

# FY2019 Financial Results

USHIO INC.  
**May 13, 2020**

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.
- \* FY2019 starts from April 1<sup>st</sup>, 2019 through March 31<sup>st</sup>, 2020.

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**USHIO**  
*Applying Light to Life*



- **Impact of the Spread of the Novel Coronavirus (COVID-19)**
- YoY FY2019 (Result):  
Causal Analysis on **Net Sales and Earnings Decreased** to FY2019
- YoY for FY2020 (Full-year Forecast) and New Middle Term Management Plan :  
Reasons on **Postponing Announcement of FY2020 Forecast and New Mid-Term Management Plan**

- I. Impact of the Spread of the Novel Coronavirus (COVID-19)**
- II. Financial Results for FY2019
- III. Forecast for FY2020 and New Mid-Term Management Plan
- IV. Topics
- V. Supplementary Information

# Impact of the Spread of the Novel Coronavirus (COVID-19)

## Overview of Ushio Group measures

To prevent the spread of COVID-19 and maintain our normal production systems, Ushio is focusing on maintaining the health and safety of our customers and employees.

### ◆ Domestic

- ✓ Teleworking basis, except for unavoidable on-site work for non-manufacturing division
- ✓ Manufacturing divisions have implemented measures to prevent spread of COVID-19 and maintain normal production systems
- ✓ Prohibit non-essential and non-urgent domestic and international business trips and holding/attending of events and seminars attended by large numbers of people
- ✓ Actively use teleconference or telephone meetings for internal/outside meetings

⇒ No infections yet

### ◆ Overseas

- ✓ Measures to maintain health and safety first in accordance with the policies of each country's central government and regional governments (teleworking, etc.)
- ✓ Avoid domestic/international transitions

⇒ Several employees at overseas Group companies were infected with COVID-19 but they were properly addressed and there has been no spread of infections and no effect on business activities.

Ushio will continue to take necessary measures to maintain the health and safety of our employees and their families, as a top priority. For detailed information, please refer to our homepage.

<https://www.ushio.co.jp/en/news/1001/2020-2020/500621.html>



# Impact of the Spread of the Novel Coronavirus (COVID-19)

## Latest status of Ushio Group’s business sites (Summary)

- ✓ For production sites, there is no significant impact on production or supply. Ushio Philippines, Inc. has shut down certain production lines.
- ✓ For non-production sites, several offices in a certain area have been closed and doing teleworking in accordance with the policies of each country’s central government and regional governments.
- ✓ At present, there is virtually no impact on production caused by a shortage or delay of parts.

## Latest status of operations at major domestic sites

	Sites	Latest Status
Production Division	Ushio Inc. (Harima・Gotemba・Kyoto) Ushio Lighting, Inc. (Fukusaki) ADTEC Engineering Co., Ltd. (Nagaoka)	Measuring infection prevention, <b>maintaining normal production systems</b>
Sales・ Administrative・ Research Division	Ushio Inc. (Tokyo・Yokohama・Kawasaki) Ushio Lighting, Inc. (Tokyo・Osaka) ADTEC Engineering Co., Ltd. (Tokyo)	Except for unavoidable on-site work, <b>teleworking basis</b>

# Impact of the Spread of the Novel Coronavirus (COVID-19)

## Latest status of operations at overseas sites

Area	Latest Status
Europe-America (USA, Netherlands, Germany, Poland, etc.)	Production: Measuring appropriate infection prevention, <b>maintaining normal production systems</b> Non-production: <b>Teleworking basis</b>
China	Production: <b>Recovered almost to normal production level</b> , temporary operation decline after Chinese New Year
Asian Countries except China	Ushio Philippines: <b>Shut down certain production lines</b> (Product supply covered by other production sites) Others: <b>Teleworking and staggered working hours</b> in accordance with the regulations of each country
Christie Digital Systems	Production division: Shenzhen Plant (China): <b>Recovered to normal production level</b> , shut down from mid-January to mid-February Kitchener Plant (Canada): <b>Operating at approximately 30% level</b> Non-production division: Headquarters (California, USA) => <b>Work day adjustment</b> Canada (Kitchener) => <b>Almost normal working level</b>

# Impact of the Spread of the Novel Coronavirus (COVID-19)

(Note) Information as of May 13, 2020

## Impact on business fields

### Visual Imaging Field

- ✓ Due to restrictions on outings worldwide, movie theaters have been closed and film distribution has been suspended or postponed. Although some countries and regions have begun to show signs of restarting economic activities, it will take time to resume full scale.
- ✓ In addition, there have been cancellations and postponements of events and temporary suspensions of operations of amusement parks and commercial facilities worldwide. Timing of resumption is entrusted to the policy of each country and the situation continues to be uncertain.

These factors have a major impact on sales of Xenon lamps for cinema projectors and imaging equipment.

### Electronics Field

- ✓ Due to decline of operations and temporary shut down of FPD and PCB manufacturers' plants in China, we experienced cancellations and postponements for delivery of some of our products.
- ✓ Restrictions on entry and movement in various countries caused delays of deliveries, installations, and acceptance inspections of some optical equipment.

These factors have affected sales of UV lamps for exposure and optical equipment.

# Impact of the Spread of the Novel Coronavirus (COVID-19)

(Note) Information as of May 13, 2020

## FY2019 Performance Impact

Net Sales: ▲10.0 billion yen, Operating Income: ▲3 billion yen

※Values are approximate

### ■ Impact by segment

#### Light Source Business: Net Sales ▲3 billion yen

- Decreased demand for replacement Xenon lamps for cinema projectors due to movie theaters closed worldwide
- Decreased demand for UV lamps due to FPD factory operations temporary slowed down, decreased demand for lamps for projectors and lamps for OA

#### Imaging Equipment: Net Sales ▲4.5 billion yen

- In cinema field, deliveries of cinema projectors were postponed due to movie theaters closed worldwide
- In general imaging field, deliveries of imaging equipment were postponed or cancelled due to cancellations and postponements of events, amusement parks and industrial facilities being temporarily closed due to restrictions on entry and movement in various countries

#### Optical Equipment: Net Sales ▲2.5 billion yen

- Sales of DI equipment (UV equipment) were postponed due to operation decline and temporary shut down
- Delays of some optical equipment sales due to delays of acceptance inspections of the products

(Note) Information as of May 13, 2020

## FY2020 Performance Impact (Forecast)

### Visual Imaging Field

- ✓ If suspensions of operations at movie theaters, amusement parks and industrial facilities; event restrictions; and uncertainty continue, there are concerns regarding continuous impacts of Xenon lamps for cinema projectors and image equipment on performance.
- ✓ If these situations become prolonged, there are concerns about delays in collection of accounts receivable. Another concern regards the impact on sales of image equipment-related products resulting from declining investments.

### Electronics Field

While demand will continue to grow as a result of commercialization of 5G and utilization of IoT and AI, and semiconductor, FPD and PCB operations will recover to normal levels, there are concerns regarding:

- ✓ Decline in demand for replacement lamps due to sluggish consumption of final products, such as smartphones
- ✓ Delays in acceptance inspections caused by delays of installations and business negotiations due to restrictions on entry and movement in various countries

### Others

- ✓ Impact on sales of our products due to sluggish consumption of final products and operation decline due to worldwide restrictions on outings
- ✓ Accelerating construction of mass production system of 222nm ultraviolet light antibacterial and viral inactivation device to create a society which is free from pandemics and to help avoid collapse of the medical system

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# Highlights of Financial Results for FY2019

**Net Sales : 159.0 billion yen** (▲6.1 billion yen YoY, ▲3.7%)

Achievement rate to Initial Plan: 93.5%, Revised Plan on March 27<sup>th</sup>: 102.6%

Decline in sales of Light Source Business:

- Slowdown in related markets and decreasing lamp demand due to conversion to solid state light sources
- Sales decline of lamps for cinema due to COVID-19

**Operating Income : 6.6 billion yen** (▲1.8 billion yen YoY, ▲21.8%)

Achievement rate to Initial Plan: 66.6%, Revised Plan on March 27<sup>th</sup>: 111.0%

Decline in profit of Light Source Business: Profitability decrease

**Profit Attributable to Owner of Parent: 8.9 billion yen**  
(▲2.3 billion yen YoY, ▲20.8%)

Achievement rate to Initial Plan: 78.0%, Revised Plan on March 27<sup>th</sup>: 128.1%

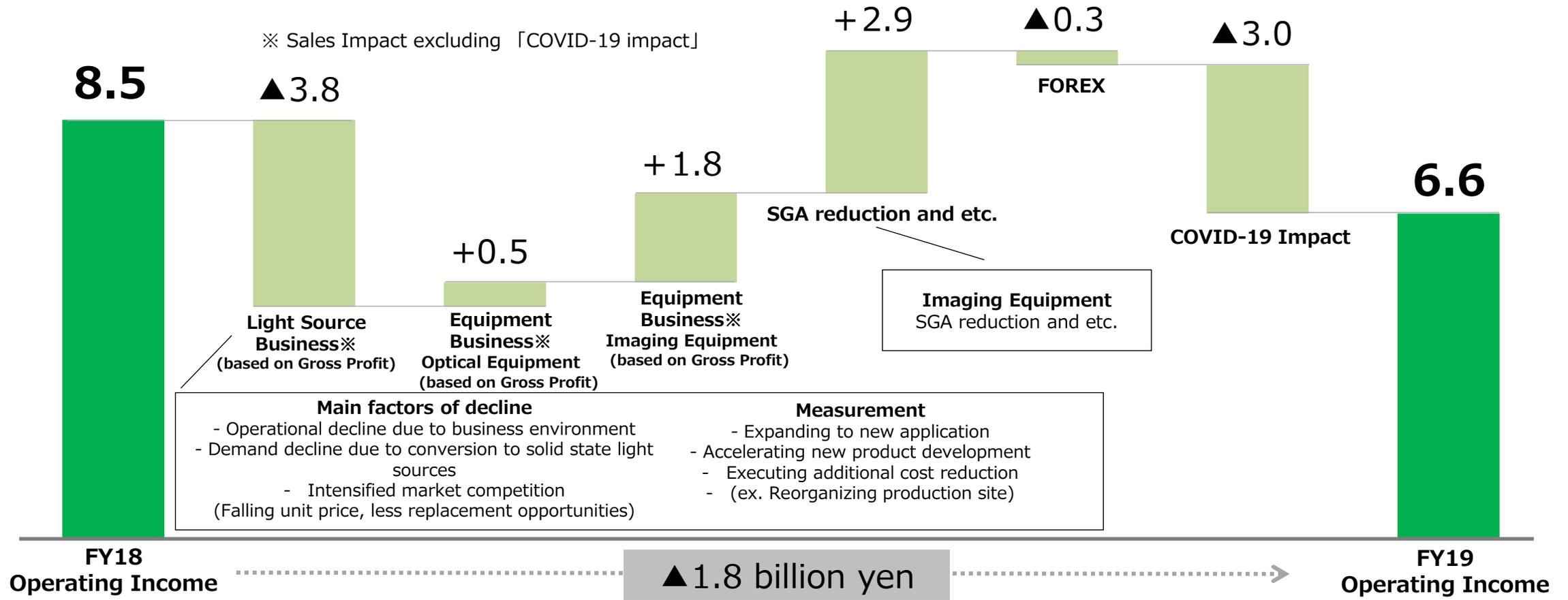
※FOREX (FY19) : US\$1 = 109 yen

# Summary of Financial Results

(billion yen)		FY18	FY19	YoY	
				Changes	%
Net Sales		165.1	<b>159.0</b>	▲6.1	▲3.7
Operating Income		8.5	<b>6.6</b>	▲1.8	▲21.8
Operating Income (%)		5.2	<b>4.2</b>	▲1.0P	—
Ordinary Income		11.4	<b>8.7</b>	▲2.7	▲23.6
Profit Attributable to Owners of Parent		11.3	<b>8.9</b>	▲2.3	▲20.8
EPS (yen)		88.85	<b>73.25</b>	▲15.60	▲17.6
ROE (%)		5.3	<b>4.3</b>	▲1.0	—
Dividend per share (yen)		50	<b>26</b>	▲24	—
Payment Ratio (%)		56.3	<b>35.5</b>	▲20.8	—
Forex (yen)	USD	111	<b>109</b>	▲2	—
	EUR	129	<b>121</b>	▲8	—

# YoY Variation Analysis of Operating Income

(billion yen)



Note: Figures other than "FOREX" exclude forex impact.

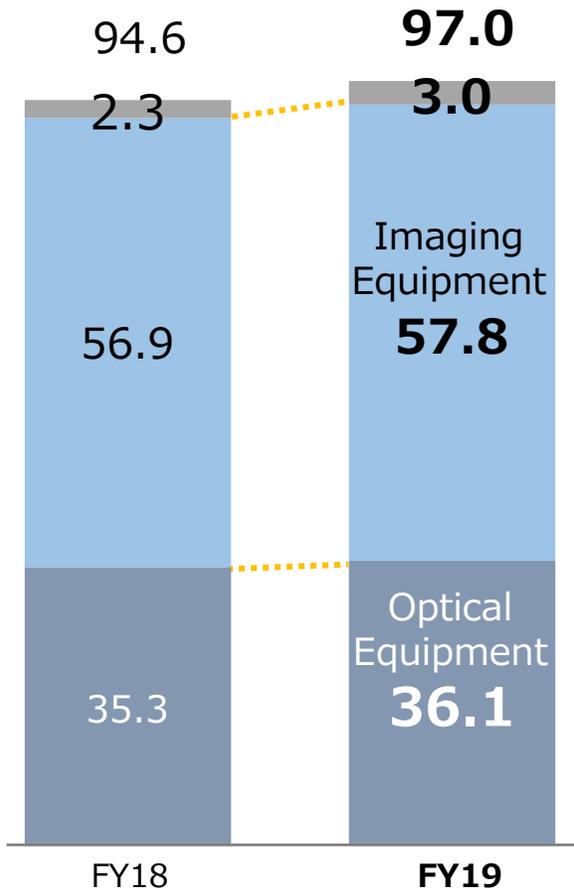
# Financial Results by Business Segments

		(billion yen)	FY18	FY19	YoY	
					Changes	%
Equipment Business	Net Sales		94.6	<b>97.0</b>	+2.4	+2.5
	Operating Income		▲0.3	<b>0.3</b>	+0.6	–
	Operating Income (%)		▲0.3	<b>0.3</b>	+0.6P	–
Light Source Business	Net Sales		67.1	<b>58.5</b>	▲8.5	▲12.8
	Operating Income		8.3	<b>6.0</b>	▲2.3	▲27.6
	Operating Income (%)		12.5	<b>10.3</b>	▲2.1P	–
Others	Net Sales		3.3	<b>3.3</b>	+0.0	+1.8
	Operating Income		0.1	<b>0.0</b>	▲0.0	▲69.6
	Operating Income (%)		3.0	<b>0.9</b>	▲2.1P	–
Elimination and corporate	Operating Income		0.3	<b>0.2</b>	▲0.0	▲28.2

# Business Segment Overview

## Equipment Business

Net Sales (billion yen)



YoY

+2.4 billion yen  
(+2.5%)

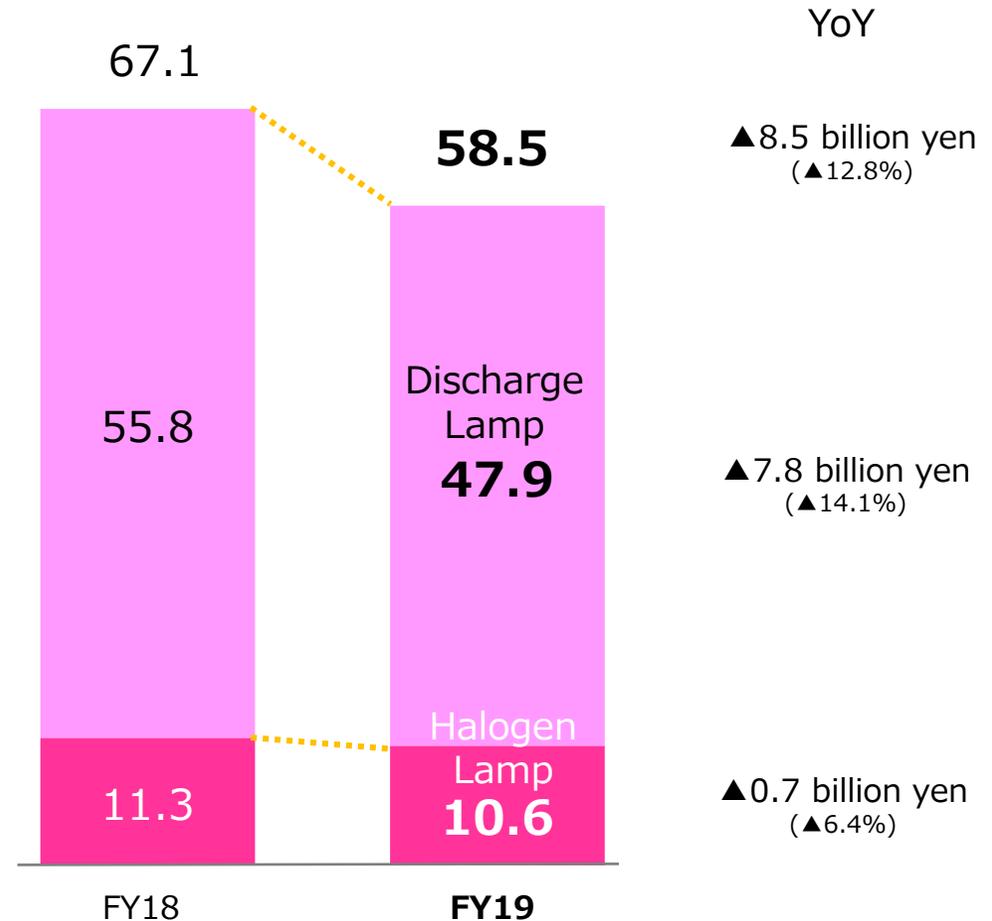
+0.7 billion yen  
(+29.8%)

+0.8 billion yen  
(+1.5%)

+0.8 billion yen  
(+2.5%)

## Light Source Business

Net Sales (billion yen)



YoY

▲8.5 billion yen  
(▲12.8%)

▲7.8 billion yen  
(▲14.1%)

▲0.7 billion yen  
(▲6.4%)

Note : Net sales indicates sales to unaffiliated customers.

# Business Environment and Business Segment Overview

## Electronics Field

<p><b>Business Environment</b></p>	<p>Capital investment and operation are slowing down in markets related to semiconductor, FPD and PCB.</p> <ul style="list-style-type: none"> <li>• Capital investments in large-size LCD market in China and new investment is shifting to OLED from LCD</li> <li>• LCD production slowed down due to oversupply of panels mainly in Korea</li> <li>• Smartphone-related market slowed down due to lower sales</li> <li>• Due to impact of COVID-19, operation slowed down in PCB and FPD markets in 4<sup>th</sup> quarter</li> </ul>	
<p><b>Equipment Business</b></p>	<p><b>UV Equipment</b> ▲0.4 billion yen ▲2%</p>	<ul style="list-style-type: none"> <li>• Sales increased of Large Field Stepper for latest IC package</li> <li>• Sales decreased of DI exposure system due to decline in smartphone demand and impact of COVID-19</li> </ul>
	<p><b>Cure Equipment</b> ▲0.2 billion yen ▲3%</p>	<ul style="list-style-type: none"> <li>• Sales slightly decreased of LCD-related equipment in 2<sup>nd</sup> half after sales increased in 1<sup>st</sup> half</li> </ul>
	<p><b>Others</b> +1.5 billion yen +19%</p>	<ul style="list-style-type: none"> <li>• Sales increased of EUV light source for mask inspection</li> </ul>
<p><b>Light Source Business</b></p>	<p><b>UV Lamps</b> ▲2.2 billion yen ▲16%</p>	<ul style="list-style-type: none"> <li>• Replacement demand declined due to LCD production adjustments</li> <li>• Unit price fell as LCD panel price dropped due to oversupply</li> </ul>

Note: Indicated value (income, %) represents YoY comparison.

# Business Environment and Business Segment Overview

## Visual Imaging Field

<p><b>Business Environment</b></p>	<ul style="list-style-type: none"> <li>• While installation of new movie theaters is slowing down, replacement demand at existing movie theaters is gradually increasing</li> <li>• Expansion of solid-state light source projectors in cinema and general imaging field</li> <li>• Sustained demand of high-end imaging equipment mainly in entertainment market</li> <li>• Due to impact of COVID-19, demand declined in cinema and general imaging field in 4<sup>th</sup> quarter</li> </ul>	
<p><b>Equipment Business</b></p>	<p><b>Cinema</b> +3.5 billion yen +13%</p>	<ul style="list-style-type: none"> <li>• Sales expansion of RGB laser projectors</li> <li>• Profitability below expectation</li> </ul>
	<p><b>General Imaging</b> ▲2.7 billion yen ▲9%</p>	<ul style="list-style-type: none"> <li>• While sales of RGB laser projectors expanded, demand decreased due to events being cancelled and postponed because of COVID-19</li> </ul>
<p><b>Light Source Business</b></p>	<p><b>Lamps for cinema</b> ▲3.3 billion yen ▲22%</p>	<ul style="list-style-type: none"> <li>• Lamp demand declined due to conversion to solid-state light sources and price dropped due to intensified market competition</li> <li>• Replacement demand decreased as movie theaters closed worldwide because of COVID-19</li> </ul>
	<p><b>Lamps for data projectors</b> ▲1.6 billion yen ▲22%</p>	<ul style="list-style-type: none"> <li>• Lamp demand declined due to conversion to solid-state light sources</li> </ul>
	<p><b>Lamps for OA</b> ▲0.1 billion yen ▲2%</p>	<ul style="list-style-type: none"> <li>• Sales increased for value-added environment-friendly lamps, while demand of OA equipment slowed down</li> </ul>

Note: Indicated value (income, %) represents YoY comparison.

# Summary of Financial Results FY2019

	(billion yen)	FY19 Results	Full Year Plan		Changes		Achievement Rate (%)	
			Initial Plan	Revision on 3.27	vs. Initial Plan	vs. Revision on 3.27	vs. Initial Plan	vs. Revision on 3.27
Net Sales		<b>159.0</b>	170.0	155.0	▲10.9	+4.0	93.5	102.6
Operating Income		<b>6.6</b>	10.0	6.0	▲3.3	+0.6	66.6	111.0
Operating Income (%)		<b>4.2</b>	5.9	3.9	▲1.7P	+0.3P	-	-
Ordinary Income		<b>8.7</b>	12.0	7.5	▲3.2	+1.2	72.8	116.5
Profit Attributable to Owners of Parent		<b>8.9</b>	11.5	7.0	▲2.5	+1.9	78.0	128.1
EPS (yen)		<b>73.25</b>	94.17	57.17	▲20.9	+16.1	77.8	128.1
Capital Expenditures		<b>8.2</b>	8.5	-	▲0.2	-	97.3	-
Depreciation		<b>7.1</b>	6.7	-	+0.4	-	107.2	-
R&D Expenses		<b>10.1</b>	11.5	-	▲1.3	-	88.5	-
Forex (yen)	USD	<b>109</b>	110	-	▲1	-	-	-
	EUR	<b>121</b>	125	-	▲4	-	-	-

# Financial Result by Sub-Segment FY2019

(billion yen)			FY18 Results	FY19 Results	Full Year Initial Plan	Changes	Achievement Rate (%)
Net Sales	Equipment	Imaging Equipment	56.9	<b>57.8</b>	59.0	▲1.1	98.0
		Optical Equipment	35.3	<b>36.1</b>	40.0	▲3.8	90.5
		Illumination and others	2.3	<b>3.0</b>	2.0	+1.0	152.5
		Sub-total	94.6	<b>97.0</b>	101.0	▲3.9	96.1
	Light Sources	Discharge lamps	55.8	<b>47.9</b>	54.0	▲6.0	88.8
		Halogen lamps	11.3	<b>10.6</b>	11.5	▲0.8	92.6
		Sub-total	67.1	<b>58.5</b>	65.5	▲6.9	89.5
	Others	Machinery for industrial use and other	3.3	<b>3.3</b>	3.5	▲0.1	96.1
	Total		165.1	<b>159.0</b>	170.0	▲10.9	93.5
	Operating Income		8.5	<b>6.6</b>	10.0	▲3.3	66.6

- 
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## **Postponing Announcement of FY2020 Forecast and New Mid-Term Management Plan**

### ➤ FY2020 Forecast

Once we are able to confirm the level of impact the spread of COVID-19 will have on Ushio Group's business activities and calculate promptly and reasonably, we will appropriately disclose the FY2020 forecast.

### ➤ New Mid-Term Management Plan (FY2020-FY2022)

As soon as the FY2020 forecast can be confirmed, we will appropriately disclose our New Mid-Term Management Plan.

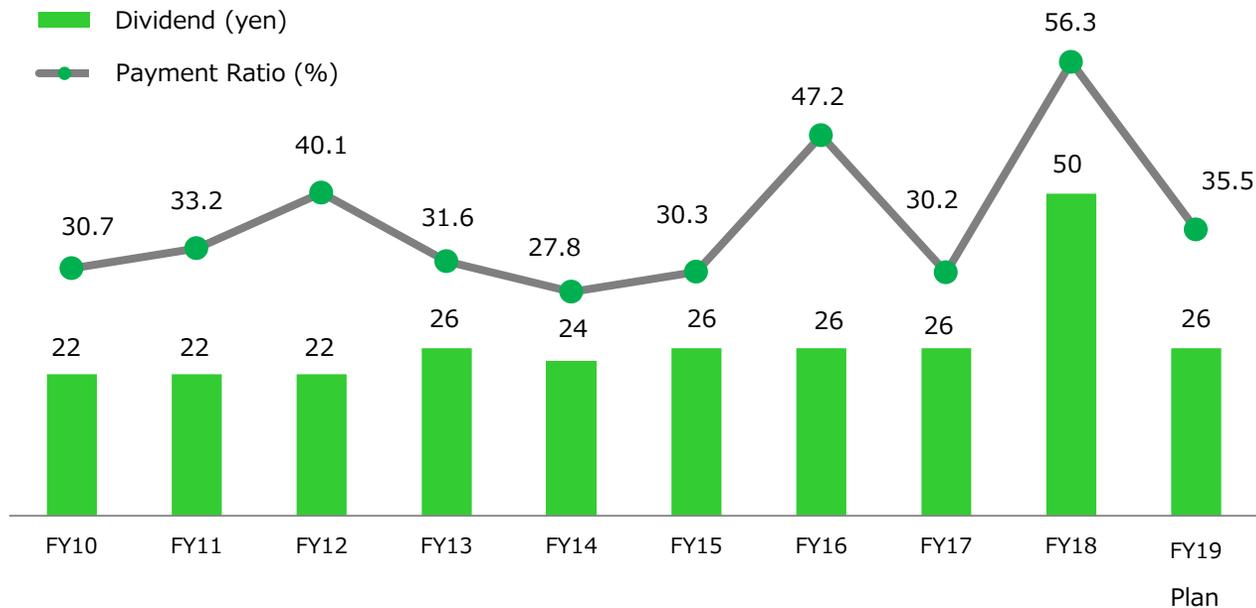
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# Shareholders Return

## Dividend per share and payout ratio

Due to business results being impacted by the spread of COVID-19 and the uncertain future business environment, Ushio decided to declare FY2019 annual dividend of 26 yen per share, down 24 yen from the forecast announced on May 10, 2019. FY2020 annual dividend has not yet determined.

FY19 (Plan) : 26 yen (35.5%)  
 FY20 (Forecast) : Not yet determined



## Share Buyback

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

Max 10 billion yen  
 (Max 8 million shares)  
 From Dec. 21<sup>st</sup>, 2018 to Dec. 20<sup>th</sup>, 2019

### **Completion of Repurchase**

(December 10<sup>th</sup>, 2019)

Total amount of shares purchased: 10 billion yen  
 Total number of shares purchased: 7.2 million shares

### **Retirement of treasury Shares**

Retirement of 6.6 million shares will be resolved as of February 21<sup>st</sup>, 2020  
 (retain % of total number of issued share after retirement : 4.8%)

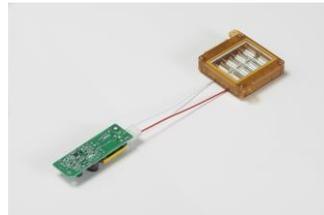
Ushio purchases own treasury shares, taking flexible approach. We retain our treasury shares of approximately 5% of the total number of issued shares at maximum and cancel the excess portion of the treasury shares in each year.

# Care222 for Sterilization and Virus Inactivation Solution



Uses 222nm ultraviolet (UV-C) light, safe and secure to skin and eyes of humans and animals, enables sterilization of germs and inactivation of viruses

## New Environmental Hygiene Solution



Module type



Unit type (demo unit)

### ● Ushio Strength

Exclusive licensee  
of ultraviolet sterilizing process  
which is harmless to humans  
with Columbia University

+

High-quality excimer lamp·module production technology  
acquired from LCD·semiconductor industry

### Our Goal of Social Contribution

**Safe and Secure Environment, which does not cause Pandemics**  
(To help avoid collapse of the medical system for COVID-19)

■ Short-Term Target: in 2021

Improve hygiene level of public spaces by disinfection·elimination of infection source  
ex: exam rooms·lobby·toilets in hospitals, nursing facilities, trains·airplanes·airports, etc.

■ Long-Term Target: in 2025

Prevent nosocomial infection with drug-resistant bacteria (excluding viruses)  
=> operating room sterilization, operating equipment sterilization, etc.

### Latest Status·Challenges

- Preparation for mass production
  - ✓ Provide demo units to research institutions and medical organizations
  - ✓ Lamp development completed
  - ✓ Module in prototype stage: Specification development by usage environment
  - ✓ Capital investment for mass production / Continuous collecting of various types of data

#### 【Challenges】

- Short Term: Collecting demonstrating experiment data for security guarantee  
=> cooperate with universities to accelerate data collection
- Long Term: Authorization for PMD Act, etc.  
=> started activities to accelerate the authorization

# Care222 for Sterilization and Virus Inactivation Solution

## ● Ushio Care222 Specialty

<Ultraviolet light common feature>

Mainstream of conventional germicidal lamp was 254nm mercury lamp

1. Enables sterilization of virus, such as norovirus, spore fungus
2. Does not produce drug-resistant bacteria
3. Non-contact, non-chemical, easy sterilization



<Unique features for Care222>

1. Enables continuous irradiation under manned environment
  - harmless wavelength to human eyes and skin
2. Mercury-free: Environment-friendly/reduction of environmental burdens
  - ultraviolet lamp using excimer irradiation without mercury

## ● Ushio Care222 Development History

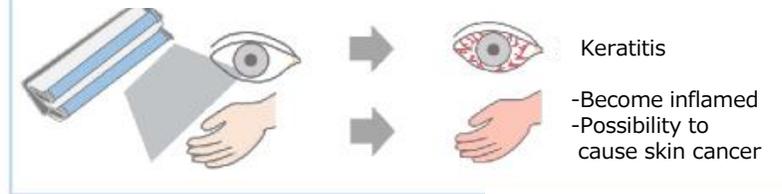
- 1992 Ushio commercialized excimer lamp ahead of the world
- 2015 Ushio and Columbia University entered into exclusive university and research agreements for ultraviolet disinfection method to reduce microbials
- 2018 Ushio and Kobe University achieved world's first successful reduction of bacteria using 222nm irradiation that is harmless to normal human skin
- 2020 No development of skin cancer or other symptoms; demonstrated continuous irradiation of 222nm ultraviolet light (UV-C) to be safe ahead of the world

### ※About COVID-19

**Demonstrating experiment has started to confirm inactivation of coronavirus in the United States.**

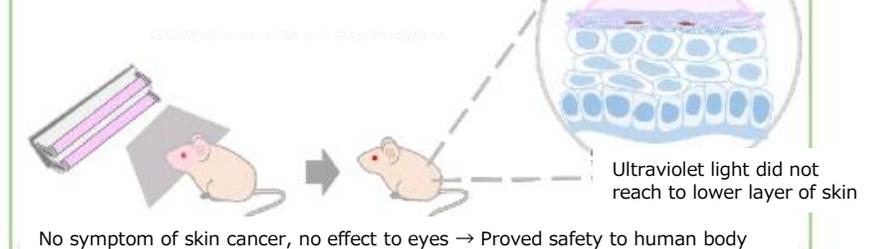
### Development of germicidal lamp, which is safe to human body

**[Conventional Germicidal Lamp]** Prohibited because it was harmful



**[Newly Developed Light Source]**

Continuous irradiation of 222nm light to experimental mouse



**[Future Application]** Can be used and applied from medical field to regular everyday life



- 
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# Sales Expansion of Exposure Equipment for Latest IC Package Substrates



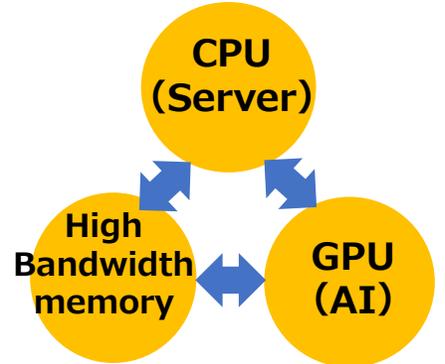
## Large Field Stepper (UX-5) Production and sales



Cutting-edge & Next generation package demand expansion

With IoT evolution, demand increased for servers for data centers processing high capacity and high speed data processing

**Data center market**  
>20% growth per year (self-survey)  
⇒ Expanding Adoption of next-generation package substrates



● **World wide share 95%**  
High-end BGA substrate exposure market (self-survey)

### ● UX-5 Strength (Feature)

1. Large-area projection  
→ **High productivity & low CoO**

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2. Non-contact mask work  
→ **Yield enhancement**

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3. Deep focal depth  
→ **Process margin & substrate warping**

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4. High Resolution/alignment accuracy  
→ **Pitch miniaturization & process margin**

● **Increasing production capacity of lithography equipment (two times compared to conventional capacity)**



### Large Field Stepper (UX-5) Sales Trend

**FY19**

Contributing to sales from 2H



**After FY20**

Sales unit expanding



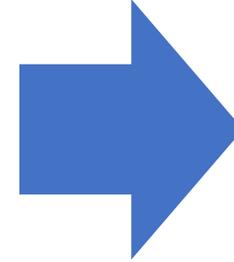
# EUV Light Source for Mask Inspection



**EUV light source for next-generation semiconductor mass-production process**  
Development, Production, Sales



**Mask Inspection equipment manufacturer/ Research & development institution**



**Semiconductor device manufacturers**

Next-generation semiconductor mass-production needs with EUV lithography technology evolution

Increase EUV light source needs for inspection and development

**Contribution of Ushio's EUV light source**

**Expect to expand business opportunities of EUV light source for mask inspection**

## ● Ushio EUV Light Source Development History

- 2000 EUV light source development started
- 2001 Established EUVA\*  
\*Extreme Ultraviolet Lithography System Development Association
- 2013 Withdrew from Lithography related development
- 2016 Delivered EUV light source to TNO
- 2018 Delivered first EUV light source for inspection (for test purpose)
- 2019 Delivered and received first acceptance for mass production process

## ● Ushio Strength

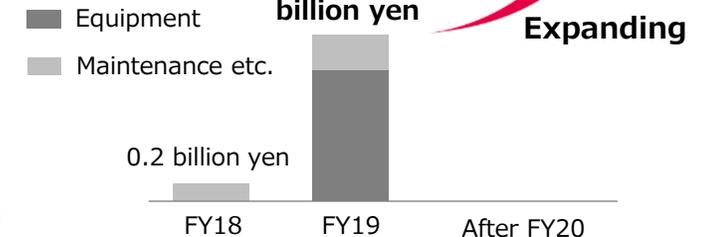
Long business experience in semiconductor industry

+

Many years' experience in EUV technology

(Compact/High-brightness/High Power)

## ● Sales Forecast



# Projector Comparison

Light Source	Laser		Lamp	
	RGB Laser	LaPH	Xenon Lamp	Super High-Pressure UV Lamp
Cinema	 <p>CP4450-RGB CP4440-RGB CP4330-RGB CP2320-RGB Lumen (lm) &lt;50,000</p>	No Lineup	 <p>CP2308 Lumen (lm) &lt;45,000</p>	No Lineup
General Imaging	 <p>D4K40-RGB Lumen (lm) &lt;40,000</p>	 <p>Crimson GS series Lumen (lm) &lt;30,000</p>	 <p>Roadie Lumen (lm) &lt;45,000</p>	 <p>Boxer Lumen (lm) &lt;30,000</p>
Price	★★★★★	★★	★★	★
Life	★★★★★	★★★★	★★★★★ (Lamp replacement is necessary)	★★★★★ (Lamp replacement is necessary)
Color	★★★★★	★★	★★★	★★

# Improvement of Profitability on Imaging Equipment

## Structural Reform

### FY18

- Fixed Cost Reduction by production transfer to China
- Divestitures of unprofitable businesses

### FY19

- Reorganize business bases
- Productivity improvement
- Control SGA level

Measurement

## Sales Increase by New Product

### Cinema

- Improved product performance
- Launched a wide range of RGB projectors



RGB laser projector lineup to adjust to various screen size

### General Imaging

- Lineup expansion of laser projectors (RGB, LaPH)



- Released Industry's first-lightest & high quality RGB laser projector
- Added high luminance LaPH model

Result

- Production transfer to China → Completed as planned
- Divestitures of unprofitable businesses → Completed
- Consolidation and closure of business bases → Completed

SGA (vs FY18\_4Q) → ▲ >30%  
 Headcount (FY17-FY19) → ▲ >20%

### • Major order

HuaxiaFilm : 200 units  
 Cineworld : 1,000 units  
 Cinema21 : 100 units etc.

### • RGB ratio among all DCPs

FY19\_4Q : about **40%** (YoY: about 10%)

### • Major order

Expo 2020 Dubai : 250 units etc.

### • RGB + LaPH ratio among all projectors

FY19\_4Q : about **90%** (YoY: about 50%)

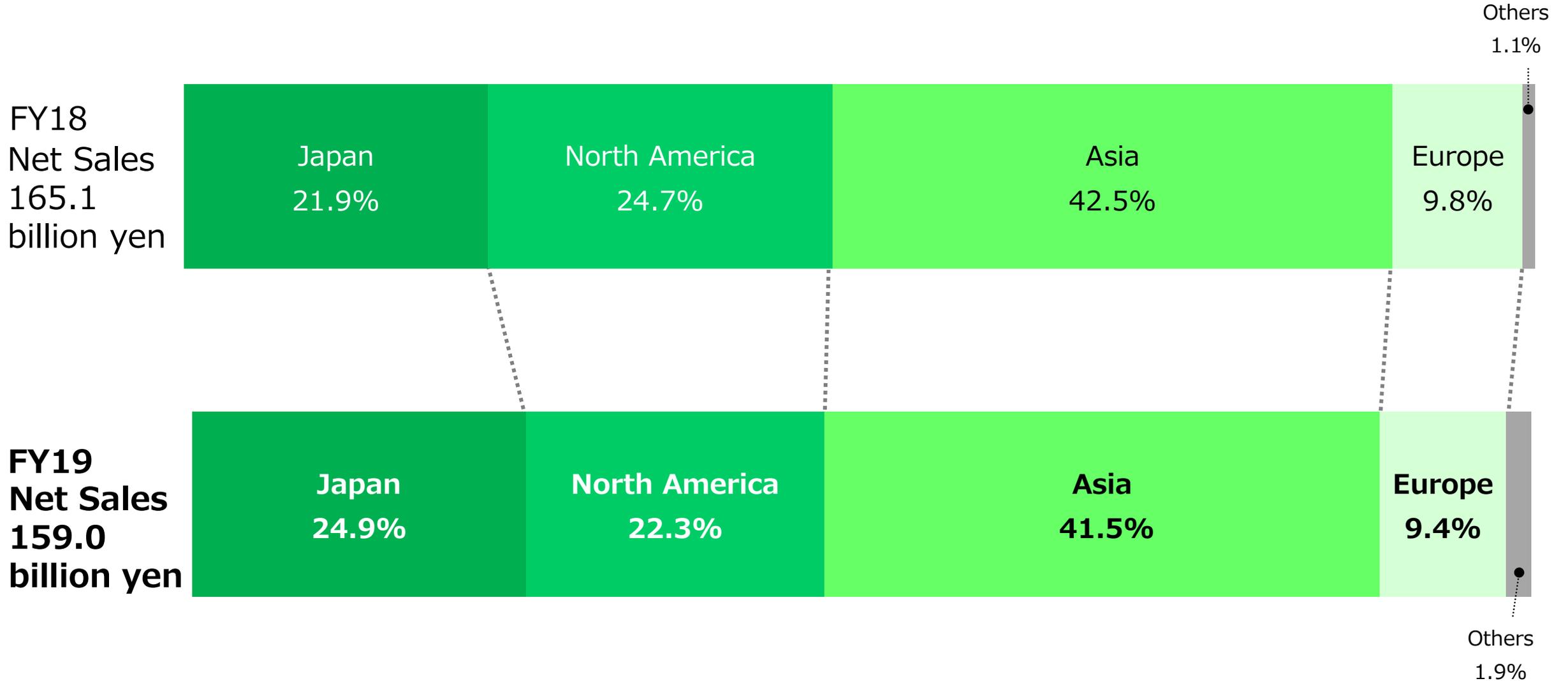
# Reference: Summary of Quarterly Financial Results

(billion yen)		FY18				FY19				FY19 4Q - FY18 4Q		FY19 4Q - FY19 3Q	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Changes	%	Changes	%
Net Sales		39.9	42.6	39.7	42.7	38.9	43.0	38.0	<b>38.9</b>	▲3.7	▲8.9	+0.8	+2.3
Operating Income		2.5	2.8	1.5	1.6	2.1	2.7	1.4	<b>0.3</b>	▲1.2	▲80.7	▲1.1	▲79.1
Operating Income Ratio (%)		6.4	6.6	3.9	3.8	5.5	6.3	3.9	<b>0.8</b>	▲3.0P	–	▲3.1P	–
Ordinary Income		3.9	3.2	2.2	1.9	2.9	2.8	2.5	<b>0.3</b>	▲1.6	▲83.4	▲2.2	▲87.3
Profit Attributable to Owners of Parent		2.2	1.2	2.1	5.6	1.2	1.7	5.7	<b>0.1</b>	▲5.5	▲97.4	▲5.6	▲97.5
EPS (Yen)		17.67	9.79	16.97	44.54	10.02	14.43	47.87	<b>1.22</b>	▲43.32	▲97.3	▲46.65	▲97.5
Forex (Yen)	USD	108	111	113	110	111	108	109	<b>109</b>	▲1	–	+0	–
	EUR	130	129	130	126	124	120	120	<b>121</b>	▲5	–	+1	–

# Reference: Summary of Quarterly Financial Results by Business Segments

(billion yen)	FY18				FY19				FY19 4Q - FY18 4Q		FY19 4Q - FY19 3Q	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Changes	%	Changes	%
<b>Equipment Business</b>												
Net Sales	21.8	24.8	21.9	26.0	22.7	27.1	22.9	<b>24.2</b>	▲1.7	▲6.7	+1.3	+5.8
Operating Income	0.0	0.1	▲0.4	▲0.0	0.0	0.9	0.4	<b>▲1.1</b>	▲1.1	–	▲1.5	–
Operating Income Ratio (%)	0.0	0.7	▲2.1	▲0.1	0.4	3.5	1.8	<b>▲4.6</b>	▲4.6P	–	▲6.4P	–
<b>Light Source Business</b>												
Net Sales	17.3	17.2	17.1	15.5	15.4	14.9	14.3	<b>13.7</b>	▲1.7	▲11.5	▲0.6	▲4.3
Operating Income	2.5	2.3	1.8	1.6	1.9	1.6	1.0	<b>1.3</b>	▲0.2	▲15.7	+0.3	+33.3
Operating Income Ratio (%)	14.8	13.4	10.8	10.6	12.5	11.2	7.3	<b>10.1</b>	▲0.5P	–	+2.9P	–
<b>Others</b>												
Net Sales	0.7	0.6	0.7	1.1	0.7	0.9	0.7	<b>0.9</b>	▲0.2	▲21.8	+0.1	+25.5
Operating Income	0.0	0.0	0.0	0.0	0.0	▲0.0	0.0	<b>▲0.0</b>	▲0.0	▲145.6	▲0.0	▲151.4
Operating Income Ratio (%)	3.0	3.6	3.6	2.4	2.5	▲0.0	3.5	<b>▲1.4</b>	▲3.9P	–	▲4.9P	–

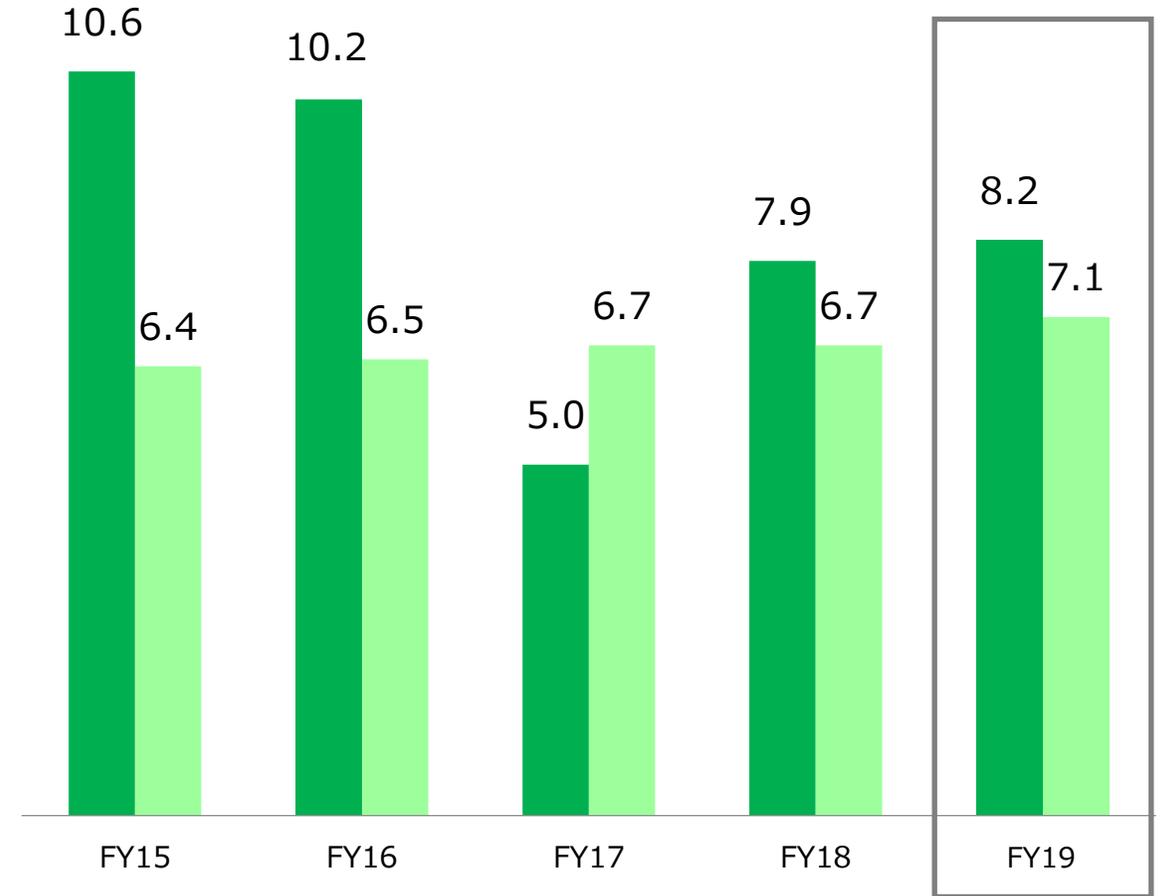
# Reference: Sales Ratio by Region



# Reference : R&D Expenses/Capital Expenditures and Depreciation

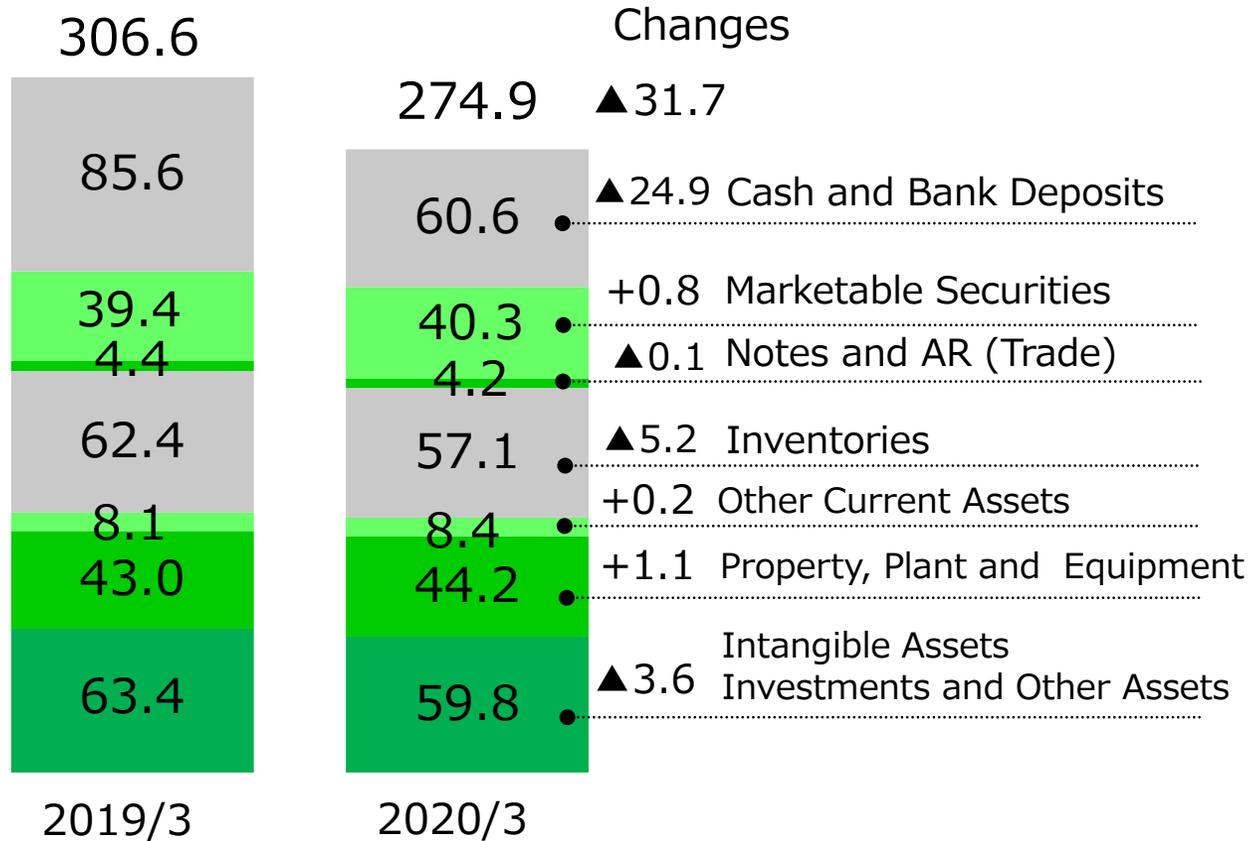
■ R&D Expenses (billion yen)  
 — Ratio of R&D Expenses to net sales (%)

■ Capital Expenditures (billion yen)  
 ■ Depreciation (billion yen)

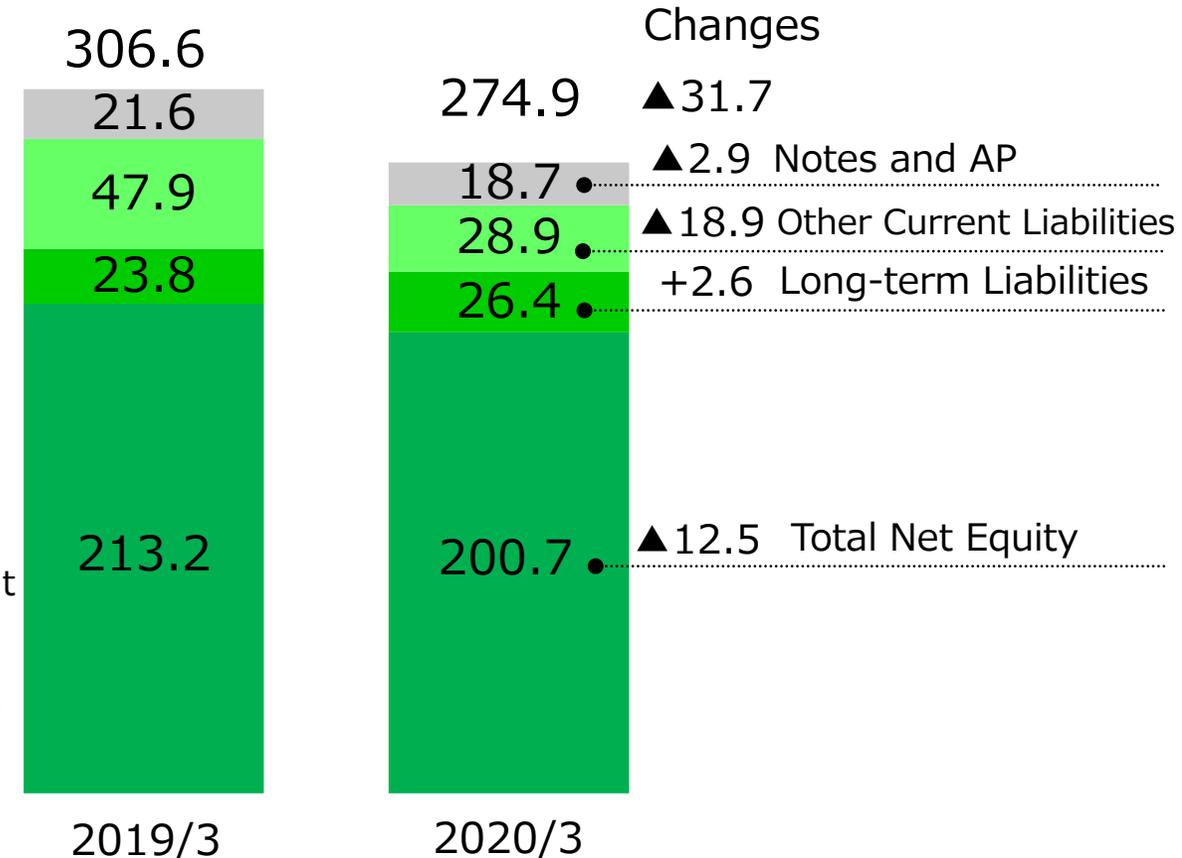


# Reference: Balance Sheet

## ◆ Assets (billion yen)



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

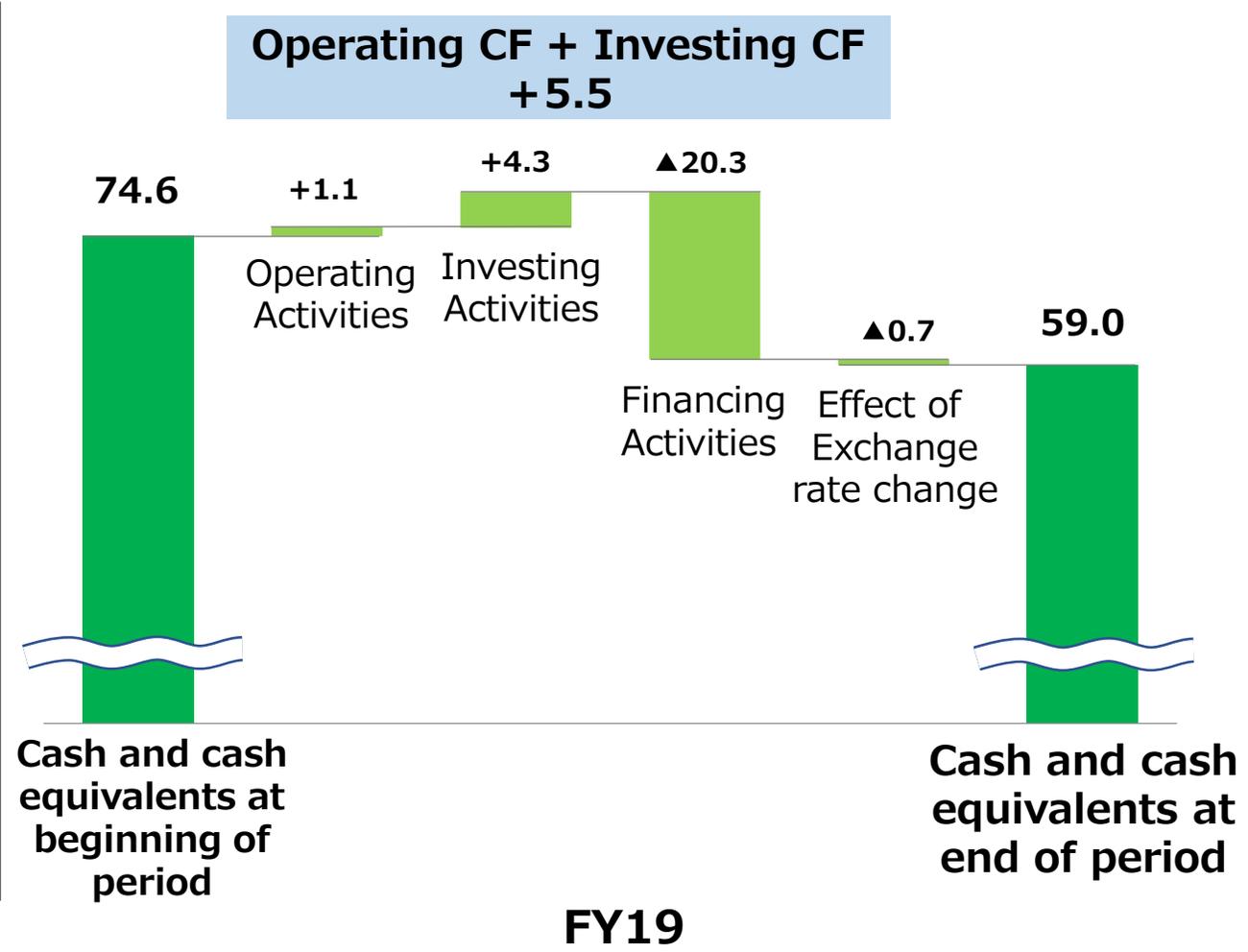
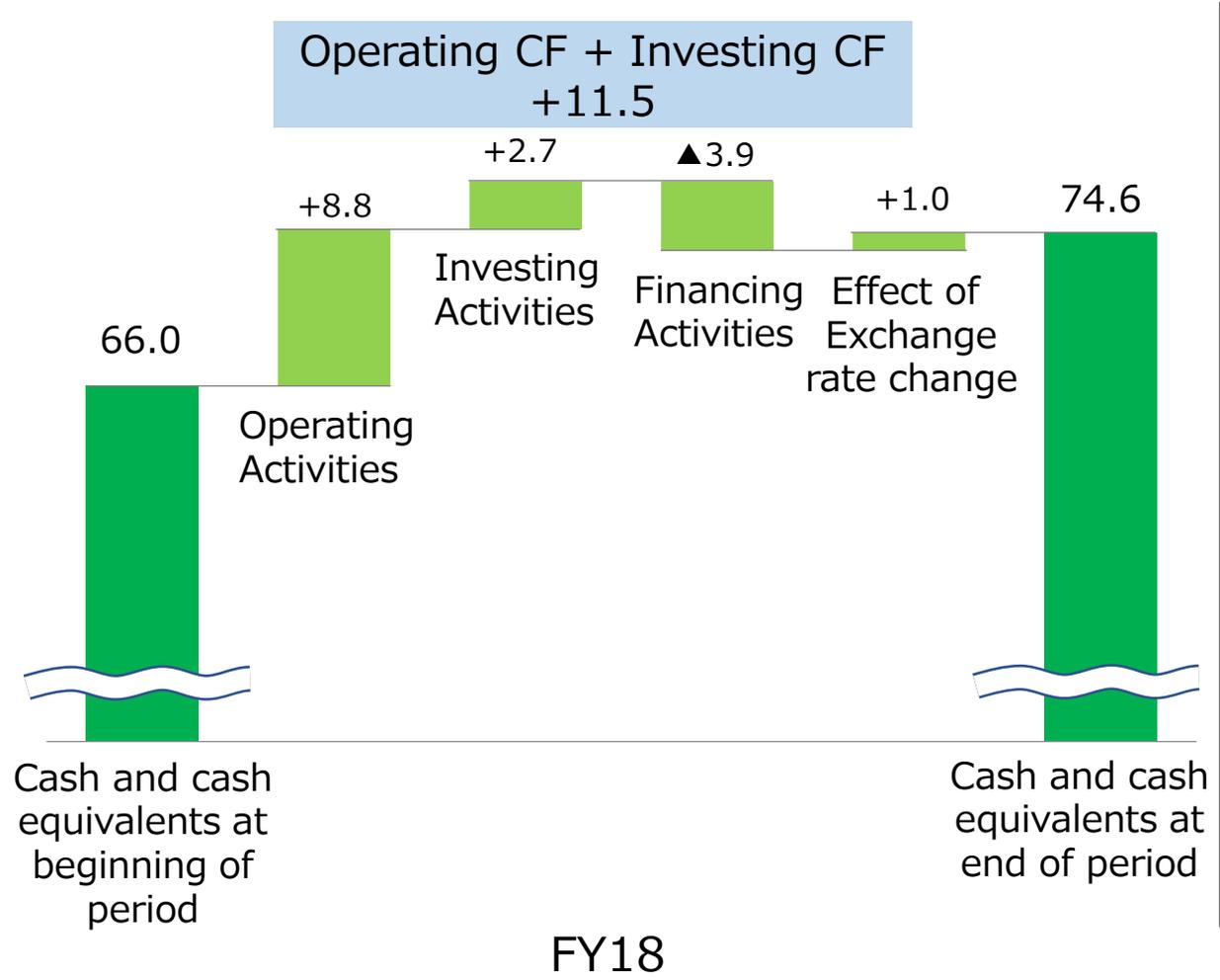


● Turnover (month)	2019/3	2020/3
Receivable-trade	3.0	3.0
Inventories	4.2	4.5

● Equity Ratio (%)	2019/3	2020/3
	69.5	73.0

# Reference: Cash Flow

(billion yen)



AI	Artificial Intelligence
BGA	Ball Grid Array
COF	Chip on Film
CoO	Cost of Ownership
CPU	Central Processing Unite
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
GPU	Graphic Processing Unit
IoT	Internet of Things
LaPH	Laser Phosphor
OA	Office Automation
OLED	Organic Light Emitting Diode
PCB	Printed-Circuit Board
RGB	Red Green Blue
TNO	The Netherlands Organization of Applied Scientific Research
UV	Ultraviolet
5G	5 <sup>th</sup> Generation Mobile Communication System

# USHIO

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