

2nd Quarter FY2015 Financial Results

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

USHIO INC.

Oct. 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.**

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- I. Financial Results for 2Q FY2015**
 - II. Forecasts for FY2015
 - III. Supplementary Information

Highlights of Financial Results for 2Q FY2015

Consolidated net sales up 19.2% year on year to ¥88.6 billion

Consolidated operating income up 63.1% year on year to ¥6.5 billion

- Full-year targets unchanged: ¥180.0 billion in net sales and ¥13.0 billion in operating income -

Equipment	Imaging	Sales increased 34% YoY, driven by the yen's depreciation and sales of laser projectors, along with an increase in cinema complex construction in Japan.
	Optical	Sales were flat YoY, as the number of acceptance inspections of photo-alignment equipment declined from the same time a year ago, while projection lithography tools for various devices, which had been performing poorly, recorded a dramatic increase in sales.
	Operating Income	The operating loss in the equipment business overall was eliminated due to an increase in profitability in the imaging business driven by the yen's depreciation and a reduction in SG&A expenses.
Light Sources	Discharge	Sales increased 18% YoY driven by an increase in sales of solid state light sources, in addition to the significant impact of foreign exchange rates on sales of UV lamps and cinema lamps.
	Halogen	Sales increased slightly by 2% YoY due to the impact of foreign exchange rates.
	Operating Income	Operating income climbed 37% YoY, led by increased sales of solid state light source products.

FY2015 Progress Rate

(Billions of Yen)		1H	Progress Rate (1H against FY15 Forecast)	1H (Published Forecast)	FY15 (Forecast)
Net Sales		88.6	49.2	85.0	180.0
Operating Income		6.5	50.3	6.0	13.0
Operating Income (%)		7.4	-	7.1	7.2
Ordinary Income		7.5	50.5	7.0	15.0
Profit Attributable to Owners of Parent		5.4	45.6	6.0	12.0
EPS (Yen)		42.14	-	45.96	91.91
ROE (%)		-	-	-	5.7
Dividend (Yen)		-	-	-	26
Payout Ratio (%)		-	-	-	28.3
Capital Expenditures		3.0	31.4	-	9.6
Depreciation and Amortization		3.1	43.7	-	7.2
R&D Expenses		5.3	48.2	-	11.0
Forex (Yen)	USD	122	-	120	120
	EUR	135	-	138	138

Summary of Financial Results 2Q FY2015

(Billions of yen)	FY14	FY15	YoY		FY15/1H	FY15/1H	HoH	
	1H	1H	Changes	%	Forecast	Actual Results	Changes	Achievement Rate(%)
Net Sales	74.3	88.6	+14.2	+19.2	85.0	88.6	+3.6	+104.3
Operating Income	4.0	6.5	+2.5	+63.2	6.0	6.5	+0.5	+109.1
Operating Income Ratio (%)	5.4	7.4	+2.0P	-	7.1	7.4	+0.2P	-
Ordinary Income	5.1	7.5	+2.4	+47.1	7.0	7.5	+0.5	+108.2
Profit Attributable to Owners of Parent	4.4	5.4	+0.9	+21.7	6.0	5.4	▲0.5	+91.1
EPS (Yen)	34.48	42.14	+7.7	+22.2	45.96	42.14	▲3.82	-
Forex (Yen)								
USD	103	122	+19	+18.8	120	122	+1	-
EUR	139	135	▲5	▲3.3	138	135	▲3	-

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	QoQ	
			Changes	%
Net Sales	41.1	47.4	+6.3	+15.4
Operating Income	2.3	4.2	+1.8	+79.5
Operating Income Ratio (%)	5.7	8.8	+3.2P	-
Ordinary Income	3.3	4.2	+0.9	+28.4
Profit Attributable to Owners of Parent	2.6	2.8	+0.2	+8.2
EPS (Yen)	20.18	21.98	+1.8	+8.9
Forex (Yen)				
USD	121	123	+2	+1.3
EUR	133	136	+4	+2.7

Financial Results by Business Segments

(Billions of Yen)		FY14	FY15	YoY		FY15	FY15	QoQ	
Business Segments		1H	1H	Changes	%	1Q	2Q	Changes	%
Equipment	Net Sales	38.7	47.9	+9.1	+23.6	21.2	26.6	+5.4	+25.8
	Operating Income	▲0.4	0.5	+0.9	-	▲0.1	0.6	+0.8	-
	Operating Income Ratio (%)	▲1.2	1.1	+2.3P	-	▲0.9	2.6	+3.5P	-
Light Sources	Net Sales	34.0	39.1	+5.0	+15.0	19.2	19.9	+0.6	+3.3
	Operating Income	4.3	5.9	+1.6	+37.0	2.5	3.4	+0.8	+34.5
	Operating Income Ratio (%)	12.8	15.3	+2.5P	-	13.2	17.2	+4.0P	-
Other	Net Sales	1.5	1.5	▲0.0	▲0.4	0.6	0.8	+0.2	+34.9
	Operating Income	0.0	0.0	▲0.0	▲31.2	▲0.0	0.0	+0.0	-
	Operating Income Ratio (%)	2.6	1.8	▲0.8P	-	▲3.8	6.0	+9.8P	-

Note : Net Sales indicates sales to unaffiliated customers.

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

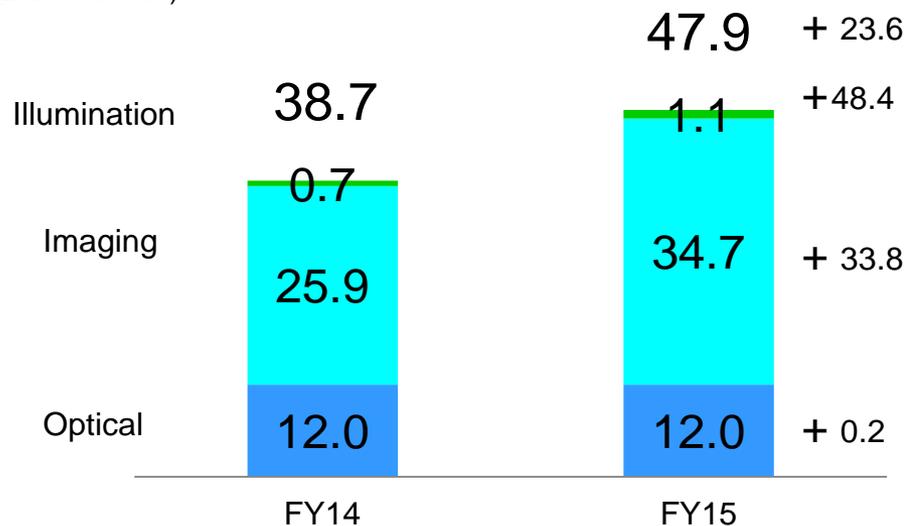
Equipment Business Segment 《Net Sales》

《1H》

(Billions of Yen)

Net Sales

Changes(%)



Imaging

Cinema laser projectors and new-type projectors for general imaging led YoY and QoQ sales growth for the imaging business overall.

Optical

Cure equipment and low-end lithography tools declined YoY, but strong growth in projection lithography tools drove sales higher in the optical business overall, both YoY and QoQ.

《YoY》		FY14	FY15	YoY	《QoQ》		1Q	2Q	QoQ
(Billions of Yen)		1H	1H		(Billions of Yen)				
Net Sales	Imaging	25.9	34.7	+8.7	Net Sales	Imaging	16.2	18.5	+2.2
	Optical	12.0	12.0	+0.0	Optical	Optical	4.4	7.5	+3.1
	Illumination and others	0.7	1.1	+0.3	Illumination and others	Illumination and others	0.5	0.5	+0.0
Total		38.7	47.9	+9.1	Total	Total	21.2	26.6	+5.4

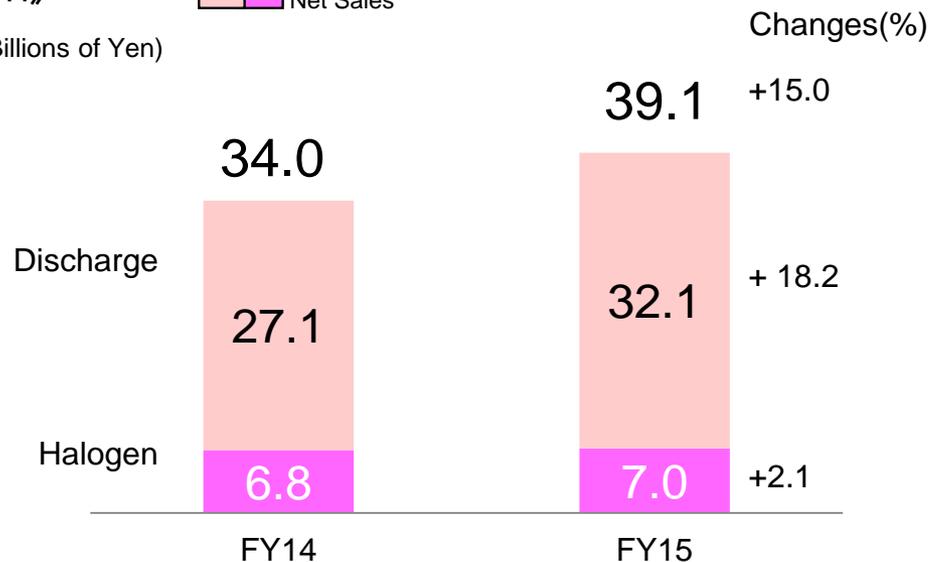
Note : Net Sales indicates sales to unaffiliated customers.

Light Sources Business Segment 《Net Sales》

《1H》

Net Sales

(Billions of Yen)



Discharge

Sales grew both YoY and QoQ. YoY growth was due to the consolidation of two subsidiaries related to solid state light sources.

Halogen

Sales increased slightly due to the yen's depreciation.

《YoY》

(Billions of Yen)

	FY14	FY15	YoY
	1H	1H	
Net Sales Discharge	27.1	32.1	+4.9
Halogen	6.8	7.0	+0.1
Total	34.0	39.1	+5.0

《QoQ》

(Billions of Yen)

	1Q	2Q	QoQ
Net Sales Discharge	15.7	16.3	+0.6
Halogen	3.5	3.5	+0.0
Total	19.2	19.9	+0.6

Note : Net Sales indicates sales to unaffiliated customers.

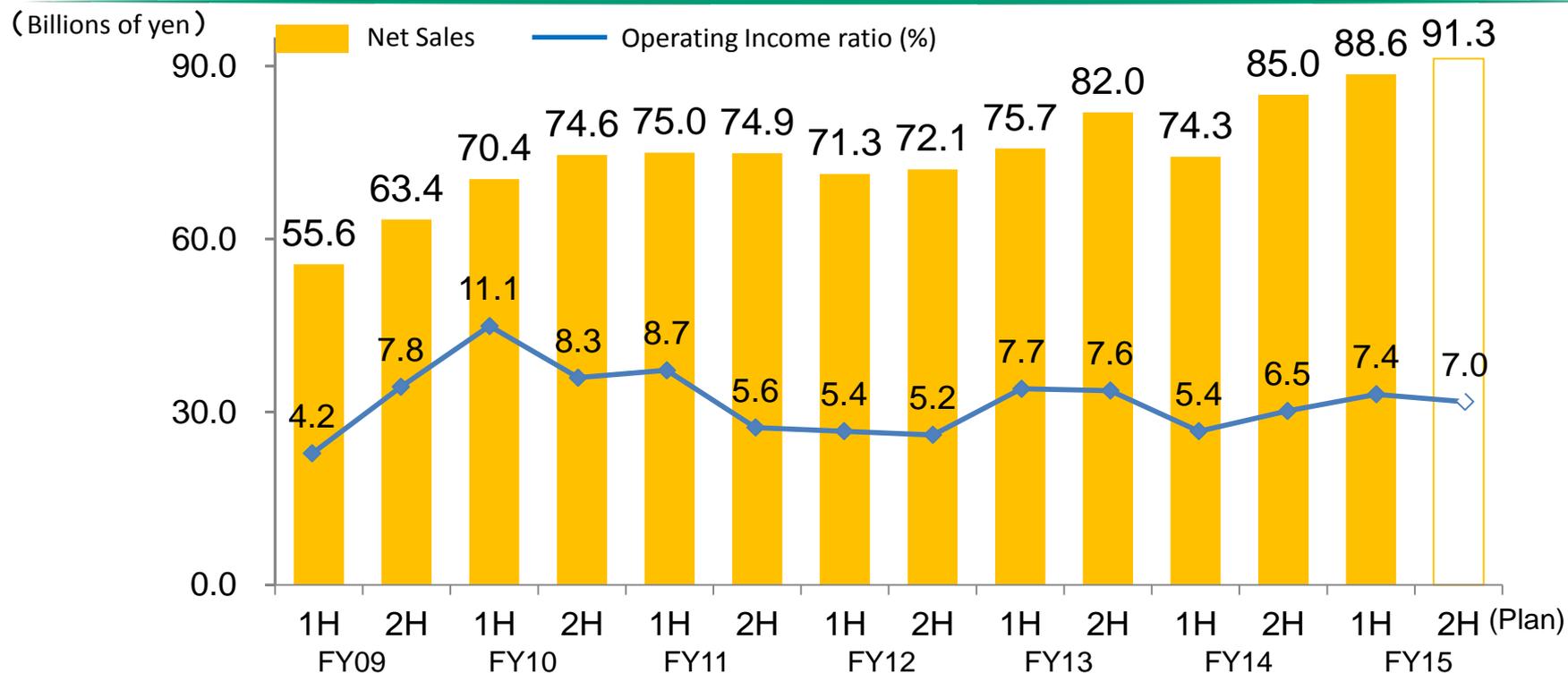
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Forecasts for FY2015

(Billions of Yen)		FY15 (Forecast)	1H	Progress Rate of 1H against FY15 Forecast)	2H Forecast (against 1H)
Equipment	Imaging equipment	75.0	34.7	46.3	Digital cinema projector (DCP) sales are expected to increase by around 30%, along with growth in sales of Boxer for general imaging
	Optical equipment	24.5	12.0	49.2	Projection lithography tools and photo-alignment equipment sales volume are expected to increase
	Illumination and others	2.0	1.1	56.7	
	Sub-total	101.5	47.9	47.2	
Light Sources	Discharge lamps	62.0	32.1	51.8	Slight increase in sales for solid state light sources, other items to be mainly flat YoY
	Halogen lamps	14.0	7.0	50.3	Mainly flat YoY
	Sub-total	76.0	39.1	51.5	
Other	Machinery for industrial use and other	2.5	1.5	61.0	
Total		180.0	88.6	49.2	

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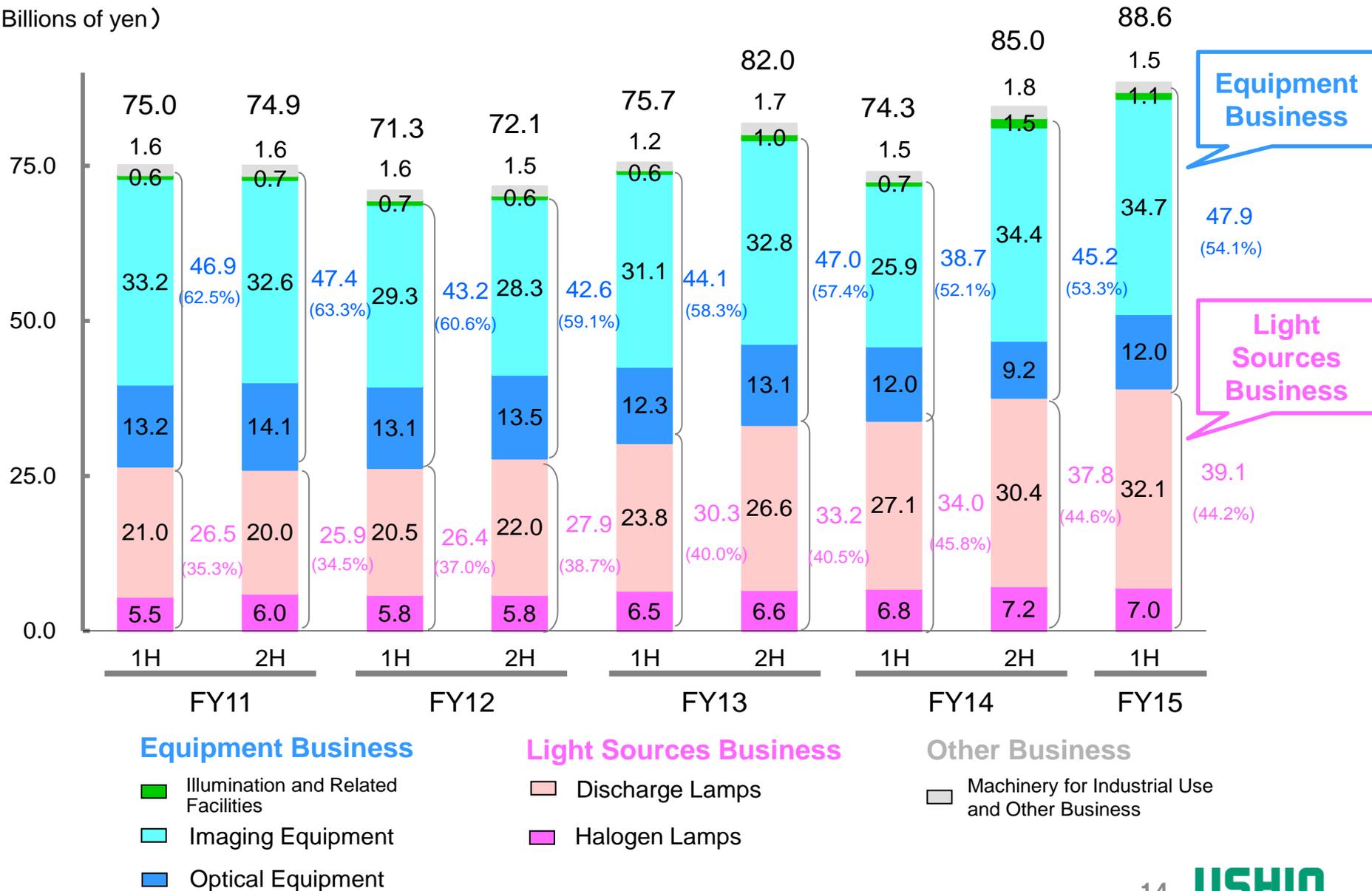
Transition of Net Sales and Operating Income



	FY09		FY10		FY11		FY12		FY13		FY14		FY15	
	1H	2H	1H	2H (Plan)										
Net Sales	55.6	63.4	70.4	74.6	75.0	74.9	71.3	72.1	75.7	82.0	74.3	85.0	88.6	91.3
Operating Income	2.3	4.9	7.8	6.1	6.5	4.1	3.8	3.7	5.8	6.2	4.0	6.3	6.5	6.4
Operating Income Ratio (%)	4.3	7.8	11.1	8.3	8.7	5.6	5.4	5.2	7.7	7.6	5.4	6.5	7.4	7.0

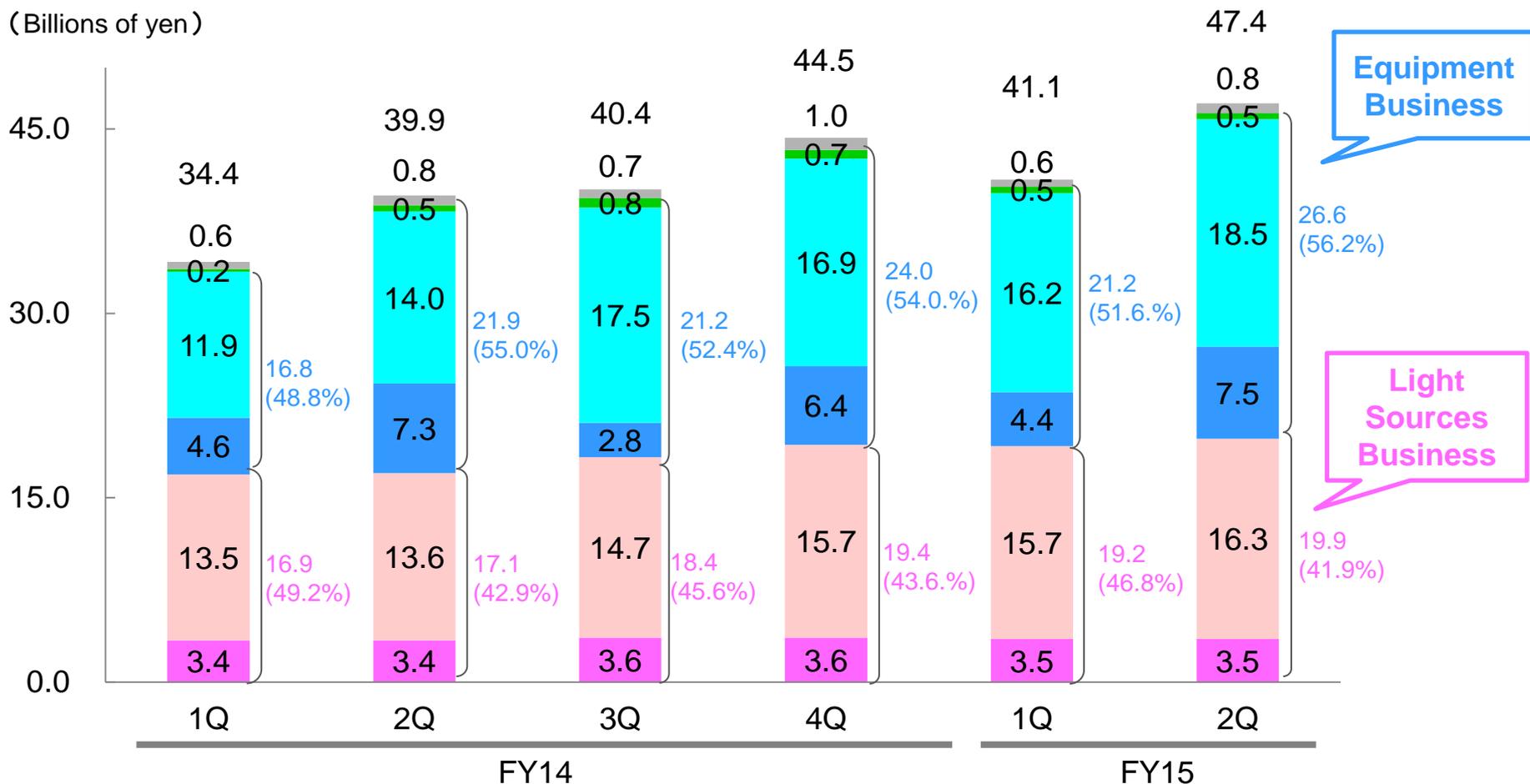
Net Sales by Product Groups 《Semi Annual Transition》

(Billions of yen)



Sales Trend by Product Groups 《Quarterly Transition》

(Billions of yen)



Equipment Business

- Illumination and Related Facilities
- Imaging Equipment
- Optical Equipment

Light Sources Business

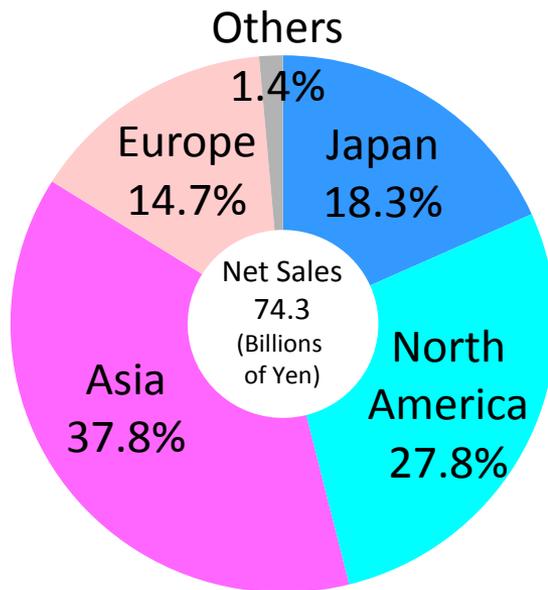
- Discharge Lamps
- Halogen Lamps

Other Business

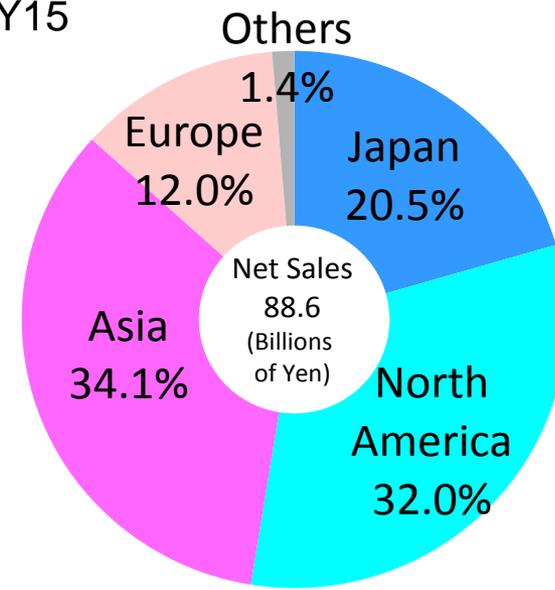
- Machinery for Industrial Use and Other Business

Foreign Sales Ratio 《1H》

◆FY14



◆FY15



Non-Operating Income and Expenses 《1H》

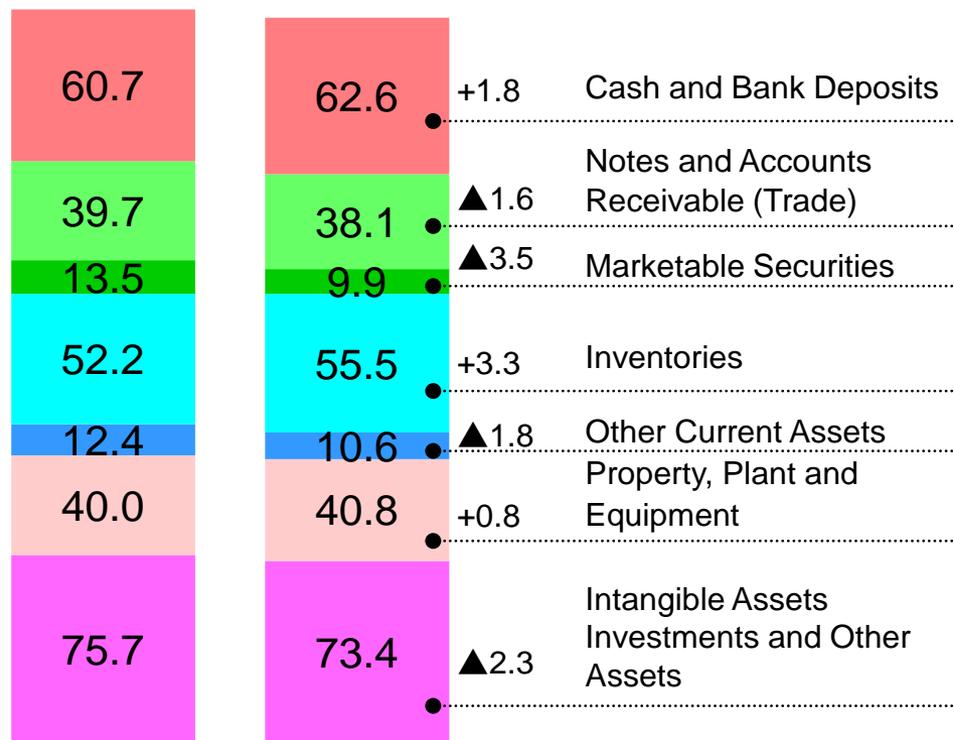
(Billions of Yen)	FY14	FY15	YoY
Non-Operating Income	1.4	1.2	▲0.1
Interest income	0.3	0.3	+0.0
Dividend income	0.5	0.5	+0.0
Foreign exchange gains	-	0.3	+0.3
Realized and unrealized profit on trading securities, net	0.2	▲0.2	▲0.4
Gain on sales of investment securities	-	-	-
Other	0.2	0.2	▲0.0
Non-Operating Expenses	0.2	0.2	▲0.0
Interest expenses	0.0	0.1	+0.0
Foreign exchange losses	0.0	-	▲0.0
Share of loss of entities accounted for using equity method	0.0	0.0	▲0.0
Other	0.1	0.1	+0.0
Non-Operating Income and Expenses	1.1	1.0	▲0.1

Balance Sheet

◆ Assets

(Billions of Yen)

294.5 291.1 ▲ 3.3



2015/3 2015/9

● Turnover (month)

2015/3 2015/9

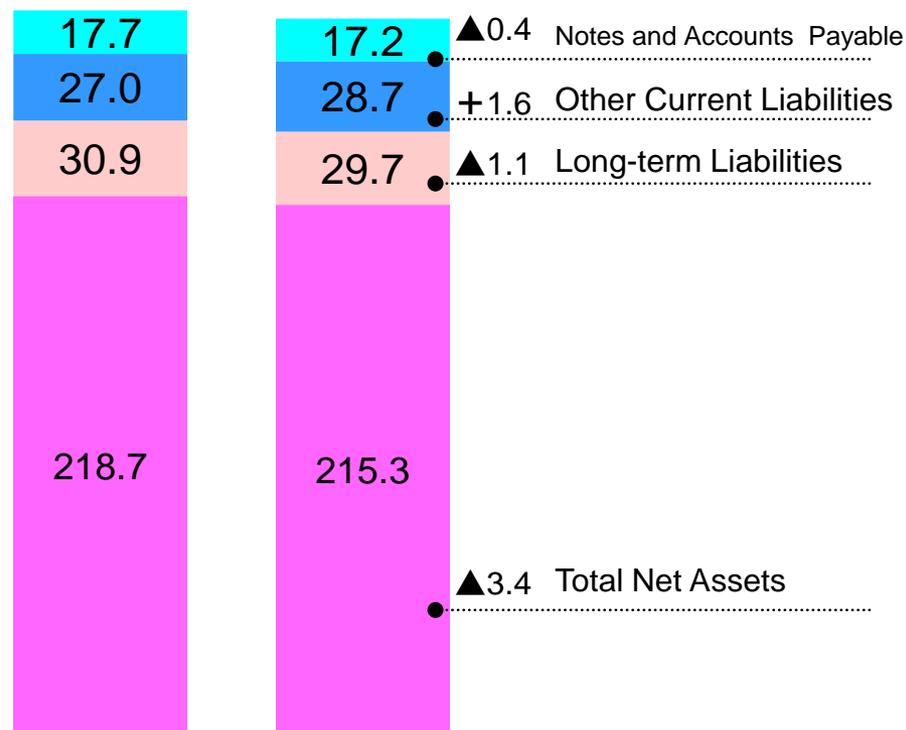
Receivable-trade 3.0 2.6

Inventories 3.5 3.7

◆ Liabilities • Total Net Assets

(Billions of Yen)

294.5 291.1 ▲ 3.3



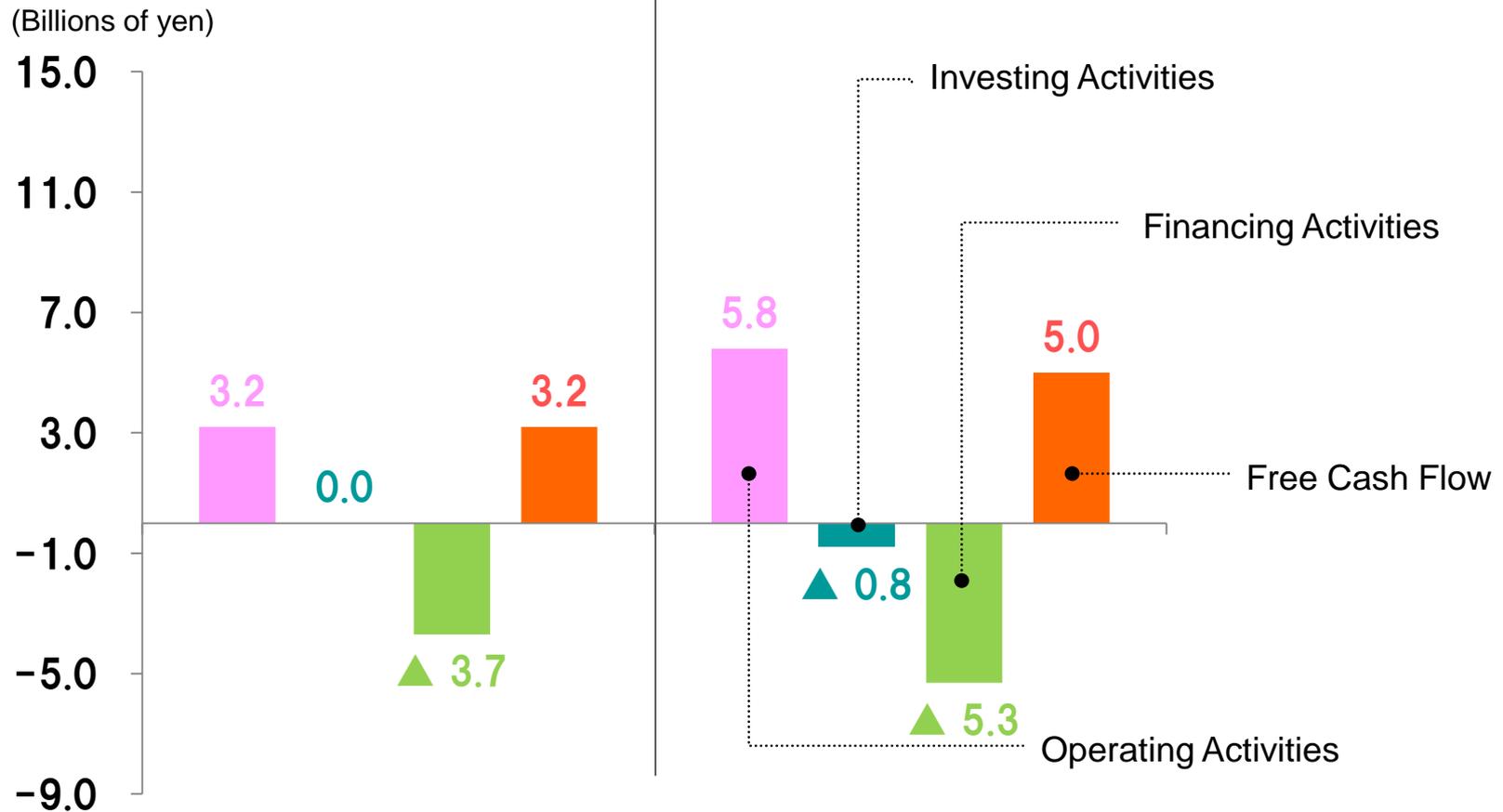
2015/3 2015/9

● Equity Ratio (%)

2015/3 2015/9

73.3 73.1

Cash Flow



FY14

Cash and Cash Equivalents at the Beginning of the FY	45.3
Cash and Cash Equivalents in the End of the FY	45.9

FY15

Cash and Cash Equivalents at the Beginning of the FY	56.9
Cash and Cash Equivalents in the End of the FY	56.0

Capital Expenditures, Depreciation and Amortization, R&D Expenses

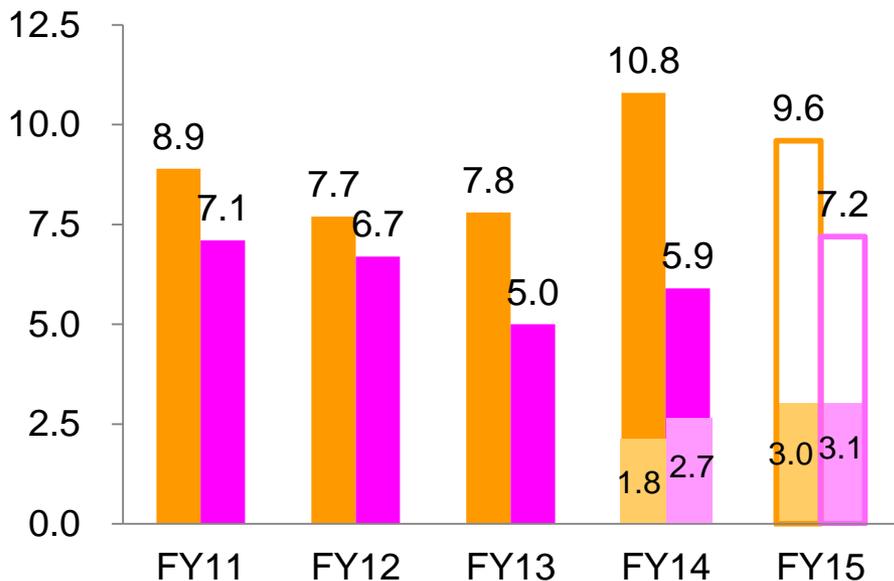
◆ Capital Expenditures, Depreciation and Amortization

Capital Expenditures

Depreciation and Amortization



(Billions of Yen)



	1Q	2Q
1H	1.9	1.0
Actual	1.5	1.5

◆ R&D Expenses

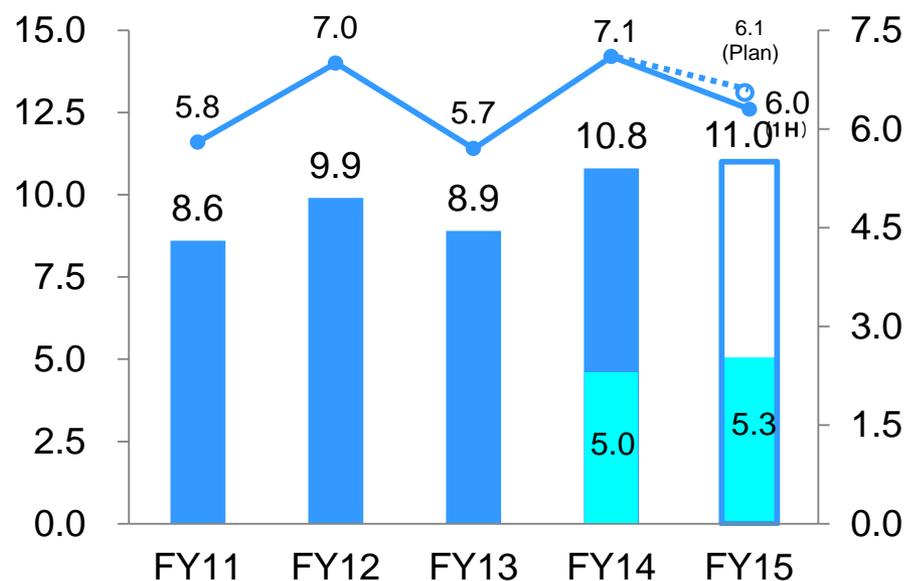
R&D Expenses

Ratio of R&D Expenses to Net Sales (%)



(Billions of Yen)

(%)



	1Q	2Q
1H	2.5	2.7
Plan	6.1	6.0

T O P I C S

Consolidation of MAXRAY

Announced March 24, 2015



In April 2015, USHIO LIGHTING INC. made MAXRAY INC. a wholly owned subsidiary. MAXRAY has a solid reputation in the high-level design and development of lighting equipment.

The company is aiming for further expansion of the high-value added lighting business, primarily LEDs.



USHIO Premium Theatre Launched

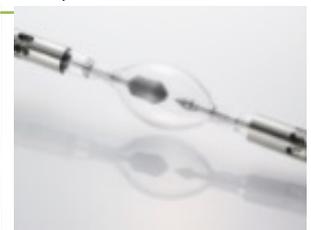
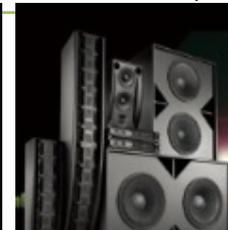
Announced April 10, 2015



This summer, USHIO acquired naming rights for a cinema in Himeji in Hyogo Prefecture, the city which is the birthplace of USHIO.

The “USHIO Premium Theatre” is the name of the screen No. 9 cinema within the Earth Cinemas Himeji cinema complex in front of Himeji train station.

	Company in charge	Specification
Theatre construction	XEBEX Inc.	Boothless design
Digital cinema projector	CHRISTIE DIGITAL SYSTEMS USA, Inc .	Christie CP4220 x 1 (4k resolution, 3D capable, 22,000 lumen)
Sound	CHRISTIE DIGITAL SYSTEMS USA, Inc .	Christie® Vive Audio™ (53 speakers)
Lamps	USHIO INC.	High luminance xenon lamp (in all projectors)



Personal Absorption Spectrometer Picoscope® Launched

Announced June 23, 2015

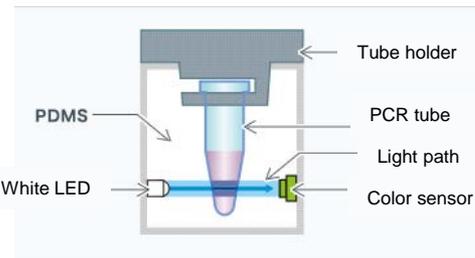
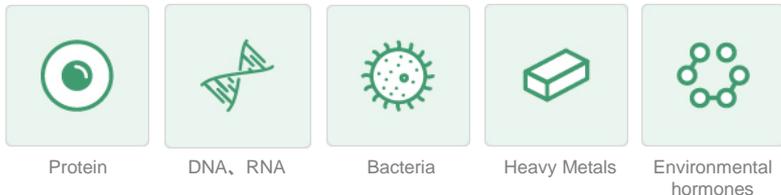
Ushio Absorption Spectrometer Picoscope
P I C I O S I C I O P I E



Launched on July 1, 2015. Using newly developed optical technology, “Silicone Optical Technology” (SOT*), the device offers high precision measurement capability in a package with a low price (98,000 yen) that is affordable for individual consumers.

Can be linked with a tablet to help reduce the measurement time and the work done by the person measuring, while improving the measurement environment.

■ Main Measurement Targets



*SOT is a monolithic optical system made using silicone resin. The dispersion of the functional material in the resin enables control of stray or scattered light, as well as excellent vibration and shock resistance. In addition, the SOT system is smaller in size and more efficient compared to conventional systems that use glass or other materials.

Agreements with Columbia University

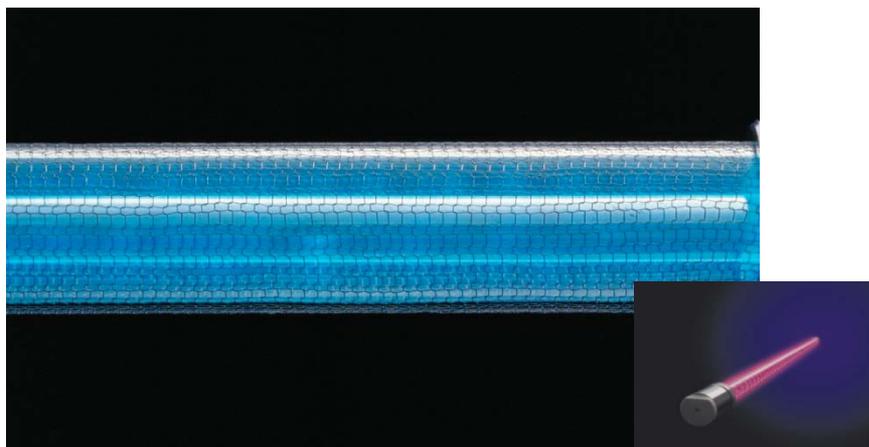
Announced June 24, 2015



USHIO entered into exclusive license and research agreements with Columbia University for an ultraviolet disinfection method that uses an excimer lamp to prevent microbial infection in hospitals.

Clinical research to commence in winter of 2015, with the aim of producing a product sometime around the year 2017.

Looking forward, the Company aims to expand into the sanitary and healthcare fields, and create a business around a safe and foolproof system for disinfection using excimer lamps.



USHIO

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