



**OMRON**

*Sensing tomorrow™*

# Financial Results for the First Quarter Ended June 30, 2012 (FY12 Q1)

July 30, 2012

**OMRON Corporation**



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# **FY12 Q1 Results & Full-Year Forecast Highlights**



# FY12 Q1 & Full-Year Overview

- FY12 Q1 sales flat Y/Y. Operating income down.
  - So far as initially projected.
  - Sales up Q/Q, led by Industrial Automation Business.
  
- No change to external environment outlook: Gradual recovery overall in the second half.
  - Greater China and automotive markets solid.
  - In short-term, we are responding flexibly and swiftly to business environment changes, aiming to achieve first-half & full-year goals, and post growth both in sales and profit in all of the main businesses.
  - We will continue to work on VG2020 mid-/long-term measures and carry out strategic investments for growth as planned.
  
- FY12 interim dividend forecasted at ¥14.



# Executive Summary

## FY12 Q1 Results

- Sales almost in line Y/Y (-1.0%), operating income down (-32.7%).
- Industrial Automation Business (IAB) saw Y/Y sales drop, as the year-ago quarter had disaster-related temporary demand increase. Other businesses posted increases to cross off the IAB downturn.
- Operating income down Y/Y due to forex and increased investments for growth.  
(Without forex impacts, ¥153.4 bn sales (+1.3%) and ¥9.7 bn OP (-20.5%))
- Exchange rates: 1 USD = ¥80.4; 1 EUR = ¥103.4 (FY11 Q1: 1 USD = ¥81.7; 1 EUR = ¥118.1)
- Raw material prices: Copper ¥721/kg; Silver ¥82,880/kg  
(FY11 Q1: Copper ¥790/kg; Silver ¥96,455/kg)

	FY2012 Q1	FY2011 Q1	Y/Y	(Billions of yen)
Net Sales	149.9	151.4	-1.0%	
Operating Income	8.2	12.2	-32.7%	
Net Income attributable to shareholders	4.7	6.9	-31.8%	

## First Half & Full-Year Forecast

- Looking to achieve first-half & full-year goals as originally planned, reviewing the initial plans and market conditions.
- Q2-Q4 exchange rates: 1 USD = ¥78; 1 EUR = ¥97  
(April 26 assumptions: 1 USD = ¥78; 1 EUR = ¥104)
- Raw material prices: Copper ¥700/kg; Silver ¥78,000/kg  
(April 26 assumptions: Copper ¥700/kg; Silver ¥87,000/kg)



# FY12 Q1 Results



# Consolidated P/L

- Sales almost in line with the year-ago quarter. OP down.  
(Without forex impact, ¥153.4 bn sales (up 1.3%), ¥9.7 bn OP (down 20.5%))
- Gross profit margin down Y/Y due to last year's post-disaster increase.

(Billions of yen)

	FY2012 Q1	FY2011 Q1	Y/Y
Net Sales	149.9	151.4	-1.0%
Gross Profit	54.8	57.9	-5.3%
(%)	(36.6%)	(38.2%)	(-1.6% pt)
SG&A	36.0	35.6	+1.2%
R&D	10.6	10.1	+4.7%
Operating Income	8.2	12.2	-32.7%
(%)	(5.5%)	(8.0%)	(-2.5% pt)
Non-operating Income (loss), net	1.4	0.7	+99.8%
NIBT	6.8	11.5	-40.5%
Net Income attributable to shareholders	4.7	6.9	-31.8%

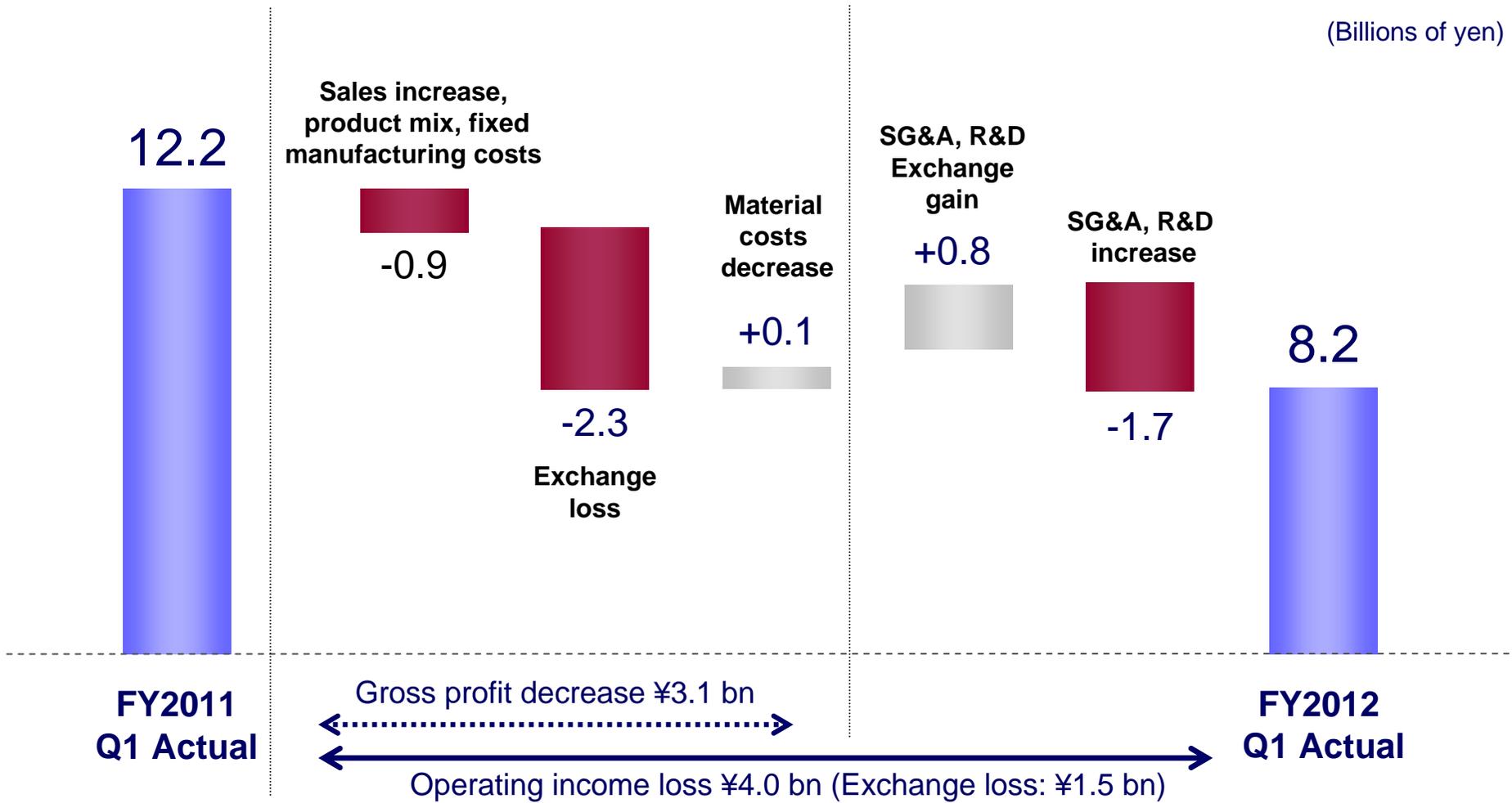
1USD (JPY)	80.4	81.7	-1.3
1EUR (JPY)	103.4	118.1	-14.7
Copper (JPY/kg)	721	790	-69
Silver (JPY/kg)	82,880	96,455	-13,575



# Operating Income Analysis (Y/Y)

- OP down due mainly to forex loss on gross profit, and SG&A and R&D for growth.

(Billions of yen)





# Consolidated B/S

- Production adjustments completed in FY11. Inventory well managed in Q1.

(Billions of yen)

	June 30, 2012	Mar. 31, 2012	(Ref. June 30, 2011)
<b>Assets</b>	<b>517.8</b>	<b>537.3</b>	<b>538.4</b>
Cash and cash equivalents	50.7	45.3	64.0
Notes and accounts receivable - trade	122.4	141.1	120.9
Inventories	91.3	92.3	90.8
Deferred income taxes, other current assets	29.8	29.5	30.6
Property, plant and equipment	118.3	120.7	117.6
Investments and other assets	105.3	108.4	114.5
<b>Liabilities</b>	<b>201.5</b>	<b>215.6</b>	<b>220.1</b>
Short-term debt	23.7	18.8	30.4
Long-term debt	0.0	0.0	0.0
Notes and accounts payable - trade	69.2	79.3	73.4
Termination and retirement benefits	59.0	60.4	64.1
Other liabilities	49.6	57.1	52.2
<b>Net Assets</b>	<b>316.3</b>	<b>321.7</b>	<b>318.3</b>
Common stock and retained earnings	438.5	433.8	430.5
Accumulated other comprehensive income (loss)	-78.6	-68.4	-68.6
Treasury stock	-44.5	-44.5	-44.6
Non controlling interests	0.9	0.8	1.0
<b>Total Liabilities and Shareholders' Equity</b>	<b>517.8</b>	<b>537.3</b>	<b>538.4</b>



# Consolidated Cash Flows

- FCF down Y/Y as we carried out investments for growth as planned.

(Billions of yen)

	FY2012 Q1	FY2011 Q1	(Ref. FY2011)
Operating activities	12.6	13.3	31.9
Investing activities	-7.5	-4.8	-26.5
Free cash flow	5.1	8.6	5.4
Financing activities	2.0	-18.7	-33.5
Effect of exchange rate changes on cash and cash equivalents	-1.7	-0.5	-1.5
Net increase/decrease in cash and cash equivalents	5.5	-10.7	-29.5
Cash and cash equivalents at end of the period	50.7	64.0	45.3
Capital expenditures	7.0	5.4	28.3
Depreciation and amortization	5.3	5.3	22.6

\*Capital investment is represented as capital expenditures on the consolidated cash flow statement.



# Sales by Segment

- IAB, EMC and AEC up Q/Q. AEC notably up over the disaster-affected year-ago quarter.
- SSB and HCB up Y/Y.

(Billions of yen)

	FY2012 Q1	FY2011 Q1	Y/Y	FY2011 Q4	Q/Q
IAB Industrial Automation	66.0	74.9	-11.9%	64.9	+1.6%
EMC Electronic & Mechanical Components	21.3	20.4	+4.6%	21.0	+1.4%
AEC Automotive Electronic Components	24.1	18.4	+30.7%	23.8	+1.3%
SSB Social Systems, Solutions & Service	10.0	9.6	+4.2%	24.2	-58.6%
HCB Healthcare	15.4	14.3	+7.2%	16.1	-4.8%
Other	11.5	12.2	-5.5%	14.0	-17.7%
Eliminations & Corporate	1.6	1.6	+0.5%	2.5	-35.9%
Total	149.9	151.4	-1.0%	166.6	-10.0%



# Operating Income by Segment

➤ IAB, EMC, AEC and HCB up Q/Q.

(Billions of yen)

	FY2012 Q1	FY2011 Q1	Y/Y	FY2011 Q4	Q/Q
IAB	7.8 (11.8%)	12.4 (16.5%)	-37.2% (-4.7% pt)	5.6 (8.6%)	+39.5% (+3.2% pt)
EMC	2.0 (9.6%)	2.3 (11.4%)	-12.2% (-1.8% pt)	1.3 (6.4%)	+52.7% (+3.2% pt)
AEC	1.5 (6.3%)	0.5 (2.5%)	+235.6% (+3.8% pt)	0.8 (3.5%)	+79.7% (+2.8% pt)
SSB	-1.7 (-)	-2.0 (-)	-	3.9 (16.1%)	- (-)
HCB	0.9 (5.9%)	1.2 (8.1%)	-22.2% (-2.2% pt)	-0.0 (-)	- (+5.9% pt)
Other	-1.1	-1.3	-	-0.6	-
Eliminations & Corporate	-1.2	-0.9	-	-1.0	-
Total	8.2 (5.5%)	12.2 (8.0%)	-32.7% (-2.5% pt)	10.0 (6.0%)	-18.2% (-0.5% pt)

(%): Operating income/External sales



# Performance by Segment (Y/Y)

Segment	FY12 Q1 Net Sales & Operating Income, vs. FY11 Q1	
IAB	Net Sales	<ul style="list-style-type: none"> <li>• Japan: Automotive industry's capital investment solid. Semiconductors &amp; electronic components slow.</li> <li>• Overseas: Europe sluggish. US automotive and emerging markets strong.</li> </ul>
	Operating Income	Down. Sales down due to the strong yen and FY11 Q1 disaster-related surge.
EMC	Net Sales	<ul style="list-style-type: none"> <li>• Japan: Demand of consumer products industry slow. Automotive and amusement strong.</li> <li>• Overseas: Consumer goods makers in Europe still adjusting inventories.</li> </ul>
	Operating Income	Down due to the strong yen and internal sales decrease.
AEC	Net Sales	<ul style="list-style-type: none"> <li>• Japan: Favorable thanks to the measures to support eco-car purchases.</li> <li>• Overseas: Europe slow, but healthy overall.</li> </ul>
	Operating Income	Surged. Sales up. The year-ago quarter had temporary production cutback.
SSB	Net Sales	Railway companies orders up. Equipment delivery and related installation up. Road management systems slow.
	Operating Income	Smaller loss thanks to sales increase.
HCB	Net Sales	<ul style="list-style-type: none"> <li>• Japan: New consumer products favorable.</li> <li>• Overseas: Steady led by further growing demand for healthcare products in emerging markets.</li> </ul>
	Operating Income	Down due to the strong yen.
Other	Net Sales	Environmental Solutions healthy. Electronic equipment, micro devices, and backlights slow.
	Operating Income	Smaller loss thanks to Environmental Solutions sales growth.



# Sales by Area (JPY)

- Greater China and Asia Pacific down Y/Y, because the year-ago quarter had post-disaster temporary surge. Up Q/Q.

(Billions of yen)

	FY2012 Q1	FY2011 Q1	Y/Y	FY2011 Q4	Q/Q
Japan	70.3	67.7	+3.9%	90.6	-22.4%
Americas	20.1	18.0	+11.6%	21.0	-4.2%
Europe	18.8	22.9	-17.7%	20.1	-6.2%
Greater China	26.9	28.0	-3.7%	22.3	+20.9%
Asia Pacific	13.7	14.8	-7.6%	12.7	+8.2%
Total	149.9	151.4	-1.0%	166.6	-10.0%



# Sales by Area (FY11 Q1 Rates)

- Europe down 7.0% Y/Y in the flat exchange rate (with forex impact, down 17.7% in JPY).

(Billions of yen)

	FY2012 Q1	FY2011 Q1	Y/Y	FY2011 Q4	Q/Q
Americas	20.6	18.0	+14.1%	21.3	-3.4%
Europe	21.3	22.9	-7.0%	22.9	-6.9%
Greater China	26.8	28.0	-4.2%	22.9	+17.3%
Asia Pacific	14.4	14.8	-2.8%	13.6	+6.1%

\*Flat FY11 Q1 rates applied.



# FY12 Full-Year Forecast



# FY12 Full-Year Forecast

- Sales and OP as initially planned, full-year and first-half as well.
- Aiming at growth both in sales and profit supported by robust sales in emerging markets.

(Billions of yen)

	FY2012	FY2011	Y/Y	Apr. 2012 Forecast
<b>Net Sales</b>	<b>650.0</b>	<b>619.5</b>	<b>+4.9%</b>	<b>650.0</b>
<b>Gross Profit (%)</b>	<b>243.5 (37.5%)</b>	<b>227.9 (36.8%)</b>	<b>+6.9% (+0.7% pt)</b>	<b>243.5 (37.5%)</b>
SG&A	152.0	145.7	+4.4%	152.0
R&D	45.5	42.1	+8.1%	45.5
<b>Operating Income (%)</b>	<b>46.0 (7.1%)</b>	<b>40.1 (6.5%)</b>	<b>+14.6% (+0.6% pt)</b>	<b>46.0 (7.1%)</b>
Non-operating Income (loss), net	3.0	6.6	-54.5%	3.0
NIBT	43.0	33.5	+28.2%	43.0
Net Income attributable to shareholders	28.5	16.4	+73.9%	28.5

1USD (JPY)	78.7	79.3	-0.6	78.0
1EUR (JPY)	99.0	110.3	-11.3	104.0
Copper (JPY/kg)	693	738	-45	700
Silver (JPY/kg)	78,323	92,379	-14,056	87,000



# Business Environment Forecast by Segment

Segment	Q2-Q4 Forecast, vs. Q1
IAB	<ul style="list-style-type: none"><li>• Japan: Capital investments of automotive and machine tools will remain strong. Semiconductors and electronic components will remain slow.</li><li>• Overseas:<ul style="list-style-type: none"><li>• Americas: Car-related investments in North America will stay strong.</li><li>• Europe: Exports will be steady. Italy and Germany will remain slow.</li><li>• Asia Pacific: Solid even after demand for Thailand restoration cools down.</li><li>• Greater China: Will recover gradually in the second half.</li></ul></li></ul>
EMC	<ul style="list-style-type: none"><li>• Japan: Amusement will be strong.</li><li>• Overseas:<ul style="list-style-type: none"><li>• Americas: Car-related demand will stay strong.</li><li>• Europe: Uncertainty due to the monetary crisis will continue.</li><li>• Asia Pacific: Will be slow, mainly in exports to Europe.</li><li>• Greater China: Will recover gradually, while consumer goods customers are still adjusting inventories.</li></ul></li></ul>
AEC	<ul style="list-style-type: none"><li>• Japan: Will see drop in the second half after special demand backed by eco-car subsidiaries is over.</li><li>• Overseas: Solid in North America; China will see further demand increase.</li></ul>
SSB	Demand for environmental solutions will go up.
HCB	<ul style="list-style-type: none"><li>• Japan: Demand for healthcare services will continue to grow.</li><li>• Overseas: Emerging markets will keep growing with higher health consciousness.</li></ul>
Other	Demand for Environmental Solutions will keep growing. Backlights will recover in the second half.



# Full-Year Sales Forecast by Segment

- Looking to fulfill initial plans, full-year and first-half as well.
- Sales up Y/Y in all of the five main businesses.

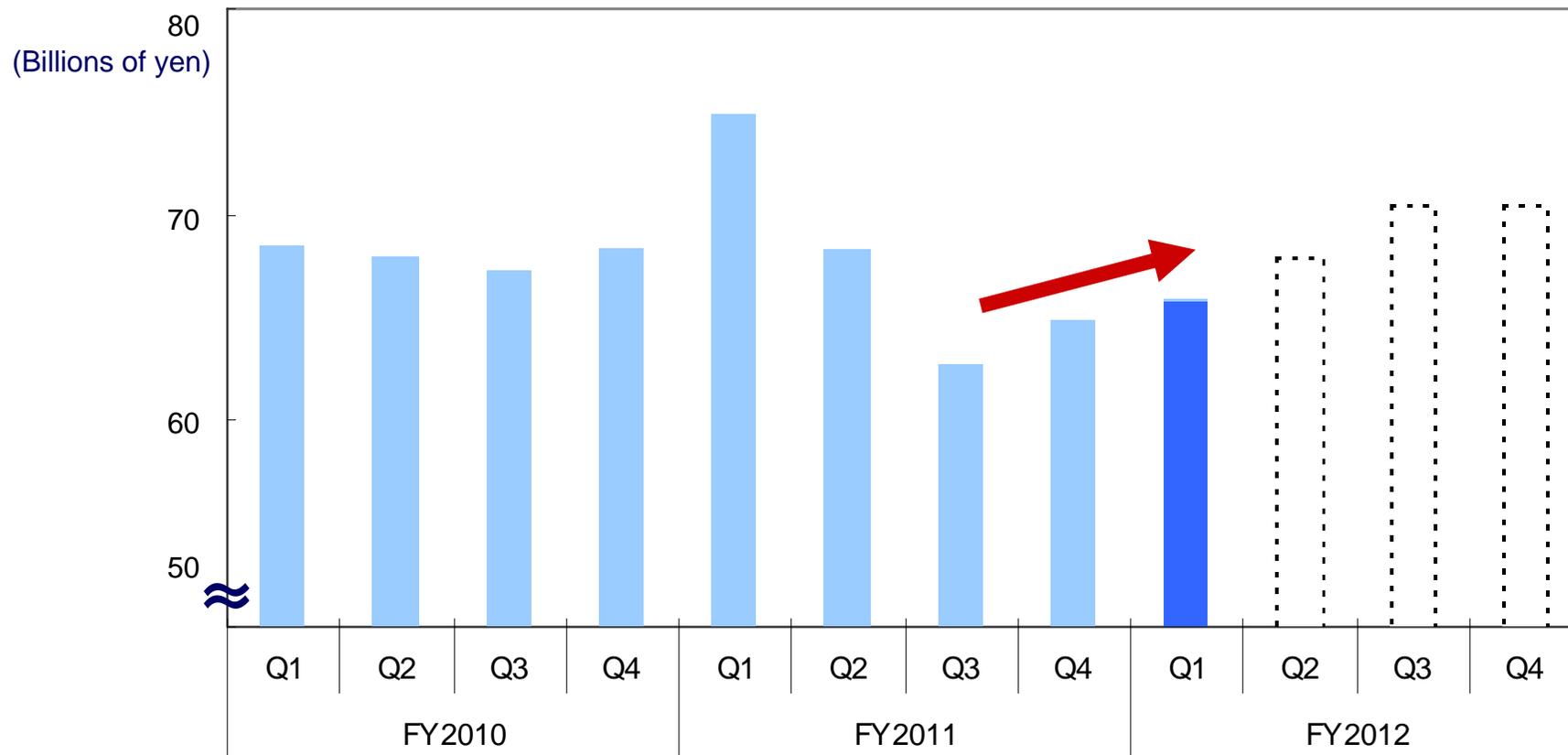
(Billions of yen)

	FY2012 Forecast	FY2011 Actual	Y/Y	Apr. 2012 Forecast
<b>IAB</b> Industrial Automation	274.0	270.8	+1.2%	274.0
<b>EMC</b> Electronic & Mechanical Components	89.0	83.0	+7.2%	89.0
<b>AEC</b> Automotive Electronic Components	95.0	85.0	+11.7%	95.0
<b>SSB</b> Social Systems, Solutions & Service	60.0	57.2	+4.9%	60.0
<b>HCB</b> Healthcare	67.5	62.4	+8.1%	67.5
<b>Other</b>	59.0	53.5	+10.2%	59.0
Eliminations & Corporate	5.5	7.6	-25.8%	5.5
<b>Total</b>	<b>650.0</b>	<b>619.5</b>	<b>+4.9%</b>	<b>650.0</b>



# IAB Sales

- Industrial Automation coming back after bottoming out in FY11 Q3.
- Expecting sales increase in the second half thanks to demand recovery and efforts made since last fiscal year: new products launch and sales & marketing enforcement.



[Q1 exchange rates] FY10: 1 USD = ¥91.5, 1 EUR ¥116.9; FY11: 1 USD = ¥81.7, 1 EUR =¥118.1; FY12: 1 USD = ¥80.4, 1 EUR = ¥103.4



## Japan

- Automotive and machine tools, especially overseas shipment, will remain strong.
- Electronic components and semiconductors will be slow. Demand related to smartphones and tablet computers will be favorable. Uncertain overall while expecting order increase from some customers in the second half.

## Europe

- The economy will be sluggish due to the financial crisis in Europe, especially Italy, Germany, and Spain. Slow overall, even with steady food and automotive exports.

## Greater China

- Domestic demand and capital investments will go up overall, thanks to the Chinese government's economic stimulus package in the second half.
- Wider range of our global-standard products launched last fiscal year, which are designed to meet emerging markets too, will contribute to sales growth.



## Home Appliances

- Recovery of Europe and Greater China will take longer due to the financial crisis in Europe.
- Greater China will see gradual recovery in the second half, mainly in white goods.

## Automotive Components

- Demand will grow for fuel-efficient cars in North America and mini-vehicles in emerging markets.
- Production cutback in Europe is a concern.

## Amusement

- Expecting growth thanks to our customers' solid performance in the leveling-off market.



# Full-Year Operating Income Forecast by Segment **OMRON** Sensing tomorrow™

- Despite forex impacts on all segments, looking to achieve first-half & full-year initial targets by cutting general costs where necessary.
- OP up Y/Y in all of the five main businesses.

(Billions of yen)

	FY2012 Forecast	FY2011 Actual	Y/Y	Apr. 2012 Forecast
IAB	35.0 (12.8%)	33.3 (12.3%)	+5.0% (+0.5% pt)	35.0 (12.8%)
EMC	8.0 (9.0%)	7.2 (8.7%)	+10.5% (+0.3% pt)	8.0 (9.0%)
AEC	5.0 (5.3%)	2.7 (3.2%)	+85.8% (+2.1% pt)	5.0 (5.3%)
SSB	1.0 (1.7%)	0.1 (0.2%)	+920.4% (+1.5% pt)	1.0 (1.7%)
HCB	4.0 (5.9%)	2.9 (4.7%)	+37.1% (+1.2% pt)	4.0 (5.9%)
Other	-2.0	-3.6	-	-2.0
Eliminations & Corporate	-5.0	-2.5	-	-5.0
<b>Total</b>	<b>46.0</b> (7.1%)	<b>40.1</b> (6.5%)	<b>+14.6%</b> (+0.6% pt)	<b>46.0</b> (7.1%)

(%): Operating income/External sales



# References



## Exchange Rates & Raw Material Costs Full-Year Fluctuation Impact

- Exchange rates, ¥1 fluctuation impact (full-year, approx)

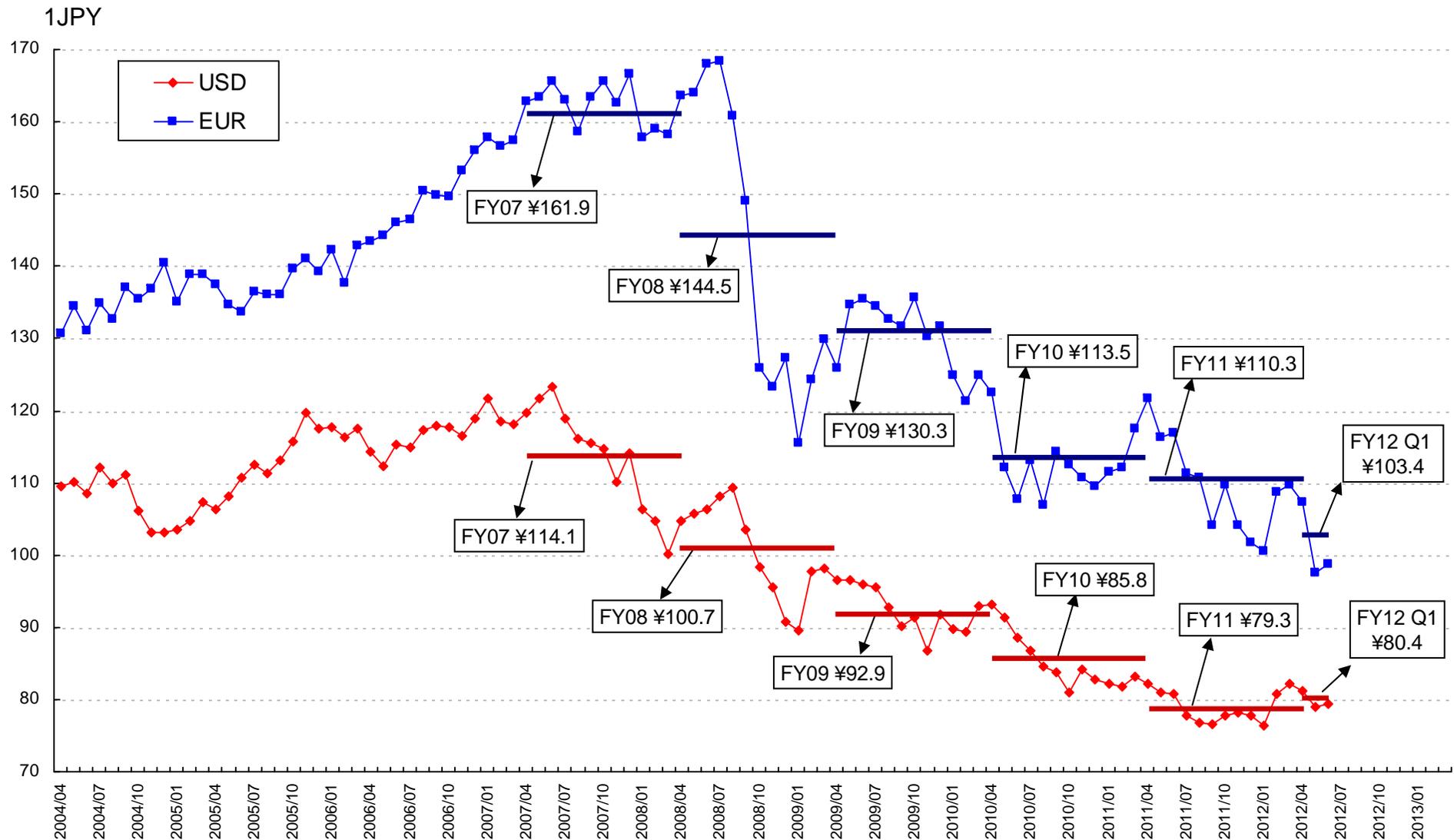
	Sales	OP
USD	¥2.8 bn	¥0.7 bn
EUR	¥0.8 bn	¥0.4 bn

- Silver & copper price change impact (full-year, approx)

	Price change	OP
Silver	¥1,000/kg	¥100 mil
Copper	¥10/kg	¥100 mil

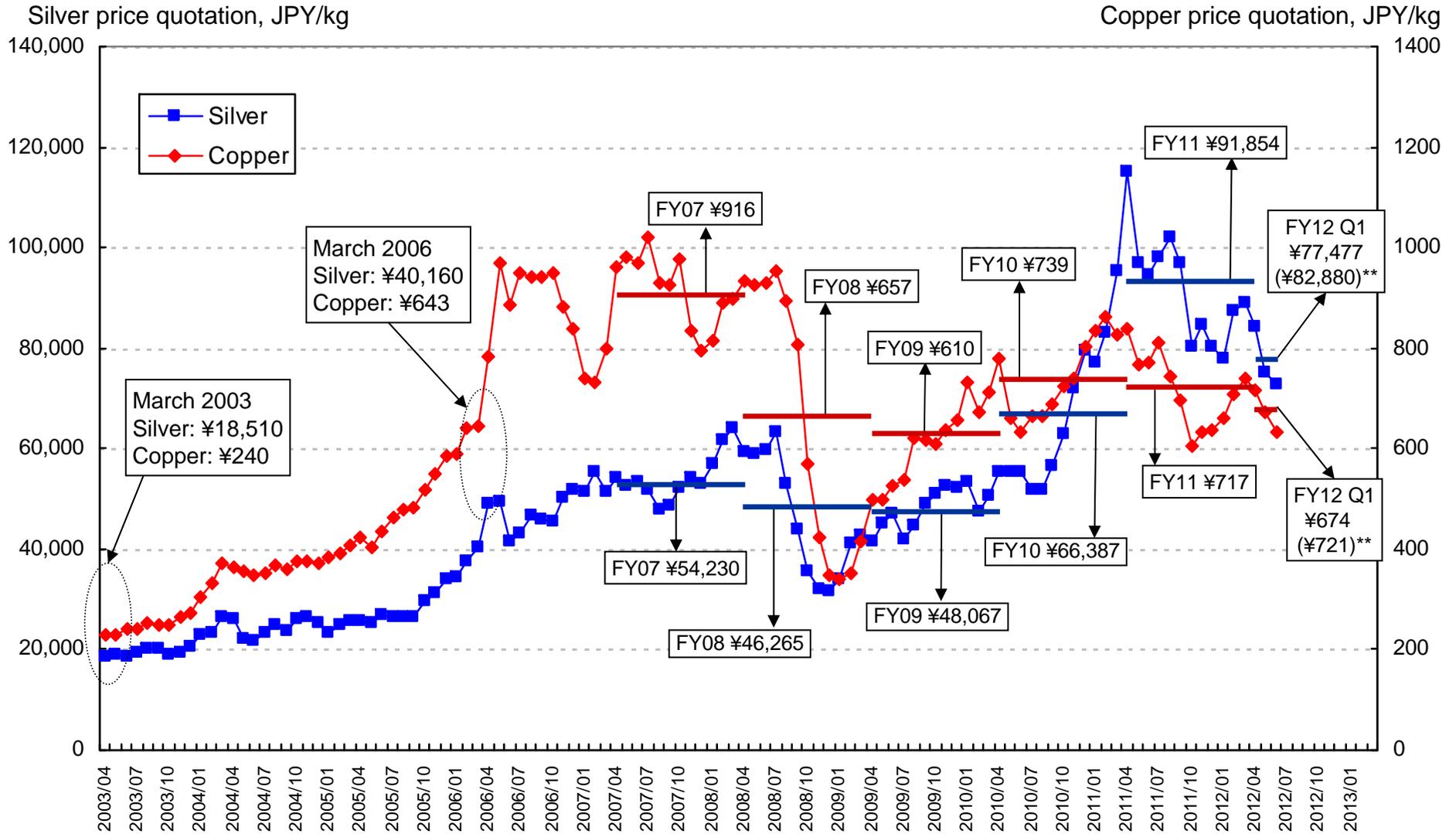


# Exchange Rates (USD, EUR)





# Raw Material Prices (Silver, Copper)



\*Monthly simple moving average (SMA) of price quotations. \*\*Average used for financial results.



# Businesses and Major Products

LCD backlights, semiconductors/MEMS,  
energy saving/environmental solutions business,  
electronic systems and equipment

- *Electronic signal sensing*
- *Electrical current/voltage control*

- *Radio wave sensing*
- *Automotive body control*

Relays, switches, connectors,  
amusement equipment parts,  
mobile device parts

Keyless entry systems,  
power window switches,  
automotive relays, EPS  
(electronic power steering)

- *Human sensing*
- *Traffic sensing*
- *IC card technology*

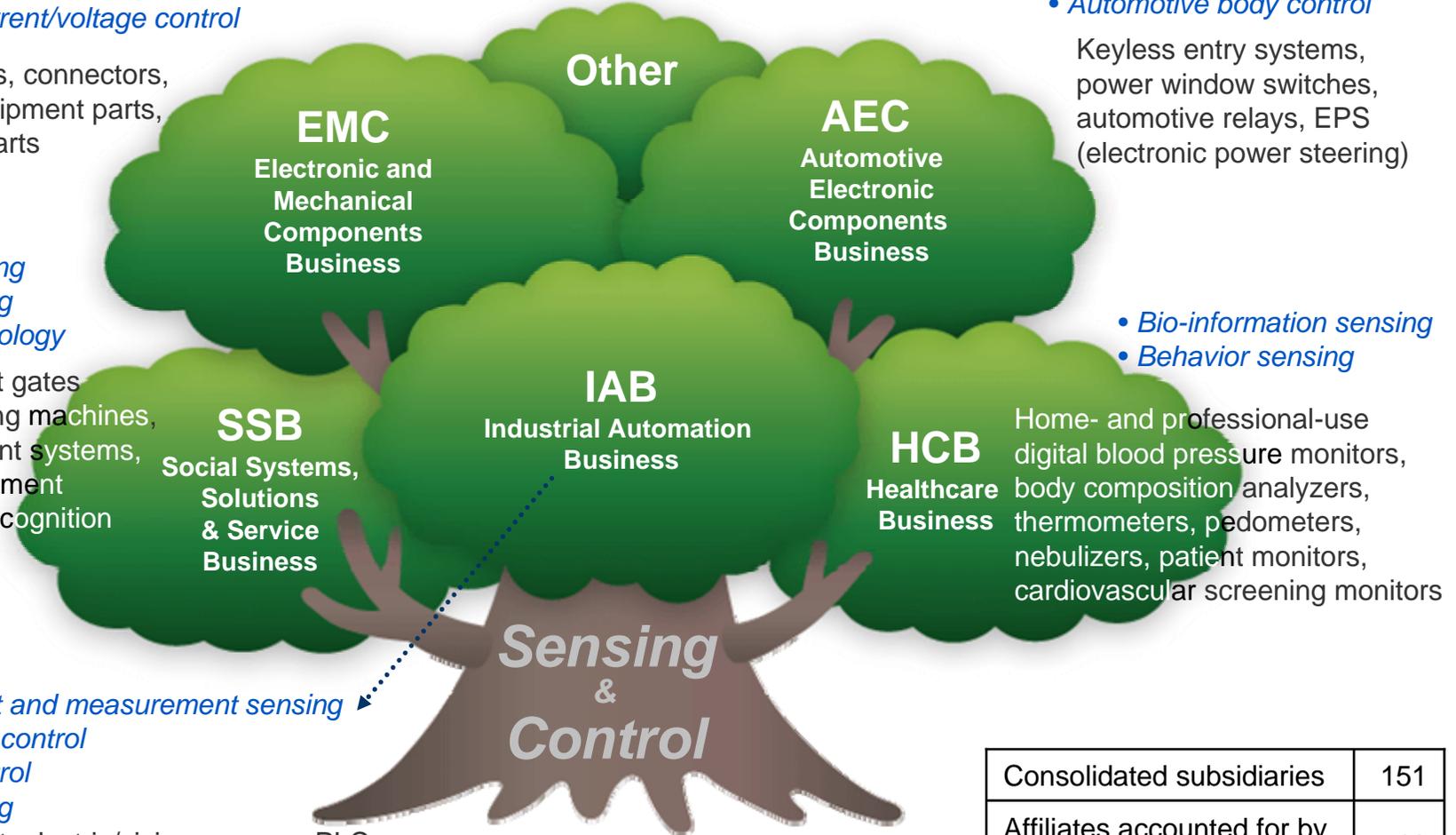
- *Bio-information sensing*
- *Behavior sensing*

Automated ticket gates  
and ticket vending machines,  
road management systems,  
security management  
systems, face recognition  
systems

Home- and professional-use  
digital blood pressure monitors,  
body composition analyzers,  
thermometers, pedometers,  
nebulizers, patient monitors,  
cardiovascular screening monitors

- *Displacement and measurement sensing*
- *Temperature control*
- *Machine control*
- *Vision sensing*

Proximity/photoelectric/vision sensors, PLCs,  
temperature controllers, machine safeguarding  
equipment, inspection systems



Consolidated subsidiaries	151
Affiliates accounted for by the equity method	12

(as of June 30, 2012)



#### **Notes**

1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, (vi) movements in currency exchange rates and stock markets, and (vii) accidents and natural disasters.

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