

1st Quarter FY2013 Financial Results

The logo for USHIO, consisting of the word "USHIO" in a bold, white, sans-serif font.

Lighting —Edge Technologies

USHIO INC.

Jul. 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 1Q FY2013**
 - II. Forecasts for FY2013
 - III. Supplementary Information

Highlights of Financial Results for 1Q FY2013

For the first quarter, consolidated net sales decreased by 1.5% YoY to ¥35.4billion, and consolidated operating income increased by 19.6% YoY to ¥2.2billion.

➤ Market Trend as a Background Factor

Electronics Market :

In the markets for flat-panel displays (FPD), semiconductors and electronic components, user facilities show a modest recovery trend in capacity utilization rates. There are indications that manufacturers in Japan extensively invest in equipment for small- to medium- sized LCD panels, followed by capital expenditures in China in this fiscal year. As for the electronic component market, capital expenditure remain at a low level.

Visual Imaging Market :

The center of gravity of sales has been shifted to emerging countries as the penetration of Digital Cinema Projectors (DCPs) in developed countries has grown considerably. The general imaging equipment field for non-cinema has been growing continuously.

➤ Key Points of Business Conditions by Segment

Equipment Business :

Sales of imaging equipment decreased YoY due to less sales of DCPs. However, it rose QoQ due to the yen's depreciation and firm sales of general imaging equipment. Sales of optical equipments decreased both YoY and QoQ, reflecting the partial curtailment of expected capital expenditure in the electronic component market, concentration of shipments in and after the 2Q for the FPD market as well as seasonal factors.

Light Sources Business :

Sales of xenon lamps for cinema projectors has grown continuously and saw the best sales record on quarter basis. Sales of UV lamps for lithography held firm because of a modest recovery trend in capacity utilization rates for user facilities. Overall sales of halogen lamps rose both YoY and QoQ as lamps for the office automation (OA) field kept a high market share and acted as a driving force behind the halogen lamp business.

The consolidation of the EUV light source business in Japan decreased R&D expenses both YoY and QoQ.

There is no change to the first-half and full-year consolidated earnings forecasts.

Summary of Financial Results 1Q FY2013

(Billions of Yen)	FY12	FY13	YoY		FY12	FY13	QoQ	
	1Q	1Q	Changes	%	4Q	1Q	Changes	%
Net Sales	35.9	35.4	▲0.5	▲1.5	37.6	35.4	▲2.2	▲5.9
Operating Income	1.9	2.2	+0.3	+19.6	2.1	2.2	+0.1	+5.2
Operating Income Ratio (%)	5.3	6.4	+1.1P	-	5.8	6.4	+0.7P	-
Ordinary Income	1.1	3.4	+2.3	+196.1	4.2	3.4	▲0.7	▲17.2
Net Income	0.5	3.0	+2.5	+505.8	4.0	3.0	▲1.0	▲25.1
EPS (Yen)	3.84	23.28			31.08	23.28		
Forex (Yen)								
USD	80	99			93	99		
EUR	101	130			122	130		

Annual Forex Sensitivity (Billions of Yen)	Net Sales	Operating Income	Ordinary Income
USD	1.2	0.2	0.3

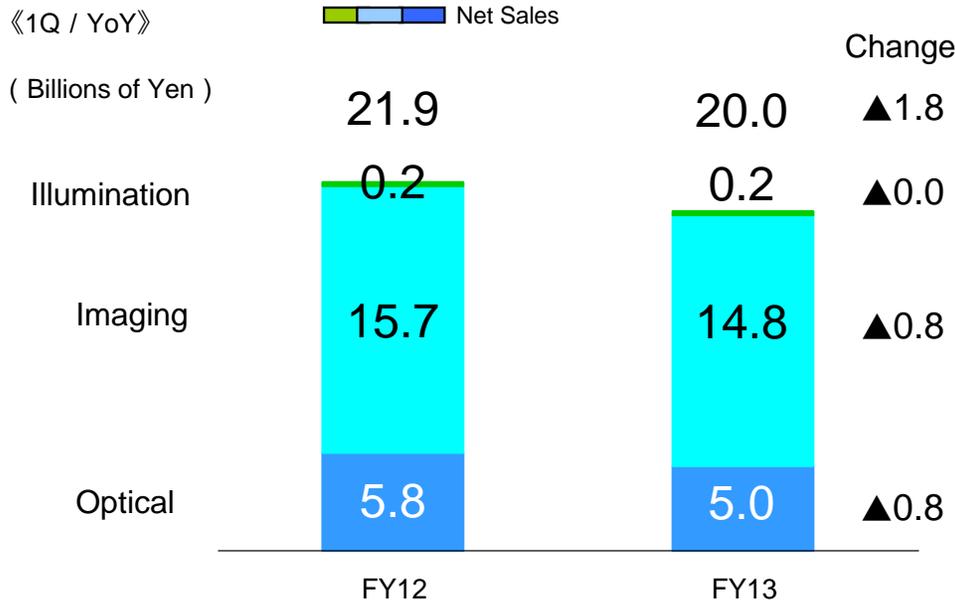
Financial Results by Business Segments

(Billions of Yen)	FY12	FY13	YoY		FY12	FY13	QoQ	
Business Segments	1Q	1Q	Changes	%	4Q	1Q	Changes	%
<u>Equipment</u>								
Net Sales	21.9	20.0	▲1.8	▲8.2	22.2	20.0	▲2.1	▲9.8
Operating Income	0.3	1.1	+0.7	+201.7	0.3	1.1	+0.8	+269.1
Operating Income Ratio(%)	1.7	5.6	+3.9P	-	1.4	5.6	+4.2P	-
<u>Light Sources</u>								
Net Sales	13.1	14.8	+1.7	+13.3	14.5	14.8	+0.3	+2.1
Operating Income	1.4	1.1	▲0.3	▲23.0	1.9	1.1	▲0.8	▲41.3
Operating Income Ratio(%)	11.3	7.7	▲3.6P	-	13.3	7.7	▲5.7P	-
<u>Others</u>								
Net Sales	0.9	0.4	▲0.4	▲49.3	0.8	0.4	▲0.3	▲42.1
Operating Income	0.0	▲0.0	▲0.0	▲110.1	0.0	▲0.0	▲0.0	▲111.8
Operating Income Ratio(%)	2.8	▲0.6	▲3.4P	-	2.8	▲0.6	▲3.3P	-

Note : Net Sales indicates sales to unaffiliated customers.

Operating income ratio indicates the ratio of operating income against sales to unaffiliated customers.

Equipment Business Segment



◆ Imaging Equipment :

Sales of DCPs declined YoY due to the high penetration in developed countries and introduction of low-priced products for emerging countries. In contrast, in the general imaging equipment field, sales held firm.

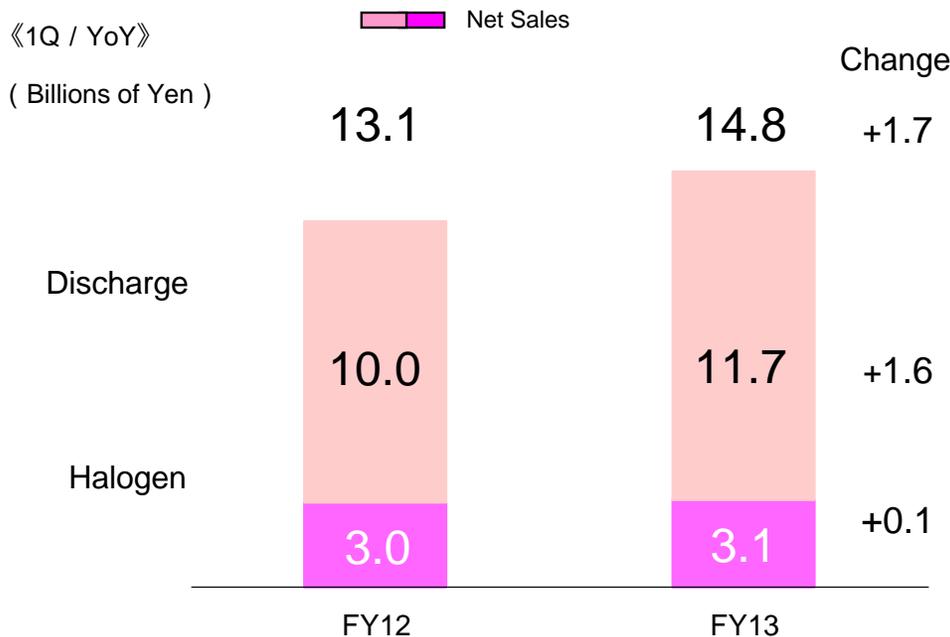
◆ Optical Equipment :

Sales relating to FPD and electronic component markets decreased YoY and QoQ reflecting less capital expenditure and seasonal factors.

《YoY》 (Billions of Yen)		FY12 1Q	FY13 1Q	YoY	《QoQ》 (Billions of Yen)		FY12 4Q	FY13 1Q	QoQ
Net Sales	Imaging	15.7	14.8	▲0.8	Net Sales	Imaging	14.0	14.8	+0.8
	Optical	5.8	5.0	▲0.8		Optical	7.8	5.0	▲2.8
	Illumination	0.2	0.2	▲0.0		Illumination	0.4	0.2	▲0.2
Total		21.9	20.0	▲1.8	Total	22.2	20.0	▲2.1	

Note : Net Sales indicates sales to unaffiliated customers.

Light Sources Business Segment



◆ Discharge Lamps :

Xenon lamps for cinema projectors saw the best sales record on quarter basis. Sales of UV lamps for lithography remained firm due to a modest recovery trend in capacity utilization rates for user facilities.

◆ Halogen Lamps :

Sales relating to the OA field remained firm both YoY and QoQ with a background of high market share. although there were no special demands due to Thai floods.

《YoY》 (Billions of Yen)		FY12	FY13	YoY	《QoQ》 (Billions of Yen)		FY12	FY13	QoQ
		1Q	1Q				4Q	1Q	
Net Sales	Discharge	10.0	11.7	+1.6	Net Sales	Discharge	11.5	11.7	+0.2
	Halogen	3.0	3.1	+0.1		Halogen	3.0	3.1	+0.0
Total		13.1	14.8	+1.7	Total		14.5	14.8	+0.3

Note : Net Sales indicates sales to unaffiliated customers.

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Forecast for FY2013

(Billions of Yen)	1Q	1Q/1H	1H (Forecast)	FY13 (Forecast)
Net Sales	35.4	47%	75.0	160.0
Operating Income	2.2	46%	5.0	12.5
Operating Income Ratio(%)	6.4	-	6.7	7.8
Ordinary Income	3.4	58%	6.0	14.5
Net Income	3.0	76%	4.0	10.0
EPS (Yen)	23.28	-	30.5	76.26
ROE (%)	1.7	-	2.3	5.6
Dividend (Yen)	22	-	-	22
Payout Ratio (%)	94.5	-	-	28.8
Forex (Yen) USD	99		90	90
EUR	130		120	120

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

Future Prospects

➤ Equipment Business

Imaging Equipment Field :

USHIO expects a gradual decline in sales volume of DCPs due to the considerable degree of penetration in developed countries. Since the center of gravity of sales are shifting from developed countries to emerging countries, we will actively bring “Solaria” series to the market to maintain the market share, which will lead to stable sales of xenon lamps. In the meantime, the general imaging market for non-cinema has shown a steady expansion, and is expected to grow continuously.

Optical Equipment Field :

We predict that optical equipment for LCD panels, such as photo-alignment equipment, will be extensively shipped in and after the 2Q. Although business inquiries for equipment relating to electronics components have been increasing, we expect that extensive customer investments will be postponed until next fiscal year.

➤ Light Sources Business

Discharge Lamps :

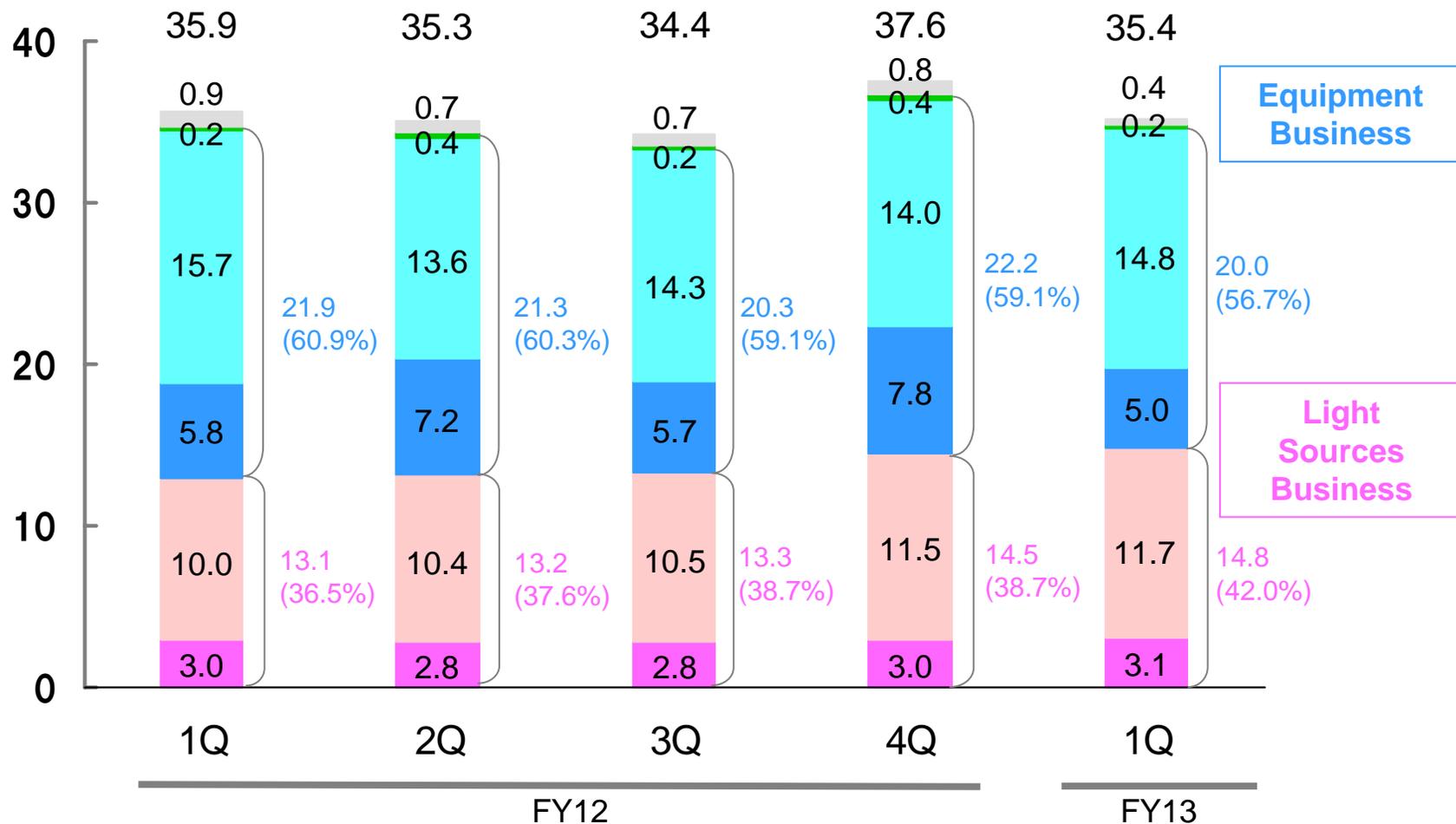
Replacement demand for UV lamps for lithography is projected to remain firm owing to a modest recovery trend in capacity utilization rates for facilities in the FPD, semiconductor and electronic component markets. As for xenon lamps for cinema projectors, we predict that its sales continue to grow steadily leveraging the high reliability of the products and demand expansion stimulated by an increase of the total number of DCPs installed in the market. Other lamp sales, such as for data projectors, are also projected to remain stable.

Halogen Lamps :

In the OA field, halogen lamps are expected to remain firm maintaining a high market share although there is a concern about the negative impact of the European economic stagnation.

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Sales Trend by Product Groups



Equipment Business

- Illumination and Related Facilities
- Imaging Equipment
- Optical Equipment

Light Sources Business

- Discharge Lamps
- Halogen Lamps

Other Business

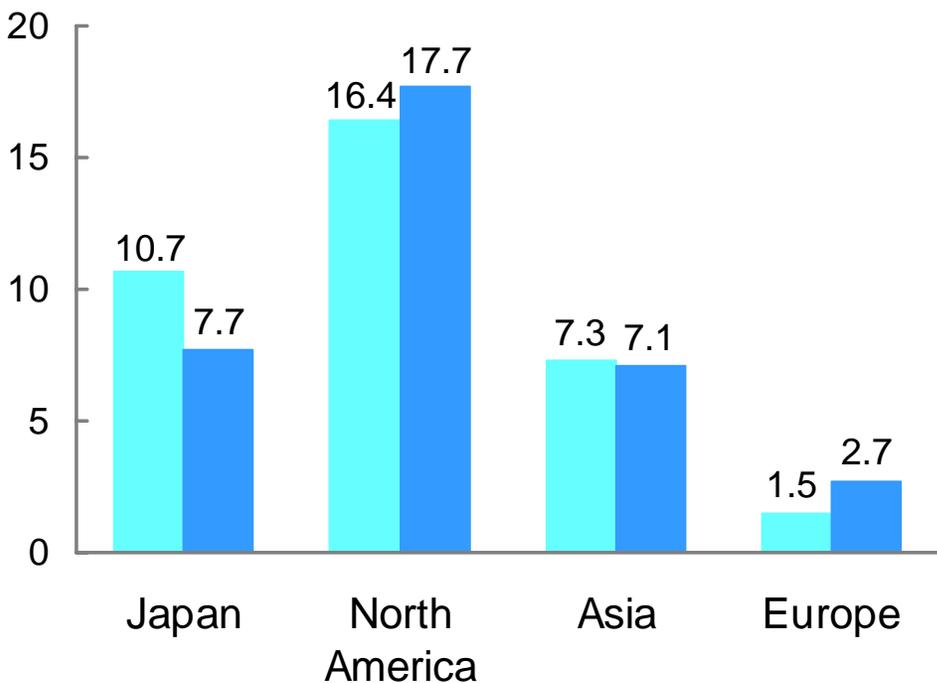
- Machinery for Industrial Use and Other Business

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

◆ Net Sales

(Billions of Yen)

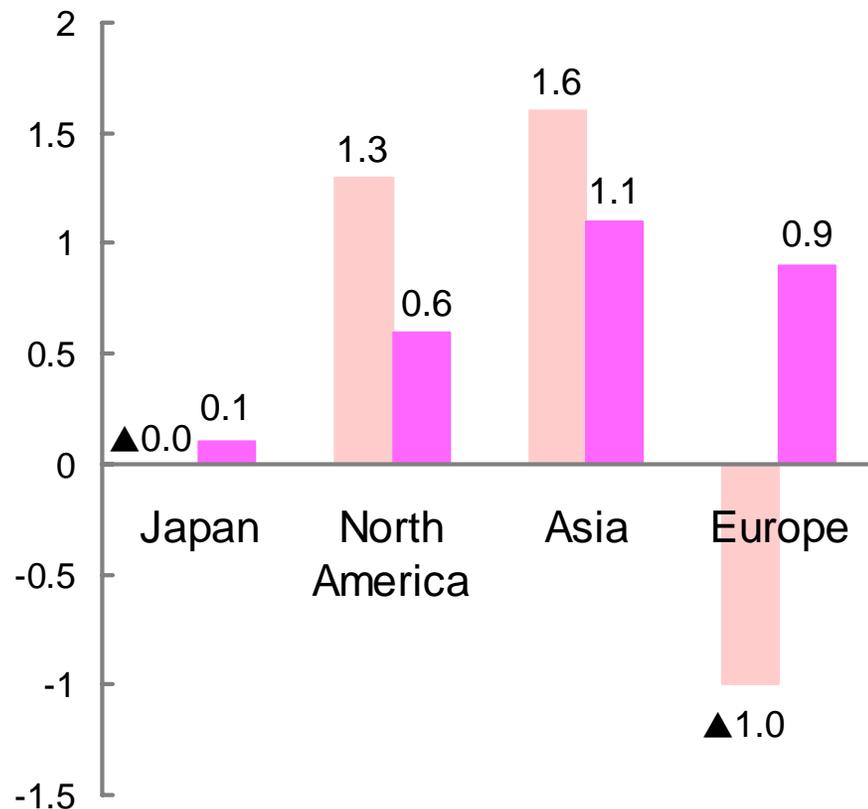
FY12 FY13



◆ Operating Income

(Billions of Yen)

FY12 FY13



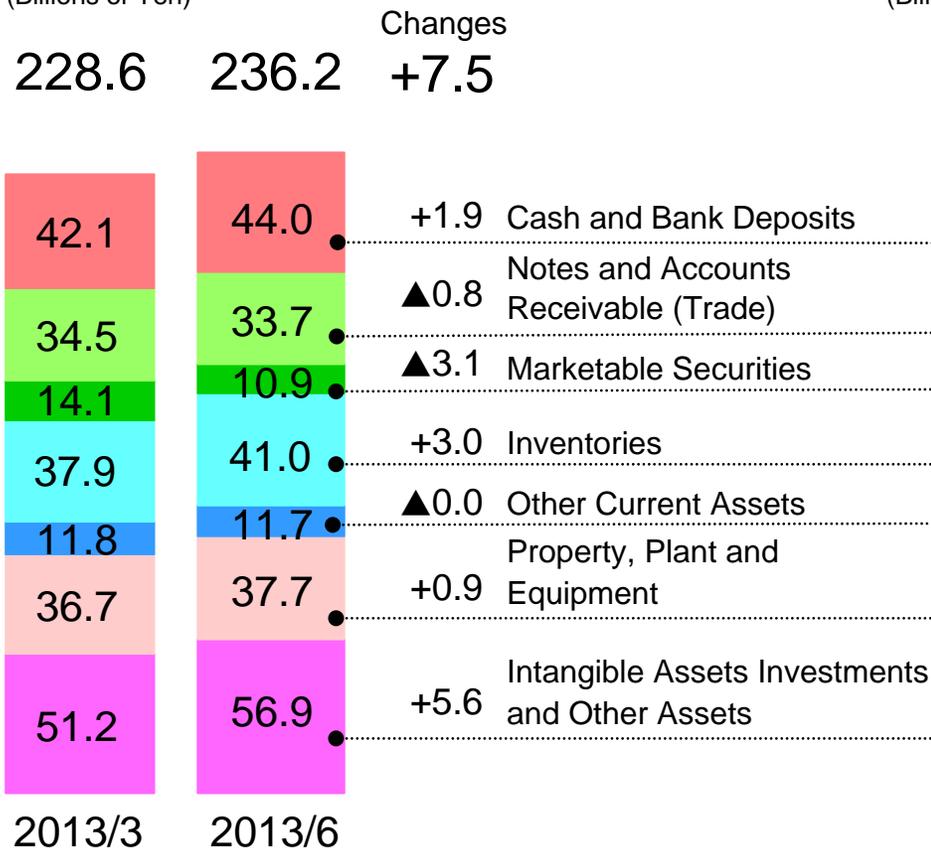
Other Income and Expenses

(Billions of Yen)	1Q/FY12	1Q/FY13	YoY
Other Income	0.5	1.2	+0.7
Dividend	0.3	0.3	+0.0
Exchange Gain	-	0.4	+0.4
Realized and unrealized profit on trading securities, net	-	0.1	+0.1
Others	0.0	0.1	+0.0
Other Expenses	1.2	0.0	▲1.1
Exchange Loss	0.8	-	▲0.8
Realized and unrealized profit on trading securities, net	0.1	-	▲0.1
Others	0.1	0.0	▲0.1
Other Income and Expenses	▲0.7	1.2	+1.9

Balance Sheet

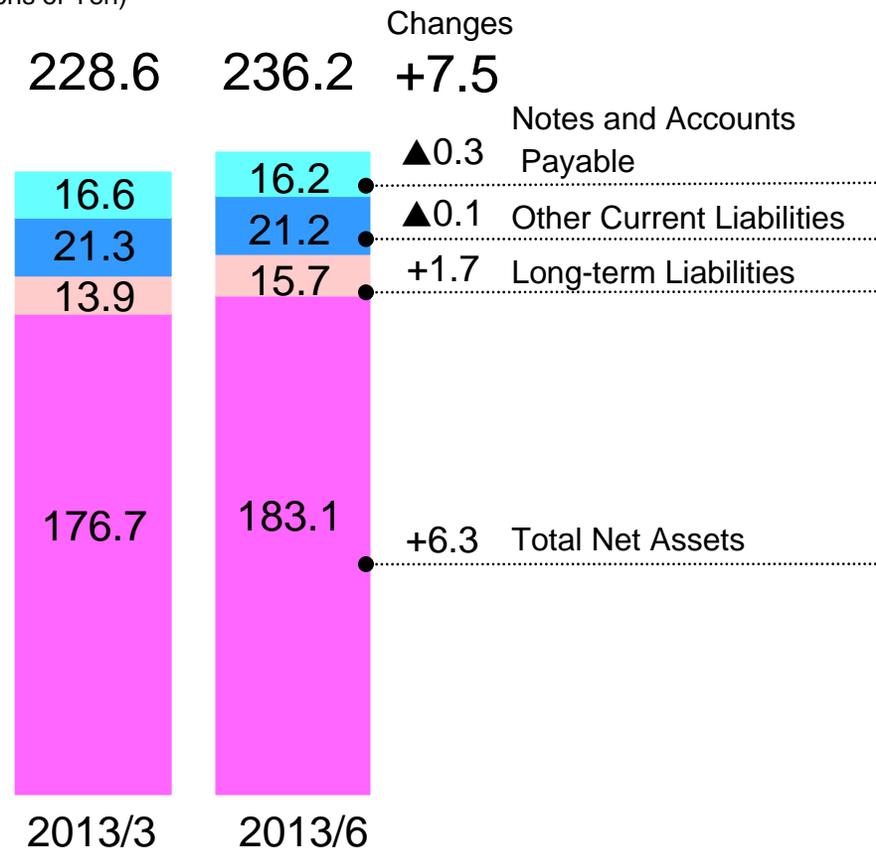
◆Assets

(Billions of Yen)



◆Liabilities · Total Net Assets

(Billions of Yen)



●Turnover (month)	2013/3	2013/6
Receivable-trade	3.0	2.9
Inventories	3.3	3.3

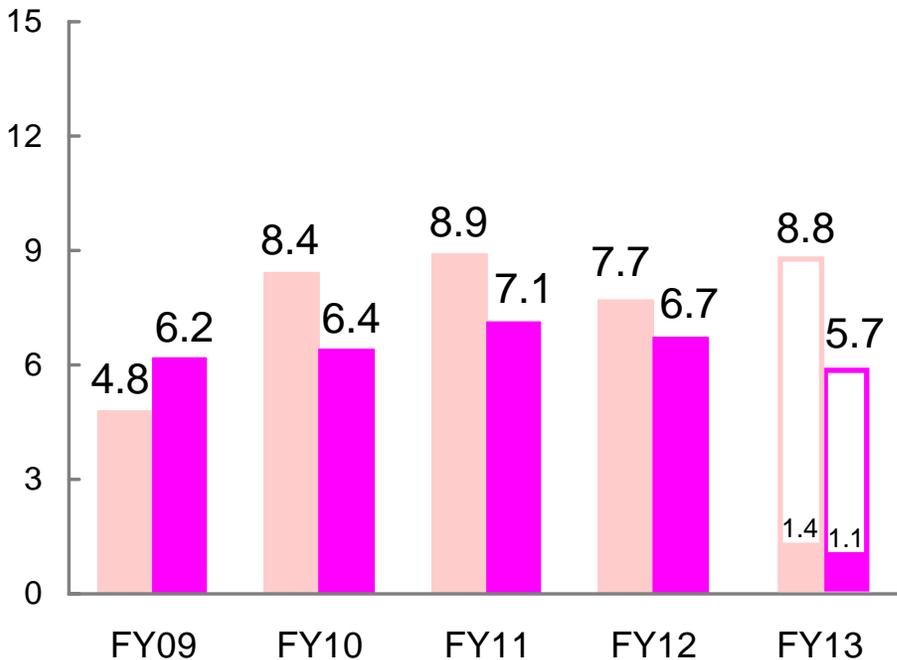
●Equity Ratio	2013/3	2013/6
	75.9%	76.2%

Capital Expenditures, Depreciation and Amortization, R&D Expenses

◆ Capital Expenditures, Depreciation and Amortization

■ Capital Expenditures
■ Depreciation and Amortization

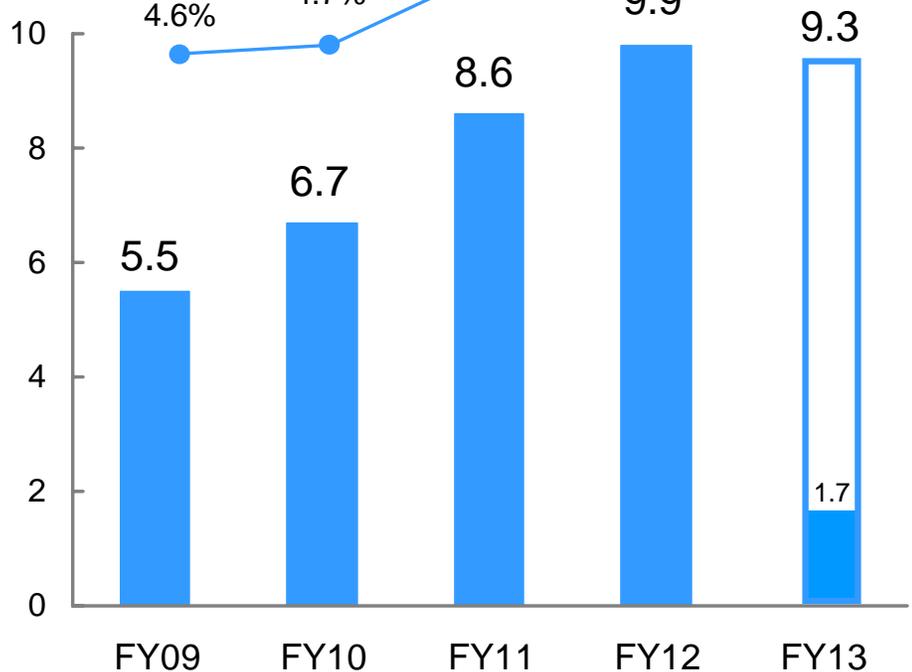
(Billions of Yen)



◆ R&D Expenses

●—○ Ratio of R&D Expenses to Net Sales

(Billions of Yen)



USHIO

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