

FY2011 Financial Results

USHIO Inc.

May 09, 2012

This report contains forward-looking statements which reflect management's views at the time of the announcement with respect to certain future events and financial performance. Actual results may differ materially from those forward-looking statements .

* All figures in the material have been rounded down to the nearest billion yen unless otherwise noted.

USHIO

Lighting —Edge Technologies

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Highlights of Financial Results for FY2011

- Consolidated net sales rose by 3.4% Y on Y to ¥150 billion, while operating income decreased by 23% Y on Y to ¥10.6 billion.
- Equipment business: The visual image equipment field saw higher demand for digital cinema projectors, and in non-cinema fields, demand for various products held firm. In the optical equipment field, lithography equipment sales related to electronics weakened. The USHIO Group actively executed R&D investment in fields related to EUV light source equipment.
- Light Sources Business: Sales of xenon lamps for cinema projectors continued to increase steadily. However, demand for replacement sales of UV lamps for lithography was lackluster, and data projector lamps as well as halogen lamps were affected by sluggish economic conditions and other factors.
- Annual dividend will be maintained at ¥22 per share.
- 3 main factors affecting the financial results are “Slowdown in LCD panel- and semiconductor-industries”, “Changes in product mix”, and “Impacts of the yen’s appreciation throughout the year.”

Summary of Financial Results of FY2011

(Billions of Yen)	FY10	FY11	YoY		FY11	FY11	YoY	
	4Q	4Q	Changes	%	1-4Q ttl	1-4Q ttl	Changes	%
Net Sales	37.9	39.4	+ 1.4	+3.7	145.1	150.0	+4.9	+3.4
Operating Income	3.1	1.6	▲1.5	▲47.6	14.0	10.6	▲3.3	▲23.8
Operating Income Ratio (%)	8.4	4.2	▲4.1P	—	9.7	7.1	▲2.5P	—
Ordinary Income	4.6	2.8	▲1.8	▲39.3	17.3	13.1	▲4.2	▲24.5
Net Income	1.0	1.5	+ 0.5	53.9	9.5	8.7	▲0.8	▲8.7
EPS (Yen)	7.77	12.17			71.72	66.26		
Forex (Yen)								
USD	85	79			85	79		
EUR	113	110			113	110		

Annual Forex Sensitivity (Billions Yen)	Net Sales	Operating Income	Ordinary Income
USD	▲13	▲2	▲3

Financial Results Trend

(Billions of Yen)		1Q	2Q	3Q	4Q
Net Sales		35.5	39.5	35.5	39.4
Operating Income		2.7	3.7	2.5	1.6
Operating Income Ratio (%)		7.7	9.5	7.1	4.2
Ordinary Income		3.7	3.0	3.4	2.8
Net Income		3.4	1.1	2.5	1.5
EPS (Yen)		25.68	8.58	19.73	12.17
Forex (Yen)	USD	81	79	79	79
	EUR	118	114	111	110

Financial Results by Business Segments

(Billions of Yen)		FY10	FY11	YoY		FY10	FY11	YoY	
Business Segments		4Q	4Q	Changes	%	1-4Q ttl	1-4Q ttl	Changes	%
Equipment	Net Sales	22.9	25.1	+2.1	+9.4	84.6	94.3	+9.7	+11.5
	Operating Income	1.2	▲0.2	▲1.4	▲117.6	5.4	2.7	▲2.6	▲48.3
	Operating Income Ratio(%)	5.5	▲0.9	▲6.4P	—	6.4	3.0	▲3.4P	—
Light Sources	Net Sales	13.8	13.3	▲0.5	▲4.2	57.3	52.4	▲4.9	▲8.6
	Operating Income	1.8	1.9	0	+5.1	8.4	7.6	▲0.7	▲8.5
	Operating Income Ratio(%)	13.1	14.4	+1.3P	—	14.6	14.7	+0.1P	—
Others	Net Sales	1.0	0.9	▲0.1	▲14.1	3.1	3.2	+0.1	+5.8
	Operating Income	0	0	▲0	▲53.8	0.1	0.1	▲0	▲24.9
	Operating Income Ratio(%)	3.7	2.0	▲1.7P	—	4.7	3.4	▲1.3P	—

Financial Results Trend by Business Segments

(Billions of Yen)	Business Segments	1Q	2Q	3Q	4Q
Net Sales	Equipment	21.4	25.5	22.2	25.1
	Light Sources	13.5	13.0	12.5	13.3
	Others	0.6	0.9	0.7	0.9
	Total	35.5	39.5	35.5	39.4
Operating Income	Equipment	0.6	1.5	0.8	▲0.2
	Light Sources	1.9	2.2	1.5	1.9
	Others	0	0	0	0
	Total	2.7	3.7	2.5	1.6
Operating Income Ratio (%)	Equipment	3.1	5.9	3.8	▲0.9
	Light Sources	14.7	17.4	12.0	14.4
	Others	3.0	0.1	10.1	2.0
	Total	7.7	9.5	7.1	4.2

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Forecasts for FY2012

	FY11	FY12	YoY	2Q(FY12)
(Billions of Yen)	(Actual Results)	(Forecasts)	(Changes)	(Forecasts)
Net Sales	150.0	165.0	+14.9	80
Operating Income	10.6	12.0	+1.3	4.5
Operating Income Ratio(%)	7.1	7.3	-	5.6
Ordinary Income	13.1	14.5	+1.3	5.5
Net Income	8.7	10.0	+1.2	4.0
EPS (Yen)	66.26	76.26	-	30.50
ROE (%)	5.6	6.2	-	2.5
Dividend (Yen)	22.0	22	-	-
Payout Ratio (%)	33.2	28.8	-	-
Capital Expenditures	8.9	8.0	▲ 0.9	-
Depreciation and Amortization	7.1	5.0	▲ 2.1	-
R&D Expenses	8.6	9.8	+1.1	-
Forex (Yen)	USD	79	80	-
	EUR	110	105	-

Forecasts of Net Sales for FY2012 (by Business Segments)

(Billions of Yen)

Business Segments		FY11 (Actual Results)	FY12 (Forecasts)	YoY
<u>Equipment</u>	Imaging Equipment	65.7	61.0	▲4.7
	Optical Equipment	27.3	41.0	+13.7
	Illumination and Related Facilities	1.2	2.0	+0.8
	Total	94.3	104.0	+9.7
<u>Light Sources</u>	Discharge Lamps	41.1	45.0	+3.9
	Halogen Lamps	11.5	12.0	+0.5
	Total	52.4	57.0	+4.6
<u>Others</u>	Machinery for Industrial Use and Other Business	3.3	4.0	+0.7
	Total	150.0	165.0	+15.0

Equipment Business Segment for FY2012

◆ Imaging Equipment:

In the digital cinema field, transition to digitalization is likely to reach its peak in developed countries, but is expected to progress in emerging countries. USHIO will focus on the maintenance and expansion of its shares in all regions.

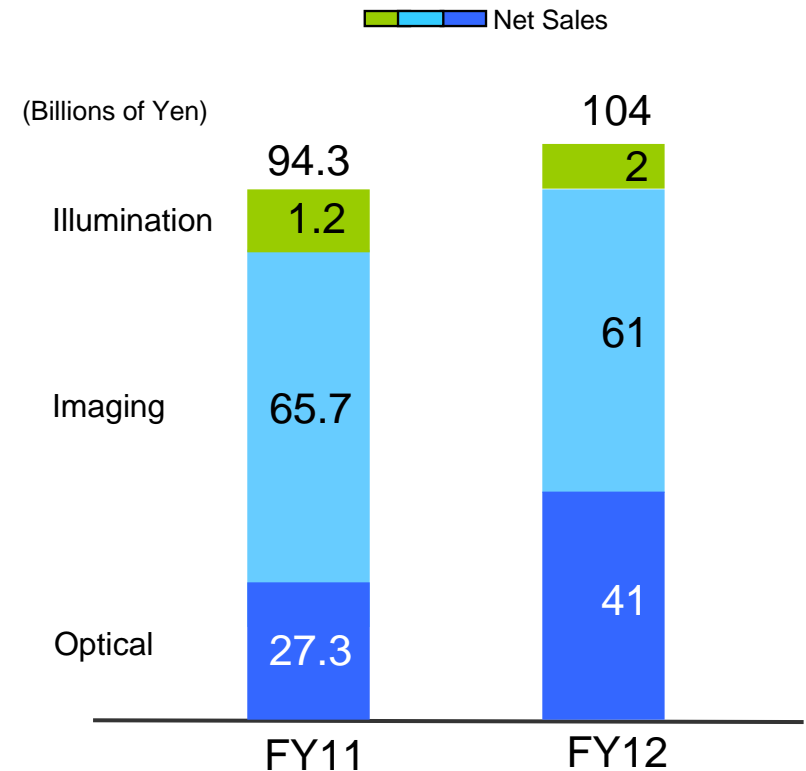
In non-cinema fields, USHIO will work hard on the promotion and the expansion of digital projectors including virtual reality and digital signage.

◆ Optical Equipment:

The LCD panel- and semiconductor-related markets remain in the inventory adjustment phase, but a recovery is anticipated particularly in Taiwan and China, in step with further inventory adjustments and expansion in the market for smart phones and tablet PCs.

The recovery is anticipated in Japan as well toward the last half of the fiscal year.

In other electronic component-related markets, LLO demands and capital expenditures, WLP, and MPU, etc. are expected.



*In this page, values by business segments are rounded down while values by products are rounded off to the nearest hundred-million yen.

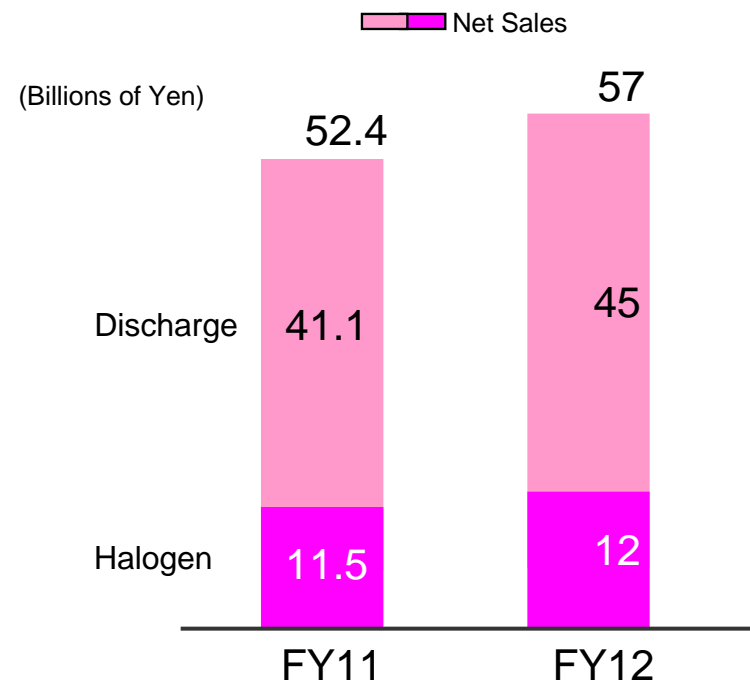
Light Sources Business Segment for FY2012

◆ Discharge Lamps:

Demand for UV lamps is likely to recover as a rebound in the capacity utilization rate for facilities in the LCD panel- and semiconductor- related markets is anticipated. Sales of xenon lamps for cinema projectors is going to increase steadily. In the data projector field, demand is expected to increase particularly in emerging countries, and the entire market is anticipated to grow by about 7-8%.

◆ Halogen Lamps:

In the office automation(OA) field, product shipment has increased from the previous quarter through the 1Q of this fiscal year due to the emergency response after the Thai floods.



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Quantitative Target of Mid-term Vision, announced in March 2012 (To be accomplished by FY 3/2015)

What USHIO Group Should Aim For

Aim to become the “Light Innovation Company” with the world’s No.1 technology and branding in Light related business, which fully satisfies customer needs on a constant basis.

Quantitative Target of Mid-term Vision

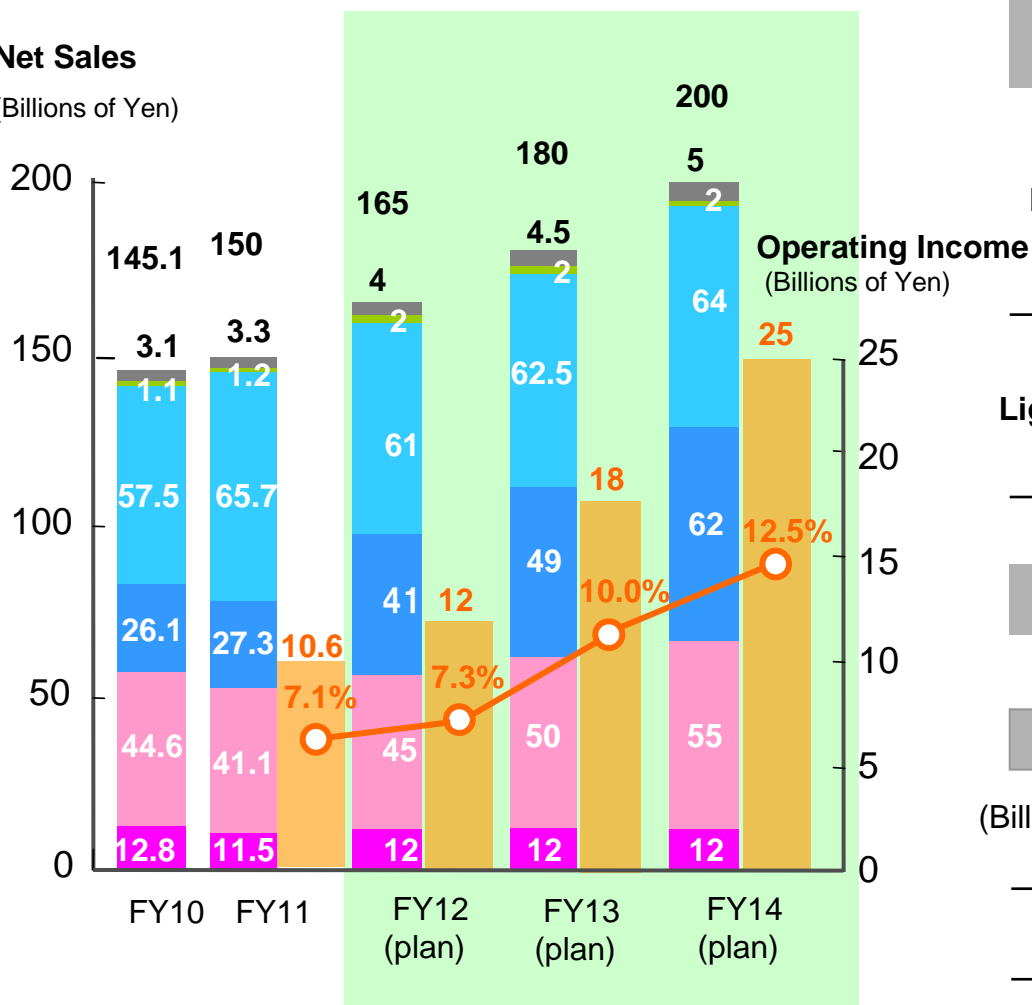
(Values shown in parenthesis are results for FY 3/2012)

Net Sales	200 billion yen	(150 billion yen)
Operating Income	25 billion yen	(10.6 billion yen)
ROE	More than 10 %	(5.6%)

Mid-term Vision announced in 2012, Sales (by sub-segments) and Operating Income

Net Sales

(Billions of Yen)

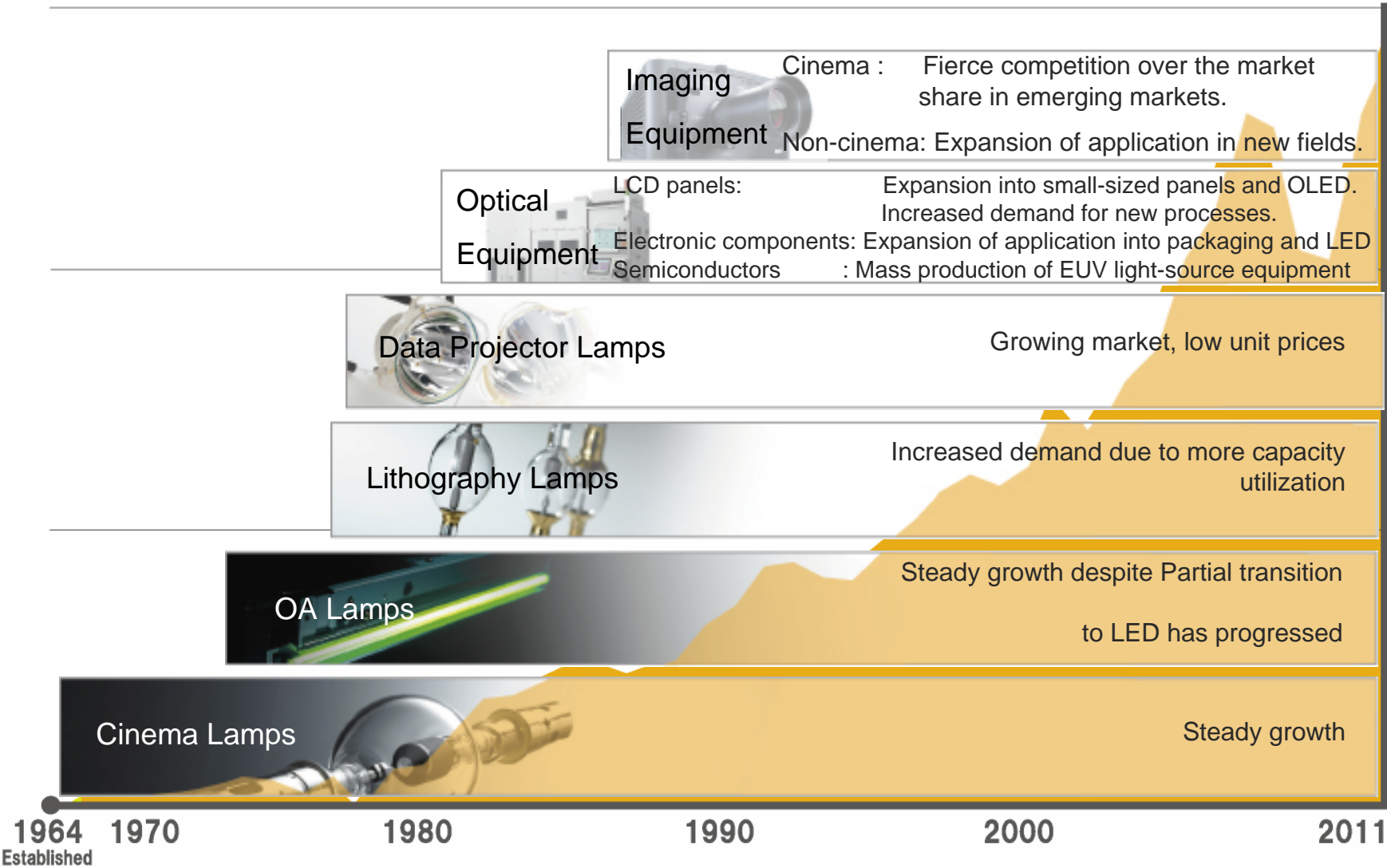


Segments	Sub-segments	FY14 Net Sales (Billions of Yen)	Growth Rates for the Next 3 Years (%)
Equipment	Imaging Equipment	64	▲2.6
	Optical Equipment	62	+127.1
	Illumination and Related Facilities	2	+66.7
	Total	128	+35.9
Light Sources	Discharge Lamps	55	+33.8
	Halogen Lamps	12	+4.3
	Total	67	+27.4
Others	Machinery for Industrial Use and Other Business	5	+51.5
Total		200	+33.3

Operating Income		Operating Income Ratio(%)	
(Billions of Yen)	Growth Rates for the Next 3 Years (%)	%	Growth Rates for the Next 3 Years (P)
25	+135.8	12.5	+5.4

Changes in Key Products and Businesses and Forecast of Future Markets

billion yen **150**



Key Business Strategies for Growth

Imaging Equipment

- ◆ Ensuring profits in the digital cinema business
- ◆ Growth and expansion of the non-cinema business
(Growth Driver)

Optical Equipment

- ◆ Provision of products that underlie the manufacturing of LCD panels, semiconductors, and fine PCBs (Growth Driver)
Lithography Equipment: Synergy with ADTEC Engineering
Equipment for LCD panel manufacturing: Expansion into fields other than large-sized TV. Sales expansion to new process.
- ◆ Establish leading-edge lithography business (EUV) for the manufacturing of next-generation semiconductor products.

Others

- ◆ New products and businesses(Medical, Life Science)
- ◆ Solid-state light sources
- ◆ Promotion of business alliances, joint ventures, and M&A

Key Business Strategies for Growth

Investment Plan

◆R&D

Intensive investments on EUV, solid light sources, and new businesses (Medical, Life Science). 5-6% of the sales.

◆Capital Expenditures

Capital Expenditures centered on EUV, solid-state light sources, and new businesses.

Shareholder Returns

◆Dividend Policy

Stable dividend. Dividend payout ratio of 25-30%.

◆Treasury Share

Agile treasury share buybacks as a measure of shareholder returns, in step with changes in stock prices.

Non-cinema Businesses

Segment	Business Partner	Application	Product Name	Related Markets	Forecast for 3 years after the next fiscal year
Visual Environment (VE)	Car manufacturers, general contractors, universities/research institutes, consumables manufacturers	Virtual reality	Mirage-J Series Mirage-M Series HoloStage Series	Manufacturing industry, construction industry, academy	Increased demands in emerging countries
	Self-defense forces, research institutes for shipbuilding manufacturers	Simulation	Matrix	Defense, shipbuilding, academy	Increased demands in emerging countries
Business Products (BP)	Disaster prevention, police department control center	Control room	Video Wall Display	Infrastructure	Upward path, particularly in emerging countries
	Halls/Large conference rooms (companies/educational institutions) Concert halls, stadiums	Large venue	J-Series M-Series Roadster	Entertainment, office developer, education-related markets	Gradual growth
	Rental Companies	Large venue, projection mapping, signage, etc.	J-Series M-Series Roadster	Advertising, entertainment	Gradual growth
	TV stations, rental companies, general contractors, big companies	Control room, signage	MicroTiles	Broadcasting, advertising, entertainment, construction	Increased demands in broadcasting and entertainment fields, etc.



Corporate Profile of ADTEC Engineering Co., Ltd.

Date of Foundation October 26, 1983
(Listed in JASDAQ in April, 2006)

Location 【HQs】 Toranomon, Tokyo
 【Plant】 Nagaoka City, Niigata

Employees 224

Line of Business Manufacturer of lithography equipment for PCBs.
 Offers wide-ranging solutions such as contact-style lithography equipment (automatic/semi-automatic), and direct imaging-style lithography equipment.

Latest Business Performance
(as of September, 2011)

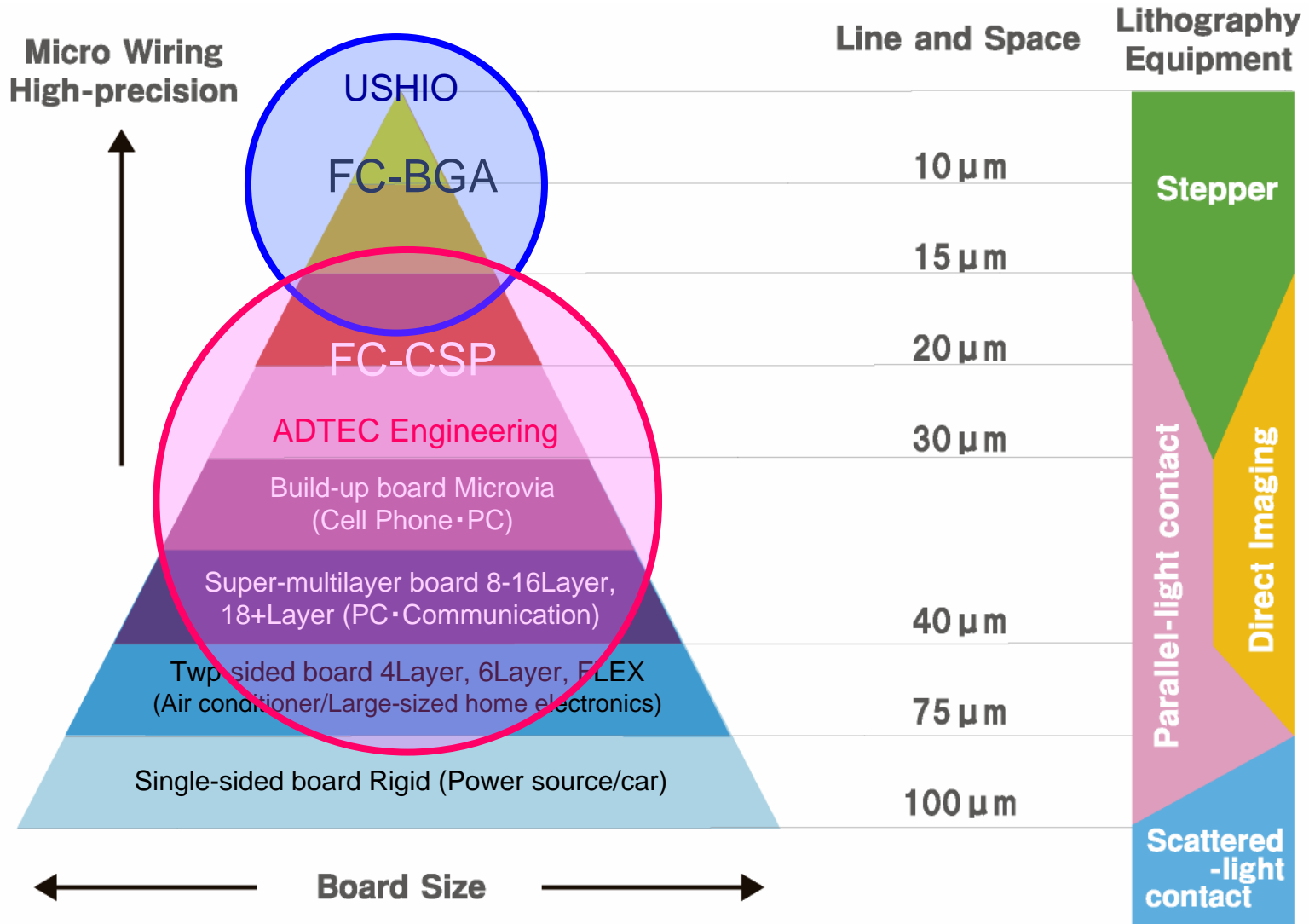
Sales	9.4 billion yen
Operating Income	515 million yen

Relationship with USHIO Capital & Business Alliance in May 19th, 2010
Equity 25.68%(excluding treasury shares)
→Equity Method Affiliate

Due to the tender offer, the company has become USHIO's consolidated subsidiary with an equity above 65%, starting from the FY ended March 2012



Positioning of USHIO and ADTEC Engineering in the PCB Market

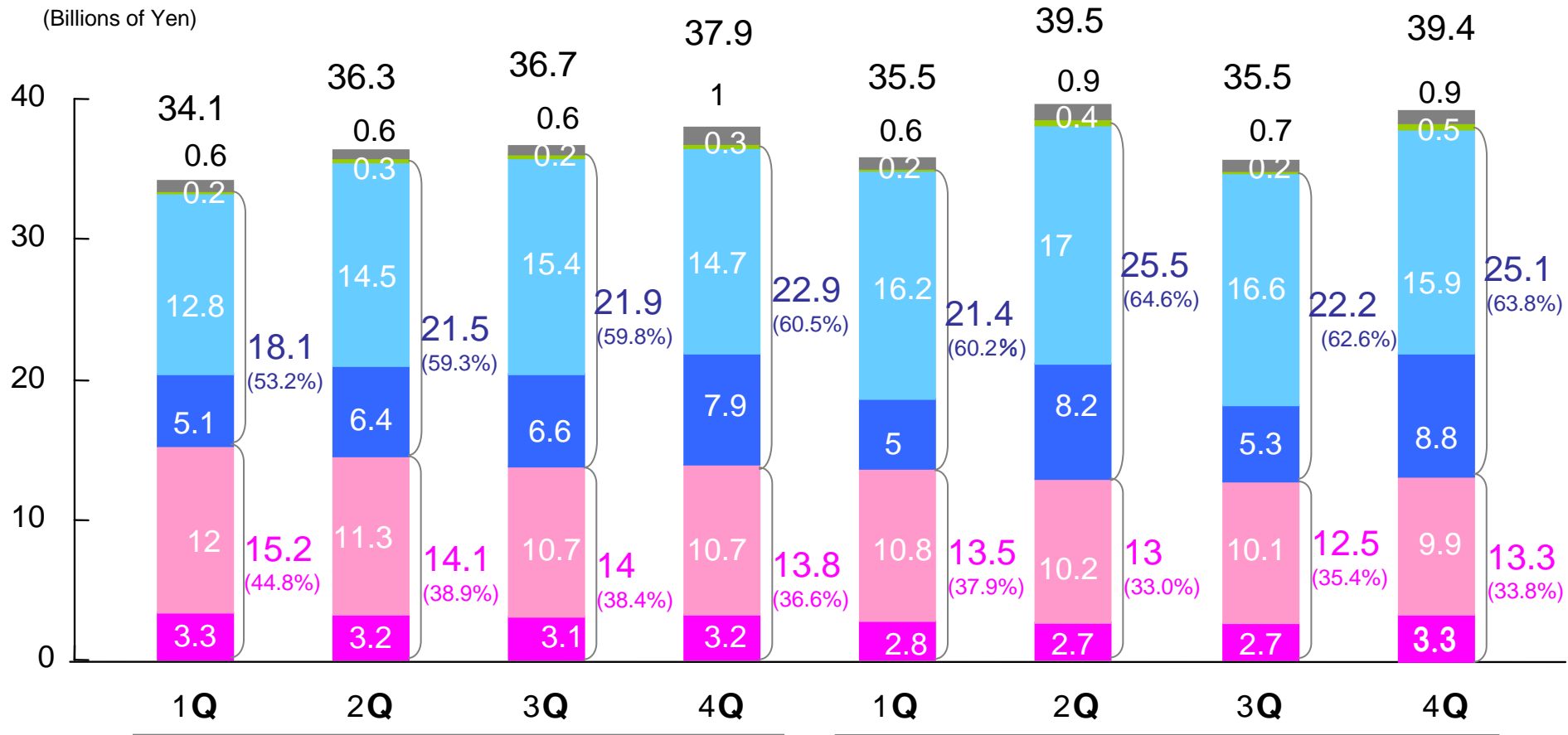


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Sales Trend by Product Groups

(Billions of Yen)



Equipment Business

- Imaging Equipment
- Optical Equipment
- Illumination and Related Facilities

Light Sources Business

- Discharge Lamps
- Halogen Lamps

Other Business

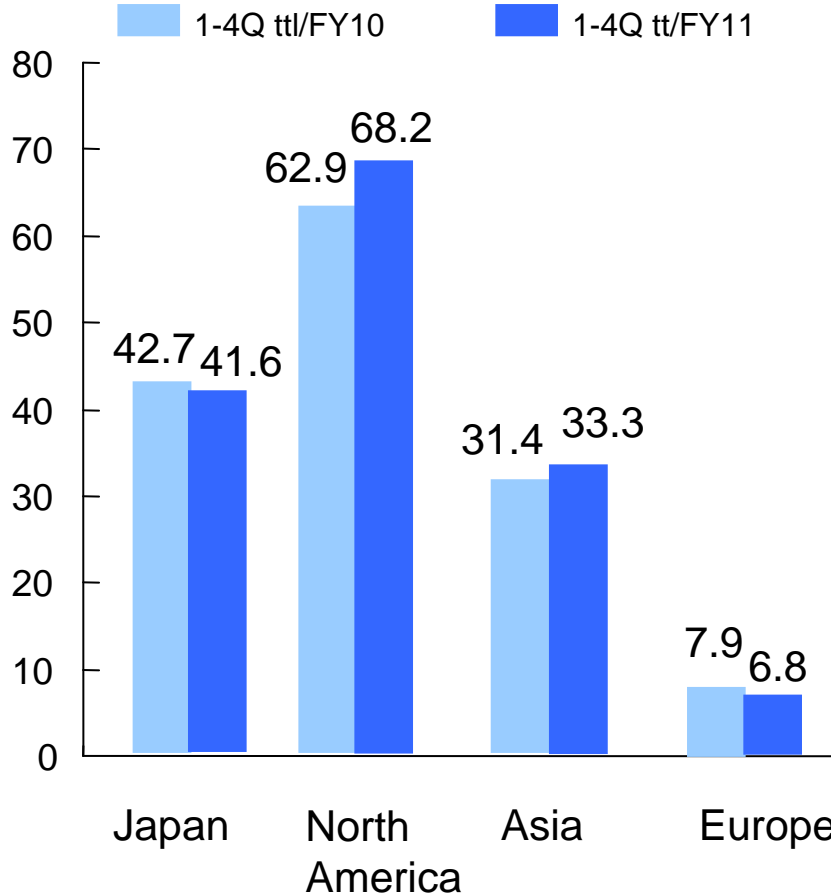
- Machinery for Industrial Use and Other Business

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Net Sales and Operating Income by Geographic Segments

◆ Net Sales

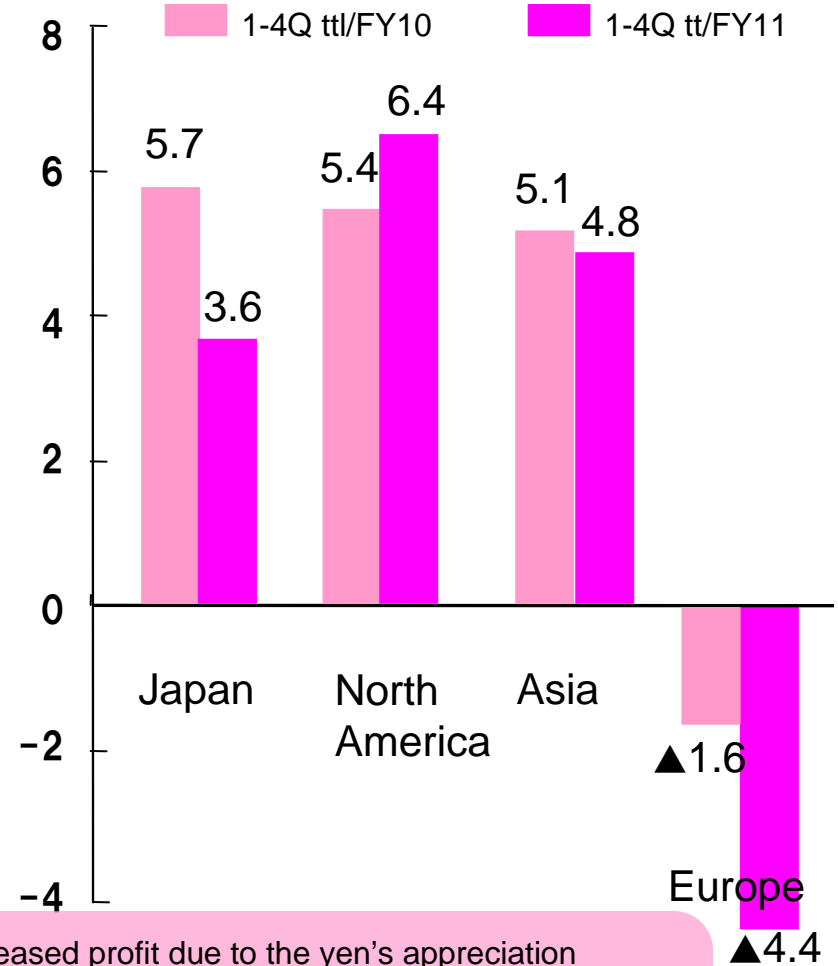
(Billions of Yen)



Overall: Increased sales centered on equipment business
 North America: Significant contributions of imaging equipment

◆ Operating Income

(Billions of Yen)



Overall: Decreased profit due to the yen's appreciation and economic deterioration
 North America: Increased sales and improved profitability in the imaging field
 Europe: Decreased profit due to XTREME's development costs

Other Income and Expenses

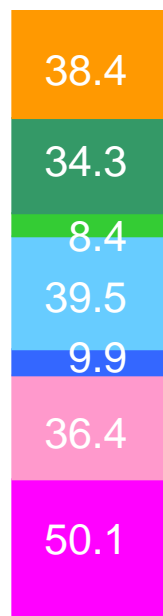
(Billions of Yen)	1-4Qttl/FY10	1-4Qttl/FY11	YoY
<u>Other Income</u>	4.5	3.2	▲1.2
Interest Income	0.2	0.3	+0
Dividend	0.8	0.9	+0
Gain on Sales of Investment Securities	1.2	1.4	+0.1
Equity in Gains of Affiliates	1.5	0.1	▲1.4
Others	0.5	0.4	▲0
<u>Other Expenses</u>	1.1	0.7	▲0.3
Interest Expenses	0.2	0.2	▲0
Exchange Loss	0.4	0.4	▲0
Others	0.5	0.1	▲0.3
<u>Other Income and Expenses</u>	3.3	2.4	▲0.9

Balance Sheet

◆ Assets

(Billions of Yen)

217.2

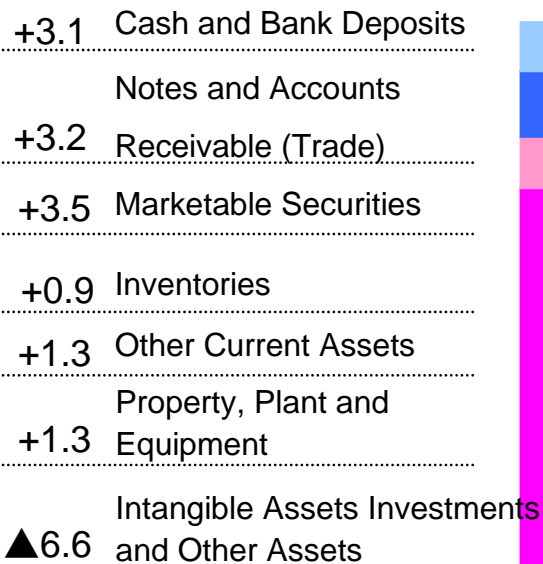


2011/3

Changes

224.4

+7.1

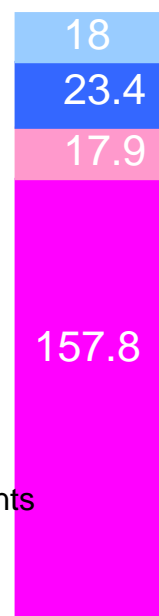


2012/3

◆ Liabilities • Total Net Assets

(Billions of Yen)

217.2

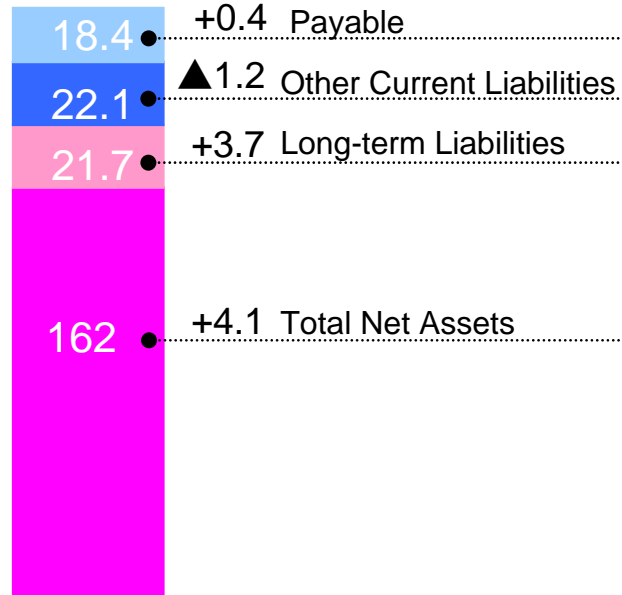


2011/3

Changes

224.4

+7.1



2012/3

● Turnover (month)

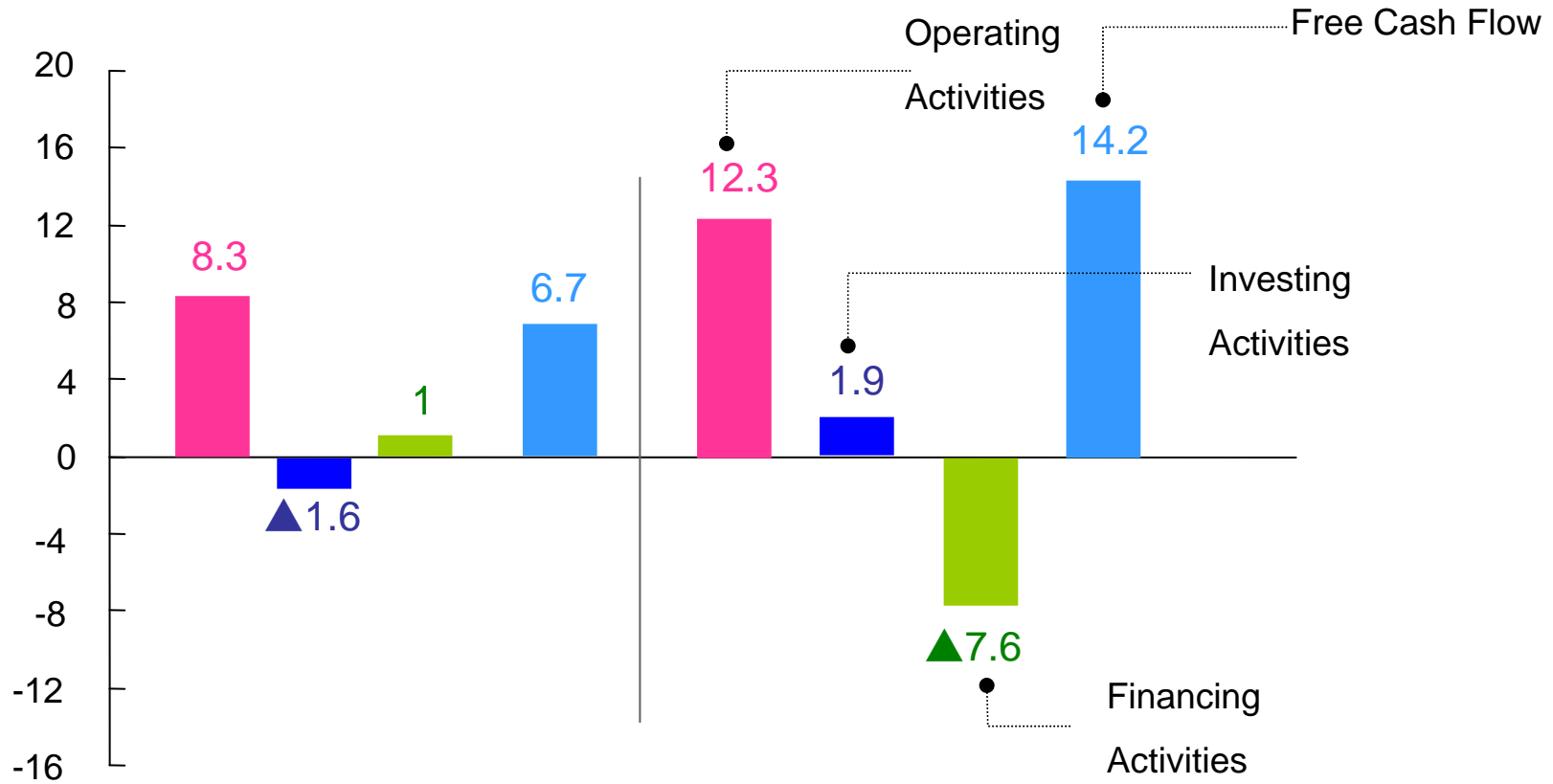
	2011/3	2012/3
Receivable-trade	2.7	2.9
Inventories	2.7	3.2

● Equity Ratio

	2011/3	2012/3
	71.9%	70.8%

Cash Flows

(Billions of Yen)



FY10

Cash and Cash Equivalents at the Beginning of the FY	28.5
Cash and Cash Equivalents in the End of the FY	34.9

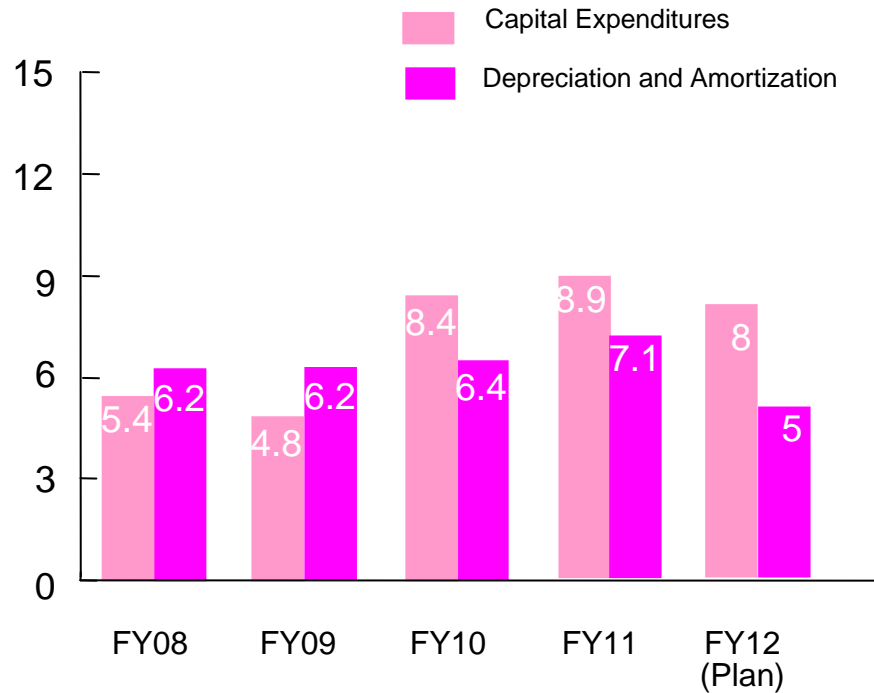
FY11

Cash and Cash Equivalents at the Beginning of the FY	34.9
Cash and Cash Equivalents in the End of the FY	41.5

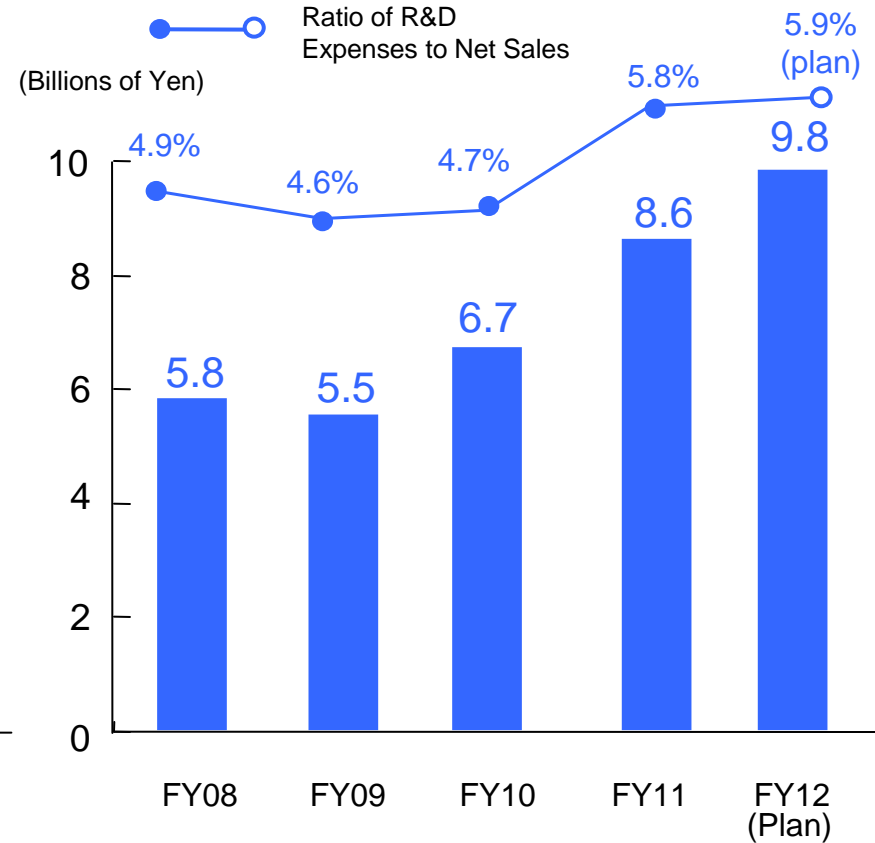
Capital Expenditures, Depreciation and Amortization, R&D Expenses

◆ Capital Expenditures, Depreciation and Amortization

(Billions of Yen)



◆ R&D Expenses



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