

Outlook for Fiscal 2023

We expect the business environment for the OMRON Group over the next fiscal year (ending March 31, 2024) to remain uncertain, especially in the first half, due to such factors as rising inflation and growing geopolitical risks. We do believe, however, that conditions related to the domains in which our group operates will begin to recover in the second half of the year. At the same time, we expect many business opportunities to emerge for the OMRON Group as social and industrial structures continue to evolve, as identified in our long-term vision, SF2030. These changes include social issues (achievement of carbon neutrality, realization of a digital society, extension of healthy life expectancy) and the restructuring of global supply chains in light of geopolitical risks.

Given this business environment of mixed opportunities and risks, the OMRON Group intends to implement the strategies we described in the medium-term management plan "SF 1st Stage." In this way, we will aim to strengthen our earnings structure further and achieve steady growth. In addition, we will aggressively invest in growth, centering on the Industrial Automation Business and Healthcare Business, to create new value in line with the long-term vision.

By pursuing the initiatives described above, we expect to increase sales and profits for a third consecutive fiscal year.

For fiscal 2023, plans call for net sales of ¥890.0 billion (up 1.6% year on year), operating income of ¥102.0 billion (up 1.3% year on year), and a gross profit margin of 46.6% (up 1.6 percentage points year on year).

(Billions of yen, except exchange rate data and percentages)

	FY2022	FY2023	Change
Net sales	¥876.1	¥890.0	+1.6%
Gross profit (Gross profit margin)	¥393.9 (45.0%)	¥414.5 (46.6%)	+5.2% [+1.6pt]
Operating income (Operating income margin)	¥100.7 (11.5%)	¥102.0 (11.5%)	+1.3% [+0.0pt]
Net income attributable to OMRON shareholders	¥73.9	¥74.5	+0.9%
Average USD exchange rate (Yen)	¥135.2	¥130.0	-¥5.2
Average EUR exchange rate (Yen)	¥140.9	¥140.0	-¥0.9
Average RMB exchange rate (Yen)	¥19.7	¥19.0	-¥0.7

	Net sales			Operating income		
	FY2022	FY2023	Change	FY2022	FY2023	Change
Industrial Automation Business (IAB)	¥485.7	¥490.0	+0.9%	¥85.8 (17.7%)	¥88.0 (18.0%)	+2.5% [+0.3pt]
Healthcare Business (HCB)	¥142.1	¥146.0	+2.7%	¥16.0 (11.3%)	¥17.0 (11.6%)	+6.1% [+0.4pt]
Social Systems, Solutions and Service Business (SSB)	¥107.3	¥114.0	+6.3%	¥7.5 (7.0%)	¥9.0 (7.9%)	+20.2% [+0.9pt]
Device & Module Solutions Business (DMB)	¥138.9	¥139.0	+0.1%	¥15.5 (11.2%)	¥15.5 (11.2%)	+0.0% [-0.0pt]
Eliminations and Corporate	¥2.1	¥1.0	-52.0%	¥(24.2)	¥(27.5)	—
Risk of performance fluctuations	—	—	—	—	—	—
Total	¥876.1	¥890.0	+1.6%	¥100.7 (11.5%)	¥102.0 (11.5%)	+1.3% [+0.0pt]

Industrial Automation Business (IAB)	
Net Sales	Although demand for capital investment in manufacturing industry as a whole remains uncertain due to inflation and other factors, we expect capital investment demand in our focus industries of semiconductor production equipment, electric vehicles (EVs), and rechargeable batteries to remain firm. In these circumstances, we will alleviate the large order backlogs and continue to accelerate the expansion of our solutions business, particularly in our focus industries. Through these initiatives, we expect sales of ¥490.0 billion, a year-on-year increase of 0.9%.
Operating Income	We expect operating income for the next fiscal year to increase to ¥88.0 billion, a year-on-year increase of 2.5%, through efforts to increase sales and raise productivity.
Healthcare Business (HCB)	
Net Sales	As the global increase in the number of patients suffering from chronic diseases is likely to continue over the medium to long term, we expect demand for blood pressure monitors and other products to increase worldwide. This increase will be fueled in part by a recovery of personal consumption in China. By boosting sales through growing online channels in every region and capturing expanding demand in emerging countries, we expect sales of ¥146.0 billion, a year-on-year increase of 2.7%.
Operating Income	Despite the continued impact of soaring materials costs, we expect increased sales and ongoing price optimization will lead to operating income of ¥17.0 billion, a year-on-year increase of 6.1%.
Social Systems, Solutions and Service Business (SSB)	
Net Sales	We expect demand for renewable energy-related products in the residential and industrial domains of the Energy Solutions Business to remain firm given soaring energy prices and ongoing subsidies. The Public Transportation System Business should benefit from customers' continued robust capital investment as the number of rail passengers recovers. By responding quickly to these demands and providing solutions that combine products and services, we expect sales of ¥114.0 billion, a year-on-year increase of 6.3%.
Operating Income	We expect operating income for the next fiscal year to increase significantly to ¥9.0 billion, a year-on-year increase of 20.2%, through efforts to increase sales and raise productivity.
Device & Module Solutions Business (DMB)	
Net Sales	We expect demand from the consumer sector to be sluggish, particularly during the first half of the fiscal year. On the other hand, sales for the next fiscal year are likely to remain unchanged, as we accelerate solutions proposals and other efforts to capture demand in solar power generation, storage batteries, and other energy-related industries, which are focuses of our business, and in the semiconductor inspection equipment-related industries. We expect sales of ¥139.0 billion, a year-on-year increase of 0.1%.
Operating Income	Despite the continuing impact of soaring raw materials prices and other factors, operating income for the next fiscal year is likely to remain unchanged, owing to continued efforts to optimize prices and improve productivity. We expect operating income of ¥15.5 billion, a year-on-year increase of 0.0%.