



**OMRON**

*Sensing tomorrow™*

# Financial Results for the First Quarter Ended June 30, 2011 (FY11 Q1)

July 27, 2011  
**OMRON Corporation**



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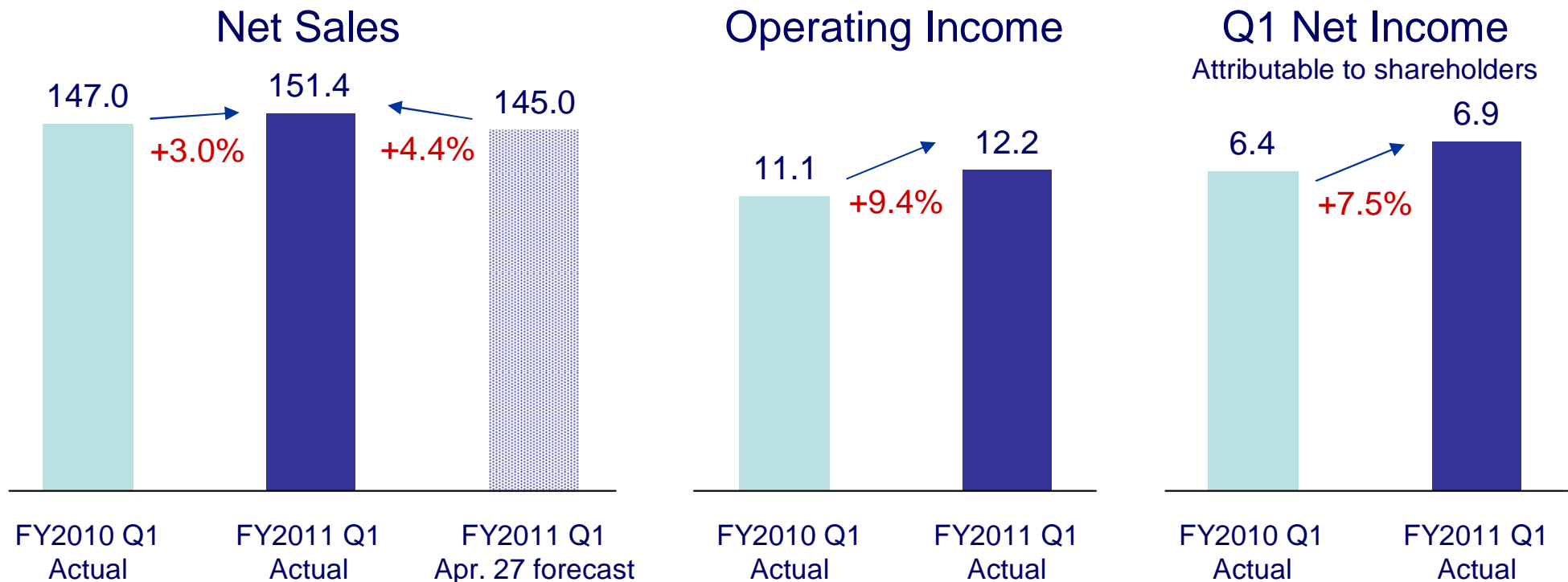
# **FY11 Q1 Results & Full-Year Forecast**



# Q1 Results

- Both sales and operating income were up YoY (+3.0% and +9.4% respectively).
- Omron fulfilled its obligations as a supplier to minimize the impact of the March 11<sup>th</sup> earthquake on customers.
- Overall, recorded YoY profit increase thanks to main Industrial Automation Business, while Automotive Electronic Components Business and Healthcare Business struggled at home after the earthquake & tsunami.
- Operating income up YoY due to sales increase and business mix improvement.
- Exchange rates: 1 USD = ¥81.7; 1 EUR = ¥118.1 (FY10 Q1: 1 USD = ¥91.5; 1 EUR = ¥116.9)

(Billions of yen)





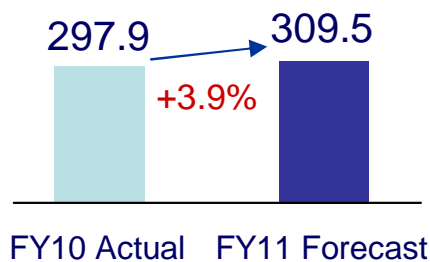
# Q1-Q2 & Full-Year Forecast

- No change to the June 6 forecast following solid Q1 performance, even with negative impacts of exchange rates & raw material costs.
- Assumed exchange rates for Q2-Q4: 1 USD = ¥80; 1 EUR = ¥113  
(Previous forecast: 1 USD = ¥82; 1 EUR = ¥116)

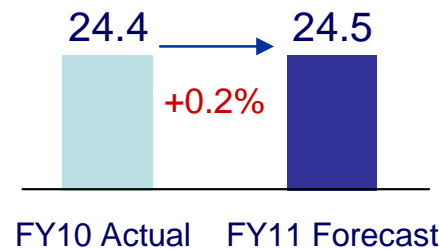
(Billions of yen)

Q1-Q2  
Total

## Net Sales

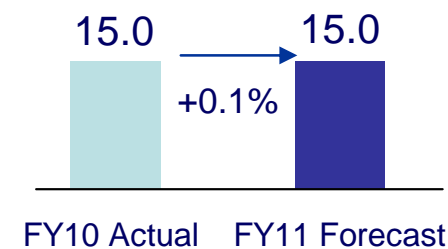


## Operating Income



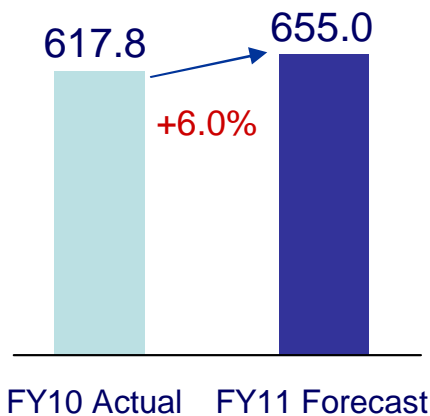
## Net Income

Attributable to shareholders

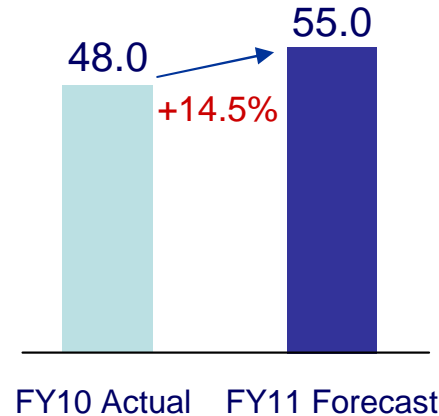


Full Year

## Net Sales

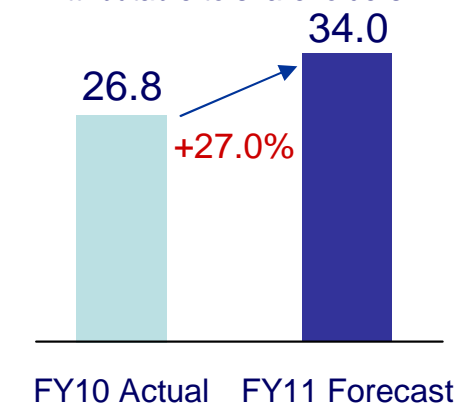


## Operating Income



## Net Income

Attributable to shareholders





# FY11 Q1 Results



# Consolidated P/L

- Omron fulfilled its obligations as a supplier to minimize the impact of the March 11<sup>th</sup> earthquake on customers.
- Net sales up, and OP margin up from 7.5% to 8.0% YoY.
- Gross profit margin unchanged at 38.2% YoY.

(Billions of yen)

	FY2010 Q1	FY2011 Q1	YoY	Apr. 27 Forecast	Actual vs. Forecast
Net Sales	147.0	151.4	+3.0%	145.0	+4.4%
Gross Profit (%)	56.1 (38.2%)	57.9 (38.2%)	+3.1% (0.0% pt)	-	-
SG&A	35.5	35.6	+0.3%	-	-
R&D	9.5	10.1	+6.6%	-	-
Operating Income (%)	11.1 (7.5%)	12.2 (8.0%)	+9.4% (+0.5% pt)	-	-
Non-operating Income (loss), net	(0.5)	(0.7)	+48.1%	-	-
NIBT	10.7	11.5	+7.7%	-	-
Net Income attributable to shareholders	6.4	6.9	+7.5%	-	-

<Exchange Rates>

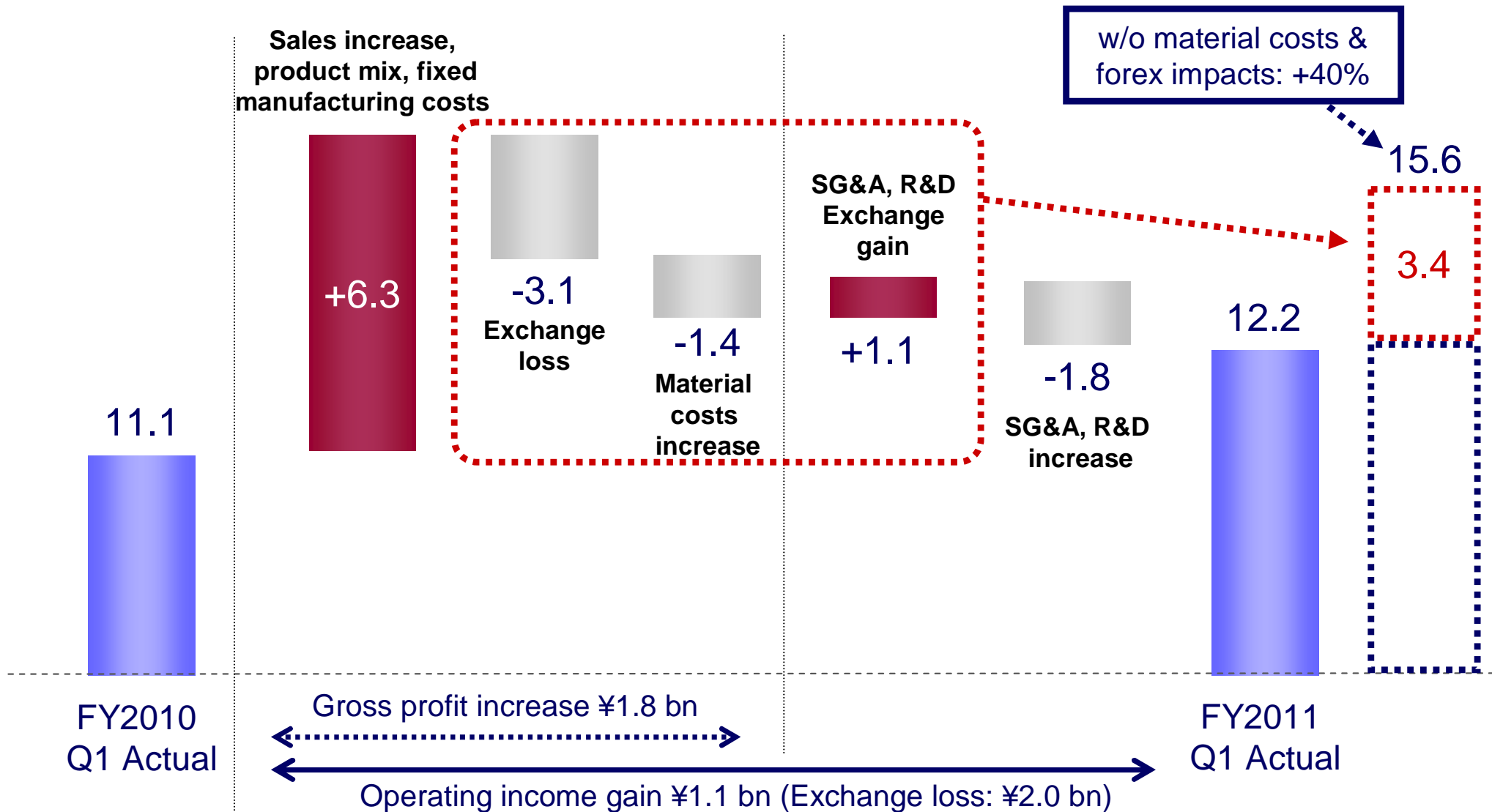
USD	91.5	81.7	-9.8	83.0	-1.3
EUR	116.9	118.1	+1.2	117.0	+1.1



# Operating Income Analysis (YoY)

- Up 40% without ¥3.4 bn negative impacts of foreign exchange and increased cost of material.

(Billions of yen)







# Consolidated B/S

- Shareholders' equity ratio rose to 58.9% from 55.6% in three months.
- Liabilities down ¥29 bn due to short-term debt payment.

(Billions of yen)

	June 30, 2011	March 31, 2011	(Ref. June 30, 2010)
<b>Assets</b>	538.4	562.8	518.8
Cash and cash equivalents	64.0	74.7	56.0
Notes and accounts receivable - trade	120.9	135.3	113.2
Inventories	90.8	86.2	80.3
Deferred income taxes, other current assets	30.6	31.7	30.9
Property, plant and equipment	117.6	120.0	119.3
Investments and other assets	114.5	114.9	119.2
<b>Liabilities</b>	220.1	249.1	219.6
Short-term debt	30.4	45.8	40.0
Long-term debt	0.0	0.8	0.9
Notes and accounts payable - trade	73.4	77.8	69.1
Termination and retirement benefits	64.1	65.5	65.0
Other liabilities	52.2	59.2	44.6
<b>Net Assets</b>	318.3	313.7	299.2
Common stock and retained earnings	430.5	423.6	409.9
Accumulated other comprehensive income	-68.6	-66.2	-67.1
Treasury stock	-44.6	-44.6	-44.5
Non controlling interests	1.0	0.9	0.9
<b>Total Liabilities and Shareholders' Equity</b>	538.4	562.8	518.8



# Consolidated Cash Flows

- **FCF up YoY due to profit increase.**
- **Cash down from end of FY10 due to debt payment.**

(Billions of yen)

	FY2010 Q1	FY2011 Q1	(Ref. FY2010)
Operating activities	10.4	13.3	42.0
Investing activities	-4.7	-4.8	-20.2
Free cash flow	5.7	8.6	21.8
Financing activities	0.9	-18.7	3.3
Effect of exchange rate changes on cash and cash equivalents	-2.3	-0.5	-2.1
Net increase/decrease in cash and cash equivalents	4.3	-10.7	23.0
Cash and cash equivalents at end of the period	56.0	64.0	74.7
Capital expenditures	5.1	5.4	23.2
Depreciation and amortization	5.9	5.3	23.0

\*Capital investment is represented as capital expenditures on the consolidated cash flow statement.



# Net Sales by Segment

- **IAB, EMC and SSB: Up YoY.**
- **AEC and HCB: Down YoY due to effects of March 11<sup>th</sup> earthquake.**

(Billions of yen)

	FY2010 Q1	FY2011 Q1	YoY	Apr. 27 forecast	Actual vs. forecast
Industrial Automation (IAB)	68.4	74.9	+9.5%	75.5	-0.9%
Electronic & Mechanical Components (EMC)	20.0	20.4	+1.9%	19.5	+4.6%
Automotive Electronic Components (AEC)	21.6	18.4	-14.7%	15.5	+19.0%
Social Systems, Solutions & Service (SSB)	8.7	9.6	+10.5%	8.0	+20.1%
Healthcare (HCB)	14.8	14.3	-3.4%	13.5	+6.2%
Other	11.8	12.2	+3.2%	11.5	+6.0%
Eliminations & Corporate	1.7	1.6	-0.4%	1.5	+6.5%
<b>Total</b>	<b>147.0</b>	<b>151.4</b>	<b>+3.0%</b>	<b>145.0</b>	<b>+4.4%</b>



# Operating Income by Segment

- IAB recorded remarkable YoY growth.
- EMC, AEC and HCB saw large drop.

(Billions of yen)

	FY2010 Q1	FY2011 Q1	YoY
Industrial Automation (IAB)	10.9 (16.0%)	12.4 (16.5%)	+13.2% (+0.5% pt)
Electronic & Mechanical Components (EMC)	3.2 (16.0%)	2.3 (11.4%)	-27.3% (-4.6% pt)
Automotive Electronic Components (AEC)	1.3 (6.2%)	0.5 (2.5%)	-66.3% (-3.7% pt)
Social Systems, Solutions & Service (SSB)	-2.3 (-)	-2.0 (-)	- (-)
Healthcare (HCB)	1.4 (9.1%)	1.2 (8.1%)	-14.7% (+1.0% pt)
Other	-1.5	-1.3	-
Eliminations & Corporate	-1.9	-0.8	-
<b>Total</b>	<b>11.1</b> (7.5%)	<b>12.2</b> (8.0%)	<b>+9.4%</b> (+0.5% pt)

(%): Operating income/External sales



# Q1 Performance by Segment

Segment	Net Sales & Operating Income	
<b>IAB</b>	Net Sales	Japan: Worked hardest on parts procurement to fulfill responsibilities as a supplier. Sales solid, especially sales of sensors and PLCs. Overseas: Enjoying China's demand increase. Europe, North America and Asia are favorable as well.
	Operating Income	Notably up due to sales increase YoY.
<b>EMC</b>	Net Sales	Japan: Slow due to drop in demand for automotive relays and switches. Overseas: Favorable due to advance procurement by Chinese companies after March 11 earthquake.
	Operating Income	Down due to raw material price rises YoY.
<b>AEC</b>	Net Sales	Japan: Slow due to domestic car makers' production cutback after March 11. Overseas: Solid in emerging markets, but sluggish in North America.
	Operating Income	Down due to sales decrease YoY.
<b>SSB</b>	Net Sales	Both public transportation systems and traffic & road management systems businesses saw large YoY increase, due to partial delivery and related installation of equipment that had been on hold following March 11 earthquake.
	Operating Income	Up due to sales increase YoY.
<b>HCB</b>	Net Sales	Japan: Weak due to the healthcare market's decline led by cooling consumer spending after March 11 earthquake. Overseas: Solid thanks to rising awareness of health management in China, Southeast Asia, Middle East and Latin America.
	Operating Income	Down due to sales decrease YoY.
<b>Other</b>	Net Sales	Backlight and Electronic Systems & Equipments Businesses went strong.
	Operating Income	Up due to sales increase YoY.



# Net Sales & Operating Income by Area

- **Net sales: Down YoY in Japan; up significantly in “Greater China” and “Asia Pacific and Others.”**

(Billions of yen)

	FY2010 Q1		FY2011 Q1		YoY	
	Net Sales	Oper. Income	Net Sales	Oper. Income	Net Sales	Oper. Income
Japan	69.6	6.1 (8.7%)	67.7	5.8 (8.6%)	-2.7%	-4.4% (-0.1% pt)
Americas	18.4	0.5 (2.9%)	18.0	0.7 (4.0%)	-1.9%	+34.4% (+1.1% pt)
Europe	21.6	0.8 (3.7%)	22.9	1.5 (6.6%)	+5.9%	+91.5% (+3.0% pt)
Greater China	24.4	3.5 (14.4%)	28.0	3.8 (13.6%)	+14.9%	+8.8% (-0.8% pt)
Asia Pacific and Others	13.0	1.8 (14.0%)	14.8	1.8 (12.3%)	+13.7%	-0.3% (-1.7% pt)
Eliminations & Corporate	-	-1.6	-	-1.5	-	-
<b>Total</b>	<b>147.0</b>	<b>11.1 (7.5%)</b>	<b>151.4</b>	<b>12.2 (8.0%)</b>	<b>+3.0%</b>	<b>+9.4% (+0.5% pt)</b>

(%): Operating income/External sales



# **FY11 Full-Year Forecast**



## ◆ Policy

### Start up VG2020!

Our first step forward toward transforming into a truly global group

## ◆ Top Tasks

- 0. Accomplishment of “Omron as a supplier”
- 1. Reinforcement of IA business with automation business as a core
- 2. Proactive expansion in emerging markets, mainly in Asia
- 3. Focus on environmental solutions business, especially energy saving & creation
- 4. Profit structure reform by product mix improvement and variable cost reduction
- 5. Acceleration of global human resources and corporate culture reform

## ◆ Conditions: Q2-Q4 exchange rates & raw material costs

1 USD = ¥80; 1 EUR = ¥113

¥1 fluctuation impact (full-year, approx)

	Sales	OP
USD	¥2.5 bn	¥0.9 bn
EUR	¥0.9 bn	¥0.4 bn

Silver: ¥98,000/kg; Copper: ¥820/kg

Price change impact (full-year, approx)

	Price change	OP
Silver	¥1,000/kg	¥0.1 bn
Copper	¥100/kg	¥1.0 bn





# FY11 Full-Year Forecast

- No change to June 6 forecast, even with forex and material costs impacts.
- Gross profit margin up to 38.7%; OP margin up to 8.4%.

(Billions of yen)

	FY2010 Actual	FY2011 Forecast	YoY	June 6 Forecast	Actual vs. Forecast
Net Sales	617.8	655.0	+6.0%	655.0	0.0%
Gross Profit (%)	231.7 (37.5%)	253.5 (38.7%)	+9.4% (+1.2% pt)	-	-
SG&A	142.4	152.5	+7.1%	-	-
R&D	41.3	46.0	+11.4%	-	-
Operating Income (%)	48.0 (7.8%)	55.0 (8.4%)	+14.5% (+0.6% pt)	55.0 (8.4%)	0.0% (0.0% pt)
Non-operating Income (loss), net	(6.3)	(1.5)	-76.4%	-	-
NIBT	41.7	53.5	+28.3%	53.5	0.0%
Net Income attributable to shareholders	26.8	34.0	+27.0%	34.0	0.0%
EPS (JPY)	121.66	154.48	+27.0%	154.48	0.0%
ROE (%)	8.7	10.4	(+1.7% pt)	-	-
<b>&lt;Exchange Rates&gt;</b>					
USD	85.8	80.5	-5.3	82.0	-1.5
EUR	113.5	114.6	+1.1	116.0	-1.4



# Sales Forecast by Segment

Segment	Q2-Q4 Sales Forecast
IAB	<ul style="list-style-type: none"><li>• Japan: Up YoY but below June 6 forecast due to temporary inventory adjustment to be carried out during Q2.</li><li>• Overseas: Almost as previously forecasted, with each area remaining solid.</li></ul>
EMC	<ul style="list-style-type: none"><li>• Japan: Higher than June forecast, due to decreasing March 11 earthquake impacts on the amusement industry.</li><li>• Overseas: Up YoY but below June forecast due to temporary inventory adjustments in consumer &amp; industrial sectors.</li></ul>
AEC	<ul style="list-style-type: none"><li>• Japan: Almost in line with June forecast.</li><li>• Overseas: Exceeded June forecast thanks to the recovery of global automobile production.</li></ul>
SSB	As announced on June 6.
HCB	<ul style="list-style-type: none"><li>• Japan: Better than previously forecasted with decreasing March 11 earthquake impact.</li><li>• Overseas: As announced on June 6.</li></ul>
Other	As announced on June 6.



# Full-Year Net Sales Forecast by Segment

- **IAB: Below June 6 forecast due to temporary inventory adjustment.**
- **AEC: Better than forecasted.**

(Billions of yen)

	FY2010	FY2011 Forecast	YoY	June 6 Forecast	vs. June 6 forecast
Industrial Automation (IAB)	271.9	302.0	+11.1%	307.5	-1.8%
Electronic & Mechanical Components (EMC)	81.2	85.5	+5.3%	85.5	0.0%
Automotive Electronic Components (AEC)	84.3	84.5	+0.3%	82.0	+3.0%
Social Systems, Solutions & Service (SSB)	63.8	60.0	-6.0%	60.0	0.0%
Healthcare (HCB)	60.6	62.5	+3.1%	61.5	+1.6%
Other	49.7	54.0	+8.7%	53.5	+0.9%
Eliminations & Corporate	6.3	6.5	+3.0%	5.0	+30.0%
<b>Total</b>	<b>617.8</b>	<b>655.0</b>	<b>+6.0%</b>	<b>655.0</b>	<b>0.0%</b>



# Full-Year Operating Income Forecast by Segment

- IA business (IAB & EMC) up; AEC, SSB and HCB down

(Billions of yen)

	FY2010	FY2011 Forecast	YoY
Industrial Automation (IAB)	38.2 (14.1%)	46.0 (15.2%)	+20.3% (+1.1% pt)
Electronic & Mechanical Components (EMC)	11.9 (14.7%)	12.5 (14.6%)	+4.9% (-0.1% pt)
Automotive Electronic Components (AEC)	4.2 (4.9%)	3.5 (4.1%)	-15.9% (-0.8% pt)
Social Systems, Solutions & Service	1.7 (2.6%)	0 (-)	- (-)
Healthcare (HCB)	4.1 (6.7%)	3.0 (4.8%)	-26.4% (-1.9% pt)
Other	-4.7	-3.5	-
Eliminations & Corporate	-7.3	-6.5	-
Total	48.0 (7.8%)	55.0 (8.4%)	+14.5% (+0.6% pt)

(%): Operating income/External sales



# Projected R&D, Capital Expenditures, Depreciation & Amortization

**R&D and capital expenditures up YoY due to active investments.**

(Billions of yen)

	FY2010	FY2011 Forecast	YoY
R&D expenditures	41.3	46.0	+11.4%
Capital expenditures	23.2	38.0	+63.8%
Depreciation & amortization	23.0	24.5	+6.5%



# Globe Stage: Targets

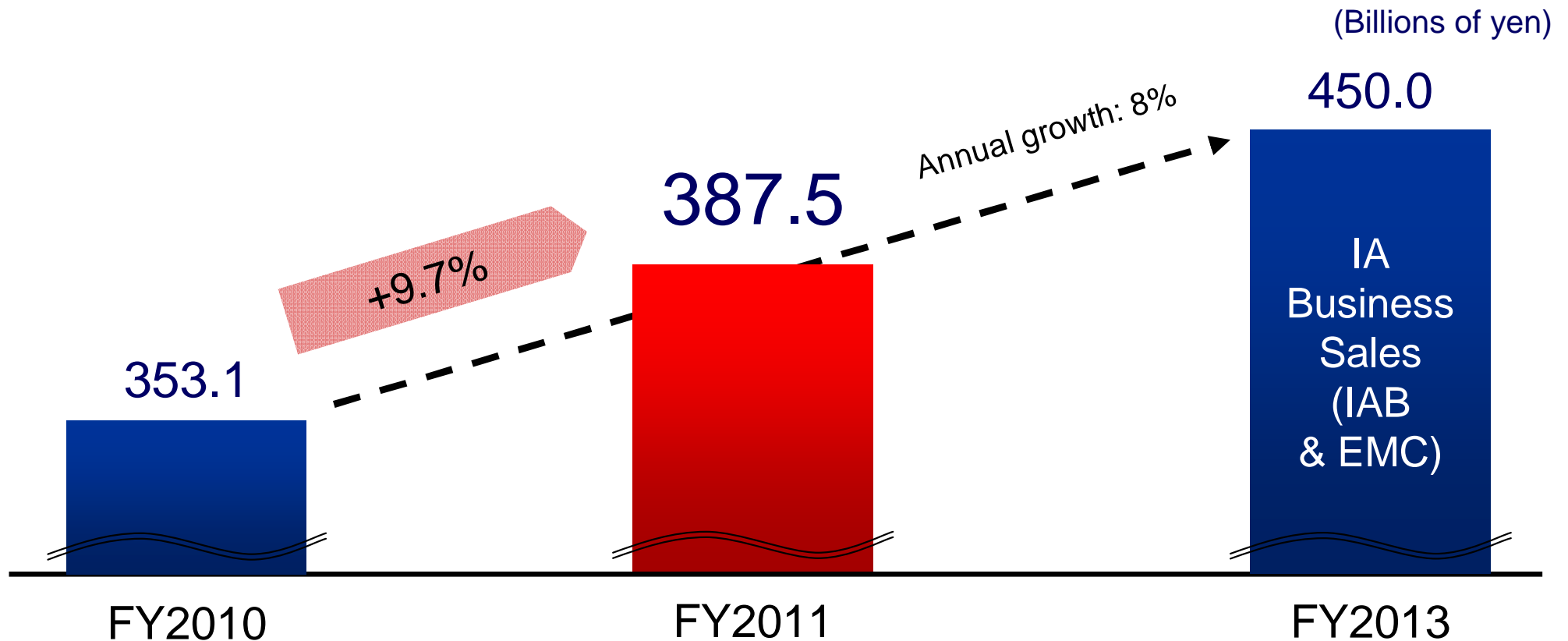


# IA (IAB & EMC) Reinforcement

Expansion of automation business

Expansion in emerging markets (especially in China)

Strengthen & expand production to meet surging global demand



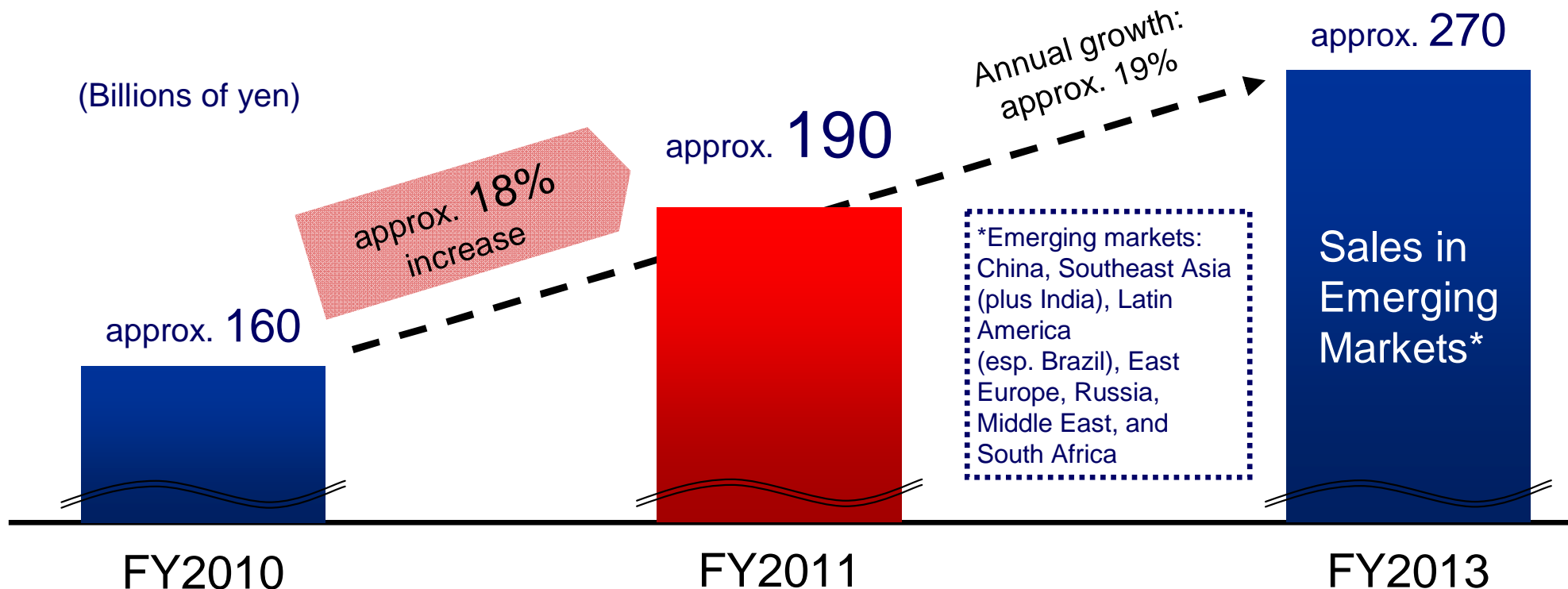


# Sales Increase in Emerging Markets

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

Stronger sales & marketing

Strengthening of the “OMRON” brand in emerging markets







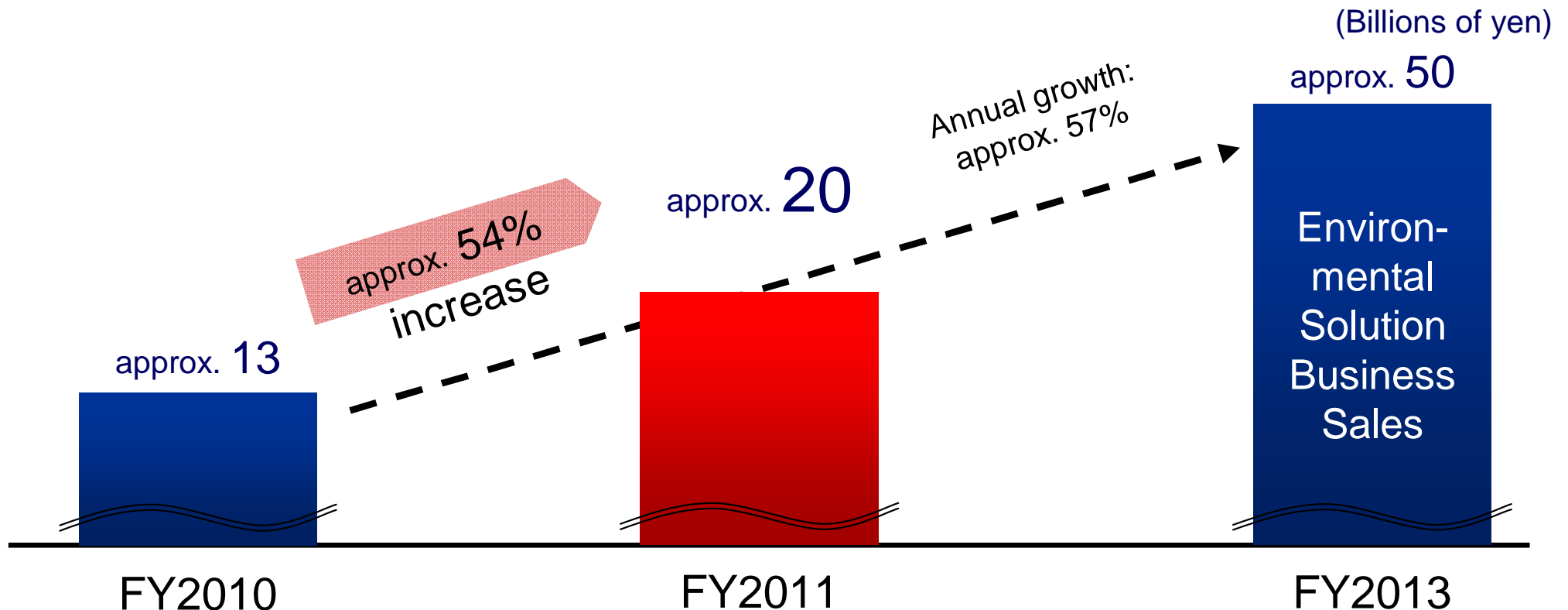
# Focus on Environmental Solution Business

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

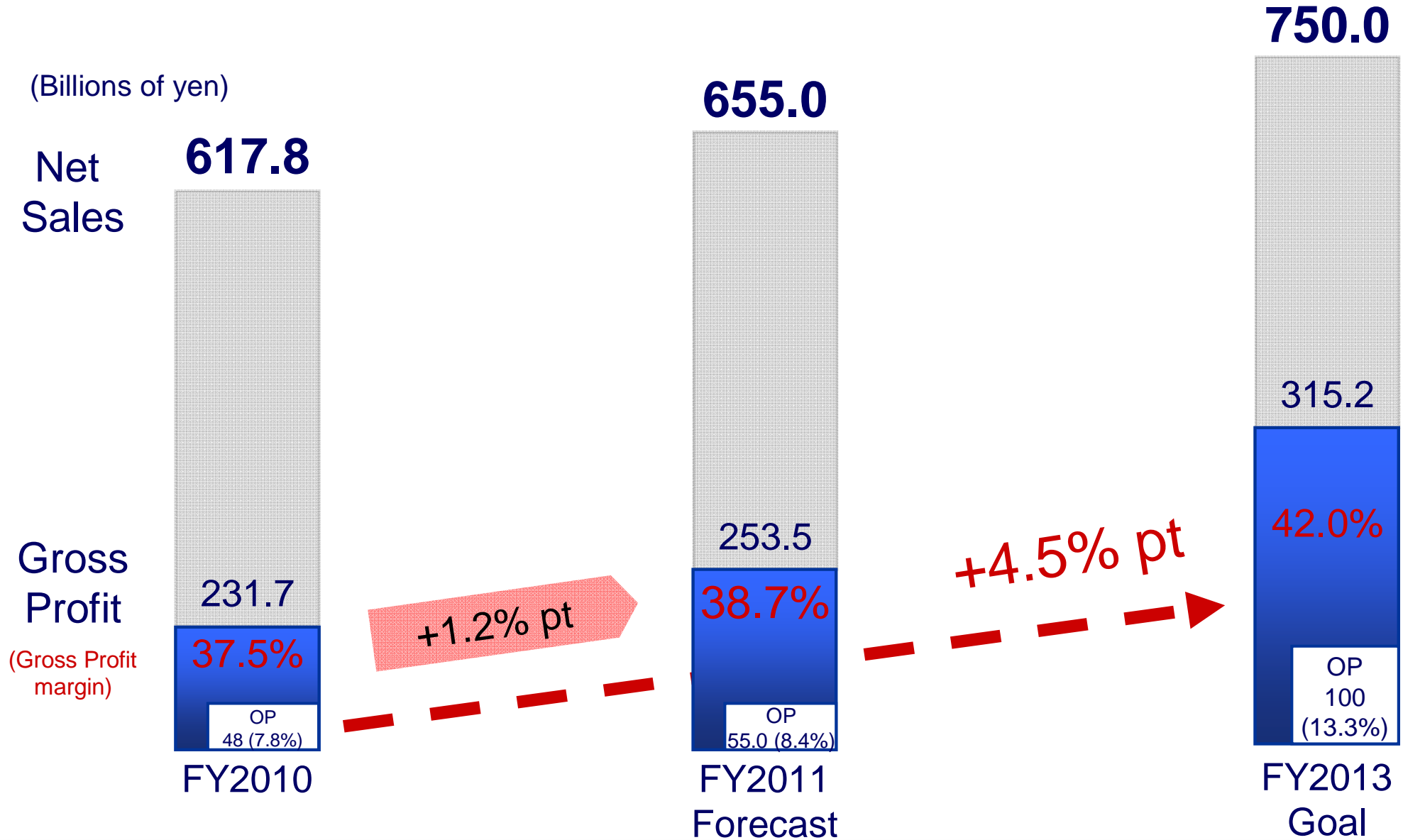
Group-wide efforts toward environmental solution business





# Profit Structure Reform

Omron will improve gross profit margin by 4.5% pt from FY10 to FY13.





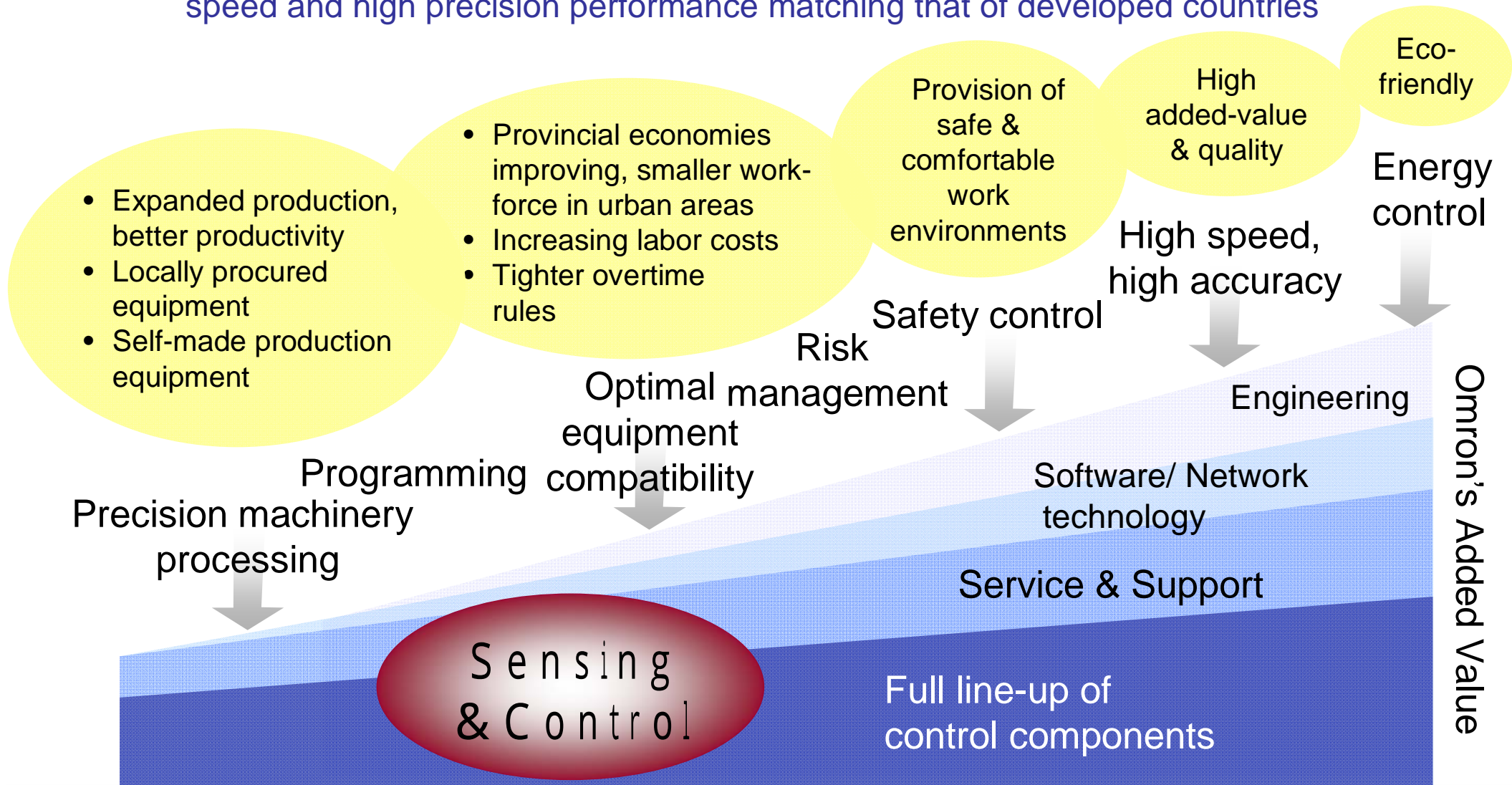
# **IA Business Reinforcement in China**



# Changing Demand in China

## Changes in the Chinese market to trigger higher demand for factory automation

Diverse automation needs emerging simultaneously: (i) Low-cost (ii) High speed and high precision performance matching that of developed countries





# Automation Center in China

**OMRON will establish an Automation Center in China to increase quality and quantity of system engineers.**

## Functions

### Engineers

made up of front system engineers, application system engineers & product system engineers to strengthen technical support to customers

Increase sales by:

- Increasing the number of system engineers to expand customer coverage
- Enhancing system engineers' skills so that they can easily link and operate customers' diverse types of equipment

### “Tsunagi Labs”

conduct connection tests between equipment of various types including those of other makers' to enhance customer support in machine automation

### Marketing

aims at sales increase by planning products that meet Chinese customers' demand

- Center to open in September
- Similar center to open in August in Japan



# Stronger Sales & Marketing in Greater China

**OMRON will increase sales & marketing sites to support customers throughout Greater China.**

## From

- ◆ FA Manufacturing/ R&D (OMS) ■ : Shanghai
- ◆ Sales ● : 6 branch offices (Shanghai, Guangzhou, Beijing, Dalian, Xian, Wuhan)  
35 sales offices (including Taiwan)
- ◆ Logistics ▲ : 5 sites (Tianjin, Shanghai, Guangzhou, Hong Kong, Taipei)
- ◆ Customer Support Centers ■ : 3 sites (Shanghai, Beijing, Guangzhou)
- ◆ System Engineer Centers ★ : 16 sites (Shanghai, Beijing, Guangzhou, and other 13 sites)
- ◆ Distributors: More than 100 in Greater China



## To

- ◆ Sales: 52 sites
- ◆ Sales/offices with system engineers: All
- ◆ Customer support centers: 9 sites

## OMRON current bases in Greater China

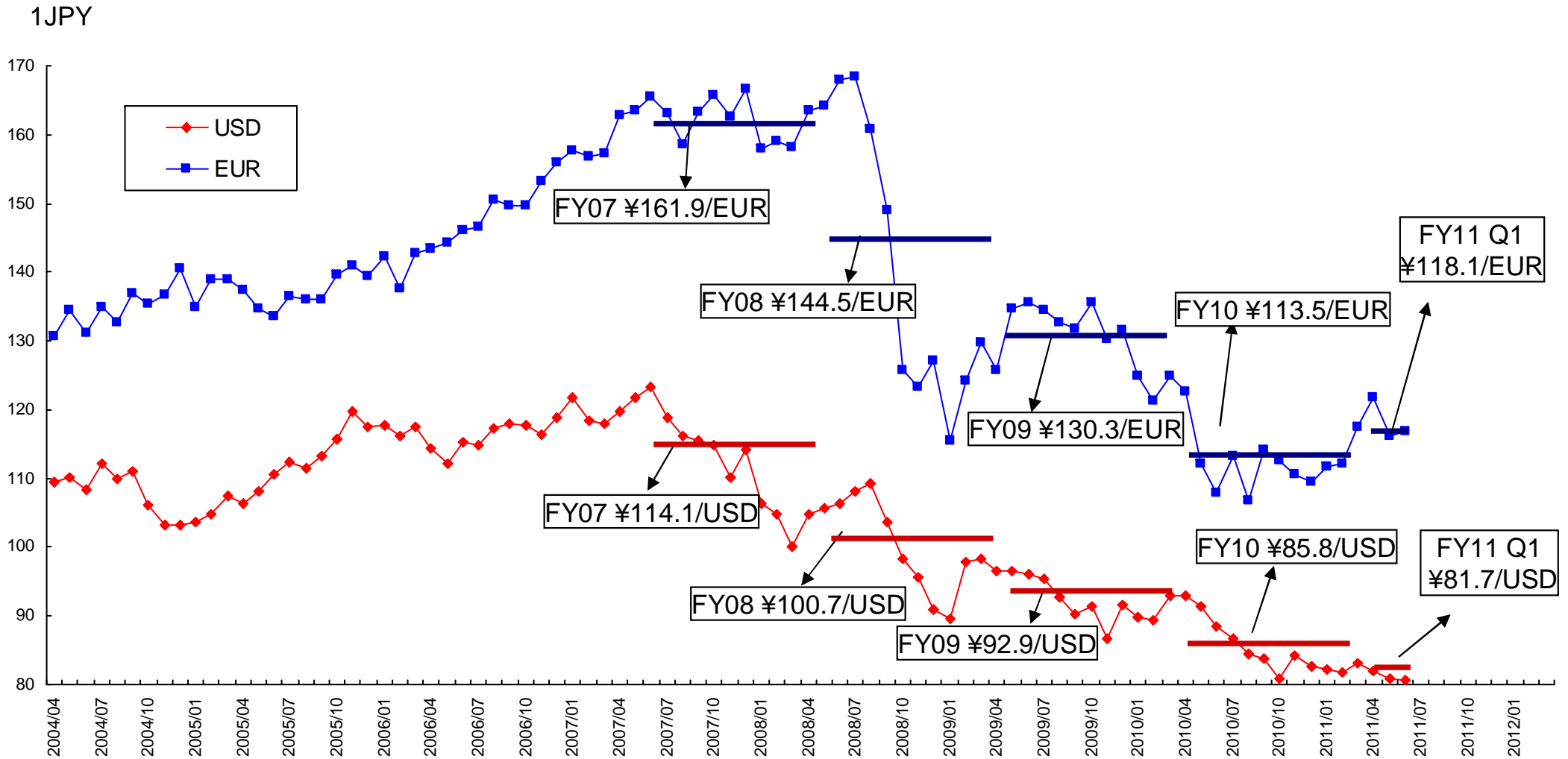




# Reference



# Exchange Rates (USD, EUR)



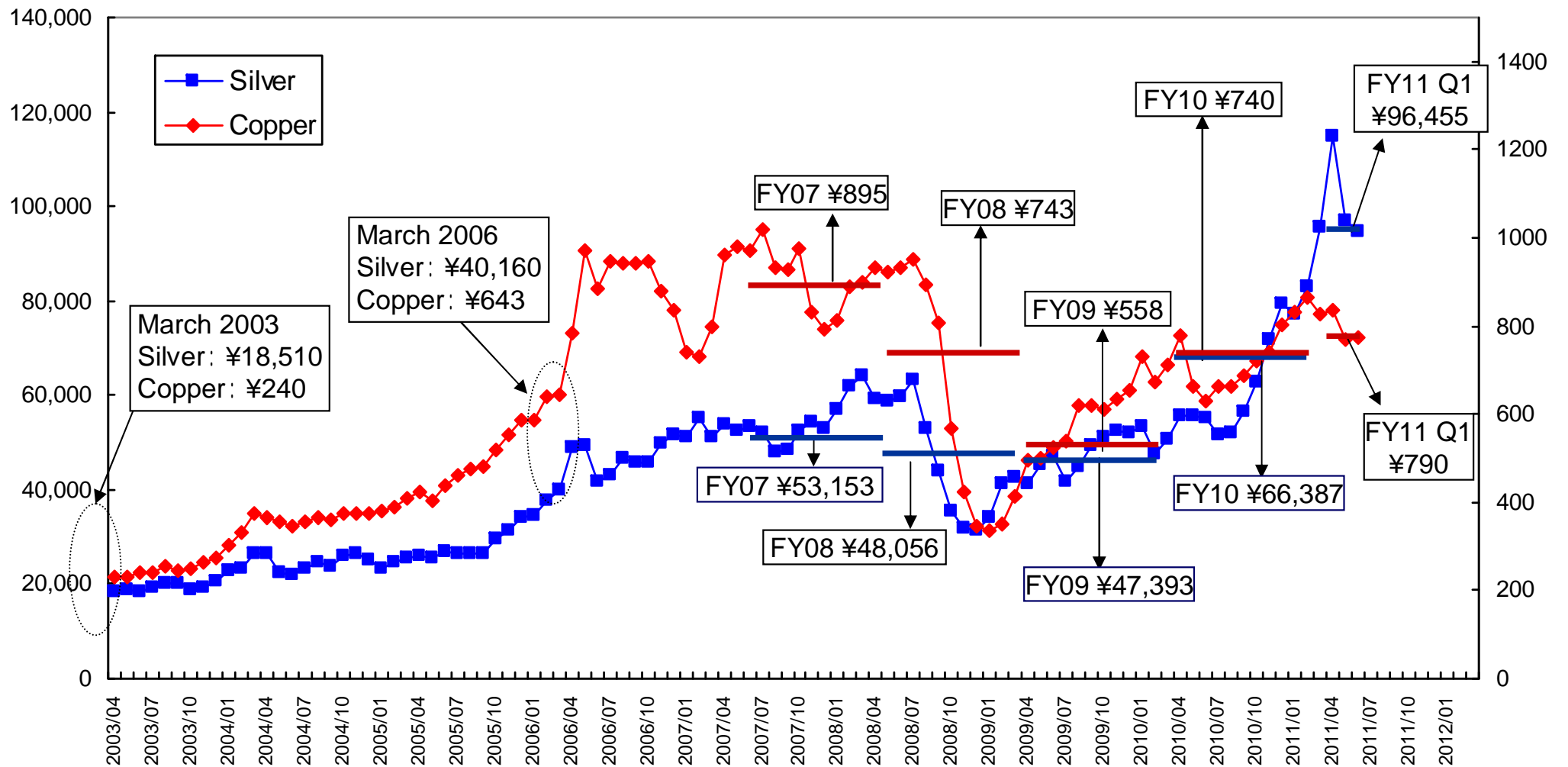




# Raw Material Prices (Silver, Copper)

Silver price quotation, JPY/kg

Copper price quotation, JPY/kg



\*Monthly simple moving average (SMA) of price quotations.



# Businesses and Major Products

LCD backlights, semiconductors/MEMS, energy saving, environmental solutions business, electronic systems and equipment

- *Electronic signal sensing*
- *Electrical current/voltage control*

Relays, switches, connectors, amusement equipment parts, mobile device parts

- *Automotive electronics*
- *Radio wave sensing*

Keyless entry systems, power window switches, automotive relays, EPS (electronic power steering)

- *Human sensing*
- *Traffic sensing*
- *IC card technology*

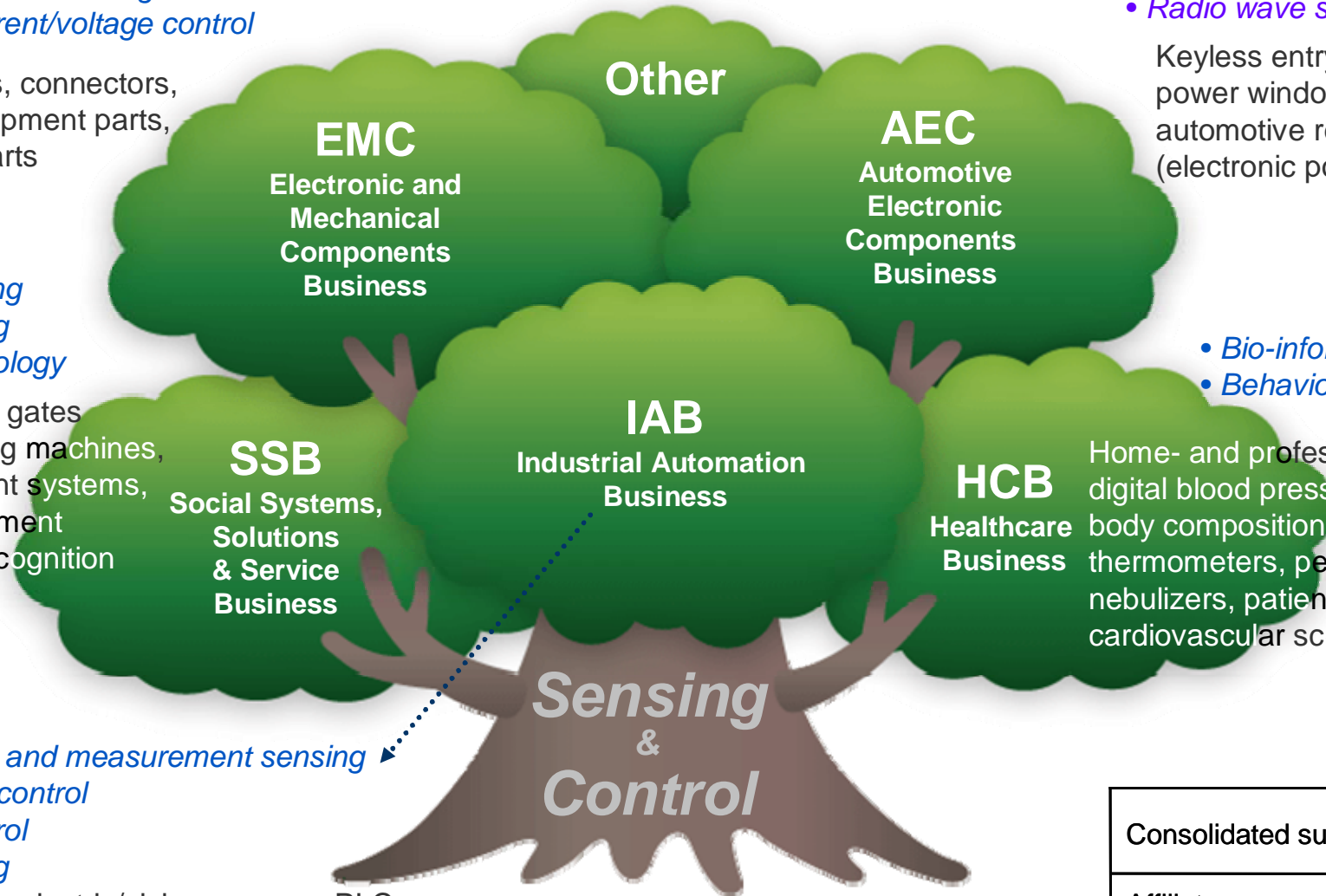
Automated ticket gates and ticket vending machines, road management systems, security management systems, face recognition systems

- *Bio-information sensing*
- *Behavior sensing*

Home- and professional-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, patient monitors, cardiovascular screening monitors

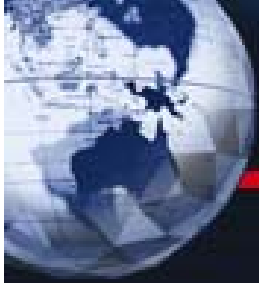
- *Displacement and measurement sensing*
- *Temperature control*
- *Machine control*
- *Vision sensing*

Proximity/photoelectric/vision sensors, PLCs, temperature controllers, machine safeguarding equipment, inspection systems



Consolidated subsidiaries	154
Affiliates accounted for by the equity method	14

(as of June 30, 2011)

**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.

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