



August 6, 2019

# 1st Quarter Results & Financial Position, Ended March 2020

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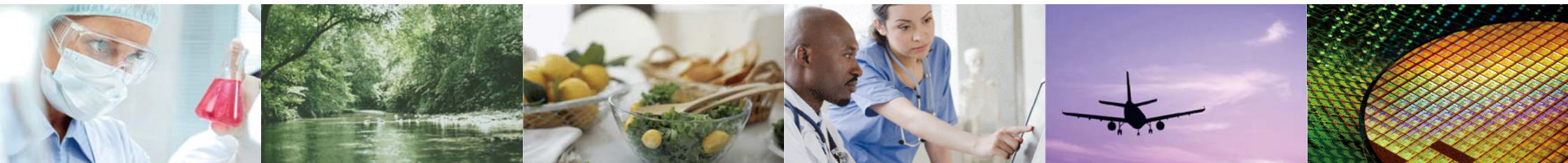
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# Financial Highlights



**Sales and income decreased due to a reactionary decline after special demand and large projects the previous year.**

- Sales decreased due to a reactionary decline after special demand (environmental monitoring systems in China) and large projects (such as analytical/measuring instruments for laboratory relocation) the previous year and due to worsening semiconductor market conditions.
- Gross profit decreased due to decreased sales and operating income decreased due to increased R&D expenses and other factors.

**Analytical & Measuring Instruments sales strong for key models**

- Driven by MS sales, sales increased 5 % year-on-year for Analytical & Measuring Instruments key models.

• Key models: Liquid chromatographs (LC), mass spectrometers (MS), and gas chromatographs (GC)

# Statement of Income

**Net sales: 80.8 billion yen**  
 (4.9 billion yen or 6 % year-on-year decrease)  
**Operating income:**  
**4.5 billion yen**  
 (1.3 billion yen or 22 % year-on-year decrease)

## Exchange Rate Effect

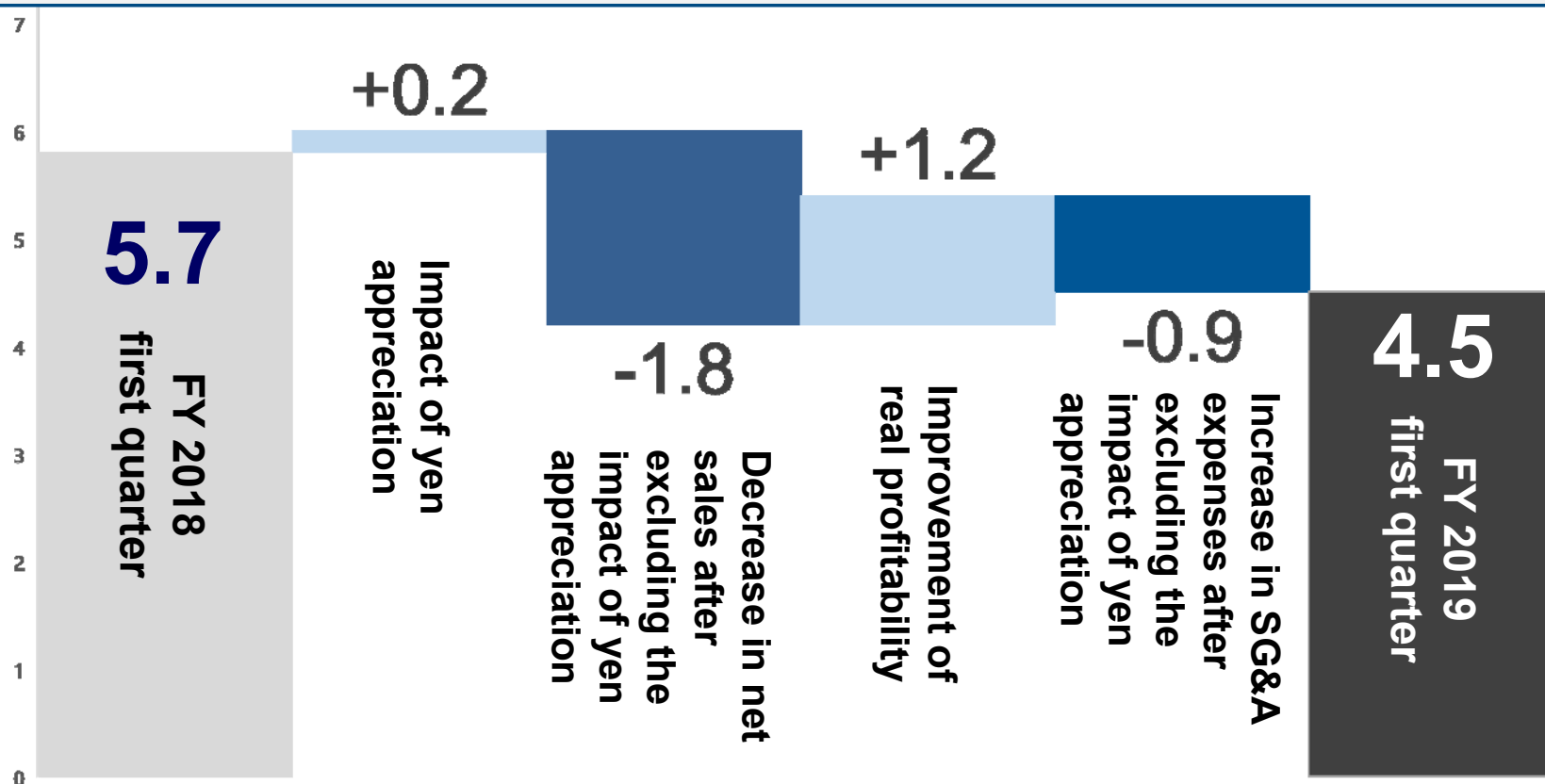
- Net sales: -0.2 billion yen
- Operating income: +2.0 billion yen

Units: Billions of yen		Q1		YoY	
		FY 2019	FY 2018	Changes	Percent Increase/Decrease
Business Results	Net Sales	80.8	85.7	- 4.9	-6%
	Operating Income	4.5	5.7	- 1.3	-22%
	Operating Margin	5.5%	6.7%	-1.2 pt	—
	Ordinary Income	4.5	6.6	- 2.1	-32%
	Profit Attributable to Owners of Parent	3.4	4.4	- 0.9	-22%
Exchange Rates	Average Rate: USD (Yen)	111.0	109.1	+0.8	+1%
	Euro (Yen)	123.5	130.1	- 6.6	-5%
Major Investments	R&D Expenses	4.6	3.9	+0.7	
	CAPEX	3.4	5.9	- 2.6	
	Depreciation and Amortization	3.3	2.8	+0.5	

- R&D Expenses  
Sum of manufacturing expenses and selling/administrative expenses

# Analysis of Year-on-Year Increase/Decrease in Operating Income

Operating income decreased by 1.3 billion yen due to lower sales and increased expenses.



# Sales and Income by Business Segment

• AMI: Analytical & Measuring Instruments, MED: Medical Systems, IM: Industrial Machinery, AE: Aircraft Equipment

**AMI:** Sales and income decreased in reaction to end of special demand and large projects in previous year.

**MED:** Sales and income decreased due to slowdown outside Japan.

**IM:** Sales and income decreased due to TMP sales decrease from downturn in semiconductor market conditions.

**AE:** Sales and income increased for both commercial and defense aircraft equipment.

Units: Billions of yen	Net Sales				Operating Income				Operating Margin		
	FY 2019	FY 2018	YoY		FY 2019	FY 2018	YoY		FY 2019	FY 2018	YoY
			Changes	Percent Increase/Decrease			Changes	Percent Increase/Decrease			Increase/Decrease
<b>AMI</b>	<b>49.7</b>	51.6	<b>-2.0</b>	<b>-4%</b>	<b>4.9</b>	5.7	<b>-0.8</b>	<b>-14%</b>	<b>9.9%</b>	11.0%	<b>-1.1 pt</b>
<b>MED</b>	<b>13.4</b>	14.2	<b>-0.8</b>	<b>-6%</b>	<b>-0.5</b>	-0.1	<b>-0.4</b>	—	<b>-3.8%</b>	-0.9%	<b>-3.0 pt</b>
<b>IM</b>	<b>9.3</b>	11.9	<b>-2.6</b>	<b>-22%</b>	<b>0.4</b>	1.1	<b>-0.7</b>	<b>-64%</b>	<b>4.3%</b>	9.4%	<b>-5.1 pt</b>
<b>AE</b>	<b>6.6</b>	5.5	<b>+1.1</b>	<b>+19%</b>	<b>-0.1</b>	-0.6	<b>+0.4</b>	—	<b>-2.2%</b>	-10.1%	<b>+8.0 pt</b>
<b>Other</b>	<b>1.9</b>	2.4	<b>-0.6</b>	<b>-23%</b>	<b>0.3</b>	0.2	<b>+0.2</b>	<b>+106%</b>	<b>15.2%</b>	6.0%	<b>+9.2 pt</b>
<b>Adjutments</b>					<b>-0.5</b>	-0.5	<b>+0</b>	—			
<b>Total</b>	<b>80.8</b>	85.7	<b>-4.9</b>	<b>-6%</b>	<b>4.5</b>	5.7	<b>-1.3</b>	<b>-22%</b>	<b>5.5%</b>	6.7%	<b>-1.2 pt</b>

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# Analytical & Measuring Instruments Net Sales by Sub-Segment

**Key models\*:** 28.8 billion yen; +1.4 billion yen (+5 %) driven by MS sales

**Other models:** 20.9 billion yen; -3.3 billion yen (-14 %) due to reactionary decline after special demand and large projects the previous year

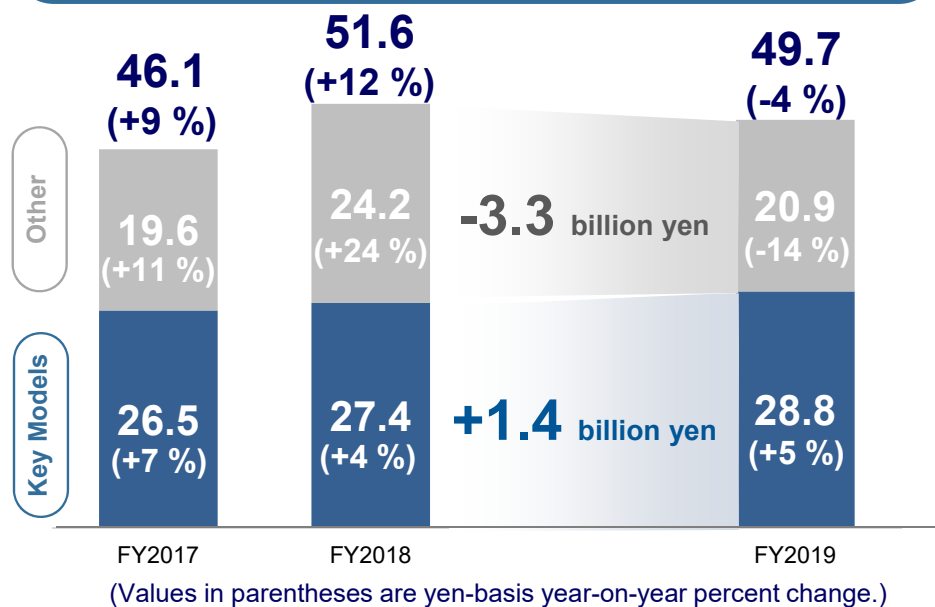
**AM\*\* sales:** 16.8 billion yen; +0.6 billion yen (+3 %)

**AM sales ratio:** 34 %; +2 points

\* Key models: Liquid chromatographs (LC), mass spectrometers (MS), gas chromatographs (GC)

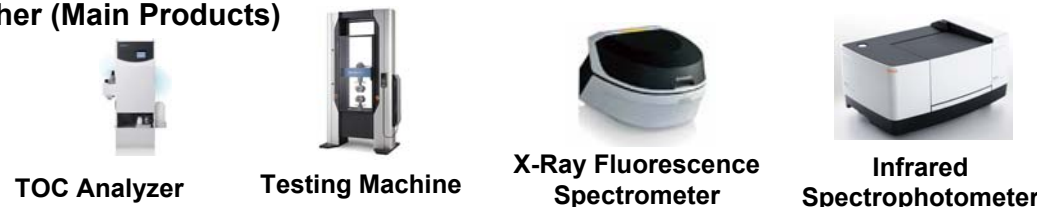
\*\*AM: Aftermarket

## Analytical & Measuring Instruments Net Sales (billion yen)



Environmental measurement instrument sales decreased significantly due to reactionary decline after special demand for water quality monitoring models in China the previous year.

### Other (Main Products)



Strong MS sales for contract analysis, academic research institutions, etc., strong LC sales, and slow GC sales

### Key Models (Main Products)



# Analytical & Measuring Instruments Net Sales by Region

**Japan:** Decreased 12 %, due to reactionary decline after major projects in the previous year.

**Outside Japan:** Sales in China decreased 8 %, due to reactionary decline after special demand for environmental monitoring instruments in the previous year ended, but sales were strong in other Asian countries and North America.

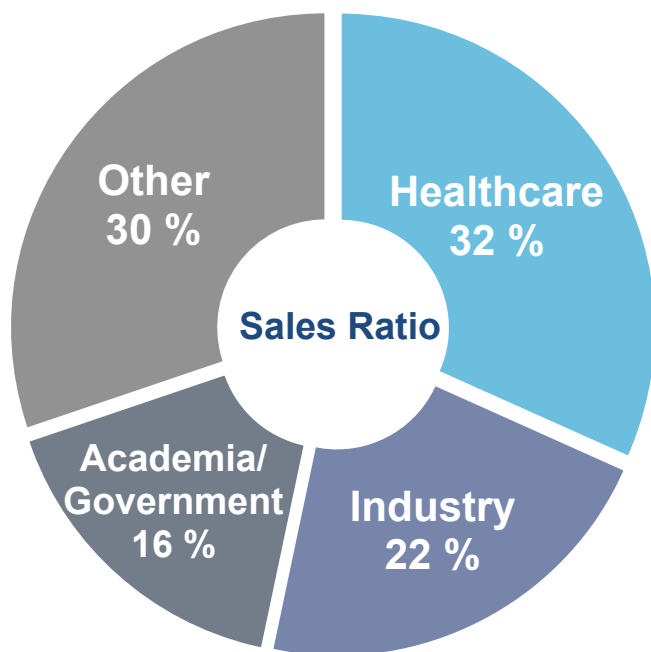
**Overseas sales ratio:** Increased 3 points to 66 %, due to 12 % year-on-year sales decrease in Japan and 1 % year-on-year sales increase outside Japan.

	FY 2019	FY 2018	Increase/ Decrease	Percent Increase/ Decrease	Excluding Exchange Rate Effects	Overview
<b>Japan</b>	<b>16.9</b>	19.3	-2.4	-12 %	<b>-12 %</b>	<ul style="list-style-type: none"> <li>• Sales increased for key models.</li> <li>• Reactionary decline after large projects the previous year</li> </ul>
<b>North America</b>	<b>5.8</b>	5.5	+0.3	+5 %	<b>+4 %</b>	<ul style="list-style-type: none"> <li>• Strong sales in cannabis market</li> </ul>
<b>Europe</b>	<b>5.4</b>	5.6	-0.2	-4 %	<b>+1 %</b>	<ul style="list-style-type: none"> <li>• Reactionary decline after large projects for food products in the previous year</li> <li>• Sales were strong in clinical and contract analysis markets.</li> </ul>
<b>China</b>	<b>12.4</b>	13.4	-1.0	-7 %	<b>-8 %</b>	<ul style="list-style-type: none"> <li>• Sales decreased significantly for environmental monitoring systems.</li> <li>• Sales decreased for electronic/electrical markets due to US-China trade frictions.</li> <li>• MS sales were strong to academic/research institutions.</li> </ul>
<b>Other Asian Countries</b>	<b>6.7</b>	5.6	+1.1	+20 %	<b>+19 %</b>	<ul style="list-style-type: none"> <li>• India: 11 % increase, due to recovery trend from strong sales in contract analysis markets</li> <li>• Southeast Asia: 16 % increase, due to strong sales of key models for pharmaceuticals and environmental regulation compliance</li> </ul>

# Analytical & Measuring Instruments Ratio of Net Sales by Market

Academia sales were strong in China. In healthcare fields, sales for contract analysis were weak and sales for industrial fields were affected by US-China trade frictions.

Ratio of Net Sales by Market



Markets and Main Industries	YoY Change in Net Sales	Overview
<b>Healthcare</b> <ul style="list-style-type: none"> <li>• Pharmaceuticals</li> <li>• Foods</li> <li>• Healthcare institutions</li> <li>• Contract analysis</li> </ul>	-4 %	Sales for contract analysis were weak.
<b>Industry</b> <ul style="list-style-type: none"> <li>• Chemicals</li> <li>• Materials</li> <li>• Electrical</li> <li>• Automotive</li> </ul>	-3 %	Impacts from U.S.-China trade friction
<b>Academia/Government</b>	+11 %	Academia sales were strong in China.

# Medical Systems Net Sales by Sub-Segment

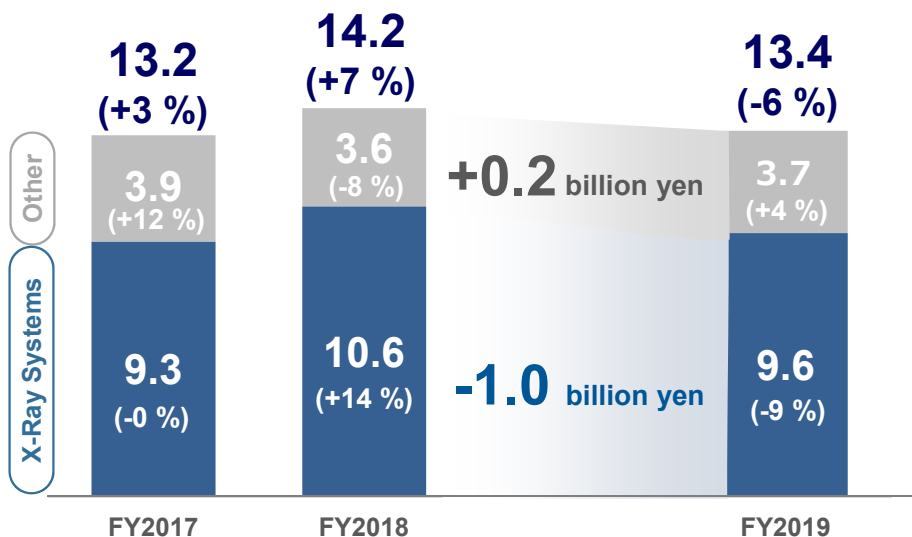
**X-ray systems:** 9.6 billion yen; -1.0 billion yen (-9 %) with strong sales of angiography systems, but decreased sales of general radiography and fluoroscopy systems

**Other:** 3.7 billion yen; +0.2 billion yen (+4 %) due to sales growth in Japan for products for clinics

**AM\* sales:** 4.7 billion yen; +0.2 billion yen (+5 %)      AM sales ratio: 35 %; +4 points

\*AM: Aftermarket

Medical Systems Net Sales (billion yen)



(Values in parentheses are yen-basis year-on-year percent change.)

Angiography sales were strong. Radiography and fluoroscopy sales decreased due to difficult market conditions in U.S. and China.

## X-Ray Systems (Main Products)



# Medical Systems Net Sales by Region

**Japan: Strong sales to clinics due to more active sales measures**

**Outside Japan: Demand continues to be weak in North America and China.**

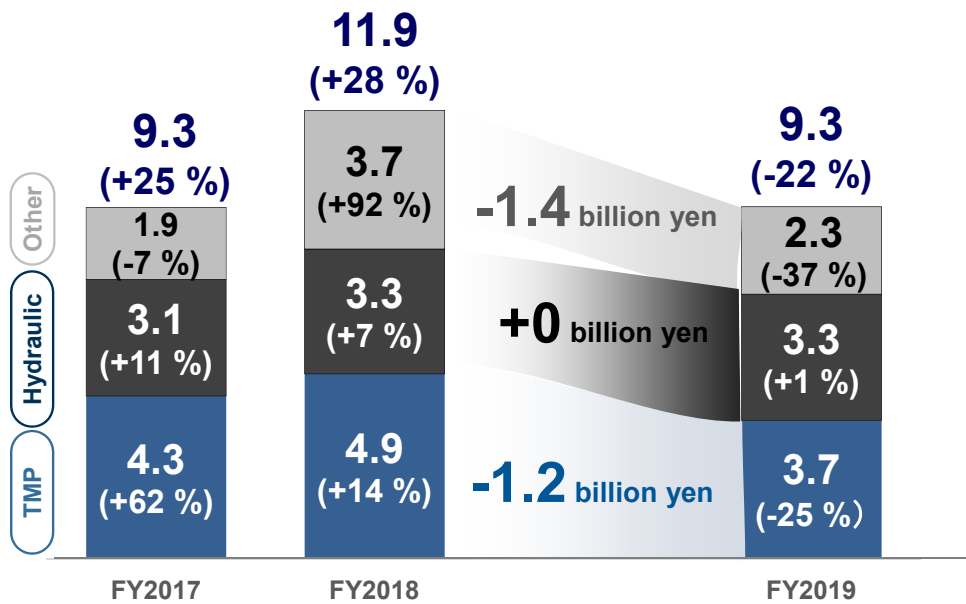
**Overseas sales ratio: Decreased 7 points to 40 %, due to 6 % year-on-year sales increase in Japan and 20 % year-on-year sales decrease outside Japan.**

	FY 2019	FY 2018	Increase/ Decrease	Percent Increase/ Decrease	Excluding Exchange Rate Effects	Overview
Japan	8.1	7.6	+0.5	+6 %	+6 %	<ul style="list-style-type: none"> <li>Sales increased for all X-ray system model lines.</li> </ul>
North America	1.7	2.3	-0.5	-23 %	-24 %	<ul style="list-style-type: none"> <li>Demand continues to be weak due to the reactionary decline after measures to promote switching to digital technology ended.</li> </ul>
Europe	0.7	1.0	-0.3	-29 %	-26 %	<ul style="list-style-type: none"> <li>Reactionary decline after major projects in Eastern Europe the previous year</li> </ul>
China	0.8	1.1	-0.4	-32 %	-33 %	<ul style="list-style-type: none"> <li>Sales decreased due to preferential policies for domestic products, and growing regional government debt resulting in lower capital investment.</li> <li>Sales decreased due to bidding delays and other factors.</li> </ul>
Other Asian Countries	1.0	1.1	-0.1	-7 %	-8 %	<ul style="list-style-type: none"> <li>Sales of angiography systems increased, but sales of fluoroscopy systems decreased.</li> </ul>

# Industrial Machinery Net Sales by Sub-Segment

**TMP:** 3.7 billion yen; -1.2 billion yen (-25 %) due to the stagnant semiconductor market and other factors  
**Hydraulic equipment:** 3.3 billion yen with sales increased slightly due to strong sales in Japan compensating for sales decrease in China  
**Other:** 2.3 billion yen; -1.4 billion yen (-37 %) due to lower capital investment in China causing decreased glass winder sales  
**AM (TMP) sales:** 0.8 billion yen; +0.1 billion yen (+13 %)      **AM sales ratio:** 22 %; +7 points

Industrial Machinery Net Sales (billion yen)



(Values in parentheses are yen-basis year-on-year percent change.)

Glass winder sales decreased due to lower capital investment in China.



Sales decreased due to weak semiconductor and flat panel display markets.



Decrease in China compensated by strong sales in Japan

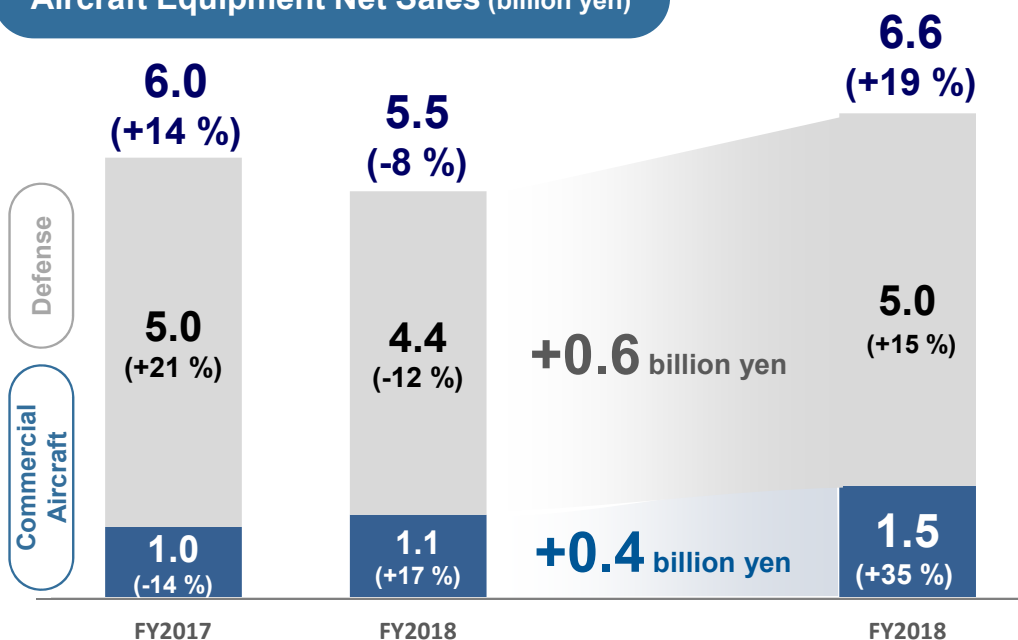


# Aircraft Equipment

**Commercial aircraft:** 1.5 billion yen; +0.4 billion yen (+35 %) helped by new part orders (gearboxes, etc.)

**Defense:** 5.0 billion yen; +0.6 billion yen (+15 %) due to sales increase for transport aircraft (C-2), etc.

Aircraft Equipment Net Sales (billion yen)

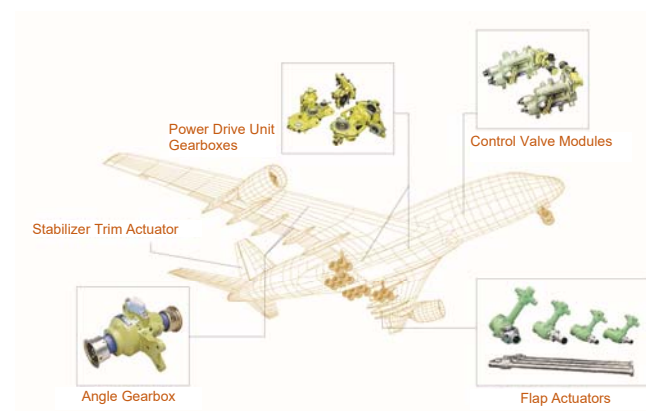


## ■ Defense

Sales increased for transport aircraft, etc.

## ■ Commercial Aircraft

New part orders contributed to improved sales.



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# FY 2019 Forecast

		Full-Year		YoY			
Units: Billions of yen		FY 2019	FY 2018	Changes	Percent Increase/Decrease	Excluding Exchange Rate Effects	
Business Results	Net Sales	410.0	391.2	+18.8	+5%	+27.6	+7%
	Operating Income	47.0	44.5	+2.5	+6%	+5.5	+12%
	Operating Margin	11.5%	11.4%	+0.1 pt	—		
	Ordinary Income	47.0	45.5	+1.5	+3%		
	Profit Attributable to Owners of Parent	34.0	32.5	+1.5	+5%		
Exchange Rates	Average Rate: USD (Yen)	105.0	111.0	-6.0	-5.4%		
	Euro (Yen)	120.0	128.4	-8.4	-6.6%		
Major Investments	R&D Expenses	19.0	16.6	+2.4			
	CAPEX	24.0	21.7	+2.3			
	Depreciation and Amortization	13.0	11.5	+1.5			

• R&D Expenses  
Sum of manufacturing expenses and selling/administrative expenses

# FY 2019 Forecast by Business Segment

• AMI: Analytical & Measuring Instruments, MED: Medical Systems, IM: Industrial Machinery, AE: Aircraft Equipment

Units: Billions of yen	Net Sales				Operating Income				Operating Margin		
	FY 2019 Plan	FY 2018	YoY		FY 2019 Plan	FY 2018	YoY		FY 2019 Plan	FY 2018	YoY
			Changes	Percent Increase/Decrease			Changes	Percent Increase/Decrease			Increase/Decrease
<b>AMI</b>	<b>256.5</b>	241.4	<b>+15.1</b>	<b>+6%</b>	<b>41.5</b>	38.8	<b>+2.7</b>	<b>+7%</b>	<b>16.2%</b>	16.1%	<b>+0.1 pt</b>
<b>MED</b>	<b>72.0</b>	69.1	<b>+2.9</b>	<b>+4%</b>	<b>2.9</b>	2.3	<b>+0.6</b>	<b>+25%</b>	<b>4.0%</b>	3.4%	<b>+0.7 pt</b>
<b>IM</b>	<b>48.0</b>	45.4	<b>+2.6</b>	<b>+6%</b>	<b>4.9</b>	4.5	<b>+0.4</b>	<b>+10%</b>	<b>10.2%</b>	9.8%	<b>+0.4 pt</b>
<b>AE</b>	<b>28.5</b>	27.3	<b>+1.2</b>	<b>+4%</b>	<b>0.7</b>	0.1	<b>+0.6</b>	<b>+488%</b>	<b>2.5%</b>	0.4%	<b>+2.0 pt</b>
<b>Other</b>	<b>5.0</b>	8.0	<b>-3.0</b>	<b>-37%</b>	<b>0.7</b>	1.4	<b>-0.7</b>	<b>-49%</b>	<b>14.0%</b>	17.3%	<b>-3.3 pt</b>
<b>Adjutments</b>					<b>-3.7</b>	<b>-2.6</b>	<b>-1.1</b>				
<b>Total</b>	<b>410.0</b>	391.2	<b>+18.8</b>	<b>+5%</b>	<b>47.0</b>	44.5	<b>+2.5</b>	<b>+6%</b>	<b>11.5%</b>	11.4%	<b>+0.1 pt</b>

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# Analytical & Measuring Instruments Year-on-Year Change for Key Models

	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>All</b>	+7%	+8%	+9%	+10%	+12%	+3%	+3%	+2%	-4%
<b>Key Models</b>	+5%	+12%	+5%	+13%	+4%	+0%	+8%	+2%	+5%

**Key models: LC, MS, and GC**

• Excluding exchange rate effects

# Analytical & Measuring Instruments

## Year-on-Year Change in Net Sales by Region

Region	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Japan	+11%	+1%	+15%	+8%	+15%	-1%	-4%	-1%	-12%
North America	-9%	+7%	+11%	+30%	+17%	+14%	+9%	+3%	+4%
Europe	+9%	+8%	-7%	-7%	+11%	+7%	+19%	+8%	+1%
China	+14%	+20%	+13%	+14%	+10%	+6%	+3%	+9%	-8%
Other Asian Countries	-7%	+9%	-8%	+13%	-2%	-1%	+13%	-2%	+19%
India	-10%	+24%	-7%	+21%	+6%	-7%	+4%	-9%	+11%

• Excluding exchange rate effects

# Medical Systems

## Year-on-Year Change in Net Sales by Region

Region	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Japan	+9%	+0%	+1%	-11%	-1%	+16%	+19%	+6%	+6%
North America	+2%	-9%	+10%	+19%	+17%	-3%	-33%	-24%	-24%
Europe	-51%	-3%	+75%	+96%	+190%	+31%	+22%	-1%	-26%
China	-1%	+3%	+22%	-7%	+1%	-14%	-5%	-15%	-33%
Other Asian Countries	+22%	+34%	-8%	+24%	+11%	-2%	+45%	-28%	-8%

• Excluding exchange rate effects

# Industrial Machinery

## Year-on-Year Change in Net Sales by Model

	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>TMP</b>	+59%	+34%	+30%	+16%	+14%	+0%	-15%	-29%	<b>-25%</b>
<b>Hydraulic Equipment</b>	+11%	+9%	+15%	+7%	+6%	+1%	+4%	+1%	<b>+2%</b>
<b>Other</b>	-7%	+13%	+20%	+37%	+92%	-9%	-1%	+36%	<b>-37%</b>

• Excluding exchange rate effects

# Aftermarket Business (AM) Sales Ratio

## Analytical & Measuring Instruments

	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
YoY Change in AM Net Sales	+10%	+14%	+8%	+6%	+18%	+14%	+15%	+11%	+3%
AM Ratio	30%	27%	28%	27%	31%	31%	31%	29%	34%

## Medical Systems

	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
YoY Change in AM Net Sales	+2%	+6%	+1%	+2%	+4%	-2%	+5%	+2%	+5%
AM Ratio	33%	31%	31%	28%	32%	29%	30%	29%	35%

## TMP

	FY 2017				FY 2018				FY 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
YoY Change in AM Net Sales	-0%	+37%	+52%	+39%	+49%	+31%	+26%	+19%	+13%
AM Ratio	11%	14%	13%	14%	14%	18%	20%	24%	+22%





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.

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