

FY2013 Financial Results

USHIO INC.

May. 9, 2014

This report contains forward-looking statements, including earnings forecasts, which are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Please be advised that actual results may differ substantially from those forward-looking statements due to various factors.

* All figures in the material have been rounded down to the nearest billion yen.

USHIO

Lighting—Edge Technologies



Thank you
50th Anniversary

- I. Financial Results for FY2013**
- II. Forecasts for FY2014
- III. Medium-Term Plan
- IV. Medium-Term Plan Reference Materials
- ※ Supplementary Information

Highlights of Financial Results for FY2013

Top- and bottom-line growth, with consolidated net sales up 10.0% YoY to ¥157.8 billion and consolidated operating income up 59.7% to ¥12.1 billion.

Equipment	Imaging	Brisk sales in general imaging and non-cinema imaging equipment despite lower cinema imaging equipment sales.
	Optical	Slightly lower sales as growth in sales of exposure equipment for electronic components struggled, coupled with business contraction in EUV light sources for photolithography. Sales of optical aligners for LCD panel manufacturing now in full swing.
Light Sources	Discharge	Continuation of strong performance, with firm growth in UV lamps for photolithography and maintenance of high share of xenon lamps for cinema projectors.
	Halogen	Strong sales backed by high share of equipment for the office automation (OA) field.

- In terms of future performance improvement, projected ratio to net sales of 5.7% through aggressive investment in R&D yielding new technologies and products that will spur expansion in business scope.
- Dividend is ¥26 (includes ¥4 increase in dividend to commemorate the Company's 50th anniversary).

Summary of Financial Results 4Q FY2013



(Billions of yen)	FY12	FY13	YoY		FY12	FY13	YoY	
	1-4Q	1-4Q	Changes	%	4Q	4Q	Changes	%
Net Sales	143.4	157.8	+14.3	+10.0	37.6	43.9	+6.2	+16.5
Operating Income	7.5	12.1	+4.5	+59.7	2.1	3.6	+1.4	+67.3
Operating Income Ratio (%)	5.3	7.7	+2.4P	-	5.8	8.3	+2.5P	-
Ordinary Income	10.5	15.9	+5.3	+50.9	4.2	3.7	▲0.5	▲12.2
Net Income	7.1	10.7	+3.6	+50.5	4.0	1.5	▲2.5	▲61.8
EPS (Yen)	54.57	82.19			31.08	11.89		
Forex (Yen)								
USD	83	100			93	103		
EUR	107	135			122	140		

Annual Forex Sensitivity (Billions of Yen)	Net Sales	Operating Income	Ordinary Income
USD	1.0	0.2	0.2

Financial Results Trend 《Quarterly Comparison》

(Billions of Yen)	1Q	2Q	3Q	4Q	QoQ	
					Changes	%
Net Sales	35.4	40.2	38.1	43.9	+5.7	+15.1
Operating Income	2.2	3.5	2.6	3.6	+0.9	+37.9
Operating Income Ratio (%)	6.4	8.8	6.9	8.3	+1.4P	-
Ordinary Income	3.4	4.2	4.4	3.7	▲0.7	▲16.2
Net Income	3.0	2.1	4.0	1.5	▲2.5	▲61.7
EPS (Yen)	23.28	16.06	30.94	11.89		
Forex (Yen)						
USD	99	98	102	103		
EUR	130	131	140	140		

Financial Results by Business Segments

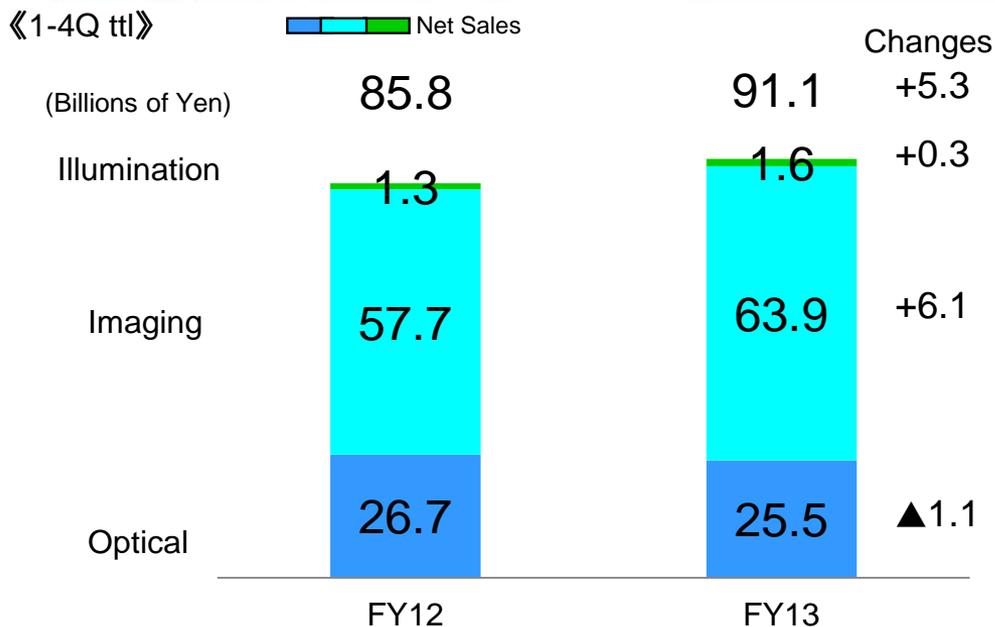


(Billions of Yen)		FY12	FY13	YoY		FY12	FY13	YoY	
Business Segments		1-4Q	1-4Q	Changes	%	4Q	4Q	Changes	%
Equipment	Net Sales	85.8	91.1	+5.3	+6.2	22.2	25.8	+3.5	+15.8
	Operating Income	1.1	2.5	+1.3	+119.1	0.3	▲0.1	▲0.4	-
	Operating Income(%)	1.3	2.8	+1.4P	-	1.4	▲0.7	▲2.1P	-
Light Sources	Net Sales	54.3	63.5	+9.2	+17.0	14.5	16.9	+2.4	+16.6
	Operating Income	6.1	9.3	+3.1	+51.5	1.9	3.8	+1.8	+95.8
	Operating Income(%)	11.4	14.8	+3.4P	-	13.3	22.4	+9.1P	-
Others	Net Sales	3.2	3.0	▲0.2	▲7.6	0.8	1.1	+0.2	+35.1
	Operating Income	0.1	0.0	▲0.0	▲29.2	0.0	0.0	▲0.0	▲33.5
	Operating Income(%)	3.4	2.6	▲0.8P	-	2.8	1.4	▲1.4P	-

Note : Net Sales indicates sales to unaffiliated customers.

Operating income ratio indicates the ratio of operating income against sales to unaffiliated customers.

Equipment Business Segment 《Net Sales》



Imaging

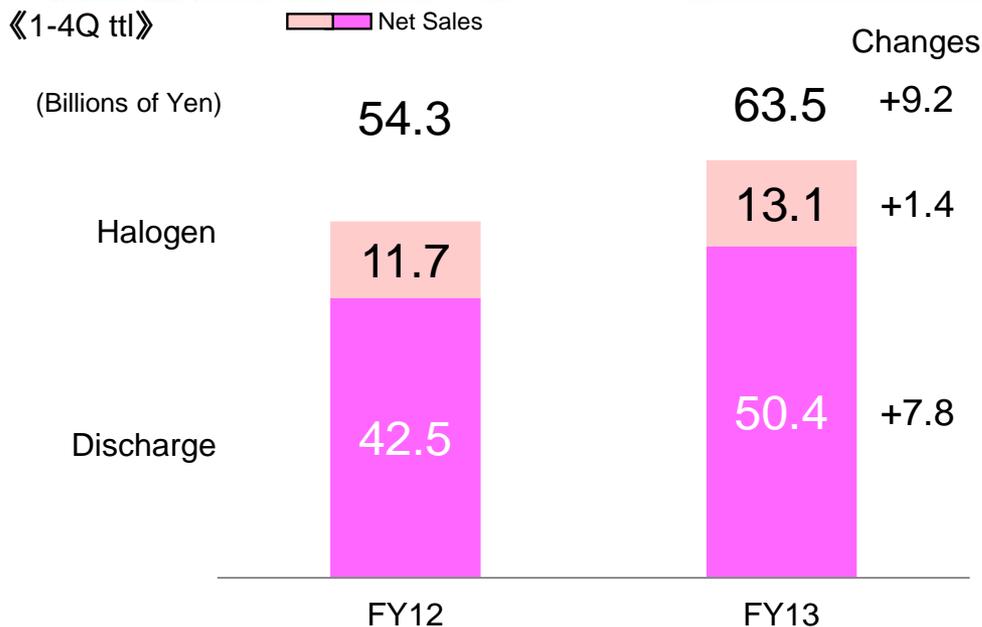
Both YoY and QoQ growth in general imaging equipment outweighed a slight decrease in cinema equipment.

Optical

Full-scale shipments of optical aligners launched from 2Q. Lower sales YoY reflected weaker investment in exposure equipment for electronic components, coupled with EUV business contraction. QoQ, sales grew by a wide margin, with inspection sales concentrated due to seasonal factors.

《YoY》		FY12	FY13	YoY	《QoQ》		3Q	4Q	QoQ
(Billions of Yen)		1-4Q	1-4Q		(Billions of Yen)				
Net Sales	Imaging	57.7	63.9	+6.1	Net Sales	Imaging	17.1	15.6	▲1.5
	Optical	26.7	25.5	▲1.1	Optical	Optical	3.7	9.4	+5.6
	Illumination	1.3	1.6	+0.3	Illumination	Illumination	0.3	0.7	+0.4
Total		85.8	91.1	+5.3	Total	Total	21.2	25.8	+4.5

Light Sources Business Segment 《Net Sales》



Discharge
Sales growth both YoY and QoQ notably for xenon lamps for cinema projectors, lamps for data projectors, and UV lamps.

Halogen
Sales increase YoY in equipment for the OA field, heaters and areas.

《YoY》		FY12	FY13	YoY	《QoQ》		3Q	4Q	QoQ
(Billions of Yen)		1-4Q	1-4Q		(Billions of Yen)				
Net Sales	Discharge	42.5	50.4	+7.8	Net Sales	Discharge	13.0	13.5	+0.5
	Halogen	11.7	13.1	+1.4	Net Sales	Halogen	3.2	3.3	+0.1
Total		54.3	63.5	+9.2	Total		16.2	16.9	+0.7

Note : Net Sales indicates sales to unaffiliated customers.

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Forecast for FY2014

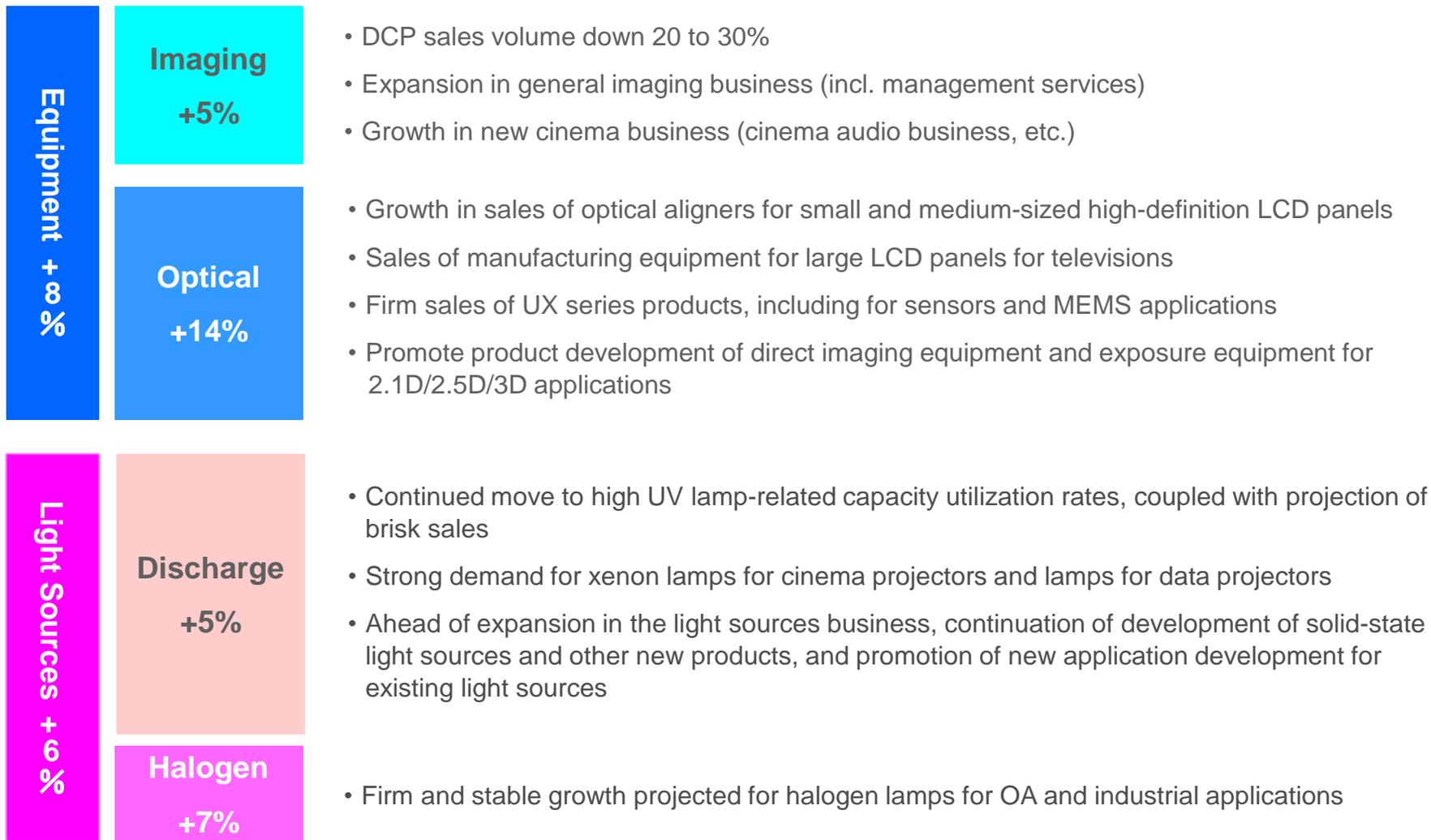
(Billions of Yen)	FY13 (Actual Results)	FY14 (Forecast)	YoY (Changes)	2Q/FY13 (Forecast)
Net Sales	157.8	170.0	+12.1	78.0
Operating Income	12.1	14.0	+1.8	5.5
Operating Income (%)	7.7	8.2	+0.6P	7.1
Ordinary Income	15.9	16.0	+0.0	6.6
Net Income	10.7	11.0	+0.2	5.0
EPS (Yen)	82.19	84.03	+1.84	38.20
ROE (%)	6.0	5.7	▲0.3P	2.7
Dividend (Yen)	26	24	▲2	-
Payout Ratio (%)	31.6	28.6	▲3P	-
Capital Expenditures	7.8	8.0	+0.1	-
Depreciation and Amortization	5.0	5.5	+0.4	-
R&D Expenses	8.9	10.5	+1.5	-
Forex (Yen)				
USD	100	100	-	100
EUR	135	130	-	130

Forecasts of Net Sales for FY2013 (by Business Segments)



(Billions of Yen)		FY13 (Actual Results)	FY13 (Forecast)	YoY (Changes)
Equipment	Imaging	63.9	67.0	+3.1
	Optical	25.5	29.1	+3.6
	Illumination	1.6	2.4	+0.8
	Total	91.1	98.5	+7.4
Light Sources	Discharge	50.4	53.0	+2.5
	Halogen	13.1	14.0	+0.9
	Total	63.5	67.0	+3.5
Others	Machinery for Industrial Use and Other Business	3.0	4.5	+1.5
Total		157.8	170.0	+12.2

Business Outlook for Key Sub-segments



*Rate of increase versus FY13

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Medium-Term Plan Unveiled in 2013 (Targets for the Year Ending March 2017 (FY2016))



Objectives for FY 2016 (ending March 31, 2017)

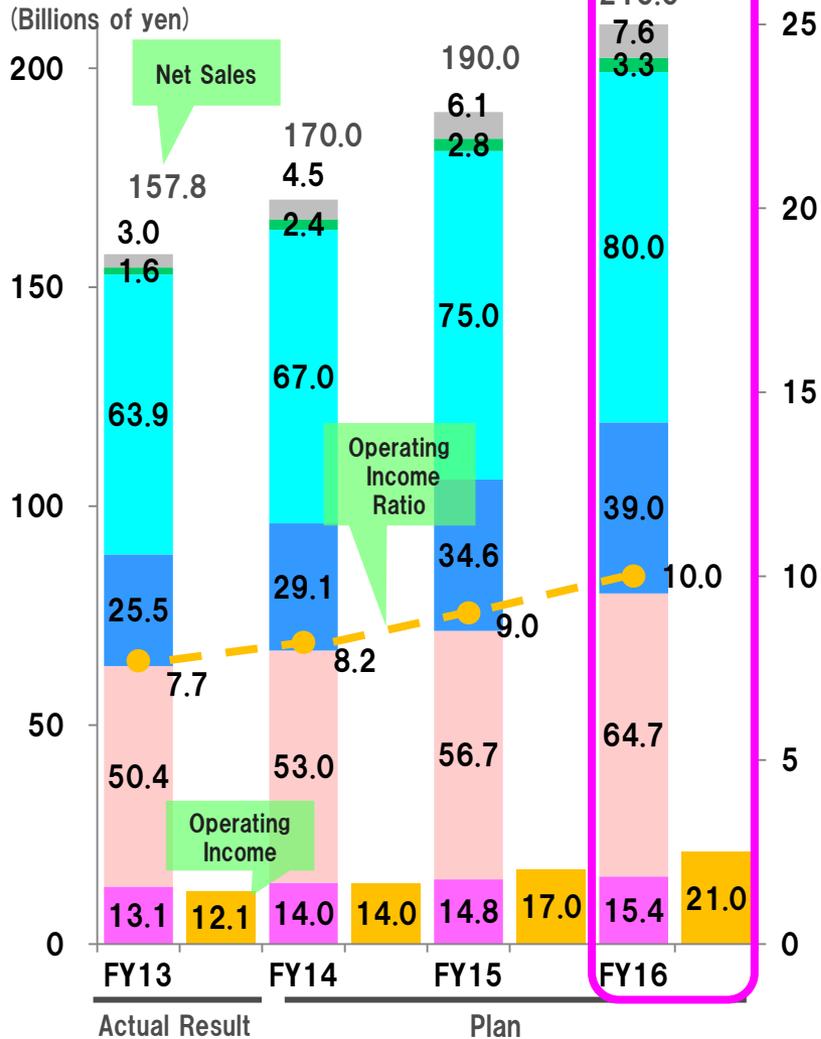
Net Sales	210 billion yen	(157.8 billion yen)
Operating Income	21 billion yen	(12.1 billion yen)
Operating Income Ratio	10%	(7.7%)
ROE	More than 8%	(6.0%)

※ () =FY2013 (Actual Results)

Medium-Term Plan announced in 2014, Sales (by sub-segments) and Operating Income



- Halogen
- Optical
- Illumination and Related Facilities
- Discharge
- Imaging
- Machinery for Industrial Use and Other Business



Segments	Sub-Segments	FY16 Net Sales (Plan)	For the next 3 Years		CAGR (%)
			Amount of increase	Growth Rates (%)	
Equipment	Imaging	80.0	+16.1	25.2	7.8
	Optical	39.0	+13.5	52.9	15.2
	Illumination and Related Facilities	3.3	+1.7	106.3	27.3
	Total	122.3	+31.2	34.2	10.3
Light Sources	Discharge	64.7	+14.3	28.4	8.7
	Halogen	15.4	+2.3	17.6	5.5
	Total	80.1	+16.6	26.1	8.0
Others	Machinery for Industrial Use and Other Business	7.6	+4.6	154.9	36.6
Total		210.0	+52.2	33.1	10.0

	FY16 (Plan)	Amount of increase for the Next 3 Years	Growth Rates for the Next 3 Years(%)
Operating Income	21.0	+8.9	73.4
Operating Income Ratio (%)	10.0	+2.3P	-

Medium-Term Plan: Business Environment Forecasts and Core Initiatives for Key Sub-segments



Equipment +31.7%	Imaging +24%	<ul style="list-style-type: none"> • Maintain share through Solaria compact projectors. Expand new cinema business (“Christie Vive Audio” cinema audio business, etc.) • Growth in general imaging through expansion in imaging applications • Systematic expansion in managed services (Network Operation Center, etc.) and rental business
	Optical +46.4%	<ul style="list-style-type: none"> • Optical aligners for automotive applications and expansion of applications for LCD panels for use in commonplace smartphones • Increased demand in exposure equipment for the FC-CSP field through continued growth in smartphone/tablet-related markets (UX5, direct imaging) • Expanded demand for exposure equipment for 2.1D/2.5D/3D and other applications tracking expansion in the package market accompanying lower power consumption for mobile devices, faster processing speeds and other trends • Expanded demand for exposure equipment accompanying growth related most notably to the wearable and automotive semiconductor markets (UX4) • Promote distinctive and profitable medical businesses
Light Sources +24.8%	Discharge +27%	<ul style="list-style-type: none"> • Maintain and improve quality to retain high market share • Spur development in solid-state light sources and promote commercialization • Seek out new applications and promote commercialization for existing light sources
	Halogen +16.4%	<ul style="list-style-type: none"> • Maintain high share in the OA field • Pursue new applications in the automotive industry and other fields

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1. Equipment

- (1) Imaging
 - a. Christie Vive Audio
 - b. General Imaging

- (2) Optical
 - a. UX Series of Large Field Exposure Equipment
 - b. Optical Aligner
 - c. Biomedical

2. Light Sources

- (1) Solid State Light Sources
 - a. Laser Cinema Projector

- (2) Development of New Applications for Existing Light Sources
 - a. Water Disinfection and Denitration Using UV Light

CHRISTIE® VIVE AUDIO

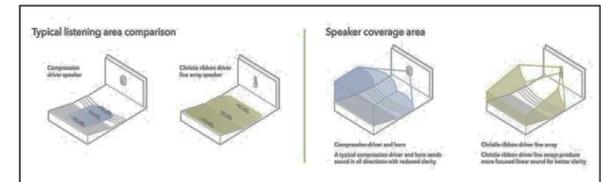


Product Lines

Speakers, Amps, Processors

Features

1. All seats enjoy the same sound level
2. Gentler on the ears even at high volumes
3. Lifelike sound for a fully immersive experience



✓ Changing Audience Needs

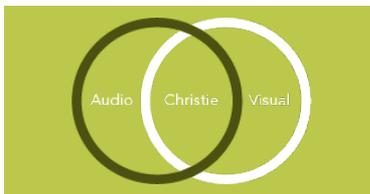
3D, 4K Era Demanding
Realistic Imaging



Era of Fully Dynamic
Imaging and Sound

✓ Strengths of Christie Vive Audio

Sound system comparable to Dolby's groundbreaking new platform Dolby Atmos



Complete
the experience

✓ Adoption Example

Krikorian Theater (L.A., USA),
others



Imaging b. General Imaging

✓ MicroTiles

Tiles : 39x8=312
 Location:
 Paris Headquarters Lobby,
 L'Oreal (installations also
 planned for UK and Germany)



✓ Digital Signage

Location:
 Mercedes-Benz World (UK)



✓ Simulator

Location: Sim JET Training
 Systems (Australia)



✓ Projection Mapping

Projectors : 30 units
 Location:
 SPD Bank (China)



✓ Virtual Reality

Location: Anatomy classes at
 University of Western Ontario
 (Canada)



Optical a. Product Lineup and Applications for UX Series Large Field Exposure Equipment

Large-field Stepper



Next-Generation 2.5D/3D Interposer Stepper
UX7-3DI



Stepper for Manufacturing High Resolution Print Circuit Boards
UX5 Series

FC-BGA

FC-CSP

WL-CSP

TSV

3D packaging

Wafer Bumping

Embedded PCBs

Module Boards

Direct Imaging System



Direct Imaging System for Manufacturing Next-Generation FC-BGA
UDI Series

Full-field Projection



Full-Field Projection Lithography System
UX4 Series

WL-CSP

MEMS

LED Chips

Power Devices

Crystal Oscillators

Optical b. Optical Aligner

Market Trends:
Touch Panel Functionality, Wide Viewing Angles, Trends Among Major Smartphone Producers

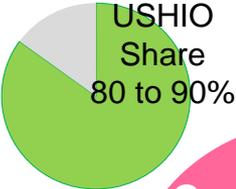
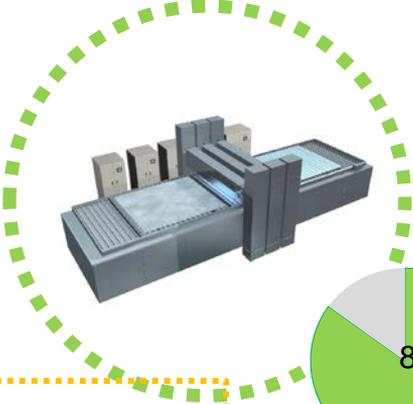


LCD Panel Trends

- ✓ IPS/FFS mode now standard
- ✓ Energy saving
- ✓ High contrast
- ✓ High resolution

3 Major Technology Issues for LCD Panels

Strengths of USHIO Optical Aligners



Reduce costs
Shrink component expenses
Simplify processes
Boost yields

All Core Parts Developed In-house
Lamps, lamp housings, stages, optical components, etc.

Improve Image Quality
Achieve higher resolutions
Improve contrast
Improve response speed

Minimize Environmental Impact
Reduce TV power consumption
Reduce power footprint of factories
Eliminate use of hazardous substances

USHIO optical aligners can resolve these issues simultaneously

Over 15 Years of Development Experience
Expertise, track record in producing high volume of supporting data, patents, collaborations with panel material manufacturers

Unsurpassed Technological Superiority in 3 Key Performance Areas
Exposure (TACT)
Extinction ratio
Uneven polarizing axis

Optical c. Biomedical Business

- ✓ Focus on “phototherapy and light functionality” and “biometrics” businesses
- ✓ “Phototherapy and light functionality” products: Create new business model
- ✓ “Biometrics” products: Develop reagents and consolidate/rationalize production sites
- ✓ Sales strategy targeting the global market

Phototherapy and Light Functionality Products



Therabeam UV308®
(Excimer light phototherapy device)



Therabeam Super Osseo
(for dental implant applications)

*Projected development of a new business model

Biometric Products



Point Reader®
(Blood Analyzer)



Point Reader® V
(for animals)



Onsite Trace
Analysis Kit
(For illegal drug
detection etc)



New development site for reagents (Kawasaki, Japan)

Solid State Light Sources a. Laser Cinema Projector

2014

- ✓ Scheduled installation in North America in 2014 of the world's first 4k laser projector in a commercial cinema (first in industry to receive FDA approval)



2013

- ✓ March 2013, Industry's first successful projection of a commercial 3D film using a laser projector



2012

- ✓ Successful demonstration projection at 72,000 lumens
- ✓ First successful laser projector demonstration

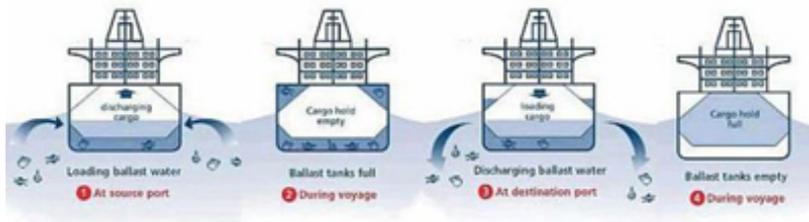


a. Water Disinfection and Denitration Using UV Light

- ✓ Examples of Adaptation of Existing Light Sources to New Applications (Life Sciences)

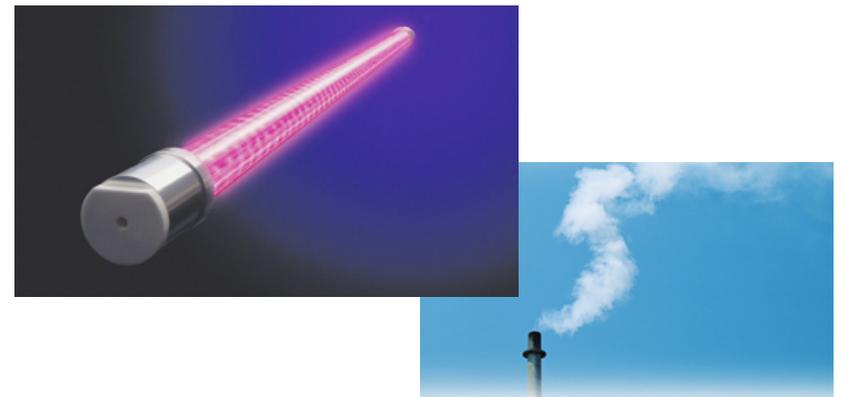
1. Disinfection of ocean liner ballast using UV light

A number of major foreign shipbuilders have adopted USHIO UV lamps for disinfection of ocean liner ballast water and electrical sources. With international regulations regarding treatment of ballast water for vessels set to come into effect from 2017, this is a field where market expansion can be expected as ballast water treatment becomes mandatory.



2. NOx decomposition technology using VUV light

In collaboration with Gifu University and ACTREE Corporation, USHIO has developed “VUV direct denitration” technology, the first technology of its kind able to decompose NOx at an ambient temperature without a catalyst. Development for commercialization is currently ongoing. (Press release dated Oct. 29, 2013)

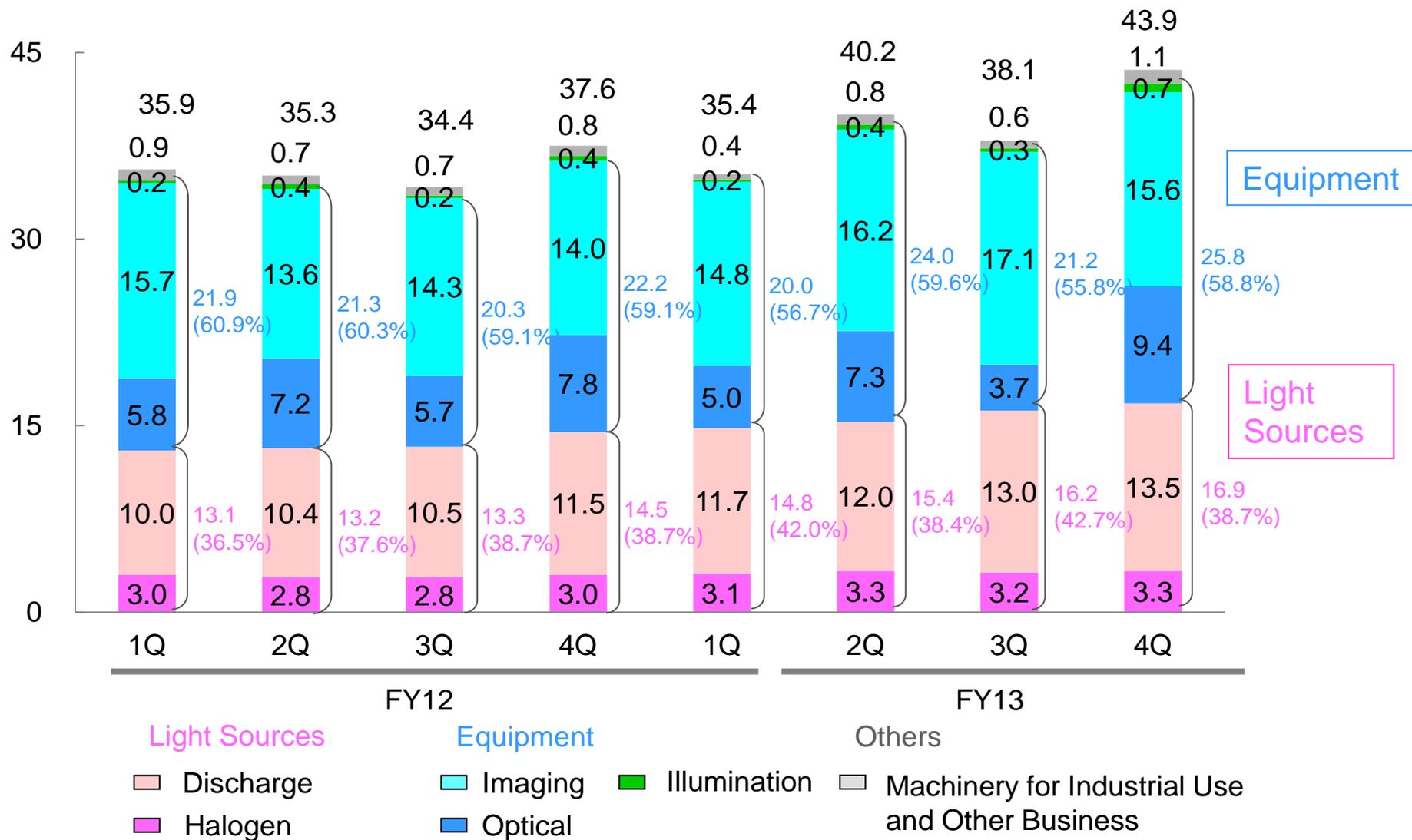


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Comparison of Full-year Forecasts with Actual Results

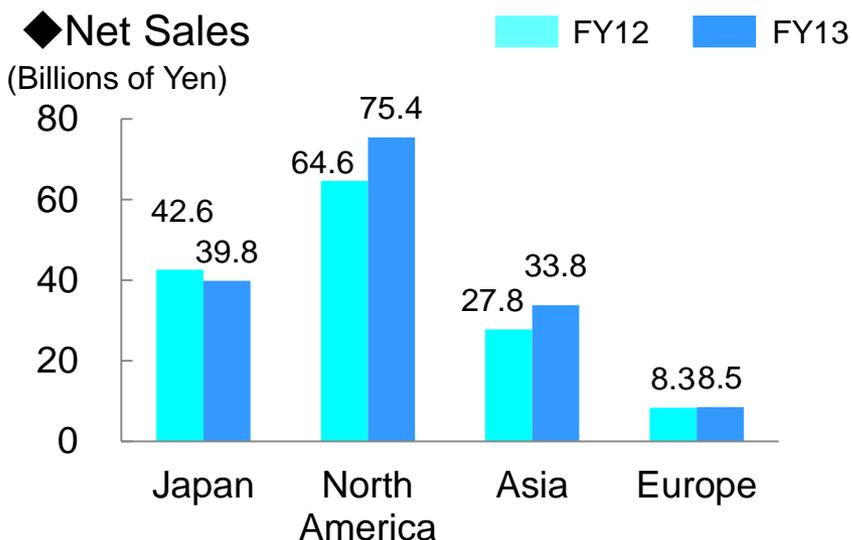
(Billions of Yen)	FY13 (Forecast)	FY13 (Actual Results)	YoY (Changes)
Net Sales	160.0	157.8	▲2.1
Operating Income	12.5	12.1	▲0.3
Operating Income (%)	7.8	7.7	▲0.1P
Ordinary Income	14.5	15.9	+1.4
Net Income	10.0	10.7	+0.7
EPS (Yen)	76.26	82.19	+5.93
ROE (%)	5.6	6.0	+0.4P
Dividend (Yen)	22	26	+4
Payout Ratio (%)	28.8	31.6	+2.8
Capital Expenditures	8.8	7.8	▲0.9
Depreciation and Amortization	5.7	5.0	▲0.6
R&D Expenses	9.3	8.9	▲0.3
Forex (Yen)			
USD	90	100	-
EUR	120	135	-

Sales Trend by Product Groups

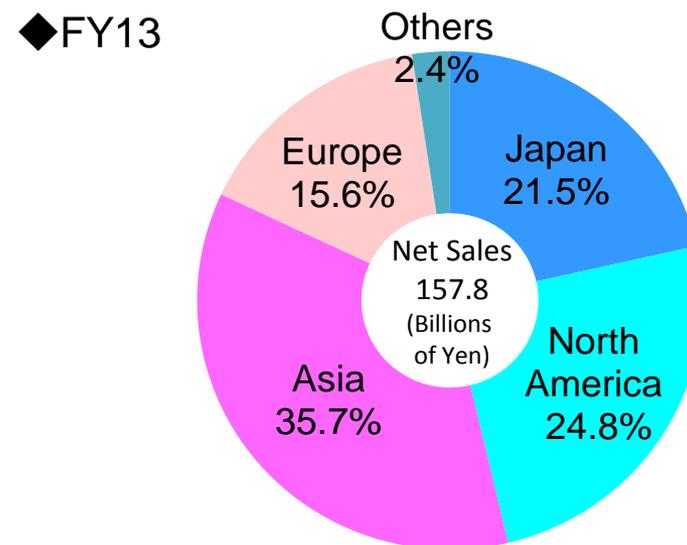
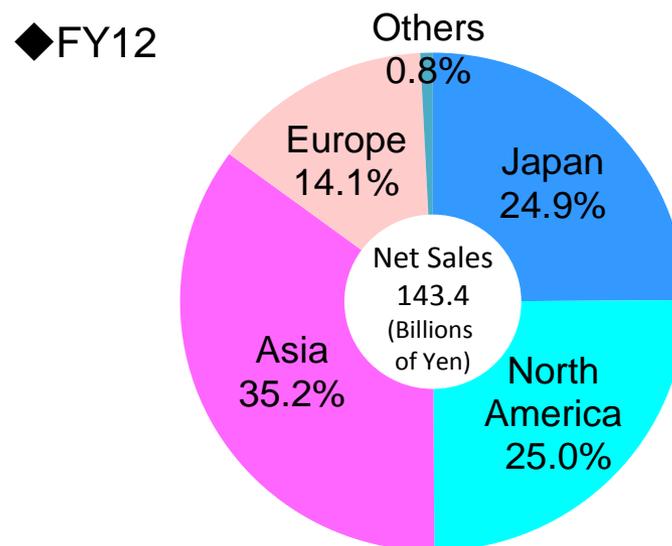
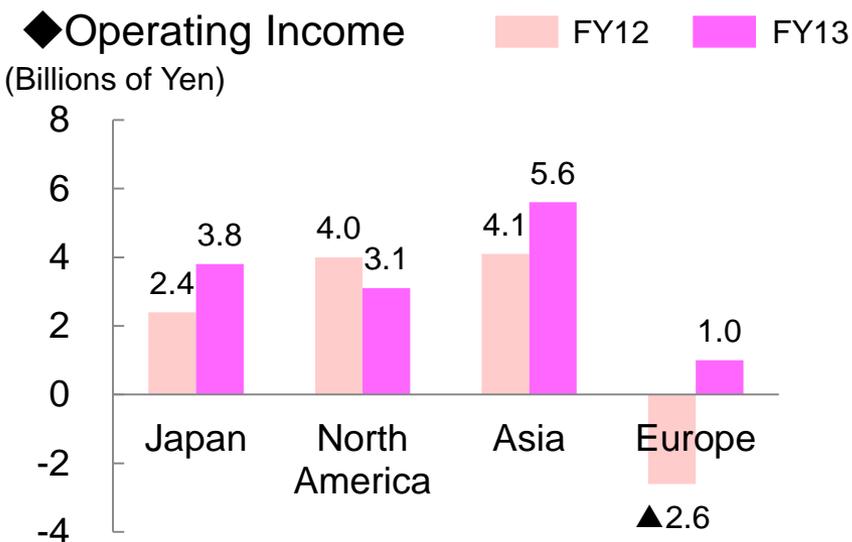


Net Sales and Operating Income by Geographic Segments 《1-4Q》

Foreign Sales Ratio 《1-4Q》



Note: Net sales by Geographic Segments indicates sales to unaffiliated customers.



Other Income and Expenses 《1-4Q》

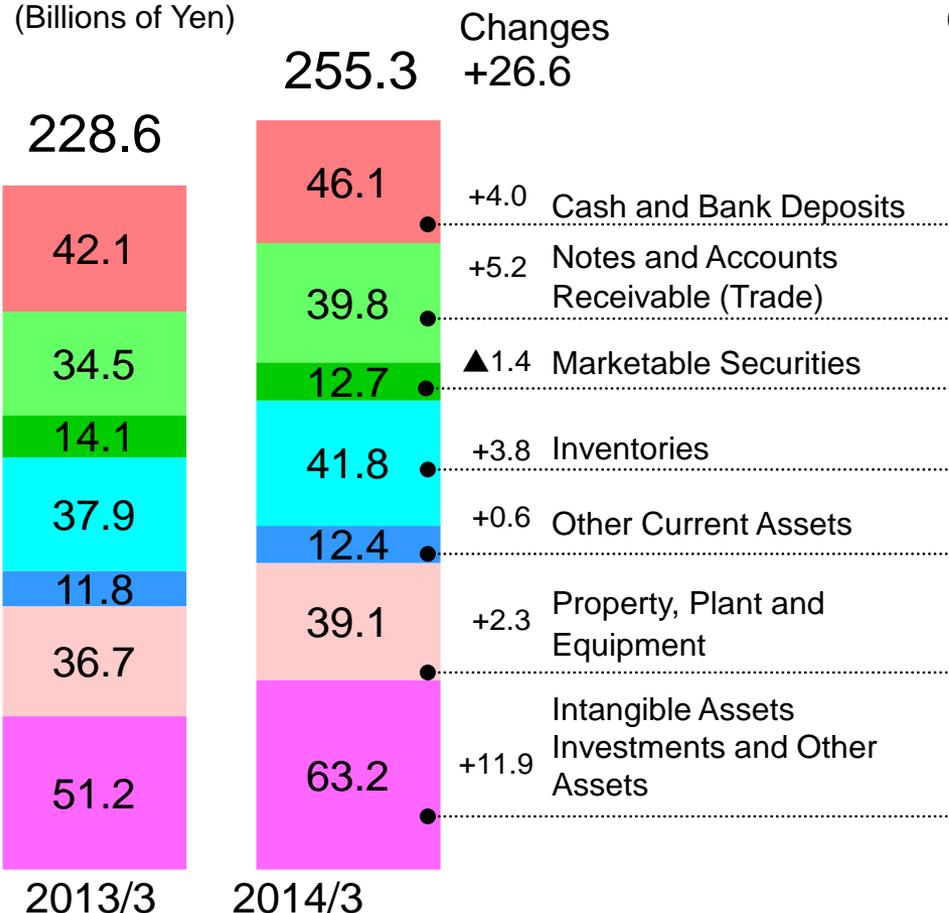
(Billions of Yen)	FY12	FY13	YoY
Other Income	3.5	4.3	+0.8
Interest income	0.4	0.6	+0.1
Dividend	0.9	0.9	+0.0
Gain on sales of investment securities	0.9	0.1	▲0.7
Exchange Gain	0.2	1.6	+1.4
Gain on trading securities	0.4	0.2	▲0.1
Others	0.5	0.6	+0.1
Other Expenses	0.5	0.5	▲0.0
Interest expenses	0.2	0.2	+0.0
Provision of allowance for doubtful accounts	0.1	-	▲0.1
Others	0.2	0.3	+0.1
Other Income and Expenses	2.9	3.7	+0.8

Balance Sheet



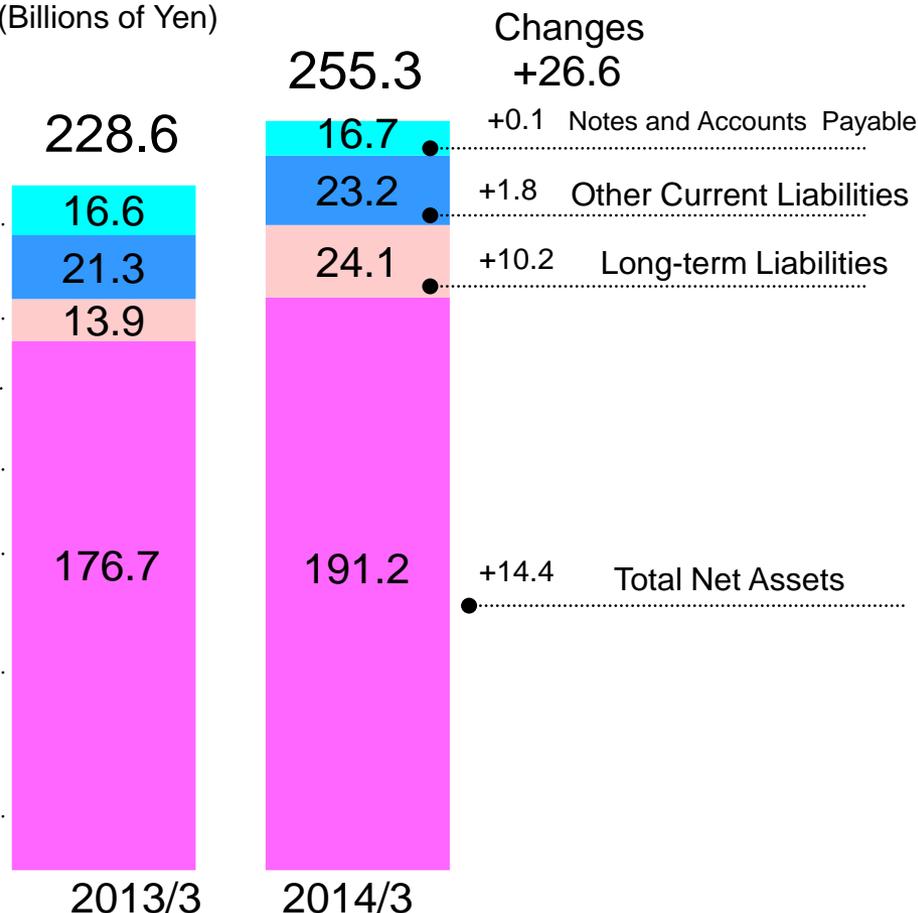
◆ Assets

(Billions of Yen)



◆ Liabilities • Total Net Assets

(Billions of Yen)



● Turnover (month)

	2013/3	2014/3
Receivable-trade	3.0	2.8
Inventories	3.3	3.0

● Equity Ratio (%)

	2013/3	2014/3
Equity Ratio (%)	75.9	73.5

Cash Flow



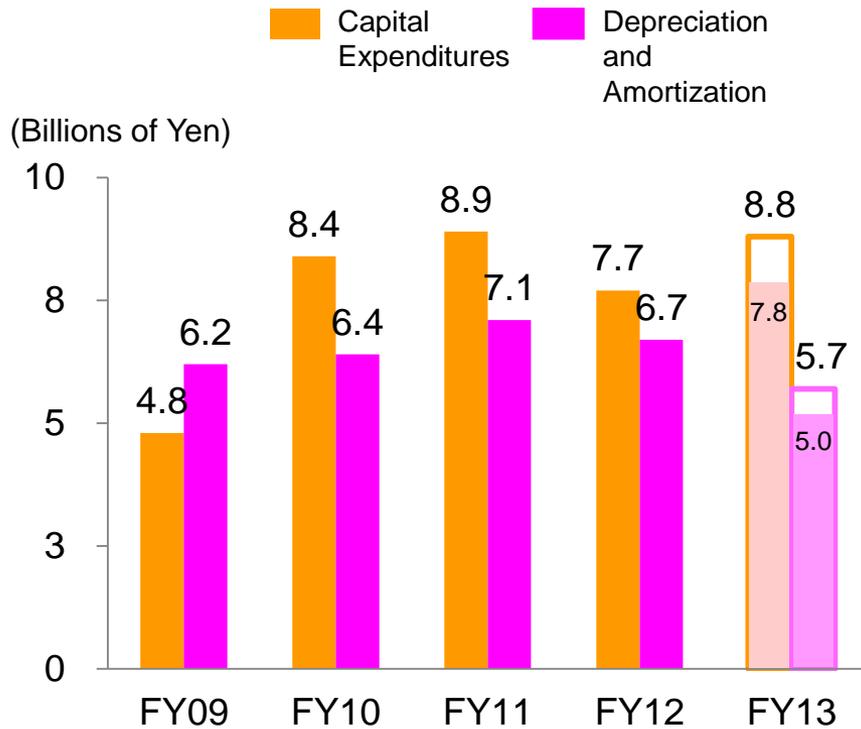
Cash and Cash Equivalents at the Beginning of the FY	41.5
Cash and Cash Equivalents in the End of the FY	43.2

Cash and Cash Equivalents at the Beginning of the FY	43.2
Cash and Cash Equivalents in the End of the FY	45.3

Capital Expenditures, Depreciation and Amortization, R&D Expenses

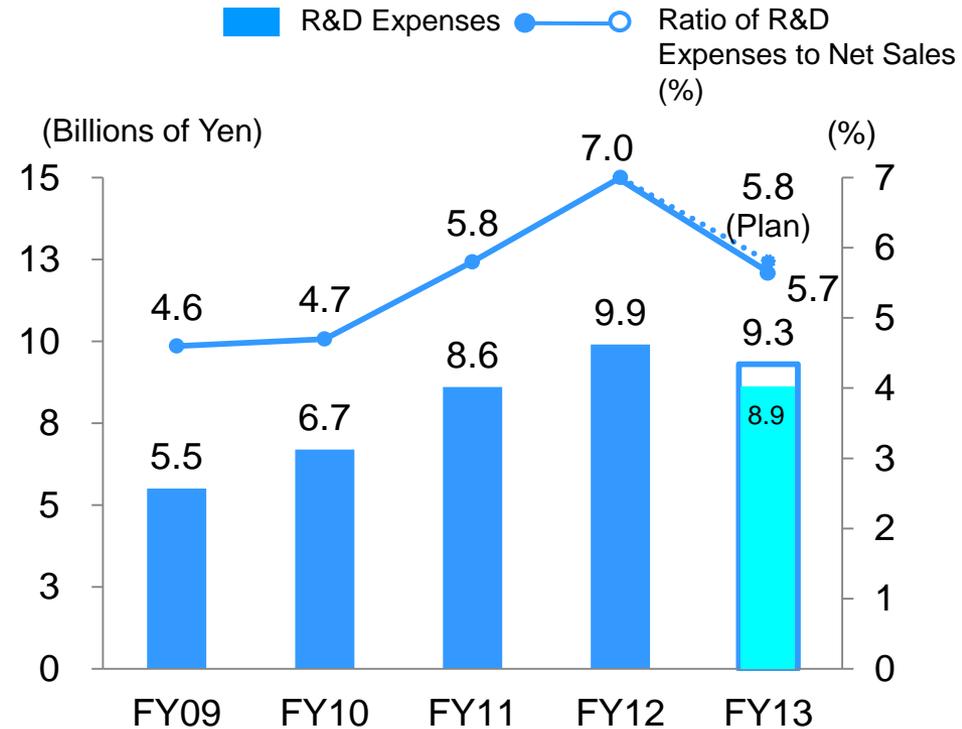


◆ Capital Expenditures, Depreciation and Amortization



	1Q	2Q	3Q	4Q
Capital Expenditures	1.4	1.1	2.1	3.1
Depreciation and Amortization	1.1	1.2	1.2	1.3

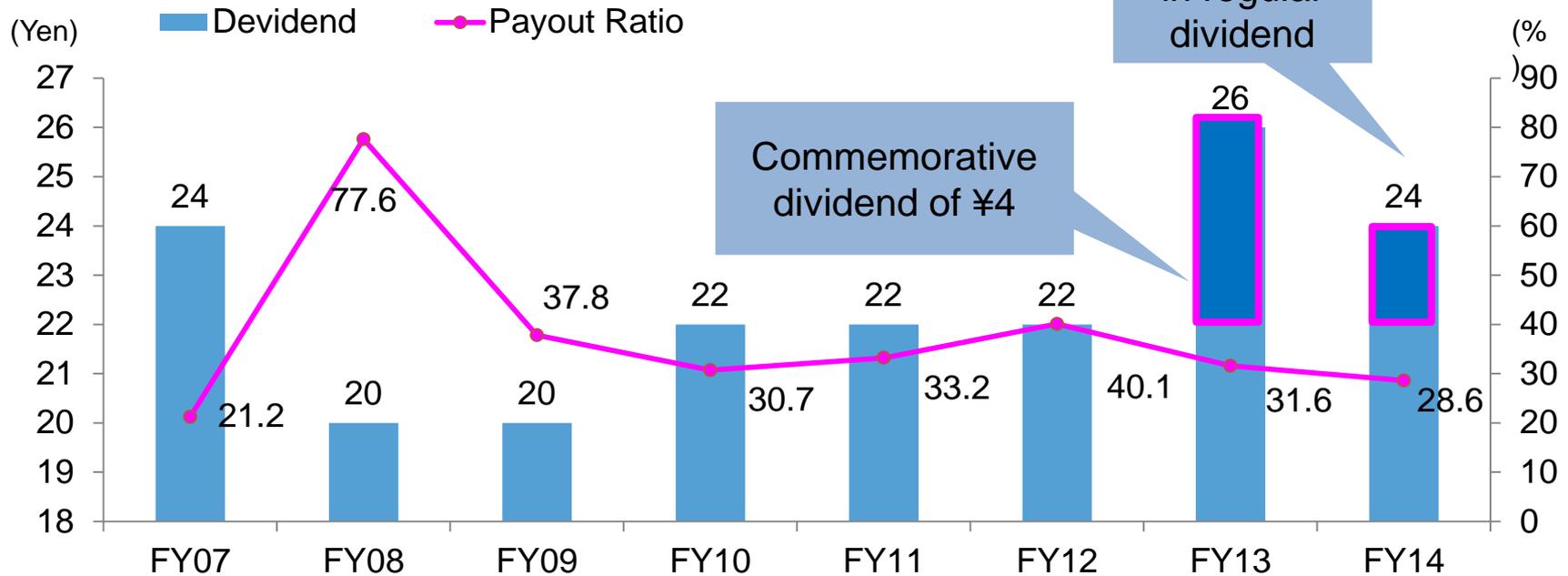
◆ R&D Expenses



	1Q	2Q	3Q	4Q
R&D Expenses	1.7	2.0	2.4	2.6

Return of Profits to Shareholders

◆ Cash Dividends for fiscal 2013 (no change in regular dividend, addition of ¥4 dividend commemorating 50th anniversary)



◆ Purchase of Treasury Stock

From February 6 to March 20, 2014, the Company purchased 800,000 shares of treasury stock, valued at ¥1,006 million. Similar steps will be taken as necessary in the future.



Thank you
50th Anniversary

The USHIO INC. of the Future

Today, the expectations of what light can make possible are greater than ever. Beyond advanced technology and evolutionary steps forward in medicine, we believe that light has the potential to help solve a variety of pressing global issues, from environmental problems accompanying population growth to energy concerns.

Light shines the way forward, and is the energy that drives us.

As a professional in the study and application of light, USHIO will continue to meet the challenge of unlocking the potential of light itself.

USHIO

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<http://www.ushio.co.jp/global/>