

Agenda

I . Nikon Group Goals and Challenges

II . Financial Targets

III . Return to Shareholders

Semiconductor

Gradual growth of devices
Continued investment-cut by
device manufacturer

Automotive

Continuous growth in medium term
Main item in large durable products

LCD Panel

Steady growth of small/mid-sized panels
Gradual growth of large-sized panels

Medical

Growth in medium term
Rapid expansion of stem cell related business,
developing into a new business model

Smartphone

Expansion of low-priced products
Impact on C-DSC market

Business Environment of Each Company:

Precision Equipment

IC steppers/scanners expect to regain growth in 2nd half of FY2014/3.

LCD steppers/scanners for small/medium-sized panels show steady performance in FY2014/3 while recovery for large panels is expected in and after 2014.

Imaging

Markets of digital camera—interchangeable lens type keep growing.

Compact camera markets seem matured in advanced countries, but potential growth remains in emerging nations.

Instruments

Live cell imaging and non-contact 3D metrology system are growing each in bioscience and industrial instruments businesses.

Expansion of Asian markets continue.

Nikon Group will provide new value and continue to growth.

Further expand the Nikon brand

Realize robust corporate characteristics able to respond to changes in the business climate in a flexible and timely manner

Forge the leading position in existing businesses.

Accelerate development of new businesses focusing on analysis/diagnosis in health/medical fields.

Recognize the importance of CSR and will contribute to the sustainable development of society

1. Strengthening existing businesses

Cost reduction

Better supply chain management (SCM)

Differentiating products

2. Promotion of new business development

Objectives

- Increase an earning power by reducing leadtime and cost
- Expand the market share of immersion steppers/scanners
- Maintain the large market share of LCD steppers/scanners

2016/3

	Market		Target
IC Steppers & Scanners	Approx. 230 units Immersion: 40%	· · · · · ·	Immersion share: 30%
LCD Steppers & Scanners	Approx. 70 units Recovered investment for: large-sized panels	· · · · ·	Market Share: 70% or more

IC

- Raise product competitiveness
- Expand sales by developing new customers
- Promote leadtime reduction
- Develop ArF immersion scanners designed for 450 mm wafer in advance

LCD

- Raise product competitiveness by launching new products with higher resolution
- Improve profitability by reducing cost
- Establish flexible manufacturing system

Challenges

Prevent a surplus of inventory and over-supply to avoid unit price dropping

- Improve SCM to compress inventory

Make radical improvement of cost competitiveness

- Platform design
- Procurement cost reduction
- Automated production
- Efficient spending of sales expenses and R&D cost

Objectives

- Successive launching of products that are clearly differentiated in terms of technologies and marketing capabilities.
- Establish brand and secure leading positions in emerging nations
- Achieve 15% operating margin in the year ending March 2016

2016/3

Market

Target

Digital camera –
Interchangeable
Lens Type

24M-26M units
25-35% growth/3yrs

- D-SLR: Improve profitability
- Market Share: 40-45%
- Non-Ref: Expand market
- Market Share: 25-30%

Compact DSC

50M-60M units
15-25% shrink /3yrs

- C-DSC: Secure profitability
- Market Share: 25-30%

Single-lens Reflex DSC (D-SLR)

- Expand product lineup

Strengthen product groups both in DX and FX formats to secure profit.

Non-Reflex Camera (Non-Ref)

- Launch differentiating products

Leverage Nikon 1 that offers new ways of photography enjoyment to continuously attract and gain new customers.

Compact DSC (C-DSC)

- Strengthen the presence as a major player in the matured market which is getting oligopolistic.

Lineup that is tailored to each market

Brand strengthening, sales channel construction

Objectives

- Increase sales to achieve profit
- Focus on emerging nations
- Bioscience: gain leading position in biological microscope field
- Industrial: gain leading position in non-contact metrology system field

2016/3

	Market		Target
Bioscience	Overall bioscience market is getting matured.	·	Gain top share
	Live cell demonstrates growth.	·	Develop new stem cell business.
Industrial instruments	Non-contact metrology system shows sustainable growth	·	Gain leading position in 2D/3D/X-ray metrologies.
		·	Accelerate penetration into emerging nations mainly China.

Bioscience

- Launch differentiating products for advanced research field.
- Expand sales channels for clinical field.

Industrial instruments

- Strengthen sales organization in Asia.
- Expand sales to automotive industry by launching differentiating products

New business development

- Develop new markets using BioStation CT as a core product.
- Depart from hardware sales to value-added sales that includes software.

¥50 billion R&D investment in 3 years

**Health / Medical
Analysis & Diagnosis**

Existing &
Peripheral
Fields

New
Fields

Optics

Precision Control

Image Processing

Core Tech

Inspection

2013/3

1. Selected health/medical as a target for new business development.
2. Identified analysis/diagnosis as areas to tackle and started planning of fundamental development.

**2014/3-
2016/3**

1. Prepare/implement business organizations
Gene-to-cell level image analysis/diagnosis, support system for innovative drug development
2. Start commercialization in the scheduled year