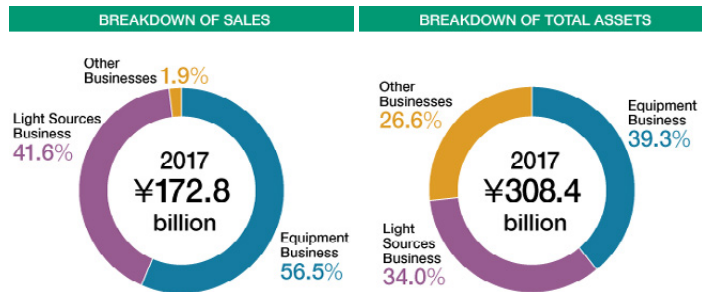


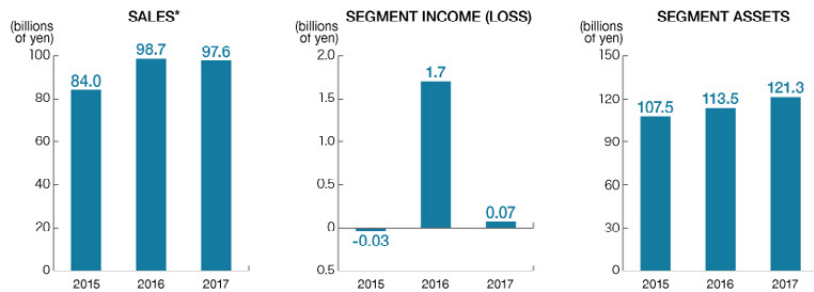
Business Overview



At a Glance



Equipment Business



*Sales indicates sales to unaffiliated customers

○ Imaging Equipment

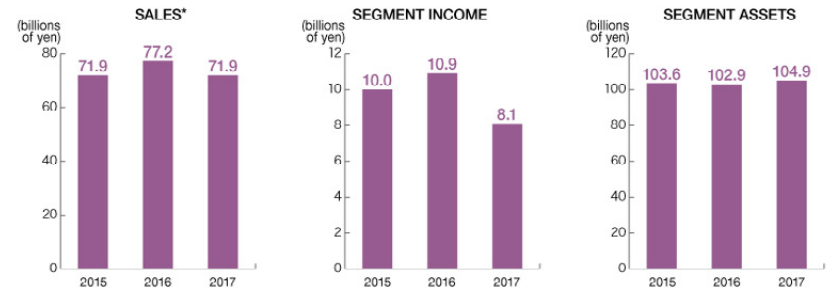
- Digital cinema projectors
- Digital projectors for general imaging, control rooms, simulators, digital signage and virtual reality systems

○ Optical Equipment

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

Business Overview

Light Sources Business



*Sales indicates sales to unaffiliated customers

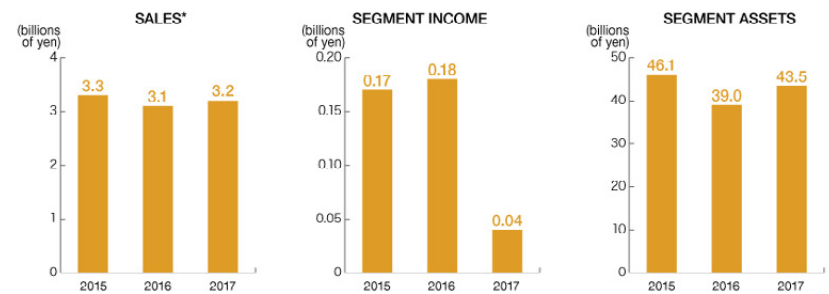
○ Discharge lamps, LED and LD

- UV lamps for manufacturing semiconductors, flat panel displays and electronic components
- Light sources for use in cinema projectors, data projectors, office automation equipment, illumination, and industry

○ Halogen Lamps

- For office automation equipment
- For illumination applications (commercial facilities, stage and studio lighting, specialized lighting and others)
- Industrial halogen heaters

Machinery for Industrial Use and Other



*Sales indicates sales to unaffiliated customers

- Plastic forming applications, peripheral machinery
- Machinery and systems for industrial use
- Others

Business Overview

Equipment Business

Financial Results

In the cinema area of the imaging equipment field, although sales volume of digital cinema projectors increased, unit prices continued to decline for small and medium-sized models, for which demand has been increasing. In general imaging equipment, sales of projectors for amusement parks and events trended firmly, but sales were sluggish primarily for small and medium-sized projectors for stationary imaging.

In the optical equipment field, sales were lackluster due to soft capital investment for lithography equipment for various electronic devices related to smartphones. However, sales increased for LCD panel manufacturing equipment, excimer cleaning units for organic electroluminescent displays (OLEDs) and direct image exposure systems for main substrates of next-generation smartphones.

As a result, equipment business sales were ¥97,834 million, a decrease of 1.0% year on year. Segment income was ¥74 million.

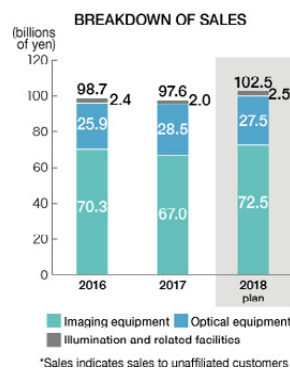
Initiatives Ahead

In the cinema area of the imaging equipment field, we anticipate lower sales volume of lamp-based digital cinema projectors, but expect sales of laser projectors to increase. In the general imaging field, we forecast higher sales to the entertainment sector, as well as growth in new businesses such as stationary imaging systems for projection mapping.

In optical equipment, we expect higher demand for lithography equipment for sensor-type electronic parts. However, we are forecasting lower sales based on our strategy of emphasizing profits over sales growth.

(billions of yen)

Sales	2017	2018 (plan)
Imaging equipment	67.0	72.5
Optical equipment	28.5	27.5
Illumination and related facilities	2.0	2.5
Total	97.6	102.5



Business Overview

Light Sources Business

Financial Results

In discharge lamps, UV lamps for lithography saw an increase in replacement demand as users' operating rates remained high, in addition to an increase in capital investment by semiconductor-related manufacturers and OLED-related manufacturers. In xenon lamps for cinema projectors, although demand increased due to the continuing installation of new cinema screens primarily in China, sales were impacted by intensified price competition. Sales of lamps for data projectors increased due to growth in new products by end-product manufacturers.

Demand for halogen lamps for office automation applications declined, due to economic weakness in developing countries.

As a result, sales in the light sources business decreased by 5.8% year on year to ¥74,046 million. Segment profit was ¥8,119 million.

Initiatives Ahead

In discharge lamps, demand will likely increase for UV lamps for lithography and xenon lamps for cinema projectors, but there are concerns about the impact of a decline in unit prices in line with intensified price competition. Meanwhile, we expect solid-state light sources to drive sales growth based mainly on anticipated growth in demand for laser light sources for projectors.

Demand for halogen lamps is expected to remain mostly unchanged.

(billions of yen)

Sales	2017	2018 (plan)
Discharge lamps (including solid state light sources)	59.7	62.5
Halogen lamps	12.1	12.0
Total	71.9	74.5

