

January 31, 2019

Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2019
<under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <http://www.ushio.co.jp/en>
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Scheduled date to file Quarterly Securities Report: February 14, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2019
(from April 1, 2018 to December 31, 2018)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months ended								
December 31, 2018	122,394	(5.7)	6,912	(19.5)	9,494	(12.3)	5,675	(33.3)
December 31, 2017	129,797	3.8	8,586	49.8	10,820	34.1	8,504	39.7

(Note) Comprehensive income

For the first nine months ended December 31, 2018: ¥ 4,063 million [(76.1)%]

For the first nine months ended December 31, 2017: ¥16,990 million [75.5%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
First nine months ended				
December 31, 2018	44.43		–	
December 31, 2017	66.56		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen			%
As of						
December 31, 2018	307,767		216,277			70.2
March 31, 2018	305,303		215,306			70.4

(Reference) Equity

As of December 31, 2018: ¥ 216,060 million

As of March 31, 2018: ¥ 215,077 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	–	–	–	26.00	26.00
Fiscal year ending March 31, 2019	–	–	–		
Fiscal year ending March 31, 2019 (Forecast)				50.00	50.00

(Note) Revisions to the forecasts of cash dividends most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2019	165,000	(4.9)	8,500	(16.3)	10,500	(12.9)	11,500	4.5	90.24

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Application of a specific accounting procedure for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - a. Changes in accounting policies due to revisions to accounting standards: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements: None

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	139,628,721 shares
As of March 31, 2018	139,628,721 shares

b. Number of shares of treasury shares at the end of the period

As of December 31, 2018	11,928,279 shares
As of March 31, 2018	11,866,293 shares

c. Average number of outstanding shares during the period

As of December 31, 2018	127,732,394 shares
As of December 31, 2017	127,762,946 shares

(Note) The Company's shares held in trust introduced with respect to its stock remuneration plan for directors as treasury shares within shareholders' equity are included in the number of treasury shares.

* This Consolidated Financial Review is not subject to audit procedures by Certified Public Accountants or audit firm.

* Notes on the proper use of earnings forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on January 31, 2019.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	74,725	73,423
Notes and accounts receivable - trade	42,255	37,781
Securities	4,851	5,683
Merchandise and finished goods	25,717	27,614
Work in process	13,624	18,827
Raw materials and supplies	14,920	18,118
Other	10,436	11,319
Allowance for doubtful accounts	△1,590	△1,408
Total current assets	184,940	191,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	42,045	44,243
Accumulated depreciation	△23,845	△24,828
Buildings and structures, net	18,199	19,415
Machinery, equipment and vehicles	22,823	24,516
Accumulated depreciation	△18,764	△19,760
Machinery, equipment and vehicles, net	4,058	4,755
Land	8,534	8,571
Construction in progress	2,439	1,130
Other	31,869	33,515
Accumulated depreciation	△23,524	△25,018
Other, net	8,345	8,497
Total property, plant and equipment	41,578	42,370
Intangible assets		
Goodwill	2,358	1,581
Other	3,952	2,886
Total intangible assets	6,311	4,468
Investments and other assets		
Investment securities	63,819	61,039
Long-term loans receivable	170	613
Deferred tax assets	1,883	1,947
Net defined benefit asset	3,780	3,839
Other	2,922	2,693
Allowance for doubtful accounts	△103	△565
Total investments and other assets	72,473	69,568
Total non-current assets	120,362	116,407
Total assets	305,303	307,767

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,414	20,397
Short-term loans payable	6,950	10,426
Current portion of long-term loans payable	1,884	7,328
Income taxes payable	873	2,134
Provision for bonuses	2,185	1,096
Provision for product warranties	2,194	2,261
Provision for loss on order received	48	32
Other	18,622	19,812
Total current liabilities	54,174	63,490
Non-current liabilities		
Long-term loans payable	17,989	11,744
Deferred tax liabilities	8,975	7,637
Provision for directors' retirement benefits	335	319
Provision for directors' stock payments	189	224
Net defined benefit liability	2,918	3,069
Asset retirement obligations	237	243
Other	5,176	4,759
Total non-current liabilities	35,822	27,999
Total liabilities	89,997	91,489
Net assets		
Shareholders' equity		
Capital stock	19,556	19,556
Capital surplus	27,771	27,771
Retained earnings	163,217	165,893
Treasury shares	△17,212	△17,305
Total shareholders' equity	193,332	195,916
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,247	20,595
Deferred gains or losses on hedges	△15	△14
Foreign currency translation adjustment	984	2,749
Remeasurements of defined benefit plans	△3,471	△3,185
Total accumulated other comprehensive income	21,744	20,144
Non-controlling interests	229	217
Total net assets	215,306	216,277
Total liabilities and net assets	305,303	307,767

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	129,797	122,394
Cost of sales	82,879	78,081
Gross profit	46,918	44,312
Selling, general and administrative expenses	38,332	37,399
Operating profit	8,586	6,912
Non-operating income		
Interest income	910	1,281
Dividend income	1,405	1,453
Foreign exchange gains	—	309
Realized and unrealized profit on trading securities, net	497	—
Gain on specified money in trust	136	—
Other	191	260
Total non-operating income	3,140	3,305
Non-operating expenses		
Interest expenses	365	379
Foreign exchange losses	460	—
Share of loss of entities accounted for using equity method	11	25
Realized and unrealized loss on trading securities	—	229
Loss on specified money in trust	—	9
Other	68	79
Total non-operating expenses	906	723
Ordinary profit	10,820	9,494
Extraordinary income		
Gain on sales of non-current assets	168	84
Gain on sales of investment securities	1,009	1,733
Gain on transfer of benefit obligation relating to employees' pension fund	6,024	—
Gain on step acquisitions	28	—
Total extraordinary income	7,232	1,818
Extraordinary losses		
Loss on retirement of non-current assets	237	56
Loss on sales of non-current assets	0	8
Impairment loss	135	—
Loss on disaster	—	20
Loss on sales of investment securities	49	—
Loss on valuation of investment securities	126	—
Loss on sales of shares of subsidiaries and associates	176	—
Special retirement expenses	348	—
Loss on revision of retirement benefit plan	—	40
Business structure improvement expenses	—	1,776
Other	—	207
Total extraordinary losses	1,074	2,110
Profit before income taxes	16,978	9,202
Income taxes - current	2,395	3,777
Income taxes - deferred	6,276	△249
Total income taxes	8,672	3,527
Profit	8,305	5,674
Loss attributable to non-controlling interests	△198	△1
Profit attributable to owners of parent	8,504	5,675

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	8,305	5,674
Other comprehensive income		
Valuation difference on available-for-sale securities	1,568	△3,651
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	4,078	1,753
Remeasurements of defined benefit plans, net of tax	3,036	285
Share of other comprehensive income of entities accounted for using equity method	1	1
Total other comprehensive income	8,685	△1,610
Comprehensive income	16,990	4,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,173	4,075
Comprehensive income attributable to non-controlling interests	△182	△11

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First nine months of the fiscal year ended March 31, 2018 (from April 1, 2017 to December 31, 2017)

Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	54,770	72,883	127,654	2,143	129,797	—	129,797
Inter-segment sales or transfer among segment	1,384	43	1,427	22	1,450	(1,450)	—
Total	56,155	72,926	129,081	2,166	131,247	(1,450)	129,797
Segment profit	7,975	415	8,391	119	8,511	75	8,586

(Notes) 1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.

2. “Adjustment” refers to eliminations of inter-segment transactions.

3. Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

II. First nine months of the fiscal year ending March 31, 2019 (from April 1, 2018 to December 31, 2018)

Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	51,639	68,632	120,272	2,121	122,394	—	122,394
Inter-segment sales or transfer among segment	408	55	463	26	490	(490)	—
Total	52,047	68,688	120,735	2,148	122,884	(490)	122,394
Segment profit (loss)	6,714	(278)	6,436	71	6,507	404	6,912

(Notes) 1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.

2. “Adjustment” refers to eliminations of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statements of income.