



Business Results

First Six Months of Fiscal Year Ending March 31, 2014

Sysmex Corporation

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Chairman and CEO

November 6, 2013

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of the Fiscal Year Ending March 31, 2014

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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.

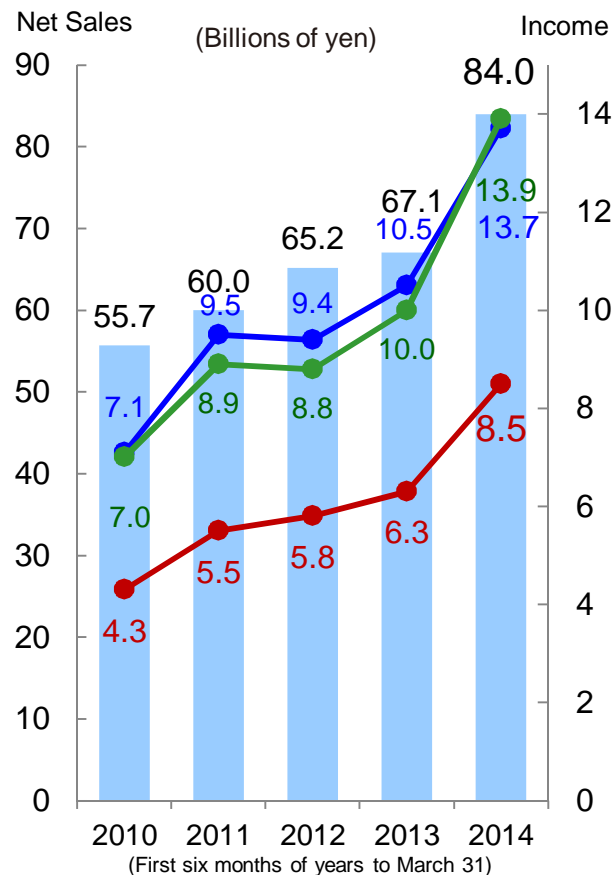
Chapter 1

Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2014

Financial Highlights



* Forecast figures are as announced in May 2013.



Legend:
 Net Sales (Blue bar)
 Operating Income (Blue line)
 Ordinary Income (Green line)
 Net Income (Red line)

	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013
1USD	¥98.9	¥79.4
1EUR	¥130.0	¥100.7

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	First six months of fiscal year ending March 31, 2014		First six months of fiscal year ending March 31, 2014		First six months of fiscal year ended March 31, 2013		YOY (Previous period = 100%)
	Results	Ratio	Forecast*	Ratio	Results	Ratio	
Net Sales	84.0	100%	82.0	100%	67.1	100%	125.2%
Cost of Sales	30.7	36.6%	-	-	24.7	36.9%	124.0%
SG&A	39.6	47.1%	-	-	31.7	47.3%	124.6%
Operating Income	13.7	16.3%	14.0	17.1%	10.5	15.8%	129.5%
Ordinary Income	13.9	16.6%	14.0	17.1%	10.0	15.0%	138.8%
Net Income	8.5	10.2%	8.7	10.6%	6.3	9.5%	134.5%

Net sales and all income categories reached historic highs.

- Net sales: The Company recorded double-digit growth in sales, centered on overseas regions, due in part to the impact of yen depreciation.
- Operating income: Sysmex recorded an increase in operating income, due to the effect of higher sales and an improved cost of sales ratio.
- Non-operating balance: The forex gain was ¥0.07 billion (¥0.68 billion loss in the same period of the previous fiscal year).

➤ Exchange rate fluctuations raised net sales ¥13.04 billion and operating income ¥3.25 billion.

Note: At the exchange rates prevailing one year earlier, net sales would have been up 5.7% year on year, and operating income down 1.2%.

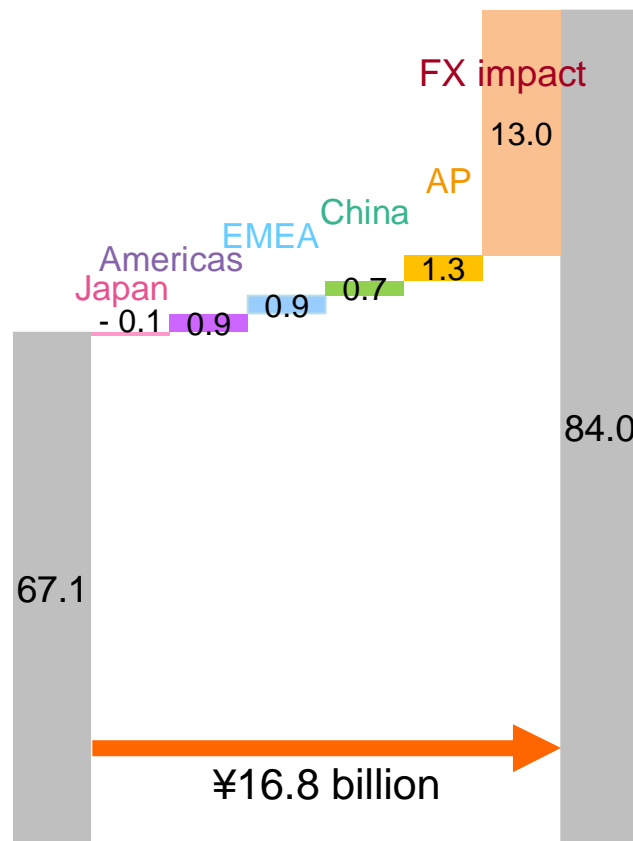
- Capital expenditure: ¥6.14 billion Depreciation and amortization: ¥4.72 billion R&D expenditure: ¥6.30 billion

Breakdown of Net Sales and Operating Income

(Billions of yen)

Net Sales

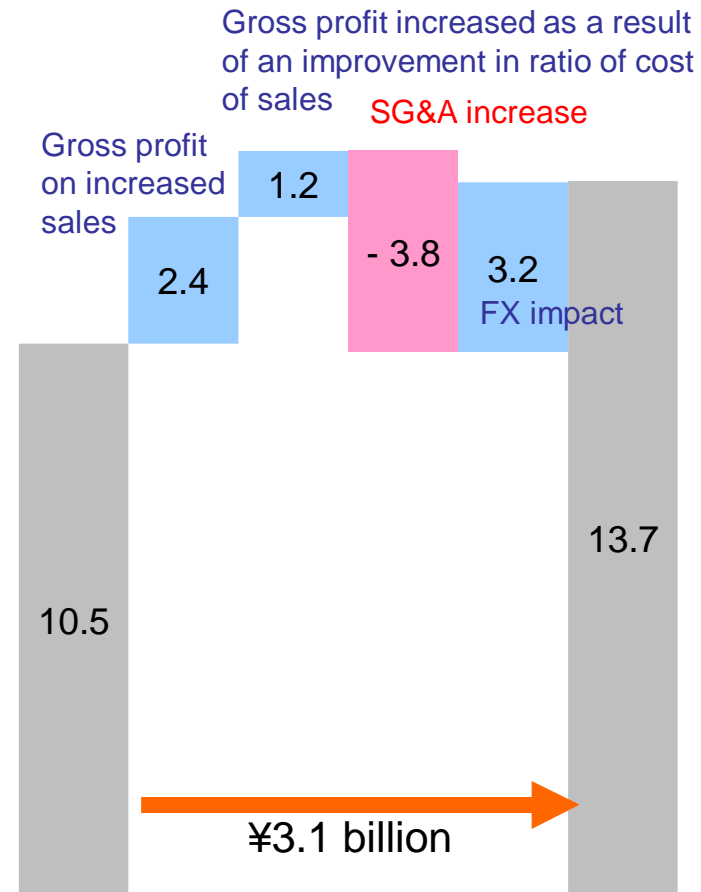
Note: FX impact excluded from regional sales below



2013 (First six months of fiscal years to March 31) 2014

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Operating Income



2013 (First six months of fiscal years to March 31) 2014

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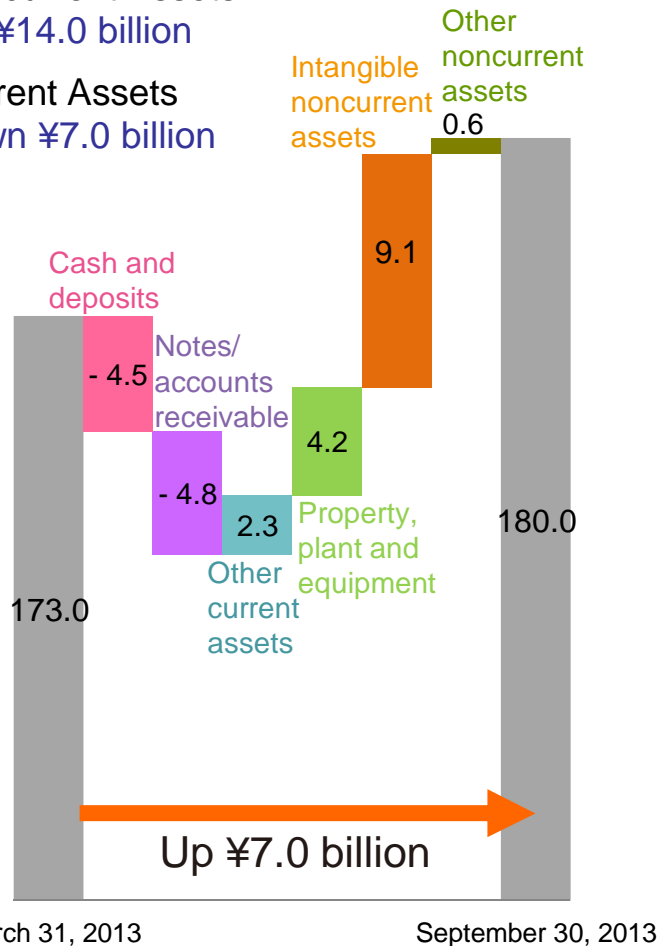
Breakdown of Assets and Liabilities/Net Assets

(Billions of yen)

Assets

Noncurrent Assets
Up ¥14.0 billion

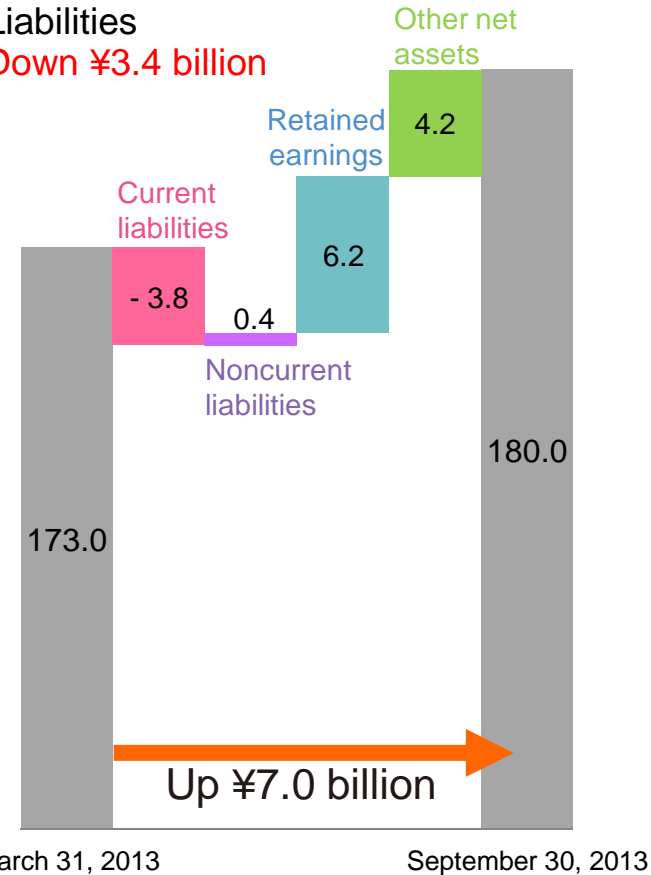
Current Assets
Down ¥7.0 billion



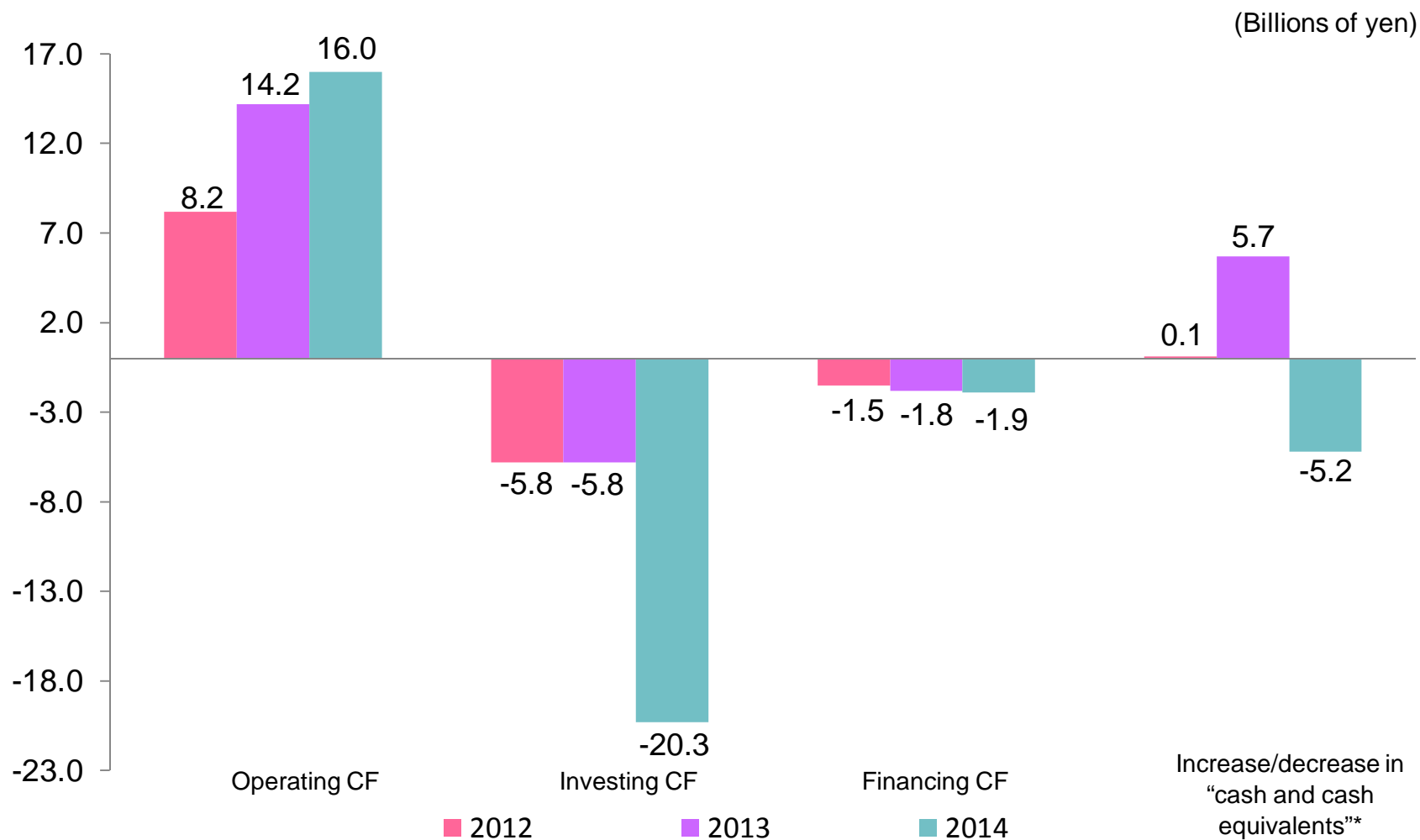
Liabilities/Net Assets

Net assets
Up ¥10.4 billion

Liabilities
Down ¥3.4 billion



Consolidated Cash Flows



(First six months of fiscal years to March 31)

* The increase/decrease in cash and cash equivalents includes translation differences on cash and cash deposits.

M&A Expanding Our Technology Platform Targeting Personalized Medicine and Entering New Fields of Business

● Partec Acquisition

➤ Overview

- Established: 1967
- Head Office Location: Görlitz, Germany
- Strengths:
 - A pioneer possessing leading-edge FCM*1 technology
 - Strong presence in emerging markets and developing countries for efforts in such areas as HIV monitoring, malaria diagnostics and other infectious diseases
- Future Developments:
 - By combining the strengths of both companies, expand business involving FCM technologies and products in the research market and clinical market
 - Leverage Sysmex's sales and support network to accelerate the globalization of monitoring for infectious diseases



Technology cultivated in the hematology field, global sales and support network (Sysmex)

+

FCM technology, sales network in emerging markets and developing countries (Partec)

Aim for advances in hematology

*1 Flow cytometry (FCM): Method involving the flow dispersion of minute particles and the use of laser light to optically analyze the minute flows

● Inostics Acquisition

➤ Overview

- Established: 2008
- Head Office Location: Hamburg, Germany
- Strengths:
 - Possesses genetic testing technologies, such as ultra-sensitive digital PCR technology*¹ for detecting cancer cell DNA directly from blood
- Future Developments:
 - Global development of the lab assay service*² business
 - In collaboration with pharmaceutical company to jointly develop blood-based companion diagnostic*³ tests for targeted tumor therapies
 - Entered collaborative development agreement with Bayer HealthCare (October 2013)

Create new value with “liquid biopsy” *⁴ using BEAMing technology*⁵

Full-fledged entry into field of personalized medicine

*1 PCR: A type of gene amplification technology

*2 Assay services: Using new molecular diagnostics and other technologies to provide sample analysis results as services

*3 Companion diagnostics: Clinical testing performed to predict the efficacy and side effects of drugs before using them for treatment

*4 Liquid biopsy: A testing method involving examining the blood that delivers the same performance as conducting a biopsy to collect samples from a tumor or organ but that places less of a burden on the patient

*5 BEAMing technology: An acronym for “Bead, Emulsion, Amplification, and Magnetics,” this gene analysis method combines digital PCR (ultrahigh-sensitivity PCR) and flow cytometry technologies for the blood-based detection of minute genetic mutations.

Topics (3)



Products

- Developed new flag technology for *P. vivax* and *P. malariae*
- Insurance coverage commenced for rapid detection of colorectal and stomach cancer lymph node metastasis based on the OSNA[®] method (October)
- Entered into collaboration agreement with National Cancer Center to develop cancer diagnostic reagents (October)

Operational Sites

- Established R&D Center Americas in the United States
- Began work on establishment of new instrument factory, slated to become operational in May 2014 (Kakogawa, Hyogo Prefecture)
- Acquired land for the future expansion of the non-hematology business (Kobe, Hyogo Prefecture)
- Jointly established marketing company, with Kawasaki Heavy Industries, with view to developing medical robots (October)



Sales by Field of Business



(Billions of yen)

	First six months of fiscal year ending March 31, 2014		First six months of fiscal year ended March 31, 2013*1		YOY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Hematology	55.4	65.9%	43.5	64.8%	127.2%
Urinalysis	6.8	8.1%	5.2	7.8%	130.0%
Others*2	1.6	2.0%	1.5	2.3%	106.6%
HU-BU	63.8	76.0%	50.3	75.0%	126.9%
Immunochemistry	1.0	1.2%	1.0	1.5%	101.1%
Clinical chemistry	1.6	2.0%	1.3	2.0%	124.1%
Hemostasis	12.3	14.7%	9.6	14.4%	128.3%
ICH-BU	15.0	17.9%	11.9	17.9%	125.5%
Other IVD*3	3.1	3.8%	3.1	4.7%	101.6%
IVD total	82.1	97.7%	65.4	97.5%	125.4%
LS-BU	0.7	0.8%	0.4	0.7%	146.5%
Others	1.2	1.5%	1.2	1.8%	102.4%
Total net sales	84.0	100.0%	67.1	100.0%	125.2%

*1 The figures for the fiscal year ended March 31, 2013, have been reorganized according to the segments after the changes.

*2 Laboratory Information Systems, others

*3 Sales of third-party products, others

Net Sales by Geographic Region



- **Net Sales by Geographic Region (Sales to Customers)**

(Billions of yen)

		First six months of fiscal year ending March 31, 2014		First six months of fiscal year ended March 31, 2013		YOY (Previous period = 100%)	
			Ratio		Ratio	(Yen)	(Local currency)
Net Sales		84.0	100%	67.1	100%	125.2%	-
Region	Americas	17.2	20.5%	13.2	19.7%	130.1%	104.5%
	EMEA	23.6	28.2%	17.6	26.2%	134.5%	104.1%
	China	17.2	20.5%	12.7	19.0%	135.3%	106.1%
	AP	6.4	7.7%	3.4	5.1%	188.0%	-
	Japan*	19.4	23.1%	20.1	30.0%	96.6%	-

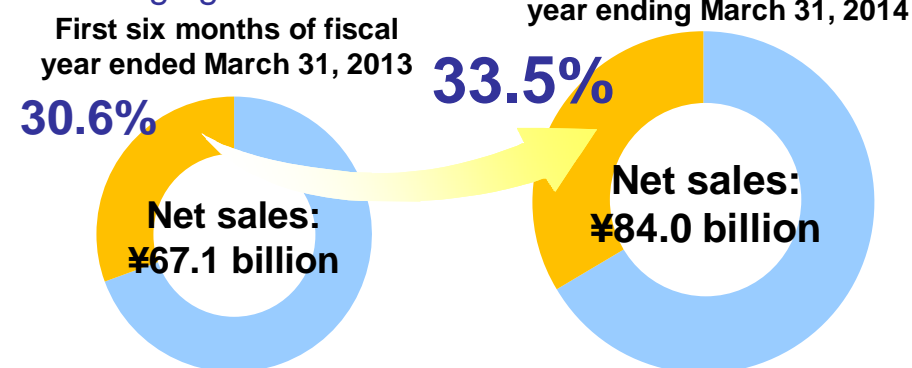
* Includes sales to IDEXX and other customers.

In the preceding fiscal year, also included sales to South Korea.

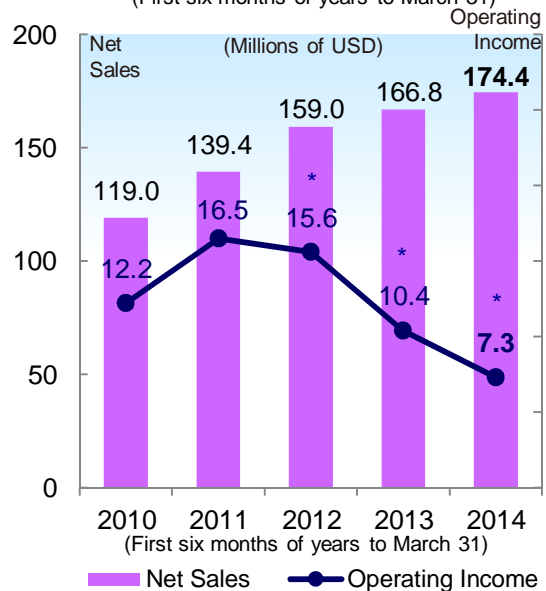
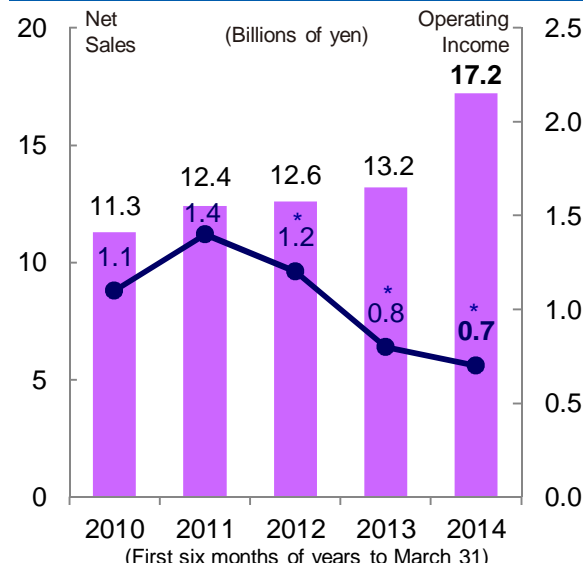
- **Exchange Rates**

	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013
1USD	¥98.9	¥79.4
1EUR	¥130.0	¥100.7
1CNY	¥16.0	¥12.6

- **Percentage of Sales in Emerging Markets**



Geographic Segment Information: Americas



* Impact of the revision in intragroup transaction prices
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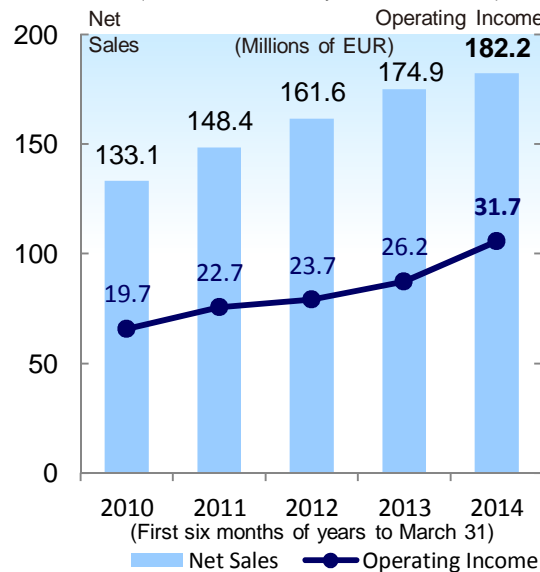
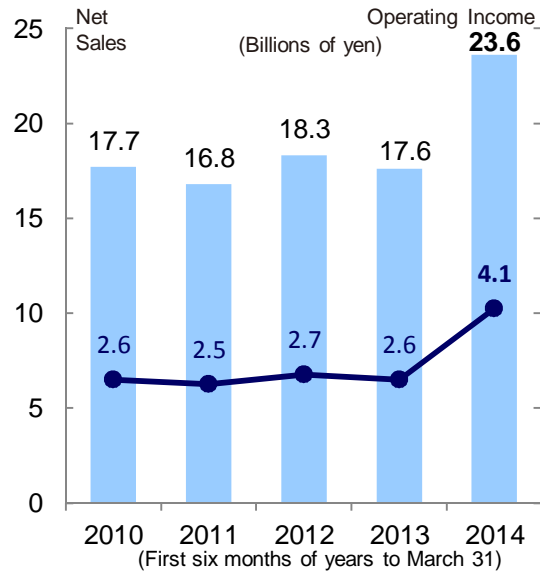
	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013	YOY (Previous period = 100%)
Net Sales	17.2	13.2	130.1%
Operating Income*	0.7	0.8	87.6%

- Cautious purchasing stemming from U.S. healthcare reform and the introduction of the medical device excise tax on instruments, reagents and other items had a negative impact on sales, but overall sales rose thanks to the effect of a higher installed instrument base on sales of reagents and services, as well as to the impact of yen depreciation.
- Operating income slipped, owing to the impact of the medical device excise tax, higher SG&A expenses to reinforce sales management systems, and revisions in intragroup transaction prices.

■ On a local currency basis: net sales 104.5%; operating income 70.3%

- United States: Sales were affected by the introduction of the medical device excise tax, but higher sales of reagents and support services led to a rise in sales.
- Canada: Reagent and other sales expanded, but reduced healthcare budgets affected instrument sales, leading to a slight decrease overall.
- Central and South America: Sales were affected by the impact of the depreciation of the Brazilian real, but overall sales were up thanks to the acquisition of a major project bid in Costa Rica.

Geographic Segment Information: EMEA*



* Europe, the Middle East and Africa

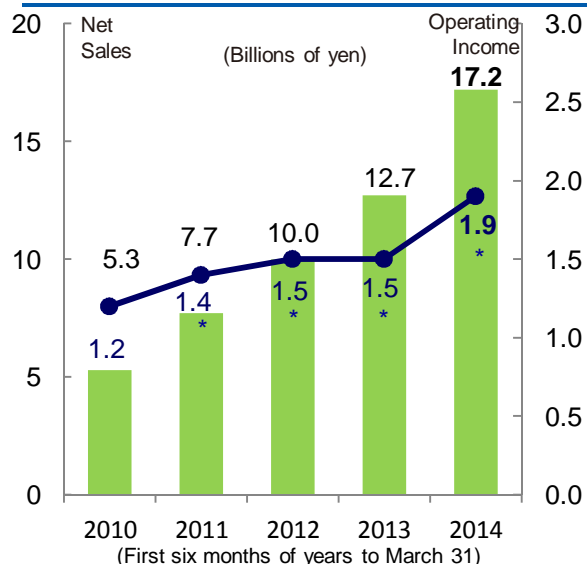
	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013	YOY (Previous period = 100%)
Net Sales	23.6	17.6	134.5%
Operating Income	4.1	2.6	156.1%

- Although partly affected by economic crises, overall sales increased due to an increase in reagent sales stemming from a higher installed instrument base, as well as to the impact of yen depreciation.
- Operating income surged, as higher sales and an improved cost of sales ratio outpaced the expansion in SG&A expenses.

■ On a local currency basis: net sales 104.1%; operating income 120.9%

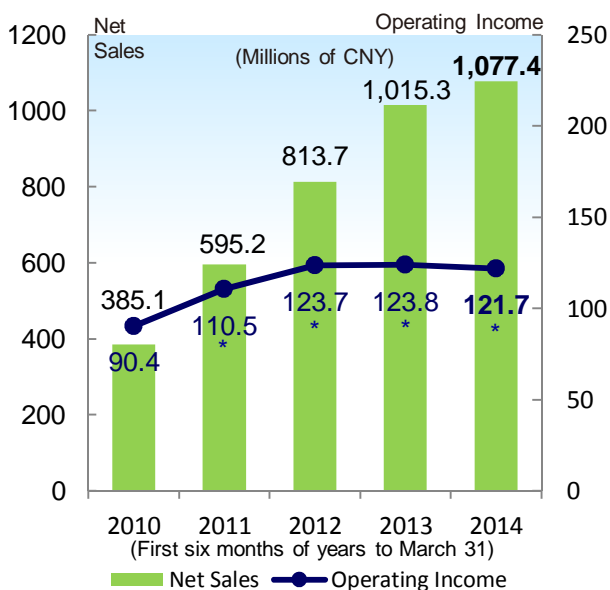
- Five major countries: Sales were robust, despite being partly affected by economic crises.
 - Italy: Sales were down due to government austerity measures.
 - Spain: Sales increased, due partly to winning a bid project in Catalonia.
 - United Kingdom: Sales of hematology instruments and reagents increased.
- Other parts of Europe: Sales were up, centered on Switzerland and Northern Europe.
- Russia: In addition to hematology, sales were up substantially in the urinalysis and hemostasis fields.
- Eastern Europe: Sales were up, centered on Rumania and Poland.
- Middle East, Africa: Sales were down slightly in the Middle East, as figures for the corresponding period of the preceding fiscal year were helped by the win of a government-affiliated bid project in Saudi Arabia.

Geographic Segment Information: China



	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013	YOY (Previous period = 100%)
Net Sales	17.2	12.7	135.3%
Operating Income*	1.9	1.5	125.3%

- Although affected by a state of market sluggishness, sales increased, centered on hematology reagents and due to the impact of yen depreciation.
- Despite higher SG&A expenses, operating income rose due to the impact of yen appreciation.

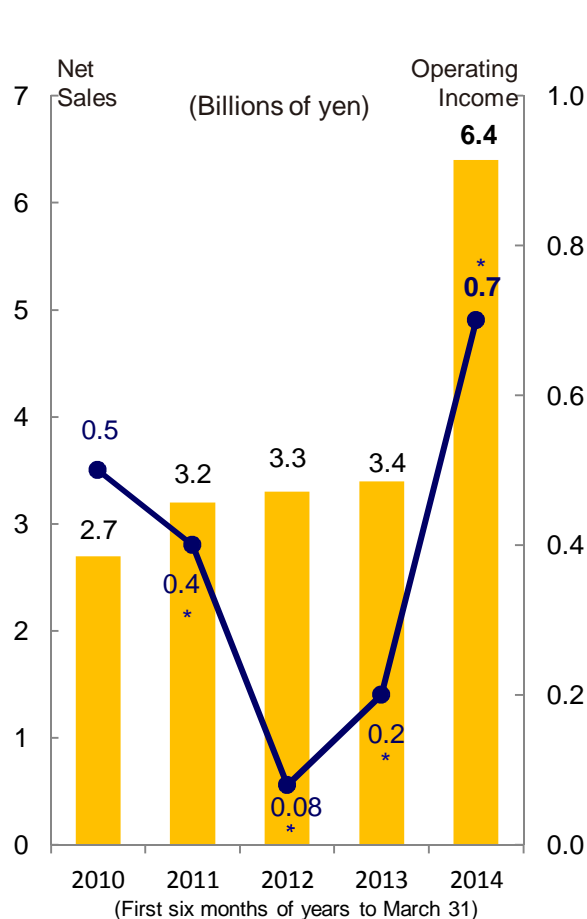


■ On a local currency basis: net sales 106.1%, operating income 98.3%

- Hematology: Although instrument sales were sluggish, overall sales were up thanks to robust sales of reagents.
- Hemostasis: Sales rose, due to growing demand for coagulation and fibrin analysis.
- Urinalysis: Sales of reagents grew significantly, owing to an increase in the installed instrument base.

* Impact of the revision in intragroup transaction prices
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Geographic Segment Information: AP



* Impact of the revision in intragroup transaction prices

	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013	(Billions of yen) YOY (Previous period = 100%)
Net Sales	6.4 (Note)	3.4	188.0%
Operating Income*	0.7	0.2	266.4%

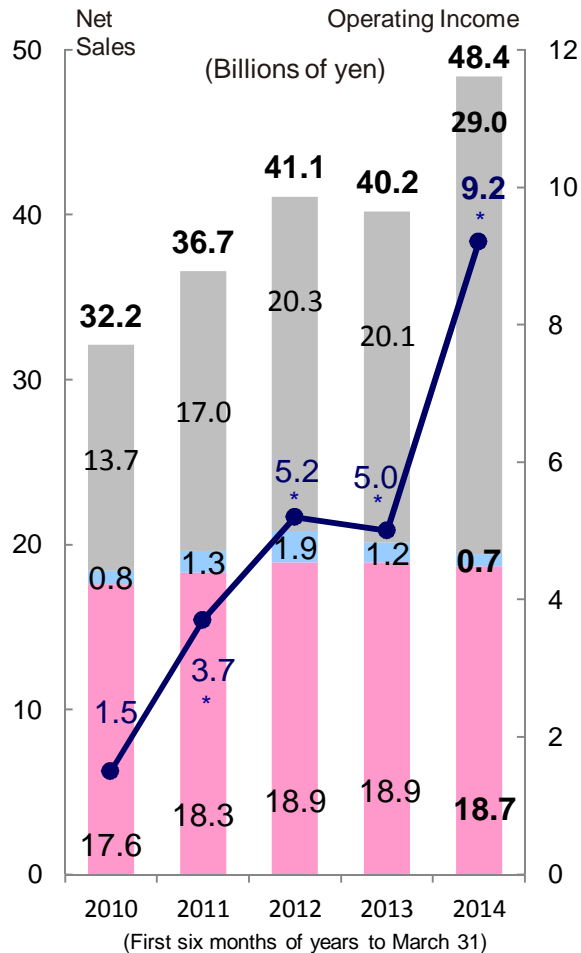
- Sales were up significantly, due to the transition to direct sales in South Korea and Thailand and robust performance in Indonesia and others.
- Operating income rose sharply, as higher sales and an improved cost of sales ratio overcame higher SG&A expenses.

- South Asia: Sales rose, due to higher sales of hematology instruments in India and Pakistan.
- Southeast Asia: Thailand transitioned to direct sales, and sales of reagents rose in Indonesia.
- Oceania: Sales grew, owing to the acquisition of a major project in the hemostasis field and higher sales in the IT field.
- South Korea, Taiwan: Sales rose substantially, owing to the transition to direct sales in South Korea.

* Excluding the impact of South Korea, 142.5% of the previous year's figure

(Note) Due to the conversion of our distributor in South Korea to a subsidiary, from the first quarter of the fiscal year ending March 31, 2014, sales formerly recorded in Japan have been moved to the AP region.

Geographic Segment Information: Japan



Intra-Area Transfers: Exports to Group Affiliates, Others
 Sales to Customers: IDEXX and Others
 Sales to Customers: Japan
 Operating Income

* Impact of the revision in intragroup transaction prices

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	First six months of fiscal year ending March 31, 2014	First six months of fiscal year ended March 31, 2013	YOY (Previous period = 100%)
Net Sales	48.4	40.2	120.4%
Sales to Customers	19.4	20.1	96.6%
Japan	18.7	18.9	99.0%
IDEXX and Others	0.7 ^(Note)	1.2	59.2%
Intra-Area Transfers	29.0	20.1	144.3%
Operating Income*	9.2	5.0	181.1%

● Sales in Japan decreased slightly, but intra-area transfers to Group affiliates (overseas) boosted sales and income significantly in this category.

➤ Japan: Sales were down slightly overall. Sales decreased in the hematology field but were favorable in such fields as urinalysis and hemostasis.

➤ IDEXX and others: Although sales for IDEXX were up, sales in this category were down, reflecting the decrease in sales to South Korea due to the conversion of our distributor there to a subsidiary.

Note: This includes ¥0.75 billion in sales to South Korea in the first six months of the preceding fiscal year.

(Note) Due to the conversion of our distributor in South Korea to a subsidiary, from the first quarter of the fiscal year ending March 31, 2014, sales formerly recorded in Japan have been moved to the AP region.

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Chapter 2

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2014

Revised Earnings Forecast



● Differences from Previous Forecast

(Billions of yen)

	Previous Forecast (Announced in May 2013)		Current Forecast		Change	Percentage Change (%)	Year Ended March 31, 2013	
		Ratio		Ratio				Ratio
Net Sales	175.0	100%	180.0	100%	+5.0	+2.9%	145.5	100%
Operating Income	30.0	17.1%	30.0	16.7%	-	-	21.8	15.0%
Ordinary Income	30.0	17.1%	30.0	16.7%	-	-	22.9	15.8%
Net Income	18.5	10.6%	18.5	10.3%	-	-	14.1	9.7%

Assumed exchange rates for second half: 1USD = ¥97.0 1EUR = ¥130.0

Assumed exchange rates for full year: 1USD = ¥97.9 1EUR = ¥130.0

Initially assumed exchange rates: 1USD = ¥95.0 1EUR = ¥125.0

● Reasons for Revisions

Net sales: As the yen is depreciating more against other currencies than we had anticipated, we now expect net sales to outpace our initial forecast.

Operating Income: Despite the impact of higher sales, we maintain our operating income forecast unchanged due to incurring additional costs for the acquisition of two German companies.

Ordinary Income, Net Income: Not revised

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Consolidated Earnings Forecast

(Revised subsequent to May 2013 announcement)



Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2014

● Net Sales: ¥180.0 billion ● Operating Income: ¥30.0 billion ● Ordinary Income: ¥30.0 billion ● Net Income: ¥18.5 billion
 ● Operating Margin: 16.7% ● Ordinary Margin: 16.7% ● Net Income Margin: 10.3%

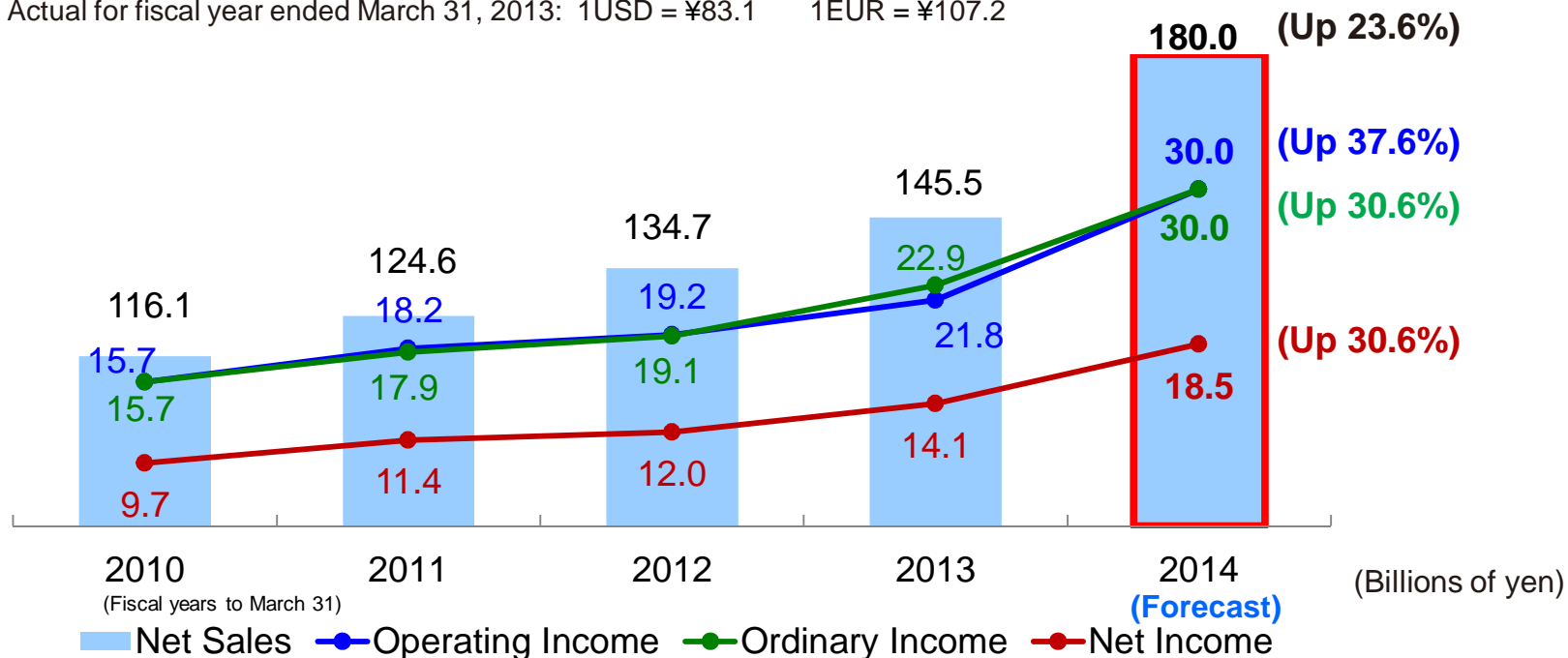
Planned Investment ● Capital Expenditure: ¥12.0 billion ● Depreciation and Amortization: ¥8.5 billion ● R&D Expenditure: ¥13.5 billion

Assumed exchange rates for second half: 1USD = ¥97.0 1EUR = ¥130.0

Assumed exchange rates for full year: 1USD = ¥97.9 1EUR = ¥130.0

Note: Assumptions at beginning of year: 1USD = ¥95.0 1USD = ¥125.0

Actual for fiscal year ended March 31, 2013: 1USD = ¥83.1 1EUR = ¥107.2



Financial Targets: Sales and Operating Income by Region

(Revised subsequent to May 2013 announcement)





We Believe the Possibilities.

Sysmex Corporation

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