



Fiscal Year Ended March 2019
(147th Business Year)

Financial Analyst Meeting

May 22, 2019



Contents of Today's Presentation

- ➔ **Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019**
- ➔ **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020**
- ➔ **Future Business Environment and Medium- and Long-term Business Strategies**

Noriyuki Negoro, President and CEO

A faint, stylized outline map of Japan is visible in the background, showing the main islands and surrounding waters.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2019**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2020**

**Future Business Environment and
Medium- and Long-term Business Strategies**

Sales by Business

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Fiscal Year ended March 31, 2019

Net Sales: 24.9 billion yen

Units: billions of yen, %

	Net Sales	Composition ratio
Dental business	22.44	90.1
Nail care business	2.37	9.5
Other business	0.09	0.4

※ Manufacture and sell industrial abrasives in other business,

Summary of Business Performance (Comparison with Previous Period)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



■ Positive factors ■ Negative factors

P/L

⇒ Net Sales totaled 24,915 million yen (an increase of 3.7%) **[Record high]**

Domestic net sales totaled 13,619 million yen (a decrease of 0.2%)

■ Domestic sales in the dental business **decreased 1.0%** because, although new products launched in the market in the previous fiscal year contributed to sales, mainstay products struggled due to intense market competition.

■ Domestic sales in the nail care business **increased by 6.6%**, driven by existing mainstay brands for gel nail products, the new brand, and the brand for general consumers.

Overseas net sales totaled 11,295 million yen (an increase of 8.8%)

■ Overseas sales in the dental business **rose 12.1%** due to an increase in sales in all regions, offsetting the negative effect of a stronger yen.

■ Overseas sales in the nail care business **fell 20.0%** due to a sharp drop in sales in Taiwan, where competitors are taking increasingly aggressive actions.

⇒ Operating income totaled 1,814 million yen

■ Although selling, general and administrative expenses, such as personnel expenses, increased due to proactive sales activities, operating income **rose 21.1%** due to the effect of lower cost of sales ratio and the effect of higher sales.

⇒ Ordinary income totaled 1,709 million yen, and current income totaled 1,201 million yen **[Record high]**

■ Ordinary income **increased 9.2%**, even though the extent of the increase was lower than that of operating income due to the negative impact of exchange rates.

■ Net income, after deducting tax expenses, **increased by 36.9%**.

* "Net income" figures are figures for "Net income attributable to owners of parent" after the application of the Accounting Standard for Business Combinations, etc.

Summary of Business Performance for the Current Fiscal Year

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



⇒ Sales and profits increased compared to the previous period/ Net sales decreased and net income increased compared to the forecast.

Units: millions
of yen, %

	Fiscal March 2018 (Results) (% of sales)	Fiscal March 2019 (Forecast) (% of sales)	Fiscal March 2019 (Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Net sales	24,031 (100.0)	25,725 (100.0)	24,915 (100.0)	884 (3.7)	-809 (-3.1)
(Domestic sales)	13,652 (56.8)	14,453 (56.2)	13,619 (54.7)	-32 (-0.2)	-833 (-5.8)
(Overseas sales)	10,378 (43.2)	11,271 (43.8)	11,295 (45.3)	917 (8.8)	23 (0.2)
Operating income	1,497 (6.2)	1,737 (6.8)	1,814 (7.3)	316 (21.1)	76 (4.4)
Ordinary income	1,565 (6.5)	1,630 (6.3)	1,709 (6.9)	143 (9.2)	78 (4.8)
Net income	877 (3.7)	1,109 (4.3)	1,201 (4.8)	323 (36.9)	91 (8.3)
Net income per share	55.20yen	69.77yen	75.54yen	20.34yen	5.77yen
Return on shareholders' equity	3.8%	4.6%	5.0%	1.2P	0.4P
Foreign exchange rates					
US dollar	110.81	105.00	110.69	-0.12	5.69
Euro	129.45	130.00	128.43	-1.02	-1.57
Pound sterling	147.27	150.00	145.68	-1.59	-4.32
Renminbi	16.64	16.50	16.69	0.05	0.19

Sales by Product Category (Comparison with Previous Period)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2018 (Results)	Fiscal March 2019 (Results)	Change from previous period		
				Domestic	Overseas
Artificial teeth	4,077	4,418	340 (8.4)	-42	383
Abrasives	4,006	4,145	139 (3.5)	0	138
Metal products	247	237	-10 (-4.1)	-9	-0
Chemical products	4,770	5,210	440 (9.2)	5	434
Cements and others	2,044	2,181	137 (6.7)	-18	156
Equipment and others	6,300	6,251	-48 (-0.8)	-61	12
Dental business total	21,446	22,446	999 (4.7)	-126	1,126
Nail care business	2,485	2,372	-113 (-4.6)	95	-208
Other	98	96	-1 (-1.9)	-1	-
Total	24,031	24,915	884 (3.7)	-32	917

*The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY), Indian Rupee (INR) and New Taiwan dollar (NTD)) on overseas net sales was -56 million yen. (Dental business -47 million yen, Nail care business -8 million yen)

Sales by Product Category (Comparison with Forecast)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2019 (Forecast)	Fiscal March 2019 (Results)	Cange from Forecast		
				Domestic	Overseas
Artificial teeth	4,352	4,418	66 (1.5)	-93	159
Abrasives	4,114	4,145	31 (0.8)	-42	73
Metal products	271	237	-34 (-12.6)	-33	-0
Chemical products	5,163	5,210	47 (0.9)	-99	147
Cements and others	2,170	2,181	11 (0.5)	-90	102
Equipment and others	6,728	6,251	-476 (-7.1)	-298	-178
Dental business total	22,800	22,446	-354 (-1.6)	-658	304
Nail care business	2,806	2,372	-434 (-15.5)	-154	-280
Other	117	96	-20 (-17.7)	-20	—
Total	25,725	24,915	-809 (-3.1)	-833	23

*The effect of foreign currency fluctuations (U.S. dollar (USD), Euro (EUR), British pound (GBP), Chinese yuan (CNY),), Indian Rupee (INR) and New Taiwan dollar (NTD)) on overseas net sales was +105 million yen. (Dental business +103 million yen, Nail care business +1 million yen)

Domestic Sales

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019



■ Positive factors ■ Negative factors

- **Dental business: Year on year decrease of 126 million yen (-1.0%)**

- Dental filling for composite resin and new CAD/CAM-related products contributed to sales.

- Sales of artificial teeth and other mainstay products fell overall.

- **Nail care business: Year on year increase of 95 million yen (+6.6%)**

- Sales were driven by existing and new brands of gel nail products and the brand for general consumers.

- **Other businesses: Year on year decrease of 1 million yen (-1.9%)**

- **Principal new products launched this FY (dental business)**

- Dental dentin adhesive

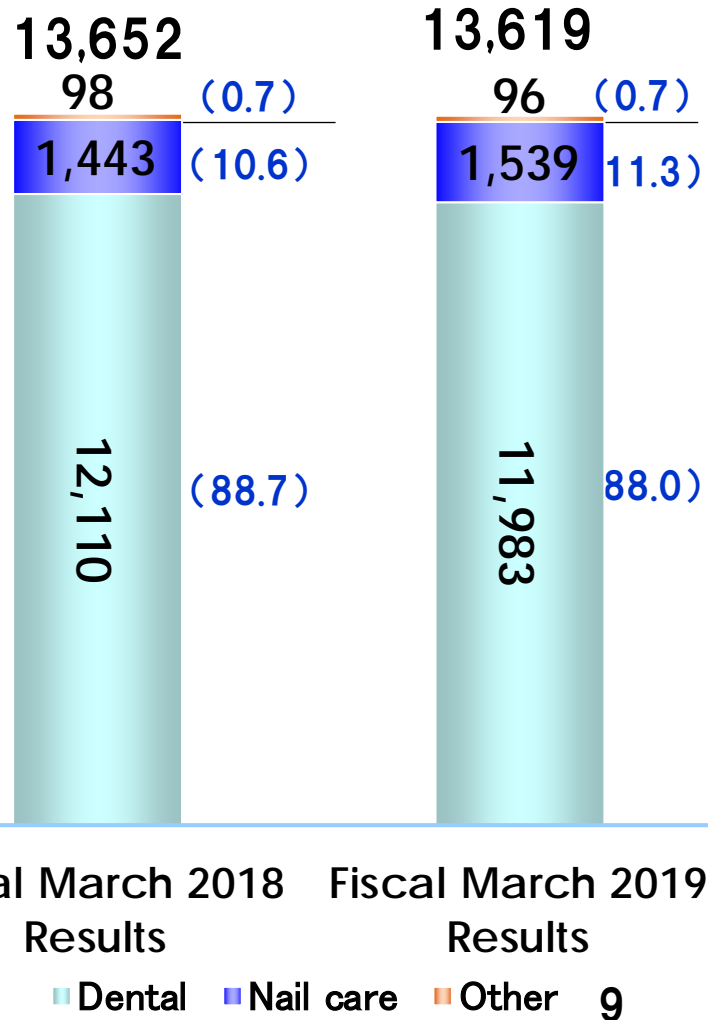
SHOFU BeautiBond Universal (Chemical products)

- Dental multi-purpose ultrasonic therapy machine

AIRFLOW PROPHYLAXIS MASTER

(Equipment and others)

Unit: Millions of yen; figures in parentheses represent the percentage of the total



Overseas Sales



Positive factors Negative factors

■ **North America and Latin America: Year-on-year increase of 208 million yen (+7.9%)**

■ Sales were strong for mainstay chemical products, abrasives and artificial teeth.

Local currency basis: Year on year increase of 212 million yen (+8.1%)

■ **Europe: Year-on-year increase of 174 million yen (+4.2%)**

■ In addition to mainstay chemical products, cement products were strong performers.

Local currency basis: Year on year increase of 210 million yen (+5.1%)

■ **Asia and Oceania: Year-on-year increase of 533 million yen (+14.8%)**

■ In China, sales of almost all product lines were strong, primarily for mainstay artificial teeth.

■ In other Asian markets, sales of all product lines, and artificial teeth in particular, were strong. Sales fell sharply in the nail care business in Taiwan.

Local currency basis: Year on year increase of 550 million yen (+15.3%)

China: Year on year increase of 411 million yen (+23.2%)

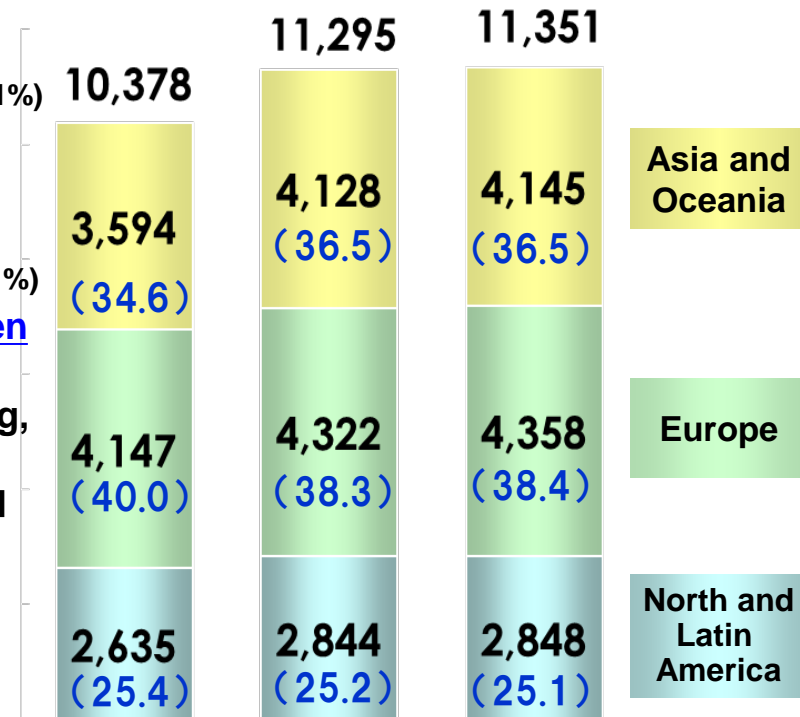
Elsewhere in Asia: Year on year increase of 121 million yen (+6.7%)

■ **(Dental business) Overseas sales ratio of 46.6%**

(43.5% for the same quarter of the previous fiscal year; 46.7% after adjustment for fluctuations of foreign currency exchange rates)

* The results of the quarter under review after adjustment for fluctuations of foreign currency exchange rates have been calculated based on the same exchange rates used for the results of the fiscal year ended March 2018.

Unit: Millions of yen; figures in parentheses represent the percentage of the total



Fiscal March 2018 Results Fiscal March 2019 Results Fiscal March 2019 Results after adjustment for foreign currency translation *

Performance by Segment (Sales and Operating Income)

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen. Figures in parentheses represent
percentage of sales and percentage changes (unit: %)

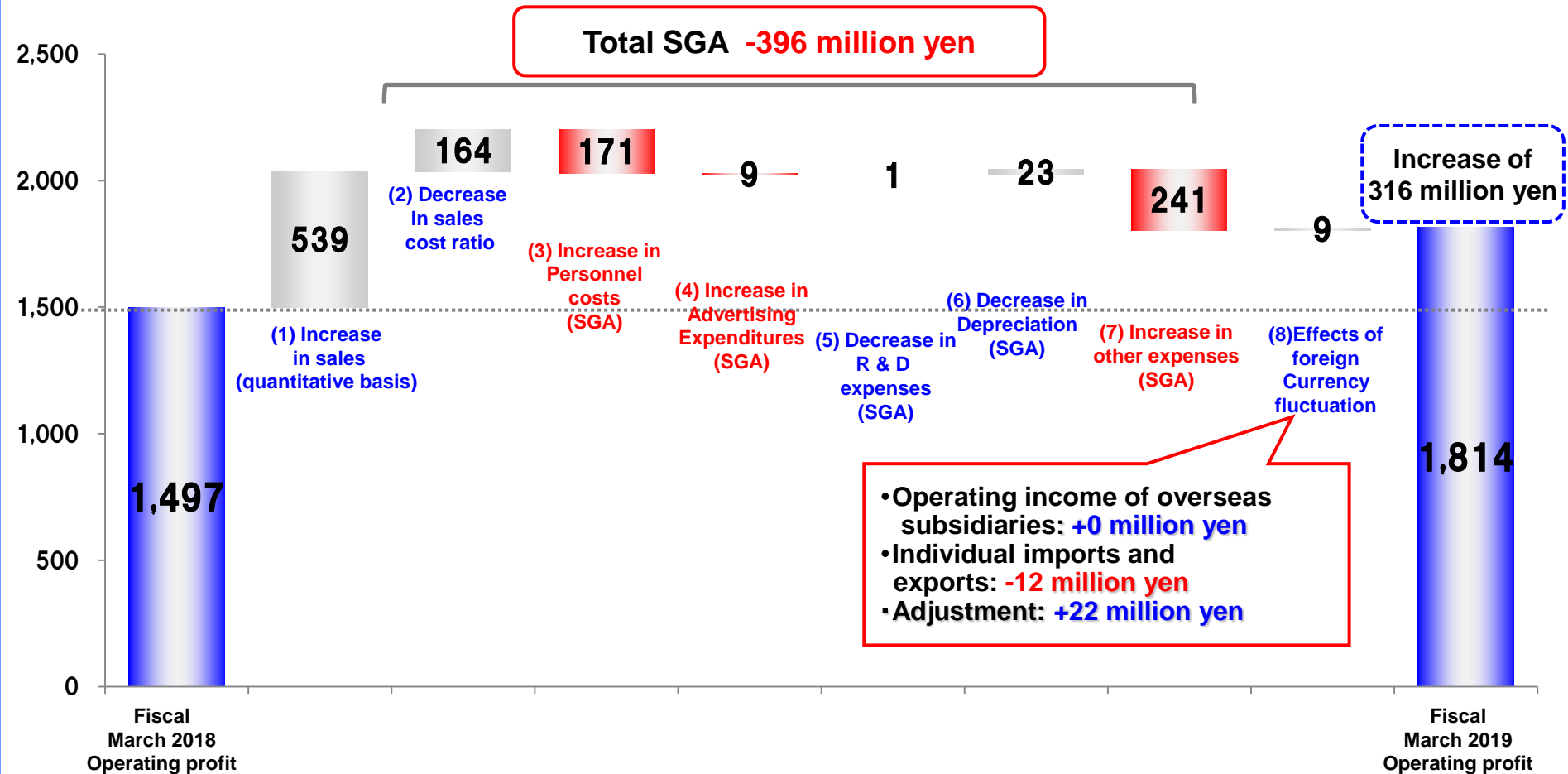
		Fiscal March 2018	Fiscal March 2019	Fiscal March 2019	Change from Previous Period	Change from Forecast
		(Results)	(Forecast)	(Results)		
		Amount (% of sales)	Amount (% of sales)	Amount (% of sales)		
Dental	Net Sales	21,447	22,800	22,446	999	-354
	Operating expenses	20,037	21,224	20,648	611	-576
	Operating income (operating income margin)	1,410 (6.6)	1,575 (6.9)	1,797 (8.0)	387	221
Nail care	Net Sales	2,486	2,806	2,372	-113	-434
	Operating expenses	2,422	2,661	2,378	-44	-282
	Operating income (operating income margin)	63 (2.5)	145 (5.2)	-5 (-0.2)	-69	-151
Other	Net Sales	105	117	104	0	-13
	Operating expenses	87	101	87	0	-13
	Operating income (operating income margin)	17 (16.8)	16 (13.7)	16 (15.6)	-1	0
Total before consolidation adjustment	Net Sales	24,038	25,725	24,923	884	-801
	Operating expenses	22,547	23,987	23,115	567	-872
	Operating income (operating income margin)	1,491 (6.2)	1,737 (6.8)	1,807 (7.3)	316	70
Consolidated	Net Sales	24,031	25,725	24,915	884	-809
	Operating expenses	22,533	23,987	23,101	567	-886
	Operating income (operating income margin)	1,497 (6.2)	1,737 (6.8)	1,814 (7.3)	316	76

Contributors to Change in Operating Income

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019



Unit: millions of yen



*The contributing factors in items (1) to (7) do not incorporate the effects of fluctuations of foreign currency exchange rates.

Financial Condition: Major Balance Sheet Accounts

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2019



Unit: millions of yen

	Fiscal March 2018	Fiscal March 2019	Change	Major contributors to changes, special notes
Cash and cash in banks	5,733	4,890	-842	Decrease in time deposits
Notes and accounts receivable	3,285	3,354	68	Increase in accounts receivable-trade
Inventories	5,871	6,208	336	Increase in merchandises and finished goods
Marketable securities and Investment in securities	6,632	5,934	-697	Decrease in valuation of investment securities
Others	9,367	9,774	407	Increase in property, plant and equipment
Total Assets	30,890	30,161	-729	
Short-term loans payable and Long-term debt	1,486	974	-511	Decrease in long-term loans payable
Net defined benefit liability and Retirements allowance for directors and Others	221	228	6	
	5,026	4,575	-450	Decrease in net defined benefit liability, Decrease in income tax payable
Total Liabilities	6,733	5,778	-955	
Total net assets	24,157	24,383	226	Increase in adjustment and retained earnings, decrease in valuation difference
Total Liabilities and net assets	30,890	30,161	-729	
Shareholders' equity ratio	77.8%	80.4%	2.6P	
Shareholders' equity per share	1,512yen	1,525yen	13yen	

Beginning of the fiscal year ending March 2019, we applied ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting", and changed into the method of disclosure that Deferred Tax Asset is disclosed in Investments and other assets and Deferred tax liability is disclosed in Fixed liabilities.

As a result, in the Consolidated Balance Sheets for the previous fiscal year, deferred tax assets of 523 million classified as current assets and 466 million from deferred tax liabilities classified as non-current liabilities have been included in deferred tax assets of 83 million within investments and other assets. The balance of deferred tax liabilities classified as non-current liabilities is shown as 1,229 million yen.

Capital Investments, Depreciation Expenses, R&D Expenses, etc.

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2019



Unit: millions of yen

	Fiscal March 2018 (Results)	Fiscal March 2019 (Forecast)	Fiscal March 2019 (Results)	Change from Previous Period	Change from Forecast
Capital investment	710	1,080	1,403	692	323
Depreciation expenses	975	1,003	893	-82	-110
(of which amortization of goodwill)	108	108	84	-24	-24
R&D expenses	1,494	1,572	1,492	-2	-80
Foreign exchange rates					
US dollar	110.81	105.00	110.69	-0.12	5.69
Euro	129.45	130.00	128.43	-1.02	-1.57
Pound sterling	147.27	150.00	145.68	-1.59	-4.32
Renminbi	16.64	16.50	16.69	0.05	0.19

• The foreign exchange rates given are those in effect at the average of each term;

SHOFU INC. conversions of items in the financial statements of overseas subsidiaries all use average rates. 14

The background features a stylized world map with black outlines of continents. Overlaid on the map are several line graphs with jagged lines, representing business performance trends. Three text boxes are positioned over the map: a grey box at the top, a blue box in the middle, and a grey box at the bottom.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2019**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2020**

**Future Business Environment and
Medium- and Long-term Business Strategies**

Overview of the Next Fiscal Year

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



■ Positive factors ■ Negative factors

P/L

⇒ Net sales will total 26,190 million yen (an increase of 5.1%)

Domestic net sales will total 14,408 million yen (an increase of 5.8%)

In the dental business, we expect sales to **increase by 5.3% (+632 million yen)** due to the pursuit of sales activities focused on CAD/CAM-related products, for which demand is expected, and mainstay areas, in addition to the development of activities to supply information to dental care workers.

<New product sales: 3,356 million yen, or 19.4% of non-consolidated net sales>

In the nail care business, we expect sales to **increase by 9.1% (+140 million yen)** due to higher sales, primarily for new brands and mainstay gel nail products.

Overseas net sales will total 11,781 million yen (an increase of 4.3%)

In the dental business, sales are expected to **increase by 5.6% (+590 million yen)** as we continue to expand the sales network, strengthen affiliations with other companies, and raise the speed of business expansion overseas.

In the nail care business, sales are expected to **decrease by 12.5% (-104 million yen)** because, although sales are expected to remain solid in North America, we expect sales to decline in Taiwan, where the competition from other companies is increasingly intense.

⇒ Operating income will total 2,056 million yen (an increase of 13.4%).

Ordinary income will total 1,941 million yen (an increase of 13.6%).

Net income will total 1,377 million yen (an increase of 14.7%).

Although sales, general and administrative expenses are expected to increase due to proactive investment in sales activities, we expect operating income to **increase 13.4%** due to the effect of higher sales.

With the absence of effect of foreign exchange profit and impairment loss of goodwill which occurred in the previous fiscal year, ordinary income **increased by 13.6%** and net income **increased by 14.7%**.

* "Net income" figures are figures for "Net income attributable to owners of parent" after the application of the Accounting Standard for Business Combinations, etc.

Comparison of Major Statistics

⇒ Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



⇒ Net sales and Net income increased compared to fiscal March 2019

Unit: millions of yen

	Fiscal March 2019 Business Performance (% of sales)	Fiscal March 2020 Forecast (% of sales)	Change From Previous Period (% change)
Net sales	24,915 (100.0)	26,190 (100.0)	1,274 (5.1)
(Domestic sales)	13,619 (54.7)	14,408 (55.0)	789 (5.8)
(Overseas sales)	11,295 (45.3)	11,781 (45.0)	485 (4.3)
Operating income	1,814 (7.3)	2,056 (7.9)	242 (13.4)
Ordinary income	1,709 (6.9)	1,941 (7.4)	231 (13.6)
Net income	1,201 (4.8)	1,377 (5.3)	176 (14.7)
Net income per share	75.54yen	86.61yen	11.07yen
Return on shareholders' equity	5.0%	5.6%	0.6P
Foreign exchange rates			
US dollar	110.69	105.00	-5.69
Euro	128.43	125.00	-3.43
Pound sterling	145.68	145.00	-0.68
Renminbi	16.69	16.50	-0.19

* “Net income” figures are figures for “Net income attributable to owners of parent” after the application of the Accounting Standard for Business Combinations, etc.

Sales by Product Category

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)	Change from previous period		
				Domestic	Overseas
Artificial teeth	4,418	4,663	244 (5.5)	45	199
Abrasives	4,145	4,140	-5 (-0.1)	17	-23
Metal products	237	248	11 (4.7)	12	-0
Chemical products	5,210	5,546	335 (6.4)	137	197
Cements and others	2,181	2,211	29 (1.4)	14	14
Equipment and others	6,251	6,859	607 (9.7)	405	202
Dental business total	22,446	23,669	1,222 (5.4)	632	590
Nail care business	2,372	2,408	35 (1.5)	140	-104
Other	96	112	15 (16.5)	15	—
Total	24,915	26,190	1,274 (5.1)	789	485

- Overseas sales decreased by 303 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi, Indian Rupee and New Taiwan dollar). (Dental business -299 million yen, Nail care business -4 million yen)

Domestic Net Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



◇ **Dental business:**
Year-on-year increase of 632 million yen (5.3%)

- We will carry out sales activities focused on CAD/CAM-related products, where demand is expected, and on mainstay areas, and will also develop information activities aimed at dental professionals.

◇ **Nail care business:**
Year-on-year increase of 140 million yen (9.1%)

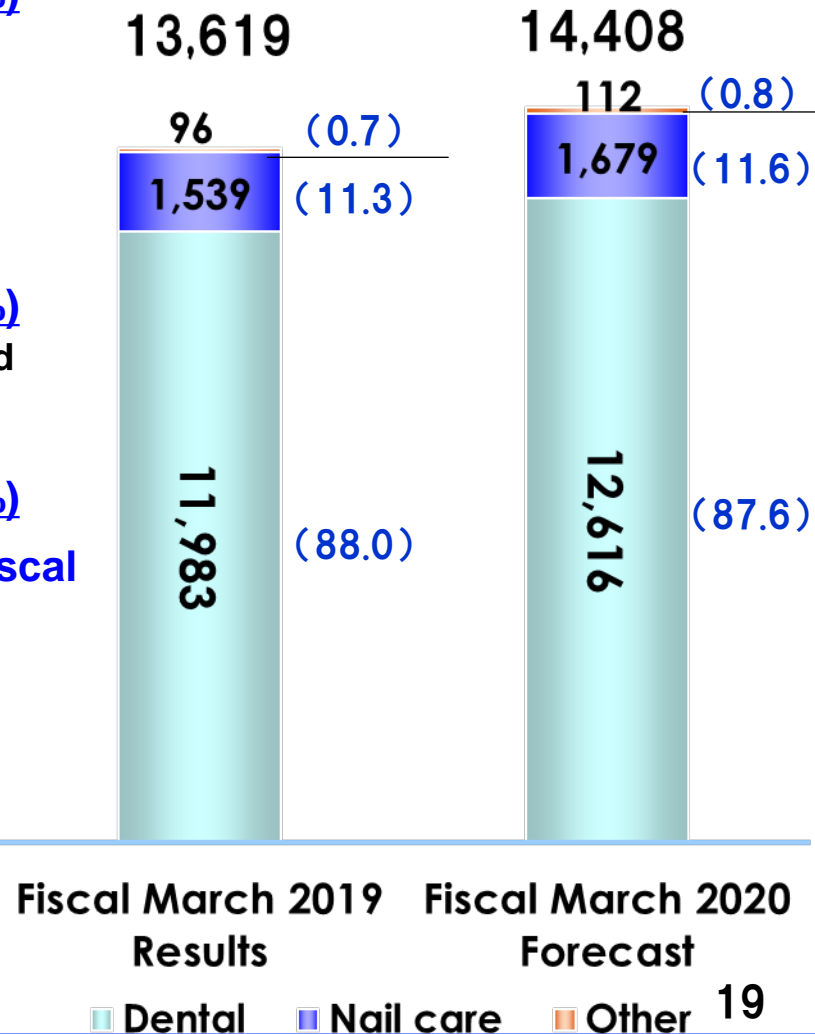
- we will promote sales increase of new brand and flagship product lines of gel nail products.

◇ **Other businesses:**
Year-on-year increase of 15 million yen (16.5%)

◇ **Principal new products launched during the fiscal year ending March 2020.**

- **Digital oral imaging device**
 EyeSpecial C-IV (Equipment and others)
- **Resin material for dental cutting processing**
 (Equipment and others)
- **New polymerization device for a technical work**
 (Equipment and others)
- **New multilayer zirconia disc**
 (Equipment and others)

Unit: Millions of yen; figures in parentheses represent the percentage of the total



Overseas Net Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Unit: millions of yen; figures in parentheses represent component ratio (%)

Summary

- Despite the negative effects of foreign currency fluctuations (-303 million yen), net sales overall are expected to increase by 4.3% due to strong performances in all regions.

Growth rates by region

*Figures in parentheses indicate the growth rate on local currency basis.

North and Latin America	+3.1%	(+ 8.5%)
Europe	+1.2%	(+ 3.8%)
China	+15.1%	(+16.4%)
Asia (Other)	+0.9%	(+ 1.5%)

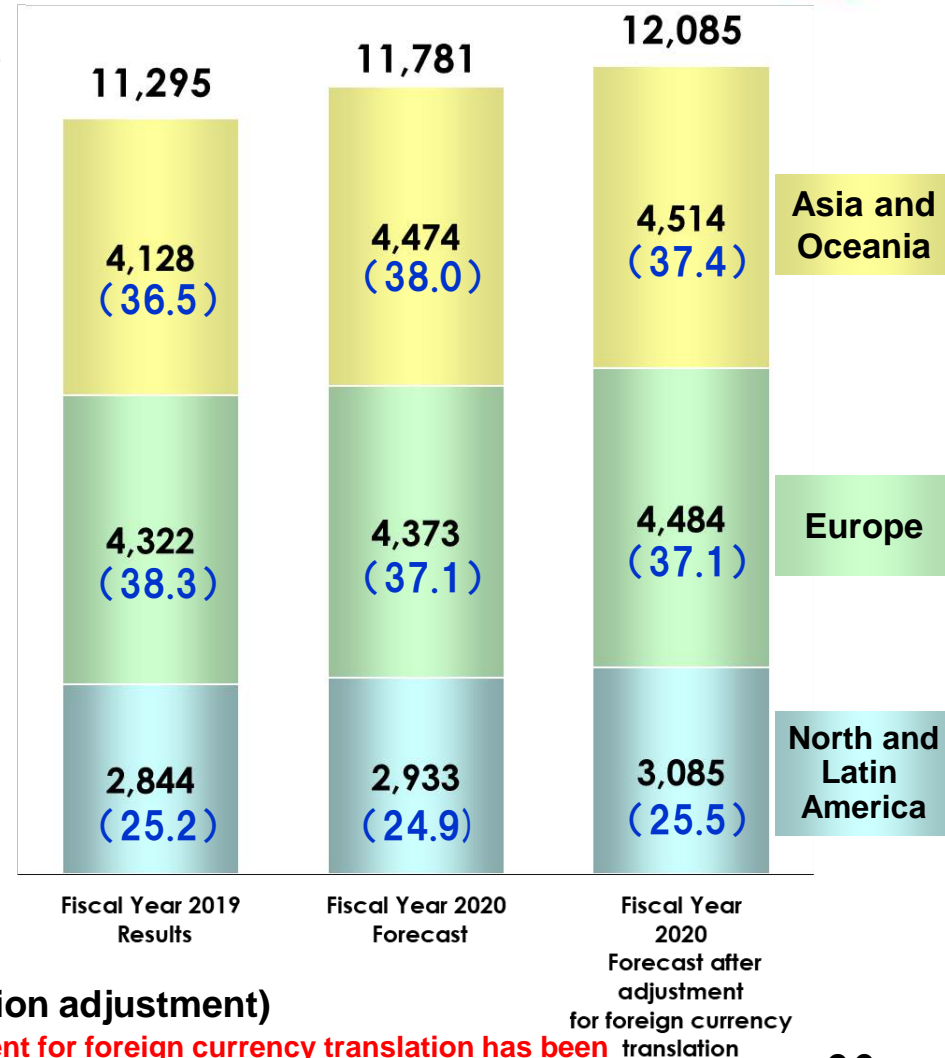
Foreign exchange rates

- USD1=JPY105.00
(JPY110.69 in the previous fiscal year)
(Effect: -152 million yen)
- EUR1=JPY125.00
(JPY128.43 in the previous fiscal year)
(Effect: -111 million yen)
- RMB1=JPY16.50
(JPY16.69 in the previous fiscal year)
(Effect: -28 million yen)

(Dental business) Overseas sales ratio

46.7% (46.6% in the previous fiscal year)
(47.4% after foreign currency translation adjustment)

* The fiscal March 2019 forecast after adjustment for foreign currency translation has been calculated based on the same foreign exchange rates used for the fiscal March 2019 results.



Performance by Segment (Net Sales and Operating Income)

Forecast of Consolidated Business Performance for
Fiscal Year Ending March 31, 2020



Unit: millions of yen. Figures in parentheses represent
percentage of sales and percentage changes (unit: %)

		Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)	Change from Previous Period
		Amount (% of sales)	Amount (% of sales)	
Dental	Net Sales	22,446	23,669	1,222
	Operating expenses	20,648	21,695	1,046
	Operating income (operating income margin)	1,797 (8.0)	1,973 (8.3)	176
Nail care	Net Sales	2,372	2,408	35
	Operating expenses	2,378	2,344	-33
	Operating income (operating income margin)	-5 (-0.2)	63 (2.6)	69
Other	Net Sales	104	112	8
	Operating expenses	87	93	5
	Operating income (operating income margin)	16 (15.6)	19 (17.1)	3
Total before consolidation adjustment	Net Sales	24,923	26,190	1,266
	Operating expenses	23,115	24,133	1,018
	Operating income (operating income margin)	1,807 (7.3)	2,056 (7.9)	248
Consolidated	Net Sales	24,915	26,190	1,274
	Operating expenses	23,101	24,133	1,032
	Operating income (operating income margin)	1,814 (7.3)	2,056 (7.9)	242

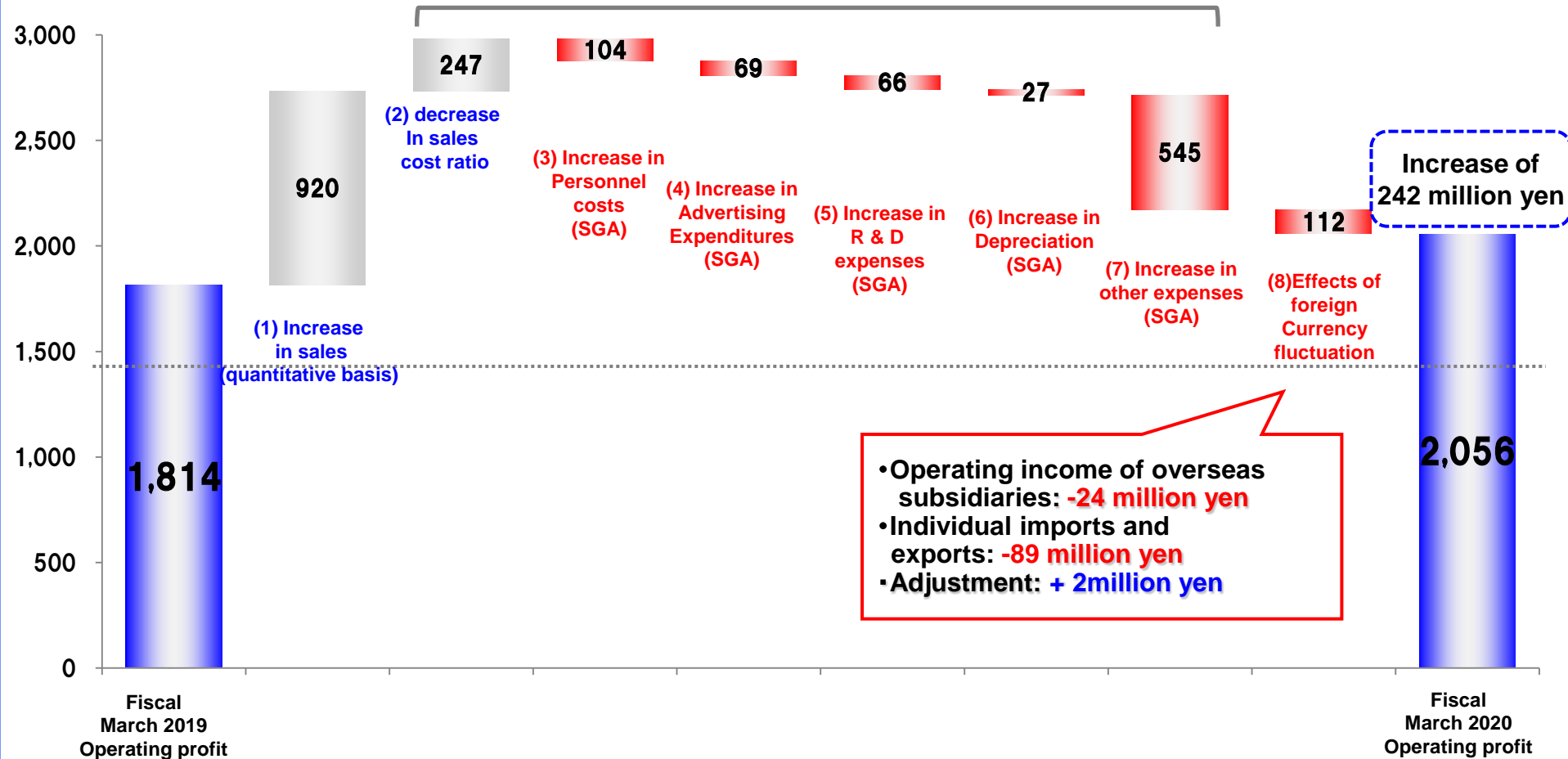
Contributors to Change in Operating Income

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Unit: millions of yen

Total SGA -811 million yen



* The figures in items (1) to (7) do not incorporate the effects of foreign currency fluctuations.

Impact of Foreign Exchange Fluctuations

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Forecast for Fiscal March 2020

(Unit: millions of yen)

	Foreign exchange rate		Impact on consolidated business performance		Per yen of yen strength	
	Fiscal March 2019 actual	Fiscal March 2020 estimate	Sales	Operating income	Sales	Operating income
US Dollar	110.69	105.00	-186	-88	-32	-14
Euro	128.43	125.00	-110	-31	-32	-6
GBP	145.68	145.00	-2	0	-3	0
RMB	16.69	16.50	-28	-10	-148	-84

• The foreign exchange rates given are those in effect at the average of each term;

SHOFU INC. conversions of items in the financial statements of overseas subsidiaries all use average rates. 23

Trends for Sales Ratio of New Products

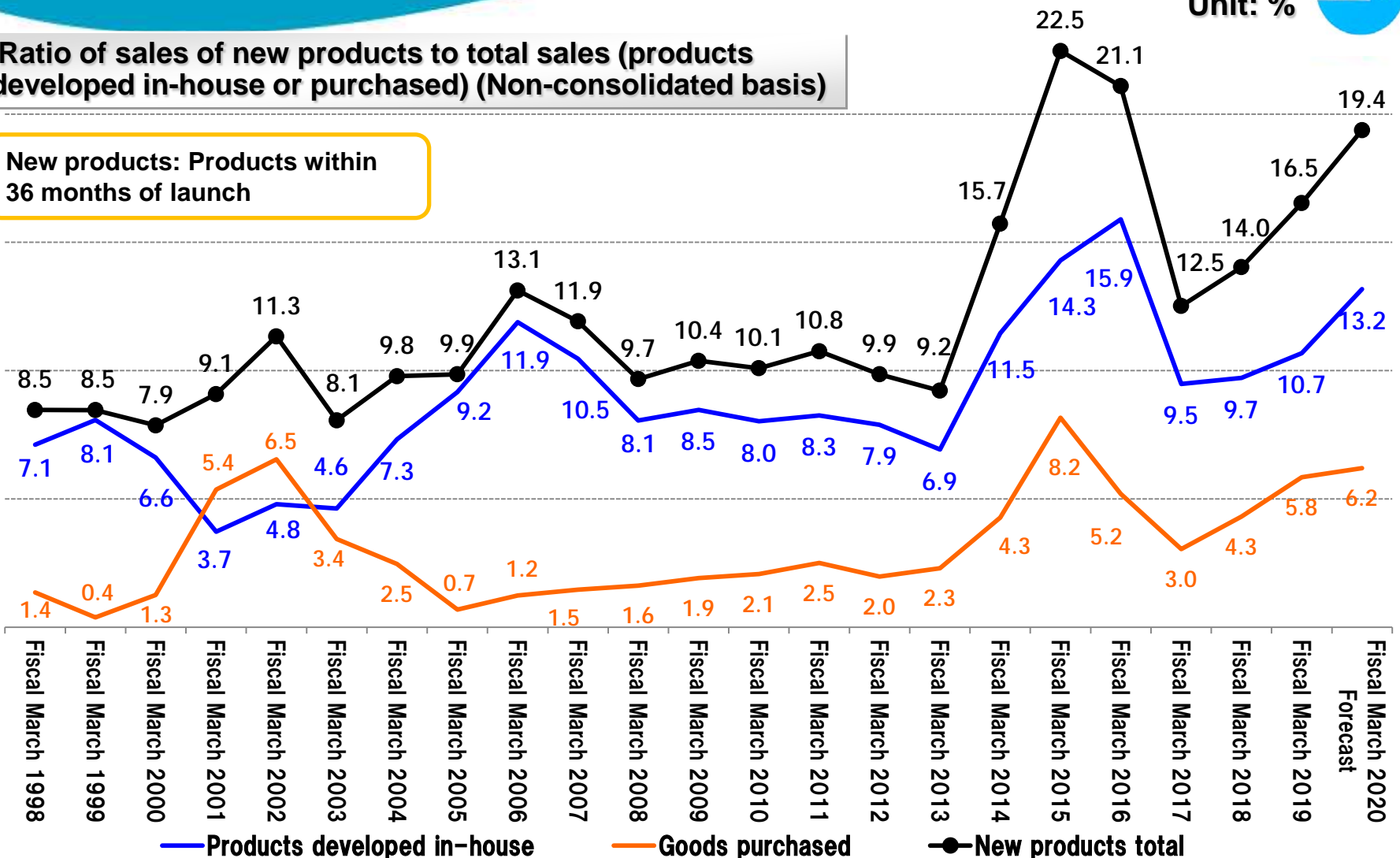
Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



Unit: %

Ratio of sales of new products to total sales (products developed in-house or purchased) (Non-consolidated basis)

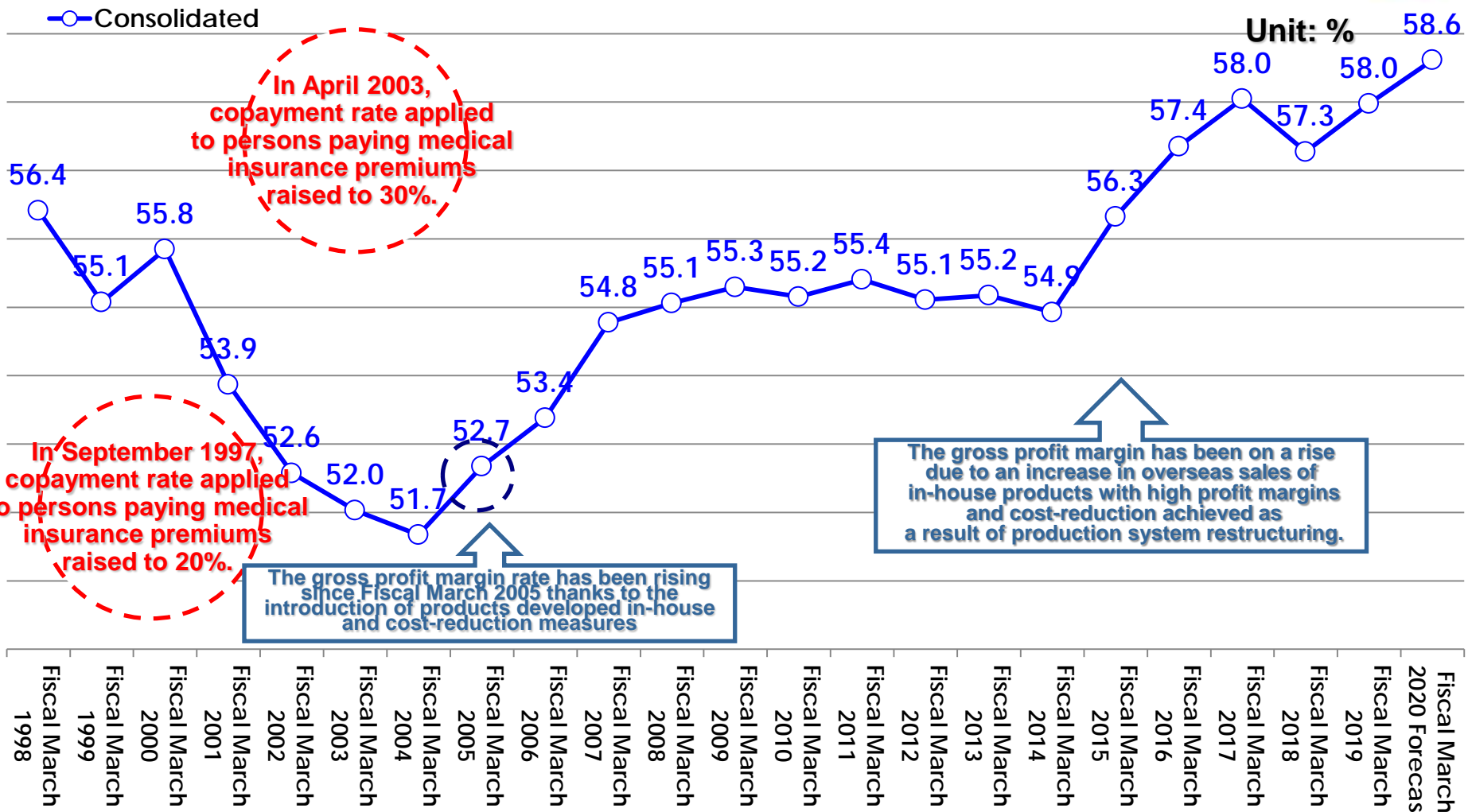
New products: Products within 36 months of launch



* Major goods purchased: Johnson & Johnson products, EMS ultrasonic scalers and root canal treatment equipment (reamers/files)

Trends for Gross Profit Margin Rates

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020

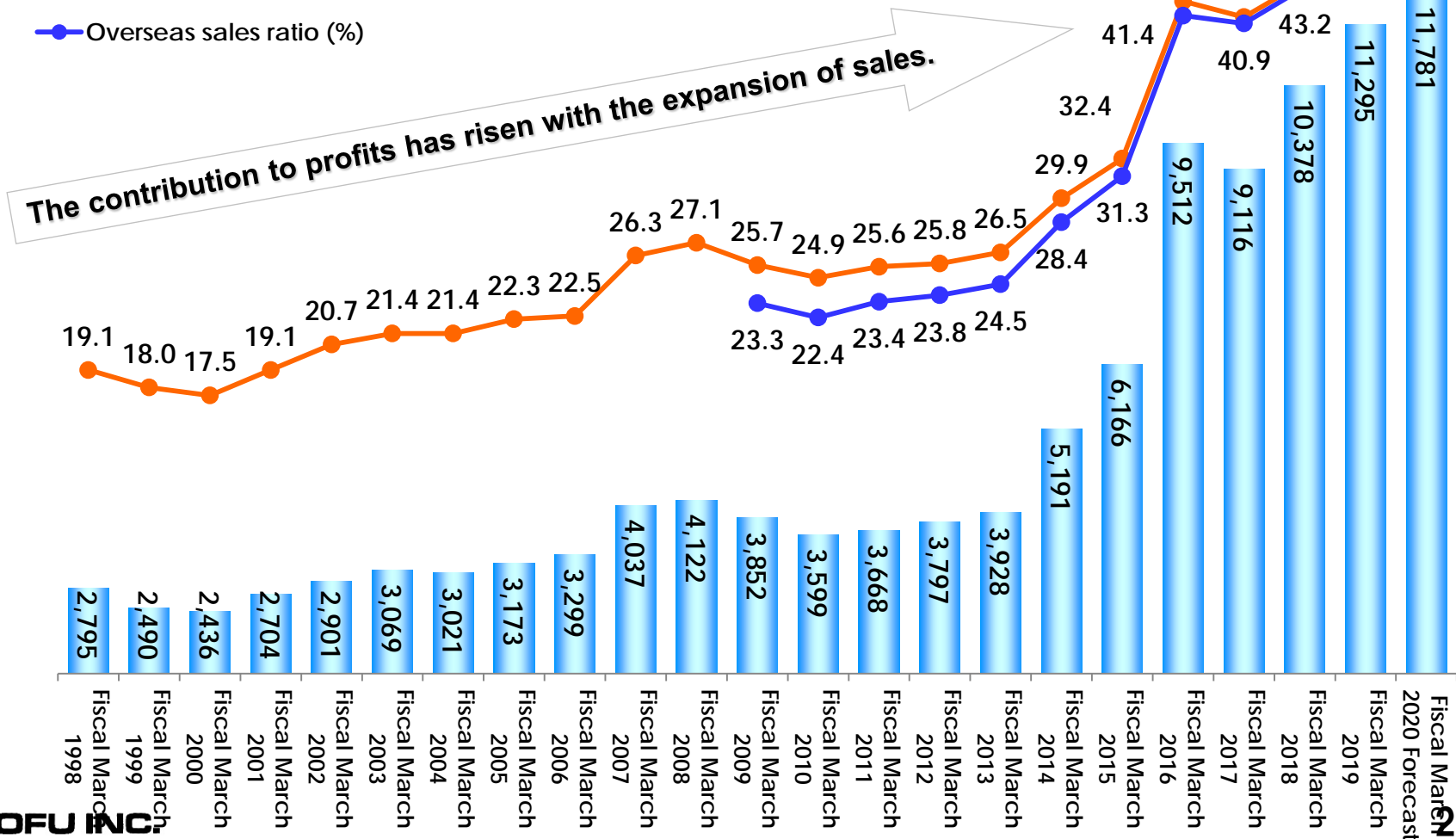


Trends for Overseas Sales and Overseas Sales Ratios

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2020



- Overseas sales (millions of yen)
- Dental business overseas sales ratio (%)
- Overseas sales ratio (%)



A faint, stylized world map is visible in the background, showing the outlines of continents in a light gray color.

**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2019**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2020**

**Future Business Environment and
Medium- and Long-term Business Strategies**

Domestic dental market

- Rising demand in aesthetic and preventive fields
- Decrease in population and occurrence of cavities
- Maintenance of a certain market scale
- Significant growth is unlikely

Overseas dental market

- Existence of enormous market centered on developed nations
- Economic growth and rising living standards in regions worldwide, particularly developing nations
- Demand for dental care increasing dramatically

Vision for our company: Medium-to Long-term Basic Policy

⇒ Future Business Environment and Medium- and Long-term Business Strategies



Strive to expand the overseas business by dramatically shifting the allocation of management resources to overseas markets.

Company-wide targets

- **Group net sales: 50 billion yen**
<Domestic sales: 17 billion yen;
overseas sales: 33 billion yen>
- **Group operating income: 7.5 billion yen**
(Operating profit margin: 15%)

Pursue globalization in every department, function (R&D, production, and sales), personnel, and by extension the company's overall management.

Fiscal 2018 to 2020 Medium-term Management Plan : Company-wide targets

➔ Future Business Environment and Medium- and Long-term Business Strategies



Company-wide targets for fiscal March 2021

- **Group net sales: 29.2 billion yen**
 <Domestic sales:13.5billion yen; overseas sales:12.2 billion yen; Nail care business sales:3.3 billion yen>
 <Overseas sales ratio in the dental business : 50%>
- **Group operating income: 2.34 billion yen**
 (Operating profit margin: 8.0%)
- **ROE* 6.0%**

Key issues in order to achieve goals

R&D	✓ Development and introduction of new products that match the local demands	Promotion of M&As (business tie-ups, technology partnerships, business acquisitions)
Production	✓ Relocation of production base and expansion of offshore production	
Sales	✓ Improvement of our sales network / Realignment of sales offices ✓ Establishment of domestic and international academic networks	
HR	✓ Development of human resources and securing the skilled employees	

Specific Efforts – Research and Development

➤ Future Business Environment and Medium- and Long-term Business Strategies



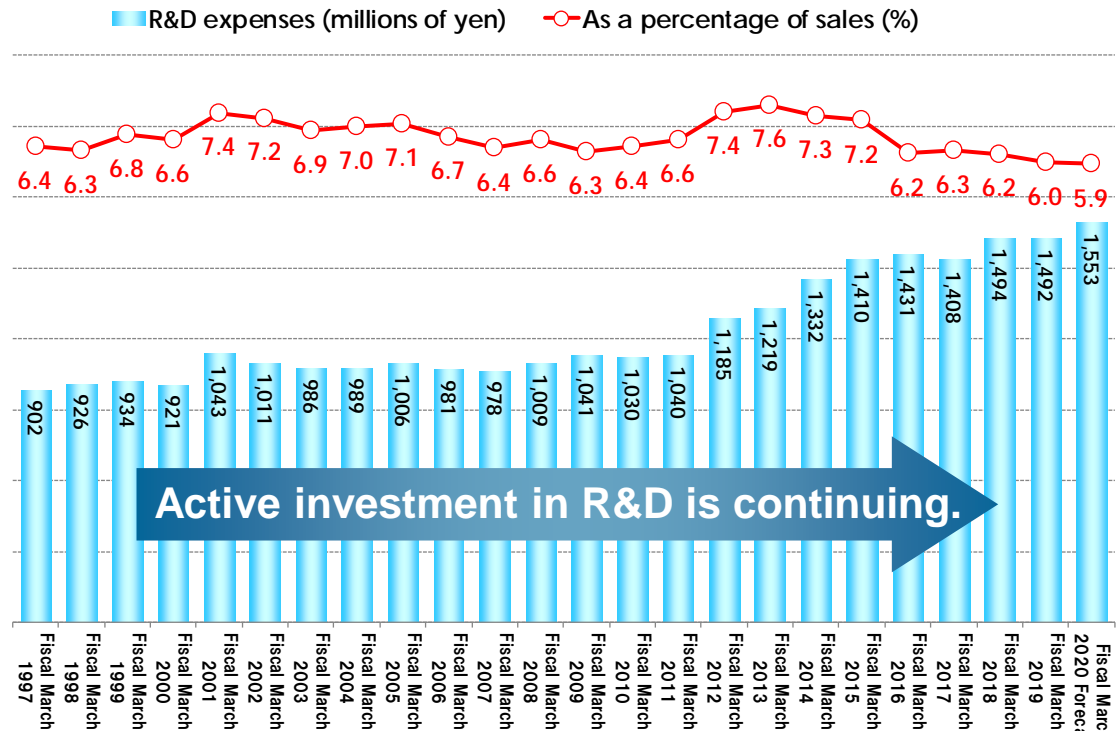
Development and introduction of new products that match the local demands

➤ Developing products with a worldwide vision

➤ Developing new products for regions' middle-class and high-volume segments

➤ Developing products with the goal of creating markets in new fields

Trend in R&D investment





✧ Relocation of production base and expansion of offshore production

Further expand the market share of our time-honored specialties such as artificial teeth and abrasives by enhancing price competitiveness and reducing costs.

⇒ Effectively utilizing existing domestic factories

Domestic manufacturing Group companies



Shiga Shofu (Shiga)



Shofu products kyoto (Kyoto)



Nail Labo (Saitama)

Principal issues and purpose of repositioning of production

- 1) limited productions capacity of SHOFU Headquarters
- 2) high production costs in Japan
- 3) currency fluctuations
- 4) high shipping costs for hazardous and heavy goods
- 5) better delivery service to users
- 6) high tariff

⇒ Expanding overseas production

Overseas manufacturing Group companies



Shanghai Shofu Dental Materials Co., Ltd. (China)



Advanced Healthcare Ltd. (UK)



Merz Dental GmbH (Germany)

Specific Efforts – Production



✧ Relocation of production base and expansion of offshore production

Split up Promech's dental business to Shoken

Nail Labo absorbed Promech

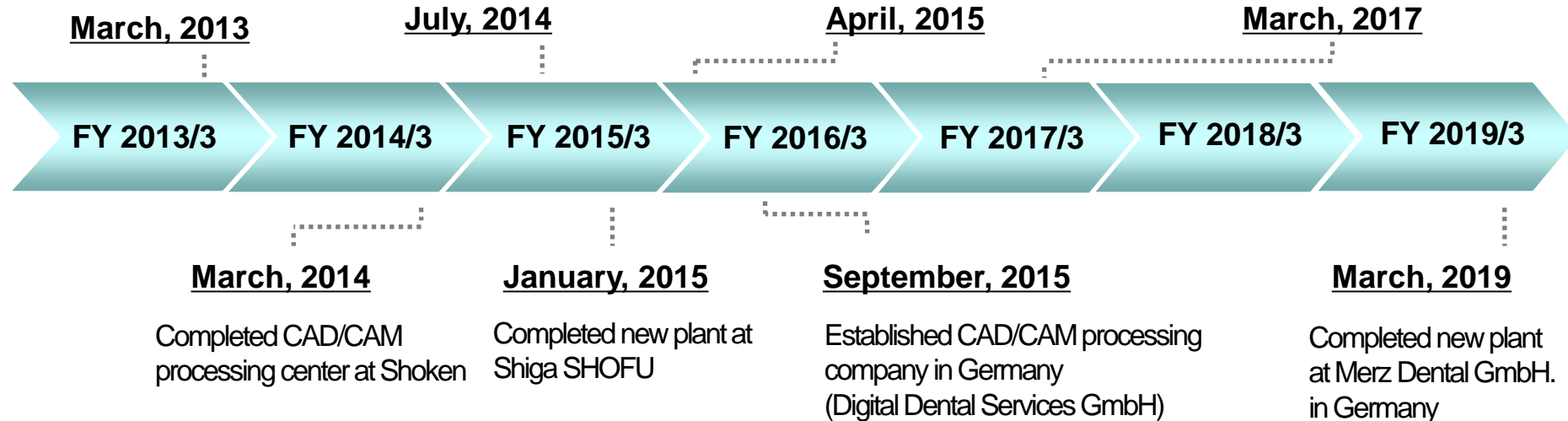
Aimed for stabilization of management base and business efficiency

Relocation and expansion of Shoken
Changed the company name to SHOFU PRODUCTS KYOTO INC.

Subsidiarization of Merz Dental GmbH, a German artificial teeth Manufacturer

New production base in Europe

Completed new plant in the SHOFU headquarters



Specific Efforts – Sales

➤ Future Business Environment and Medium- and Long-term Business Strategies



✧ Improvement of our sales network

- Develop a network of overseas distributors.

✧ Realignment of sales offices

- Establish new overseas sales bases.

✧ Establishment of domestic and international academic networks

- Build an organization that can advertise the company's products and services directly to users.
- Enhance and expand MDR* activities.
*Medical dental representative



➤ **Improve our customer service**

➤ **Enhance academic activities**

➤ **Speed up the product registration work**

[Overseas sales Group companies]



Shofu Dental Corporation (U.S.A.)



Shofu Dental GMBH (Germany)



Shofu Dental Trading (Shanghai) Co., Ltd., (China)



Shofu Dental Asia-Pacific PTE (Singapore)



Merz Dental GmbH.(Germany)

[Other overseas bases]

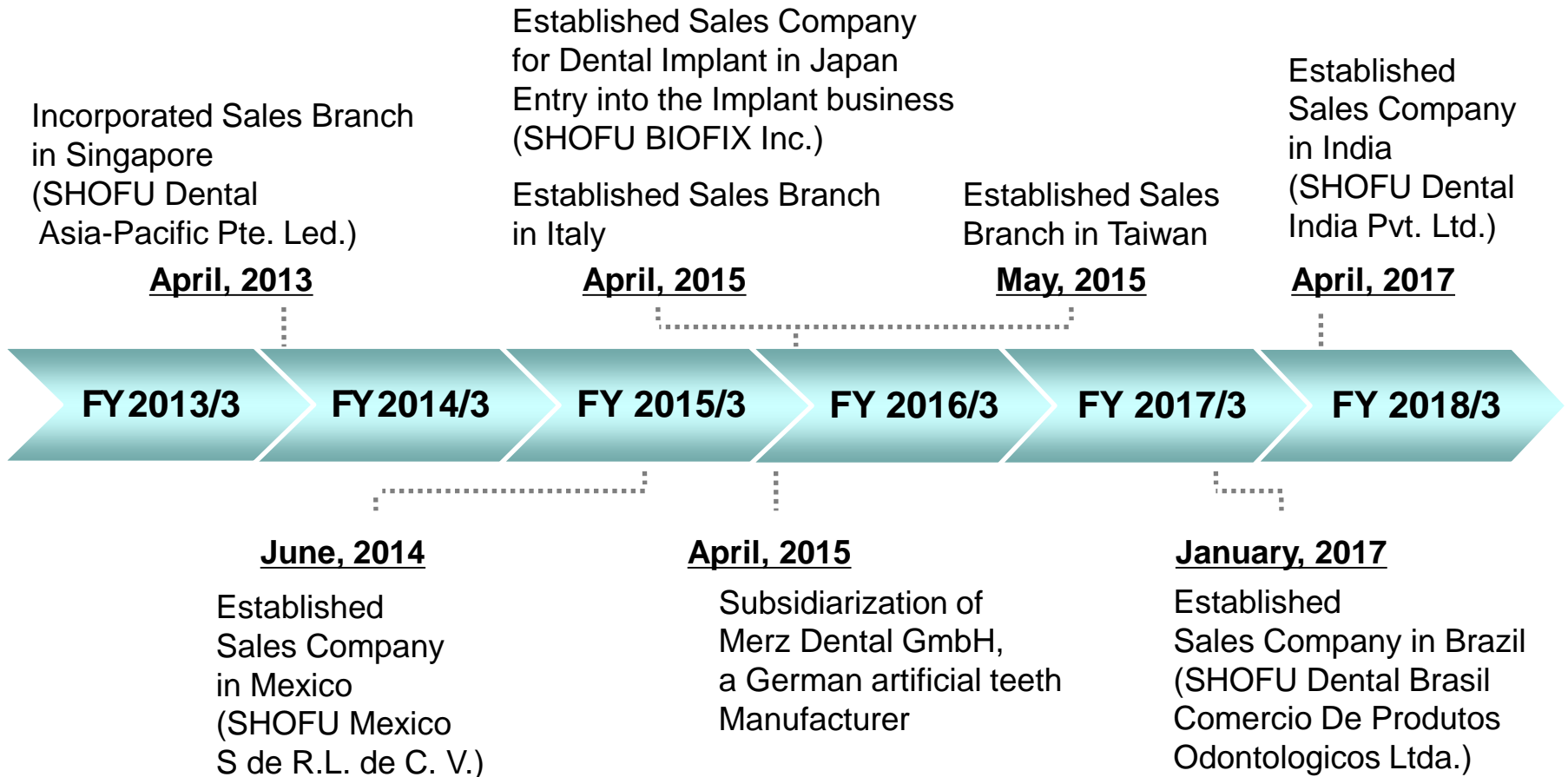
Sales company: Mexico, Brazil, India
Sales base : England, Taiwan, Italy

Specific Efforts – Sales

Future Business Environment and Medium- and Long-term Business Strategies



✧ Realignment of sales offices



* We are planning to establish sales bases in other important countries / regions.

Specific Efforts – Nail Care Business

⇒ Future Business Environment and Medium- and Long-term Business Strategies



■ Basic Policy

- ✧ Work to expand the nail care business by taking advantage of the R&D and production engineering capabilities the company has developed in the dental materials business.
- ✧ Ensuring profitability by improvement of in-house products ratio
- ✧ Expanding sales channels in overseas markets
 - U.S., Europe, Taiwan, South Korea, China



■ Specific Efforts

- ✧ Capturing share in the LED gel market with improved Presto
- ✧ Improving competitiveness and profitability by integrating operations from product planning to sales
- ✧ Released self nail gel nail “by Nail Labo” (August 2014)
- ✧ Established joint venture in Taiwan (December 2014), began operation in January 2015
- ✧ Launched new “ageha Gel” brand of gel nail products for nail salons



Trends for Sales by Region

– North and Latin America, Europe

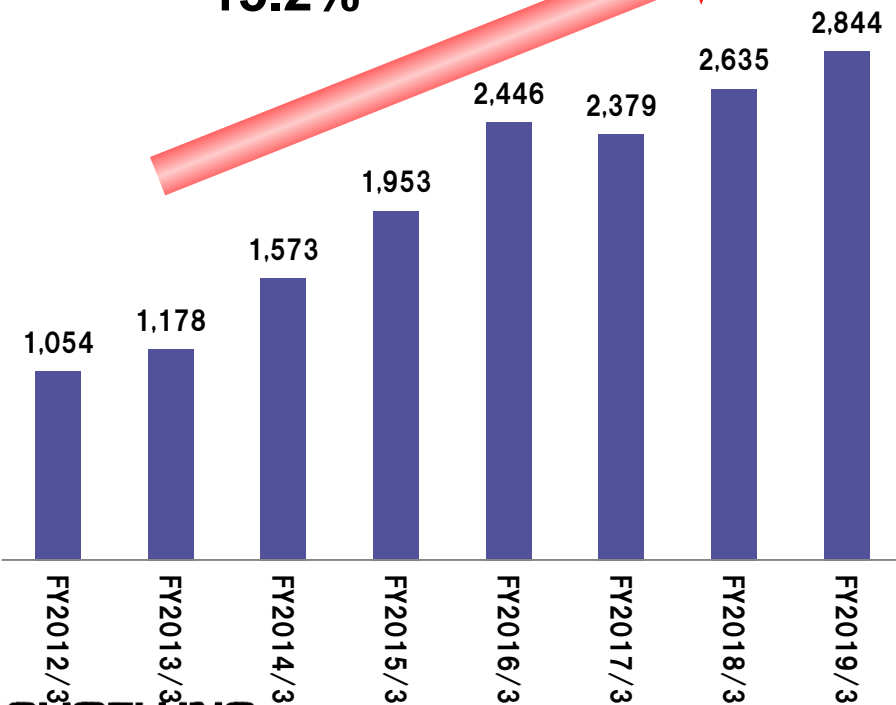
Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

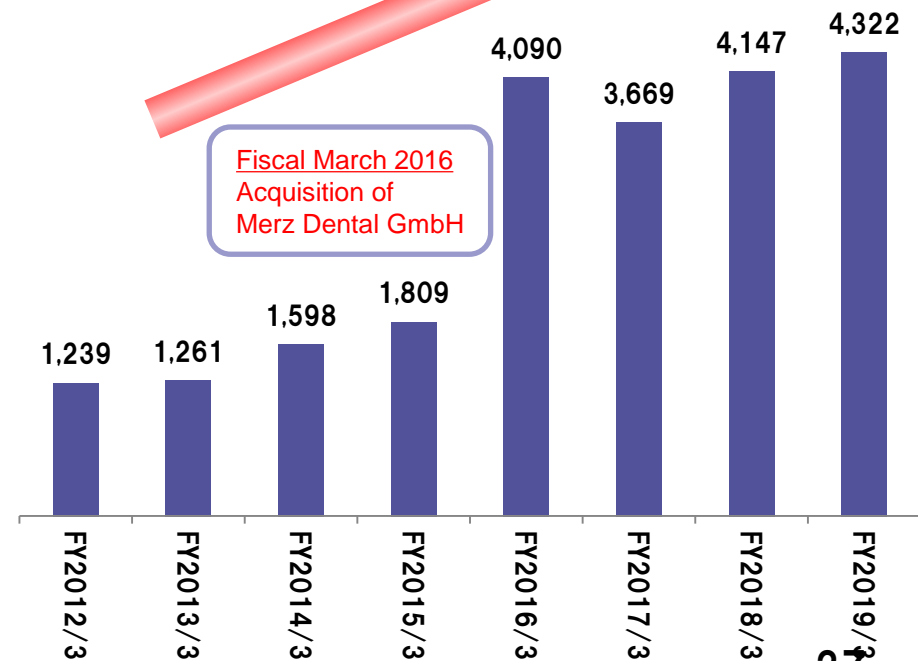
North & Latin America Sales

CAGR
15.2%



Europe Sales

CAGR
19.5%



Trends for Sales by Region — China, Elsewhere in Asia

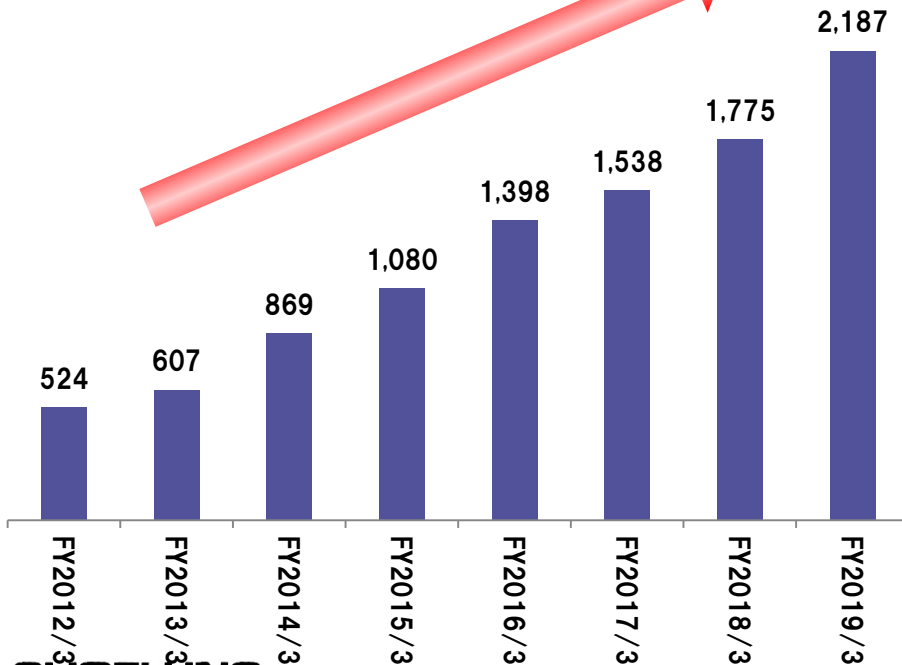
Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

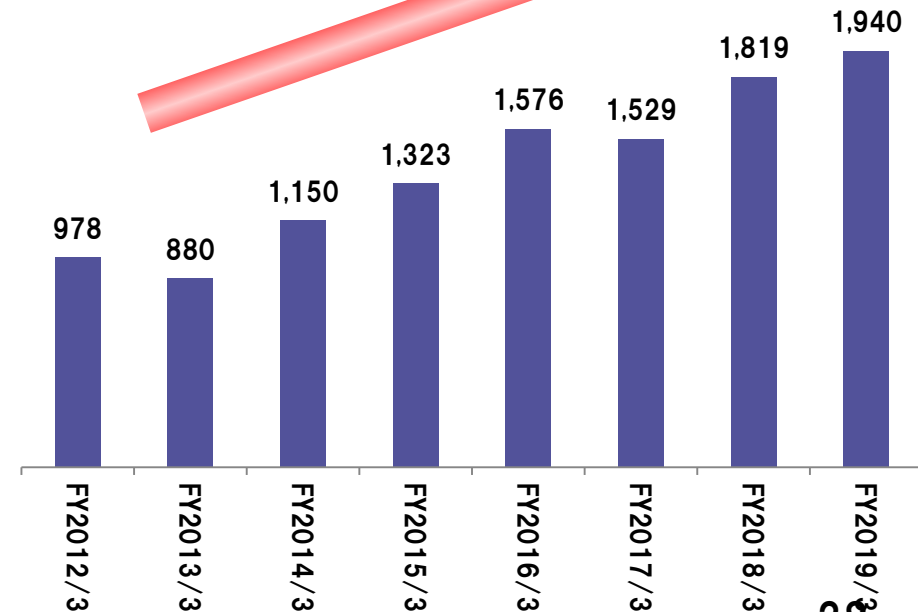
China Sales

CAGR
22.6%



Elsewhere in Asia Sales

CAGR
10.3%



Medium-term Management Plan – Principle Targets

Future Business Environment and Medium- and Long-term Business Strategies



★...Record

Unit: millions of yen

	Fiscal March 2018 (Results)	Mid-term Management Plan			Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)
		Fiscal March 2019	Fiscal March 2020	Fiscal March 2021		
Net sales	★ 24,031	★ 25,725	★ 27,419	★ 29,264	★ 24,915	★ 26,190
(Change from Previous Period)	(7.7%)	(7.1%)	(6.6%)	(6.7%)	(3.7%)	(5.1%)
(Domestic sales)	★ 13,652	★ 14,453	★ 15,085	★ 15,700	13,619	★ 14,408
(Change from Previous Period)	(3.5%)	(5.9%)	(4.4%)	(4.1%)	(-0.2%)	(5.8%)
(Overseas sales)	★ 10,378	★ 11,271	★ 12,333	★ 13,563	★ 11,295	★ 11,781
(Change from Previous Period)	(13.8%)	(8.6%)	(9.4%)	(10.0%)	(8.8%)	(4.3%)
Operating income	1,497	1,737	★ 2,056	★ 2,341	1,814	★ 2,056
(Percentage of sales)	(6.2%)	(6.8%)	(7.5%)	(8.0%)	(7.3%)	(7.9%)
Ordinary income	1,565	1,630	★ 1,946	★ 2,234	1,709	★ 1,941
(Percentage of sales)	(6.5%)	(6.3%)	(7.1%)	(7.6%)	(6.9%)	(7.4%)
Net income	877	★ 1,109	★ 1,370	★ 1,596	★ 1,201	★ 1,377
(Percentage of sales)	(3.7%)	(4.3%)	(5.0%)	(5.5%)	(4.8%)	(5.3%)
Dental business Overseas sales ratio	★ 43.5%	★ 44.6%	★ 46.0%	★ 47.6%	★ 46.6%	★ 46.7%

* “Net income” figures are figures for “Net income attributable to owners of parent” after the application of the Accounting Standard for Business Combinations, etc.

Medium-term Management Plan by Segment (Sales and Operating Income)

Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

	Fiscal March 2018 (Results)		Mid-Term Management Plan						Fiscal March 2019 (Results)		Fiscal March 2020 (Forecast)	
			Fiscal March 2019		Fiscal March 2020		Fiscal March 2021					
	Amout	%	Amout	%	Amout	%	Amout	%	Amout	%	Amout	%
Dental business	21,447	89.2	22,800	88.6	24,227	88.4	25,787	88.1	22,446	90.1	23,669	90.4
Nail care business	2,486	10.3	2,806	10.9	3,068	11.2	3,343	11.4	2,372	9.5	2,408	9.2
Other businesses	105	0.4	117	0.5	123	0.5	133	0.5	104	0.4	112	0.4
Net sales	24,038	100.0	25,725	100.0	27,419	100.0	29,264	100.0	24,923	100.0	26,190	100.0

Dental business	1,410	6.6	1,575	6.9	1,867	7.7	2,070	8.0	1,797	8.0	1,973	8.3
Nail care business	63	2.5	145	5.2	169	5.5	243	7.3	-5	-0.2	63	2.6
Other businesses	17	16.8	16	13.7	18	15.3	27	20.5	16	15.6	19	17.1
Operating income	1,491	6.2	1,737	6.8	2,056	7.5	2,341	8.0	1,807	7.3	2,056	7.9

- The foreign exchange rates given are those in effect at the average of each term; conversions of items in the financial statements of overseas subsidiaries all use average rates.

Medium-term Management Plan

Capital Investments, Depreciation Expenses, R&D Expenses

➔ Future Business Environment and Medium- and Long-term Business Strategies



Unit: millions of yen

	Fiscal March 2018 (Results)	Mid-Term Management Plan			Fiscal March 2019 (Results)	Fiscal March 2020 (Forecast)
		Fiscal March 2019	Fiscal March 2020	Fiscal March 2021		
Capital investment	710	1,080	967	967	1,403	1,598
Depreciation expenses	975	1,003	1,003	1,003	893	1,026
(of which goodwill amortization)	108	108	108	108	84	82
R&D expenses	1,494	1,572	1,596	1,604	1,492	1,553

- The foreign exchange rates given are those in effect at the average of each term; conversions of items in the financial statements of overseas subsidiaries all use average rates.

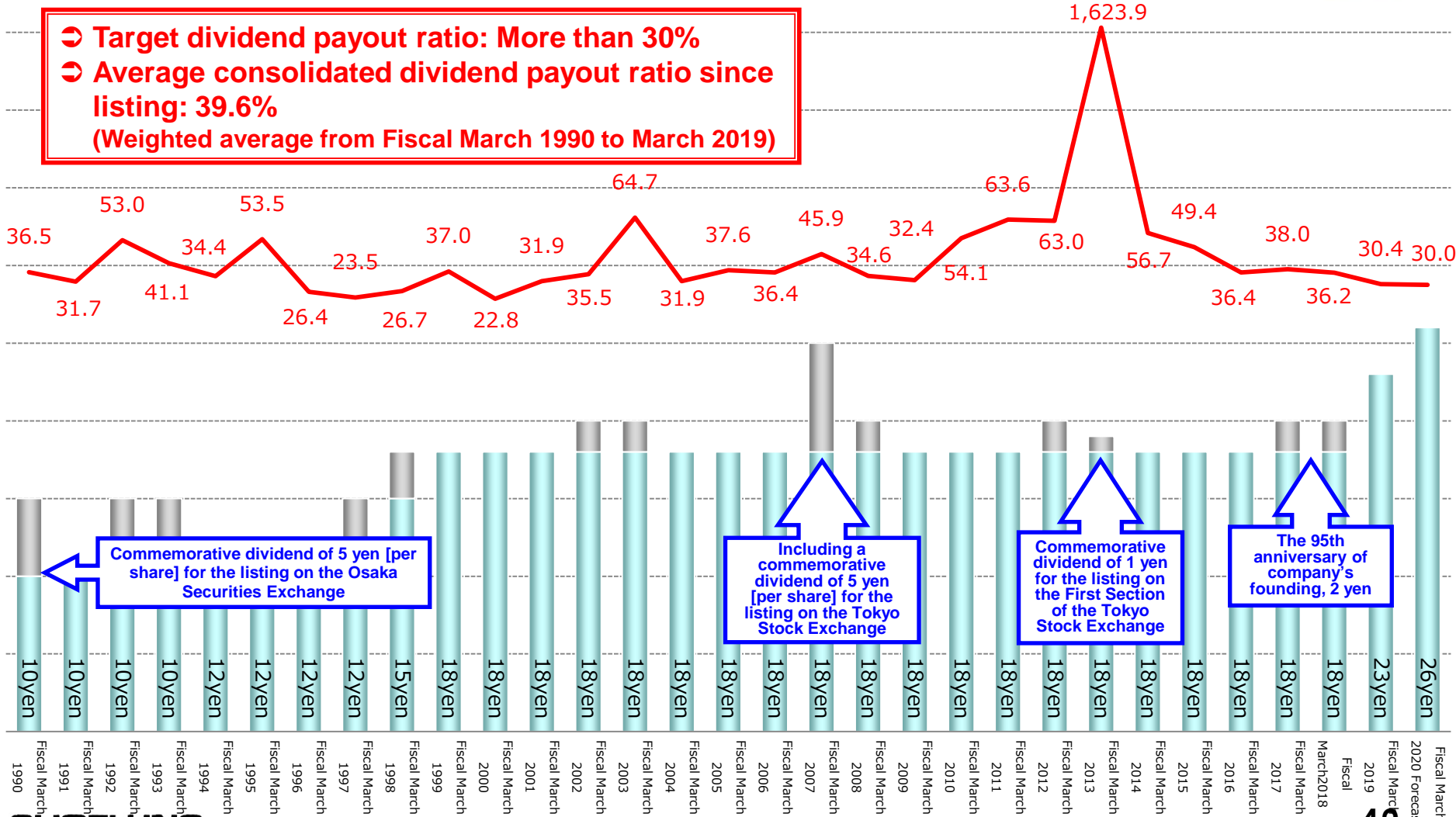
*Capital investment, depreciation expenses and R&D expenses above are recorded only for those realized at this moment. Profit plan includes certain strategy investment expenses.

Dividend Policy



Ordinary dividend
 Commemorative dividend
 Consolidated dividend payout ratio

➤ Target dividend payout ratio: More than 30%
 ➤ Average consolidated dividend payout ratio since listing: 39.6%
 (Weighted average from Fiscal March 1990 to March 2019)



Commemorative dividend of 5 yen [per share] for the listing on the Osaka Securities Exchange

Including a commemorative dividend of 5 yen [per share] for the listing on the Tokyo Stock Exchange

Commemorative dividend of 1 yen for the listing on the First Section of the Tokyo Stock Exchange

The 95th anniversary of company's founding, 2 yen

Forecasts in this document are based on information and data available at the time of release as well as on assumptions concerning uncertain factors that might affect the company's future business performance. Depending on various factors, actual business performance could differ substantially from the forecasts contained in this document.

SHOFU INC.

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E-mail: ir@shofu.co.jp

Contact: Corporate Planning Department



**The pages below are provided only for your reference.
The information on these pages will not be covered in the
financial analysis meeting.**

SHOFU and Its Operations (Summary of the Company Profile and Its Businesses)



■ Company name	SHOFU Inc.	(As of March 31, 2019)
■ Representative	Noriyuki Negoro, President and CEO	
■ Address	11 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto 605-0983, Japan	
■ Date of establishment	May 15, 1922	
■ Capital	4,474,646,614 yen	
■ Listed exchanges	First Section of Tokyo Stock Exchange	
■ Number of employees	439 (entire group: 1168, including 561 in overseas subsidiaries)	
■ Business	Manufacture and sale of dental materials and equipment	
■ Main customers	Dental institutions (via sales agencies)	
■ Number of group companies	17 (four in Japan, thirteen overseas) Dental companies: 14 (three in Japan, eleven overseas) Nail care companies: 3 (one in Japan, two overseas)	



The company manufactures and markets a wide range of dental materials and equipment.

Artificial teeth products

Artificial tooth and implant materials

- Porcelain teeth, porcelain powder, resin teeth



Chemical products

Materials for use in a variety of applications, including implants, diseased area fillings, gums for artificial teeth, etc.

- Synthetic resins
- Impression materials
- Waxes



Abrasives products

Materials for removing diseased areas and polishing crowns

- Diamond abrasive
- Carborundum abrasive
- Silicon polisher
- Other carving and polishing materials
- **Industrial grinding and polishing materials**



Cement products ,other

Materials for use in the adhesion of implants, fillings, etc.

- Dental cements
- Dental stones and investments



Metal products

Materials for use as dental crowns and as the base for implants

- Alloys for casting, silver alloys
- Other metals



Machinery ,equipment & other products

Equipment and appliances for dental treatment and procedures

- Dental equipment
- Products for oral care and infection prevention
- Orthodontic materials
- **Health and beauty equipment**
- Other equipment and appliances



The company's products are designed for use in dental care and treatment.

Please refer to "Product Profiles" attached to this document.



• 1922	Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
• 1963	Shofu shares listed on the over-the-counter market.
• 1971~ 1978	Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established Shiga Shofu Inc. as a manufacturing facility for resin teeth.
• 1983	Changed the company name to SHOFU Inc. Commenced management reforms.
• 1989	Shofu's shares listed on the Second Section of the Osaka Securities Exchange (in November).
• 1990~ 1997	Purchased a British research & development and manufacturing company. Founded a sales subsidiary in the U.K. Obtained the UK GMP (Good Manufacturing Practice) Certificate. Obtained a CE marking certificate.
• 1996	Founded Promech Inc. Established Liaison Office in Shanghai, China.
• 1997	Established the industry's largest research facility as a part of a project to commemorate Shofu's 75th anniversary.
• 2002~ 2003	Celebrated the 80th anniversary of its founding. Established Liaison Office in Beijing, China. Obtained ISO 14001 (Environmental Management System) certification (both for the headquarters and all group companies). Established Shanghai Shofu Dental Materials Co., Ltd., a production facility in China.
• 2005	Acquired Shoken Inc. as a wholly owned subsidiary through a share exchange. Established Shofu Dental Supplies (Shanghai) Co., Ltd., a sales facility in China.

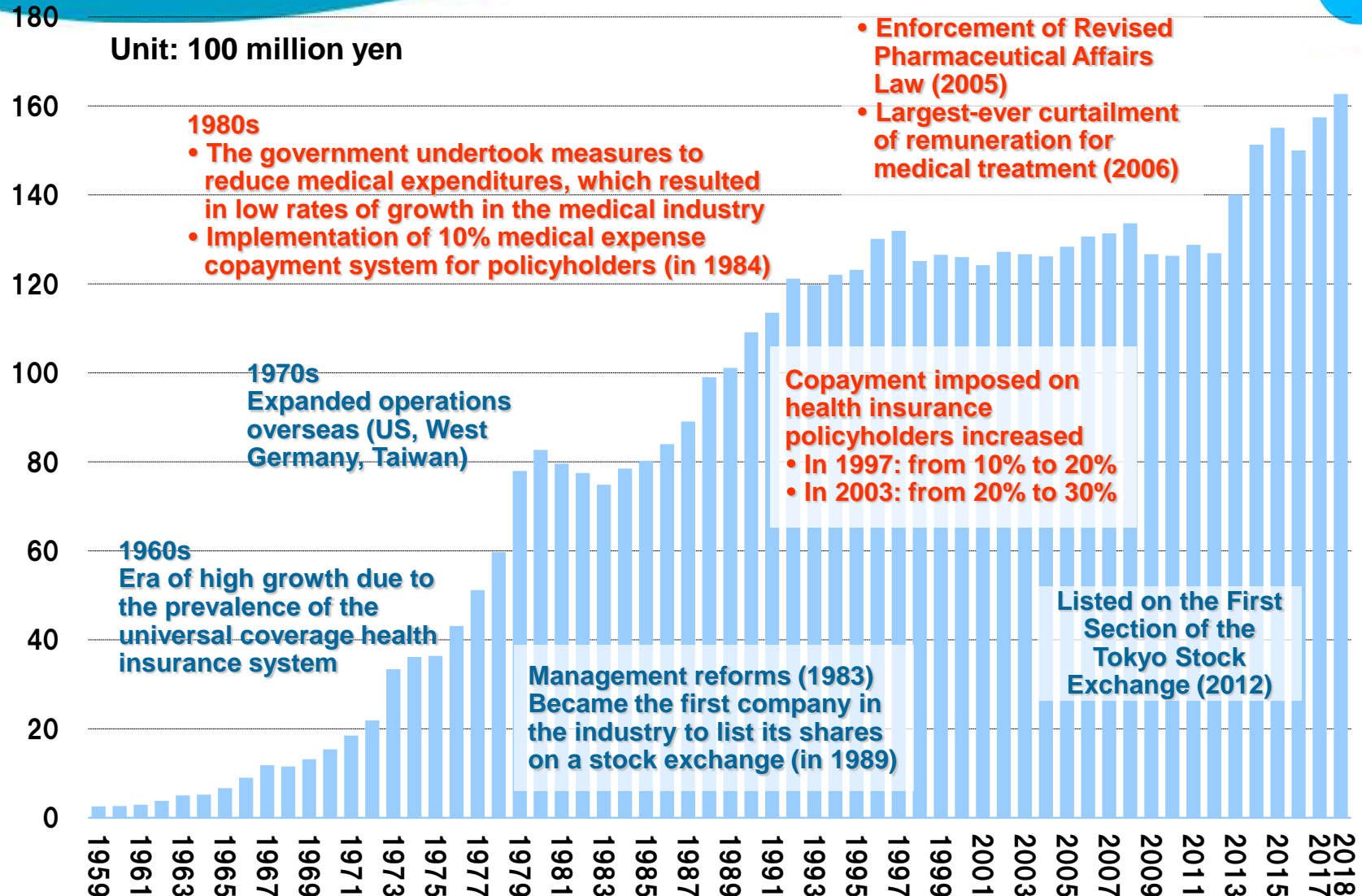


- 2006 Training Center designed to promote customers service completed (in August).
- 2007 Celebrated the 85th anniversary of its founding. Shofu's shares listed on the Second Section of the Tokyo Stock Exchange (in February).
- 2008 Acquired and turned Nail Labo Co., Ltd. into a subsidiary.
Acquired 1.6 million of the company's own shares in accordance with the purchase of the company's own shares scheme in the J-NET market of the Osaka Securities Exchange.
- 2009 Reached basic agreement concerning business and capital partnership with Mitsui Chemicals, Inc., and Sunmedical Co., Ltd.
Transferred 1.8 million shares of treasury stock to Mitsui Chemicals, Inc., through a third-party allocation.
- 2010 Shofu Dental Trading (Shanghai) Co., Ltd., is established in China.
- 2012 Celebrated the 90th anniversary of its founding. Listed on the First Section of the Tokyo Stock Exchange.
- 2013 Promech Inc. is split up, with Shoken Inc. taking over its dental businesses and Nail Labo Co., Ltd., absorbing the company and its remaining operations.
The Singapore Sales Office is incorporated as the local corporation SHOFU Dental ASIA-Pacific Pte.Ltd.
- 2014 Established joint venture in Taiwan between Nail Labo Co., Ltd. and a local sales distributor.
- 2015 Acquired shares and made Merz Dental GmbH. a subsidiary.
Established SHOFU BIOFIX INC.
- 2017 Established a subsidiary in Brazil
Established a subsidiary in India
- 2019 New plant for Merz Dental GmbH. completed

Corporate History - Sales



Unit: 100 million yen



1980s

- The government undertook measures to reduce medical expenditures, which resulted in low rates of growth in the medical industry
- Implementation of 10% medical expense copayment system for policyholders (in 1984)

- Enforcement of Revised Pharmaceutical Affairs Law (2005)
- Largest-ever curtailment of remuneration for medical treatment (2006)

1970s
Expanded operations overseas (US, West Germany, Taiwan)

Copayment imposed on health insurance policyholders increased

- In 1997: from 10% to 20%
- In 2003: from 20% to 30%

1960s
Era of high growth due to the prevalence of the universal coverage health insurance system

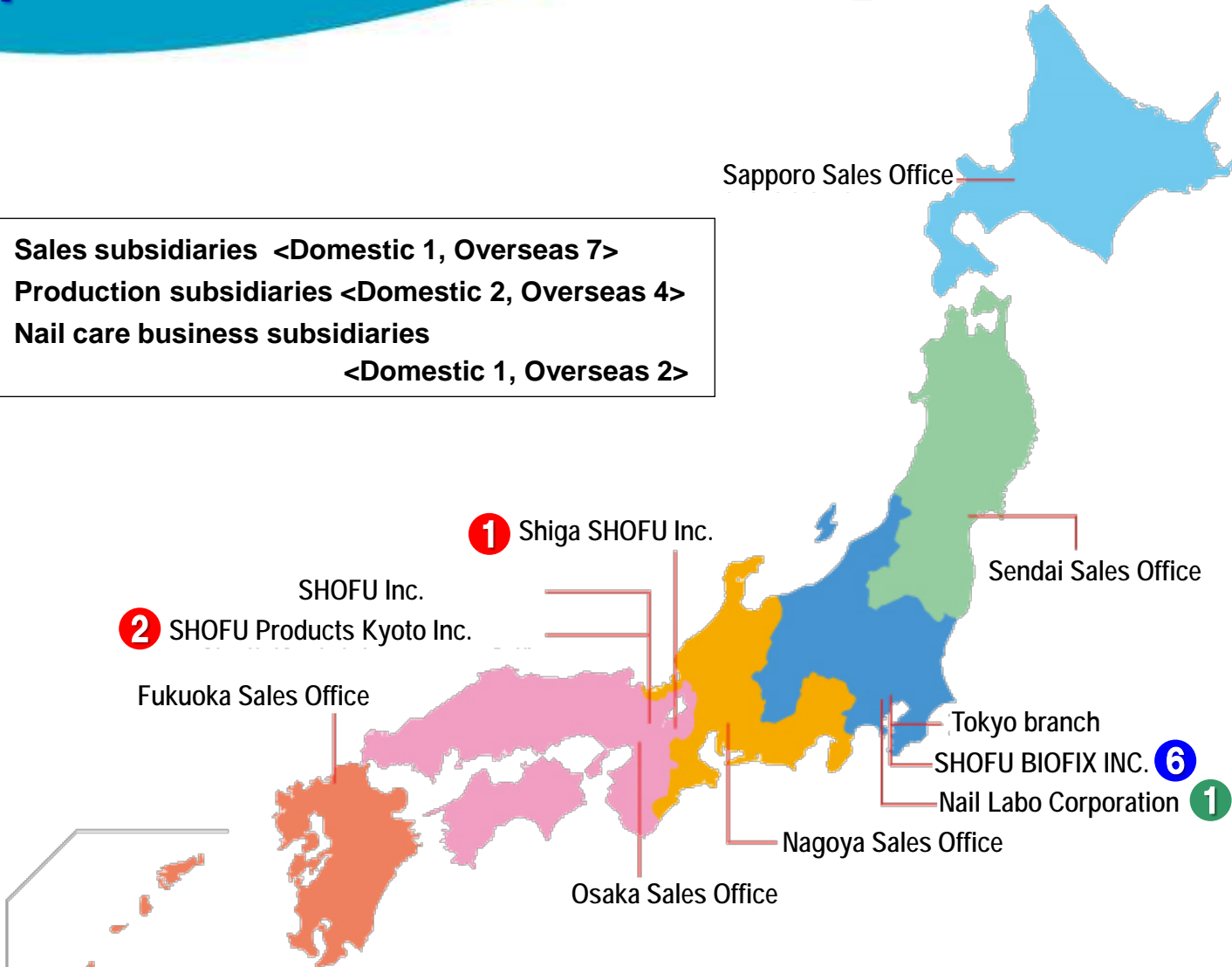
Management reforms (1983)
Became the first company in the industry to list its shares on a stock exchange (in 1989)

Listed on the First Section of the Tokyo Stock Exchange (2012)

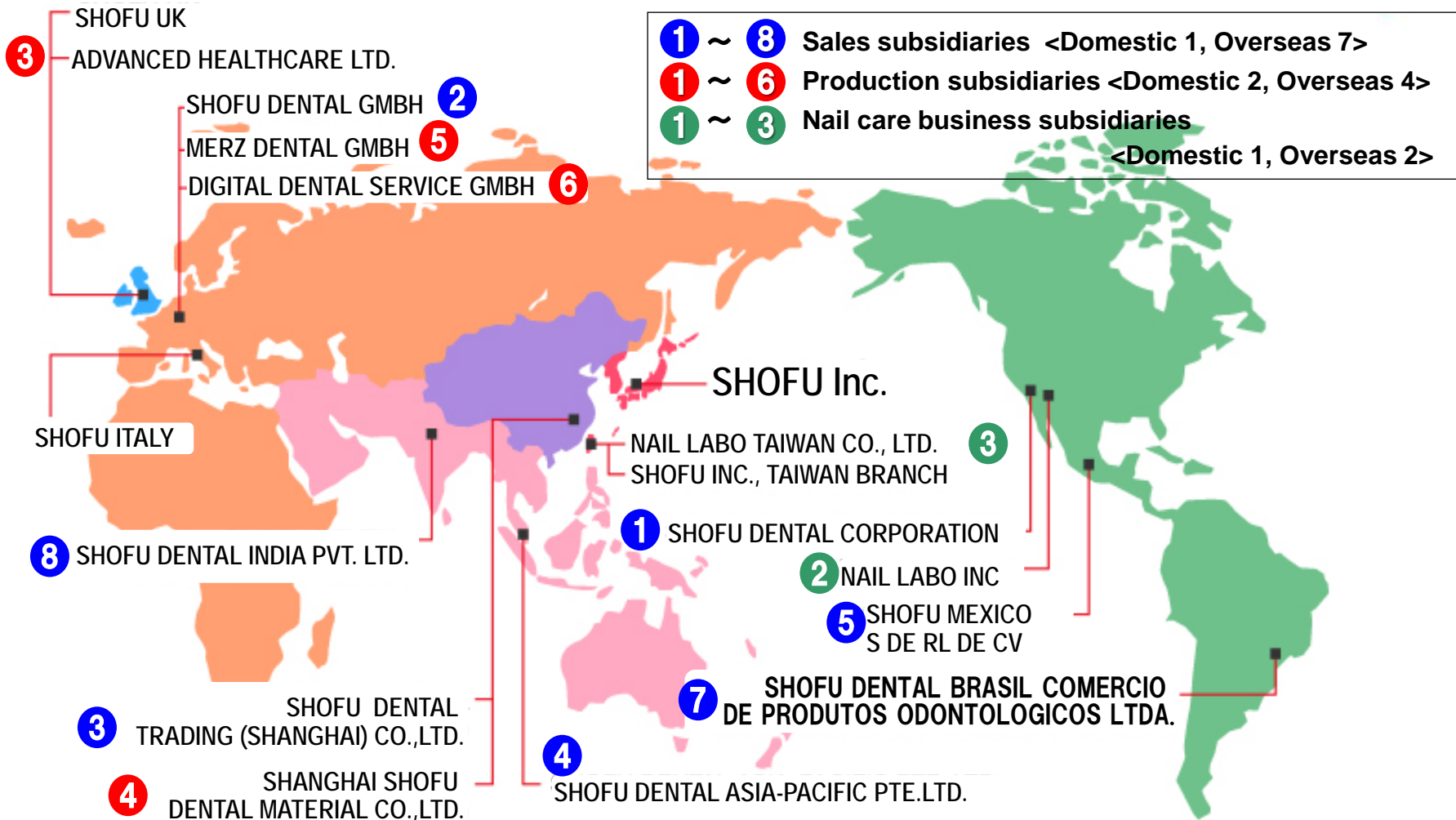
Group Overview [Domestic base]

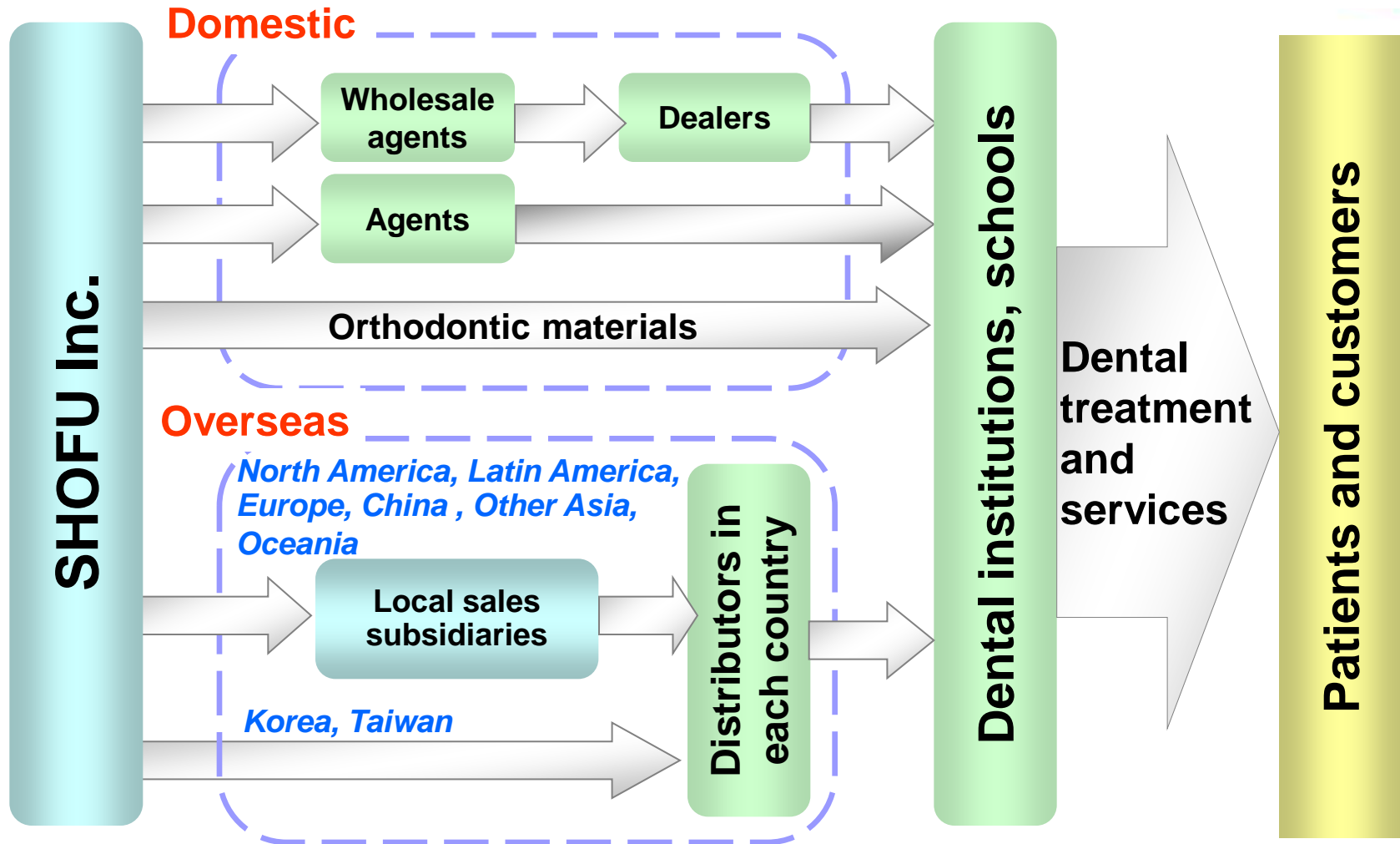


- ① ~ ⑧ Sales subsidiaries <Domestic 1, Overseas 7>
- ① ~ ⑥ Production subsidiaries <Domestic 2, Overseas 4>
- ① ~ ③ Nail care business subsidiaries
<Domestic 1, Overseas 2>

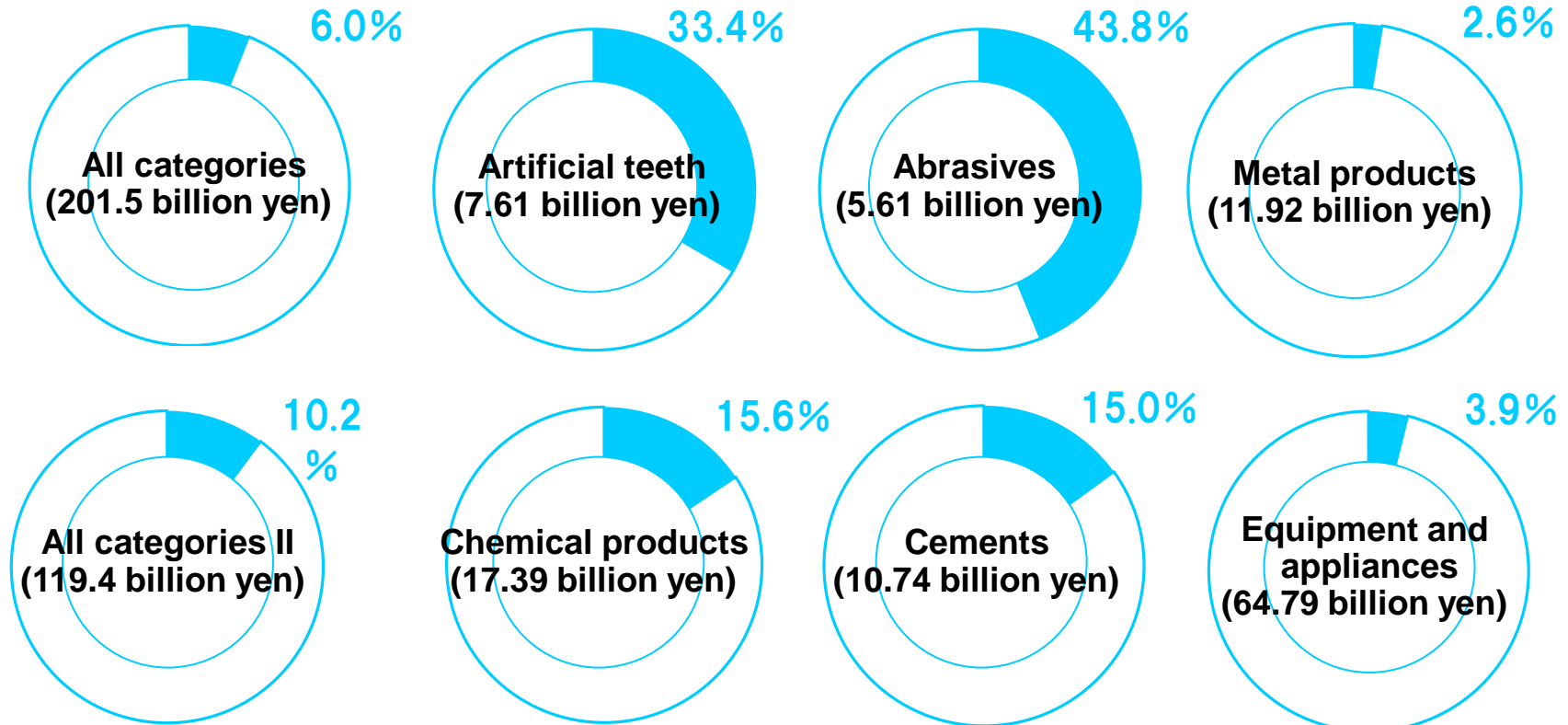


Group Overview [Overseas base]





Market share by product category



“All categories” includes “gold-silver-palladium alloy” and “machines and equipment for dental clinics.” “All categories II” and other categories do not include “gold-silver-palladium alloy” and “machines and equipment for dental clinics.”

Source: Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), Ministry of Health, Labour and Welfare (Domestic data, Calendar Year 2016)

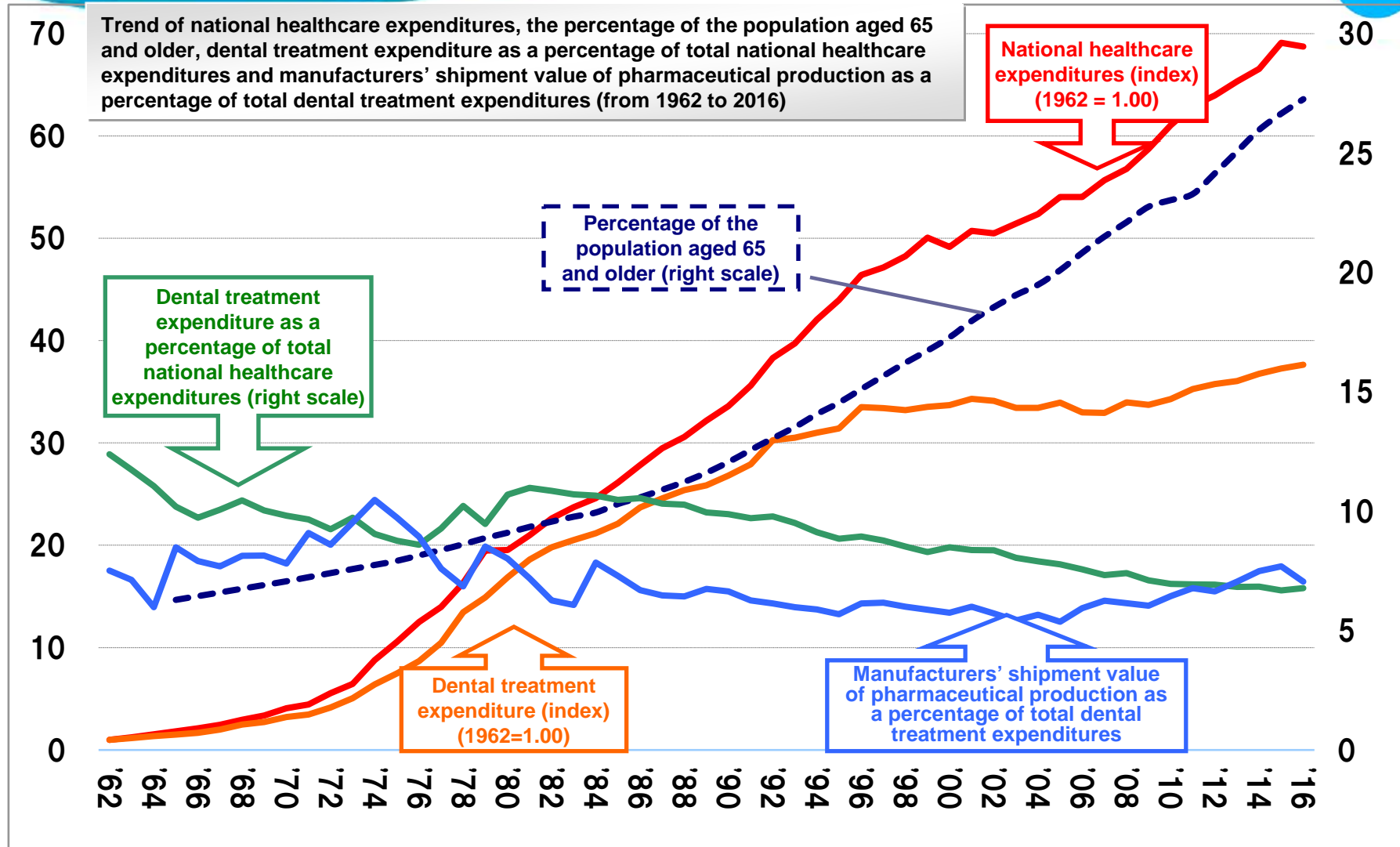
Figures in parentheses represent market size. (Figures rounded down to the nearest ten million yen)



Reference <Dentistry Data>

Long-term Trend of Dentistry-Related Statistics

Reference <Dentistry Data>

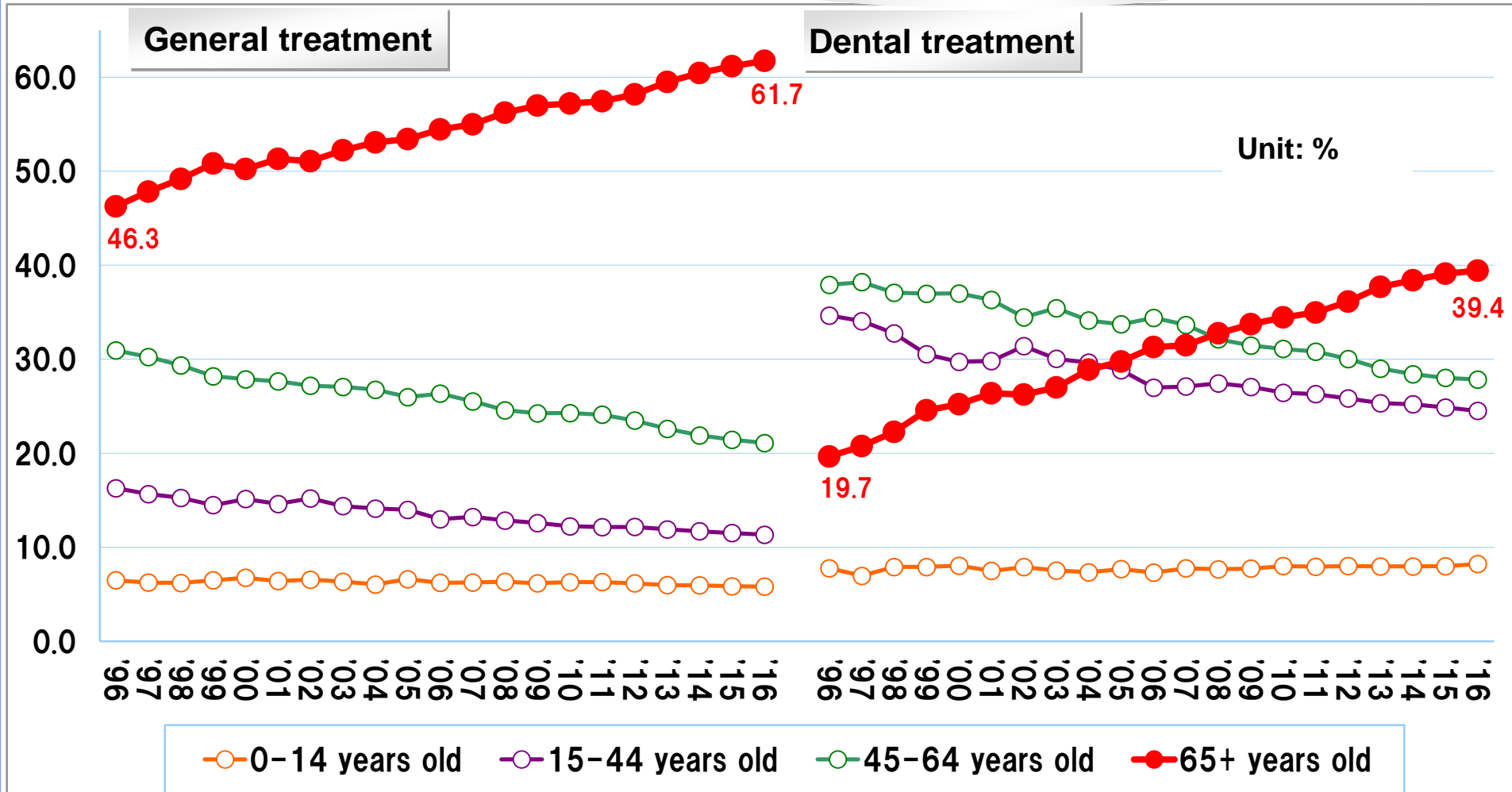


Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>



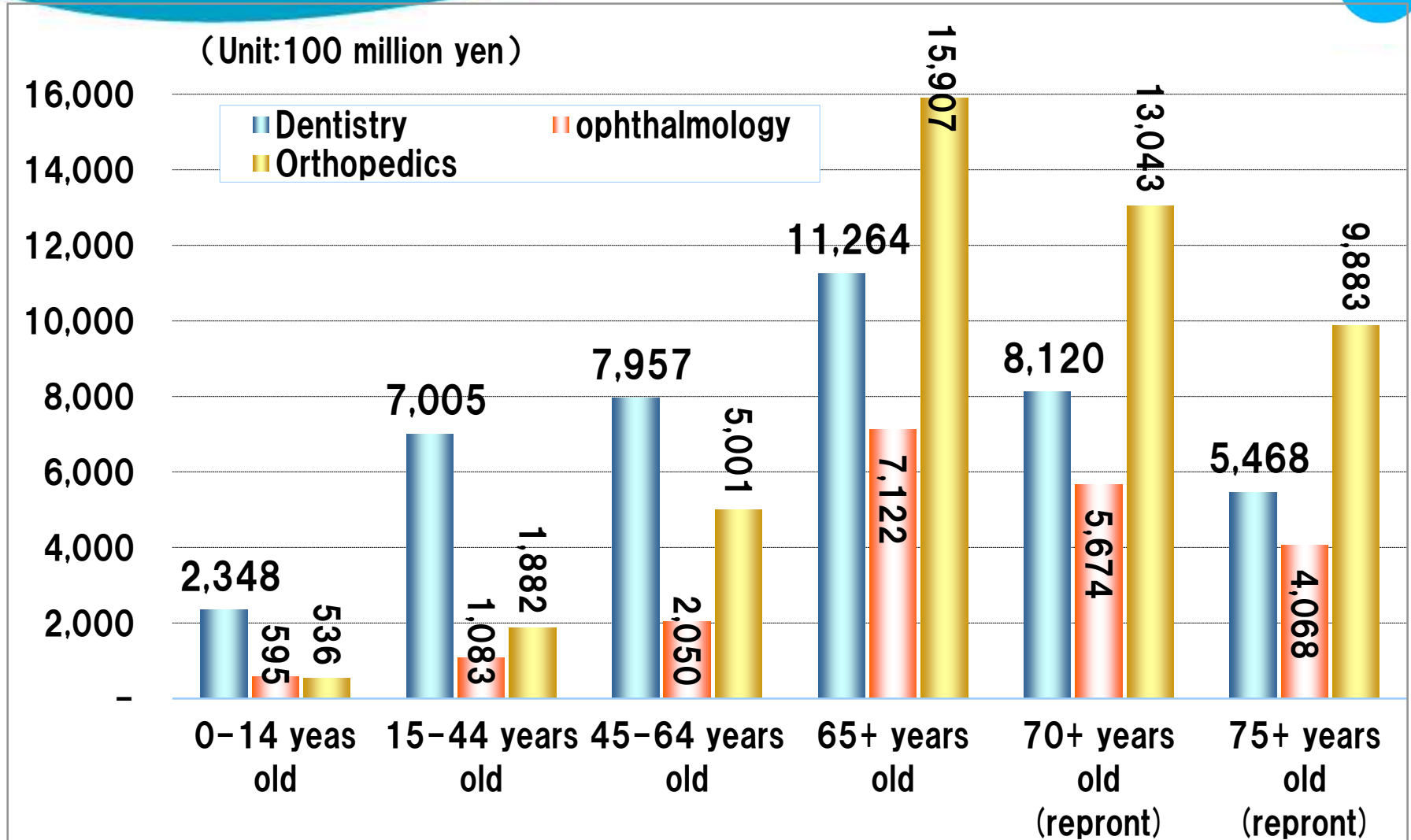
People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.



Prepared using yearly data from Summary of National Healthcare Expenditures
(Ministry of Health, Labour and Welfare)

Comparison of Healthcare Expenditures by Age Group - Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>

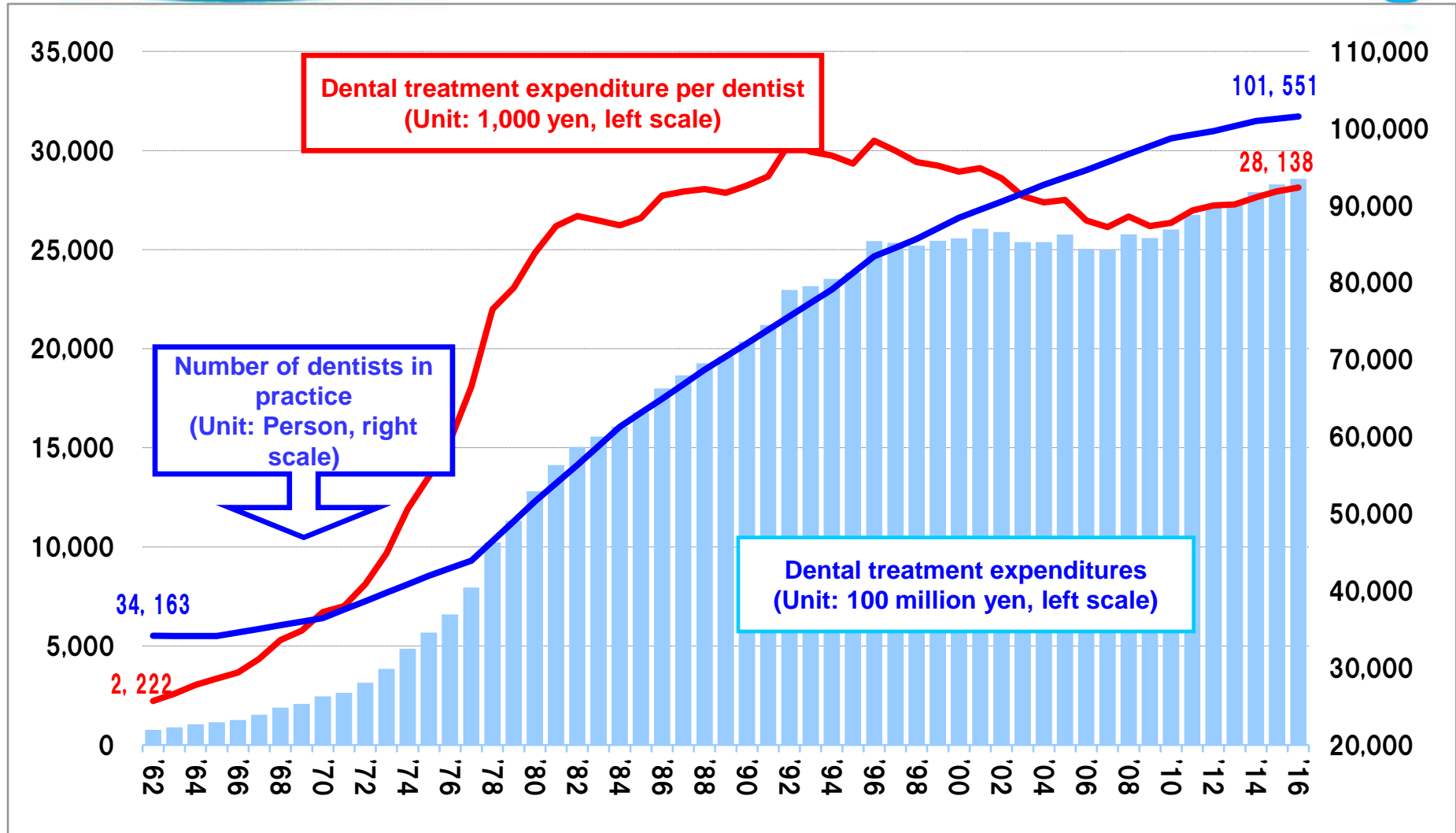


Prepared using Summary of National Healthcare Expenditures in Fiscal Year 2016

(Ministry of Health, Labour and Welfare)

Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>

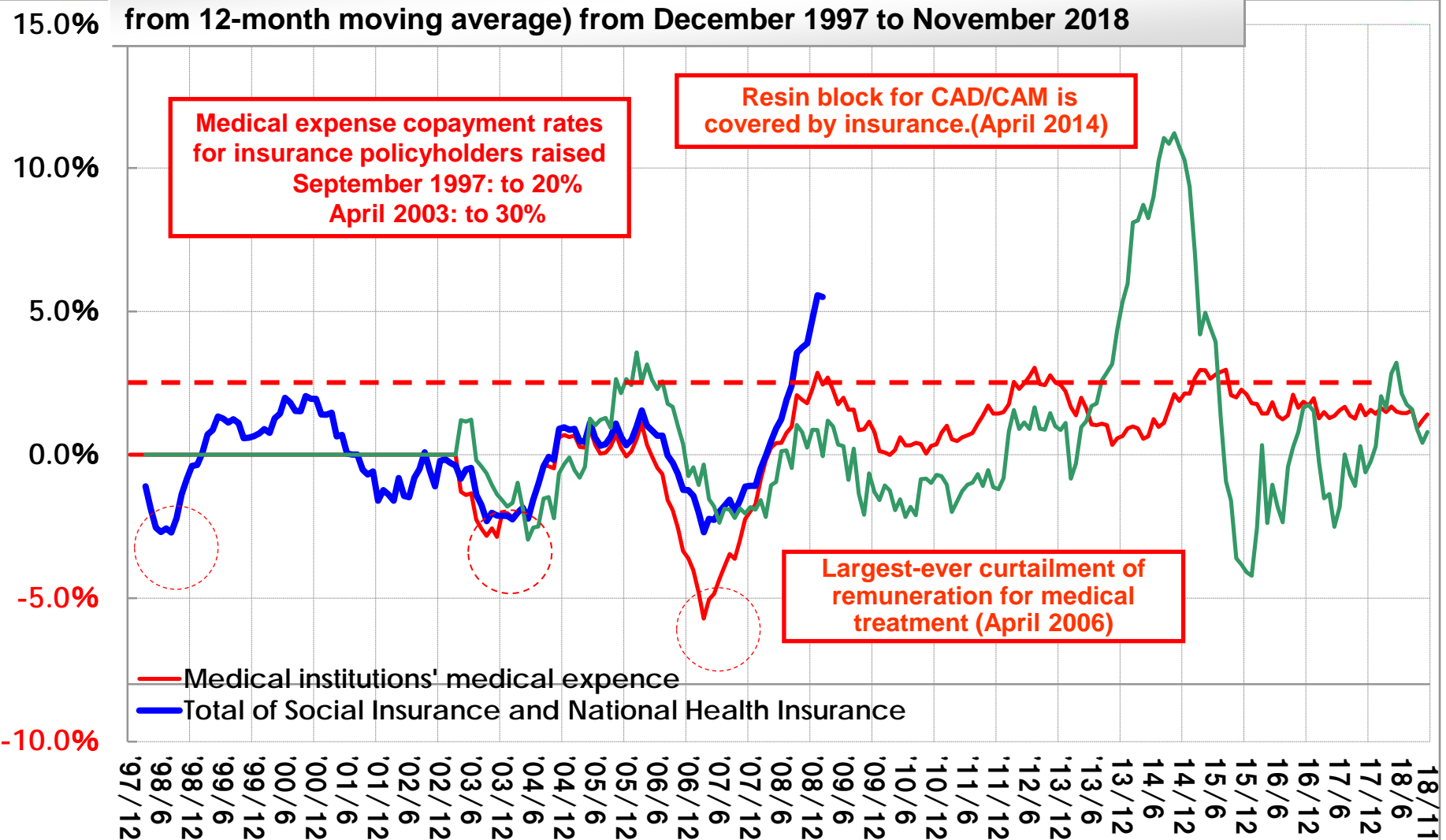


Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)

Dental Treatment Expenditures



Year-on-year comparison of amount paid by dental health insurance (deviation from 12-month moving average) from December 1997 to November 2018

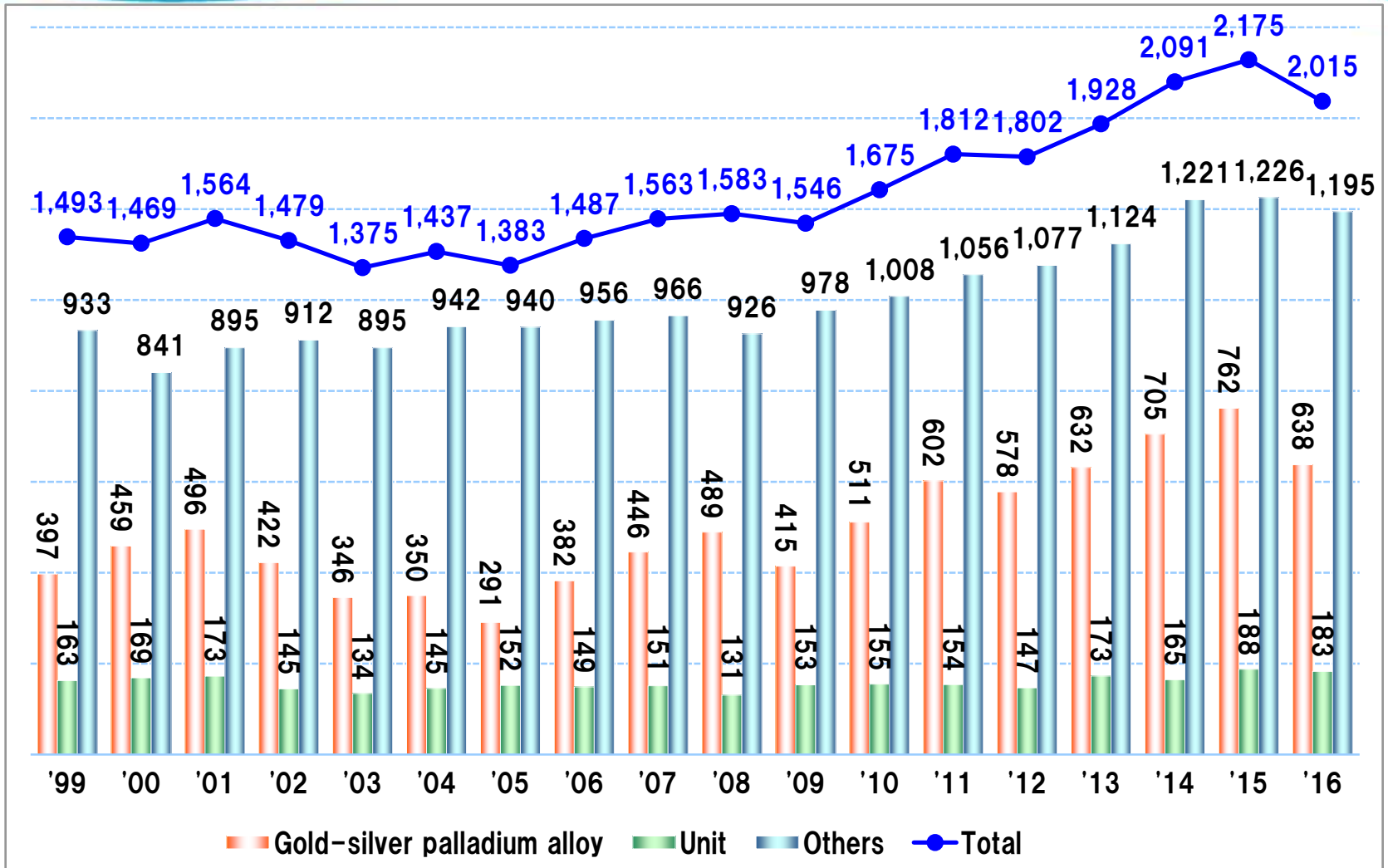


Trend of Shipment Value of Pharmaceutical Industry Production

Reference <Dentistry Data>

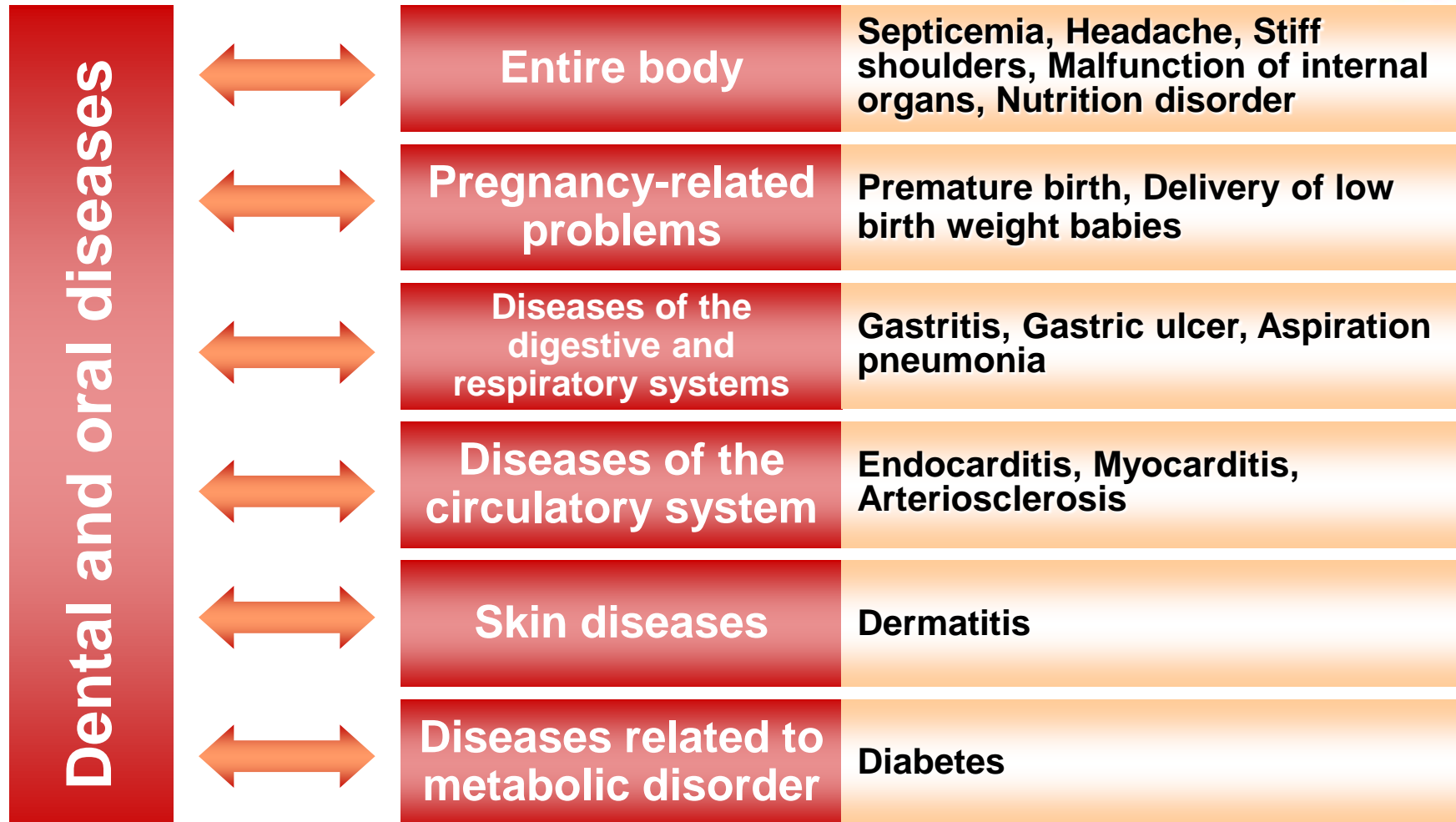


Shipment value, Unit: 100 million yen



Prepared using data from Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), (Year Book for each year), released by the Ministry of Health, Labour and Welfare

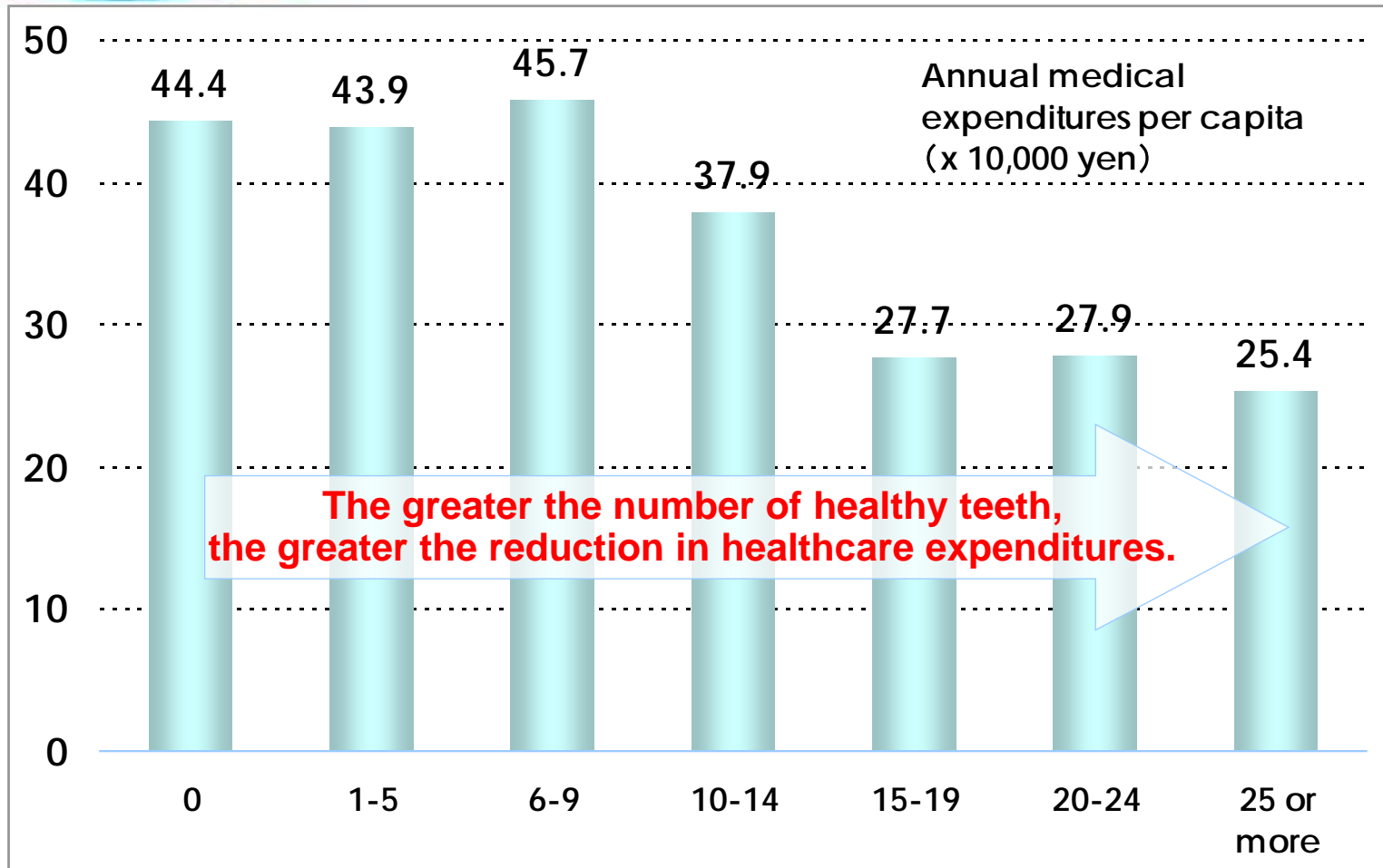
Systemic Diseases Caused by Caries and Periodontal Disease



(Reprinted from the "Archive of the 8020 and Enjoy Healthy Life" issued by Social Insurance Research Institute)

Correlation between Number of Healthy Teeth and Healthcare Expenditures

Reference <Dentistry Data>



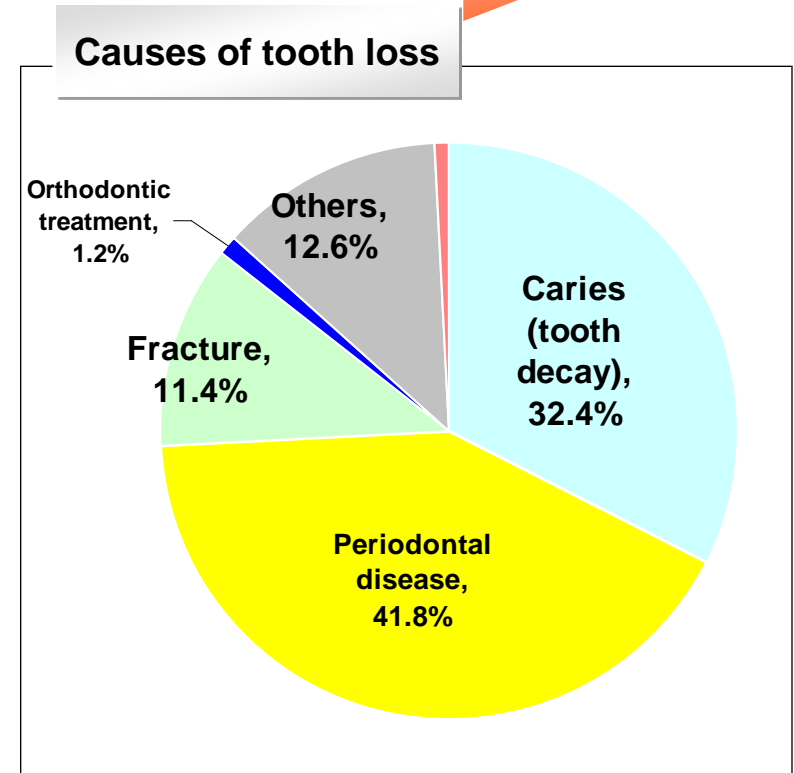
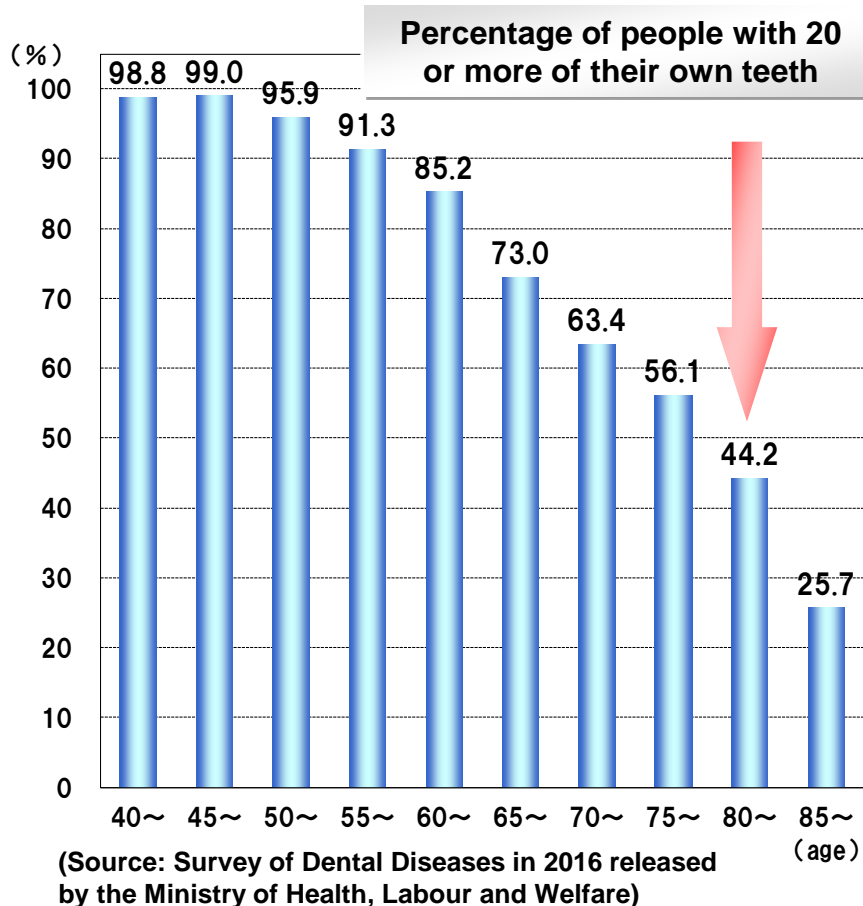
Prepared on the basis of "Correlation between Oral Hygiene Status of Elderly Persons and Healthcare Expenditures," a paper published in 2003 by Kazumune Arikawa, a full-time instructor at the Nihon University School of Dentistry at Matsudo

Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

The 8020 Movement and Changes in Dental Diseases



The primary target of “20% of the population achieving 8020” was reached in 2006.



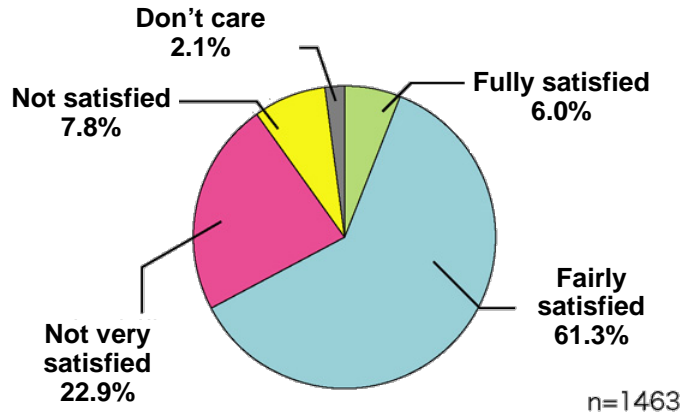
(Survey by the 8020 Promotion Foundation in 2005)

Perception of Dental and Oral Health

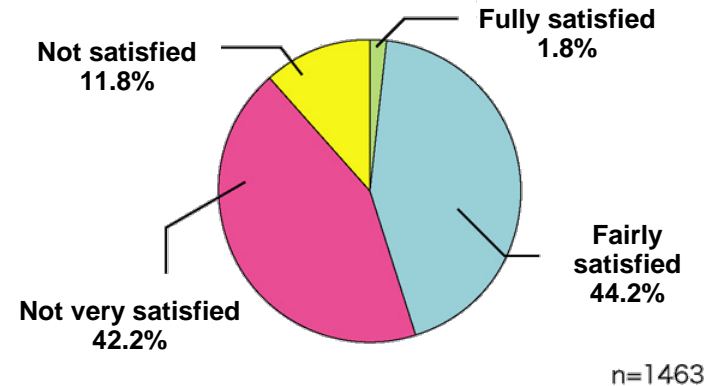


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

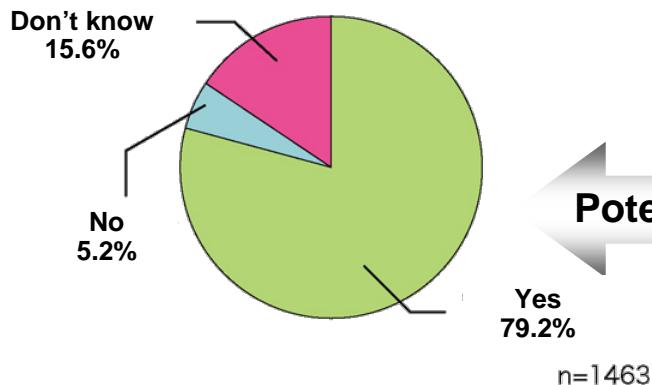
Are you satisfied with your physical health?



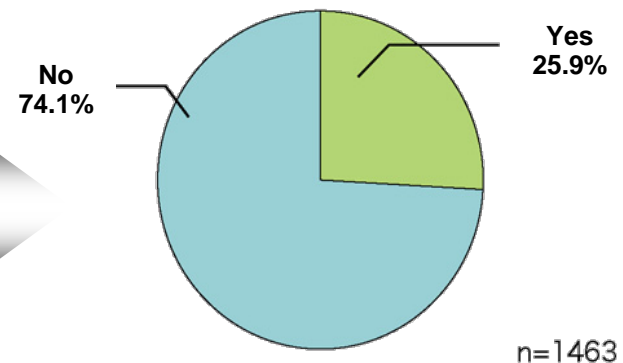
Are you satisfied with your oral health?



Do you think it necessary to receive regular dental care (checkup and cleaning) at a dental clinic?



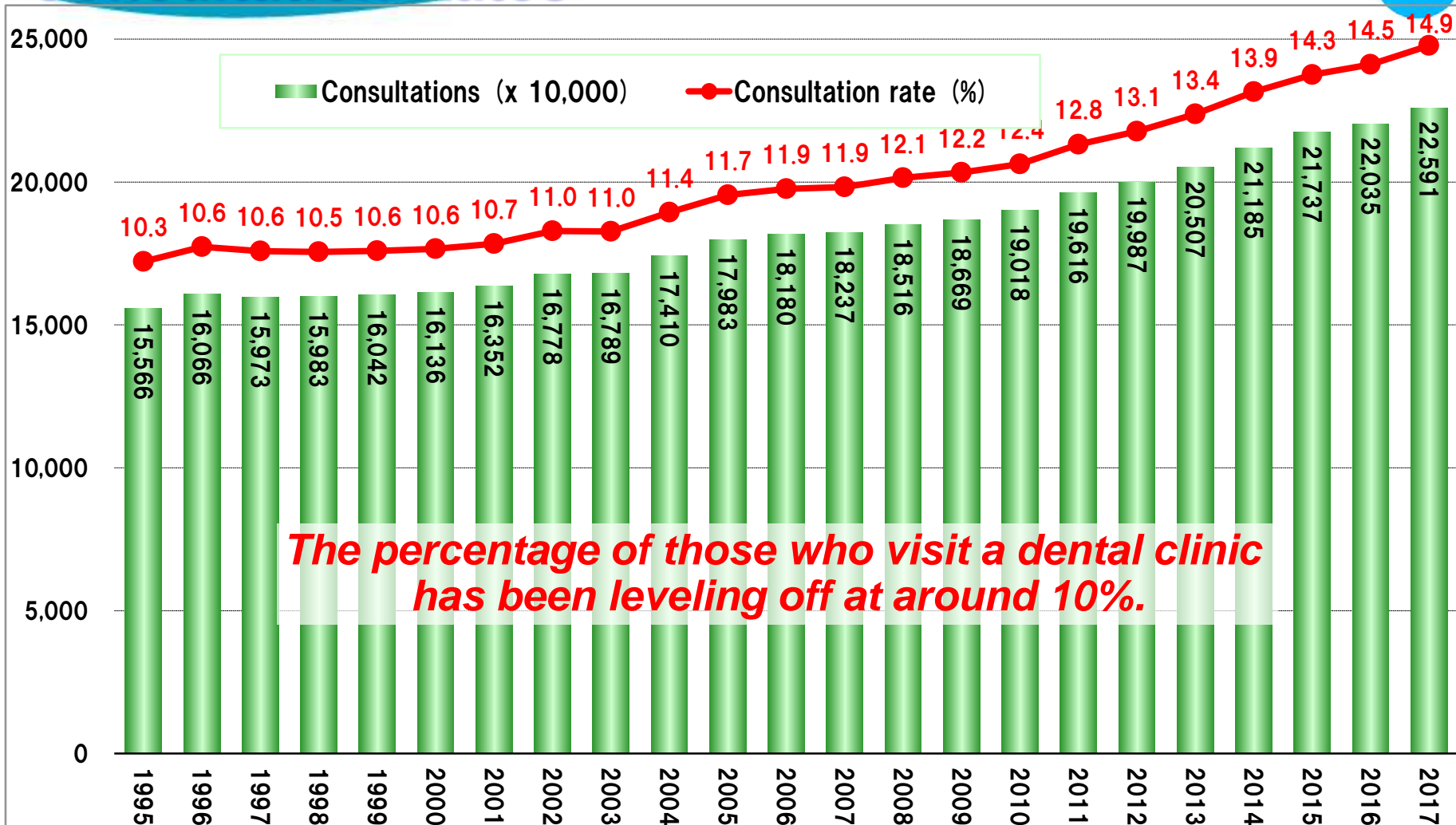
Do you actually receive regular dental care?



Potential demand

Dental Clinic Consultation Rates

Reference <Dentistry Data>



The percentage of those who visit a dental clinic has been leveling off at around 10%.

* Consultation rate: ratio of persons receiving monthly dental treatment or examinations (12 times yearly)

Trend in the North American Market



The public developed the habit of paying regular visits to dental clinics. → Shortage of dentists

Increase in regular visits to dental clinics
→ Solution to the problem of oversupply of dentists

	North America	Japan
Percentage of those who make regular visits to dental clinics	54%	16%
Number of dentists (per 1,000 persons)	0.6 person	0.7 person
Population (per dentist)	1,670 person	1,430 person

WHO says that one dentist per 2,000 persons is the appropriate ratio.

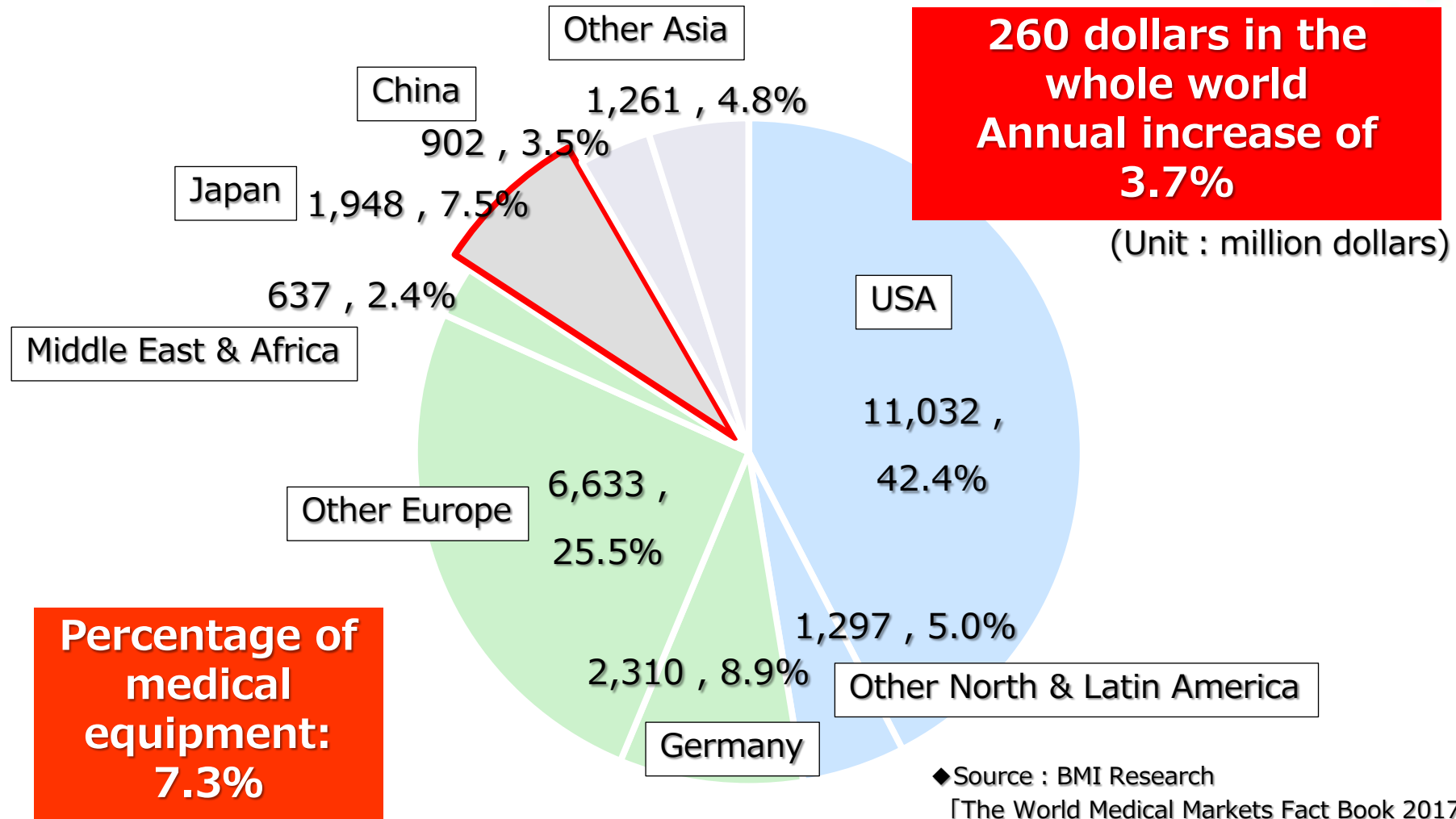
Source:

* Health and Welfare Survey in 1999 conducted by the Ministry of Health, Labour and Welfare and a survey conducted by Colgate-Palmolive Company

* Consulted an article titled "Reasons for the Success of the Canadian Dental Community" (DH Style, September 2007) by Ken Yaegaki DDS Ph.D., Professor and head of the Department of Oral Health, Nippon Dental

Global dental equipment market size (amount・component ratio)

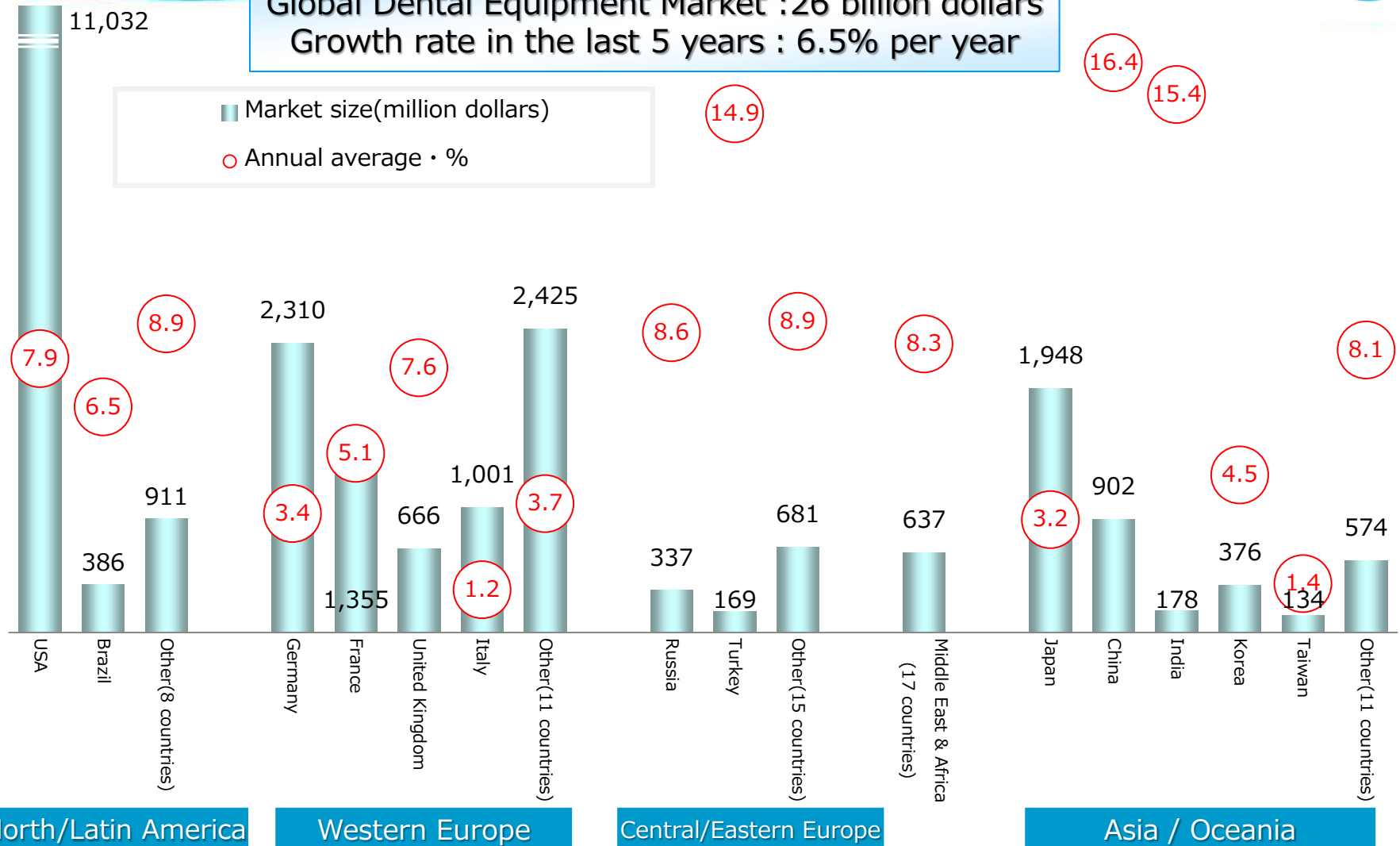
Reference <Dentistry Data>



Global dental market— Market size and growth potential



Global Dental Equipment Market : 26 billion dollars
Growth rate in the last 5 years : 6.5% per year



North/Latin America

Western Europe

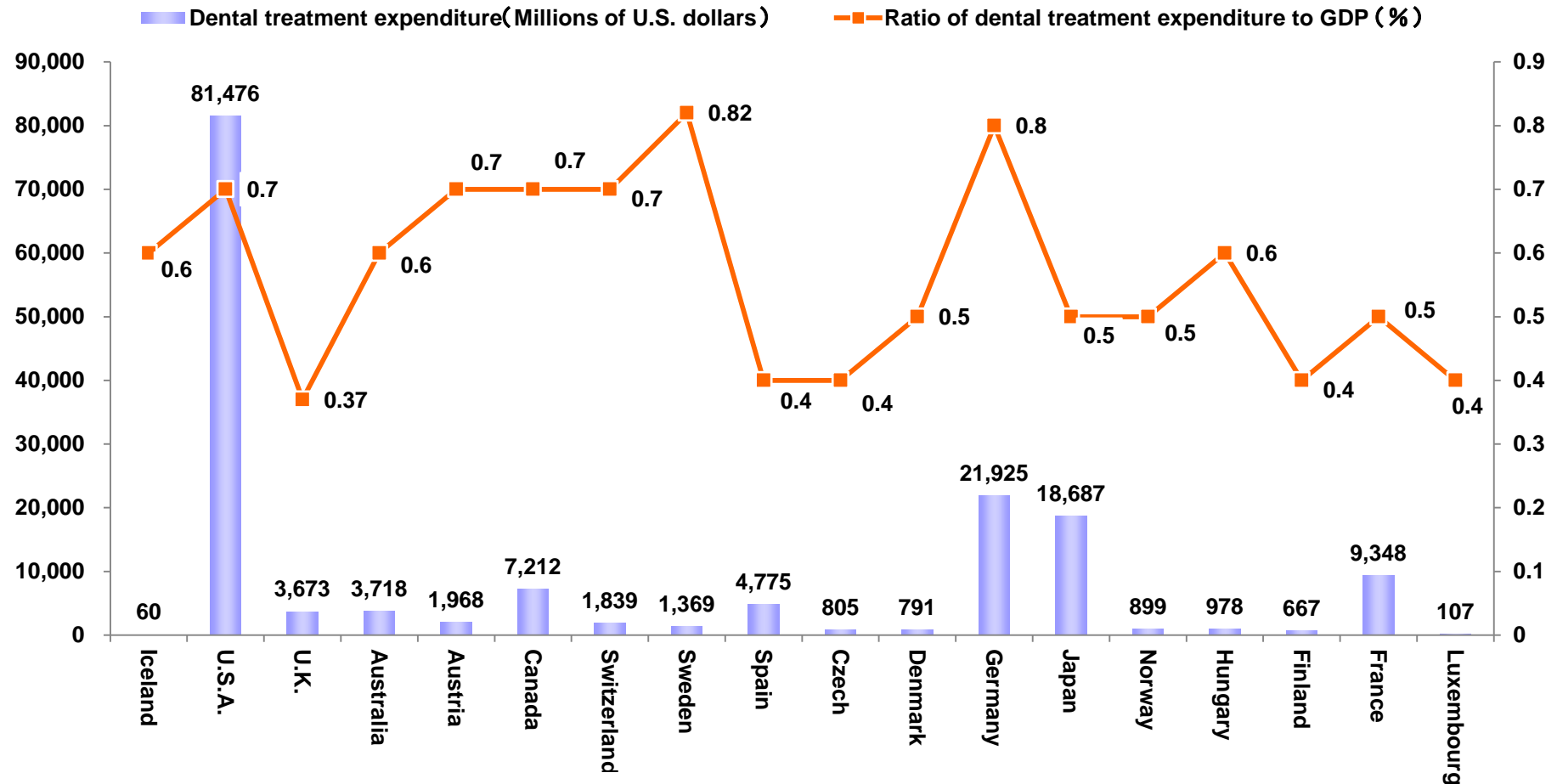
Central/Eastern Europe

Asia / Oceania

Relation between Dental Treatment Expenditure and GDP



Although Japan's dental treatment expenditure is at a high level in international comparison, the ratio of Japan's dental treatment expenditure to GDP is in the middle range in international comparison.



* 1. The above chart was prepared using "Nihon-to sekai-no shikairyo—kokusai hikaku-karamita nihon-no shikairyo-no sugata (Dental Treatment in Japan and in the Rest of the World—Dental Treatment in Japan from the Perspective of International Comparison)," by Kento Taira (medical corporation Seiryokai) as reference.
 2. The above data for each country is as of 2004 except for Sweden's data, which is as of 1992.

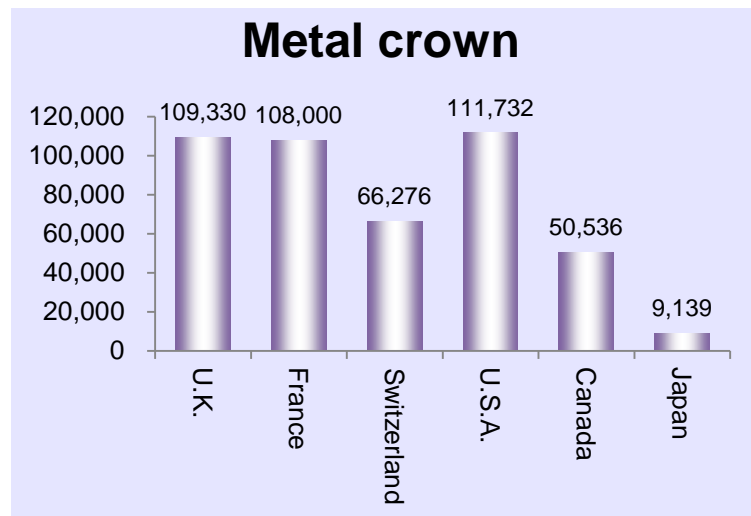
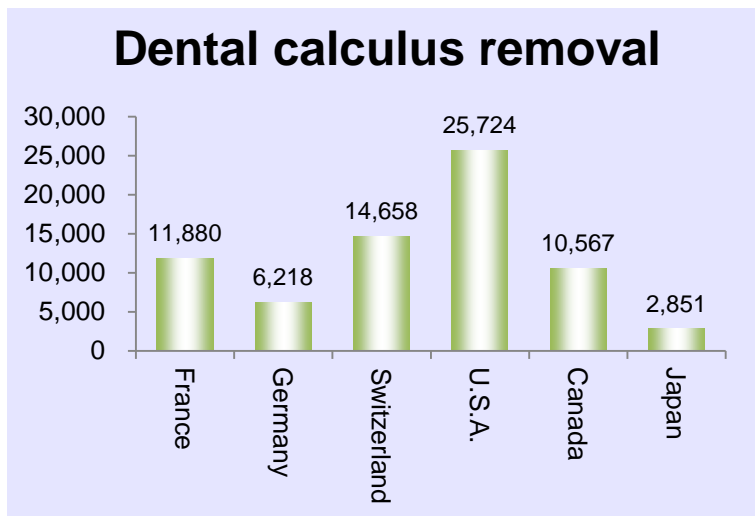
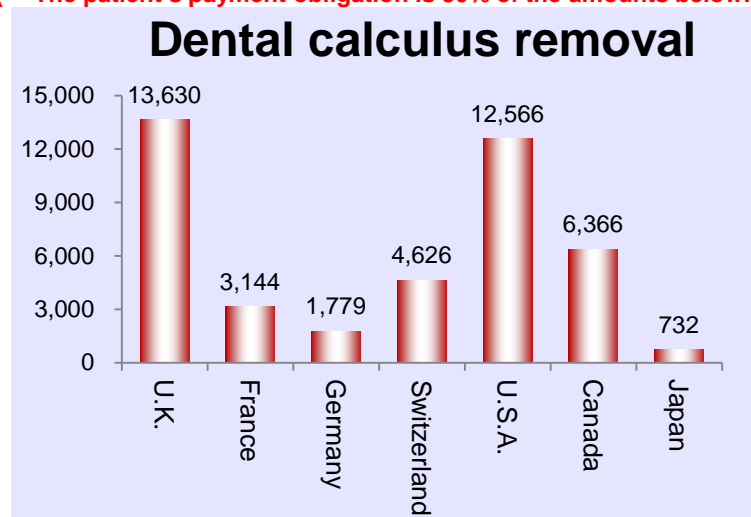
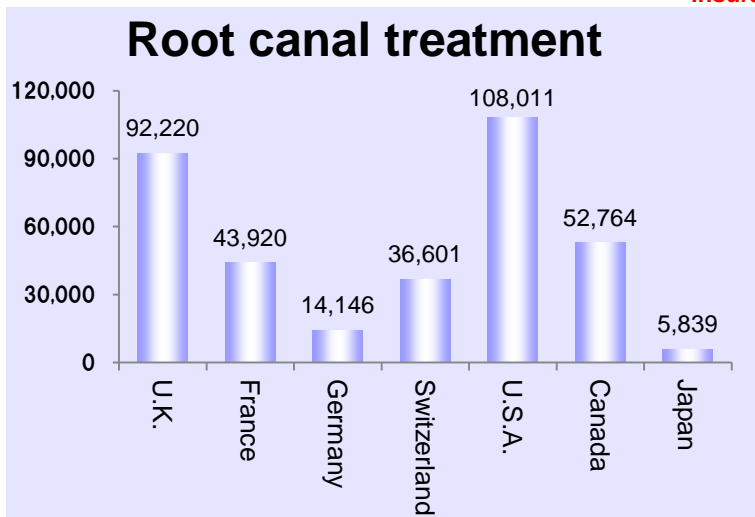
International Comparison of Dental Treatment Expenditure (Unit Price of a Treatment Session)

Reference <Dentistry Data>

Unit: yen



*Japan: Unit price for a treatment session according to public healthcare insurance (⇒ The patient's payment obligation is 30% of the amounts below.)



* The above chart was prepared using material from "Iryo, kaigokyufuhi suikei-ni-tsuite (On the Estimate of Medical and Nursing Care Benefit Expenses)" by Professor Kawabuchi of the Graduate School of Tokyo Medical and Dental University (submitted to the 6th meeting of the Social Security Council of Japan on July 31, 2008).

International Comparison in the Ratio of Persons with Dental Caries (at age 12)

Reference <Dentistry Data>

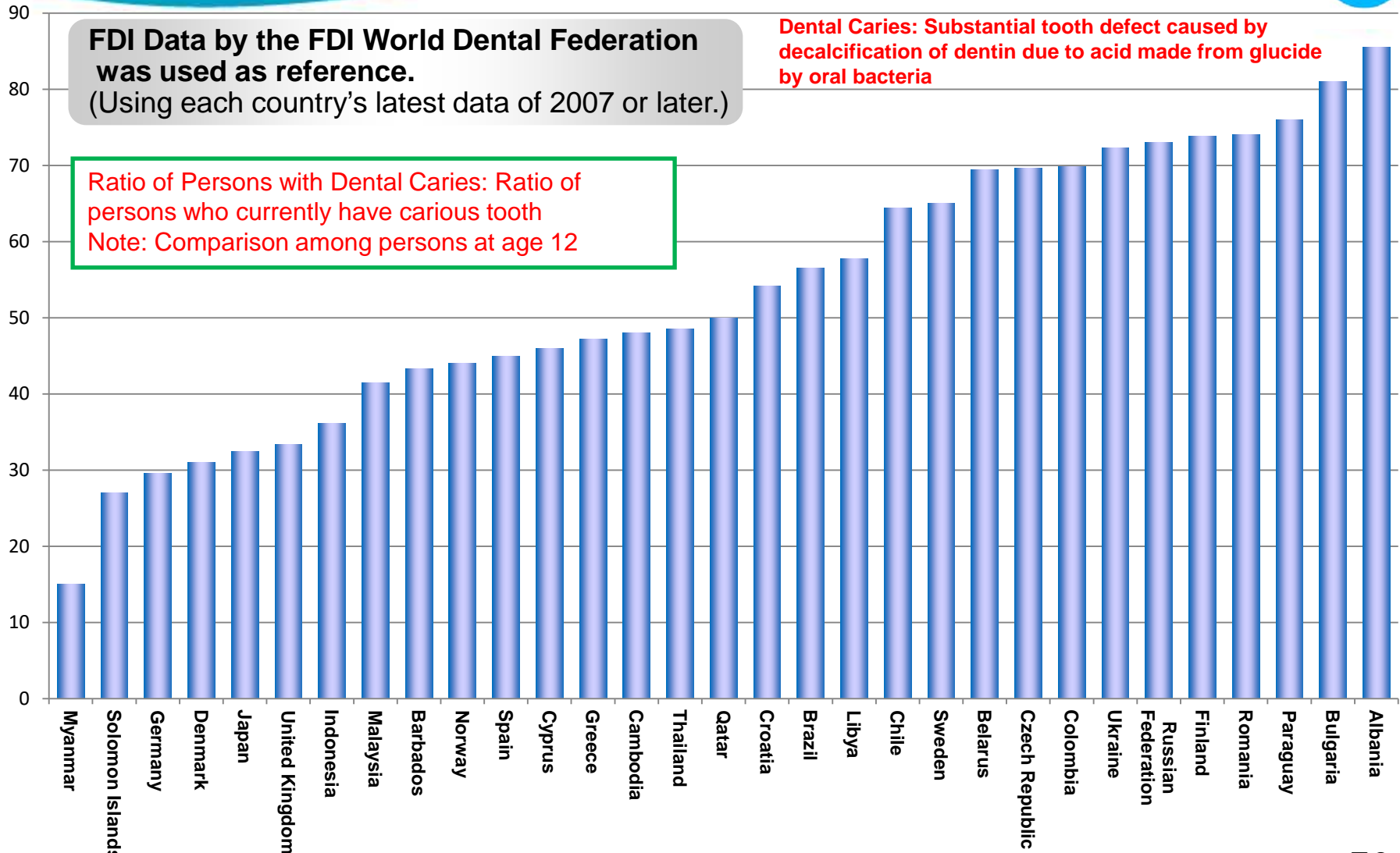
Unit: %



FDI Data by the FDI World Dental Federation was used as reference.
(Using each country's latest data of 2007 or later.)

Dental Caries: Substantial tooth defect caused by decalcification of dentin due to acid made from glucide by oral bacteria

Ratio of Persons with Dental Caries: Ratio of persons who currently have carious tooth
Note: Comparison among persons at age 12



International Comparison in the Ratio of Persons with Edentulous Jaw (at age 65 and older)

Reference <Dentistry Data>

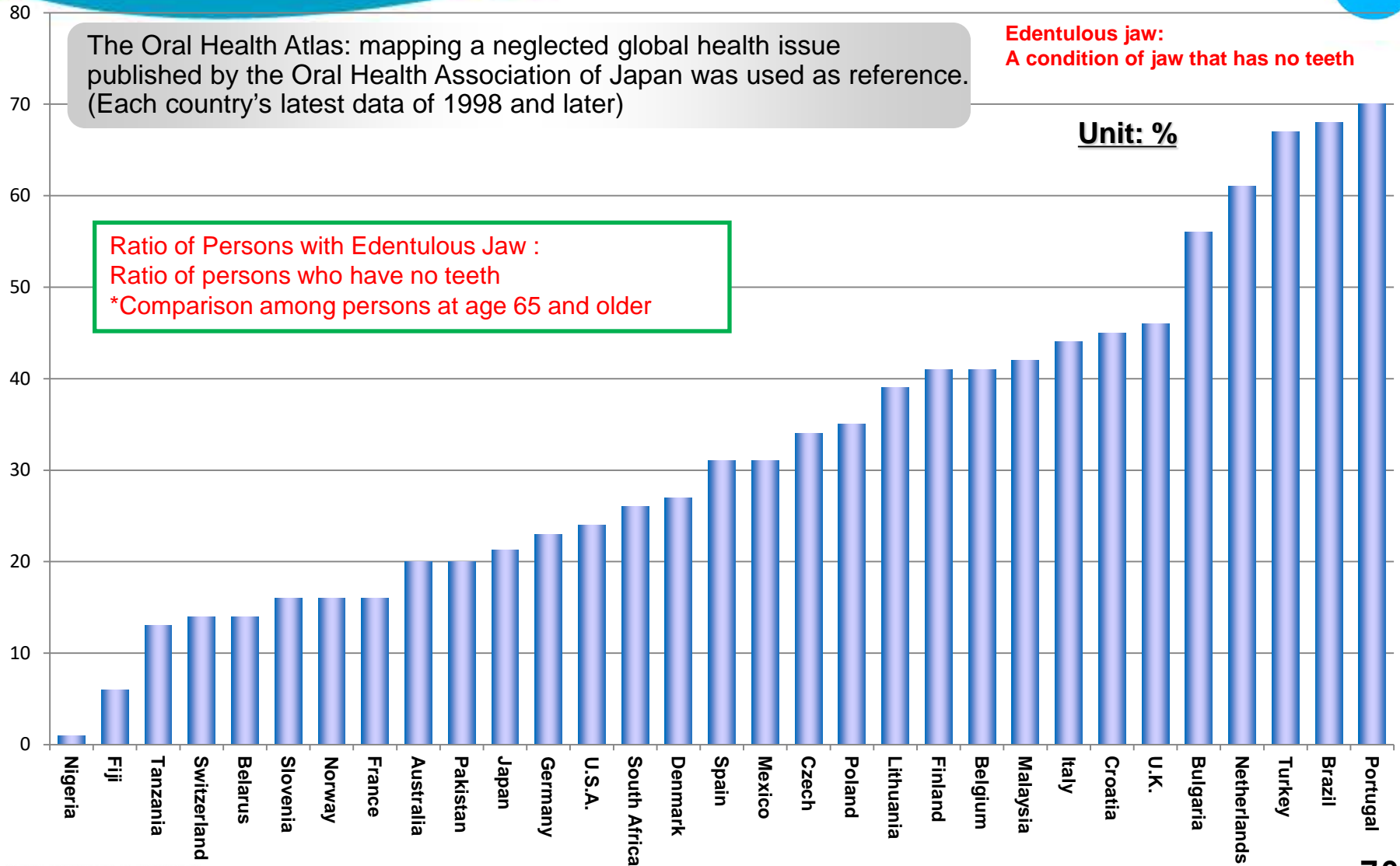


The Oral Health Atlas: mapping a neglected global health issue published by the Oral Health Association of Japan was used as reference. (Each country's latest data of 1998 and later)

Edentulous jaw:
A condition of jaw that has no teeth

Unit: %

Ratio of Persons with Edentulous Jaw :
Ratio of persons who have no teeth
*Comparison among persons at age 65 and older



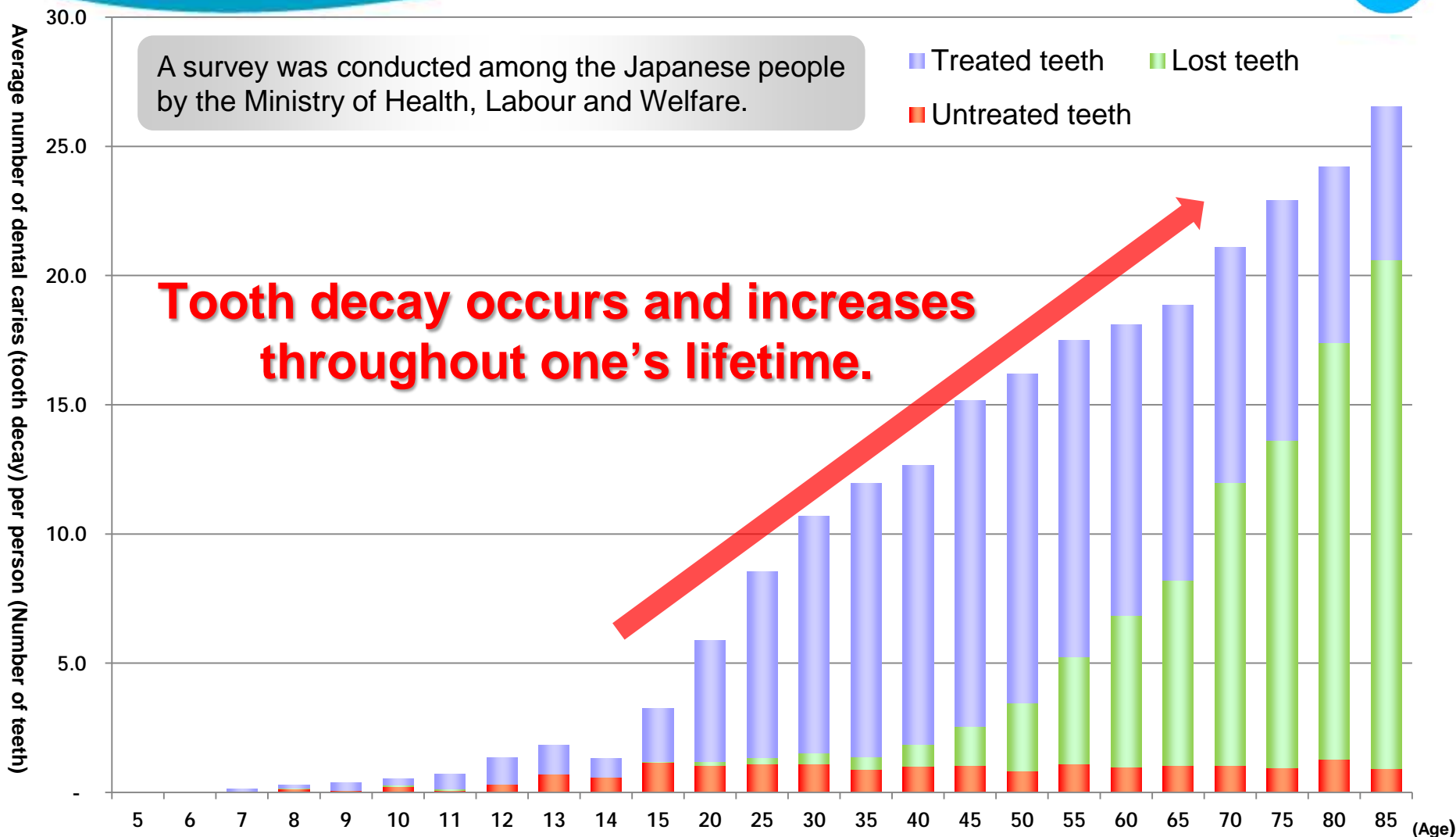
Factual Survey of Dental Diseases



A survey was conducted among the Japanese people by the Ministry of Health, Labour and Welfare.

■ Treated teeth ■ Lost teeth
■ Untreated teeth

Tooth decay occurs and increases throughout one's lifetime.

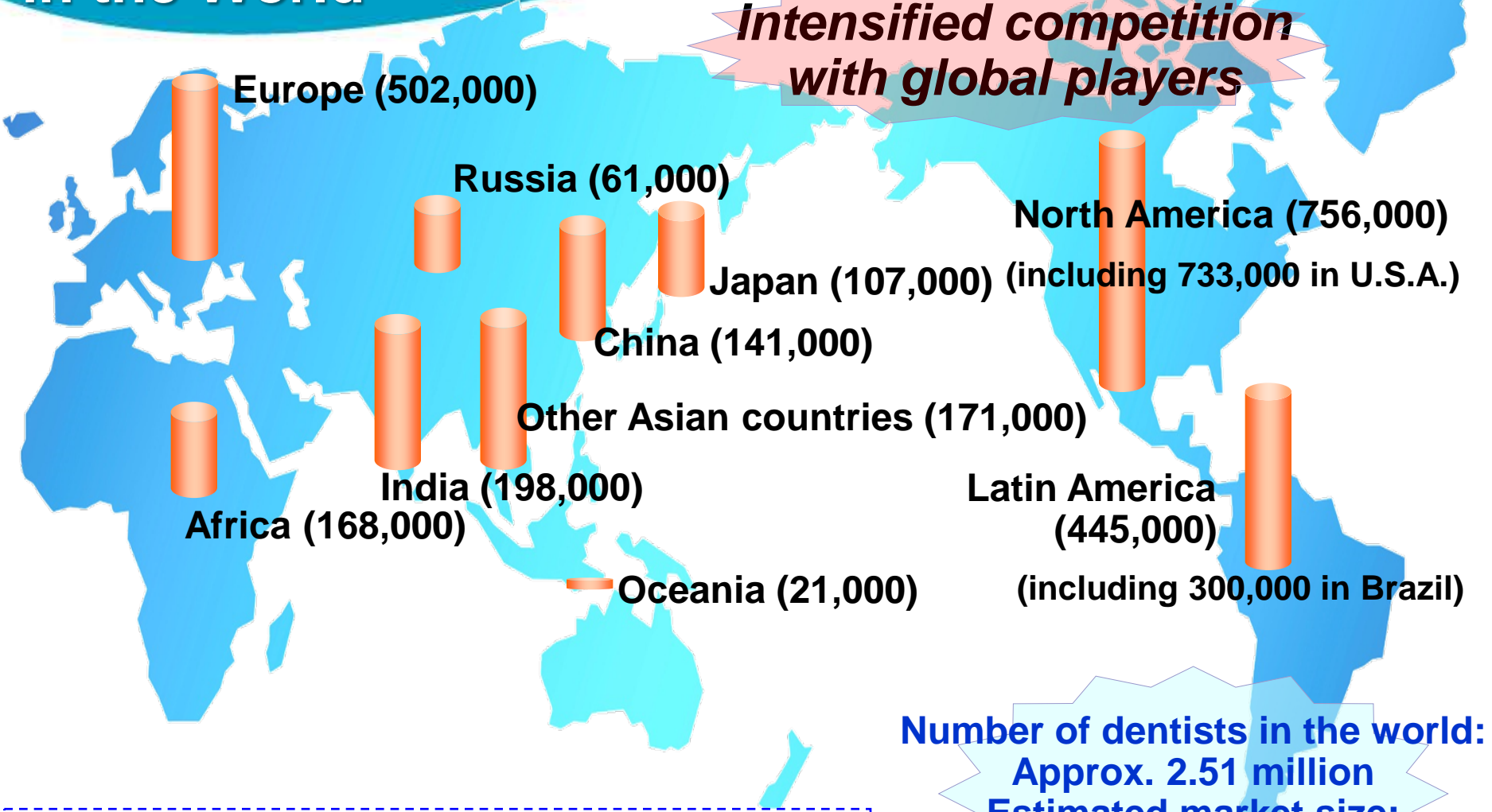


* 1. The official web site of the Hokkaido kodomo-no ha-o mamoru kai (Save the Children's Tooth Hokkaido) was used as reference

* 2. Source: Results of the Survey of Dental Diseases in 2011 released by the Ministry of Health, Labour and Welfare

Number of Dentists in the World

Reference <Dentistry Data>



**Number of dentists in the world:
Approx. 2.51 million
Estimated market size:
Approx. 2.6 trillion yen**

◆ Source:
Number of dentists & Estimated market size
–“The World Medical Markets Factbook 2017 ” (BMIResearch)



Term

Meaning

Impression	An imprint of teeth and other intraoral areas, created with impression material. Based on the impression mould, plaster model can be produced, onto which prosthesis is fabricated. → Dental prosthetic (page 77)
Implant (treatment)	A treatment method to replace missing tooth. An artificial root is implanted into the bone, upon which a variety of dental prostheses can be placed. In addition to conventional prosthetic treatment, implant is a new option to restore mastication and esthetics.
Caries	Tooth decay.
Occlusion	The position of the teeth when the jaws are closed.
Composite resin	Synthetic resin to fill cavity and lesion, available in a variety of shades to make the restored area harmonious with surrounding teeth of each patient. It is often used to treat decay. → Resin (page 77)
Filling	To fill resin or cement after removing a decay to restore the affected area.
Aesthetic dentistry	A variety of treatment to enhance patient's esthetic appearance, including orthodontics and whitening.
Scaler	An instrument used to remove plaque and tartar accumulated on the tooth surface.
Dental floss	A thread used to remove plaque from the spaces between teeth.
Handpiece	A handheld device to which small instruments for removing tooth decay, plaque, and tartar are attached. → Plaque (page 77)



Term	Meaning
Nail care	Care for fingernails and the surrounding area, including attachment of artificial nails. Nail care is widely considered an important part of personal grooming in many parts of the world, and it is also growingly popular among young women in Japan, which leads to a rapid growth of the market.
PMTTC	PMTTC stands for Professional Mechanical Tooth Cleaning. In PMTTC, a dentist or hygienist uses machines and instruments to remove plaque, tartar (calcified plaque), and other dental deposits (caused by smoking, etc).
Fluoride	A substance that accelerates re-calcification of the tooth surface and strengthens tooth structure (especially for enamel).
Plaque	Calculus deposits. Bacteria living in plaque create acids and toxins, which cause decay and periodontal disease. Thus, removing plaque helps prevent dental disease and enhance oral health.
Dental prosthetic	An artificial replacement of defective area. It includes fillings and crowns that restore patient's oral function and esthetic appearance.
Bonding (material)	A material to bond composites to natural tooth (enamel and dentin). → Composite resin (page 76)
Resin	Synthetic high polymer. Resins are popularly used for dental restoratives.