

Q&A Session Summary, Q1/FY2015 Earnings

OMRON Corporation

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*Supplemental. Original presentation given in Japanese.

Consolidated Performance, Management, VG2020 Strategies

Q: How do you realize sustainable management free from economic ups-and-downs?

A: There is no way we can stay away from external business cycles.

Knowing that, we are working on a structure with which our own efforts do result in our business growth.

For example, in China, we are approaching intensively to growing industry sectors, which is benefiting us against the slowing economy. We will keep working on sustainable growth structure.

Industrial Automation Business (IAB)

Q: Q1 OP was up y/y, why?

A: It is because of better product mix - higher sales ratio of higher added-value products. Another reason is because IAB sales & marketing focused on growing industry sectors.

Q: About China. How were y/y Q1 sales without forex impact?

A: Almost flat overall. Some sectors such as textile were challenging, but others such as digital-related went solid.

Q: How about DT's profitability?

A: Not as high as average IAB OP margin, but around two digits.

Q: How much was the acquisition cost?

A: Roughly in the 10s of billions of yen.

Q: Is DT owned by the founding family?

A: Yes.

Q: How did you come to DT acquisition?

A: It started out with discussing technical partnership. Then, as we talked over how our management should be, it ended up with M&A.

Healthcare Business (HCB)

Q: Why Q1 OP was flat, while sales were notably up?

A: Due to NS-related PMI costs. Another reason was the weak Yen against the strong Euro that works negatively to the business segment.

Businesses under the Direct Control of HQ (Other)

Q: You are forecasting the Environmental Solutions Business to see sales recovery. Based on what?

A: We expect that electric power companies' delay in power system connection will be solved, and distributors' inventory of PV inverters will get down to an appropriate level, leading the sales recovery in H2. Also we expect sales growth in new market sectors, such as power storage.

Q: About the Backlight Business. Can it happen that the sales planned for FY15 get carried over to FY16?

A: No, we don't think so. We expect the sales to go up starting Q3 this year.
