

February 6, 2020

3rd Quarter (Oct.-Dec.) Results & Financial Position for the Fiscal Year Ended March 2020

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- (2) FY 2019 Q3 Results by Business Segment**
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Financial Highlights



Analytical & Measuring Instruments sales and income increased

Both sales and income increased for Analytical & Measuring Instruments segment, with strong performance in North America and other Asian countries.

5 % increase for key models (Analytical/Measuring)

Sales of key models increased 5 % (excluding exchange rate effects) due to strong performance in Japan, North America, and India.

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

Turbomolecular pumps (Industrial) regained strength

Turbomolecular pump sales increased for the first time in five quarters, due to a recovery in semiconductor market conditions.

Statement of Income

- Net sales: 92.6 billion yen (2.7 billion yen or 3 % year-on-year decrease)
- Operating income: 10.1 billion yen (Flat year-on-year)

Units: Billions of yen		Q3		YoY	
		FY 2019	FY 2018	Changes	Percent Increase/Decrease
Business Results	Net Sales	92.6	95.4	- 2.7	-3%
	Operating Income	10.1	10.1	- 0.0	-0%
	Operating Margin	10.9%	10.6%	+0.3pt	—
	Ordinary Income	10.7	9.8	+0.9	+9%
	Profit Attributable to Owners of Parent	8.1	6.6	+1.6	+24%

Exchange Rates	Average Rate: USD (Yen)		Average Rate: Euro (Yen)	
	108.8	113.0	120.4	128.8
		- 4.2		- 8.5
		-3.7%		-6.6%

Major Investments	R&D Expenses	3.7	3.8	- 0.1
	CAPEX	2.2	3.7	- 1.6
	Depreciation and Amortization	3.3	3.0	+0.3

Exchange Rate Effect

Net sales: -2.1 billion yen
Operating income: -0.5 billion yen

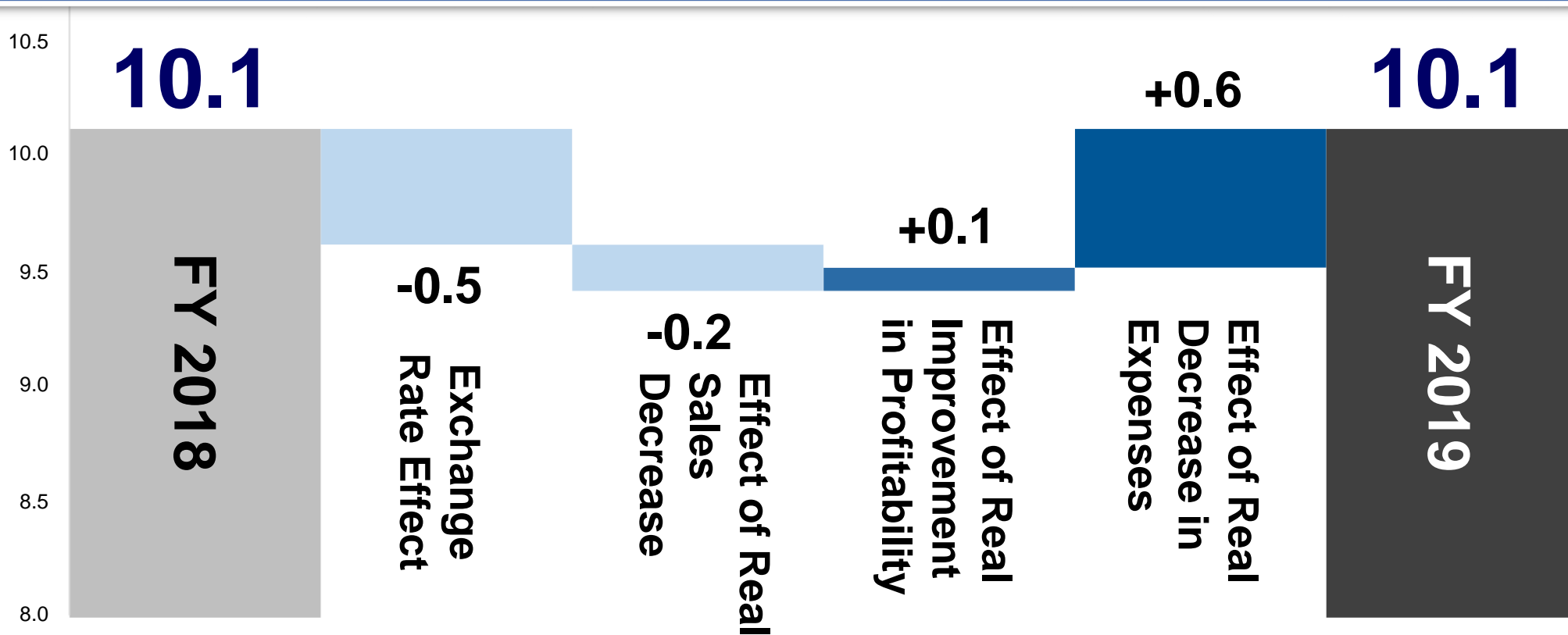
Foreign Exchange Sensitivity

	(Billions of yen)	
	Net Sales	Operating Income
USD	1.2	0.4
EUR	0.2	0.07

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

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

- Exchange rate effect was -0.5 billion yen.
- Excluding such exchange rate effects, the effect of real sales decreases was 0.2 billion yen.
- Real improvement in profitability was 0.1 billion yen, with a 0.6 billion yen real decrease in expenses.



Sales and Income by Business Segment

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

- **AMI:** In addition to increased sales, income also increased due to improved profitability and expense reductions resulting from an improved product mix.
- **MED:** Sales and income decreased due to reactionary decline after rush to purchase products in Japan, stagnation in China, and other factors.
- **IM:** Sales and income decreased despite TMP recovery, due to decrease in hydraulic equipment and glass winder sales.
- **AE:** Sales decreased, but income increased due to profitability improvements from cost reductions, expense reductions, and other factors.

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	Excluding Exchange Rate Effects			Changes	Percent Increase/Decrease	Excluding Exchange Rate Effects			Increase/Decrease	Excluding Exchange Rate Effects
AMI	59.1	58.2	+0.9	+1%	+4%	9.5	8.9	+0.6	+6%	+11%	16.1%	15.4%	+0.7pt	+1.0pt
MED	15.4	16.5	-1.0	-6%	-4%	-0.1	0.2	-0.4	—	—	-0.8%	1.5%	-2.2pt	-1.7pt
IM	10.7	11.3	-0.6	-5%	-4%	1.0	1.1	-0.1	-8%	+0%	9.4%	9.7%	-0.3pt	+0.4pt
AE	6.1	6.9	-0.8	-12%	-11%	0.1	-0.0	+0.2	—	—	2.0%	-0.4%	+2.4pt	+2.2pt
Other	1.3	2.5	-1.2	-48%	-48%	0.2	0.5	-0.3	-55%	-55%	12.7%	17.4%	-4.7pt	-4.7pt
Adjustments						-0.7	-0.6	-0.0	—	—				
Total	92.6	95.4	-2.7	-3%	-1%	10.1	10.1	-0.0	-0%	+5%	10.9%	10.6%	+0.3pt	+0.6pt

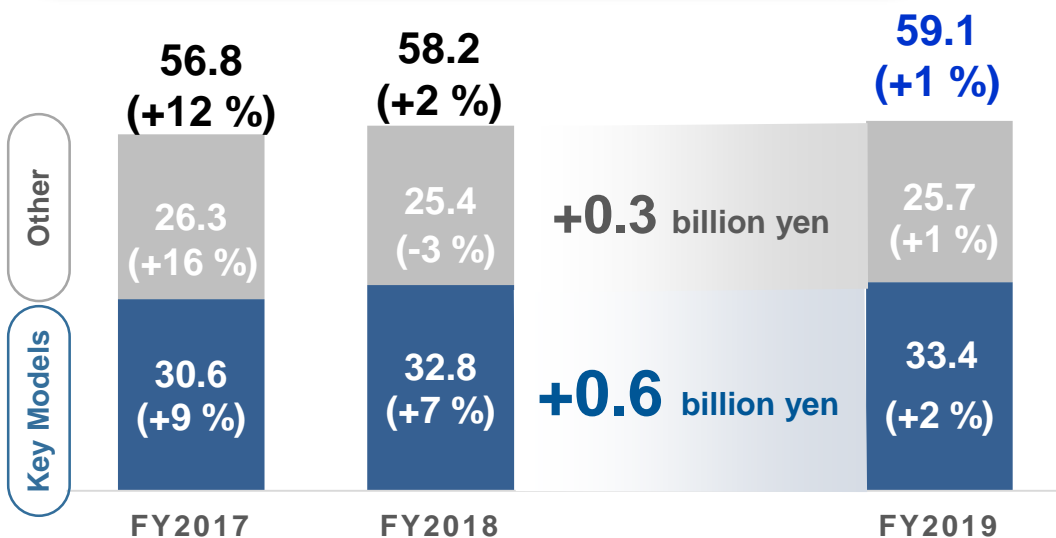
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Analytical & Measuring Instruments Net Sales by Sub-Segment

- **Key models:** 33.4 billion yen; +0.6 billion yen (+2 %), due to strong sales in Japan, North America, and India, but stagnation in Europe and Southeast Asia
- **Other models:** 25.7 billion yen; +0.3 billion yen (+1 %)
- **AM sales:** 19.0 billion yen; +1.0 billion yen (+6 %) **AM sales ratio: 32 %; +1 point**
(AM: Aftermarket)









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

Analytical & Measuring Instruments Net Sales
(billion yen)



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

Analytical & Measuring Instruments

Other	 Testing Machine	 TOC Analyzer	 Automatic LCMS Pretreatment System	 UV-VIS Spectrophotometer
Key Models	 Nexera Liquid Chromatograph	 LCMS-9030	 Nexis GC-2030	 GCMS-QP200 NX

Analytical & Measuring Instruments

Net Sales by Region

- Japan: +0 % **Strong sales of key models, but decreased sales for electrical and machinery applications**
- Outside Japan: +6 % **Expansion in North America and India, and sales starting to increase in China**
- Overseas sales ratio: 64 % **Flat year-on-year**

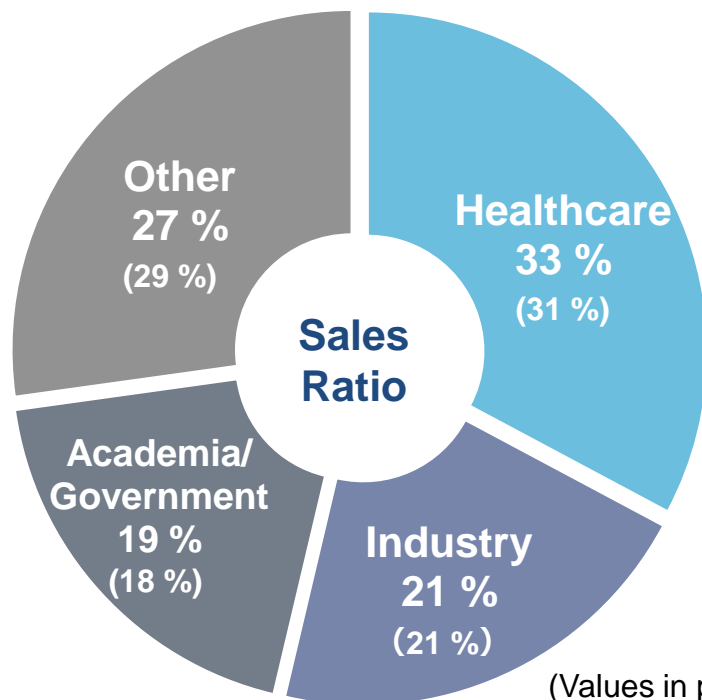
	FY 2019	FY 2018	Increase/ Decrease	Percent Increase/ Decrease	Excluding Exchange Rate Effects	Overview
Japan	21.2	21.2	+0.0	+0 %	+0 %	<ul style="list-style-type: none"> • Strong sales of key models • Sales of other models decreased due to weak sales for electrical and machinery.
North America	7.3	6.5	+0.8	+12 %	+16 %	<ul style="list-style-type: none"> • Strong sales for cannabis applications and academia sales also expanded.
Other Asian Countries	7.1	6.8	+0.3	+5 %	+8 %	<ul style="list-style-type: none"> • Expanded sales for contract analysis and pharmaceuticals in India drove sales.
China	14.5	14.5	+0.1	+1 %	+4 %	<ul style="list-style-type: none"> • Sales expanded for academia and pharmaceuticals.
Europe	6.6	6.9	-0.3	-4 %	+2 %	<ul style="list-style-type: none"> • Sales remained strong in Russia.

Analytical & Measuring Instruments

Ratio of Net Sales by Market

- **Healthcare:** Sales increased for pharmaceuticals globally.
- **Academia/government:** Academia sales increased in North America, China, and Europe.
- **Industry:** Sales decreased for electrical and machinery in Japan.

Ratio of Net Sales by Market



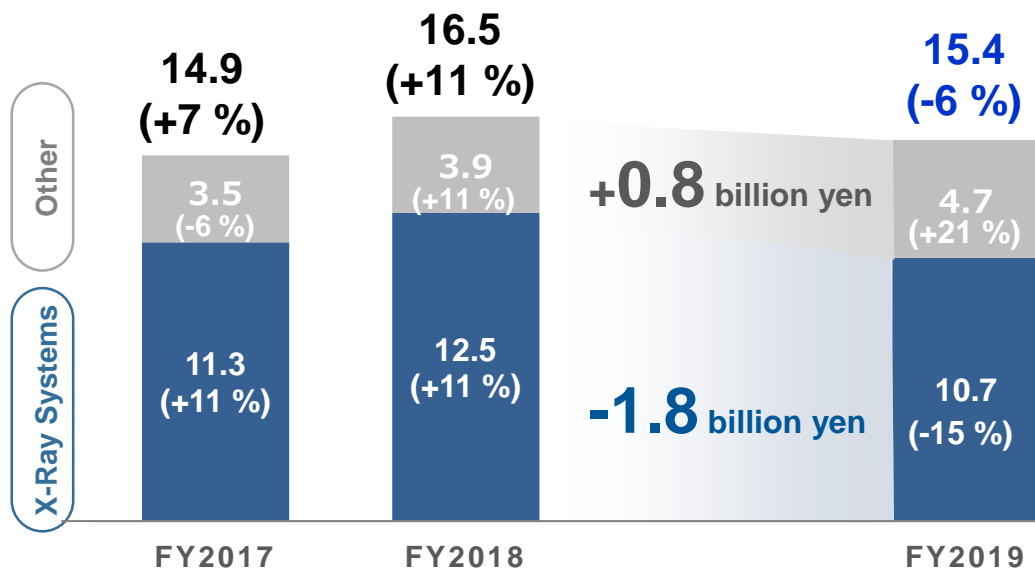
(Values in parentheses are year-on-year percent change.)

Markets and Main Industries	YoY	Overview
Healthcare <ul style="list-style-type: none"> • Pharmaceuticals • Foods • Healthcare institutions 	+4 %	• Sales increased for pharmaceuticals globally.
Industry <ul style="list-style-type: none"> • Chemicals • Materials • Electrical • Automotive 	-3 %	• Sales decreased for electrical and machinery in Japan.
Academia/Government	+3 %	• Academia sales increased in North America, China, and Europe.

Medical Systems Net Sales by Sub-Segment


- X-ray systems: 10.7 billion yen; -1.8 billion yen (-15 %)
 - Angiography system sales continued to expand. General radiography and fluoroscopy sales decreased due to reactionary decline after rush to purchase products in Japan and other factors.
- Other: 4.7 billion yen; +0.8 billion yen (+21 %), due to contribution from radiotherapy-related systems, etc.
- AM sales: 4.7 billion yen; -0.2 billion yen (-3 %) AM sales ratio: 31 %; +1 point

Medical Systems Net Sales (billion yen)



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

Medical Systems

Other				
	Dedicated Breast PET System	Near-Infrared Fluorescence Imaging System	Near-Infrared Imaging System	Radiotherapy-Related System
X-Ray Systems				
	General Radiography System	Mobile System	Angiography System	Fluoroscopy System

Medical Systems Net Sales by Region

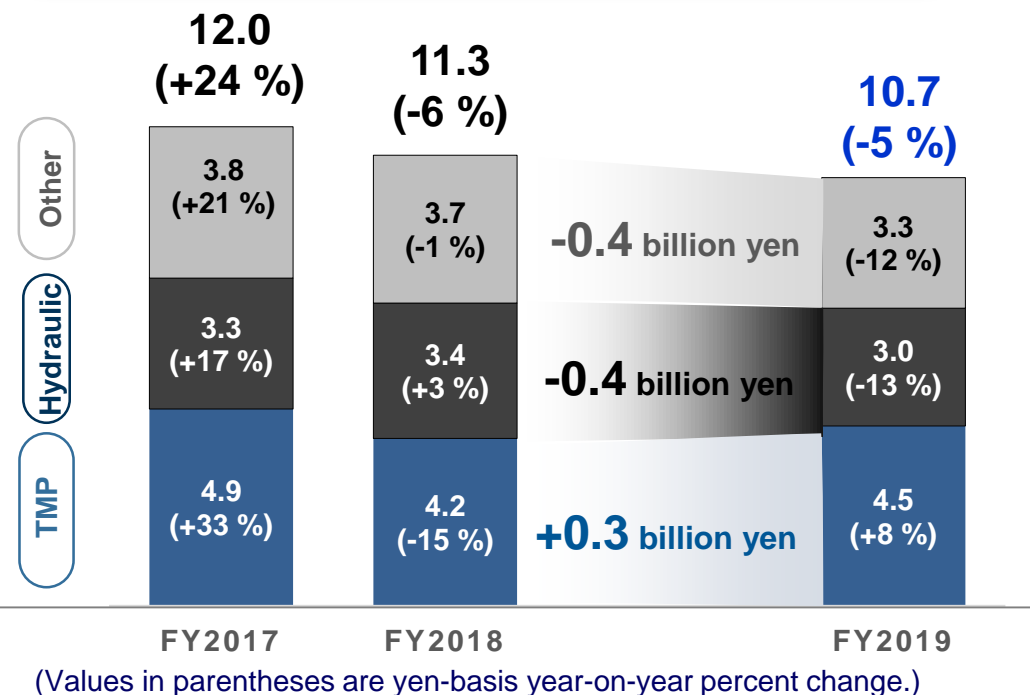
- Japan: -2 % Due to reactionary decline in demand after consumption tax was increased
- Outside Japan: -7 % Due to continued difficult business conditions in China
- Overseas sales ratio: 43 % Decreased 2 points (year-on-year).
 - Percent increase/decrease of sales outside Japan excludes exchange rate effects.

	FY 2019	FY 2018	Increase/ Decrease	Percent Increase/ Decrease	Excluding Exchange Rate Effects	Overview
Japan	8.8	9.0	-0.2	-2 %	-2 %	• Sales decreased due to reactionary decline after rush to purchase products before consumption tax increase in Japan and other factors.
North America	1.5	1.5	+0.0	+1 %	+5 %	• Angiography system sales expanded due to sales channel expansion, sales promotion, and other factors.
Europe	1.1	1.2	-0.1	-4 %	+2 %	• Contribution from digital mobile X-ray systems in Western Europe
Other Asian Countries	1.6	2.0	-0.4	-18 %	-16 %	• Reactionary decline after large projects in the previous year
China	1.1	1.6	-0.4	-28 %	-26 %	• Continued bidding delays and intensification of competition







Industrial Machinery Net Sales by Sub-Segment

- **TMP:** 4.5 billion yen; +0.3 billion yen (+8 %); first sales increase in five quarters, due to recovery in semiconductor market conditions
- **Hydraulic:** 3.0 billion yen; -0.4 billion yen (-13 %), due to stagnation in Japan
- **Other:** 3.3 billion yen; -0.4 billion yen (-12 %); Vacuum heat treatment furnace sales were strong, but glass winder sales decreased due to capital investment reluctance in China.
- **AM (TMP) sales:** 0.8 billion yen; -0.0 billion yen (-1 %) **AM sales ratio:** 18 %; +2 points

Industrial Machinery Net Sales (billion yen)



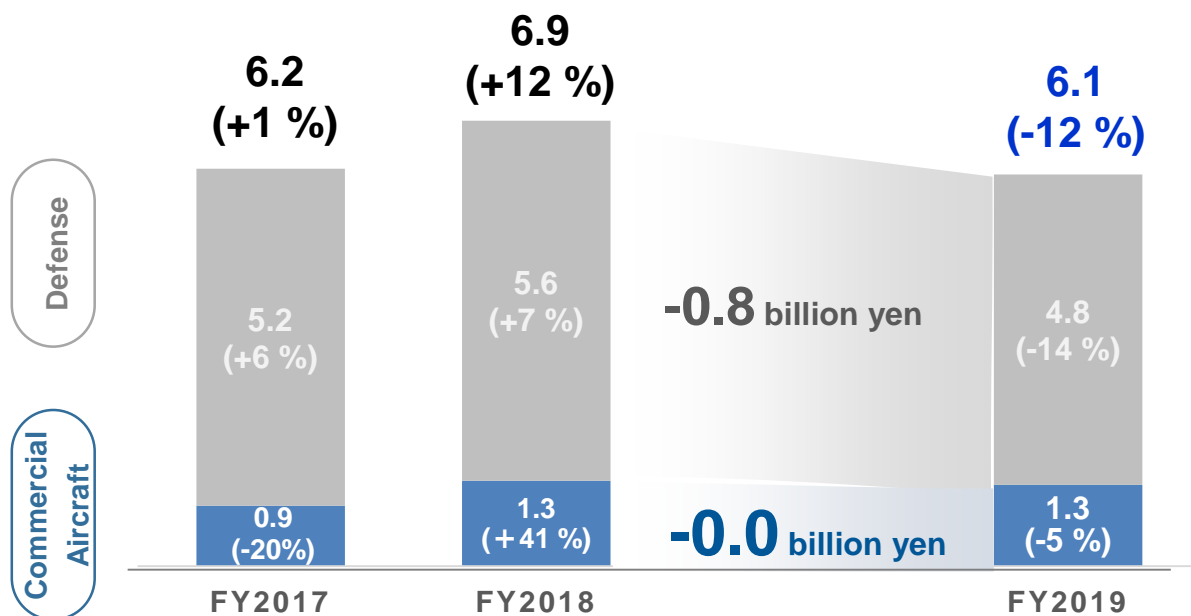
Industrial Machinery

Other	 <p>Vacuum Heat Treatment Furnace</p>	 <p>Glass Winder</p>	 <p>High-Speed Sputtering System</p>
TMP	 <p>Turbomolecular Pump</p>	Hydraulic Equipment	 <p>Hydraulic Gear Pump</p>  <p>Control Valve</p>

Aircraft Equipment

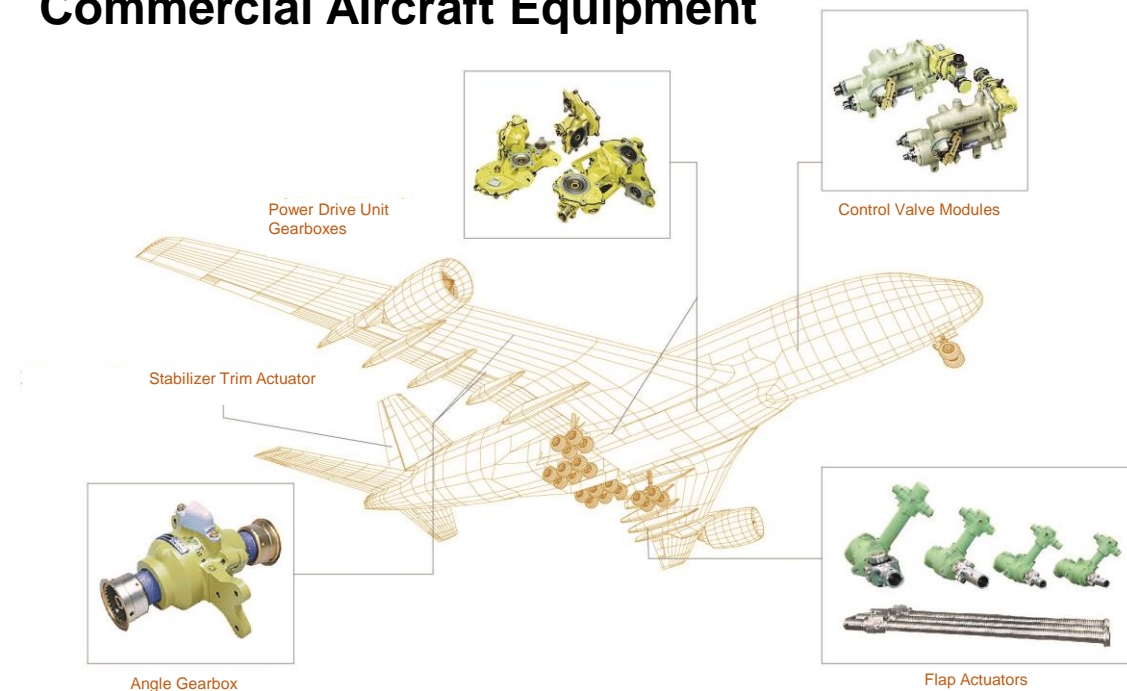
- Commercial aircraft: 1.3 billion yen; -0.0 billion yen (-5 %), due to decrease to Boeing
- Defense: 4.8 billion yen; -0.8 billion yen (-14 %), due to sales being concentrated in first half and other factors

Aircraft Equipment Net Sales (billion yen)



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

Commercial Aircraft Equipment



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FY 2019 Forecast

Taking into account the progress in current third quarter results and the increased uncertainty about the global economy, we have revised the full-year guidance values as indicated below.

Units: Billions of yen		FY 2019			YoY		Changes from the Previous Forecast
		FY 2019	Previous Forecast	FY 2018	Changes	Percent Increase/Decrease	
Business Results	Net Sales	395.0	410.0	391.2	+3.8	+1%	-15.0
	Operating Income	45.0	47.0	44.5	+0.5	+1%	-2.0
	Operating Margin	11.4%	11.5%	11.4%	+0.0pt	—	-0.1pt
	Ordinary Income	45.5	47.0	45.5	+0.0	+0%	-1.5
	Profit Attributable to Owners of Parent	33.0	34.0	32.5	+0.5	+1%	-1.0
Exchange Rates	Average Rate: USD (Yen)	108.0	107.0	111.0	- 3.0	-2.7%	+1.0
	Euro (Yen)	120.0	120.0	128.4	- 8.4	-6.6%	+0.0
Major Investments	R&D Expenses	19.0	19.0	16.6	+2.4		
	CAPEX	22.0	22.0	21.7	+0.3		
	Depreciation and Amortization	13.5	13.5	11.5	+2.0		

Exchange Rate Effect

Net sales: -5.2 billion yen
Operating income: -1.8 billion yen

FY 2019 Forecast by Business Segment

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

The forecast was revised mainly for the Analytical & Measuring Instruments segment.

Net Sales				
Previous Forecast	FY 2018	YoY		Changes from the Previous Forecast
		Changes	Percent Increase/Decrease	
256.5	241.4	+3.6	+1%	-11.5
71.0	69.1	+0.9	+1%	-1.0
45.0	45.4	-1.4	-3%	-1.0
30.0	27.3	+2.2	+8%	-0.5
7.5	8.0	-1.5	-18%	-1.0
410.0	391.2	+3.8	+1%	-15.0

Operating Income					
FY 2019	Previous Forecast	FY 2018	YoY		Changes from the Previous Forecast
			Changes	Percent Increase/Decrease	
39.5	41.5	38.8	+0.7	+2%	-2.0
2.7	2.7	2.3	+0.4	+16%	+0.0
3.7	3.7	4.5	-0.8	-17%	+0.0
0.8	0.9	0.1	+0.7	+572%	-0.1
1.2	1.3	1.4	-0.2	-13%	-0.1
-2.9	-3.1	-2.6	-0.3		+0.2
45.0	47.0	44.5	+0.5	+1%	-2.0

Operating Margin				
FY 2019	Previous Forecast	FY 2018	YoY	Changes from the Previous Forecast
			Increase/Decrease	
16.1%	16.2%	16.1%	+0.1pt	-0.1pt
3.9%	3.8%	3.4%	+0.5pt	+0.1pt
8.4%	8.2%	9.8%	-1.4pt	+0.2pt
2.7%	3.0%	0.4%	+2.3pt	-0.3pt
14.5%	14.0%	14.1%	+0.4pt	+0.5pt
11.4%	11.5%	11.4%	+0.0pt	-0.1pt

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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	Q2	Q3
All	+7%	+8%	+9%	+10%	+12%	+3%	+3%	+2%	-4%	+10%	+4%
Key Models	+5%	+12%	+5%	+13%	+4%	+0%	+8%	+2%	+5%	+7%	+5%

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

- Excluding exchange rate effects

Analytical & Measuring Instruments

Year-on-Year Change in Net Sales by Region

Country	FY 2017				FY 2018				FY 2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Japan	+11%	+1%	+15%	+8%	+15%	-1%	-4%	-1%	-12%	+21%	+0%
North America	-9%	+7%	+11%	+30%	+17%	+14%	+9%	+3%	+4%	-5%	+16%
Europe	+9%	+8%	-7%	-7%	+11%	+7%	+19%	+8%	+1%	+19%	+2%
China	+14%	+20%	+13%	+14%	+10%	+6%	+3%	+9%	-8%	-4%	+4%
Other Asian Countries	-7%	+9%	-8%	+13%	-2%	-1%	+13%	-2%	+19%	+11%	+8%
India	-10%	+24%	-7%	+21%	+6%	-7%	+4%	-9%	+11%	-3%	+27%

- Values for India are included in other Asian countries.
- Excluding exchange rate effects

Medical Systems

Year-on-Year Change in Net Sales by Region

Country	FY 2017				FY 2018				FY 2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Japan	+9%	+0%	+1%	-11%	-1%	+16%	+19%	+6%	+6%	+30%	-2%
North America	+2%	-9%	+10%	+19%	+17%	-3%	-33%	-24%	-24%	-17%	+5%
Europe	-51%	-3%	+75%	+96%	+190%	+31%	+22%	-1%	-26%	-6%	+2%
China	-1%	+3%	+22%	-7%	+1%	-14%	-5%	-15%	-33%	+5%	-26%
Other Asian Countries	+22%	+34%	-8%	+24%	+11%	-2%	+45%	-28%	-8%	+3%	-16%

• 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	Q2	Q3
TMP	+59%	+34%	+30%	+16%	+14%	+0%	-15%	-29%	-25%	-26%	+10%
Hydraulic Equipment	+11%	+9%	+15%	+7%	+6%	+1%	+4%	+1%	+2%	+1%	-12%
Other	-7%	+13%	+20%	+37%	+92%	-9%	-1%	+36%	-37%	+19%	-11%

• 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	Q2	Q3
YoY Change in AM Net Sales	+10%	+14%	+8%	+6%	+18%	+14%	+15%	+11%	+3%	+6%	+6%
AM Ratio	30%	27%	28%	27%	31%	31%	31%	29%	34%	30%	32%

Medical Systems

	FY 2017				FY 2018				FY 2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
YoY Change in AM Net Sales	+2%	+6%	+1%	+2%	+4%	-2%	+5%	+2%	+5%	+13%	-3%
AM Ratio	33%	31%	31%	28%	32%	29%	30%	29%	35%	28%	31%

TMP

	FY 2017				FY 2018				FY 2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
YoY Change in AM Net Sales	-0%	+37%	+52%	+39%	+49%	+31%	+26%	+19%	+13%	+9%	-1%
AM Ratio	11%	14%	13%	14%	14%	18%	20%	24%	22%	27%	18%



不安な胸に、やさしくありたい。

島津製作所が開発した、乳がん検査技術。
 検出器ホールに乳房を入れるだけで、
 小さな乳がんの兆しまで見分ける
 世界最先端技術です。



世界に答えを。

 **SHIMADZU**
 Excellence in Science



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