

FY2015 Financial Results

The logo for USHIO, consisting of the word "USHIO" in a bold, white, sans-serif font, positioned on a solid green rectangular background.

USHIO INC.

May 11, 2016

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.**

Reference: Transition to a Company with Audit and Supervisory Committee

1. Reason for transition

In order to further strengthen the supervisory function of the Board of Directors and promote speedy decision making by delegating decisions on certain important business matters to Executive Directors and Executive Officers.

A majority of the Board of Directors will be Outside Directors at the time of the transition.

2. Timing of the transition

USHIO plans to transition to a Company with Audit and Supervisory Committee on condition that the necessary amendments to its Articles of Incorporation are approved at the 53rd Annual General Meeting of Shareholders to be held on June 29, 2016.

For further details, please see the press release dated March 28, 2016 that has been provided.

Agenda

1. Targets to be Achieved under the Current Medium-term Management Plan
2. Review of Previous Medium-term Management Plan
3. Key Strategies under the Current Medium-term Management Plan
4. Increasing USHIO's Corporate Value
5. Medium-term Management Plan by Business Segment
 - a. Sales by Business Sub-Segments
 - b. Equipment Business (b-1.Imaging b-2.Optical)
 - c. Light Sources Business

1. Targets to be Achieved under the Current Medium-term Management Plan

Targets for FY2018 (ending March 2019)

Operating Income 20 billion yen

Sales 230 billion yen Operating Income (%) 8.7%

Transformation into a Highly
Profitable Company

2. Review of Previous Medium-term Management Plan

Strategies

1. Expand business earnings

(1) Reassess and reallocate resource distribution

(2) Transition to solutions business

(3) Enter new markets

(4) Expand M&A investment

2. Enhance capital efficiency

Convert financial assets to business assets

3. Bolster shareholder returns

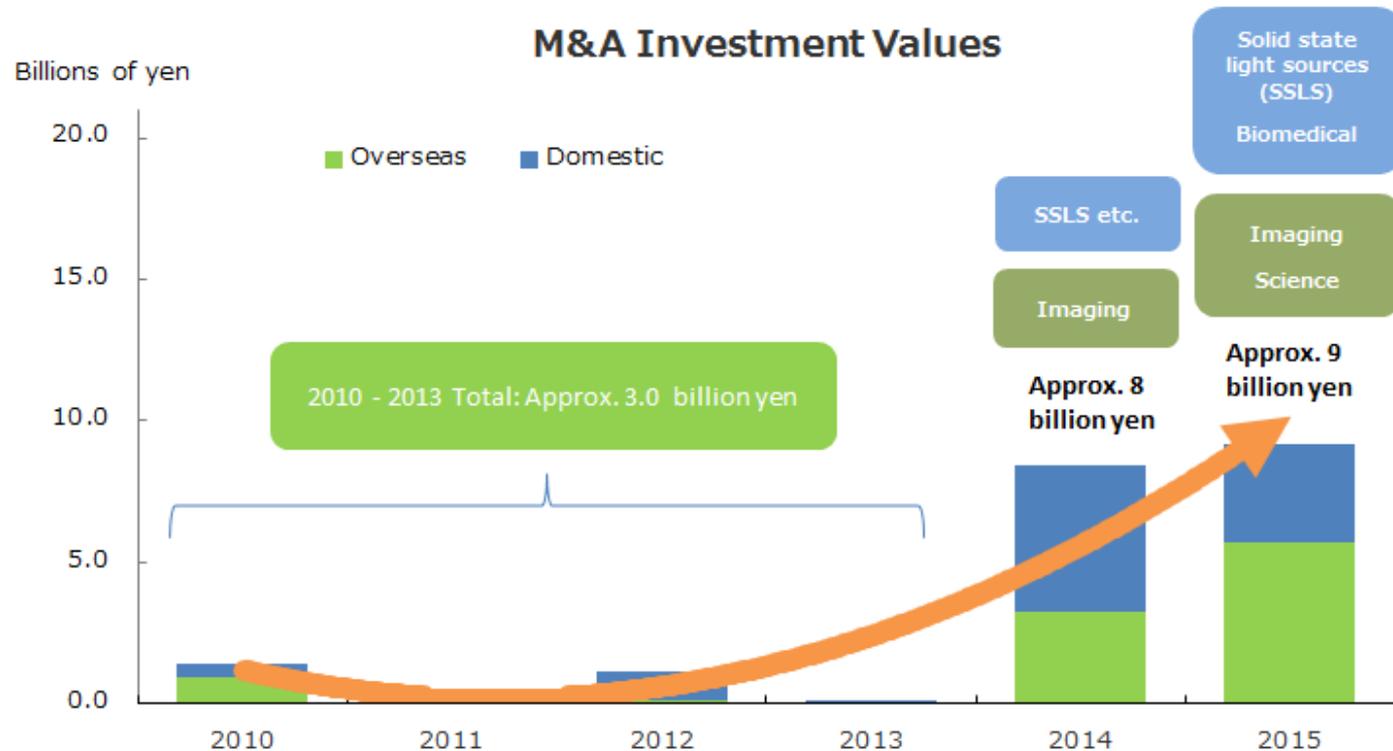
Implemented(FY2015)

- Accelerated management by delegation of authority
- Made efforts to improve R&D investment efficiency
- Made M&A investments (Approx. ¥9 billion)
- Expanded solutions in imaging equipment business
- Strengthened monitoring of investments
- Strengthened Group synergies
(Established strategic joint operation teams in businesses and regions)

- Purchased treasury shares (FY2015)
1st time: 2.0 billion yen
2nd time: 960 million yen

(completed on April 8, 2016)

Reference: M&A Strategy - Transition of Investment Values



Goal

- Contribution to increased corporate value
- Emphasis on synergy effects

Direction

- Related to the field of “light”
- Increase monetary amounts and number of M&As

Reference: M&A in FY2015 (Including Partial Investments)

Existing Business

Imaging Business



【Expected synergies】
Expand total solution development in the growth field of digital signage

New Business

Solid State Light Sources Business



【Expected synergies】
• Strengthen product lineup
• Reinforce Group strength



MAXRAY
A Harmony of Light and Space

Science Business



【Expected synergies】
Accelerate entry into new fields through light sources



Biomedical Business



【Expected synergies】
• Stable revenue through expansion of consumables business
• Sales channel expansion for existing products



3. Key Strategies under the Current Medium-term Management Plan

Maintain and Improve Earning Capability in Existing Businesses

- Move to second stage of structural reform in the optical equipment business
- Increase cost competitiveness in Light Sources and Equipment businesses

Pursue New Growth Opportunities

- Expand existing products in new fields
- Full-scale expansion of the solutions businesses
 - Establish solution-type business model in the imaging field
 - Expand solution-type business into other business fields
- Expand M&A investment focused on synergies



Transform into a Highly Profitable Company

4. Increasing USHIO's Corporate Value

Policy : Achieve ROE 8% or Above

Expand business earnings
(Top Priority)

FY2018 (in 3 years)

Achieve operating income
of 20 billion yen

【Existing business】

- Maintain and Improve Earning Capability

【New business】

- Expand existing products in new fields
- Full-scale expansion of the solutions businesses
- Expand M&A investment focused on synergies

Enhance earning capability

Enhance capital efficiency

【Convert financial assets to business assets】

- Revise cross-shareholdings
- Shift to growth investments such as M&As

Bolster shareholder returns

- Implement continued treasury share purchases
- Stable dividends

Downsize net assets

5. Medium-term Management Plan by Business Segment

a. Sales by Business Segments

Segment	Sub-segment	Last year	This year	1 st year*	3 rd year*	Changes in 3 years (FY18-FY15)		CAGR
		FY14	FY15	FY16	FY18	(billion yen)	(%)	(%)
		(Results)	(Results)	(Plan)	(Plan)			
Equipment	Imaging	60.3	70.3	81.0	97.0	26.7	38	11
	Optical	21.2	25.9	28.0	35.0	9.1	35	11
	Illumination	2.3	2.4	2.5	3.0	0.6	25	8
	Sub-total	84.0	98.7	111.5	135.0	36.3	37	11
Light Source	Discharge (incl. SSLs)	57.6	63.4	63.5	79.0	15.6	25	8
	Halogen	14.2	13.7	13.0	13.0	▲0.7	▲5	▲2
	Sub-total	71.9	77.2	76.5	92.0	14.8	19	6
Other	Machinery for industrial use and other	3.3	3.1	2.0	3.0	▲0.1	▲3	▲1
Total		159.3	179.1	190.0	230.0	50.9	28	9
Company- wide basis	Operating income(billion yen)	10.3	13.1	13.5	20.0	6.9	53	15
	Operating income (%)	6.5	7.3	7.1	8.7	1.4p	-	6

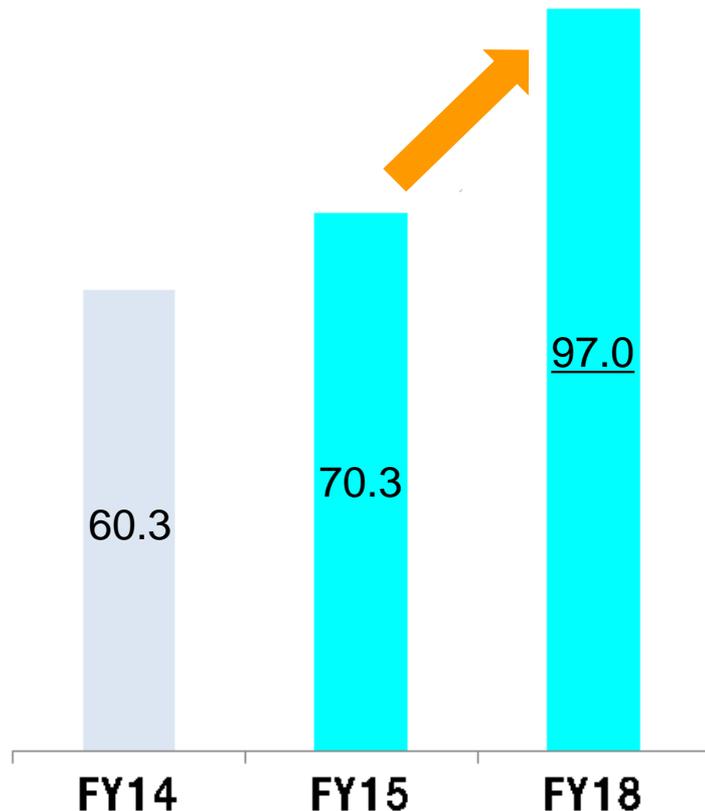
*Under prerequisite of foreign exchange rate of the Mid-term management plan:1US\$=115yen 1EURO= 125yen

5. Medium-term Management Plan by Business Segment

b. Equipment Business b-1. Imaging

Target Sales (FY2018)

97.0 billion yen
(Against FY15 : +26.7billion yen,
increase by 38%)



Business environment & Strategy

Cinema ↗

- (+) Continued expansion of demands in emerging countries and demands for premium cinema screens
- (+) Increase provision of high-end cinema (Laser projector + Audio system, etc.)

General imaging ↗

- (+) Expand the digital signage business—a growth field

Measures

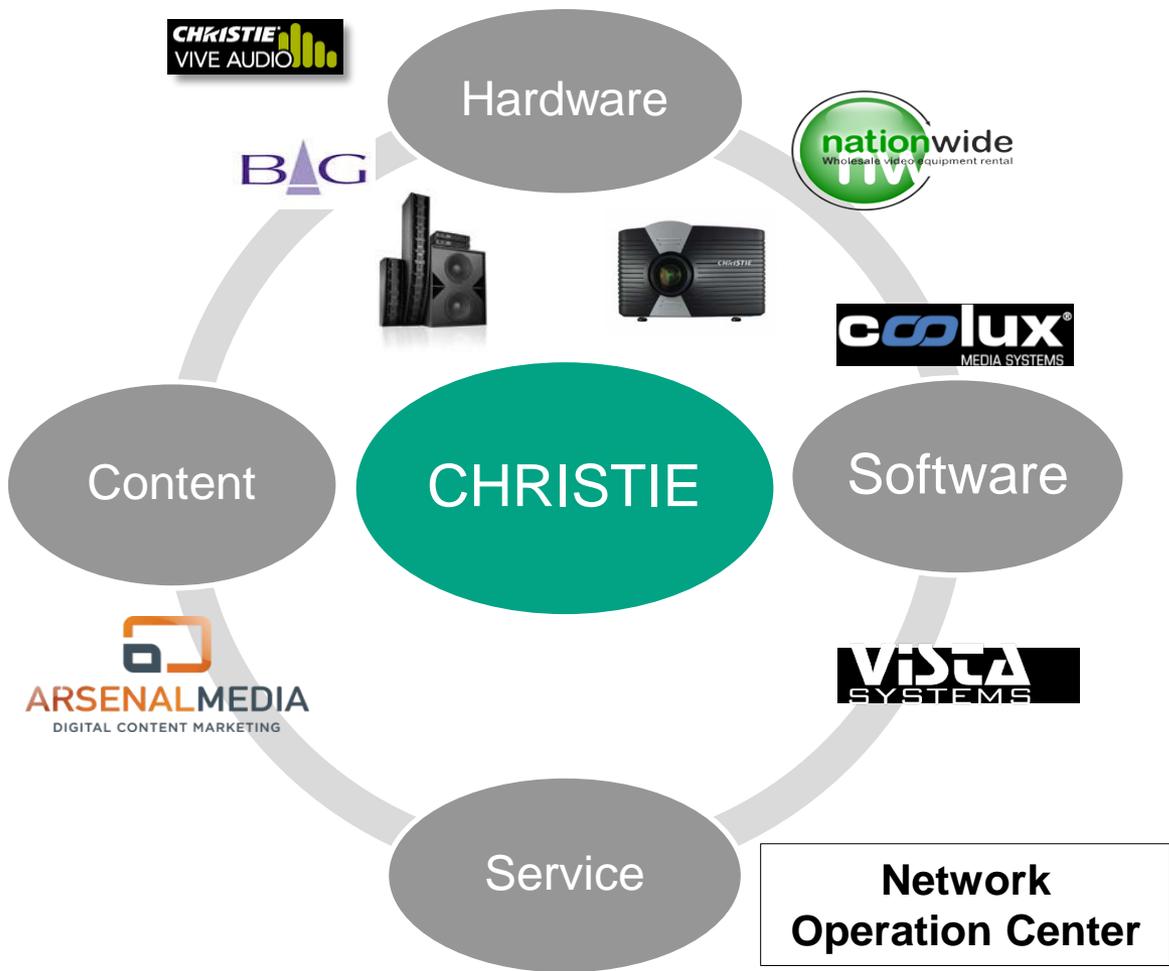
Expand the total solution business

- Establish solution provision-type business model
- Establish stable revenue model

5. Medium-term Management Plan by Business Segment

b. Equipment Business b-1. Imaging

Expand Total Solutions for Imaging



Cinema



Projection Mapping



Digital signage & Lobby advertisement

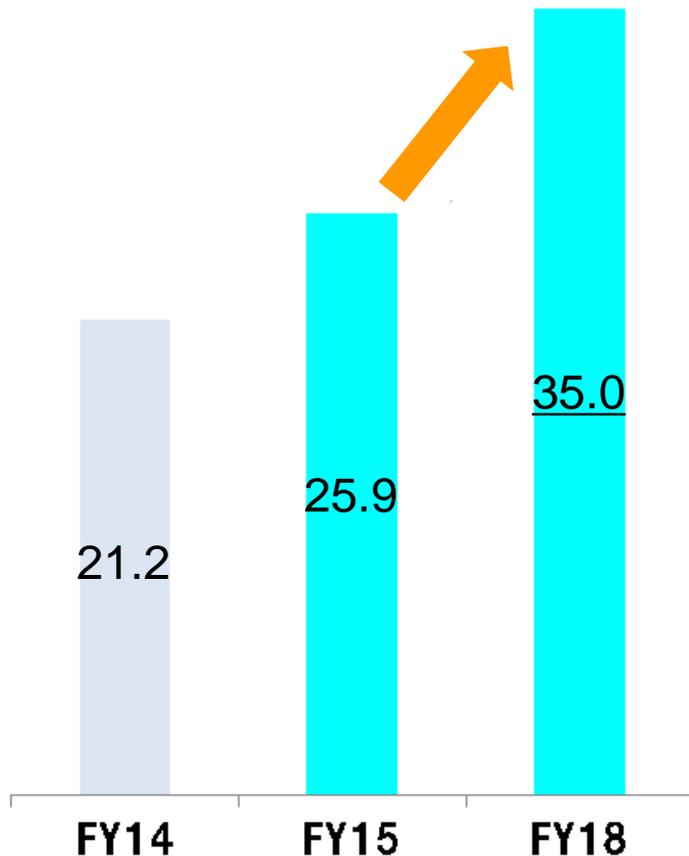


5. Medium-term Management Plan by Business Segment

b. Equipment Business b-2. Optical

Target Sales (FY2018)

35.0 billion yen
(Against FY15 : +9.1billion yen,
increase by 35%)



Business environment & Strategy

UV equipment ↗

- (+) Innovate semiconductor packaging technology
- (+) Invest in automotive and infrastructure, expand data center
- (+) Investment opportunities through introduction of OLED
- (-) Slowdown in smartphone growth

Cure equipment →

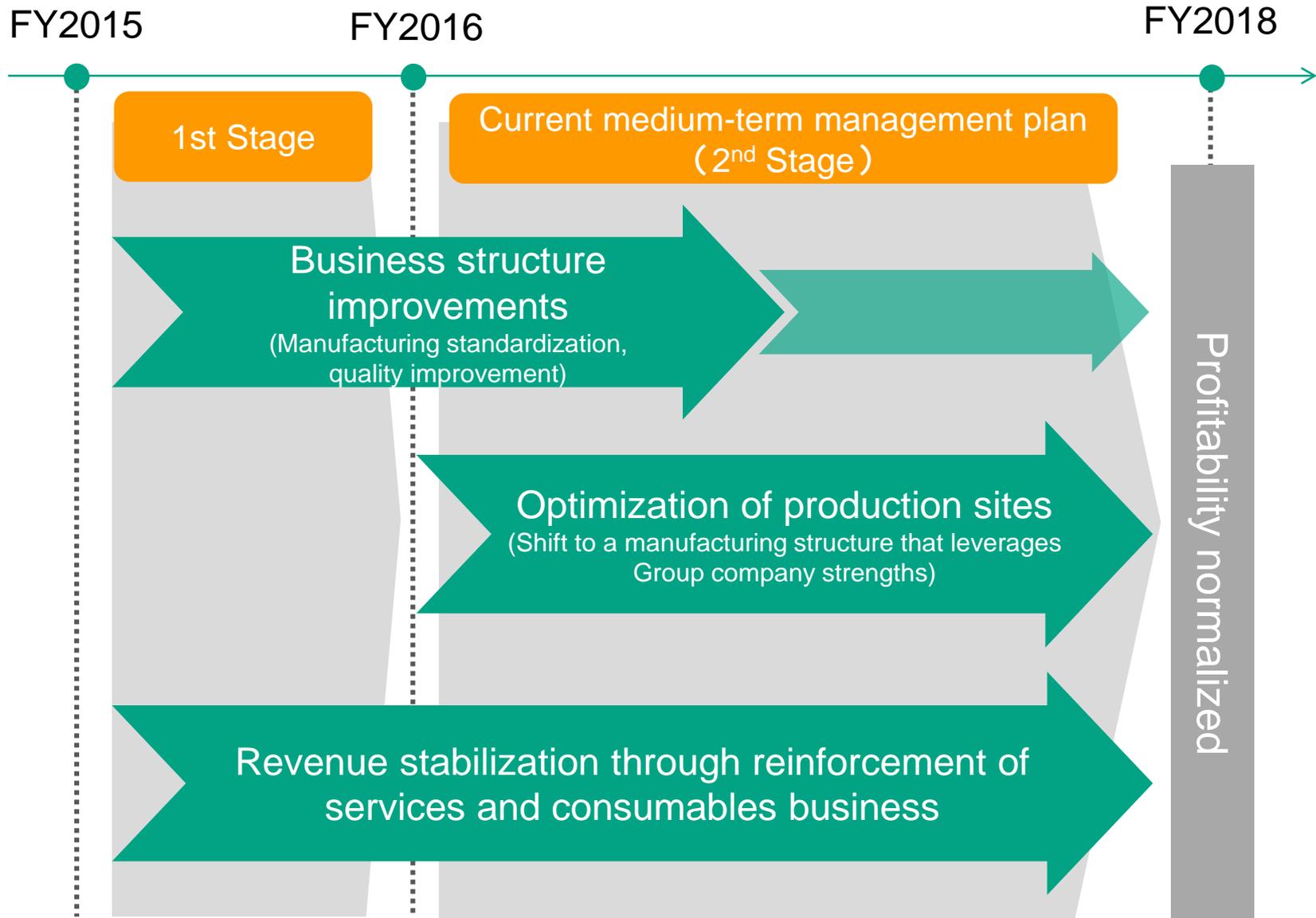
- (+) Continued LCD investment in China
- (+) Continued needs for higher resolution in small-/medium-sized LCDs
- (-) Decline in demand as OLED replaces LCD

Measures

Structural reform aimed at normalizing profitability

- Revise Group strategy

Reference: Structural Reform in the Optical Equipment Business



Policy

Continued Necessary Investment to Groom into Third Core Business

Business Strategy

- Concentrate on four businesses

- (1) Skin care business
- (2) Biotesting and diagnostics business
- (3) Biomarker business
- (4) Vein access equipment business

- Expand Group earnings by strengthening Group cooperation

(Chinese market as a strategic region)

- Aggressively use M&As

(1) Skin care business



(2) Biotesting and diagnostics business



(3) Biomarker business



(4) Vein access equipment business



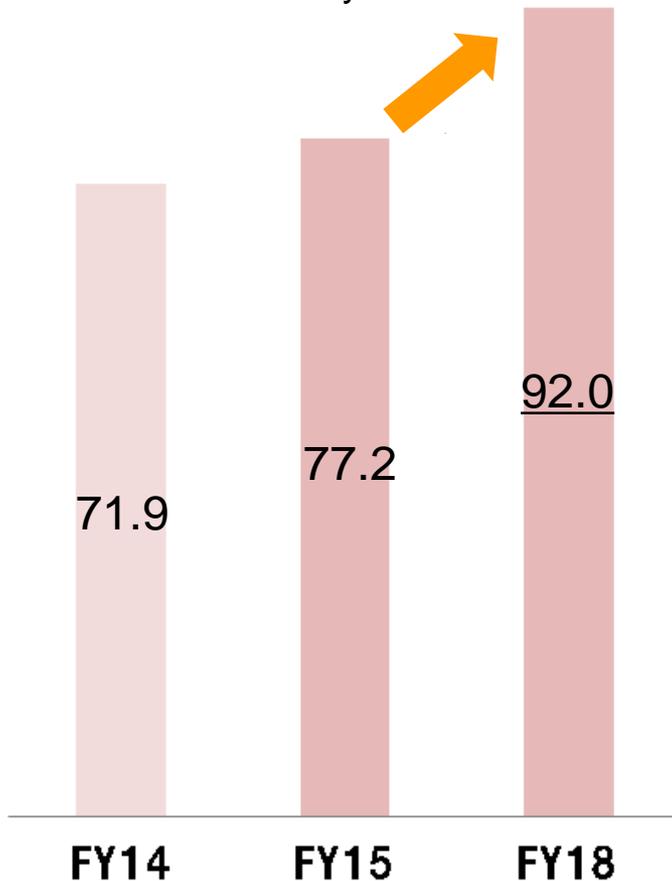
Progress to independent business stage

5. Medium-term Management Plan by Business Segment

c. Light Source Business

Target Sales (FY2018)

92.0 billion yen
(Against FY15 : +14.8billion yen,
increase by 19%)



Business environment & Strategy

UV lamp →

- (-) Mature market
- (+) Promote differentiation (high efficiency, long-life)

Lamps for cinema →

- (+) Increased demand in emerging countries
- (-) Tougher price competition

Lamps for data projectors ↗

- (-) Low market growth
- (+) Increase share by strengthening low-end position

New business field ↗

- (+) Participate in growth fields such as environment, hygiene, automotive

Solid state light sources ↗

- (+) Strengthen lineup to expand into new fields

Measures

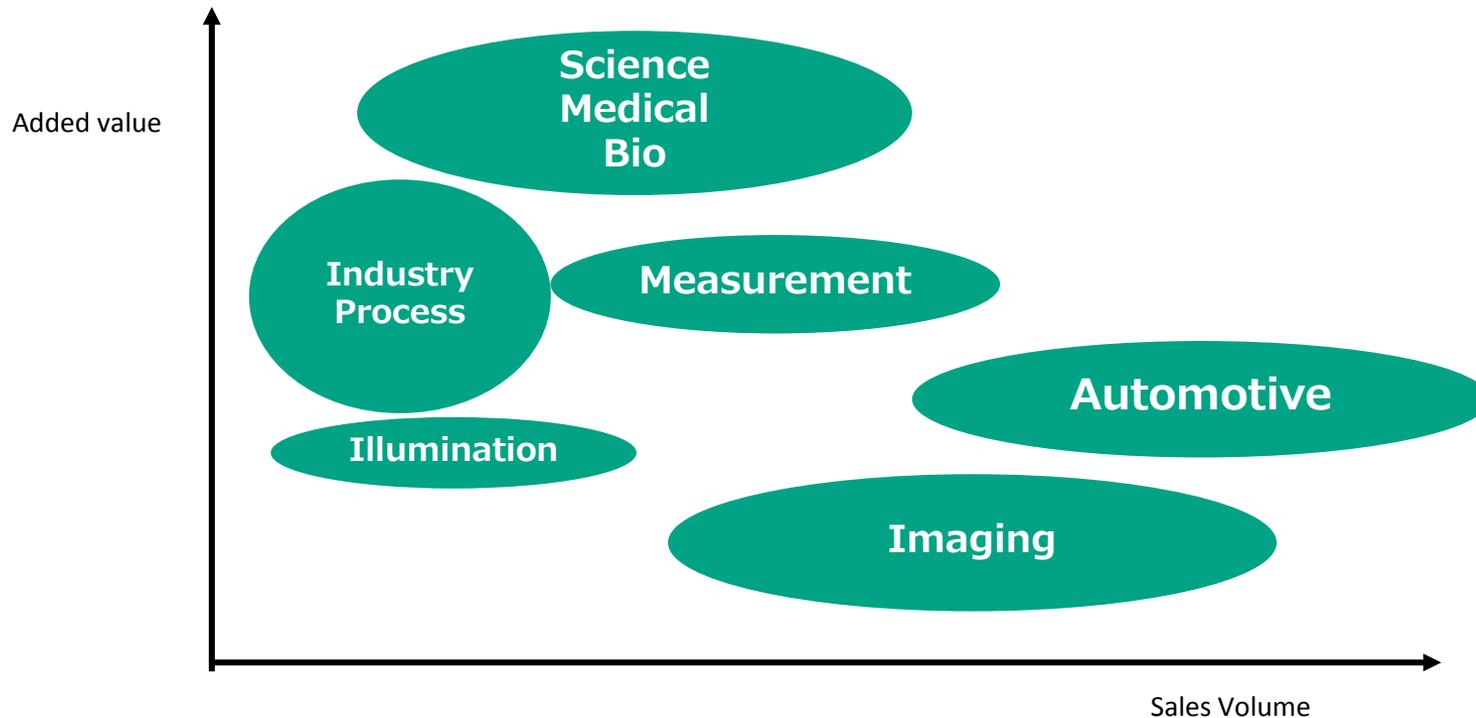
Maintain profitability and grow sustainably

Existing business: Maintain share and improve manufacturing costs

New business: Aggressively enter into growth markets

Reference: Solid State Light Sources Business

- Establish an independent position in the solid-state light source market
- Specialize in six business domains centered on the industrial field



USHIO

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