

# Business Results

## First Three Months of the Fiscal Year Ending March 31, 2020

August 2, 2019  
Sysmex Corporation

## **Change in the Information Disclosed in Presentation Materials**

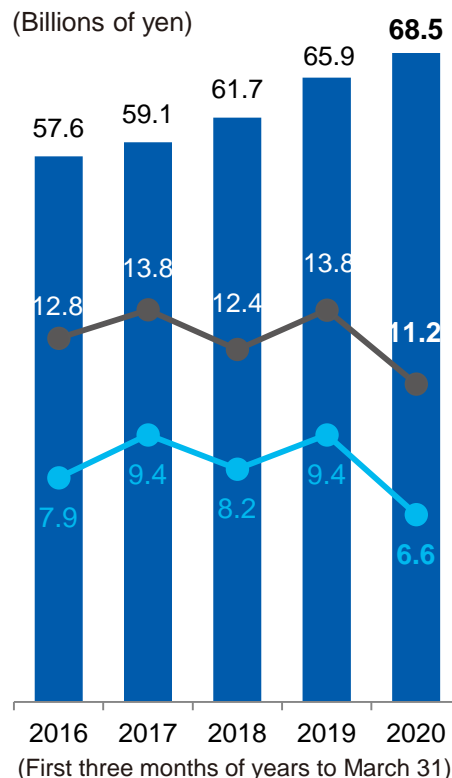
- We have disclosed information by geographic region through the third quarter of the fiscal year ended March 31, 2019. From the end of that fiscal year, we have changed to the disclosure of information by destination.
- Sales and operating profit by geographic region are provided for reference.

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

### **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.

# Financial Highlights



■ Net sales  
● Operating profit  
● Profit attributable to owners of the parent

	First three months of fiscal year ending March 31, 2020		First three months of fiscal year ended March 31, 2019		YoY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	<b>68.5</b>	<b>100%</b>	<b>65.9</b>	100%	<b>103.9%</b>
Cost of sales	<b>31.6</b>	<b>46.2%</b>	<b>28.3</b>	42.9%	<b>111.8%</b>
SG&A expenses	<b>20.7</b>	<b>30.2%</b>	<b>20.1</b>	30.5%	<b>102.9%</b>
R&D expenses	<b>4.9</b>	<b>7.3%</b>	<b>4.2</b>	6.4%	<b>118.7%</b>
Other income (expenses)	<b>0.1</b>	<b>0.2%</b>	<b>0.5</b>	0.8%	<b>21.2%</b>
Operating profit	<b>11.2</b>	<b>16.5%</b>	<b>13.8</b>	21.0%	<b>81.6%</b>
Profit attributable to owners of the parent	<b>6.6</b>	<b>9.8%</b>	<b>9.4</b>	14.3%	<b>71.1%</b>

- **Net sales:** Net sales rose, centered on hematology in each region, despite the impact of yen appreciation.

- **Operating profit:** Operating profit was down, due to the impact of yen appreciation, a worsening cost of sales ratio on instruments and services, and expenses, including those related to our bio-diagnostic reagent base.

Exchange rate fluctuations reduced net sales ¥2.41 billion and operating profit ¥1.13 billion. At the exchange rates prevailing one year earlier, net sales would have been up 7.6% year on year, and operating profit down 10.2%.

- **Profit attributable to owners of the parent:** Profit was down due to lower operating profit and the impact of an exchange rate loss.

- **Exchange loss (gains):** Loss of ¥1.06 billion

- **Capital expenditure (tangible):** ¥3.14 billion

- **Depreciation and amortization:** ¥5.76 billion

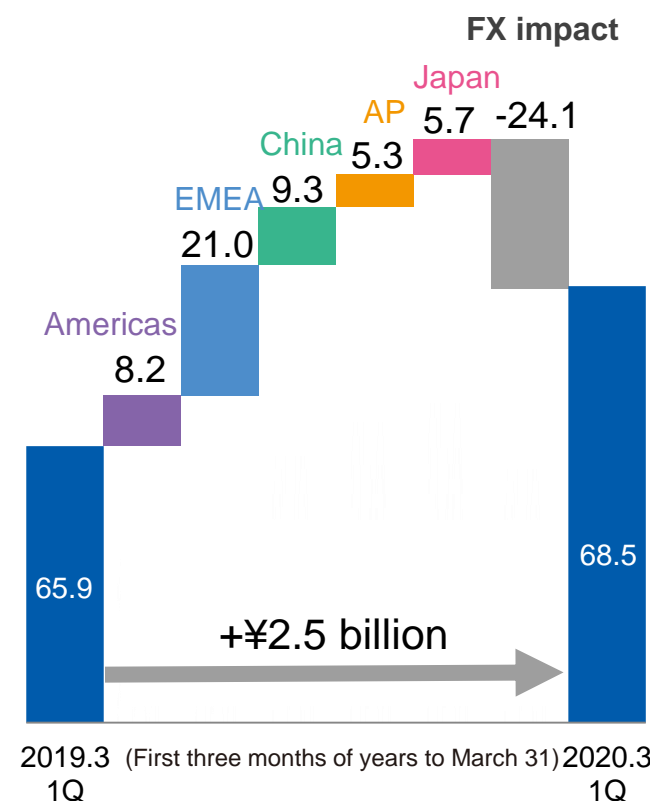
	First three months of fiscal year ending March 31, 2020	First three months of fiscal year ended March 31, 2019
1USD	<b>¥109.9</b>	¥109.1
1EUR	<b>¥123.5</b>	¥130.1
1CNY	<b>¥16.1</b>	¥17.1

# Breakdown of Net Sales (by Destination)

(Billions of yen)

	First three months of fiscal year ending March 31, 2020		First three months of fiscal year ended March 31, 2019	
	Results	Ratio	Yen	Local currency
Net sales	<b>68.5</b>	<b>100.0%</b>	<b>103.9%</b>	-
Americas	<b>15.8</b>	<b>23.1%</b>	105.8%	<b>105.0%</b>
EMEA	<b>19.2</b>	<b>28.0%</b>	105.5%	<b>111.1%</b>
China	<b>17.6</b>	<b>25.9%</b>	98.8%	<b>105.4%</b>
AP	<b>5.7</b>	<b>8.3%</b>	<b>106.3%</b>	-
Japan	<b>10.1</b>	<b>14.8%</b>	<b>106.0%</b>	-

Net Sales by Destination



## ● Percentage of Sales in Emerging Markets

First three months of fiscal year ending March 31, 2020	First three months of fiscal year ended March 31, 2019
<b>37.7%</b>	38.7%

# Sales by Business and Product Type



(Billions of yen)

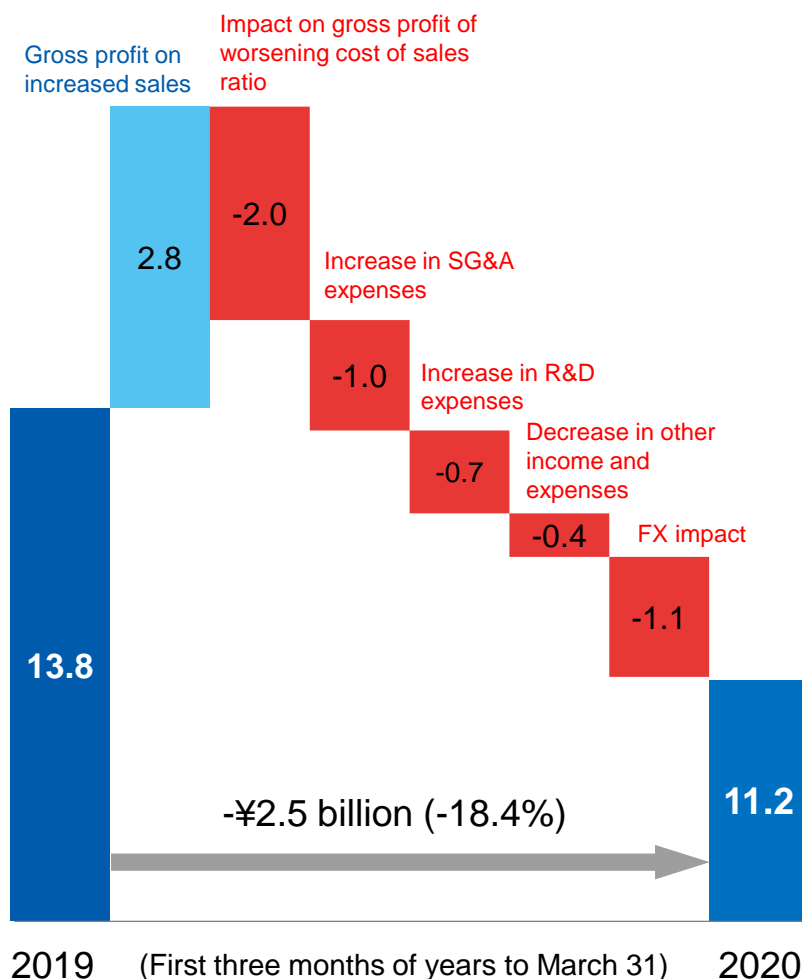
	First three months of fiscal year ending March 31, 2020		First three months of fiscal year ended March 31, 2019		YoY (Previous period = 100%)	YOY at previous year's rate	
	Results	Ratio	Results	Ratio			
By business	Hematology	43.1	63.0%	41.3	62.7%	104.3%	107.6%
	Hemostasis	11.0	16.1%	10.6	16.1%	104.1%	108.9%
	Urinalysis	4.9	7.2%	4.8	7.3%	102.5%	107.4%
	Immunochemistry	2.9	4.3%	3.0	4.6%	97.6%	101.1%
	Clinical chemistry	0.6	0.9%	0.7	1.1%	86.3%	87.8%
	FCM Business	0.3	0.5%	0.2	0.4%	129.5%	134.6%
	IVD and others	2.9	4.3%	2.7	4.2%	105.6%	109.2%
	<b>IVD Business</b>	<b>66.0</b>	<b>96.4%</b>	<b>63.6</b>	<b>96.5%</b>	<b>103.8%</b>	<b>107.4%</b>
	<b>LS Business</b>	<b>2.4</b>	<b>3.6%</b>	<b>2.3</b>	<b>3.5%</b>	<b>107.3%</b>	<b>111.1%</b>
<b>Total Sales</b>	<b>68.5</b>	<b>100.0%</b>	<b>65.9</b>	<b>100.0%</b>	<b>103.9%</b>	<b>107.6%</b>	

By product type	Instruments	16.7	24.4%	16.4	24.9%	101.9%	105.6%
	Reagents *	40.6	59.3%	40.1	60.9%	101.2%	105.0%
	Services *	8.6	12.6%	7.5	11.5%	114.0%	116.2%
	Others	2.5	3.7%	1.8	2.7%	139.7%	145.6%
	<b>Total Sales</b>	<b>68.5</b>	<b>100.0%</b>	<b>65.9</b>	<b>100.0%</b>	<b>103.9%</b>	<b>107.6%</b>

\* In China, some sales included in “reagents” and “others” through the second quarter of the fiscal year ended March 31, 2019 were reclassified to “services” from the third quarter.

# Breakdown of Operating Profit

(Billions of yen)



Operating profit was down, due to the impact of yen appreciation, a worsening cost of sales ratio, and expenses, including those related to our bio-diagnostic reagent base.

\*The following figures exclude the effect of FX impact

- Reasons for worsening cost of sales ratio (2.9% deterioration)
  - Reclassification of SG&A expenses to cost of sales in China: +1.4%
  - Impact of an increase in purchases of third party instrument and other products in Japan and other regions: +0.9%
  - Higher service commissions for Chinese distributors: +0.4%
  - Increase in service costs to reinforce the US service structure: +0.3%
  - Improvements in the product mix: -0.5%
- Principal reasons for higher SG&A expenses
  - Higher labor costs in Americas and EMEA: ¥0.63 billion
  - Bio-diagnostic reagent relocation expenses: ¥0.24 billion
- Major reasons for increase in R&D expenses
  - Bio-diagnostic reagent base-related expenses: ¥0.31 billion
- Factors behind decrease in other income and expenses
  - Chinese government grant: ¥0.51 billion  
(Received in Q1 of fiscal year ended March 31, 2019)
- Impact of exchange rate fluctuations: ¥1.13 billion

\*Total of bio-diagnostic reagent base-related expenses: ¥0.59 billion  
(Cost of sales: ¥0.03 billion, SG&A expenses: ¥0.24 billion, R&D expenses: ¥0.31 billion)

# Information by Destination (Americas)



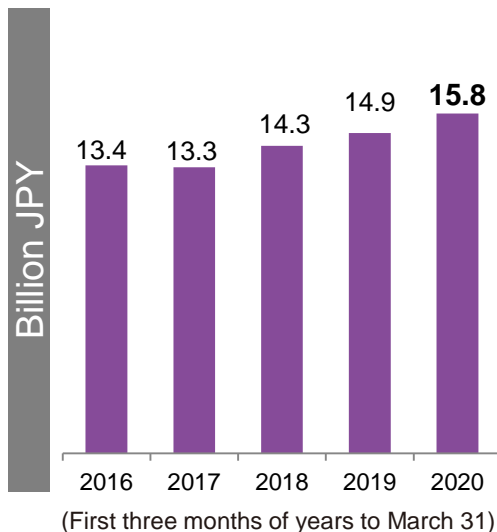
## Sales

(Billions of yen)

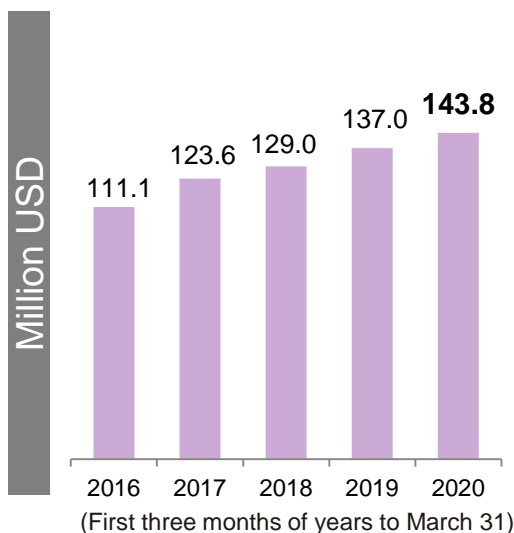
**First three months  
of fiscal year ending  
March 31, 2020**

First three months  
of fiscal year ended  
March 31, 2019

**YoY  
(Previous period = 100%)**  
(Yen basis) (Local currency  
basis)



	<b>15.8</b>	14.9	<b>105.8%</b>	105.0%
Sales				
Instruments	<b>4.0</b>	4.0	<b>101.4%</b>	100.6%
Reagents	<b>7.3</b>	6.8	<b>107.3%</b>	106.5%
Services, others	<b>4.3</b>	4.0	<b>107.5%</b>	106.7%



**Sales for this region rose thanks to higher sales in the United States and Canada in the hematology field, despite lower US sales in the urinalysis and hemostasis fields and to distributors in Brazil.**

- Sales in the United States rose as the result of higher reagent and service sales, stemming from an increase in the installed hematology instrument base, despite being affected in the urinalysis field by delays in the FDA approval of new products and lower sales in the hemostasis field reflecting deals to major commercial laboratories in the preceding fiscal year.
- Sales were flat in Central and South America, despite lower sales in Brazil, sales were up in other regions.

## Topics

- We have entered an agreement with Roche, which involves a change to our sales structure for the midrange and low-end hematology markets in Brazil. We plan to commence operations of a new sales structure in Q3.

# Information by Destination (EMEA)

## Sales

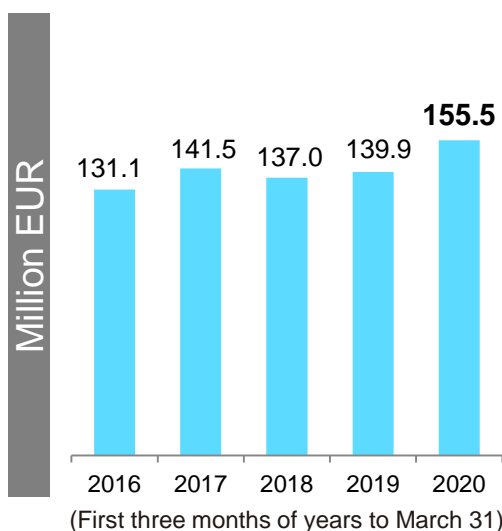
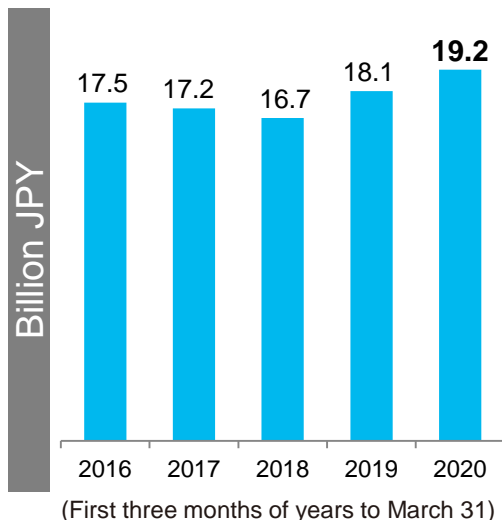
(Billions of yen)

First three months  
of fiscal year ending  
March 31, 2020

First three months  
of fiscal year ended  
March 31, 2019

YoY  
(Previous period = 100%)  
(Yen basis) (Local currency  
basis)

	19.2	18.1	105.5%	111.1%
Sales	19.2	18.1	105.5%	111.1%
Instruments	5.3	5.2	103.1%	108.6%
Reagents	11.0	10.2	107.9%	113.6%
Services, others	2.8	2.7	101.5%	106.9%



**Sales grew, thanks to higher sales of hematology reagents in the Middle East, as well as emerging markets in other regions. Also, direct sales in the urinalysis field were favorable in the United Kingdom and France.**

- Sales rose in five major countries, due to higher direct sales in the Urinalysis field in the United Kingdom and France.
- In other parts of Europe, sales rose on an increase in hematology system deals in the Netherlands.
- Sales were up in the Middle East, stemming from the start of direct sales in Egypt in July 2018 and the commencement of direct service and support in Saudi Arabia and others.
- In Eastern Europe and Russia, sales grew due to the acquisition of deals for commercial laboratories in Poland.

## Topics

- We established a reagent factory in Russia, which is slated to commence operations in Q2.



# Information by Destination (China)

## Sales

(Billions of yen)

**First three months  
of fiscal year ending  
March 31, 2020**

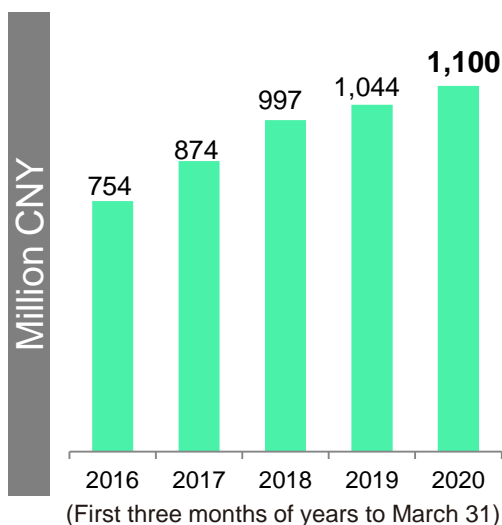
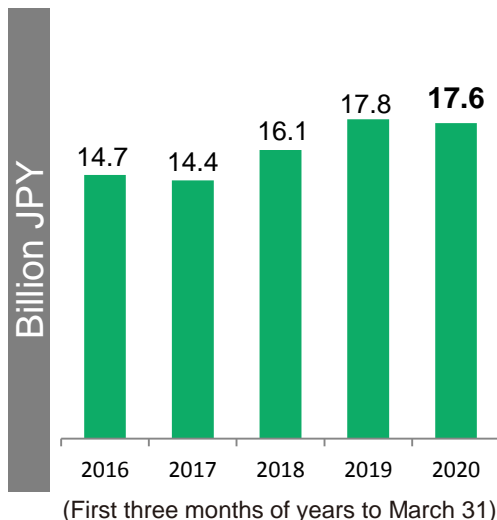
First three months  
of fiscal year ended  
March 31, 2019

**YoY  
(Previous period = 100%)**

(Yen basis)

(Local currency  
basis)

	<b>17.6</b>	17.8	<b>98.8%</b>	105.4%
Sales				
Instruments	<b>4.4</b>	4.6	<b>95.7%</b>	102.0%
Reagents	<b>11.3 *</b>	12.6	<b>89.7%</b>	95.6%
Services, others	<b>1.8 *</b>	0.5	<b>355.4%</b>	378.9%



**Although sales were down due to the impact of yen appreciation, sales were up on a local currency basis due to higher sales in the hematology and hemostasis fields.**

- For instruments, although sales were down in the immunochemistry field from a demand surge in Q4 of the preceding fiscal year, sales in the hemostasis field rose, leading to higher sales on a local currency basis.
- Excluding the impact of reclassification, sales of reagents were up on a local currency basis. Despite lower sales in the hemostasis field, sales were up in the hematology, urinalysis and immunochemistry fields.

\* Some sales previously included in “reagents” were reclassified to “services” from the third quarter of the fiscal year ended March 31, 2019. This had an impact of approximately ¥0.9 billion in the first three months of the fiscal year ending March 31, 2020.

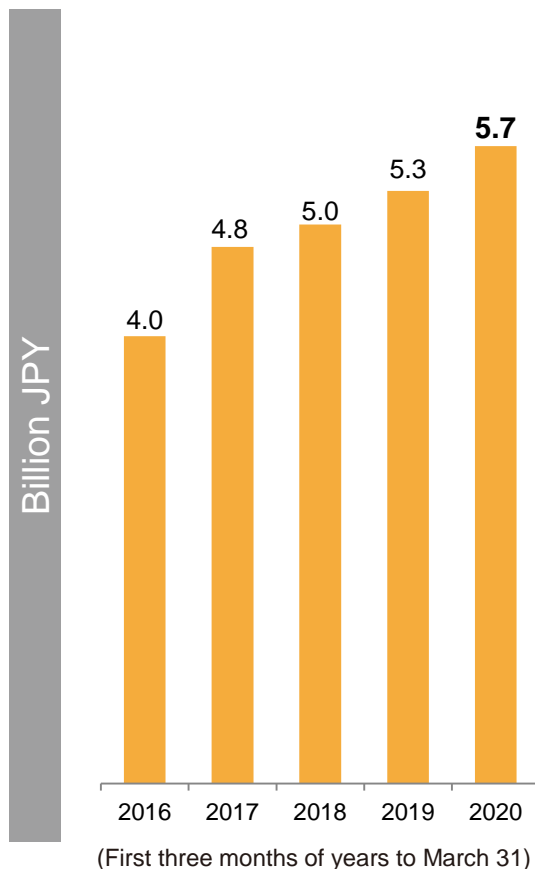
## Topics

- Sales are robust on the XS-500ix, which is made through knockdown production.

# Information by Destination (AP)

(Billions of yen)

## Sales



	First three months of fiscal year ending March 31, 2020	First three months of fiscal year ended March 31, 2019	YoY (Previous period = 100%) (Yen basis)
Sales	5.7	5.3	106.3%
Instruments	1.1	1.3	82.1%
Reagents	4.0	3.4	115.9%
Services, others	0.5	0.5	107.7%

**Sales expanded due to increases in Southeast Asia centered on hematology and immunochemistry reagents, as well as higher sales in India, where we revised our sales structure.**

- Sales of instruments were down, reflecting major hematology deals in the preceding fiscal year in Taiwan and a decrease in instrument tenders in Indonesia, which was affected by fiscal deficits in the national health insurance plan.
- Reagent sales increased, spurred by higher sales in the hematology field in Southeast Asia due to an outbreak of dengue fever. Sales also rose in the immunochemistry field due to an increase in the installed base in the Philippines, Indonesia and others.

## Topics

- We revised our sales structure in India in April, and are deploying a strategy targeting the midrange and high-end markets in the hematology field.

# Information by Destination (Japan)

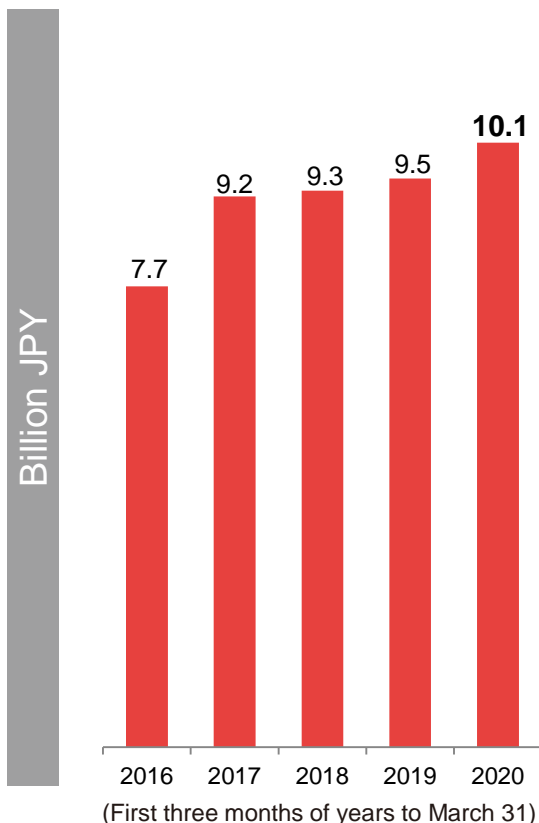
(Billions of yen)

	First three months of fiscal year ending March 31, 2020	First three months of fiscal year ended March 31, 2019	YoY (Previous period = 100%) (Yen basis)
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Sales	<b>10.1</b>	9.5	<b>106.0%</b>
Instruments	<b>1.6</b>	1.0	<b>149.6%</b>
Reagents	<b>6.9</b>	6.9	<b>99.3%</b>
Services, others	<b>1.5</b>	1.5	<b>105.6%</b>

## Sales grew as a result of higher sales of instruments in the hematology, hemostasis and life science fields.

- Sales of instruments increased due to an increase in deals involving the replacement of hematology systems, favorable sales of new hemostasis instruments (the CN-Series).
- Reagent sales were down slightly due to a shift in delivery period on hematology reagents.



## Topics

- National insurance coverage of the NCC Oncopanel system for cancer genome profiling commenced in June. We plan to begun full-fledged assay services in Q2.

# Consolidated Earnings Forecast

Note: No changes subsequent to May 2019 announcement

## Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020

Net sales: **¥320.0 billion**

Operating profit: **¥64.0 billion**

Operating margin: **20.0%**

Profit attributable to owners of the parent: **¥42.0 billion**

Profit attributable to owners of the parent to net sales: **13.1%**

### Planned Investment

Capital expenditure:  
**¥14.0 billion**  
(Tangible only)

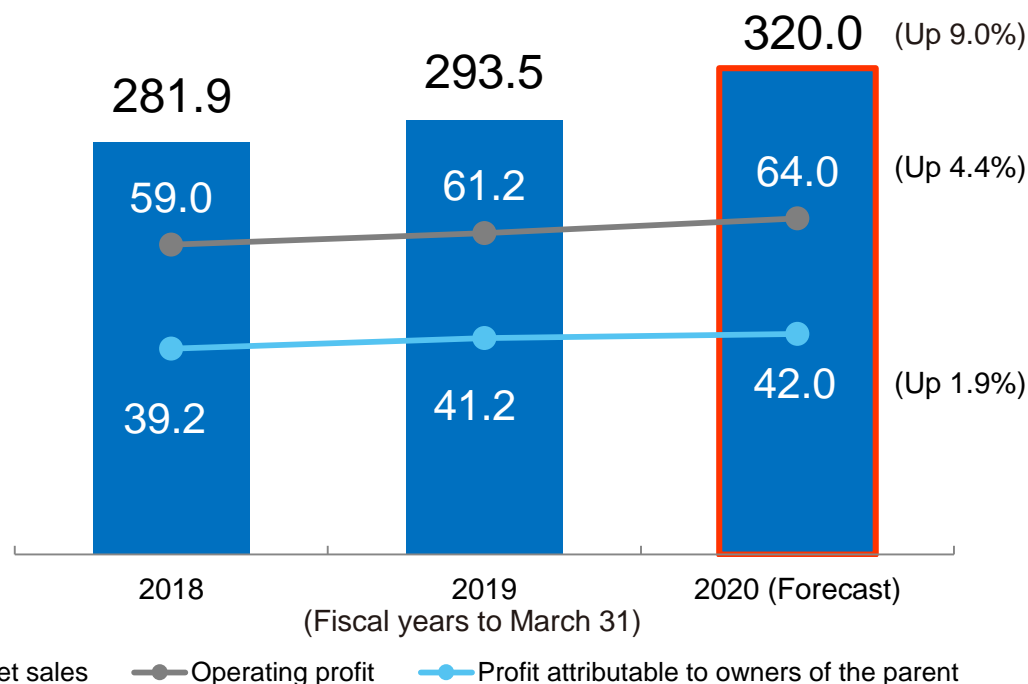
Depreciation and amortization:  
**¥24.0 billion**  
(Including changes in lease accounting standards due to the adoption of IFRS16)

R&D expenditure:  
**¥22.0 billion**

(Billions of yen)

### ● Assumed Exchange Rates

	Full year	Previous year (Fiscal year ended March 31, 2019)
1 USD	¥110.0	¥110.9
1 EUR	¥125.0	¥128.4
1 CNY	¥16.5	¥16.5



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(Appendix)  
P/L by Geographic Region

# P/L by Geographic Region (Sales and Operating Profit)



(Billions of yen)

		First three months of fiscal year ending March 31, 2020	First three months of fiscal year ended March 31, 2019
Americas	Sales to external customers	14.6	13.9
	Operating profit	0.4	0.6
EMEA	Sales to external customers	19.5	18.7
	Operating profit	1.5	1.3
China	Sales to external customers	17.6	17.8
	Operating profit	1.8	3.4
AP	Sales to external customers	5.6	5.3
	Operating profit	0.6	0.4
Japan	Sales to external customers	10.9	10.1
	Intra-area transfers	22.5	22.9
	Sales	33.4	33.0
	Operating profit	6.8	8.0

Lighting the way **with diagnostics**