



# Business Results

## Fiscal Year Ended March 31, 2018

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### Financial Highlights and Long-Term Management Goals

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

**Sysmex Corporation**

Hisashi Ietsugu,  
Chairman and CEO

May 10, 2018

# Contents

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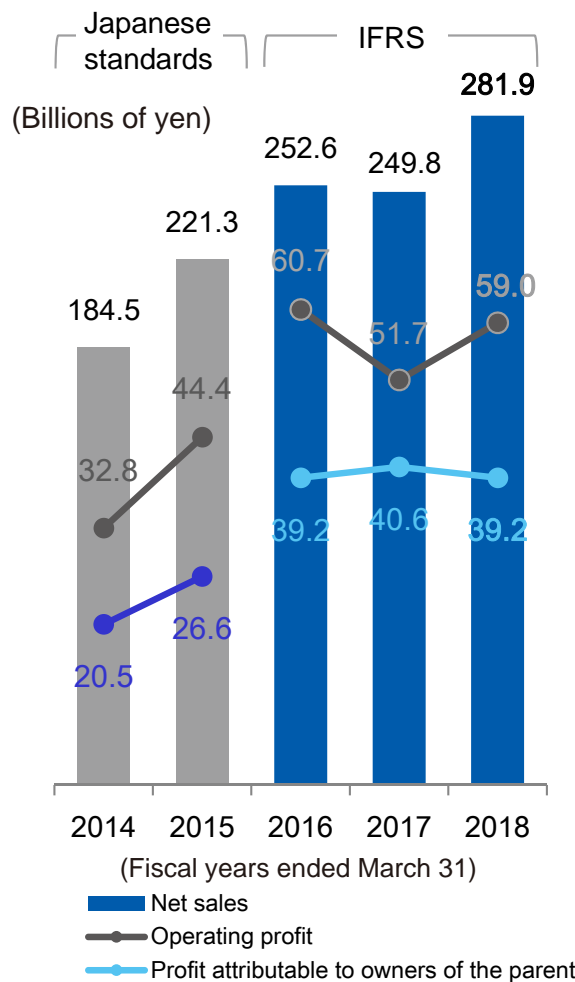
- Chapter 1 Financial Highlights for the Fiscal Year Ended March 31, 2018
- Chapter 2 Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019
- Chapter 3 Long-Term Management Goals (2025)

## Chapter 1

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# Financial Highlights for the Fiscal Year Ended March 31, 2018

# Financial Highlights



	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
1USD	¥110.9	¥108.4
1EUR	¥129.7	¥118.8
1CNY	¥16.8	¥16.1

	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2017		YOY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	281.9	100%	249.8	100%	112.8%
Cost of sales	122.9	43.6%	108.1	43.3%	113.7%
SG&A expenses	82.5	29.3%	75.4	30.2%	109.5%
R&D expenses	16.7	5.9%	15.5	6.2%	107.7%
Other income (expenses)	(5.7)	(0.2)%	0.8	0.4%	-
Operating profit	59.0	21.0%	51.7	20.7%	114.3%
Profit attributable to owners of the parent	39.2	13.9%	40.6	16.3%	96.5%

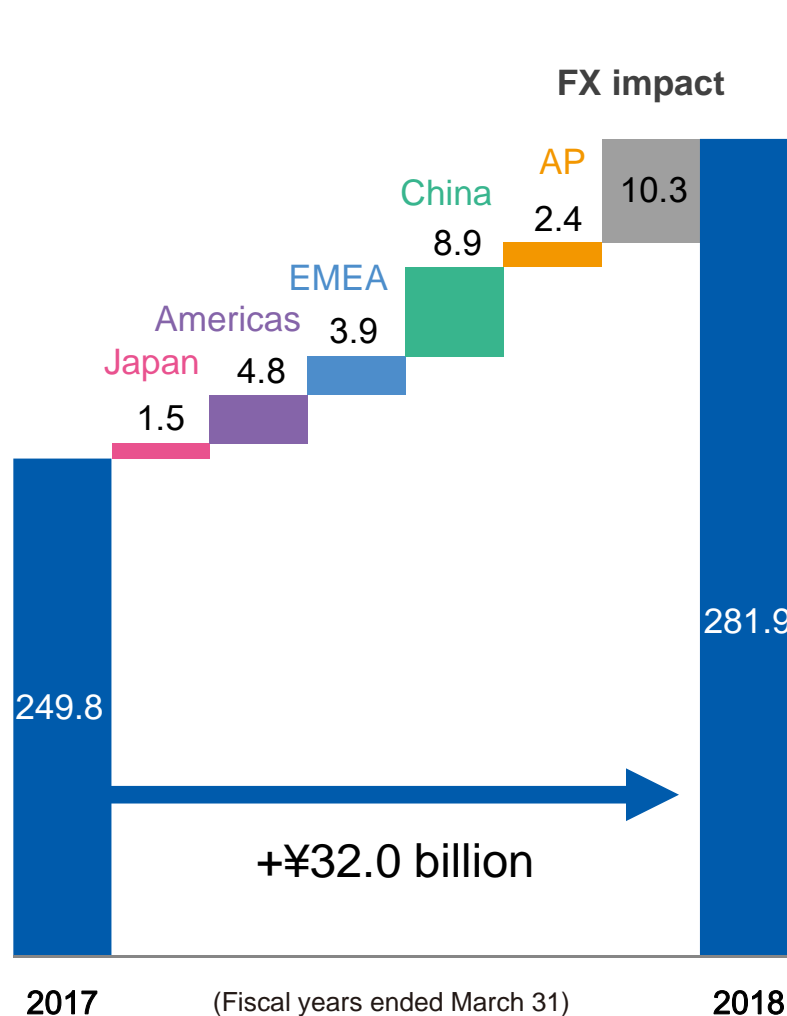
- **Net sales:** Sales increased on both a local currency and yen basis in all geographic regions.
- **Operating profit:** Profit rose, as higher sales pushed up gross profit and due to the impact of yen depreciation year on year.  
Exchange rate fluctuations raised net sales ¥10.37 billion and operating profit ¥2.45 billion. At the exchange rates prevailing one year earlier, net sales would have been up 8.7% year on year, and operating profit up 9.5%.
- **Profit attributable to owners of the parent:** Profit was down, reflecting the impact in the second quarter of the previous year of the revision of a tax treaty with Germany.
- **Exchange loss (gains):** Loss of ¥1.27 billion (¥2.21 billion in the previous fiscal year)
- **Capital expenditure (tangible):** ¥15.86 billion  
**Depreciation and amortization:** ¥14.64 billion

# Breakdown of Net Sales and Operating Profit

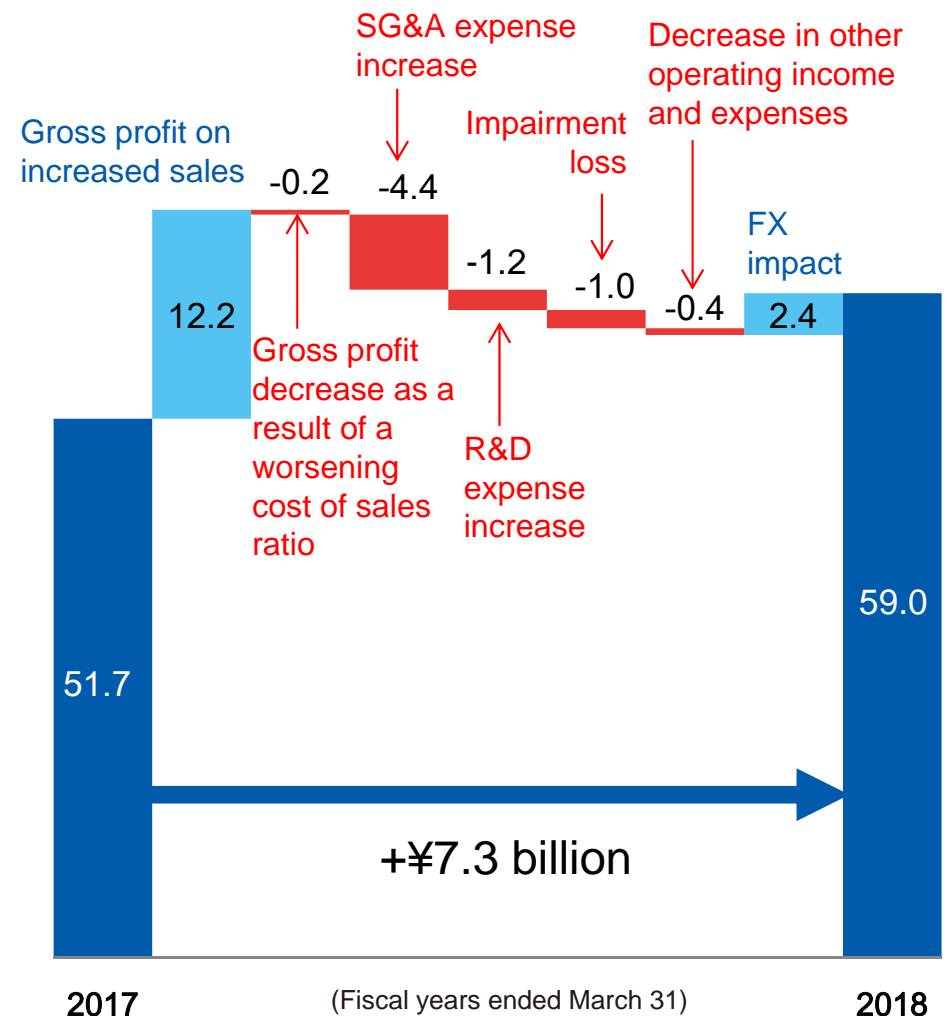
(Billions of yen)

## Net Sales

Note: FX impact excluded from sales by geographic region



## Operating Profit



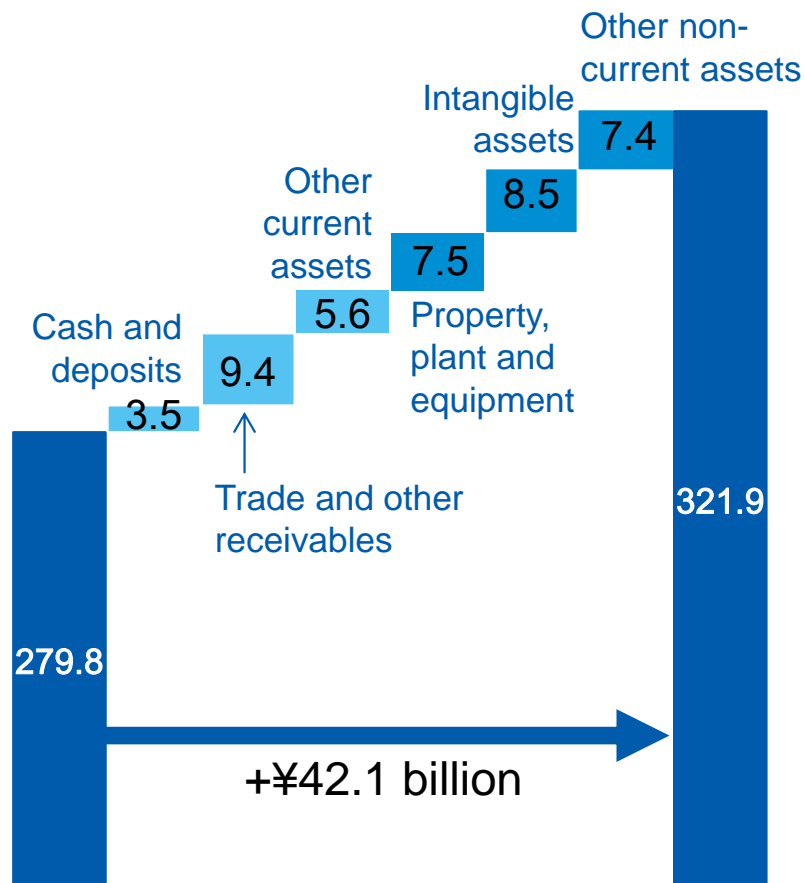
# Breakdown of Assets and Liabilities/Equity

(Billions of yen)

## Assets

Current assets: Up ¥18.6 billion

Non-current assets: Up ¥23.5 billion



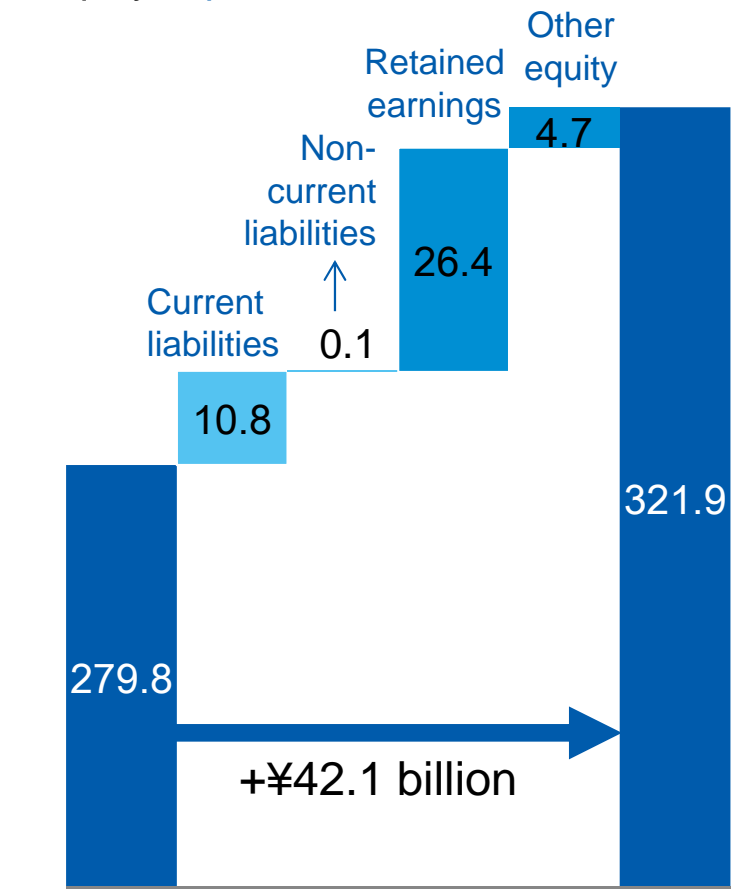
March 31, 2017

March 31, 2018

## Liabilities/Equity

Liabilities: Up ¥10.9 billion

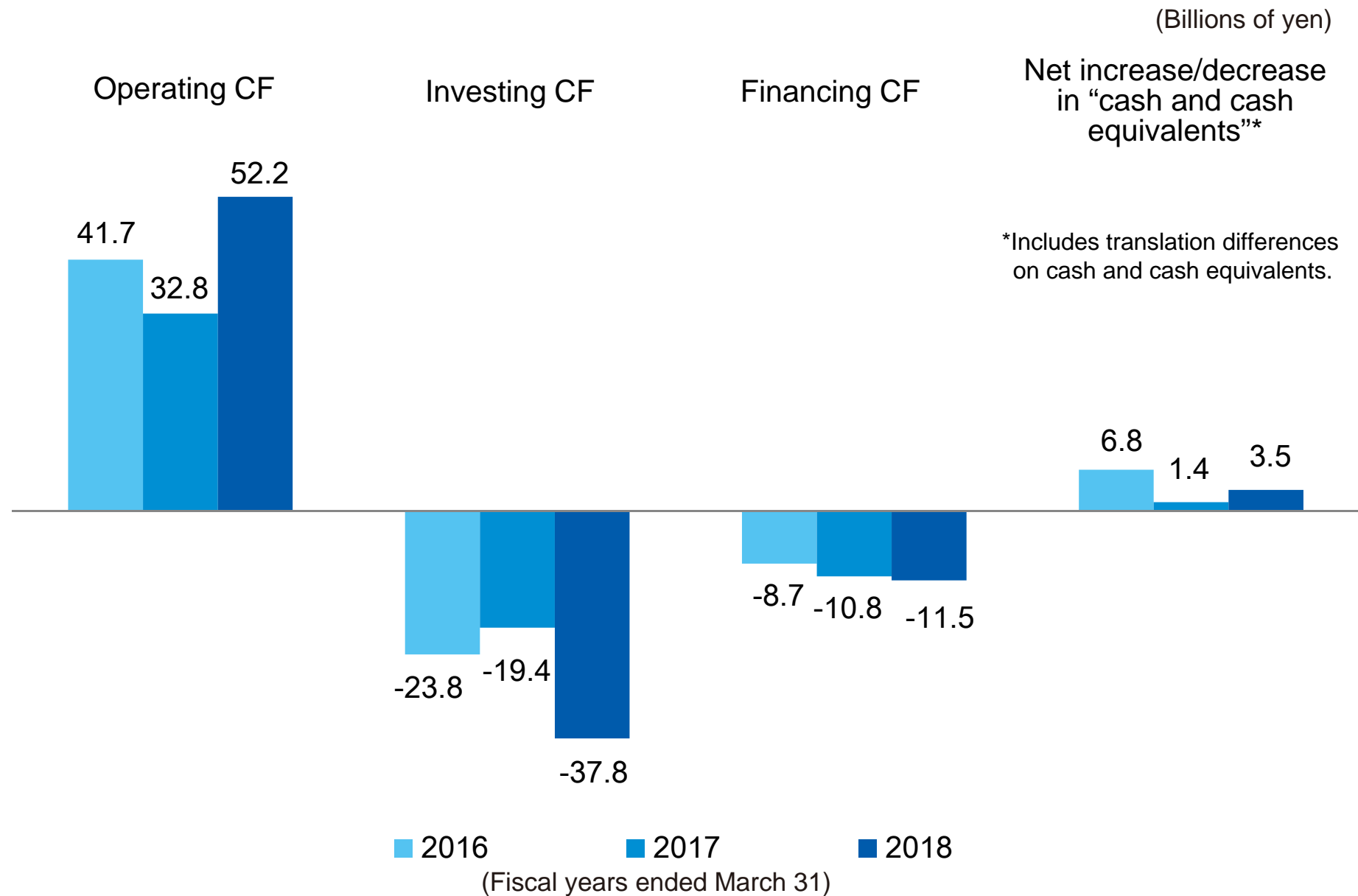
Equity: Up ¥31.1 billion



March 31, 2017

March 31, 2018

# Consolidated Cash Flows



# Topics

## Management, Business

Note: Months indicate the dates of press releases issued by Sysmex.

- Sysmex Acquires UK Company, OGT, to Expand into New Business Domains toward Personalized Medicine (May 2017)
- Sysmex and bioMérieux Agreed to Dissolve the Joint Venture Sysmex bioMérieux Co., Ltd. (July 2017)
- Sysmex Completes Expansion of Reagent Factory in the United States (July 2017)
- Sysmex Begins Conducting Direct Sales and Services in Ghana (September 2017)
- Sysmex Begins Construction on Bio-Diagnostic Reagent Center (May 2018)



Artist's rendition of the Bio-Diagnostic Reagent Center

## Products, Technologies

- Sysmex Expands XN-Series Product Lineup in the Hematology Field (June 2017)
- Sysmex Acquires CLIA Waiver for New Automated Hematology Analyzer—The First Automated Hematology Analyzer to Receive Such Approval (November 2017)
- Sysmex Launches the HI-1000 Automated High-sensitive Immunoassay System for Research Applications (March 2018)
- Advanced Medical Care Approval Received for Multiplex Gene Panel Testing to Advancing Personalized Medicine (April 2018)
- Sysmex Launches Caresphere,™ a New Network Solution (April 2018)

## Others

- Sysmex Establishes New Company, Sysmex Harmony, to Promote the Employment of People with Disabilities (April 2017)
- Sysmex Selected for Inclusion in the Dow Jones Sustainability World Index for the Second Consecutive Year (September 2017)
- Sysmex Signs Affiliation Agreements with Figure Skaters Mai Mihara and Kaori Sakamoto (October 2017)





# Net Sales by Geographic Region

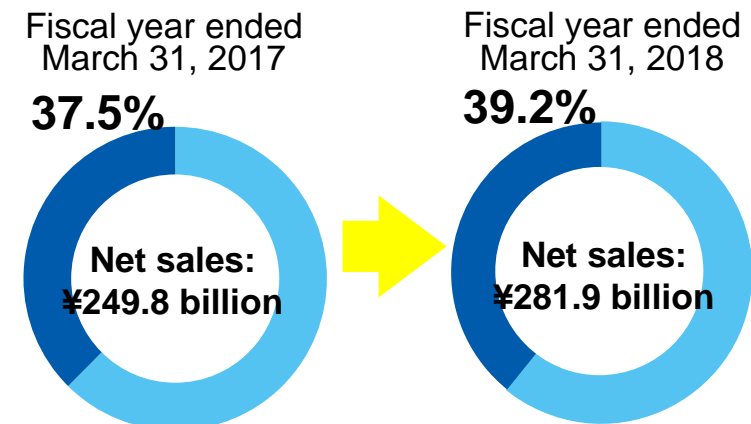
(Billions of yen)

Net Sales by Geographic Region (Sales to External Customers)						
	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2017		YOY (Previous period = 100%) (Yen) (Local currency)	
	Results	Ratio	Results	Ratio		
Net sales	<b>281.9</b>	<b>100%</b>	249.8	100%	<b>112.8%</b>	-
Americas	<b>62.5</b>	<b>22.2%</b>	56.5	22.6%	110.5%	<b>108.1%</b>
EMEA	<b>75.5</b>	<b>26.8%</b>	64.9	26.0%	116.4%	<b>106.6%</b>
Region China	<b>72.0</b>	<b>25.5%</b>	60.3	24.1%	119.4%	<b>114.8%</b>
AP	<b>24.4</b>	<b>8.7%</b>	21.1	8.5%	<b>115.3%</b>	<b>(111.4%)</b>
Japan*	<b>47.4</b>	<b>16.8%</b>	46.9	18.8%	<b>101.1%</b>	-

\*Includes sales to IDEXX and other external customers

Exchange Rates		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
1USD	<b>¥110.9</b>	¥108.4
1EUR	<b>¥129.7</b>	¥118.8
1CNY	<b>¥16.8</b>	¥16.1

## ● Percentage of Sales in Emerging Markets



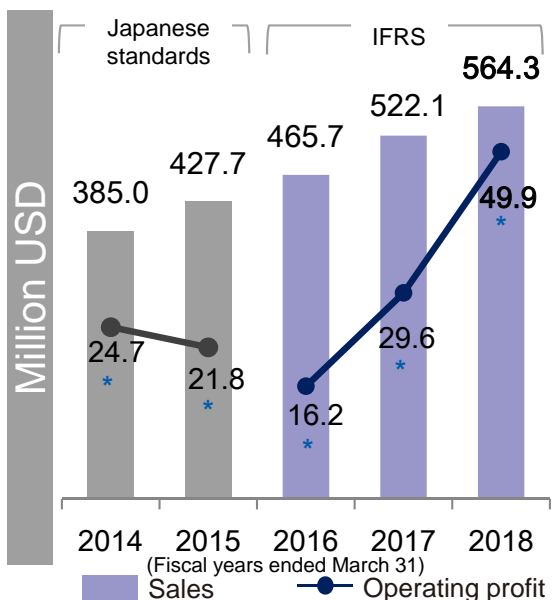
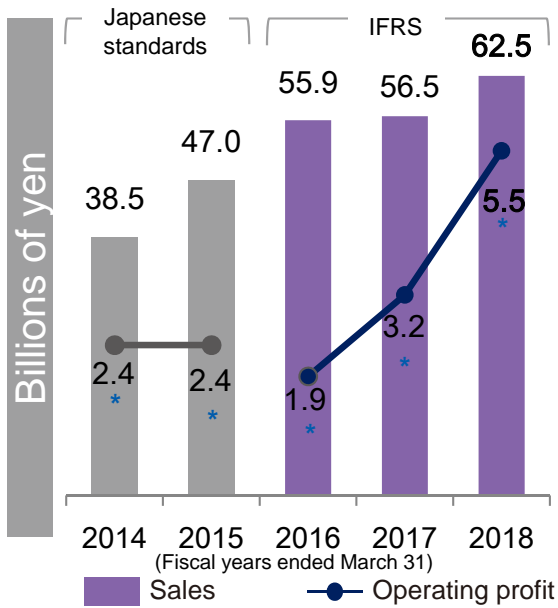
# Sales by Business

		Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2017		YOY (Previous period = 100%)	(Billions of yen) Reference: YOY at previous year's rate
		Results	Ratio	Results	Ratio		
HU Business	Hematology	174.8	62.0%	159.4	63.8%	109.6%	105.5%
	Urinalysis	20.6	7.3%	16.1	6.4%	128.0%	123.2%
	<b>HU Business</b>	<b>195.4</b>	<b>69.3%</b>	<b>175.5</b>	<b>70.3%</b>	<b>111.3%</b>	<b>107.1%</b>
ICH Business	Immunochemistry	11.1	4.0%	8.0	3.2%	139.2%	136.1%
	Clinical Chemistry	3.2	1.2%	3.3	1.4%	96.5%	94.0%
	<b>ICH Business</b>	<b>59.4</b>	<b>21.1%</b>	<b>52.3</b>	<b>20.9%</b>	<b>113.6%</b>	<b>109.7%</b>
<b>Core Businesses</b>		<b>254.9</b>	<b>90.4%</b>	<b>227.9</b>	<b>91.2%</b>	<b>111.9%</b>	<b>107.7%</b>
FCM Business		1.6	0.6%	1.7	0.7%	90.6%	85.3%
LS Business		8.9	3.2%	4.6	1.8%	194.2%	186.0%
Others		0.01	0.0%	-	-	-	-
<b>Next Core Businesses</b>		<b>10.5</b>	<b>3.8%</b>	<b>6.3</b>	<b>2.6%</b>	<b>165.6%</b>	<b>158.2%</b>
<b>Others*</b>		<b>16.4</b>	<b>5.8%</b>	<b>15.5</b>	<b>6.2%</b>	<b>105.3%</b>	<b>102.0%</b>
<b>Total Net Sales</b>		<b>281.9</b>	<b>100.0%</b>	<b>249.8</b>	<b>100.0%</b>	<b>112.8%</b>	<b>108.7%</b>

\*Others: Clinical laboratory information systems, sales of third-party products, etc.

HU Business: Hematology and urinalysis fields  
 ICH Business: Immunochemistry, clinical chemistry and hemostasis fields  
 FCM Business: Flow cytometry field  
 LS Business: Life science field

# Geographic Segment Information: Americas



\*Revision in intragroup transaction prices  
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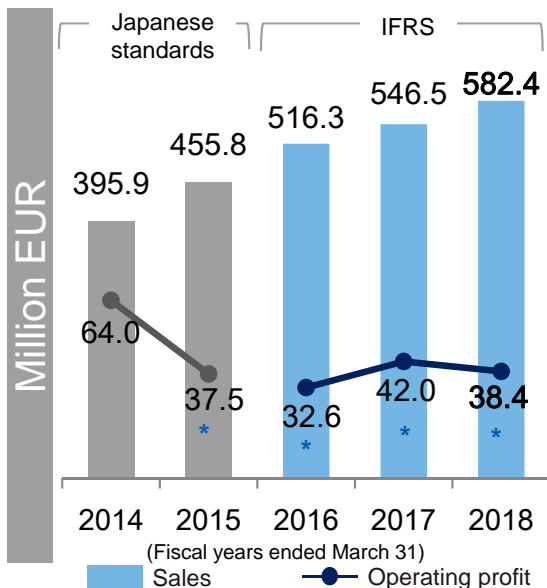
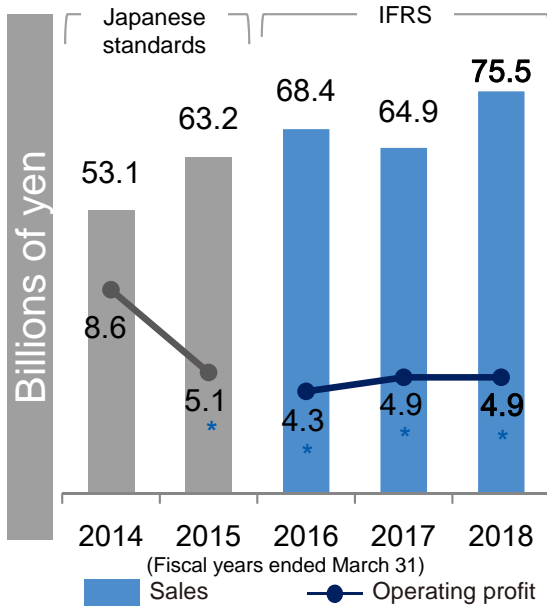
(Billions of yen)	Fiscal year ended		YOY	
	March 31, 2018	March 31, 2017	(Yen basis)	(Local currency basis)
Sales	62.5	56.5	110.5%	108.1%
Operating profit*	5.5	3.2	172.7%	168.8%

- Sales rose, thanks to higher sales of hematology reagents and services in the United States, as well as the acquisition of a project for a large-scale commercial lab in Canada.
- Operating profit grew substantially, as higher sales boosted gross profit, and due to a revision in intragroup transaction prices.

### Local Currency Basis

- **United States:** Sales grew, due to higher sales of hematology reagents and services stemming from growth in the installed instrument base.
- **Canada:** The acquisition of a hematology instrument project for a large-scale commercial lab pushed up sales.
- **Central and South America:** Sales expanded, due to higher sales of hematology instruments to distributors.

# Geographic Segment Information: EMEA\*



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

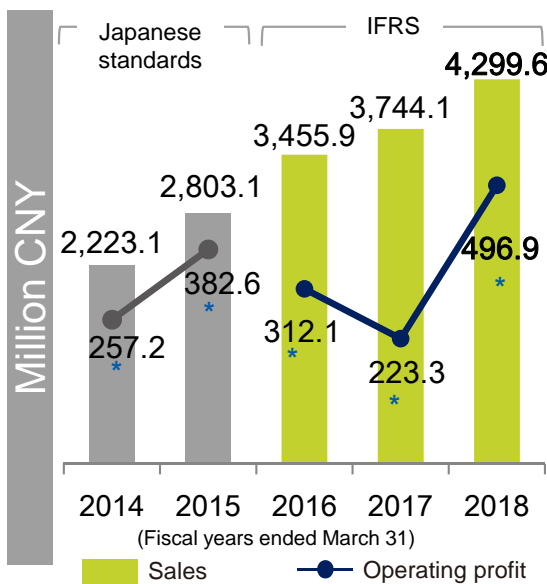
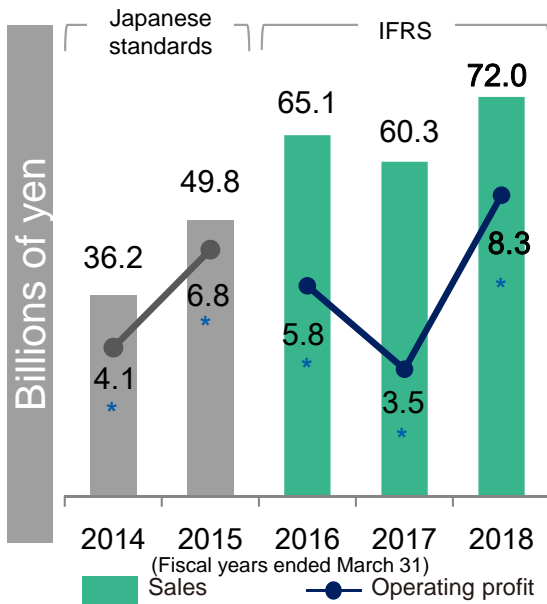
(Billions of yen)	Fiscal year ended		YOY	
	March 31, 2018	March 31, 2017	(Yen basis)	(Local currency basis)
Sales	75.5	64.9	116.4%	106.6%
Operating profit*	4.9	4.9	99.6%	91.2%

- Sales were up due to higher reagent sales stemming from growth in the installed instrument base in hematology field and from the conversion of OGT to a subsidiary, offsetting the impact of project delays in the United Kingdom and sluggish instrument sales in the hemostasis field.
- Operating profit decreased due to the impact of an impairment loss at a subsidiary (Partec), despite higher gross profit.

## Local Currency Basis

- **Five major countries:** Despite the ongoing impact of project delays in the United Kingdom, sales were up as a result of direct sales in France in the urinalysis and hemostasis fields.
- **Eastern Europe, Russia:** Sales rose due to higher sales of reagents in Russia, owing to growth in the installed instrument base.
- **Middle East, Africa:** Sales fell due to the impact of a large project in the previous fiscal year, despite the acquisition of a government-tender project in Burkina Faso.
- **Other parts of Europe:** Sales grew, thanks to favorable sales of hematology instruments in Northern Europe and increased reagent sales in Turkey due to a higher installed instrument base.

# Geographic Segment Information: China



\*Revision in intragroup transaction prices  
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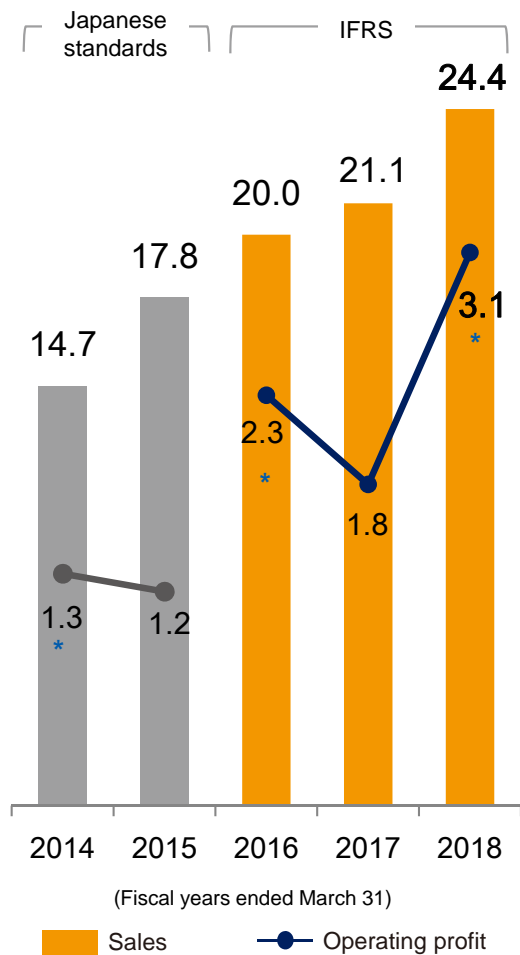
(Billions of yen)	Fiscal year ended		YOY	
	March 31, 2018	March 31, 2017	(Previous period = 100%) (Yen basis)	(Local currency basis)
Sales	72.0	60.3	119.4%	114.8%
Operating profit*	8.3	3.5	231.4%	222.5%

- Sales expanded, as an increase in the installed instrument base caused reagent sales to rise in the immunochemistry and hemostasis fields, and reagent prices to distributors increased, due to a shift toward the provision of direct services.
- Operating profit grew substantially, due to a revision in intragroup transaction prices and a rising percentage of reagent sales.

- **Hematology:** Sales increased due to rising reagent sales stemming from growth in the installed instrument base.
- **Hemostasis:** Sales grew, due to favorable performance in fibrin reagents.
- **Urinalysis:** Sales grew substantially, thanks to robust sales of the new UN Series.
- **Immunochemistry:** Sales rose considerably, as a result of a steady increase in reagent sales, centered on parameters for infectious diseases, stemming from an expanded installed instrument base.

# Geographic Segment Information: AP

Billions of yen



\*Revision in intragroup transaction prices

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	YOY (Previous period = 100%) (Yen basis)
Sales	24.4	21.1	115.3%*
Operating profit*	3.1	1.8	171.6%

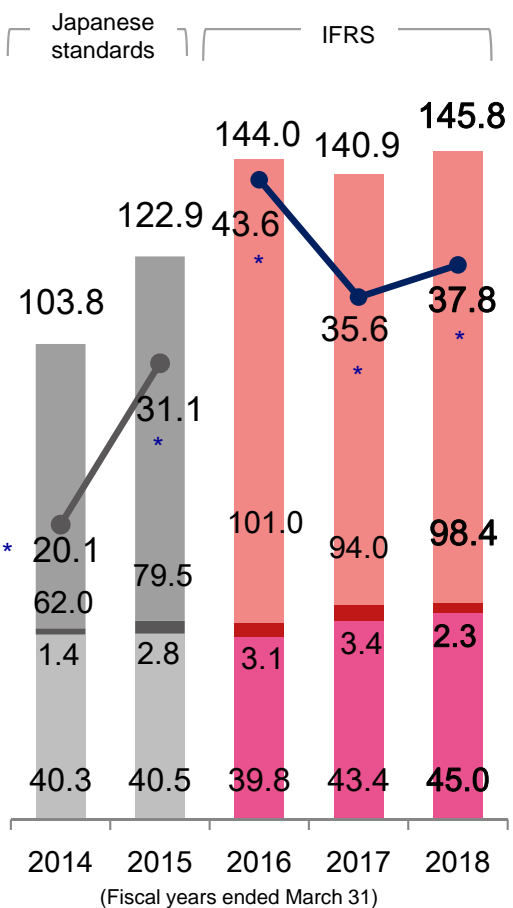
- Sales rose, centered on hematology, due to higher sales from the acquisition of projects in South Asia, as well as to the impact of a shift to direct sales in Taiwan (May 2017).
- Although SG&A expenses increased due to the move to direct sales in Taiwan, operating profit expanded considerably due to higher gross profit stemming from increased reagent sales and the impact of exchange rates.

\* Excluding the impact of exchange rates on currencies in the AP region, sales would have been up 11.4%.

- **South Asia:** Sales rose due to the acquisition of government-tender projects in India and Bangladesh and sales of hematology reagents increased substantially.
- **South Korea, Taiwan:** In addition to the shift to direct sales in Taiwan, sales were up thanks to higher sales of instruments in South Korea in the urinalysis field.
- **Oceania:** Despite higher sales in the hemostasis field, sales fell, due to the impact of large-scale projects in the hematology field in Australia in the previous fiscal year.

# Geographic Segment Information: Japan

Billions of yen



- Intra-area transfers: Exports to Group affiliates, others
- Sales to external customers: IDEXX and others
- Sales to external customers: Japan
- Operating profit

\*Revision in intragroup transaction prices

(Billions of yen)	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	YOY (Previous period = 100%)
Sales	145.8	140.9	103.5%
Sales to external customers	47.4	46.9	101.1%
Japan	45.0	43.4	103.6%
IDEXX and others	2.3	3.4	69.7%
Intra-area transfers	98.4	94.0	104.7%
Operating profit*	37.8	35.6	106.1%

- **Although sales to IDEXX were down, sales rose due to the acquisition of instrument replacement projects in Japan and higher reagent sales.**
- **Despite the impact of a revision in intragroup transaction prices, operating profit rose due to higher sales to Group companies overseas and curtailed SG&A expenses.**

- **Japan:** Sales rose as a result of higher sales of hematology instruments and of reagents in the hemostasis and immunochemistry fields.
- **IDEXX and others:** Sales of instruments for animals to IDEXX were down.

# Dividend Forecast **Proposal corresponds to the 16th consecutive year of increases**



- Expected dividend up ¥8 compared with the fiscal year ended March 31, 2017
- Proposal represents a dividend increase of ¥6 (commemorative dividend) from the initial forecast

	Interim Dividend	Year-End Dividend	Total	Dividend Ratio
Fiscal Year Ended March 31, 2017	¥28	¥30	¥58	29.7%
Fiscal Year Ended March 31, 2018 (Proposed)	¥30	¥36* <small>Includes ¥6 dividend to commemorate 50th anniversary of establishment</small>	¥66	35.1%

Note: To be proposed at the 51st Ordinary General Meeting of Shareholders



## Chapter 2

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

# Consolidated Earnings Forecast

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

Net sales: **¥310.0 billion**

Operating profit: **¥62.0 billion**

Operating margin: **20.0%**

Profit attributable to owners of the parent: **¥42.5 billion**

Profit attributable to owners of the parent to net sales: **13.7%**

### Planned investment

Capital expenditure:  
**¥24.0 billion**  
(Tangible only)

Depreciation and amortization:  
**¥17.0 billion**

R&D expenditure:  
**¥19.5 billion**

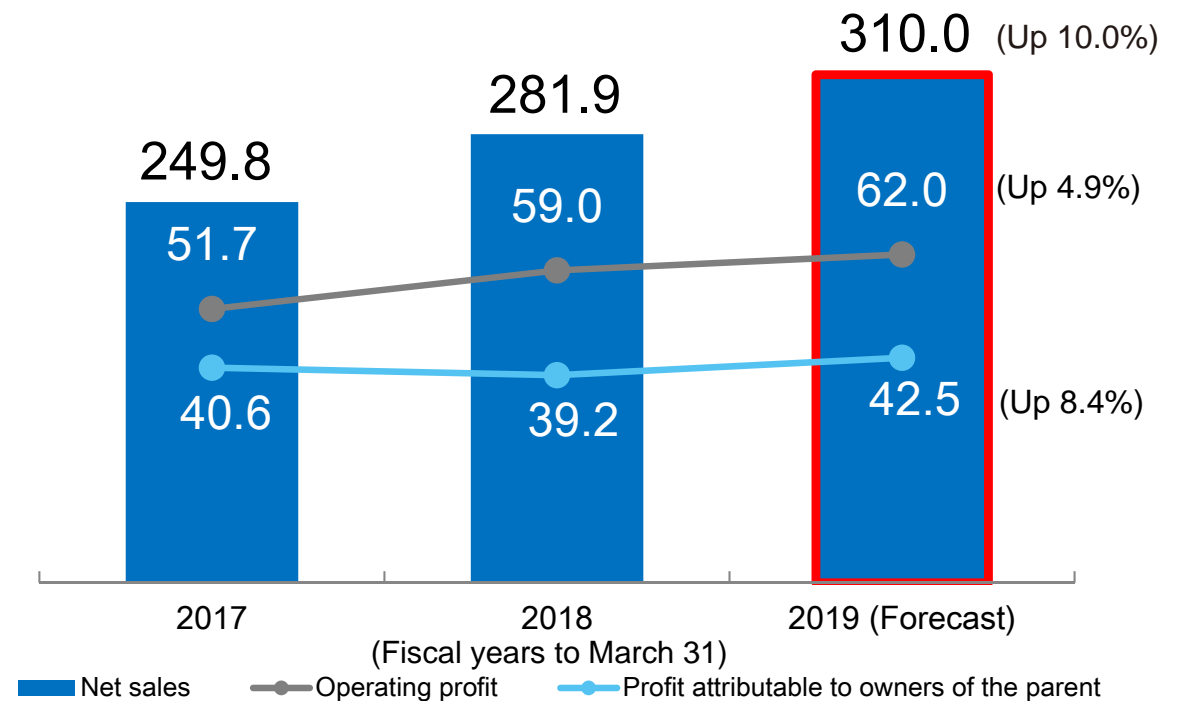
(Billions of yen)

### ● Assumed Exchange Rates

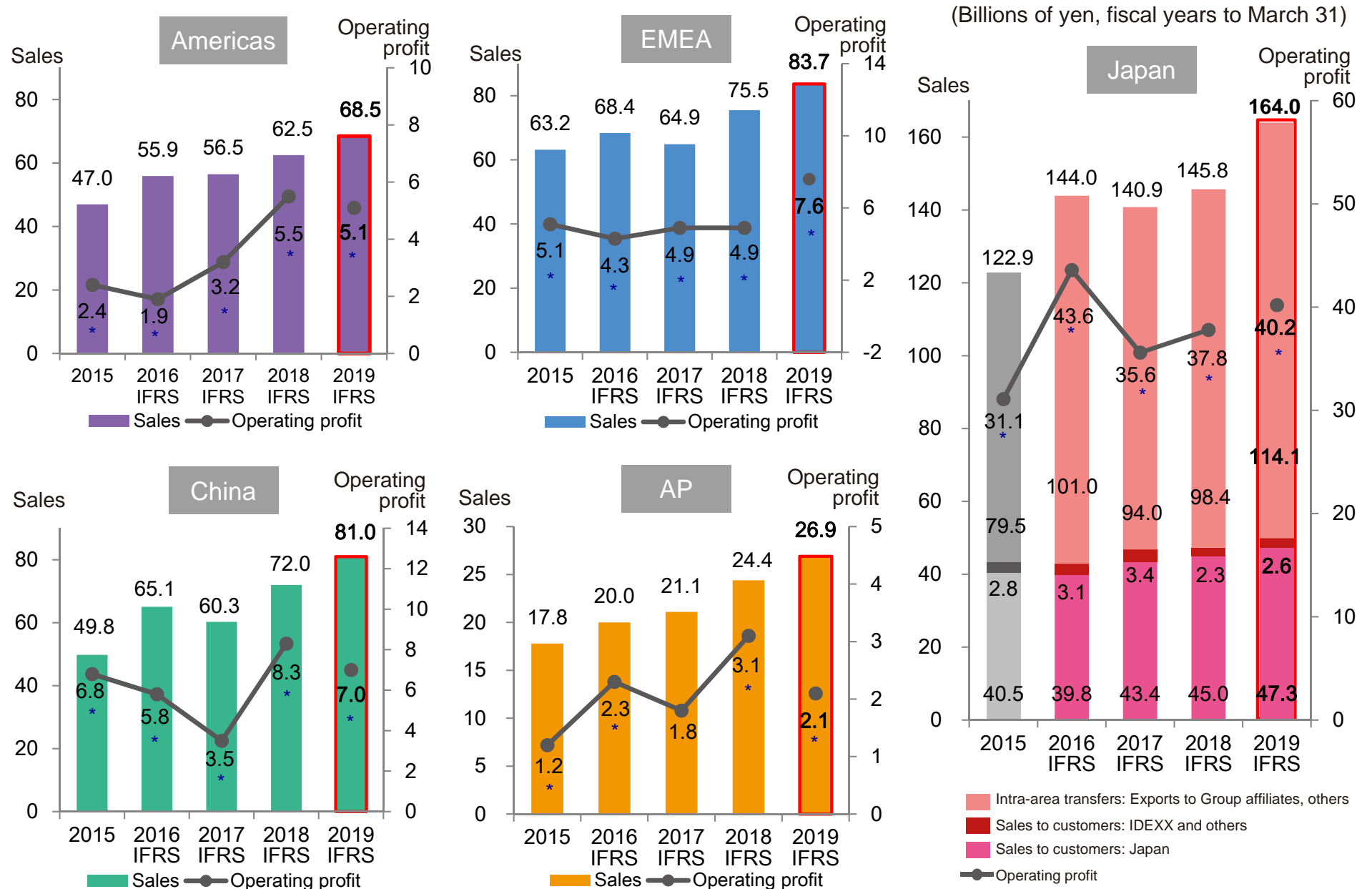
	Full year	Actual for fiscal year ended March 31, 2018
1USD	¥110.0	¥110.9
1EUR	¥130.0	¥129.7
1CNY	¥16.5	¥16.8

### ● Exchange Rate Sensitivity

	Net sales (year)	Operating profit (year)
USD	¥0.60 billion	¥0.69 billion
EUR	¥0.45 billion	¥0.14 billion
CNY	¥4.86 billion	¥0.42 billion



# Consolidated Earnings Forecast: Sales and Operating Profit by Region

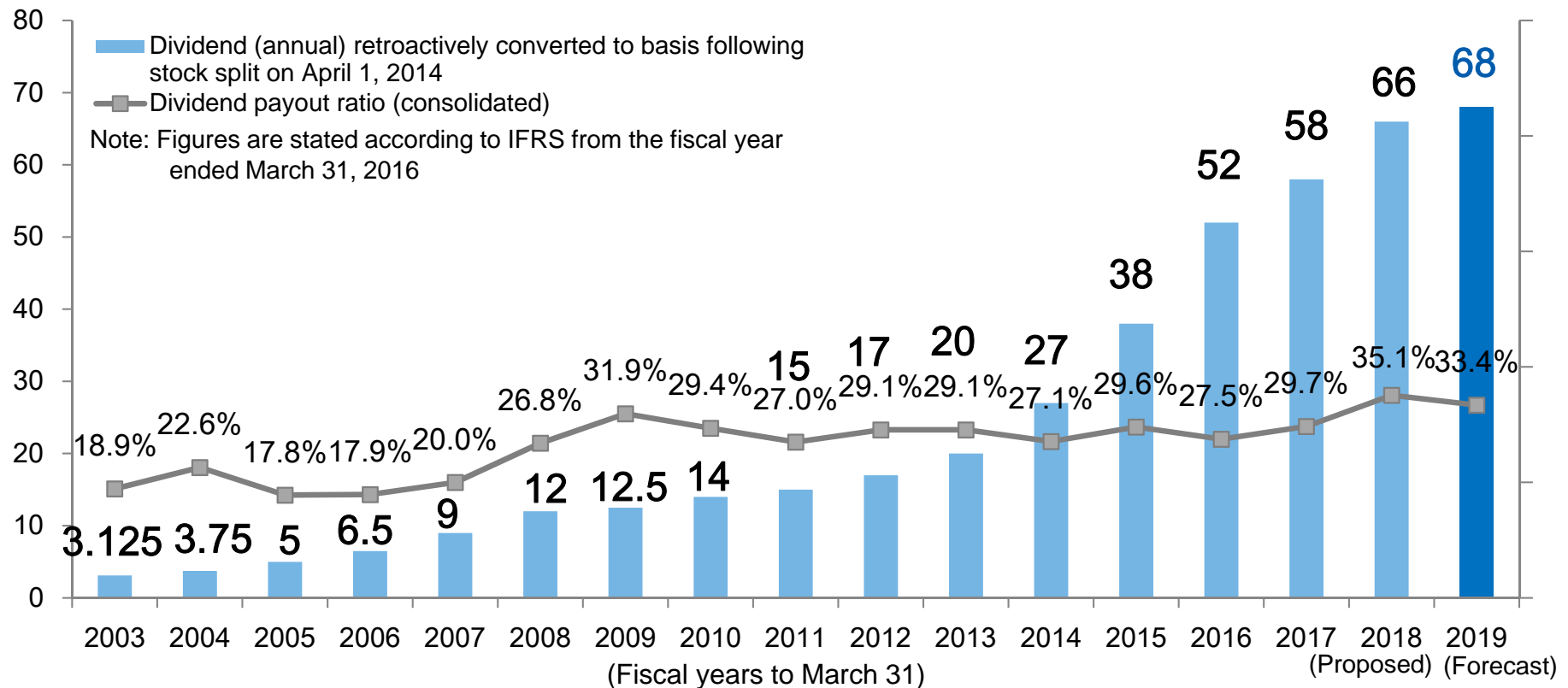


# Dividend Increases for the 17th Consecutive Fiscal Year (Forecast for the Fiscal Year Ending March 31, 2019)

Sysmex aims to maintain a proper balance between aggressive investment, which is designed to sustain steady high growth, and returns to our shareholders as our earning power increases. 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.

Notes: Two-for-one stock split conducted on November 18, 2005  
Two-for-one stock split conducted on April 1, 2011  
Two-for-one stock split conducted on April 1, 2014

(Yen)

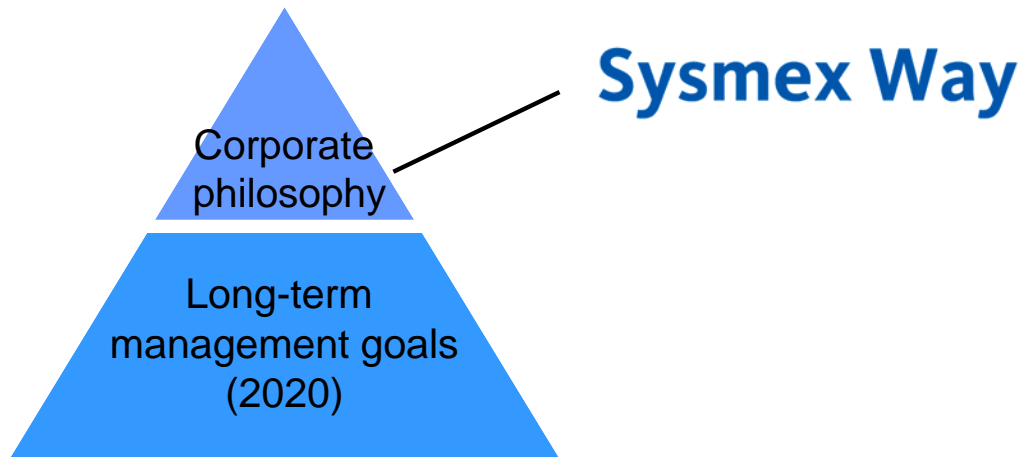


## Chapter 3

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# Long-Term Management Goals (2025)

# Looking Back on the Long-Term Management Goals to 2020



## Mission

Shaping the advancement of healthcare.

## Value

We continue to create unique and innovative values, while building trust and confidence.

## Mind

With passion and flexibility, we demonstrate our individual competence and unsurpassed teamwork.

## ■ Long-term management goals: vision

A Unique & Global Healthcare Testing Company

## ■ Positioning of the long-term management goals

**Undisputed global leader in hematology, hemostasis and urinalysis (including alliances)**

**A leading global player making a contribution to personalized medicine**

**A leading company in the Asian *in vitro* diagnostic (IVD) market**

**An attractive company providing value and confidence**

**A unique and competitive player in the immunochemistry field**

**One Sysmex carrying out high-speed management**

## Progress on Positioning (1)

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### Undisputed global leader in hematology, hemostasis and urinalysis

- Achieved No. 1 status in the US hematology market, established a No. 1 global share position in hematology
- Added the UN Series to our portfolio in the urinalysis field (integrated urine chemistry, sediment urinalysis and imaging), promoted global rollout
- Through collaboration with Siemens, have a firm No. 1 global share position in the hemostasis field

### A leading company in the Asian *in vitro* diagnostic (IVD) market

- Took expansion of the Chinese market as an opportunity to substantially expand existing offerings in the IVD field
- Configured direct sales and service structures in South Korea, Taiwan, India and others

### A unique and competitive player in the immunochemistry field

- Achieved a certain level of competitiveness, centering on proprietary, unique parameters
- Established business bases in Japan, China and other Asian countries

## Progress on Positioning (2)

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### A leading global player making a contribution to personalized medicine

- Expanded technology platforms (converted Inostics, Partec, OGT, RIKEN GENESIS to subsidiaries)
- Moved forward with R&D in the liquid biopsy domain (pursued open innovation: exosomes, Alzheimer's disease diagnosis, etc.)
- Prompt commercialization needed to respond to speed of technological innovation

### An attractive company providing value and confidence

- Opened Global Communication Center as a place for human resource development and exchange
- Selected for inclusion in the Dow Jones Sustainability World Index (2016, 2017)

### One Sysmex carrying out high-speed management

- Transitioned to a company with an Audit and Supervisory Committee, started applying IFRS and strengthened the governance structure in other ways
- Recruited global and diverse human resources to support future growth
- Marked our 50th anniversary of establishment by promoting initiatives to cultivate a sense of unity among employees



# Operating Environment, Looking to 2025

## Technological Innovation

- Full-fledged adoption of cancer genomic medicine
- Use of AI in healthcare to become mainstream
- Application of big data analysis
- Use of robotics and VR technologies
- Development of regenerative medicine technologies

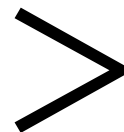


## Changes in the Market Environment

- Ongoing aging
- Population growth and economic expansion in emerging markets
- Growing importance of curtailing healthcare costs
- Increasingly stringent regulatory systems
- Rising geopolitical risks

## Expected Growth Opportunities

- Advances in precision medicine and personalized medicine
- Measures in response to aging-related diseases (dementia, etc.)
- Growth of IVD markets in emerging markets
- Decentralization of healthcare
- Expansion of preventive and pre-symptomatic domains



## Anticipated Risks

- Market entry of companies from other industries
- Delayed approvals due to increasingly stringent regulatory systems
- Rising geopolitical risks

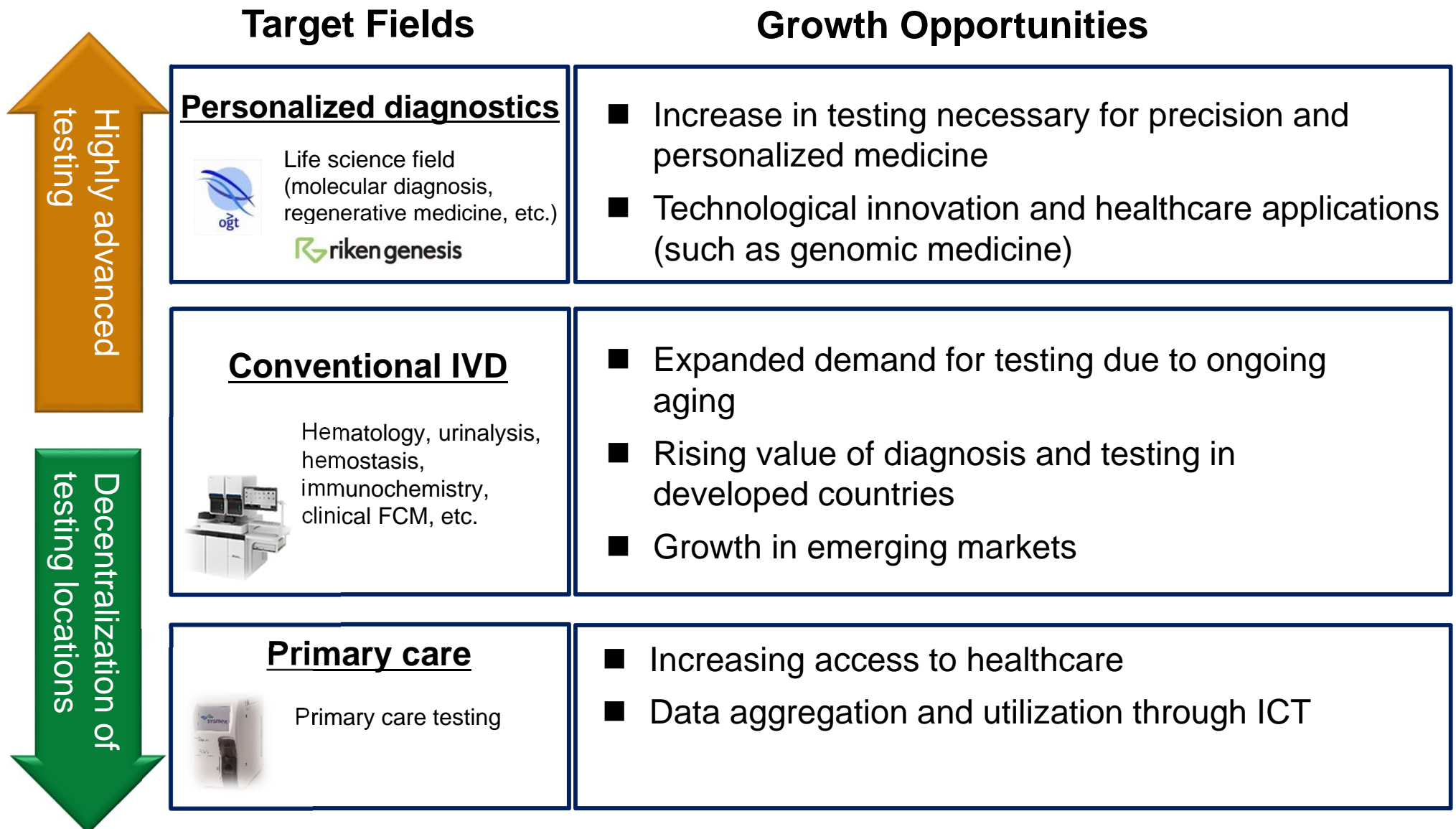
## Long-Term Vision (2025)

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### Unique & Advanced Healthcare Testing Company

- **Unique**
  - A “unique” company having its own strengths and advantages
  - Continue to be a unique existence different from global major companies
- **Advanced**
  - An industry leader constantly demonstrating “advanced” capabilities
  - Embodies new diagnostic value, original business models, and innovative corporate management
- **Healthcare Testing**
  - A company contributing to healthcare advancement
  - Continuously provides testing/diagnostic technologies conducive to enhancing the quality and efficiency of healthcare

# Target Fields and Growth Opportunities



## Positioning (2025)

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### ● Creating innovative diagnostic value as a global top-five company in IVD

- Aim to become a global top-five company through sustained growth in our core businesses
- In addition to increasing our share of the IVD market, which continues to grow globally, create new diagnostic value

### ● A leading company in personalized diagnostics for optimizing medical treatment

- Create new testing and diagnostic value that contributes to the selection of treatment methods
- Fuse our measurement platforms with new technologies and knowledge acquired through open innovation and others

### ● A solution provider contributing to the advancement of primary care diagnostics

- Leverage the diagnostic technologies and IT we have cultivated in the IVD domain
- Provide solutions that contribute to increased access to healthcare

## Positioning (2025)

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### An attractive company providing value and instilling confidence

- Earn support from diverse stakeholders through distinctive technologies and business model, dynamic human resources and sound and advanced corporate management

### One Sysmex carrying out high-speed management

- Provide attractive workplaces where diverse human resources can exercise their talents
- Make use of sophisticated teamwork to achieve efficient and high-speed management

# Lighting the way **with diagnostics**

Sysmex enhances diagnostic value  
with innovative testing  
to bring greater trust and confidence to healthcare.



#### 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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