

Date: November 8, 2024

AMI Business in China

Q1: What are the trends among local companies in the liquid chromatograph-mass spectrometry (LCMS) market in China?

A1: Local companies are present, but there is a performance gap in the instrument. In cases where bidding conditions favor domestic products, we will proceed with local production while paying attention to the risk of technology leakage.

Q2: The order intake in China has continued to show negative growth compared to the same period last year. Will it return to positive growth in Q3 and beyond?

A2: There has been a delay in progress on bids related to government stimulus, but the scope of these measures has expanded to include not only academia but also customs. There are projects that require contract completion within this year, and we aim to capture demand from these steadily progressing government-supported projects.

Q3: Could you provide insights on the expected recovery of the pharmaceutical market in China?

A3: In the CRO and CDMO markets, the United States is refraining from development and manufacturing requests due to economic security concerns, and there is a shift towards India and South Korea, making recovery challenging. However ongoing research and development in areas such as herbal medicines, domestic Active Pharmaceutical Ingredient and pharmaceuticals, and new modalities like biopharmaceuticals and gene therapies offer potential. We aim to focus on these markets, but we believe that a full recovery in the pharmaceutical market will take time. We will also concentrate on non-pharmaceutical healthcare areas such as clinical and food safety, as well as green sectors including environmental analysis, hydrogen, and battery-related fields to expand our performance in China.

AMI Business in India

Q4: Is one of the reasons for India's strong performance the shift of demand from CROs in China to India?

A4: Yes, that is correct.

Full-year Forecast

Q5: What are the demand trends in regions outside of China?

A5: Japan, the Americas, and India have shown growth, but the economic sentiment in Europe is not great. Here, we will address 1st half orders excluding China. AMI grew by high single digits, with orders for key products such as LCMS progressing with double-digit growth. TMP orders in Industrial Machinery have grown by over 30%. On a consolidated basis, orders grew by double digits. Therefore, we believe we can achieve our targets for the 2nd half of the fiscal year.

Healthcare Initiatives

Q6: Please tell us about the collaboration with Sepragen Corporation, a US company engaged in bioprocessing instrument.

A6: Sepragen Corporation manufactures and sells bioprocess chromatography systems for biopharmaceuticals. Through this collaboration, we will enter the business of supporting the manufacturing processes of high-growth biopharmaceuticals such as vaccines and gene therapies by selling their instrument and consumables. This will allow us to expand our traditional business areas (research and development, quality control) into the manufacturing process, and we plan to further advance our initiatives in biopharmaceuticals going forward.

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