



Business Results

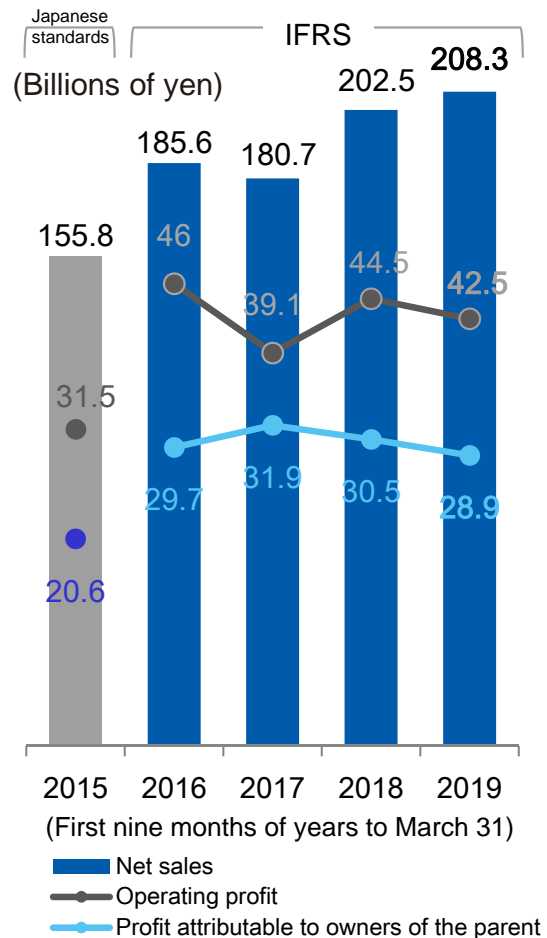
First Nine Months of Fiscal Year Ending March 31, 2019

The Sysmex Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2017. Figures are disclosed in compliance with IFRS.

Sysmex Corporation

February 6, 2019

Financial Highlights



	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018
1USD	¥111.1	¥111.7
1EUR	¥129.5	¥128.5
1CNY	¥16.6	¥16.6

	First nine months of fiscal year ending March 31, 2019		First nine months of year ended March 31, 2018		(Billions of yen) YOY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	208.3	100%	202.5	100%	102.9%
Cost of sales	92.5	44.4%	87.3	43.1%	105.9%
SG&A expenses	60.3	28.9%	59.0	29.1%	102.2%
R&D expenses	13.3	6.4%	11.9	5.9%	111.8%
Other income (expenses)	0.4	0.2%	0.3	0.2%	114.6%
Operating profit	42.5	20.4%	44.5	22.0%	95.5%
Profit attributable to owners of the parent	28.9	13.9%	30.5	15.1%	94.6%

- **Net sales:** Net sales increased due to higher sales of reagents, centered on the hematology, hemostasis, immunochemistry and life science fields.
- **Operating profit:** Operating profit was down due to the impact of temporary factors in the same period of the previous year, as well as to higher R&D expenses.
Exchange rate fluctuations reduced net sales ¥1.63 billion and raised operating profit ¥0.22 billion. At the exchange rates prevailing one year earlier, net sales would have been up 3.7% year on year, and operating profit down 5.0%.
- **Profit attributable to owners of the parent:** Despite a lower tax rate, profit was down due to the impact of a gain on sale of shares of associates in the previous term.
- **Exchange loss (gains):** Loss of ¥1.46 billion (loss of ¥0.31 billion in the first nine months of the previous fiscal year)
- **Capital expenditure (tangible):** ¥12.04 billion
- **Depreciation and amortization:** ¥11.64 billion

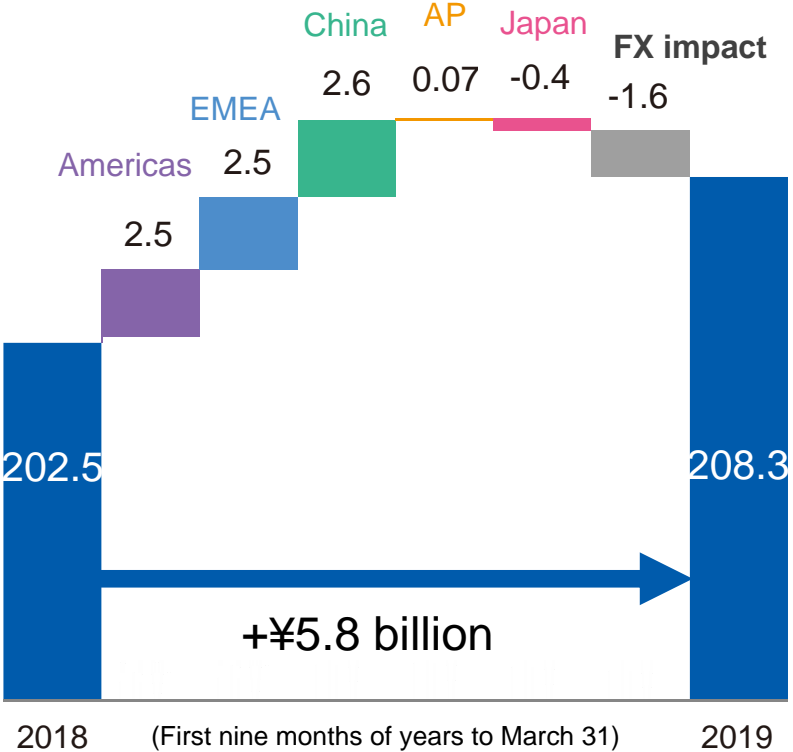
Breakdown of Net Sales and Operating Profit



(Billions of yen)

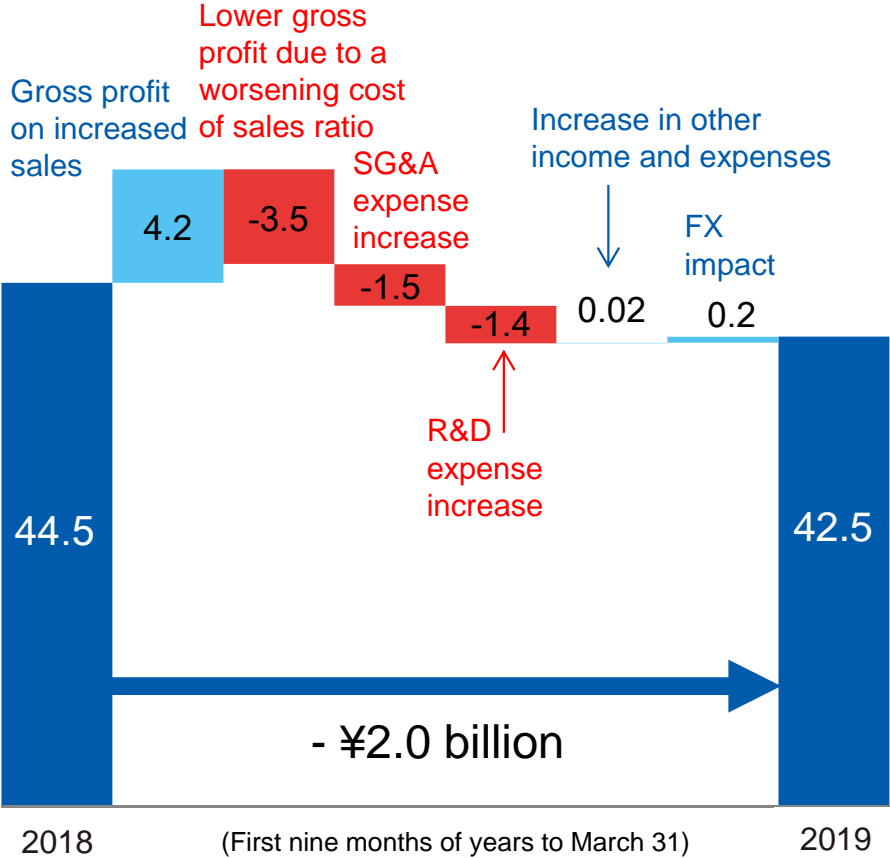
Net Sales

Note: FX impact excluded from sales by geographic region



Operating Profit

Impact of dissolution of employees' pension fund in previous fiscal year
 Cost of sales - ¥0.4 billion
 SG&A etc. - ¥1.2 billion



Sales by Business and Product Type

(Billions of yen)		First nine months of fiscal year ending March 31, 2019		First nine months of fiscal year ended March 31, 2108		YOY (Previous period = 100%)	Reference: YOY at previous year's rate
		Results	Ratio	Results	Ratio		
By business	Hematology	128.5	61.7%	126.5	62.5%	101.5%	102.4%
	Urinalysis	14.9	7.2%	15.1	7.5%	98.4%	99.4%
	HU Business	143.4	68.8%	141.7	70.0%	101.2%	102.1%
	Immunochemistry	9.9	4.8%	7.9	3.9%	126.2%	127.0%
	Clinical Chemistry	2.3	1.1%	2.5	1.3%	89.9%	90.9%
	Hemostasis	34.2	16.5%	31.6	15.6%	108.4%	109.0%
	ICH Business	46.5	22.4%	42.1	20.8%	110.6%	111.3%
	Core Businesses	190.0	91.2%	183.8	90.8%	103.3%	104.2%
	FCM Business	1.1	0.5%	1.1	0.6%	96.6%	97.5%
	LS Business	7.4	3.6%	6.0	3.0%	123.3%	123.7%
	Others	0.0	0.0%	-	-	-	-
	Next Core Businesses	8.5	4.1%	7.1	3.5%	119.4%	119.4%
	Others¹	9.7	4.7%	11.4	5.7%	85.0%	85.8%
Total Net Sales	208.3	100.0%	202.5	100.0%	102.9%	103.7%	
By product type	Instruments	54.3	26.1%	58.1	28.7%	93.5%	94.1%
	Reagents	123.2	59.1%	114.8	56.7%	107.3%	108.2%
	Maintenance Services & Parts²	24.8	11.9%	22.8	11.3%	109.1%	109.8%
	Other	5.8	2.8%	6.7	3.3%	87.2%	87.8%

1 Clinical laboratory information systems, sales of third-party products, etc.

2 In China, some sales previously included in "reagents" and "others" have been reclassified to "maintenance services & parts" from the third quarter of the fiscal year ending March 31, 2019.

Net Sales by Geographic Region

(Billions of yen)

Net Sales by Geographic Region (Sales to External Customers)							
	First nine months of fiscal year ending March 31, 2019		First nine months of fiscal year ended March 31, 2018		YOY (Previous period = 100%) (Local currency)		
	Results	Ratio	Results	Ratio	(Yen)		
Net Sales	208.3	100.0%	202.5	100.0%	102.9%	-	
Region	Americas	45.6	21.9%	44.1	21.8%	103.2%	103.8%
	EMEA	56.7	27.2%	54.5	26.9%	104.1%	103.3%
	China	54.7	26.3%	52.2	25.8%	104.7%	104.9%
	AP	17.5	8.4%	17.9	8.9%	98.2%	(100.0%)
	Japan*	33.6	16.2%	33.6	16.6%	100.1%	-

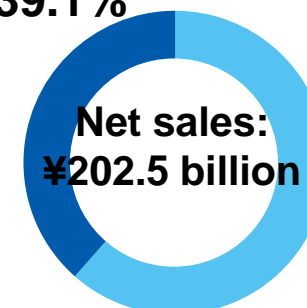
* Includes sales to IDEXX and other external customers

Exchange Rates		
	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018
1USD	¥111.1	¥111.7
1EUR	¥129.5	¥128.5
1CNY	¥16.6	¥16.6

● Percentage of Sales in Emerging Markets

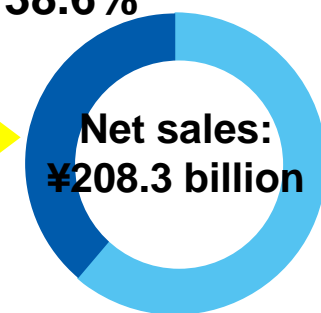
First nine months of fiscal year ended March 31, 2018

39.1%

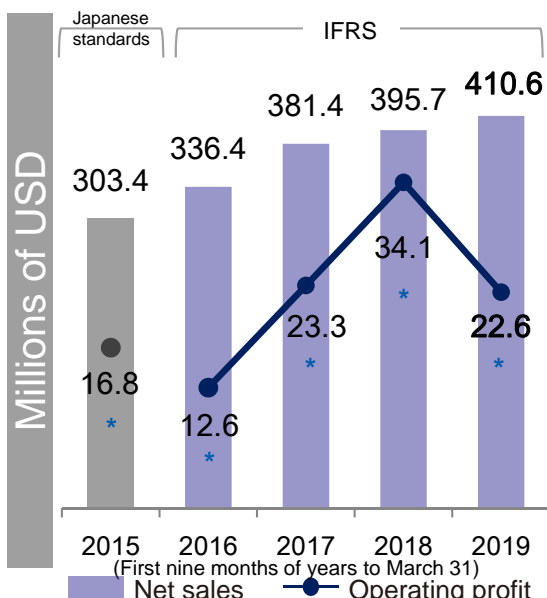
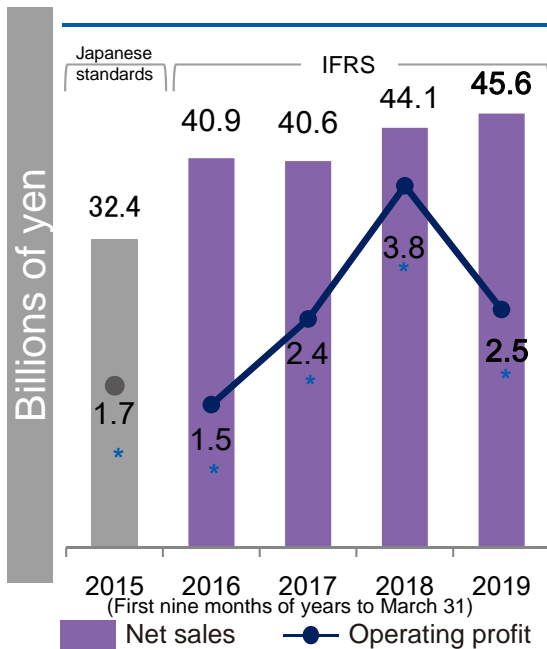


First nine months of fiscal year ending March 31, 2019

38.6%



Geographic Segment Information: Americas



*Revision in intragroup transaction prices
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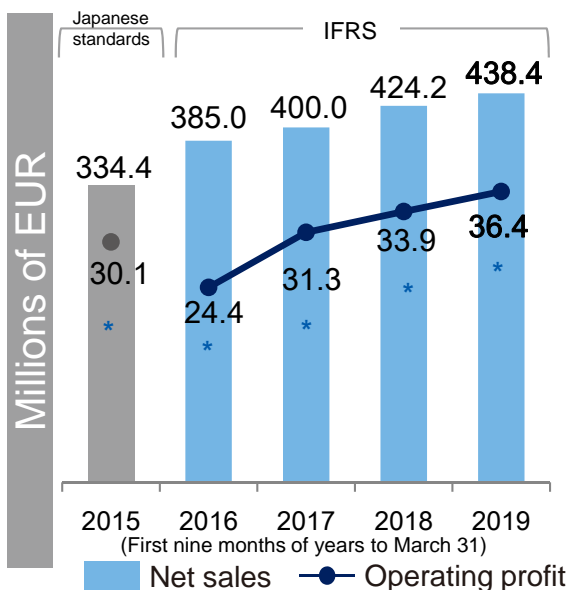
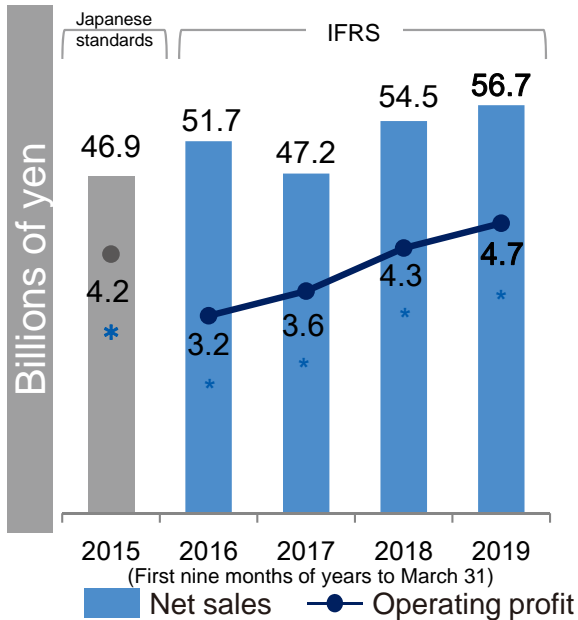
(Billions of yen)	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	45.6	44.1	103.2%	103.8%
Operating profit*	2.5	3.8	66.1%	66.4%

- Sales were up due to higher sales of hematology reagents and hemostasis instruments in the United States, despite lower hematology sales in Central and South America.
- Operating profit was down, as the impacts of a revision in intragroup transaction prices, higher service costs and other factors outweighed the rise in sales.

Local Currency Basis

- **United States:** Sales rose, due to expansion of the installed instrument base, which pushed up hematology reagent sales, as well as higher sales of hemostasis instruments.
- **Canada** Sales were down, reflecting deals for major commercial laboratories in the same period of the preceding fiscal year.
- **Central and South America:** Sales fell as the result of prolonged decreases in the sale of hematology instruments to distributors, despite positive performance in direct sales of new products in the urinalysis field in Brazil and Colombia.

Geographic Segment Information: EMEA*



*Revision in intragroup transaction prices
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*Europe, the Middle East and Africa

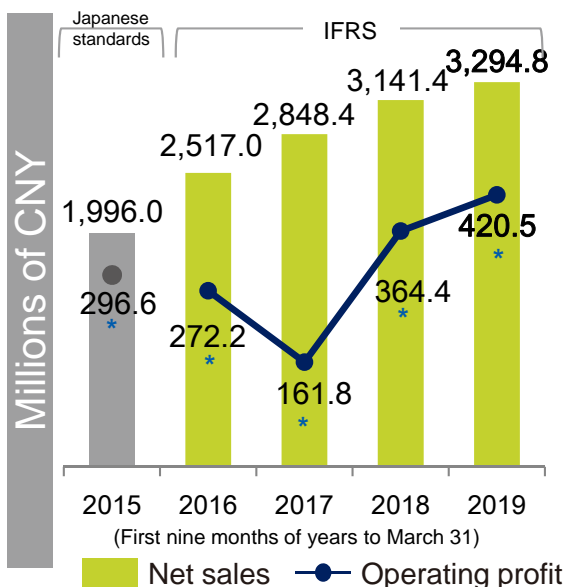
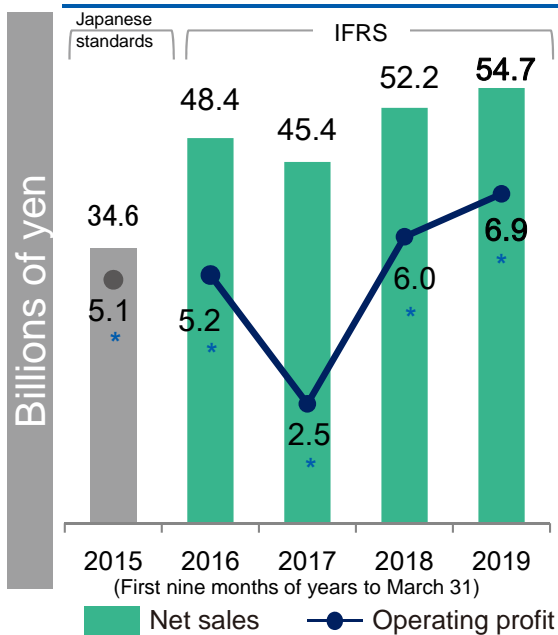
	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	56.7	54.5	104.1%	103.3%
Operating profit*	4.7	4.3	108.2%	107.4%

- Despite the ongoing impact of depreciation in the value of emerging-market currencies, sales grew as a result of higher sales in the hematology and life science fields.
- The cost of sales ratio improved due to a revision in intragroup transaction prices, and the sales increase pushed up gross profit. These factors outweighed such items as a rise in SG&A expenses, boosting profit.

Local Currency Basis

- **Five major countries:** Sales rose due to higher sales of hematology instruments in France and Italy and the contribution of increased new product sales in Spain in the life science field.
- **Eastern Europe, Russia:** Despite continued depreciation of the Russian ruble, sales grew thanks to higher sales in the hemostasis and other fields.
- **Middle East, Africa:** Sales grew in Africa, due to increased hematology reagent sales in Burkina Faso and other countries.

Geographic Segment Information: China



*Revision in intragroup transaction prices

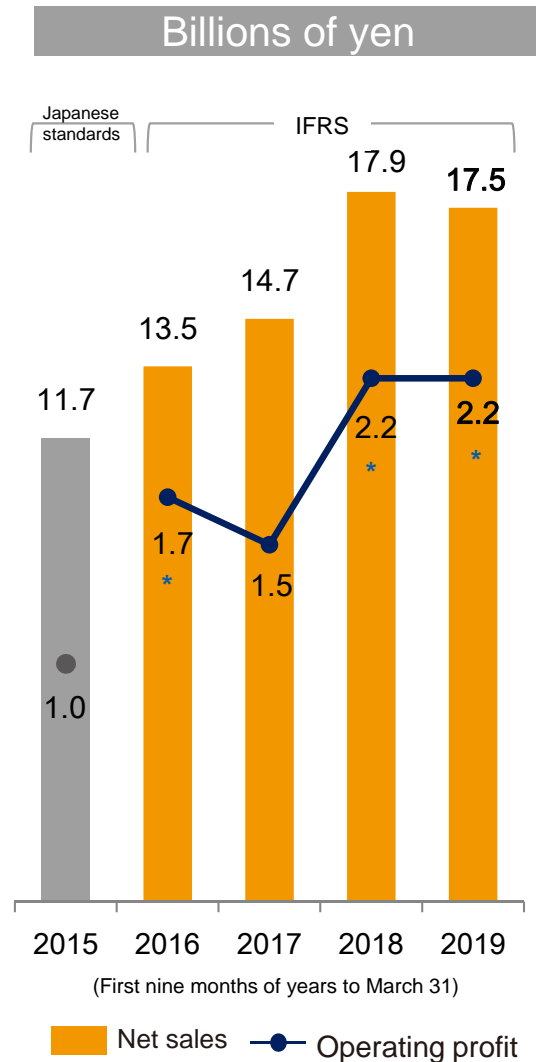
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	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	54.7	52.2	104.7%	104.9%
Operating profit*	6.9	6.0	115.2%	115.4%

- Sales rose, as higher reagent sales due to favorable increases in the immunochemistry and hemostasis fields offset lower instrument sales.
- Although affected by a revision in intragroup transaction prices, operating profit rose due to a rise in gross profit stemming from higher reagent sales.

- **Hematology:** Sales dipped due to falling instrument sales, although reagent sales were robust.
- **Hemostasis:** Favorable performance in fibrin reagents pushed up sales.
- **Urinalysis:** Sales in this field dropped due to lower instrument sales in comparison with the corresponding period of the previous fiscal year, when the launch of a new product prompted a demand surge.
- **Immunochemistry:** Sales expanded, owing to higher instrument sales and a rise in reagent sales centered on reagents for infectious disease.

Geographic Segment Information: AP



*Revision in intragroup transaction prices

(Billions of yen)	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018	YOY (Previous period = 100%) (Yen basis)
Sales	17.5	17.9	98.2%*
Operating profit*	2.2	2.2	104.1%

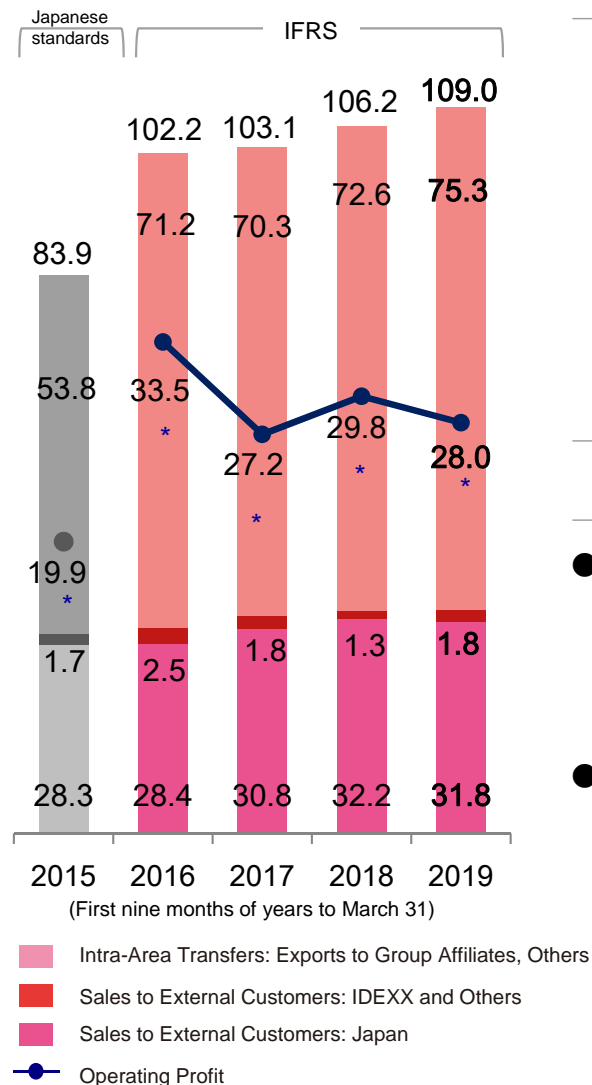
- Despite firm sales in South Korea and Thailand, sales were down due to the impact of a major tender acquisition in the same period of the previous fiscal year in South Asia.
- Operating profit rose due to an improved cost of sales ratio, stemming from higher reagent sales, despite the impact of a revision in intragroup transaction prices and increased SG&A expenses.

*Excluding the impact of exchange rates on currencies in the AP region, sales would have been flat.

- **Southeast Asia:** Sales rose due to higher sales in the hematology and urinalysis fields in Thailand, despite a drop in instrument sales, affected by fiscal deficits in Indonesia's national health insurance plan.
- **South Asia:** Sales declined due to the impact of large tenders in the same period of the previous year in India and Bangladesh.
- **South Korea, Taiwan:** Sales increased, due mainly to higher sales in the hematology field in South Korea.

Geographic Segment Information: Japan

Billions of yen



*Revision in intragroup transaction prices

(Billions of yen)	First nine months of fiscal year ending March 31, 2019	First nine months of fiscal year ended March 31, 2018	YOY (Previous period = 100%)
Sales	109.0	106.2	102.5%
Sales to external customers	33.6	33.6	100.1%
Japan	31.8	32.2	98.7%
IDEXX and others	1.8	1.3	132.0%
Intra-area transfers	75.3	72.6	103.7%
Operating profit*	28.0	29.8	94.1%

- **Sales in Japan fell, affected by the dissolution of a joint venture with an alliance partner in the preceding fiscal year. Overall sales grew, however, due to higher sales to IDEXX and exports to affiliated companies overseas.**
- **Operating income decreased due to temporary factors* in the preceding fiscal year, as well as to higher R&D expenses.**

* Including the dissolution of the employees' pension fund and dissolution of the joint venture with bioMérieux

- **Japan:** Although reagent sales in each field grew, sales in Japan were down as the result of lower alliance-related sales.
- **IDEXX and others:** Hematology analyzer sales for veterinary use were up.

Consolidated Earnings Forecast

No revisions subsequent to November 2018 announcement.

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019

Net sales: ¥300.0 billion

Operating profit: ¥59.0 billion

Operating margin: 19.7%

Profit attributable to owners of the parent: ¥39.5 billion

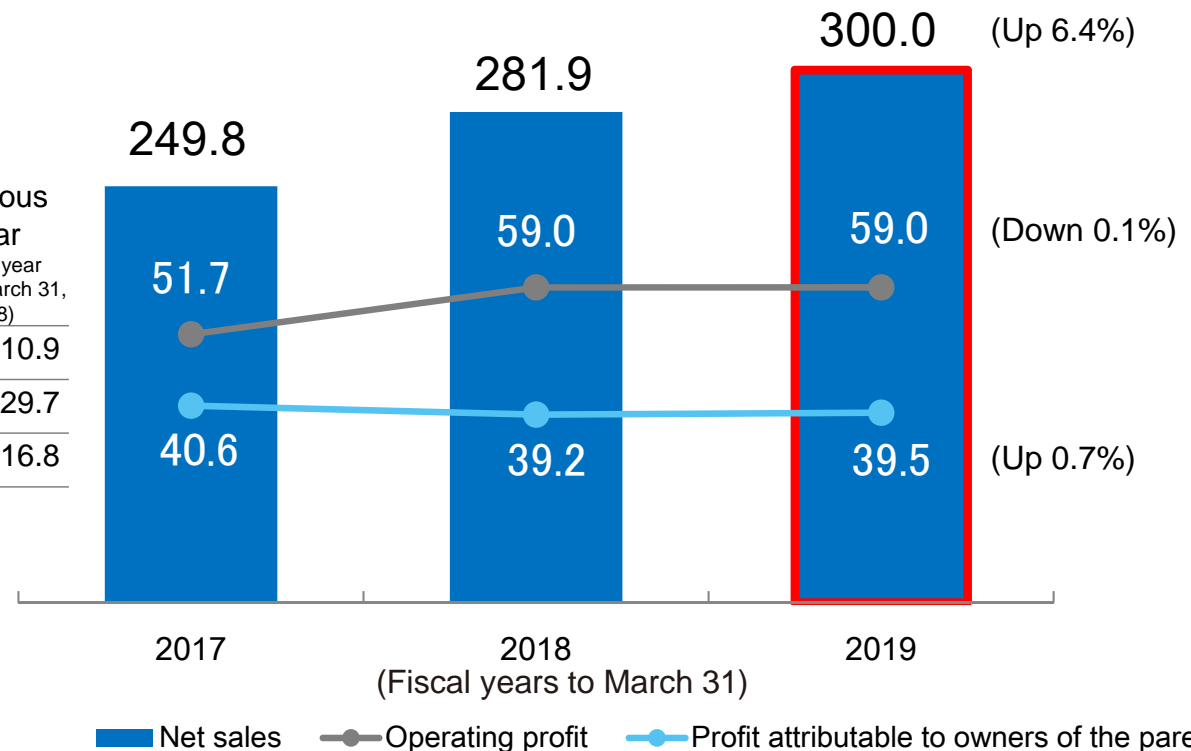
Profit attributable to owners of the parent to net sales: 13.2%

Planned Investment	Capital expenditure (Tangible only): ¥24.0 billion	Depreciation and amortization: ¥17.0 billion	R&D expenditure: ¥19.5 billion
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(Billions of yen)

● Assumed Exchange Rates

	Full Year (Announced in May 2018)	Full Year (Revised in Nov. 2018)	Second Half (Revised in Nov. 2018)	Previous Year (Fiscal year Ended March 31, 2018)
1 USD	¥110.0	¥110.1	¥110.0	¥110.9
1 EUR	¥130.0	¥129.9	¥130.0	¥129.7
1 CNY	¥16.5	¥16.6	¥16.5	¥16.8



(Reference) Progress on Issues for Sustainable Sales Growth



1. Quality Issues

Category	Issue	Progress
Hematology	<ul style="list-style-type: none"> Response to malfunctions with compact hematology analyzers for the primary care market (United States) 	<ul style="list-style-type: none"> Response complete; planning full-fledge market reintroduction (Q4)
	<ul style="list-style-type: none"> Response to malfunctions with automated hematology slide preparation units (China) 	<ul style="list-style-type: none"> Response complete; started selling transport systems to medium-sized hospitals (Q3)
Immuno-chemistry	<ul style="list-style-type: none"> Delayed shipments of immunoassay instruments due to problems with consumables (China) 	<ul style="list-style-type: none"> Response complete; shipments to China recommenced (Q3)

2. Issues involving alliance partners

Category	Issue	Progress
Hematology	<ul style="list-style-type: none"> Stagnant sales in Central and South America 	<ul style="list-style-type: none"> Ongoing deliberations underway
	<ul style="list-style-type: none"> Strengthening the sales and service structure in India 	<ul style="list-style-type: none"> Preparing for activities involving a new sales and support structure (start planned for April 2019)
Urinalysis	<ul style="list-style-type: none"> Changes in the sales structure in France and the United Kingdom 	<ul style="list-style-type: none"> Completed preparations of a direct sales and service structure; start of sales promotional activities (Q3)
Hemostasis	<ul style="list-style-type: none"> Sluggish sales, principally in EMEA 	<ul style="list-style-type: none"> Ongoing deliberations underway

(Reference) Progress on Issues for Sustainable Sales Growth

3. Issues on the business front

Category	Issue	Progress
Hematology	<ul style="list-style-type: none"> • Extension of the instrument replacement cycle 	<ul style="list-style-type: none"> • Launch of hematology analyzers capable of connecting with our network solution (Caresphere) (Q3, centered on advanced countries)
	<ul style="list-style-type: none"> • Response to measures giving preferential treatment to items manufactured in the country (China) 	<ul style="list-style-type: none"> • Launch of hematology analyzers for the lower-end market that are made in China (Q3)
	<ul style="list-style-type: none"> • Response to local-market needs (China) 	<ul style="list-style-type: none"> • Commence sales of transport systems that can handle CRP testing (Q4)
Urinalysis	<ul style="list-style-type: none"> • Delayed launch of new products (United States) 	<ul style="list-style-type: none"> • Continuing with activities to obtain FDA approval of urine chemistry analyzer • Plan to commence sales, starting with sediment analysis instruments and imaging instruments (Q4)
Hemostasis	<ul style="list-style-type: none"> • Response to local-market needs (China) 	<ul style="list-style-type: none"> • Promoting the market introduction of new products that are more compact and offer higher processing capabilities

(Reference) Year-on-Year Growth, Excluding Extraordinary Factors

Net Sales			
(Billions of yen)	First nine months of fiscal year ended March 31, 2018	First nine months of fiscal year ending March 31, 2019	YOY (Previous period = 100%)
Net sales	202.5	208.3	102.9%
Exchange rate impact		+1.6	
Gain on sale of shares due to dissolution of a joint venture ¹	(1.2)		
Impact of acquiring OGT		(0.8)	
Adoption of IFRS 15		+0.2	
Increase in reagent prices in China ²		(0.3)	
Net sales after adjustment for extraordinary factors	201.2	208.9	103.8%

Operating Profit			
(Billions of yen)	First nine months of fiscal year ended March 31, 2018	First nine months of fiscal year ending March 31, 2019	YOY (Previous period = 100%)
Operating profit	44.5	42.5	95.5%
Exchange rate impact		(0.2)	
Impact of dissolution of joint venture ¹	(0.7)		
Impact of acquiring OGT		(0.06)	
Adoption of IFRS 15		+0.2	
Dissolution of employees' pension fund	(1.6)		
Operating profit after adjustment for extraordinary factors	42.1	42.4	100.7%

Profit Attributable to Owners of the Parent			
(Billions of yen)	First nine months of fiscal year ended March 31, 2018	First nine months of fiscal year ending March 31, 2019	YOY (Previous period = 100%)
Profit attributable to owners of the parent	30.5	28.9	94.6%
Exchange rate impact		(0.1)	
Impact of dissolution of joint venture ¹	(1.3)		
Impact of acquiring OGT		(0.05)	
Adoption of IFRS 15		+0.1	
Dissolution of employees' pension fund	(1.1)		
Change in US tax rate	0.7		
Refund of withholding taxes		(0.3)	
Profit attributable to owners of the parent after adjustment for extraordinary factors	28.7	28.4	99.1%

1 Sysmex sold its shares in the joint venture to bioMérieux on October 30, 2018.

Profit attributable to owners of the parent includes ¥0.84 billion effect from gain on sales of shares.

2 The reagent price increase commenced in June 2018.

● Key extraordinary factor affecting performance in the fourth quarter

Impairment of goodwill in affiliate (Sysmex Partec) in the previous fiscal year ¥1.07 billion

Lighting the way **with diagnostics**

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.

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