

# **Business Results FY2006**

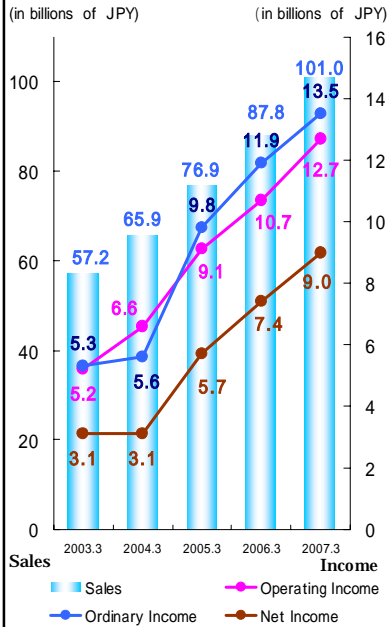
Financial Highlights and Mid-term Plan

**SYSMEX CORPORATION**

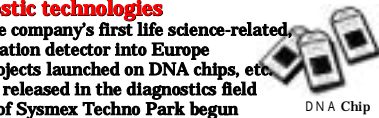
## **Financial Highlights of FY2006**

- **Topics**
- **Financial Highlights**
- **Geographic Segment Information**
- **Projected Dividend for FY2006 and FY2007**
- **FY2007 Consolidated Earnings Forecast**

# Financial Highlights



- **Recorded excellent results (double-digit growth) with sales exceeding ¥100 billion**
  - ✓ Growth achieved in income and profits for the 7<sup>th</sup> and 5<sup>th</sup> consecutive year, respectively (Ordinary income grew for the 6<sup>th</sup> consecutive year)
  - ✓ Europe and Americas offset negative impact from China's "Clean-up Campaign"
  - ✓ Showed comprehensive strength under medical fee reimbursement decreased in Japan
- **Became No.1 in the global hematology market**
- **Progressed R&D in Life Science for the creation of new diagnostic technologies**
  - ✓ Introduced the company's first life science-related, Gene amplification detector into Europe
  - ✓ Joint R&D projects launched on DNA chips, etc.
  - ✓ New products released in the diagnostics field
  - ✓ Construction of Sysmex Techno Park begun
- **Strengthened the global business foundation**
  - ✓ Sales base established to accelerate business expansion in South Africa
  - ✓ Sysmex Digitana AG established to enhance sales forces in Switzerland
  - ✓ Global reagent production system established in anticipation of future business expansion
- **Redefined the Corporate Philosophy**



DNA Chip



Rendering of the Techno Park 3

# Geographic Segment Information (Japan)



## [Japan]

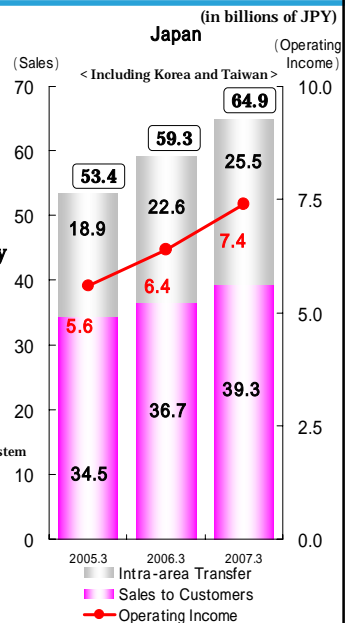
- Medical fee reimbursement decreased by 3.16%
- Received an increasing number of orders for large-scale combined solutions from large hospitals
- Received bulk orders for hematology analyzers from the blood center of Japan Red Cross Society
- Influenza test market became crowded
- Announcement of making CNA a wholly-owned subsidiary



Integrated hematology system  
HST Series



Tokyo Office Show Room



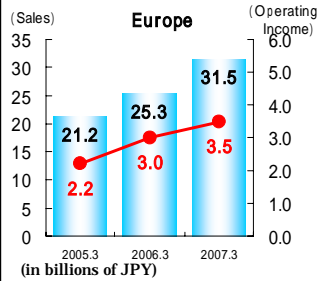
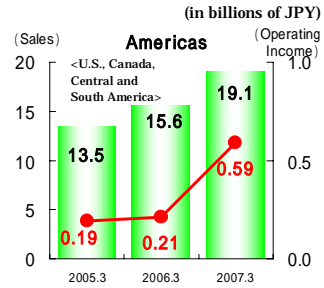
# Geographic Segment Information (Americas and Europe) Sysmex

## [Americas]

- > Increased sales in Integrated Healthcare Networks (IHN)
- > Realized strong sales of urinalysis and coagulation analyzers
- > Improved support sales activity coverage to increase sales and after-sales support staff in the US
- > Received bulk orders from the Costa Rican social security administration



Sysmex Express (demonstration bus)



## [Europe]

- > Saw strong sales of hematology analyzers through ICS (Integrated Concept Solution) marketing
- > Launched a system for rapid detection of breast cancer lymph node metastasis
- > Established Sysmex Digitana AG in Switzerland through capital participation in a local distributor
- > Established Sysmex South Africa



Sysmex Digitana

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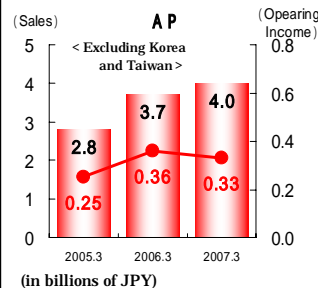
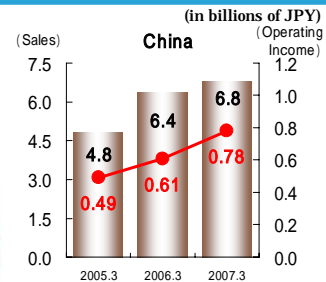
# Geographic Segment Information (China and AP) Sysmex

## [China]

- > Underwent cost containment due to reduction of test expenses (insurance points)
- > Experienced slow sales of instruments due to the medical industry's "clean-up campaign"
- > Experienced strong sales of XS Series automated hematology analyzers
- > Received increased orders for coagulation analyzer replacement and upgrading



Automated hematology analyzers XS-1000i



## [AP]

- > Reorganized business structure in India
- > Experienced strong sales of the XS series automated hematology analyzers
- > Established a representative office in Australia



Sysmex India



Reagent factory (India)

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## Projected Dividend for FY2006 and FY2007

Increase its year-end dividend for March 2007 to 20 yen,  
4 yen increase from its previous forecast of 16 yen per share.  
Forecast its year-end dividend for March 2008 as 40yen.

## Dividend Policy:

- maintain the correct balance between active capital expenditure to ensure the continuous high growth of the business and the distribution of profits to the shareholders coupled with an improvement in profitability
- strive to raise its payout ratio to around 20% on a consolidated basis

	FY2005	FY2006	FY2007
Annual	36yen*	36 yen	40 yen
Interim	20 yen*	16 yen	20 yen
Year-end	16 yen	20 yen	20 yen
Net Income per Share (Consolidated)	145.5	179.6	192.4
Dividend ratio (Consolidated)	17.9%	20.0%	20.8%

(\*) Sysmex split its common shares two-for-one (Record date: September 30, 2005, Effective date: November 18, 2005) in accordance with a resolution passed at the board of directors' meeting held on August 23, 2005.

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## FY2007 Consolidated Earnings Forecast

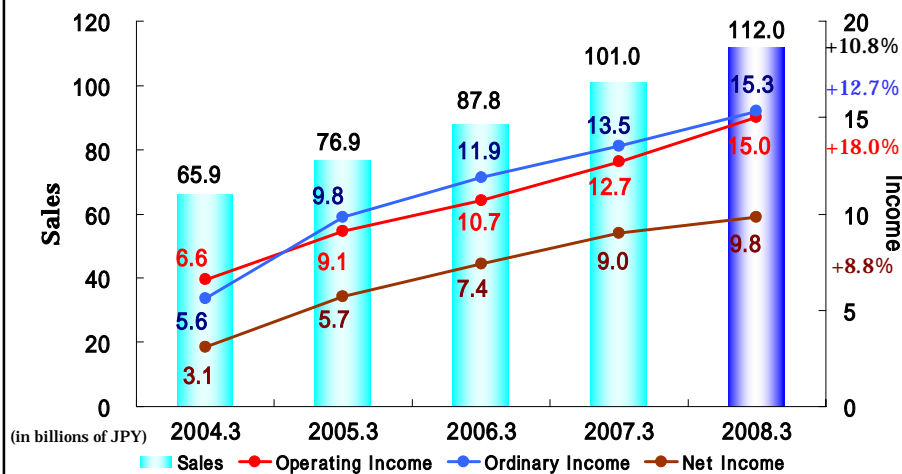
## FY2007 Consolidated Earnings Forecast

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(Planned exchange rate : US\$1 = ¥115, EUR1 = ¥150)

- > Sales: ¥112 billion
- > Ordinary Income: ¥15.3 billion
- > Net Income: ¥ 9.8 billion
- > Ordinary Income ratio: ¥13.7%
- > Net Income ratio: 8.8%

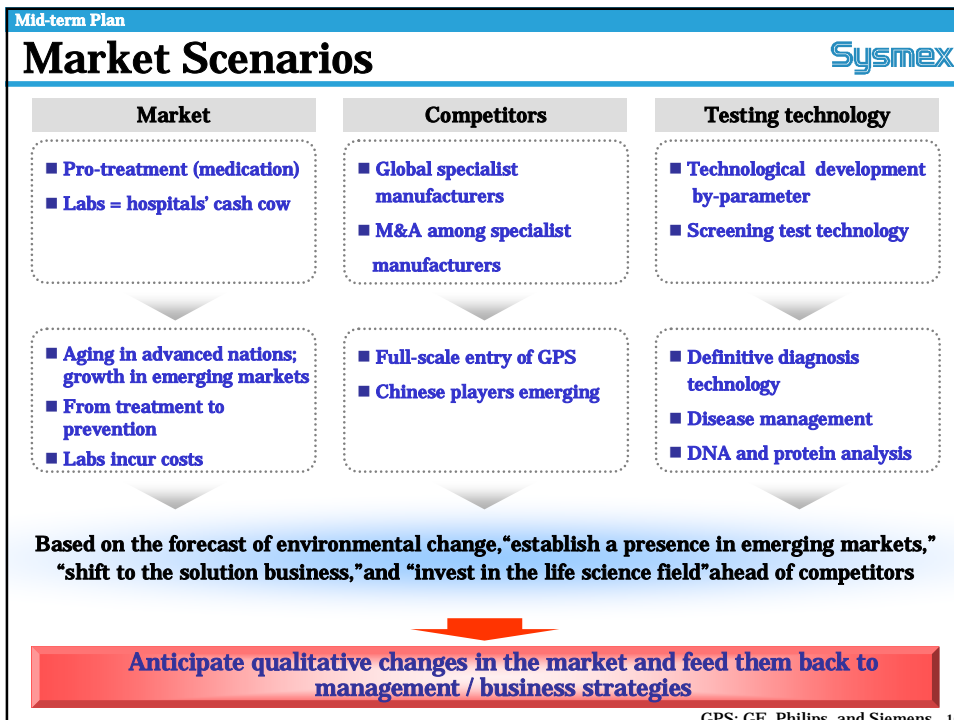
- Investment plan > Equipment: ¥8.3 billion
- > R&D: 9.8 billion

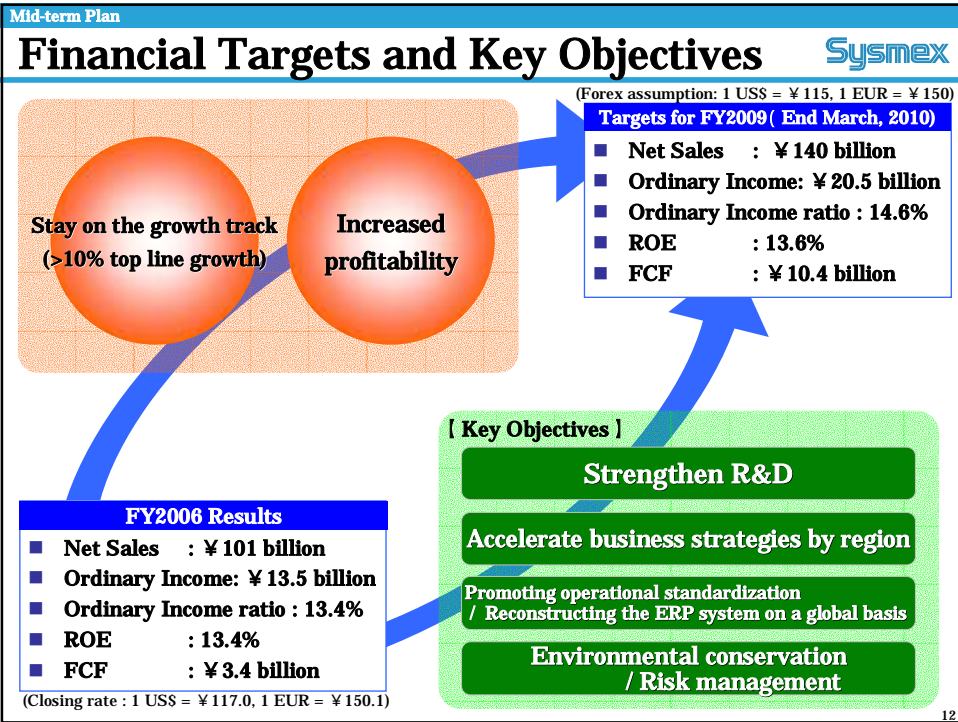
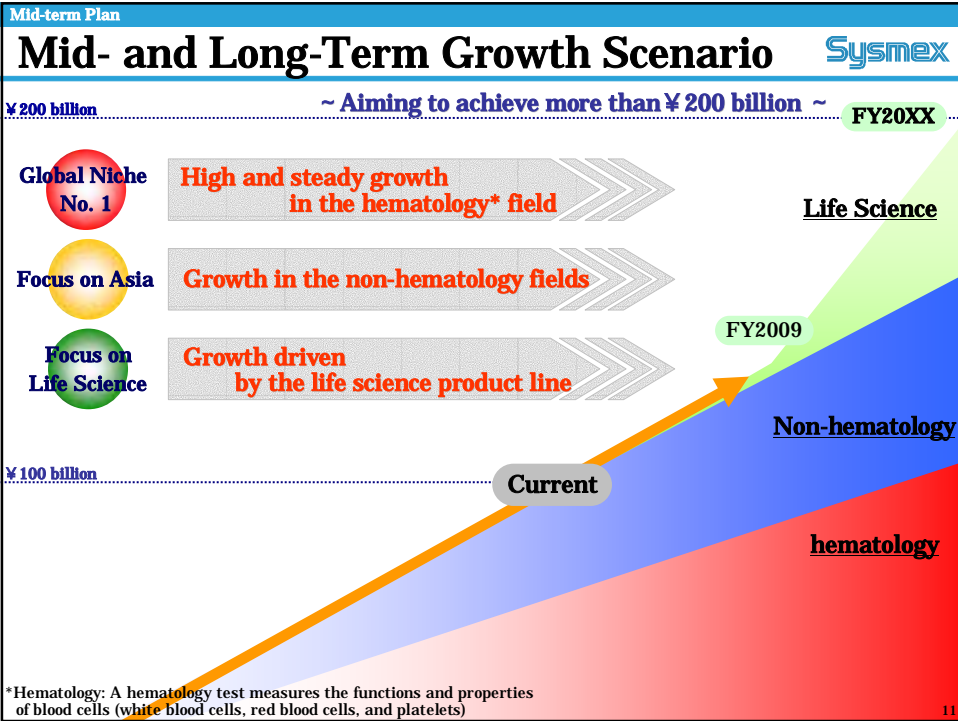


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## Mid-term Plan ( From FY2007 To FY2009 )

- Market Scenarios
- Mid- and Long-term Growth Scenario
- Financial Targets and Key Objectives
- Investment Plans






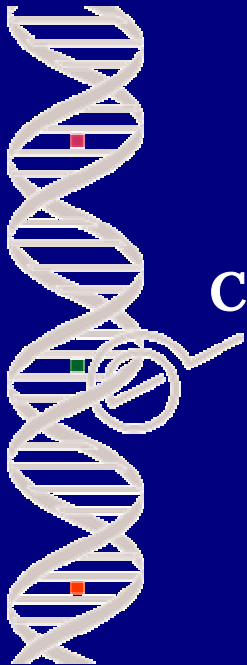
# Investment Plans

- **Encourage standardization of operations and reconstruction of the ERP system on a global basis**
  - Encourage standardization of operations globally through cooperation among the headquarters and regional companies
  - Reconstruct the ERP system to support the standardization of operations
  - Investment
    - ✓ Reconstruction of the ERP system: 2 billion yen over 3 years
- **Strengthen R&D functions**
  - Implement the Sysmex Techno Park plan, and strengthen R&D functions
    - ✓ Improve the R&D environment and enrichment of R&D facilities
    - ✓ Encourage commercialization of life science products
    - ✓ Introduce proprietary products on time, with high added value
  - Investment
    - ✓ Sysmex Techno Park:
      - 10 billion yen over 3 years
    - ✓ R&D: 35 billion yen over 3 years



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## Challenging the Frontiers of Healthcare Testing

**SYSMEX CORPORATION**

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