



REVIEW OF OPERATIONS: CONSUMER PRODUCTS

ZOOM

FY2000



Nikon D1

BUSINESS RESULTS

In the fiscal year ended March 31, 2000, divisional sales rose 8.0% to ¥150,288 million, producing operating income of ¥8,912 million.

IMAGING PRODUCTS

In single-lens reflex (SLR) cameras, sales of the F100 camera for advanced amateur photographers in Japan and overseas rose on the back of the model's growing popularity. The easy-to-use F60 series (N60 in the United States), which is specifically designed for beginners, also sold well in overseas markets. Sales of interchangeable lenses benefited from the introduction of a range of high-performance models with built-in silent-wave motors. In compact cameras, the division launched new products such as the compact, lightweight Advanced Photo System Nuvis 200/300 models. Towards the end of the year, we introduced the shell-type Nuvis S 2000, which combines excellent performance with sleek, fashionable styling. Nevertheless, due to the negative effects of the strong yen on sales in overseas markets and the intensity of sales competition, sales in these product segments actually fell below the level of the previous year.

In contrast, the market for digital cameras continued to expand rapidly. Nikon followed up the success of the COOLPIX 950, which features a 3.OX zoom lens, with the launch of the COOLPIX 800. This model, which is fitted with a 2.OX zoom lens, further strengthened the Nikon model lineup. The division also launched the D1, an SLR digital camera reminiscent of the flagship F5. Delivering high performance at a considerably lower price than other models, the D1 established itself as a popular choice with commercial and professional photographers. As a result, sales of digital cameras more than quadrupled, and, accordingly, the segment proved profitable.



COOLPIX 950



8x25CF TRAVELITE V



Nikon F80

OPHTHALMIC PRODUCTS

In the ophthalmic lens business, Nikon's joint venture with French firm Essilor, Nikon-Essilor Co., Ltd., commenced operations in January 2000. In binocular and telescope products, the TRAVELITE V series of compact binoculars, which employ aspherical lenses, performed well in overseas markets. In addition, models such as the Naturescope Fabre (Fieldmicroscope in overseas markets) series of portable microscopes were well received. Used to measure distances, the new Laser 800 laser-range finders also began to carve out a fresh market for Nikon. However, most of the increases in revenues as a result of these initiatives were offset by the strength of the yen, with the result that overall sales were on a par with the previous year.

OUTLOOK

The introduction of the F80 (N80 in the United States) and COOLPIX 990 models in April 2000 promise to augment sales and profits. The division will continue to work to expand sales and raise profitability.



BUSINESS RESULTS

In the fiscal year ended March 31, 2000, healthy sales of steppers contributed to a 33.0% rise in divisional sales to ¥221,513 million. This produced operating income of ¥9,522 million.

SEMICONDUCTOR MANUFACTURING-RELATED EQUIPMENT

Surging demand for semiconductors used in mobile telephones and advanced video game consoles helped the semiconductor market stage a sharp recovery in the second half of the year. All the major semiconductor manufacturers quickly raised capital investment levels to increase their production capacity for both the latest and next-generation integrated circuits (ICs). In response, Nikon also boosted production capacity in relation to steppers.

The division worked to expand sales of main stepper models, such as the NSR-S203B and NSR-S204B Step-and-Repeat KrF Excimer Scanning Systems. These are superior to earlier generations in their ability to mass manufacture ICs with ultra-high-precision circuitry—specifically, sub-0.18 μ m minimum-pattern linewidth. In tandem, Nikon promoted the NSR-S302A Step-and-Repeat ArF Excimer Scanning Systems, which are able to produce ICs with finer patterns for R&D applications. The division also began taking orders for the newly developed NSR-SF100 i-line stepper. Used in combination with excimer steppers, this machine can contribute to higher overall manufacturing productivity.

In flat-panel display exposure systems, Nikon adapted our products to handle a broader variety of LCD panels and larger panel sizes. Sales in this segment increased as a result of continued strong capital investment by overseas LCD panel manufacturers.

A rationalization of the product lineup reduced sales of IC inspection systems. However, Nikon also started taking orders for the NRM-1000 model, which combines inspection functions with the ability to monitor and manage lithographic precision with the latest IC devices. This advanced capability results in higher precision and throughput for chip manufacturers.



NSR-S204B



NRM-1000



ECLIPSE E200

MICROSCOPES AND MEASURING INSTRUMENTS

Sales of biological microscopes faltered both in Japan and the United States, despite the launch of new models of the ECLIPSE series, which uses CF160 infinity optics. In industrial microscopes, the recovery in semiconductor-related demand helped boost demand for stereoscopic microscopes, particularly in Asian markets. The year saw the launch of the NEXIV VMH-300N computerized numerical control video measuring instruments, which boasts the highest measuring precision of any machine in its class. However, overall sales of measuring instruments fell below the level of the previous year in view of slumping demand in Western markets.

In October 1999, Nikon spun off surveying instruments operations as an independent company, Nikon Geotecs Co., Ltd. This move was designed to improve management efficiency, raise the market responsiveness of operations, and thereby improve earnings.

OUTLOOK

The Nikon Group is responding to rising stepper demand by boosting production capacity—for example, cleanroom facilities have been expanded at both the Kumagaya Plant and at Tochigi Nikon Corporation. In addition, to support higher sales and service the projected increased in demand for steppers in the fast-growing Southeast Asian market, Nikon established a local sales and customer service support company, Nikon Precision Singapore Pte Ltd in May 2000.