Industrial Automation Business (IAB)

Q1: How did IAB go in June and July?
A1: Almost as planned: Japan and Greater China a little better; North America almost as planned; Europe and Asia Pacific a little below.

A2: We do not disclose quarterly figures. Q2 forecast is not simply equal to [1st half forecast] minus [Q1 results]. Europe is on the slow side qualitatively, but we do not expect further worsening, considering sales and order trends.

Q3: What should we watch out most as the European economy slows down?
A3: Italy and Spain, where Omron is strong, are slow, and we expect the entire Europe to remain sluggish as well. Good news is that food and wrapping equipment are steady.

Q4: Operating profit margin improved Q/Q. Why? Is it because IAB cut the number of products last fiscal year?
A4: OP margin came back normal after Q4, when we carried out production adjustments. The reduced items will gradually improve OP margin this year.

Healthcare Business (HCB, Omron Healthcare, Co., Ltd.)

Q1: How do you evaluate Colin acquisition? Any more M&A coming up?
A1: Our understanding is the 2005 Colin acquisition was a success. At that time we were strong in consumer products and services, but not in professional medical care. Today we are more established in the professional sector. We are working on M&A in the focused area, though we cannot say in detail now.

Q2: How about HCB pricing strategy? Why operating income was down in Q1?
A2: In emerging markets, we are selling lower-priced items to meet the demand. But our view is that quality matters more than price. Operating income was down over the year-ago quarter due mainly to forex.
Q3: Are you focusing on the equipment to which NHI points - remuneration for medical services - are applied?
A3: Our focus is to develop products that can link medical care professionals with at-home healthcare.

Q4: You are targeting ¥100 bn sales in FY2020. Give us breakdown by product. How are you going to achieve 10% OP margin?
A4: One-third for each of the focused areas: Lifestyle-related disease, respiratory and wellness. We are raising prices in developed countries as OP margin is vulnerable to forex. Also, we will halve the number of manufacturing process and reduce the number of parts to realize 10% OP at an early stage.

Q5: What was the hardest part after HCB spin-off in 2003?
A5: Faster-growing global market. Speed is so different. It took 30 years for us to sell first 50 million blood pressure monitors, but only 6 years to sell another 50 million units.

Q6: How is the Vietnam manufacturing site positioned as?
A6: A central provider to Asia-Pacific. Also, our focus is on the most effective product mix, Vietnam together with China plants. Last year, automation equipment was introduced and the second plant started operation.

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