Results for the Six Months Ended September 30, 2003

November 4, 2003

OMRON Corporation
Contents

1. Summary of Results for the Six Months Ended
   September 30, 2004 :Page 4

2. Outlook for the Fiscal Year Ending
   March 31, 2004 :Page 13

Notes:
1. The financial statements are prepared in accordance with U.S. GAAP.
2. Includes 134 consolidated subsidiaries and 10 affiliated companies accounted for by the equity method.
3. Projections of results and future developments are based on information available to the Company at the present 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) the economic conditions surrounding the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Omron Group to develop new technologies and new products, (iv) major changes in the fund-raising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.
Business Domains

IAB: **Industrial Automation Business**
  Manufacture and sale of control components for factory automation, etc.

ECB: **Electronic Components Business**
  Manufacture and sale of electronics components for home appliances, mobile devices, etc.

AEC: **Automotive Electronic Components Business**
  Manufacture and sale of electronic components for automobiles

SSB: **Social Systems Business** *
  Equipment for financial institutions (ATMs, etc.), railway companies (automated passenger gates, etc.) and others
  * SSB consists of the Social Systems Solutions and Service Business Company and the Advanced Module Business Company (AMB).

HCB: **Healthcare Business**
  Manufacture and sale of medical devices (digital blood pressure monitors, etc.)

Others: **Business Development Group/Others**
  Exploration of new business, businesses not included in above
1. Summary of Results for the Six Months Ended September 30, 2003
## Interim Results

### Six months ended September 30, 2003

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended September 30, 2003</th>
<th>Six Months Ended September 30, 2002</th>
<th>% of Previous Period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>270.2</td>
<td>100.0%</td>
<td>246.9</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>113.0</td>
<td>41.8%</td>
<td>94.9</td>
</tr>
<tr>
<td><strong>SG&amp;A expenses</strong></td>
<td>71.0</td>
<td>26.2%</td>
<td>65.1</td>
</tr>
<tr>
<td><strong>R&amp;D expenses</strong></td>
<td>20.5</td>
<td>7.6%</td>
<td>18.3</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>21.5</td>
<td>8.0%</td>
<td>11.5</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td>2.1</td>
<td>0.8%</td>
<td>24.2</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>19.4</td>
<td>7.2%</td>
<td>-12.7</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>7.7</td>
<td>2.8%</td>
<td>-9.7</td>
</tr>
</tbody>
</table>
Six months ended September 30, 2003

Net Sales

<table>
<thead>
<tr>
<th></th>
<th>9/2002</th>
<th>9/2003</th>
<th>Initial Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCB</td>
<td>+12.0%</td>
<td>+8.6%</td>
<td></td>
</tr>
<tr>
<td>SSB</td>
<td>+28.4%</td>
<td>+7.3%</td>
<td></td>
</tr>
<tr>
<td>AEC</td>
<td>-0.5%</td>
<td>-9.0%</td>
<td></td>
</tr>
<tr>
<td>ECB</td>
<td>+11.9%</td>
<td>+3.7%</td>
<td></td>
</tr>
<tr>
<td>IAB</td>
<td>+12.6%</td>
<td>+6.4%</td>
<td></td>
</tr>
</tbody>
</table>

¥246.9 billion  ¥270.2 billion  ¥259.0 billion
Six months ended September 30, 2003

IAB

¥98.2 billion

+12.6% ¥110.6 billion +6.3%

¥104.0 billion

9/2002

+29% +15%

+16%

+11%

9/2003

Europe

+6%

+9%

+6%

+3%

North America

-1%

Japan

+7%

Initial Budget

China

Asia
Six months ended September 30, 2003

ECB

+11.9% ¥43.5 billion +3.7% ¥42.0 billion

¥38.9 billion

9/2002 9/2003 Initial Budget

Direct Trade

China +94% +17% +6% +15% +41% +9% +9%

Asia +6% +11% +2%

Europe +15% +4%

North America -11% -6%

Japan +12% +3%

Japan +3%
**Six months ended September 30, 2003**

AEC

- **¥28.4 billion** (9/2002) -0.5% **¥28.2 billion** (9/2003) -8.9% **¥31.0 billion** (Initial Budget)

Asia
- +12% (9/2002)
- -3% (9/2003)
- +13% (Initial Budget)

Europe
- +7% (9/2002)
- -10% (9/2003)
- -7% (Initial Budget)

North America
- -14% (9/2002)
- -10% (9/2003)
- -14% (Initial Budget)

Japan
- -7% (9/2002)
- -3% (9/2003)
- -3% (Initial Budget)

September 30, 2003
Six months ended September 30, 2003

SSB

Direct Trade

Japan

Initial Budget

¥41.8 billion

+28.4% ¥53.7 billion +7.3% ¥50.0 billion

-25%

+36%

+8%

+8%

+7.3%
Six months ended September 30, 2003

HCB

 ¥20.4 billion

+12.0% ¥22.8 billion +8.7% ¥21.0 billion

9/2002 9/2003 Initial Budget

North America

+7%
+22%
+53%
+32%
+3%

Japan

+8%
+7%
+9%
+10%
+4%

Asia

+3%
+19%

Europe

+19%
+32%

China

+53%
Operating Income

Six months ended September 30, 2003

Net effect of structural reform

(Billions of yen)

Sales growth

Product mix

Increased expenses (SG&A, R&D, etc.)

Foreign exchange loss

Six months ended September 30, 2002

Six months ended September 30, 2003
# Cash Flows

**Six months ended September 30, 2003**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>35.5 billion</td>
<td>15.0 billion</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>(15.5 billion)</td>
<td>(12.8 billion)</td>
</tr>
<tr>
<td><strong>Free Cash Flows</strong></td>
<td><strong>20.0 billion</strong></td>
<td><strong>2.2 billion</strong></td>
</tr>
<tr>
<td>Net Cash Provided by (Used in) Financing Activities</td>
<td>(17.9 billion)</td>
<td>10.7 billion</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash and Cash Equivalents</td>
<td>(0.7 billion)</td>
<td>12.4 billion</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at End of the Period</strong></td>
<td><strong>79.3 billion</strong></td>
<td><strong>83.2 billion</strong></td>
</tr>
</tbody>
</table>
2. Outlook for the Fiscal Year Ending March 31, 2004
# Fiscal Year Forecast

(Billions of yen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Year Ending March 31, 2004 (Est.)</th>
<th>Year Ended March 31, 2003 (Act.)</th>
<th>% of Previous Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>580.0</td>
<td>535.1</td>
<td>108.4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>239.0</td>
<td>207.7</td>
<td>115.1%</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>143.0</td>
<td>135.1</td>
<td>105.8%</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>46.0</td>
<td>40.2</td>
<td>114.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>50.0</td>
<td>32.3</td>
<td>154.7%</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>4.0</td>
<td>27.6</td>
<td>14.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>46.0</td>
<td>4.7</td>
<td>972.1%</td>
</tr>
<tr>
<td>Net income</td>
<td>24.0</td>
<td>0.5</td>
<td>4696.7%</td>
</tr>
</tbody>
</table>
IAB Sales Forecast

.userInfo

Overview:

- **2003 Sales:** ¥202.5 billion (Year ended March 31, 2003, +10.4%)
- **2004 Sales Forecast:** ¥223.5 billion (Year ending March 31, 2004, +4.7%)
- **Initial Budget:** ¥213.5 billion

Strategies:

- **Strengthen sales force:**
  - Japan: Distribution agency system
  - China: Strengthen sales bases, etc.

Development of Solutions business:

- **Asia (China):** +7%
- **Europe:** +1%
- **North America:** +3%
- **Japan:** +22%

Outlook for year ending March 31, 2004

- **Solutions:**
  - Smart Sensors

*OMRON* Sensing tomorrow™
ECB Sales Forecast

Outlook for year ending March 31, 2004

¥79.4 billion
Year ended March 31, 2003
+12.8%

¥89.5 billion
Year ending March 31, 2004
+1.1%

¥88.5 billion
Initial Budget

Develop, introduce original products
B-MLA, FPC Connector for mobile components etc.
Strengthen sales capabilities
AEC Sales Forecast

年销售额 \( ¥59.4 \text{ billion} \)

年比变化
-1.6%

年销售额 \( ¥58.5 \text{ billion} \)

年比变化
-7.9%

初始预算
\( ¥63.5 \text{ billion} \)

下降原因
- 数量减少：北美洲
- 罢工：南韩的关键客户

结果概述

- 北美洲：-4%
- 欧洲：+5%
- 亚洲：+3%
- 日本：-8%
SSB Sales Forecast

Outlook for year ending March 31, 2004

 Initial Budget

Japan

Year ended March 31, 2003

Year ending March 31, 2004

Direct Trade

-26%

+22%

+13%

-15%

¥116.7 billion

+17.9%

¥137.5 billion

+10.0%

¥125.0 billion

Equipment to handle new bank note in Japan
Approx. ¥15.7 billion

Strong railway business
(Ticket vendors in Kanto, SF Card system in Chubu, etc.)
HCB Sales Forecast

Year ended March 31, 2003

¥42.3 billion
+11.0%

Year ending March 31, 2004

¥47.0 billion
+8.0%

Initial Budget

¥43.5 billion

Increasing global concern about health
“Top Brand” evaluation (Consumer Reports)
New product introductions
(Chair massager, body-fat analyzer, etc.)
Operating Income Forecast

Year ended March 31, 2003

- Sales growth: 19.7
- Increased expenses (SG&A, R&D, etc.): 1.0
- Net effect of structural reform: 17.4
- Total: 50.0

Year ending March 31, 2004

- Sales growth: 32.3
- Increased expenses (SG&A, R&D, etc.): 14.4
- Net effect of structural reform: 17.4
- Total: 50.0

Outlook for year ending March 31, 2004
ROE Forecast

ROE: %

Outlook for year ending March 31, 2004

ROE Forecast

ROE (Act./Est.)

3/2005 Target

10.0


6.7 7.5 8.4 9.3

-5.1 0.2

Planned ROE under GD2010

### Implementation Period
From April 2002 to September 30, 2003

#### Tasks

<table>
<thead>
<tr>
<th></th>
<th>Targets</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Reduction of Group fixed and variable expenses</td>
<td>¥30.5 billion</td>
<td>¥32.4 billion</td>
</tr>
<tr>
<td>◆ Overseas production ratio</td>
<td>50% increase</td>
<td>52% increase</td>
</tr>
<tr>
<td>◆ Withdrawal from low-profit and unprofitable businesses</td>
<td>2 businesses</td>
<td>8 businesses</td>
</tr>
<tr>
<td></td>
<td>5 subsidiaries</td>
<td>11 subsidiaries</td>
</tr>
</tbody>
</table>
**Results of Structural Reforms 2**

**Effect of structural reforms = ¥32.4 billion**

- **Personnel Exp.** ¥15.5 billion
- **Variable Exp.** ¥6.5 billion
- **General Exp.** ¥8.5 billion

**Cumulative Effects**

- **± ¥0 billion**
- **+ ¥2.4 billion**
- **- ¥0.5 billion**
- **¥30.5 billion**

**Initial Plan**

- **Personnel Exp.** ¥15.5 billion
- **Variable Exp.** ¥6.0 billion
- **General Exp.** ¥10.9 billion

**Outlook for year ending March 31, 2004**

- **Effects in year ended 3/31/03**
  - ¥18.0 billion
- **Estimated effects in year ending 3/31/04**
  - ¥14.4 billion

**Table**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Exp.</td>
<td>¥15.5bn</td>
</tr>
<tr>
<td>Variable Exp.</td>
<td>¥6.0bn</td>
</tr>
<tr>
<td>General Exp.</td>
<td>¥10.9bn</td>
</tr>
</tbody>
</table>
### Results of Structural Reforms 3

<table>
<thead>
<tr>
<th><strong>Business Structure</strong></th>
<th>Consolidation/sale of 8 businesses/ 11 subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reorganization of SSB, withdrawal from paper-handling business, sale of Omron Alphatech Corporation, dissolution of Creative Service Business</td>
</tr>
<tr>
<td><strong>Manufacturing Structure</strong></td>
<td>Closed 3 factories in Japan, increased overseas production ratio by 50%</td>
</tr>
<tr>
<td><strong>Purchasing Processes</strong></td>
<td>Area for direct central purchasing of materials expanded 3.1 times</td>
</tr>
<tr>
<td><strong>Management Productivity</strong></td>
<td>Management staff reduced 21%</td>
</tr>
<tr>
<td><strong>Head Office Structure</strong></td>
<td>3 divisions, 3 departments eliminated through consolidation; head office fixed expenses reduced 14%</td>
</tr>
<tr>
<td><strong>Asset Structure</strong></td>
<td>Decision to sell 11 properties</td>
</tr>
<tr>
<td><strong>Employment Structure</strong></td>
<td>Consolidation of R&amp;D bases Early retirement of 1,462 employees + more than 800 leave group</td>
</tr>
<tr>
<td><strong>Additional Measures</strong></td>
<td>Reductions in distribution / information expenses</td>
</tr>
</tbody>
</table>
Projections for growth in sales of products and technologies in expanding markets and business areas, with results for the year ended March 31, 2003 as a baseline.

- **Device Business**: MLA/MEMS Business, AEC
- **Solutions Business**: User Segment Business, Amusement Business, Other
- **Chinese Market**: IAB/ECB, AMB/HCB

Year ended 3/31/03: ¥171 billion
Year ending 3/31/04 Initial Plan: ¥176 billion
Year ending 3/31/04 Forecast: ¥26 billion

Note: Certain figures above contain overlaps in products and regions. Sizes of boxes in the diagram are not proportional to monetary values.
B-MLA (Backlight-Micro Lens Array)

Winner of 2003 Keidanren Chairman’s Award from Japan Institute of Invention and Innovation

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Outlook for year ending March 31, 2004

- High brightness
- High efficiency
- Low power consumption
- Simple structure
- Minimal color unevenness

Microphotonics technology + Micro-replication processing technology
Microphotonics Technology

(Technology to miniaturize and integrate various optical functions and control optical waves)

+ Micro-replication processing technology (Production technology)

MLA  P-MLA  B-MLA
Front light

DR-LED

Fiber optic device

Replicated polymer optical wave guide