



OMRON

Sensing tomorrow™

Financial Results for the First Quarter Ended June 30, 2013 (FY13 Q1)

July 30, 2013

OMRON Corporation



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- Briefing of Environmental Solutions Business strategies to follow this presentation



FY13 Overview



FY13 Overview

Q1 (April-June) Results

- Vs. FY12 Q1: Sales and operating profit jumped year on year.
 - Sales up in all segments, especially Automotive Electronic Components (AEC), Social Systems (SSB), Healthcare (HCB) and “Other”.
 - AEC, HCB and Other contributed to OP increase in total.
- Vs. Plan: Achieved consolidated targets in initial exchange rates (internal, undisclosed).

1H & Full-Year Forecast

- Looking to move ahead to achieve sales & OP gain in each business segment as initially planned. No change to assumed exchange rates and raw material prices in spite of the weaker yen.
- Omron will keep working on VG2020 long-term strategies, executing strategic investments for growth, to complete the final year of the 3-year GLOBE Stage.



FY13 Q1 Results



Consolidated P/L

- Sales and OP up Y/Y by 16.5% and 59.1%.
- Gross profit margin almost as planned at 37.6%, up 1% pt due to sales increase and forex.

(Billions of yen)

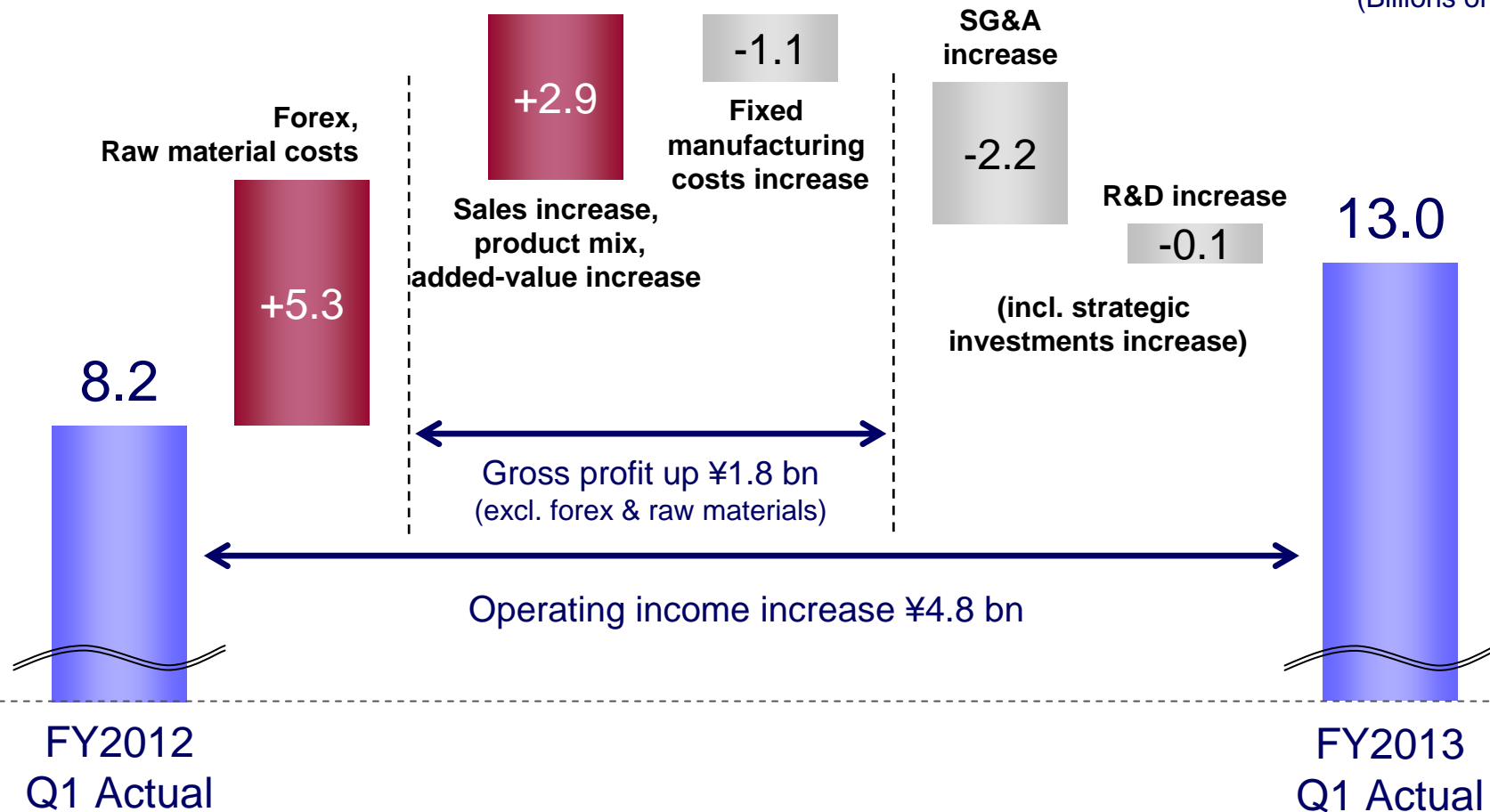
	FY2013 Q1	FY2012 Q1	Y/Y
Net Sales	174.6	149.9	+16.5%
Gross Profit	65.7	54.8	+19.8%
(%)	(37.6%)	(36.6%)	(+1.0% pt)
SG&A	41.7	36.0	
R&D	11.0	10.6	
Operating Income	13.0	8.2	+59.1%
(%)	(7.5%)	(5.5%)	(+2.0% pt)
Non-operating Income (loss), net	0.3	1.4	
NIBT	12.7	6.8	+86.1%
Net Income attributable to shareholders	9.2	4.7	+95.9%
1USD (JPY)	98.3	80.4	+17.9
1EUR (JPY)	127.6	103.4	+24.2
Copper (JPY/kg)	775	721	+54
Silver (JPY/kg)	82,340	82,880	-540



Operating Income Analysis, Y/Y

- Gross profit up due to sales increase and favorable forex. OP up notably in spite of SG&A and R&D strategically increased for growth.

(Billions of yen)





Consolidated B/S

- Inventory well managed.
Up ¥8.2 bn Y/Y, but down ¥3 bn to ¥88.2 bn w/o forex impact.

(Billions of yen)

	June 30, 2013	June 30, 2012	Ref. Mar. 31, 2013
Assets	591.2	517.8	573.6
Cash and cash equivalents	67.8	50.7	55.7
Notes and accounts receivable - trade	149.5	122.4	156.9
Inventories	99.5	91.3	91.0
(w/o forex impact)	88.2	91.3	
Deferred income taxes, other current assets	31.4	29.8	30.1
Property, plant and equipment	129.4	118.3	126.8
Investments and other assets	113.6	105.3	113.1
Liabilities	202.8	201.5	204.9
Short-term debt	9.4	23.7	5.6
Long-term debt	0.0	0.0	0.0
Notes and accounts payable - trade	78.6	69.2	75.6
Termination and retirement benefits	55.5	59.0	56.9
Other liabilities	59.3	49.6	66.8
Net Assets	388.3	316.3	368.8
Common stock and retained earnings	436.9	438.5	427.7
Accumulated other comprehensive income (loss)	-34.2	-78.6	-44.3
Treasury stock	-16.4	-44.5	-16.4
Non-controlling interests	1.9	0.9	1.8
Total Liabilities and Shareholders' Equity	591.2	517.8	573.6



Consolidated Cash Flows

➤ FCF notably up Y/Y due to increased net income.

(Billions of yen)

	FY2013 Q1	FY2012 Q1	(Ref. FY2012)
Operating activities	17.8	12.6	53.1
Investing activities	-5.6	-7.5	-28.5
Free cash flow	12.2	5.1	24.6
Financing activities	-1.4	2.0	-18.6
Effect of exchange rate changes on cash and cash equivalents	1.2	-1.7	4.4
Net increase/decrease in cash and cash equivalents	12.0	5.5	10.5
Cash and cash equivalents at end of the period	67.8	50.7	55.7
Capital expenditures	5.8	7.0	28.3
Depreciation and amortization	5.7	5.3	22.5

*Capital investment is represented as capital expenditures on the consolidated cash flow statement.



Sales by Segment

- All business segments up Y/Y.
- Especially AEC, SSB, HCB and “Other.”

(Billions of yen)

	FY2013 Q1	FY2012 Q1	Y/Y
IAB Industrial Automation	66.8	66.0	+1.2%
EMC Electronic & Mechanical Components	23.7	21.3	+11.2%
AEC Automotive Electronic Components	29.3	24.1	+21.5%
SSB Social Systems, Solutions & Service	12.8	10.0	+27.5%
HCB Healthcare	20.9	15.4	+36.3%
Other	19.5	11.5	+69.4%
Eliminations & Corporate	1.6	1.6	-1.6%
Total	174.6	149.9	+16.5%



Operating Income by Segment

- AEC, HCB and “Other” up as sales rose.
- Total OP jumped to demonstrate strong business mix operation.

(Billions of yen)

	FY2013 Q1	FY2012 Q1	Y/Y
IAB Industrial Automation	7.7 (11.5%)	8.2 (12.4%)	-0.5 (-0.9% pt)
EMC Electronic & Mechanical Components	1.5 (6.5%)	1.6 (7.5%)	-0.1 (-1.0% pt)
AEC Automotive Electronic Components	2.2 (7.5%)	1.5 (6.3%)	+0.7 (+1.2% pt)
SSB Social Systems, Solutions & Service	-1.8 (-)	-1.7 (-)	-0.1
HCB Healthcare	2.2 (10.6%)	0.9 (5.9%)	+1.3 (+4.7% pt)
Other	2.2 (11.1%)	-1.1 (-)	+3.3
Eliminations & Corporate	-1.0	-1.2	+0.2
Total	13.0 (7.5%)	8.2 (5.5%)	+4.8 (+2.0% pt)

(%): Operating income/External sales



Sales by Area (JPY)

- Overseas sales posted double-digit growth, especially Europe, Greater China and Asia Pacific.
- Emerging markets – GLOBE STAGE focus – steadily up.

(Billions of yen)

	FY2013 Q1	FY2012 Q1	Y/Y
Japan	76.5	70.3	+8.8%
Americas	22.2	20.1	+10.5%
Europe	23.9	18.8	+26.7%
Greater China	33.3	27.0	+23.7%
Asia Pacific	18.7	13.7	+36.4%
Total	174.6	149.9	+16.5%



Sales by Area (Local Currencies)

- Europe: Up Y/Y in local currencies contributed by steady Russia.
- Asia Pacific saw double-digit growth.

	FY2013 Q1	FY2012 Q1	Y/Y
Japan (B JPY)	76.5	70.3	+8.8%
Americas (M USD)	226	249	-9.1%
Europe (M EUR)	187	180	+4.4%
Greater China (M CNY)	2,090	2,104	-0.7%
Asia Pacific (M USD)	190	169	+12.0%



FY13 Full-Year Forecast



Conditions for FY13 Q2-Q4

External Environment

- The global economy will recover gradually overall.
- Japan: Full-fledged demand recovery in Q3 at the earliest.
- Overseas: Europe will remain sluggish.
US capital investments will be firm especially in the automotive industry.
China will still be uncertain but gradually show signs of recovery.
Emerging markets will enjoy steady growth and increases in consumer spending and capital investments.

Conditions: Exchange rates & raw material costs

Exchange rates

1 USD = ¥90; 1 EUR = ¥120

(Same as previous forecast)

¥1 fluctuation impact

(full-year, approx)

	Sales	OP
USD	¥3.1 bn	¥0.5 bn
EUR	¥0.8 bn	¥0.4 bn

Raw material costs

Silver = ¥88,500/kg; Copper = ¥770/kg

(Same as previous forecast)

Silver & copper price change impact

(full-year, approx)

	Price change	OP
Silver	¥1,000/kg	¥100 mil
Copper	¥10/kg	¥100 mil



FY13 Business Environment by Segment

Segment	FY13 Q2-Q4 Business Environment
IAB	<ul style="list-style-type: none">• Japan: Full recovery will not be until Q3 at the earliest. Semiconductors, machine tools, automotive and electronic components will show signs of recovery in capital investments.• Overseas:<ul style="list-style-type: none">• Greater China: Expecting demand increase in some sectors, while there is a concern over slowing domestic demand with lower PMI.• Asia Pacific: Soft due to restrained investments in electric and automotive sectors in Thailand and India. South Korea will go back on a recovery trend.
EMC	<ul style="list-style-type: none">• Japan: White electronic appliances will be steady. In-car relays will go rather weak.• Overseas: Solid in US. Europe will recover gradually. Greater China and Asia will keep growing.
AEC	<ul style="list-style-type: none">• Japan: Demand decrease after the end of eco-friendly car subsidiaries will still continue. Mini-vehicles will pick up gradually.• Overseas: North America will be solid. Demand in Greater China and Asia will keep going up, with concern over slowing growth pace.
SSB	Demand for train system renewal will remain solid. Expecting higher interest in train station safety & security, and systems to support station staff operation. Environmental solutions will see rising demand for PV-related installation, repair & maintenance.
HCB	<ul style="list-style-type: none">• Japan: Healthcare equipment market will go flat throughout the year.• Overseas: Demand for healthcare equipment will keep growing in emerging markets (Greater China, Russia, and Latin America).
Other	Environmental Solutions: PV inverter business will keep growing. Backlight business will remain healthy.



FY13 Full-Year Forecast

- Q1: Achieved internal sales & profit goals.
- 1H & full-year: Looking to go in line with the original forecast.

(Billions of yen)

	Q1 actual	1H forecast	2H forecast	Full-year forecast
Net Sales	174.6	336.0	374.0	710.0
Operating Income	13.0	22.5	35.5	58.0
Net Income attributable to shareholders	9.2	15.5	24.5	40.0

Exchange rates

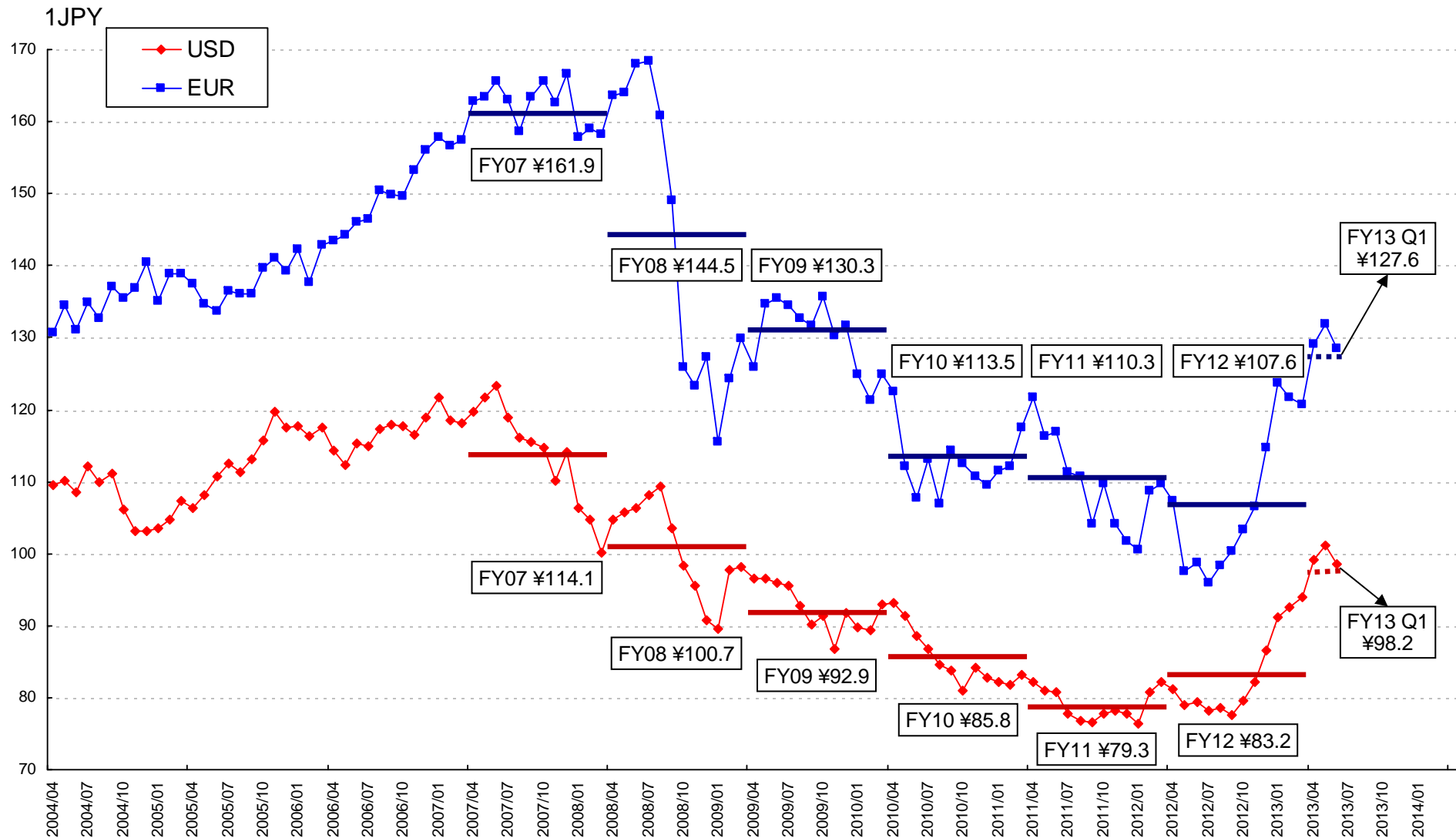
- Q1: 1 USD = 98.3 JPY; 1 EUR = 127.6 JPY
- Q2-Q4: 1 USD = 90 JPY; 1 EUR = 120 JPY



References

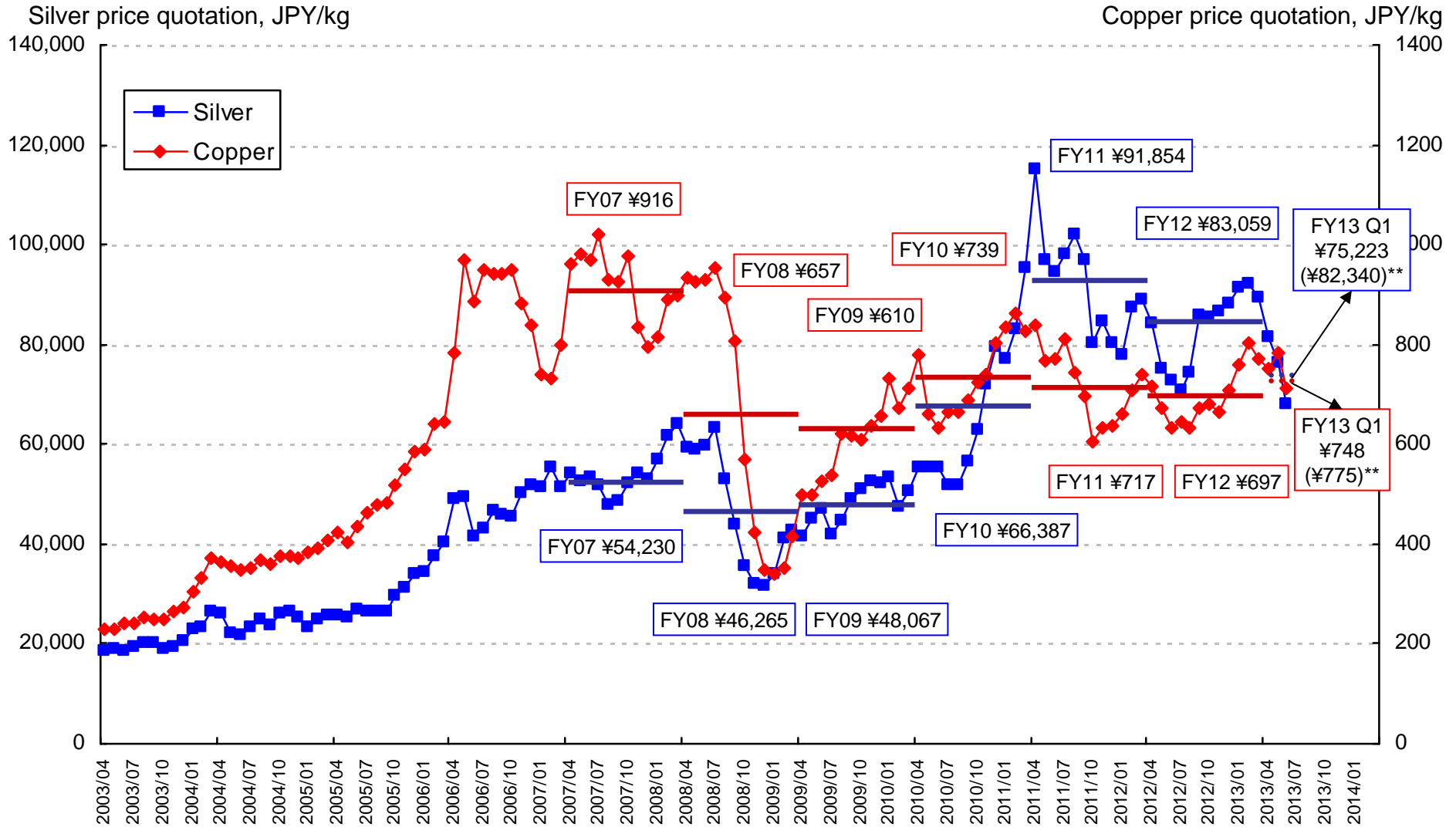


Exchange Rates (USD, EUR)





Raw Material Prices (Silver, Copper)



*Monthly simple moving average (SMA) of price quotations. **(Q1): Average used for Q1 earnings.



Businesses and Major Products

LCD backlights, semiconductors/MEMS, energy saving/environmental business, electronic systems and equipment

- *Electronic signal sensing*
- *Electrical current/voltage control*

Relays, switches, connectors, amusement equipment parts, mobile device parts

- *Radio wave sensing*
- *Automotive body control*

Keyless entry systems, power window switches, automotive relays, EPS (electronic power steering)

- *Ticket gate mechanisms*
- *Infrared sensing*
- *Facial image sensing*

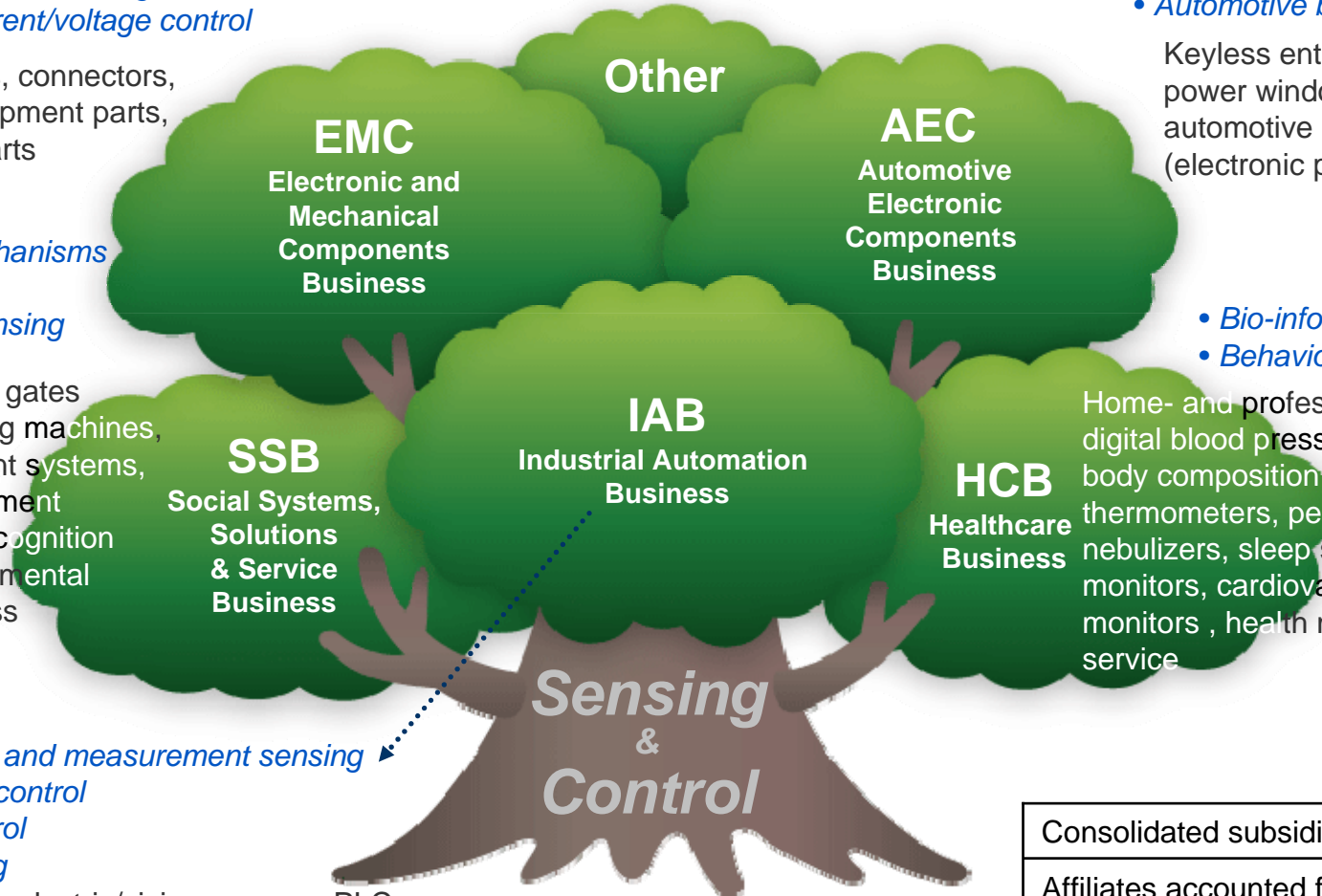
Automated ticket gates and ticket vending machines, road management systems, security management systems, face recognition systems, environmental solutions business

- *Bio-information sensing*
- *Behavior sensing*

Home- and professional-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, sleep sensors, patient monitors, cardiovascular screening monitors, health management service

- *Displacement and measurement sensing*
- *Temperature control*
- *Machine control*
- *Vision sensing*

Proximity/photoelectric/vision sensors, PLCs, temperature controllers, machine safeguarding equipment, inspection systems



Consolidated subsidiaries	154
Affiliates accounted for by the equity method	11

(as of June 30, 2013)



Notes

1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, (vi) movements in currency exchange rates and stock markets, and (vii) accidents and natural disasters.

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