

3rd Quarter FY2014 Financial Results

USHIO INC.

Jan. 30, 2015

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

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- I. Financial Results for 3Q FY2014**
 - II. Forecasts for FY2014
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Highlights of Financial Results for 3Q FY2014

Consolidated net sales up 0.8% YoY to ¥114.8 billion
Consolidated operating income down 24.7% YoY to ¥6.3 billion,
for higher revenue and lower profits
- No change to full-year targets-

Equipment	Imaging	The decline in digital cinema projector (DCP) sales volume was not covered by general imaging equipment and others, leading to a YoY drop in sales of 10.0%.
	Optical	A decline in sales of projection exposure systems for packaging and various devices due to longer investment cycles and the absence of the EUV lithography business in the same period last year saw sales decline 7.8% YoY.
	Operating Income	Operating income declined by ¥3.1 billion YoY, mainly reflecting lower DCP sales and EUV lithography business contraction.
Light Sources	Discharge	Firm sales of almost all products, including UV lamps for lithography, drove a 13.9% YoY increase in sales.
	Halogen	Sales increased by 8.3% YoY, mainly on strong sales of halogen lamps for office automation (OA).
	Operating Income	Operating income increased 18.9% YoY, tracking quantitative effects accompanying sales growth.

Summary of Financial Results 3Q FY2014



(Billions of yen)	FY13	FY14	YoY		FY13	FY14	YoY	
	1-3Q	1-3Q	Changes	%	3Q	3Q	Changes	%
Net Sales	113.8	114.8	+0.9	+0.8	38.1	40.4	+2.3	+6.0
Operating Income	8.4	6.3	▲2.0	▲24.7	2.6	2.3	▲0.2	▲9.9
Operating Income Ratio (%)	7.4	5.6	▲1.9P	-	6.9	5.9	▲1.0P	-
Ordinary Income	12.1	9.1	▲3.0	▲24.6	4.4	4.0	▲0.3	▲8.8
Net Income	9.2	8.1	▲1.0	▲11.5	4.0	3.6	▲0.3	▲9.7
EPS (Yen)	70.28	62.49	-	-	30.94	28.06	-	-
Forex (Yen)								
USD	100	106			102	112		
EUR	133	140			140	141		

Annual Forex Sensitivity (Billions of Yen)	Net Sales	Operating Income	Ordinary Income
USD	1.0	0.1	0.1

Financial Results Trend 《Quarterly Comparison》

(Billions of Yen)	1Q	2Q	3Q	QoQ	
				Changes	%
Net Sales	34.4	39.9	40.4	+0.5	+1.4
Operating Income	1.4	2.5	2.3	▲0.1	▲7.5
Operating Income Ratio (%)	4.2	6.4	5.9	▲0.6P	-
Ordinary Income	1.7	3.3	4.0	+0.6	+19.9
Net Income	1.3	3.1	3.6	+0.5	+18.1
EPS (Yen)	10.66	23.82	28.06	-	-
Forex (Yen)					
USD	102	103	112		
EUR	141	138	141		

Financial Results by Business Segments

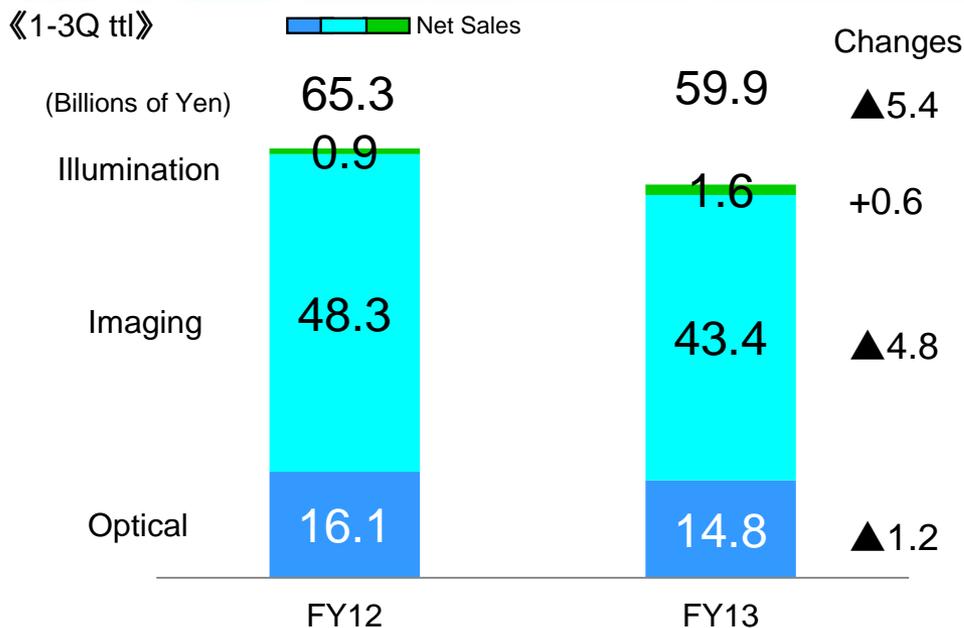


(Billions of Yen)		FY13	FY14	YoY		FY13	FY14	YoY	
Business Segments		1-3Q	1-3Q	Changes	%	3Q	3Q	Changes	%
Equipment	Net Sales	65.3	59.9	▲5.4	▲8.3	21.2	21.2	▲0.0	▲0.3
	Operating Income	2.7	▲0.3	▲3.1	-	0.6	0.0	▲0.5	▲87.1
	Operating Income(%)	4.2	▲0.6	▲4.8P	-	3.2	0.4	▲2.8P	-
Light Sources	Net Sales	46.6	52.5	+5.9	+12.7	16.2	18.4	+2.1	+13.3
	Operating Income	5.5	6.6	+1.0	+18.7	1.8	2.2	+0.3	+19.2
	Operating Income(%)	12.0	12.6	+0.6P	-	11.7	12.3	+0.6P	
Others	Net Sales	1.8	2.3	+0.4	+22.6	0.6	0.7	+0.1	+31.3
	Operating Income	0.0	0.0	+0.0	+19.8	0.0	0.0	+0.0	+98.7
	Operating Income(%)	3.3	3.2	▲0.1P	-	2.8	4.3	+1.5P	-

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

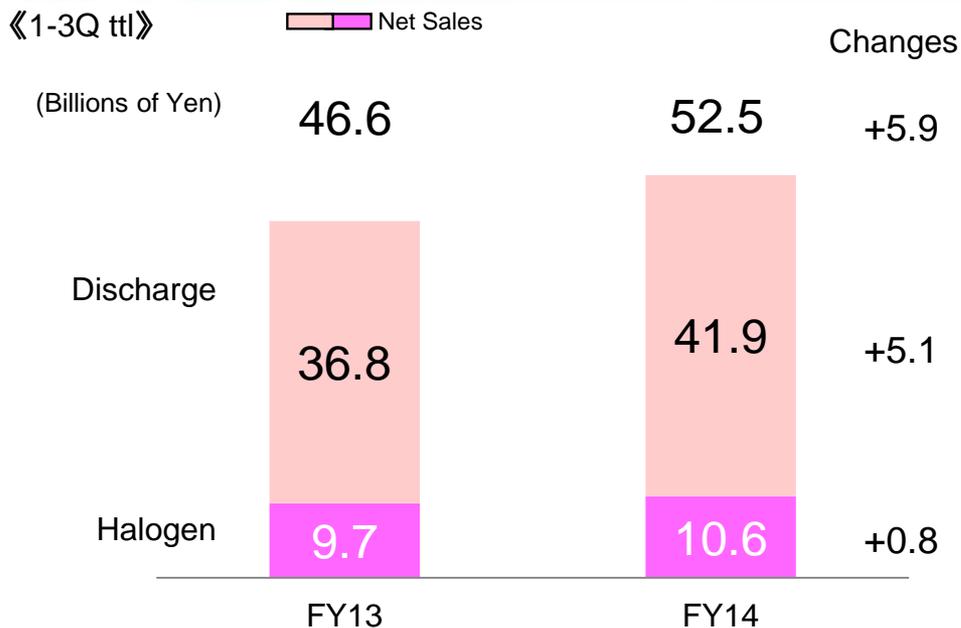
While stable sales of general imaging equipment, mainly for surveillance and industrial use, DCP shipments declined YoY by 50%. QoQ, DCP sales rose 20%, mainly in emerging countries. General imaging equipment continued to perform steadily.

Optical

YoY, sales declined due to longer investment cycles for lithography equipment for packaging and various devices. QoQ, sales declined due to concentration in 2Q because of seasonal factors.

《YoY》		FY13	FY14	YoY	《QoQ》		2Q	3Q	QoQ
(Billions of Yen)		1-3Q	1-3Q		(Billions of Yen)				
Net Sales	Imaging	48.3	43.4	▲4.8	Net Sales	Imaging	14.0	17.5	+3.4
	Optical	16.1	14.8	▲1.2	Optical	Optical	7.3	2.8	▲4.5
	Illumination	0.9	1.6	+0.6	Illumination	Illumination	0.5	0.8	+0.3
Total		65.3	59.9	▲5.4	Total	Total	21.9	21.2	▲0.7

Light Sources Business Segment 《Net Sales》



Discharge

YoY, sales increased for almost all light sources. QoQ, data projector lamp sales declined slightly due to poor conditions among customer. However, sales increased for lithography and cinemas, etc.

Halogen

Sales for OA applications increased both YoY and QoQ due to high market share and new product launches.

《YoY》		FY13	FY14	YoY	《QoQ》		2Q	3Q	QoQ
(Billions of Yen)		1-3Q	1-3Q		(Billions of Yen)				
Net Sales	Discharge	36.8	41.9	+5.1	Net Sales	Discharge	13.6	14.7	+1.1
	Halogen	9.7	10.5	+0.8	Net Sales	Halogen	3.4	3.6	+0.1
Total		46.6	52.5	+5.9	Total		17.1	18.4	+1.3

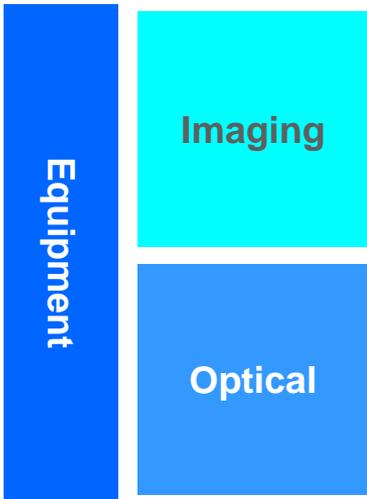
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Forecast for FY2014

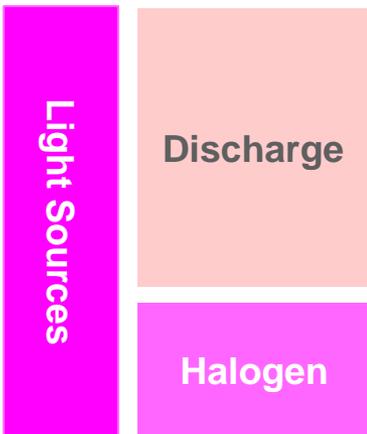
(Billions of Yen)	FY14 (Forecast)	1-3Q	Achievement Rate (%)
Net Sales	160.0	114.8	71.8
Operating Income	11.0	6.3	58.0
Operating Income (%)	6.9	5.6	-
Ordinary Income	13.0	9.1	70.7
Net Income	10.0	8.1	81.6
EPS (Yen)	76.68	62.49	-
ROE (%)	5.2	-	-
Dividend (Yen)	24	-	-
Payout Ratio (%)	31.3	-	-
Forex (Yen)			
USD	105	106	
EUR	139	140	

Future Prospects



4Q should see a carry-over of the momentum from 3Q. Firm sales are expected to continue for many applications including control and manufacturing. Full year sales volumes for DCP should finish at about half those of last year, as expected, and overall performance for imaging equipment is expected to fall slightly below the previous fiscal year.

In 4Q, seasonal factors should see a concentration of sales of both optical aligner and lithography equipment. There is however a risk that sales for lithography equipment may not be recorded until the next fiscal year, so that the full-year results for optical equipment are expected to fall somewhat below the previous fiscal year.

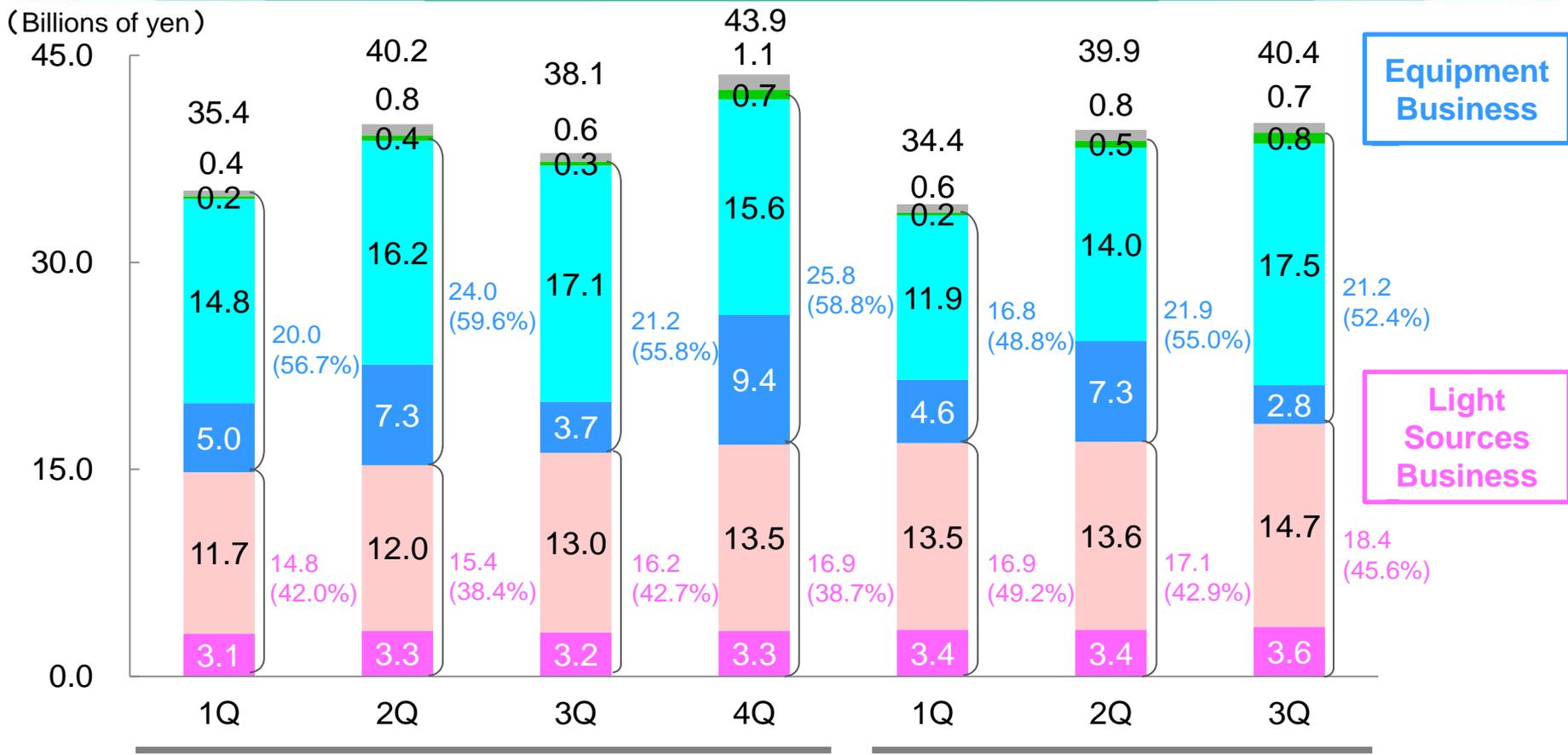


There is a possibility of a slowdown in 4Q sales for cinema lamps and data projector lamps; however, UV lamps and solid state light sources should carry-over the momentum from 3Q. Sales of lamps for cinemas, lamps for data projectors, and solid state light sources will lead the way, and, overall, discharge lamps are expected to see higher full-year sales YoY.

During 4Q, OA applications will continue to perform steadily, and, overall, halogen lamps are expected to see higher full-year sales YoY.

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Sales Trend by Product Groups



Equipment Business

- Illumination and Related Facilities
- Imaging Equipment
- Optical Equipment

Light Sources Business

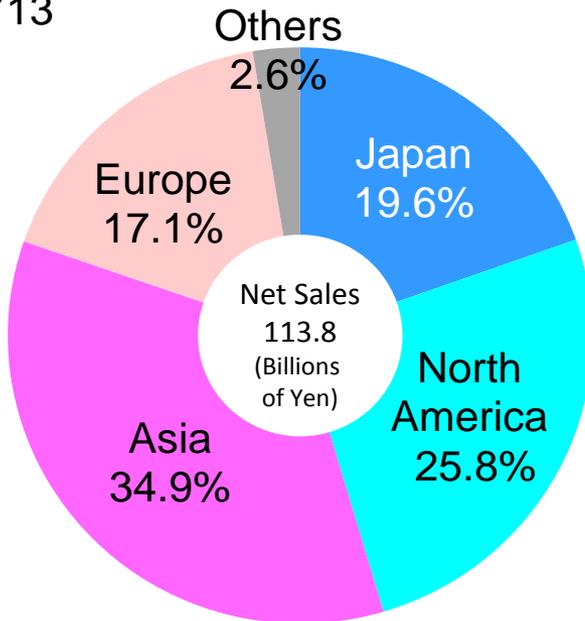
- Discharge Lamps
- Halogen Lamps

Other Business

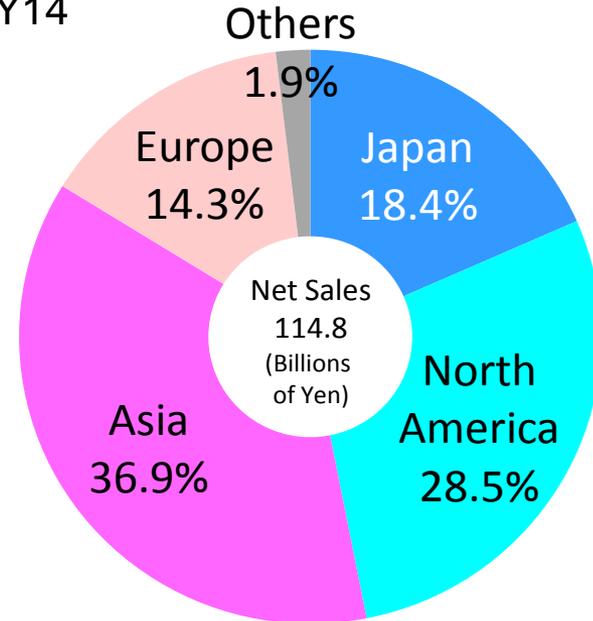
- Machinery for Industrial Use and Other Business

Foreign Sales Ratio 《1-3Q》

◆FY13



◆FY14

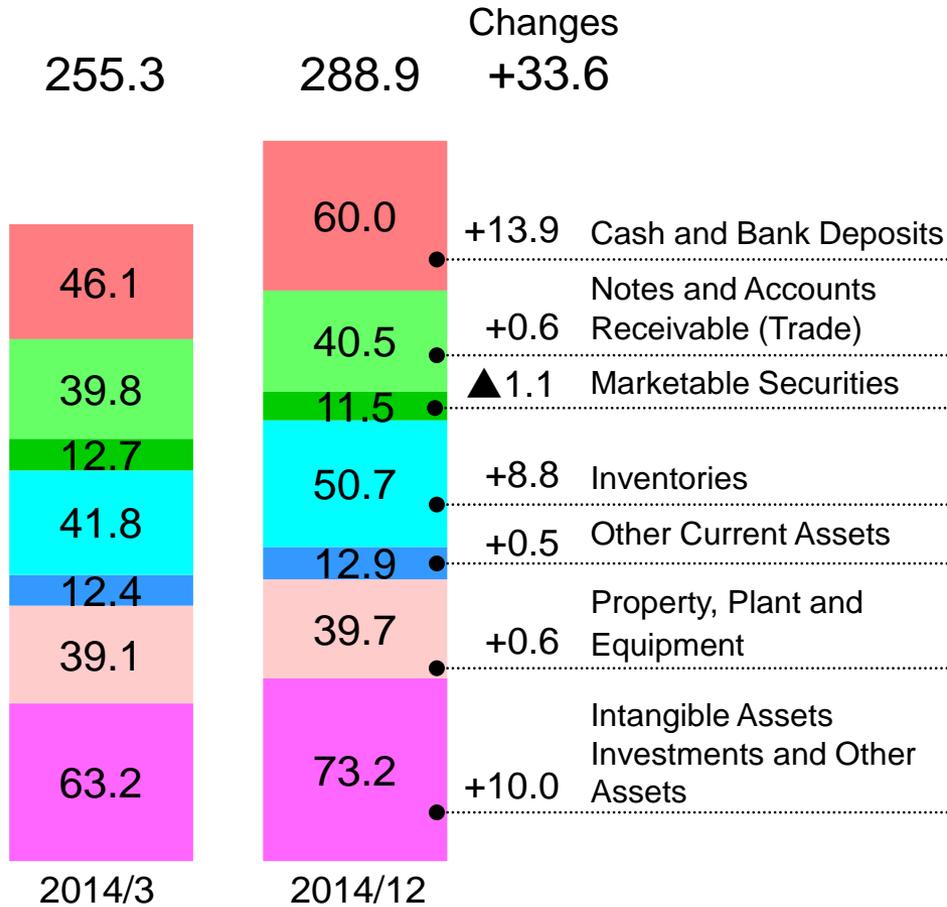


Non-Operating Income and Expenses 《1-3Q》

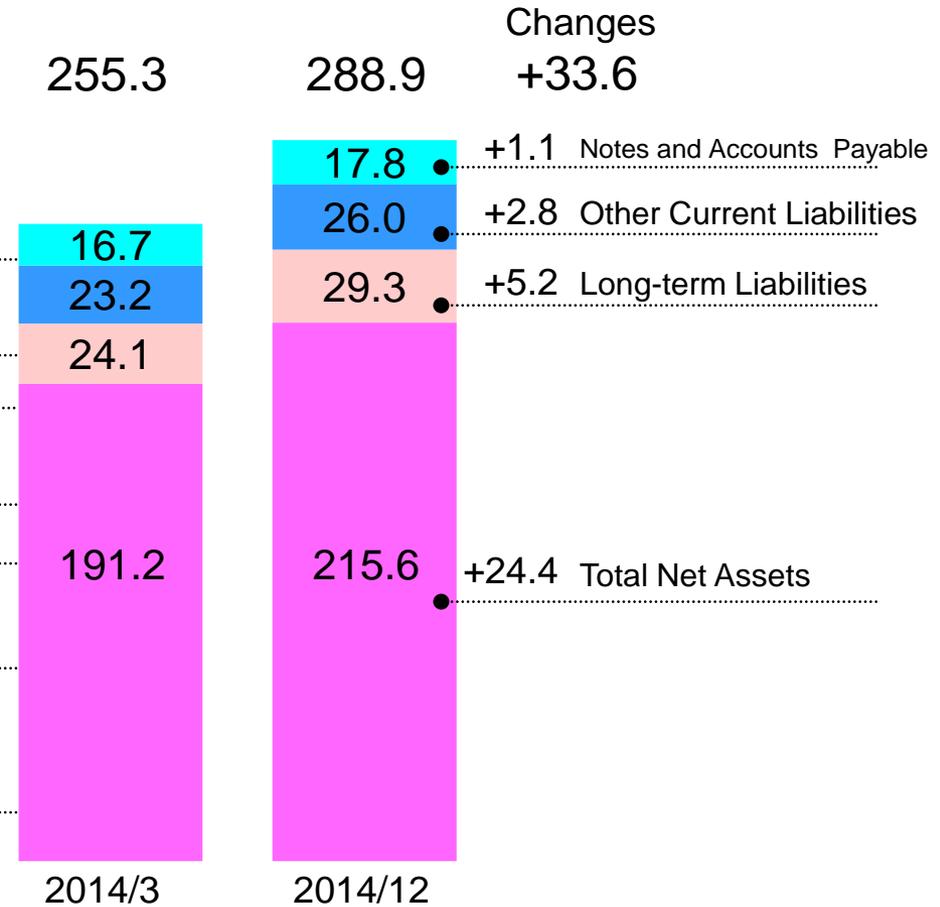
(Billions of Yen)	FY13	FY14	YoY
Non-Operating Income	3.9	3.1	▲0.8
Interest income	0.4	0.5	+0.1
Dividend income	0.8	1.0	+0.1
Gain on sales of investment securities	0.1	-	▲0.1
Foreign exchange gains	1.4	0.7	▲0.7
Realized and unrealized profit on trading securities, net	0.3	0.4	+0.0
Other	0.6	0.4	▲0.1
Non-Operating Expenses	0.2	0.3	+0.0
Interest expenses	0.1	0.1	▲0.0
Share of loss of entities accounted for using equity method	0.0	0.0	+0.0
Other	0.0	0.1	+0.0
Non-Operating Income and Expenses	3.7	2.8	▲0.9

Balance Sheet

◆ Assets (Billions of Yen)



◆ Liabilities • Total Net Assets (Billions of Yen)



● Turnover (month)	2014/3	2014/12
Receivable-trade	2.8	3.2
Inventories	3.0	3.6

● Equity Ratio (%)	2014/3	2014/12
	73.5	73.7

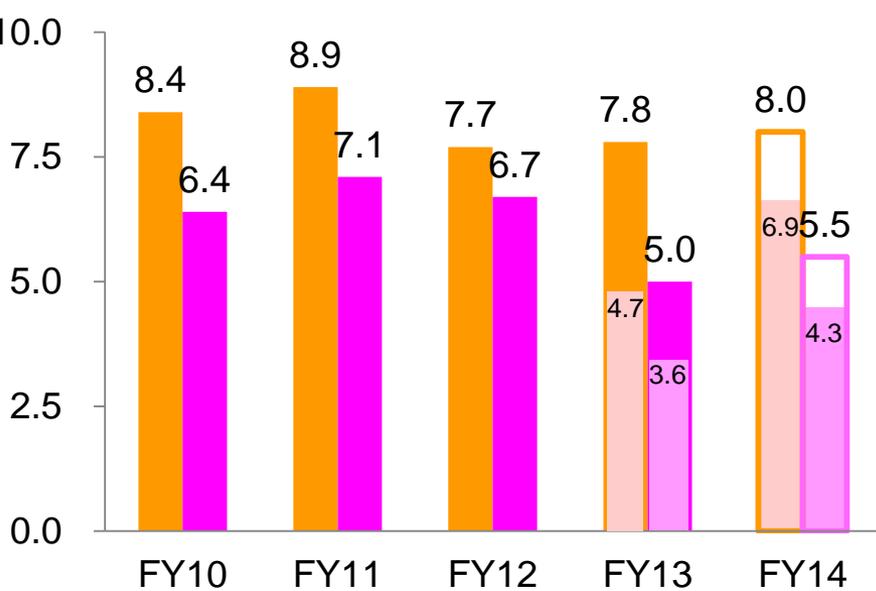
Capital Expenditures, Depreciation and Amortization, R&D Expenses



◆ Capital Expenditures, Depreciation and Amortization

■ Capital Expenditures
 ■ Depreciation and Amortization

(Billions of Yen)

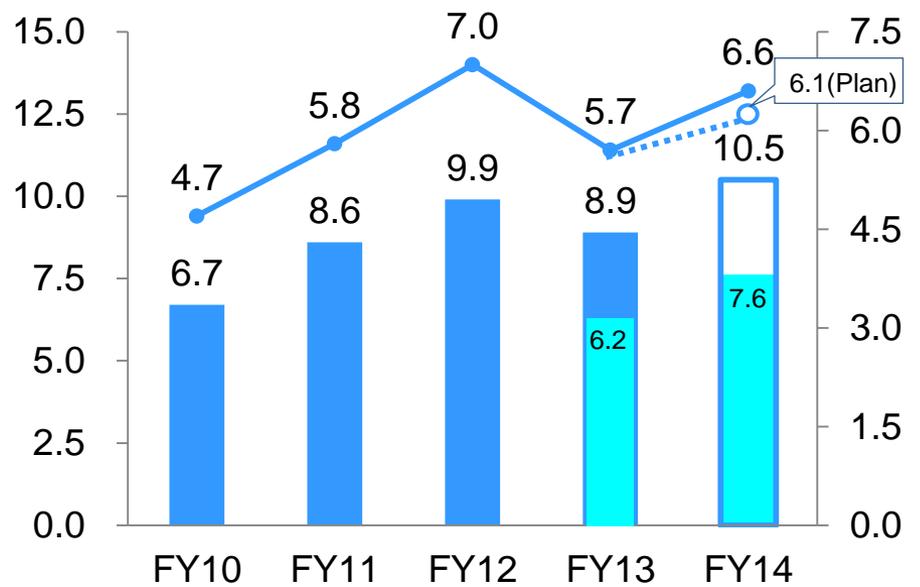


	1Q	2Q	3Q
Capital Expenditures	0.9	0.8	5.0
Depreciation and Amortization	1.3	1.3	1.5

◆ R&D Expenses

■ R&D Expenses
 ●—○ Ratio of R&D Expenses to Net Sales (%)

(Billions of Yen)



	1Q	2Q	3Q
R&D Expenses	2.4	2.6	2.5
Ratio of R&D Expenses to Net Sales (%)	6.1(Plan)		



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