

Q&A Session Summary, FY2021 Earnings
OMRON Corporation
April 26, 2022

Company Earnings, Management Strategy

Q. How should we think about the earnings fluctuation risk?

A. Our forecasts factor in the impact on earnings from the 4-week impact of the Shanghai lockdown from the end of March.

Q. Why do you expect the FY2022 GP margin to be flat Y/Y?

A. We expect a negative impact from surging components and materials costs, as well as higher logistics and personnel expenses, although we do expect to mitigate the negative impact by demonstrating resilience in the face of change through measures such as pricing strategies.

Industrial Automation (IAB)

Q. Please explain the strength of IAB results in Q4.

A. Although there were unexpected developments, OMRON was very disciplined about responding resiliently: we benefited from initiatives implemented to date, such as design changes, a review of logistics routes, and the diversification of component procurement sources.

Q. Order intake was up significantly Y/Y, but are you seeing cancellations as a result of longer delivery lead times?

A. Demand remains robust for Digital and NEV. There were some cancellations from a few customers buying standard components who were prioritizing delivery times. However, overall, we have not seen many cancellations, partly because of our shift to focus on providing solutions by leveraging innovative-Automation.

Q. How much will the use of EMS contribute to production volume?

A. I cannot disclose specific volumes but it is not that large. We will be outsourcing production of products that are suited to the strengths of EMS, such as the assembly or mounting process, but our key assumption is that we will only outsource when costs are comparable or lower than what we can achieve in-house.

Healthcare (HCB)

Q. Please provide an update on progress in the remote medical service and your target for FY2022.

A. Current users, primarily in the US and Europe, are around 10,000. We are seeing positive results with confirmation that the service has contributed to lowering blood pressure for patients. Going forward, we aim to increase users by strengthening engineering capability on the ground and patient enrollment support. Our target for FY2022 is to achieve around 100,000 users.

Q. What are the factors that will drive topline growth in FY2022?

A. BPMs and nebulizers will drive sales growth. By area, we expect strong demand in North America as well as China and Asia.