

FY 2023 (Year Ending March 2024) 1st Half Financial Results Briefing Q & A

Date: November 8, 2023 13:00-14:00

2nd Quarter / 1st Half Financial Results

Q1: Has the backlog increased at the end of the interim period compared to the same period last year?

A1: It has increased.

Q2: What is the Q2 situation in China in the Analytical & Measurement Instruments (AMI) segment?

A2: The academia market grew significantly. On the other hand, pharmaceuticals and CRO (contract analysis) remained weak.

Full-year Forecast

Q3: What is the comparison between the initial forecast of the AMI segment and the revised forecast excluding foreign exchange?

A3: Compared to the previous forecast, AMI sales have been revised up 1.5%. Compared with the previous year, excluding foreign exchange, it is expected to increase by about 7%.

Q4: What is the cause of the change in the AMI segment operating margin from 18.5% to 18.3%?

A4: The decrease in COVID-19 reagent, which has a high profit margin, is a factor.

Q5: What is the impact of your initiatives in the food inspection market on your business results?

A5: Shimadzu Diagnostics Co., Ltd. (formerly Nissui Pharmaceutical Co., Ltd.), which was consolidated last year, handles the culture medium for checking the presence of bacteria as a product, and we would like to combine this with existing product lineups for food safety to provide an End-to-End solution for food inspection. In addition, in cooperation with the National Agriculture and Food Organization in Japan, efforts are being made to improve human health through foods containing healthy functional ingredients. Analysis of this functional component is a growing field in the medium to long term.

AMI Business / Business Environment in China

Q6: About the market conditions in the second half of China.

A6: We assume that the pharmaceutical and CRO market will still be weakened. On the other hand, it is promising for local educational institutions where government-led stimulus will be implemented, and for clinical and green businesses where demand is increasing. Shimadzu has an extensive product lineup and is able to respond to demand in all fields, so we work to achieve targets through various initiatives.

Q7: What is the impact of the revision of the Pharmacopoeia in 2025?

A7: We believe that tighter regulations due to the revision of the Pharmacopoeia will be a tailwind. New business opportunities will be created when regulations that have not been established before, and the impact on business performance is significant. We are already preparing to capture the demand.

AMI Business / Business Environment in North America

Q8: About the market conditions of the pharmaceutical market in the second half of North America.

A8: In Q1, pharmaceuticals were cautious about investment, but in Q2, they showed a recovery trend. This is expected to continue in the second half of the year.

Q9: What is the background of Shimadzu's success in the North American pharmaceutical market?

A9: In Q2, Shimadzu was able to capture demand due to the recovery of capital investment by small and medium-sized pharmaceutical manufacturers.

Outlook for the Next Fiscal Year

Q10: What is the estimated backlog at the end of this fiscal year?

A10: The backlog increased at the end of September compared to that at the end of March, but we will take more time to see if the end of March next year is similar.

Q11: What is the outlook for the next fiscal year for the AMI segment?

A11: We aim to grow by strengthening our products and taking various measures.