

FY2017 Financial Results

The logo for Ushio, consisting of the word "USHIO" in a bold, white, sans-serif font, positioned on a solid teal background.

USHIO INC.

May 10, 2018

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.**

Main Points of Today's Presentation

Net sales and earnings increased YoY For FY2017

Net sales were below but operating income achieved forecast

Forecast higher net sales and earnings YoY For FY2018

Forecast operating income of ¥12.5 billion, target for second year of Medium-term Management Plan

Medium-term Management Plan's final year (FY2019)

No change in target (operating income ¥15.0 billion)

- I. Financial Results for FY2017**
- II. Forecasts for FY2018**
- III. Medium-Term Management Plan**
- IV. Supplementary Information**

Highlights of Financial Results for FY2017

Consolidated Net Sales up 0.4% year on year to ¥173.4 billion
Consolidated Operating Income up 18.0% year on year to ¥10.1 billion.
Higher sales and earnings overall.

- Operating Income outperformed forecasts announced on May 11, 2017 -

Net Sales : ¥ 173.4 billion (+ ¥ 0.6 billion YoY, up 0.4%)

• Higher sales of UV lamps and optical equipment due to strong semiconductor-, electrical component-, and flat panel display (FPD)-related markets

Operating Income : ¥ 10.1 billion (+ ¥ 1.5 billion YoY, up 18.0%)

• Operating income increased due to improved profitability in optical equipment and the voluntary early retirement program undertaken in the previous fiscal year

Profit Attributable to Owners of Parent : ¥ 11.0 billion

(+ ¥ 3.9 billion YoY, UP 56.2%)

- Extraordinary Income (12.4 billion yen) : Gain on return of the substitutional portion of the employees' pension fund (6.0 billion yen) 、 Gain on sales of investment securities (5.9 billion yen)
- Income taxes- deferred (▲7.7 billion yen) : A decrease in deferred tax assets with the enactment of the Tax Cuts and Jobs Act in the U.S., etc

Summary of Financial Results FY2017

(billion yen)	FY16	FY17	YoY		
			Changes	%	
Net Sales	172.8	173.4	+0.6	+0.4	
Operating Income	8.6	10.1	+1.5	+18.0	
Operating Income (%)	5.0	5.9	+0.9P	-	
Ordinary Income	11.0	12.0	+1.0	+9.5	
Profit Attributable to Owners of Parent	7.0	11.0	+3.9	+56.2	
EPS (yen)	55.06	86.11	+31.05	+56.4	
ROE (%)	3.3	5.1	+1.8P	-	
Forex (yen)	USD	109	111	+2	-
	EUR	119	129	+10	-

FOREX sensitivity: Amount of impact from 1 yen fluctuations (full-year)

against USD

Net Sales

Approx. ¥ 1.0 billion

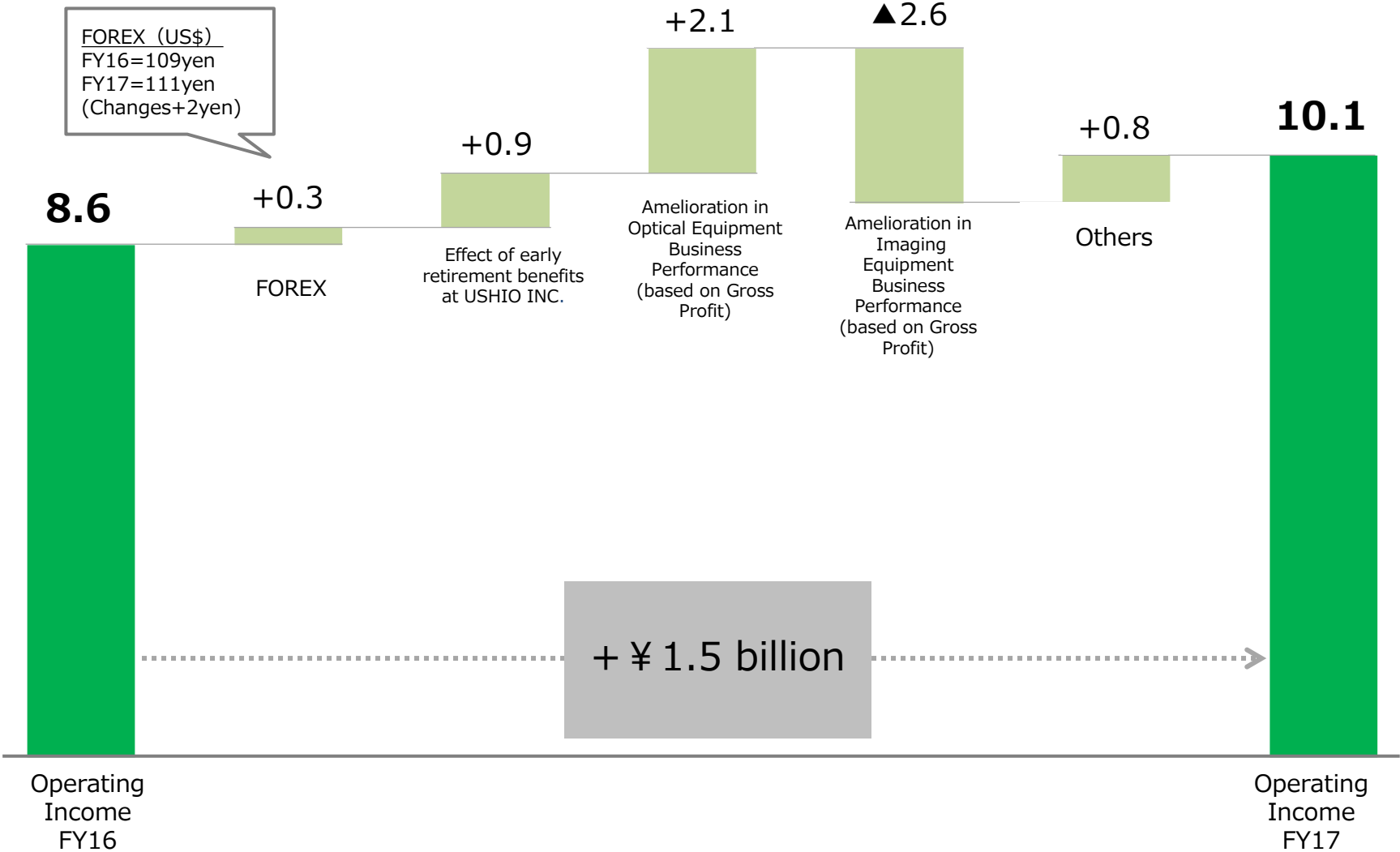
Operating Income

Approx. ¥ 0.15 billion

Variation Analysis of Operating Income

(billion yen)

FOREX (US\$)
 FY16=109yen
 FY17=111yen
 (Changes+2yen)



Note: Figures for the factors from "Effect of early retirement benefits at USHIO INC." to "Others" exclude the forex impact.

Note: Figures for "Amelioration in Optical Equipment Business Performance (based on Gross Profit)" and "Deterioration in Imaging Equipment Business Performance (based on Gross Profit)" exclude the "Effect of early retirement benefits at USHIO INC."

Financial Results by Business Segments

(billion yen)		FY16	FY17	YoY	
				Changes	%
Equipment	Net Sales	97.6	97.6	+0.0	+0.0
	Operating Income	0.0	▲0.5	▲0.5	-
	Operating Income (%)	0.1	▲0.5	▲0.6P	-
Light Sources	Net Sales	71.9	72.4	+0.5	+0.7
	Operating Income	8.1	10.4	+2.2	+28.1
	Operating Income (%)	11.3	14.4	+3.1P	-
Others	Net Sales	3.2	3.4	+0.1	+4.0
	Operating Income	0.0	0.1	+0.0	+208.7
	Operating Income (%)	1.3	3.8	+2.5P	-
Elimination and corporate	Operating Income	0.3	0.1	▲0.2	▲64.8

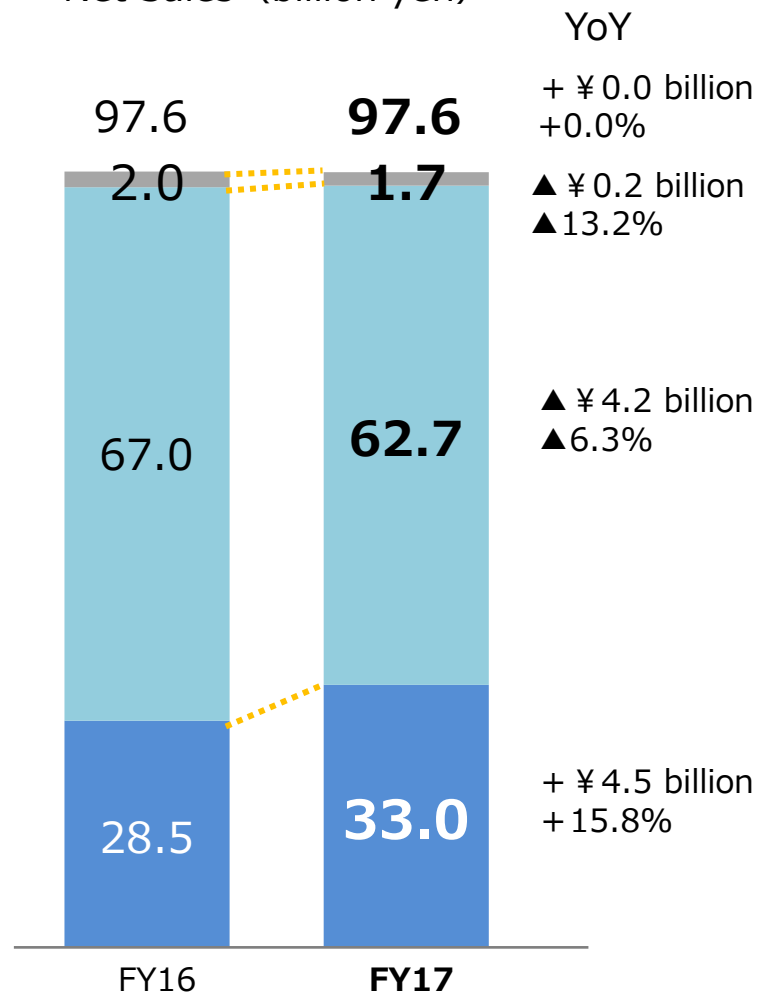
Note : Net Sales indicates sales to unaffiliated customers.

Operating income ratio indicates the ratio of operating income against sales to unaffiliated customers.

Business Segment Overview (1)

Equipment Business

Net Sales (billion yen)



Note : Net sales indicates sales to unaffiliated customers

Overview

Imaging Equipment

Cinema : ▲7%

- Intensified competition from solid-state light source (laser phosphor) projector expansion in China

General imaging : ▲6%

- Intensified competition in general imaging projectors

Optical Equipment

UV equipment : +23%

- Strong performance from direct image exposure systems for M-SAP
- Growth in projection lithography equipment for electronic devices

Cure equipment : ▲9%

- Continued sluggish demand for small-/medium-sized LCD-related equipment

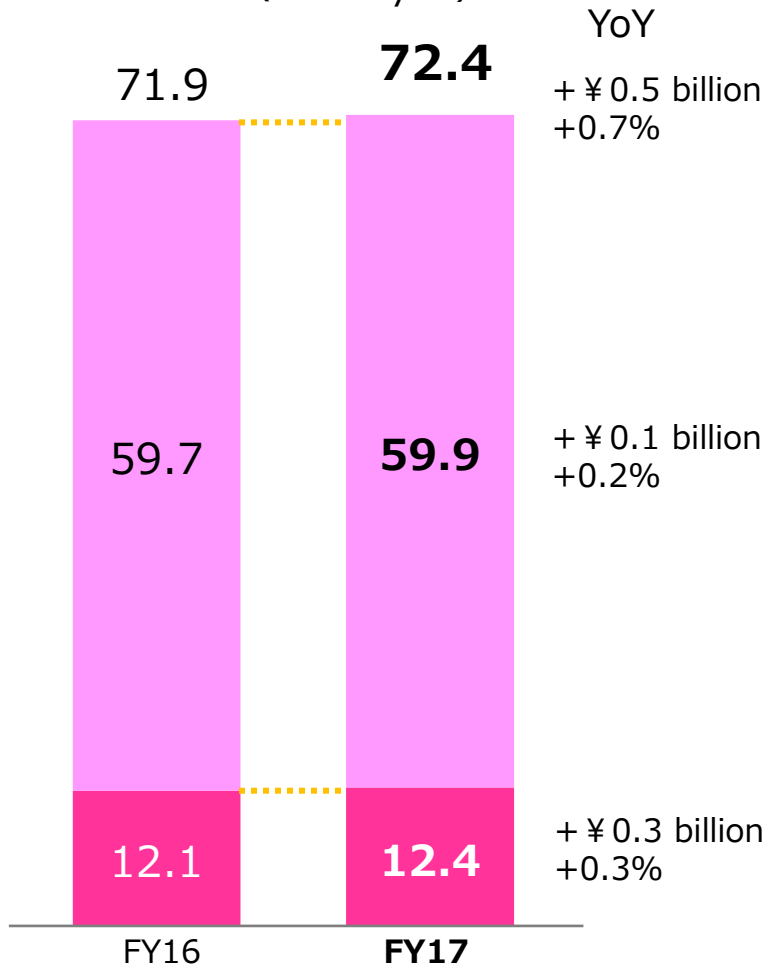
Illumination and related facilities

- Large project in the previous fiscal year

Business Segment Overview (2)

Light Sources Business

Net Sales (billion yen)



Note : Net sales indicates sales to unaffiliated customers.

Overview

Discharge Lamp

UV lamps : +8%

- Growth in capital investment for semiconductors and FPDs(G10.5, OLED)

Lamps for cinema : ▲2%

- Demand for lamps decreased in line with increased conversion to solid-state light sources in the Chinese market

Lamps for data projectors : +1%

- Favorable sales of new products by users who adopted USHIO lamps

Halogen Lamp

Lamps for OA : +4%

- Contribution from sales of high value-added, eco- friendly products

Lamps for lighting : ▲7%

- Demand for lamps declined in line with increased conversion to solid-state light sources

Comparison of Full-year Forecasts with Actual Results

(billion yen)	FY17 Forecasts	FY17 Results	Changes	Achievement Rate(%)	
Net Sales	180.0	173.4	▲6.5	96.4	
Operating Income	10.0	10.1	+0.1	101.5	
Operating Income (%)	5.6	5.9	+0.3P	-	
Ordinary Income	11.5	12.0	+0.5	104.8	
Profit Attributable to Owners of Parent	11.0	11.0	+0.0	100.0	
EPS (yen)	86.10	86.11	+0.01	100.0	
Dividend (yen)	26	26	-	-	
Payout Ratio (%)	30.3	30.2	▲0.1P	-	
Capital Expenditures	8.0	5.0	▲2.9	63.2	
Depreciation and Amortization	7.0	6.7	▲0.2	97.0	
R&D Expenses	10.5	10.6	+0.1	101.7	
Forex (yen)	USD	110	111	+1	-
	EUR	115	129	+14	-

Net Sales by Sub-segment

Comparison of Full-year Plan with Actual Results

(billion yen)			FY17 (Results)	Full Year Plan (Announced on October 30)		Achievement Rate(%)	
				Initial Plan	Revised October 30	Vs. Initial Plan	Vs. October 30 revision
Net Sales	Equipment	Imaging- equipment	62.7	72.5	67.5	86.6	93.0
		Optical- equipment	33.0	27.5	32.5	120.4	101.8
		Illumination and others	1.7	2.5	—	70.7	—
		Sub-total	97.6	102.5	—	95.3	—
	Light Sources	Discharge- lamps	59.9	62.5	—	95.9	—
		Halogen lamps	12.4	12.0	—	103.9	—
		Sub-total	72.4	74.5	—	97.2	—
	Others	Machinery for industrial use and other	3.4	3.0	—	114.3	—
	Total		173.4	180.0	—	96.4	—
	Operating Income			10.1	10.0	—	101.5

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Forecasts for FY2018

(billion yen)		FY17 Results	FY18 Forecasts	YoY	
				Changes	%
Net Sales		173.4	180.0	+6.5	+3.7
Operating Income		10.1	12.5	+2.3	+23.1
Operating Income (%)		5.9	6.9	+1.0P	-
Ordinary Income		12.0	14.0	+1.9	+16.2
Profit Attributable to Owners of Parent		11.0	11.5	+0.4	+4.5
EPS (yen)		86.11	90.01	+3.90	+4.5
ROE (%)		5.1	5.0	▲0.1P	-
Dividend (yen)		26	30	+4	-
Payout Ratio (%)		30.2	33.3	+3.1P	-
Forex (yen)	USD	111	105	▲6	-
	EUR	129	125	▲4	-

Business Outlook by Sub-segments

Equipment +1.4%

Imaging equipment

▲4.4%

- Slowdown in establishment of new movie theaters, mainly in China
- Increase in sales of competitive RGB laser projectors in tune with market demand for shift to solid-state light sources
- Strengthen sales, focusing on entertainment domain where strong growth is promising
- Fundamental earnings structural reform to improve profitability

Optical equipment

+13.3%

- Ongoing strength expected in direct image exposure systems for printed circuit boards and M-SAP
- Growth in projection lithography equipment as smaller, more sophisticated electronic components are used in smartphones
- Sales growth in cutting-edge packaging for data centers, as IoT expands and 5G is present
- Slightly lower optical equipment sales volumes, despite ongoing demand for higher resolution smartphones

Light Sources +6.3%

Discharge lamps (including Solid state light source)

+7.6%

- UV lamps expected to continue to perform strongly as capital investment increases for semiconductors and FPDs
- Minor decline in lamps for cinema due to intensified competition from ongoing shift to solid-state light sources in China
- Minor decline for lamps for data projectors, owing to a lull in contributions from new adoption in the previous fiscal year
- Sales growth for solid-state light sources for projectors and printing

Halogen lamps

+0.2%

- Despite declining demand for OA applications, flat sales growth expected as high value-added lamps account for a larger share of sales

* YoY change versus FY2017 Net Sales

Forecasts for FY2018 Net Sales by Sub-segments

(billion yen)			FY17	FY18	YoY	
			Results	Forecasts	Changes	%
Net Sales	Equipment	Imaging-equipment	62.7	60.0	▲2.7	▲4.4
		Optical-equipment	33.0	37.5	+4.4	+13.3
		Illumination and others	1.7	1.5	▲0.2	▲15.2
		Sub-total	97.6	99.0	+1.3	+1.4
	Light Sources	Discharge-lamps	59.9	64.5	+4.5	+7.6
		Halogen lamps	12.4	12.5	+0.0	+0.2
		Sub-total	72.4	77.0	+4.5	+6.3
	Others	Machinery for industrial use and other	3.4	4.0	+0.5	+16.7
	Total		173.4	180.0	+6.5	+3.7

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1 . About the Medium-term Management Plan

- About the Medium-term Management Plan (figures)
- Review of FY2017 (1st year)
- Earnings structural reform and business strategies for sustainable growth

2 . Towards “Leap as a light innovation company”

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Medium-term Management Plan Target figures

Maintain targets announced last year

Key Performance Indicators (KPI)	MTMP 1 st year	MTMP 2 nd year	MTMP 3 rd year
	FY17 Results	FY18 Plan	FY19 Plan
Operating Income (billion yen)	10.1	12.5	15.0
Operating Income (%)	5.9	$\frac{6.9}{6.6}$	$\frac{7.9}{7.5}$

*Reference numerical values	FY17 Results	FY18 Plan	FY19 Plan
Net Sales (billion yen)	173.4	$\frac{180.0}{190.0}$	$\frac{190.0}{200.0}$
ROE (%)	5.1	$\frac{5.0}{4.2}$	5.0以上

Assumed Forex : 1 US \$

@ ¥ 111

@ ¥ 105 ← @ ¥ 110

@ ¥ 105 ← @ ¥ 110

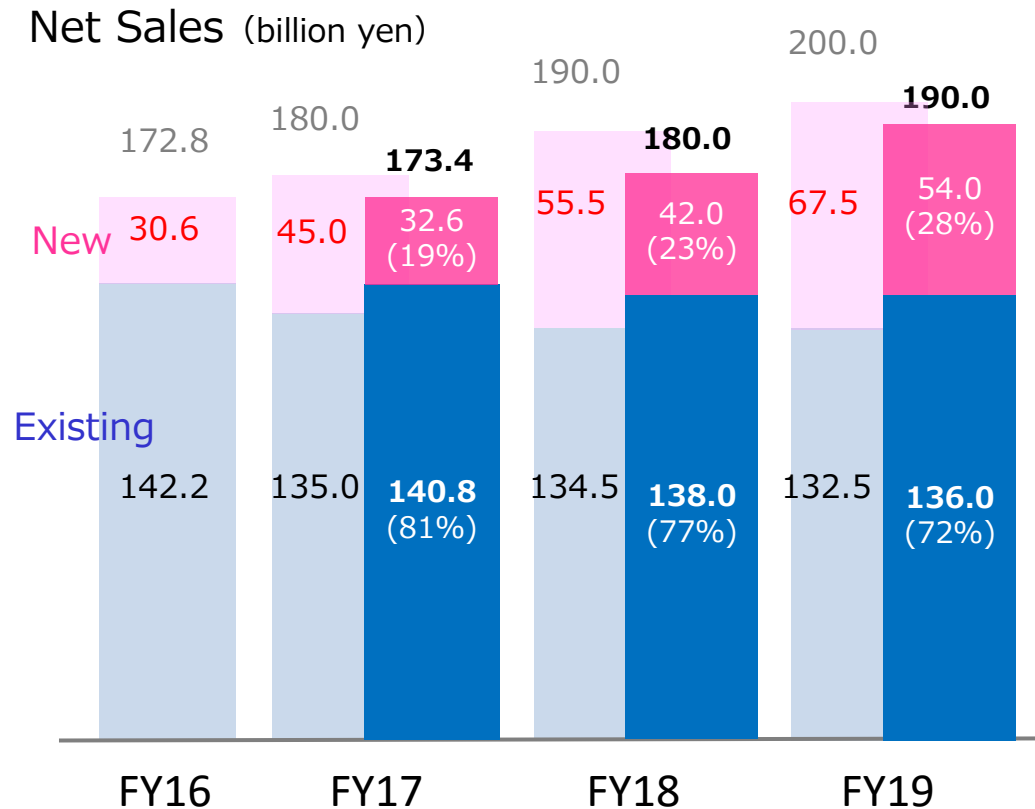
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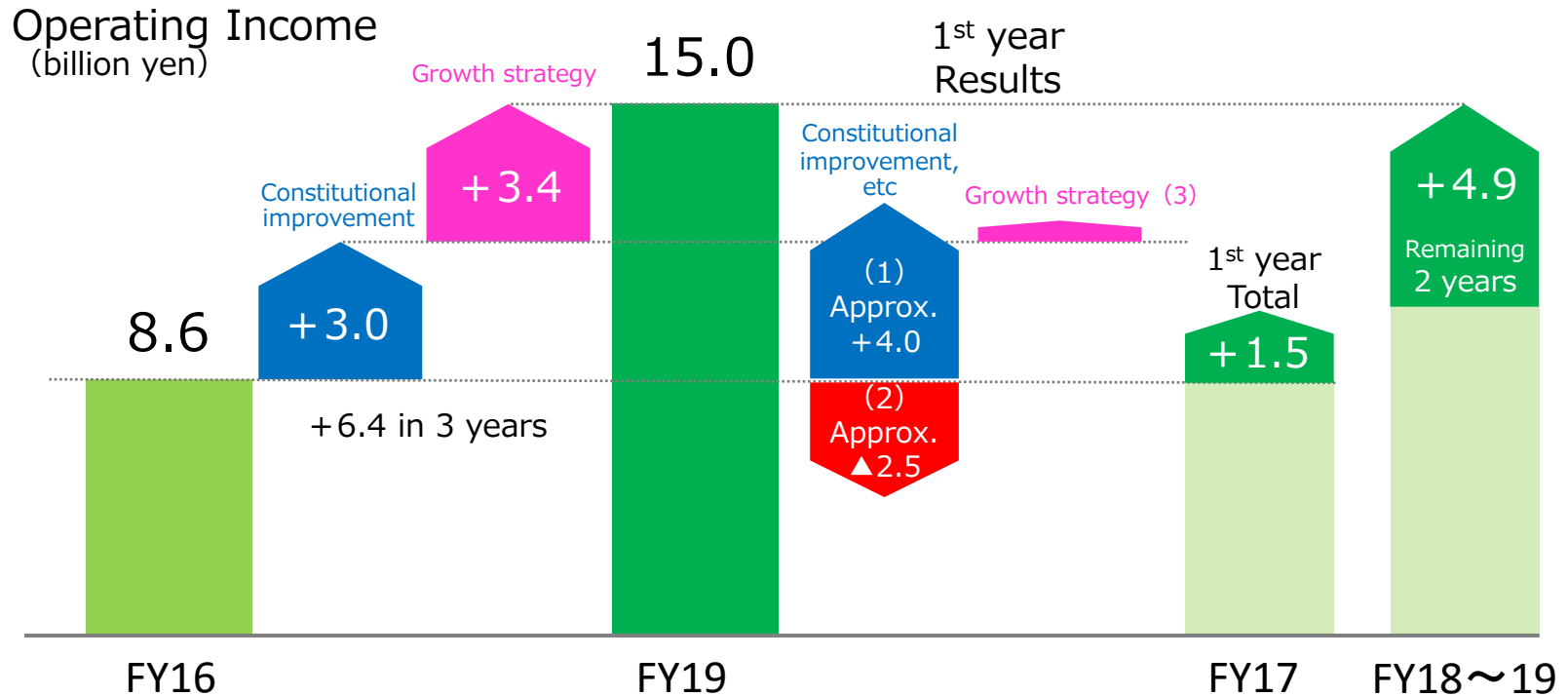
Review of FY2017 (1st year) of the Medium-term Management Plan

Strategic policy	Achieved	Not achieved
① Maintain and Improve Earning Capability in Existing Businesses	(1) Progress in structural reform	(2) Sluggish imaging equipment earnings
② Pursue New Growth Opportunities	—	(3) Insufficient speed



Review of FY2017 (1st year) of the Medium-term Management Plan

Strategic policy	Achieved	Not achieved
① Maintain and Improve Earning Capability in Existing Businesses	(1) Progress in structural reform	(2) Sluggish imaging equipment earnings
② Pursue New Growth Opportunities	—	(3) Insufficient speed



Review of FY2017 (1st year) of the Medium-term Management Plan

Strategic policy	1 st year Results	Challenges for the future
<p>①</p> <p>Maintain and improve earning capability of existing businesses</p>	Achieved	
	<p>(1)</p> <p>Progress of earnings structural reforms</p> <hr/> <p>Equipment (Optical equipment) Major earnings improvement from improved business structure</p> <hr/> <p>Light Sources Productivity and quality enhancement</p>	<p>Continuous effort</p>
<p>②</p> <p>Pursure new growth opportunities</p> <p>Cultivate new markets, create new business</p> <p>M&As focusing on synergies</p>	Not achieved	
	<p>(2)</p> <p>Equipment (Imaging equipment) The stagnation of earnings</p> <p>(3)</p> <p>>>> New buds starting to emerge</p> <p>>>> Acquisition of Via Mechanics' exposure system business (equipment business, optical-equipment)</p>	<p>Fundamental earnings structural reform</p> <p>Focus on core business, raise "earning capacity"</p> <p>Enhance quality and speed</p>

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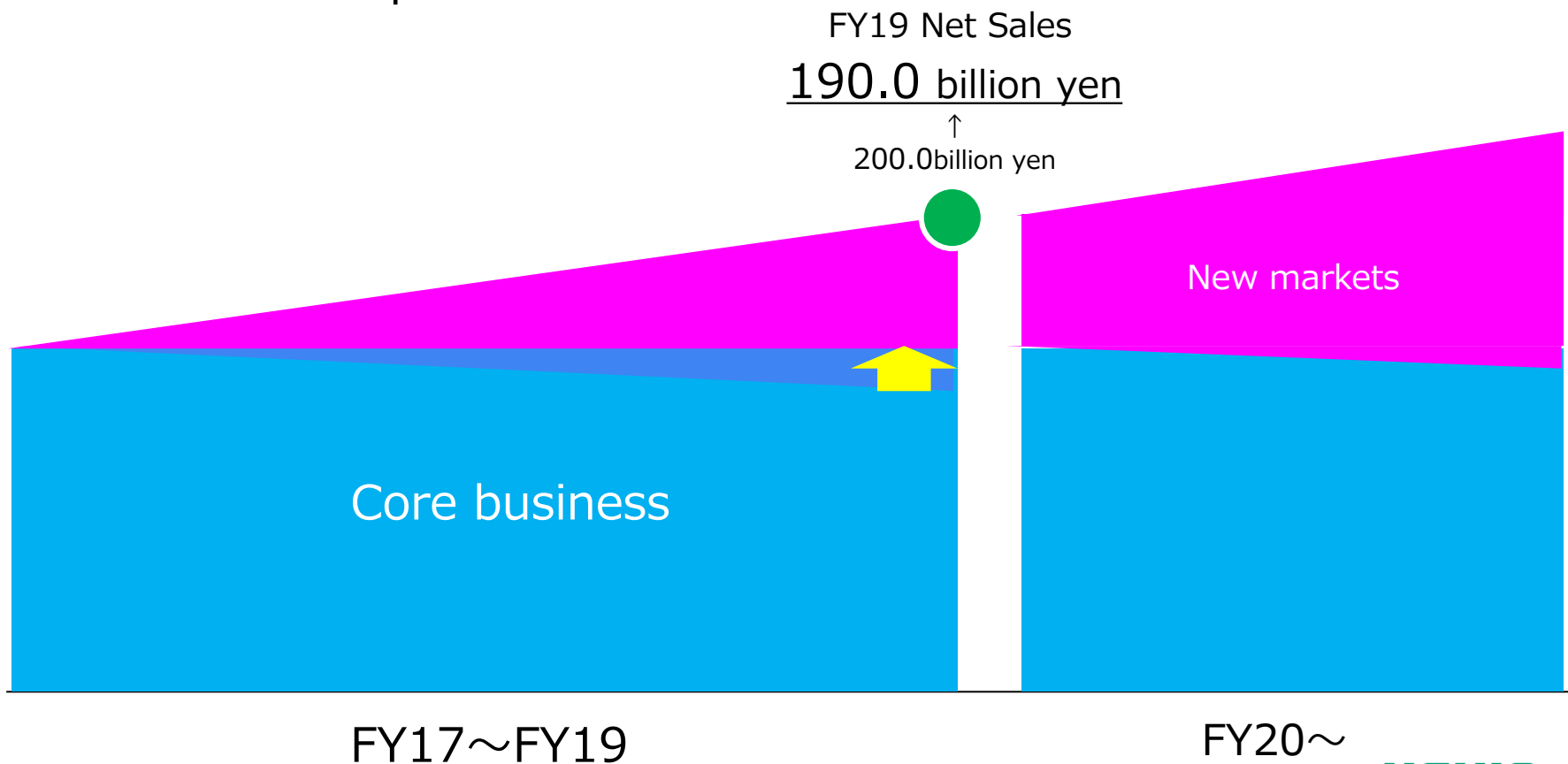
Image of sustainable growth (Net Sales)

Medium-term Management Plan

Solidify the foundation to make the next leap forward



Leap as a "light innovation company"



Earnings structural reforms (Light Sources Business)

USHIO INC. (Non-consolidated) Light Sources : Initiatives to secure solid quality and competitive strength

Enhance quality
Reduce inconsistency/bias

Manufacturing
Increase added value

Goals

FY2017 achievements: Lower defect rates, shorter lead times

IT × Robotization (FA)

Enhanced quality

Going paperless, digitizing data, real-time visualization

Higher labor productivity
per person

Reduction of errors, inconsistencies due to “people”
(promotion of factory automation (FA) of manufacturing processes, excluding processes where people add value)

Other manufacturing lines
Expansion of overseas production sites

FY18 and after

Formidable competitiveness

Further renovation of manufacturing processes
↓
Greatly increasing the added value of products themselves
↓
Lineup of high-value-added premium lamps
Maintenance and expansion of share in each market

Earnings structural reforms (Equipment Business Optical equipment)

USHIO INC. (Non-consolidated) Optical equipment : Initiatives to improve profitability by improving business structure

Awareness of the issue

Even when sales grow, income does not improve

Q : Quality, C : Cost, D : Delivery

Inefficient production system with lots of overly demanding orders taken

Improvement strategy



Emphasize profit

- Take orders at appropriate prices (order taking focused on profitability)
- Standardize products (lower manufacturing costs)

Make production processes smarter

- Go fablite (outsource inefficient processes)
- Innovate production (automate processes, utilize IT)



Results (FY17)

Major income growth YoY

(Reference)

Introduced proprietary KPI to measure productivity improvement

$$\text{Productivity} = \frac{\text{output (effect)}}{\text{resource (people \cdot goods \cdot time)}}$$



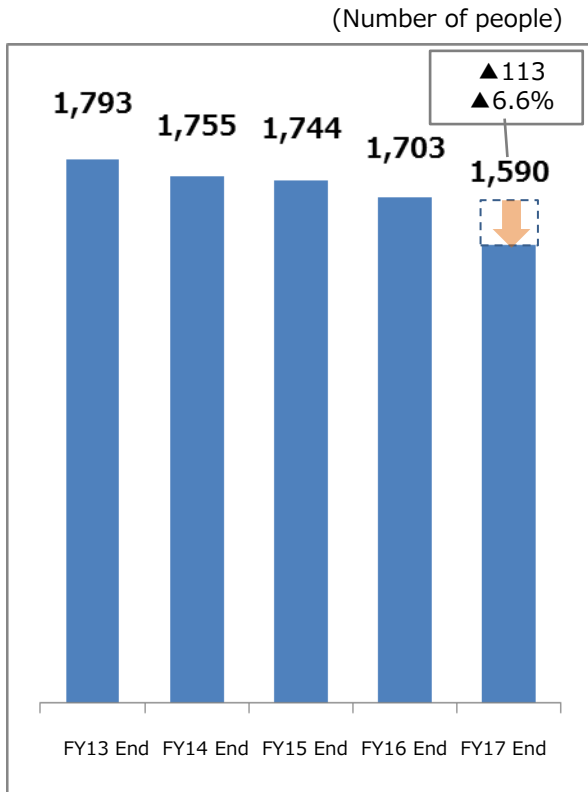
Achieved FY2017 productivity target

From FY2018, expand products subject to order taking at appropriate prices
Make manufacturing processes even smarter

Earnings structural reforms

USHIO INC. (Non-consolidated) “Earning Capacity” Steadily Increasing

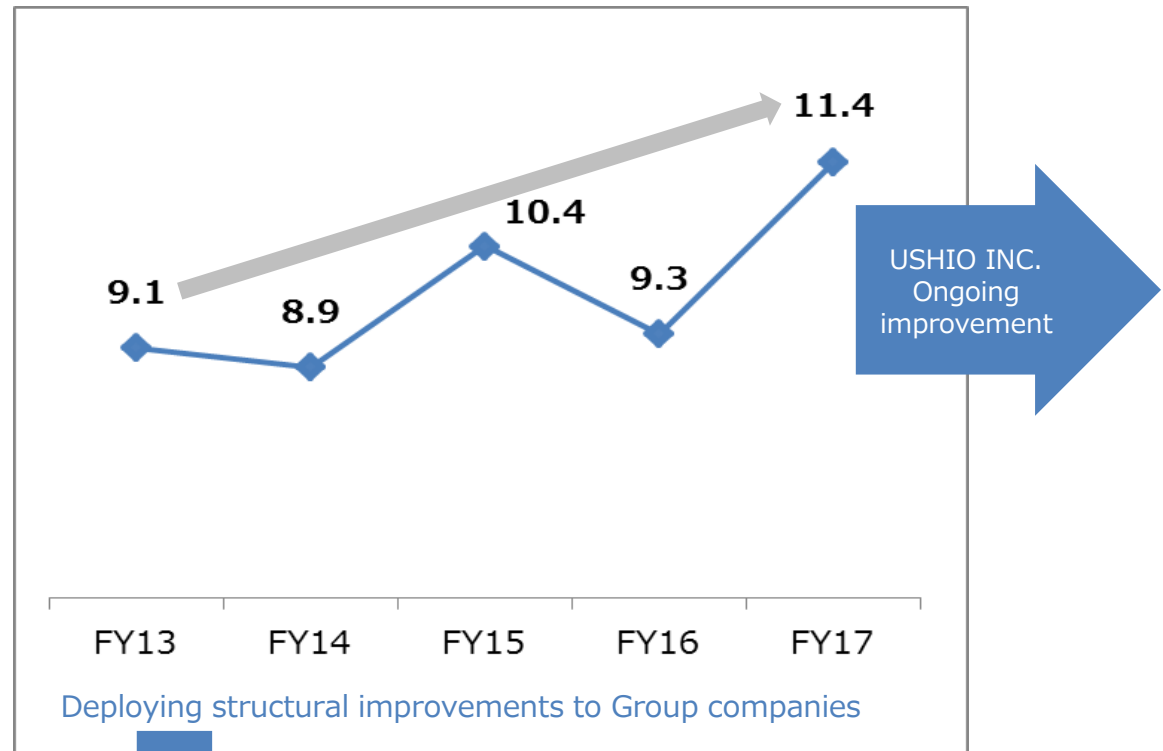
USHIO INC. (Non-consolidated)
Number of employees



Gross Margin per capita

USHIO INC. (Non-consolidated)

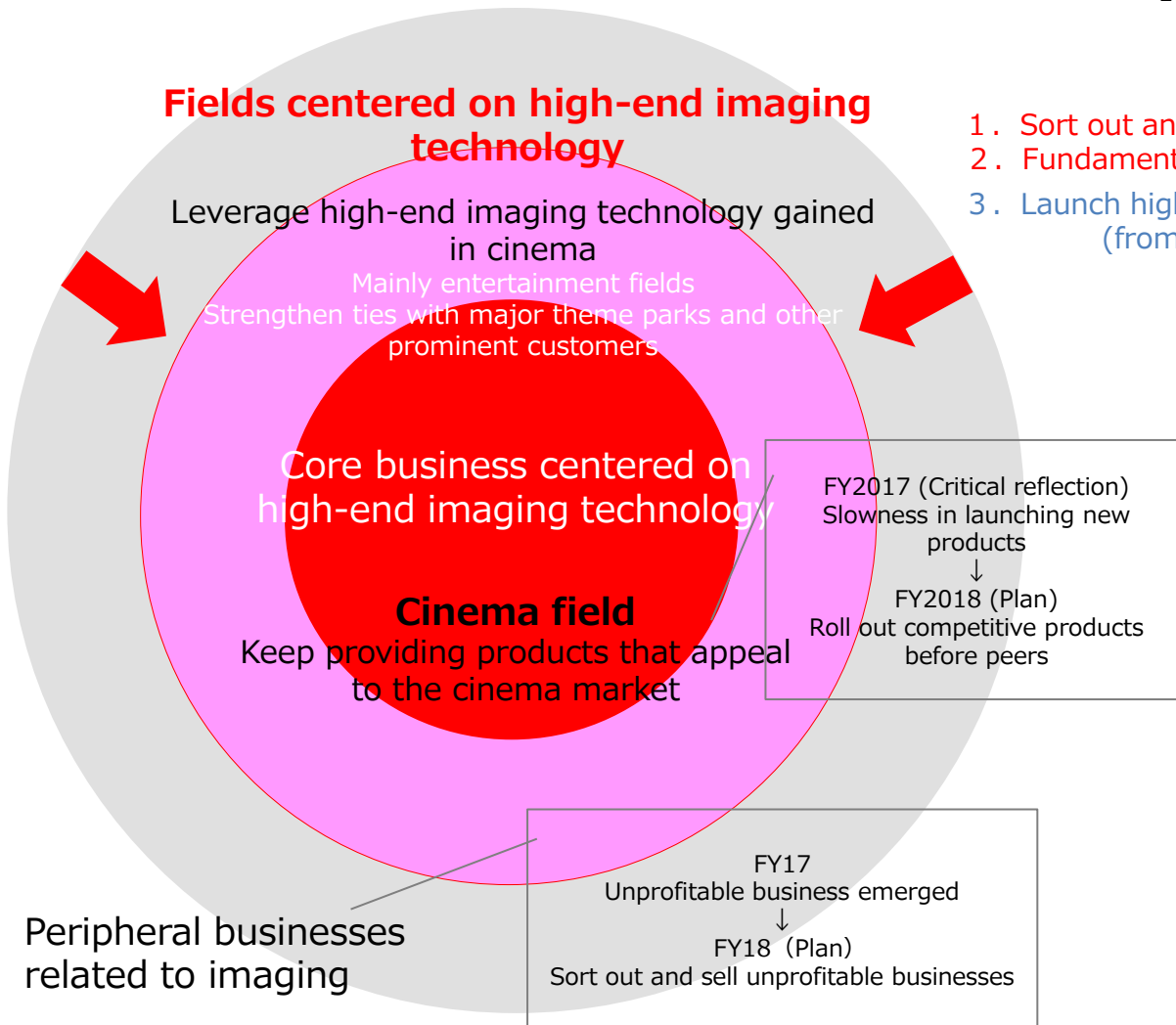
(million yen)



Heading for greater “earning capacity” as a Group overall

Earnings structural reforms (Equipment Business Imaging-equipment)

Concentrate on core business to raise "earning capacity"

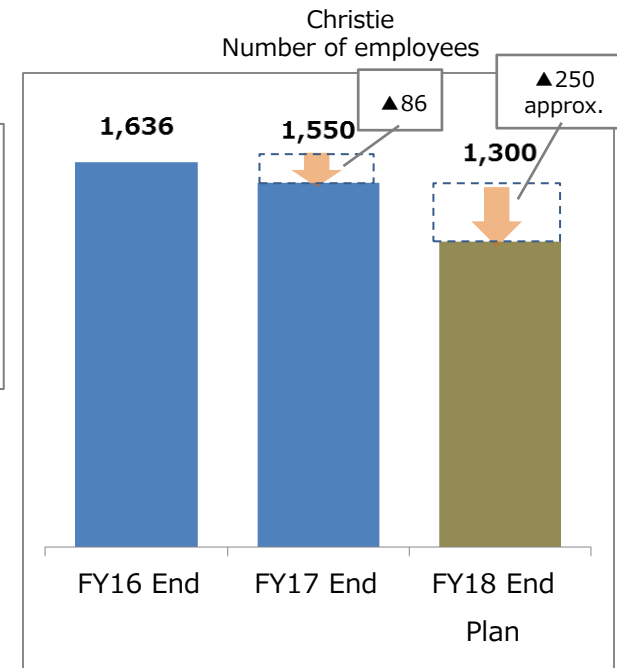


(Christie)

Initiatives to return to a growth trajectory including cutting fixed costs
Implement fundamental earnings structural reform

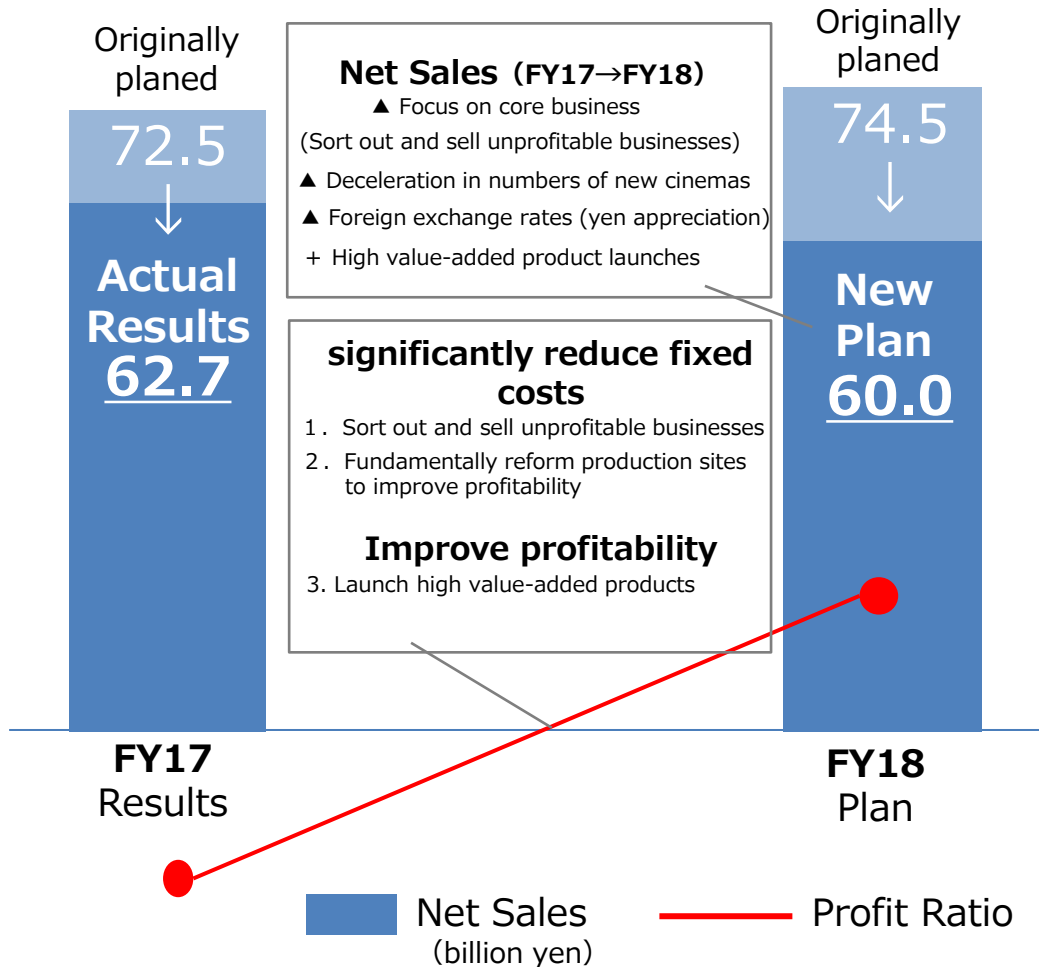


1. Sort out and sell unprofitable business Swiftly and significantly reduce fixed costs
2. Fundamentally reform production sites
3. Launch high-value-added products (from March 2018) Improve profitability
Move toward future growth

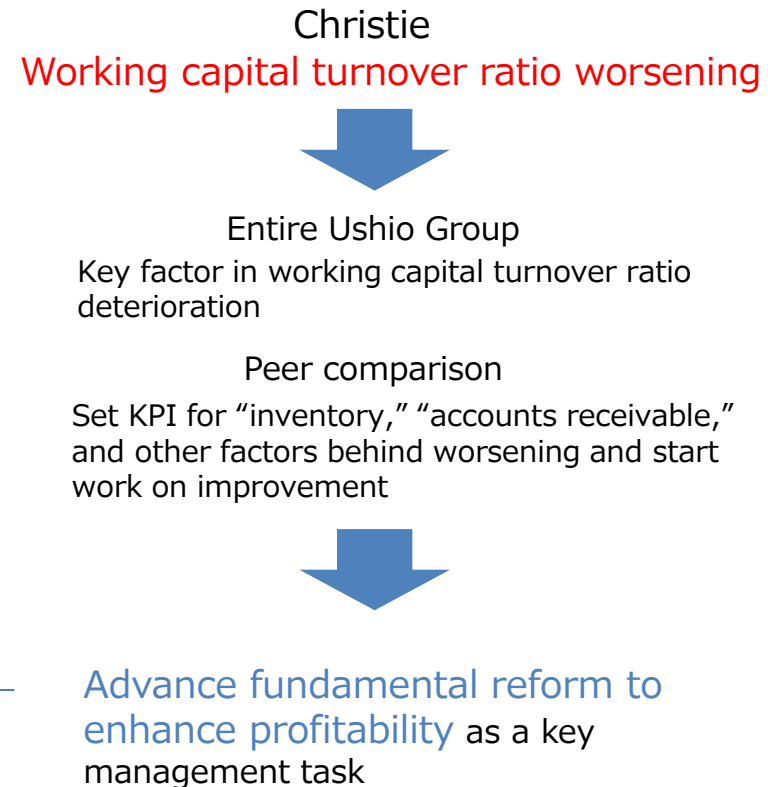


Earnings structural reforms (Equipment Business Imaging- equipment)

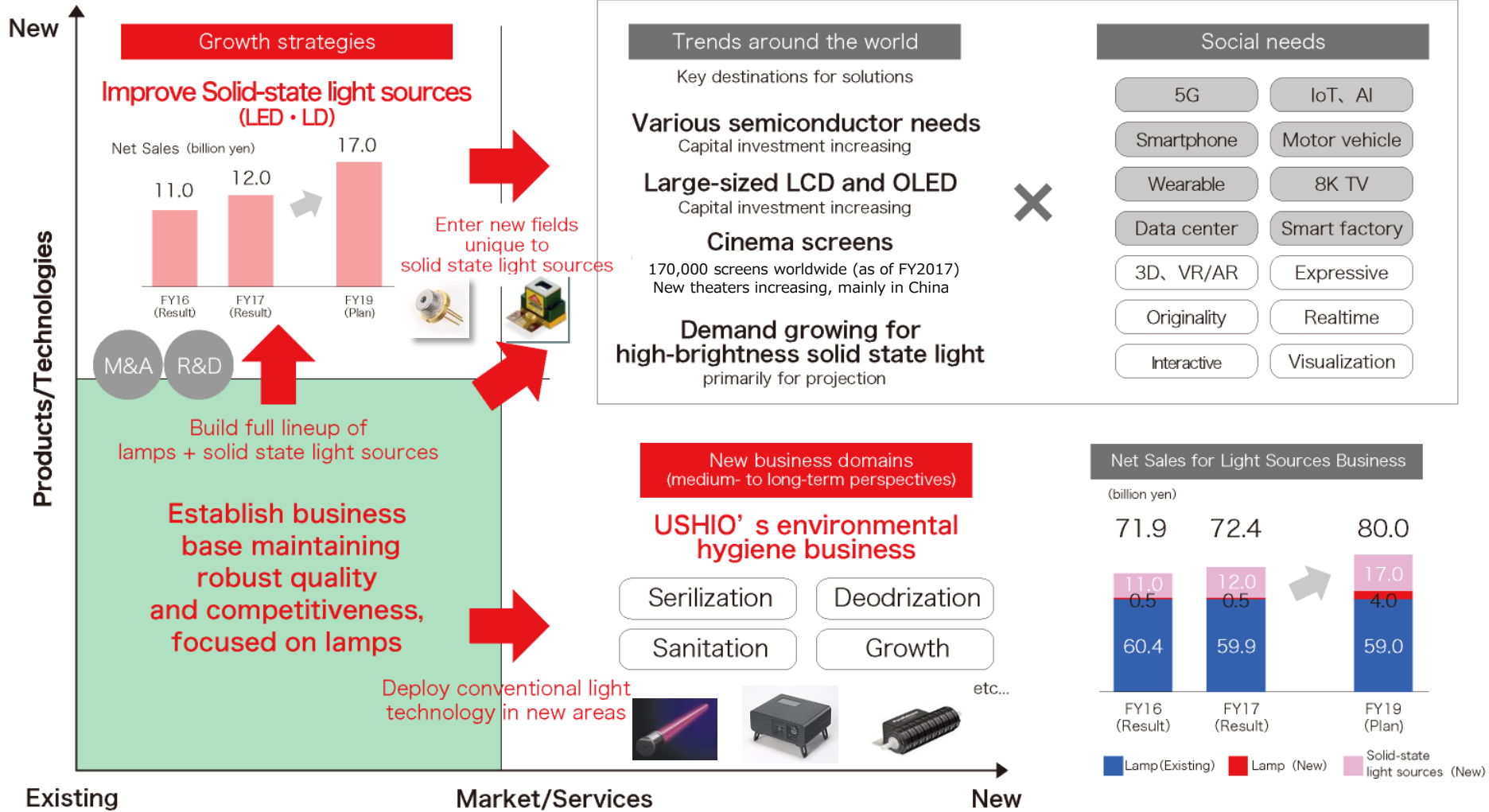
Change in imaging equipment profitability (FY17→FY18)



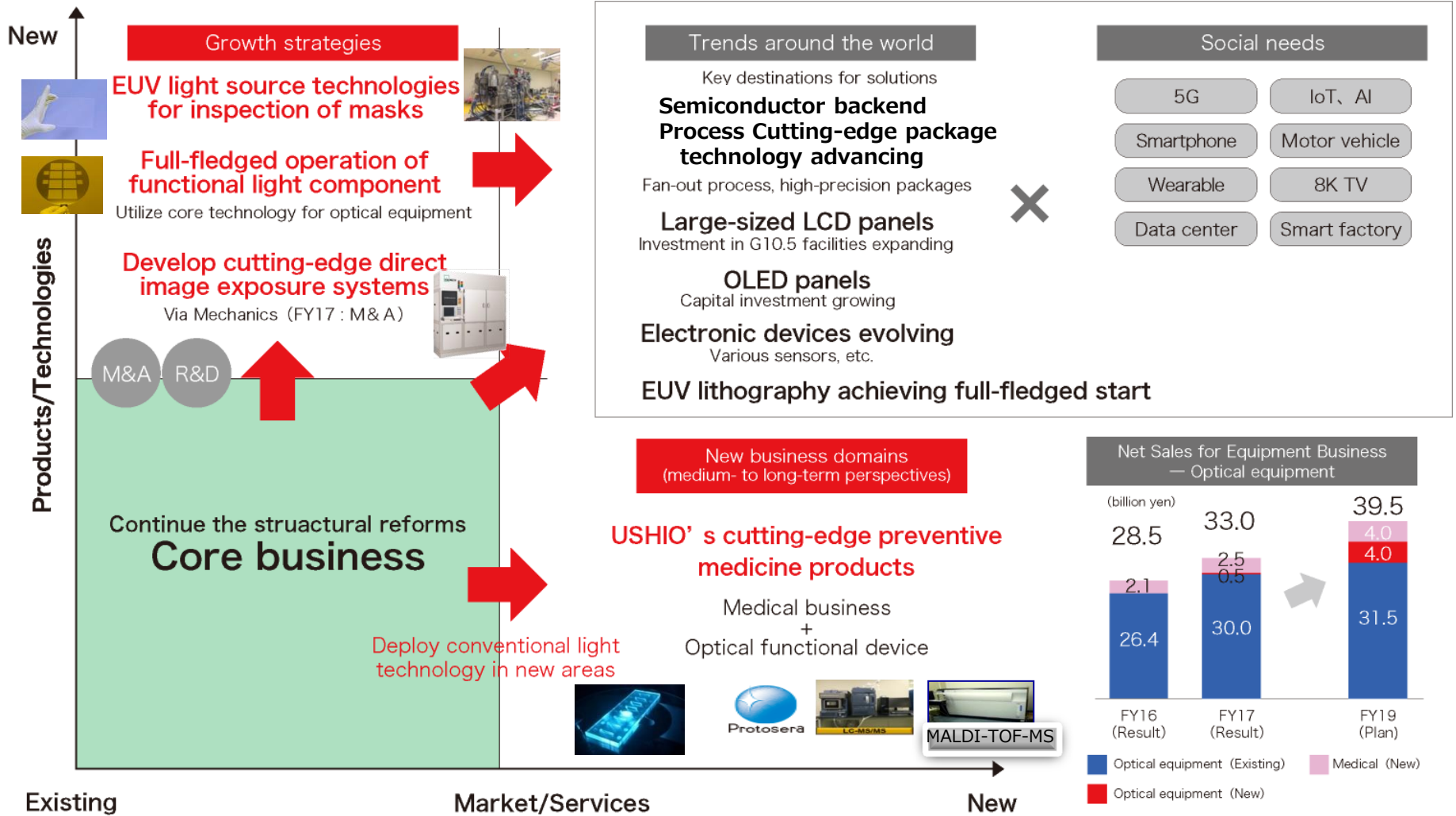
Reform financial position



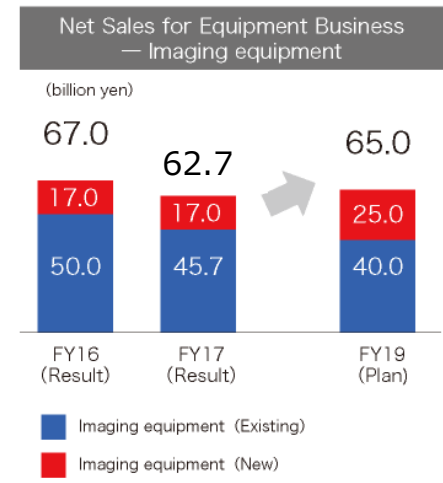
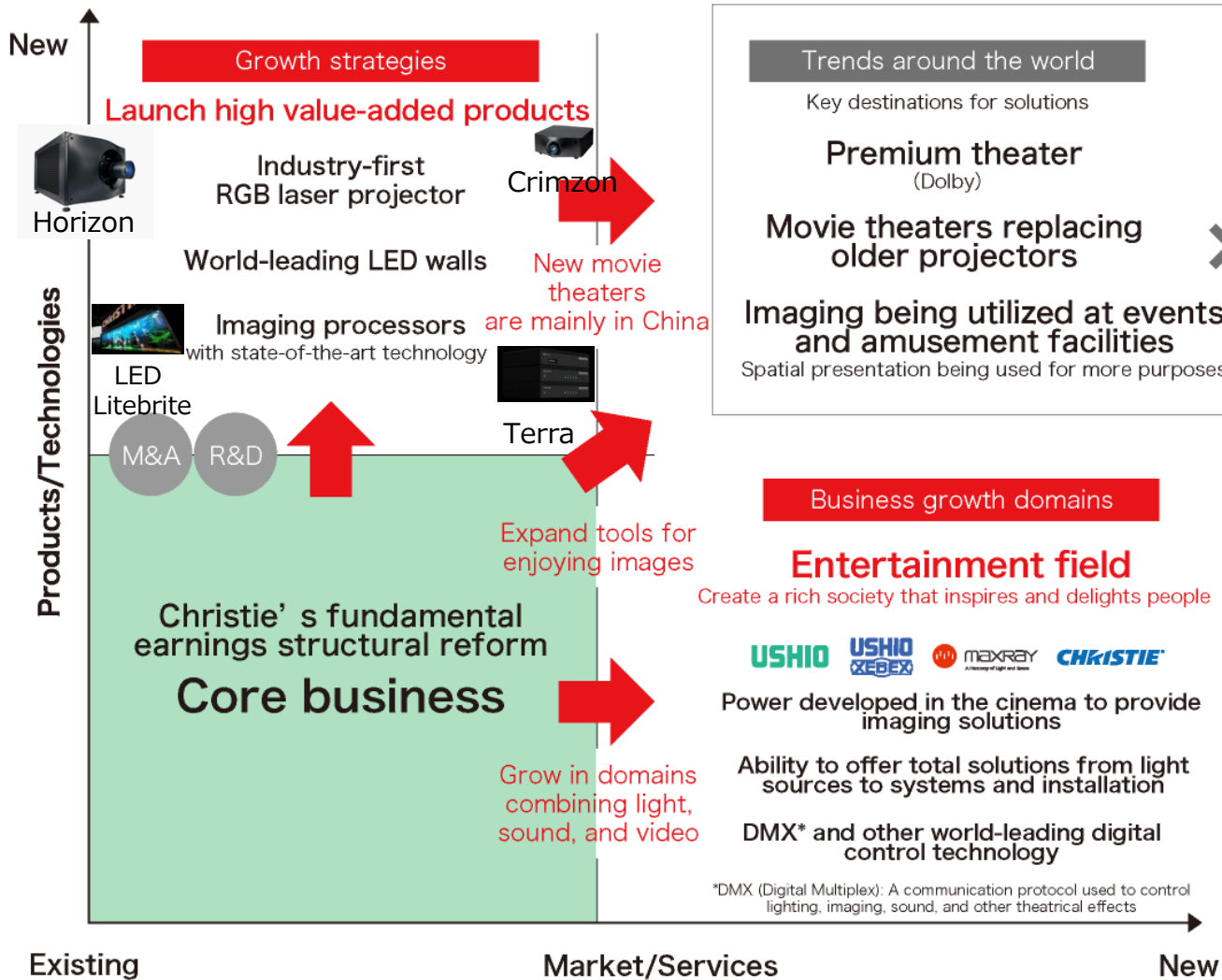
Business strategies (Light Sources Business)



Business strategies (Equipment Business Optical equipment)



Business strategies (Equipment Business Imaging- equipment)



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2 . Towards “Leap as a light innovation company”

USHIO's new business fields to create value

Solutions for environmental pollution, food safety, etc.

Ensure clean air and water, prevent the spread of disease, create a safe and secure society and environment

Address soaring medical costs, enhance QOL,* etc.

※QOL = Quality of life

Build a prosperous society where people are healthy

Let's create exciting future with light

Use the strengths of our robust business and optical technology foundations to provide high-value-added optical solutions



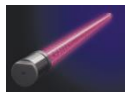
① Environmental health (Air·Water·Virus)

Disinfection using 222 nm ultraviolet light that is harmless to the human body

※USHIO has an exclusive license for 222 nm ultraviolet light (concluded an agreement with the University of Columbia)

Space sterilization and deodorization technology using 172 nm excimer light-generating ozone

Real-time running water sterilization technology



No.1 share Mercury free UV lamp



Ozonizer for Indoor Air Quality



Compact Reactor



Roof-mounted air disinfection unit



Compact deodorization unit



Photo Absorbance Sensor

② Advanced preventive care (Early detection·Early treatment)

Manufacturing technology for biochips and other functional components

Early screening diagnostics technology

Biomarker investigation technology



Functional light component



Biomarker business

Also



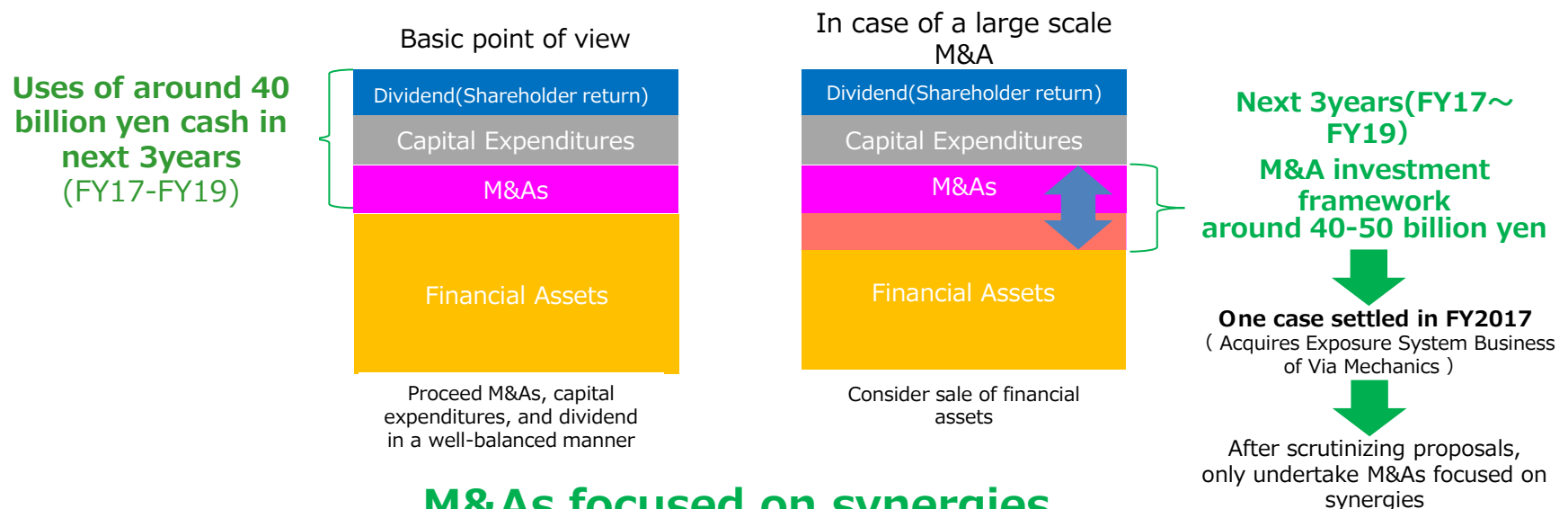
to accelerate commercialization

Positioning M&As as the Key to Future Growth

USHIO will actively work on M&A projects that fully promise synergistic effects such as leading to opening up new markets for "light."

Ready to invest around **40-50 billion yen** for large scale of M&As

Investment securities: Consider sale when conducting major M&A deal



M&As focused on synergies

Acquisitions to respond faster to new light sources (solid-state light sources)

Acquisitions to accelerate entry into new markets leveraging existing technology and products

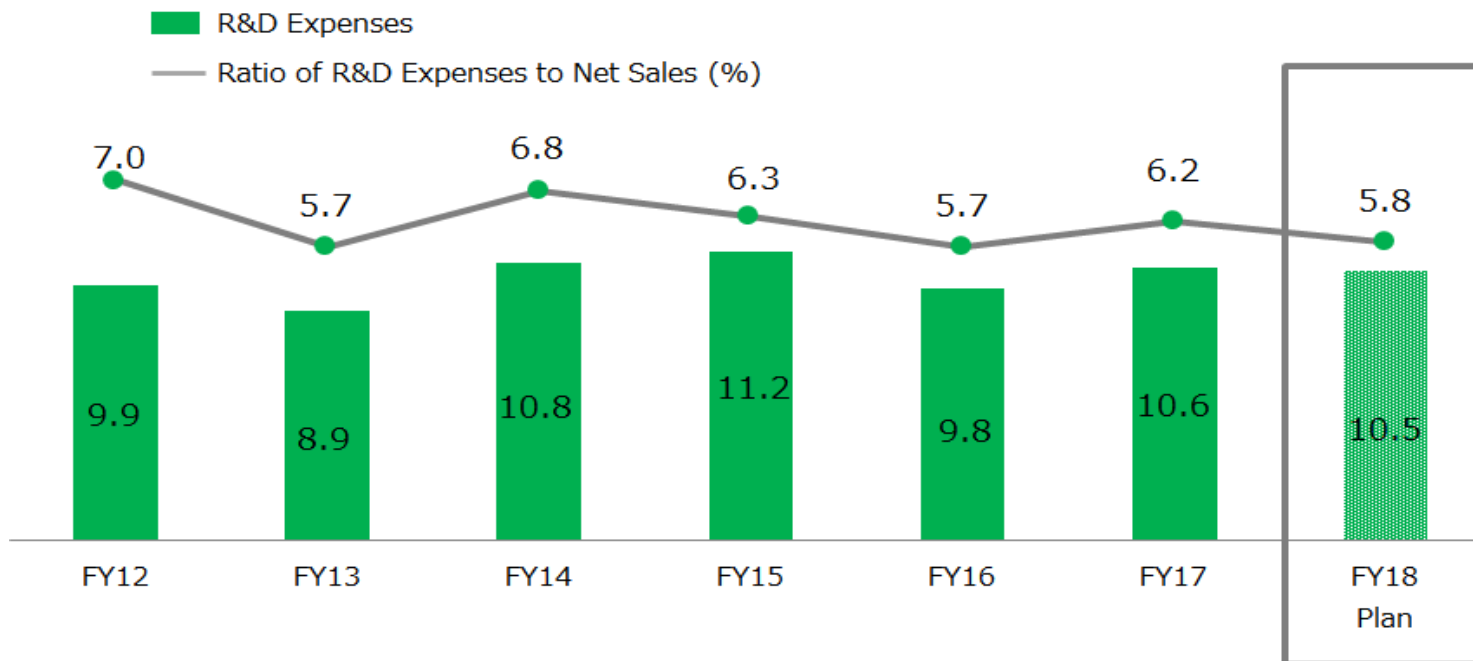
M&As to acquire sales channels and technology USHIO lacks, targeting a business model shift to a solutions provider

Acquisitions to speed up development of high value-added products

R & D strategies

R&D Spending Underpinning USHIO's High Value-added Products

Expand the scope of use for existing "light" technology and actively engage in R&D activities tied to sustainable growth



USHIO's R&D Investment

- Implementation of research activities with an eye to launching high value-added products
- Exploration of new wavelength needs via collaboration with industry, academia, and government (joint research)
- Cultivation of new markets via advancement and application of core technology
- Development of products matching customer needs, a strength

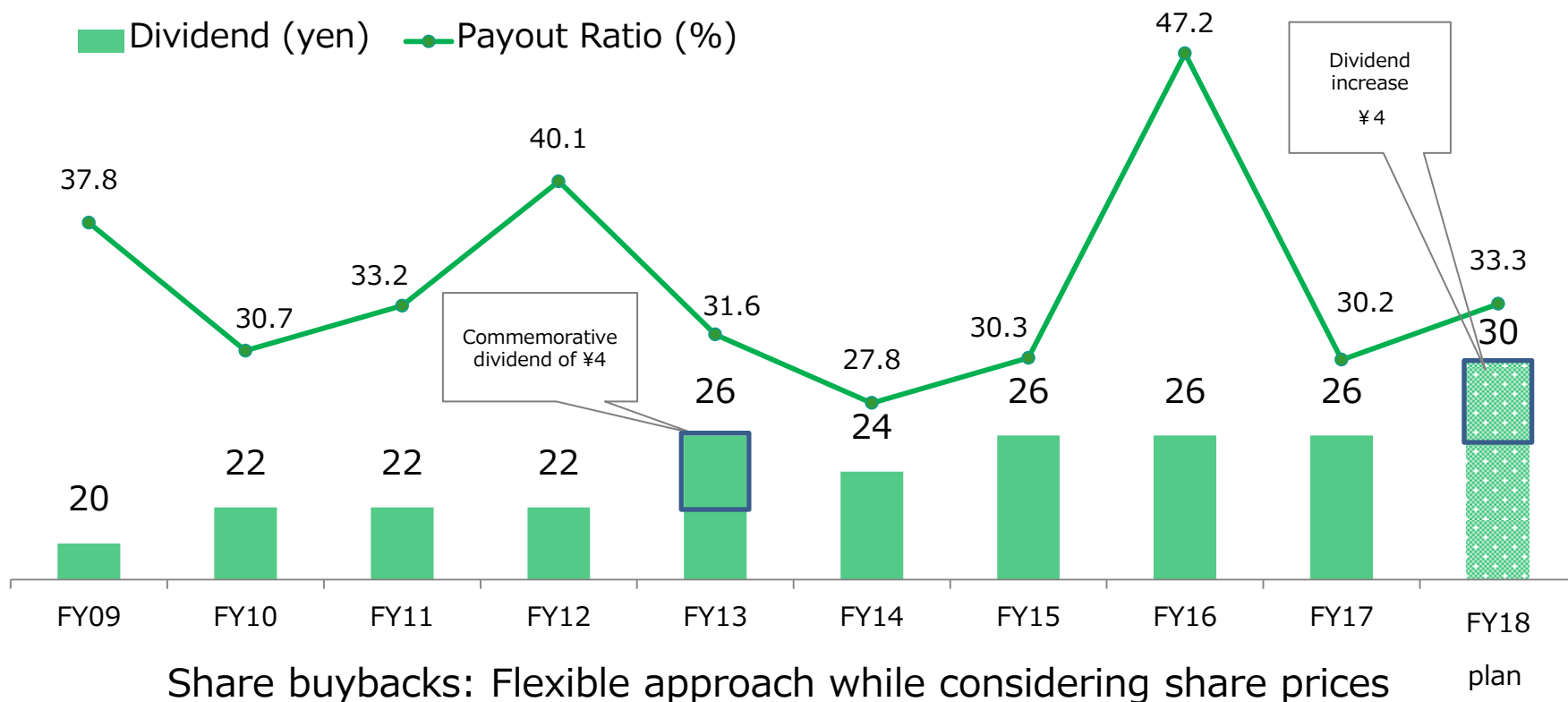
About Return of Profits to Shareholders

【Policy】

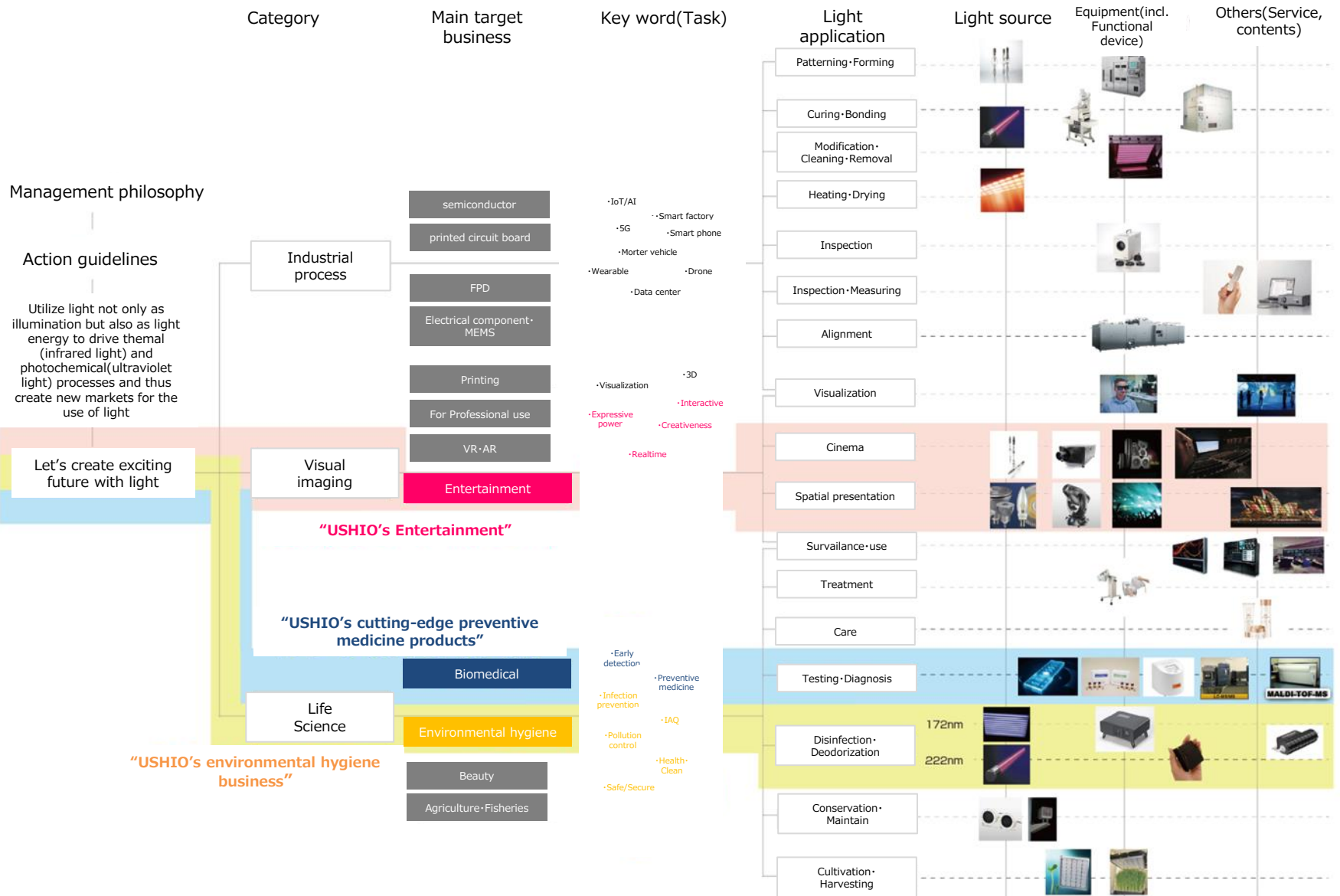
Return profits in a stable and consistent manner

Cash dividends (FY2018 plan): ¥30 (¥4 increase)

Aim to further return profits to all shareholders, taking into consideration funds necessary for investments in sustainable medium- to long-term growth going forward



Supplementary information : USHIO's business skematic



Supplementary information: Sales by segment in Medium-term Management Plan (FY2017 ~ FY2019)

Segment	Sub-segment					Changes in 3 years (FY19-FY16)		
		1 st year	2 st year	3 st year	(billion yen)	(%)	CAGR (%)	
		FY16 (Results)	FY17 (Results)	FY18 (Plan)				FY19 (Plan)
Equipment Business	Imaging equipment	67.0	62.7	60.0	65.0	▲2.0	▲3	▲1
	Optical equipment	28.5	33.0	37.5	39.5	+11.0	+39	+11
	Illumination and others	2.0	1.7	1.5	1.5	▲0.5	▲25	▲9
	Sub-total	97.6	97.6	99.0	106.0	+8.4	+9	+3
Light Sources Business	Discharge lamps (incl. SSLs)	59.7	59.9	64.5	67.0	+7.3	+12	+4
	Halogen lamps	12.1	12.4	12.5	13.0	+0.9	+7	+2
	Sub-total	71.9	72.4	77.0	80.0	+8.1	+11	+4
Other	Machinery for industrial use and other	3.2	3.4	4.0	4.0	+0.8	+25	+8
Total		172.8	173.4	180.0	190.0	+17.2	+10	+3
Company-wide basis	Operating income (billion yen)	8.6	10.1	12.5	15.0	+6.4	+74	+20
	Operating income ratio (%)	5.0	5.9	6.9	7.9	+2.9p	-	-

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- I. Financial Results for FY2017
 - II. Forecasts for FY2018
 - III. Medium-Term Management Plan
 - IV. Supplementary Information**

Reference: Summary of Financial Results Quarterly

(billion yen)	FY16	FY17				FY17 4Q	FY16 4Q	FY17 4Q - 3Q	
	4Q	1Q	2Q	3Q	4Q	Changes	%	Changes	%
Net Sales	47.8	41.7	43.4	44.5	43.6	▲4.1	▲8.7	▲0.8	▲2.0
Operating Income	2.8	2.8	2.8	2.9	1.5	▲1.3	▲45.5	▲1.3	▲46.9
Operating Income Ratio (%)	6.0	6.7	6.5	6.6	3.6	▲2.4P	-	▲3.0P	-
Ordinary Income	2.9	3.9	3.0	3.7	1.2	▲1.7	▲58.0	▲2.5	▲67.6
Profit Attributable to Owners of Parent	0.9	6.5	1.7	0.2	2.4	+1.5	+161.5	+2.2	-
EPS (Yen)	7.48	51.32	13.62	1.63	19.55	▲12.1	▲161.5	▲17.9	-
Forex (Yen)									
USD	114	111	111	113	110	▲4	-	▲2	-
EUR	121	122	130	132	134	+13	-	+2	-

Reference: Summary of Financial Results Quarterly by business segments

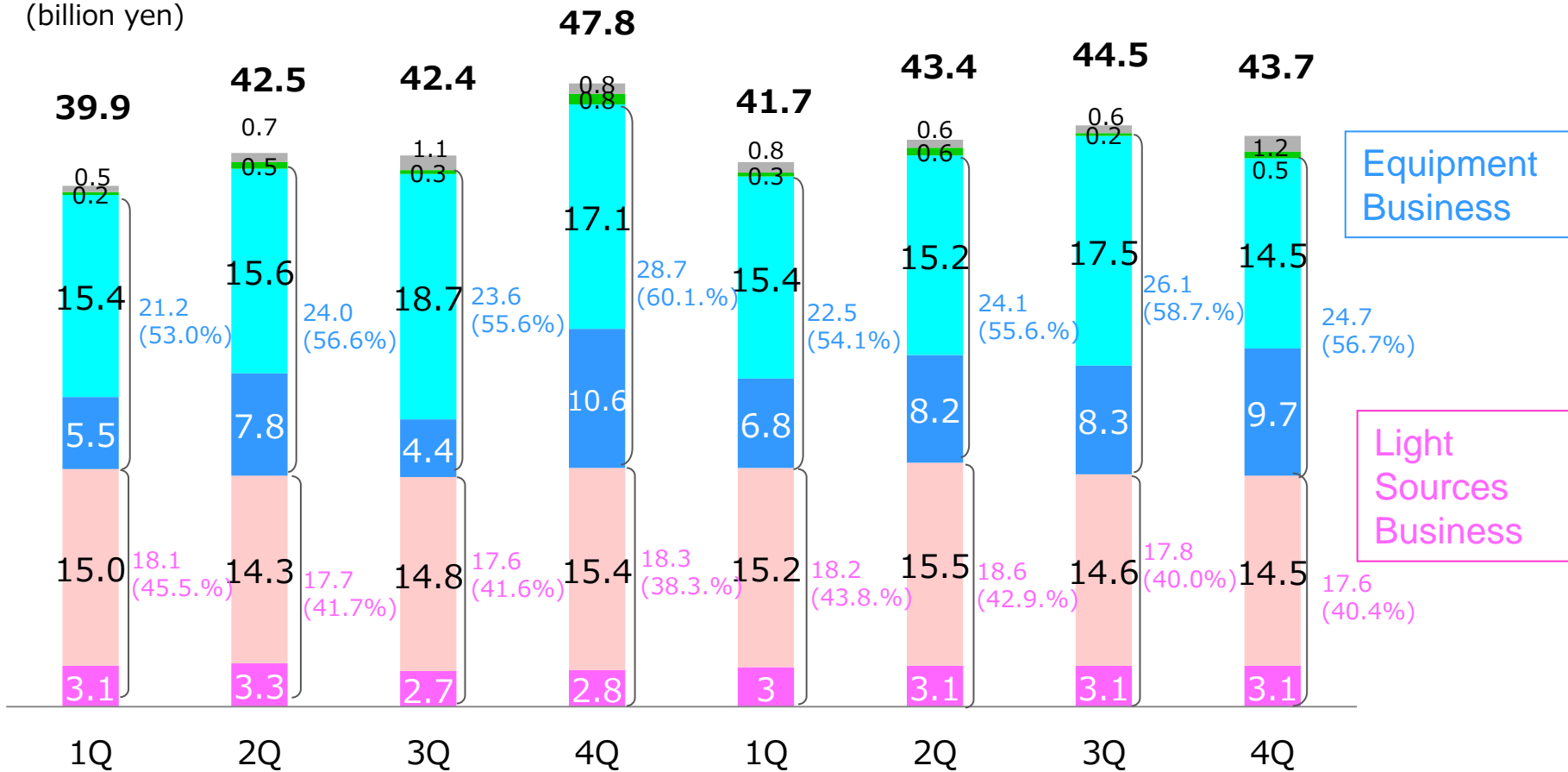
(billion yen)	FY16	FY17				FY17	FY16	FY17	FY17
	4Q	1Q	2Q	3Q	4Q	4Q	4Q	4Q	3Q
						Changes	%	Changes	%
Equipment									
Net Sales	28.7	22.5	24.1	26.1	24.7	▲3.9	▲13.8	▲1.3	▲5.3
Operating Income	0.1	0.0	▲0.0	0.4	▲0.9	▲1.0	▲857.9	▲1.3	▲327.5
Operating Income Ratio (%)	0.4	0.2	▲0.1	1.6	▲3.7	▲4.2P	-	▲5.3P	-
Light Sources									
Net Sales	18.3	18.2	18.6	17.8	17.6	▲0.6	▲3.6	▲0.1	▲1.0
Operating Income	2.6	2.6	2.8	2.4	2.4	▲0.2	▲7.9	▲0.0	▲2.5
Operating Income Ratio (%)	14.4	14.4	15.3	14.0	13.8	▲0.6P	-	▲0.2P	-
Others									
Net Sales	0.8	0.8	0.6	0.6	1.2	+0.4	+59.4	+0.6	+109.8
Operating Income	0.0	0.0	0.0	0.0	0.0	▲0.0	▲76.3	▲0.0	▲71.0
Operating Income Ratio (%)	5.0	7.6	3.2	5.4	0.7	▲4.3	-	▲4.7P	-

Reference: Other Income and Expenses, Extraordinary Income and Losses

(billion yen)	FY16	FY17	YoY	(billion yen)	FY16	FY17	YoY
Other Income	3.4	3.6	+0.1	Extraordinary Income	3.2	12.4	+9.2
Interest income	0.8	1.3	+0.4	Gain on sales of non-current assets	0.4	0.3	▲0.0
Dividend income	1.3	1.4	+0.1	Gain on sales of investment securities	2.7	5.9	+3.2
Realized and unrealized profit on trading securities, net	0.4	0.3	▲0.0	Gain on return of the substitutional portion of the employees' pension fund	-	6.0	+6.0
Gain on specified money in trust	0.3	0.1	▲0.2	Extraordinary Losses	2.6	3.0	+0.3
Others	0.4	0.4	▲0.0	Loss on disposal of property, plant and equipment	0.0	0.3	+0.2
Other Expenses	1.0	1.7	+0.6	Office transfer expenses	0.1	0.0	▲0.1
Interest expenses	0.3	0.6	+0.2	Special retirement expenses	0.0	0.3	+0.3
Exchange loss	0.6	0.9	+0.2	Business structural reform expenses	2.0	0.0	▲2.0
Others	0.0	0.1	+0.0	Impairment loss	0.2	1.8	+1.6
Other Income and Expenses	2.3	1.8	▲0.5	Loss on sales of shares of subsidiaries and associates	-	0.1	+0.1
				Others	0.0	0.2	+0.1

Reference: Sales by Sub-segment «Quarter»

(billion yen)



Equipment

- Imaging
- Optical

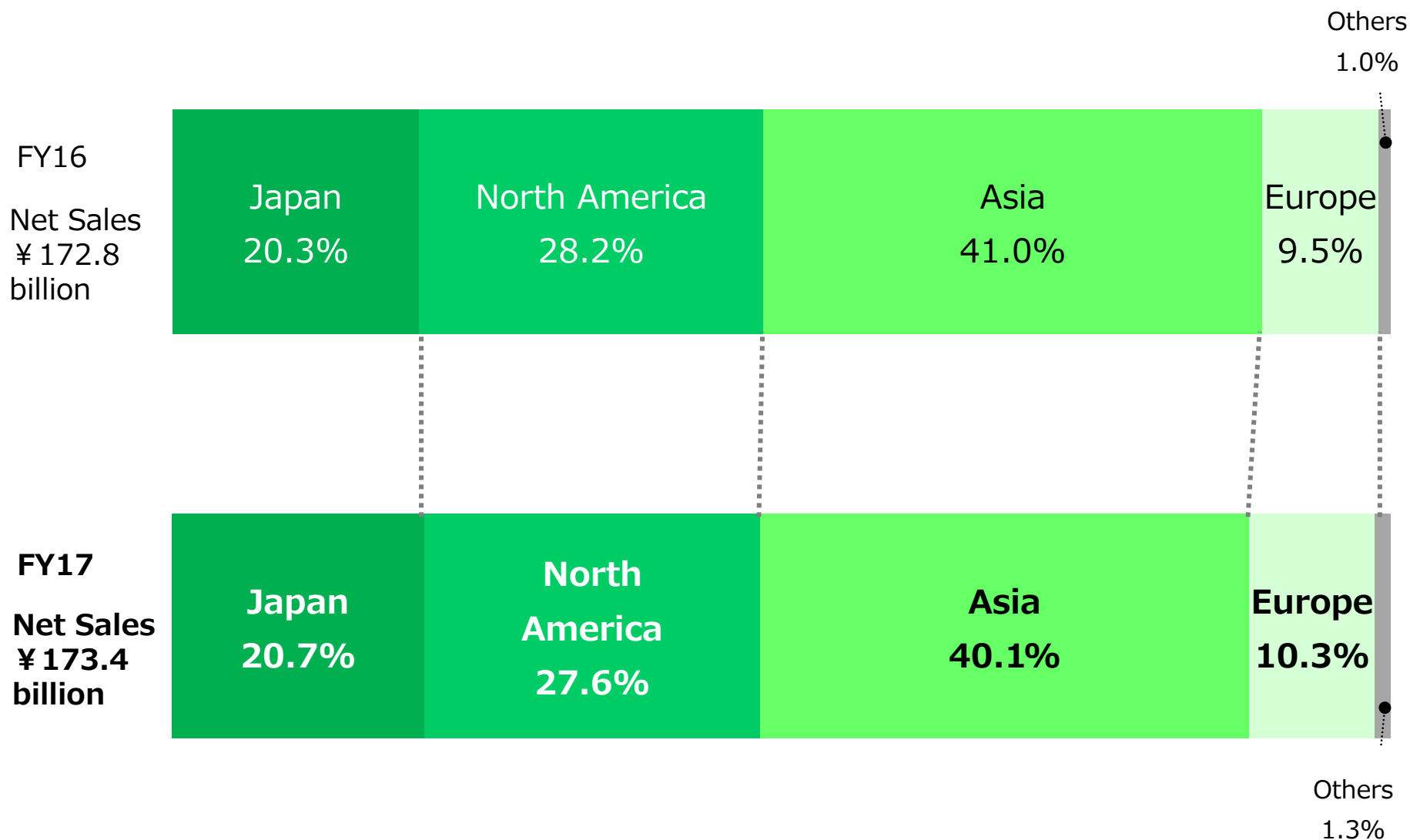
Light Sources

- Illumination and related facilities
- Halogen lamp

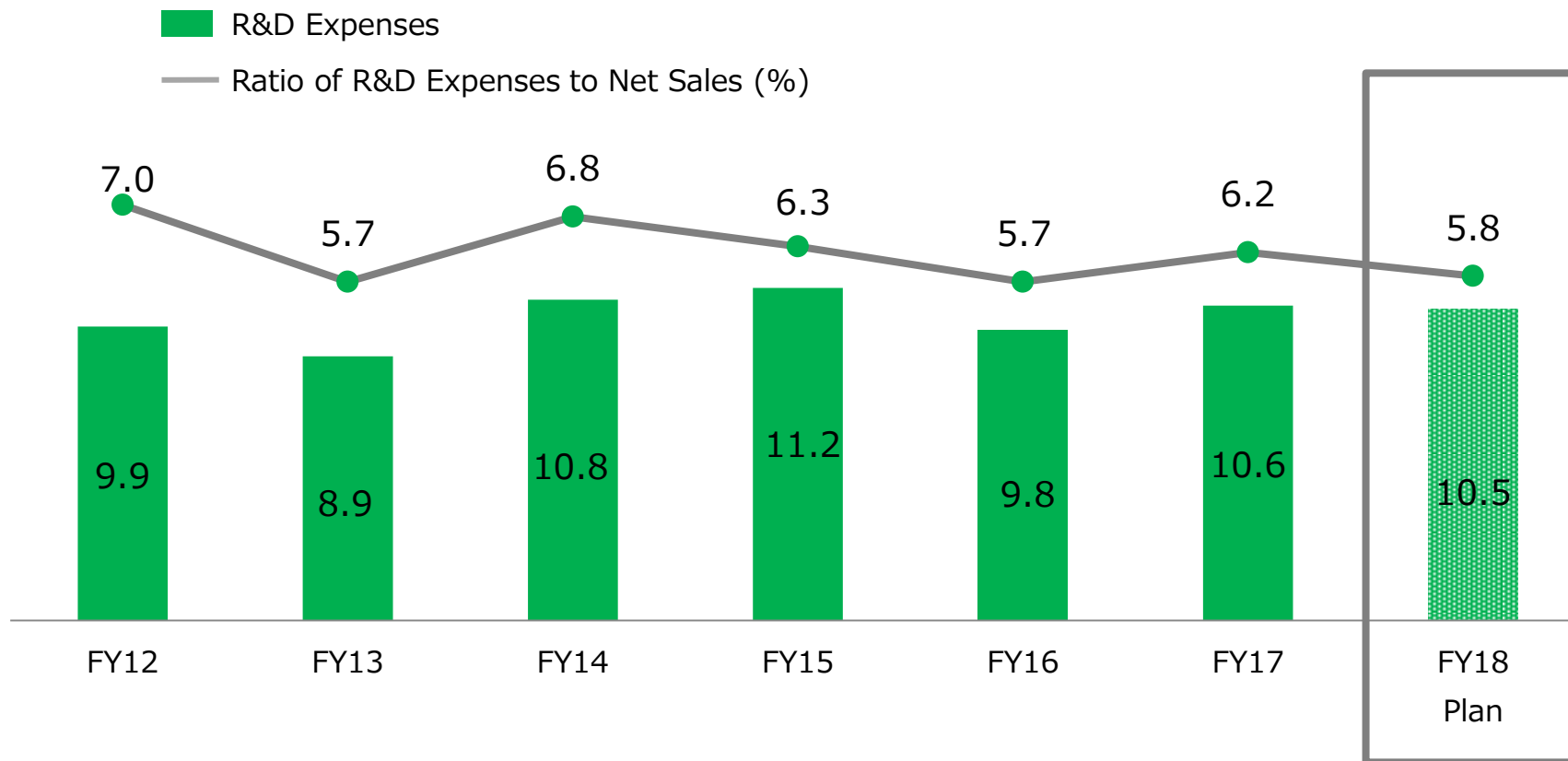
Others

- Machinery for industrial use and other

Reference: Sales Ratio



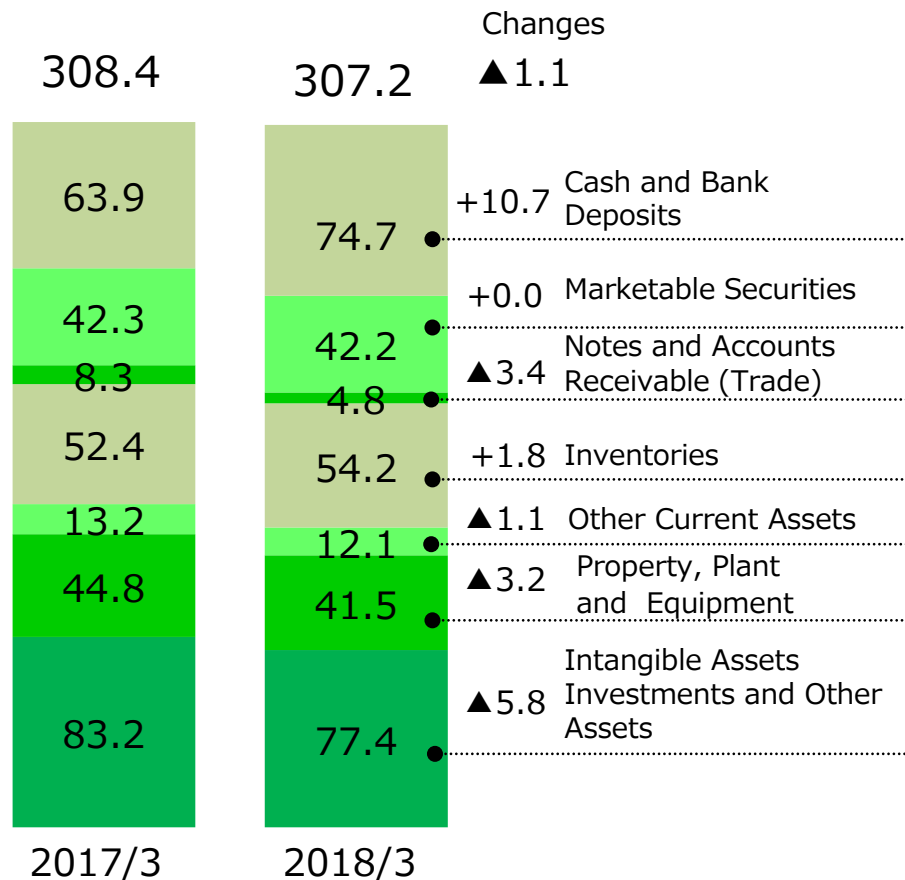
Reference : R&D Expenses



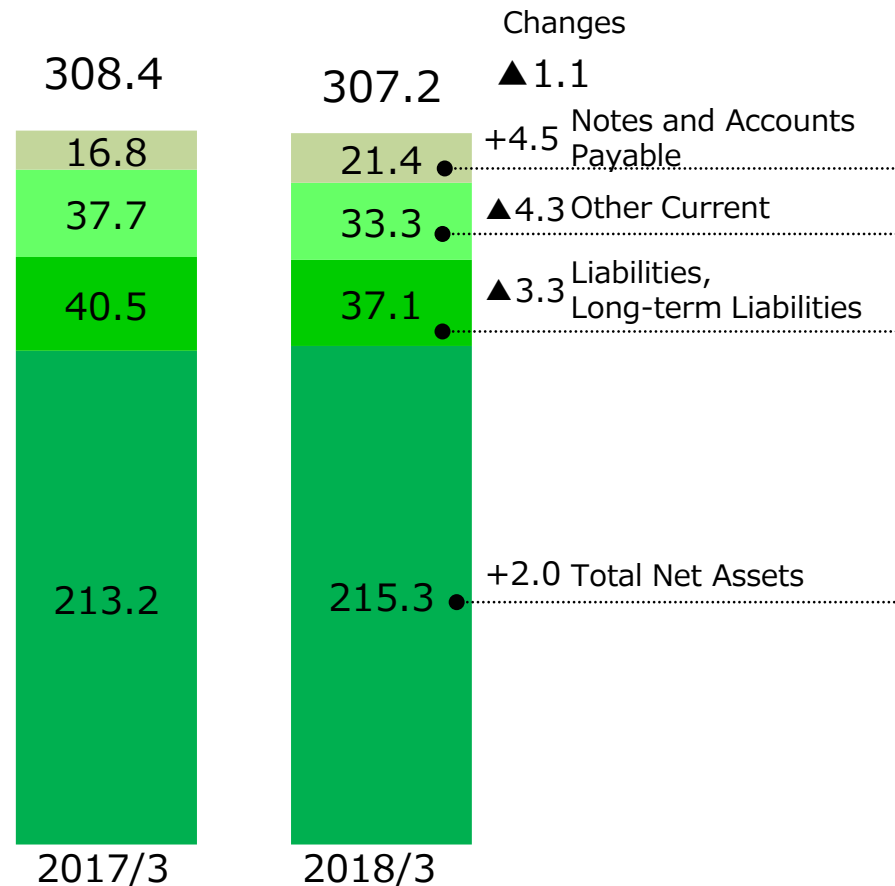
billion yen	FY16	FY17	YoY	
			Changes	%
R&D Expenses	9.8	10.6	+0.8	+8.2
Ratio of R&D Expenses to Net Sales(%)	5.7	6.2	+0.4P	-

Reference: Balance Sheet

◆ Assets (billion yen)



◆ Liabilities/Total Net Assets (billion yen)



● Turnover (month)

2017/3 2018/3

Receivable-trade	2.8	2.9
Inventories	3.8	3.7

● Equity Ratio (%)

2017/3 2018/3

68.9	70.0
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Reference: Capital Expenditures, Depreciation and Amortization

(billion yen)



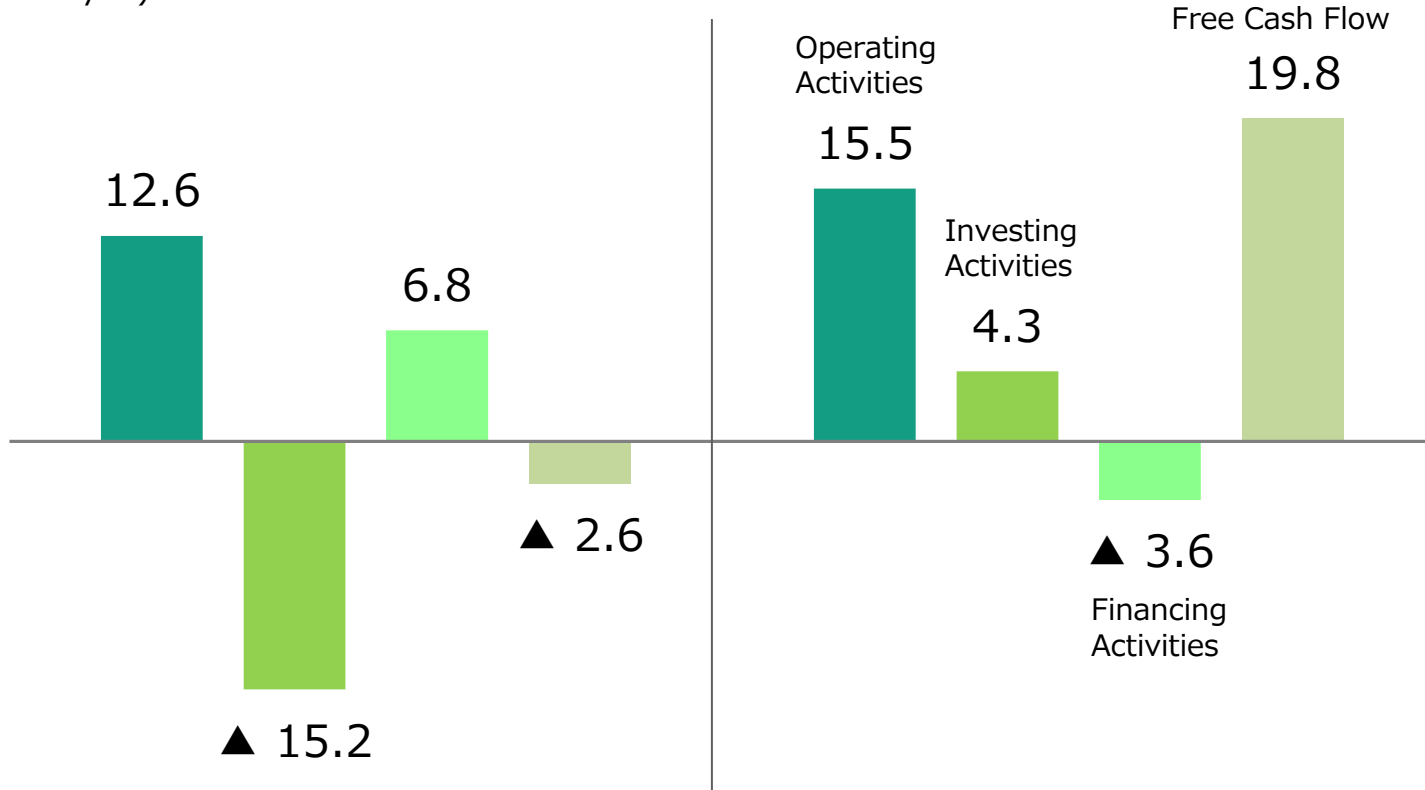
billion yen	FY16	FY17	YoY	
			Changes	%
Capital Expenditures	10.2	5.0	▲5.1	▲50.7
Depreciation and Amortization	6.5	6.7	+0.2	+3.1

Note 1. Capital Expenditures = Property, Plant and Equipment + Intangible assets (excluding Goodwill)

Note 2. Increase of Goodwill not included in Capital Expenditures: FY16: ¥0.4 billion, FY17: ¥0.2 billion

Reference : Cash Flow

(billion yen)



FY16

Cash and Cash Equivalents at the Beginning of the FY	47.8
Cash and Cash Equivalents in the End of the FY	50.9

FY17

Cash and Cash Equivalents at the Beginning of the FY	50.9
Cash and Cash Equivalents in the End of the FY	66.0

Reference: Features of USHIO Group's Light Sources

	Lamp Projector		Laser Projector		
Light Source	Super High-Pressure UV Lamp	Xenon Lamp	LaPh	RGB Laser (CP-RGB Series)	RGB Laser
Christie's Line up					
	Variety of Projectors (3LCD/1DLP/ 3 DLP)	CP Series Roadie and others	Crimson Series Apr. 2018 Release	CP4325-RGB * Mar. 2018 Release 1. CP2320-RGB 2. CP2315-RGB 3. CP4335-RGB The latter half of 2018 Release	Non Dolby Projector (CP42LH EWD/6P) Dolby Vision Projector (E3LH)
Lumen	<30,000	<45,000	<30,000	<23,000 <35,000	<60,000
Use	■ Gen. Proj. (Office, Home, Education, Hall, Event)	■ Cinema ■ Gen. Proj. (Hall & Event)	■ Non-Cinema ■ Gen. Proj. (Hall & Event)	■ Cinema	■ Laser Cinema (Dolby Cinema, etc.) ■ Gen. Proj. (Industrial VR, Theme park attraction)
Price	Low	Medium	Medium	Medium-High	High
Life	Medium**	Medium-Long**	Medium	Long	Long
Color	△○	○	△	◎	◎

* The industry's first – Lightest & Hi-Quality RGB Laser Projector

** Lamp replacement is necessary. Some lamp projectors. Mercury Lamp for general projection, Xenon Lamp for Cinema, may have longer life than LaPh projector.

ADTEC Engineering Acquires Exposure System Business of Via Mechanics

ADTEC Engineering Co., Ltd. ("ADT"), a wholly owned subsidiary of USHIO INC. announced that it has concluded an absorption-type company split agreement with Via Mechanics, Ltd. (Head office: Kanagawa prefecture, Japan; President: Hideaki Shimizu; "Via Mechanics") as of January 19, 2018. .

ADT has focused on exposure systems of the type used in PCB manufacturing, introducing a wide variety of products to resolve customer needs ranging from automatic contact exposure systems to cutting edge digital exposure systems.

At the same time, since its establishment in 1968, Via Mechanics has developed and manufactured a variety of industrial equipment to meet the needs of the times. Concurrently, the exposure system division of the company has been developing its business around the field of advanced packaging and semiconductor post processes.

The current environment surrounding exposure systems is such that management must focus not only on PCBs, package substrates, and product lineups meeting a wide variety of needs, but also on the development of equipment that can immediately accommodate the divergent evolution of circuit formation technologies (including semiconductor post processes) and reinforcement of service systems which support stability of customers' operations.

Through this acquisition, ADT aims to further develop its business by providing better products and fuller services to customers.



Press release

Projection Mapping by Junior High School Students from Onagawa Town in Miyagi Prefecture Helping Out with High Brightness Projector, Lighting System, and Other Equipment

– Junior high school students steep the JR Onagawa Station building in “images, music, and light” to express gratitude for nationwide assistance with post-earthquake rebuilding –

Our wholly owned subsidiary Ushio Entertainment Holdings (hereinafter UEH) lent a hand with a high brightness projector, lighting system, and other equipment for junior high school students at Collabo-School Onagawa Kougakukan (located in Miyagi Prefecture’s Onagawa Town, operated by the approved specified nonprofit corporation Katariba) creating and putting on a projection mapping show.

By providing technical support and the use of a high brightness projector made by another USHIO Group member—Christie Digital Systems, Inc., lighting system, and other equipment, UEH is backing the building of a new community in Onagawa, which is aiming to fully recover from the Great East Japan Earthquake.



After the Great East
Japan Earthquake



JR Onagawa station March 17, 2018

Event digest video



Video work



<http://www.ushio.co.jp/jp/news/1003/2018-2018/500296.html>
(Press released on March 5, 2018)

Reference: Glossary

AI	Artificial Intelligence
AR	Augmented Reality
COF	Chip On Film
DCP	Digital Cinema Projector
FA	Factory Automation
FPD	Flat Panel Display
IAQ	Indoor Air Quality
IoT	Internet of Things
M-SAP	Modified Semi Additive Process
OA	Office Automation
OLED	Organic Light Emitting Diode
RGB	Red Green Blue
UV	Ultraviolet
VR	Virtual Reality

USHIO

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