

May 12, 2015

Sysmex Announces New Group Mid-Term Management Plan

Preparing the Company to Move to the Next Stage by Reinforcing Growth and Profitability, Investing in Growth and Promoting Transformation

Sysmex Corporation (HQ: Kobe, Japan; Chairman and CEO: Hisashi Ietsugu) has formulated a new Group mid-term management plan for the three years ending March 31, 2018. Through the new plan, Sysmex aims to maintain high levels of Group growth, further enhance profitability and promote transformations that will augment management sophistication.

This Group mid-term management plan develops the positioning of the long-term management targets formulated in 2011 and establishes initiatives for the next three years. By the final year of the plan, the fiscal year ending March 31, 2018, the Group aims to achieve net sales of ¥300.0 billion, operating income of ¥63.0 billion and ROE of 18.0%.

Sysmex expects the global healthcare market to continue growing, supported by demand in developed countries to curtail medical expenses by augmenting efficiency, as well as advances in healthcare infrastructure in emerging markets in line with their economic expansion. Meanwhile, the competitive landscape is likely to be characterized by increasingly stringent competition, as companies from other entries enter the healthcare business and new companies rise to the fore in emerging markets. At the same time, we anticipate new growth opportunities, owing to progress in genetic/molecular diagnostic technologies, advances in regenerative medicine and the proactive application of information technology.

Sysmex has achieved continuous high growth by anticipating market changes and adopting unique strategies, such as establishing its operations globally, expanding its product portfolio and providing appropriate solutions and advanced support to customers.

To maintain our high level of Group growth, further enhance profitability and promote transformations that will increase management sophistication amid the major changes that are forecast to occur in our operating environment, we have revised our positioning of the long-term management targets we formulated in 2011.

To achieve the long-term management targets Sysmex is pursuing, the Group management plan calls for strategic investments to facilitate the development of highly competitive products and further global business strategies. In addition, to increase its return to shareholders Sysmex has revised its dividend policy, raising the target consolidated payout ratio from 20% to 30%. Going forward, Sysmex aims to continue maintaining an appropriate balance between proactive investment and shareholder returns.

In the area of corporate governance, we will endeavor to enhance sustainable corporate value by revising our internal control system and adopting other measures to augment management soundness and transparency, as well as increasing dialogue with shareholders and investors.

“Sysmex Way,” the corporate philosophy for the Sysmex Group, defines the Group’s mission as “shaping the advancement of healthcare.” Based on this philosophy, the Group mid-term management plan aims to accelerate the Group’s effort to achieve its long-term management vision and positioning, preparing the Company to move to the next stage.

1. Long-Term Management Targets

(1) Long-term management vision toward 2020

A Unique & Global Healthcare Testing Company

(2) Positioning

- Undisputed Global Leader in Hematology, Hemostasis and Urinalysis (Including alliances)
We will build the earnings foundation to support further Group growth in the Company's core businesses.
- A leading company in the Asian in-vitro diagnostics (IVD) market
As the only top-10 IVD company based in Asia, we will leverage our geographic advantage to build a solid position in the Asian market in current core businesses and such growth fields as immunochemistry.
- A Unique and Competitive Player in the Immunochemistry Field
We will harness unique strengths that other companies cannot emulate and expand our businesses globally to drive Group growth over the medium term.
- A Leading Global Player Making a Contribution to Personalized Healthcare
By augmenting value in testing (diagnostics) based on leading-edge technologies, we will contribute to the advancement of personalized healthcare, thereby accelerating Group growth and establishing our global position.
- An Attractive Company Providing Value and Confidence
Through distinctive businesses, creative technologies, dynamic human resources and sound corporate management, we aim to become a highly attractive company to diverse stakeholders that offers value and reassurance.
- One Sysmex Carrying Out High-Speed Management
By aligning the vectors of diversifying and growing the Group and optimal teamwork, we aim to be a corporate entity that conducts highly efficient and swift management.

2. Group Mid-Term Management Plan

(1) Mid-Term Goals (Consolidated)

	Year Ending March 31, 2016	Year Ending March 31, 2018	CAGR (Three Years)
Net sales	¥245.0 billion	¥300.0 billion	10.7%
Operating income	¥50.0 billion	¥63.0 billion	12.4%
Operating margin	20.4%	21.0%	—
ROE	17.9%	18.0%	—
Operating cash flow	¥40.0 billion	¥50.0 billion	—
Free cash flow	¥17.0 billion	¥20.0 billion	—

(2) Sales Goals by Business

	Year Ending March 31, 2016	Year Ending March 31, 2018	CAGR (Three Years)
HU Business Unit	¥176.0 billion	¥207.5 billion	9.3%
ICH Business Unit	¥49.2 billion	¥66.6 billion	16.5%
LS Business Unit	¥4.3 billion	¥10.0 billion	47.1%

(3) Sales Goals by Destination

	Year Ending March 31, 2016	Year Ending March 31, 2018	CAGR (Three Years)
Japan	¥45.1 billion	¥47.8 billion	3.3%
Americas	¥54.4 billion	¥63.4 billion	10.5%
EMEA	¥63.9 billion	¥78.4 billion	7.4%
China	¥62.5 billion	¥87.0 billion	20.4%
Asia Pacific	¥19.1 billion	¥23.4 billion	9.4%

Note: Assumed exchange rates during the period of the mid-term management plan

USD	EUR	CNY
¥115	¥130	¥18.5

3. Initiatives to Achieve Positioning

<Reinforce Growth and Profitability>

- (1) Undisputed Global Leader in Hematology, Hemostasis and Urinalysis (Including alliances)

In the hematology field, we will accelerate introduction of the XN-Series automated multiparameter hematology analyzer, and expand our global offerings of clinical products employing FCM¹ technology.

We will expand the sales region for the CS-Series automated blood coagulation analyzer and enhance our presence through alliances to steadily grow our business in the hemostasis field.

In addition, we will augment our product lineup in the urinalysis field and enhance global sales and support services to establish our business foundations in this category.

- (2) A leading company in the Asian in-vitro diagnostics (IVD) market

In addition to the hematology, hemostasis and urinalysis fields, reinforce comprehensive proposals, including in the immunochemistry field. We will also develop products and strengthen our sales and support networks tailored to regional needs and promote scientific support activities to increase the level of IVD testing.

<Invest in Growth>

- (3) A Unique and Competitive Player in the Immunochemistry Field

By moving forward with the introduction of our HISCL-Series of automated immunoassay systems that employ unique parameters and enhance support service structure by leveraging online support capabilities, we will further accelerate our business in the immunochemistry field.

- (4) A Leading Global Player Making a Contribution to Personalized Healthcare

In addition to increasing the types of cancer to which the OSNA method is applied, we will expand our sales region globally. Furthermore, we aim to establish unique testing methods to realize liquid biopsy².

<Promote Transformation>

- (5) An Attractive Company Providing Value and Confidence

We will enhance our corporate communication function to facilitate interaction with diverse stakeholders. We also intend to augment customer satisfaction by reinforcing our scientific and support functions.

- (6) One Sysmex Carrying Out High-Speed Management

We will recruit and cultivate globally effective human resources. We also intend to strengthen risk management and reinforce Group management foundations by making use of ICT

4. Organizational change

In the interest of increasing management sophistication and the speed of strategy deployment, we will reinforce cross-departmental functions to augment Group synergies, building a structure to promote business growth in individual fields.

- (1) Enhancing the level of management

- We have established a Corporate Business Planning Division as an organization dedicated to increasing the sophistication of Group management.
- We have set in place a Corporate Communication Division to promote interactive

communication with diverse stakeholders.

(2) Accelerating strategic implementation

- We have established a Solution Development Division to support value creation in individual business units.
- We have established the Manufacturing Management Division to augment instrument and reagent manufacturing efficiency and increase our ability to meet supply obligations.
- To enhance the regulatory application process, we relocated the Technology Development Division's Clinical Development Department to the Regulatory Affairs Department, combined these departments and changed the division's name to the Regulatory Affairs & Quality Assurance Division, thereby creating an integrated process spanning clinical trials and clinical studies to regulatory applications.
- To create clinical value across fields and enhance validation, we restructured the Scientific Research Department and the Scientific Marketing Department.
- We established the new Research & Industry Business Division to expand our business in the research- and industry-related sectors, such as entering the flow cytometry market for research.

1 FCM: Method involving the flow dispersion of minute particles and the use of laser light to optically analyze the minute flows. Used primarily to observe individual cells.

2 Liquid biopsy: Detection of cancer or other diseases by testing blood or other bodily fluids. This type of testing is less invasive than conventional physical biopsies.

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.