Q&A Session Summary
OMRON Corporation
Financial Results for the Fiscal Year Ended March 31, 2012 (FY11)
April 27, 2012, Tokyo

FY12 Outlook

Q1: Give us FY12 strategic investments breakdown, by business segment. Any possible reduction if external environment changes like FY11?
A1: Investments will be mainly on Industry Automation (IA) and on emerging markets. We will prioritize and review investments to flexibly meet market changes.

Q2: How much gross profit margin improvement is targeted, and its breakdown? Up how much after special disaster-related negative impacts are over?
A2: We do not disclose details, but expecting the margin to up by 0.7% pt - up around 1% pt with our own efforts, which will be down by business mix and forex. The disasters cost us ¥3.0 bn FY11, but will turn into positive factors this year.

Q3: How much FY12 dividend will be?
A3: Specific amount is yet to be decided. It will be based on our dividend policy.

Q4: Assuming that devastating disasters could happen again in the future, and taking BCP into account, what are your plans for factory locations?
A4: We will respond with back-up manufacturing, in which when one factory is hit by disasters, others cover its production. We now have major sites in Japan and China. As a part of BCP, we consider Asia Pacific is important as well.

IAB

Q1: Based on what are you eyeing FY12 growth in Greater China and Asia Pacific?
A1: Strong automotive and machine tools markets, and easing of China’s monetary policy.

Q2: You expect FY12 sales to jump in 2H. Is it because of seasonal factors? And when can we see new products are earning?
A2: No seasonality. Sales were up FY11/1H following 3.11 disasters. New products’ contribution will be visible in 2H.

Q3: How do you improve inventory management which triggered production adjustments last year?
A3: We will review our inventory rules. Also, we will work harder to have a clearer market picture and obtain accurate demand trend.

Q4: About growth in N. America in FY12. Is it mainly from the oil & gas industry?
A4: Not this year. Rather, our focus is on FA.

Q5: How much are you expecting from the joint venture established with Hangzhou Tongling Automation Co., Ltd. (HTL)?
A5: We do not expect big sales from the joint venture, as HTL is a system integrator.
What we want is better proposal in China multiplied by reinforced products and organized sales & marketing channels, which eventually will boost our sales.

**EMC**

**Q1:** Operating Income is up from 1H to 2H in FY12, How?

**A1:** By increasing FA-related internal sales to IAB.

**AEC**

**Q1:** What products are growing? How are you working with local manufacturers in China?

**A1:** Electronic control unit, including electric power steering (EPS) controllers. In China, we are approaching local independent users with our Guangzhou factory as a base. We are working to differentiate ourselves in the market as a sensing & control company, developing and proposing EPS and other strong products.

**HCB**

**Q1:** Why FY11 OP margin was down? How are you going to improve this year?

**A1:** OP margin was down Q4 due to R&D increase. As a measure, we are expanding sales of blood pressure monitors and blood glucose monitors to meet growing demand in emerging markets. We will slash costs and improve profitability by standardizing parts.

**Q2:** How is HCB positioned at in Omron, a B-to-C growth driver. Is it also a key in brand strategy?

**A2:** Among business segments, HCB is highest in sales ratio of emerging markets. In enhancing Omron brand in the markets as a part of our global brand strategy, it will play an important role.

**Other**

**Q1:** About Environment Solutions. What are growth factors? Solar panels?

**A1:** One is energy creation: power conditioners for solar panels. Others are energy-saving related, proposals and installations of solutions to visualize power consumption, and components for eco-friendly vehicles.

**Q2:** Operating deficit is forecasted to shrink. Which ‘Other’ business?

**A2:** Mainly MD, by sales growth and cost reduction.

*****

Q&A Session, OMRON Corporation FY11 results, Apr. 27, 2012