



# First Quarter FY2019 Financial Results

USHIO INC.  
**July 31, 2019**

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.
- \* FY2019 starts from April 1<sup>st</sup>, 2019 through March 31<sup>st</sup>, 2020.

- YoY 1Q for FY2019 (Result):

Causal Analysis on **Net Sales and Earnings Decreased**

- YoY for FY2019 (Full-year Forecast) :

Reasons on **Financial Result Forecast Remained unchanged**

Initial Annual Forecast:

Net Sales: 170.0 billion yen    Operating Income: 10.0 billion yen

## **I. Financial Results for 1Q FY2019**

## II. Forecasts for FY2019

## III. Supplementary Information

# Highlights of Financial Results for 1Q FY2019

Net Sales down 2.6% year on year to ¥38.9 billion  
Operating Income down 15.3% year on year to ¥2.1 billion

Achievement Rate to Initial Plan: Net Sales 22.9% Operating Income 21.5%

**Net Sales : 38.9 billion yen** (▲1.0 billion yen YoY, ▲2.6%)

- Light Source Business :**
- Demand for lamps decreased due to conversion to solid-state light sources
  - Semiconductor·FPD market slowdown
- Imaging Equipment Business :**
- Digital Cinema Projector sales decreased

**Operating Income : 2.1 billion yen** (▲0.3 billion yen YoY, ▲15.3%)

Operating Income decreased due to lower sales

**Profit Attributable to Owners of Parent : 1.2 billion yen**  
(▲1.0 billion yen YoY, ▲44.5%)

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

\*FOREX FY2019\_1Q : 1US\$ = 111 yen

against USD

Net Sales  
Approx. ¥1.0 billion

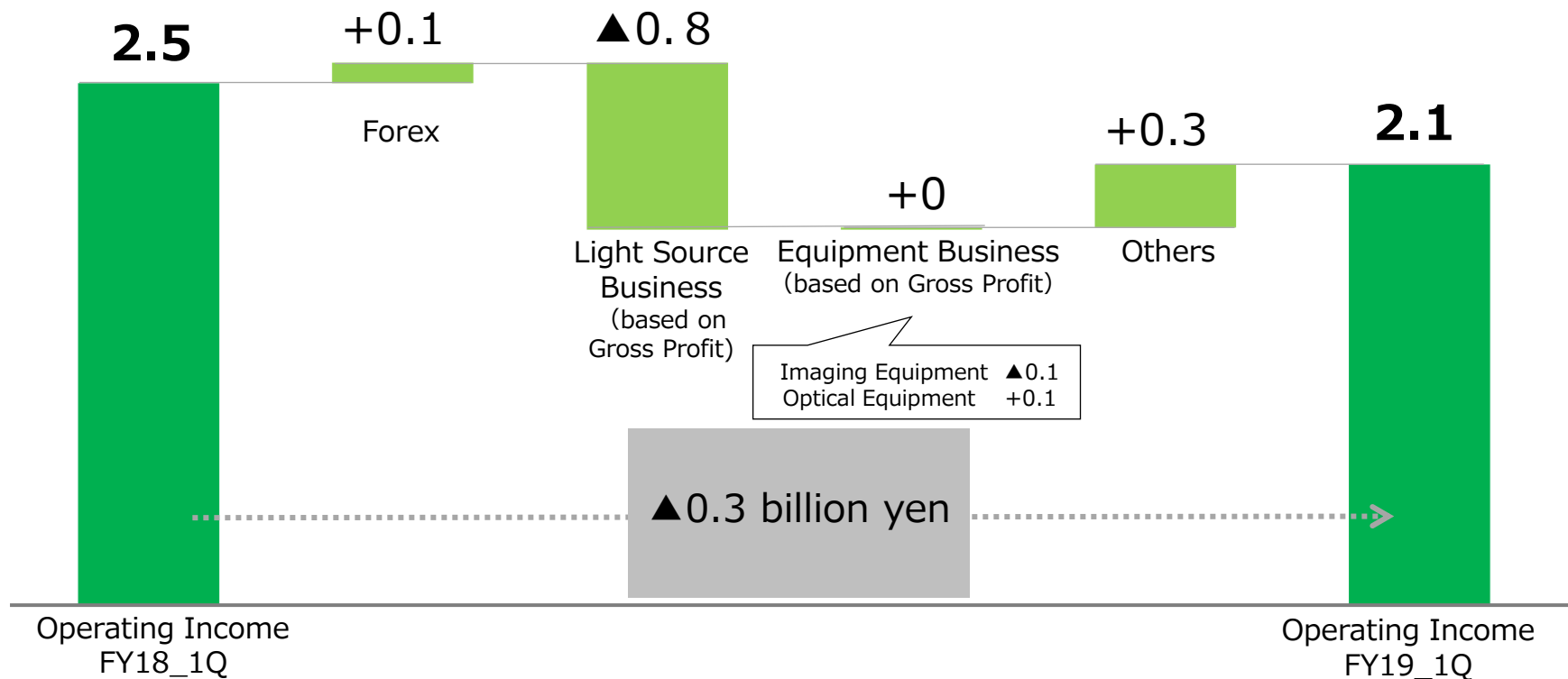
Operating Income  
Approx. ¥0.15 billion

## Summary of Financial Results

(billion yen)		FY18 1Q	FY19 1Q	YoY	
				Changes	%
Net Sales		39.9	<b>38.9</b>	▲1.0	▲2.6
Operating Income		2.5	<b>2.1</b>	▲0.3	▲15.3
Operating Income (%)		6.4	<b>5.5</b>	▲0.8P	—
Ordinary Income		3.9	<b>2.9</b>	▲0.9	▲24.7
Profit Attributable to Owners of Parent		2.2	<b>1.2</b>	▲1.0	▲44.5
EPS (yen)		17.67	<b>10.02</b>	▲7.65	▲43.3
Forex (yen)	USD	108	<b>111</b>	+3	-
	EUR	130	<b>124</b>	▲6	-

## YoY Variation Analysis of Operating Income

(billion yen)



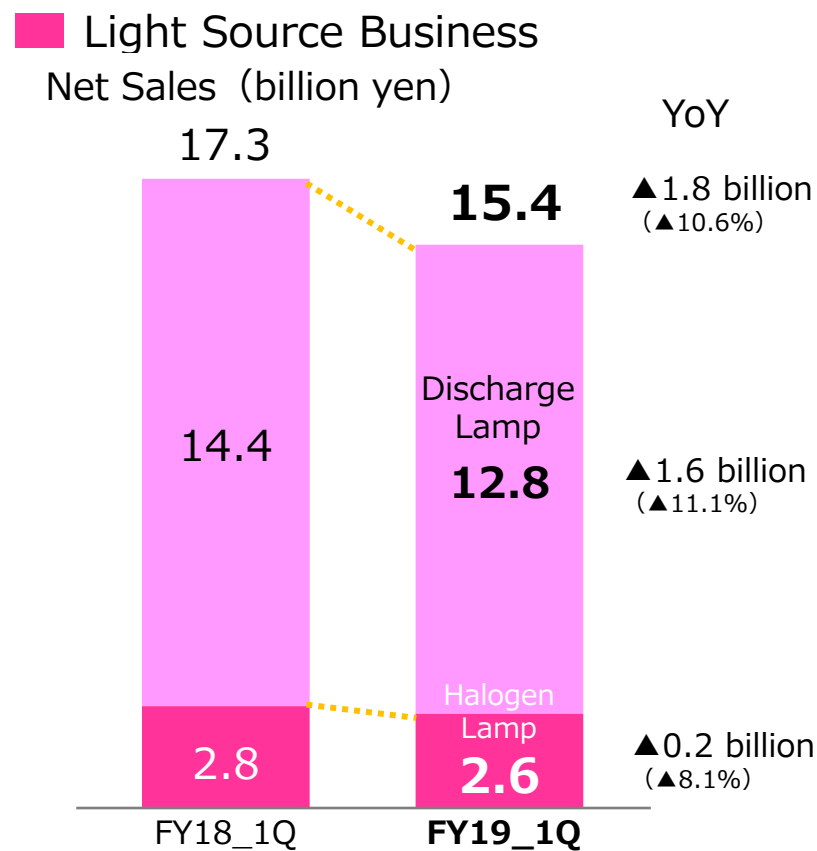
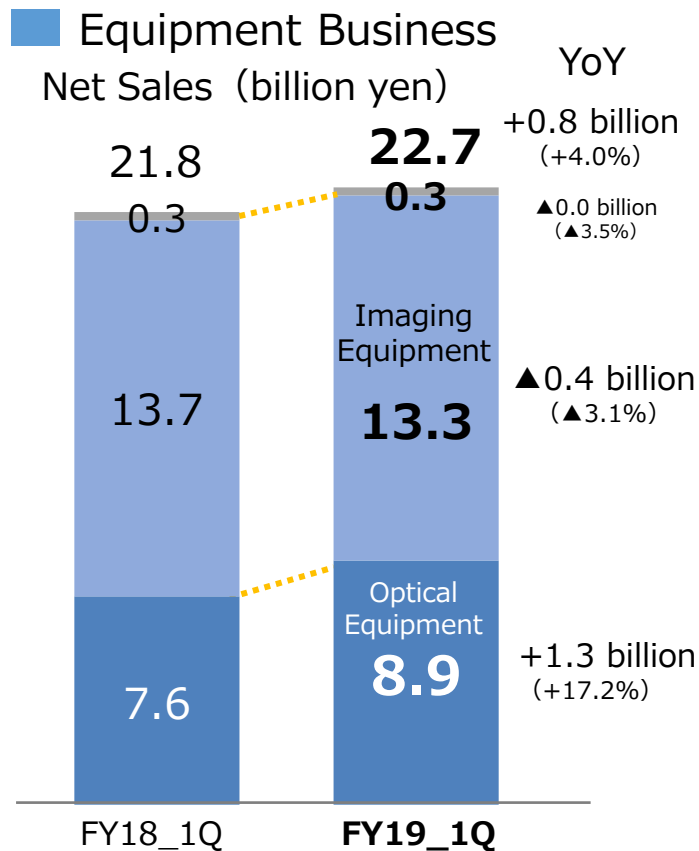
Note: Figures for "Light Source Business (based on Gross Profit)" to "Others" exclude Forex impact.

## Financial Results by Business Segments

		(billion yen)	FY18 1Q	FY19 1Q	YoY	
					Changes	%
Equipment	Net Sales		21.8	22.7	+0.8	+4.0
	Operating Income		0.0	0.0	+0.0	–
	Operating Income (%)		0.0	0.4	+0.4P	–
Light Sources	Net Sales		17.3	15.4	▲1.8	▲10.6
	Operating Income		2.5	1.9	▲0.6	▲24.2
	Operating Income (%)		14.8	12.5	▲2.3P	–
Others	Net Sales		0.7	0.7	▲0.0	▲9.3
	Operating Income		0.0	0.0	▲0.0	▲24.6
	Operating Income (%)		3.0	2.5	▲0.5P	–
Elimination and corporate	Operating Income		▲0.0	0.1	+0.1	–

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



Note : Net sales indicates sales to unaffiliated customers.



# Business Environment and Business Segment Overview

Business Field	Business Environment	Equipment Business (YoY : ■ Optical equipment +17.2%, ■ Imaging equipment ▲3.1%)	Light Source Business (YoY : ■ Discharge Lamp ▲11.1%, ■ Halogen Lamp ▲8.1%)
Electronics Field	<b>Semiconductors- and Electrical components-related markets</b> ・Solid demand for electronic devices (Smartphone, automotive application, etc.) ・Investment and operation slowdown in semiconductor and print circuit board ・New demand increased for next generation packaging	<b>■ UV Equipment: ▲1%</b> ・Solid demand for projection lithography equipment in electronic devices ・Demand decreased for direct Imaging exposure systems	<b>■ UV Lamps: ▲12%</b> ・Solid demand for large size LCD panels ・Operation slowdown for OLED, semiconductor and print circuit board
	<b>FPD-related markets</b> ・Large-size panel: continuous investments in LCD market in China ・OLED: continuous control on equipment investment ・Middle-size panel (LCD・OLED): operation slowdown	<b>■ Cure Equipment: +64%</b> ・Demand increased of LCD-related equipment for large-size panel ・Demand decreased for photo-alignment equipment	
Visual Imaging Field	<b>Cinema field</b> ・Installation slowdown of new movie theaters ・Expansion of laser projectors	<b>■ Cinema: ▲9%</b> ・DCP sales number decreased ・RGB laser projector ratio gradually increased	<b>■ Lamps for cinema: ▲21%</b> ・Price dropped due to intensified competition ・Expansion of extended lamp usage
	<b>General Imaging field</b> ・Solid demand for visual imaging ・Expansion of laser projectors	<b>■ General Imaging: +3%</b> ・Sales increased of RGB projector for entertainment market	<b>■ Lamps for data projectors: ▲18%</b> ・Lamp demand decreased due to conversion to solid-state light sources
	<b>OA field</b> ・Solid demand for OA products	—	<b>■ Lamps for OA: +2%</b> ・Demand increased for value added environment-friendly lamps
Overall	Impact of U.S.-China trade friction		Minor Impact

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# Full-year Forecasts

Remain unchanged

(billion yen)	FY19 1Q	FY19 Initial Forecast	Achievement Rate (%)
Net Sales	38.9	<b>170.0</b>	22.9
Operating Income	2.1	<b>10.0</b>	21.5
Operating Income (%)	5.5	<b>5.9</b>	-
Ordinary Income	2.9	<b>12.0</b>	24.8
Profit Attributable to Owners of Parent	1.2	<b>11.5</b>	10.9
EPS (yen)	10.02	94.17	10.6
ROE (%)	-	5.4	-
Dividend per share (yen)	-	50	-
Payout Ratio (%)	-	53.1	-
Forex (yen)	USD	111	-
	EUR	124	-

# Net Sales by Sub-segment / Comment on after 2Q

(billion yen)		FY19 Initial plan	FY19 1Q	Achievement Rate (%)	Comment on after 2Q	
Net Sales	Equipment	Imaging- equipment	59.0	<b>13.3</b>	22.6	Shipping for large-scale projects starts from 2Q
		Optical- equipment	40.0	<b>8.9</b>	22.4	Acceptance inspection of latest IC package board projects will be in 2H
		Illumination and others	2.0	<b>0.3</b>	18.8	
		Sub-total	101.0	<b>22.7</b>	22.5	
	Light Sources	Discharge- lamps	54.0	<b>12.8</b>	23.8	<ul style="list-style-type: none"> <li>Recovery of semiconductor- and middle-small size panel markets will be after FY20</li> <li>Demand decrease of lamps for cinema is within expectation</li> </ul>
		Halogen lamps	11.5	<b>2.6</b>	23.0	Lamps for OA field is solid
		Sub-total	65.5	<b>15.4</b>	23.6	
	Others	Machinery for industrial use and other	3.5	<b>0.7</b>	20.6	
	Total		170.0	<b>38.9</b>	22.9	

## Imaging Equipment

New RGB laser projector sales expansion

### Cinema

Order expansion of various projectors with RGB laser

Christie Reallaser projector



Orders from leading cinema chain companies Huaxia Film, Cinema21, Cineworld and more

※Cineworld newly installation (slide #24)

### General Imaging

Order expansion of D4K40 with RGB laser for general imaging

Christie D4K40-RGB



- Expo 2020 Dubai with more than 250 projectors
- Amusement parks and more

## Optical Equipment

Exposure equipment new demand expansion

### Large Field Stepper (UX-5 series)



Increase demand for servers for data centers with high-capacity and high-speed data processing due to IoT evolution

→ **New demand increase for latest IC package board**

### Roll to roll Lithography Tools (UFX series)



Increase demand for narrow framed displays and OLED used for smartphones

→ **New demand increase for flexible circuit board**

## Share Buyback

As per notice concerning status of purchase of treasury shared in December 2018

(as of June 30<sup>th</sup>, 2019)

**Announcement on Dec. 20<sup>th</sup>, 2018**  
Max 10 billion yen  
(Max 8 million shares)  
From Dec. 21, 2018 to Dec. 20<sup>th</sup>, 2019

**Total amount of shares purchased : 4.64 billion yen**  
**progress : about 46%**

### Dividend per share

(FY2019 plan)

**50 yen**

payout ratio : 53.1%

### Shareholder return policy

Ushio always recognizes that profit return to shareholders is one of the most important duties as a listed company. The basic policy is to return profits to shareholders in a stable and consistent manner. Ushio purchases own treasury shares, taking flexible approach. We retain our treasury shares of approximately 5% of the total number of issued shares at maximum and cancel the excess portion of the treasury shares in each year.

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## Reference: Summary of Quarterly Financial Results

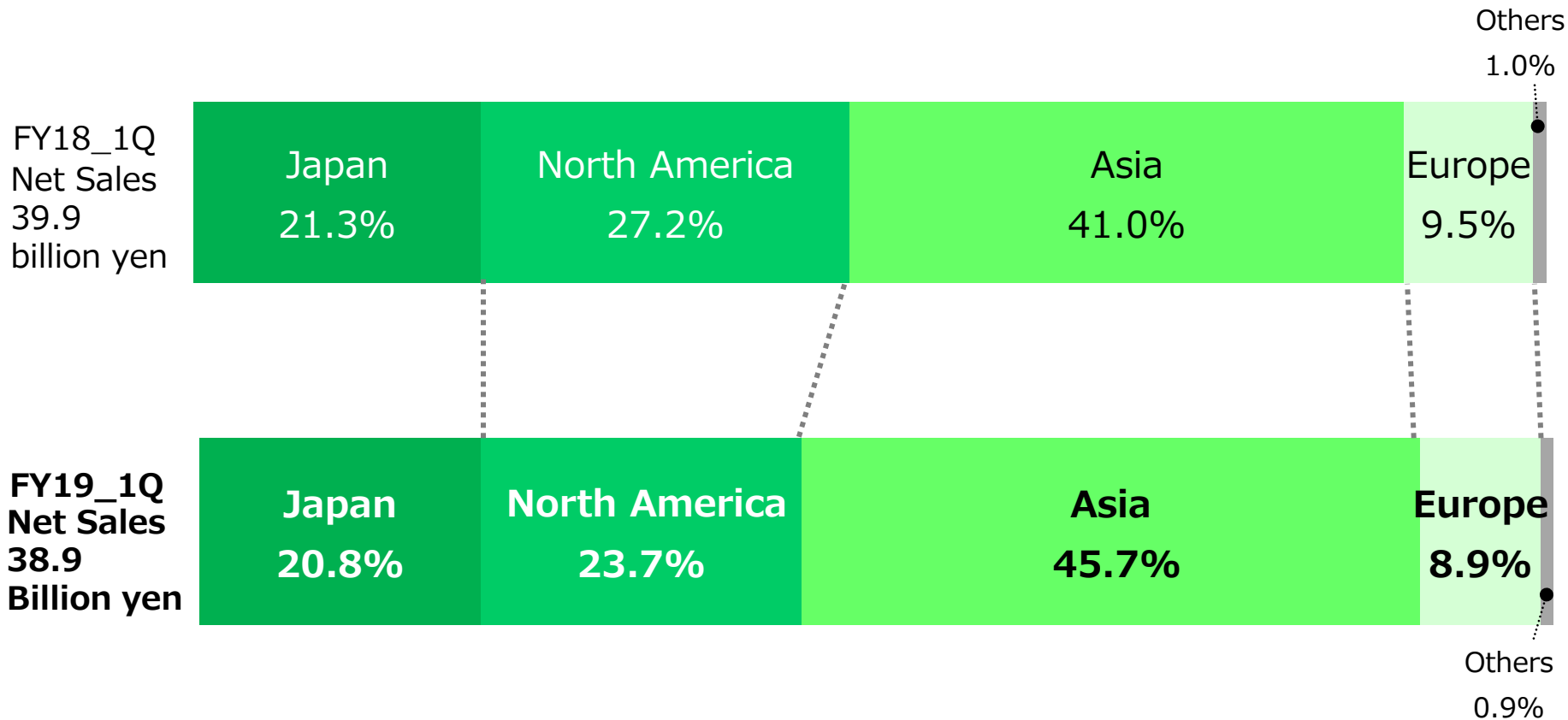
(billion yen)		FY18				FY19	FY19 1Q - 1Q		FY19 1Q - 4Q	
		1Q	2Q	3Q	4Q	1Q	Changes	%	Changes	%
Net Sales		39.9	42.6	39.7	42.7	<b>38.9</b>	▲1.0	▲2.6	▲3.8	▲9.0
Operating Income		2.5	2.8	1.5	1.6	<b>2.1</b>	▲0.3	▲15.3	+0.5	+34.1
Operating Income Ratio (%)		6.4	6.6	3.9	3.8	<b>5.5</b>	▲0.8P	-	+1.8P	-
Ordinary Income		3.9	3.2	2.2	1.9	<b>2.9</b>	▲0.9	▲24.7	+1.0	+53.2
Profit Attributable to Owners of Parent		2.2	1.2	2.1	5.6	<b>1.2</b>	▲1.0	▲44.5	▲4.3	▲77.8
EPS (Yen)		17.67	9.79	16.97	44.54	<b>10.02</b>	▲7.65	▲43.3	▲34.52	▲77.5
Forex (Yen)	USD	108	111	113	110	<b>111</b>	+3	-	+1	-
	EUR	130	129	130	126	<b>124</b>	▲6	-	▲2	-



# Reference: Summary of Quarterly Financial Results by business segments

(billion yen)	FY18				FY19	FY19 1Q - 1Q		FY19 1Q - 4Q	
	1Q	2Q	3Q	4Q	1Q	Changes	%	Changes	%
<b>Equipment Business</b>									
Net Sales	21.8	24.8	21.9	26.0	<b>22.7</b>	+0.8	+4.0	▲3.3	▲12.7
Operating Income	0.0	0.1	▲0.4	▲0.0	<b>0.0</b>	+0.0	-	+0.1	-
Operating Income Ratio (%)	0.0	0.7	▲2.1	▲0.1	<b>0.4</b>	+0.4P	-	+0.5P	-
<b>Light Source Business</b>									
Net Sales	17.3	17.2	17.1	15.5	<b>15.4</b>	▲1.8	▲10.6	▲0.0	▲0.4
Operating Income	2.5	2.3	1.8	1.6	<b>1.9</b>	▲0.6	▲24.2	+0.2	+17.4
Operating Income Ratio (%)	14.8	13.4	10.8	10.6	<b>12.5</b>	▲2.3P	-	+1.9P	-
<b>Others</b>									
Net Sales	0.7	0.6	0.7	1.1	<b>0.7</b>	▲0.0	▲9.3	▲0.4	▲39.1
Operating Income	0.0	0.0	0.0	0.0	<b>0.0</b>	▲0.0	▲24.6	▲0.0	▲36.9
Operating Income Ratio (%)	3.0	3.6	3.6	2.4	<b>2.5</b>	▲0.5P	-	+0.1P	-

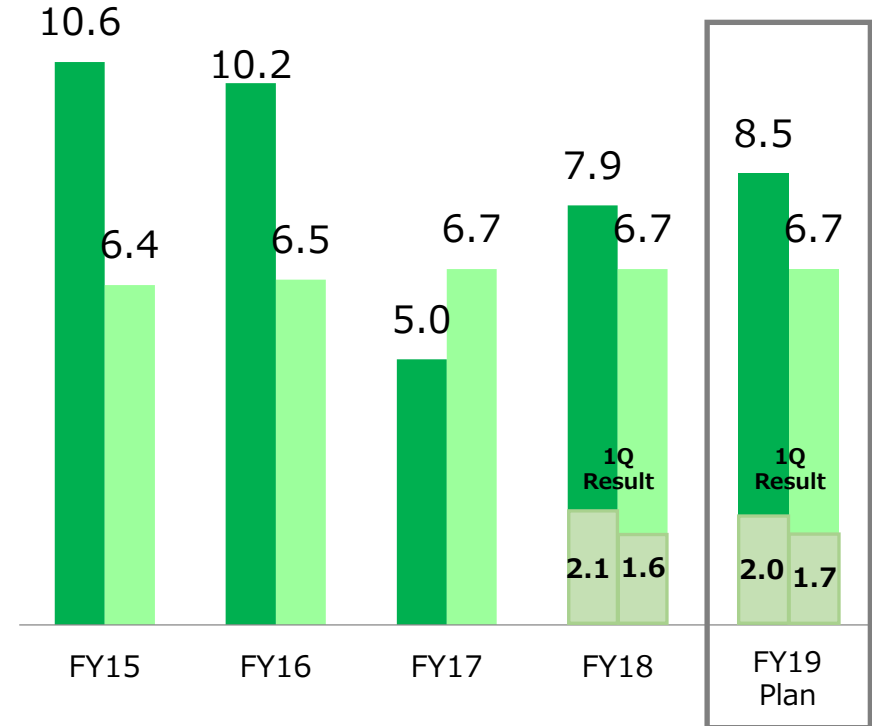
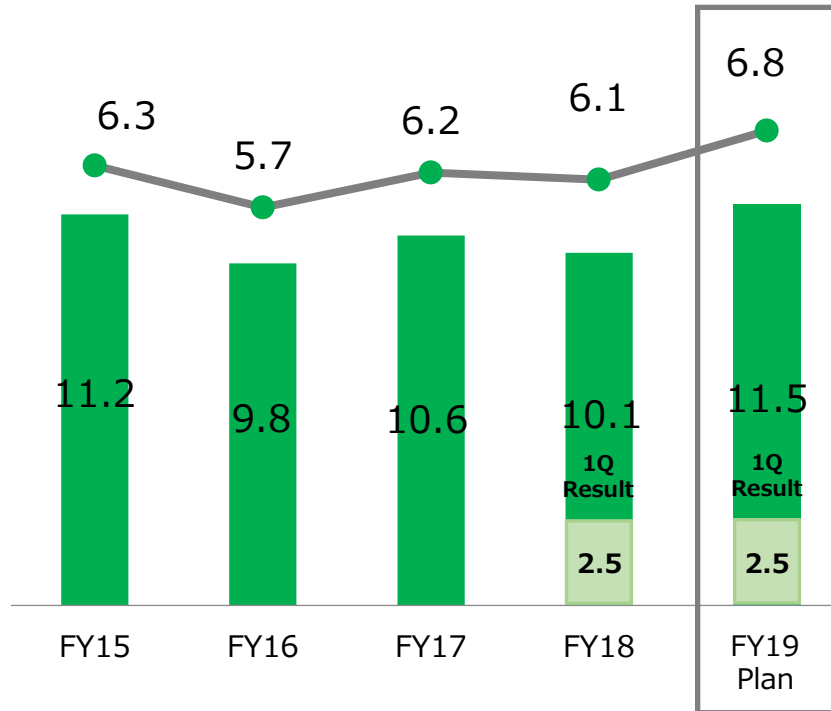
## Reference: Sales Ratio by region



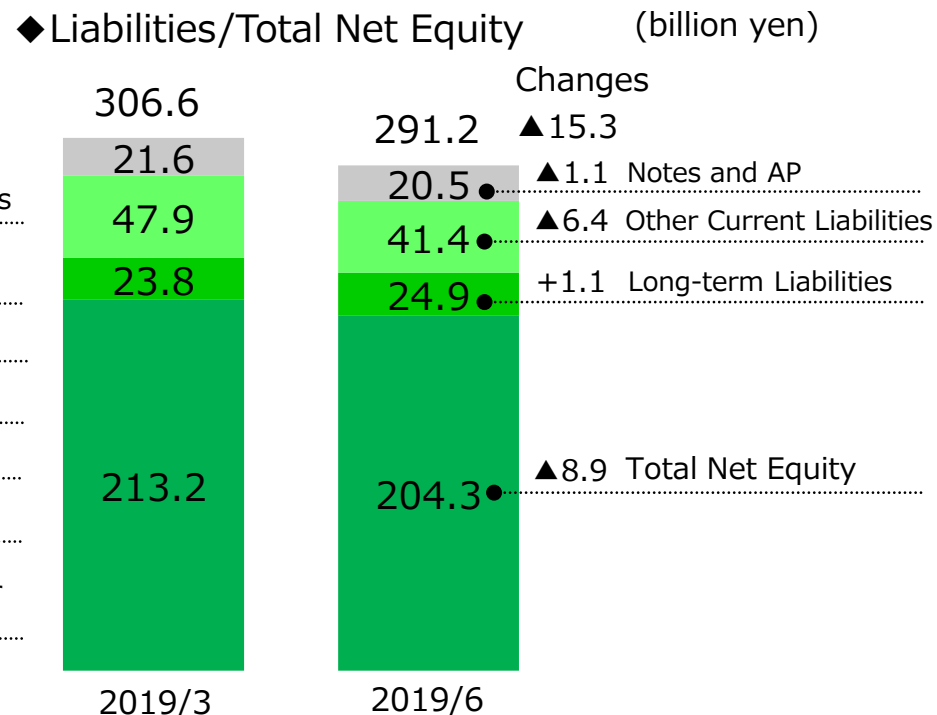
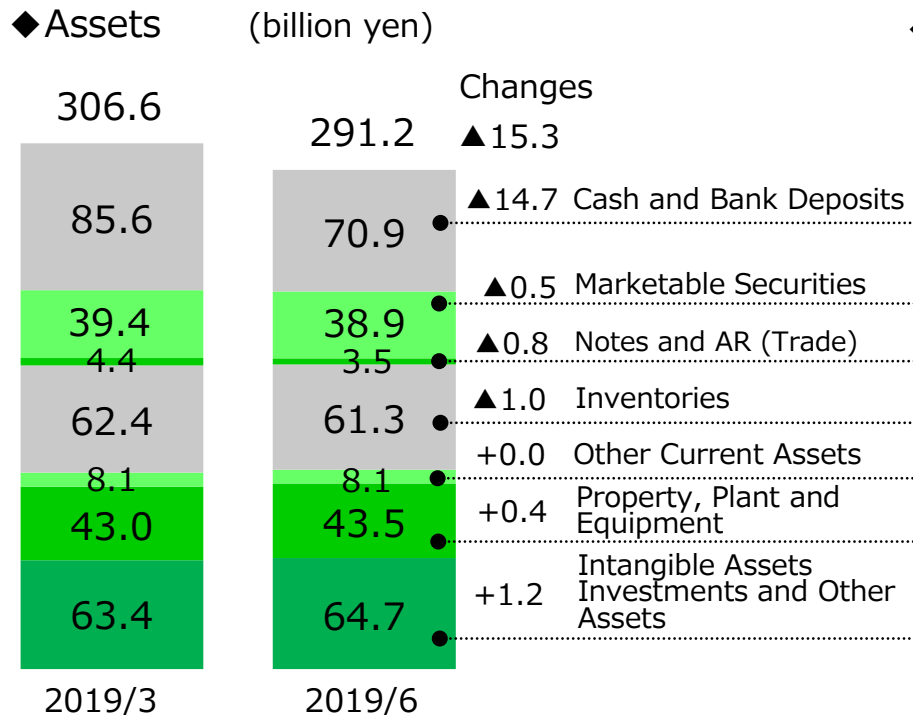
# Reference : R&D Expenses/ Capital Expenditures, Depreciation and Amortization

- R&D Expenses (billion yen)
- Ratio of R&D Expenses to net sales (%)

- Capital Expenditures (billion yen)
- Depreciation and Amortization (billion yen)



# Reference: Balance Sheet

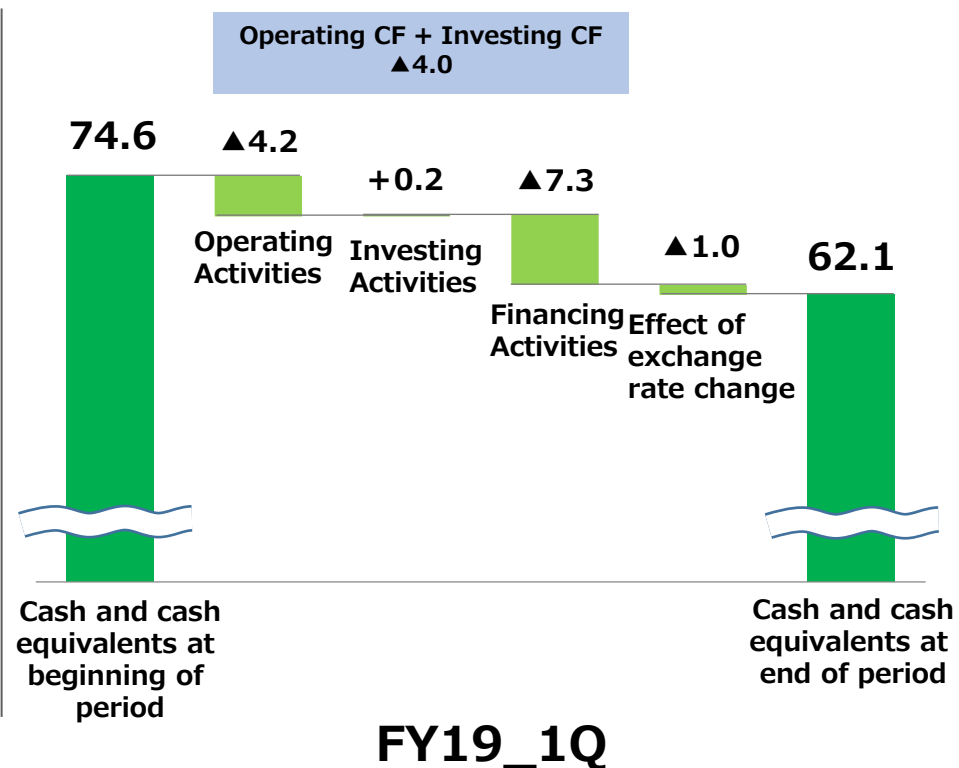
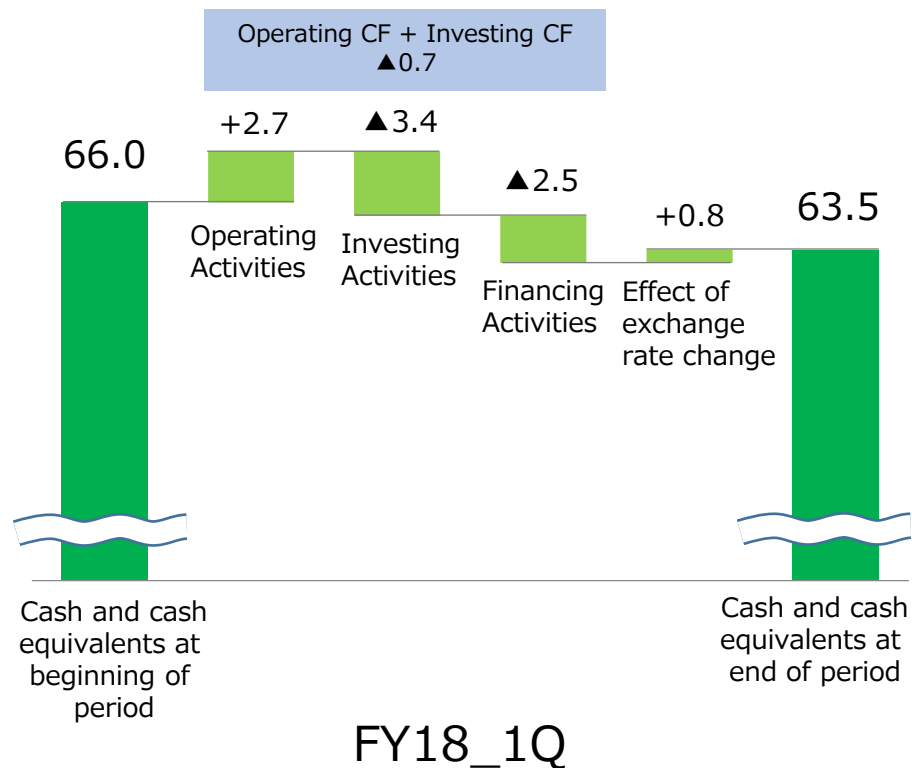


● Turnover (month)	2019/3	2019/6
Receivable-trade	3.0	3.0
Inventories	4.2	4.8







● Equity Ratio (%)	2019/3	2019/6
	69.5	70.1

## Reference: Cash Flow

(billion yen)



# Reference: Features of USHIO Group's Light Sources

Light Source	Laser		Lamp	
	RGB Laser	LaPH	Xenon Lamp	Super High-Pressure UV Lamp
Cinema	 <p>CP2309-RGB CP4330-RGB Lumen (lm) &lt;40,000</p>	No Lineup	 <p>CP2308 Lumen (lm) &lt;45,000</p>	No Lineup
General Imaging	 <p>D4K40-RGB Lumen (lm) &lt;40,000</p>	 <p>Crimson GS Series Lumen (lm) &lt;30,000</p>	 <p>Roadie Lumen (lm) &lt;45,000</p>	 <p>Boxer Lumen (lm) &lt;30,000</p>
Price	Medium – High	Medium	Medium	Low
Life	Long	Medium	Medium – High*	Medium*
Color	★★★	★	★★	★ or ★★★

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

# Release : Received First Acceptance of EUV Light Source for Mask Inspection to EUV Lithography Mass Production Process



## Accelerating EUV Business by highly recognized performance in the R&D Equipment

USHIO INC. announced that the company has received the first acceptance of the EUV light source for mask inspection equipment used in an EUV lithography mass-production process (hereinafter “EUV light source”) on July.

EUV lithography technology is indispensable to the manufacturing process of more highly integrated next-generation semiconductor devices, and major device manufacturers are verifying the practical use of the technology. Meanwhile, the mask inspection with EUV light source to detect defects in high-precision masks must be implemented in order to establish an EUV lithography mass-production technologies.

USHIO has been conducting research and development of the high-brightness EUV light source and has improved the performance and reliability by providing research and evaluation service using USHIO’s high-brightness laser-assisted discharge-produced plasma (Sn LDP) EUV light source<sup>※</sup> in the EUV exposure and analysis facility (“EBL2”) of the Netherlands Organization for Applied Scientific Research (“TNO”) from March 2017.

In addition to the activity in TNO, this acceptance had been made by the high performance achievement of the EUV sources previously delivered and currently operated for inspection tool development at an inspection equipment manufacturer. This high-brightness EUV light source enables “actinic” mask inspection for EUV lithography that is required for next-generation semiconductor mass-production process.

※ SnLDP (Laser-assisted discharge-produced plasma EUV light source)

This method retrieves EUV light by evaporating the tin on the electrode with laser trigger and exciting the evaporated tin with the discharge-produced plasma. This method is characterized by higher intensity and more space saving compared to the LPP/Sn method, which retrieves EUV light by exciting the tin that produces plasma with laser, and the DPP method, which retrieves EUV light by exciting the xenon with the discharge-produced plasma.

Release : <https://www.ushio.co.jp/en/news/1002/2019-2019/500468.html> (released on July 17<sup>th</sup>, 2019)



# Release / Installation Example : RGB Laser Projector

## Cineworld acquires more than 1,000 RGB pure laser cinema projectors

Cineworld group\*, the world's second largest cinema chain, has signed an agreement to acquire more than 1,000 of Christie's next-generation, RGB pure laser cinema projectors featuring Christie RealLaser™ illumination technology, beginning with rollout to Regal screens in the United States.

\*Cineworld operates almost 9,500 screens across 10 territories in Europe and U.S.

Christie offers various RGB laser projectors for from small screens to Premium Large Format (PLF) and supports one-stop shopping for replacement demands for cinema complex with various size screens.

Release : <https://www.christiedigital.com/en-us/about-christie/news-room/press-releases/cineworld-to-acquire-more-than-1000-christie-rgb-lasers> (released on June 18<sup>th</sup>, 2019)



## Christie RGB laser projectors were installed to newly opened cinema complex in Tokyo

On July 19<sup>th</sup>, big cinema complex Grand Cinema Sunshine (hereinafter, GCS), which has 12 screen, such as, 「IMAX® Laser」 theater and 「4DX with Screen X」 theater, has opened in Japan. GCS is the first cinema complex to install laser projectors in all screens and Christie's RGB laser projectors are installed in 11 screens.

Xebex, a wholly-owned subsidiary of USHIO Inc., installed cinema systems, such as, RGB laser projectors, screens, sound related products, cinema servers and so on.





DCP	Digital Cinema Projector
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
IoT	Internet of Things
OA	Office Automation
OLED	Organic Light Emitting Diode
PLF	Premium Large Format
RGB	Red Green Blue
UV	Ultraviolet

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# USHIO

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