

Strategy

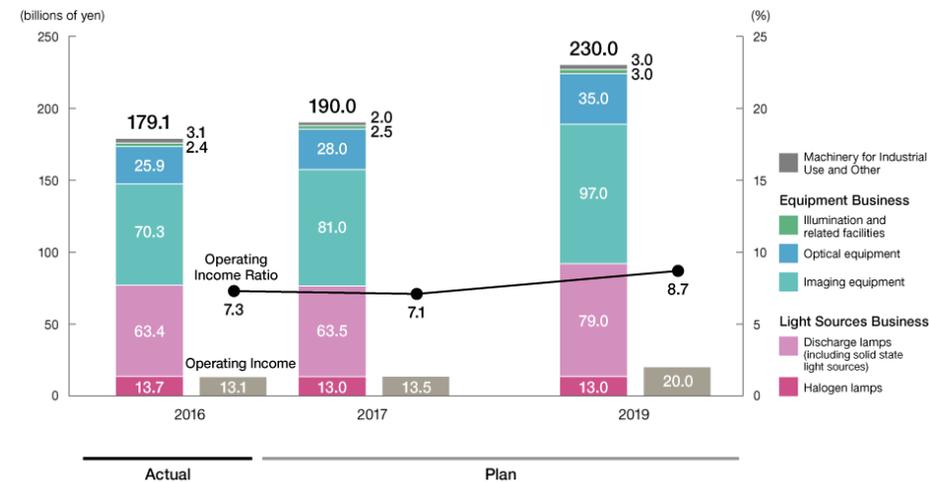


Medium-term Management Plan

Objectives for the Year Ending March 31, 2019

NET SALES		OPERATING INCOME	
2016 (Actual)	2019 (Plan)	2016 (Actual)	2019 (Plan)
¥179.1 billion	¥230.0 billion	¥13.1 billion	¥20.0 billion
+¥50.9 billion, growth rate 28%		+¥6.9 billion, growth rate 53%	
OPERATING INCOME RATIO		ROE	
2016 (Actual)	2019 (Plan)	2016 (Actual)	
7.3%	8.7% +1.4 percentage points	5.2%	Above 8%

Sales (by sub-segments) and Operating Income



Segments	Sub-Segments	March 2019 (Plan) (Billions of Yen)	For the Next 3 Years		CAGR
			Amount of Increase (Billions of Yen)	Growth Rates	
Equipment Business	Imaging equipment	97.0	+26.7	38%	11%
	Optical equipment	35.0	+9.1	35%	11%
	Illumination and related facilities	3.0	+0.6	25%	8%
	Sub-total	135.0	+36.3	37%	11%
Light Sources Business	Discharge lamps (including solid state light sources)	79.0	+15.6	25%	8%
	Halogen lamps	13.0	-0.7	-5%	-2%
	Sub-total	92.0	+14.8	19%	6%
Others	Machinery for industrial use and other business	3.0	-0.1	-3%	-1%
Total		230.0	+50.9	28%	9%

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Key Strategies under the Current Medium-term Management Plan

Maintain and Improve Earning Capability in Existing Businesses

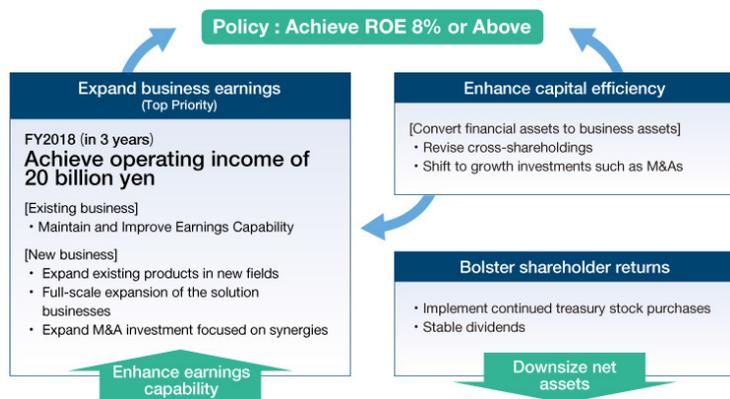
- Move to second stage of structural reform in the optical equipment business
- Increase cost competitiveness in Light Sources and Equipment businesses

Pursue New Growth Opportunities

- Expand existing products in new fields
- Full-scale expansion of the solutions businesses
 - Establish solution-type business model in the imaging field
 - Expand solution-type business into other business fields
- Expand M&A investment focused on synergies

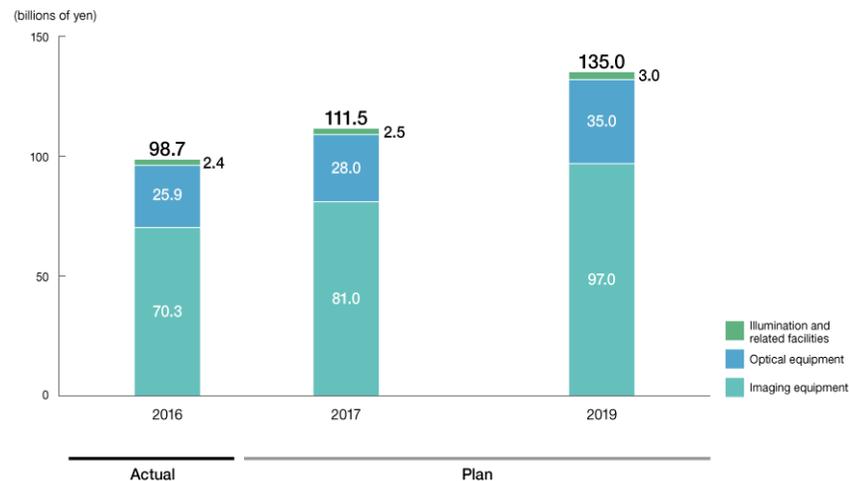
Increasing USHIO's Corporate Value

We will expand business earnings and aim to swiftly attain an ROE of 8% at the same time by enhancing our capital efficiency and bolstering shareholder returns.



Equipment Business

Medium-term Management Plan for Equipment Business



	2016 (actual)	2017 (plan)	2019 (plan)
Imaging equipment	70.3	81.0	97.0
Optical equipment	25.9	28.0	35.0
Illumination and related facilities	2.4	2.5	3.0

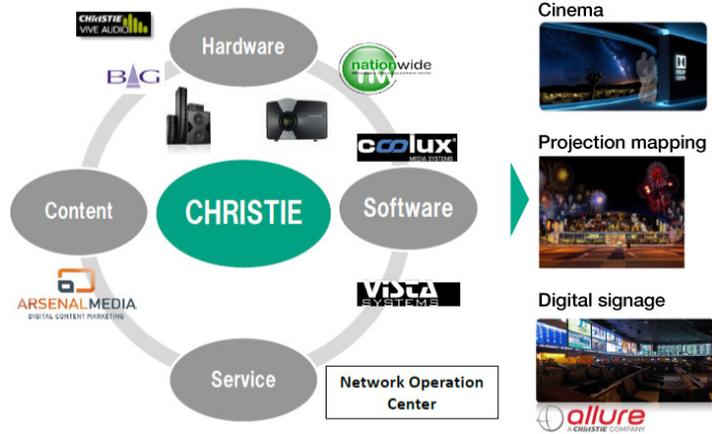
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Business Environment and Measures

Imaging equipment

Field	Business Environment & Strategy	Measures
Cinema	+ Continued expansion of demand in developing countries and demand for premium cinema screens	Expand the total solution business
	+ Increase provision of high-end cinema (Laser projector + Audio system, etc.)	
General imaging	+ Expand the digital signage business - a growth field	<ul style="list-style-type: none"> Establish solution provision-type business model Establish stable revenue model

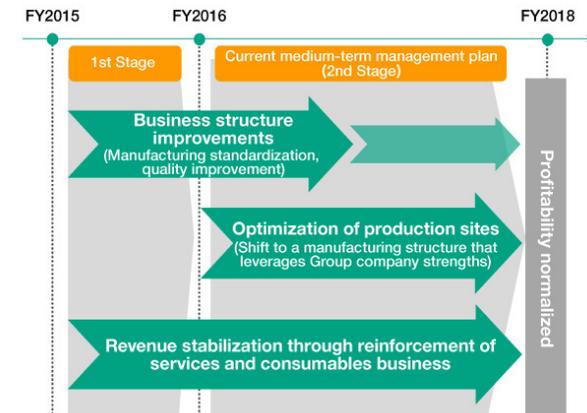
Expand Total Solutions for Imaging



Optical equipment

Field	Business Environment & Strategy	Measures
UV equipment	+ Innovate semiconductor packaging technology	Structural reform aimed at normalizing profitability
	+ Invest in automotive and infrastructure, expand data center	
	+ Investment opportunities through introduction of OLED	
Cure equipment	- Slowdown in smartphone growth	<ul style="list-style-type: none"> Revise Group strategy
	+ Continued LCD investment in China	
	+ Continued needs for higher resolution in small-/medium-sized LCDs	
	- Decline in demand as OLED replaces LCD	

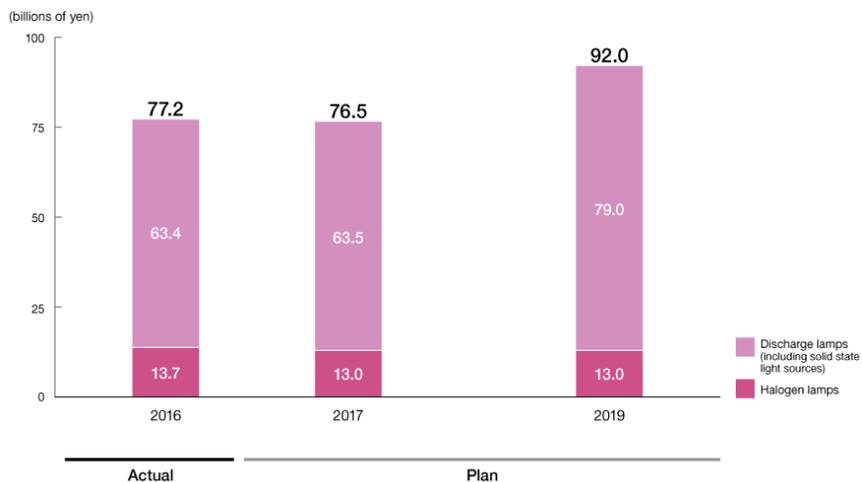
Structural Reform in the Optical Equipment Business



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Light Sources Business

Medium-term Management Plan for Light Sources Business



	2016 (actual)	2017 (plan)	2019 (plan)
Discharge lamps (including solid state light sources)	63.4	63.5	79.0
Halogen lamps	13.7	13.0	13.0

Business Environment and Measures

Field	Business Environment & Strategy	Measures
UV lamps	+ Promote differentiation (high efficiency, long-life)	Maintain profitability and grow sustainably • Existing business: Maintain share and improve manufacturing costs • New business: Aggressively enter into growth markets
	- Mature market	
Lamps for cinema	+ Increased demand in developing countries	
	- Tougher price competition	
Lamps for data projectors	+ Increase share by strengthening low-end position	
	- Low market growth	
New business field	+ Participate in growth fields such as environment, hygiene, automotive	
Solid state light sources	+ Strengthen lineup to expand into new fields	

Business Domains in the Solid State Light Source Business

We will establish our own unique position in the solid state light source market by specializing in six business domains centering on the Industrial Process domain.

