



FY14 Earnings

**2014 Full-Year Results
Ended March 31, 2015**

April 27, 2015
OMRON Corporation

Summary

■ FY2014

- Sales & profits up 3 years in a row, breaking last year's best performance ever.
- Main IAB posted big sales & OP growth to boost total Omron.

■ FY2015

- Achieve FY16 targets (EARTH-1 STAGE final year) one year earlier.
- Make additional growth investments. R&D and Capex.
- Raise payout ratio up to 30%, drastically increasing per-share dividend forecast.

■ ROIC Management Upgrading

- Omron will keep upgrading ROIC management to realize sustainable corporate value improvement.

Contents

1. FY2014 Results	P. 3
.....	
2. FY2015 Plans	P. 13
.....	
3. Upgraded ROIC Management, Ver. 2.0	P. 26
.....	
4. Stronger Management Team	P. 31

FY2014 Results

FY2014 Results



FY2014 Results

Sales & profits up 3 yrs in a row, breaking FY13's record-high performance with >10% OP.

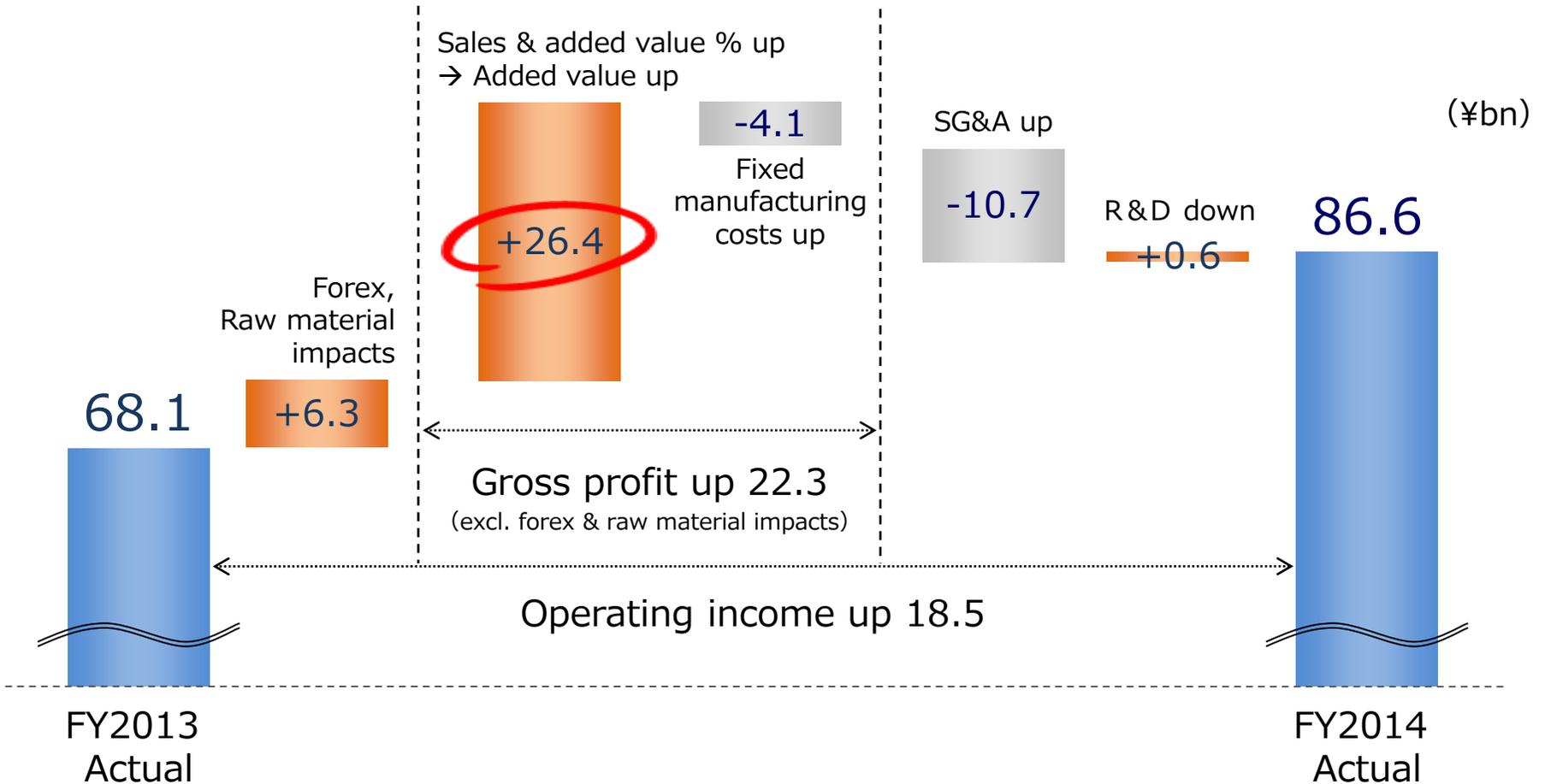
(¥bn)

	FY2014 Forecast*	FY2014 Actual	vs. Fcst	FY2013 Actual	Y/Y
Net Sales	835.0	847.3	+1.5%	773.0	+9.6%
Gross Profit (%)	331.0 (39.6%)	332.6 (39.3%)	+0.5% (-0.3%pt)	297.2 (38.5%)	+11.9% (+0.8%pt)
Operating Income (%)	84.0 (10.1%)	86.6 (10.2%)	+3.1% (+0.2%pt)	68.1 (8.8%)	+27.2% (+1.4%pt)
NIBT	84.5	87.4	+3.4%	62.0	+40.9%
Net Income attributable to shareholders	62.5	62.2	-0.5%	46.2	+34.6%
(Ref: w/o deferred tax asset reversal. FY14: ¥2.1bn, FY13: ¥0.8bn)	62.5	64.2	+2.8%	47.0	+36.9%
1USD (JPY)	101.9	110.0	+8.1	100.1	+9.9
1EUR (JPY)	137.1	138.7	+1.6	134.0	+4.7

*Announced October 28, 2014

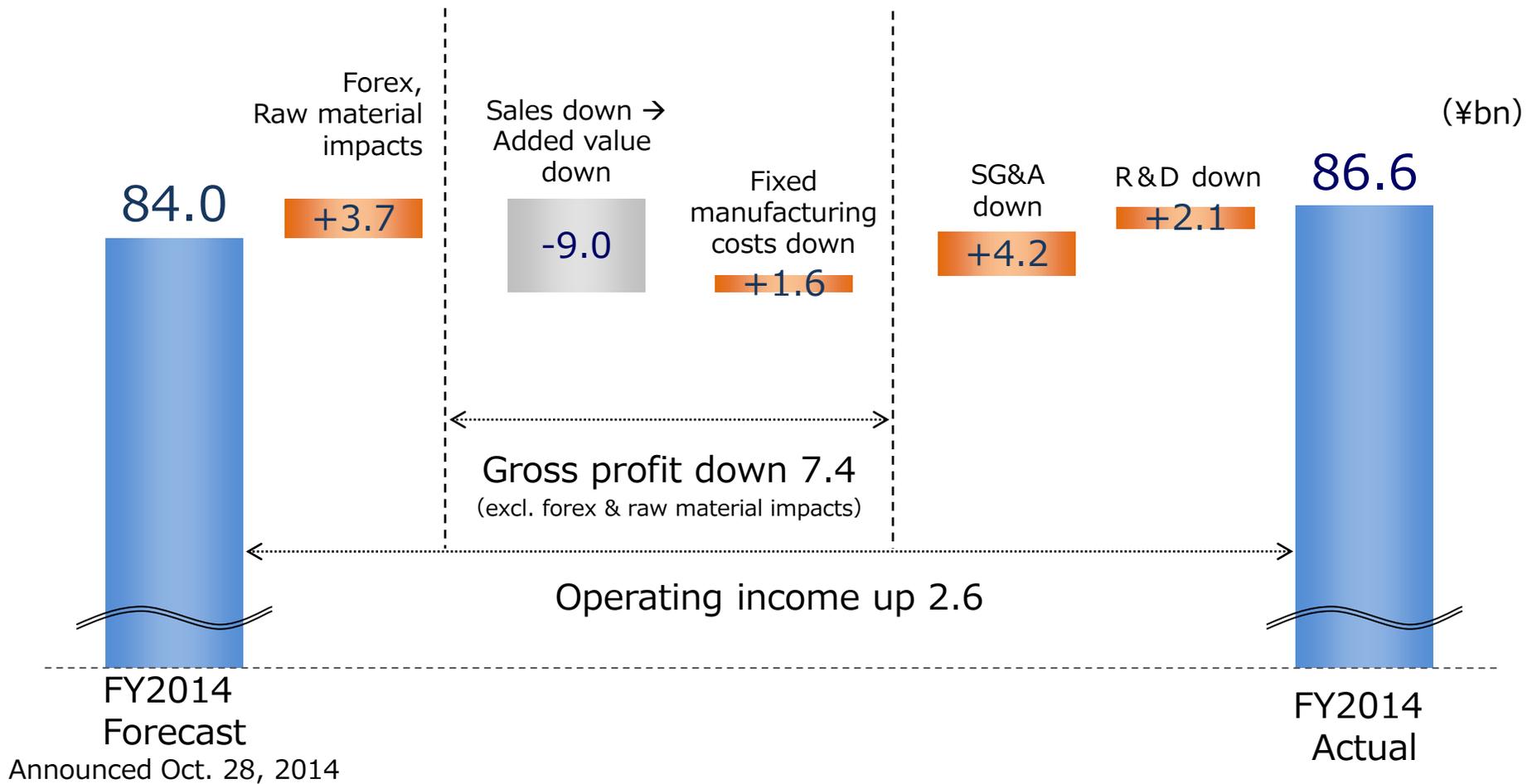
Operating Income Analysis, Y/Y

Added value up due to sales & added value % increase to boost operating income.



Operating Income Analysis, vs. Forecast

Better than forecast in spite of business environment changes.



Sales by Segment

- **IAB: Large growth.**
- **HCB: Up mainly in EM. Wins #1 BPM sales in Brazil.**

(¥bn)

	FY2014 Forecast*	FY2014 Actual	vs. Fcst	FY2013 Actual	Y/Y
IAB Industrial Automation	321.0	331.8	+3.4%	291.7	+13.7%
EMC Electronic & Mechanical Components	101.5	103.9	+2.4%	97.7	+6.4%
AEC Automotive Electronic Components	131.5	137.9	+4.9%	126.6	+8.9%
SSB Social Systems, Solutions & Service	84.5	80.4	-4.8%	82.7	-2.8%
HCB Healthcare	100.0	100.6	+0.6%	89.3	+12.7%
Other	91.5	87.4	-4.5%	78.9	+10.7%
Eliminations & Corporate	5.0	5.3	+6.0%	6.1	-13.1%
Total	835.0	847.3	+1.5%	773.0	+9.6%

*Announced October 28, 2014

Operating Income by Segment

IAB posted large OP growth to contribute to increase in total.

(¥bn)

	FY2014 Forecast*	FY2014 Actual	vs. Fcst	FY2013 Actual	Y/Y
IAB Industrial Automation	50.0 (15.6%)	54.6 (16.5%)	+4.6 (+0.9%pt)	38.8 (13.3%)	+15.9 (+3.2%pt)
EMC Electronic & Mechanical Components	9.2 (9.1%)	10.2 (9.8%)	+1.0 (+0.7%pt)	8.7 (8.9%)	+1.5 (+0.9%pt)
AEC Automotive Electronic Components	8.9 (6.8%)	9.2 (6.7%)	+0.3 (-0.1%pt)	9.1 (7.2%)	+0.1 (-0.5%pt)
SSB Social Systems, Solutions & Service	6.2 (7.3%)	5.0 (6.2%)	-1.2 (-1.1%pt)	5.6 (6.7%)	-0.6 (-0.5%pt)
HCB Healthcare	7.2 (7.2%)	6.5 (6.5%)	-0.7 (-0.7%pt)	7.5 (8.5%)	-1.0 (-2.0%pt)
Other Eliminations & Corporate	10.5 (11.5%)	8.4 (9.6%)	-2.1 (-1.9%pt)	8.7 (11.0%)	-0.3 (-1.4%pt)
Total	84.0 (10.1%)	86.6 (10.2%)	+2.6 (+0.2%pt)	68.1 (8.8%)	+18.5 (+1.4%pt)

*Announced October 28, 2014

Consolidated B/S

No major changes in B/S structure.

	(1) Mar. 31, 2014	(2) Mar. 31, 2015	(2) - (1)
			(¥bn)
Current assets	396.5	434.1	+37.6
Property, plant & equipment	135.6	151.5	+15.9
Investments and other assets	122.6	125.5	+2.8
Total Assets	654.7	711.0	+56.3
Current liabilities	162.7	176.8	+14.1
Long-term liabilities	59.2	42.2	-17.1
Total Liabilities	221.9	218.9	-3.0
Shareholders' equity	430.5	489.8	+59.3
Noncontrolling interests	2.3	2.3	+0.1
Total Net Assets	432.8	492.1	+59.3
Total Liabilities and Shareholders' Equity	654.7	711.0	+56.3
Shareholders' equity to total assets	65.8%	68.9%	+3.1%pt

Consolidated Cash Flows

FCF down due to NS acquisition and ¥13.2bn pension fund contribution. Financing activities include ¥15bn share buyback.

	FY2013 Actual	FY2014 Actual	(¥bn) Y/Y
Operating activities	79.0	77.1	-2.0
Investing activities	-31.1	-39.5	-8.4
Free cash flow (FCF)	47.9	37.5	-10.4
Financing activities	-16.3	-29.3	-13.0
Cash and cash equivalents at end of the period	90.3	102.6	+12.4
Capital expenditures	33.7	38.1	+4.4
Depreciation and amortization	25.1	28.3	+3.3

Three Key Targets

Steady progress in 3 strategic measures. Brisk Y/Y growth.

(¥bn)

	FY2014 Forecast*	FY2014 Actual	vs. Fcst	FY2013 Actual	Y/Y
<u>IA Business</u>					
<u>Reinforcement</u>	422.5	435.8	+3.1%	389.4	+11.9%
IA Business Sales					
<u>Super-Global</u>					
<u>Emerging Market</u>	292.5	300.4	+2.7%	247.6	+21.3%
Sales					
<u>New Businesses for</u>					
<u>Optimization Society</u>	60.0	64.3	+7.2%	52.2	+23.2%
NB Sales					
1USD (JPY)	101.9	110.0	+8.1	100.1	+9.9
1EUR (JPY)	137.1	138.7	+1.6	134.0	+4.7

*Announced October 28, 2014

Management Targets

Improvement in 6 management targets, especially ROIC.

	FY2013 Actual	FY2014 Actual	Y/Y
Net Sales (¥bn)	773.0	847.3	+9.6%
GP Margin	38.5%	39.3%	+0.8%pt
OP Margin	8.8%	10.2%	+1.4%pt
ROIC	11.3%	13.4%	+2.1%pt
ROE	11.6%	13.5%	+1.9%pt
EPS (¥)	209.8	283.9	+74.1
1USD (JPY)	100.1	110.0	+9.9
1EUR (JPY)	134.0	138.7	+4.7

FY2015 Plans

FY2015 Plans



FY15 Business Environment by Area

Expects gradual recovery overall, with some emerging markets uncertain.

Japan

Electronic components & semiconductors solid, especially large businesses. Automotive soft due to mini-car tax hike.

Overseas

- Americas: US solid overall with consumer spending and capital investment going up. Brazil slow amid the looming economy.
- Europe: Flat overall. Russia weak due to the economy.
- China: Slowdown signs in some industries/areas with property-related investment cooling down. Smartphones brisk.
- Asia: Thailand and Indonesia on recovery thanks to higher consumer spending.

FY15 Policy

Accelerate EARTH-1

**Work even harder on
self-driven growth engine
and numerical targets**

Omron will

- 1. Achieve EARTH-1 STAGE goals one year earlier**
- 2. Sustain efforts toward higher profitability (GP%)**
- 3. Increase sales and profits in all business segments**

FY15 Plans

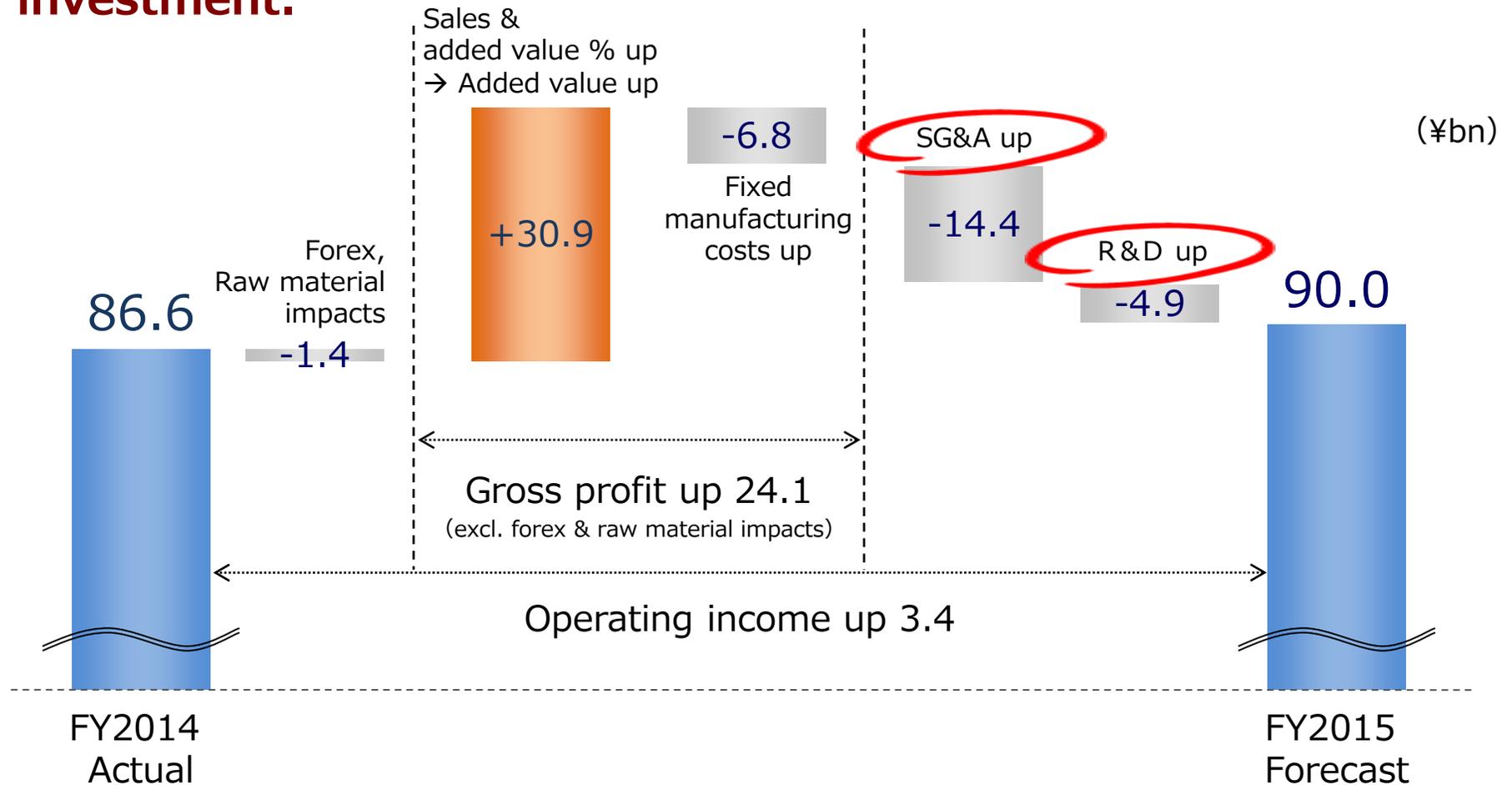
Aiming for sales & profits growth 4 yrs in a row, despite changes in business environment.

(¥bn)

	FY2014 Actual	FY2015 Forecast	Y/Y
Net Sales	847.3	900.0	+6.2%
Gross Profit (%)	332.6 (39.3%)	356.0 (39.6%)	+7.0% (+0.3%pt)
Operating Income (%)	86.6 (10.2%)	90.0 (10.0%)	+3.9% (-0.2%pt)
NIBT	87.4	89.0	+1.8%
Net Income attributable to shareholders	62.2	66.5	+7.0%
1USD (JPY)	110.0	115.0	+5.0
1EUR (JPY)	138.7	130.0	-8.7

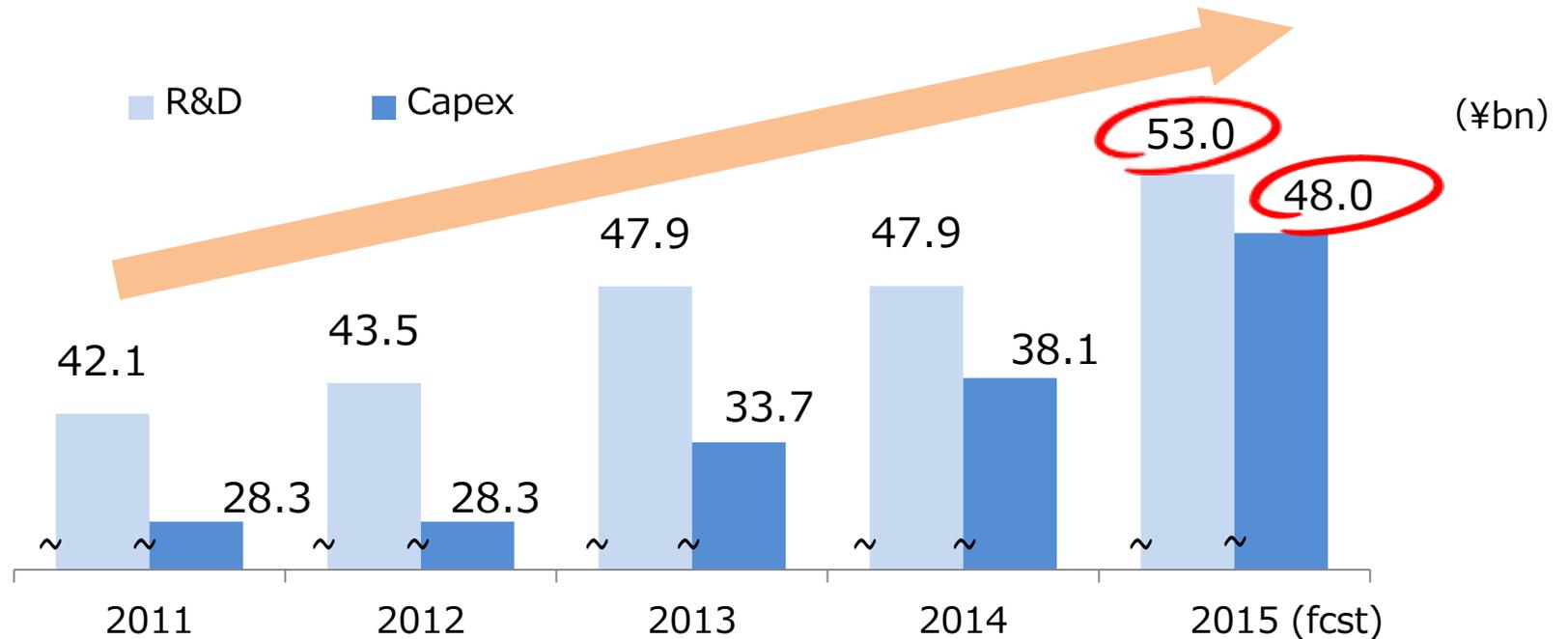
FY15 Operating Income Analysis, Y/Y

Aiming for higher OP while steadily carrying out growth investment.



R&D, Capex

Higher R&D and Capex to realize sustainable growth.



IAB, HCB, core technology reinforcement

IAB + EMC, Backlights
(e.g. processing/ inspecting equipment)

FY15 Business Environment by Segment

IAB Industrial Automation	Global: Automotive & smartphones brisk overall. Japan: Solid overall as electronic components & semiconductors grow. Overseas: Slowdown in China. Oil & gas in Americas sluggish due to crude price drop. Europe flat. Asia will go flat or recover moderately.
EMC Electronic & Mechanical Components	Home electronics: Remain solid with white goods sales volume going up. Automotive components: Rather slower as growth of car sales slows down.
AEC Automotive Electronic Components	Japan: Soft as mini-vehicles unit sales go down. Overseas: N. America will be solid. China steady despite slowing growth. Asia flat.
SSB Social Systems, Solutions & Service	Train system will go solid overall, enjoying increasing number of passengers. Environmental Solutions: PV-related business will go solid. Monitoring & maintenance service will see demand increase.
HCB Healthcare	Japan: Home-use solid. Professional-use will go stagnant. Overseas: Russia weak. N. America, China & Asia healthy overall.
Other	Environmental Solutions: Residential flat. New demand (e.g. power storage) will go up. Backlight will remain bright.

FY15 Sales Forecast by Segment

Aiming for higher sales in all segments.

(¥bn)

	FY2014 Actual	FY2015 Forecast	Y/Y
IAB Industrial Automation	331.8	345.0	+4.0%
EMC Electronic & Mechanical Components	103.9	109.0	+4.9%
AEC Automotive Electronic Components	137.9	140.0	+1.5%
SSB Social Systems, Solutions & Service	80.4	85.0	+5.7%
HCB Healthcare	100.6	111.0	+10.3%
Other	87.4	105.0	+20.2%
Eliminations & Corporate	5.3	5.0	-5.7%
Total	847.3	900.0	+6.2%

FY15 Operating Income Forecast by Segment

Aiming for higher OP in all segments while working harder on growth investment.

(¥bn)

	FY2014 Actual	FY2015 Forecast	Y/Y
IAB Industrial Automation	54.6 (16.5%)	57.0 (16.5%)	+2.4 (+0.1%pt)
EMC Electronic & Mechanical Components	10.2 (9.8%)	11.2 (10.3%)	+1.0 (+0.5%pt)
AEC Automotive Electronic Components	9.2 (6.7%)	9.3 (6.6%)	+0.1 (-0.1%pt)
SSB Social Systems, Solutions & Service	5.0 (6.2%)	5.5 (6.5%)	+0.5 (+0.3%pt)
HCB Healthcare	6.5 (6.5%)	7.8 (7.0%)	+1.3 (+0.6%pt)
Other	8.4 (9.6%)	10.0 (9.5%)	+1.6 (-0.1%pt)
Eliminations & Corporate	-7.3	-10.8	-3.5
Total	86.6 (10.2%)	90.0 (10.0%)	+3.4 (-0.2%pt)

Three Key Targets

- **Fuel IA Business reinforcement.**
- **Record-high sales both IAB and EMC.**

(¥bn)

	FY2014 Actual	FY2015 Forecast	Y/Y
<u>IA Business</u>			
<u>Reinforcement</u>	435.8	454.0	+4.2%
IA Business Sales			
<u>Super-Global</u>			
Emerging Market Sales	300.4	332.0	+10.5%
<u>New Businesses for Optimization Society</u>	64.3	71.0	+10.4%
NB Sales			
1USD (JPY)	110.0	115.0	+5.0
1EUR (JPY)	138.7	130.0	-8.7

VG2020 Long-Term Strategy

EARTH-1 STAGE is important to achieve VG2020 targets.

EARTH-1 STAGE Midterm Targets

Sales: >¥900bn

OP%: >10%

(FY2016)

VG2020 Long-Term Targets

Sales: >¥1tn

OP%: 15%

(FY2020)

FY15 Management Targets

Aiming to achieve EARTH-1 STAGE targets one year earlier.

	FY2014 Actual	FY2015 Forecast	EARTH-1 STAGE Targets, FY2016*
Net Sales (¥bn)	847.3	900.0	>900.0
GP Margin	39.3%	39.6%	>40%
OP Margin	10.2%	10.0%	>10%
ROIC	13.4%	>13%	approx. 13%
ROE	13.5%	>13%	approx. 13%
EPS (¥)	283.9	306.1	approx. 290
1USD (JPY)	110.0	115.0	100.0
1EUR (JPY)	138.7	130.0	135.0

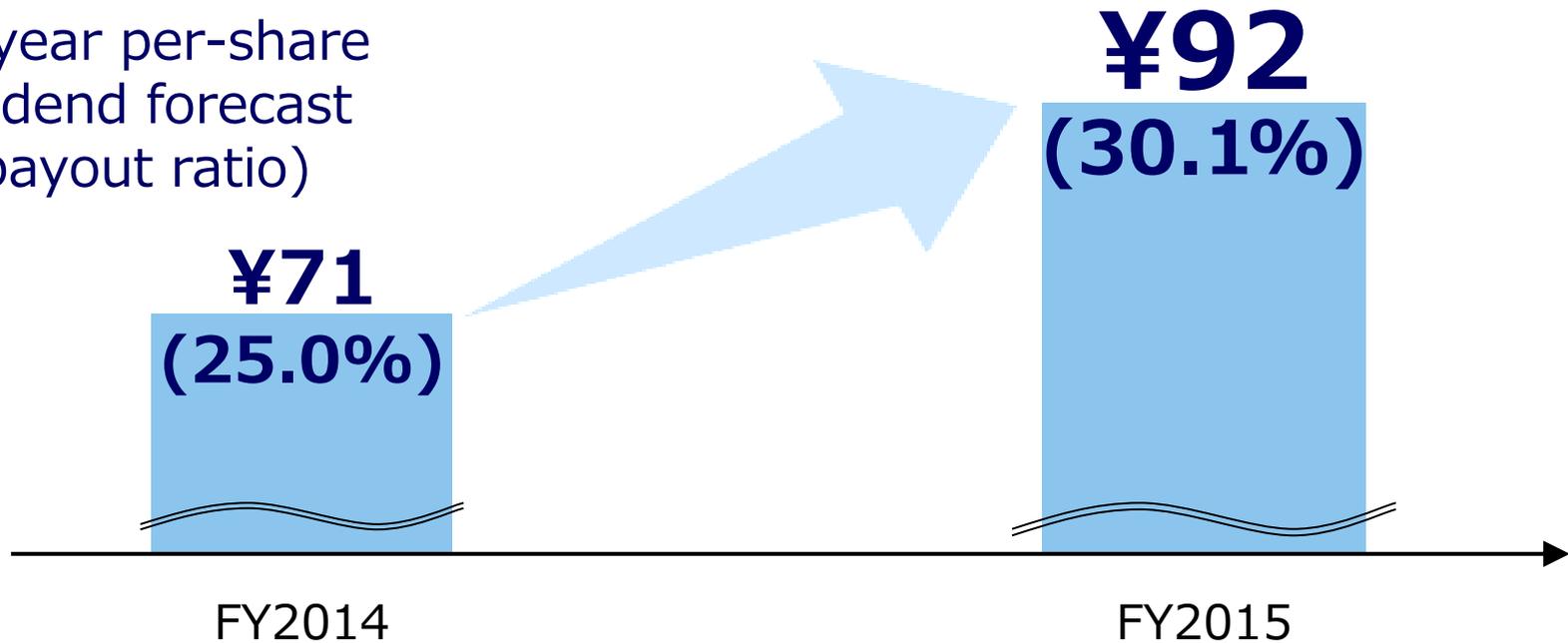
*Announced April 24, 2014

Dividends

Raise payout ratio up to 30% one year earlier.

30% payout

Full-year per-share
dividend forecast
(payout ratio)



Upgraded ROIC Management, Ver. 2.0



Corporate Value Improvement Award

Omron won the "TSE 2014 Corporate Value Improvement Award" Grand Prix.



企業価値向上表彰 大賞

Outstanding Points*

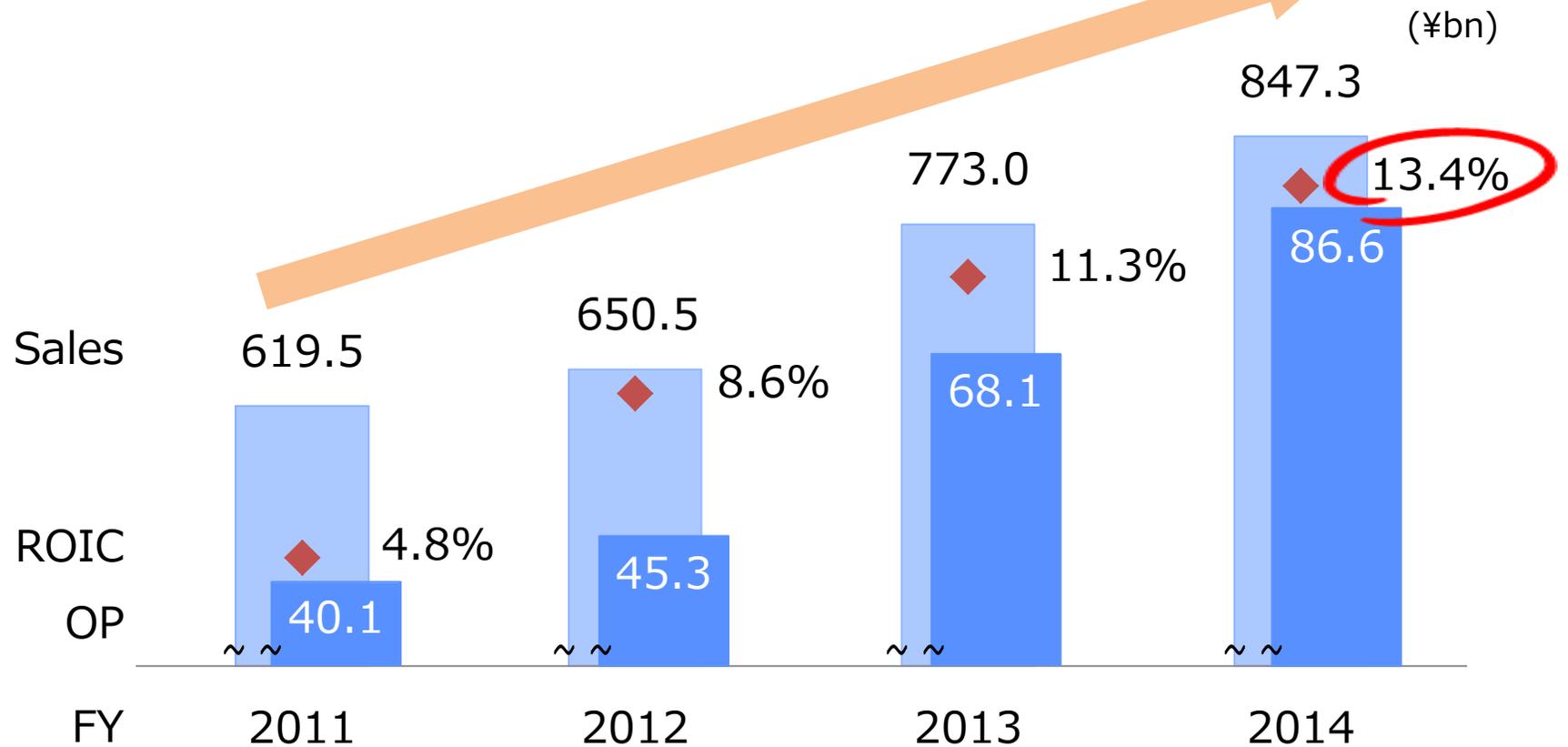
1. Investor-oriented management goals for better engagement with investors
2. In-depth management of business portfolio of 100+ business units to achieve management goals
3. Management system for corporate value improvement (down-top ROIC tree) shared all through the organization
4. ROIC management efforts practically showing numerical results

*Translation of TSE press release

<http://www.jpx.co.jp/equities/listed-co/award/tvdivq0000005svh-att/tvdivq000000umdo.pdf>

ROIC

ROIC management efforts practically showing steady improvement in ROIC.



ROIC Management Upgrading

Higher awareness & practice of ROIC management

→ Deeper on-site understanding → ROIC definition now evolving

■ ROIC in general

$$\text{ROIC} = \frac{\text{Operating Profit} \times (1 - \text{effective tax rate})}{\text{Invested Capital}}$$

■ OMRON's ROIC used in Down-Top ROIC Tree (ROIC 1.0)

$$\text{ROIC} = \frac{\text{Net Profit}}{\text{Net Sales}} \times \frac{\text{Net Sales}}{\text{Invested Capital (working capital + fixed assets)}}$$

■ ROIC evolved through on-site use of the Tree (ROIC 2.0)

$$\text{ROIC} \doteq \frac{(V)}{(N) + (L)}$$

ROIC Management Upgrading

ROIC management evolution: Starting up ROIC management 2.0

Omron will keep upgrading ROIC management so everyone at Omron can better understand ROIC, take it as *my own* matter, and act autonomously.

<ROIC Formula>

$$\text{ROIC} \cong \frac{\text{Value to customers (stakeholders) (V)} \uparrow\uparrow}{\text{Needed management (N) resources} \uparrow + \text{Loss-making management (L) resources} \downarrow}$$

↪ Goods, money, time
 ↪ Muri, Muda, Mura (waste, unevenness, overburden)

- (1) Increase investments in Needed management resources for growth (N) based on growth strategies
- (2) Raise (V) more than (N)
- (3) Reduce Loss-making management resources (L) to shift to/invest in (N)

Stronger Management Team

Stronger Management Team



New Position: CTO

Former Healthcare Head Miyata as CTO, new position set this April.



Kiichiro MIYATA

Bio

- Apr. 2015** CTO and Senior General Manager, Technology & Intellectual Property HQ, OMRON Corp.
- Mar. 2010** President and CEO, OMRON HEALTHCARE Co., Ltd.
- Apr. 2006** Executive Officer and Senior General Manager of Product Strategy HQ, OMRON HEALTHCARE Co., Ltd.
- Sept. 1998** R&D group leader, Omron Institute of Life Science, Co., Ltd.
- Apr. 1985** Joined Tateisi Institute of Life Science, Inc.

CTO Mission

- (1) Reinforce core technologies of Omron Group as a whole
- (2) Promote open innovation through collaboration with external partners
- (3) Develop new technologies targeting 2020 and beyond

Three-as-One Management Team

- **CEO, CFO, and CTO will work together to further improve Omron's corporate value.**
- **CFO and CTO experienced Business Segment leaders.**

Yoshihito YAMADA

CEO

CFO

CTO

Yoshinori SUZUKI

Former Automotive Electronics
Components Head

Kiichiro MIYATA

Former Healthcare Head

OMRON

Sensing tomorrow™

References

K6L6L6UCE2



Conditions: Exchange Rates & Raw Material Costs

FY15 conditions based on FY14 results.

Exchange rates

- 1 USD = ¥115
- 1 EUR = ¥130

¥1 fluctuation impact (full-year, approx.)

	Sales	OP
USD	¥3.4bn	¥0.3bn
EUR	¥0.8bn	¥0.4bn

Raw material costs

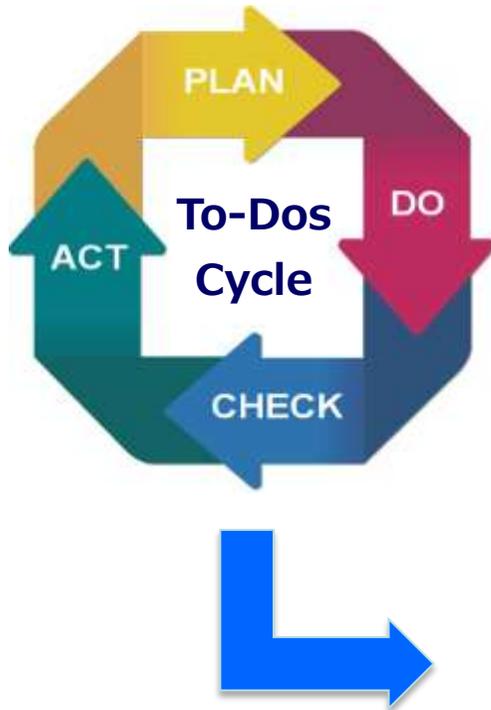
- Silver = ¥67,000/kg
- Copper = ¥840/kg

Price change impact (full-year, approx.)

	Price change	OP
Silver	¥1,000/kg	¥80mn
Copper	¥10/kg	¥30mn

ROIC Management: Down-Top ROIC Tree

On-site



KPI

- Sales in focus industries/areas
- Sales of new/focus products
- Selling price control
- Variable costs reduction, value/%
- Defect costs %
- Per-head production #
- Automation % (headcount reduction)
- Labor costs-sales %
- Inventory turnover months
- Slow-moving inv. months
- Credits & debts months
- Facilities turnover (1/N automation ratio)

Drivers

- GP Margin
- Added-value %
- Fixed manuf. costs %
- SG&A %
- R&D %
- Working capital turnover
- Fixed assets turnover

ROS

Invested Capital Turnover

ROIC

ROIC Definition

<Consol. B/S>

LIABILITIES	
Current liabilities:	
Short-term debt	
Notes and accounts payable — trade	
Accrued expenses	
Income taxes payable	
Other current liabilities	
Deferred income taxes	
Termination and retirement benefits	
Other long-term liabilities	
Total liabilities	
NET ASSETS	
Shareholders' equity	
Common stock	
Capital surplus	
Legal reserve	
Retained earnings	
Accumulated other comprehensive income (loss)	
Foreign currency translation adjustments	
Minimum pension liability adjustments	
Net unrealized gains on available-for-sale securities	
Net losses on derivative instruments	
Treasury stock	
Noncontrolling interests	
Total net assets	
Total liabilities and net assets	

$$\text{ROIC} = \frac{\text{Net income attributable to shareholders}}{\text{Invested capital}}$$

Invested capital*

= Net assets + Interest-bearing debt

*FY14 year-end result & FY15 quarterly forecasts average.

**Capital cost forecast at 6%
for EARTH-1 STAGE (FY14-16)**

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.
3. The presentation slides are based on "Summary of Consolidated Financial Results for the Year Ended March 31, 2015 (U.S. GAAP)". Figures rounded to the nearest JPY million and percentage to one decimal place.

Contact:

**IR Group, Investor Relations Department
Global IR & Corp. Communications HQ
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".