

1st Half FY2012 Financial Results

USHIO

Lighting —Edge Technologies

USHIO INC.

Oct. 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.

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- I. Financial Results for 2Q FY2012**
 - II. Forecasts for FY2012
 - III. Supplementary Information

Highlights of Financial Results for 2Q FY2012

➤ Business Results

Consolidated net sales of 1H/FY2012 was ¥71.3billion, decreased by 5.0% YoY and consolidated OP was ¥3.8 billion, decreased by 41.0%.

➤ Equipment Business :

◆ Visual Image Equipment

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

◆ Optical Equipment

Equipment sales remained weak reflecting continued market trends to curtail or postpone capital expenditures, especially in LCD panels and semi industries.

➤ Light Sources Business :

Among discharge lamps, sales of xenon lamps for DCP showed steady growth though, replacement demand for UV lamps for lithography continued to be weak. Sales of halogen lamps increased YoY.

➤ In terms of expenses, R & D, especially for solid-state light sources increased QoQ and YoY.

➤ Revision of Full-year Forecast :

Consolidated full-year forecast was lowered, because of protracted sluggishness in demand for LCD panels and semi, which is likely to induce a slow full-fledged recovery in the capital utilizations for facilities and capital investments.

Summary of Financial Results 1H FY2012

(Billions of Yen)	FY11	FY12	YoY		FY12	Against Plan	
	1H	1H	Changes	%	1H(Plan)	Changes	%
Net Sales	75.0	71.3	▲3.7	▲5.0	80.0	▲8.6	▲10.9
Operating Income	6.5	3.8	▲2.6	▲41.0	4.5	▲0.6	▲14.7
Operating Income Ratio (%)	8.7	5.4	▲3.3P	-	5.6	▲0.2P	-
Ordinary Income	6.8	3.2	▲3.6	▲53.2	5.5	▲2.2	▲41.7
Net Income	4.5	1.3	▲3.2	▲71.5	4.0	▲2.6	▲67.4
EPS (Yen)	34.34	9.94			30.5		
Forex (Yen)							
USD	79	79					
EUR	114	100					

Annual Forex Sensitivity (Billions of Yen)	Net Sales	Operating Income	Ordinary Income
USD	14	2	3

*Exchange rates of 2Q are the average rates of the period over 6 months, respectively.

Financial Results Trend

(Billions of Yen)		1Q	2Q	QoQ	
				Changes	%
Net Sales		35.9	35.3	▲0.6	▲1.8
Operating Income		1.9	1.9	0.0	+1.1
Operating Income Ratio (%)		5.3	5.5	+0.2P	-
Ordinary Income		1.1	2.0	+0.8	+71.1
Net Income		0.5	0.7	+0.2	+58.6
EPS (Yen)		3.84	6.09		
Forex (Yen)	USD	80	79		
	EUR	101	100		

*Exchange rates of 2Q are the average rates of the period over 6 months, respectively.

Financial Results by Business Segments

(Billions of Yen)	FY11	FY12	YoY		FY12	FY12	QoQ	
Business Segments	1H	1H	Changes	%	1Q	2Q	Changes	%
<u>Equipment</u>								
Net Sales	46.9	43.2	▲3.6	▲7.9	21.9	21.3	▲0.5	▲2.7
Operating Income	2.3	0.6	▲1.6	▲71.5	0.4	0.1	▲0.2	▲57.1
Operating Income Ratio(%)	4.9	1.5	▲3.4P	-	2.1	0.9	▲1.2P	-
<u>Light Sources</u>								
Net Sales	26.5	26.4	▲0.1	▲0.5	13.1	13.2	+0.1	+1.1
Operating Income	4.2	3.1	▲1.1	▲26.1	1.4	1.7	+0.2	+19.8
Operating Income Ratio(%)	16.0	11.8	▲4.1P	-	10.8	12.8	+2.0P	-
<u>Others</u>								
Net Sales	1.6	1.6	0.0	+2.5	0.9	0.7	▲0.2	▲22.3
Operating Income	▲0.0	0.0	0.0	-	0.0	0.0	0.0	+7.4
Operating Income Ratio(%)	▲2.5	2.9	+5.5P	-	2.5	3.5	+1.0P	-

Equipment Business Segment (Net Sales)

◆ Imaging Equipment :

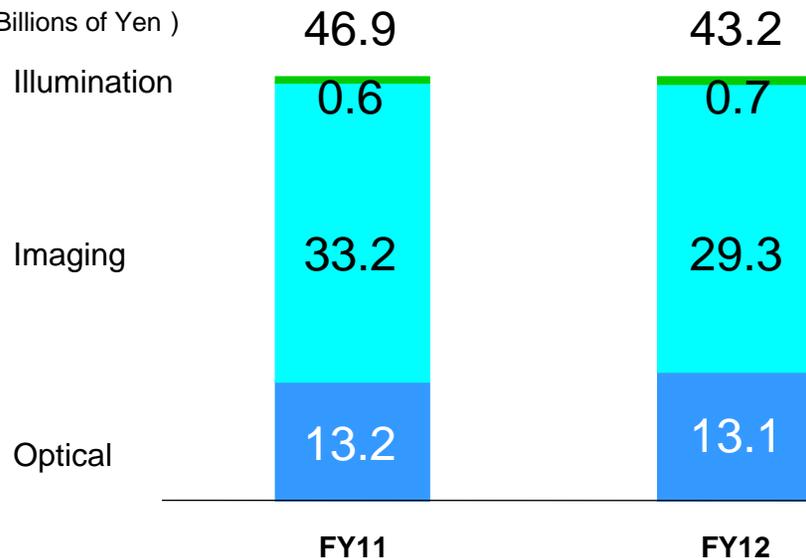
Sales volume of DCP declined YoY and QoQ. Non-cinema projectors remained firm.

◆ Optical Equipment :

Remained weak reflecting continued market trends to curtail or postpone capital expenditures, especially in LCD panels and semi industries.

《1H》

(Billions of Yen)



《QoQ》

(Billions of Yen)

	1Q	2Q	QoQ
Net Sales	15.7	13.6	▲2.0
Imaging	15.7	13.6	▲2.0
Optical	5.8	7.2	+1.3
Illumination	0.2	0.4	+0.1
Total	21.9	21.3	▲0.5

《YoY》

(Billions of Yen)

	FY11 1H	FY12 1H	YoY
Net Sales	33.2	29.3	▲3.8
Imaging	33.2	29.3	▲3.8
Optical	13.2	13.1	0.0
Illumination	0.6	0.7	+0.1
Total	46.9	43.2	▲3.6

Light Sources Business Segment (Net Sales)

◆ Discharge Lamps :

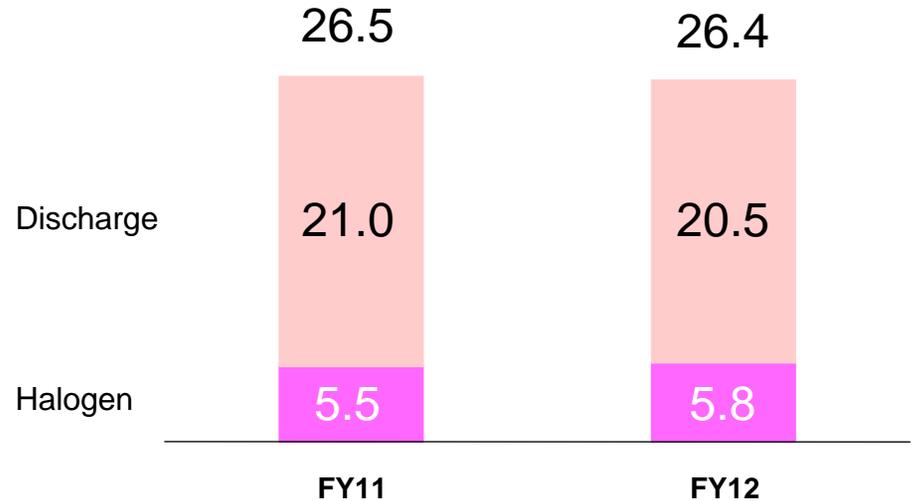
Xenon lamps for DCP showed steady growth, but replacement demand for UV lamps for lithography continued to remain weak.

◆ Halogen Lamps :

Increased YoY in the office automation (OA) field because of the substitutional production after Thai floods, but is starting to be affected by economic slump in Europe.

《1H》

(Billions of Yen)



《QoQ》

(Billions of Yen)

	1Q	2Q	QoQ
Net Sales Discharge	10.0	10.4	+0.3
Halogen	3.0	2.8	▲0.2
Total	13.1	13.2	+0.1

《YoY》

(Billions of Yen)

	FY11 1H	FY12 1H	YoY
Net Sales Discharge	21.0	20.5	▲0.6
Halogen	5.5	5.8	+0.5
Total	26.5	26.4	▲0.1

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Business Outlook for FY2012

➤ [Equipment Business](#) :

◆ Imaging Equipment

Sales volume for DCP will decrease within the scope of assumption and we aim to expand market share especially in developing countries by launching new product “Solaria One” in 4Q. Demand for non-cinema products is expected to remain firm in various regions.

◆ Optical Equipment

While capital expenditures for large LCD panels remained weak, investments in mid and small-sized panels for higher resolution will be expected, especially in equipment for new processes. In contrast, a full-fledged recovery in capital expenditures for the markets related to LEDs and other electronic components, will be sluggish.

➤ [Light Sources Business](#) :

◆ Discharge Lamps

Sales of xenon lamps for DCP is expected to keep steady in 2H/FY2012. High-wattage lamps for data projectors have a high reputation and will likely to be firm. In contrast, recovery of the replacement demand for UV lamps of lithography will likely to be sluggish.

◆ Halogen Lamps

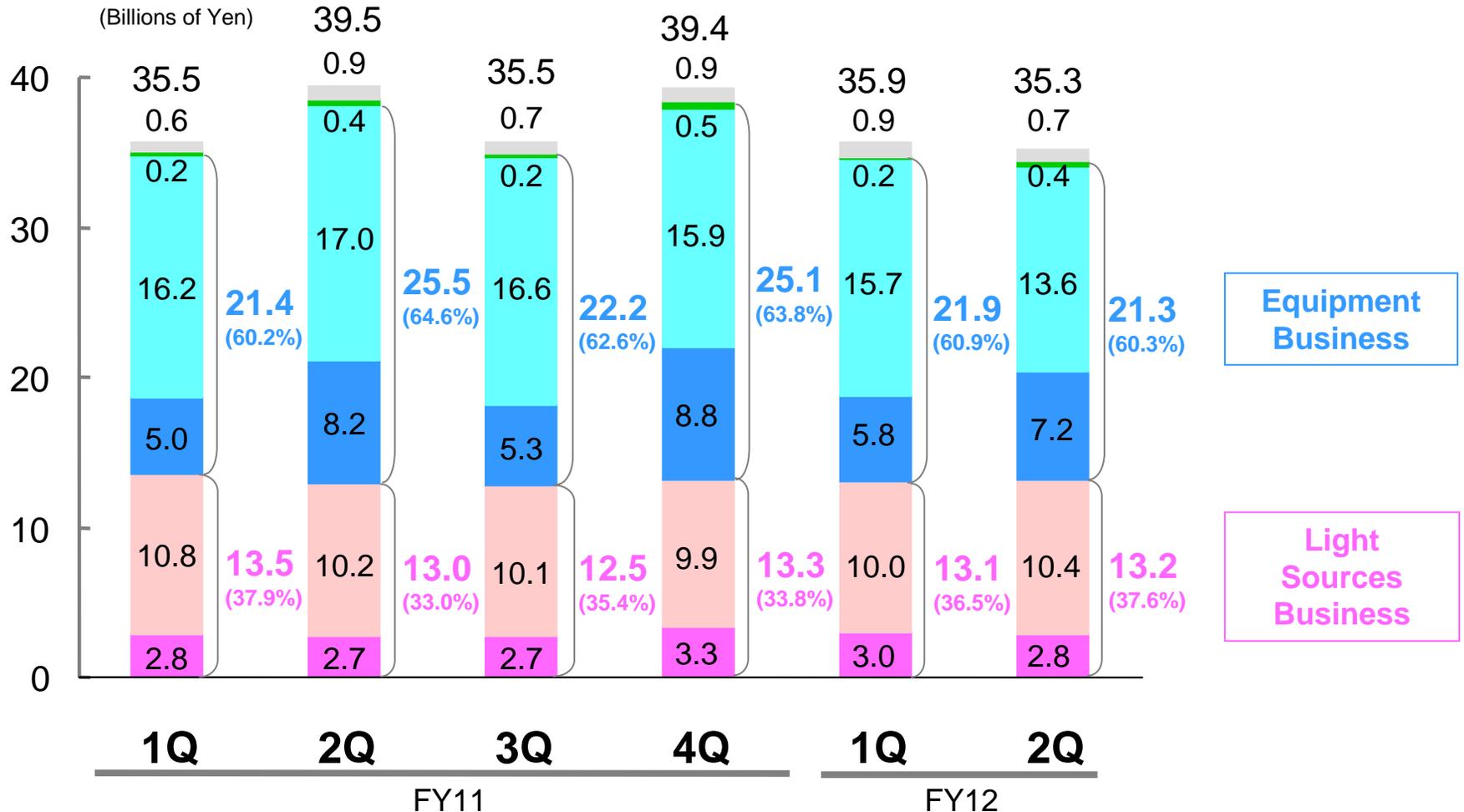
Lamps for office automation (OA) maintain a high market share, despite the effect of European economy deteriorating into a full-scale slump.

Forecast for FY2012

(Billions of Yen)	1H	FY12 Forecast	FY12 Forecast (31 Oct, 2012)
Net Sales	71.3	165.0	145.0
Operating Income	3.8	12.0	8.0
Operating Income Ratio (%)	5.4	7.3	5.5
Ordinary Income	3.2	14.5	10.0
Net Income	1.3	10.0	5.5
EPS (Yen)	9.94	76.26	41.94
ROE (%)	0.8	6.2	3.4
Dividend (Yen)	-	22	22
Payout Ratio (%)	-	28.8	52.5

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Sales Trend by Product Groups

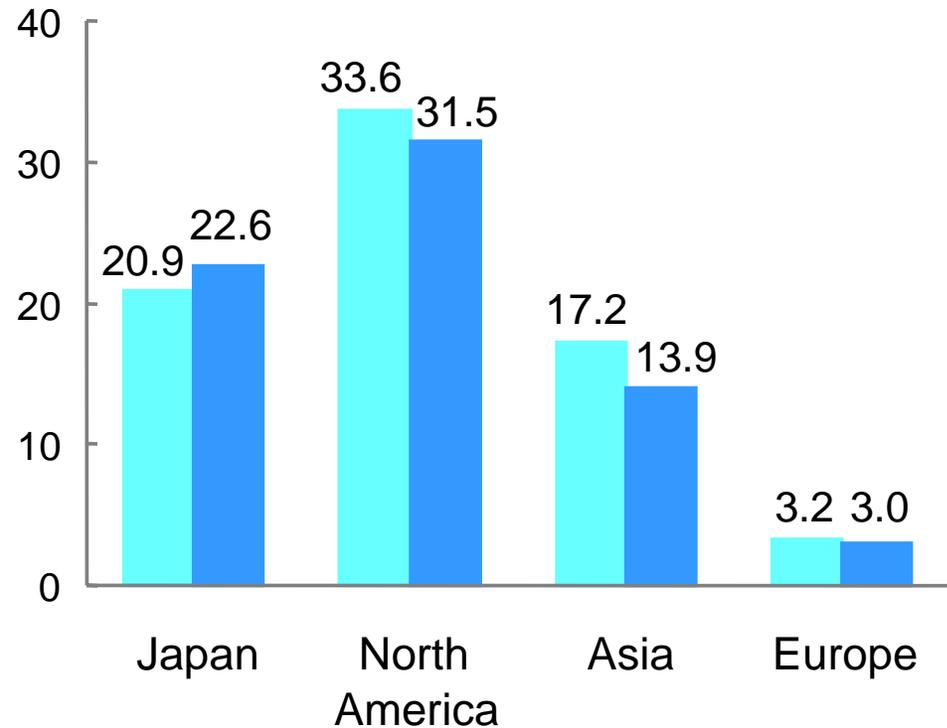


Net Sales and Operating Income by Geographic Segments (1H)

◆ Net Sales

FY11 FY12

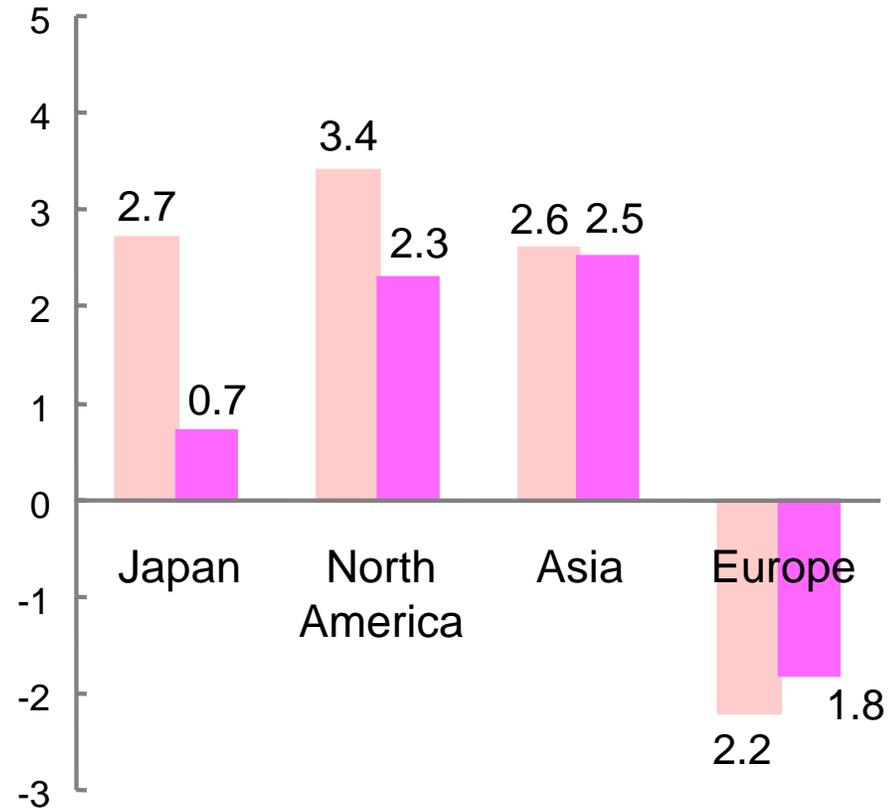
(Billions of Yen)



◆ Operating Income

FY11 FY12

(Billions of Yen)



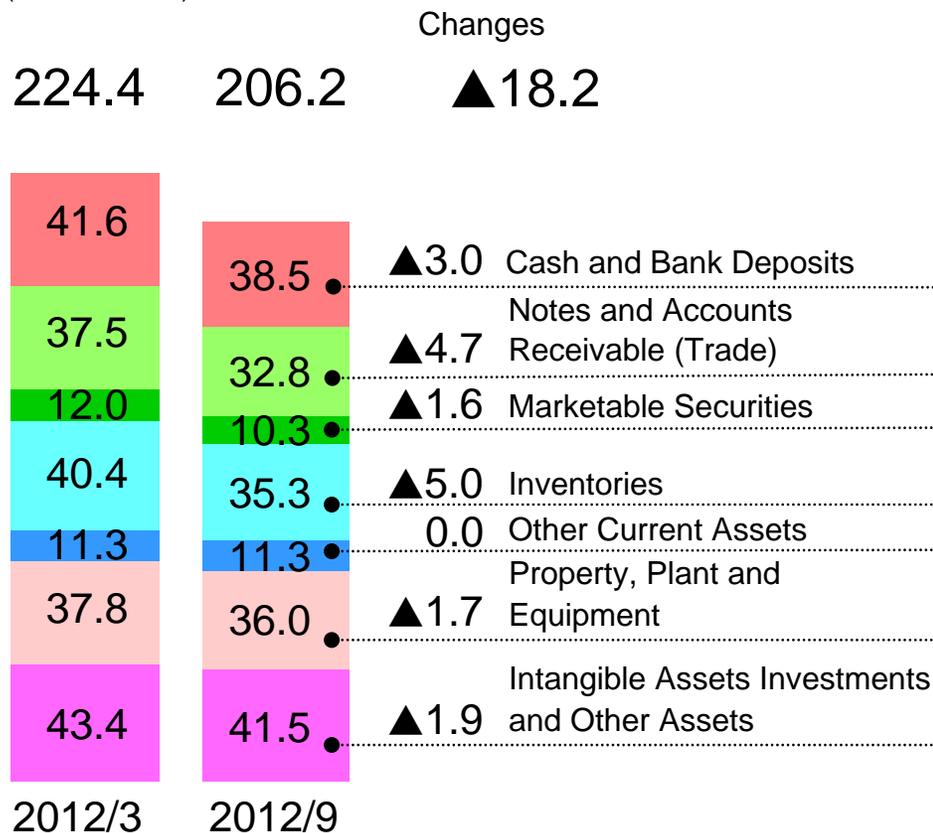
Other Income and Expenses (1H)

(Billions of Yen)	FY11	FY12	YoY
Other Income	2.0	0.8	▲1.1
Interest Income	0.1	0.1	0.0
Dividend	0.5	0.4	0.0
Gain on Sales of Investment Securities	1.1	0.0	▲1.0
Equity in Gains of Affiliates	0.0	0.0	0.0
Others	0.2	0.1	0.0
Other Expenses	1.6	1.4	▲0.1
Interest Expenses	0.1	0.0	0.0
Exchange Loss	1.1	0.8	▲0.3
Loss on Revaluation of Available-for-sale Securities	0.1	0.3	0.1
Others	0.2	0.2	0.0
Other Income and Expenses	0.3	▲0.6	▲0.9

Balance Sheet

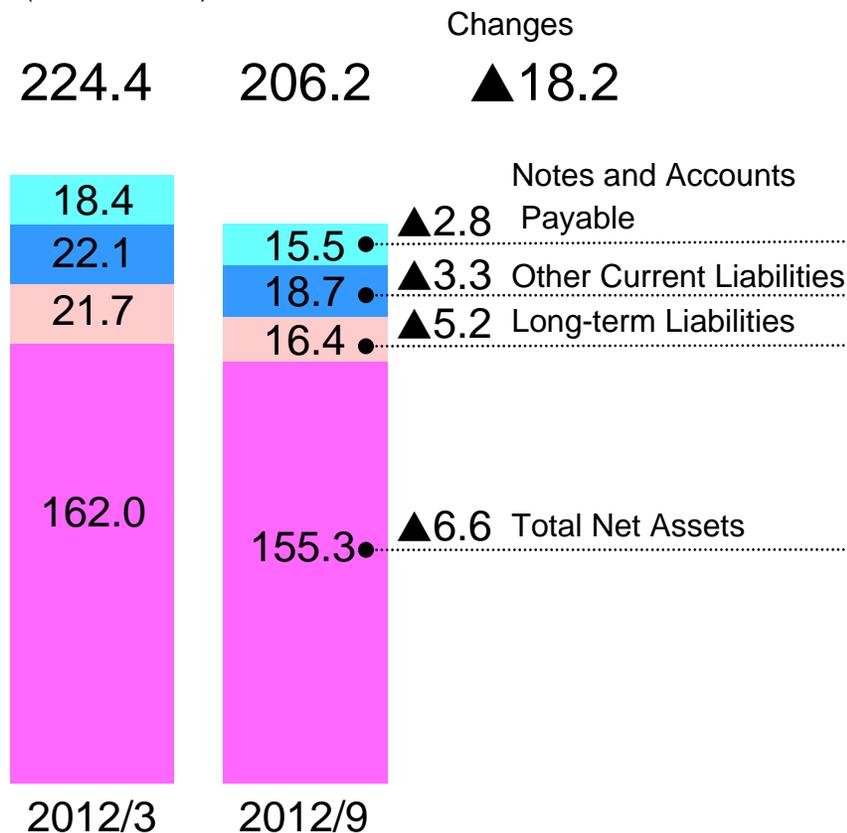
◆Assets

(Billions of Yen)



◆Liabilities · Total Net Assets

(Billions of Yen)



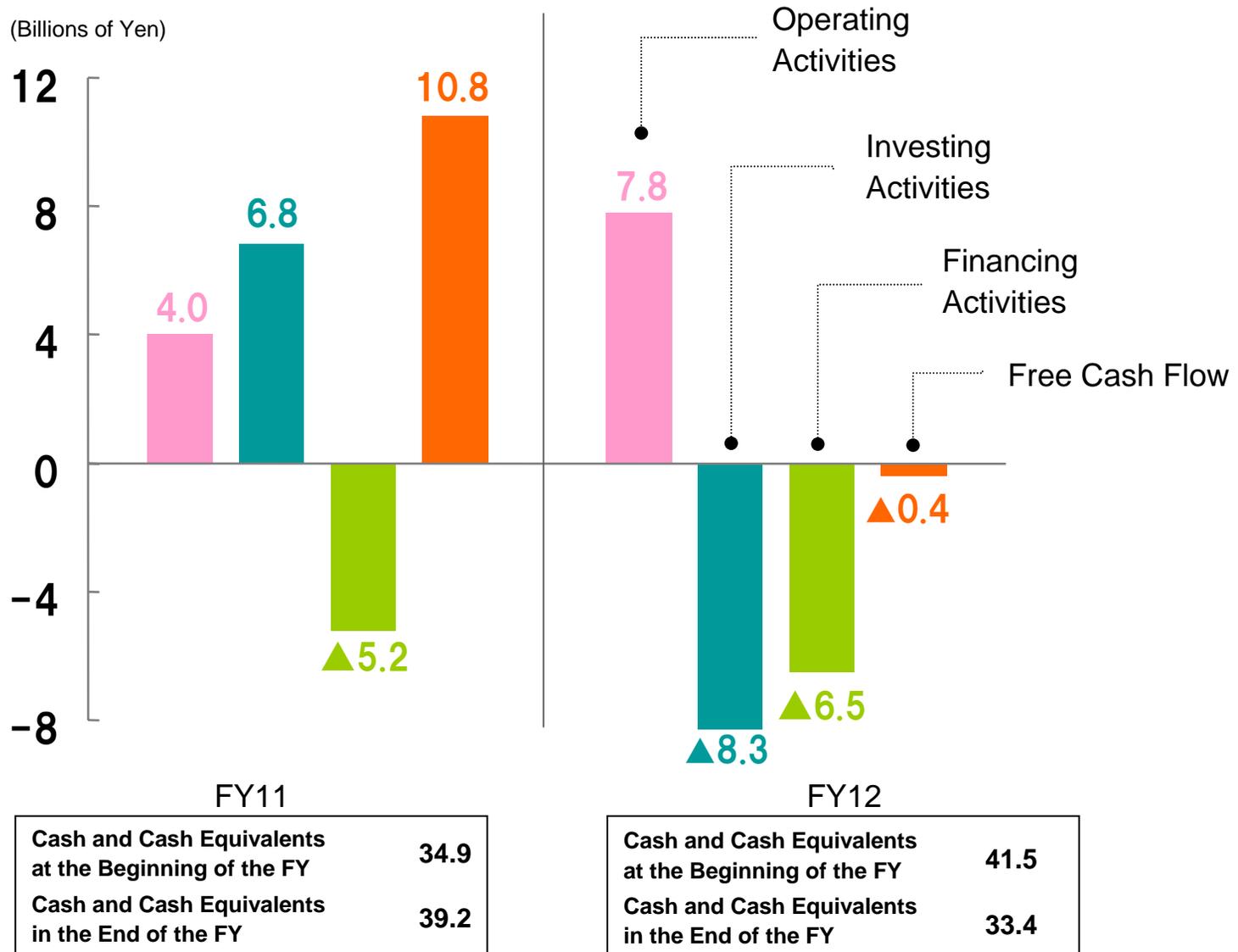
●Turnover (month)

	2012/3	2012/9
Receivable-trade	2.9	3.0
Inventories	3.2	3.2

●Equity Ratio

	2012/3	2012/9
Equity Ratio	70.8%	73.9%

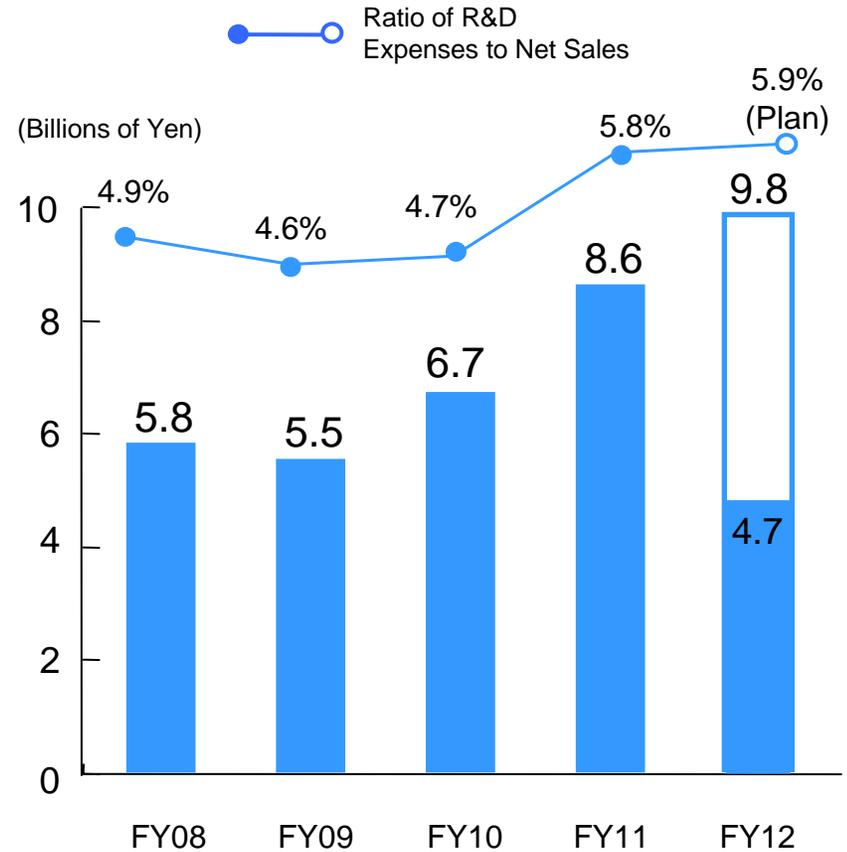
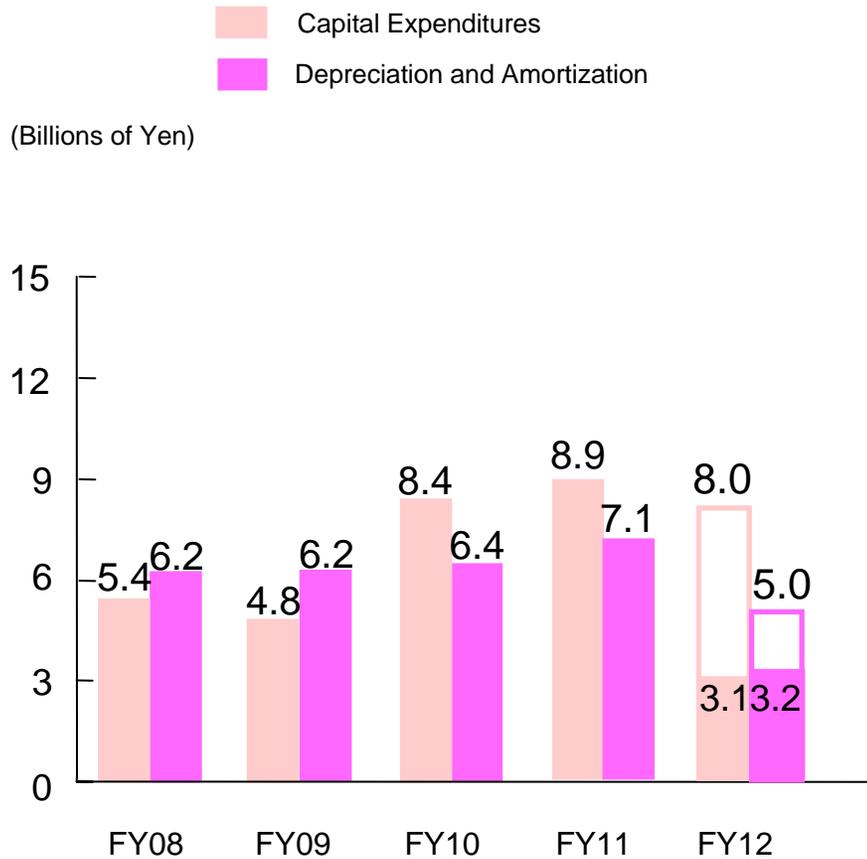
Cash Flows (1H)



Capital Expenditures, Depreciation and Amortization, R&D Expenses

◆ Capital Expenditures, Depreciation and Amortization

◆ R&D Expenses



T O P I C S

“UX7-3Di LFS” stepper for 2.5D/3D package (July, 2012)



Succeeded to obtain larger “shot size” of lenses through USHIO’s original large field-projection lithography technology.

By significantly improving the flexibility of interposer design, it achieved to manufacture large-area interposer and realized 30% CoO reduction (compared to the conventional stepper)

GaN on GaN LED for lighting (August, 2012)



An LED lighting manufactured by Soraal (USA) which substitutes MR 16 halogen lamp.

It realizes higher illumination and color rendering by its single core, and also obtained higher interchangeability than the conventional LED lighting which has been made with sapphire and silicon.

Japanese customs to introduce drug detection kit for trial (October, 2012)



Onsite microanalysis kit which allows detection at a nanogram level. It can measure the target in 90 seconds through 3 steps.

New fluorescence immunoassay element “Q-body” has been utilized for the first time in the world and the product is aimed to be deployed for the fields of food, medical and environmental in the future.

LED lighting Delivered to “Sumida Aquarium” of Tokyo Sky Tree Town (May, 2012)

LED lighting of Ushio Lighting, Inc. replicated and staged a transition of light in the course of a day. For actively-moving animals at noon, it provides lighting which is very similar to natural sunlight, and for sleeping animals in the evening, dim illumination is available.



“Tokyo Station Projection Mapping,” projecting the 100- year history of Tokyo Station (September, 2012)

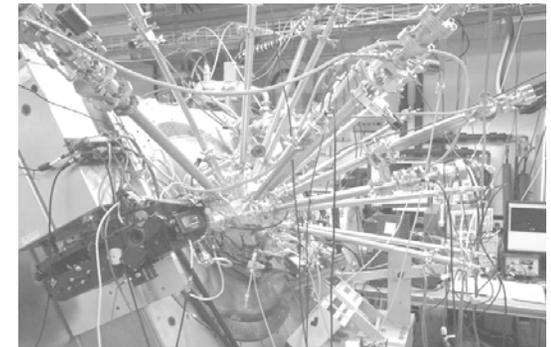
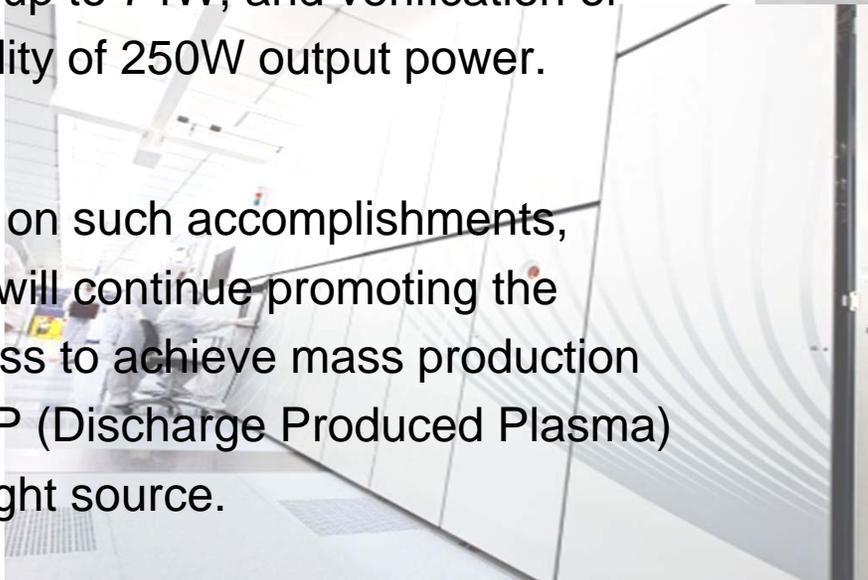
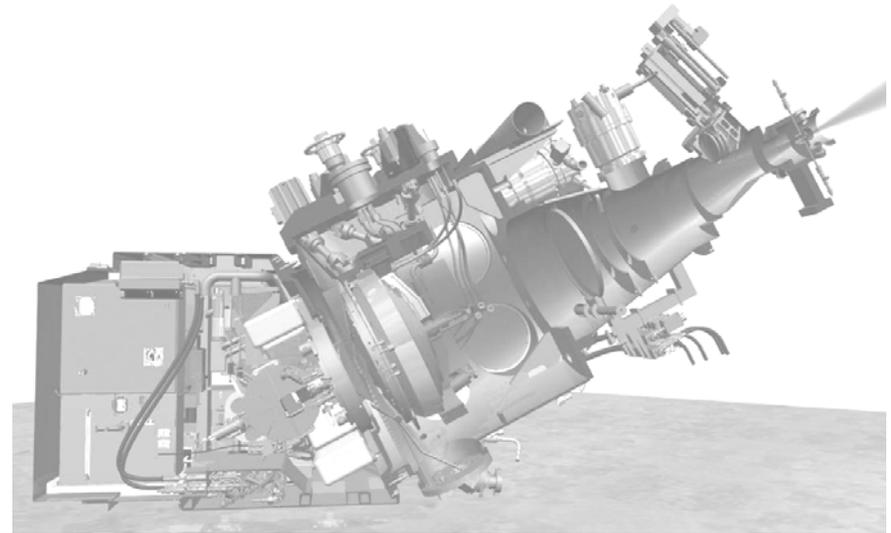
The exterior appearance of Tokyo Station was restored to its original state of Taisho Era. Christie’s projectors projected a fantastic visual world onto the red-brick station.



EUV Business

At “2012 International Symposium on Extreme Ultraviolet Lithography” held in Brussels, Belgium from October 1 to October 4, 2012, Ushio made an announcement of stable operation on the EUV light source for the past half year at IMEC (Belgium), an international research institution, experimental results of high output power up to 74W, and verification of feasibility of 250W output power.

Based on such accomplishments, Ushio will continue promoting the business to achieve mass production of DPP (Discharge Produced Plasma) EUV light source.



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