

# 1st Quarter Results & Financial Position, Ended March 2019

**Koji Furusawa**  
**Director, Senior Managing Executive Officer**  
**Shimadzu Corporation**

# 1st Quarter Financial Highlights



## Record First Quarter Results

**Analytical & Measuring Instruments and Industrial Machinery Sales Drove Results. Medical Systems Sales Also Strong**

## Improved Profitability

- **Record results achieved for all key performance indicators—net sales, operating income, ordinary income, and profit.**
- **Results driven by Analytical & Measuring Instruments and Industrial Machinery segments.**
- **In the Analytical & Measuring Instruments segment, sales of environmental measurement instruments expanded significantly in China.**
- **In the Industrial Machinery segment, sales of vacuum heat treatment furnaces and other products expanded, in addition to turbomolecular pumps.**
- **In the Medical Systems segment as well, sales of X-ray systems were strong.**
- **A record 6.7 % operating margin also achieved, further increasing profitability.**

# Statement of Income

- Net sales increased 13 % (year-on-year).
- Operating income increased 48 % (year-on-year), or 51 % after excluding exchange rate effects.
- The operating margin improved by 1.6 points (year-on-year) to 6.7 %. Profitability improved further.

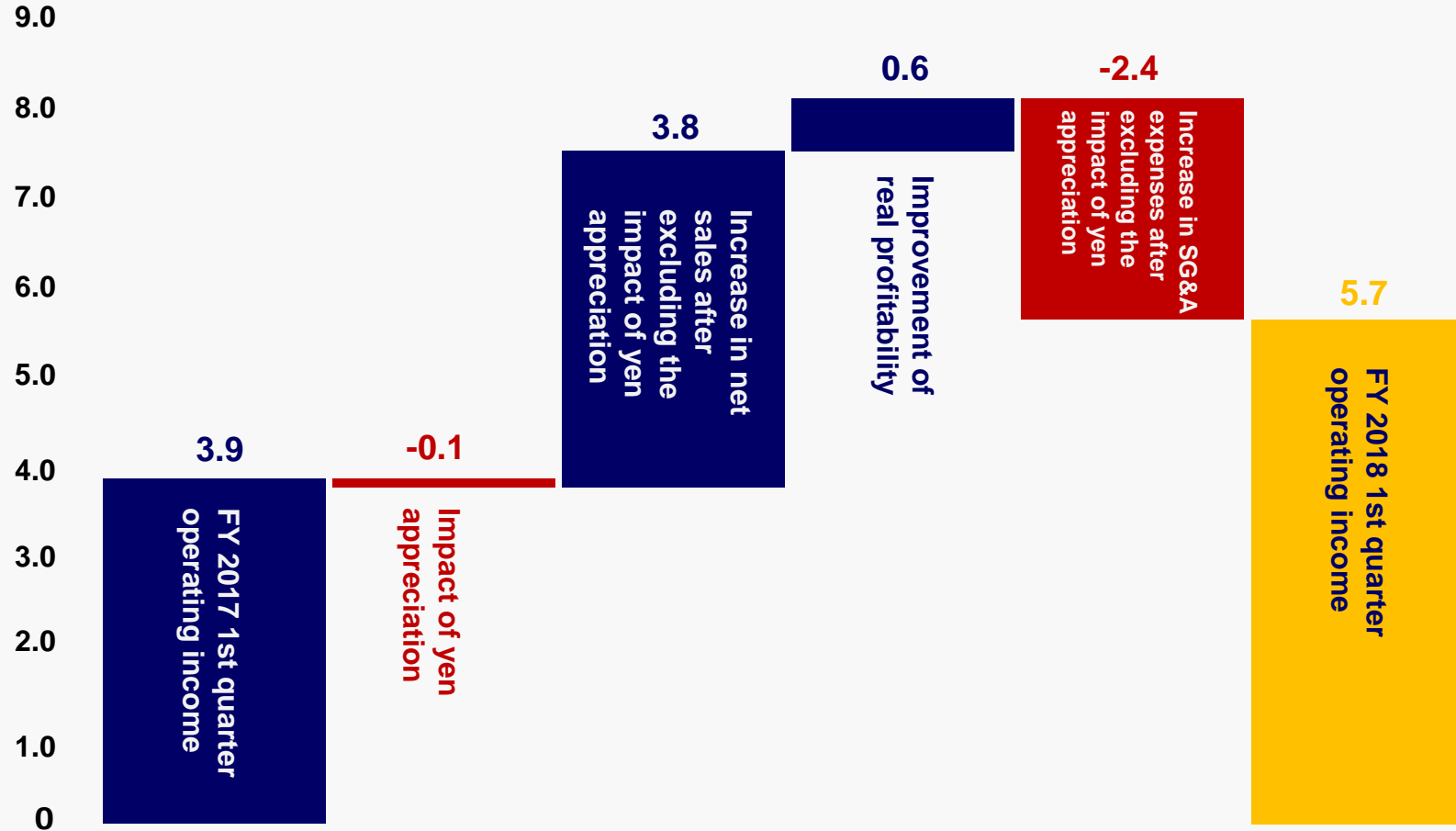
Units: Billions of yen, excluding EPS and percentages

	Q1: Apr.-Jun.		YoY Increase			
	FY 2018	FY 2017	Yen Basis		Local Currency Basis	
Net Sales	85.7	75.8	9.9	13.0%	10.0	13.2%
Operating Income	5.7	3.9	1.9	47.7%	2.0	51.1%
Operating Margin	6.7%	5.1%	1.6 pt			
Ordinary Income	6.6	3.6	3.0	83.0%		
Profit Attributable to Owners of Parent	4.4	2.4	1.9	79.2%		
EPS	¥14.77	¥8.24	¥6.53	79.2%		
Q1 Average Foreign Exchange Rate	US\$	¥109.13	¥111.17	¥-2.04	-1.8%	
	€	¥130.10	¥122.23	¥7.87	6.4%	
Exchange Rate Effect						
Net Sales		(0.2)				
Operating Income		(0.1)				
R&D Expenses		3.9	3.2			
Capital Expenditures		5.9	3.1			
Depreciation and Amortization		2.8	2.6			

• The "Exchange Rate Effect" values for operating income and "Local Currency Basis" for YoY increase include elimination of unrealized gains from inventories.  
• Sensitivity to Exchange Rates: US\$: 1.2 billion yen for net sales and 0.4 billion yen for operating income; €: 0.2 billion yen for net sales and 0.07 billion yen for operating income

# Analysis of Year-on-Year Increase/ Decrease in Operating Income (2018.4-2018.6)

Units: Billions of yen



# Sales and Income by Business Segment

- Both sales and income increased for all segments except for the Aircraft Equipment segment, which was affected by a reactionary decline in Defense Agency demand.
- Profitability improved for the Analytical & Measuring Instruments segment, due to factors such as a major increase in environmental measurement instrument sales in China.
- Losses decreased for the Medical Systems segment, due to increased sales, an improved product mix, and other factors.
- For the Industrial Machinery segment, sales expanded and profitability increased significantly not only for turbomolecular pumps, but also for glass winders, vacuum heat treatment furnaces, and other products.

Units: Billions of yen

		Q1: Apr.-Jun.				YoY Increase/Decrease			
		FY 2018		FY 2017		Yen Basis		Local Currency Basis	
Analytical & Measuring Instruments	Net Sales	51.6	OPM	46.1	OPM	5.5	12.0%	OPM	12.2%
	Operating Income	5.7	11.0%	4.7	10.3%	0.9	19.9%	0.7 pt	21.8%
Medical Systems	Net Sales	14.2	OPM	13.2	OPM	1.0	7.4%	OPM	7.7%
	Operating Profit/Loss	(0.1)	-0.9%	(0.6)	-4.4%	0.5	—	3.5 pt	—
Aircraft Equipment	Net Sales	5.5	OPM	6.0	OPM	(0.5)	-7.6%	OPM	-7.1%
	Operating Income	(0.6)	-10.2%	(0.4)	-7.0%	(0.1)	—	-3.2 pt	—
Industrial Machinery	Net Sales	11.9	OPM	9.3	OPM	2.6	27.6%	OPM	27.9%
	Operating Income	1.1	9.4%	0.6	6.1%	0.5	96.7%	3.3 pt	x2.0
Other	Net Sales	2.4	OPM	1.2	OPM	1.2	x2.0	OPM	x2.0
	Operating Income	0.2	6.0%	0.1	4.4%	0.1	x2.4	1.6 pt	x2.4
Operating Income Adjustments		(0.5)	—	(0.5)	—	(0.1)	—	—	—
Total	Net Sales	85.7	OPM	75.8	OPM	9.9	13.0%	OPM	13.2%
	Operating Income	5.7	6.7%	3.9	5.1%	1.9	47.7%	1.6 pt	51.1%

# Net Sales by Region

- Sales increased 13 % world-wide and 14 % outside Japan, excluding exchange rate effects.
- Outside Japan, in the key regions of North America, Europe, and China, sales increased by more than 15 %, excluding exchange rate effects.
- The overseas sales ratio increased by 0.2 points (year-on-year) to 53.7 %.

Units: Billions of yen	Q1: Apr.-Jun.		YoY Increase/Decrease			
	FY 2018	FY 2017	Yen Basis		Local Currency Basis	
<b>Japan</b>	<b>39.7</b>	35.2	4.5	12.7%	4.5	12.7%
<b>Americas</b>	<b>11.9</b>	10.0	1.9	18.5%	2.0	20.2%
<b>North America</b>	<b>10.6</b>	9.0	1.5	17.0%	1.7	18.6%
<b>Europe</b>	<b>7.0</b>	5.5	1.5	27.8%	1.1	20.8%
<b>China</b>	<b>17.4</b>	15.4	2.1	13.4%	2.3	15.2%
<b>Other Asian Countries</b>	<b>7.6</b>	7.3	0.2	3.4%	0.3	4.6%
<b>Other*</b>	<b>2.1</b>	2.4	(0.3)	-12.7%	(0.3)	-11.6%
<b>Total</b>	<b>85.7</b>	75.8	9.9	13.0%	10.0	13.2%
<b>Sales Outside Japan</b>	<b>46.0</b>	40.6	5.4	13.3%	5.6	13.7%
<b>Overseas Sales Ratio</b>	<b>53.7%</b>	53.5%				

\*Other: Australia, Middle East, and Africa

# Analytical & Measuring Instruments 1/3

## Net Sales by Sub-Segment

» **+12 %:**

**Analytical & Measuring Instruments Net Sales**  
 Net sales expanded due to increased sales of environmental measurement instruments in China, projects at academic institutions in Japan, and other factors.

» **+4 %:**

**Key Models**  
 LC and MS sales were strong in North America and Europe, but stalled in Japan and China, whereas GC sales expanded within and outside Japan.

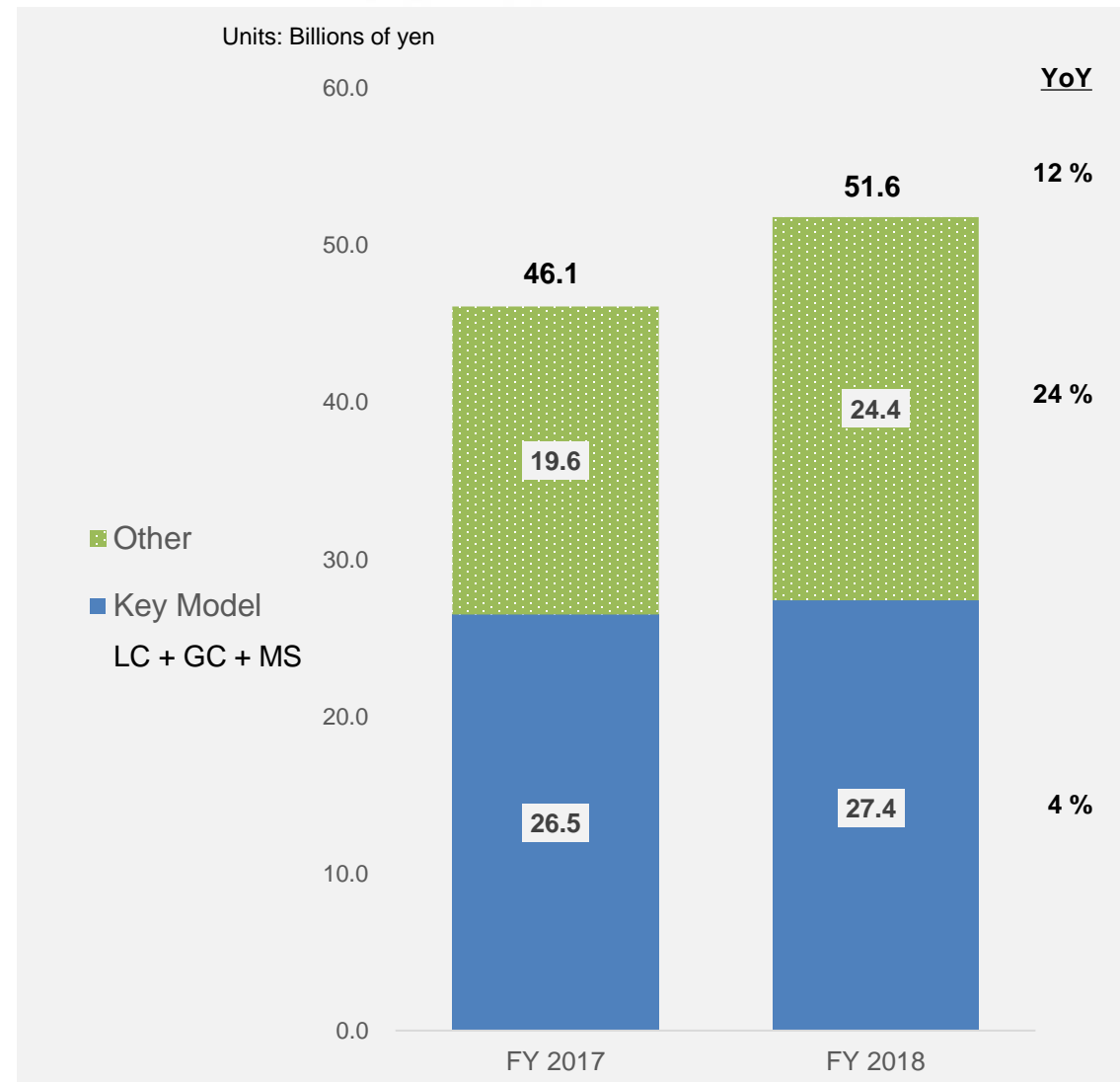
» **+24 %:**

**Other**  
 Sales of water quality and environmental monitoring instruments expanded significantly, due to demand resulting from stronger measures at pollution sources in China.

» **31 %:**

**Aftermarket Business Sales Ratio**  
 Improved by 1 percentage point (year-on-year).

### Primary Products and Aftermarket Products



# Analytical & Measuring Instruments 2/3

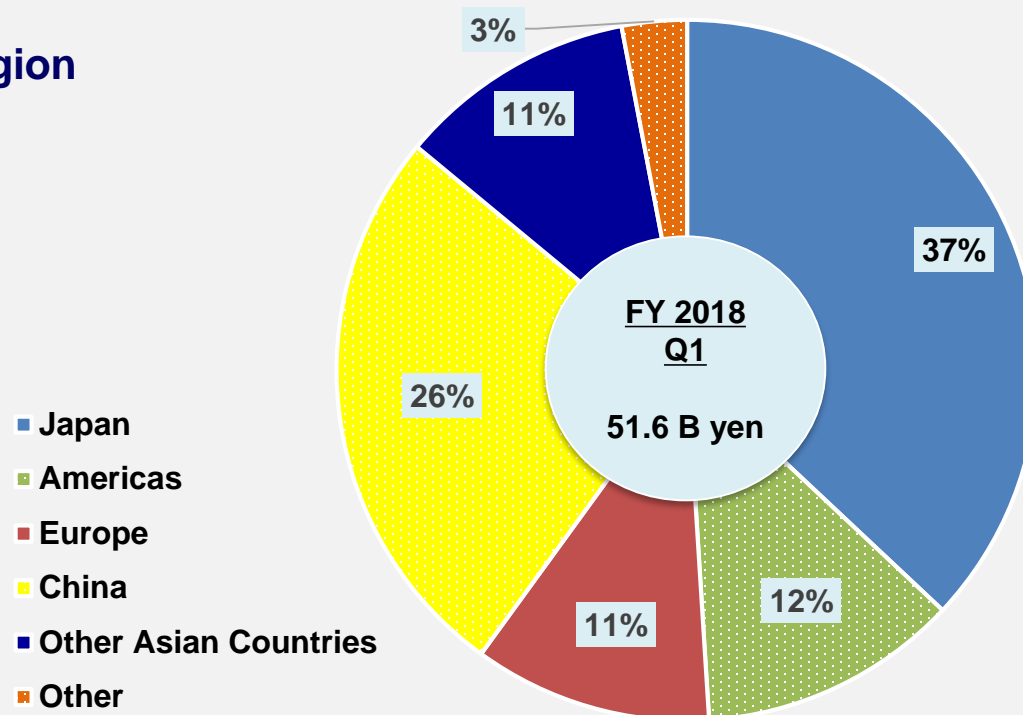
## Net Sales by Region

### » Overseas Ratio 63 %

The overseas ratio decreased by 1 point (year-on-year) to 63 %.

Projects at academic institutions expanded in Japan, liquid chromatograph sales to pharmaceutical and CRO customers expanded in North America and Europe, and environmental measurement instrument sales expanded in China.

**Analytical & Measuring Instruments Net Sales by Region**



YoY	
Total	12 %
Japan	15 %
Total Outside Japan	11 %
Americas	16 %
Europe	18 %
China	8 %
Other Asian Countries	8 %
Other	-5 %



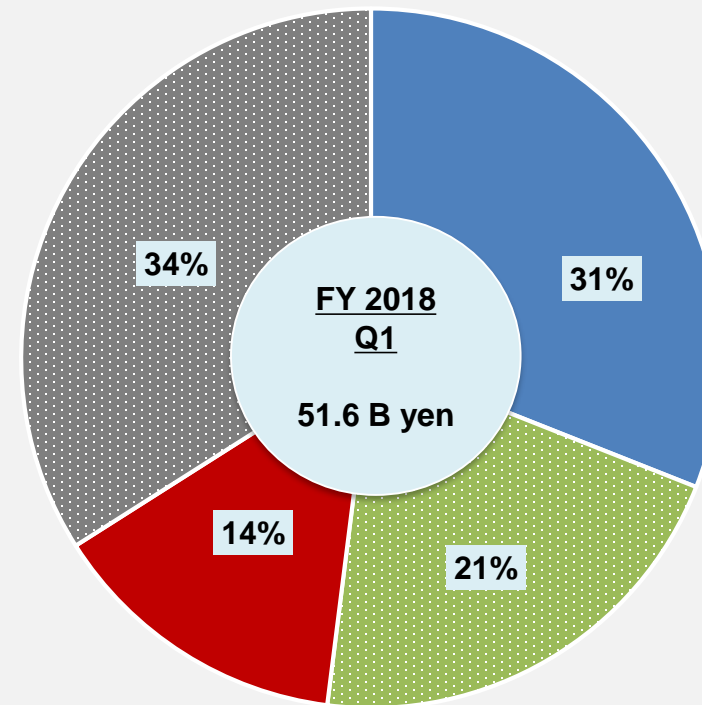
# Analytical & Measuring Instruments 3/3

## End Market Information

- The breakdown of customer fields is mainly in pharmaceuticals/CRO/healthcare/foods, materials/machinery/electrical/automotive, and academia/government fields.
- In the pharmaceuticals/CRO/healthcare/foods, which is the largest field, sales expanded to CROs.
- In materials/machinery/electrical/automotive field, economic recovery resulted in increased R&D and capital equipment investment, with strong sales in the materials field due to regulatory compliance.

**FY 2018 First Quarter Analytical & Measuring Instruments Net Sales by Field**

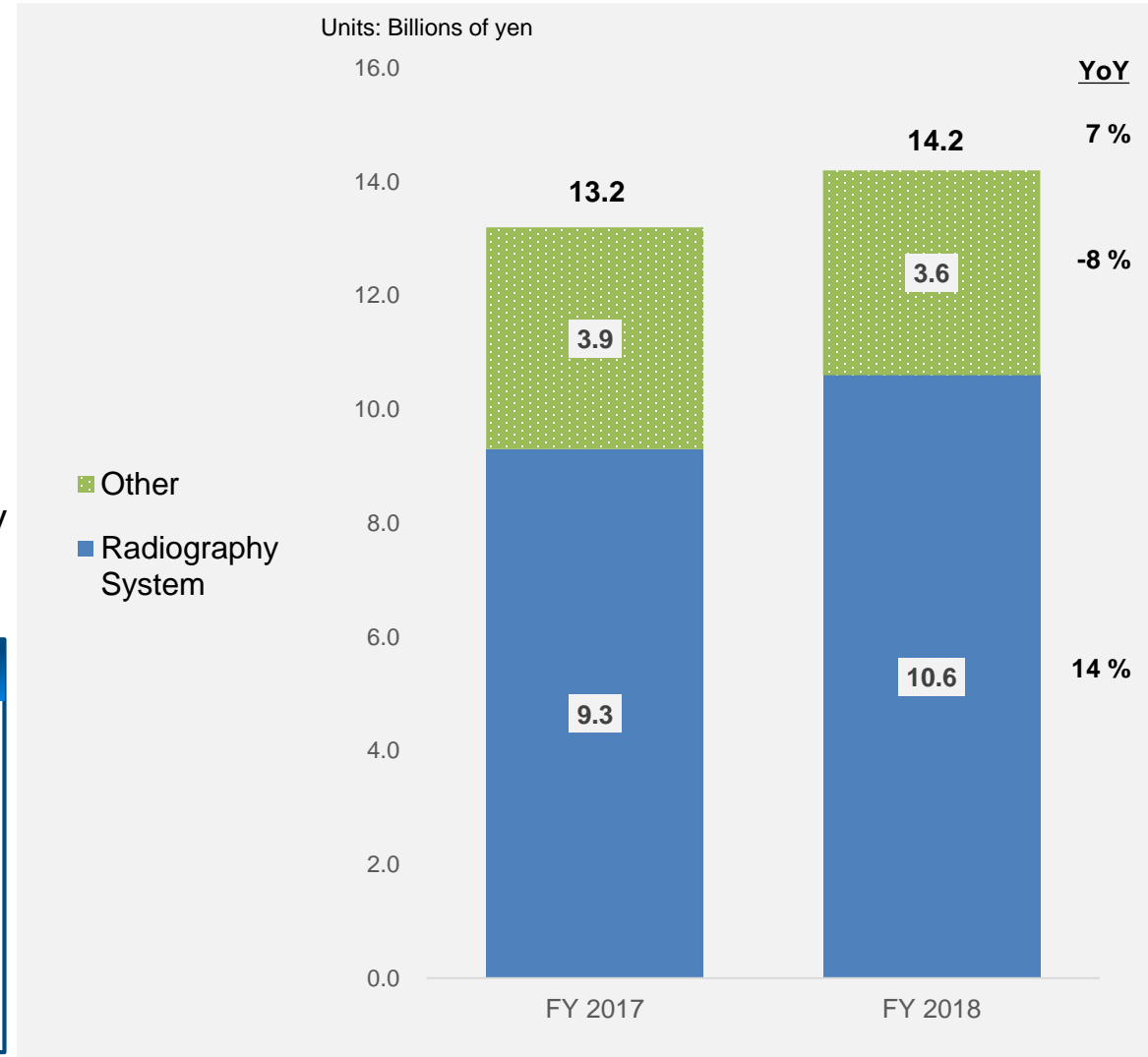
- Pharmaceuticals/CRO/Healthcare/Foods
- Materials/Machinery/Electrical/Automotive
- Academia/Government
- Other



# Medical Systems 1/2

## Net Sales by Sub-Segment

- » **+7 %:** **Medical Systems Net Sales**  
 Expanded sales were driven by X-ray systems, but sales stalled for PET systems and other products.
- » **+14 %:** **X-Ray Systems**  
 Sales were strong for all fluoroscopy, angiography, and general radiography systems.
- » **32 %:** **Aftermarket Business Sales Ratio**  
 The aftermarket business expanded (year-on-year), but decreased as a ratio of sales, due to significantly expanded sales of angiography systems.



# Medical Systems 2/2

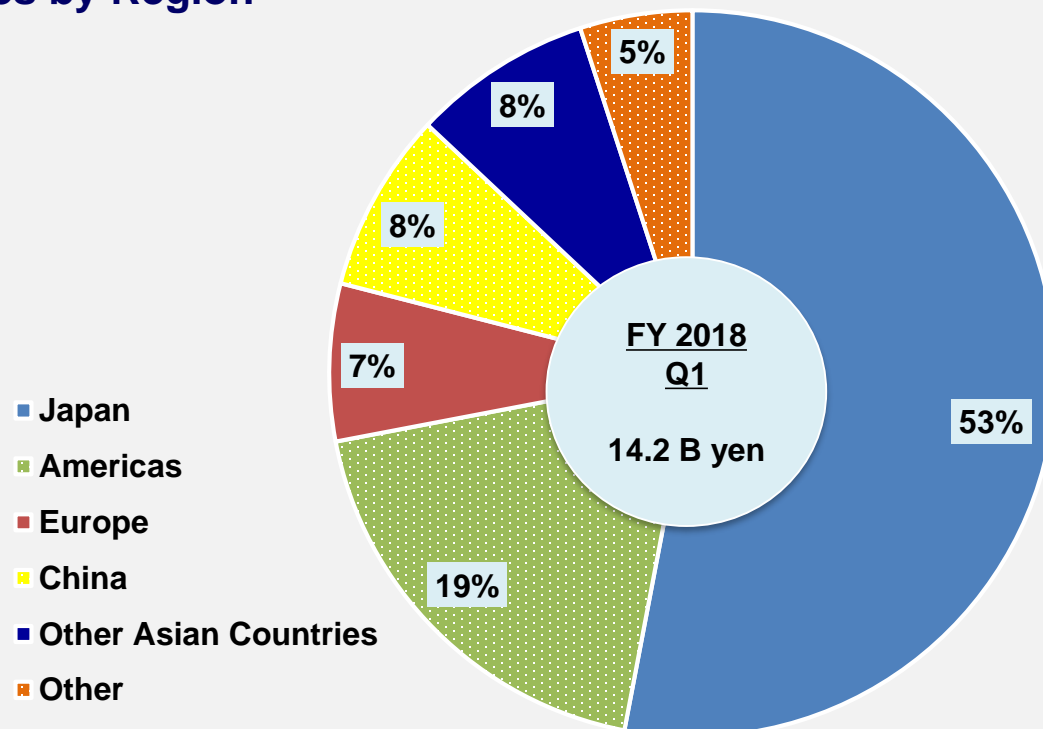
## Net Sales by Region

### » Overseas Ratio 47 %

The overseas ratio increased significantly by 5 points (year-on-year), to 47 %.

Sales stagnated in Japan, due to the revision of medical service fees and other factors, but expanded in the Americas, Europe, and other Asian countries.

**Medical Systems Net Sales by Region**



YoY	
Total:	7 %
Japan:	-1 %
Total Outside Japan:	19 %
Americas:	22 %
Europe:	×3
China:	-1 %
Other Asian Countries	9 %
Other:	-25 %

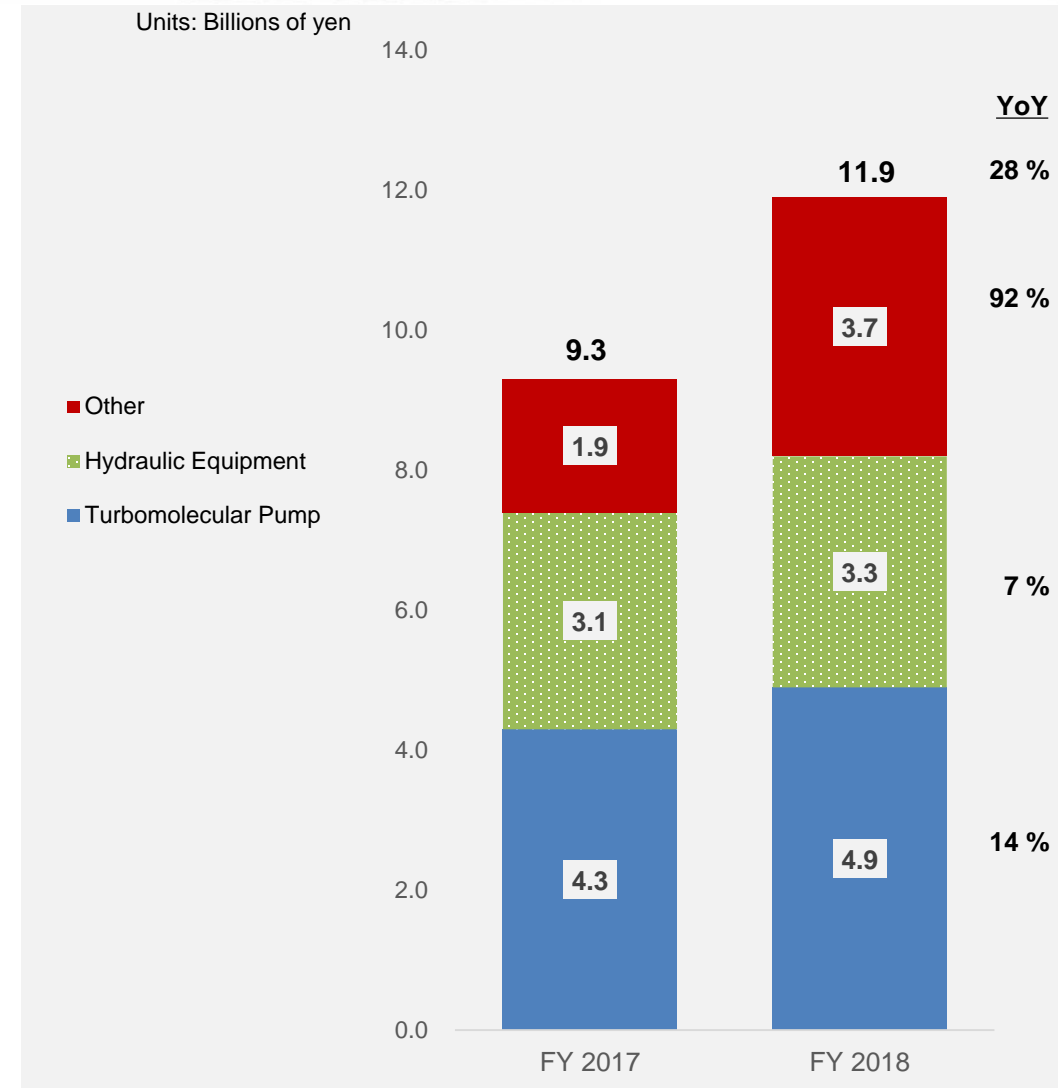
# Industrial Machinery 1/2

## Net Sales by Sub-Segment

» **+28 %:** **Industrial Machinery Net Sales**  
Sales of turbomolecular pumps, hydraulic equipment, and other sub-segments all expanded.

» **+14 %:** **Turbomolecular Pumps**  
Consistent sales in semiconductor and flat panel display fields resulted in maintaining double-digit expansion.

» **+92 %:** **Other**  
Vacuum heat treatment furnace sales expanded significantly in fields such as ceramics and carbide tools and glass winder sales expanded significantly in China.



# Industrial Machinery 2/2

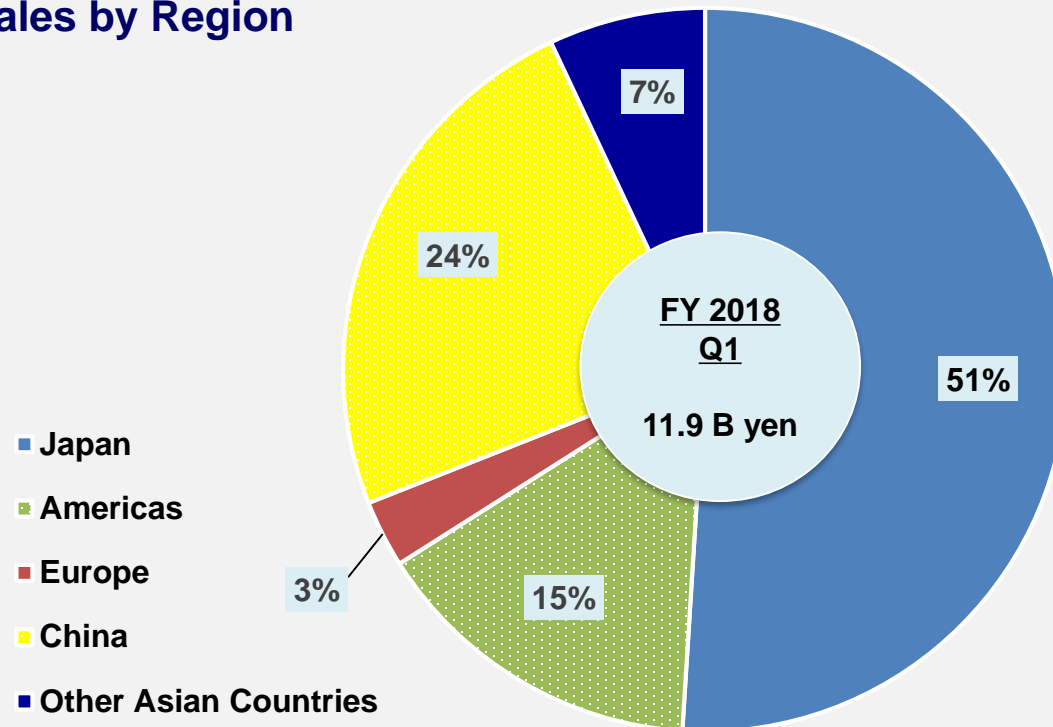
## Net Sales by Region

### » Overseas Ratio 49 %

The overseas ratio decreased by 2 point (year-on-year) to 49 %.

Sales expansion was mainly for turbomolecular pumps and industrial furnaces in Japan and the United States and for turbomolecular pumps and glass winders in China.

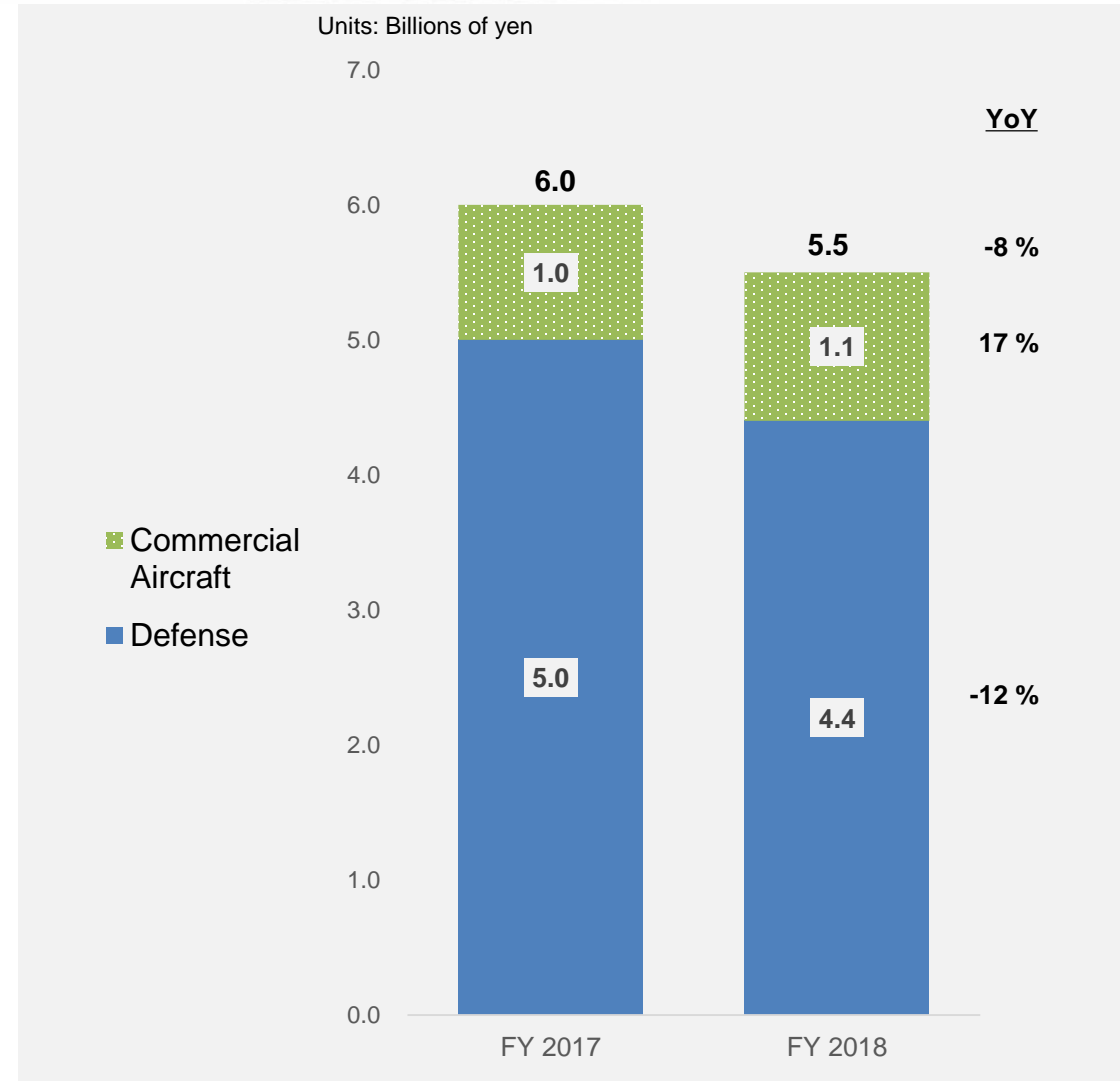
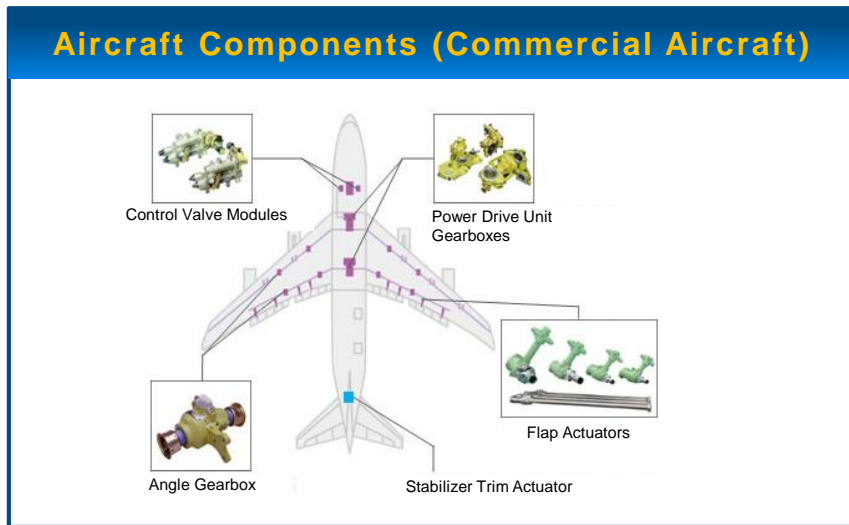
**Industrial Machinery Net Sales by Region**



YoY	
Total:	28 %
Japan:	32 %
Total Outside Japan:	23 %
Americas:	25 %
Europe:	-11 %
China:	57 %
Other Asian Countries:	-23 %

# Aircraft Equipment Net Sales by Sub-Segment

- » **-8 %:** **Aircraft Equipment Net Sales**  
Sales decreased for the defense business in Japan, but expanded for Boeing and other commercial aircraft components.
- » **-12 %:** **Defense Business**  
Sales decreased in response to the significantly increased level the previous year.
- » **17 %:** **Commercial Aircraft Business**  
Sales recovered for Boeing and other passenger aircraft components.



# Earnings Forecast

- No changes to the initially reported forecast
- Given the strong global economic conditions projected, the business is planning for higher sales and income.
- Operating income is projected to reach the medium-term management plan target level one year ahead of schedule.
- We aim to achieve sixth consecutive year of record results.

Units: Billions of yen, excluding EPS and percentages	Full-Year		YoY Increase			
	FY 2018 Plan	FY 2017	Yen Basis		Local Currency Basis	
Net Sales	390.0	376.5	13.5	3.6%	20.5	5.4%
Operating Income	45.0	42.8	2.2	5.1%	4.5	10.5%
Operating Margin	11.5%	11.4%	0.1 pt			
Ordinary Income	44.0	41.9	2.1	5.1%		
Profit Attributable to Owners of Parent	32.0	29.8	2.2	7.2%		
EPS	¥108.63	¥101.26	¥7.37	7.3%		
Q1 Average Foreign Exchange Rate	US\$	¥105.00	¥110.91	-5.91	-5.3%	
	€	¥130.00	¥129.75	0.25	0.2%	
Exchange Rate Effect				• Sensitivity to Exchange Rates: US\$: 1.2 billion yen for net sales and 0.4 billion yen for operating income; €: 0.2 billion yen for net sales and 0.07 billion yen for operating income		
Net Sales		(7.0)				
Operating Income		(2.3)				
R&D Expenses		17.0	15.5			
Capital Expenditures		23.0	17.2			
Depreciation and Amortization		11.7	10.6			

# Earnings Forecast by Business Segment

- Increased sales and income are planned for Analytical & Measuring Instruments, Medical Systems, and Industrial Machinery segments.
- The operating margin for the Industrial Machinery segment is projected to exceed 9 % and almost achieve double digits.

Units: Billions of yen		Full-Year				YoY Increase/Decrease		
		FY 2018 Plan		FY 2017				
Analytical & Measuring Instruments	Net Sales	241.0	OPM	231.6	OPM	9.4	4.1%	OPM
	Operating Income	38.8	16.1%	37.0	16.0%	1.8	4.7%	0.1 pt
Medical Systems	Net Sales	69.5	OPM	65.9	OPM	3.6	5.4%	OPM
	Operating Income	3.2	4.6%	2.7	4.1%	0.5	18.5%	0.5 pt
Aircraft Equipment	Net Sales	26.5	OPM	27.6	OPM	(1.1)	-4.1%	OPM
	Operating Income	0.8	3.0%	0.5	1.7%	0.3	67.0%	1.3 pt
Industrial Machinery	Net Sales	46.5	OPM	44.2	OPM	2.3	5.2%	OPM
	Operating Income	4.4	9.5%	4.1	9.2%	0.3	7.7%	0.3 pt
Other	Net Sales	6.5	OPM	7.2	OPM	(0.7)	-10.0%	OPM
	Operating Income	0.8	12.3%	0.9	10.1%	(0.1)	-10.2%	2.2 pt
Operating Income Adjustments		(3.0)	—	(2.4)	—	(0.6)	—	
Total	Net Sales	390.0	OPM	376.5	OPM	13.5	3.6%	OPM
	Operating Income	45.0	11.5%	42.8	11.4%	2.2	5.1%	0.1 pt



# Reference

## - Analytical & Measuring Instruments Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2018	FY2017	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
<b>Japan</b>	<b>19.3</b>	16.8	2.5	14.7%	2.5	14.7%
<b>Americas</b>	<b>6.4</b>	5.5	0.9	15.7%	0.9	17.1%
<i>North America</i>	<b>5.5</b>	4.8	0.7	15.4%	0.8	16.7%
<i>South America</i>	<b>0.9</b>	0.7	0.1	18.0%	0.1	20.1%
<b>Europe</b>	<b>5.6</b>	4.8	0.9	18.0%	0.5	11.3%
<b>China</b>	<b>13.4</b>	12.4	1.0	8.2%	1.3	10.2%
<b>Other Asian Countries</b>	<b>5.6</b>	5.2	0.4	7.6%	0.5	9.1%
<b>Other *</b>	<b>1.4</b>	1.5	(0.1)	-4.7%	(0.1)	-3.4%
<b>Total</b>	<b>51.6</b>	46.1	5.5	12.0%	5.6	12.2%
<b>Sales Outside Japan</b>	<b>32.4</b>	29.3	3.1	10.5%	3.2	10.8%

\*Other : Australia, Middle East, and Africa

# Reference

## - Medical Systems Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2018	FY2017	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
<b>Japan</b>	<b>7.6</b>	7.7	(0.1)	-0.9%	(0.1)	-0.9%
<b>Americas</b>	<b>2.7</b>	2.2	0.5	22.1%	0.5	24.3%
<i>North America</i>	<b>2.3</b>	2.0	0.3	15.4%	0.3	17.6%
<i>South America</i>	<b>0.4</b>	0.2	0.2	77.0%	0.2	80.1%
<b>Europe</b>	<b>1.0</b>	0.4	0.7	x3.0	0.6	x2.8
<b>China</b>	<b>1.1</b>	1.1	(0.0)	-0.8%	0.0	1.0%
<b>Other Asian Countries</b>	<b>1.1</b>	1.0	0.1	9.1%	0.1	10.5%
<b>Other *</b>	<b>0.7</b>	0.9	(0.2)	-24.5%	(0.2)	-23.7%
<b>Total</b>	<b>14.2</b>	13.2	1.0	7.4%	1.0	7.7%
<b>Sales Outside Japan</b>	<b>6.6</b>	5.6	1.1	19.0%	1.1	19.5%

\*Other : Australia, Middle East, and Africa

# Reference

## - Industrial Machinery Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2018	FY2017	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
<b>Japan</b>	<b>6.0</b>	4.6	1.5	32.1%	1.5	32.1%
<b>Americas</b>	<b>1.7</b>	1.4	0.3	24.9%	0.4	26.8%
<b><i>North America</i></b>	<b><i>1.7</i></b>	<i>1.4</i>	0.3	24.9%	0.4	26.9%
<b><i>Europe</i></b>	<b><i>0.3</i></b>	0.3	(0.0)	-10.9%	(0.0)	-11.4%
<b>China</b>	<b>2.9</b>	1.9	1.1	56.5%	1.1	57.2%
<b>Other Asian Countries</b>	<b>0.9</b>	1.1	(0.3)	-22.5%	(0.3)	-23.1%
<b>Total</b>	<b>11.9</b>	9.3	2.6	27.6%	2.6	27.9%
<b>Sales Outside Japan</b>	<b>5.8</b>	4.7	1.1	23.2%	1.1	23.8%

# Reference

## - Aircraft Equipment Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2018	FY2017	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
<b>Japan</b>	<b>4.4</b>	5.0	(0.6)	-12.4%	(0.6)	-12.2%
<b>Americas</b>	<b>1.1</b>	0.9	0.1	16.4%	0.2	18.5%
<i>North America</i>	<i>1.1</i>	<i>0.9</i>	0.1	16.4%	0.2	18.5%
<b>Total</b>	<b>5.5</b>	6.0	(0.5)	-7.6%	(0.4)	-7.1%
<b>Sales Outside Japan</b>	<b>1.1</b>	1.0	0.2	17.2%	0.2	19.4%



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