



# **Our Business Strategy Healthcare Business (HCB)**

**Jan 30, 2018  
OMRON Corporation**

# Positioning of HCB

Positioned as a key domain alongside FA, even within the 4 focus domains

## Factory Automation



## Healthcare



## Mobility



## Energy Management



## Healthcare Business (HCB) Mission

**To Help Realize Healthy and  
Comfortable Lives for  
People around the World**

**All for Healthcare**

## Social Issues Within Healthcare

**Social changes in developed and developing countries have led to new challenges in healthcare, driving severe increases in medical expenditures**

Social change



Middle class expanding in both developed and developing countries



Population aging in developed countries

New challenges



Increase in lifestyle diseases



Widening gap between life expectancy and healthy life expectancy

Social issues



Rising medical expenditures

## Healthcare: 3 Focus Fields

**Aim to resolve social challenges through personalized medical solutions in the 3 therapeutic areas with sufficient global market scale and where OMRON can fully leverage its strengths**

### Cardiovascular Disease

Cerebral and cardiovascular event patients <sup>\*1</sup>

**17.5 Million**

Medical expenses for cardiovascular disease <sup>\*4</sup>

**¥120 Trillion**

### Respiratory Disease

Global respiratory disease patients <sup>\*2</sup>

**440 Million**

Medical expenses for respiratory diseases in Japan, US, and Europe <sup>\*5</sup>

**¥19 Trillion**

### Pain Management

Chronic pain patients in Japan and US <sup>\*3</sup>

**73 Million**

Analgesic market in Japan and US <sup>\*6</sup>

**¥2.4 Trillion**

<sup>\*1</sup> WHO report <sup>\*2</sup> International Respiratory Societies report <sup>\*3</sup> Pain in Japan (Japan), National Health Interview (US) <sup>\*4</sup> Estimate based on World Bank and OECD data <sup>\*5</sup> Estimate based on published data by Ministry of Health and Welfare, European Respiratory Society, and Creative Biotech Inc. survey <sup>\*6</sup> World Analgesic Market Research 2013

## Healthcare: Basic Strategies

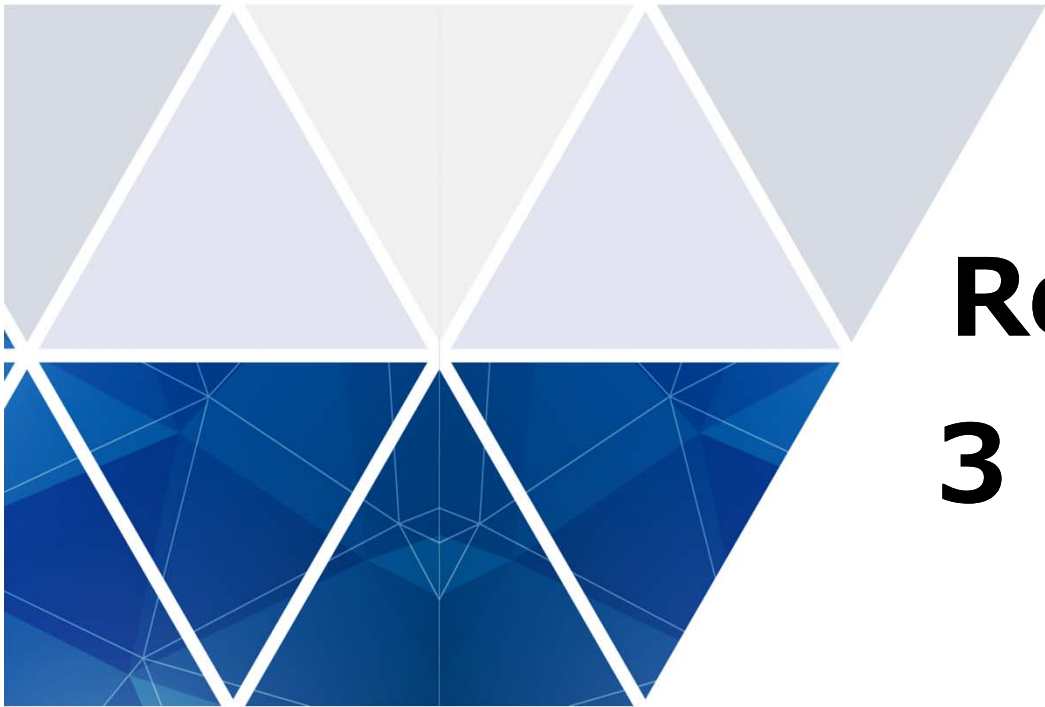
### Reinforcement of 3 Core Categories

**Blood Pressure Monitor**

**Nebulizer**

**Pain Management**

**Initiatives to Promote**  
*Zero Cerebral and Cardiovascular Events*



# Reinforcement of 3 Core Categories



## Reinforcement of 3 Core Categories

**Reinforce strengths and aim for an overwhelming market share in the 3 core categories**

### <Cardiovascular>

Home-use Blood Pressure Monitor



### <Respiratory>

Nebulizer

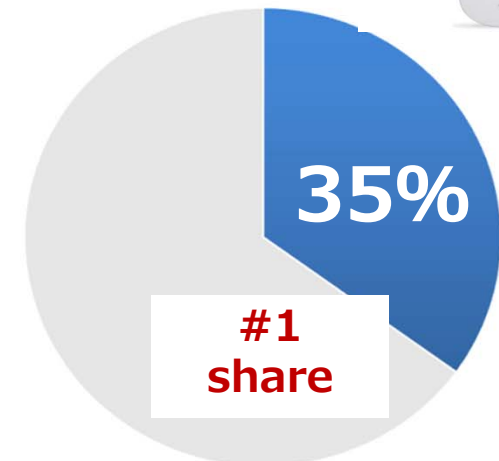
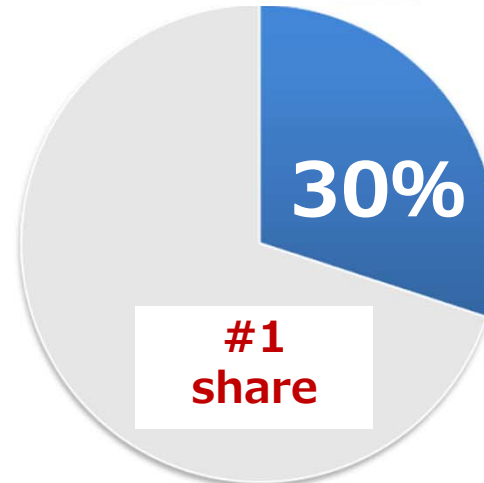
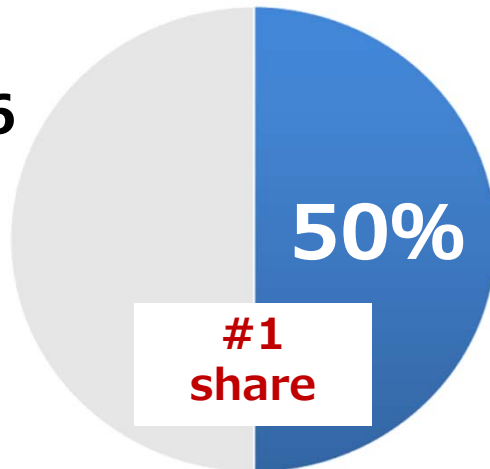


### <Pain Management>

Low-frequency Therapy Equipment



**FY2016 Actual**



**FY2020 Targets**

**> 55%**

**> 40%**

**> 45%**

Source: Estimates by Omron based on GFK, Nielsen Data and other third-party research

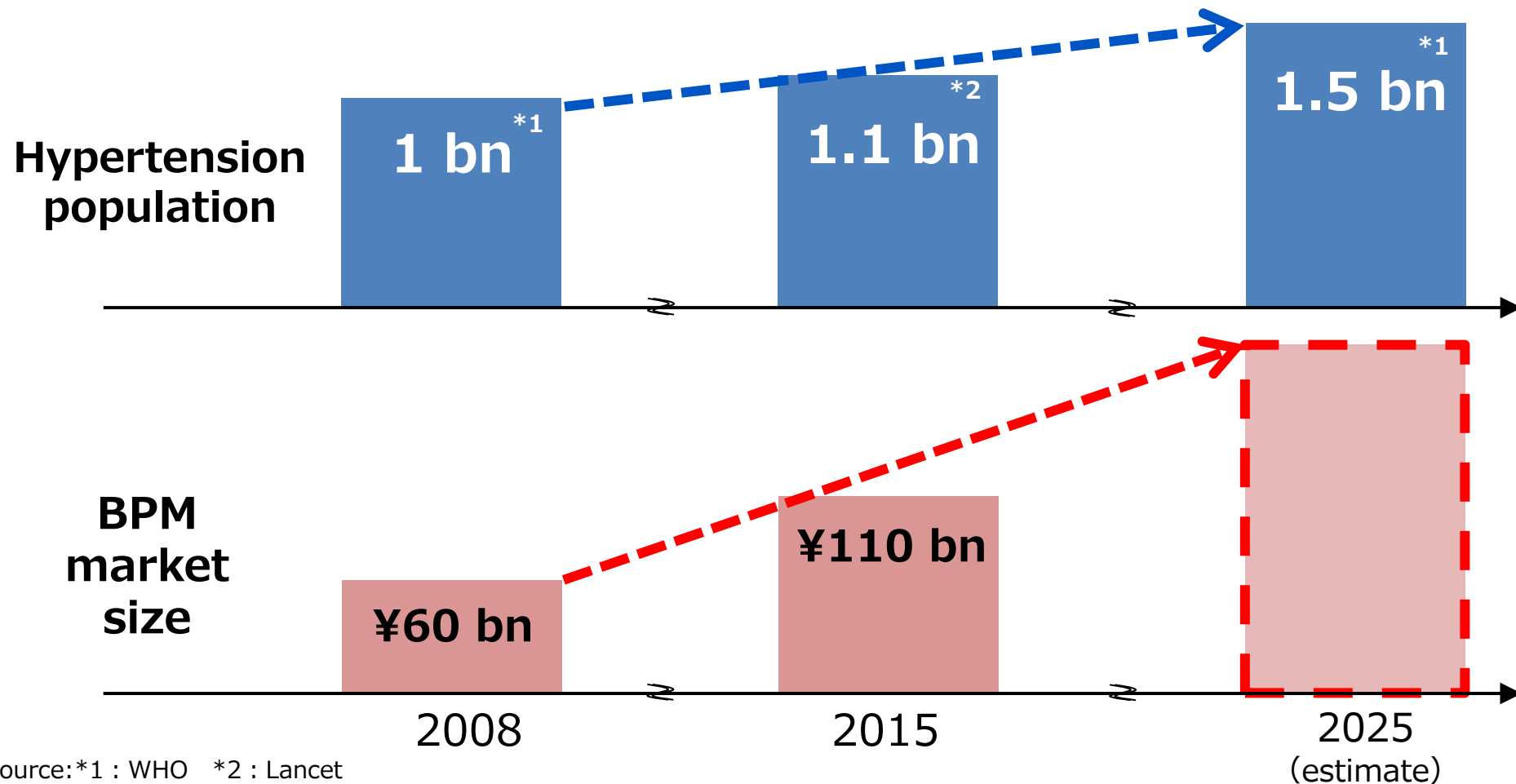
\* World market share for blood pressure monitor and nebulizer; Japan and US market share for low frequency therapy equipment

\* Amount-based share



## BPM Market Expected to Grow

**Global hypertension population continues to rise, expected to hit 1.5 billion by 2025. Implied growth potential for the BPM market very strong.**



Source: \*1 : WHO \*2 : Lancet

## OMRON's Strengths

**The medical device business requires the ability to meet rigorous standards. OMRON has 3 key strengths, as a result of a 40 year-plus track record in the BPM business.**

- 1. Significant regulatory expertise, ability to secure approvals (barrier to entry for others)**
- 2. Well trusted by medical practitioners based on high degree of performance accuracy**
- 3. Established channel network**

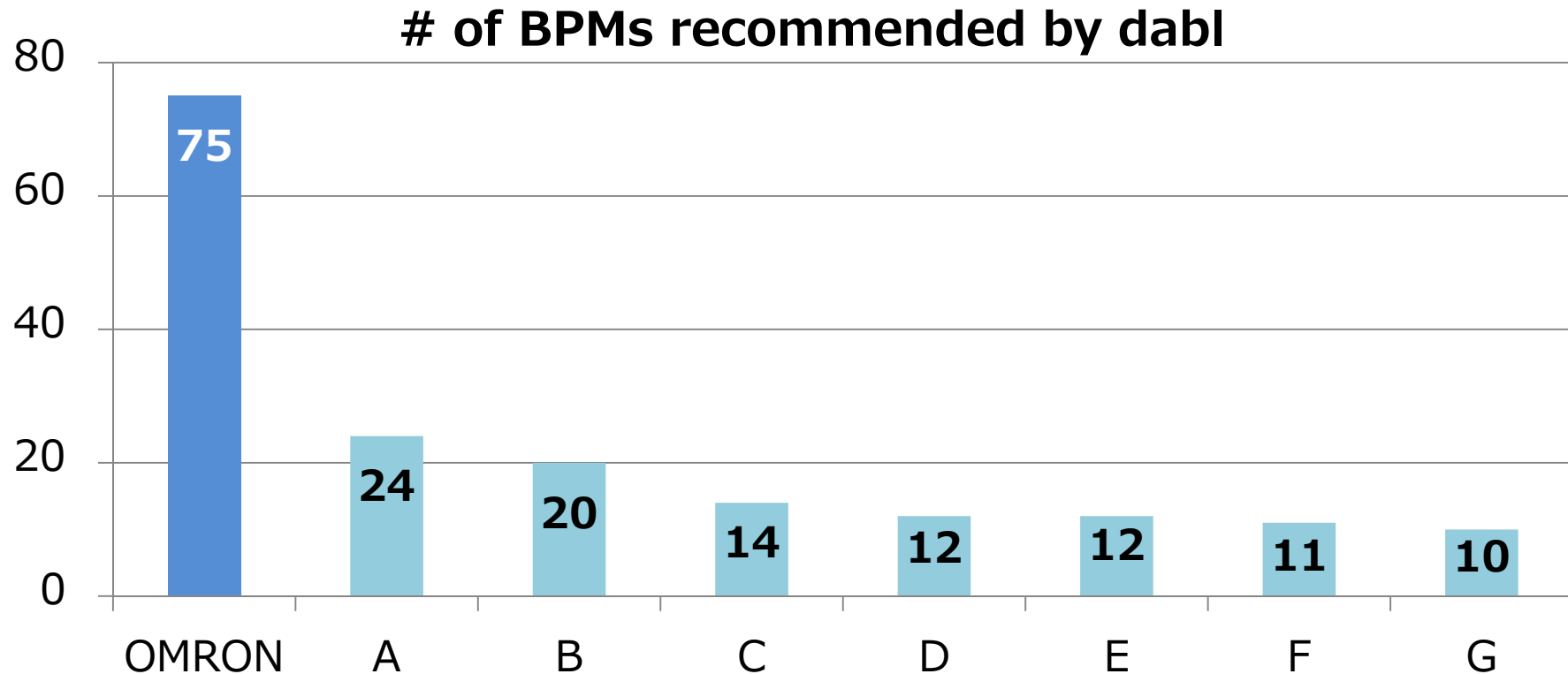
## Strength 1. Regulatory Expertise (Barrier to Entry)

**OMRON products sold in 117 countries, 90 of which have a product approval process. OMRON has met the safety and efficacy requirements of regulators in each country.**



## Strength 2. Trusted by Medical Practitioners

Many papers have been written assessing the accuracy of OMRON BPMs. OMRON has the highest number of recommendations from dabl, a third-party resource used by doctors in evaluating BPMs.



Based on database search by Omron.

Search preconditions: Upper Arm Devices & Wrist Devices for Self-measurement of Blood Pressure, from dabl Educational Trust

Searched on March 2016

Note: Only showing results for manufacturers with more than 5 registered devices

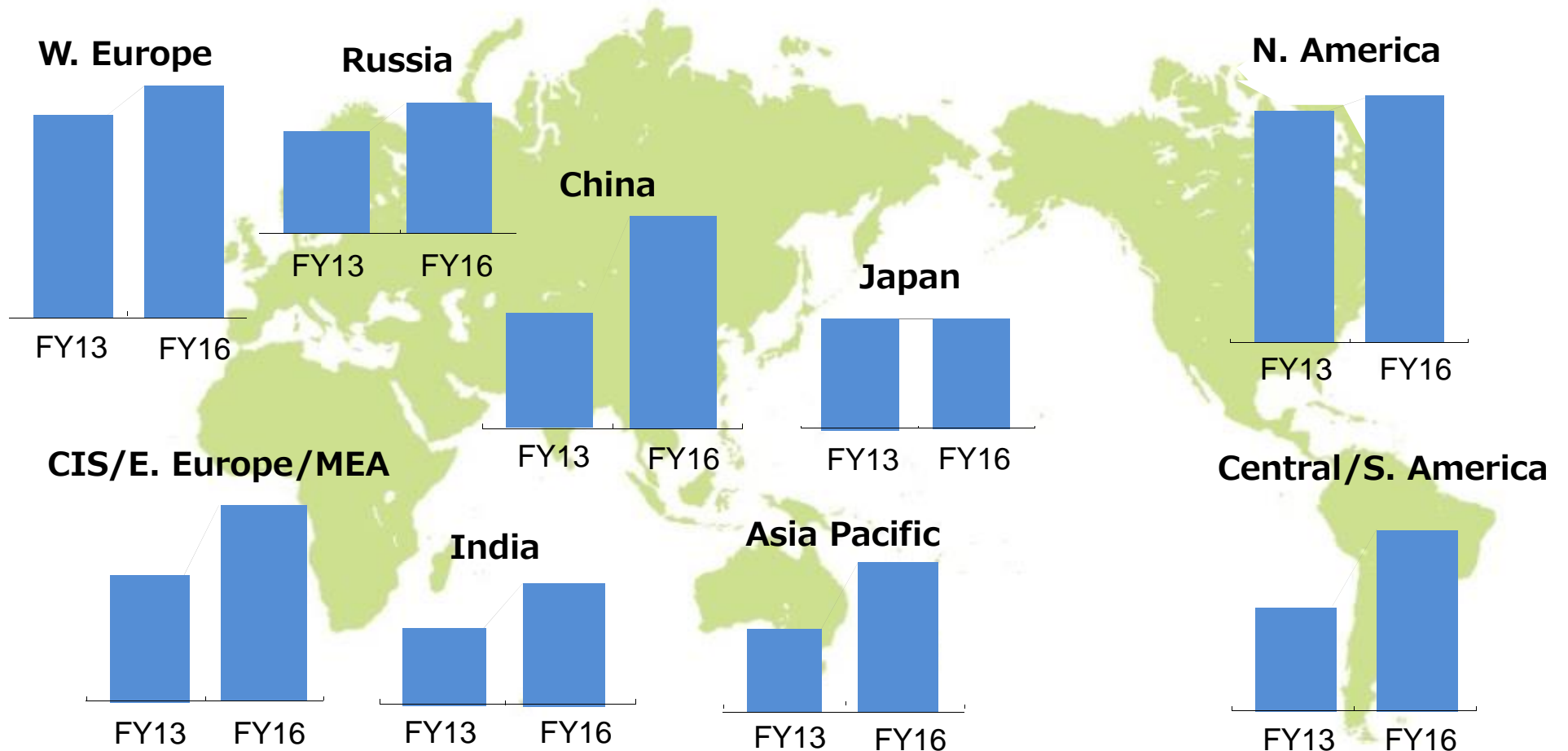
## Strength 2. Trusted by Medical Practitioners

**OMRON BPMs widely used in large-scale clinical trials on a global basis, starting with the Ohasama Longitudinal Study, which is considered to be the basis for WHO's home blood pressure measurement standards**



**Strength 3. Established Channels (Expanding retail footprint)**

**Increasing the number of retailers, primarily in emerging markets  
(FY13 360,000 -> FY16 460,000)**



Strength 3. Established Channels (Expanding Online Channel)

OMRON dominates rankings for BPMs on Amazon

(As of 19 January 2018)

Amazon.co.jp

上腕式血圧計の売れ筋ランキング  
Amazon.co.jpの売れ筋ランキング。ランキングは1時間ごとに更新されます。

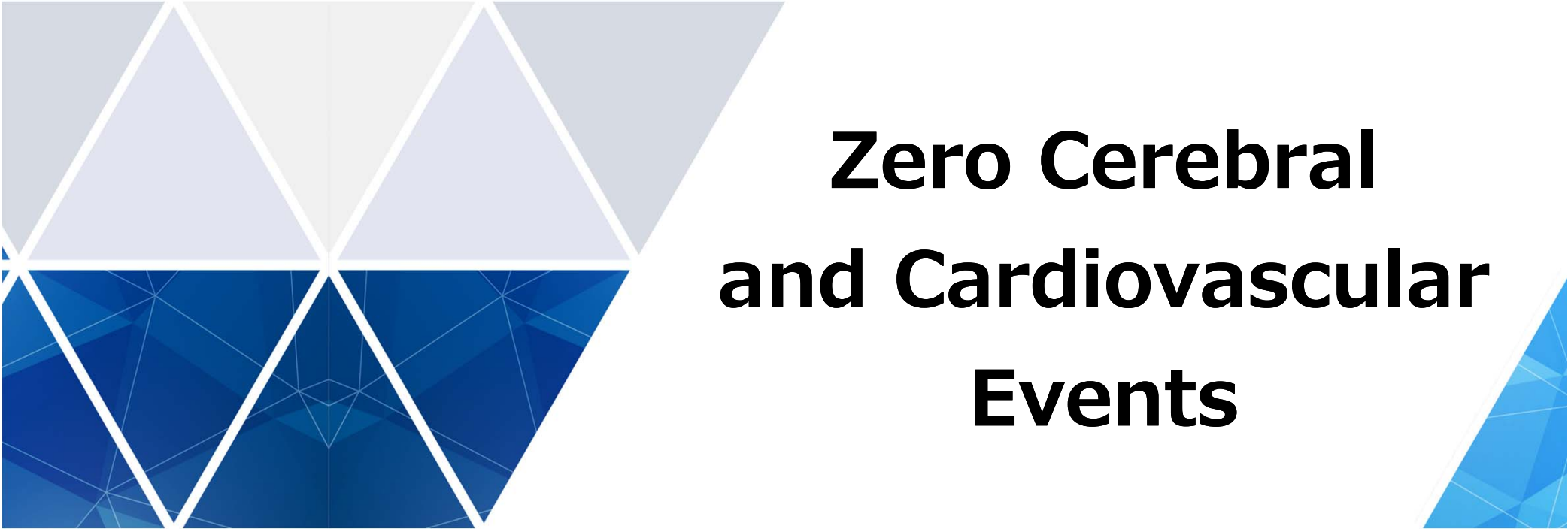
<p>1. <b>OMRON</b> オムロン 電子血圧計 上腕式 腕帯巻きタイプ HEM-7120 ★★★★☆ 157</p>	<p>6. オムロン 上腕式血圧計 HEM-9713 ★★★★☆ 40</p>
<p>2. オムロン デジタル自動血圧計 HEM-7111 ★★★★☆ 162</p>	<p>7. オムロン 電子血圧計 上腕式 OMRON connect対応 HEM-7282T ★★★★☆ 55</p>
<p>3. オムロン 電子血圧計 上腕式 腕帯巻きタイプ HEM-7123 ★★★★☆ 49</p>	<p>8. Others</p>
<p>4. オムロン デジタル自動血圧計 HEM-1021 ★★★★☆ 60</p>	<p>9. Others</p>
<p>5. オムロン 電子血圧計 上腕式 腕帯巻きタイプ HEM-7200 ★★★★☆ 322</p>	<p>10. オムロン 上腕式血圧計 HEM-7131 ★★★★☆ 151</p>

8 of Top 10 are OMRON products

Amazon.com

<p>1. Best Sellers in Blood Pressure Monitors Omron BP742N 5 Series Upper Arm... ★★★★☆ 5,157</p>	<p>2. Others Care Touch Fully Automatic Wrist... ★★★★☆ 7,402</p>	<p>3. Omron 10 Series Wireless Bluetooth... ★★★★☆ 7,056</p>
<p>4. Others HD Adapter for Omron Healthcove Upper... ★★★★☆ 830</p>	<p>5. Others Clinical Automatic Blood Pressure... ★★★★☆ 2,179</p>	<p>6. Omron 3 Series Upper Arm Blood Pressure... ★★★★☆ 1,900</p>
<p>7. Omron 10 Series Upper Arm Blood... ★★★★☆ 1,995</p>	<p>8. Omron 7 Series Wrist Blood Pressure... ★★★★☆ 10,882</p>	<p>9. Others Dr. Meter Blood Pressure Monitor... ★★★★☆ 121</p>
<p>10. Others Care Touch Automatic</p>		

5 of Top 10 are OMRON products



# **Zero Cerebral and Cardiovascular Events**



## Our Vision for the Cardiovascular Domain

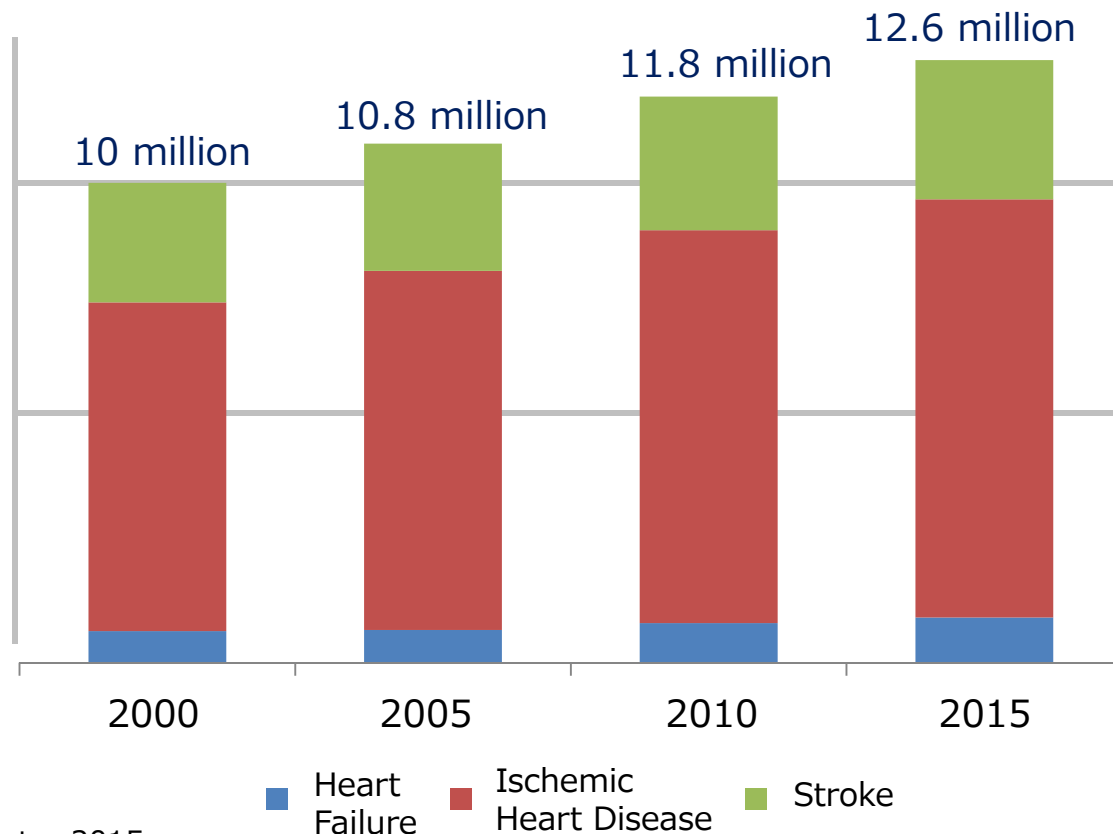


**OMRON Healthcare is Going for Zero.**  
**We aim to eliminate cerebral and cardiac events,**  
**such as stroke or heart attacks,**  
**that can lead to fatalities or being bedridden.**

## Cerebral and Cardiac Event Fatalities

**Number of deaths from cerebral and cardiac events continues to rise**

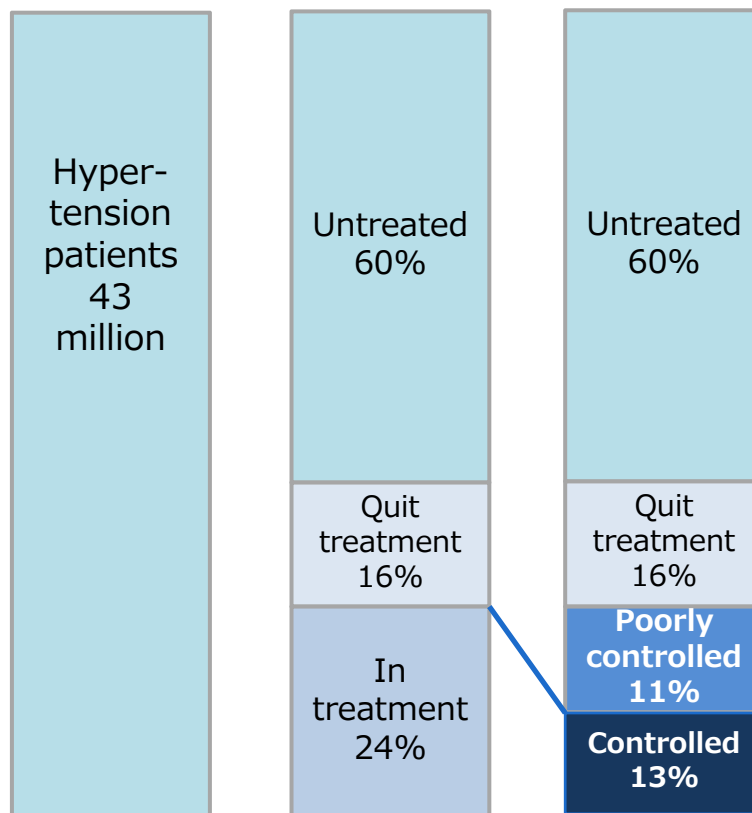
### Cerebral/Cardiac Event Fatalities (Global)\*<sub>1</sub>



\*1:WHO Global Health Estimates 2015

## Challenges in Treating Hypertension (Japan)

**Leading cause of cerebral and cardiac events. Only 13% of patients successfully lower blood pressure. Better outcomes require changes to patient behavior and personalized diagnosis and treatment.**



Source: NPO Hypertension Improvement Forum

### Change Behavior

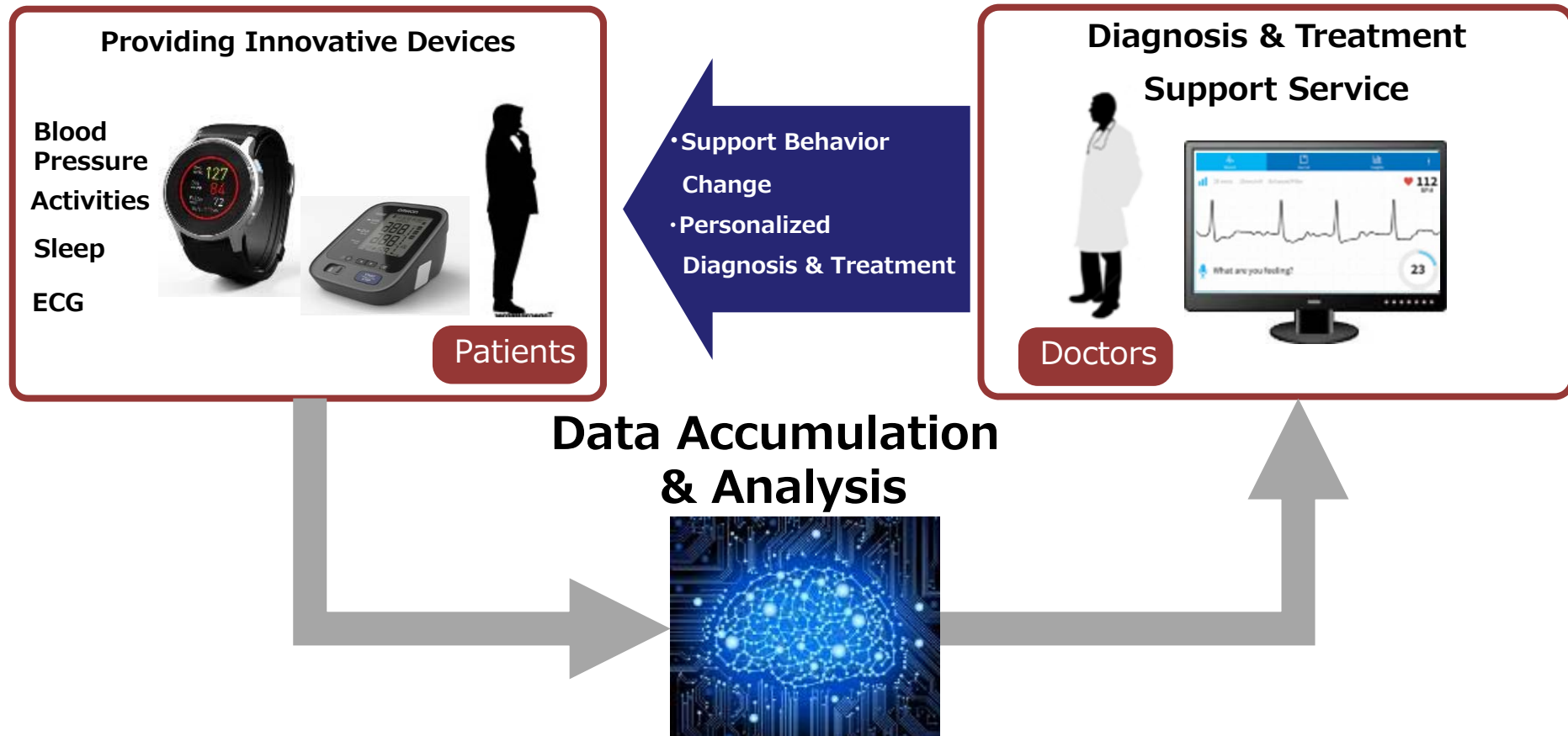
Seek treatment, take medication, continue to be treated

### Personalized diagnosis & treatment

Only half of patients on medication report reduced blood pressure

## HCB Targets Innovation in Hypertension Treatment

**Innovative devices make it possible to capture a wide array of vital signs. Analytics can then be applied to create innovative diagnostic and therapeutic services for the treatment of hypertension. This can contribute to Zero Events.**



# First Steps for New Hypertension Treatment (with AliveCor)

**Achieve Zero Events with new devices that capture a wider variety of vital sign and behavioral data to enhance diagnosis and provide more sophisticated treatment**

## AliveCor's Strengths

- Mobile cardiograph unit (FDA-cleared) to detect atrial fibrillation



- Remote monitoring platform for cardiologists and patients



## OMRON's Strengths

- Development capability

Integrated tubeless cuff-type BPM (Launched Mar. 2017)



Example of a New Device

Wearable BPM (In development for US launch in 2018)



- Algorithm
  - Diagnostic algorithm
  - Optimal dosing algorithm



## Collaboration

- Developing **ECG + BPM** (Plan to seek FDA approval)

Example of a New Device



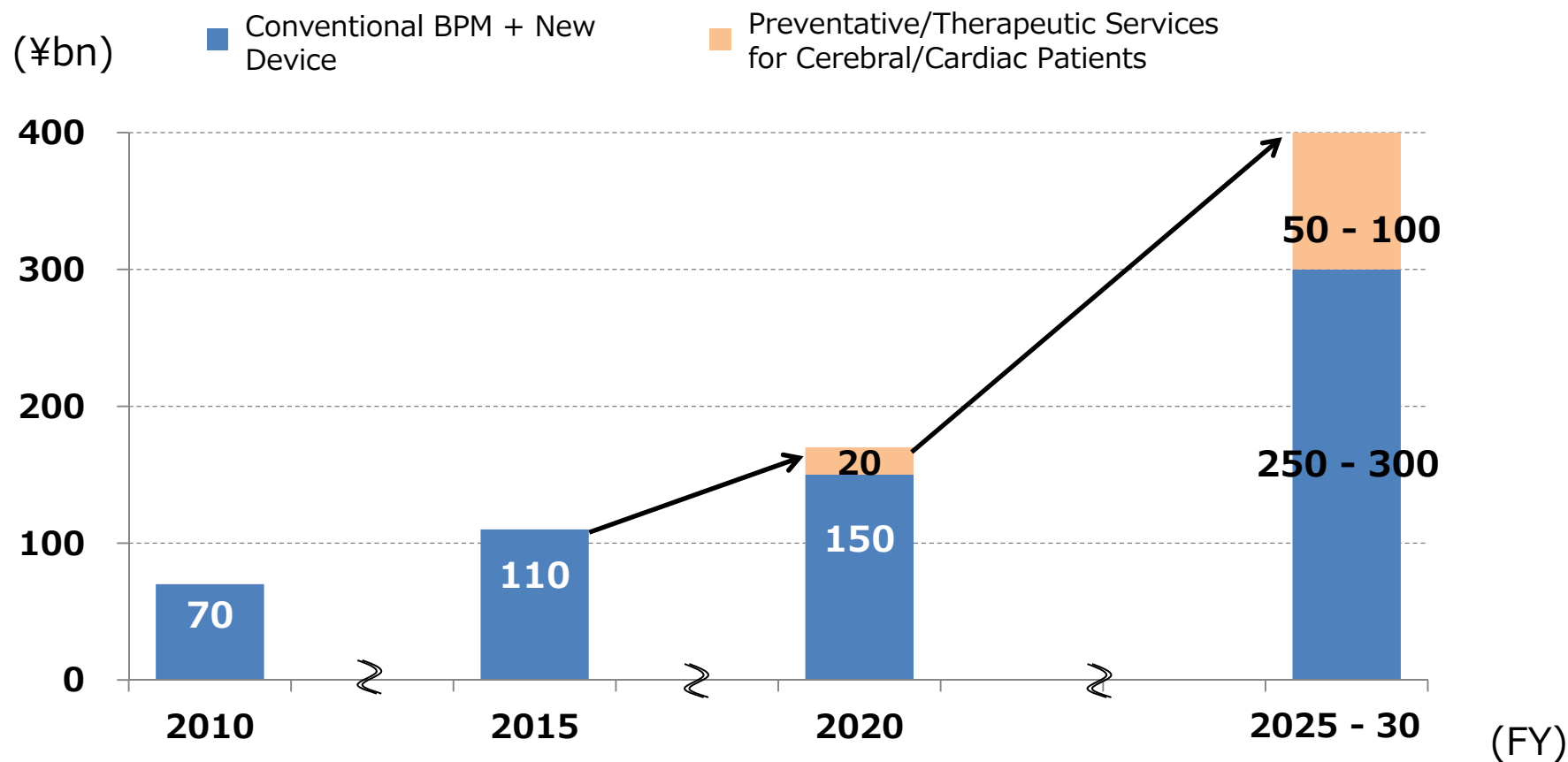
- Develop service platform that uses **ECG + BP Data** (Plan to seek FDA approval)

New Service



## Potential Markets Related to Blood Pressure

**Potential market is growing, due to increase in number of hypertension patients, development of high performance measurement equipment suited for personalized treatment, and emergence of markets for services**



\*OMRON estimates

## Healthcare Business (HCB) FY2020 Target

**Aim for 10% CAGR up to FY2020 through a combination of enhancing the 3 core categories and accelerating the Zero Events' initiatives**

