

Q&A Session Summary, FY2020 Earnings

OMRON Corporation

April 27, 2021

Company Earnings, Management Strategy

Q. In the next Long-term Vision, you indicated you see growth opportunities in automation of primary and tertiary industries. Can you elaborate, please?

A. The opportunities we expect in this area will primarily be addressed by IAB and SSB.

The top priority for IAB will continue to be a focus on the increasing sophistication of shop floor manufacturing technologies. However, going forward, we believe that it will be increasingly important that our approach goes beyond just the manufacturing process to include adjacent processes, such as handling processes.

SSB is keen to take on the challenge of addressing industries such as agriculture and fishery, where labor shortages will become even more acute in future.

Q. How are you thinking about growth investments in the FY2021 plan?

A. We will leverage the assets we have acquired through our investments to date while also executing on necessary investments to ensure we can address changing markets, such as the development of new production methods that will lead to higher adoption of recyclable materials or supporting the expansion of the remote medicine service.

Q. Have you taken into account the risk of rising raw materials prices or semiconductor shortages in the FY2021 forecasts?

A. Although we have seen no near term impact, we have factored in a certain level of risk into the plan. Although the plan takes into account such risks, we believe that we can leverage our enhanced profit-generating capability and have therefore raised our forecast for the GP margin.

Industrial Automation Business (IAB)

Q. While you were able to achieve high growth in China and S. Korea, why was it not possible to achieve similar levels of growth in the advanced countries?

A. Sales growth is significantly impacted by the timing of upgrades to manufacturing facilities and product life cycles.

The auto industry capex cycle is around 7 - 8 years. However, the pace of change in the digital industry is very rapid, driving high levels of investment activity. The proportion of digital industry customers is high in China and S. Korea. Our success reflects our ability to swiftly provide solutions that are unique to OMRON and address the changing markets.

By deploying this strategy in other regions and industries, we believe we can achieve further growth.

Healthcare (HCB)

Q. Please talk about the progress you have made with the remote medicine service.

A. Our target is to achieve 1 million users on a global basis by 2025, 300,000 of which we expect will be in the U.S. We are already increasing sales headcount to achieve this. In FY2021, our aim is to achieve 30 hospital adoptions and 33,000 registered patients. There are many BPM manufacturers in each region but OMRON is the only player that has been able to win the trust of medical professionals and is offering this type of service. As such, we have an overwhelming advantage over our peers. We will continue to accelerate our global expansion.