



## Business Results

First Six Months of Fiscal Year Ending March 31, 2016

**Sysmex Corporation**

Hisashi Ietsugu  
Chairman and CEO  
November 6, 2015

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## Chapter 1

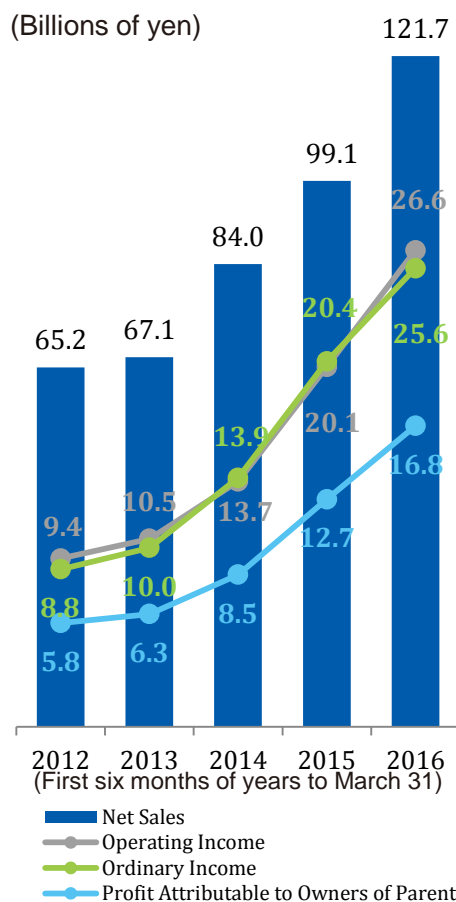
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# Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2016

# Financial Highlights



**Net sales and all income categories reached historic highs.**



	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015
1USD	¥121.8	¥103.0
1EUR	¥135.1	¥138.9
1CNY	¥19.4	¥16.7

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	First six months of fiscal year ending March 31, 2016		First six months of fiscal year ended March 31, 2015		YOY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net Sales	121.7	100%	99.1	100%	122.9%
Cost of Sales	49.1	40.4%	40.4	40.8%	121.5%
SG&A	45.9	37.7%	38.5	38.9%	119.2%
Operating Income	26.6	21.9%	20.1	20.3%	132.6%
Ordinary Income	25.6	21.1%	20.4	20.6%	125.9%
Profit Attributable to Owners of Parent	16.8	13.8%	12.7	12.8%	132.0%

- **Net sales:** The Company recorded solid double-digit sales growth in all overseas geographic regions, centered on China and EMEA.
- **Operating income:** Operating income rose substantially thanks to the effects of higher sales and yen depreciation (against the U.S. dollar and the Chinese yuan).
- **Non-operating balance:** The forex loss was ¥1.23 billion (¥0.23 billion gain in the previous fiscal year).
- **Extraordinary income:** Extraordinary income amounted to ¥1.00 billion (¥0.01 billion extraordinary loss in the previous fiscal year).

Notes: Exchange rate fluctuations raised net sales ¥7.62 billion and operating income ¥4.96 billion. At the exchange rates prevailing one year earlier, net sales would have been up 15.2% year on year, and operating income up 7.9%.

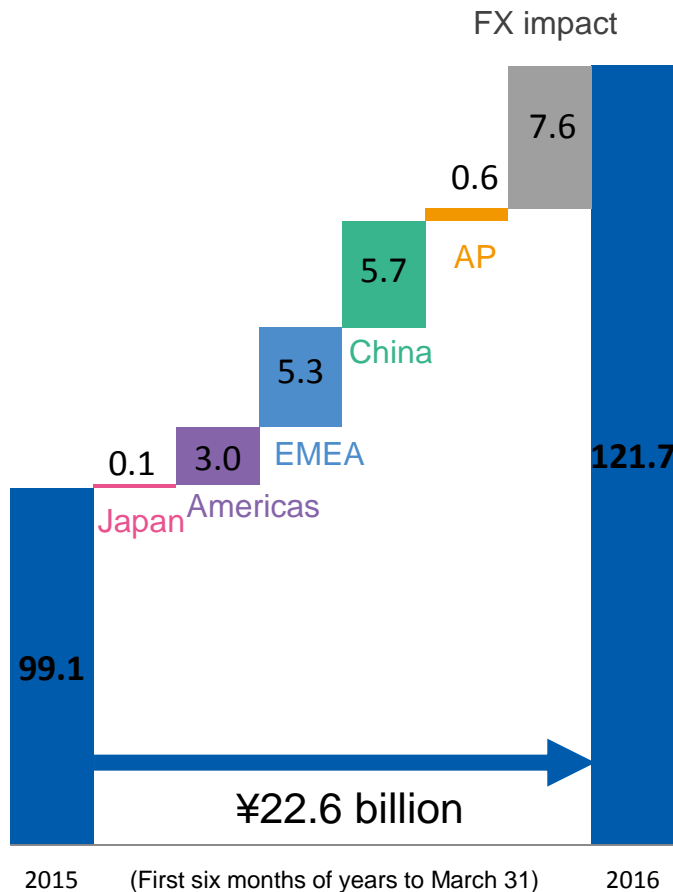
- **Capital expenditure (tangible):** ¥5.86 billion
- **Depreciation and amortization:** ¥6.00 billion    **R&D expenditure:** ¥8.40 billion

# Breakdown of Net Sales and Operating Income

(Billions of yen)

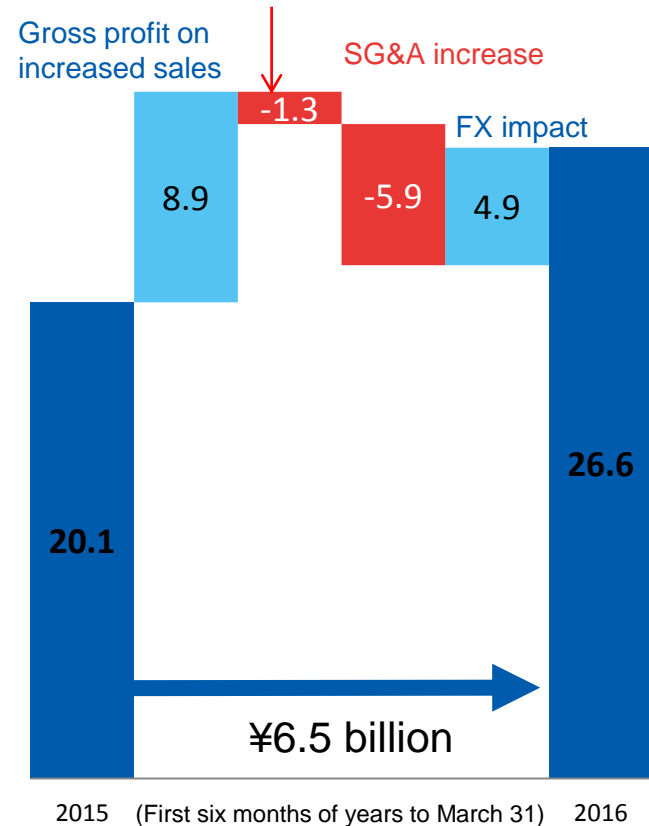
## Net Sales

Note: FX impact excluded from regional sales below



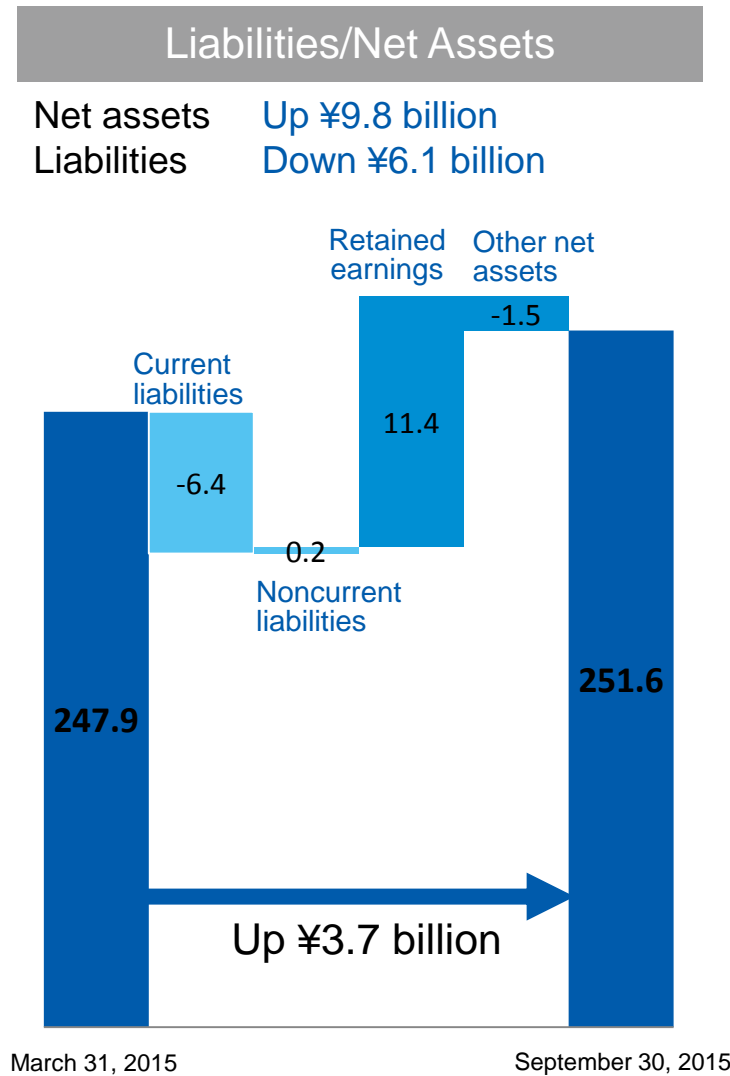
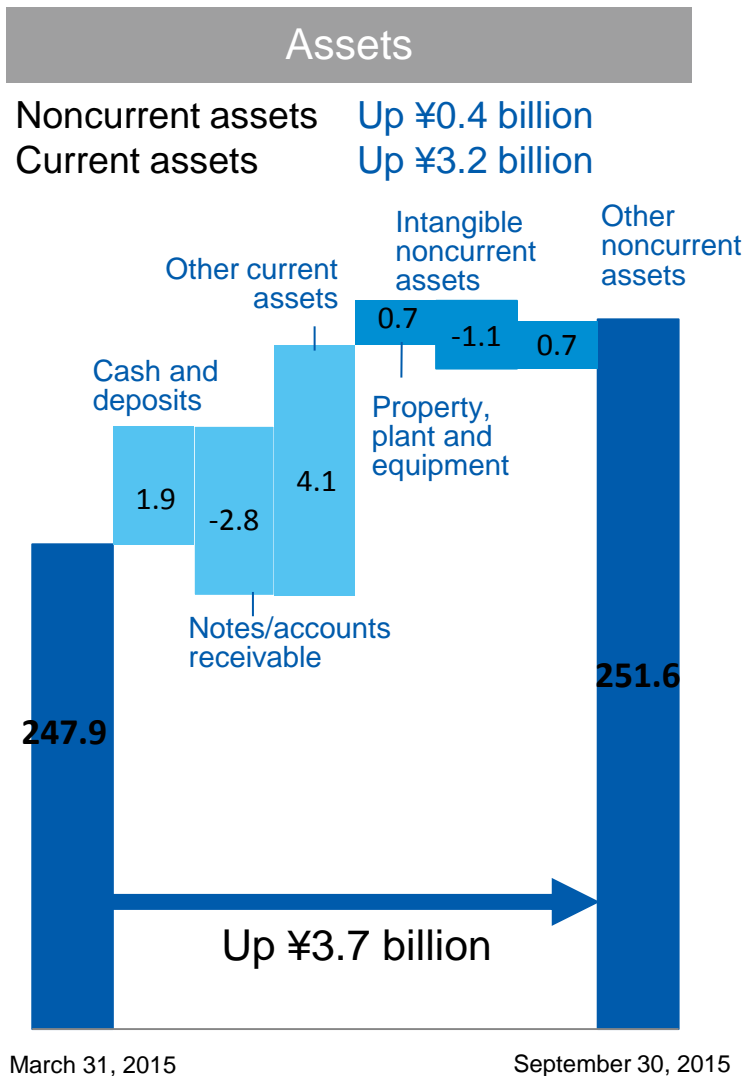
## Operating Income

Gross profit decreased as a result of a worsening cost of sales ratio (excluding FX impact)



# Breakdown of Assets and Liabilities/Net Assets

(Billions of yen)

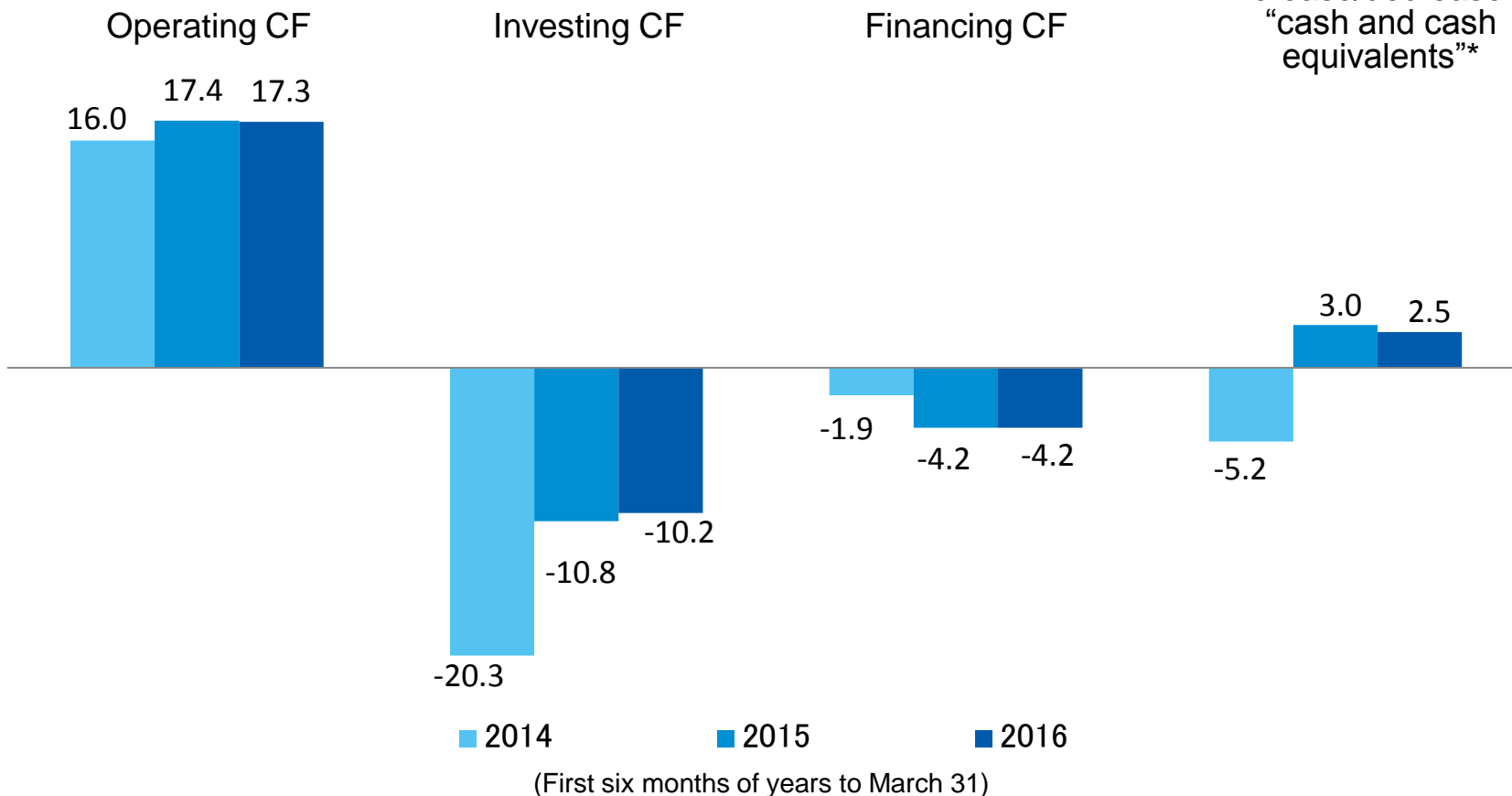


# Consolidated Cash Flows



(Billions of yen)

Increase/decrease in  
“cash and cash  
equivalents”\*



\*Includes translation differences on cash and cash equivalents.

## M&A, Alliances

- Sysmex enters strategic collaboration with leading U.S. commercial lab, LabCorp, for blood-based molecular testing services and products to support the development of precision medicine in oncology (June)

## Operational Sites

- Sysmex completes expansion of reagent factory in Germany, increasing reagent production capacity by around 50% (July)
- Sysmex expanding U.S. reagent factory to meet growing demand in the Americas (scheduled for completion in June 2017)
- Sysmex opens new R&D Open Innovation Lab within Technopark (October)



Reagent factory in Germany



Inside the Open Innovation Lab



## Products, Technologies

- Sysmex launches its next-generation models in the sediment urinalysis testing field, the UF-5000/4000/3000 fully automated analyzers of formed elements in urine (September)
- Sysmex receives *in vitro* diagnostic approval for manufacturing and sales of three platelet aggregation agonist reagent kits for use in the hemostasis field with CS-5100/2500/2400/2100i/2000i analyzers (August)



UF-5000



Hemostasis reagents



CS-5100

## Others

- Sysmex selected for inclusion in the Asia Pacific Index of the Dow Jones Sustainability Indexes for fourth consecutive year (September)
- Sysmex selected by the Securities Analysts Association of Japan for excellence in corporate disclosure and excellence in disclosure to individual investors (October)



# Net Sales by Geographic Region



(Billions of yen)

## Net Sales by Geographic Region (Sales to Customers)

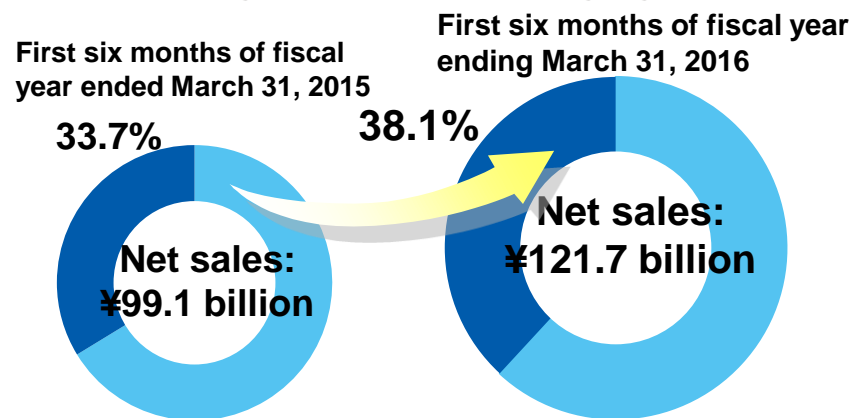
	First six months of fiscal year ending March 31, 2016		First six months of fiscal year ended March 31, 2015		(Yen)	YOY
	Results	Ratio	Results	Ratio		(Previous period = 100%) (Local currency)
Net Sales	121.7	100%	99.1	100%	122.9%	-
Americas	26.5	21.8%	20.8	21.0%	127.5%	107.9%
EMEA	34.8	28.6%	29.8	30.1%	116.8%	120.1%
Region China	30.6	25.2%	20.6	20.8%	148.3%	127.5%
AP	8.5	7.0%	7.5	7.6%	113.7%	-
Japan*	21.1	17.4%	20.2	20.5%	104.5%	-

\* Includes sales to IDEXX and other customers

## Exchange Rates

	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015
1USD	¥121.8	¥103.0
1EUR	¥135.1	¥138.9
1CNY	¥19.4	¥16.7

## Percentage of Sales in Emerging Markets



# Sales by Business



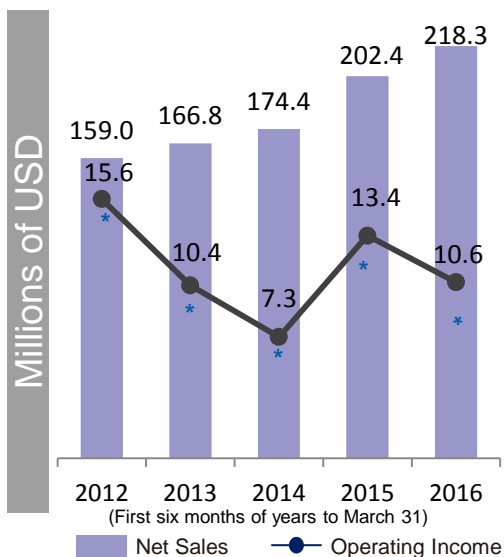
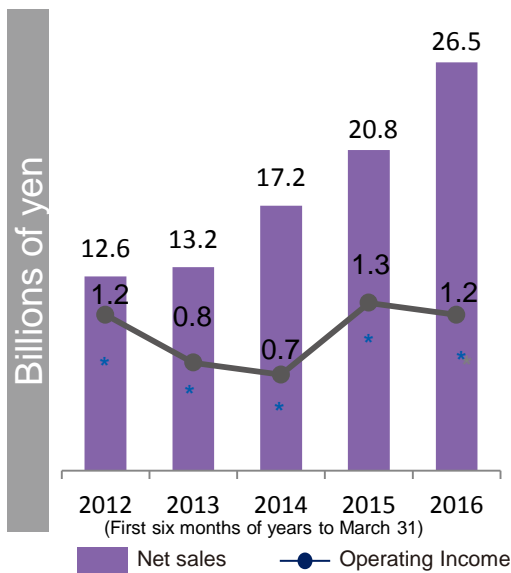
	First six months of fiscal year ending March 31, 2016		First six months of fiscal year ended March 31, 2015		(Billions of yen) YoY (Previous = 100%)
	Results	Ratio	Results	Ratio	
Hematology	77.9	64.0%	63.8	64.5%	121.9%
Urinalysis	8.8	7.2%	7.3	7.4%	120.0%
Others <sup>1</sup>	0.8	0.7%	0.7	0.7%	124.2%
<b>HU-BU</b>	<b>87.5</b>	<b>71.9%</b>	<b>71.9</b>	<b>72.6%</b>	<b>121.8%</b>
Immunochemistry	2.8	2.4%	1.2	1.3%	227.8%
Clinical Chemistry	1.7	1.5%	1.8	1.8%	98.1%
Hemostasis	20.6	16.9%	15.1	15.3%	136.1%
<b>ICH-BU</b>	<b>25.2</b>	<b>20.8%</b>	<b>18.2</b>	<b>18.4%</b>	<b>138.7%</b>
<b>LS-BU</b>	<b>1.9</b>	<b>1.6%</b>	<b>1.3</b>	<b>1.3%</b>	<b>142.9%</b>
Others <sup>2</sup>	6.9	5.7%	7.6	7.7%	91.6%
<b>Total Net Sales</b>	<b>121.7</b>	<b>100.0%</b>	<b>99.1</b>	<b>100.0%</b>	<b>122.9%</b>

1. Simple clinical FCM products for emerging markets, etc.

2. Clinical laboratory information systems (formerly included in “Others” in HU-BU), sales of third-party products (formerly included in “Other IVD”), FCM products for research and industry, etc.

Figures for the first six months of the fiscal year ended March 31, 2015, have been adjusted to align with changes in certain categories from the fiscal year ending March 31, 2016 (“Others” in HU-BU, “HU-BU” and “Others”).

# Geographic Segment Information: Americas



\* Revision in intragroup transaction prices

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(Billions of yen)	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Net Sales	26.5	20.8	127.5%	107.9%
Operating Income*	1.2	1.3	94.0%	79.5%

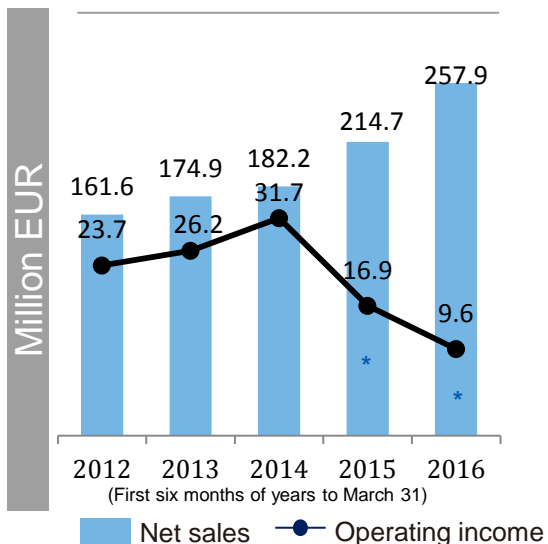
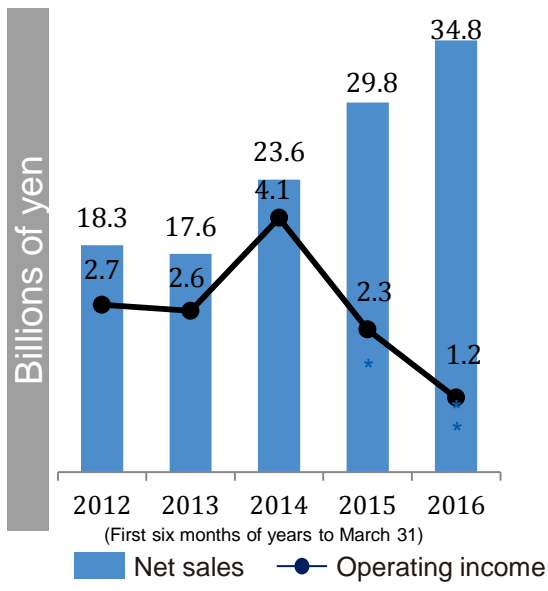
Note: Excluding the impact of the reversal in deferred service revenue and income in the first three months of the fiscal year ended March 31, 2015, net sales would have been up 30.1% and operating income up 26.8%. (The reversal in deferred service revenue and income in the first three months of the fiscal year ended March 31, 2015, had a ¥0.42 billion positive impact on net sales and a ¥0.36 billion positive impact on operating income.)

- In addition to positive sales of the XN-Series, higher sales in Central and South America led to higher sales for the region.
- Operating income decreased slightly due to deferred service revenue and income in the same period of the fiscal year ended March 31, 2015, and a rise in SG&A expenses to strengthen sales and after-sales service activities in the United States

## Local Currency Basis

- **United States:** In addition to higher sales of system products in the hematology field, sales of reagents and after-sales services increased.
- **Central and South America:** Despite the impact of depreciation in the value of the real, sales increased, owing to such factors as the acquisition of a large-scale government project in Mexico.

# Geographic Segment Information: EMEA\*



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

(Billions of yen)	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Net Sales	34.8	29.8	116.8%	120.1%
Operating Income*	1.2	2.3	55.2%	56.8%

- Despite the impact of yen appreciation, strong sales centered on the five major countries led to a major increase in net sales.
- Operating income fell despite the double-digit increase in net sales because of the revision in intragroup transaction prices and increased SG&A expenses at Partec and Inostics.

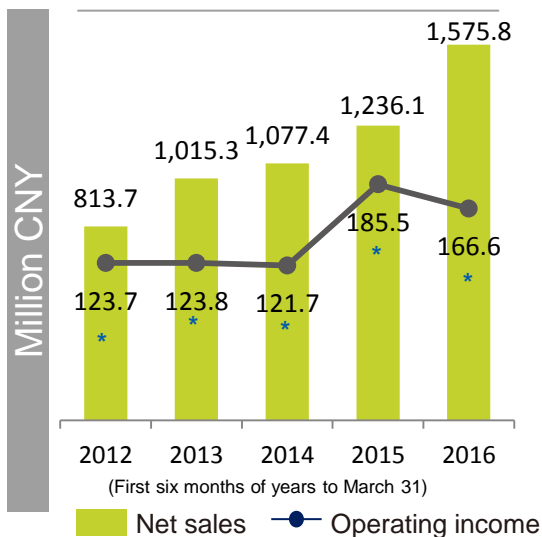
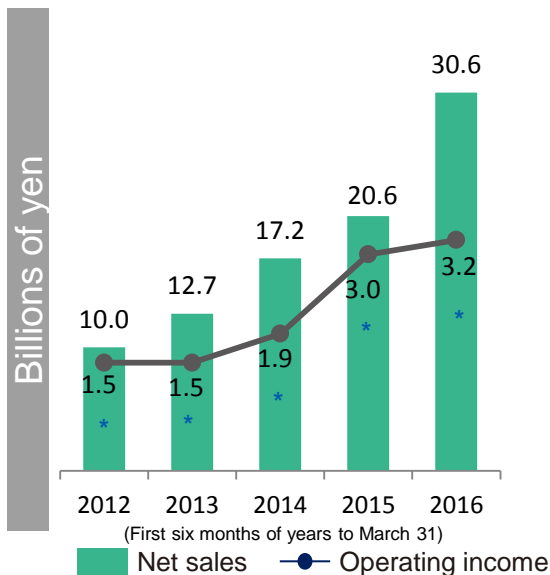
Note: Absent the impact of Partec and Inostics, net sales would have been up 17.0%, and operating income up 4.8%.

## Local Currency Basis

- **Five major countries:**
  - Italy: Sales were up by double digits in all five countries. Large-scale projects pushed up sales, centered on the hematology field.
  - France: Sales expanded, boosted by sales of reagent thanks to favorable sales of the XN-Series.
- **Other parts of Europe:** Sales increased due to the expansion of the hematology field in Switzerland and Denmark.
- **Eastern Europe, Russia:** Sales increased thanks to expansion in the hematology field in Poland, and in Russia due to the acquisition of a project for a large-scale commercial lab.

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# Geographic Segment Information: China



(Billions of yen)	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015	YOY (Previous period = 100%) (Yen basis)	(Local currency basis)
	Net Sales	<b>30.6</b>	20.6	<b>148.3%</b>
Operating Income*	<b>3.2</b>	3.0	<b>104.5%</b>	89.8%

- **Strong sales of instruments and reagents in the hemostasis, hematology and immunochemistry fields pushed up net sales.**
- **Operating income was up year on year due to the impact of higher sales, despite the revision in intragroup transaction prices and higher SG&A expenses to reinforce activity in the immunochemistry field.**

## Local Currency Basis

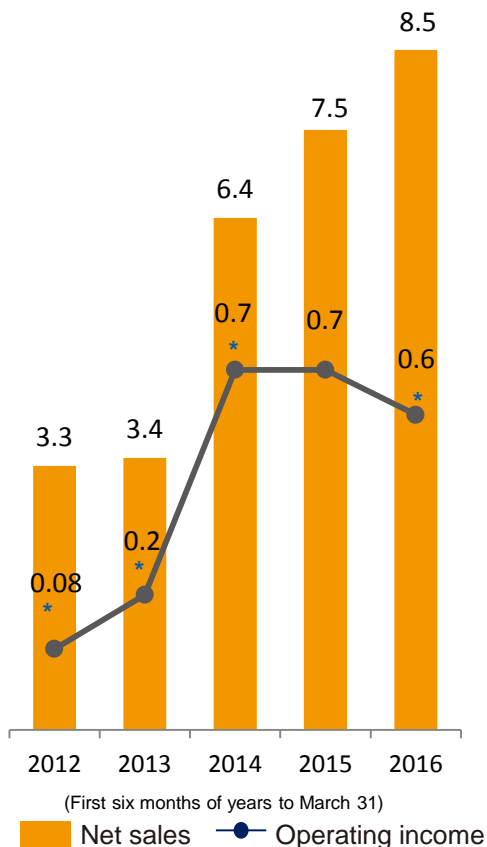
- **Hematology:** Sales were up year on year, reflecting higher sales of instruments in the XN-Series, to meet needs for increased testing efficiency.
- **Hemostasis:** Sales of instruments and reagents grew significantly due to favorable sales of the CS-Series and increased sales of fibrin parameter reagents.
- **Urinalysis:** Sales increased, thanks to increased sales of the UF-Series.
- **Immunochemistry:** Sales increased due to expanded sales of the HISCL-Series (commencing in the third quarter of the fiscal year ended March 31, 2015).

\* Revision in intragroup transaction prices  
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# Geographic Segment Information: AP



Billions of yen



\* Revision in intragroup transaction prices

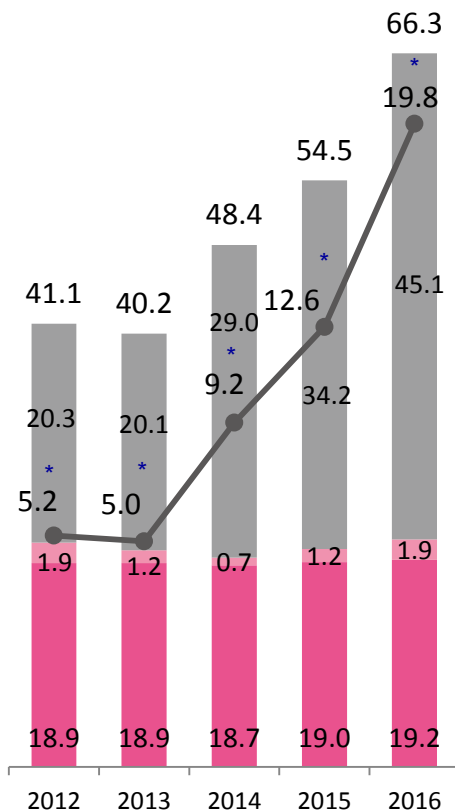
(Billions of yen)	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015	YOY (Previous period = 100%) (Yen basis)
Net Sales	8.5	7.5	113.7%
Operating Income*	0.6	0.7	94.0%

- **Net sales for the region increased, with higher sales centered on the hematology field in areas where we conduct direct sales, including South Korea, Indonesia and Vietnam.**
  - **Operating income fell slightly, reflecting higher SG&A expenses due to enhanced sales promotion activities.**
- 
- **Southeast Asia:** Sales increased, centered on higher sales in the hematology field in Indonesia and Vietnam.
  - **South Asia:** In India, an outbreak of dengue fever led to higher sales of hematology reagents, and results were favorable in the clinical chemistry field, boosting sales.
  - **Oceania:** Sales were down, reflecting comparison with the same period of the previous year, when we recorded large-scale projects in Australia.
  - **South Korea, Taiwan:** Sales were up in South Korea, centering on the hematology and hemostasis fields.

# Geographic Segment Information: Japan



Billions of yen



(First six months of years to March 31)

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

(Billions of yen)	First six months of fiscal year ending March 31, 2016	First six months of fiscal year ended March 31, 2015	YOY (Previous period = 100%)
Net Sales	<b>66.3</b>	54.5	<b>121.7%</b>
Sales to Customers	<b>21.1</b>	20.2	<b>104.5%</b>
Japan	<b>19.2</b>	19.0	<b>101.0%</b>
IDEXX and Others	<b>1.9</b>	1.2	<b>158.9%</b>
Intra-Area Transfers	<b>45.1</b>	34.2	<b>131.9%</b>
Operating Income*	<b>19.8</b>	12.6	<b>156.1%</b>

- **Net sales and operating income were up, as sales of reagents were robust in the Japanese market, intra-area transfers to Group affiliates (overseas) pushed up internal sales, and the region benefited from the impact of a revision in intragroup transaction prices.**

- **Japan:** Although instrument sales decreased, reagent sales were up in the hematology, hemostasis and immunochemistry fields, and sales of maintenance services rose, leading to a slight increase in sales for the region.
- **IDEXX and others:** Sales were up, thanks to robust sales of instruments for IDEXX.

\* Impact of the revision in intragroup transaction prices

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## Chapter 2

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# Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2016

# Revised Earnings Forecast



## ● Difference from Previous Forecast

(Billions of yen)

	Previous Forecast (Announced in May 2015)		Current Forecast		Change	Percentage Change	Fiscal year ended March 31, 2015	
		Ratio		Ratio				Ratio
Net Sales	245.0	100%	252.0	100%	+7.0	+2.9%	221.3	100%
Operating Income	50.0	20.4%	52.0	20.6%	+2.0	+4.0%	44.4	20.1%
Ordinary Income	50.0	20.4%	51.4	20.4%	+1.4	+2.8%	45.9	20.8%
Profit Attributable to Owners of Parent	31.8	13.0%	33.0	13.1%	+1.2	+3.8%	26.6	12.0%

Assumed exchange rates for second half: 1USD = ¥115.0 1EUR = ¥130.0  
 Assumed exchange rates for full year: 1USD = ¥ 118.4 1EUR = ¥132.5  
 Initially assumed exchange rates: 1USD = ¥ 115.0 1EUR = ¥130.0

## ● Reasons for Revision

- First-half results outpaced our expectations at the beginning of the fiscal year, and we now anticipate higher performance than previously forecast for net sales and all income categories. (Second-half exchange rate assumptions, net sales and all income categories are essentially in line with our forecast at the beginning of the fiscal year.)

# Consolidated Earnings Forecast

Figures in red have been revised subsequent to May 2015 announcement.

Blue figures are as announced in May 2015.

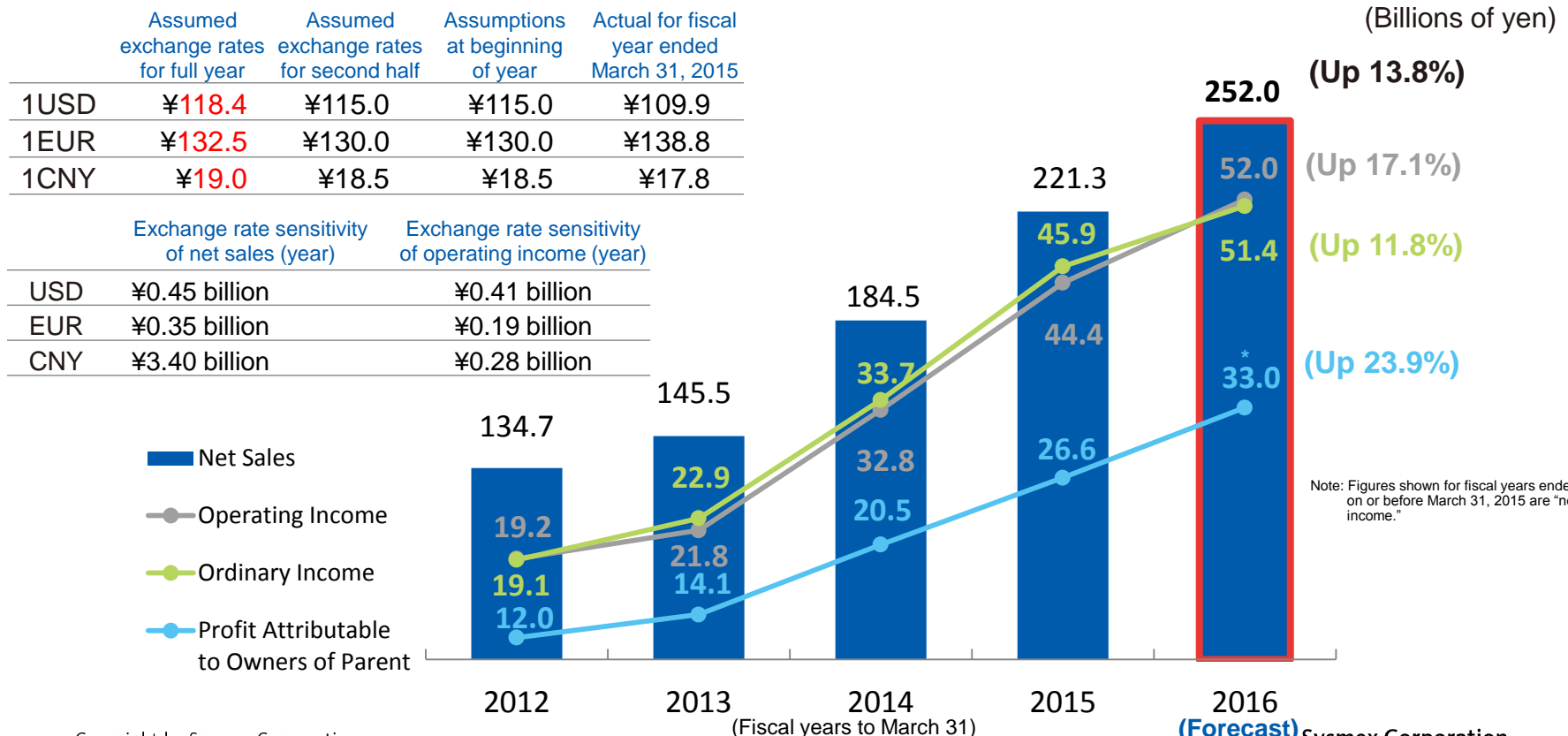


## Consolidated Earnings forecast for the Fiscal Year Ending March 31, 2016

Net Sales: <b>¥252.0 billion</b> ¥245.0 billion	Operating Income: <b>¥52.0 billion</b> ¥50.0 billion	Ordinary Income: <b>¥51.4 billion</b> ¥50.0 billion	Profit Attributable to Owners of Parent: <b>¥33.0 billion</b> ¥31.8 billion
	Operating Margin: <b>20.6%</b> 20.4%	Ordinary Margin: 20.4% 20.4%	Profit Attributable to Owners of Parent to Net Sales: <b>13.1%</b> 13.0%

### Planned Investment

Capital Expenditure: ¥16.0 billion    Depreciation and Amortization: ¥12.4 billion    R&D Expenditure: ¥16.2 billion



# Financial Targets: Sales and Operating Income by Region

(Revised subsequent to May 2015 announcement)



# Dividend Forecast

Proposal corresponds to 14<sup>th</sup> consecutive year of increases



**¥4 commemorative dividend in addition to initially expected interim and year-end dividends of ¥20 each**

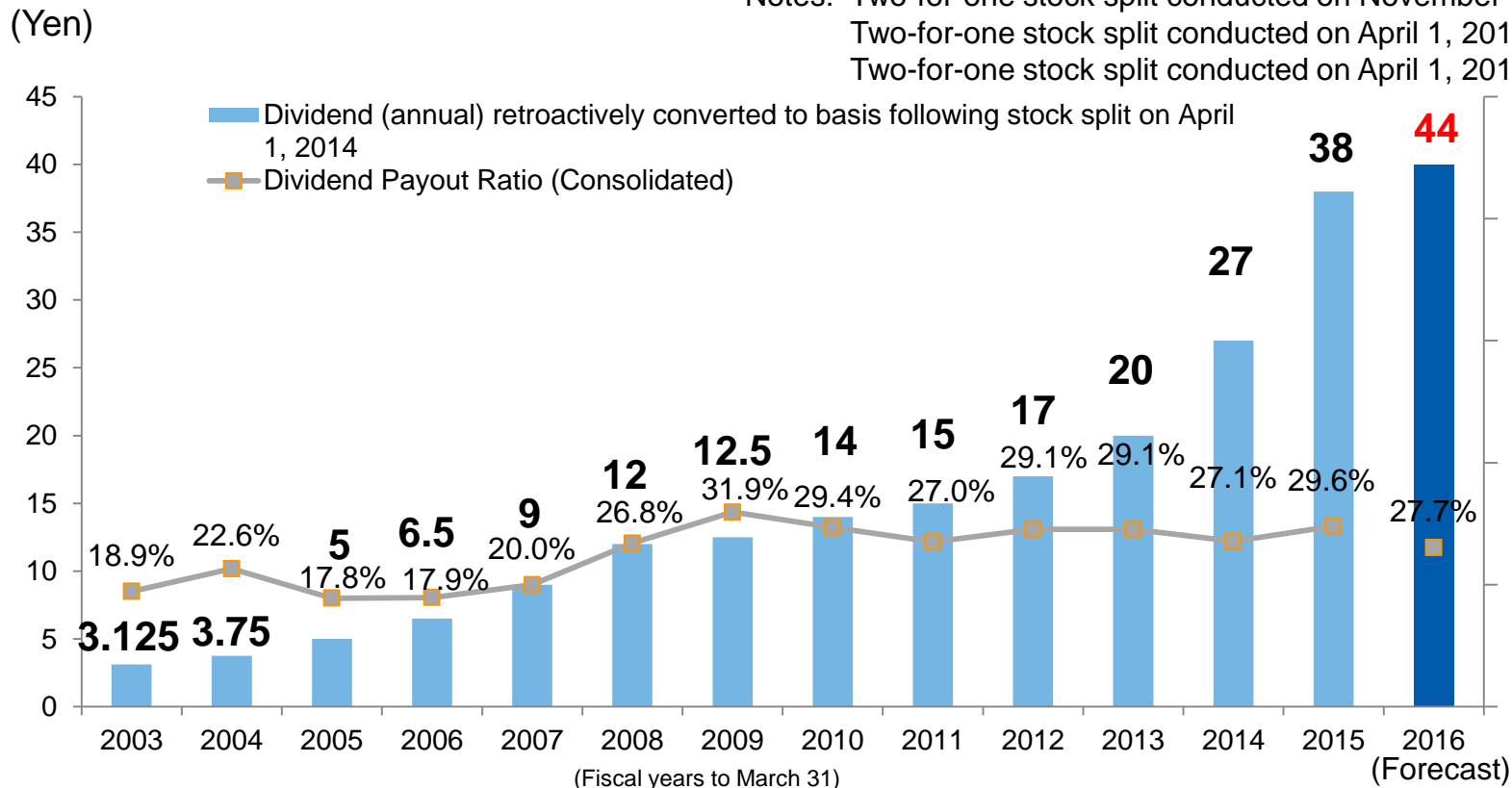
	Interim Dividend	Year-End Dividend	Total	Dividend Ratio
Initial Forecast for Fiscal Year Ending March 31, 2016	¥20	¥20	¥40	26.1%
<b>Current Forecast for Fiscal Year Ending March 31, 2016</b>	<b>¥24</b> ¥4 dividend to commemorate 20th anniversary of listing	<b>¥20</b>	<b>¥44</b>	<b>27.7%</b>

# Dividend Increases for the 14th Consecutive Year (Forecast for the Fiscal Year Ending March 31, 2016)



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



# We Believe the Possibilities.

## **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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