

3rd Quarter Results & Financial Position, Ended March 2017

Shimadzu Corporation

The background of the slide features several thin, light gray curved lines that sweep across the page from the bottom left towards the top right, creating a sense of movement and depth.

Statement of Income

- * Net sales increase of 0.9% YoY; operating income decrease of 14.0%
- * Yen appreciation lowered sales by ¥4.7 billion and operating income by ¥1.6 billion.
- * Excluding exchange rate impact, net sales increase of 6.7% and operating income increase of 6.6%; operating margin flat with same period last year, at 9.6%

Billions of yen, except EPS and percentages		Dec. 2016	Dec. 2015	YoY		
				Changes	% Changes	% Changes in local currency
Net Sales		81.6	80.8	0.7	0.9%	6.7%
Operating Income		6.7	7.8	(1.1)	-14.0%	6.6%
Operating margin		8.2%	9.6%	<i>deterioration of 1.4pt.</i>		9.6%
Ordinary Income		8.0	7.4	0.6	8.6%	
Profit attributable to owners of parent		5.5	5.0	0.5	10.6%	
EPS		¥18.65	¥16.87	¥1.78	10.6%	
Q3 Average foreign exchange rate	US\$	¥109.37	¥121.53	(¥12.16)	-10.0%	
	€	¥117.83	¥133.03	(¥15.20)	-11.4%	
Impact of Yen appreciation						
Net Sales				(4.7)		
Operating Income				(1.6)		

Sales and Income by Business Segment

- * Analytical & Measuring Instruments: Sales increase of 0.4% YoY, operating income decrease of 10.5%; operating margin flat after excluding yen appreciation impact
- * Medical Systems: Sales decrease of 4.4% YoY; no change after excluding impact of yen appreciation
- * Aircraft Equipment: Declines in both sales and operating income; results in line with business plans
- * Industrial Machinery: Sales increase of 29.7% YoY, operating income surge of 2.9 times as profitability improved significantly

Billions of yen, except percentages Operating margin is listed in right-side column		Dec. 2016		Dec. 2015		YoY		
						Changes	%Changes	
Analytical & Measuring Instruments	Net Sales	50.7	13.0%	50.5	14.5%	0.2	0.4%	deteriorate
	Operating Income	6.6		7.3		(0.8)	-10.5%	1.5pt.
Medical Systems	Net Sales	13.9	-4.6%	14.6	-0.6%	(0.6)	-4.4%	deteriorate
	Operating Income	(0.6)		(0.1)		(0.5)	—	4.0pt.
Aircraft Equipment	Net Sales	6.1	4.6%	7.1	5.7%	(1.0)	-13.8%	deteriorate
	Operating Income	0.3		0.4		(0.1)	-30.8%	1.1pt.
Industrial Machinery	Net Sales	9.6	7.5%	7.4	3.3%	2.2	29.7%	improve
	Operating Income	0.7		0.2		0.5	x2.9	4.2pt.
Other	Net Sales	1.1	10.2%	1.2	16.0%	(0.1)	-6.4%	deteriorate
	Operating Income	0.2		0.2		(0.1)	-37.1%	5.8pt.
Operating Income Adjustments		(0.5)	—	(0.4)	—	(0.1)	—	
Total	Net Sales	81.6	8.2%	80.8	9.6%	0.7	0.9%	deteriorate
	Operating Income	6.7		7.8		(1.1)	-14.0%	1.4pt.

Analytical & Measuring Instruments

Sub-segment Net Sales

- * Sales increase of 0.4% YoY; increase of 7.3% after excluding the ¥3.5 billion impact of yen appreciation
- * Liquid chromatographs sales continued to rise globally.
- * Mass spectrometer sales surged in Japan, Europe, and China.

Billions of yen, except percentages
Composition ratio is listed in right-side column

		Dec. 2016		Dec. 2015		YoY		
						Changes	%Changes	%Changes in local currency
Break down	General Analytical Instruments	34.6	68%	34.4	68%	0.2	0.5%	
	<i>Liquid Chromatographs</i>	<i>14.5</i>	<i>29%</i>	13.9	28%	0.6	4.5%	
	<i>Mass Spectrometers</i>	<i>8.3</i>	<i>16%</i>	8.2	16%	0.1	1.6%	
	Other	16.1	32%	16.1	32%	0.0	0.1%	
Total		50.7	100%	50.5	100%	0.2	0.4%	7.3%
Break down	Instruments	36.2	71%	36.6	72%	(0.4)	-1.1%	
	aftermarket business	14.6	29%	14.0	28%	0.6	4.2%	
Total		50.7	100%	50.5	100%	0.2	0.4%	7.3%
Impact of yen appreciation		(3.5)						

Medical Systems Sub-segment Net Sales

- * Sales decline of 4.4% YoY; sales flat after excluding the ¥0.6 billion impact of yen appreciation
- * Angiography system sales grew steadily.
- * X-ray fluoroscopy system sales declined in 3Q after strong rise in first half.

Billions of yen, except percentages Composition ratio is listed in right-side column		Dec. 2016		Dec. 2015		YoY		
						Changes	%Changes	%Changes in local currency
Break down	X-ray Systems	10.2	73%	11.2	77%	(1.0)	-8.8%	
	<i>X-ray fluoroscopy Systems</i>	3.6	25%	4.2	29%	(0.7)	-16.0%	
	<i>angiography systems</i>	1.5	11%	1.3	9%	0.2	18.5%	
	<i>general radiography systems</i>	5.1	37%	5.7	39%	(0.6)	-9.8%	
	Other	3.8	27%	3.4	23%	0.4	10.4%	
Total		13.9	100%	14.6	100%	(0.6)	-4.4%	0.1%
Break down	Instruments	9.3	67%	10.2	70%	(0.9)	-8.4%	
	aftermarket business	4.6	33%	4.4	30%	0.2	4.9%	
Total		13.9	100%	14.6	100%	(0.6)	-4.4%	0.1%
Impact of yen appreciation		(0.6)						

Aircraft Equipment Sub-segment Net Sales

- * Sales in line with business plan despite declines in both domestic defense and commercial aircraft equipment sales.
- * In domestic defense business, steady sales growth of parts for new aircraft models for which mass production is proceeding.

Billions of yen, except percentages
Composition ratio is listed in right-side column

	Dec. 2016		Dec. 2015		YoY		
					Changes	%Changes	%Changes in local currency
Defense Agency	4.9	81%	5.7	81%	(0.8)	-14.2%	
Commercial Aircraft	1.2	19%	1.3	19%	(0.2)	-12.0%	
Total	6.1	100%	7.1	100%	(1.0)	-13.8%	-11.9%
Impact of yen appreciation	(0.1)						

Industrial Machinery Sub-segment Net Sales

- * Sales increase of 29.7% YoY; sales surged 35.8% after excluding the ¥0.5 billion impact of yen appreciation
- * Higher sales of turbo-molecular pumps amid buoyant semiconductor and flat panel manufacturing industries
- * Glass winder demand rebounded steadily; sales of hydraulic equipment for compact construction machinery recovered.

Billions of yen, except percentages Composition ratio is listed in right-side column		Dec. 2016		Dec. 2015		YoY		
						Changes	%Changes	%Changes in local currency
Break down	Turbo-molecular pumps	3.7	39%	2.4	32%	1.3	56.1%	
	Hydraulic equipment	2.8	29%	2.8	38%	(0.0)	-0.4%	
	Glass winders etc.	1.5	15%	0.7	10%	0.7	97.5%	
	Other	1.7	17%	1.5	20%	0.2	11.2%	
Total		9.6	100%	7.4	100%	2.2	29.7%	35.8%
Break down	Instruments	8.6	89%	6.3	84%	2.3	37.5%	
	aftermarket business	1.0	11%	1.2	16%	(0.1)	-12.0%	
Total		9.6	100%	7.4	100%	2.2	29.7%	35.8%
Impact of yen appreciation		(0.5)						

Net Sales by Region

- * Sales growth of 3.2% YoY in Japan as market remained strong
- * Decrease of 1.0% in overseas sales; increase of 9.6% after excluding the ¥4.7 billion impact of yen appreciation
- * Overall growth of 6.7% after excluding impact of yen appreciation, reflecting steady performance in and outside Japan

Billions of yen, except percentages
Composition ratio is listed in right-side column

	Dec. 2016		Dec. 2015		Changes	YoY	
						%Changes	
						Yen	Local currency
Japan	37.6	46%	36.4	45%	1.2	3.2%	3.2%
North & South America	10.6	13%	11.5	14%	(0.9)	-7.9%	2.0%
<i>>North America</i>	<i>9.3</i>	<i>11%</i>	<i>10.4</i>	<i>13%</i>	<i>(1.1)</i>	<i>-10.5%</i>	<i>-0.6%</i>
<i>>South America</i>	<i>1.2</i>	<i>2%</i>	<i>1.1</i>	<i>1%</i>	<i>0.2</i>	<i>17.1%</i>	<i>27.7%</i>
Europe	6.4	8%	7.6	9%	(1.2)	-15.8%	-4.8%
China	15.6	19%	13.4	17%	2.2	16.8%	30.3%
Other Asian Countries	9.1	11%	9.1	11%	(0.0)	-0.2%	8.0%
Other	2.3	3%	2.9	4%	(0.6)	-19.5%	-12.2%
Total	81.6	100%	80.8	100%	0.7	0.9%	6.7%
Overseas	44.0	54%	44.4	55%	(0.4)	-1.0%	9.6%

Impact of yen appreciation

(4.7)

Net Sales by Region – Japan

- * Sales continued to grow in Analytical & Measuring Instruments and Medical Systems; Industrial Machinery sales rebounded.
- * Aircraft Equipment: Sales declined but performance in line with business plan.

Billions of yen, except percentages	Dec. 2016	Dec. 2015	YoY	
			Changes	%Changes
Analytical & Measuring Instruments	19.2	18.1	1.1	6.1%
Medical Systems	7.4	6.9	0.6	8.5%
Aircraft Equipment	4.9	5.7	(0.8)	-14.2%
Industrial Machinery	4.9	4.5	0.4	8.0%
Other	1.1	1.2	(0.1)	-6.4%
Total	37.6	36.4	1.2	3.2%

Net Sales by Region – North America

- * Sales declined in both Analytical & Measuring Instruments and Medical Systems.
- * Analytical & Measuring Instruments: Sales slumped in some areas of the health care industry; sales in other industries increased steadily.
- * Medical Systems: Sales declined due to sales surge in X-ray fluoroscopy systems in previous year; overall sales increased steadily.

Billions of yen, except percentages	Dec. 2016	Dec. 2015	YoY		
			Changes	%Changes	
				Yen	Local currency
Analytical & Measuring Instruments	5.2	6.0	(0.8)	-13.1%	-3.5%
Medical Systems	2.0	2.3	(0.3)	-12.3%	-2.9%
Aircraft Equipment	1.0	1.2	(0.2)	-16.7%	-7.5%
Industrial Machinery	1.1	1.0	0.2	18.1%	31.7%
Other	9.3	10.4	(1.1)	-10.5%	-0.6%
Impact of yen appreciation	(1.0)				

Net Sales by Region – Europe

- * Sales declined in both Analytical & Measuring Instruments and Medical Systems.
- * Analytical & Measuring Instruments: Sales to universities and other institutions in Eastern Europe declined due to lower EU funding; sales in Germany, France and other Western Europe markets grew, especially for mass spectrometers.
- * Medical Systems: Sales of X-ray fluoroscopy systems declined.

Billions of yen, except percentages	Dec. 2016	Dec. 2015	Changes	YoY	
				%Changes	
				Yen	Local currency
Analytical & Measuring Instruments	5.7	6.6	(0.9)	-13.7%	-2.4%
Medical Systems	0.5	0.8	(0.3)	-36.0%	-28.1%
Aircraft Equipment	0.1	0.0	0.1	x2.2	x2.5
Industrial Machinery	0.1	0.2	(0.1)	-37.7%	-31.0%
Total	6.4	7.6	(1.2)	-15.8%	-4.8%
Impact of yen appreciation	(0.8)				

Net Sales by Region – China

- * Clear signs of market rebound.
- * Analytical & Measuring Instruments: Sales increased in both public sector and such private-sector industries as pharmaceuticals and CRO.
- * Medical Systems: Sales bottomed out; Industrial Equipment grew strongly on demand for turbo-molecular pumps and glass winders.

Billions of yen, except percentages	Dec. 2016	Dec. 2015	YoY		
			Changes	%Changes	
				Yen	Local currency
Analytical & Measuring Instruments	12.0	11.1	0.9	8.4%	20.8%
Medical Systems	1.3	1.5	(0.2)	-11.1%	-1.7%
Industrial Machinery	2.3	0.8	1.5	x2.8	x3.2
Total	15.6	13.4	2.2	16.8%	30.3%
Impact of yen appreciation	(1.8)				

Net Sales by Region – Other Asian countries

- * **Analytical & Measuring Instruments:** Sales decreased slightly, but increased after excluding exchange rate impact; steady growth in sales to Indian pharmaceutical companies and public sector in Southeast Asia.
- * **Medical Systems:** Sales declined due to several large-scale orders in Southeast Asia in previous year.
- * **Industrial Machinery:** Sales remained at high level on demand for turbo-molecular pumps in the semiconductor and organic EL panel manufacturing sectors in Korea etc.

Billions of yen, except percentages	Dec. 2016	Dec. 2015	Changes	YoY	
				%Changes	
				Yen	Local currency
Analytical & Measuring Instruments	6.4	6.5	(0.1)	-1.8%	7.1%
Medical Systems	1.4	1.7	(0.2)	-14.0%	-5.1%
Industrial Machinery	1.2	0.9	0.3	36.7%	39.6%
Total	9.1	9.1	(0.0)	-0.2%	8.0%
Impact of yen appreciation	(0.8)				

Earnings Forecast

- * Aim to achieve the medium-term management plan; annual forecast unchanged.
- * Pursue growth by actively promoting sales of mainstay Analytical & Measuring Instruments products

Billions of yen, except EPS and percentages		Mar. 2017 Forecast	Mar. 2016	YoY	
				Changes	%Changes
Net Sales		350.0	342.2	7.8	2.3%
Operating Income		36.0	35.7	0.3	0.8%
Operating Margin		10.3%	10.4%	<i>deterioration of 0.1%pt.</i>	
Ordinary Income		34.5	34.8	(0.3)	-1.0%
Profit attributable to owners of parent		24.0	23.9	0.1	0.4%
EPS		¥81.40	¥81.05	¥0.35	0.4%
Average foreign exchange rate	US\$	¥105.00	¥120.19	(¥15.19)	-12.6%
	€	¥117.00	¥132.63	(¥15.63)	-11.8%

Earnings Forecast by Business Segment

- * Revisions to some segment forecasts.
- * Net sales and operating income of Analytical & Measuring Instruments and Medical Systems revised downward slightly; forecasts for Aircraft Equipment and Industrial Machinery raised slightly.

Billions of yen, except percentages Operating margin is listed in right-side column		Mar. 2017 Forecast		Mar. 2016		YoY		
						Changes	%Changes	
Analytical & Measuring Instruments	Net Sales	217.0	15.3%	208.4	15.8%	8.6	4.1%	deteriorate
	Operating Income	33.3		33.0		0.3	1.0%	0.5pt.
Medical Systems	Net Sales	64.5	2.6%	64.6	1.6%	(0.1)	-0.2%	improve
	Operating Income	1.7		1.0		0.7	62.7%	1.0pt.
Aircraft Equipment	Net Sales	26.5	2.3%	28.8	1.2%	(2.3)	-8.1%	improve
	Operating Income	0.6		0.3		0.3	73.4%	1.1pt.
Industrial Machinery	Net Sales	35.4	5.9%	33.5	6.6%	1.9	5.6%	deteriorate
	Operating Income	2.1		2.2		(0.1)	-4.8%	0.7pt.
Other	Net Sales	6.6	10.6%	6.9	15.4%	(0.3)	-3.9%	deteriorate
	Operating Income	0.7		1.3		(0.6)	-44.7%	4.8pt.
Operating Income Adjustments		(2.4)	—	(2.1)	—	(0.3)	—	
Total	Net Sales	350.0	10.3%	342.2	10.4%	7.8	2.3%	deteriorate
	Operating Income	36.0		35.7		0.3	0.8%	0.1pt.



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