

# **OMRON**

## **Basic Information**



May 2019  
OMRON Corporation

# Corporate Profile

## Established

May 10, 1933

## Head Office

Shiokoji Horikawa, Shimogyo-ku, Kyoto 600-8530 Japan

## Capital

¥64.1bn

## Net Sales

¥859.5bn (Year ended Mar 31, 2019; Overseas: 60%)

## Number of Employees

35,090 (As of Mar 31, 2019)

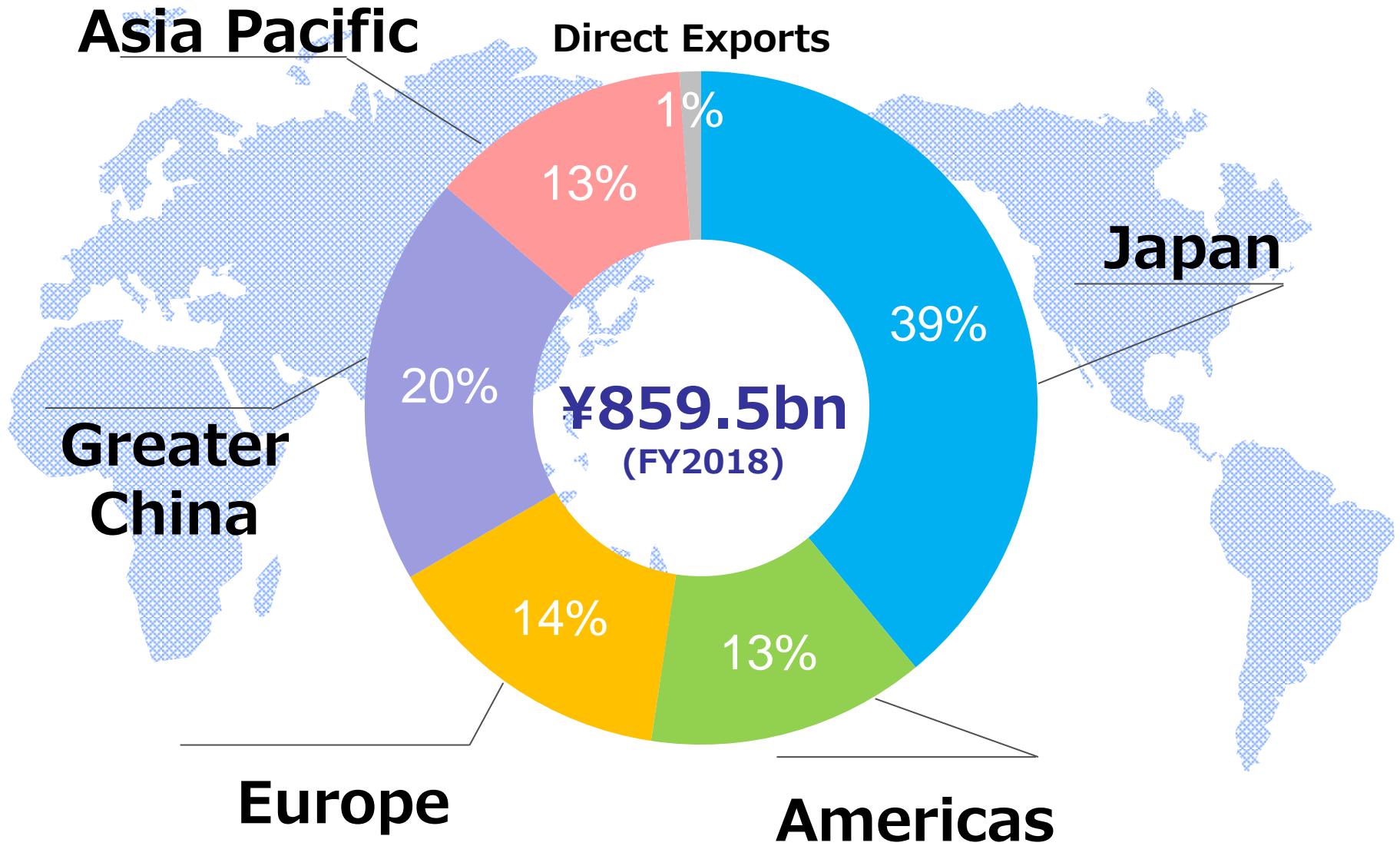
## Stock Listing

Tokyo (Ticker symbol: 6645)

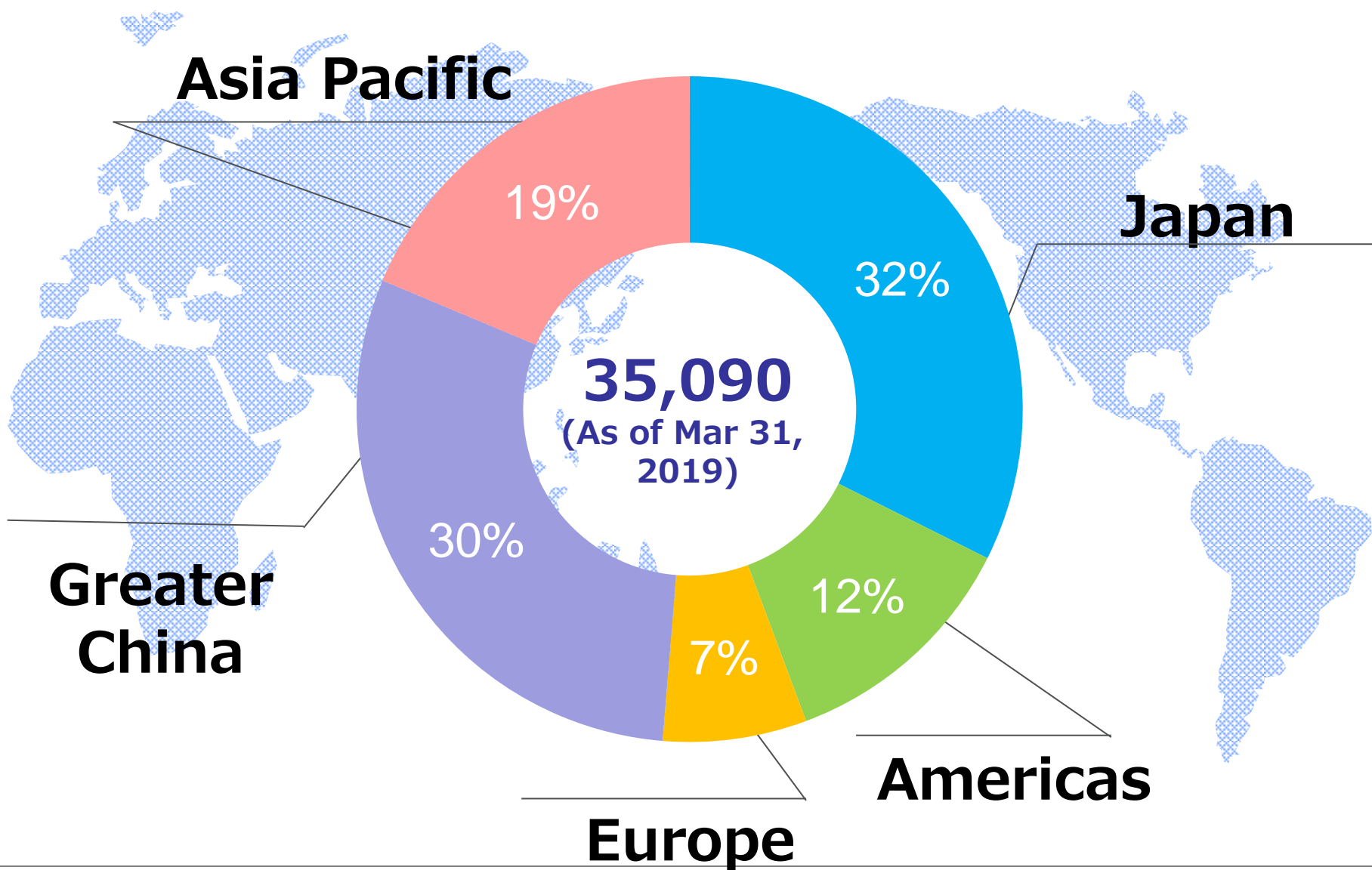
## Number of Shares Issued

213,958 thousand shares (As of Mar 31, 2019)

# Net Sales by Region



# Employees by Region



# History

1933 — 1950's — 1960's — 1970's — Today

## Important Developments

The world's fastest, high-performance controllers

Blood pressure monitors

Automatic train ticket gates, and ticket vending machines

Aiming at a new relationship between humans and machines

Aiming at greater convenience and comfort in civic life

Aiming at improvement of industrial productivity

Expansion of business fields

Technological development & innovation

Established



Factory automation devices (switches and relays)



X-ray timers



Micro switches

Relays

Sensors

Controllers

## **Our Mission**

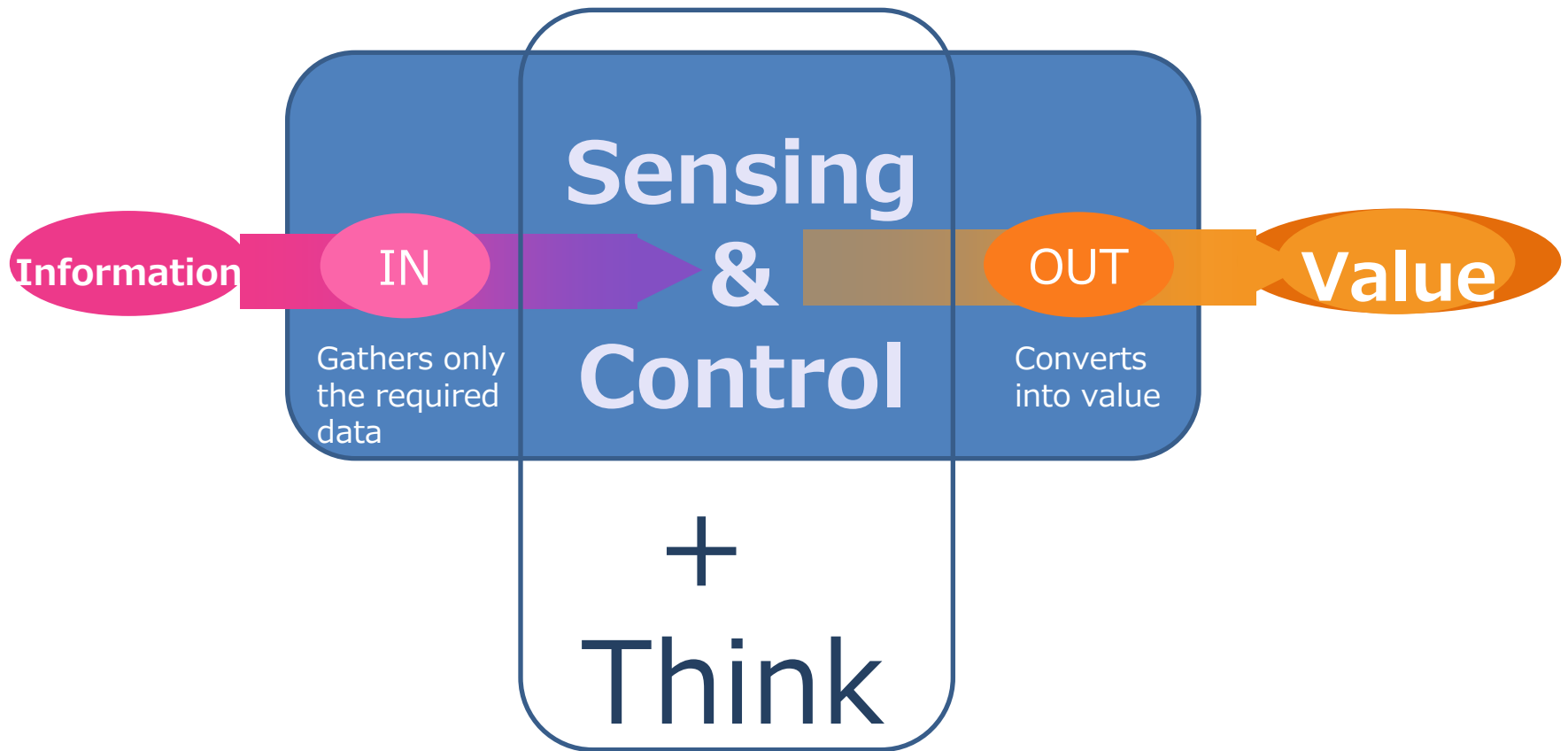
**To improve lives and contribute to a better society**

## **Our Values**

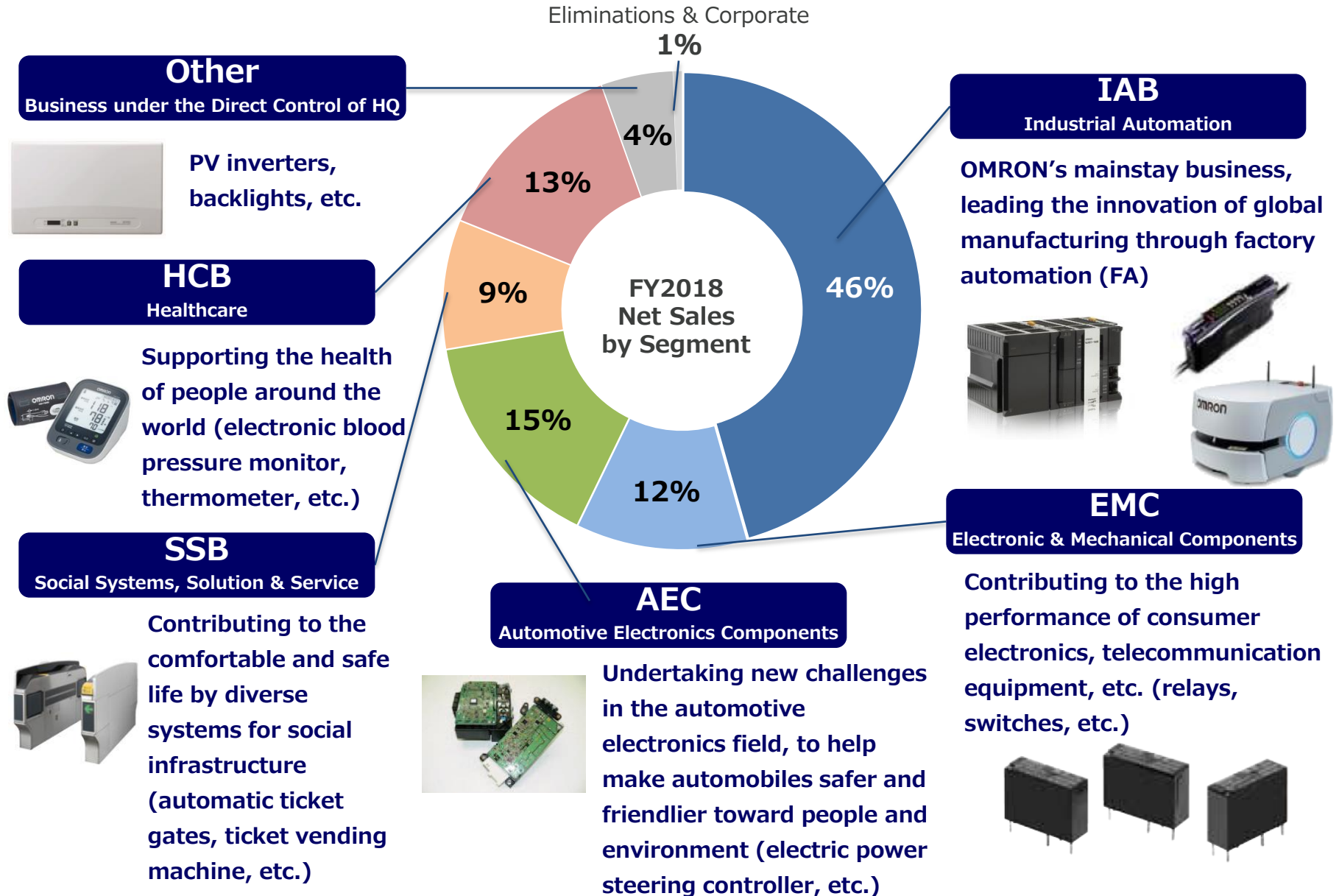
- **Innovation Driven by Social Needs**  
Be a pioneer in creating inspired solutions for the future.
- **Challenging Ourselves**  
Pursue new challenges with passion and courage.
- **Respect for All**  
Act with integrity and encourage everyone's potential.

**“Sensing & Control”, which converts information into value, is OMRON’s core technology.**

**New value is created by adding “think” (human intelligence).**



# Business Segments





## Manufacture and sales of factory automation equipment

% of Total Sales

**46%**

\*FY2018



Market Share\*  
Control-Related  
Equipment (Japan)

**40%**

### Input

Vision  
Sensors



Fiber Sensors

### Logic



Controllers



Motion  
Controllers

### Output



Servomotors  
Servo Drivers



Inverters

Robots



**Robot**



Emergency  
Stop Switches



Safety Light  
Curtains



Safety  
Controllers

**Safety**

# Electronic & Mechanical Components (EMC) **OMRON**

**Manufacture and sales of electronic components for consumer electronics and automobiles**

% of Total Sales

**12%**

\*FY2018



Market Share\*

Relays  
(Global)

**20%**

**For Consumer Electronics, Automobiles and for Amusement Equipment**

Relays



Switches



Connectors

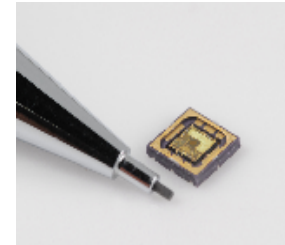


Pachinko Ball  
Sensors



MEMS\*

(Micro Electro Mechanical Systems)



**Final Products**



\*Reclassified from Other beginning from FY18.



# Automotive Electronic Components (AEC)

Development, manufacture and sales of on-board automobile electronic components

% of Total Sales

**15%**

\*FY2018



Market Share\*  
Body Control Units  
For Miniature  
Vehicles (Japan)  
**35%**

Automatic Driving Sensors  
(3D-LIDAR\*1)



Smart Entry Systems



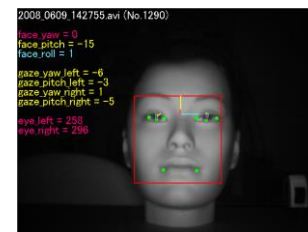
Electric Power Steering  
Controllers



Power Window Switches



Monitoring System of  
Driver's Condition



\*1Planned to be mass-produced in 2020

Engine Start Systems



## Solutions and services for a safer, comfortable, more secure society

% of Total Sales

**9%**

\*FY2018



Market Share\*  
Station Equipment  
(Japan)

**50%**

### Public Transportation

Automated  
Ticket Gates



Ticket Vending  
Machines



### Road Traffic

Road Traffic Management Systems



### Engineering



Installment and  
maintenance service for  
PV Power Generation System

# Healthcare (HCB)

**Manufacture, sales and services related to home-use/institutional healthcare and medical devices**

% of Total Sales

**13%**

\*FY2018



Market Share\*  
Home-Use Blood  
Pressure Monitors  
**50%**

Nebulizers



Digital Blood  
Pressure Monitors



Low-frequency  
Therapy Equipment



Body Composition  
Analyzers



Activity Monitors



Thermometers



# Business under the Direct Control of HQ (Other)

## Multiple business mainly aiming at incubation

% of Total Sales

**4%**

\*FY2018



Market Share\*  
Residential-Use  
PV Inverters (Japan)

**35%**

### Environmental Solutions



Solar Power Generation Systems

### Backlights

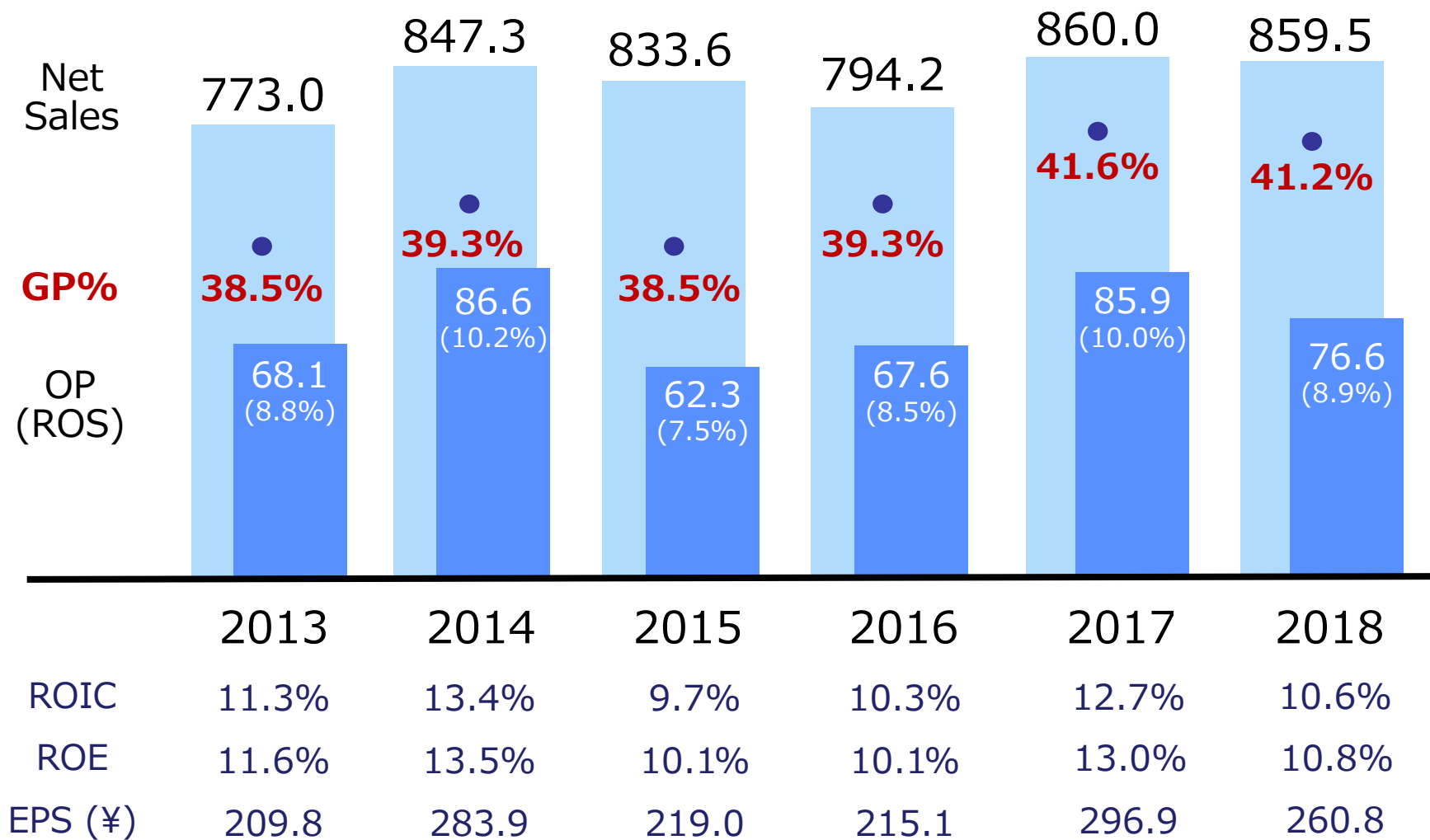


LCD Backlights

\*FY2018 net sales include EDMS Business sales.

# Earnings (Results)

(¥bn)



## Basic Policy for Distribution of Profits

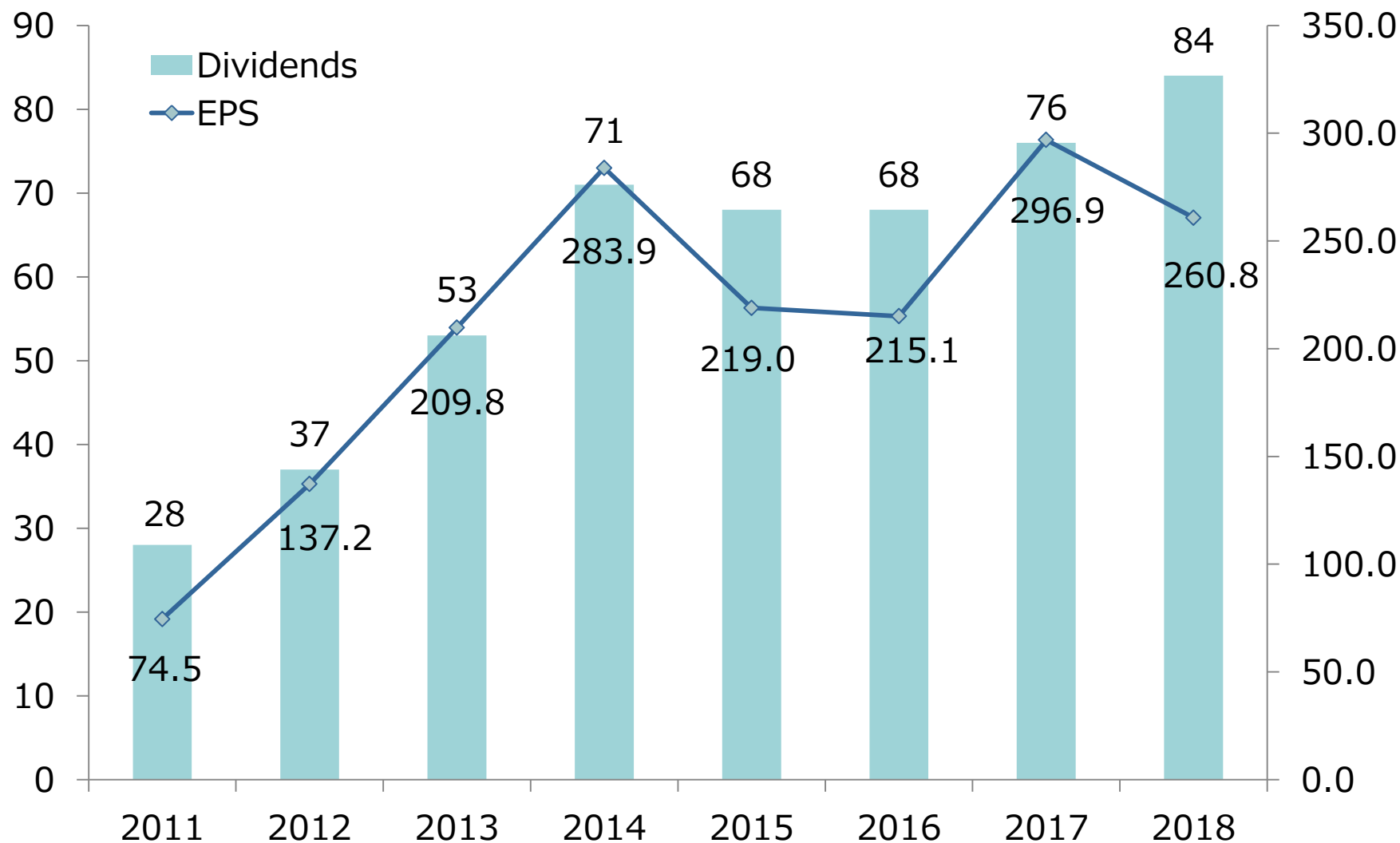
- (1) Aiming for sustainable corporate value growth, OMRON prioritizes investment necessary for the future growth, including R&D, capex, and M&A.**
- (2) Annual dividends are based on consolidated earnings, payout ratio, and DOE, to provide stable and sustainable profit distribution to shareholders.  
For VG2.0 (FY2017 - FY2020), annual dividends are decided based on a guideline of approx. 30% payout ratio and approx. 3% DOE.
- (3) Accumulated retained earnings over a long period will be distributed to shareholders through strategic share repurchases and other measures.



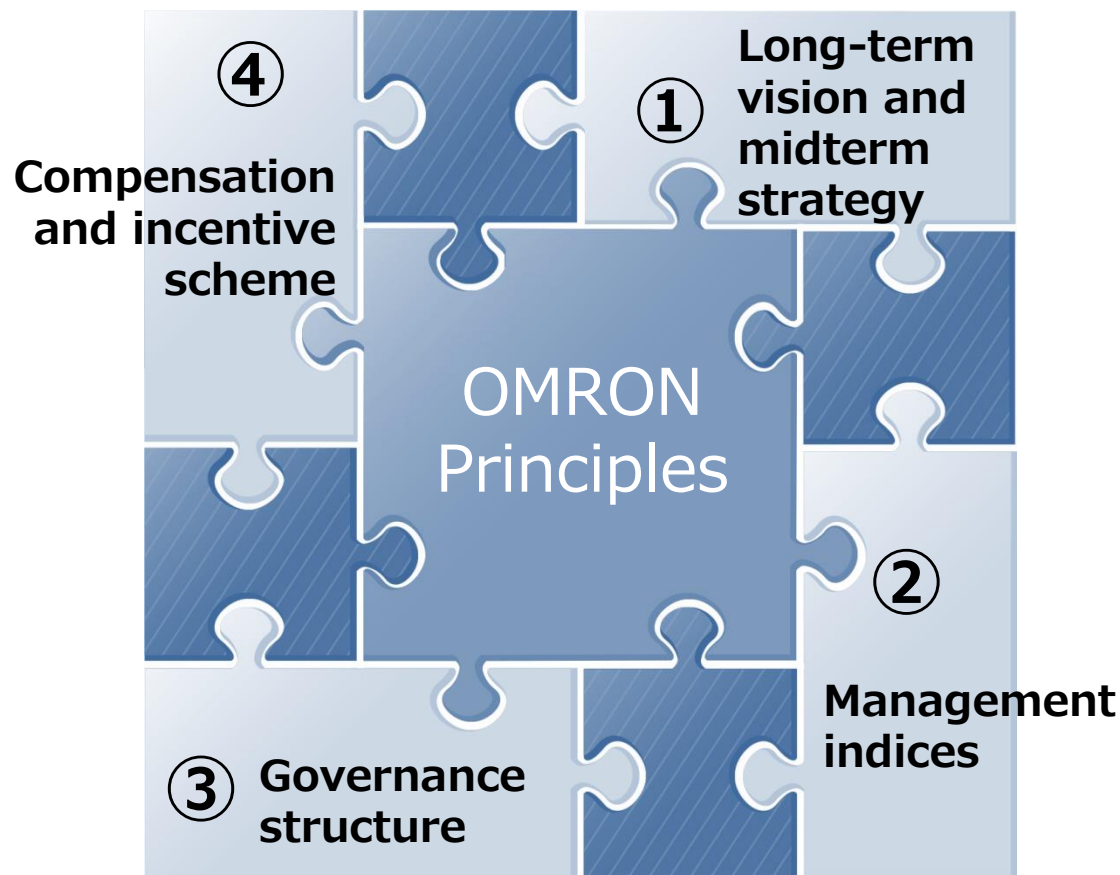
# Dividends & EPS

Dividends (¥)

EPS (¥)



## Factors that support sustainable corporate value creation



## VG2.0 Goals

**A value-generator for people and the Earth that is qualitatively and quantitatively superior**

**¥1 trillion in Net Sales**

**¥100 billion in OP**

## OMRON Group Policy

**Achieve self-driven growth by creating innovation originated by technological evolution**

## VG2.0 Pivotal Strategies

- 1) Redefine focus domains and maximize the strengths of businesses**
- 2) Evolve business model**
- 3) Reinforce core technologies**



**Strengthen collaborative creations with partners**

# VG2.0 Goals & Group Policy

## Integration of Sustainability Initiative into VG2.0

### OMRON Principles

### Management Philosophy & Sustainability Policy

#### VG2.0

##### Pivotal Strategies

1. Focus on Four Domains
2. Evolve Business Model
3. Reinforce Core Technologies

×

Collaborating with Partners

+

##### Operational & Functional Strategies

Human Capital Mgt, Manufacturing,  
Risk Mgt ...

#### Sustainability Issues

##### Responding to Social Needs

FA



Healthcare



Mobility



Energy  
Management



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Collaborating with Partners



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##### Responding to Stakeholder Expectation



Human  
Capital  
Management



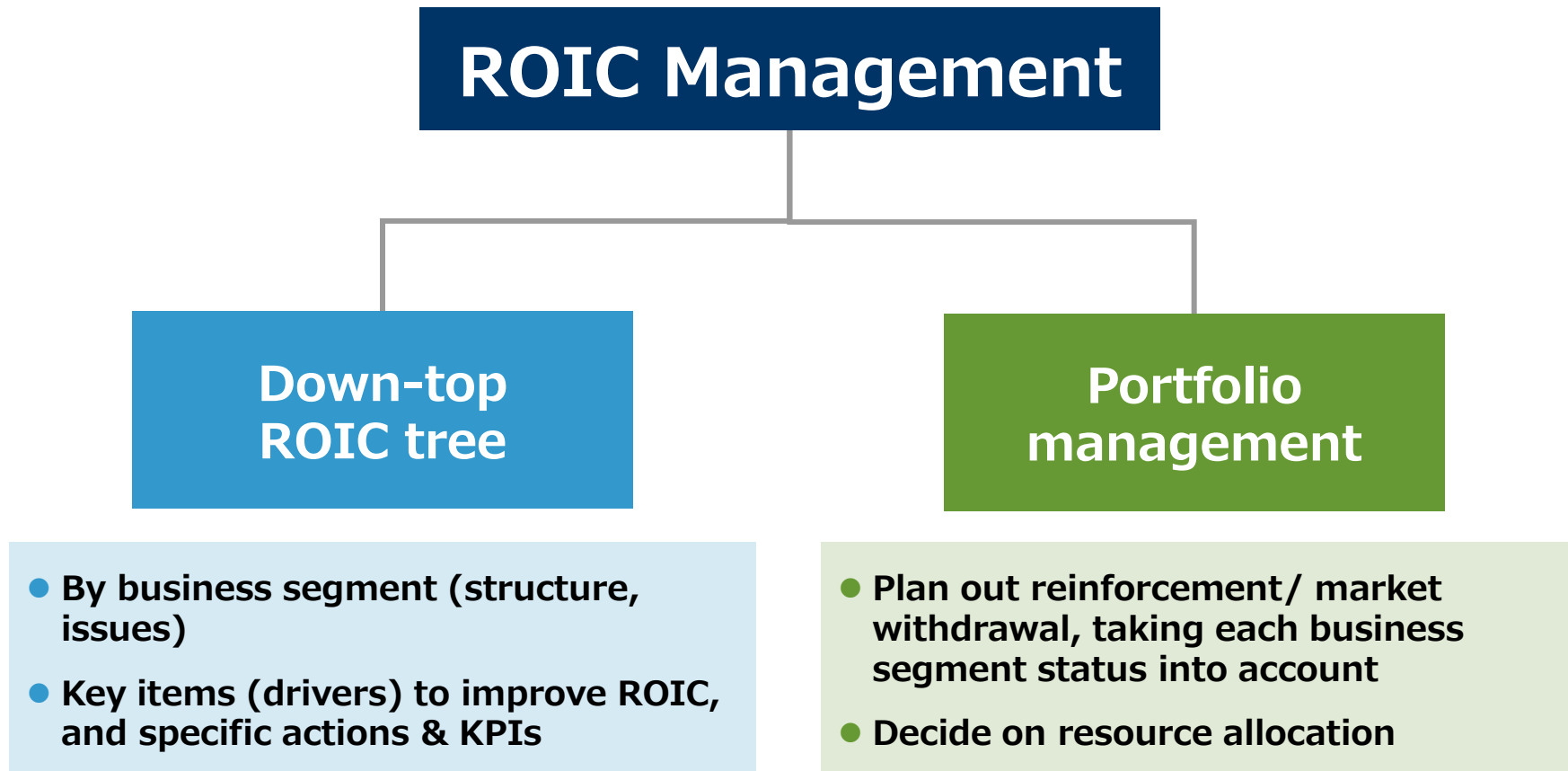
Manufacturing



Risk  
Management

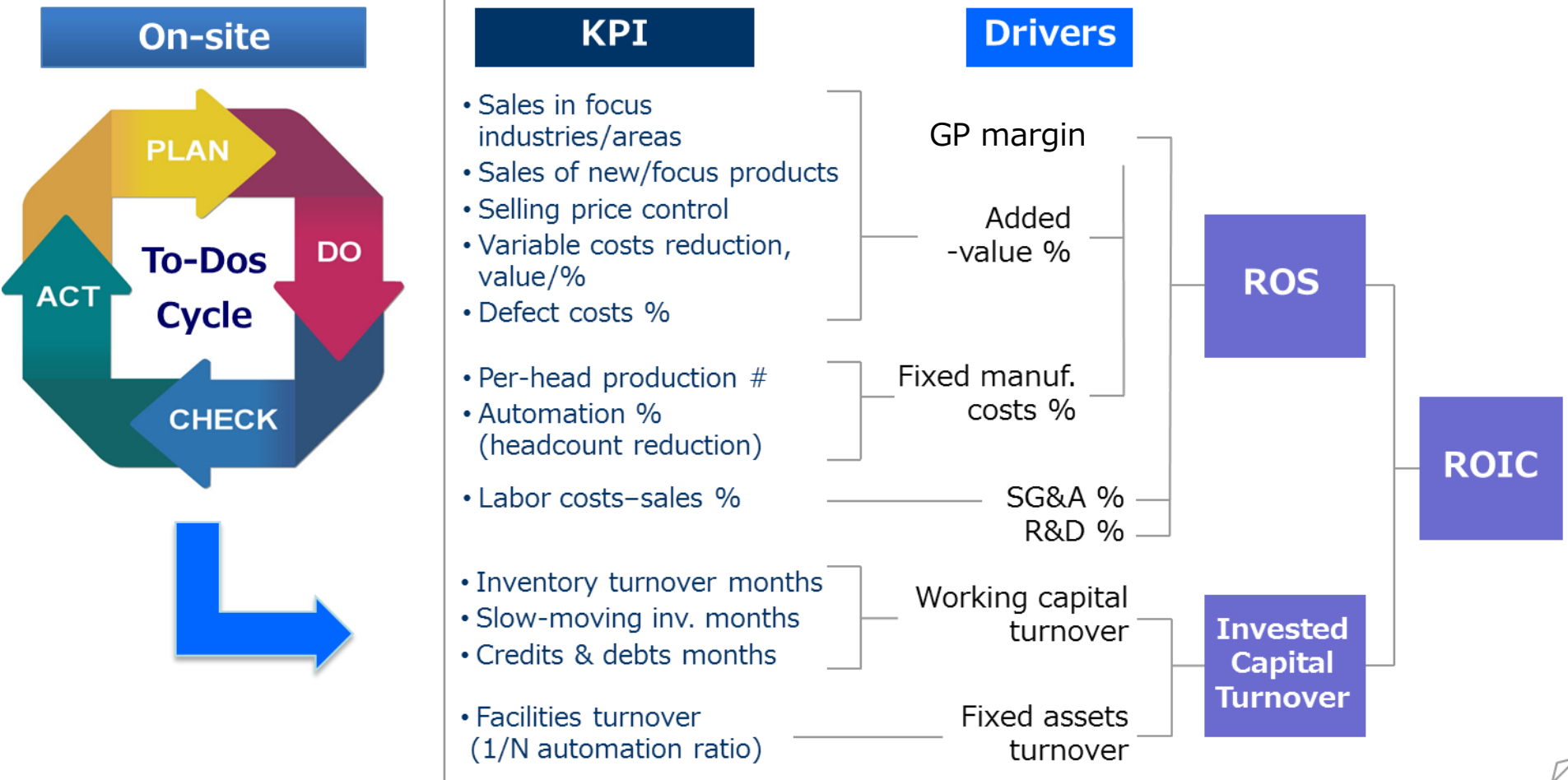


## Set ROIC Management as medium- to long-term management decision making tools



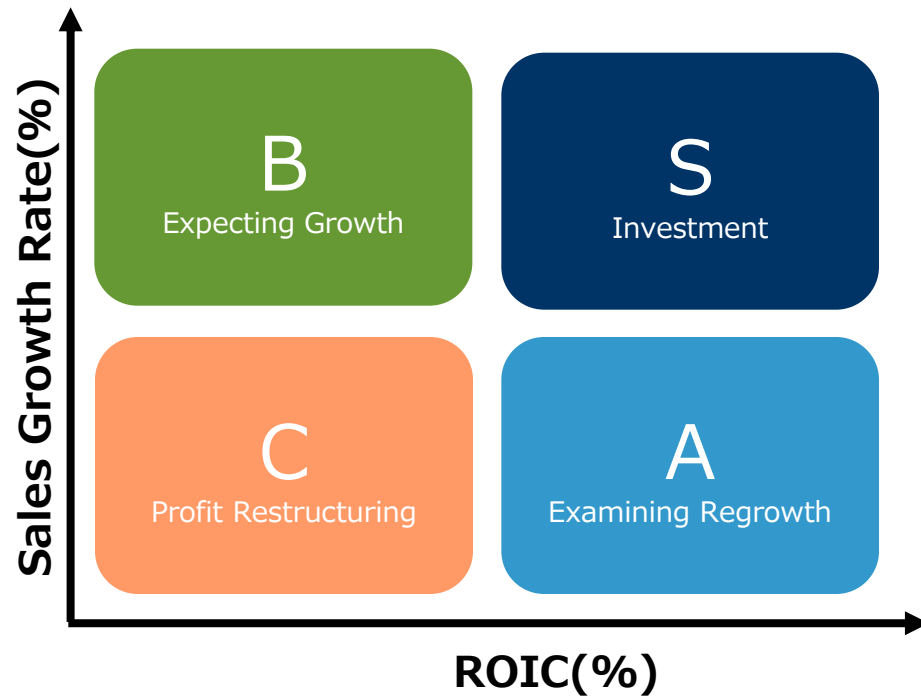
# Down-Top ROIC Tree

**Down-top ROIC tree to work on KPI/PDCA at all level down to on-site staff**

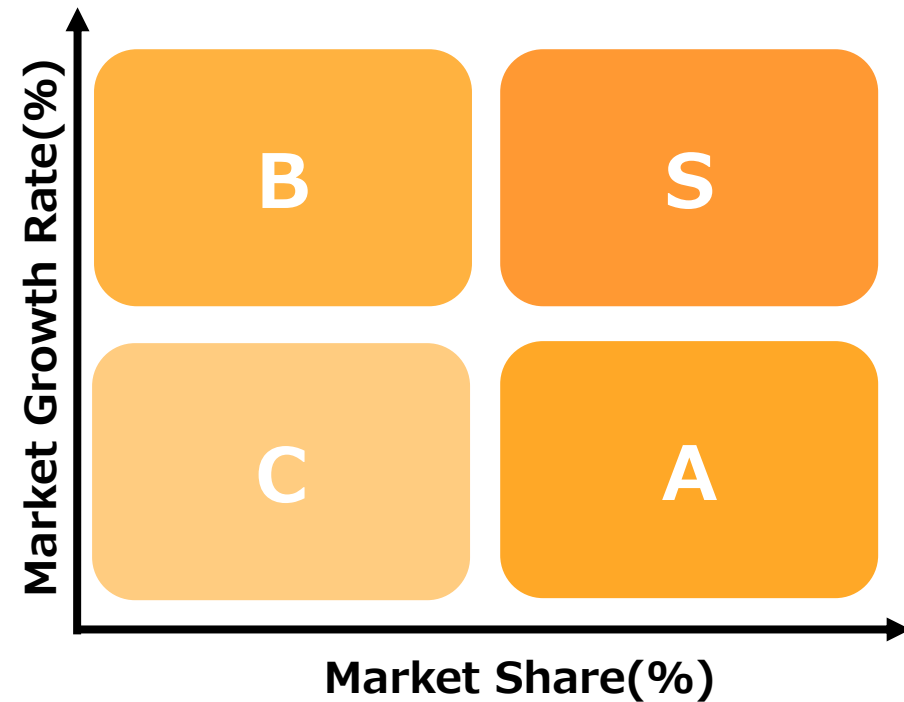


After assessing economic and market value, allocate investment resources in an optimal manner

## ■ Assessing Economic Value



## ■ Assessing Market Value





Upgrading ROIC management to encourage an awareness and better understanding on ROIC

## <ROIC Interpreted Formula>

$$\text{ROIC} \doteq \frac{\text{Value to Customers (stakeholders) (V)} \uparrow \uparrow}{\text{Necessary Management Resources (N)} \uparrow + \text{Loss-Making Management Resources (L)} \downarrow}$$

Necessary Management Resources → Goods, Money, Time

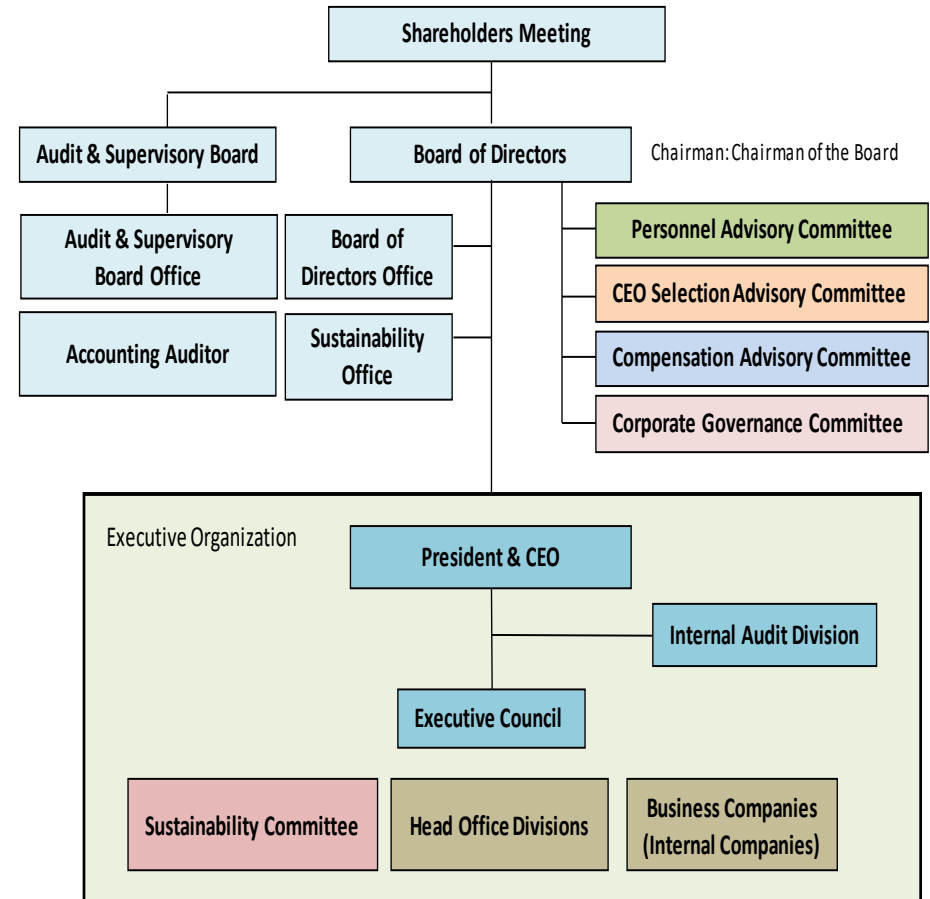
Loss-Making Management Resources → Muri, Muda, Mura (waste, unevenness, overburden)

- (1) Increase investments in Necessary Management Resources (N) for growth based on growth strategies
- (2) Raise (V) more than (N)
- (3) Reduce Loss-Making Management Resources (L) to shift to/invest in (N)

# Corporate Governance Scheme

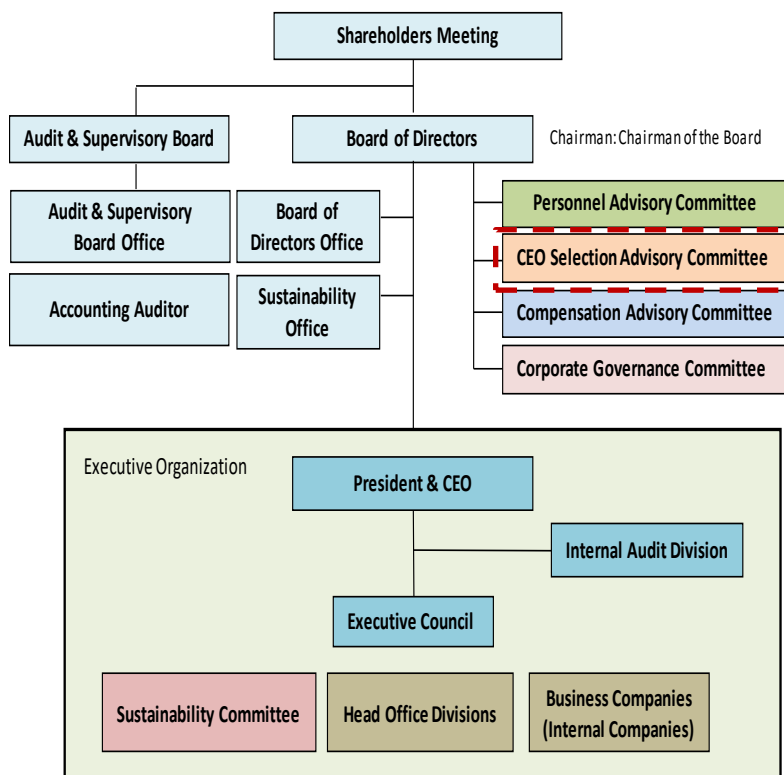
**OMRON has highly transparent and effective corporate governance scheme as a basis for sustainable value creation**

- ✓ **Separation of management oversight and business execution**
  - **Separate position: Chairperson of the BoD and CEO**
  - **Of 8 directors, 3 are independent, with majority being non-executive**
  - **Larger authority given to business company presidents for swifter decision-making**
- ✓ **Personnel/ CEO selection/ compensation advisory committees and corporate governance committee**
  - **While OMRON is a company with an audit & supervisory board under Japan's Companies Act, it has 3 advisory committees and 1 committee**
  - **The four chaired by independent directors**
  - **President does not belong to any of the committees**



## CEO Selection Advisory Committee

- As specialized in president's selection, discussing the next president personnel and the succession candidate when an emergency has formed
- Independent director is chaired, two of four commissioners are independent directors, all members are non-executive



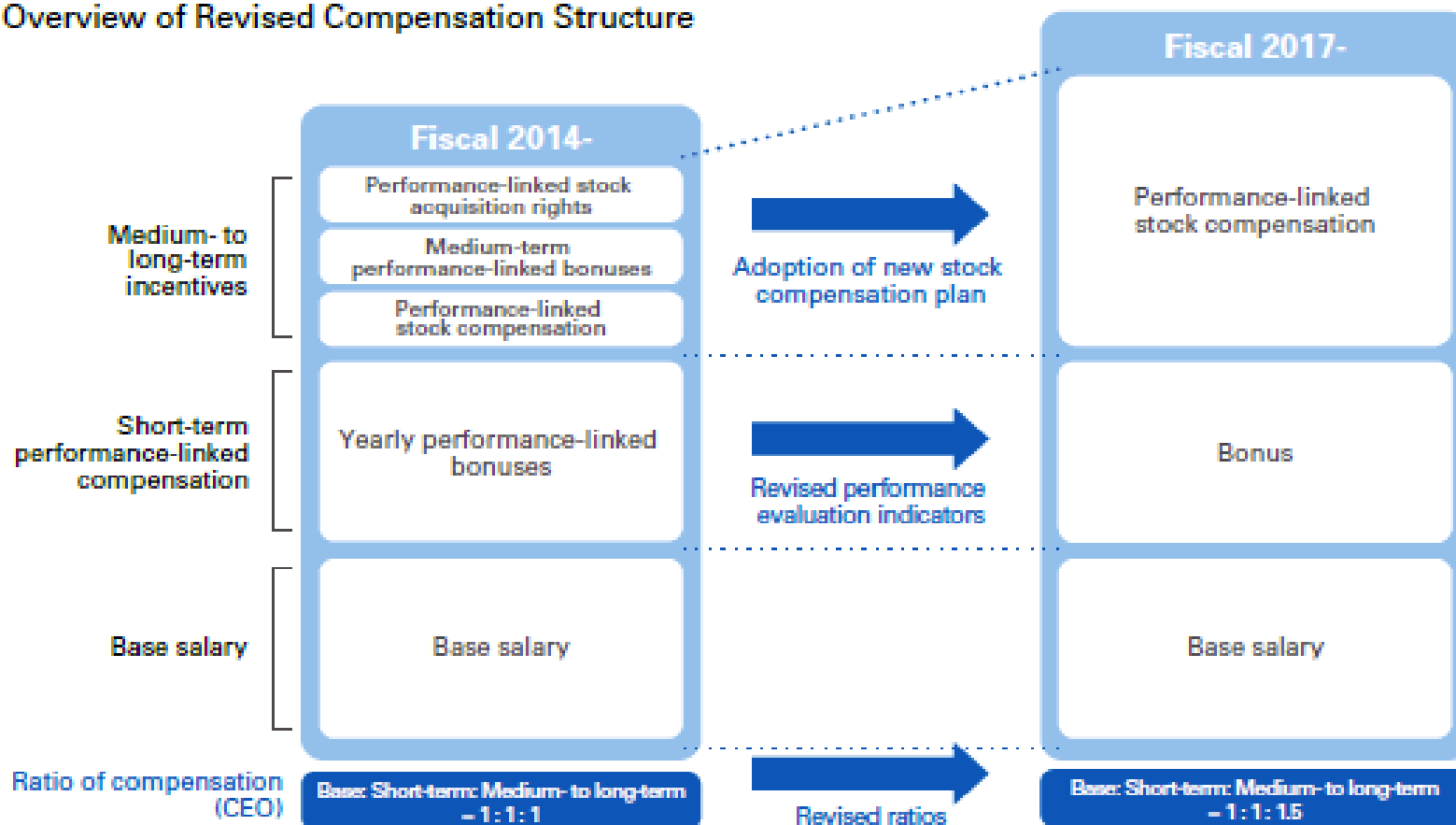
[Special Feature 3] Dialogue: Corporate Governance



\*Annual Report 2011, Page 49-53

## Increased ratio of medium- to long-term performance-lined bonuses

### ■ Overview of Revised Compensation Structure





# Contact

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