

FY2019 Q3 Earnings Ended December 31, 2019



**January 29, 2020
OMRON Corporation**

Summary

■ Q1-Q3 results

- Sales, operating income down YoY. Sales largely in line with October internal forecasts, excluding forex impact
- Operating income ahead of plan, supported by improved GP margin
- Substantial sales gains at SSB, on solid trends in station/transport systems

■ Full-year forecasts

- Signs of improving operating environment but full-year forecast unchanged
- Aim to achieve full-year forecasts while fully completing planned growth investments

■ Looking forward

- Aim for further growth by concentrating on 3 focus domains
- Continue disciplined execution of growth initiatives for FA and Healthcare
- As CFO, maintain disciplined focus on ROIC management

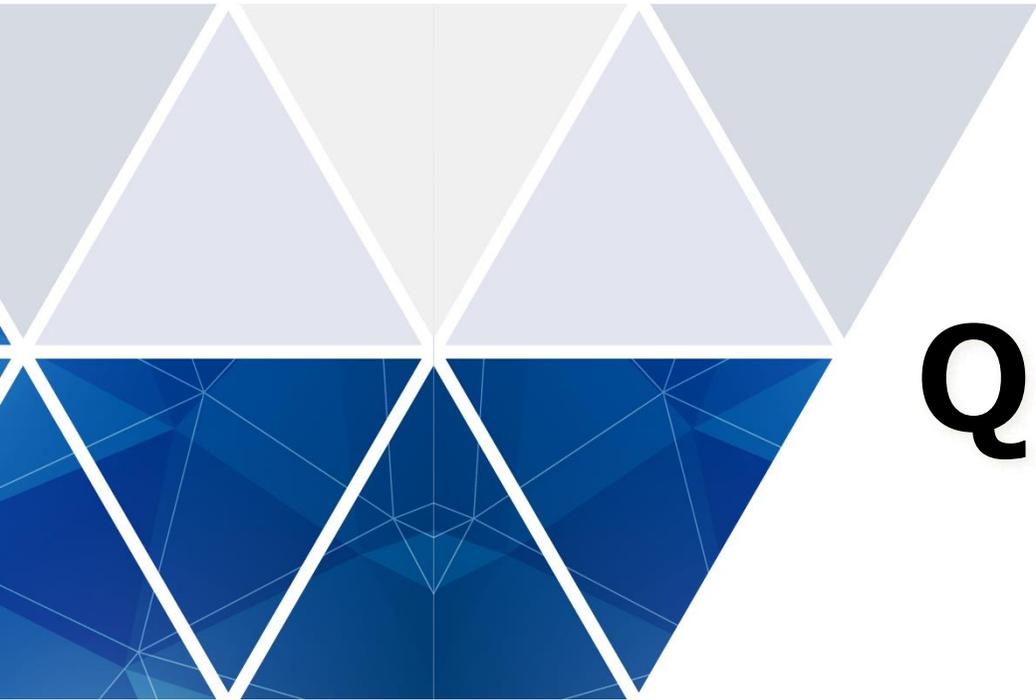
Contents

1. Q1-Q3 Results	P.	3
-------------------------	----	---

2. Full-year Forecasts	P.	8
-------------------------------	----	---

3. Looking Forward	P.	13
---------------------------	----	----

Reference	P.	21
------------------	----	----



Q1-Q3 Results

Q1-Q3 Results

Sales, operating income down Y/Y. Improved GP margin

(¥bn)

	FY2018 Q1-Q3 Act.	FY2019 Q1-Q3 Act.	Y/Y
Net Sales	539.2	498.3	-7.6%
Gross Profit (%)	242.4 (44.9%)	225.2 (45.2%)	-7.1% (+0.2%pt)
Operating Income (%)	49.6 (9.2%)	40.1 (8.0%)	-19.1% (-1.1%pt)
Net Income (Continuing Ops.)	34.2	33.0	-3.5%
Net Income (Discontinued Ops.)	5.2	38.4	(-)
* Net Income Attributable to OMRON Shareholders	38.8	71.0	+83.2%
1USD (JPY)	110.8	109.1	-1.7
1EUR (JPY)	129.6	121.3	-8.3
1RMB (JPY)	16.6	15.7	-0.9

* Net Income Attributable to OMRON Shareholders includes Profit (Loss) Attributable to Non-controlling Interests

Sales by Segment

IAB, EMC, HCB report Y/Y sales declines. Sales improve at SSB

(¥bn)

	FY2018 Q1-Q3 Act.	FY2019 Q1-Q3 Act.	Y/Y
IAB Industrial Automation	298.5	265.4	-11.1%
EMC Electronic & Mechanical Components	78.8	67.3	-14.6%
SSB Social Systems, Solutions & Service	39.9	49.3	+23.7%
HCB Healthcare	86.7	85.3	-1.6%
Other Businesses under Direct Control of HQ	31.0	28.8	-7.3%
Eliminations & Corporate	4.2	2.2	-47.6%
Total	539.2	498.3	-7.6%

Operating Income by Segment

Profits down at IAB and EMC. SSB and Environmental Solutions within Other report profit gains

(¥bn, %: OPM)

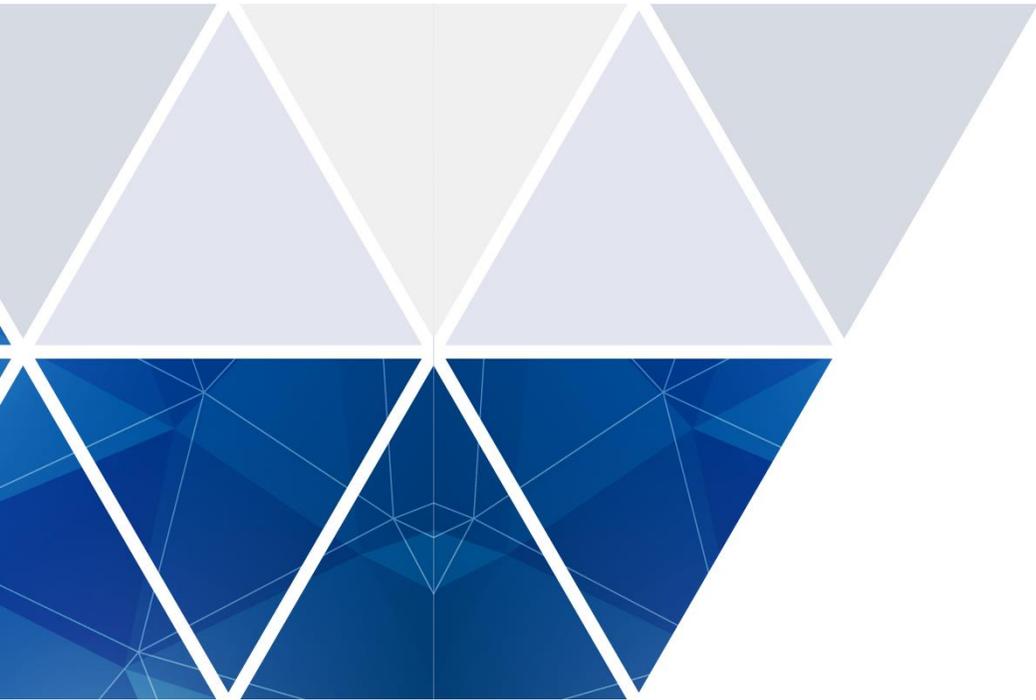
	FY2018	FY2019	Y/Y
	Q1-Q3 Act.	Q1-Q3 Act.	
IAB Industrial Automation	48.9 (16.4%)	40.7 (15.3%)	-8.3 (-1.1%pt)
EMC Electronic & Mechanical Components	7.0 (8.9%)	0.9 (1.4%)	-6.1 (-7.6%pt)
SSB Social Systems, Solutions & Service	-1.4 (-)	1.7 (3.4%)	+3.0 (-)
HCB Healthcare	11.2 (13.0%)	11.2 (13.2%)	+0.0 (+0.2%pt)
Other Businesses under Direct Control of HQ	-0.5 (-)	1.5 (5.0%)	+2.0 (-)
Eliminations & Corporate	-15.7	-15.8	-0.1
Total	49.6 (9.2%)	40.1 (8.0%)	-9.5 (-1.1%pt)

Consolidated Balance Sheet

Inventory controlled at appropriate level

(¥bn)

	End-Mar 2019	End-Dec 2019	Change
Current assets	460.0	485.2	+25.2
(Inventories)	(120.4)	(125.5)	(+5.1)
Property, plant and equipment	115.1	115.1	+0.1
Investments and other assets	174.8	199.9	+25.1
Total assets	749.9	800.3	+50.4
Current liabilities	175.6	165.0	-10.5
Long-term liabilities	68.0	62.1	-5.9
Total liabilities	243.6	227.2	-16.4
Shareholders' equity	504.2	570.8	+66.6
Noncontrolling interests	2.1	2.3	+0.2
Total net assets	506.3	573.1	+66.8
Total liabilities and net assets	749.9	800.3	+50.4
Equity ratio	67.2%	71.3%	+4.1%pt



Full-year Forecasts



Q4 Business Environment by Segment (Change vs. Q2 Outlook)

Gradual improvement in Digital for IAB. Operating environment for EMC remains challenging

IAB Industrial Automation	Automotive: Further capex constraints on falling sales volume for gasoline-powered cars Digital: Gradual recovery in semiconductor capex, primarily in China and South Korea Food & bev.: European machinery shipments remain weak. Asian labor-saving investments still firm Social infrastructure: Chinese urban development and public infrastructure investment still firm on government stimulus measures
EMC Electronic & Mechanical Components	Consumer: China domestic market demand still weak. No signs of recovery either in US/Europe; expecting demand to slow Automotive: Americas, Greater China slowing on falling sales volume and cuts to EV subsidies in China
SSB Social Systems, Solutions & Service	Station sys.: Replacement cycle firm, expect demand to be maintained Transport: Expect firm replacement demand to continue Payment sys.: Expect rising needs for cashless settlements to continue to support firm demand for payment system terminals
HCB Healthcare	Domestic: Slowing in response to consumption tax demand pull-forward and warm winter weather Overseas: Americas remain weak. China online sales still strong but growth moderating for overall market
Other Businesses under the Direct Control of HQ	Env. Soln.: PV inverter demand flat. Storage systems still growing

Full-year Forecasts

Reiterating full-year forecasts

(¥bn)

	FY2018 Actual	FY2019 Forecasts	Y/Y
Net Sales	732.6	670.0	-8.5%
Gross Profit (%)	325.5 (44.4%)	298.0 (44.5%)	-8.4% (+0.1%pt)
Operating Income (%)	67.3 (9.2%)	45.0 (6.7%)	-33.1% (-2.5%pt)
Net Income (Continuing Ops)	47.3	30.0	-36.6%
Net Income (Discontinued Ops)	7.7	36.5	(-)
* Net Income Attributable to Shareholders	54.3	66.0	+21.5%
1USD (JPY)	110.7	108.0	-2.7
1EUR (JPY)	128.8	120.3	-8.5
1RMB(JPY)	16.5	15.5	-1.1

*Net Income Attributable to OMRON Shareholders includes Profit (Loss) attributable to Noncontrolling Interests

NB.H2 foreign exchange assumptions: USD ¥105, EUR ¥117, RMB ¥14.7

Sales by Segment (Reference)

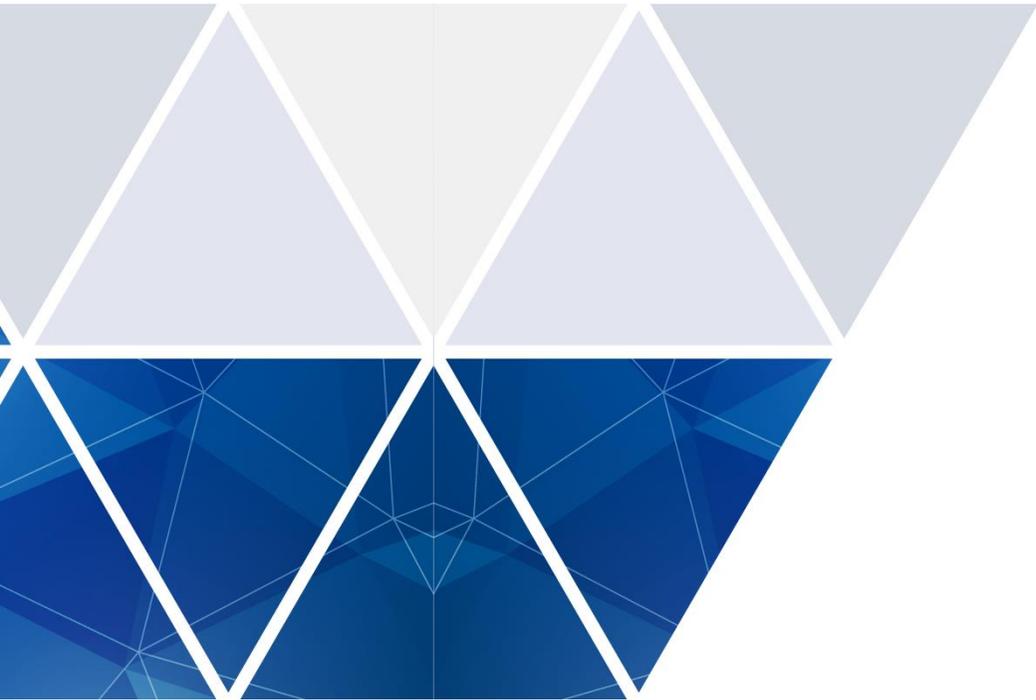
(¥bn)

	FY2018 Actual	FY2019 Forecast	Y/Y
IAB Industrial Automation	391.8	343.0	-12.5%
EMC Electronic & Mechanical Components	103.1	90.0	-12.7%
SSB Social Systems, Solutions & Service	75.0	84.0	+12.0%
HCB Healthcare	115.5	117.0	+1.3%
Other Businesses under Direct Control of HQ	41.7	34.0	-18.5%
Eliminations & Corporate	5.4	2.0	-62.8%
Total	732.6	670.0	-8.5%

Operating Income by Segment (Reference)

(¥bn, %: OPM)

	FY2018 Actual	FY2019 Forecast	Y/Y
IAB Industrial Automation	62.9 (16.1%)	48.0 (14.0%)	-14.9 (-2.1%pt)
EMC Electronic & Mechanical Components	8.2 (7.9%)	2.0 (2.2%)	-6.2 (-5.7%pt)
SSB Social Systems, Solutions & Service	5.8 (7.7%)	7.5 (8.9%)	+1.7 (+1.2%pt)
HCB Healthcare	13.0 (11.3%)	13.5 (11.5%)	+0.5 (+0.3%pt)
Other Businesses under Direct Control of HQ	-0.5 (-)	0 (-)	+0.5 (-)
Eliminations & Corporate	-22.1	-26.0	-3.9
Total	67.3 (9.2%)	45.0 (6.7%)	-22.3 (-2.5%pt)

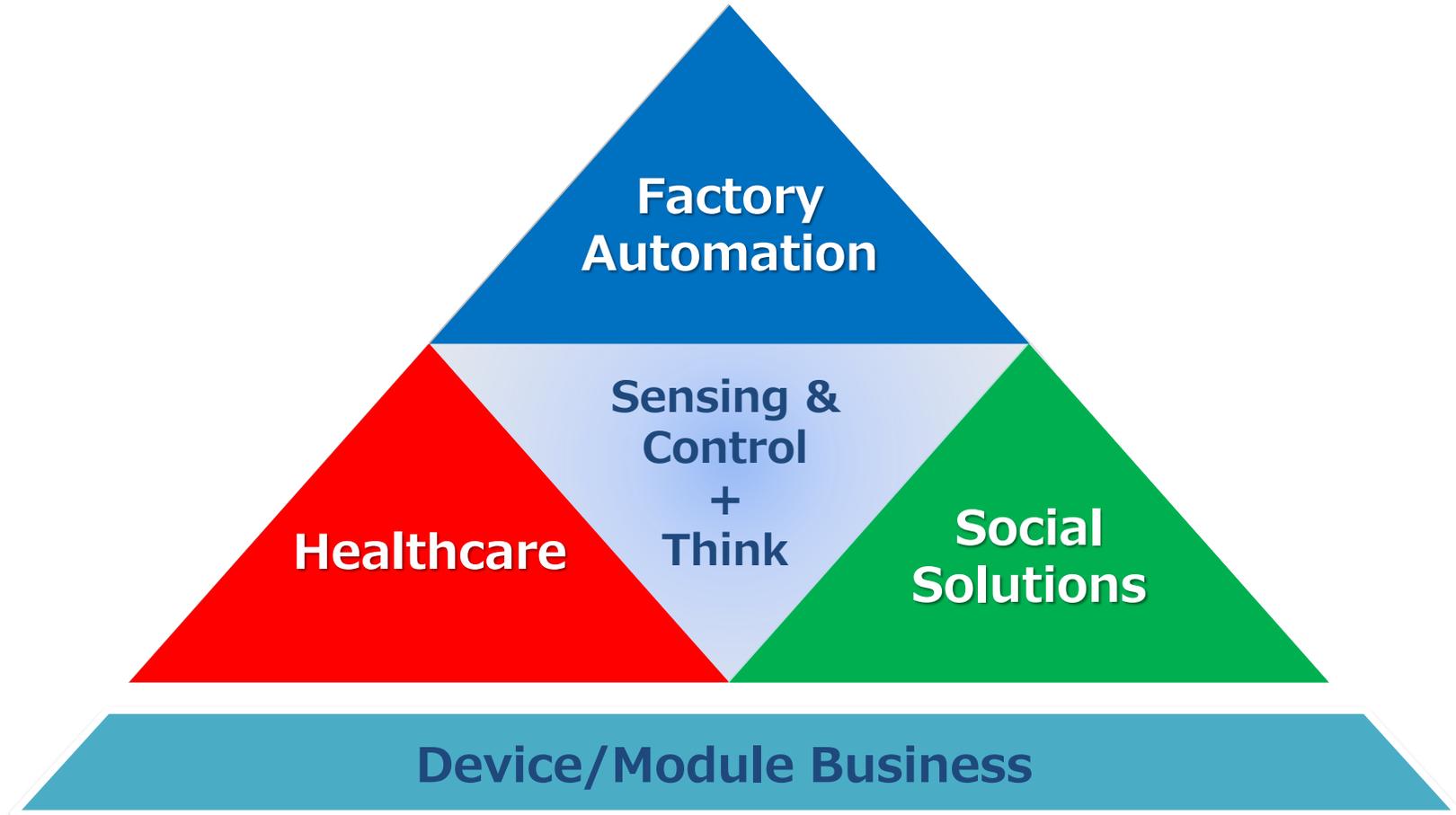


Looking Forward



3 Focus Domains

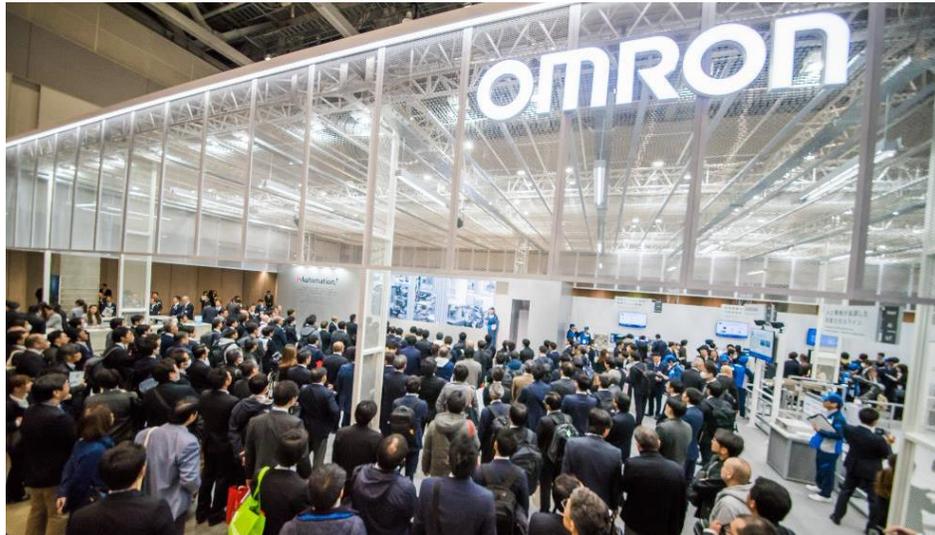
Focus on the 3 domains where OMRON has a competitive advantage and high market shares



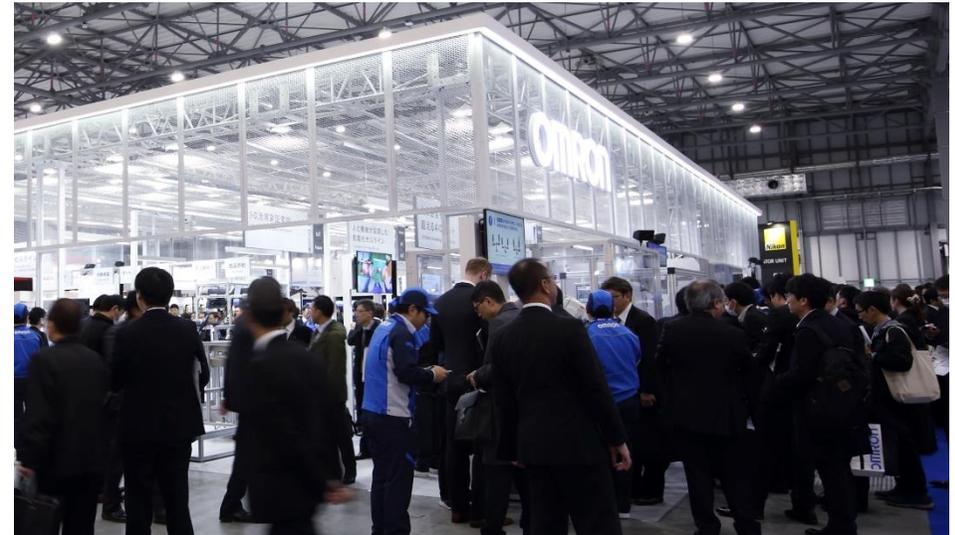
IAB at IIFES/International Robot Exhibition

Presenting solutions based on revolutionary applications at Japan's largest trade shows: IIFES and the International Robot Exhibition

IIFES2019



International Robot Exhibition 2019



IAB Automation Centers (ATC): ATC-TOKYO

**Expanding ATCs globally as forum for customer collaboration.
Grand opening of the world's largest ATC on January 22**



Experiencing revolutionary solutions for production



Joint evaluation using testing equipment



Developing application software



Supporting adoption: hands-on training

HCB: Progress toward Achieving Zero Events

**Progress toward achieving Zero Events with revolutionary new devices.
Wearable BPM selected by Time for The 100 Best Inventions of 2019**



**US FDA approved
Japan PMDA approved**

HCB: Progress toward Achieving Zero Events

Launched world's first BPM capable of simultaneous EKG and blood pressure readings

World
First

US FDA approved



Key Initiatives as CFO

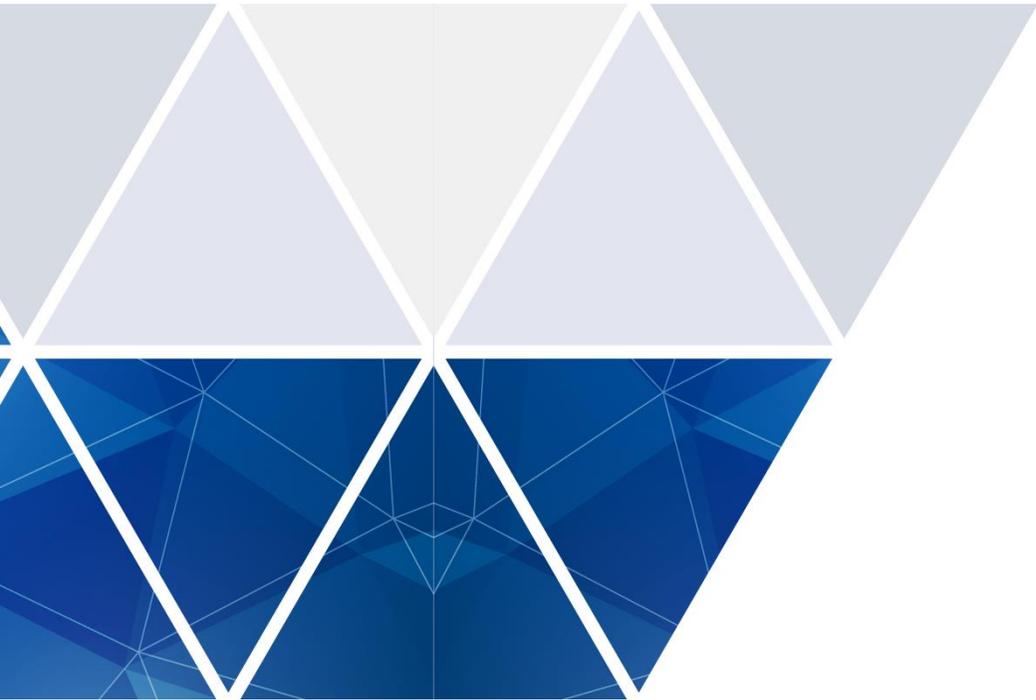
Disciplined Focus: ROIC Management

Improving GP Margin

Executing on Growth
Investments

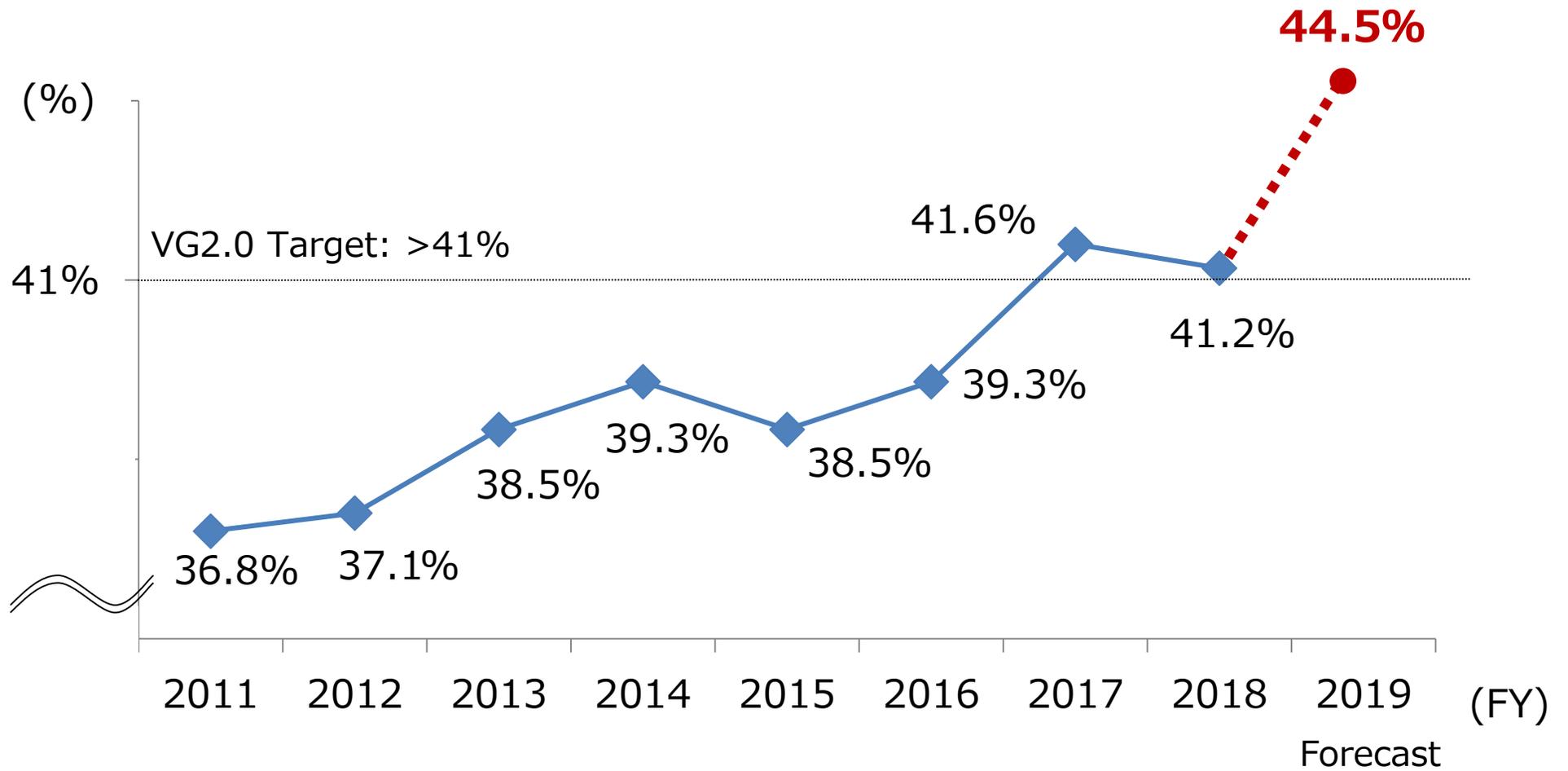
Improving Profit Structure

OMRON

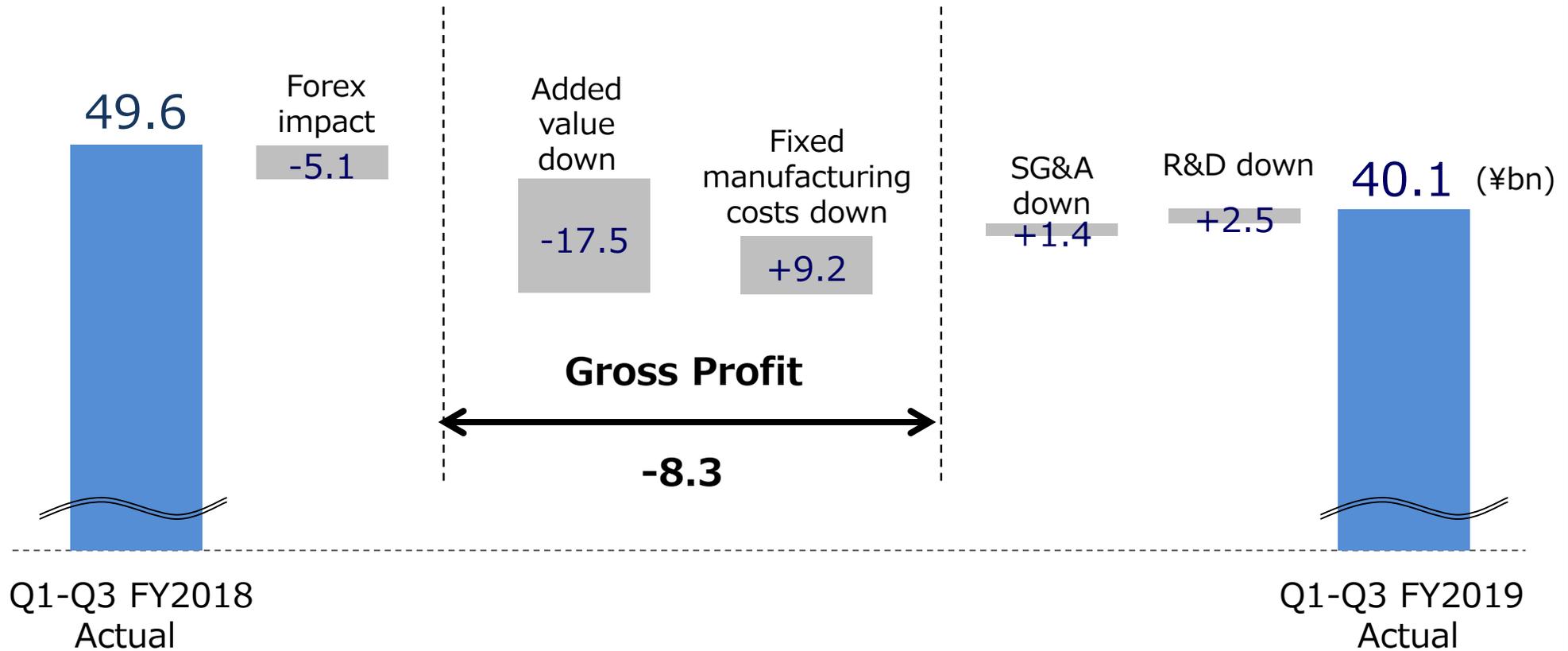


Reference

Trend in GP Margin



Q1-Q3 Results: Operating Income Analysis (Y/Y)



Q3 FY2019 Results (Three Months)

(¥bn)

	FY2018 Q3 Actual	FY2019 Q3 Actual	Y/Y
Net Sales	186.2	168.1	-9.7%
Gross Profit (%)	83.4 (44.8%)	76.4 (45.4%)	-8.4% (+0.6%pt)
Operating Income (%)	17.7 (9.5%)	14.4 (8.5%)	-18.9% (-1.0%pt)
NP (Continuing Ops)	10.7	10.3	-3.3%
NP (Discontinued Ops)	1.9	41.8	(-)
* Net Income Attributable to Shareholders	12.3	51.9	(-)
1USD (JPY)	113.4	108.8	-4.6
1EUR (JPY)	129.9	120.0	-9.9
1RMB (JPY)	16.4	15.4	-1.0

* Net Income Attributable to OMRON Shareholders includes Profit (Loss) Attributable to Non-controlling Interests

Sales by Segment: Q3 (Three Months)

(¥bn)

	FY2018 Q3 Actual	FY2019 Q3 Actual	Y/Y
IAB Industrial Automation	97.1	87.5	-9.8%
EMC Electronic & Mechanical Components	25.9	21.4	-17.3%
SSB Social Systems, Solutions & Service	16.2	18.0	+10.9%
HCB Healthcare	31.2	30.7	-1.6%
Other Businesses under Direct Control of HQ	14.1	9.8	-30.5%
Eliminations & Corporate	1.7	0.7	-61.5%
Total	186.2	168.1	-9.7%

Operating Income by Segment: Q3 (Three Months)

(¥bn, %: OPM)

	FY2018 Q3 Actual	FY2019 Q3 Actual	Y/Y
IAB Industrial Automation	15.6 (16.0%)	13.1 (14.9%)	-2.5 (-1.1%pt)
EMC Electronic & Mechanical Components	2.5 (9.6%)	0.2 (1.1%)	-2.2 (-8.4%pt)
SSB Social Systems, Solutions & Service	0.8 (4.8%)	1.2 (6.8%)	+0.4 (+2.0%pt)
HCB Healthcare	4.1 (13.0%)	4.4 (14.2%)	+0.3 (+1.2%pt)
Other Businesses under Direct Control of HQ	1.1 (7.5%)	0.5 (4.7%)	-0.6 (-2.7%pt)
Eliminations & Corporate	△ 6.2	△ 5.0	+1.2
Total	17.7 (9.5%)	14.4 (8.5%)	-3.4 (-1.0%pt)

H2 FY2019 Forex Assumptions

	H2 FY2019 Assumptions	Impact of ¥1 move (full-year, approx.) *RMB impact of ¥0.1 move	
		Sales	OP
USD	¥105	¥1.7bn	¥0.3bn
EUR	¥117	¥1.0bn	¥0.5bn
RMB	¥14.7	¥0.7bn	¥0.05bn

* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities

VG2.0 and Sustainability Policy are Linked

OMRON Principles

Medium-term Management Plan: VG2.0

Business Strategies

Sustainability Issues

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

1. Reinforce businesses by designating focus domains
2. Business model evolution
3. Enhance core technologies

×

Collaboration with partners

+

Human capital management, manufacturing, risk management...

FA



Healthcare



Social Solutions



×

Collaboration with partners



+

Human Capital Mgmt.



Manufacturing



Risk Management



OMRON Included in Major ESG Indices (As of January 2020)

ESG Indices which include OMRON

- ✓ DJSI – World
- ✓ FTSE4Good Index Series
- ✓ MSCI ESG Leaders Indexes
- ✓ MSCI SRI Indexes
- ✓ STOXX Global ESG Leaders indices
- ✓ FTSE Blossom Japan Index
- ✓ MSCI Japan ESG Select Leaders Index
- ✓ MSCI Japan Empowering Women Index
- ✓ S&P/JPX Carbon Efficient Index

* OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires

MEMBER OF
**Dow Jones
Sustainability Indices**

In collaboration with  **SAM**
a RobecoSAM brand



FTSE4Good

MSCI 

2019 Constituent
MSCI ESG
Leaders Indexes

Member 2018/2019

STOXX
ESG LEADERS INDICES



FTSE Blossom
Japan

MSCI 

MSCI Japan ESG
Select Leaders Index

MSCI 

MSCI Japan Empowering
Women Index (WIN)

**S&P/JPX
Carbon
Efficient
Index**


DRIVING SUSTAINABLE ECONOMIES

External Recognition (As of January 2020)

Domestic ESG awards, selection for inclusion

Japan Association of Corporate Directors

- ✓ Corporate Governance of the Year 2018

METI Minister's Award for Corporate Governance of the Year **FY2018**



Corporate Governance
of The Year

Ministry of the Environment

- ✓ FY2018 Minister's Award for Global Warming Prevention Activity

'Implementation of Countermeasures and Dissemination Category' **FY2018**



Sponsored by Nikkei Inc

- ✓ Nikkei SDGs Management Grand Prix SDGs Strategy/Economic Value Award **December 2019**

Selected by METI, TSE

- ✓ Nadeshiko Brand **2nd consecutive year from FY2017**
- ✓ 2019 Health & Productivity Stock **From FY2018, 1st time**
- ✓ 2019 Health & Productivity: White 500 **3rd consecutive year from FY2016**



2019
健康経営銘柄
Health and Productivity

Selected by Nikkei Inc.

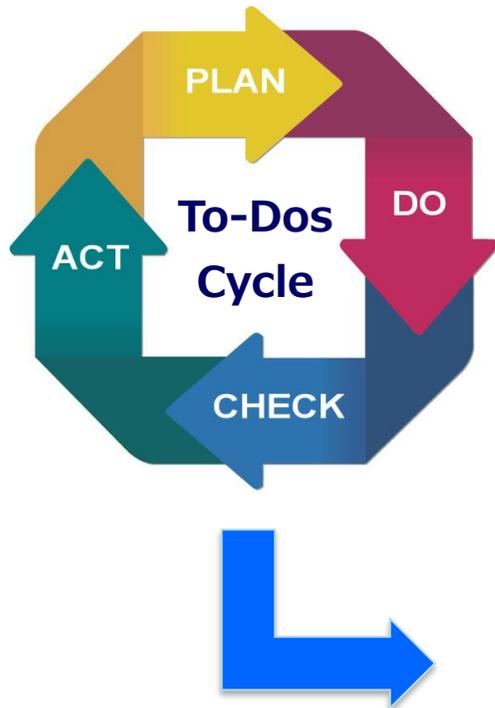
- ✓ Nikkei 225 **March 2019, 1st time**



2019
健康経営優良法人
Health and Productivity
ホワイト500

Down-Top ROIC Tree

On-site



KPI

- Sales in focus industries/areas
- Sales of new/focus products
- Selling price control
- Variable cost reduction, value/%
- Defect cost %
- Per-head production # unit
- 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

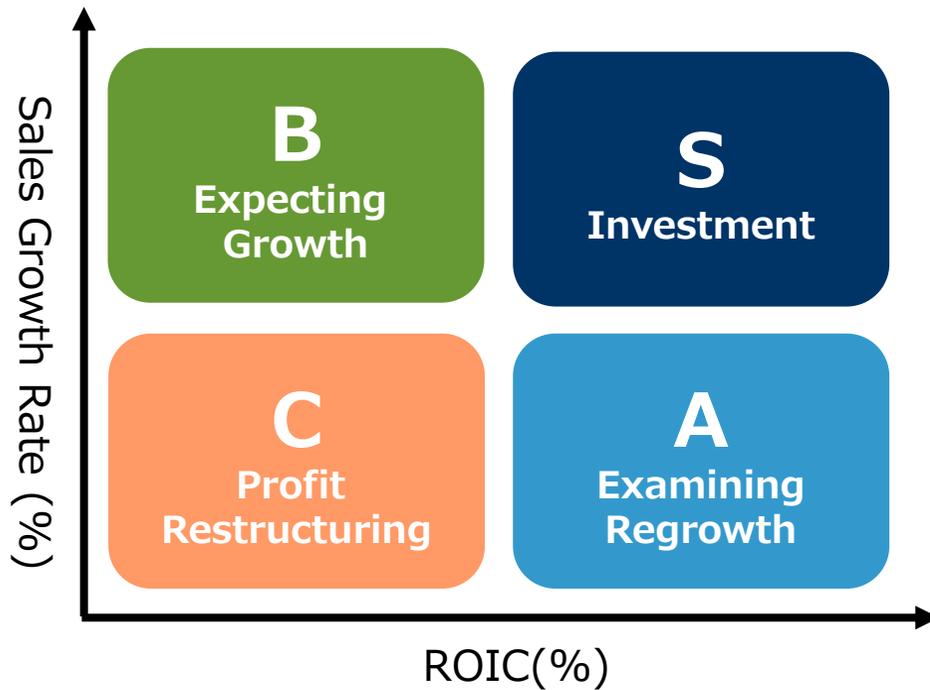
ROS

Invested Capital Turnover

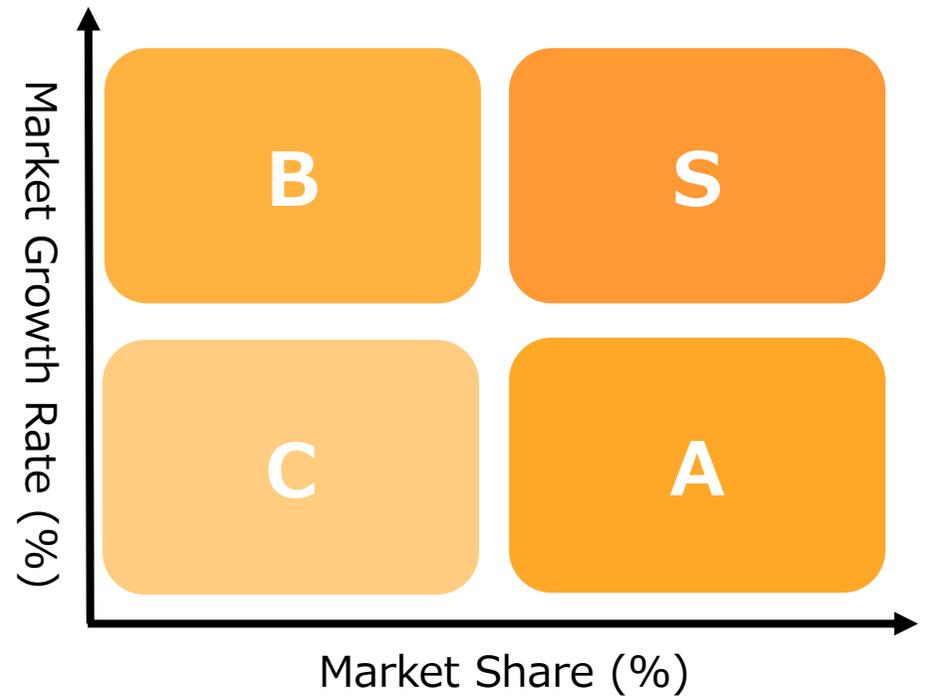
ROIC

Portfolio Management

Assessing Economic Value



Assessing Competitiveness



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	

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

Invested capital*

= Net assets + Interest-bearing debt

*The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year.

**Capital cost forecast at 6%
for FY2017 - 2020**

Notes

1. The consolidated statements of OMRON Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results 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 and uncertain factors could cause actual results to differ materially from these projections.
3. The presentation slides are based on "Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 (U.S. GAAP)."
Figures rounded to the nearest million JPY and percentage to one decimal place.

Contact:

**Investor Relations Department
Global Investor & Brand Communications
OMRON Corporation**

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

Email: omron-ir@omron.com

Website: www.omron.com