



## Business Results

# First Six Months of Fiscal Year Ending March 31, 2018

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

**Sysmex Corporation**

Hisashi Ietsugu  
Chairman and CEO  
November 9, 2017

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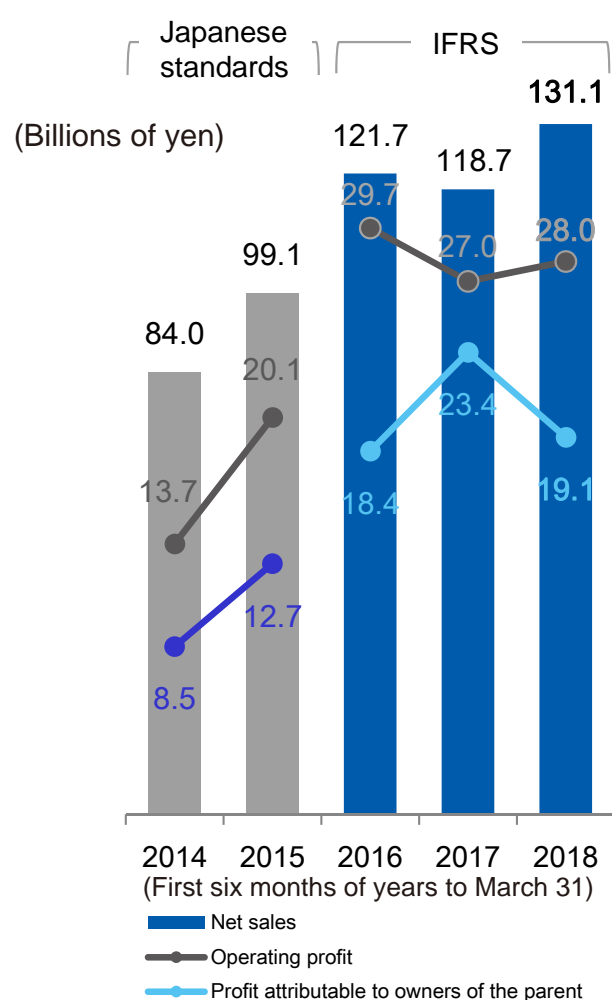
This material contains forward-looking statements about Sysmex Corporation and its Group companies (the Sysmex Group). These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent 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

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# Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2018

# Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2018



	First six months of fiscal year ending March 31, 2018	First six months of fiscal year ended March 31, 2017
1USD	¥111.1	¥105.3
1EUR	¥126.3	¥118.2
1CNY	¥16.4	¥15.9

	First six months of fiscal year ending March 31, 2018		First six months of fiscal year ended March 31, 2017		(Billions of yen) YOY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	131.1	100%	118.7	100%	110.4%
Cost of sales	56.5	43.2%	48.8	41.2%	115.8%
SG&A expenses	38.9	29.7%	36.4	30.7%	107.0%
R&D expenses	7.6	5.9%	7.2	6.1%	105.4%
Other income (expenses)	0.1	0.1%	0.8	0.7%	18.7%
Operating profit	28.0	21.4%	27.0	22.8%	103.6%
Profit attributable to owners of the parent	19.1	14.6%	23.4	19.8%	81.7%

- **Net sales:** Sales increased on both a local currency and yen basis in all geographic regions.
- **Operating profit:** Profit rose, as higher sales pushed up gross profit, compensating for a worsening cost of sales ratio due to the impact of exchange rates and higher SG&A expenses in line with business expansion.
- **Profit attributable to owners of the parent:** Profit was down, reflecting the impact in the second quarter of the previous year of the revision of a tax treaty with Germany.
- **Exchange loss (gains):** Loss of ¥0.19 billion (¥1.96 billion in the first six months of the previous fiscal year)  
Exchange rate fluctuations raised net sales ¥5.05 billion and lowered operating profit ¥0.20 billion. At the exchange rates prevailing one year earlier, net sales would have been up 6.1% year on year, and operating profit up 4.4%.
- **Capital expenditure (tangible):** ¥4.59 billion  
**Depreciation and amortization:** ¥7.14 billion

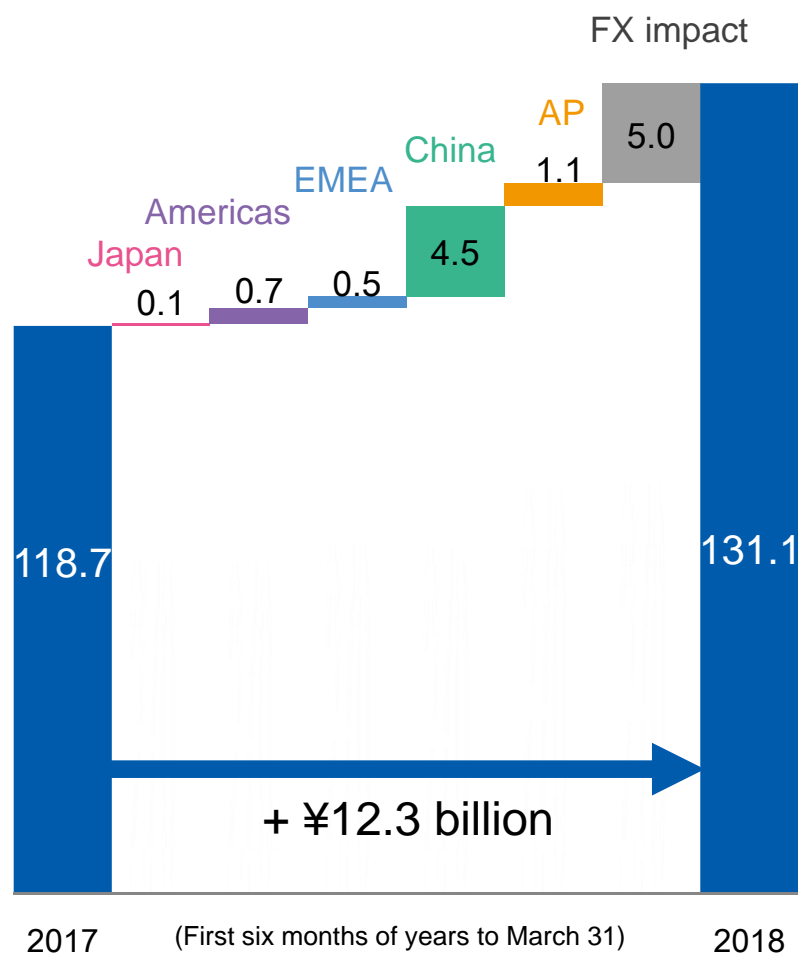
# Breakdown of Net Sales and Operating Profit



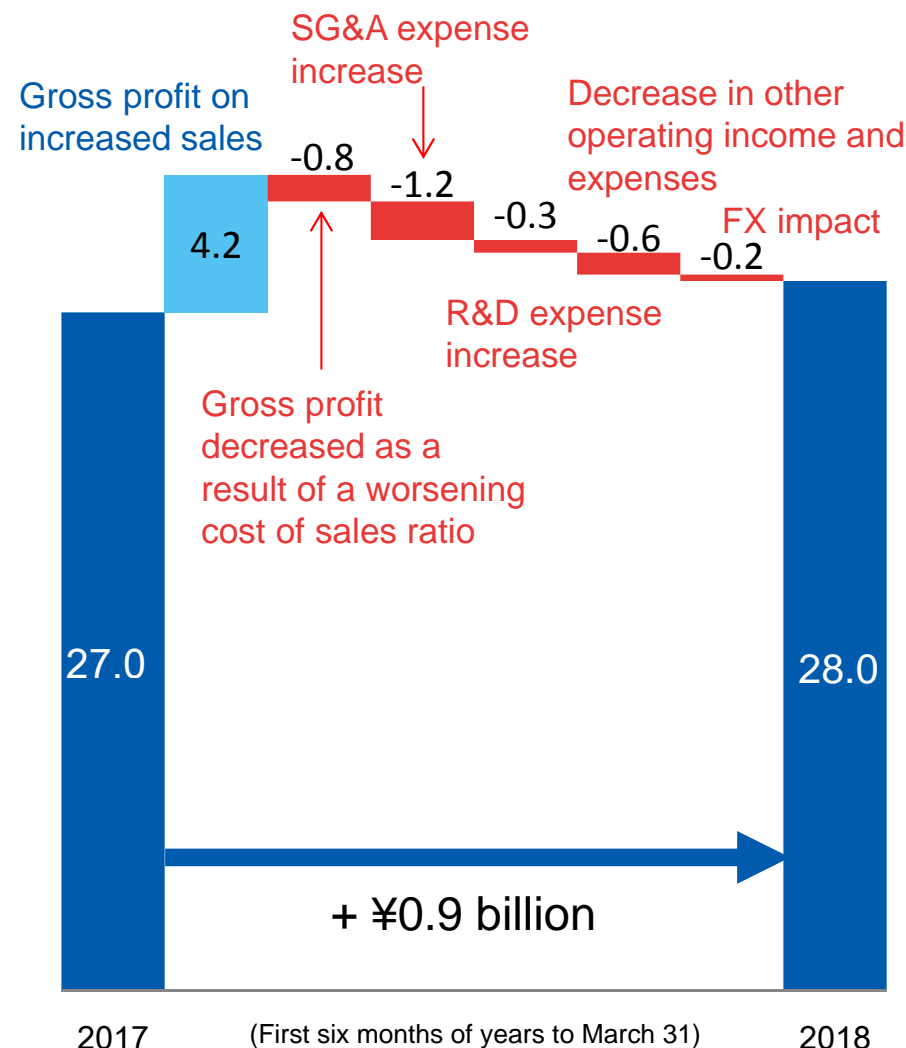
(Billions of yen)

## Net Sales

Note: FX impact excluded from sales by geographic region



## Operating Profit



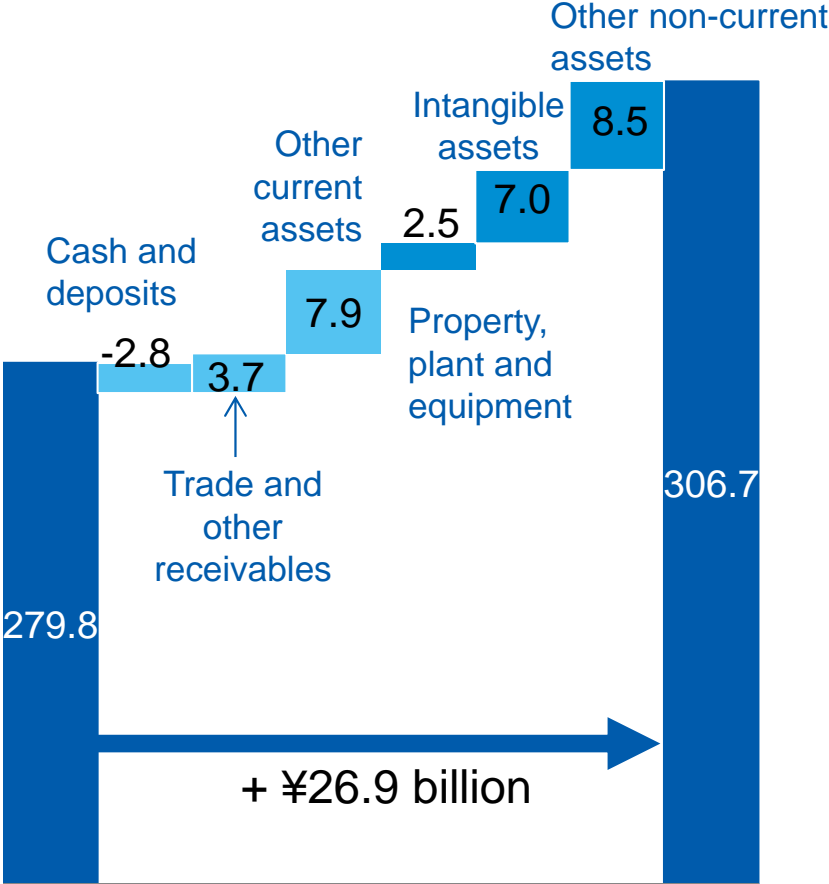
# Breakdown of Assets and Liabilities/Equity



(Billions of yen)

## Assets

Current assets: Up ¥8.8 billion  
 Non-current assets: Up ¥18.0 billion

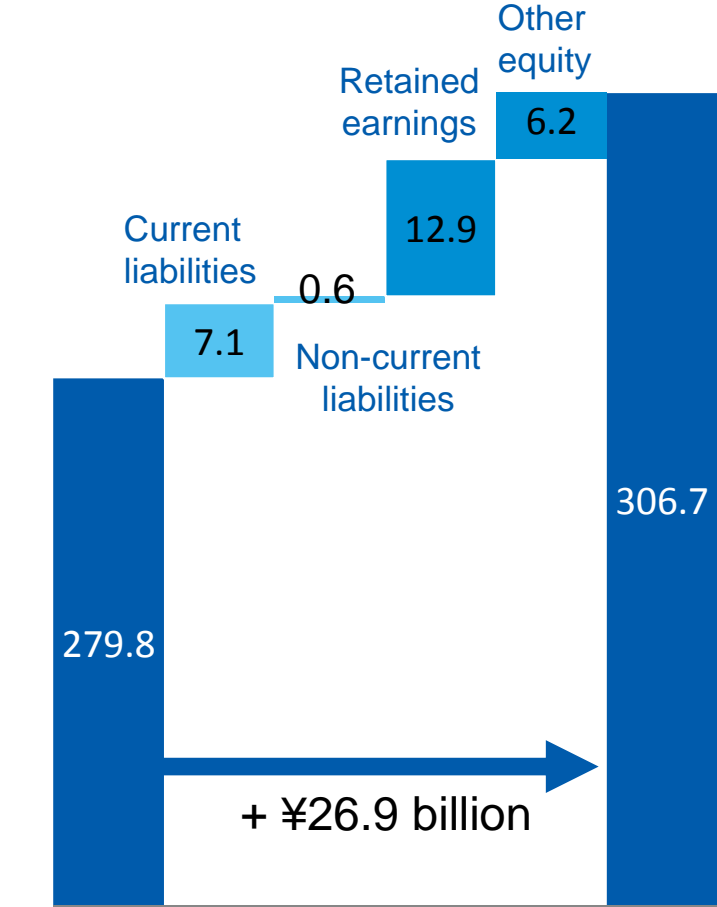


March 31, 2017

September 30, 2017

## Liabilities/Equity

Net assets: Up ¥7.7 billion  
 Liabilities: Up ¥19.2 billion



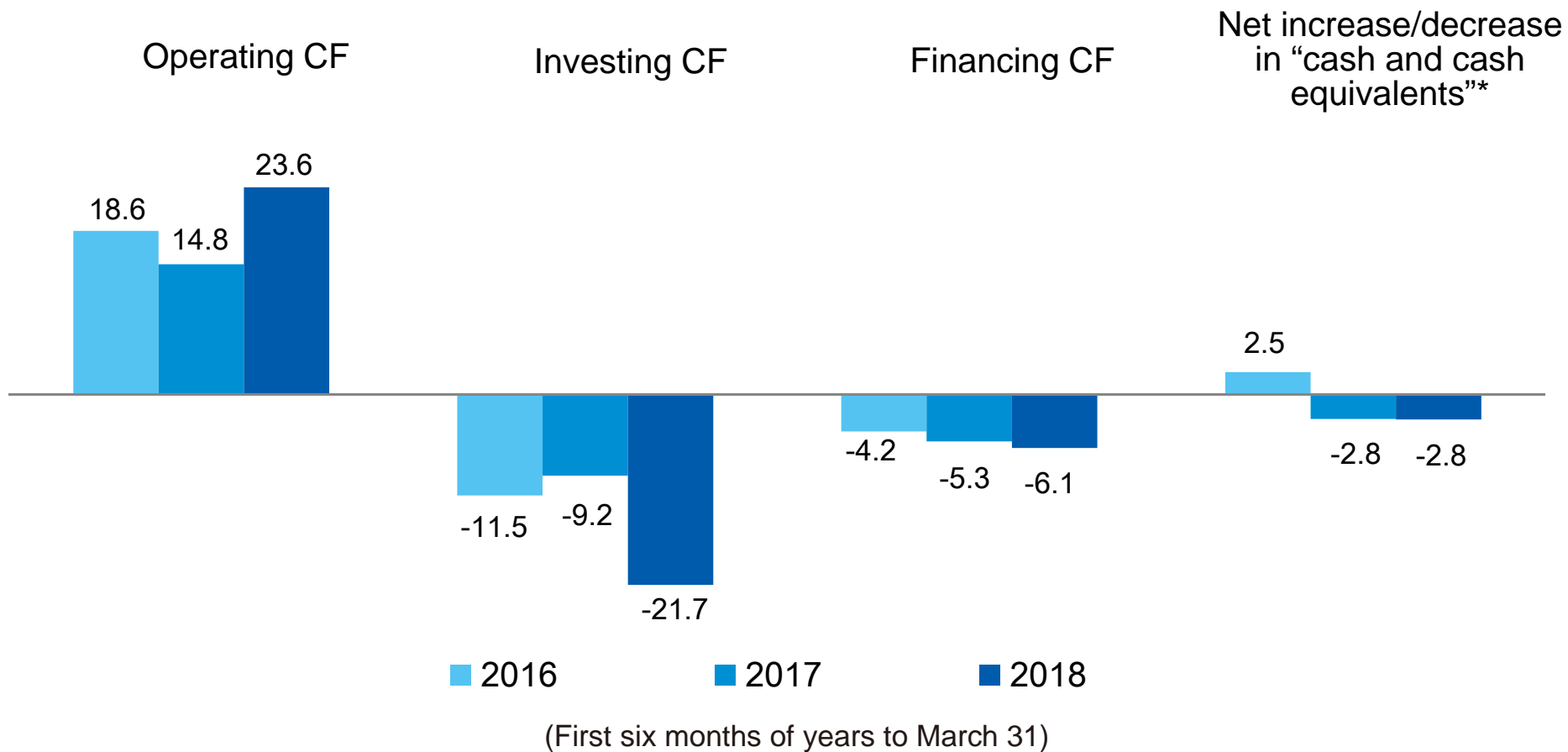
March 31, 2017

September 30, 2017

# Consolidated Cash Flows



(Billions of yen)



\*Includes translation differences on cash and cash equivalents.

Months indicate the dates of press releases issued by Sysmex.

## Core Businesses

- Sysmex expands XN-Series product lineup in the hematology field (June)
- Sysmex to commence sales of “Revohem PT” reagent, for measuring prothrombin time, a key testing parameter for monitoring anticoagulation therapy (August), and launches the Revohem FVIII Chromogenic, a coagulation factor VIII assay reagent (September)
- Sysmex completes expansion of reagent factory in the United States (July)
- Sysmex begins conducting direct sales and services in Ghana (September)

## Next Core Businesses

- Sysmex acquires UK company OGT to expand into new business domains toward personalized medicine, company included in scope of consolidation from June (May)
- Sysmex, RIKEN GENESIS and MKI sign comprehensive collaboration agreement with a view to joint promotion of genomic medicine (June)
- Sysmex commences collaborative research with the National Cancer Center Japan, JVCKENWOOD and Daiichi Sankyo on measurement of exosomes in blood from cancer patients (October)

## Others

- Sysmex and bioMérieux agreed to dissolve the joint venture Sysmex bioMérieux Co., Ltd. (July)
- Sysmex establishes new company, Sysmex Harmony, to promote the employment of people with disabilities (April)
- Sysmex selected for inclusion in the Dow Jones Sustainability World Index for the second consecutive year (September)



# Net Sales by Geographic Region



(Billions of yen)

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

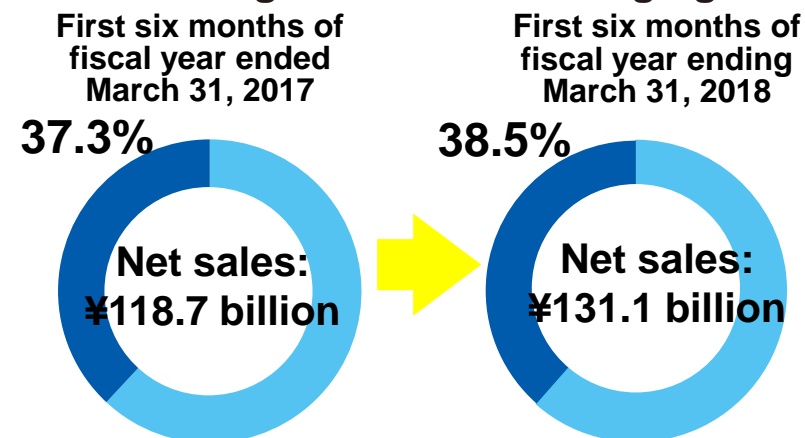
	First six months of fiscal year ending March 31, 2018		First six months of fiscal year ended March 31, 2017		YOY (Previous period = 100%)	
	Results	Ratio	Results	Ratio	(Yen)	(Local currency)
Sales	<b>131.1</b>	<b>100%</b>	118.7	100%	<b>110.4%</b>	-
Americas	<b>28.6</b>	<b>21.8%</b>	26.3	22.2%	108.7%	<b>103.0%</b>
EMEA	<b>34.7</b>	<b>26.5%</b>	32.0	26.9%	108.4%	<b>101.5%</b>
Region China	<b>34.0</b>	<b>26.0%</b>	28.4	23.9%	119.9%	<b>116.4%</b>
AP	<b>11.4</b>	<b>8.7%</b>	9.7	8.2%	<b>117.1%</b>	<b>(111.8%)</b>
Japan*	<b>22.3</b>	<b>17.0%</b>	22.3	18.8%	<b>100.1%</b>	-

\*Includes sales to IDEXX and other external customers

## Exchange Rates

	First six months of fiscal year ending March 31, 2018	First six months of fiscal year ended March 31, 2017
1USD	<b>¥111.1</b>	¥105.3
1EUR	<b>¥126.3</b>	¥118.2
1CNY	<b>¥16.4</b>	¥15.9

## ● Percentage of Sales in Emerging Markets



# Sales by Business

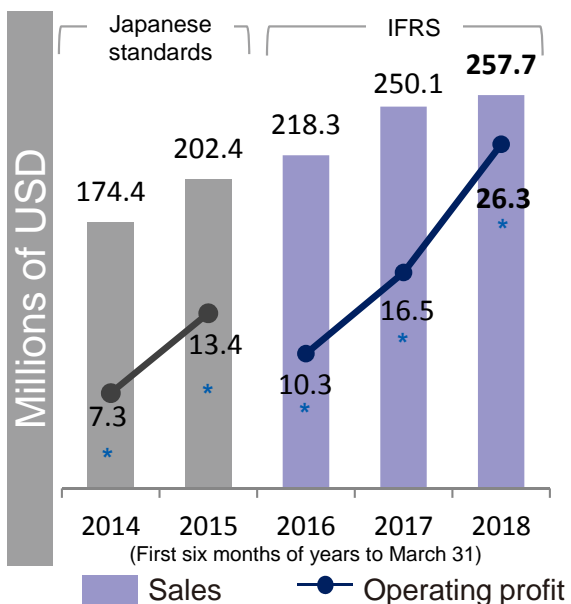
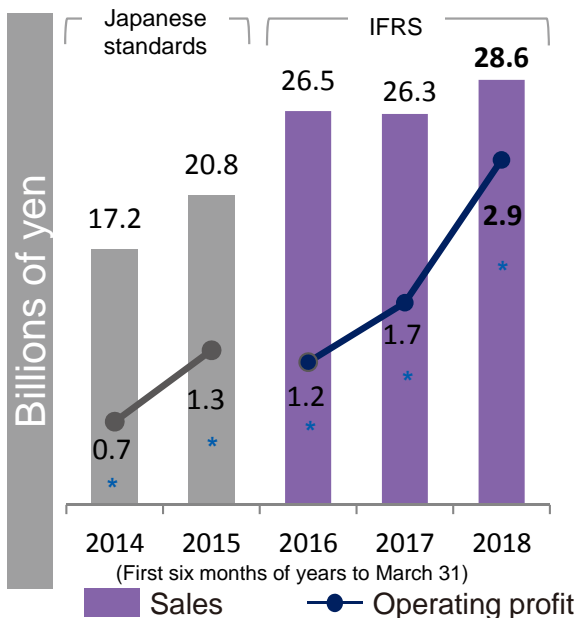


		First six months of fiscal year ending March 31, 2018		First six months of fiscal year ended March 31, 2017		YOY (Previous period = 100%)	(Billions of yen)
		Results	Ratio	Results	Ratio		Reference: YOY at previous year's rate
	Hematology	81.6	62.2%	74.9	63.1%	108.8%	104.2%
	Urinalysis	9.9	7.6%	7.2	6.1%	136.5%	131.6%
	<b>HU Business</b>	<b>91.5</b>	<b>69.8%</b>	<b>82.2</b>	<b>69.2%</b>	<b>111.3%</b>	<b>106.6%</b>
	Immunochemistry	4.9	3.7%	3.7	3.2%	129.7%	127.7%
	Clinical Chemistry	1.4	1.1%	1.6	1.4%	87.5%	85.4%
	Hemostasis	21.7	16.6%	20.5	17.3%	105.8%	101.9%
	<b>ICH Business</b>	<b>28.1</b>	<b>21.5%</b>	<b>26.0</b>	<b>21.9%</b>	<b>108.1%</b>	<b>104.6%</b>
	<b>Core Businesses</b>	<b>119.6</b>	<b>91.3%</b>	<b>108.3</b>	<b>91.2%</b>	<b>110.5%</b>	<b>106.2%</b>
	FCM Business	0.8	0.6%	0.8	0.7%	101.1%	95.5%
	LS Business	3.4	2.6%	2.0	1.8%	164.7%	159.0%
	Others	-	-	-	-	-	-
	<b>Next Core Businesses</b>	<b>4.2</b>	<b>3.3%</b>	<b>2.9</b>	<b>2.5%</b>	<b>146.8%</b>	<b>141.1%</b>
	<b>Others*</b>	<b>7.1</b>	<b>5.4%</b>	<b>7.5</b>	<b>6.4%</b>	<b>94.2%</b>	<b>92.0%</b>
	<b>Total Net Sales</b>	<b>131.1</b>	<b>100.0%</b>	<b>118.7</b>	<b>100.0%</b>	<b>110.4%</b>	<b>106.1%</b>

\*Others: Clinical laboratory information systems, sales of third-party products, etc.

HU Business: Hematology and urinalysis fields  
 ICH Business: Immunochemistry, clinical chemistry and hemostasis fields  
 FCM Business: Flow cytometry field  
 LS Business: Life science field

# Geographic Segment Information: Americas



\*Revision in intragroup transaction prices

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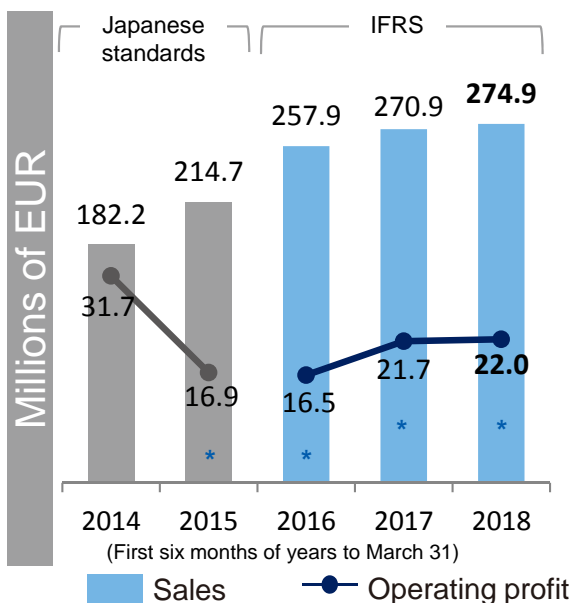
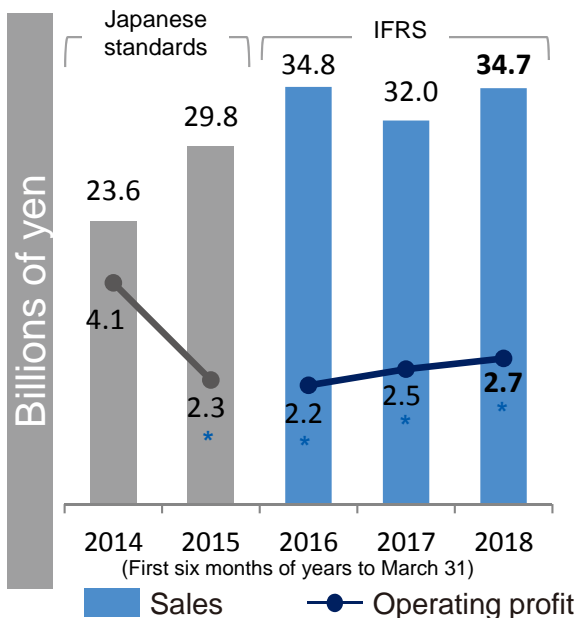
(Billions of yen)	First six months of fiscal year ending		YOY (Previous period = 100%)	
	March 31, 2018	March 31, 2017	(Yen basis)	(Local currency basis)
Sales	28.6	26.3	108.7%	103.0%
Operating profit*	2.9	1.7	167.9%	159.1%

- Sales rose, thanks to higher sales of hematology reagents and services in the United States, although sales fell in Central and South America, due to the impact of large-scale tenders in the first quarter of the previous fiscal year.
- Operating profit grew substantially, boosted by higher sales, an improved cost of sales ratio as reagents and services made up a higher percentage of sales, and a revision in intragroup transaction prices.

## Local Currency Basis

- **United States:** Sales grew, as sales of reagents and services increased due to a rise in the company's share of the hematology market.
- **Central and South America:** Sales were down, due to the impact of a large-scale tender acquired in Mexico in the previous fiscal year and the impact of ongoing economic stagnation in Brazil.

# Geographic Segment Information: EMEA\*



\*Revision in intragroup transaction prices

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\*Europe, the Middle East and Africa

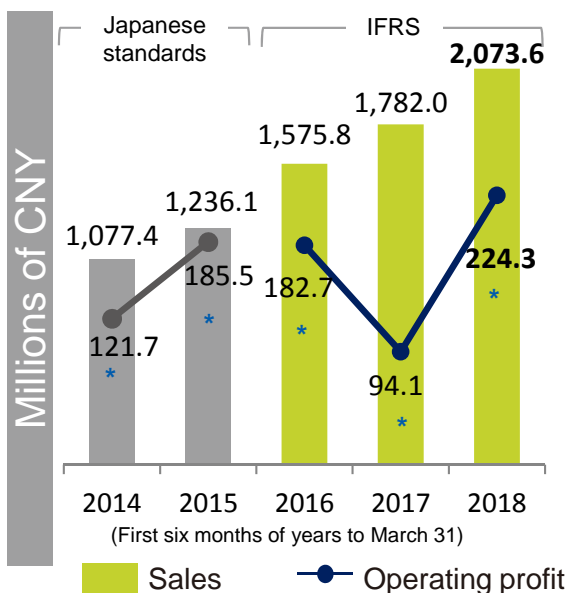
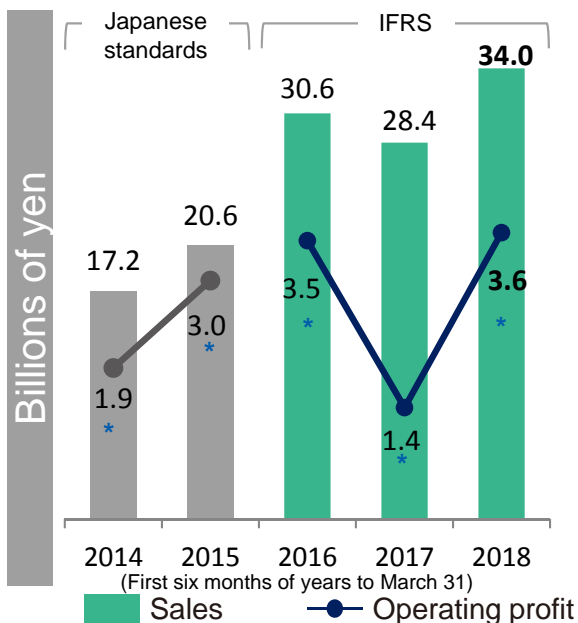
(Billions of yen)	First six months of fiscal year ending March 31, 2018	First six months of fiscal year ended March 31, 2017	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	34.7	32.0	108.4%	101.5%
Operating profit*	2.7	2.5	108.8%	101.8%

- Sales were up due to higher sales in France and Russia, despite the impact of the acquisition of large-scale tenders in the Middle East and Africa in the same period of the previous year, as well as to tender delays in the United Kingdom as a result of Brexit.
- Operating profit rose, due to an improved cost of sales ratio stemming from higher reagent sales, particularly in emerging markets, despite the impact of higher personnel costs due to the shift to a direct sales structure in France and other countries.

## Local Currency Basis

- **Five major countries:** Despite the impact of tender delays in the United Kingdom, sales were up as a result of direct sales in France in the urinalysis and hemostasis fields.
- **Eastern Europe, Russia:** Sales rose due to higher sales of reagents in Russia, owing to growth in the installed instrument base.
- **Middle East, Africa:** Sales fell, affected by large-scale tenders in the same period of the previous fiscal year.

# Geographic Segment Information: China



\*Revision in intragroup transaction prices

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(Billions of yen)	First six months of fiscal year ending March 31, 2018	First six months of fiscal year ended March 31, 2017	YOY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	34.0	28.4	119.9%	116.4%
Operating profit*	3.6	1.4	245.6%	238.4%

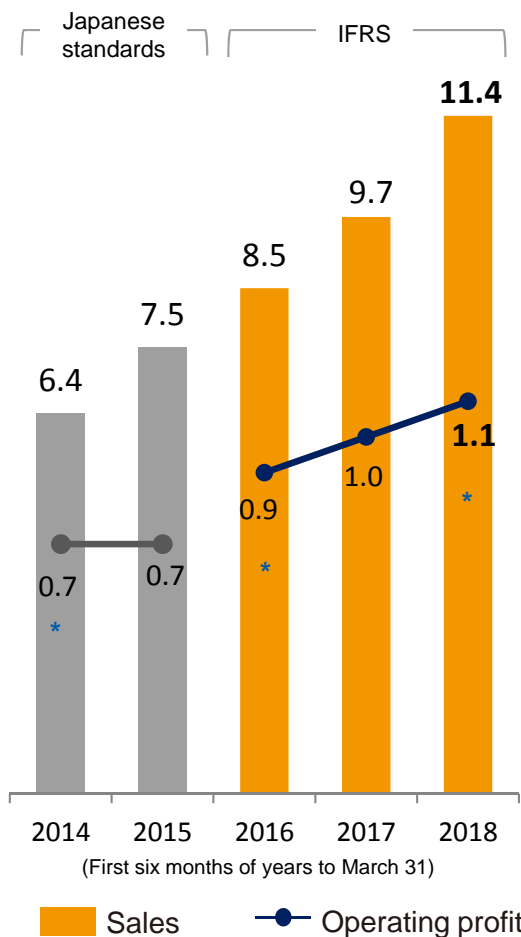
- In addition to favorable sales of new products in the hematology and urinalysis fields, an increase in the installed instrument base in the immunochemistry and hemostasis fields caused reagent sales to rise. (Also contributing was an increase in reagent prices to distributors, due to a shift toward the provision of direct services.)
- Service-related expenses climbed due to the transition to direct services, but operating profit grew substantially, due to a revision in intragroup transaction prices and a rising percentage of reagent sales.

- **Hematology:** Sales increased due to favorable sales of the new XN-L Series and higher reagent prices.
- **Hemostasis:** Despite lower instrument sales, sales were up due to favorable performance in fibrin reagents.
- **Urinalysis:** Sales grew substantially, thanks to sales of the new UN-Series.
- **Immunochemistry:** Sales rose considerably, as a result of a steady increase in reagent sales, centered on markers for infectious diseases, stemming from an expanding active instrument base.

# Geographic Segment Information: AP



Billions of yen



\*Revision in intragroup transaction prices

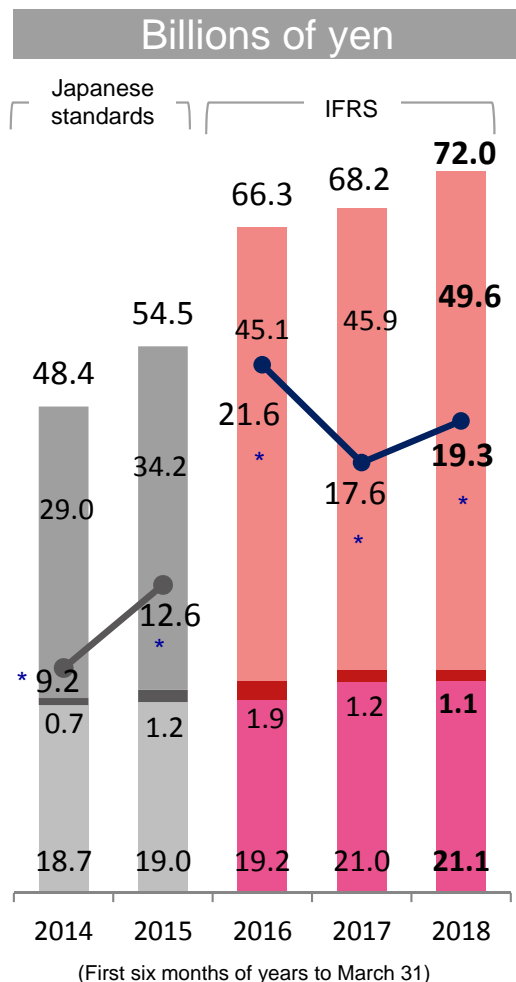
(Billions of yen)	First six months of fiscal year ending March 31, 2018	First six months of fiscal year ended March 31, 2017	YOY (Previous period = 100%) (Yen basis)
Sales	11.4	9.7	117.1%**
Operating profit*	1.1	1.0	109.7%

- Despite the impact of large-scale tenders in Australia in the first six months of the previous fiscal year, sales grew due to the acquisition of tenders in South Asia and the shift to direct sales in Taiwan.
- Although SG&A expenses increased, the move to direct sales in Taiwan and growth in reagent sales due to a larger installed instrument base improved the cost of sales ratio in major countries, pushing up operating profit.

\*\* Excluding the impact of exchange rates on currencies in the AP region, sales would have been up 11.8%.

- **South Asia:** Sales rose due to the acquisition of government tenders in India and Bangladesh.
- **South Korea, Taiwan:** In addition to the shift to direct sales in Taiwan, sales were up thanks to favorable sales in South Korea in the urinalysis and hemostasis fields.
- **Oceania:** Sales fell, due to the impact of large-scale tenders in Australia in the first six months of the previous fiscal year.

# Geographic Segment Information: Japan



- Intra-area transfers: Exports to Group affiliates, others
- Sales to external customers: IDEXX and others
- Sales to external customers: Japan
- Operating profit

\*Revision in intragroup transaction prices

(Billions of yen)	First six months of fiscal year ending March 31, 2018	First six months of fiscal year ended March 31, 2017	YOY (Previous period = 100%)
Sales	<b>72.0</b>	68.2	<b>105.5%</b>
Sales to external customers	<b>22.3</b>	22.3	<b>100.1%</b>
Japan	<b>21.1</b>	21.0	<b>100.7%</b>
IDEXX and others	<b>1.1</b>	1.2	<b>89.4%</b>
Intra-area transfers	<b>49.6</b>	45.9	<b>108.2%</b>
Operating profit*	<b>19.3</b>	17.6	<b>109.7%</b>

- **Sales grew, due to higher exports to Group affiliates overseas and the conversion of RIKEN GENESIS to a subsidiary (June 2016).**
- **A revision in intragroup transaction prices caused the cost of sales ratio to worsen, but operating profit rose due to the impact of one-off factors (such as donations) in the first six months of the previous fiscal year.**

- **Japan:** Sales rose slightly as a result of higher reagent sales in the hemostasis and immunochemistry fields.
- **IDEXX and others:** Sales of instruments for veterinary to IDEXX were down.

## Chapter 2

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# Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018



# Revised Earnings Forecast



## ● Differences from Previous Forecasts

(Billions of yen)

	Previous forecast (Announced in May 2017)		Current forecast (Revised in November 2017)		Change	Fiscal year ended March 31, 2017		Percentage change
		Ratio		Ratio			Ratio	
Net sales	275.0	100%	<b>280.0</b>	<b>100%</b>	+5.0	249.8	100%	+12.0%
Operating profit	57.0	20.7%	<b>58.0</b>	<b>20.7%</b>	+1.0	51.7	20.7%	+12.2%
Profit attributable to owners of the parent	41.0	14.9%	<b>41.5</b>	<b>14.8%</b>	+0.5	40.6	16.3%	+2.1%

## ● Assumed Exchange Rates

	Fiscal year ending March 31, 2018 (Announced in May 2017)	Fiscal year ending March 31, 2018 (Revised in November 2017)	Second half of fiscal year ending March 31, 2018 (Revised in November 2017)	Fiscal year ended March 31, 2017
1USD	¥110.0	¥110.5	¥110.0	¥108.4
1EUR	¥115.0	¥128.1	¥130.0	¥118.8
1CNY	¥16.0	¥16.5	¥16.5	¥16.1

## ● Reasons for the Revisions

The yen has depreciated more than assumed in our initial exchange rate forecasts. As a result, we now expect net sales, operating profit, profit before tax and profit attributable to owners of the parent for the fiscal year ending March 31, 2018, to outpace our previous forecast.

# Consolidated Earnings Forecast

Figures in red have been revised subsequent to May 2017 announcement.

Figures in parentheses are as announced in May 2017.



## Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018

Net sales: **¥280.0 billion** (¥275.0 billion) Operating profit: **¥58.0 billion** (¥57.0 billion) Operating margin: **20.7%** (20.7%)

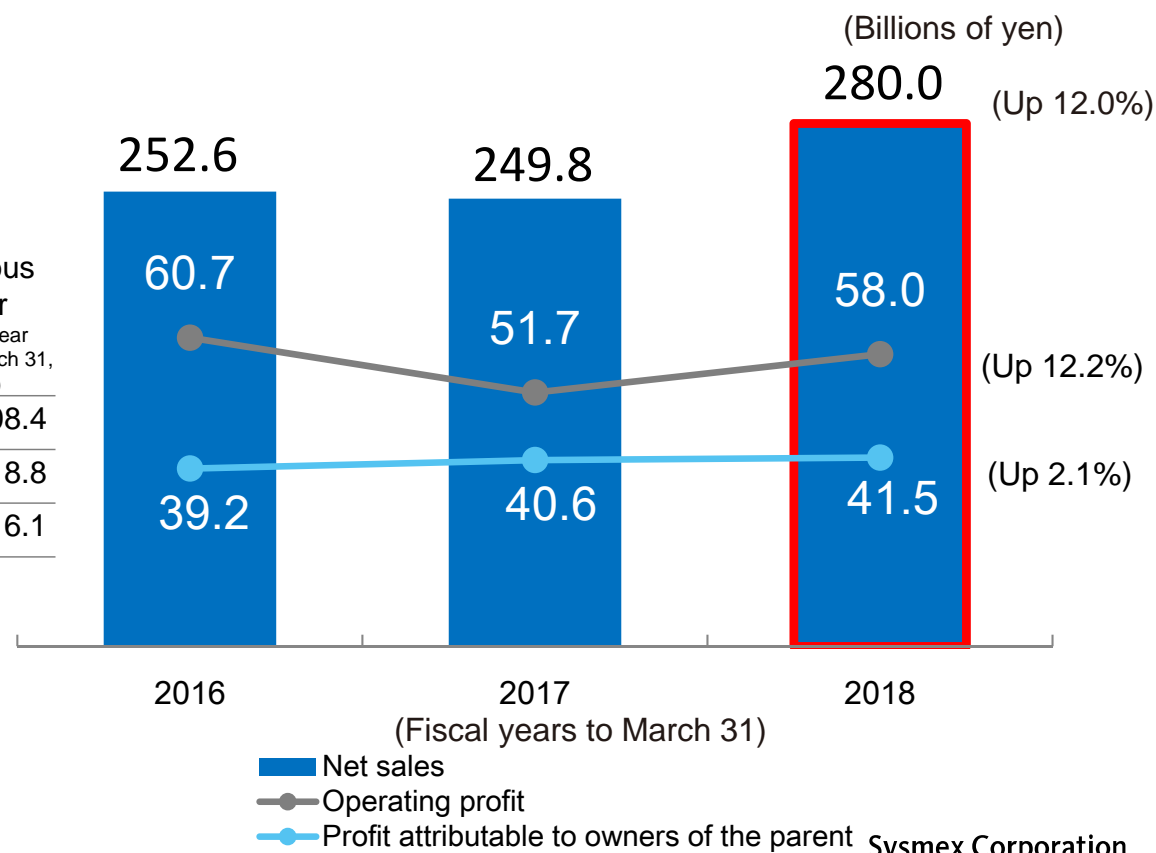
Profit attributable to owners of the parent: **¥41.5 billion** (¥41.0 billion)

Profit attributable to owners of the parent to net sales: **14.8%** (14.9%)

Planned Investment	Capital expenditure: ¥18.0 billion (Tangible only)	Depreciation and amortization: ¥14.0 billion	R&D expenditure: ¥17.5 billion
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### Assumed Exchange Rates

	Full Year (Announced in May 2017)	Full Year (Revised in Nov. 2017)	Second Half (Revised in Nov. 2017)	Previous Year (Fiscal year Ended March 31, 2017)
1 USD	¥110.0	<b>¥110.5</b>	<b>¥110.0</b>	¥108.4
1 EUR	¥115.0	<b>¥128.1</b>	<b>¥130.0</b>	¥118.8
1 CNY	¥16.0	<b>¥16.5</b>	<b>¥16.5</b>	¥16.1



# Revised Earnings Forecast for the Fiscal Year Ending March 31, 2018 (by Geographic Region)



(Billions of yen)

	Previous forecast (Announced in May 2017)	<b>Current forecast (Revised in November 2017)</b>	Change (Against previous forecast)	Percentage change (Against previous forecast)	Fiscal year ended March 31, 2017
Net sales	275.0	<b>280.0</b>	+5.0	+1.8%	249.8
Region					
Americas	64.5	<b>63.5</b>	-1.0	-1.6%	56.5
EMEA	68.0	<b>73.3</b>	+5.3	+7.8%	64.9
China	67.2	<b>70.7</b>	+3.5	+5.2%	60.3
AP	25.0	<b>25.0</b>	±0.0	-	21.1
Japan	50.3	<b>47.5</b>	-2.8	-5.6%	46.9

	Fiscal year ending March 31, 2018 (Announced in May 2017)	<b>Fiscal year ending March 31, 2018 (Revised in November 2017)</b>	<b>Second half of fiscal year ending March 31, 2018 (Revised in November 2017)</b>	Fiscal year ended March 31, 2017
1USD	¥110.0	¥110.5	¥110.0	¥108.4
1EUR	¥115.0	¥128.1	¥130.0	¥118.8
1CNY	¥16.0	¥16.5	¥16.5	¥16.1

# Dividend Forecast



**Proposal corresponds to 16th consecutive year of increases**

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**No change from our initial forecast at the beginning of the year**

	Interim dividend	Year-end dividend	Total	Dividend ratio
Initial forecast for fiscal year ending March 31, 2018	¥30	¥30	¥60	30.1%

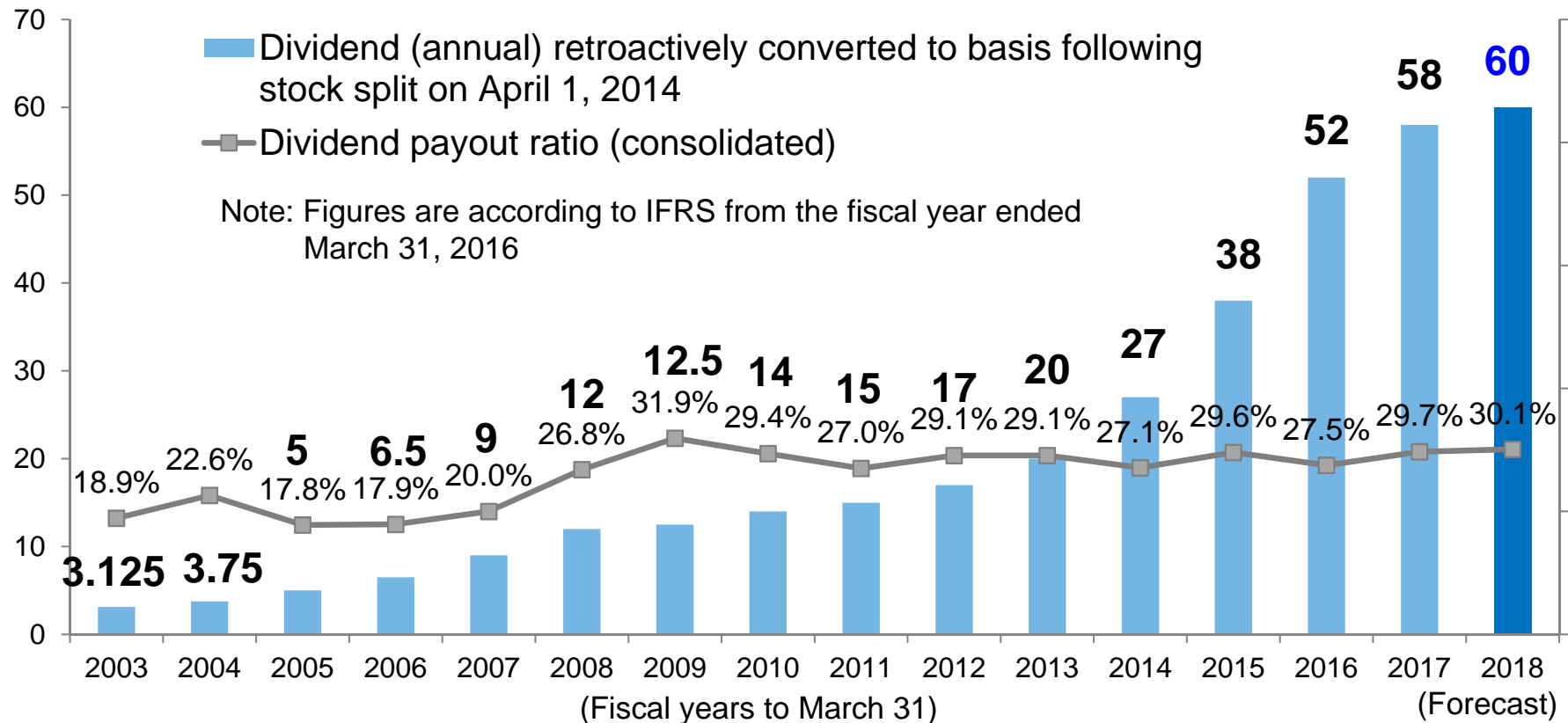
# Dividend Increases for the 16th Consecutive Year (Forecast for the Fiscal Year Ending March 31, 2018)



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

(Yen)



# 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.

## Sysmex Corporation

Contact:

IR & Corporate Communication Dept.

Corporate Communication Div.

Phone: +81-78-265-0500

Email: [info@sysmex.co.jp](mailto:info@sysmex.co.jp)

[www.sysmex.co.jp/en](http://www.sysmex.co.jp/en)