

## Interview with the President

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We aim to transform Ushio into a company that possesses new strengths to succeed in the world by providing a variety of "light solutions."

Kenji Hamashima

President and Chief Executive Officer



Q1

### How was Ushio's performance in the fiscal year ended March 31, 2016?

In the fiscal year ended March 31, 2016, net sales were up 12.4% to ¥179.1 billion, operating income increased 26.8% to ¥13.1 billion, and ordinary income rose 6.7% to ¥14.6 billion. Net income attributable to owners of parent declined 1.5% to ¥11.1 billion, mainly due to the posting of an extraordinary loss from the expenses of moving the Head Office.

In the equipment business, in the imaging equipment sub-segment of the business we sold a new product in the Chinese cinema market and introduced a new product for amusement parks and various events, in addition to receiving the benefit of exchange rate fluctuations of the low yen against the high dollar. The optical equipment sub-segment saw higher shipments of lithography equipment and photo alignment equipment mainly due to increased demand for electronic components for high-end smartphones and also for small- to medium-sized LCD panels. As a result, sales and earnings were higher, and we moved into profitability from the deficit of the previous fiscal year.

In the light sources business, in addition to the impact of the foreign currency exchange rate, sales and earnings increased mainly due to increased sales of xenon lamps for digital cinema projectors, and of solid state light sources.

Q2

### Looking back at the previous Medium-term Management Plan, please explain your rolling plan.

In the Medium-term Management Plan announced in May 2015, we laid out three key measures: "expand business earnings," "enhance capital efficiency," and "bolster shareholder return." The plan set targets for the end of the fiscal year ending March 31, 2018 of net sales of ¥220.0 billion, operating income of ¥18.0 billion (with an operating income rate of 8.2%), and an ROE of at least 8%. In the fiscal year ended March 31, 2016, we mainly succeeded in achieving our targets for the first fiscal year of the plan by speeding up decision-making through delegation of authority, improving R&D investment efficiency, making M&A investments, monitoring investment cases, expanding a total-solution type imaging equipment business, and strengthening Group synergies.

Against this backdrop, Ushio announces a Medium-term Management Plan every year as a rolling plan. The plan sets targets for the fiscal year ending March 31, 2019 of net sales of ¥230.0 billion, operating income of ¥20.0 billion, and an operating income rate of 8.7%.

In the Medium-term Management Plan announced in May 2016, we set the top-priority management targets of "increase operating income" and "improve profitability," to achieve our aim of "transforming into a highly profitable company." In existing businesses, we will promote the strengthening of structural reforms and cost competitiveness. At the same time, we will actively expand into new areas that take advantage of the strengths of existing products, and implement the full-fledged development of solution-type businesses. As a result, we will pursue new growth opportunities, with the aim of improving Ushio's sustainable profitability.

Q3

### Please tell us about the strengthening of your management foundation.

In addition to implementing measures to expand the business, Ushio will take initiatives to gain the trust of all stakeholders. To this end, Ushio will endeavor to enhance its internal control system by strengthening corporate governance and compliance structures, as well as ensuring stable business continuity by developing risk management systems including business continuity plans.

In June 2016, Ushio transitioned to a Company with Audit and Supervisory Committee to strengthen the supervisory function of the Board of Directors and promote faster decision-making for some of the important business operations by delegating this decision-making to the directors and executive officers responsible for the relevant business operations. In addition, we are reviewing the workstyles of employees accompanying our office relocation. As a result, by increasing both the efficiency of business operations and also the synergy between groups, Ushio is rapidly creating a framework to grow further in the future. To survive in the global market, we will aggressively push forward a variety of business reforms.