



Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (U.S. GAAP)

January 30, 2019

OMRON Corporation (6645)

Exchanges Listed:	Tokyo (first section)
URL:	http://www.omron.com
Representative:	Yoshihito Yamada, President and CEO
Contact:	Takayoshi Oue, Executive Officer, Senior General Manager, Global Finance and Accounting HQ
Telephone:	+81-75-344-7070
Filing of Quarterly Securities Report (<i>Shihanki hokokusho</i>) (scheduled):	February 14, 2019
Start of Distribution of Dividends (scheduled):	-
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for investors)

Note: This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

Note: Figures are rounded to the nearest million yen.

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 – December 31, 2018)

(1) Sales and Income (cumulative)

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Millions of yen - except per share data and percentages			
	Nine months ended December 31, 2018		Nine months ended December 31, 2017	
		Change (%)		Change (%)
Net sales	635,595	+1.7	624,853	+9.9
Operating income	56,840	(12.0)	64,623	+38.9
Income before income taxes	52,634	(15.8)	62,510	+41.8
Net income attributable to shareholders	38,752	(17.0)	46,673	+52.4
Net income per share attributable to shareholders, basic (JPY)	185.35		218.94	
Net income per share attributable to shareholders, diluted (JPY)	—		—	

Notes: 1. Comprehensive income: Nine months ended December 31, 2018: JPY35,757 million (-47.6% change);
Nine months ended December 31, 2017: JPY68,279 million (+138.6% change)

2. Consolidated statements of operations for the nine months ended December 31, 2017 have been reclassified. For more, see
2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.12.

(2) Consolidated Financial Position

	Millions of yen - except per share data and percentages	
	As of December 31, 2018	As of March 31, 2018
Total assets	732,983	744,952
Net assets	515,837	507,386
Shareholders' equity	513,795	505,530
Shareholders' equity ratio (%)	70.1	67.9

2. Dividends

		Year ended March 31, 2018	Year ending March 31, 2019	Year ending March 31, 2019 (projected)
Dividends per share	1st quarter dividend (JPY)	—	—	
	Interim dividend (JPY)	38.00	42.00	
	3rd quarter dividend (JPY)	—	—	
	Year-end dividend (JPY)	38.00		42.00
	Total dividends for the year (JPY)	76.00		84.00

Notes: Revisions since the most recently announced dividend forecast: No

3. Projected Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent changes compared with the previous fiscal year.)

	Millions of yen	
	Full year ending March 31, 2019	Change (%)
Net sales	855,000	(0.6)
Operating income	72,000	(16.5)
Income before income taxes	68,000	(18.4)
Net income attributable to shareholders	50,000	(20.8)
Net income per share attributable to shareholders (JPY)	239.73	

Note: Revisions since the most recently announced performance forecast: Yes

For more regarding revised consolidated earnings forecasts, see *Notice Regarding Revisions to Full-Year Consolidated Performance Forecast for Fiscal 2018*, published on January 30, 2019. However, operating income figures in our consolidated earnings forecast used for comparative purposes reflect the retrospective application of new accounting policies and associated revisions.

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

New: – companies (–) Excluded: – companies (–)

- (2) Application of simplified accounting methods and/or special accounting methods: No

- (3) Changes in accounting policy

(a) Changes in accounting policy accompanying revision of accounting standards, etc.: Yes

(b) Changes in accounting policy other than (a) above: No

Note: For more, see 2. *Quarterly Consolidated Financial Statements and Notes* (4) *Notes Regarding Consolidated Financial Statements (Change in Accounting Policy)* on P.12.

- (4) Number of shares issued and outstanding (common stock)

(a) Number of shares at end of period (including treasury stock):

December 31, 2018: 213,958,172 shares

March 31, 2018: 213,958,172 shares

(b) Treasury stock at end of period:

December 31, 2018: 7,085,609 shares

March 31, 2018: 3,352,916 shares

(c) Average number of shares during the period (cumulative quarterly period):

Nine months ended December 31, 2018: 209,077,834 shares

Nine months ended December 31, 2017: 213,180,406 shares

Note: As of the end of the nine months of the fiscal year ending March 2019, 766,683 shares of OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan are included in period-end treasury stock. The average number of shares during the period includes treasury shares deducted in the calculation of net income per share attributable to shareholders.

***Quarterly summaries of consolidated financial results are not subject to review by certified public accountants or audit corporations.**

Commentary Regarding Appropriate Use of Projections of Results and Other Matters

1. Projections of results and future developments are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks, uncertainties and other factors could cause actual results to differ materially from these projections. For the assumptions that form the basis of the projected results and appropriate use, see *1. Qualitative Information on Quarterly Financial Results (3) Description of Information on Outlook, Including Consolidated Performance Forecast* on P.5.
2. The Company applies the single step method for presentation of its Consolidated Financial Statements based on U.S. GAAP. However, to facilitate comparison with other companies, operating income on the Consolidated Income Statement is presented by subtracting selling, general and administrative expenses and research and development expenses from gross profit.
3. The Company plans to hold a presentation for investors on Wednesday, January 30, 2019. The Company also plans to post an overview and the (audio) content of its explanations, together with financial materials used at the presentation, promptly on its website.

Note: The following abbreviations of business segment names are used in the attached materials.

IAB: Industrial Automation Business

EMC: Electronic and Mechanical Components Business

AEC: Automotive Electronic Components Business

SSB: Social Systems, Solutions and Service Business

HCB: Healthcare Business

Other: Environmental Solutions Business, Electronic Systems & Equipment Division, Backlight

Table of Contents

1. Qualitative Information on Quarterly Financial Results	P. 2
(1) Description of Results of Operations	P. 2
(2) Description of Financial Condition	P. 5
(3) Description of Information on Outlook, Including Consolidated Performance Forecast	P. 5
2. Quarterly Consolidated Financial Statements and Notes	P. 7
(1) Quarterly Consolidated Balance Sheets	P. 7
(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income	P. 9
(3) Consolidated Statements of Cash Flows	P. 11
(4) Notes Regarding Consolidated Financial Statements	P. 12
(Notes Regarding Assumptions of Going Concern)	P. 12
(Notes in the Event of Significant Changes in Shareholders' Equity)	P. 12
(Changes in Accounting Policy)	P. 12
(Segment Information)	P. 13
3. Supplementary Information	P. 14
(1) Summary of Consolidated Financial Results (U.S. GAAP)	P. 14
(2) Consolidated Net Sales by Business Segment	P. 15
(3) Consolidated Operating Income (Loss) by Business Segment	P. 16
(4) Average Currency Exchange Rate	P. 16
(5) Projected Consolidated Net Sales by Business Segment	P. 17
(6) Projected Consolidated Operating Income (Loss) by Business Segment	P. 17
(7) Projected Average Currency Exchange Rate	P. 17

1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

The OMRON Group recorded higher consolidated sales and lower profits for the third quarter of fiscal 2018 (April through December 2018) compared to the same period in the previous fiscal year.

U.S.-China trade frictions and other negative factors resulted in a worsening global business environment during the fiscal third quarter (October-December 2018). As a result, sales of our mainstay Industrial Automation Business and Electronic and Mechanical Components Business decreased year on year. At the same time, our Healthcare Business and other businesses reported growth, recording higher sales.

Operating income was lower year on year, mainly as a result of increased SG&A and development costs.

Consolidated results for the first nine months of fiscal 2018 were as follows.

Billions of yen, except exchange rate data and percentages			
	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Net sales	624.9	635.6	+1.7%
Gross profit	260.9	264.8	+1.5%
[% of net sales]	[41.7%]	[41.7%]	[-0.1%pt]
Operating income	64.6	56.8	-12.0%
[% of net sales]	[10.3%]	[8.9%]	[-1.4%pt]
Income before income taxes	62.5	52.6	-15.8%
Net income attributable to shareholders	46.7	38.8	-17.0%
Average USD exchange rate (JPY)	111.7	110.8	-0.9
Average EUR exchange rate (JPY)	127.9	129.6	+1.7

Note: Consolidated statements of operations for the nine months ended December 31, 2017 have been reclassified. For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy) on P.12.

Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Sales to external customers	292.1	298.5	+2.2%
Segment profit	55.2	48.9	-11.5%

Sales

U.S.-China trade frictions during the third quarter resulted in slower capital investment by Chinese manufacturing companies, resulting in lower year-on-year sales for the segment.

Meanwhile, development of advanced technologies and increased demand for investment in productivity advancements in the automobile industry, as well as rising need for automation in the food industry, were major factors behind strong demand for robotics during the cumulative consolidated third quarter. Further, contributions from our acquisitions contributed to year-on-year sales growth, despite slowing investment in smartphones and semiconductors and a decline in demand during the third quarter.

Segment Profit

Segment profit was significantly lower year on year due to investments in sales staff, research and

development, and other tactics for growth.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Sales to external customers	78.9	76.2	-3.4%
Segment profit	11.1	7.0	-36.5%

Note: OMRON revised business classifications, reclassifying certain operations under Other Businesses to the EMC and other segments beginning with the fiscal year ending March 31, 2019. The group reclassified results for the nine months ended December 31, 2017 under this new categorization for presentation herein.

Sales

Third-quarter sales were lower year on year due to declining demand for consumer and commercial products as result of trade friction between the U.S. and China.

Demand for consumer and commercial products in the Americas and Europe were strong for the first nine months of the year, while Japan experienced firm demand in the automotive-related industries. However, the contraction in amusement industry demand in Japan and declining demand for consumer and commercial products during the third quarter combined to cause a significant decline in sales.

Segment Profit

Segment profit was significantly lower year on year due to lower sales to external customers and OMRON Group businesses, combined with investments in new products and production capacity looking ahead to future growth.

AEC (Automotive Electronic Components Business)

(Billions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Sales to external customers	97.6	99.1	+1.6%
Segment profit	4.3	4.9	+15.5%

Sales

Changes in vehicle models carrying OMRON products and other factors resulted in weak demand in Japan, the Americas, Europe, and China. On the other hand, demand in Asia was strong, supported by increasing automobile production and rising needs for motorcycle-related products.

As a result of these changes in demand, sales were higher year on year.

Segment Profit

The AEC reported significantly higher profit due to factors including higher sales and improved profitability.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Sales to external customers	35.7	39.9	+11.7%
Segment profit (loss)	(2.7)	(1.4)	—

Note: OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. The company reclassified results for the nine months ended December 31, 2017 and six months ended September 30, 2018 under this new categorization for presentation herein.

Sales

The segment experienced firm demand for upgrades in our Public Transportation Business and Road Management Systems Business. In response, we proposed solutions tailored to the needs of our clients.

As a result of these and other factors, segment sales rose significantly year on year.

Segment Profit

The SSB segment reported narrower losses year on year, which was the result of higher sales and improved profitability.

HCB (Healthcare Business)

(Billions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Sales to external customers	82.0	86.7	+5.7%
Segment profit	10.2	11.2	+10.4%

Sales

The HCB segment experienced strong sales, mainly due to firm global demand for blood pressure monitors and stepped-up promotions through online channels in China, Japan, and the Americas. As a result of these factors and activities, sales increased year on year.

Segment Profit

Although the segment incurred higher research and development expenses for future growth, segment profit grew year on year, mainly due to higher sales and profitability improvements.

Other Businesses

(Billions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Change
Sales to external customers	34.0	31.0	-8.8%
Segment profit (loss)	(0.6)	(0.5)	—

- Notes: 1. The Other segment includes new exploratory or incubation businesses as well as businesses being nurtured under the direct control of Headquarters.
2. OMRON revised business classifications, reclassifying certain operations under the Other Businesses segment to the EMC and other segments beginning with the fiscal year ending March 31, 2019. OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. The company reclassified results for the nine months ended December 31, 2017 and six months ended September 30, 2018 under this new categorization for presentation herein.

Sales

Our Environmental Solutions Business manufacturing subcontractors have returned to normal operations after the temporary impact of the July 2018 heavy rains. As a result, the segment experienced growing demand for storage battery systems and recorded strong results. The OMRON Backlights Business saw weak sales due to further business optimization initiatives.

As a result, Other Businesses sales fell compared to the same period in the prior fiscal year.

Segment Profit

The segment reported narrower losses year on year, which was the result of sales growth in the Environmental Solutions Business.

(2) Description of Financial Condition

Financial Condition

Under VG2.0, we intend to continue to conduct ROIC management focused on capital efficiency, while investing actively in sustainable corporate value improvements.

Total assets as of the end of the consolidated third quarter decreased JPY12.0 billion compared with the end of the previous fiscal year to JPY733.0 billion. This result was mainly due to an increase in inventories and a decrease in notes and accounts receivable–trade. Total liabilities decreased JPY20.4 billion compared with the end of the previous consolidated fiscal year to JPY217.1 billion, mainly due to decreases in accrued expenses and income taxes payable. Net assets increased JPY8.5 billion compared to the end of the previous fiscal year to JPY515.8 billion, owing to increases in net income attributable to shareholders, return of profits to shareholders, and other factors. As a result, OMRON Group shareholders' equity ratio was 70.1%, as compared to 67.9% at the end of the previous fiscal year. We continue to maintain a strong financial footing capable of active investment and response to changes in our operating environment.

Summary of Cash Flows

The following summarizes cash flow activity for the cumulative consolidated third quarter.

Cash Flows from Operating Activities

Net cash provided by operating activities was JPY44.3 billion, a decrease of JPY2.0 billion in net cash provided over the same period in the previous fiscal year. This result was mainly due to the recording of net income and depreciation and amortization, as well as a decrease in notes and accounts receivable–trade.

Cash Flows from Investing Activities

Net cash used in investing activities was JPY25.4 billion (JPY19.1 billion year-on-year decrease), mainly due to capital expenditures for increasing production capacity and investments to prepare for future growth.

Free cash flows (difference between cash flows from operating activities and cash flows from investing activities) for the cumulative consolidated third quarter amounted to JPY18.9 billion.

Cash Flows from Financing Activities

Net cash used in financing activities was JPY34.4 billion, which was an increase in net cash used of ¥11.7 billion compared to the same period in the previous fiscal year. This result was mainly due to dividends paid and stock buybacks.

As a result, the balance of cash and cash equivalents at the end of the consolidated third quarter amounted to JPY95.8 billion, a decrease of JPY17.2 billion compared to the end of the previous consolidated fiscal year.

(3) Description of Information on Outlook, Including Consolidated Performance Forecast

During the third quarter, the impact of U.S.-China trade frictions extended to the global manufacturing industry. We expect this situation to continue throughout the fourth quarter, resulting in lower sales in our Industrial Automation Business and Electronic and Mechanical Components Business. Accordingly, we have made a downward revision in our fiscal 2018 earnings forecasts as outlined below. The OMRON Group set exchange rate assumptions for the fourth quarter and beyond to USD1 = JPY108 and EUR1 = JPY124.

Performance forecasts and other forward-looking statements are based on information available at the time, as well as on certain assumptions deemed reasonable by OMRON Group management. Actual results may vary materially depending on a variety of factors.

(Billions of yen / % / JPY)

	Net sales	Operating income	Income before income taxes	Net income attributable to shareholders	Net income per share attributable to shareholders (JPY)
Previous forecast (A)	880.0	83.0	79.5	58.5	279.46
New forecast (B)	855.0	72.0	68.0	50.0	239.73
Change (B-A)	(25.0)	(11.0)	(11.5)	(8.5)	—
Change (%)	-2.8%	-13.3%	-14.5%	-14.5%	—
(Reference) Actual results for the previous fiscal year (ended March 31, 2018)	860.0	86.3	83.4	63.2	296.85

Note: Prior-year operating income reflects the retrospective application of new accounting policies and associated revisions.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018		As of December 31, 2018	
		%		%
ASSETS				
Current assets:	437,385	58.7	422,710	57.7
Cash and cash equivalents	113,023		95,816	
Notes and accounts receivable — trade	174,065		155,767	
Allowance for doubtful receivables	(1,117)		(962)	
Inventories	129,581		146,796	
Other current assets	21,833		25,293	
Property, plant and equipment:	135,103	18.1	138,213	18.8
Land	24,886		24,714	
Buildings	145,389		140,837	
Machinery and equipment	205,233		206,742	
Construction in progress	10,063		14,693	
Accumulated depreciation	(250,468)		(248,773)	
Investments and other assets:	172,464	23.2	172,060	23.5
Goodwill	38,705		40,594	
Investments in and advances to affiliates	27,195		26,741	
Investment securities	29,016		27,486	
Leasehold deposits	7,531		7,622	
Deferred income taxes	39,947		39,831	
Other assets	30,070		29,786	
Total assets	744,952	100.0	732,983	100.0

(Millions of yen)

	As of		As of	
	March 31, 2018		December 31, 2018	
		%		%
LIABILITIES				
Current liabilities	182,778	24.5	161,674	22.1
Notes and accounts payable — trade	93,792		88,961	
Accrued expenses	44,291		34,870	
Income taxes payable	6,414		1,162	
Other current liabilities	38,281		36,681	
Deferred income taxes	706	0.1	1,008	0.1
Termination and retirement benefits	42,342	5.7	42,551	5.8
Other long-term liabilities	11,740	1.6	11,913	1.6
Total liabilities	237,566	31.9	217,146	29.6
NET ASSETS				
Shareholders' equity	505,530	67.9	513,795	70.1
Common stock	64,100	8.6	64,100	8.7
Capital surplus	99,588	13.4	100,067	13.7
Legal reserve	19,940	2.7	21,729	3.0
Retained earnings	390,950	52.4	426,790	58.2
Accumulated other comprehensive income (loss)	(49,359)	(6.6)	(60,375)	(8.2)
Foreign currency translation adjustments	(3,176)		(8,814)	
Pension liability adjustments	(53,785)		(51,676)	
Unrealized gains on available-for-sale securities	7,426		—	
Net gains (losses) on derivative instruments	176		115	
Treasury stock	(19,689)	(2.6)	(38,516)	(5.3)
Noncontrolling interests	1,856	0.2	2,042	0.3
Total net assets	507,386	68.1	515,837	70.4
Total liabilities and shareholders' equity	744,952	100.0	732,983	100.0

**(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated
Statements of Comprehensive Income
(Quarterly Consolidated Statements of Operations)
(Nine months ended December 31, 2018)**

(Millions of yen)

	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
		%		%
Net sales	624,853	100.0	635,595	100.0
Cost of sales	364,000	58.3	370,794	58.3
Gross profit	260,853	41.7	264,801	41.7
Selling, general and administrative expenses	154,220	24.7	163,730	25.8
Research and development expenses	42,010	6.7	44,231	7.0
Operating income	64,623	10.3	56,840	8.9
Other expenses, net	2,113	0.3	4,206	0.6
Income before income taxes and equity in loss (earnings) of affiliates	62,510	10.0	52,634	8.3
Income taxes	16,335	2.6	13,155	2.1
Equity in loss (earnings) of affiliates	(881)	(0.1)	74	0.0
Net income	47,056	7.5	39,405	6.2
Net income attributable to noncontrolling interests	383	0.0	653	0.1
Net income attributable to OMRON shareholders	46,673	7.5	38,752	6.1

Notes: Consolidated statements of operations for the nine months ended December 31, 2017 have been reclassified.

For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.12.

(Quarterly Consolidated Statements of Comprehensive Income)
(Nine months ended December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	47,056	39,405
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	15,681	(5,696)
Pension liability adjustments	1,755	2,109
Unrealized gains (losses) on available-for-sale securities	4,021	—
Net gains (losses) on derivative instruments	(234)	(61)
Other comprehensive income (loss)	21,223	(3,648)
Comprehensive income	68,279	35,757
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	535	595
Comprehensive income attributable to OMRON shareholders	67,744	35,162

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
I. Operating Activities:		
1. Net income	47,056	39,405
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	21,390	22,507
(2) Net loss on sales and disposals of property, plant and equipment	197	10
(3) Impairment of long-lived assets	139	92
(4) Loss (gain) on sale of business	14	(37)
(5) Net loss on valuation of investment securities	—	1,900
(6) Termination and retirement benefits	2,088	3,861
(7) Deferred income taxes	225	(2,000)
(8) Equity in loss (earnings) of affiliates	(881)	74
(9) Changes in assets and liabilities:		
(i) Decrease in notes and accounts receivable — trade	12,092	15,404
(ii) Increase in inventories	(27,420)	(20,665)
(iii) Increase in other assets	(5,545)	(647)
(iv) Decrease in notes and accounts payable — trade	(861)	(4,657)
(v) Decrease in income taxes payable	(2,870)	(5,218)
(vi) Increase (decrease) in accrued expenses and other current liabilities	14	(6,875)
(10) Other, net	669	1,121
Subtotal	(749)	4,870
Net cash provided by operating activities	46,307	44,275
II. Investing Activities:		
1. Proceeds from sale of investment securities	811	432
2. Purchase of investment securities	(616)	(389)
3. Capital expenditures	(23,839)	(27,152)
4. Net increase in leasehold deposits	(365)	(78)
5. Proceeds from sale of property, plant and equipment	373	2,217
6. Proceeds from sale of business, net of cash paid	(427)	(21)
7. Acquisition of business, net of cash acquired	(20,466)	(830)
8. Other, net	70	454
Net cash used in investing activities	(44,459)	(25,367)
III. Financing Activities:		
1. Net borrowings (repayments) of short-term debt	777	1,494
2. Dividends paid by the Company	(15,378)	(16,776)
3. Dividends paid to noncontrolling interests	(215)	(343)
4. Acquisition of treasury stock	(7,935)	(18,847)
5. Other, net	34	93
Net cash used in financing activities	(22,717)	(34,379)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Net Increase (Decrease) in Cash and Cash Equivalents	1,503	(1,736)
Cash and Cash Equivalents at Beginning of the Period	(19,366)	(17,207)
Cash and Cash Equivalents at Beginning of the Period	126,026	113,023
Cash and Cash Equivalents at End of the Period	106,660	95,816
Notes to cash flows from operating activities:		
1. Interest paid	104	350
2. Taxes paid	18,786	20,226
Notes to investing and financing activities not involving cash flow:		
1. Debt related to capital expenditures	908	2,854

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Assumptions of Going Concern)

None applicable

(Notes in the Event of Significant Changes in Shareholders' Equity)

None applicable

(Changes in Accounting Policy)

Beginning with the first quarter of the current consolidated fiscal year, OMRON has adopted *FASB Accounting Standards Update 2014-09, Revenue from Contracts with Customers*. This accounting standards update requires OMRON to provide quantitative and qualitative disclosures for a better understanding of revenues, as well as the nature of amount, timing, and uncertainties of cash flows, arising from contracts with customers. The cumulative impact of the adoption of this accounting standards update on retained earnings at the beginning of the period is not significant.

Beginning with the first quarter of the current consolidated fiscal year, OMRON has adopted *FASB Accounting Standards Update 2016-01, Financial Instruments — Recognition and Measurement of Financial Assets and Financial Liabilities* and *FASB Accounting Standards Update 2018-03, Financial Instruments — Recognition and Measurement of Financial Assets and Financial Liabilities Technical Corrections and Improvements to Financial Instruments*. This accounting standards update requires OMRON to present classifications and measurements of equity investments, as well as changes in the fair value of certain financial liabilities measured at fair value. Further, this accounting standards update requires OMRON to revise presentation related to the fair values of certain financial instruments. As a result of the impact of the application of this accounting standards update on available-for-sale securities held by OMRON and OMRON subsidiaries, we have adjusted the cumulative impact on retained earnings as of the beginning of the period in the amount of ¥7,426 million in unrealized profits after tax-effect accounting. This amount was reported under accumulated other comprehensive income before this adjustment. Further, OMRON has made an adjustment of ¥224 million in cumulative impact on retained earnings for non-marketable equity securities.

Beginning with the first quarter of the current consolidated fiscal year, OMRON has adopted *FASB Accounting Standards Update 2017-07, Compensation—Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost And Net Periodic Postretirement Benefit Cost*. This accounting standards update requires OMRON to categorize periodic pension costs and periodic postretirement benefit costs as service cost and components other than service cost. Service cost must be reported in the same statement of operations line item as other employee compensation costs. Components other than service cost must be categorized and presented separately from service cost. Only service cost from periodic pension costs or periodic postretirement benefit costs may be capitalized and reported under inventory. Under this accounting standards update, presentation of service costs and other elements must be applied on a retrospective basis. Only costs allowed to be capitalized for the service cost component may be applied on a prospective basis.

OMRON began applying this standard in the first quarter of the current consolidated fiscal year beginning April 1, 2018. The application of this accounting standards update classifying and presenting service cost and other service cost components resulted in the reclassification of ¥95 million in cost of sales, ¥120 million in selling, general and administrative expenses, and ¥43 million in research and development expenses. These amounts have been reclassified to other expenses, net on the consolidated quarterly statements of income for the nine months of the fiscal year ended March 2018. Gross profit and operating income for the nine months of the consolidated fiscal year ended March 2018 increased ¥95 million and ¥258 million, respectively, when compared to amounts prior to this reclassification. The application of rules that allow only the service cost component to be eligible for capitalization does not have a significant impact on the operating results or financial condition of OMRON or OMRON subsidiaries.

(Segment Information)

Business Segment Information

Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	292,053	78,854	97,553	35,689	82,033	34,029	620,211	4,642	624,853
(2) Intersegment sales	4,863	43,582	1,382	3,544	202	5,818	59,391	(59,391)	—
Total	296,916	122,436	98,935	39,233	82,235	39,847	679,602	(54,749)	624,853
Operating expenses	241,674	111,367	94,660	41,964	72,055	40,473	602,193	(41,963)	560,230
Segment profit (loss)	55,242	11,069	4,275	(2,731)	10,180	(626)	77,409	(12,786)	64,623

Note: 1. OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019.

OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment.

The group reclassified results for the nine months ended December 31, 2017 under this new categorization for presentation herein.

2. Consolidated statements of operations for the nine months ended December 31, 2017 have been reclassified. Reclassified amounts have been included in Eliminations & Corporate for presentation. For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.12.

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	298,544	76,212	99,144	39,865	86,706	31,047	631,518	4,077	635,595
(2) Intersegment sales	4,880	42,318	309	3,948	167	5,776	57,398	(57,398)	—
Total	303,424	118,530	99,453	43,813	86,873	36,823	688,916	(53,321)	635,595
Operating expenses	254,515	111,501	94,516	45,191	75,633	37,327	618,683	(39,928)	578,755
Segment profit (loss)	48,909	7,029	4,937	(1,378)	11,240	(504)	70,233	(13,393)	56,840

Note: OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment.

The group reclassified results for the six months ended September 30, 2018 under this new categorization for presentation herein.

Sales by Geographical Region

Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)									
Japan	112,675	19,372	12,575	35,252	19,745	26,889	226,508	3,961	230,469
Americas	24,860	12,763	31,000	—	18,060	—	86,683	—	86,683
Europe	56,118	12,065	2,108	—	15,740	—	86,031	—	86,031
Greater China	59,381	23,809	21,727	70	20,054	6,808	131,849	—	131,849
Southeast Asia and Others	38,694	10,740	24,572	—	8,173	—	82,179	—	82,179
Direct Exports	325	105	5,571	367	261	332	6,961	681	7,642
Total	292,053	78,854	97,553	35,689	82,033	34,029	620,211	4,642	624,853

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)									
Japan	117,634	16,829	13,348	39,379	19,556	25,708	232,454	3,370	235,824
Americas	26,796	13,694	29,028	—	17,743	—	87,261	—	87,261
Europe	59,630	13,135	1,573	—	16,962	—	91,300	—	91,300
Greater China	61,312	23,618	18,795	110	23,800	5,246	132,881	—	132,881
Southeast Asia and Others	32,905	8,878	31,744	—	8,160	—	81,687	—	81,687
Direct Exports	267	58	4,656	376	485	93	5,935	707	6,642
Total	298,544	76,212	99,144	39,865	86,706	31,047	631,518	4,077	635,595

Notes: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil, Mexico
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia

3. Supplementary Information

(1) Summary of Consolidated Financial Results (U.S. GAAP)

(Millions of yen, %)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Year-on- year change	Year ended March 31, 2018	Year ending March 31, 2019 (projected)	Year-on- year change
Net sales	624,853	635,595	+1.7%	859,982	855,000	-0.6%
Operating income	64,623	56,840	-12.0%	86,254	72,000	-16.5%
[% of net sales]	[10.3%]	[8.9%]	[-1.4% pt]	[10.0%]	[8.4%]	[-1.6% pt]
Income before income taxes	62,510	52,634	-15.8%	83,367	68,000	-18.4%
[% of net sales]	[10.0%]	[8.3%]	[-1.7% pt]	[9.7%]	[8.0%]	[-1.7% pt]
Net income attributable to shareholders	46,673	38,752	-17.0%	63,159	50,000	-20.8%
Net income per share attributable to shareholders (basic) (¥)	218.94	185.35	-33.59	296.85	239.73	-57.12
Total assets	742,676	732,983	-1.3%	744,952		
Shareholders' equity	521,036	513,795	-1.4%	505,530		
[Shareholders' equity ratio (%)]	[70.2%]	[70.1%]	[-0.1% pt]	[67.9%]		
Shareholders' equity per share (¥)	2,453.37	2,483.63	+30.26	2,400.37		
Net cash provided by operating activities	46,307	44,275	(2,032)	73,673		
Net cash used in investing activities	(44,459)	(25,367)	+19,092	(55,842)		
Net cash used in financing activities	(22,717)	(34,379)	(11,662)	(33,082)		
Cash and cash equivalents at end of period	106,660	95,816	(10,844)	113,023		

Notes: 1. OMRON has 155 consolidated subsidiaries, with 17 companies accounted for by the equity method.

2. The consolidated statements of operations for the first nine months and for the fiscal year ended March 2018 have been reclassified. For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.12.

(2) Consolidated Net Sales by Business Segment

(Billions of yen)

		Nine months ended December 31, 2017	Nine months ended December 31, 2018	Year-on-year change (%)
IAB	Japan	112.7	117.6	+4.4%
	Americas	24.9	26.8	+7.8%
	Europe	56.1	59.6	+6.3%
	Greater China	59.4	61.3	+3.3%
	Southeast Asia and Others	38.7	32.9	-15.0%
	Direct Exports	0.3	0.3	-17.8%
	Total	292.1	298.5	+2.2%
EMC	Japan	19.4	16.8	-13.1%
	Americas	12.8	13.7	+7.3%
	Europe	12.1	13.1	+8.9%
	Greater China	23.8	23.6	-0.8%
	Southeast Asia and Others	10.7	8.9	-17.3%
	Direct Exports	0.1	0.1	-44.8%
	Total	78.9	76.2	-3.4%
AEC	Japan	12.6	13.3	+6.1%
	Americas	31.0	29.0	-6.4%
	Europe	2.1	1.6	-25.4%
	Greater China	21.7	18.8	-13.5%
	Southeast Asia and Others	24.6	31.7	+29.2%
	Direct Exports	5.6	4.7	-16.4%
	Total	97.6	99.1	+1.6%
SSB	Japan	35.3	39.4	+11.7%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.1	0.1	+57.1%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.4	0.4	+2.5%
	Total	35.7	39.9	+11.7%
HCB	Japan	19.7	19.6	-1.0%
	Americas	18.1	17.7	-1.8%
	Europe	15.7	17.0	+7.8%
	Greater China	20.1	23.8	+18.7%
	Southeast Asia and Others	8.2	8.2	-0.2%
	Direct Exports	0.3	0.5	+85.8%
	Total	82.0	86.7	+5.7%
Other	Japan	26.9	25.7	-4.4%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	6.8	5.2	-22.9%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.3	0.1	-72.0%
	Total	34.0	31.0	-8.8%
Eliminations & Corporate	Japan	4.0	3.4	-14.9%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	—	—
	Southeast Asia and Others	—	—	—
	Direct Exports	0.7	0.7	+3.8%
	Total	4.6	4.1	-12.2%
Total	Japan	230.5	235.8	+2.3%
	Americas	86.7	87.3	+0.7%
	Europe	86.0	91.3	+6.1%
	Greater China	131.8	132.9	+0.8%
	Southeast Asia and Others	82.2	81.7	-0.6%
	Direct Exports	7.6	6.6	-13.1%
	Total	624.9	635.6	+1.7%

Note: OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019.
OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment.
The group reclassified results for the nine months ended December 31, 2017 and six months ended September 30, 2018 under this new categorization for presentation herein.

(3) Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Year-on-year change (%)
IAB	55.2	48.9	-11.5%
EMC	11.1	7.0	-36.5%
AEC	4.3	4.9	+15.5%
SSB	(2.7)	(1.4)	—
HCB	10.2	11.2	+10.4%
Other	(0.6)	(0.5)	—
Eliminations & Corporate	(12.8)	(13.4)	—
Total	64.6	56.8	-12.0%

- Notes: 1. OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019. OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. The group reclassified results for the nine months ended December 31, 2017 and six months ended September 30, 2018 under this new categorization for presentation herein.
2. Consolidated statements of operations for the nine months ended September 30, 2017 have been reclassified. Reclassified amounts have been included in Eliminations & Corporate for presentation. For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.12.

(4) Average Currency Exchange Rate

(One unit of currency, in yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Year-on-year change
USD	111.7	110.8	-0.9
EUR	127.9	129.6	+1.7

(5) Projected Consolidated Net Sales by Business Segment

(Billions of yen)

	Year ended March 31, 2018	Year ending March 31, 2019 (Projected)	Year-on-year change (%)
IAB	396.1	390.0	-1.5%
EMC	104.4	99.0	-5.1%
AEC	131.2	130.0	-0.9%
SSB	70.3	76.0	+8.1%
HCB	108.5	115.5	+6.5%
Other	44.4	40.0	-9.9%
Eliminations & Corporate	5.2	4.5	-13.0%
Total	860.0	855.0	-0.6%

Note: OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019.

OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment.

The group reclassified results for the fiscal year ended March 2018 under this new categorization for presentation herein.

(6) Projected Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Year ended March 31, 2018	Year ending March 31, 2019 (Projected)	Year-on-year change (%)
IAB	74.0	61.0	-17.5%
EMC	12.5	8.5	-31.9%
AEC	5.8	6.0	+3.2%
SSB	4.8	6.0	+24.4%
HCB	11.2	13.0	+16.0%
Other	(1.2)	(1.0)	—
Eliminations & Corporate	(20.9)	(21.5)	—
Total	86.3	72.0	-16.5%

Notes: 1. OMRON has revised business classifications, reclassifying certain operations under Other Businesses to the EMC or to Eliminations & Corporate beginning with the fiscal year ending March 2019.

OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment.

The group reclassified results for the fiscal year ended March 2018 under this new categorization for presentation herein.

2. The consolidated statement of operations for the full year of the fiscal year ended March 2018 have been reclassified.

Reclassified amounts have been included in Eliminations & Corporate for presentation. For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Changes in Accounting Policy)* on P.12.

(7) Projected Average Currency Exchange Rate

(One unit of currency, in yen)

	Year ended March 31, 2018	Year ending March 31, 2019 (Projected)	Year-on-year change
USD	111.2	110.1	-1.1
EUR	129.4	128.2	-1.2