

# Operating Results & Financial Position

## For the Fiscal Year ended March 31, 2010

Akira Nakamoto

President & CEO, Shimadzu Corp.

This document contains forward-looking statements. Forecasts of future business performance that appear in this document are predictions made by the Company's management team and are based on information available when these materials were prepared; they are subject to risks and uncertainties. For this reason, actual results may differ materially from the forecasts made here. Factors that may influence actual business performance include, but are not limited to, economic conditions in Japan and abroad, changes in technologies in markets, and fluctuations in exchange rates. The Company does not undertake to update its forward-looking statements.

# Financial Highlights



Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Net Sales	238.3	272.8	-34.5	-12.7%
Operating Income	10.3	19.6	-9.3	-47.5%
Ordinary Income	9.8	17.7	-7.9	-44.6%
Net Income	6.1	8.5	-2.4	-28.2%

## ■EPS

FY2009: ¥20.77, FY2008: ¥28.92

## 《Average foreign exchange rate for the fiscal year》

### ■Annual Result

FY2009: \$ 1 = ¥ 93.53, €1 = ¥ 131.58

FY2008: \$ 1 = ¥ 100.84, €1 = ¥ 145.93

### ■Estimated rate at start of FY2009 [for full year]

\$ 1 = ¥ 95, €1 = ¥ 130

## Major Factors Behind Profit Changes



Billions of yen, except percentages.  
Fiscal year ended.

Item	Change
<b>Gross Profit: Down</b>	<b>-17.9</b>
Impact of sales decrease	-13.3
Impact of slipping into worse profitability	-4.6
<b>SG &amp; A: Down</b>	<b>+8.6</b>
<b>Operating income: Down</b>	<b>-9.3</b>
Non-operating balance: Improved	+1.4
<b>Ordinary income: Down</b>	<b>-7.9</b>

# Sales by Industry Segment



Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Analytical & Measuring Instruments	134.4	152.4	-18.0	-11.8%
Medical Equipment	50.5	51.1	-0.6	-1.1%
Aircraft Equipment & Industrial Machinery	47.8	63.1	-15.3	-24.3%
Other	5.6	6.3	-0.7	-11.0%
<b>Total</b>	<b>238.3</b>	<b>272.8</b>	<b>-34.5</b>	<b>-12.7%</b>

## Operating Income by Industry Segment



Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Analytical & Measuring Instruments	17.0	21.2	-4.2	-19.6%
Medical Equipment	1.3	1.2	+0.1	+7.1%
Aircraft Equipment & Industrial Machinery	0.3	4.9	-4.6	-93.0%
Other	1.5	1.8	-0.3	-17.3%
Elimination/ Corporate	-9.8	-9.3	-0.5	—
<b>Total</b>	<b>10.3</b>	<b>19.6</b>	<b>-9.3</b>	<b>-47.5%</b>

# Sales Breakdown by Industry Segment (1)



## Analytical & Measuring Instruments

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2010	Change	% Change
General Analytical Instruments	80.2	87.8	-7.6	-8.6%
Chromatography (LC, MS, GC)	59.0	65.1	-6.1	-9.3%
Surface Analyzers	9.9	11.1	-1.2	-10.8%
Environmental Monitor	7.9	10.3	-2.4	-23.6%
Testing Machines & Non-Destructive Inspection Machines	13.4	17.1	-3.7	-21.8%
Other	23.0	26.0	-3.0	-11.6%
<b>Total</b>	<b>134.4</b>	<b>152.4</b>	<b>-18.0</b>	<b>-11.8%</b>

## Sales Breakdown by Industry Segment (2)



### Medical Systems

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2010	Change	% Change
X-Ray Systems	42.3	41.7	+0.5	+1.3%
Other PET/CT, CT, Ultrasound diagnostic systems	8.2	9.3	-1.1	-12.1%
<b>Total</b>	<b>50.5</b>	51.1	-0.6	-1.1%

## Sales Breakdown by Industry Segment (3)



### Aircraft Equipment & Industrial Machinery

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2010	Change	% Change
Aircraft Equipment	26.9	27.4	-0.5	-1.7%
Industrial Machinery	20.9	35.7	-14.8	-41.6%
Turbo-molecular pumps, Solar-cell deposition equipment	16.0	27.6	-11.6	-42.1%
Hydraulic equipment	4.9	8.1	-3.2	-39.8%
<b>Total</b>	<b>47.8</b>	<b>63.1</b>	<b>-15.3</b>	<b>-24.3%</b>



# Sales by Region



Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Japan	146.8	156.9	-10.1	-6.4%
Overseas	91.5	116.0	-24.5	-21.1%
North & South America	21.6	27.6	-6.0	-21.8%
Europe	17.4	22.7	-5.3	-23.1%
Asian-Oceanian	52.4	65.7	-13.3	-20.2%
<b>Total</b>	<b>238.3</b>	<b>272.8</b>	<b>-34.5</b>	<b>-12.7%</b>



# Sales Breakdown by Region (1)



## Japan

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Analytical & Measuring Instruments	75.4	81.6	-6.2	-7.6%
Medical Equipment	27.4	25.8	+1.6	+6.2%
Aircraft Equipment & Industrial Machinery	38.4	43.2	-4.8	-11.2%
Other	5.6	6.3	-0.7	-11.0%
<b>Total</b>	<b>146.8</b>	<b>156.9</b>	<b>-10.1</b>	<b>-6.4%</b>

## Sales Breakdown by Region (2)



### North & South America

Billions of yen, except percentages.  
Fiscal year ended.

*\* Figures in ( ) show net sales for North America alone.*

	Mar. 2010	Mar. 2009	Change	% Change
Analytical & Measuring Instruments	11.9(8.2)	14.5(10.7)	-2.6(-2.5)	-18.5%(-23.2%)
Medical Equipment	6.7(4.5)	7.6(5.8)	-0.9(-1.3)	-11.2%(-22.2%)
Aircraft Equipment & Industrial Machinery	3.0(3.0)	5.5(5.5)	-2.5(-2.5)	-45.2%(-45.9%)
Total	21.6(15.7)	27.6(22.0)	-6.0(-6.3)	-21.8%(-28.6%)

## Sales Breakdown by Region (3)



### Europe

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Analytical & Measuring Instruments	12.9	17.4	-4.5	-25.7%
Medical Equipment	3.4	3.9	-0.5	-12.5%
Aircraft Equipment & Industrial Machinery	1.1	1.3	-0.2	-19.9%
<b>Total</b>	<b>17.4</b>	<b>22.7</b>	<b>-5.3</b>	<b>-23.1%</b>

# Sales Breakdown by Region (4)



## Asia-Oceania

Billions of yen, except percentages.  
Fiscal year ended.

*\* Figures in ( ) show net sales for China alone.*

	Mar. 2010	Mar. 2009	Change	% Change
Analytical Measuring Instrument	34.2 (19.8)	38.9 (21.0)	-4.7 (-1.2)	-12.0% (-6.1%)
Medical Equipment	12.9 (5.2)	13.7 (5.1)	-0.8 (+0.1)	-6.1% (+2.8%)
Aircraft Equipment & Industrial Machinery	5.3 (2.6)	13.1 (7.3)	-7.8 (-4.7)	-59.2% (-64.3%)
Total	52.4 (27.6)	65.7 (33.4)	-13.3 (-5.8)	-20.2% (-17.5%)

## Current Assets on Balance Sheet



Billions of yen, except percentages and months.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Trade notes & Accounts receivable	83.1	79.3	+3.8	+4.8%
Turnover in months	4.2	3.5	Down 0.7 months.	
Inventories	63.0	68.7	-5.7	-8.3%
Turnover in months	3.2	3.0	Down 0.2 months.	

## Liabilities & Net Assets on Balance sheet



Billions of yen, except percentages and times.  
Fiscal year ended.

	Mar. 2010	Mar. 2009	Change	% Change
Short-term loans	14.7	12.5	+2.2	+17.0%
Long-term loans	12.2	2.1	+10.1	5.8 times
Bonds	10.0	20.0	-10.0	-50.0%
Total debt	36.8	34.6	+2.2	+6.4%

	Mar. 2010	Mar. 2009	Change	% Change
Net assets	152.9	146.9	+6.0	+4.1%
Total assets	284.1	281.2	+2.9	+1.0%
Equity ratio	53.8%	52.3%	Improvement of 1.5 pp	

# Cash Flows



Billions of yen.  
Fiscal year ended.

	Mar. 2010	Mar. 2008	Change
CF-Operating activities	13.8	12.9	+0.9
CF-Investing activities	-7.7	-10.4	+2.7
Free Cash Flow	6.1	2.5	+3.6
CF-Financing activities	-1.8	-11.8	+10.0





## Analytical & Measuring Instruments

- **Demand driven by supplementary budget appropriations; Orders and sales progressed as planned**
  - Efforts to capture supplementary budget-related demand from universities and research institutions progressed as planned.
  - Achieved annual sales of ¥4.7 billion.
  - Expect sales from cutting-edge research support programs to kick-in from FY2010.
  - Approximately 40% of orders came from new customers.
- **Continued expansion in China**
  - Sizeable fiscal investment fueled a quick economic recovery, and we captured demand related to food safety and pharmaceutical regulation reforms.
  - Chromatograph sales increased significantly in China, up 21.2% year over year on a local currency basis.



Exhibit at the Beijing Conference and Exhibition on Instrumental Analysis  
(Nov. 2010)

## FY2009 Highlights (2)



### Medical Systems

- Achieved annual sales related to supplementary budget appropriations of ¥900 million.
- Record high sales of mobile X-ray imaging systems, partly due to demand from supplementary budget appropriations.
- Captured demand stemming from medical investment in inland China due to reforms to the country's healthcare system, and continued to grow our business in China. Annual medical device sales in China were up 14% year over year on a local currency basis.
- In the US, signed an agreement with a Group Purchasing Organization (3 companies) for the supply of X-ray imaging systems.

### Aircraft Equipment and Industrial Machinery

- **Aircraft Equipment:** Maiden flights a success for two new aircraft models featuring Shimadzu technology (flight control systems etc.). **Kawasaki Heavy Industries:** New XC-2 large cargo plane (maiden flight Jan. 26, 2010); **Boeing:** Latest Jumbo Jet 747-8 (maiden flight Feb. 8, 2010)
- **Industrial Machinery:** Sales of turbo-molecular pumps to semiconductor and LCD manufacturers recovered rapidly in the fiscal second half. Q4 sales of ¥2.6 billion (up ¥1.5 billion year on year) put us back in record-high territory.

# FY2010 Full-year Forecast



Billions of yen, except percentages.  
Fiscal Year ended.

	Mar. 2011 Forecast	Mar. 2010	Change	% Change
Net Sales	250.0	238.3	+11.7	+4.9%
Operating Income	14.0	10.3	+3.7	+36.0%
Ordinary Income	12.5	9.8	+2.7	+27.3%
Net Income	8.0	6.1	+1.9	+30.5%

## ■EPS

Estimate for FY2010: ¥27.11, FY2009: ¥20.77

## 《Average foreign exchange rate for the fiscal year》

■Estimated rate at start of FY2010 [for full year]

\$ 1 = ¥ 90, €1 = ¥ 125

■Annual Result of FY2009[for full year]

\$ 1 = ¥ 93.53, €1 = ¥ 131.58

## Fy2010 Full-year Forecast by Industry Segments(1)



### Sales Forecast by Industry Segment

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010 Forecast	Mar. 2009	Change	% Change
Analytical & Measuring Instruments	141.0	134.4	+6.6	+4.9%
Medical Equipment	51.0	50.5	+0.5	+1.0%
Aircraft Equipment & Industrial Machinery	52.5	47.8	+4.7	+9.8%
Other	5.5	5.6	-0.1	-1.2%
<b>Total</b>	<b>250.0</b>	<b>238.3</b>	<b>+11.7</b>	<b>+4.9%</b>

## Fy2010 Full-year Forecast by Industry Segments(2)



### Operating Income Forecast by Industry Segment

Billions of yen, except percentages.  
Fiscal year ended.

	Mar. 2010 Forecast	Sep. 2008	Change	% Change
Analytical & Measuring Instruments	19.3	17.0	+2.3	+13.4%
Medical Equipment	1.4	1.3	+0.1	+11.2%
Aircraft Equipment & Industrial Machinery	1.5	0.3	+1.2	4.4 times
Other	1.5	1.5	0	+3.4%
Elimination/ Corporate	-9.7	-9.8	+0.1	—
<b>Total</b>	<b>14.0</b>	<b>10.3</b>	<b>+3.7</b>	<b>+36.0%</b>

# Key Priorities for FY2010 (1)



## Basic Policy

“Aim to embark on a renewed growth path to capitalize on the economic recovery as quickly as possible”

“Build robust earnings capabilities by cementing the results of total cost reductions implemented in fiscal 2009”



## Key Priorities

### ■ Embark on a Renewed Growth Path

Accelerate priority initiatives in China and other emerging countries, in new fields such as alternative energy and life sciences, and in fields and regions where strong growth is anticipated. Develop new products that deliver new value, high-value-added and excellent cost-performance.

- ☞ Starting in fiscal 2010, we plan to phase in low energy-consuming products, primarily our mainstay general-use and environmental analytical instruments. In the first half of fiscal 2010, we plan to launch sales of a gas chromatograph that uses at least 25% less power than conventional models.

Expand after-sales business.

### ■ Strengthen Global Operations

Further bolster our China operations entailing development, production, sales, and services.

### ■ Further Enhance Earnings Capabilities

Maintain the low-cost structure we achieved through total cost reductions implemented in fiscal 2009.

# Key Priorities for FY2010 (2)



## ■ Analytical and Measuring Instruments

### Introduce high-value-added, world-top class products

We plan to continue adding high-value-added products to our lineup to follow our ultra-high-speed liquid chromatograph (see image), which offers the world's highest pressure performance

### Expansion Strategy for Emerging Countries

#### China

Enhance efforts to capture demand for general-use analytical instruments from inspection laboratories and pharmaceutical companies in advance of pharmaceutical standards revisions slated for July 2010.

Expand product offerings that meet local needs in mass-market areas.

Actively respond to new inspection equipment demand stemming from plans related to reservoir areas, agricultural products, and police.

Expand high-end analytical equipment offerings in life sciences and other areas that are growing rapidly in response to major US and European pharmaceuticals companies' expansions into China.

#### India

Capture capital spending demand from growth industries such as pharmaceuticals, the environment, and automobiles.

### Expand After-sales Business

Pursue maintenance contracts.

Multi-vendor services (Contracts of laboratory management and operation).

Expand sales of parts and consumables.

## Key Priorities for FY2010 (3)



### ■ Medical Systems

- New factory (at Kyoto Sanjo Works) slated to come online in June 2010. This will streamline production and boost quality through in-house manufacturing, and it will lower costs by virtue of more effective distribution.
- Step up efforts to capture demand stemming from the first increase in medical fees in 10 years and the institution of digital imaging departments by healthcare providers.
- Develop localized products for mass-market areas in China.

### ■ Aircraft Equipment and Industrial Machinery

- We expect a rapid recovery of turbo-molecular pumps demand and record-high sales in fiscal 2010.
- Expand sales of CVD equipment for anti-reflection applications in line with plans by domestic solar-cell makers to boost production capacity.