

Q&A Session Summary, Q3/FY2017 Earnings
OMRON Corporation
January 30, 2018; Tokyo

◆ Company Earnings, Management, Strategy

Q: We see OMRON nearing record operating income territory of 86.6 billion yen. Do you have any plans to hold down business expenses to reach that record?

A: Our first priority is to meet the targets of our medium-term management plan. We do not intend to engage in any arbitrary short-term efforts to control business expenses. We will approach our business from a long-term perspective.

◆ Industrial Automation Business (IAB)

Q: Why did Q3 operating income margin decline compared to the first half of the fiscal year?

A: The decrease is mainly due to more investments in our future. These investments include hiring to strengthen our sales team and establishing new automation centers globally. We intend to accelerate investments aimed at long-term growth.

Q: Why were Q3 sales growth rates in China lower than in the first half of the fiscal year?

A: Seasonal factors. Demand for smartphone-related sector was strong during the first half of the year. Demand took a breather during Q3.

Q: Why did Q3 sales growth in the Americas outpace the first half of the year?

A: A major factor was strong demand related to products for automobiles and semiconductors. We also feel that solutions-related sales played a part.

◆ Healthcare Business (HCB)

Q: What range operating income margin are you targeting?

A: We'd like to hit at least 10%. Beyond that, we plan to invest in future growth. In particular, we want to create a services division as a new line of business.

Q: What proportion of your sales comes from online channels?

A: That varies greatly by country. China is the most advanced, with about 40% of sales coming through online channels.

Q: Are you considering working with life insurance companies and other businesses to develop personalized medical care?

A: We are considering BtoB-type businesses, including working with life insurance companies.

Q: It seems to me that expert knowledge is necessary to analyze electrocardiograms. Is there a mechanism for general consumers to make accurate judgments of electrocardiogram results?

A: OMRON already partners with AliveCor, who provides online diagnoses of electrocardiograms. For an additional fee, consumers can have an actual doctor look at their electrocardiograms.

Q: Rather than providing services online, would it be possible to push algorithms to edge computing devices for analysis?

A: It's certainly possible technologically. However, in Japan, for instance, we cannot do something like this due to the Pharmaceutical Affairs Law and other regulations.

◆ Other Businesses

Q: Why did you make a downward revision in your fiscal year sales forecast?

A: Our revision was caused by narrowing orders in our Backlights Business. We plan to optimize by shifting resources to value-added fields.
