

# FY2018 Financial Results

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

USHIO INC.  
May 10, 2019

**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.**

## FY2018 Overview

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YoY for FY2018 (Result) :

Causal Analysis on **Net sales and Earnings Decreased**

YoY for FY2019 (Forecast) :

Reasons and Measures on **Financial Result Forecast Increasing**

**Operating Income 15.0 billion yen on Medium-term Management**

**Plan for 3<sup>rd</sup> year Downward Revision to 10.0 billion yen for FY2019**

- I. Financial Results for FY2018**
- II. Forecasts for FY2019
- III. New Management Plan
- IV. Supplementary Information

# Highlights of Financial Results for FY2018

Net Sales down 4.8% year on year to ¥165.1 billion  
Operating Income down 16.1% year on year to ¥8.5 billion.

Achievement Rate to Revised on Jan. 31<sup>st</sup> : Net Sales 100.1%, Ordinary Income 100.2%  
(Achievement Rate to Initial Plan : Net Sales 91.7%, Ordinary Income 68.1%)

**Net Sales : 165.1 billion yen (▲8.3 billion yen YoY, ▲4.8%)**

- **Imaging Equipment :** Sales decreased due to DCP installations decreased of new movie theater, Decreased in solutions-based projects YoY
- **Light Source Business:** Demand for lamp decreased due to conversion to solid-state light sources (LD, LED) in the market

**Operating Income : 8.5 billion yen (▲1.6 billion yen YoY, ▲16.1%)**

- **Operating income decreased due to lower net sales**
- **Imaging Equipment:** Sales administrative expense decreased due to reconstruction

**Profit Attributable to Owners of Parent : 11.3 billion yen**  
(+0.3 billion yen YoY, +2.9%)

FOREX sensitivity: Amount of impact from 1 yen fluctuations (full-year)

\*FOREX FY2018 : 1US\$ = 111 yen

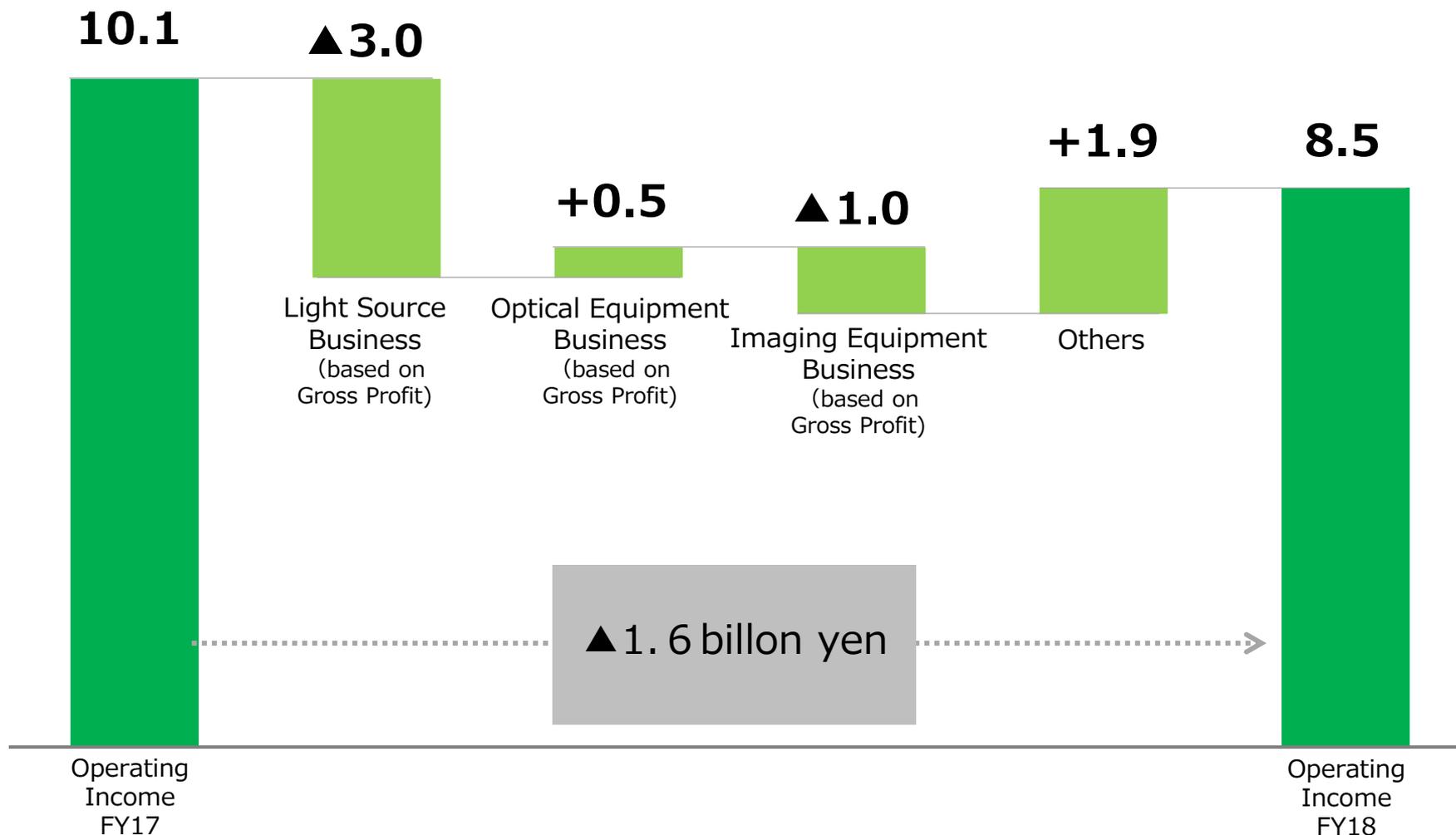
	Net Sales	Operating Income
against USD	Approx. ¥ 1.0 billion	Approx. ¥ 0.15 billion

# Summary of Financial Results FY2018

(billion yen)	FY17	FY18	YoY		
			Changes	%	
Net Sales	173.4	<b>165.1</b>	▲8.3	▲4.8	
Operating Income	10.1	<b>8.5</b>	▲1.6	▲16.1	
Operating Income (%)	5.9	<b>5.2</b>	▲0.7P	-	
Ordinary Income	12.0	<b>11.4</b>	▲0.6	▲5.1	
Profit Attributable to Owners of Parent	11.0	<b>11.3</b>	+0.3	+2.9	
EPS (yen)	86.11	<b>88.85</b>	+2.74	+3.2	
ROE (%)	5.1	<b>5.3</b>	+0.2P	-	
Dividend per share (yen)	26	<b>50</b>	+24	-	
Payment Ratio (%)	30.2	<b>56.3</b>	+26.1P	-	
Forex (yen)	USD	111	<b>111</b>	▲0	-
	EUR	129	<b>129</b>	▲0	-

# YoY Variation Analysis of Operating Income

(billion yen)



Note: Figures for the factors from "Effect of early retirement benefits at USHIO INC." to "Others" exclude the forex impact.

Note: Figures for "Amelioration in Optical Equipment Business Performance (based on Gross Profit)" and "Deterioration in Imaging Equipment Business Performance (based on Gross Profit)" exclude the "Effect of early retirement benefits at USHIO INC."

# Financial Results by Business Segments

(billion yen)		FY17	FY18	YoY	
				Changes	%
Equipment	Net Sales	97.6	94.6	▲3.0	▲3.1
	Operating Income	▲0.5	▲0.3	+0.2	+41.1
	Operating Income (%)	▲0.5	▲0.3	+0.2P	-
Light Sources	Net Sales	72.4	67.1	▲5.2	▲7.2
	Operating Income	10.4	8.3	▲2.0	▲19.6
	Operating Income (%)	14.4	12.5	▲1.9P	-
Others	Net Sales	3.4	3.3	▲0.1	▲3.7
	Operating Income	0.1	0.1	▲0.0	▲22.1
	Operating Income (%)	3.8	3.0	▲0.7P	-
Elimination and corporate	Operating Income	0.1	0.3	+0.2	+170.6

Note : Net Sales indicates sales to unaffiliated customers.

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

# Business Environment

## Electronics Field

### **Semiconductors- and electrical components-related markets**

- Solid demand for various electronic devices due to advances in IoT, 5G, and automotive applications
- Solid demand for electronic devices for smaller and more sophisticated smartphones
- Demand related to M-SAP settled down
- Unclear demand for PD board due to Chinese economic slowdown

### **FPD-related markets**

- Middle-small panel: settled down after transferred from LCD to OLED
- Large-size panel: Equipment investment demand increased mainly in LCD market but operation slowdown due to panel supply being in adjustment stage

## Visual Imaging Field

### **Cinema field**

- Continuous increase installations of new movie theaters in China, however, settled down of new movie theaters in other countries
- More than half of new movie theaters install solid-state type light source projectors, still 90% of installed projectors employed Xenon lamps
- Continuous replacement of light source part in China (Xenon lamp to solid-state light)

### **General Imaging field**

- Trend of increasing visual imaging needs in the entertainment field

### **Data Projector field**

- Continuous increase of the rate of solid-state light sources employed in high-illuminate projectors

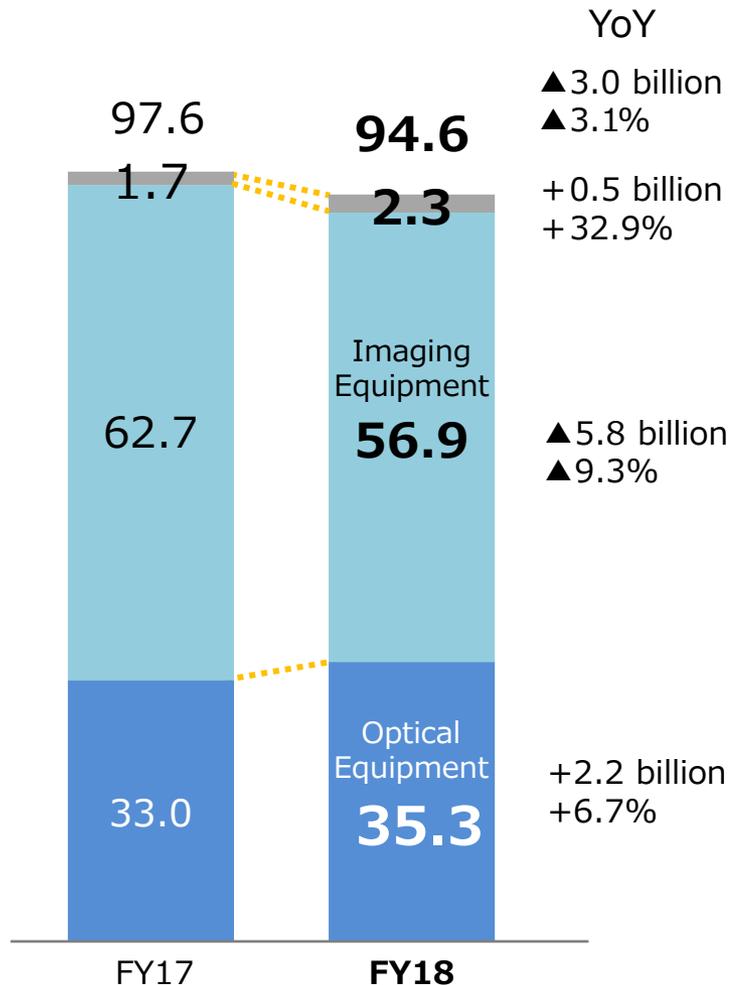
## Overall

General slowdown in business due to Chinese economic slowdown caused by an impact of U.S.-China trade friction

# Business Segment Overview (1)

## Equipment Business

Net Sales (billion yen)



Note : Net sales indicates sales to unaffiliated customers

## Overview (YoY)

### Imaging Equipment

#### Cinema : ▲11%

- Digital Cinema Projector (DCP) Sales volume decreased
- RGB laser projector sales lower than plan

#### General Imaging : ▲8%

- Sales decreased of solution projects
- Started LaPH projector sale however sales number lower than plan

### Optical Equipment

#### UV equipment : +5%

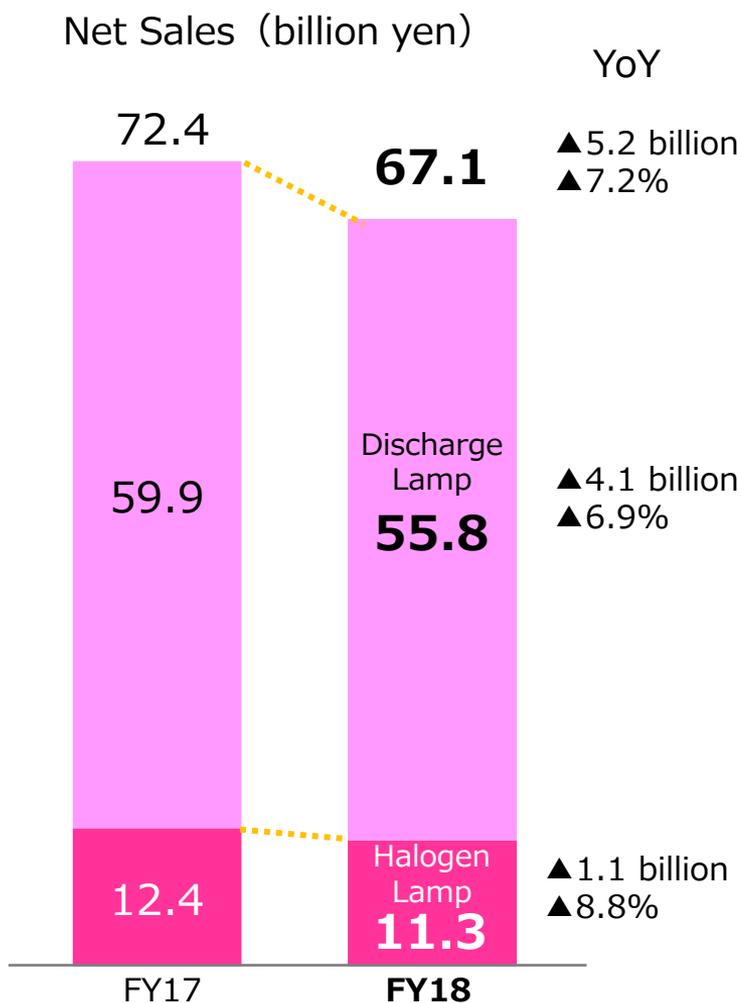
- Sales increased of projection lithography equipment for electronic devices centered on smartphones
- Demand settled down for direct imaging exposure systems for M-SAP

#### Cure equipment : +19%

- Sales increased of large size LCD related equipment
- Sales volume decreased of photo-alignment equipment

# Business Segment Overview ( 2 )

## Light Sources Business



Note : Net sales indicates sales to unaffiliated customers.

## Overview (YoY)

### Discharge Lamp

#### UV lamps : +1%

- Demand increased for large size LCD panels
- Demand decreased for OLED due to impact of investment restraint

#### Lamps for cinema : ▲9%

- Demand for lamps decreased due to conversion to solid-state light sources in Chinese market
- Price dropped due to intensified competition

#### Lamps for data projectors : ▲20%

- Sales decreased for a specific user which had expanded in previous FY
- Demand for lamps decreased due to conversion to solid-state light sources

### Halogen Lamp

#### Lamps for OA : ▲10%

- Demand for lamps decreased due to Chinese economic slowdown

# Comparison of Full-year Forecasts with Actual Results

(billion yen)		FY18 Results	Full Year Plan		Changes		Achievement Rate (%)	
			Initial Plan	Revised on 1.31	Vs. Initial Plan	Vs. revision on 1.31	Vs. Initial Plan	Vs. revision on 1.31
Net Sales		<b>165.1</b>	180.0	165.0	▲14.8	+0.1	91.7	100.1
Operating Income		<b>8.5</b>	12.5	8.5	▲3.9	+0.0	68.1	100.2
Operating Income (%)		<b>5.2</b>	6.9	5.2	▲1.8P	+0.0P	-	-
Ordinary Income		<b>11.4</b>	14.0	10.5	▲2.5	+0.9	81.7	108.9
Profit Attributable to Owners of Parent		<b>11.3</b>	11.5	11.5	▲0.1	▲0.1	98.5	98.5
EPS (yen)		<b>88.85</b>	90.01	90.24	▲1.2P	▲1.4P	98.7	98.5
Dividend per share (yen)		<b>50</b>	30	50	+20	-	-	-
Payout Ratio (%)		<b>56.3</b>	33.3	55.4	+23.0P	+0.9P	-	-
Capital Expenditures		<b>7.9</b>	7.0	-	+0.9	-	113.1	-
Depreciation and Amortization		<b>6.7</b>	6.5	-	+0.2	-	104.2	-
R&D Expenses		<b>10.1</b>	10.5	-	▲0.3	-	96.3	-
Forex (yen)	USD	<b>111</b>	105	110	+6	+1	-	-
	EUR	<b>129</b>	125	130	+4	▲1	-	-

# Net Sales by Sub-segment

## Comparison of Full-year Plan with Actual Results

(billion yen)

			FY18 Results	Full Year Plan		Changes		Achievement Rate (%)	
				Initial Plan	Revised on 1.31	Vs. Initial Plan	Vs. revision on 1.31	Vs. Initial Plan	Vs. revision on 1.31
Net Sales	Equipment	Imaging- equipment	56.9	60.0	55.5	▲3.0	+1.4	95.0	102.7
		Optical- equipment	35.3	37.5	35.0	▲2.1	+0.3	94.2	100.9
		Illumination and others	2.3	1.5	2.0	+0.8	+0.3	156.6	117.4
		Sub-total	94.6	99.0	92.5	▲4.3	+2.1	95.6	102.3
	Light Sources	Discharge- lamps	55.8	64.5	58.0	▲8.6	▲2.1	86.5	96.2
		Halogen lamps	11.3	12.5	11.5	▲1.1	▲0.1	91.0	98.9
		Sub-total	67.1	77.0	69.5	▲9.8	▲2.3	87.3	96.7
	Others	Machinery for industrial use and other	3.3	4.0	3.0	▲0.6	+0.3	82.6	110.1
	Total		165.1	180.0	165.0	▲14.8	+0.1	91.7	100.1
	Operating Income			8.5	12.5	8.5	▲3.9	+0.0	68.1

# Medium-Term Management Plan 2<sup>nd</sup> year Analysis

## Internal Factor

Key Measures		Detail Measures	Analysis and Achievement	
Maintain and Improve Earning Capability in Existing Business	Light Source Business	Productivity and Quality Improvement	▲	<b>Analysis : Productivity Improved but poor profitability due to sales decrease</b>
	Optical Equipment	Earning Improvement by Company Reform	○	Result : Earning Improved
	Imaging Equipment	Radical Earning Structure Reform		
		1. Divestiture of underperforming business	▲	Result : Completed except few entities <b>Analysis : Record business structural reform expenses more than planned</b>
		2. Review of Production site	○	Result : Production transfer completed as planned
3. Launch high-value-added products	×	<b>Analysis : Reduced product performance for certain customers (RGB laser projector)</b>		
Pursue New Grow Opportunities	Develop new market and Create new businesses	▲	Result : Established EUV business for Mask inspection equipment <b>Analysis : Other new businesses unable to be established</b>	
	M&A focusing on synergies	▲	Result: Acquired Via Mechanics (Optical Equipment) <b>Analysis : Lack of the number of M&amp;A deals closed by FY18</b>	

## External Factor

**Smartphone demand decreasing**  
and **Effect from Chinese economic slowdown**

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# Forecasts for FY2019

(billion yen)		FY18 Results	FY19 Forecasts	YoY	
				Changes	%
Net Sales		165.1	<b>170.0</b>	+4.8	+2.9
Operating Income		8.5	<b>10.0</b>	+1.4	+17.4
Operating Income (%)		5.2	<b>5.9</b>	+0.7P	-
Ordinary Income		11.4	<b>12.0</b>	+0.5	+4.9
Profit Attributable to Owners of Parent		11.3	<b>11.5</b>	+0.1	+1.5
EPS (yen)		88.85	<b>94.17</b>	+5.3	+6.0
ROE (%)		5.3	<b>5.4</b>	+0.1P	-
Dividend per share (yen)		50	<b>50</b>	-	-
Payout Ratio (%)		56.3	<b>53.1</b>	▲3.2P	-
Forex (yen)	USD	111	<b>110</b>	▲1	-
	EUR	129	<b>125</b>	▲4	-

# Business Outlook by Sub-segments

## Equipment Business 6.7%

Imaging  
equipment  
+3.5%

- DCP Sales volume decreased due to slowdown in establishment of new movie theaters mainly in China
- RGB laser projector sales share increased in tune with cinema market demand
- DCP replace demand will start from FY2020 for real
- Laser projector sales share increased due to general imaging customer needs

Optical  
equipment  
+13.3%

- Projection lithography equipment demand increased for
  - latest IC package boards due to IoT and 5G evolution
  - flexible circuit boards for narrow framed OLED used for smartphones
- Solid demand for semiconductor- and electrical components related exposure equipment used for high spec smartphone and automotive market
- Demand slowdown for LCD related equipment as round of investments

## Light Source Business ▲2.5%

Discharge lamps  
(including Solid state  
light source)  
▲3.3%

- UV lamp demand sluggish due to restraints kept in part of semiconductor and FPD markets
- Cinema lamp demand slowly decreasing due to conversion to solid-state light source but solid-state conversion in China had been slowed down
- Lamps for projector demand decreased due to accelerated trend to solid-state light sources in market
- Solid-state light source sales increased in sensing and measurement usage in addition to projectors and printing business

Halogen lamps  
+1.1%

- Flat Demand for OA introducing value-added and eco-friendly product despite of general demand decreasing

\* YoY change versus FY2018 Net Sales

# Net Sales by Sub-segment

## Comparison of Full-year Plan with Actual Results

(billion yen)			FY18	FY19	YoY	
			Results	Forecasts	Changes	%
<b>Net Sales</b>	<b>Equipment</b>	Imaging-equipment	56.9	<b>59.0</b>	+2.0	+3.5
		Optical-equipment	35.3	<b>40.0</b>	+4.6	+13.3
		Illumination and others	2.3	<b>2.0</b>	▲0.3	▲14.9
		Sub-total	94.6	<b>101.0</b>	+6.3	+6.7
	<b>Light Sources</b>	Discharge-lamps	55.8	<b>54.0</b>	▲1.8	▲3.3
		Halogen lamps	11.3	<b>11.5</b>	+0.1	+1.1
		Sub-total	67.1	<b>65.5</b>	▲1.6	▲2.5
	<b>Others</b>	Machinery for industrial use and other	3.3	<b>3.5</b>	+0.1	+6.0
		<b>Total</b>	165.1	<b>170.0</b>	+4.8	+2.9

# FY2019 Growth Driver

## Imaging Equipment

Laser needs increasing, New product sales in full-scale

### Profitability Improvement

#### FY18

- Radical fixed cost reduction  
Huge downsizing, divestiture of underperforming business

#### FY19

- Further fixed cost reduction and Productivity Improvement
- Maintain sales administrative fee after cost reduction

### Margin Improvement by new products

#### Cinema (RGB laser projector)

- Improved product performance
- Expanding lineup to strengthen sales

#### General Imaging

- Introducing laser projectors including RGB market demand
- Expanding lineup to strengthen sales

※RGB PJ related release (Slide p.40~41)

## Optical Equipment

Exposure equipment new demand expanding

### Large Field Stepper (UX-5 series)



Increase demand for servers for data centers with high-capacity and high-speed data processing due to IoT evolution

→ **New Demand Increase for latest IC package board**

### Roll to roll Lithography Tools (UFX series)



Increase demand for narrow framed displays and OLED used for smartphones

→ **New Demand Increase for flexible circuit board**

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I. Financial Results for FY2018

II. Forecasts for FY2019

**III. New Management Plan**

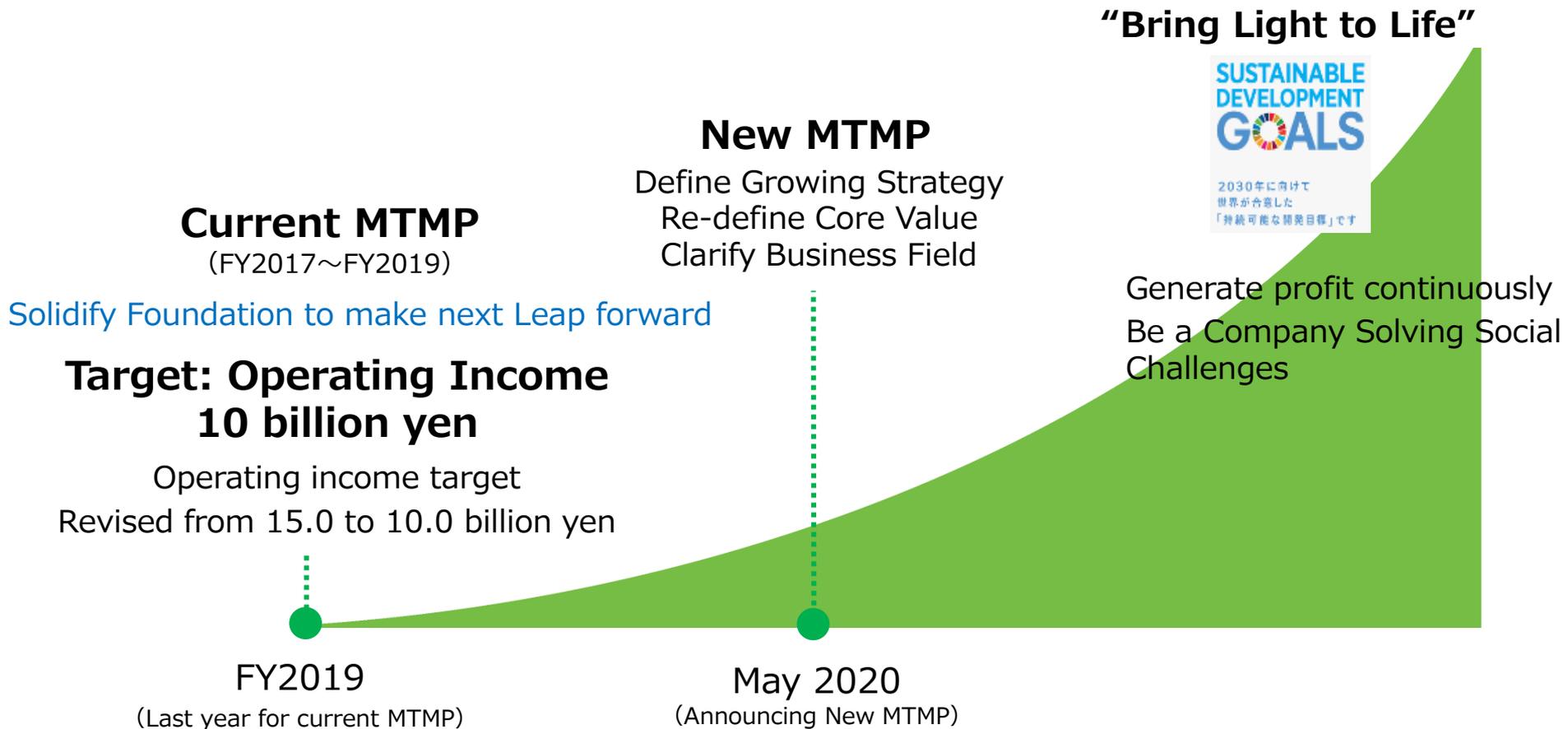
IV. Supplementary Information

1. FY2019 Positioning
2. Ushio Challenge
3. Management Policy for FY2019
4. Forecast and Measures by segment
  - 4 – 1. Light Source Business
  - 4 – 2. Optical Equipment
  - 4 – 3. Imaging Equipment
5. Shareholder Returns

# 1. FY2019 Positioning

- The first year to start sustained growth again
- To implement measures to lead New Medium-Term Management Plan (MTMP) from 2020

## Strengthen capabilities to increase profitability



## 2. Ushio Challenge

### MTMP (FY17~FY19) Solidify the foundation to make next leap forward

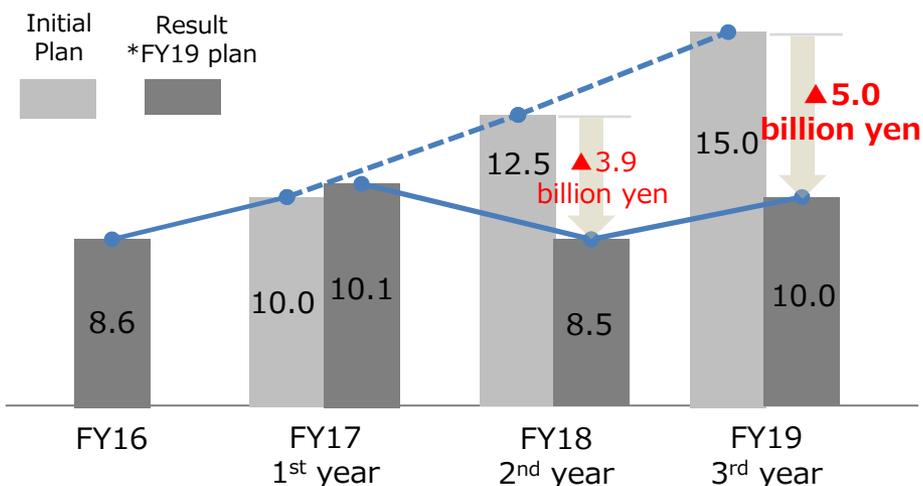
#### Challenge Consciousness

- Sluggish profitability (Insufficient Capital Efficiency)
- Lack of next growing driver

#### Key Measures

- Maintain and improve earning profitability of existing businesses
- Pursue new growth opportunities

#### KPI : Operating Income



#### External Factors

##### Business Environment Change

Expanding Chinese Business, Trade War Protectionist, IoT·5G evolution etc.

##### Business Structure Challenge

Acceleration of Solid-state light sources shift Lamp market became mature

#### Internal Factors

- Weak [Earning Power] of existing business
- Lack of speed to create new business



- Lack of entire Ushio group strategy per business segment
- Lack of pursuing efficiency (priority is not clear)

**Unable to achieve sustained growth**

### 3. Management Policy for FY2019

## “Change” to be a Company growing Continuously

Focus on Strengthening “Earning Power” to increase profit continuously

### ② Moving forward New Businesses

②-2 Create new businesses for future growing driver

**Clarify and Prioritize investment → Focus on efficiency and speed**

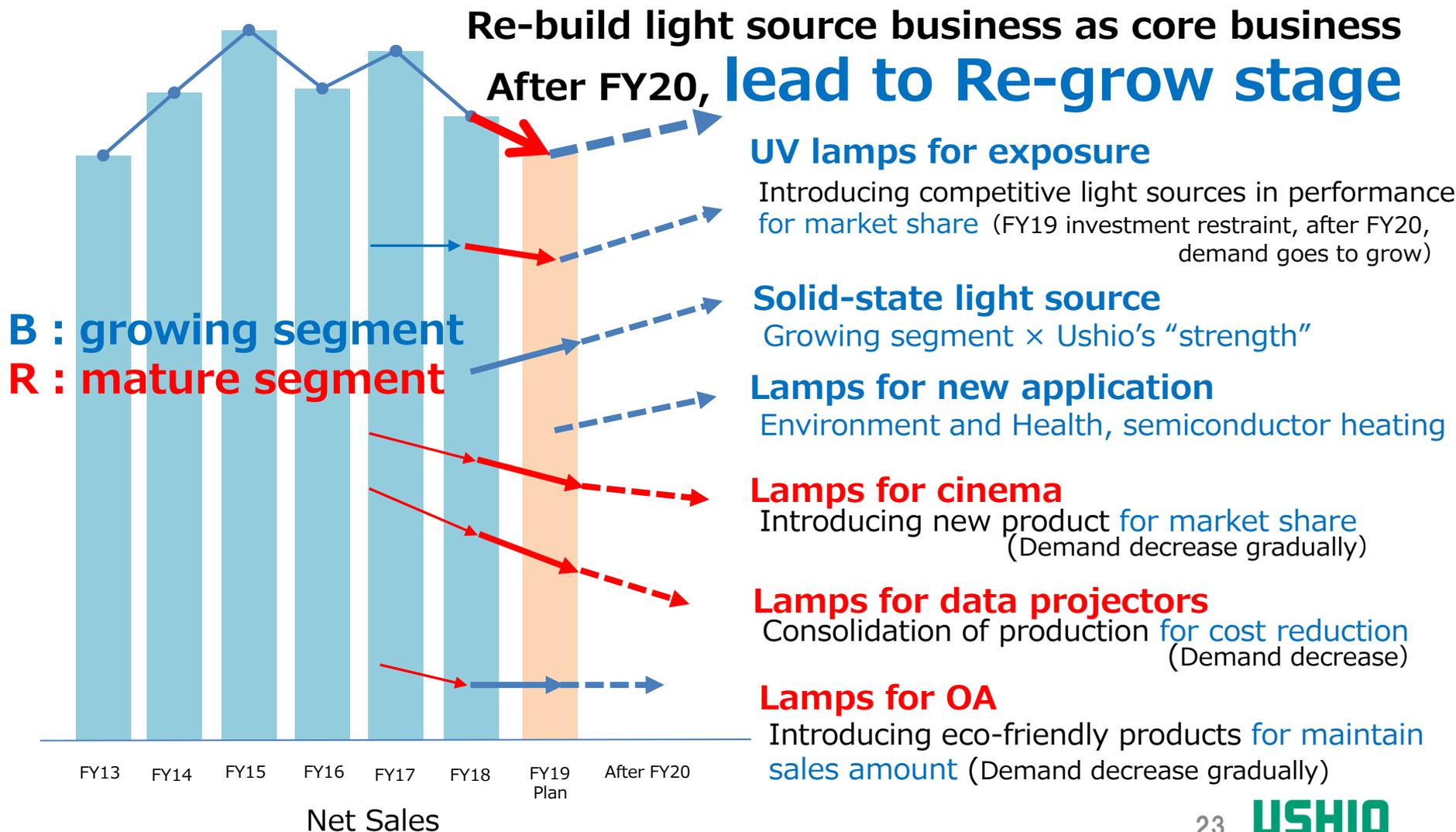
②-1 Move forward new businesses just started towards growth stage  
ex. EUV mask inspection equipment, Solid-state light source

**Consolidate and focus resource to establish strong position**

### ① Strengthen Core Businesses

- Strengthen reappraised core businesses that have potential to generate more profit  
ex. UV Lamp for exposure, Semiconductor-related products (Heating market)
- Strengthen Ushio group strategy

# Light source business



## Equipment Business (Optical Equipment)

Advances in IoT·5G evolution,  
related business will **Grow**

### UV Equipment

UX-5, UFX demand increase

→ increasing production capacity

DI exposure system demand increase for next generation package board

→ Introducing products with market competitiveness

### EUV mask inspection equipment [New Business]

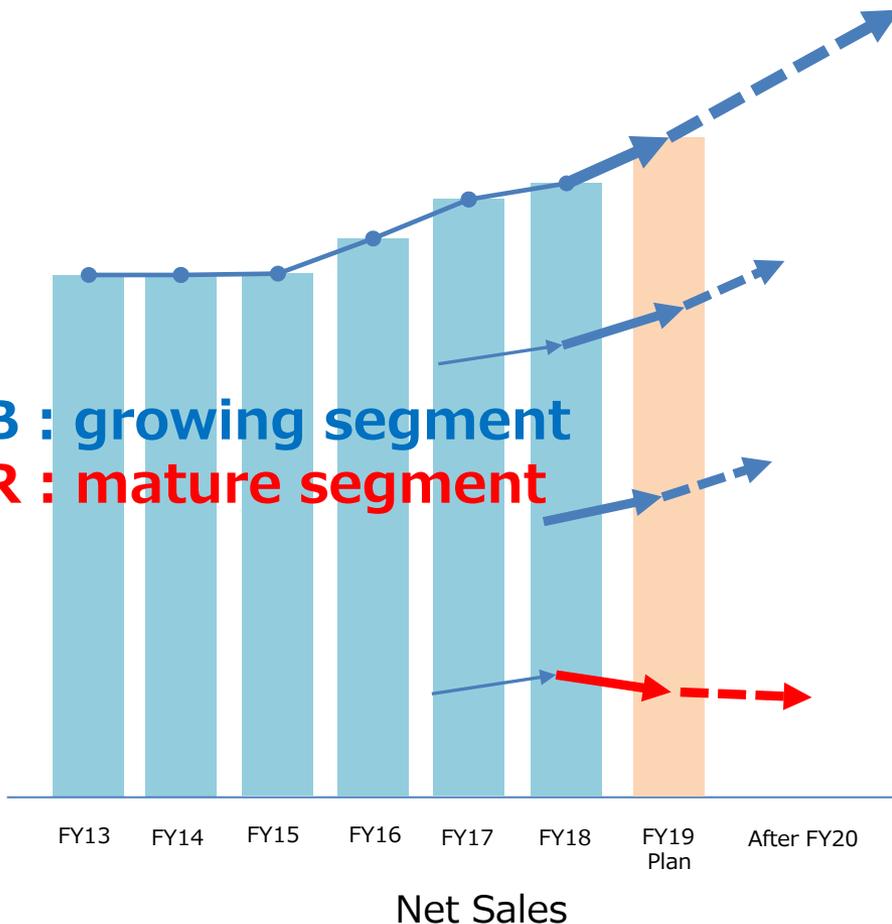
FY19 First shipment for mass production

Expect stable profit by maintenance business

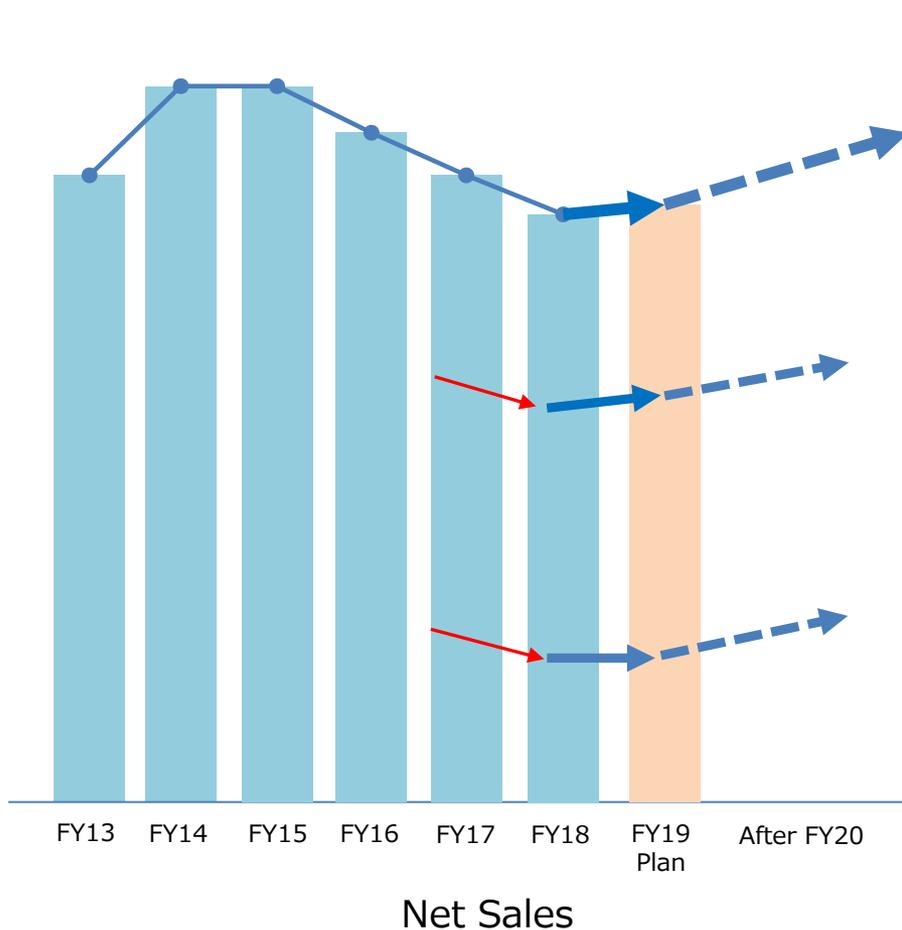
### Cure Equipment

Investments in LCD market was peaked out and demand decreased for photo-alignment equipment  
Management resources shift to growing businesses

**B** : growing segment  
**R** : mature segment



## Equipment Business (Imaging Equipment)



Market needs increasing...  
after FY19 **Slowly Growing**

### Cinema

- Expanding projector lineup of RGB model
- DCP demand re-grow with new demand after FY20, demand for replace and expanding PLF\*

### General Imaging

- Pro AV\* market slowly grow
- Expand laser projector lineup introducing both RGB laser model & LaPh model
- Promote LED solution

\*PLF : Premium Large Format

\*Pro AV : Professional audio visual

## 5. Shareholder Returns

### Dividend per share

(FY2020 plan)

**50 yen** preserved

payout ratio : 53.1%

### Share Buyback

As per notice concerning status of purchase of treasury shares in December 2018

(as of the end of March 2019)

Total number of shares purchased : 1,712 thousand shares progress : about 21%

Total amount of shares purchased : 2.16 billion yen progress : about 22%

**Announcement on Dec. 20<sup>th</sup>, 2018**

Max 10 billion yen (Max 8 million shares)

From Dec. 21, 2018 to Dec. 20<sup>th</sup>, 2019

### Shareholder Return Policy (After the changes)

Ushio always recognizes that profit return to shareholders is one of the most important duties as a listed company. The basic policy is to return profits to shareholders in a stable and consistent manner. Ushio purchases own treasury shares, taking flexible approach. We retain our treasury shares of approximately 5% of the total number of issued shares at maximum and cancel the excess portion of the treasury shares in each year.

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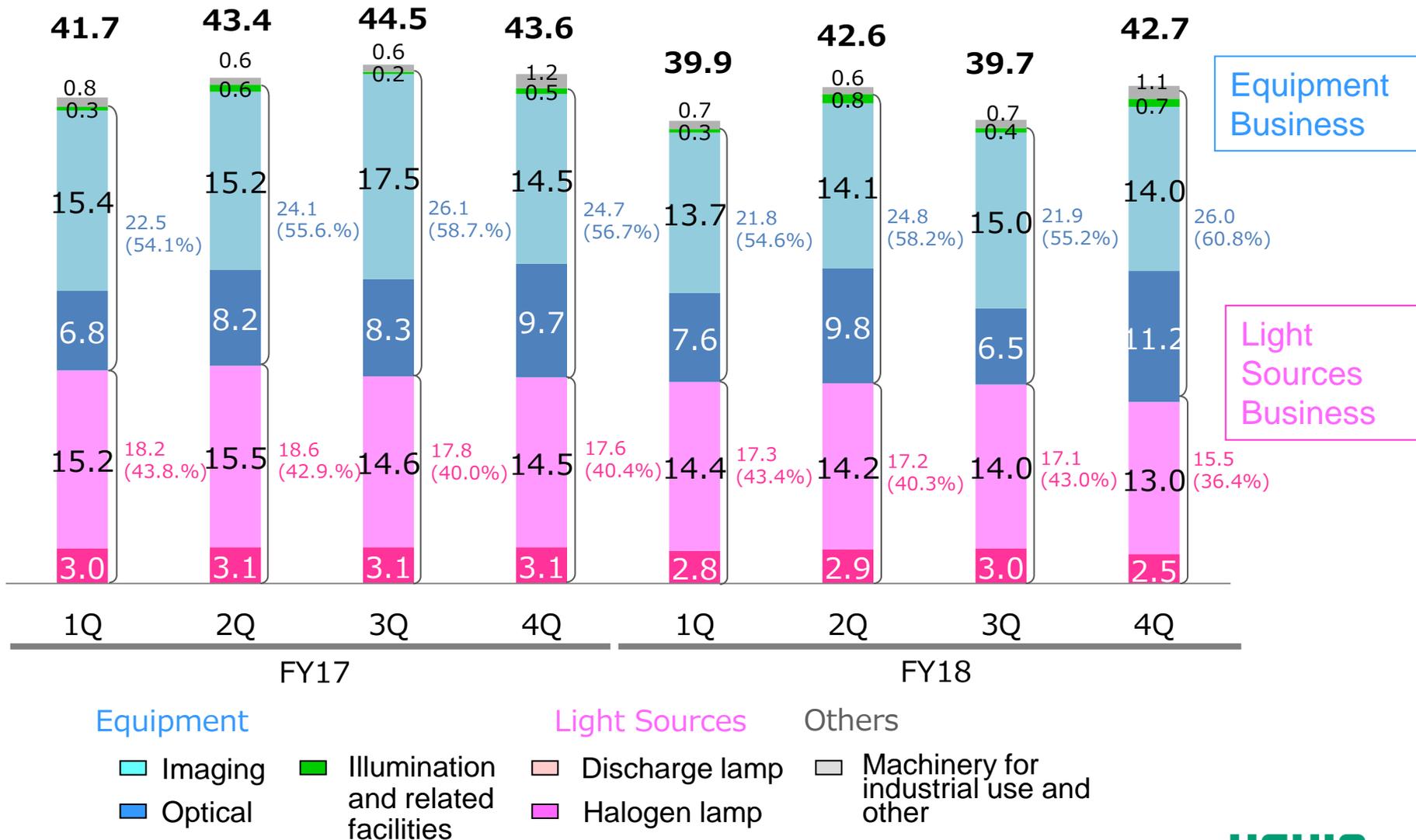
(billion yen)	FY17				FY18				FY18 4Q	FY17 4Q	FY18 4Q	FY18 3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Changes	%	Changes	%
Net Sales	41.7	43.4	44.5	43.6	39.9	42.6	39.7	<b>42.7</b>	▲0.9	▲2.2	+2.9	+7.4
Operating Income	2.8	2.8	2.9	1.5	2.5	2.8	1.5	<b>1.6</b>	+0.0	+2.6	+0.0	+3.2
Operating Income Ratio (%)	6.7	6.5	6.6	3.6	6.4	6.6	3.9	<b>3.8</b>	+0.2P	-	▲0.2P	-
Ordinary Income	3.9	3.0	3.7	1.2	3.9	3.2	2.2	<b>1.9</b>	+0.7	+58.1	▲0.3	▲13.7
Profit Attributable to Owners of Parent	6.5	1.7	0.2	2.4	2.2	1.2	2.1	<b>5.6</b>	+3.1	+126.2	+3.4	+160.7
EPS (Yen)	51.32	13.62	1.63	19.55	17.67	9.79	16.97	<b>44.54</b>	+24.99	+127.8	+27.57	+162.5
Forex (Yen)												
USD	111	111	113	110	108	111	113	<b>110</b>	-	-	▲3	-
EUR	122	130	132	134	130	129	130	<b>126</b>	▲8	-	▲4	-

## Reference: Summary of Quarterly Financial Results by business segments

(billion yen)	FY17				FY18				FY18 4Q - FY17 4Q	FY18 4Q - FY18 3Q		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Changes	%	Changes	%
<b>Equipment</b>												
Net Sales	22.5	24.1	26.1	24.7	21.8	24.8	21.9	26.0	+1.2	+5.0	+4.0	+18.3
Operating Income	0.0	▲0.0	0.4	▲0.9	0.0	0.1	▲0.4	▲0.0	+0.9	+97.6	+0.4	+95.2
Operating Income Ratio (%)	0.2	▲0.1	1.6	▲3.7	0.0	0.7	▲2.1	▲0.1	+3.7P	-	+2.0P	-
<b>Light Sources</b>												
Net Sales	18.2	18.6	17.8	17.6	17.3	17.2	17.1	15.5	▲2.0	▲11.8	▲1.5	▲9.1
Operating Income	2.6	2.8	2.4	2.4	2.5	2.3	1.8	1.6	▲0.7	▲31.9	▲0.1	▲10.2
Operating Income Ratio (%)	14.4	15.3	14.0	13.8	14.8	13.4	10.8	10.6	▲3.1P	-	▲0.1P	-
<b>Others</b>												
Net Sales	0.8	0.6	0.6	1.2	0.7	0.6	0.7	1.1	▲0.1	▲8.1	+0.4	+68.5
Operating Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	+0.0	201.1	+0.0	+16.0
Operating Income Ratio (%)	7.6	3.2	5.4	0.7	3.0	3.6	3.6	2.4	1.7P	-	▲1.1P	-

# Reference: Quarterly Sales by Sub-segment

(billion yen)



# Reference: Annual Transition 《Other Income and Expenses, Extraordinary Income and Losses》

(billion yen)	FY17	FY18	YoY	(billion yen)	FY17	FY18	YoY
Other Income	3.6	3.8	+0.2	Extraordinary Income	12.4	12.2	▲0.1
Interest income	1.3	1.7	+0.3	Gain on sales of non-current assets	0.3	0.0	▲0.3
Dividend income	1.4	1.4	+0.0	Gain on sales of investment securities	5.9	12.2	+6.2
Realized and unrealized profit on trading securities, net	0.3	-	▲0.3	Gain on return of the substitutional portion of the employees' pension fund	6.0	-	▲6.0
Gain on specified money in trust	0.1	0.0	▲0.0	Extraordinary Losses	3.0	3.3	+0.2
Others	0.4	0.5	+0.1	Loss on disposal of property, plant and equipment	0.3	0.0	▲0.2
Other Expenses	1.7	0.9	▲0.8	Special retirement expenses	0.3	-	▲0.3
Interest expenses	0.6	0.5	▲0.0	Business structural reform expenses	-	2.5	+2.5
Exchange loss	0.9	-	▲0.9	Impairment loss	1.8	0.1	▲1.7
Others	0.1	0.3	+0.1	Loss on sales of shares of subsidiaries and associates	0.1	-	▲0.1
Other Income and Expenses	1.8	2.9	+1.0	Others	0.2	0.4	+0.2

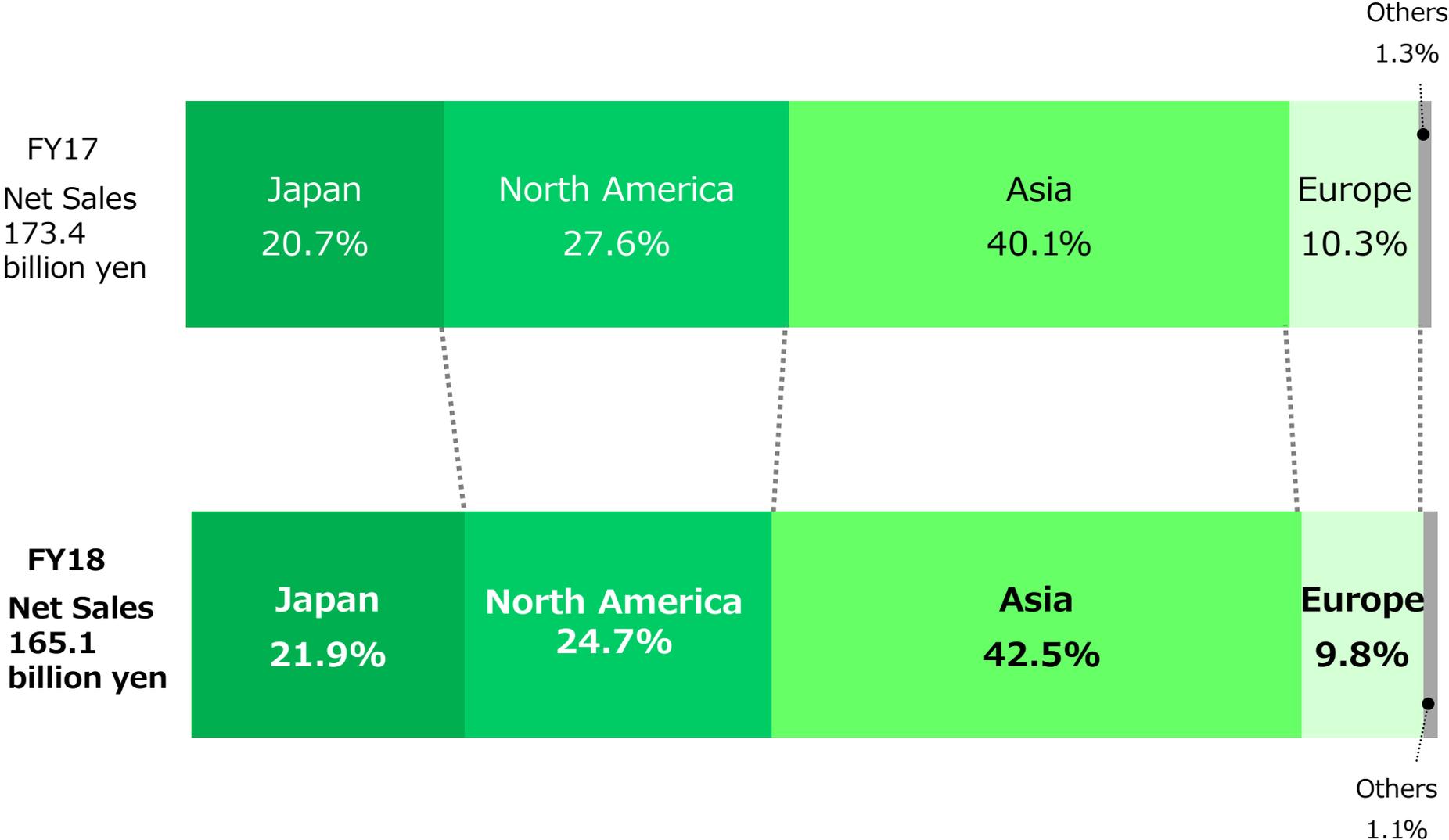
## Reference: Quarterly Other Income and Expenses

(billion yen)	FY17				FY18				FY18	FY17	FY18	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4Q - 4Q	4Q - 4Q	4Q - 3Q	4Q - 3Q
									Changes	%	Changes	%
<b>Other Income</b>	1.3	0.5	1.3	0.4	1.5	0.6	1.1	<b>0.5</b>	+0.0	+8.6	▲0.6	▲53.8
Interest income	0.2	0.3	0.2	0.4	0.4	0.4	0.4	<b>0.4</b>	+0.0	+6.6	▲0.0	▲1.8
Dividend income	0.6	0.0	0.6	0.0	0.6	0.0	0.7	<b>0.0</b>	+0.0	+352.2	▲0.7	▲98.0
Realized and unrealized profit on trading securities, net	0.1	0.0	0.2	▲0.1	0.0	0.0	▲0.1	-	+0.1	+100.0	+0.1	+100.0
Gain on specified money in trust	0.0	0.0	0.0	▲0.0	0.0	0.0	▲0.0	<b>0.0</b>	+0.0	+276.2	+0.0	+254.9
Others	0.1	0.0	0.0	0.2	0.4	0.0	0.0	<b>0.0</b>	▲0.2	▲93.7	▲0.0	▲82.1
<b>Other Expenses</b>	0.1	0.2	0.4	0.8	0.1	0.1	0.4	<b>0.1</b>	▲0.6	▲77.6	▲0.2	▲57.9
Interest expenses	0.1	0.1	0.1	0.2	0.0	0.1	0.1	<b>0.1</b>	▲0.0	▲25.5	+0.0	+13.6
Exchange loss	0.0	0.1	0.2	0.4	-	-	-	-	▲0.4	▲100.0	-	-
Others	0.0	0.0	0.0	0.1	0.0	0.0	0.2	<b>0.0</b>	▲0.1	▲98.2	▲0.2	▲99.3
<b>Other Income and Expenses</b>	1.1	0.2	0.8	▲0.3	1.4	0.4	0.6	<b>0.3</b>	+0.6	+201.6	▲0.3	▲51.3

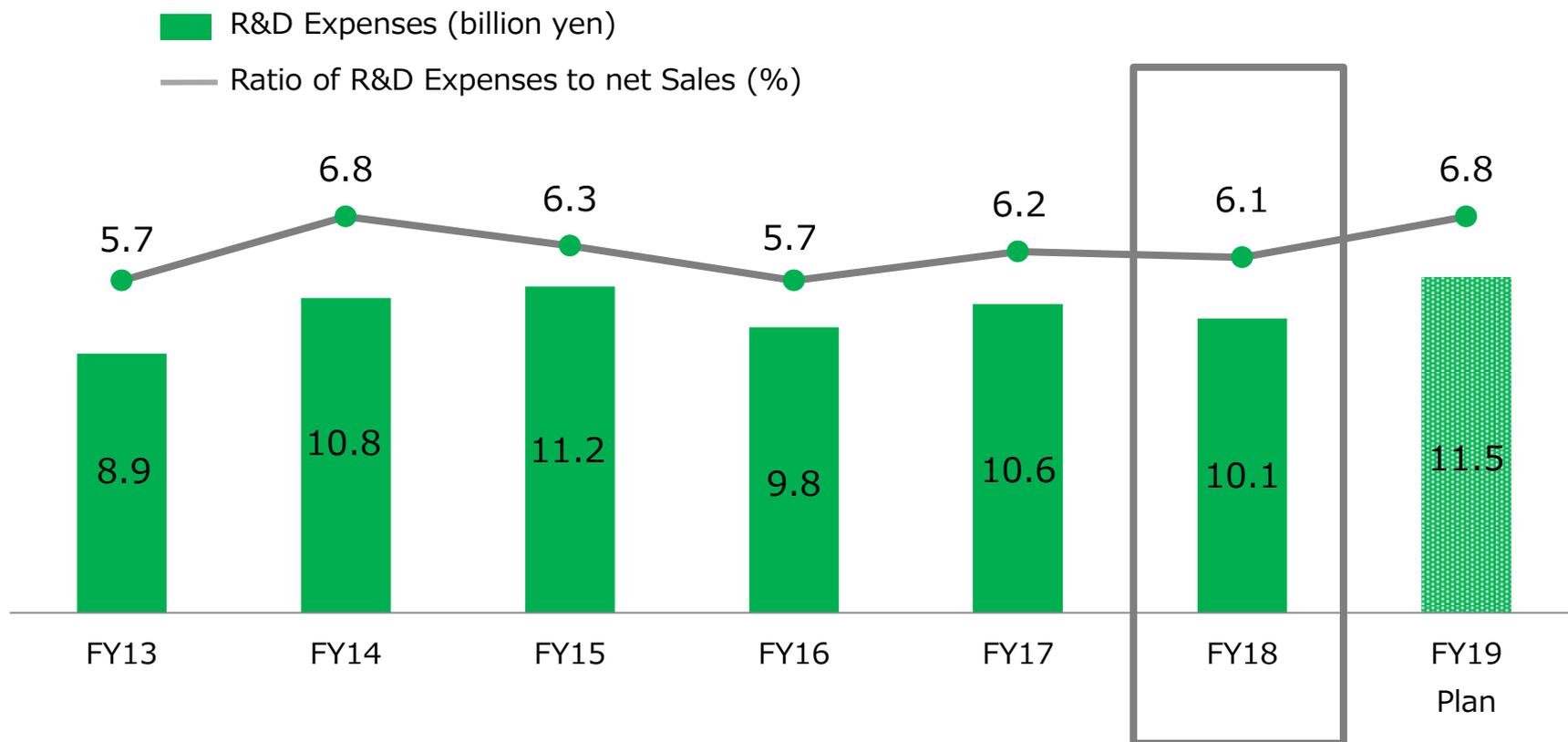
## Reference: Quarterly Extraordinary Income and Losses

(billion yen)	FY17				FY18				FY18	FY17	FY18	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4Q - 4Q	4Q - 4Q	4Q - 3Q	4Q - 3Q
									Changes	%	Changes	%
<b>Extraordinary Income</b>	<b>6.2</b>	<b>0.0</b>	<b>1.0</b>	<b>5.2</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>	<b>10.4</b>	+5.2	+100.9	+8.7	+497.3
Gain on sales of noncurrent assets	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	▲0.2	▲99.8	▲0.0	▲97.5
Gain on sales of investment securities	0.0	▲0.0	0.9	4.9	-	-	1.7	10.4	+5.4	+110.1	+8.7	+503.8
Gain on return of the substitutional portion of the employees' pension fund	6.0	-	-	-	-	-	-	-	-	-	-	-
<b>Extraordinary Losses</b>	<b>0.0</b>	<b>0.7</b>	<b>0.2</b>	<b>1.9</b>	<b>0.7</b>	<b>0.9</b>	<b>0.4</b>	<b>1.2</b>	▲0.7	▲38.1	+0.7	+186.9
Loss on disposal of property plant and equipment	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	▲0.1	▲80.8	+0.0	+118.3
Office transfer expenses	0.0	0.2	0.1	0.0	-	-	-	-	▲0.0	-	-	-
Special retirement expenses	-	-	-	-	0.0	-	-	-	-	-	-	-
Business structural reform expenses	-	-	-	-	0.6	0.6	0.4	0.8	+0.8	-	+0.3	+74.7
Impairment loss	-	0.1	-	1.7	-	-	-	0.1	▲1.5	▲91.9	+0.1	-
Loss on sales of shares of subsidiaries and associates	-	0.1	-	-	-	-	-	-	-	-	-	-
Others	0.0	0.0	0.0	0.0	0.0	0.2	▲0.0	0.2	+0.1	+229.8	+0.3	+711.4

# Reference: Sales Ratio by region



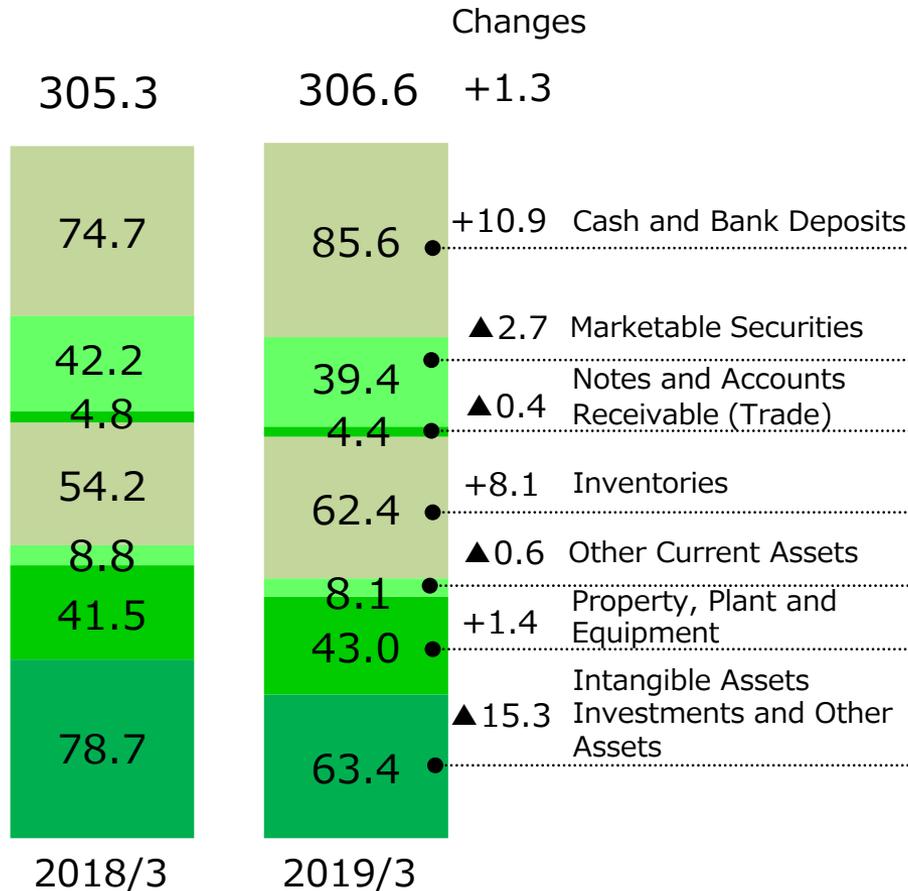
## Reference : R&D Expenses



(billion yen)	FY17	FY18	YoY	
			Changes	%
R&D Expenses	10.6	<b>10.1</b>	▲0.5	▲5.3
Ratio of R&D Expenses to Net Sales(%)	6.2	<b>6.1</b>	▲0.0P	-

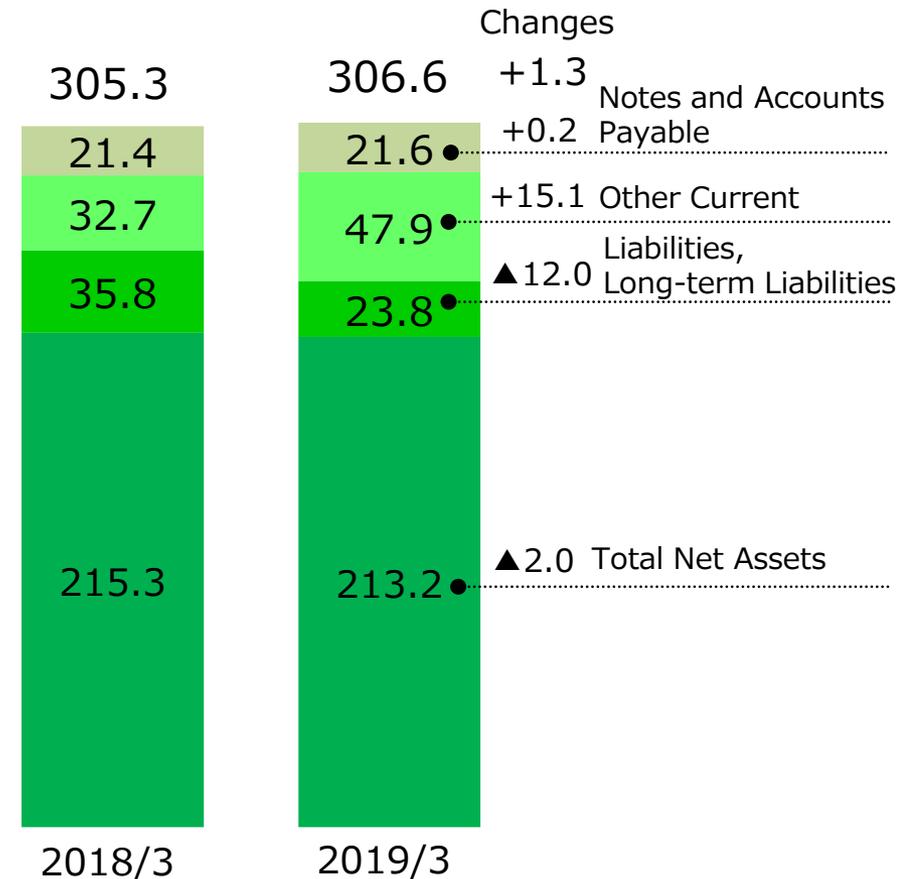
# Reference: Balance Sheet

## ◆ Assets (billion yen)



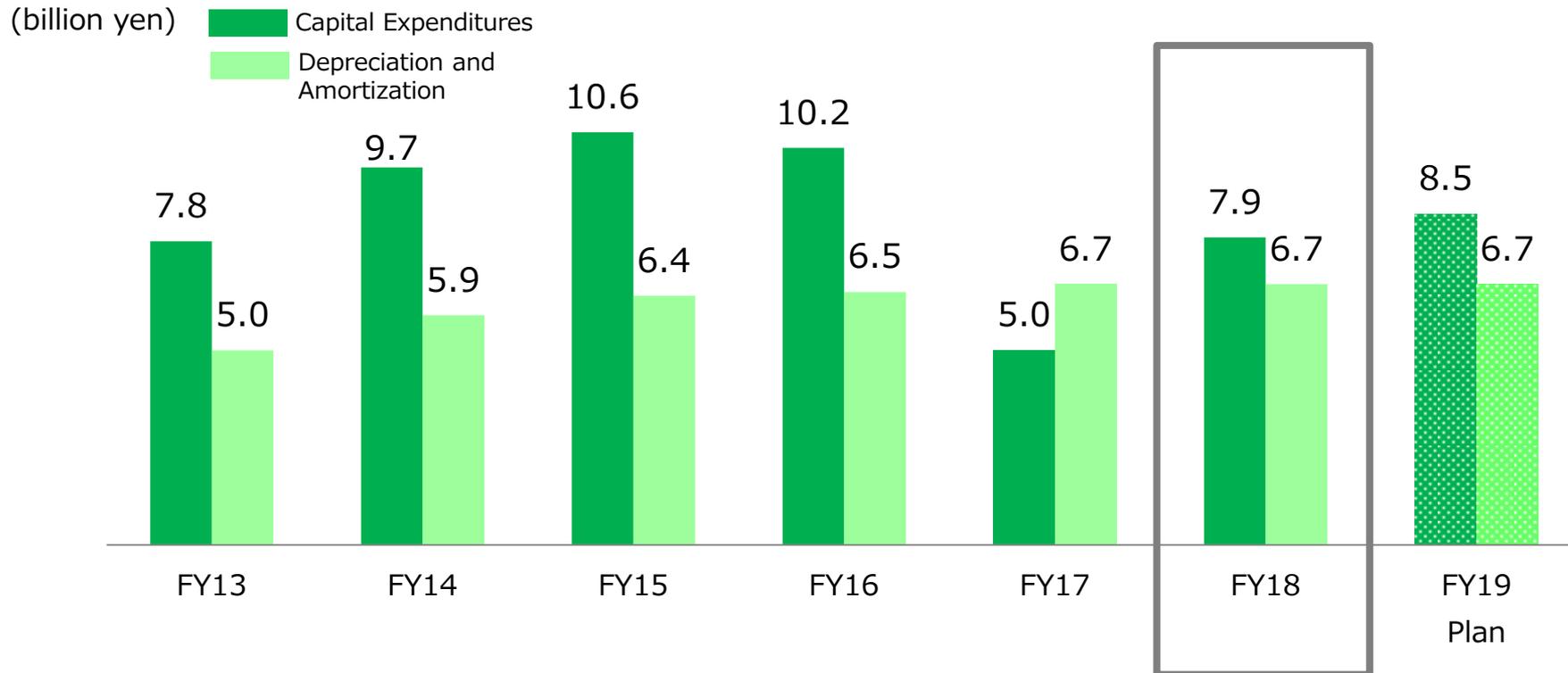
● Turnover (month)	2018/3	2019/3
Receivable-trade	2.9	3.0
Inventories	3.7	4.2

## ◆ Liabilities/Total Net Assets (billion yen)



● Equity Ratio (%)	2018/3	2019/3
	70.4	69.5

# Reference: Capital Expenditures, Depreciation and Amortization



(billion yen)

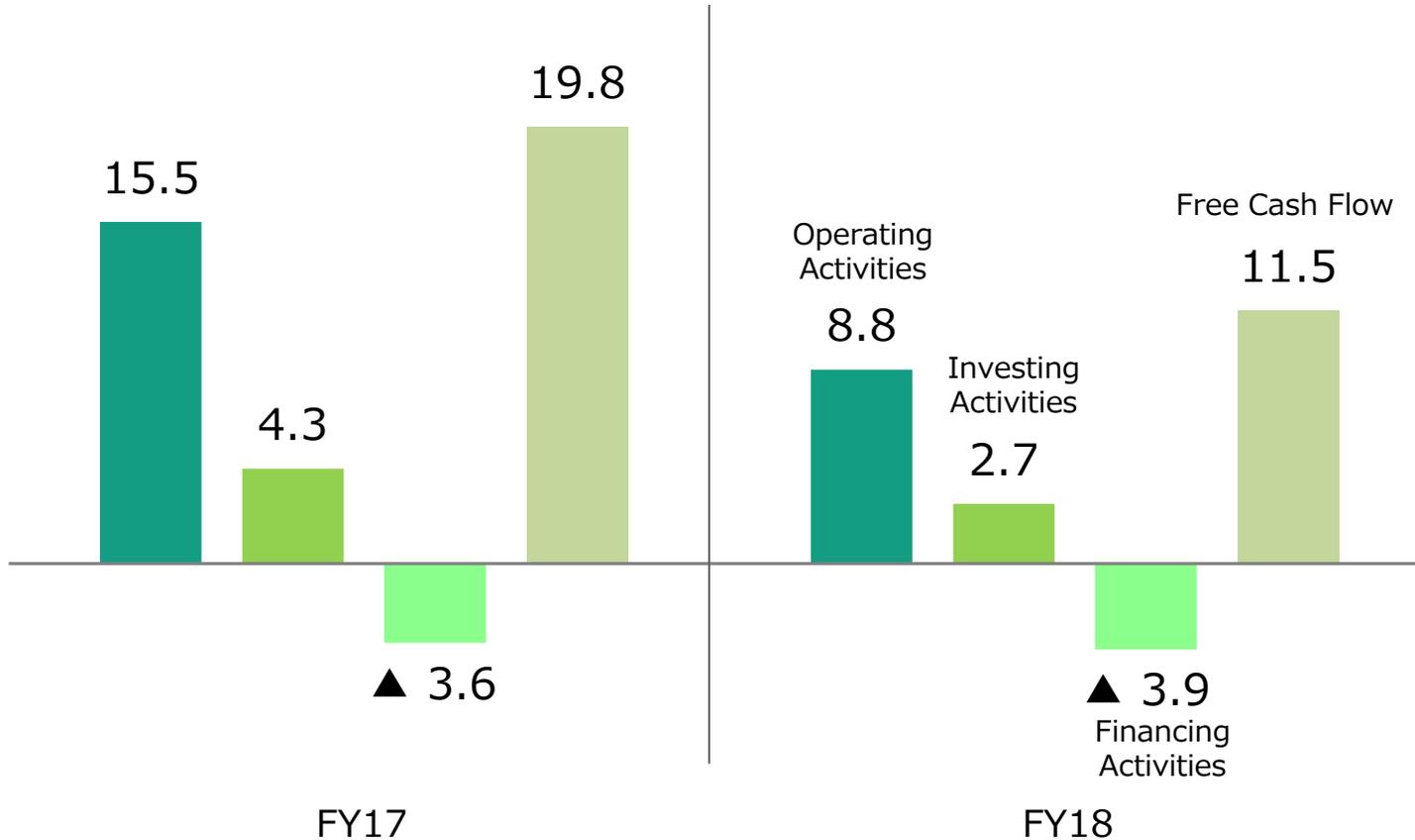
	FY17	FY18	YoY	
			Changes	%
Capital Expenditures	5.0	7.9	+2.8	+56.5
Depreciation and Amortization	6.7	6.7	▲0.0	▲0.2

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

Note 2. Increase of Goodwill not included in Capital Expenditures: FY17: ¥0.2 billion, FY18: ¥0.5 billion

# Reference : Cash Flow

(billion yen)



Cash and Cash Equivalents at the Beginning of the FY	50.9
Cash and Cash Equivalents in the End of the FY	66.0

Cash and Cash Equivalents at the Beginning of the FY	66.0
Cash and Cash Equivalents in the End of the FY	74.6

# Reference: Features of USHIO Group's Light Sources

Light Source	Laser		Lamp	
	RGB Laser	LaPH	Xenon Lamp	Super High-Pressure UV Lamp
Cinema	 <p>CP4325-RGB CP2320-RGB CP2315-RGB</p> <p>Lumen &lt;40,000</p>	No Lineup	 <p>CP2308</p> <p>Lumen &lt;45,000</p>	No Lineup
General Imaging	 <p>D4K40-RGB</p> <p>Lumen &lt;40,000</p>	 <p>Crimson GS Series</p> <p>Lumen &lt;30,000</p>	 <p>Roadie</p> <p>Lumen &lt;45,000</p>	 <p>Boxer</p> <p>Lumen &lt;30,000</p>
Price	Medium-High	Medium	Medium	Low
Life	Long	Medium	Medium – High*	Medium*
Color	★★★	★	★★	★ or ★★★

\*\* Lamp replacement is necessary. Some lamp projectors, Mercury Lamp for general projection, Xenon Lamp for Cinema, may have longer life than LaPH projector.

## Huaxia Film Initiates Strategic Partnerships on premium movie

Huaxia Film Distribution Co., Ltd., a well-known film distributor in China, announced that it has entered into strategic partnership agreement with Christie to co-develop a projection system called “Cinity Cinema System” which is designed to project 120fps High Frame Rate movies with Christie RealLaser projector. Cinity Cinema System will be set up total 100 systems (2 DCP per 1 system) in China mainland, Hong Kong, Macao and Taiwan in August 2019, and gradually set up worldwide.

<https://www.christiedigital.com/en-us/about-christie/news-room/press-releases/huaxia-film-initiates-strategic-partnerships> (released on April 3, 2019)



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## Cinema 21 purchased 100 Christie RealLaser projectors across Indonesia

Christie is pleased to announce that Cinema 21, the largest movie theater chain in Indonesia, has purchased 50 units of Christie’s next-generation RealLaser cinema projectors in its new multiplexes across Indonesia. Cinema 21 already has purchased RealLaser cinema projectors in December 2018 and this was additional order from Cinema 21 for additional 50 units.

<https://www.christiedigital.com/en-us/about-christie/news-room/press-releases/cinema-21-increases-investment-in-christie-reallaser>

(released on March 25, 2019)

<https://www.christiedigital.com/en-us/about-christie/news-room/press-releases/cinema-21-acquires-christie-cp4325-rgb-reallaser-projectors>

(released on December 11, 2018)



## Unparalleled visual experience awaits at Expo 2020 Dubai with Christie named as Official Displays and Projection Partner

Expo 2020's newly appointed Official Partner, Christie will showcase its breakthrough laser projection technology, including using more than 250 of its D4K40-RGB projectors to create life-like evolving scenes on Al Wasl Plaza's giant 130-meter-wide projection surface.

Christie will supply and manage all display screens across the entire Expo 2020 site.



### Christie D4K40-RGB

Non-cinema projector with RGB laser as light source: using more than 250 units at Al Wasl Plaza dome



Al Wasl Plaza dome illuminated at night. image © Adrian Smith + Gordon Gill Architecture

<https://www.christiedigital.com/emea/about-christie/news-room/press-releases/christie-named-as-official-partner-to-expo-2020> (released on May 9, 2019)



# Press Release : Increasing Production Capability of Lithography Equipment

USHIO INC. announces that we have decided to make a capital investment to increase the production capacity for UX-5 series large field steppers and UFX series roll to roll lithography tools (hereinafter “lithography equipment”) in order to cope with a new increase in demand for the most-advanced IC package substrates and flexible substrates.

The future development of IoT is expected to increase the demand for servers for data centers that enable high-capacity and high-speed data processing. Meanwhile, in the area of displays such as those of smartphones, the growing use of OLED displays and narrower bezels is increasing the demand for flexible substrates known as COF substrates.

In both cases, the IC substrates are required to adopt high resolution and overlay accuracy production process. We will contribute to creating an affluent society realized through the development of IoT by increasing the production of lithography equipment that meets such requirements with high productivity.

## Capital Investment Plan Overview

- (1) Investment details: Deployment of equipment for manufacturing the lithography equipment and expansion of production space
- (2) Installation location: Gotemba Division (Gotemba City, Shizuoka Prefecture)
- (3) Production increase plan: The production capacity expansion has already started, which will be doubled till the second half of 2019.



Gotemba Division



Large Field Steppers (UX-5 series)



Roll to roll lithography tools (UFX series)



# Press Release : Notice of Light Source Business Integration Through Group Reorganization

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## Offering a one stop shop for all type of light source solutions from lasers, LEDs, to lamps

Ushio Inc. announced that it will integrate the business with its wholly-owned subsidiary, Ushio Opto Semiconductors, Inc. (Hereinafter “UOS”), effective April 1, 2020.

Since its establishment, Ushio Inc., a manufacturer of industrial light sources, has developed, manufactured, and distributed various types of lamps and modules, while UOS has developed, manufactured, and distributed optical semiconductor devices (LEDs and semiconductor lasers).

By integrating the light source business of both companies, Ushio Group will be able to increase the business efficiency and respond to an increasingly diverse customer needs as well as business environment swiftly and effectively to accelerate the growth of the light source business.

Ushio Group will continue to provide optimized optical solutions for customers through a variety of light source products, and contribute to the realization of a prosperous society through innovation with light.

### ■ **USHIO OPTO SEMICONDUCTORS, INC. (Head office: Tokyo)**

Head office: Tokyo, President and Chief Executive Officer: Kenji Hamashima

UOS is a wholly-owned subsidiary of Ushio Inc., established in July 2014, which has taken over the LD business and the red, blue, and infrared semiconductor laser diode business from Oclaro Japan, Inc. In July 2016, the company integrated its business with Ushio Epitex Inc. which has been manufacturing and selling custom LEDs and photo sensors. Currently, as a member of the Ushio Group, the company plays a central role in the business of optical semiconductors ranging from ultraviolet to visible light to the infrared area.  
<http://www.ushio-optosemi.com/en/>

<https://www.ushio.co.jp/en/news/1001/2019-2019/500414.html> (released on Jan. 31, 2019)



# Press Release : Notice Regarding Change of Directors

Ushio Inc. announced today that, at the Board of Directors meeting held on March 25, 2019, a resolution has been passed to change the Directors (excluding directors who are Audit & Supervisory Committee Members; the same applies hereafter) as set forth below.

A formal decision regarding the appointment of Directors will be made subject to the approval at the Annual General Meeting of Shareholders to be held in late June, 2019.

## 1. Retiring Director (Planned to retire at the close of Annual General Meeting of Shareholders)

Name	New Position	Current Position
Hiroaki Banno	Managing Executive Officer General Manager, Integrated Light Source Solution Center	Director and Managing Executive Officer General Manager, Integrated Light Source Solution Center

## 2. Candidates for Directors

Name	New Position	Position as of April 1, 2019
Naoki Kawamura	Director and Senior Managing Executive Officer General Manager, Business Management Headquarters General Manager, System Solution Division	Senior Managing Executive Officer General Manager, Business Management Headquarters General Manager, System Solution Division
Kazuhisa Kamiyama	Director and Group Senior Executive Officer President, CHRISTIE DIGITAL SYSTEMS, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS USA, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS CANADA INC.	Group Senior Executive Officer President, CHRISTIE DIGITAL SYSTEMS, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS USA, INC. Chairman and Chief Executive Officer, CHRISTIE DIGITAL SYSTEMS CANADA, INC.
Toyonari Sasaki	Outside Director	—

<https://www.ushio.co.jp/en/news/1001/2019-2019/500430.html> (released on March 25, 2019)



# Glossary

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DCP	Digital Cinema Projector
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
IoT	Internet of Things
LaPH	Laser Phosphor
M-SAP	Modified Semi Additive Process
OA	Office Automation
OLED	Organic Light Emitting Diode
PLF	Premium Large Format
Pro AV	Professional Audio Visual
RGB	Red Green Blue
UV	Ultraviolet
5G	5 <sup>th</sup> Generation

# USHIO

Contact:

Corporate Planning Dept., USHIO INC.

Email: [ir@ushio.co.jp](mailto:ir@ushio.co.jp)

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