

BUSINESS OVERVIEW [EQUIPMENT BUSINESS]



MAIN PRODUCTS

Imaging equipment

- Digital projectors for cinemas
- Digital projectors for general imaging, control rooms, simulators, digital signage and virtual reality systems

Optical equipment

- Optical equipment for manufacturing semiconductors, flat panel displays and electronic components (lithography equipment, photo-cleaning units, photocuring equipment, and others)
- UV phototherapy devices for skin disease and other medical devices
- EUV light sources equipment for semiconductor inspection and development applications

KEY STRENGTHS

Imaging equipment

- Global market share for digital cinema projectors: 40 %

Optical equipment

- Global market share for ODF UV Curing equipment for bonding LCD panels: 70 %
- Global market share for step & repeat projection lithography tool for high resolution printed circuit boards: 95 %
- Global market share for surface cleaning equipment for LCD panels: 90 %

*Share is based on USHIO data as of March 31, 2015

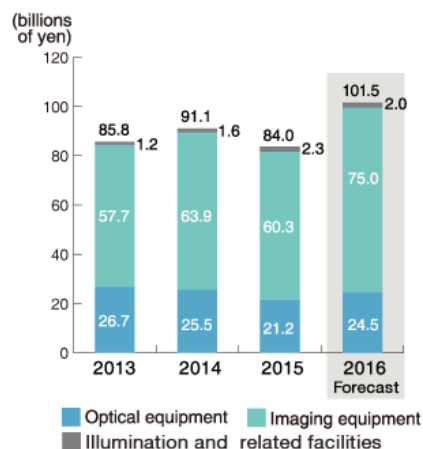
Financial Results

In the cinema sub-segment of the imaging equipment business, digital cinema projectors have achieved a high rate of penetration centered on developed markets, resulting in a decrease in shipments year on year. In general imaging equipment, performance was steady for various types of imaging equipment for entertainment, including various events, large halls and amusement parks, as well as for industrial uses with simulation, virtual reality systems, and control rooms.

In optical equipment, supported by brisk demand for smartphones and tablets, demand was firm for lithography equipment, optical alignment equipment for high-definition LCD panels and some lithography equipment for PCBs. However, demand for PCB lithography equipment for PC packaging was sluggish and the effects of an acceptance inspection caused delays longer than envisaged and resulted in a reduction of equipment sold.

As a result, equipment business sales were ¥84,033 million, a decrease of 7.9% year on year. Segment loss was ¥36 million.

BREAKDOWN OF SALES



Outlook for the Fiscal Year Ending March 31, 2016

In the cinema sub-segment, a slight increase in sales of digital cinema projectors is expected due to the expansion of digital cinema screens in developing countries, centered on China. We also plan to expand sales in the total solution business including sound systems, lobby advertisements and service maintenance. In the general imaging sub-segment, we forecast continued expansion of demand for imaging equipment for uses such as entertainment, virtual reality, and simulation systems, and have planned for increased sales overall in this field.

In optical equipment, support from continued demand for smartphones and tablet PCs is expected to increase sales of optical alignment equipment for high-definition LCD panels, lithography equipment for various devices and MEMS, as well as direct imaging lithography equipment for PCBs, while we also forecast new demand to rise for lithography equipment for 3D stacked packing used as an organic substrate support.

As a result of these factors, we plan increased sales and profits in the equipment business in the year ending March 31, 2016.