

# FY2012 Financial Results

**USHIO**

Lighting —Edge Technologies

USHIO Inc.

**May 09, 2013**

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 .

\*Figures in each reportable segment includes adjustment between the reportable segments.

\*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 FY2012**
  - II. Forecasts for FY2013
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# Highlights of Financial Results for FY2012

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- For FY2012, consolidated net sales decreased by 4.4% YoY to ¥143.4 billion, and consolidated operating income declined 29.1% YoY to ¥7.5 billion.
- **Equipment Business** : In the imaging equipment field, overall sales decreased YoY since the penetration of digital cinema projectors (DCPs) in developed countries has grown considerably. In the optical equipment field, sales of manufacturing equipment related to LCD panels and semiconductors, light-emitting diodes (LEDs) and other electronic components remained weak.
- **Light Sources Business** : Sales of xenon lamps for cinema projectors continued to increase steadily. Replacement demand for UV lamps for lithography remained weak. Lamps for data projectors and halogen lamps remained firm, despite the impact of a sluggish economy.
- We actively executed R&D investment directed at new technologies and products that will lead to business expansion and improved business results in the future.
- **EUV Business**: USHIO decided to dissolve and liquidate XTREME technologies GmbH of Germany. USHIO booked an extraordinary loss of ¥3.3 billion on the dissolution, and recorded tax effects in conjunction with this loss. (See page 15 for details.)
- USHIO has maintained its dividend forecast of ¥22 per share.

# Summary of Financial Results 4Q FY2012

(Billions of Yen)	FY11	FY12	YoY		FY11	FY12	YoY	
	4Q	4Q	Changes	%	1-4Q	1-4Q	Changes	%
Net Sales	39.4	37.6	▲1.7	▲4.4	150.0	143.4	▲6.6	▲4.4
Operating Income	1.6	2.1	+0.4	+29.8	10.6	7.5	▲3.1	▲29.1
Operating Income Ratio (%)	4.2	5.8	+1.5P	-	7.1	5.3	▲1.8P	-
Ordinary Income	2.8	4.2	+1.3	+48.3	13.1	10.5	▲2.5	▲19.6
Net Income	1.5	4.0	+2.4	+155.3	8.7	7.1	▲1.5	▲18.2
EPS (Yen)	12.17	31.08			66.26	54.57		
Forex (Yen)	USD	79	83		79	83		
	EUR	110	107		110	107		

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

\*Exchange rates of 4Q are the average rates of the period over 12 months.

## Financial Results Trend 《Quarterly Comparison》

(Billions of Yen)		1Q	2Q	3Q	4Q	Q o Q	
						Changes	%
Net Sales		35.9	35.3	34.4	37.6	+3.2	+9.3
Operating Income		1.9	1.9	1.5	2.1	+0.5	+37.8
Operating Income Ratio (%)		5.3	5.5	4.6	5.8	+1.2P	-
Ordinary Income		1.1	2.0	3.1	4.2	+1.1	+36.0
Net Income		0.5	0.7	1.7	4.0	+2.2	+129.3
EPS (Yen)		3.84	6.09	13.55	31.08		
Forex (Yen)	USD	80	79	80	83		
	EUR	101	100	102	107		

\*Exchange rates of 1Q~4Q are the average rates of the period over 3 months, 6 months, 9 months or 12 months respectively.

# Financial Results by Business Segments

(Billions of Yen)	FY11	FY12	YoY		FY11	FY12	YoY	
Business Segments	4Q	4Q	Changes	%	1-4Q	1-4Q	Changes	%
<b><u>Equipment</u></b>								
Net Sales	25.1	22.2	▲2.8	▲11.5	94.3	85.8	▲8.5	▲9.0
Operating Income	▲0.2	0.3	+0.5	-	2.9	1.5	▲1.4	▲48.4
Operating Income Ratio(%)	▲0.9	1.4	+2.2P	-	3.1	1.8	▲1.4P	-
<b><u>Light Sources</u></b>								
Net Sales	13.3	14.5	+1.2	+9.5	52.4	54.3	+1.8	+3.6
Operating Income	1.8	1.8	+0.0	+0.1	7.6	5.9	▲1.7	▲22.5
Operating Income Ratio(%)	14.0	12.8	▲1.2P	-	14.7	11.0	▲3.7	-
<b><u>Others</u></b>								
Net Sales	0.9	0.8	▲0.1	▲11.5	3.2	3.2	▲0.0	▲0.5
Operating Income	0.0	0.0	▲0.0	▲77.9	0.0	0.0	+0.0	+129.9
Operating Income Ratio(%)	1.1	0.3	▲0.8P	-	1.1	2.5	+1.4P	-

# Financial Results Trend by Business Segments 《Quarterly Comparison》

(Billions of Yen)

Q o Q

Business Segments	1Q	2Q	3Q	4Q	Changes	%
<b><u>Equipment</u></b>						
Net Sales	21.9	21.3	20.3	22.2	+1.9	+9.4
Operating Income	0.4	0.1	0.5	0.3	▲0.2	▲45.9
Operating Income Ratio(%)	2.1	0.9	2.7	1.4	▲1.4P	-
<b><u>Light Sources</u></b>						
Net Sales	13.1	13.2	13.3	14.5	+1.2	+9.1
Operating Income	1.4	1.7	0.9	1.8	+0.8	+88.9
Operating Income Ratio(%)	10.8	12.8	7.4	12.8	+5.4P	-
<b><u>Others</u></b>						
Net Sales	0.9	0.7	0.7	0.8	+0.0	+9.9
Operating Income	0.0	0.0	0.0	0.0	▲0.0	▲92.5
Operating Income Ratio(%)	2.5	3.5	3.9	0.3	▲3.6P	-

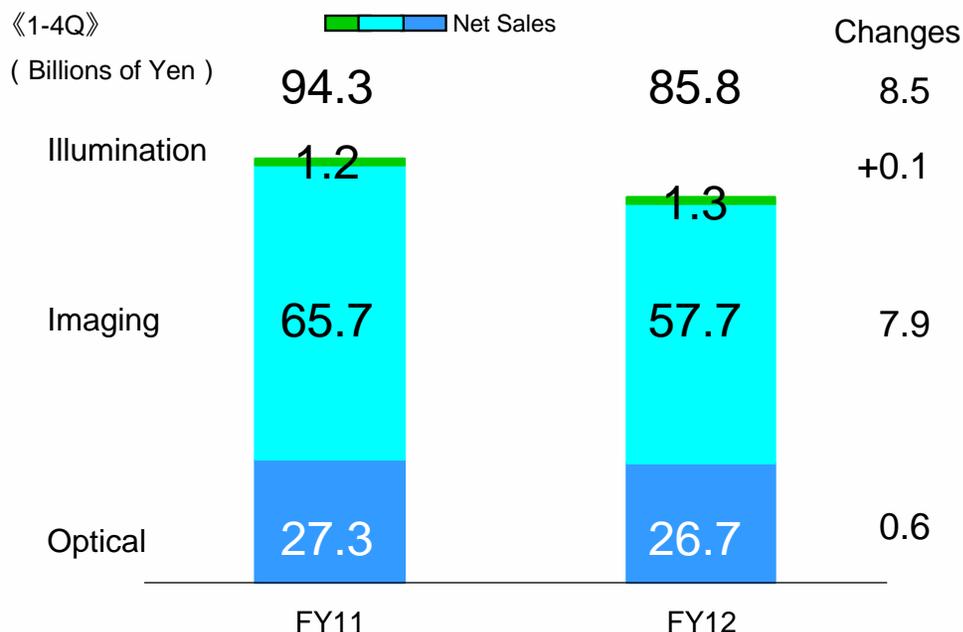
# Equipment Business Segment (Net Sales)

## ◆ Imaging Equipment :

Overall imaging equipment sales declined YoY, mainly due to lower DCP sales, despite firm sales in the general imaging business.

## ◆ Optical Equipment :

Overall sales edged down YoY, mainly the result of continued market trends to postpone or curtail capital expenditures for manufacturing equipment related to LCDs and semiconductors, LEDs and other electronic components.



《QoQ》 ( Billions of Yen )				《YoY》 ( Billions of Yen )				
		3Q	4Q	QoQ		FY11 1-4Q	FY12 1-4Q	YoY
Net Sales	Imaging	14.3	14.0	▲0.3	Net Sales Imaging	65.7	57.7	▲7.9
	Optical	5.7	7.8	+2.0	Optical	27.3	26.7	▲0.6
	Illumination	0.2	0.4	+0.1	Illumination	1.2	1.3	+0.1
	Total	20.3	22.2	+1.9	Total	94.3	85.8	▲8.5

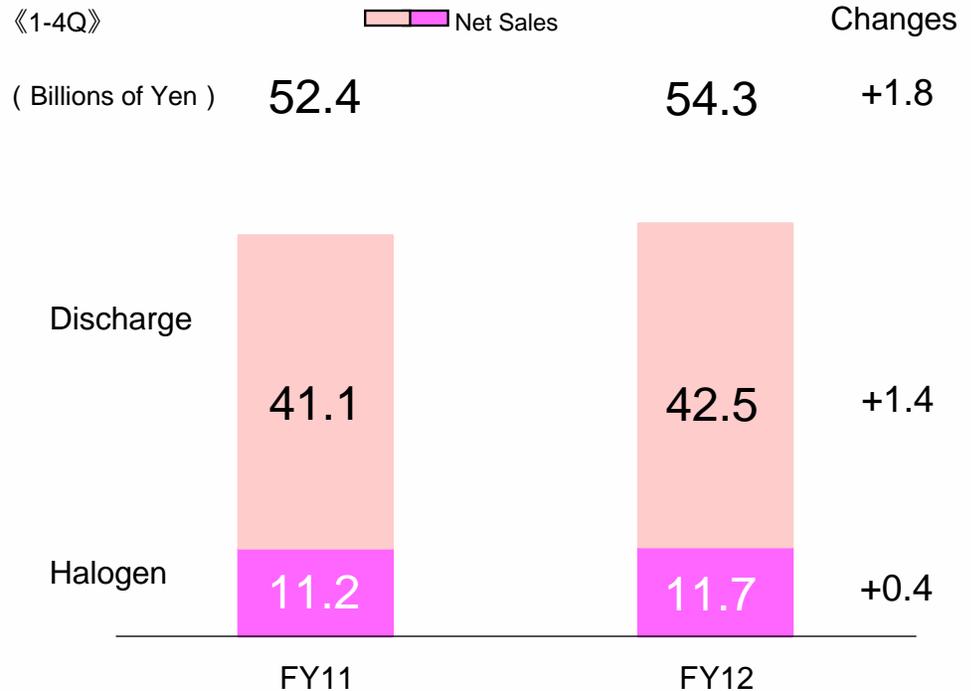
# Light Sources Business Segment (Net Sales)

## ◆ Discharge Lamps :

Overall sales rose YoY as sales of xenon lamps for cinema projectors continued to increase steadily, although replacement demand for UV lamps for lithography remained weak.

## ◆ Halogen Lamps :

Sales edged up YoY, despite the impact of a sluggish economy.



《QoQ》				《YoY》					
( Billions of Yen )		3Q	4Q	QoQ	( Billions of Yen )		FY11 1-4Q	FY12 1-4Q	YoY
Net Sales	Discharge	10.5	11.5	+0.9	Net Sales	Discharge	41.1	42.5	+1.4
	Halogen	2.8	3.0	+0.2	Halogen	Halogen	11.2	11.7	+0.4
Total		13.3	14.5	+1.2	Total	Total	52.4	54.3	+1.8

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## Forecasts for FY2013

(Billions of Yen)	FY12 (Actual Results)	FY13 (Forecasts)	YoY (Changes)	2Q(FY13) (Forecasts)	
Net Sales	143.4	160.0	16.5	75.0	
Operating Income	7.5	12.5	4.9	5.0	
Operating Income Ratio (%)	5.3	7.8	2.5P	6.7	
Ordinary Income	10.5	14.5	4.0	6.0	
Net Income	7.1	10.0	3.0	4.0	
EPS (Yen)	54.57	76.26	-	30.5	
ROE (%)	4.3	5.6	-	2.3	
Dividend (Yen)	22	22	-	-	
Payout Ratio (%)	40.3	28.8	-	-	
Capital Expenditures	7.7	8.8	0.8	-	
Depreciation and Amortization	6.7	5.7	1.0	-	
R&D Expenses	9.9	9.3	0.6	-	
Forex (Yen)					
	USD	83	90	-	90
	EUR	107	120	-	120

## Forecasts of Net Sales for FY2013 (by Business Segments)

(Billions of Yen)

	FY12 (Actual Results)	FY13 (Forecast)	YoY (Changes)
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### **Equipment**

Imaging Equipment	57.7	58.9	1.2
Optical Equipment	26.7	37.0	10.3
Illumination and Related Facilities	1.3	1.7	0.4
<b>Total</b>	<b>85.8</b>	<b>97.6</b>	<b>11.8</b>

### **Light Sources**

Discharge Lamps	42.5	44.1	1.6
Halogen Lamps	11.7	13.6	1.9
<b>Total</b>	<b>54.3</b>	<b>57.7</b>	<b>3.4</b>

### **Others**

Machinery for Industrial Use and Other Business	3.2	4.7	1.5
<b>Total</b>	<b>143.4</b>	<b>160.0</b>	<b>16.6</b>

# Equipment Business Segment for FY2013

## ◆ Imaging Equipment :

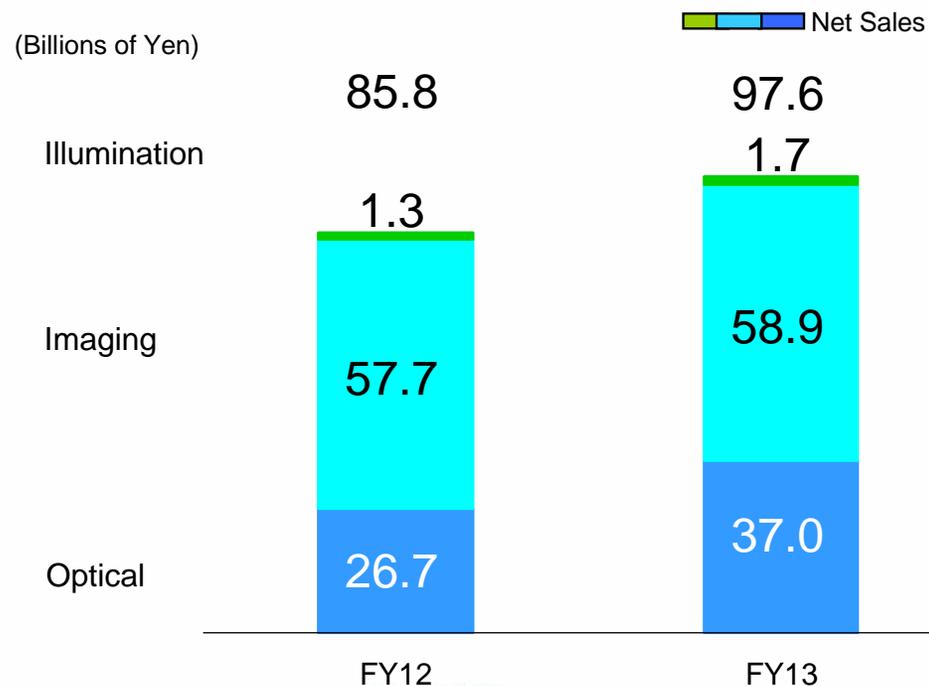
In the digital cinema field, demand associated with the transition to DCPs has peaked out in developed countries. However, digitalization is likely to gather pace in emerging markets. USHIO will promote business expansion with an emphasis on profitability by expanding sales of new products according to market needs.

In the general imaging field, USHIO expects demand to expand in step with the global economic recovery. Demand is tipped to grow in a wide range of fields both in developed countries and emerging markets, including the virtual reality, simulation and digital signage fields.

## ◆ Optical Equipment :

We believe that capital expenditures in the LCD- and semiconductor-related markets are on a gradual recovery path. We expect to see further expansion in the smartphone and tablet PC markets, which continue to grow favorably, as well as increased demand for TVs centered on China.

We are projecting higher overall optical equipment sales based on increased sales of LCD-related equipment (optical aligner, ODF, excimer cleaning units). An expanded lineup of manufacturing equipment related to other electronic components should also boost sales.



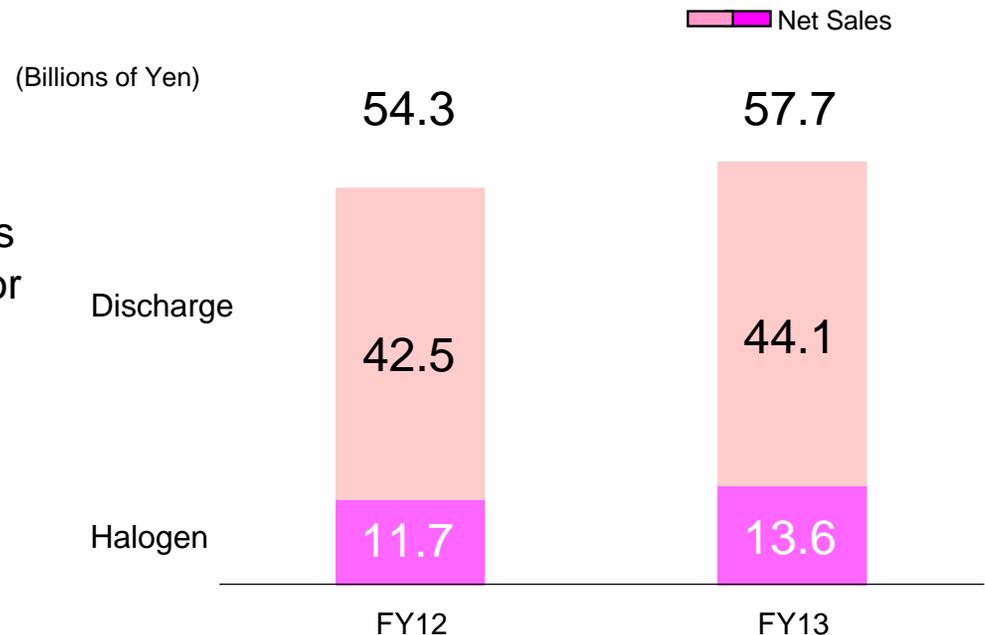
# Light Sources Business Segment for FY2013

## ◆ Discharge Lamps :

We expect demand for UV lamps to recover based on expectations of an improving capacity utilization rate for facilities in the LCD- and semiconductor-related markets. In addition, sales of xenon lamps for cinema projectors are expected to continue growing steadily. Sales of lamps for data projectors should also hold firm. Looking ahead, we will continue to maintain and expand our high market share mainly by developing products related to the solid-state light source business and by expanding sales of these products.

## ◆ Halogen Lamps :

Sales of lamps for the OA field are expected to remain firm. Steady sales are also projected for heater lamps for semiconductor manufacturing. Leveraging our high quality as a strength, we will maintain a high market share.



# Developments in the EUV Business (Press Release Issued on May 9)



**ASML**

**USHIO**

EUV Business into a Single Unit in Japan

and Continue its Business for Inspection and Development Applications

**【Press Release Issued on May 9】**

USHIO to Consolidate EUV Business into a Single Unit in Japan and Continue its Business for Inspection and Development Applications

— Transferring its maintenance business to ASML —

USHIO INC. (Headquarters: Tokyo, Japan; President and Chief Executive Officer: Shiro Sugata; hereinafter "USHIO") today announced that it will close down the activities of XTREME technologies GmbH (Headquarters: Germany; President: Tatsushi Igarashi, hereinafter "XTREME"), a research and development company for Extreme Ultraviolet (EUV) light sources for next-generation semiconductor lithography, and consolidate the EUV light source business into a single unit in Japan and continue it for inspection and development applications in the future.

With this, the maintenance services for XTREME EUV light sources that were provided for ASML Netherlands B.V., a subsidiary of Netherland-based ASML Holding N.V., is transferred to ASML on May 9, local time.

The impact of this decision on our financial results has been already reflected in the final results for the term ended in March 2013.

# Developments in the EUV Business (Press Release Issued on May 9)

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## **Supplementary Information Regarding the Decision on the EUV Business**

- Development work undertaken by XTREME on EUV light sources for lithography (using tin and rotating electrodes) based on the Laser-assisted Discharge produced Plasma (LDP) method will be transferred to Japan. Development will be continued targeting the market for inspection and development applications.
- This development work will be integrated with USHIO's design, manufacturing and maintenance service operations with respect to Discharge Produced Plasma (DPP) light sources (using xenon gas and fixed electrodes), targeting the aforementioned market.
- Maintenance operations for EUV light sources for lithography based on the LDP method, which were sold by XTREME to ASML, will be transferred to ASML.
- USHIO will purchase and hold the intellectual property developed and owned by XTREME.

## **Reasons for Decision**

- USHIO has determined that continuing LDP-based EUV light sources for lithography on a mass production scale would now pose an extremely large investment risk.

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# Medium-Term Vision Unveiled in 2013 (Targets for the Year Ending March 2016 (FY2015))

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## The USHIO Group's Vision and Goal

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Become a "Light Innovation Company" with the world's No.1 technology and branding in light-related business, able to propose solutions that fully satisfy customers' needs at all times.

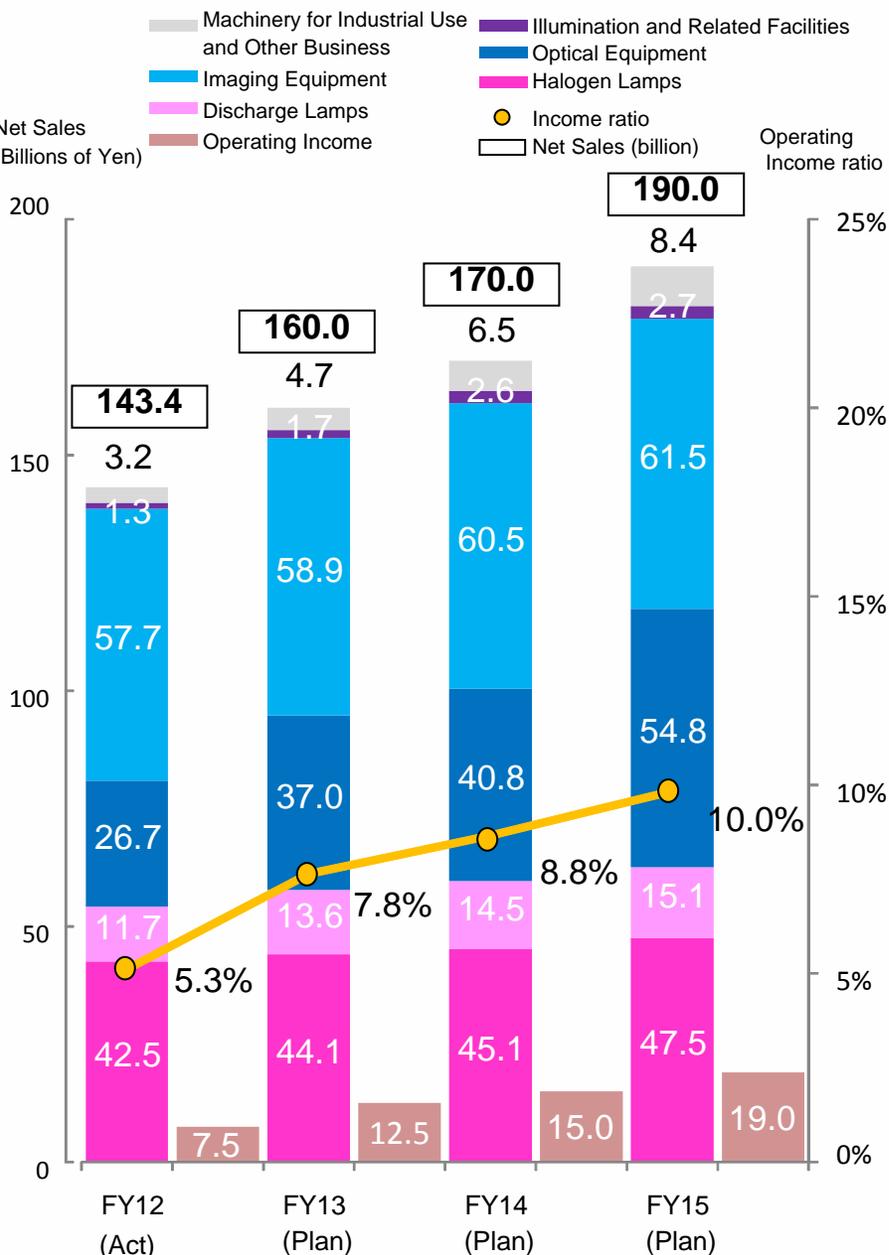
## Quantitative Target of Mid-term Vision

(Values shown in parenthesis are results for FY 3/2013)

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Net Sales	190billion yen	(143.4 billion yen)
Operating Income	19billion yen	(7.5 billion yen)
Operating Income Ratio	10%	(5.3%)
ROE	More than 8%	(4.3%)

# Mid-term Vision announced in 2013, Sales (by sub-segments) and Operating Income



Segments	Sub-segments	FY15 Net Sales (Billions of Yen)	For the Next 3 Years	
			Amount of increase (Billions of Yen)	Growth Rates (%)
<b>Equipment</b>	Imaging Equipment	61.5	+3.8	6.6%
	Optical Equipment	54.8	+28.1	105.2%
	Illumination and Related Facilities	2.7	+1.4	107.7%
	<b>Total</b>	<b>119.0</b>	<b>+33.2</b>	<b>38.7%</b>
<b>Light Sources</b>	Halogen Lamps	15.1	+3.4	29.1%
	Discharge Lamps	47.5	+5.0	11.8%
	<b>Total</b>	<b>62.6</b>	<b>+8.3</b>	<b>15.3%</b>
<b>Others</b>	Machinery for Industrial Use and Other Business	8.4	+5.2	162.8%
<b>Total</b>		<b>190.0</b>	<b>+46.6</b>	<b>32.5%</b>

Operating Income			Operating Income Ratio(%)	
(Billions of Yen)	Amount of increase for the Next 3Years (Billions of Yen)	Growth Rates (%)	%	Growth Rates for the Next 3 Years (P)
19.0	+11.5	153.3%	10.0%	4.7P

# 1. Imaging Equipment Business

Growth drivers will shift from cinema applications to general imaging equipment. Drive further global expansion centered on emerging markets



CP series

Solaria series

## (1) Cinema applications

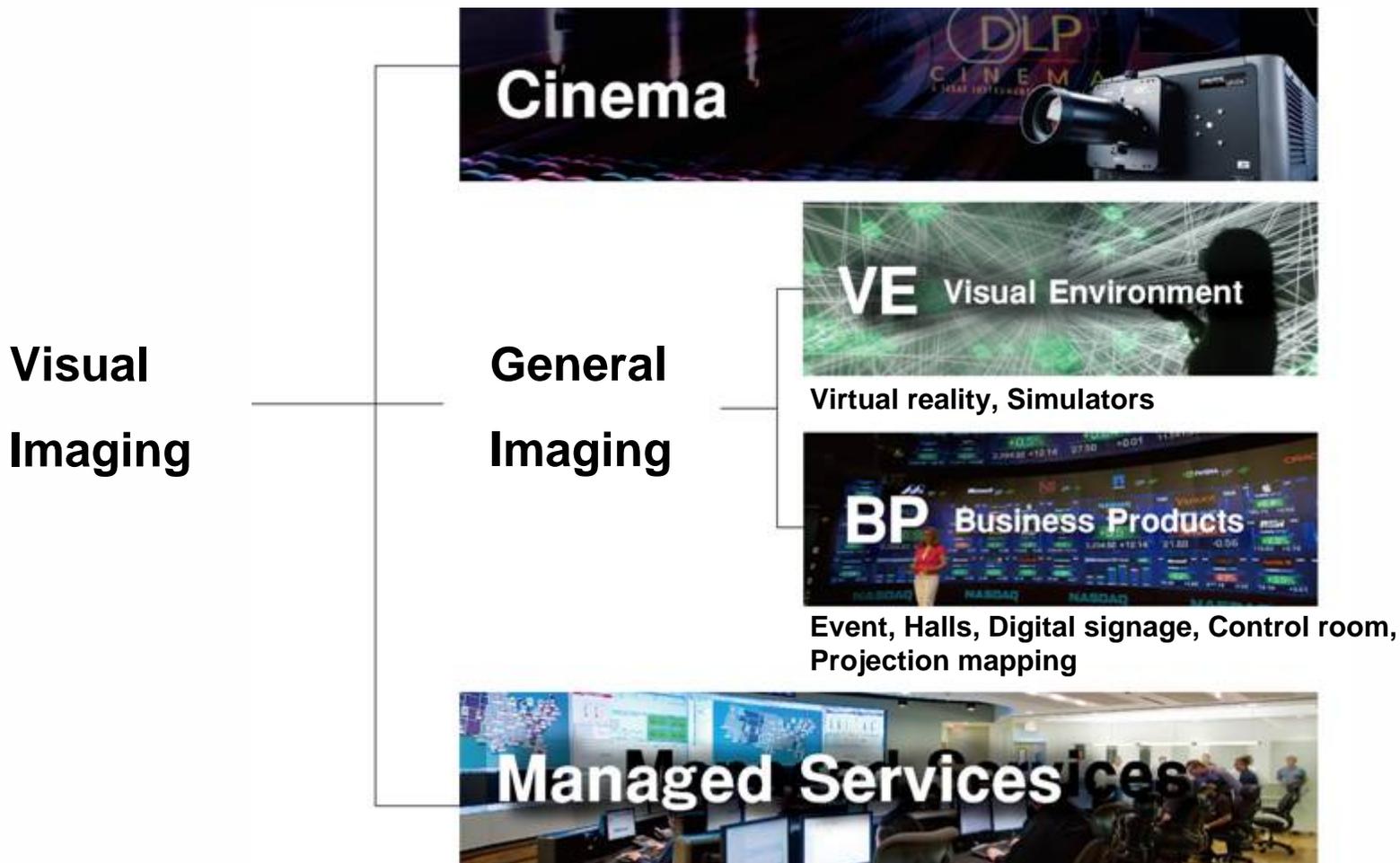
- Nearly 100,000 of the 130,000 cinema screens worldwide have completed the transition to digital cinemas (as of the end of FY2012)
- However, the number of newly installed digital cinema screens in emerging markets, such as Asia, Latin America, Eastern Europe, the Middle East and Africa, is projected to continue increasing going forward.
- We will maintain our market share by expanding sales based on a business model appropriate to emerging markets. We will steadily capture demand for lamps for cinema projectors.
- The mainstream projectors will shift from the CP series to the Solaria® series. (Unit prices will decrease, but margins will be maintained.)
- Priority regions—We expect a shift from developed countries to emerging markets
- Share—We expect to maintain a market share of about 40%, despite a projected drop in total sales volume (decrease of 20-30% from FY2012).
- R&D—We will invest in developing new high-end products such as Laser Diode (LD)-projectors.



# 1. Imaging Equipment Business

## (2) General imaging:

Expansion in Visual Environment business and stable growth in the Business Products business



# 1. Imaging Equipment Business

## 1) Visual Environment—Virtual Reality

**Customers:** Manufacturing industry (automobiles, aviation, consumer goods), construction (general contractors), academia (universities, research institutes)

**Applications:** For design evaluation

**Regions:** Developed countries and emerging markets



Facility size: 7.5 m x 3 m x 3 m

Projectors: 16 units in use

Screens: 5 panels



Scenes from air shows around the world

\* The “CAVE” virtual reality system adopted by Airbus for evaluation purposes.

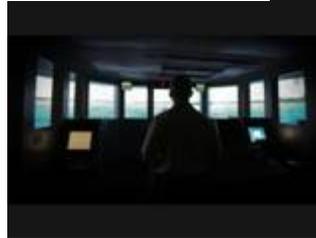
# 1. Imaging Equipment Business

## 2) Visual Environment—Simulators

**Customers:** Defense (Militaries, Self-Defense Forces), shipbuilding, academia (research institutes)

**Applications:** Training of vehicle, machinery and systems operators, and design evaluation and research

**Regions:** Developed countries and emerging markets



Ship simulator system adopted by the U.S. Naval Academy (Annapolis, U.S.A.)

Simulator system adopted by the Central Air Traffic Control School (CATCS), Royal Air Force (U.K.) Shawbury



**UNITED STATES NAVAL ACADEMY**  
LEADERS TO SERVE THE NATION

# 1. Imaging Equipment Business

## 3) Business Products—Control and Digital Signage

**Customers:** Disaster management authorities, police, control centers, TV stations, equipment rental companies, corporations, etc.

**Applications:** 24-hour control, advertising, information display

**Regions:** Developed countries and emerging markets



MicroTiles® installed at a Canadian TV station



AT&T Global Network Operations Center (141 sets of rear projection systems)

MicroTiles® installed at the London Stock Exchange (500 tiles)

# 1. Imaging Equipment Business

## 4) Business Products Large-image projection, projection mapping

**Customers:** Equipment rental companies, corporations, event halls, stadiums

**Applications:** Projection of large images at events and facilities

**Regions:** Emerging markets and developed countries



Tokyo Skytree  
(20,000 lumens class x 27 projectors)

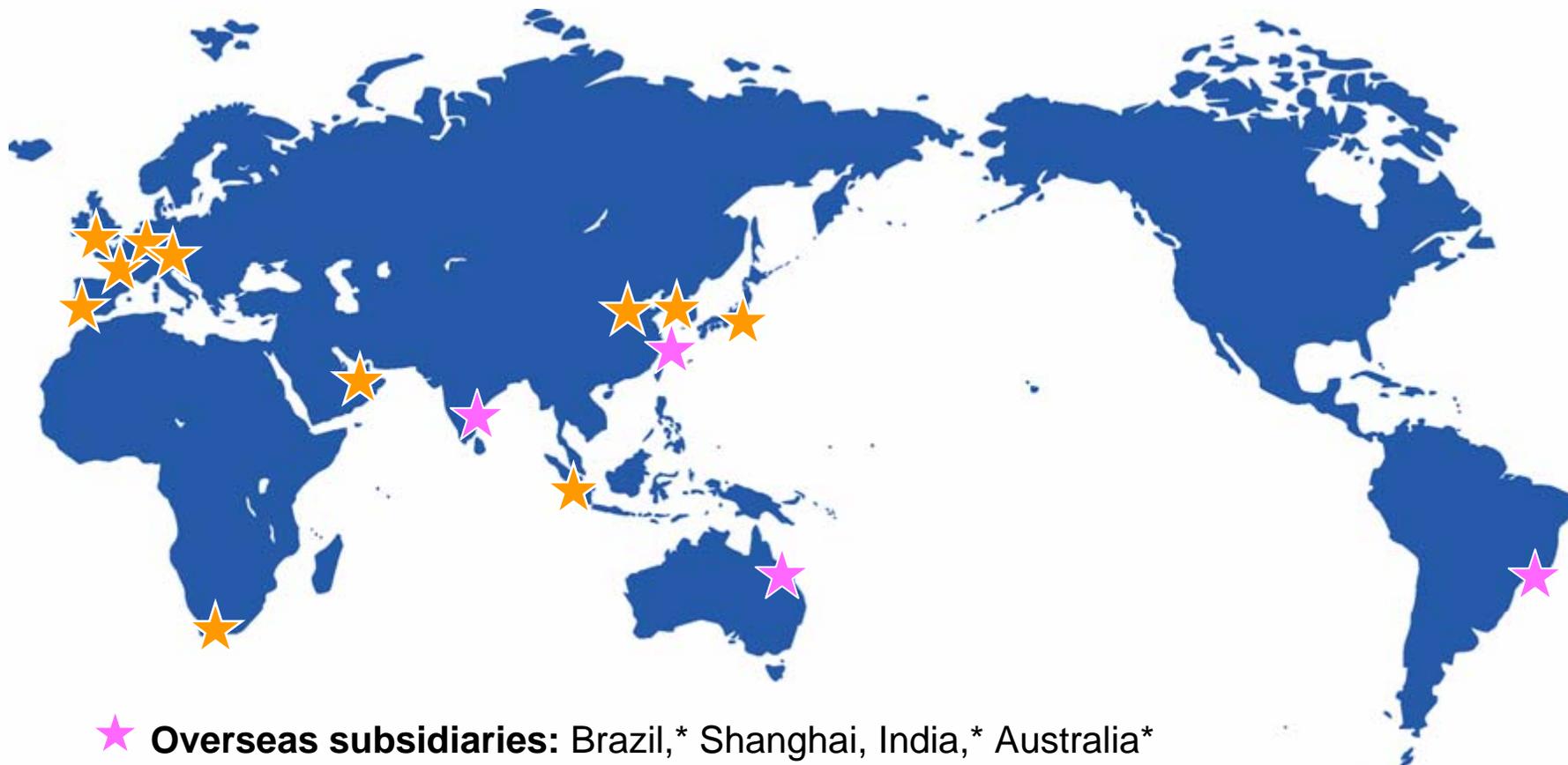


Closing Ceremony  
of the 2010 FIFA World Cup soccer tournament  
(18,000 lumens x 18 projectors)

120th anniversary event at the Eiffel Tower in France  
(Total of 27 projectors: 16,000, 18,000, and 25,000 lumens models)

# 1. Imaging Equipment Business

## 5) An Expanding Global Network of Christie Sales Offices in the Imaging Business



★ **Overseas subsidiaries:** Brazil,\* Shanghai, India,\* Australia\*

★ **Branches:** Tokyo, Singapore, South Korea, China (Beijing), Germany, U.K.  
France, Dubai, Spain, Eastern Europe, South Africa\*

\* Opened in FY2012.

## 2. Optical Equipment Business

### (1) Flat Panel Displays (FPD)

Expand sales of optical aligner based on a new process, along with various existing FPD manufacturing equipment, to meet demand stemming from investment in small and medium-sized panels.



Excimer cleaning unit



Optical Aligner

### (2) Electronic components

Expand sales of various existing lithography equipment and develop new products.

- \* Expand sales of UX7 for 2.5D and 3D interposer applications
- \* Extend UX5 to new applications
- \* Expand sales of UX4 series (for LEDs, power semiconductors, and lithography equipment for MEMS) and ADTEC-made lithography equipment.



One Drop Fill (ODF)



UX4-LED

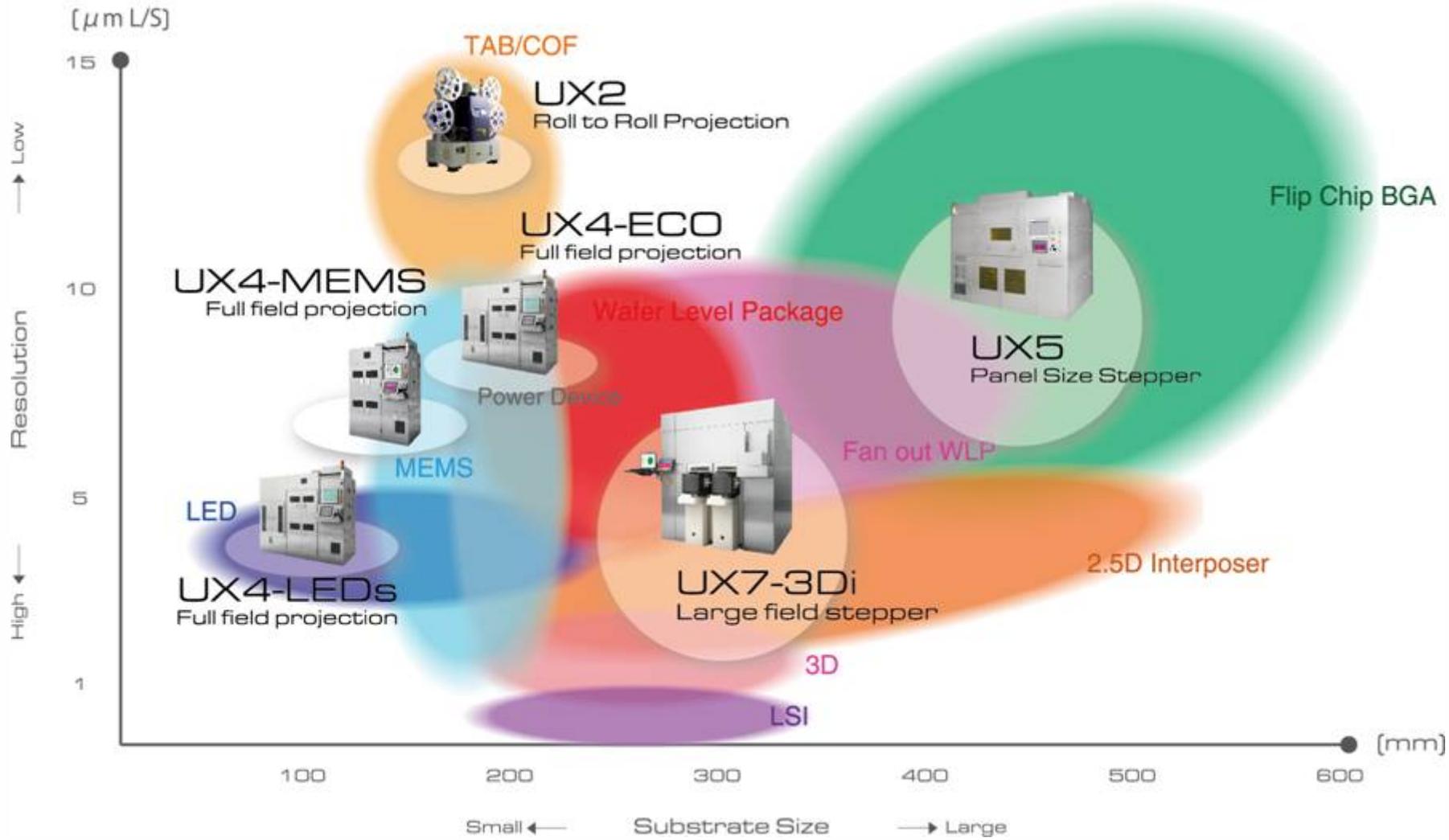


UX5



UX7-3Di

## 2. Optical Equipment Business



# 3. Discharge Lamp Business and Halogen Lamp Business

## Existing Products

Maintain and expand the quality and share of products that hold a high market share

\* Global market share of core products

UV lamps: approx. 75%; xenon lamps (for DCPs): approx. 70%,  
and halogen lamps for use in office equipment: approx. 70%

## New products

Expand solid light sources

\* Light sources for LED readers for office equipment. etc.



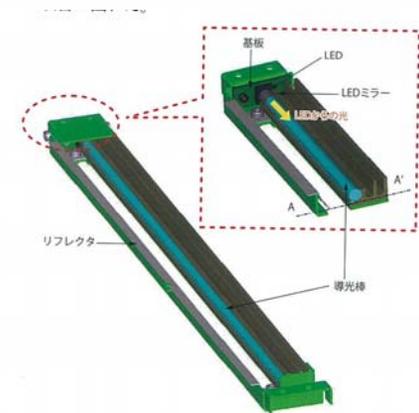
Halogen lamps for office equipment



UV lamps for lithography



Xenon lamps for cinema projectors



LED module for office equipment

## 4. Biomedical Business Unit Newly Established

- Develop the confluence of optical technology and medicine into a business
- Create added value by fusing USHIO's elemental optical technologies with expertise from outside the company.
- Generate stable earnings by focusing on expanding into the consumables business
- The core businesses will be phototherapy and optical inspection, and diagnosis for the time being.
- Plans also call for expansion into areas other than the biomedical field in the future.
- Emphasis on industry-academia partnerships and M&As.
- Expand from Japan to overseas markets

### **Point Reader® blood analyzer unveiled on April 22, 2013.**

LED light source: Manufactured by EPITEX INC. (an USHIO Group company)

New product incorporates image inspection and processing technologies based on USHIO's CCD cameras for lithography equipment.

Consumables business based on chip sales



### **Onsite Trace Analysis Kit for illegal drug detection unveiled on October 2, 2012**

USHIO Group company EPITEX: Use of LED light source

New product incorporates USHIO's optical technologies.

Consumables business based on reagent sales



Vein Viewer®  
(vascular imaging system)



Therabeam UV308®  
(excimer light phototherapy device)



Affinity  
(UV storage compartment)

## 5. Shareholder Returns

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### ◆ Dividend Policy

- Maintain stable dividend. Target a consolidated dividend payout ratio of 25-30%.

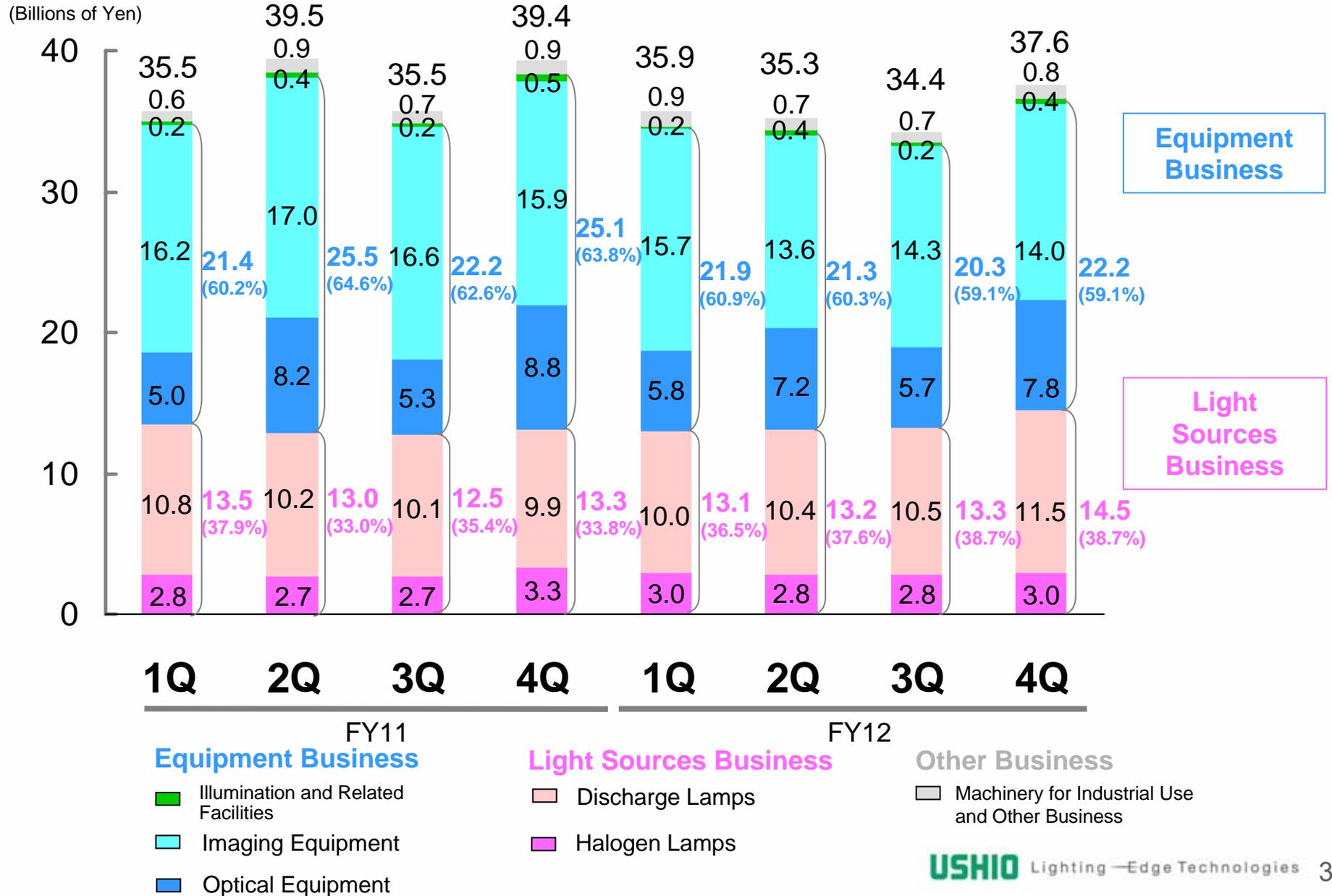
### ◆ Share Buybacks

- Flexibly buy back shares as part of shareholder return policies, considering the stock price performance and other factors.

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# Sales Trend by Product Groups

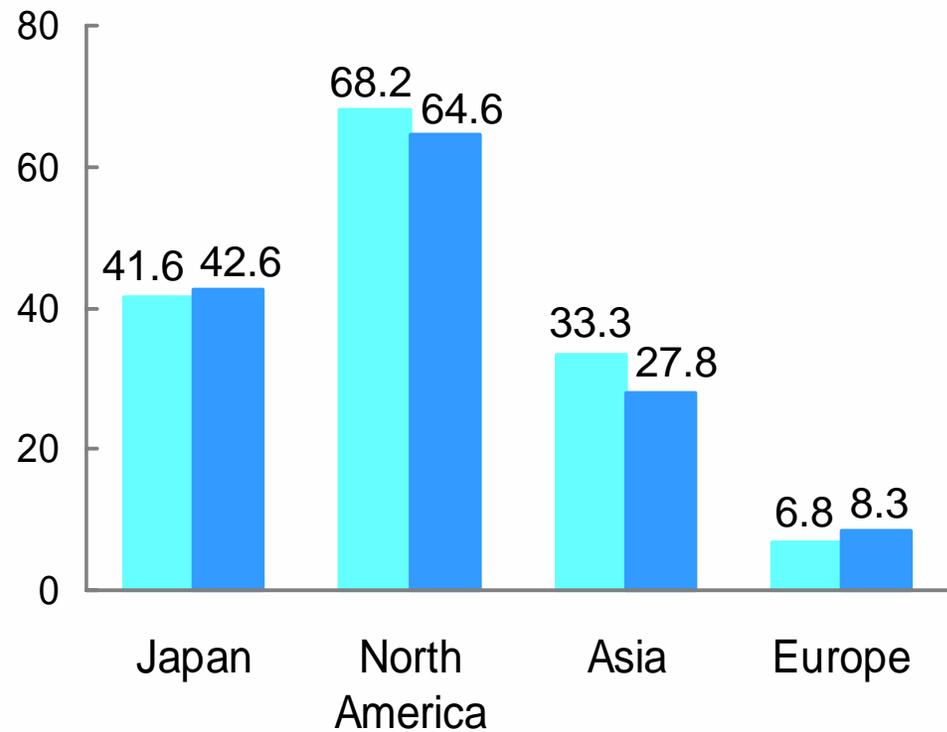


# Net Sales and Operating Income by Geographic Segments (1-4Q)

## Net Sales

FY11 FY12

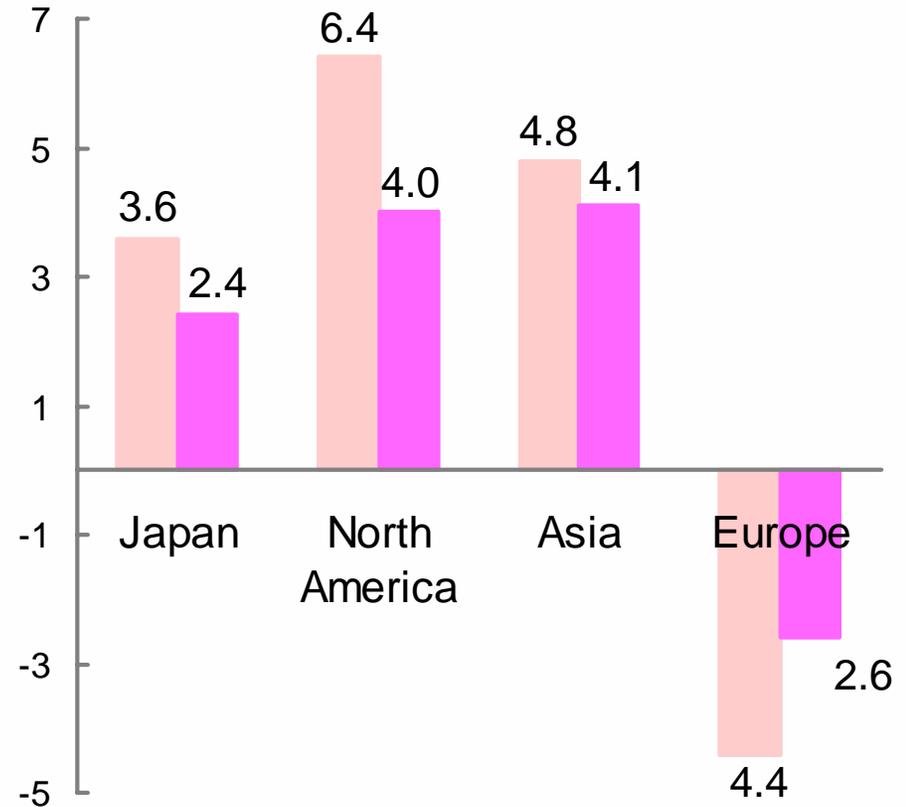
(Billions of Yen)



## Operating Income

FY11 FY12

(Billions of Yen)



## Other Income and Expenses (1-4Q)

(Billions of Yen)	FY11	FY12	YoY
<b>Other Income</b>	<b>3.2</b>	<b>3.5</b>	<b>+0.3</b>
Gain on Sales of Investment Securities	1.4	0.9	▲0.5
Exchange Gain	-	0.2	+0.2
Realized and unrealized profit on trading securities, net	0.0	0.4	+0.3
<b>Other Expenses</b>	<b>0.7</b>	<b>0.5</b>	<b>▲0.2</b>
Exchange Loss	0.4	-	▲0.4
<b>Other Income and Expenses (Net)</b>	<b>2.4</b>	<b>2.9</b>	<b>+0.5</b>

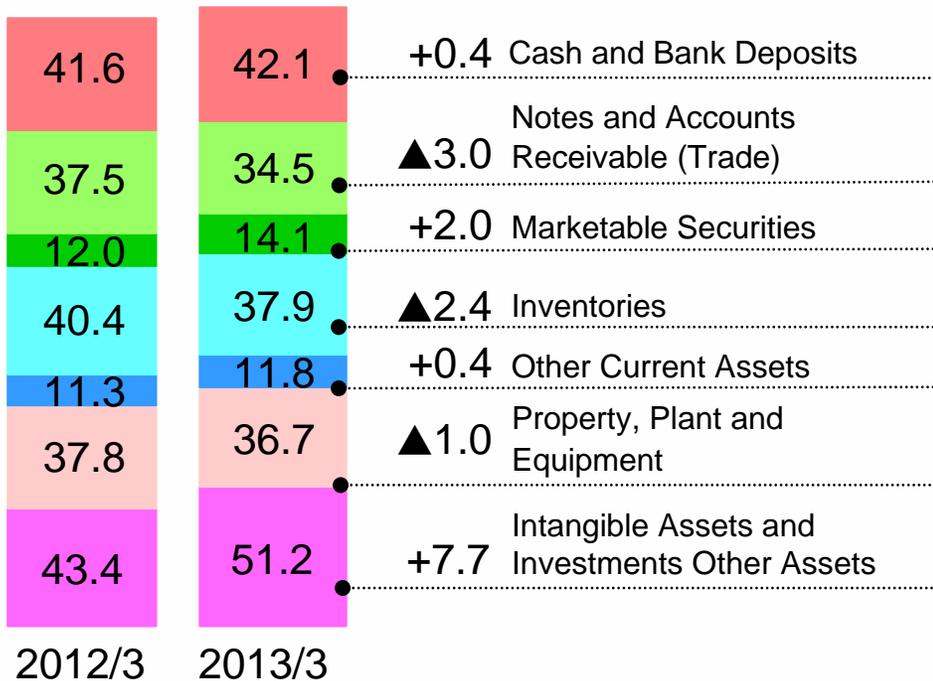
# Balance Sheet

## ◆Assets

(Billions of Yen)

224.4    228.6    +4.2

Changes

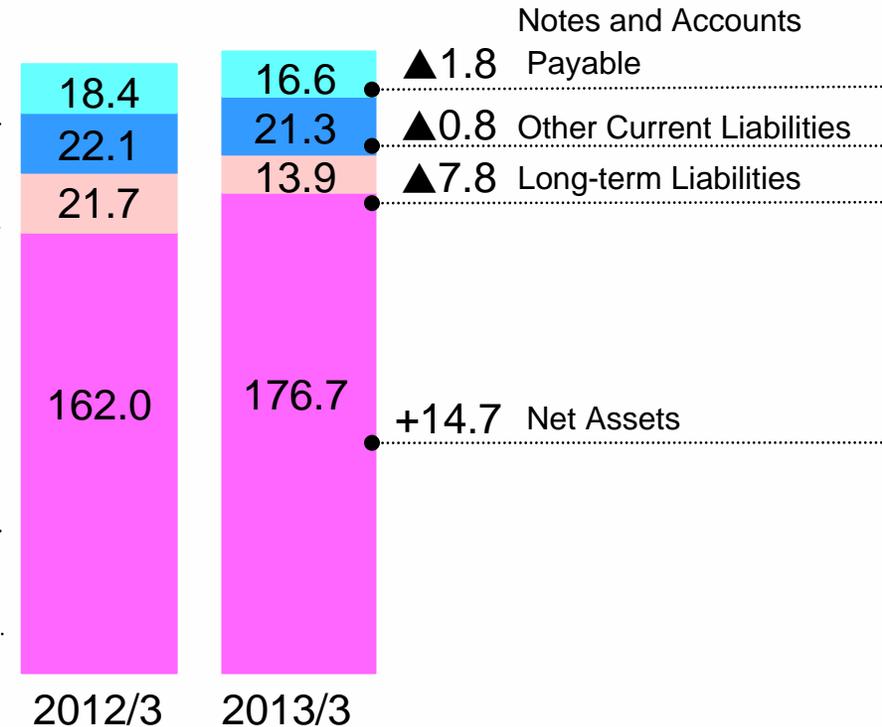


## ◆Liabilities · Net Assets

(Billions of Yen)

224.4    228.6    +4.2

Changes



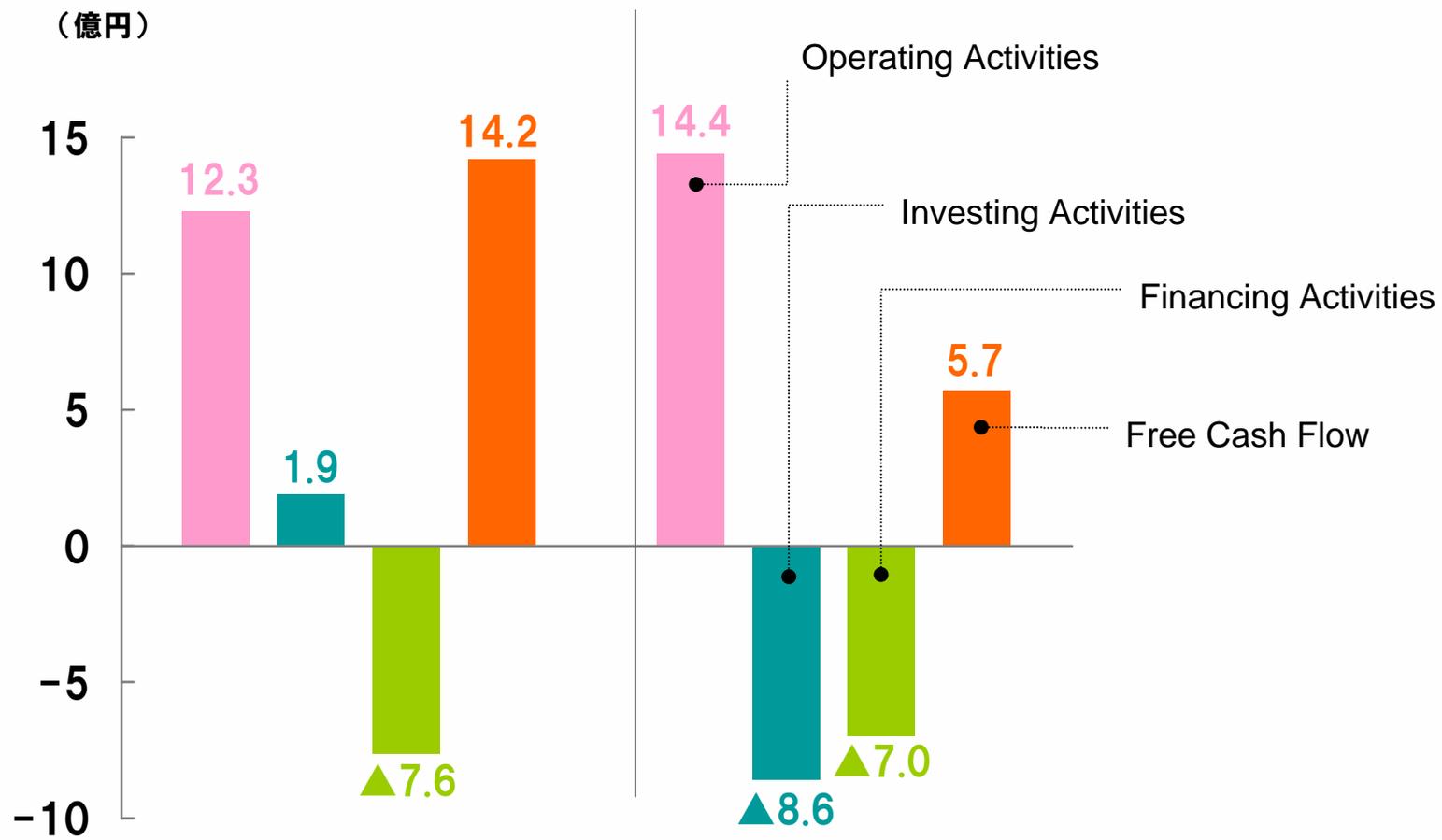
## ●Turnover (month)

	2012/3	2013/3
Receivable-trade	2.9	3.0
Inventories	3.2	3.3

## ●Equity Ratio

	2012/3	2013/3
Equity Ratio	70.8%	75.9%

# Cash Flow



FY11

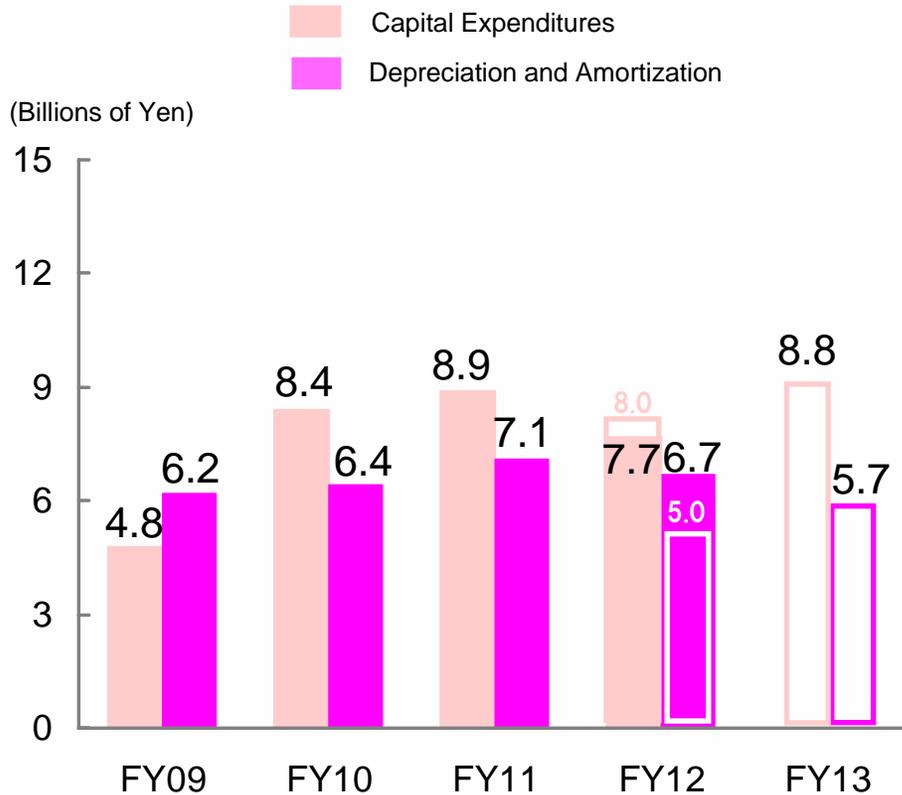
Cash and Cash Equivalents at the Beginning of the FY	34.9
Cash and Cash Equivalents in the End of the FY	41.5

FY12

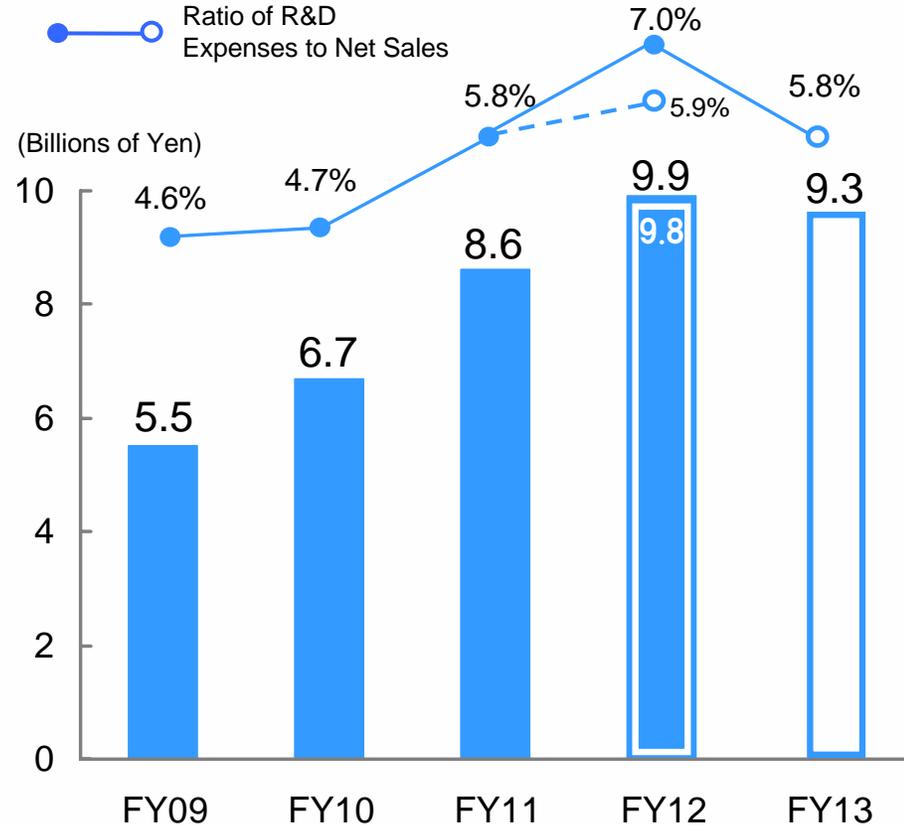
Cash and Cash Equivalents at the Beginning of the FY	41.5
Cash and Cash Equivalents in the End of the FY	43.2

# Capital Expenditures, Depreciation and Amortization, R&D Expenses

## ◆ Capital Expenditures, Depreciation and Amortization



## ◆ R&D Expenses



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