

Operating Results & Financial Position, Ended March 2016

President & CEO Teruhisa Ueda
Shimadzu Corporation

Statement of Income

- * Sales and income increases achieved for a third consecutive year
- * Record highs achieved for all financials from net sales to profit attributable to owners of parent
- * Operating margin exceeded 10%, and med-term management plan targets for operating margin and operating income achieved a year ahead of schedule

Billions of Yen, except percentages and EPS

	Mar. 2016	Mar. 2015	YoY	
			Changes	%changes
Net Sales	342.2	314.7	27.5	8.7%
Operating Income	35.7	27.2	8.5	31.3%
<i>Operating Margin</i>	10.4%	8.6%	<i>improvement of 1.8%pt.</i>	
Ordinary Income	34.8	28.4	6.4	22.8%
Profit attributable to owners of parent	23.9	18.4	5.5	29.6%
EPS	¥81.05	¥62.55	¥18.50	29.6%

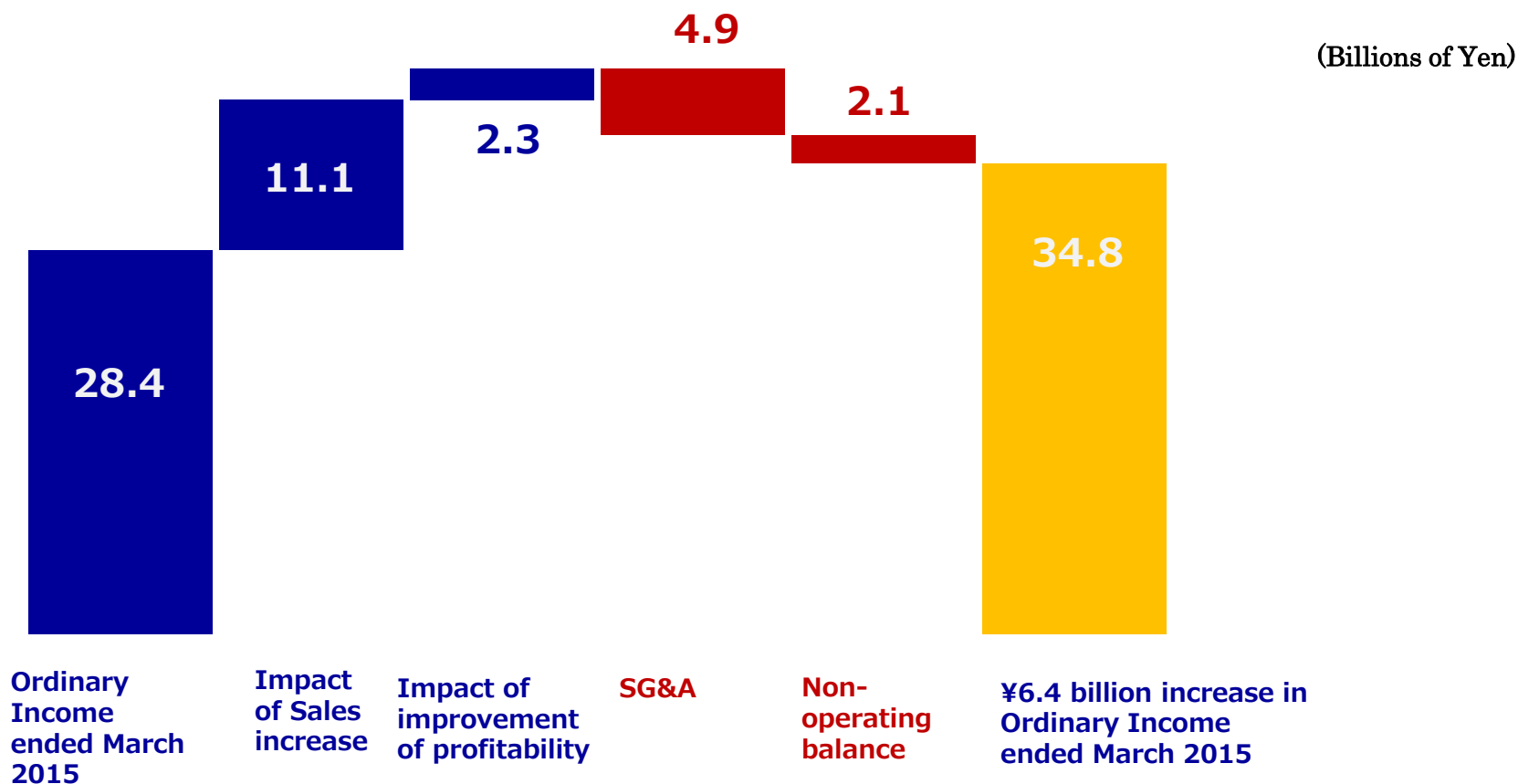
■ Average Foreign Exchange Rate

2015.4.1-2016.3.31 : \$1 = ¥120.19, €1 = ¥132.63

2014.4.1-2015.3.31 : \$1 = ¥109.98, €1 = ¥138.80

Analysis of Year-on-Year increase/Decrease in Ordinary Income

- * 13.4billion increase in gross profit due to the net sales increase and profitability improvement
- * 1.2point improvement year on year in the ratio of SG&A expenses to sales, despite a ¥4.9billion increase in SG&A expenses
- * ¥6.4billion increase in ordinary income as a result of ¥2.1billion worsening of non-operating balance because of the impact of yen appreciation and other factors



Sales and Income by Business Segment

- * Sales increase achieved in each business segment
- * Driven by Analytical & Measuring Instruments segment, the operating margin in the segment increased to 15.8%
- * Income improvement and return to profitability in the Aircraft Equipment segment

Billions of yen, except percentages

Operating Margin is listed in right-side column

		Mar. 2016		Mar. 2015		Changes	%Changes	
Analytical & Measuring Instruments	Net Sales	208.4	15.8%	192.6	13.9%	15.8	8.2%	improve 1.9pt.
	Operating Income	33.0		26.8		6.2	23.0%	
Medical Systems	Net Sales	64.6	1.6%	59.4	2.4%	5.2	8.7%	deteriorate 0.8pt.
	Operating Income	1.0		1.4		(0.4)	(27.3)%	
Aircraft Equipment	Net Sales	28.8	1.2%	24.8	(9.2)%	4.0	16.1%	improve 10.4pt.
	Operating Income	0.3		(2.3)		2.6	—	
Industrial Machinery	Net Sales	33.5	6.6%	31.0	6.3%	2.5	8.2%	improve 0.3pt.
	Operating Income	2.2		2.0		0.2	12.2%	
Other	Net Sales	6.9	15.4%	6.9	16.0%	0.0	0%	deteriorate 0.6pt.
	Operating Income	1.3		1.3		(0.1)	(3.9)%	
Operating Income Adjustments		(2.1)	—	(2.0)	—	(0.1)	—	
Total	Net Sales	342.2	10.4%	314.7	8.6%	27.5	8.7%	improve 1.8pt.
	Operating Income	35.7		27.2		8.5	31.3%	

Net Sales Breakdown by Region

- * Sales increases achieved in all regions
- * Strong sales in Japan, Europe, and Other Asian countries
- * Overseas sales ratio of 50.9% , exceeding 50% for the first time

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
Japan	167.9	157.9	10.0	6.4%
North & South America	46.0	42.6	3.4	8.1%
> North America	41.1	35.7	5.4	15.1%
Europe	27.3	26.2	1.1	4.2%
China	56.1	50.9	5.2	10.3%
Other Asian countries	32.3	25.5	6.8	26.8%
Other	12.5	11.6	0.9	7.4%
Overseas	174.3	156.8	17.5	11.1%
Overseas Sales ratio	50.9%	49.8%	increase by 1.1pt.	
Total	342.2	314.7	27.5	8.7%

* Other Asian countries: Taiwan, Korea, South Asia, and India

* Other: Middle East, Oceania, and Africa

Analytical & Measuring Instrument Sub-segment Net Sales

- * Net sales of this business exceeded ¥200 billion, and scale expansion continued
- * Sales growth from mainstay chromatographs and mass spectrometers drove this business overall
- * Sales of environmental analyzers and testing machines increased in Asia and Japan, respectively
- * Service business sales increased 13% year on year, and the ratio of service sales exceeded

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
General Analytical Instruments	136.4	122.9	13.5	11.0%
>Chromatography(LC,GC&MS)	108.9	97.7	11.2	11.5%
Surface Analyzers	10.2	10.3	(0.1)	(0.7)%
Environmental Monitors	11.0	10.5	0.5	4.3%
Testing Machines & Non-destructive Inspection Machines	20.3	19.4	0.9	5.0%
Other	30.5	29.5	1.0	3.2%
Total	208.4	192.6	15.8	8.2%
> services & parts	57.4	51.0	6.4	12.6%

Analytical & Measuring Instruments Net Sales by Region

- * Solid sales in Japan and overseas
- * Higher private-sector demand in Japan and higher public-sector demand in China and other Asian countries contributed to improved business results
- * The overseas sales ratio increased by 1.7 points year on year to 58.2%

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
Japan	87.0	83.8	3.2	3.8%
North & South America	25.5	24.6	1.0	3.9%
>North America	22.1	20.3	1.8	9.0%
Europe	22.4	21.4	1.0	5.0%
China	43.5	37.8	5.7	15.1%
Other Asian countries	23.2	18.2	5.0	27.6%
>India	8.5	6.7	1.8	27.7%
Other	6.7	6.9	(0.2)	(2.9)%
Overseas	121.4	108.8	12.6	11.6%
Overseas Sales ratio	58.2%	56.5%	increase by 1.7pt.	
Total	208.4	192.6	15.8	8.2%

Medical Systems Sub-segment Net Sales

- * Record high net sales achieved for the first time in two years
- * Sales expansion driven by sales of X-ray fluoroscopy systems and general radiography systems

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
X-ray Fluoroscopy Systems	17.8	15.7	2.1	13.4%
angiography systems	6.0	6.2	(0.2)	(4.3)%
general radiography systems	24.7	22.4	2.3	10.0%
<i>X-ray Systems</i>	48.4	44.3	4.1	9.2%
Other	16.2	15.1	1.1	7.3%
Total	64.6	59.4	5.2	8.7%

Medical Systems Net Sales by Region

- * Weak sales in China, but solid sales in all other regions
- * Sales in Japan, North America, and other Asian countries drove sales expansion
- * The overseas sales ratio increased by 1.1 points year on year to 48.9%

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
Japan	33.0	31.0	2.0	6.3%
North & South America	10.8	10.1	0.7	7.0%
> <i>North America</i>	9.3	7.5	1.9	25.2%
Europe	3.7	3.6	0.1	4.1%
China	6.1	6.1	0.0	0.4%
Other Asian countries	5.4	4.0	1.4	36.1%
Other	5.5	4.6	0.9	19.7%
Overseas	31.6	28.4	3.2	11.4%
Overseas Sales ratio	48.9%	47.8%	increase by 1.1pt.	
Total	64.6	59.4	5.2	8.7%

Aircraft Equipment Sub-segment Net Sales

- * Strong sales in both the defense sector and civil aviation sector
- * Increase in the ratio of sales to the civil aviation sector to 20.7%

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
Defence Agency	22.9	20.1	2.8	13.8%
Passenger Aircraft	6.0	4.7	1.3	25.8%
Total	28.8	24.8	4.0	16.1%

Industrial Machinery Sub-segment Net Sales

- * Strong sales of turbo-molecular pumps at a time of active investment in the semiconductor/FPD sector
- * Lower sales of hydraulic equipment in China and other markets amid stagnant market conditions, but higher sales in Japan

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
Turbo-molecular pumps	10.7	9.6	1.1	11.2%
Hydraulic equipment	11.4	11.4	0.0	0.4%
Glass winders etc.	4.9	4.1	0.8	18.8%
Other	6.5	5.9	0.6	11.2%
Total	33.5	31.0	2.5	8.2%

Industrial Machinery Net Sales by Region

- * Sales expansion in Japan drove overall growth
- * Solid sales of turbo-molecular pumps for the semiconductor industry in North America, but unfavorable sales of turbo-molecular pumps and hydraulic equipment for glass coating in China

Billions of yen

	Sales		YoY	
	Mar. 2016	Mar. 2015	Changes	%Changes
Japan	18.2	16.0	2.1	13.3%
North & South America	4.2	3.5	0.7	21.2%
>North America	4.1	3.5	0.7	19.3%
Europe	0.8	1.0	(0.3)	(27.0)%
China	6.5	7.0	(0.5)	(7.2)%
Other Asian countries	3.6	3.3	0.3	9.8%
Other	0.3	0.1	0.1	×2.2
Overseas	15.3	14.9	0.4	2.8%
Overseas Sales ratio	45.8%	48.2%	decrease by 2.4pt.	
Total	33.5	31.0	2.5	8.2%

Balance Sheet

- * Total assets increased by ¥10.0 billion
- * Although total liabilities remained at the level of the previous fiscal year-end, interest-bearing liabilities decreased.
- * Equity capital increased, and the equity ratio increased by 1.1 points from the previous fiscal year-end to 62.8%.

Billions of yen, except percentages

	Assets		YoY	
	2016.3.31	2015.3.31	Changes	%Changes
Current assets	241.7	234.8	6.9	2.9%
Inventories	73.7	74.9	(1.2)	(1.6)%
Noncurrent assets	108.1	105.0	3.1	3.0%
Total assets	349.8	339.8	10.0	2.9%

	Liabilities		YoY	
	2016.3.31	2015.3.31	Changes	%Changes
Current liabilities	97.6	100.6	(3.0)	(3.0)%
Long-term liabilities	32.2	29.2	3.0	30.7%
interest-bearing liabilities	19.2	24.7	(5.5)	(22.4)%
Total liabilities	129.8	129.8	0.0	0.0%

	Net assets		YoY	
	2016.3.31	2015.3.31	Changes	%Changes
Equity capital	219.7	209.8	9.9	4.7%
Non- controlling interests	0.3	0.2	0.1	11.7%
Total liabilities and net assets	349.8	339.8	10.0	2.9%
Equity ratio	62.8%	61.7%	increase by 1.1pt.	

Statement of Cash Flows

- * Free cash flow was a positive ¥19.2billion, and financial cash flow was a negative ¥11.7 billion due to repayments of long-term debt and short-term loans, among other factors
- * Cash and cash equivalents at the fiscal year-end increased by ¥5.1billion from the previous fiscal year-end to ¥43.5billion

Billions of yen

	Mar. 2016	Mar. 2015	Changes
CF-Operating activities	32.3	40.2	(7.9)
CF-Investing activities	(13.1)	(15.7)	2.6
<i>Free Cash Flows</i>	<i>19.2</i>	24.6	(5.4)
CF-Financial activities	(11.7)	(33.2)	21.5
Foreign currency translation adjustments on cash and cash equivalents	(2.5)	2.4	(4.9)
Net increase (decrease) in cash and cash equivalents	5.1	(6.2)	11.3
Cash and cash equivalents, beginning of period	38.4	43.9	(5.5)
Cash and cash equivalents, end of period	43.5	38.4	5.1

Business Environment Outlook

<p>Japan</p>	<p>Modest upward trend in corporate capital investment 〈Risks〉 Decline in corporate investment sentiment due to a downturn in overseas market conditions and yen appreciation</p>
<p>United States</p>	<p>Continuation of investment in the healthcare, biotech and other leading-edge sectors in a robust economy 〈Risks〉 Decline in corporate investment sentiment due to sluggishness in the manufacturing industry</p>
<p>Europe</p>	<p>Investment in private-sector demand sectors such as pharmaceuticals, food safety, and chemicals 〈Risks〉 Impact on business conditions of the after-effects of economic stagnation in China and geopolitical factors originating in the Middle East</p>
<p>China</p>	<p>Demand increases in areas such as pharmaceuticals, food safety, environmental conservation in the 13th Five Year Plan, and R&D investment in leading-edge sectors 〈Risks〉 Prolonged adjustment of excess facilities, a further downturn in business conditions, etc.</p>
<p>Asia</p>	<p>Stable expansion resulting from expansion of the Indian economy, launch of the Asean Economic Community (AEC) and middle class expansion in the ASEAN region 〈Risks〉 After-effects of economic stagnation in China, effects of currency weakness, etc.</p>

Earnings Forecast

- * Plan for sales and income increases from new product introductions, strengthening of the aftermarket business, and other factors
- * Aim to achieve the medium-term management plan target operating margin of 10% or higher through high-end product expansion and cost reductions

Billions of yen, except 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

2016.4.1-2017.3.31 forecast : \$1 = ¥ 110.00, €1 = ¥ 125.00

2015.4.1-2016.3.31 : \$1 = ¥ 120.19, €1 = ¥ 132.63

Earnings Forecast by Business Segment

- * Aim to establish an earnings base of an operating margin of 10% or higher
- * Plan for sustained growth in the Analytical & Measuring Instruments and Medical Systems segments
- * Strive for profitability improvement in the Medical Systems segment and earnings stabilization in the Aircraft Equipment segment

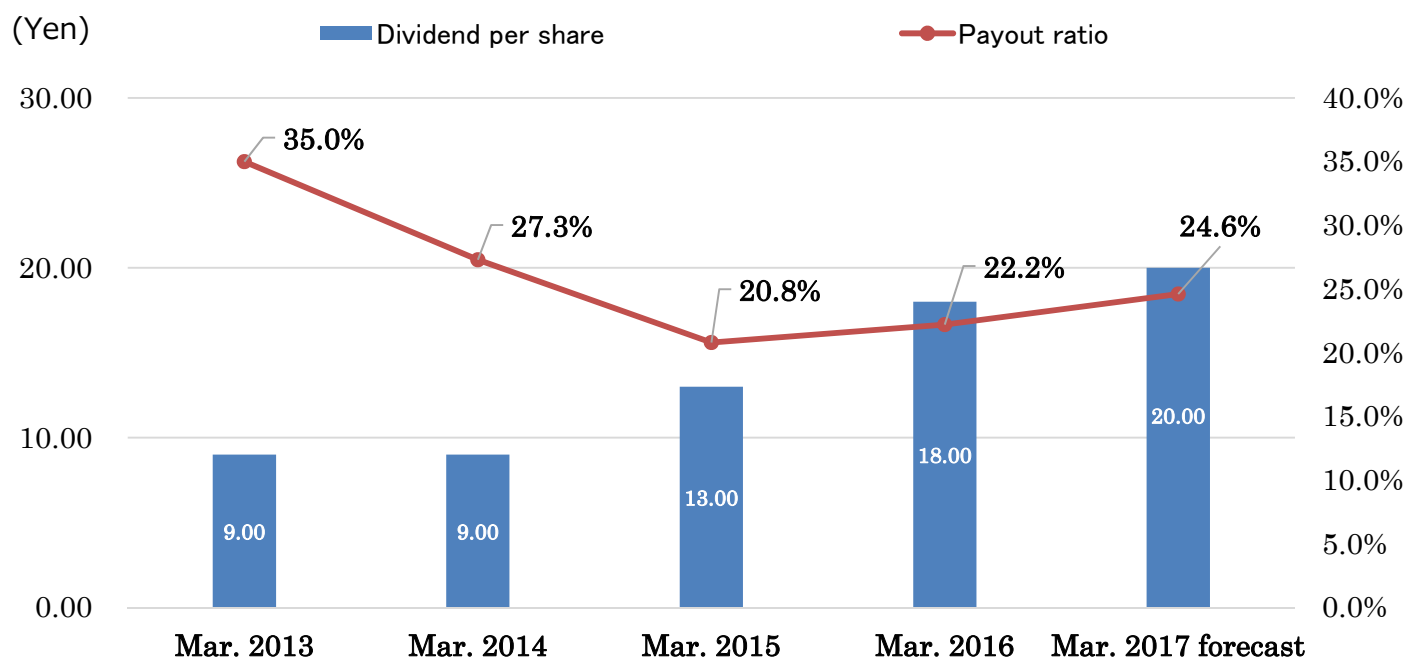
Billions of yen

Operating Margin is listed in right-side column		Mar. 2017 Forecast		Mar. 2016		YoY		
						Changes	%Changes	
Analytical & Measuring Instruments	Net Sales	218.0	15.4%	208.4	15.8%	9.6	4.6%	deteriorate
	Operating Income	33.5		33.0		0.5	1.6%	0.4pt.
Medical Systems	Net Sales	66.5	3.8%	64.6	1.6%	1.9	3.0%	improve
	Operating Income	2.5		1.0		1.5	×2.4	2.2pt.
Aircraft Equipment	Net Sales	26.0	1.2%	28.8	1.2%	(2.8)	(9.9)%	unchange
	Operating Income	0.3		0.3		0.0	—	
Industrial Machinery	Net Sales	33.0	5.5%	33.5	6.6%	(0.5)	(1.5)%	deteriorate
	Operating Income	1.8		2.2		(0.4)	(18.4)%	1.1pt.
Other	Net Sales	6.5	12.3%	6.9	15.4%	(0.4)	(5.0)%	deteriorate
	Operating Income	0.8		1.3		(0.5)	(36.8)%	3.1pt.
Operating Income Adjustments		(2.9)	—	(2.1)	—	(0.8)	—	
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.

Cash Dividend and Payout Ratio

- * Continue paying stable cash dividends
- * Plan to pay an annual dividend of ¥20 per share for the fiscal year ending March 31, 2017, an increase of ¥2 from the previous fiscal year (Planned payout ratio of 24.6%)

	Mar. 2017	Mar. 2016	YoY
Dividend per share	¥20.00	¥18.00	¥2.00
Payout ratio	24.6%	22.2%	increase by 2.2pt.



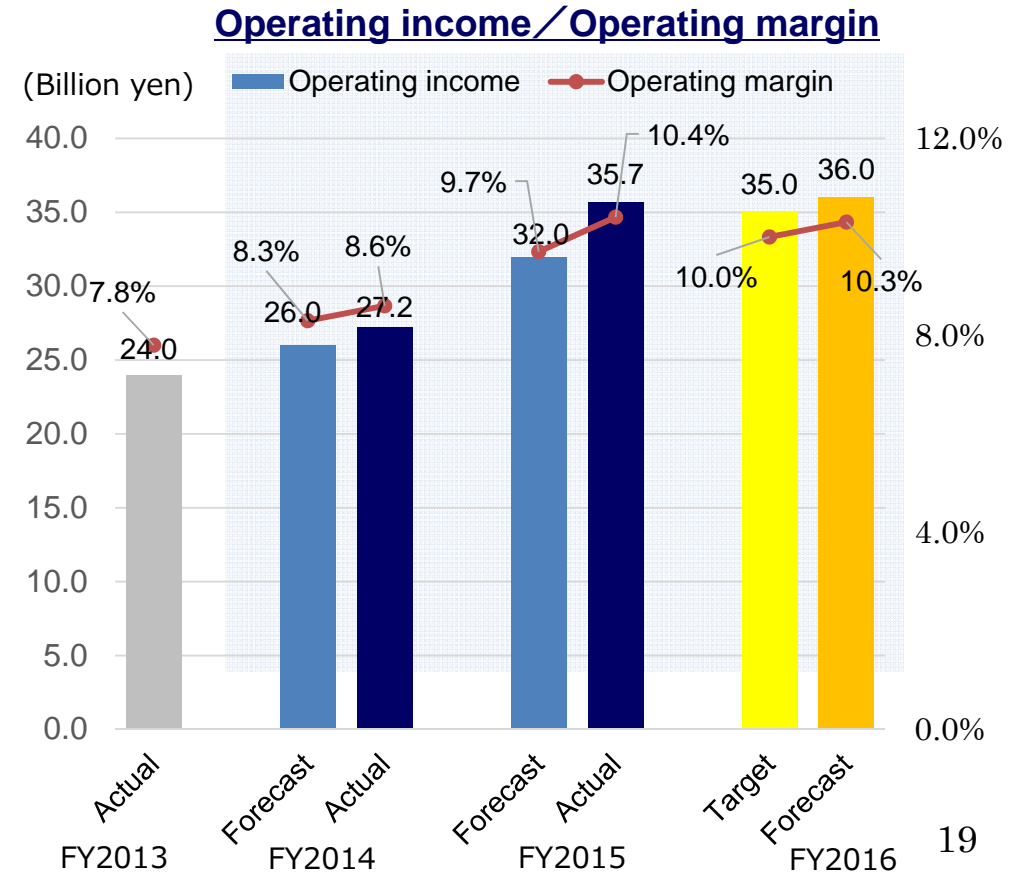
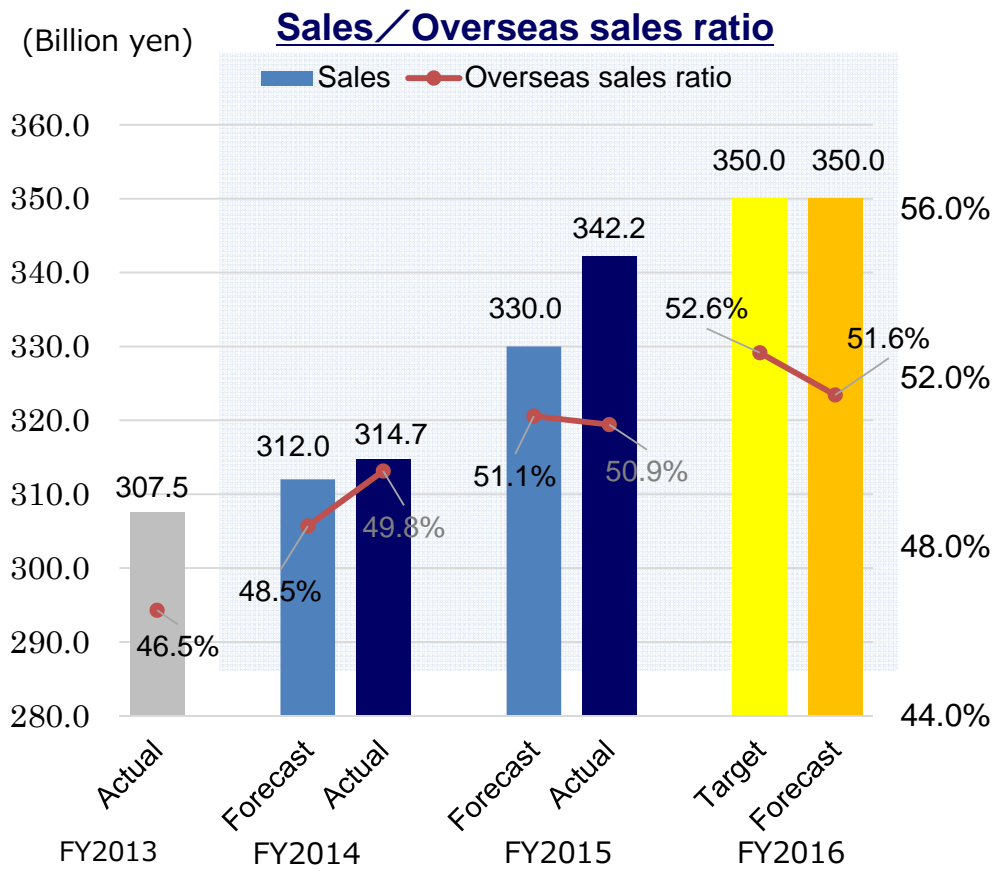
Progress against the Medium-Term Management Plan – Contents –

- 1. Performance Targets** p.19
- 2. Growth Strategy** p.20
 - I Activate markets with products resulted from advanced technology and latent needs** p.20
 Mass Spectrometers, Liquid Chromatographs, Medical Systems
 - II Develop business in new fields through joint research with advanced customers** p.23
 - III Build a business foundation that ensures acquiring growth potential in newly emerging economies**.....p.24
 - IV Provide services optimized for customers based on analyzing product life cycles**.....p.25
- 3. Principle Measures in FY 2016 to Achieve Targets**p.26

TOPICS

Progress against the Medium-Term Management Plan (1) – Performance Targets

- *Solid results in Years 1 and 2 and a strong push to complete the plan in Year 3
- *Approach the net sales target for FY2016; operating income target exceeded a year ahead of schedule
- *Progress with profitability improvement, mainly in the Measuring Instruments segment, by means including expansion of the line of global strategic products



Progress against the Medium-Term Management Plan (2) – Growth Strategy I / Mass Spectrometers

- * Sequential introduction of four TQ-LCMS models since 2010 to expand and upgrade the product line, from a basic model to a high-end model
- * Steadily increasing sales of mass spectrometers, with sales approaching the management plan FY2015 target of ¥33.2 billion
- * ICPMS newly introduced in March 2016 with the aim of achieving sustained sales growth from mass spectrometers

LCMS

■ Ultra-high sensitivity and high-speed performance open up new fields, such as pain management and clinical applications



GCMS

■ Expansion of application fields to healthcare and newly regulated substances in addition to food, environment, chemicals, and forensic medicine

Colon cancer diagnosis, dioxin analysis, analysis of substances controlled under RoHS directive and REACH regulations



ICPMS

■ Highly sensitive trace element analysis, realization of low running cost through reduction of the amount of argon gas used

Analysis of water quality, analysis of elemental impurities in pharmaceutical products, analysis of organic micro-contaminants in food products



MALDIMS

■ Expansion of applications to include microorganism identification

■ The MALDI-7090, which is highly popular at universities and other research organizations, realizes unparalleled resolution



Progress against the Medium-Term Management Plan (3) – Growth Strategy I / Liquid Chromatographs

TOPICS

- *Global expansion of the i-Series line of integrated high-speed liquid chromatographs, which offer ease of use and enhanced operating efficiency
- *Strong sales performance of the Nexera UC supercritical liquid chromatograph system, which realizes fully automated, high-speed analysis with no troublesome preprocessing for such as residual agricultural chemicals
- *Liquid chromatograph net sales exceeded the FY2015 management plan target of ¥54.0 billion a year ahead of schedule

i-Series

- Integrated high-speed liquid chromatographs that offer ease of use and enhanced operating efficiency
- Also used as dedicated analyzers

Global expansion underway, mainly overseas in India, the U.S., and Europe



Nexera X2

- Ultra-high-speed liquid chromatographs that offer superior speed, sensitivity, resolution, and stability

A valuable resource in wide-ranging fields including medicine, biochemistry, chemicals, environment, and food products



Prominence

- General-purpose high-speed chromatographs that offer high reliability and extensibility

A valuable resource in wide-ranging fields including medicine, biochemistry, chemicals, the environment, and food products



Nexera UC

- Supercritical liquid chromatograph system, which realizes fully automated, high-speed analysis with no troublesome preprocessing

Contributes to throughput improvement in the pharmaceuticals, food products, chemicals, environment, and forensic medicine fields



Progress against the Medium-Term Management Plan (4) – Growth Strategy I / Medical Systems

TOPICS

- *Acceleration of globalization of the strategic products X-ray fluoroscopy systems and angiography systems
- *Introduction of PET mammography systems and near-infrared imaging systems, strengthening of business development in the field of therapy

X-ray Fluoroscopy Systems

- Installation of applications that support wide-ranging diagnostic department needs, improvement of diagnostic efficiency through multi-purpose examination support

A single system that makes possible gastrointestinal, orthopedics, and urology examinations with wide-ranging applications such as bone densitometry, 140 cm transversal coverage, tomography, and a movable bed



“Only One” Product

- Provision of a new approach to breast cancer diagnosis and treatment support



Angiography Systems

- Minimally invasive (low exposure, less contrast medium, shorter treatment times), high image quality through image processing, global availability of the latest clinical applications



New Business: Intraoperative Assistance System

- Intraoperative assistance from a new imaging system that uses near-infrared fluorescence

Visualization of blood vessels and lymphatic vessels using a fluorescence agent, improvement in surgical efficiency



Progress against the Medium-Term Management Plan (5) – Growth Strategy II

**“Develop new fields through expansion of joint research with advanced customers.”
Accelerate the development of advanced applications and their deployment in new fields by promoting joint research with advanced customers.**

United States

■ **Clinical / Medicine / Environment**

Johns Hopkins University

Development of a test kit in preparation for tightening of FDA regulations

Europe

■ **Food products / Composites / Imaging / Clinical**

University of Messina (Italy)

Development of an analysis system for functional ingredients in food

Japan

■ **Food products / Life sciences / Clinical / Medicine**

Osaka University joint research chair

Establishment of a platform for metabolome analysis

China

■ **Food products / Environment / Clinical**

Chinese Academy of Sciences, Peking University, Tsinghua University, Tianjin University of Traditional Chinese Medicine

Development of dynamic observation applications for medicines, metabolites, lipids, etc.

Asia

■ **Environment / Food safety / Healthcare**

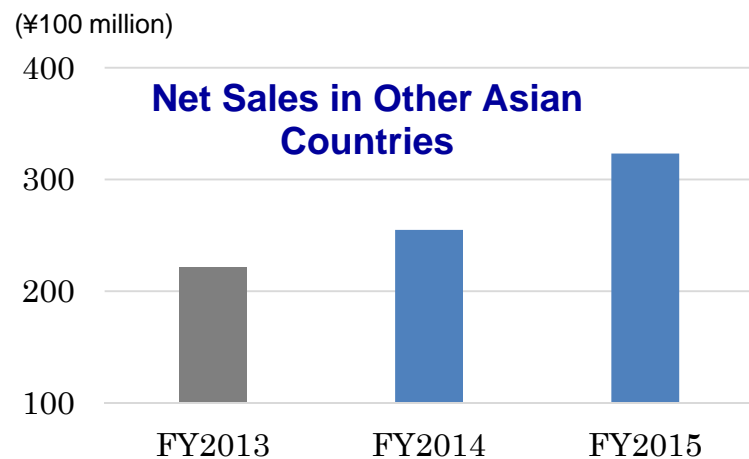
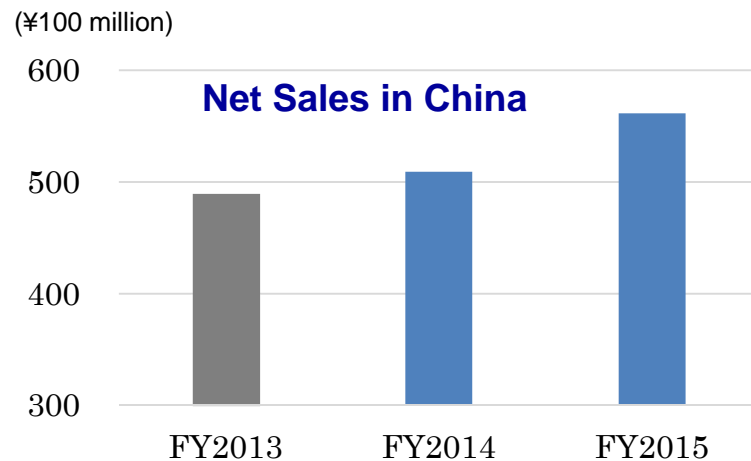
National University of Singapore

Leading-edge development in the clinical application and food safety fields (under discussion)



Progress against the Medium-Term Management Plan (6) – Growth Strategy III

**“Build a business foundation that ensures growth in emerging markets.”
Implementation of an Asian market strategy.**

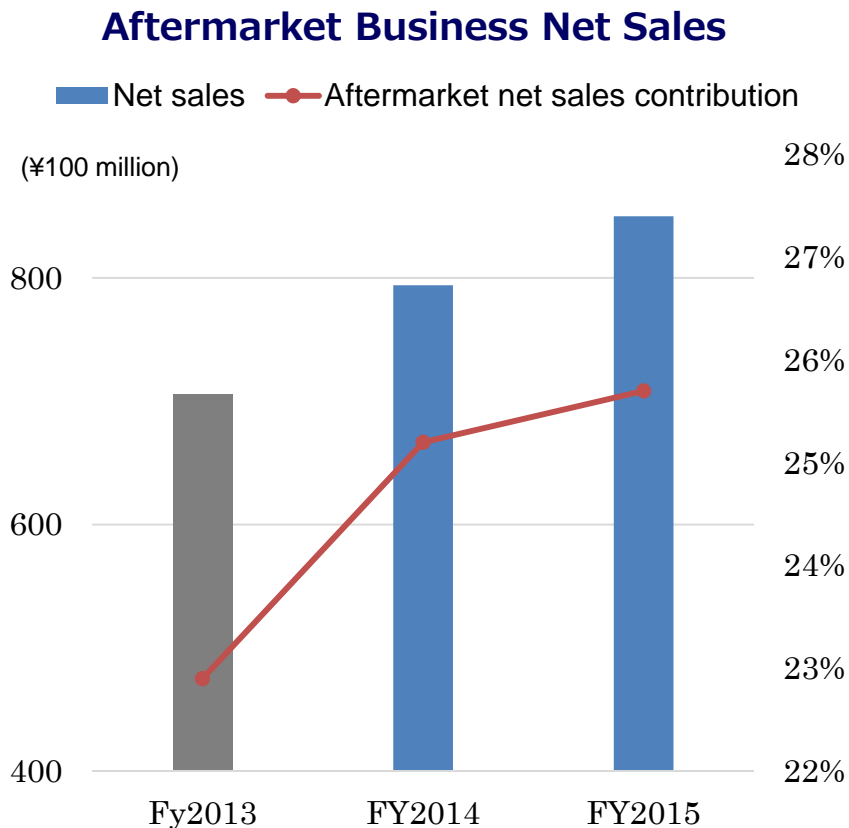


- **Strengthening of product development capabilities**
 - *Local development at the development center in China
 - *Joint research with advanced universities in Southeast Asia
- **Strengthening of the applications development function**
 - *Mass spectrometry center in Beijing, China (Oct. 2015)
- **Strengthening of networking support**
 - *Asia innovation center (planned for autumn 2016)
- **Expansion of the production function**
 - *New factory in Malaysia (planned start of shipments in Sept. 2016)
 - *Expanded production of products developed in China at the Suzhou factory



Progress against the Medium-Term Management Plan (7) – Growth Strategy IV

**“Provide service optimized for customers focused on product life cycles.”
Bolster the aftermarket business.**



■ Measuring Instruments

- *Strengthening of product remote capabilities (M2M promotion for Measuring Instruments)
- *Strengthening of multi-vendor services
- *Enhancement of the line of own-brand consumables

■ Medical Systems

- *Expansion of the service business in the U.S., China, and Asia
- *Development of a rapid parts supply system

■ Industrial Machinery

- *Setting up turbo-molecular pump service sites worldwide and expansion of the aftermarket business

Progress against the Medium-Term Management Plan (8) – Principle Measures in FY 2016 to Achieve Targets

New Products

- **Measuring Instruments:** Enhancement of product lines that reflect global needs in the pharmaceuticals, chemicals, food products, environment, and healthcare sectors
- **Industrial Machinery:** Enhancement of ball bearing-type products, supply of turbo-molecular pumps in more wide-ranging fields

Software and Applications

- **Measuring Instruments:** Promotion of development of software and applications adapted to regulations and needs in areas around the world centered on innovation centers in the U.S., China, Europe, and Asia
- **Medical Systems:** Enhancement of clinical applications such as multi-purpose examination and surgical assistance

Aftermarket

- **Measuring Instruments:** Offering of new services utilizing M2M worldwide
- **Aircraft Equipment:** Strengthening of the aftermarket business in the civil aviation sector
- **Industrial Machinery:** Expansion of the turbo-molecular pumps aftermarket business

New Businesses

- **Measuring Instruments:** Promotion of the molecular diagnostics business (colon cancer examination system, rapid pathological diagnosis support system, etc.) and cell analysis business
- **Medical Systems:** Introduction of near-infrared fluorescence imaging systems for intraoperative assistance, reinforcement of business development in the diagnostics field



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 and are based on information available when these materials were prepared; they are subject to risks and uncertainties. For this reason, actual results may differ materially from the forecasts made here. Factors that may influence actual business performance include, but are not limited to, economic conditions in Japan and abroad, changes in technologies in markets, and fluctuations in exchange rates. The Company does not undertake to update its forward-looking statements.