



OMRON

Sensing tomorrow™

Financial Results for the Fiscal Year Ended March 31, 2013 (FY12)

April 26, 2013

OMRON Corporation



Contents

- | | |
|--|--------------|
| 1. FY12 Results | P. 3 |
| 2. FY13 Forecast | P. 10 |
| 3. VG Strategies
Higher Corporate Value | P. 19 |
| 4. References | P. 32 |



FY12 Results



Consolidated P/L

- Sales and OP as planned thanks to steady implementation of VG2020 measures.

(Billions of yen)

	FY2012	FY2012 Fcst	vs. Fcst (fcst = 100%)	FY2011	Y/Y
Net Sales	650.5	650.0	+100.1%	619.5	+5.0%
Gross Profit (%)	241.5 (37.1%)	243.5 (37.5%)	+99.2% (-0.4% pt)	227.9 (36.8%)	+6.0% (+0.3% pt)
Operating Income (%)	45.3 (7.0%)	46.0 (7.1%)	+98.6% (-0.1% pt)	40.1 (6.5%)	+13.0% (+0.5% pt)
NIBT	41.2	43.0	+95.9%	33.5	+22.9%
Net income attributable to shareholders	30.2	28.5	+106.0%	16.4	+84.3%
1USD (JPY)	83.2	82.6*	+0.6	79.3	+3.9
1EUR (JPY)	107.6	107.1*	+0.5	110.3	-2.7
Copper (JPY/kg)	686	680*	+6	738	-52
Silver (JPY/kg)	83,042	81910*	+1,132	92,379	-9,337

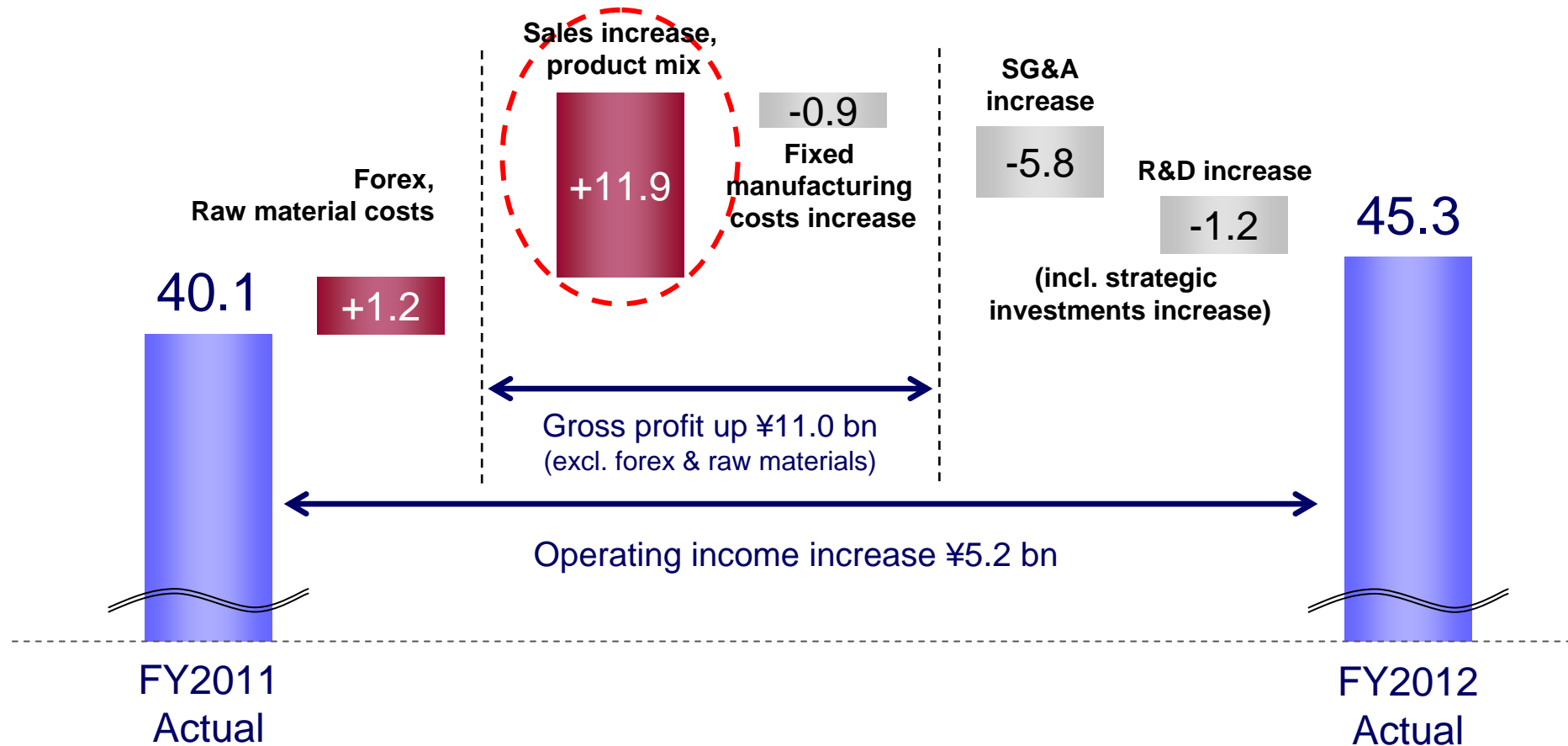
*Jan. 30 fcst



Operating Income Analysis, Y/Y

- OP up ¥5.2 bn Y/Y due to sales increase and well-managed general costs, while steadily carrying out strategic investments.

(Billions of yen)





Consolidated B/S

- Inventory well managed at FY11 year-end level.
(without forex impact, inventory down ¥8.6 bn to ¥83.7 bn)

(Billions of yen)

	Mar. 31, 2013	Mar. 31, 2012	Ref. Dec. 31, 2012
Assets	573.6	537.3	559.5
Cash and cash equivalents	55.7	45.3	54.7
Notes and accounts receivable - trade	156.9	141.1	138.7
Inventories	91.0	92.3	101.5
Deferred income taxes, other current assets	30.1	29.5	30.1
Property, plant and equipment	126.8	120.7	124.7
Investments and other assets	113.1	108.5	109.8
Liabilities	204.9	215.6	209.9
Short-term debt	5.6	18.8	19.7
Long-term debt	0.0	0.0	0.0
Notes and accounts payable - trade	75.6	79.3	77.1
Termination and retirement benefits	56.9	60.4	57.0
Other liabilities	66.8	57.1	56.1
Net Assets	368.8	321.7	349.6
Common stock and retained earnings	427.7	433.8	451.4
Accumulated other comprehensive income (loss)	-44.3	-68.4	-59.0
Treasury stock	-16.4	-44.5	-44.5
Non-controlling interests	1.8	0.8	1.7
Total Liabilities and Shareholders' Equity	573.6	537.3	559.5



Consolidated Cash Flows

- FCF up Y/Y due to increased operating activities, with steady implementation of investments for growth.

(Billions of yen)

	FY2012	FY2011
Operating activities	53.1	31.9
Investing activities	-28.5	-26.5
Free cash flow	24.6	5.4
Financing activities	-18.6	-33.5
Effect of exchange rate changes on cash and cash equivalents	4.4	-1.4
Net increase/decrease in cash and cash equivalents	10.5	-29.5
Cash and cash equivalents at end of the period	55.7	45.3
Capital expenditures	28.3	28.3
Depreciation and amortization	22.5	22.6



Sales by Segment

- Five business segments up Y/Y.
- Four of which posted double-digit increases.

(Billions of yen)

	FY2012	FY2012 Jan. 30 fcst	vs. Jan fcst	FY2011	Y/Y
IAB Industrial Automation	263.0	267.0	-1.5%	270.8	-2.9%
EMC Electronic & Mechanical Components	84.1	87.5	-3.9%	83.0	+1.3%
AEC Automotive Electronic Components	97.6	95.0	+2.8%	85.0	+14.8%
SSB Social Systems, Solutions & Service	68.8	66.0	+4.2%	57.2	+20.2%
HCB Healthcare	71.5	69.5	+2.9%	62.4	+14.5%
Other	59.2	59.0	+0.4%	53.5	+10.7%
Eliminations & Corporate	6.3	6.0	+4.4%	7.6	-16.2%
Total	650.5	650.0	+0.1%	619.5	+5.0%



Operating Income by Segment

- Four business segments up Y/Y.
- Profit structure improvements showing results in each segment.

(Billions of yen)

	FY2012	FY2012 Jan. 30 fcst	vs. Jan fcst	FY2011	Y/Y
IAB Industrial Automation	29.5 (11.2%)	33.5 (12.5%)	-4.0 (-1.3% pt)	33.3 (12.3%)	-3.9 (-1.1% pt)
EMC Electronic & Mechanical Components	6.2 (7.4%)	8.0 (9.1%)	-1.8 (-1.7% pt)	7.2 (8.7%)	-1.0 (-1.3% pt)
AEC Automotive Electronic Components	5.0 (5.1%)	5.0 (5.3%)	+0.0 (-0.2% pt)	2.7 (3.2%)	+2.3 (+1.9% pt)
SSB Social Systems, Solutions & Service	2.9 (4.2%)	2.5 (3.8%)	+0.4 (+0.4% pt)	0.1 (0.2%)	+2.8 (+4.0% pt)
HCB Healthcare	4.4 (6.2%)	4.5 (6.5%)	-0.1 (-0.3% pt)	2.9 (4.7%)	+1.5 (+1.5% pt)
Other	2.5 (4.3%)	-0.5	+3.0	-3.6 (-)	+6.1
Eliminations & Corporate	-5.2	-7.0	+1.8	-2.5	-2.7
Total	45.3 (7.0%)	46.0 (7.1%)	-0.7 (-0.1% pt)	40.1 (6.5%)	+5.2 (+0.5% pt)

(%): Operating income/External sales



FY13 Forecast



Policy

Complete the GLOBE Stage!

Complete the transformation to a stronger Omron with greater growth, profitability and adaptability to change.

Action Plans

Complete VG GLOBE Stage action plans as scheduled.

1. Reinforcement of IA business
2. Growth in emerging markets
3. Focus on Environmental Solutions Business
4. Profit structure reform
5. Global human resources



Conditions for FY13

External Environment

- The global economy will remain uncertain, with signs of recovery except for Europe.
- Japan: Recovery in Q2 at the earliest.
- Overseas: Europe will remain sluggish.
US capital investments will be firm especially in the automotive industry.
China will still be uncertain but gradually show signs of recovery.
Emerging markets will enjoy steady growth and increases in consumer spending and capital investments.

Conditions: Exchange rates & raw material costs

Exchange rates

1 USD = ¥90; 1 EUR = ¥120

¥1 fluctuation impact
(full-year, approx)

	Sales	OP
USD	¥3.1 bn	¥0.5 bn
EUR	¥0.8 bn	¥0.4 bn

Raw material costs

Silver = ¥88,500/kg; Copper = ¥770/kg

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

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



FY13 Consolidated P/L

- Targeting ¥710 bn sales, 39% gross profit margin, ¥58 bn OP and ¥40 bn net income.

(Billions of yen)

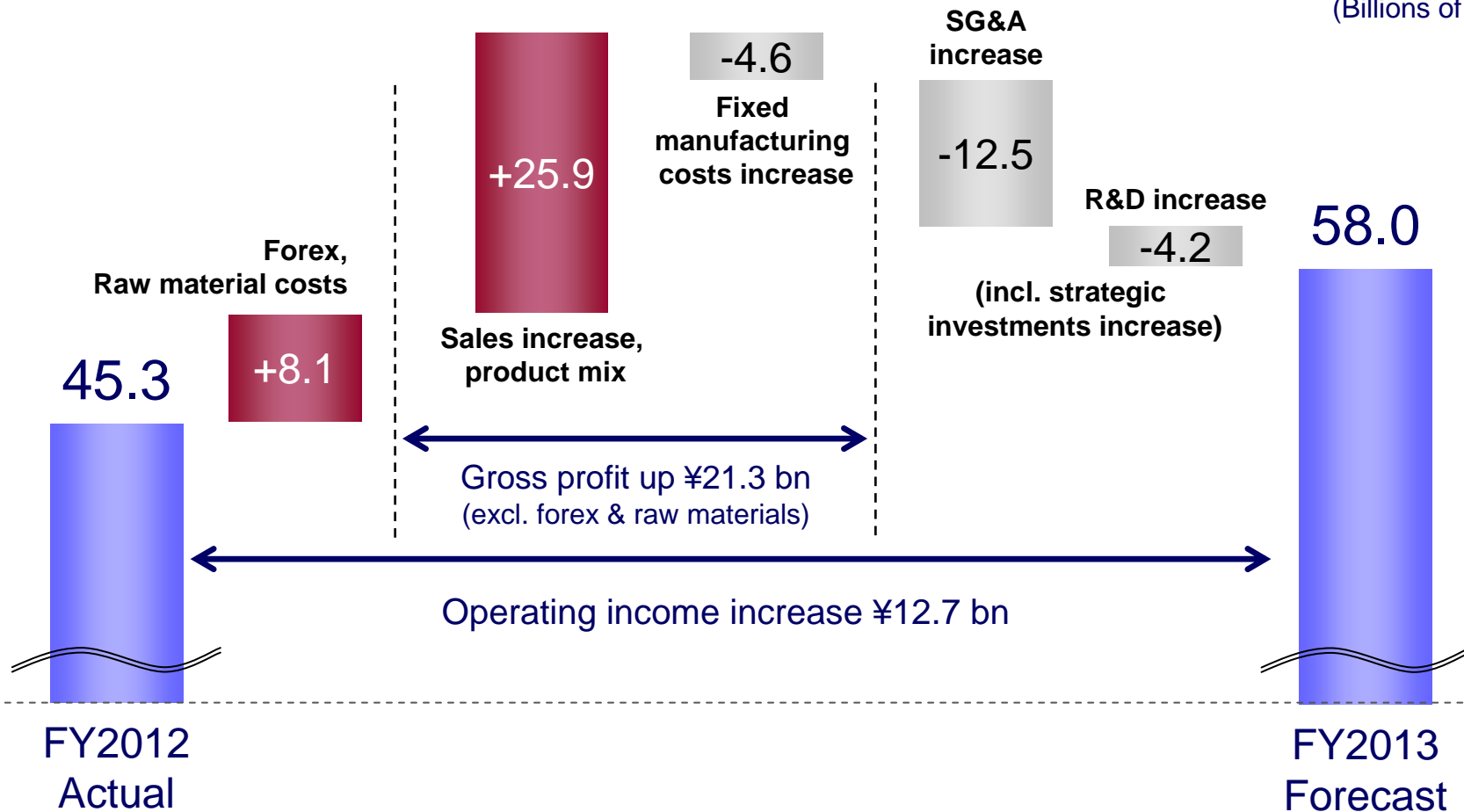
	FY2013 forecast	FY2012 actual	Y/Y
Net Sales	710.0	650.5	+9.2%
Gross Profit (%)	277.0 (39.0%)	241.5 (37.1%)	+14.7% (+1.9% pt)
SG&A	171.0	152.7	+12.0%
R&D	48.0	43.5	+10.4%
Operating Income (%)	58.0 (8.2%)	45.3 (7.0%)	+27.9% (+1.2% pt)
Non-operating Income (loss), net	1.5	4.1	-63.5%
NIBT	56.5	41.2	+37.0%
Net Income attributable to shareholders	40.0	30.2	+32.4%
EPS (JPY)	181.71	137.20	+32.4%



Operating Income Analysis (vs. FY12)

- Challenging ourselves to increase OP by ¥12.7 bn, injecting VG2020 strategic investments.

(Billions of yen)





FY13 Sales by Segment

- Aiming at increase in each segment.

(Billions of yen)

	FY2013 forecast	FY2012 actual	Y/Y
IAB Industrial Automation	282.0	263.0	+7.2%
EMC Electronic & Mechanical Components	94.0	84.1	+11.8%
AEC Automotive Electronic Components	108.5	97.6	+11.1%
SSB Social Systems, Solutions & Service	76.0	68.8	+10.5%
HCB Healthcare	82.5	71.5	+15.4%
Other	62.0	59.2	+4.7%
Eliminations & Corporate	5.0	6.3	-19.5%
Total	710.0	650.5	+9.2%



FY13 Operating Income by Segment

- Aiming at OP increase in each segment.
- Each segment will work on profit improvement for higher margins.

(Billions of yen)

	FY2013 forecast	FY2012 actual	Y/Y
IAB Industrial Automation	36.5 (12.9%)	31.3* (11.9%)	+5.2 (+1.0% pt)
EMC Electronic & Mechanical Components	7.0 (7.4%)	4.4* (5.2%)	+2.6 (+2.2% pt)
AEC Automotive Electronic Components	7.0 (6.5%)	5.0 (5.1%)	+2.0 (+1.4% pt)
SSB Social Systems, Solutions & Service	4.5 (5.9)	2.9 (4.2%)	+1.6 (+1.7% pt)
HCB Healthcare	7.0 (8.5%)	4.4 (6.2%)	+2.6 (+2.3% pt)
Other	3.5 (5.6%)	2.5 (4.3%)	+1.0 (+1.3% pt)
Eliminations & Corporate	-7.5	-5.2	-2.3
Total	58.0 (8.2%)	45.3 (7.0%)	+12.7 (+1.2% pt)

(%): Operating income/External sales. *Differs from p.9 results. Reclassified for comparison with FY13, in which some EMC divisions are included in IAB following new management categorization.



FY13 Business Environment by Segment

Segment	FY13 Business Environment
IAB	<ul style="list-style-type: none">• Japan: Still uncertain overall. Automotive and electronic components are on the recovery trend and will pick up in Q2. Machine tools will remain flat. Semiconductors are showing signs of recovery.• Overseas:<ul style="list-style-type: none">• Europe: Vulnerable in short term. Production and new investments will continue to drop, though long-term economic indicators are trending better.• Greater China: Expecting slow recovery in Q2 with better PMI.
EMC	<ul style="list-style-type: none">• Japan: White electronic appliances will gradually go up.• Overseas:<ul style="list-style-type: none">• Solid in US and Asia.• Europe and Greater China will slowly come back.
AEC	<ul style="list-style-type: none">• Japan: Will see recovery in 2H, due to 1H demand decrease after the end of eco-friendly car subsidiaries.• Overseas: North America will be solid. Demand in emerging markets including Southeast Asia and Greater China will go up.
SSB	Demand for train system upgrading will remain solid. Environmental solutions will see rising demand for system engineering, repair & maintenance.
HCB	<ul style="list-style-type: none">• Japan: Will see new business opportunities using healthcare/medical data.• Overseas: BRICs will keep growing, emerging markets will expand with rising income.
Other	Environmental Solutions: Power conditioner business will keep growing. Backlight business will go soft.



R&D, Capex, and Depreciation

- Toward growth, Omron will make proactive investments exceeding depreciation.

(Billions of yen)

	FY2013	FY2012	Y/Y
R&D	48.0	43.5	+10.4%
Capex	34.2	28.3	+20.8%
Depreciation	26.9	22.5	+19.6%



VG2020 Strategies



Updates on GLOBE STAGE Tasks

- Omron steadily carried out VG2020 measures in FY11 and FY12.
- Targeting this year to make the most of these achievements for further growth.

(Billions of yen)

	FY2011	FY2012	FY2013 (Target)
IA Sales (IAB & EMC)	353.8	347.1	376.0
(Growth rate)	-	(-2%)	(+8%)
(Growth rate w/o forex)		(-3%)	(+3%)
Emerging Market Sales	171.9	185.9	230.0
(Growth rate)	-	(+8%)	(+24%)
(Growth rate w/o forex)		(+4%)	(+12%)
Environmental Solutions Sales	21.9	29.6	40.0
(Growth rate)	-	(+35%)	(+35%)
Gross Profit Margin	36.8%	37.1%	39%
(Y/Y % pt growth)	-	(+0.3% pt)	(+1.9% pt)



GLOBE Stage: Strengthening of IA

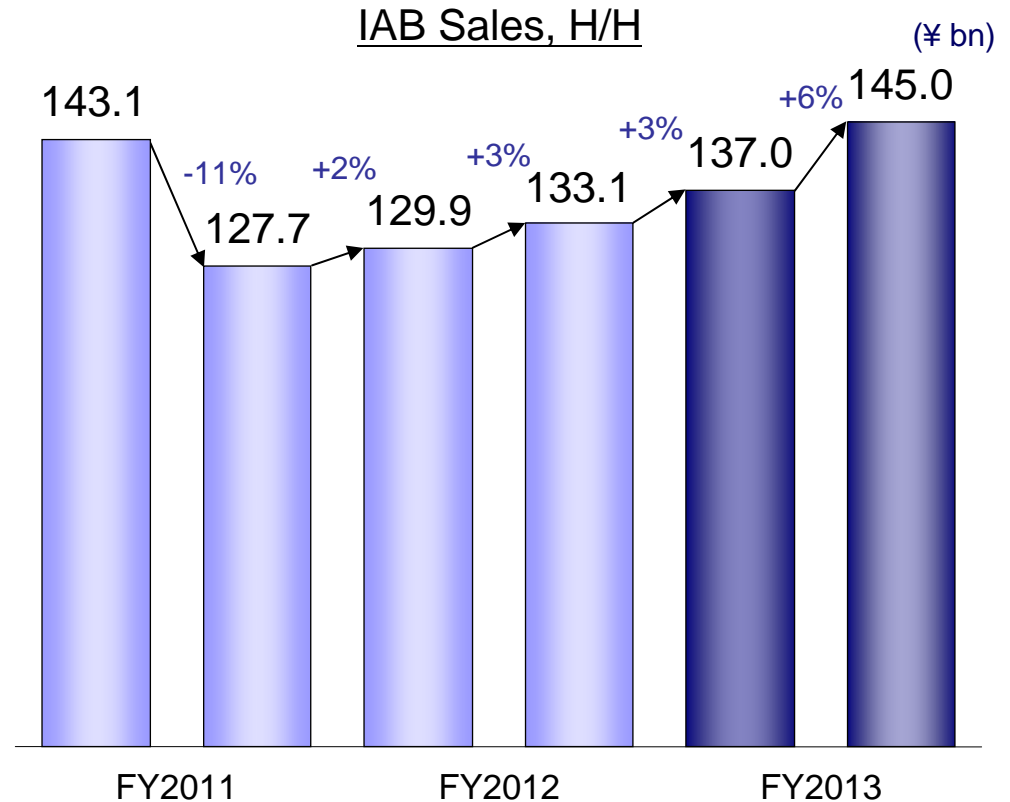
- IAB sales coming back after bottoming out in 2H/FY11.
- Eyeing sales increase by making the most out of VG achievements.

IAB Measures

- Wider range of high-spec products and “global standard” products
- Strengthening of sales in Greater China
- Expansion of sales network in emerging markets

EMC Measures

- Expansion of environmental & energy solutions businesses
- Accelerating operational transfer to Shanghai plant
- Promotion of factory automation at Shenzhen plant





GLOBE Stage: Growth in Emerging Markets

- Omron steadily carried out VG2020 measures for sales expansion in emerging markets.
- Targeting two-digit growth in each area this year.

Sales Growth in Emerging Markets

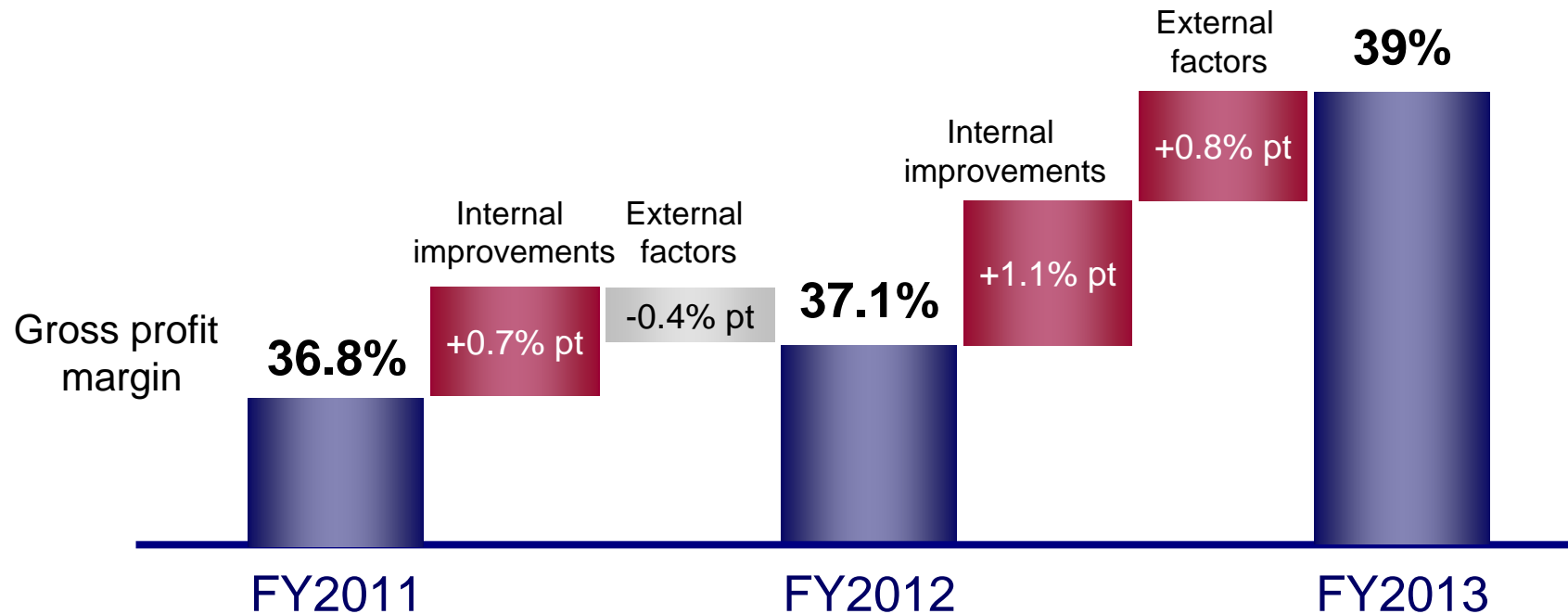
- ◆ **Wider range of products**
 - “Global standard” products
 - Healthcare products
- ◆ **Stronger sales & marketing**
 - Sales network
 - Sales offices/staff
- ◆ **Stronger infrastructure in emerging markets**
 - SCM
 - Brand recognition

Area	FY12, Y/Y	FY13, Y/Y
Greater China <small>(w/o distributors/transaction changes)</small>	+5% <small>(+17%)</small>	+23% <small>(+18%)</small>
Asia <small>(excl. S. Korea)</small>	+14%	+25%
India	+42%	+29%
Russia & East Europe	+31%	+23%
Latin America	+15%	+29%



GLOBE Stage: Profit Structure Reform

➤ Targeting FY13 gross profit margin of 39%.

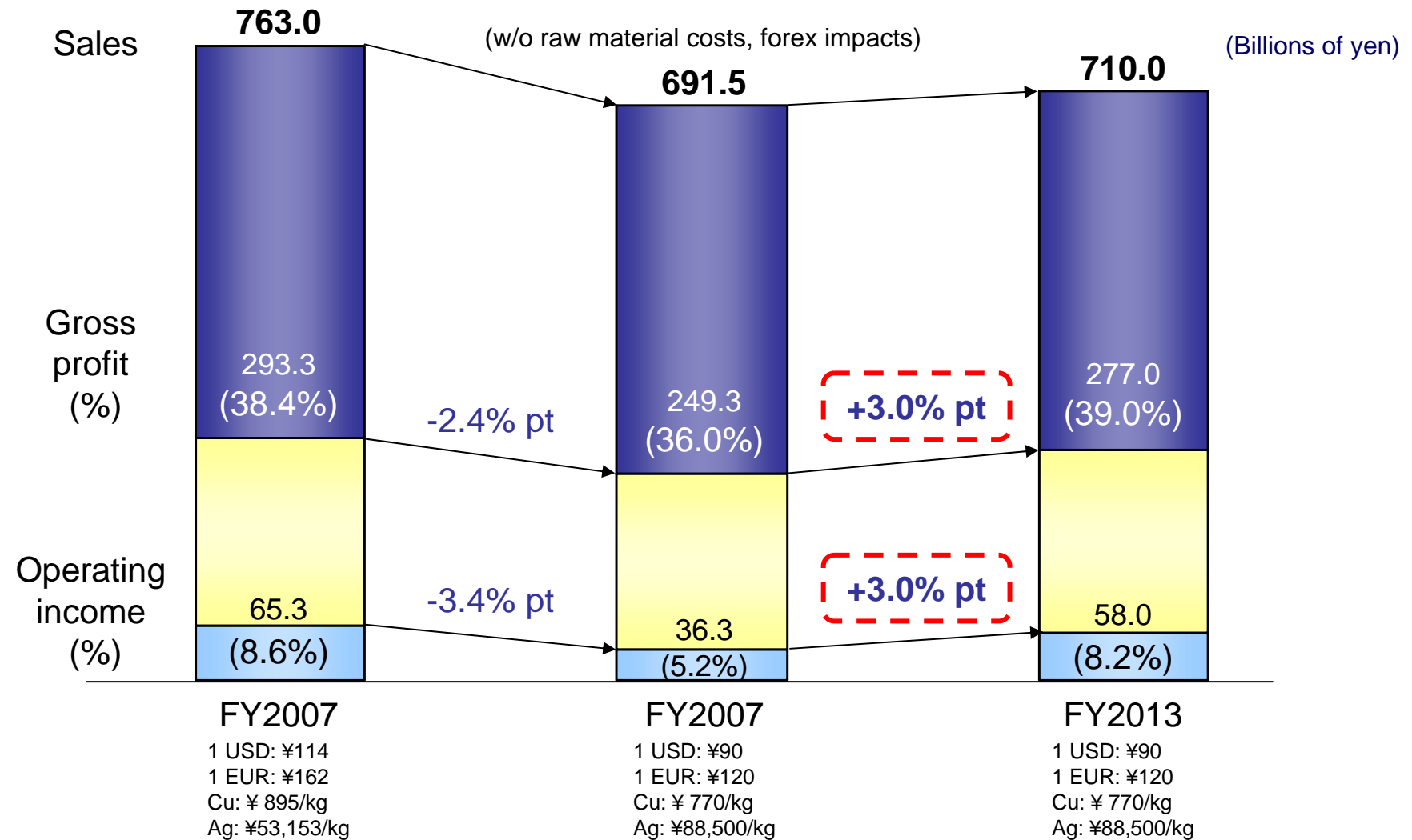


- ◆ Sales staff's efforts in profit improvement
- ◆ Smaller number of components, standardized system platform
- ◆ Less use of major raw materials, such as silver, copper and resin
- ◆ Introduction of automation in China and other Asian countries (low-cost automation)



(Ref. P/L Breakdown, FY13 vs. FY07)

➤ Aiming at P/L structure stronger than record-high FY07.





- Omron worked on forex balance improvement and established a structure resistant to forex fluctuation.

USD Sensitivity (¥1 fluctuation impact, assumption)

	FY11	FY12	FY13
OP	¥0.9 bn	¥0.7 bn	¥0.5bn
Sales	¥2.5 bn	¥2.8 bn	¥3.1 bn

Short-term Measures

1. Domestic procurement: Payment to global suppliers in JPY → in USD
2. Global procurement: Payment in JPY → in USD
3. USD-based cost transaction in Japan

Mid-term Measures

1. Promotion of local procurement in sync with global production expansion
2. Shift of fixed costs, in sync with production function transfer to overseas



Higher Shareholder Return



FY13 Dividend Policy

Minimum payout ratio revised from 20% to **25%**.

*FY13 interim dividend forecast at ¥18.

Basic Profit Distribution Policy (effective April 1, 2013)

- 1. Place priority on investments for growth** to maximize corporate value.
- Enhance **stable, uninterrupted profit distributions** taking into consideration the consolidated performance.
- 3. Maintain the payout ratio at a minimum of 25% and the DOE target of 2%.**
- Systematically repurchase the Company's stock, taking into consideration of M&A, FCF and other conditions.



Higher Corporate Value



Financial Indicators

- Management with focus on ROIC and other major indicators.

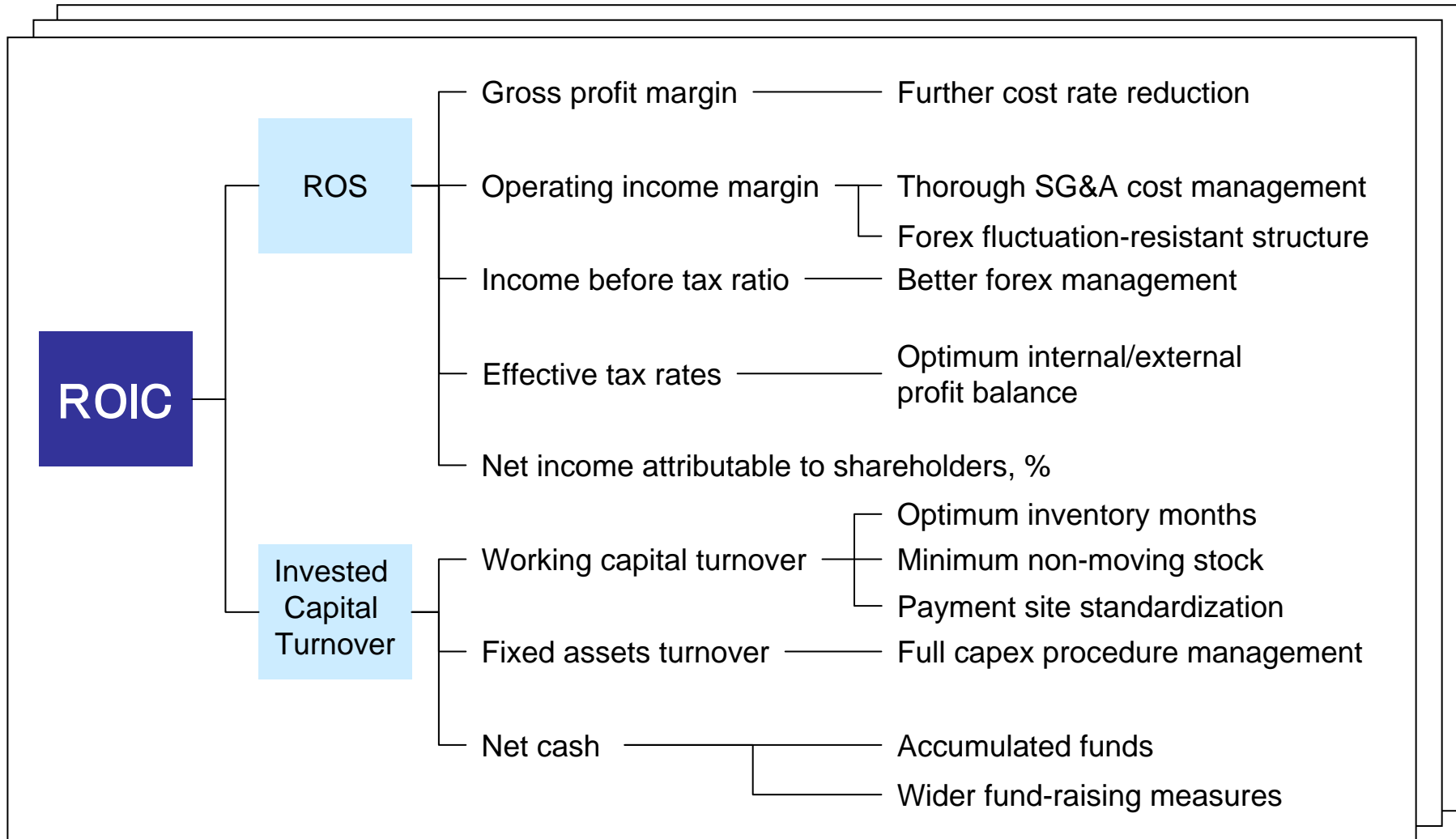
Major Indicators	FY12	FY13 fcst
Gross Profit Margin	37.1%	39%
Operating Income Margin	7.0%	8.2%
ROE	8.8%	>10%
ROIC	8.6%	>10%

ROIC = Net income attributable to shareholders / invested capital



Measures for Higher Corporate Value

➤ Indicator breakdown → Segmental measures to raise ROIC.





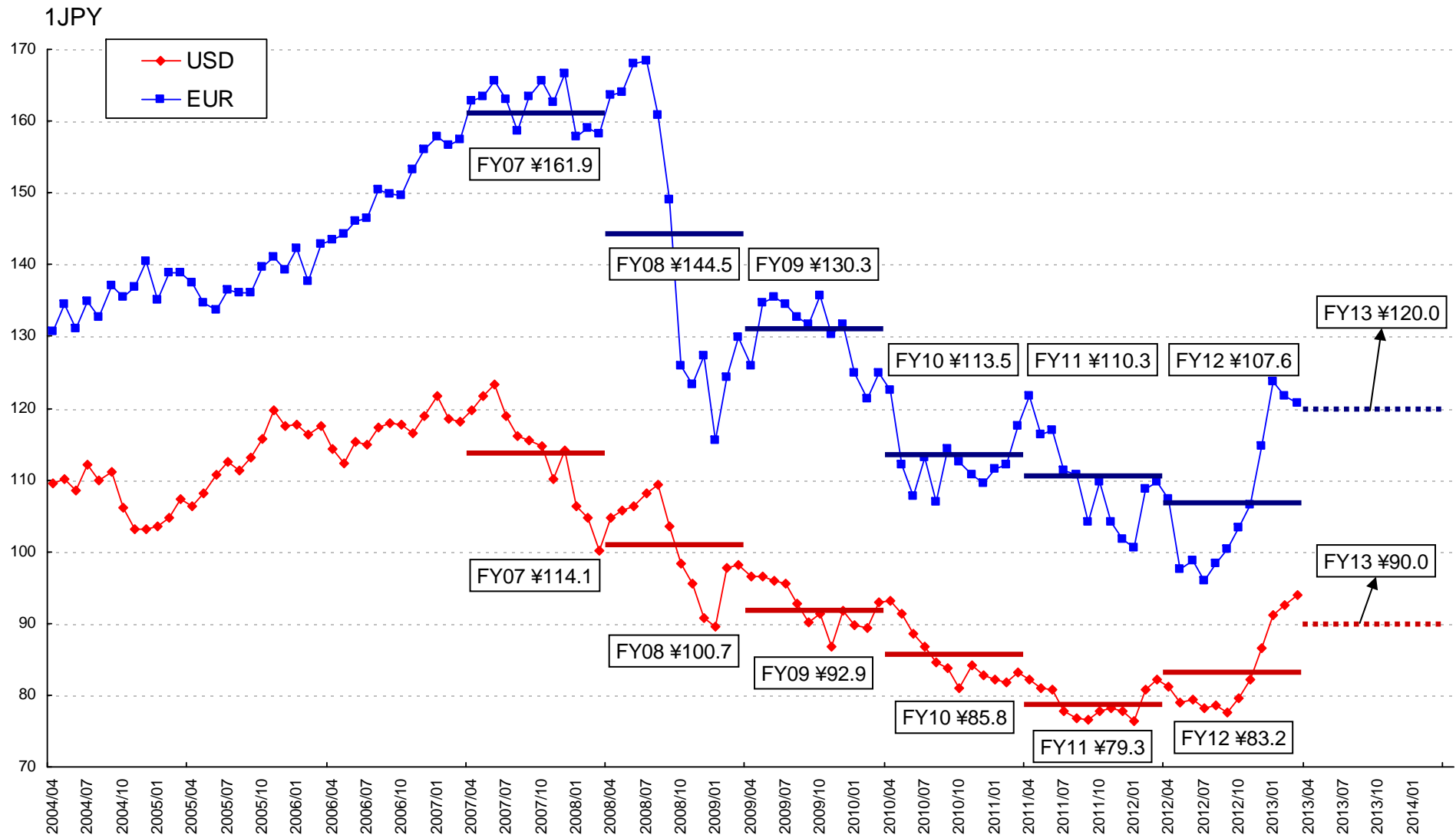
Logo to commemorate Omron's 80th Anniversary



References

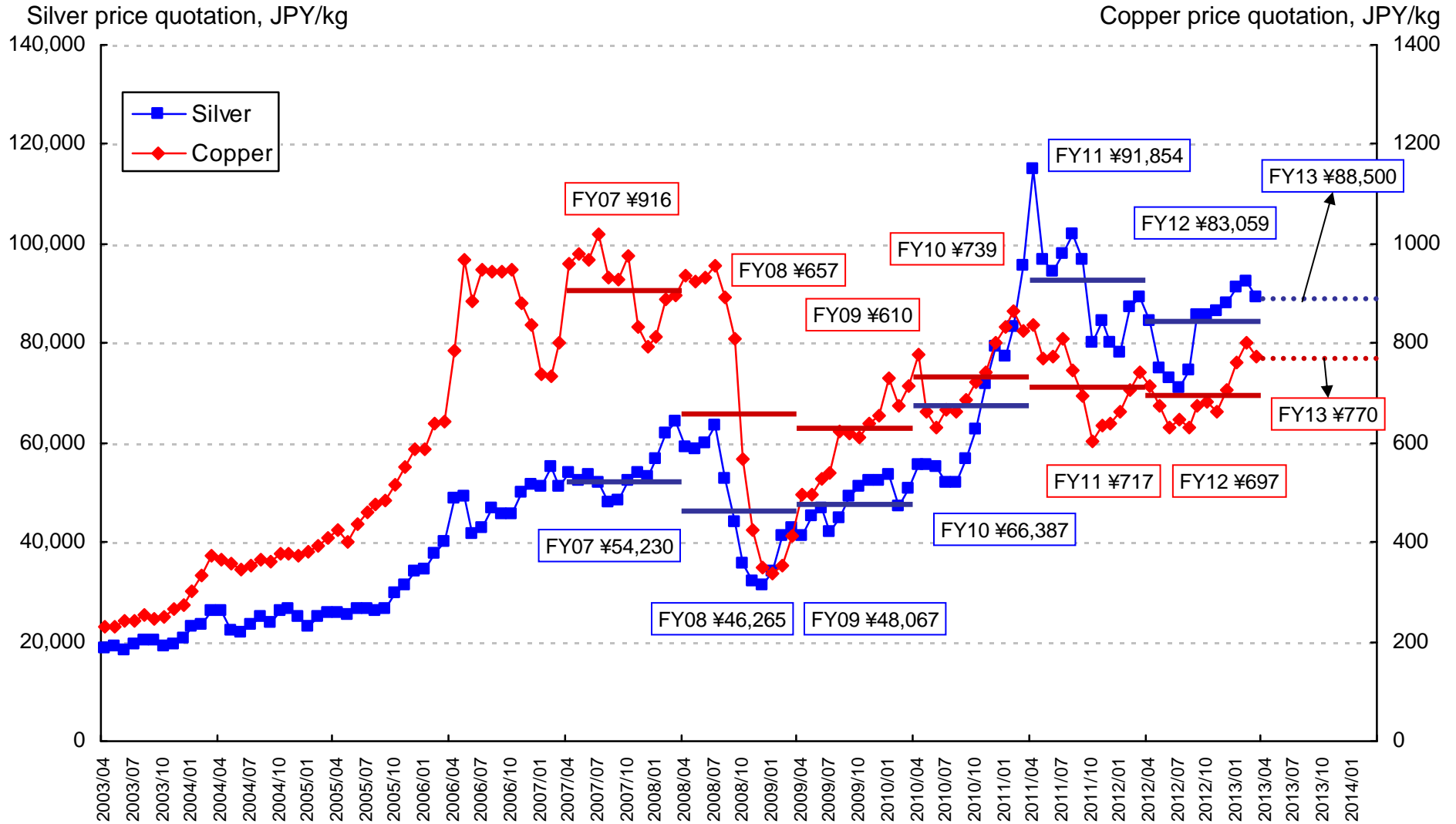


Exchange Rates (USD, EUR)





Raw Material Prices (Silver, Copper)



*Monthly simple moving average (SMA) of price quotations.



Businesses and Major Products

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

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

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

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

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

- *Ticket gate mechanisms*
- *Infrared sensing*
- *Facial image sensing*

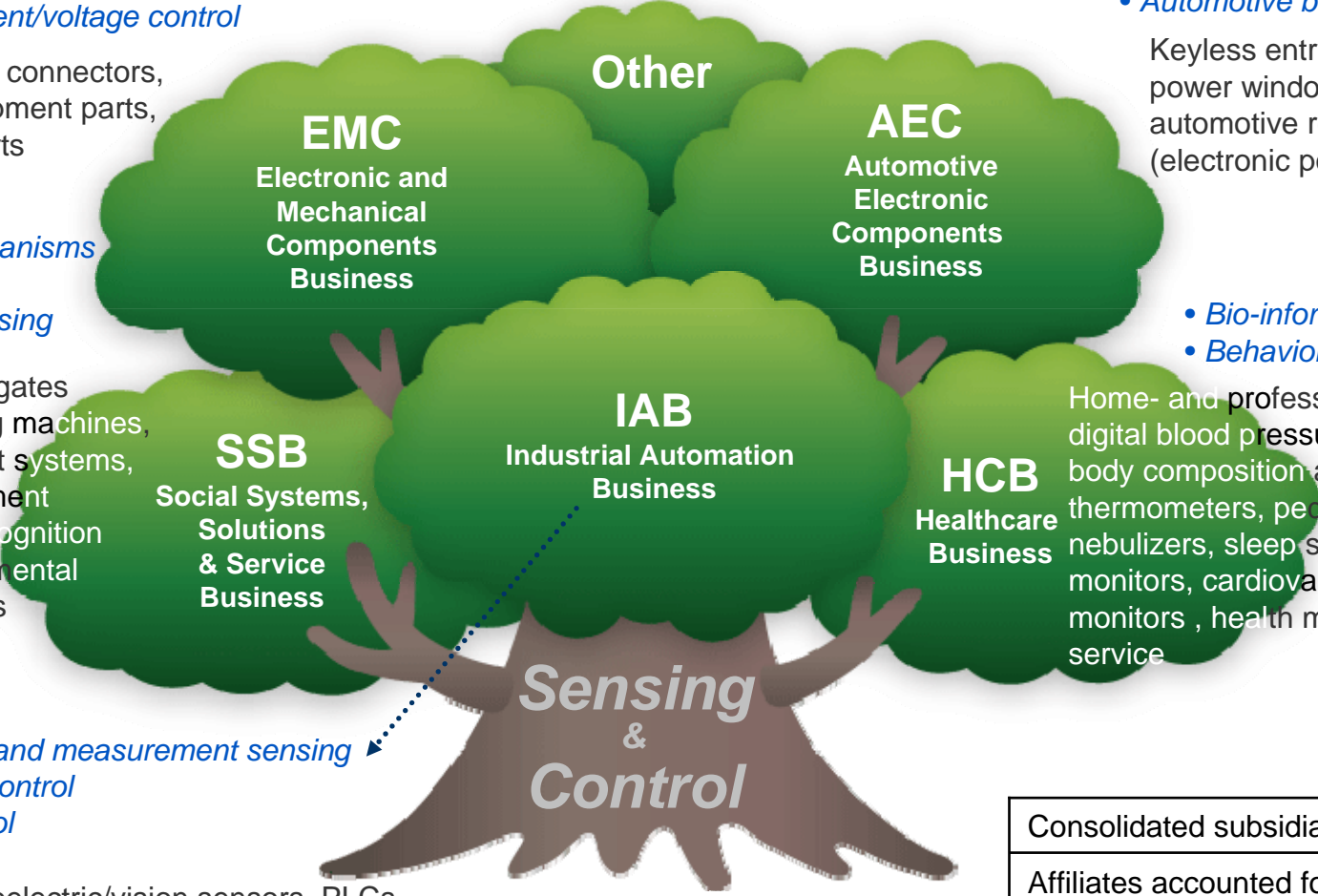
Automated ticket gates and ticket vending machines, road management systems, security management systems, face recognition systems, environmental solutions business

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

Home- and professional-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, sleep sensors, patient monitors, cardiovascular screening monitors, health management service

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

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



Consolidated subsidiaries	153
Affiliates accounted for by the equity method	12

(as of March 31, 2013)



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.

Contact:

**Investor Relations Department
Investor Relations Headquarters
Omron Corporation**

Phone: +81-(0)3-6718-3421

Email: omron_ir@omron.co.jp

Website: www.omron.com

***To subscribe to Omron IR email newsletters:
Send us an email titled "subscribe".**