

May 8, 2019  
Sysmex Corporation

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## Systemex Announces New Group Mid-Term Management Plan

*Working to Enhance the Group's Growth Potential and Reinforce the  
Management Base with a View to Sustainable Growth*

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Systemex Corporation (HQ: Kobe, Japan; Chairman and CEO: Hisashi Ietsugu) has formulated a new Group mid-term management plan culminating in the fiscal year ending March 31, 2022. The plan is aimed at achieving robust sustainable growth for the Group and reinforcing the management base that supports it.

To reach positioning targets based on its long-term vision, this Group mid-term management plan sets important matters to be addressed over the next three years and targets net sales of ¥380.0 billion and operating profit of ¥78.0 billion for the final year of the plan, the fiscal year ending March 31, 2022.

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Looking at the global healthcare market, in developed countries efforts are underway to raise the efficiency of healthcare against a backdrop of growing medical expenses. Meanwhile, in emerging markets economic development is prompting an increase in demand for establishing healthcare infrastructure and increasing the quality of healthcare. For these reasons, we believe the market will continue to grow. Furthermore, the application of artificial intelligence (AI) and other leading-edge technologies to the healthcare field and advances in personalized medicine—including genomic medicine that incorporates advances in molecular diagnostic technologies<sup>1</sup>—are expected to provide further opportunities for growth.

In line with its aim of being a Unique & Advanced Healthcare Testing Company, Systemex has put in place a global sales and service network. We have also expanded our product lineup, centering on the domain of *in vitro* diagnostics, and been quick to provide advanced services and support making use of the Internet of Things (IoT). We have achieved sustainable growth by continuing to create unique solutions in these ways.

Under this Group mid-term management plan, in order to achieve the positioning targets based on the long-term vision targeting 2025 (formulated in 2018), we will expand our product lineup and strengthen our sales and service structure to match specific regional characteristics in the IVD<sup>2</sup> businesses (the hematology, urinalysis, hemostasis, and immunochemistry fields). In the life science business, we will create new diagnostic value that will contribute toward personalized medicine. Also, by operating our bio-diagnostic reagent base we expect to achieve a faster market launch of high-quality products. In these ways and by reinforcing the structures that underpin our business, such as the quality assurance system and the regulatory and clinical affairs functions, we will realize sustainable growth.

In addition to recruiting and cultivating the diverse personnel who are essential for reaching these Group targets, we will promote business process restructuring in the interest of enhancing our

corporate foundations and creating new value.

To help realize a sustainable society, we will work to resolve healthcare issues through the products and services we provide. Simultaneously, we will be environmentally considerate, enhance corporate governance and promote diversity. As a result, we intend to earn trust among our diverse stakeholders and instill confidence.

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, through the steady implementation of this Group mid-term management plan, we aim to achieve its long-term vision and positioning, continuing to contribute to the advancement and development of healthcare.

1. Long-term management goals (announced May 9, 2018)

(1) Long-term vision toward 2025

A “Unique & Advanced Healthcare Testing Company”

(2) Positioning

1) Creating innovative diagnostic value as a global top-five company in IVD

We aim to become a global top-five company in IVD by expanding our share of the IVD market, which continues to grow globally, achieving ongoing growth in our core businesses (hematology, urinalysis, hemostasis and immunochemistry) by creating new diagnostic value.

2) A leading company in personalized diagnostics for optimizing medical treatment

Through the fusion of our measurement platforms for genes, cells and proteins and new technologies and knowledge acquired through open innovation, we will create new testing and diagnostic value that provides important keys to the selection of treatment methods, and advance the global realization of personalized medicine.

3) A solution provider contributing to the advancement of primary care diagnostics

By leveraging the diagnostic technologies and IT we have cultivated in the IVD domain, we will provide doctors, nurses, laboratory technologists and other healthcare professionals the solutions they need for early diagnoses at locations near patients, thereby enhancing access to healthcare.

4) An attractive company providing value and instilling confidence

Through a distinctive business model, creative technologies, dynamic human resources and sound and advanced corporate management, we aim to remain a company that provides social value and is supported by diverse stakeholders.

5) One Sysmex carrying out high-speed management

By providing attractive workplaces where diverse human resources can exercise their talents, we will make use of sophisticated teamwork throughout the Group to achieve efficient and high-speed management.

2. Group mid-term management plan

(1) Mid-term goals (consolidated)

	Year ending March 31, 2020	Year ending March 31, 2022	CAGR (three years)
Net sales	¥320.0 billion	¥380.0 billion	9.0%
Operating profit	¥64.0 billion	¥78.0 billion	10.4%
Operating margin	20.0%	20.5%	—
ROE	16.0%	18.0%	—
Operating cash flow	¥55.0 billion	¥75.0 billion	—
Free cash flow	¥32.0 billion	¥40.0 billion	—

(2) Sales goals by business

	Year ending March 31, 2020	Year ending March 31, 2022	CAGR (three years)
Hematology field	¥192.6 billion	¥216.0 billion	5.9%
Hemostasis field	¥51.9 billion	¥61.5 billion	8.7%
Urinalysis field	¥22.4 billion	¥25.5 billion	6.6%
Immunochemistry field	¥16.7 billion	¥25.5 billion	22.4%
Clinical chemistry field	¥3.2 billion	¥3.5 billion	3.1%
FCM business field	¥3.0 billion	¥8.0 billion	73.3%
Others	¥13.2 billion	¥14.0 billion	—
IVD business	¥303.0 billion	¥354.0 billion	7.7%
Life science business	¥17.0 billion	¥26.0 billion	35.9%

(3) Sales goals by geographic region

	Year ending March 31, 2020	Year ending March 31, 2022	CAGR (three years)
Japan	¥48.2 billion	¥53.0 billion	6.3%
Americas	¥76.7 billion	¥89.6 billion	8.3%
EMEA	¥80.4 billion	¥93.5 billion	7.3%
China	¥87.1 billion	¥108.7 billion	11.6%
Asia Pacific	¥27.6 billion	¥35.2 billion	12.0%

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

USD	EUR	CNY
¥110	¥125	¥16.5

### 3. Initiatives to reach positioning targets

#### (1) Reinforce strong growth in the IVD business

Under the period of this Group mid-term management plan, we will work to further enhance our product development capabilities.

In the hematology field, we will launch products according to market needs and enhance our sales structure in the aim of realizing high growth in the global base.

In the urinalysis field, we aim to expand our business by accelerating the global rollout of urine chemistry testing products and by realizing efficient urinalysis workflows that combine urine sediment testing.

In the hemostasis field, we will accelerate the market introduction of the Automated Blood Coagulation Analyzers CN-6000 and CN-3000. We aim to increase our share of the market through our alliance with Siemens and by expanding our reagent portfolio.

In the immunochemistry field, we will increase our market presence by developing unique parameters, mainly in the hepatic disease domain and increasing the number of reagent parameters that obtain regulatory approval. We aim to expand our business through growth in the installed instrument base in China and other parts of Asia, as well as by accelerating the market introduction of reagents—including existing ones targeting unique parameters, such as the HISCL™ M2BPGi reagent (a hepatic fibrosis test reagent).

Furthermore, in April 2019 we began operations at Technopark East Site, a bio-diagnostic reagent base that integrates processes from the development of substances for bio-diagnostic reagents to reagent development, production and distribution. Through this base, we aim to enhance product competitiveness and provide a stable supply of these reagents.

In the FCM business field, we will accelerate instrument and reagent development and launch to rapidly commercialize clinical FCM. At the same time, we will promote the market introduction of the CyFlow™ Counter System, which has already received WHO prequalification, in countries and regions where healthcare resources are limited.

#### (2) Accelerate commercialization of the life science business

We will work to increase the types of cancer that can be detected using our system for the rapid detection of lymph node metastasis, which uses the OSNA™ method, and promote their global rollout. We will also seek to expand business earnings through synergies with Oxford Gene Technology, which possesses FISH testing reagents. In December 2018, we received manufacturing and marketing approval in Japan for the first time for the OncoGuide™ NCC Oncopanel System. We will work to obtain health insurance coverage for this system. In addition to strengthening our structure for cancer genomic medicine through the lab assay service provided by RIKEN GENESIS, we are seeking to obtain IVD regulatory approval for OncoBEAM™ RAS CRC test of Sysmex Inostics, and to expand high-sensitivity HISCL applications. Through these efforts, we aim to create new diagnostic value that will contribute to personalized medicine.

#### (3) Enhance quality and quality assurance systems

To continue earning the trust of our customers by strengthening our structure for the stable provision of high-quality products, we will reinforce our quality assurance system, augment design quality at the product development stage and further heighten mass-production quality.

#### (4) Strengthen regulatory affairs function and clinical development capability that underpin our business

To launch new products in a timely manner even in an environment where related

legislation is growing increasingly stringent, as well as to take advantage of opportunities at an early stage, we will strive to reinforce our structure for the product evaluation function on a global basis.

(5) Restructure business processes through digitalization

To promote the global restructuring of business processes in the interest of enhancing our corporate foundations and creating new value, we will put in place a next-generation core system and renovate our digital basis.

(6) Innovate human resource management

To step up the recruiting and cultivation of sophisticated and specialized human resources who are the next-generation leaders that will support sustainable growth, we will formulate global policies and promote the transformation of our human resource management.

## **Terminology**

1 Molecular diagnostic technologies:

Technologies for identifying diseases by studying the proteins, DNA, RNA, and other molecules contained in tissues and body fluids.

2 *In vitro* diagnostics (IVD):

In general, IVD refers to the testing of blood, urine and other samples to determine physical condition. Here, IVD refers to the domain of laboratory testing in which IVD is performed.

## **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 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.