

# Business Results

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

Hisashi Ietsugu, Chairman and CEO  
November 7, 2019

## **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 this 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.

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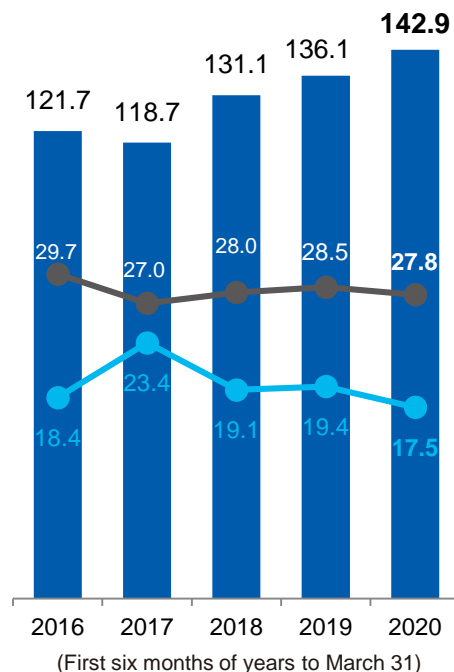
1.

# Financial Highlights for the First Six Months of the Fiscal Year Ending March 31, 2020

# Financial Highlights



(Billions of yen)



(Billions of yen)

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

First six months of fiscal year ended March 31, 2019

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

	Results	Ratio	Results	Ratio	
Net sales	<b>142.9</b>	<b>100%</b>	136.1	100%	<b>105.0%</b>
Cost of sales	<b>65.4</b>	<b>45.8%</b>	59.6	43.8%	<b>109.7%</b>
SG&A expenses	<b>40.0</b>	<b>28.0%</b>	39.7	29.2%	<b>100.6%</b>
R&D expenses	<b>10.4</b>	<b>7.3%</b>	8.7	6.4%	<b>119.4%</b>
Other income (expenses)	<b>0.7</b>	<b>0.5%</b>	0.5	0.4%	<b>145.1%</b>
Operating profit	<b>27.8</b>	<b>19.4%</b>	28.5	20.9%	<b>97.5%</b>
Profit attributable to owners of the parent	<b>17.5</b>	<b>12.3%</b>	19.4	14.3%	<b>90.3%</b>

- **Net sales:** Net sales rose, due to favorable performance in Japan and each overseas region, despite the impact of yen appreciation.
- **Operating profit:** Operating profit was down although gross profit rose as a result of the sales increase, due to yen appreciation and higher R&D expenses. Exchange rate fluctuations reduced net sales ¥6.24 billion and operating profit ¥2.04 billion. At the exchange rates prevailing one year earlier, net sales would have been up 9.6% year on year, and operating profit up 4.7%.
- **Profit attributable to owners of the parent:** Profit was down due to the impact of an exchange rate loss and a higher tax rate.

**Exchange loss (gains):** Loss of ¥1.67 billion

**First six months of fiscal year ending March 31, 2020**      First six months of fiscal year ended March 31, 2019

1USD	<b>¥108.6</b>	¥110.3
1EUR	<b>¥121.4</b>	¥129.9
1CNY	<b>¥15.7</b>	¥16.8

# Breakdown of Net Sales (by Destination)

First six months of  
fiscal year ending  
March 31, 2020

First six months of  
fiscal year ended  
March 31, 2019

Results

Ratio

Yen basis

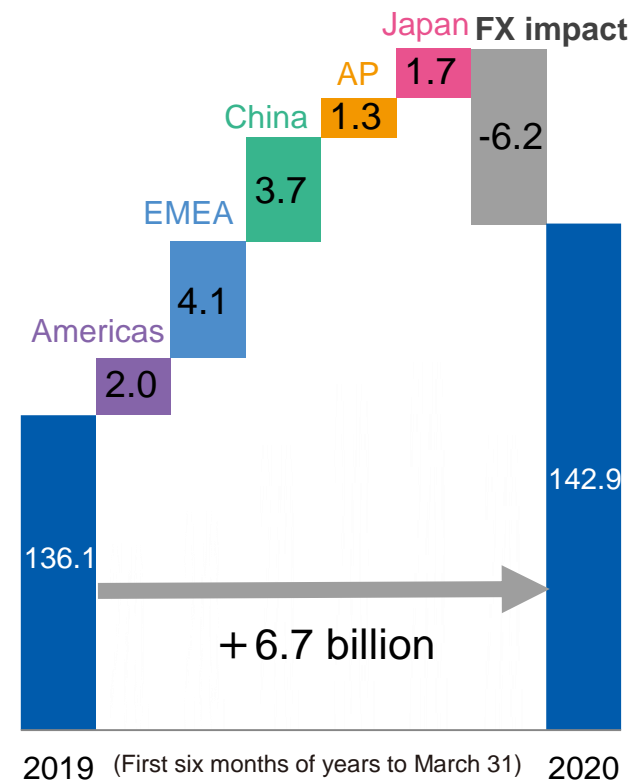
Local currency  
basis

	Results	Ratio	Yen basis	Local currency basis
Net sales	142.9	100.0%	105.0%	109.6%*
Americas	32.7	22.9%	104.4%	106.1%
EMEA	37.5	26.3%	104.4%	111.6%
China	37.4	26.2%	103.3%	110.4%
AP	12.5	8.7%	107.8%	112.0%*
Japan	22.6	15.9%	108.4%	-

\* Year-on-year increase on a yen basis, excluding the impact of exchange rate fluctuations

## Net Sales by Destination

(Billions of yen)



# Sales by Business and Product Type



(Billions of yen)

		First six months of fiscal year ending March 31, 2020		First six 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	89.4	62.6%		
Hemostasis	22.8		16.0%	23.0	16.9%	99.4%	104.4%
Urinalysis	10.0		7.0%	9.4	6.9%	106.0%	111.5%
Immunochemistry	6.8		4.8%	6.2	4.6%	109.2%	113.6%
Clinical chemistry	1.4		1.0%	1.5	1.1%	92.5%	94.3%
FCM business	0.7		0.5%	0.7	0.5%	104.0%	109.1%
IVD and others	6.6		4.6%	5.9	4.4%	110.8%	113.5%
<b>IVD business</b>	<b>138.0</b>		<b>96.5%</b>	<b>131.5</b>	<b>96.6%</b>	<b>105.0%</b>	<b>109.5%</b>
<b>LS business</b>	<b>4.9</b>	<b>3.5%</b>	<b>4.6</b>	<b>3.4%</b>	<b>105.7%</b>	<b>111.7%</b>	
<b>Total sales</b>		<b>142.9</b>	<b>100.0%</b>	<b>136.1</b>	<b>100.0%</b>	<b>105.0%</b>	<b>109.6%</b>

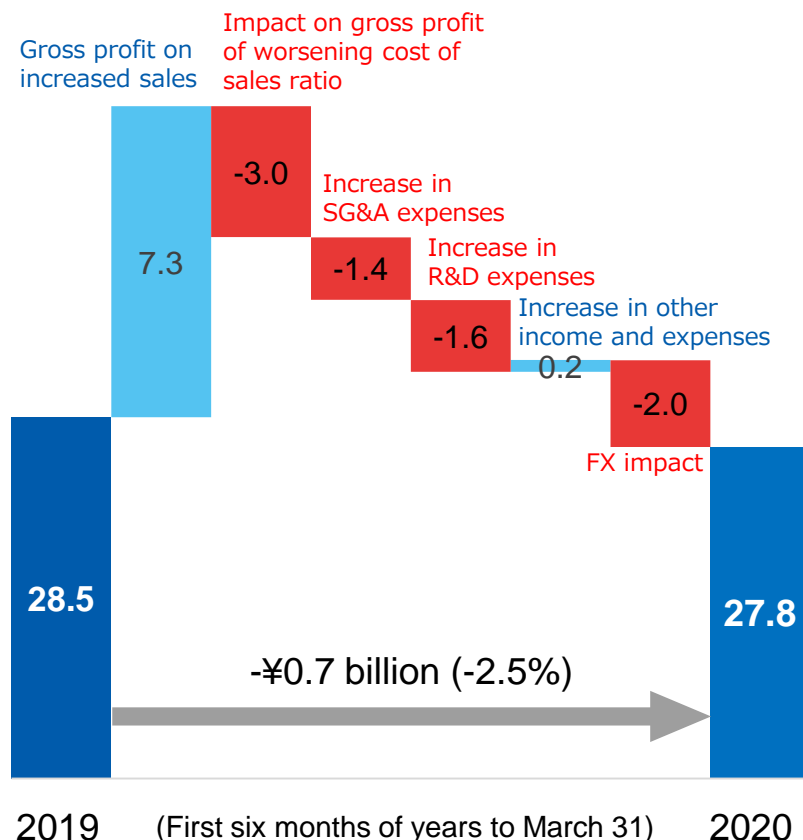
By product type	<b>Instruments</b>	<b>36.0</b>	<b>25.2%</b>	35.5	26.1%	<b>101.4%</b>	<b>105.9%</b>
	<b>Reagents</b> (Excluding the impact of reclassifying products in China)*	<b>84.2</b>	<b>58.9%</b>	81.6	59.9%	<b>103.3%</b> (105.9%)	<b>107.9%</b> (110.7%)
	<b>Services</b> (Excluding the impact of reclassifying products in China)*	<b>17.7</b>	<b>12.4%</b>	15.4	11.3%	<b>114.7%</b> (101.5%)	<b>118.5%</b> (104.9%)
	<b>Others</b>	<b>4.9</b>	<b>3.5%</b>	3.6	2.7%	<b>137.7%</b>	<b>144.5%</b>
	<b>Total sales</b>	<b>142.9</b>	<b>100.0%</b>	<b>136.1</b>	<b>100.0%</b>	<b>105.0%</b>	<b>109.6%</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

## Operating Profit

(Billions of yen)



Note: Total bio-reagent base-related expenses: ¥1.03 billion  
(Cost of sales: ¥0.15 billion; SG&A expenses: ¥0.22 billion;  
R&D expenses: ¥0.66 billion)

## Actual profit up, excluding impact of exchange rates

Note: The figures below exclude the impact of exchange rates.

- Gross profit on increased sales: +¥7.3 billion
- Worsening cost of sales ratio: +2.0pt
  - Impact of higher third-party instrument purchases: +1.1pt
  - Increase in service costs in the United States and China: +0.4pt
  - Changes in the product mix (increase in percentage of reagents): -0.7pt
- Increase in SG&A expenses: +¥1.4 billion
  - Reinforcement of the sales structure in the United States and Central and South America: +¥0.9 billion
  - Enhancement of the sales structure in EMEA: +¥0.2 billion
- Increase in R&D expenses: +¥1.6 billion
  - Investments in new hematology products and the LS business: +¥1.0 billion
  - Rise in expenses due to bio-reagent base: +¥0.6 billion
- Receipt of subsidy income in China: + ¥0.5 billion
- FX impact: -¥2.0 billion



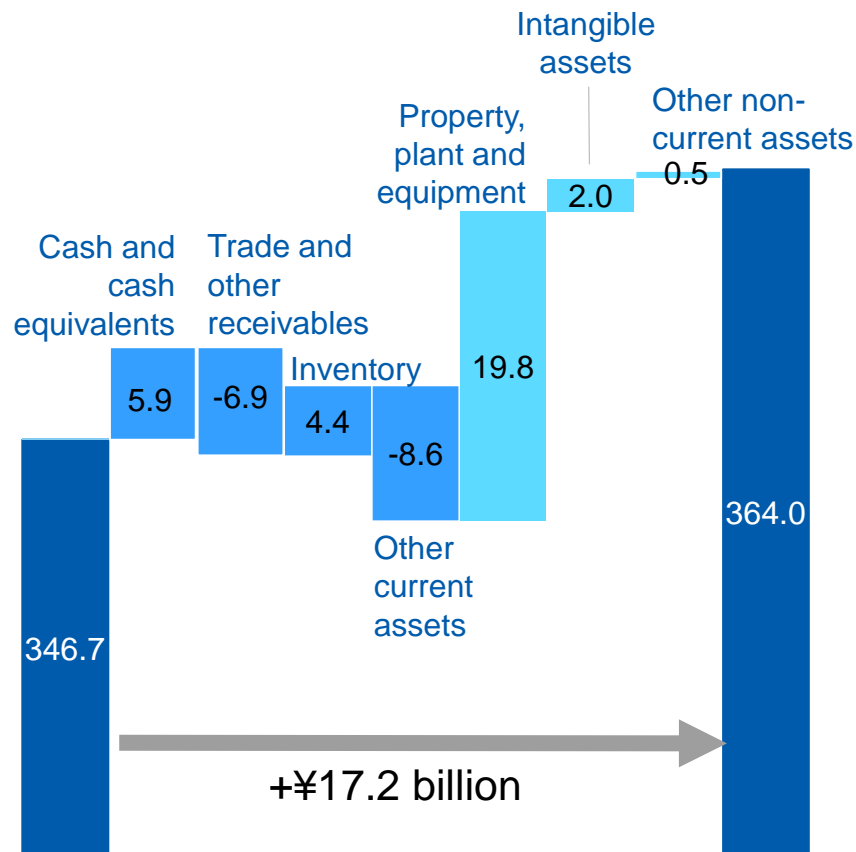
# Breakdown of Assets and Liabilities/Equity

## Assets

(Billions of yen)

Current assets: -¥5.18 billion

Non-current assets: +¥22.43 billion



March 31, 2019

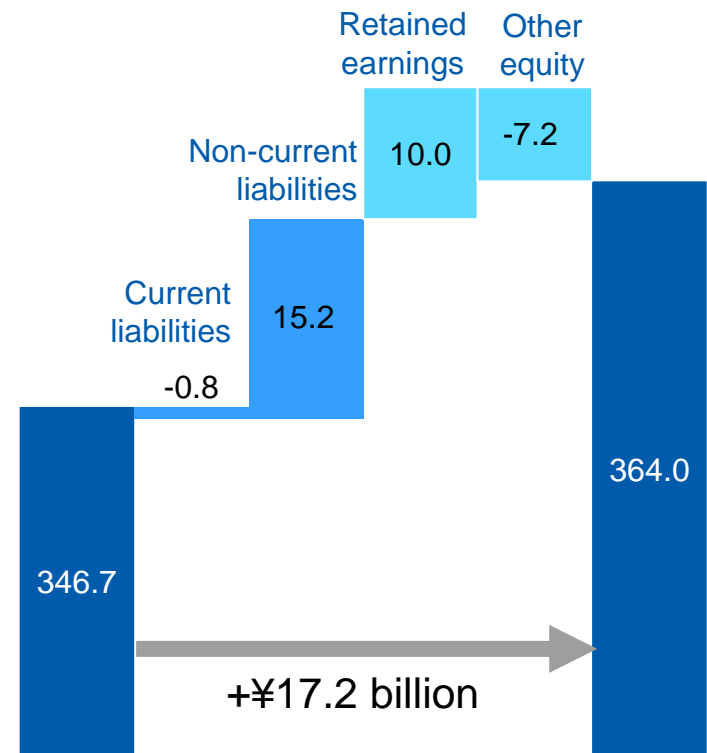
September 30, 2019

## Liabilities/Equity

(Billions of yen)

Liabilities: +¥14.37 billion

Equity: +¥2.87 billion

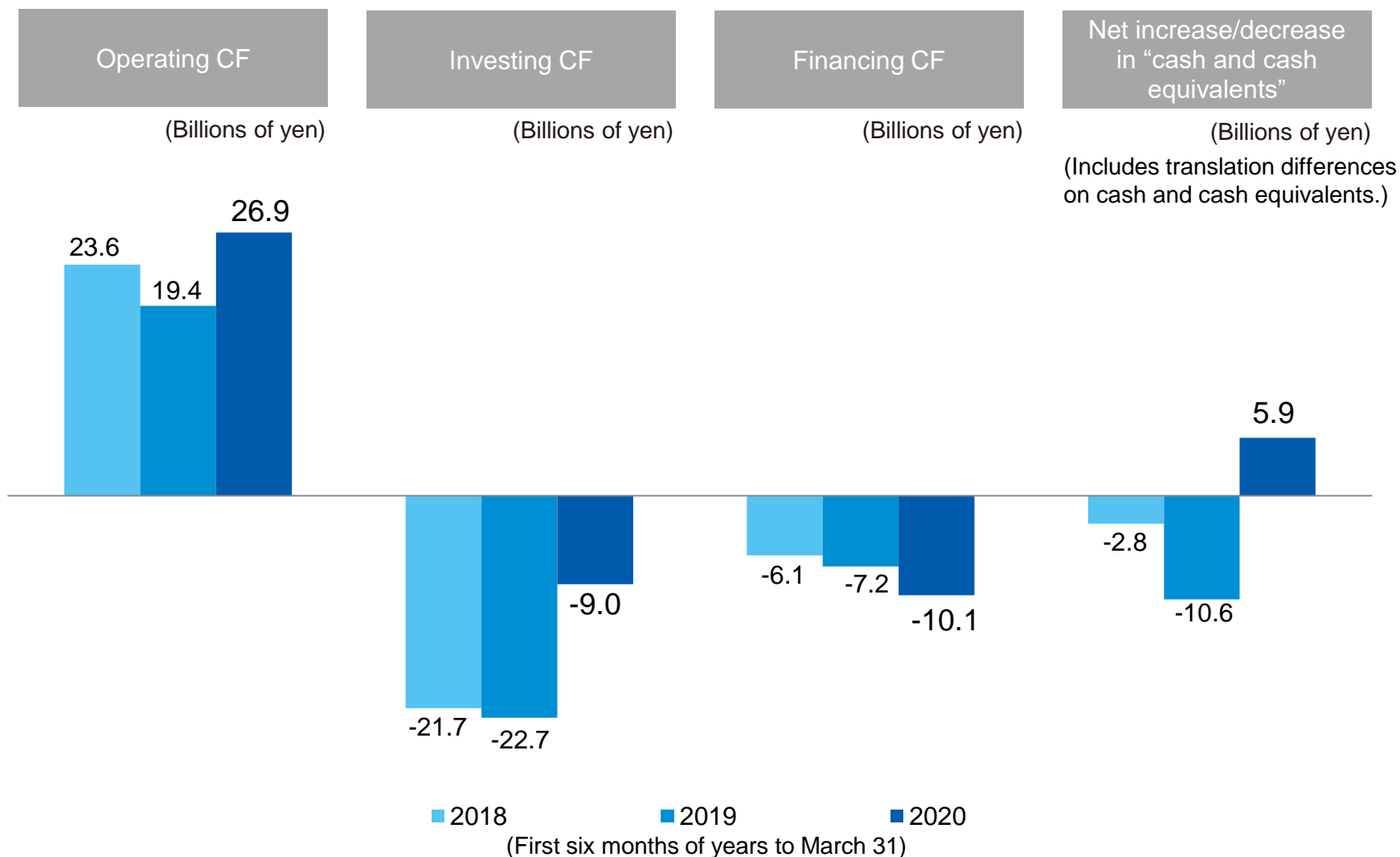


March 31, 2019

September 30, 2019

Note: The application of IFRS16 affected property, plant and equipment; current liabilities; and non-current liabilities.

# Consolidated Cash Flows



Note: The application of IFRS16 affected operating CF and financing CF for the first six months of the year ending March 31, 2020.

## IVD Business

- Sysmex Receives Large Order in the Hematology Field from a Prominent US Commercial Lab
- Sysmex Obtains Multiple Large Orders in India's Hematology Market, Where We Revised the Sales Structure in April
- In Q3, Sysmex to Launch a New Sales Structure in the Mid/Low-End Hematology Markets in Brazil
- World Anti-Doping Agency Coordinates Global Implementation of Sysmex Analyzers at All Blood Laboratories



Analyzer used by the World Anti-Doping Agency

## Life Science Business

- In Q2, Sysmex Begins Accepting Orders for the Oncopanel System for Use in Cancer Gene Profiling, Which Has Received Insurance Coverage
- Sysmex Obtains First Manufacturing and Marketing Approval in Japan for Blood-Based RAS Gene Mutation Testing for Colorectal Cancer
- Development of a Fully Automated Measurement Method for Soluble Immune Checkpoint Molecules (sPD-1, sPD-L1 and sCTLA-4)



OncoBEAM™ RAS CRC kit

## Other

- Sysmex Opens Technopark East Site, a Bio-Diagnostic Reagent Base
- Sysmex and Osaka University Sign Comprehensive Collaboration Agreement to Foster Innovation in the Healthcare Field
- Sysmex Selected for Inclusion in the Dow Jones Sustainability World Index for the Fourth Consecutive Year

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**

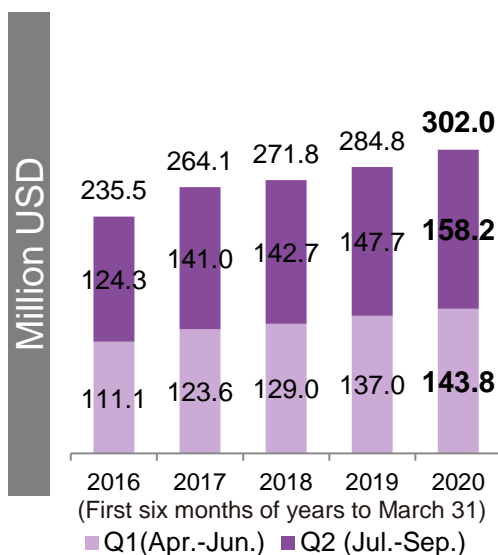
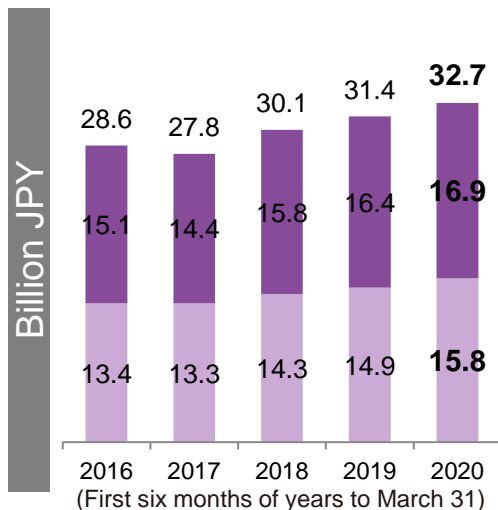


In collaboration with a RobecoSAM brand

# Information by Destination (Americas)



## Sales



(Billions of yen)

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

First six months of  
fiscal year ended  
March 31, 2019

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

(Yen basis) (Local currency basis)

Sales	<b>32.7</b>	31.4	<b>104.4%</b>	106.1%
Instruments	<b>8.9</b>	9.4	<b>94.5%</b>	96.2%
Reagents	<b>15.2</b>	13.7	<b>111.0%</b>	112.8%
Services, others	<b>8.5</b>	8.2	<b>104.6%</b>	106.2%

**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 hemostasis field and to distributors in Brazil in the hematology field.**

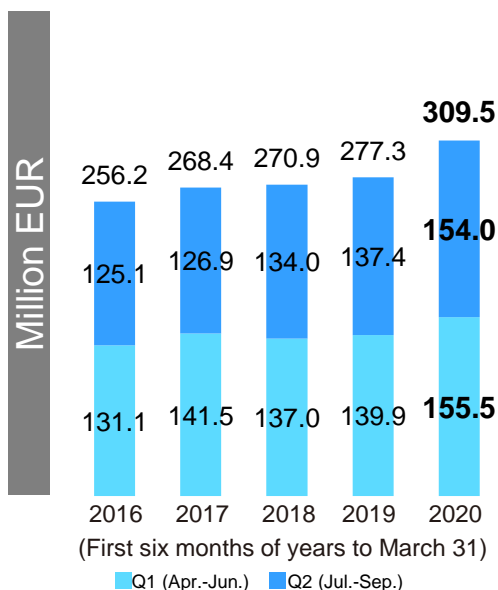
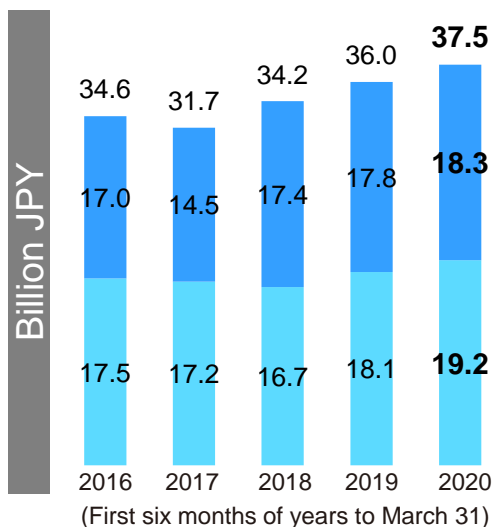
- Instruments: Sales decreased, with sales in the United States falling as the result of delays in the FDA approval of new products in the urinalysis field and lower sales in the hemostasis field compared with major orders received from a prominent commercial lab in the same period of the previous year.
- Reagents: Sales rose, thanks to robust reagent sales in North, Central and South America stemming from an increase in the installed hematology instrument base.

## Topics

- Sysmex received a large Order in the hematology field from a prominent US commercial lab.
- In Q3, Sysmex launched a new sales structure in the mid/low-end hematology markets in Brazil

# Information by Destination (EMEA)

## Sales



(Billions of yen)	First six months of fiscal year ending March 31, 2020	First six months of fiscal year ended March 31, 2019	YoY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	<b>37.5</b>	36.0	<b>104.4%</b>	111.6%
Instruments	<b>10.2</b>	10.0	<b>102.2%</b>	109.2%
Reagents	<b>21.6</b>	20.5	<b>105.7%</b>	113.1%
Services, others	<b>5.6</b>	5.4	<b>103.3%</b>	110.5%

**Sales grew, thanks to higher sales in the hematology field in emerging markets such as the Middle East, Eastern Europe and other regions. Also, the UN Series led to favorable sales in the urinalysis field.**

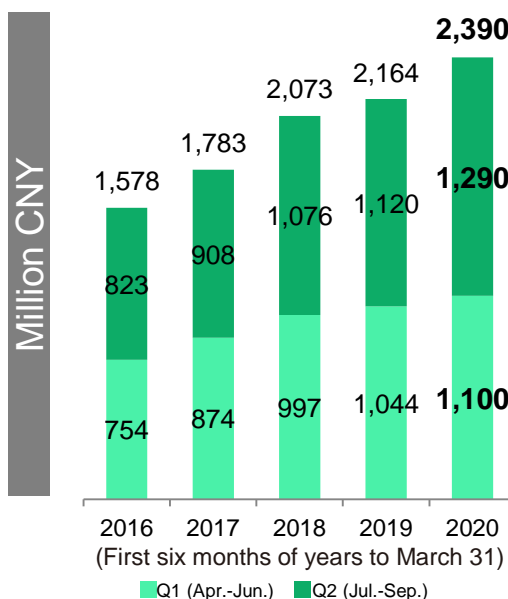
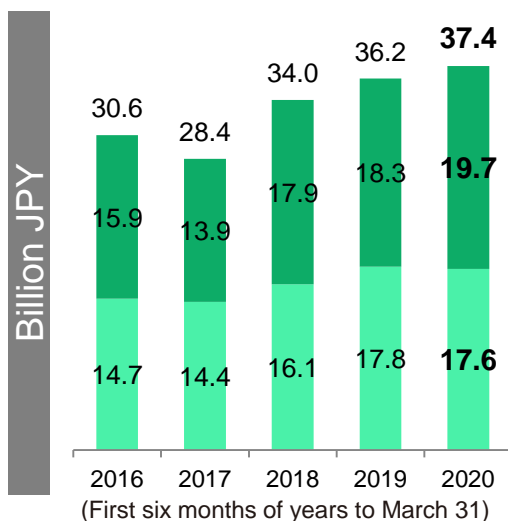
- Instruments: Sales increased due to the acquisition of orders in the hematology field in the United Kingdom and other developed countries, as well as to favorable direct sales in Egypt. In the urinalysis field, direct sales in the United Kingdom and France remained robust, contributing to the increase.
- Reagents: Sales of hematology reagents rose, owing to an increase in the installed instrument base, mainly in emerging markets. Robust performance by the UN Series also led to higher reagent sales in the urinalysis field.

## Topics

- In Q3, Sysmex will commence sales of a hematology analyzer having an automatic measurement function for red blood cells infected by malaria parasites.

# Information by Destination (China)

## Sales



(Billions of yen)	First six months of fiscal year ending March 31, 2020	First six months of fiscal year ended March 31, 2019	YoY (Previous period = 100%) (Yen basis)	YoY (Local currency basis)
Sales	<b>37.4</b>	36.2	<b>103.3%</b>	110.4%
Instruments	<b>9.3</b>	9.6	<b>97.6%</b>	104.3%
Reagents*	<b>24.2</b>	25.5	<b>94.7%</b> (102.8%)	101.3% (110.0%)
Services, others*	<b>3.8</b>	1.0	<b>368.0%</b> (124.9%)	393.5% (133.6%)

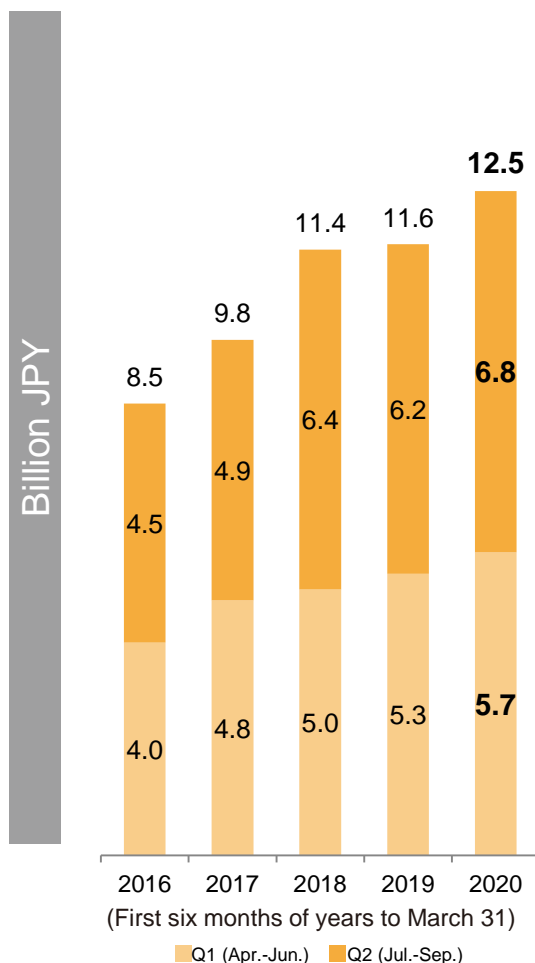
\* Some sales previously included in “reagents” were reclassified to “services” from the third quarter of the fiscal year ended March 31, 2019. Figures in parentheses indicate performance excluding the impact of this reclassification.

## Sales increased, with rises centered on reagent and service sales in the hematology, urinalysis and immunochemistry fields.

- Instruments: In Q1, performance was affected by the concentration of demand in Q4 of the previous year. However, in Q2 sales increased on a local currency basis due to growth in the immunochemistry and hemostasis fields.
- Reagents: Solid sales in the hematology, urinalysis and immunochemistry fields drove higher sales, excluding the impact of product reclassifications.

## Topics

- Sysmex launched a proprietary transport system compatible with the CS-5100, a high-end product for the hemostasis market.



(Billions of yen)	First six months of fiscal year ending March 31, 2020	First six months of fiscal year ended March 31, 2019	YoY (Previous period = 100%) (Yen basis)
Sales	<b>12.5</b>	11.6	<b>107.8%</b> (120.0%)
Instruments	<b>2.8</b>	3.0	<b>93.5%</b>
Reagents	<b>8.4</b>	7.5	<b>113.3%</b>
Services, others	<b>1.2</b>	1.0	<b>109.7%</b>

Note: Figures in parentheses exclude the impact of exchange rate fluctuations.

## Sales expanded due to an increase in sales of hematology reagents, stemming from higher sales in the hematology field in India and an outbreak of dengue fever in Southeast Asia.

- Instruments: In addition to strong sales in the hematology field in India and Thailand, Sysmex received a large order for a transport system in Australia. However, sales were down on comparison with a major order received in Taiwan in the same period of the preceding fiscal year and lower sales in Indonesia, affected by fiscal deficits in the national health insurance plan.
- Reagents: Sales rose, as an outbreak of dengue fever led to higher sales in the hematology field in Southeast Asia, as well as a contribution from sales of immunochemistry reagents.

## Topics

- In April, Sysmex commenced sales in India under a new structure in the hematology field. This arrangement progressing well, including the introduction of the XN Series at prominent commercial labs.

# Information by Destination (Japan)

(Billions of yen)

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

First six months of  
fiscal year ended  
March 31, 2019

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

(Yen basis)

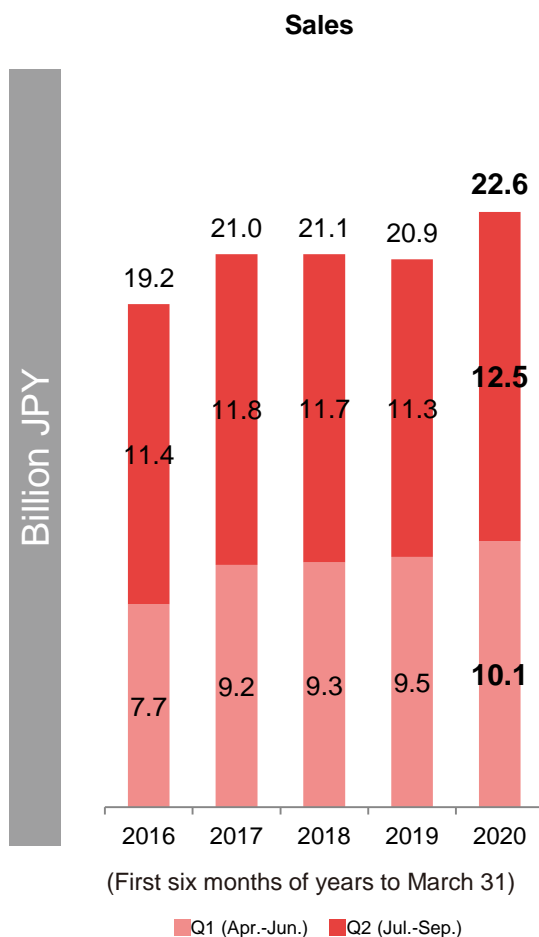
	<b>22.6</b>	20.9	<b>108.4%</b>
Sales			
Instruments	<b>4.6</b>	3.3	<b>136.6%</b>
Reagents	<b>14.6</b>	14.2	<b>102.3%</b>
Services, others	<b>3.4</b>	3.2	<b>105.7%</b>

**Sales rose thanks to higher sales of instruments in the hematology and hemostasis fields, as well as to favorable results of system introduction proposals.**

- Instruments: Sales increased, due to higher demand for upgrades in the hematology field and favorable sales of a new product in the hemostasis field (the CN Series).
- Reagents: Sales grew as the result of favorable performance from hemostasis reagents and unique immunochemistry parameters.

## Topics

- RIKEN GENESIS commenced assay services in Q2, following insurance coverage from June of the NCC Oncopanel system for cancer gene profiling.
- In September, Sysmex launched Caresphere™ QM, an operational support system for management.





2.

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

# Consolidated Earnings Forecast



Notes: Changes subsequent to the May 2019 announcement are indicated in red.

Forecast figures announced in May 2019 are indicated in parentheses, ( ).

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

Net sales: **¥310.0 billion** (¥320.0 billion)    Operating profit: **¥60.0 billion** (¥64.0 billion)    Operating margin: **19.4%** (20.0%)

Profit attributable to owners of the parent: **¥38.5 billion** (¥42.0 billion)    Profit attributable to owners of the parent to net sales: **12.4%** (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**

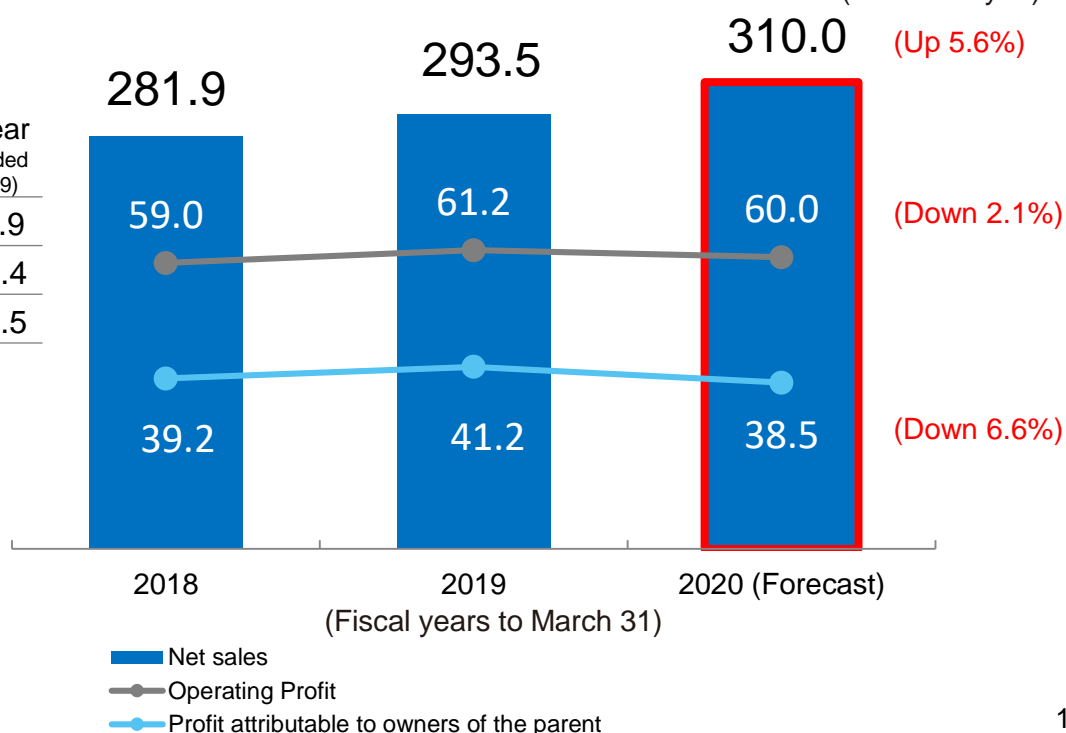
(Billions of yen)

### Assumed Exchange Rates

	Full year (Revised in November 2019)	Second Half (Revised in November 2019)	Previous year (Fiscal year ended March 31, 2019)
1 USD	¥108.3	¥108.0	¥110.9
1 EUR	¥120.7	¥120.0	¥128.4
1 CNY	¥15.5	¥15.3	¥16.5

### Exchange Rate Sensitivity

	Net sales (year)	Operating profit (year)
USD	¥0.63 billion	¥0.21 billion
EUR	¥0.45 billion	¥0.11 billion
CNY	¥5.23 billion	¥4.05 billion



# Revised Earnings Forecast for the Fiscal Year Ending March 31, 2020 (By Destination)



Figures in red have been revised subsequent to May 2019 announcement.

(Billions of yen)

		Previous forecast (Announced in May 2019)	Current forecast (Revised in November 2019)	Change (Against previous forecast)	Percentage change (Against previous forecast)	Fiscal year ended March 31, 2019
Sales		320.0	310.0	-10.0	-3.1%	293.5
Region	Americas	76.7	75.9	-0.8	-1.0%	70.5
	EMEA	80.4	77.5	-2.9	-3.6%	75.6
	China	87.1	80.8	-6.3	-7.2%	78.2
	AP	27.6	27.6	0.0	0.0	25.0
	Japan	48.2	48.2	0.0	0.0	44.0

	Full year (Announced in May 2019)	Full year (Revised in Nov. 2019)	Second half (Revised in Nov. 2019)	Previous year (Fiscal year ended March 31, 2019)
1USD	¥110.0	¥108.3	¥108.0	¥110.9
1EUR	¥125.0	¥120.7	¥120.0	¥128.4
1CNY	¥16.5	¥15.5	¥15.3	¥16.5

## Proposal corresponds to 18th consecutive year of increases

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

	Interim dividend	Year-end dividend	Total	Dividend ratio
Initial forecast for the fiscal year ending March 31, 2020	¥36	¥36	¥72	39.0%

# Reference: Results by Geographic Region (Sales and Operating Profit)



(Billions of yen)

		First six months of fiscal year ending March 31, 2020	First six months of fiscal year ended March 31, 2019	YoY (Previous period = 100%)	
				Yen	Local currency
Americas	Sales to external customers	30.2	29.2	103.5%	105.1%
	Operating profit	0.9	1.5	62.4%	63.4%
EMEA	Sales to external customers	38.1	37.0	103.1%	110.2%
	Operating profit	3.8	3.1	121.7%	127.8%
China	Sales to external customers	37.3	36.1	103.3%	110.5%
	Operating profit	4.1	5.5	74.8%	80.6%
AP	Sales to external customers	12.4	11.4	108.1%	-
	Operating profit	1.6	1.4	110.0%	-
Japan*	Sales to external customers	24.8	22.2	111.3%	-
	Operating profit	17.9	17.5	102.1%	-

\*Includes sales to IDEXX and other external customers

Lighting the way **with diagnostics**