

1st Quarter FY2012 Financial Results

USHIO INC.

Jul. 31, 2012

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 unless otherwise noted.

USHIO

Lighting —Edge Technologies

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- I. **Financial Results for 1Q FY2012**
 - II. Forecasts for FY2012
 - III. Supplementary Information

Highlights of Financial Results for 1Q FY2012

- The results for 1Q/FY12 showed a slight increase in sales and decrease in OP YoY. Despite a gradual recovery trend in the market, sales growth of equipment and light sources for electronics remained weak. In contrast, sales of light sources related to visual imaging (for digital cinema projectors and data projectors) and office automation remained firm.

- **Equipment Business :**

Sales volume of digital cinema projectors (DCP) declined slightly on both YoY and QoQ basis, reflecting high penetration in developed countries. In contrast, non-cinema products remained firm.

The optical equipment field saw sales increase YoY due to the consolidation of ADTEC Engineering, but decrease QoQ due to the concentration of shipment in the 4Q/FY11.

- **Light Sources Business :**

Among discharge lamps, replacement demand for UV lamps for lithography remained weak. Sales of xenon lamps for DCP remained firm. Sales of halogen lamps increased YoY.

- In terms of expenses, R&D, especially for solid-state light sources, increased YoY.
- Consolidated earnings forecasts of the 1H and the full fiscal year are unchanged, since the business performance is expected to improve toward the end of the term.

Summary of Financial Results 1Q FY2012

| (Billions of Yen) | FY11 | FY12 | YoY | | FY11 | FY12 | QoQ | |
|----------------------------|-------|------|---------|-------|-------|------|---------|-------|
| | 1Q | 1Q | Changes | % | 4Q | 1Q | Changes | % |
| Net Sales | 35.5 | 35.9 | +0.3 | +1.1 | 39.4 | 35.9 | ▲3.4 | ▲8.7 |
| Operating Income | 2.7 | 1.9 | ▲0.8 | ▲30.2 | 1.6 | 1.9 | +0.2 | +14.2 |
| Operating Income Ratio (%) | 7.7 | 5.3 | ▲2.4P | — | 4.2 | 5.3 | +1.1P | — |
| Ordinary Income | 3.7 | 1.1 | ▲2.6 | ▲68.8 | 2.8 | 1.1 | ▲1.6 | ▲58.5 |
| Net Income | 3.4 | 0.5 | ▲2.9 | ▲85.3 | 1.5 | 0.5 | ▲1.0 | ▲68.4 |
| EPS (Yen) | 25.68 | 3.84 | | | 12.17 | 3.84 | | |
| Forex (Yen) | | | | | | | | |
| USD | 81 | 80 | | | 79 | 80 | | |
| EUR | 118 | 101 | | | 110 | 101 | | |

| Annual Forex Sensitivity (Billions of Yen) | Net Sales | Operating Income | Ordinary Income |
|-----------------------------------------------|-----------|------------------|-----------------|
| USD | 1.4 | 0.2 | 0.3 |

Financial Results by Business Segments

| (Billions of Yen) | | FY11 | FY12 | YoY | | FY11 | FY12 | QoQ | |
|---------------------------------|----------------------------|------|------|---------|-------|------|------|---------|-------|
| Business Segments | | 1Q | 1Q | Changes | % | 4Q | 1Q | Changes | % |
| <u>Equip- ment</u> | Net Sales | 21.4 | 21.9 | +0.4 | +2.3 | 25.1 | 21.9 | ▲3.2 | ▲12.9 |
| | Operating Income | 0.6 | 0.3 | ▲0.2 | ▲44.1 | 0.2 | 0.3 | +0.5 | — |
| | Operating Income Ratio (%) | 3.1 | 1.7 | ▲1.4P | — | 0.9 | 1.7 | +2.6P | — |
| <u>Light Sources</u> | Net Sales | 13.5 | 13.1 | ▲0.3 | ▲2.8 | 13.3 | 13.1 | ▲0.1 | ▲1.3 |
| | Operating Income | 1.9 | 1.4 | ▲0.5 | ▲25.8 | 1.9 | 1.4 | ▲0.4 | ▲22.9 |
| | Operating Income Ratio (%) | 14.8 | 11.3 | ▲3.5P | — | 14.4 | 11.3 | ▲3.1P | — |
| <u>Others</u> | Net Sales | 0.6 | 0.9 | +0.2 | +40.4 | 0.9 | 0.9 | +0.0 | +1.1 |
| | Operating Income | 0.0 | 0.0 | +0.0 | +25.7 | 0.0 | 0.0 | +0.0 | +40.4 |
| | Operating Income Ratio (%) | 3.2 | 2.8 | ▲0.4P | — | 2.0 | 2.8 | +0.8P | — |

Equipment Business Segment

◆ Imaging Equipment :

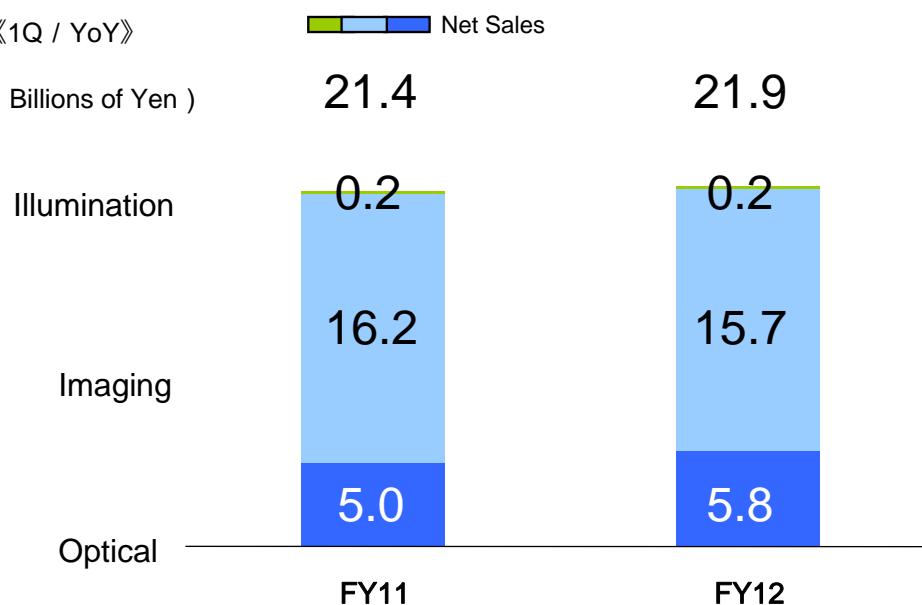
Slight decline in sales volume of DCP, YoY and QoQ. Non-cinema projectors remained firm.

◆ Optical Equipment :

Sales Increased YoY due to the consolidation of ADTEC but decreased QoQ due to the seasonality of shipment.

《1Q / YoY》

(Billions of Yen)



《QoQ》

(Billions of Yen)

| | FY11 4Q | FY12 1Q | QoQ |
|--------------|-------------|-------------|-------------|
| Net Sales | | | |
| Imaging | 15.9 | 15.7 | ▲0.1 |
| Optical | 8.8 | 5.8 | ▲2.8 |
| Illumination | 0.5 | 0.2 | ▲0.2 |
| Total | 25.1 | 21.9 | ▲3.2 |

《YoY》

(Billions of Yen)

| | FY11 1Q | FY12 1Q | YoY |
|--------------|-------------|-------------|-------------|
| Net Sales | | | |
| Imaging | 16.2 | 15.7 | ▲0.4 |
| Optical | 5.0 | 5.8 | +0.8 |
| Illumination | 0.2 | 0.2 | +0.1 |
| Total | 21.4 | 21.9 | +0.4 |

Light Sources Business Segment

◆ Discharge Lamps

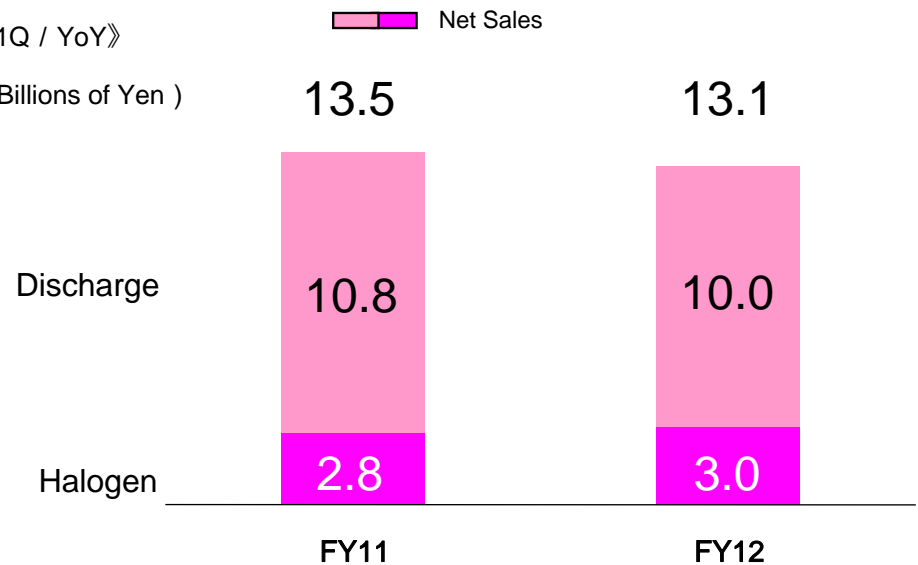
Replacement demand for UV lamps for lithography, mainly for FPD and semi, is on a gradual recovery trend, but remained weak. Lamps for DCP and data projectors remained firm.

◆ Halogen Lamps

In the office automation (OA) field, despite the effect of economic slump in Europe, sales increased YoY because of the substitutional production after Thai floods.

《1Q / YoY》

(Billions of Yen)



《QoQ》

(Billions of Yen)

| | | FY11 4Q | FY12 1Q | QoQ |
|-----------|-----------|------------|------------|------|
| Net Sales | Discharge | 9.9 | 10.0 | +0.0 |
| | Halogen | 3.3 | 3.0 | ▲0.2 |
| Total | | 13.3 | 13.1 | ▲0.1 |

《YoY》

(Billions of Yen)

| | | FY11 1Q | FY12 1Q | YoY |
|-----------|-----------|------------|------------|------|
| Net Sales | Discharge | 10.8 | 10.0 | ▲0.6 |
| | Halogen | 2.8 | 3.0 | +0.2 |
| Total | | 13.5 | 13.1 | ▲0.3 |

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Forecast for FY2011

| (Billions of Yen) | 1Q | 1H (Forecast) | FY12 (Forecast) |
|---------------------------|-------------|------------------|--------------------|
| Net Sales | 35.9 | 80.0 | 165.0 |
| Operating Income | 1.9 | 4.5 | 12.0 |
| Operating Income Ratio(%) | 5.3 | 5.6 | 7.3 |
| Ordinary Income | 1.1 | 5.5 | 14.5 |
| Net Income | 0.5 | 4.0 | 10.0 |
| EPS (Yen) | 3.84 | 30.5 | 76.26 |
| ROE (%) | 0.3 | 2.5 | 6.2 |
| Dividend (Yen) | — | — | 22 |
| Payout Ratio (%) | — | — | 28.8 |

*No changes to consolidated earnings forecasts of the 1H and the full fiscal year.

Future Prospects

Equipment Business

◆ Imaging equipment

Demand for DCP will be centered around developing countries. While sales volume of these projectors is expected to decline gradually, we aim to expand our market share by launching a new product “Solaria One,” in and after the 4Q. Also, a steady growth in non-cinema fields is to be pursued.

◆ Optical equipment

While the demand for optical equipment related to large LCD panels is expected to be sluggish, investment for mid and small-sized panels with higher resolution will be expected, especially for equipment of new processes. Business inquiries on electronics-related equipment for IC packaging is firm. Shipment of equipments will concentrate in 2Q and 4Q. Development of extreme ultraviolet (EUV) light source will be steadily promoted.

Light Sources Business

◆ Discharge Lamps

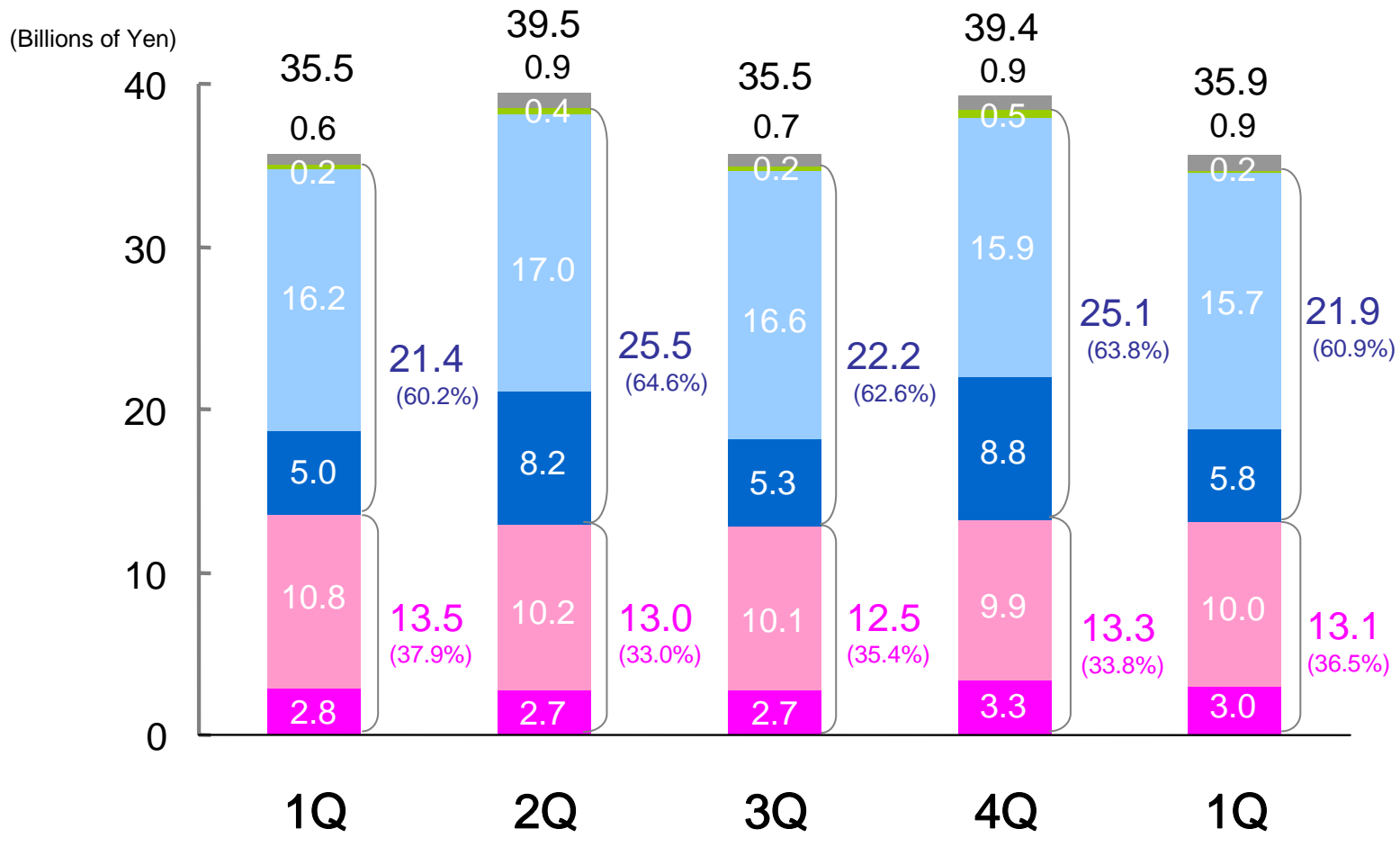
Replacement demand for UV lamps for lithography is expected to enter a recovery phase toward 1H/FY12. Xenon lamps for DCP will be firm because of an increase in total number of DCP installed. Also, high-wattage lamps for data projectors have a high reputation and will likely to be firm.

◆ Halogen Lamps

Despite the effect of economic slump in Europe, halogen lamps for office automation will maintain high market share.

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Sales Trend by Product Groups



Equipment Business

- Imaging Equipment
- Optical Equipment
- Illumination and Related Facilities

Light Sources Business

- Discharge Lamps
- Halogen Lamps

Other Business

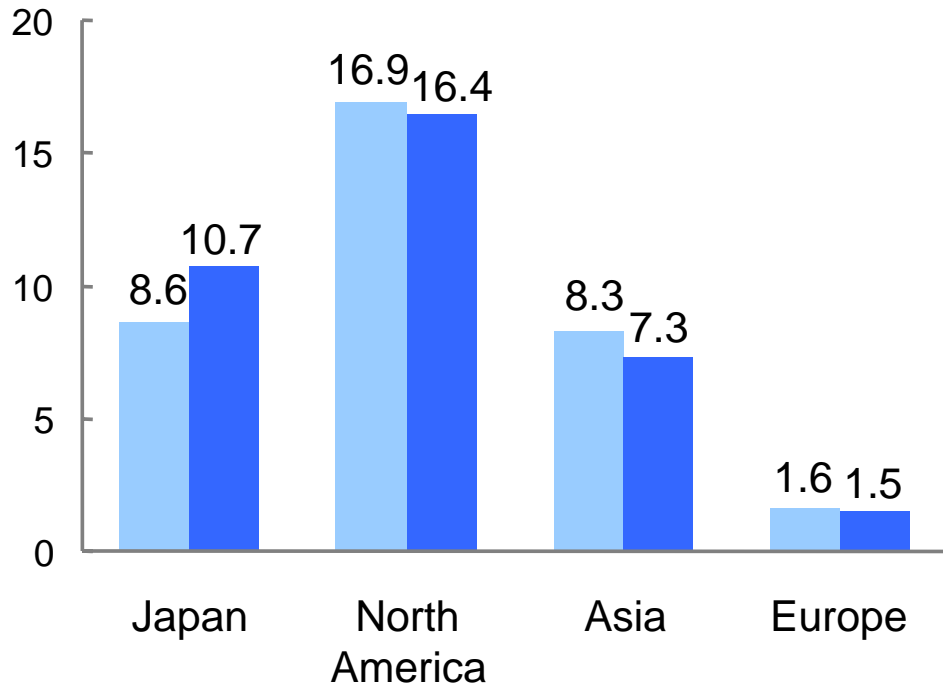
- Machinery for Industrial Use and Other Business

Net Sales and Operating Income by Geographic Segments

◆ Net Sales

(Billions of Yen)

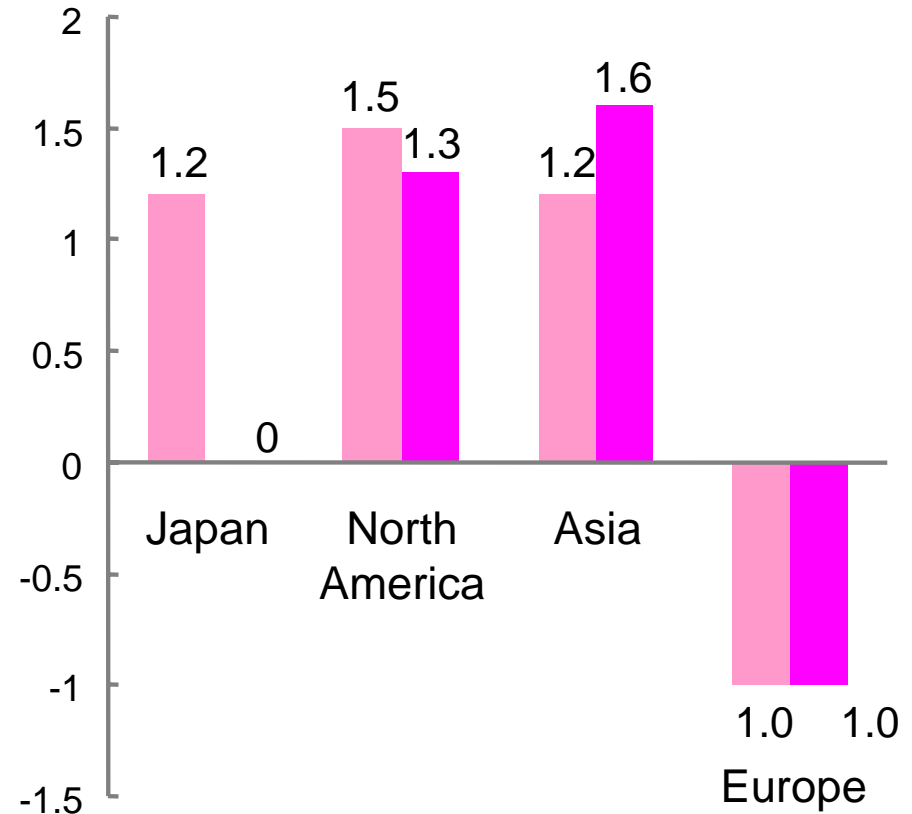
1Q/FY11 1Q/FY12



◆ Operating Income

(Billions of Yen)

1Q/FY11 1Q/FY12



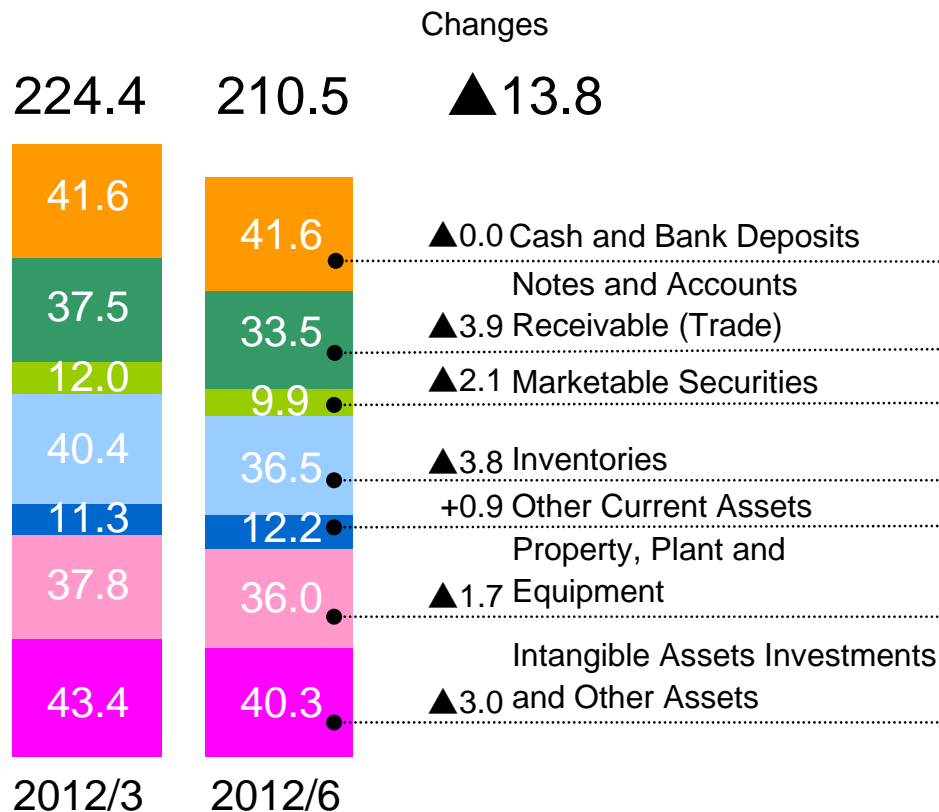
Other Income and Expenses

| (Billions of Yen) | 1Q/FY11 | 1Q/FY12 | YoY |
|------------------------------------------------------|------------|-------------|-------------|
| Other Income | 1.3 | 0.5 | ▲0.8 |
| Interest Income | 0.0 | 0.0 | +0.0 |
| Dividend | 0.3 | 0.3 | ▲0.0 |
| Gain on Sales of Investment Securities | 0.7 | 0.0 | ▲0.7 |
| Equity in Gains of Affiliates | 0.0 | 0.0 | ▲0.0 |
| Others | 0.1 | 0.0 | ▲0.0 |
| Other Expenses | 0.2 | 1.2 | +0.9 |
| Interest Expenses | 0.0 | 0.0 | ▲0.0 |
| Exchange Loss | 0.1 | 0.8 | +0.7 |
| Loss on Revaluation of Available-for-sale Securities | - | 0.1 | +0.1 |
| Others | 0.0 | 0.1 | +0.0 |
| Other Income and Expenses | 1.0 | ▲0.7 | ▲1.7 |

Balance Sheet

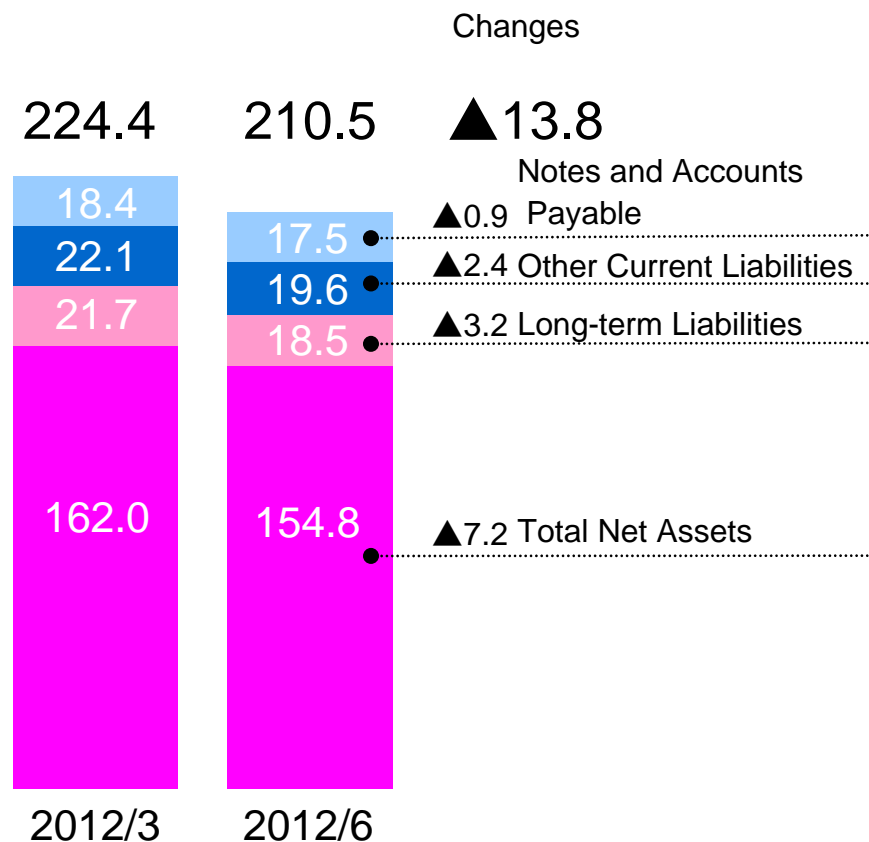
◆Assets

(Billions of Yen)



◆Liabilities · Total Net Assets

(Billions of Yen)

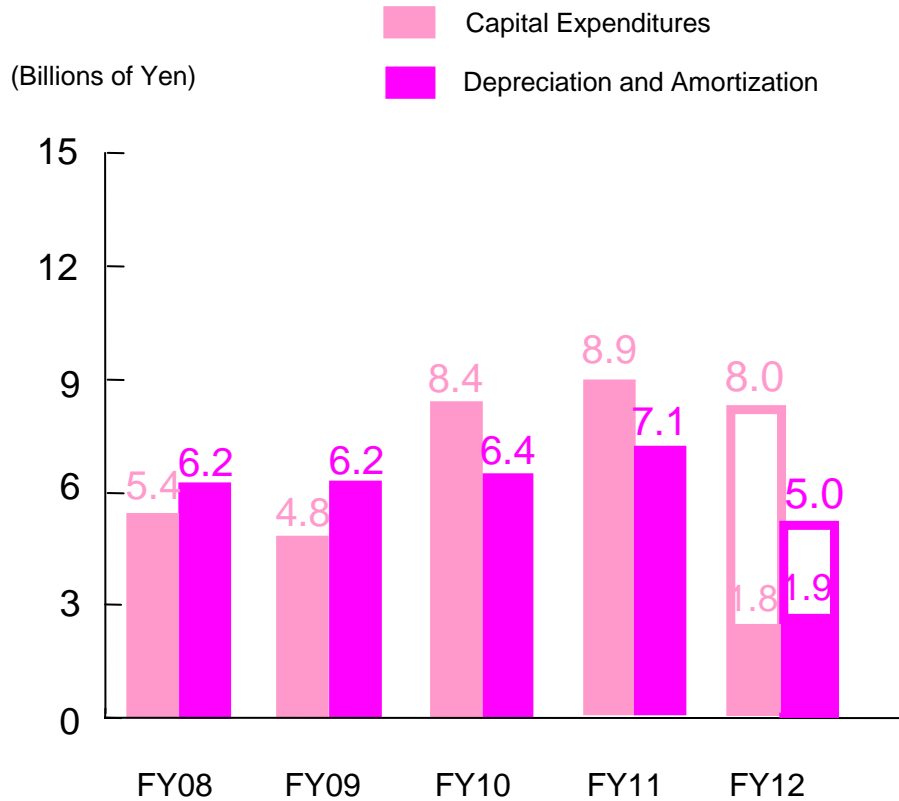


| ●Turnover (month) | 2012/3 | 2012/6 |
|-------------------|--------|--------|
| Receivable-trade | 2.9 | 3.0 |
| Inventories | 3.2 | 3.2 |

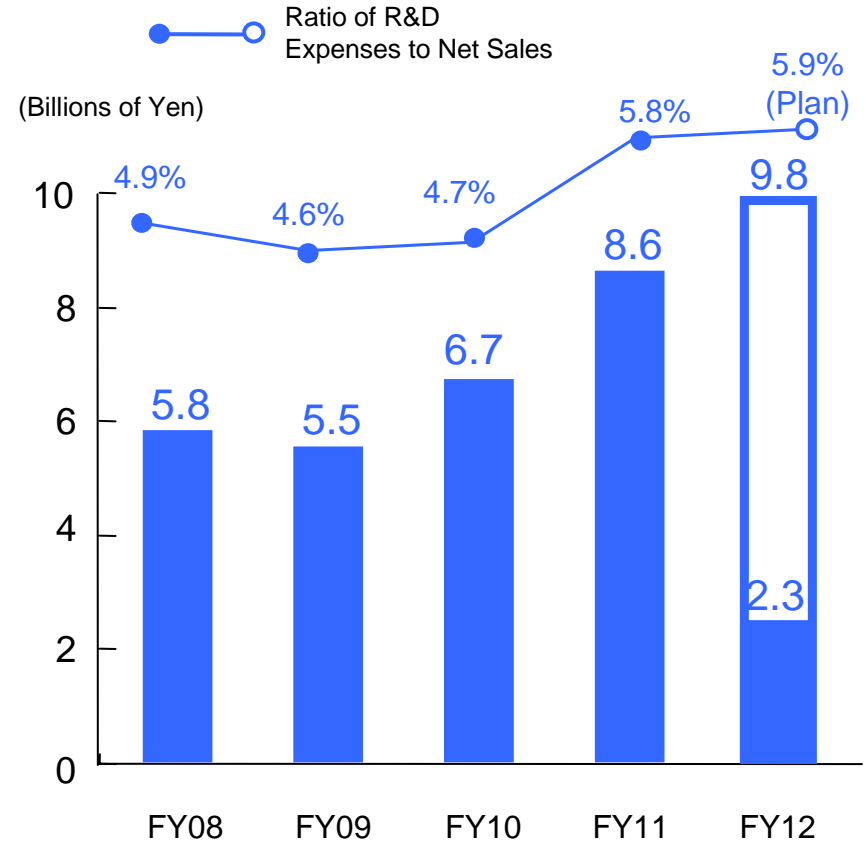
| ●Equity Ratio | 2012/3 | 2012/6 |
|---------------|--------|--------|
| | 70.8% | 72.1% |

Capital Expenditures, Depreciation and Amortization, R&D Expenses

◆ Capital Expenditures, Depreciation and Amortization



◆ R&D Expenses



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