

# 3rd Quarter FY2013 Financial Results

USHIO INC.

**Jan. 31, 2014**

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.

# USHIO

Lighting—Edge Technologies



Thank you  
50th Anniversary

- 
- I. Financial Results for 3Q FY2013**
  - II. Forecasts for FY2013
  - III. Supplementary Information

# Highlights of Financial Results for 3Q FY2013

For the first three quarters/FY2013,  
consolidated net sales increased by 7.7% YoY to ¥113.8 billion.  
Consolidated operating income increased by 56.7% to ¥8.4 billion.

## ➤ **Market Trend as a Background Factor**

### **Electronics Market:**

In the markets for flat-panel displays (FPDs), semiconductors, and electronic components, capacity utilization rates at user facilities remain high overall, particularly among manufacturers of smartphones and tablets. Full-scale capital expenditures by Japanese companies in small/mid-sized LCD panels in Japan, followed by similar investment in LCD panel manufacturing in China, is moving forward. As for the electronic components market, capital expenditures in PC packaging remain at a low level.

### **Visual Imaging Market:**

In cinema, the shift to digital is happening at a faster pace than anticipated, driven by concerns among theaters over film stoppages and ongoing adoption of compact Digital Cinema Projectors (DCPs). In general imaging, demand for projectors has been growing continuously.

## ➤ **Key Points of Business Conditions by Segment**

### **Equipment Business:**

In optical equipment, although sales of optical aligners and other equipment for the FPD market increased from the first half, lackluster PC demand and other factors led to weak sales of electronic component equipment. As in most years, receipt and inspection of optical equipment is concentrated near the end of the fiscal year, resulting in lower YoY and QoQ sales. As for imaging equipment, YoY and QoQ sales improved, reflecting exchange rate effects, unit sales on par with the previous fiscal year, and steady growth in sales of general imaging equipment.

### **Light Sources Business:**

Sales of UV lamps were firm, reflecting high capacity utilization rates among users. 3Q sales of xenon lamps for cinema projectors were brisk, marking a new record high. Overall, sales of discharge lamps were higher YoY and QoQ. Halogen lamp sales increased YoY, and were particularly firm in the office automation (OA) field.

R&D expenses decreased YoY due to the consolidation of EUV business in Japan.

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

# Summary of Financial Results 3Q FY2013



(Billions of yen)	FY12	FY13	YoY		FY12	FY13	YoY	
	1-3Q	1-3Q	Changes	%	3Q	3Q	Changes	%
Net Sales	105.7	113.8	+8.1	+7.7	34.4	38.1	+3.6	+10.6
Operating Income	5.4	8.4	+3.0	+56.7	1.5	2.6	+1.2	+67.3
Operating Income Ratio (%)	5.1	7.4	+2.3P	-	4.6	6.9	+2.3P	-
Ordinary Income	6.3	12.1	+5.8	+93.2	3.1	4.4	+1.3	+42.5
Net Income	3.0	9.2	+6.1	+199.2	1.7	4.0	+2.2	+128.3
EPS (Yen)	23.49	70.28			13.55	30.94		
Forex (Yen)								
USD	80	100			83	102		
EUR	103	133			108	140		

Annual Forex Sensitivity (Billions of Yen)	Net Sales	Operating Income	Ordinary Income
USD	1.1	0.2	0.2

# Financial Results Trend 《Quarterly Comparison》

(Billions of Yen)	1Q	2Q	3Q	QoQ	
				Changes	%
Net Sales	35.4	40.2	38.1	▲2.1	▲5.4
Operating Income	2.2	3.5	2.6	▲0.9	▲26.1
Operating Income Ratio (%)	6.4	8.8	6.9	▲1.9P	-
Ordinary Income	3.4	4.2	4.4	+0.1	+3.9
Net Income	3.0	2.1	4.0	+1.9	+92.7
EPS (Yen)	23.28	16.06	30.94		
Forex (Yen)					
USD	99	98	102		
EUR	130	131	140		

# Financial Results by Business Segments

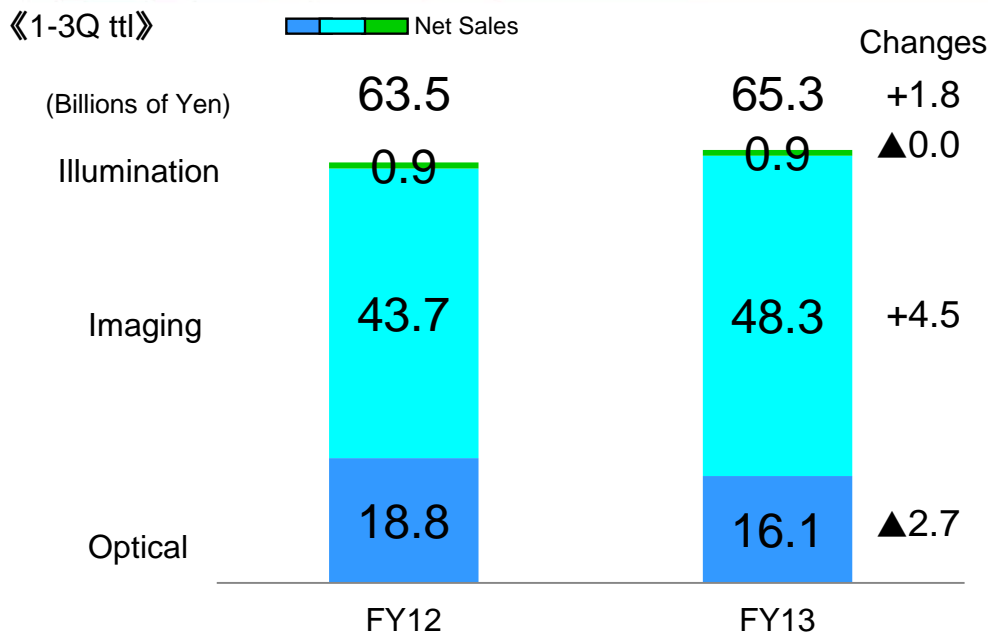


(Billions of Yen)		FY12	FY13	YoY		FY12	FY13	YoY	
Business Segments		1-3Q	1-3Q	Changes	%	3Q	3Q	Changes	%
Equipment	Net Sales	63.5	65.3	+1.8	+2.8	20.3	21.2	+0.9	+4.4
	Operating Income	0.8	2.7	+1.8	+219.5	0.3	0.6	+0.3	+80.6
	Operating Income(%)	1.3	4.2	+2.8P	-	1.8	3.2	+1.3P	-
Light Sources	Net Sales	39.7	46.6	+6.8	+17.2	13.3	16.2	+2.9	+21.8
	Operating Income	4.2	5.5	+1.3	+31.3	1.0	1.8	+0.8	+86.8
	Operating Income(%)	10.7	12.0	+1.3P	-	7.6	11.7	+4.1P	-
Others	Net Sales	2.4	1.8	▲0.5	▲22.1	0.7	0.6	▲0.1	▲19.6
	Operating Income	0.0	0.0	▲0.0	▲28.1	0.0	0.0	▲0.0	▲41.8
	Operating Income(%)	3.5	3.3	▲0.3P	-	3.9	2.8	▲1.1P	-

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 《Net Sales》



## ◆ Imaging Equipment:

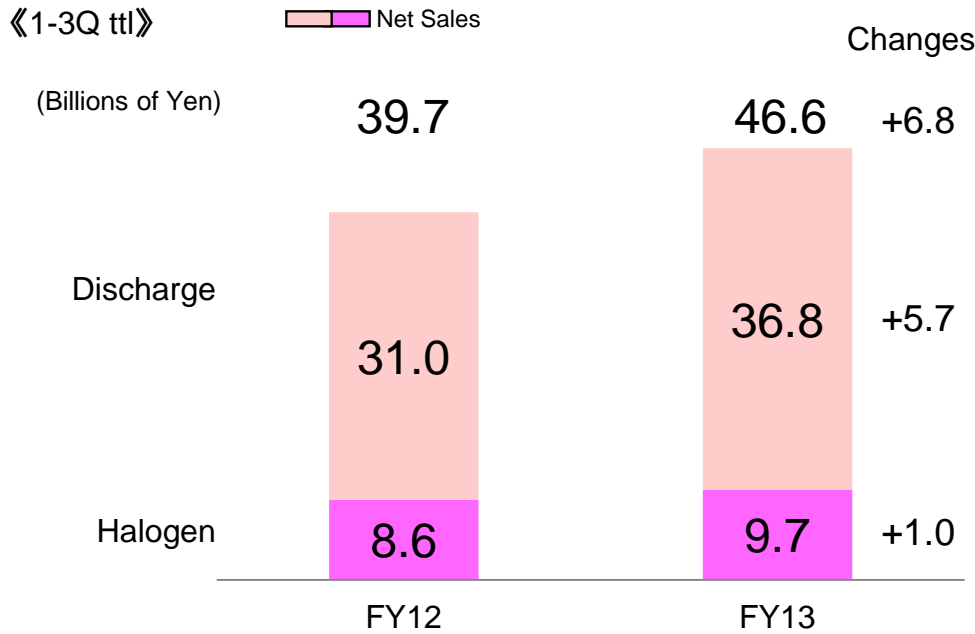
Sales increased YoY and QoQ, lifted by exchange rate effects, sales of DCPs to emerging markets, and brisk sales of general imaging equipment.

## ◆ Optical Equipment:

While sales of optical aligners and other equipment for the FPD market increased from the first half, capital expenditures related to electronic components were lower. Further, due to a substantial number of projects for receipt and inspection in the second half of the year, concentrated in the 4Q, both YoY and QoQ sales were lower.

《YoY》		FY12	FY13	YoY	《QoQ》		2Q	3Q	QoQ
(Billions of Yen)		1-3Q	1-3Q		(Billions of Yen)				
Net Sales	Imaging	43.7	48.3	+4.5	Net Sales	Imaging	16.2	17.1	+0.9
	Optical	18.8	16.1	▲2.7	Optical	Optical	7.3	3.7	▲3.5
	Illumination	0.9	0.9	▲0.0	Illumination	Illumination	0.4	0.3	▲0.1
Total		63.5	65.3	+1.8	Total	Total	24.0	21.2	▲2.7

# Light Sources Business Segment 《Net Sales》



### ◆ Discharge Lamps:

Sales increased both YoY and QoQ. Sales of xenon lamps for cinema projectors marked a new record high. Sales of UV lamps were firm, as capacity utilization rates among users remained high.

### ◆ Halogen Lamps:

In the OA field, sales increased YoY as set makers finished inventory adjustments.

《YoY》		FY12	FY13	YoY	《QoQ》		2Q	3Q	QoQ
(Billions of Yen)		1-3Q	1-3Q		(Billions of Yen)				
Net Sales	Discharge	31.0	36.8	+5.7	Net Sales	Discharge	12.0	13.0	+0.9
	Halogen	8.6	9.7	+1.0	Net Sales	Halogen	3.3	3.2	▲0.1
Total		39.7	46.6	+6.8	Total		15.4	16.2	+0.8

Note : Net Sales indicates sales to unaffiliated customers.



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# Forecast for FY2013

(Billions of Yen)	FY13 (Forecast)	1-3Q	Achievement Rate (%)
Net Sales	160.0	113.8	71.2
Operating Income	12.5	8.4	67.8
Operating Income (%)	7.8	7.4	-
Ordinary Income	14.5	12.1	84.1
Net Income	10.0	9.2	92.2
EPS (Yen)	76.26	70.28	-
ROE (%)	5.6	-	-
Dividend (Yen)	22	-	-
Payout Ratio (%)	28.8	-	-
Forex (Yen)			
USD	97	100	
EUR	128	133	

# Sales Achievement Status for the 1st Year Forecast of Mid-term Vision by Business Segments 《Net Sales》



(Billions of Yen)		1st Year Forecast of Mid-term Vision	1-3Q	Achievement Rate (%)	Forecast for FY2013 (Comparison with 1st Year Forecast of Mid-term Vision)
Equipment	Imaging	58.9	48.3	82.0	DCP shipment volume to match previous fiscal year, beating initial forecast. Performance exceeding sales forecasts is expected, reflecting exchange rate effects.
	Optical	37.0	16.1	43.6	Likely shortfall compared to forecasts, mainly from concentration of sales, receipt and inspection in 4Q.
	Illumination	1.7	0.9	57.1	Slight increase in 4Q but will fall short of forecasts.
	Total	97.6	65.3	67.0	
Light Sources	Discharge	44.1	36.8	83.5	Performance to widely surpass forecasts, led by continued strong sales of xenon lamps for cinema projectors.
	Halogen	13.6	9.7	71.8	Slight shortfall from plans likely despite steady growth mainly in the OA field.
	Total	57.7	46.6	80.8	
Others	Machinery for Industrial Use and Other Business	4.7	1.8	40.4	Likely shortfall from plans despite growth trend in smartphone inspection equipment.
<b>Total</b>		<b>160.0</b>	<b>113.8</b>	<b>71.2</b>	Performance for end of term expected to be largely in line with forecasts.

## ➤ Equipment Business

### Imaging Equipment Field:

In DCP sales, USHIO expects full-year shipment volume on par with the previous fiscal year, reflecting stable shipments of the “Solaria” series, a compact DCP aimed at emerging markets. While “Solaria” is a low-cost model, exchange rate effects are expected to lift sales higher. With orders in the general imaging market also rising steadily, USHIO anticipates performance in the imaging equipment field that will surpass initial forecasts.

### Optical Equipment Field:

In optical aligners and other optical equipment for LCD panel manufacturing, as well as the UX series of exposure equipment, due to concentration at the end of the term of receipt and inspection of substantial equipment, 4Q sales growth is projected. However, performance is expected to fall short of full-year forecasts, reflecting lower investment related to electronic components than initially projected.

## ➤ Light Sources Business

### Discharge Lamps:

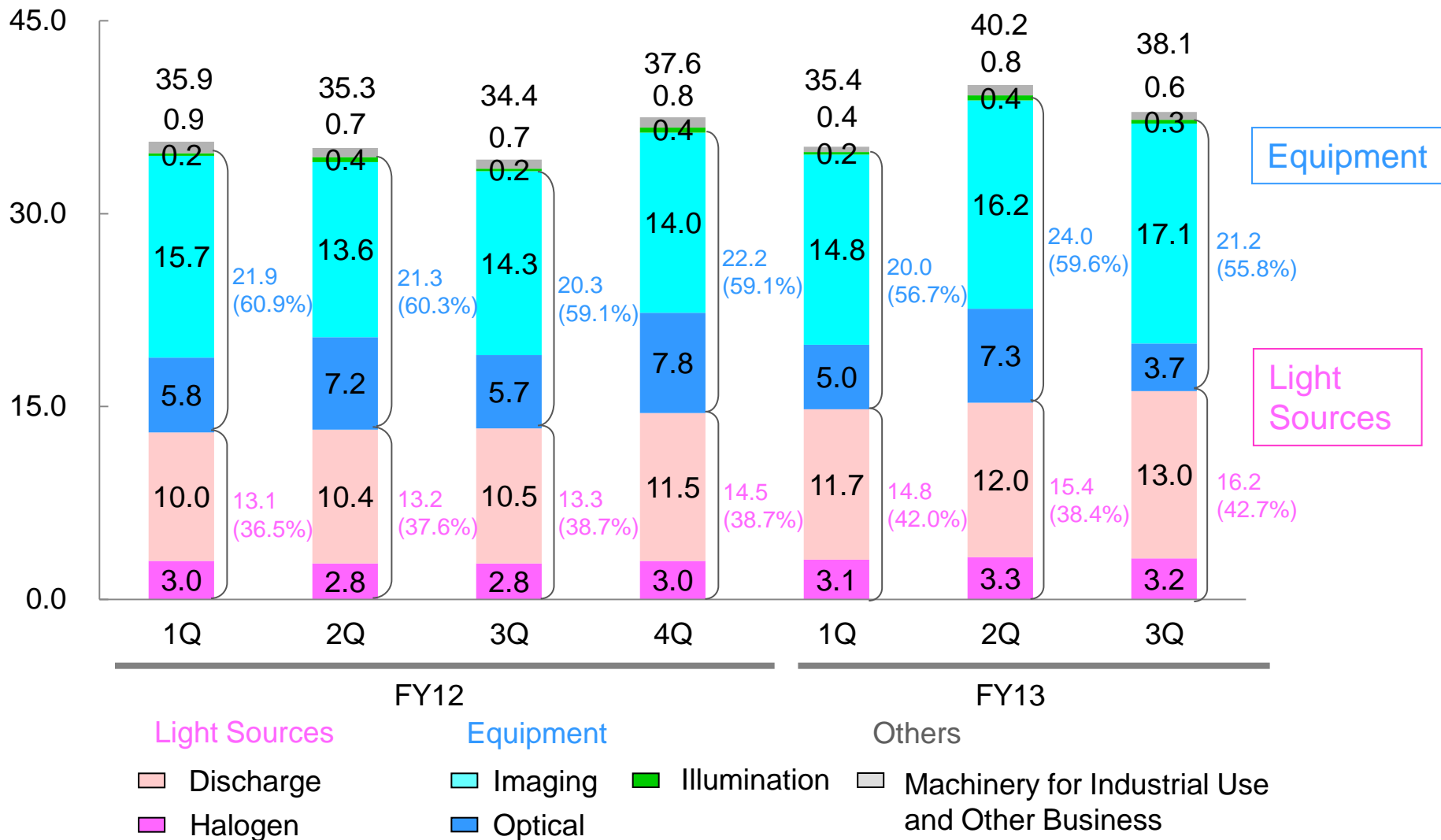
Sales of xenon lamps for DCPs are expected to mark a record high for the full year, as a reputation for high reliability allows USHIO to maintain and expand market share. In UV lamps for lithography, while the use of long-lasting products is gaining momentum, sales are expected to be firm thanks to high capacity utilization rates, particularly among smartphone and tablet manufacturers.

### Halogen Lamps:

Sales of halogen lamps for the OA field are expected to remain firm, reflecting high market share.

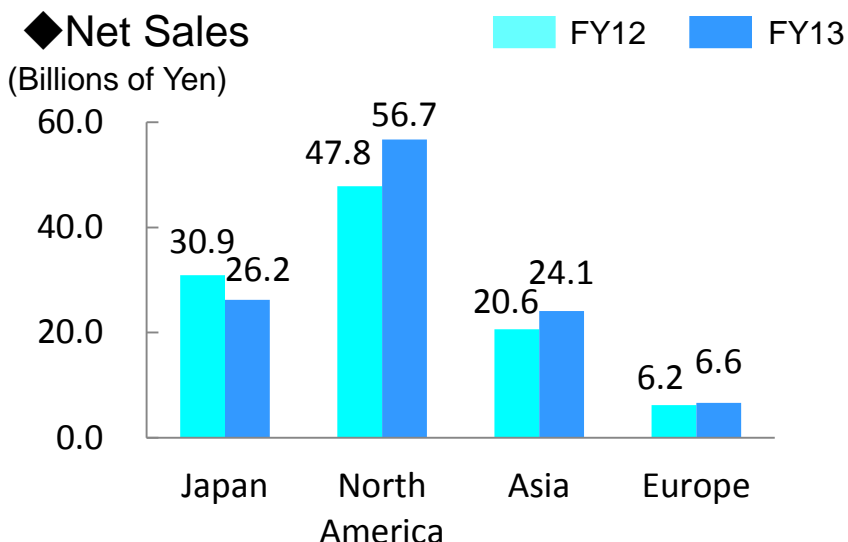
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# Sales Trend by Product Groups

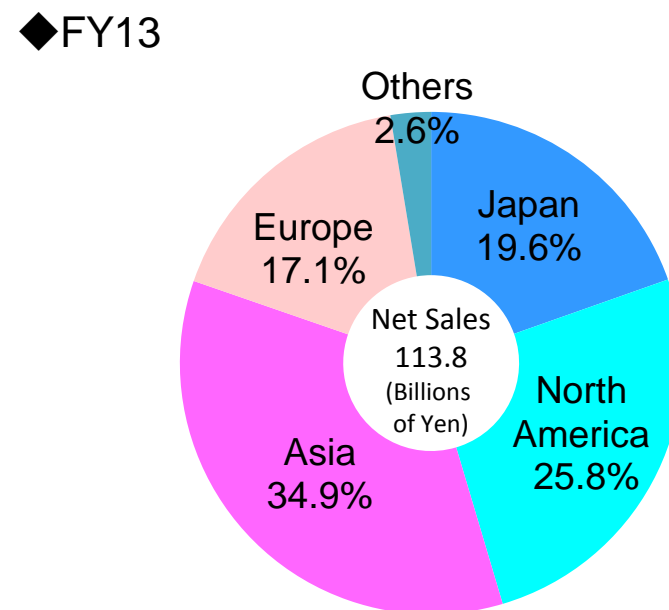
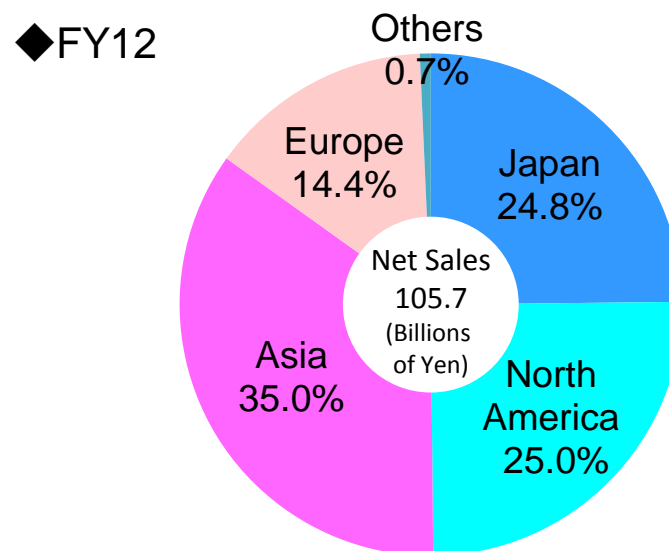
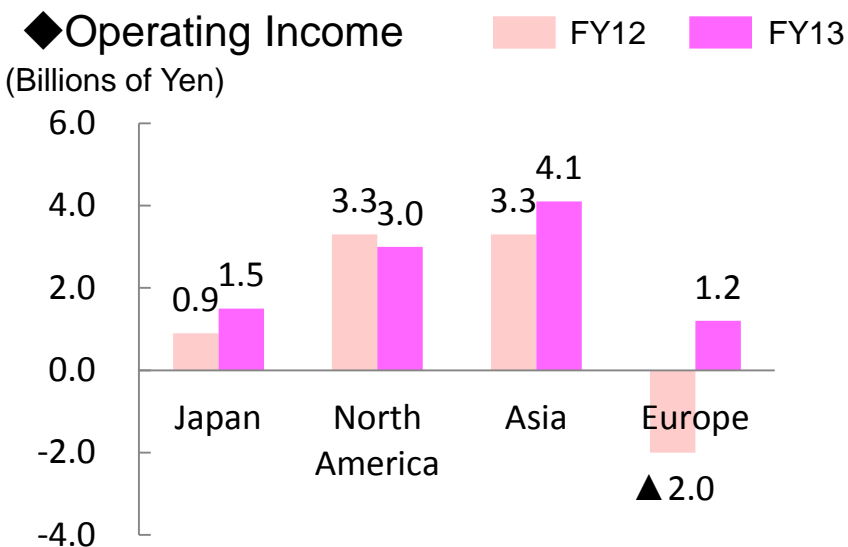


# Net Sales and Operating Income by Geographic Segments 《1-3Q》

# Foreign Sales Ratio 《1-3Q》



Note: Net sales by Geographic Segments indicates sales to unaffiliated customers.



# Other Income and Expenses 《1-3Q》

(Billions of Yen)	FY12	FY13	YoY
Other Income	1.5	3.9	+2.4
Interest income	0.2	0.4	+0.1
Dividend	0.8	0.8	+0.0
Exchange Gain	-	1.4	+1.4
Gain on trading securities	0.0	0.3	+0.2
Others	0.3	0.6	+0.3
Other Expenses	0.6	0.2	▲0.3
Interest expenses	0.1	0.1	+0.0
Others	0.4	0.1	▲0.3
Other Income and Expenses	0.9	3.7	+2.8



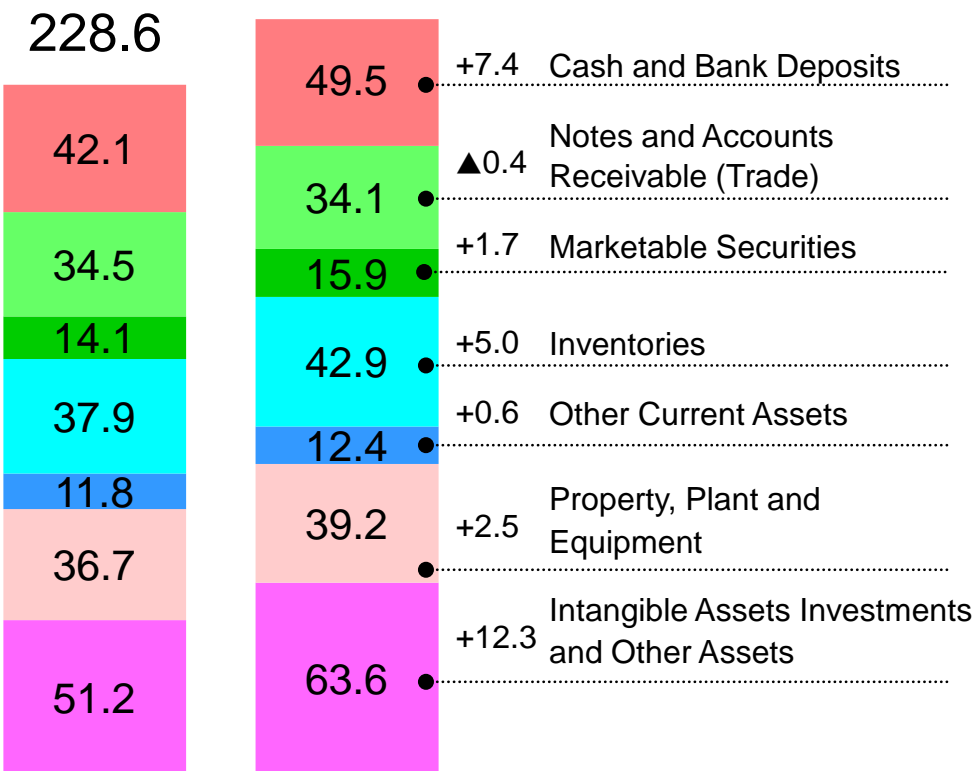
# Balance Sheet

## ◆ Assets

(Billions of Yen)

Changes

258.0

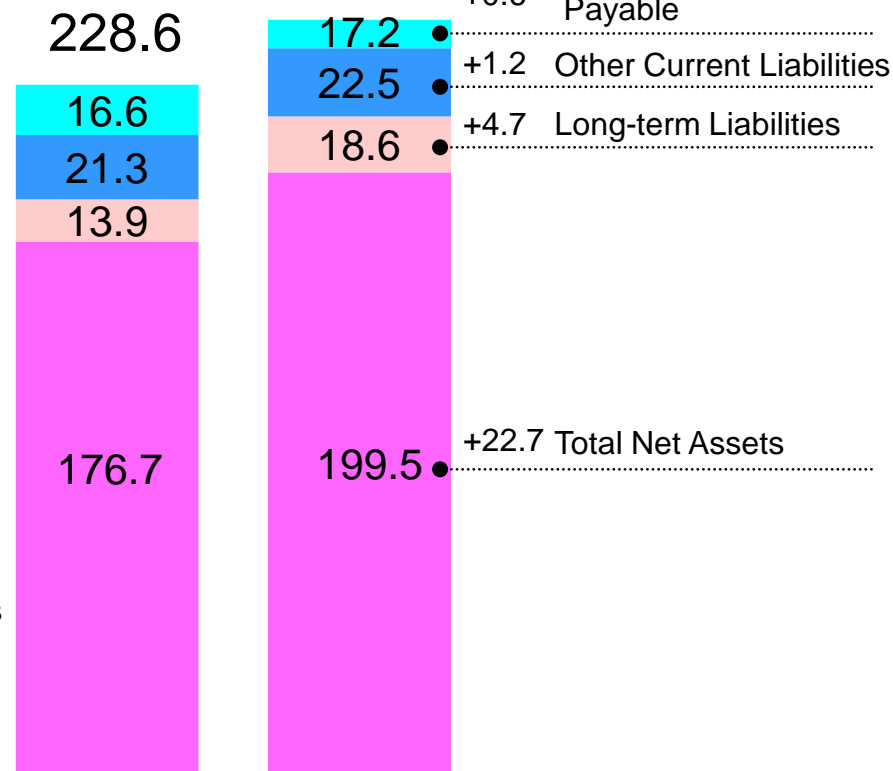


## ◆ Liabilities • Total Net Assets

(Billions of Yen)

Changes

258.0



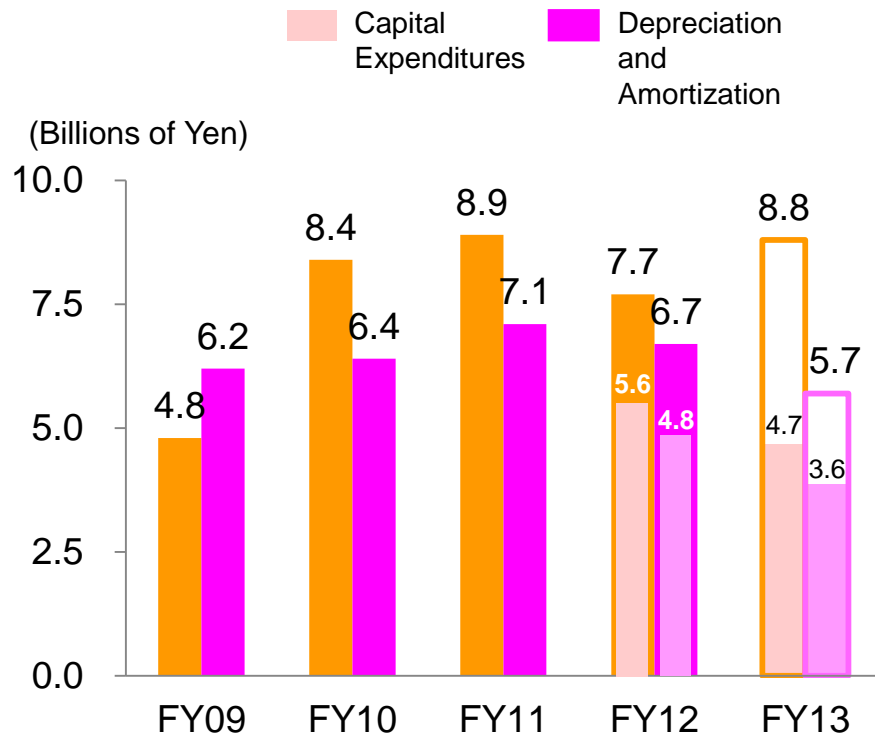
● Turnover (month)	2013/3	2014/1
Receivable-trade	3.0	2.7
Inventories	3.3	3.2

● Equity Ratio (%)	2013/3	2014/1
	75.9	76.0

# Capital Expenditures, Depreciation and Amortization, R&D Expenses

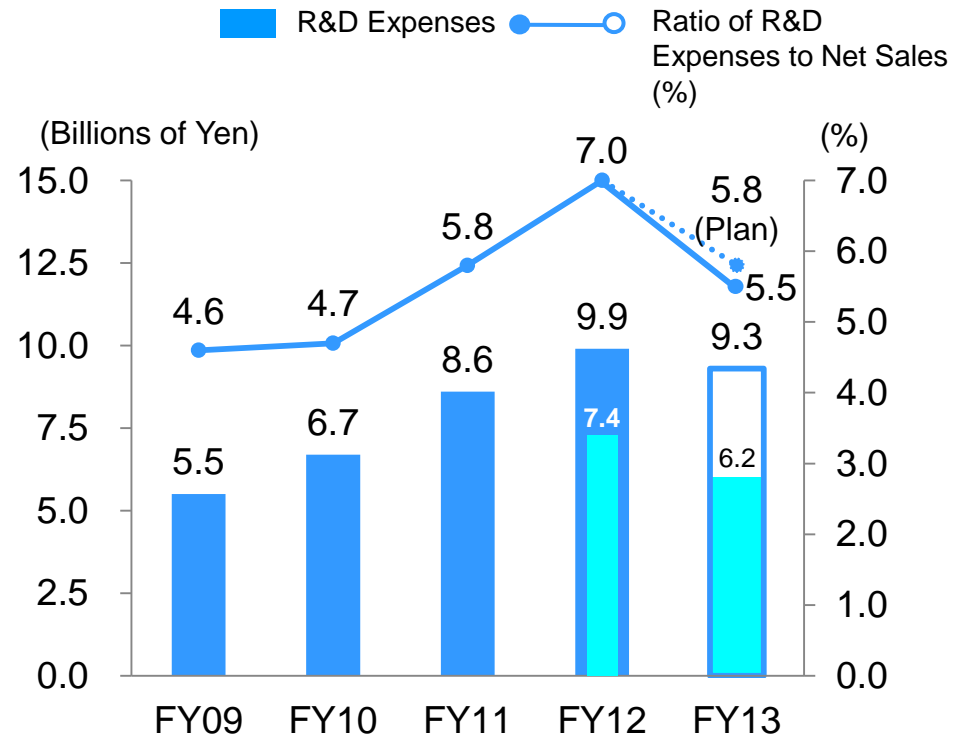


## ◆ Capital Expenditures, Depreciation and Amortization



	1Q	2Q	3Q
Capital Expenditures	1.4	1.1	2.1
Depreciation and Amortization	1.1	1.2	1.2

## ◆ R&D Expenses

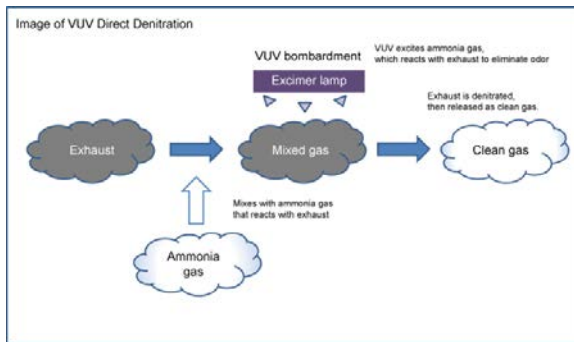


	1Q	2Q	3Q
R&D Expenses	1.7	2.0	2.4

Development of VUV Direct  
Denitration Technology  
(Announced October 29, 2013)

Sales Launch of TheraBeam® Super  
Osseo in Europe  
(Announced November 15, 2013)

Participation in Georgia Tech  
2.5D Consortium  
(Announced December 2, 2013)



Exhaust, which contains NOx, ammonia, and oxygen, is bombarded directly with VUV; this requires no catalyst, enabling denitration at room temperature and of low-temperature exhaust

Bombarding the surface of titanium dental implants with UV light makes them more hydrophilic, resulting in better grafting between implant and bone and shorter treatment times

USHIO is taking part in the interposer development consortium sponsored by the Georgia Tech 3D Systems Packaging Research Center (GT-PRC). USHIO exposure equipment for development use is on site.

# USHIO

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