



1st Quarter Results & Financial Position, Ended March 2018

Shimadzu Corporation

Statement of Income

- Sales were strong, effectively increasing about 8 %, excluding exchange rate effects.
- Operating income effectively decreased by about 3 %, excluding exchange rate effects, due to strategic investments for the future.
- Profit is projected to start increasing in the second quarter, with a profit increase planned for the full year. [p. 13](#)

Units: Billions of yen, except EPS and percentages		First Quarter		YoY Increase/Decrease			
		FY2017	FY2016	Yen Basis		Local Currency Basis	
				Change	% Change	Change	% Change
Net Sales		75.8	69.7	6.1	8.7%	5.2	7.5%
Operating Income		3.9	4.5	(0.6)	-13.8%	(0.1)	-2.7%
Operating Margin		5.1%	6.5%	1.4 point decrease		0.5 point decrease	
Ordinary Income		3.6	4.2	(0.6)	-13.5%		
Profit Attributable to Owners of Parent		2.4	3.1	(0.7)	-21.3%		
EPS		¥8.24	¥10.47	(¥2.23)	-21.3%		
Q1 Average Foreign Exchange Rate	US\$	¥111.17	¥108.20	¥2.97	2.7%		
	€	¥122.23	¥122.07	¥0.16	0.1%		
Exchange Rate Effect							
Net Sales			0.8				
Operating Income			-0.5				

Note: The "Exchange Rate Effect" and "Local Currency Basis" values include elimination of unrealized gains from inventories.

Sales and Income by Business Segment

- Sales increased in Analytical & Measuring Instruments, Medical Systems, Aircraft Equipment, and Industrial Machinery segments.
- Both sales and income effectively increased for the Analytical & Measuring Instruments segment, Shimadzu's strongest segment, excluding exchange rate effects.
- Profitability decreased temporarily in all segments, but is planned to improve for the full year for all segments except Aircraft Equipment. [☞ p. 14](#)

Units: Billions of yen, except percentages		First Quarter				YoY Increase/Decrease					
		FY2017		FY2016		Yen Basis			Local Currency Basis		
		Amount	OPM	Amount	OPM	Change	% Change	OPM	Change	% Change	OPM
Analytical & Measuring Instruments	Net Sales	46.1	10.3%	42.5	11.6%	3.7	8.6%	1.3 pt decrease	3.1	7.3%	0.3 pt decrease
	Operating Income	4.7		4.9		(0.2)	-4.0%		0.2	3.9%	
Medical Systems	Net Sales	13.2	-4.4%	12.8	-3.7%	0.4	3.0%	0.7 pt decrease	0.3	2.0%	0.1 pt decrease
	Operating Income	(0.6)		(0.5)		(0.1)	—		0.0	—	
Aircraft Equipment	Net Sales	6.0	-7.0%	5.2	-4.7%	0.7	14.3%	2.3 pt decrease	0.7	13.3%	0.2 pt increase
	Operating Income	(0.4)		(0.2)		(0.2)	—		0.0	—	
Industrial Machinery	Net Sales	9.3	6.1%	7.5	6.8%	1.8	24.6%	0.7 pt decrease	1.7	23.2%	1.5 pt decrease
	Operating Income	0.6		0.5		0.1	11.4%		0.0	-4.6%	
Other	Net Sales	1.2	4.4%	1.7	8.9%	(0.5)	-31.6%	4.5 pt decrease	(0.5)	-31.6%	4.5 pt decrease
	Operating Income	0.1		0.2		(0.1)	-62.0%		(0.1)	-62.0%	
Operating Income Adjustments		(0.5)	—	(0.4)	—	(0.1)			—		
Total	Net Sales	75.8	5.1%	69.7	6.5%	6.1	8.7%	1.4 pt decrease	5.2	7.5%	0.5 pt decrease
	Operating Income	3.9		4.5		(0.6)	-13.8%		(0.1)	-2.7%	

Note: The "Exchange Rate Effect" and "Local Currency Basis" values include elimination of unrealized gains from inventories.

Analytical & Measuring Instruments

Net Sales by Sub-Segment

- Sales increased 8.6 % YoY, or about 7 % even after excluding exchange rate effects.
- LC and MS sales expanded due to strong demand and GC sales also increased, driven by sales in China.
- In addition, sales of environmental testing instruments, testing machines, and other products were also strong.

Units:
Billions of yen, except percentages

		First Quarter		YoY Increase/Decrease			
		FY2017	FY2016	Yen Basis		Local Currency Basis	
				Change	% Change	Change	% Change
Breakdown	Liquid Chromatographs (LC)	13.7	13.0	0.7	5.2%	0.4	3.3%
	Mass Spectrometers (MS)	7.8	7.2	0.7	9.0%	0.6	8.4%
	Gas Chromatographs (GC)	5.0	4.6	0.3	7.5%	0.3	5.8%
	Other	19.6	17.6	2.0	11.3%	1.8	10.2%
Total		46.1	42.5	3.7	8.6%	3.1	7.3%
Breakdown	Instruments	32.4	29.9	2.4	8.1%		
	Aftermarket Business	13.8	12.5	1.2	9.8%		
Aftermarket Business Sales Ratio		29.8%	29.5%	0.3 point increase			
Total		46.1	42.5	3.7	8.6%		

Medical Systems Net Sales by Sub-Segment

- Sales increased 3.0 % YoY, or about 2 % after excluding exchange rate effects.
- Sales of general radiography systems were strong, driven by results in Japan and North America, whereas sales of X-ray fluoroscopy and angiography systems stagnated.
- For other products, sales of mammography PET systems increased.

Units: Billions of yen, except percentages		First Quarter		YoY Increase/Decrease			
		FY2017	FY2016	Yen Basis		Local Currency Basis	
				Change	% Change	Change	% Change
Breakdown	X-Ray Systems	9.3	9.4	(0.0)	-0.3%	(0.1)	-1.4%
	General Radiography Systems	5.2	4.3	0.9	20.1%	0.8	18.4%
	X-Ray Fluoroscopy Systems	3.2	3.6	(0.4)	-10.6%	(0.4)	-11.4%
	Angiography Systems	0.9	1.4	(0.5)	-36.1%	(0.5)	-36.5%
	Other	3.9	3.5	0.4	11.8%	0.4	11.1%
Total		13.2	12.8	0.4	3.0%	0.3	2.0%
Breakdown	Instruments	8.9	8.6	0.3	3.7%		
	Aftermarket Business	4.3	4.3	0.1	1.6%		
Aftermarket Business Sales Ratio		32.7%	33.1%	0.4 point decrease			
Total		13.2	12.8	0.4	3.0%		

Aircraft Equipment Net Sales by Sub-Segment

- Sales increased 14.3 % YoY, or about 13 % after excluding exchange rate effects.
- Japanese defense industry demand was strong, due to production of new models and other factors.
- However, commercial aircraft equipment demand decreased due to a temporary decrease in Boeing production.

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Defense Agency	5.0	4.1	0.9	21.1%	0.8	20.4%
Commercial Aircraft	1.0	1.1	(0.1)	-11.4%	(0.1)	-13.8%
Total	6.0	5.2	0.7	14.3%	0.7	13.3%

Industrial Machinery Net Sales by Sub-Segment

- Sales increased 24.6 % YoY, or about 23 % after excluding exchange rate effects.
- Turbo-molecular pump sales expanded, continuing the growth from the previous year, for semiconductor and flat panel display manufacturing applications.
- Hydraulic equipment sales followed a trend towards recovery.

Units: Billions of yen, except percentages		First Quarter		YoY Increase/Decrease			
		FY2017	FY2016	Yen Basis		Local Currency Basis	
				Change	% Change	Change	% Change
Breakdown	Turbo-Molecular Pumps	4.3	2.7	1.7	62.4%	1.6	58.9%
	Hydraulic Equipment	3.1	2.8	0.3	11.4%	0.3	11.3%
	Other	1.9	2.0	(0.1)	-6.7%	(0.1)	-7.3%
Total		9.3	7.5	1.8	24.6%	1.7	23.2%
Breakdown	Instruments	8.3	6.3	2.0	31.0%		
	Aftermarket Business	1.0	1.1	(0.1)	-10.6%		
Aftermarket Business Sales Ratio		10.9%	15.2%	4.3 point decrease			
Total		9.3	7.5	1.8	24.6%		

Net Sales by Region

- With strong sales expansion within and outside Japan, sales increased 9 % both within and outside Japan (about 6 % increase outside Japan, after accounting for exchange rate effects).
- Outside Japan, sales expanded a significant 19 % on a local-currency basis, due to a clear strong overall recovery trend in private-sector demand in China.
- The overseas sales ratio was 53.5 %, which is roughly the same level as the previous year (53.7 %).

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Japan	35.2	32.3	2.9	9.0%	2.9	8.9%
Americas	10.0	9.9	0.2	1.6%	0.0	-0.3%
North America	9.0	9.0	0.0	0.1%	(0.2)	-1.8%
South America	1.0	0.8	0.2	17.9%	0.1	15.0%
Europe	5.5	5.5	0.0	0.3%	0.0	0.6%
China	15.4	12.6	2.8	22.3%	2.4	19.3%
Other Asian Countries	7.3	7.2	0.1	1.8%	(0.1)	-1.1%
Other*	2.4	2.3	0.1	2.8%	0.0	-0.1%
Total	75.8	69.7	6.1	8.7%	5.2	7.5%
Sales Outside Japan	40.6	37.4	3.2	8.5%	2.3	6.3%

*Other: Australia, Middle East, and Africa

Net Sales by Region—Japan

- **Analytical & Measuring Instruments:** Sales of LC, MS, and testing machine products were strong, mainly due to private-sector demand.
- **Medical Systems:** Sales of general radiography systems expanded to clinics.
- **Aircraft Equipment:** Sales of aircraft components expanded for new aircraft models.
- **Industrial Machinery:** Turbo-molecular pump sales remained strong and hydraulic equipment sales also increased.

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease	
	FY2017	FY2016	Change	% Change
Analytical & Measuring Instruments	16.8	15.1	1.7	11.1%
Medical Systems	7.7	7.0	0.6	8.9%
Aircraft Equipment	5.0	4.1	0.9	21.1%
Industrial Machinery	4.6	4.3	0.3	6.7%
Other	1.2	1.7	(0.5)	-31.6%
Total	35.2	32.3	2.9	9.0%

Net Sales by Region—North America

- Exchange rate effects were equivalent to about 0.2 billion yen (increase).
- Analytical & Measuring Instruments: Sales decreased due to customer-based installation delays and other factors.
- Medical Systems: Fueled by an industry transition to digital technology, sales of general radiography systems expanded.
- Industrial Machinery: Turbo-molecular pump sales expanded significantly for semiconductor manufacturing applications.

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Analytical & Measuring Instruments	4.8	5.2	(0.4)	-7.4%	(0.4)	-8.4%
Medical Systems	2.0	1.9	0.1	4.4%	0.0	1.6%
Aircraft Equipment	0.9	1.0	(0.1)	-12.1%	(0.1)	-14.4%
Industrial Machinery	1.4	1.0	0.4	45.2%	0.4	41.6%
Total	9.0	9.0	0.0	0.1%	(0.2)	-1.8%

Net Sales by Region—Europe

- Exchange rate effects were negligible.
- **Analytical & Measuring Instruments:** Sales of LC products, Shimadzu's strongest product line, and also MS and GC products, were strong and expanded in fields such as pharmaceuticals, food safety, and environmental testing.
- **Medical Systems:** Sales decreased significantly due to a reactionary decline in response to high sales the previous year and due to a reorganization of sales channels.

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Analytical & Measuring Instruments	4.8	4.4	0.4	8.9%	0.4	9.4%
Medical Systems	0.4	0.7	(0.4)	-51.3%	(0.4)	-51.4%
Industrial Machinery	0.3	0.3	0.0	0.2%	0.0	-1.7%
Total	5.5	5.5	0.0	0.3%	0.0	0.6%

Net Sales by Region—China

- Exchange rate effects were equivalent to about 0.4 billion yen (increase).
- Analytical & Measuring Instruments: Sales of LC, MS, GC, and environmental testing instruments expanded with double-digit increases.
- Industrial Machinery: Sales were about 2.1 times higher than the previous year, with significantly expanded sales of TMPs, glass winders, and hydraulic equipment.

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Analytical & Measuring Instruments	12.4	10.6	1.8	16.8%	1.4	13.7%
Medical Systems	1.1	1.1	0.0	1.4%	(0.0)	-1.3%
Industrial Machinery	1.9	0.9	1.0	x 2.1	1.0	x 2.1
Total	15.4	12.6	2.8	22.3%	2.4	19.3%

Net Sales by Region—Other Asian Countries

- Exchange rate effects were equivalent to about 0.2 billion yen (increase).
- Analytical & Measuring Instruments: MS sales expanded, but LC sales stagnated.
- Medical Systems: Bouncing back from a decrease the previous year, sales of general radiography systems drove overall sales.
- Industrial Machinery: TMP sales continued to expand for semiconductor manufacturing applications.

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Analytical & Measuring Instruments	5.2	5.4	(0.3)	-4.8%	(0.4)	-7.2%
Medical Systems	1.0	0.8	0.2	23.7%	0.2	21.3%
Industrial Machinery	1.1	0.9	0.2	21.0%	0.1	15.3%
Total	7.3	7.2	0.1	1.8%	(0.1)	-1.1%

Earnings Forecast—Year Ending March 2018

- No changes to the initially reported forecast.
- Increased sales and income planned for a fifth consecutive year.

Units: Billions of yen, except EPS and percentages		FY2017 Plan	FY2016	YoY Increase/Decrease			
				Yen Basis		Local Currency Basis	
				Change	% Change	Change	% Change
Net Sales		355.0	342.5	12.5	3.7%	17.5	5.1%
Operating Income		38.0	37.1	0.9	2.5%	2.6	7.0%
Operating Margin		10.7%	10.8%	0.1 point decrease		0.2 point increase	
Ordinary Income		38.0	37.0	1.0	2.6%		
Profit Attributable to Owners of Parent		27.0	26.5	0.5	2.0%		
EPS		¥91.58	¥89.79	¥1.79	2.0%		
Average Foreign Exchange Rate	US\$	¥105.00	¥108.43	(¥3.43)	-3.2%		
	€	¥115.00	¥118.84	(¥3.84)	-3.2%		
Exchange Rate Effect							
Net Sales			(5.0)				
Operating Income			(1.7)				

Earnings Forecast by Business Segment —Year Ending March 2018

- No changes to the initially reported segment forecasts.
- Increased sales and income planned for the Analytical & Measuring Instruments, Medical Systems, and Industrial Machinery segments.
- The Aircraft Equipment segment will continue to implement measures for ensuring reliable and improved profitability.

		FY2017 Plan		FY2016		YoY Increase/Decrease		
		Amount	OPM	Amount	OPM	Change	% Change	
Units: Billions of yen, except percentages								
Analytical & Measuring Instruments	Net Sales	218.0	15.9%	209.2	15.8%	8.8	4.2%	0.1 pt increase
	Operating Income	34.6		33.1		1.5	4.7%	
Medical Systems	Net Sales	65.0	3.5%	64.4	3.0%	0.6	1.0%	0.5 pt increase
	Operating Income	2.3		1.9		0.4	19.7%	
Aircraft Equipment	Net Sales	26.0	1.2%	26.7	2.9%	(0.7)	-2.7%	1.7 pt decrease
	Operating Income	0.3		0.8		(0.5)	-61.3%	
Industrial Machinery	Net Sales	39.0	7.7%	36.2	7.4%	2.8	7.9%	0.3 pt increase
	Operating Income	3.0		2.7		0.3	12.4%	
Other	Net Sales	7.0	10.0%	6.0	11.8%	1.0	17.1%	1.8 pt decrease
	Operating Income	0.7		0.9		(0.2)	-20.6%	
Operating Income Adjustments		(2.9)	—	(2.2)	—	(0.7)	—	
Total	Net Sales	355.0	10.7%	342.5	10.8%	12.5	3.7%	0.1 pt decrease
	Operating Income	38.0		37.1		0.9	2.5%	

Reference

—Analytical & Measuring Instruments Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Japan	16.8	15.1	1.7	11.1%	1.7	11.1%
Americas	5.5	5.8	(0.3)	-4.4%	(0.3)	-5.7%
North America	4.8	5.2	(0.4)	-7.4%	(0.4)	-8.4%
South America	0.7	0.6	0.1	20.4%	0.1	17.4%
Europe	4.8	4.4	0.4	8.9%	0.4	9.4%
China	12.4	10.6	1.8	16.8%	1.4	13.7%
Other Asian Countries	5.2	5.4	(0.3)	-4.8%	(0.4)	-7.2%
Other*	1.5	1.1	0.3	28.6%	0.3	25.1%
Total	46.1	42.5	3.7	8.6%	3.1	7.3%
Sales Outside Japan	29.3	27.3	2.0	7.2%	1.4	5.2%

*Other: Australia, Middle East, and Africa

Reference

—Medical Systems Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Japan	7.7	7.0	0.6	8.9%	0.6	8.9%
Americas	2.2	2.1	0.1	5.5%	0.1	2.8%
North America	2.0	1.9	0.1	4.4%	0.0	1.6%
South America	0.2	0.2	0.0	15.7%	0.0	13.0%
Europe	0.4	0.7	(0.4)	-51.3%	(0.4)	-51.4%
China	1.1	1.1	0.0	1.4%	(0.0)	-1.3%
Other Asian Countries	1.0	0.8	0.2	23.7%	0.2	21.3%
Other*	0.9	1.1	(0.2)	-18.5%	(0.2)	-20.9%
Total	13.2	12.8	0.4	3.0%	0.3	2.0%
Sales Outside Japan	5.6	5.8	(0.2)	-4.2%	(0.4)	-6.5%

*Other: Australia, Middle East, and Africa

Reference

—Aircraft Equipment Net Sales by Region

Units: Billions of yen, except percentages	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Japan	5.0	4.1	0.9	21.1%	0.8	20.4%
Americas	0.9	1.0	(0.1)	-12.1%	(0.1)	-14.4%
North America	0.9	1.0	(0.1)	-12.1%	(0.1)	-14.4%
Total	6.0	5.2	0.7	14.3%	0.7	13.3%
Sales Outside Japan	1.0	1.1	(0.1)	-11.4%	(0.1)	-13.8%

Reference

—Industrial Machinery Net Sales by Region

Units:
Billions of yen, except percentages

	First Quarter		YoY Increase/Decrease			
	FY2017	FY2016	Yen Basis		Local Currency Basis	
			Change	% Change	Change	% Change
Japan	4.6	4.3	0.3	6.7%	0.3	6.7%
Americas	1.4	1.0	0.4	43.6%	0.4	40.1%
North America	1.4	1.0	0.4	45.2%	0.4	41.6%
Europe	0.3	0.3	0.0	0.2%	0.0	-1.7%
China	1.9	0.9	1.0	x2.2	1.0	x2.1
Other Asian Countries	1.1	0.9	0.2	21.0%	0.1	15.3%
Total	9.3	7.5	1.8	24.6%	1.7	23.2%
Sales Outside Japan	4.7	3.2	1.6	48.8%	1.4	45.4%



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