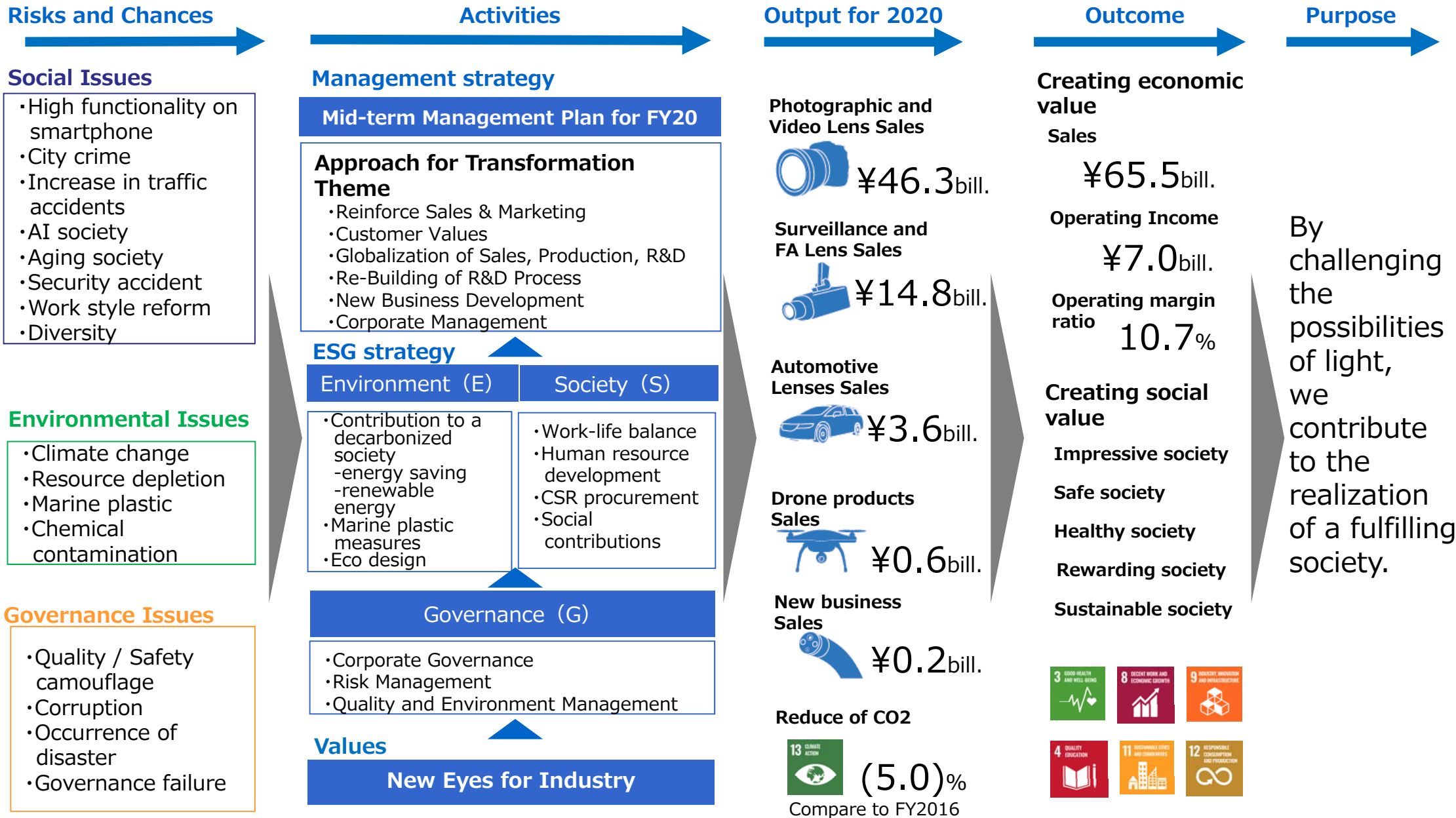
(millions of JPY)

- Sales of Surveillance and FA Lens are expected to **increase by 40%** due to the growth of the markets, and are also expected to mark the highest sales ever.
- Automotive Lens sales continue to increase. (despite a slowdown in growth due to the effects of a partial stagnation in the automotive market)
- Operating income has doubled and Profit ratio reaches 10% level.



TAMRON

III-3. Activities for ESG



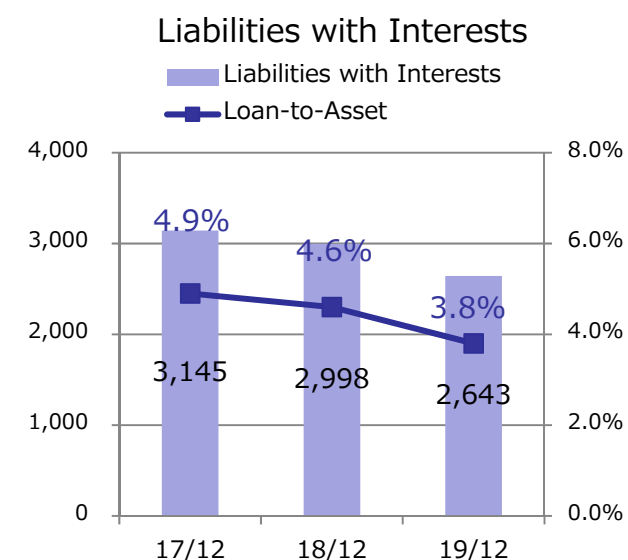
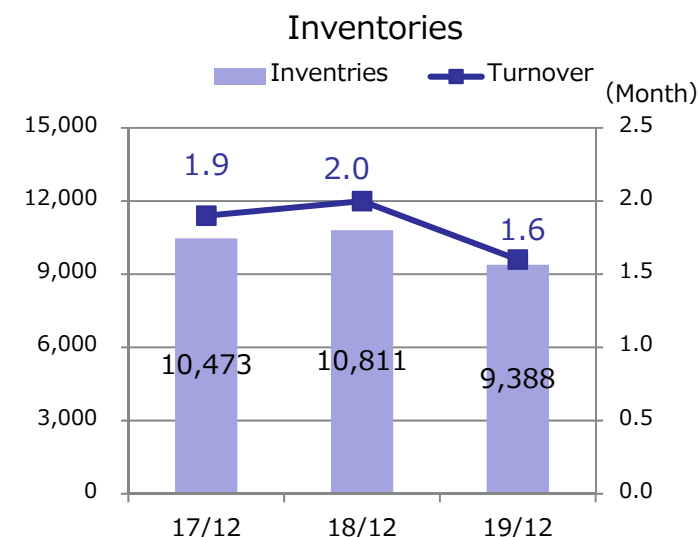
IV. Reference Data

TAMRON

IV- 1 . Financial Summary

(millions of JPY)

	Dec 31, 2018 (a)	Dec 31, 2019 (b)	Change (b)-(a)
Cash & Deposits	22,438	28,384	5,946
Notes & Accounts Receivable	13,407	12,907	(500)
Inventories	10,811	9,388	(1,423)
Other Current Assets	1,143	982	(160)
Non-Current Assets	16,903	17,634	731
Total Assets	64,704	69,287	4,592
Total Current Liabilities	11,553	12,299	746
Total Non-Current Liabilities	2,299	2,458	159
Total Net Assets	50,852	54,539	3,686
Total Liabilities & Net Assets	64,704	69,297	4,592
Ratio of Net Assets	78.6%	78.7%	0.1%

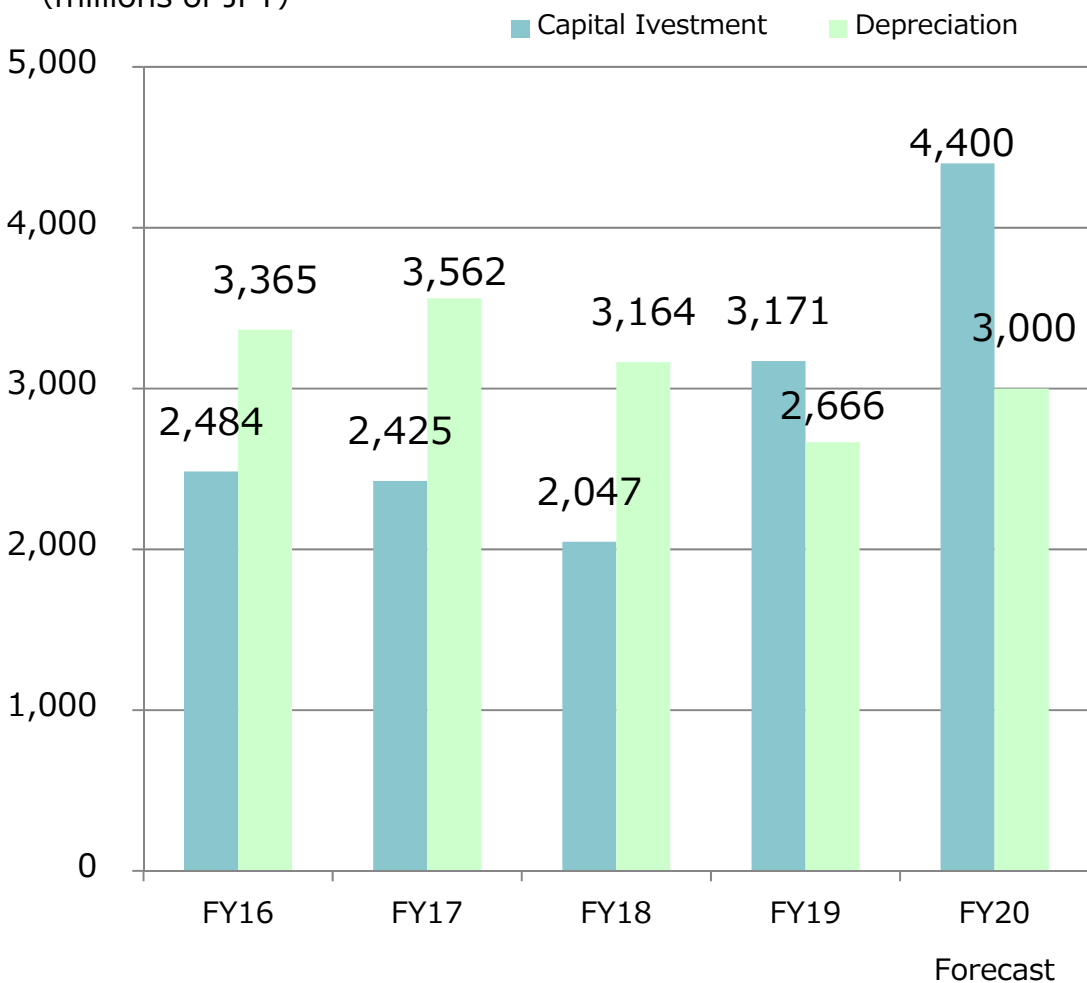


TAMRON

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

Capital Investment & Depreciation

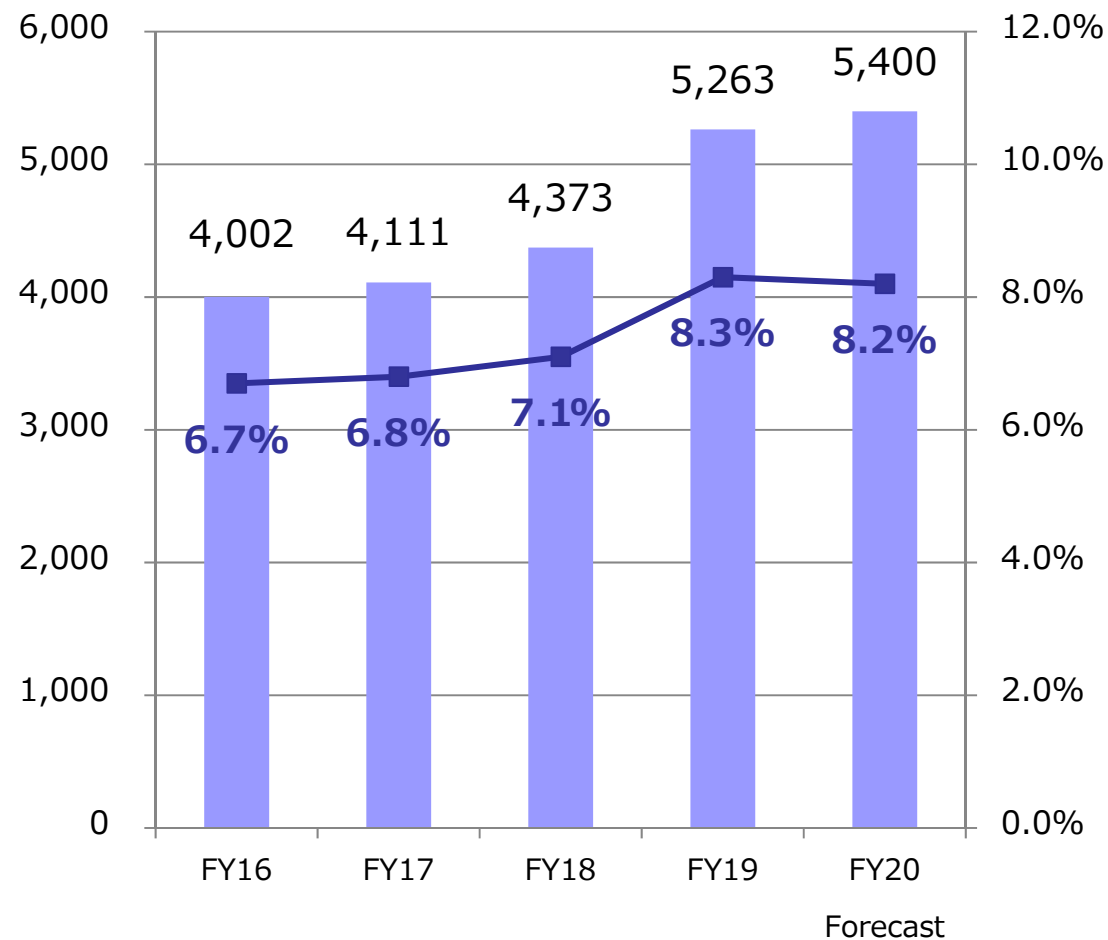
(millions of JPY)



Research & Development Expenses

(millions of JPY)

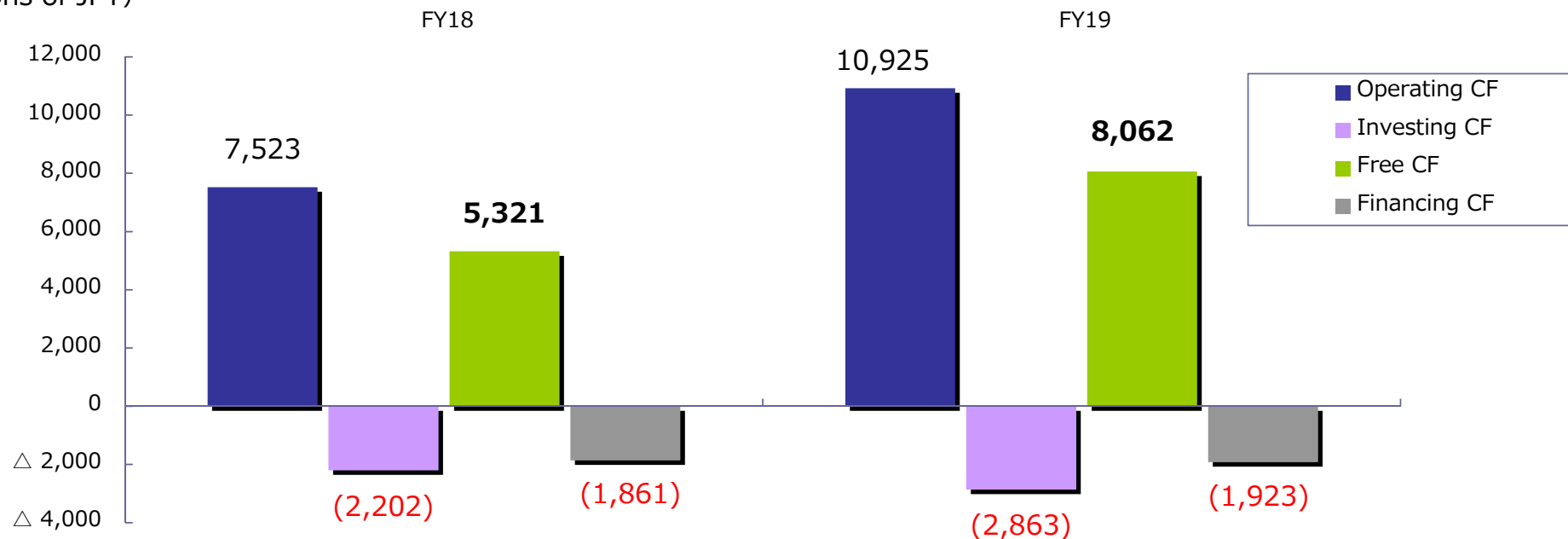
(Ratio of R&D Expenses / Net Sales)



TAMRON

IV- 3 . Cash Flow Situation

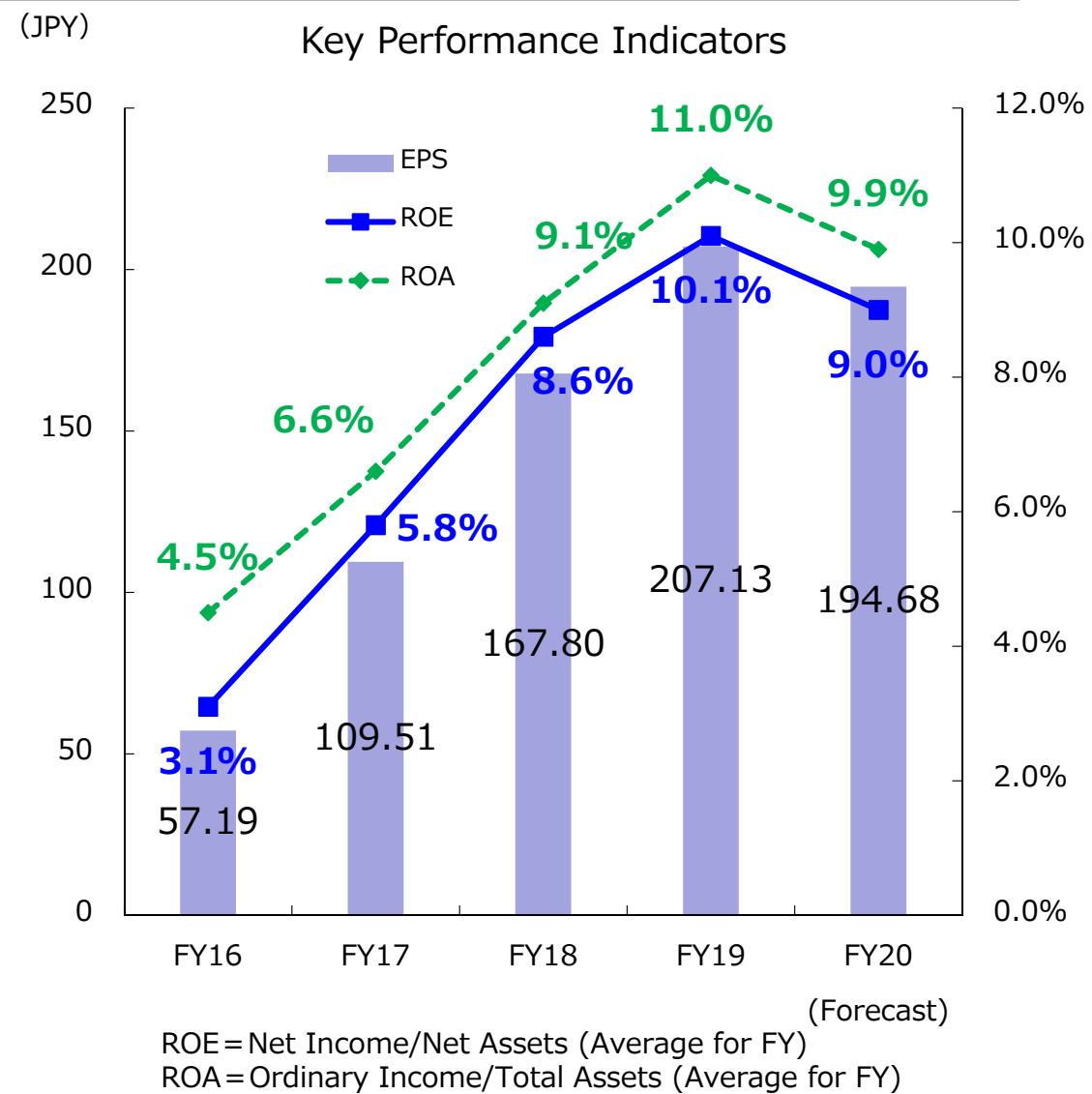
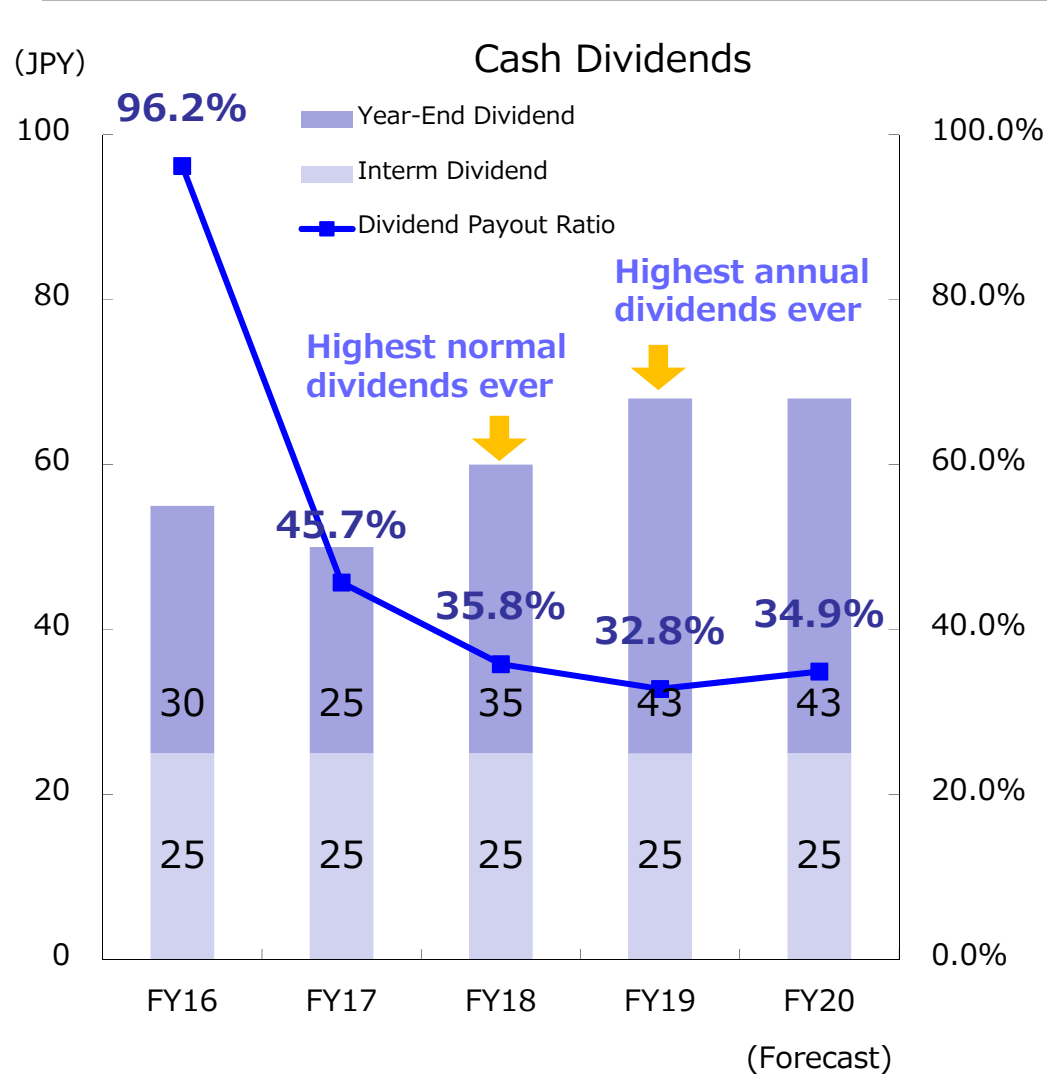
(millions of JPY)



	FY18	FY19
Cash Flow from Operating Activities	7,523	10,925
Cash Flow from Investing Activities	(2,202)	(2,863)
Free Cash flow	5,321	8,062
Cash Flow from Financing Activities	(1,861)	(1,923)
Cash & Cash Equivalents at the End of Period	22,438	28,384

TAMRON

IV-4 . Cash Dividends Outlook & Key Performance Indicators



Dividend Policy

- Dividend Payout Ratio Target: 35% (Consolidated)
- Keep Stable Dividend

TAMRON

IV- 5 . Impact of Foreign Exchange Rate Fluctuations

FY2019

(JPY)

(millions of JPY)

	Exchange Rate		Impact	
	Actual FY18	Actual FY19	Net Sales	Operating Income
USD	110.45	109.04	(590)	(90)
EUR	130.38	122.06	(610)	(510)
Others	-	-	(270)	(60)
Total	-	-	(1,470)	(660)

(Impact on FY2018 Actual performance)

Forecast FY2020

(JPY)

(millions of JPY)

	Exchange Rate	Impact of ¥1 appreciation	
	Assumption FY20	Net Sales	Operating Income
USD	107.00	(330)	(20)
EUR	120.00	(80)	(70)

TAMRON

Disclaimer

1. The purpose of this material is to provide information on the actual results for FY2019 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.

TAMRON