

3rd Quarter FY2012 Financial Results

USHIO

Lighting —Edge Technologies

USHIO INC.

Jan. 31, 2013

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 3Q FY2012**
 - II. Forecast for FY2012
 - III. Supplementary Information

Highlights of Financial Results for 3Q FY2012

➤ Business Results

For the first three quarters/FY2012, consolidated net sales decreased by 4.4% YoY to ¥105.7 billion, and consolidated operating income decreased by 40.0% YoY to ¥5.4 billion.

➤ Equipment Business :

◆ Imaging Equipment

Overall sales decreased YoY since the penetration of digital cinema projectors (DCP) in developed countries has grown considerably. In contrast, sales showed a slight increase QoQ due to firm demand in non-cinema fields.

◆ Optical Equipment

Sales related to large-sized LCD panels and semiconductors, light-emitting diodes (LEDs) and other electronic components remained weak as a result of prolonged weak demand for LCD TVs and PCs.

➤ Light Sources Business :

Among discharge lamps, replacement demand for UV lamps for lithography remained weak while sales of xenon lamps for DCP remained firm. Sales of halogen lamps for the first three quarters increased YoY.

➤ R&D expenses increased both YoY and QoQ by promoting product development with a focus on longer replacement cycles, high luminance and high efficiency for various lamps while actively executing R&D activities for solid-state light source products like LEDs and laser diodes (LDs), as well as new technologies and products related to the Equipment business.

➤ Revision of Full-year Forecast :

There is no change to the full-year forecast announced on Oct 31, 2012.

Summary of Financial Results 3Q FY2012

(Billions of Yen)	FY11	FY12	YoY		FY11	FY12	YoY	
	3Q	3Q	Changes	%	1-3Q	1-3Q	Changes	%
Net Sales	35.5	34.4	▲1.1	▲3.1	110.6	105.7	▲4.8	▲4.4
Operating Income	2.5	1.5	▲0.9	▲37.5	9.0	5.4	▲3.6	▲40.0
Operating Income Ratio (%)	7.1	4.6	▲2.5P	-	8.2	5.1	▲3.0P	-
Ordinary Income	3.4	3.1	▲0.3	▲8.9	10.2	6.3	▲3.9	▲38.5
Net Income	2.5	1.7	▲0.8	▲31.3	7.1	3.0	▲4.0	▲56.9
EPS (Yen)	19.73	13.55			54.05	23.49		
Forex (Yen)								
USD	79	80			79	80		
EUR	111	102			111	102		

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

*Exchange rates of 3Q are the average rates of the period over 9 months.

Financial Results Trend 《Quarterly Comparison》

(Billions of Yen)		1Q	2Q	3Q	Q o Q	
					Changes	%
Net Sales		35.9	35.3	34.4	▲0.8	▲2.4
Operating Income		1.9	1.9	1.5	▲0.3	▲18.4
Operating Income Ratio (%)		5.3	5.5	4.6	▲0.9P	-
Ordinary Income		1.1	2.0	3.1	+1.0	+53.7
Net Income		0.5	0.7	1.7	+0.9	+122.4
EPS (Yen)		3.84	6.09	13.55		
Forex (Yen)	USD	80	79	80		
	EUR	101	100	102		

*Exchange rates of 1Q,2Q and 3Q are the average rates of the period over 3 months,6 months or 9 months, respectively.

Financial Results by Business Segments

(Billions of Yen)	FY11	FY12	YoY		FY11	FY12	YoY	
Business Segments	3Q	3Q	Changes	%	1-3Q	1-3Q	Changes	%
<u>Equipment</u>								
Net Sales	22.2	20.3	▲1.9	▲8.6	69.2	63.5	▲5.6	▲8.1
Operating Income	0.8	0.5	▲0.2	▲33.0	3.0	1.2	▲1.9	▲61.3
Operating Income Ratio(%)	3.8	2.7	▲1.0P	-	4.4	1.9	▲2.6P	-
<u>Light Sources</u>								
Net Sales	12.5	13.3	+0.7	+6.0	39.1	39.7	+0.6	+1.6
Operating Income	1.5	0.9	▲0.6	▲39.0	5.7	4.1	▲1.7	▲29.7
Operating Income Ratio(%)	12.0	7.4	▲5.5P	-	14.7	10.4	▲4.6P	-
<u>Others</u>								
Net Sales	0.7	0.7	+0.0	+7.4	2.3	2.4	+0.0	+3.9
Operating Income	0.0	0.0	▲0.0	▲56.2	0.0	0.0	+0.0	+212.0
Operating Income Ratio(%)	10.1	3.9	▲5.6P	-	1.1	3.2	+2.1P	-

Financial Results Trend by Business Segments 《Quarterly Comparison》

(Billions of Yen)

Business Segments	1Q	2Q	3Q	Q o Q	
				Changes	%
<u>Equipment</u>					
Net Sales	21.9	21.3	20.3	▲0.9	▲4.5
Operating Income	0.4	0.1	0.5	+0.3	+181.3
Operating Income Ratio(%)	2.1	0.9	2.7	+1.8	-
<u>Light Sources</u>					
Net Sales	13.1	13.2	13.3	+0.0	+0.6
Operating Income	1.4	1.7	0.9	▲0.7	▲42.1
Operating Income Ratio(%)	10.8	12.8	7.4	▲5.4	-
<u>Others</u>					
Net Sales	0.9	0.7	0.7	+0.0	+2.5
Operating Income	0.0	0.0	0.0	+0.0	+14.6
Operating Income Ratio(%)	2.5	3.5	3.9	+0.4	-

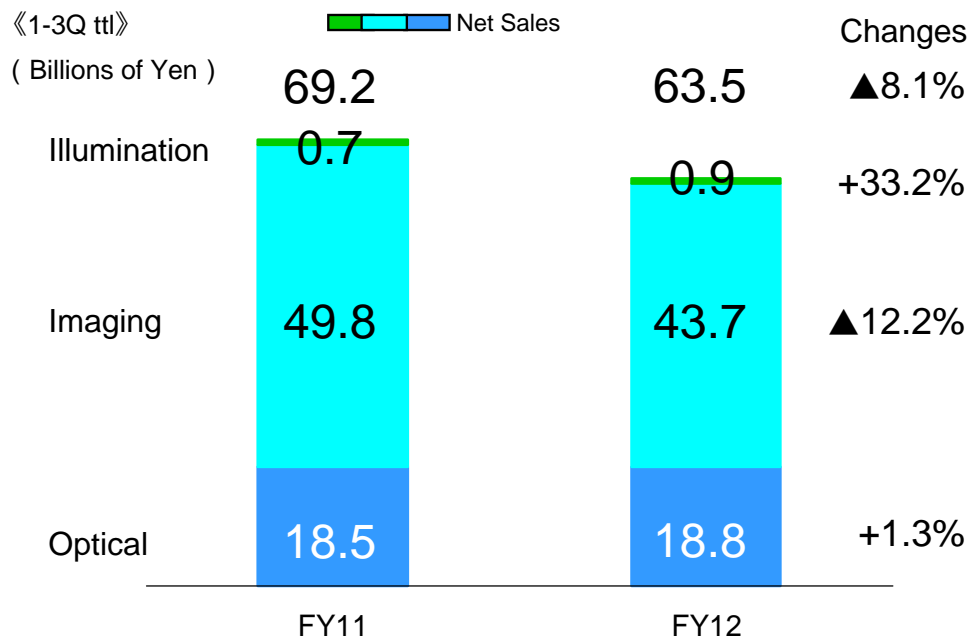
Equipment Business Segment (Net Sales)

◆ Imaging Equipment :

Sales volume of DCP declined YoY and slightly decreased QoQ. Non-cinema related sales remained firm.

◆ Optical Equipment :

Market for smartphones and tablet PCs steadily expanded. However, sales remained almost flat YoY reflecting the prolonged weak demand for LCD TVs and PCs.



《QoQ》 (Billions of Yen)				《YoY》 (Billions of Yen)				
		2Q	3Q	QoQ		FY11 1-3Q	FY12 1-3Q	YoY
Net Sales	Imaging	13.6	14.3	+0.7	Net Sales Imaging	49.8	43.7	▲6.1
	Optical	7.2	5.7	▲1.4	Optical	18.5	18.8	+0.2
	Illumination	0.4	0.2	▲0.1	Illumination	0.7	0.9	+0.2
Total		21.3	20.3	▲0.9	Total	69.2	63.5	5.6

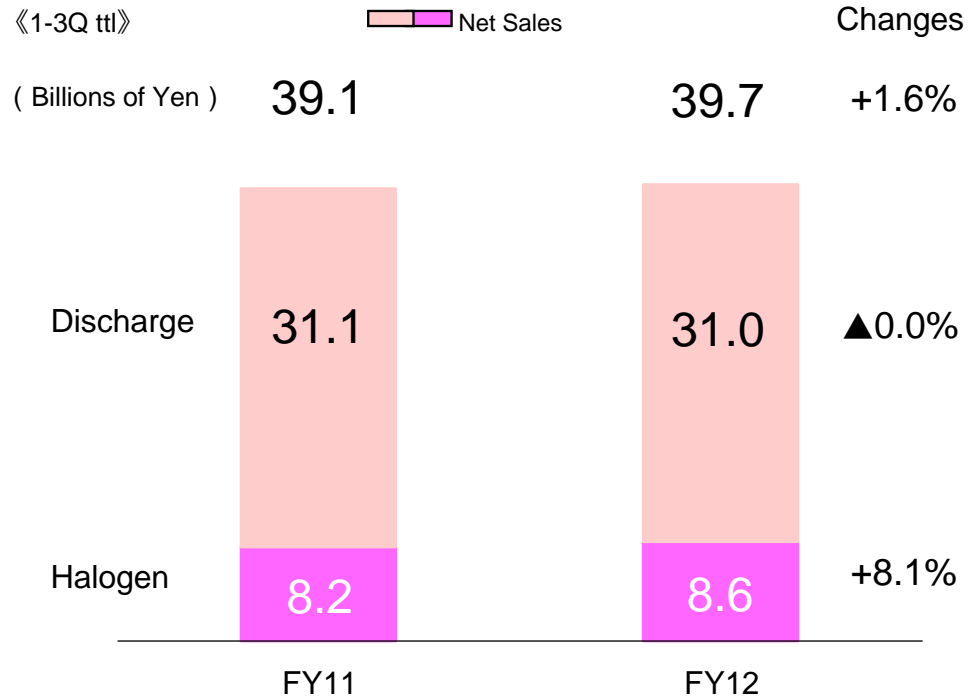
Light Sources Business Segment (Net Sales)

◆ Discharge Lamps :

Xenon lamps for DCP remained firm, but replacement demand for UV lamps for lithography continued to remain weak.

◆ Halogen Lamps :

In the office automation (OA) field, sales increased YoY because of the substitutional production after Thai floods, but it remained flat QoQ reflecting the European economic crisis.



《QoQ》				《YoY》					
(Billions of Yen)		2Q	3Q	QoQ	(Billions of Yen)		FY11 1-3Q	FY12 1-3Q	YoY
Net Sales	Discharge	10.4	10.5	+0.1	Net Sales	Discharge	31.1	31.0	▲0.0
	Halogen	2.8	2.8	▲0.0	Halogen	Halogen	8.2	8.6	+0.6
Total		13.2	13.3	+0.0	Total	Total	39.1	39.7	+0.6

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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

Market for smartphones and tablet PCs is expected to continue to show relatively steady growth. Although sales for FY2012 is affected by the market trends to postpone or curtail capital investment reflecting the weak demand for LCD TVs and PCs, capital investment has been considered in Chinese and other markets.

➤ [Light Sources Business](#) :

◆ Discharge Lamps

Sales of xenon lamps for DCP are expected to continue to remain firm due to a high market share. As for lamps for data projectors, there are concerns that inventory adjustment by projector manufacturers may negatively affect sales for FY2012. In contrast, replacement demand for UV lamps for lithography is expected to make a gradual progress toward a full-scale recovery.

◆ Halogen Lamps

Lamps for the OA field maintain a high market share despite showing signs of negative impacts from the European economic crisis.

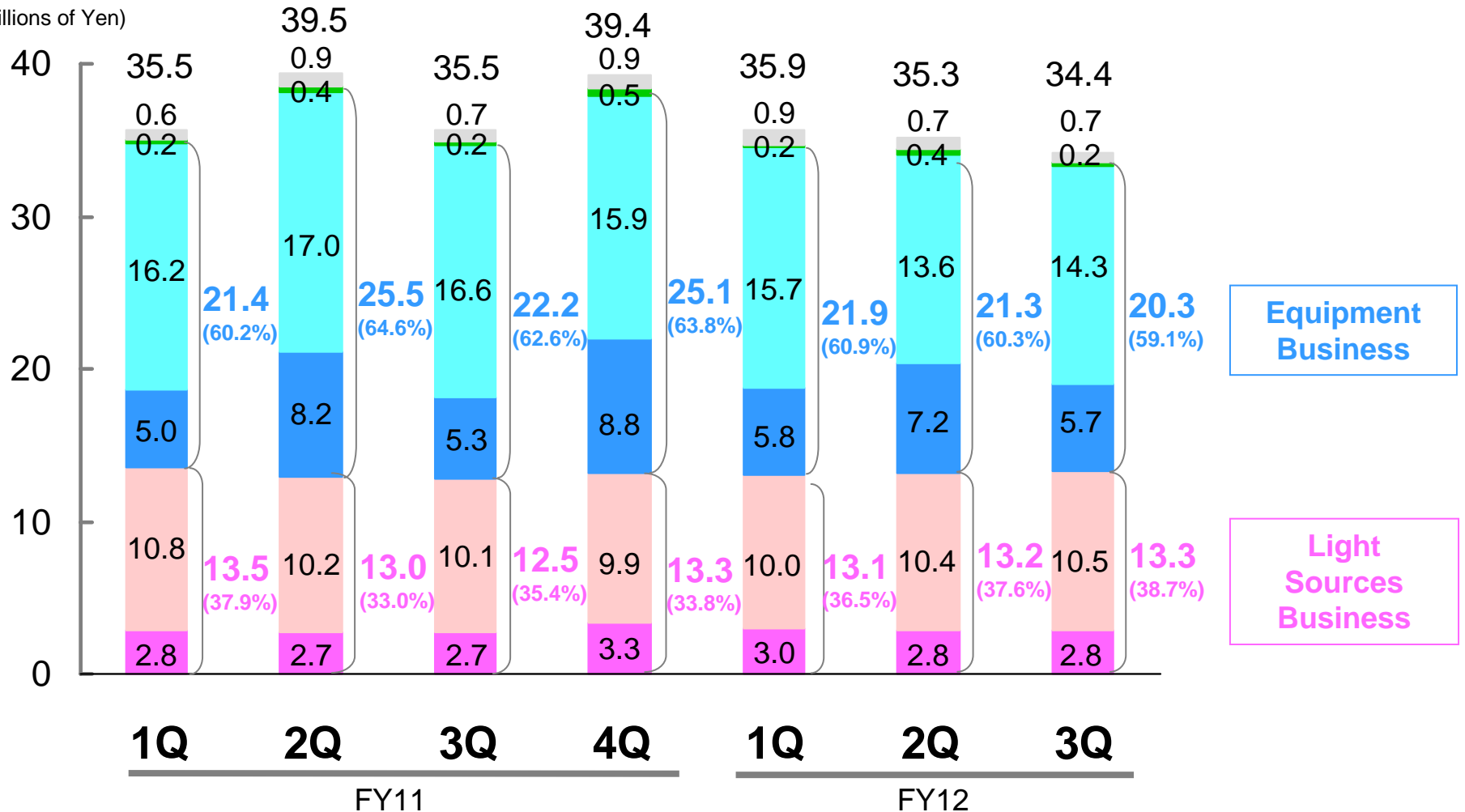
Forecast for FY2012

(Billions of Yen)	1-3Q	4Q (Plan)	FY12 Forecast (Revised on 31 Oct, 2012)
Net Sales	105.7	39.2	145.0
Operating Income	5.4	2.5	8.0
Operating Income Ratio (%)	5.1	6.6	5.5
Ordinary Income	6.3	3.6	10.0
Net Income	3.0	2.4	5.5
EPS (Yen)	23.49	-	41.94
ROE (%)	1.92	-	3.4
Dividend (Yen)	22	-	22
Payout Ratio (%)	93.65	-	52.5

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Sales Trend by Product Groups

(Billions of Yen)



Equipment Business

- Optical Equipment
- Imaging Equipment
- Illumination and Related Facilities

Light Sources Business

- Halogen Lamps
- Discharge Lamps

Other Business

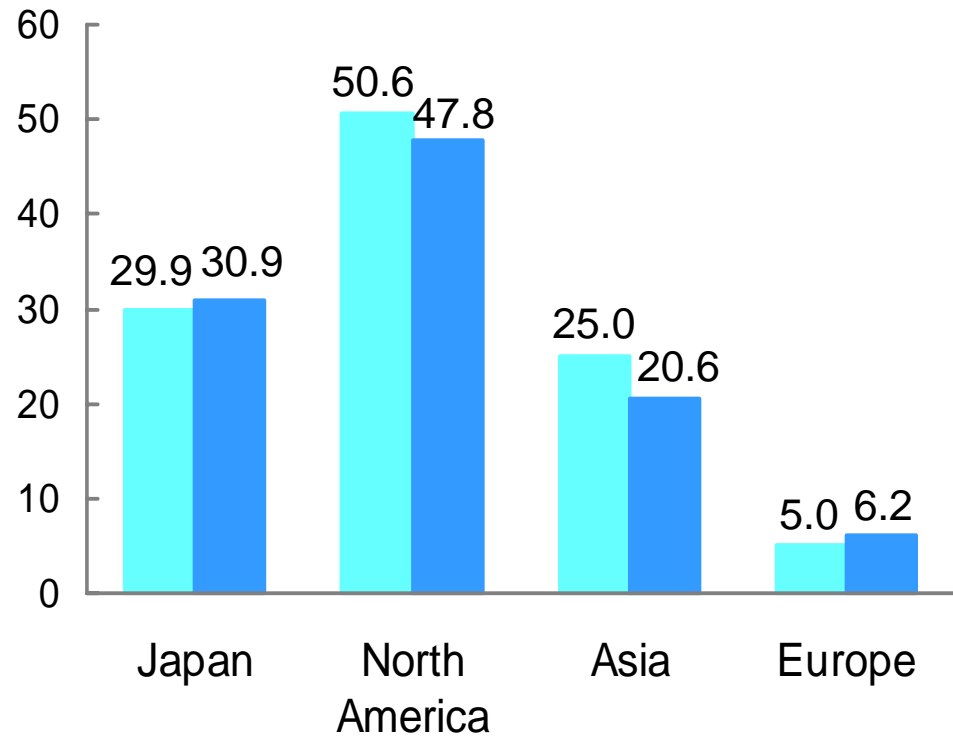
- Machinery for Industrial Use and Other Business

Net Sales and Operating Income by Geographic Segments (1-3Q)

◆ Net Sales

FY11 FY12

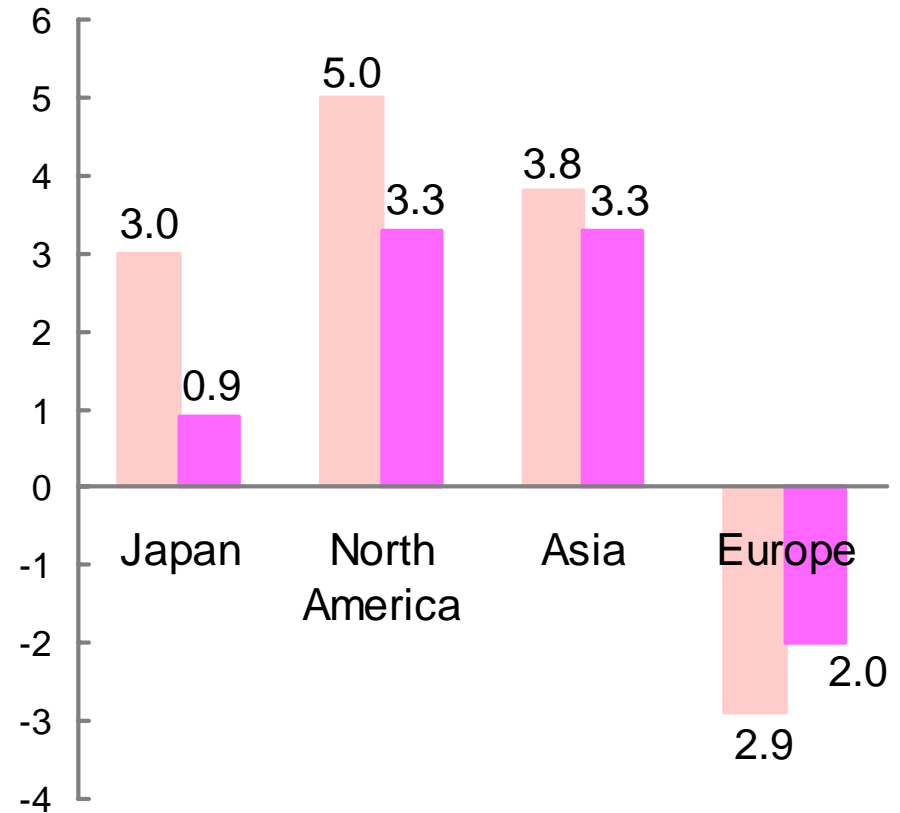
(Billions of Yen)



◆ Operating Income

FY11 FY12

(Billions of Yen)



Other Income and Expenses (1-3Q)

(Billions of Yen)	FY11	FY12	YoY
Other Income	2.7	1.5	▲1.2
Interest Income	0.2	0.2	+0.0
Dividend	0.8	0.8	+0.0
Gain on Sales of Investment Securities	1.3	0.0	▲1.3
Others	0.2	0.4	+0.1
Other Expenses	1.4	0.6	▲0.8
Interest Expenses	0.1	0.1	+0.0
Exchange Loss	0.8	0.0	▲0.7
Realized and unrealized loss on trading securities, net	0.2	-	▲0.2
Others	0.2	0.4	+0.1
Other Income and Expenses (Net)	1.2	0.9	▲0.3

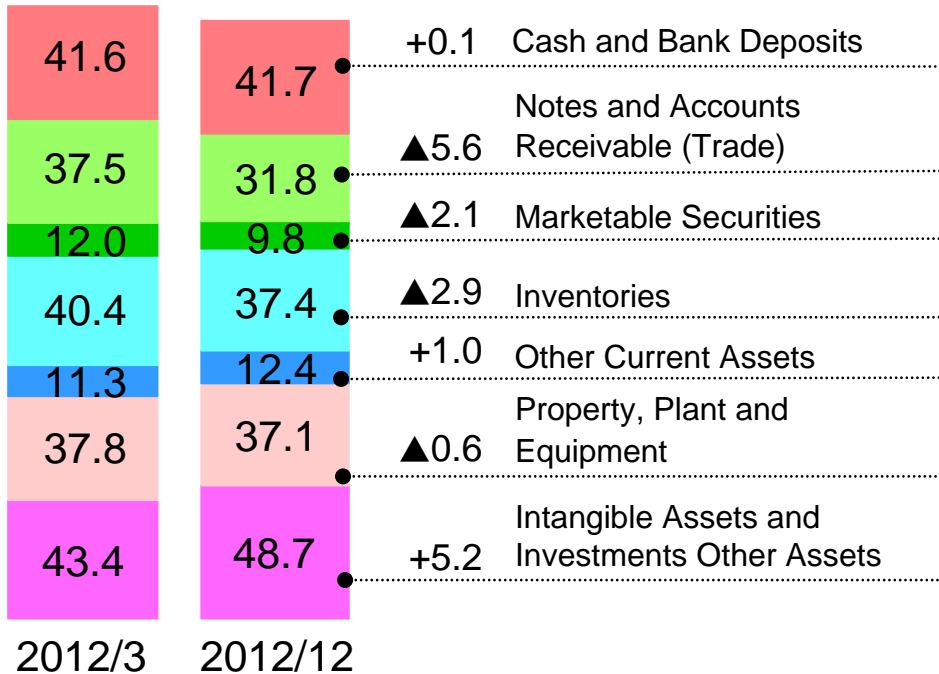
Balance Sheet

◆Assets

(Billions of Yen)

224.4 219.3 ▲5.0

Changes

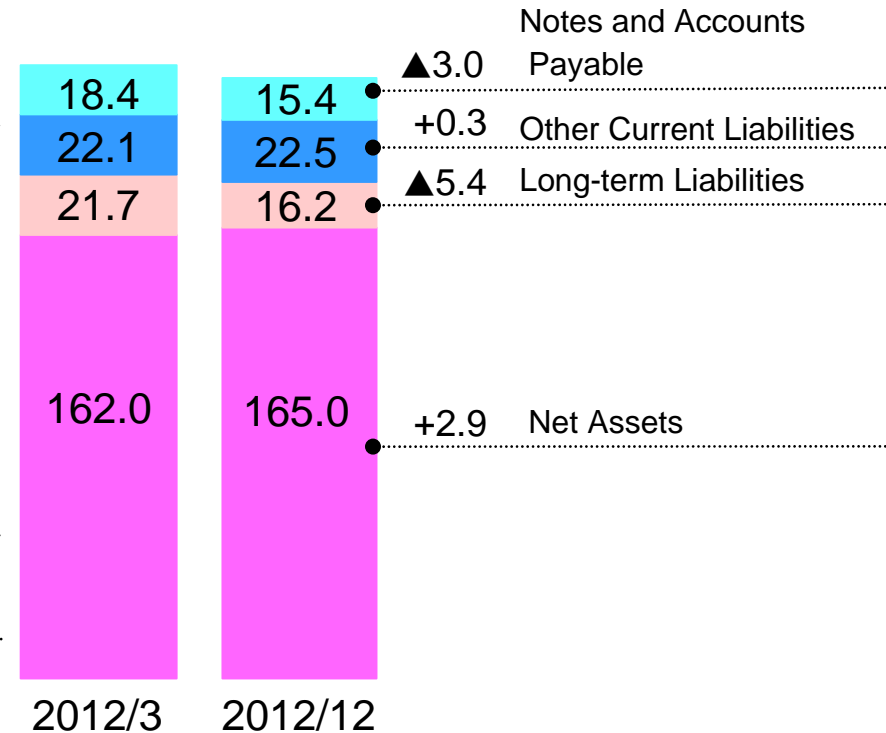


◆Liabilities · Net Assets

(Billions of Yen)

224.4 219.3 ▲5.0

Changes



●Turnover (month)

	2012/3	2012/12
Receivable-trade	2.9	3.0
Inventories	3.2	3.3

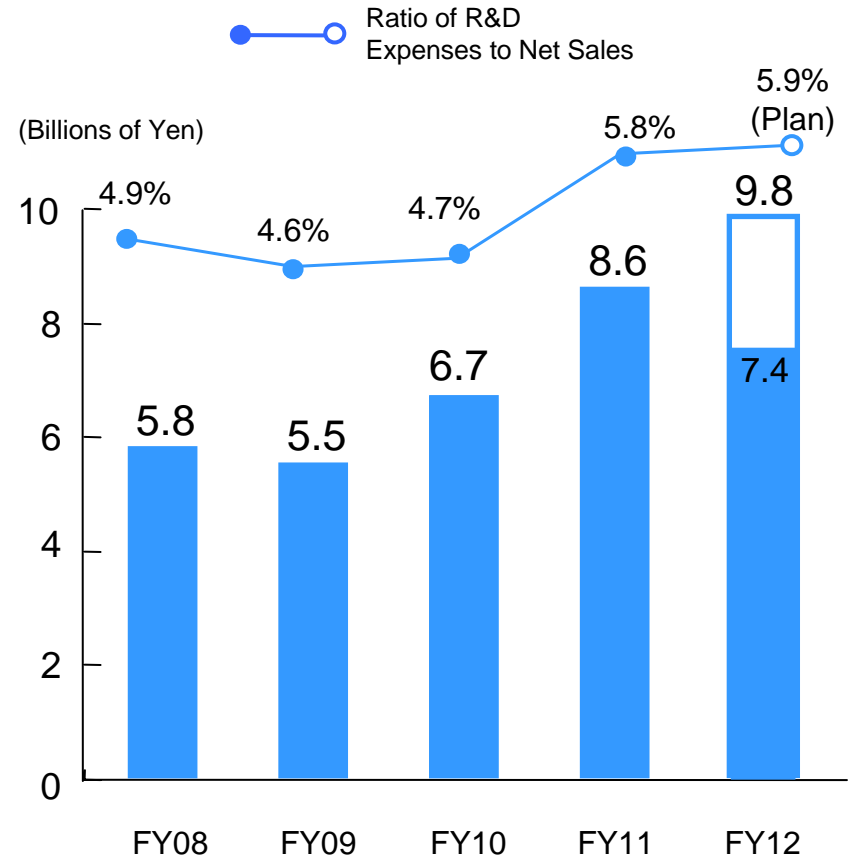
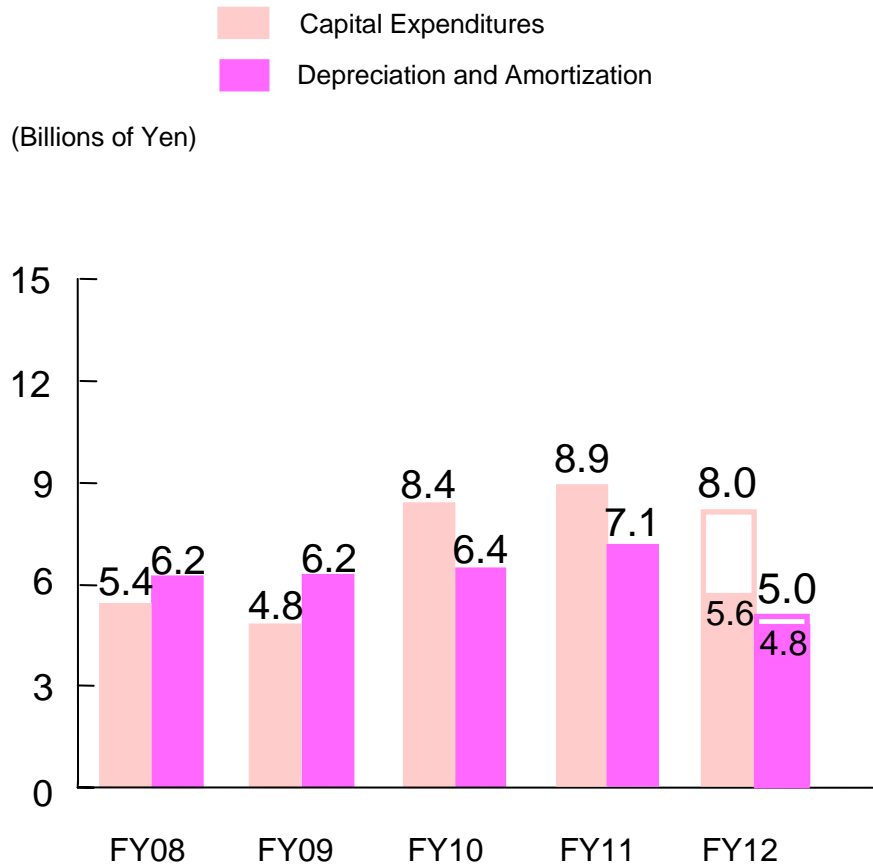
●Equity Ratio

	2012/3	2012/12
Equity Ratio	70.8%	73.8%

Capital Expenditures, Depreciation and Amortization, R&D Expenses

◆ Capital Expenditures, Depreciation and Amortization

◆ R&D Expenses



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