

1st Quarter FY2017 Financial Results

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

USHIO INC.

July 28, 2017

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.**

- I. Financial Results for 1Q FY2017**
- II. Future Prospects
- III. Supplementary Information

Highlights of Financial Results for 1Q FY2017

Consolidated Net Sales up 4.3% year on year to ¥41.7 billion
Consolidated Operating Income up 187.4% year on year to ¥2.8 billion. Higher sales and earnings overall

Progress against full-year forecasts: Net Sales 23.2%, Operating Income 28.1%

Sales: 41.7 billion yen (+1.7 billion yen YoY)

- Higher sales of optical equipment due to capital investment by semiconductor- and flat panel-related users

Operating Income: 2.8 billion yen (+1.8 billion yen YoY)

- Operating income increased due to improved profitability in optical equipment and the headcount reduction undertaken in the previous fiscal year

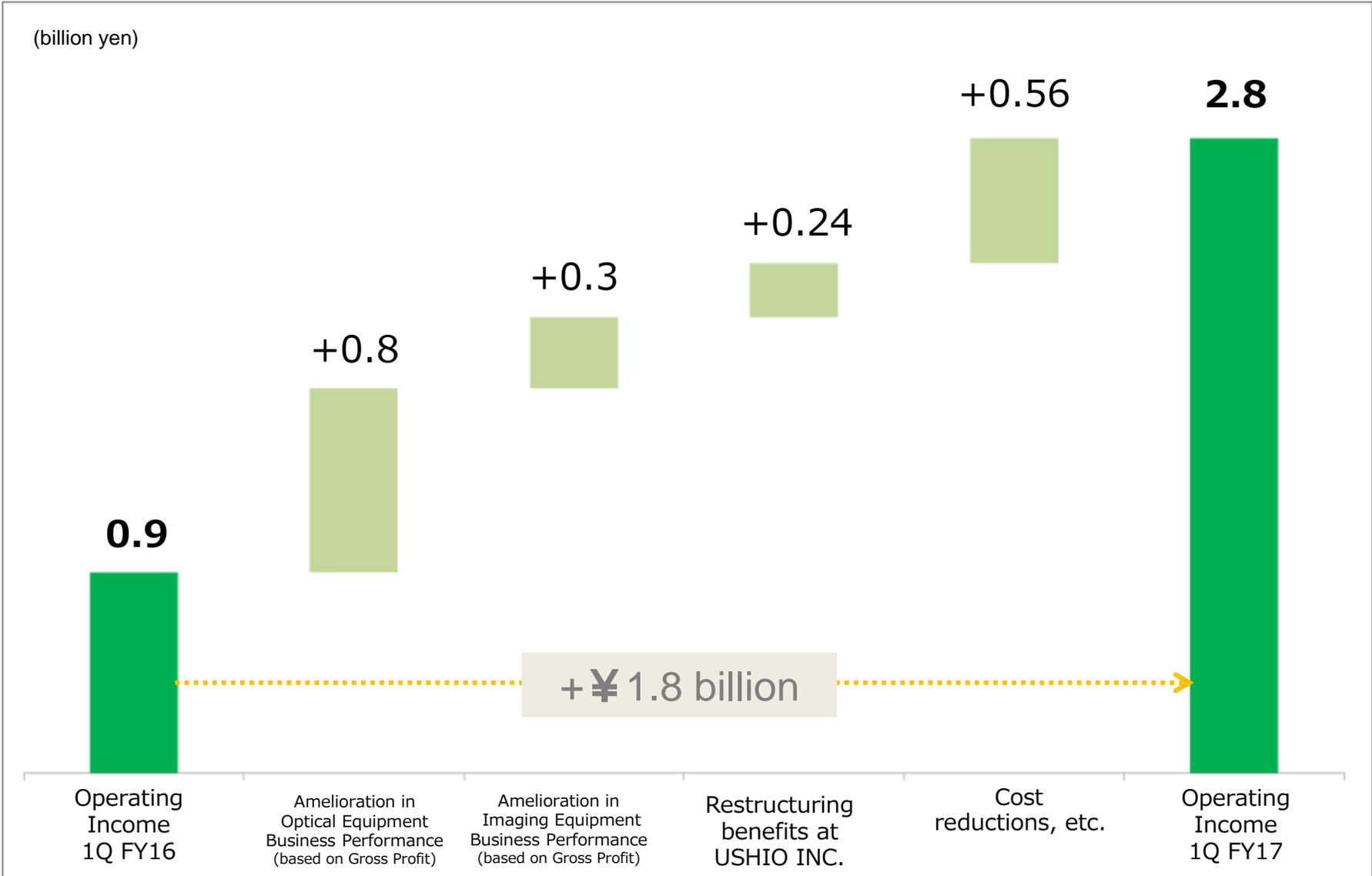
Profit Attributable to Owners of Parent: 6.5 billion yen (+6.3 billion yen YoY)

- Profit attributable to owners of parent increased due to lower foreign exchange losses and a gain

Summary of Financial Results 1Q FY2017

(billion yen)	FY16 1 Q	FY17 1 Q	YoY	
			Changes	%
Sales	39.9	41.7	1.7	4.3
Operating Income	0.9	2.8	1.8	187.4
Operating Income (%)	2.4	6.7	4.3P	
Ordinary Income	0.4	3.9	3.5	811.8
Profit Attributable to Owners of Parent	0.1	6.5	6.3	—
EPS (yen)	1.24	51.32	50.08	—
FOREX (yen)				
USD	111	111		
EUR	125	122		

Variation Analysis of Operating Income of 1Q



Financial Results by Business Segments

(billion yen)		FY16 1Q	FY17 1Q	YoY	
				Changes	%
Equipment	Sales	21.2	22.5	1.3	6.4
	Operating Income	▲0.7	0.0	0.7	—
	Operating Income(%)	▲3.6	0.2	3.8P	
Light Sources	Sales	18.1	18.2	0.0	0.5
	Operating Income	1.7	2.6	0.8	50.9
	Operating Income(%)	9.6	14.4	4.8P	
Others	Sales	0.5	0.8	0.2	47.4
	Operating Income	▲0.0	0.0	0.0	—
	Operating Income(%)	▲3.3	7.6	10.9P	
Elimination and corporate	Operating Income	0.0	0.0	0.0	—

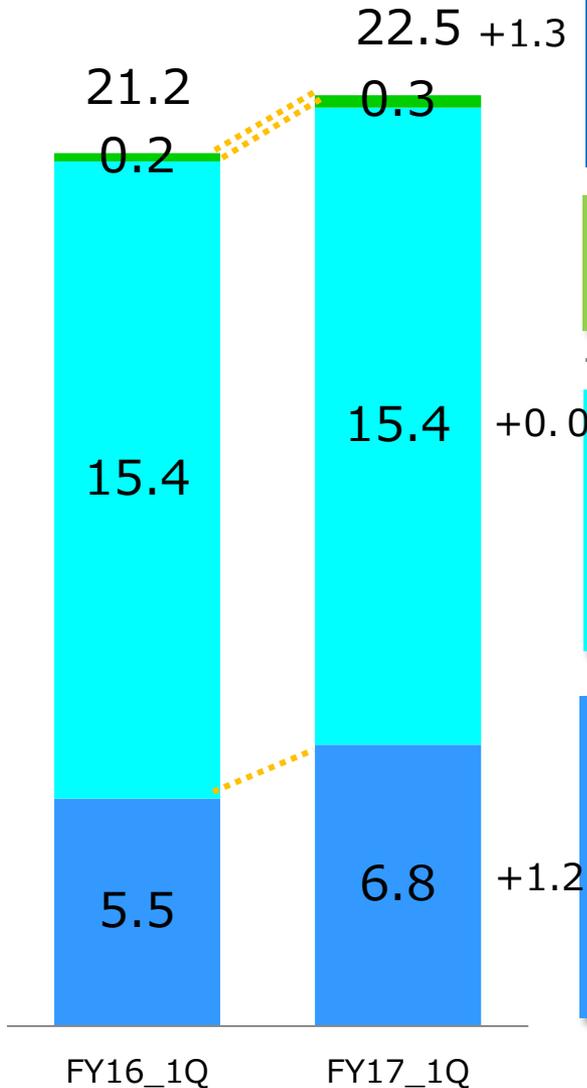
Note : Net Sales indicates sales to unaffiliated customers.

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

Equipment Business Segment 《Net Sales》

《1Q YoY》
(billion yen)

Net Sales



Equipment Business Total	Sales	1Q Overview
	¥22.5 billion	
	YoY +¥1.3 billion	Sales of imaging equipment were mostly unchanged YoY. In optical equipment, sales of UV equipment rose, but sales of cure equipment were flat. Overall sales of optical equipment increased 22% YoY.
	+6.4%	

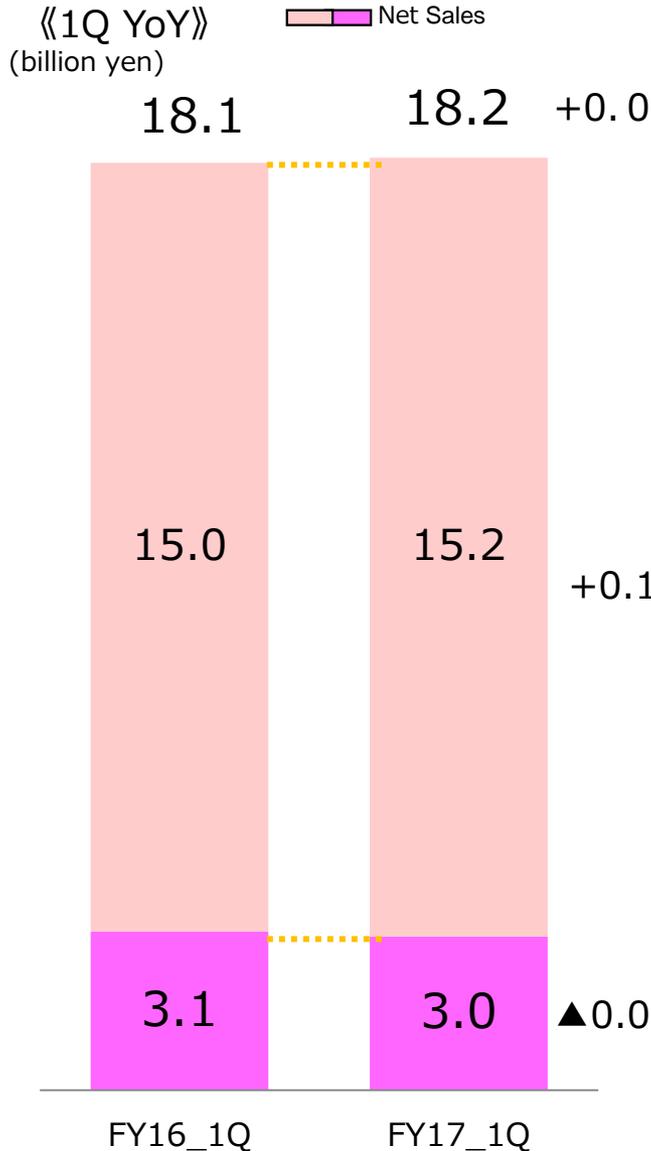
Illumination and others	¥0.3 billion	• Sales increased due to a large project for a theme park
	YoY +¥0.1 billion	
	+61.7%	

Imaging Equipment	¥15.4 billion	• Cinema: ▲13%
	YoY +¥0.0 billion	Digital cinema projector (DCP) shipments decreased nearly 30% YoY
	+0.0%	• General imaging: +12%
		Increase in solutions-based projects.

Optical Equipment	¥6.8 billion	• UV equipment: +35%
	YoY +1.2 billion	Strong sales of direct image exposure systems for main substrates of next-generation smartphones, in addition to projection lithography equipment for electronic components.
	+21.8%	• Cure equipment: +0%
		Strong sales of bonding equipment for flat panels.

Note : Net sales indicates sales to unaffiliated customers

Light Sources Business Segment 《Net Sales》



Light Sources Total	Sales ¥18.2 billion YoY +¥0.0 billion +0.5%	1Q Overview Market demand firm overall, except for lamps for cinema. Overall light sources sales mostly unchanged YoY
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Discharge Lamp ¥15.2 billion YoY +¥0.1 billion +1.1%	<ul style="list-style-type: none"> UV lamps: +7% Reflected surging capital investment and high utilization rates in the semiconductor, LCD Lamps for cinema: ▲4% Demand for lamps were negatively impacted by an increase in fluorescent laser projectors in the Chinese market, in addition to price competition. Lamps for data projectors: +8% Favorable sales of new products by users who adopted USHIO lamps.
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Halogen Lamp ¥3.0billion YoY ▲¥0.0 billion ▲2.3%	<ul style="list-style-type: none"> Lamps for OA: Sales remained mostly flat as orders continued for high value-added, eco-friendly products Lamps for lighting: Edged down due to conversion to solid-state light sources
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Forecasts for 1H and Full-year FY2017

There have been no changes in the half-year and full-year forecasts announced previously

(billion yen)	FY17 1 Q	1H Forecast	% of achievement (1H FY2017)	Full-year forecast	% of achievement (Full FY2017)
Net Sales	41.7	87.0	48.0	180.0	23.2
Operating Income	2.8	4.5	62.5	10.0	28.1
Operating Income(%)	6.7	5.2	-	5.6	-
Ordinary Income	3.9	5.5	71.6	11.5	34.2
Profit Attributable to Owners of Parent	6.5	8.5	77.1	11.0	59.6
EPS (yen)	51.32	66.53	77.1	86.10	59.6
FOREX (yen)					
USD	111	110	-	110	-
EUR	122	115	-	115	-

Forecast by Business Segment

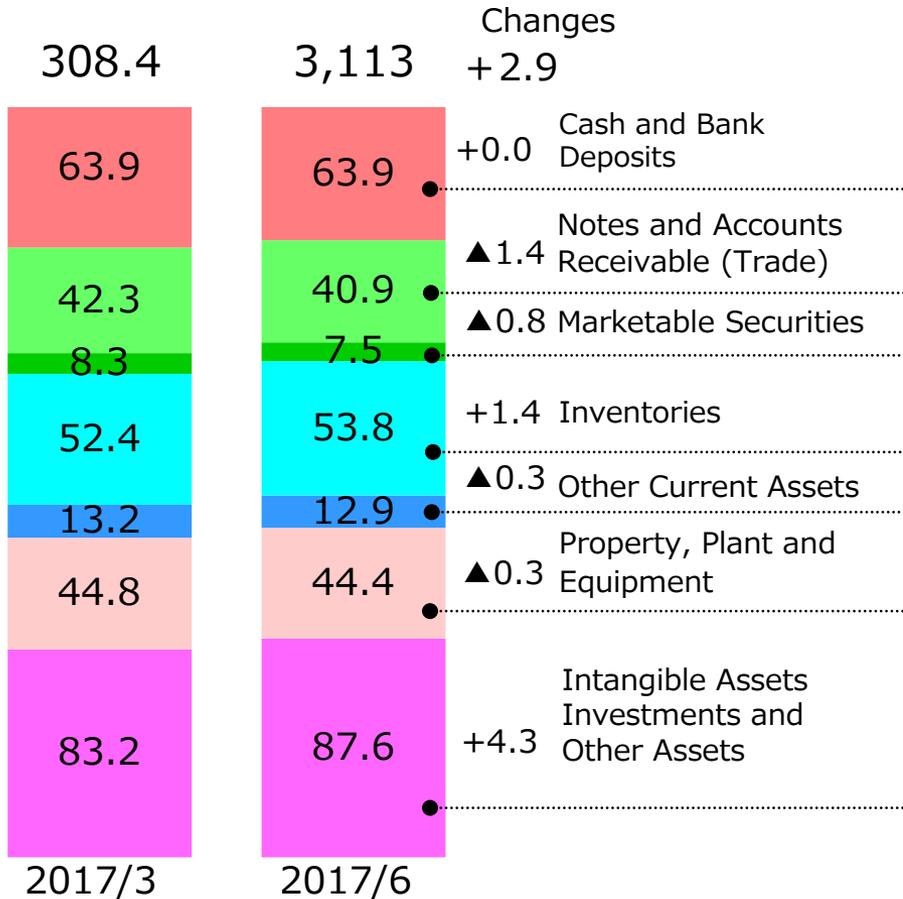
There have been no changes from the previous forecasts

(billion yen)	Net Sales	FY17 (Full Year Plan)	1Q Actual Result	Progress (%) (vs FY Plan)	Forecast
Equipment Business	Imaging equipment	72.5	15.4	21.2	Slight soft sales based on a slowdown in the Chinese market
	Optical equipment	27.5	6.8	24.8	Firm capital investment by users. 2Q sales are expected to surpass 1Q sales.
	Illumination and others	2.5	0.3	13.9	Firm demand projected.
	Sub-total	102.5	22.5	22.0	
Light Sources Business	Discharge lamps	62.5	15.2	24.4	Demand remains firm, particularly for UV lamps and lamps for data projectors.
	Halogen lamps	12.0	3.0	25.5	Expected to remain mostly unchanged.
	Sub-total	74.5	18.2	24.6	
Other	Machinery for industrial use and other	3.0	0.8	28.8	
Total		180.0	41.7	23.2	

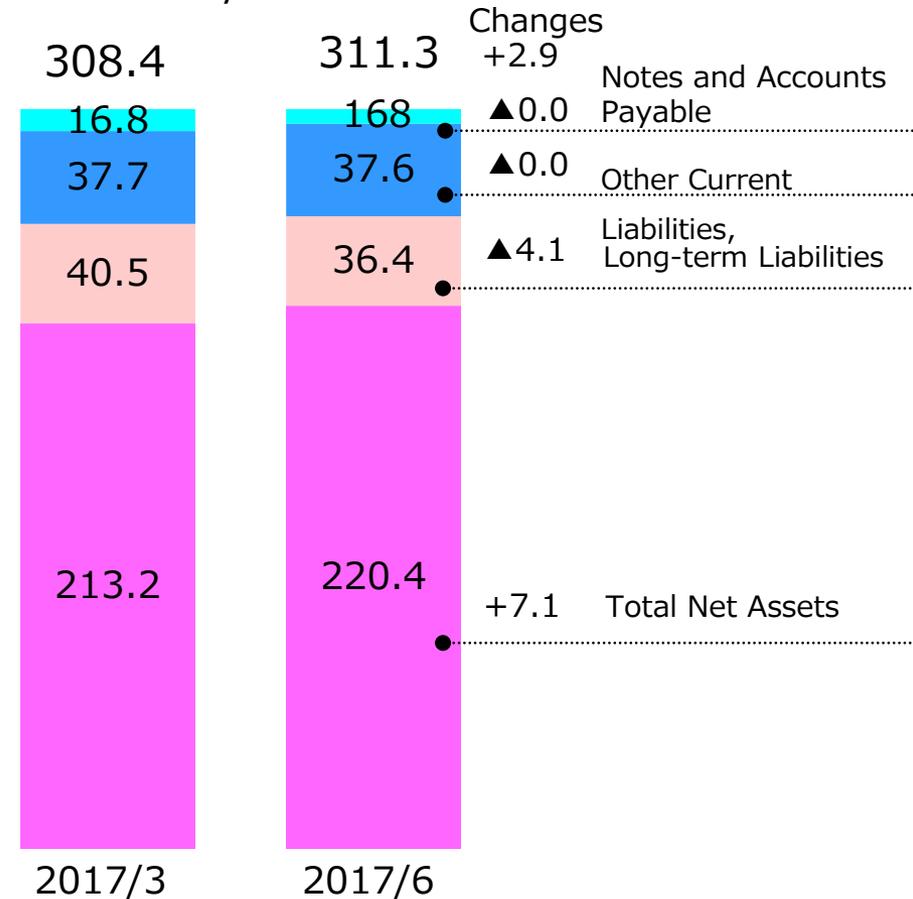
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Reference: Balance Sheet

< Assets > (billion yen)



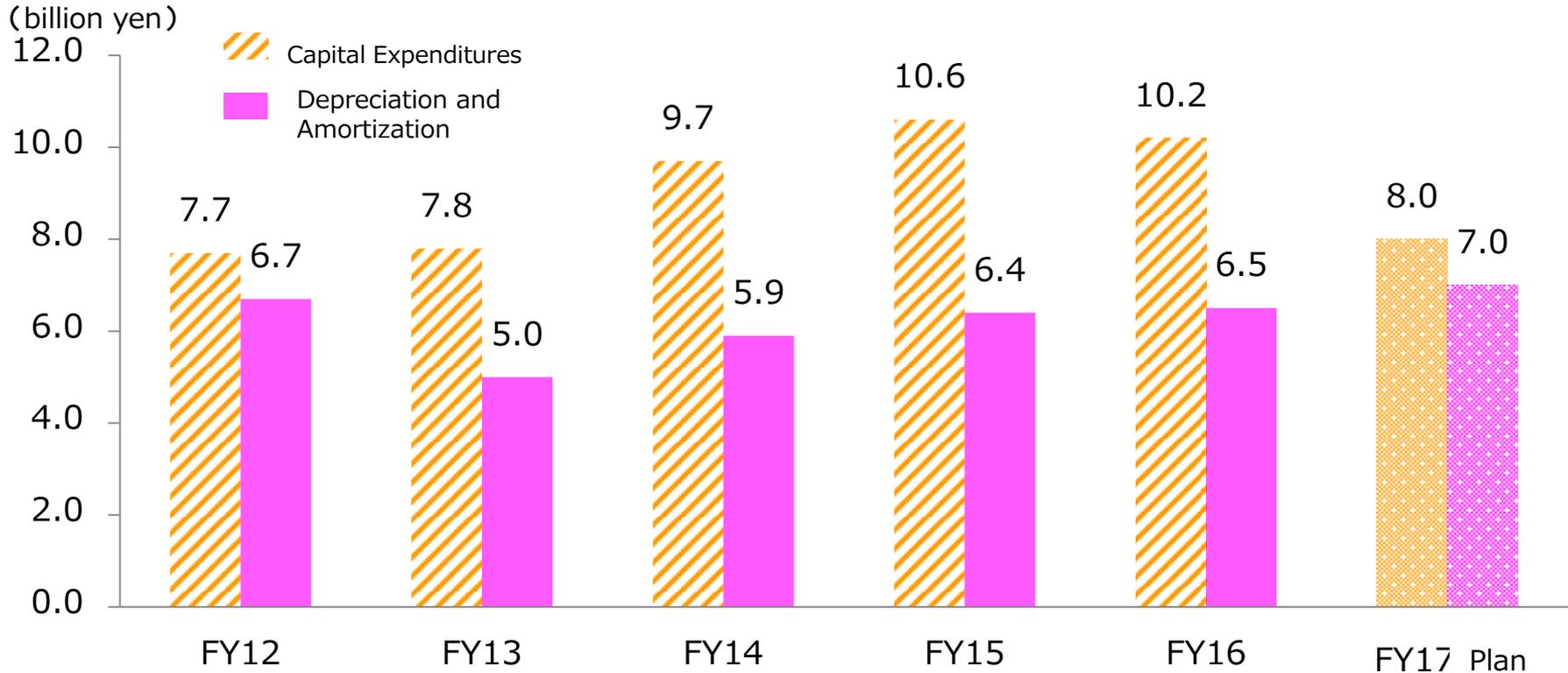
< Liabilities/Total Net Assets > (billion yen)



● Turnover (month)	2017/3	2017/6
Receivable-trade	2.8	2.7
Inventories	3.8	3.9

● Equity Ratio (%)	2017/3	2017/6
	68.9	70.6

Reference: Capital Expenditures, Depreciation and Amortization

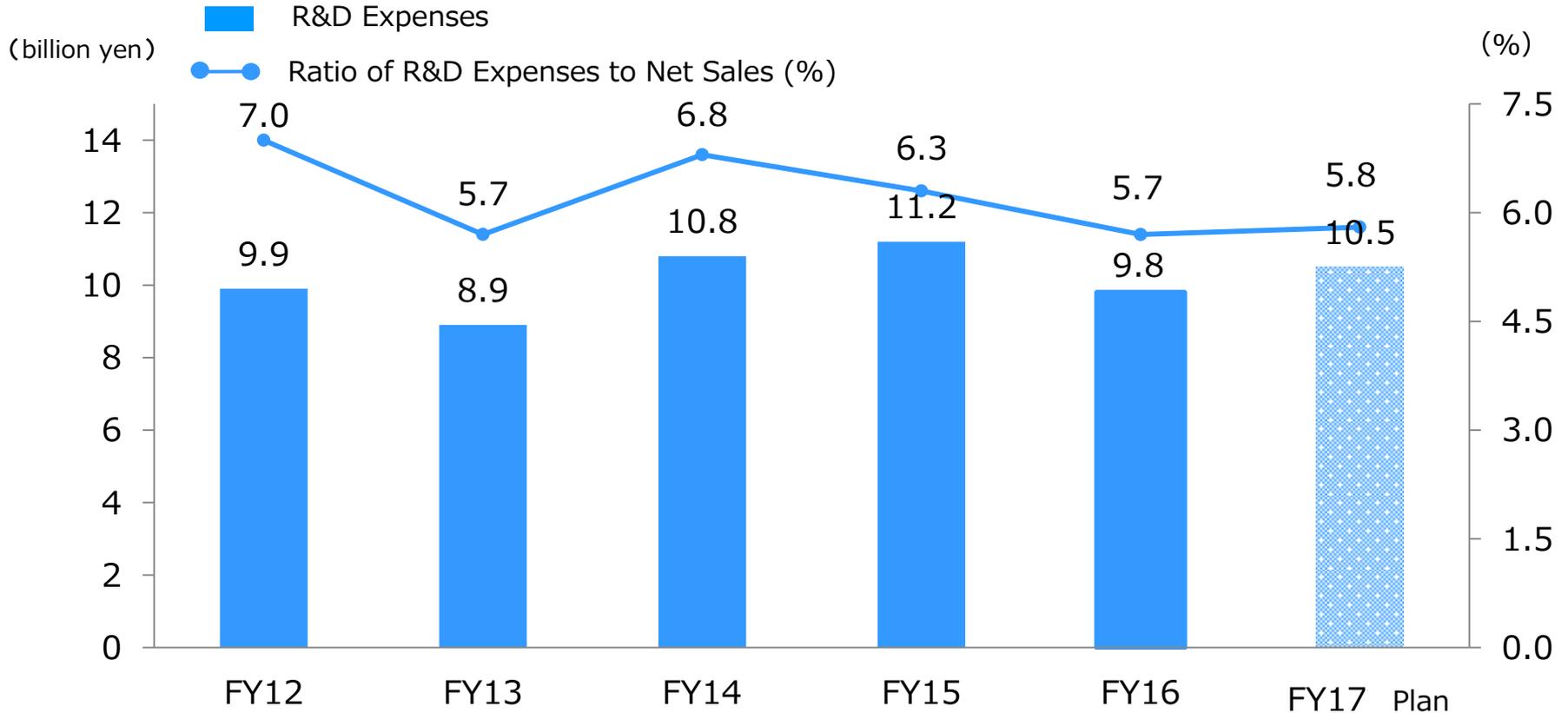


(billion yen)	FY16 1 Q	FY17 1 Q	YoY	
			Changes	%
Capital Expenditures	2.4	1.2	▲1.1	▲47.9
Depreciation and Amortization	1.6	1.8	+0.2	+12.9

Note 1. Capital Expenditures = Property, Plant and Equipment + Intangible assets (excluding Goodwill)

Note 2. Increase of Goodwill not included in Capital Expenditures: FY16_1Q:-, FY17_1Q:0.2

Reference : R&D Expenses



(billion yen)	FY16 1 Q		FY17 1 Q		YoY	
					Changes	%
R&D Expenses		2.3	2.3		+0.0	+2.1
Ratio of R&D Expenses to Net Sales(%)		5.9	5.8		▲0.1P	-

Reference: Other Income and Expenses, Extraordinary Income and Losses 《1Q》

(billion yen)	FY16 1Q	FY17 1Q	YoY
Other Income	0.8	1.3	+0.4
Dividend	0.6	0.6	+0.0
Other	0.2	0.6	+0.3
Other Expenses	1.4	0.1	▲1.2
Exchange Loss	0.9	0.0	▲0.8
Other	0.4	0.1	▲0.3
Other Income and Expenses	▲0.5	1.1	+1.6

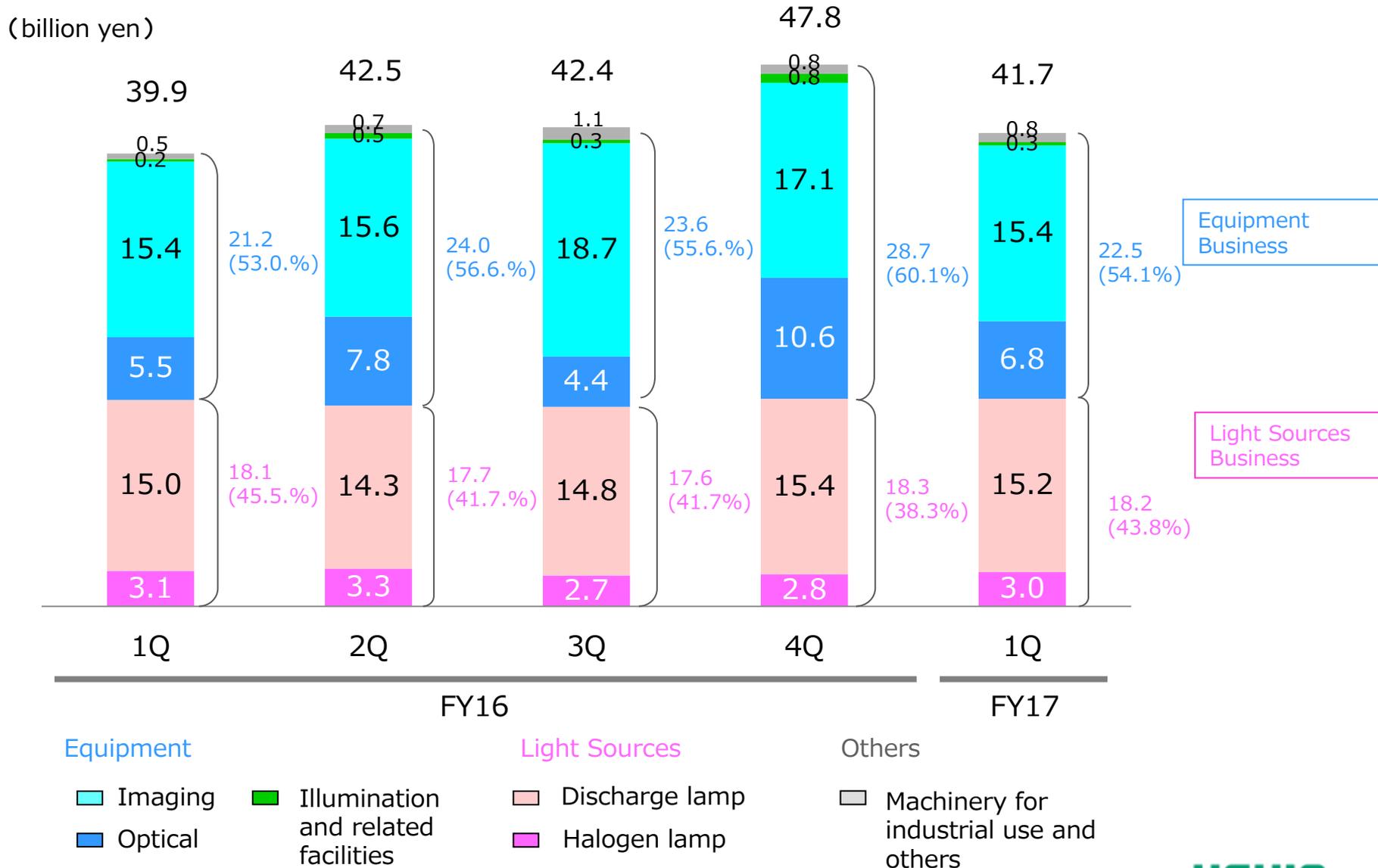
(billion yen)	FY16 1Q	FY17 1Q	YoY
Extraordinary Income	0.1	6.2	+6.0
Gain on sales of non-current assets	0.0	0.1	+0.1
Gain on sales of investment securities	0.1	0.0	▲0.1
Gain on return of the substitutional portion of the employees' pension fund	—	6.0	+6.0
Extraordinary Losses	0.1	0.0	▲0.0
Other	0.0	0.0	▲0.0

Comparison to 4Q Last Year «QoQ»

«QoQ»				
(billion yen)	FY16	FY17	QoQ	
	4Q	1Q	Changes	%
Net Sales	47.8	41.7	▲6.1	▲12.8
Operating Income	2.8	2.8	▲0.0	▲1.9
Operating Income (%)	6.0	6.7	+0.7P	-
Ordinary Income	2.9	3.9	+1.0	+34.3
Profit Attributable to Owners of Parent	0.9	6.5	+5.6	+586.4
EPS (yen)	7.48	51.32	+43.84	+586.4
FOREX (yen)				
USD	114	111	▲3	
EUR	121	122	+0	

«QoQ by business segment»				
(billion yen)	FY16	FY17	QoQ	
	4Q	1Q	Changes	%
Equipment Business				
Net Sales	28.7	22.5	▲61	▲21.5
Operating Income	0.1	0.0	▲0	▲72.2
Operating Income(%)	0.4	0.2	▲0.3P	-
Light Sources Business				
Net Sales	18.3	18.2	▲0	▲0.0
Operating Income	2.6	2.6	+0	+0.1
Operating Income(%)	14.4	14.4	+0.0P	-
Others				
Net Sales	0.8	0.8	+0	+7.0
Operating Income	0.0	0.0	+0	+61.2
Operating Income(%)	5.0	7.6	+2.5P	-

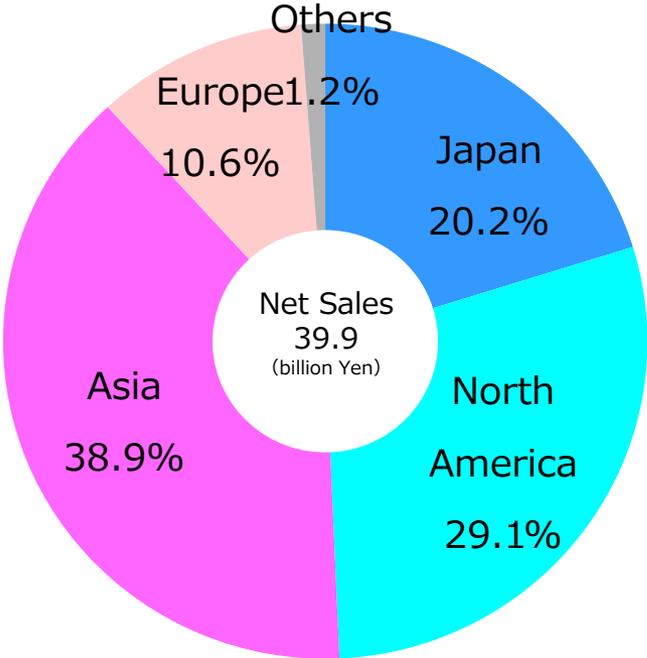
Reference: Net Sales by Sub-segment 《Quarter》



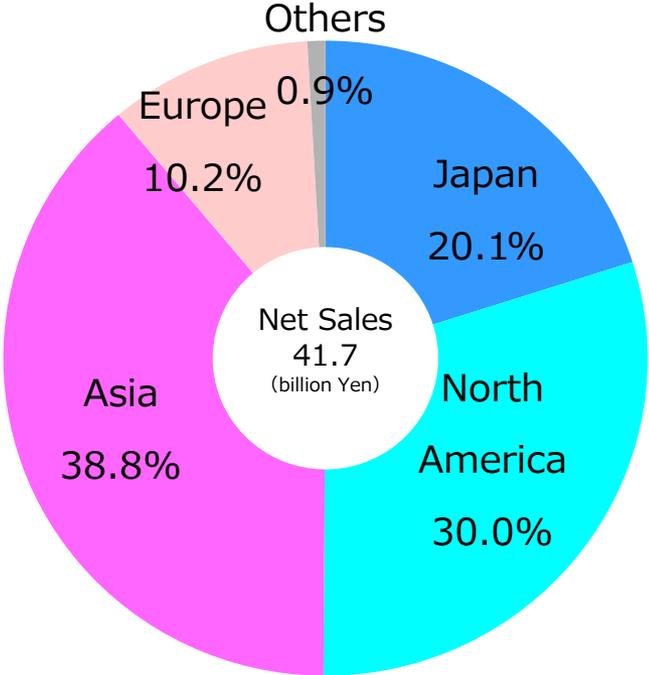
Reference: Sales Ratio《1Q》

There have been no notable changes on a year-on-year basis.

◆FY16_1Q



◆FY17_1Q



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