FY2007 Business Results
Financial Highlights and Future Opportunities

Hisashi Ietsugu
President and CEO
SYSMEX CORPORATION
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- FY2007 Financial Highlights
- FY2008 Opportunities
  Consolidated Earnings Forecast

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 current judgments and assumptions of the Sysmex Group in light of information currently available to it, and involve both known and unknown risks, uncertainties and other factors, including, but not limited to: future business operations and changes in external environments at home or abroad. Such risks, uncertainties, and other factors may cause the actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements, or financial position expressed or implied within these forward-looking statements.
FY2007 Financial Highlights

- Financial Highlights
- Topics
- Breakdown of Net Sales and Ordinary Income
- Breakdown of Balance Sheet
- Consolidated Cash Flow
- Projected Dividend
Financial Highlights

- Growth achieved in sales and operating income for the 8th and 6th consecutive year, respectively
- Overseas sales expanded (62.5% > 67.5%)
- Japan
  - Financial targets not achieved due to new launches being delayed
- US
  - Top line growth and improved profitability in hematology
- Europe
  - Geographic expansion of direct sales (Switzerland, Central Europe)
  - Business expansion in newly-established markets in the ME and Africa

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>As percentage of the public consensus figures</th>
<th>As percentage of the 2007.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008.3</td>
<td>110.7</td>
<td>98.9%</td>
<td>109.6%</td>
</tr>
<tr>
<td>2008.3</td>
<td>15.0</td>
<td>100.2%</td>
<td>118.2%</td>
</tr>
<tr>
<td>2008.3</td>
<td>14.5</td>
<td>95.1%</td>
<td>107.1%</td>
</tr>
<tr>
<td>2008.3</td>
<td>9.1</td>
<td>93.2%</td>
<td>101.4%</td>
</tr>
</tbody>
</table>
Topics

New Products

- Automated hematology analyzer XE-5000
- Fully automated immunoassay analyzer HISCL-2000i (Reagent lines widening)

Affiliates and Offices

- Sales and support network expanded in Central Europe (Austria, Hungary, Czech, Slovakia)
- Direct sales and support begun in Canada (Sysmex Canada Inc. established)

Alliances

- Renewed sales and support agreement with Roche (review of areas, marketing of urinalysis analyzers)
- bioMérieux
  - Sales and support agreement for our urinalysis analyzers concluded
  - Equity stake in bioMérieux Japan
- Alliance formed with IDEXX in the animal diagnostic testing field

Other Developments

- Sysmex Way, the corporate philosophy of the Sysmex Group formed
Breakdown of Net Sales and Ordinary Income

※FX impact excluded from regional sales below

**Net Sales**

(in billions of JPY)

<table>
<thead>
<tr>
<th>Region</th>
<th>2007.3</th>
<th>2008.3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>101.0</td>
<td>110.7</td>
<td>+1.9</td>
</tr>
<tr>
<td>Europe</td>
<td>5.1</td>
<td>2.4</td>
<td>↓2.7</td>
</tr>
<tr>
<td>Americas</td>
<td>2.1</td>
<td>1.0</td>
<td>↓1.1</td>
</tr>
<tr>
<td>China</td>
<td>4.1</td>
<td>2.4</td>
<td>↓1.7</td>
</tr>
<tr>
<td><strong>FX impact</strong></td>
<td>0.87</td>
<td>2.4</td>
<td>+1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>106.2</td>
<td>113.1</td>
<td>+6.9</td>
</tr>
</tbody>
</table>

**Ordinary Income**

(in billions of JPY)

- Gross margin on increased sales
- Gross margin increased as a result of an improvement in cost ratio
- Gross margin increased as a result of FX impact

<table>
<thead>
<tr>
<th>Region</th>
<th>2007.3</th>
<th>2008.3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin on increased sales</td>
<td>4.1</td>
<td>1.1</td>
<td>↓3.0</td>
</tr>
<tr>
<td>Increased SG&amp;A</td>
<td>2.4</td>
<td>4.1</td>
<td>+1.7</td>
</tr>
<tr>
<td>Non-operating Income decreased</td>
<td>1.3</td>
<td>△5.4</td>
<td>↓4.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13.5</td>
<td>14.5</td>
<td>+1.0</td>
</tr>
</tbody>
</table>

**Net Sales**

UP 9.6 billion

**Ordinary Income**

UP 0.97 billion
Breakdown of Balance Sheet

**Assets**

(in billions of JPY)

- **Tangible fixed assets**: 5.3
- **Intangible fixed assets**: 2.0
- **Others**: 0.36
- **Cash**: 109.0
- **Others**: 2007.3

**Liabilities/Equity**

(in billions of JPY)

- **Retained earnings**: 6.9
- **Others**: 109.0
- **Fixed liabilities**: 0.61
- **Current liabilities**: 0.47
- **Equity**: 101.2
- **Current assets**: 101.2

**Notes/Account receivable**: Up 7.8 billion

**Inventories**: Up 7.0

**Up 0.80**

**Up 6.7**

**Up 1.0**

**Up 7.0**

**UP 7.8 billion**
Consolidated Cash Flow

**Increase/decrease in “cash and cash equivalents” include translation differences of cash and cash equivalents.**
## Projected Dividend

<table>
<thead>
<tr>
<th>Year</th>
<th>Interim dividend</th>
<th>Year-end dividend</th>
<th>Total</th>
<th>Dividend ratio (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2007</td>
<td>¥ 20</td>
<td>¥ 28</td>
<td>¥ 48 ※</td>
<td>26.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>※ Including an 8 yen 40th anniversary commemorative dividend</td>
</tr>
<tr>
<td>FY2006</td>
<td>¥ 16</td>
<td>¥ 20</td>
<td>¥ 36</td>
<td>20.0%</td>
</tr>
</tbody>
</table>
Opportunities for FY2008

- External Environment
- Long-Term Vision and Core Strategies
- Approaches in Each Geographical Segment
- Programs for the Life Science Business
- Progress in R&D
External Environment

**Global Economy**

**Advanced Countries**
- US slowing down
  - Decoupling with US currency
- Europe remains brisk
- Japan stagnant

**Newly-established Markets**
- Growth sustained
  - “Oil money” increasingly present
  - Rising input costs

**Competitive Environment**

**Diagnostics Market**
- Entry of diagnostic imaging system manufacturers
- M&As in developed countries by businesses from new economies

**Healthcare Industry**
- Getting crowded

**Life Science Technology**
- More new technologies in the market

**Healthcare Environment**

**Advanced Countries**
- Aging population expanding demand for preventive medicine
  (Japan)
  - Healthcare program for the “old-old”
  - Specific medical examinations and health guidance
  - Medical fees revised

**Newly-established Markets**
- Medical infrastructure expanded as economy develops

Growth of the healthcare industry accelerated
**Environmental Shifts in Japan’s Diagnostics Market**

**From Treatment to Prevention**

- **Medical fee revision**
  - FY06 reduction put medical institutions under tough business conditions
  - In FY08, fees for medical procedures (including diagnostics) revised upwardly

- **Specific medical examinations and health guidance**
  - Commenced in April 2008

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**Revisions in Diagnostics Test Fees**

[Graph showing revisions in test fees from 2000 to 2008 with a peak in 2008 at 1.0% increase.]

- 2000: -7.2%
- 2002: -14.0%
- 2004: -12.0%
- 2006: -10.0%
- 2008: 1.0%

Source: Japan Association of Clinical Reagents Industries (2008: Sysmex forecast)
Long-term Vision and Core Strategies

Long-term Vision: A Unique & Global Healthcare Testing Company

- No. 1 global company in hematology
- Leading company in the diagnostics field in Asia
- Global niche company in the life science field

Global Niche No. 1

Consolidated No. 1 global position in coagulation and urinalysis, as well as hematology

Focus on Asia

Leading company in the diagnostics field in Asia

Focus on Life Sciences

Leading company in the cancer diagnosis market
40th Anniversary Commemorative Event

- Corporate value enhancement worldwide
- Completion of R&D center (Techno Park) where “knowledge is created and passed on”
- Service to society
- 40th anniversary commemorative dividend etc.

Project concept: Create and pass on “knowledge”
**Geographic Segment Information (Japan)**

**[FY2007]**
- Superior solutions won large-scale contracts
- Slow sales of hematology analyzers
- Delayed launches in immunochemistry and coagulation markets
- Slow sales of influenza testing reagents
- Large-scale contract won from the Korean government

**[FY2008]**
- Continued focus on the solutions business to win contracts with large-scale institutions
- Tap into our strength to expand business in the coagulation and immunochemistry fields
- Sysmex bioMérieux business to begin
- Promote ISO certification support business

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales to Customers</th>
<th>Intra-area Transfer</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>25.5</td>
<td>7.4</td>
<td>39.3</td>
</tr>
<tr>
<td>2008.3</td>
<td>29.3</td>
<td>7.8</td>
<td>37.5</td>
</tr>
<tr>
<td>2009.3</td>
<td>31.4</td>
<td>6.6</td>
<td>39.8</td>
</tr>
</tbody>
</table>

※ Including instrument profits of exports

<Including Korea and Taiwan> (in billions of JPY)
[FY2007]
- Brisk sales to integrated health networks (IHNs) and blood centers (hematology)
- Hematology image analyzers distributed to leading commercial labs
- Solution-oriented, SNCS* -based marketing brisk
- Slow instrument sales in urinalysis and coagulation fields
- Hematology business growing in Central & South America

※ SNCS (Sysmex Network Communication Systems)
Service enabling customers to connect their equipment to the Sysmex Technical Support Center via Internet, providing online support and quality control.

[FY2008]
- Continued focus on sales activities for IHNs
  - Enhance customer support (including on-line support)
- Full introduction of automated hematology analyzer XE-5000
- Full launch of direct sales and support activities in Canada
- Reinforce marketing in the lower-tier market and physicians’ office laboratory (POL) market

<table>
<thead>
<tr>
<th>(in billions of JPY)</th>
<th>Americas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>19.1</td>
</tr>
<tr>
<td>2008.3</td>
<td>20.8</td>
</tr>
<tr>
<td>2009.3</td>
<td>23.0</td>
</tr>
</tbody>
</table>

(Sales)

Systems Canada, Inc
Geographic Segment Information (Europe)

[FY2007]
- Business growth slowing down due to healthcare system reform in Germany and the UK
- Buoyant sales in Switzerland and Central Europe (direct sales areas)
- Slow sales of coagulation analyzers
- Hematology business advanced greatly in newly-established markets (the ME and Africa)
- High-value-added products gaining greater recognition (body fluid measurement, etc.)

[FY2008]
- Continued focus on ICS (Integrated Concept Solution) marketing
- Direct sales and support activities to begin in France
- Expand sales of urinalysis analyzers via alliance with bioMérieux
- Branch out into newly-established markets such as the ME and Africa
Geographic Segment Information (China)

[FY2007]
- Sluggish instrument sales due to the “Clean Campaign” began to improve
- Solution-oriented marketing brisk in the upper-tier market (greater emphasis on quality of testing)
- Successful bidding rate decreased for compact hematology analyzers
- Brisk sales of coagulation analyzers
- Brisk sales of dry chemistry (clinical chemistry)

[FY2008]
- Continued focus on ICS (Integrated Concept Solution) marketing in the upper-tier market
- New introductions in the coagulation field
- Enter into the mid-tier market by expanding product lines in the clinical chemistry field
Geographical Segment Information (AP)

[FY2007]

- Large-scale contract won from the Malaysian government (precautions against thalassemia)
- Hematology business grew in India
- System product sales brisk in Philippines and Oceania
- Thai business growth thanks to reinforcement of the after-sales support system

[FY2008]

- Reinforce the hematology business by introducing ICS marketing
- Reinforce sales activities in the coagulation market
- Production at the reagent plant in Baddi (India) to go into full operation
Programs for the Life Science Business

[FY2007]

**Systems for rapid detection of lymph node metastasis**
- Assessment of performance at medical institutions with a view to purchase (France, the UK, Italy)
- Application for eligibility under the provisions for highly-advanced medicine in France
- Application filed with the Ministry of Health, Labour and Welfare of Japan
- Clinical trials underway in the US

**Genetic analysis systems and DNA chips**
- Market introduction for Clinical Research use

[FY2008]

- Accelerate market introduction of systems for rapid detection of breast cancer lymph node metastasis in Japan and Europe
  - Clinical trials to be completed in the Americas
  - Expand applicable cancer types (colon cancer, etc.)
- Accelerate market introduction of genetic analysis systems and DNA chips
## Progress in R&D (Life Science)

<table>
<thead>
<tr>
<th>Technology</th>
<th>Research</th>
<th>Clinical Study</th>
<th>Application/Approval</th>
<th>Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrence prediction technology</td>
<td>Clinical research completed</td>
<td>Clinical trial initiated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemosensitivity prediction technology</td>
<td>Clinical research underway</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cervical cancer screening technology</td>
<td>Clinical research initiated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High sensitivity cytological technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimally invasive blood glucose self-measurement technology</td>
<td>System currently undergoing change</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diabetes management system</td>
<td>Clinical research underway</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Clinical Trial: Clinical performance trial to obtain approval
FY2008 Consolidated Earnings Forecast

- Consolidated Earnings Forecast
- Projected Dividend
FY2008 Consolidated Earnings Forecast

- **Sales**: ¥118 billion
- **Ordinary Income**: ¥15.8 billion
- **Net Income**: ¥9.6 billion
- **Ordinary Income ratio**: 13.4%
- **Net Income ratio**: 8.1%

**Investment plan**

- **Equipment**: ¥9.0 billion
- **R&D**: ¥11.0 billion

(Planned exchange rate: US$1 = ¥100, EUR1 = ¥157)
Factors Behind Earnings Forecast

**Improvement in Cost Percentage**
- Greater ratio of sales from direct sales and support (Americas, Europe)
- Areas of direct sales and support expanding (Canada, France, Central Europe, etc.)
- Sysmex bioMérieux business to begin in Japan
- Changes in cost structure due to unified accounting standards (Americas, Europe)

**Increase in SG&A**
- Increase in labor and expenses due to expansion of sales base (Canada, France, Central Europe, etc.)
- Frontloaded investment in the life science business (expenses for clinical trials, reinforcing sales structures)
- Increased SG&A owing to changes in cost structure
- Higher depreciation due to completion of the Techno Park
  ※ Slight impact of changes in existing equipment’s depreciation period (Temporary factors)

**Others**
- Tax increase in China due to change in the preferential tax system for foreign capital
- Further depreciation of dollar and appreciation of yen

Forex rate for FY2007: 1US$ = ¥114, 1EUR = ¥161
Forex assumption for FY2008: 1US$ = ¥100, 1EUR = ¥157
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Challenging the Frontiers of Healthcare Testing