



# **FY2008 2Q Business Results**

**November 6, 2008**

**Hisashi Ietsugu, President & CEO**

**Sysmex Corporation**



The mark which combines two contrasting elements symbolizes the fusion and sublimation of two contrasting ideas. The shape reminds us of the infinity symbol “ $\infty$ ” and illustrates the unlimited possibilities of Sysmex.

The ocean and mountain design evokes the evolution of life as well as the Kobe landscape, the birthplace of Sysmex.

# **We Believe the Possibilities.**

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## 1. 2Q Financial Highlights

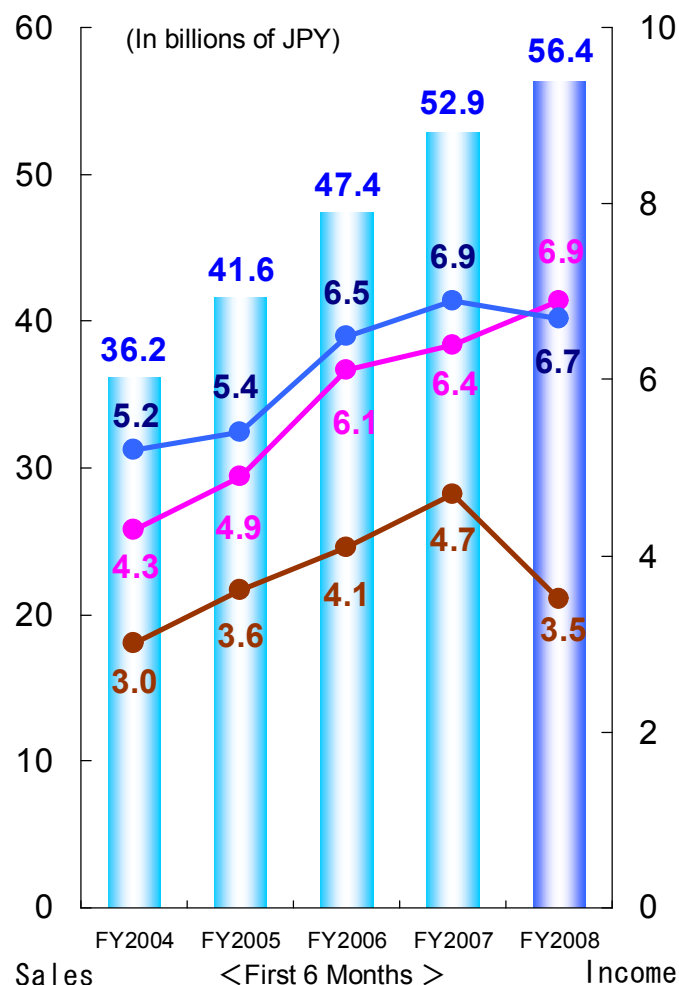
## 2. FY2008 Earnings Forecasts

### 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 operating environments both in Japan and overseas 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.

# 1. 2Q Financial Highlights

# Results for the First Six Months of FY2008



Exchange rate in the preceding 2Q report:  
1US\$=¥119.3, 1EUR=¥162.3

Exchange rate in this 2Q report:  
1US\$=¥106.1, 1EUR=¥162.7

	First Six Months of FY2008	Revised Forecast (as of Oct. 28)	First Six Months of FY2007	% over a Year Earlier
Net sales	56.4	56.5	52.9	106.7%
Operating income	6.9	6.9	6.4	107.2%
Ordinary income	6.7	6.8	6.9	98.2%
Net income	3.5	3.5	4.7	74.2%

## Record-high Net sales and Operating income for 9 and 5 consecutive years, respectively

- ✓ Forex impact: Net sales - ¥1.9 billion  
Operating income - ¥0.61 billion
- ✓ Currency adjusted to the same time last year  
Net sales: +10.3%, Operating income: + 16.7%

## Ordinary income and Net income decreased

- ✓ Non-operating balance: - ¥0.13 billion (incl. forex loss of ¥0.20 billion)
- ✓ Extraordinary profits/losses: - ¥1.1 billion  
Devaluation of Investment Securities: - ¥0.56 billion  
Loss on disposal of fixed assets: - ¥0.30 billion  
Devaluation of Inventories: - ¥0.34 billion

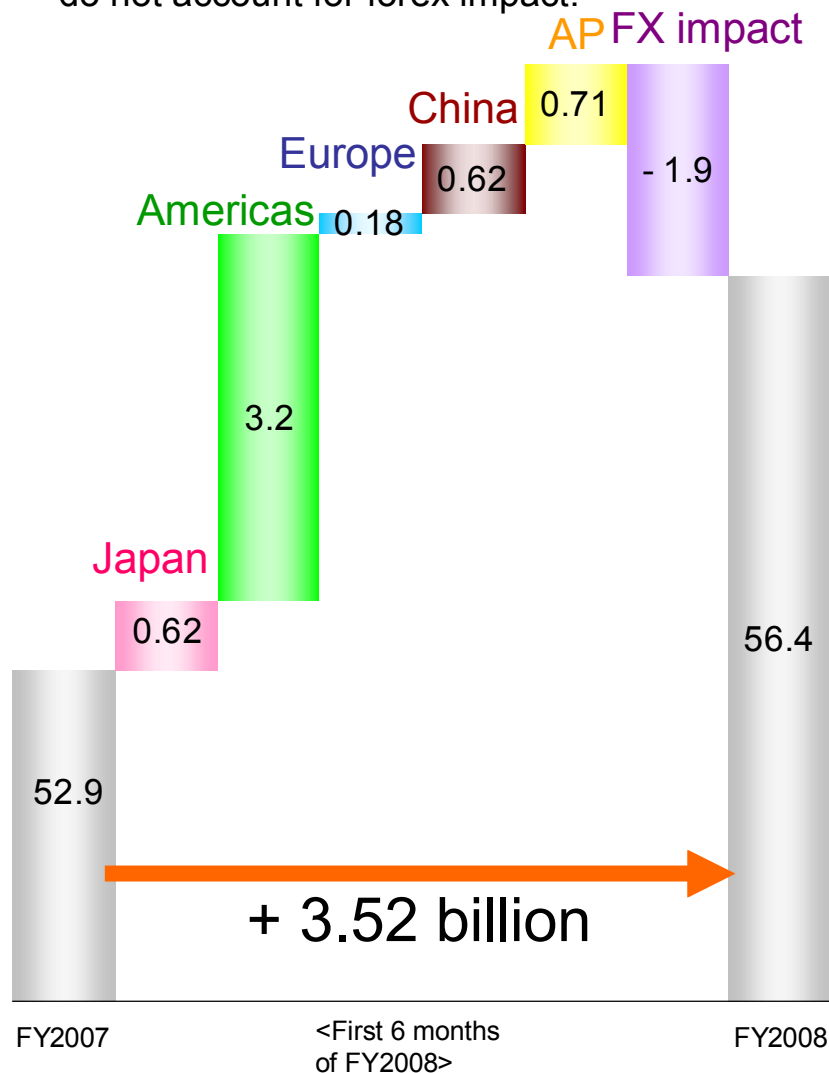
# Breakdown of Net Sales and Operating Income



## Net Sales

(In billions of JPY)

※Numbers for each region do not account for forex impact.



## Operating Income

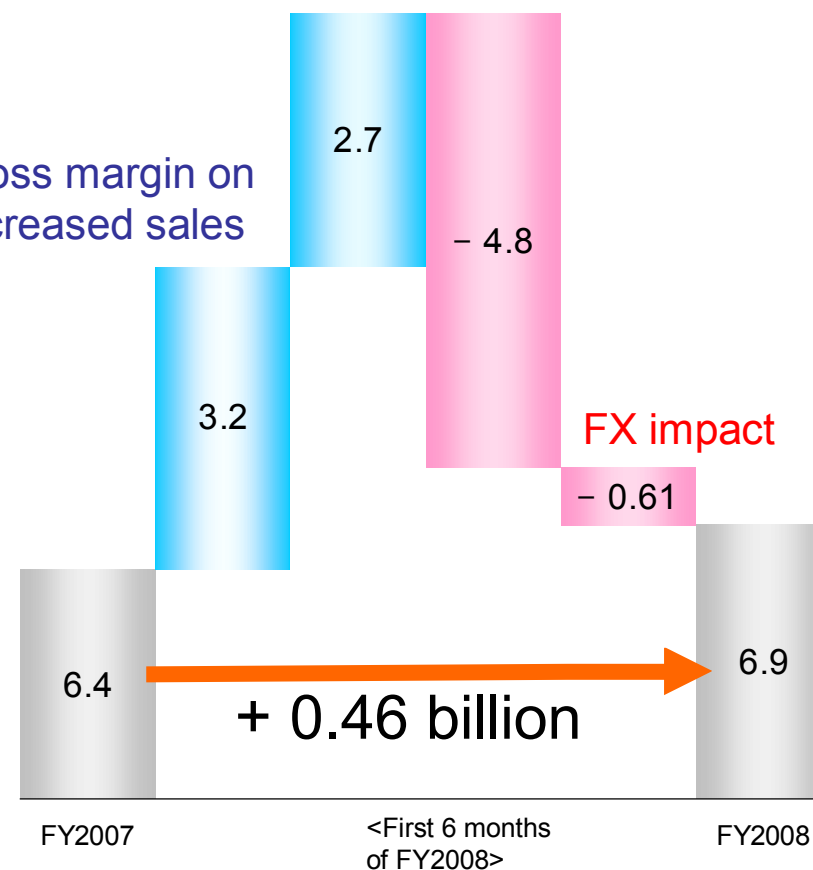
(In billions of JPY)

Gross margin increased as a result of an improvement in cost ratio

Gross margin on increased sales

Increased SG&A

FX impact

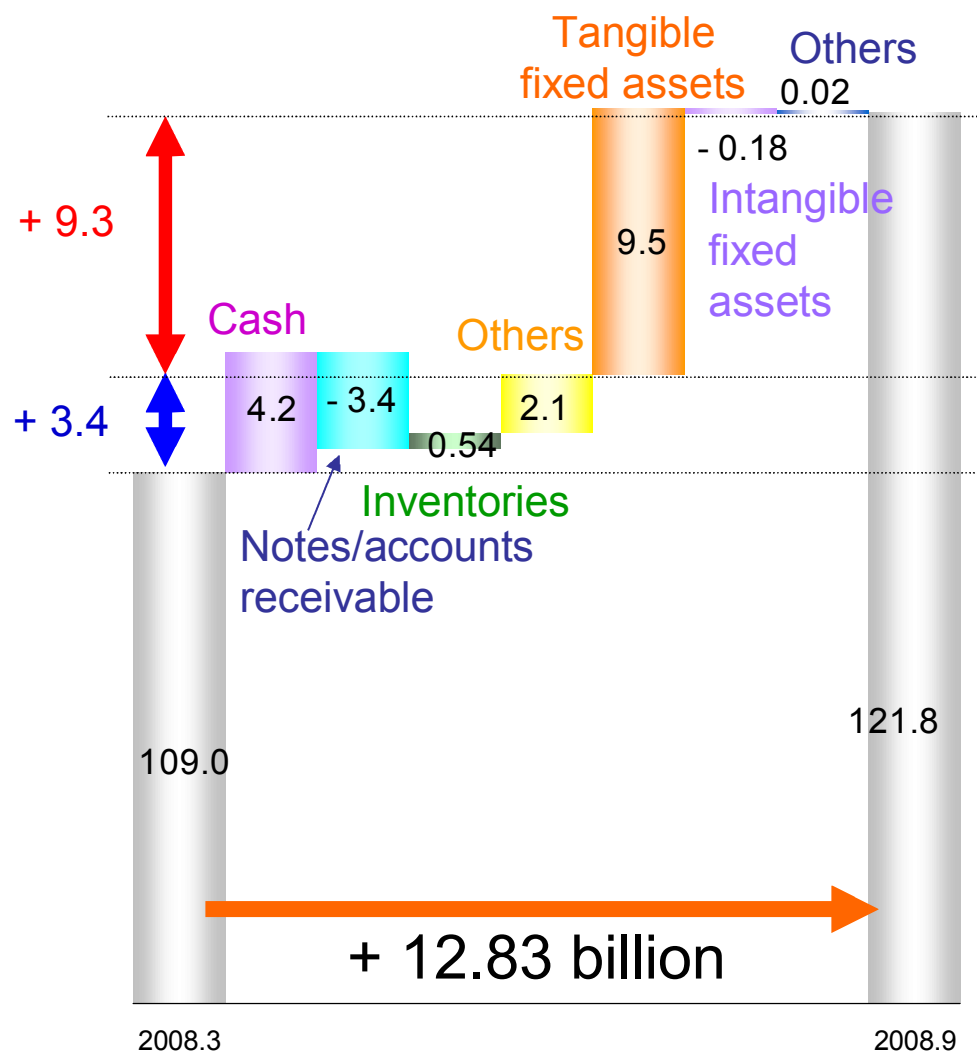


# Breakdown of Balance Sheet

## Assets

(In billions of JPY)

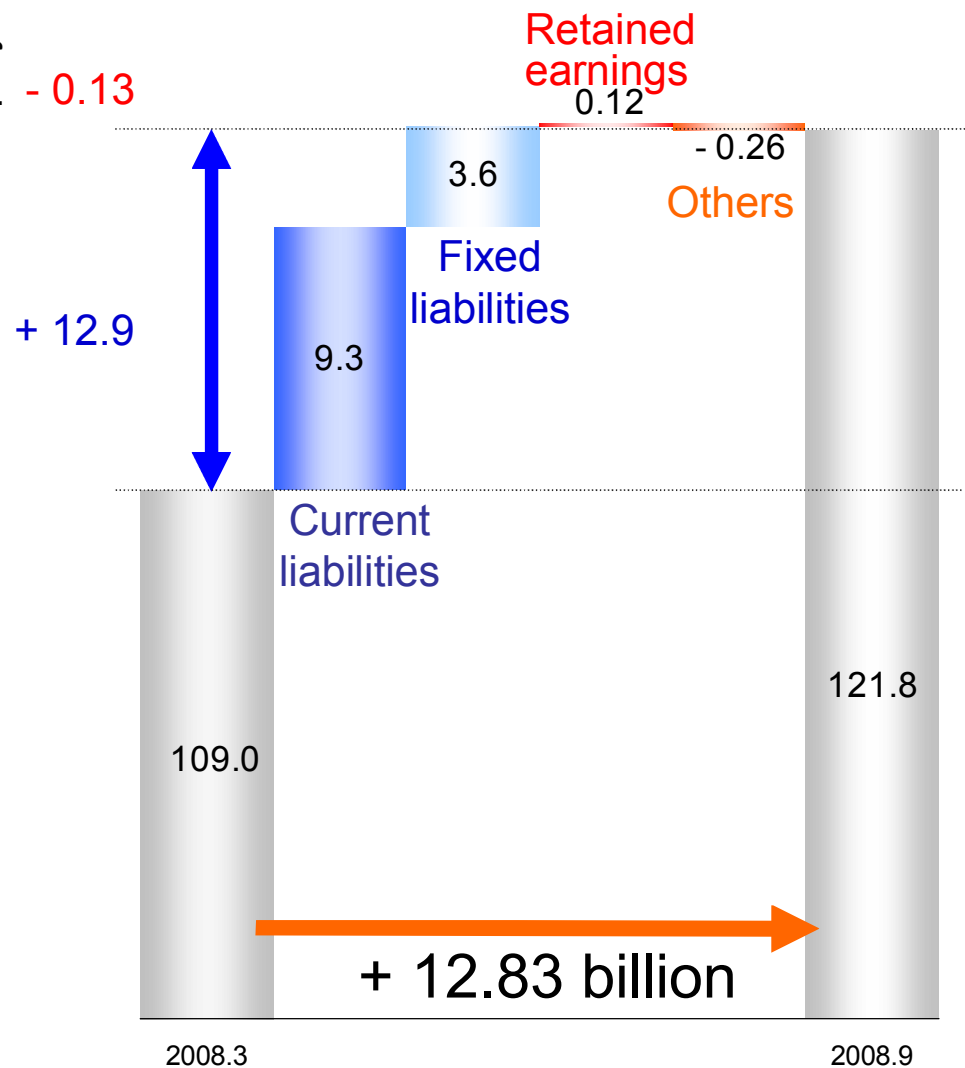
Fixed assets  
Current assets



## Liabilities/Equity

(In billions of JPY)

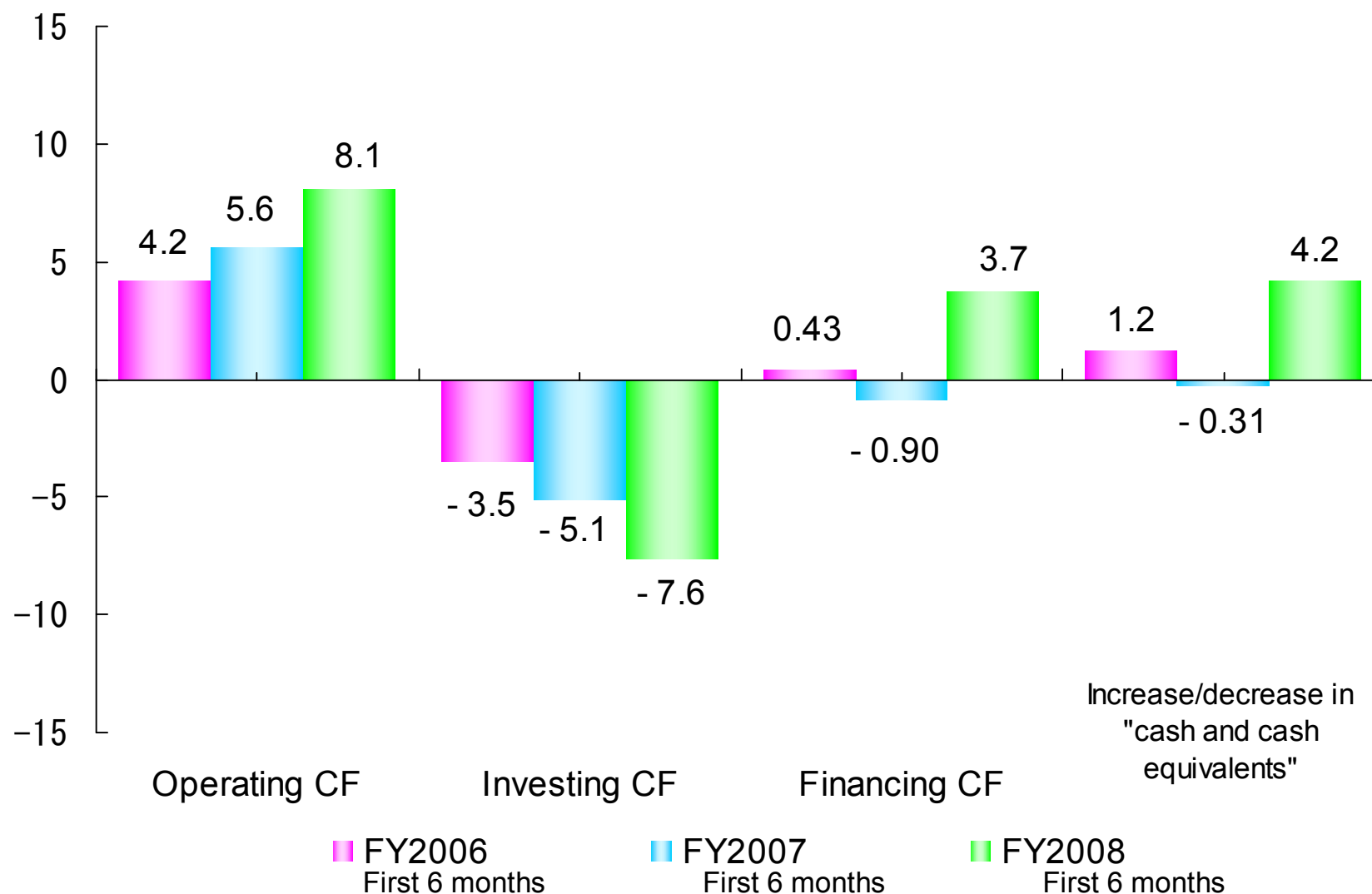
Equity  
Liabilities



# Consolidated Cash Flow



In billions of JPY



※Increase/decrease in "cash and cash equivalents" include translation differences of cash and cash equivalents.



# Changes in Accounting Standards

## Accounting Standards for Lease

- Direct leasing contracts
  - ✓ Sales in Europe: - ¥0.65 billion
  - ✕ Small impact on Operation income, Ordinary income and Net income
- Leased assets/liabilities now on-balance
  - ✓ Tangible fixed assets: + ¥5.0 billion

## Valuation of Inventory

- Inventory now valued using the weighted average method (essentially lower of cost or market method)
  - ✓ COGS: + ¥0.12 billion
  - ✓ Extraordinary loss: ¥0.34 billion

## Reclassification of Service Costs in the Americas

- Service costs reclassified from COGS to SG&A expenses
  - ✓ SG&A expenses: + ¥1.5 billion

# Topics

## New Products

- Breast cancer reagents given manufacturing/marketing approval from MHLW. Government reimbursement from November '08 Japan's first



Gene Amplification Reagent  
LYNOAMP BC

## Alliances

- Service agreement for Sysmex bioMérieux commenced in Japan



Gene Amplification Detector  
RD-100i

## Affiliates and Offices

- Direct sales begun in France, Subsidiary in the ME
- R&D core TechnoPark opens in Kobe



TechnoPark

## Other Developments

- Our hematology analyzers adopted as reference method by the Mongolian Ministry of Health
- Our hematology analyzers used in doping tests during the Beijing Olympic Games

# Topics - 40<sup>th</sup> Anniversary Commemorative Events -



Establishing new Corporate Philosophy



**We Believe the Possibilities.**

Promoting Global Corporate Value Enhancement Program

TechnoPark opens (Expanding R&D base)



# Japan - Geographic Segment Information -

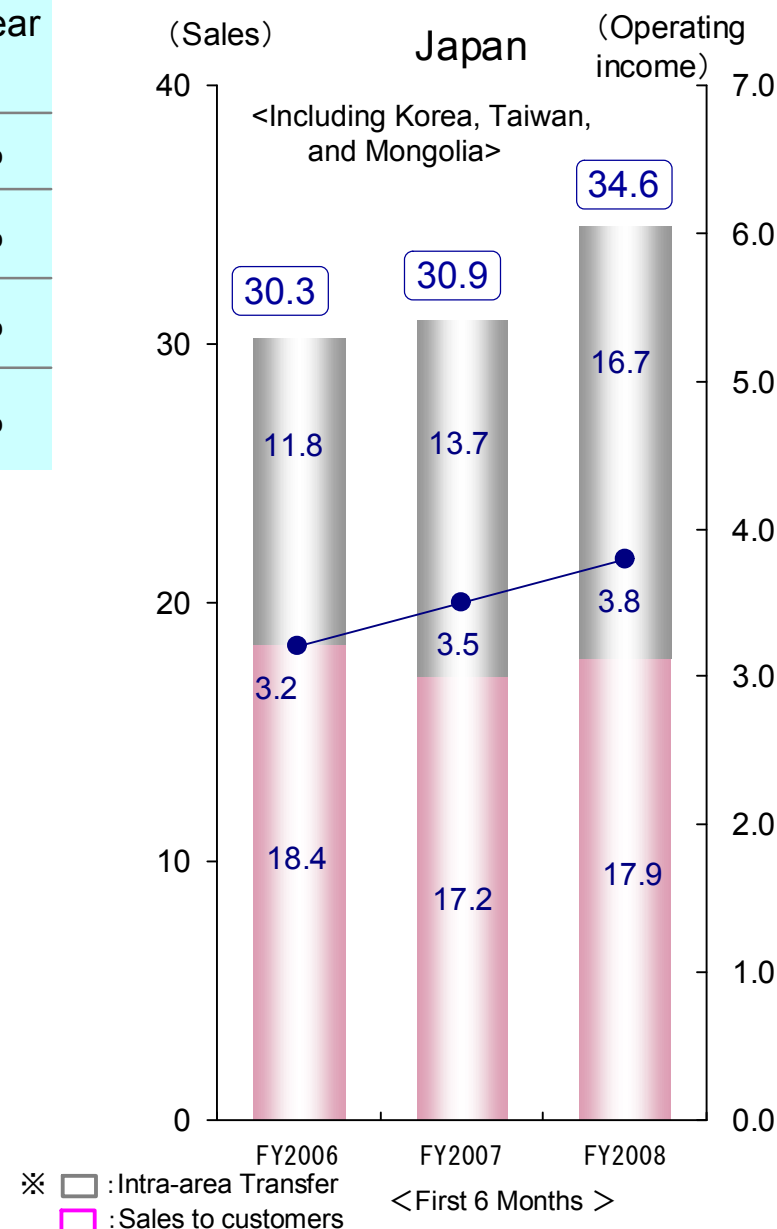
<Including Korea, Taiwan, and Mongolia>



(In billions of JPY)	First 6 Months of FY2008	First 6 Months of FY2007	% over a Year Earlier
Net sales	34.6	30.9	112.1%
Sales to customers	17.9	17.2	104.3%
Intra-area Transfer	16.7	13.7	121.9%
Operating income	3.8	3.5	110.2%

- The Japanese market remains slow
- Brisk performance in the hematology field
- Coagulation sales on the recovery path
- Exports (inter-group sales) increasing
- SG&A expenses increased by ¥1.8 billion
  - ✓ 40<sup>th</sup> anniversary events, establishment of TechnoPark (incl. depreciation): ¥0.49 billion

※ Combined sales of Korea, Taiwan, and Mongolia: ¥0.85 billion



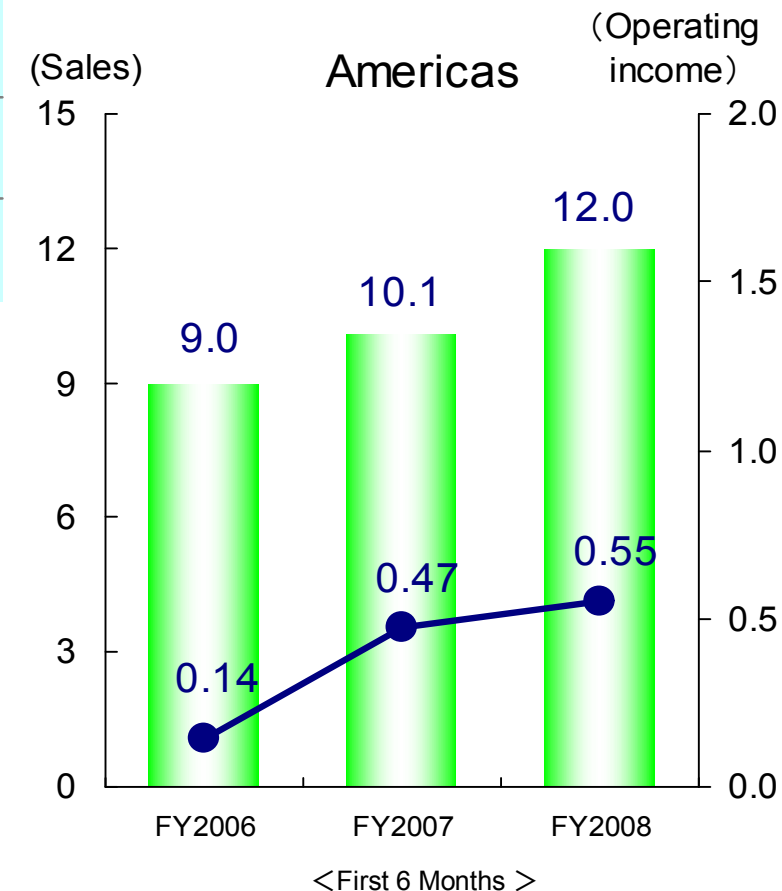
# Americas - Geographic Segment Information -



(In billions of JPY)	First 6 Months of FY2008	First 6 Months of FY2007	% over a Year Earlier*
Net sales	12.0	10.1	118.4%
Operating income	0.55	0.47	115.2%

\*On a local currency basis: Net sales; 133%, Operating income; 130%

- Hematology sales grew substantially in the US
- Switchover to direct sales on schedule in Canada
- Substantial sales growth in Brazil and Mexico through promotion of high-end hematology analyzers
- Instruments sales increased sharply (more quickly than reagents sales)



# Europe - Geographic Segment Information -

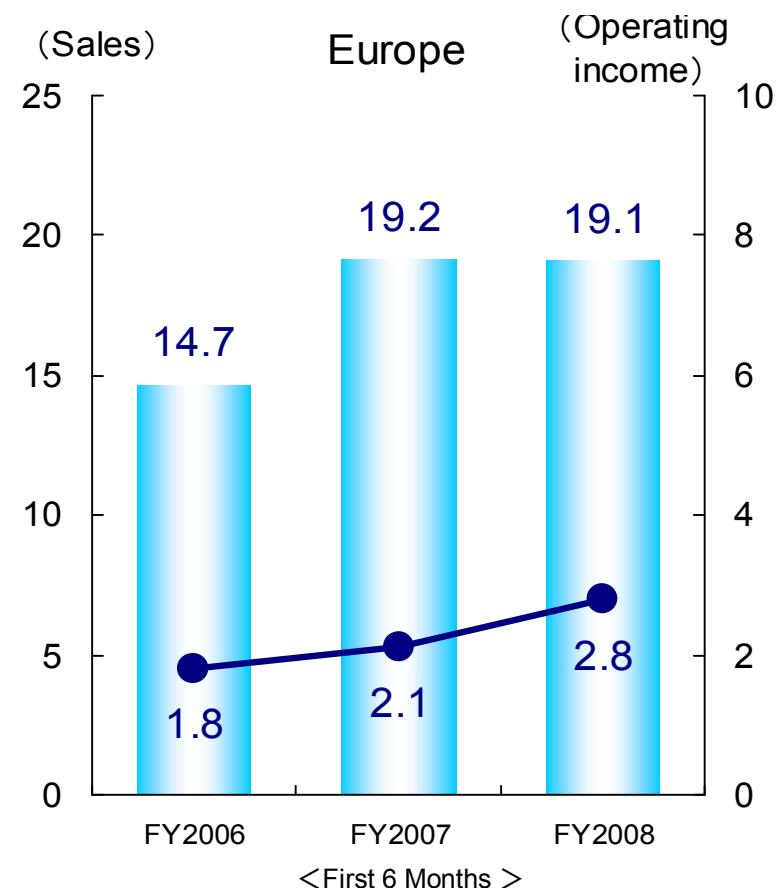


(In billions of JPY)	First 6 Months of FY2008	First 6 Months of FY2007	% over a Year Earlier*
Net sales	19.1	19.2	99.8%
Operating income	2.8	2.1	132.4%

\*On a local currency basis: Net sales; 99%, Operating income; 132%

- Changes from the previous fiscal year which have affected our sales
  - ✓ Change in accounting standards for lease: - ¥0.65 billion
  - ✓ MOLIS software transferred: - ¥0.37 billion
  - ✓ Distributed product lines discontinued (blood-collecting tubes): - ¥0.28 billion

- Sales in the UK declined amid tough market conditions and adverse forex situations (impact of weaker sterling: - ¥0.37 billion)
- Substantial sales growth due to direct sales in France and Central Europe, and the emergence of new markets (Eastern Europe, Russia, etc.)
- Cost ratio improved with the increase in reagents sales
- ME affiliated company prepared for full-fledged operations





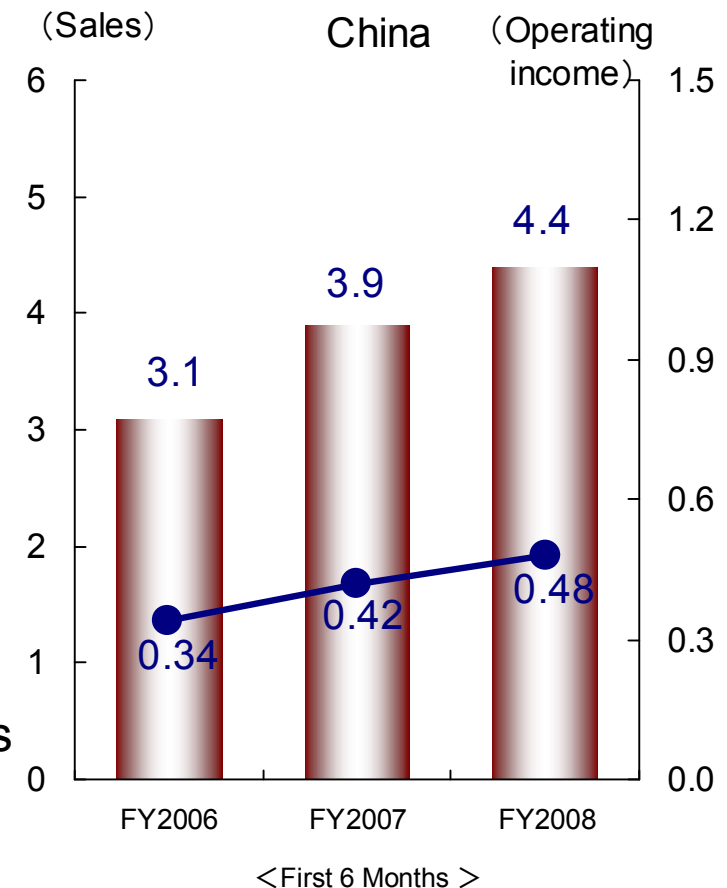
# China - Geographic Segment Information -



(In billions of JPY)	First 6 Months of FY2008	First 6 Months of FY2007	% over a Year Earlier*
Net sales	4.4	3.9	113.7%
Operating income	0.48	0.42	114.2%

\*On a local currency basis: Net sales; 116%, Operating income; 116%

- Hematology systems sales increased through direct business with customers
- Successful tender ratio decreased in the hematology low-end market, following a new law on the control of purchasing/imports (Feb. '08)
- Reagents sales grew substantially in the hematology (high-end models), urinalysis, and coagulation fields
- Urinalysis sales grew as infant medical examinations increased following reports of melamine-contaminated food



# AP - Geographic Segment Information -

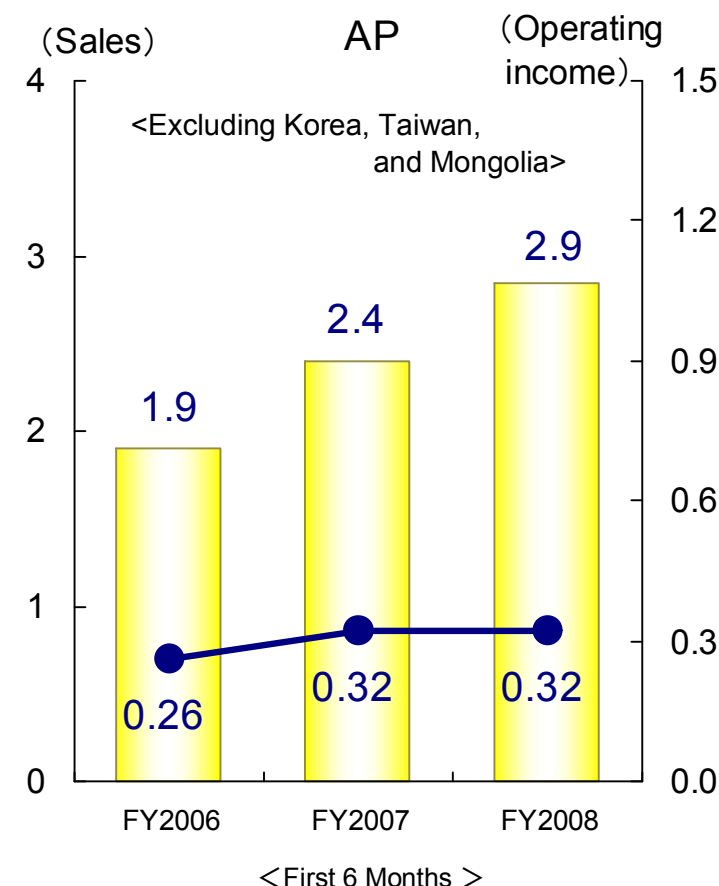
<Excluding Korea, Taiwan, and Mongolia>



(In billions of JPY)	First 6 Months of FY2008	First 6 Months of FY2007	% over a Year Earlier*
Net sales	2.8	2.4	117.1%
Operating income	0.32	0.32	101.2%

\*On a local currency basis: Net sales; 120%, Operating income; 103%

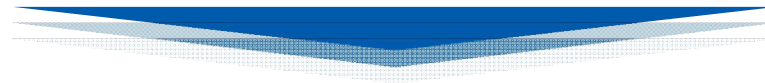
- Hematology business grew substantially, primarily due to the successful tender for a large project in Australia
- Urinalysis sales increased as automated urine sediment analysis grows
- Cost ratio deteriorated as instruments account for a greater percentage of sales





## 2. FY2008 Earnings Forecasts

- **Slowdown and growing uncertainties in the global economy**
- **Forex markets turning into high-yen phase**



● **Impact on the Healthcare Business ?**

# Consolidated Earnings Forecast

<Revised in 28 October, 2008>



## FY2008 Consolidated Earnings Forecast

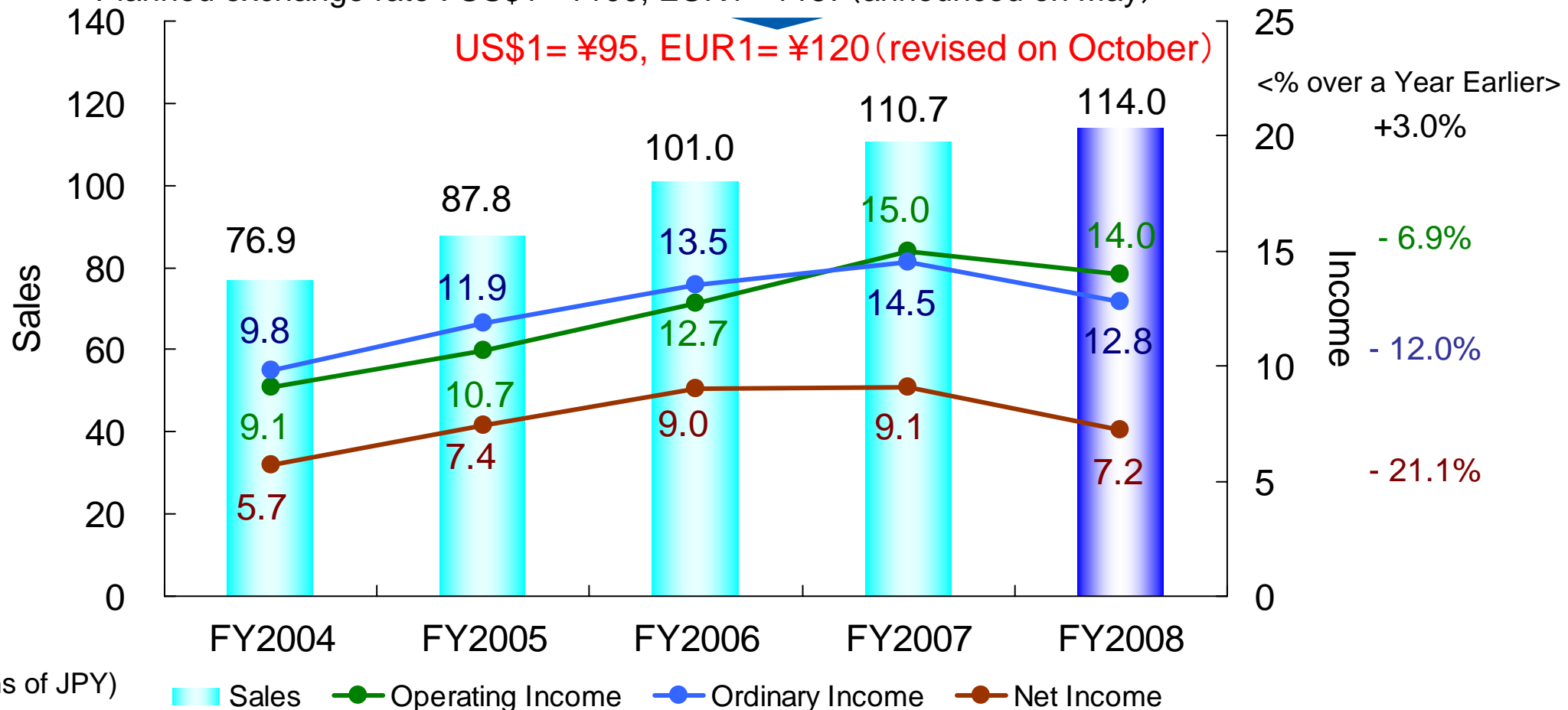
● Net sales: **¥114 billion**    ● Operating Income: **¥14.0 billion**    ● Net Income: **¥7.2 billion**  
 ● Operating Income ratio: **12.3%**    ● Net Income ratio: **6.3%**

### Investment plan

● Equipment: ¥12.0 billion    ● R&D: ¥11.0 billion

Planned exchange rate : US\$1= ¥100, EUR1= ¥157 (announced on May)

**US\$1= ¥95, EUR1= ¥120 (revised on October)**

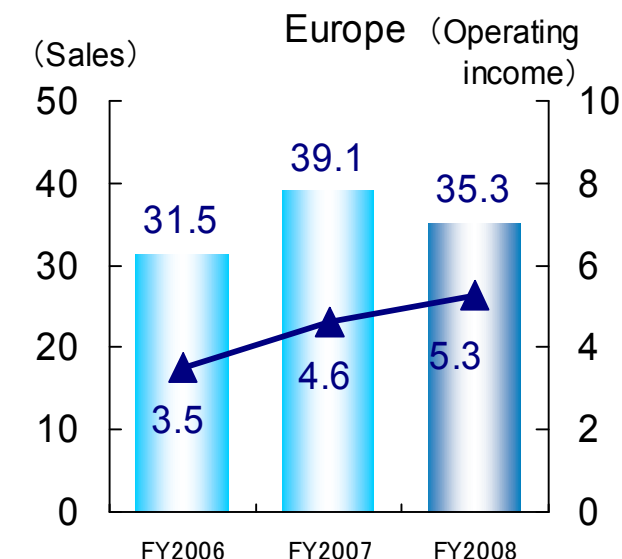
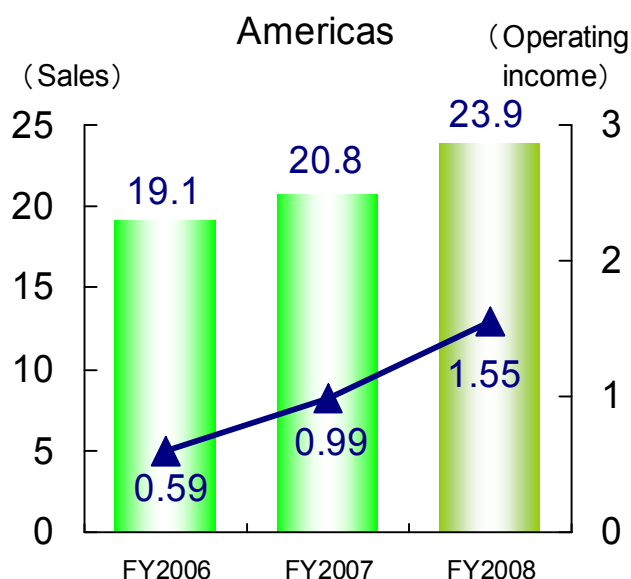
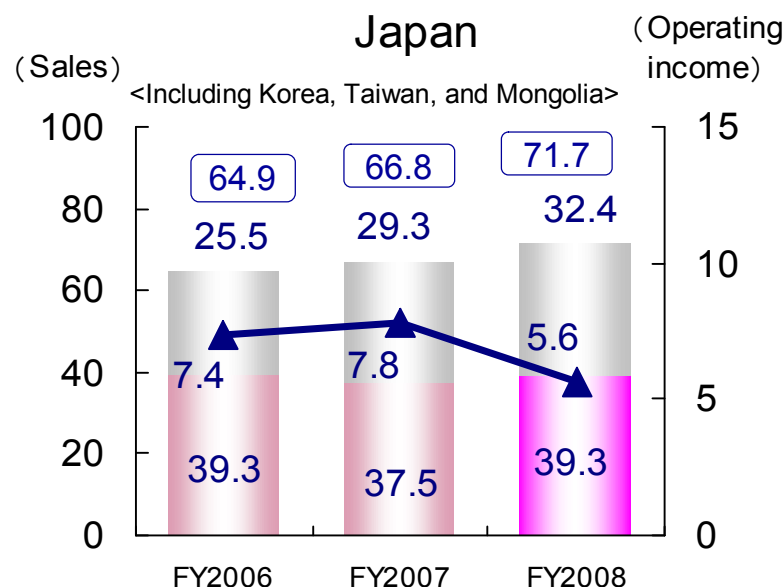


# Earnings Forecasts -Geographic Segment-

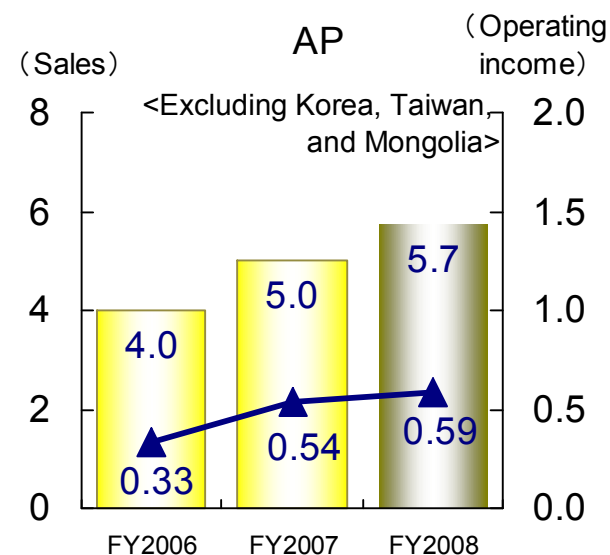
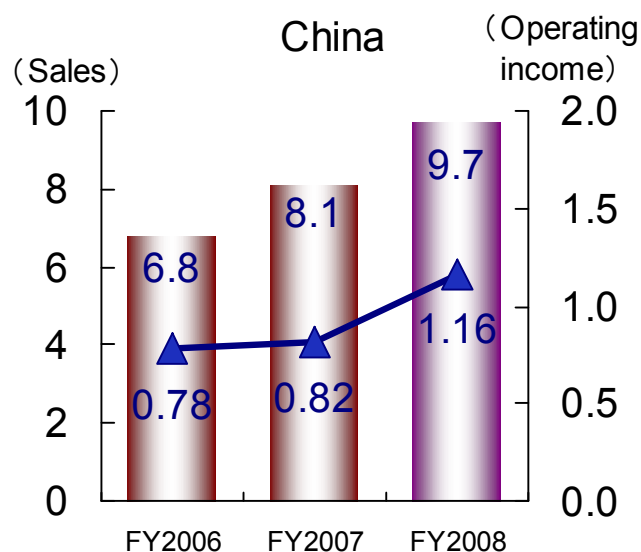
<Revised in 28 October, 2008>



(In billions of JPY)



Sales to customers 
  Intra-area Transfer  
 Operating income 
  incl. profits from exports



# Projected Dividend

<Revised in 28 October, 2008 ※only Dividend ratio>



	Interim dividend	Year-end dividend	Total	Dividend ratio (Consolidated)
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FY2008 (Projected)	¥ 24	¥ 24	¥ 48	34.1 %
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FY2007	¥ 20	¥ 28	¥ 48	26.8%
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40th Anniversary

# We Believe the Possibilities.

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