

A Review of EARTH-1 STAGE Business Plan (Fiscal 2014 to 2016)

The OMRON Group aims to become *a value generator for people and the Earth that is qualitatively and quantitatively superior* by managing our businesses under *Value Generation 2020 (VG2020)*, our ten-year long-term vision formulated in 2011. The *EARTH-1 STAGE* business plan, as the second stage of *VG2020*, covered the fiscal years 2014 to 2016. This plan defined a self-driven growth structure by which OMRON can grow independently under our own power in any operating environment. During the three years of EARTH-1 STAGE, we

concentrated on (1) strategy for our existing businesses, (2) super-global growth strategy, and (3) new business strategy for the optimization society. The following is a review of our progress.

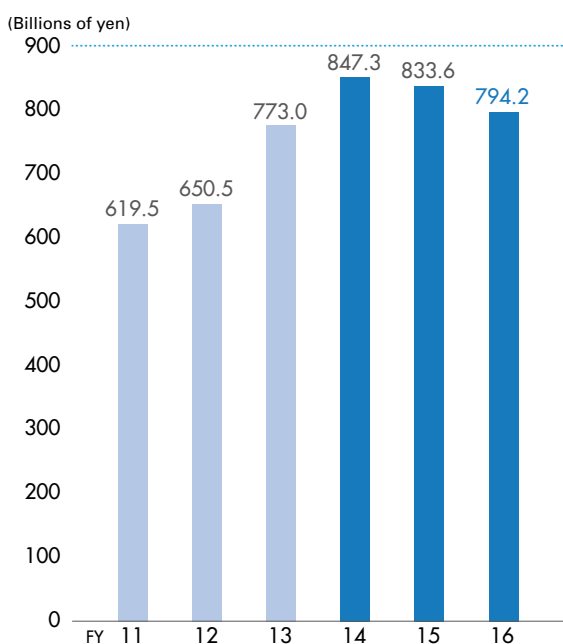
In terms of executing strategy for our existing businesses, we focused on maximizing the strength of our Industrial Automation Business. We improved our ability to provide technologies to solve customer issues by expanding our mainstay businesses in four focus industries and by launching automation centers. We also acquired U.S.-based companies in motion

■ Three Basic Strategies: Goals and Results

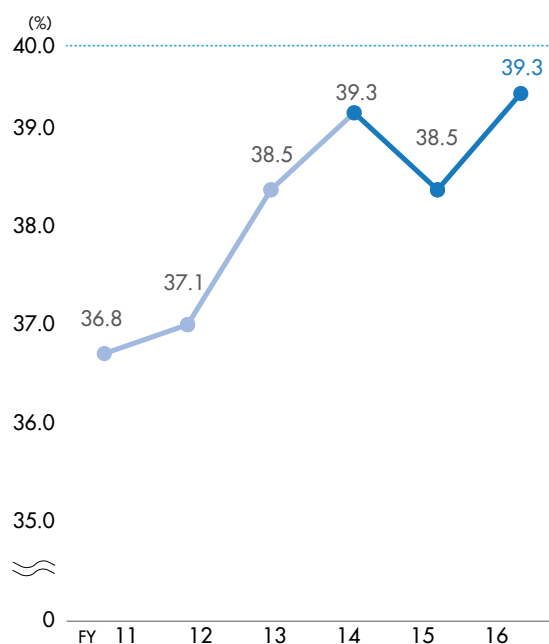
	FY2016 Goals	Fiscal 2016 Results
<Existing Businesses> IA-related Business Sales	¥440 billion	¥424.9 billion (-3%)
<Super-Global> Emerging Economy Sales	¥320 billion	¥274.3 billion (-14%)
<New Businesses> New Business Sales	¥90 billion	¥52.6 billion (-42%)

■ Net Sales

..... : EARTH-1 STAGE Goals (published April 2014)



■ Gross Profit Margin (%)



controller and robot manufacturing, and took on other initiatives to accelerate the creation of new value and build a foundation for future business growth. As a result, we accomplished our EARTH-1 STAGE sales target for our Industrial Automation Business.

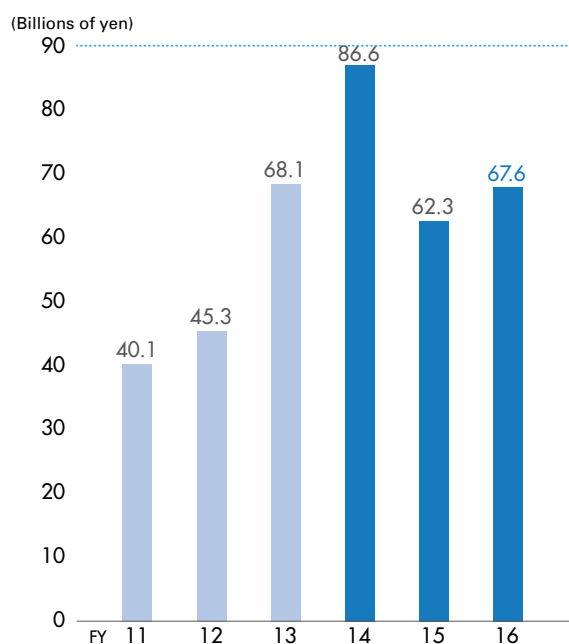
In pursuit of our super-global growth strategy, we achieved high growth rates in our Industrial Automation Business and our Healthcare Business, particularly in China and Asia. We held OMRON Total Fairs in Thailand and Indonesia, which led to a large number of new business discussions. In our Healthcare Business, we acquired a Brazilian nebulizer company and engaged in other measures to grow sales steadily throughout Central and South America. Further, we strengthened our business foundation by bolstering our production centers in Mexico and Indonesia, as well as by hiring and training core human resource leaders for our businesses in Asia.

To optimize strategy for new businesses, we

pursued industry-academia partnerships, alliances with other companies, and collaborations with external resources to create new businesses. However, we were not successful in creating other businesses with the scale and growth of our Environmental Solutions Business.

As a result of the initiatives above, we improved our earnings ability in the EARTH-1 STAGE, while accelerating the transition to a business foundation supporting sustainable revenue growth. We were also able to put our Industrial Automation Business on a new growth path. At the same time, due to the impact of changes in the business environment and other factors, we did not achieve either of our initial quantitative goals of more than ¥900 billion in sales and operating income margin of at least 10%. We do believe that we are on our way to establishing a self-driven growth structure. Our next medium-term business plan will continue this theme.

Operating Income



ROIC

