Omron’s New Long-Term Strategy “Value Generation 2020”

July 13, 2011
Yoshihito YAMADA, President and CEO
Omron Corporation
Contents

Omron’s New President P.2
Value Generation 2020 P.6
Midterm Targets P.14
New President
Yoshihito YAMADA: Brief Bio

Apr. 1984  Joined Tateisi Electric Manufacturing Co., currently Omron Corporation
          Worked in sales and marketing departments

Oct. 2001  Vice-President of Omron Healthcare Inc. (USA)

Apr. 2003  President of Omron Healthcare Europe B.V.

June 2008  Executive Officer and President and Representative Director of OMRON Healthcare Co., Ltd.

Mar. 2010  Senior General Manager of Corporate Strategy Planning HQ of OMRON Corporation

June 2010  Managing Officer of the Company

June 2011  President and Chief Executive Officer of the Company (to present)
OMRON will Change

New Management Team + New Strategies
Taking on the Challenge of Transformation
Long-Term Strategy VG2020
Net Sales: FY1990-2010

- Growth rate after FY2000 ended lower than expected due to unfavorable external factors.

(Billions of yen)

Highest

Growth Rate 4%

Net Sales


G’90s GD2010

-763.0 617.8
Operating Profit: FY1990-2010

Hit twice by external factors after FY2000 (Dot-com bubble burst and 2008 global financial crisis), but now on the road to recovery as a result of structural reform.

(Billions of yen)
Value Generation 2020
VG2020: Vision & Goals

Vision

Sense, Think, and Control
For a brighter future for People & the Earth.

Goals

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>A global value-creating group that is qualitatively and quantitatively superior</th>
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<tbody>
<tr>
<td>Quantitative</td>
<td>Sales: Over 1 trillion yen  Operating profit margin: 15%</td>
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</table>
Two Perspectives in VG2020 Strategies

GLOBE & EARTH
VG2020 Scenario

GLOBE STAGE

Establishment of a profit & growth structure on a global basis

EARTH STAGE

New value generation for growth

Creation of new business for the “Optimization Society”

Growth in emerging markets

Maximization of Industrial Automation Business

Profit structure reform

FY2011 FY2013 FY2020

Net Sales
VG2020 Growth Targets

**GLOBE STAGE**

- **Net Sales**: 617.8 (FY2010) 750 (FY2013)
- **Operating Profit (%)**: 48 (FY2010) 100 (FY2013)

**EARTH STAGE**

- **Net Sales**: over 1,000 (FY2020)
- **Operating Profit (%)**: over 150 (FY2020)

(Billions of yen)

VG2020 Growth Targets

- Net Sales
- Operating Profit (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (Billions of yen)</th>
<th>Operating Profit (%)</th>
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<tbody>
<tr>
<td>FY2010</td>
<td>617.8</td>
<td>48 (7.9%)</td>
</tr>
<tr>
<td>FY2013</td>
<td>750</td>
<td>100 (13.3%)</td>
</tr>
<tr>
<td>FY2020</td>
<td>over 1,000</td>
<td>over 150 (15.0%)</td>
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</table>
Midterm Milestones
(Globe Stage)
External Environment

Explosive expansion of emerging markets

Greater Earth-conscious social needs

Issues OMRON faces

Growth and profitability to support that growth

Goals

Growth

Reinforcing of IA business

Growth in emerging markets

Focus on business with a global perspective

Profit Base

Profit structure reform for long-term growth

Establishment of global management infrastructure

Global Stage: Goals & Direction

Focus on business in emerging markets

Profit structure reform for long-term growth

Establishment of global management infrastructure

Greater Earth-conscious social needs

Explosive expansion of emerging markets
<table>
<thead>
<tr>
<th>Policy</th>
<th>Establishment of global profit &amp; growth structures</th>
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<tbody>
<tr>
<td>Goals</td>
<td>FY2013</td>
</tr>
<tr>
<td></td>
<td>Net sales: ¥750 bn; Operating profit: ¥100 bn</td>
</tr>
<tr>
<td></td>
<td>OP margin: 13.3%; ROE: over 15%</td>
</tr>
<tr>
<td></td>
<td>(Assumed exchange rates: 1USD = ¥82; 1EUR = ¥116)</td>
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<tr>
<td>Tasks</td>
<td>1. Reinforcement of Industrial Automation (IA) Business (IAB &amp; EMC)</td>
</tr>
<tr>
<td></td>
<td>2. Sales expansion in emerging markets</td>
</tr>
<tr>
<td></td>
<td>3. Focus on environmental solutions business</td>
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<tr>
<td></td>
<td>4. Profit structure reform</td>
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<td></td>
<td>5. Strengthening global human resources</td>
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</table>
Omron will concentrate on core business of IA to increase sales.

- Expansion of automation business
- Expansion in emerging markets (especially in China)
- Strengthen & expand production to meet surging global demand

Promotion of M&A&A

Sales up ¥100 bn

<table>
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<tr>
<th>Emerging Markets</th>
<th>Developed countries</th>
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<td>+80</td>
<td>+20</td>
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</table>

FY2010: 353.1

FY2013: 450 (Billions of yen)

IA Business Sales (IAB & EMC)
Omron will meet surging demand of emerging markets without fail.

Wider range of products aimed at emerging markets (IAB, EMC, HCB)

Stronger sales & marketing

Strengthening the "OMRON" brand in emerging markets

Task 2: Sales Increase in Emerging Markets

Sales up ¥110 bn

IA Business (IAB & EMC) +80

HCB, Other +30

approx. 160

approx. 270 (Billions of yen)

Emerging markets: Greater China, Southeast Asia (plus India), Latin America (incl. Brazil), East Europe, Russia, the Middle East, and South Africa

FY2010

FY2013

(c) Omron Corporation
Task 3: Focus on Environmental Solution Business

Omron will meet environment-related social needs with its technologies and solutions.

- Global marketing of New Energy Creation Business with solar power conditioners as a core
- Growth of Energy Saving Business (packaged sales to manufacturers)
- Integrated Energy Solution Business to meet future demand for environmental solutions
- Group-wide efforts toward environmental solution business

**ESB Sales** (Billions of yen)
(Omron sales total)

- FY2010: approx. 13
- FY2013: approx. 50

Growth: x 4

**Integrated Energy Solution**

- Energy Saving
- New Energy Creation

Group-wide efforts to meet eco-related demand (e.g., components, devices)

FA equipment, relays and more
Omron will enhance profitability required for growth by improving gross profit margin by 4.5% pt.
Task 5: Strengthening Global Human Resources

Global HR Development & Assignment

to strengthen IA business & operations in emerging markets

Recruit, develop, and assign global business leaders

Establishment of
"Team OMRON" Corporate Culture

to work together globally and achieve growth

Vision & principles shared by all OMRON staff around the world
Omron will focus R&D expenses, capital investments, and strategic investments (e.g. M&A&A) on IA Business in China and other emerging markers.

<table>
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<th>FY10x3</th>
<th>FY11-13 Total</th>
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<tr>
<td>R&amp;D</td>
<td>approx. ¥150 bn</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>approx. ¥100 bn</td>
</tr>
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</table>

- R&D: FY10x3 (124) to FY11-13 (150) +21%
- Capital Investment: FY10x3 (70) to FY11-13 (100) +43%

More than 50% for IA & emerging markets
Mainly IA & emerging markets
### Sales Growth by Business

<table>
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<tr>
<th>Business Segments</th>
<th>Net Sales (billions of yen)</th>
<th>Focus</th>
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<tbody>
<tr>
<td><strong>FY2010</strong></td>
<td><strong>FY2013</strong></td>
<td><strong>YoY Growth</strong></td>
</tr>
<tr>
<td>IAB</td>
<td>271.9</td>
<td>355</td>
</tr>
<tr>
<td>EMC</td>
<td>81.2</td>
<td>95</td>
</tr>
<tr>
<td>AEC</td>
<td>84.3</td>
<td>90</td>
</tr>
<tr>
<td>SSB</td>
<td>63.8</td>
<td>75</td>
</tr>
<tr>
<td>HCB</td>
<td>60.6</td>
<td>75</td>
</tr>
<tr>
<td>Other</td>
<td>49.7</td>
<td>60</td>
</tr>
</tbody>
</table>

- **Increase sales in emerging markets and improve profitability**
- **Maintain and improve profitability**
- **Establish profit structure**
- **Build base for business with future growth potential**
- **Increase sales in emerging markets**
- **Create new business**
- **Promote Environmental Solutions Business**
Notes
1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at the current 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) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, (vi) movements in currency exchange rates and stock markets, and (vii) accidents and natural disasters.

Contact:
Investor Relations Department
Investor Relations Headquarters
Omron Corporation

Phone : +81-3-6718-3421
E-mail : omron_ir@omron.co.jp
Website (English) : www.omron.com