

SEGMENT INFORMATION

Healthcare Business (HCB)

Providing health and medical devices and services for homes and medical institutions

Omron Healthcare Co., Ltd. (HCB), is aiming to expand business with a focus on emerging economies by developing innovative products and services to enable people around the world to accurately and easily monitor their health status.

% of Net Sales

10%



Fiscal 2011 in Review

Sales were unchanged in Japan due to the Great East Japan Earthquake, but strong overseas sales growth drove overall sales increases.

HCB net sales rose 3.0% year on year, to ¥62.4 billion, while operating income decreased 28.4%, to ¥2.9 billion in fiscal 2011.

Domestic sales were up 1.3%, to ¥27.2 billion. The market for home-use healthcare devices contracted notably during the first half of the fiscal year as a result of the electricity-saving efforts and the declines in consumer spending that were inspired by the impact of the Great East Japan Earthquake, and consequently sales were sluggish. In the second half of fiscal 2011, sales of new home-use healthcare devices, such as thermometers, body composition monitors, and activity monitors, proved to be favorable and we were able to expand our market share. In equipment for use in medical institutions, the world's first

visceral fat monitor to employ Omron's dual impedance analysis method posted sales growth. Conversely, capital investment was limited in the hospital market due to the influences of the earthquake, which resulted in weak sales of physiological monitors, a core product. As a result of the above, overall sales in Japan were relatively unchanged in fiscal 2011.

Overseas sales were up 4.4%, to ¥35.2 billion. Rising healthcare awareness contributed to brisk demand for healthcare devices, and performance in the first half of fiscal 2011 was consequently strong. Sales were particularly impressive in China, Central and South America, Southeast Asia, and the Middle East. In the second half of the year, economic slowdown in China and North America adversely affected sales, but full-year sales still showed an increase.

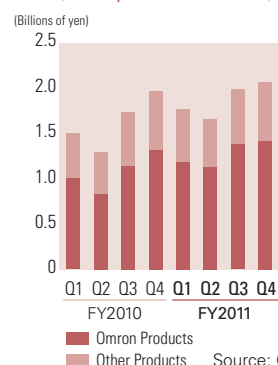
HCB Results and Forecast

Fiscal Year	2008	2009	2010	2011	(Billions of yen) 2012 (Forecast)
Net sales	63.6	63.4	60.6	62.4	67.5
Domestic	28.1	29.6	26.9	27.2	29.5
Overseas	35.5	33.8	33.7	35.2	38.0
Americas	12.0	10.8	10.2	9.8	10.5
Europe	14.3	12.7	12.2	13.0	13.5
Asia Pacific	2.1	2.3	2.5	2.9	3.5
Greater China	6.7	7.4	8.0	8.6	9.5
Direct exports	0.4	0.7	0.8	0.9	1.0
Operating income	4.8	7.1	4.1	2.9	4.0
Operating income margin	7.5%	11.1%	6.7%	4.7%	5.9%
R&D expenses	—	5.0	5.0	5.1	
Depreciation and amortization	—	1.3	1.2	1.5	
Capital expenditures*	—	1.5	4.7	2.8	

Check it out!

Analysis of external environment

Changes in domestic electronics market (blood pressure monitors)



* From fiscal 2009, the Companies adopted the Accounting Standards Codification No. 280, "Segment Reporting." The Company's business segments have been reclassified from the third quarter of fiscal 2009. Accordingly, the segment information figures for fiscal 2008 have been restated to conform with the current year's presentation.

* Beginning in fiscal 2010, the Omron Group has been revising the management guidance fees for the purpose of concentrating capital funds at the headquarters to reinforce selection and concentration and strategically allocate resources. This inclusion has had an effect on the operating income of each segment.

* Fiscal 2008 figures for R&D expenses, depreciation and amortization, and capital expenditures have not been stated due to the new segment organization.

* The sales figures given indicate sales to external customers and exclude intersegment transactions. Operating income indicates income including internal income prior to the deduction of such amounts as intersegment transactions and head office expenses that are not apportionable.

* The forecast for R&D expenses, depreciation and amortization, and capital expenditures is not publicized.

Sales of blood pressure monitors were brisk in the second half of the year after dipping briefly in the first half due to the impact of the Great East Japan Earthquake.

Kiichiro Miyata

Managing Officer
President and CEO,
Omron Healthcare Co., Ltd.



Business Strategy and Outlook for Fiscal 2012

Markets in emerging countries are expected to continue expanding.

For HCB, we forecast a gain of 8.1% year on year in net sales, to ¥67.5 billion, accompanied by a 37.1% increase in operating income, to ¥4.0 billion, in fiscal 2012.

Improved standards of living, the adoption of Western diets, and other lifestyle changes in emerging countries, such as China and India, as well as those in Central and South America, have resulted in growing trends in lifestyle diseases. We anticipate these trends will result in the continued expansion of healthcare device markets in these countries. To capture this demand, we are strengthening sales systems on a global basis and enhancing

our network of distributors, pharmacies, drugstores, and other sales channels. Also, we will introduce into these emerging countries new products that meet the individual needs of specific countries. Through these efforts, we will work to accelerate sales growth.

In developed countries, sluggish consumer spending and limited capital investment among medical institutions is forecasted. Regardless, we will work to develop new markets in Japan. To this end, we will introduce sleep sensors and WellnessLink-compatible products in the home-use healthcare device market and launch the Medical LINK blood pressure management service for the medical devices market.

What's New

Start of Sleep Sensor Business

In April 2012, the HSL-001 sleep duration tracker, a device that helps users correct their internal body rhythms, was released. This was subsequently followed by the May launch of the HSL-101 sleep sensor, which measures sleep conditions when placed bedside, marking the full-fledged start of our sleep sensor business.

The HSL-001 sleep duration tracker determines when users drift into sleep and then records their sleep time. By transferring the recorded data to a specialized sleep rhythm recording application for Android smartphones, users can easily track data and confirm variances in their sleeping and waking times.

The HSL-101 sleep sensor can be used simply by placing it next to one's bed. The built-in radio wave sensor tracks the user's movements in bed, including that of their chest, and determines whether they are asleep or awake. This is the first device in Japan to allow sleep conditions to be measured with zero contact and zero restraint. Further, data can be transmitted to the WellnessLink health management service, which will display sleep trends classified into three categories of sleep depth and provide reports analyzing sleep trends. In these ways, this device helps improve sleep quality.

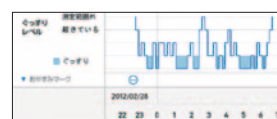
Together with exercise and diet, sleep is a factor that must be considered for preventing and improving lifestyle diseases. By evolving our lineup of products and services in this area, we will assist customers in improving sleep quality and comfort into the future.



HSL-001 sleep duration tracker



HSL-101 sleep sensor



Sleep-depth graph measured by the HSL-101 sleep sensor

Omron's Visceral Fat Monitor System: HDS-2000 DUALSCAN

HDS-2000 DUALSCAN is the world's first visceral fat monitor to employ Omron's proprietary dual impedance analysis method. This system enables medical institutions to safely and easily measure visceral fat volumes. As X-ray or CT scans used to be necessary to measure visceral fat, this monitor is a safer option because it does not involve exposure to radiation. Also, it is faster than conventional methods.



Omron Body Composition Monitor: HBF-214

This glass body composition monitor features a slim design with a width of only 28mm, indicating it can safely be stored even in tight spaces. Equipped with such basic features as body fat percentage and visceral fat level measurements, this device is optimal for household health management.



Omron Activity Monitor Calorie Scan: HJA-311

The HJA-311 is more than just a pedometer; it is an advanced activity monitor equipped with communications functions that enable it to measure the total amount of calories burned throughout a day. When linked with a specialized application, "Yurupika Diet," for Android smartphones, this device can provide more comprehensive support in achieving monthly weight loss goals. Moreover, the HJA-311 indicates to users when they have earned the right to reward themselves with sweets or some other diet deviation, thus helping raise motivation.

