



# Business Results for the First Six Months of the Fiscal Year Ending March 31, 2011 (FY2011)

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**Sysmex Corporation**

**Hisashi Ietsugu, President and CEO**

**November 5, 2010**

## Contents

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**Chapter 1** Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2011

**Chapter 2** Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2011

### 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 the operating environment 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

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# Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2011

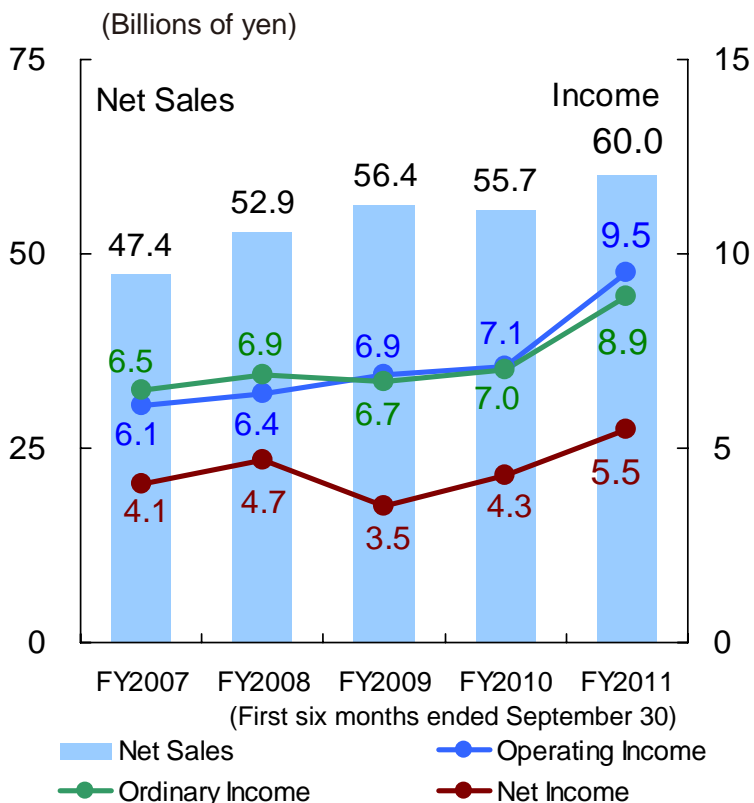
# Financial Highlights

Net sales and income reached historic highs, despite the impact of significant yen appreciation.



\* Forecast announced in May 2010

(Billions of yen)



	First Six Months of FY2011		Earlier Forecast*		First Six Months of FY2010		% over a Year Earlier
		Ratio		Ratio		Ratio	
Net Sales	<b>60.0</b>	<b>100%</b>	60.0	100%	55.7	100%	107.8%
Cost of sales	<b>21.0</b>	<b>35.0%</b>			20.1	36.1%	104.4%
SG&A	<b>29.4</b>	<b>49.1%</b>			28.4	51.1%	103.6%
Operating Income	<b>9.5</b>	<b>15.9%</b>	7.5	12.5%	7.1	12.8%	133.9%
Ordinary Income	<b>8.9</b>	<b>14.9%</b>	7.5	12.5%	7.0	12.6%	127.6%
Net Income	<b>5.5</b>	<b>9.2%</b>	4.5	7.5%	4.3	7.7%	127.4%

Capital expenditure: ¥2.5 billion  
 Depreciation and amortization: ¥3.4 billion  
 R&D expenditure: ¥6.1 billion

(Yen)

	First Six Months of FY2011	Earlier Forecast (as of May)	First Six Months of FY2010
1USD	89.0	90	95.5
1EUR	113.8	125	133.2

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- Sales increased in all geographic regions, including Japan. Overseas regions posted double-digit growth on a local currency basis.
- Operating income:
  - Sales growth in the Americas, China and other countries pushed up gross profit. (Contributing factors included higher sales in the hematology field of instruments capable of measuring five types of white blood cells.)
  - The ratio of cost of sales improved, owing to cost reductions on instruments.
  - The SG&A ratio fell, owing to sales expansion (including the forex impact).
- Forex loss (non-operating balance): ¥0.7 billion (¥0.3 billion in first half of FY2010)
- Yen appreciation reduced net sales ¥3.8 billion and operating income ¥1.3 billion.

Note: At the exchange rates prevailing one year earlier, net sales would have been up 14.7% year on year, and operating income up 53.0%.

Sysmex Corporation

# Breakdown of Net Sales and Operating Income



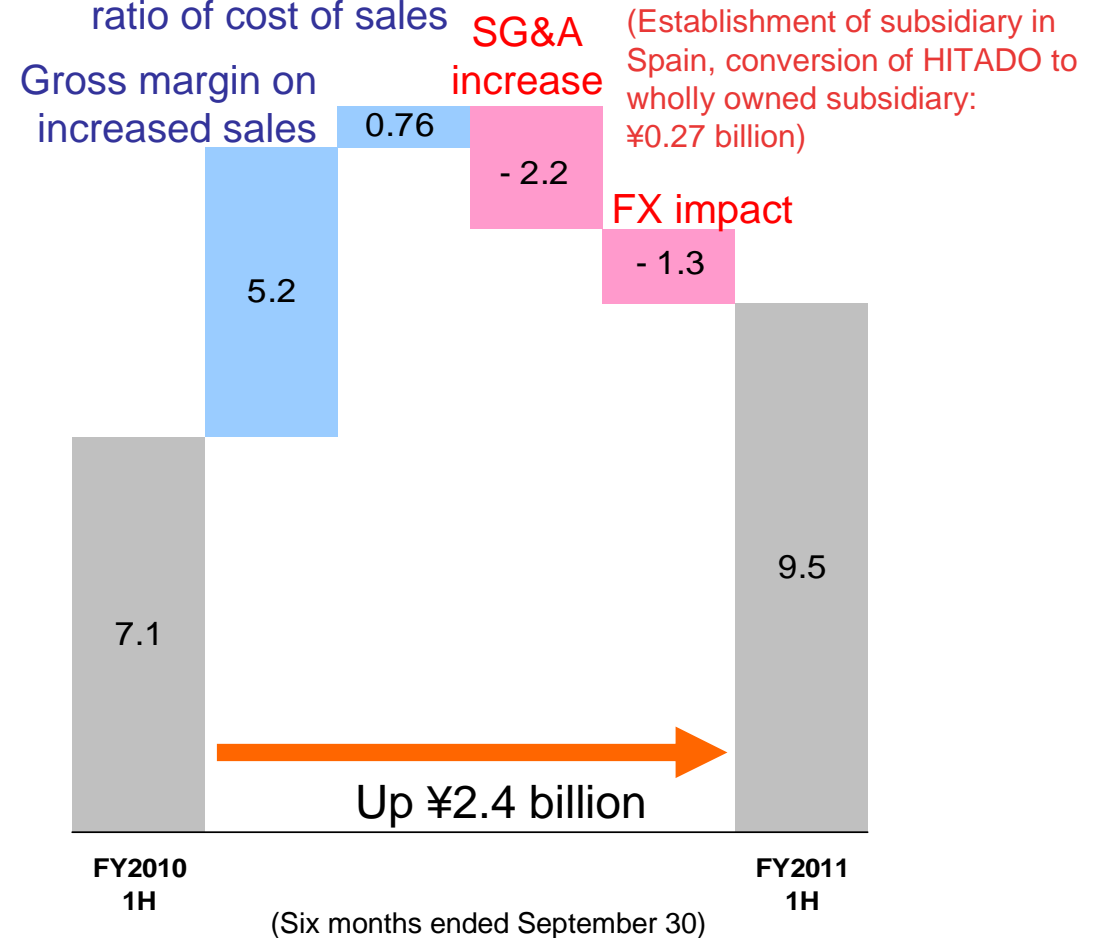
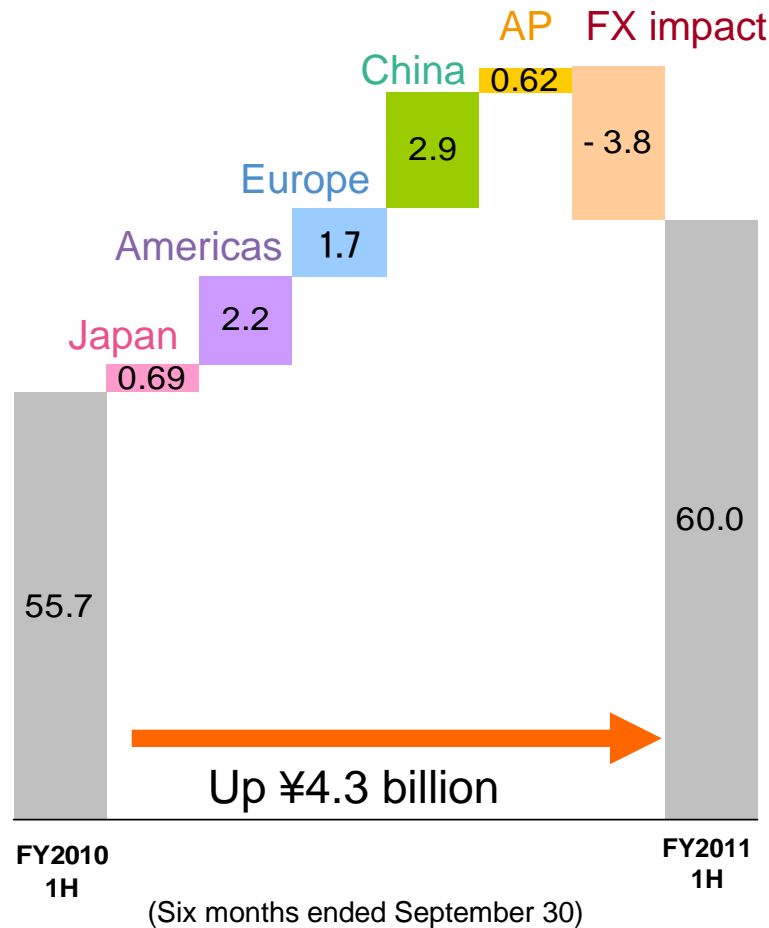
(Billions of yen)

## Net Sales

## Operating Income

Note: FX impact excluded from regional sales below

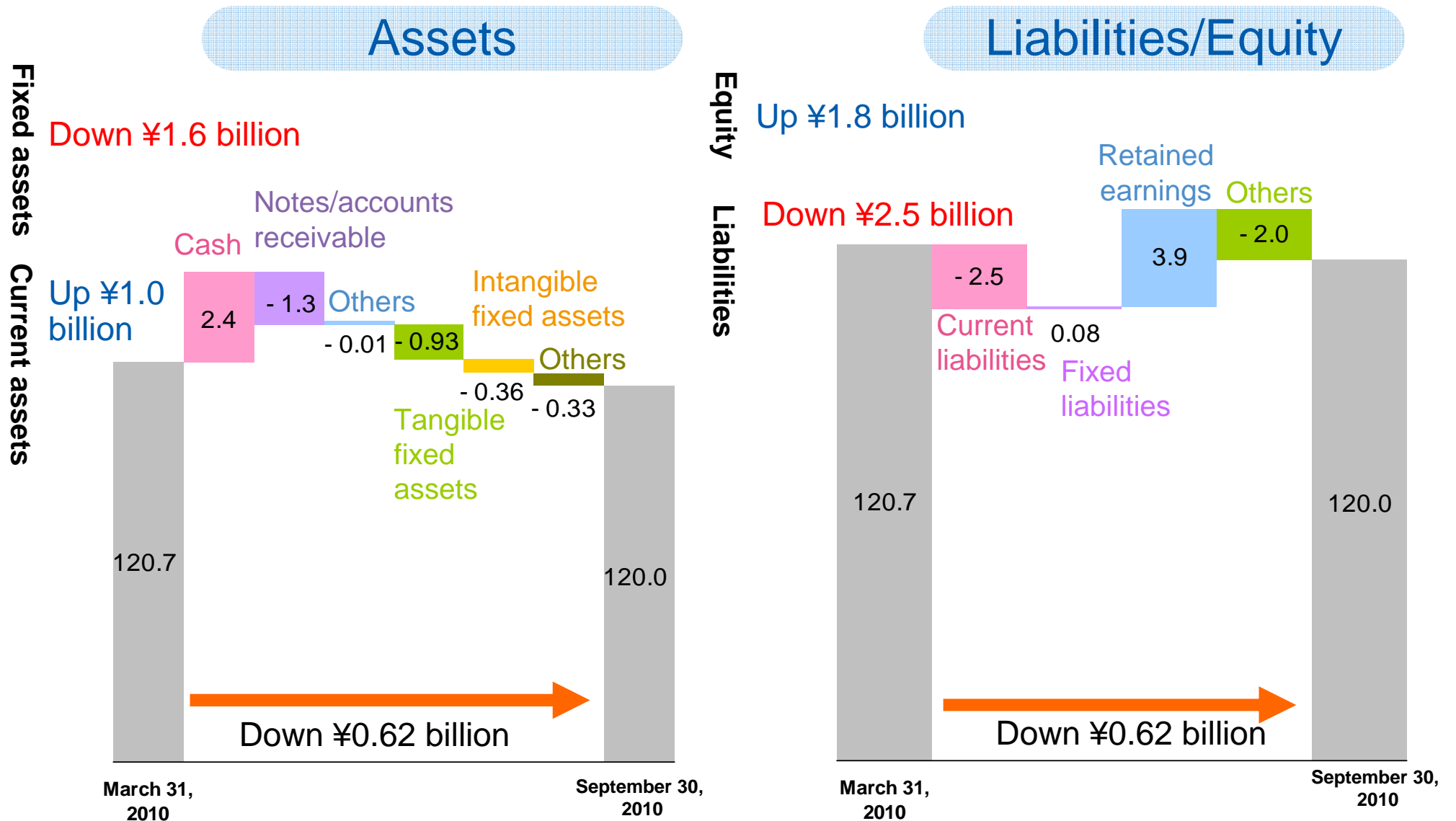
Gross margin increased as a result of an improvement in ratio of cost of sales



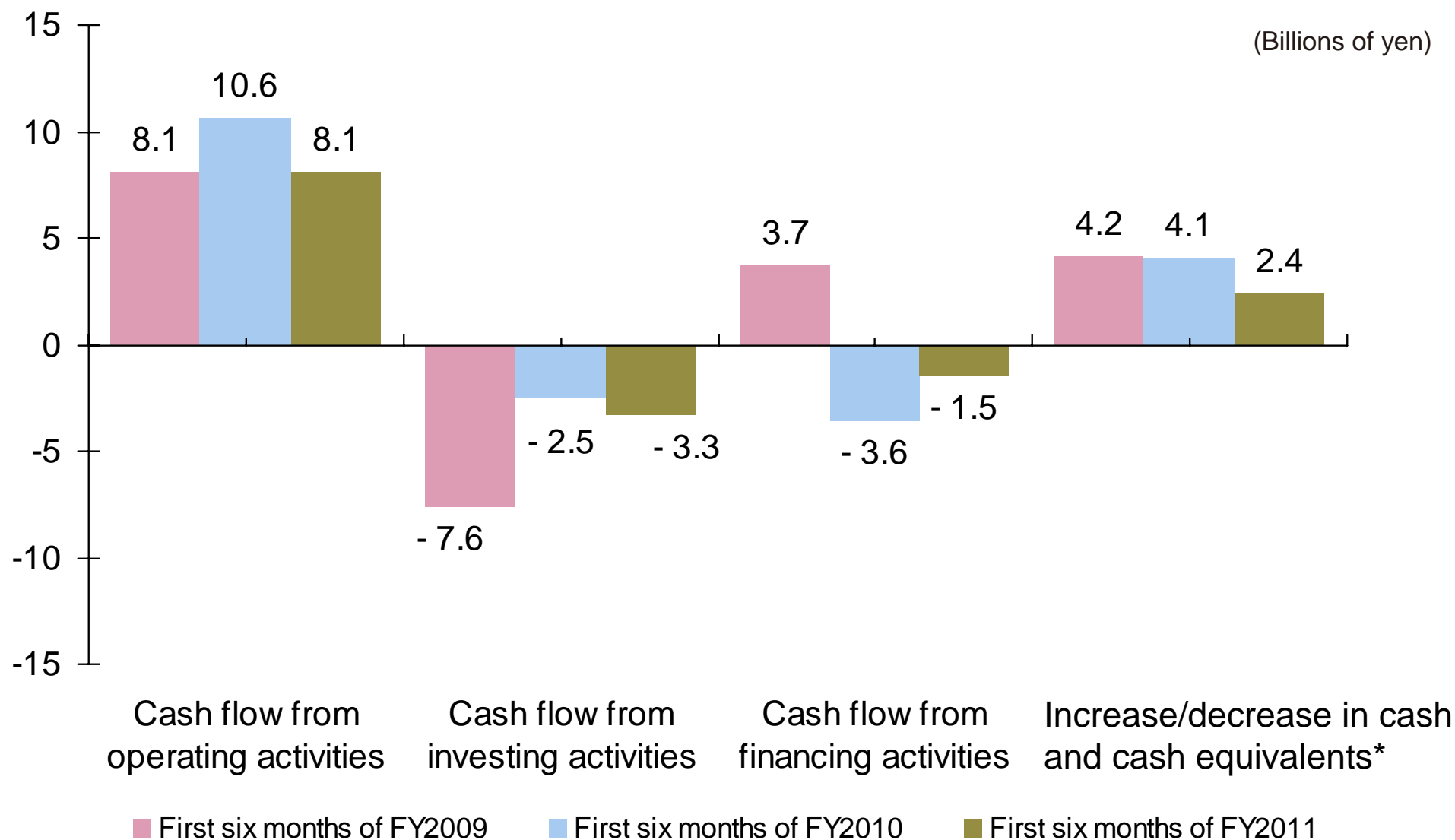
# Breakdown of Assets and Liabilities/Equity



(Billions of yen)



# Consolidated Cash Flows



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

# Net Sales by Geographic Region



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

(Billions of yen)

		First Six Months of		First Six Months of		% over a Year Earlier	
		FY2011	Ratio	FY2010	Ratio	(Yen)	(Local currency)
Net Sales		60.0	100%	55.7	100.0%	107.8%	—
Region	Americas	12.4	20.6%	11.3	20.4%	109.1%	117.2%
	Europe	16.8	28.1%	17.7	31.8%	95.3%	111.5%
	China	7.7	13.0%	5.3	9.7%	144.7%	154.6%
	AP	3.2	5.4%	2.7	4.9%	117.8%	119.4%
	Japan*	19.7	32.9%	18.5	33.2%	106.6%	—

\* Includes South Korea, Taiwan, Mongolia and other countries

- **Exchange Rates**

(Yen)

	First Six Months of FY2011	First Six Months of FY2010
1USD	89.0	95.5
1EUR	113.8	133.2
1CNY	13.1	14.0
1SGD	64.7	65.6



# Geographic Segment Information: Americas

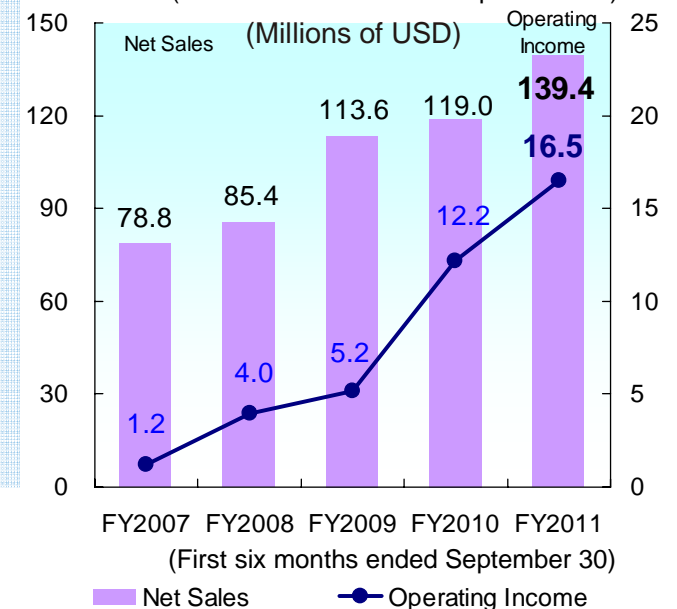
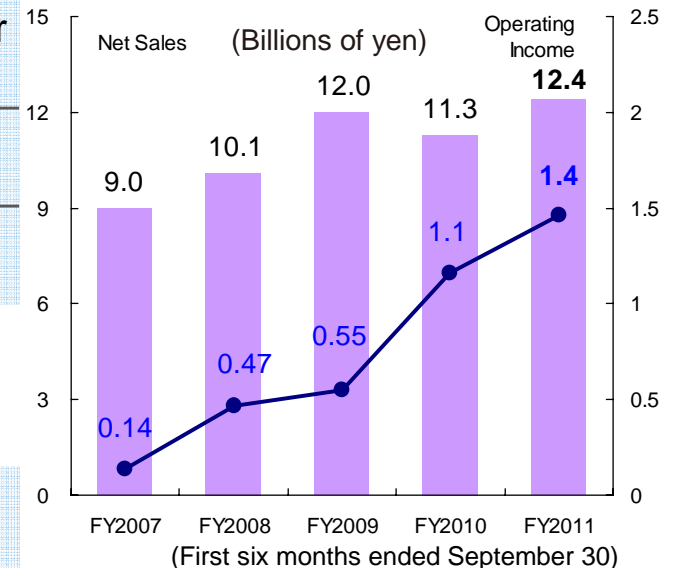


(Billions of yen)

	First Six Months of FY2011	First Six Months of FY2010	% over a Year Earlier
Net Sales	<b>12.4</b>	11.3	109.1%
Operating Income	<b>1.4</b>	1.1	125.5%

Note: On a local currency basis: net sales, 117.2%; operating income, 134.7%

- **Direct sales in the hematology field in North America helped boost sales.**
  - ▶ **North America:** In the hematology field, sales to integrated health networks (IHNs) and prominent commercial labs were robust.
  - ▶ **Central and South America:** Demand recovery continued, as the impact of the economic recession abated.
- **Operating income grew, as higher sales of instruments and reagents—accompanying expanding market share—offset an increase in SG&A expenses.**



# Geographic Segment Information: Europe



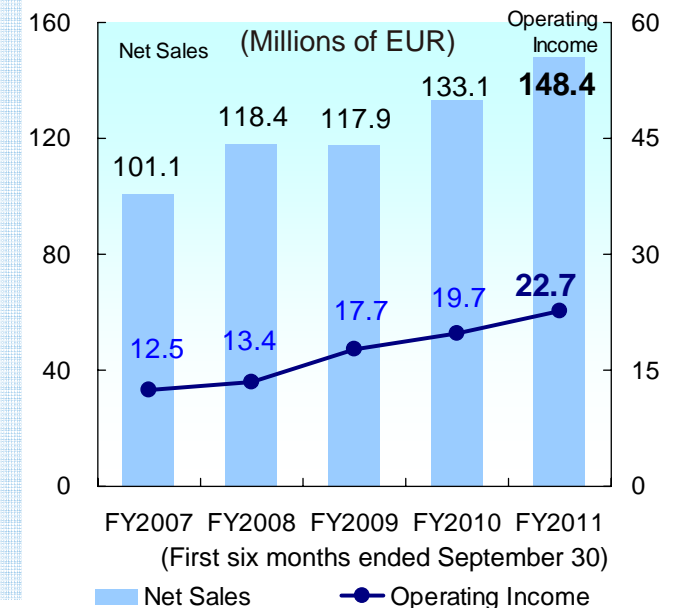
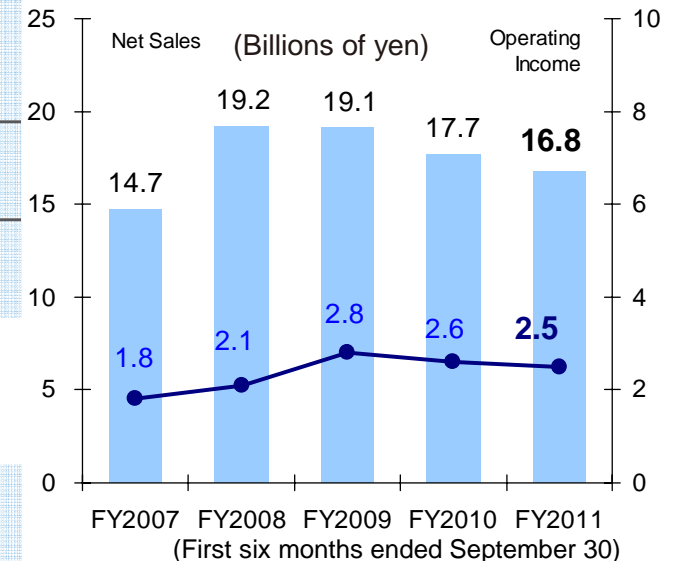
	First Six Months of FY2011	First Six Months of FY2010	(Billions of yen) % over a Year Earlier
Net Sales	<b>16.8</b>	17.7	95.3%
Operating Income	<b>2.5</b>	2.6	98.9%

Note: On a local currency basis: net sales, 111.5%; operating income, 115.6%

● **Europe posted double-digit sales increases on a local currency basis. Despite the lingering effects of the economic crisis, hematology sales were robust, centering on five major countries (also, recoveries in Italy and Spain).**

- ▶ **Italy:** Promoted instrument upgrades.
- ▶ **Spain:** Demand for systematization increased.
- ▶ **Northern Europe:** Won large-scale bid in Denmark.
- ▶ **Eastern Europe, Russia:** Sales expanded, centered on hematology analyzers capable of measuring three types of white blood cells.

● **Operating income rose on local currency basis, bolstered by the expansion of direct sales and higher sales of reagents.**



# Geographic Segment Information: China



	(Billions of yen)		
	First Six Months of FY2011	First Six Months of FY2010	% over a Year Earlier
Net Sales	<b>7.7</b>	5.3	144.7%
Operating Income	<b>1.4</b>	1.2	114.5%

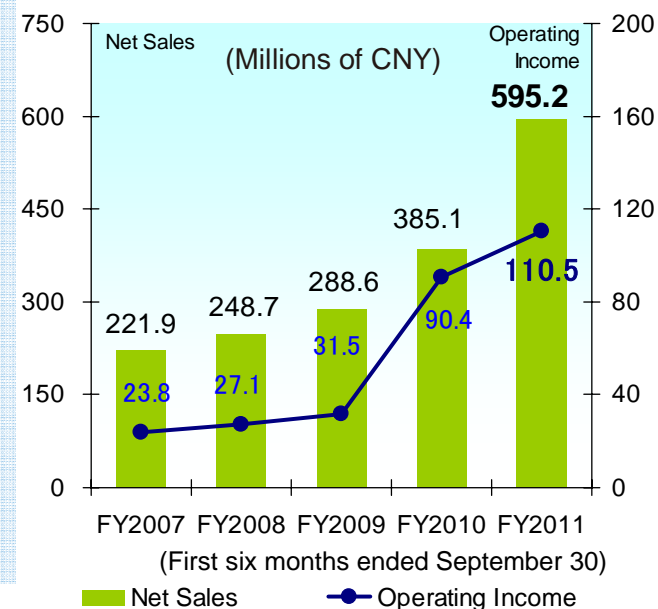
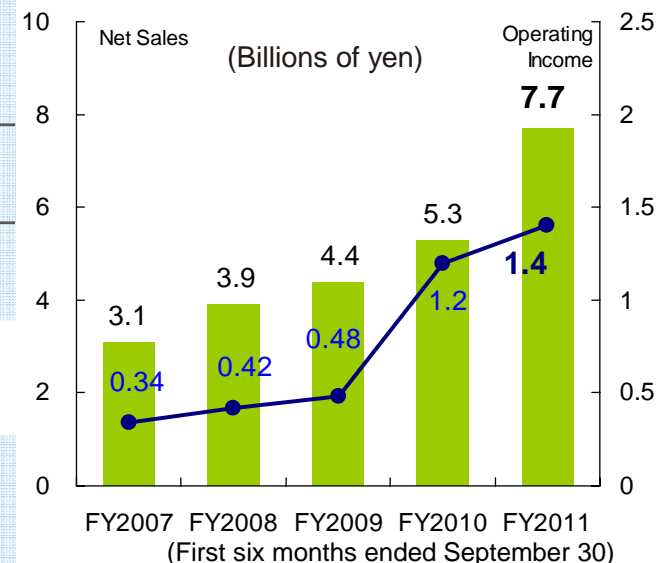
Note: On a local currency basis: net sales, 154.6%; operating income, 122.3%

● **Healthcare demand expanded, and upgrade purchases progressed. As a result, sales continued to grow in the hematology, urinalysis and hemostasis fields.**

- ▶ **Hematology:** Demand grew sharply for upgrades (from instruments capable of measuring three types of white blood cells to ones that measure five) and systematization.
- ▶ **Urinalysis:** We stepped up our proposal of solutions targeting instrument upgrades and systematization.
- ▶ **Hemostasis:** Demand for fibrin-analysis reagents increased.

● **Operating income increased, owing to a major sales increase and reduction of the fixed cost ratio through expanded use of distributors.**

(The growth rate slowed, owing to a revision in intragroup transaction prices.)



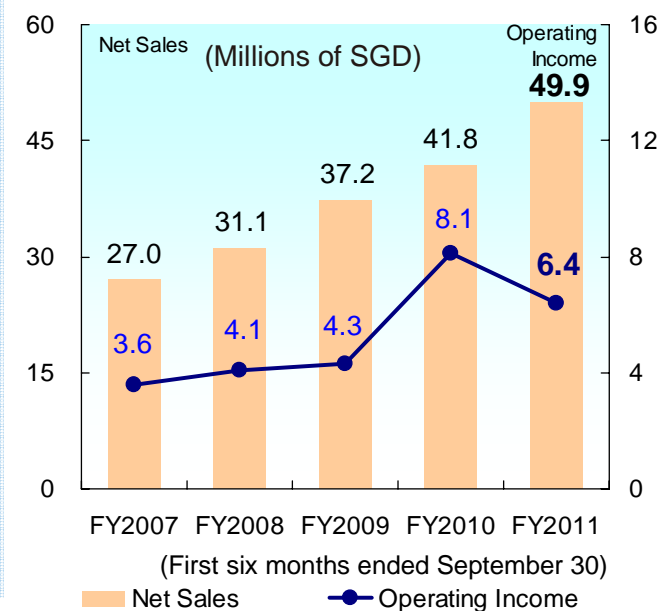
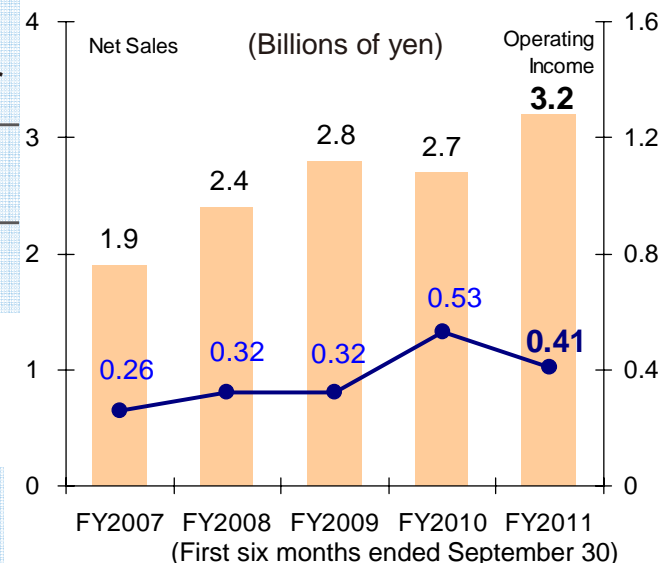
# Geographic Segment Information: AP



	(Billions of yen)		
	First Six Months of FY2011	First Six Months of FY2010	% over a Year Earlier
Net Sales	<b>3.2</b>	2.7	117.8%
Operating Income	<b>0.41</b>	0.53	78.2%

Note: On a local currency basis: net sales, 119.4%; operating income, 79.3%

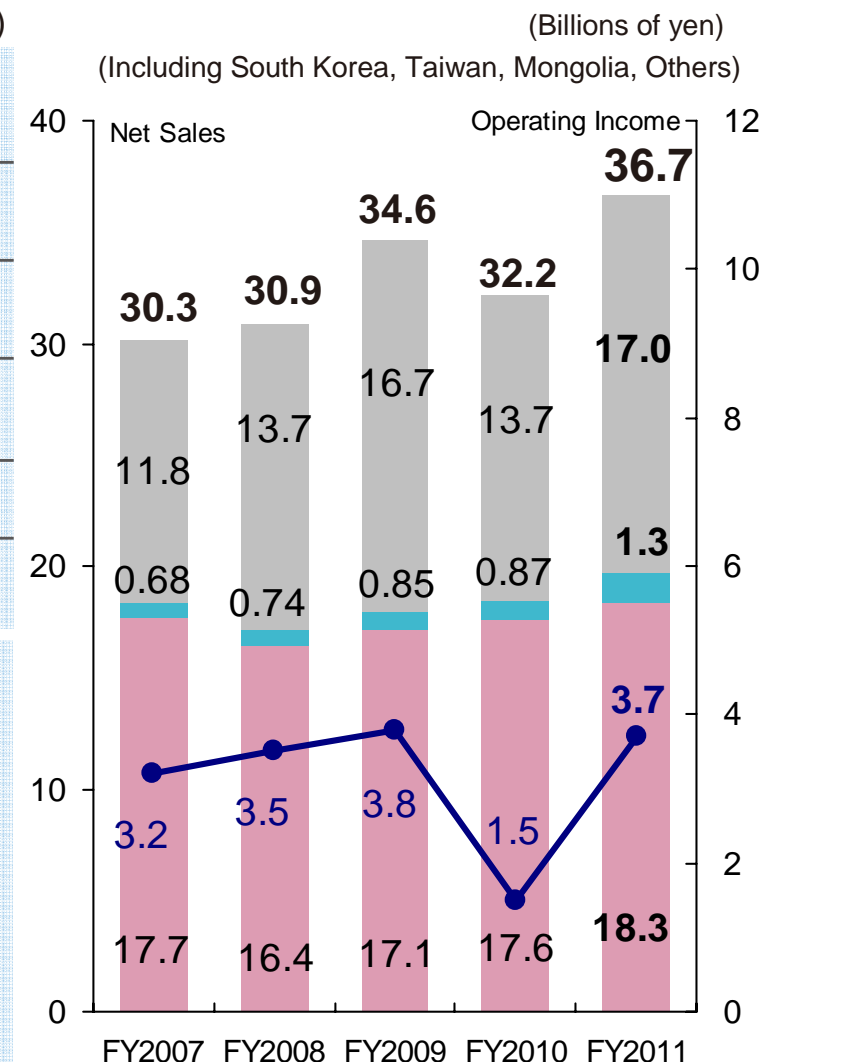
- **Sales increased, benefiting from economic expansion and major growth in demand for high-end hematology analyzers (instruments capable of measuring five types of white blood cells, as well as systems).**
  - ▶ **India:** By reinforcing support of local distributors, cultivated increase in demand for instruments capable of measuring five types of white blood cells.
  - ▶ **Indonesia:** Direct sales continued to boost market share.
  - ▶ **Australia:** Won a bid, receiving a major new order.
  - ▶ **Vietnam:** Commenced direct sales via newly established subsidiary.
- **Operating income fell, owing to a revision in intragroup transaction prices and higher SG&A expenses stemming from the development of sales and support structures.**



# Geographic Segment Information: Japan



		(Billions of yen)		
		First Six Months of FY2011	First Six Months of FY2010	% over a Year Earlier
Net Sales		<b>36.7</b>	32.2	113.9%
Sales to Customers	Japan	<b>18.3</b>	17.6	103.9%
	South Korea, Taiwan, Mongolia and other Countries	<b>1.3</b>	0.87	159.6%
Intra-Area Transfers		<b>17.0</b>	13.7	123.8%
Operating Income		<b>3.7</b>	1.5	240.7%



- **Japan:**
  - ▶ Increase in medical fees had a positive market impact.
  - ▶ Promoted solution-based proposals and acquired a number of large-scale orders.
  - ▶ In immunology field, sales increased steadily due to expanded reagent portfolio.
- **South Korea, Taiwan:**
  - ▶ Acquired large-scale orders for hematology systems and in the urinalysis field.
- **Operating income increased, owing to an improved cost ratio in Japan, higher sales to Group affiliates (overseas), a revision in intragroup transaction prices and a change in the method of recording royalty income.**

## Chapter 2

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# Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2011

## ● Economic recovery remains slow

- ▶ Major yen appreciation continues to make economic outlook uncertain
- ▶ Growth led by emerging markets, centering on China  
(Market structure changing due to expanding middle-income bracket)

## ● Changes in the healthcare market

- ▶ Healthcare reform driving increases in public spending on healthcare (China) and upward revisions in medical fees (Japan)
- ▶ Market entry of companies from other industries, including comprehensive electrical/electronics manufacturers

## Sysmex Initiatives

- Developed the world's first fully automated integrated urine analyzer  
(Enables automated urine chemistry and urine sediment analysis by a single instrument)
- Planning to expand clinical chemistry product lineup in Asia, including China
- Announced plans to expand reagent production facility in Jinan, China, to meet rapid demand growth in the country



Fully Automated  
Integrated Urine Analyzer  
UX-2000



Conceptual rendering of  
completed Jinan reagent  
production facility

# Consolidated Earnings Forecast

(Revised subsequent to May 2010 announcement)



## Consolidated Earnings Forecast for the Year Ending March 31, 2011

● Net Sales: **¥123 billion** ● Operating Income: **¥17.5 billion** ● Ordinary Income: **¥16.8 billion** ● Net Income: ¥10.8 billion  
 ● Operating Margin: **14.2%** ● Ordinary Margin: **13.7%** ● Net Income Margin: **8.8%**

### Planned Investment

● Capital Expenditure: ¥6.0 billion

● Depreciation and Amortization: ¥7.0 billion

● R&D Expenditure: ¥12.1 billion

Assumed exchange rates for second half:

Assumed exchange rates for full fiscal year:

Note: Assumptions at beginning of year:

Exchange rates in fiscal year ended March 31, 2010:

USD1.00 = ¥80

USD1.00 = ¥84.5

USD1.00 = ¥90

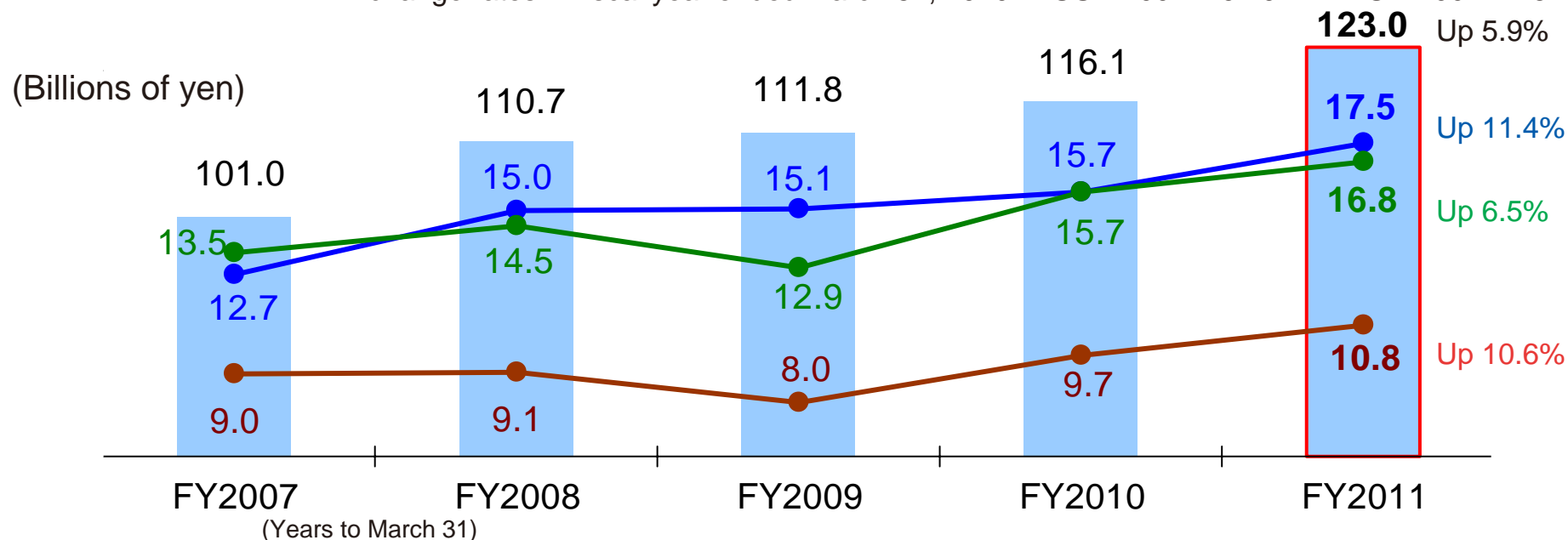
USD1.00 = ¥92.9

EUR1.00 = ¥110

EUR1.00 = ¥111.9

EUR1.00 = ¥125

EUR1.00 = ¥131.2



■ Net Sales 
 ● Operating Income 
 ● Ordinary Income 
 ● Net Income

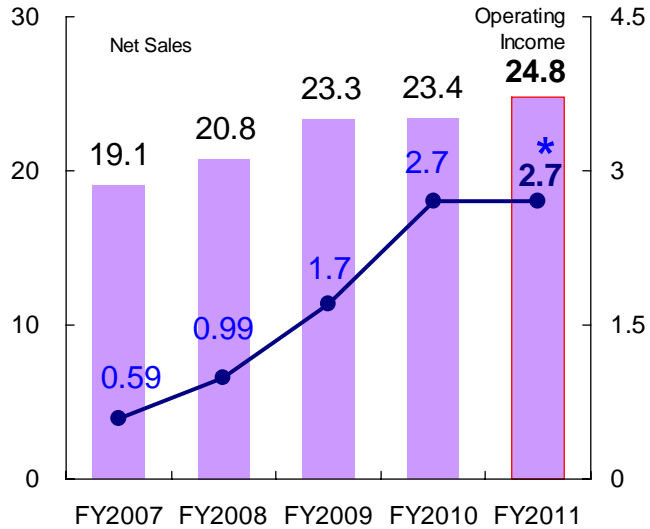


# Financial Targets: Sales and Operating Income by Region

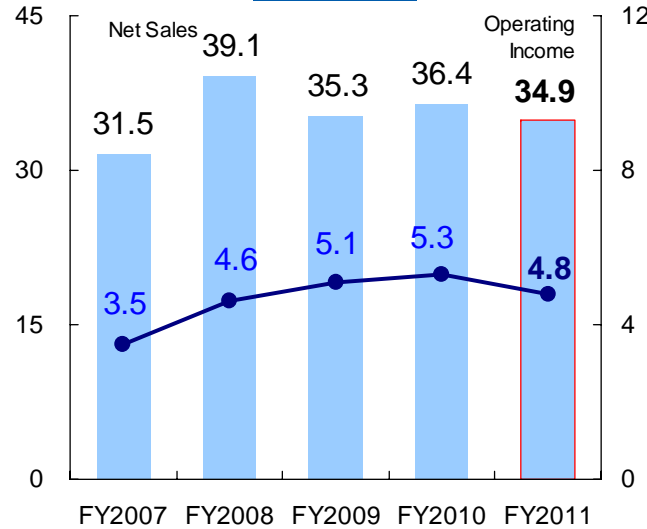
(Revised subsequent to May 2010 announcement)



## Americas

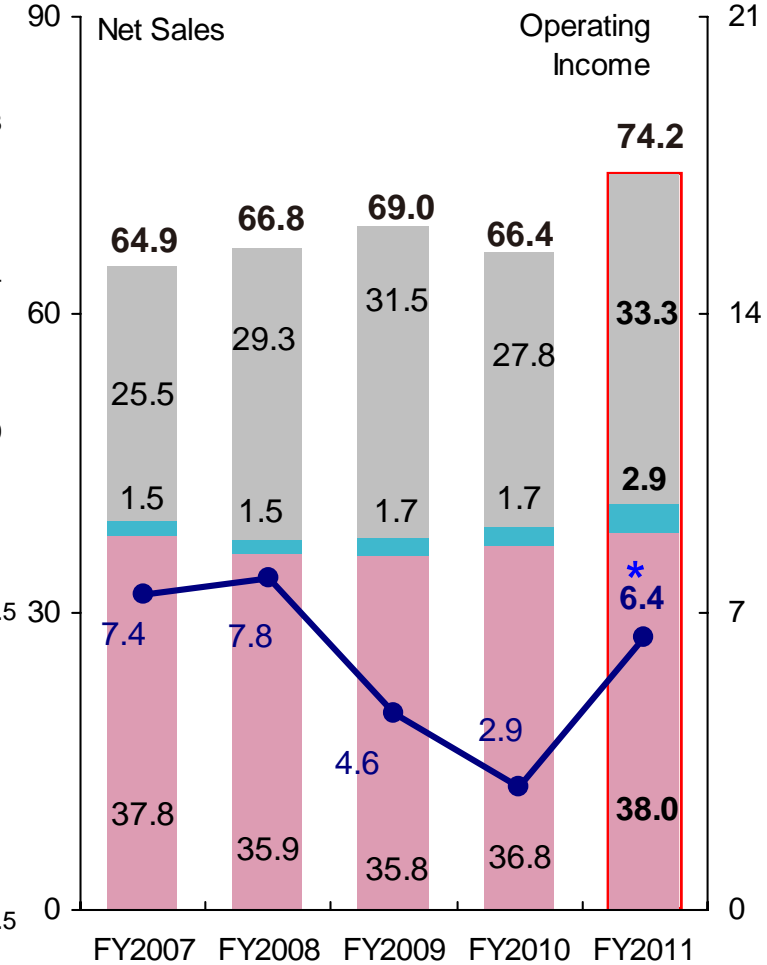


## Europe

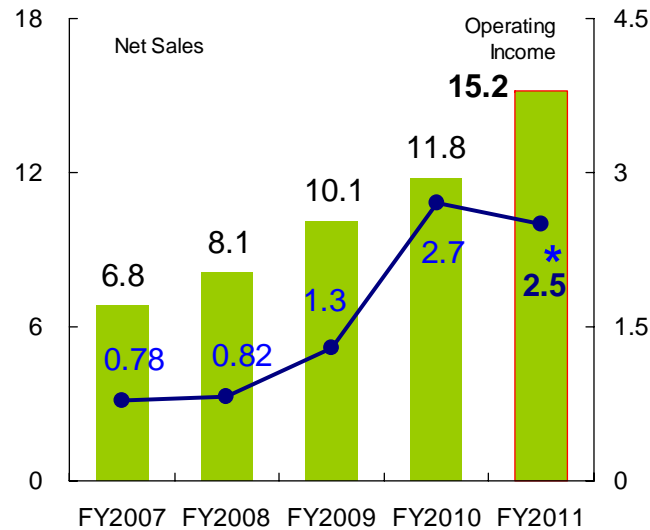


## Japan

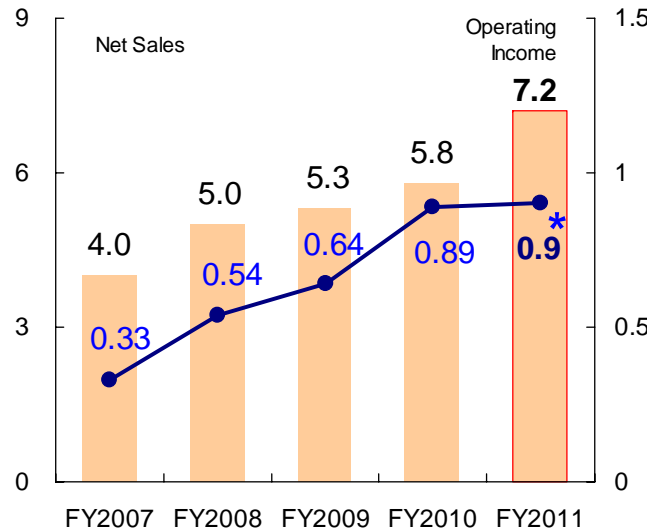
(Billions of yen)



## China



## AP



- Intra-area Transfers: Exports to Group Affiliates
- Sales to Customers: South Korea, Taiwan, Mongolia, Others
- Sales to Customers: Japan
- Operating Income

# Projected Dividend



	Interim Dividend	Year-end Dividend	Total	Dividend Ratio (Consolidated)
FY2011, Ending March 31, 2011 (Forecast)	¥28	¥28	¥56	26.6%
FY2010, Ended March 31, 2010	¥25	¥31	¥56	29.4%

**We Believe the Possibilities.**

## **Sysmex Corporation**

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