

January 31, 2018

Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2018
<under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <http://www.ushio.co.jp/en>
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Scheduled date to file Quarterly Securities Report: February 9, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2018
(from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months ended								
December 31, 2017	129,797	3.8	8,586	49.8	10,820	34.1	8,504	39.7
December 31, 2016	124,989	(7.1)	5,733	(45.4)	8,069	(38.2)	6,087	(36.2)

(Note) Comprehensive income

For the first nine months ended December 31, 2017: ¥16,990 million [75.5%]

For the first nine months ended December 31, 2016: ¥9,682 million [4.1%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
First nine months ended				
December 31, 2017	66.56		–	
December 31, 2016	47.58		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2017	325,135		226,788		69.7	
March 31, 2017	308,430		213,289		68.9	

(Reference) Equity

As of December 31, 2017: ¥ 226,491 million

As of March 31, 2017: ¥ 212,645 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	–	–	26.00	26.00
Fiscal year ending March 31, 2018	–				
Fiscal year ending March 31, 2018 (Forecast)		–	–	26.00	26.00

(Note) Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	180,000	4.1	10,000	16.2	11,500	4.5	11,000	56.2	86.10

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Application of a specific accounting procedure for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - a. Changes in accounting policies due to revisions to accounting standards: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements: None
- (4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2017	139,628,721 shares
As of March 31, 2017	139,628,721 shares

b. Number of shares of treasury shares at the end of the period

As of December 31, 2017	11,865,656 shares
As of March 31, 2017	11,867,972 shares

c. Average number of outstanding shares during the period

As of December 31, 2017	127,762,946 shares
As of December 31, 2016	127,958,739 shares

(Note) The Company's shares held in trust introduced with respect to its stock remuneration plan for directors as treasury shares within shareholders' equity are included in the number of treasury shares.

* Indication regarding execution of the quarterly review procedures

This quarterly earnings report is exempted from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the quarterly review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

* Notes on the proper use of earnings forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on January 31, 2018.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	63,963	73,319
Notes and accounts receivable - trade	42,349	43,768
Securities	8,342	5,345
Merchandise and finished goods	28,369	28,144
Work in process	10,301	14,525
Raw materials and supplies	13,750	14,561
Deferred tax assets	4,789	2,977
Other	9,577	10,069
Allowance for doubtful accounts	△1,110	△1,141
Total current assets	180,334	191,571
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,515	43,375
Accumulated depreciation	△23,742	△24,357
Buildings and structures, net	19,773	19,017
Machinery, equipment and vehicles	22,935	24,028
Accumulated depreciation	△18,110	△19,350
Machinery, equipment and vehicles, net	4,824	4,678
Land	9,577	9,406
Construction in progress	2,753	2,073
Other	29,913	32,555
Accumulated depreciation	△22,031	△24,206
Other, net	7,881	8,349
Total property, plant and equipment	44,809	43,525
Intangible assets		
Goodwill	3,788	3,236
Other	5,434	5,266
Total intangible assets	9,223	8,503
Investments and other assets		
Investment securities	67,923	73,874
Long-term loans receivable	21	19
Deferred tax assets	1,033	397
Net defined benefit asset	30	4,022
Other	5,166	3,327
Allowance for doubtful accounts	△112	△106
Total investments and other assets	74,062	81,535
Total non-current assets	128,096	133,564
Total assets	308,430	325,135

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,859	21,048
Short-term loans payable	5,763	8,154
Current portion of long-term loans payable	4,701	1,962
Income taxes payable	1,163	1,066
Deferred tax liabilities	92	105
Provision for bonuses	2,050	1,171
Provision for product warranties	2,100	2,280
Provision for loss on order received	31	112
Other	21,830	21,035
Total current liabilities	54,592	56,938
Non-current liabilities		
Long-term loans payable	17,307	19,677
Deferred tax liabilities	6,459	12,311
Provision for directors' retirement benefits	553	539
Provision for directors' stock payments	123	162
Net defined benefit liability	9,960	3,047
Asset retirement obligations	229	233
Other	5,914	5,436
Total non-current liabilities	40,548	41,408
Total liabilities	95,141	98,347
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	27,772	27,771
Retained earnings	155,545	160,720
Treasury shares	△17,216	△17,211
Total shareholders' equity	185,658	190,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,407	31,975
Deferred gains or losses on hedges	△26	△26
Foreign currency translation adjustment	3,135	7,199
Remeasurements of defined benefit plans	△6,529	△3,492
Total accumulated other comprehensive income	26,987	35,655
Non-controlling interests	643	296
Total net assets	213,289	226,788
Total liabilities and net assets	308,430	325,135

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	124,989	129,797
Cost of sales	81,045	82,879
Gross profit	43,943	46,918
Selling, general and administrative expenses	38,210	38,332
Operating profit	5,733	8,586
Non-operating income		
Interest income	550	910
Dividend income	1,277	1,405
Realized and unrealized profit on trading securities, net	399	497
Gain on specified money in trust	350	136
Gain on investments in partnership	—	13
Other	347	177
Total non-operating income	2,927	3,140
Non-operating expenses		
Interest expenses	222	365
Foreign exchange losses	312	460
Share of loss of entities accounted for using equity method	6	11
Other	48	68
Total non-operating expenses	590	906
Ordinary profit	8,069	10,820
Extraordinary income		
Gain on sales of non-current assets	417	168
Gain on sales of investment securities	1,481	1,009
Gain on transfer of benefit obligation relating to employees' pension fund	—	6,024
Gain on step acquisitions	—	28
Total extraordinary income	1,899	7,232
Extraordinary losses		
Loss on retirement of non-current assets	56	237
Loss on sales of non-current assets	20	0
Impairment loss	—	135
Loss on sales of investment securities	7	49
Loss on valuation of investment securities	—	126
Loss on sales of shares of subsidiaries and associates	—	176
Special retirement expenses	10	348
Office transfer expenses	134	—
Business structure improvement expenses	554	—
Total extraordinary losses	784	1,074
Profit before income taxes	9,184	16,978
Income taxes - current	2,100	2,395
Income taxes - deferred	1,097	6,276
Total income taxes	3,198	8,672
Profit	5,985	8,305
Loss attributable to non-controlling interests	△ 101	△ 198
Profit attributable to owners of parent	6,087	8,504

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	5,985	8,305
Other comprehensive income		
Valuation difference on available-for-sale securities	△57	1,568
Deferred gains or losses on hedges	△27	0
Foreign currency translation adjustment	1,694	4,078
Remeasurements of defined benefit plans, net of tax	2,087	3,036
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	3,697	8,685
Comprehensive income	9,682	16,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,796	17,173
Comprehensive income attributable to non-controlling interests	△113	△182

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First nine months of the fiscal year ended March 31, 2017 (from April 1, 2016 to December 31, 2016)

Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	53,597	68,900	122,497	2,491	124,989	-	124,989
Inter-segment sales or transfer among segment	1,377	128	1,505	9	1,514	(1,514)	-
Total	54,974	69,028	124,002	2,501	126,503	(1,514)	124,989
Segment profit(loss)	5,484	(47)	5,437	1	5,438	294	5,733

(Notes) 1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.

2. “Adjustment” refers to eliminations of inter-segment transactions.

3. Segment profit(loss) is adjusted with operating income in the quarterly consolidated statements of income.

II. First nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	54,770	72,883	127,654	2,143	129,797	-	129,797
Inter-segment sales or transfer among segment	1,384	43	1,427	22	1,450	(1,450)	-
Total	56,155	72,926	129,081	2,166	131,247	(1,450)	129,797
Segment profit	7,975	415	8,391	119	8,511	75	8,586

(Notes) 1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.

2. “Adjustment” refers to eliminations of inter-segment transactions.

3. Segment profit is adjusted with operating income in the quarterly consolidated statements of income.