

# 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
<b>Net Sales</b>		<b>75.8</b>	69.7	6.1	8.7%	5.2	7.5%
<b>Operating Income</b>		<b>3.9</b>	4.5	(0.6)	-13.8%	(0.1)	-2.7%
<b>Operating Margin</b>		<b>5.1%</b>	6.5%	1.4 point decrease		0.5 point decrease	
<b>Ordinary Income</b>		<b>3.6</b>	4.2	(0.6)	-13.5%		
<b>Profit Attributable to Owners of Parent</b>		<b>2.4</b>	3.1	(0.7)	-21.3%		
<b>EPS</b>		<b>¥8.24</b>	¥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
<b>Defense Agency</b>	<b>5.0</b>	4.1	0.9	21.1%	0.8	20.4%
<b>Commercial Aircraft</b>	<b>1.0</b>	1.1	(0.1)	-11.4%	(0.1)	-13.8%
<b>Total</b>	<b>6.0</b>	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
<b>Japan</b>	<b>35.2</b>	32.3	2.9	9.0%	2.9	8.9%
<b>Americas</b>	<b>10.0</b>	9.9	0.2	1.6%	0.0	-0.3%
<b>North America</b>	<b>9.0</b>	9.0	0.0	0.1%	(0.2)	-1.8%
<b>South America</b>	<b>1.0</b>	0.8	0.2	17.9%	0.1	15.0%
<b>Europe</b>	<b>5.5</b>	5.5	0.0	0.3%	0.0	0.6%
<b>China</b>	<b>15.4</b>	12.6	2.8	22.3%	2.4	19.3%
<b>Other Asian Countries</b>	<b>7.3</b>	7.2	0.1	1.8%	(0.1)	-1.1%
<b>Other*</b>	<b>2.4</b>	2.3	0.1	2.8%	0.0	-0.1%
<b>Total</b>	<b>75.8</b>	69.7	6.1	8.7%	5.2	7.5%
<b>Sales Outside Japan</b>	<b>40.6</b>	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
<b>Analytical &amp; Measuring Instruments</b>	<b>16.8</b>	15.1	1.7	11.1%
<b>Medical Systems</b>	<b>7.7</b>	7.0	0.6	8.9%
<b>Aircraft Equipment</b>	<b>5.0</b>	4.1	0.9	21.1%
<b>Industrial Machinery</b>	<b>4.6</b>	4.3	0.3	6.7%
<b>Other</b>	<b>1.2</b>	1.7	(0.5)	-31.6%
<b>Total</b>	<b>35.2</b>	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
<b>Analytical &amp; Measuring Instruments</b>	<b>4.8</b>	5.2	(0.4)	-7.4%	(0.4)	-8.4%
<b>Medical Systems</b>	<b>2.0</b>	1.9	0.1	4.4%	0.0	1.6%
<b>Aircraft Equipment</b>	<b>0.9</b>	1.0	(0.1)	-12.1%	(0.1)	-14.4%
<b>Industrial Machinery</b>	<b>1.4</b>	1.0	0.4	45.2%	0.4	41.6%
<b>Total</b>	<b>9.0</b>	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
<b>Analytical &amp; Measuring Instruments</b>	<b>4.8</b>	4.4	0.4	8.9%	0.4	9.4%
<b>Medical Systems</b>	<b>0.4</b>	0.7	(0.4)	-51.3%	(0.4)	-51.4%
<b>Industrial Machinery</b>	<b>0.3</b>	0.3	0.0	0.2%	0.0	-1.7%
<b>Total</b>	<b>5.5</b>	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
<b>Analytical &amp; Measuring Instruments</b>	<b>12.4</b>	10.6	1.8	16.8%	1.4	13.7%
<b>Medical Systems</b>	<b>1.1</b>	1.1	0.0	1.4%	(0.0)	-1.3%
<b>Industrial Machinery</b>	<b>1.9</b>	0.9	1.0	x 2.1	1.0	x 2.1
<b>Total</b>	<b>15.4</b>	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
<b>Analytical &amp; Measuring Instruments</b>	<b>5.2</b>	5.4	(0.3)	-4.8%	(0.4)	-7.2%
<b>Medical Systems</b>	<b>1.0</b>	0.8	0.2	23.7%	0.2	21.3%
<b>Industrial Machinery</b>	<b>1.1</b>	0.9	0.2	21.0%	0.1	15.3%
<b>Total</b>	<b>7.3</b>	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
<b>Net Sales</b>		<b>355.0</b>	342.5	12.5	3.7%	17.5	5.1%
<b>Operating Income</b>		<b>38.0</b>	37.1	0.9	2.5%	2.6	7.0%
<b>Operating Margin</b>		<b>10.7%</b>	10.8%	0.1 point decrease		0.2 point increase	
<b>Ordinary Income</b>		<b>38.0</b>	37.0	1.0	2.6%		
<b>Profit Attributable to Owners of Parent</b>		<b>27.0</b>	26.5	0.5	2.0%		
<b>EPS</b>		<b>¥91.58</b>	¥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.

Units: Billions of yen, except percentages		FY2017 Plan		FY2016		YoY Increase/Decrease		
		Amount	OPM	Amount	OPM	Change	% Change	
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
<b>Japan</b>	<b>16.8</b>	15.1	1.7	11.1%	1.7	11.1%
<b>Americas</b>	<b>5.5</b>	5.8	(0.3)	-4.4%	(0.3)	-5.7%
<b>North America</b>	<b>4.8</b>	5.2	(0.4)	-7.4%	(0.4)	-8.4%
<b>South America</b>	<b>0.7</b>	0.6	0.1	20.4%	0.1	17.4%
<b>Europe</b>	<b>4.8</b>	4.4	0.4	8.9%	0.4	9.4%
<b>China</b>	<b>12.4</b>	10.6	1.8	16.8%	1.4	13.7%
<b>Other Asian Countries</b>	<b>5.2</b>	5.4	(0.3)	-4.8%	(0.4)	-7.2%
<b>Other*</b>	<b>1.5</b>	1.1	0.3	28.6%	0.3	25.1%
<b>Total</b>	<b>46.1</b>	42.5	3.7	8.6%	3.1	7.3%
<b>Sales Outside Japan</b>	<b>29.3</b>	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
<b>Japan</b>	<b>7.7</b>	7.0	0.6	8.9%	0.6	8.9%
<b>Americas</b>	<b>2.2</b>	2.1	0.1	5.5%	0.1	2.8%
<b>North America</b>	<b>2.0</b>	1.9	0.1	4.4%	0.0	1.6%
<b>South America</b>	<b>0.2</b>	0.2	0.0	15.7%	0.0	13.0%
<b>Europe</b>	<b>0.4</b>	0.7	(0.4)	-51.3%	(0.4)	-51.4%
<b>China</b>	<b>1.1</b>	1.1	0.0	1.4%	(0.0)	-1.3%
<b>Other Asian Countries</b>	<b>1.0</b>	0.8	0.2	23.7%	0.2	21.3%
<b>Other*</b>	<b>0.9</b>	1.1	(0.2)	-18.5%	(0.2)	-20.9%
<b>Total</b>	<b>13.2</b>	12.8	0.4	3.0%	0.3	2.0%
<b>Sales Outside Japan</b>	<b>5.6</b>	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
<b>Japan</b>	<b>5.0</b>	4.1	0.9	21.1%	0.8	20.4%
<b>Americas</b>	<b>0.9</b>	1.0	(0.1)	-12.1%	(0.1)	-14.4%
<b>North America</b>	<b>0.9</b>	1.0	(0.1)	-12.1%	(0.1)	-14.4%
<b>Total</b>	<b>6.0</b>	5.2	0.7	14.3%	0.7	13.3%
<b>Sales Outside Japan</b>	<b>1.0</b>	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
<b>Japan</b>	<b>4.6</b>	4.3	0.3	6.7%	0.3	6.7%
<b>Americas</b>	<b>1.4</b>	1.0	0.4	43.6%	0.4	40.1%
<b>North America</b>	<b>1.4</b>	1.0	0.4	45.2%	0.4	41.6%
<b>Europe</b>	<b>0.3</b>	0.3	0.0	0.2%	0.0	-1.7%
<b>China</b>	<b>1.9</b>	0.9	1.0	x2.2	1.0	x2.1
<b>Other Asian Countries</b>	<b>1.1</b>	0.9	0.2	21.0%	0.1	15.3%
<b>Total</b>	<b>9.3</b>	7.5	1.8	24.6%	1.7	23.2%
<b>Sales Outside Japan</b>	<b>4.7</b>	3.2	1.6	48.8%	1.4	45.4%



**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 that are based on information available when these materials were prepared and are subject to risks and uncertainties. Consequently, actual results may differ materially from the forecasts indicated above. Factors that may influence actual business performance include, but are not limited to, economic conditions within and outside Japan, changes in technologies in markets, and fluctuations in exchange rates.**