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May 10, 2017
Sysmex Corporation

Sysmex Announces New Group Mid-Term Management Plan

Accelerating the Speed of Execution to Realize Sustainable Growth Going Forward

Sysmex Corporation (HQ: Kobe, Japan; Chairman and CEO: Hisashi Ietsugu) has formulated a new Group mid-term management plan ending March 31, 2020. Through the new plan, Sysmex aims to maintain high levels of Group growth, further enhance profitability and promote transformations that will augment management sophistication.

The Group mid-term management plan is set as the period for achieving positioning of the long-term management targets. The plan establishes initiatives to be undertaken during the next three years. By the final year of the plan, the fiscal year ending March 31, 2020, the Group aims to achieve net sales of ¥350.0 billion and operating income of ¥72.0 billion.

Sysmex expects the global healthcare market to continue growing, supported by demand in advanced countries to curtail medical expenses by augmenting efficiency, as well as improvements in healthcare infrastructure in emerging markets in line with their economic expansion. Particularly in advanced countries, we anticipate new growth opportunities stemming from progress in and the proactive application of big data analysis and other information processing technologies, developments in genetic/molecular diagnostic technologies and advances in regenerative medicine.

As a distinctive global healthcare testing company, to date Sysmex has achieved continuous high growth by adopting unique strategies, such as establishing its operations globally, expanding its product portfolio and providing appropriate solutions and advanced support services to customers.

Under this Group mid-term management plan, we will strengthen profitability by increasing our product lineup and augmenting sales and services globally in the hematology, urinalysis and hemostasis fields, as well as expanding the immunochemistry business in Asia. At the same time, to achieve our long-term management targets we will make strategic investments in order to leverage our unique technologies to develop highly competitive products and roll out global business strategies. Furthermore, to set the stage for sustainable growth in 2020 and beyond, we will accelerate execution, promote changes in our business portfolio and invest in transformations in human resources and our IT platforms.

To contribute to a sustainable society, we will work to resolve healthcare issues through our products and services, be environmentally considerate, reinforce corporate governance and promote diversity thereby providing unique and new value to diverse stakeholders.

In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 30% under our basic policy of sharing the successes of our operations in line with business performance.

“Sysmex Way,” the corporate philosophy for the Sysmex Group, defines the Group’s mission as “shaping the advancement of healthcare.” Based on this philosophy, this Group mid-term management plan aims to accelerate the Group’s effort to achieve its long-term management vision and positioning, preparing the Company to move to the next stage.

Long-Term Management Targets

- (1) Long-term management vision toward 2020
A Unique & Global Healthcare Testing Company

- (2) Positioning
 - 1) An Undisputed Global Leader in Hematology, Hemostasis and Urinalysis (Including alliances)
We will build the earnings foundation to support further Group growth in the Company's core businesses.
 - 2) A Leading Company in the Asian *In Vitro* Diagnostics (IVD) Market
We will leverage our geographic advantage to build a solid position in the Asian market in immunochemistry and other growth fields, as well as hematology.
 - 3) A Unique and Competitive Player in the Immunochemistry Field
We will harness unique strengths that other companies cannot emulate and drive Group growth over the medium term.
 - 4) A Leading Global Player Making a Contribution to Personalized Medicine
By augmenting value in testing (diagnostics) based on leading-edge technologies, we will accelerate Group growth and establish our global position.
 - 5) An Attractive Company Providing Value and Confidence
We aim to become a highly attractive company to diverse stakeholders that offers value and reassurance.
 - 6) One Sysmex Carrying Out High-Speed Management
Through optimal teamwork throughout the Group, we aim to be a corporate entity that conducts highly efficient and swift management.

2. Group Mid-Term Management Plan

(1) Mid-Term goals (Consolidated)

	Year Ending March 31, 2018	Year Ending March 31, 2020	CAGR (Three Years)
Net sales	¥275.0 billion	¥350.0 billion	11.9%
Operating income	¥57.0 billion	¥72.0 billion	11.7%
Operating margin	20.7%	20.6%	—
ROE	18.5%	20.0%	—
Operating cash flow	¥45.0 billion	¥55.0 billion	—
Free cash flow	¥15.0 billion	¥30.0 billion	—

(2) Sales Goals by Business

	Year Ending March 31, 2018	Year Ending March 31, 2020	CAGR (Three Years)
HU*	¥192.5 billion	¥229.0 billion	9.3%
	¥57.3 billion	¥80.0 billion	15.2%
Core businesses*	¥249.8 billion	¥309.0 billion	10.7%
FCM*	¥2.6 billion	¥8.0 billion	65.1%
	¥7.4 billion	¥14.0 billion	44.8%
	¥0.5 billion	¥3.0 billion	—
Next core businesses*	¥10.5 billion	¥25.0 billion	57.6%
Others	¥14.7 billion	¥16.0 billion	0.8%

*See the "4. Organizational Change" for the name of businesses

(3) Sales Goals by Geographic Region

	Year Ending March 31, 2018	Year Ending March 31, 2020	CAGR (Three Years)
Japan	¥50.3 billion	¥61.7 billion	9.6%
Americas	¥64.5 billion	¥80.9 billion	12.7%
EMEA	¥68.0 billion	¥86.5 billion	10.0%
China	¥67.2 billion	¥89.8 billion	14.2%
Asia Pacific	¥25.0 billion	¥31.1 billion	13.7%

Note: Assumed exchange rates during the period of the mid-term management plan

USD	EUR	CNY
¥110	¥115	¥16

3. Initiatives to Achieve Positioning

<Strengthen profitability (core businesses)>

(1) Enhance profitability through market expansion in the hematology field

In the hematology field, we will work to achieve an undisputed No. 1 position in the United States, strengthen sales to second-tier and lower hospitals in China and realize high rates of growth in emerging markets. In these ways, we expect to maintain continued growth and enhance profitability.

(2) Expand the urinalysis testing business through increased sales of new product

In the urinalysis field, we will accelerate business expansion through product launch for the urine chemistry testing in overseas markets as well as the sediment urinalysis testing, realizing an efficient work flow for urinalysis testing.

(3) Bolster profitability by increasing our global share in the hemostasis field

In the hemostasis field, we will continue our global development by leveraging our alliance with Siemens. We will also accelerate the introduction of fibrin reagents used to test for clotting abnormalities and thrombosis, in an effort to boost our market share in this area.

(4) Expand business and improve profitability in the immunochemistry field in Japan, China and other parts of Asia

In the immunochemistry field, we will expand business in the hepatic disease domain and launch unique parameters in China and other parts of Asia to increase our business in Japan, China and other parts of Asia. We will also improve profitability by reducing cost of sales as well as expanding sales.

<Invest in growth (next core businesses)>

(5) Establish a foundation for the FCM business

To achieve commercialization of clinical FCM, we will accelerate the development and launch of instruments and reagents. We will also step up sales promotion for research and industry use.

(6) Increase the life science business

We will work to expand gene-related businesses by promoting the lab assay businesses of RIKEN GENESIS and Inostics, and entering the clinical PCR market. We will also strive to expand the market for rapid detection of lymph node metastasis based on the OSNA™ method.

(7) Commercialize business in other new fields

We aim to generate new business in such areas as ultrahigh-sensitivity HISCL™, cervical cancer screening systems and glucose AUC (postprandial hyperglycemia monitoring system).

<Promote reforms>

(8) Enhance manufacturing speed and quality

We will strengthen bio-diagnostic reagent development and production capacity. We will also engage in initiatives to maintain customer trust through high levels of quality and stable supply.

(9) Reinforce IT platforms to optimize operating processes

We will reinforce IT platforms in order to optimize supply chain and engineering chain processes.

(10) Strengthen development and management of human resources to support growth

We will recruit human resources who are next-generation leaders and who have advanced specialties and reinforce training. Furthermore, we will leverage the

strength of Group human resources and foster an environment that embraces diversity.

<Contribute to a sustainable society>

- (11) In addition to efforts to resolve healthcare issues through our products and services, we will work to be environmentally considerate, reinforce corporate governance and promote diversity, thereby providing unique and new value to diverse stakeholders and contributing to the development of society.

4. Organizational Change

We progressively eliminated the business unit structure, as well as reinforcing the business development structure and accelerating strategy deployment in order to achieve further growth.

(1) Reinforce the business development structure to achieve further growth

- 1) Reinforce a highly efficient business development structure in core businesses (the hematology, urinalysis, hemostasis, immunochemistry and clinical chemistry fields)
 - We newly established the HU Business Development Division to globally oversee processes from strategic planning to the market launch of products in the hematology and urinalysis fields.
(HU: The initial letters of hematology and urinalysis)
 - We newly established the ICH Business Development Division to globally oversee processes from strategic planning to the market launch of products in the hemostasis, immunochemistry and clinical chemistry fields.
(ICH: The initial letters of immunochemistry, clinical chemistry and hemostasis)
 - We newly established the Engineering 1 Division to handle reagent development in our core businesses.
 - We will newly establish the Engineering 2 Division to handle instrument and system development in our core businesses.
 - These four divisions will arrange appropriate strategy-based projects to foster highly efficient organizational operations featuring coordination and cooperation and to increase business execution speed.
- 2) Reinforce the business development structure for our next core businesses (gene testing and other new business domains utilizing proprietary Sysmex technologies)
 - We newly established the LS Business Division to globally oversee processes from strategic planning to the market launch of products, and product development in gene testing and lab assay services.
(LS: life science)
 - We newly established the Clinical Innovation Division to establish new clinical value by fostering the rapid market introduction of newly created technologies for research.
 - We newly established the MR Business Development Division to promote marketing, sales and services for medical robots.
(MR: medical robot)
- 3) Reinforce the business development structure to create value across fields
 - In addition to performing Group-wide strategic business planning, we

consolidated in the Business Strategy Development Division the global oversight of processes from strategic planning to the market launch of products in the FCM, network solutions, laboratory automation, and research and industry markets.

- We established the Clinical Affairs Department, which plans and designs clinical evaluation tests, within the Scientific Affairs Division in the aim of accelerating regulatory approvals in various countries.
- (2) Reinforce the structure to accelerate strategy deployment
 - 1) Strengthen the human resources and general affairs functions
 - We newly established the Human Resources Division to secure human resources who can be active globally, reinforce training and promote diversity.
 - We newly established the General Affairs Division to reinforce global risk management and compliance.
 - 2) Strengthen the R&D support function
 - We newly established the Technology Strategy Division to promote technology strategy planning for the Group.
 - We newly established the Intellectual Property Division to enhance the Group's intellectual property functions.
 - 3) Strengthen bio-diagnostic reagent technology development
 - We newly established the Bio-Diagnostic Reagent Technology Center to handle the development of materials for bio-diagnostic reagents.
 - 4) Strengthen the manufacturing and quality assurance functions
 - We newly established the Reagent Manufacturing Management Department and the Manufacturing Information Management Department within the Manufacturing Management Division to prepare strategies related to global reagent production, and heighten cooperation within the Group, thereby accelerating high-quality production.
 - We newly established the Quality Control Department within the Instrument Production Division to strengthen the quality control function related to instrument manufacturing.
 - We established the PSI Department within the SCM Division to prepare highly precise production plans based on global instrument and reagent demand forecasts.
(PSI: production, sales and inventory)
 - 5) Reconfigure the global sales and service functions
 - We newly established the JEA Region Division to integrate the sales and service functions for the Japan and East Asia (South Korea, Taiwan and Mongolia) region.
 - We newly established the Global Support Division to integrate the global service and support function and the overseas sales and service support function.

Forward-Looking Statements

This material contains forward-looking statements about Sysmex Corporation and its group companies (the Sysmex Group). These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent in such judgments and assumptions, the future course of our business operations, and changes in the operating environment both in Japan and overseas



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may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position either expressed or implied within these forward-looking statements.